

AIR EDITION

The Economist

JANUARY 2, 1960

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The Economic Outlook

Back on Trend?

(page 43)

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Leads for Investors

(page 46)

Resolutions for the Chancellor

(page 9)

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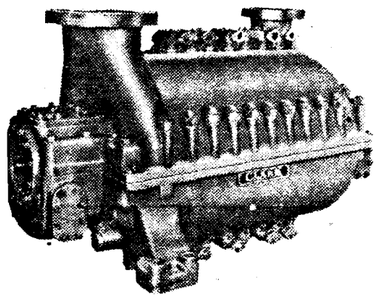

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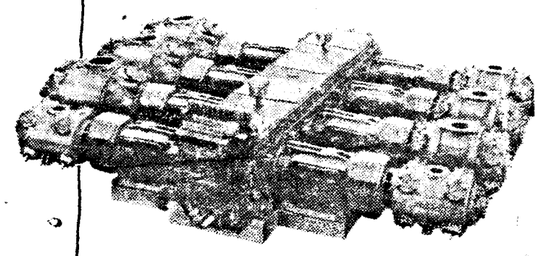

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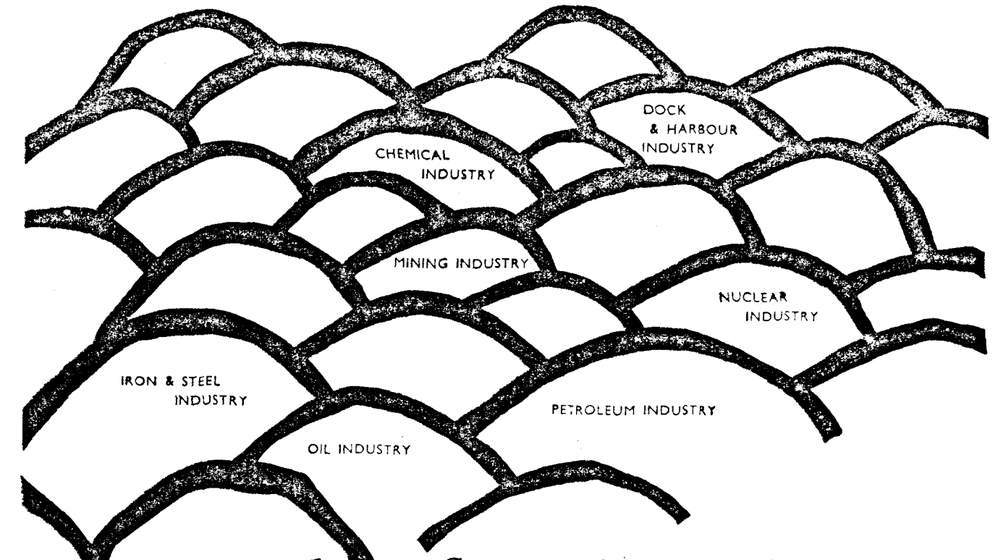

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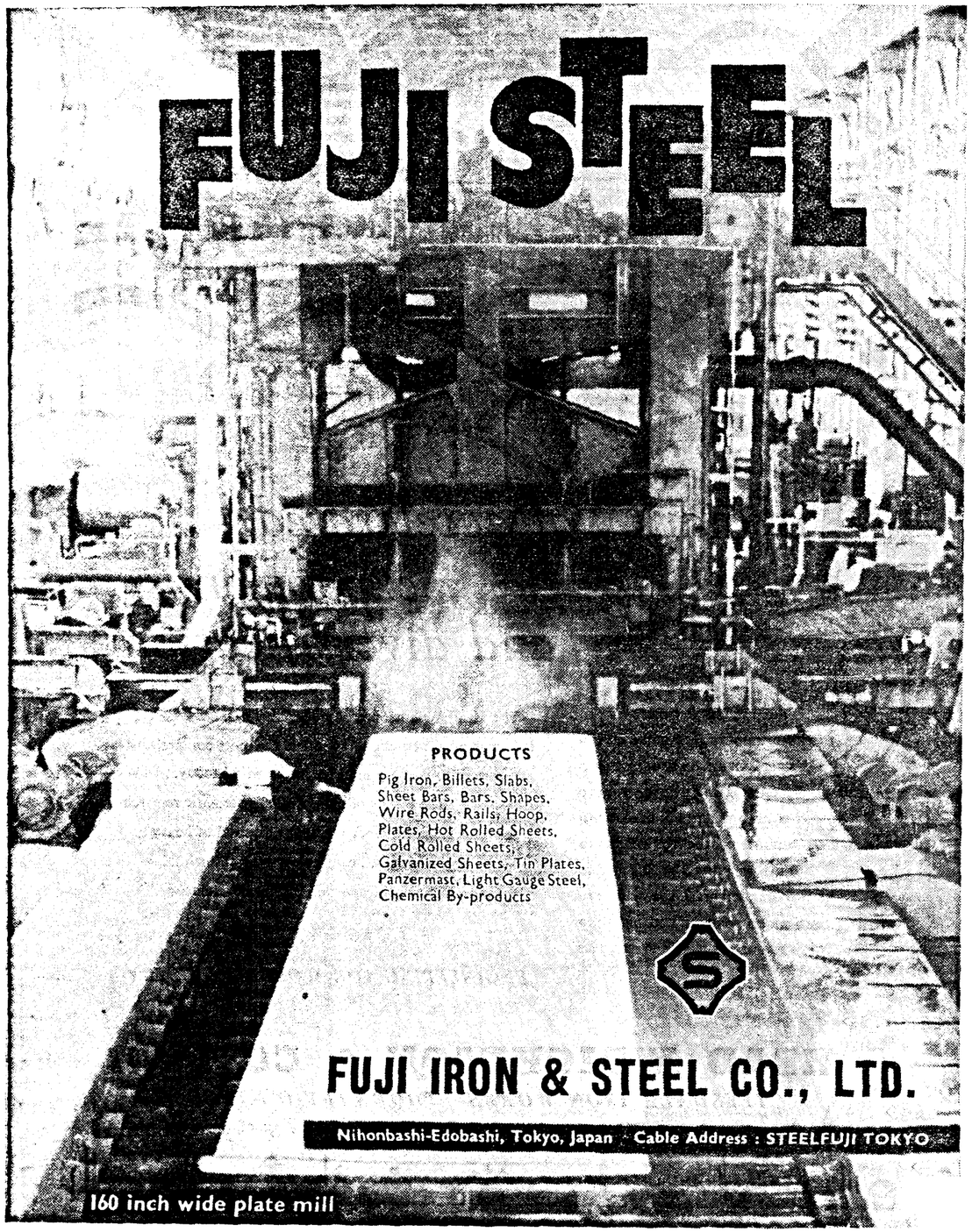

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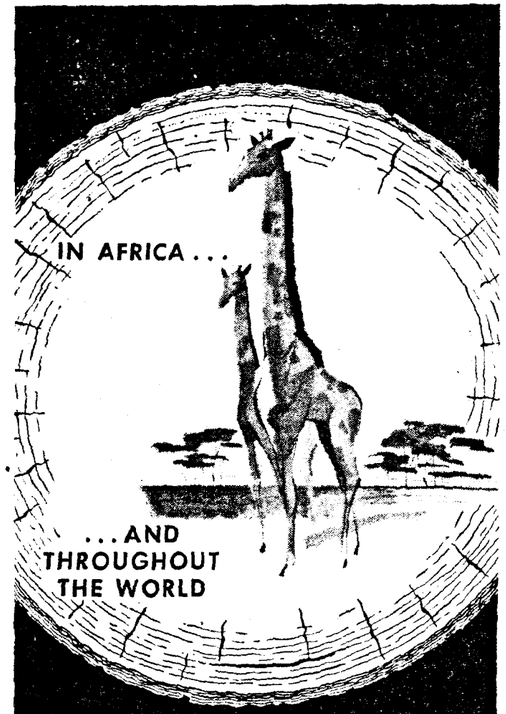

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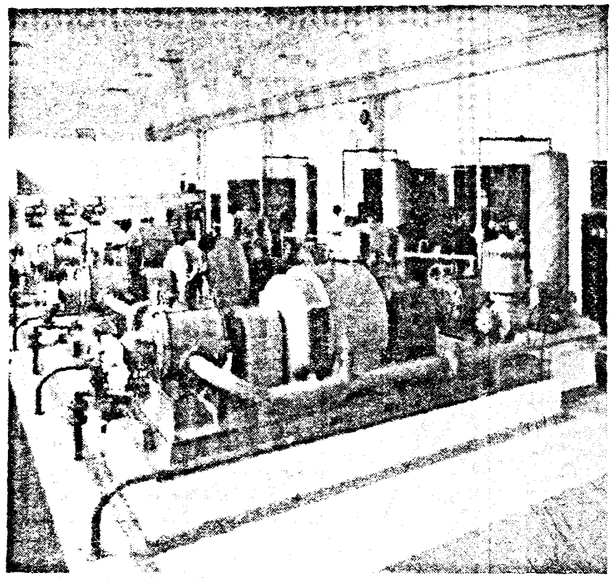

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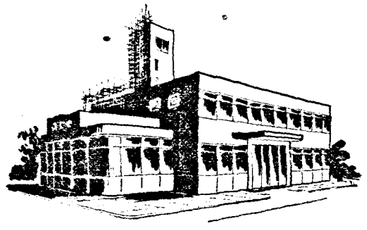

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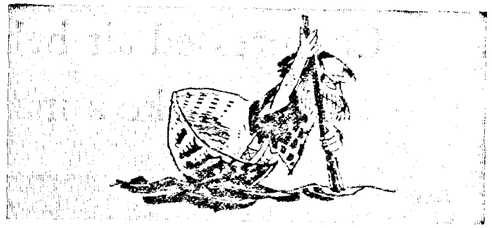

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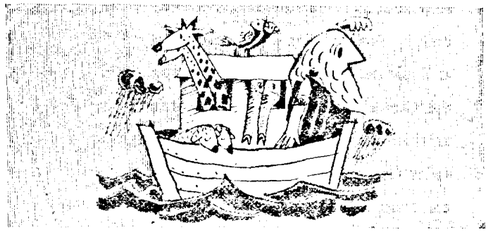

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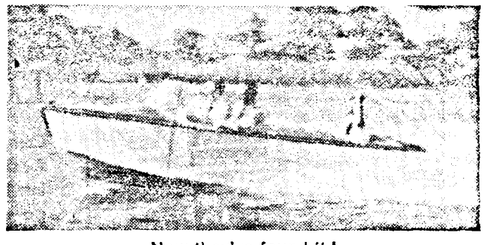

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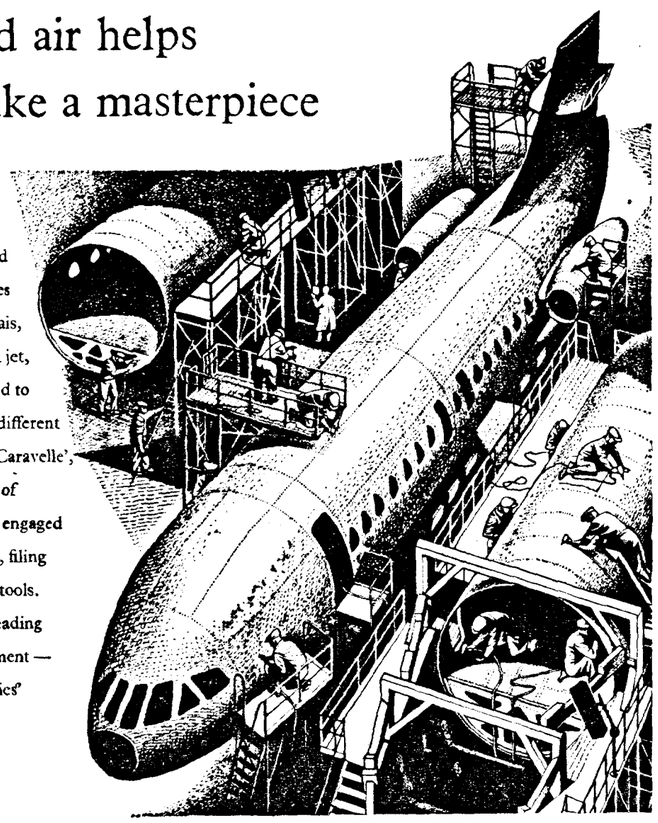

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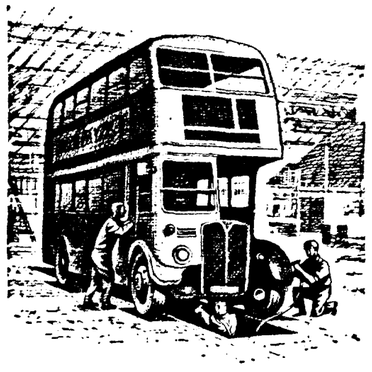

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The Economist

JANUARY 2, 1960

Resolutions for the Chancellor 9
The Assembly Awakes 11
Mr Hammarskjöld, We Presume 12
The Firm Without a Strike 13
The Hatreds of Philosophers 15

NOTES OF THE WEEK 16

The Summit; Nuclear Tests; Atlantic Economic Conference; Monckton Commission; Wage Claims; Germany; Into the 1960s; Lord Halifax; Labour and London; Iraq; United Arab Republic; *Uganda*; *Piccadilly*; *South Africa*; Libya; Soviet Union; Refugees; United Nations.

LETTERS 25

BOOKS

A Rare Governor-General 26

AMERICAN SURVEY

Nonchalance at the State Department 31

Without Rockefeller; Time-table for Steel; Seeing 1960 In; The Next President?—IV: Stuart Symington; Olympian Togetherness; Judicial Injury; Cities Ask for More; The Moon and Many Pence.

THE WORLD OVERSEAS

French Schools—I 37

Muffled Bangs Among the Three; A Mediterranean Industry; The Finnish Dilemma; Arms and the Man in Australia; A Neutral in Doubt; Africa 1960.

THE BUSINESS WORLD

Back On Trend? 43
The Uneven Boom 45
Leads for Investors 46

BUSINESS NOTES 48

In the Markets; Bank Credit; Steel; Wall Street in the New Year; Take-over Bids; Trade with France; Suez Finance Company; Atomic Energy; Coastal Shipping; Air Fares; Pleasure Boating; The Gold Standard; The Small Investor; Antarctic Whaling; The Wankel; Natural Rubber; Raw Cocoa; Building; International Investment; Gas.

COMPANY AFFAIRS 63

Turner and Newall; *British Bank of the Middle East*; Associated Engineering; Lloyds and Scottish Finance; Tate and Lyle; Mitchells and Butlers; Ashdown Investment Trust; US Borax.

London and New York Stocks 64
Money and Exchanges 67
Prices and Wages 68

Annual Postal Subscription by ordinary mail £4.10s.; overseas £5; by air see page 40.

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Resolutions for the Chancellor

THIS is the open season for discussion of the prospects before the British economy; on pages 43-47 appears our own contribution to the usual New Year prognostications. Running through most analyses this year are likely to be two main themes, contrapuntal but not contradictory. One is a feeling of united satisfaction that Britain in 1959 got back on to the road of industrial expansion so rapidly and so smoothly. The other is a degree of frank disagreement about when the Chancellor is likely to have to take measures of restraint to prevent the present expansion from boiling over into an inflationary boom. What one would like to see added to the debate is discussion of a third point: whether the Chancellor should not be forging new weapons for use when and if an inflation does arrive.

Because no two periods of "boom threatening to topple into inflation" are ever precisely similar, they are unlikely to be appropriately dealt with by precisely the same weapons. It is therefore a mistake to suppose that all that should be needed is for Mr Amory to be more deft in his timing than some of his predecessors have been. Already one can begin to see two likely differences between the situation that may threaten the economy at any inflationary end of the 1959-60 boom and that which confronted it at other periods when measures of restraint became necessary. The first difference is that Britain may well run into overfull employment of resources in some parts of the country while there is still definite under-employment of resources in others.

Nobody in Britain since the war has yet worked out what to do in this situation. If Chancellors rely on general measures of disinflation, do they impose them when the signals of overstrain first begin to appear in the prosperous Midlands (in which case they are likely unnecessarily to increase unemployment in Scotland), or do they wait until labour is fully employed in the less prosperous areas also (by which time inflation in the Midlands and south is likely to be boiling over)? If they rely on specific controls, they are likely to find themselves in an even absurder plight. Specific controls usually mean that governments cut back production only in those industries for which demand is most buoyant and which therefore ought to be expanding most rapidly (e.g., by imposing stringent hire purchase restrictions against would-be buyers of motor-cars), while they dole out subsidies or other favours to industries for whose products demand is declining and which therefore ought to be dying out (e.g., special protection for jute). This is the reverse of intelligent planning; it is a recipe for standing the rules of economics (and of common sense) on their head.

So the purpose of the first new weapon which the Chancellor ought to want to forge can be fairly simply described. What the Chancellor is likely to need is some new direction of policy that will help to check overemployment in (say) Birmingham, while not increasing unemployment in (say) Scotland. But it would be absurd to effect this by measures that deliberately cut back the British consumer's opportunity to buy the goods he most wants; on the contrary, he should be given an opportunity to exercise a greater choice as between different makes of them.

The second distinguishing feature of the 1959-60 boom is that it looks as if the danger signals may begin to appear first in a threat to price stability at home rather than in a threat to the balance of payments abroad. This is not to assert that there will certainly not be pressure on sterling during 1960. There may be,

but if there is it should be rectifiable by an ordinary and relatively mild increase in Bank rate. If domestic demand ever needs to be cut really markedly in 1960, it is likely to be because of the fear of price inflation ; that is why the Chancellor has been indulging in his recent attempts to talk industrialists into a price-cutting campaign—exordia which at present do not seem likely to work. So the object of the second new weapon which Mr Amory ought to want to forge can also be readily described. What the Chancellor may need is some new instrument of policy that would help very directly in a campaign of price-cutting. The more successful he is in finding this, the less likely it is that he will be forced to impede the present roaringly heartening rate of industrial expansion.

ARE there any instruments that the Chancellor could use to help towards these objectives ? There are. They are not instruments which, up to a few years ago, anybody would have dreamed that a Conservative government might use. But the Tories have done some very liberal things in the last decade, and have astonished everybody (not least themselves) by the success of what they have done. There are now at least two more liberal steps that should be considered ; and they are of the sort that it would be much wiser to take near to the beginning of a Parliament than near to the end of it.

The first of them is a series of unilateral cuts in certain United Kingdom rates of tariff. At present Britain regards tariff rates as things that ought to be cut only as a bargaining counter, in return for tariff cuts made by foreigners to help British exports. Even for its own limited purpose this theory may now be unduly rigid ; on the eve of the possible establishment of an Atlantic Economic Council (see page 17) Britain has reached a stage where some striking and independent action on our part could be a more potent force in shaming other people—especially North Americans and Europeans—into accepting the sort of liberal trading world that we ought to want. Still more important, however, it is high time that we began to realise that the greatest benefit from cuts in some British tariff rates would accrue, not to foreigners, but to ourselves.

Some of the most obvious candidates for cuts seem to be the tariff rates on the products of the most booming British industries. At present, for example, foreign motor cars imported into Britain have to ride over a tariff rate of 30 per cent, as well as certain other restrictions. This compares with a tariff rate of 17 to 21 per cent on cars imported into Germany. Yet the domestic demand for cars in Britain is now so buoyant that it is threatening to create inflationary pressure in the car producing areas. Which would be the more sensible reaction to this excess of demand over local supply ? To cut back demand and industrial activity in the whole economy (causing unnecessary unemployment in less fortunate areas) ? To cut back demand for British cars themselves by swingeing hire purchase restrictions ? Or, so far as the balance of payments allows it, to increase supply by letting more foreign cars into the country at a competitive price ? There can be no reasonable doubt about the right answer.

But the products of prosperous industries should not be the only candidates for tariff cuts. One of the peculiarities of Birmingham and other engineering districts in Britain is that, cheek by jowl with motor car manufacture and other major growth industries, and competing with them for workers in a boiling local labour market, there are numbers of smaller engineering industries of dubious economic worth; nobody can say that all of them are already uneconomic for this country, but it would be sensible in 1960 to give the market more freedom to find out. What, for example, in this day and age, is Britain doing maintaining a 50 per cent tariff on refracting telescopes, a 33⅓ per cent rate on X-ray equipment and most sorts of clocks, a 30 per cent rate on some forms of machinery, on domestic fancy glassware, some forms of worked stone, buttons and bicycle pumps, a 25 per cent rate on hats, mouth organs and sporting guns, a 20 per cent rate on scissors, lead stoppers and enamelled jugs ? In nearly all these cases British tariff rates are far higher than those ruling in Germany or in most of the rest of developed Europe. This list is chosen almost at random, and it may well be that for some items on it there is a respectable protectionist case. But what one would like to see the Government do now is to go through the whole tariff list with a tooth comb, decide which items in it are produced almost wholly in areas where full employment seems assured for some time to come, and then choose these items for selective and unilateral tariff cuts.

A respectable argument against pushing this policy too far would be if it threatened to strain the balance of payments, but it seems unlikely that Britain could be made bankrupt by a surge of imports of enamelled jugs. A nonsensical argument against the reform would be to say that it would cause unemployment in the enamelled jug industry of Birmingham —for that would be a main object of the exercise. In a regionally inflationary situation something needs to be done to check overfull local employment ; the choice is between something that would benefit consumers, while also weeding out inefficient industries in areas where alternative work is available—and more restrictive courses that would bring no such benefits at all.

THE second major step that the Government should take before the 1959-60 boom topples over into inflation is to go back on one of its own decisions of 1956. Mr Thorneycroft's Restrictive Trade Practices Act of that year, while launching a welcome (and so far distinctly successful) attack on collective price maintenance by trade associations, actually made it more difficult for enterprising retailers to cut the prices they charge for individual firms' branded goods.

This strengthening of the law about individual resale price maintenance was demanded as a *quid pro quo* by some commercial interests at the time ; it was supported by the Trades Union Congress and reputedly by some consumer organisations. But all this happened before it had bitten home, as it should have done now, that a campaign of competitive price cutting could do more than anything else to enable the Government to allow industrial expansion to go ahead unimpeded—and before new retailing techniques had appeared at home and abroad which hold out strong hopes that, given freedom of manœuvre, such a campaign might effectively be started. The Government would be wise to introduce in 1960 a simple amending bill ; it should continue to allow a manufacturer to sue a retailer under the law of contract if he sells his goods at more than the recommended resale price, but not if he sells below it.

The Assembly Awakes

The French parliament has tried to assert itself—and learned how weak it really is

THE Fifth Republic supports a parliamentary body. The existence of the National Assembly is incontestable: the Palais Bourbon is there, the deputies are there, everything down to the parliamentary kitchens (with Algerian *couscous* on the menu) is there. This can be very confusing. Last week it confused the deputies themselves. The parliamentary reflexes jerked and twitched under the stimulus of the schools issue. The government's compromise on aid to church schools was rewritten by the Right and the amendment adopted by M. Debré was promptly declared unacceptable by the Left. The minister of education, M. Boulloche, resigned: the words of Jules Ferry were solemnly inscribed upon state school blackboards across France. The Assembly, and everyone else, began to talk of a crisis.

The confusion spread. It even reached the Elysée and its occupant. The political correspondents wrote, circumstantially, of a cabinet meeting, of presidential dissatisfaction and impatience. The Assembly, it appeared, had gone too far ; if it thought it wielded power it had to be disillusioned. So there were two choices: it could be dissolved, or the constitution itself could be changed. The penalty for evoking the spectre of the Fourth, or more properly the Third, Republic was to be extinction. A parliamentary session lasting a fortnight a year was one version that gained currency ; and to readers of General de Gaulle's third volume, *Le Salut*, it did not seem entirely improbable. These reports of displeasure duly reached the Palais Bourbon, and they had their effect. The mutterings on the right died away ; although the *laïcistes* of the Left made common cause, they were massively outvoted. The Senate has proved equally accommodating.

BUT by then the damage had been done. The validity of the gaullist constitution, even in the modest powers left to the legislative authority, had been put in question. The suggestions coming from the Elysée may not have been specific, but they were meant to overawe. The temper of the regime in an awkward spot had been made plain: it was to reach for the blunderbuss. As often as the Debré government finds itself in trouble with the Assembly, this looks like becoming the easy way out. General de Gaulle may be reluctant to alter the constitution he wrote for himself a year ago (and to start chopping and changing the Assembly's powers so soon would be a staggering admission). But, from now, the knowledge that he can act simply for executive convenience must be obvious to everybody. The prospect of the Assembly becoming a popular forum for the expression of political fears and feelings has been pushed back ; its effectiveness as a brake on anything has been diminished.

Had this been a major question of forcing an Algerian settlement through a *chambre introuvable*, the awful signs of presidential impatience would have been explicable and, indeed, essential. But it was not that. The Assembly has already had foreign affairs taken away from it, its budgetary powers are limited, and its formal pronouncements on Algeria have steadily come to possess as little authority as its recommendations on east-west relations. It is true that the church schools issue has an immense popular importance, and, it may be, even a revolutionary significance. Danton was right: "Next to bread, education is the first need of the people." But to the members of the Assembly it may well have seemed that schools and ex-servicemen's pensions were the only issues left for them to debate. Now, even on these, presidential suspicion has fallen over them.

Other damage is visible. The Debré government has been openly divided. Although M. Boulloche has been the only minister to resign, the schools measure did not have M. Pinay's support. Neither this nor the increasingly uneasy relationship between M. Debré and the gaullist majority in the Assembly need push the general into picking another prime minister. The name of M. Louis Joxe, lately bandied about, has fallen from favour (unless as M. Boulloche's successor at the ministry of education). If General de Gaulle wants to live with the Assembly at all he can hardly take the risk of giving the premiership to a civil servant ; M. Debré can crack the whip over the gaullist majority in a way that M. Joxe could not.

All the same, M. Debré's effectiveness has not been enhanced by the bargainings and compromises on the right in the past fortnight. And at the same time the remaining ties between the regime and the non-communist Left have been publicly broken. Communists and Socialists inevitably found themselves arm in arm on the schools question. The Socialist claim is that the new law is a direct contravention of Article II of the constitution: that "France is a republic, indivisible, lay, democratic and social." M. Mollet declared in the Assembly that a Socialist government would now have to nationalise the schools. The possibility of General de Gaulle trying to find an opening to the left in future has yet another obstacle in the way.

WHILE parliamentary energies have been centred on the schools question, other disruptive forces have come sluggishly and spasmodically to life. The vote on the budget on December 18th found the opposition at its strongest (172 votes) in this Assembly ; there was even a sizeable abstention within the UNR ranks. The Europeans among the Fourth Republican rump have now begun to express their distrust of gaullist foreign policy ; thus, M. Maurice Faure, in particular, has questioned the concept of a French nuclear striking force and voiced his doubts about the official line towards both Nato and the European community. Some of these doubts seem to be shared even in the gaullist ranks.

On the right there are fears over the unexpected swiftness with which the African members of the community are being allowed to flutter from the nest. Mali is moving into indepen-

dence ; its imitators are not far behind. Madagascar has already resolved to seat its own representatives at the United Nations. So far, General de Gaulle has not attempted to resist this trend, and M. Duchet is threatening to carry his friends into opposition. It is expected that the Assembly will, in fact, be summoned to a special session next month to pass the necessary constitutional changes for African evolution.

These parliamentary doubts and hesitations cannot be held a serious threat to anyone. Such opposition as there is has had to gather its main strength elsewhere. Even M. Bidault, currently opposed to the general over both Algeria and what he calls the " policy of the destruction of the Atlantic alliance," has observed that he feels no obligation to address an Assembly " reduced to uselessness." These are danger signs, not least if economic problems are also driven underground. The decline of the Assembly, and of the parliamentary way of life, is the natural legacy of the manner of General de Gaulle's return to power in June, 1958. The deputies (M. Mollet at the head of them) who voted for that return should not now be surprised that their power—over schools or anything else—can be so easily overridden. But, unquestionably, they are surprised. They seem to have been confused all along.

Mr Hammarskjöld, We Presume

It is time for the United Nations members to see where their secretary-general has got to on his lonely safari



CINDERELLA'S character never recovered, one supposes, from the disastrous intervention of her fairy godmother. Having once discovered how easily her problems could be solved by that wand, she no doubt stopped trying to solve them herself, and adopted the slogan " Leave it to Godmother."

Did she really live happily ever after ? The members of the United Nations might be unwise to count on perpetual happiness if they go much further along the road signposted " Leave it to Dag." The secretary-general's magic wand has lately been bestowing blessings so readily that the beneficiaries are in danger of taking their continuance for granted.

Since Mr Hammarskjöld succeeded Mr Trygve Lie in 1953, remarkable changes have occurred in the way his office is regarded—by the secretary-general himself as well as by others. Mr Lie had become too controversial a personality to do his job effectively ; it was against this background that Mr Hammarskjöld took office. He was accepted as a neutral personality from a neutral country: a technician rather than a politician, competent rather than dynamic, a man from whom more discretion than valour could be expected. His preference for words of diffuse caution seemed especially reassuring to those who had no wish to see the UN secretariat become an independent force in world politics.

How completely things have changed may be seen from his recent intervention in Laos. Before he went there in November, Russia gave official and public warning that his visit was unwanted and suspect, and specifically objected to any idea of his leaving behind a UN representative there. He went, just the same ; and while in Laos he called in Mr Tuomioja, the Finnish secretary of the UN Economic Commission for Europe. Mr Tuomioja is still in Laos, and other UN officials are digging in there to look after the long-term economic aid programmes and administrative improvements that he has recommended.

Mr Hammarskjöld has acted in Laos without any mandate from the Assembly or the Security Council. He has not formally installed there a UN " presence " of the type that he was authorised to install in Jordan in 1958, or an observer group such as he was authorised to deploy on the border between Lebanon and Syria earlier in that year. But it is rather more than coincidence that Laos's urgent need for economic and administrative aid and guidance should have been discovered just when the arrival of an international corps of officials and technicians, and the opening up of new prospects of reform and progress, can have a timely impact on morale in a scary little country, and simultaneously make it harder for its neighbours to indulge in covert intervention. The secretary-general shrewdly judged that, although Russia might feel a need to make a protest or two for the record (and for Peking's ears), it would, at bottom, share America's relief at being got off the Laotian hook. And, so far, he has got away with it. The Russians protested, and fell silent.

THIS is the most ambitious expression yet of the philosophy which Mr Hammarskjöld has quietly but firmly developed since his renewal in office two years ago. When, on September 26, 1957, he accepted a further term, he made his first placidly revolutionary statement. He frankly declared that it would be fully in accordance with the spirit of the UN Charter for him to act without a mandate from either Assembly or Council, if he judged it necessary

> to help fill any vacuum that may appear in the systems which the Charter and traditional diplomacy provide for the safeguarding of peace and security.

His claim went unchallenged. So, in July, 1958, he could cite it in support of his independent decision to enlarge the observer corps in Lebanon after the American landing there. Russia had already vetoed both an American proposal to enlarge the corps and a Japanese proposal that he should be given a free hand to do whatever was needed to make an American withdrawal possible. The Swedish government, moreover, publicly demanded that the UN corps be removed. Mr Hammarskjöld calmly enlarged it ; and there were no further objections.

Meanwhile he had also enlarged what one might call the Hammarskjöld Doctrine. On April 29, 1958, he told the Security Council that he welcomed the American proposal for an Arctic inspection system to discourage surprise attacks. He protected his flank by recalling that he had previously welcomed the Soviet announcement of a suspension of nuclear tests ; but that did not save him from a sharply critical Russian reaction. One may guess that Moscow was particularly annoyed because he now claimed a right to voice the desire of the peoples of the whole world, and thereby trespassed on Mr Khrushchev's pet monopoly. And since then, the secretary-general has progressively elaborated his claim to speak for common humanity, if need be in opposition to the views of all the major powers put together.

Just before the Geneva conference of four foreign ministers last year, he told a Copenhagen audience on May 2nd that he had the right to take up an independent position based on " United Nations opinion " about any particular conflict, and to " express what may be called the independent judgment of the organisation." By October 16th he was speaking, in a television interview, of the UN's role *vis à vis* the powers in regard to disarmament as " an element representing all the rest of the world."

He has become increasingly open about his new role. In the same interview, when asked on what he based his power to intervene in troublesome areas, he explained that the limitations of the Assembly and Council made it necessary " to create a new executive responsibility somewhere. . . ."

> My own view is that they have defined the outer limit, and everything which is, so to say, comprised within that limit is in line with the philosophy of the Charter. In fact it is on the basis of this interpretation that quite a few recent developments have taken place, also on my own initiative.

His initiatives have been of undoubted value. Whether despatching a personal emissary to look into the recent Siamese-Cambodian dispute, or smoothing the way for more British-Saudi discussion of Buraimi, or quietly nagging Cairo about the holding up of Israeli cargo in the Suez Canal, he has been using his unique office to do things that can hardly be done by anybody else. In so doing, he has built up a formidable body of precedent. Governments are beginning to realise this ; but it is difficult to catch him out.

MR HAMMARSKJÖLD can already claim a triple basis for his policy. Not only is he expressing the *vox populorum*, and filling " vacuums " where both the Charter and conventional diplomacy are inadequate ; he is now also able to point out that he is doing things of a kind that he has done, with general approval, or at least with tacit consent, before. Broadening down from precedent to precedent, his freedom of manœuvre has far surpassed the expectations of the governments that elected him. One may be sincerely grateful for the good use he has made of this enlarged role, and yet concerned about the implications.

His successor may show less judgment of what is wise and practicable (and Mr Hammarskjöld is not immortal, nor is he necessarily in office for life). His judgment may fail him ; the world already has to reckon with too many situations where too much depends on the health and good sense of one man. Moreover, if the UN members come to rely too heavily on his skill and his capacity for survival, they will neither give him adequate support nor overhaul their own practices so as to lessen his load.

At present Mr Hammarskjöld is on an extended safari through Africa, characteristically meeting trouble halfway by going out to look at the problems of its many emergent states, which will soon be flooding into their seats in the Assembly. His whole political pilgrimage in recent years has been as bold, as dedicated and as lonely as David Livingstone's plunge deep into an earlier Africa. But is anybody going to send a Stanley to make sure he is all right, or will the world go on comfortably " leaving it to Dag " ? There is much that could be done to support his ventures and relieve their loneliness ; and little sign—apart from a few shrewd but negative remarks by Mr Khrishna Menon—that anybody is bothering to think about it.

The Firm Without a Strike

Our special correspondent looks at a form of labour relations at Luton which deserves study elsewhere in industry.

THE motor firms made news last year—not only, unfortunately, because of their booming output, but also because they were the centre of some of the country's most persistent labour troubles. Scarcely a week passed without a report of an unofficial stoppage either in some part of the British Motor Corporation, or at Standard, or at Rootes, or at Ford's. The formidable tally of trouble affected all the major British motor manufacturers but one. The significant exception was Vauxhall.

The contrast between the labour relations at Vauxhall and the other motor firms must not be drawn too sharply. Vauxhall is fortunate that the wages it can pay are higher than most other employers can afford in the " overgrown country town " of Luton ; in Coventry and Birmingham motor works are not the only Meccas paying on average over £16 a week, and workers there feel that they can afford to be more militant. At one time the system of " consultation with the workers " was even more detailed at Standard than at Vauxhall ; but for various reasons—probably including certain accidents of personality on both the managerial and union sides—the system at Standard has largely broken down.

Moreover, the popular picture of perpetual labour trouble in the motor industry, as compared with other industries, has tended to be exaggerated by the fact that motor strikes occur in places which it is easy for daily journalists to visit. The mines suffer many more "wildcat" strikes than motors but,

since journalists dislike the idea of trekking down to South Wales, they attract less publicity.

Despite these reservations, Vauxhall's record is sufficiently remarkable to deserve study. The first factor that distinguishes its labour relations from those of other motor producers is the attention that they receive. Many firms—notably British Motor—give the impression that they concentrate on technology and leave their labour problems to string along. In Vauxhall, the deputy chairman regards labour relations as his main concern, and the personnel manager is (by British standards) well integrated into the decision-making process of the firm ; he has the backing of a policy on labour relations to which all the firm's executives subscribe.

Secondly, Vauxhall has managed to get into the position of recognising only two main trade unions, instead of twenty-two at Ford's and a similar number at the BMC. These two unions are the Amalgamated Engineering Union (which is much the larger) and the National Union of Vehicle Builders ; the latter, incidentally, is one of the militant unions that has told the TUC that it has no business inquiring into the causes of unofficial strikes. At Vauxhall, however, since only two unions operate, inter-union quarrelling is almost non-existent ; and the men themselves seem to be quite happy at having only two unions to choose from. As in the expanding BMC plants at Oxford and Birmingham, many of the newcomers have little or no union background ; any general union—and the AEU has proved the main choice—seems good enough for them.

THIRDLY, all work at Vauxhall is done on time rates. The firm decided in 1956 that payment by results was no longer an effective incentive in a mechanised industry where the machines and not the men were setting the pace. Bonus earnings were therefore consolidated, as they have often been in America, into a general time rate. At the time of the changeover there were considerable qualms from the NUVB, but the results are claimed to have been almost wholly to the good. Productivity does not appear to have fallen off at times of peak demand. The maintenance of time rates must tend to put up labour costs per unit of output during a recession ; but the reverse side of that medal is that the disparity between boom piecework and ordinary timework earnings, which has been at the root of much of the labour trouble elsewhere in the industry in the last two years, has not arisen at Vauxhall.

The fourth—and perhaps crucial—feature of Vauxhall's labour relations has been the treatment of shop stewards. In the BMC the communist-influenced joint shop stewards committee has been allowed to go its own disruptive way. At Vauxhall a deliberate attempt has been made to suffuse the stewards' inevitable power with the useful ingredient of some active responsibility. As well as the usual shop stewards' set up, Vauxhall has established an authoritative organ for joint consultation—the management advisory committee. Elections to this committee are held in the firm's time ; they are fiercely contested ; the vote is on average above 80 per cent ; and with a three-year term of office, the MAC man (who is usually also a shop steward) has a constituency within the works which he finds that he needs to nurse. His electorate could throw him out if he made himself ridiculous.

Anything more different from the normal apathetic union election, with a minimal turnout, is hard to imagine. This does not prevent some of the 21 workers' representatives on this 27-man committee from being militant and outspoken. So, it is said, are the six management representatives—all of whom are high enough executives (five being directors) to give answers which are likely to be endorsed by the board.

The committee discusses production matters, suggestions (of which, hearteningly, there are a lot), apprentice training, safety, pensions, profit sharing—all the normal staples of joint consultation, but at an abnormally high level. The reasons for which overtime has been cut or profits reduced are discussed as frankly as the reasons for a boom ; and, once the committee has agreed upon a decision, action generally follows. Only wage discussions are taboo. Negotiation on these are the prerogative of the local union officials. Vauxhall, which does not believe in a policy of "divide and rule," has never let this prerogative pass wholly to the stewards.

The sort of balance of power that results is well shown by the question of job appraisal. Vauxhall's management makes the initial classification and attempts to keep the gradings as few as possible. Any worker who feels aggrieved about his initial grading, or about any change in rating that follows a change in factory technique, can take up the matter with either his steward or his MAC representative. More specifically, he can go to a grading appeals committee, composed of established experts in the craft concerned, who in the last resort set a test of skill. This is a pass or fail affair. The workers thus have a say in their own grading. But the appeals committee, like the management advisory committee (and like a constitutional monarch), does only advise ; it has not taken on—as had the workers' groups at Standard's—any ultimate power. With rating and almost everything else, the management can say the final word, after listening to the wishes of the men.

HOW far is this elaborate machinery worthwhile ? It would be nice to be able to answer this question with neat and embracing statistics, which should not, of course, relate to labour disputes alone. The ultimate test of the value of any motor firm to the nation is not simply whether it manages to avoid strikes ; it is whether it manages to get the most popular cars (in the price range within which it competes) to the most people (abroad as well as at home) at the best available value for money, and with the maximum profitability to workers and firm alike. Unfortunately, in an industry where influences other than labour relations are so important and erratic, neat statistics do not get one very far, and one has to fall back in the end on a commonsense judgment.

There are some strike-ridden motor firms which can claim that occasionally they have beaten Vauxhall in their records of domestic and export growth, in their levels of profitability since 1956, and the material rewards going to their workers and workers' families. On the other hand, Vauxhall—despite one very bad year just after the 1956 slump—has in general been a profitable investment to General Motors which owns its ordinary capital, and it is not a firm that anyone could ever accuse of having turned into a social welfare organisation. Most visitors to the Luton works will agree that by a combination of persistence, astuteness and good luck, Vauxhall does seem to have managed to develop a form of labour relations all of whose features deserve study—and many of which might merit adoption—more widely throughout British industry.

The Hatreds of Philosophers

An examination of the curious explosion of antipathies between and towards philosophers which was released by the refusal of the periodical *Mind*, edited by Professor Gilbert Ryle, to review Mr Ernest Gellner's book *Words and Things* on the grounds that it was abusive to other scholars

BEFORE compiling a philosophers' glossary of who now hates whom, one had better define what the "linguistic philosophy" which it was Mr Gellner's purpose to attack is supposed to be. Gellner, who teaches philosophy to sociologists at the London School of Economics, supposed his target to be a sort of philosophy particularly common at Oxford and possessing three special characteristics. First, it confines itself to discussing, in minute detail, the meaning of expressions in ordinary language, the language of everyday untechnical speech. Secondly, it is ostentatiously neutralist, in all sorts of ways: it professedly tells us nothing substantive about the world, morality, or society, but confines itself to a supposedly objective examination of the language in which such questions must be discussed. Thirdly, it thinks that most, though not all, traditional philosophical problems are based on confusions about language ; by close attention to our ordinary speech philosophers, although not usefully answering these problems, can at least prevent us wanting to ask them.

The view of Gellner is that all the philosophical premises of this sort of philosophy are false. Since, in his view, no philosophy can in fact be neutralist, he accuses "linguistic philosophy," under a bogus guise of neutrality, of insinuating certain substantive opinions about the world and morality—in favour, roughly, of an uncritical common sense and thus a demure acceptance of the world as it seems. His book supplemented this depressing picture with an historical account of linguistic philosophy's supposed origins, and some brisk "sociological" matter on the linguistic philosophers themselves.

GELLNER'S critics have not been slow to retort that he vastly exaggerated the monolithic quality of what he calls "linguistic philosophy"; the philosophers whom he mentions as "linguistic philosophers" do not form a unanimous body of opinion. It is also important to note at this stage that there is a good deal of philosophy which is linguistic—in the sense that it discusses philosophical problems in terms of the meaning of expressions and so on, rather than in psychological terms—which Gellner himself was not concerned to attack.

One such philosophy is "logical positivism," the philosophy which was expressed in A. J. Ayer's famous book in the thirties, "Language, Truth and Logic." Positivism, though in a sense "linguistic," is exempted, because it certainly does not set out to defend our ordinary language or common sense. Few men on the Clapham omnibus will be found to share its radical central thesis that the only statements which are meaningful at all are statements of natural science, logic and mathematics. (It should be said that few philosophers will now be found to share it, including Professor Ayer himself.) Similarly, none of the writings of Bertrand Russell, though sometimes "linguistic" in tone, falls into the class Gellner was attacking. Russell indeed has never shown anything but contempt for uninstructed common sense, and is himself a strong champion of Gellner's book.

Who, then, are the linguistic philosophers subjected to assault, and where do they preach ? A striking fact about British philosophy in this century is that all its important developments, with one possible exception, started in Cambridge and ended up in Oxford. (The one possible exception is logical positivism, which started in Vienna ; but even that was influenced by the early work of Wittgenstein, who worked in Cambridge.) Cambridge produced the three great, though not equally great, innovators: Russell, G. E. Moore, and Wittgenstein. It does not itself tend to develop the work of its innovators, or to contain a school ; it is Oxford where that happens. (Of this there is a perfectly simple explanation: there are far more philosophers in Oxford, because philosophy is there joined to other subjects in the syllabus, so that far more undergraduates study it, and far more teachers teach it.)

It was Moore (1873-1958) and Wittgenstein (1889-1951) who mattered for "linguistic philosophy." They were utterly opposed in temperament. Wittgenstein—an extraordinary character, devoted, unworldly, almost prophetic—had the characteristically metaphysical gifts of great logical power, profound insight, and imaginativeness. He tended to express himself with a dark apothegmatic obscurity. His first work, the "Tractatus Logico-Philosophicus," was indeed a work of metaphysics: an ambitious attempt to describe the necessary structure of reality in purely general terms. In later years he came to think (what indeed is paradoxically suggested in the Tractatus itself) that such an enterprise was impossible: that there was no necessary structure of reality ; that all that philosophy could do was to get an insight into particular problems by examining the structure of various parts of our language as it is. His later works, published posthumously (most importantly, his "Philosophical Investigations"), are the strange, insightful, and often infuriating monument to this view.

G. E. Moore, on the other hand, was essentially a scholarly type of man. Fascinated in philosophy only by the strange assertions of other philosophers, he deployed great intellectual power and a precise, involved, literary style in the unfolding of the minutiæ of philosophical positions. Above all, he defended common sense, with an utterly individual kind of pedantic boldness. "Of course I know that the material world exists" was his reply to the traditional sceptics, Russell among them.

TRANSPLANTED to Oxford in more recent years, these two influences have grown in different ways. The influence of Moore joined there with an already existing concern for the niceties of meaning: it is not an accident that Moore, like most Oxford philosophers, came to philosophy from classical studies, while Russell and Wittgenstein came from mathematics. This has yielded an activity which perhaps most

closely approximates to Gellner's "linguistic philosophy." Mr J. L. Austin, the White's Professor of Moral Philosophy at Oxford, the leader of this school, devotes himself principally to the very careful examination of distinctions in ordinary speech, regarding this as at least a necessary propædeutic to the study of philosophical problems. A recent book by a Fellow of Magdalen College, Oxford, Mr G. J. Warnock, "English Philosophy since 1900," is sympathetic to this view, and expresses a notable admiration for Moore and for the virtues of commonsense.

Wittgenstein's influence has been very diverse. In part, it has been directly transmitted. Miss G. E. M. Anscombe, of Somerville College, Oxford, for instance, herself a pupil of Wittgenstein's and an editor of his writings, is an influential teacher, though her own work is more systematic and philosophically assertive than that of her master. Very differently, Professor Ryle himself has been influenced; his famous "Concept of Mind" bears the marks, though his own briskly realistic personality and an interest in Aristotelian categories have yielded a very individual product.

Other recent work is on quite different lines. Mr P. F. Strawson, of University College, Oxford, for instance, has attempted in a recent work the ambitious Kantian task, not sanctioned in "linguistic philosophy" as Gellner defines it, of justifying some of our normal categories by argument. The highly original "Thought and Action" by Mr Stuart Hampshire of All Souls is *not uninfluenced by French phenomenological* thought. And so on.

The closer one looks, the harder it is to see the Gellnerite unanimity in commonsensical complacency; and when one steps back again, one still cannot see it. One increasingly gets the impression that if there is complacency and pedantry, this is less the result of some philosophy than of the fact that any style of philosophy can be employed by some people in complacent and pedantic ways.

So why are modern philosophers hated—if they are? For the lay outsider, the clue might be found in this: that hardly any of them, despite their other diversity, would claim that, as philosophers, they can tell us what to do. When other direction posts are falling down, philosophers are assumed to be the people who ought to be giving us directions about life. But if they cannot, they cannot: and there are philosophical arguments for the belief that they cannot. If these arguments are valid, then the suggestion that they ought to give directions all the same is an invitation to disingenuousness.

Yet, even if there are not to be any directions, there might be something else. There might be some rather more imaginative and large-scale attempts to get to grips with our conceptual and ideological situation. We have not heard much like that; and (here Gellner has hit something) not *many* of the philosophers at this opening of the 1960s seem *very* concerned about it.

NOTES OF THE WEEK

THE SUMMIT

How Long?

THE summit meeting starts on May 16th. If it lasts ten days or so (as Mr Khrushchev is said to want) and if Mr Eisenhower goes to Moscow in June, the prospect of semi-continuous Russo-American talks is intriguing. Everything can come up a second time, if necessary; and the second time will find Mr Eisenhower and Mr Khrushchev alone. This may be what Mr Khrushchev is after; it does not seem to be what General de Gaulle intended to achieve by his earlier alarms and excursions. So Mr Eisenhower will enter a sustained negotiation at a time when the Republican party's political needs must be most obvious to everyone, particularly the Russians. If a peace platform is to be put together, it has to be put together between Paris and Moscow.

For the Paris summit, Mr Khrushchev seems to be hankering after a broad agenda. Disarmament is just now at the top of the Soviet pops: Moscow's commentators now call the Khrushchev plan "the focal point of all international life." If the ten-power talks get into gear at Geneva in March, it should be possible to submit a useful working draft to the Big Four in Paris. But Mr Khrushchev has also made it clear on several occasions that *he means business on Berlin*, and he is thought to have ideas on economic aid to underdeveloped countries, too. All this will take time to mull over, particularly if a western "package" on Germany and Berlin has to be untied in the process. There should be no need for Mr Khrushchev to dig his heels in over a formal agenda, provided he is assured of the elbow-room that a ten-day affair would provide.

M. Couve de Murville's policy speech to the French Assembly on Monday, in which he admitted the possibility of a limited agreement in Berlin, provided western rights there were not diminished, gives some reassurance that progress at the summit on this issue is still not ruled out.

NUCLEAR TESTS

Vain Puffball

PRESIDENT EISENHOWER'S announcement that the United States will not extend its voluntary suspension of nuclear tests is a wrong move. It is bound to cost his country the loss of some goodwill, and one can hardly see any counter-balancing advantage to be gained. Presumably the idea is to put pressure on the Russians to stop dragging their feet at the Geneva talks on test suspension, which have, admittedly, proved painfully slow; but, as a correspondent shows on page 38, it is not yet time to despair of reaching agreement there.

It is very doubtful whether the American announcement represents an effective form of pressure. The Russians know just how unpopular the first nuclear power to resume testing will make itself (they have indicated *pretty clearly that they will not allow* one or two minor French bangs to provoke them into resuming and thereby enabling the Americans to follow suit). They can scarcely believe that the United States will be imprudent enough actually to use the freedom it has now given itself. They are probably confident that, if it did, its political losses would be greater than its technical gains. So they are not likely to be much impressed by this week's puffball from Augusta.

The impatient men in the Pentagon and the US Atomic Energy Commission will not, for their part, be long mollified if theoretical freedom to get on with their fascinating experiments turns out, in practice, to mean that they are reined in just as firmly as before. And elsewhere in Washington—particularly in some sections of the State Department, and in Senator Humphrey's sub-committee on disarmament

—there must now be rueful reflections on the likelihood that the new move may make the Russians less, rather than more, willing to let an international inspectorate get a foot in their door—which is, after all, the main object of the Geneva talks that are due to resume on Tuesday week.

ATLANTIC ECONOMIC CONFERENCE

Danger and Opportunity

THE timetable for the series of western economic meetings due in the second week of January has now been filled out in detail. Early in the week there is to be a meeting of Ministers of the Seven. On Wednesday the 13th the economic conference of eleven European states plus America and Canada, which was announced at the end of the western summit meeting, is expected to meet. On Thursday the 14th there is to be a meeting of the council of the Organisation for European Economic Co-operation.

The danger is that the different governments will go into this economic-diplomatic dance with such wholly different objectives that nothing much will be achieved. The British Government still regards a resumption of talks between the Six and the Seven in Europe as the main purpose of the Atlantic meeting on the 13th. But the French do not share this view; neither does the European Commission. They regard the Atlantic approach as a substitute for European talks between the Six and Seven. And their attitude suits the Americans, principally interested just now in their own balance of payments.

If the conference spends its time raking over the old, and at present unsolvable, issues of Six and Seven nothing will get done. It will do better to concentrate on the issues which present an accepted common objective: aid to the undeveloped world, and a new attack on barriers to trade on a more than European scale. In London much is heard of the difficulties of cutting tariffs on an Atlantic or world-wide basis. They are real. But it would be a pity if the difficulties led Britain to adopt a timid or immobile attitude in this month's talks. No other country, after all, has so great an interest in discouraging an American retreat into protectionism.

The British might do worse than go into the Atlantic talks ready to take three initiatives: to slash some of the exorbitant British tariffs on cars and durable consumer goods without necessarily demanding a *quid pro quo* from the Americans; to discuss reciprocal reductions of the tariffs on chemicals and machinery which are mainly traded between North America and Europe; and to propose a common, if gradual, effort to reduce the trade barriers which the developed countries maintain against the relatively simple industrial products of the less developed countries.

MONCKTON COMMISSION

The Next Best Thing

THE last three members of the Monckton Commission have now been appointed —Lord Shawcross, Mr Aidan Crawley and Sir Charles Arden-Clarke. In default of Labour participation, these are as openly liberal men as the Prime Minister could get. Mr Macmillan only just beat Mr Butler to it in securing Lord Shawcross's services; but the very fact that the Home Secretary wanted him to preside over the commission which is to inquire into how the British people handle their own police forces should improve his *bona fides* in Africa. Both Lord Shawcross and Mr Aidan Crawley are former ministers of a Labour government, but now belong to no party; they may be assumed to have preserved their instinctive sympathy for the underdog, even if they have lost their faith in Labour's political methodology. Sir Charles Arden-Clarke has been one of the great nation-building colonial civil servants of our time; he was made governor of the Gold Coast by the Labour government, and can truthfully be called almost as much the architect of Ghanaian independence as Dr Nkrumah. While leading Ghana to independence, he had as his financial secretary and *subordinate* the present governor of Nyasaland, Sir Robert Armitage.

Is it too much to hope that the appointment of such men to the commission will make the nationalist African leaders think better of their intention to boycott it? Probably it is, although another gesture has been made to them by the release of Mr Kenneth Kaunda, the leading Northern Rhodesian opponent of federation: if the authorities are wise they will follow this promptly by the release of Dr Banda. It is unfortunate that Sir Roy Welensky has at this juncture taken care to fan African suspicion further by declaring he will not let the commission sit in judgment on federation, and by saying several other provocative things. But Sir Roy has not yet come up against Lord Monckton. The Africans will be playing into Sir Roy's hands if they make his remarks a further excuse for their boycott. It would be an act of very wise statesmanship if the African nationalist exiles in London would change their minds and put in their views to the commission (or failing that, to the chairman himself) before the British members leave London for Africa.

WAGE CLAIMS

The Engineers' Hours

NEXT week, the engineering unions are to meet the engineering employers, nominally to press their claim for a substantial wage increase and a reduction in their working week from 44 to 40 hours. In fact, however, the delegates will use as a starting point the employers' recent offer of a 1½ hour reduction in the working week (to 42½ hours) without any direct wage increase; if the employers will improve this offer by half an hour (granting a 42 hour week), it is generally supposed that most of the unions will accept. As average hours actually worked in engineering are now 47 a week, a reduction in the "official" week from 44 to 42 hours could simply mean that an average of five hours (instead of the present three) will be paid for at overtime rates; if so, the concession would theoretically have the same effect on wage costs per unit of output as would a direct wage increase of rather over 6 per cent. This is quite a lot.

Nevertheless, a new offer may well be made; the thought of a year without a direct wage increase sounds like a happy prospect to some of the less prosperous employers, especially those who are still not working overtime and who feel that they would not lose so very much production by sending their men home 25 minutes earlier each day. The general council of the Trades Union Congress has meanwhile weighed in with a formal statement which—although as usual marvellously obscure—was apparently meant to cheer on the view that a shorter working week should be given higher priority this year than a direct increase in wages; and some union spokesmen have proclaimed that their members are now more interested in getting more leisure than more money. In all probability, this is untrue. The TUC's sponsorship of shorter hours as the battle cry for this year started in a period when they wanted to spread work during the recession; the battle cry has lasted into the present period of boom because many union leaders think that it is politically wiser to press for a disguised wage claim this year than for a direct one. But the National Union of Railwaymen and Mr Cousins's London busmen both certainly want to get direct wage increases as well; even if settlement is reached on the engineering claim, there may still be struggles to come.

GERMANY

The Scapegoat

HERR VON PAPEN has been credited with the description of the Cabinet of the Third Reich as "a government of juvenile delinquents." The two young men who, on Christmas Eve, painted swastikas and the well-remembered slogan "*Juden raus*" on the walls of the rebuilt synagogue in Cologne, turn out already to have had police records; German history suggests, however, that this fact does not of itself make them entirely negligible. The professional anti-Germans in many countries, including Britain, have been encouraged and Germany's friends disturbed by the Christmas Eve incident and the similar, scattered incidents that have followed this week. Most alarmed and revolted of all have been the respectable majority in Germany, some of

This decade will bring considerable changes in the make-up of the British population and its standard of living. Figures and drawings in black give the picture today; those in red what we think it may be at the end of 1969. "Probably" should preface every statement about the future, but the degree of uncertainty varies. The numbers of people of working age, for instance, are very nearly determined over the next ten years, provided there is no great change in migration policy. But the spread of ownership of durable goods can be no more than an intelligent guess.

Population.

In the next ten years the **number of people** in Britain will rise by rather more than 2 million . . .

. . . and by the end of the decade there will be over 1½ million more people aged 15-24 than there are today and 1½ million more aged 55 and over. But there will be only a quarter of a million more children under 15 and there will be 1 million fewer middle-aged people.

As the "bulge" in the school population moves into the **labour force,** this will more than compensate in numbers for the decline in middle-aged people. Moreover, the number of married women going out to work is likely to rise still further. Even if the school-leaving age has been raised to 16 (figures in italics) there should be more people going out to work in ten years' time than there are now, provided the country still enjoys full employment.

The **growing population** is more a result of the earlier age of marriage and the high birth rate than of longer life. Eventually the birth rate will go up even more; but in this decade the rise in births to the larger number of 18-25 year olds will only balance the fall in births to middle-aged parents. Although death rates are falling, the numbers of deaths will rise because there will be more old people.

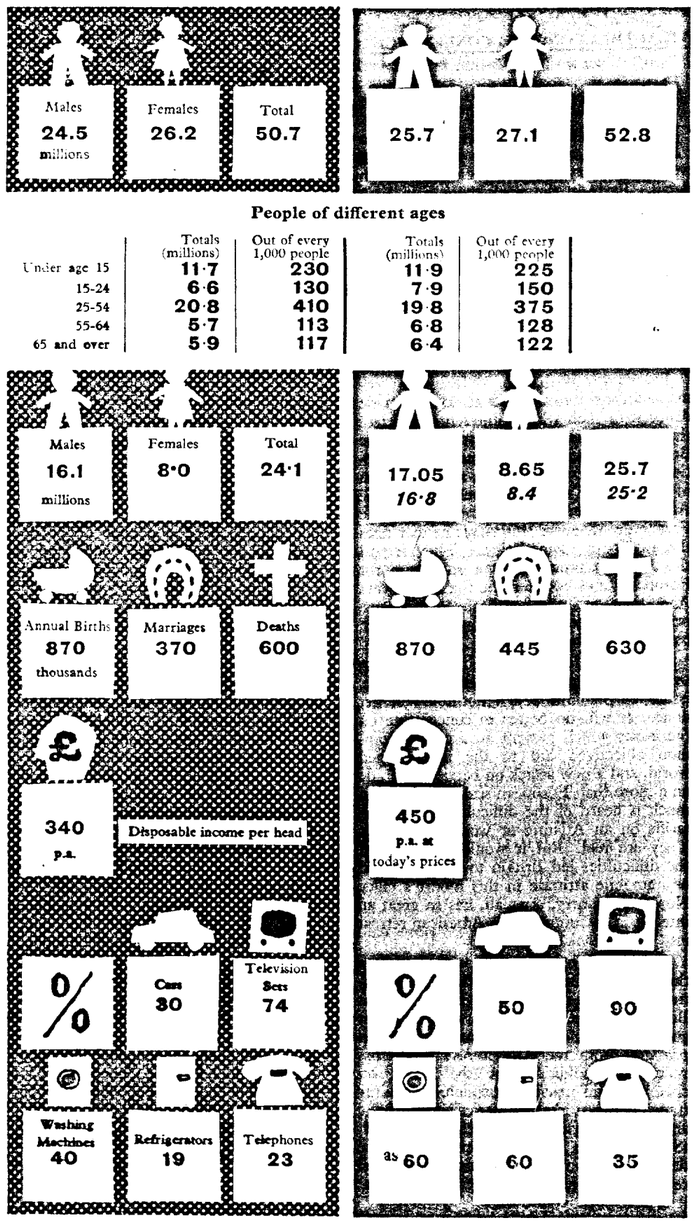
Income after tax.

How much better off shall we be in ten years' time? If we do as well as we have done in the last five years, the average standard of living will have risen by one-third by the end of the decade.

Proportion of Adults with Durable Equipment in their Homes.

Young married couples—and there will be an increasing number of them—want better houses. One out of every two families will probably own their house (or be buying it) at the end of the decade compared with two in every five today. They will also want better-run homes with more equipment in them. In America, nine out of ten families have refrigerators, washing machines, and television sets; three-quarters have a car and telephone. Even by the end of another decade we are unlikely to have reached present-day American standards in equipment, except in television.

Into the 1960s



whom have been in the habit of dismissing as fairy-tales suggestions of anti-semitism in west Germany, while others have been seriously worried for a year or two past.

Herr Meinberg, the chairman of the German Reich party to which the Christmas delinquents belonged—he has now expelled them and closed the Cologne branch down—has produced the most ingenious explanation of their action. They were, he says, *agents provocateurs* sent by the communists to worm their way into his party and disgrace it. Now it is true that Bonn's east German enemies are the obvious beneficiaries of this repulsive incident; any evidence to support their picture of the German Federal Republic as the torchbearer of Nazi reaction is grist to their mill. However, the explanation will not wash. The east German communists believe their picture of Bonn to be true; they would not think it necessary, nor would it be in their character, to waste agents on the work of making it come true. Further, that a virulent anti-semitism—of the kind that can lead to such an action—does survive in west Germany, here and there, does not admit of doubt; only its extent and its importance are open to dispute.

Obviously the behaviour of the two young men, and of a few others who think like them, has done much harm. Can it also do good? Possibly, if it encourages the west Germans to question the habit that grows among them of making anti-communism the sole criterion of political respectability; if it spurs them to look again at their educational system and at the history that is taught in their schools; if, in general, it causes self-questioning and is an antidote to political smugness. For it is smugness that is the real evil of west German politics of the present day, and that gives shelter to more noxious weeds. The British, for their part, have no cause to be smug either; imitators of the juvenile delinquents of Cologne have appeared in Notting Hill already.

LORD HALIFAX

What Might Have Been

A SIGNIFICANT part of world history in the twentieth century has been made by a very civilised breed of upper class Englishmen who all seem to have had exactly the same type of long, intellectual, dolichocephalic face. They have abounded in high places in our universities; they have filled the headmasters' houses of our greatest public and grammar schools; they have taken up many of the top offices in our civil service; they have served in a large number of (at least junior) ministerial offices in governments formed by all three parties. One mystery is why the same face does not frequently appear in prints of influential men in the nineteenth century; perhaps it does but is disguised because it was then always covered by beards.

The first Earl of Halifax, who died just before Christmas, was the most eminent of the modern breed. Like most others of his very intelligent type, his political impulses were admirably liberal. Like nearly all others of it, he thought that a prime duty of statesmen was to get on well with those whom he probably privately regarded as rather impossible people. This explains why he made such a favourable impression on Indian nationalists during his period as Viceroy, why he succeeded so well as Ambassador in Washington to President Roosevelt's administration during the war, and also why he has been so frequently condemned as favouring "appeasement" of Hitler and Goering. He performed any job that was allocated to him with great tact and friendly ability and skill, but he had the defect of his type's major virtue of equability: he was not likely to initiate or push any policy that was liable to cause great hurt to (or great awkwardness with) anybody whom he was likely to meet.

The specially interesting thing about Halifax is that both King George VI (certainly) and Neville Chamberlain (probably) wanted him to be Prime Minister in 1940, in preference to that "ornery" fellow Mr Churchill. If Halifax had had a little more of the wily ambition that is common to more vulgar men, he might have pushed himself at that moment of destiny into the seat of supreme power. It is fascinating to speculate what would then have occurred. Because his impressiveness in private was not matched by a capacity to make an impression in public, he would never have rallied the nation in the dark hours as the great orator did; quite certainly, he would not have been as ruthless as Churchill in sacking generals who fell down on their job; probably, his smooth diplomacy would not have been as effective as Churchill's bluff magnificence in forging the grand alliance with America that really won the war. On the other hand, if the nation had survived, he might well have felt more obligation than Churchill did to the *émigré* governments of East Europe, and the Yalta conference might not have taken precisely the form it did; as leader of the Conservative party in opposition after 1945, Halifax would not have impeded the Tories' swing to liberalism any more than Sir Winston eventually did. But perhaps all these speculations on what might have been founder from the start on the very character of the man; for wily ambition, in Halifax's high code of conduct, was one of the vices that it was just not done to have.

LABOUR AND LONDON

Breaking the Question Barrier

WHILE the Labour party is looking into the reputation of the local councils it controls, it could do worse than start with the largest. During the entire quarter century in which Labour has run the London County Council, Sir Isaac Hayward has been either Chief Whip or Leader. These two offices alone have the gift of all the committee chairmanships, the chairmanship of the council itself, and most of the appointments made to outside bodies by the LCC. Since Sir Isaac became Leader, Mrs Freda Corbett, a barrister, juvenile magistrate and MP, has been Chief Whip. Between them these two have operated a system whereby awkward questions are never publicly asked, even about straight administrative errors, by councillors belonging to the permanent Labour majority; the latter's main function as a watchdog has been to keep away the press. All questions from the Labour group are vetted by the Chief Whip before going to the clerks' table. Those that are vetoed as possibly embarrassing to the party are then humbly withdrawn.

This arrangement has now been subjected to challenge, partly because of increasing political irritation with the right-wing proclivities of Sir Isaac and of Mrs Corbett. Last month Councillor Mrs Ann Clarke, a left-winger who came in when the 1958 election produced a lop-sided Labour majority of 115 to 32, asked a question, despite being instructed to withdraw it, about possible LCC backing for the boycott of South African goods. The LCC's Labour leaders had reacted strongly against the idea of such a boycott; comically enough, a few days later Transport House endorsed it.

This incident is bound to increase the rebels' determination. Many of the 1958 crop of Labour councillors, aware that they were the beneficiaries of an extreme swing of the pendulum, realise that if the present tight little arrangement is not to outlast them they must get a move on with reform during the remainder of their present three-year term.

Adenauer Sir Ike

BECAUSE Sir Isaac Hayward was expected shortly to retire—he is 75—the main thrust of this insurrection within Labour ranks has hitherto been directed at Mrs Corbett. Many councillors have been determined to rebut in advance any presumption that she might be in the line of succession to "Sir Ike." Consequently she only narrowly scraped back as Chief Whip in 1958 and when the offices came up for annual election in 1959 she was challenged by the retiring chairman of the LCC, Mr Samuels. On this occasion Sir Isaac campaigned strongly on her side, partly on the ground that it was improper that a partisan office should be sought by a man whose role as chairman had been akin to that of the Speaker. But it is also understood that Sir Isaac told the Labour policy committee (the LCC's "Cabinet") that he was resolved to retire in March, 1960, and would like to serve his time out with Mrs Corbett, his old partner. On these and perhaps other grounds Mrs

Corbett was re-elected with a slightly larger majority than before.

From this time onwards, however, and before wider audiences, Sir Isaac's remarks about his future took on an increasingly tentative tone. The decisive moment came when shortly after the General Election Mr Fiske, the chairman of the Housing Committee, whom the rebels would like to see as the next Leader, presided over an unofficial meeting of a cross-section of the Labour group; it revived the idea of appointing a Deputy Leader to relieve some of Sir Isaac's burden. The Leader responded to this kindly thought in the bluntest way. He told the party that he would yield to the general desire for him to stand again in the new year, and that there would be no Deputy Leader. Mr Fiske is apparently preparing to challenge Mrs Corbett as Chief Whip should she seek to emulate "Sir Ike" in doing an Adenauer in 1960. In that case it will hardly be possible to preserve much longer the elaborate security precautions surrounding every move in Labour's London politics.

IRAQ

Overture to Politics

A WEEK before the date for the emergence of Iraq's political parties, General Qasim's alleged assailants are being brought to rough justice. The dock in the people's court has been enlarged for the occasion but is still a tight fit for the 57 accused, most of whom are very young and none of whom is a public figure. The 21 others who are being tried in their absence include several prominent Baath and Istiqlal politicians who had the foresight to slip away in good time, and such well-known exiles as the former Iraqi ambassador in Cairo, Mr Faiq el-Samerrai. In conducting the familiar vaudeville of pæan and insult, the court's president, Colonel Mahdawi, has prejudged the assassination attempt as a "hideous Baathist-Nasserist plot"; the defence lawyers have been overcome by the ugliness of their assignment and the queue of prosecution witnesses are more concerned to establish their loyalty than their special knowledge.

Whatever parties assemble their forces on twelfth night, the disgraced Baath is unlikely to be among them. Except for the disorganised remnants of the National Democratic party, the communists now have a remarkably clear field. The trial's sledgehammer method has done more than pulverise a party that had already lost the game; it has hammered out the theme of a beleaguered Iraq surrounded by hostile regimes in the United Arab Republic, Jordan and Persia. This call for national unity in the face of external threat could be the prelude to a much watered-down version of the promised political rebirth.

While Colonel Mahdawi drags his net wide, General Qasim, fresh from hospital, has displayed his Arabism by making a speech about Palestine. But the Iraqi leader wears Arab grievances with a difference; he has reiterated his demand for the establishment of a Palestine republic and army. This suggestion, outrageous to Amman, has the advantage of appearing positive while remaining entirely academic. It also enables General Qasim to lump Egypt and Jordan together with Israel as thieves of Palestine.

The rude things said in court about Teheran—someone has discovered that President Nasser himself is a Persian—are the straightforward consequence of the bubbling row over the Shatt al-Arab river which forms part of the boundary between Iraq and Persia. Each side is accusing the other of moving its troops to the frontier, but the Shah, at least, has shown his confidence in the quarrel remaining on ice by setting off on his postponed honeymoon on the Caspian shore.

UNITED ARAB REPUBLIC

The Baath in Decline

THE Baath party, not so long ago the heir-presumptive of Arab nationalism, has had a cruel year generally. In Syria the Baathists, officially dissolved at the time of the gunshot union with Egypt, have been steadily losing influence and made a wretched showing at the National Union elections in July. Any hopes they may have had for a come-back were scuppered in October when Field Marshal Amer, the Egyptian commander-in-chief, was given full authority over Syrian affairs. On Wednesday, President Nasser accepted the resignation of four Syrian ministers, all Baathists. They included Mr Akram Hourani, a vice-president of the UAR and the leading voice in the party, and Mr Salah el Bitar, the republic's minister of culture. There is now no Syrian vice-president of the republic, and only one Baathist left in the government in a junior post.

Field Marshal Amer's decision to go slow with agrarian reform in Syria was interpreted as a betrayal by the Baath socialists; the minister of land reform is one of those to lose his job. These specific differences apart, the sordid scene in Iraq, and General Qasim's laconic revival of the fertile crescent scheme for uniting Iraq, Syria and Jordan, are driving President Nasser to govern his Syrian region with an ever heavier hand.

UGANDA

Backing Nationalism

UGANDA stands paradoxically apart from the main stream of political development in "black" Africa. Tribal loyalties, particularly those of Buganda to its Kabaka, find well-organised political expression, while the forces of western-developed African nationalism are weak and dispersed. The result has been that the colonial administration, though anxious to emancipate the country, has found itself in conflict both with the feudal forces represented by the Kabaka and with the western-trained intellectuals (who have sniped and produced disturbances without creating any usable political counterpoise to tribalism).

A year ago the Government appointed a constitutional committee with a European chairman and a majority of African members; it turned in its report just in time for Mr Macleod to discuss when he visited Uganda last month. It has the merit of offering a simple solution for Uganda's imbroglio—a solution which has at once been accepted by the nationalists but indignantly rejected by the feudalists.

The report proposes that general elections shall be held throughout the country, not later than spring, 1961, for a Uganda legislature of 76 seats on a common roll, with a liberal franchise and no special provision for minority representation. From this legislature a responsible ministry should be formed, with the bare minimum of officials. The committee hopes that if such a plan were adopted, and responsible government loomed, responsible parties and political leaders would swiftly emerge, while the Kabaka and the other tribal rulers would be powerless to thwart the expression of the popular will. Only after the formation of this new ministry, they think, should a constitutional conference be held to discuss whether Uganda should be converted into a federal state and what place the rulers could hold in it.

It is a bold proposal. It might not work—political parties might not emerge, or might remain tribal and incapable of parliamentary organisation. But if a drastic dose of democracy does not clear Uganda's system of its tribal blockage, it is difficult to see what will. The Wild report contains the recommendations of Africans for dealing with their own feudalism, and should be accepted in principle by Mr Macleod.

PICCADILLY

Eye of the Beholder

THE Piccadilly inquiry has provided the liveliest (and most muddled) debate on town planning for some years, which is saying a lot. At least four questions are involved—all worth asking and all suffering from being confused together. First, would the proposed building on the Monico site spoil the "character" of Piccadilly? Could any individual new building be put up there which would not be accused by many people of doing so? The answer to this second question is "no." Architecturally speaking, Piccadilly Circus is a complete hodge-podge of the dignified (Swan and Edgar and the Regent Street end) and the undistinguished or vulgar; its "character," in fact, is more social than architectural.

In consequence, objectors to any new development there are bound to be of two opposite kinds: architects who want something grander and more distinctive (though quite what they are unlikely to agree), and *traditionalists* who really want to keep Piccadilly as close as possible to the familiar meeting-place which they know and like. Both groups are vocal; both ignore the facts that Piccadilly is bound to change, and that few people can really predict from the drawing-board the impact of new buildings in a place such as this.

Thirdly, is there not scope in London for much larger and bolder projects built to a closely unified design? Clearly there should be; London still has nothing that can hold a candle to Rockefeller Centre. But no plan imposed on several developers, building at different times, could achieve this result. The circus is bound to be rebuilt at different times. Piccadilly has an ample and friendly bosom and little liking for perfection. If the LCC were to redevelop the whole circus itself, there would certainly be even shriller protests from the public before and during the years of redevelopment than there is about the Cotton scheme now.

Fourthly, given that the LCC should not develop the circus itself, should it work hard to persuade private developers to comply broadly with some general design? It thought that it had done so. The proposed building fits in reasonably with the LCC's tentative design for the future of Piccadilly. Its actual shape has been determined largely by the problem of getting the permitted bulk on the site in a way which will allow for road improvements. It is a pity that the idea of a pedestrian podium has not been properly followed; probably, the allowance for more room for pedestrians and traffic is inadequate. If so, those who object must logically ask for and accept a smaller building. It is for its judgment on this last point that the report of the inquiry should be most eagerly awaited.

SOUTH AFRICA

University Apartheid

FROM January 1st, no non-white student may register at a white university in South Africa, though those in the middle of courses may complete them. Further, if a non-white wishes to take a course not offered in a black or coloured college, the Minister of Bantu Education, Mr Maree, may give special permission—but would, he promised reassuringly, be "miserly" about doing so. Most of the old staff at Fort Hare university, which catered for non-whites, have resigned or been dismissed for refusing to co-operate with the Minister, who has appointed a new and largely Afrikaans staff. The college may no longer take Indian or coloured students and is specifically for the Xoxa "nation"; other Bantu colleges will cater for other "nations." Appointments have also been made, and also mainly of Afrikaner academics, to the new coloured college in the Western Cape. Indians have now nowhere to go, unless they can get passports to study abroad.

Thus apartheid has been successfully applied to those institutions where liberal-minded men think skin pigmentation most completely irrelevant. The Union government has shown it can cock a snook at the massed disapproval of the world's academics. These have protested to the last, but in vain. There would now seem an excellent case for setting up a liberal university college, offering London degrees, in Basutoland. It would be unexceptionable for Britain to provide one for the natives of the three British high commission territories (who will be excluded from South Africa's institutions of segregated higher education), but it could open its doors to others in South Africa, and perhaps to the overflow from the multiracial university in Central Africa. There is somethig to build on (though it is denominational, being Roman Catholic). British academics should be ready to offer it their whole-hearted support, both in cash and service. This would be more constructive than refusing South African sherry in the common room. Mr Alport and Sir John Maud, the British High Commissioner for the territories, should look into it.

LIBYA

Oil to the Rescue

WHEN, on December 24, 1950, the British residents in Tripolitania and Cyrenaica and the French resident in the Fezzan transferred their remaining powers to the federal government, Libya became an independent kingdom. The monarchy was highly constitutional and the powers of the government divided among three provincial governments each as conscious of states' rights as any southern gentleman in the United States. There were few signs that the country would ever amount to anything. At best it might become another Jordan and live out a shabby political future on foreign subsidies; at worst it would fall apart and the pieces be left for the neighbours to squabble about. There was much shaking of heads among western colonial experts who were quite sure that the Libyans were not ready for independence and would not be able to cope with the problems that came with it.

For nine years the United Kingdom of Libya has been another Jordan. The subsidies have been paid by Britain and the United States in return for the use of military and air bases. Soon, however, the subsidies may not be necessary because the Libyans' dreams of oil have come true. No oil has been exported yet, but it has been discovered in great quantities and, since 1955, more than £80 million has been spent on exploration in Libyan deserts. Unlike some other Middle Eastern oil-bearing countries, Libya did not grant one great concession to one company. Instead, the country was divided into areas of varying geological attractiveness and parcelled out to a number of competing companies. So far, there are seventeen and the bargaining continues. Officially, the government is still willing to abide by the fifty-fifty profit-sharing arrangement established in the Middle East in 1950; but its most recent award—to Mr Mattei's ENI—was made on terms more advantageous to the government. Demand for crude oil may not be as brisk as it was a few years ago, but the geographical advantage of the Libyan oil—900 miles west of Suez—assures it a place in the markets of the future.

SOVIET UNION

Back to Agrotowns?

BESIDES being Mr Khrushchev's hobby, agriculture is the field in which the Soviet Union lags most behind the advanced western countries. Attention paid to this subject by the leadership is only natural. Last week, the party's central committee devoted yet another entire session to agriculture. As usual, there was a mixture of praise and blame. Output of meat and dairy produce has apparently risen considerably; it is claimed that Soviet output of butter per head has for the first time exceeded the American level. Grain production, on the other hand, fell short of the 1958 output, and grain deliveries were down by nearly a fifth. This was partly because of drought, partly because of delays in harvesting. Kazakhstan has been singled out for blame by Mr Khrushchev, who has publicly rebuked the Kazakh premier, Mr Kunayev, and first party secretary, Mr Belyayev.

The Soviet Union has to transform its agriculture radically and obtain a higher output with a greatly reduced labour force if it is not to be handicapped in the economic race. Mr Khrushchev has so far taken two ways to this goal. He has sought to stimulate production with incentives—cutting taxes, increasing the prices paid for food supplies, and transferring agricultural equipment from the state to the collective farms. At the same time, he has initiated some deeper structural changes. Reclamation of virgin lands has made it possible to extend the area of state, as opposed to collective farms; and the *kolkhozy* are progressively being amalgamated into still larger units.

It is these last changes that may well set the future tone. Collective farms in an area are now encouraged to pool their resources to buy equipment or set up common amenities. It is also intended gradually to change the system of remuneration so that, ultimately, there will be no difference of principle in the payment of state farmers, collective farmers, and industrial workers. Mr Khrushchev, who ten years ago pro-

posed to bridge the gap between town and country by creating agro-towns, has clearly not abandoned his old dream. But he will not try to realise it in a hurry. His agricultural policy is not doing so well that he can afford a rural upheaval.

REFUGEES

More Room at the Inn

At the halfway mark, it is clear that the idea of holding a world refugee year was a first-class publicity gimmick. Well-organised ballyhoo has made many people think and a few dip into their pockets. Within a year or so most of the "old" refugees, whose displacement was the backwash of the war and the Russian advance in eastern Europe, will have been moved out of their squalid camps into houses or flats that are still within their means. No solution has been conjured for the difficult cases—the disabled, petty criminals, drunks, prostitutes, or the awkward old—but more imagination is being brought to their individual problems than in the days when they were lumped together as the "hard core."

Some refugee problems simply require money: the outstanding example that concerns the British directly is the £2½ million needed to house the Chinese refugees in Hong Kong. But money is not always the whole story. The political disorders that uproot a refugee can follow him in exile. A few months ago the French government took a stand that made it doubtful whether any international money could be given to the Algerian refugees in Tunisia and Morocco. Sense has prevailed, and the Algerians will now have enough food to see them through the winter. The Palestinian refugees, on the other hand, have long been frozen in their wretched existence by the political stalemate between Arabs and Israelis. After a brave attempt by Americans and others at the United Nations to approach their problem realistically, this whole question has been shelved for yet another three years.

Possibly the most useful result of the publicity is the light it has thrown on illiberal immigration policies. This has helped Dr Lindt, the High Commissioner for Refugees, whose gentle persistence has gradually worn a little of the stone out of the hearts of immigration authorities. A few of the families which include a sick or otherwise disqualified member will now be able to make a new start without splitting up.

Another improvement is that some governments, notably the Australian, are beginning to see their way to accepting Jugoslav immigrants. At present a Jugoslav with ordinary economic reasons for wanting to migrate has first to get himself accepted in a country nearer home as a political refugee before he is considered acceptable by, say, Canada or the United States. The wasteful illogic of this process has gradually made an impression, and in future the streams of refugees and migrants may be less confused.

UNITED NATIONS

Priming the Aid Pump

A YEAR ago the UN Assembly approved the setting up of a special fund to finance "pre-investment" operations in under-developed countries — principally, surveys of resources and development possibilities, and research and training programmes. The purpose is to provide the data and the trained staff that large scale development work must start from. By thus making straight the way, they will also, it is hoped, help to attract capital, governmental or private, for the large-scale work. The special fund is essentially concerned with priming the pump.

Its 18-nation council has now put it properly in business by approving a list of 31 specific projects that will cost the fund $23.7 million. (A first short list of 13 other projects, costing $7.5 million, had been approved in May, but only now can the fund be considered fully operational.) In each case the cost is divided, in varying proportions, between the fund and the governments requesting its help. Most ambitious of the projects is a six-year plan, to which the fund will contribute $2.5 million and seventeen governments will contribute $1.3 million, to seek better means of checking the ravages of the desert locust; this plague has defied thirty years of attempts to control it, and in bad years about $30 million is now spent on defence against it, while the damage it does to crops between Morocco and India is almost past reckoning. Others include industrial training institutes in Poland, India and Jugoslavia; a fisheries institute in Ecuador; a soil survey of areas to be reclaimed from the desert along the Egyptian Nile; and help with problems of administration and development in Guinea.

Mr Paul Hoffman, as managing director (his deputy is Professor Arthur Lewis), already has 140 more requests for aid awaiting investigation; but only $32 million has been promised him for 1960, 40 per cent of it by the United States (Holland, Sweden and Canada have been other outstanding contributors). He must necessarily be highly selective. The fund's ability to say "No" diplomatically but firmly will be severely tested in 1960.

Correction.—The statement in *The Economist* last week on page 1227, that Major Macleod (brother of the Colonial Secretary) is a supporter of the Briggs group in Kenya is incorrect. He informs us that he is organiser-designate of the New Kenya party, led by Mr Michael Blundell. We are very sorry for any inconvenience caused to Major Macleod.

The Economist

DECEMBER 31, 1859

LORD MACAULAY

We little thought when two years ago we congratulated the country on the elevation of our greatest historian to the peerage, that we should have to record and lament his death before his voice had once, as far as we know, been heard in the House of Lords. Lord Macaulay died on Wednesday evening at eight o'clock, at his residence at Kensington, of a disease of the heart. . . . There are few living men who are likely to contribute so much to the enduring portion of English literature as the historian whom we have lost. Conspicuous as were his political claims to a peerage, . . . it is chiefly as an historian and an essayist that he will be remembered amongst us. As a politician, no doubt he exercised now and then a very remarkable influence. Some of his speeches in the House of Commons are said to have changed the fate of a measure, by entirely changing the result of a division. And we can well imagine that this was so. Lucid exposition was his forte. . . . He delighted in *exhaustive* exposition of every kind, whether in narrating or discussing,—and this it was which, while it eminently fitted him to carry the House of Commons on all occasions when that method was applicable, rather unfitted him for wielding the ordinary powers of a statesman. . . . He was a politician for great occasions,—when the *magnifying* character both of his intellect and his imagination could be brought into play with effect,—when he might safely be permitted to draw the attention of his hearers to a first principle, bid it expand before their eyes in every direction, and fill all their minds with homely and vivid illustrations of its worth. . . . There are scarcely any of Lord Macaulay's most splendid and effective speeches which do not owe their effective character to some form of this power. When religious Toleration had become so hacknied a word that it rather annoyed men of liberal minds even to be obliged to defend it, Lord Macaulay delighted in expounding its merits and recalling its full meaning till it had as new and curious an interest to the minds of his readers or his audience, as the commonest texture acquires when you see it beneath the glass of a microscope. He could write in favour of the civil privileges of the Jews with power and force when to every other mind the question was worked utterly dry. . . . In short, his greatest triumphs were gained by bringing to bear on hacknied, though only half-known, principles of popular right, the influence of his vivid and powerful imagination.



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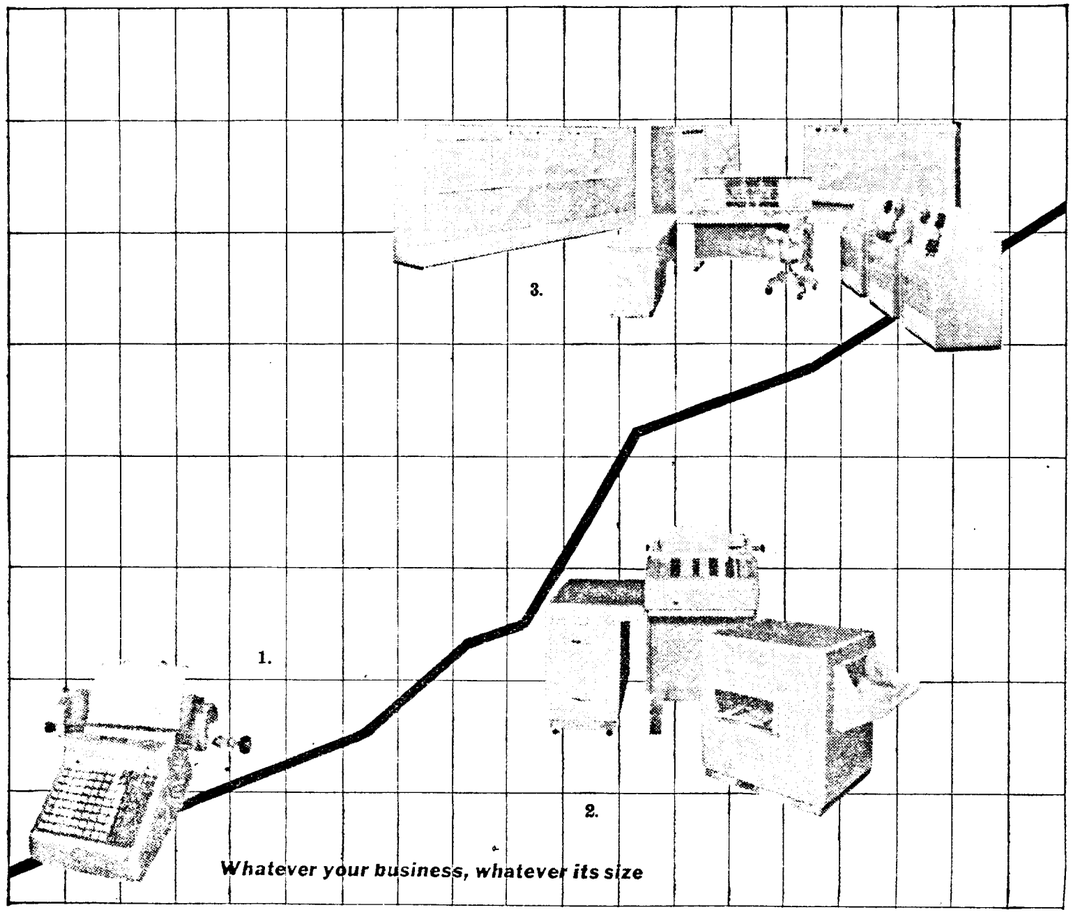

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LETTERS

Power Prices in Italy

SIR—Mr de Biasi, in the letter which you published in *The Economist* of December 5th, tried to disprove your Rome correspondent's assertion that the high cost of electric power had delayed industrial investment in the south of Italy. Mr de Biasi, apart from being president of the National Association of Electric Power Producers and Distributors, is managing director of the Edison finance corporation and of the electrical and commercial Edisonvolta company, which provides electrical energy, in conditions of almost absolute monopoly, to the richest areas of northern Italy, a territory about the size, and having more than twice the population, of Switzerland. In addition, Edison's is a member of the syndicate that controls the Bastogi holding corporation, which in turn owns a large part of the electrical and manufacturing undertakings of southern Italy and of the islands. In practice, the state does not control the Edison group ; it is rather, Edison's that controls the state.

For many years, Italian ministers have promised to standardise electricity tariffs, but standardisation is still awaited. At present the maximum price of power for industrial users—above 30 kW—is double the minimum. For electric light, the discrepancy is even greater. Provision of power to new users is generally made at maximum prevailing prices. This greatly hinders the industrialisation of the south.

Mr de Biasi asserts that at present the supply of electrical energy, even in the south, is more than sufficient to meet the demand. However, the demand is conditioned by the price level: a drastic price reduction is essential if new enterprise is to be stimulated in the depressed areas.

Mr de Biasi also asserts that the maximum prices prevailing throughout Italy are, "by and large," lower than those of other countries belonging to the European common market. It is not possible to make an exact comparison, but it may be interesting to examine the changes in the price of electric power in various countries since before the war. The National Union of Business Consumers of Electric Power recently published a study based on UN and OEEC statistics showing that in seven countries, using 1938 as the base year, the index of prices of electrical energy in 1956 fell short of the general index of wholesale prices; by 46 per cent in the United Kingdom ; 50 per cent in France ; 40 per cent in the Netherlands ; 64 per cent in Sweden ; 40 per cent in Switzerland ; 25 per cent in Austria ; and 39 per cent in the United States. In Italy, the opposite happened, the electricity price index having actually outstripped the general price index.

For many years, Italy has had this unenviable distinction; whereas in other countries the reduction of production costs, thanks to the progress of electrical technology and to increased sales, has benefited users, in Italy it has served only to swell monopoly profits.—Yours faithfully,

Rome ERNESTO ROSSI

The Suicide Bombers

SIR—I am offended by the review of "The Divine Wind," which appeared in your columns on November 28th. We all have engraved on our minds the faults and crimes of the Japanese in the last war, and recall that some of our countrymen, who were prisoners, were subjected to foul treatment. But magnanimity requires that we speak with respect of deeds of sublime heroism, like those of the suicide bombers, even although they were performed by former enemies. It is not good enough to speak of "nightmarish Kafka-like unreality." Human beings actually did these things.

Your review speaks of "glutinous" sentimentality. Japanese civilisation is so far removed from ours as to be difficult to understand, and the linguistic barrier is almost unpenetrable. Those who know something of the Japanese are aware that the sentiments pertaining to their personal relations are of an infinite delicacy and tenderness. They will believe that the sentiments referred to in the book are more likely to have been gossamer than glutinous. And, if it is impossible to prove this either way, the benefit of the doubt should be given to any sentiments relating to deeds of imperishable glory.—Yours faithfully,

ROY HARROD

Christ Church, Oxford

The Failure of the "New Economics"

SIR—It is futile for an author to quarrel with the overall judgment of a reviewer ; but I hope I may be allowed to correct a misapprehension. The review of my book in your issue of October 24th declared, referring to me, that "he merely denies (on evidence drawn entirely from the post-Keynesian era) that the money illusion ever existed at all."

The only reference to this matter that I can find in my book is on page 18, where I write, referring to Keynes's contention that "labour" stipulates for a "money wage" rather than a "real wage": "So far as the United States is concerned (and, I suspect, so far as nearly every industrially advanced country is concerned), this contention is already obsolete." This statement is limited both geographically and in time. To point out that a contention is now obsolete is to imply that it may once have been applicable.

So far from denying that the money illusion ever existed, I have over many years written perhaps too insistently on its existence and effects. In my "Economics in One Lesson," for example, published in 1946, the whole chapter on "The Mirage of Inflation" is devoted to it. To quote from pages 185 and 186:

> Inflation throws a veil of illusion over every economic process. It confuses and deceives almost everyone, including even those who suffer by it. We are all accustomed to measuring our income and wealth in terms of money. The mental habit is so strong that even professional economists and statisticians cannot consistently break it.

—Yours faithfully, HENRY HAZLITT

New York City

Ireland and the United Nations

SIR—The Irish delegation's attitude is even more courageous than you suggest in your issue of December 19th, when you consider how much criticism Messrs Aiken and Boland face at home. They are accused of flouting the wishes of Ireland's traditional friends, America and France, on the questions of China and Algeria respectively. Moreover, their stand against apartheid is a reversal of the old pro-Boer attitude dating from 1900, and has antagonised many Irishmen living in South Africa.

It is, of course, an excellent thing to see Irish statesmen taking an objective view of world issues, instead of harping on old domestic quarrels over partition and the like.—Yours faithfully,

Dublin NEIL RENTON

Farewell to the Fifties

SIR—It would seem that the editorial staff of *The Economist* have fallen into the age-old trap of assuming that the present decade, known as the fifties, terminates on December 31, 1959, whereas in fact it surely terminates on December 31, 1960, a year ahead.

Otherwise the first decade of this century would have nine years and the last one eleven years. It was, therefore, with some surprise that I observed the front cover of your issue of December 26, 1959. All best wishes to all at 22 Ryder Street for the remaining year of our present decade.—Yours faithfully, REGULAR READER

BOOKS

A Rare Governor-General

Speaking of Canada

By Vincent Massey.
Macmillan. 254 pages. 30s.

It is natural to suppose that the collected speeches of a governor-general will be unutterably dull. This volume of Mr Massey's speeches may turn out to be a sore trial to other governors-general, because it proves not only that they need not be dull but also that they can be positively exciting.

Towards the end of a memorable eight years as Governor-General of Canada Mr Massey once remarked that he had been pleasantly surprised to find how much he was able to say within the limitations of his office. The evidence is in this collection of 44 speeches selected from more than ten times the number delivered while he was in office. (This excludes the speeches written for him by his ministers ; they are the subject of a delightful commentary originally given in the privacy of a dinner of the Parliamentary Press Gallery, but now published "by permission.") The reader may share Mr Massey's pleasant surprise, but he has a far more delightful surprise denied to Mr Massey. This is to discover beneath the viceregal hat such an astonishingly well-stocked mind, such a wide range of knowledge, and a depth of perception unusual in philosophers and almost unheard of in governors-general. The exciting discovery is not that he could say so much but that he had so much to say.

The lucidity and balance of Mr Massey's style were already known. The range of his mind has never been so clearly demonstrated. His quotations (which are frequent without ever becoming tiresome) range from the memoirs of an unknown pilgrim in Europe in 1480 to Phyllis McGinley of the contemporary *New Yorker*, from Mother Goose to Sir Thomas Browne. They include the letters of Bishop Strachan of Toronto and the "Letters of a Self-made Merchant to his Son," extracts from Gilson, Saint-Exupéry and "Office Equipment News," Confucius and Herbert Butterfield, Plato and Toynbee, Voltaire and a man who wrote to *The Times* a century ago to call a contemporary statesman "a squirt of dirty water."

In the 1820s, Mr Massey told the University of Manitoba, the students of St Boniface were being introduced to the works of Cicero. "They were also, I find, being personally instructed in the use of the plough by the Bishop himself." Had Mr Massey been bishop at the time, he would undoubtedly have taught both Cicero and ploughing. He admires, and pays tribute to, Lady Aberdeen, who occupied Rideau Hall in Ottawa before the turn of the century and (he said) "there hatched a good many eggs." "Before such characters," he said, "men and women alike can only stand in admiration, or, occasionally, dismay."

If ever there were occasions when "governor-generalities" (as he loved to describe them) were called for, they would appear to be the three speeches that are given in sequence in this book and were delivered to the Richelieu Clubs of Quebec (in French), to the Canadian Jewish Congress, and the Montreal Council on Christian Social Order. Even so, to each of these audiences he made a speech of sincerity and substance. (In the last, for example, his quotations were from Milton, Thomas Browne, Dean Inge, Herbert Butterfield and T. S. Eliot.)

Whether he had been Governor-General or not, Mr Massey would not have been the man to propound glib solutions to great problems. His extraordinary achievement is to bring some new shaft of light to each of them. Gently and urbanely, he provokes the reader to fresh explorations. He neither indulges in controversy nor avoids it ; he carries it down to a deeper level. If the margins of viceregal propriety now are shown to be wider than one supposed, perhaps it is because they apply to a horizontal dimension, not to the vertical ; they impose no ban on depth. Education—broad, liberal education in the humanities—emerges as the greatest concern of the author and the most recurrent theme in these speeches. He slips in a quotation from Bishop Strachan's address to his pupils in 1807 that contains the kernel of his own conviction:

> It is to the want of a systematic education, to a confused method of thinking, early acquired and never thoroughly removed, that we must attribute those numerous inconsistencies and that confusion of ideas, which we find so general amongst those we converse with.

On another occasion he said:

> Criticism, if adverse, can be harsh ; if favourable, can be patronising. It will be neither if offered with humility . . . the peculiar Christian virtue, rare and precious . . . no negative virtue, but a positive grace achieved alone by those who stand in the light of a truth which illuminates them and which dedicates them to the love and service of their neighbours.

It might be better to forget that these were the speeches of a governor-general, and to read them as a distillation from the mind of an unusually wise, scholarly and humane man. But in fact they were the speeches of a governor-general. *O si sic omnes!*

Disillusioned American

Eisenhower: *Captive Hero*

By Marquis Childs.
Hammond, Hammond. 285 pages. 25s.

Mr Childs has not been lucky in the timing of his biography, but it is healthy to be reminded, as millions cheer the President, that only a year ago a most fair-minded observer could write of the fading Eisenhower image and the twilight of a great reputation. No one could foresee then how skilfully the President would bring Congress to its knees or could predict the great revival of his popularity and his own zest in the job. But even if Mr Childs were writing today, it is doubtful whether he would alter much in his book. It is hardly the "critical study" of the subtitle, being much more a chronological account of life of the General and President. But, though polite and scrupulously fair, it is basically hostile.

Mr Childs does not quite say so, but he obviously sees a frightening parallel between President Eisenhower and Buchanan, a weak President who was too ineffective to halt the drift to Civil War. He rightly criticises Mr Eisenhower for not having used his great authority to lead the South to accept the Supreme Court's decision declaring racial segregation in tax-supported schools to be unconstitutional. The half-hearted, faltering response to the Russian sputnik also deserves unfavourable comment. But the author is on less certain ground when he complains about the President's unwillingness to spend more on defence. Like many American liberals, Mr Childs is anxious to keep up with the Russians and if possible out-distance them and has little interest in balancing the Budget ; it can be argued that the President, for all his faults, has shown a sounder sense of proportion. If this reservation is borne in mind, British readers will find Mr Childs an illuminating and perceptive guide to the first six years of the Eisenhower Presidency.

The Civilisations of Africa

Old Africa Rediscovered

By Basil Davidson.
Gollancz. 287 pages. 25s.

The blurb on the front cover of this book announces that "here is an awe inspiring account of the discovery and rediscovery of a continent. . . ." It is nothing of the kind. It is a brilliant journalist's record of his own discovery of the extensive and intricate pattern of history behind the indigenous social and cultural panorama of Africa. So the story has two sides. One concerns the sources of what knowledge there is of the peoples and civilisations of Africa before the colonial era. The princes and statesmen, voyagers and captains, ethnologists and archæologists, whose writings and excavations make up these sources, are exhibited with the fervour of a collector and true believer. El Bekri, compiling his gazetteer of the kingdoms of the Sudan in Moorish Spain at the time of the Norman conquest, figures in the same chapter as the meticulous nineteenth-century traveller Barth. Mr Davidson's enthusiasm never flags, and many of his readers will be inspired to sample for themselves the exotic originals.

The second side of his story is the display of the panorama itself. It is unfolded for each of the main geographical regions of Africa in turn, beginning with the pre-Christian civilisations of the north-east, known in barest outline from archæological excavators, going on to the medieval kingdoms of the Sudan, the coastal trading states of East Africa, for which both written and archæological records exist, and finally to the controversial stone citadels of Zimbabwe and the other southern sites. It is a stirring tale. One minute we are in medieval Mali with Ibn Battuta and the next minute we are amidst the nineteenth-century vestiges of the trans-Saharan commerce, the warfare and the statecraft that created the old kingdoms of the Sudan. Mr Davidson seldom stops long enough to discuss a topic in scholarly detail. But that is not his aim. For he is not only an enthusiast ; he is also a crusader. He has set out to prove that Africans were not utterly steeped in primitive savagery and devoid of history until the white traders, missionaries and administrators fastened themselves on their countries. This is a laudable undertaking ; and Mr Davidson's eloquence will, it is to be hoped, attract wide attention to the labours of the scholars cited by him, who have unravelled parts of the story during the past thirty years.

Mr Davidson rightly attaches great importance to the spread of iron-working in Africa. But this lies back in such nebulous antiquity, as African cultural history goes—though it may not be more than a thousand years ago in some parts of the continent—that little specific can be said of it. More valuable, in the perspective of today, is his frequent reminder that the African civilisations encountered by the Portuguese and other European voyagers of the fifteenth and sixteenth centuries were in many respects fully on a par with those of contemporary Europe and the Arab world. One reason for this was that Africa was never wholly cut off from Mediterranean civilisation and from the Oriental world. Briefly though he does it, Mr Davidson conveys this with vivid effect. What, then, went wrong and brought catastrophe and decline on the civilisations of Africa? Mr Davidson's answer is that it was the rapacity of the better armed, better organised and more ruthless Portuguese and other European and Arab powers, avid for gold, ivory and above all slaves, that did it. The hasty reader might conclude that Mr Davidson believes Africa would have evolved civilisations yet more complex and rich if these depredations had not occurred. This would be unfair to him. But who can say that it is an unwarranted belief?

This is not a scholarly book in the strict sense, though there is ample evidence that Mr Davidson knows the literature and the terrain to a degree that would do credit to a specialist. Its appeal will be all the wider, and benefit will, in due course, be reaped by professional researchers into Africa's past. It would be easy to criticise Mr Davidson on the grounds that he takes too rosy a view of the ancient civilisations of Africa. But this may commend his book all the more to the new intelligentsia of Africa and stimulate them to take a more serious interest in their traditions and institutions.

One Government and Another

Modern Forms of Government

By Michael Stewart.
Allen and Unwin. 284 pages. 21s.

A good English textbook on comparative government is much to be desired, and Mr Michael Stewart MP has made a gallant if not altogether successful attempt to fill the gap. He has tried to give an account of a number of the principal governmental systems of the modern world, including those of the United Kingdom, the principal Commonwealth countries, the United States, and of several countries of Western Europe, as well as the Soviet Union. He has also produced some examples of the possible uses of the comparative method in chapters dealing with the general character of the Commonwealth governments, with federalism, and with the democratic and communist approaches to government respectively. He thus hopes both to provide the possibility of studying within the same framework very different forms of government, and of extracting the principal features by which Western democracy is to be distinguished from Soviet communism and its affiliated regimes.

The difficulty is that to cover so much ground one is obliged to compress the descriptive material to a point at which compression becomes possibly misleading. He has further limited the space available to him by using up several pages to describe the institutions of the French Fourth Republic and one of its electoral systems—he does not say that there were more than one—and only then going on to deal with the Fifth Republic, to which he seems disinclined to allow the title of democratic at all. Furthermore, although the descriptive chapters are fairly adequate in regard to the composition of legislatures, their relations with the executive branch of government, and the judicial systems of the various countries, there is far too little material on the nature and recruitment of the public services and hardly anything on the vital question of civil/military relations. The former omission leads him to obscure the substantial distinction between the American idea of what is appropriate in a higher civil service and the British and continental idea or, again, the difference between Great Britain and Western Germany on the relations between civil servants and political parties.

In addition to the effects of compression, there is a considerable number of straightforward errors of fact, particularly in the sections dealing with the United States and France : and there is the rather extraordinary statement that Soviet Russia has a "rigid" constitution. With five more years in Opposition Mr Stewart will have plenty of time to revise this work for a second edition which, despite the faults, will probably be called for.

A House Divided

The War for the Union: *The Improvised War 1861-1862*

By Allan Nevins.
Charles Scribner's Sons. 446 pages. 52s. 6d.

Bulging with facts and opinions, significant and insignificant, relevant and irrelevant, this is the first volume of four that Mr Nevins is devoting to the American Civil War and the fifth in his series of ten surveying the history of the United States from the Mexican war to the end of the reconstruction era. To judge a four-volumed history by the first offering is, perhaps, a little unfair. But the shape of Mr Nevins's pudding is already apparent and

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so is his method of mixing. "Organisation," he writes, "is a key word and from one point of view the transformation of an unorganised land into an organised nation was the key process of the Civil War." And a few pages later; "War presents innumerable large-scale problems which demand experts supported by large-scale organisation. In time both the experts and the organisations were to appear—and with them a new nation." This would seem to be the broad theme, superimposed upon the narrower, personal theme of Lincoln's growth into greatness.

These could be great and indeed noble themes. One's fear is that Mr Nevins, in failing to organise his mass of raw material, will fail to make the most of them. He is too prone to chase the odd fact, devoting several indigestible pages to the Census of Manufacture in 1860 and too few to the battle of Bull Run. Some of his comments too are odd, occasionally displaying irritation that things were not better run or organised. The difficulties are partly of his own making, for having made his narrative so huge and so, he obviously hopes, comprehensive he has to stitch it together with his own running commentary. For example, he takes an unorthodox and condemnatory view of the activities of Lyon and Blair in Missouri. It is refreshing to come across a historian of the Civil War who sees that there is a contradiction to be resolved in the attitude of neutrality towards Kentucky and in the forward policy in Missouri, but Mr Nevins seems to adopt too sweeping an explanation in writing:

> It was certain that the Union forces could in time conquer the State. But it was also certain that their conquest would leave it seething with hatreds, a divided county by county, even farm by farm, by the bitterest antagonisms and racked with internecine war. Of all the Border States, we repeat, Missouri was destined to suffer most and that suffering was to a great extent the work of three men: the fire eating Claiborne Jackson, the fanatical Lyon and the ambitious Frank Blair.

The logic is surely that Missouri was not set house against house because of the impetuosity of Lyon and Blair but that they acted as they did because Missouri, like the States, was a house divided against itself. Indeed not many pages later, Mr Nevins recognises this, writing:

> Although Frémont and Frank Blair divide a large culpability the greater explanation of the sad situation lies in the factors already noted —the deep social divisions of the State, half slave and half free; its refractory geography, tying Union defences to long lines of river and rail; Washington's inexcusable neglect of the trans-Missouri region; and the readiness of men reared on the frontier to fly to violent measures.

There is a real need for a history to be written of the American Civil War, based on the far-ranging knowledge that Mr Nevins possesses, and which sets the military campaigns (on which too much loose stuff has been written) against the shifting political and economic background. However, if Mr Nevins's first volume is not fully up to expectations, that is better than that he should not have tried at all. If the next three volumes follow the pattern of the first, the student of the Civil War will have a ready work of reference: he will be able to see what Lincoln and Seward were thinking at that moment, what outside events were pressing upon their decisions and how they and the American nation reacted in this terrible war of cousin against cousin, brother against brother. For that reason alone we need to be grateful to Mr Nevins. And there is much pleasure to be gained from being shown round a dark and enormous godown by a garrulous and enthusiastic guide, who at each bale of goods rattles off the port of origin, the port of destination, the specifications and even the lading number to the fascinated if slightly dazed visitor.

Comings and Goings

The Great Maria

By Elizabeth Inglis-Jones.
Faber. 265 pages. 25s.

MARIA EDGEWORTH was one of the finest products of the age of reason in its latest flowering. There was every cause for her to be crotchety: she adored a father who was certainly a rationalist, but erred on the side of enthusiasm and crankiness; she was plain and abnormally small; her thrice-widowed father married a girl of her own age; her family suffered more than its share of illness, early death, madness, and—even worse in those days—debts. But she went on through it all, devoted to her stepmother and her innumerable half-brothers and sisters, the mainstay of her family, the best business head of them all, always an example of rational morality, always amusing, and turning out meanwhile a series of admired books, which are not so completely forgotten today as Miss Inglis-Jones would have us believe.

The author says that she does not attempt to discuss Maria Edgeworth as an author, but only to give a truthful purpose of her as a person. In fact she does less than that. No picture of such a woman can be truthful that says nothing about her books and hardly anything about her ideas. The picture given is that of a nice, well-bred and well-connected homebody, thoroughly capable in all practical affairs, who for reasons briefly mentioned but not discussed happened to have a European reputation. In fact this is a study based on Maria Edgeworth's letters, many of which have not been published before. The scope of the corespondence limits the scope of the book. Most of them are family letters saying where she has been and whom she has met—just the kind of thing which her relatives must have wanted a century and a half ago, but seldom enthralling today. For obvious reasons the material comes thickest when she is on her travels, which slightly distorts the picture of her life. She met all the right people, but only rarely rose above the level of the well-written and lively chat which her correspondents expected. There is little new about life at Edgeworthstown; here again the author does not stray far from her material and respects her subject's well-bred reserve. Her father, in particular, comes out of it better than usual.

This is not a heavyweight book; but it is pleasant reading, and a good introduction to all but the intellectual side of a strange life.

The Magistrate

In Some Authority

By Frank Milton.
Pall Mall Press. 168 pages. 16s. 6d.

THE only court which the average citizen is likely to appear before is a magistrate's court, and Mr Frank Milton, himself a metropolitan magistrate, has performed a valuable service to the general public by writing this witty, concise and comprehensible account of magistrates and their work. Today, there are 16,000 justices of the peace on the active list, unpaid, part-time, and the vast majority without legal qualifications. Assisting them in their work in London and some provincial cities are fifty stipendiaries, with similar jurisdiction, but who are full-time, paid and legally qualified. In 1958 more than a million people came before these magistrates on criminal charges, over half having been concerned in motoring offences.

The origin of JPs is disputed, but most scholars trace it to Edward III's statute in 1361, which charged in every English county "one lord and with him three or four of the most worthy in the county, with some learned in the law" to arrest and punish malefactors and to keep the peace. The king had found an ideal instrument to keep local order, and the later Plantagenets and Tudors made full use of it for both judicial and administrative purposes. The justices reached the peak of their power in the eighteenth century when they were the unchallenged rulers of the countryside, but nineteenth century reforms steadily stripped them of their administrative power, so that today this is confined mainly to licensing.

Mr Milton is content to avoid controversy and his criticism is of the mildest. On the whole, it must be admitted, the system works well, and has the inestimable advantage of being cheap. Many of the criticisms of the past, of appointment from a narrow social class, of tyrannical behaviour and of senility, are no longer true. Deafness continues to be a major handicap to ageing magistrates, and the story of the justice who, on being told by a conscientious objector that "God Almighty" was his witness, requested the defendant to "put him in the box" has its element of truth. A justiceship, however, is no longer regarded as "a poor man's knighthood," and advisory committees have been scrupulous in preserving a political balance in appointments. The enlightened work of justices in juvenile courts and in administering the probation system deserves high praise.

Potatoes à la Portugaise

Across the Tagus, not far from Lisbon, in the southernmost section of Estremadura, lies a rich agricultural area enjoying one of the finest climates in Europe. It is here, around the pretty white villages, that early potatoes are grown for the nearby Lisbon market. There was great concern when, mysteriously, the crop began to decline. Each year, in spite of intensive husbandry, the soil yielded less. The authorities were called in and, in a survey discovered that the losses were due to the fact that nearly a third of the area was under attack by the potato root nematode (*Heterodera rostochiensis*).

Immediately, trials were undertaken with the highly effective Shell soil fumigant, D-D, which was injected into the soil four weeks before planting. A wise move indeed for, on lifting the potatoes in the following summer, it was found that the yield had increased from an original 6,000 kgs. to 22,000 kgs. per hectare—an increase of *over six tons per acre*!

Neighbouring farmers were so impressed by these trials, which had been carried out under official auspices, that they began to apply the D-D treatment of their own accord. Today, many of them regularly fumigate their land, before planting, with D-D, especially where potatoes are grown year after year in the same soil. With D-D, the farmers are getting 'second helpings' . . . of potatoes *à la portugaise*.

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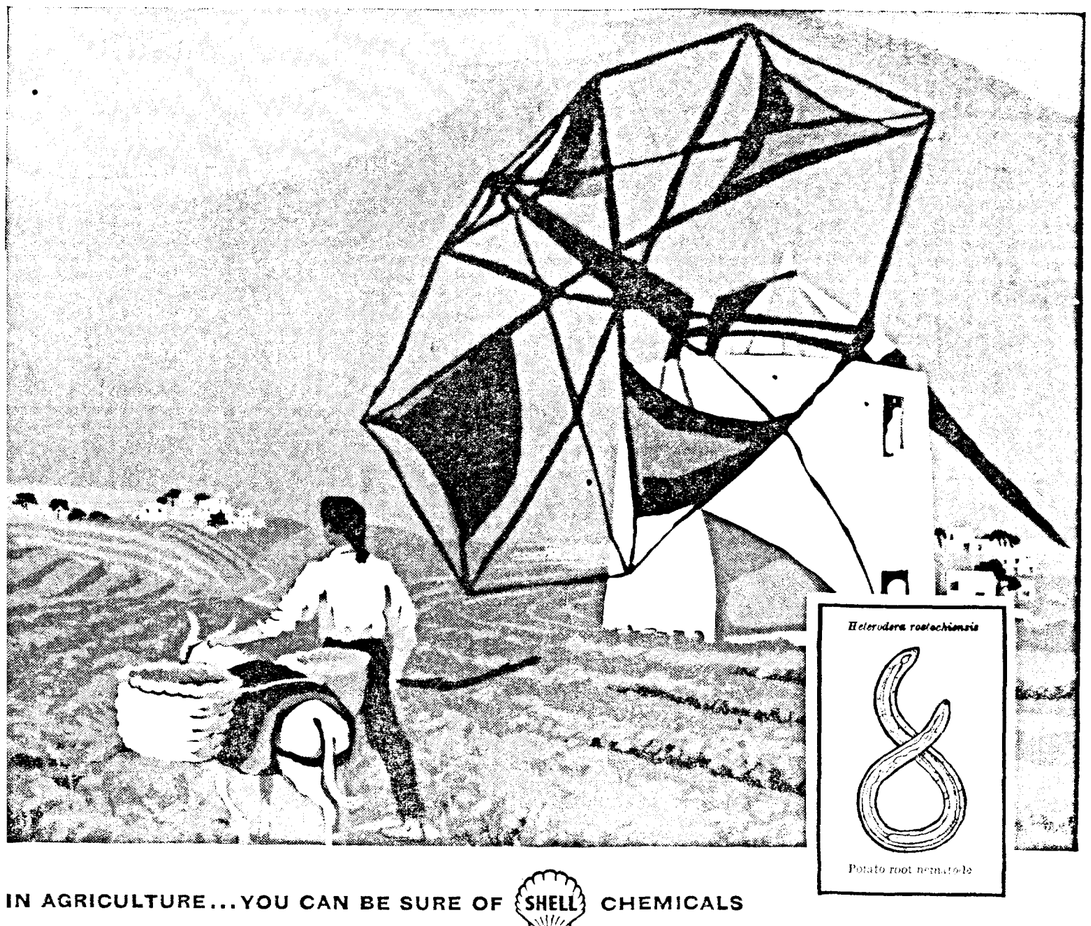

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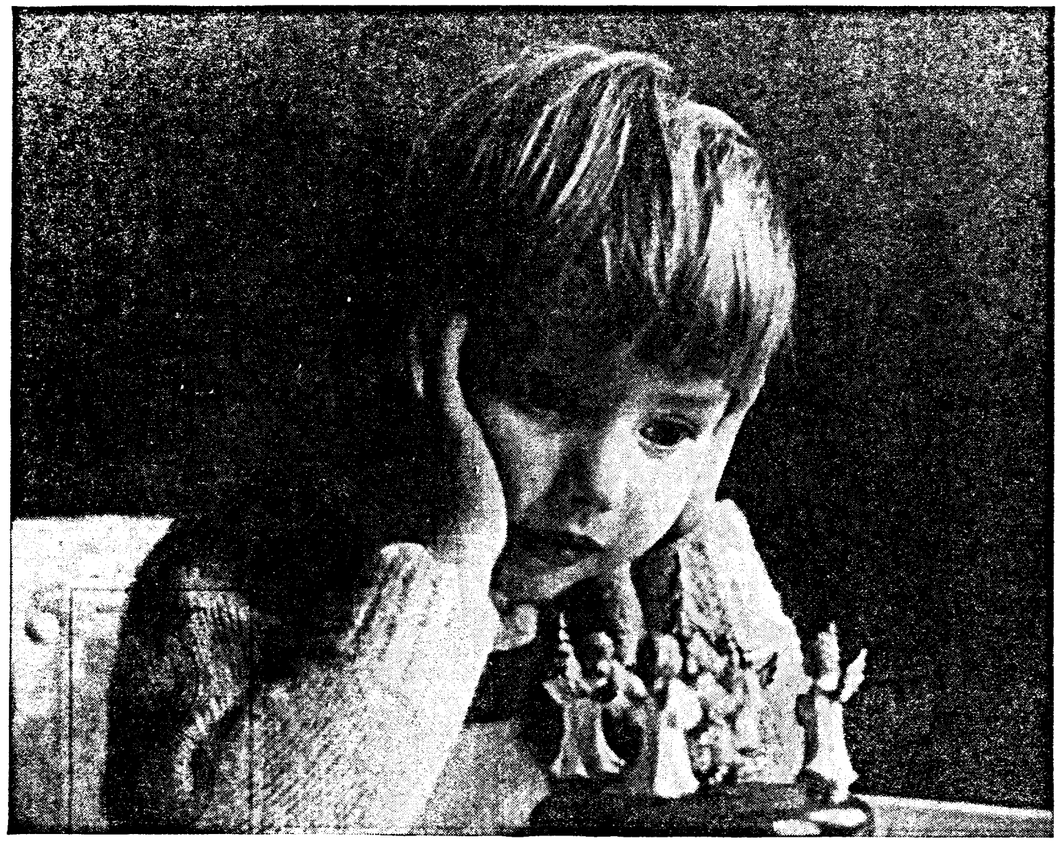

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AMERICAN SURVEY

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Nonchalance at the State Department

WASHINGTON, DC

IF the foreign offices of the western world offered a prize to the one among them making the most relaxed entry into 1960, it should certainly go to the State Department. There is little echo in Washington of the sounds coming over the Atlantic from Paris, London and Bonn—the claims and counter-claims about who gained the most during President Eisenhower's visit, and the expressions of dismay because the President failed to make the allies sing in chorus.

Two principal objectives can be discerned in the moves which the United States is preparing as the new year opens. One is to minimise the political and economic differences among its European allies, not merely for the sake of negotiating with Mr Khrushchev but also to enable the West to make a united approach to the second objective. This second objective involves what Sir Oliver Franks called recently in New York the "north-south problem"—the channelling of more aid from the industrial nations of the northern hemisphere to the poorer countries of Asia and Africa. The State Department recognises that the discussions in the closing weeks of 1959, during the President's tour and the trip to Europe of Mr Douglas Dillon, the State Department's economic head, made only limited progress towards both objectives. But it is showing that easy nonchalance which Americans normally associate with the diplomats of Europe; these things take time, the department seems to be saying, and solutions can be found if everyone will keep his head and not exaggerate the difficulties.

If any advance is to be made towards these two objectives, three specific problems have to be tackled in the next few months. The novelty of 1960 is that, for the first time in more than a decade, the gaze of the United States is fixed as anxiously on the under-developed world as on Europe. Thus one of the three problems—perhaps the most complex from Washington's point of view because it involves a dispute within the Administration—falls into the lap of Mr Joseph Dodge, the American banker who will join the British Sir Oliver Franks and the German Dr Herman Abs in India and Pakistan next month to see if a plan for combined foreign aid can be worked out. There is little doubt that the State Department would have preferred Mr John McCloy, the other candidate for the American place on the triumvirate, to go instead of Mr Dodge. The latter is warmly regarded by the Secretary of the Treasury, Mr Anderson, whose chief preoccupation just now is to limit the outflow of American dollars; he has been embroiled recently in a series of skirmishes with the State Department because of this. It is a fair guess that the President, whose opinion was sought by the World Bank before it decided to send Mr Dodge, came down in favour of the Treasury's choice in preference to the State Department's.

Two main points seem to be at issue. One is the extent to which, in addition to finding out what the Indians and Pakistanis require in aid, the triumvirate should seek to impress on them the limits of what they can expect to receive. For instance, the three men might try to persuade the Indians to reduce the amount of foreign currency required for their third five-year plan, perhaps by lopping off a steel mill; they might also make an attempt to label the items which, in their opinion, could most suitably be financed by private investments from the West rather than by public loans.

The other argument is about the best way of organising an expanded aid programme. At the moment the Americans seem to favour leaving things more or less as they are, with the addition of a co-ordinating committee—bred out of the Organisation for European Economic Co-operation—which would act as a clearing house for information about bilateral arrangements made between giving and receiving countries. Under this scheme the World Bank, together with the International Development Association when the latter is actually set up, would remain the chief channel for multilateral loans. The State Department is willing to support the creation of a tighter organisation, which might collect and distribute American and European funds for the developing countries, if there appears to be enough enthusiasm for it when Mr Dillon returns to Europe later this month. But obviously the department doubts whether there will be enough enthusiasm. Plainly a good deal depends on who among the triumvirate writes its report; if it is Sir Oliver Franks, the result is likely to be more liberal than if it is Mr Abs or even Mr Dodge. If the State Department looks relatively hopeful, it may be because of its trust in Sir Oliver's ability to hold on to the pen.

•

THE second problem, that of deciding what to say to Mr Khrushchev at the summit next May, brings attention back to Europe. To judge from the current smoothness of such brows as a journalist can see, the State Department finds the gap between the British and German positions over Berlin less abysmal than reports from Europe have suggested that it is. Outlines can now be detected of the ideas which the Americans will put to the working party charged with closing the gap. If Mr Khrushchev brings up his plan for signing separate peace treaties with the two German states, the western allies will insist on discussing their proposals for reunifying the country. Moreover, the Americans suggest that if (or rather when) talks on Germany as a whole break down the allies should decline to discuss an interim agreement for Berlin unless Mr Khrushchev clearly renounces any unilateral action—including the signing of a separate peace with the East Germans. If he does this, however, the Americans are willing to repeat the concessions which the West offered at the Foreign Ministers' talks last summer, for cutting down the size of the Berlin garrison and so on. Indeed the State Department's elasticity may go even further; for instance, the possibility of giving the United Nations a share in Berlin is still being kept in mind.

From Dr Adenauer's point of view these proposals would have the advantage of making the negotiations about Berlin subsidiary at least in form to the ritual discussion of Germany as a whole. By getting Mr Khrushchev to forswear unilateral action they would also limit the dangers of what might happen when the interim agreement for Berlin expired. But if the plan worked it would satisfy the basic British requirement that a new status be agreed for the city. The danger is that Mr Khrushchev might not find the concessions on Berlin appetising enough and might damn

the consequences and sign his peace treaty with the East Germans. The State Department sees this danger but thinks that, by making the concessions just large enough (*pace* Dr Adenauer) and by reminding Mr Khrushchev of the effect he would have on world opinion if he broke off negotiations, it can steer him into an agreement.

The third problem that has to be tackled in the new year is probably the most intractable of all. When Mr Dillon returns to Europe this month for discussions between the Six and the Seven—the Common Market and the European Free Trade Association—he will make it clear that the United States has no intention of taking on itself the responsibility for bringing the two groups together. He will only listen to their ideas for creating a bridge and say when these are inimical to American interests. Contrary to reports the State Department claims that, if the Seven were able to persuade the Six to agree to a general lowering of tariffs between the two groups, it would not oppose such a bridge even though the immediate effect would be to push some American exports out of Europe. It thinks, however, that the Common Market will not accept such a proposal. Therefore the department's eyes are turned chiefly towards the possibility of a series of bilateral arrangements between the Common Market and some or all of the outer group, which would probably damage American exports less. But this would mean in effect the dissolution of the Seven and other observers in Washington think that the State Department underestimates the ability of the Free Trade Association to hold together.

There is in short no sign of any reassessment of the basic reason why Americans support the Common Market. They are still convinced that its political benefits outweigh its economic disadvantages to them. The critic may suggest that recent events cast doubt on this premise ; if General de Gaulle is going to strike out in directions of his own the five countries attached to France through the Common Market may find themselves drawn along with him. The State Department's rather hopeful reply is that on the contrary they may serve as a tether to stop him from straying too far. Thus at least during the life of the present Administration the simple, perhaps over-simple, desire of the United States of America to see itself reflected, one day, in a United States of Europe will be the dominant factor in its approach to this problem. Those who suspect that the Common Market is not necessarily the best means to this end are likely to find themselves arguing *into deaf ears.*

Without Rockefeller

A good deal of the interest and excitement has gone out of next year's presidential campaign with Mr Rockefeller's surprising decision not to contest the Republican nomination ; this means that Mr Nixon, the Vice President, will inherit it without a struggle, and probably without having to make it clear where he stands on many issues. But for the Governor of New York himself it was a prudent withdrawal. In his hunting expeditions across the country Mr Rockefeller found hardly a Republican leader of any standing who was not committed to his rival and the public opinion polls held out little hope that the rank and file of the party would redress the balance. To neglect his duties in New York State, where he is backing a strenuous legislative programme, and then be beaten miserably into the bargain might jeopardise Mr Rockefeller's whole future career ; since he is only 51 this should be a long one.

As things are now, it has done him no harm to make himself known to party officials all over the country and his withdrawal gives him a claim on the party's gratitude in 1964 if Mr Nixon is defeated this year and in 1968 in any case. What Mr Nixon must find less gratifying is the implication in Mr Rockefeller's statement that he was frozen out by the hostility of the party officials. In it he does not even pledge his support directly to Mr Nixon, but only to the party's nominees. The cynical may deduce from this, and from the Governor's promise to continue to speak his mind on basic issues, that if the Republican convention next July is assailed by any last-minute doubts about its ready-made candidate Mr Rockefeller would be available for the presidential nomination. He refuses even to consider the vice-presidential place, though most Republicans feel that Mr Nixon and Mr Rockefeller would make an unbeatable team.

To be labelled as the choice of the party bosses is not agreeable, but there are many compensations for Mr Nixon. He will not have to use up time, money and energy fighting Mr Rockefeller or run the risk of bruising encounters. He can devote himself to his lofty duties until he is acclaimed at Chicago, appearing in the limelight only when he chooses. He need make no bargains with any faction and can name his own vice-presidential candidate. As for the Democrats, most of them have been quick to condole publicly with Mr Rockefeller and with the Republicans who are deprived of any presidential choice ; in private they are, for the most part, delighted. They can concentrate all their fire on Mr Nixon. Moreover, many of them feared that Mr Rockefeller, a fresh vigorous personality with a pronounced appeal for Democrats and independents in his own state, would prove impossible to beat. Some Democrats are even foolish enough to imagine that their party's popularity is so great that any Democrat can trounce Mr Nixon. If this view should prevail at the Democratic convention, the party may have great cause to regret it.

Time-table for Steel

No neatly wrapped up settlement of the long-standing steel dispute awaited President Eisenhower when he flew back to Washington last week. Talks have continued, as he demanded, but tempers have deteriorated and the special board of inquiry, which reconvened on Monday to draw up a statutory report for the President, held out no hopes of an early settlement. This report, to be submitted on January 6th, will outline the final positions of both sides. The companies are still clinging to their "final offer," made on November 17th, which they value at 30 cents an hour, in wages and other benefits, over three years. The union, which values the offer at only 22 cents an hour, is insisting on gains of about this magnitude in the next 20 months. And it still refuses to submit to arbitration the companies' demand for freedom to change working rules in the interests of greater efficiency.

No one now expects any real resumption of collective bargaining until after January 11-13th, when the workers vote, as they must under the Taft-Hartley Act, on the companies' last offer. Assuming that the votes will be counted by the 16th, this leaves about ten days to reach a settlement before the injunction which has been keeping the men at work is withdrawn and they are free to strike again. The average worker lost about $2,000 in pay during the summer and autumn, and the companies are hoping for a substantial vote of protest against any resumption of the strike. But past experience with such votes gives no grounds for such optimism ; a big expression of confidence in the union's leaders is much more probable. The union has more reason for hoping that it may be able to pick off the companies a few at a time. It has persuaded the industry, much against its will, to sanction company by company negotiations, and Mr McDonald, the union's president, is openly saying that, if the strike is resumed, it may be turned against only a few of the biggest firms. This would be a strong economic lever at a time when steel production is

expected to break all previous records ; confining the strike to a few companies would also make government intervention, which is being seriously considered, look unwarranted.

However, it may not come to this. Neither Congress, which returns to Washington on January 6th, nor the Administration wants to have the prickly issue of how to end the strike thrust into its hands at the beginning of an election year. Every pressure will be renewed behind the scenes—indeed Mr Nixon is already busy there—to bring about a " voluntary " agreement. This would also relieve the Administration of responsibility for the rise in prices which the steel companies are just beginning to talk about as inevitable. After its long fight for a non-inflationary settlement the industry cannot be eager to take the blame, but it is even less enthusiastic about the prospect of some government agency being empowered to fix wages and perhaps prices in steel.

Seeing 1960 In

Relying on the government to save them from a resumption of the steel strike, businessmen have no doubt that their new year will be a happy one. This optimism is in fact due partly to the steel strike itself, for it checked the boom last summer and thus, by stretching it out, ensured that it would probably last right through 1960. It also ensured that 1959 would end in a rush of industrial activity, particularly in the steel mills themselves, as factories made up for lost time and smoothed out the maladjustments arising from the strike.

Another reason for optimism is that the strike did not upset Christmas trade. Already in November personal incomes had recovered from the loss of wages caused by the steel stoppage and people have been spending even more freely than usual at this time of year, concentrating particularly on high quality goods. Preliminary reports from shops all over the country show that Christmas spending was well above last year's very good figures. Retail trade for the whole of 1959 is expected to be about 8 per cent higher than in 1958 and there is every indication that consumers at home will continue to be in a buying mood during 1960. So, it is hoped, will consumers abroad ; the Department of Commerce added to the Christmas cheer by reporting that the July-September quarter, which saw a significant upturn in exports, might mark the turning point of the deficit in the American balance of payments. The Treasury, however, has no intention of allowing the country to stop worrying about its international financial difficulties.

The only serious worry at home, apart from the continuing fall in farmers' incomes, is also a financial one. Inflation is regarded as a real danger in 1960, with retail prices already tending to go up and with increases in wages almost inevitable, whatever the steel settlement, in other important industries where labour contracts must be re-negotiated this year. There is, therefore, no prospect of any relaxation in the Administration's policy of checking inflation by keeping a tight rein on credit. The high cost of money has already prevented construction, especially of new houses, from joining the general upward trend and is as usual being blamed for the falling-off in the rate of the country's economic growth, particularly of course by liberal Democratic economists. They are not satisfied with the forecast that the gross national product will go above the half-trillion dollar mark early this year ; they argue that an annual rate of $525 billion could be achieved if the resources of the country, particularly its manpower, were fully employed. This long-standing criticism of the Administration has been given new significance recently by the expert comparisons which are being drawn with Russia's much faster rate of growth.



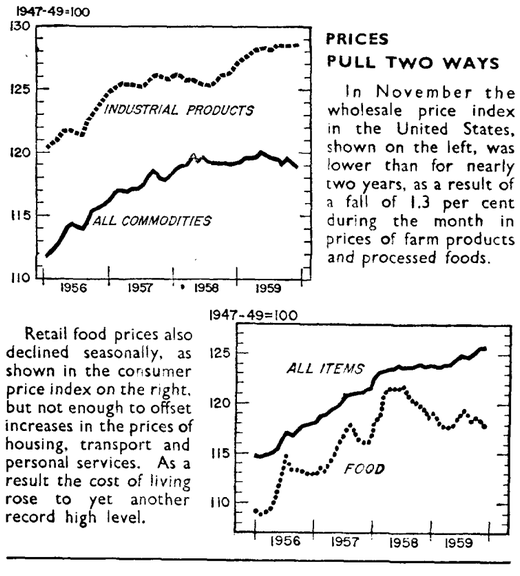
THE NEXT PRESIDENT ?—IV

Stuart Symington

Ex-President Truman, a fellow-Missourian, is the chief backer of Senator Symington's unacknowledged, but active, efforts to become the Democratic nominee for the Presidency in 1960. A correspondent in St Louis describes this borderline candidate who is already known as " the Second Missouri Compromise."

The capricious nature of politics has seldom been more aptly illustrated than by the case of Senator Symington of Missouri. In a year when the Democratic party's presidential nomination may be a prize of real value it may go to a man—Mr Symington—whose chief asset is that he appears to have fewer liabilities than any of his rivals. Mr Adlai Stevenson, who fought against hopeless odds in 1952 and 1956, has his record of defeat ; Senator Kennedy is handicapped by his youth and his Roman Catholic religion ; Senator Humphrey is too clearly liberal ; Senator Johnson is too involved with southern conservatism and with the oil industry. Therefore some Democratic fingers point, although not by any means inevitably, toward Senator Symington.

He has a voting record on civil rights for Negroes which the North can accept, yet he represents a border state and does not antagonise the South. He is a successful businessman with conservative support, yet he is approved by trade unionists and progressives—by some of them, at any rate. He has never risked his political neck by taking a strong stand on a controversial matter and he has no easily distinguishable political philosophy. His congressional voting record is clearly liberal, but there are few



issues on which his position is unequivocal, except for national defence; there he advocates an all-out effort to get ahead of the Russians and to stay ahead at almost any cost and at almost any risk. According to *Time* magazine:

> This failure to pin an unmistakable ideological label on himself has damaged his standing with liberals and the Washington press corps, and brought upon him accusations that he is empty of genuine convictions, and a man with a grey flannel mind.

The Senator is sensitive to this criticism and has been hustling about the country trying to correct it and to make himself better known nationally. A tour of Africa and Israel is now under way; this will appeal to American Negroes and to Jews. In his current talks Mr Symington is departing from his standard and single-minded advocacy of stronger defences for America to deal with a variety of topics, such as farming, government finance and public development of electricity. But usually he attacks the Eisenhower Administration instead of presenting his own solution.

Mr Symington has certain advantages over and above his blandness. He is tall, lean, fair and handsome. He has an attractive family, including a son who plays the guitar at political rallies. He is ambitious, works hard and has an intense desire to win. He has served in high administrative posts and knows his way around the government. He is not a native Missourian, but his efforts to identify himself with the state have been unusually successful. He has cultivated party leaders, visited hundreds of cities and villages and given excellent service to his constituents, particularly to those in rural areas. His assiduous campaigning in 1952, his first political fight, won him a noteworthy triumph: he defeated an incumbent Republican Senator by more than 150,000 votes when General Eisenhower was winning Missouri's presidential vote.

Mr Symington's presidential ambitions appear to have been stirred in 1956, when the Missouri delegation at the Democratic national convention offered him as a "favourite son" candidate, a somewhat empty honour. Last year, when he had to run for a second six-year term in the Senate, the Republican party in the state had collapsed and he was sure of winning. Even so he campaigned at top speed, minimising his party connection to attract Republican and independent votes, knowing that the bigger his majority, the greater his claim on the 1960 presidential nomination; he won 66.4 per cent of the votes, the most one-sided victory ever achieved in a senatorial election in the state. Mr Symington is now attempting to repeat on a national scale what he has done so successfully in Missouri. Although he is trying to dispel the idea that he is a Senator with only one interest (defence), his main concern is to present himself to as many people as possible.

WHEN Mr Symington was born in 1901 his father was a professor of romance languages at Amherst College in Massachusetts. As a boy Mr Symington worked to supplement the family income; he read widely (and still does) but was not an outstanding student. After attending Yale University and serving briefly in the Army, he married Miss Evelyn Wadsworth, the daughter of a wealthy Republican Senator from New York; she was later a night club singer for a few years. Mr Symington went to work in an iron foundry owned by an uncle, starting as a chipper and moulder and studying engineering at night. With money borrowed from his uncles he organised a clay products company and then other successful businesses, until in 1938 he went to Missouri to take over the floundering Emerson Electric Manufacturing Company in St Louis. Here he came to national attention by solving the company's labour difficulties by co-operation with the trade union, and thus restoring the fortunes of the business.

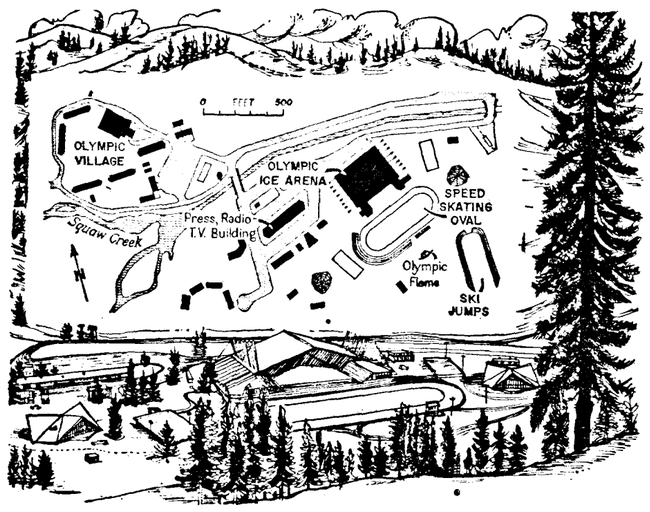
Through his company's war work Mr Symington came to the attention of Mr Truman, who was then a Senator from Missouri: when he became President in 1945 he called Mr Symington to Washington to deal with the disposal of surplus government property. Later Mr Symington became Assistant Secretary of War for Air and, after the defence reorganisation of 1947, the first Secretary of the newly-independent Air Force. This gives his criticisms of the Eisenhower Administration's defence policies a validity which they would not otherwise enjoy. Mr Symington also served as head of the National Security Resources Board and the Reconstruction Finance Corporation until, in 1952, he was persuaded by a group of influential Missourians to seek the Senate seat which he now holds.

It is frustrating to attempt to appraise Mr Symington. Clues to his thinking seem to lead nowhere. Statements which sound strongly affirmative when heard turn out to be nebulous when studied in the transcripts of his remarks. He has a habit of making charges in the form of questions: his answers are often close to the point but not quite on it. During the sordid Army-McCarthy hearings he bungled chances to stand up against the demagogic extremism of the late Senator from Wisconsin; in 1957 he signed a Senate resolution praising Senator McCarthy, explaining that he did not want to "kick a guy in the teeth after he is dead."

Mr Symington's political dilemma is not a simple one. He can continue on his present course—seeking friends, avoiding controversy and hoping he will be the only alternative, the unavoidable second choice, when the stronger candidates knock themselves out. But will this really be enough when the critical moment arrives in Los Angeles next July?

Olympian Togetherness

FROM A CORRESPONDENT IN CALIFORNIA



AT Squaw Valley, 6,000 feet up in California's Sierra Nevada mountains, about 200 miles east of San Francisco, near to beautiful Lake Tahoe and to Reno (just across the border in Nevada) all is virtually ready for the 1960 Winter Olympic Games on February 18th. Even the essential snow has been guaranteed by the Piaute Indians who performed their ritual dance to break a three months' drought. Never before has a Winter Olympiad been staged at such colossal expense or with such glittering attractions—or with the help of Mr Walt Disney.

The kernel of the facilities is the Olympic Arena which won first prize in the Progressive Architecture competition of 1958. It seats about 8,500 people and will be the scene of the opening and closing ceremonies and of most of the ice hockey and figure skating competitions. Adjoining is the speed skating track; its surface is controlled by artificial refrigeration, which makes record breaking likely.

There are two nine-sided centres for spectators from which it will be possible to get a panoramic view of the various events including the competitive ski-ing on the slopes of Squaw Peak, KT-22, and Papoose Peak and the ski jumps specially constructed on Little Papoose Peak. Each centre contains a restaurant, first aid centre, bar, souvenir shop and rest rooms.

Reception of the results will be speeded up electronically by printing timers which will register events automatically and electronic eyes which will control the clock as the contestant crosses the finishing line. Each item will be fed into a computer which will keep the standing of competitors continuously up to date.

For the competitors themselves, 1,000 or more from 34 countries, the theme will be Togetherness. For the first time a special village has been built for the Winter Olympics. All contestants will be housed in four three-storey pink, blue and yellow dormitories, three for men and one for women, each with 300 rooms, sleeping four in bunk beds. The plumbing is of course excellent, but these conditions may still seem austere to those who come from the luxury of the Swiss winter circuit, even if not to the representatives of the Soviet Union (sending the largest contingent) and other iron curtain countries. Food will be served in an enormous cafeteria and the visitors will be entertained nightly by leading personalities from Hollywood. Both a Protestant and a Roman Catholic church are being built in the valley and there will be a corps of ski-ing padres.

Mr Disney is planning "massed bands"—fifty-two playing as a single unit—and "a chorus of thousands"—2,000 in fact—to sing the Olympic hymn. The arrival of the Olympic torch will be greeted with the release of 2,000 pigeons and flocks of balloons and with a display of fireworks. The entire site will be decorated with snow statues of typical contestants and the spectacle will be dominated by a Tower of Nations, 79 feet high, backed by a semi-circular snow wall behind which will fly the national flags.

All this costs money—about $20 million in all. The largest contribution, $7.9 million, comes from the California State Parks Department; the federal government is putting up $4.3 million, including the $3.5 million for the arena, and the State of Nevada $363,000. Private businesses have provided some $2 million in cash and equipment and gate receipts are expected to bring in about $3.5 million. The armed services have been helping to prepare the facilities, with the Signal Corps working on communications on the ski slopes, the Navy experimenting with compacting snow to make a hard-surfaced park for 12,000 cars, and Air Force helicopters hauling materials up the mountains for huts and snow fences.

Commercial interests have also invested heavily in the valley, already popular with ski enthusiasts. The private chalets on the hillsides and the Squaw Valley Lodge have recently been joined by a $300,000 luxury inn, a petrol station and a shopping centre. Such investments, both public and private, are being made in the hope that the publicity of the games will turn Squaw Valley into a permanent winter sports centre.

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Judicial Injury

FROM A SPECIAL CORRESPONDENT

SPECTATORS on a recent Monday at the Supreme Court were astonished to hear Justice Douglas denounce as "smart-alecky" an opinion of Justice Whittaker, a mild man who is usually on the best of terms with all his colleagues. This extraordinary outburst came in a case that to the uninformed observer would probably seem utterly trivial. The issue was whether an injured railway worker could collect damages from his employer on the ground that his injury had resulted, at least in part, from the company's negligence. A jury thought that the railway had indeed been negligent in stationing the man where he could be knocked down by a drunken driver, and it awarded him $25,000. The lower courts had set the verdict aside as irrational.

Such cases, nevertheless, involve a deep and long-standing division among the Justices about their proper part in government. The differences between the "activists" and those who advocate judicial restraint are best known in the area of civil liberties. But they carry over, in a strange way, to the question of injury suits. Under federal law, seamen and railway workers seeking damages because they have been hurt at work are assured of trials by juries, which usually award higher sums than judges; $100,000 is not uncommon. But frequently appellate courts set the judgment aside and the plaintiffs then appeal to the Supreme Court. The Court can consider such a case or not, at its own discretion, but in recent years it has agreed to review a great number of them and in many it has restored the verdict of the jury. Chief Justice Warren and Justices Black, Douglas and Brennan have usually been joined by Justice Clark to form the necessary majority.

To the other members of the Court, and to most American lawyers and legal scholars, the injury cases are a gross example of judicial misbehaviour. They argue that the Supreme Court was given discretion over its own agenda on the theory that it has time to review only important cases. Collective judgments on the great and essentially political questions put to it "are especially dependent on ample time for private study and reflection" and discussion, as Justice Frankfurter has put it, and there is no time to waste on private damage claims. A second criticism is that the Court is distorting a negligence statute into one putting absolute liability on employers whether they are at fault or not—a change that should be made, if at all, by Congress, not by judges. A third is that hearing only some injury cases is unfair to the litigants in other such cases.

In this particular instance, Mr Clark left the four "activists" and made possible a 5 to 4 majority upholding the denial of the damages awarded by the jury. What provoked Mr Douglas's

outburst—and his insistence that the Supreme Court has a duty to enforce the guarantee of jury trial and to prevent the lower courts from setting too strict a standard of negligence—was Justice Whittaker's concurring opinion. In it he scoffed at the idea that the railway had been negligent and suggested that the only way that it could have prevented the accident was by putting its employee in an army tank.

Cities Ask for More

FROM A CORRESPONDENT IN COLORADO

WHEN the American Municipal Association met at Denver early this month the mayors of big cities talked a language that was almost reminiscent of the farmers' protest movements which set the prairies ablaze nearly a century ago. Urban areas now contain 66 per cent of the population and by 1980 are expected to have 80 per cent of it; they have absorbed 90 per cent of the postwar gain. As Mr Dilworth, the Mayor of Philadelphia, says: "the real frontiers of America today are inside the big cities." But this rapid growth has multiplied the cities' problems, and solutions are being held back partly because old laws and customs change slowly, but mainly because state legislatures are dominated by rural areas which are unsympathetic, if not actively hostile, to any metropolis. If the cities are to receive help in the near future it must come from the federal government, in spite of fears that this will sap local initiative and lead to bureaucratic control. Many municipal officials feel that the President's cabinet should contain a Secretary of Urban Affairs as well as a Secretary of Agriculture.

One of the most acute problems concerns transport and traffic. The private motor-car has made almost all the railways' suburban services unprofitable in the built-up regions in the east and many of the railways are threatening to shut down such services completely. Yet the cities cannot rely on private automobiles to move millions of people in and out every day. The municipal experts estimate that it would cost $35 billion to build enough roads to make this possible, while a tenth of that sum would enable the present rail system to do the job.

Big business has always opposed federal intervention in its affairs, but at Denver the cities forged an alliance with the railways, a big business which has fallen on hard times. The heads of big eastern railways who were present talked like New Dealers and succeeded in overcoming, to some extent, the objections of the profitable western systems to any form of federal aid. Mr Perlman, the head of the New York Central Railroad, insisted that the question was one of survival for the urban areas and Mr Symes, of the Pennsylvania Railroad, argued that fears of federal domination were "baloney"; the airlines had been subsidised for 35 years and had not been nationalised yet.

The resolution which the Municipal Association passed calls on the federal government to develop a national transport policy, linking railways, motorways, roads and urban transport into a unified whole; asks all levels of government to give tax relief to the railways, particularly on passenger services; urges the federal government to lend money to cities, at low rates of interest, to improve their transport facilities and, if necessary, build new ones; and, finally, requests Congress to consider making outright grants to cities, modelled on the present urban renewal programme, to help them to solve their transport problems. This would require the municipalities themselves to provide part of the money.

Many other resolutions were passed asking for more federal help in many other fields: civil defence; public housing and urban renewal; hospital construction; airports; and pollution, both of the air and streams. A mayor from Texas protested that sewage disposal is a local problem, but another speaker retorted: "Not when it comes down on your city from a thousand miles away!" The Eisenhower Administration has been trying to reduce the federal aid provided for this purpose, to lighten the burden of allegedly local problems upon the federal budget. But the meeting at Denver demanded, instead, that the authorisation be doubled, and that the present limit of $250,000 on federal aid for any single sewage project should be removed. This would mean that the federal government would pay a third of the cost of all projects and give effective help to large cities, as well as to small.

The delegates also protested vigorously against any move to economise at the expense of the cities. One such scheme is a proposal to make the federal funds for the interstate highway system go further by building the cheaper rural sections first; at Denver this seemed "unthinkable." So did the idea of depriving state and municipal bonds of their present tax-exempt status, which enables cities and states to pay much lower rates of interest on their borrowing than would be the case if the buyers had to pay federal tax on the income from such bonds.

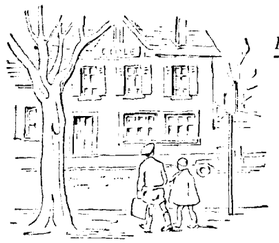
The Moon and Many Pence

THE Administration's civilian space programme is expected to come under severe attack from Congress when it reconvenes on January 6th. Mr Lyndon Johnson, the leader of the Senate, fired some critical opening shots before Christmas and committees of both Houses are preparing for detailed enquiries into the whole field of America's efforts in outer space. The last of these efforts, the attempt to put a satellite in orbit round the moon on Thanksgiving Day, failed dismally and served to underline further the supremacy in rocket technology which the Russians had demonstrated earlier with their successful shots at the moon. Consequently the Democrats will want proof that the National Aeronautics and Space Administration—the civilian agency set up in 1958 to handle all space enterprises which are not specifically related to defence—is not a victim of budget-balancing fever.

The President is expected to ask Congress to grant it $800 million, considerably more than the $530 million he asked last year, which Congress cut by $30 million. But since then the NASA has been provisionally assigned Dr Wernher von Braun's costly Saturn project which, it is hoped, will provide a rocket twice as powerful as anything the Russians are thought to have at present. As this will cost about $150 million in the financial year which begins next July, not very much will be left for the space agency's own expanding programme. Space experts estimate that nearly $1 billion will be needed next year if the agency is to develop projects which will compete with the achievements of the Soviet Union. When Mr Johnson attacked the executive for failing to appreciate the political importance of the struggle for outer space, he added pointedly that "we cannot indulge in the luxury of budget clerks gambling with our destiny."

A serious technical deficiency in American space equipment is the lack of first stage rockets powerful enough to lift a load of several tons. The mighty Saturn will not be ready for several years, while the Vega project—the most advanced of the medium rockets—has just been dropped because technical difficulties made it advantageous to transfer the money to other schemes. Financial stringency is also responsible for the scarcity of the Atlas intercontinental missiles which are currently used for space shots. The latest proposals that the United States and certain other countries should co-operate in probing space will do nothing to relieve the shortage of rockets; but the effect of this internationalisation may be to lessen the emphasis upon a race for prestige between America and Russia—in which America seems doomed for a long time to a bad second place.

THE WORLD OVERSEAS



FRANCE AT SCHOOL—I

Puritanical Primaries

FROM A SPECIAL CORRESPONDENT



ONE of the first, and most popular, decrees of the Fifth Republic was that of January 6, 1959, raising the school-leaving age to sixteen and instituting a reform of the educational system. The reform is now in force in four pilot departments and will cover the whole country by 1965.

Under the Fourth Republic the minimum period of compulsory schooling was two years shorter than in Britain—from six to fourteen—but this insufficiency was to some extent made good by the state nursery schools (*écoles maternelles*), in which most infants learn to write and manipulate a paintbrush before starting primary school, and by the fact that most children remain at school beyond the statutory leaving age (family allowances are paid until children are eighteen if they continue their studies, and most pupils over eleven receive in addition an annual state scholarship grant).

The atmosphere in the average primary school, however modern the building, is still redolent of the Victorian, puritanical ethics of Jules Ferry and the other Protestant and secularist founders of the French educational system. Grim grey overalls are favoured, desks are rigidly aligned facing the teacher (there are few experiments in group activities), and even the most dissipated six-year-old is rapidly imbued with a quasi-religious respect for grammar, spelling and calligraphy. Allowance is rarely made for left-handers. Elementary arithmetic consumes less time than in non-metric countries, but there is little of the music, dancing, games, play-acting and miscellaneous messing around to which the average English primary school owes so much of its charm and inefficiency. School is a place of work; and the standard of work is often that of good English prep-schools, except that in only a few experimental classes is a foreign language taught.

While non-U nine-year-olds north of the Channel are still being pap-fed on Alfred-and-the-cakes ("history") and What-funny-hats-Africans-wear ("geography"), and grammar is the lady who buys them lollies, their French cousins are embarked upon orderly, well-graduated courses of basic history (from prehistoric times to 1945) and physical geography, and can define a demonstrative adjective without batting an eyelid. The ground to be covered in each subject, term by term, is detailed by the ministry of education, whose regional inspectors may at any time attend classes and examine exercise-books. Teachers in France rarely resent this "interference"—on the contrary, they consider the system as necessary as an inspectorate of weights and measures.

"We take a more cynical view," an inspector told your correspondent, "of the individual conscience than you do in Protestant countries. Even those of us who have left the Church still half-believe in original sin. So we expect the worst of everyone; we retain identity documents and bureaucratic controls you've long since done away with; and we assume, no doubt wrongly, that every public servant and teacher would go fishing on the first bright day of spring if there weren't an inspector lurking in the background.

"Also, most of our young teachers are less qualified than yours. Less than half graduate from teachers' training colleges (*écoles normales*). For economy reasons, we are obliged to recruit youngsters who have just passed their *baccalauréat* (in some areas, not even that) and put them straight into a classroom to learn their job by trial and error. Obviously, these *suppléants* need close supervision by an inspector. It is only after five years, during which they are paid a starvation wage and put out in the remotest villages, that, if their inspection reports are satisfactory, they are considered qualified. To stick it out, they must really be devoted, or desperate for a job, and many of them make excellent teachers, though their intellectual horizon tends to be narrow."

The *suppléants* are a source of cheap labour that is drying up as industrialisation spreads and more lucrative openings occur in private employment. Already, schools in the industrial departments of the north have to import their *suppléants* from the relatively underdeveloped south-west. Over the next twelve years the ministry of education expects to have to double the output of its *écoles normales* and, since most are already overcrowded, this will mean building many new ones. Even so, there is no serious criticism of the government's decision to give priority to an expansion programme that will undoubtedly aggravate the problem of staff recruiting and strain budgetary resources to the limit. As one ministry official put it: "Our problem is not whether we can afford to spend more on education. It is that we can't afford not to, even if we have to cut down on other things. The Russians, with four times our population, are producing seventeen times as many top-grade scientists and engineers—and they're only just getting into their stride. The timid, the conservative, the budget-minded, who can never see beyond next year's deficit, will always find some excuse—overcrowding here, staff shortages there—for recommending inaction. We must generate such a momentum in our drive for more and better education as to sweep them along. We must build the machine and then just shame our paymasters into providing fuel for it."

The educational reform the government has adopted aims at increasing France's university population by 50 per cent (it has already doubled since the war: 100,000 students in 1946, 210,000 in 1959-60). The reform hinges on the ten-plus selection process. Up to three years ago selection was by a one-day examination. Then, to obviate the injustice and wastage inseparable from any such hit-or-miss process, it was decided to exempt from the exam pupils whose marks for routine classwork had been consistently above 50 per cent during the previous year. But teachers in rural areas soon found that this exposed them to an embarrassing amount

of parental cajolery. Eleven-year-olds will now be transferred *en bloc* to a two-year *cycle d'orientation* where they will receive an initiation in secondary-level studies, including a foreign language. Their reactions will be observed in order to decide whether their subsequent education should be along "classical," "modern" or technical lines.

This reform constitutes one of the boldest attempts yet made to tackle a problem that has nowhere been resolved satisfactorily. Unfortunately, between the theory underlying it and the practical effect that is to be given it, grievous fissures have already appeared.

(To be concluded)

Muffled Bangs Among the Three

FROM A CORRESPONDENT IN GENEVA

THE Geneva talks on nuclear tests went into the Christmas recess without the hoped-for agreement; they will be resumed on January 12th. The Soviet willingness to discuss the Berkner panel report on underground tests has only resulted in a report which consolidates the differing points of view.

The Russian desire to conclude a comprehensive ban on all types of explosions—above the atmosphere, atmospheric, submarine and underground—seems genuine. But the Russians have so far failed to believe or understand the equally genuine desire of their negotiating partners to reach such an agreement. Since the summer, when the Americans produced their new scientific data on underground explosions, the Russians seem to have been plainly governed by suspicion of American motives. Even the Russian scientists, when they were finally allowed to return to the conference table in November to discuss the new data, used emotional rather than scientific arguments, and accused their American colleagues of obstruction instead of attempting to disprove the American claims scientifically.

Until this last hurdle, progress during the year was surprisingly steady and hopeful. By May, 17 out of 23 articles concerning the proposed central organisation had been agreed upon. The important points of disagreement were few, and the Russian package proposals of December 14th reduced these further. The Russians have now agreed that the composition of the teams in the control posts should be one-third Russian, one-third Anglo-Saxon, and one-third "neutral," though they wish the "neutrals" to be further divided into one-third western allies, one-third Soviet allies and one-third uncommitted neutrals.

Tied into the Russians' package is their suggestion for the composition of the control commission that is to look after the day-to-day affairs of the new organisation in Vienna. The West suggests that the seven members should be made up as follows: one American, one Briton, one western ally, two communists and two neutrals. The Russians oppose this 3-2-2 formula with their own 3-3-1 formula (three Russians, three westerners and one neutral). The Russians' proposal would enable them to avoid being overruled by a two-thirds vote and would thus give them a power of veto over budgetary and financial matters. They are clearly nervous about expenditure on what promises to be the most expensive international organisation yet created.

These difficulties do not, however, look big enough to make an early agreement impossible. The biggest obstacle is still the problem of underground tests, together with the number of veto-free inspections "on site." The western proposal to permit inspection of all explosions above five kilotons in strength (the equivalent of 5,000 tons of TNT) and 20 per cent of all explosions under five kilotons may lead to more journeying into Soviet territory than the Russians like.

The scientists' working group has left the conference where it stood in the summer. Both sides agreed on improved techniques and instrumentation for control, but disagreed in three separate annexes to their report on the interpretation of the American "Hardtack" tests. The Russians did not produce much new data but challenged that of the Americans. They would like to lay down hard and fast rules determining when on-site inspections are justified, while the Americans have evidence that the rules proposed by the Russians would allow explosions to be classified as earthquakes when, as the American experiments have shown, they could be of nuclear origin. There seems, however, to be agreement that seismology is still a young science and that the last word has not been spoken yet. As it will take two or three years to set up the organisation, even after agreement has been reached, the three governments will have the chance to compromise on an interim solution. During the Christmas holidays a political decision has to be made on how to continue the negotiations on January 12th.

Sir Michael Wright, Mr Wadsworth and Mr Tsarapkin have certainly made some headway. Mr Tsarapkin, in spite of occasional bouts of slanging oratory, has earned respect as a negotiator. The personal relationship that has grown up between the three—Tsarapkin and Wadsworth are known to be using each other's first names—has impressed close observers of the talks. The conference is thought to be the most friendly one of the postwar period, and this spirit may still augur well for its outcome.

A Mediterranean Industry

BY A CORRESPONDENT

SOONER or later most natural products have to face competition from synthetic substitutes. Cork is a case in point: but, as happened with rubber, the substitutes are being evolved not because they are cheaper or better, but because there is not enough of the natural product. People in the cork business are not particularly worried about plastic insulating materials and floor coverings, or fancy bottle-stoppers. They are confident that natural cork and things manufactured from it have unique qualities for which there will always be a demand. They are only sad that there is not enough cork in the world to enable them to satisfy an expanding market themselves.

Nor is it easy to increase the supply. Cork is the bark of a tree, an evergreen oak which is fussy and only grows happily in certain places. The total world production is little more than 300,000 tons, of which nearly half comes from Portugal and about a third from the three Spanish regions of Estremadura, Andalusia and Catalonia. Some also comes from the Mediterranean coast of North Africa and the south of France. Nine-tenths of all the cork produced in the world comes from this limited area. Alarmed by this excessive localisation the Russians have tried to grow cork oaks in the Caucasus, and the Americans in California.

As with most natural products there is more to cork than meets the eye. The tree itself, like the English oak, is the product of an acorn. But it is a much smaller tree and does not usually grow to more than twenty or thirty feet. Many years must pass before the bark is taken off; a provident landowner will probably wait for fifteen or twenty years before he strips his trees for the first time. If, as often happens on Mediterranean coasts, he is hard up, he may wait no more than ten. In either case the bark is too coarse and rough to be of much commercial value. Countrymen call this first fruit of the tree "virgin cork"; it is mainly used for making charcoal.

Nine or ten years later the tree will be stripped again. Cuts are made with axes round the trunk and the lower part of the main branches, and the bark is removed by skilled hands. The bark shows a series of distinct rings, one for each year of growth like a section of the trunk of any other tree. Nine years of growth sometimes amount to nearly two inches thickness of bark, but in trees grown in thin soil or at an altitude it is often no more than a quarter of this.

The second stripping, too, is little used in its natural state. It is still too coarse and much of it goes for floats and buoys. It is the third and subsequent strippings of bark, still made at intervals of eight to ten years, which are really valuable. Some people say the third crop is always best, but in general the quality of the bark remains consistent for another century or more.

Cork is always taken from the tree in the dry summer months when it peels off easily. Whole strips are stacked by the roadside and the small pieces collected in baskets. Once it starts raining stripping is stopped to avoid harming the vital inner bark. Travellers in Spain and North Africa in the summer will see the trees freshly shorn like poodles before a dog-show and looking just as forlorn, and almost as indecent.

Nowadays cork is little used in its natural state except for floats and to stop bottles. For bottling, and especially for bottling wine, only the best of the bark is used. Bark varies enormously in texture from place to place and even from tree to tree. The pieces suitable for bottle corks are carefully sought for and separated, as they fetch a price twenty or more times as great as the lower grades of bark used in manufactured products. Cork for champagne may cost as much as £300 a ton.

But, although cork is now mainly used in processed forms, it is still its natural qualities that determine the use and create the commercial value. The special quality of cork is that it is largely air. Over half the volume of a piece of cork is occupied by minute cells of gas and air. Seen through a microscope it looks like a honeycomb, and experts tell us that in a piece of cork an inch by an inch by an inch there are more than two hundred million cells. These not only give cork its especial lightness and buoyancy, but are the main factor in what has now become its most valuable purpose. The air in this honeycomb of cells make it a very poor conductor of heat and therefore a good insulator.

As schoolboys know and most adults have forgotten, heat flows to places where the temperature is lower. Any material can impede this natural process, but some do it better than others. Cork does it far better than brick or concrete. If you want to stop the heat getting into your cold storage plant, or out of your bedroom, one inch of cork does it as well as 18 inches of brick or 30 inches of ordinary concrete. Cork is also elastic, waterproof and very durable. Cork floors laid thirty years ago, even in hotel bedrooms, are still as good as new.

At a cork factory you will see strips and sacks of bark arriving at one end, usually in grossly overladen lorries, from the cork forests, and coming out the other as bathmats, bottle corks, engine gaskets, floor tiles and insulating board. Nowadays factories tend to specialise more and more, so the odds are that you will not see all these things coming out of one factory. Bottle corks, in particular, are a rather specialised business.



The more important factories, however, turn out both insulating board and what is known in the trade as composition cork. Although the material and the processes used are slightly different, both start off with the same thing. The cork is chopped up small enough to go through a mesh of about half an inch. The waste and the dust are separated and used as fuel for the next process. Magnets are even attached to the chutes to pick out things like hairpins and gun pellets which, mysteriously, have found their way into the bark. The granulated cork is then put into ovens and subjected to heat and pressure. When it is taken out of the ovens it is already firmly welded together and shaped. It is next cut into boards, strips, and squares by revolving saws, and then smoothed and polished.

Most cork factories are situated near the cork forests, but this is a fairly recent development. Cork used to be exported in a raw state, mainly to Britain, France and the United States, and processed there. But increased freight charges and the desire of the producing countries both to keep a greater share of the profits and to provide more local employment have changed things. The latter is particularly important; cork forests require little upkeep and only employ a small number of highly skilled strippers for a few months in the year. The factories, some of which were established and, for a time, owned by large Anglo-American concerns specialising in insulation, are now mainly privately owned by Spaniards and Portuguese.

This also applies to the cork forests. It takes a lot of land and a lot of trees to produce a ton of cork, ranging from 10 acres in the highly organised plantations in Portugal to 80 acres in the harsher conditions of Tunisia and Algeria.

With such a sparse yield and such extensive cultivation—not to mention the immense periods of waiting in which capital is tied up, and the social systems that prevail in most of the regions where cork happens to grow—it is not surprising that the production of cork is for the most part in the hands of big landowners. The Dukes of Medina Sidonia, one of whom commanded the Armada, own 100,000 acres of cork forest in Andalusia; even this huge property yields less than 2,500 tons a year. Other cork forests in Spain, largely as the result of a process of land nationalisation carried out by the short-lived Republic of the early thirties, are owned by municipalities and rural councils who lease out the right to strip the bark at a handsome profit. Cork factories buy these leases to secure their own supplies.

The Finnish Dilemma

FROM A CORRESPONDENT IN HELSINKI

FINLAND has had 45 cabinets in its 42 years of independence. The present Agrarian minority government, led by Professor V. J. Sukselainen, is the fifteenth since 1950. It used to be possible to compare the Finns with the French in these matters.

The Sukselainen cabinet has been in office since last January and is now confronted with growing financial difficulties, particularly in wrestling with the budget for 1960. There is a deficit of roughly £45 million—a huge sum for Finland—and the cabinet has said that equivalent loans are not available. A change of government is therefore expected reasonably soon, and the topic of the day is the method, and the possible result, of a change.

The coolness in Finnish-Soviet relations a year ago led to the resignation of a popular coalition government and the forming of the present one. The predominant opinion is that only a broadly based government can shoulder the country's financial troubles and internal controversies. However, the opposition has not shown a wholehearted interest in overthrowing the cabinet; nobody is ready to assume the responsibility at a time when reputations must be hurt if attempts to save what can be saved fail. But neither is a non-party cabinet wanted. So when the Agrarian government decides to leave the sinking ship, the change in government is expected to come through negotiations between two or more political groups, resulting in a cabinet reorganisation without an actual cabinet crisis. A coalition between the Agrarians and the Social Democrats is one, but not the only, possible solution.

Among the Agrarians there is a widely held opinion that their party is the only non-communist political group that has the full confidence of the Soviet authorities in handling Finland's foreign policy. The basis of Finland's post-war relations with the Soviet Union has been the so-called Paasikivi line, named after the late President J. K. Paasikivi, who outlined the Finnish version of co-existence. Before the presidential election in 1956, the Agrarians gave this policy the name of the Paasikivi-Kekkonen line, thereby connecting their candidate, Dr Urho Kekkonen, with the important work done by Paasikivi.

Now, remembering the fate of last year's coalition cabinet led by the Social Democrat, Dr K. A. Fagerholm, many leading Agrarians fear co-operation with the Social Democrats as long as Dr Väinö Tanner and Mr Väinö Leskinen continue to be in charge of Social Democrat policy. Both Dr Tanner and Mr Leskinen have come under severe Soviet disapproval. At the same time, the conservatives and the liberals fear that an Agrarian-Social Democrat coalition will lead to repeated political deals to secure the interests of both at the expense of the nation as a whole.

There are voices in favour of dissolving the Diet, but it is very doubtful if new elections would help to solve the difficulties. The 200 seats in the Diet are distributed among seven political groups. The communists, with 50 seats, form the biggest of these. One explanation of their strong representation is simply that they have not been in the cabinet since 1948. They have won large blocks of irresolute electors who seem unaware of the ends and means of national and international communism. It is now necessary for the democratic parties, particularly with the municipal elections in October, 1960, in mind, to co-ordinate their activity in one form or another to meet the communist danger.

Since the crisis with Russia a year ago, there is a more vivid realisation that in everything it decides, Finland must first consider whether the decision may hurt its eastern neighbour or not. Thus, certain groups have said that a reorganisation of the cabinet is a sensitive matter. The official standpoint on the Outer Seven is another example of this caution. Experienced and trusted politicians say that Finland's right of self-determination is limited today. The way out of this dilemma is difficult to see.

Arms and the Man in Australia

FROM OUR CORRESPONDENT IN CANBERRA

AUSTRALIA has decided to stop wasting money and manpower on training citizen soldiers who would not be ready to go to a war until a year or two after it broke out. Instead it will increase substantially the contribution that the regular army could make to a struggle not fought on Australian soil. The minister of defence, Mr Athol Townley, has told Parliament that there would be no more national servicemen after the middle of 1960. They cost the country £A9 million a year; they are not liable for overseas service, and they do part of their training with units of the Citizens' Military Force (corresponding to Britain's Territorial Army); and thereby make these units unfit for overseas service also since they would first have to be broken up and reformed with volunteers only. Shorn of its national servicemen, the CMF will consist of 20,000 men, and it is hoped that with better equipment this number can be increased to 30,000, all of whom would be volunteers for overseas service. They could then be sent abroad in the wake of the regular forces within six months after the outbreak of war. The regular army, for its part, assumes a greater importance than ever before. The savings resulting from the abolition of national service will make possible an increase in the mobile brigade group—the only field force apart from the battalion group in Malaya—from 4,000 to 5,500 men, as well as improved equipment and full logistic support.

For the Navy the programme will mean the end of the Fleet Air Arm by 1963. By that time the Venoms and Gannets now carried by HMAS *Melbourne* will be worn out. Modern carrier planes could not operate from *Melbourne's* deck, and a new carrier would be too expensive. The demise of the carrier would reduce the strength of the active fleet to some ten fighting ships. But it seems likely that a submarine service will be introduced, though a final decision on this awaits the report of a mission that is shortly to visit the United States and Britain.

For the air force the programme is inexplicit because a decision has yet to be made on a fighter to replace the Sabre. The news that the RAAF will have the Bloodhound surface-to-air guided weapon, in preference to the American Nike, will have rejoiced many hearts in London and Bristol. But for anti-submarine and maritime reconnaissance aircraft Australia will again turn to the United States to buy the P2V7.

Defence is an even more unpopular item of expenditure in Australia than it is in Britain, and the current vote of £A192 million has been substantially unchanged for the last 7 years, in spite of the steeply rising cost of modern equipment and the rise in costs generally. But at least Australia will now get better value for its money.

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A Neutral in Doubt

FOR Switzerland as well as Britain the European community poses a political choice. Swiss neutrality is thought of as a permanent feature of the European scene, and non-involvement in European integration would appear to follow from it. Switzerland, like Sweden and Britain, staunchly supports the Seven. Its European policy since the war has combined friendly words for the efforts of other European countries to unite, and a jealous avoidance of any commitment that might touch Switzerland's own sovereignty. But the creation of the common market has spurred a significant minority to question this traditional caution. It has now been subjected to detailed critical scrutiny in a new book by Dr Henri Stranner.*

Armed neutrality as a Swiss policy goes back far beyond its recognition by the powers at the Congress of Vienna. Dr Stranner traces it to the defeat of Marignano, in 1515, which terminated the Swiss pre-eminence in the Italian wars. Like Britain, Switzerland has found that conflicts of interest between the major continental powers are not unwelcome and it has not been too happy when they have got together, as in the Holy Alliance. The post-war situation is, however, new. Since the historic rivalries of western Europe are now overshadowed by the Soviet-American rivalry he considers that within free Europe unity, not conflict, has become the Swiss interest. But, at the same time, the European community treads on Swiss toes by setting up a trading block from which the Swiss are excluded. Can Switzerland afford to remain outside, an island in the heart of the community?

Dr Stranner does not believe it can. He believes that the creation of the European community has removed the basic reason for Switzerland's neutrality—which was the need to keep out of conflicts that were bound to involve two of the three nations from which its people are drawn. He points out that two thirds of Switzerland's foreign trade is with western Europe; increases in a limited number of tariffs on goods from outside Europe in a European customs union would, he thinks, be a price worth paying for getting in.

Dr Stranner does not advocate that Switzerland should plunge into the community as seventh member. He would prefer an enlargement to include all western Europe, with Commonwealth countries and the United States perhaps associated. He believes too that the community will be more compatible with neutrality if it can keep clear of the cold war; and he would like the provision in the Rome treaty allowing members to opt out in the event of war to be strengthened. These are sensible qualifications; but it remains his underlying theme that Switzerland's future lies with, if not in, the common market.

*Neutralité Suisse et Solidarité Européenne, by Henri Stranner. Editions Vie, Lausanne.

Africa 1960

This year will be one of rapid and historic change in Africa. The following diary charts the way ahead only in respect of the actual fixtures and events that can roughly be foreseen. Many unpremeditated happenings are likely to occur.

January

Independence of *Cameroun* (former French Cameroons trust territory) (1st).
Prime Minister leaves for tour of *Ghana, Nigeria, Rhodesia, Nyasaland, South Africa* (5th).
Independence of *Mali*, probably. (Senegal and Soudan.)
Completion of elections in *Belgian Congo* for new African-controlled communal councils. Constitutional Conference on the Congo's future in Brussels.
Kenya Constitutional Conference in London (19th). Until it has been held the date of the Kenya General Election in 1960 will not be known.
General election on adult franchise in *Basutoland.*
All-African Peoples' Conference, Tunis (meeting of nationalist political parties and leaders from both independent and colonial states) (25th).
Conference in Tangier of UN Economic Commission for Africa (26th).
United Nations visiting mission to *Ruanda Urundi* to report on possible independence.

February

Independence of *Mauretania* (probably).
Elections in *British Somaliland* to new Legislative Council with African majority.
Meeting of the Senate of the French Community, followed (probably) by an extraordinary session of the French parliament to consider constitutional changes relative to the Community.

March

Independence of *Dahomey* (probably). Dahomey expected to join Mali.
Belgian Congo elections to provincial councils: formation of African controlled provincial administrations.
Sierra Leone Constitutional Conference (on last phase to independence and Commonwealth membership).

April

Independence of *Togoland* (former French Togoland under French trusteeship) (27th).
All-African Trade Union Conference meets in Morocco.

May

Commonwealth Prime Ministers meet in London (5th).
Constitutional Conference on *Tanganyika.*
Elections for African-controlled Legislature in *the Gambia.*

July

Independence of *Somalia* (1st). (Italian Somaliland, under Italian trusteeship.)
Elections for Legislative Council in *Zanzibar.*
Talks on setting up a popularly elected Legislature in *Bechuanaland* (may be later in year).

September

Inauguration of legislative and executive councils and an African-controlled central government in *Belgian Congo.*
Tanganyika general election for an African-controlled Legislative and Executive Council.

October

Independence of *Nigeria* (1st).
(*British Cameroons*, North and South, to decide their future by plebiscites to be held between October, 1960, and February, 1961.)

November

Federation of Rhodesia and Nyasaland Constitutional Conference on the future of the Federation, in London.
Independent African States Conference (Accra?).
Independent West African States Conference on closer union, Monrovia.

British Banking in Asia

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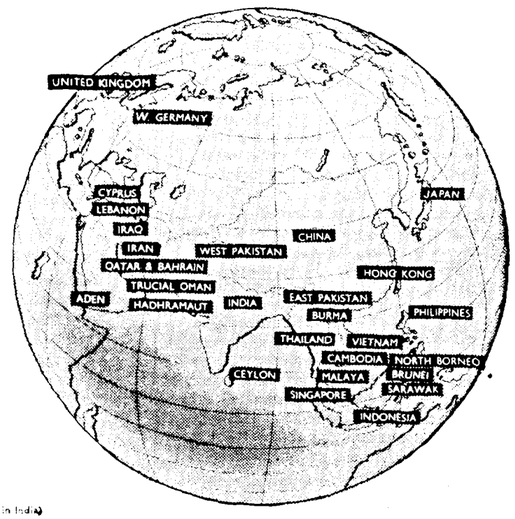

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THE BUSINESS WORLD

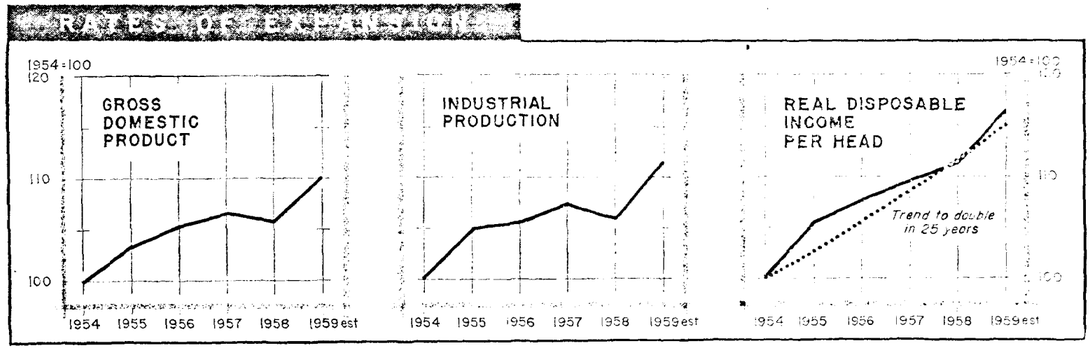
Back on Trend?

LAST year's recovery outran all the guesswork. A reflationary budget led the optimists to expect that industrial production by the end of the year might be 4-5 per cent higher than at the end of 1958; in fact, the figuring for October shows an 8 per cent increase and that would imply that the average for the whole year might come out over 111 (1954=100), which would be 5 per cent higher than in 1958 as a whole. Non-industrial output cannot have risen so fast as this; but the tokens are now implying a rise of 3 to 4 per cent in Britain's gross domestic product, and imports of goods and services appear to have risen by about 6 per cent. A rough tot of the extra wherewithal that the British economy disposed of last year could easily reach £1,000 million above the 1958 total of £24,000 million.

What is difficult, working from the arithmetic of national income, is to establish where all these resources can have gone. There is no full official figuring at the moment beyond the second quarter of last year; but the partial figures for the third quarter suggest a bigger discrepancy than usual between the two sides of the national income account—the one side measuring what appears to have been spent in the economy, as against the other side measuring what was produced and imported.

Consumers never had it so good; yet their expenditure over the first nine months of the year probably rose no more than 3 per cent, and their spending did not increase so fast in the third quarter as it had done in the second: generous assumptions about the fourth quarter still leave the arithmetic suggesting that consumer spending in 1959 rose in real terms by no more than £400 million. Public authorities appear to have spent a little more on current account. Exports of goods and services, little better than level in volume over the first nine months of 1959, rose significantly in the closing months. In real terms again, these two components of demand might together have increased by £100-£150 million. From the sketchy data so far available, fixed investment may have been nearly 3 per cent up for the first nine months, compared with January-September, 1958, and there is some evidence that it has recently picked up further and beyond the usual tendency for capital spending to bunch in the last quarter of the year. A rise of 3 per cent for fixed investment over the whole year would have required about £100 million of extra resources. Yet the total sum of all these elements of demand still comes to less than two-thirds of the extra goods and services that the British economy enjoyed last year.

The other destination where extra production and imports can go is into stock. Last year, with its steadily accelerating recovery and expansion in industry, was certainly one in which to expect a substantial rise in stockbuilding of raw materials and in work in progress all through the pipelines (though not, probably, in stocks of finished products). Yet such direct evidence as there is about physical changes in stocks—and it reaches only to the third quarter—does not reveal an increase anything like big enough to balance the national income equa-



tion between demand and supply. A boom in stockbuilding has been on the cards for months, and particularly since business confidence became flushed after the election result; some industries, such as steel, are expecting inventory buying to swell demand this winter. But on the evidence, a re-stocking boom still appears to be developing rather than to have developed.

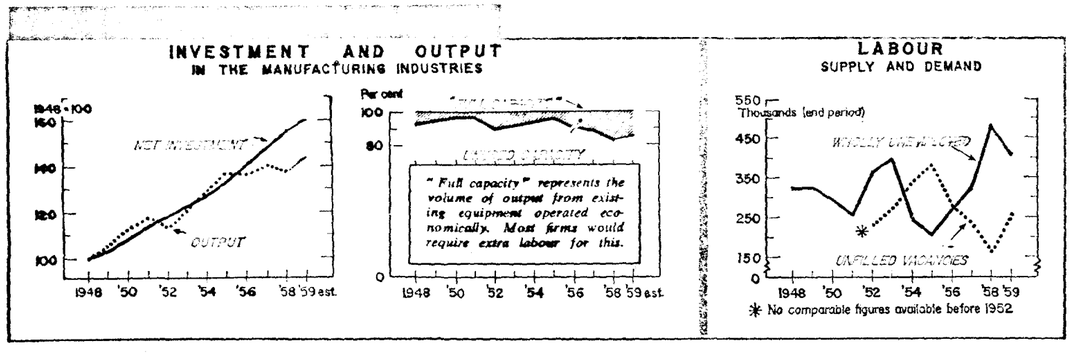
BUT the ordinary citizen (leaving the final figuring of what happened in 1959 to the perplexed official statisticians), will measure its broad sweep of recovery against the perspective of the flatter, damped-down years behind it. It took three years of disinflationary policy (first half-hearted and then more convincing) to bring about even a mild recession in the British economy, and already by the autumn of 1958, the Government had been able to call the turn: by mid-1959, recovery was developing into a boom. Such a rapid expansion has confirmed the reckonings of the "expansionists" that a large amount of slack had developed in the British economy because output had remained fairly level for 2 to 3 years while new industrial investment had continued to build up capacity. But the "stabilisers" have been able to point to a big encouraging difference about this boom; so far, at least, it has been achieved with little rise in prices and probably with some actual reduction in home costs. Moreover, although imports have risen considerably in response to internal reflation, the latest estimates suggest that Britain will still manage an external surplus of £200 million in 1959.

Throughout deflation and recovery, moreover, one basic element in the economy has never ceased to expand: spending on personal consumption. Between the boom of 1955 and the recession of 1958, consumers' expenditure had risen between 3 and 4 per cent in real terms; by late 1959, it was 6 to 7 per cent higher than four years before. Just how one rates the period of pause from 1955 to late 1958 against the proclaimed hope of "a doubling of our standard of living in 25 years" depends on what is supposed to double. National income per head would hardly need to rise 100 per cent to allow a doubled standard of living, unless the individual stretched his notional enjoyments to include investment and defence. Industrial output, on the other hand, might need to rise even more than the required 2.8 per cent a year to double in 25 years, since output of other things increases more slowly than that of goods. If personal consumption and private saving most closely measure standards of living, the Chancellor was entitled to claim, as he did late last year, that "real net disposable income per head," after last year's tax reliefs, is marching well with Mr Butler's projection.

While it remains so uncertain which sectors of demand grew so much last year, this year's guesses about how demand may develop are even shakier than usual. It can be said with rather more confidence that the capacity that now exists and will come into being will satisfy a further substantial growth in demand. How much more? Crude comparisons of the net additions to industrial capacity from new investment against the course of output appear to fit fairly well with the results of empirical inquiries about capacity made by the National Institute of Economic and Social Research in the last two years. From these data, one can make a guess. Assuming that capacity generally must have been very close to full utilisation in 1951 and 1955, they suggest that it may have been underutilised by 15 to 20 per cent in July, 1958, and that production may be perhaps 10 to 15 per cent below capacity now.

These figures do not imply that output could rise by such percentages in 1960: the industrialists who said they were working 15 per cent below capacity reckoned they wanted 7 per cent more labour to reach full capacity—and that they certainly will not get. Some of them thought a 6 per cent increase possible with their present labour force, working rather longer hours: but even that would not be possible across manufacturing, and certainly not for the rest of the economy. Some capacity is spare now because demand has shifted away from it, and the shift may be permanent.

The counterpart to last year's rapid increase in production is a continued rise in personal incomes: the rate of increase in consumer debt is not so big as it was, but consumers have saved so much in recent months that they could if they choose increase their spending in the early months of this year as much as they did last year. There are various indications, too, that some industrialists, particularly in motors and steel, have been deciding to invest more heavily since the election. The full weight of this cannot be expected to tell until late in the year, but fixed investment under all headings should be swelled before then by increases in public sector investment that, after long last, are beginning to build up. One would expect a continued growth of inventories simply because the recovery in demand for many industrial products has been so sharp as to preclude any rebuilding of stocks until now. This promises



in turn a further growth in imports this year. General recovery in the industrialised countries should offer good opportunities for increased British exports, though the United States, where much of Britain's success was concentrated last year, may become a more difficult place to sell European cars. Higher incomes that primary producers are already reaping from selling larger volumes of raw materials at rather better prices may increase their readiness to buy British exports this year.

Production is now riding high, but a disconcertingly large part of its end-use, as the opening paragraphs show, cannot be identified. What, then, is the Chancellor to be expected to do when next he needs to act to keep the economy "about right"? There is one measure of restraint to which external events may eventually incline him—an upward move in interest rates. This could well have some effect internally in weeding out marginal projects if private investment begins to rise markedly in the second half of the year. But there is no sign at present that the authorities are scared of the way the boom is going or that they would be willing to jeopardise an emergent demand for new investment by a stringent use of interest rates. This year it may be hard to serve the needs of the British economy by using general measures of restraint or encouragement. Recovery and boom, so far, have been patchy, leaving some large sectors of industry in decline, and the Government has already shown a leaning towards selective treatment for some of them. The pattern of this boom seems likely to differ quite a little from the last: this one is still leaving room for healthy (and delayed) structural changes in the economy.

The Uneven Boom

The Booming Industries

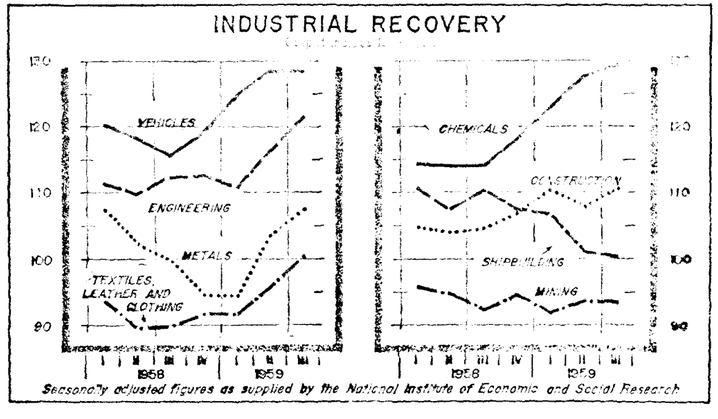
WITH a rapid recovery in the past six months to record levels of output, *steel* operations have risen sharply from about 80 per cent of capacity to about 95 per cent. Output last year was about 20 million ingot tons. This year the steel makers hope to be able to sell 23½-24 million tons. They are not, indeed, expecting their customers to use 17½-20 per cent more steel in 1960 than in 1959. But they are assuming that they may rebuild their stocks by perhaps up to a million tons (in ingot equivalent) this year—or about two-thirds of what they reduced them by in the recession. Even if steel consumption were unchanged this year, such a shift in stocking policy would push up home sales by almost 1½ million tons compared with 1959. But the steel makers also reckon on a rise of 5-10 per cent in home consumption of steel and a similar increase in direct exports. Total steel capacity is unlikely to come under strain: but difficulty will remain in meeting all demands for sheet steel.

Getting enough sheet may not be the only problem for the *motor* industry in 1960. It is now reaping full benefits from expansion programmes embarked on in 1954. In that year production totalled 769,000 cars and 268,000 commercial vehicles; last year output reached about 1,175,000 and 350,000 respectively, but by the year-end vehicles were coming off at an annual rate of 1,800,000, close to what the industry was at one time expected to reach in 1965 and yet still some way short of what it could, if required, squeeze out in 1960. BMC, Ford and Vauxhall are stepping up their capacities further, for 1961 and later.

But will the industry find customers for all the vehicles it could turn out this year? If home sales of cars approach 690,000 in 1960, against 610,000 in 1959 and 570,000 in 1958, it will have done well. Hire purchase terms can hardly be made any easier and the industry would be lucky if the Chancellor were to cut purchase tax on vehicles. The modest revival in freight traffic may help the makers of the heavier types of trucks, and they are confident of bigger exports again. But car exports (half of them to North America) face new competition from the new American compact cars and have to recover much ground lost elsewhere.

Makers of *household goods* are already working as close to capacity as most of them can get. In the first six months of 1959 output of a range of these appliances was 40 per cent higher than in the first half of 1958, and the pace does not seem to have slackened since. Spending on durable household goods might rise as much this year as it did in 1959, but manufacturers are quite happy with business as it is.

Output of heavy *chemicals* achieved a measure of recovery last year; the chemical industry as a whole showed a sharp rise in production of perhaps 12½ per cent for the full year, but this reflects the rising output of petrochemicals (particularly plastics), of paints and solvents, synthetic fibres and dyestuffs, and detergents—all of them closely related to consumer spending. Exports of chemicals set a new record in 1959 and the industry is confident of surpassing it this year.



The Recovering Industries

THE volume of *building and construction* work rose in 1959 by about 6 per cent, with private housebuilding substantially higher, and public housing lower; other building by public authorities and private commercial building both rose, but private industrial building has yet to show a revival. Activity this year will benefit from the big rise in orders for new work placed last year—about £1,500 million, against £1,278 million in 1958. Public construction work covers nearly half of all building expenditure and is expected to increase again, as should new private housing and commercial building.

In the 6-7 per cent rise in *engineering* output last year, consumer durables played a bigger part than investment goods, but these have lately been showing signs of recovery. Public investment—in electricity and railways primarily—continued to grow, engineering exports appeared to be reviving, and order books for machine tools and general engineering products stopped falling about the middle of last year. Output of plant and machinery may thus be expected to rise, but private industry's investment plans for 1960 do not suggest any material increase in its outlays on new plant and machinery.

Output of *textiles* and *clothing* has risen sharply. Lancashire is booming just as it is about to cut its capacity. Re-stocking has been encouraged by the firmness of raw cotton prices and by fears of shortage from the closing of mills under the reorganisation scheme. The recovery in the wool textile industry, which took about as much raw wool last year as in the Korean boom year of 1950, and a sixth more than in 1958, is now levelling out.

Still in Decline

COAL output fell by nearly 5 per cent in 1959 to about 206 million tons. But consumption (exports and bunkers included), fell by 10 per cent to about 190 millions tons, and total stocks rose by 14 million tons to more than 50 million tons. The main problem of the industry, however, is to find a way of preventing output falling to a level that could cause severe trouble later on. The board had hoped to mine about 195 million tons in 1960, but 1959 ended with output already down to an annual rate of 197 million tons, and the run-down in miners shows no sign of halting. Consumption is likely to rise this year. The revival in steel is making itself felt, but much depends upon the weather in the remaining winter months, as upon a broader upturn in the economy.

Though 1959 came to an end with a spatter of orders for new ships, *shipbuilding* is not likely to experience a real improvement until the shipping slump is decisively ended and most of the older vessels now laid up are sent for scrap. But its order books of 4 million gross tons at the end of 1959 (concentrated in the larger yards and including orders "on ice") should keep the industry reasonably busy at its declining rate of output.

Leads for Investors

IN the last two years, leading ordinary shares in London have risen by 125 per cent. That is much the same rise as in Wall Street's boom in the two years up to October, 1929; and it is a shivering thought that the 35 per cent rise in London in the last five months far surpasses Wall Street's spurt before the crash. However good the reasons for this quite different boom in London equities, investors have to ask themselves at the new year whether the party is over. The discussion on the earlier pages of this article is distinctly encouraging about the prospects for the economy; but there is not one investor in ten who does not take all that and more for granted.

The first thoughts of serious investors must be to the traditional signals, sterling and gilt-edged. It was possible last year to go in for a big reflation without jeopardising either sterling or gilt-edged by the fact or the fear of inflation. Will sterling and gilt-edged continue unaffected in 1960, as the economy moves nearer to boom? Maybe not, but the question is too portentous. Sterling is now on a much firmer base. In return for a small fall in the central gold reserves last year, Britain has repaid short-term debt and increased its quota with the International Monetary Fund by 50 per cent; so the "second line" reserves have been improved by over $1,000 million, which gives some useful room for manœuvre. The authorities do not need to worry if higher interest rates abroad pull modest flows of foreign funds from London.

What happens to the current balance of payments and the domestic value of the pound will be of more consequence. The current surplus in 1959, which may have been around £200 million, was no better than fair, given Britain's responsibilities for long-term lending and for help to developing countries. There is no room at all for meeting a deterioration in the trade balance this year, and the authorities should certainly be ready to pounce (notably with Bank rate) if they detect signs of a boom in imported stocks of materials. They are also making much more determined noises about the need to keep prices stable. If the noises go along with appropriate policies, sterling should have little to fear.

If restrictive measures did become necessary, equities would be more badly knocked than gilt-edged. The fact that the economy is now expanding under its own steam and that the Chancellor of the Exchequer will presumably budget next April for an overall deficit very much smaller than £721 million will relieve the Exchequer's need for borrowing in 1960-61. Borrowing from the gilt-edged market, however, may be just as pressing as in the past year. The Exchequer ought to depend much less this year on expanding the floating debt; and the queue of local authorities hoping to fund their short-term borrowings grows every week. It would be only sensible to expect a move by the authorities sometime in 1960 to check the recent deliberate expansion of credit. That could not help gilt-edged, and the market may eventually have to absorb sales by trustees released by the projected reform.

Yet despite these pressures one need not necessarily expect prices of long-dated government securities to be lower at the end of the year than they are at the beginning. So long as there is confidence in the stability of the currency, gilt-edged at their present yields of 5-5½ per cent have a strong built-in resistance to further falls in price. The fashion may still be for growth; but it is gilt-edged that now provide attractive income and some investors have been acting on that fact.

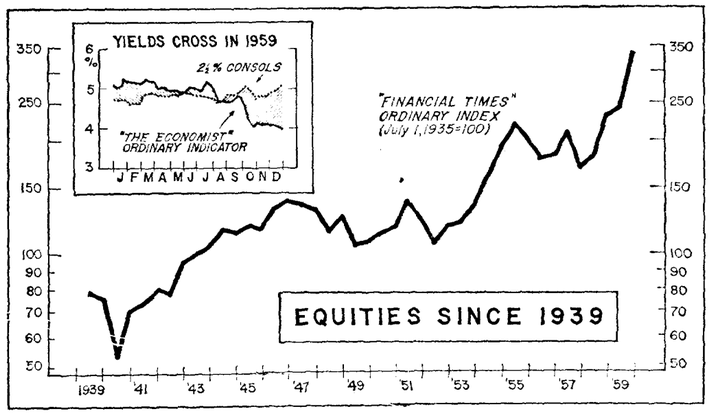
WILL ordinary shares continue to ignore this competition? So far they have done so, ending the year as they had begun it, and booming even on Christmas Eve. It is an appropriate end to a decade which started with the shareholder put last, by government and directors alike, and finished with equity shares out on their own. Their prices are now three times what they were at the beginning of 1950 and more than four times as high as before the war. In this decade it became fashionable to think of equities as a hedge against inflation. In fact what was happening was that their prices were catching up with the rise in other prices that had occurred since the beginning of the war. At present levels they are discounting further economic expansion rather than future inflation. Essentially, equities are now level-pegging with the economy and what happens to them will depend on the growth of earnings over a much longer period than ordinary shareholders have been prepared to contemplate hitherto.

The average yield on leading blue chips is now as much as 1½ per cent below that on long-dated gilt-edged; on current favourites the margin is as much as 3 per cent. Those who are buying these shares are making highly favourable assumptions about the future rate of growth in the economy and its translation into earnings and dividends. There is no reason for pessimism on any of these points. The question is how far the investor should go in paying for them. It would be surprising if easier credit had not made ordinary shares dearer, just as it has made farm land dearer. And at these prices the investor must become aware of the counter attractions of high yields on fixed interest stocks. If the prospect is for progress without inflation, the greater these attractions must be.

Wall Street, as a correspondent points out on a later page, has had a check that has blown some of the froth away. Throgmorton Street, so far, has not. For twenty-two months the equity market here has been almost continuously booming and prices have more than doubled. The Conservative victory in October spurred on the boom at an even greater rate—and rightly so, for it is hardly conceivable that party politics can ever again impose such an arbitrary hold on the market as they did at various stages of this closed decade. The need now is for a new sensitivity in timing and choice. It is a question not simply whether certain stocks and certain sectors (such as hire purchase, electronics and store shares) have been over-bought but whether such a general pace of advance can possibly be maintained. It is hard to believe that it can be, just as it is equally hard to believe that equities could fall far into discredit (especially not with a new Act to give trustees a chance to invest in them).

The investor must also consider the possibility of a reaction in the market—it seems more and more likely each time the daily index is jerked three or four points forward and each time the reversed yield gap widens. So far, any temporary check to the advance has brought investors back into the market to buy at lower prices. Short-term speculative gains will surely be harder to come by, particularly if the banks became tougher in their lending policies.

Among the industrial groups which gained most ground last year were steel, motor, plastics, newspaper and store shares. Steel shares are the special case, for once the nationalisation threat had been removed, they had to be adjusted to levels comparable with other leading industrial shares and that has happened. But their earnings yields are high and though the industry faces a big re-financing task, further advance cannot be ruled out simply because last year's advance was phenomenally strong. For the other groups, much of this year's expected rate of expansion has been discounted. It is not surprising that attention is now turning towards those industries where re-expansion is getting under way, including textiles, general engineering, building and electrical manufacturing. In the last few weeks equities in these categories have been given distinct prominence; it is noticeable that last year these groups (and even chemicals) fared little better than the average and some other groups (including heavy electrical equipment, still over-shadowed by the earlier and over-optimistic atomic share boom) fared much worse than the average. In the bull market of the last two years, some shares, including oil, shipping, shipbuilding and aircraft, have been largely ignored; the merits of some individual stocks (in the shipping and oil list particularly) were sadly overlooked until recently. But this is no year to start with the crystal ball; it will only reflect the rosy hue over the whole market without telling much about individual prospects. Better equipment for the investor would be: first, a sustained belief in the equity principle; secondly, a hard look at earnings prospects, of whatever he thinks of buying; and thirdly a look at asset backing too, for the last has surely not been heard of mergers and take-overs.



This logarithmic scale measures rates of growth: it shows the same rise for a doubling from 50 to 100 as from 100 to 200.

BUSINESS NOTES

IN THE MARKETS

All Ye Faithful

INVESTORS celebrated the festive season by a new burst of buying that raised the indices of equity prices by about 5 per cent in the last ten days of the year; this is not far short of the rise in the week after the election. Then, a major change in politics amply justified a major adjustment in the investment markets. It is not quite so apparent what new element affecting the worth of ordinary shares took place on Christmas Eve. The timing could be an indication of speculative fever, of the dangerous sort of reasoning that makes investors scurry to buy today because prices are bound to be up tomorrow.

One reassuring sign showed itself on Tuesday: there was a recovery in gilt-edged, which had been hit by seasonal influences and by anticipation of the promised new laws for trustees. Gilt-edged improved further on Wednesday, providing a good background to the Government's straightforward conversion offer. A new 5 per cent Conversion Stock, 1971 (one of the few years ahead in which maturities already arranged are light), is offered to holders of the £448 million of 2 per cent Exchequer Stock, 1960, and the £200 million of 3 per cent stock maturing early this year; the exchange is at par but with a cash payment of £1 10s. for each £100 nominal of the maturing stocks.

The significant feature of the operation is that the authorities have added to neither the short end nor the long end of the market. The Government broker still has adequate supplies of 5 per cent Treasury 1986-89 for his funding sales (which have been precious few in recent weeks but which ought on past experience to pick up this month and next). The short bond market should be stimulated by the reduction in the supply of stock (though a big part of the maturities has in the usual way been bought into government portfolios already and few are left in the discount market). This influence may in coming weeks be some counter to the pressure on short bonds arising from the increase in the bill rate (which under pressure from the authorities is getting close to 3¼ per cent) and from fears of a rise in Bank rate. In August some £713 million of 3 per cent Savings, 1955-65, will come within the five-year range of short bonds. The new 1971 stock is designed to appeal to the banks if they should ever feel interested in gilt-edged again; but might they not prefer something shorter?

THE 1959 BOOM

	Jan. 1	Oct. 8	Dec. 22	Dec. 31
Funding 5½% '82-'84	101 1/16	101 15/16	104	103 1/16
War Loan 3½%	65 13/16	63 7/8	64¾	64 15/16
AEI	58/-	62/3*	59/3	64/-
British Motor	10/7½†	18/3	21/10½	23/7½
Guest Keen	57/9	70/6	91/-	91/6
ICI	37/10½	49/3*	58/3	60/7½
Ind Coope	13/7½	16/9	19/-	20/-
Marks & Spencer 'A'	45/7½†	66/3	73/10½	76/3
Shell Transport	130/6	142/3	142/6	159/9
United Steel	28/6*	44/6	80/7½	82/6
Unilever	87/9	116/3	140/-	141/-
Barclays	43/10½†	54/6	65/11½	66/-
Midland	61/7½†	72/-	86/6	90/6
UDT	115/-	193/6	200/-	205/-
The Economist Ordinary Indicator	255·6	305·6	367·7	382·5
FT Ordinary Index	225·4	268·6	322·4	338·4

* Ex dividend. † Adjusted for scrip and rights issues.

A Broad Advance

The rise in equity prices, which began to boil over on Wednesday afternoon and was patchy on New Year's Eve, covered most sections of the market. But it was especially marked in bank shares, in advance of the imminent declaration of dividends for what must have been a highly profitable year, and in previously neglected stocks, notably oil shares. Shell, under influence of American buying, has jumped by 12s. 9d. to 159s. 9d. since the beginning of the week.

The height of present equity prices has not inhibited the Alliance Trust group from raising the gearing of its two trusts by offers of debentures. Alliance Trust is to issue £4 million of 5¼ per cent stock, 1980-85, at 97, and Second Alliance is to issue £1 million on the same terms. The yield of just under 5½ per cent is only ¼ per cent above that obtainable on a government security of comparable life. It may be that the new trustee proposals will lead to a general narrowing of such differentials. But the Alliance group is clearly paying more at 5½ per cent than it could now earn in immediate income on new equity investments. Decca Record is to issue £4½ million of 6 per cent unsecured loan stock, 1980-85 at par. This is likely to be nearer the going rate for industrial debenture offers in the next few weeks.

BANK CREDIT

Advances Slowing Down

FURTHER evidence that the expansion of bank advances is slowing down emerges from the full statement of the London clearing banks for mid-December. The banks together show a rise in advances in the previous four weeks of £68 million; but more than half of this results from special influences. The increase in the number of cheques being cleared at this season has brought a rise of £25 million in items in transit included in the gross figure of advances; and the nationalised industries have temporarily increased their advances from the clearing banks by nearly £14 million, to £82 million. Thus the true increase in advances to other borrowers was only £29 million—the smallest since the upsurge of advances began in the autumn of 1958.

This is the first time that the banks have published a make-up for mid-December, and it happens that the strong expansion of cheque clearings and liquid assets always seen in the end-year balance sheets still appears in some degree in these mid-month statements. The increase of £111 million in liquid assets, representing for the most part increased borrowing by the government from the banking system, may also reflect in part the weakening of the gilt-edged market during this period. In the weeks after the election, the revival of demand for gilt-edged had a noticeable impact in slowing down the expansion of bank credit. Even now the banks' liquidity ratio, at an average of 34.2 per cent, does not provide an excessive cushion to withstand the new year drain of tax payments.

LONDON CLEARING BANKS

(£ million)

	Dec. 16, 1959		Change on Month	Change on Year
Deposits	7,439·0		+232·3	+240·3
"Net" deposits	7,043·0*		+182·9	+282·2
	6,902·4†		+157·8	+284·9
		%§		
Liquid Assets ...	2,543·1	34·2	+123·8	+ 50·2
Cash	600·4	8·1	+ 17·4	+ 14·1
Call money ..	560·1	7·5	+ 36·8	− 26·5
Treasury bills	1,218·3	16·4	+ 48·0	+ 33·4
Other bills ..	164·3	2·2	+ 21·7	+ 29·2
"Risk" assets ..	4,514·8	62·6	+ 33·6	+286·5
Investments ..	1,719·9	23·1	− 8·9	−382·6
Advances‡ ...	2,794·9	39·5	+ 42·5	+669·1
State Boards	81·7	...	+ 13·7	+ 2·2

* Excluding items in course of collection. † Excluding all transit items. ‡ Excluding all transit items, except for ratio to gross deposits. § Ratio to gross deposits.

STEEL

Demand in 1960

THROUGHOUT the period of recession in steel demand, which began late in 1957, the steel industry was bringing in about a million ingot tons net of new capacity each year. In 1957, the steel makers had plant capable of producing 22¼ million tons and sold 21.7 million tons: last year their productive capacity, defined as the level at which they would prefer to operate, had risen to 24½ million tons but deliveries, which began to turn upward sharply in mid-1959, totalled only 20 million tons. By the year-end, however, output had reached the record annual rate of just over 23½ million tons. This year, with more new capacity due to come in, the industry could make, if called upon, as much as 25½ million tons.

The prospects for selling this much steel are examined in the January issue of *Steel Review*. The upturn in home steel demand in 1959 came initially from the boom in cars and household appliances, followed by a rise in construction, and by a slower general recovery in engineering. Vehicles and household goods should still do well in 1960. Public investment is likely to go on growing —though with a declining intensity in steel usage—and there should be an increase in the capital outlays of some private industries. Indirect steel exports by the metal goods industries should maintain their recent recovery. All told, home consumption this year might increase by 1-1½ million tons and, with the general recovery in world demand, there may also be a moderate increase of perhaps 5-10 per cent in direct steel exports.

But the biggest factor of uncertainty lies in the movement of consumers' and merchants' stocks. During the years of the steel boom from 1955 to 1957 these were built up by more than 1½ million tons (in ingot equivalent) only to be reduced in the following eighteen months or so of recession by almost the same amount, making the peaks and troughs in steel output even greater. The process of stock rebuilding appears to have begun towards the end of 1959 and could easily absorb up to an additional million tons of steel deliveries during 1960, suggesting a total demand this year of more than 24 million ingot tons. Imports—mainly sheet—are likely to fall during the course of the year. Thus, the mills may be called upon to deliver something approaching 24 million tons, between 90 and 94 per cent of their total capacity, with the biggest margin in heavy products used by the railways, coal and shipbuilding. Supplies of sheet steel, despite the prospect of an increase of 20 per cent in cold reduced sheet in 1960, are likely to remain tight, however, until the new strip mills at Newport and Ravenscraig start coming in in 1962.

DEMAND FOR STEEL

(Million ingot tons)

	1957	1958†	1959*	1960*
Home‡	18·6	17·5	18·0	19·5
Stocks	+ 0·4	− 0·8	− 0·4	+ 1·0
Direct exports	3·9	3·4	3·5	3·8
Total demand	22·9	20·1	21·1	24·3
Imports	1·2	0·9	1·1	0·5
Output	21·7	19·2	20·0	23·8
Capacity ..	22·3	23·5	24·5	25·5

* est. † 52 weeks ‡ incl. indirect export

Wall Street in the New Year

A Correspondent writes:

AS the old year drew to a close the mood on Wall Street, which only a few weeks ago was marked by doubt if not despair, became remarkably cheerful. The season itself had much to do with this change in heart, for this is the time for prophecy and most of the seers are decidedly optimistic about the prospects for business and the equity market in 1960. This is also the season for year-end dividends, and these will add up to a new record in payments despite the relapse in earnings caused by the long steel strike. And it is the period of reinvestment after sales made for tax purposes. Another contribution to the reaffirmation of faith in equities is the fact that 1960 will be an election year. Equity prices, the crystal-gazers say, should continue to rise early in the new year on the argument that the steel strike has proved to be a blessing in disguise, bringing about a pause in economic expansion and a tightening of credit at a time when it was needed most and assuring a new lease of life for the boom.

On similar reasoning, the drop in the Dow Jones average from its peak of 678 to a low of 615 can be considered a healthy development. In December that index came near its earlier peak. There is little expectation of an immediate stampede into equities that would produce a really sharp rise followed by a fall. The moderate extent of the recovery in equity prices recently has helped to strengthen this view and most stocks are still below their earlier peaks. Buying has become more selective, being concentrated upon such industries as chemicals, electrical equipment and capital goods which are likely to do well in 1960; upon consumer durables on which spending held up remarkably well during the steel strike; and upon banks and financial companies which are expected to profit from higher interest rates. American investors have not lost sight of reality in their buying of equities—though speculative fever is still evident in the demand for electronics issues. Just before Christmas, for instance, a new electronics stock was issued at $36 a share, around 30 times its estimated earnings in 1960. It was promptly bid up to $50, being bought at the equivalent of ten times its current turnover. This is hardly a conservative way of evaluating share prices.

WHEN equity prices are bid up to high levels, and dividend yields fall, American investors have to consider, just as their British counterparts do, the relative attractions of better yielding fixed interest bonds. Over the last few months, however, bigger earnings have permitted a rise in dividend payments, and this has pushed up yields on common stocks. These yields are still appreciably lower than those on fixed interest securities, but despite the rise in equity prices and the sagging of government bonds, the gap has not widened since October. The possibility that investors have to consider is whether dear money policies designed to put a brake on inflation will raise fixed interest yields to levels that are irresistible even to the most devout believers in the equity cult. Some institutional investors, especially pension funds and bank managed trust funds, have taken advantage of the recent rise in equity prices to cut down their holdings. Mutual funds, whose sales continue to be brisk, remain faithful to equities, but they are now more cautious than they were before the steel strike and have become very selective in their choice of stocks.

These have to be taken as signs that a change in mood is still possible. Investors are assuming that the steel strike will not be resumed, counting obviously on the chance of intervention by the government to force a compromise settlement. Nor do they seem to believe that there will be a rail strike, though both the unions and the managements are already stubbornly entrenching themselves. It may well be that these clouds will roll away; but investors are behaving as if they had already disappeared. And they may not as yet have faced the full implications of high interest rates.

TAKE-OVER BIDS

An Umbrella for Solartron

THE Solartron Electronic Group is a good example of the small company—it employed only 20 people in 1951—which grows on sheer technical merit to a certain size and then has to decide whether to remain so or to re-constitute itself to go ahead for greater things. They make their way in radio and electronics by patience and technical skill, not by large capital. In precision instruments, industrial controls and high-speed accessories for computers, Solartron reached an annual turnover of £2 million, employing 1,330 people. The company's reputation is built in part on its willingness to do awkward jobs that the rest of the electronics industry finds too complicated.

But a time comes when developments cannot be carried further without the injection of new capital. In the latest annual report the chairman says that the development of electronic reading machines (to give one example) has already cost the company £120,000, of which £82,000 has been spent in the past financial year, and a further £50,000 will have to be spent before the first machine is ready for delivery. The company's issued capital is £420,000 and its total assets are £2 million. It was decided to raise £1 million of new capital, and instead of going to the market, Solartron has arranged with

Firth Cleveland for the latter to subscribe for 300,000 new ordinary 10s. shares at £3 each and acquire 125,000 existing 10s. ordinary shares at the same price in cash or, alternatively, in exchange for two 4s. ordinary shares of Firth Cleveland. This company is offering to buy *half the shares* of existing Solartron shareholders now, and the remainder by July 31, 1961. This brings Solartron under the shelter of the umbrella of the industrial holding company, Firth Cleveland, which covers the largest television and household equipment retailing chain in the world and which has some experience of electronics. And it gives Firth Cleveland an indirect stake in the computer market because a large part of Solartron's business is in ancillary equipment for computers.

Seeking to Expand

HAVING conducted an agonising re-appraisal of its business in 1956, Metal Industries, under the chairmanship of Sir Charles Westlake, quickly regained its balance. In the summer of 1958, it sold off its last holdings in British Oxygen to its own shareholders, and with the money began to take other companies under its wing. In particular, it added to its interests in hydraulic and electrical equipment. Its electrical division now earns about 60 per cent of its total profits and a merger with such a comparatively small but prosperous electrical manufacturing concern as Lancashire Dynamo obviously made sense to the MI directors. A year ago they were negotiating with Lancashire Dynamo about a merger but they had no success.

On Christmas Eve they took the Lancashire Dynamo directors and the stock market completely by surprise by making a bid for all the preference and ordinary shares, requesting that the details of the offer should be passed on to shareholders. It was an odd time to make a bid and though their action can hardly be described as pacific the MI directors seem anxious to be amicable, speaking of a "merger" between the two companies and of an interchange of directors. The offer, judged even as a ranging shot, is not unattractive. For every £5 of 5½ per cent preference stock in Lancashire Dynamo, £6 of new 5 per cent preference stock in MI is offered and for every £5 of its ordinary stock £4 of new ordinary stock in MI plus 30s. in cash. With the MI shares standing at 72s. 6d. at the moment of the bid, this put a price of 64s. on the Lancashire Dynamo ordinary shares. They were then quoted in the market at 49s. and since the bid they have been marked up to 63s. 9d, while the MI ordinary units have risen to 74s.

TRADE WITH FRANCE

More Imports Freed

BRITISH exporters of motor cars, farm tractors and whisky no longer face quantitative restrictions in the French market. On Friday France abolished quotas on a further range of imports from OEEC countries, the United States and Canada, bringing liberalisation to 90 per cent of the trade on private account in 1957. Though the latest relaxation is substantial, the remaining quotas are still much more extensive than those left in Britain. On Friday also, France and other countries in the common market were due to make the second increase of 20 per cent in their ordinary quotas, and to increase small quotas from three to four per cent of national production of the affected items. These increases apply not only within the common market but to other OEEC countries as well. But the outsiders will negotiate their new quotas bilaterally; negotiations between Britain and France are expected to begin on January 19th. The principal items freed from control are:

> Motor cars, motor cycles and powered bicycles; farm tractors and other agricultural machinery; some mechanical handling equipment and contractors' plant; certain machine tools; whisky; knitwear except stockings and socks of synthetic fibres; printed piece goods of cotton and/or rayon; most batteries and accumulators and most household equipment, appliances and electric lamps; many steel products and chemicals; and earthenware.

France has greatly simplified the trader's task by introducing (as Britain has) a "negative" list of items still restricted. Apart from those already mentioned, the remaining quotas cover principally:

> Trucks and buses; crawler and other road tractors; coal and petroleum; certain chemicals and plastics; synthetic rubber; refrigerators; typewriters and computers; radio and television receivers; most cameras; certain scientific instruments and photographic equipment; watches and clocks; cutlery and furniture.

Britain should be able to sell more tractors and other machinery to France and, to judge by its popularity, more Scotch. British exports of whisky far exceeded the French quota, plus the special allowance for French hotels. The excess shipments apparently were attributable to an official practice of importing whisky and selling it at a stiff premium, and using the profit to help subsidise exports of certain French foodstuffs. This practice will presumably cease, to the benefit of British exporters and the pockets of Frenchmen who drink Scotch. But devaluation of the franc a year ago has made it more difficult to sell some British goods, such as family cars and cotton textiles. And though British exports to France in the first eleven months of 1959, at £70 million, were £5 million higher than in the same period of 1958, they were £12 million lower than in 1957.

SUEZ FINANCE COMPANY

Second SIM Sale

FOR reasons not altogether clear the British Government has retained its holding in the Suez Finance Company (which succeeded the Suez Canal Company) and like other shareholders it is receiving shares in the investment trust subsidiary, *Société d'Investissements Mobiliers*, and some cash as the United Arab Republic pays over compensation to the parent company. While the Government is retaining its shareholding in the parent company and its representation on its board, it seems willing to sell its shares in SIM, whose moneys are largely invested in French and other European securities. When it sold the first batch of SIM shares in June—70,760 of them at approximately £25 10s. each to the Locana Corporation—there was some comment that interested investors might have been invited to tender. In particular, it was asked why N. M. Rothschild, who originally lent the Government money to buy the Suez Canal shares, had been passed by.

It was more than sentiment that prompted this question and in December Sir Edward Boyle, the Financial Secretary to the Treasury, said that the Government would consider any favourable offer which might be made for the SIM shares; if they could not be sold by private tender, the Government would consider offering them for sale through the market. Tenders, including apparently one from Hambros Bank which acted for Locana in June, were made for the second batch of SIM shares and N. M. Rothschild was successful. The price at which the bank has bought the 35,380 shares has not been revealed, but evidently it could not be far away from the price of £27 15s. on the Paris Bourse. A few thousand of these shares are to be placed by Cazenove and Company through the London market at the equivalent price, allowing for arbitrage costs, of £27 10s. each.

ATOMIC ENERGY

Chapel Cross at Work

DURING Christmas the last of the four reactors at the Atomic Energy Authority's Chapel Cross nuclear power station began working, marking the completion of the AEA's massive building programme that began in 1946 with the decision to have a British-built deterrent. The commissioning of Chapel Cross, the country's second nuclear power station and its third plutonium factory, completes the task. The authority is never likely to build again on this scale. It may put up pilot-scale nuclear power stations costing £10 to £15 million as it is doing at Dounreay and Windscale to test new reactors before they are tackled by industry. It may modernise material treatment plants like the uranium smelting factory at Springfields and the spent fuel treatment plant at Windscale in order to provide a fuel service for civil nuclear power stations at home and abroad. But further expansion of plutonium production seems improbable.

The two Windscale plutonium-producing reactors, the four at Calder Hall and the four at Chapel Cross were built to provide a

nuclear deterrent of moderate size, together with the gaseous diffusion plant at Capenhurst which plays a key part in weapon production. In the middle of 1958, it was decided that their output would not be big enough to provide for tactical atomic weapons as well as the main deterrent and plans were made to adapt the civil nuclear power stations to produce weapon-grade plutonium. That decision was reversed in a matter of months and replaced by a complicated deal with the United States under which Britain exchanges plutonium with the United States against an equivalent weight of uranium 235. If Britain's weapon programme should in the future happen to outstrip the capacity of the existing plutonium factories, the balance will be made good from the United States.

COASTAL SHIPPING

Unfair Competition?

BRITISH RAILWAYS, which normally finds it difficult enough to compete with other forms of transport, has few formal restraints placed on its activities: it is, however, unique among the nationalised industries in possessing an independent regulatory body—the Transport Tribunal—which rules on any complaints about the railways' business dealings as well as fixing maximum charges. A petition has now been lodged with the Tribunal by the United Kingdom Chamber of Shipping on behalf of the coastal shipping industry, which in recent years has found itself almost as hard pressed as the railways to keep traffic. The complaint arises from the fact that after several months' consultation with the Transport Commission, the South Western Gas Board abruptly terminated contracts with coastal shipping companies to haul about 150,000 tons of coal a year from the northeast to waterside gas works in its area, and gave the business to the railways. It is questioned whether the rate offered by the railways is an economic one: but it appears that in fact the change from ships to rails was largely based on the Gas Board's need to change its source of coal, for technical reasons.

The interests of the coastal shipping industry are watched over by the Coastal Shipping Advisory Committee, which was set up by the Transport Act of 1947. This committee, composed of eight members named by the commission and eight named by the Minister of Transport to represent the industry, is charged with considering and reporting to the Minister on "all matters which may jointly affect the interests of the Commission and those of persons engaged in coastal shipping." The difficulties of getting such a committee to agree on anything of importance would seem obvious; while the present dispute was indeed discussed at a meeting last month, knowledge of the Chamber of Shipping's impending petition appears to have prevented it from taking any action of any kind. What is more serious, according to the shipowners, is that the matter was not referred to the committee before discussions were begun with the South Western Gas Board.

The coastal shipping industry now consists of liner, tanker and tramp vessels totalling about 1.2 million tons deadweight; the dry cargo vessels last year hauled about 29 million tons of cargo—about 90 per cent of it coal—between British ports. This tonnage has been falling sharply in recent years (dry cargo tonnage in 1957 was about 34 million tons) and the industry has previously expressed its concern about contracts for power station coal, which form the bulk of its business. It is often defended on other than economic grounds—potential service in time of war is an example—but has not previously been involved in a dispute of this kind with the railways. Provided the commission is not winning business by deliberately accepting unprofitable traffic, it is hard to see why its freedom to try and pay its way should be impaired; but it is also hard to see why the Advisory Committee, whose purpose is to prevent disputes of this kind, should be ignored, thus forcing the Tribunal to Act.

AIR FARES

Competition at Work

LAST year the world's airlines carried 95 million passengers but by no means all of these paid the fares prescribed by the International Air Transport Association. More important, perhaps, than the arrival of the jets and the carrying of eight million more passengers in 1959 was the beginning of a movement to cut fares by means that are outside IATA's powers of price fixing. One in every eight of the 1,650,000 passengers who crossed the North Atlantic in 1959 travelled in an aircraft chartered from one of the scheduled airlines and they paid roughly half of the price of a ticket bought across the counter. This type of chartering by the big airlines—not just by the small operators on the fringe of the business—more than doubled last year and it is snowballing impressively for 1960.

Since the airlines openly reduced their fares nearly two years ago, travel agents have been getting discounts of about 40 per cent on seats sold as part of a packaged holiday tour. Organised groups have always chartered aircraft, but it now looks as if the actual organising of 'organised' groups is becoming an important part of travel agents' business on the other side of the Atlantic. IATA's regulations forbid a group of people from coming together just to charter an aircraft but even IATA cannot stop them from coming together on the spur of the moment to form a club for some other purpose and then chartering their aeroplane. Probably because of currency restrictions in the past and a greater liking for the travel agent's inclusive tours, fewer British groups charter aircraft and most of the business comes from the other side of the Atlantic. The British Overseas Airways Corporation is making a good start in this business, employing surplus North Atlantic aircraft and is likely to emerge as a giant in chartering.

PLEASURE BOATING

On the Water Front

WHEN almost everyone has a television set and a third of Britain's families own motor cars the next item people will want will be boats—or so manufacturers of pleasure boats believe. Sales of week-end craft have risen sharply enough this year for such optimism to seem justified, but no one knows the size of this market. Small craft are not registered except in certain waters and if the Ship and Boat Builders' National Federation has measured the production of its member firms it is not publishing the figures. One estimate puts the market for outboard motors in 1959 at 50,000 units, which was an increase of 150 per cent over a similar estimate for 1949: another suggests that about 225,000 pleasure boats were in use last summer. Membership of the Royal Yachting Association rose by half last year, but racing enthusiasts do not provide a mass "family" market.

It is in this direction, however, that the greatest expansion seems possible. The ideal craft would seem to be a ready-made boat with a fairly powerful motor, easily manœuvred, costing under £150 including engine, and compact and light enough to be put on top of the car and driven to the water. Of the 300 firms exhibiting at the Boat Show at Earl's Court this week, about twenty offer something of this kind. A small dinghy and outboard motor can be had for as little as £70, and 21 exhibitors offer cheap "do-it-yourself" kits. Larger open motor boats of "moderate speed" sell at between £150 and £250, but a really fast, comfortable family launch costs up to £500. A small cabin cruiser can be bought for about the same amount. This makes the cost of week-end sailing somewhat less than the cost of a second car, but a lot more than the cost of a second television set.

New materials and large-scale production may make the £150 weekend boat more common next year: 24 firms at Earl's Court offer boats made of glass fibre and another six offer aluminium craft (which are lighter but not cheaper). Wood is still the main material. So many firms have turned to making so many different kinds of boats so quickly that the industry will need to pause and catch its breath before it can plan a drive for an expansion of family sailing of the kind that has already taken place in the United States.

THE GOLD STANDARD

Was It Ever Automatic?

WAS the international gold standard, even in its heyday before 1914, ever as automatic as monetary literature has

widely represented it to have been? Some new researches put this question, and some related ones, to the test of analysis in the light of modern principles and practice of monetary policy. Professor Arthur Bloomfield, lately of the Federal Reserve Bank of New York, is engaged on a substantial study of the functioning of the international gold standard in the period 1880-1914, and he has now presented the first fruits of his investigations in a short monograph published by the bank in its well-known series, which hitherto has been mainly devoted to modern monetary practice.

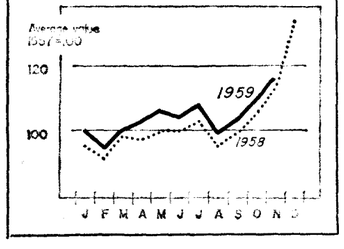
In common with some other writers since the breakdown of the gold standard in 1931, Professor Bloomfield believes that the pre-1914 model as described in text-book literature was over-simplified and idealised, and that the success of the system in operation was due neither to any automacity nor to special wisdom on the part of the operators, but mainly to an "unusually favourable combination of historical circumstances." The overriding objective of the gold standard countries was to maintain the convertibility of their national currencies into gold (directly or indirectly) at the legal parity; and in this they were assisted by the high degree of sensitiveness of international flows of short term funds to changes in interest rates, by the large and unimpeded flows of long-term international investment, and by the fact that the disturbances to world payments seem to have been, in general, relatively more moderate in the years before 1914 than in later years.

Although the system may not have been crudely automatic, in the sense of rapid responsiveness of Bank rate action to changes in central banks' gold reserves. Professor Bloomfield still finds that in the principal central banks (six out of the eleven he examines) there was close inverse correlation between the movements of Bank rates and ratios of gold reserves, as measured by annual averages. The lack of correlation shown by the other banks may have been due, moreover, to the strength of the influence of the rate movements of the major central banks (notably, of course, the Bank of England, since the several bank rates tended to move in unison; this "sympathetic" effect may have been especially important in the Scandinavian banks. To the extent that there was deliberate "management" of the pre-1914 gold standard, there is little to suggest that this was dictated by international as distinct from national considerations.

According to Professor Bloomfield, the "rules of the game" supposedly required a central bank not only to allow a gold movement to exert its natural effect on the reserves of the commercial banks, but actually to exaggerate that effect. Not surprisingly, he is unable to find any evidence that the game was in fact played in this way, since the domestic and international assets of central banks more often moved in opposite directions than the same direction (as, of course, they also did in the interwar period). The "neutralisation" of gold movements in this sense was, however, generally only partial—so that the volume of domestic credit did respond to changes in the reserves. Although some sharp deflationary pressures were experienced in individual countries during the period, these seem to have been attributable to the impact of worldwide depressions rather than to the effects of any restrictive credit policies associated with the need to maintain convertibility. There is no sign that discount rate policy had harsh repercussions on employment.

Retail Sales

Retail trade was still doing as well in November as earlier months. Although expansion over last year had narrowed from 5 per cent in the second and third quarters to 2 or 3 per cent in October and November, this only reflects the higher trade in the corresponding months of 1958 following the lifting of hire purchase restrictions.



THE SMALL INVESTOR

Who Is He?

THE financial world has concentrated much attention on the small investor in the past year or so. Who is he? Is it right that he should be wooed so assiduously by the unit trust movement but so often cold-shouldered by stockbrokers? The Acton Society Trust has been seeking the answers to these questions. Its findings* are, however, based on replies from only 1,600 small investors. The trust defined a small investor as one who had invested to date not more than £1,000, or alternatively one who had invested more but whose weekly income was below £50.

The report says that the small investor is typically a member of the lower middle class, who did not stay at school beyond 16. In nine cases out of ten he will be a married man, with one teenage child. His total weekly income will average £17 a week, compared with the national average of £13. Before making his first investment, he will almost certainly have opened a banking account; probably he will have taken out a life insurance policy and have money in the Post Office, Trustee Savings Bank or in National Savings, which he may well draw upon as his interest in the stock exchange grows. He will have kept a cash reserve of about £100.

What persuades him to invest in shares first of all? Usually private study and discussion with friends, but often he is influenced by newspapers. Advertisements obviously attract him to invest in unit trusts. Only 18 per cent of this sample sought advice from brokers and many small investors remain suspicious of the stock exchange. A charge hand, aged 40, put it like this:

> Brokers should be more accessible. The first time my knees were knocking. You have to move in a different circle to brave it, but I have always been a gambler and like a flutter, so carried on.

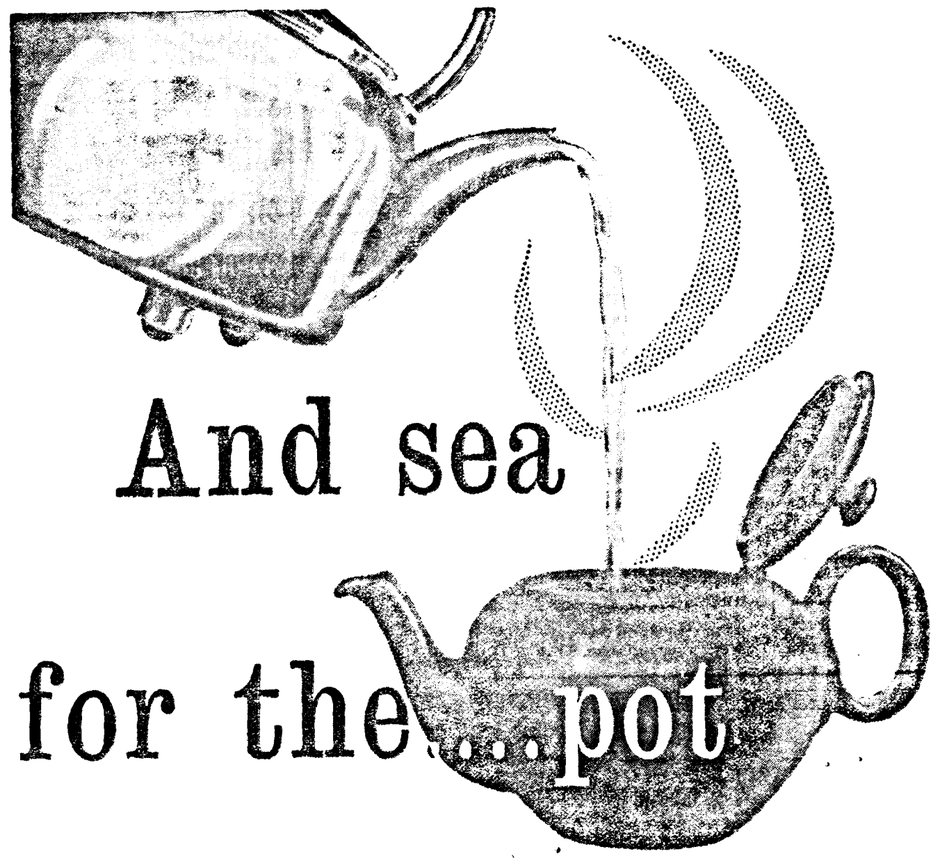
The survey stresses the high cost for stockbrokers of small investments. This and the complications of transfer (at present under review) deter the small investor. Two other obstacles are the 2 per cent stamp duty and the delay in receiving tax relief on dividends to which all investors paying less than the standard rate of tax are entitled. This is a useful pilot survey, but if the small investor is to become the infantryman of a property owning democracy it will have to be supplemented by a wider survey of what makes people save and invest.

*Wider Shareholding. Acton Society Trust. 8s. 6d.

ANTARCTIC WHALING

Freedom Restrained

FOR the first time for ten years the baleen whaling season in the Antarctic has opened without any binding restrictions on the catch. Though the International Whaling Convention, on paper, restricts the catch to 15,000 blue whales or the equivalent in oil, only three whaling countries—Britain, Japan and Russia—are still members of it. Norway and Holland withdrew last summer after the failure to agree on the allocation of the catch. But this season's hunting is not a complete free for all—because that would be in no one's interest. Norway, though not Holland, will observe the time limit, which this season is 102 days starting on December 28th; and the three western countries and Japan have voluntarily set limits to their catches. These limits, compared with the actual catch last season, are: Japan 5,040 whales (5,028). Norway 5,800 (5,781), Britain 2,500 (1,858), and Holland 1,200 (951). The intention had been that the four countries would share four-fifths of the permissible catch of 15,000 whales, with Russia getting the remaining fifth. If their voluntary quotas of 14,540 whales all told are now taken to be four-fifths of the full catch, Russia's quota would be 3,635 whales, making a total of 18,175 or 3,175 whales



And sea for the pot

In arid parts of the World this is by no means as absurd as it sounds; recent advances in the design of flash evaporators have made it economically possible to supply entire towns with fresh water from the sea. The cost may often be less than that of a long pipeline.

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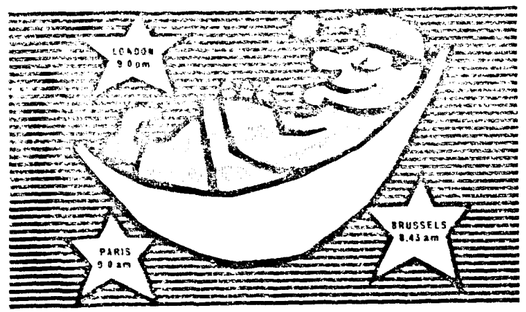

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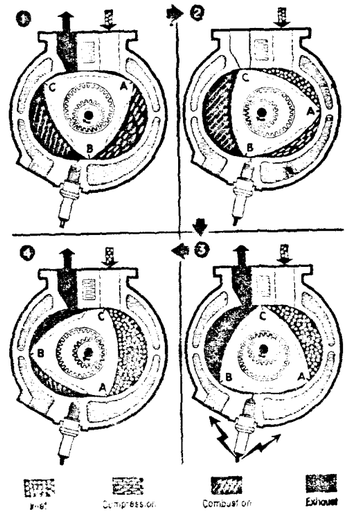
more than the convention allows. In fact the disparity is likely to be a good deal smaller. Though Russia is sending a new expedition this year, making two in all, it would be fortunate to catch more than about 3,000 whales, and Holland may not catch much more than it did before (the British quota looks more generous than it is because Hector Whaling, one of the British companies, had a poor catch last year). But clearly there is a risk of a larger catch reducing the whale population.

When international restriction was effective each expedition was forced into a race to catch as many whales as it could before the maximum number was reached—usually within sixty-nine days of the opening date. Costs were forced up, and allocation of the catch was proposed to make the game more profitable. This season each expedition can if necessary hunt for the full 102 days; thus it can employ fewer catching vessels and process its catch at a slower speed to give the maximum yield. This season twenty expeditions are again taking part, the extra Russian fleet being offset by one less from Norway. It is much too early to guess what price this season's whale oil will fetch; that depends not only on the size of the catch, but on prices of other oils and fats. Last season's whale oil sold for an average price of about £74 a ton, and little of it is still unsold.

THE WANKEL

NSU's Claims

It is easy to decry an innovation, but the almost universal doubts that engineers have expressed about the advantages of the recently announced NSU-Wankel engine as compared with the conventional reciprocating engine seem to have strong grounds. An official description of the new engine, in which Curtiss-Wright as well as NSU is interested, has lately been published. The gaseous fuel mixture enters the chamber through the right-hand port, and is exhausted through the left-hand port as each is uncovered in succession by the central, eccentrically spinning rotor. Combustion spaces are formed in the sides of the rotor, marked by the dotted lines. The rotor is mounted in the casing on eccentric bearings, which control its movement; an internally toothed gear is cut inside it, and transmits the drive to a central shaft running right through the chamber. The seals A, B and C maintain contact between the rotor and the chamber wall, allowing the compression, combustion, expansion and exhaust processes to go on in the spaces between the rotor and the outer chamber wall. Water circulates through the casing to cool the engine.



In Diagram 1 there is an overlap between exhaust and inlet in the space C-A, compression of the gas in A-B, and expansion following combustion in B-C. In the second drawing gas is being drawn into C-A, compression and expansion are continuing respectively in A-B and B-C. In the third, gas continues coming into C-A, combustion is commencing in A-B and exhaust has begun from B-C. In the fourth diagram the same cycle continues.

The diagrams emphasise the large area exposed to combustion, which means high heat losses. The overlap between inlet and exhaust means dilution of the inlet gas by exhaust gas; both factors will reduce efficiency. The high speed of rotation may help to offset this; NSU claim a specific consumption of about half a pound of fuel per bhp hour for a 125 cc version of an earlier type of this engine, and a peak speed of 17,000 rpm, but they have issued no figures for the current version of the engine as described here, which first ran in 1958. More general weaknesses that engineers have pointed out in the engine are the difficulty of sealing the points at which the shaft enters the chamber, and of compensating fully for the vibration produced by the eccentric movement of the rotor. NSU says that production cannot begin for at least a year, but Curtiss-Wright states that it is preparing to begin production now for boats and aircraft.

NATURAL RUBBER

Russia Catches On

The habit of disposing of strategic stocks appears to be spreading. The United States and British governments started to sell natural rubber last October; now Russia is said to have decided to dispose of about 50,000 tons of natural rubber in the first quarter of this year. An announcement from Moscow is expected shortly. Hints of this move from Russian trade officials in London have helped to depress prices (as they were doubtless intended to), especially in Singapore. Dealers in London responded more calmly—or more sceptically—and on Thursday rubber for April-June delivery closed here at 31¼d. a lb, showing a fall of ¼d. over the week. A Russian official stated that the price of natural rubber was considered to be too high in comparison with synthetic rubber, and the government intended to release rubber from its reserves to help consumers "just as the United States and British governments are selling rubber to help their own consumers." The delivery of 50,000 tons would not exhaust the reserve. The bulk is expected to be delivered to factories within Russia, but some may be delivered to other European Communist countries. At least one of these countries was still buying natural rubber this week.

After the United States Russia is the largest buyer of natural rubber, and its purchases have a big influence on the market. It would certainly be difficult for Russia to buy substantial quantities now without pushing prices sharply higher. It withdrew from the market before prices reached a peak in November, when rubber for three months' delivery in London touched 37d. a lb. Delivery from Russia's reserve of about 50,000 tons would be equivalent to roughly a fifth of its imports of natural rubber in 1959, which are estimated at about 230,000 tons, or about 20,000 tons more than in 1958. Total imports into Communist countries in 1959 are estimated at between 450,000 and 475,000 tons, compared with 430,000 in 1958. Russia has also been importing synthetic rubber, although it is itself a large producer. If living standards in Russia continue to rise its consumption of rubber must rise too, and hence the release of 50,000 tons in 1960 may not bring a corresponding fall in its imports of natural rubber.

RAW COCOA

Threat of Weakness

Raw cocoa continues to sag. In London cocoa for prompt delivery is now about 225s. a cwt, which is about 37s. lower than two months ago. Crop prospects are good, especially in Africa, and consumption is lagging behind. World production in 1959-60 is estimated by the United States Department of Agriculture at a record 926,000 long tons, which would be 5 per cent above last season's output and more than a fifth higher than in 1957-58. Last summer the head of the Brazilian marketing agency predicted that a smaller crop in Brazil would offset increased output in Africa, and that buyers would therefore

have to pay at least the minimum Brazilian export price of 32½ cents a lb fob, equivalent to about 277s. a cwt cif UK. That prediction has gone awry, and the Brazilian minimum has become ineffective. Though it is officially in force, the agency is known to have been selling cocoa beans well below its minimum, and selling cocoa butter cheaper still.

The size of the surplus of cocoa this season depends on how vigorously manufacturers take advantage of lower prices by trying to increase consumption, and how far they choose to build up their stocks. Manufacturers are buying cautiously, and the single selling agency in London of the Ghanaian and Nigerian marketing boards is fighting a rearguard action to hold the price. In contrast to Brazil, this agency has no minimum price and does not take big speculative risks by withholding supplies. Manufacturers are naturally reluctant to buy freely on a weak market, but some of them are probably wondering if they will have to pay for their caution later on. Should prices fall further and remain low, Ghana and Nigeria will be sorely tempted to support the price by some kind of stabilisation scheme—despite the discouraging experience of Brazil. Such a policy would not be to the manufacturers' liking, but the threat of it may draw uncomfortably close.

BUILDING

Report on Prefabrication

PREFABRICATED housebuilding in Britain enjoyed brief booms after both world wars without greatly enhancing its reputation with the householder. Though some of the types designed then have been developed for less sophisticated export markets, and some of the techniques are used widely in school and factory building, prefabrication still plays a limited part in the building of permanent houses today. Some progress has been made at the same time in making "traditional" building techniques more efficient, but it is often argued that further economies can only be gained by increasing use of prefabrication, and by transferring the production of increasingly larger "components" from the building site to the assembly line. Prefabrication—and its concomitant, standardisation—have been widely used in the United States, where the higher price of building labour presumably makes mechanisation more economic. The Building Research Station of the Department of Scientific and Industrial Research, in a recently published study* of prefabrication in British housebuilding, draws the cautious conclusion that the savings from mechanisation of housebuilding are neither as large nor as certain as some of its advocates have claimed.

A total of 412 houses, built by five contractors, was studied; 180 of these were built by traditional methods, and the rest used varying degrees of prefabrication, ranging from a factory-made spine wall and partitions up to building the whole interior of the house—wall linings, partitions and ceilings—in a joinery works. Admittedly the sample of prefabrication sounds to have been a rather unrepresentative one. The houses were built for local authorities to designs and specifications prepared by the Building Research Station, which called for varying degrees of fabrication: the station obtained tenders for the more important prefabricated components. The sample thus excluded building by organisations in which design and construction are closely connected, which perhaps might have achieved higher efficiency. To suit the demands of factory production, much of the difficult work was left to conventional methods; this can produce a discontinuity of work which slows the whole building process. It was found that little saving in labour cost was gained by transferring work from the site to the factory; that this saving was sometimes more than offset by higher factory overheads and profit; and that labour cost on the site was often increased. The report concludes that further evolution of traditional processes—such as the use of larger blocks for external walling—may hold greater promise of economy than the introduction of radically different principles of construction.

* A Study of Alternative Methods of House Construction. HMSO, 7s. 6d.

INTERNATIONAL INVESTMENT

A World Guide

INVESTMENT of money outside one's own country has always involved special risks and called for special knowledge of foreign law. Firms and individuals concerned with these responsibilities will be thankful for an impressive new reference book compiled by Professor Wolfgang Friedmann of Columbia University.* This is a careful study of company law and the special provisions affecting foreign investors in forty countries, each chapter being written by an authority on that country—for example Lord Chorley writes on Britain. There are also two valuable concluding chapters to draw the threads together. These, it is interesting to note, put no great hopes in the alluring and long-proposed idea of a world investment code: "By the time it was signed, it would in all probability be so burdened with qualifications, exceptions, and special cases . . . that it would be of little use to investors." Legislative provisions made by the capital importing country itself are more likely to be clear cut, and although these have only limited force in international law (such as it is), they may be the best practical means of creating more order and mutual confidence in this sphere.

* Legal Aspects of Foreign Investment; Stevens & Sons, £7 7s.

GAS

Another Lurgi

BRITAIN'S second Lurgi gasification plant is to be erected by the West Midlands Gas Board—which has been ploughing its official way through to this decision since 1952. At first sight it appears as if the plant to be erected at a cost of nearly £9 million at Gorsey, Coleshill, will come nearer to the scale of production that makes such plants really worth while than the plant now being erected at Westfield, Fife. The Coleshill plant will use about 410,000 tons of low-grade coal a year, taking it from East and West Midland pits. The initial production of 40 million cubic feet of gas a day compares with the 30 million cubic feet expected at Westfield in its second stage of production—two years after that plant opens. The board expects to save £300,000 a year after paying for the Midlands plant and transmission mains as well as charges on works closed down. There may be room for other such plants in Britain, but the real test of their value could come only if it were found possible to build them much larger and to feed their production into a high-pressure national grid.

SHORTER NOTE

In a statement issued in advance of next week's extraordinary meeting, the board of E. V. Industrials forecast a dividend of 25 per cent for 1959 (an interim of 10 per cent has already been paid). For the year to December 31, 1960, profits before tax are estimated at £400,000, out of which the board would hope to pay a dividend of 30 per cent. These forecasts are subject to "a continuation of present market conditions and the ability to stabilise our financial arrangements." The net asset value of the 5s. ordinary shares is stated to be 9s. 6d. a share or 11s. 6d. if properties were written up to professional valuations. At 22s. (as compared with an earlier offer for the shares of 35s.) the shares yield 5¼ per cent on the forecast dividend.

COMPANY AFFAIRS
Comments on pages 63 and 66 on
Turner and Newall — Lloyds and Scottish
Assoc. Engineering — Engineering
Tate & Lyle — Mitchells and Butlers
U S Borax — Ashdown Invest. Trust
British Bank of the Middle East

LONDON AND NEW YORK
An extended list of stocks, prices, yields and security indices on pages 64 and 65

LONDON STOCK EXCHANGE
The week's movements reported on page 66

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 67

COMPANY MEETINGS

TURNER & NEWALL LIMITED

MR R. G. SOOTHILL'S REVIEW

The Annual General Meeting of Turner & Newall Limited will be held on January 21, 1960, at the Chartered Accountants' Hall, Manchester, when it is expected that Mr R. G. Soothill, the Chairman of the Company, will preside.

Mr Soothill's Statement to the Stockholders has been circulated to them with the Report and Accounts and, after dealing with the Accounts of the Company, it contains a detailed review of the Company's operations during the year to September 30, 1959, both at home and abroad.

The following are extracts from the Statement:

I would like at the outset to refer with much sorrow to the very great loss sustained by the Company through the untimely death of our late Chairman, Sir Walker Shepherd, which occurred last February. His connection with Turner & Newall Limited dated from 1927 and nearly all his long and invaluable services were rendered in a series of increasingly senior capacities. Having been first appointed Secretary, he became a Director in 1931, Deputy Chairman in 1942, and Chairman in 1944. Sir Walker's natural gifts were of the highest order, and he took an outstanding part in the formation and execution of policies which have brought about the rapid and continued expansion of the Company throughout many years past. As Chairman, he gave clear-sighted and determined leadership, while working closely in a collaborative spirit with his colleagues on the Board—always attentive to their ideas and ready to discuss varying viewpoints. His loss is a serious one for our Company, and both to his immediate colleagues and to his many other friends, in our organisation and elsewhere, it has come as a very sad personal blow.

I will now briefly review the salient features of the Company's operations during the year.

MINING COMPANIES
AFRICA

A year ago reference was made to curtailed demand in the world market for raw asbestos, which had caused our mining organisation in Africa to reduce its rate of production. This lessened activity did, as was foreshadowed, have an adverse influence upon profits earned and the effect was accentuated by more particularly reduced sales of the higher grade fibres used in the textile section of the asbestos industry. With the exception of those fibres, the market for raw asbestos has now substantially recovered, and resumption of our normal rate of production took place on July 1, 1959. Nevertheless, increased competition suggests that the profit earning capacity of our African mines is likely, in the immediate future, to remain at a somewhat lower level than in recent years.

CANADA

In the case of our Canadian mining company, Bell Asbestos Mines Ltd., the restraining factors described in relation to our African mining activities have applied in a much smaller degree. Hence, this Company has experienced a very satisfactory year, operating at a high level of output. The lessened demand reported last year showed a significant recovery in the second half of the financial year now under review and, subject to a note of caution in relation to the textile grades of fibre, there is no reason why our mining operations in Canada should not continue at a high and profitable level.

MANUFACTURING COMPANIES LOCATED IN THE UNITED KINGDOM
TURNER BROTHERS ASBESTOS CO. LTD.

Production and sale of many items in the wide range of asbestos textiles and technical rubber products covered by Turner Brothers Asbestos Co. Ltd. reached high levels; in the case of some products improvement in sales, following the previous quieter period, was a little slow, but this improvement was becoming more general by the end of the period. In the home market, substantially increased contracts for fire-resisting conveyor belting have been obtained from the National Coal Board, but current requirements are on a reduced scale. Export turnover in total, although satisfactory, has fallen short of the record figure achieved in the previous year, which included exceptional Russian orders for power transmission belting.

Trading conditions have remained highly competitive throughout the Company's field of operations, but no effort has been spared to increase efficiency and reduce production costs. Significant fresh progress has been made in these directions, as more new plant has been brought into commission, and further advances will result from the development work now in hand.

FERODO LTD.

The demand for brake and clutch linings was very high throughout the year, sales in both home and export markets being records in the history of the Company. The increase in export turnover is particularly gratifying, since it was achieved in nearly all the important markets in the face of increasingly intensive competition.

Significant results have already been achieved as a result of the new research facilities, to which reference was made last year, both in manufacturing technique and in the development of improved products. Research continues on day-to-day problems and also on fundamental aspects of friction and friction materials. Some of this basic work is of a relatively long-term nature, but I have no doubt that it will contribute increasingly year by year to the prosperity of the Company.

Ferodo Ltd. started the current financial year with a well filled order book, and prospects for the immediate future are quite favourable, although it may be difficult to maintain existing profit margins.

TURNERS ASBESTOS CEMENT CO. LTD.

Turners Asbestos Cement Co. Ltd. supplies the building and civil engineering industries in the United Kingdom and in export markets with a wide range of asbestos-cement materials. The easing of credit was felt in these industries progressively and this Company has had a successful year, particularly in the home market, where the demand for its products was at a high level. As an exception, the demand for "Everite" asbestos-cement pressure pipes for water mains has been disappointing, but it is hoped that this market will expand again as the plans of local authorities for much-needed water schemes are sanctioned.

The Thermal Insulation (Industrial Buildings) Act, 1957, which came into force early in 1959, lays down standards for the insulation of new industrial buildings and, in keeping with its progressive policy, the Company has made available various types of double-skin insulated roofings which meet the provisions of the new Act. Among other new products, "Turnall" Asbestos Ships Board, a fire-resisting structural board, is in growing demand by the shipbuilding industry, and "Turnall" 'Colourglaze' finish, introduced to give a decorative protection to asbestos-cement roofing and walling sheets and rainwater goods, becomes increasingly popular.

New machinery is being installed so that the Company may, as in the past, be equipped to meet the demands of the future. Unremitting attention continues to be paid to the maintenance of that high quality which has made the products of Turners Asbestos Cement Co. Ltd. pre-eminent in their respective fields.

The programme of industrial and domestic building work, coupled with a healthy order book, suggests that the current financial year should show satisfactory results.

THE WASHINGTON CHEMICAL CO. LTD.

Production of magnesia and other chemicals at the factories of The Washington Chemical Co. Ltd. was at a very high level throughout most of the year, being appreciably in excess of last year's output, both in tonnage and in value. Demand for these products proved to be of a sustained character from abroad as well as at home.

NEWALLS INSULATION CO. LTD.

Newalls Insulation Co. Ltd. in its role as contractors experienced another busy year, the turnover being greater than that of the last twelve months, although the previous trend towards lower profit margins continued. A considerable number of large and interesting contracts was secured, including very substantial work at the nuclear power stations at present under construction in this country. In this connection, and elsewhere, Newalls' high reputation for workmanship and close technical collaboration with boiler manufacturers, engineers and shipbuilders becomes of increasing importance. An addition to the range of Newalls' materials in the form of its "Newtherm" calcium silicate insulation, a product of outstanding quality, has been very favourably received by both home and export trade buyers as well as by contract clients.

MANUFACTURING COMPANIES LOCATED ABROAD
UNITED STATES OF AMERICA

During the past year the American economy has moved out of recession and this has led to

an improvement in the demand for the products manufactured by Keasbey & Mattison Company.

The new asbestos cement pipe manufacturing unit at St Louis, Mo., came into full operation during the year and is having a beneficial effect upon the earnings of the Company.

The prospects for Keasbey & Mattison Company are good, but are, of course, dependent upon a satisfactory solution of the serious labour problems which face some of the major industries in the United States.

CANADA

Atlas Asbestos Co. Ltd. experienced another year of restricted business and the factory in Montreal was not operated to full capacity. Progress is being made in increasing the rate and efficiency of the production of asbestos-cement pressure pipes and gravity sewer pipes in the new pipe division, and it is expected that this division will become an increasingly important contributor to the Company's turnover.

INDIA

Once more, Asbestos Cement (Pvt.) Ltd., the member of the Group which manufactures asbestos-cement building products and asbestos-cement pipes in India, has had a very satisfactory year; demand continues to be heavy and the Company should prosper for so long as the Government of India can satisfactorily solve its current financial problems.

Production of asbestos textiles and jointings at Ghatkopar by Asbestos, Magnesia & Friction Materials Ltd. has made further progress and, with expanding sales, this Company has produced significantly improved results; in this case also, subject to reasonable stability in the economy of the country, the prospects are good.

FEDERATION OF RHODESIA AND NYASALAND

Trading conditions in the Federation during the past year have been somewhat difficult but, despite this, Turners Asbestos Products (Pvt.) Ltd., which manufactures asbestos-cement building products and pipes in the Federation, has produced very satisfactory results; with the passage of another year its manufacturing facilities and all branches of its management have been further consolidated so that it is in an excellent position to take advantage of any opportunities which may arise in the future.

UNION OF SOUTH AFRICA

Since last year the name of our subsidiary company which manufactures asbestos-cement pipes in the Union of South Africa has been changed from Springbok Pipe Co. (Pty.) Ltd. to Turners Asbestos Products (Pty.) Ltd., the intention being that the new name shall more clearly denote the connection of this Company with Turner & Newall Limited. It is now making a useful contribution to the Group and consolidating its position in the market in South Africa.

GENERAL

During the year Mr K. Neve was appointed as a Director of the Company. Mr Neve joined the Company as a trainee in 1932 and has been in the service of our organisation for over 27 years, the whole of this period having been spent in the asbestos-cement section operated by Turners Asbestos Cement Co. Ltd.; he has for some years been the Executive Director of Turners Asbestos Cement Co. Ltd., and will become Chairman of that Company on January 1, 1960.

It is with pleasure that, having regard to the satisfactory results for the year (which have been favourably affected by the reduced incidence of taxation), your Board recommends a final dividend of 15 per cent on the Ordinary Stock, making, with the interim dividend of 5 per cent already paid, a total distribution of 20 per cent for the year, which compares with 15 per cent last year.

The forecast given in the Chairman's Statement last year indicated that the Company could expect to remain prosperous during the year now under review, though at a somewhat lower level than in boom periods of the immediate past, and this forecast has proved substantially correct. In the past financial year, several different factors have operated adversely upon the Company's affairs. Among our home manufacturing organisations the credit squeeze continued for some time to have its effects, which diminished in varying degrees and speeds throughout the year. In the case of our overseas manufacturing companies, external influences differed considerably; in the USA and Canada recovery from the recessions in those countries proceeded steadily, at a rate faster in the USA than in Canada; in Southern Africa conditions remained less active than in the previous year, but they are now showing a tendency to recovery; in India both our manufacturing enterprises experienced very satisfactory trading conditions. On the mining side, in Canada and Southern Africa, the picture remains reasonably favourable, except for reduced earnings on certain grades of fibre.

As regards the financial year now current, it is fair to assume that the favourable tendencies appearing during the latter half of the previous year will be intensified, although it has to be borne in mind that, with the steady growth of world competition, advances in turnover are not necessarily paralleled by corresponding advances in profit. What is certain is that your Company remains progressive in all respects, and is alert to take every opportunity of utilising its available resources in appropriate developments, both in this country and overseas.

THE PLESSEY COMPANY LIMITED

(Manufacturers of components and equipment for the Radio, Electrical, Aircraft, Nucleonics and Precision Engineering Industries)

BROADENIN PRODUCT RANGE

SUCCESS OF RESEARCH AND DEVELOPMENT POLICY

MR A. G. CLARK REVIEWS A RECORD YEAR

The thirty-fifth annual general meeting of The Plessey Company Limited, was held on December 30th at the registered office, 1 Broad Street Place, London, E.C., Mr A. G. Clark, chairman and managing director, presiding.

The Secretary, Mr W. F. Cross, read the notice convening the meeting and the report of the auditors.

The following is the chairman's statement circulated with the report and accounts:

You will have seen from the accounts for the year to June 30, 1959, which we now submit to you, that at £2,236,119 the total profit before taxation is some £844,000 higher than the profit for the previous year. £2,236,119 constitutes a record in the Company's history, and I am the more pleased to be able to tell you of this step forward since the accounts now presented to you cover the completion of forty years since the business was established. They have been an interesting forty years, and many alterations and adjustments have been necessary in order to adapt ourselves as speedily as possible to changes in the world in which we must operate, but I am glad to say that we still retain our flexibility and energy, and I am confident that in the years ahead we shall continue to progress.

In large part our growth has been due to the enthusiasm and capacity for hard work of our staff, and I would like to place on record how much is due to the many members of that staff who are devoting their working lives to the care and extension of our business.

THREE REASONS FOR SUCCESS

Broadly, the satisfactory results for the year flow from three sources. In the first place we have, as a matter of policy, been concerned to widen the range of our products so that we were correspondingly less affected by seasonal influences and correspondingly less affected also by the ups and downs of any particular one of the many industries we serve. In the second place, our policy of ploughing a very large part of our income back into Research and Development is paying good dividends. I have told you before that many years often pass before the benefit is felt of money spent in this way. But spent it must be, if we are to hold the position we are determined to occupy, and profitable the spending can be if it is directed into those fields where, as we are convinced, great technical achievement lies before us.

We are now experiencing in increasing measure the benefits of the research and development work which has been carried out in the last ten or twelve years, and I have no doubt whatsoever that we shall continue so to benefit in the future.

BENEFIT OF ADDITIONAL CAPITAL

In the third place, we are now seeing results from the employment of the additional capital raised in 1956, for many of the developments made possible by the money so provided are only now coming to fruition.

It is because the new money raised in 1956 is now fully engaged that since the date to which the accounts go we have made a further issue. In September we increased our Ordinary capital by an additional 3,600,000 Ordinary shares allotted by way of "rights" at 23s. 6d. each, to provide over four million pounds, the employment of which will enable us to extend considerably the scale on which we operate. We have preferred to raise capital in advance of requirements, rather than to expand on borrowed money and fund our indebtedness afterwards, for we feel that this is the sounder course.

FEATURES OF A BUSY YEAR

Turning to consider the different aspects of our business during the year under consideration, we were satisfactorily busy in relation to Aircraft equipment, the newly developed appliances coming into production helping us to counter the effects of the recession in volume

which was fairly general throughout the industry. We have been fully occupied at our subsidiary in the Nuclear Power field, Plessey Nucleonics Limited. The Radio and Television Equipment side of our business, together with Radio, Television and other Components, experienced a particularly busy year, and it was something of a problem to produce the quantities for which our customers called and some quick re-planning was called for in order to deal with this demand. In regard to Communications equipment, production ran at a high level throughout the year, as was also the case in regard to general Electronic production. A material extension of our Swindon factories was effected during the year, and a general measure of progress took place in regard to the equipment and products we make there.

Since June 30th, and particularly since the election, we have been very busy, and the volume of our production is running at a higher level than was the case in the corresponding months of 1958. Subject, therefore, to any material change in world conditions or other factors beyond our own control, I think we may regard the future with reasoned confidence.

The report and accounts were unanimously adopted; the proposed final dividend of 7 per cent, less tax, making 25 per cent, less tax, for the year on the Ordinary shares, was approved; the retiring directors, Mr E. J. Earnshaw and Mr J. A. Clark, were re-elected, and the fee of the auditors, Messrs Deloitte, Plender, Griffiths & Company, was fixed.

ALLIED RETAIL TRADES (LONDON) LIMITED

RECORD PROFIT

The twelfth annual general meeting of this company was held on December 30th in London, Mr W. Harold Martin, chairman, presiding.

The following is an extract from his circulated statement for the year to September 27, 1959:

I have again to report another successful year. Both the turnover and the net profit shave shown increases.

Trading resulted in a net profit before tax of £117,061, our highest profit figure so far.

Sales amounted to £2,556,231 compared with £2,354,849, an increase of £201,382 or 8.5 per cent and the net profit before taxation has increased from £110,740 to £117,061 an increase of £6,321 or 5.7 per cent.

We opened new branches at Cranham, Basildon and Roehampton; purchased new businesses at Hillingdon and Thornton Heath and two at Tilbury in March and April respectively. All these seven businesses are doing well.

On November 6, 1959, we advised shareholders that we had made an offer for all the Ordinary Shares in Gosdens Limited, and had offered to purchase any 8 per cent Preference Shares which holders might wish to sell. All of the 80,000 Ordinary Shares have been purchased.

The Board recommend a final dividend of 12 per cent against 10 per cent a year ago, a total dividend of 18 per cent for the year.

Since the close of the past year, our trade has been well maintained in our "old" shops, whilst sales in the "new" branches have shown very satisfactory increases. With the addition of the Gosden group, we hope to show a satisfactory increase in profits.

The report and accounts were adopted.

ANGLO-ECUADORIAN OILFIELDS LIMITED

The Forty-first Annual General Meeting of Anglo-Ecuadorian Oilfields Ltd. was held on December 22, 1959, in London, Mr F. C. Bowring (Chairman) presiding.

The following are extracts from his circulated Statement for the year ended March 31, 1959:

My review of the company's operations for the financial year to March 31, 1959, covers a year in which the continued uneconomic selling prices for refined products in Ecuador obliged the company to curtail its operations, and enforce rigid economy in all its spheres of activity.

Because of continued heavy losses in refined products trading in the Ecuadorian market, combined with reduced exports and additional provision for Ecuadorian Social Legislation, the trading results were again seriously affected, and the consolidated net profit reduced to £101,689 as compared with £235,880 for the previous year. In view of the trading results of the year, your Board do not feel justified in declaring a dividend at the present time.

PRODUCTION AND DRILLING

Crude oil production for the year to March 31, 1959, was 2,361,624 barrels, a decline of just over 5 per cent compared with the total production of 2,490,849 barrels for 1957-58.

During the year the number of rigs operating was progressively reduced from a 5-rig drilling programme in April, 1958, to only two rigs in March, 1959. Under this reduced programme, development was confined to exploitation drilling, except for the completion of the disappointing exploratory directional well.

The centralisation and automation of production collecting facilities is in progress, together with the extension of gas lift installations.

REFINING AND MARKETING

No construction work was done on the new refinery, pending solution of the refined products price problem, but, as I advised you in my circular letter of July 23, 1959, immediately the price decree was issued arrangements were made for work to be resumed in order to complete the refinery as soon as possible, and the Company has given an undertaking to the Ecuadorian Government that the distillation unit will be completed within six months. Erection of the thermal cracking unit is estimated to take a further three months.

I was therefore very pleased to be able to advise you on July 23, 1959, that the Ecuadorian Government had issued a decree granting specific price increases for petroleum products sold in the domestic market, effective when the new distillation unit comes on stream.

ACCOUNTS

The consolidated profit for the year showed a further serious decline from £235,880 to £101,689. This was occasioned principally by the further provision of £157,993 charged against profits on account of the Company's contingent liability under Ecuadorian Social Legislation, and a provision of £117,195 for Stores and Materials Obsolescence following on changes in Field Operational methods.

The report and accounts were adopted.

J. GLIKSTEN & SON

FURTHER INCREASE IN PROFIT

The fifty-fourth annual general meeting of J. Gliksten & Son Limited, was held on December 30 in London, Mr S. G. Gliksten (chairman and managing director) presiding.

The following are extracts from his circulated address for the year ended June 30, 1959:

The Group Profits: It is with very great pleasure that I have to record a further increase in the Group's trading profit during the year, to achieve a figure in excess of £1 million for the second time in the history of the Group. This result has not been brought about by an increase in selling prices but by an increase in sales and productivity during the year.

After the deduction of the tax charge there remains a Net Profit of £508,294 compared with £297,002 last year, and your Directors are recommending a total dividend of 27½ per cent on the Ordinary Stock, now increased from £600,000 to £900,000 by reason of the capitalisation issue made at this time last year.

BUILDING AND PLANT PROGRAMME

With the commencement of the current financial year we have embarked on a fairly substantial programme of capital expenditure. I am confident that the developments can be financed from our resources without the necessity of increasing Bank or other facilities available to us.

Once again I am able to record an increase in total Group turnover, which showed an appreciable improvement on the previous year. It is our intention to increase our production of doors to enable us to satisfy the demand which arises as a result of the present activity in the building trade. To keep ourselves in the forefront we have developed two new doors which are creating a very great interest in building trade circles. These are the Silkstone door, which is a primed and filled door ready to be hung by the builder and requiring only one finishing coat, and the Mark 12 veneered door which has a beautiful West African Cedar or Oak surface and is an asset to any home. We are extending our storage sheds at Hull.

An important feature of our organisation is our sales and marketing divisions and I am pleased to record the progress which these divisions have made in the past few years. Considerable thought and effort have been put into improving our sales technique, and backed up by efficient distribution and servicing departments, there is no reason why they should not go on from strength to strength.

EXPORT SALES

In my address last year I referred to the formation of Gliksten Export Sales Limited, and it gives me very great pleasure to report the success of this company. It is a vital necessity for the producing units overseas to have a well balanced sales organisation understanding their problems in order that production can be allowed to achieve its target without any restriction on movement of the goods produced, and due to the success of the export sales company this objective has been achieved.

Export sales of the Group now amount to about 12 per cent of the total turnover and I know stockholders will be pleased to learn of the diversification of our business achieved.

During the period following the close of the Accounts turnover has again increased and the results continue to be satisfactory.

The report and accounts were adopted.

DEUTSCHE LUFTHANSA AG

(German Airlines) Cologne, Germany

PREPARATIONS FOR JET OPERATIONS

AIR UNION ESTABLISHED

The Annual General Meeting of DEUTSCHE LUFTHANSA AG was held in Cologne recently, and the following are details of the report presented by the Board of Directors:

PROGRESS

1958, the Company's third full year of operation, was a period of further expansion. LUFTHANSA was faced with the task of disposing of a considerably enlarged seat capacity in markets marked by falling demand and intensified international competition. Over the North Atlantic, two other airlines began using jet aircraft in the autumn of 1958, thus cutting travelling time by almost half. This jet traffic obviously proved a great attraction and thus, in this most important artery of international air traffic, affected the share of the market of all those companies which will only be able to put such up-to-date aircraft into service at a later date.

The increases achieved during the year were as follows:

	%
Production (in ton/km)	48.9
Passengers carried	44.8
Freight	68.5
Mail	36.5
Earnings	38.3
Costs	36.6

NETWORK

The Company's network at the end of the year extended over 87,402 flight km (1957: 60,815), covering 36 cities (1957: 31), including 21 in Europe, three in North America, six in South America, four in Asia and two in Africa. LUFTHANSA aircraft crossed the North Atlantic 1,425 times (1957: 848) during the year and made 274 crossings (1957: 203) of the South Atlantic during the same period. The average distance travelled per passenger amounted to 1,207 km (1957: 1,280).

The following breakdown shows details of the Company's traffic in 1958:

	1957	1958
Number of passengers	429,865	622,487
Freight (in metric tons)	3,357	5,656
Mail (in metric tons)	1,550	2,115
Passenger load factor	57%	53%
Overall load factor	53.2%	51%
Production (in million ton/km)	105.6	157.3

Results in Europe during 1958 were once again particularly satisfactory, as shown in the following table:

Number of passengers	339,962
Freight (in tons)	2,678
Mail (in tons)	863
Passenger load factor	52%
Overall load factor	46%
Production (in million ton/km)	32.8

Germany: Domestic routes in the Federal Republic once again provided mainly feeder services for the international network. There were also improvements in the services from Munich, Düsseldorf and Hamburg.

The LUFTHANSA network was further extended in 1958. Brussels with its Universal Exhibition, was linked by daily services with Düsseldorf, Frankfurt and London, and by twice-weekly services with New York. As a result of the increase in the Company's fleet of Convair Metropolitan aircraft from four to nine in 1957, and the delivery of the first two Vickers-Viscount 814s out of the nine on order, in the last quarter of 1958, the Company's capacity in European traffic rose by 62 per cent, compared with 1957. In view of this considerable increase, both the overall load factor and the passenger load factor (46 per cent and 52 per cent respectively) may be considered satisfactory.

Traffic on the well-established London and Paris routes was satisfactory, but services to Copenhagen and the new Munich-Zurich route did not come up to expectations.

North Atlantic: Although the recession in the North American economy also affected air transport to some extent, the Company succeeded in improving still further its position on the North Atlantic route. The passenger load factor in both directions amounted to 61.5 per cent and put LUFTHANSA in fourth place among companies flying between the United States and Europe.

The economy class services introduced on April 1, 1958, carried 32,073 passengers and came up to expectations. The opening of the "Senator" service in November, 1958, met the need of international business circles for non-stop luxury facilities between the Federal Republic and the United States.

South Atlantic: In the spring of 1958 the number of departures for South America was raised to three a week and the route to Buenos Aires was extended to Santiago de Chile on April 9, 1958. The overall load factor remained unchanged at 48 per cent, and although the number of passengers carried rose from 17,970 to 21,023, there was a drop in the passenger load factor from 56 per cent to 45 per cent.

Near East: The political events in that part of the world had comparatively little effect on the Company's services. In spite of all difficulties, the overall load factor on this route rose from 43 per cent to 50 per cent, and the passenger load factor from 44 per cent to 48 per cent. Cairo was included in the LUFTHANSA network as from November 1, 1958.

FREIGHT

The total of freight carried rose from 3,357 tons in 1957 to 5,656 tons during the year under review. LUFTHANSA also began to share in all-freight services to North America, preparing the ground for the time when the large freight capacity of the jet aircraft due to come into service in 1960, becomes available.

On May 19, 1958, a further all-freight service was started between the Federal Republic and London, which runs five times a week in pool with BEA.

FLEET

In January, 1958, the Company took delivery of the last two of four L 1649 A Super Star long-range aircraft ordered from Lockheed in 1956. These aircraft, with an additional range of 1,000 km, enabled non-stop services to be started between European airports and North America. The four aircraft concerned are to be replaced by four Boeing 707 Intercontinental jet aircraft in 1960. The L 1049 G Super Constellations released by the delivery of these new long-range airliners, were used on services to South America, the Near East and the Iberian peninsula. The first of the nine Viscount 814s ordered from Vickers was delivered on October 15, 1958, and the second on December 18, 1958. The Viscount fleet is to close the gap in LUFTHANSA's European and Near East services and to release part of its Convair aircraft for short-haul operations.

INTERNATIONAL CO-OPERATION

In 1958, for the first time, agreements with East European air transport organisations, including one with the Soviet organisation *Aeroflot*, were added to the many contracts which link LUFTHANSA with companies in other countries. By the end of 1958, interline agreements with 136 air transport companies had been concluded, compared with 121 in 1957. New general agency contracts were also signed with companies such as *Austrian Airlines, Ethiopian Airlines, Eagle Airways, Japan Airlines, Trans-Australia Airlines*, and *MALEV*. In June, 1958, *Alitalia* joined the pool agreement on the South Atlantic route between *Air France* and LUFTHANSA.

SALES AND GROUND ORGANISATIONS

The number of LUFTHANSA selling points inside and outside Germany rose from 49 in 1957 to 59 during the year under review. New offices were opened in the following cities during the year: Belgium, Brussels; Italy, Rome; Sweden, Stockholm; Switzerland, Geneva; Egypt, Cairo; Turkey, Istanbul; USA, Kansas City, Cincinnati, New Orleans.

In addition, a number of general agencies were opened during the year, as follows:

Europe: Italy, Rome; Austria, Vienna; Hungary, Budapest.

Near East: Jordan, Amman; Saudi-Arabia, Jeddah.

Central and South America: Brazil, Rio Grande, Novo Hamburgo, Florianopolis, Cancas, Cordoba, Caxias do Sul, Santos; Argentina, Rosario, Garibaldi; Ecuador, Guayaquil; Australia, Melbourne.

The number of LUFTHANSA's own offices inside and outside Germany rose from 31 in 1957 to 36 last year.

PERSONNEL

The staff employed by LUFTHANSA rose in step with the increase of the Company's fleet and the extension of its network, by 1,100 from 4,940 at the end of 1957 to 6,040 on December 31, 1958. This represented an increase of 22.3 per cent compared with 43.5 per cent in 1957 and reflected a better utilisation of personnel.

PROSPECTS

After detailed preliminary work and discussions which date back to 1957, a close form of co-operation between *Air France, Alitalia, Sabena* and *Lufthansa* was agreed at a meeting in Paris on May 20, 1959, which will come into effect under the name of "*Air Union*" in April 1960. *Air Union* aims at jointly operating the member companies' routes and at co-ordinating and rationalising their technical and commercial organisation. The Company believes that this represents the beginning of a new and broader concept of air transport. It is hoped that in the course of time further companies will join *Air Union*.

The delivery of the remaining Viscount 814s in the spring of 1959 enabled the Company to increase traffic density in its European network. Bremen was linked with Paris via Düsseldorf, and Milan began to be served from Munich, Hamburg and Frankfurt in April, 1959. A twice-weekly service to Athens started in May this year. At the same time, services began to Geneva and Nice, and Barcelona was also included in the Company's network. A daily service to Istanbul has been operated since May 10th, and on the North Atlantic route one of the New York services was once again routed via Manchester.

The number of North American flights was raised to 16 a week between the Federal Republic and New York during the peak period, in order to prepare for the increased capacity which will become available when the Boeing 707 jet aircraft ordered by the Company are delivered in 1960.

PROFIT AND LOSS ACCOUNT

The Company's figures for 1958 show expenditure totalling DM 213.4 million (1957: DM 155.9 million), as opposed to a revenue of DM 178.2 million (1957: DM 128.8 million). This result was in accordance with expectations, and the resulting deficit of DM 32.1 million (1957: DM 24.7 million) has been covered by a subsidy from the Federal Government.

The report and accounts were adopted.

SUPERVISORY BOARD

(Aufsichtsrat)

Dr Kurt Weigelt, Bad Homburg vdH, Chairman; Dr Ing. E.h. Kurt Knipfer, Bonn, Deputy Chairman; Dr Max Adenauer, Cologne; Richard Bertram, Bremen; Prof. Dr med. h.c. Dr Ing. E.h. Leo Brandt, Düsseldorf; Heinz Kallus, Bonn; Hans-Clausen Korff, Bonn; Prof. Dr Heinz Oeftering, Frankfurt/Main; Fritz Rudorf, Düsseldorf; Dr Hans Steinmetz, Bonn; *Employees' Representatives:* Oskar Dubral, Düsseldorf; Kurt Huebener, Hamburg; Alexander Laughans, Stuttgart; Dr Hans Münsterer, Hamburg; Gert Schabinger, Hamburg.

BOARD OF DIRECTORS

(Vorstand)

Hans M. Bongers; Dipl. Ing. Gerhard Höltje.

MITCHELLS AND BUTLERS LIMITED

MR ROBERT H. BUTLER'S STATEMENT

The Annual General Meeting of Mitchells and Butlers Limited will be held at The White Horse, Birmingham on January 21, 1960. The following is an extract from the circulated statement of the Chairman, Mr Robert H. Butler.

SUCCESSFUL YEAR'S TRADING

The result of the year's trading will, I feel sure, give satisfaction to Stockholders. Due mainly to considerably increased sales the upward trend in profits has continued, to produce yet another record. This has been achieved without taking into account the amount attributable to Atkinsons trading, which brought in £241,460 for just under half a year.

The higher profit has been attained in part by increased sales and the continued efforts on all sides to keep down costs. Another factor has also made an important contribution to our financial strength and that is the disposal of certain land and properties. The Board are fully alive to the potentialities of the Company's properties. In certain cases, of course, a property has a greater commercial than licensed value and although the number involved is quite small, during the year we have been able to dispose of several of such properties at favourable prices. We have also sold at satisfactory prices land and unlicensed properties surplus to our requirements, the cash for which has gone a considerable way towards financing expenditure on licensed houses. It has also enabled the Board to decide to make for the second time a tax-free distribution of 1½ per cent to Ordinary Stockholders.

The decrease in the Beer Duty effected in the Budget last April which, by enabling the price to be reduced 2d. per pint to the public, has played its part in stimulating sales, resulted in losses in respect of stocks on which Duty had been paid at the old rate. Your Board decided that the Retailer should not suffer on this account and took over the losses in the hands of our Tenants and Free Trade customers.

The Board are glad to be able again to make a special allocation, this year of £50,000 against an allocation last year of £25,000, to the Trustees of the Pension Funds. This sum, as in previous years, will be used for the augmentation of pensions, and particular attention is being paid this year to those older pensioners whose pensions, because they retired some time ago, have become out of line with the higher cost of living prevailing today.

ATKINSONS BREWERY LIMITED

It was a source of great satisfaction to the Board that 100 per cent of the Ordinary and "A" Ordinary Shareholders of Atkinsons Brewery Limited voluntarily accepted our offer to acquire their shares. All acceptances were received before September 30th.

This acquisition marked an historic step in the Company's progress and your Directors consider the result of the first five months trading very satisfactory. The merging of our interests has greatly increased your Company's holdings in Coventry, Wolverhampton and the Black Country, all of which are very fine trading areas. They have many fine houses, which make a valuable addition to the Company's properties and will contribute fully to its continued prosperity. The opportunities thus afforded for rationalising our joint trade will be used to the full and here again appropriate action will also be taken in respect of those houses which have a greater commercial than licensed value.

HIGHER SALES

In this year of progress it is encouraging to us to report that our draught beer sales are the highest for many years, and I am happy to add that a high level has been maintained since the end of the last financial year. The stimulus to sales of the price reduction for which the Trade has been long pressing and the wonderful summer are influences over which we have no control, but I would also claim that the Board's policy of purchasing the finest materials, and the care taken in the production of our beers, resulting in products of high quality, also make an all-important contribution to this end.

Bottled beers, too, maintain their place in this agreeable advance. Export, a firm favourite for years, going still further ahead and Sam Brown, a comparative newcomer in the field, recording a striking increase during the past twelve months.

BUILDING PROGRAMME

Since the relaxation of building restrictions in 1951 the Company has built and opened for trading 49 new fully-licensed houses and 53 new Beer, Wines and Spirits Off-Licences, making a total of 102 new licensed properties costing £1,350,000. Rebuilt houses and major alterations bring the total to £1,850,000.

During this time the number of licensed properties closed voluntarily or under compulsory acquisition, or whose licences have been used as Removals, or Surrenders following destruction through War Damage is 161.

The present building programme, covering premises in course of erection, provisional grants and joint ventures we have undertaken involves the expenditure of a sum of about £425,000.

This continuing programme of building and rebuilding and of alteration of licensed premises; and of Removal and Surrender of licences in order to meet the changing needs of the times is a familiar feature of the present-day pattern of licensing in those parts of the country where redevelopment is taking place. It is a costly procedure. Consideration of the facts I have summarised will demonstrate the need to conserve our resources so that our programme may go forward without interruption until the new areas of population are provided with the licensed facilities they need, and out-of-date houses are adapted to present-day requirements. We are already reaping the benefit of our policy and are convinced it is the right one.

Further instalments of our extensive building programme have been completed during the year, and these include the eight new fully-licensed premises to which I referred last year. A further twenty-eight major projects have also been completed and new work undertaken.

Following the formation of a joint company with Messrs Ansells Brewery (Associated Midland Brewers Limited) we hope shortly to be in

a position to go ahead with two houses in the Sheldon area.

In Coventry we have recently opened our first new jointly owned fully licensed house there, the City Arms. Also in Coventry we have undertaken a further joint venture, this time with Messrs Bass, by coming to an agreement in respect of a site where licensed premises are now in course of erection. The house is to be called the Open Arms.

W. BUTLER & CO. LIMITED

Stockholders will already be aware of the terms of our offer to W. Butler & Co. Limited, and at the time of going to print it is not possible to do more than re-state the facts concerning our approach to them. A further statement of the position will be made to stockholders at the Annual General Meeting on January 21st.

Your Company has had the most cordial relations with Butler's Brewery for many years and the majority of their houses have been known to the Executives over the years. It is an old-established business centred in Wolverhampton, owning 830 houses spread throughout the heavy industrial areas in the Midlands. Its interests in Wolverhampton and the Black Country, together with representation in areas such as Shrewsbury, Wellington, Stafford, Tamworth and Cannock, provide openings for trade where we are at present not strongly established.

Your Board have no hesitation in welcoming the merger between the two companies and we hope that our negotiations will come to a successful conclusion.

WOLVERHAMPTON DIE CASTING

LARGER TURNOVER

The twenty-second annual general meeting of The Wolverhampton Die Casting Company Limited, was held on December 30th at Wolverhampton, Mr W. C. Sproson, FCA, chairman, presiding.

The following is an extract from his circulated statement:

Following the increased turnover achieved during the year to June 30, 1958, I informed shareholders in December last that we had experienced a falling off in the demand from the passenger car industry. Notwithstanding this reduced demand the total turnover for the year ended June 30, 1959, exceeded that of the previous year.

The Trading Profit of the Group showed an increase over the preceding year of £22,000, amounting to £201,690 as compared with £179,545. The Net Profit, subject to Tax, is £178,569 as compared with £177,145 for the preceding year. The Directors recommend a Final Dividend of 20 per cent, less Income Tax, on the Ordinary Share Capital, making 30 per cent for the year, the same rate as last year.

The increase in demand experienced during the latter half of the year has been well maintained, and it is my view that the demand from the motor industry in particular will increase still further during 1960. To ensure higher levels of production in 1960, we have recently engaged the services of a well known firm of Industrial Consultants to make a complete survey of our present operations.

The report and accounts were adopted.

ARTHUR GUINNESS SON AND COMPANY LIMITED

STATEMENT BY THE EARL OF IVEAGH, KG, CB, CMG

The Annual General Meeting of Arthur Guinness Son and Company Limited, will be held on January 14, 1960, at Park Royal Brewery, London, N.W.10.

The following is an extract from the statement by the Chairman, The Earl of Iveagh, KG, CB, CMG, circulated with the Report and Accounts:

TRADING DIFFICULTIES AND PROFITS

Overall sales were adversely affected by the wonderful summer weather and accounted for part of the fall in gross profits, other factors being higher production, distribution, and selling costs. In addition, provision has been made for considerable losses on disposal of surplus stocks of timber resulting from the changeover to metal casks, and there was a substantial loss to the Company on beer in trade when the Chancellor of the Exchequer reduced the beer duty.

On the other hand, reduced income tax and more favourable profits tax increased the *net* profit over last year's figure and that, coupled with the strong financial position resulting from previous profit retentions, justifies the recommendation of a special Bicentenary bonus of 5 per cent while maintaining the Ordinary dividend at 28 per cent. A special Bicentenary bonus of a fortnight's pay or pension to Staff, Employees and Pensioners will be paid in addition to the one month's prosperity bonus to Staff and Employees.

BICENTENARY

The Bicentenary has been celebrated in various ways during 1959. The gesture of the Irish Government in issuing two commemorative postage stamps was very much appreciated and at the Bicentenary luncheon in Dublin, Mr Sean Lemass paid warm tribute to the Company. Special supplements have appeared in *The Times*, *The Irish Times*, and other newspapers, and new club and recreation buildings are being erected both in Dublin and at Park Royal for employees.

NEW DEVELOPMENTS

In Great Britain, canned Guinness is now on general sale, and abroad export sales have again been higher, the total value now exceeding £4 million net f.o.b. With exports of Guinness exceeding half the total volume of commercial beer exports from the British Isles, new problems are inevitable as large markets cannot be economically maintained by exports in bottle over thousands of miles. In Ireland, Phoenix Ale has attained a satisfactory position without exhausting its ultimate possibilities. Experiments are continuing with new brewing techniques developed from plant invented and tested at the Brewing Industry Research Foundation, the work being a joint venture between the Research Foundation, the APV Co., and ourselves. Beyond the immediate boundary of beer, research is being extended by the establishment, under Dr H. D. Kay, CBE, FRS, of Twyford Laboratories, Limited, to undertake fundamental research in fermentation and allied fields.

NON BREWING INTERESTS

A recent valuation made of the properties owned by the Park Royal Development Company (whose principal assets consist of factories in the vicinity of Park Royal Brewery) shows a present value approaching £1,500,000, whilst we have still a large holding in Slough Estates, notwithstanding that part has been sold during the year at a substantial profit. The possibility of expanding the Company's property interests is now under consideration. The confectionery group—William Nuttall, Limited—has continued to prosper but expanded sales have been offset by the increased cost of raw materials and there has been a small reduction in profits.

APPOINTMENT OF THE RIGHT HONOURABLE A. T. LENNOX-BOYD, MP

The problem of future management of our ever-growing business is always before me, for ultimate success, and indeed our existence, depends on good management. Over the years we have been fortunate in our choice and I was therefore very glad when my son-in-law, Mr Alan Lennox-Boyd, agreed to take over in due course, the management of the Company from Sir Hugh Beaver, with whom he is now acting as Joint Managing Director.

It is proposed to recommend payment of final dividends on January 15, 1960, of 3 per cent on the Preference Stock and 18 per cent, plus 5 per cent special Bicentenary bonus, on the Ordinary Stock, all less Income Tax.

Staff and Employees are receiving a bonus of one month's pay, plus a special Bicentenary bonus of one-half month's pay. Pensioners will receive a Bicentenary bonus of half a month's pension.

THE STRAND HOTEL LIMITED

The fifty-second annual general meeting of the Strand Hotel Limited was held on December 31st in London, Mr S. I. Salmon, the chairman, presiding.

The following are extracts from his statement which had been circulated with the report and accounts for the year ended September 30, 1959:

Our trading position has shown an appreciable improvement over that of last year. The trading balance has increased by £77,926, and the profit for the year, after taxation and the other items in the Profit and Loss Account, shows an increase of £40,183 to £128,519.

The Board recommends this year a dividend of 18 per cent on the Participating Preferred Ordinary shares, an increase of 2 per cent over that paid in the previous two years.

We are continuing, and indeed expanding our programme of re-equipment and special repairs, and this year we have increased the provision for repairs and renewals by £10,000 to £30,000.

Our subsidiary company, The Palace Hotel Limited, has completed a Building Agreement for a lease of 99 years for the erection of an hotel close to London Airport, and it is hoped that the hotel will be opened in about a year's time.

The Company has entered into an Agreement for a 99 year lease of an hotel to be built in Birmingham, subject to planning approval and the grant of a Justices' Licence.

The report and accounts were adopted.

COMPANY AFFAIRS

Turner and Newall

SINCE the publication of Turner and Newall's preliminary figures, which revealed a modest rise in trading profits from £11.7 million to £11.9 million and, to most people's surprise, an increase in the ordinary dividend from 15 per cent to 20 per cent, the £1 ordinary stock units have shot up from 88s. to 110s. 6d., bringing the yield down to 3.6 per cent. Investors are obviously confident that earnings in 1959-60 will benefit from the group's trade with the motor, building and textile industries. The chairman, Mr R. G. Soothill, is more cautious than those investors who look on T. & N.'s affairs from the outside. He says that the favourable conditions which appeared in the latter part of 1958-59 "will intensify, but with the steady growth of world competition, advances in turnover are not necessarily paralleled by corresponding advances in profit."

The market for raw asbestos has recovered from last year's recession and the group's mining companies in Africa are now producing at the "normal" rate. But increased competition from Russia (especially in textile grades of fibre) is expected to cut into profit margins. Competition from the Soviet Union has not apparently affected the earnings of the Canadian mining companies whose operations "continue at a high and profitable level." At home trading conditions remained highly competitive, while exports of asbestos products in 1958-59 did not reach the previous year's record level. Ferodo, the group's subsidiary which supplies the motor trade with brake and clutch linings, duly benefited from the boom, its sales both at home and abroad establishing new records. Here, too, Mr Soothill believes that although order books at the beginning of the year were full, it may become increasingly difficult to maintain profit margins. The ending of the credit squeeze which set off the revival in the building and civil engineering trades has in turn led to a high demand for asbestos cement and Turner's Asbestos Cement has had a "successful year." The prospect here must also be seen as bright but in general investors must ask themselves whether, after the recent rise in the stock market, there is sufficient justification for another big advance in the market price of this blue-chip.

British Bank of the Middle East

THE Hongkong and Shanghai Banking Corporation's bid for the shares of the British Bank of the Middle East has been declared unconditional. Holders of 82½ per cent of the shares have already accepted and the offer has been extended for another three weeks. It is of one HK $125 share in the Hongkong Bank for every 14 £1 shares of BBME or alternatively 77s. 6d. in cash per share.

Before the bid BBME shares were quoted at 58s. while Hongkong Bank shares were priced at £58 and at these prices the offer certainly seemed a generous one. In addition it ensures a higher income for BBME shareholders, for the directors of the Hongkong Bank intend to pay a final dividend of £1 17s. 6d. per share on the increased capital, thus maintaining the annual payment at £3 per share. Moreover, acceptors of the offer will hold shares in a bank with a wide spread of geographical interests, including the business of the Mercantile Bank which the Hongkong Bank acquired last February.

Nevertheless, the bid ran into some criticism. This centred on one of the conditions attached to the bid that there should be no disclosure of BBME's hidden reserves. This set some shareholders wondering whether the terms of the offer were quite as attractive as they appeared at first sight. But it is difficult to see what purpose would have been served if BBME's full reserves had been revealed unless the Hongkong Bank's reserves were disclosed as well. The whole question of secret reserves is one which the Jenkins Committee may have to consider. But shareholders (especially those who have not accepted the offer) should be reassured by the fact that these reserves were revealed to the auditors of both banks who considered the terms of the offer to be fair to both parties. The British Bank of the Middle East is to be kept as a separate entity and shareholders who choose to hold a minority interest will lose the advantages of both a higher income and a participation in a bank which seems set on expansion.

Associated Engineering

WHAT surprised the market about the preliminary figures from Associated Engineering was how much better they were than had seemed at all possible at the time of the chairman's interim report. Then a fall in trading profits in the first six months of the year from £1.3 million to £1.1 million was reported and the chairman warned shareholders that the full year's profits would not reach the record level achieved in 1957-58. Now shareholders are to receive an increased dividend of 17½ per cent (against the equivalent of 13¾ per cent), following a rise in consolidated trading profit in the year ended September 30th from £3,206,328 to £3,711,261. In his annual statement the chairman, Mr H. R. More, says that the marked recovery in earnings in the latter half of the financial year was due in part to the inclusion of eleven months' trading profits of the group's new South African subsidiaries, in part to bigger earnings from licensing agreements and overseas trade investments and, not least important, to the benefits stemming from the expansion in output made possible by a big outlay on capital developments over the last three years.

The group's principal customers are the motor manufacturers whose expansion has prompted the directors of Associated Engineering to step up their capital development programme. Over the next three years, says Mr More, the group will spend some £5 million over and above the replacement of worn-out machines and plant, and a scheme, which is expected to cost around £2,100,000, has already been approved by the directors. The cash flow of about £1,800,000 and liquid funds of around £2,250,000 have no doubt prompted Mr More's comment that no new capital will be necessary to finance the expansion programme. The 17½ per cent dividend is covered 2½ times by earnings and the 5s. shares at 22s. yield almost 4 per cent.

Lloyds and Scottish Finance

THIS holding company, owned 50-50 by Lloyds Bank and the National Commercial Bank of Scotland, has large interests in hire purchase through Olds Discount and Scottish Midland Guarantee Trust, and has recently branched out in the Commonwealth. Its first accounts are for the nine months to September 30, 1959, and no comparable figures for earlier periods are available. The group's "hire purchase and other debtors" at end-September totalled £69 million, though it is not clear whether this is net of unearned charges or not. Profits in the nine months were £2,275,836 before tax, and £1,022,482 after tax. More than two thirds of the net profit has been distributed to the two parent banks, which will receive about £344,000 each. This is a useful if modest contribution for Lloyds. For the National Commercial the nine months dividend comprises nearly 30 per cent of net profits in its full year to end-October, or nearly 40 per cent at an annual rate. This bank has recently made a big rights issue of £6½ million largely to provide for its share of a further increase in the capital of Lloyds and Scottish Finance. An investment in the National Commercial may soon be a stake more in hire purchase than banking.

Tate and Lyle

SHAREHOLDERS of Tate and Lyle who searched the chairman's annual report for some salient facts about Canada and Dominion Sugar—in which the group has acquired a controlling interest for £6.36 million—searched in vain, though Sir Ian Lyle did promise to "comment further" on the acquisition at the annual meeting, when he will presumably give some details about

Company Affairs *continued on page 66.*
London and New York Stocks *on next two pages.*

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 23, 1959	Price, Dec. 30, 1959	Net Yield, Dec. 30, 1959 §	Gross Yield, Dec. 30, 1959
					£ s. d.	£ s. d.
98 16/16	96 11/16	Funding 2½% 1956-61	98 15/32	98 17/32	2 10 7	3 13 5
99 1/4	98 3/32	Exchequer 2½% 1960	99 15/64	99 15/32	...	9 3
100 1/16	99 1/16	Exchequer 3% 1960	99 18/64	99 17/32	4 9	3 12 7
101 13/32	100 1/4	Conversion 4½% 1962	100 21/32	100 3/4	2 1 4	4 2 3
96 3/32	94 7/16	Exchequer 3½% 1962-63	95 7/8	95 15/16	3 1 4	4 5 6
93 3/4	91 7/8	Exchequer 2½% 1963-64	92 1/8	92 15/16	3 4 11	4 5 10
101 15/16	100 3/8	Conversion 4½% 1963	100 7/32	101 3/32	2 11 0	4 8 1
100 1/16	99 3/8	Conversion 4% 1964	99 7/32	99 11/32	2 16 5	4 12 6
92 15/16	89 1/8	Savings Bonds 3% 1955-65	91 1/16	91 1/4	3 12 2	4 18 7 †
86	82 1/4	Funding 3% 1959-69	84 5/16	84 1/32	3 17 10	5 4 3 †
94 7/8	89 3/4	Funding 4% 1960-90	93 3/8	93 1/2	2 15 11	4 8 10 †
84 9/16	80 1/4	Savings Bonds 3% 1960-70	82 5/8	82 3/8	3 18 4	5 5 6 †
86	83	Savings Bonds 2½% 1954-67	84 5/8	84 11/16	4 0 0	5 1 11 †
78 15/16	75 1/16	Savings Bonds 3% 1965-75	76 1/8	76 3/4	3 17 11	5 6 4 †
105 11/16	102 1/2	Exchequer 5½% 1966	103 1/8	104	2 16 9	5 1 0 †
87 7/16	83 1/4	Funding 3% 1966-68	85 3/16	85 1/4	3 19 4	5 4 7 †
98 1/8	95	Victory 4% 1930-76	96 1/32	96 1/8	3 0 0	4 13 5 †
90 1/8	87 1/2	Conversion 3½% 1969	89 1/8	89	3 13 2	5 1 8 †
104	98 3/8	Conversion 5½% 1974	101 1/4	101 1/4	3 2 5	5 3 0 †
81 7/16	76 1/8	Treasury 3½% 1977-80	78 1/8	78 1/2	3 13 0	5 4 9 †
80 1/16	76 1/16	Treasury 3½% 1979-81	73 3/4	78 3/8	3 13 3	5 5 11 †
107 1/4	101 1/8	Funding 5½% 1982-84	103 1/8	103 1/8	3 2 11	5 4 6 †
69 3/4	64 1/2	Redemption 3½% 1986-96	65 1/4	65 1/4	3 10 7	5 2 6 †
98 1/4	94 7/8	Treasury 5½% 1926-89	97 1/4	97 1/4	3 4 10	5 5 1 †
75 3/16	70 1/2	Funding 3½% 1999-2004	71*	71 5/8*	3 7 7	5 2 4 †
77 1/2	72 1/4	Consols 4% ..... after Feb. 1957	74	72 7/8*	3 7 3	5 9 8 †
68 3/16	63 1/4	War Loan 3½% ..... after 1952	64 7/8	65	3 6 2	5 8 2 †
68 1/16	63 1/16	Conv. 3½% ..... after Apr. 1961	65	65 1/8	3 6 5	5 9 0 †
60	55 1/4	Treasury 3% ..... after Apr. 1966	56	56	3 6 2	5 8 7 †
53 3/4	48 1/8	Consols 2½%	49 1/4*	49 3/8*	3 2 0	5 1 2 †
51 1/4	47 1/8	Treasury 2½% ..... after Apr. 1975	48 1/4	48 1/4	3 4 0	5 5 0 †
98 1/4	94	British Electric 4½% 1967-69	97 3/8	97 3/8	3 4 1	5 1 7 †
80 7/8	77 1/4	British Electric 3% 1968-73	79 3/8	79	3 18 7	5 6 11 †
78 1/8	74 1/8	British Electric 3½% 1974-77	76	75 3/8	3 16 1	5 4 5 †
91 3/4	87 1/2	British Electric 4½% 1974-79	90 1/4	90 1/4	3 6 7	5 2 8 †
81 3/16	77 5/16	British Electric 3½% 1976-79	79 1/8	79 3/8	3 12 7	5 5 4 †
92 1/4	87 1/8	British Gas 4% 1969-72	90 1/2	90 3/8	3 9 11	5 4 6 †
88 1/4	84 1/4	British Gas 3½% 1969-71	86 1/4	86 1/4	3 12 3	5 2 11 †
69 1/16	65	British Gas 3½% 1990-95	66 1/2	67	3 9 8	5 0 10 †
80 7/8	77 1/4	British Transport 3½% 1968-73	79	79	3 18 7	5 6 11 †
89 3/4	84	British Transport 4% 1972-77	86 3/8	86 3/8	3 9 8	5 3 9 †
70 1/4	66 1/16	British Transport 3% 1978-88	66 1/2*	67 3/8*	3 14 4	5 4 8 †

Prices, 1959 High	Prices, 1959 Low	DOMINION AND CORPORATION STOCKS	Price, Dec. 23, 1959	Price, Dec. 30, 1959	Yield, Dec. 30, 1959
					£ s. d.
85	80 1/8	Australia 3½% 1965-69	83 3/4	84 1/4	5 10 0 †
107 3/8	103 1/4	Australia 6% 1974-76	107	107 1/4	5 7 0 ‡
77	72 3/4	Ceylon 4% 1973-75	73 1/2	73 3/4	6 18 0 †
108	104 1/4	New Zealand 6% 1976-80	107 1/4	107 1/2	5 9 0 ‡
98 11/16	93	Rhodesia and Nyasaland 6% 1978-81	95 3/4	96	6 6 0 †
87	84 3/4	South Africa 3½% 1965-67	85 1/2	85 1/2	6 0 0 †
85	75	Southern Rhodesia 4½% 1987-92	80 1/4	80 3/4	5 19 0 †
104 1/2	100 7/16	Agricultural Mortgage 5½% 1980-85	102	101	5 8 5 ‡
95 1/4	89 3/4	Birmingham 4½% 1967-70	92 3/4*	92 3/4	5 2 0 †
100 1/2	96	Bristol 5% 1971-73	99	99	5 2 0 †
102 1/2	99 1/4	Corporation of London 5½% 1976-79	99 1/2	99 1/2	5 5 0 †
57	52 3/4	L.C.C. 3% ..... after 1920	53 1/4	53 1/2	5 11 0 †
98 1/16	94	L.C.C. 5½% 1960-83	97 1/4	97 1/4	5 6 0 †
99 1/16	98 3/8	Middlesex 5½% 1980	99 1/16	99 1/2	5 5 10 †

NEW YORK CLOSING PRICES

	Dec. 23 $	Dec. 30 $		Dec. 23 $	Dec. 30 $		Dec. 23 $	Dec. 30 $
Atch. Topeka	26 1/8	27	Boeing	30 1/2	31 3/8	Inter. Nickel	109	109 1/4
Can. Pacific	25 1/2	24 1/4*	Celanese	27	27 1/4	Inter. Paper	134 1/2	135
Pennsylvania	15 5/8	15 3/8	Chrysler	67 3/8	68 1/8	Kennecott	94 1/4	96 1/8
Union Pacific	30 3/8	30 1/8	Col. Palmolive	41 1/8	40 5/8	Monsanto	55 1/8	55 1/4
Amer. Electric	47 1/2	48 1/4	Crown Zeller	53 1/8	53 3/4	Nat. Distillers	34	34 1/8
Am. Tel. & Tel.	76	78 1/4	Distillers Seag.	32 1/4	32 3/4	Pan-American	22 1/8	22 3/4
Cons. Edison	58 1/8	58 1/2	Douglas	38 1/8	38 1/8	Procter Gamble	88 1/8	90
Int. Tel. & Tel.	38 1/8	38 1/2	Du Pont	257 1/2	264	Radio Corpn.	68 1/8	69
Standard Gas	4 5/8	4 5/8	East. Kodak	105 1/4	107 3/8	Sears Roebuck	49	50
United Corpn.	7 3/8	7 1/2	Ford Motor	89 7/8	90 1/8	Shell Oil	79 1/2	85
Western Union	51 3/8	50 1/2	Gen. Electric	91 1/4	98 1/2	Socony-Mobil	39 1/4	41 1/2
Alcoa	107 3/8	106 1/8	General Foods	105	105	Stand. Oil Ind.	42 1/2	44 1/2
Aluminium	34 3/4	34 1/4	General Motors	53 1/8	54 1/2	Stand. Oil N.J.	47 5/8	49 3/4
Amer. Can	41 1/2	43	Goodyear	47 1/8	46	20th Cent. Fox	34	34 1/2
Am. Smelting	51 3/4	53 1/2	Gulf Oil	106 1/2	110 1/4	Union Carbide	145 3/4	146
Am. Viscose	44 1/4	42 3/4	Heinz	90	89 1/2	U.S. Steel	99 1/4	98 1/2
Anaconda	63 1/2	63 7/8	Int. Bus. Mach.	441	439 1/2	West. Electric	105 1/8	108 1/2
Beth. Steel	54 3/4	54 1/2	Int. Harvester	48 1/2	48 1/4	Woolworth	64 5/8	66 1/4

NEW YORK
Standard and Poor's Indices (1941–3=10)

1959	425 Industrials*	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 2	63·07	3·04	33·00	5·07	44·04	3·96	85·64	4·31
,, 9	63·45	3·02	33·60	4·98	44·33	3·94	85·54	4·32
,, 16	63·44	3·02	33·86	4·94	44·26	3·94	85·05	4·37
,, 23	63·43	3·07	33·61	5·10	44·37	4·04	83·38	4·54
,, 30	64·38	3·02	33·74	5·15	44·61	4·02	83·38	4·54

425 Industrials:—1959: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 23, 1959	Price, Dec. 30, 1959	Yield, Dec. 30, 1959
		%	%				
				BANKS, DISCOUNT AND H P			
45/–	38 1/2	2 5/– b	2 5/– a	Alexanders £1	43/9	43/9	3·43
49/9	32/3	6 b	4 a	Bank of London & S. Amer. £1	49/9	49/9	10·2
41	30 1/2	9 b	9 c	Bank of New South Wales £20	39 1/2	40	3·60
70/9	44 3/4	5 b	5 a	Barclays £1	66 11/2	68/9	2·91
56/9	37/9	4 a	5 b	Barclays D.C.O. £1	47/6	48/3	3·73
60/6	43/9	7 1/2 a	7 1/2 b	Chartered £1	57/–	58/6	5·13
85 7/12	54/3	9 1/2 b	8 1/2 a	District £1	82 7/12	85 1/2	3·39 *
36/9	26/9	4 a	5 b	English, Scottish & Australn. £1	35/3	36/9	4·90
61/9	43	37/6 b	22/6 b	Hongkong & Shanghai ...$125	£58 1/4	£61	4·92
73/9	40/3	10 c	5 a	Lloyds £1	70 1/4	71/9	2·79
30 11/12	17/–	16 c	8 a	Martins 5/–	28/9	30 1/2	2·66
92/6	60 11/12	12 1/2 c	7 1/2 a	Midland £1	89/3	91/6	3·28 *
56 41/2	43 11/12	...	...	Nat. Comm. Bk. Scot. ... 10/–	54 1/2	54 4*	2·76 *
56/6	41/3	7 b	6 1/4 a	National Discount 'B' £1	54/–	56/6	4·42 *
96/–	54/–	10 c	5 a	National Provincial £1	92/–	94/–	2·55 *
93/9	67/6	9 b	8 a	Royal Bank of Scotland £1	93 3	94/9	3·59
51/9	37/3	9 b	5 a	Standard Bank South Africa £1	51/9	51/6	5·44
63/–	49/–	6 1/4 b	6 1/4 a	Union Discount £1	63/–	62/6	4·00
65/6	37/9	10 c	5 a	Westminster 'B' £1	62/9	65/–	3·08
£23 3/4	£18 7/16	$1·65c	$1·85 c	Bank of Montreal $10	£20 7/8	£21 1/8	3·29
£34 7/8	£27 5/8	$2·25c	$2·32 1/2c	Royal Bank of Canada $10	£30 11/16	£30 7/16	2·87
46/–	16/21 1/4	8 3/4 b	7 1/2 a	Bowmaker 5/–	40/9	43/9	2·86 *
42/6	18 7/12	8 1/2 b	8 1/2 a	Lombard Banking 5/–	33/–	36/–	2·36
33/6	10/9	5 a	10 b	Mercantile Credit 5/–	27 11/12	27 7/12	2·71
11	5 1/16	2 b	4 a	United Dominions Trust £1	10	10 1/8	2·47
84/6	43/9	10 a	4 7 1/2 b	**BREWERIES** Bass 5/–	81/3	84/6*	2·81
39/6	23 10 1/2	12 1/2 c	5 a	Distillers 10/–	37 4/12	39 11/12 *	3·19
25/9	14 7/12	6 a	12 b	Flowers 5/–	23/9	25 7/12	3·51
82/6	54/–	10 c	18 b	Guinness 10/–	70 7/12	70 7/12	3·96
26 4/12	12 7/12	4 a	11 1/2 b	Ind Coope & Allsopp 5/–	19 3/12	20 1/12	3·85
38/–	22/–	6 3/4 b	5 a	Teacher (Distillers) 10/–	36/–	36/6	3·20
90/–	38/9	3 3/4 a	11 1/2 b	Watney Mann Defd. £1	86/9	86/3	3·48
137/–	100/–	17 b	8 a	Whitbread 'A' £1	127/6	136/3	3·67
10 a	4 7 1/2 b	**BUILDING, PAINT, etc.** Associated Portland £1	74/3	73/3	2·62
80/–	39/9	10 c	4 b	British Plaster Board 10/–	27 7/12	28/9	3·48
59 7/12	32	10 b	5 a	Richard Costain £1	94 4/12	93 11/12 *	3·22
15/–	7 1/2	5 a	10 b	Crittall Manufacturing 5/–	15 7/12	15 7/12	4·80
17/–	12 7/12	14 b	6 a	International Paints 4/–	17 11/12	17/–	4·71
61/3	39/–	6 a	11 b	London Brick £1	100/3	103/3	3·29
18/6	10	11 3/4 b	5 a	Pinchin Johnson 10/–	29 3	29/6 *	5·65
39/9	25	10 b	5 a	Rugby Portland 5/–	49 3	51/3	2·44
79/9	42/6	7 1/2 a	11 b	Taylor Woodrow 5/–	41 3/4	42/6	2·94 **
15	5	5 a	15 b	Wall Paper Defd. £1	128 9	130/–	3·08
4 8a	13·6c	2 11 a	5 6 b	**CHEMICALS** Albright & Wilson 5/–	29/9	29/6	2·31
21 1/2 a	24 7/12	15/3	5 6 b	Borax Defd. 5/–	19 10 1/2	22 1/12	1·98
6 b	3 a	3 a	6 b	Fisons £1	50/– ||	53 3/4	3·38
5 b	33 10 1/2	5 1/2 b	5 a	I.C.I. £1	59 1/2	61 1/2	2·96
5 b	15/11 1/2	8 1/2 b	5 a	Monsanto 5/–	25/–	27/–	2·59
5 a	28/–	15 b	8 a	**DRAPERY AND STORES** Montague Burton 10/–	48 10 1/2	48/– *	4·17
5 a	27/–	5 a	11 2 b	Debenhams 10/–	43 9*	44/6	3·74
27 1/2 b	29 7/12	7 1/2 a	5 a	G.U.S. 'A' 5/–	50/3	52 7/12 *	3·33
40 c	31/9	15 c	5 a	House of Fraser 5/–	45/–	46/6	4·30
16 c	13/–	7 1/2 a	5 a	Investment Trust 4/–	24 3 3/4	25/–	2·56
20-83b	41 4/12	12 1/2 a	5 a	Marks & Spencer 'A' 5/–	74/6	76/3	2·18
22 1/2 b	32 7/12	12 1/2 a	5 a	United Drapery 5/–	51 4/12	54/–	3·24
26 1/2 b	47/3	13 1/2 a	5 a	Woolworth 5/–	67/6	68 7/12	2·91
7 a	54/–	7 1/2 b	7 a	**ELECTRICAL AND RADIO** A.E.I. £1	59/6	63/–	4·76
4 a	46/3	9 1/2 b	4 a	B.I.C.C. £1	58/–	59/–	4·58
9 b	12/–	5 a	9 b	Crompton Parkinson 5/–	17/6*	18/–	3·89
55 a	37 4/12	20 c	55 a	Decca Record 10/–	56/6	56 10 1/2 *	3·52
15 b	31 7/12	5 a	15 b	E.M.I. 10/–	53 6	54 3/– *	3·69
3 a	38/–	9 1/2 c	3 a	English Electric £1	49/6	52/9	4·54
7 b	30/–	3 a	7 b	General Electric £1	43/–	45/–	4·44
43 a	43 a	5 a	43 a	C. A. Parsons £1	55/–	58/9	2·98
12 1/2 c	12 10 1/2	5 a	12 1/2 c	Pye Defd. 5/–	18 9	19 7	3·29
11 b	8 6	6 1/2 a	11 b	A. Reyrolle £1	94/–	97/3	3·60
20 c	14 7/12	10 c	20 c	Thorn Electrical 5/–	54/9	56/3	1·78
7 b	42/3	4 1/2 a	7 b	**ENGINEERING** Babcock & Wilcox £1	45/–	48/6	4·74
4 a	30 8 1/4	6 a	4 a	John Brown £1	52/–	53/–	3·77
3 a	7/–	11 a	3 a	Cammell Laird 5/–	8 10 1/2	10/3	6·83
10 a	30/3	30 c	10 a	International Combustion ..5/–	41/6	43/3	3·47
3 1/2 c	11/3	5 b	3 1/2 c	Richardsons Westgarth ... 10/–	14/3	15/3	5·46
7 1/2 a	25/6	7 1/2 b	7 1/2 a	Swan Hunter 5/–	39/3	39/3	5·10
7 1/2 a	19/–	15 b	7 1/2 a	John Thompson 5/–	22/6	25/–	4·50
2 1/2 a	27 2 1/4	7 1/2 b	2 1/2 a	Vickers £1	35/–	39/6	5·06
17 a	16/–	14 3/4 b	17 a	Coventry Gauge 10/–	27/3	28 1/2	3·61
14 b	36/6	12 a	14 b	Alfred Herbert £1	55/–	60/3	3·26
7 1/2 a	37/–	8 1/2 b	7 1/2 a	Allied Ironfounders £1	72/6	71/6	4·55
5 a	60/6	10 b	5 a	Averys £1	93 9	98/6	3·05
7 1/2 b	10/3	4 1/2 a	7 1/2 b	George Cohen 5/–	16/9	18 7/12	3·22
10 c	43 11/12	10 c	15 c	Davy-United £1	112 9	115/6	2·60
9 b	51/3	9 b	5 a	Guest Keen £1	92/6	92 7/12	3·02
10 b	16/4 1/2	10 b	3 1/2 a	Head Wrightson 5/–	28 4 1/2	31/6 *	2·22 *
5 1/2 b	44 7/12	5 b	4 a	Metal Box £1	76/– *	76/–	2·46
5 a	16/9	5 a	12 1/2 b	Ransome & Marles 5/–	24/6	25/9	3·40
5 a	39/9	5 a	12 1/2 b	Renold Chain £1	52/9	54/3 *	4·61
9 c	21 4/12	9 c	8 c	Ruston & Hornsby £1	32/6	34/9	4·60
7 1/2 a	72/–	7 1/2 a	12 1/2 b	Tube Investments £1	132 3	137/–	2·92
5 a	83/–	5 a	20 b	Ward (Thos. W.) £1	162 6	165/–	3·03
5 a	22/3	25 c	5 a	Woodall-Duckham 5/–	45/–	45/–	2·78

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 23, 1959	Price, Dec. 30, 1959	Yield, Dec. 30, 1959
		%	%				
				FOOD AND TOBACCO			
41/–	22/6	18 c	6 a	Allied Bakeries 'A' 5/–	40/3*	40/6	2·22
105 7/12	63/–	20 c	5 a	Bovril Deferred £1	101/3	105 7/12	3·79
15/9	9 1/2	12 1/2 a	14 b	Brooke Bond 'B' 5/–	15/3	15/9	3·24
26/–	21/–	10 c	10 c	Home & Colonial 10/–	24 11/2	24 1/2	4·10
14/3	10/6	2 1/2 a	7 1/2 b	International Tea 5/–	12/3	12/4 1/2 *	4·04
91/–	69/–	9 b	5 a	J. Lyons 'A' £1	79/–	82/6	3·43
28/–	18 10 1/2	5 a	7 1/2 b	Ranks 10/–	27/9	27 9*	4·50
70/–	40/3	8 b	2 1/2 a	Spillers £1	67/3	67/3	4·09
61/9	42/–	3 a	9 b	Tate & Lyle £1	60 13*	61/3	3·92
17 11/12	10 10 1/2	...	5 a	Unigate 5/–	17 10 3/4	17/–	2·94 *
69/9	51/4 1/2	†17 1/2 c	†10 5/8 a	British Amer. Tobacco ... 10/–	66/–	69/4 1/2	4·12
42/6	26/8 1/4	13 1/2 b	3 1/2 a	Gallaher 10/–	38/6	41/–	4·06
75/–	54/3	12 1/2 b	8 1/2 a	Imperial Tobacco £1	70 1/2	74/3	5·66
58/6	37/9	20 a	40 b	Assoc. Brit. Picture 5/–	52/9	54/3	5·53
84/–	54/9	60 b	40 a	Assoc. Television 'A' 5/–	79/–	81/–*	6·17
32/–	19 7/12	16 c	3 a	Boots Pure Drug 5/–	30·9	32/–	2·50
42/6	28 7/12	15 b	33 1/3 a	British Match £1	40/6	41/3	4·04
87/3	49/6	8 b	4 a	British Oxygen £1	82/6	86/–	2·79
11/6	8/8 1/4	18 c	6 a	British Ropes 2/6	11 11/2	11/6	3·91
72/6	42/9	15 b	5 a	De La Rue 10/–	69/6	72/6	2·76
38/9	22/3	14 b	6 a	Gestetner 'A' 5/–	38/3	38/9	2·58
63/–	35/9	5 1/2 a	8 1/2 b	Glaxo 10/–	60/6	63/–	2·22
64/–	31/6	3 a	9 b	Harrisons & Cros. Defd. £1	56 3/8	62/6	3·84
106/3	56 4 1/2	50 b	10 a	Hoover 'A' 5/–	99/6	102/6	2·93
28/9	16 10 1/2	11 b	5 a	Hovis 5/–	28/3	28/6	2·81
76/–	63/6	4 a	6 b	Inter. Computers & Tab. ... £1	74/3	76/–*	2·63
52/6	30/–	10 c	11 4 c	National Canning £1	51/3	52/6	4·29
49/11 1/2	35/–	7 1/2 a	15 b	Radio Rentals 5/–	46/6	49/11 1/2	2·29
14/7 1/2	10/–	5 c	10 c	Rank Organisation 5/–	13/6	14/–	3·57
34/9	18/11 1/2	12 1/2 b	5 a	Schweppes 5/–	33/6	34/3	2·92 **
28/9	13/–	18 c	20 c	Sears 'A' 5/–	27/3	28/9	3·48
20/–	11 3/4	6 3 b	7 1/2 a	Thomas Tilling 4/–	19/9	20/3	2·69
112/3	69/4 1/2	5 a	15 b	Turner & Newall £1	107/6	111/–*	3·60
144/–	86/7 1/2	16 8 c	8 a	Unilever £1	138/3	142/9	2·35
12/–	9/9	10 4 c	3 1/4 a	United Glass 5/–	11/9	12/–	4·33
47/9	31/9	†10 5/8 b	†4 1/2 a	United Molasses 10/–	44/3	46/6	5·27
188/9	122/6	†40 b	†45 a	**INSURANCE** Britannic 5/–	180/–	185/–	3·75
65/–	40/9	21 2/3 b	20 a	Commercial Union 5/–	62/6	65/–	3·20
197/6	127/6	15 b	12 1/2 a	Employers' Liability £1	191/3	197/6	2·78
14 1/4	8	†32·35c	†41·17c	Equity & Law Life 8/6	13 1/16	14 1/4*	2·00
18 5/16	9 5/8	60 b	40 a	Legal & General 5/–	17 11/16	18 5/16	1·37
127/6	63/6	5 a	10 b	Northern £1	120/–	127/6	2·35
170/–	112/6	50 b	20 a	Pearl 5/–	160/–	170/–	3·37
17 3/16	10 1/2	†147 1/2 c	†162 1/2 c	Prudential 'A' 4/–	17 1/2	17 13/16	2·98
106/3	59 1/2	10 b	8 a	Royal Exchange £1	101/6	106/3	3·01 *
68/6	36 4 1/2	3 a	9 1/2 b	**MOTORS AND AIRCRAFT** B.S.A. £1	66/6	66 10 1/2	7·48
24/–	10/–	5 3/4 a	12 1/2 b	British Motor 5/–	22 1/2	23 10 1/2	3·82
113/–	50/3	8 1/2 b	5 a	Ford Motor £1	100·6	107·9	2·51
83/6	44/–	12 1/2 c	12 c	Leyland Motor £1	78·6	83·6	2·99
18/11 1/2	7/3	8 c	12 c	Rootes Motors 4/–	14 8/4	16/3	2·95
12/11 1/2	5 11/4	12 c	12 c	Standard-Triumph 5/–	11/6	11 10 1/2	3·79 **
14/9	8/3	3 1/2 a	6 1/2 b	Bristol Aeroplane 10/–	14/–	14/9	6·78
27 7/12	11 11/4	7 1/2 c	Nil	De Havilland £1	26/9	27 7/12	...
54/–	34/9	†5 a	16 1/2 b	Dowty Group 10/–	47/3	53/6	3·52
34/–	26 11/12	3 a	7 b	Hawker Siddeley £1	28/6	29 10 1/2	6·69
53 11/12	41/3	7 1/2 b	2 1/2 a	Rolls-Royce £1	48/–	49 1/2	4·07
29/–	18/3	3 1/2 a	9 3/8 b	Dunlop Rubber 10/–	27/3	27 10 1/2	4·66
78/9	43/3	10 b	7 1/2 a	Joseph Lucas £1	73/6	76/–	2·29
46/4 1/2	23/7 1/2	9 a	4 a	Pressed Steel 5/–	44/6	46 7 1/2	2·87
91/6	48 1/2	20 c	30 c	Triplex Holdings 10/–	88/–	91/6	3·28
31/–	21/–	15 b	10 a	**PAPER AND NEWSPAPERS** Daily Mirror 'A' 5/–	30 1/2	31/–	4·03
37/–	24/6	12 1/2 a	12 1/2 b	Odhams Press 10/–	35 10 1/2	36 4 1/2	4·81
76/–	44/6	12 1/2 c	5 a	Bowater Paper £1	72/9	76/–	3·29
60/–	42/6	9 b	5 a	Albert E. Reed £1	56/6	60/–	4·67
68/–	43 7/12	8 b	4 a	W. H. Smith & Son £1	65/6	66/–	3·64
35/3	22/–	5 b	3 a	Spicers £1	35/–	33/9	4·74
77/3	71/–	12 1/2 b	5 a	Wiggins Teape £1	75/–	77/3	4·53
50/3	36/6	13 1/2 b	6 1/2 a	**SHIPPING** Brit. & Com'wealth. 10/–	47/–	50·3	3·98
25/–	17/3	8 c	Nil a	Cunard £1	21·3	24·9	6·46
35/–	25/–	10 c	Nil a	France Fenwick £1	31·9	32·3	...
48·3	29/6	10 c	10 c	Furness Withy £1	47/–	48·3	4·15
23/6	14/9	10 a	10 b	London & Overseas 5/–	21·3	23·6	4·26
50·9	31/6	8 b	3 a	P & O

Canada and Dominion's earnings and prospects. But what Sir Ian did make clear was that the directors do not intend to finance the deal by a new issue of ordinary shares. The acquisition of 56 per cent of the equity of Canada and Dominion Sugar has been financed by bank borrowings and arrangements are now in hand to fund these borrowings. What form this will take has not yet been revealed, but the market is plumping for a debenture issue. Tate and Lyle already has in issue about £3,400,000 in two debenture stocks and £1,144,000 in preference stock, but with an issued ordinary capital of £14 million the capital gearing is still fairly low.

Commenting on the year's trading, Sir Ian said that "substantial" savings in costs on all the group's refined products resulted in higher profits even though selling margins at home were reduced. In all, trading profits rose by 8½ per cent, from £6,195,253 to £6,720,469. The ordinary dividend of 12 per cent (against an equivalent 10 5/16 per cent) is comfortably covered 2.2 times by earnings and the £1 ordinary shares at 61s. offer a yield of 3.9 per cent.

Mitchells and Butlers

AN example of how rationalisation and reorganisation within a brewery group can directly benefit shareholders, even before earnings fully reflect the advantages of such measures, is given in the full report from Mitchells and Butlers. The chairman, Mr Robert H. Butler, says that the proceeds from the disposal of properties whose commercial values exceed licensed values have enabled the directors not only to finance improvements of other properties, but also to distribute to ordinary shareholders the tax free bonus of 1½ per cent. This they will receive for the year ended September 30th in addition to a bigger dividend from trading of 15 per cent (against 13½ per cent). The balance sheet shows that the net surplus on the disposal of land and properties now stands at £387,378, compared with £254,817 at end-September, 1958—and this after the tax-free distribution costing £71,042. Similar policies will be pursued in dealing with the properties of Atkinsons Brewery which the group took over last May. The inference made in the stock market was that the tax-free payment will be repeated, and perhaps increased; the £1 ordinary shares were marked up 2s. 6d. to 75s. 10½d., to yield nearly 4 per cent.

Since the end of the financial year Mitchells and Butlers has acquired another brewery, W. Butler and Company, which trades in Wolverhampton and the Black Country where the M and B public houses are not particularly thick on the ground. M and B is also adding to its interests in the Midlands by embarking on joint ventures with other breweries. The one with Ansells Brewery to build public houses in Birmingham has so far been hampered by protracted negotiations with the local authorities over the terms for the lease of the respective sites, but in Coventry the joint venture with Bass is making more satisfactory progress.

Ashdown Investment Trust

THE issue of shares in Ashdown Investment Trust last June at a price above their break-up value was not a resounding success. Yet shareholders who purchased shares then must feel pleased with the results of the trust for the year to November 30th last. Gross revenue has risen from £202,474 to £254,683, even though the proceeds of the ordinary share issue amounting to some £850,000 were available for less than half the year while the £750,000 resulting from the issue of debentures in October was available for only the last few weeks of the period.

The directors are paying a final ordinary dividend of 7 per cent, against the 6½ per cent forecast at the time of the issue, and thus are raising the total for the year from the equivalent of 12 per cent to 13½ per cent. They have also announced their intention to pay an interim dividend of 4¼ per cent on the capital to be increased by a 50 per cent scrip issue. This is the equivalent of 7⅛ per cent on the present capital and compares with 6¼ per cent, the total of the two interims paid for 1958-59. It seems clear that the total payment in the current year will again be increased and this would certainly be in accordance with the board's declared policy of distributing a large proportion of earnings. Currently priced at 20s. 6d. to yield 3⅓ per cent, the shares have risen some 20 per cent above the price of 17s. at which the new shares were offered. This compares with an advance of over 40 per cent in *The Economist* indicator over the same period.

US Borax

NET earnings of United States Borax and Chemical, the American operating subsidiary of Borax (Holdings), in the year ended September 30th advanced by 150 per cent to just over $6 million. This is equivalent to $1.29 a share, compared with 49 cents a share in the previous year. The jump in earnings looks enormous when it is compared with the rise of 17 per cent in sales, from $53 million to $62 million, and it must be largely due to the fact that profits in 1957-58 were hit by the heavy running-in costs of the new plant at Boron, California. Even so, at a time when potash prices remained low—and sales of potash account for about one third of the group's total turnover—earnings of 29 cents a share in the last quarter were the highest in the company's history. The group clearly benefited from an increased demand for boron products from industry and agriculture. On this announcement the 5s. deferred shares of Borax (Holdings), which owns about 70 per cent of the equity of US Borax, rose 1s. 3d. to 22s. 3d.

London Stock Exchange

FIRST DEALINGS:	Dec. 7	Dec. 28	Jan. 11
LAST DEALINGS:	Dec. 24	Jan. 8	Jan. 22
ACCOUNT DAY:	Jan. 5	Jan. 19	Feb. 2

MARKETS have been remarkably active for the time of the year, and on Wednesday the number of bargains marked was 24,862. Until Tuesday industrial equities advanced on a broad front with special interest shown in heavy engineering shares; but gilt-edged stocks were dull and drifted lower. On Wednesday, however, the Funds came in for a fair amount of buying from small investors and industrial equities lost ground on profit-taking. Wednesday's reversal of the week's general trend enabled all sections of the market to show net gains over the week and *The Economist* indicator rose 14.8 points to a new peak of 382.5.

Small selling orders of gilt-edged stocks tended to dry up on Tuesday, and on Wednesday the small trickle of selling which persisted was soon absorbed and most of the Funds improved. Among undated stocks 3½ per cent War Loan put on ¾ to 65 and in short-dated stocks 4½ per cent Conversion 1964 gained 1/16 to 99½. Longer-dated issues managed to maintain their pre-holiday levels; typically, 4 per cent Gas 1969-72 closed unchanged at 90½. Bank shares came in for heavy buying early in the week ahead of the dividend season, but profit-taking on Wednesday put most of them below their best levels. Barclays closed 2s. 7½d. better at 68s. 9d. and National Provincial gained 2s. to 94s.

Gains in the industrial equity market were by no means confined to blue-chips and were evenly spread over all sections of the market. Heavy engineering shares, including the shipbuilders, made good headway. William Doxford jumped 10s. 1½d. to 107s. 1½d., Swan Hunter put on 5s. 4½d. to 40s. 1½d. and Harland Wolf gained 3s. 6d. at 30s. In heavy engineering shares Davy-United closed 2s. 9d. up at 115s. 6d. and Power-Gas gained 6s. 3d. to 80s. 7½d. on hopes of an early statement on the proposed merger. Steel shares were erratic over the week but Steel Company of Wales closed 9d. better at 49s. 6d. while Lancashire Steel showed the best rise of 5s. 9d. to 51s. 6d. Textile shares continued their recent advance, if at a slower rate. Fine Spinners closed 1s. better at 34s. 9d., and English Sewing Cotton advanced 4½d. to 51s. 10½d. Shipping shares continued strong with Cunard 3s. 6d. better at 24s. 9d. and P & O deferred 3s. 3d. higher at 50s. 9d. Other equities to show good gains included Marks "A" which improved 1s. 9d. to 76s. 3d., and in motors ACV put on 5s. to 77s. while Fords gained 1s. 6d. to 107s. 9d. Oil shares advanced on the strength of Wall Street and substantial investment demand combined with an acute shortage of stock made for some substantial gains. Burmah jumped 6s. 6d. to 53s., Shell gained 14s. 6d. to 158s. 6d. and BP closed 3s. 3d. better at 56s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 19, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £46,826,000 compared with a deficit of £30,391,000 in the previous week and one of £76,121,000 in the corresponding period of last year. There was a net expenditure "below-line" of £40,196,000 leaving a total cumulative deficit to date of £888,391,000 compared with £792,511,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Dec. 20, 1958	April 1, 1959, to Dec. 19, 1959	Week ended Dec. 20, 1958	Week ended Dec. 19, 1959
Ord. Revenue					
Income Tax	2147,000	900,980	904,451	25,514	24,889
Surtax	171,000	53,300	55,400	1,800	2,000
Death Duties	195,000	131,500	154,000	4,400	4,300
Stamps	68,000	42,700	66,300	900	1,700
Profits tax, EPT and EPL	274,000	217,200	204,300	2,200	3,600
Other Inland Revenue Duties	1,000	150	110	...	...
Total Inland Revenue	2856,000	1345,830	1384,561	34,814	36,489
Customs	1285,500	940,905	1002,839	23,950	27,494
Excise	864,500	671,285	659,370	5,485	6,190
Total Customs and Excise	2150,000	1612,190	1662,209	29,435	33,684
Motor Duties	104,000	30,477	29,516	...	101
PO (Net Receipts)	...	...	...	Dr. 7,000	...
Broadcast Licences	35,000	19,400	21,400	...	...
Sundry Loans	30,000	26,126	31,554	...	29
Miscellaneous	150,000	62,626	69,322	1,710	7,613
Total	**5325,000**	**3096,649**	**3218,561**	**58,959**	**77,916**
Ord. Expenditure					
Debt Interest	600,000	479,162	420,004	28,180	27,904
Payments to Northern Ireland Exchequer	79,000	48,479	51,339	...	...
Other Consolidated Funds	10,000	5,062	5,665	...	28
Supply Services	4523,546	2964,281	3084,022	106200	96,600
Total	**5212,546**	**3496,984**	**3561,030**	**134380**	**124532**
Sinking Funds	39,000	25,763	25,946	700	210
"Above-line" Surplus or Deficit		426,098	368,415	76,121	46,826
"Below-line" Net Expenditure*		366,413	519,976	16,562	40,196
Total Surplus or Deficit		792,511	888,391	92,683	87,022
Net receipts from:					
Tax Reserve Certificates		208,098	137,097	1,418	1,386
Savings Certificates		99,900	54,800	3,600	1,100
Defence Bonds		67,706	107,507	3,684	3,893
Premium Savings Bonds		49,105	35,270	550	140
Total		**424,809**	**334,674**	**9,252**	**6,519**

* Net receipts of the Civil Contingencies fund of £10 million in 1959-60 compared with £11 million in 1958-59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958 Dec. 20	3,460·0	1,761·9	184·7	...	5,406·6
1959 Sept. 19	3,310·0	1,911·6	232·0	...	5,453·6
„ 30	5,298·3		270·1	1·8	5,570·1
Oct. 3	3,370·0	1,936·3	247·5	3·0	5,556·8
„ 10	3,390·0	1,954·2	259·7	...	5,603·9
„ 17	3,340·0	2,016·0	241·4	...	5,687·4
„ 24	3,430·0	2,052·7	217·8	...	5,700·5
„ 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
„ 14	3,580·0	1,942·9	223·8	...	5,746·7
„ 21	3,620·0	1,887·2	223·6	...	5,730·8
„ 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
„ 12	3,660·0	1,934·9	210·9	1·3	5,807·0
„ 19	3,660·0	2,004·0	228·2	1·5	5,893·7

THE MONEY MARKET

DESPITE a momentary spell of ease on Wednesday, end-year pressures caused acute stringency on Thursday and, despite large special help, three or four houses had to borrow a fairly large amount at Bank rate. This followed penal borrowing for small amounts on Monday and Tuesday.

The continued pressure from the Bank of England in the money market caused a further rise in the London bill rate at last Thursday's Treasury bill tender, by almost 3/32 per cent to £3 13s. 8.82d., the highest since October, 1958. It would be surprising if the rate went above £3 15s. while Bank rate remains at 4 per cent. The discount market lowered its bid by another 2d. to £99 1s. 7d. last week and its rate of allotment rose from 54 per cent to 66 per cent. At yesterday's tender the authorities offered only £280 million of three months' bills leaving a surplus of £50 million of maturing 63 day bills to help smooth the first flow of new year tax payments.

The rate on Treasury bills for three months bills in New York fell from the record level of 4.670 per cent to 4.516 per cent; the rate on six months bills was virtually unchanged at 4.942 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	3 25/32–3 27/32
Discount houses	2–2¼	3 months	3 25/32–3 27/32
Money:		4 months	3 25/32–3 27/32
Day-to-Day	2⅜–3½	6 months	3 25/32–3⅞
Treasury bills:		Fine trade bills:	
2 months	3 21/32	3 months	4¼–5
3 months	3 11/16	4 months	4¼–5
		6 months	4½–5¼

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** December 22	4·670
		„ 30	4·516

BANK OF ENGLAND RETURNS

(£ million)	Dec. 31, 1958	Dec. 23, 1959	Dec. 30, 1959
*Issue Department**:			
Notes in circulation	2,134·8	2,261·3	2,237·0
Notes in banking dept.	65·5	39·0	63·4
Govt. debt and securities*	2,196·5	2,297·0	2,297·0
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	12·4	15·0	10·9
Bankers	215·5	220·4	255·3
Others	76·6	66·2	67·3
Total	304·5	301·6	333·5
Securities:			
Government	214·8	242·1	249·8
Discounts and advances	20·2	17·0	16·8
Other	21·2	20·9	21·0
Total	256·2	280·0	287·6
Banking department reserve	66·4	39·8	64·2
	%	%	%
"Proportion"	21·8	13·2	19·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £25 million to £2,300 million on December 30th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered		Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
	91 day	63 day		s. d.	%
1958 Dec. 24	230·0	50·0	423·0	63 0·47	60
	91 day				
1959 Sept. 25	290·0		430·0	79 5·24	64
Oct. 2	280·0		411·6	69 10·48	54
„ 9	290·0		433·2	69 9·00	66
„ 16	270·0†		444·4	68 4·91	34
„ 23	260·0		456·5	68 6·74	37
	91 day	63 day			
„ 30	220·0	5·00	461·6	67 8·53	54
Nov. 6	240·0	50·0	464·9	67 4·62	53
„ 13	230·0	60·0	471·5	67 9·55	26
„ 20	230·0	60·0	438·0	67 11·96	44
„ 27	220·0	60·0	415·4	67 11·95	46
Dec. 4	230·0	60·0	408·1	70 7·23	54
„ 11	290·0	...	452·8	71 6·91	48
„ 18	240·0	50·0	403·9	72 10·50	54
	91 day				
„ 24	290·0		407·8	73 8·82	66

* On December 24th tenders for 91 day bills at £99 1s. 7d. secured 66 per cent, higher tenders being allotted in full. The offer for this week was for £280 mn. of 91 day bills. † Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: December 30	Market Rates: Spot: December 22	December 23	December 24	December 28	December 29	December 30
United States $	2·78–2·82	2·79 11/16–13/16	2·79 3/4–7/8	2·79 11/16–13/16	2·79 3/4–7/8	2·79 3/4–7/8	2·79 15/16–80 1/16
Canadian $	...	2·65 11/16–13/16	2·65 9/16–11/16	2·65 11/16–13/16	2·65 11/16–13/16	2·65 5/8–3/4	2·65 [illegible]
French Fr.	13·622–14·027	13·72 3/4–73	13·72 3/4–73	13·72 3/4–73	13·73 1/8–3/8	13·73 1/8–3/8	13·74 1/8–3/8
Swiss Fr.	11·94–12·54 7/8	12·07–07 1/4	12·07 1/8–3/8	12·06 7/8–07 1/8	12·07–07 1/4	12·08 1/4–1/2	12·10–10 1/4
Belgian Fr.	137·96–142·05	139·92 1/2–97 1/2	139·82 1/2–87 1/2	139·82 1/2–87 1/2	139·82 1/2–87 1/2	139·75–80	139·82 1/2–87 1/2
Dutch Gld.	10·48–10·80	10·54 3/4–55	10·54 3/4–55	10·54 5/8–7/8	10·54 5/8–7/8	10·54 7/8–55 1/8	10·55 3/8–5/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·66 1/2–3/4	11·66 5/8–7/8	11·66 3/8–5/8	11·66 1/2–3/4	11·66 5/8–7/8	11·67 1/8–3/8
Portug. Esc.	79·00 3/4–82·00 1/2	80·15–30	80·20–35	80·20–35	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1737 1/2–3/4	1737 3/4–38	1737 5/8–7/8	1737 1/8–3/8	1737 1/2–3/4	1737 3/8–5/8
Swedish Kr.	14·27 1/2–14·70	14·48 5/8–7/8	14·48 7/8–49 1/8	14·48 7/8–49 1/8	14·48 7/8–49 1/8	14·49 3/8–5/8	14·50–50 1/4
Danish Kr.	19·06 1/2–19·62	19·31 3/8–5/8	19·31 1/4–1/2	19·31 1/8–3/8	19·31 1/4–1/2	19·31 1/8–3/8	19·31 3/8–5/8
Norwegian Kr.	19·71–20·30 1/2	19·99 1/2–3/4	19·99 5/8–7/8	19·99 1/2–3/4	19·99–99 1/4	19·99–99 1/4	20·00 1/4–1/2
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		1/2–5/8c. dis	1/2–5/8c. dis	1/2–5/8c. dis	1/2–5/8c. dis	1/2–5/8c. dis	1/2–5/8c. dis
French Fr.		1/2–1c. dis	1 1/4–1 3/4c. dis	1 1/4–1 3/4c. dis	1–1 1/2c. dis	1–1 1/2c. dis	1/2–1c. dis
Swiss Fr.		3–5c. dis	1–3c. dis	1–3c. dis	1–3c. dis	1–3c. dis	par–1/2c. dis
Belgian Fr.		3–8c. dis	10–15c. dis	5–15c. dis	10–20c. dis	15–25c. dis	15–20c. dis
Dutch Gld.		1–1 1/2c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis	1 1/4–1 3/4c. dis	1/2–1c. dis	par–1/2c. dis
W. German D-Mk.		1 3/4–2pf. dis	1 1/2–1 3/4pf. dis	1 1/2–1 3/4pf. dis	1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis	1–1 1/4pf. dis
Three Months Forward Rates							
United States $		3/8–1/2c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	3/8–1/2c. dis
Canadian $		1 1/4–1 3/8c. dis	1 1/4–1 3/8c. dis	1 1/4–1 3/8c. dis	1 1/4–1 3/8c. dis	1 1/4–1 3/8c. dis	1 3/16–1 5/16c. dis
Swiss Fr.		3 1/2–5 1/2c. dis	1 1/2–3 1/2c. dis	1 1/2–3 1/2c. dis	1 1/2–3 1/2c. dis	1–3c. dis	par–1c. dis
W. German D-Mk.		2 1/2–2 3/4pf. dis	2 3/8–2 5/8pf. dis	2 3/8–2 5/8pf. dis	2 3/8–2 5/8pf. dis	2 3/8–2 5/8c. dis	2–2 1/4pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/6 3/4	250/6 3/4	250/7	250/6 3/4	250/8 1/4	250/7 1/2

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	Dec. 12th
Manpower and Output....	Dec. 19th	Industrial Profits.....	Oct. 24th

OVERSEAS

Western Europe.....	Nov. 14th	United States.....	Dec. 26th

	Unit	1956	1957	1958	1958			1959 (a)				
		mid-June			Dec. 16	Dec. 23	Dec. 30	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
WORLD PRICES												
Commodity Price Indicator(a):												
All items	1952=100	92	95	87	87	87	87	90	91	91	91	92
Food	,,	90·8	98·8	94·8	87·9	87·6	88·2	81·7	81·0	80·8	80·3	80·5
Fibres	,,	81·5	95·9	80·1	74·6	75·3	74·8	83·8	85·2	86·4	86·5	87·0
Metals	,,	95·6	79·7	70·8	75·4	75·2	75·9	81·8	83·6	83·4	83·9	84·6
Other items	,,	101·8	107·2	104·3	117·6	118·6	118·4	126·7	126·3	126·3	129·4	132·0
		Monthly averages			1958			1959				
BRITISH WHOLESALE PRICES(b)		1956	1957	1958	Sept.	Oct.	Nov.	July	August	Sept.	Oct.	Nov.
Materials used in:												
All manufacturing industries	1954=100	106·7	107·4	100·8	100·2	100·7	101·5	100·9	101·8	101·9	102·2	102·6
Mechanical engineering	,,	116·5	121·9	123·5	123·5	124·2	124·9	123·5	124·2	124·3	124·7	125·6
Electrical machinery	,,	114·3	114·9	114·5	114·5	115·5	116·1	114·5	115·1	115·1	115·3	116·2
Building and civil engineering	,,	109·5	113·7	114·2	113·8	113·9	114·1	113·2	113·3	113·3	113·4	113·6
House building	,,	109·4	112·3	111·9	111·3	111·4	111·6	110·9	111·0	111·0	111·2	111·5
Products of:												
All manufacturing industries	,,	107·0	110·4	111·1	111·1	111·3	111·5	111·2	111·4	111·5	111·6	111·7
Chemicals and allied trades	,,	103·1	106·5	105·6	105·0	105·2	105·8	106·3	106·0	106·4	106·6	106·6
Iron and steel	,,	112·8	125·2	129·9	129·6	129·5	129·6	128·3	128·3	128·3	128·6	128·6
Textile industry	,,	97·5	100·9	97·9	97·1	96·6	96·3	95·6	95·9	96·7	96·8	97·6
Food manufacturing	,,	105·8	107·1	104·9	105·5	105·6	106·5	106·2	106·9	107·1	107·2	107·7
Commodities:												
Cotton, raw	,,	95·1	90·7	77·2	75·5	75·1	72·9	69·7	69·2	69·3	69·7	70·1
Wool, raw	,,	90·6	101·1	72·4	67·6	64·6	64·7	78·6	84·8	82·3	80·8	80·5
Rubber, No. 1 RSS, one month future	,,	143·4	131·6	118·2	120·1	126·7	130·0	142·3	156·1	162·2	158·8	178·6
Softwood, imported	,,	109·5	109·7	102·1	99·1	98·1	96·8	94·9	95·1	95·2	95·9	96·9
Copper, ex-warehouse	,,	132·4	88·3	79·4	84·2	95·1	97·8	88·8	93·6	92·6	97·3	100·9
UK RETAIL PRICES	Jan. 17,											
All items (c)	1956=100	102·0	105·8	109·0	108·4	109·4	109·8	109·0	109·3	108·7	109·2	110·0
Food	,,	102·2	104·9	107·1	105·6	108·1	108·4	107·4	108·1	106·1	107·4	108·2
All items	1938=100(d)	254	263	271	270	272	273	271	272	271	272	274
Food	,,	269	276	282	278	284	285	282	284	279	282	285
Housing	,,	145	155	172	174	175	175	181	181	181	182	182
Clothing	,,	263	267	269	268	268	268	267	268	268	269	269
Fuel and light	,,	251	268	281	275	275	289	276	276	277	278	294
Household durable goods	,,	308	308	307	305	305	305	299	299	299	298	298
Drink	,,	264	272	276	276	276	276	256	256	256	256	256
Tobacco	,,	411	421	428	428	428	428	428	428	430	430	430
Purchasing power of £ (based on all consumer spending)	1938=100	38	37	36	36	36	36	36	36	36	36	36
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	105	107	99	98	98	99	97	98	98	99	101
Food, drink and tobacco	,,	101	101	97	97	98	100	97	97	98	100	102
Basic materials	,,	106	110	96	93	92	91	93	94	94	95	96
Fuels	,,	110	128	112	113	110	111	104	101	99	102	102
Manufactured goods	,,	110	104	101	101	102	104	102	104	105	106	107
Export prices:												
All items	,,	106	111	110	109	109	109	108	108	109	109	111
All manufactures	,,	106	109	111	110	111	111	110	110	111	112	113
Metals	,,	112	115	118	117	118	117	112	113	113	114	113
Engineering products	,,	107	112	115	114	116	116	116	117	118	120	121
Textiles (excluding clothing)	,,	99	101	101	100	98	97	97	95	98	98	97
Terms of trade:												
Ratio of import to export prices	,,	99	96	90	90	90	91	90	91	90	91	91
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952=100	157·0	112·7	67·1	65·7	70·4	76·4	69·7	69·6	71·0	80·4	83·1
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers (e)	1956=100	104·7	110·0	114·0	114·7	115·9	116·1	117·0	117·1	117·2	117·3	117·4
Men	,,	104·8	110·0	113·8	114·5	115·9	116·0	116·9	117·0	117·0	117·1	117·1
Women	,,	104·2	109·7	114·0	114·9	115·8	115·9	117·0	117·2	117·7	117·7	117·8
Juveniles (f)	,,	105·5	111·3	115·8	116·5	117·7	118·0	119·0	119·1	119·4	119·5	119·5
All workers	Sept., 1939=100	272	286	296	298	301	302	304	304	305	305	305
Weekly earnings: (e)												
All workers	s. d.	200 8	212 5	217 4	...	217 4	...	222 6[g]	...	...	...	...
Men	,,	237 11	251 7	256 8	...	256 8	...	262 11[g]	...	...	...	...
Women	,,	123 2	129 6	133 11	...	133 11	...	137 0[g]	...	...	...	...
All workers	Oct., 1938=100	377	399	408	...	408	...	418[g]	...	...	...	...
Men	,,	345	365	372	...	372	...	381[g]	...	...	...	...
Women	,,	379	398	412	...	412	...	422[g]	...	...	...	...

(a) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (b) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (c) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (d) Surveys made twice a year; annual figures relate to October survey. (e) Figures relate to April survey. (f) In general males under 21 and females under 18 years of age. (g) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (h) The series for "all items" and "other items" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline. Owing to a change in the tea quotation used, some revisions have also been made in the series for "all items" and "food" from June 2, 1959. (i) Revised figures for October 27th: fibres, 80·7; others, 130·4.

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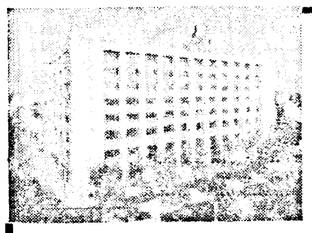

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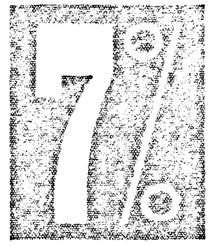

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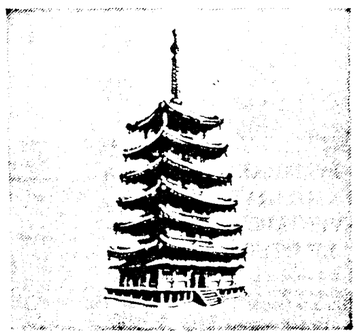

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(*Non-Domestic Business*)

Condensed Annual Statement

as on 30th November, 1959

ASSETS	
Cash on hand and due from banks (including items in transit)	$558,724,021
Government of Canada and provincial government securities, at amortized value	787,719,587
Other securities, not exceeding market value	472,429,923
Call Loans, fully secured	366,068,424
Total quick assets	$2,184,941,955
Other loans and discounts	1,522,568,647
Mortgages and hypothecs insured under N.H.A. (1954)	291,756,158
Bank premises	45,925,659
Liabilities of customers under acceptances, guarantees and letters of credit	78,859,408
Other assets	5,606,834
	$4,129,658,661
LIABILITIES	
Deposits	$3,777,620,441
Acceptances, guarantees and letters of credit	78,859,408
Other liabilities	17,157,316
Total liabilities to the public	$3,873,637,165
Capital :	
Authorized — 10,000,000 shares of $10 each $100,000,000	
Paid-up—6,048,000 shares issued and fully paid	60,480,000
Rest Account	915,020,000
Undivided profits	521,496
	$4,129,658,661

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A. P. Harvey, *Assistant Manager*

APPOINTMENTS

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ICI

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Applications are invited for a senior position in a department evaluating commercial and economic information affecting long-term interests of the Metals Division of the Company. The successful candidate would be a member of a small team undertaking market surveys and special investigations.

Applicants, preferably between 28 and 35 years of age, should possess an honours degree, have industrial and commercial experience, and have the ability to draw the correct commercial inferences from technical information and to present the results clearly in a form acceptable to senior management.

Excellent conditions of employment include an attractive commencing salary with adequate scope for progressive remuneration, a contributory pension fund and a profit-sharing scheme.

The successful candidate will, if married, receive a refund of his reasonable removal (including travel) expenses and will also be paid a lodging allowance for a period up to six months whilst maintaining two homes. In addition he will be eligible for assistance with house purchase.

Write for an application form to the Assistant Division Personnel Manager (Staff), Imperial Chemical Industries Limited, Metals Division, P.O. Box 216, Kynoch Works, Witton, Birmingham, 6, quoting TC 40/E.

NATIONAL Daily Newspaper requires bright young FEATURE WRITER to write on Financial, Economic and Industrial subjects. Applicants should be under 30 and preferably with an Honours Degree.—Please send details of age, education and experience, to Box 1257.

THE BRITISH COLUMBIA POWER COMMISSION

requires a thoroughly qualified economist with wide experience in hydro-electric power development studies and negotiations. Must be able to take major responsibilities in analysis and interpretation of conflicting proposals relating to intergovernmental and interagency agreements involving many hundreds of millions of dollars. Salary proportionate to qualifications but only candidates of outstanding ability and established reputation should apply.—Confidential communications giving full details should be addressed to B. M. Hoffmeister, Agent-General for British Columbia, British Columbia House, 1 and 3 Regent Street, London, S.W.1, England.

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Applications are invited for Lectureship in Economic Statistics. Salary scale: £1,150 × £50—£1,450 x £75—£1,900 p.a. Entry point determined by qualifications and experience. Child allowance. F.S.S.U. Unfurnished accommodation at rent 5 per cent basic salary. Passages for up to 5 persons on appointment, normal termination and study leave once every three years).

Detailed applications (6 copies) naming 3 referees as soon as possible to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

THE PIG INDUSTRY DEVELOPMENT AUTHORITY

invites applications from graduates for a post as

STATISTICIAN BIOMETRICIAN

Practical experience of statistical methods related to nutritional and genetic experiments with animals and experience with Punch Card Installation would be an advantage. The person appointed will in the first instance spend most of his time at Stotfold in Bedfordshire but will also visit the London office. Age limits 26 to 45 years. Commencing salary according to experience and qualifications but not less than £900 per annum. A contributory pension scheme is in operation.—Application forms (available from the Establishment Officer, Pida House, 15 Ridgmount Street, London, W.C.1) should be completed and returned by 12th January, 1960.

FOURAH BAY COLLEGE SIERRA LEONE

UNIVERSITY OF DURHAM)

Applications are invited for two Lectureships in ECONOMICS, one requiring a special interest in Economic Statistics and the other comparative Economic History. Salary scale: £965 x £50—£1,275; £1,200 x £[illegible]—£1,700 p.a., entry point according to qualifications and experience. F.S.S.U. Outfit and family allowances (maximum £500). Passages on appointment, annual leave and normal termination. Part-furnished accommodation at reasonable rent.

Detailed applications (six copies) naming three referees by February 12, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

KENT COUNTY COUNCIL

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(c) PLANNING ASSISTANTS in Grade A.P.T. I-II (£610-£880) or A.P.T. I (£610-£765); and

(d) CLERK DRAUGHTSMAN in Miscellaneous I-III (£425-£590).

The commencing salaries will be fixed according to qualifications and experience and the posts are superannuable.

Candidates for post (a) must be corporate members of the Town Planning Institute or alternatively possess an appropriate degree or diploma and have at least 5 years' experience in town and country planning. The post will be that of senior assistant to the Area Planning Officer.

Candidates for senior planning posts under (b) must be corporate members of the Town Planning Institute and for other senior posts corporate membership of either the Royal Institute of British Architects or the Institute of Landscape Architects will be required.

Candidates for posts (c) must have a University degree or diploma or a recognised intermediate professional examination related to any technical aspect of the work of a planning department.

As to (b) and (c) several new posts are available for work in connection with the preparation of Town Maps, for development control duties, and for officers with qualifications in architecture or landscape.

Candidates for post (d) should have general clerical experience, preferably in a technical department and some experience in cartographical draughtsmanship.

The National Scheme of Conditions of Service applies and registered disabled persons will be considered. Five-day week.

Applications with names of two referees to County Planning Officer, County Hall, Maidstone, by February 8, 1960.

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(Revised Advertisement)

Applications are invited from men or women for the above post. The Senior Research Officer will assist the Director in the conduct of the Foundation's research programme and have specific responsibility for the Statistical Service. Opportunity to play a full part in other aspects of the Foundation's work will be given.

Candidates should be honours graduates with considerable post-graduate research experience. They should *either* have a good academic qualification in Mathematical Statistics or have given evidence of high ability in the application of statistical methods to research in educational psychology. Qualifications and experience in Education and/or Psychology are also looked for though this requirement might be partially waived for candidates with high qualifications in statistics. Varied teaching experience, experience as an educational psychologist, proven ability to write technical material intelligibly would be additional qualifications.

Salary on the scale £1,700 x £50—£2,000 with placement according to qualification.

Applications (closing date January 14, 1960) in three copies and with the names of three referees should be sent to the Director, National Foundation for Educational Research, 79 Wimpole Street, London, W.1, from whom further details of the post can be obtained.

Those candidates who made an earlier application for a similar post and who wish their applications to stand need not apply again. They are asked to inform the Director of this by postcard.

CITY Investment Bankers require Senior Economist Statistician for their Research Department. Duties involve writing general economic and stock market reports. Applicants should possess a good honours degree and some experience in investment analysis would be an advantage.—Please reply to Box A.340, c/o Walter Judd, Ltd., 47 Gresham Street, E.C.2.

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Candidates should have a good Honours degree preferably in Economics with Statistics as a main subject. The latter is not essential provided that Statistics has been included in the degree course and the candidate has a good knowledge of statistical methods and the handling of statistical data. Experience desirable of work in a government or commercial statistical organisation or post graduate research in economic analyses or statistical surveys. Age limit 40. Appointment may be pensionable or on contract terms, inclusive salary scale £939 — £1,863, point of entry determined by experience. (Gratuity of 13½ per cent. of salary if appointment is on contract. Income tax at local rates. Free passages on first appointment and on leave for officer and family. Liberal home leave on full salary. Government quarters, when available, at moderate rental.—Apply stating full name and giving brief details of qualifications and experience to Director of Recruitment, Colonial Office, London, S.W.1, quoting BCD 59/88/02/A3.

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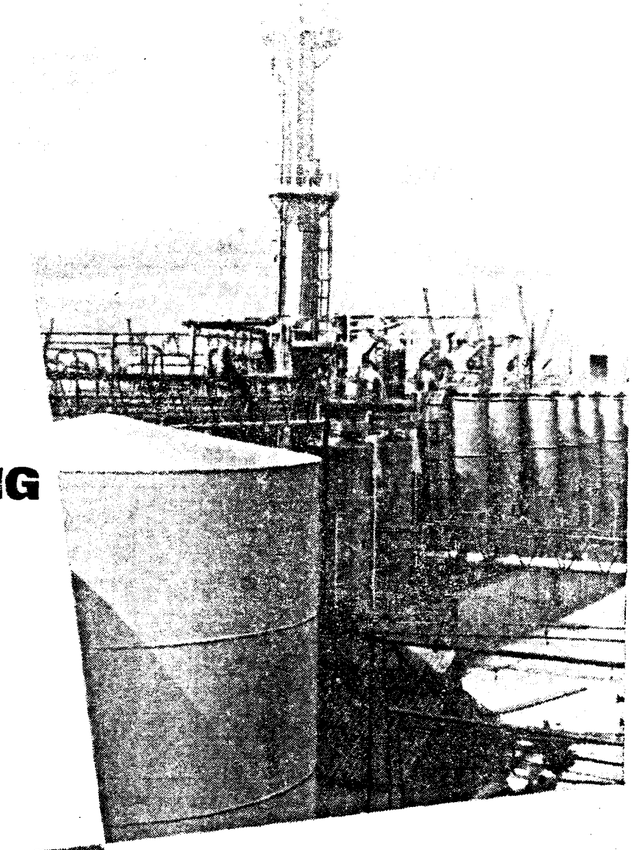

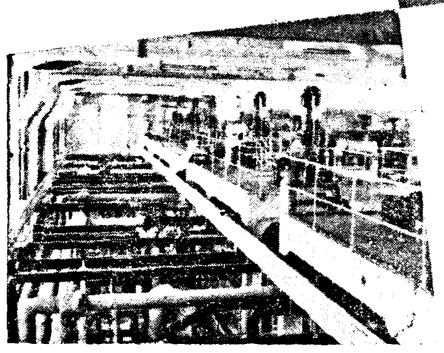

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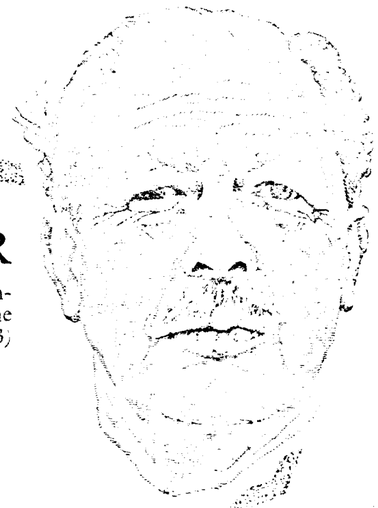
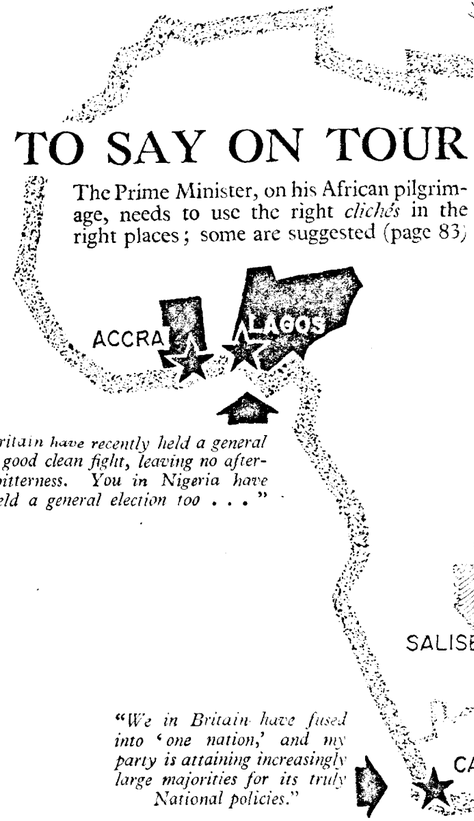


WHAT TO SAY ON TOUR

The Prime Minister, on his African pilgrimage, needs to use the right *clichés* in the right places; some are suggested (page 83)



"We in Britain have recently held a general election: a good clean fight, leaving no aftertaste of bitterness. You in Nigeria have recently held a general election too . . ."

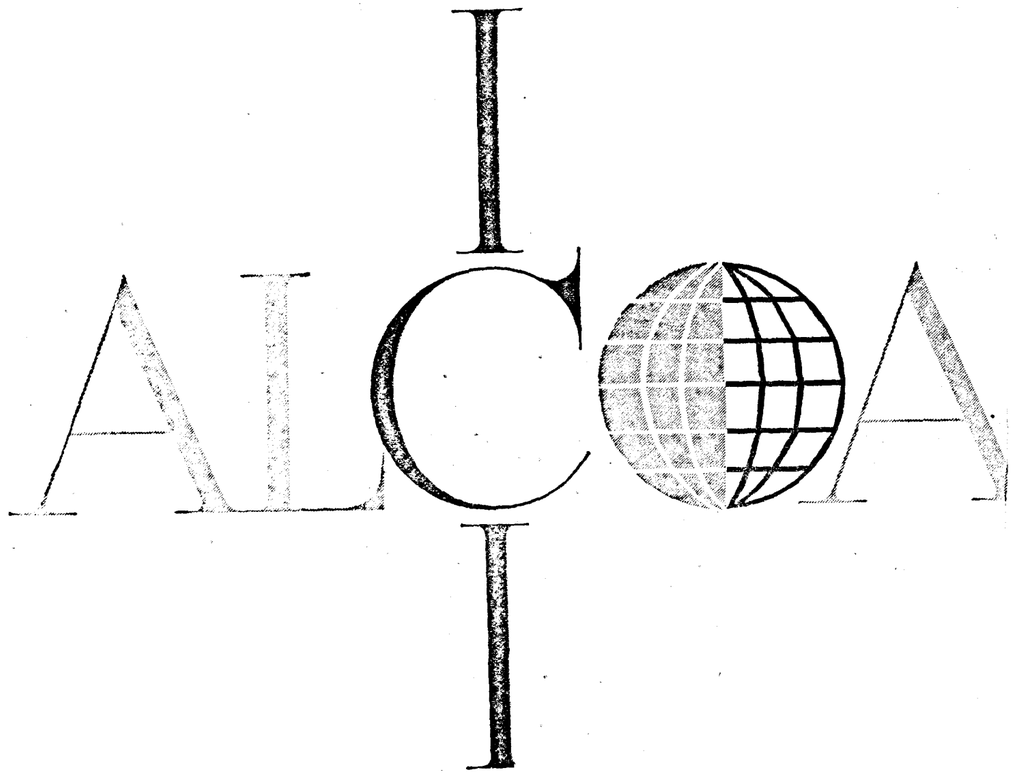
"In Britain we have no fear of the knock on the door at dawn . . . it can only be the milkman."

"We in Britain have fused into 'one nation,' and my party is attaining increasingly large majorities for its truly National policies."

ASPECTS of AFRICA

(Pages 97 to 102)

World Politics and Business



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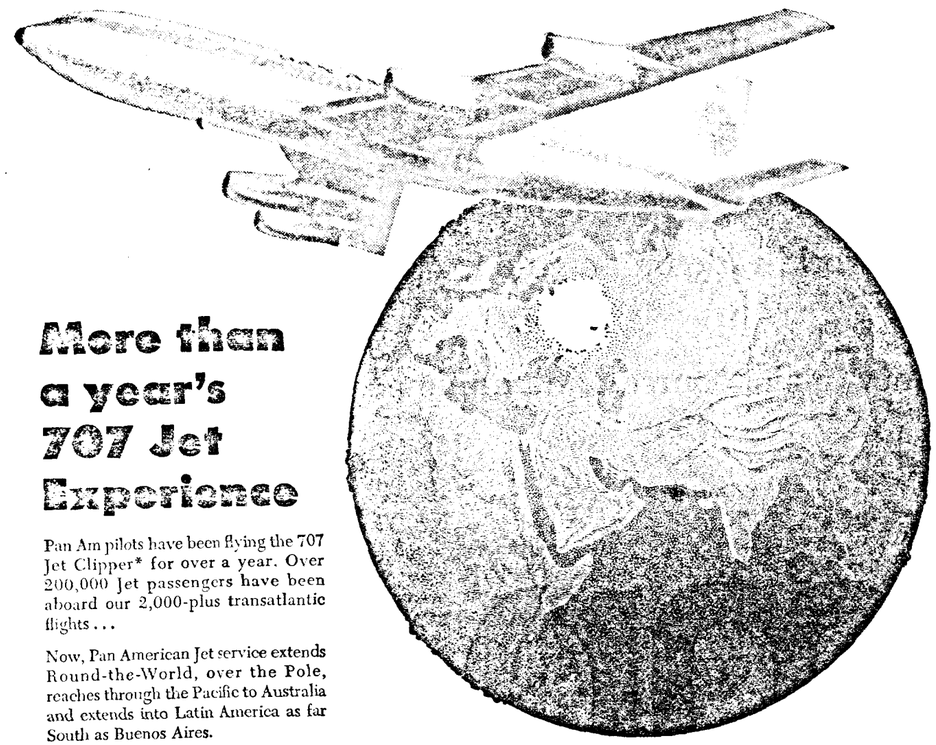

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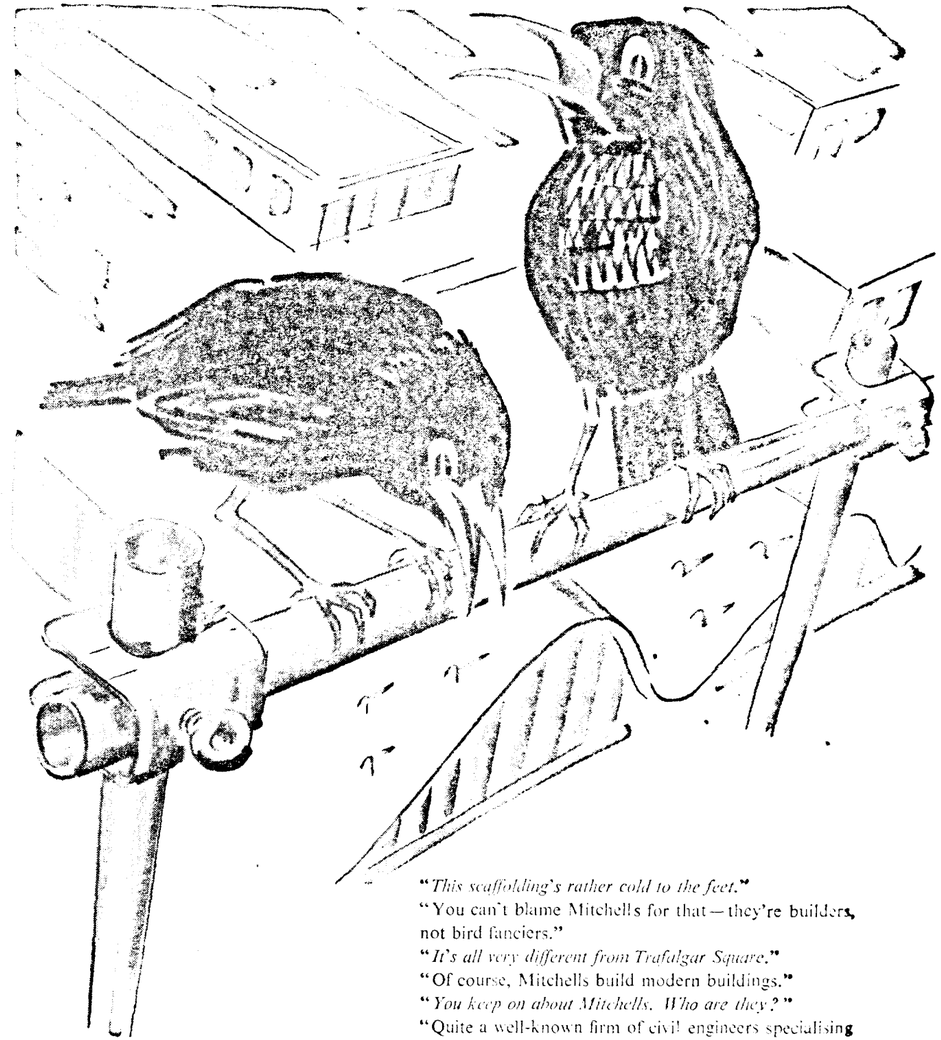

"*This scaffolding's rather cold to the feet.*"
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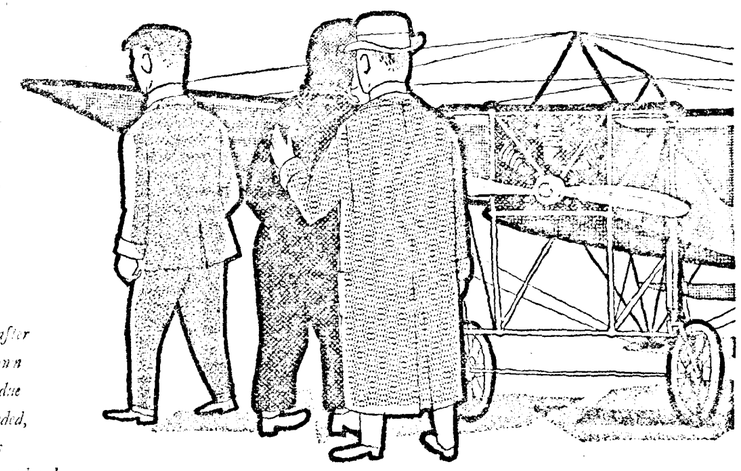
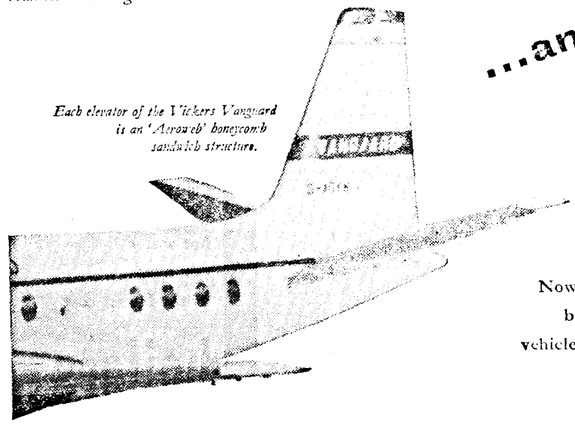


To Dover...

In 1909 Louis Blériot arrived at Dover, after crossing the Channel in a machine of his own manufacture. Handicapped by instability due to a poor power/weight ratio, he crash landed, fortunately without injury. Engine powers have since increased 1,000-fold, metal has replaced wood in airframe construction, but only recently have new materials been introduced to provide further important reductions in weight.



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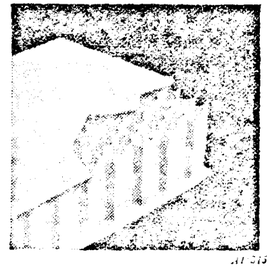

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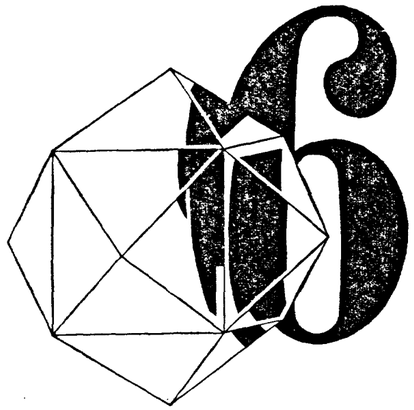

German Fairs 1960

The six German fairs extend a cordial invitation to you. Here firms from all parts of the world show the latest of their production. The six fair cities, closely adjacent to eachother under the aspects of modern traffic and adjusted as to dates, form a big efficient trading center for your visit. Markedly individual in organization and character, the six fairs complement each other as to offer and circle of visitors. Here you find your suppliers, here you win new customers. Above all you have the pleasant opportunity for personal contact with business partners from many countries which you otherwise can only establish by extensive travel. An excellent service facilitates your work.

International Frankfurt Fair
March 6 - 10 · August 28 - September 1

German Industries Fair Hannover
April 24 - May 3

International Cologne Fair
Furniture Fair February 11 - 15 · Household Goods and Hardware Fair March 11 - 14 and September 9 - 11
7th Men's Fashion Week August 28 - 30

International Handicrafts and Supplier Industries Fair Munich
May 11 - 22

International Toy Trade Fair Nuremberg
March 3 - 8

Offenbach International Leather Goods Fair
March 5 - 10 · August 27 - September 1

Information can be obtained from the fairs or their agencies abroad. General Information: Ausstellungs- und Messe-Ausschuss der Deutschen Wirtschaft e.V., Cologne, Habsburger Ring 2-12, Telephone: 215091 and 215092, Telex: 0888507, Telegram: AUMA Cologne

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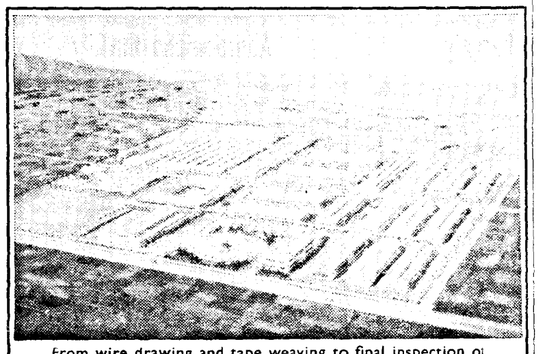
Each year in The Guardian, a number of leading industrial and commercial companies take full pages to talk about themselves and the openings they offer to school-leavers and graduates. In this way they are able to attract the interest of the lively-minded student who reads The Guardian. They are able to tell him the sort of firm they are, the prospects they offer, and the qualifications and qualities they require.

These announcements have proved extremely useful and productive in the past, both to the companies seeking the right sort of recruit and the man (and woman) seeking a job with a future. The series commences on January 18th, and will continue each day for several weeks.

Lively minds like
THE GUARDIAN



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who
makes the biggest small refrigerator ever?

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Pakistanis perfectly



Sisters superbly



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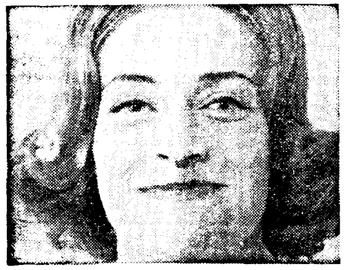


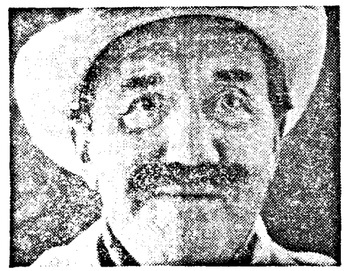
Housewives happily



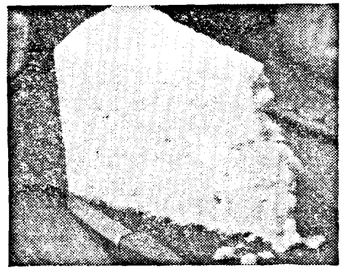
Aberdonians thriftily



Sweethearts charmingly



Italians cheerfully



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The Economist

JANUARY 9, 1960

What to Say in Africa 83
Germany's Notting Hill 85
How to Rescue the Bar? 86
Economic Co-existence 87

NOTES OF THE WEEK 89

Disarmament; Communist Powers and Asia; Trade Unions; Nuclear Demonstrations; Italy; Cyprus; France; Women at Work; Economic Policy; Laos; Smokeless Fuels.

ASPECTS OF AFRICA ..... pages 97 to 102

AMERICAN SURVEY

Second Chance for Congress 105

Steel Brought to Terms; They Declare; Ban in a Big Hole; Rebuke for Radio; The Next President?—V: Adlai E. Stevenson; Output on a New Measure; Borax Pioneers; Gamblers Play Safe; Seaway's First Season.

LETTERS 114

THE WORLD OVERSEAS

Canada's Farm Problems 115

France at School—II: Problems of Reform; Argentina's Year of Austerity; Out of the Sea; European Harmony in G.

BOOKS

Political Philosophy Re-established 122

THE BUSINESS WORLD

Trustees and Investors 127
What Next in Commodities? 129

BUSINESS NOTES 131

In the Markets; The Economy; Air Traffic Rights; Television Profits; Price Cuts; Pooling World Reserves; *The Economist* Indicator; France; Road Haulage; Budget Accounts; Oil; Atomic Radiation; Australian Oil; Issues by Tender; Films and Television; Butter and Margarine; Life Assurance; Discount Houses; Bullion Market; Railway Conversion; Holidays Abroad; Furniture.

COMPANY AFFAIRS 155

Banks' Bumper Year; Dorman Long; Steel Company of Wales; South Durham; United Steel; International Computers and Tabulators.

London and New York Stocks 158
Money and Exchanges 160
UK External Trade 161

Annual Postal Subscription by ordinary mail £4 10s.; overseas £5; by air see page 134.

VOLUME CXCIV . NUMBER 6072.

What to Say in Africa

SINCE he became prime minister on January 10, 1957, Mr Macmillan has started every calendar year with a reconnaissance into the world outside, each of them with a very pressing political motive. His Commonwealth tour in 1958 was dictated by the fact that he took over the prime ministership on the ruins of the Suez adventure; its purpose was to mend fences. His visit to Russia in 1959 was designed to open the way to a summit meeting; its main purpose was to build bridges, although it was also not without its influence on the subsequent British general election. Now, in 1960, he is in Africa: there it is a new world that has to be built, and the role that Britain plays in that building is going to have a big domestic political impact, too.

Of the quickening of the pace of events in Africa, and of quickening interest in it in Britain, there is evidence to spare. (As one sign of the times, *The Economist* has this week felt obliged to arrange its mass of current reports on and from that continent in a special, separate African section on later pages.) Mr Macmillan must know that the things he himself says about Africa are now watched more closely and with a more critical eye than the things that he says about any other subject whatever. This is not only because Africa represents modern Conservatism's crisis of conscience. It is because there is now an influential section of opinion in Britain which is profoundly concerned that this country shall not appear in a bad light in Africa; it insists, no doubt in a rather muddled and imprecise way, that the right and moral thing shall be done somehow, and that there shall be some term to shifts and evasions. This strain of opinion may sometimes be irresponsible, and even more often unrealistic—but what matters for Mr Macmillan is that it runs right through national sentiment from the left of Labour to the Tory Bow Group.

There is now a strong, liberal African lobby or crossbench which does not believe that there can indefinitely be one solution for West Africa and a totally different one for Kenya and Rhodesia. Some of its champions are now whipping up a rather surprising degree of support in Britain for a campaign to boycott South African goods. They are representatives of a mood which Mr Macmillan cannot miss in almost every British newspaper; he had an unpleasant time with it over the Devlin report. He knows that the general election gave him no mandate for old-fashioned Conservatism in Africa.

Now he is on the way to see for himself the forces that have caused these waters to rise: to test the challenge of Black Africa in Ghana and Nigeria, and the obduracy of White Africa in Salisbury and Capetown. Any initiatives he takes will be behind the scenes. But in public he will be expected to say something, too. Inevitably his public statements will take the form of cliches. The important thing is to choose the right ones. The particular cliches that he chose in his televised speech to the Russians last year did a world of quiet good; that was because he was speaking in a country where there has long been a sense that liberty is a dangerous doctrine. This year—whether in Lagos, Salisbury or Cape Town—he may well be reminded of something of this same atmosphere.

Now, therefore, is the time for helpful outsiders to help him choose the right cliches for his new journeyings. The notes that follow, offered as the substance for simple speeches about the British way of life, are put forward only partly as a joke. Needless to say they have not been pilfered from Mr Macmillan's desk, and were prepared only after he had already begun to talk to his Ghanaian

hosts. But they can perhaps illustrate that ordinarily unexceptionable phrases nowadays carry an odd ring in certain parts of the Commonwealth—and can prompt some interesting thoughts about the proper uses of flannel on top level tours.



Speech for Lagos

IT would be inappropriate for me to make any comment on your own affairs. I should like simply to try to tell you something of our way of life in Britain, of our struggles, of the ideals we have fought for and won. I broadcast from Moscow on the same theme last year, to the Russians, who have not had the same Commonwealth heritage as you and we. . . .

You may find it strange that I, as head of a government, should stress the importance we in Britain attach to the existence of a vigorous Opposition, whose constitutional duty is to oppose. But I am sure I shall give no offence if I say that the first thing that struck me, on arriving here from Ghana, was the flourishing freedom of your Opposition. . . . We have recently held a general election ; a good clean fight, leaving no aftertaste of bitterness. You will understand all this, for you too have recently held a general election here. . . .

We cherish, in our little island, the hard-won freedom of our press. (This, I understand, is a matter which your new government is tackling with striking vigour. . . .) We are proud of our claim that all are equal before our law, that our judiciary, independent and fearless, treats plain men and ministers alike. . . .

Being of northern stock myself, I can say without fear of contradiction (and both my Colonial and Commonwealth Relations Secretaries would undoubtedly agree) that we have solved our old problem of the relationship between North and South in the only possible way. . . . It is our custom not to jettison all that we find good in the past out of eagerness to experiment with the future. For example, while it is many centuries since we first began to curb the power of our feudal potentates, we still reserve for them an honoured place both in our constitution and in our social life ; we of the Government have sometimes had the duty and pleasure to draw their dynasties into the mainstream of our national life by marrying their daughters. . . .



Speech for Salisbury

IT would be inappropriate, etc. . . . I should like simply to, etc. . . . We are proud, in our little island, of our ancient rights and liberties. We live without fear of arbitrary arrest, without fear of the knock on the door in the chilly dawn ; we know it can only be the milkman. Habeas Corpus is our precious guarantee against any detention without trial. . . . The long established right of our Royal Commissions to sit in judgment on any of our affairs, and to call upon witnesses to give their testimony without fear of any painful consequences, is another bulwark of our freedom.

Yet our old country, with all its proud heritage from the past, is equally proud of its ability to revise its thinking to keep abreast of a fast changing world. We have learnt from our unique experience of Empire that ultimately government must rest on the consent of the governed. . . . To take an example that comes very near home, since we recognised the right of the Irish to secede we have enjoyed such cordial relations with them that there is now no contradiction between their national independence and their flocking in many thousands to swell our labour force in Britain. . . .

It is no mean thing to be the Commonwealth's Mother Country, the country where all the streams of the Commonwealth, in all its brilliant colourful variety, meet and merge, where all its citizens are welcome, where to be a British Protected Person is to secure a real protection, where all are free to take wives and employment, to move about our streets without encountering any demand for documents or passes. (With what joy did we burn our identity cards after the war. My own party's maxim, " Set the People Free." . . .)

True, it is our shame that a few among us cling to absurd delusions of racial superiority and express their base instincts in base ways. But these are only a small minority of our least intelligent citizens ; and our courts have dealt sternly with their offences. . . .



Speech for Cape Town

IT would be inappropriate, etc. . . I should like simply to, etc. . . . [delete reference to Russia] . . . We share with you the noble heritage of Christianity, its glorious concepts of the brotherhood of man and the fatherhood of a God in whose eyes all men are equal one with another. . . . This independent Union of South Africa, founded in 1910, is perhaps the greatest historical monument of the British Liberal party, but we Conservatives now take just about as much pride as our opponents in its achievements.

My own party's special pride at home is that our great Conservative Prime Minister, Lord Beaconsfield, gave our country timely warning of the perils of a society divided into " two nations." Under our present Conservative administration, we may claim without immodesty that we have brought about a decisive fusing into " one nation," with the happy consequence that our party is obtaining increasingly large majorities for our truly National policies from an electorate that earlier Conservative Governments had enlarged to the point of universal suffrage on a common roll. . . .

On the international plane we adopt the same universal view of mankind, and our foreign policy gives pride of place to the United Nations. . . .

We are proud of our record in war as in peace, for we played no small part in the last great war, in which the gloriously variegated peoples of the whole Commonwealth (with only a little local hesitation) defended our shared ideals against the pernicious ambitions of an arrogantly self-styled Herrenvolk. . . .

Your and our Royal family have set a shining example to the whole Commonwealth by their unwearying round of visits to all its peoples and their ability to mix with all on such unaffected and intimate terms. We have naturally been impressed by the recent selection of one of the most widely known of your political leaders to kiss your Queen's hands and represent her in these functions in the Union. . . .

MY country has, I know, been much criticised in many parts of the world for its record of what is perhaps too emotively described as colonialism. You will forgive me if I take this opportunity of pointing to recent evidence that quite a number of peoples who still, as is often said, " labour under our colonialist yoke," are showing themselves most reluctant to surrender the benefits which, in their own estimation, they derive from British protection. If I may take the example of most direct interest to you whom I am now addressing, I should like to cite the anxiety to hold on to their connections with Britain that has lately been expressed, in no uncertain terms, by the people of the

British Cameroons. **Nyasaland Protectorate.** **High Commission territories of Basutoland, Bechuanaland and Swaziland.**

Germany's Notting Hill

West German leaders have been quick to condemn anti-semitic incidents. But the nazi past still leaves its mark on German life

THE first reaction of many British people to the outbreak of swastikas and anti-Jewish slogans in western Germany is to believe the worst. For ten years the German federal republic has presented an almost disconcertingly decent face to the world as it has carefully picked its way back to a prosperous and respected place in the family of nations. Now the ugly desecrations and, still more, the flickering trail of evidence of neo-nazi sentiment among young men in their twenties, have made it plain that this well-to-do suburban citizen still has his skeleton in the cupboard after all. It is all too tempting to slip into the conclusion that the Germans have not learnt a thing.

That would not be the right conclusion. Most Germans are surprised, and many are deeply shocked, by the incidents that are discrediting their country. The German press has upheld the reputation for decency that it has earned for itself in the last ten years. In both the main political parties there are strong bodies of opinion to support the vigorous action the Berlin senate has taken against neo-nazi groups and to advocate a more downright line in the federal republic itself ; such people are not impressed by the bill at present before the Bundestag. The shattering effects of bombing and defeat, the revelation of some of the crimes committed in their name, the new facts of power in the world, have effectively driven most Germans away from any sorts of extremism to vote for soundness, the middle way and the quiet (and prosperous) life.

Yet no one who has watched the federal republic emerge so rapidly from the humiliation of defeat to its present place in world affairs can be altogether surprised by the nasty incidents of the past fortnight. Most countries have their juvenile delinquents and their petty rebels capable of such acts. Inevitably, when a society has become so completely impregnated and identified with a creed as Germany was with nazism, a residue remains to give them importance.

The west German state has never gone out of its way to take issue with these remnants. It has made a determined effort to present a new face to the future ; it gives its citizens democratic institutions and the security of the rule of law ; but, to the disquiet of those Germans who had hoped for a completely fresh start, a revolutionary purge of German society has had no place in Dr Adenauer's policy. The past has been brushed under the carpet in the endeavour to establish a firm national front against communism. And so the civil service, the judiciary, politics and industrial management contain many of the same men who served the Third Reich.

In general these men do not thirst for any sort of nazi restoration. Times have changed. But they also have no interest in turning over the soil of the past, rooting out its vestiges, or going out of their way to condemn the minority of extremists who do seek to resurrect it. To take an example, there has never been much feeling in favour of the re-examination of the teaching of German history in the schools that seems so much more necessary, to an outsider, than the banning or harrying of individual eccentric groups. A recent German bank bulletin made the striking comment that the most remarkable statistic in the federal republic was the number of taboos. It is in keeping with this state of mind that the attempt should have been made to blame the latest wave of anti-semitic incidents on—of all people—the communists.

In a sense the western allies bear a large responsibility for this. Their first rough and ready attempts at denazification and their attacks on militarism were quickly put on one side when they felt the need for German support against Russia. Anti-communism swiftly became the first test of political respectability. It has all been a remarkable vindication of Goebbels's prophecies, repeated every day in the last weeks of defeat in 1945, that east and west would soon fall out and Germany would be courted again. The necessity for binding Germany to the west was pressing enough. But it is easy to see how, in both east and west Germany, the cold war has helped to bring about a large-scale evasion of the issues of the German past.

Whether the Germans would have been more successful in coming to terms with their past if the allies had taken a different line is by no means certain. One of the main weaknesses of the allied attempts to re-educate and " denazify " Germany was that it came from outside. It was not an uprising of the German conscience. Inevitably it produced two reactions—one the desired one, the other a defensive resentment and scepticism about the charges that were made. In those first postwar years one encountered a shell-shocked refusal to face the realities of what Germany had done, with all it meant in terms of personal responsibility.

CONFIDENT, opulent west Germany ought not to have the same difficulty today. The last two years have perhaps seen a growing consciousness in the federal republic that the past cannot be pushed aside indefinitely. The disturbing thing is that they have also begun to reveal the fruits of neglect in earlier years—the proliferation of small neo-nazi youth organisations, the signs of ignorance amongst the young. The emergence of a vociferous nationalist minority is a disturbing contrast with the sanity and idealism one has come to expect from young Germans since the war.

Germany's allies will not help the cleansing process by relapsing into righteous condemnation of the German nation. They can do no more than try to set their own house in order and extend a helping hand to the liberal elements in Germany. The anti-semitic incidents that have spread like a rash across the western world may have had a common origin. One theory is that they have been planned by a fascist international organisation led by an ex-nazi in Cairo. It would be useful to find out. But the incidents also reflect the fact that all our societies contain violent and intolerant elements. British

society, though it has developed very powerful resistances to them over the years, is not free even today from violence of thought or action. To build up a powerful defensive mechanism of law and opinion in a society with so great a heritage of inward division as Germany is a vastly difficult task which will take a long time.

Germany's allies also perhaps have a contribution to make in the field of policy. If nationalism ever returns effectively to the field of German politics, the issue will be German unity, as it was in the nineteenth century. In the past ten years there has been a great deal of support from German opinion, particularly young opinion, for two legitimate aspirations: unity within western Europe, and German unity through an east-west settlement. Both hopes have suffered many setbacks, partly at the hand of allies. Today, both Britain and France still seem, in many German eyes, to be holding back the European movement for national reasons. And hardly anyone seems to take German unity seriously at all. If these aims—the one offering something larger than the nation, the other the fulfilment of a legitimate (and limited) national hope—remain unsatisfied, German nationalism may indeed once more become a dangerous force.

How to Rescue the Bar ?

A brief for reform of the English legal profession

THE English Bar, for long the country's premier profession, stands today as a magnificent nineteenth-century anachronism in the contemporary welfare world. Numerically the profession has always been tiny, but it is now contracting at an unprecedented rate. Fewer than 2,000 men (and only 80 women) are practising barristers, of whom a quarter are confined to the provinces. Nearly two-thirds of those called annually to the Bar (392 out of 626 called in 1957-58) are of overseas domicile, and most even of the rest never intend to take up advocacy as a profession. In all, only 91 barristers, of various years of call, started practice in 1957-58: the lowest new entry on record, and more than offset by the 112 members who left the Bar. On average, a quarter of those who start practice leave within the first five years, and are followed by another quarter in the following five. This high rate of wastage is steadily increasing.

The basic reason is financial. Even the long term prospects for advocacy are not dazzling. The average earnings of juniors, five to nineteen years after call, probably do not amount to much more than £800 a year; a junior has to be very successful to earn more than £3,000 a year. But much more acute is the earning problem in the first few years after call. Average earnings for the first three years are under £250 a year, and some beginners earn nothing at all. In the past, private means or parental support ensured survival for the lean years, but the number of people who can rely on these is diminishing. The problem has been exacerbated by earlier marriage.

Established barristers complacently explain the mass flight of young practitioners from the Bar as necessary for a competitive profession, but the weeding out is quite indiscriminate. It gives no guarantee that the right type of man will be retained. Sir Hartley Shawcross, for example, might well have given up early in his career if he had had to rely on brief fees; in his fourth year at the Bar, he earned only £130. Another QC, now earning over £10,000 per annum, made only £200 in his first five years.

What, then, can be done ? A hundred years ago Walter Bagehot recommended the fusion of the two branches of the profession, by allowing solicitors the right of audience in the higher courts and barristers the right of access to lay clients. It is still highly possible that he was right. A divided profession is certainly artificial, and outside the Commonwealth has no exact counterpart. There is something a little threadbare in most of the arguments for its continuance. It is said that fusion, to judge from North American experience, would not greatly reduce costs; that it might reduce the quality of court work and so increase congestion; and, more seriously, that it would deprive the litigant of the specialist counsel that the present system affords, whichever solicitor is first approached. But the fact had better be accepted that the idea of fusion is not pressed by many solicitors even today, and that it would be bitterly opposed by entrenched interests at the Bar; it is not practicable politics at the present time.

ADVOCATES of modern change should therefore concentrate on four other groups of reform, which could be carried out speedily and with a minimum of formality. The first of these is a system of easy interchange between the solicitors' and the barristers' branch of the profession. Such interchange presupposes another necessary reform, a common system of education for both types of lawyer. "Jurisprudence," said Burke, "is the pride of the human intellect," but one would never suspect this from the Bar exams, which are little better than memory tests; they call for no originality of mind or ability to grasp legal principles, and can be passed by any reasonably intelligent aspirant who spends a few months with a crammer. The elaborate system of lectures provided by the Council of Legal Education is little better than a sham, since the vast majority of those intending to practise do not attend them. No practical training is required, although recently a pledge to spend six months in chambers as a pupil has been exacted from candidates. Barristers receive no training in general legal principles, and are ignorant of even the elements of penology and criminology. The system encourages a flood of "paper" barristers, who never intend to practise and are merely seeking an additional *cachet* to impress future employers.

Paradoxically, the legal education provided by the Law Society for solicitors—nominally the "lower" branch of the profession—is immeasurably superior; it is based on intensive courses, practical training, and a year's compulsory attendance at a recognised law school. Failing an adoption in Britain of the United States system, which requires three years law school work for all lawyers, a joint scheme should be worked out by the Law Society and the Bar Council. It should provide for a common basic training, periods in a solicitor's office and barrister's chambers, and separate, optional finals for the two branches. If a student chose to take both finals, he should be free to transfer from one branch to the other at will. Such a system would materially benefit young barristers at the start of their practice; their abilities would have become apparent to their fellow students—the future solicitors—who would provide them with briefs. Given this revised educational scheme, there would be no reason to exclude solicitors rigidly from the Judges' Bench—Lord Blackburn and Lord Ormerod were both at one time solicitors—and the opportunity might be taken to extend judicial appointments to academic lawyers.

A second change that could be swiftly brought about is to allow barristers to form partnerships. This step is at present being considered by a committee, which promises a report in July. Partnership could not, of course, be made compulsory; the terms of individual partnerships should be arranged to suit the convenience of those taking part. Entry as a junior member of a partnership would guarantee to the young barrister at least a moderate income—probably payable out of the surtax of the more prominent members of chambers, on whom the weight of work would be reduced. It would provide a rational method of weeding out unsuitable barristers, since partners would be careful whom they admitted to their chambers.

Once allowed, partnership would probably spread of itself, and eventually drive out the present individualist system. But if any young barristers still wanted to plough individualist furrows, outside partnerships, they should be allowed to do so. Their lot ought to be eased by a rule of etiquette that all "devilling" delegated to them should be paid for at a rate of three quarters of the fee marked on the original brief, and by an insistence by managing clerks on prompter payment of brief fees from solicitors and their clients.

Another urgent need is to alleviate the strained relationship between the General Council of the Bar and the governing bodies of the Inns of Court; this strain is always politely denied, but everybody knows that it exists. It is a major anomaly that, while the General Council is the Bar's professional organisation, all disciplinary powers are exercised by individual Inns. On any matter of policy, the Bar Council is obliged to secure the agreement of all four Inns, a long, tedious and at times impossible task. The best solution would be a shearing of the powers of the Inns—derisively described by Bagehot as "clubs of court"; if this is ruled out as too awkward, a joint committee of the Inns and the Council should be set up, empowered to reach decisions on matters of common interest. The Inns and the Council should formulate a common policy for the disposition of scholarships, and possibly set up a common fund.

A final group of reforms should seek to protect the litigant, as distinct from the profession. First, the rule that a silk (i.e. a Queen's Counsel) can appear in court only if accompanied by a junior, briefed at two thirds of his leader's fee, should be abolished; to the outsider it seems to be a restrictive practice, designed to make the litigant pay for the honourable, traditional but quite unnecessary division of the profession into the outer and inner Bar. Secondly, the practice of charging special fees when a member of one circuit takes a case on another should go. Finally, the convention that barristers cannot be sued for negligence should be disposed of. (Its nominal justification is that barristers cannot sue for fees; but in practice they are always indemnified if a client defaults, either by the instructing solicitor or by the Law Society which keeps a special fund for the purpose.)

Some members of the Bar, and especially the Inns, will strongly oppose these suggestions. But before they relapse into a time-honoured apathy, they should consider the infinitely more drastic alternative, whose shadow the growth of legal aid already casts before: a status for the Bar similar to that now possessed by the medical profession. •

Economic Co-existence

The economic split between the eastern and western parts of Europe is more profound, and advancing more rapidly, than the division within free Europe

THE first world war left Europe with several thousand miles of new customs barriers. The second blew this ugly jigsaw puzzle to pieces, but split the economic organism of central Europe down the middle. Before 1939 the port of Hamburg was the gateway for the trade that flowed up the Elbe to industrial Saxony, Czechoslovakia and Silesia. Danube shipping linked Austria and Germany with the Balkans. Within Germany itself a large east-west commerce by rail and canal linked the Ruhr and Rhine with the Elbe and Oder basins. Today, each of the German states has been drawn into a separate economic world. Only a fifth of east Germany's trade is with the western world, including west Germany. A mere 6 or 7 per cent of west Germany's far larger trade is with the communist world. New north-south routes are developing in east as well as west Germany, while the old east-west trade routes become disused. And the eastern and western halves of Europe have each become more dependent on raw material supplies from outside suppliers in their own Atlantic and Eurasian worlds.

Slowly at first, but more rapidly in the last few years, each of the two parts of Europe has been embarking on a process of economic integration. This was slower, and is still more modest, in the east than in the west. Under Stalin the tendency was to copy the Russian model and build up each satellite economy on an autarkic basis with a heavy industry of its own. But since his death there has been a growing realisation that the international division of labour—between socialist countries at any rate—can contribute to industrial efficiency. That has meant that the plans of the communist countries have been increasingly drafted with each other in mind; and today Czechoslovakia and east Germany play a key part in supplying capital equipment and know-how to the Chinese, Rumanian and Hungarian seven-year plans in the course of normal trade. In the last three years the Council of Mutual Economic Aid has also made a start on more detailed integration.

Its first efforts at joint planning, in 1957, were modest bilateral arrangements by which Czechs and Poles, or Hungarians and Czechs, decided to avoid the uneconomic duplication of work on, say, certain types of machinery. Since then the first bilateral deals have broadened into wider multilateral arrangements. Car industries in the different countries are considering specialising in different sizes of model. Growing exchanges of electricity may lead in time to a joint power plan. By 1965, or earlier, an elaborate oil pipeline system will link eastern Europe with the Soviet Union. Just as there are men in Brussels pursuing with single-minded zeal the strength and unity of the Six, so in eastern Europe the planners are bent on building up the strength and tightening the unity of the "socialist" camp.

BUT the integration that is going on now in eastern Europe is, of course, very different in kind from the movement in the west. Foreign trade still plays a relatively small part in the communist philosophy. In each country the planners' first preoccupation is to build up a powerful industrial base; foreign trade tends to be residual, a by-product of home investment plans. In the western trading world goods are often bought abroad only for the excellent reason that they are made cheaper there; and consumer goods are bought because, cheaper or not, they will appeal to the consumers. These motives are only just beginning to play a part in the trade of communist countries; those countries still concentrate principally on buying raw materials, machinery and technical know-how which they do not have themselves. Thus today there is room for imports from the west of certain basic materials, of larger quantities of equipment for the chemical and metallurgical industries, and of some special machines, but little for imports of general machinery and consumer goods.

Measured in quantity, trade within the block falls far short of what the free play of private enterprise would achieve in similar circumstances: but since foreign trade is built into the plans of the east European countries, a relatively small amount of trade implies closer political dovetailing than the same volume would in the West. Finally, the different nature of the systems is itself a barrier to east-west trade. Both in import and export trade the communist countries prefer fixed prices and long-term contracts which can be fitted neatly into the planning system. The system is ill suited to adapt itself speedily to the changes in market conditions—in supply or demand—which are the stuff of the West's flexible market economy. Not merely the political gulf, but a difference in economic philosophy, separates the two worlds.

Yet, if the political schism in Europe is ever to be healed and the two parts of Germany brought closer together, the trend towards an increasing economic separation must somehow be reversed. In the past ten years the west Germans have had plenty of time to think about the economic marriage that would occur if their country were reunited one day. Some of them have suggested that a measure of public ownership might be kept in east Germany, which would continue to trade with other communist countries, even while it was brought into a single German currency region and the western price system. The trouble with the admirable conception of a German bridge between east and west is that it would imply a transformation of the political climate in Europe beyond anything that is conceivable today.

It would not be right to suggest that none of the "Europeans" in the West is aware of the existence of a wider Europe. There are people in the new communities interested in good relations, and even in association, with Poland and other east European countries—an idea attractive to many Czechs and Poles. In March, General de Gaulle, talking of German unity at a press conference, put forward the idea that the new state should be integrated in a "contractual organisation for all Europe" (east as well as west). Here, in contemporary form, is one of the thoughts which originally gave birth to the European idea—the idea that the only solution of the German question will in the end be a united Europe stretching east as well as west of Germany.

Such ideas are all very well. The trouble is that the dominant trend in each of the new communities is in precisely the opposite direction. Thus, some in the West believe that their work of integration is too precious to be risked in any sort of serious east-west talks; some want to build up their community as one of several means of bringing pressure on Russia for a deal in central Europe more favourable than seems possible today. In the east the planners bend all their energies to tying eastern Germany into the socialist camp. Both communities forget that they may possibly have to live in a period of *détente* and that they may even, one day, have to adapt themselves to that major interest of one of their members—a German settlement.

Radical changes in Germany do not seem imminent today. But it does seem worth asking whether there are steps which could be taken in the economic field to check the deepening of the east-west split in Europe, and perhaps to start things moving the opposite way. One obsolete relic on the western side is the discriminatory quotas which are still widely applied against communist countries. The Czechs, who by a historical accident are members of the General Agreement on Tariffs and Trade, complain that they are being cheated of their due under Gatt's most-favoured-nation clause.

The trouble here—and in the cases of other east European countries that wish to join Gatt—is that it is difficult to find criteria for judging whether the planned economies are behaving equally fairly in return. Who knows when communist trade corporations, which keep their own counsel and have a monopoly of foreign trade, are discriminating in their buying policies? Who can tell when they are "dumping" below cost abroad? They may not know themselves. Yet it should not be beyond the wit of man to devise ways round this difficulty. Communist countries, for example, might undertake to aim in their planning at a certain global total of imports from the west, and to consult with western countries if difficulties arise. Countries like Czechoslovakia and Poland have, after all, an interest in treating western traders well enough to win fair treatment for their own exports in return.

FROM the communist side the problem looks rather different anyway. The planners often say that they would like to give western deliveries a place in their plans but that western countries will give them none of the long-term guarantees on prices and deliveries which they need for planning. Plainly, any solution depends on trust and a working relationship, which have to be created. The British cut in the quota for Polish bacon is just the kind of move that can disrupt years of patient work. For business men trade with communist countries must contain risks. No formal arrangement will change the disconcerting communist conception that western industrial ideas are there to be copied. One answer was given by a west German exhibitor at the Brno trade fair:

> We know we will be copied. But within two years we will have something new to offer them. Our job is to create a market by working so closely with them and getting so close to their problems that we are ready with new technical solutions.

Within the communist block itself there are forces that are working, though slowly, in the right direction. The growing scale and diversity of their industrial civilisation is imposing a greater use of the price mechanism and a measure of decentralisation of management on the planners; this in turn may make it easier for them to trade more with the outside world. Even the growth of specialisation within the communist block may have some favourable bearing on westward trade. Thus the Czechs, among others, have realised that it is more economic to narrow the range of machinery they make and to exchange more of it internationally. They have expressed readiness to place bigger orders in Britain this year, provided the British reciprocate with concessions on import quotas. It would be a pity if the current hold-up in payments on two minor prewar debts, prompted by a Czech wish for re-negotiation, were to set this prospect back.

It would be foolish to under-estimate the inherent qualities in the communist economic system that tend to cut it off from the world outside; the forces of division in Europe are powerful. But it would be no less foolish to accept division passively, and to overlook the forces in the Soviet camp that are beginning to look outward.

NOTES OF THE WEEK

DISARMAMENT

The Man Who Launched the Sputnik

MR KHRUSHCHEV'S table talk loses none of its fascination. In the West, there is self-reproach that too much reliance on nuclear arms has allowed conventional forces to decay; while the champions of the nuclear deterrent argue that the Russian preponderance in conventional forces makes nuclear disarmament impossible to contemplate. Before any way has been found out of this argument, Mr Khrushchev threatens to make both schools look foolish. At a New Year's Eve reception in Moscow, he surmised sadly that his own, sweeping disarmament proposals might get lost in "a labyrinth of endless disputations," and added:

> Would it not be worth our while to think matters over on our own and unilaterally reduce our armed forces, and entrust the defence of our borders to rockets?

Most people would be happier to entrust the defence of their borders not to rockets, but to some human agency capable of being called back. But Mr Khrushchev is a rocket man, the man who launched the sputnik; he puts conventional disarmament a long way before nuclear disarmament. That being so, he has cogent reasons for wanting to cut down the still huge Soviet army.

He is personally deeply committed to the success of the current seven-year plan, and it is improbable that the plan can succeed unless he can divert manpower, metals, and money from defence to economic uses. He has identified himself with the attempt to cut down the army's political influence. To his own people, as to foreign peoples, he presents himself as the man of peace; a really showy piece of disarmament might strengthen his grip on popular affection. Equally, it would alarm some people in the Soviet government and might bring on another domestic political crisis; but with popular support he might hope to emerge from such a crisis more unshakable than ever.

On one theory, it can plausibly be argued in the Kremlin that most of the huge Soviet army has become redundant. The theory is that the western alliance has no military designs on Soviet-held territory. Although this happens to be true, it is, of course, a new and daring doctrine in Moscow; parts of the Soviet press appear at times to accept it, others do not. More may be heard of Mr Khrushchev's idea at the special session of the Supreme Soviet which opens on January 14th. It is bound to give food for thought to the Atlantic defence planners, who rely so much on the shadow of the Soviet army to hold their own armies together.

COMMUNIST POWERS AND ASIA

Mr K Raids the China Seas

PEKING'S latest diplomatic note to Delhi, and the cool Indian reaction to it, reveal no narrowing of the rift between the two governments; but the tempo of their dispute has clearly slackened off. Mr Nehru continues, for the time being, to reject Mr Chou's offer of a "summit" meeting, on the ground that progress must first be made at a lower level. Talk of "throwing the Chinese out" has died away in India as the impossibility of doing anything of the kind becomes clear to even the most zealous patriot. While the Indians overhaul their defences along the north-eastern border, the Chinese army quietly consolidates its positions in Kashmir.

Eventually there will have to be negotiations of some kind. By then, however, India hopes that it will have secured some pretty forceful Russian backing against China's pretensions. President Voroshilov, Mr Kozlov and Mrs Furtseva will be guests of honour in Delhi this month; and everything indicates that Mr Khrushchev himself will pause there in February en route for Indonesia. The Soviet visitors' words and attitudes will be carefully measured against those of Mr Eisenhower, and if they do not measure up Indian opinion will be disappointed and resentful. (If they do, on the other hand, the Indian Communist party will be branded as less mindful of India's interests than Moscow is.)

The Soviet leader's visit to Indonesia, another "uncommitted" country with which China is now at loggerheads, is seen in India as well as in Indonesia as a sign that he feels a need not merely to dissociate himself from Peking's actions but to show positive disapproval of them. Another such sign was the carefully planted comment by a Soviet spokesman in Geneva, a week before Christmas, that China's activity on the Indian border was "more than just untimely—it would be inopportune at any time." Mr Khrushchev's bold sally into the South China Sea indicates a firm grasp of two points in Professor W. W. Rostow's analysis of the growth of nations—the aggressively nationalistic aspect of most countries' struggles to modernise themselves, and the fact that the destiny of communism turns on the attitude that the emerging nations of Asia and Africa adopt towards it. He dare not let Chinese nationalism drive Asia's other nationalisms into hostility to communism as a whole.

TRADE UNIONS

Too Kind

WHEN are British trade union leaders going to act forcefully to stop the steady slide of their movement into disrepute? There have been two further bad failures this week. The first instance was during the meeting of 300 railway "delegates" at Euston, who decided to call a one-day unofficial strike on London railway and tube trains at the end of this month; "delegate meetings" in other parts of the country are liable to follow suit. This call is not only flatly contradictory to union rules, under which only the national executive of the National Union of Railwaymen has the power to order a strike. It is not only an open violation of the procedural agreement with British Railways, under which a substantial wage claim by the NUR is already going through the industry's arbitration machinery. It is also an obvious flouting of tactical commonsense. The Guillebaud commission's report on railway pay is at last near completion, and the railwaymen have only to wait until March in order to get some real negotiating material to bite on. A token strike now would forfeit much of the public sympathy that the railwaymen will need then; the mere threat of the strike is likely to cause more freight to be transferred from rail to road. The NUR's executive has said this. What it has not said is that wildcats who call an unofficial strike will damage railwaymen at least as much as would any blacklegs who refused to take part in an official one. Against blacklegs, the NUR would act swiftly and punitively; if he is to deal equally determinedly with his wildcats, Mr Greene, the NUR's likeable and moderate general secretary, must pack much more punch than he has so far into his pipe of peace.

The second example of pusillanimity has been the TUC's attitude towards the miners' fuel policy. However it may be dressed up, this policy is in essence an attempt to force the public to buy more coal than it wants; to the liberals in the TUC and elsewhere, therefore, it should make the same sort of nonsense as any other protectionist arguments put forward by aggrieved pressure groups. But, instead, it looks as if Mr Paynter may talk the TUC production committee into sponsoring some version of his plan. Mr Paynter's earlier militancy, during which he threatened "to make it difficult for the owners of cinemas, dance halls and other amenities in mining areas who may be considering conversion to oil," was doubtless suitably tempered when he spoke before the committee; but the policy was the same. If the TUC had politely but promptly refused to support it, the public—whose instinctive sympathies for once are not on the protectionists' side—would at last have been given a sign that it can sometimes speak up for the British people.

NUCLEAR DEMONSTRATIONS

Willingly to Gaol

FOR the first time since the days of the militant suffragettes, a group of people in this country are actively seeking to be sent to prison as a means of political protest. This sets a most delicate challenge to British democracy's common sense. On the one hand, nobody will suggest that much good is done to the community by locking up in Leicester gaol the sort of people who demonstrated against nuclear armaments at Harrington aerodrome last week. On the other hand, everybody (including the demonstrators) will agree that, at some stage, those who deliberately, persistently and seriously obstruct vehicles at the entrance to RAF rocket bases have got to be removed. Before reaching this extreme there are various gradations of provocation to the police. The safest guiding rule is that arrests ought never to be allowed to become a matter of national dignity or face. The majority in this country believes that the demonstrators' policy (which would require Britain's abandonment of Nato) would make nuclear war more likely; but if the minority who disagree want to spend a Saturday afternoon sitting in the mud beside the rocket bases, technically in trespass but not really holding up essential work, the majority should not feel that it is its own dignity which is being impaired.

Of the 79 demonstrators in custody at the beginning of this week, six were imprisoned for two months just before Christmas because they refused to be bound over to keep the peace, after issuing a statement that appeared to incite their followers to damaging trespass on government property. The other 73 people arrested at Harrington were told, gently and politely, by the police that they must not pitch their tents on Air Ministry ground; so, of course, they promptly *did* so. Courteously as the authorities acted in both instances, this system of drawing a line that defines the limits of permissible action, and then almost daring demonstrators to cross it, seems to be a mistake. In handling industrial strikes the authorities rarely arrest union pickets before physical obstruction of the rights of free passage becomes very serious; more usually, indeed, they can be accused of acting excessively slowly. It would be a mistake to apply much more rigid rules to anti-nuclear demonstrators, just because to be arrested is what they want.

ITALY

Far from Moscow

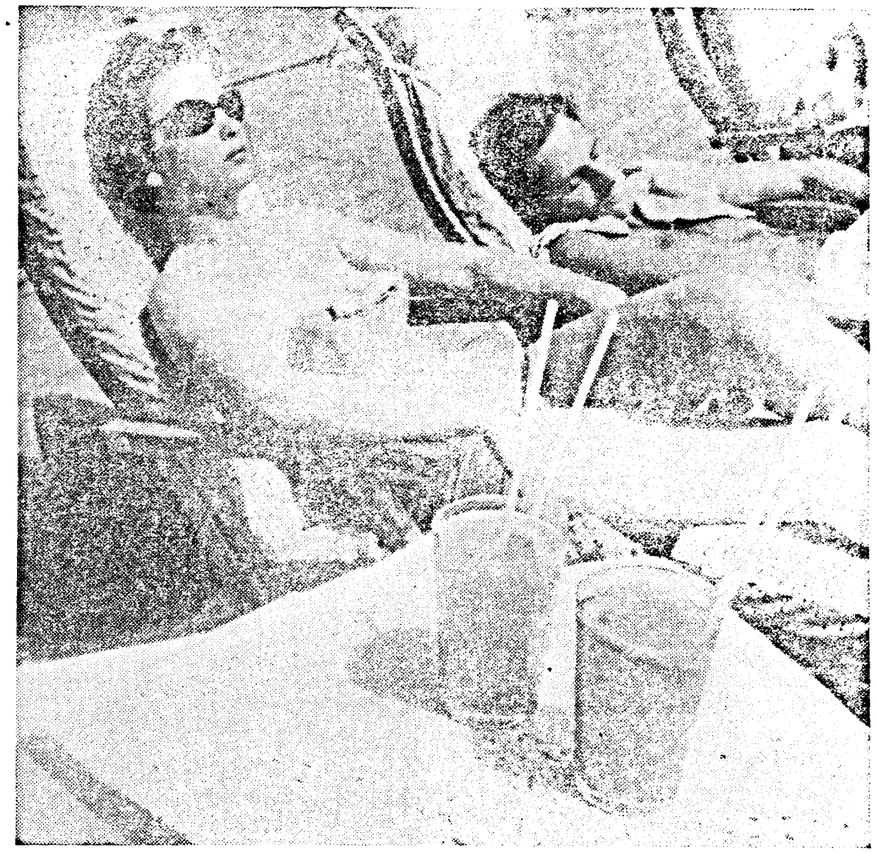
PRESIDENT GRONCHI has always argued that the West should make every effort to improve its relations with Soviet Russia through direct talks; it seemed, therefore, appropriate that he should be the first western head of state to visit Moscow since the war. When first mooted last October his visit (which should have begun yesterday, but has been postponed because of a cold) was discussed without enthusiasm by the Italian government and aroused considerable controversy in the Italian press. The Italian communists, it was widely feared, stood to gain far too much from such a visit; and if Mr Khrushchev insisted on paying a return visit to Italy, they stood to gain even more. The president, however, was determined to accept the Soviet invitation; it is said that he believed his reputation to be at stake and that he particularly wished to demonstrate that a Catholic country is not inhibited by its religious principles—or by ecclesiastical pressure—from making a gesture of good will. He no doubt also pointed out that a *tête-à-tête* between the Italian president and Mr Khrushchev in Moscow was bound to increase Italian prestige and influence in western counsels.

The president won his point and, with the matter settled, the controversy largely died away; Signor Segni and his government seemed to have made up their minds to accept whatever reflected glory came their way and any outward signs of success (such, perhaps, as a cultural agreement) that the visit might have produced. They even, it seems, brought themselves to abandon the forlorn hope that by sending only Signor Pella, the foreign minister, to accompany the president (while the prime minister stayed at home) they could avert an embarrassing return visit by the Soviet prime minister. But Signor Segni's government, having come round thus far, must have been rather disconcerted to be told at the last minute by the Russians that they wanted to discuss reparations during the president's visit. Under the 1947 peace treaty Italy was to pay reparations amounting to $100 million within seven years; in the Italian view the Russians have already been amply repaid out of Italian assets seized in Russia and eastern Europe. Mr Khrushchev can hardly expect to get any more out of Italy now; did he then, as the Italians were hoping just before the visit was put off, raise it only to declare the chapter ceremoniously closed?

CYPRUS

Race Against Time

WITH Cyprus's I-Day now only six weeks away, a determined effort is being made to complete the necessary preparations in time; nobody, least of all the British, wants to see the day postponed. In Nicosia the constitutional commission is pressing forward over the last rather tricky stretch, and the transitional government is gradually completing the political arrangements (although not to the satisfaction of Archbishop Makarios's opponents). Last week the controversial electoral law was finally promulgated and this week it has



Her boss was unlucky . . .
he had to race back!

Miss Holt is a much-travelling secretary to a much-travelling business tycoon. Her boss had to go to South Africa recently, and, business completed, was looking forward to a fortnight's well-earned relaxation with his feet up, in Union-Castle comfort all the way home. But London called him and said 'Sorry, you've got to race back, most immediate.' He was *not* in a good temper when Miss Holt saw him off. She took his heavy luggage with her by sea, the restful way, the right way, the Union-Castle way. Sunshine, smooth seas, wonderful food, first class service, swimming, dancing, cinema shows and good companionship. That young man in the next chair is extremely glad Miss Holt didn't have to race back. So is Miss Holt!

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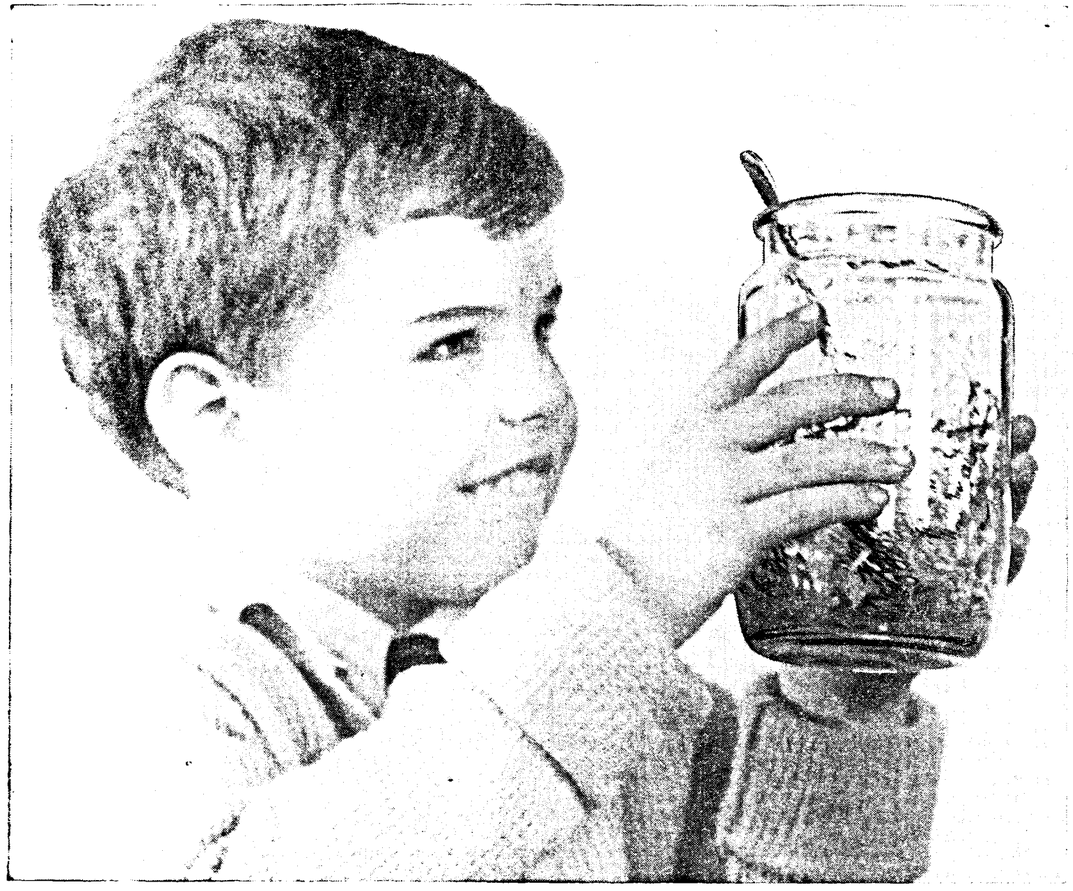
Above: Boss not back yet!



Mummy, can I scrape out the jar?

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been announced that elections to the House of Representatives will be on February 7th, and to the two communal chambers on February 10th.

It is the problem of the British bases that most seriously threatens a postponement of Cypriot independence ; and clearly it is primarily to settle this problem that the British Government has suddenly decided to convene a ministerial conference on Cyprus in London next week. The trouble is that Archbishop Makarios and the military have quite different ideas about what is involved in the Cypriot undertaking to give Britain sovereign rights over its bases on the island. The archbishop has declared that no Cypriots must remain under British sovereignty, and, for political reasons, it is not easy for him to back down.

The military, on the other hand, maintain that however much they whittle away the area of their two bases at Episkopi and Dhekelia, they cannot leave all Cypriot citizens outside. They have indeed considerably scaled down their original demands, both for the bases and for the facilities they want elsewhere in the island. They would, in fact, much rather not be responsible for any Cypriot civilians at all. But they believe, with some justice, that the archbishop has a very imperfect idea of exactly how much space a modern base, with all its installations and equipment (to say nothing of its manpower), requires ; and they maintain that without sovereign powers, Britain can safeguard neither the security nor the efficiency of the bases.

But however the arguments over the exact role of the British bases and the status of the Cypriots left inside them is settled, all sorts of essential ancillaries—port facilities, training areas, the use of Nicosia airport for staging flights—will remain outside the bases. Like all foreign garrisons, but more than most of them, the British forces in Cyprus will be dependent on the goodwill and co-operation of the island government and population. It seems, therefore, unrealistic to adopt too rigid a position about the exact extent of the British sovereign areas.

FRANCE

Odd Man Out?

Of all General de Gaulle's cabinet only the Fourth Republican figure of M. Pinay has retained a personality, and it may be a dignity, of its own. M. Pinay has his clientele among the smaller businessmen: he has made the "honest franc" (old and new) his particular policy. And he has, it is said in Paris, his ambitions: when General de Gaulle departs, as one day he must, who more suited than M. Pinay to succeed him? But now it is M. Pinay who seems likely to go first. Last week, deliberately revealing one of the major divisions within the government, M. Pinay announced that he stood by his financial policy against all advocates of *étatisme* and *dirigisme*, and that it was "out of the question" that anyone could prevail on him to put such socialist policies into practice. It emerged that he had been at odds with the minister for industry, M. Jeanneney, on a number of issues, and that behind M. Jeanneney stood the assembled expansionist and technocratic forces that have their own plans for the economy and see M. Pinay as their chief obstacle.

Rumours of M. Pinay's imminent departure have punctuated the life of the Debré government, mainly because M. Pinay's favourite method of getting his way has been to threaten to resign. More recently, as he has opposed M. Jeanneney's plans for a state corporation to take over the refining and distribution of Saharan oil (somewhat on the lines of Signor Mattei's ENI), there have been attempts to clip his wings. These have ranged from cabinet proposals to detach economic affairs from his portfolio to bringing M. Baumgartner, governor of the Bank of France, into the government.

It now seems that General de Gaulle may have to choose (as he did, long ago, between M. Pleven and M. Mendès-France) between two ministers and two financial policies. This choice must also affect France's relations with its Common Market partners, not least on the petroleum issue. M. Pinay has quarrelled with most of his colleagues in the past: over the schools question, the military budget and European policy. They may be happy to see him go. But does General de Gaulle feel the same way about his one independent adviser?

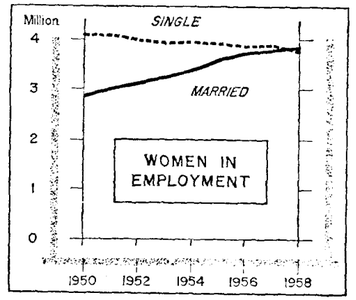
WOMEN AT WORK

Nationalise the Babysitters?

One British household in three is now partly supported by the wife's earnings. A million more wives are earning than in 1950 ; and a new survey* suggests that probably over half are in part-time jobs. Most of these jobs are semi-skilled or unskilled; outside teaching and nursing, skilled and professional openings are extremely scarce. Most married women take jobs for the sake of the extra money; the next most important motive, variously expressed, is the desire for a more balanced sort of existence than is possible to the wholly house-bound. More women would work if they could find suitable part-time jobs, but little is known about what makes jobs suitable or unsuitable for part-time organisation. Children are the biggest obstacle to outside employment ; social disapproval is dwindling, together with the traditional objections of husbands; militant feminist attitudes have virtually vanished.

These findings are perhaps hardly novel, though useful for perspective. How do working wives and mothers contrive to organise their double lives ? Only a small minority—7½ per cent of the respondents to the survey—left their children to their own devices outside school hours. Others worked only in school hours themselves ; or relied on shift-working husbands ; or made arrangements with relatives and neighbours (but this must become less and less possible as the proportion of available home-bodies falls) ; or took the baby to work with them ; or did their earning at home.

Nursery schools and crèches were a virtually negligible factor ; they are not even distinguished separately among the "other arrangements" cited by 5 per cent of the respondents. School dinners, on the other



hand, emerge as strategically invaluable. The general impression is one of widely varying expedients, ranging from the solidly satisfactory to the desparately ramshackle.

The moral is certainly not that married women's jobs should be subsidised by expensive communal services. It is both economic and social nonsense to spend two or three times a mother's earnings on keeping her children in a day nursery; far better, in cases of hardship, to adopt the French device of a special family allowance for the mother at home. But this report bears out the conclusion that policy in housing and town planning should try to respect the family and neighbourhood network which reduces the child's exclusive dependence on its mother. It points, too, to the strategic usefulness of such devices as play centres to fill the gap between school hours and the end of the normal adult's working day.

* "Working Wives". By Viola Klein, in co-operation with Mass Observation Ltd. *Institute of Personnel Management*, 80 Fetter Lane, E.C.4. 63 pages. 7s. 6d.

ECONOMIC POLICY

Putting the Left Right

Mr Nicholas Kaldor of Cambridge University is widely believed, especially by suspicious left wing members of the Labour party, to be Mr Gaitskell's favourite economist. A special interest therefore attaches to two wide-ranging lectures of his, reprinted in the two latest issues of *Economica*.

First, Mr Kaldor argues that investment will go forward at the rate needed to maintain full employment of resources only if investors can look forward to an annual growth of money incomes of between, say, 4 and 6 per cent per annum. The main task of government must be to get the economy in trim so that national productivity can increase at that rate ; otherwise we will either have to tolerate continuing price inflation in order to get absolutely full employment, or we must expect "the process of accumulation and growth [to be] periodically interrupted ; progress . . . by fits and starts."

A six per cent increase in annual productivity has been maintained throughout the fifties by Germany, Italy and France, and exceeded by Japan. From study of these once war-shattered economies Mr Kaldor suggests that

> the factors which determine the growth of productivity partly depend on the improvement of design of newly installed plant and equipment, and partly on the rate of disappearance of obsolete equipment.

One measure which he recommends for Britain is therefore "the revival of price-competition, tending to eliminate inefficient firms and inefficient plant." Another might be "special tax measures, complementing accelerated depreciation allowances at one end by obsolescence taxes at the other end—by some kind of negative depreciation allowance on the employment of over-age plant, if possible." Inflation could continue even in a rapidly expanding economy, because of the cost push exerted by trade unions. Here Mr Kaldor recommends longer periods between wage contracts:

> If wages were negotiated afresh after, say, the lapse of every two years, the biennial round of wage increases would be bound to be less than twice the annual round.

There can be controversy about some of these interesting propositions. But the last year has seen: (a) British industry expanding at more than 4-6 per cent per annum, and achieving price stability too ; (b) a move towards something like a two-year round of wage increases, in place of an annual one ; (c) a growing realisation that expansion can be maintained only if Britain is more ready to encourage price competition and to allow inefficient firms (and, temporarily, their workers) to be driven out of their present forms of employment. In welcoming movements (b) and (c) the Labour party has hitherto been slightly behind the Conservatives ; if only Mr Gaitskell could imitate Mr Kaldor by getting in front of them on these vital issues, Labour rethinking would have made a long stride forward.

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LAOS

The Army Steps In

Nobody should be surprised that the army took over in Laos on New Year's Eve. The wonder is that it did not do so long ago. True, elections are promised for April, but the internal situation is so serious that it would be surprising if they were held. The calm that descended on the country in September and October, during the stay of the fact-finding mission sent by the United Nations Security Council, was deceptive—as is the ingenious argument, now advanced by the UN representatives whom Mr Hammarskjöld had sent there, that their presence in Laos is related only to economic problems.

The unpleasant reality of today is the growing power of the communist Neo Lao Haksat, which enjoys political guidance and military aid from North Vietnam. The communist battalion which escaped encirclement by government forces last spring has been building up supply dumps in the northern jungle and recruiting supporters for "self-defence" against the royal army. There are indications that fighting of some intensity has been resumed.

This was the background to the resignation of several impatient ministers from Mr Phoui's government a month ago. Although he patched together a new cabinet and the assembly favoured the extension of the special powers granted him a year ago, which were about to expire, the army leaders had evidently decided that the political situation was too serious to be entrusted to the politicians ; and the premier's position was quietly but firmly made an impossible one. The King accepted his resignation and asked the army to take over ; the fact that this week the army formally handed its new powers back to the King does not alter the real situation, for it is clear that any new cabinet will have to be approved by the army.

The resigning ministers were members of the Committee for the Defence of National Interests, a strongly anti-communist group which includes civil servants and army officers. In the absence of political parties in the western sense, this committee is now one of the only three effective political forces in the country ; the others are the army and the Neo Lao Haksat. This triangle does not provide a basis for general elections, and Laos now seems to be heading for a straight trial of strength between army and communists.

SMOKELESS FUELS

Price of Clean Air

Where local authorities have used their powers, the Clean Air Act of 1954 has led to a marked improvement in some industrial areas. But there is a long way to go before smoke control, let alone entirely smokeless areas, become universal. The act's provisions against particularly offensive smoke from industrial plants came into force in 1958, and the last of the periods of grace for which they allow expires in 1963. The domestic chimney is a tougher proposition. It takes a great many domestic hearths to equal the offensiveness of one untamed factory chimney ; but while the latter can, with proper design and management, be induced to burn even bituminous coal in a civilised manner, the domestic hearth cannot. A recent booklet from the Conservative Political Centre, "Wage War on Smog," draws the obvious moral: progress towards clean urban air demands the substitution, for raw bituminous coal, of smokeless fuels.

Smokeless fuels need the right sort of grate or stove ; but the provision of these—for which grants are available—is only the beginning. Having duly installed suitable appliances, the householder may consolingly calculate that the higher price of smokeless fuel will be nicely balanced by much greater efficiency ; but he is only too likely to find, at the first cold snap, that the cleanly and civilised product to which he is now irrevocably committed is simply not available. Once upon a time old-fashioned market forces would have brutally translated this shortage into deterrent prices ; they would at least have had the virtue of warning the consumer where he stood—and of ensuring that the worse the shortage the more glittering should be the prizes for those producers who buckled to and remedied it. But the disinterested administrative policy which should theoretically redeploy fuel-producing resources to meet changing current needs is manifestly not on top of the job.

The CPC booklet utters a sensible warning against a "preconceived national fuel plan," preferring an experimental adjustment to successful new methods as they emerge. Less sensibly, it proclaims that "the householder must be offered an alternative fuel which is no more expensive (measured by heat rather than by weight) than the coal he is not going to be allowed to use." The only genuine "must" is that the alternative fuel shall be physically available. There is a classical "welfare" case, recognisable by the hardest-headed economist, for subsidising, to that end, the production of smokeless fuels and the research which promises improved supplies. There is no case whatever for boosting the demand for such fuels while preserving a price structure that leaves the consumer to the hazards of the waiting list, the weather, and the delivery-man's susceptibility to a tip.

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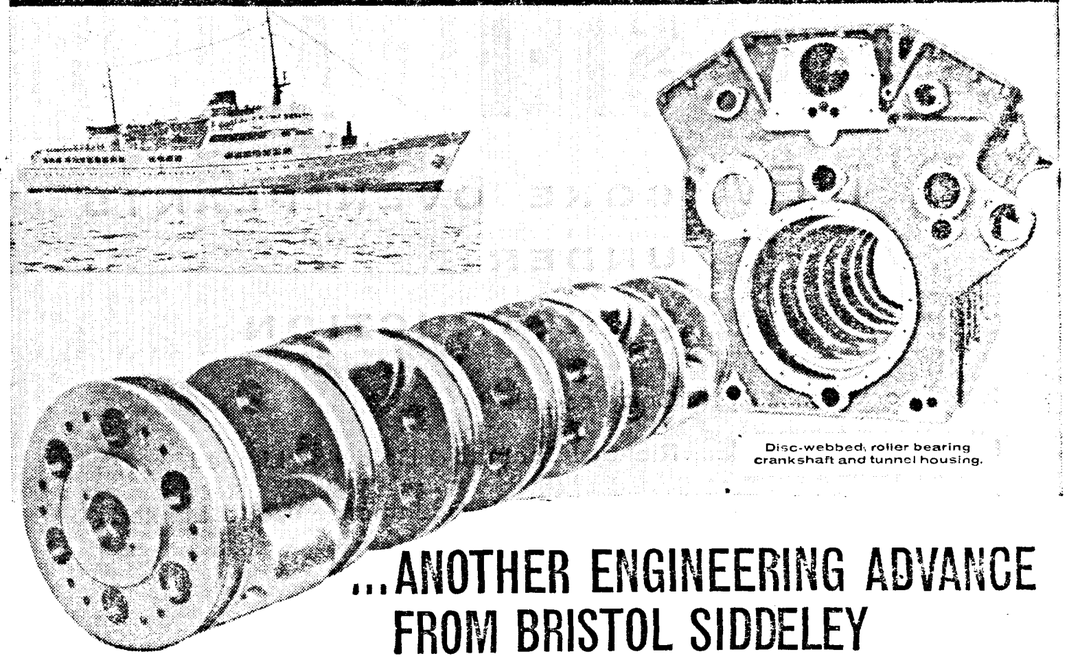

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ASPECTS OF AFRICA

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Counsels of Moderation

FROM A CORRESPONDENT IN NAIROBI

THREE events have noticeably affected the policies of the various Kenya parties that will attend the Kenya Constitutional Conference at Lancaster House on January 19th. These are the constitutional changes in Tanganyika, which will transfer power in large measure into Mr Nyerere's hands by September ; the recommendations of the Wild committee that Uganda should have a legislature elected on a common roll ; and the Colonial Secretary's recent visit to east Africa.

To the African elected members, who will attend the conference as a single block, what is sauce for Uganda and Tanganyika is sauce for Kenya ; to them it is the preponderance of the African population that matters. They will certainly base their minimum claims on the Tanganyika pattern—and they will maintain that that is the least their own people will allow them to accept. Even this is a retreat from their earlier demand for independence in 1960, and has already caused them to be attacked (unjustly) as gullible dupes of Mr Macleod.

Mr Mboya has twice recently stated in public that he would accept reserved seats for minorities (European, Asian and Arab) within a common roll electorate as a transitional step to allay minority fears ; so far no Asian or European elected member has reacted in public to this modification of the African leaders' former demand for immediate independence. Mr Mboya's first statement was followed immediately by his visit to Dar es Salaam, where his talks with Mr Nyerere seem to have confirmed his belief that this would be the most politic line to take in London.

The majority of the Indian Congress in Kenya sympathises with the African line ; European discrimination against Indians over land rights gives the Indians an incentive to back African demands for equality which is only damped down by the fear of merely changing one dominant set of masters for another. But Mr Mboya's statements and the later developments in Tanganyika have reduced this fear and it may be that when they meet in the near future the Asian leaders will decide to back the Mboya line. Mr Mboya's proposal that the Kenya constitution should be similar to the Tanganyika one would give the Asians as many reserved seats as the Europeans ; the Asians have long and vainly sought this.

The Muslim position is different. The Muslim members have won their case for separate representation in local and central government, and their older members would be loth to surrender this right ; but the younger Muslims have recently become convinced that an African majority in the legislature is inevitable and the important thing, for Asians, is to make sure that it comes, as in Tanganyika, in a hopeful atmosphere. It is uncertain whether leaders like Mr Hassan will listen to this view ; much will depend on Mr Ibrahim Nathoo who though now a "specially elected" member commands a large following among his own people. But it seems likely that the Asians, both Indian and Muslim, and probably Arab also, will be behind the more moderate African demands.

The Europeans will probably put forward two differing sets of proposals. The United party, led by Group Captain Briggs, probably now commands the support of most of the white farming community, and its policy varies between "give a little and slowly" and a system of community self-government on a local or regional basis which for some time to come would leave the European to run his "own" areas under the control of a central government dominated by the Colonial Office or by a European majority.

The New Kenya party, led by Mr Michael Blundell, opposes this idea and puts forward instead a somewhat vague form of progressive non-racialism, which could be implemented only if all races accepted it and were able "to appreciate and discharge their civic responsibilities." Mr Blundell will be hampered by his failure to win support from any elected African or Asian member of the legislature, and by the distrust and even dislike which the African members feel for his group. He thus lacks any bridge for personal negotiation with the people with whom he must eventually compromise. His party is based on the support of the specially elected members, whose election the Africans boycotted ; but the support of the non-Europeans even in this group is now half-hearted as a result of the party's manœuvrings on education policy and a vagueness in its policy statements which is designed—so the Africans think—to prevent its European members from being embarrassed or committed too far. Outside the legislature its support among non-Europeans is limited—or so the African leaders declare.

Undoubtedly, if the African elected members were allowed to organise politically on a colony-wide basis they would repeat the success of TANU in Tanganyika and sweep the country, getting an overwhelming majority of the African population and a sizeable following of the Asians behind them. Mr Blundell's hands are tied by his need to retain his European support ; he cannot make proposals radical enough to gain the non-European support which is essential to any successful plan for Kenya. He and the other Europeans go to the conference heavily handicapped.

There may well be clashes of personality in the African group ; but the Africans will be united in their demand for a common roll. Unless that is granted, no compromise will be possible and the conference will fail. What would follow a failure is a matter for speculation, but the African members probably regard the conference as the last chance of gaining by constitutional methods their two objectives: recognition that Kenya is to become an independent country with universal suffrage, and the institution of a common roll as the first step to this end.

Democracy in Ghana

FROM A CORRESPONDENT

IN Ghana, where Mr Macmillan has made his first stop, nobody doubts that Dr Kwame Nkrumah's Convention People's Party is in power for the foreseeable future. The mystique of triumph and the glamour which attaches to the party and the leader who achieved independence is heightened by Dr Nkrumah's continuous preoccupation with the independence of other African states. Unity cannot be achieved by intellectual conviction alone ; everywhere in Africa it seems to demand an emotional commitment amounting almost to hero-worship ; and in Ghana, Dr Nkrumah's

personal appeal remains untarnished, except possibly among the intellectuals.

Thus, any opposition in Ghana today starts at a severe disadvantage. Its handicap is increased by the government's power to dispense status and wealth, much of which is done in an unashamedly partisan manner. And further, Dr Nkrumah has been busy building up what he calls "the Grand Alliance" of farmers, workers and the CPP. The trade union congress has been built up into an organisation which can be relied on to support the government; and the leadership of the United Ghana Farmers' Council is now solidly CPP. The Builders' Brigade has been reorganised under the leadership of Major-General John Tettegah, the youthful leader of the trade union movement. Originally founded to provide constructive employment for the unemployed, the brigade will in future take only school-leavers and train them in skilled and semi-skilled techniques. Military discipline is used, but the aims, it is stressed, are not military. Civil and political education will play a part in the training of brigaders, whose number is to rise within a few months from 10,000 to 25,000. Planned, but not yet started, are the Pioneer Youth Movement, which will help to "raise the political understanding" of school-goers, and the "Vanguard Activists," who will be chosen from the most politically educated of the party leadership and sent out as "educators of our illiterate comrades."

It is not surprising that the opposition feels itself to be fighting for survival. Two of its leading MPs are in prison, the leader of the opposition chose to leave the country, and a number of MPs have crossed the carpet since the present legislature was elected. In an assembly of 104 members, the opposition has only 19 seats. The government, for its part, points out that speech and the press are free, and maintains that since elections are free and secret, the failure of the opposition must be due to its lack of appeal to the electorate. It is true that generally speaking the opposition is free to say and print what it likes, and that its criticisms of the government are often couched in very strong language. As for free elections, in some areas they have been pretty turbulent, but there is no evidence that one side has been more responsible for this than the other. But several United Party supporters alleged to have led the violence in the last elections have been detained.

The government maintains further that having failed to achieve power through free elections, the opposition has resorted to unconstitutional methods to overthrow the government. None of the alleged plots has been proved in a court of law; but the Granville-Sharpe inquiry into the one that involved the two opposition MPs concluded that a plot of a revolutionary character was intended, and the majority finding was that it was a plan to assassinate the prime minister. (The United Party has now issued a detailed rebuttal, printed in Kumasi.) This undercurrent of violence provides the government with its chief justification for the Preventive Detention Act, under which fifty-nine people have been detained for periods of up to five years. Significantly, or perhaps simply ineptly, the opposition has never denounced even those whose case came before the Granville-Sharpe Commission. Whatever its other merits, the United Party is badly organised, politically often foolish, to say the least, and on the whole incoherently led. But it is hard for it to make any headway against the government's big battalions.

What is to be made of all this? It is true that in the British sense this is not a flourishing democracy. But equally it is not a dictatorship or anything like a police state. The nationalist struggle produced in Ghana (as indeed in many other African territories) a strong and fiercely coherent national party through which the struggle is seen, rightly or wrongly, to have been won. It was only through this national party that Dr Nkrumah was able to integrate this heterogenous society into a united country. Of course, there were unifying factors—in particular the forces of Ghanaian nationalism and a relatively centralised economy. But the Ashanti challenge in 1956, and the constant irritant of the Ewe people on both sides of the Ghana-Togoland border, are a measure of the potentially disintegrating forces within this tiny nation.

In those countries where a national party itself leads the first independent government (notably in Ghana and Guinea, but not in Nigeria or the French Cameroons), effective opposition tends to operate within the party structure rather than through a multi-party system. Thus both M. Sekou Touré and Dr Nkrumah have produced the concept of "centralised democracy" or "democratic centralism." Both leaders make somewhat heavy philosophical weather of the concept; but both are referring to the political fact that if democracy is to operate at all at this stage it can only operate within the "independence party."

"Centralised democracy" in Guinea implies that everyone should be involved through a single party in making major decisions and in electing those who execute them; but that once a majority decision is taken it shall be accepted by everyone. In Ghana, on the other hand, no one proposes to prohibit the organisation of opposition groups. But since the CPP is by far the dominant political party, most of the effective opposition takes place within it. Despite the organisation of the workers and the farmers into two apparently solid blocks of CPP supporters, they are by no means uncritical of government policy or of members of the government. Even within the cabinet, Dr Nkrumah is no dictator. Any display of favouritism evokes considerable opposition, so that he must take advice from everyone. He is at the same time the arch-conciliator and the final arbiter.

Thus as the United Party finds it increasingly difficult to rally support, so the CPP comes increasingly to contain the effective opposition as well as the government. But it would be rash to predict a one-party state for Ghana. The system of "majority rule and no argument" is attractive in the early stages of an independent society. But when the society becomes more complex and sophisticated, when economic interests become diversified, and when the glamour of having won independence begins to rub off the CPP, then it may become very much more difficult to contain opposition within the party and to maintain its unity. The present overwhelming strength of the CPP provides in itself no justification for the belief that Ghana is heading for dictatorship.

The Key Decision

THE decisive meeting will open in ten days' time: the Kenya constitutional conference, which will convene at Lancaster House on January 19th, is likely to be the crucial determinant of developments in British Africa during 1960. If the conference can hammer out a constitution for Kenya—giving an early prospect of a black majority government, no doubt only with all sorts of transitional safeguards for minorities, no doubt only after some concessions have been made by all the races and parties and if the majority of delegates can emerge from the conference with a sense of security as well as an acceptance of change—a new note in race relations will have been struck. It could make a great difference to the attitudes taken up by white and black in southern Africa. Even the problem of Nyasaland may seem much less intractable than it does now, if by the end of next month Mr Mboya is set on the paths of contentment and peace. But if the Kenya conference ends in bitterness and recrimination, and is perhaps followed by the sorts of disorders that have so often marred Africa before, the impact could be disastrous.

What is the prognosis? The Colonial Secretary will hardly have left the Prime Minister in any doubt that the odds are still against success, effective though his quiet friendliness seems to have been in its initial impact on most parties during his recent visit to Kenya. The longer the London conference goes on, the greater hope of its producing agreement; but ups and downs (and walk outs) must be expected at best. The contending parties are still staking their claims; and the Europeans (as several recent letters to *The Economist* have shown, including an important new one on page 102 from Mr Michael Blundell) still find criticism of their stand unfair. Yet that stand is crucial. As a matter of practical politics, the furthest that a Conservative Colonial Secretary is likely to feel immediately able to go is to a position somewhat to the left of the most left wing of Mr Blundell's supporters. The question is whether, in doing this, he will be able to reach a position that is also acceptable to the Africans. It is very much in the Europeans' interests that he should be able to do so, for the tide of opinion in this country is not for long going to sustain them. Even the Bow Group of young Tories now thinks that they should be offered only five more years of British protection, apart from paper safeguards. The question for Mr Blundell and his friends is whether their approach is simply to be that of Mr Micawber—hoping that African nationalism will dissolve as a bad dream; or whether they will now set out to find a way of making themselves indispensable partners in African aspirations, seeking their security not in timetables and the exact balance of racial seats in Legco, but in their continuing and growing economic value to a commercially expanding Kenya.

Congo: February Deadline?

KING BAUDOUIN'S almost foolhardy tour of the Congo had some awkward moments; but by the time he got back to Brussels on January 2nd it was clear that a good deal had been accomplished by it. The Belgian authorities now seem committed to hastening the independence process early this year. At the round-table talks between Belgian and African political leaders in Brussels this month the hard choice before the authorities is simply this: either to grant independence more or less on the Congolese terms, or see the situation, only relatively stable since the King's visit, degenerate into further chaos. The decisive talks are expected to begin on January 18th, although M. Kasavubu, the more moderate of the Abako party's leaders, told the King that he, for one, would be arriving in Brussels before then.

M. de Schryver, the minister for the Congo, may be readier to accede to the African demands if it seems at all likely that a relatively peaceful and orderly transfer can be accomplished. The Abako congress which ended on December 28th, the day King Baudouin entered Leopoldville to scattered shouts of "Independence" and "King Kasavubu," laid down a strict timetable. It was not the ultimatum—for outright independence on January 1st—that the extremists had sought. All the same, M. Kasavubu wants a Congo government, with full powers, in being by February, with the legislative elections due in March being brought forward. Until this government takes office the Abako will refuse to join any negotiations on future relations between the Congo and Belgium. Some measure of the strength of the Abako in the Leopoldville area was given by the local elections there last month; the boycott declared by the Abako was 67 per cent effective. No Belgian arrangement for the more gradual transfer of powers to African authority is likely to work without Abako co-operation.

The trouble is that the Abako party is tribal and separatist and entertains, at the same time, a vague ambition to recreate a greater Congo state by a link-up with French and Portuguese Congo. The Abako congress reaffirmed its belief in a federal framework with six parliaments, one for each of the six existing provinces. The federation would call itself the Union of the Republics of Central Africa. It seems likely that such a solution could only be temporary. The federation would be in danger from separatist tendencies and from expansionist ambitions at one and the same time. And the bad example thus set would be likely to prove infectious. It would be disastrous if African nationalism in 1960 were to proliferate unstable and incoherent regimes. The problems now confronting Kamerun and its neighbours would then seem as nothing beside the irrevocable collapse of the Congo federation. The prospects of chaos from Kamerun to Katanga is certainly one that the West African leaders, meeting later in January at the All African people's congress at Tunis, should take seriously. For it goes without saying that such a collapse would be seized on to try to apply the brakes on African advances elsewhere.

Kamerun: Corpses at the Feast

THE new state of Kamerun (as it has decided to spell its name) has been born in disorder. Rebels belonging to the extremist wing of the *Union des populations camerounaises* (UPC) set off disturbances at Douala, the chief commercial town, on December 30th; there were more than 30 dead. A raid on Douala airport was meant to impress delegations arriving for the independence ceremonies; a similar show of force had been put on for United Nations representatives in December, 1958. There had been more deaths at Yaoundé, the capital, by the time independence day dawned on January 1st. Five years of UPC terrorism were not to be ended by the transference of power from France to the government of M. Ahidjo. The UPC, in a declaration from Conakry, the capital of Guinea, refused to recognise the country's new condition as independence: the fight would go on. This, in turn, probably meant that the French troops employed against the rebels would have to remain in the country; it was one way the UPC had of making its point.

Even so, M. Ahidjo's ceremonies duly took place in the presence of massed dignitaries belonging to 60 delegations, notably M. Jacquinot (General de 'Gaulle's representative) and Messrs Hammarskjöld, Firyubin and Cabot Lodge, each in his way a guarantor of universal acceptance. The prime minister of the British Cameroons, Mr John Foncha, who won power on the advocacy of an all-Cameroons union, was interestingly there. But no representative of Guinea was present, and M. Sekou Touré's greetings were distant. Ghana (which had been invited) sent its excuses.

M. Ahidjo has thus not only to face the enmity of his marxist rebels, but the opposition (and apparently the chagrin) of his immediate predecessor on black Africa's path to independence. So long as M. Sekou Touré gives comfort and asylum to the UPC extremists, M. Moumié and M. M'Bida, it will be hard for Kamerun to settle down. M. Ahidjo has now offered an amnesty (or *paix des braves*) to his rebels, provided they give themselves up immediately. He has been able to retain the support of the UPC moderates, under M. Mayi Matip; the fact that the exiles in Conakry give the impression of refusing to admit the new status of their country simply because they are not themselves in power gives him an easy opportunity to ridicule their stand.

But they can cause administrative and economic dislocation. There are now thought to be some 2,000 active guerrillas, armed with Czech and Italian weapons and chiefly supported (not always willingly) by the Bamiléké people. Although M. Ahidjo has promised elections in April, it may not be possible to ensure that they are peaceable or valid in some regions. Kamerun has a better educated and more experienced backbone of administrators than other equatorial African states. It has profited more than other colonies from French investment since the war. It will need all this, and a full measure of international support, if it is to ride out the storms prevailing at its birth.



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Liberia: Missing Links

In the cross-currents of West African politics, which are pointed up by these events in Kamerun, account should be taken of the influence of Liberia, where this week the inauguration of President Tubman's fourth term was convivially celebrated. M. Ahidjo certainly had nothing to complain of in the cordiality of his reception last month in Liberia. President Tubman, moreover, is an outspoken supporter of the counsels of moderation which M. Bourguiba and the Tunisian government constantly urge on the other independent West African states. In the formation of a West African union, President Tubman is now himself taking the lead in proposing a consultative framework which, if loose, shall at least be practical. In the teeth of statements by M. Sekou Touré and Dr Nkrumah that an African state was not independent if it had a defence treaty with a western power, President Tubman last year concluded such a treaty with the United States, thus creating a useful precedent when the time comes for Britain to negotiate on defence matters with an independent Nigeria and Sierra Leone. And though President Tubman holds office more on the South American than the North American pattern, he has liberalised the authoritarian American-Liberian regime that he inherited in 1944, in which the tribesmen dared not raise their heads. The harbouring in Sierra Leone of a Liberian equivalent of M. Moumié does not incommode him.

Yet, despite all this, Britain still fails to cultivate President Tubman's acquaintance. The president would like to visit Britain; but he demands a state visit, rather than an official visit such as was accorded M. Sekou Touré. He considers that Liberia's seniority as an independent West African state entitles him to this, if not its importance (though the country is being rapidly developed with almost everybody's capital but Britain's); and he also feels that such recognition would help him in the stand he is taking up in West Africa. This would, indeed, seem to be in Britain's own interest; but so far the thought of President Tubman spending a night in Buckingham Palace baffles not the palace, but the Foreign Office. Yet it would seem to fit exactly into Britain's policy in every part of Africa, to say no more; the only thing against it seems to be the distaste of British shipowners at seeing the Liberian flag, which they so detest on the high seas, flying in the Mall.

The Economist 164808

JANUARY 7, 1860

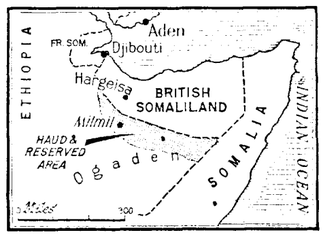
RELIGIOUS DISPUTES

Religious controversies are as a rule most studiously avoided by sober politicians and sensible journalists. To enter into them is commonly to involve oneself in a whirlwind of rage and abuse, out of which no good can come, and to be involved in irritation, misrepresentation, and annoyance incalculable, only to reap at last the gratifying conclusion that no result has been or could possibly have been achieved. Only when such subjects are brought inevitably into the political field; when religious disputes become questions of political significance; when the theologians of one school or another endeavour to force their views as a rule of political action upon the country, is it needful or desirable that statesmen or newspapers should take notice of topics which at ordinary times lie wholly apart from their proper sphere. And when such occasion occurs, it is well that the unpleasant task should be assumed boldly and decidedly; that no compromise or vacillation should be allowed to seem possible; and that the course which is politically right and wise should be asserted and defended in distinct defiance of the dogmas of those who denounce it as theologically wrong. It becomes those who are here on their own ground sternly and fearlessly to rebuke the passions of those who have brought their feuds and quarrels to be fought out on neutral territory; and while avoiding all irritating treatment, all unnecessary offence to those whose feelings are already in a state of extravagant soreness, to indicate unshrinkingly a determination to act without them, and if need be against them.

Somaliland: Unsafely Grazing

If, as has been predicted, 1960 is to be the year of eruption in the Horn of Africa, the latest conflict between Ethiopians and Somalis can be seen as a preliminary tremor. Although trouble is endemic in the Haud, it is usually about the theft of beasts or the exaction of blood money; this time it is about a still more dangerous subject, water. It all goes back to the 1897 agreement between London and Addis Ababa which handed over the Haud to Ethiopia, but reserved the right for protectorate herdsmen to graze their flocks on these traditional pastures. This has meant that about a quarter of a million Somali tribesmen, few of them without a weapon of some sort, cross each year into Ethiopian territory. Not surprisingly, there has always been a brawl going on somewhere; the Ethiopian frontier guards are only loosely controlled from Addis Ababa and the British liaison officers with the tribes have a busy time maintaining a tentative peace.

Just before Christmas there was a rumbling of graver trouble when, overnight, the Ethiopian authorities at Milmil denied the Somali herdsmen access to the only wells in the district. Each side was in an ugly mood; a few weeks earlier a raid by a Somali tribe, out for blood money, had led to savage reprisals by the Ethiopian frontier guards. The British liaison officers and the Ethiopian deputy minister of the interior, hastily despatched from Addis Ababa, managed to damp the explosion. The latest news is that the Somalis are again being allowed the water; it is possible that, under the urgency of negotiation, the Ethiopians were able to slip in some new conditions.



The function of the British has been to insist on the legal rights of the Somalis, but without exacerbating their relations with an Ethiopia that is still inclined to suspect Britain of plotting a Greater Somalia. A feeling that their interests have suffered from this ambivalence adds, in the minds of the Somalis, to the attractions of an early independence which will permit them to take matters into their own hands. But the departure of the British will not alter the basic fact that the Somalis are outnumbered and outgunned by their Ethiopian neighbour.

Nigerian Manoeuvres

Dr Azikiwe's decision to accept the presidency of the federal Senate in Lagos ends the first round of political manœuvre which followed the Nigerian elections, but opens the second. It is now clear that that first round was characterised by a fandango of political manœuvring, which revealed the instability of party alliances in Nigeria. When the leaders of the Action Group realised that their party's bid to become the dominant party in the federal house had failed, they urged upon their leader, Chief Awolowo, that he must have one principal objective: he must prevent the conservative Northern People's party from achieving

dominance in the new state, and to this end he must try to break up the Northerners' former working agreement with Dr Azikiwe's party, the National Council of Nigeria and the Cameroons. Chief Awolowo then began negotiations for a coalition of the two southern parties, the Action Group with 72 members and the NCNC with 89, to put the Northerners (who have 142 seats) into opposition. This scheme was adroitly torpedoed by the federal prime minister, Abubakar Tafawa Balewa, a northerner, who quickly confirmed his former NCNC ministers in their offices ; they thereupon advised Dr Azikiwe that to attempt to form a coalition with the Action Group would be to split the NCNC. As there is as yet no ministry of external affairs in Nigeria, it was then found that there was no place in the cabinet for Dr Azikiwe, who withdrew—probably only temporarily—to the Senate.

Thus the two most powerful southern leaders, Dr Azikiwe and Chief Awolowo, are out of the government ; but they have behind them a strong feeling throughout the southern intelligentsia (irrespective of tribe) that Northern domination on these terms is unacceptable. Chief Awolowo is now making the most formidable preparations to provide an opposition such as no African administration has ever faced in an African parliament ; at the same time, an Eastern region newspaper has significantly opened fire with a bitter criticism of the treatment of Dr Azikiwe by the NCNC ministers who have clung to office. But the North is certainly not letting grass grow under its feet either: Sir Ahmadu Bello, Sardauna of Sokoto, who is by far the ablest leader in the north, has now rescinded his intention to quit politics, and evidently intends to help conduct the fray. It would be unwise to guess who will become the first prime minister or foreign minister of independent Nigeria later this year—but at least the post of governor-generalship will become vacant for any disappointed leader who is at the same time too powerful not to appease. Nigerian unity may well depend on finding a plum of some sort for everybody.

LETTERS ON AFRICA

Kenya

SIR— I was disturbed to see some of the observations which you published in your issue of December 26th under the heading "Getting to know you" and I hope you will allow me to correct them. You write that Mr Blundell on behalf of the New Kenya Party is still negative. Is this really fair comment? As a party we have urged the lowering of the land barriers in Kenya and throughout the recent storm over this issue in European areas have continued to support the principle which we believe has now been accepted by the European community. It is significant that the Kenya National Farmers' Union has also endorsed the principle and set up a working party to examine how best to carry it out. We have urged Africans to accept the same ideas in their own areas especially as between tribe and tribe.

On the constitutional front we have urged that we should aim at the situation of a self-governing country within the Commonwealth based on a Parliamentary democracy. We have deliberately refrained from underlining detail in the belief that the constitutional conference which the Secretary of State has called in London will have a better chance of success if the various groups refrain from taking up "prepared positions" in advance. Recently at Makudara Hall in Nairobi before a large African audience I suggested that if the right atmosphere was created at that conference we might evolve a phased plan, leading from participation by African leaders in government to responsible government and thence to independence. In addition as a party we have pressed for the accelerated training and promotion of local citizens and especially Africans in the civil service and throughout the field of commerce and industry. Lord Portsmouth has undertaken to take Africans into partnership on farms on his estates near Kitale. I feel it is unfair to write off all these ideas and moves as negative.

Finally, Group Captain Briggs who, you allege, "has repudiated in advance any such constitution for Kenya as Tanganyika has got" has been away on holiday for the last four weeks and has made no public statements at all. Group Captain Briggs is not alone in rejecting the form of franchise on which the Tanganyika system is based.

Recently I have felt that your reporting from Nairobi was far from impartial. I would like to remind you that European initiative forced the removal of the colour bar in our main hotels and that with European support we were the first East African territory to have nominated Africans in our Legislative Council in 1948, an African minister in 1954 and elected African representatives in 1957. This does not show a sustained and negative attitude by the European people of Kenya in the past and I have no reason to think that their general views will change in the future.—Yours faithfully,

MICHAEL BLUNDELL

Nakuru, Kenya

Kamerun

SIR—Your correspondent has come out with a current story whose main purport is to prove that the *Union des Populations Camerounaises* is either without following in the Cameroons or is so much divided amongst itself that it is ineffective.

It is rather interesting that the main part of your article is concerned with the so-called "internal tribal" uprising in the Bamileke region ; the magnitude of which was such as to necessitate the deployment last October of about 10,000 troops from the French Community. Whilst one can understand the new role of M. Mayi Matip, it is rather undignified of your correspondent to imply that Ruben Um Nyobe, who himself fought to the bitter end against French imperialism, could have collaborated with the very instrument of oppression.

The great disappointment is that your correspondent is more at pains, like Ahidjo and the French Government, to prove the ineffectiveness of the UPC rather than the undemocratic processes through which they now assume control over 3½ million people of the Cameroons. The only test of popularity is the one provided by the ballot box, which Ahidjo dare not face before his phoney "independenee."

Finally, it was President Sekou Touré who stated at the United Nations that the policy of puppets must fail "because the peoples are more and more organised and determined to fight against all forms of domination, even that by the intermediary of African groups or powers."—Yours faithfully, ALOE AKA BASHORUN

Committee of African Organisations, London, NW1

Africa

SIR—Your recent article on Africa calls for a continued search through the ill-begotten Monckton Commission for any structure of federation in Central Africa, where partnership could become a reality. To this end the commissioners might examine afresh one of the earlier and now dust covered recommendations of the 1938-39 Bledisloe Commission, namely the amalgamation of Nyasaland and Northern Rhodesia.

The economic grounds for creating this near viable territory are clear, and could link the traditional Nyasa migrant labour with the industrial copper belt.

The ethnological and political grounds are equally strong, and with an inevitable future African majority in its territorial legislature, the conditions for starting a real partnership (if one is still permitted to use this discredited word), namely equality with Southern Rhodesia, would exist.

The success of this step would depend, as does any likely solution in Nyasaland and the Rhodesias, on African goodwill. Is there any reason why it should not be tested? —Yours faithfully,

DAVID J. RAYMONT

Farnborough, Kent

ALL ONE NEEDS FOR GROWTH ONE FINDS IN NORTHERN IRELAND

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Courtaulds selected Northern Ireland for part of their post-war expansion programme. Sir John Hanbury-Williams, Chairman of Courtaulds Ltd., described this major project as follows:

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Sir John Hanbury-Williams, C.V.O. Chairman of Courtaulds Ltd.

"Our experience since 1950 has shown us that all that one needs for growth one finds in Northern Ireland. We were right in assuming that labour, both men and women, was keen and plentiful and that we would have no difficulty in maintaining a three-shift system non-stop throughout the year. Thanks to Northern Ireland's sound manufacturing tradition, absenteeism and labour turnover are negligible, and we find that after training to our specialized requirements, labour is just as good as in any other of our factories in the United Kingdom. The products are very well received by the textile trade.

"The Government of Northern Ireland gave us every assistance. In particular they solved for us the formidable problem of providing many millions of gallons of water a week and disposing of the effluent, and were most helpful over questions of transport across the Irish Sea. Indeed, the varied and remarkably efficient freight services have provided a reliable service which enables us to move more than 110,000 tons of raw materials and finished products to and from our plant during each year.

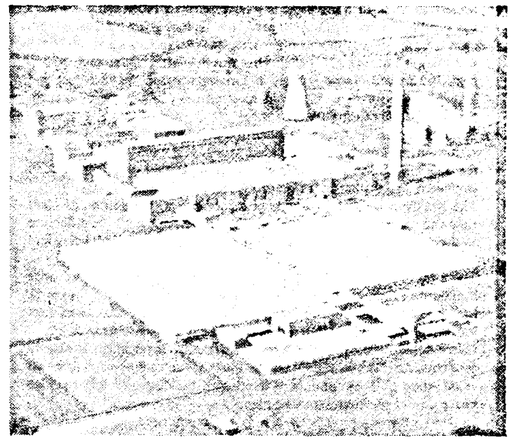
"I believe that the advantages offered by Northern Ireland to the firm which intends to build a factory merit the closest consideration."

Courtaulds move 110,600 tons of raw materials and finished products to, from and within Northern Ireland

Except for deliveries of tyre yarn to Dunlop's factory in Londonderry, Courtaulds ship substantial quantities of yarn to England and import most of the materials used in production. It is essential therefore to have a good delivery service at a reasonable cost.

Coal is shipped from England to Belfast or Larne and consigned by rail to their private sidings.

Sulphur from the Gulf, and from Bayonne, France, is discharged at Belfast Docks into railway wagons and hauled to the chemicals manufacturing plant at Carrickfergus.



An aerial view of the Courtaulds rayon plant at Carrickfergus.

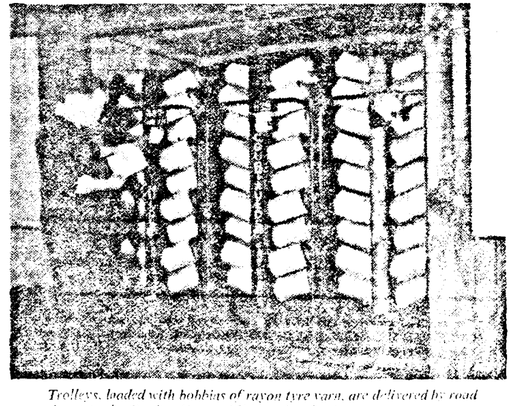
Charcoal is shipped from Belgium and Sweden to Belfast and thence by rail to the plant.

Liquid caustic is pumped direct from ship to tank in Carrickfergus harbour and then goes by road tanker to the nearby plant.

Wood pulp reaches Courtaulds from Scandinavia, U.S.A. and Canada via Belfast or Larne.

In the past ten years, Northern Ireland's transport facilities have been completely transformed in line with modern needs. Today it is possible to despatch goods to most parts of the Midlands and have them delivered to customers within 48 hours ; in other areas, the delivery may take one or two days longer according to distance.

Yarn supplied on bobbins is packed in cartons and, for safety, Courtaulds use containers on the Larne Preston ferry, thereby reducing handling to a minimum. Beams of yarn travel by trailer



Trolleys, loaded with bobbins of rayon tyre yarn, are delivered by road direct to the Dunlop Cotton Mills at Londonderry.

NORTHERN IRELAND MEANS BUSINESS

Within the past fourteen years 140 British and American firms, large and small – and including many who are recognised internationally as leaders in their respective fields – have selected Northern Ireland as the location for new plants to serve the United Kingdom, European, British Commonwealth and other overseas markets.

But there is nothing new or tentative about Northern Ireland's industrial background. There is here, in Government, in management and in workers, a long experience in meeting the exacting needs of progressive manufacturing businesses.

In Northern Ireland there is plentiful available labour of first class rating – men and women of the kind who have a world-wide reputation for the high quality of their products and their inherent skill in engineering and other manufacturing processes.

The Northern Ireland Government can offer a wide selection of plant sites and can provide individual facilities which make all the difference to the ease and speed and cost of bringing a new factory into being and into production.

There is, in Northern Ireland, a continuing programme of Advance Standard Factory building – some of these are ready to walk into now. Standard Factories built to order or Special Purpose Factories to meet individual structural requirements can readily be negotiated.

Over and above all this the Northern Ireland Government is able to ease considerably the initial burden of capital costs by paying as much as one-third (33⅓%) not only of the cost of building a factory but also of the cost of machinery for the plant.

In many other ways, which can only be summarised here (but details of which the Ministry of Commerce will very gladly supply) the Northern Ireland Government is able to make the path plain, the way simple and the result a success. And without red-tape!

THE ADVANTAGES IN A NUTSHELL

1 Plentiful trainable labour
2 Possibility of multiple shifts
3 Little absenteeism: low labour turnover
4 High output per man
5 33⅓% capital grants for plant, machinery and new buildings
6 Grants towards transfer of machinery to Northern Ireland
7 Government factories to meet your needs on rental or repayment
8 Grants for training and services
9 Concession rents
10 Industrial fuel rebate
11 Housing priorities
12 Active help by Government departments

Some of the 140 Companies with factories established in Northern Ireland since 1945

A.E.I.	I.C.T.
Berkshire Knitting (Ulster) Ltd	Lines Bros (Ireland) Ltd
Birmingham Sound Reproducers Ltd	Lotus Ltd
Chemstrand Ltd (U.S.A.)	Metal Box Company Ltd
Dunlop Cotton Mills Ltd	Plessey Company Ltd
Du Pont Company (U.K.) Ltd	Pye Ltd
Hughes Tool Company Ltd (U.S.A.)	U.K. Optical Bausch & Lomb

NORTHERN IRELAND

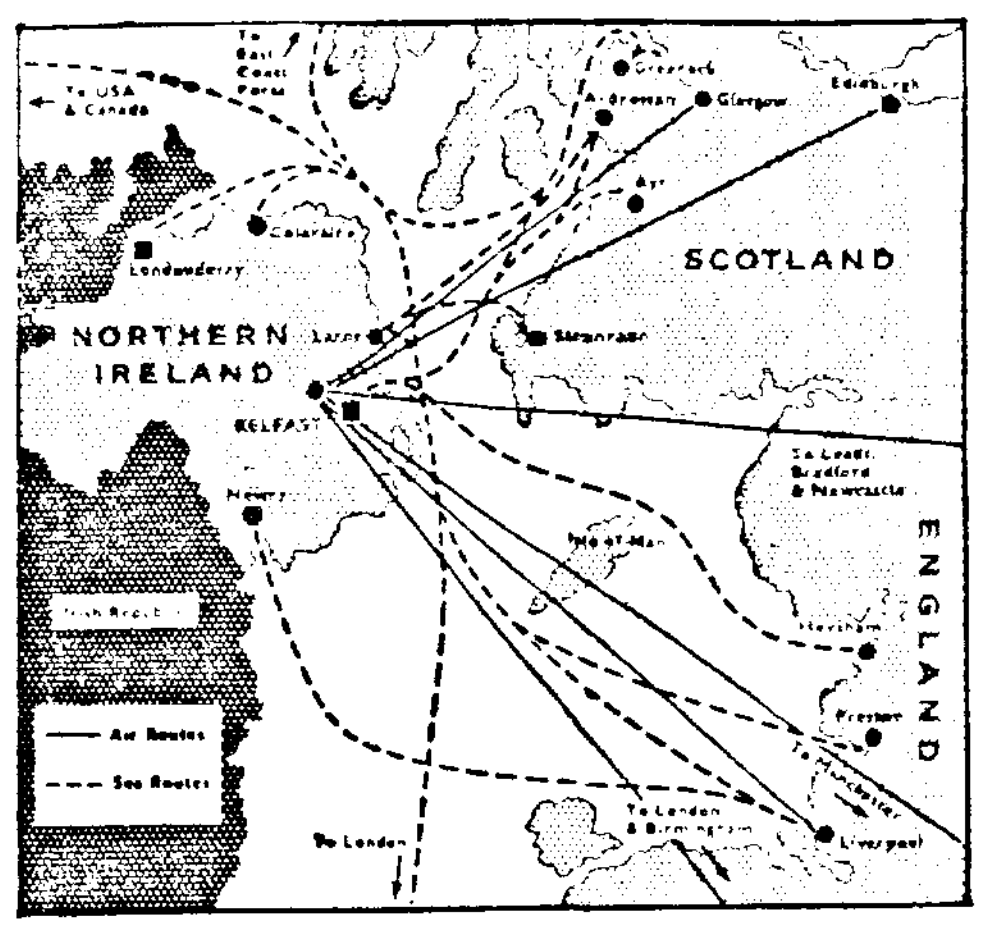
works for progressive industries

YOU CAN BE THERE IN 2 HOURS

By B.E.A. from London 1¼ hrs.–Birmingham (direct) 1 hr. 50 mins. Glasgow 1 hr.–Manchester 1¼ hrs.

For details of how Northern Ireland's development plans can help you write to: NORTHERN IRELAND DEVELOPMENT COUNCIL (Chairman: The Viscount Chandos) · 13 LOWER REGENT STREET · LONDON · SW1 · (Tel: WHI 0651) or 99 PARK AVENUE, NEW YORK 16, N.Y. · (Tel: Murray Hill 2-6820) or, if you prefer, direct to THE MINISTRY OF COMMERCE · CHICHESTER STREET BELFAST · (Tel: Belfast 28271) All enquiries will be treated in the strictest confidence.

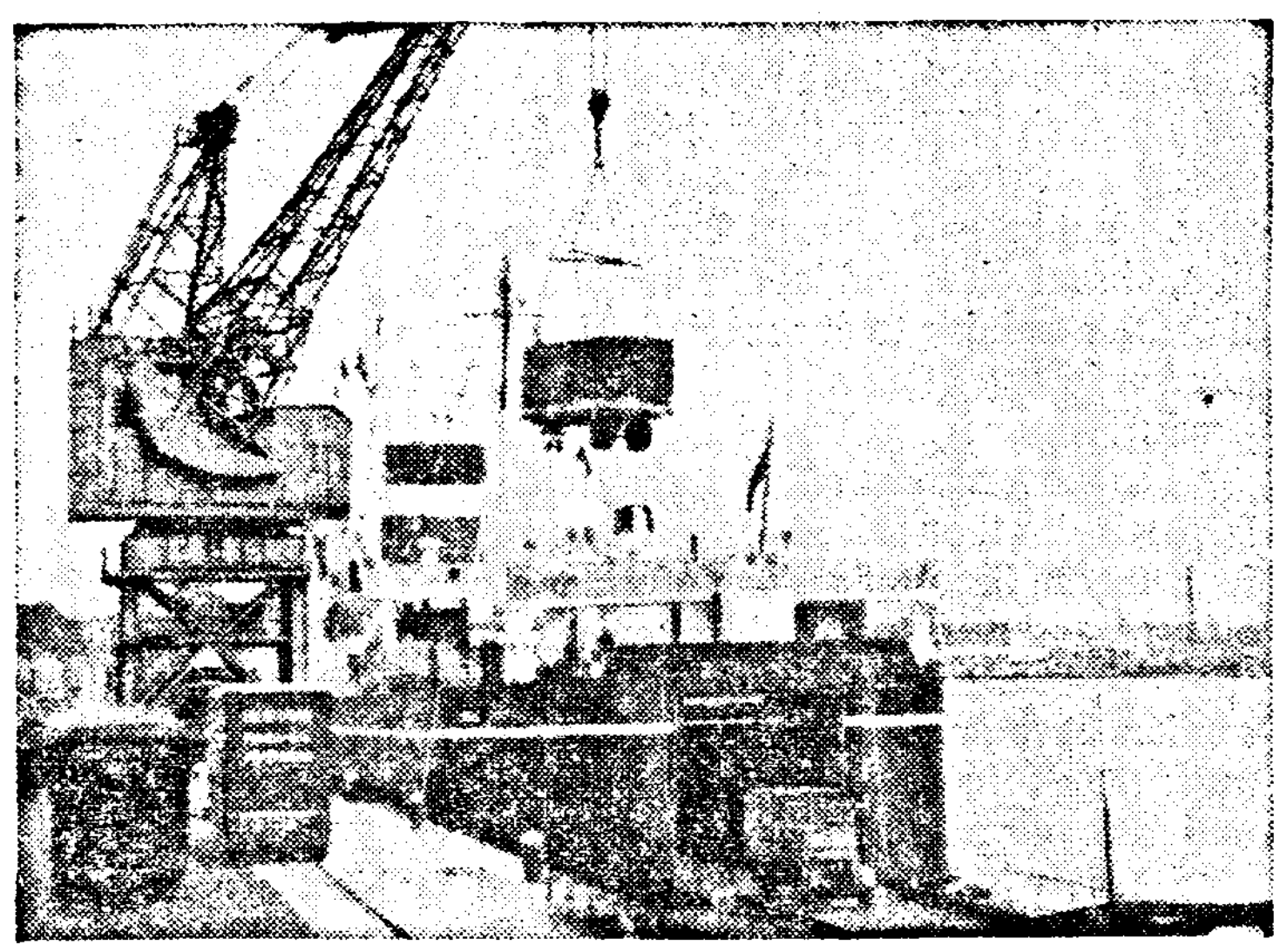
and are shipped by the same route. Trailers are also used for bulky machinery, as this saves crating and packing with the additional costs involved. Yarn supplied in other forms travels in wooden cases by a number of routes from Belfast to Preston, to Liverpool and Manchester, to London, to Heysham, to Bristol and Cardiff.



In addition to fast sea-freight services Northern Ireland is well served by passenger and freight air services to and from leading industrial centres of Great Britain.

In Northern Ireland, road and rail traffic is handled by the Ulster Transport Authority. The bulk of the movement is of tyre yarn on bobbins which, without any packaging, are loaded on stands, rolled straight into U.T.A. trucks and thence into the Dunlop Cotton Mills at Londonderry where the stands are rolled alongside their machines.

Since Courtaulds went to Northern Ireland in 1950, Chemstrand Ltd. have opened a £3½ million Acrilan fibre plant at Coleraine and I.C.I. have announced that they have purchased options on some 200 acres at Kilroot, County Antrim, for a future Terylene spinning plant. Northern Ireland is now becoming a yarn producing as well as a leading textile manufacturing area of the United Kingdom.



Specially built drive-on/drive-off transport ferry ships carry loaded lorries, low loaders, trailers and containers between Larne and Belfast and Preston. Lorries travel rapidly and securely from factories in Northern Ireland to destinations in Britain, and also to Europe, by similar services through Antwerp.

JUST PUBLISHED

Write for a free copy of the second edition of "Freight Services to and from Northern Ireland"—published by the Northern Ireland Development Council—which reviews, in detail, the methods and services available for the movement of freight between Northern Ireland and Great Britain and World Ports.

AMERICAN SURVEY

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

Second Chance for Congress

WASHINGTON, DC

It is tempting to read the words of the burial service over the Eighty-sixth Congress, which opened its second session on Wednesday. Last year, the over-confident Democrats were cut down ruthlessly by President Eisenhower's use of his veto. This January their problems are compounded because the Democrats have set themselves the task of adjourning before their nominating convention starts in Los Angeles on July 11th. This would make the present session the shortest since 1952; by the beginning of July last year Congress had still to pass several major items of legislation and only six out of seventeen appropriation Bills had been dealt with finally. Since Mr Eisenhower is still waiting, as happy as a boy who has just discovered how to use an axe, to lop off the heads of measures he dislikes, the session's output seems fated to be small.

Some of the casualties can be foreseen. Although the agricultural problem grows worse day by day—the average price that farmers get for their produce has recently fallen to its lowest point in almost twenty years, and the surpluses are still piling up in the warehouses—the experts see little hope of persuading the quarrelling factions to agree on a way of solving it. The foreign aid appropriation, which is usually left to the last because it faces the toughest opposition, is certain to feel the knife deeply. Nor are the convention-minded members of Congress likely to spare much time for the President's reported desire to create a "First Secretary" in the Cabinet, or for the interesting suggestion—made by the National Committee for an Effective Congress—that they should create a single committee covering both foreign policy and defence to watch over the work of the National Security Council.

Nevertheless, there are two main fields which will be worth watching. The first is the resurgence of enthusiasm for an idea which dates back to the reformist days at the end of the last century, but has been relatively quiescent in the prosperous nineteen-fifties; this is the belief that Congress should intervene in the workings of private enterprise when it judges that they are hurting the public interest. On balance, the Democrats in Congress are probably glad that Vice President Nixon, by persuading the steel companies to accept a comparatively generous settlement, has relieved legislators of the unpleasant task of ordering the men back to the mills again if the strike had been renewed. With this embarrassing possibility out of the way, the chances have improved distinctly that Congress will take action to regulate the errant television industry. Not only is this a far less awkward chore (since the television business has fewer votes than the steel trade union) but it would also be dangerous to let the Administration seize and keep the initiative in another field.

The same conviction that free enterprise cannot always be allowed to follow its own laws inspires the opposition, which will be just as vehement in this session as it was in the last, to letting the government offer realistic rates of interest on new long-term government bonds. The Treasury's renewed request that the legal ceiling be raised will once again be contested by many liberal economists on the ground that higher interest rates impede economic growth; but much of the hostility in Congress springs from the rudimentary dislike of "letting the bankers make too much profit." This goes back directly to the sentiments of the populist movement in the late nineteenth century, when the bogeymen of simple folk in the American hinterland were the eastern bankers and railway tycoons. Now they are the bankers all over the country and the amoral lords of television.

The second and main point of interest in 1960 will be the extent to which the Democrats can carry out the liberal intentions which Mr Eisenhower frustrated so successfully last year. In spite of the gloomy omens under which the new session opens, there are two reasons for thinking it will do better than the cynics expect. The first is the ambition of Senator Lyndon Johnson, the Democratic leader in the Senate, to become his party's candidate for the Presidency in November. Last year Senator Johnson laid his head on the block to receive Mr Eisenhower's vetoes with less of a struggle than most Democrats in the North would have liked; this year, if he is to have a chance of being nominated, he must fight more strenuously for progressive causes; he is already letting his support of one or two minor measures be known. The coverage of the minimum wage law will probably be extended to nearly ten million more workers, and the minimum may well be raised from \$1 an hour to \$1.25. Students who receive federal loans to help them through college are likely to be freed from the clause requiring them to swear that they do not belong to a subversive organisation.

The real test, however, will be what happens to last year's unfinished business. Of the six major domestic items in the 1959 session, three—the law regulating the trade unions, and those giving federal aid to housing and to the construction of airports—resulted in varying degrees of defeat for the liberals; the other three were shelved. The prospects this year for one of these, the measure providing the first substantial contribution of federal funds to America's schools, have now brightened noticeably as a result of Senator Johnson's support. The Bill which the Senate will consider at this session is less generous than the one which was proposed unsuccessfully in the House of Representatives last year and, unlike it, would merely help to build schools, not to pay teachers' salaries as well. But it would provide \$500 million a year in federal grants for two years, which is substantially more than the Administration's last offer; this concentrates chiefly on helping local communities to pay off the loans which they float to build schools.

If Senator Johnson hopes to retain the confidence of northern Democrats, he will also have to make a serious attempt to pass another Civil Rights Bill to help the Negroes in the South. Under a gentleman's agreement reached at the end of the last session, the Senate will take up this bitterly controversial subject again in the middle of February. The result is unlikely to bring any great immediate relief to Negroes. But Mr Johnson may be able to push the South into accepting a law to preserve voting records (thus ensuring that federal examiners can check whether Negroes have been allowed to vote) and to discourage the bomb-planters on the lunatic fringe of the movement to preserve racial segregation. It is just possible that he will also support the Civil Rights Commission's proposal to send federal registrars into areas where local

ones are stopping Negroes from voting. But the Administration is unsympathetic to the idea, and Senator Johnson is unlikely to stick his neck out any further than the Administration's.

What Congress does with these two Bills, and with the third major item in last year's unfinished business—the measure to give federal help to chronically depressed areas—depends also on the House of Representatives. The House is almost always the more conservative of the two chambers, but the other development which has raised reformers' hopes this year is the creation of a body of northern liberals known as the Democratic Study Group. The group's ability to push the House's leaders into decisive action is limited ; its modestly academic title betrays its lack of confidence. But it can organise the liberal vote more tightly than it has been organised in the past. It may be able to win some votes of conservative Southerners by threatening to oppose Bills of local interest to the South ; and, above all, it may bring to the surface the latent liberalism in the breast of Mr Sam Rayburn, the elderly Speaker of the House of Representatives.

Mr Rayburn's loyalty to progressive ideas goes deeper than his somewhat lackadaisical way of running the House suggests. Perhaps he can be stimulated into reminding the Southerners that their party's chances of winning the presidential election in November depend on its ability to attract enough votes in northern states, and that this requires a liberal record from Congress this year. All these measures, of course, still face the prospect of sudden death at Mr Eisenhower's hand even if they pass both Houses. But Congress has an opportunity in 1960 to make good its failure last year to challenge the President resolutely and another chance to override some of his vetoes.

Steel Brought to Terms

For the Vice-President, with the help of Mr Mitchell, the ambitious Secretary of Labour, to have engineered a settlement of the obstinate dispute in steel and thus to have swept away the last obstacle to the most prosperous new year in history is a brilliant new feather in his cap. If, as the preliminary reports suggest, he has done so on terms which may postpone a general increase in the price of steel until after the election, this is a dazzling piece of juggling which should help to absolve him of the suspicion that he bought a settlement by selling Mr Eisenhower's anti-inflationary principles down the river. Yet he has also managed to strengthen his standing with the trade unions by giving the steel workers most of what they have been seeking.

The union's gains include an increase of 14 cents an hour in basic wages by the last year of the 30-month contract, more for higher paid workers, improvements in pensions, and the assumption by the employers of all insurance costs. The union's only concession is over cost of living adjustments, which amounted to 17 cents an hour during the three years of the old contract but which will be limited to a low figure in the new one. The steel companies, which might have had a cheaper settlement six months ago if they had not embarked on a crusade to win control over work rules from the union, have lost here as well ; these practices are to be considered by a committee representing both sides under a neutral chairman but the recommendations, to be presented in November, will not be binding.

No one imagines that a settlement worth about 40 cents an hour in the last year of the contract, and nearly 40 per cent more than the steel companies were offering, will be absorbed without an eventual increase in prices. The smaller firms, in particular, will be hard pressed. But if, when the official terms are announced, they confirm that the first increase in wages has been put off until December, it is hard to see how a rise in prices could be justified this year. It is true that some other increases in costs go into effect right away, but the companies expect a record year for production and profits as consumers rush to re-stock.

Over the long run Mr Blough, the chairman of the US Steel Corporation, puts the cost of the settlement to the industry at $1 billion, but he drew some comfort from the calculation that the average annual increase in employment costs will amount to only 3½-3¾ per cent, compared with an average of 8 per cent a year since 1945. What finally made the steel companies surrender was Mr Nixon's blunt warning that, if the strike were to be resumed, and a Democratic Congress stepped in to impose a settlement, it would hardly be an anti-union one in an election year. This was sound sense and the industry has the additional consolation that it has made a substantial contribution to Mr Nixon's election to the Presidency in November.

They Declare

With two days between them, carefully timed to avoid treading on each other's headlines or on the reporters' new year hangovers, Senators Humphrey and Kennedy have now declared formally what everyone had known for months—that they are candidates for the Democratic nomination in this year's presidential contest. Of the five leading Democratic possibilities they are the closest together, both on the left of the party—Mr Humphrey extremely so. Yet they may well be the only candidates to announce themselves officially unless Mr Kennedy succeeds in pushing Senators Johnson and Symington into the open with his insistence that no one deserves the nomination if he has not shown what he stands for and how he can fight by entering some of the primary elections in which voters choose between their party's potential nominees.

Mr Kennedy himself is entering the first primary, in New Hampshire on March 8th, and others which he will announce later. Mr Humphrey, from Minnesota, is wasting no money on New Hampshire, where Mr Kennedy, from neighbouring Massachusetts, is sure to win. Mr Humphrey will enter in Wisconsin, the second primary, on April 5th, and in South Dakota, both states where he has the advantage of being a local boy, in the District of Columbia, in Oregon—and perhaps in a few more places if he can find the cash. If Mr Kennedy enters in Wisconsin the contest will be a vital one which might drown one of the two altogether ; he cannot avoid entering in Oregon, because of the peculiar election law in that state, but here the contest between him and Mr Humphrey has been muddied by the intervention of Senator Wayne Morse, the eccentric local liberal.

No one really believes at this point that Senator Humphrey can be nominated—perhaps not even he himself—but Senator Kennedy, well ahead of all his rivals, hopes optimistically that a series of triumphs in primary elections may induce so many state delegations to catch hold of his coat tails that he will arrive in Los Angeles next July trailing the 761 votes needed to win the nomination. But numerous delegations will go to the convention pledged to other candidates, some of whom will not be serious contenders but will enter the race in order to use their supporters' votes for bargaining purposes. One of these is Governor Brown of California, the second largest state with 81 votes which he is determined to keep for himself—perhaps, although he denies it, in the hope of securing the vice-presidential nomination. Helped by his Roman Catholicism he may achieve this, for it is widely argued that, if the Democrats refuse the nomination to the Catholic Mr Kennedy, they would have to put someone of that religion in the subsidiary position to avoid alienating the Catholic vote. And Senator Kennedy has said, as forcefully as he can, that he will never co-operate in such a manœuvre by accepting the Vice-Presidency.

Ban in a Big Hole

The 14-month-old talks on banning atomic tests start up again next week in Geneva under notice that the United States is becoming impatient for an agreement on an adequate system of inspection. The President's announcement that the American moratorium on atomic tests would not be renewed for a definite period, but simply from day to day, and that the United States will feel free to give notice at any time that it is resuming its tests, strikes Senator Humphrey, the chairman of the Senate subcommittee on disarmament, as "nuclear brinkmanship" ; he would have preferred to extend the moratorium for six months or so. But many Americans suspect that the Soviet Union, simply by stalling, is achieving what it really wants—a *de facto* ban without any inspection at all. Senator Anderson, the influential Democrat who is chairman of the Joint Congressional Committee on Atomic Energy, thinks that the President should have been even brusquer and should have set a dead-line after which the tests for which the military are clamouring would be resumed. Mr Eisenhower is not yet prepared, however, to jeopardise the benefits of an agreement by fixing any such arbitrary "cut-off" date.

One understandable reason for the Administration's impatience is that the present session of Congress will be shorter than usual ; if any agreement is to have a chance of being approved by the Senate it must be submitted soon. Unfortunately it looks doubtful whether any ban which covers underground tests will be acceptable to Senators unless it is accompanied by safeguards far too searching to be acceptable to the Russians. The American doubts about the feasibility of detecting nuclear explosions underground have been strengthened by the ingenious American scientists who have shown that, in theory at least, nuclear blasts fifteen or more times as powerful as the Hiroshima bomb could be so muffled, by being exploded in prepared "big holes" underground, that they would be impossible to detect.

If the Russians continue to refuse, as they did last month, to take such calculations seriously, the Administration may fall back on Senator Gore's suggestion of a limited ban on tests in the atmosphere and under water, which it put forward last spring as a first stage toward total agreement. The Russians turned it down then but, if they could be persuaded to agree now, such a ban might be approved by Congress. One drawback is that it would not require the far-reaching system of international inspection which it was hoped to establish as a precedent for negotiations on disarmament. Another is that in itself the ban would not accomplish a great deal since, even if the nuclear powers resume their tests, most of these will take place underground in any case, to avoid the atomic fall-out which so frightens and angers people all over the world.

Rebuke for Radio

The Attorney General, Mr William Rogers, greeted the new year with an acid report to the President on "Deceptive Practices in Broadcasting Media." In his view "naked commercial selfishness" rather than a desire to serve the public has too often been the reason why programmes have been put on the air. This has been demonstrated by the evidence given before the House sub-committee which first revealed that corruption in television quiz shows embraced schoolteachers, infants and clergymen as well as the now notorious Mr Van Doren. The committee has since investigated "payola," the practice whereby employees of broadcasting stations accept undercover payments for promoting commercial products on the radio or television. Payola has proved as ubiquitous, if not quite as elusive, as the scarlet pimpernel ; everywhere disc jockeys are rumoured to feature songs, singers and shows either because they have a financial investment in them or because they are paid to do so by the music publishers and by the makers and the distributors of the records.

In rebuking both the responsible government agencies for their lax supervision, Mr Rogers was justifiably more severe on the Federal Communications Commission. This agency licenses individual broadcasting stations and is theoretically responsible for the standard of programmes. It has so far remained almost inert, claiming that it lacks statutory authority. Its companion, the Federal Trade Commission, has at least taken some action under its duty to stop deceptive trade practices. Mr Rogers's main point was that each already had ample powers to deal with most of the abuses which had been brought to light. However, he also proposed two immediate changes in the law which would reinforce those powers. One would make it a federal crime for an employee of a broadcasting station to accept bribes in return for surreptitious advertising. The other would empower the FCC to impose on an erring broadcaster some sanction milder than the present total revocation of licence, which is so stern and final a punishment that it has only served to deter the commission from administering it.

Since the scandals became public the FTC has charged several recording companies and distributors with attempting to bribe disc jockeys, and has also carried out intensive monitoring of advertisements. Furthermore, a little house-cleaning has been done by the major networks which feed many of the programmes to the 4,630 radio and 556 television stations that are licensed to broadcast. But Mr Rogers puts little trust in the power of more exposure to stop corruption ; he even suggests as a therapy that the networks themselves, which at present are not under the jurisdiction of the FCC, might be licensed and so be subject to stricter supervision. His forthright report to the President will almost certainly encourage Congress to match these suggestions with proposals of its own.



THE NEXT PRESIDENT?—V

Adlai E. Stevenson

The Democratic presidential candidate in 1952 and 1956 is firmly keeping out of the preliminary rounds this year, but he would not refuse to run if his party thrust the nomination upon him, as it may do at a dead-locked convention. A correspondent describes this moderate liberal who is by far the best known, especially abroad, of the Democratic possibilities and the only one who is not a Senator.

Although he has campaigned twice for the Presidency, to a large part of the public Mr Adlai Stevenson remains the most puzzling and remote of the Democratic party's leading candidates. At the same time he has the most devoted and influential following of any man in public life today. If the enlightened pick of the Democratic party, the publishers, the liberal businessmen, the college professors and, in addition, some of the highly placed office holders had their way, Mr Stevenson would unquestionably be nominated for a third time next July. But he does not command anything like such backing from the party's politicians nor from its rank-and-file. The contradiction between considerable apathy at the popular level and strong support at the intellectual one accounts for Mr Stevenson's unique position in this year's campaign.

The reasons for this contradiction may be found in his person-

ality, in his political style and, what is often overlooked, in the circumstances of his party. After twenty years in which Presidents Roosevelt and Truman were able to offset the massed opposition of the owners of the newspapers by exploiting the unrivalled opportunities which the Presidency provides for making headlines, Mr Stevenson was the first Democratic presidential candidate to run in this age of mass communications without the advantages of being already in office. The party was not well enough financed or managed to cope with this complex problem. It is still inadequate in this respect. But the elegance and high-mindedness of Mr Stevenson's speeches enabled the uninformed to make him the scapegoat for an alleged "failure to communicate" which was in fact the fault of his party organisation.

Nevertheless, Mr Stevenson is a mediocre campaigner. Although physically and psychologically durable, he does not have Roosevelt's zest for political combat. Mr Stevenson has a reflective cast of mind and finds the slogans and banalities of politics offensive. He is a great orator but seldom an effective speaker on the stump. He yields repeatedly to the temptation of restating the obvious in other than obvious terms and of avoiding the making of a simple point simply. His speeches are frequently brilliant expositions of the complexities and delicacies of a problem but they do not catch

Output on a New Measure

According to the Federal Reserve Board's new index, industrial production at its peak last June, before the steel strike, was 66 per cent higher than the 1947-49 average, while the old figures showed a rise of only 55 per cent. For November, the new index is 156, the old 148. (All these figures take seasonal factors into account.) The growth in the postwar period now averages 4.1 per cent a year instead of the previously indicated 3.7 per cent. In short, America's total industrial output and output a man hour have been growing faster than had been thought, particularly since 1953 when the Eisenhower Administration took over. The Federal Reserve Board has given the Republicans a useful answer to the Democratic critics who accuse them—and it—of stunting the country's economic growth.

About one-third of this gain results from a widening of the scope of the index beyond manufacturing and mining to bring in utilities (electricity and natural gas), so making the index more comparable with the measures of other countries. The remaining two-thirds of the revision reflects improvements in individual series, the introduction of new series and, since January, 1953, the reweighting of the components of the index in accordance with the value of net output of individual industries in 1957 rather than in 1947. The new index is based on 1957, but for purposes of comparison is also expressed, as before, as a percentage of 1947-49; the choice of base year has no effect on the relative fluctuations.

This kind of revision of a measure of production is inevitable and highly necessary from time to time to take account of the shifting pattern of industrial activity and technological developments. No major changes had been made in the Federal Reserve's index since 1953 when, as now, the changes raised the figures to a higher level. This index has to rely heavily and precariously on alterations in man hours as indicators of trends in output. Unfortunately, the summary article on the new version in the December issue of the *Federal Reserve Bulletin*, full of the jargon of "benchmarks" and the like, does not isolate in detail the extent or the effects of the different revisions. It makes clear, however, that re-weighting (mistakenly the "aunt sally" for the critics of index numbers) has had only a minor effect, slightly reducing the rate of growth since 1953, although helping to accentuate the extent of the 1957-58 recession and subsequent recovery.

The old index evidently understated most the output of consumer goods, putting their rise since 1947 at an annual average of about 3 per cent; the new figures put the growth at 3.7 per cent. But there have been wide variations in the way individual products have done over these years. Production of air conditioners, television sets, clothes driers and boats has gone up by over 400 per cent, of electricity, gas and drugs and medicines by between 200 and 300 per cent, and of home freezers, fuel oil, motor cars and electric household goods by between 100 and 200 per cent, while since 1947 output of cooking stoves has gone down by 4 per cent, of men's suits and coats by 13 per cent and of home radios by 68 per cent.

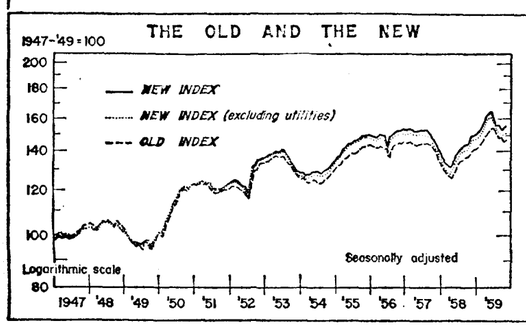
The separation of consumer goods is a feature of a new grouping of production—much the most useful so far—which distinguishes also materials and equipment for business and defence uses. Of these three kinds of output, equipment has grown the fastest. Over the whole postwar period, final products have accounted for nearly one-half of industry's total output; but equipment has gained in importance at the expense of consumer goods.

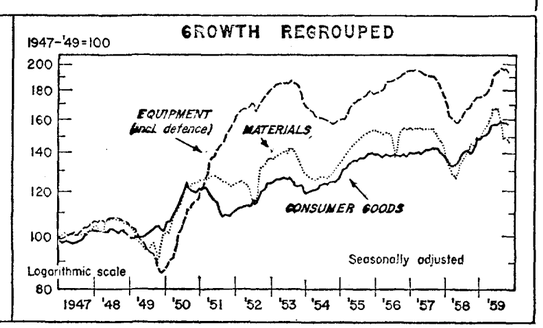
RELATIVE IMPORTANCE IN INDUSTRIAL OUTPUT*

	1947–49	1957
Materials	52·48	53·25
Consumer goods	35·87	31·13
of which: *durables*	8·66	7·75
non-durables	27·21	23·38
Equipment	11·65	15·62
of which: *business*	10·38	12·16
defence	1·27	3·46
Total industrial output	**100·00**	**100·00**

* Assessed on a "value-added" basis; differences between the two periods reflect changes in both output and prices.

This new division of output provides a much more instructive picture of the three postwar recessions. It shows how much wider, in general, have been the swings in production of industrial materials than those in output of finished products and the stabilising effects of the consumer goods markets which have led the recovery each time. This new analysis is a challenge to the British statisticians to provide something equally useful.





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This branch has been established to serve our American and international customers doing business within the United Kingdom.

Chemical Bank New York Trust Company has resources of more than $4 billion. It maintains 103 branches in New York City and has more than 50,000 correspondent banks and branches throughout the world.

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Vice Presidents, London Branch

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Founded 1824

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Telephone: MOOrgate 9514

165 Broadway, New York 15, N. Y.
Cable Address: Chemsam, New York
Telephone: COrtlandt 7-3600

CHEMICAL BANK NEW YORK TRUST COMPANY

Founded 1824

Condensed Statement of Condition

At the close of business December 31, 1959

ASSETS

Cash and Due from Banks	$1,180,028,478.65
U. S. Government Obligations	456,816,267.93
State, Municipal and Public Securities	309,577,258.53
Other Bonds and Investments	19,519,897.17
Loans	2,222,140,161.18
Banking Premises and Equipment	28,157,023.52
Customers' Liability on Acceptances	76,207,016.63
Accrued Interest and Accounts Receivable	14,532,896.27
Other Assets	7,485,348.84
	$4,314,464,348.72

LIABILITIES

Capital Stock ($12 par)	$101,719,080.00	
Surplus	228,280,920.00	
Undivided Profits	67,178,864.27	$397,178,864.27
Reserves for Taxes, Expenses, etc.		8,156,182.16
Dividend Payable January 1, 1960		5,085,954.00
Acceptances Outstanding (Net)		78,502,912.67
Bills Payable		100,000,000.00
Other Liabilities		14,363,731.23
Deposits		3,711,176,704.39
		$4,314,464,348.72

Securities carried at $318,252,036.46 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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STATEMENT OF CONDITIONS AS OF DECEMBER 31, 1959

ASSETS

Cash and Due from Banks	$1,949,570,903
U.S. Government Obligations	1,036,326,888
State and Municipal Securities	436,123,764
Other Securities	103,904,564
Loans	4,416,286,600
Customers' Acceptance Liability	80,952,598
Federal Reserve Bank Stock	18,600,000
International Banking Corporation	7,000,000
Bank Premises, Furniture and Equipment	63,899,129
Items in Transit with Overseas Branches	1,545,449
Other Assets	8,969,644
Total	$8,123,179,539

LIABILITIES

Deposits	$7,103,582,539
Liability on Acceptances & Bills	91,461,490
Foreign Funds Borrowed	6,058,600
Bills Payable	100,000,000
Reserves:	
Unearned Income	39,426,241
Taxes and Accrued Expenses	44,760,511
Dividend	8,280,000
Shareholders' Equity:	
Capital (12,000,000 Shares—$20 Par)	240,000,000
Surplus	380,000,000
Undivided Profits	109,610,158
Total	$8,123,179,539

Figures of Overseas Branches are as of December 23, 1959. $556,109,015 of United States Government Obligations and $9,699,170 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

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the hearer by the throat or leave him with a clear, unmistakable conclusion. He disdains to use the necessary broad, bold, strokes of a propagandist.

The character of his oratory is an integral part of his political style. He has passionate convictions and great moral earnestness but he masks them with wit, ironic detachment, and self-deprecatory banter. He wants to save the republic but is afraid of seeming a bore while doing it. This style, which captivates a cultivated minority, runs counter to the dominant American stereotype of the successful "he-man" which is exemplified by the cult of the self-made business executive and the television fashion for the inarticulate but two-fisted western cowboy. The contemporary American outlook leaves small room for irony. Mr Stevenson does not dissent basically from the national gospel of confidence, but his lurking sophistication impels him to take note of discrepancies and poke fun at pretensions.

This is a line which is hardly characteristic of a politician on the presidential level. When Mr Stevenson makes a witticism at his own expense, the ordinary citizen may laugh, but he may also be puzzled inwardly. The jokes are not over his head, but it does not seem right to him that a candidate for President should make them. The result is that when public opinion polls are taken "in depth" about attitudes toward leading men, they usually show that Mr Stevenson is rated highly as "intelligent, clever" and "good speaker," but lowly on "inspires confidence." The central problem of his candidacy is therefore whether the party wants to take a chance that this intellectually impressive, politically experienced, and eloquent but not easily electable man could, if pitted against a less formidable opponent than Mr Eisenhower, persuade a majority of the voters to entrust him with power.

THE outlines of a Stevenson Administration, if there should be one, are reasonably clear by now. His chief talents are those of a negotiator. He is a natural diplomat, patient, good-humoured, and urbane. He is canny and can be tough. More than any of his rivals, he would tend to be his own Secretary of State. His two guiding principles in foreign affairs are an urgent wish to narrow the widening gap between the developed and the under-developed countries and a willingness to seek ways of accommodation between the two camps in the cold war.

Mr Stevenson could be depended upon to keep the reins of the party leadership firmly in his own hands and to deal skilfully with the chieftains of Congress. He is an exceptionally astute, effective politician when he is in conference with other political leaders even though he is not when he is mingling with the crowd. His genius lies in knowing how to make the natural pressures of a situation work for him.

A lawyer by training and experience, he has no particular talent as a manager of large enterprises and would be a cautious, thrifty, conservative administrator rather than an innovator or a driving force. He is receptive to advice from all quarters, seeks and enjoys the company of intellectuals, and would make good use of experts. He is a serious and literate man. And yet, despite the appellation of "egghead," he is essentially a gregarious and active man of affairs, less bookish than Senator Kennedy. He draws ideas and inspiration nowadays principally from a steady flow of visitors who find their way to his home at Libertyville, Illinois, and would presumably come in even greater numbers to the White House.

One of the myths about Mr Stevenson is that he is indecisive, like Hamlet. This legend originated in the spring of 1952 when he was genuinely resisting the attempt to draft him for the presidential nomination. Mixed with his reluctance to break off the reform programme which he had undertaken when he was elected Governor of Illinois in 1948 was a typically shrewd awareness that if, in the end, he did have to run for national office, it would be far better to come forward as the chosen man of the whole Democratic convention than as the hand-picked heir of Mr Truman.

The only detailed evidence of indecisiveness offered by his critics is drawn from the way he managed the two presidential campaigns which he lost, but circumstances were so adverse and his own weaknesses as a campaigner so evident that these are not reliable indications of what he would do if he were secure in office. Certainly, observers familiar with his four years as Governor of Illinois did not find that he shilly-shallied or was unable to make decisions.

Mr Stevenson, 60 years old next month is what his younger and more conventional rivals do not seem to be, mature, three-dimensional, with weaknesses and idiosyncrasies but also with strength of character and firmness of purpose which have been tested. He has no demagogy or selfishness or cheapness of any kind. He is in the novelist's sense a fully-developed character. His integrity of personality suggests, that, whether or not he was a great President, his Administration would certainly be distinguished by an unusual personal style.

Borax Pioneers

FROM A CORRESPONDENT IN CALIFORNIA

NUMBERED among Britain's assets in the dollar area is a large hole in the ground at Boron, California, on the edge of the Mojave Desert, about 70 miles northeast of Los Angeles. It is the largest source of borax in the world, the only one mined by the opencast method and the property of the United States Borax and Chemical Corporation, which is owned by Borax (Holdings), Ltd., of London. Sodium borate is a versatile material that goes into products as various as household cleansers and missile fuels. Most of the world's supply comes from this one mine in the California desert.

Of the other deposits found in the American West in the last century the most famous was in Death Valley. Ore was hauled from it in wagons drawns by 20 mules—originating the "Twenty Mule Team" trademark of US Borax today; the company also sponsors a television programme called "Death Valley Days." The forerunner of the present firm was put together by a pioneer prospector, F. M. ("Borax") Smith, in 1890; in 1896, when there was a slump in American demand, he persuaded the chemical firm of Redwood and Sons, of London, to go into partnership with him. In 1914, Smith went bankrupt, and he was bought out by his British associates.

As the other sources were depleted or became uneconomic to operate, production came mainly to be centred in an underground mine at Boron. For many years, the ore was recovered by the traditional method of sinking shafts and driving galleries into the ore body, but this meant that about one-third of all the ore had to be left in the ground as pillars for the galleries. A few years ago, as the demand for borax grew, the company turned to opencast mining nearby. It took from early in 1956 until May, 1957, to strip away the earth to get at the ore body 137 feet below the surface. It was dynamited out and a refinery was ready to process it early in 1958.

Strip mining is considerably less expensive than the traditional methods and many new automatic techniques were incorporated in the refinery to reduce costs. But there were unexpected hold-ups and technical problems, which delayed the start of the new operation and cost the company more than it had hoped. This affected adversely the results of the firm in the fiscal year which ended on September 30, 1958, when there was also a world-wide over-supply of potash, the company's other principal product.

But in the 1958-59 fiscal year, the company and its British parent began to reap the fruits of their pioneering venture. Sales reached a new peak of nearly $62.2 million, while net income rose by

over 150 per cent to about $6 million from about $2.37 million the year before. The principal cause of this recovery was the strong demand for borax products in both the domestic and foreign markets, even though its use in high-energy fuels for missiles does not promise to be as large as was once expected; nor apparently are these boron fuels to be used in manned aircraft. Last July the company was able to increase its price and out at Boron the open pit is producing at its rated capacity, unofficially estimated at around 3,000 tons of sodium borate ore a day. The refinery is operating round the clock.

Gamblers Play Safe

FROM A CORRESPONDENT IN LAS VEGAS

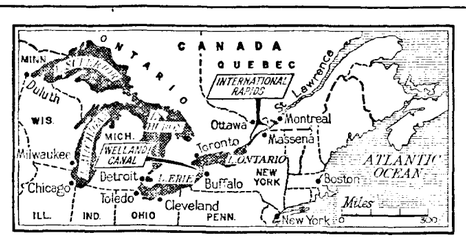
IN 1958, the largest relative increase in the purchase of mutual fund (investment trust) shares in the United States took place in the State of Nevada. Such interest in a conservative type of investment is rather surprising in a state whose two principal cities, Las Vegas and Reno, derive their income from gambling. However, while the local croupiers, bell boys, and waitresses do speculate in stocks, the businessmen take no risks. According to one securities dealer in Las Vegas, the operators of gambling casinos buy mutual funds, bank and insurance company shares and blue chip industrials, while the property owners go in for municipal bonds.

The pattern has its logic. Las Vegas is constantly abuzz with rumours and tips of all kinds (many deliberately planted) around the bars and gambling tables. Employees at the hotels and casinos, debarred by their jobs from the betting going on all around them, are fair game for such "hot" news, and speculate accordingly. But the operators of the hotels and casinos, used to sound accounting methods, are not disposed to risk the money obtained through the speculation of their patrons to gamble themselves. They put it into good income-producing securities, as insurance against a day when wagering may be ruled illegal in Nevada, or the Congress of the United States may slap a punitive tax on gambling profits. As for the property owners, they pay such high taxes on their vast profits that their favourite security is the municipal bond on which interest is tax-free. Actually, wealthy Las Vegans are big buyers of their own Clark County bonds, local issues invariably being over-subscribed.

For many years, speculation in property values occupied Las Vegans almost as fully as the roulette wheels or the slot machines and some fabulous profits were made. But recently, as most of the best sites have become occupied, the boom has evaporated and the bull market in shares has begun to attract attention. It is only 13 years since the first brokerage house opened its doors in Las Vegas but now there are several and in the past three years the volume of business done has increased sharply, but with the emphasis always on seasoned securities.

Nevertheless, probably one of the most popular buys in Las Vegas at present is one that might at first sight appear speculative, shares in one of the biggest casinos, the Golden Nugget. However, the record shows otherwise. In 1950 the original partners, who reportedly by then had got their 1946 investment of $1 million back with interest, sold both debentures and common shares to the public. The last of the debentures will be retired next summer and, meanwhile, the common shares once sold for $8 each are quoted at around $20 bid, with no one wanting to sell. The annual dividend yield is running at about 7 to 8 per cent. Thus, while gamblers speculate in Las Vegas, the casino operators put their money on a sure thing.

Seaway's First Season



THE first, and on the whole successful, season of the new St Lawrence Seaway ended at the beginning of December with the winter freeze-up. It had been hoped that the international rapids section between Montreal and Lake Ontario would carry 25 million tons of cargo during the seven months' season; but the lateness of the thaw last April, the American steel strike and the consequent fall in cargoes of iron ore from Labrador, a decline in sales of Canadian grain and the sluggishness of American exports kept the figure down to around 20 million tons.

Even so, this is some 70 per cent above the traffic in 1958 on the old canal, which was not deep enough for ocean-going ships. Bulk cargoes provided over 90 per cent of the total, a proportion higher than had been predicted, and a disappointing one since shipments of general cargo are more profitable to the seaway authorities; but general cargoes should pick up if American industrial exports show their expected improvement in 1960, and if the new waterway encourages direct foreign trade with Canada and the midwest. The American ports on the Great Lakes did well out of the seaway, but the country's shipping companies are not so happy. With their high operating costs they lose more than do foreign lines from the delays caused by bottlenecks; one of the few American ocean lines which has ventured into the new route showed a loss of $500,000 on the season.

So far the only ocean ports which seem to be feeling the pinch of competition from this new northern artery are those on the mid-Atlantic coast. Baltimore and Philadelphia lost some bulk trade in 1959 and part of this decline is almost certainly due to the seaway; and the inland port of Buffalo has been deprived of trans-shipment business because deep-draught vessels can now travel directly between the Lakes and foreign ports.

The railways have counter-attacked with reductions in freight rates and they are considering a seasonal scale of charges which will fall in summer and go up again in winter when the seaway is frozen. Middlewestern businessmen welcome the competitive pricing in transport which the seaway has brought, but they were less happy when the khapra beetle, a notorious destroyer of stored grain, sailed up to Cleveland aboard a foreign freighter.

The seaway authorities hope that receipts will begin to cover current interest payments in 1964, and that they will be able to start to pay off the capital costs once the seaway is in full operation in about ten years' time; it should then be carrying about 50 million tons of cargo a year. The margin is fine and there has been talk of increasing the tolls next year.

But it would probably be better to concentrate on improving the seaway; this means developing the facilities at the Lake ports still more, completing the deepening of the channels in the upper Lakes, and ultimately duplicating all eight locks on the Welland Canal—a Canadian section of the waterway which this season carried only 25 per cent more than last year and was responsible for much of the congestion. Then losses from accidents and delays will not offset the advantageous cargo rates and the seaway should attract the traffic it requires to make it profitable.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1959

(Figures of Overseas Branches are as of December 24, 1959)

RESOURCES

Cash and Due from Banks	$1,950,683,148.31
United States Government Securities and Securities Guaranteed by the Government	1,796,335,874.20
Federal Agency Securities	91,584,957.73
State, County, and Municipal Securities	704,043,718.78
Other Securities	133,428,592.56
Loans Guaranteed or Insured by the United States Government or its Agencies	1,506,864,657.40
Other Loans and Discounts	5,092,803,574.29
Bank Premises, Fixtures, etc.	157,408,186.09
Customers' Liability for Acceptances	158,182,278.88
Accrued Interest and Other Resources	78,069,558.02
TOTAL RESOURCES	$11,669,404,346.26

LIABILITIES

Capital	$160,000,000.00	
Surplus	340,000,000.00	
Undivided Profits and Reserves	132,666,983.31	
TOTAL CAPITAL FUNDS		$632,666,983.31
Reserve for Possible Loan Losses		118,627,944.96
DEPOSITS Demand	$5,327,676,664.66	
DEPOSITS Savings and Time	$5,297,281,517.35	10,624,958,182.01
Liability on Acceptances		160,180,326.22
Reserve for Interest, Taxes, etc.		132,970,909.76
TOTAL LIABILITIES		$11,669,404,346.26

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Condensed Statement of Condition December 31, 1959

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(Branch figures are as of December 24, 1959)

RESOURCES		LIABILITIES	
Cash and Due from Banks	$130,146,316.11	Capital	$34,000,000.00
United States Government Obligations	16,126,160.15	Surplus	6,800,000.00
Other Securities	13,566,188.74	Undivided Profits	1,233,651.44
Loans and Discounts	169,789,764.84	TOTAL CAPITAL FUNDS	$42,033,651.44
Customers' Liability for Acceptances	27,613,217.27	Reserve for Possible Loan Losses	3,091,776.86
Bank Premises, Furniture, and Fixtures	3,461,985.63	Deposits	287,887,653.94
Accrued Interest and Other Resources	3,207,155.86	Liability on Acceptances	28,275,491.24
		Reserve for Interest, Taxes, etc.	2,622,215.12
TOTAL RESOURCES	$363,910,788.60	TOTAL LIABILITIES	$363,910,788.60



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LETTERS

Shares

SIR—Your otherwise excellent article "Leads to Investors" omits the biggest factor in the rise of equity share prices. The new unit trusts have taken off the market *permanently* too large a proportion of the floating stock, and this was too small already to meet boom conditions. The market is thereby made technically too narrow, and a small degree of buying puts up prices quite disproportionately. Owing to the existence of high taxation there is little inducement for jobbers to "take a view," and consequently there are very few jobbers today—except in the gilt edged market—who are more than mere shunters, and this again has helped to exaggerate the rise in industrial ordinary prices. The real question is: will prices fall in the same disproportionate rate if we get a higher Bank rate, and a curtailment of lending, since jobbers will be no more inclined to steady a falling market than they were to check a rising one?—Yours faithfully,

House of Commons CYRIL OSBORNE

The Suicide Bombers

SIR—Sir Roy Harrod takes offence at my review of "The Divine Wind," but he has not studied what I wrote very carefully and one may even wonder whether he has read the book. In the first place I wrote that "to Westerners the whole conception of such a form of warfare has a nightmarish Kafka-like unreality about it," and in quoting and criticising that statement he omits the operative first two words. I am quite confident that few, if any, people on our side who experienced the suicide bombing campaign at first hand will disagree with me. Secondly, it may safely be left to readers of the book to decide for themselves whether my description of the Kamikaze pilots' sentimentalities as "glutinous" is fair. Thirdly, I made no mention at all of Japanese callousness and brutalities: it is Sir Roy who brings them up, and appears to wish to excuse, or at any rate forget, them on the grounds of "the infinite delicacy and tenderness" of their "personal relations."

Lastly, the physical bravery of the suicide pilots is of course inherent in the purpose which they undertook; and it would have been insulting to your readers' intelligence to draw attention to it. But is it not an exaggeration to write about "sublime heroism" and "imperishable glory" when what they were doing was, so they believed, to bring them immortality? As Sir Roy implies, in precise confirmation of what I wrote, "probably to European minds it will remain unintelligible."—Yours faithfully,

YOUR REVIEWER

SIR—Sir Roy Harrod appears to me to be inferring that the Kamikaze bombers were a *corps d'élite*. Owing to a chronic shortage of aviation spirit, which in turn meant a grossly inadequate flying training programme, the Kamikaze were almost to a man inferior pilots. Their very formation sprang from this inferiority, for their hopes of hitting their targets by more orthodox means were negligible. Their bravery and superhuman patriotism are not in question, but let not the idea of a *corps d'élite* get around; remember that these men, unlike the Few or the Dam Busters, were at base motivated by feelings of inadequacy and inferiority.—Yours faithfully,

Wakefield JOHN W. SHARPE

Resolutions for the Chancellor

SIR—Surely the first job for Mr Heathcoat Amory is to increase the licence duties on motor vehicles? People do not realise the expense thrown on the public by motor transport. Here in Cambridge we have just spent a vast sum on the rebuilding of Silver St. Bridge, on a site without a natural foundation. And now the City Council plans to spend five millions on the Lion Yard scheme.

The Chancellor should make all cars pay a duty according to their horse-power, instead of a uniform charge of £12 10s., even if the owner is a millionaire. High-powered cycles should also pay a horse-power duty, as they are the most dangerous vehicles. Lorries and oil-tankers should pay a progressive duty, because the damage they do increases faster than the weight.—Yours faithfully, J. E. ALLEN

Cambridge.

SIR—With reference to your excellent article in your last issue, may I also add the suggestion that the question of duties on low strength wines imported in bottle should be given consideration?

The duty on N.E. 25° low strength wine, which covers table wines, imported in casks is 13s. per gallon, whereas if bottled in the country of origin the duty goes up to 27s. 6d. per gallon, which makes a very considerable difference to the cost of the wine when it reaches the consumer.

Only the fine wines are bottled in France or Germany, and they are bottled there for the particular reason that they might suffer if shipped in bulk; therefore the duty is really detrimental to the quality of the final product reaching the British consumer, and there seems no reason why there should be this differential in the import duty rates.

This higher rate of duty applies, for example, to fine German estate bottled wines, which just have to be bottled in Germany for reasonable results, and to the leading châteaux in Bordeaux.—Yours faithfully, H. B. PATEN

Paten & Co.,
Peterborough

Rouge et Noir

SIR—On page 18 last week, in the left-hand column there is an interesting account of the growth of the population over the next ten years. I should be interested to know why you feel it necessary to dress this up with extraordinary diagrams in red and black which savour to me of television and the strip cartoons of the evening press.

You recently conducted a readership survey to find out who were your readers. Is one of your discoveries that they cannot read?—Yours faithfully,

London, EC3 CHAS. W. ASTON

Sea Without Salt

SIR—Your item under this heading in your issue of December 26th reviews fairly the recent advances that have been made in the production of fresh water by freezing sea water. But you are in error when you refer to "expensive small scale experiments" in distillation processes being carried out in Guernsey and elsewhere.

This company will shortly commission the distillation plant in Guernsey and this plant will contribute half a million gallons of fresh water per day to the island's water supply. This plant was chosen as the best and most economic put forward in public tender and will cost rather less than one-third of the capital cost of a storage scheme, Furthermore, we point out that of the world's total estimated supply of fresh water by the distillation process we have provided plant producing over 10½ million gallons per day, or 80 per cent of the total. Among these plants is the world's largest installation, at Aruba, which has provided for some time 2¼ million gallons per day.

It is thus far from true that the distillation process is an "expensive small scale experiment".—Yours faithfully,

C. J. BRYAN

G. & J. Weir, Limited,
Glasgow

A Ruhr Merger

SIR—In the last paragraph the item headed "The Secret Life of WEU," on December 26, you state that the High Authority "has refused the latest merger proposal to come from the Ruhr"—that for a merger between the Thyssen and Phœnix-Rheinrohr steel concerns. In fact, the High Authority has not yet taken its decision on the request for authorisation of this merger.

Yours faithfully, D. N. PRAG

European Coal and Steel Community,
Luxemburg

THE WORLD OVERSEAS

Canada's Farm Problems

FROM OUR OTTAWA CORRESPONDENT

ONE, no doubt inevitable, effect of the Agricultural Stabilization programme (which was enacted just before the general election of 1958) is that the Canadian government has become a holder of stocks of farm produce on a scale that has become embarrassing. The government is at last looking for ways of mitigating its plight. But to serious observers the worst aspect of the whole business lies in the outlook behind it, which is equally manifest in other aspects of trade and tariff policy. This Conservative government's approach to tariff policy and to trade negotiations, as to farm policy, has settled down to that of the poorhouse; no principle is discernible save that of "fixing up" those groups which manage to make sufficient clamour. Whether in agriculture or in industry, the amount of "fixing up" shows a close relationship to the votes involved. Nearly everywhere in Canada the rural ridings are heavily over-represented; the urban constituencies are under-represented. This is one reason why farmers have a political power out of proportion to their numbers or their economic importance. In industry a similar freak of the voters' lists puts the textile industry in a commanding political position. It happens to be divided into relatively small units most of which are in quite small country towns; therefore the "textile vote" can be decisive in numerous parliamentary constituencies. Another big industry, like aircraft or electronics, may employ more people, but because these are concentrated in one or two big urban centres they cannot tip more than one or two seats.

THE desperate economic fact, however, is that all this consideration for politically-influential economic groups is shoring up some of the weakest parts of the economy. No similar effort has been made to open up opportunities for those Canadian industries which have some chance of becoming economically competitive—at least in the domestic market, perhaps eventually in export markets, too. The blind alley is becoming increasingly obvious as hopes fade for any more constructive policy. The trouble is that pampering uneconomic producers not only offers no hope of future returns; it actually militates against any chance of finding new opportunities for Canadian industries which have some natural advantages for the struggles of a competitive world. Thus, a new trade agreement with Australia is threatened because the Canadian government is determined to protect a handful of Canadian sheep-raisers, whose contribution to the economy is minuscule and whose costs are approximately double those of Australia and New Zealand. Tariff negotiations with the United States, already being considered in preparation for the next session of the General Agreement on Tariffs and Trade, are going to be clouded throughout not only by the government's reluctance to make any dent in its own protection, but by protective measures already employed (notably in agriculture and textiles) which shake confidence in its intentions.

Appetite grows with what it feeds on. The farm organizations now expect the government to pay them, not only for the man-made fluctuations of markets, but for the weather hazards which farmers have faced from the beginning of time. Since October, when early snowfalls in the prairies prevented the harvesting and threshing of crops, the government has been under strong pressure to "compensate" the farmers. Nowhere is it more vulnerable to such pressure than in the prairie provinces. Mr Diefenbaker is from Saskatchewan; his minister of agriculture, Mr Harkness, is from Alberta; his minister of trade and commerce, Mr Churchill, is from Manitoba. Prairie farmers already have special facilities for getting loans guaranteed by the government: they are covered by the Prairie Farm Assistance Act, which authorises certain payments to farmers whose crops fall below a certain standard. Moreover, no one knows at this time, or can know until the spring, how much of the crop now under snow is lost. Taking wheat as an example (and the most important of the crops), production in 1959 is estimated to have been about 11 per cent above that of 1958. But something over a quarter of it could not be threshed because of the early snow. To judge from previous experience a considerable proportion of this will be fit to be threshed in the spring, though it will suffer in grade. Much may turn out so tough and damp that it can only be used for feed: but no one knows what this proportion will be, or what price feed wheat may fetch.

SO far no count has been made of the number of farmers who were able to harvest only half their crop, nor has it been ascertained how many of them still hold stocks of grain on the farm—the surplus from previous harvests which a few years ago was itself used to justify claims for government compensation. But estimates made by "crop districts" show that in Manitoba's 14 districts none had less than half of their wheat harvested and threshed, and only four had less than three-quarters; in Saskatchewan, five out of 20 districts had harvested less than half, but seven had garnered more than 90 per cent, and eleven more than 80 per cent. In Alberta four districts were below 50 per cent and the other four were above 80 per cent harvested. The government has now offered to go fifty-fifty with the provinces (who may not play) in paying $3 per acre to every farmer who has harvested no more than half his crop, with a limit of 200 acres. This 200 acre limit is a recognition that if any farmers are in real distress they will be the small farmers, not the big operators with economical holdings of several hundred thousand acres. So it is the same story of shoring up the uneconomic producers (it is now fully accepted, even by the government, that the future of wheat-growing lies in the huge farms which a few men can operate economically with modern machinery).

Exactly the same course is being pursued in the current attempt to mitigate the now glaring evils of price support. Having accumulated its 200 million lb of pork and million cases of eggs, the government is putting both these commodities under a deficiency-payment scheme. The government will pay the difference between its national average support price and the national average of market prices received: the same payment to each producer no matter what price he gets for himself on the market. These payments are to be made only on the first 4,000 dozen eggs from each producer and the first 100 hogs. Increases in output by large-scale commercial producers, which the scheme of government purchase naturally started, will thus be prevented. But by the same token it will encourage small-scale producers who are the least efficient and discourage efficient large-scale production. This is not a reassuring portent for Canadian food prices. But far more alarming for the future is the fact that it epitomises the "poor fund" economic policy into which the government has lapsed.

FRANCE AT SCHOOL—II

Problems of Reform

FROM A SPECIAL CORRESPONDENT

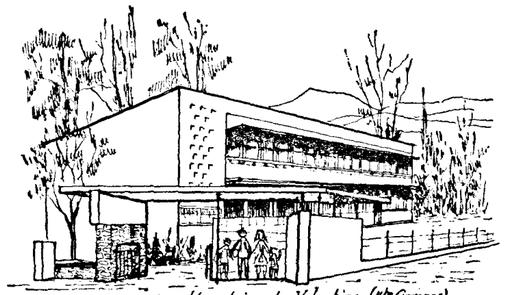
THE French ministry of education is rather weak in arithmetic. How many children, one enquires, are now at school in Algeria? 860,000, said General de Gaulle on November 10th. M. Boulloche, until lately the minister, worked the answer out at 723,000. "About 750,000," hazards one of his officials. Other educational statistics are similarly blurred; but by taking an average of the figures supplied by different sources one arrives at the conclusion that about six million children are now attending state primary schools (the primary "peak" of 6,600,000 will be attained this year), 400,000 are at state technical schools, and 700,000 at state lycées, while 210,000 students are receiving university or other higher education. Private schools—more popular in France than in Britain, chiefly for religious reasons, although the standard of their teaching is generally below that of the state schools—claim 1,090,000 primary pupils, 262,000 in their technical establishments and 440,000 at lycée or (nominally) equivalent level.

Ministerial planners aim to increase university and lycée attendance by 50 per cent before 1967 and to double the number of pupils in technical schools within twelve years. The reform decreed last January will also, they hope, help to democratise French higher education and stanch an intolerable wastage of intelligence and ability. At present only 3 per cent of university students are of working-class origin, whereas 45 per cent are the children of civil servants and members of the liberal professions (who make up only 8 per cent of the population); yet there is just as high a percentage of promising working-class as of middle-class eleven-year-olds, and a higher leaving age, together with improved selection techniques, should reduce the drag of anti-educational parental and economic influences.



For most of their pupils, the lycées are "grammar schools" in a rather narrow sense of the term, with more than half their teaching time devoted to Latin, French and one or two foreign languages. Even English is taught in terms of mechanistic (frequently artificial) grammatical rules and with a blithe disregard of word-frequencies: the aim is, by constant comparison, to improve the pupil's understanding of French grammar rather than acquaint him with Anglo-American language, life and literature. Even French literature is apt to be neglected in favour of grammar and the dissection of disconnected texts. Chemistry, physics and trigonometry are rarely tackled before the fourth year.

Included in the ministry's primary attendance figures are some 480,000 children aged between eleven and seventeen attending *cours complémentaires*. The "CCs," which have expanded threefold since 1946, are the secondary modern schools of France—with the difference that their programme is co-ordinated with that of the non-classical streams of the lycées, to which the brighter third of their pupils are transferred after four years. For this reason, their standing in parental esteem is high. But the fact that, administratively, they are classified as primary schools is eloquent. In


Cours Complémentaire de Valentine (Hte Garonne)

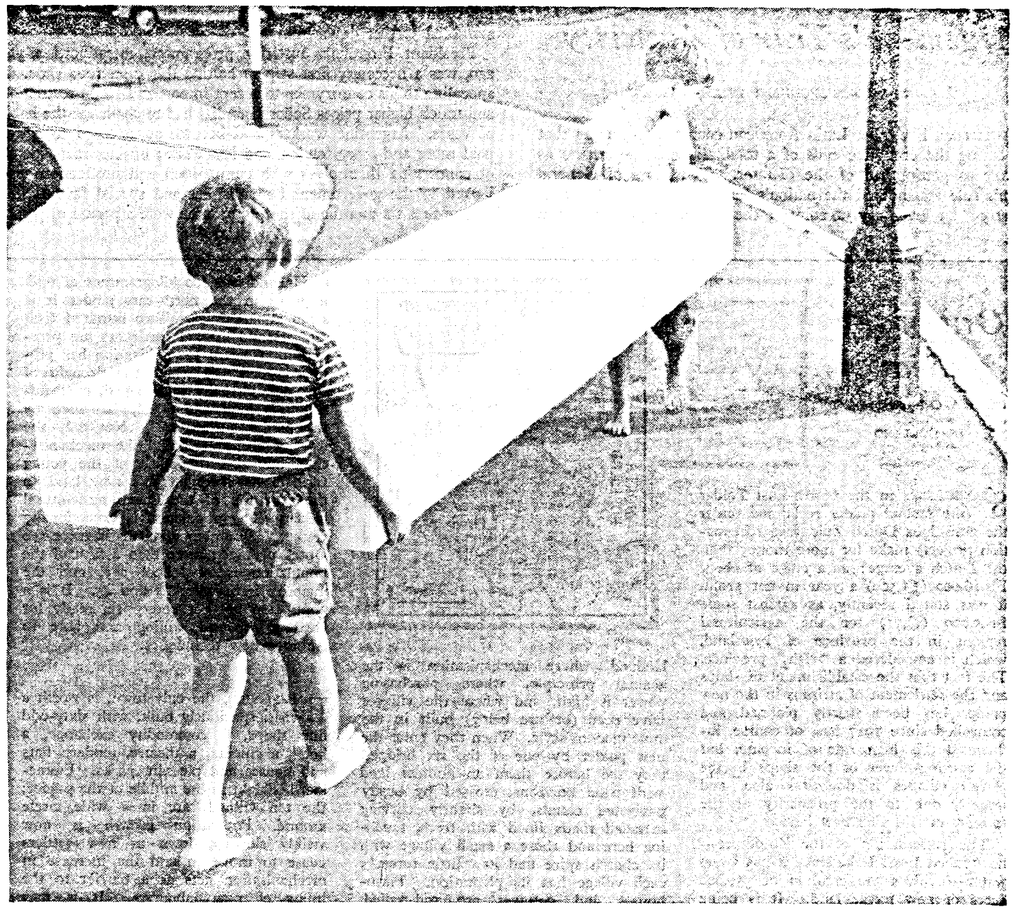
the eyes of many lycée teachers and lycée-trained officials they are cut-rate establishments whose motto is "*faute de mieux.*" Although CCs are generally in modern buildings, most of them lack scientific equipment, tools for handicrafts and even an adequate library. Their teachers, often more devoted and closer to their pupils than their lycée counterparts, earn considerably less and are not infrequently woefully unqualified, parochial and unintellectual. Few CC English teachers can actually converse in English or take the trouble to read Anglo-American periodicals: many are unaware that Americans speak English or that universal suffrage exists in Britain.

These shortcomings are, of course, only one facet of a system that inspires far more hope than despair. They are offset by the quality of much lycée biology, geography, history and philosophy teaching, the high standards many CCs attain in mathematics, and the excellence of the secular moral instruction given by both lycées and CCs. Their interest here is for the challenge they represent to France's educational reformers—and the response it is evoking. The *baccalauréat* and other examinations will from now on lay greater stress on science and oral proficiency in languages. One vigorous ministry team is already mining the barbican of the old-school language teachers and spreading the hitherto heretical direct-method gospel: many an apathetic CC teacher is in for a wholesome shock.* The new *cycle d'orientation* will direct more and more youngsters each year to non-classical and technical studies.

Unfortunately, for budgetary reasons, the first orientation classes are having to be attached to existing lycées and CCs and the mutual *mépris* of lycées and CCs is such in many areas that each establishment will be tempted to keep the most promising *orientés* and foist the remainder on the rival firm. The whole reform must therefore rest on an unsteady foundation until funds are available to build autonomous groups of orientation classes; and it will still be frustrated without more money to increase pay and raise professional standards, augment and improve teacher-training facilities, and provide the expanding lycées and CCs with the laboratories and workshops they need. The education budget has been increased by 12 per cent for the current year, but this will barely compensate for the devaluation of the franc in December, 1958. More substantial increases must depend on the government's ability to solve the Algerian problem and curb the army's spending spree. Yet the reformers are, surely, right to rush ahead, while the climate is favourable to educational expansion, with their plan to "build the machine and then just shame our paymasters into providing the fuel for it." Opportunity rarely knocks twice in a decade for education.

(Concluded)

*In English, the methods of E. V. Gatenby, Michael West and the BBC (*English by radio*) are now officially recommended.



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Argentina's Year of Austerity

FROM A CORRESPONDENT IN ARGENTINA

ARGENTINA, like other Latin American countries, is finding that curing the economic evils of a totalitarian regime can be as difficult as getting rid of the dictator. Ten years of General Perón's rule squandered the nation's foreign reserves and left its industry "an inventory of ruins"; the military regime that ran the country from 1955 to 1958 marked time while the economy stumbled further down-hill.

President Frondizi's austerity programme, introduced a year ago, was a necessary first step in halting this disastrous slide. In appealing to his countrymen to accept import and credit restrictions and much higher prices Señor Frondizi had to challenge the habits of years. Argentine workers had become accustomed to getting paid more and more for less and less work; businessmen, instead of concerning themselves with competition and production costs, looked to the government for subsidies and special favours.

The first six months of the programme were a period of painful adjustment to economic realities. A 300 per cent tariff on non-essential articles, such as textiles and cars, cut imports by nearly one-half, and prices, which had been held at absurdly low levels, rocketed to the sky. The price of petrol trebled overnight, bread, sugar and coffee nearly doubled, meat trebled and kept on climbing. The cost of living, which had already risen 50 per cent in 1958, went up by an average of 10 per cent a month during the first half of 1959, while the government firmly held down wage increases.

This drastic reduction in purchasing power made it easy for Peronist trade union leaders to stir up their men against President Frondizi's "programme of hunger." Strikes by railway workers, bank clerks, farm labourers, metal and textile workers followed each other fast, and were accompanied by smashed windows, riots, and an average of two terrorist bombings a day. President Frondizi's Radical Party (UCRI) was badly beaten in several provincial elections, and in June the president himself only survived a clash with his dissatisfied armed forces by bringing into the cabinet, as minister of economics and labour, the right-wing leader, Señor Alvaro Alsogaray.

With the coming of spring (which begins in September in the southern hemisphere) things began to look a little better. Prices, which had been pushed up by speculators early in the year, started to come down. With the establishment of free markets and free foreign exchange, agricultural production began to recover; soap, sugar, and cooking fats reappeared in the shops, and at lower prices. The peso, which had fallen from 38 to the dollar at the beginning of 1958 to 106 to the dollar in June, 1959, went up to 83 to the dollar, and has stayed there ever since. Argentina's credit abroad has improved dramatically; with the help of loans from the United States and half a dozen European countries, the central bank's reserves have risen from $100 to $260 million in six months.

There has also been a change in the country's emotional climate. The violence and racketeering of some labour leaders has thoroughly alienated public opinion; an official of the sugar workers' union has confessed to speculating with union funds, a vice-president of the metal workers' union has fled the country after a bomb he made exploded prematurely in a café, and the police have at last cracked down on window-smashing and terrorism. At the provincial elections at Jujuy in November, the government made an important comeback, with twice as many votes as the next two parties combined; blank ballots, not all of which can be credited to General Perón's outlawed party, accounted for only a quarter of the total.

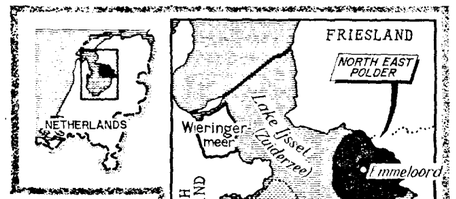
Now that inflation is checked, and order at least temporarily restored, the government's next step is to expand production. The brightest outlook is in the oil industry. Persistent propaganda, including President Frondizi's own book on "Petroleum and Politics," had made the government oil monopoly, Yacimientos Petroliferos Fiscales (YPF), almost sacrosanct. But after half a century YPF was still able to supply only one-third of Argentina's needs; the rest had to be imported at an annual cost of $300 million; this accounted for all of Argentina's trade deficit last year. Defying the outraged protests from his own party, President Frondizi brought in foreign oil companies to help to develop and expand the fields. Already this complete reversal of traditional policy has begun to yield useful results. Crude oil production is 30 per cent higher than in 1958, and the pipeline from Campo Duran, on the Bolivian border, will reach Buenos Aires this month, six months ahead of schedule. If all goes well, Argentina should have an export surplus of oil by 1961; indeed, it has already begun to export small quantities to Uruguay.

Other aspects of the economy are less encouraging. Transport is the severest problem; the state-owned railways, like the airlines, have run up enormous deficits, and service has deteriorated steadily ever since the British companies were bought out by the government in 1947. Engines and rolling stock are antiquated, and in short supply; a passenger trip for any distance is an ordeal of discomfort, dirt, and delay. The telephone service, also a state monopoly, is equally bad. Newly qualified doctors complain that it may take ten years to get an office telephone, and the average time to put through a long distance call from Buenos Aires to one of the northern provinces is thirteeen hours—if the call gets through at all. Millions of man-hours are wasted by slow and cumbersome bank, post office and delivery procedures. Incompetence, bribery, and overstaffing are still common in government offices, and the drive to cut down the bureaucracy has not gone far. The armed forces have refused to trim their ranks by a single soldier or sailor. Although Argentina has no perceptible enemies, and has not fought a war in 80 years, the navy has bought a second-hand aircraft carrier and some submarines, the air force is planning to buy new jet fighters, and the army has 10,000 officers on active duty, three times as many as when General Perón came to power.

But, given political stability, Argentine resources are large enough to overcome all these handicaps. President Frondizi has so far achieved this stability by a delicate balance of forces. He has disposed of some state industries, but promised to retain others. He has won the support of businessmen by backing his minister of economics, Señor Alsogaray, but has also managed to keep in touch with the left-wing politicians of his own party. He has yielded when necessary to the demands of the armed forces, but confronted them, in the absence of a vice-president, with the spectre of institutional chaos if they force him to resign. An adroit politician, and a lonely, dedicated intellectual, he is fully conscious of the key role he is playing in his country's struggle to recover.

Out of the Sea

FROM A CORRESPONDENT IN HOLLAND



SHOPKEEPERS in the North-East Polder (the second polder reclaimed under the ambitious Dutch Zuiderzee reclamation project) make far more money than the Dutch average: an average of about Fls.16,000 (£1,500) a year in net profit, it was stated recently, as against some Fls.5,000 (£471) for the agricultural regions in the province of Friesland, which is considered a "rich" province. The fact that the establishment of shops and the settlement of artisans in the new polder has been strictly planned and controlled since 1947 has, of course, influenced this high rate of income, but the earning-power of the shops in the eleven villages is doubtless also, and largely, due to the prosperity of the farmers of this rich new land.

The reclamation of the Zuiderzee—now called Ijssel Lake since it has sweet water—involves the creation of 550,000 acres of new fertile land. It is being done in a number of stages. The first two were completed before the second world war; they were the construction of a dike nearly 20 miles long across the mouth between North Holland and Friesland, and the endikement, drainage, cultivation and colonisation of the first of five polders, the Wieringermeer (49,000 acres). The reclamation and cultivation of the big north-eastern section of the Ijssel Lake, the north-east polder (120,000 acres) was a still bigger task which was held up by the war. The polder was dry by 1942, but colonisation and cultivation could only start in 1947. Now, by the end of 1959, the north-east polder is almost fully settled with a hard-working and highly prosperous population of more than 28,000. Apart from a small stretch, it is now fully cultivated.

Many tourists visit this newest and most prosperous agricultural district of Holland, where mechanisation is the general principle, where purchasing power is high, and where the villages have been (or are being) built in the most modern style. When they enter the new polder by one of the six bridges, they see before them an endless land with wide horizons, crossed by busily navigated canals, by slightly curving metalled roads lined with trees, touching here and there a small village with its church spire and its "little forest"; each village has its plantation. Farmhouses and cottages are red-roofed. Hardly a factory chimney is to be seen yet.

The polder has been carefully subdivided in about 1,600 agricultural holdings. Of these, 30 per cent are farms of 30 and 45 acres, 40 per cent are of 60 acres, 10 per cent of 120 acres, and the balance are various (75, 90 and 105 acres). Out of 1,600 farmers, 60 per cent occupy themselves with purely arable farming, 24 per cent with mainly arable farming and 16 per cent with mainly dairy farming. The chief arable crops are wheat, barley, oats, peas, fibre flax, potatoes, and sugar beet. The yields per acre (especially of grains and potatoes) are generally higher than in Holland's other most fertile districts. Dairy farming, too, does well. Thus, the Dutch average of milch cows and cows in calf per 100 hectares is 115, but that for the north-east polder is no less than 241. The average production of a cow in Holland is 4,000 kilogrammes of milk a year; in the north-east polder it is 4,740 kilogrammes. Two hundred fruit growers and market gardeners are prospering. Careful pre-cultivation has produced good soil which the drought of 1959 left virtually undamaged, mechanisation is high and is supplemented by the polder authorities. Not only the fertility of the soil and the mechanisation, but also the spirit of the young farmers has brought this new land to the very top of the Dutch agricultural ladder. The population is exceptionally young: the number of births is twice the Dutch average; more than a fifth of the population is of school age, and the majority is between 25 and 45. It is a population apt for enterprise, ready for hard work, and willing and able to embrace new techniques.

EMMELOORD, the only town, is worth a visit: spaciously built, with sixty-odd fine shops, a commodity exchange, a hotel, a cinema, a theatre, modern flats and houses and pleasant parks. Emmeloord is right in the middle of the polder; the ten villages are in a wide circle around. Population growth is now visibly slowing down as new settlers cease to move in and the increase in mechanisation acts as a barrier to the influx of new labourers. It is now thought, therefore, that the creation of eleven villages was too ambitious; five would have been enough, and the third polder, now in the course of reclamation, Eastern Flevoland, is being planned differently.

The north-east polder does not yet belong to any province but is temporarily administered by the North-East Polder Public Authority, through a *Landdrost* (or governor). The intention is that this polder, together with eastern Flevoland and the two polders still to be reclaimed—south Flevoland and Markerwaard — will eventually form Holland's twelfth province with a capital, "Lelystad," still to be built. Lelystad will then honour the name of the man to whose vision the reclamation of the Zuiderzee is due: Dr C. Lely, sometime Minister of Transport and Waterways, who died in 1929, six years after the first reclamation works had started.

European Harmony in G

WHILE representatives of Atlantic countries discuss the broad issues of trade and aid in Paris in mid-January, experts from the common market countries will be preparing for talks of more detail, but not less importance, in Brussels. In their treaty the Six agreed to a common tariff, which was to be an average of the existing tariffs of France, Italy, west Germany and Benelux. But some key products, where national differences of interest were great, were placed on a special list, "List G," where rates were to be negotiated at a later date. Those negotiations started in the autumn. Enough items have now been settled to enable the Six to hope for agreement by the end of this month on everything but oil.

This progress is of notable political importance. The common tariff is, after all, a key political and economic provision of the common market. Until it is agreed, and in force, the community is no more, in effect, than a free trade area. Because the differences of interest are great—with the Dutch, for example, wanting duty-free imports of raw materials, while the French hope to protect their own producers—it seemed possible that full agreement might take some years. The progress the Six are making belies that fear. Indeed, it will make it easier for them to speed up the introduction of the common tariff, due to start at the end of 1961, should they wish to do so.

The signs now are that as a result of the "List G" negotiations, the complete common tariff as a whole will be somewhere below the average of the four main partners. On certain items (sulphur, for example, where the struggling Italian mines desired protection, the Six have taken the wise course of agreeing to get rid of duties, but to provide joint assistance to redevelop the mining areas. But some of the duties on agricultural products are on the high side. And aluminium, zinc and lead, key products where the French or Italians seek protection, have still to be agreed.

1·1·'60

Why this date will become a landmark in Britain's industrial development

On January 1st, 1960, Britain's largest electrical manufacturer completed a two-year task of re-organisation and reshaping to meet the needs of the future. The last five of AEI's twelve Product Divisions went into action—twelve specialised, non-overlapping manufacturing and trading units under the control of three management companies: AEI (Manchester), AEI (Rugby), and AEI (Woolwich). These three, as the names they bore until this year remind us, embody the traditions and skills of three of the most famous companies in British Industry—Metropolitan-Vickers, British Thomson-Houston and Siemens Edison Swan (with which is incorporated Henley's). Why has this been done? Who benefits?

BENEFITS

The advantages of such a re-organisation are obvious—first and foremost, each product division offers its customers the benefits of specialisation in design, manufacture, sales and service. In every field, customers can draw on the experience and resources of the whole organisation, and they will still be dealing with the people they know. Secondly, the vast resources of AEI as a whole can be employed to the full in every field—research, development, design, manufacture, sales and service. Third, there will be considerable economies in the use of plant. Finally, rationalisation of selling arrangements means that customers will have at their service larger sales and technical teams behind each product, at more than 100 Sales Offices in the U.K. and a complete network in 91 overseas countries.

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AEI is the largest electrical manufacturer in the Commonwealth—a resourceful servant of the community at home and a powerful ambassador for British Industry overseas. The full list of AEI's product divisions is given opposite. With more than 60 factories, over 100,000 employees, 92,000 stockholders, capital and reserves amounting, in 1958, to £121m and a turnover in the same year of £181m (£56m representing overseas sales), AEI can look back on the famous names of its forbears with pride and look forward to an intensely competitive future with confidence.



The Chairman: Lord Chandos

THE CHAIRMAN COMMENTS

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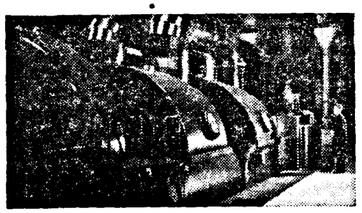
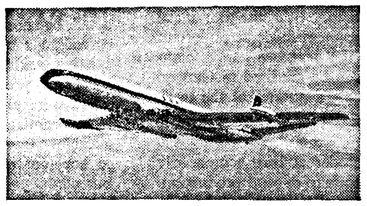
I think they realise that this kind of organisation is necessary to meet the intensely competitive conditions which face us . . ."

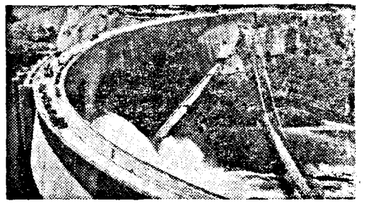
On the Divisions: "The whole organisation will be closely knit and will combine the advantages of specialisation in various products with the benefits of the best technical and financial control over all."



One of six AEI turbine-generators—the heart of Britain's largest and most efficient power station at Castle Donington.



AEI makes the complete electrical power system for the Comet.



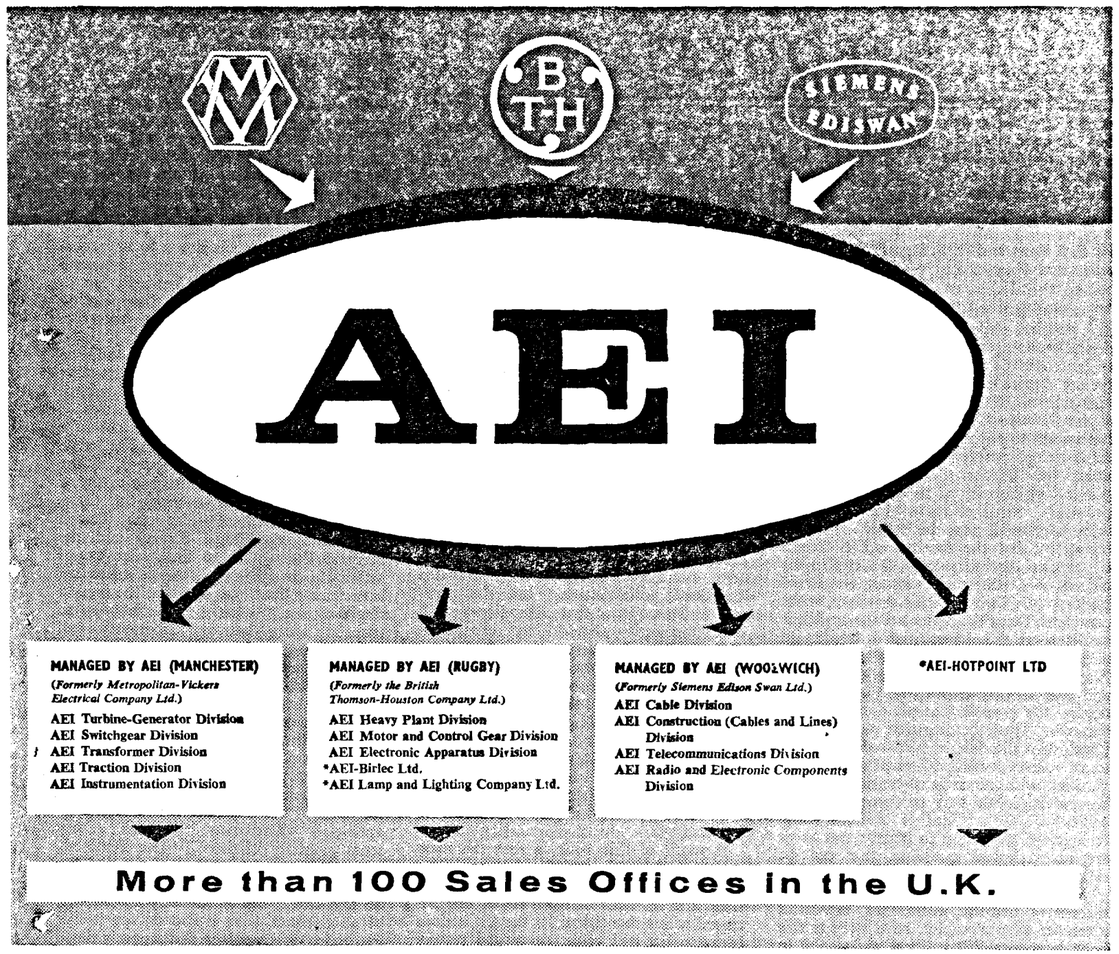
Kariba Dam, the great hydro-electric scheme on the Zambesi, for which AEI are supplying the six generators, cable and switchgear together worth £4½m.

RESEARCH—THE NUCLEUS OF PROGRESS

Last year AEI spent £5½m on research and development. There are extensive laboratories attached to each of the main AEI Companies, and in addition AEI maintain a fundamental research laboratory in a 180-acre site at Aldermaston Court, Berkshire. Here they operate Merlin, Britain's first privately owned nuclear reactor, and are also making long-term investigations into the possibility of deriving usable energy from thermo-nuclear fusion in Sceptre, a smaller but similar installation to Zeta at Harwell (which was also built by AEI).

TRAINING BRITAIN'S ENGINEERS AND SCIENTISTS

There is no finer testimony to AEI's role in training for the future than the Company's past successes—men like Sir John Cockcroft, O.M., K.C.B., C.B.E., F.R.S., Sir Noel Ashbridge, Sir Josiah Eccles, C.B.E., and Sir Hamish MacLaren, K.B.E., C.B., all trained with AEI, as well as thirteen out of twenty-seven Professors of Electrical Engineering in British Universities and fourteen Directors within AEI.



Trading Companies: there are 13 others in the U.K.

PATTERN OF ACHIEVEMENT

The AEI Companies have an enviable record of technical achievement: they built the first jet engine, powered the first gas turbine ship, developed Britain's first electron microscope, and built the world's first water-cooled generator.

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*New Factory; not yet in full production †Factory undergoing extension

MANUFACTURING AND TRADING COMPANIES OVERSEAS

BOOKS

Political Philosophy Re-established

Social Principles and the Democratic State

By S. I. Benn and R. S. Peters.
Allen and Unwin. 403 pages. 32s.

FROM Plato until fairly recent times political philosophy has been in some degree a conceptual inquiry into the nature of government and authority, and to a much greater degree a moral inquiry into social and political ideals. The so-called "philosophical revolution" of our time, however, has set out to purge from philosophy everything except conceptual inquiry, and in so doing has advocated the removal from political philosophy of its most interesting problems. Some of these, the revolutionaries have said, may be solved by social scientists; but the fundamental problems of political morality must be settled by citizens and statesmen without benefit of philosophy. The revolution, however, is not complete. There are regions of the academic world where the old tradition is handed on as if there had been no revolution at all. Elsewhere, there are sociologists, historians and even literary critics who endeavour to occupy the ground that philosophers have vacated. Thus the situation remains confused, with the danger that students of the social sciences will pass through the universities with no serious consideration of how social ideals may be formulated and criticised. Generations of cautious social technicians may cease to believe that there are non-technical questions that can be rationally discussed.

Mr Benn and Dr Peters, the former a teacher of political institutions, the latter a teacher of philosophy, have written this book to re-establish political philosophy in a renovated but still recognisable form. Conceptual analysis plays a large part in it, but is subordinated to rational moral criticism. Morality, they hold, is essentially rational, and is concerned with the impartial application of practical rules which men have freely and critically accepted. Like Kant, they deduce from the very conception of morality the formal features of an ideal society, as one in which every member is respected by the others and in which the only discriminations are those based on morally relevant differences between them. They agree with Kant, too, in accepting the principle of autonomy, that is, the principle that the only moral rules of conduct are those accepted after rational scrutiny by the individual who subscribes to them. Unlike Kant, however, they are utilitarians, accepting the view that what in general justifies moral rules is the happiness they bring. Kant, of course, considered that the principle of autonomy was incompatible with utilitarianism, since utilitarianism is the very model of heteronomy, just because it regards moral rules as subordinated to the happiness which conformity to them is held to produce.

The authors of this book try to reconcile the principle of autonomy with utilitarianism in two ways. In the first place they argue that Mill was right when he said that happiness is not an end or result to be achieved by conformity to moral rules, but something to which moral activities belong as parts. But if this is so, then happiness would surely have as "parts," and not merely as causes, activities which in themselves are positively painful, and this is hardly compatible with utilitarianism. In the second place, they argue that utilitarianism is concerned with the relief of unhappiness rather than with the promotion of happiness. But it has been pointed out that this "negative utilitarianism" has the paradoxical consequence that unhappiness could and therefore should be eliminated altogether by the destruction of all conscious beings. If the objection to doing this is that it would prevent a great deal of happiness too, then negative utilitarianism has after all been subordinated to positive utilitarianism. However that may be, Mr Benn and Dr Peters, in their discussion of political ideals, apply both the Kantian and the utilitarian criteria, and may well claim the support of common sense for doing so.

A merit of this book is that the main topics of rights, justice, freedom, equality, authority, the state, associations within the state, and relations between states, are discussed with a due regard for the distinctions between fact and value, cause and reason, logic and experience, which contemporary philosophy has emphasised. Furthermore, both the analyses of political concepts and the political casuistry are illustrated by well chosen examples. The authors are well disposed towards the welfare state, which they regard as a contemporary working out of rational morality as they understand it. But although they make some interesting criticisms of Professor Oakeshott's neo-conservatism, they seem quite unaware of existentialist objections to egalitarianism. A Frenchman or a German, therefore, might find the book parochial. An American would consider that the political implications of commercial and industrial institutions receive too little attention. Trade unions are briefly considered, but nothing is said about joint stock companies. The more docile English will recognise in it a detailed formulation of the ideology of our most influential publicists and politicians.

Research to Prosper

Science in Industry

By C. F. Carter and B. R. Williams.
Oxford University Press. 196 pages. 21s.

THE interplay of science and modern industry is an epic subject crying out for a chronicler who can do for applied science what Sir Charles Snow has already done for the language and mores of scientists. There is so much dross to be refined away, so much jargon to be peeled off like layers of varnish without damaging the canvas beneath, that it is hardly fair to call Professor Carter's book disappointing just because he does not choose to tackle such an all-round Herculean task.

He writes instead for a special audience of "The Doubters," those who admire what they would call the achievements of science but who look on scientists themselves as potential troublemakers who, for the sake of industrial peace, must be caged in sterile laboratories away from the rest of the works. This is the third and last report of the 37 strong Science and Industry Committee formed jointly by the British Association, the Royal Society and the Nuffield Foundation to find what causes technical change in industry. Reading between the lines, one sees that the biggest single barrier to change is the inability to transmit ideas—between laboratory and management, between company and company, and industry and industry; a great deal of what Professor Carter has to say is concerned with this.

How much represents the joint authors' views on the place of research in British industry and how much those of the committee is for the reader to decide. Certainly the book contains some crashing platitudes for which the authors feel obliged to apologise: "The recommendations . . . may seem painfully obvious." The Doubters, however, need the comfort of the familiar phrase. They are immensely reassured to be told that "British industry should first of all think of what it can do for itself." Platitudes rightly chosen and properly timed are an important tool in communicating ideas, whatever they do to style or readability.

Professor Carter knows there is not much he can tell the giants of industry, the ICIs, the Shell Petroleums, about the place of research in the running of their businesses so that the greater part of his attention is concentrated on the small to medium-sized company anxious to respond to the call of the grass roots whispering that there will be no prosperity without progress, no progress without change, no change without research. The core of his advice, the most important non-platitude in the book, is that it requires a good deal of skill and judgment to see that a company gets its money's worth out of a research department. Both the planning of a research programme and its tailoring to a company's resources require considerable business acumen; in one tart chapter Professor Carter warns small businesses that if they persist in giving top jobs to their relations this is one thing that the company will not have.

The report was written before the creation of a Science Minister without a ministry—an arrangement that Professor Carter would probably condemn as a typical piece of "policy-making" that "tends to go no further than a statement of generalities." But has he himself drawn up anything that could be called a brief for a Science Minister? He has some sensible things to say about education, including a plea for more scientific bias to general education—not the same thing as training more scientists. He is rightly disturbed about the teaching of mathematics—both the shortage of teachers and the fact that something seems to be very wrong with their method of teaching. He believes in government responsibility for fundamental research, as distinct from applied research, which he considers the responsibility of industry. But when industry cannot or will not take on the job of applied research what does Professor Carter suggest? State development corporations and state loans for small businesses, in spite of the number of government institutions already charged with helping, encouraging, advising and lending money to anyone and everyone from the back-yard inventor upwards. Why? Just because the committee "thought that some of the institutions concerned with the supply of capital tended to be over-confident in their ability to make a valid technical assessment of projects placed before them, and it would not surprise us if some frustration of technical progress is caused by their mistakes"? To which the only printable answer is Oh Yeh?

The Facts About Welfare

Income and Economic Welfare

By S. G. Sturmey.
Longmans. 218 pages. 21s.

To call a book useful but undistinguished may be to give faint praise but assuredly should not be to damn. Mr Sturmey's book is very useful indeed. Clearly, comprehensively, and in sound logical order, it gives the institutional and statistical data most relevant to the assessment of economic welfare and to informed discussion about the means of increasing it. On population, production, employment or unemployment, the national income, price level changes, earnings differentials, trade union structure, the social services, taxation, the reader in search of facts and historical perspectives is excellently served; and while Mr Sturmey does not pretend to provide an introduction to economic theory (let alone the philosophical disquisition on Utility and All That which his title might suggest) the students for whom his book is primarily meant can be reasonably assumed to have one or more of the standard elementary textbooks at hand. Unlike so many newcomers to the overcrowded textbook field, "Income and Economic Welfare" meets an unmistakably felt want.

Having said so much, a reviewer may feel free to express disappointment amounting to exasperation at Mr Sturmey's neglect—deliberate or merely for want of seeing them—of his opportunities. Not the opportunity of weaving in some theoretical matter, though just a little here and there would have helped the student to key in what he learns here with what other sources provide, and saved the uninformed general reader from missing points or drawing fake conclusions; one must (unless one is an American associate professor with 800 pages to play with) draw the line somewhere. The opportunity is rather that of imparting some scintilla of the intellectual excitement proper to a region where ethics and politics, history and technology, the calculation of means and the judgment of ends, all have their rights. In Mr Sturmey's closing pages one or two "talking points" about the relationship between economic and general welfare are presented briefly and without emphasis, and in the last sentence of all there sounds a muted echo of Professor Galbraith's "Affluent Society." Otherwise, all is unexceptionable cliché, the lowest common denominator of Butskellite social philosophy—honestly enough identified, it should be said, as "one point of view . . . neither absolute nor final."

A textbook, of course, should not be a pamphlet for a confession of its writer's social faith; but it can—indeed on such a subject it should—convey something of the quality of clashing opinions and ideals and the ferment of unsettled questions, even if this is only done in the most detached reporting style. Nothing of this vivifying and stimulating quality is perceptible in "Income and Economic Welfare." It has solid qualities; it will save its readers from a number of nonsensical misapprehensions; it deserves, and will no doubt have, practical success. But it has the flavour rather of polytechnic than of university studies.

Technique of Persecution

Political Prisoner

By Paul Ignotus.
Routledge. 208 pages. 16s.

THE father of prison literature was Silvio Pellico with that unsurpassed masterpiece of his *Le mie prigioni*, which became a household word in Italy. But there is no doubt that Mr Ignotus has made a special contribution that is not so much theatrical as operatic. Think of *Fidelio* with love tapped through the prison wall. And, in the sequence of his story, the whole thing is completely credible as well as being true.

Wrestling with the awful similarity between Fascist or Nazi and Communist techniques, Mr Ignotus also provides an important answer to the question of whether there is any fundamental difference in their creeds and experience. "To believe in Communism was an error," he writes:

> no less detrimental perhaps to millions of people than belief in Fascism; but, unlike Fascism, it was a fruitful error. From former Fascists humanity has learned nothing except perhaps the art of dissimulating their pasts. From former Communists humanity has the art of being anti-Communist intelligently.

There is a difference in the techniques too. Mr Ignotus puts an end to the mystery of the confessions in Communist prisons; everyone confessed the most fantastic rubbish because there was really no alternative. Yet if Gramsci and Ossietzky were killed slowly but deliberately,—the alternative phrase applied in one period to Mr Ignotus was to "rot alive"—neither the Fascists nor the Nazis found it necessary to persecute them for what they were not; it was sufficient to persecute them for what they were. If Mr Ignotus makes several things clearer than they were before, he does not explain why Communism involves its secret police agents in the tortuous nonsense of confessions that have to be turned inside out every time the Communist wind shows a change of direction. Could it be partly because Communism was originally based upon a conception of human justice, while the other totalitarian creeds were proud to be unjust?

Trafalgar Told Again

England Expects

By Dudley Pope.
Weidenfeld and Nicolson. 368 pages. 25s.

THE claim made on the dustjacket of this book is so excessive as to be misleading. "Now Dudley Pope tells for the first time the complete story of the year 1805,

The Theory of the Growth of the Firm
By E. T. PENROSE
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By SHEILA GORST
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BASIL BLACKWELL

ending with the victory at Trafalgar." One would have thought that there were few periods in our history that have been more comprehensively surveyed by historians. And as for the battle of Trafalgar, no naval action in the history of the world has been described so minutely or so often. Mr Pope, who devotes nearly half his book to the battle, has no revolutionary interpretation to offer and no reader will quarrel with him on that account. The story is so good that it will bear re-telling. Extravagant claims of originality do no service to a work such as this.

The book might indeed have been better if it had confined itself more rigidly to the Trafalgar campaign. From the start it is clear that this is where the author's heart is. And when we actually get to the battle he adopts a straightforward narrative method that is much better suited to his matter than the flashbacks, the digressions and the somewhat shallow generalisations which distend the earlier chapters. As a historian of the period Mr Pope leaves much to be desired; even granted the limitations of his knowledge he might have taken more care. On page 99 he makes nonsense by writing "Villeneuve" when he means "Gravina" and on page 270 he twice misspells the name of a French ship. As a writer he is at his best when he tells a plain tale plainly. But too often he writes in clichés, mixes his metaphors and mislays his grammar.

In spite of these faults, the book has its merits. There is much effective quotation from contemporary sources; the account of the battle is generally clear; and the author's knowledge of practical seamanship is everywhere put to good use. The plans and illustrations are abundant and informative, but the index, which consists of strings of page numbers, is not good enough in a book of this price.

Both Poles

The White Road: *A Survey of Polar Exploration*
By L. P. Kirwan.
Hollis and Carter. 384 pages. 30s.

THERE are a number of histories of polar exploration. What is the justification, beyond bringing the story up to date, for another? In this case (for this survey, as it is modestly called, will certainly be classified with the histories), there are two. The first, and less important, one is that both polar regions are included; the book has therefore a wide scope, causing problems of presentation which have been skilfully solved, but at the same time uniting two streams of human endeavour that obviously have much in common. The other, more important, justification is the attention paid to motives, to the relation between exploration and politics, for example. It takes three to make an expedition: the explorer himself, his sponsor and his expert adviser, for the explorer alone cannot succeed without financial support and the best technical aids of his time. Too often in histories of exploration all the emphasis is on the narrative of discovery, and the part of the sponsor is overlooked. Yet this is really the core of the matter. What are the reasons that have made men do these very remarkable things? Personal fulfilment is the answer generally given, but there is very much more to it than that.

Mr Kirwan is modest about his own lack of polar experience, but his position as Director of the Royal Geographical Society equips him admirably to write a book of this sort. Hugh Robert Mill, the Antarctic historian, used the same vantage point to good effect. The society has played a most important part, largely behind the scenes, in nineteenth and twentieth century exploration, and its archive has been effectively used in this study.

The most difficult part in writing a survey like this is clearly the problem of selection and balance. Here the author has been markedly successful. The familiar landmarks are all to be found, but both at their level and below some thoughtful changes have been made. On two small points only can issue be taken: the expedition of Captains Wood and Flawes in 1676 may have been "futile and farcical" in some respects, but Wood's description of permanently frozen soil is the first in the literature; and, secondly, two sentences are really too little for the Russian Great Northern Expedition, which lasted from 1733 to 1743 and employed 977 people. It is also going too far to say that in 1596 "there was no reason why the Dutch should not have anticipated by nearly 300 years the navigation of the north-east passage"; apparently favourable ice in the entrance to the Kara Sea does not allow any conclusion to be drawn about the ice for the remaining 90 per cent of the distance.

But for a book of this nature and size, faults are much less easy to find than might be expected. The book will endure, not only because it is a well-balanced historical outline, but also because it provides a new and interesting perspective.

Guide to the Underworld

The Books at the Wake: *A Study of Literary Allusions in James Joyce's "Finnegans Wake"*
By James S. Atherton.
Faber. 308 pages. 30s.

THE words and phrases in "Finnegans Wake" carry a vast load of literary allusions. It cannot be fully understood without an appreciation of those allusions, and the better they are understood the greater the fun of reading. But unlike Eliot in "The Waste Land" Joyce did not provide footnotes. He could not have done so had he wanted to, and he did not want to. These basic facts are now sufficiently widely understood for the question of how to cope with the allusions, culled from Joyce's enormous and miscellaneous reading, to be one of more than specialist interest. In fact the ultimate standing of "Finnegans Wake," as a standard classic or as a mere sport of literature, depends on whether the question can be solved.

There are three main approaches. For all of them a fairly wide acquaintance with English literature is essential. Otherwise the reader might as well not start. The first method is simply to read the book with concentration but without external apparatus, making the best of such allusions as are understood at first sight. (They are almost all comic in effect and a large proportion of them are comically brilliant.) There is plenty of fun to be had this way, but a large part of the book has to be left uncomprehended. The second method is to make use of dictionaries, original texts and all the existing published material on the allusions. This is scattered all over the place. But there are respectable concentrations of it in articles by Mr M. J. C. Hodgart of Cambridge, the book "A Census of Finnegans Wake" by Adaline Glasheen at Northwestern University in the United States, and now Mr Atherton's very useful work. The main trouble with this method is that, outside these main sources, it is very time-consuming, vast amounts of irrelevance having to be gone through to uncover a few grains of enlightenment.

A third method might be a co-operative effort by readers of "Finnegans Wake" to pool their knowledge and make it available in a sort of running dictionary. This would be businesslike but might destroy much of the fun of discovery.

Mr Atherton follows something between the first and the second approaches. His book includes an alphabetical list of literary allusions, arranged under authors' names, but most of it consists of chapters on the main source-books—Vico's "New Science," the works of Swift, Lewis Carroll and so on. It is all very workmanlike, admirably knowledgeable and valuable to specialists. For the general reader it is a matter of kill or cure. "Books at the Wake" will either frighten him away from "Finnegans Wake" for ever, or lead him on into the realms of delight.

OTHER BOOKS

THE EXPERT AND THE ADMINISTRATOR. By Jaleel Ahmad. *University of Pittsburgh Press.* 52 pages. $1.00.

An analysis of the respective functions of the specialist and the non-specialist in administration today.

THE SCHOLAR AND SOCIETY. Bulletin No. 13 of the Committee on Science and Freedom. 144 pages. Gratis.

This considers the basic principles of academic freedom, with reference to new or expanded universities in Africa and Asia.

THE MAORI KING.
By John Gorst. *Oxford University Press.* 309 pages. 25s.

A new edition of the 1864 classic on the early history of New Zealand.

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the London weekday Independent Television Company has bought Independent Film Distributors Ltd. The assets which have been acquired include a considerable number of post-war British first-feature films. These films, which include such outstanding successes as 'African Queen', 'Richard III', 'Moulin Rouge' and 'A Kid for Two Farthings', will be available to British Television and continue to be available to British cinemas.

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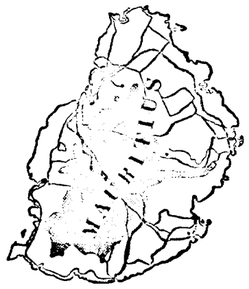

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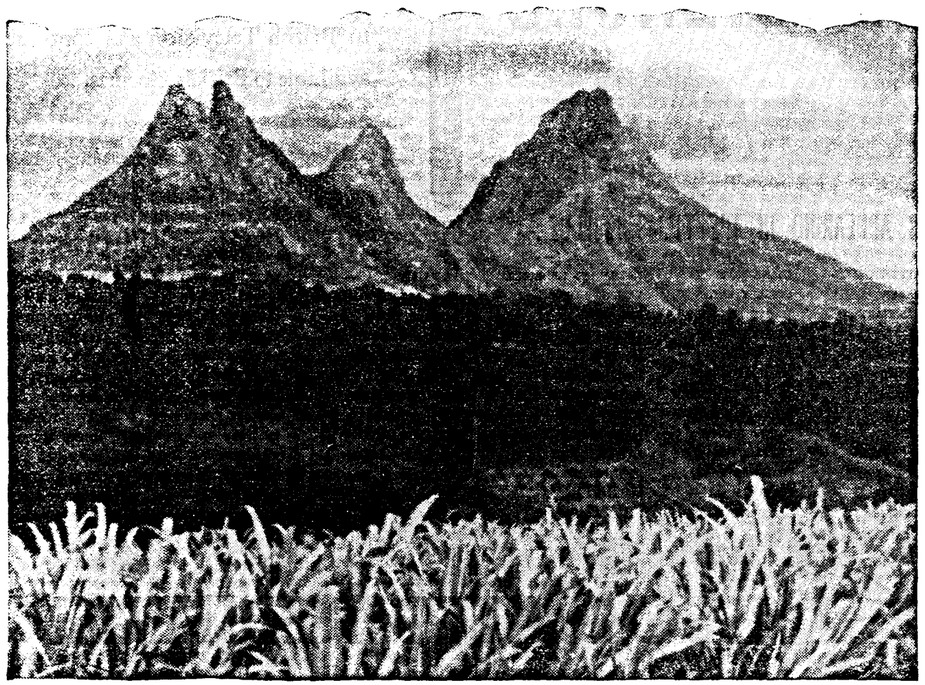

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THE BUSINESS WORLD

Trustees and Investors

THE proposed reforms in the investment powers of trustees, summarised on page 1255 of our issue of December 26th, have far-reaching implications for three groups of people: trustees themselves, beneficiaries under the trusts, and all investors. The stock exchange was quick to anticipate in a big way the effect of switches from gilt-edged to ordinary shares that will become possible. Perhaps too quick, for how much switching will in fact take place? No one can know, but a study of the available information suggests something less cataclysmic than many people have assumed.

But the facts are painfully few. Moneyed men have in the past shown a great inclination to tie up, by a trust instrument, money they have given or bequeathed, whether to a public charity or privately to family or friends; for private trusts, the common law sets a limit to the length of time that the dead man's writ can run, to a life plus twenty-one years. The only information about private trusts comes from the Public Trustee. He now looks after about 15,000 trusts with an average value of £12,000. Thereafter all is guesswork. Of the big banks probably each one handles a larger number of trusts than the Public Trustee; and the majority of trusts, by number, are managed outside these institutions altogether. Those in the best position to know are prepared to hazard a guess that there might be up to 800,000 private trusts in Britain, with assets of the order of £5,000 million—but they emphasise that they are guessing, and the outsider might be forgiven for thinking that they have put the figure too high. Nor is there any comprehensive information about charities. In 1952 the Nathan committee stated that 110,000 charities, owning securities amounting to £200 million, were known to the Charity Commissioners; but the commissioners are the first to admit that their knowledge is far from complete. In 1957 a survey organised by Professor Victor Morgan estimated the assets held by charities at £1,600 million, with £700 million in gilt-edged and £200 million in equities.

Trustees have never been absolutely debarred from investing in equities. The instrument could always enable them to do so, though sometimes subject to a percentage limit; in other cases, trustees have been given full freedom to act as a "beneficial owner." In trusts set up in recent years it has become the rule rather than the exception to include equities. But most of the old trusts either specified that investments should follow the Trustee list, that is government securities and those of local authorities, or else made no investment stipulations at all (in which case trustees who invested outside the Trustee list were personally liable for every such venture that went wrong even if a hundred went right).

EVEN these older trusts could be invested in equities, either through agreement among all the life tenants and the remaindermen (difficult to secure in practice) or, since 1958, by obtaining the court's consent under the Variation of Trusts Act. Some of the larger trusts have taken advantage of this facility. The long queue of applicants will now be dispersed by the new legislation, which will enable the trust that is not otherwise instructed to invest in all categories of securities and up to 50 per cent in ordinary shares, unit trusts, preference shares, convertible debentures and shares in building societies together. Not many trustees, or local authorities for their pension funds, would seek greater powers. It should be emphasised that if a trustee wants to buy, say, some industrial preference shares to get more than the gilt-edged return, he will have to make do with a correspondingly smaller proportion of ordinary shares.

The Public Trustee, Mr R. P. Baulkwill, estimates that slightly more than a quarter of the funds (by number, but more by value) administered by his department are already free to invest in equities. In his office he is responsible not to the Treasury but to the Lord Chancellor, and he is not under any departmental influence in his investment policy. The equity holdings of funds under his care now have a market value of about £90 million. This compares with trustee investments of some £150 million market value (the Radcliffe committee showed the Public Trustee's nominal holdings of gilt-edged at £350 million, and those of the banks' trustee departments at £440 million). If the proportion of all private trust funds eligible for equity investment were also around a quarter, it would follow that the amount of gilt-edged investment to be freed for switching by the new Act may possibly be around three thousand million. It will also be clear, for reasons given below, that by no means the whole of this would be switched.

The principles of the proposed reform will command wide acceptance. The worth of the old Trustee list was killed by inflation and the new world of prosperity. Its protection was no longer for the beneficiary but for the ignorant or lazy trustee. Testators and trustees with the interest of beneficiaries in mind got as far away as they could from such outmoded forms. Now the revised rules can once again be an influential and helpful guide.

Yet, in studying the proposed rules, some thoughtful observers question whether there is need in modern circumstances for any statutory stipulations at all; in many American states, it is pointed out, the trustee's reponsibility to act as a "prudent man" stands on its own quite satisfactorily. This school fears in particular that if the law decrees that trustees shall invest only in quoted companies of a minimum size, trustees with particular local knowledge would be deterred from making investments which would prove highly profitable for the beneficiaries. But this is rather like arguing that because certain skilled drivers could travel safely at 50 miles an hour through built-up areas at midnight the speed limit is anomalous and harmful generally.

SOME statutory safety rules still seem desirable, though admittedly the principle of a wide investment choice makes it much more difficult to draw the limits of precaution. The regulations proposed in the white paper, which the Treasury regards as a basis for discussion, will benefit from amendment at a number of points. The most general comment is that they are rather lax. Thus investment is permitted in shares of any quoted company with a paid up nominal capital (a dubious concept) of more than £1 million, provided it has paid a dividend for the last five years. A better dividend criterion was suggested by the Nathan committee seven years ago, of not less than four per cent in the last ten years.

Under the proposed regulations, investment by trustees in any marketable securities (including gilt-edged) would be allowed only on written advice from "a competent professional financial adviser such as a stockbroker, accountant or bank manager." That cool definition has left few eyebrows unraised. Investment analysts, in London and Cambridge, are understandably aggrieved, not to speak of solicitors, while bank managers are repeating their old reminder that they do not give investment advice—even the banks' trustee departments rely largely on advice from stockbrokers for investment of the huge funds under their care. Then there is the vital question of whether written advice to a trustee involves legal responsibility for action taken on that advice.

These difficulties will not be easily solved. Some stipulation about professional advice is clearly desirable, simply because the widening of investment powers involves a fundamental change in the responsibilities of the trustee. Where traditionally he simply decided the appropriate length of his investments and chose from the gilt-edged list accordingly, now he really needs to understand the stock market and to keep abreast with all the changing influences affecting it. The day of the lay trustee on his own may be over, and the professional who gives him written advice might prefer the formal status of co-trustee.

It seems likely, therefore, that the institutions that act as trustees—that is, primarily, the banks and the Public Trustee—will attract a larger share of trust business. The banks might then consider whether they should not do more of their own investment analysis. And beneficiaries of small trusts would gain if the institutions were permitted by the new legislation to pool investments (made on behalf of small funds particularly) on common trust (or unit trust) lines. This is the course proposed by the Pearson committee for investment of Funds in Court (comprising the funds of widows, infants and lunatics). Individual trustees are also likely to be attracted to unit trusts; the M & G group is forming a special unit trust for charities, which will be able to pay its dividends gross.

WHAT, then, are the likely effects of freedom for trustees on the equity markets and on gilt-edged? Theoretically they could be very large. If, taking the value of "untied" private trusts in the region of £3,000 million (and that guess must surely be in the upper limit) one assumed that one-fifth of trustees were to decide to take immediate and full advantage of their new powers and switch 50 per cent of their funds into equities, this would involve, on this very tentative figuring, a switch out of gilt-edged of £350 million. But many trustees will shrink from any such move. In current conditions, it would mean an appreciable loss of income, perhaps averaging one-third. Where a widow now receives, say, £700 a year, many trustees would not feel justified in slashing her standard of living in the next few years on the chance, or even the well founded hope, that her children will eventually enjoy a much bigger capital fortune. Fixed interest debentures, on the other hand, will rank as an alternative to the old trustee securities, and a switch into them will increase rather than diminish present income.

Trusts in which the life beneficiary is a surtax payer may prefer to look to the long-run future rather than the present, and so may some charities. Many of the big charities, however, already enjoy powers to invest in equities, while the great mass of charities (of the half-ton of coal for six deserving widows kind) are too small to do so; perhaps half of them have an annual income of £25 or less. Thus the second reason for taking a guarded view of the immediate impact of freedom is that those trustees most anxous to exercise freedom have already secured it.

If this reform had come ten years ago matters would have been very different. Even though the equity had then been less widely embraced, investment considerations were more fundamentally in their favour. Gilt-edged were not only depreciating in real value, but their yields were still low. Today, the combination of more stable prices and relatively high yields (which gives some protection for future capital value as well as income) has swung the balance perhaps further in their favour than the investing public, with its instincts formed as ever by past rather than present experience, has yet recognised. In these post-election months equities have been all the rage. But if, when the new trustee powers become law (perhaps by the end of the summer?), the market has behind it any substantial record of decline, cautious trustees (and trustees are bound to be cautious) may see more reasons for taking their new freedom slowly.

This remains a momentous landmark in investment history, setting the final seal of approval on the ordinary share as a medium for investment. But this seal of recognition has not changed the nature of the different investment media. Shares remain a direct stake in the risk as well as in the profit of enterprise, while fixed-interest remains fixed. Support for gilt-edged demands that the authorities maintain, and are expected to maintain, the value of money. But the fact that this brave reform has been undertaken has surely to be accepted as evidence of that determination. Henceforth, gilt-edged must be made to compete—and that is all to the good.

What Next in Commodities?

Primary producers will probably fare better this year—though not as well as they would like

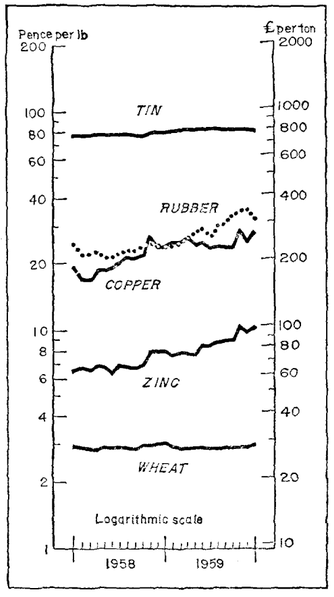
WESTERN prosperity did not bring great joy to primary producing countries last year. Other people never had it so good, but not they. Their export earnings generally increased, sometimes substantially; but this was the result more of a larger volume of sales than of a sharp rise in prices. The seventeen items which make up *The Economist* commodity price indicator rose on the average by six per cent in 1959, and are now nine per cent above October, 1958, when commodities touched a nine-year "low." Last year's advance was unsteady as well as modest; the indicator rose from 87¼ (1952 = 100) in January to 91 in May and relapsed to 85½ in July; then, after rallying to a peak of 92 at the end of October, it closed a little lower at 91¼.

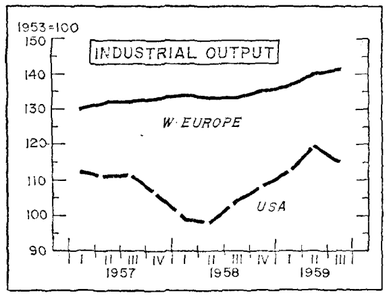
Most primary producing countries must have hoped for some sharper recovery. Industrial production in the United States and Western Europe reached new peaks last year. By June, before the strikes in steel and copper, American industrial production had climbed 26 per cent above the trough of the recession, and apprehension of the strikes themselves prompted a large laying in of stocks beforehand; in Western Europe industrial output was already eight per cent above the 1958 trough by August. What, then, explains the limited recovery in commodities?

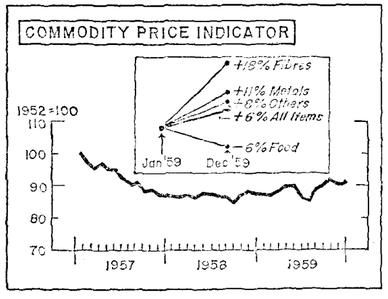
One explanation certainly is the weakness in foods; those in the indicator dropped by six per cent last year. Cocoa and coffee fell by 25 and 15 per cent respectively, pushed down by growing output; sugar recovered in the second half of the year, but was still cheaper at the end than at the beginning; wheat and coarse grains fell slightly over the year. Without the food items, the indicator would present a much more encouraging picture, with a rise of 13 per cent in 1959.

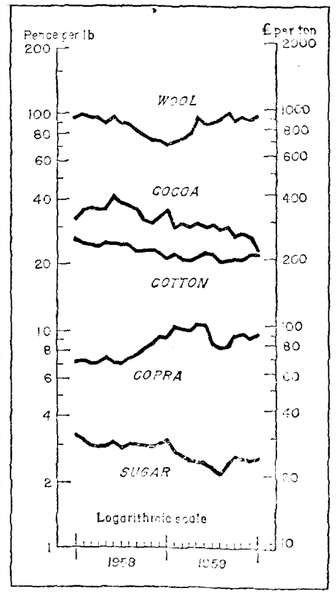
Fibres set the pace with a rise of 18 per cent; this was largely due to the recovery in wool, though cotton, jute and sisal all finished the year higher than they began. The metals rose by 11 per cent and the miscellaneous group, consisting of rubber, copra and crude petroleum, ended eight per cent up, with a sharp rise in rubber partly offset by declines in petroleum and copra. Even the industrial raw materials would not have fared as well as they did without help from special factors. World exports of tin were restricted to enable the International Tin Council to run down its stock. Copper prices were buoyed up first by heavy buying in the United States in anticipation of strikes in the summer, and then by the actual strikes, which lasted long enough to eliminate the surplus. The surpluses of zinc and lead were cut by restrictions introduced by the leading producers. These were evidently too effective in zinc, but lead was merely saved from a further fall. At the end of the year forward lead was £73 10s. a ton, barely higher than at the start, but zinc had advanced by over £17 to £90 a ton.

Rubber was first hindered, then helped, by adventitious









events. From January to August rubber rose by 6½d. to 31½d. a lb, and would have risen more but for the threat of selling from the big American strategic stock. Yet after sales from the American (and British) stocks began in October, the price obstinately rose to a new peak of 37d. a lb because traders, misjudging the impact of official sales, had great difficulty in covering their own sales to Russia and China.

The plain fact about last year is that consumers of commodities knew that immediate or prospective supplies were adequate for their needs. Strikes apart, they had no need to rush into restocking and the course of prices did not impel them to do so. One of the good things about recession is that it seems to have broken consumers of the bad habit, bred by inflation, of hoarding materials as well as labour. It seems less certain that this attitude will prevail in 1960. The background clearly is favourable. Now that the American steel industry has settled its differences, the United States is confidently expecting a year of record output; in Britain and other West European countries expansion seems certain to maintain a fairly brisk pace; and Communist countries, which are important buyers of some commodities, especially rubber and wool, should increase their consumption.

Hence industrial raw materials should have better expectations this year than last, even though the increase in producers' earnings once again seems likely to come more from a larger volume of sales than from markedly higher prices. Among the non-ferrous metals, including the newer metals like aluminium and nickel, existing capacity remains big enough to take care of prospective increases in consumption and rebuilding of stocks in 1960. The extent of any change in metal prices lies partly in the producers' own hands. When the United States copper mines and smelters get back into full production, prompt copper will gradually lose its high premium, and the forward price may weaken until producers bring output into closer balance with consumption. Restrictions on supplies of zinc should be eased fairly soon, though that will mean some increase in stocks of lead concentrates.

Only a small increase in production of natural rubber can be expected this year, though extra supplies will be available, at a rate related to market prices, from American and British stockpiles and, it now appears, from Russian stocks too. The bulk of the increase in world consumption of rubber will be met by synthetic rubber, so that the shortage of natural rubber should ease further; the average price, however, may not be very different from the 1959 average of 29d. a lb. Cotton and wool are not threatened, but the recovery in consumption and rebuilding of stocks must eventually taper off, perhaps sooner in the wool textile industry than in cotton.

Producers of certain foods, in contrast, may count themselves lucky if they fare no worse this year than last. Coffee growers in Latin America, faced by a massive surplus, are struggling to maintain prices by the short-term expedient of restricting exports. The African growers, for understandable reasons, are not co-operating fully in this scheme, and African robusta coffee has fallen steadily in recent months. Cocoa and sugar are in surplus, though sugar may not be under such heavy pressure as it was in 1959. Wheat and coarse grains are unlikely to move much either way—prevented from falling far by government action in the main exporting countries, and prevented from rising far by the surplus in the United States. Supplies of beef and butter (two items not included in the indicator) are expected to increase this year, though not enough to bring a sharp fall in the present high prices.

THE umbrella that western prosperity holds over commodities does not look so beneficial to producers as to consumers. Primary producers resent the wide swings that occur in their export earnings, even though these swings, especially in foodstuffs, owe more to changes in supply than in demand. They also resent, and justly, the high degree of protection that keeps Western farmers happy at their expense, and the discriminatorily high taxes that restrict their earnings on items that North America and Western Europe do not produce, of which coffee is by far the most important.

All primary producing countries, save those made rich by oil, are dismayed by the diminishing dependence of the West on their raw materials. This tendency for output to grow faster than the demand for raw materials has two explanations: the first is that the value added by manufacturing to a given volume of raw materials increases as technology becomes more complex; the second is the substitution of manufactured for natural materials, such as man-made rubber and fibres for the natural ones, and the replacement of jute bags by bulk handling equipment.

There is rather less clamour nowadays for international commodity schemes, partly perhaps because producing countries now have a better understanding of the technical difficulties, and partly because of the lack of Western support. But there is no less clamour for some means of sharing more fully in the prosperity of the advanced industrial countries—as almost any international conference makes abundantly plain. More countries may be tempted to introduce national schemes to siphon off high earnings into reserves that can be used for development when commodity prices fall, or to withhold supplies in times of surplus; Ghana and Nigeria may try this ploy in cocoa, despite the recently discouraging experience of Brazil.

Western countries have no adequate excuse for the present high level of agricultural protection, but even if the barriers are lowered it would not bring salvation for primary producers. The best, and perhaps the only, way to help remedy their real grievances is to lend more for investment in the underdeveloped countries—and there is every sign that this policy will attract more support this year and after.

● **THE OUTLOOK FOR THE BRITISH MOTOR INDUSTRY**

is one article in the current issue of MOTOR BUSINESS. Other articles include:

● THE AMERICAN AUTOMOBILE INDUSTRY

● BRITISH INDUSTRIAL DIESEL ENGINES

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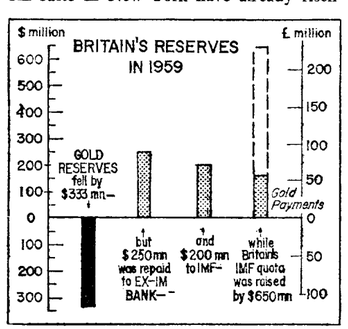
BUSINESS NOTES

IN THE MARKETS

Sterling and Interest Rates

AS 1960 unfolds, more and more eyes will fasten each Thursday on the Bank rate board. The further outflow of funds from London indicated by the end-December fall in the gold and dollar reserves was much as expected and has not brought the prospect of an increase in Bank rate nearer: but this week's settlement of the steel strike in the United States may have done. The attitude of the London authorities to the withdrawals of balances that began in the autumn has been fairly clear, and unexceptionable. They are prepared to tolerate transfers of the present order without counter-action, which would be embarrassing both internationally, notably to the United States, and domestically, to the heavy industries still in the first stages of recovery. But plainly there is a limit to the pressure that Britain's reserves can take; and there is a limit to the margin by which interest rates in London can remain below rates in other leading centres.

The Treasury bill rate in London has risen in the past six weeks by about ⅜ per cent to nearly 3¾ per cent, which is about its limit under a 4 per cent Bank rate. But bill rates in New York have already risen



correspondingly; on the eve of the steel settlement, the rate on this week's issue of six months' bills rose to a peak of over 5 per cent. The ending of the steel strike, bringing the prospect of rapid business expansion and liquidation of corporation holdings of government paper, was bound to cause a further tightening in the New York money market. In addition, the Federal Reserve may now give a further twist to the credit screw if it regards the steel settlement as inflationary. In Germany, meanwhile, the Federal government has taken no chances on the reception of its second loan, marketing a fifteen-year issue of DM 500 million with a coupon of 6 per cent and a price of 98, giving a redemption yield of 6.36 per cent.

The rate of transfer of funds from London does not appear to have quickened. The reserves in December fell by £85 million, of which £66 million was attributable to end-year loan payments. The residual fall of £19 million, or $53 million, was almost exactly the same as in November, and again it is understood that transfers of funds were the main influence. This month, however, commercial influences should come strongly in sterling's favour.

The December fall brought Britain's reserves to £977 million or $2,736 million. The fall of $333 million in 1959 is accounted for almost twice over by special government payments which have a counterpart by improving the second-line reserves that would be available in case of need. Figures of sterling liabilities, on the other side of the balance sheet, are available only to end-September. In the first nine months of the year, balances held by the rest of the sterling area rose by £155 million, but non-sterling countries' balances fell by £74 million. Part of this fall resulted from a book-keeping switch of no market significance, but in the last quarter of the year Britain's liabilities to these countries was being reduced by their withdrawals of funds.

More Reasonable

ALL the signs were present in the irrational surge of prices in the Christmas season that the equity market was due for a shake-out. The buying before Christmas and in the first days of the New Year was by small investors impressed with expansive forecasts for the golden sixties and not discriminating much between the stocks they were choosing. That buying was not supported by the weight of institutional orders, but it was sufficient in quantity to push the *Financial Times* index up to a new peak of 342.9 on Monday. The first signs of a crack came when it was apparent that the attempt to bring oil shares into the boom had no real momentum behind it. If yields on oil shares looked attractive in comparison with those offered by many industrial stocks, the reason could have been that some of the latter stocks had been over-bought, not that this was the time to change views about the prospects for the oil industry.

A heavy settlement day had to be seen through on Tuesday. There were big paper profits to be taken. And there was the uneasy fear both in Throgmorton Street and Wall Street that as the settlement of the American steel strike was inflationary it might also lead to higher interest rates both in New York and London. British government securities were marked down on the news of the settlement but the market quickly steadied—in itself a pointer to the soundness of that market. It was equities and not gilt-edged that were most troubled this week by fears of higher interest rates.

How far the edge has been taken off the boom by the fall in steel, engineering, shipping and tobacco shares (in the forefront of the recent advance) it is impossible to judge. But the fall of 11.3 points to 331.6 in the *Financial Times* index in two days was the sharpest setback recorded since the election. Whether Thursday's modest improvement in the *FT* index of 1.2 to 332.8 is significant is anybody's guess. But this week has done something to restore a little reason to a market which at times in its search for capital gains seemed to be prepared to ignore the big advantage in income now offered by gilt-edged securities. At the moment leading industrial shares are still yielding about 1.3 per cent less than Old Consols and the gap is wider when equities are compared with other fixed interest securities. The question now is: at what point will investors return to the industrial market to buy? Some commentators began to worry when prices continued to steam ahead after the index crossed the 300-mark; and it might be of more than academic interest to note that, on the basis of current dividends, the yield gap between industrials and on Old Consols would fall back to one per cent if the *Financial Times* index came down to approximately 305—or dividends increased moderately.

The New Leads and Lags

PRESSURE on sterling, apparent in the gold reserve figures for December, was again evident in the early days of this week, when the pull of dear money caused the rate on New York and most Continental centres to fall. On Tuesday the US dollar and Belgian franc were particularly firm. The tightness of money in New York and in most European capitals is not only causing some movements of short-term balances away from London but is leading to increased utilisation of London credit facilities by foreign banks and merchants. There has been a noticeable rise in the volume of foreign acceptances and cash credits. In addition subsidiaries of foreign firms in Britain have tended to remit profits more rapidly than usual in order to ease the stringency experienced by the parent companies in their domestic markets. Sterling is thus being subjected to the familiar

leads and lags, resulting not from speculation but from the relative ease with which credit facilities can be mobilised in London compared with New York, Frankfurt and Brussels. By mid-week this influence on sterling appeared to be losing some of its potency and the rate on New York, which had fallen to $2.79\frac{7}{8}$, recovered to parity.

Since January 1st, the Bank of England has ceased to quote official buying and selling rates for currencies other than the US dollar. This is in line with existing practice of most continental central banks and will have no effects on market rates. The limits hitherto quoted by the Bank since the coming into force of the European Monetary Agreement a year ago have, in cases other than the US dollar, been the product of the Bank's limits for the US dollar and the corresponding dollar margins quoted for the European countries concerned. In effect, this meant that the margin of permissible fluctuations for European currencies was around twice that for US dollars. The effective range of fluctuations will continue unchanged under the new ordinance by the play of arbitrage through the international exchange markets, which was previously the operative influence. Official buying and selling rates for US dollars continue unchanged at 2.78-2.82.

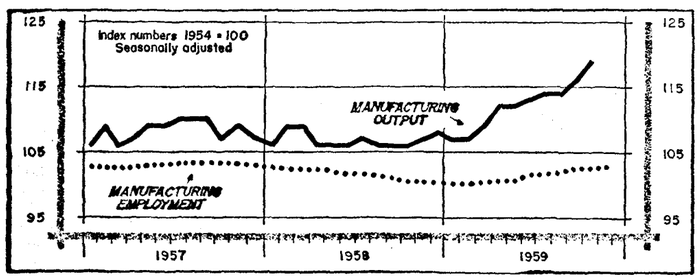
THE ECONOMY

Onward the Boom

An upward revision of the first estimate of industrial production for October, from 114-115 to 116 (1954=100), and a slightly higher figure of 116-117 set provisionally for November (judging from recent experience, this could also turn out conservative) suggest that industrial output towards the end of 1959 was running a good 9-10 per cent higher than at the beginning, with a reasonably steady advance all the way. Production in the latest two months was about 2½ per cent higher than in the third quarter, allowing for seasonal changes; there were broadly similar increases between the first and second quarters and between the second and the third. For 1959 as a whole, compared with 1958, the total gain in output may have been about 5-6 per cent.

So far the boom shows no sign of slackening. Most industries, apart from coal and shipbuilding, appear to be getting some share in it. Total manufacturing output last autumn was 11-12 per cent ahead of autumn 1958, just before the advance got under way, and 8 per cent higher than in the autumn of 1957, when activity turned downward. Output of chemicals, vehicles, timber and furniture, steel and non-ferrous metals, the electrical and engineering group and clothing did better than this; other industries, including drink and tobacco, bricks and cement, textiles and paper, did almost as well. Only food manufacturing, characteristically, showed a more moderate gain. Nearly all manufacturing industries were producing substantially more than in 1957.

Civil employment rose again in November, and more than seasonally as would be expected. More overtime was worked than in November, 1958, and there was much less short-time working. Unemployment in the three weeks to December 7th showed a drop of almost 10,000 to just under 421,000, or 1.9 per cent of the working population. But this increase in employment has not matched the increase in output. Employment in manufacturing industry was 2 per cent bigger at the end of November than in November, 1958: but average employment over the first eleven months of 1959, during which time manufacturing output gained nearly 6 per cent, hardly differed from that of the same months of 1958. These employment figures are likely to be revised next month, but the revision would have to be uncommonly big to alter the impression of a striking gain in productivity in manufacturing industry last year.



AIR TRAFFIC RIGHTS

Turning On the Heat

The Ministry of Aviation is putting pressure on foreign airlines in order to build up the British bargaining position when they meet the American negotiators at Barbados next month to discuss the revision of the fourteen-year-old Bermuda agreement that regulates air traffic between British and United States territories. They have decided, after considerable provocation, that horse-trading is the only way. The side effects on this country's reputation as a liberal trading nation and the gains, if any, that are brought home from Barbados have yet to be weighed.

The Bermuda agreement of 1946 merely defined what routes British and American airlines could use across each other's territories and refrained from regulating either the number of flights made or the seats provided on them. Until recently, British approval of American applications to use these routes had been automatic. But in the United States, air traffic is governed by the Civil Aeronautics Board which has heard British applications to fly to America but has not been bound to honour undertakings given to the British government by the State department. Agreement between the big British and American airlines not to obstruct each other has reduced this CAB procedure to an expensive formality; but more recently, smaller expanding American airlines have begun to object vigorously to the CAB about growing British competition; and the CAB's rubber-stamping of British applications is over—as both BOAC and small British-owned airlines in Bermuda and the Bahamas know to their cost. British government action now aims at making life unpleasant for foreign airlines in the hope that they will in future be more ready to come to terms about extensions of British services. The rough handling of Pan-American's new New York-Jamaica service before Christmas is one example; it is proper to point out, in correction of what was said here on December 26th, that this service was stopped by the Ministry without prior knowledge of BOAC. Applications for new services can get submerged in in-trays. Northwest Airlines in America was warned that this would happen to its application for flights to Hongkong if it persisted in raising difficulties for BOAC's round-the-world route through San Francisco last year.

The test of this rough policy is whether it will work—and about that even some British officials have their doubts. They do not expect that American officials will be able to make suggestions for speeding procedure at the American end—the Americans themselves will be offering a good many complaints about British treatment of their airlines. International relations in the air are deteriorating into bad manners and dog in the manger behaviour that would have been inconceivable a few years ago when expansion and something of the merchant venturing spirit still clung to air transport. Now the guiding ideas of governments and airlines are becoming daily more tied up in economic restriction and ridiculous national cat's cradles. It is time for a long hard look at the way in which traffic agreements and international control of fares lead more and more towards absurdity.

TELEVISION PROFITS

Wait Until 1964

The Independent Television Authority, even if it wished, could not implement the suggestion of the Public Accounts Committee that it should take from the television programme companies some of their £20 million annual profit by raising their rents or leasing new stations to the highest bidders. The ITA may be right in arguing that the highest bidder would not necessarily provide the best service; certainly it has no authority from Parliament to charge rents higher than those needed to build transmitters, run them and leave something in hand for new construction. When its franchise expires in 1964—and with it the leases of all the programme companies—the ITA will have covered all its costs and accumulated a reserve of £4 million.

The Public Accounts Committee's suggestions do not concern the ITA so much as the Act of Parliament that gave it this precise brief. The ITA foresaw the likelihood of vast television profits some years ago and it may sympathise with the view that the exchequer ought to be able to claim a larger share of them. But at this stage in the ITA's life, the right thing is to consider how best to amend the Television Act in 1964. If there is to be an auction for these programme monopolies, the ITA should be under duty to channel back a proportion of the higher rents to the exchequer. If not, an attempt should be made to get at the root of the profits themselves by replacing the monopolies by more competition in commercial television or sound broadcasting.

PRICE CUTS

Mixed Bag

Responses to the pleas for lower prices made by the Chancellor of the Exchequer have been scattered throughout the economy: at a rough count fifty items at least are now cheaper than they were in mid-1959. Price cuts have not been uniform or consistent, but they have not been negligible—and there have also been improvements in quality without changes of price. Among basic manufacturing industries the largest reductions are probably in petrochemicals: after lowering its prices for industrial solvents last month, Shell announced cuts last week ranging up to £10 a ton for polyethylene glycols and propylene oxide; Union Carbide made a similar reduction in polyethylene glycol. Imperial Chemical Industries reduced several items—including polythene, in which it is generally the price leader—in December, and last week there were reductions in a wide range of chlorine products and solvents. Competition in most sectors of the chemical industry has increased sharply in recent months; the need to employ new capacity as fully as possible has been important.

Competition has played its part in lower prices for a wide range of consumer goods—including vacuum cleaners, sewing machines, outboard motors, TV tubes and washing machines; but the ending of price agreements, the freeing of dollar imports, changes in models and increased productive capacity have been important here. Margarine, canned fruits and peas, frozen vegetables, instant coffee, salt and rice pudding, are among the manufactured foods which now cost less; some price cuts by food manufacturers—few of whom still insist on price maintenance—have been taken further by supermarkets. In at least two cases—electric lamps and frozen foods—changes made by the industry's price leader were immediately followed by the rest.

Retailers as a group have done the least open price cutting but their turn comes with the sales—which nowadays start smartly after Christmas; looking around a number of London department stores suggests that price cuts in their sales are slightly greater and apply to a wider range of goods, than a year ago. But the January sales are now an accepted part of the retail calendar and their stimulus presumably has an adverse effect on retail sales in February and March, and is no doubt regarded by some retailers as a convenient way of avoiding much direct price-cutting.

POOLING WORLD RESERVES

An American Advocate

One of the incidental benefits from America's new payments worries might be a modification of its traditional opposition to schemes for increasing world

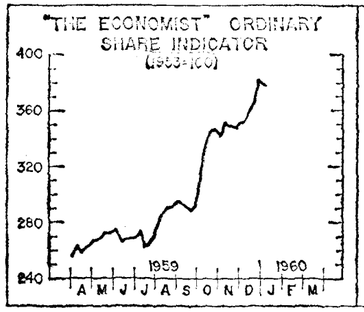
The Economist *Indicator*

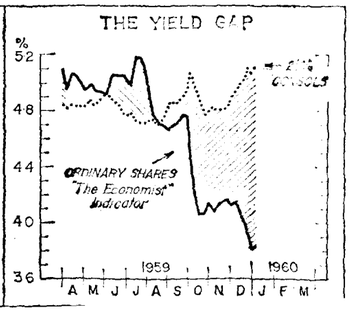
The Economist Ordinary Share *Indicator* aims at providing a weekly index of prices and yields of leading, currently active equities. Each year end, the constituent shares are re-examined and if necessary the list is revised—though the changes made since the indicator was introduced in October, 1956, have not been numerous. This time, three shares—Burmah Oil, Gallaher, and Joseph Lucas—have been replaced by Dorman Long, United Dominions Trust and Ind Coope. This reduces the weight of shares in the tobacco and oil industries in the indicator, adds to the weight of the steel shares and introduces for the first time brewing and hire purchase finance shares. A list of the ordinary shares now included in the indicator is printed below.

The opportunity has also been taken to revise and to extend the list of "London and New York Stocks" which appears weekly in the Company Affairs section—this week on pages 158 and 159. *The Economist* indicator, the *Financial Times* indices and *Standard and Poor's* indices are published regularly with these tables. In addition a selection of unit trust prices and extracts from the *Actuaries' Investment Index* appear monthly. In other weeks, charts relating to the British and American markets, as below, will appear.

Constituent Shares

AEI	British Petroleum	Furness Withy	Albert E. Reed
Assoc. Portland Cement	J. and P. Coats	General Electric	Rolls-Royce
Babcock and Wilcox	Courtaulds	GUS "A"	"Shell" Transport
Beecham Group	Daily Mirror	Guest Keen	Stewarts and Lloyds
Boots Pure Drug	Debenhams	Hawker Siddeley	Tate and Lyle
Bowater Paper	Distillers	ICI	Tube Investments
BAT	Dorman Long	Imperial Tobacco	Turner and Newall
Brit. Electric Tract. "A"	Dunlop Rubber	Ind Coope	Unilever
BICC	EMI	Lancashire Cotton	UDT
British Motor	English Electric	Marks and Spencer "A"	Unified Drapery
British Oxygen	Ford Motor	Metal Box	United Molasses
		Midland Bank	United Steel
		Patons and Baldwins	Vickers
		P & O Def.	Woolworth





liquidity by internationalising world reserves. Such a scheme was first put forward by Lord Keynes on behalf of the British delegation at the first wartime conference preparing postwar financial institutions; in the past few years the idea has been revived by Sir Oliver Franks and by *The Economist*; most recently it has received the qualified blessing of the Radcliffe committee and has been pressed strongly by Professor Robert Triffin of Yale University, in published articles and in evidence to the joint economic committee of Congress. Professor Triffin has delicately made the point to his countrymen that since Americans are now getting worried about the growth of their short-term liabilities, there could be something in it for them too.

America's foreign liabilities are still not as large as its huge gold reserves, and on British experience they could be doubled without much alarm. But if Americans themselves will not tolerate any further fall in the ratio, then some new means of raising international liquidity will be the more necessary. Under Professor Triffin's scheme —most concisely expressed in the current issue of *The Banker*—reserves held in foreign exchange and to some extent also in gold would be turned over to the International Monetary Fund in exchange for IMF deposits that would be fully convertible and carry an exchange rate guarantee. The IMF would then arrange that its net lending in a period of twelve months, together with current increases in the supply of gold, would increase total world reserves by say 3-5 per cent a year. Thus world liquidity would keep up automatically with world trade.

Any such scheme is bound to involve three major questions. The first involves the treatment of existing balances in dollars and sterling that will come into the hands of the Fund. Professor Triffin proposes an orderly liquidation of such balances, say by 5 per cent a year. But even this rate of repayment would be a serious additional burden for Britain, probably necessitating a curtailment of its contribution to overseas development. Secondly, how could the Fund itself secure a guarantee against risk of depreciation of the huge balances coming into its hands, for which it had already credited the original owners? Thirdly, a world financial system of this kind, certainly desirable, may in practice be workable only if member countries are prepared to pool much of their political sovereignty. For this reason, it might be more practicable in, say, the European Economic Community, where Professor Triffin, as a special consultant to EEC, has also been trying to arouse interest in his proposals, than in the world at large.

FRANCE

Nouveau Franc

THE new French currency, each unit equal to 100 of the old, made its bow to the French public this week. It has been known as the "heavy" franc in the foreign exchange market for the past year, but only in the guise of a unit of account. In that particular context there will be no change. On January 1st, however, the new currency to which the French authorities have at the last moment given the name of "le nouveau franc" was introduced to the general public as the unit in terms of which all prices, in wholesale and retail trade and in the security markets, are now expressed. The decision to change the name of the currency from the heavy to the new franc appears to have been based on the argument that the former would carry with it a pejorative implication for the "lightness" of the old currency which, for many years to come, will be circulating side by side with the new and will remain legal tender. The old franc aluminium piece becomes the centime under the new regime.

A fair start has been made in printing the new notes which are of identical size and colour with the corresponding issues expressed in old francs. A substantial supply of new coins has also been prepared. The new five-franc and two-franc coins are of silver .835 fine, and their high grade is intended as a symbol of the determination of the French authorities to maintain the integrity of the new currency; a relatively small depreciation in the exchange value of the franc would in fact make the silver content of the new coins worth more as bullion than their nominal exchange value. The French authorities are estimated to have bought 500 tons of silver during the past year, mainly through the London market (which has been much disturbed by the massive purchases). This will have cost approximately £5 million. A further 500 tons is expected to be bought in the coming year in accordance with the plans of the French Mint. The one-franc coin is made of nickel. The coins of smaller denomination are of 50, 25, 5 and 1 centime.

On the Bourse price fluctuations in new francs are now subject to a minimum of 5 centimes for securities up to 100 new francs and 10 centimes for issues of between 100 and 500 new francs. The fluctuations in the gold market are subject to a minimum of 5 new francs for standard bars and 10 centimes for most gold coins, including sovereigns and the 20-franc piece. The new currency has been launched in a mood of greater confidence than has obtained at any time since the Poincaré rehabilitation of 1926, which anchored the franc to a gold parity that was to survive by a few years the widespread devaluations of the early 1930's.

ROAD HAULAGE

Halt at 30 mph

NEGOTIATIONS on lorry drivers' wages to follow the raising of the legal speed limit for heavier goods vehicles from 20 mph to 30 mph have been a miserable story. For twenty years this clamant step in highway law reform was held up because hauliers and unions could not agree on new wage rates—despite the fact that drivers would have gone on strike if they had been forced to observe the 20-mile limit. The main trouble was that most lorry operators (British Road Services and private firms with "C" licence vehicles) are not governed by the statutory wages machinery of the haulage industry; and even though not all private hauliers, such as those operating over short distances or in built-up areas, would benefit from the change, the unions pressed for all drivers to be included in the wage award. But in May 1957 the Minister of Transport in a mood of commendable impatience raised the limit anyway; there were, he said, "signs of general agreement on some broad principles."

British Road Services, which had previously been content to wait for private hauliers to reach a formal agreement, got quickly off the mark by getting the unions to accept a 15 per cent increase in hourly wage rates and an hour less, making ten hours, in the maximum working day; in return BRS got a revision of duty schedules for the heavier trucks (on which both the old and the new speed limits applied) and improved working of the smaller ones. BRS was the smallest of the three main groups of lorry owners concerned but the one likely to reap most from the change, because long-distance work provides its main business, and, being a single organisation, because it can best spread the wage increases over its operations. But it took BRS and the unions more than two years to agree in detail on the schedule revisions, and when the new agreement came into effect last Monday about a seventh of its drivers immediately came out on an unofficial strike.

Generally speaking, the new agreement means that the drivers will get roughly the same pay for doing the same work in less time, though there may be exceptions. But drivers have become so accustomed to going much faster than 20 mph and getting spare time for stops out of the old schedules that some of them obviously resent the same thing being arranged for them. Formal discussions between the Road Haulage Association, representing the private hauliers, and the unions have petered out; many hauliers and most "C" licensees that stand to gain from the higher speed limit have made their own arrangements with the unions or directly with their own men, and on the whole without running into the trouble BRS has now encountered. But it is quite possible that once the unions have signed up enough private hauliers they will press for these agreements to be embodied in a new statutory wage award for all private hauliers. It is not a very savoury story.

BUDGET ACCOUNTS

A Book-keeping Improvement

IT now seems very likely that the surplus on the ordinary budget will be substantially greater, and the net deficit

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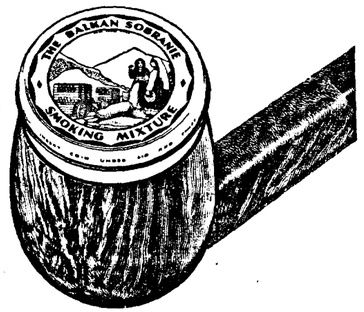

CRC 12A



The MEMOIRS of Sir Anthony EDEN

covering the momentous years 1951 to 1957 are being serialized DAILY in

THE TIMES

Starting MONDAY JANUARY 11

including capital items substantially smaller, than the Chancellor estimated in framing his budget last April. But as Mr Heathcoat Amory himself gave warning a couple of months ago, this book-keeping improvement cannot itself give promise of an easier budget this April. For the improvement is mainly a reflection of the fact that, with the help of his last reflationary budget, the re-expansion of the economy and the national income has proceeded faster than anyone expected; and correspondingly, there is less "slack" in the national economy this year to justify new tax remissions.

Ordinary budget expenditure seems to be running close to schedule; the end-December Exchequer returns show a rise of £106 million over the nine months to end-1958 compared with an expected rise in the full fiscal year of £121 million. The big deviation from expectations above-line is on the revenue side. Total ordinary revenue, expected to be cut by the tax reliefs to £155 million below the intake the previous year, has in the nine months actually increased by that amount. Stamp duties and death duties have received a substantial boost from the boom on the

BUDGET ESTIMATES AND NINE-MONTHS' OUT-TURN*

	April 1, to Dec. 31, 1959	Change on April 1, to Dec. 31, 1958	Budget estimate for full year 1959–60	Expected change on full year on 1958–59 out-turn
Revenue:				
Income tax	961·6	+ 26·0	2,147·0	− 174·8
Surtax	58·7	+ 3·1	171·0	+ 4·4
Death duties	159·2	+ 24·2	195·0	+ 8·1
Stamps	69·1	+ 24·6	68·0	+ 2·6
Profits tax†	208·7	− 12·1	274·0	− 0·8
Other in. revenue	0·2	+ 0·1	1·0	+ 0·5
Customs	1,038·0	+ 70·0	1,285·5	+ 24·0
Excise	680·5	− 14·1	864·5	− 65·3
Post Office (net)	...	...	...	− 0·2
Other revenue	178·5	+ 33·3	319·0	+ 46·8
Total ordinary rev.	3,354·5	+155·1	5,325·0	− 154·7
Expenditure:				
Debt service	463·4	− 59·5	600·0	− 62·7
Sinking funds	26·2	+ 0·2	39·0	+ 0·9
Other consol. funds	60·2	+ 3·6	89·0	+ 4·3
Supply services	3,250·5	+161·5	4,495·0	+178·0
Total ordinary expenditure	3,800·3	+105·8	5,223·0	+120·5
Above-line balance*	−445·8	+ 49·3	+102·0	− 275·2
Net below-line outlays*	575·4	−132·3	823·0	− 264·0
of which:				
Nat. industries*	490·2	− 68·0	− 621·0	− 116·0
Total deficit*	−1,021·3	− 83·0	−721·0	− 539·2

* In second and fourth columns (−) indicates increased deficit or reduced surplus. (+) indicates reduced deficit or increased surplus. † Comprises profits tax, excess profits tax and levy.

stock exchange; and income tax, expected to yield £175 million less in the full year, is so far up by £26 million. Together with marked improvements in customs and excise, this is a clear reflection of revenue buoyancy resulting from higher incomes and spending. But the main weight of the ninepenny cut in the standard rate will be felt in the current quarter, in which heavy income tax payments are concentrated. Thus the final improvement in the above-line out-turn over the original estimate may be smaller than the £325 million indicated so far, but the surplus will surely be very much bigger than the budgeted £102 million.

Below-line, too, the Exchequer accounts so far look better than the estimate. Net payments at £575 million are £132 million higher than a year ago, compared with an expected increase in the budget year of £264 million. Part of this is due to a temporary lag in capital borrowings by the nationalised industries other than the Coal Board, which is unlikely to last until the end of the fiscal year. But repayments of postwar credits, so far £58 million, may fall short of the full-year estimate of £89 million.

OIL

More Than Enough

WORLD production of crude oil expanded by 7.6 per cent to 977 million tons last year. This is a slightly faster rate of growth than over the past decade, but 1959 saw production in the Soviet bloc increase twice as fast as in the west. In the United States, production rose by only 5 per cent. In mid-1959 imports of oil into the United States were checked by quotas and higher tariffs; while this is having the desired effect of keeping prices within the United States above world prices, it is a sharp blow to Venezuela, which normally sells half its oil exports to America. Venezuelan production rose by six per cent last year to 147 million tons, but sales to the United States were crowded into the first half of the year. With the exception of a compensatory increase in the quota for imports of residual fuel oil, Venezuela will be even worse off in 1960: total import quotas are down on 1959 and oil will flow freely through the pipeline from Canada.

This pattern of increases in production accompanied by a national parcelling up of markets is becoming general in the rest of the world. Argentina hopes to be self-sufficient in oil by 1961; France is turning to Saharan oil and hopes the common market will give it preference; Canada is looking forward to self-sufficiency. At the same time Middle East production continues to increase sharply, while the Russians plan an increase of 11 per cent a year.

Two oil companies—Standard (New Jersey) and Standard of California—expect the west's increase in consumption to average between six and nine per cent in the next few years: between 1946 and 1959 the increase was 12 per cent. This presupposes that the rate of growth brought about by postwar reconstruction cannot be maintained. Furthermore, it is becoming increasingly difficult politically to make any further inroads upon coal and a falling off in the growth of demand for residual fuel oil can be expected—except in Russia, where the political decision has already been taken. In spite of this, it seems that 1960 itself will be a boom year and oil prices, except for specific products, can be expected to remain fairly stable.

In Western Europe, consumption in the seven main oil-using countries—Britain, Western Germany, France, Italy, Sweden, the Netherlands and Belgium—is estimated by *Petroleum Press Service* to have risen by 12.4 per cent last year, compared with an average of 11.3 per cent over the previous decade. Germany registered the largest increase (21 per cent), with Britain second at 15.5 per cent. Both countries consumed proportionately more fuel oil than before: Germany 30 per cent more than in 1958 and Britain 26.7 per cent. But Germany's 12.8 per cent increase in consumption of petrol was far greater than Britain's 7.3 per cent; and the disparity was more marked in gas and diesel oils of which Germany used a quarter more and Britain, only 7.7 per cent more in 1959 than 1958.

ATOMIC RADIATION

Food and Atoms

AN undercurrent of bewilderment runs through the latest report published by the Department of Scientific and Industrial Research about the results of experiments carried out on its behalf by the Atomic Energy Authority's laboratories to sterilise food by atomic radiation. Radiation is lethal not only to man, but also to smaller organisms including the bacteria that taint food. This fact, it has been argued, could revolutionise the distribution of perishable foods. There is no doubt that sterilisation is effective, but it can cause minor chemical changes in the food which make it taste or smell disagreeable. Massive doses of radiation to sterilise the food completely ruin its quality; mild doses provide effective sterilisation for a few weeks, provided the food is stored at temperatures just above freezing; but these sometimes leave a taint and sometimes leave it with a taste and flavour comparable to fresh killed meat.

No rhyme or reason is found in these results. Danish bacon kept its high quality after six months' storage; English bacon acquired a tainted flavour at much lower doses of radiation. One brand of pork sausages stayed fresh and appetising for three weeks, other brands were disappointing. Chickens kept for about 60 days, although the quality could no longer be compared to fresh chicken after the first 14 days. Beef seems to taste bad whatever the dose. A great deal more needs to be done to uncover the chemical changes that lead to deterioration in taste and smell.

Two other nasty difficulties encountered in these experiments are the likelihood that fat will go rancid (this can be countered by storing away from oxygen in vacuum or nitrogen packed tins) or that poisonous toxins may form (which can be countered only by storing at temperatures no higher than 5°C). Commercial uses of radiation sterilisation are limited at the moment to a £120,000 plant built by a carpet manufacturer in Australia with the AEA's advice to sterilise goat hair against anthrax, and a pilot plant now being completed by the AEA in this country to sterilise medical

bedding, dressings and instruments. It seems that canning and the deep freeze will be with us for some time yet.

AUSTRALIAN OIL

Something to Show

So far the story of oil and natural gas exploration in Australia has been one of failure—and in the volatile and occasionally reckless market in Australian oil shares one of badly burned fingers. But the companies still go on drilling and the punters still go on hoping, for they know that if oil or natural gas were to be found in commercial quantities there is a captive market waiting for it in Australia. The stock market may have been too exuberant in sending the price of Interstate Oil shares up from 5s. to around 16s. in early December after it had been announced that a strong gas flow had been obtained from a preliminary open-hole test conducted by Frome Broken Hill in the Port Campbell area of Western Victoria. But that price was held and when it was announced this week that gas was flowing from the company's Number 1 oil bore hole the Interstate shares went up to 20s. 9d.

That price, however, was not held and by Thursday it had fallen back to 16s. The gas flow of 4 million cubic feet a day, after all, may look big by Australian standards but the flow is tiny by other—say, Canadian—standards; and small quantities of water have been coming up with the gas. At greater depths, too, the drillers had found only gas-saturated water. That does not suggest oil; and the hope must be that the natural gas exists in sufficient quantities to be tapped and piped to Melbourne. But that is as yet no more than a hope and the directors of Frome Broken Hill have rightly been most cautious in the statements they have made. This company is owned in equal shares by Vacuum Oil, BP Exploration and Interstate Oil. The latter company is, in turn, controlled by Consolidated Zinc but a minority of its shares are available in the market and provide one of the few direct routes into this venturesome business of Australian oil exploration. The auspices are good; the auguries, with gas actually burning, are better than any before in Australia. But Interstate still remains a share for speculators who, going for the very long shot, do not mind if they lose their stake.

ISSUES BY TENDER

Deferred for Discussion

Provisionally, the Stock Exchange Council has turned down the suggestions that offers for sale by tender should be reintroduced immediately for industrial equities. These suggestions became current when the Dimplex issue was oversubscribed 80 times and when its sponsors, the Minster Trust, said that they would be giving serious thought to the question of making their next offer by way of tender. Issues by tender are still obligatory in the case of some water companies but, as the Council points out, they fell into disuse for other securities in the early years of this century. There would certainly be difficulties in reviving this method of introducing shares to the exchange: in particular, the small investor might feel himself to be put at a disadvantage with the professional. But these difficulties would not be insurmountable and they can be no worse than those involved in fixing a price on a new issue when the market has the bit between its teeth. This, presumably, is why the Stock Exchange Council has not rejected the suggestion out of hand. Having given "careful and sympathetic consideration" to the proposal, the members of the Council decided that it could not grant quotations to issues by this method "until they have fully discussed with other interested parties all safeguards which may be necessary in modern conditions."

FILMS AND TELEVISION

Down Fido

Associated Rediffusion is the second television programme company that has acquired a stock of films by buying a film company outright. In mid-1958, five trade associations in the cinema industry formed the Film Industry Defence Organisation in the hope of preventing old films from being sold to television companies; Fido was prepared, if necessary, to buy up the films to prevent this. A week or so later Associated British Picture bought Associated Talking Pictures and with it 95 feature films made by Ealing Studios. Associated British Picture's subsidiary, ABC Television, which operates in the midlands and northern regions at weekends, has been screening the Ealing films but not leasing them to other television companies; Associated British Picture was and is a member of Fido.

Now it is Associated Rediffusion's turn. This company has bought a controlling interest in Independent Film Distributors and so acquired a stock of 55 films made since 1948. Associated Rediffusion intends to keep Independent Film Distributors alive as a distributing company, if it can find independent film producers willing to make feature films for IDF to distribute. Although Fido threatens to boycott any producer who provides films for television, its bark may prove worse than its bite. Associated Rediffusion also hopes that there will be some independent cinema owners prepared to show films handled by Independent Film Distributors, even perhaps after they have had a television premiere. The company's full-page advertisements on Wednesday stated that the initial stock of films was to be made available to the television industry generally, including the BBC. If Associated Rediffusion's ideas about going into the film distributing business were to come to pass, this would present Fido with its most serious challenge. But that remains to be seen.

BUTTER AND MARGARINE

Shift in the Market

Producers of butter and margarine sell an edible fat, and that is about all they have in common. Britain is the freest world market for butter—which is usually to the consumers' advantage, since what is shipped here must be sold at a price that keeps supply and demand in balance. Margarine is marketed in the opposite way: price is fixed over a period, and manufacturers adjust production to what can be sold at that price. Consumers are slow to respond to changes in the difference between the two, and particularly so in the last year, which has been to butter's benefit. Cheap butter a couple of years ago has clearly left its mark on public taste. Last year butter became short and prices rose steeply. Producers are surprised not that consumption of butter has now declined, but that consumption remained so high for so long.

Consumer resistance, plus some timely arrivals of butter from North America, pushed prices off the peak. New Zealand and Australian butter have remained steady at 410s. a cwt wholesale, but Dutch butter has dropped from a speculatively high level by no less than 168s. to 437s. a cwt in the past two months, and Danish by 63s. to 435s. a cwt. Whether prices will have to be cut much more depends on production in Europe and Australasia, and this depends on the weather. Prediction is hazardous, but two points will be significant: one is that Europe would be unlucky to suffer another drought this summer; the second is that stocks in Britain last year were drawn down by nearly 21,000 tons to 11,200 tons, and that cannot happen twice.

Makers of margarine seem confident that at the prevailing price of butter a further switch in their favour is still to come, and one of them is encouraged by a sharp rise in sales of its "luxury" margarine: this sells for 2s. 6d. a lb retail, which is 10d. dearer than the medium grades, and 1s. 6d. below the cheapest grade of butter. The industry has always been plagued by the popular view of margarine as a cheap substitute, instead of a product in its own right. Manufacturers have sometimes tried to turn the public image of butter to their own advantage, by stressing in their advertising the "country angle" (equals purity and freshness), but more often they have stressed the spreadability and convenience of their product instead. If sales of this luxury margarine continue to grow, the manufacturer will no doubt feel within sight of a major breakthrough—establishing, in one section of the market at least, a branded commodity bought because it is preferred, not because it is cheap.

LIFE'S ON THE MARCH . . .

We're moving across unmapped territory with tremendous strides. Almost daily someone, somewhere, reports a breakthrough into regions of knowledge that have been secret since the world began. The atom has been harnessed, manned space flights are just around the corner, and every discovery brings others in its train, for new techniques need new materials. Nuclear power has brought demands for materials with combinations of properties never needed before, and only found in metals put aside by scientists in the past as awkward curiosities. The production of these new metals for the nuclear engineer has presented scientists with one of their greatest challenges—a challenge that could only be met by a many-sided organisation such as I.C.I. Its wrought zirconium plant is Europe's largest, its new plant for making wrought beryllium will be Europe's first, and already I.C.I. scientists and technologists have plans for producing the other rare metals that may one day be needed for nuclear power stations and even for space rockets. It needs brains and money to keep up with events in this age of great discoveries, and I.C.I., with a research staff of 4,500 and a research and development budget of £15 million a year, has both.



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ICI

Boots

formula for power—Coal

THERE'S MORE TO BOOTS, the chemists, than a tradition of impeccable service and faultless efficiency. There's a great industry with giant factories to turn the best obtainable raw materials into the enormous variety of goods that Boots sell in their 1310 branches.

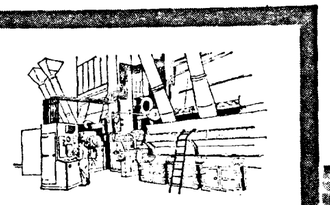
To produce the most effective results at the most economical cost, Boots begin with coal. At their powerhouses in Nottingham, Beeston, and at Airdrie in Scotland, coal is the fuel chosen for firing the boilers. Using the most modern methods of mechanical stoking and heat conversion, coal provides steam for works processes, for generating electric power and for office and factory heating.

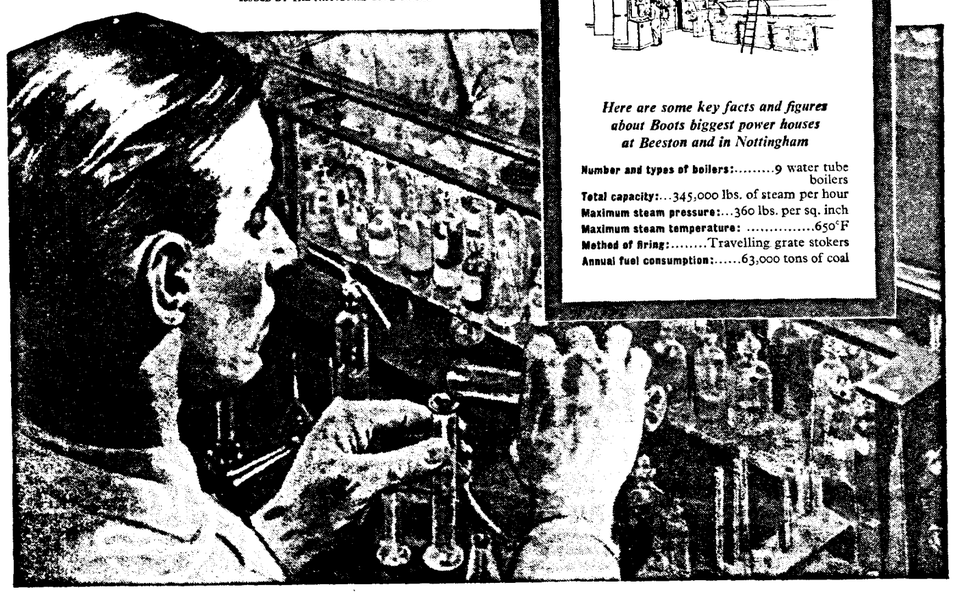
Boots know that coal gives them maximum efficiency with minimum waste. They know that coal—mechanically stoked—burns smokelessly. They know that because coal is home-produced, supplies are assured, for Britain's coalfields can supply all the coal that British industry will need for generations to come.

When the question of fuel for your factory next comes under examination, remember Boots formula for power. It could mean a healthy improvement in your running costs.

Progressive industry is going forward on **COAL**

ISSUED BY THE NATIONAL COAL BOARD





Here are some key facts and figures about Boots biggest power houses at Beeston and in Nottingham

Number and types of boilers:.....9 water tube boilers
Total capacity:...345,000 lbs. of steam per hour
Maximum steam pressure:...360 lbs. per sq. inch
Maximum steam temperature: .....650°F
Method of firing:.....Travelling grate stokers
Annual fuel consumption:.....63,000 tons of coal

LIFE ASSURANCE

Buoyant New Business

LAST year the sums assured in new ordinary life business by the 61 offices whose figures have so far been published rose by 14 per cent, compared with 22 per cent for 1958 and 11 per cent for 1957. Figures for individual offices are shown at the foot of this page. Occupational pension and life assurance schemes have made a rather less spectacular contribution than in 1958 but there is no present sign that the extension of state pensions has materially affected this important part of the life offices' business; in 1958 it brought in annual premiums of £171 million and contributed 40 per cent of total premiums. On the other hand, none of the latest announcements specifically mentions Millard Tucker pensions for the self employed. Individual life assurance policies remain the backbone of the business and another new record in writing these policies was established last year.

Most offices now show new premiums as well as new sums assured. These premium figures are welcome, for nowadays a great deal of temporary cover of which only a small fraction results in the payment of the sum assured is bought very cheaply. New annual premiums from all sources, including annuities, appear to have run at the same level as they did in 1958 and total premiums must have passed £300 million for ordinary life assurance and £125 million for deferred annuities (mainly for insured pension schemes).

Ordinary life and annuity funds grew last year by nearly £350 million, while industrial life funds rose by nearly £70 million. Investment reserves must again have been reinforced (except for offices whose stake in equities is abnormally small—say well below the average holding of 19.1 per cent in ordinary shares shown by 43 leading offices at the end of 1958). On the average, the appreciation over end-1958 values must have been of the order of 10 per cent on total assets. Bumper bonuses now being declared on with-profits life policies stem from bigger dividends and high interest rates. The Scottish Widows, with 37.6 per cent of its funds in equities at the end of 1958, has for the second time since the war declared an additional bonus, again presumably being financed out of capital profits on the equity portfolio.

DISCOUNT HOUSES

Higher Profits

LIKE the banks, the discount houses had a profitable year in 1959. The biggest of them, the Union Discount, was due to announce its results after this issue had appeared, but National Discount and Alexanders, the two other houses that make up their accounts on December 31st, both show higher profits and are paying larger dividends. The National Discount, still second largest in Lombard Street, this year makes an outstanding showing. Its declared profits after providing for tax and transfers to inner reserves are up from £284,275 to £525,561—comfortably over their 1954 peak. The dividend on the "B" stock, as increased by the recent one for three rights issue, is raised from 12 per cent to 12½ per cent plus a bonus of 2½ per cent. The shares rose by 2s. to 58s. on the news, giving a yield of 4.3 per cent. Alexanders' achievement is rather less impressive this year: its declared net profits are up from £166,943 to £202,807, still one third below their 1954 peak. The dividend for the year has been raised from 7½ to 10 per cent, but is still not back to the rate of 12½ per cent paid in 1954. At 38s. 9d. the shares yield 5.1 per cent.

BULLION MARKET

More Gold from Russia

DURING the first eleven months of 1959 imports of gold into Britain from Russia amounted to 7,292,000 ounces, valued at about £91 million. This marks a substantial increase on the 6 million ounces estimated to have been imported during the whole of 1958. Detailed figures of gold imports and exports became obtainable in 1959 for the first time. Messrs Mocatta and Goldsmid in their annual circular point out that imports were very heavy in the first quarter of 1959. Sales dried up during the summer, but revived again in October. Much of the gold coming on to the London market passes to buyers in other western countries. But these imports are considerably larger than the amount of Russian gold dealt in on the London market. The explanation may be that some of this gold was sent direct to the Bank of England. Part of it may also have been disposed of through the Paris market where the Russian sellers appear to have the benefit of special advantages. The general trend of international gold dealings in 1959, however, was towards and not away from London, enabled by external convertibility of sterling, to compete on equal terms. The London market's facilities were further improved in March when the market received permission to do forward business in gold without previous reference to the Bank of England.

RAILWAY CONVERSION

Norfolk Experiment

A CERTAIN anti-railway lunatic fringe longs to pull up all the rails, shoot all the iron horses and turn the whole rail-

ORDINARY LIFE NET NEW BUSINESS

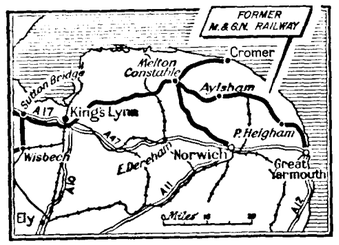
(Net sums assured £ million)

Office	1957	1958	1959	Office	1957	1958	1959	Office	1957	1958	1959
Alliance	12·2	15·4	18·6	Legal & General	143·9	183·9	220·4	Provident Mutual	10·9§	13·6	14·0*
Atlas	9·8	10·3	16·0*	Licenses & General	1·5	2·9	3·1	Prudential	216·4§	259·0	280·0
Avon	1·5	1·6	...	Life Assn. of Scotland	3·7	4·3	6·2	Refuge	17·7	15·8	19·5
Beacon	11·9	11·9	13·4*	Liverpool Victoria	5·7	6·8	6·1	Reliance Mutual	1·6	2·2	2·5
Britannic	7·9	10·2	11·4	London & Manchester	5·6	6·2	7·8	Royal‡	41·5	46·1	56·5
Caledonian	6·0	6·9	8·2*	London Assurance	10·0	12·5	11·4	Royal Exchange	10·9	11·2	15·5*
Canada Life†	14·8	16·7	19·9	London Life	5·4	6·1	6·9	Royal London	13·1	14·3	18·8
Clerical, Medical & General	10·5	11·0	13·0*	Manufacturers' Life†	15·6	14·8	17·3	Scottish Amicable	14·1	28·6	24·1
Colonial Mutual†	15·8	16·6	18·9*	Marine & General	3·0	4·0	4·5	Scottish Equitable	6·7	8·4	10·3*
Commercial Union	24·1	28·9	36·8	Mercantile & General	27·6	34·5	44·5*	Scottish Life	10·6	11·3	12·9*
Confederation Life†	6·0	6·6	9·3	Midland Employers'	2·4	2·5	2·8	Scottish Mutual	6·2§	9·3	11·5
Co-operative	29·6	34·0	41·4	National & Colonial	2·1	3·0	4·0*	Scottish Provident	11·6	15·6	15·3
Crusader	5·9	12·8	9·0*	National Farmers' Union	6·3	8·1	...	Scottish Union & Nat.	7·7	8·4	8·9*
Eagle Star	62·0	63·7	70·0*	National Mutual	3·1	3·8	4·0	Scottish Widows'	26·2	35·5	43·5*
English	5·6	4·8	4·8	Nat. Mutual of Australasia†	7·1	8·1	11·7	Standard	63·1	83·1	88·3
Equitable	7·0	8·2	6·8	National Provident	7·8	8·9	11·9*	Sun Life	60·8	70·2	72·4
Equity & Law	19·8	21·1	27·6	N. British & Mercantile	15·9	18·4	20·3	UK Provident	11·7	12·9	16·1
Friends' Provident	38·3	47·7	46·0	Northern	32·0	38·1	...	University Life	1·4	1·4	1·4
General Life	10·9	15·6	17·4	Norwich Union	77·9	104·5	120·0*	Wesleyan & General	4·7	4·9	6·0
Gresham Life	12·4	11·8	13·0	Pearl	38·1	42·1	44·9	Yorkshire	25·9	33·7	46·0
Guardian	25·0	26·6	32·0*	Phoenix	10·7	12·1	13·3				
Law Union & Rock	7·2§	7·2	8·8	Provident Assn. of London	12·0	12·8	15·2	Total 64 offices	1,344·4	1,611·5	...
								Total 61 offices	1,305·6	1,563·7	1781·6

* Approximation. † UK business only—the figures for the other offices are global. § Not comparable with later years. ‡ Including Liverpool & London & Globe.

way system into roads overnight. Others, more moderate, argue merely that railway lines which are closed down by the Transport Commission offer an easy way of converting one right of way into a different one. Such an experiment is to be made in connection with the Heads of the Valley Road, a part of the Ross Spur motorway in South Wales: an order has been made for a few miles of disused railway line to be incorporated into the road. Now the Norfolk County Council has approved a second scheme, involving the purchase of six lengths, totalling 22¼ miles, of the Midland and Great Northern railway, closed by the Commission nearly two years ago.

The council believes that the Ministry of Transport, having approved—through the Commission—the advance purchase of this land, will give final approval for the conversion. On three of the six sections the



cost of using the railway right-of-way would be slightly greater than reconstruction of the existing road; it is felt that the additional cost would, however, be justified by an improved alignment. On the longest section, from Aylsham to Pŏtter Heigham, using the railway line would cost £764,000, against £1,073,000 for rebuilding the existing road. The saving on all six lengths is estimated at £262,000.

To a considerable extent the economics of railway conversion of this type depend on ease of access and tunnels or bridges; these should least affect the Midland and Great Northern, in flat country and crossed for the most part by level crossings. The M & GN track bed gives ample space for a road 24 ft. wide; certain main lines—and possibly some branch lines—might give even more.

HOLIDAYS ABROAD

Suntan on the Never-Never

TRAVEL agents have good reason to be dubious about hire-purchase holidays: refrigerators and motor cars can be reclaimed from defaulters but a trip abroad cannot be snatched back. Yet a number of finance companies have been formed in the past twelve months in the hope that the growing number of people taking the sun on Continental beaches will pay a deposit before they go, and cover the rest of the bill over a period extending to just before their next holiday. Most travel agents offer "never-never" holidays through the airlines, which deal through an old-established finance company. The cost of holiday accommodation can be included in air tickets and the whole account paid in instalments. One large agency has offered hire-purchase holidays for four years and claims that about 15 per cent of its business is done this way, with a very low loss experience.

The half-dozen new companies specialising in holiday credit were not much of a force in 1959 but they have more than 50 tour operators on their books for 1960: the tour operators sell their holidays through travel agents and offer "easy terms" which they arrange through the credit companies. A growing number of travel agents deal directly with these companies, to provide hire-purchase for all holidays. Some agreements require payments to be made before the holiday starts: the customer pays interest on the whole cost but the company does not loan the money—by paying the tour operator—until a week or two before it begins. Charges are apparently around eight per cent, but effective interest rates are twice as much for a 12-month loan and up to 33¼ per cent for shorter loans.

Most people, however, still pay for their vacations in advance. It is expected that 2½ million people will take holidays abroad this year, compared with 2¼ million last year. The sweeping away of currency restrictions, plus special occasions like the Oberammergau Passion Play, the Olympic Games in Rome and the "Visit America, 1960" campaign, are making their mark on the bookings now being taken. BEA reported a threefold increase in holiday bookings made in December over bookings in December, 1958. The corporation's reduced fares come into force on April 1st. Many holidays in France are cheaper this year and those who go away early will find the cost is less, wherever they go. Cooks offer a five per cent reduction for early holidays. In 1959 the average holiday cost around £50 for travel expenses and accommodation; the average length of a holiday was 12 to 14 days. The indications are that more people will go farther, stay longer, and spend more this year than last—and some may take longer paying for it.

FURNITURE

Looking at 1963

THE Furniture Development Council has bravely produced a forecast of the state of the industry four years from now. It suggests that production will have risen 7½ per cent above the 1958 level, employment will be about 2 per cent lower and the number of firms reduced by more than a fifth. Turnover per employee might rise about 12 per cent, and turnover per firm by about 67 per cent. These estimates are based on the continuation of the trends in 1954-58 and they reflect the tendency towards greater concentration that has been in progress for some time. But there were still 1,899 firms registered with the FDC in 1958; and 15 per cent. of these make over 80 per cent of the industry's output. The smaller firm is going out of cheap furniture in the face of intensifying competition from—and among—the larger manufacturers, but can do well in higher-quality work.

The forecast seems cautious when production in 1959 appears to have risen by 6-7 per cent; but the impetus of hire purchase may weaken and any re-imposition of restrictions on credit sales would hit the industry hard. Expenditure on furniture as a percentage of total consumer expenditure has risen little. If furniture is to share in the greater spending on consumer durables it will have to develop from largely supplying new homes to being more of a fashion product, with a higher rate of turnover in the home—Americans, it is said, keep furniture for 10-12 years, the British for 20-25. Lower prices combined with rising real incomes and growing home pride might make this possible; but a major technical advance may be needed to reduce production costs. One that has lately begun is the use of chipboard, which is considerably cheaper than ordinary wood; the Russians are reported to be moulding cabinets in one operation out of chipboard mixed with melamine. Some such a technique could revolutionise furniture making; and the industry has often been reminded that such an innovation might well come from a company at present outside the industry.

SHORTER NOTE

Trading profits of Associated British Picture Corporation in the half-year to September 30th fell by 45 per cent from £2,833,000 to £1,552,000 and net earnings were almost halved at £550,000. The interim dividend is to remain unchanged at 20 per cent. The directors say that the exceptional summer had "a serious effect on cinema attendances" and the profits of ABC Television have been affected by the increased costs of producing programmes and the group's expansion and reorganisation plan. The 5s. ordinary shares were immediately marked down from 50s. to 45s.

COMPANY AFFAIRS
Comments on pages 155, 156 and 157 on
Barclays Bank · Midland Bank
Nat. Prov. Bank · Westminster Bank
Martins Bank · Dorman Long
Steel Co. of Wales · South Durham
United Steel · ICT

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 158 and 159

LONDON STOCK EXCHANGE
The week's movements reported on page 157

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 160

COMPANY MEETINGS

DORMAN, LONG & CO. LIMITED

SIR ELLIS HUNTER'S REVIEW

READY SALE OF UNIVERSAL BEAMS AT HOME AND ABROAD BUT FALL IN STRUCTURAL ENGINEERING ORDERS

The Seventieth Annual General Meeting of Dorman, Long & Co. Limited, will be held in London on Wednesday, February 3, 1960. The following statement by the Chairman, Sir Ellis Hunter, is circulated with the Report and Accounts.

TRADING RESULTS

After transferring £1 million to Fixed Assets Replacement Reserve of Dorman Long (Steel) Limited (last year £1,500,000) and charging depreciation based on historical cost and excluding items extraneous to the year, the group profits before taxation amount to £5,952,000. Deducting from this the profits of subsidiary companies applicable to outside shareholders at approximately £32,000 before taxation, there is left approximately £5,920,000 which arose broadly as follows:

	1959		1958	
	Amount £	%	Amount £	%
Bridge building, Engineering and Chemicals.....	2,668,000	45	2,915,000	48
Iron and Steel...	3,252,000	55	3,151,000	52
	£5,920,000	100	£6,066,000	100

The Bridge Building and Engineering results depend on contracts completed during each year and for this reason may be expected to fluctuate from year to year. The fall in 1959 is, however, mainly due to reduced demand and increased competition.

Despite reduced demand and the increased charge for depreciation, iron and steel profits exceeded those for last year.

Interest on loan capital has fallen owing to reductions in Bank Rate and the repayment during the year of £3,500,000 of the loan from Finance Corporation for Industry Limited. Since the end of the year a further £4 million has been repaid.

DORMAN LONG (STEEL) LIMITED

Demand for our steel products commenced to improve in August, 1959 and by October it was apparent that the revival was not temporary in character.

The improved trading conditions came too late to have much effect on outputs for the financial year. Ingot output at 1,473,451 tons compares with 1,927,005 tons in 1958 and rolled steel output was 1,268,433 tons against 1,454,163 tons in the previous year.

During the current financial year production has further improved and in the first week in November there was a record output of rolled steel.

BEAM MILL WORKING THREE SHIFTS

The Universal Beam Mill at Lackenby is now operating on a three shift basis, the third shift having been introduced in October. The mill has proved to be an efficient unit rolling a first class product. The last of the Lackenby units to come into service was the rod, bar and narrow strip mill which in respect of rod is now working on a commercial basis. Satisfactory trial rollings of bar and narrow strip have been carried out.

Large scale modernisation of the Wire Works in Middlesbrough has been completed and much higher outputs are now possible in a greater variety of qualities. A start has already been made on the drawing of the 8,000 tons of high tensile wire required for the Forth Road Suspension Bridge.

Universal beams and columns are rapidly becoming the recognised standard sections. Architects, consulting engineers, structural engineers and others have given clear proof of this by their ready acceptance of the new sections. Other important manufacturers of sectional material in this country propose to adapt their existing mills to enable them to roll part of the range of universal beams now produced at Lackenby.

We continue to find ready outlets for beams and columns in Canada and the United States and we have had orders from other overseas markets. The improved export demand is not restricted to beams and columns but applies to most of our products with the exception of rails.

A year ago I remarked "The great majority of the people in this country have no desire for any further extension of State ownership of industry. . . . If the general election . . . were to be fought on the question of re-nationalising steel it is certain the country would reject it." These observations were confirmed by the result of the election and there is no need for further comment.

STEEL STILL A GROWTH INDUSTRY

The steel industry is now free from political threats, at any rate for some years, and we can pursue our task of improving efficiency and raising production. The substantial progress made in both these directions over the past decade has not been automatic. It has been achieved by careful planning and energetic execution of soundly conceived projects. There is no disposition to regard the future of the industry with complacency. World steel capacity continues to expand and each year new plants come into production. While world consumption of steel also continues to grow the British share of export markets will be preserved and the growth we look for achieved, if we actively seek further advances in production methods and manufacturing techniques.

I am confident that with constantly improving techniques the inherent advantages of steel will continue to be recognised. Steel is a growth industry and, with its progressive outlook, backed by research and operational ingenuity, it is likely to remain so.

DORMAN LONG (BRIDGE & ENGINEERING) LIMITED

Last year's falling off in demand affected the volume of new business booked by the Middlesbrough and London fabricating shops and total output was slightly lower than in the previous year. Steelworks buildings, power stations and bridgework formed the bulk of the output. In the later months of the financial year a marked increase occurred in inquiries received and this trend has continued. With fabricators short of work competition continues keen and this is likely to be reflected in profit margins in the current year. Orders in hand are lower than for several years.

The Bridge Department is also having to meet keen price competition. A good deal of inquiry is circulating for bridges at home, chiefly in connection with the highway and railway modernisation programme. We secured the order for the supply and erection of the 10,500 tons steel superstructure of the Thelwall Viaduct.

REDPATH, BROWN & CO. LTD.

Trading conditions at home and overseas are highly competitive in both price and delivery, and other forms of construction are challenging steel for multi-storey buildings and medium size bridgework.

The output of each of the four branches for the financial year was adversely affected by reduced demand and keen competition. Some reduction in the number of employees was necessary.

TEES SIDE BRIDGE & ENGINEERING WORKS LTD.

A considerable variety of work passed through the shops although outputs were not so high as in previous years and profit margins were reduced. Factory buildings for the heavy electrical industry and the United Kingdom Atomic Energy Authority and tank work for the Admiralty, oil companies and the Central Electricity Generating Board contributed to the useful volume of work undertaken. Transmission line towers remain a regular feature of the Company's business. A lower output from the iron foundries was caused by the greatly reduced demand for railway castings.

OUTLOOK FOR 1960

The current scale of demand for our steel products permits most of our plants to operate on a satisfactory basis, but it is not yet possible to say how much of this demand is due to restocking and how much is passing directly into consumption.

The effects of the credit squeeze are still being felt by the structural engineering members of the Group, who depend largely on the level of capital investment. There are indications of improvement, but just as the prejudicial effects of the credit squeeze were delayed so also the benefits of expansion are slow to show themselves as work in the shops.

The Bridge Department has important contracts on hand while tenders for some major projects are in course of preparation. There are prospects of inquiries for further large bridges in 1960.

THE STEEL COMPANY OF WALES LIMITED

RECORD OUTPUT: GOOD PROSPECTS

MR HARALD PEAKE ANNOUNCES ANOTHER YEAR OF ACHIEVEMENT

The production of steel ingots during the past year, amounting to 2,324,000 tons compared with 2,178,000 in the previous year, was a record. If allowance is made for the interruption of steel making in November, 1958, when the original slabbing mill was dismantled and a new universal mill was installed in the remarkably short period of twelve and a half days, production would have exceeded the 2,400,000 tons for which the second development plan provided.

The production of tinplate amounting to 802,000 tons, compared with 670,000 tons in the previous year, was easily the best that has been achieved.

At Newport the Orb Works have been re-equipped to increase the production of a wide range of highly specialised electrical sheets.

Exports of tinplate and sheets, including special electrical sheets, were valued at £34,251,000 compared with £27,407,000 for the previous year.

Turnover was £125,534,000 compared with £113,330,000 a year ago.

By the end of the year all of the larger units comprising the third development plan were in operation but they had not by then made any appreciable contribution to output or profits.

Whilst the average rate of profit per ton sold is slightly lower owing mainly to increased competition in the export markets, the total amount of profit is higher than a year ago.

The past year has been one of excellent progress in all divisions and the Directors have no hesitation in recommending a modest increase in dividend from 1s. 9.6d. to 2s. a share. At the end of the year there were 34,367 shareholders on the register of the Company.

The Company has started the current financial year with an increased production capacity and with a full order book. It may be said, therefore, that the prospects are very good.

A fourth development plan awaits the consent of the Iron and Steel Board.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The form of this account has been changed to a small extent with a view to greater clarity. The Balance of Profit brought forward from previous years has been excluded and appears in the Balance Sheet only. As a result the account now refers exclusively to the past financial year.

In the Directors' report a year ago it was stated that the special interim dividend to be paid on February 4, 1959, would not be taken into account when consideration was given to the payment of further dividends for 1958-59. Accordingly, it has been excluded from the 1959 figures. The 1958 figures, given for comparison, have been adjusted to include it.

The Directors have also decided to show the amount of £2,650,000 transferred to Fixed Assets Replacement Reserve immediately below the provision for Depreciation of £6,646,515 as these two accounts are, in fact, very closely related.

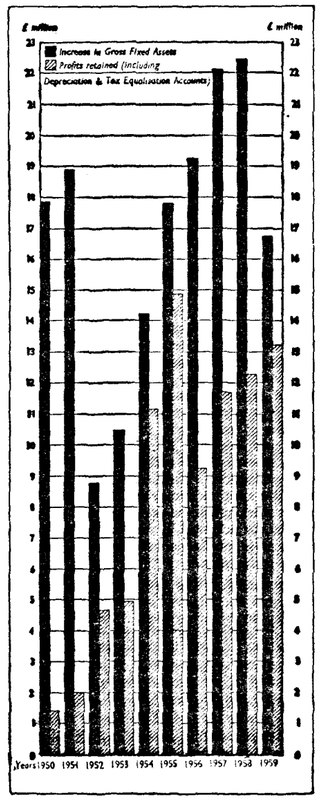
Taxation on Profit for the year is £5 million compared with £6 million last year due to higher investment allowances, the lower standard rate of income tax and the reduction in profits tax. All are most helpful.

The Balance of Profit for the year after meeting all charges including Taxation and Interest on Debentures and Loans is £4,229,150 compared with £3,038,847 last year.

The ordinary interim dividend, less tax, paid on July 31, 1959, and the final dividend, less tax, recommended for payment on February 4, 1960, total 2s., less tax, per share, and amount to £2,450,000. This leaves £1,779,150 out of the taxed profit for the year to be retained in the business and placed to the credit of Revenue Reserve in the Balance Sheet.

BALANCE SHEET

In the Consolidated Balance Sheet, Total Fixed Assets after Depreciation are £164,449,796 compared with £153,969,859 last year. This increase reflects progress of the third development plan, as does also the very substantial reduction in "Expenditure to date on Plant not yet in operation." It is interesting to note that the cost of total fixed assets before Depreciation now exceeds £200 million for the first time.



There has been comparatively little change in Current Assets.

On the liabilities side the only change in the Issued Capital, Debentures and Loans figures is the increase in the loan from the Iron and Steel Holding and Realisation Agency from £16,500,000 to £23 million. This is due to further expenditure on capital account. This loan, which is limited to £40 million, is repayable not later than December 31, 1964. The Directors do not anticipate that the limit referred to above will be reached and they are confident that the loan will be repaid by the due date.

Reserve Accounts, both Capital and Revenue, have increased by the transfers from this year's Profit and Loss Account.

The alterations in Current Liabilities and provisions do not call for special comment.

In the Company's Balance sheet there are two matters to which I wish to draw your attention although the sums involved are not large.

During the year the remainder of the share capital of Margam Electro Finishes Limited has been acquired so that this company appears for the first time as a wholly owned subsidiary, and no longer an associated company.

A new company—Port Talbot Chemical Company Limited—has been registered during the year, for the purpose of refining benzole from our coke ovens into the highest quality benzole required by the chemical industry. This is a joint undertaking with the Lincolnshire Chemical Company Limited on an equal share holding basis and it appears for the first time as a trade investment.

THIRD DEVELOPMENT PLAN

By the end of the financial year, £45,700,000 had been spent against the estimated cost of £52,500,000. Five of the larger units have come into operation, leaving one to be completed early in 1960—a very high-pressure boiler heated by blast furnace gas and supplying steam to a large turbo-generator.

The universal mill which rolls the steel ingots into slabs for the continuous strip mill came into operation in November, 1958.

In May, 1959, the 56 inch Cold Reduction Mill, designed to increase the capacity to produce steel sheets, was started up. During the same month No. 5 Blast Furnace—one of the largest in the world—was lit. This enabled No. 4 Blast Furnace to be taken out of operation for relining. It was relit in September, 1959.

The Bessemer steelmaking plant started in July, 1959. This consists of three converters blown exclusively with steam and oxygen. It is not altogether surprising that certain technical problems arose in the early stages of operating this novel process. I am glad to be able to report that these have now been solved. Our technical staff and the crews manning the converters have had six difficult months of very hard development work for which they deserve our most sincere gratitude and congratulations.

During September, 1959, the new battery of eighty coke ovens was started up so that the production of coke could match the requirements of the five blast furnaces.

The past year has borne substantial charges for bringing into operation large new units of production. Designed capacity cannot be attained at the time of starting up. The works of the steel division are a complicated whole with many departments dependent on each other. Synchronisation and co-ordination take time.

Steel production is now increasing according to plan and it is expected that the annual rate of 3 million tons of ingots will be achieved by the end of 1960.

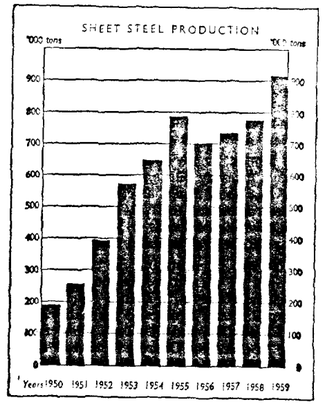
STEEL DIVISION

The order book has called for full time working throughout the year. Inevitably some production was lost as a result of the installation of the new universal mill.

The year has been a very arduous one due to the starting up of the larger production units of the third development plan. Under these circumstances the division has done well to increase production and to show a larger trading surplus.

The year has been one of exceptionally low rainfall, and anxiety existed regarding the supplies of water required at the works. A large water treatment and clarification plant had, however, been included in the third development plan and came into operation when supplies were at their lowest level. Consequently the same water could be used repeatedly after treatment and clarification so that supplies were adequate.

In recent years the traffic congestion in Port Talbot has involved loss of working time. A



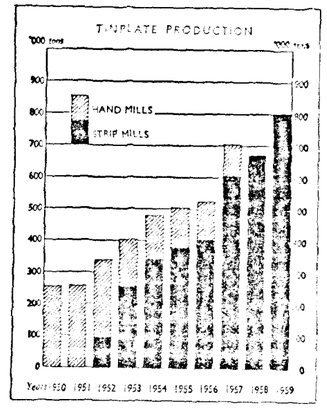
new road to pass by Port Talbot is planned but will take time to construct. With a view to bringing temporary relief the Company has built, at a cost of £58,000, a new road and a bridge over a watercourse to enable employees residing in the large new Sandfields Estate to reach the works without going through Port Talbot.

TINPLATE DIVISION

Both at Trostre and at Velindre, record outputs have been achieved during the year and total production at 802,000 tons is 20 per cent higher than in the previous year.

Exports during the year totalled 351,000 tons, being 44 per cent of production compared with 36 per cent a year ago.

Owing to reductions of prices in the home market in December, 1958, and in June, 1959, as well as to more competitive conditions in the



export market, the margins of profit have been lower than a year ago. As a result the overall profit for the division is only 3½ per cent higher in spite of the increased turnover.

Experience has shown that the works at Trostre and Velindre are capable of production appreciably in excess of the rates for which they were designed.

NEWPORT DIVISION

Full time has been worked throughout the year, which has been a very strenuous one resulting from the reorganisation of the works and the installation of new plant designed to increase the production of Unisil sheet steel.

Owing to the continually increasing requirements of the electrical industries at home and abroad it has been decided to discontinue the production of galvanised steel sheets and to concentrate on the wide range of electrical sheets which include Unisil, Losil and Transil.

As a result of the period of transition the overall output and the profit have been slightly lower than for the previous year.

The value of exports for the year was £2,545,000.

A new canteen for staff and workpeople has now been opened. It includes a well equipped stage, dressing rooms and other welfare facilities.

MARKET CONDITIONS

The past year has seen an accelerating demand for all of the Company's products with the result that it has not been possible to satisfy in full the requirements of regular customers for steel sheets. Owing to the prolonged strike in the American steel industry urgent enquiries for supplies were received from our agents in the USA but no deliveries could be made to the USA other than normal quantities to regular customers for tinplate. It is interesting to record that tinplate from Wales is now competitive with American tinplate on the west coast of the USA.

In the early part of the year competition in the world markets for tinplate increased and it was necessary to accept lower prices on renewal of contracts. Subsequently there has been some improvement in export prices.

Since the end of the world war, successive Chancellors of the Exchequer have stressed the importance of exports to the national economy. The Company has made great efforts to implement this policy and the results are most encouraging.

The third development plan announced in March, 1956, was designed to meet our home customers' estimates of their requirements from 1960 to 1965 and to provide for the exports which were then anticipated. The increased production which is now resulting from the plan is most timely and will go some way towards meeting the requirements of customers, which are now running far in excess of their estimates.

Under present conditions there are tremendous opportunities to increase the sale of steel sheets and tinplate at home and for export. The difficulty is to produce them in sufficient quantities.

DIRECTORATE

The conferment on the Managing Director of a knighthood in the New Year's Honours List of 1959 bears witness to the leading part which Sir Julian Pode has taken in bringing the Company to its present state of efficiency and development. The Directors and members of the staff have on separate occasions accompanied their congratulations and good wishes to Sir Julian and Lady Pode by presents which will remind them of the respect and affection in which they are held by a very large number of people with whom they have worked in a great venture.

In October, 1959, the Directors decided that the time was appropriate to appoint Mr R. W. Evans, the Honourable Hugo Kindersley and Mr I. S. Scott-Maxwell to the Board.

Mr R. W. Evans is now Deputy General Manager of the steel division under Mr W. F. Cartwright.

The Honourable Hugo Kindersley is a Managing Director of Lazard Brothers & Co. Ltd., which is one of the firms of merchant bankers who have rendered valuable services to the Company since its inception.

Mr I. S. Scott-Maxwell has been designated to succeed Captain H. Leighton Davies as General Manager of the tinplate division when the latter retires, after passing the normal retiring age, in June, 1960.

These persons have brought added technical and financial experience to our deliberations and I commend them to the shareholders most strongly for re-election as Directors.

PERSONNEL

Once again the thanks of the shareholders are due to the staff and workpeople for their services in a year of great progress. At the end of the year they numbered 23,148 compared with 21,555 a year ago. In addition 2,835 were employed on development compared with 4,947 in September, 1958.

Benefits under the contributory pension and life assurance scheme for staff have been improved during the year. The Company's contributions to pension and life assurance schemes for staff and workpeople were £701,754.

It is sad to have to record that the Steel Division was brought to a standstill from February 21 to 24, 1959, owing to an unofficial strike related to the dismissal by the Company

of a clerk in the electrical communications department. The action by the Company was subsequently endorsed by the union concerned and it would appear that some misunderstanding on the part of the branch officials was the reason for this unfortunate occurrence. All concerned should see that this never happens again. Unofficial strikes discredit the Trades Union movement, involve loss of earnings to the workpeople, and cause irritation and unemployment to the customers whose supplies of raw material are interrupted.

The iron and steel industry has traditionally enjoyed good relations with employees. In the large sized production units of today it is necessary to adopt a system of decentralisation of responsibility in order to break down the sense of impersonal management and remoteness which so easily develops. It is a prerequisite of satisfied employment that each employee should appreciate how important he is, individually, to the enterprise as a whole. This can best be achieved by building up the sense of co-operation and personal participation in quite small units. Largely with this object in view, a policy has been introduced of organising "Open House" days for the families in individual departments.

During the year the Company has expanded its activities in assisting technical education by means of scholarships, courses, apprentice training and safety classes. In this connection the Company has made a further donation of £100,000 to be paid over ten years to University College, Swansea, in order to accelerate the building programme.

FOURTH DEVELOPMENT PLAN

A year ago shareholders were informed that it was intended to increase the production of tinplate at an estimated cost of £5 million. The work is now well under way and on completion it is expected that the output of tinplate will increase by 100,000 tons annually.

During the summer of 1959 a close study was made of the future productive capacity of all the works and a fourth development plan was prepared to expand the annual ingot production rate from 3 million to 3,650,000 tons. When, therefore, the Company was asked, early in October, 1959, by the Iron and Steel Board, to put forward proposals for increasing the production of steel sheets as quickly as possible, a carefully considered plan was readily available. It has a number of interesting and attractive features and its greatest merit is that it could start to produce steel sheets and tinplate by the end of 1961.

No further additions to coke ovens, blast furnaces, or steel making shops are envisaged. Certain modifications, however, would be carried out, in the light of experience already obtained, to give increased efficiency and performance to existing equipment.

A continuous casting plant would be installed for the production of steel slabs. This would be the first time for such a process, which has large advantages in production costs, to be introduced on a large scale in the United Kingdom.

Alongside the present 80 inch Hot Strip Mill would be erected a smaller 48 inch Hot Strip Mill. This practice of having wide and medium strip mills at the same works is in accordance with practice in the USA and provides greater flexibility as well as a measure of reserve capacity. Under the new arrangement it would be possible to roll on the wide mill additional quantities of sheets which are urgently required by the motor car industry and to utilise the narrower mill for the production of steel coil for tinplating as well as for other purposes.

Additional finishing equipment would also be provided for processing steel sheets and tinplate.

The estimated cost of the fourth development plan is £33 million. Part of this expenditure is designed to increase the all round efficiency of the works. It would not therefore be correct to relate the total cost of the plan to the specific increases in output provided in it.

The Directors are of the opinion that the cost of these further developments could be met from internal sources and temporary borrowing from the banks. No alteration of the existing arrangement for the repayment of the loan from the Iron and Steel Holding and Realisation Agency would be sought.

At the time of writing this statement the consent of the Iron and Steel Board to these developments is awaited.

PROSPECTS

In the last ten years the market at home and abroad for flat rolled steel products and for tinplate has continued to expand and there has been plenty of work for the companies which make them. Large development schemes have been completed and others are either under construction or in the planning stage. In spite of this great expansion there is today an acute shortage of these products.

Since October, 1959, trade has improved appreciably and there are signs that the world may be entering a period of peaceful expansion with a general improvement in the standard of living. If this comes about there is likely to be, at any rate for some years, a world shortage of steel sheets and tinplate.

The iron and steel industry has a great part to play in the further expansion of British industry at home and overseas. The Steel Company of Wales is making a very important contribution to this expansion and must continue to do so.

Much work remains to be done and the prospects are very good.

WEBSTERS PUBLICATIONS LIMITED

LIEUTENANT COLONEL W. D. GIBBS ON GOOD RESULTS

The annual general meeting of Websters Publications Limited was held on January 4th in London, Lieutenant Colonel W. D. Gibbs (the Chairman) presiding.

The following is his circulated statement:

The profits of the Group for the year under review amounted to £102,098 compared with £124,723 for the previous year.

The reduction is due in the main to the Printers' strike which lasted for a period of seven weeks during which your Company's publications were completely suspended.

Sales following the strike decreased, but I am glad to say there has been a gradual improvement.

The Board have decided to recommend a final dividend of 40 per cent which, together with the interim already paid of 20 per cent, makes a total of 60 per cent for the year.

The report and accounts were adopted.

BANK OF CEYLON

MR H. V. PERERA'S STATEMENT

The Annual General Meeting of the Bank of Ceylon was held on December 19th at Colombo.

The following is an extract from the statement of the Chairman, Mr H. V. Perera, QC, on the report and accounts for the year ended September 30, 1959:

The Assets of your bank as at September 30, 1959, amounted to Rs 689 million as against Rs 777 million at the end of the previous financial year. There has been a considerable fall in these figures, attributable entirely to the decrease in Government deposits and contra items. In this connection I would refer to my statement last year when I said that on account of the financial operations of Government during September, which is the closing month of the Government financial year, certain "hot deposits" are made by the Government with the commercial banks. This year, however, these "hot deposits" did not materialise. The contra items again largely relate to Government transactions and reflect the volume of import transactions, guarantees granted and items in process of collection, which by their nature are subject to considerable fluctuation.

The bank's advances totalled Rs 182 million, an increase of Rs 3 million over the figure at the end of the previous financial year.

DEPOSITS

The total deposits of all commercial banks amounted to Rs 945.3 million as at September 30, 1959, as against Rs 981.7 million as at September 30, 1958, a fall of 3.7 per cent. The volume of non-Government deposits in all banks, however, increased by 5.8 per cent, while the volume of non-Government deposits in your bank increased by 7.7 per cent.

Your bank was privileged as at September 30, 1959, to hold 42.1 per cent of the total deposits within the commercial banking system. Although Government deposits fell considerably, our share of the total non-Government deposits increased from 38.5 per cent in the previous year to 39.3 per cent.

Cash, Bullion, Loans at call, Money at Short Notice and Treasury Bills aggregated to Rs 103.9 million. Our total liquid assets including Bills Discounted amounted to Rs 147.9 million. The percentage of liquid assets to total deposits is 37; the percentage to demand deposits is 54.

Your Directors recommend the transfer of Rs 350,000 out of current net profits to "Other Free General Reserves." In the course of the year your Directors authorised the transfer of a sum of Rs 400,000, and these two transfers will result in "Other Free General Reserves" standing at Rs 7,500,000. The Capital and published free reserves of the Bank would then amount to Rs 18 million.

It has been the privilege of your bank during this year to receive representatives from several Commonwealth and foreign banking institutions, many of whom entrust their business with Ceylon to your bank. We greatly value these visits to our bank and we send to our Agents and Correspondents in all parts of the world our best wishes for peace and prosperity throughout the coming year.

TWENTIETH ANNIVERSARY: This year saw the completion of 20 years' service on the part of your bank which commenced business on August 1, 1939.

The report and accounts were adopted.

SOUTH DURHAM STEEL AND IRON COMPANY LIMITED

RECORD GROSS PROFIT DESPITE SOME DECREASE IN DEMAND

DEVELOPMENT PROGRAMME FULLY JUSTIFIED

MR B. CHETWYND TALBOT ON FACTORS IN THE OUTLOOK

The Sixty-first Annual General Meeting of the South Durham Steel and Iron Company Limited will be held on January 27th at Caxton Hall, Westminster, London, S.W.

The following is the statement of the Chairman and Managing Director, Mr B. Chetwynd Talbot, TD, circulated with the report and accounts for the year ended October 3, 1959:

The financial results for your Company's past year show the gross profit, including £15,462 income from investments, amounting to a total for the year of £7,862,556 which is a record, compared with £7,106,417 for the year 1957-58, equivalent to an increase of 11 per cent over the gross profits earned in the previous financial year. It will be noted that the net level of profit after deducting Directors' Fees, Pensions, Depreciation and Interest Charges amounted to £5,292,885, compared with £5,141,117 in 1957-58, comprising an increase of only 3 per cent over the previous year.

CAPITAL EXPENDITURE

In commenting on the Balance Sheet figures as at October 3, 1959, you will note the capital expenditure, including routine capital expenditure, incurred during the year amounted to £19,763,502. Of this total, approximately 32 per cent was secured from your Company's resources by way of sums set aside for depreciation and transfers to reserves. The capital commitments as at October 3, 1959, still to be expended on Stage Two Developments, largely at the North Works, at West Hartlepool, amounted to £472,524.

The balance of capital expenditure outstanding at October 3, 1959, as authorised by the Directors on the Stage Three Development for the completion of the South Works situated at Greatham amounts to £26,387,342, in addition to which there is, of course, the anticipated increase in working capital which will be required.

You will note that, compared with amounts at September 27, 1958, the value of stocks and work in progress has decreased by £630,928, whereas debtors have increased by £385,258. This increase in debtors is chiefly due to a restoration during recent weeks in the demands for the products of the Cargo Fleet Works.

As I forecast in my remarks last year capital expenditure progressed according to schedule, and the balance of the moneys secured from the issue of the £8 million 6 per cent Convertible Second Debenture Stock 1978-83 amounting to £1,489,447 and the cash at Bankers were absorbed in the early part of 1959. You will note from the loans details shown in the Balance Sheet the arrangements with Barclays Bank and Finance Corporation for Industry came into effect during the year, the combined loans at October 3, 1959, amounting to £6,500,000.

During the financial year under review, due to the heavy rate of capital expenditure the Investment Allowances Reserve has been increased by £1,200,000 to an amount of £2,830,000 and the Replacement of Fixed Assets Reserve by £300,000 to a sum of £1,550,000.

In addition to the appropriation to General Reserve of £1,200,000 you will note we have transferred to Contingencies Reserve the sum of £500,000 to give a pool for the expenses connected with the starting up of the South Works and for other medium term contingencies.

CAPITAL AND APPROPRIATIONS

You will observe out of an authorised capital of £18 million Ordinary Shares of £1 each and unclassified shares, the Ordinary Shares of £1 each now issued amount to £10 million, leaving a balance of unclassified shares amounting to £8 million. Under the terms of the Agreement of January 3, 1958, the Finance Corporation for Industry had the right to convert during the years 1959-1967, commencing on October 1, 1959, £2 million of loan into an equivalent number of Ordinary Shares at par. This option was exercised at the commencing date by FCI with a cash payment for the £2 million Ordinary Shares and the FCI total loan to your Company under the terms of the Agreement is accordingly reduced from £22,500,000 to £20,500,000. These £2 million Ordinary Shares rank *pari passu* with the original £8 million Ordinary Shares and will be entitled to receive the final dividend of 8 per cent payable on January 27th next.

From the Notes contained in the Reports and Accounts for the year it will be observed that after deducting Profits Tax amounting to £223,772 there was a credit as far as taxation liability is concerned amounting to £20,809.

It will be noted that during the year a sum amounting to £1,565,881 has been transferred to amounts set aside for equalisation of taxation for future years. This figure arises from the relief which your Company has secured from the sums attributable to Initial Allowances on capital expenditure. In addition, again due to the heavy rate of expenditure, a further relief in taxation liability has been received due to the reinstatement in April last by the Chancellor of the Exchequer of Investment Allowances. The benefit your Company received for the year amounted to £1,200,000 and this sum, which cannot be considered as an amount available in any way for distribution by way of dividend, has been deducted from the profit along with taxation, reducing the balance of profit after taxation to £2,692,885 compared with £2,641,117 for the previous financial year.

OUTLINE OF ACTIVITIES

I firstly intend to give you a general outline of the activities of your Company's steel manufacturing and fabricated steelwork products over the last financial year. As you doubtless know, the section of the Industry primarily engaged in the manufacture of heavy steel products covering a wide range of rolled steel has, for the last 18 months, encountered a recession of a considerable magnitude. This remark applies not only to the home demand but even to a greater extent to world export markets where in addition price competition, extended credit and barter terms have been encountered.

The monthly levels of ingot production published by the Iron and Steel Board cover the whole of the activities of the Steel Industry in the United Kingdom and, therefore, include the outputs of steel sheet and strip tonnage. These two sections of the Industry have continued to work at full capacity, thus rendering the actual production level of the heavy section of the Industry misleading.

At West Hartlepool, plate production has been maintained at approximately the previous year's record output, but this level of production is entirely due to the fact that the Steel Pipe Department at Stockton has continued to work at full capacity on orders for export secured in former years. The requirements of the shipbuilding industry during the year have, I regret to say, shown a steady decline and it may be some time before that condition is halted. There is no need for me to comment on the reasons of the curtailment of demand for steel from this important section of our National Economy since they are widely known.

The steel section and rail production at the Cargo Fleet Works experienced the full effect of the recession in the demand for their large range of steel products. This comment applies both to home demand and more particularly to world export markets where, as I have mentioned previously, competition has been severe. Compared with the previous financial year the level of output showed a continuous decline from the autumn of 1958, but I am pleased to be able to state that with the increased demand which has arisen since the end of the financial year this plant has returned to a reasonable level of output.

COMPLETION OF STAGE TWO DEVELOPMENT

You will observe from the Directors' Report that the sum of £2,550,000 has been spent during the year on Stage Two Development at your Company's plants at West Hartlepool, Cargo Fleet and Stockton. The expenditure at Stockton amounted to £265,274 and comprised the installation of a second 40 feet expanding machine which together with the original machine will considerably increase the capacity of this plant. The balance of Stage Two capital expenditure was divided as to £1,830,000 at West Hartlepool and £457,000 at Cargo Fleet. At the former works the two principal items comprised the installation of a modern boiler plant and electric generating station, together with the replacement of No. 2 Blast Furnace with a modern 25 feet 6 inches furnace. The electric generating station became productive by stages during the latter months of the financial year but very little direct benefit was reflected in the year's operations, while No. 2 Blast Furnace was not blown in until the end of October. I feel confident, therefore, these two modern and efficient units will play a considerable part in strengthening the Company's competitive position in the immediate future.

At Cargo Fleet the Stage Two Development expenditure was virtually completed during the year and substantial benefits have been secured from reductions in the costs of discharging and handling imported ores, electric power generation, and by increasing the percentage of prepared and sintered material used in pig iron production.

The steel pipe plants, the fabricating and constructional departments situated at Stockton have continued throughout the year to work at high levels of production. I refer later in my remarks to the future levels of activities of these departments. Your Company has continued in the execution of the important contracts entrusted to them some three years ago by the Iraq Petroleum Company and also completed the shipment of the order secured from Yacimientos Petroliferos Fiscales, amounting to 58,500 tons of 24 inch diameter steel pipes for the Argentine. Production will continue during the year on the Iraq Petroleum Company contracts and in addition, production has now commenced on the fabrication of an order amounting to 20,350 tons from Shell International Petroleum Company for Indonesia and also on a contract comprising 13,000 tons for the British Columbia Electric Company for Vancouver.

STAGE THREE DEVELOPMENT—SOUTH WORKS

As you will have observed from your Directors' Report the capital expenditure during the year on the South Works at Greatham amounted to a total of £17,200,000. Together with the amounts expended in the two previous financial years the capital expenditure on this great project amounted at October 3, 1959, to the sum of £22,270,000, out of the total expenditure as forecast in September, 1957, amounting to £48,660,000, thus leaving a balance which will be largely expended during the present financial year and the year ending at September 30, 1961, of £26,390,000.

PROGRESS UP TO EXPECTATIONS

I am glad to be able to inform you that the progress made has come up to our expectations. It is naturally a difficult task to single out individual firms who have contributed to this successful state of affairs. I think you should know that the speed of preparing and levelling the 530 acre site and laying 250,000 cubic yards of concrete foundation work by the two principal civil engineering firms—George Wimpey Limited and Tarslag Limited—in conjunction with our consultants, W. S. Atkins & Partners, has enabled this level of progress to be achieved.

Out of a total of 36,000 tons of constructional steelwork required for the South Works, by the end of last September 20,500 tons had been erected by the five constructional engineering firms, including our own Constructional Department, entrusted with this task.

I advised you twelve months ago that delivery of one of the main items of plant, namely the slabbing mill manufactured by United Engineering & Foundry Company of Pittsburgh, USA, had been executed in advance of the contract date. The erection of the slabbing mill has been completed as far as the shears, together with all the intricate electrical equipment. Delivery of the two plate mill housings and ancillary equipment from Davy & United of Sheffield has commenced and completion of the delivery of the second pair of housings will have been completed by the time these remarks are in your possession. The supply of the electrical equipment and the mill motors entrusted to The English Electric Company Limited will comply with the estimated completion dates.

PRODUCTION AT SOUTH WORKS

I feel confident, therefore, subject of course to no delays outside our control, both ingot production from the steel plant at the South Works and the rolling of plates up to 136 inches wide in the new plate mill should be commenced by November, 1960. It will take a period of some nine months thereafter for the South Works to be completed to its full potential capacity, securing from the combined Works a level of production of 1 million tons of plates per annum. I am certain your Company will then possess the most efficient and modern heavy and medium plate mills in the world and likewise a plant of considerable adaptability for further extensions in the rolling of flat steel products.

Before I leave this most important development of your Company's future ramifications I feel you would like to know the general layout of each individual department of this vast undertaking together with the final level of plate production to be secured has been planned and executed by our own officials. I am sure you would like me to express on your behalf the warmest congratulations on their achievements.

CAUSES OF CONTRACTION IN DEMAND

I will now explain in greater detail the causes both in home and export markets which have contributed to the contraction in demand for your Company's range of steel products during the year. Taking Cargo Fleet first, under normal operational conditions sectional material in general represents 70 per cent of production and rails 30 per cent. It is readily understandable that the economy in the budgetary amounts demanded of virtually the only two users of rails in the United Kingdom—that is the British Transport Commission and the National Coal Board—requirements have been curtailed. However, the Industry has been advised the track rail requirements for the British Transport Commission will show a slight improvement for 1960. With regard to export, the British Rail Makers are continuing to be faced with severe competition and constriction of demand. It is still the intended policy of the British members and the members of the European Steel Community to endeavour to control the wide fluctuations in rail prices which have occurred in the past two years, but the intervention of makers in Europe, Iron Curtain countries and Japan has rendered this task difficult up to date.

Structural engineers continue to encounter intense competition from reinforced concrete construction for building projects proceeding in London and throughout the country, and this factor has caused a restriction in demand for the large range of steel sectional material rolled by your Company.

POSITION OF SHIPBUILDING INDUSTRY

It is widely known that the present position of the shipbuilding industry is causing grave concern to the Government. Beyond the requirements of our steel pipe and fabricating departments, the shipbuilding and ship repairing industries on the North East Coast are your Company's largest consumers of steel plates. Taking the peak years (1954-58) of deliveries of steel plates as one hundred, deliveries during 1959 will approximate 83 per cent and the forecast requirements for 1960 may not exceed 75 per cent of the deliveries of the peak years. I do not consider this recession in this vital industry is likely to be of a permanent nature, but before there is a return to the demands of the last few years it is evident a national review is essential of the future position of the shipping industry, on the efficiency and size of which this country is entirely dependent.

The international oil companies forecast some five years ago that world demand for oil products would increase annually by 7½ per cent. Events have proved this forecast was over-optimistic and the increase in demand has declined to an annual level of approximately 3 per cent. Though your Company has a reasonable order book for the present financial year the dearth of enquiries at present circulating is giving your Directors concern. In making these remarks it must be borne in mind the national aspirations of the states in the Middle East to secure for themselves a larger measure of control in the extraction of oil and an increased share in the ultimate levels of profits are causing a restrictive effect for further investment and extensions in those states.

CANADIAN MARKET PROSPECTS

During last autumn Mr Baillie and myself made an intensive investigation of the Canadian market as regards future requirements for steel pipe and the level of competition which may arise from existing plants and a new plant under construction for the manufacture of large diameter steel pipes. In addition to a steel pipe plant, situated at Welland in Eastern Canada, similar in technique and capacity to your Stockton plant, a plant under the same ownership is in course of construction near Edmonton in Alberta and is due for completion during the early months of 1960. These two plants are faced with three problems. Firstly, Canadian rolling mills cannot produce a plate of the essential width for line pipe which is now accepted as the minimum economic diameter. Secondly, the Welland plant, though adjacent to the centres of Canadian and United States steel producing areas, is faced with a haul of some 1,700 miles to the gas gathering grounds in Alberta. Thirdly, the Edmonton plant will be faced with the problem of securing its plate requirements for the larger diameters of line pipe either from the United Kingdom, United States or other countries, and again the problem of haulage costs arises.

It is the intention of your Directors to make every endeavour to retain your Company's due share of the Canadian market and the foresight of their policy has enabled the earlier completions of both the Trans-Canada and Westcoast Transmission natural gas pipe lines to be achieved.

The major schemes under consideration in Canada require the approval of the Dominion Government for the export of natural gas and likewise the approval of the United States government for its importation. As far as can be foreseen it is improbable any substantial tonnages will be required during 1960. These factors are in your Company's favour and will enable full advantage to be taken of the availability of width of plate from the South Works which is essential for the diameter of the pipe lines to be constructed.

A THREAT REMOVED

The Industry has no longer hanging over its head the threat of immediate return in some form or other to Public Ownership. It is clearly evident both from the actual result of the General Election and from the views expressed since by leading members of the Labour Party the policy of nationalisation played a leading role in the Conservative victory.

I am convinced it is the duty of all those employed in the Industry in every capacity to see that this confidence is not lost in the years ahead. Your Company is still engaged on a scheme of major development which will, on completion, secure for South Durham the position of the largest producer of steel plates in the United Kingdom. Furthermore, the fact must not be overlooked that the Iron and Steel Board under the 1953 Iron and Steel Act is empowered to advise the Government in the national interests with regard to the levels of maximum prices of steel products in the home market. Should it appear the ratio as between distribution by way of dividends as compared with the levels of retained profits for the financing of existing schemes and further development to be excessive, corrective measures by the Iron and Steel Board could well be taken, but it is equally the responsibility of the Iron and Steel Board when reviewing the levels of steel prices to ensure adequate amounts are included, both for the financing of schemes which are not yet profit earning and for the future development of the Industry.

It is not my intention to shake in any way the confidence of existing or potential shareholders in the future of your Company, but I feel I should draw your attention to the fact that as in any industry engaged in direct manufacture of finished products the invested capital to achieve this object ranks in the Steel Industry as one of the highest in the world.

DIVIDEND DECISION

During the present financial year firstly a further increase in the depreciation charge on plant now in production will accrue. Secondly, the interest on the combined loans from Barclays Bank and Finance Corporation for Industry, the rate of interest being governed by the Bank Rate, will show a considerable increase due to the heavy rate of capital expenditure at the South Works. Thirdly, holders of the 6 per cent Convertible Second Debenture Stock are entitled to commence the conversion of 50 per cent of their holdings into Ordinary Shares at par on March 31, 1960, and the additional Ordinary Shares so created will receive the half-yearly interest up to March 31, 1960, and thereafter both the interim and final dividends on their converted shares.

After taking these factors into consideration together with the possible effect of the cloud which has not yet cleared over the level of production of the heavy section of the Steel Industry, your Directors feel it would not be prudent to recommend an increase in the final rate of dividend for the last financial year. In coming to this decision it must be borne in mind that the South Works will not be in production during the present financial year, but at the same time your Directors are convinced their judgment in commencing the construction of this great works two-and-a-half years ago and securing the essential finance for the successful completion of the full project will prove fully justified.

In concluding my remarks I would like to place on record my tribute and that of your Directors to the loyal services of our staff and workpeople during the year and I am confident we can look forward to their continued co-operation in the future.

BARCLAYS BANK DCO

ANNUAL GENERAL MEETING

The Thirty-fourth Ordinary General Meeting of Barclays Bank DCO was held on January 4th at 54 Lombard Street, London, E.C.

Mr Julian Stanley Crossley (the Chairman) presided.

The Secretary, Mr C. F. S. Pringle, read the Notice convening the Meeting and the Auditors' Report to the Stockholders.

With the concurrence of the Stockholders present, the Report and Accounts and Statement by the Chairman, which had been previously circulated, were taken as read.

The Chairman said: Since the close of our financial year three months ago the tendencies to which I made reference in my Statement have, on the whole, been maintained. Sterling has continued predominantly firm throughout the period thereby demonstrating its fundamental strength in the face of heavy special demands.

EXCHANGE CONTROL

In my Annual Statement to Stockholders I drew attention to the opportunity which I believe now exists for removing the remaining restrictions still adhering to the pound. These may appear in a more unfavourable light to an overseas banker than to one whose operations are confined to the United Kingdom.

It is my belief, however, that exchange control is something which fits ill with a World Financial Centre. This does not mean that it has served no useful purpose. It was clearly necessary during the period of "convalescence" following the war, in much the same way as bandages and plaster may be needed for an injured limb. But if it is ever to recover its full use the limb must one day be unbandaged. We should therefore not come to regard exchange control as a normal state of affairs, nor should we forget that Controllers (perfectly naturally) are prone to continue controlling for as long as ever they can.

A MATTER OF TIMING

The removal of exchange control (as of the bandages) therefore becomes a matter of timing. Certainly we want no rash experiments; certainly too there is no course of action that can be guaranteed as absolutely free of risk. Inaction, however, also entails risks. It would, for instance, in my view be highly dangerous, and especially for a country which depends so much on overseas trade, to rely overmuch on the shelter which exchange control may temporarily seem to offer.

This can never be a substitute for efficiency. It might, however, become a soporific leading to some relaxation in our competitive efforts. It is here that the real danger lies, for if we were to allow our prices to rise unduly we should be undermining the true foundation of our prosperity. The abolition of exchange control would of itself make us more sensitive to this danger and bring home to us, in realistic fashion, the need to keep prices down.

NEW OFFICE AT ACCRA

The Chairman then went on to say that he thought Stockholders would be interested to hear that the Bank's new Head Office building and principal branch in Accra had been formally opened on December 5th by the Prime Minister of Ghana. The Chairman was able to be present on that occasion and he felt confident that the excellent arrangements provided both for staff and customers—as well as the distinguished gathering which was present there to wish the Bank well on that occasion—would help to give fresh impetus to the Bank's rapidly expanding business in that country.

TWO NEW DIRECTORS

The Chairman then referred to the appointment of two new Directors during the year—Mr Donald Carter, now a Vice-Chairman, who was formerly General Manager (Staff), and Mr John Thomson, Deputy Chairman of Barclays Bank Limited. He said that he knew both appointments had been widely welcomed by the Staff.

The Chairman mentioned that the names of Mr L. C. Daldry, senior Director of the Bank's Nigeria and Cameroons Board, and Mr P. C. Eccles, the Bank's Representative in San Francisco, had been included in the New Year Honours list, Her Majesty having appointed each of them to be a Commander of the Order of the British Empire. He felt that it would be a matter of great satisfaction to the Stockholders to know that the public work of these two members of the DCO Staff had been so suitably recognised. Five of the Bank's serving Staff had now been honoured in this way.

TRIBUTE TO MR A. T. DUDLEY

In conclusion, the Chairman referred to the retirement from the Board of Mr A. T. Dudley, who had reached the age of 70 and did not seek re-election. On behalf of the Stockholders, the Chairman thanked Mr Dudley for all the good work he had done for the Bank, which he had served since 1919, becoming an Assistant General Manager in 1941, a General Manager in 1945 and, on retiring on pension in 1950, a member of the London Committee and the Board. The Chairman said Mr Dudley would be greatly missed, not only by his colleagues on the Board but also by his many friends on the Staff.

The Chairman then moved the adoption of the Report of the Directors and the Statement of Accounts and the payment of a Final Dividend of 5 per cent actual on £12,932,250 Ordinary Stock, making 9 per cent for the year, less Income Tax at the standard rate of 7s. 9d. in the £.

The motion was seconded by Sir Geoffrey Gibbs, KCMG, Deputy Chairman, and carried.

The retiring Directors, Mr Arthur Stephen Aiken, Mr Donald Carter, Mr Paul Vychan Emrys-Evans, Mr George Frederick Lewis, Sir Eric Gustav Machtig, GCMG, KCB, OBE, and Mr John Thomson, were re-elected.

On the motion of Lt. Col. K. E. Previté, OBE, seconded by Mr Harold Wakeford, the Auditors, Messrs Deloitte Plender, Griffiths & Company; Price Waterhouse & Company; Peat, Marwick, Mitchell & Company and Cooper Brothers & Company, were reappointed.

A vote of thanks to the Staff, proposed by Mr J. Thomson (a Director) and seconded by Mr G. J. W. Turner, MC, TD, was carried unanimously and was responded to by Mr B. F. Macdona (a General Manager).

A vote of thanks to the Chairman was proposed by Sir Frank Newson-Smith, Bart, and was unanimously accorded.

the united

Extracts from the Statement by the Chairman, Sir Walter Benton Jones, Bt., on the Accounts for the year ended 30th September 1959

Introduction

A company, by its constitution, has a board of directors appointed by the shareholders, and the directors appoint one of their number to be their chairman. The directors of our company have appointed me to be their chairman and I have had the honour to occupy this position for a number of years.

The statement I am making, it is true, is my own composition. Nevertheless, in effect, it is an elaboration of the Directors' Report, but I am allowed the privilege of putting in a few odds and ends which are *obiter dicta*, as indeed is this introduction.

In composing a statement which is in the nature of an annual review, it can cover many subjects, but it is open to doubt if long statements are read by many. On this occasion I shall try to be brief. This is not a discourtesy, it is because I want to point a highlight on a particular subject —the technical changes which are taking place in the making of iron and steel.

Nationalisation

For the present the overloaded nationalisation wagon has not had the Steel Industry added to its load. Is it an over-simplification to say that fundamentally private enterprise is personal whereas nationalisation is impersonal? The people of our country have resolved to retain personal enterprise and it is to be hoped that this resolution will become still stronger as time passes.

Our company is composed of a number of units each of which is a personal community. In general terms everybody knows everybody else. And all these communities over a long period of years have got to know one another so well and to help one another so willingly and intelligently that the whole company regards itself and conducts itself as a community of persons—a community of 35,000 operators and 35,000 proprietors. That ideal has been, and in the future will still be, the aim of the administration.

Subjects

The things I am going to talk about are:

1. How we have come through the recent recession.
2. In a purely technical story, the recent revolutionary processes of making iron and steel which have been and are still taking place, and what we have done and are doing about them.
3. Our near-future prospects.
4. Our present financial state.

How we have come through the recent recession

In November 1958 when my last statement was written, we had reached the end of a long period of striving to make production catch up with demand. We were uncertain whether this was a lull or the beginning of a slump. We all hoped it was a lull which might not last longer than the third quarter of the current year. This hope has been realised. I need not enumerate all our fears and hopes in the meantime and the many factors and markets on which our fortunes depended.

Although we do not make wide strip, for which the demand has not diminished, we have a substantial shareholding in John Summers & Sons who specialise in this product, and we ourselves are the largest makers of medium and narrow strip in the United Kingdom.

Excluding wide strip, we own 15.6% of the country's steelmaking capacity and we were successful this year in producing 17.2% of its output.

Steel Story

At Appleby-Frodingham works, where we make by the hot metal process 1,400,000 tons of steel in a year, we have invented a method of our own which we call the Ajax process. This has already been applied to two of the Appleby-Frodingham ten steel furnaces, and the result has been to increase their production by about 75 per cent. In the Ajax process also there is a reduction in fuel consumption of over 70 per cent. This year the process will be applied to a third furnace. We are engaged in building an oxygen-making plant to augment our supply to these furnaces.

Incidentally, our Ajax process equipment is patented and a firm of furnace builders has been licensed to manufacture it to our designs, for other steelmakers.

In the cold metal process, following careful and full examination we have reached the conclusion that future economy and efficiency indicate that the most forward-looking policy would be to discard the type of steel furnaces which are commonly used and which are known as open-hearth furnaces and to substitute for them electric furnaces. At Samuel Fox for some years we have been making special steel in increasing quantities in electric furnaces. But at Steel, Peech and Tozer, where we make by the cold metal process over 1,000,000 tons of steel a year in open-hearth furnaces, although these furnaces are comparatively modern, we intend over the next five years to replace them step by step with electric furnaces.

We believe there are no other steelworks in this country or in the world of comparable size in which up to now electric steel melting has been substituted for melting by the cold metal process in open-hearth furnaces.

Another development in which we are engaged is what is known as continuous casting.

There are many other things in our steel works which we have done and are doing and which are not only modernising processes; but also are extensions and elaborations of products. For example at Samuel Fox, where we made last year about 333,000 tons of special and alloy steels including 40,000 tons of stainless steel, the works have been very largely rebuilt in the last 10 years. But the developments through the stages of iron and steel making to which I have referred are new developments. They are far reaching and are the beginnings of what it seems may soon become common practice.

Our near-future prospects

In general, the recession ended in the early spring of this year. Since that time there has been an increasing improvement in the demand for all our steel products except for those manufactured by certain specialised departments which in the main provide materials for the railways and the coal mining industry but in some cases we have been able to substitute other products.

The intense demand for consumer goods, the restocking programme by all consumers together with fair prospects in the export market lead to an encouraging picture.

It is true that the demand for some capital goods has not yet reached the previous high level, but we believe we shall continue to work to near full capacity and the prospects of the company for this current financial year are therefore bright.

Our present financial state

The Report and Accounts with their notes are so full and so clear that it would be only repetition for me to point to this or that in any part of the Balance Sheet or in the Profit and Loss Account.

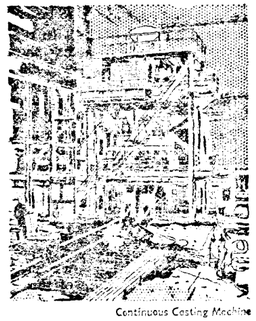
The charge for depreciation together with the transfers to fixed assets replacement reserve amount to £7,099,000 for the year and the provision for taxation to £7,091,000. Current assets less current liabilities at £26,619,000 are £2,942,000 greater than in the previous year. Quoted trade investments stand in our books at £1,339,000; at 30th September their market value was £4,314,000. Our cash and short term securities at about £7¼ million are little changed.

Perhaps the most interesting and easily appreciated records are the graphs at the end of the Accounts which show the actual rate of output and the net earnings in the years from 1951 up to the present time.

Outputs of the Company's principal basic products have been:

1951 (in '000s)	1957 (in '000s)	1958 (in '000s)	1959 (in '000s)
	STEEL INGOTS		
2,103,	2,855,	2,708,	2,597,
	PIG IRON		
1,091,	1,748,	1,690,	1,757,
	COKE		
1,188,	1,592,	1,528,	1,591,
	IRON ORE		
3,403,	4,868,	4,718,	5,207,

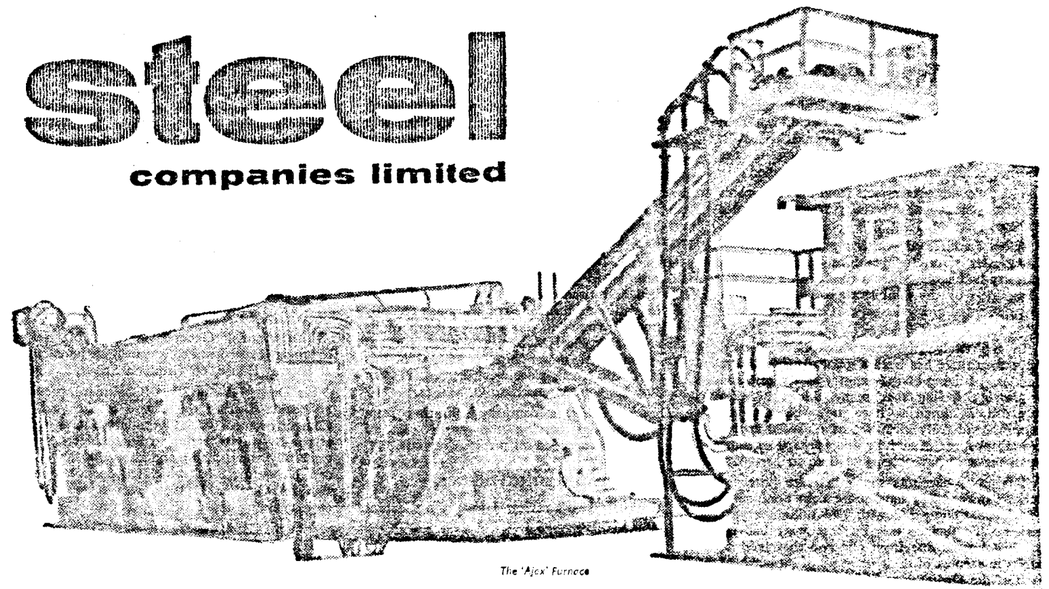
The financial statement of employment of capital shows the growth of the company's business. Fixed Assets and Trade Investments are approximately 2¼ times greater than they were in 1951 and the capital employed is more than three times greater.



Continuous Casting Machine

Copies of the full Statement are available from the Secretary, The United Steel Companies Limited, 17, Westbourne Road, Sheffield, 10

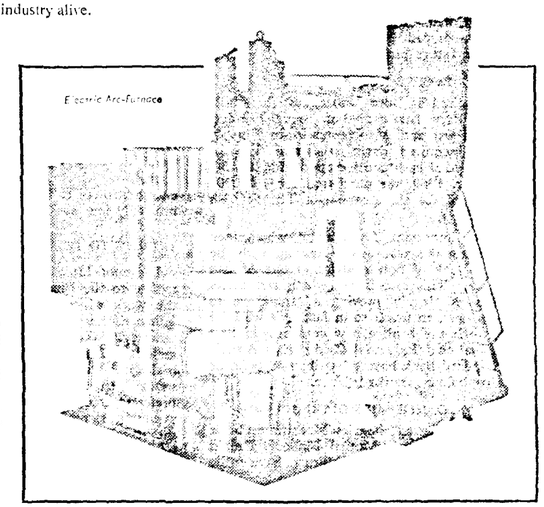
steel companies limited



The 'Ajax' Furnace

Iron and steel companies use a lot of capital in the installation of plant, but even when it has been installed it is inevitable that apart from maintenance, which in any case is very heavy, special expenditure is needed to keep in step with developments and improvements. Such expenditure in this peculiar industry can hardly be regarded as capital expenditure: it needs to be provided to keep the industry alive.

The activities that I have described in my story about steel will cost money, but they will be spread over a few years and we do not expect that they will unduly burden our financial resources. They are an example of what I mean when I say steel companies have to spend large sums of money to keep themselves alive.



Electric Arc-Furnace

MERCANTILE CREDIT COMPANY LIMITED

BUSINESS AND PROFITS DOUBLED

The twenty-sixth annual general meeting of Mercantile Credit Company Limited, was held on January 6th in London, Mr Richard B. Hurton, managing director, presiding in the absence of the chairman, Sir Mark Turner.

The following are extracts from the chairman's circulated statement for the year to September 30, 1959:

When I addressed you last year I referred to the greater stature which hire purchase as an industry had achieved, as a result of its eventual recognition by the joint stock banks and others as an essential and valuable part of the monetary system.

In the twelve months which have elapsed since then there has been a great upsurge in the standard of living of the country as a whole and a growing feeling that many things hitherto regarded as luxuries have now become the necessities of daily life. We have shared in this general upsurge of activity and perhaps in some small measure have contributed to it.

The group accounts show that hire purchase debtors outstanding have more than doubled at £54,800,000 compared with £26 million a year earlier. To finance this increase we called up the instalments due from our two shareholding banks in respect of their interests of 20 per cent each of the Ordinary capital of the company six months ahead of time, and in September, 1959, raised £2,500,000 by the issue of 2,500,000 6½ per cent Preference Shares of £1 each at par.

Profits have followed the same course as outstandings, being slightly more than twice the 1958 figure at £2,100,000.

Unearned finance charges at just under £5 million show a rather larger proportionate increase over the figure for 1958 of approximately £2,100,000. The chief reason for this is that the average new business underwritten has risen in length of term. It will, however, be recognised that these additional amounts set aside for unearned finance charges represent an increase in future profitability.

RECENT ACQUISITIONS

We acquired as from January 1st the whole of the ordinary share capital of Mutual Finance. Dunelm Trust and Manchester Auto Finance were also acquired during the past financial year for a total cash consideration of £263,350. In October, 1959, we purchased for £213,000 the whole of the share capital of The Scottish Transit Trust.

Another important development which took place during the year was a link up with the Standard Bank of South Africa in our African businesses. This association, which we greatly welcome, is already proving advantageous to both partners, so much so in fact that we have set up with the bank a new company in East Africa, National Industrial Credit (East Africa). The Standard Bank have subscribed 40 per cent of the capital and we the balance.

OTHER SUBSIDIARIES

Our remaining subsidiaries Mercantile Credit Company of Ireland, Mutual Finance, United Motor Finance and Dunelm Trust, have made substantial contributions to the group.

Ireland.—An increased volume of business has been handled here as elsewhere, and although competition has been greater than ever our company has achieved records both in turnover and profits.

Mutual Finance.—Considerable progress has been made and profits have risen in a higher proportion than the volume of business and the agreements outstanding, all three of which results are records for the company.

United Motor Finance has similarly broken all records in both the volume of business handled and profits. Unfortunately, as many of you will have read, the company has recently suffered a severe loss through the death of its chairman, Sir Noel Mobbs, a pioneer, perhaps the pioneer, of motor hire purchase in this country. Sir Noel's place as chairman has been filled by his son, Mr Richard O. Mobbs.

Dunelm Trust, a company operating from Darlington and serving the north east of England, has exceeded all previous records.

BAD DEBT EXPERIENCE

In my last year's review I gave two different methods of expressing our bad debt experience in the motor field over a ten-year period. Using one method of measurement, the average came out at 0.064 per cent of turnover, and by another and perhaps more accurate one, 0.108 per cent of turnover. The corresponding percentages for this year would be 0.063 per cent and 0.112 per cent respectively. I think you will agree that this is extremely satisfactory. But I must emphasise that it has only been achieved by resolutely refusing to lower our standards regarding the type of dealer we serve.

The demand for and greater production of cars, domestic appliances, television sets and so on, has brought many new entrants into the various retail trades concerned and few have found any difficulty in obtaining all the credit they wanted. As a result many have gone into business with little or no capital or experience and some, it would appear, without the best intentions.

We ourselves have been obliged from time to time to meet competition of a type which we regard as unsound, such as agreements running for 48 months following a down payment of small or even negligible proportions. Such terms are widely advertised and give direct encouragement to hire purchasers to enter lightheartedly into serious obligations.

TRIBUTE TO FINANCE HOUSES ASSOCIATION

I cannot leave this subject without paying tribute to the Finance Houses Association and the work which that Association is doing to enhance the reputation of the hire purchase industry. While the Association represents the majority of firms who operate on a national basis, it is to be regretted that there are still some which, though qualified to join, apparently prefer to enjoy the benefits of its work without assuming its responsibilities. It is essential that the principal organ of the finance houses should be so constituted as to be able to claim, when discussing matters of national importance with the authorities, that it speaks for all the national companies.

During the year we have elected to the board Mr Edward Norman-Butler, joint general manager of Martins Bank, and Sir Walter J. Worboys, a director of the Westminster Bank. Mr Percy Livsey, the Managing Director of Mutual Finance, and Mr Richard O. Mobbs, the new Chairman of United Motor Finance, have also joined the parent board.

Finally, I would like to pay a tribute to the company's staff, both in Mercantile Credit and the subsidiary companies. At all levels of the organisation, they have risen splendidly to their increased responsibilities, and on your behalf I would like to offer all of them your thanks.

The report and accounts were adopted.

NELSON FINANCIAL TRUST LIMITED

SIR DENYS LOWSON ON AUSTRALIAN EXPANSION

The Annual General Meeting of Nelson Financial Trust Limited was held on January 5th at Estates House, 66 Gresham Street, E.C.

Sir Denys Lowson, Bart (Chairman), presided and said: During the course of the year the Company issued 104,010 Ordinary Shares of 10s. at par by way of rights to Shareholders, which was fully subscribed; and the £300,000 4 per cent Debenture Stock which fell due for redemption on October 1, 1959, was replaced by a corresponding issue of 6 per cent Debenture Stock, 1982-1987.

The total gross Revenue of £123,578 for the year compares not unfavourably with that of the previous year of £116,778.

The Directors recommend the payment of a Dividend for the year of 7 per cent, less tax, on the Ordinary Share Capital (as increased by the Rights Issue); and if you approve this payment there will be the increased amount of £56,198 to carry forward.

The valuation of our investments at October 31st last shows an appreciation of £703,863, being 48.88 per cent over the Balance Sheet figures.

As most Shareholders are already aware we have some important investments overseas, both in North America and in Australia. The eastern states of this latter country are now showing some recovery from the severe drought conditions which had prevailed during the preceding year; and the outlook for the current year, barring any major world disturbances appears to be not unfavourable.

In the last ten years the Australian economy has shown a remarkable expansion. This is well illustrated by the growth of Population over this period by 25 per cent, Factory Production by 70 per cent, Rural Output by 30 per cent and Production of Electricity, Pig-iron and cement by no less than 120 per cent. In addition, during these ten years Motor vehicle registrations have increased by 100 per cent; so that there is now one vehicle for every four members of the population.

Overseas investment has played a vital part in this expansion. From 1948 to 1958 a total of approximately £A750 million from overseas was invested in Australia; all but 10 per cent of this amount coming from the UK and the USA.

The adoption of the Report and Accounts was seconded by Mr Guy Montague Nelson, OBE, JP, and carried unanimously. The proceedings terminated with a hearty vote of thanks to the Chairman, Directors and Staff.

RIM (MALACCA) RUBBER ESTATES

The 49th annual general meeting of Rim (Malacca) Rubber Estates Limited was held on December 30th in London, Mr H. A. Kinney, FCA (the chairman), presiding.

The following is an extract from his circulated review:

The improvement in selling price, coupled with the increase in crop have combined to produce a profit before taxation amounting to £63,953. The crop harvested for the year ended 30th June, 1959, was 2,558,100 lb as compared with 2,117,200 lb for the previous year and the estimated crop for the current year is 2,802,350 lb.

A final dividend of 17½ per cent is recommended, making a total of 22½ per cent as against 15 per cent last year.

At the moment the future is almost too good in so far as the price of the commodity is dangerously high. Our crop for the first four months is 904,000 lb as compared with 882,500 harvested in the corresponding period of last year. We confidently expect to exceed last year's crops but may not obtain estimates as the Manager at Mentri is having difficulties in maintaining his tapping force.

As to the release of stockpiles it appears most of this is not of No. 1 grade, and it is more than probable in 1960 demand for natural rubber will exceed supply and herein lies the danger of an artificially high price causing the loss of consumers. However, the fact remains that as yet for many uses there is no substitute for natural rubber and synthetic just will not do the job as well. The report was adopted.

I·C·T

From the Statement by Sir Cecil M. Weir, K.C.M.G., K.B.E., M.C., circulated with the Report and Accounts for the year ended 30th September, 1959.

On 30th January, 1959, the merger of The British Tabulating Machine Company Limited and Powers-Samas Accounting Machines Limited came into operation and the new name International Computers and Tabulators Limited, with its already well-known abbreviation, I.C.T., was adopted. The Accounts up to the 30th September, 1959, contain the results of the Powers element for nine months only. Next year you will have the results of a full twelve months' trading of I.C.T. as a whole. The Group profit for the period under review is £2,328,000 compared with £2,020,000—the combined profits of the two former Groups for their last full accounting years. The steady growth of demand for punched card equipment has continued. Our electronic calculators continue to attract favourable opinion. Over 1,000 are installed and we have substantial orders in hand. Over 100 of our larger electronic calculators and general purpose computers are in regular use and here again substantial orders are in hand. The effect of the merger has perhaps been most marked in the oversea field of operations which has developed within only twelve months into an organisation truly international in character, trading already in some fifty countries. We have every reason to feel that the steady growth exemplified in the history of both former elements of your Company will continue. We close the year with a good order book and ample prospects of new business.

J. H. FENNER & COMPANY (HOLDINGS) LIMITED

The twenty-third ordinary general meeting of J. H. Fenner and Company (Holdings) Limited and subsidiary companies was held on January 6, 1960, at the Queen's Hotel, Leeds. The following extracts are taken from a Joint Statement by Mr C. Bradshaw, FCA, the Chairman, and Mr S. B. Hainsworth, FTI, the Managing Director and Deputy Chairman.

Financial Position.—The Consolidated net profit of the Group, after making provision for deferred repairs and for research expenditure, and after charging taxation is £236,970, compared with £226,055 for the previous year.

After adding the balance brought forward from the last account of £557,623 and the amount of £16,476 being a reserve for taxation no longer required, the sum of £811,069 has been appropriated as follows:

	£
Transfer to Mortgage Debenture Sinking Fund	10,240
Amount Utilised for Bonus Issue	225,000
Dividend on Preference Shares ...	6,188
Dividend on Ordinary Shares ...	68,906
leaving a balance to carry forward of £500,735.	

J. H. Fenner and Company Limited.—The Company's business in mechanical power transmission equipment continues to expand.

In 1959-60 we plan to build a new Development Block and an extension to one Division at our Hull factory. Both are designed to further your interests, the former in developing new ideas to the pre-production stage, and the latter to make more of the established lines which are already selling so well. In accordance with Company practice, our forward budget for expenditure on development has been established for a considerable period ahead. Subject to considerations which arise as the scene unfolds, we know that, over the next few years, very substantial sums of capital will be required to finance the expansion and development of new sections which have been planned, and, in some cases, already begun.

As our products are used by all industries, everywhere, we can claim to be reasonably well-informed as to the general business climate. Since 1950 British business has come along well and we believe we have shared in this general progress in many ways.

Premium V-Belts.—These long-lasting V-Belts, with Terylene load-bearing cords, are no longer just being used for the more difficult drives. Industry generally has found it economic to use them on normal drives as they bring down replacement costs. In some plants, those of ICI for example, machine casings are marked to indicate that only Premium V-Belts are to be used for driving. This is one case at least of the shoemaker's child, in this case ICI, as the makers of Terylene, not being the worst shod.

The Taper-Lock Range.—The use of this method of securing the quickest and easiest fixing to shafts, which we manufacture under licence from the Dodge Manufacturing Corporation, still spreads. We find that we only have to persuade users to try it once and then its benefits are so self-evident that it is demanded as the standard fitting in pulleys, chain wheels and couplings.

Fenner Cockill Limited.—At our South Indian factory at Kochadai, substantial progress has been made, the V-Belt and Weaving Divisions are in good shape, and we are extending to take in the manufacture of oilseals and synthetic rubber textile accessories. Our partners in this organisation, Messrs Harvey Brothers, have continued to give us help and co-operation. From Indian Government sources at Delhi, we learn that favourable comments have been made on the initiative, enterprise and efficiency of our factory, and this naturally causes us much gratification.

Fenner Dodge (Australia) Pty. Limited.—The Australian venture is now under way, and whilst we do not expect to make any contribution to profits for some time, we do believe that we have entered the field at the right time. We are especially glad to be associated with Dodge, who have always been good partners and friends of ours, although this is the first time when there has been any joint contribution of capital.

GENERAL MATTERS

Looking at industry in this country, there are, inevitably, some favourable and some unfavourable conditions. Here we are not so highly mechanised and do not use so much power per man as American industry, nor do we have such a high percentage of economic units of production. We make our comparison with the United States because industrial efficiency there is, in our view, probably higher than in any other part of the world.

Again, because of the realism of the Germans and the French, we have been placed at a great disadvantage in not being allowed entry into the European Common Market; but this play against us had been planned for a long time and it is not the fault of our Government that it came off; rather it is the result of a basic feeling

in Western Europe that the ECM is essentially a political combination.

In our own country it is good to see the growing realisation that, for the general welfare, *strong efficient businesses which make profits* are essential. Of the profits your company makes, over 50 per cent goes back in direct taxation, and after the Government has taken its major share the larger part of the profits we make are retained for further investment.

The report and accounts were adopted.

H. & G. SIMONDS LTD.

YEAR OF FURTHER PROGRESS

HIGHER SALES AND PROFITS

The Annual General Meeting of H. & G. Simonds, Ltd., was held on January 4th at Reading. General Sir Miles Dempsey, the Chairman, presided, and the following are extracts from his circulated statement:

TRADE AGREEMENT

In July we entered into a trade agreement with Courage & Barclay Ltd. A press announcement was made at the time, and it was also stated that methods were being considered by which closer association between the two Companies might be achieved. The work involved is considerable, but talks are proceeding, and stockholders can be assured that they will be told as soon as any information is available.

FINANCE

The Profit and Loss Account shows that the year's working resulted in a balance from trading of £1,176,661, an increase of £63,405. This figure is arrived at after taking into account the loss—some £67,000—on beer stocks held at the date of the reduction in excise duty announced in the 1959 Budget. The profit before taxation of £897,494 is an increase of some £46,000, compared with the previous year. This improved result is mainly due to the larger volume of trade we have experienced, though I can also report that production economies and increased efficiency have played an important part. The provision for taxation on the year's profits is £418,921, and profits after taxation reached the very satisfactory figure of £478,573, compared with £384,818.

The Board now recommend that a final dividend of 10 per cent be paid on the ordinary stock, making 14 per cent for the year, compared with 12 per cent.

TRADE

Our sales of beer achieved a most welcome and satisfactory increase and passed by a wide margin the record achieved in 1957. It is never easy to find the exact reasons for increased sales, but the budget reduction of 2d. per pint; the exceptionally long hot summer, and the generally improved level of wages, together with price stability have all contributed. We also believe that the improved standard of our public houses and the excellent quality maintained by our brewing staff can claim a lot of credit.

Sales for the first few weeks of the new financial year have been maintained at a healthy level, and it is our reasonable hope that, so long as inflation is kept at bay, we may be able to show at least as good figures this year.

Our sales of wines and spirits have continued to expand in a most gratifying manner.

LICENSED PROPERTIES

Of the five new houses to which I referred in my last statement, four were opened towards, or just after, the end of the financial year, and the fifth will open early in 1960.

Improvement of our existing houses to meet modern requirements has continued, and the cost of repairing and decorating our properties showed a further increase.

PLANT

During the year we opened a new high-speed bottling line at Reading, which is in some respects the most efficient in this country. This has enabled us to concentrate more production at Reading, with consequent economy of operation.

We have also substantially completed the important new works at Devonport, which have given us at that brewery too, much greater economy and efficiency. In addition we are carrying out an important experiment in one of our new public houses, designed to establish the practicability of using a non-returnable container in place of the bottle.

HOTELS AND OFF-LICENCES

The turnover of our Hotels and Catering Department again showed improvement, and our retail organisation trading under the name of Arthur Cooper has been further expanded during the year.

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

APPOINTMENTS

Expanding International Marketing Organisation with representatives in North America and sixteen W. European countries, requires for its headquarters in Zurich

(1) A MARKET RESEARCH AND MARKETING SPECIALIST

with a university degree (preferably in Commerce or Economics) and good knowledge of marketing conditions in at least three/four West European countries. Proficiency in English, French and German essential. Applicants should be aged not less than 30.

(2) A YOUNG MARKET RESEARCH ASSISTANT

aged about 25, with a good university degree, some experience in market research, and a good knowledge of English, French and German.

These positions offer scope for interesting work in a rapidly expanding field, pleasant working conditions in new, modern offices, five-day week and opportunities to travel abroad.

Applicants are invited to write, giving full particulars of qualifications and experience to—

General Manager,
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VICTORIA UNIVERSITY OF WELLINGTON
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LECTURER IN POLITICAL SCIENCE

Applications are invited from suitably qualified persons for the above-mentioned post.

The salary will be £1,025 per annum, rising by annual increments of £50 to £1,275 per annum. The initial salary will be determined according to the qualifications and experience of the appointee. An allowance is made towards travelling expenses. (University salaries are at present under review).

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

Applications close, in New Zealand and London, on February 29, 1960.

For further appointments and other classified advertisements see pages 166 and 167

AUSTRALIA
THE UNIVERSITY OF NEW SOUTH WALES
VACANCY FOR PROFESSOR OF ECONOMICS

The University of New South Wales invites applications for appointment to a Chair of Economics in the School of Economics at Kensington.

Salary: £A3,774 per annum.

The present Head of the School of Economics is Professor D. C. Rowan who will be succeeded by Professor Murray Kemp in early 1961.

The School of Economics prepares undergraduates for the degree of Bachelor of Commerce in the following specialisations:

ACCOUNTANCY
STATISTICS
INDUSTRIAL RELATIONS
ECONOMICS
APPLIED PSYCHOLOGY
WOOL COMMERCE.

The School also supervises candidates for higher degrees. The present staff of the School numbers twenty economists and statisticians.

Subject to satisfactory medical examination, the successful applicant will be eligible to join the State Superannuation Fund which provides a pension of £A1,638 per annum.

Professors are eligible for six months' study leave on full salary after three years of service, or twelve months after six years of service.

Subject to the consent of the Council of the University professors may engage in a limited amount of higher consultative work.

First-class ship fare to Sydney of appointee and his family will be paid.

With the approval of the University and its bankers, married men may be assisted by loans to purchase a home.

The University reserves the right to fill the Chair by invitation.

Four copies of applications together with the names of three referees, and a recent photograph, should be lodged with the Agent General for New South Wales, 56-57 Strand, London, W.C.2, and a copy forwarded by airmail in an envelope marked "University Appointment" to the Bursar, The University of New South Wales, Box 1, Post Office, Kensington, New South Wales, Australia, before February 26, 1960.

AUSTRALIA
THE UNIVERSITY OF NEW SOUTH WALES
FOUNDATION CHAIR OF HISTORY

The University invites applications for appointment to a Foundation Chair of History within the Faculty of Arts which is being established.

Salary £A3,774 per annum.

The professor will be responsible for the organisation of research and teaching in his subject within the faculty, and as well for the supervision of the teaching of history to students of other faculties as part of a system of general education for all students that is traditional at this University.

Hitherto this general education has been provided by a School of Humanities and Social Sciences in which the subjects English, History, Philosophy, Government and Sociology have been represented. The present staff in History comprises one senior lecturer and six lecturers who will, upon the establishment of the new faculty, be transferred to a School of History of which the new professor will become the Head.

Subject to satisfactory medical examination, the successful applicant will be eligible to join the Superannuation Fund which provides a pension of £A1,638 per annum.

Professors are eligible for six months' study leave on full salary after three years of service, or twelve months after six years of service. Subject to the consent of the Council of the University, professors may engage in a limited amount of higher consultative work.

First-class ship fare to Sydney of appointee and his family will be paid.

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MANAGER FOR METALS DEPARTMENT required by London Merchants. A man is sought who has wide connections with suppliers of ferrous and non-ferrous metals, is well versed in all commercial aspects of specifications, pricing, etc., and has good negotiating ability. The successful applicant will have an interesting and progressive career, with attractive starting salary and pension scheme.—Apply in strict confidence to Box 1561.

APPLICATIONS are invited for the post of ASSISTANT LIBRARIAN or SENIOR ASSISTANT LIBRARIAN, according to qualifications, on Scale £650 to £1,425, with £60 London Allowance. F.S.S.U. and family allowance scheme. Candidates must be graduates, preferably in the Social Sciences; they should if possible have a knowledge of Russian; a higher degree or research experience will be an additional qualification; library experience or training is also desirable. Applications, with copies of two testimonials and the names of two referees, must reach the Librarian, London School of Economics, Houghton Street, Aldwych, London, W.C.2, by January 22nd.

ORDERS for advertisements in *The Economist* are accepted on condition that they are liable to rejection at the discretion of the Editor: that while every effort will be made to publish an advertisement on a specified date, no guarantee is given; and that white on black, reverse blocks or large sizes of black-faced type may be stippled or lined at the Editor's discretion.

COMPANY AFFAIRS

Banks' Bumper Year

THE banks have just completed the first full year of lending freedom they have enjoyed since before the war, and there seems no doubt that it has been the most profitable year in their history. The surge of competitive enterprise with which they celebrated their emancipation quickly proved to the world their eagerness to expand, and especially to lend. And, given the reflationary aims of the policy pursued by the monetary authorities, the banks' drive for expansion has resulted in a growth of bank advances at a pace without precedent in modern times, and has been associated with an accelerating rise in bank deposits to successive new peaks. The average level of deposits at the clearing banks was 4½ per cent higher in 1959 than in 1958. And the average amount of outstanding bank advances showed an expansion of fully 30 per cent. Moreover, as the reflation proceeded, the rate of turnover on bank accounts rose rapidly, bringing an increase in bank revenue from commission. The banks' participations in hire purchase companies also paid off.

The true improvement in bank earnings has certainly not been so spectacular, however, as these favourable influences alone might seem to imply, since there has been a major contrary influence in the trend of interest rates. Though rates did not, in general, fall further in 1959 (in the short market in recent weeks they have indeed risen significantly from the year's lowest points) their average level for the year was much below the abnormally high average experienced in 1958. Bank rate was on average about 1⅜ per cent lower, implying that the banks will have experienced a decline of roughly that order in the average rates earned on their advances and their money market assets (bills and short money). Since, even now, nearly three-fifths of all bank deposits are held on current account (on which no interest is paid) the loss of gross receipts through a decline in the average rates earned on assets is only partially offset by the parallel decline in the average rate paid on deposit accounts.

At the same time, the banks have encountered a further general rise in costs of administration. Most of them raised basic salaries by about 5 per cent as from the beginning of 1959 and in recent months the sheer pressure of work has compelled an intake of new staff, over and above the recruitment needed to man new branches (which also have been extending fast) and to replace retirements.

The results announced this week clearly show, however, that these cost-raising influences have been well overshadowed by the favourable ones. Published profits, being subject to inner reserve policy, are not in themselves a precise guide to the relative experience in different years, or of different banks, but one fact this year speaks for itself—the four of the "big five" banks whose figures are available have each announced an increase in profits exceeding 20 per cent, which is a much larger movement than has been witnessed for very many years. Two banks, moreover, have thought fit to improve upon the final dividend payments they had foreshadowed at the time of making their cash issues to shareholders on bonus terms: all the big banks have either made or announced such issues during the year, and several have made scrip allotments as well.

Most spectacular of the week's announcements came from the **Midland Bank**, which shows an increase in profits of no less than 30 per cent and is raising its final dividend by 2 per cent above its forecast amount, which had already represented an increase on the 1958 payment. The year's payment, on the capital as increased by the (relatively modest) rights issue and the one-for-three scrip issue, is 17 per cent, compared with a forecast of 15 per cent and with 13⅓ per cent for 1958. (This last rate, like all other rates for 1958 or earlier years given in this article and in the table below, is recalculated to allow for all subsequent scrip issues; but, unfortunately, it is impossible to make any satisfactory adjustment for the effects of the rights issues, so that the comparison understates the extent of the 1959 improvement.) A striking feature of the Midland's policy is that the increase in the net cost of the dividend absorbs all but £48,000 of the £892,000 increase in disclosed profit: evidently the Midland has been anxious to catch up on some of its rivals in the matter of the pace at which its dividend has been improved over the whole seven-year period since the first of the big five increases was made. The bank expects to repeat the 17 per cent payment, in two equal instalments, for 1960.

The other bank that improved on its forecast, but more modestly, was the **Westminster.** It had foreshadowed a final payment of 5 per cent on the capital as increased by the scrip issue of one-in-four and the rights issue also of one-in-four, but in fact is paying 5⅝ per cent, making 10⅝ per cent, compared with 10 per cent (computed as already explained). This bank likewise expects to maintain the increased payment in 1960, but the whole payment will be made on the larger capital.

Barclays and **National Provincial,** which reported profit increases of 24 per cent and 27 per cent respectively, are both paying final dividends at the foreshadowed rates. This means that Barclays' distribution for the full year, allowing for its one-in-five scrip issue, is effectively raised from 9 to 10 per cent. The National Provincial, by paying a final of 7 per cent following the 10 per cent paid before its rights issue (it made no scrip issue) appears in the table below to be making a smaller payment than in 1958: but this is the case in which the distortion due to the impossibility of allowing for the effects of the rights issue is at its most serious. In this instance the rights issue was one-for-one at par—that is, on exceptionally favourable terms. The final dividend of 7 per cent was thus payable on a doubled capital.

Martins Bank shows a profit increase of only 10½ per cent, but this bank showed a particularly large increase in 1958. Its final dividend is at the rate foreshadowed when the still impending rights issue was announced, and makes 16 per cent, as in 1958, for the full year. After the issue of one-for-two, the board expects to pay 13 per cent for 1960.

Signs of prosperity have also come from the Scottish banks. **The Royal Bank of Scotland,** which controls Williams Deacon's as well as Glyn Mills and Co., announces an increase of 17½ per cent in profits and is raising its dividend to 17 per cent—1 per cent more than was foreshadowed twelve months ago, when the rate was raised from 14 to 16 per cent. The bank also announces a substantial rights issue. Stockholders are being offered new stock in the proportion of one-for-four at the price of £3 for each £1 of stock (compared with a price of 99s. 6d. on the eve of the announcement). Including an issue to the staff trustees, this will bring in nearly £5 million of new money. The bank expects to maintain the 17 per cent dividend on the capital as thus increased.

BANK PROFITS AND DIVIDENDS
(£'000s)

	Disclosed profits		Dividends		Retained earnings		Dividend rates and yields				
	1958	1959	1958	1959	1958	1959	Before 1953*	1958	1959	Price, Jan. 7	Yield
Barclays	3,345	4,144	1,809	2,342	1,536	1,802	5·8	9	10	63/6	3·15
Midland	2,934	3,826	1,672	2,516	1,262	1,310	11·4	13⅓	17	91/3	3·73
Nat. Provincial	2,236	2,841	1,209	1,545	1,027	1,296	13·7	20	17	87/6	3·20
Westminster	2,070	2,506	1,178	1,471	892	1,035	7·2	10	10·8	60/3	3·60
Martins	1,051	1,161	607	646	444	515	10·0	16	16	28/3	2·83

* Effective rate.

Dorman, Long

PERHAPS the most significant point that emerged from the 1958-59 results of Dorman, Long was that in spite of a marked fall of 23½ per cent in ingot output the group's trading profit advanced by 6 per cent, from £10.4 million to just under £11 million. The chairman, Sir Ellis Hunter, says that demand began to pick up in August and "by October it was apparent that the revival was not temporary in character." Production in the current financial year has continued to improve and the universal beam mill at Lackenby is now working on a three-shift basis. Orders for universal beams at home and from overseas "have shown a progressive expansion"; so, too, have exports of all the group's products, except rails, to the United States and Canada.

In the shorter run, Sir Ellis makes three points which may curb excessive optimism about the prospects for the heavy end of the steel industry. First, it is not yet clear "how much of the increased demand is due to restocking and how much is passing directly into consumption." Secondly, the cut-back in orders for rails from the National Coal Board and British Railways continued to have its effect, while orders for plate from the shipbuilders still "leaves room for improvement." Thirdly, a company so heavily committed to structural engineering products as Dorman, Long is still not completely free from the delayed effects of the credit squeeze on capital investment, for "the benefits of expansion," says Sir Ellis, "are slow to show themselves as work in the shops."

In the autumn of 1958 Dorman, Long still owed about £13½ million to the Finance Corporation for Industry. Last year £3½ million of that loan was repaid. Another £4 million has been repaid since the end of the financial year; the balance of £6 million has to be repaid before the end of 1962. With a cash flow last year of £6.6 million the repayment of this loan can hardly throw much of a shadow across the directors' dividend policy, especially as following the completion of the third stage of the development programme (which cost £38 million) outstanding capital commitments are no more than £616,000. On the forecast ordinary dividend of 10 per cent on the capital as increased by the 50 per cent scrip issue the £1 ordinary shares at 82s. 6d. yield 3.6 per cent.

Steel Company of Wales

UNLIKE Dorman, Long, the Steel Company of Wales has not had to wait for a revival in demand for its products. On the contrary, Mr Harald Peake, the chairman, says in his annual report: "under present conditions there are tremendous opportunities to increase the sale of steel sheets and tinplate at home and for export. The difficulty is to produce them in sufficient quantities." Throughout the year demand for the company's products has been accelerating and it was not possible to meet demands fully. Production of steel ingots last year reached a record of 2,324,000 tons (against 2,178,000 tons); current production is running at 2,700,000 tons and by the end of 1960, when the full fruits of the £46 million third development plan will be reaped, production should be running at a rate of 3,000,000 tons a year.

Total capital expenditure by Steel of Wales in 1958-59 amounted to £17 million, of which about £10½ million was financed by retained earnings. The other £6½ million was borrowed from the Iron and Steel Holding and Realisation Agency, so that Steel of Wales now owes ISHRA £23 million. This must be repaid by December, 1964, and Mr Peake is confident that it will be. He is equally confident that the cost of the fourth development programme can be met from internal resources, though as the group has currently a cash flow of about £11 million, some increase in short-term borrowing seems inevitable. Indeed, Mr Peake does anticipate some temporary borrowing from the banks and it is clear that the directors' future dividend policy must be conditioned by the heavy demands that are likely to fall upon internal resources. On the 10 per cent dividend the £1 ordinary shares at 52s. 10½d. yield 3.8 per cent.

South Durham

CAUTIOUSLY the chairman of South Durham, Mr B. Chetwynd Talbot, has said that "the cloud . . . has not yet cleared over the level of production of the heavy section of the steel industry." In the last eighteen months the recession in demand for heavy steel products has been of "considerable magnitude" though to some extent South Durham has escaped from its worst effects because of its long order books. Production at South Durham's mill in West Hartlepool has been maintained at the record level of 1957-58 simply because orders for steel piping from the oil industry placed in earlier years still had to be completed. This has helped to offset the decline in demand for steel plate from the shipbuilders and ship-repairers, who last year took only 83 per cent of average deliveries in 1954-58. In 1960, Mr Talbot expects deliveries to the shipbuilders to decline to about 75 per cent of the levels reached in the peak years.

Production of steel sections and rails at the Cargo Fleet works "experienced the full effect of the recession," and competition in export markets for these products became more severe. Production of sectional material (used mainly in building) accounts for about 70 per cent of output from the Cargo Fleet plant and increasing competition from reinforced concrete has led to "a restriction in demand for a large range of sectional material rolled by the company." Demand for rails (which account for 30 per cent of Cargo Fleet's production) has been hit by the fall in orders from British Railways and the National Coal Board (virtually the only two rail users in the United Kingdom) and competition in export markets from Japan and some eastern European countries has intensified. Even so, Mr Talbot says that the Cargo Fleet plant "has now returned to a reasonable level of output." Order books for piping remain at "a reasonable level," but the dearth of inquiries is causing concern.

In 1958-59 the second stage of the development plan was completed and the third stage, which is expected to double ingot capacity to 2 million tons, is now well under way. Last year almost £20 million was spent on fixed assets, about a third of which came from retained earnings, and in the next two years another £27 million will be spent.

South Durham's ordinary dividend was left unchanged at 12 per cent even though trading profits rose by 10 per cent, from £7.1 million to £7.9 million, and net earnings covered the dividend 3½ times. Two factors suggest that a more generous dividend policy is not yet in sight. First, depreciation charges will rise as the development plan is completed and secondly, interest on the loans from FCI and Barclays Bank "will show a considerable increase." At the current price of 55s. the £1 ordinary shares yield 4.4 per cent.

STEEL PROFITS AND ASSETS

(£'000s)

Year to end-September	Steel Company of Wales		Dorman, Long		South Durham		United Steel	
	1958	1959	1958	1959	1958	1959	1958	1959
Consolidated earnings:—								
Trading profit	22,527	23,291	10,151	10,980	7,093	7,847	20,152	22,011
Depreciation	6,108	6,647	2,749	4,027	1,350	1,650	3,779	4,363
Replacement reserve	2,500	2,650	1,500	1,000	300	300	1,700	2,000
Loan interest	4,535	4,765	1,305	1,141	430	718	487	487
Tax	6,000	5,000	2,082	2,055	2,250	1,545	7,233	7,091
Net profit	*3,039*	*4,229*	*2,639*	*3,088*	*2,591*	*3,448*	*9,828*	*8,070*
Ordinary dividends	*1,380**	*2,070*	*1,035*	*1,103*	*552*	*686*	*2,157*	*2,756*
Ordinary dividend (per cent)	*6**	*10*	*12*	*12*	*12*	*12*	*12½*	*15*
Retained profits	969	1,779	662	835	2,089	2,007	1,005	1,236
Consolidated Balance Sheet:—								
Net fixed assets	141,778	152,732	54,182	53,594	29,549	47,662	82,157	88,381
Stocks	16,760	16,209	22,315	18,595	6,452	5,821	23,957	25,434
Liquid assets	371	633	1,429	1,912	2,821	308	7,594	3,847
Net current assets	*7,955*	*10,265*	*22,786*	*22,519*	*4,478*	*2,511*	*23,677*	*26,619*
Reserves	15,680	22,164	33,757	36,420	12,999	16,193	35,480	42,351
Loan capital	73,000	...	23,575	20,071	11,000	17,500	10,273	10,271
Preference capital	...	...	5,000	5,000	...	...	9,097	9,097
Ordinary capital	40,000	40,000	15,000	15,000	8,000	10,000	30,000	30,000

* Excluding special interim dividend of 3 per cent.

United Steel

SIR WALTER BENTON JONES, chairman of United Steel, describes the prospects for the current financial year as "bright." He says that since the spring of this year there has been "an increasing improvement in the demand for all our products except for those manufactured by certain specialised departments." Sir Walter says that "the intense demand for consumer goods, the restocking programme by all consumers, together with fair prospects in export markets" all add up to "an encouraging picture." About heavier products made by the group Sir Walter says: "it is true that the demand for capital goods has not yet reached the previous high level, but we believe that we shall continue to work to near full capacity." United Steel still has a big capital programme to complete, but Sir Walter does not think that will "unduly burden financial resources." Making a very wide range of products, the group earned bigger trading profits last year. But that was not reflected in net earnings, owing to the bigger provisions made for depreciation and replacement. Nevertheless the ordinary dividend was raised from 12½ to 15 per cent. That dividend is covered about three times by earnings and the £1 shares at 85s. yield 3½ per cent.

International Computers and Tabulators

ON both sides of the Atlantic, equities in electronics firms have been popular. Perhaps too popular, for though the market for electronic and computer equipment is growing and will go on growing a large number of firms are trying to establish themselves in this market. Some of them—IBM and National Cash Register in the United States are two of them—are already firmly established. In this country, the merger between Powers-Samas and British Tabulating Machine can be seen as an attempt to answer the competitive challenge of size—by size. The directors and managers of these merged concerns are obviously anxious to establish the image of International Computers and Tabulators as a single, integrated business. And in the full accounts of this new company they can point to the figuring to show that is indeed the case. Gross profits after depreciation, made up of twelve months of BTM's earnings and nine months of Powers-Samas, totalled £2,328,000 last year and compare with £2,020,000 earned by the two companies separately in 1958; the ordinary dividend was set at 10 per cent, instead of the 8 per cent forecast at the time of the merger; and a rights issue of ordinary shares and a debenture issue, bringing in about £8 million to the group's coffers, was successfully completed in the summer.

These are tangible facts. So was the decision to modify and to abandon some of the developments that Powers-Samas had on hand at the time of the merger. These development costs and the costs of the merger have been written off against last year's profits. The contribution that Powers-Samas has really made to the ICT group is productive capacity. Integration in factory space and in staff between that company and BTM has, in the words of the chairman, Sir Cecil Weir, "proved practicable much more quickly than was originally expected" and, in particular, it has strengthened the sales and marketing side of the business overseas.

The merger, then, must be reckoned to be successfully accomplished. But where does ICT go from here? Primarily it is in a rental business, selling outright only about 30 per cent of the machines it produces. Out of sheer prudence, therefore, in an industry where the rate of technical development is fast and where it is almost impossible to estimate the rate of obsolescence, it must write down its assets quickly. It has done so, charging as much as £2,781,000 to depreciation last year. Renting and the pace of development also make ICT a big user of capital and its recent appeal for new capital will not be its last. It has to make a choice between pressing ahead with interesting but for the time being unremunerative technical developments and bringing laboratory tested machines into commercial production. Conscious always of its need for capital, ICT cannot afford to sacrifice too much in present profits for future possibilities. It therefore markets a range of small to medium priced computers, adding expensive and sophisticated machines to its list only occasionally. This year the new models it will introduce will again be in the cheap and medium priced range. A good profit can be earned from this bread and butter trade if the machines continue to offer the customers satisfactory service after the costs of making them have been written off by ICT. Growth stock may be an apt description of the ICT ordinary shares, which currently yield 2.6 per cent at 76s. 3d., so long as it is realised that the growth will take place over a long period of time.

London Stock Exchange

FIRST DEALINGS:	Dec. 28	Jan. 11	Jan. 25
LAST DEALINGS:	Jan. 8	Jan. 22	Feb. 5
ACCOUNT DAY:	Jan. 19	Feb. 2	Feb. 16

ON Monday industrial equities advanced on a broad front on the strength of Wall Street and the good industrial output figures and the *Financial Times* index reached a new peak of 342.9. But on Tuesday all sections of the market suffered a sharp setback. On Wednesday persistent selling by small investors and professional speculators, anxious to take their profits, and the absence of any substantial buyers share prices lost further ground.

Gilt-edged stocks recovered slightly last Friday but on Monday they weakened again and renewed fears of higher interest rates caused most of the Funds to show net losses over the week though the market steadied itself after the initial setback. Among undated stocks 3½ per cent War Loan lost 1/16 to 64⅛; in short-dated stocks 4½ per cent Conversion 1964 fell ¼ to 99¼. Medium-dated stocks were also weak with 3 per cent British Electric 1974-77 losing ⅛ to 75¼.

Over the week to the close on Wednesday *The Economist* indicator fell 4.7 points to 377.8. The biggest losses in industrial equities were suffered by those shares which had recently shown the most substantial rises. In heavy engineering Vickers dropped 1s. 3d. to 38s. 3d., Babcock and Wilcox lost 1s. 6d. to 47s. Shipping shares lost ground with Cunard 1s. 6d. lower at 23s. 3d.; exceptionally, Royal Mail Lines closed 2s. 3d. better at 29s. 6d, Steel shares came in for some heavy profit-taking but over the week most steel equities were still able to show fairly good gains. Steel of Wales improved 5s. to 54s. 6d. after touching 55s. 6d. at one time, Dorman Long advanced 4s. to 81s. 6d. Losers over the week included South Durham which fell 2s. 7½d. to 54s. 6d. and Colvilles which closed 6d. down at 77s. 6d. Aircraft shares also lost some of their recent buoyancy and Fairey fell 2s. to 21s. 3d. while de Havilland closed 7½d. lower at 27s. Textile shares were weaker with English Sewing Cotton sliding 6s. 4½d. to 45s. 6d. and Fine Spinners losing 4s. 3d. to 30s. 6d.

Bank shares lost ground. National Provincial closed 7s. down at 87s. and Lloyds lost 2s. 6d. to 69s. 3d. though Midland closed 6d. up on the week at 92s. after a rise of 4s. on Wednesday ahead of the dividend announcement.

Oil shares tended to be mixed with a certain amount of profit-taking offsetting recent gains induced by the strength of Wall Street. The leading oil shares were able to show net gains over the week, however, and B.P. closed 5s. up at 61s. 6d., Burmah gained 9d. to 53s. 9d. and Shell put on 3s. 6d. at 162s. The feature of the gold share market was the demand for Western Holdings which shot up 11s. 4½d. to 180s. 1½d.

LONDON AND NEW

Prices, 1959–60 High	Prices, 1959–60 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 30, 1959	Price, Jan. 6, 1960	Net Yield, Jan. 6, 1960 £ s. d.	Gross Yield, Jan. 6, 1960 £ s. d.
98⁸⁄₁₆	96¹¹⁄₁₆	Funding 2½% 1956–61	98¹⁷⁄₃₂	98½	2 11 1	3 14 3
99¾	98¹³⁄₃₂	Exchequer 2½% 1960	99.15.10½	99.16.5	...	3 12 5
		Exchequer 2½% ..... 1960 Assented	99	3 3 11	3 3 11	5 3 5
100⅜	99⅝	Exchequer 3½% 1960	99.17.10	99.18.0	...	3 13 2
		Exchequer 3½% ..... 1960 Assented		99⅛	3 3 9	5 3 7
101¹¹⁄₃₂	100⅛	Conversion 4½% 1962	100⅜	100⅝	2 2 8	4 4 1
96⅜	94⅞	Exchequer 3½% 1962–63	95¹⁵⁄₁₆	96¼	3 0 7	4 4 10
93⅝	91⅝	Exchequer 2½% 1963–64	92¹⁵⁄₁₆	93	3 4 8	4 5 7
101⅝	100⅜	Conversion 4½% 1963	101⅜	100²⁵⁄₃₂	2 11 10	4 9 2
100²⁄₁₆	99⅝	Conversion 4½% 1964	99½	99¾	2 17 3	4 13 6
92¹³⁄₁₆	89⅞	Savings Bonds 3% 1955–65	91¾	92⅜	3 9 10	4 16 3
86	82¾	Funding 3% 1959–69	84½	84⅞	3 18 2	5 4 8
94⅞	89⅝	Funding 4½% 1960–90	93¾	93⅝	2 16 3	4 9 3
84¹⁄₁₆	80¾	Savings Bonds 3½% 1960–70	82⅝	82½	3 18 10	5 6 11
86	83	Savings Bonds 2½% 1964–67	84¹¹⁄₁₆	84¹³⁄₁₆	3 19 10	5 6 9
78¹⁵⁄₁₆	75¹¹⁄₁₆	Savings Bonds 3% 1965–75	76¾	76⅝	3 18 4	5 6 9
105¹¹⁄₁₆	102½	Exchequer 5½% 1966	104	104¼	2 16 1	5 0 5
87⅞	83¼	Funding 3% 1966–68	84¼	84¹⁄₁₆	4 0 1	5 0 10
98⅛	95	Victory 4% 1920–76	96⅜	96½	3 0 6	4 14 1‡
90⅛	87½	Conversion 3½% 1969	89	88¼	3 14 1	5 4 8
104	98⅜	Conversion 5½% 1974	101¼	101⅛	3 2 9	5 5 5
81⅞	76⅝	Treasury 3½% 1977–80	78½	78¼	3 13 6	5 5 4
80¹³⁄₁₆	76¹¹⁄₁₆	Treasury 3½% 1979–81	78⅝	78⅜	3 13 9	5 6 7
107¼	101⅛	Funding 5½% 1982–84	103⅜	103⅝	3 3 6	5 5 3
68⅜	64½	Redemption 3% 1986–96	65¾	65½	3 11 0	5 5 3
98³⁄₁₆	96⅛	Treasury 5% 1986–89	97¼	96⅞	3 5 4	5 5 9
75³⁄₁₆	70½	Funding 3½% 1999–2004	71¾	70¹¹⁄₁₆	3 8 4	5 3 6
77¼	72	Consols 4% ..... after Feb. 1957	72⅝	72⅞	3 7 1	5 10 8
68¹⁵⁄₁₆	63¾	War Loan 3½% ..... after 1952	65	64⅜	3 6 10	5 9 4
68¹¹⁄₁₆	63¹³⁄₁₆	Conv. 3½% ..... after Apr. 1961	65⅛	64¹⁵⁄₁₆	3 7 0	5 10 0
60	55¼	Treasury 3% ..... after Apr. 1966	56	55¾	3 6 8	5 9 2
53⅝	48½	Consols 2½%	49	49⅜	3 2 6	5 2 11
51⅜	47⅛	Treasury 2½% ..... after Apr. 1975	48¼	47¾	3 4 8	5 6 3
98¾	94	British Electric 4½% 1947–69	97¼	97¼	3 5 2	5 5 11
80⅞	77¼	British Electric 3% 1968–73	79	78¹³⁄₁₆	3 19 3	5 6 9
78⅛	74⅛	British Electric 3% 1974–77	75⅝	75¾	3 16 3	5 4 10
91¾	87½	British Electric 4½% 1974–79	90¼	90¹⁵⁄₁₆	3 6 11	5 5 3
81⅜	77⅛	British Electric 3½% 1976–79	79⅜	79	3 13 4	5 5 2
92¼	87⅛	British Gas 4% 1969–71	90⅜	88⅝	3 11 2	5 4 2
88¼	84¼	British Gas 3½% 1990–95	86¾	86¼	3 13 3	5 4 7
69⅞	65	British Gas 3% 1990–95	67	66⅞	3 10 6	5 3 10
80⅞	77¼	British Transport 3% 1968–73	79	78¹³⁄₁₆	3 19 2	5 6 9
89⅜	84	British Transport 4% 1972–77	86¾	86⅛	3 10 2	5 4 4
70¼	66¹⁄₁₆	British Transport 3½% 1978–88	67⅛*	66¹⁄₁₆	3 15 3	5 5 10

Prices, 1959–60 High	Prices, 1959–60 Low	DOMINION AND CORPORATION STOCKS	Price, Dec. 30, 1959	Price, Jan. 6, 1960	Yield, Jan. 6, 1960 £ s. d.
85	80⅛	Australia 3½% 1965–69	84¼	82⅝	5 10 01
107⅞	103¾	Australia 6% 1974–76	107¼	107	5 8 0e
77	73⅛	Ceylon 4% 1973–75	73¾	73⅜	6 18 0‡
108	104⅛	New Zealand 6% 1976–80	107½	107⅛	5 8 9 0e
98¹¹⁄₁₆	94	Rhodesia and Nyasaland 6% 1978–81	96*	96¼*	6 6 0 0‡
87	84⅜	South Africa 3½% 1965–67	85½	85½	6 1 0 0‡
85	75	Southern Rhodesia 4½% 1987–92	80¾	80	6 0 0 0‡
104½	100⅞	Agricultural Mortgage 5½% 1980–85	101	101	5 8 5e
95¼	89¾	Birmingham 4½% 1967–70	92¾	92¼	5 3 0‡
100½	96	Bristol 5% 1971–73	99	99¼	5 1 0‡
102½	99¼	Corporation of London 5¼% 1975–79	99½	99¼	5 7 0‡
57	52⅜	L.C.C. 3% ..... after 1920	53½	52⅞	5 13 0‡
98¹⁄₁₆	94	L.C.C. 5% 1980–83	97¼	97¼	5 5 0‡
99¹⁵⁄₁₆	98⅞	Middlesex 5½% 1980	99½	99¹⁵⁄₁₆	5 5 10‡

NEW YORK PRICES AND INDICES

	Dec. 30 $	Jan. 6 $		Dec. 30 $	Jan. 6 $		Dec. 30 $	Jan. 6 $
Ath., Topeka	27	27	Boeing	313⅜	313¼	Inter. Nickel	109¼	109⅛
Can. Pacific	24½*	26⅜	Celanese	27¼	29⅜	Inter. Paper	135	136½
Pennsylvania	15⅝	16¼	Chrysler	68⅛	70⅜	Kennecott	96⅛	99⅜
Union Pacific	30⅜	30¾	Col. Palmolive	40⅜	41¾	Monsanto	55¼	52¾
Amer. Electric	48¼	49	Crown Zeller	53¾	53¾	Nat. Distillers	34⅜	34¾
Am. Tel. & Tel.	78¾	81⅝	Distillers Seag.	32¼	32½	Pan-American	22¾	22⅛
Cons. Edison	58½	60⅜	Douglas	38⅜	39¾	Procter Gamble	90	89⅜
Int. Tel. & Tel.	38½	37¾	Du Pont	264	264½	Radio Corpn.	69	68
Standard Gas.	4⅝	4⅝	East. Kodak	107⅜	107½	Sears Roebuck	50	50¼
United Corpn.	7½	7½	Ford Motor	90⅛	92¼	Shell Oil	85	83⅞
Western Union	50½	50	Gen. Electric	98½	98¼	Socony-Mobil	41½	41⅝
Alcoa	106⅛	106½	General Foods	105	103¾	Stand. Oil Ind.	44½	43¾
Aluminium	34¼	34⅞	General Motors	54½	55⅞	Stand. Oil N.J.	49¾	49¾
Amer. Can	43	43	Goodyear	46	47¾	20th Cent. Fox	34½	33⅞
Am. Smelting	53¼	53	Gulf Oil	110¼	112¾	Union Carbide	146	148
Am. Viscose	42¾	41⅝	Heinz	89½	90	U.S. Steel	98⅛	102¼
Anaconda	63⅞	67⅝	Int. Bus. Mach.	439¼	441¾	West. Electric	108½	111
Beth. Steel	54½	55⅞	Int. Harvester	48¾	49⅛	Woolworth	66¼	66⅞

Standard and Poor's Indices (1941–3=10)

1959–60	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 9	63·45	3·02	33·60	4·98	44·33	3·94	85·54	4·32
,, 16	63·44	3·02	33·86	4·94	44·26	3·94	85·05	4·37
,, 23	63·43	3·07	33·61	5·10	44·37	4·04	83·38	4·54
,, 30	64·38	3·02	33·74	5·13	44·61	4·02	83·39	4·54
Jan. 6	64·75	3·00	34·48	5·04	44·79	4·00	82·99	4·58

425 Industrials :—1959–60 : High, 65·32 (Aug. 3) ; Low, 57·02 (Feb. 9).

Prices, 1959–60 High	Prices, 1959–60 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Dec. 30, 1959	Price, Jan. 6, 1960	Yield, Jan. 6, 1960
		% %	**BANKS, DISCOUNT AND HP**			
44/–	28/4½	5 b 2½ a	Alexanders £1	43/9	37/9	3·97
49/9	32/3	6 b 4 a	Bank of London & S. Amer. £1	49/9	49/9	4·02
21/–	10/–	2½ a 1 a	Bank of New South Wales £20	40	39¼	3·62‡‡
70/9	44/6³⁄₄	5 a 5 b	Barclays £1	68/9	62/9	3·19
56/9	37/9	4 a 5 b	Barclays D.C.O. £1	48/3	48/9	3·69
62/6	43/9	7½ a 7½ b	Chartered £1	58/6	61/–	4·92
85/7½	54/3	9½ b 8½ a	District £1	85.1½	82·9	3·38**
38/6	26/9	4 a 5 b	English, Scottish & Australn. £1	36·9	37/9	4·77
67	43	37/6 b 22/6 a	Hongkong & Shanghai $125	66¼	66½	4·88
73/9	40/3	10 c 5 a	Lloyds £1	71/9	69/3	2·89
30/11½	17/–	8 a 8 b	Martins 5/–	30/11½	28/3	2·83
95/–	60/11½	7½ a 9½ b	Midland £1	91/6	92/–	3·70
56/4½	43/11½	... ...	Nat. Comm. Bk. Scot. 10/–	54·4½*	52/6*	2·86**
59/9	41/3	6¼ a 6¼ b	National Discount 'B' £1	56/6	59/9	4·18**
96/–	54/–	5 a 7 b	National Provincial £1	94/–	87/–	3·22**
67/6	38/–	9½ c 3 a	Royal Bank of Scotland £1	94/9	100/–	3·40
51/9	37/3	9 b 5 a	Standard Bank South Africa £1	51/6*	50/–	5·65
63/–	49/–	6¼ b 6¼ a	Union Discount £1	62/6	59/9	4·18
65/–	37/9	5 a 5¾ b	Westminster 'B' £1	65/–	60/6	3·58
$1·65c	£1 8⁷⁄₁₆	$1·85 c	Bank of Montreal $10	£2 1⅛	£2 15⅛	3·26
$2·25c	£2 7⅜	$2·32½ c	Royal Bank of Canada $10	£3 0⁷⁄₁₆	£3 0⅜	2·85
83⅛	16/2¼	7½ a	Bowmaker 5/–	43/9	44/9	2·79**
81⅛	18/7½	8½ a	Lombard Banking £1	36/–	37·7½	2·26
53/6	10/9	10 b	Mercantile Credit 5/–	27·7½	29/–	2·59
21	5¹¹⁄₁₆	4 a	United Dominions Trust £1	10⅛	10	2·50
			BREWERIES, Etc.			
85/–	43/9	10 a 4⅞ b	Bass 5/–	84/6*	80/–*	2·97
39/6	23·10½	12½ c 5 a	Distillers 10/–	39·11½*	37/6*	3·33
25/9	14/7½	6 a 12 b	Flowers 5/–	25·7½*	24/–	3·75
82/6	54/–	10 a 18 b	Guinness 10/–	70·7½*	66·6*	4·21
30·4½	12/7½	4 a 11½ b	Ind Coope & Allsopp 5/–	20·1½	19·4½	4·00
30/4½	27/2½	7½ b 7½ b	Taxcher (Distillers) 10/–	36/6	36/–	3·47
29/3	16/–	14⅝ b 11¼ b	Watney Mann Defd. £1	86/3	88·3*	3·40
60/3	36/6	12 a 14 b	Whitbread 'A' Defd. £1	136/3	133/9	3·74
73/9	37/–	8½ b 7½ a	**BUILDING, PAINT, etc.**			
99/3	60/6	10 b 5 a	Associated Portland £1	73/3	75/9	2·53
19/–	10/3	4½ a 7½ b	British Plaster Board 10/–	28/9	29/–	3·57
117/9	43/11½	10 c 15 c	Richard Costain £1	93·7½*	93·9*	3·20
95/7½	51/3	9 b 5 a	Cristall Manufacturing 5/–	15/7½	15·9½	4·88
31/6	16/4½	10 b 3½ a	International Paints 4/–	17/–	16·10½	4·74
80/–	44/7½	5½ b 4 a	London Brick £1	103/3	105/6	3·29
29/6	16/9	5 a 12½ b	Pinchin Johnson 10/–	29/6*	30/3*	5·51
32/–	18/6	11½ b 5 a	Rugby Portland 5/–	51/3	50/–	2·50
43/3	21/3	12½ b 7½ a	Taylor Woodrow 5/–	42/6	42/6	2·94**
130/–	79/9	5 a 15 b	Wall Paper Defd. £1	130/–	125/–	3·20
			CHEMICAL			
30/6	16/–	13·6c 4·8a	Albright & Wilson 5/–	29/6	28/6	2·39
24/7½	15/3	5⅝ b 2½ a	Borax Defd. 5/–	22/11½	21/–	2·08
56/9	32/10½	3 a 6 b	Fisons £1	53/3‖	52/6‖	3·43
62/6	33·10½	5½ b 3¾ a	I.C.I. £1	61/4½	59/1½	3·07
27/7½	15/1½	8½ b 5 a	Monsanto 5/–	27/–	26/7½	2·54
			DRAPERY AND STORES			
50/4½	28/–	5 a 15 b	Montague Burton 10/–	48/–*	48/10½*	4·09
48/6	27/–	5 a 11½ b	Debenhams 10/–	44/6	44·5½	3·75
54/9	28/7½	2½ b 7½ a	G.U.S. 'A' 5/–	52·7½*	53·9½*	3·29
48/7½	31/9	10 c 15 b	Harris of Fraser 5/–	46/6	46/9	4·28
25/6	13/–	16 c 7½ a	Lewis's Investment Trust 4/–	25/–	23/9	2·69
78/3	41/4½	20·63b 12½ a	Marks & Spencer 'A' 5/–	76/3	72/3	2·31
52/3	32/7½	12½ a 12½ a	United Drapery 5/–	54/–	53·9½	3·25
69/9	47/3	26⅔ b 13⅓ a	Woolworth 5/–	68·7½	66/3	3·02
			ELECTRICAL AND RADIO			
67/–	54/–	7½ b 7 a	A.E.I. £1	63/–	65/4½	4·59
61/–	46/3	9½ b 4 a	B.T.C. £1	59/–	59/–	4·58
15/–	9/7½	4 a 7½ b	Crompton Parkinson 5/–	14·4⅓‖	14·6³⁄₄*‖	3·85
57/6	37·4½	20 c 5½ a	Decca Record 10/–	56·10½	55/9*	3·59
56/7½	31/7½	5 a 15 b	E.M.I. 10/–	54·3*	54/4½	3·68
53/–	38/–	9½ c 3 a	English Electric £1	52/9	52/–	3·59
48/9	30/–	3 a 7 b	General Electric £1	45/–	45/6	4·40
59/6	43/–	4½ a 4½ b	C. A. Parsons £1	58/9	56/6	3·10
20/7½	12·10½	12½ c 12½ c	Pye Defd. 5/–	19/–‖	17/7½‖	3·60
98/6	84/6	6½ a 11 b	A. Reyrolle £1	97/3	97/–	3·61
57/3	34/11½	17½ c 20 c	Thorn Electrical 5/–	56/3	52/7½	1·29
			ENGINEERING			
55/–	42/3	7 b 4½ a	Babcock & Wilcox £1	48/6	47/–	3·89
54/–	30·10⅜	6 b 4 a	John Brown £1	55/–	51/9	3·86
10/4½	7/–	11 b 3 a	Cammell Laird 5/–	10/3	9/3	7·57
45/6	30/3	30 c 10 a	International Combustion 5/–	43/3	45/–	3·33
15/7½	11/3	5 b 3½ c	Richardsons Westgarth 10/–	15/3	14/11½	5·90
41/–	25/6	7½ b 2½ a	Swan Hunter £1	39/3	39/3	5·10
25/9	19/–	15 b 7½ a	John Thompson 5/–	24/9	24/9	4·55
30/4½	27/2½	7½ b 7½ a	Vickers £1	39/6	38/3	5·23
29/3	16/–	14⅝ b 11¼ a	Coventry Gauge 10/–	28/4½	28/9	3·56
60/3	36/6	12 a 14 b	Alfred Herbert £1	60/3	57/–	3·45
73/9	37/–	8½ b 7½ a	Allied Ironfounders £1	71/6	69/3	4·69
99/3	60/6	10 b 5 a	Averys £1	98/6	98/–	3·06
19/–	10/3	4½ a 7½ b	George Cohen 5/–	18/7½	18/9	3·20
117/9	43/11½	10 c 15 c	Davy-United £1	115/6	117/3	2·56
95/7½	51/3	9 b 5 a	Guest Keen £1	92/7½	89/9	3·12
31/6	16/4½	10 b 3½ a	Head Wrightson 5/–	31/6*	29/–*	2·41**
80/–	44/7½	5½ b 4 a	Metal Box £1	76/–	72/3	2·58
29/6	16/9	5 a 12½ b	Ransome & Marles 5/–	25/9	26/3	3·33
57/–	39/9	9½ b 3 a	Renold Chain £1	54/3*	56/6*	4·42
37/–	21/4½	9 c 8 c	Ruston & Hornsby £1	34/9	36/–	4·44
139/7½	72/–	7½ a 12½ b	Tube Investments £1	137/–	135/–	2·96
168/9	83/–	5 a 20 b	Ward (Thos. W.) £1	165/–	160/–	3·13
45/–	22/3	25 c 5 a	Woodall-Duckham 5/–	45/–	43/–	2·91

The Economist Indicator
1953=100.

1959–60	Indicator	Yield %	1959–60 High	1959–60 Low
Dec. 9	352·7	4·14		
,, 16	359·9	4·07		
,, 23	367·7	3·99	382·5 (Dec. 30) 1959	245·0 (Jan. 28) 1959
,, 30	382·5	3·81		
Jan. 6	377·8	3·83		

Financial Times Indices

1959–60	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked
Dec. 31	338·4	3·74	95·02	5·04	25,524[f]
Jan. 1	339·0	3·74	94·96	5·03	19,421
,, 4	342·9	3·70	94·74	5·06	28,247
,, 5	338·0	3·75	94·50	5·10	32,355
,, 6	331·6	3·82	94·53	5·11	24,730

High, 342·9 (Jan. 4, 1960). Low, 212·8 (Jan. 30, 1959).
† *July 1, 1935=100.* ‡ 1928=100.

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. *(a)* Interim dividend. *(b)* Final dividend. *(c)* Year's *dividend. (d) Capital distribution 1s. 6d. per share. (e)* To earliest date. *(f)* Flat yield. *(g)* Equivalent to 7·2 sterling. *(h)* After Rhodesian tax. *(i)* To latest date.

YORK STOCKS

Prices, 1959–60 High	Prices, 1959–60 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Dec. 30, 1959	Price, Jan. 6, 1960	Yield, Jan. 6, 1960
		% %	**FOOD AND TOBACCO**			
41/–	22/6	18 c 6 a	Allied Bakeries 'A' 5/–	40/6	40/–	2·25
105/7½	63/–	20 c 5 a	Bovril Deferred £1	105/7½	101/7½	3·94
15/9	9/4½	†21⅓ 14¼ b	Brooke Bond 'B' 5/–	15/9	14·10½	3·43
27/9	21/–	10 c 10 c	Home & Colonial 10/–	24/4½	22/11½	3·69
14/3	10/6	2½ a 7½ b	International Tea 5/–	12/4½*	13/3¾*	3·76
91/–	69/–	9½ b 5 a	J. Lyons 'A' £1	82/6	84/–	3·37
28/3	18·10½	5 a 7½ b	Ranks 10/–	27/9*	27/6*	4·55
70/–	40/3	8 b 2½ a	Spillers £1	67/3	66/3	4·15**
61/9	42/–	3 a 9 b	Tate & Lyle £1	61/3	61/–	3·93
17/11½	10·10½	2 c 5 a	Unigate 5/–	17/–	2·94**	
72/3	51/4½	†17½ c †10⅝ a	British Amer. Tobacco 10/–	69/4½	68/9	4·16
42/6	26/8¼	13⅓ b 3½ a	Gallaher 10/–	41/–	39/6	4·22
75/–	54/3	12½ b 8½ a	Imperial Tobacco £1	74/3	70/9	5·94
			MISCELLANEOUS			
58/6	37/9	40 b 20 a	Assoc. Brit. Picture 5/–	54/3	50/3	5·97
84/–	54/9	60 b 40 a	Assoc. Television 'A' 5/–	81/–*	79·9*	6·27
49/–	23/4½	24 c 8 a	Beecham Group 5/–	47/–	46/6	2·58
32/–	19·7½	16 c 3 a	Boots Pure Drug 5/–	32/–	30/3	2·64
42/6	28/7½	5 b 3½ a	British Match £1	41/3	41/3	4·04
87/3	49/6	8 b 4 a	British Oxygen £1	86/–	82/3	2·92
11/6	8/8¼	18 c 6 a	British Ropes 2/6	11/6	11/6	3·91
73/6	42/9	15 b 5 a	De La Rue 10/–	72/6	73/6	2·72
39/3	22/3	14 b 6 a	Dunlop Rubber 'A' 5/–	38/9	39/3	2·55
63/–	35/9	5½ a 8½ b	Glaxo 10/–	63/–	60/6	2·31
64/–	31/6	3 a 9 b	Harrisons & Cros. Defd. £1	62/6	61/6	3·90
106/3	56/4½	50 b 10 a	Hoover 'A' 5/–	102/6	99/6	3·02
29/9	19·10½	11 b 5 a	Ind. Coope 5/–	28/6	29/9	2·69
77/6	63/6	4 a 6 b	Inter. Computers & Tab. £1	76/–*	77/6	2·58
53/9	30/–	10 c 11¼ c	National Canning £1	52/6	53/–	4·25
30/6	19/3	10 b 6 a	Powell Duffryn 10/–	30/11½	28/6	5·61
49·4½	35/–	7½ a 15 b	Radio Rentals 5/–	49/11½	47/–	2·39
14/7½	10/–	5 c 10 c	Rank Organisation 5/–	14/–	14/–	3·57
34/9	18/11½	12½ b 5 a	Schweppes 5/–	34/3	33/–	3·03**
29/3	13/–	18 c 20 c	Sears 'A' 5/–	28/9	28/3	3·54
20/–	11/3¾	6·3 b 7¼ a	Thomas Tilling 4/–	20/3	20/–	2·72
112/3	53/–	5 a 15 b	Turner & Newall £1	107/–*	105/6*	3·76
144/–	86/7½	16·8 b 8 a	Unilever £1	142/9	140/6	3·36
12/–	9/9	10·4 c 3¼ a	United Glass 5/–	12/–	12/–	4·33
50/10½	31/9	†10⅝ b †14¼ a	United Molasses 10/–	46/6	50/–	4·90
			INSURANCE			
188/9	122/6	†40 b †45 a	Britannic 5/–	185/–	185/–	3·75
68/6	40/9	21⅔ b 20 a	Commercial Union 5/–	65/–	65/–	3·20
202/6	127/6	15 b 12½ a	Employers' Liability £1	197/6	191/3	2·88
143½	8	†32·35c †41·17c	Equity & Law Life 8/6	141*	13¼*	2·16
77/9	66/6	17½b 15 a	General Accident 5/–	77/9	74/9	2·68**
104·4½	58/6	30 b 30 a	Guardian 5/–	102/6	100/–	3·00
18⁷⁄₁₆	9⅝	60 b 40 a	Legal & General 5/–	18⅝	18	1·39
138/–	63/6	5 a 20 b	Northern £1	127/6	125/–	3·40
172/6	117/6	50 b 50 a	Prudential 'A' 4/–	171⅜	167/9	3·59
17¹³⁄₁₆	10½	†14⅞ c †16⅔ c	Prudential 'A' £1	17¹³⁄₁₆	17⅞	2·97
108/9	59/11½	10 b 8 a	Royal Exchange £1	106/3	107/6	2·98*
			MOTORS AND AIRCRAFT			
68/6	36/4½	3 a 9½ b	B.S.A. £1	66/10½	65/–	3·84
23/–	8	12½ b 1½ a	British Motor 5/–	23/10½	23/3	3·92
113/9	50/3	8½ b 5 a	Ford Motor £1	107/9	109/6	2·47
84/–	44/–	12½ c 12½ c	Leyland Motor £1	83/6	81·10½	3·05
18/11½	7/3	8 c 12 c	Rootes Motors 4/–	16/3	17/–	2·82
12/11½	5/11¼	12 c 12 c	Standard-Triumph 5/–	11/10½	11/6	3·91**
17/3	8/3	3½ a 6½ b	Bristol Aeroplane 10/–	14/9	16/3	6·15
29/3	11/11¼	7½ c Nil	De Havilland £1	27/7½	27/–	
54/–	34/9	15 a 16½ b	Dowty Group 10/–	53/6	50·10½	3·70
34/–	26/11½	3 a 7 b	Hawker Siddeley £1	29·10½	29/–	6·90
53/11½	41/3	7½ b 3½ a	Rolls-Royce £1	49/11½	49/6	4·40
29/–	18/3	3½ b 9½ b	Dunlop Rubber 10/–	27·10½	27/3	4·17
78/9	44/3	2½ a 10 b	Joseph Lucas £1	76/–	72/11½	3·47
46/4½	23/7½	17½ b 9 a	Pressed Steel 5/–	46/11½	42/6	3·12
93/9	48/11½	20 c 30 c	Triplex Holdings 10/–	91/6	90/–	3·33
			PAPER AND NEWSPAPERS			
31/11½	21/–	15 b 10 a	Daily Mirror 'A' 5/–	31/–	30/6	4·10
37/–	24/6	12½ b 5 a	Odhams Press 10/–	36/4½	35/3	4·97
68/–	43/7½	8 b 4 a	W. H. Smith & Son £1	66/–	65/–	3·69
77/11½	44/6	12½ c 5 a	Bowater Paper £1	76/–	75/–	3·33
60/–	42/6	9 b 5 a	Albert E. Reed £1	60/–	58/6	4·78

Money and Exchanges

EXCHEQUER RETURNS

For the 12 days ended December 31, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £77,412,000 compared with a deficit of £46,826,000 in the previous week and one of £69,037,000 in the corresponding period of last year. There was a net expenditure "below-line" of £55,456,000 leaving a total cumulative deficit to date of £1,021,259,000 compared with £938,278,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Dec. 31, 1958	April 1, 1959, to Dec. 31, 1959	11 days ended Dec. 31, 1958	12 days ended Dec. 31, 1959
Ord. Revenue					
Income Tax	2147,000	935,594	961,576	34,614	57,125
Surtax	171,000	55,600	58,700	2,300	3,300
Death Duties	195,000	135,000	159,200	3,500	5,200
Stamps	68,000	44,500	69,100	1,800	2,800
Profits tax, EPT and EPL	274,000	220,800	208,700	3,600	4,400
Other Inland Revenue Duties	1,000	150	210	...	100
Total Inland Revenue	2856,000	1391,644	1457,486	45,814	72,925
Customs	1285,500	967,954	1037,999	27,049	35,161
Excise	864,500	694,640	680,545	23,355	21,175
Total Customs and Excise	2150,000	1662,594	1718,544	50,404	56,336
Motor Duties	104,000	31,647	30,818	1,170	1,302
PO (Net Receipts)	35,000	22,900	25,100	3,500	3,700
Broadcast Licences	30,000	26,126	31,554	1,899	1,684
Sundry Loans	150,000	64,525	91,006	...	...
Miscellaneous					
Total	5325,000	3199,436	3354,586	102787	135947
Ord. Expenditure					
Debt Interest	600,000	522,926	463,443	43,764	43,439
Payments to Northern Ireland Exchequer	79,000	51,530	54,517	3,058	3,178
Other Consolidated Funds	10,000	5,090	5,707	28	42
Supply Services	4523,546	3089,002	3250,462	124721	166440
Total	5212,546	3668,548	3774,129	171564	213099
Sinking Funds	39,000	26,023	26,206	260	260
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	443,143	575,432	76,730	55,456	
Total Surplus or Deficit	938,278	1021,259	145767	132868	
Net receipts from:					
Tax Reserve Certificates	218,826	150,319	10,728	13,222	
Savings Certificates	100,300	55,200	400	400	
Defence Bonds	68,694	108,287	988	780	
Premium Savings Bonds	49,105	35,510	...	240	
Total	436,925	349,316	12,116	14,642	

* Net receipts of the Civil Contingencies Fund of £10 million in 1959–60 compared with £11 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Dec. 31	5,851·0		222·2	0·3	5,573·4
1959					
Sept. 30	5,298·3		270·1	1·8	5,570·1
Oct. 3	3,378·0	1,936·3	247·5	3·0	5,556·8
" 10	3,390·0	1,954·2	259·7	—	5,602·9
" 17	3,340·0	2,016·0	241·4	—	5,687·4
" 24	3,430·0	2,052·7	217·8	—	5,700·5
" 31	3,460·0	2,114·0	202·5	—	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	—	5,770·5
" 14	3,580·0	1,942·9	223·8	—	5,746·7
" 21	3,620·0	1,887·2	223·6	—	5,730·8
" 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
" 12	3,660·0	1,934·9	210·9	1·3	5,807·0
" 19	3,660·0	2,004·0	228·2	1·5	5,893·7
" 31	5,686·8		253·6	0·3	5,940·7

THE MONEY MARKET

INTEREST rates in the United States have again been the focal point of attention this week. Six months bills in New York sold for the first time at an average rate of discount of more than 5 per cent. Three months bills were also higher at 4.602 per cent compared with 4.516 per cent.

At the first London tender of the new year the Treasury bill rate edged up further. The £280 million of bills on offer were sold at an average rate of £3.14s.6.24d. per cent, 9d. more than at the previous tender, and nearly ⅛ per cent higher than in November.

After the difficulties of the year-end, conditions in the money market became easier and while 3¾ per cent was paid for money on Friday in the early stages the rate drifted down to the basic minimum of 2⅜ per cent for clearing bank money and 2 per cent for outside money. On Saturday conditions were comfortable and money was soon forthcoming. Credit continued to be easy in the first three days of this week.

The Bank return shows a rise in discounts and advances from £16.8 million to £30.4 million, reflecting in part the discount market's penal borrowing at the year-end.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	327_{32}–329_{32}
Discount houses	2–3¼	3 months	327_{32}–329_{32}
Money:		4 months	327_{32}–325_{32}
Day-to-Day	2–3¼	6 months	327_{32}–315_{16}
Treasury bills:		Fine trade bills:	
2 months	3_{32}	3 months	$4\frac{3}{8}$–5
3 months	$3\frac{3}{4}$	4 months	$4\frac{3}{8}$–5
		6 months	$4\frac{3}{4}$–$5\frac{1}{2}$

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** December 30	4·516
		January 5	4·602

BANK OF ENGLAND RETURNS

(£ million)	Jan. 7, 1959	Dec. 30, 1959	Jan. 6, 1960
Issue Department:			
Notes in circulation	2,086·6	2,237·0	2,185·2
Notes in banking dept.	63·8	63·4	15·1
Govt. debt and securities*	2,146·5	2,297·0	2,197·0
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	12·0	10·9	13·5
Bankers	193·7	255·3	246·4
Others	67·7	67·3	64·1
Total	273·4	333·5	324·0
Securities:			
Government	179·7	249·8	274·8
Discounts and advances	26·3	16·8	30·4
Other	21·2	21·0	21·1
Total	227·1	287·6	326·3
Banking department reserve	64·6	64·2	15·9
"Proportion"	23·6	19·2	4·9

* Government debt is £11,015,100, capital £14,553,000. *Fiduciary issue reduced by £10 million to £2,200 million on January 6th.*

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1959	*91 day*			s. d.	%
Jan. 2	260·0		402·8	62 11·35	52
1959					
Oct. 2	280·0		411·6	69 10·48	54
" 9	290·0		433·2	69 9·00	66
" 16	270·0†		444·4	68 4·91	34
" 23	260·0		456·5	68 6·74	37
	91 day	*63 day*			
" 30	220·0	5·00	461·6	67 8·53	54
Nov. 6	240·0	50·0	464·9	67 4·62	53
" 13	230·0	60·0	471·5	67 9·55	26
" 20	230·0	60·0	438·0	67 11·96	44
" 27	220·0	60·0	415·4	67 11·95	46
Dec. 4	230·0	60·0	408·1	70 7·23	54
" 11	290·0	...	452·8	71 6·91	48
" 18	240·0	50·0	403·9	72 10·50	54
	91 day				
" 24	290·0		407·8	73 8·82	66
1960					
Jan. 1	280·0		422·4	74 6·24	50

* On January 1st tenders for 91 day bills at £99 1s. 4d. secured 50 per cent, higher tenders being allotted in full. The offer for this week was for £270 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: January 6	Market Rates: Spot: December 31	January 1	January 2	January 4	January 5	January 6
United States $	2·78–2·82*	2·79$^{15}_{16}$–80$^{1}_{16}$	2·79$^{15}_{16}$–80$^{1}_{16}$	2·80–80$^{1}_{8}$	2·80–80$^{1}_{8}$	2·797$_{8}$–2·80	2·797$_{8}$–2·80
Canadian $		2·66$^{9}_{16}$–11$^{1}_{16}$	2·66$^{9}_{16}$–11$^{1}_{16}$	2·663$_{8}$–3$_{8}$	2·667$_{8}$–67	2·675$^{15}_{16}$–7$^{1}_{16}$	2·673$_{8}$–1$_{2}$
French Fr.	13·622–14·027	13·73$^{1}_{4}$–74	13·73$^{1}_{2}$–$^{3}_{4}$	13·73$^{3}_{8}$–$^{7}_{8}$	13·74–74$^{1}_{4}$	13·73$^{3}_{8}$–$^{7}_{8}$	13·73$^{3}_{8}$–$^{7}_{8}$
Swiss Fr.	11·94–12·54$^{7}_{8}$	12·09$^{1}_{2}$–$^{3}_{4}$	12·09$^{1}_{2}$–$^{3}_{4}$	12·10–10$^{1}_{4}$	12·11$^{3}_{8}$–12	12·10$^{1}_{8}$–$^{1}_{2}$	12·10$^{7}_{8}$–11$^{7}_{8}$
Belgian Fr.	137·96–142·05	139·77$^{1}_{2}$–82$^{1}_{2}$	139·72$^{1}_{2}$–77$^{1}_{2}$	139·72$^{1}_{2}$–77$^{1}_{2}$	139·67$^{1}_{2}$–72$^{1}_{2}$	139·52$^{1}_{2}$–57$^{1}_{2}$	139·72$^{1}_{2}$–77$^{1}_{2}$
Dutch Gld.	10·48–10·80	10·55$^{1}_{4}$–$^{1}_{2}$	10·55$^{1}_{4}$–$^{1}_{2}$	10·55$^{5}_{8}$–$^{7}_{8}$	10·56$^{1}_{8}$–$^{3}_{8}$	10·55$^{1}_{2}$–$^{3}_{4}$	10·55$^{1}_{2}$–$^{3}_{4}$
W. Ger. D-Mk.	11·59$^{1}_{2}$–11·92$^{3}_{4}$	11·67$^{3}_{8}$–$^{5}_{8}$	11·67$^{3}_{8}$–$^{1}_{2}$	11·67$^{3}_{8}$–$^{7}_{8}$	11·68–68$^{1}_{4}$	11·67$^{1}_{2}$–$^{3}_{4}$	11·67$^{3}_{4}$–$^{5}_{8}$
Portug. Esc.	79·00$^{1}_{2}$–82·00$^{1}_{2}$	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17371$_{4}$–$^{1}_{2}$	1737–371$_{4}$	17373$_{8}$–381$_{4}$	1738–381$_{4}$	17371$_{2}$–3$_{4}$	17373$_{8}$–5$_{8}$
Swedish Kr.	14·27$^{1}_{2}$–14·70	14·50$^{1}_{2}$–$^{3}_{4}$	14·50$^{1}_{2}$–$^{3}_{4}$	14·503$_{4}$–5$_{8}$	14·507$_{8}$–51$_{8}$	14·49$^{5}_{8}$–50$^{1}_{8}$	14·50–50$^{1}_{4}$
Danish Kr.	19·06$^{1}_{2}$–19·62	19·31$^{3}_{8}$–$^{5}_{8}$	19·31$^{3}_{8}$–$^{5}_{8}$	19·31$^{3}_{8}$–$^{5}_{8}$	19·32$^{1}_{8}$–$^{3}_{8}$	19·32$^{1}_{8}$–$^{3}_{8}$	19·33–33$^{1}_{4}$
Norwegian Kr.	19·71–20·30$^{1}_{2}$	20·00$^{3}_{4}$–01	20·00$^{3}_{4}$–01$^{3}_{8}$	20·01$^{1}_{4}$–$^{1}_{2}$	20·01$^{3}_{8}$–$^{5}_{8}$	20·01$^{3}_{8}$–$^{5}_{8}$	20·01$^{1}_{8}$–$^{3}_{8}$

* Official Limits.

One Month Forward Rates

United States $	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis
Canadian $	$\frac{7}{16}$–$\frac{9}{16}$c. dis	$\frac{5}{16}$–$\frac{7}{16}$c. dis	$\frac{5}{16}$–$\frac{7}{16}$c. dis	$\frac{5}{16}$–$\frac{7}{16}$c. dis	$\frac{5}{16}$–$\frac{7}{16}$c. dis	$\frac{5}{16}$–$\frac{7}{16}$c. dis
French Fr.	1–1$\frac{1}{4}$c. dis	1–1$\frac{1}{4}$c. dis	1–1$\frac{1}{4}$c. dis	1–1$\frac{1}{4}$c. dis	1–1$\frac{1}{4}$c. dis	1–1$\frac{1}{4}$c. dis
Swiss Fr.	1$\frac{1}{2}$–1$\frac{3}{4}$c. dis	1$\frac{1}{2}$–1$\frac{3}{4}$c. dis	1–1$\frac{1}{4}$c. dis	1c. pm–par	par–$\frac{1}{4}$c. dis	$\frac{1}{4}$c. pm–$\frac{1}{4}$c. dis
Belgian Fr.	15–25c. dis	15–25c. dis	15–25c. dis	20–30c. dis	30–40c. dis	15–25c. dis
Dutch Gld.	$\frac{1}{2}$–$\frac{3}{4}$c. dis	$\frac{1}{2}$–$\frac{3}{4}$c. dis	$\frac{1}{2}$–$\frac{3}{4}$c. dis	par–$\frac{1}{4}$c. dis	$\frac{1}{4}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{5}{8}$c. dis
W. German D-Mk.	1–1$\frac{1}{4}$pf. dis	1–1$\frac{1}{4}$pf. dis	1–1$\frac{1}{4}$pf. dis	$\frac{5}{8}$–$\frac{6}{8}$pf. dis	$\frac{5}{8}$–$\frac{6}{8}$pf. dis	$\frac{3}{4}$–1pf. dis

Three Months Forward Rates

United States $	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis
Canadian $	1$\frac{1}{8}$–1$\frac{1}{4}$c. dis	1$\frac{1}{16}$–1$\frac{3}{16}$c. dis	1$\frac{1}{16}$–1$\frac{3}{16}$c. dis	1–1$\frac{1}{8}$c. dis	1$\frac{1}{16}$–1$\frac{1}{16}$c. dis	1$\frac{1}{16}$–1$\frac{1}{16}$c. dis
Swiss Fr.	1–1$\frac{1}{2}$c. dis	1–1$\frac{1}{2}$c. dis	1–1$\frac{1}{2}$c. dis	1c. pm–par	par–$\frac{1}{2}$c. dis	$\frac{1}{4}$c. pm–$\frac{1}{2}$c. dis
W. German D-Mk.	1$\frac{7}{8}$–2$\frac{1}{8}$pf. dis	1$\frac{7}{8}$–2$\frac{1}{8}$pf. dis	1$\frac{7}{8}$–2$\frac{1}{8}$pf. dis	1$\frac{3}{8}$–1$\frac{5}{8}$pf. dis	1$\frac{1}{2}$–1$\frac{3}{4}$pf. dis	1$\frac{5}{8}$–1$\frac{7}{8}$pf. dis

Gold Price at Fixing

Price (s. d. per fine oz.)	250/5½	...	...	250/4	250/6¼	250/7¼

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages	Jan. 2nd	External Trade	This week
Manpower and Output	Dec. 19th	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe	Nov. 14th	United States	Dec. 26th

	Unit	Monthly averages 1956	1957	1958	1958 Sept.	Oct.	Nov.	1959 July	August	Sept.	Oct.	Nov.
VALUE												
Imports:												
Total	£ million	321·7	336·8	312·5	309·2	325·4	312·3	352·9	305·2	330·1	360·2	356·9
Food, drink and tobacco	"	119·6	123·3	124·4	122·8	135·6	128·1	128·2	106·8	121·4	141·9	134·5
Basic materials	"	91·2	96·7	75·0	69·5	70·2	71·8	85·6	79·6	77·1	82·7	84·8
Fuels	"	34·5	38·8	36·7	39·6	40·8	37·1	40·7	35·3	39·9	36·4	36·5
Manufactures	"	75·2	76·9	75·1	76·1	77·6	73·7	97·0	82·4	90·5	97·9	99·8
Exports of UK produce:												
Total	"	261·5	274·2	264·3	237·2	263·2	287·7	287·8	255·5	246·5	306·0	298·3
Manufactures—Total	"	216·6	227·8	222·0	197·0	220·3	237·8	247·3	213·9	206·0	255·1	251·0
" Metals	"	36·7	39·7	35·9	32·8	35·0	42·6	39·7	34·3	37·7	43·4	39·5
" Engineering products	"	104·7	111·8	115·2	100·3	114·0	120·3	130·9	107·6	100·6	128·8	132·2
" Textiles(2)	"	24·5	25·0	21·2	17·9	19·0	21·4	21·8	20·0	18·2	22·4	21·3
Re-exports	"	11·9	10·8	11·7	9·8	11·6	12·7	9·3	9·3	11·2	14·6	9·5
Balance of trade (exports *less* imports)	"	−48·2	−51·8	−36·5	−62·2	−50·5	−12·0	−55·8	−40·4	−72·5	−39·7	−49·1
VOLUME(6)												
Imports:												
Total	1954=100	110	114	114	113	...	120[4]	...	128	127		
Food, drink and tobacco	"	109	113	119	118	...	126[4]	...	109	...	...	...
Basic materials	"	102	106	94	90	...	97[4]	...	101	...	...	...
Fuels	"	115	114	124	128	...	137[4]	...	144	...	...	...
Manufactures	"	125	130	132	131	...	136[4]	...	153	...	...	...
Exports:												
Total	"	113	116	111	109	...	115[4]	...	111	...	129	124
Manufactures	"	115	118	113	111	...	115[4]	...	113	...	...	...
BY AREA(7)												
Imports:												
Dollar area—Total	£ million	70·9	80·3	65·5	65·3	65·8	65·6	70·8	60·0	70·1	85·0	76·4
" " USA	"	33·9	40·1	29·2	30·0	33·3	33·4	28·2	23·8	32·4	45·6	38·4
" " Canada	"	29·0	26·7	25·7	25·7	24·4	23·9	28·8	25·8	25·2	28·4	29·3
Non-sterling OEEC countries	"	83·5	84·8	84·3	82·4	91·2	83·9	98·6	82·4	89·5	98·4	99·5
Sterling area	"	124·5	126·0	113·0	108·7	116·1	114·3	124·6	108·1	118·2	117·4	123·5
Exports(5):												
Dollar area—Total	"	45·1	47·6	48·7	48·5	51·8	55·0	60·8	54·5	57·4	63·0	63·7
" " USA	"	21·5	21·5	24·3	24·1	27·8	28·9	33·0	31·0	32·2	34·4	30·8
" " Canada	"	15·2	16·6	16·1	12·8	16·8	17·5	20·5	15·1	17·1	20·0	23·5
Non-sterling OEEC countries	"	77·9	80·6	74·9	69·9	72·9	76·5	82·3	71·1	73·9	89·8	82·4
Sterling area	"	119·7	121·7	117·9	103·5	122·3	130·2	118·2	107·8	95·5	127·7	126·3
Balance of trade (exports *less* imports):												
Dollar area	"	−25·8	−32·7	−16·8	−16·8	−14·0	−10·6	−10·0	− 5·5	−12·7	−22·0	−12·7
Non-sterling OEEC countries	"	− 5·6	− 4·2	− 9·4	−12·5	−18·3	− 7·4	−16·3	−11·3	−15·6	− 8·6	−17·1
Sterling area	"	− 4·8	− 4·4	+ 4·9	− 5·2	+ 6·2	+15·9	− 6·4	− 0·3	−22·7	+10·3	+ 2·8
TRADE IN SELECTED COMMODITIES(7)												
Imports:												
Wheat	'000 tons	398·4	377·5	376·8	348·4	406·1	279·7	407·4	307·7	277·0	344·1	260·2
Meat	"	72·4	74·2	69·5	62·6	56·5	76·4	78·8	61·4	70·8	70·0	68·5
Sugar, unrefined	"	194·3	235·0	220·1	225·0	238·2	200·3	193·1	145·8	288·9	202·2	178·6
Raw cotton(1)	"	27·0	30·6	21·5	16·4	9·9	15·0	31·9	23·3	17·9	18·5	29·7
Raw wool, sheep's and lambs'(1)	mn. lb.	53·2	51·6	51·2	19·9	49·0	63·4	63·6	33·5	24·6	45·5	61·0
Rubber, natural and synthetic(1)	'000 tons	18·2	22·7	17·0	12·2	14·5	14·4	16·5	21·4	20·3	11·4	17·1
Softwood(2)	'000 stds.	104·8	119·8	106·4	131·4	124·4	132·4	197·9	160·5	155·2	159·2	139·1
Woodpulp	'000 tons	183·3	178·2	175·2	184·5	181·8	194·8	151·4	176·2	196·9	220·6	185·6
Crude petroleum	mn. gails.	618	604	732	788	819	783	862	800	889	814	844
Exports of UK produce:												
Coal, including bunkers	'000 tons	812	666	403	408	424	413	368	310	318	449	414
Woven piece-goods—cotton(2)	mn. sq. yds.	40	38	32	27	27	33	28	30	25	32	30
" " " wool(2)	'000 sq. yds.	9,107	9,029	7,887	6,132	6,877	7,895	9,305	8,755	7,184	8,856	8,349
Passenger cars and chassis	number	27,848	35,360	40,336	38,203	39,230	36,320	53,561	38,147	38,513	49,892	56,860
Commercial vehicles and chassis	"	10,506	10,216	9,306	7,186	7,913	8,667	11,903	8,795	8,508	12,663	11,226
Agricultural tractors	"	7,482	9,411	8,711	7,961	7,357	7,258	9,657	9,045	8,648	10,473	9,317
Machinery—electrical	£'000	5,314	5,612	5,836	4,034	5,861	6,176	6,097	5,303	4,514	6,656	5,817
" other	"	38,657	42,211	42,784	37,848	40,567	44,644	49,456	45,442	39,589	51,314	50,571
Chemicals, elements and compounds	"	4,948	5,219	5,025	4,723	4,880	5,242	6,409	6,026	5,321	6,249	6,048

(1) Retained imports. (2) Owing to changes in classification 1959 figures are *not strictly* comparable with those for earlier years. (3) Average for *third quarter*. (4) Average for *fourth quarter*. (5) 1956 figures include re-exports of second-hand aircraft and exposed cinematograph film. (6) In 1959 indices for total imports and exports, but not for the classes, are *adjusted* to include trade with the Channel Islands. (7) Figures in *italics* are not strictly comparable with 1959 figures; the major difference is that they include trade with the Channel Islands, now excluded from the value figures.

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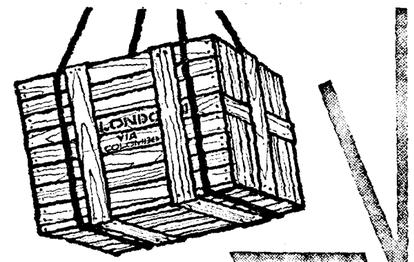

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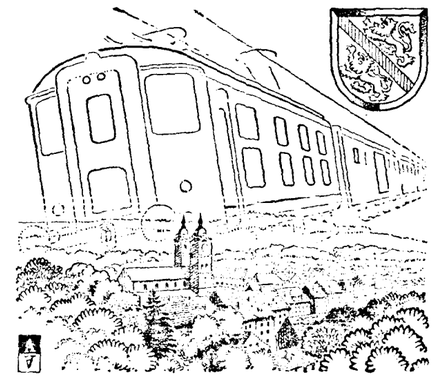

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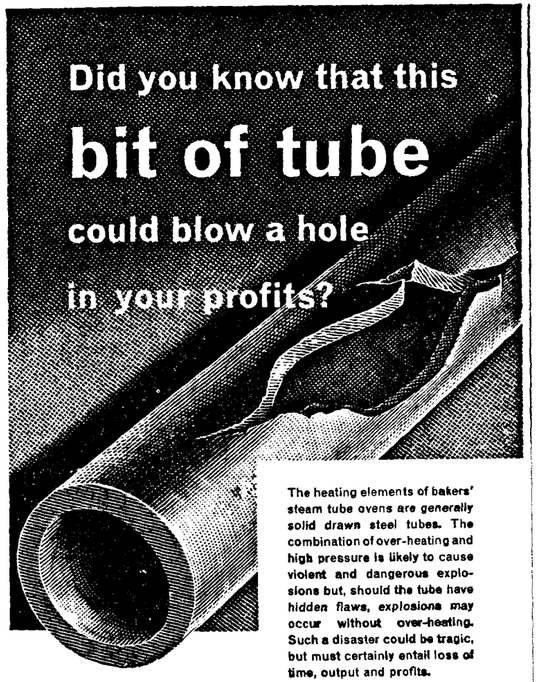

The heating elements of bakers' steam tube ovens are generally solid drawn steel tubes. The combination of over-heating and high pressure is likely to cause violent and dangerous explosions but, should the tube have hidden flaws, explosions may occur without over-heating. Such a disaster could be tragic, but must certainly entail loss of time, output and profits.

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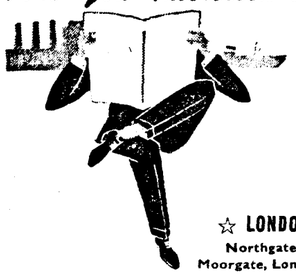

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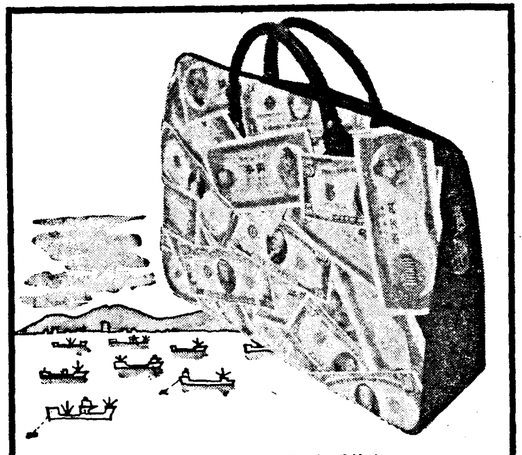

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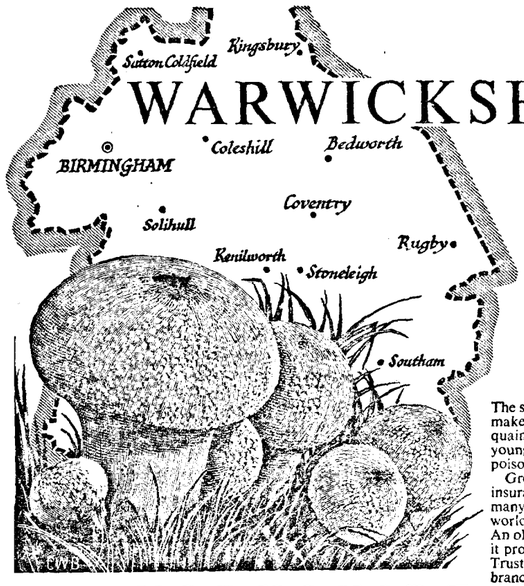

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for Political and Economic Planning (P.E.P.). The deputy will be concerned with the supervision of study projects and with the production of publications and reports. He will be responsible for co-ordinating the work of research groups engaged on studies on a variety of subjects and for the publication of their subsequent reports. He will have general responsibility for the monthly broadsheet "Planning," including the selection of subjects. Initial salary £1,750-£2,500, dependent on experience and age.

Candidates should be over 35 and have a first or good second class honours degree, preferably in economics. They must have experience of collecting, analysing and interpreting information, the preparation of reports, and have directed others in this type of work.

Please send brief details in confidence, quoting reference S.2116, to P. J. H. Fryer. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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for a City finance house with international investments mainly in mining. He will be deputy head of the investment advisory department with the possibility of further promotion in due course.

Candidates should have experience in advising on the effects of economic factors on investments, and preferably should have had experience with a firm of stockbrokers, an insurance company or a City finance house. A good degree in economics, P.P.E. or commerce is desirable but not essential. Preferred age 35 to 45, though a younger man would be considered. Commencing salary will not be more than £2,500, unless experience is exceptional.

Please send brief details in confidence, quoting reference S.2122, to R. W. H. Lubbock. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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Candidates should be between 40-45, with an honours degree in economics or law. They must have considerable administrative experience and have been responsible for the formulation of policy based on the accurate interpretation of economic trends, preferably in industry.

Please send brief details in confidence, quoting reference S.2096, to P. J. H. Fryer. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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STATISTICAL OFFICER (HOLLERITH) required by the East Africa High Commission on probation for permanent and pensionable establishment. Commencing salary according to qualifications and experience in scale (including Inducement Pay) £1,056 rising to £1,341 a year. Outfit allowance £50. Free passages. Liberal leave on full salary after tour of 30-36 months. Candidates, under 35, must have good G.C.E. and sound knowledge of large scale punched card installations, and be able to plan new applications of punched cards to statistical problems. Initial posting to Nairobi. Write to the Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote M3A/52744/EN.

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A vacancy arises for the Head of the Assessment Section who will be responsible for the economic and technical appraisal of projects. Besides examining new projects, he will keep development projects under critical review to determine the effects of changes in circumstances or design.

The successful candidate will have had comparable experience in industry and will possess a good degree in mathematics, including mathematical statistics, or in pure or applied science.

There are attractive conditions of service, including superannuation. The salary will fall between £1,900 and £2,550, and will be reviewed annually.

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THE Investment Company of Nigeria Limited wishes to engage a SENIOR ACCOUNTANT. He will be stationed in Lagos but it is expected that he will be required to tour extensively. His responsibilities will consist of the critical appraisal of schemes submitted by applicants for financial assistance; the inspection of statistical and accounting records of assisted businesses, where necessary the introduction of simple accounting procedure. The starting salary is £2,350 to £2,750 depending on experience. Free accommodation is provided, with main furnishings. He will have the use of a company's car and driver. Tours will be normally for 15 months in Nigeria with three months' leave (including travelling time). The position is one of responsibility and there are suitable prospects for advancement. Candidates should be Chartered Accountants under thirty-five and should have had several years' experience either with a commercial or industrial concern or with an investment house.

Applications, with details of qualifications and experience, should be addressed by airmail to the Secretary, P.M.B. 2357, Lagos.

Candidates will be interviewed either in London or Lagos, as convenient.

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Quaker Oats Ltd. wish to make a new appointment in the Commercial Research Department at their office in Southall, Middlesex.

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Please apply in writing to:

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Applications are invited for the above-mentioned position. Preference will be given to applicants holding advanced degrees in Economics or Agricultural Economics. Previous teaching and/or research experience is desirable.

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Applications to: The Secretary, Liebig's Extract of Meat Company, Limited, Thames House, Queen Street Place, London, E.C.4.

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The successful candidate will be expected to take up duty on October 1, 1960.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than February 8, 1960.

CHARLES H. STEWART,
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December, 1959.

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has a vacancy at its Head Office in London for a female graduate in economics or other commercial subjects, or alternatively a Fellow of the Library Association (including Part 3c), to develop a commercial information service.

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B.I.M. SENIOR EDITORIAL ASSISTANT required for management journal. Starting salary £900 p.a. Applicant must write good English, be methodical and meticulously accurate. Editorial experience essential. Degree in Sociology or Economics desirable. Pension scheme.—Application to the Editor, "The Manager," 80 Fetter Lane, London, E.C.4.

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Applications are invited from men or women graduates who wish to undertake research in Economics; Statistics; Politics; Sociology; Economic, Social or Political History; Industrial Relations; African Studies; Public Administration; Business Management; International and Public Law or other branches of the Social Studies. The Research Fellowship will normally be for two or three years, stipend according to age. Further particulars may be obtained from the Warden. Applications should reach him not later than February 2, 1960.

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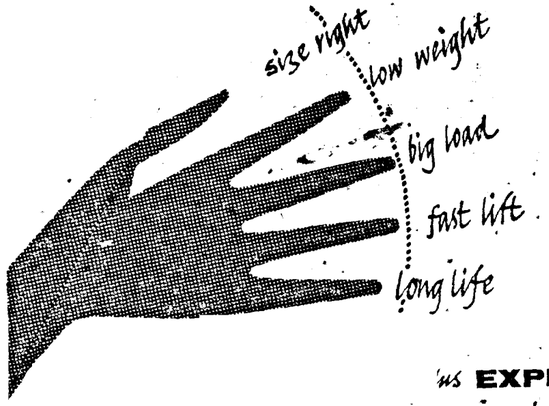

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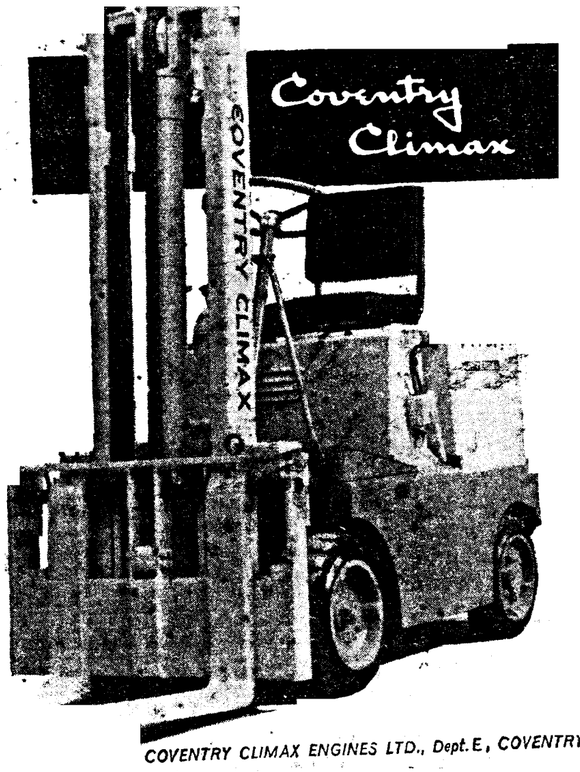

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(pages 188 and 185)

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(page 212)



M. Antoine Pinay

The Cincinnatus of St Chamond

(page 182)

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(page 221)

Coal at the Bottom?

(page 223)

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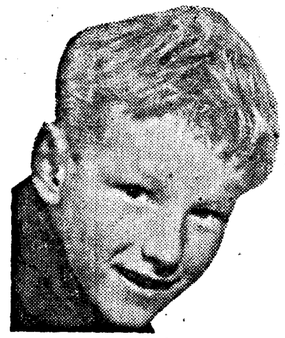

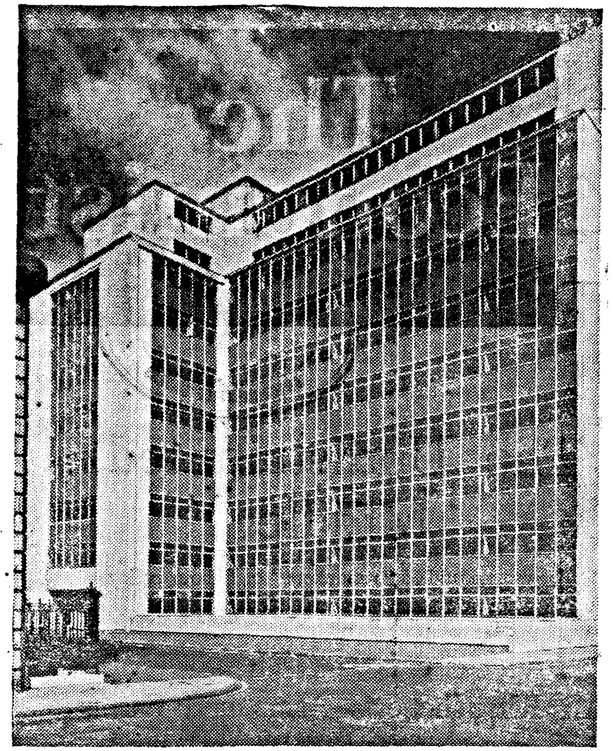

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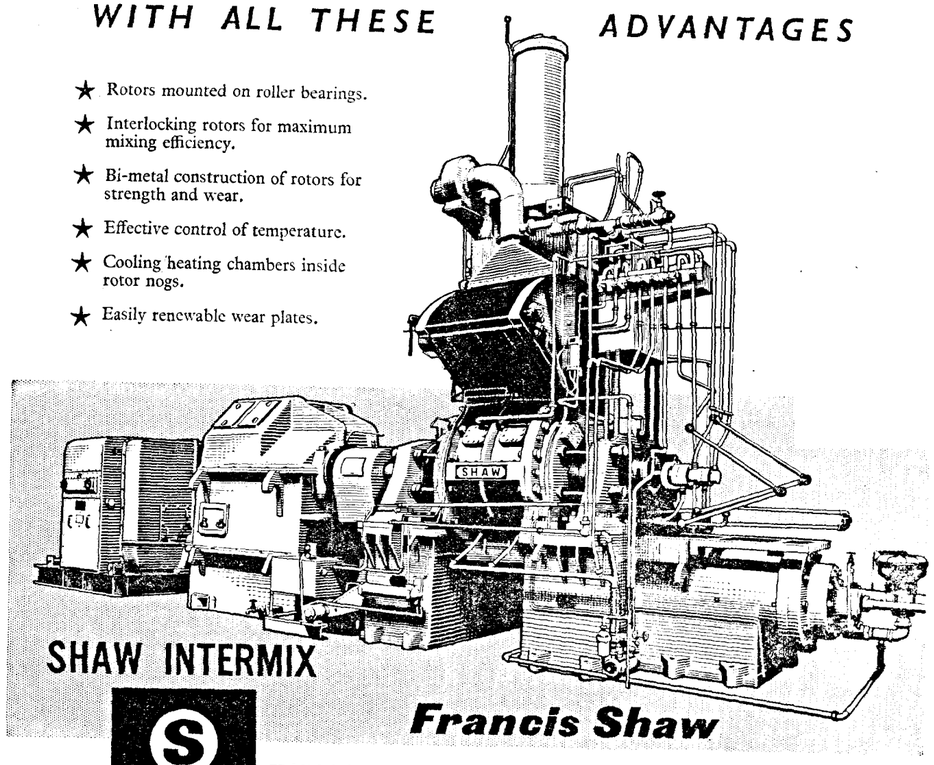

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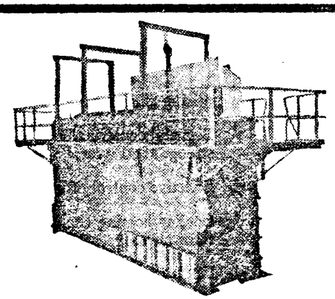

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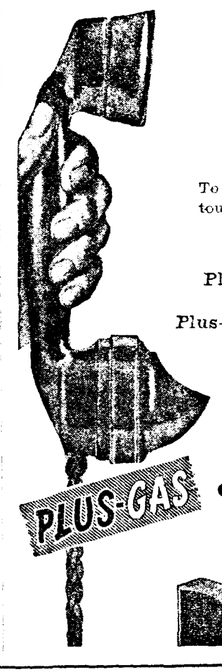

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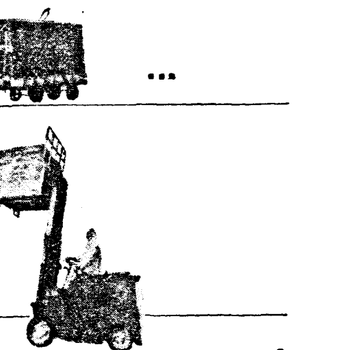

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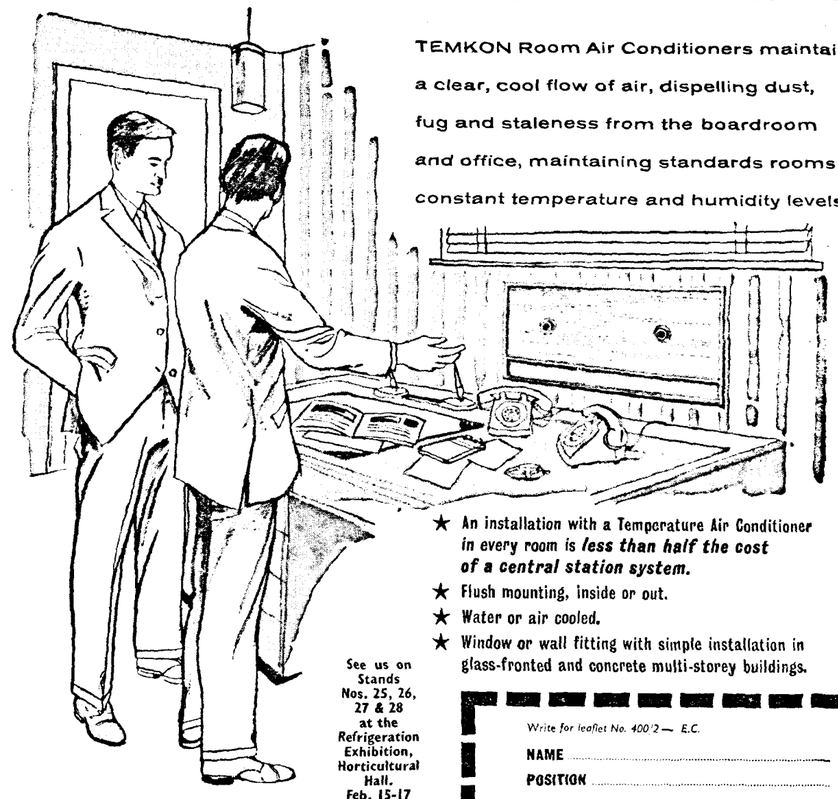

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International NU-SWIFT News

No. 1

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1. The new 16-floor skyscraper in BASLE, Switzerland built, and occupied by GEIGY, the world-famous chemical concern, has been equipped with Nu-Swift extinguishers.

2. Old-fashioned chemical extinguishers in the SHELL-MEX Building, in the STRAND, LONDON, largest office building in the Commonwealth, have been superseded by reliable Nu-Swift equipment. Built in 1933, the 8,008,462 cubic feet of this giant edifice, which boasts 16 lifts, 6 oil-fired boilers and 22 miles of water pipes, are now protected by a total of 261 Nu-Swift extinguishers.

3. MONTEGO BAY AIRPORT on the North Coast of Jamaica, well-known to sun-hungry socialites in U.S.A. and Britain, is now safe-guarded by Nu-Swift. So is the exclusive TOWER ISLE HOTEL.

4. In gay VIENNA, 30 break-down vehicles belonging to the TOURING CLUB OF AUSTRIA (similar to the British A.A. service) have recently been equipped with Nu-Swift. Another 31 vehicles in GRAZ have been similarly protected.

5. In STOCKHOLM, beautiful capital of Sweden, a rush order for 1½ tons of extinguishers was recently executed by Nu-Swift sales concessionaires in 6 hours. The number of extinguishers required was 60. SKF, ASEA and STORA KOPPARBERGS BERGSLAGS A/B (the oldest industrial undertaking in the world), are among other industrial giants in fast moving Sweden, who have standardised on reliable Nu-Swift Dry Powder Extinguishers.

6. If overtaken by the LAKE POLICE while speeding on the 20-mile long LAKE ZURICH, you will find their patrol boats equipped with Elland-made Nu-Swift Dry Powder Extinguishers, Model 1604. Ashore, this also applies to the police cars and garages of the City and Kanton of busy and prosperous ZURICH.

7. Direct rail connections link COPENHAGEN with Rome, Paris, Vienna, Venice, etc. THE DANISH STATE RAILWAYS have now equipped all international coaches starting from the up-to-date capital of Denmark, with Nu-Swift.

8. MR. HUGH DALTON, M.P., Chancellor of the Exchequer in the post-war Labour Government (1945-47), is the latest prominent politician to equip his home with Nu-Swift.

9. After exhaustive tests, extending over several years, the AUSTRALIAN ARMY have satisfied themselves that Nu-Swift Dry Powder Extinguisher, Model 1604, meets their exacting requirements. The first orders have been placed.

10. More than 50% of all new NORWEGIAN vessels, mainly TANKERS, are protected by Nu-Swift.

11. Prince FAROUK, now a citizen of Monaco, but once King of EGYPT, one day when shooting in the desert near Cairo, saw his car ablaze. Fire was put out by a local Nu-Swift enthusiast. Result: The King had all his palaces and his yacht protected by Nu-Swift.

12. The underground aeroplane factories of SAAB (SVENSKA AEROPLANE A/B) Linköping, Sweden, are protected by Nu-Swift. So are the naval vessels in the ATOM-BOMB-PROOF UNDERGROUND HARBOUR near Stockholm, built into the mountain by the cautious Swedes.

13. In far-off FIJI, where cannibalism was rife within living memory, the recently constructed BROADCASTING STATION is protected against fire by Nu-Swift. So is the new AUTOMATIC TELEPHONE EXCHANGE.

14. An animated correspondence with G. BERNARD SHAW resulted in 1944 from an enquiry by the ever-alert but critical sage. Asked by Shaw why, in our letter of reply, no prices were quoted, a cheeky Nu-Swift clerk retorted that "We thought you wanted to protect your life, not your purse. Does price matter when your life is at stake?" G.B.S. rose to the bait by replying: "Please treat me as a prospective customer, not as a back-chat comedian."

15. SWISS FEDERAL RAILWAYS, one of the most efficient and modern railway systems in the world, have placed their first orders for Nu-Swift extinguishers.

16. Mr. W. J. SCOTT, Q.C., FIRE MARSHAL OF THE PROVINCE OF ONTARIO, during a recent lightning trip to Europe, as Dominion Government NATO delegate, included Elland in his itinerary. On his return, having also called at London, Paris, Rome and Madrid, he stated that the visit to Nu-Swift Factory remained the highlight of his European tour, and caused orders to be placed for sample and demonstration extinguishers for the new Ontario Fire Service College at GRAVENHURST, 80 miles from TORONTO.

17. Since THE SUDAN gained her independence, the authorities have decided to standardise on Nu-Swift. The first orders have arrived from Khartoum.

18. In KUWAIT, fabulously wealthy Arabian oil-well state on the Persian Gulf, police and army cars are now all protected by Nu-Swift.

19. The SOUTH AFRICAN ELECTRICITY SUPPLY COMMISSION have decided to place Nu-Swift Dry Powder Extinguisher, Model 1604, on all their breakdown and service vehicles. The first orders have been placed.

20. In NIGERIA, Africa, which is shortly expected to achieve independence, TRAINS AND HOSPITALS are equipped with Nu-Swift. Climate is hot and humid.

21. BRITISH EXPORTS of fire extinguishers are the highest in the world. Total value of NU-SWIFT exports is increasing continuously. Last year they amounted to NEARLY ONE-THIRD OF THE BRITISH TOTAL.

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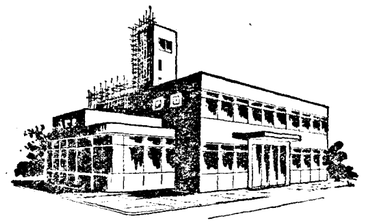

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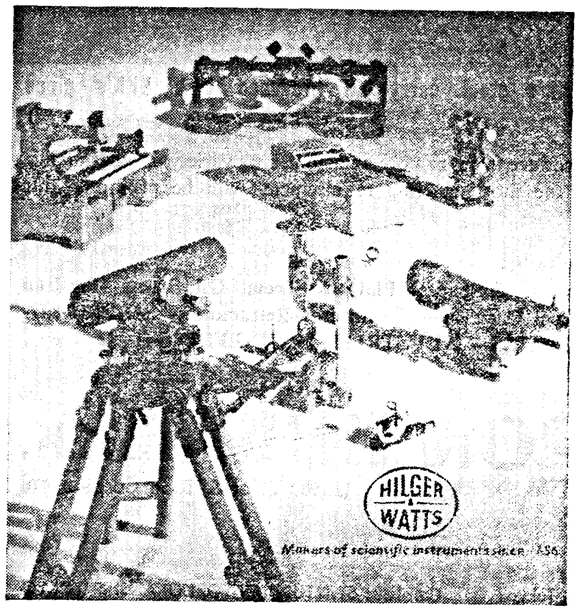

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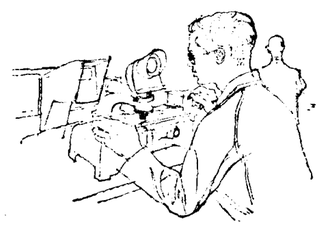

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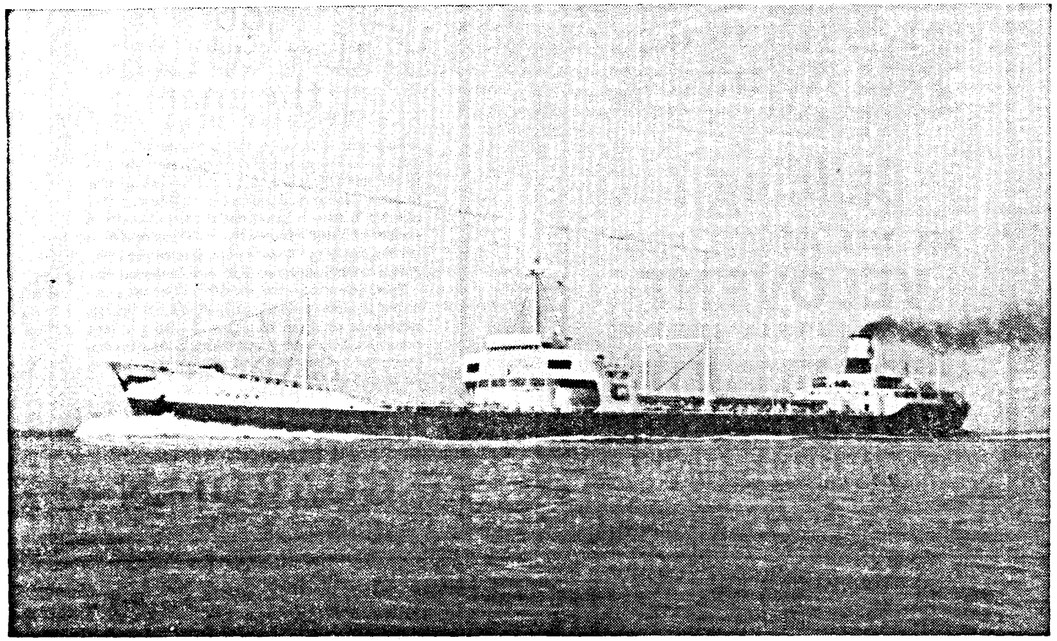

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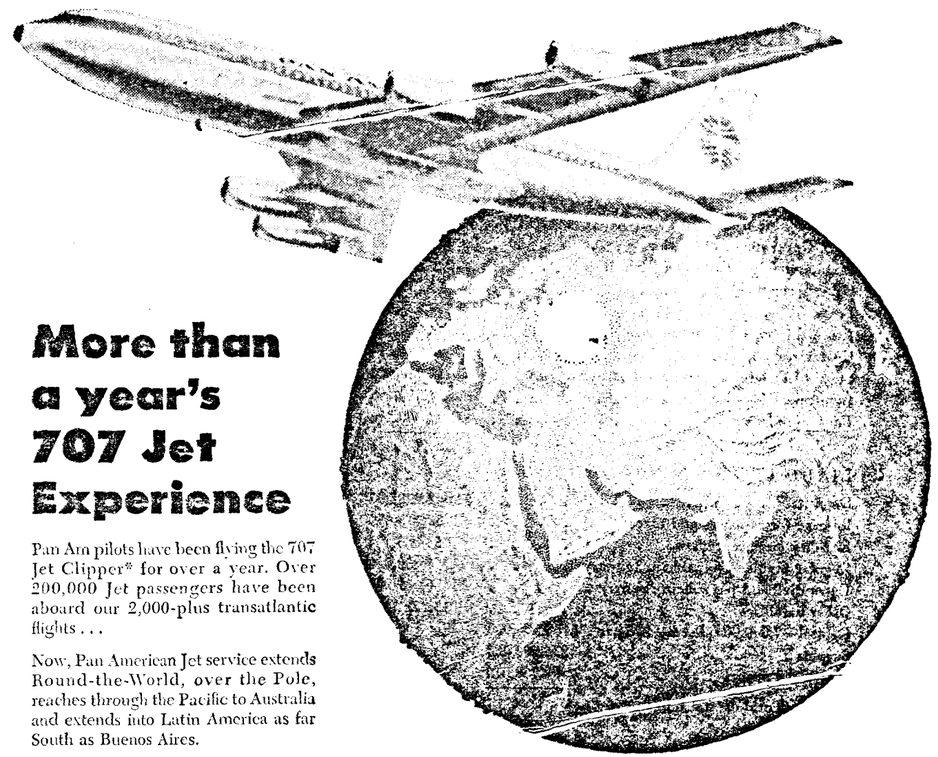

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Other securities	19,507,541
Loans	2,259,924,349
Accrued interest, accounts receivable, etc.	143,989,277
Customers' acceptance liability	48,834,645
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	8,320,495
Bank premises	23,980,276
	$4,109,799,585

LIABILITIES

Deposits	$3,362,998,235
Reserve for expenses and taxes	30,218,079
Liability on acceptances	54,083,194
Regular dividend payable in January	6,032,000
Extra dividend payable in January	6,032,000
Other liabilities	132,727,067
Capital—7,540,000 shares—$25 par	$188,500,000
Surplus	236,500,000
Undivided profits	92,709,010
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The Economist

JANUARY 16, 1960

The Undistributed Middle 181
The Cincinnatus of St Chamond 182
Academic Go-Between 183
Russia's Rural Half 185
In Honour Bound 186

NOTES OF THE WEEK 188

Kenya; Soviet Union; Railway Wages; Liberal Organisation; Space Diplomacy; Nuclear Weapons; Anti-Semitism; Shell Site Strike; Germany; Ghana; Wages; The Law's Delays; Africa; Saudi Arabia; West Indies; Indonesia; United Arab Republic.

LETTERS 195

BOOKS

Inquest on a Republic 199

AMERICAN SURVEY

State of Mr Eisenhower 203

Steeled to Dearer Money; Warming Up for the Election; Red Metal, Red Miners?; Trade in the Balance; Dressmaker to a Continent; Football in a Bowl; Mr Rockefeller's State; Shorter Notes.

THE WORLD OVERSEAS

Who Daubs the Swastikas? 211

Wise Men for Trade and Aid; Cyprus and the Grivas Question; Mac's South African Tightrope; Apartheid in Football; East Germany's New Industrial Course; Red Rivals in Iraq; The Year of the Rat.

THE BUSINESS WORLD

The Aircraft Mergers 221
Coal at the Bottom? 223

BUSINESS NOTES 224

Bankers and Bidders; Industrial Mergers; Railways; Stock Markets; Overseas Trade; Company Profits; Steel; Films and Television; Yields in the Buil Market; The Jasper Affair; Atomic Insurance; Chemicals; European Coal; Bank Deposits; Free Pistons Find Their Uses; Domestic Heating; Hotels; Raw Cotton; Oil Pipelines; Wool Markets; Building Societies; Better than Equities in 1959 . . .; Tin Market; Jute and Dundee.

COMPANY AFFAIRS 257

Profits in Lombard Street; More Bank Results; Unit Trusts; John Summers; Thomas Firth and John Brown; New Issues; Scottish and Universal Investments; Borax (Holdings); New Day Furnishing.

London and New York Stocks 260
Money and Exchanges 262
Manpower and Output 263

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The Undistributed Middle

IN many earnest discussion groups, and amid a porridge of mixed clichés, Labour's rethinking goes on. The New Year message from the new chairman of the Fabian Society, Mr H. D. Hughes, who is also the Principal of Ruskin, would not normally be a subject for much comment. But it deserves limelight this year because it is so drearily representative of so much that must give a sinking heart to anyone who hopes to have the option of a new government during the sixties. Mr Hughes's main preoccupation in accepting leadership of the Labour party's oldest intellectual generating plant is to find a "definition of socialist ends clearly distinct from those professed by Communists, the Bow Group and Mr Grimond."

To what purpose is this exercise? The reference to communism is presumably a rhetorical flourish for the sake of symmetry. But the Bow Group and the Liberal party are collections of people whose views, on a considerable range of issues, are often not clearly distinguishable from those of, for example, Mr Roy Jenkins and Mr Anthony Crosland. These movements are competitors with the Labour party for the allegiance of that minority of liberally minded, robustly idealistic and not strongly party-partisan voters who might be described as the undistributed middle of British politics.

Mr Hughes's ideas for conducting this competition, which are unfortunately shared by many otherwise perspicacious members of his party, are to raise an electric wire fence and a "keep out" sign to debar all who will not assume socialist stigmata, apparently chosen deliberately for their merit in frightening spiritual Liberals and Bow Groupers away. This might be a fine recipe for conducting a religious sect or an ethical reform campaign to change human nature during an age of mass opulence. But it is an extraordinary direction in which to point a political party that is seriously seeking to convert enough marginal voters to replace the present Government only four years from now. To be fair to Mr Hughes, he does grudgingly accept that economic conditions have changed a bit since 1918, with the coming of "a spuriously affluent society" (what is supposed to be spurious about it: the existence of the affluence or the values of the society? This looseness is typical of the shaky adverbs of the left). But from a Fabian intellectual the logic of what follows is hard to take.

The Fabian chairman agrees that it may be helpful to explain that common ownership is a means but not an end; but, apparently as the outcome of his search for something, anything, that will keep those pesky Bow Groupers and Liberals out, he insists that any new definition of the Labour party's aims must include "the tenet that both public ownership and control are essential means to the ends we seek." This, of course, makes absolute nonsense of the distinction between ends and means—which, in relation to a democratic society, is in any case a philosophically difficult one to sustain. Finally, Mr Hughes concedes that "alternative forms of public ownership, new techniques of public control, must be evolved," but not apparently because they would necessarily be any better in themselves than the old forms: instead, it is because the "bamboozling of affluent electors by hidden persuaders" makes it necessary to present the case in a different dress. If the only explanation for people voting Tory is that they have been bamboozled by hidden persuaders (whoever they may be—there was nothing hidden about the Tory poster campaign), why on earth should anybody suppose that a tactically different way of nationalising

more sections of the economy will de-bamboozle them?

One does not have to be a complete cynic to suggest that the purpose of political parties is not deliberately to invent new ways of excluding political support. At present that traditional stream of British thought and sentiment which is broadly progressive, radical and humanitarian is split three ways between the Bow Group (used here as a shorthand phrase for the Tory left), the Liberals and the Labour party. The Labour party's aim must be to unite as much of it as possible under its banner. This is not an impossible task. The reason why a person is a Bow Grouper rather than a Gaitskellite is not necessarily the result of a judgment on the substance of policy. It is because some forward-looking people judge that it is more practicable to influence the Tory party from within to behave in a progressive way (in, say, Africa) than to stir up the do-nothings and damp down the diehards inside the Labour party; while others have a temperamental preference for operating in the ambience and through the characteristic channels of Conservatism. Only those who are mainly influenced by the last factor need be abandoned as potential recruits to a refreshed Labour party.

The species of undistributed voter who will not on any account, Bow Group or no Bow Group, back the Tories, has to decide whether to go to Mr Grimond or Mr Gaitskell. His quandary is how the Left can best be reconstructed so as to offer a chance of replacing the Tories in the Government. He must calculate that, even if Mr Grimond should achieve his declared object of replacing the Labour party as the principal opposition, the process will take at least three or four elections, during which time presumably the Liberal party would be getting progressively bigger and the Labour party regressively smaller, thus unwinding the reel of Labour's rise. But this would inevitably mean being resigned to long periods of Tory power, even if the Labour party were to give a boost to the sequence by obligingly repeating the split between Asquith and Lloyd George. This does not by any means eliminate the arguments why a liberally minded Labour supporter might give encouragement to Mr Grimond. A few more demonstrations of Liberal strength might be a powerful incentive for Fabians and others to rethink the Fabian chairman's rethoughts. But this is a terribly roundabout way of accomplishing within the Labour party a spiritual emancipation which those of its members who are not Mr Michael Foot's kind of fundamentalist ought surely to be able to manage for themselves.

In a parliamentary system the normal channel for advancing progressive notions is the principal anti-Conservative party. It is understandable that clever Tories like Mr Enoch Powell should taunt the Labour party into committing hara-kiri by writing in an article (which some Labour men have been quoting ever since): "An opposition must have a categorical imperative: do this, and this alone, if you would be saved." But there is absolutely no reason why any self-respecting Fabian should fall for this sort of thing. Fabians should eagerly accept that it does not matter a jot that there may be no great differentiating principle separating the Labour party from the Liberals and the Bow Group. Labour's main remaining advantage is that it is still in possession as the biggest anti-Conservative party, and thus as the natural recipient of progressive political support. When, but only when, it learns to act up to this role, which in view of its past may not be as easy as it sounds, its renaissance will have begun.

The Cincinnatus of St Chamond

The removal of M. Pinay sets General de Gaulle more problems than it solves

M. PINAY'S departure is a capital event in the affairs of the Fifth Republic. With it, in all appearance, French political life shifts into a new gear. The President, in the driving seat, is now more than ever alone: none of the remaining figures around him can be said to lead an independent existence. As for M. Pinay, he has not retired without reminding his countrymen that he remains at their disposal: the echo of an earlier departure, to Colombey-les-deux-Eglises in 1946, is not meant to be missed. The Debré government thus declines a stage further into an American-style (or perhaps a Portuguese-style) cabinet. The permanent secretaries are taking over. This certainly ensures executive cohesion, which never existed while M. Pinay sat there. But the concentration of authority in the Elysée brings France sensibly closer to government by decree and referendum. The gaullist edifice has had the scaffolding taken down; its base turns out to be narrow; it looks topheavy.

This is no reason why General de Gaulle should choose this moment to rewrite his constitution; on the contrary. If his object has been to put an end to the political game (and it is hard to think that he yet really wants this), the whistle has now been blown in both the cabinet and the Assembly. What is not yet clear is whether M. Pinay's departure will give the growing opposition in the Assembly a determination that it singularly failed to display in the schools debate last month. The reliable government vote is now reduced to the gaullist UNR. The Algerians have slipped away. The Socialists, who might have been expected to return under a less forbidding finance minister than M. Pinay, were alienated once more over the schools. Now the conservatives, called Independents, whom their parliamentary leader, M. Duchet, has been prodding for some time, can pack their bags and go over into opposition. It was to avoid this that the general tried to persuade M. Pinay to stay on as a minister of state. Technically, therefore, the regime could run into difficulties if it attempted a major operation in the Assembly in the coming months.

The budget is not a problem until the end of the year; but Africa may be. The government had meant to call a special parliamentary session next month to put through constitutional changes made necessary by the rapid evolution of the French community since the Saint-Louis meeting in December. It may be possible to delay these changes until the normal session in April, but they could still mean trouble, particularly as the Independents have been increasingly critical of General de Gaulle's African policy. The Independents would probably welcome recourse to a general election in which they could hope to pick up strength at the UNR's expense. The full political and economic consequences of the change may not be evident for a few months.

M. PINAY'S quarrel with MM. Debré and Jeanneney has been represented by him, and by them, as being over financial policy. This is true, but it has been by no means the whole truth. Policy differences there have been on such issues as state aid for necessitous industries, the creation of a state corporation to refine and distribute Saharan oil, and the revision of the commercial code (to include, among other changes, provision for the compulsory representation of employees on boards of management). But these could only be burning questions if ministerial pique and rivalry made them so; on all of them compromise was perfectly feasible. More significantly, there were differences between M. Pinay and M. Jeanneney on the general expansion of the economy, much as there had been between M. Pinay and M. Chalandon a year ago. These were undoubtedly harder to reconcile, and M. Pinay, in fact, seems to have been unwilling to give any ground to what he called *étatisme* and *dirigisme*. If he could not have his way, he may have preferred to go out altogether on an issue that his clientele could not fail to appreciate.

The two opposite images of financial policy thus presented have been reasonably clear during the length of the Debré government, and where M. Pinay thought they needed hardening he has done so by judicious use of the press in the past two weeks. He has said repeatedly that he stands by the austere, and in their way wholly successful, financial policies of December, 1958. His critics say that he has been preoccupied with the monetary reserves as the criterion of success. He has certainly shown a phlegmatic acceptance of patches of industrial stagnation and declining investment as the necessary price of financial stability.

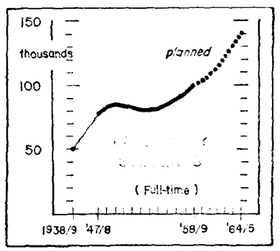
This innate caution eventually caused him to quarrel with most of his cabinet colleagues and, more damagingly, with General de Gaulle himself. It has been one thing for M. Pinay to forbid M. Jeanneney to raise fuel prices in order to assist the resettlement of uneconomic miners. It has been quite another for him to refuse M. Guillaumat all that the army has demanded. But this M. Pinay did—and this, in fact, was his greatest service to the Fifth Republic.

The technocrats and expansionists have good reason to argue that France must keep up at least its Fourth Republican rate of economic development if it is to co-exist with the west Germans. They are prepared to take the plunge on wage concessions and social spending. But, simply because they do not possess M. Pinay's political influence, they are unlikely to speak up for austerity where it is still most needed: in the projects for a French nuclear armoury and independent striking force (closest to General de Gaulle's heart), and for the total military pacification of Algeria (closest to the army's). The intention behind M. Baumgartner's appointment to the ministry of finance is apparently to try to continue M. Pinay's policies without M. Pinay. The Bourse's reaction to the crisis seems to leave the government little alternative for the next few months. But only a politician with standing in the country can apply the brakes as M. Pinay did.

M. Pinay's opposition to General de Gaulle's policies towards Nato, and even Europe, has had more than a purely financial basis to it. This side of the dispute has not been so clearly delineated in public, but it may have been the clinching argument in the final break. M. Pinay has not yet associated himself with the most trenchant external critics of the general's foreign policy, including M. Duchet. But this is not to say what M. Pinay will do now he is at liberty, nor what his countrymen may expect to hear in future from the oracle of St Chamond.

Academic Go-Between

This first of a series of occasional articles into the problems of university expansion examines the role, past and future, of the University Grants Committee



SO successful has the University Grants Committee been in preserving British universities' academic freedom, while getting them both marching orders and housekeeping money from the state, that to criticise it is almost high treason. It has been copied by several countries, and academics in many more are constantly to be heard wishing that they were buffered from the whims and follies of their paymasters by such a go-between. But, when the whole system of higher education is entering a new era, it should be useful to weigh what is now required of such an institution against its past performance.

To suggest that higher education is entering a new era may annoy many dons, who feel that the floodgates of change were opened after the war with an expansion that has already changed the universities beyond recognition. The student population has been raised from 50,000 to over 100,000 in twenty years; and works are in train to raise the universities' capacity to 135,000 students or more in the next five. Yet the current expansion is only completing the process begun in the nineteenth century when the state began to promote university education by subsidies—on the premise that all young people able and eager to take a degree, as that term has been given meaning by the ancient universities, should be enabled to do so. The Crowther report showed how far this process has yet to go even at the present level of university

entrance, it pointed out, "there is a growing difference between the number of pupils 'qualified' to enter a university and those 'selected' to do so." If its recommendations for more secondary education are accepted, the numbers qualified to take degrees at the present standard and enabled to enter for them will rise further still. But what also lies ahead is the phase when the universities will have to accept and train more and more students whom they regard as being of below that degree standard.

The UGC's triumph is that it has preserved academic freedom and university initiative in a period when British universities have become financially almost entirely dependent on the state. (They now get barely ten per cent of their income from tuition fees, and only Oxford and Cambridge colleges possess the elbow room which private endowments confer.) Yet in so doing the committee has already become what it desired not to become: the instrument of state planning in higher education. Through its allocation of capital grants it now controls the universities—not merely in general terms, but in great detail. Its very success in repelling the claim—over ten years—by the Public Accounts Committee to investigate university finance as closely as any other form of major Government expenditure, and its skill in manœuvring the Government away from the device of earmarked grants, have turned it into far more of an executive body than a co-ordinating one. It enforces its own standard costing systems and its own building standards. As a semi-detached Treasury Committee with a predominantly academic membership, its policy has been to get the universities of their own free will to anticipate national needs. By prompting a sensitive response to government estimates of the requirements of technologists and specialists, it has enabled the universities, by being petitioners for more money, to seem to be setting the pace. But there is little or no coercion only because academic high commands in the postwar atmosphere are too sensible to delay action until rude things get said in public.

THE system works so well because the personnel of the UGC overlaps academic, political and high civil service circles. From the university senates through to the Treasury there prevails a similar mentality, a similar set of values and a common background. The result is an implicit compact between the parties: provided the universities carry out national policy, the UGC protects them from state (and of course local) intervention, and leaves them free to interpret national needs in accordance with their own standards. These standards are very much those of Oxford and Cambridge. Notwithstanding the growth of technological studies (which some Oxbridge dons distrust) postwar leadership in higher academic education has very largely come through the UGC from the ancient universities. These two universities have been substantial beneficiaries from the expansion, without losing the special advantages that they prize.

So far, the postwar expansion has not forced the universities to reconsider the nature of their functions or to vary very substantially their standards. The new students are—if sometimes dubiously—"academic material" in terms of 1939 or 1914. The greatly expanded staffs are still academic persons—chosen largely for their proved ability in research. Though the universities have laid on a great many courses which the UGC has explained that the government needed, these have, in the main, been kept to the level of academic disciplines: brewing is studied as virology, Asian languages as philology, and so on. Capital grants are readily accepted for providing them. But, as Sir Maurice Bowra once said, it is necessary "to distinguish between a thing we would like to do if we could afford it, and a thing we would not like to do at all." The universities dread the day when they will be asked to take money to do things which they do not think are properly academic—and which will perhaps be detrimental to academic life and purposes as they see them.

This, however, is the prospect that looms beyond the expansion that is already planned. Many dons think that even out of 135,000 students there will be a large number quite unfit for academic work (as that term has hitherto been defined) and they can point to a failure rate which is already about 11 per cent in the first year. By present standards, they are quite possibly right. The number of honours degree students is strictly limited and so even is the number of general degree students, as general degrees are now framed. Many university teachers who think that universities are spoiled by having too many undergraduates would like this failure rate to become a neatly self-regulating mechanism: as an increasing number of freshmen find they are not up to the work, the pressure on the university doors will lessen again.

The UGC, doubtless, is the interpreter of no such plan. But in what spirit will it meet the challenge for ever more "tertiary" education of ever more bizarre variety? Some of the plans to experiment with even the present relatively high grade of postwar student had to be forced through from outside—by Mr Dalton in the case of the University College of Staffordshire, and by Lord Chorley (with Sir Winston Churchill's backing) in the case of Imperial College. Today the UGC is all for new universities, new general or even pass degrees, even (it is whispered) for teaching management. But what is going to be required is a new approach not just to expanding facilities for the exercise of the universities' function as now understood, but a new approach to the function itself.

University expansion has virtually reached the uncharted frontier beyond which universities will have to go hand in hand with the Ministry of Education into the whole field of general post school education for the hoi polloi: a classicism that conveniently covers the intellectual orders who cannot get more than one pass at A level in GCE (an examination which dons already say is marked so easily that they must progressively raise the pass mark for university entry). The new era will demand the provision of more and more sub-academic courses suited to the hoi polloi's intelligence and the recruitment of academic unpersons to teach them. To let sweetness and light into their lives it will be necessary to forge new links between this academic underworld and the higher academic life—research, reading for honours—which must of course continue, undamaged, as before.

If the UGC sounds this advance, the universities, on form, will follow. But it is a very different brief from the one the UGC has had hitherto. The instincts of some people on the committee might be better served by a rearguard action, after the line has been drawn somewhere. Yet the UGC need be in no doubt that public pressure on the universities will grow. In the postwar decade and a half the educational controversy has raged round the secondary schools because the mass of parents, hitherto indifferent, now wants secondary education for its children. The very expansion that the UGC has stimulated in higher learning will help to ensure that in a few years this interest will move to the doors of the universities. There is nothing final about university development. Fortunately there still is time for the universities to decide how to shape it—and to ensure that the ark of scholarship shall still float on the floodwaters of mass education.

How the UGC Works

THE University Grants Committee consists of twenty part-time members appointed by the Chancellor of the Exchequer in consultation with the Minister of Education and the Secretary of State for Scotland. Most are people either currently or formerly engaged in academic life. The present chairman is Sir Keith Murray; the secretary, Sir Cecil Syers, comes from the Treasury. There is a secretariat of about 30 (including architects and accountants). The UGC meets every month, and makes a quinquennial visit, on which it reports, to each university.

The universities draw up in a prescribed way their accounts and requirements, which the UGC takes to the Treasury. Though money for the universities, both recurrent costs and capital grants, must be voted annually by Parliament, the universities are assured of their needs for five years ahead.

The UGC is in contact with the Association of University Teachers on staff conditions and salaries, and with the Committee of Vice-Chancellors and Principals on general policy. The greatest work is done by bilateral contact between the chairman of the UGC and individual universities' vice-chancellors.

Russia's Rural Half

agriculture abreast of modern Soviet industry; but then, he is only half modern himself

HALF-PEASANT, half-townsman, Mr Khrushchev is the living image of his country in its present state of development. This does not make him always the easiest guide to the Soviet economy. At Christmastide, for instance, he talked at length about the state of Soviet agriculture at a special session of the party's central committee. He paid a warm tribute to the record-breaking farmers of the Ryazan region; he mentioned by name dozens of individual performers elsewhere; he dwelt on all sorts of details. Blaming Mr Byelayev, party chief in Kazakhstan, for poor work in that region he revealed that this new granary of the Soviet Union fell short of expectation in a year when total grain output and supplies were hit by drought. He also boasted that Soviet output of butter per person—at 8.8 lb—exceeded the American level in 1959 for the first time; he added that meat output would be more than doubled in the next six years so as to catch up with American standards. But, though he spoke for hours, with the usual wealth of proverbs, in the end his listeners (and the readers of the subsequently published text) were left with a rather fragmentary picture.

Yet the key problems facing the Soviet leaders, though hard to resolve, are simple to state. They spring from the fact that, just like Mr Khrushchev, the Soviet population is still roughly half peasant. The economic consequence of this is that, even if Russia were to outstrip American food production in the new decade, it would use a vastly larger labour force to do it. As long as he has to carry on his back an unproductive farmer almost his own size, the Soviet industrial worker will be handicapped correspondingly compared with his American counterpart. The Soviet advantage in population is outweighed by low agricultural productivity. In social, and political, terms the problem is one of ownership. For the communists, collective farming is a transitional stage which will vanish together with the differences between workers in town and country. The collective farmer, with his peasant instinct and memories of private ownership, presents the communist planner and the communist politician alike with a poser.

The transformation of rural Russia was, possibly, the biggest of the tasks which Stalin bequeathed to his heirs. An interesting feature of the new regime was the relative frankness with which his successors immediately admitted the backwardness of Soviet agriculture and its distorting lag behind Russia's industrial progress. Their first idea was to increase food output by all available means. Mr Khrushchev launched the drive for "the conquest of virgin land," which has brought nearly 90 million acres under cultivation. The venture had its risks. The land reclaimed in Kazakhstan and Siberia lies in a zone where the weather is unreliable; not all the blame for the poor Kazakh harvest may lie with the reprimanded Mr Byelayev, and Mr Khrushchev's proposed remedy—to fly reinforcements in from the Ukraine—sounded fanciful. The fact remains that, taking bad years with good, the virgin lands brought in a substantial supplement of grain.

In the traditional agricultural areas more classical methods were used to raise production: supplies of machinery and fertilisers were stepped up. It was the emphasis on incentives that was new. Farmers saw their taxes reduced and their compulsory deliveries to the state replaced by purchase at more attractive prices; they were simultaneously spurred to sell by more plentiful supplies of industrial goods to the countryside. When this policy of incentives was crowned with the dismantling of the MTS (machine and tractor stations—the traditional outposts of communist control in the countryside) the question did arise whether Mr Khrushchev, whose only known original contribution in Stalin's time was the idea of grouping villagers into agro-towns, was not dropping his own convictions for the sake of practical results.

In fact, he was not. The one objective did not exclude the other; he has followed the two approaches, with varying emphasis, concurrently. The reclamation of new land enabled the leaders to set up state, as opposed to collective, farms. There are now 6,500 state farms. Their contribution to the disposable food supplies has risen in the last six years from 12 to 38 per cent for grain and from 17 to 23 per cent for meat

and milk. Thus, the authorities have strengthened their bargaining position considerably. Another vital change, which has passed almost unnoticed, is the reduced importance of supplies from the collective farmers' own plots, the last vestiges of private property, as a result of bigger sales by the farms themselves. The plots now provide only 17 per cent of the meat supplies and 8 per cent of the milk procurements, while not so long ago they contributed more than half.

COLLECTIVE farms also continue to change in size. Ten years ago, the 250,000 or so that existed were amalgamated into about 100,000 larger units. Unheralded, the process goes on: there are now only 55,000. Mr Matskevich, the minister of agriculture, outlined the future prospect to the central committee. Smaller farms will be amalgamated, while larger ones will be grouped together in the same region. Collective farms will specialise as much as state farms do, and the difference between the two will gradually disappear as a similar system of payments is evolved for both. Collective farmers, in other words, will become plain wage-earners.

Mr Khrushchev, in turn, revived the idea of towns for the countryside. He recalled conversations with farmers to whom he had suggested the construction of bigger houses with, say, four flats or even the building of big blocks of flats which could house a whole *kolkhoz*. But he added that the peasants showed no enthusiasm for such a transformation, and, as usual, he had a proverb for it:

> If you dig a well in the wrong place, you will not drink any water . . . we must take into account the collective farmers' wishes.

Thus only two rapid reforms are to be expected. Collective farms will combine for the joint construction and exploitation of common amenities. And the scale of payments for food produce is to be revised. This revision is dictated by various considerations. It must stimulate output in backward farms; the discrepancies in production between farms in the same area are still fantastic. It should bring about a cheapening of food prices, the benefits of which could be passed on to consumers. In the stage, theoretically transitional, of "dictatorship of the proletariat" it must prevent farmers from earning more than industrial workers. Record-breaking farms will, therefore, be compelled to put more into collective funds and distribute less. This, in turn, may prove a factor of social change. As for the general transformation of rural life, the hope is that it will keep pace with the growth of production.

Mr Khrushchev's fabian tactics may be explained by the desire to avoid unrest as the progress of production becomes increasingly difficult. Few virgin lands are left to be reclaimed (though Mr Khrushchev did advise the bringing under cultivation of some 15 million acres of marsh land). The emphasis must now be shifted from bread grains to fodder grains. Higher yields per acre and per head of cattle, more intensive stockbreeding—these are the tasks for to-morrow. In addition to managerial improvement, the results will depend on investment in equipment and fertilisers.

The party hierarchy has set next December as the date for a progress report. Spectacular changes or upheavals now seem unlikely. To modernise the archaic half of Soviet society is no small task. How long will it take? There is no precedent for guidance in a field where the communist planner has always, so far, been a fish out of water. An irreverent answer may be suggested: when Russia loses its half-peasant air, it will very likely have another ruler—a man who may bring to the political scene less colour than Mr Khrushchev, but more sophistication.

In Honour Bound

Some after thoughts on the latest New Year's Honours list

ALTHOUGH the Conservative party in this Parliament is not yet as beknighted as in the last, because of the large number of retirements and of new members who have yet to put in time for their spurs, there was no shortage of victory gongs on New Year's Day. The twice yearly quota of royal recognition for good party men is fixed between the Queen's private secretary and the Patronage Secretary to the Treasury, who is also, conveniently, the Government Chief Whip. Once the numbers are agreed it is, according to the system laid down in 1923 by the Royal Commission on Honours, the sole responsibility of the Prime Minister to see that those on his list of recommendations are suitable. However, following that unfortunate experience with Mr Lloyd George in the 1920s, the monarch must now be told if the Prime Minister is persisting in recommending politicians whom three Privy Councillors, forming the Political Honours Scrutiny Committee, have found to be manifestly unsuitable.

This committee, which at present consists of a member of each party, Lords Crookshank, Pethick-Lawrence and Thurso, receives confidential information about the exact nature of the "political and public services" which are getting their just reward, the name and address of the person who in each case made the recommendation in the first place, and a solemn statement from the Patronage Secretary that not a penny of money was put up for the party as a *quid pro quo*. The Royal Commission said "directly or indirectly" in the last connection, but doubtless the Patronage Secretary and the Crookshank committee interpret this requirement in the light of the commission's other delicately phrased words: "It is obviously no disqualification for one who has rendered party service to have contributed to party funds. As to service, some are able to help in one way, such as for instance speaking; some in another, such as organisation, and organisation cannot well be conducted without funds."

There are seven new titled MPs this year (not counting a new Labour member, who obtains the usual recognition for being Lord Provost of Glasgow). No fewer than four of them are to be baronets, an honour which seems to be coming back as a reward for exceptionally hard party work (as with Mr Kaberry, who spots and screens future Tory candidates) or as a consolation prize for an aborted junior ministerial career, as with Messrs Vaughan-Morgan and Nugent. From the very outset there has never been any nonsense about chivalry or merit or even the Middle Ages about the baronetage. It was invented by Julius Caesar (James I's Chancellor of the Exchequer) as a straight revenue-raising device. The Premier Baronet, Sir Edmund Bacon of Redgrave, is descended from one of the original purchasers. The qualification in 1611 was an income of £1,000 a year and the price was £1,095, a third cash down and the balance in instalments. The package originally included (but no longer does) the right of the eldest son to be knighted at twenty-one even if his father was still alive.

But it was as a reward for fathers rather than as a provision for sons that baronetcies first became popular among politicians. It was very smart in the last century for a rising MP to decline anything for himself but to ask for a hereditary gong for the old man. Mr Gladstone thus secured recognition for Sir John Gladstone twenty years after he had been unseated for corruption. But the order's popularity dwindled, until Lord Attlee, peerless midwife of peers though he was, had such conscientious objections to baronets that he limited the flow to one a year, the retiring Lord Mayor of London. Now, it seems that the failed Minister of State will present the order with a new and fruitful source of recruitment.

APART from MPs there are six new political knights and one political dame this year. Most are present or past Tory area chairmen, although interestingly enough they include the chairman of the Steel Federation's executive committee. But most zealous party workers have to be content with the "letters after the name"—there are eleven new political CBEs (including a number of constituency chairmen), seventeen OBEs (among whom there are some agents), and twenty-seven MBEs (mostly women). Understandably enough, in the euphoric afterglow of the election, Central Office's publicity department rates two gongs (a CBE for the top man and an OBE for his subordinate who deals, very pleasantly, with the press); but, with a nice sence of tact, only "political" (without the usual complement of "public") services are in these instances cited. In the geographical distribution of battle honours the choicest symbols of victory stand out—The Hartlepools, Nottingham, St Pancras, Plymouth. For reasons that are not so obvious from the election returns there is an exceptional concentration of prizes in Lancashire. The case of Mr W. T. Donovan, of Holborn and St Pancras South, gives an indication of how, at its worthiest, the system works. He fought two uphill battles as parliamentary candidate and led the Tory minority on the borough council through many rough fights in the "Red flag" days. Now the Tories possess seat and council. Others have reaped where Mr Donovan has sown; he gets the CBE. Most of the recommendations come to the Patronage Secretary from MPs, who would naturally like to get something for hard-working helpers and locally influential supporters, and the party chairman, to whom in turn they flow through the party's mysterious channels.

The senior Tory titleholder in last week's list is Sir Alfred Bossom, who as an architect once designed American steel-workers' houses in Pittsburgh, and who after twenty-eight years' faithful service in the Commons goes as a life peer to bring fresh blood to the Lords. He is paired off with Mr Hugh Dalton, whose appearance on the red bench alongside his old playmates Lords Attlee and Morrison should coincide with the publication of his last volume of memoirs. These two new life peers, together with Sir Evelyn Baring and Sir George Horatio Nelson, the new hereditary barons, will by now have heard from Garter King at Arms on the delicate matters of their titles, arms and territorial designation. This matter of the title to titles deserves a little further investigation.

Garter, Sir George Bellew, who alone among the heralds deals with peers, will have been officially asked by the Prime Minister's secretary for advice on titles—arms are his own business by right. His aim is to please the new peer, subject to certain fairly flexible rules of fitness and avoidance of ambiguity. These, however, sometimes cause trouble, especially among your modern type of peer who has a prejudice in favour of his own name and lacks that zest for being anchored to a part of the good earth which has traditionally gone along with a consciousness of rank. This new trend is by no means confined to Labour peers, though the Mr Crook of Lord Attlee's creation who chose to be known as Lord Crook displayed perhaps an extreme addiction to principle.

All peers require territorial designations which have to be cleared with the local authorities. Those who keep to their own names in their titles may still have two problems: some other peer may have the same name and they still need an anchor. They are usually induced to insert something else "before the comma," to indicate that it is to be included in their usual style—for example, Baron Fraser of Lonsdale, of Regent's Park. If you are celebrating a victory in foreign parts, you will need a stake at home—as with Viscount Montgomery of Alamein, of Hindhead. But if you run out of ideas, you can repeat yourself, as with Baron Geddes of Epsom, of Epsom.

Some peers, who have been "thinking territorial" most of their lives, can settle the whole thing in five minutes. Others take longer. Mr Herbert Morrison's first inspiration was Lord Herbert Morrison (which would have made him sound like the second son of a marquess); his second, plain old Lord Morrison (no good, because there is one already); his third Lord Morrison of London ("not fitting"). So Lord Morrison of Lambeth, of Lambeth, it had to be. Professor Lionel Robbins was even more difficult, being addicted to his name despite the awkward existence of Lord Robins, of Rhodesia and of Chelsea, and being opposed in principle to a territorial handle. After weeks of heart-searching he saved his name, even though a political correspondent had strengthened Garter's arm by attributing an extremely reactionary speech from Lord Robins to the professor—but at the price of tethering himself, albeit after the comma, to Clare Market, the ancient site of the London School of Economics.

A peerage can be expensive, but a peer does not have to be a gentleman. He can therefore dispense with a coat of arms—which costs £131 5s., with an extra £65 for supporters (or a cut rate of £43 for a lifer). Bluemantle Poursuivant's recent article saying that no one who is not prepared to take arms should accept a peerage has caused great umbrage in upper heraldic circles. Garter's policy for a long time has been that arms are optional. It can safely be assumed that Bluemantle has been on the carpet. The Parliament robe costs £160 with ermine, or £71 in the utility or rabbit-lined version for impecunious lifers. But nowadays Moss Bros. does a brisk lending trade.

NOTES OF THE WEEK

KENYA

Africa's Rubicon

THE members of the Kenya constitutional conference, which opens on Monday, have been assembling in London this week —ominously with the Europeans segregated in their hotel, the Africans in theirs and amid a general atmosphere of unfriendliness. Nobody is very hopeful of success. Yet the stakes, for Kenya and for Britain, are very great; and it will be best to be brutally specific about Mr Macleod's task.

If the African leaders go home after this conference without having been offered a settlement that they can sell to their people, then non-co-operation is bound to break out in Kenya, to put it at its lowest. Taxes will not be paid; industrial disputes will be driven to the point of strikes; violence will flare; Mr Mboya—merely to save his own skin in politics—and his friends are very likely to take action that will eventually lead them to prison. And, in the end, a settlement of Kenya's problems on worse terms for the Europeans will be inevitable. On the other hand, if the Africans achieve their bare minimum demands at this conference, the European farmers will fulminate and threaten to trek out of Kenya—but will acquiesce. And it may then become a good deal easier for Mr Macleod to move on to Nyasaland problems.

It is therefore very much in the Colonial Secretary's interest to achieve a settlement with the African leaders. Mr Mboya and his friends seem to be ready to make quite a few concessions: probably they will not be too inflexible about dates, safeguards, timetables or even possible gerrymandering of constituency boundaries. They would accept that the Governor should still hold considerable reserve powers against any black majority government that may now emerge. But on one point Mr Mboya is insistent. Elections in Kenya have got to be fought on a common roll irrespective of race—according to the principles of democracy.

The first crisis of the conference will therefore arise when Mr Macleod makes his opening speech on Monday. If Mr Macleod then states clearly and frankly (what is in truth his inner conviction) that Kenya has now to progress towards a democracy, in the British sense of that word, in which the will of the majority on a common roll will ultimately prevail, then the African delegates will almost certainly persevere in negotiation. If, however, he talks vaguely about appropriate "parliamentary institutions" and "the creation of a Kenyan nation," the Africans will smell South African or Southern Rhodesian "parliamentary institutions" and the fat will be in the fire at once.

If Mr Macleod surmounts this first hurdle, negotiations seem likely to drag on for two or three weeks—but then, in all probability, will reach a second moment of crisis. A gap between the Africans and the Europeans will almost certainly remain. The temptation for Mr Macleod will then be to say that he cannot "impose his own solution" on the Europeans. But the course of statesmanship may well be to do just that, even if it involves a grim refusal to listen to murmurs on the old boy network that "we cannot let our people down."

SOVIET UNION

Reductio ad Fortem

THE plan for unilateral disarmament announced in Mr Khrushchev's Supreme Soviet speech on Thursday was sensational in a different way from what had been expected. His New Year hints about unilaterally reducing conventional forces and relying for defence on nuclear rockets had been so phrased as to suggest that the Red Army and Red Fleet were practically to pass into oblivion. However, the programme he announced on Thursday would merely bring Soviet armed manpower, in two years' time, down to 2,423,000, a fraction less than the American level of today; and it was not immediately clear whether his figures included the internal security and frontier forces, usually estimated to be about 350,000 strong. He added that the creation of a new territorial army was also being considered.

More unexpected was his violation of the long established rule that Soviet strength is never revealed in absolute figures. He gave the present strength of the army, air force and navy as 3,623,000, and the 1955 strength as 5,760,000. If these are correct, the accepted western estimates in 1955 were well below the actual figure; and the latest western estimate of 3,900,000 is not far out. Marshal Malinovsky will not, even in 1962, be left with no troops to review, as he seemed to envisage at that boisterous New Year party. And Mr Khrushchev emphasised on Thursday that the Soviet forces, though smaller in numbers, would be stronger than ever in firepower. "Our armed forces have been largely switched to rocket-nuclear weapons. Today, the Red Army possesses firepower such as no other army has ever had."

He showed more concern, on this occasion, to reassure his audience that he was taking no risks with Russia's security than to appear as the man of peace. While insisting on his government's eagerness for total disarmament, and accusing others of hanging back, he put his emphasis on the fact that the conventional forces were less important now because of Russia's unrivalled strength in nuclear rockets.

> We are years ahead of other countries in the development and production by assembly line methods of intercontinental ballistic missiles of all types. . . . In the navy, the submarine fleet is increasingly important. . . . The Soviet Union has stockpiled the necessary quantities of atomic and hydrogen weapons. . . . The production of atomic and hydrogen weapons is still going on in the Soviet Union.

He claimed that the manpower reductions would save 16 or 17 billion roubles a year; the missing figure in an otherwise revealing statement was the cost of the apparently unchecked surge toward still vaster nuclear armament. And, presumably in case anybody might not have taken his point properly, he threw in a fine ominous claim that Russian scientists had developed many new weapons of even higher destructive power than any yet in the forces' hands.

Snakes and Ladders

WAS there a touch of "the punishment fits the crime" about the sudden downgrading of Mr Alexei Kirichenko, who had been one of Mr Khrushchev's foremost lieutenants since 1957? No immediate reason was given for the stripping off of his various exalted ranks and his relegation to a local party job in the Rostov district. But presumably a number of heads have got to roll after the revelations of harvesting failures in the Kazakhstan "virgin lands." Mr Kirichenko, with his responsibility for local party appointments and his particular concern with farm affairs, was a doubly apt scapegoat. As Rostov is a major producer of farm machinery, he may there be required to work his passage by stepping up output of the equipment the lack of which has been felt in Kazakhstan.

Yet Mr Khrushchev was hardly obliged to dispense with the services of a hand-picked assistant when so many other culprits might have been chosen instead. Evidently he was quite willing to see him go. At the time of writing, the real cause of Mr Kirichenko's fall from grace remains hidden in the familiar Byzantine tangle of personal rivalry and doctrinal dispute that still enshrouds the Soviet hierarchy. All that is clear is that the leader has lost none of his zest for shaking things up. The abolition of the central ministry of internal affairs (MVD), whose work is now to be done by the local ministries in the Soviet Union's component republics, is another instance of this. It is, however, a less striking event than it would have been a few years ago, when the initials MVD stood for the political police in every Russian's mind. The committee of state security (KGB), which now controls the political police, is not affected by the new change, which may amount to no more than one more round in Mr Khrushchev's continuing struggle against Parkinson's Law of the ever-expanding bureaucracy.

RAILWAY WAGES

Odious Comparisons?

THE intimation that the British Transport Commission is to give railwaymen a retrospective wage increase when the Guillebaud report appears in April does no more than recognise the facts in this hard-pressed industry. The railwaymen got a smaller (3 per cent) increase than other workers as long as eighteen months ago and, unlike workers in private industry, have not benefited from the plant bonus-payments that have accompanied the present labour shortage in much of the Midlands and the south. Key railway workers in high wage areas like Birmingham and London have begun to drift rapidly away to other jobs and, in order to keep the railways functioning, this clearly had to be stopped. Although the railways staff fell by some 30,000 last year, it is the loss of skilled signalmen and shunters that is causing the commission most concern.

The timing of the new award to coincide with the Guillebaud report is, however, little more than a piece of face saving. The report itself has always seemed something of a spoof. It has taken two years to compare railway wages with those in comparable industries elsewhere, and its figures will doubtless show that railwaymen are paid less than most other industrial workers with similar job amenities. But the market is the real test of this, as the migration of railwaymen in the Midlands but not in the less prosperous districts of the country shows. Moreover, since the rates paid to railwaymen are well documented, the bulk of the committee's work has been the interesting, but not particularly relevant, task of digging up facts about pay in other industries. On balance the existence of the committee may have held back new wage claims; but by presenting figures of pay differentials without taking into account the market value of the particular job, it may give too much weight to the case for raising all rates together. Some branches of the railway service are still very much over-staffed, and Mr Guillebaud's figures may disguise the fact that a drift of workers away from them is actually welcome, while obscuring the case for larger selective increases where labour shortage is acute.

Sir Brian Robertson's immediate aim when he promised the increase, however, was to provide comfort to Mr Greene, general secretary of the National Union of Railwaymen, whose more militant members in London have been threatening to go on a one-day unofficial strike at the end of the month. The commission hoped that Mr Greene's plea for patience and level headed bargaining would be strengthened as a result. The unofficial strike leaders, who refused to use Sir Brian's announcement as a reason for calling off their threat, retorted with a dusty answer. But nobody knows how much support they will actually get on February 1st; the former chairman of the meeting that called for a strike has wisely rejected his colleagues' views and resigned.

LIBERAL ORGANISATION

End of a Regency

TO say so may sound cruel to Mr Herbert Harris, who sacrificed a safe career to become General Director of the Liberal party in its doggiest days and worked exceptionally hard at it, but his enforced retirement could prove a gesture of Liberal strength rather than of weakness. His appointment was a desperate and misconceived expedient resorted to in the shadow of the 1955 election result. In the absence of effective leadership either in Parliament, where Mr Clement Davies was fast disappearing into the clouds, or in the organisation, because a chairman who could be at the office every day was impossible to find. Mr Harris was tempted away from Pitman's Shorthand School to become a paid public figure. It is almost always a mistake, as the Labour party has also been discovering with Mr Morgan Phillips, to combine the public face and the private servant. The difference is that the Liberals have mustered the necessary ruthlessness to acknowledge it.

Through no fault of his own, Mr Harris could never be a Lord Hailsham. Moreover he was felt to lack sympathy for some aspects of the party's swing to radicalism in recent years. But the real, hard truth behind the move is that new faces often are needed at the top of party organisations every four or five years. A party bureaucrat should not be put into the position in which politicians, knowing that it is time for a change, hesitate to make it for fear of depriving him of his livelihood, not many years perhaps before pensionable age. Only the Conservatives, with their greater resources and innate skill at finding knights' moves for square pegs, seem to have solved this problem satisfactorily. They have a General Director called Colonel Urton. Nobody, outside the party organisation, has ever heard of him. A former agent, he works, as a kind of permanent secretary, under several layers of political chiefs.

The Liberals are evidently going to try to work a similar system, taking advantage of Mr Byers's decision to return to politics and of his effective partnership with Mr Grimond in running the election. The national executive has abdicated some of its functions to a small, strong committee headed by Mr Byers and including such energetic personalities as Mr Thorpe and Mr Bonham Carter. Much will depend on the amount of time Mr Byers can devote to party work; on his continued harmony with Mr Grimond; the discovery of a first class executive secretary to head the staff; and the raising of enough money to put through the other reforms which are planned, such as the strengthening of the research department and the establishment of better links between headquarters and the constituencies.

SPACE DIPLOMACY

Calling the Shots

MR KHRUSHCHEV's arrival in Washington last September was heralded by a Russian rocket striking the dusty moon. His trip to Delhi and Jakarta next month will be preceded by Russian missiles plunging into the blue Pacific near the Marshall Islands: in its way, no less portentous a display of strength. Mr Khrushchev does not do all this simply to tease. Soviet rocketry has become as important a status symbol to him as the French bomb is to General de Gaulle. With what fireworks do they mean to greet each other on March 15th?

Ever since the first sputnik, the communist lead in missile technology has been hammered home to impress the underdeveloped nations. As part of this campaign, there are now grounds for belief that the Chinese intend to get a satellite into orbit with Russian help in about two years' time. But it remains to be seen whether the Asians and Africans would really rather see the great powers spending their resources on exploring the cosmos than on helping people like them to develop the backward parts of the earth. Mr Khrushchev could find the psychological advantage slipping from him.

In fact, the people most volubly impressed by the new Russian test plans were the Americans. Since the Tass announcement had been timed to follow whatever President Eisenhower might say about rocketry in his State of the Union message on January 8th, this was not surprising. The belief that the Russians were going to fire big missiles (possibly capable of carrying a human astronaut) and that they might be coming from the Caspian launching sites (nearly 8,000 miles away from the target

area) seemed to suggest that the Soviet Union was stepping up the pace of military and scientific competition.

Diplomatically, there was little the United States could do. Although Senator Mansfield angrily suggested going to the United Nations and having second thoughts on the summit, President Eisenhower kept a stiff upper lip. The Americans have been testing missiles over Atlantic and Pacific for some time. But talk of the Soviet space man gave point to American efforts to get the revised United Nations committee on the peaceful uses of outer space down to work this month.

NUCLEAR WEAPONS

No Timeless Test

In theory, all that is needed to solve the problems which the nuclear tests conference at Geneva took up again on Tuesday is time—enough time for the scientists to find new ways of detecting the secret tests which they keep finding new ways of concealing. In practice, time is limited. Not because of France's approaching Sahara tests ; Russia will hardly argue that those modest explosions set it free to resume testing, for that would in turn free the more impatient Americans. There is a more relevant time limit: the United States Senate will insist on lengthy hearings before it will ratify any treaty of this kind, and six months from now Congress will have dispersed to woo the electorate.

The President is, therefore, right to want to speed up the Geneva talks, though he is wrong in thinking that a hint of a possible resumption of tests will move the Russians in that direction. A better gambit would be a turn of speed on the western side. Admittedly, the Russians for nearly a year would not look at the " Hardtack " evidence of unexpected difficulties in identifying underground nuclear blasts, and when they did they obscured their justifiable criticisms of specific flaws in it with polemics and unscientifically sweeping pooh-poohs. But the western scientists who have had this data for a clear year are themselves still cautiously " reassessing."

Big talk about " big holes " in which underground blasts could be " cushioned " with air to prevent seismic detection is liable to mislead. To get results, the underground chamber would have to be huge, perfectly spherical, and flawless ; and by the time it had been furtively built, detection methods might even have caught up. Certainly, all such possibilities need examination ; but, perfection being unattainable at present, an initially imperfect system, plus joint research into improvements, would be far better than nothing at all.

Fourteen patient months of prodding have shifted Russia from its first absurd demand for self-inspection to the acceptance of a score of control posts on Soviet soil, with more than 300 non-communists on their staffs, and of at least a small annual ration of on-the-spot investigations of suspect phenomena. This means a toe in the door of the top-secret Soviet state ; and is it not its secretiveness that most perturbs other nations ? The western governments, whose secrets are usually open ones anyway, might even consider offering Russia fuller rights of inspection in their territories than they are granted in Soviet ones. Might this not ease the Russian door open a little further in the end ?

ANTI-SEMITISM

Religious Legislation?

Not all those who have joined in the condemnation of recent outbreaks of anti-Semitism will favour the private member's bill which Sir Leslie Plummer, the Labour Member for Deptford, has announced that he will introduce into the House of Commons next month under the ten minute rule. He wants to make it an offence for any person " to insult or conspire to insult a person or persons on the grounds of race or religion," and thinks that conviction should lead to a maximum penalty of six months' imprisonment. The basic question for British liberals is whether ample powers do not already exist at law for dealing with nasty anti-Semitic eccentrics.

At present, swastika daubers and others can be proceeded against for criminal libel. To publish a defamatory libel of a class of persons is a common law misdemeanour, punishable with a fine and up to one year's imprisonment. Freedom of the press is protected by an Act of 1888, which requires an order of a judge in chambers before a newspaper can be indicted. Alternatively, the ancient offence of seditious libel, now fallen into desuetude, could be revived. There is also the offence of causing a public mischief, defined in 1801 as " any acts or attempts that tend to the prejudice of the community," and confirmed by the Court of Criminal Appeal in 1933. (R *v* Manley.) In 1936, two men were in fact convicted of public mischief, for printing and publishing " scandalous statements relating to His Majesty's Jewish subjects." Defacing of any building is also an offence under numerous local acts, punishable with a small fine in the first instance, but with up to six months' imprisonment for a subsequent offence. If more than one person is involved, the law of criminal conspiracy is quite wide enough to secure a conviction. Finally, MPs who are worried about lunatic telephone calls should note that under the Post Office Act of 1953 (s. 66), it is an offence, punishable with a fine of £10 or up to one month's imprisonment, to send messages over the telephone which are " grossly offensive, or of an indecent, obscene, or menacing character."

Ample powers therefore exist to deal with the nuisance ; if the police do not choose to exercise them, either for reasons of policy or because of the difficulty of apprehending miscreants, why should their attitude by changed by the creation of a new statutory offence ? And it would be a major difficulty to limit any new legislation's scope so that it would not infringe the rights of the public and the press to engage in reasonable religious controversy. Under Sir Leslie's bill a curious situation would be created in Northern Ireland, for example, where epithets abusive of the Pope are a familiar adornment of many buildings.

SHELL SITE STRIKE

A Rare Mess

Seated somewhat incongruously below the arches and ecclesiastical portraits of a hall in Church House, the committee of investigation into the causes of the twelve-week-old strike of electricians at the Shell site on London's South Bank held its hearings this week. The hush of the hall was in the strongest contrast to the bustle on the site itself, where not only has the giant building already begun to tower above its two neighbours, County Hall and the Festival Hall, but also where some of the most varied labour troubles of recent years have been witnessed. There have been rows on the site between trade unions and employers, between trade union officials and stewards, between trotskyites and communists, between Catholics and Protestants, and even between various groups of employers. The reversal of all the usual patterns, with employers urging that certain men should be better paid and communists that the men should stay at work, have been the comic side of what has really been a deplorably bad piece of organisation.

The 130 strikers from the Electrical Trades Union this time do have something to complain about. Nearly all the other men on the site—and certainly all those employed by McAlpine, the main contractor—are paid bonuses above the agreed union rates for the building industry ; some of these raise wages by as much as £6 a week above basic rates. But one of the subcontracting firms, Wheeler's, refuses to pay any bonuses and is supported in this by its small and rather pedantic trade association, the National Federated Electrical Association. (The rightwing NFEA and the communist-dominated ETU, for obvious reasons, rarely see eye to eye.) Since October 21st, Wheeler's electricians have been on official strike. Their placards and indefatigable marches have not secured them any satisfaction from their employers, but they have still not gone back ; some, indeed, have obviously happily slipped away to other jobs in booming London.

The obvious moral is that Wheeler's case is untenable. They should pay what the labour market at the site demands. The argument that the firm will have to pay similar bonuses on all its sites as a result, irrespective of the local labour market, is unconvincing. But the ETU team, led by Mr Haxell, has not done well in the statistical judo that has taken up the bulk of the com-

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SHELL

mittee of inquiry's time. They are stuck with the fact that, as a union of craftsmen and as believers in the doctrine that wages are determined by union action (not by supply and demand), they must pay lip service at least to the centrally-bargained union rate. But market forces have been too strong for the theories of either side.

GERMANY

Berlin and the Swastika

West Berlin and west Germany have responded to the sporadic neo-nazi manifestations of the last three weeks in markedly different ways ; and the differences are not accidental. The federal government in Bonn has been hesitant in its reaction. In west Germany, it is clear, there is no question of any radical attempt to clean ex-nazis out of office. The date for a debate in the Bundestag has not yet been fixed ; it is expected towards the end of February, when the government's report on the incidents and their background has been completed. Attempts to prevent meetings of the right-wing Reich party have failed. In Berlin, by contrast, the government has struck hard, expelling neo-nazi students from the universities and schools, imposing severe penalties on neo-nazis who express their views in public. Student demonstrations have provided an impressive show of support for such measures.

One reason for west Berlin's very different line can be found in the fact that there are still some fields in which the allied, not the west German, writ still runs in the city. In economic and other pedestrian matters Berlin accepts west German legislation by an automatic procedure. But in matters of defence and political security allied rule prevails in theory. It has therefore been possible for the Berlin senate to invoke a law of the defunct Control Council which imposed unlimited penalties on the glorification of nazism, and to arrest youthful members of extreme right groups. This could not have been done in the federal republic—where, indeed, respectable arguments can be, and are, put forward against curbing the freedom of speech and association of even the most distasteful of political groups (provided they are non-communist). That west Berlin has no such inhibitions was shown as recently as last year when one of its courts even ordered the confiscation of a part of the Goering property.

The difference between Germany's western rump and its old capital has political as well as juridical sources. Herr Brandt, the governing burgomaster, is a social democrat with an active record in the Norwegian wartime resistance. Senator Lipschitz, who announced the measures against neo-nazi groups, is a Jew himself. Such men have been put in office not just by the powerful Social Democratic party in Berlin, but by a population whose political, and indeed spiritual, experience since the war has been very different from west Germany's. The long siege in the midst of the communist world has not merely given the Berliners a deep sense of solidarity with the western allies. It has given them an almost militant loyalty to liberty and democratic values ; to say that their countrymen further west know no such loyalty would not be right, but no one would call their attachment militant. If and when Germany is united, Berlin will have more to contribute to German national life than the provision of government offices and a mere centre of ceremonial.

GHANA

Confederate States of Africa?

Dr Nkrumah neatly made off with his illustrious guest's headlines in Ghana last week ; in fact, it was Mr Macmillan who provided a world sounding-board for Kwame Nkrumah, not the other way round. While the newspapermen were sharpening their pencils over the dinginess of the bunting, and before Mr Macmillan could get to a microphone, Dr Nkrumah revealed to a press conference his visionary scheme for a United States of Africa. Spicing this dish with an attack on the creation of tinpot black states as part of an imperialist plot to balkanise rather than emancipate, colonial Africa, he achieved world-wide press coverage. This was most convenient, for the All-Africa Peoples' congress is imminent at Tunis, and Dr Nkrumah has to have something to boost his stature as black Africa's champion at a time when new African leaders are lining up for their turn in the limelight.

Dr Nkrumah also let it be known that Ghana's new republican constitution will contain provision for the ceding of sovereignty to an African—or West African—federal state should a wider union become possible ; his object is to challenge other new African countries, notably Nigeria, to follow his (and Guinea's) example in offering more than lip-service to the Pan-African idea. It was natural that he should raise this with Mr Macmillan. The new constitution may make him chief of state as well as chief executive ; this would affect his standing at the Commonwealth prime ministers' meetings. A further question must have raised itself. Can a Commonwealth country enter a federal union with foreign countries and yet stay in the Commonwealth? Very likely ; but if it can, what becomes of the British Government's argument that the Commonwealth ties preclude Britain from joining an economic union in Europe?

However, there is a still more immediate issue to which Dr Nkrumah's announcements draw attention. The most "tinpot" of the new free black states is Togoland, the former French trust territory, Ghana's next door neighbour. Most Ghanaians think (not without reason) that it would be better off united to Ghana, and at one time it seemed likely that it would be ; but now the premier of Togoland, M. Olimpio, is full of doubts of the kind that the British Cameroons entertains toward Nigeria. He notes that there is no future for two leaders (especially if one is in opposition) in Ghana. West Africans watch the unfolding of this situation with grim amusement.

WAGES

Busmen's Bonus

The idea that London busmen should be paid a bonus depending on their results may sound rather quaint, but it should be welcomed. It is certainly almost a pioneer scheme in its industry. Whereas about a third of all workers in Britain were paid by results in 1958 (according to the last Ministry of Labour survey), only 4 per cent of those working in transport generally were so paid and the bulk even of these were in "storage" and air transport. Since 1958 the number of workers on piece rates has probably fallen slightly, so the bus scheme runs against the general trend.

The busman's job, however, is quite suitable for piece rates for two reasons. The first is that some at least of his receipts are due to his own efforts; the driver who deliberately stays close behind the bus in front, or who runs ahead of schedule to miss a busy patch, will now see this reflected in a lower wage packet. The second is that the London bus service has been generally rather demoralised since the men's long strike in the summer of 1958. The scheme should put some pep back into the job. In this respect, for small groups working more or less on their own, payment by results can be a most successful weapon.

The actual form of the busmen's proposed scheme seems sound enough. A small safety bonus is clearly in order, as is one depending on standards of fare collecting (which are already very high) and timekeeping. The important thing however will be to see that the third dimension of the bonus, that based directly on fare receipts, is much the largest. This would also be the time for London Transport to put in motion a long-needed fare change: to charge much more for certain expensive services, such as those late at night or at peak hours.

THE LAW'S DELAYS

Waiting in Prison

Year after year the prison commissioners complain in their report that too many people are committed to prison unnecessarily (that is, not under a prison sentence), and that the task of the staff of the local prison is made correspondingly more difficult. The first report of the Home

Office Research Unit (HMSO, 3s.) gives weight to this complaint and amplifies it with detailed statistics. The report is called "Time spent awaiting Trial," and a large part of it is devoted to an analysis, from a sample, of the time that elapses between committal and trial and disposal according to the type of court and the type of offence. In the higher courts, the process is speediest where they sit in almost continuous session, that is, the Old Bailey, London and Middlesex Sessions and the new Crown courts at Liverpool and Manchester ; in these the waiting time was three weeks to a month. The delay was longest at the large assizes, where the average time was 51 days—but 9 per cent of the sample waited sixteen weeks or longer.

The setting up of more Crown courts seems the obvious answer to these delays, and is being considered by the Streatfield committee on the business of the criminal courts. But what must exercise the consciences of liberals as well as of prison reformers is that for some people the waiting time is spent unnecessarily in prison. If the results of the sample are applied to the 1957 total of persons received for trial, it is estimated that about 300 were kept in custody and subsequently acquitted —of these nearly a half were in prison for a month or more—and that another 2,000, though convicted, were not given a prison sentence.

In addition, there are the people who are remanded in custody by magistrates' courts and whose cases are then finally disposed of by these courts. It is estimated that in 1958 about 13,300 persons were thus remanded, and about 8,900 of them were not subsequently detained. According to the report, the views of the police are an important factor in determining whether the magistrates allow bail or not. But 2,400 of the cases tried summarily were remanded in custody for medical reports. This Home Office report strongly underlines the need for remand centres where these medical assessments can be made. Such centres would also spare people, including many young people, an unnecessary contamination with prison life.

AFRICA

Codes of Law

A general welcome should be accorded to the results of this month's London conference on the future of African law, which was attended by delegates from a dozen African territories and legal representatives of British universities and government departments, and presided over by Lord Justice Denning. The main purpose of the meeting was to find some way of rationalising African private law, which at present is a confused jig-saw of English, Islamic and Roman Dutch law, imposed on a welter of local and constantly changing customs.

Trade in particular has been hindered by this diversity, and a useful decision of the delegates was to establish a uniform law of contract and tort, based in the main on English law. They rightly decided that the law of marriage, divorce, wills, and succession was too personal to allow of this approach, but written records of these are to be made for the first time, and a digest compiled. Unfortunately, there was one missed opportunity: while agreement was reached that criminal law should continue to be uniformly applied to all communities within individual territories, no attempt is to be made to emulate the work of Macaulay in India, and draft a criminal code, which might eventually become applicable to the whole African continent.

A committee is to continue the work of the conference and presumably will work in close consultation with the newly created British Institute of International and Comparative Law. The Judicial Committee of the Privy Council, the final court of appeal for dependent territories, will also have an important part to play. Its effectiveness would be greatly increased if it included African members, and heard at least some cases in Africa itself. If legal systems in Africa are to be brought up to date, more African law schools must be speedily established. At present the overwhelming majority of Africans pursue their studies at the Inns of Court, where much time is wasted in mastering for them unnecessary subjects, such as the English law of real property. The conference was clearly impressed by the urgency of this need, and the committee that it appointed should lose no time in working out some practical proposals.

SAUDI ARABIA

Quick Recovery

It is not often that a Middle Eastern government as broke as the Saudi government was less than two years ago survives to tell the tale. At that time the country's reserves of bullion and foreign cash amounted to barely 14 per cent of the paper currency in circulation and there were obligations to local banks exceeding the value of this thin cover. By using their ample oil revenues sensibly for the first time, the Saudis have managed a complete financial recovery in barely eighteen months. The gold, silver and hard currency reserves rose from $24 million in the summer of 1958 to $186 million in December, 1959, and the government has now taken steps to see that it does not get into such straits again.

The Saudi riyal has been devalued (from 3.75 to the dollar to 4.5), the government's share in the International Monetary Fund has been increased from $10 million to $55 million and its share in the World Bank from $10 million to $73.3 million. All controls on foreign exchange and imports, except on a few subsidised commodities such as grain, cattle, medicine, edible fats and dairy products, have been abolished. The Saudi Arabian Monetary Agency will put out a new issue of banknotes and call them what they are —thus putting to an end the fiction that the government's paper "pilgrim receipts" were not really money at all, but merely warehouse receipts. The agency will publish a fortnightly statement in

The Economist

JANUARY 14, 1860

OBSCENE PUBLICATION

While, under the authority of Lord Campbell's Act, the police are able to take measures for the repression of scandalous exhibitions in the windows of generally frequented thoroughfares, and do occasionally interfere to destroy unclean publications or obnoxious prints when thrust before the eyes of respectable men and women in their daily walks, a kind of outrage on public decency of another and not less serious kind has grown into most unpleasant prominence. We speak of those filthy stories which it is often the painful duty of our Courts of Law to bring to light and to investigate; and which, owing to the publicity which is an essential part of our judicial system, are not confined to the ears of those whose professional office it is to deal with them, and who may be thought case-hardened by habit to the polluting influence, but are related generally before a crowded audience, and too frequently published at full length for the edification of a very considerable proportion of the general public. The evil is undeniably a great one. . . . The application of the remedy in the case of his own family is in every man's hands. Let the cheap newspapers which are the great sinners in this respect—which publish in several columns what the *Times* or the *Daily News* compress into a few scarcely objectionable lines—be excluded from every decent household, as strictly as are publications avowedly immoral. If those among the penny papers which violate the canons of decency are treated on the same footing as those low *periodicals* of another kind which a gentleman would be ashamed to be detected in reading, and would on no *account* admit into his house, the requisite punishment will have been administered, and the necessary protection of domestic purity accomplished. More than this we need not desire. Those who care to seek out and *paddle* in the moral sewerage of society need not be hindered from their pastime; all we need wish to do is to prevent the filth from being thrust upon those who abhor it.

Umm al-Qura, the official Mecca newspaper, showing the amount of currency in circulation and how it is backed by the agency's current holdings.

The Saudi people have to pay well for the governmental services they get—maintenance of the royal family alone takes more than 17 per cent of the revenues—and the statement issued by the prime minister's office, calling for continued vigilance and a sincere effort on the part of the public to do away with squandering, is both unnecessary and needlessly hypocritical. It was squandering by the king and his family, including his brother the prime minister, that nearly wrecked the country. It is customary in Saudi Arabia to give the king credit for anything that smacks of progress or improvement and to blame foreigners if anything goes wrong. In this case foreign advisers, hired for the purpose, have guided the country out of its troubles. It would seem only decent to allow them to share the credit for its success.

WEST INDIES

Federation in Danger

SIR GRANTLEY ADAMS, the prime minister of the West Indian Federation, has strongly attacked Mr Manley, the Jamaican premier, for saying in London this week that Jamaica might opt out of the Federation if its demands were not met. This may have strengthened Mr Manley's prestige in Jamaica but has not necessarily improved the chances of the federation hanging together. Mr Manley has not, in fact, come to London to bring in the Colonial Office as *deus ex machina* in the constitutional deadlock which West Indians have to solve for themselves somehow. He would, in fact, be the first to repudiate such a return to Britannic apron-strings. His mission is different.

He has come to find out from officials and jurists what minimum form of West Indian political association would be regarded in international law and usage as a sovereign state speaking for the West Indian islands and their governments. Mr Manley is absolutely precluded by the violence of the anti-federation sentiment in Jamaica (now being impressed upon a visitor there, Mr Hugh Gaitskell) from accepting the form of federation which Sir Grantley thinks necessary—still less the even tighter bonds which Dr Williams, premier of Trinidad, desires. Indeed, he can no longer defend in his own island the degree of federation to which he originally agreed four years ago, but which he then thought he could sell to Jamaica in the course of a more gradual advance to full independence. His only way to save the federation (and he avows himself a Federationist) is to find a loose association in which the centre would perform all the diplomatic and external functions, but every facet of industrial and other development would return irrevocably to state or territorial control. Even so, Jamaica will not play unless it has the majority of seats in the federal assembly to which its population formally entitles it.

The alternative seems now to be frankly a break-up, with a Trinidadian federation at one end and a unitary Jamaica at the other end of the Caribbean. This, if not fatal, would be tragic—and very costly in the proliferation of ambassadorships. But the next step, now that Mr Manley has got his answer here, is to see if he can edge his own country's offer up a bit and then sell it to the West Indies as a whole. It was sensible to seek the facts.

INDONESIA

Dr Sukarno's Etat

PRESIDENT SUKARNO of Indonesia has now followed the precedents of Portugal and the United Arab Republic by forming a National Front. (Dr. Salazar and President Nasser preferred "National Union," but the difference is slight.) Since Dr Sukarno has called on every Indonesian to join his new organisation, he cannot intend it to be just another political party. It is therefore slightly puzzling that he should have refrained from abolishing the existing political parties. For the time being, he has contented himself with taking power to dissolve them if he considers it necessary.

The decree announcing the President's new powers makes it clear that they may be used against parties advocating a total change of the principles of the State, or which have conducted, supported, or not officially condemned rebellion. The first of these provisions could apply to the Communist party and the second to the moderate Islamic party Masjumi, some of whose leaders joined the rebel government in 1958. Indeed, the National party, which President Sukarno himself helped to found, may well be the only major party whose future is safe under the new order.

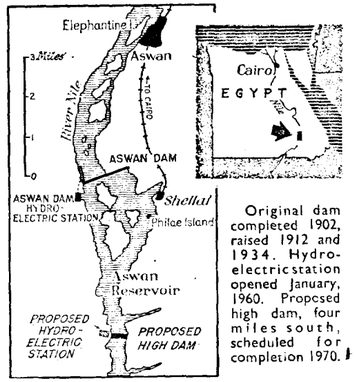
It may be unfair, even at this stage, to suppose that President Sukarno has completely abandoned the "concept" of a democracy which he was to guide, for he has announced that he is to be responsible to a new supreme state body to be called the People's Congress. But if the People's Congress ever sits, it will probably turn out to be docile to its creator.

UNITED ARAB REPUBLIC

Towards 1970

PRESIDENT NASSER began work on one great project last week, and put the finishing touches to another. On January 9th he set off ten tons of dynamite to start work on the High Dam site at Aswan. On the next day he opened the hydro-electric plant at the old dam, four miles downstream from the new one. Among the dignitaries attending the High Dam ceremonies were King Muhammad V of Morocco, now on an extended tour of the eastern Arab countries, and Mr Colin Crowe, the British chargé d'affaires in Cairo, now a fully-fledged member of the diplomatic corps.

In 1956, when the western offers of money for the Aswan High Dam were withdrawn, few believed that the plans would ever get this far. But they failed to reckon with the determination of President Nasser, or the readiness of the Soviet Union to find the money to help him out. At Aswan President Nasser spoke as if moving a few



Original dam completed 1902, raised 1912 and 1934. Hydro-electric station opened January, 1960. Proposed high dam, four miles south, scheduled for completion 1970.

tons of rock meant that the Egyptian people would begin to benefit from it at once. He did not mention that it would be another ten years before that could happen or, that there would be five million more Egyptian mouths to feed by then. His pride in the achievement made so far is justified but he will have to do a lot of explaining about the dam for a long time to come.

At the opening of the power station the president found it easy to explain why the project had taken so long to complete. Ever since he was a child, he said, he had heard of the electrification of Aswan and had often wondered why it was never finished but now he knew that the delay was caused by world politics and Egyptian political parties. These last he has dealt with by prohibiting them. It remains to be seen whether his adoption of "positive neutrality" has given him adequate protection from the currents of world politics.

What was formerly the French trust territory of Cameroun has not, as was erroneously stated in *The Economist* of January 9th, decided to call itself Kamerun. "Cameroun" is the spelling officially regarded as correct by the new government, though the English and German forms have not gone out of use.

LETTERS

East-West Trade

SIR—Your stimulating article on Economic Co-existence is a welcome and timely invitation to lift the discussion of East-West trade above day to day higgling and to view the position in a wider setting. Looking at it from the standpoint of our own struggles to maintain our position as a major exporting nation, there is no doubt that the great scale and accelerating pace of industrialisation in the Eastern block gives a potentially growing scope for us to trade. There are, broadly speaking, two branches of the international division of labour—natural differences, as in raw-material production, and economies of large scale following from specialisation. The provision of industrial equipment is pre-eminently the sphere for specialisation and one of which British industry is well adapted to take advantage. We have already begun to respond to the new demands that are opening up in a few cases, such as the provision of tubes for oil pipelines to USSR, chemical plant to Rumania, and a chemical plant to be sited at the end of the pipeline in east Germany. These are a small token of what the future may hold if British industry has not lost the power to respond to changing circumstances which has kept us alive up till now.

It is true, as you point out, that there are some mutual inconveniences in trade between countries with different economic systems. We do not like bilateralism; they do not like unstable markets. But it would be fatal to a trading nation to be stuffy about the customer's habits. New ways of trading must be found to suit new circumstances. Indeed, if we meet the others more than half-way and develop a system of trade on the basis of long-term overall balances, group contracts by firms with complementary products (as has already been found possible for instance by the consortia which are supplying a complete tyre factory and several synthetic fibre plants to the USSR) and interchange of know-how (a most valuable new item, both for export and for import, that has come into the market in recent times), it might well turn out not to be a sacrifice on our part of anything except our prejudices. New methods (once we are used to them) are likely to prove beneficial to us also, in helping to give both stability and flexibility to our own industries.

You have given a valuable lead in opening the question and I very much hope that it will be followed up, on both sides of the ex-iron curtain, in concrete, practical discussions of our mutual difficulties and the ways to overcome them.—Yours faithfully,

Cambridge JOAN ROBINSON

Cameroun

SIR—In your issue of December 26, 1959, your newspaper published an article on the "independence" of Cameroun. Our object is not to prevent your correspondent from thinking and writing as he wishes. We wish merely to bring certain details which, in our opinion, are necessary to enlighten public opinion in general and your readers in particular. We shall therefore not indulge in sterile prolixity: we prefer to schematise our ideas, in order to render them clear and more concise.

1. In general, the author of the article appears to be following certain slogans put out by certain countries with the object of hoisting M. Mayi Matip into power. An additional object is, by brandishing an invented spectre of anarchy, to prevent the unification of Cameroun which is the sincere desire of our people.

2. We agree with the author of the article when he asserts that at the moment there is no national political party in Cameroun. Why is that? Because France's blind policy has been to create a political vacuum by gagging the only organisations of the Cameroun people. This is therefore an additional reason for making the *Union des Populations Camerounaises* legal again.

3. Despite your correspondent's views, the leadership of the UPC has never been, is not, and will never be, divided since we pursue the same objectives. It is, however, useful to note that it has taken the death of Ruben Um Nyobe to allow this leader all the qualities which are being attributed to him today, and that despite all this "moderation," the French authorities thought it necessary to assassinate him. Is it not at that point that the counter-revolutionary role of Mayi Matip emerges?

4. When your correspondent asserts first that M. Dika Akwa is a leader of the UPC and second that he is an exiled leader of that party, this proves to what extent his article is interested. M. Dika Akwa is a former Camerounian student in France: not having been able to pass his examination, he threw himself into political adventure and claimed the UPC as his own. In reality, he has never been either an ordinary member of the UPC or, *a fortiori*, a leader. In addition we draw your attention to the fact that the leaders of the UPC were democratically elected at the congress of September, 1952, and consisted, before the death of Ruben Um Nyobe, of four people, namely, Ruben Um Nyobe (secretary-general), Félix-Roland Moumié (president), Ernest Ouandie and Kingu Abel (vice-presidents). As for Mayi Matip, he was never anything more than an ordinary official of the UPC, appointed by the above-mentioned leaders and therefore liable to dismissal at any moment.

That your correspondent, for the needs of his case, should wish to give the UPC other leaders, is his own business. But that he should believe himself qualified to impose leaders upon our militants is a grave error.

5. Your correspondent also asserts that the present terrorism has "no single or defined leadership, no specific aim in view." That is one more reason to affirm that he has no idea of the Camerounian reality, or else that he makes this assertion with the clear object of fulfilling other aims.

History alone shall judge between us. What has always embarrassed the West has been the tendency to appraise problems subjectively. And that is why, when Dien Bien Phus happen, the West always finds itself surprised. Here is the rendezvous that we are giving you: build up anything you wish, but don't suppose that this will influence our masses. Such is the truth.—Yours faithfully,

FÉLIX-ROLAND MOUMIÉ,
President of the UPC
ERNEST OUANDIE,
Vice-President of the UPC
Conakry, Guinea

Refugees in Hongkong

SIR—The statement in a note on January 2nd that "some refugee problems simply require money," is I fear very much of an over-simplification—particularly since you cite Hongkong as "the outstanding example" and suggest that only £2½ million is needed to house the Chinese refugees in this colony.

The £2½ million figure you quote is the amount the Government of Hongkong hopes to receive from all sources in aid of its published World Refugee Year to provide community centres in resettlement estates, schools, a tuberculosis infirmary, a rehabilitation centre for cripples, specialised training courses and similar projects. None of it will be used to provide housing—for which the Hongkong Government has assumed full financial responsibility. The housing programme has been limited, not so much by lack of funds, as by sheer inability for various reasons to speed up an already very high rate of building.

Hongkong has already rehoused 230,000 persons in more than 100 resettlement blocks, and has spent nearly £8 million in so doing. Very many more similar blocks will certainly be required before anything like a solution to Hongkong's housing problem is in sight. All this is over and above cottage housing provided through voluntary welfare agencies and non-profit-making housing societies and low rental flats financed from public funds. In these different ways some 350,000 people have now been rehoused.

Nobody knows exactly what the refugees are costing Hongkong since, apart from housing, they pose problems of medical

care and attention, education, and public services. Some economists have put the cost as high as one-third of Hongkong's total annual budget of £40 million a year. And this expenditure, which is shouldered in its entirety by the Hongkong taxpayer, takes no account of the valued contributions made by the voluntary agencies.

Helpful though it is and most grateful though we are for it, the sum of £2½ million which we hope will become available as a result of World Refugee Year represents only a fraction of the expenditure so far incurred and which must continue to be borne if Hongkong's refugee problem is to be solved.—Yours faithfully,

J. L. MURRAY
Government Information Services, Hongkong

Across the Channel

SIR—Your article supplemented by most instructive designs about the new car ferry must have been very impressive to your readers. Indeed, it seems to be one of the most important new inventions and I must really congratulate you on it. You have been the first paper to publish this innovation. Anyhow, some doubts about the practicability of this new car ferry should be further cleared up. If one presumes that each car produces 50 brake horse power and furthermore that it weighs just a ton whilst the weight of the ferry must also be several tons, it seems not easily explicable how 400 hp, i.e. the force of eight cars when the ferry is fully loaded, is going to lift the ferry. Moreover, the balloon (D) on the top of the ferry which helps to carry the ferry is inflated by exhaust gas which, as far as my knowledge goes, is heavier than air so that the lifting power cannot be very great. On the other hand, the "statute mile" scale in the upper left-hand corner is most enlightening!

May I add that already many years ago a similar machine was invented. An ingenious German had the plan to include a railway train, consisting of one steam locomotive, one luggage car, and two passenger cars, in an enormous swimming vertical drum. The train ran on an endless rail and kept the drum turning whilst the outer side was covered with enormous shovels, the whole thing looking like the wheel of a paddle-wheel steamer. You should find the plan of this machine in one of the still yearly appearing youth-book volumes of the "Neue Universum," 1907 or 1908, which still serve greatly to enliven the fantasy of German boys.

If this type of ship was never put into practice, it was certainly because of two reasons. First, no harbour at that time was deep enough to let enter such a ship and secondly, already then the High Command of the German as well as of the British Fleet was aware that such a ship would have been a too obvious target for the submarine warfare which loomed already then on the horizon of the international scene.—Yours faithfully,

WERNER BÄR
Zurich

Roads

SIR—The "vast sum" to which your correspondent Mr J. E. Allen of Cambridge refers as the cost of the work on Silver Street Bridge is £55,000, towards which the Government is granting £41,250. The Lion Yard scheme he mentions is a land redevelopment plan from which Cambridge city council expect to benefit financially.

Because of these works Mr Allen considers all motor vehicle licence duties should be increased. These duties will bring in £106 million during this year, when the Government will be spending £108 million on all the roads of the country. The revenue will also receive £308 million in fuel tax and £144 million purchase tax. Some £450 million will thus accrue to general revenue out of road user taxes.

Is it not time to realise that those who pay for road transport and the public at large are the same people? For example, the British Transport Commission as the country's largest operators of motor vehicles would hardly thank Mr Allen for proposing an increase in their financial burdens.—Yours faithfully,

C. D. MORGAN
British Road Federation

Ghana

SIR—In your correspondent's very fair report, "Democracy in Ghana" he rightly stresses the tendency of both the government and the opposition to be effectively organised only through the CPP. I believe it added force to his observation to point out the fact that what he calls "majority rule and no argument" is the traditional method by which the Akan chief governed his subjects. In this system policy is freely debated before the chief; but once the decision has been made as to what is to be done opposition becomes veritable treason. This may not square with the canons of Western liberal-democracy but there is a lot to be said for it in a newly independent country in which centrifugal forces are great.—Yours faithfully,

B. D. G. FOLSON
Keble College, Oxford

Refugees in Britain

SIR—Allow me to contradict your reviewer's assertion in your issue of December 19th that refugees never gave Britain works of art. What did Holbein and Epstein give you, if not works of art? And there are many others between the times of these two. Let me give you a few quite offhand and of recent times: Vicki and Topolski, Jankel Adler, Schwitters (the first Dadaist of Germany), sculptors like Charoux and Ehrlich, writers like Robert Neumann, who undertook the difficult task of changing over from German to English. And in music there is much more than the Hallé Orchestra; there is Glyndebourne, for instance; there are composers like Wellesz (who teaches also in Cambridge), there is Hans Gal, living in Edinburgh. In the cinema world, there are Alexander Korda, Paul Rotha and quite a long list of others, and actors like Walbrook and Lili Palmer. Joseph Conrad also comes into my mind.

Maybe it is a good symptom that your reviewer was not aware of the huge number of people like these: they are not regarded as foreigners and refugees; they have contributed too much to British culture and arts.—Yours faithfully,

JOSEF TOCH
Vienna

Chemical Sprays

SIR—Mr Ripper appears, from his letter in your issue of December 12th, to welcome systemic insecticides—insecticides which are absorbed *into the plant and then* are "translocated" all over it, thus rendering its roots, leaves, nectar, fruit, etc., poisonous to insects and often to animals and man. Such insecticides have three drawbacks when used on crops grown for human consumption: (1) being absorbed into the plant they can never be washed off by rain but instead they, or the substances into which they are decomposed within the plant, must remain in fruit, vegetables, grain until consumed by man; (2) the substances into which systemic insecticides may be decomposed can be far more toxic for man than the original insecticides, and far more *difficult for public health authorities* to recognise, measure and control; (3) they may indirectly poison man—thus plants sprayed *before* flowering may pass the insecticide when they do flower into their nectar, and then, via the bee, into honey in quantities large enough to be perturbing from the point of view of health.

The risk of man being insidiously harmed by repeatedly eating small amounts of agricultural chemicals is worrying, and no class of chemicals is more worrying than the systemic insecticides lauded by Mr Ripper.—Yours faithfully,

FRANKLIN BICKNELL
Wimpole St., W1

● **THE OUTLOOK FOR THE BRITISH MOTOR INDUSTRY**

is one article in the current issue of MOTOR BUSINESS. Other articles include:

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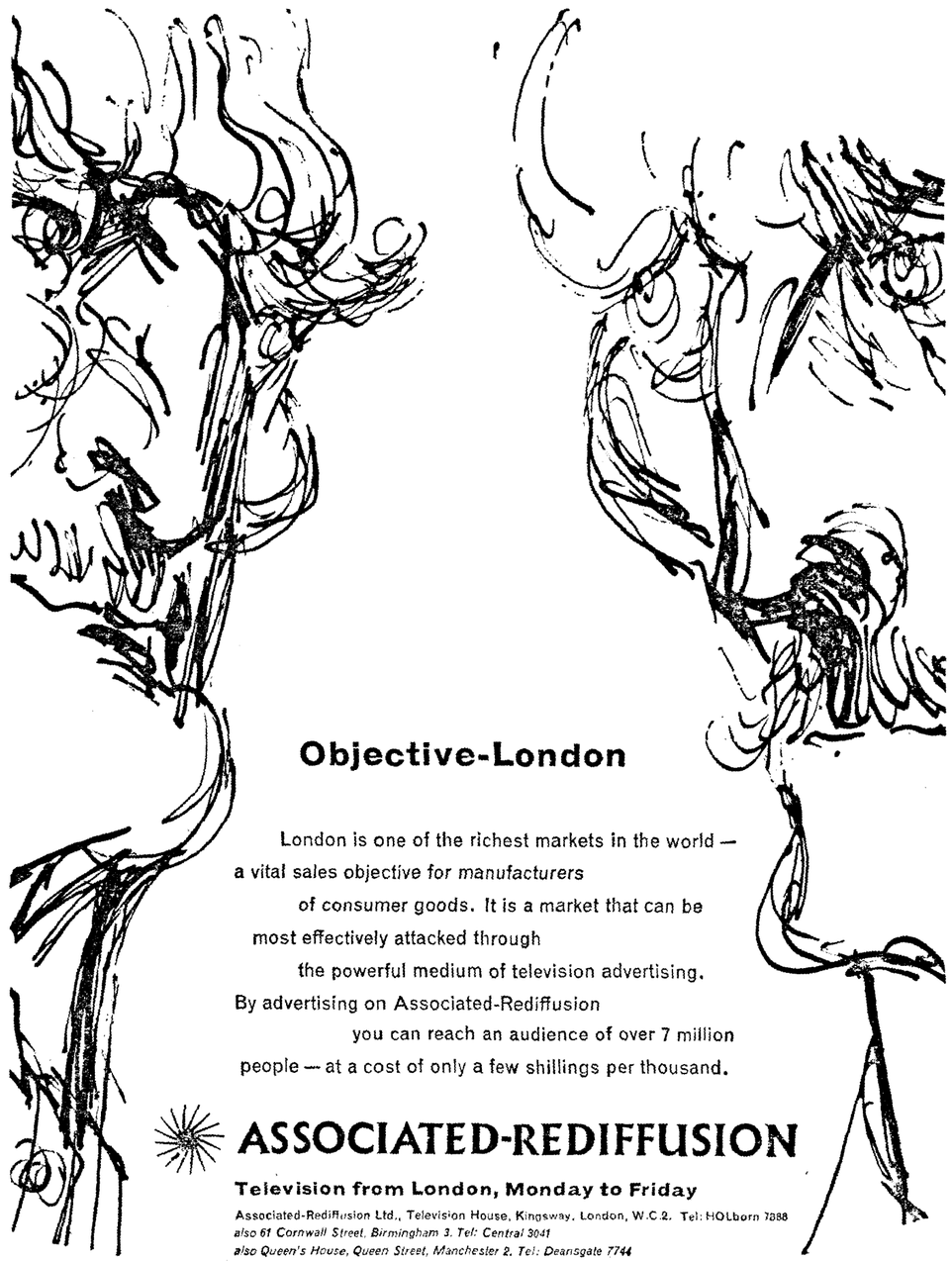

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MORE STEEL FOR BRITAIN

MR. HARALD PEAKE REPORTS ON ANOTHER YEAR OF ACHIEVEMENT FOR THE STEEL COMPANY OF WALES

The Chairman's Statement, already circulated to the Company's shareholders, highlighted the following points:

RECORD OUTPUT

The production of steel ingots during the past year amounted to a record 2,324,000 tons compared with 2,178,000 tons in 1958.

Tinplate output was also the best that has been achieved—802,000 tons against the previous year's 670,000 tons.

The value of exports of tinplate and sheets including special electrical sheets went up from £27,407,000 in 1958 to £34,251,000 this year.

Turnover was £125,534,000—an increase of £12,204,000 over last year.

The Balance of Profit for the year after meeting all charges including Taxation and Interest on Debentures and Loans is £4,229,150 compared with £3,038,847 in 1958.

The past year has been one of excellent progress in all divisions and the Directors have no hesitation in recommending a modest increase in dividend from 1s. 9·6d. to 2s. a share. The Company has started the current financial year with an increased production capacity and with a full order book.

FULL ORDER BOOKS

1959 has seen an accelerating demand for all of the Company's products with the result that it has not been possible to satisfy in full the requirements of regular customers for steel sheets.

Under present conditions there are tremendous opportunities to increase the sale of steel sheets and tinplate at home and for export. The difficulty is to produce them in sufficient quantities.

DEVELOPMENT PLANS

The Third Development Plan announced in March 1956 was designed in view of the expected increase in the demands of our home customers and to provide for the exports which were then anticipated. The increased production which is now resulting from the plan is most timely and will go some way towards meeting the requirements of customers, which are now running far in excess of their estimates.

During the summer of 1959 a close study was made of the future productive capacity of all the works and a Fourth Development Plan was prepared to expand the annual ingot production rate from 3,000,000 to 3,650,000 tons. When, therefore, the Company was asked, early in October 1959, by the Iron and Steel Board, to put forward proposals for increasing the production of steel sheets and tinplate as quickly as possible, a carefully considered plan was readily available. The estimated cost is £33,000,000 and it can start producing steel sheets and tinplate by the end of 1961.

The consent of the Iron and Steel Board to these developments is awaited.

GOOD PROSPECTS

Since October 1959 trade has improved appreciably and there are signs that the world may be entering a period of peaceful expansion with a general improvement in the standard of living. If this comes about there is likely to be, at any rate for some years, a world shortage of steel sheets and tinplate.

The iron and steel industry has a great part to play in the further expansion of British industry at home and overseas. The Steel Company of Wales, with an increased production capacity and full order books, is making a very important contribution to this expansion and must continue to do so.

The prospects are very good.

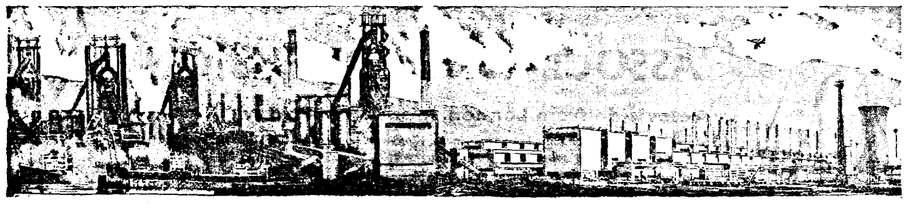
FROM AN ORIGINAL PAINTING BY HAROLD FORSTER



In the City of Steel *the modern development of the Bessemer steel-making process using steam and oxygen was introduced in June 1959. Three converters, each with a capacity of 50 tons, are now in operation.*

THE STEEL COMPANY OF WALES LIMITED

This is Broadsheet No. 17 from the City of Steel



BOOKS

Inquest on a Republic

La IVe République

By Jacques Fauvet.
Arthème Fayard. 379 pages. fr. 1,200.

FEW tears were spilt over the Fourth Republic when it was buried in May 1958. Since it is now fashionable to see both past and present through the prism of the Gaullist legend, it will soon be difficult to tell the life story of the late republic. Nobody was better qualified to put it on record, accurately and vividly, than M. Fauvet, whose daily analyses in *Le Monde* had been for years the best commentary on French political life. His book is certainly not an attempt to whitewash the fallen republic. It is an analytical chronicle of its life, from birth to death, that is to say from General de Gaulle's return in 1944 to his comeback in 1958.

The Fourth Republic was conceived amid the enthusiasm and the illusions of liberation. But, from the very first, there was a conflict between the returned leader of the Resistance and its left-wing elements. To control a revolutionary situation, at a time when communists and socialists had a temporary majority in the country, General de Gaulle insisted on the legal authority of the state. But he also felt compelled to revive, as a counter poise, the defeated political forces of the prewar regime. The new republic thus did not take long to resemble the image of its predecessor. Once the revolutionary danger was averted and the authority of the state restored, however, the general became dispensable. There is evidence in this book that when he offered his resignation (in January 1946), General de Gaulle was sure that he would be quickly recalled and granted the powers he had demanded. To his surprise, the machinery of government went on working without him.

The year 1947 proved crucial. The cold war consigned the communists to perpetual opposition; the regime was thus deprived of a left-wing alternative. General de Gaulle chose the same moment to attack the "system" from the other side, launching the Gaullist Rally against it. Squeezed by these two pressures, the "third force" proved its great capacity for survival. But its members—ranging from conservatives to socialists—were united only by the ties of self-defence. They were divided on most issues of home and colonial policy. The schools question and the problem of European integration were added to the long list of their disagreements. For the successive governments the choice was between inertia and instability. As a whole, they managed to combine both, with the Mendès-France interlude of 1954 providing the exception. That dynamic prime minister was first allowed to liquidate the bankruptcy of the Indo-China war, and then brought to a standstill by the disputes over the European Defence Community. He was brought down as soon as he turned to the Algerian question.

The Fourth Republic was a victim to its own inability to cope with the colonial problem. For years it was burdened with the "forgotten war" of Indo-China, and it had scarcely managed to extricate itself from the Tunisian and Moroccan conflicts than the Algerian war proved too much for its flagging authority. One unstable government after another allowed the army and the proconsuls to shape the country's colonial policy. M. Mollet's submission to Algerian rioters in 1956 was a symbolic illustration of this transfer of power. Two similar incidents—the kidnapping of Ben Bella and his companions and the bombing of the Tunisian village of Sakiet—showed the army that it could dictate its terms. The period of plots had begun—and culminated in May 1958 when the army was spared the necessity of actually striking. A campaign of "intoxication," of which General de Gaulle was "the author, the guardian and the beneficiary," proved enough to bring about M. Pflimlin's surrender.

In M. Fauvet's balance-sheet, the Fourth Republic can claim assets on the economic side only; it presided over the modernisation of French industry and agriculture. The rest of the record is bleak and not from any prejudice on the author's part. Only in one heading—"The Giant and the Dwarfs"—is M. Fauvet overcome by the Gaullist legend. Otherwise, he is indulgent towards individuals, even when they had been the gravediggers of the republic. He prefers to damn them with facts rather than with epithets and the cumulative effect of facts is most eloquent. Told at a fast pace, elegant, epigrammatic but based on a very solid documentation, this history of the Fourth Republic is a most valuable book. Even those who have followed French affairs very closely will learn a great deal from it and it is indispensable to those who want to understand the new French regime. Only one thing should be added in an English edition—an index.

Tracts for the Times

Common Sense About Russia.
By Robert Conquest

Common Sense About China.
By Guy Wint

Common Sense About Africa.
By Anthony Sampson

Common Sense About India.
By K. M. Panikkar

Gollancz. The Common Sense Series. 175, 176, 175 and 174 pages. 12s. 6d. each.

FOLLY arising from ignorance and fear has been the bane of the West in the postwar world. This new, most welcome, Gollancz series attempts to substitute informed common sense for these unpleasant qualities. All the books are written in good plain English for the ordinary misinformed intelligent citizen. All contain useful information and stimulating ideas. A paperback edition costing 6s. is issued simultaneously with the hard-cover printing. Further volumes are promised. In both its forms, the series deserves every encouragement.

Each part of the world presents different problems and different causes of misunderstanding to the West. It is therefore wholly right, as well as refreshing, that the uniformity of the series's titles should conceal a marked variety of plan and detail. Mr Conquest, for example, on Russia, is primarily concerned with describing a society which it is important that we should understand better, while Mr Wint, on China, concentrates on the history of the rise of the Communist party and its activities since achieving power, about which too little is generally known. If, after reading all four books, it seems that patience and good will are everywhere the most sensible virtues for the West to cultivate, well, that is no bad thing either. However diverse its parts, the world is one.

The only general weaknesses that might be censured are the lack of index and booklist in each volume, and the absence of a map from each except from "Common Sense About Africa." The interest roused by these authors could so easily be further stimulated by a select list of accessible works, and the absence of maps and index is an irritation throughout, as really might have been foreseen.

The books are not wholly equal in value. Mr Sampson's brilliant and economical description of Black Africa suffers somewhat from having been written before General de Gaulle's re-vamping of the French Community last month and before the new constitutional proposals for Tanganyika; but except for a slightly sketchy account of French Africa (no mention of Madagascar, even on the map) it is a most useful guide to a rapidly changing continent, particularly where the issues in debate in Central Africa are concerned. Mr Panikkar, regrettably, writes on India as an apologist for a regime, not, as do the other contributors to the series, as an informed, but detached, observer. Although it is hardly his fault, he sometimes appears to paint too bright a picture, and seems (for example in his discussion of India's prospects when Mr Nehru has gone) to gloss over problems

rather than to discuss them when to do so might be depressing. Nevertheless his resolute optimism about his country's future is enlightening, if not quite as the author meant it to be.

The two most *entirely* successful books are those on Russia and on China. It is astonishing how vividly Mr Conquest manages to evoke Russia in a short space, and how much ground he covers. Mr Wint is equally masterly in describing the causes of the various transformations that Chinese society has been undergoing since 1900. Taken together, the books provide a very convincing picture of the Communist world, what divides and what unites it. Mr Conquest damps down foolish optimism—Russia may even yet revert to Stalinism; Mr Wint refuses to be excessively pessimistic—even Communist China may mellow.

This series should appeal to everyone, but it may be especially commended to sixth forms. The publishers are to be congratulated and wished all success with their venture.

People's Democracies

A History of Greece to 322 BC

By N. G. L. Hammond.
Oxford University Press. 713 pages. 35s.

MR HAMMOND has written—one may be sure of it in advance—a standard work that will go through many editions and be used by generations of students. It is a political and military history of the Greek world up to the death of Alexander, with only so much included about cultural and economic development as is needed to illustrate the main theme. It is a very long book and pretty well every recorded battle is dealt with, the numbers of troops, triremes and so forth; were it not impossible, one would say that no known political intrigue had been omitted. The standard of writing is very high. The interrelations, always changing, of a large number of states make it impossible to combine clarity and continuity with anything like the truth; but few people have got so much lucidity out of it, without sacrifice of detail, as Mr Hammond.

The book meets the needs of the sixth-former and the undergraduate. A few passages (such as the author's brief history of practically all colonies) are too much like the Catalogue of Ships to be easy going, but for the most part one can, with due attention, read straight on: it is not just a work of reference. It is up to date; the prehistoric section, for example, could not have been written a few years ago. It is beautifully printed, so that it seems shorter than it is. The maps are adequate, but only just; and the references to them are clumsy. The index would gain in quality if it were twice the length. It is possible, but not easy, to find misprints and failures of reference. It is formally unnecessary for the reader to know Greek—but it helps.

Most people will only read this book in scraps; but the honest reviewer must go right through it at a smart pace, which is hardly natural for so inspissated a book, but which suits the general reader (if he can be persuaded to try anything so long) and brings an interesting reward. This is the history of the Greeks' great failure, and only occasional reminders of their brilliance in other fields come through the frightful story of treachery, corruption, intrigue and slaughter. The marks of the epoch are cruelty, selfishness and what seems in retrospect—and seemed to the wisest of them at the time—to be unbelievable myopia and inability to learn from experience. Yet were they so different from us? The more one reads, the more frightening the parallels become. The bricks are the same; one recognises every feature of modern statesmanship, with only formal slavery and the deliberate slaughter of prisoners to add to them; only the arrangement is different. How far does this similitude go? Shall we find our Alexander? Will he live long enough to leave his mark? And, if he does, will it be an improvement?

Acquisitive Servant

Strafford in Ireland, 1633-41

By Hugh F. Kearney.
Manchester University Press. 312 pages. 35s.

"The Prop and Ruine of the State;
The People's violent Love and Hate:
One in extreames lov'd and abhor'd.
Riddles lie here; or in a word,
Here lies Blood; and let it lie
Speechlesse still, and never crie."

SO Cleveland wrote after Strafford's execution. But Strafford's blood has not lain speechless, and the riddles of his personality have continued to tease us. He puzzled even the sober Gardiner, who, sympathetic to the parliamentary cause, could yet call Strafford "a revolutionary idealist." Miss Wedgwood has condemned the "insidious slander" accusing him of "exploiting the resources of Ireland for his own benefit," and has credited him with "an idealised view of human society" and with enforcing an efficient government in the interests of the many against the few. But a highly perceptive contemporary, Sir Thomas Roe, described Strafford simply as "a servant violently zealous in his master's ends and not negligent of his own." The wheel has now come full circle, for this is also Mr Kearney's conclusion, and one the more telling since his is the first book to use the Wentworth Woodhouse archives, denied to previous historians.

Mr Kearney sees Strafford's rule in Ireland as an essay in colonial administration. Power rested with a rapacious planter class, the beneficiaries of the Elizabethan conquests. The "Old English," heirs of earlier confiscations, were now Catholic, irritated at being debarred from public employment and fearful of further Crown encroachment. Lastly there were the native Irish, suffering from expropriation, their resentments sharpened by Counter-Reformation propaganda. It is rare to find administrative ability matched by political sense, and it was Strafford's tragedy that he provides no exception. Although apparently successful down to 1640, notably in the financial sphere, he had by then alienated all three political interests in Ireland. He refused to share power with the planters, and had pared their wealth both by driving many from office and by reclaiming land for the Anglican Church. He refused to conciliate the "Old English" by granting them firm titles to their lands, and frightened them by insisting on the plantation of Connaught. The rising of the Ulster Irish was not provoked by Strafford, but what made the rising so dangerous was the alliance between the rebels and the "Old English."

No one condemned more roundly than Strafford the corruption of the planters or made more play with his own integrity. But Mr Kearney's careful investigations reveal the scale of Strafford's acquisitiveness. His profits from the customs farm financed his extensive purchases of land; he borrowed from the Crown to set up his tobacco monopoly; and he aimed at profits from a linen monopoly. The frontage of his great house at Jigginstown exceeded that of Hatfield or Longleat. The hatred he aroused among those he accused of profiteering is easy to understand.

Mr Kearney gives us a far more intelligible analysis of Irish society than any hitherto available. And he argues effectively against the alleged novelty of Strafford's policies on land and trade. Given the wealth of the new information it is a pity that Mr Kearney should have written in so compressed and allusive a way: he presupposes a great deal of knowledge of events and of personalities. This is an important and a valuable book; but, it must be said with regret, primarily one for the specialist, for Mr Kearney is a worker in a laboratory rather than in a studio.

Marx
CAPITAL
Volume III
THE PROCESS OF CAPITALIST PRODUCTION AS A WHOLE

With this new translation of Volume III, which sets forth in detail the theory of Rent, Interest and Profit, *Capital* has become available in its entirety to English readers for the first time in many years. The various inaccuracies contained in the earlier translation of 1909 have been corrected.

9s. 6d.

LAWRENCE & WISHART

A Lesser Dictatorship

The Italian Fascist Party in Power

By Dante L. Germino.
Minnesota University Press. London: *Oxford University Press.* 191 pages. 36s.

THIS book has really nothing new to say and suffers from the deadening style of the research thesis. The author, believing that the time had come for the academic analysis of the Fascist system to succeed the contemporary analysis, has only succeeded in taking the flavour out of the period of Mussolini's dictatorship. The mere statement that "adulation, women, the headiness of power" did not concern the Duce introduces an air of unreality; in wealth, it is true, he showed little interest.

Professor Germino thinks that Fascism has been let off too lightly by comparison with National Socialism and Communism. But surely his very examination of the Fascist attempt to conquer the field of education shows how relatively ineffectual it was. The *Carta della Scuola* was not ready until 1939, nearly seventeen years after the March on Rome, and then, owing to the coming of the war, it was never really put into force. Hitler had wasted very little time before the *Ordensburgen* were established to educate those German boys who seemed the most promising Nazi pupils.

Professor Germino admits that there was no Italian equivalent of the German *Gauleiter*. He admits something far more fundamental: that the Nazis were more atrocious than the Fascists. But he seems to have no answer to the question of why Himmler could think out horrors that would never have crossed Bocchini's mind. Evidently he has no conception of the essential part of racialism in the Nazi creed; racialism was not just an excuse for bloody-mindedness, it was cardinal. Moreover, it led to the state of affairs in which, early in the Nazi period, a well-known British journalist (who was also a scholar) could report that Nazi Germany was daily becoming more like a stud farm. This could surely not have been written of Italy under Mussolini—or of Soviet Russia.

Perhaps Professor Germino has inadvertently laid his finger upon one reason that made Fascism less serious than the other totalitarian experiments. "Also, these single parties," he writes, "took the reins of government with an extensive political organisation and settled loyalties formed during relatively lengthy periods of preparation." But this is not true of Fascism. The meeting at San Sepolcro took place only three and a half years before Mussolini came to power. Before 1919 there was little enough—the Nationalists, the Futurists, D'Annunzio—to compare with the ancestors of Communism or with the long tradition of Pangermanism. The Communists and the Nazis descended directly from the events of 1848, which, *pace* Mr Mack Smith, cannot with accuracy be said of the Fascists.

Books About Europe

European Organisations
Political and Economic Planning
Allen and Unwin. 388 pages. 30s.

European Institutions
By A. H. Robertson.
Stevens. 372 pages. £2 2s.

Nato and the European Movement
By M. Margaret Ball.
Stevens. 491 pages. £2 2s.

The Uniting of Europe
By Ernst B. Haas.
Stevens. 560 pages. £2 10s.

IT is ironic that, at a time when a lasting estrangement between Britain and its continental European neighbours seems on the cards, a crop of serious studies on European organisations should have appeared. Stevens have now brought out three books for the Library of World Affairs, each covering a different aspect of the movement to unite Europe. PEP's new survey is the work of a research group, which met regularly from September, 1956, to December, 1958.

The PEP survey and the study by A. H. Robertson cover a good deal of the same ground. While the work of the communities of Six is not ignored, a good deal of space is devoted to the organisations of which Britain is a member—the Council of Europe, Organisation of European Economic Co-operation, Nato, West European Union. An official of the Council of Europe, Mr Robertson draws on his Strasbourg experience to give his study some of the colour of reality; he includes in his account, for example, a brief attempt to analyse why Britain has played so cautious a part in the whole European movement. He makes some suggestions for reforming and reorganising the European institutions, which have a typical Strasbourg flavour. The book has two especially useful features for the students: it gives a complete or partial text of several of the European treaties and conventions, and it devotes a good deal of space to many lesser unsung bodies, like the European Productivity Agency of OEEC, the Rhine Commission, and the European Conferences of Civil Aviation and Ministers of Transport. Its weakness is that one cannot avoid the feeling that the sensible suggestions, and the technical organisations that are discussed, are not at the heart of the European problem of today, but perhaps that is the weakness of Strasbourg itself.

PEP's study in a sense does not cover quite so much ground, but it does give a rather fuller analysis of the workings of the communities of Six. These are advantages; so is the price of the book. Indeed for the general reader and student who wants a background book this is perhaps the best of the four. Its weakness is the cautious committee language it uses. This book leans over so far backwards to be fair that it sometimes seems disconcertingly uncommitted in a matter where burning issues and strong feelings are involved. But it is an accurate and balanced account.

In a sense, however, the other two studies, both by Americans, have the greatest topical interest today, even though they were published earlier. It is difficult, after all, today to work up much enthusiasm for bodies whose future is as uncertain as that of OEEC and the Council of Europe. Miss Ball's "Nato and the European Movement" is in the main yet another account of the working of Nato and of the European organisations. Its interest today is that a good many people, aware that the movement to unite "big" Europe has been halted, at least for the moment, have begun to look again at the possibilities in the broader field of Nato.

Mr Haas's book, first published in 1958, may prove to have considerable enduring historical interest. It is written in turgid, excruciating jargon; it is 560 pages long. But it does delve beneath the surface of the institutions that have been set up in Europe, to try to discover what the Six, in particular, are trying to do. It examines the pressure groups at work within the communities of Six. It asks what "integration" means and how it changes the relationship between national societies. It is hard work mining in this fat tome, but some rewarding things can be dug out of it.

OTHER BOOKS

CO-OPERATIVE ORGANIZATION IN TROPICAL COUNTRIES. By Sheila Gorst. *Blackwell.* 358 pages. 25s.

Between 1945 and 1956 the value of the produce marketed by co-operative organisations in British colonies increased by some 3,000 per cent. This book surveys that period, first in detail by areas, secondly under some general headings. It concludes that the very real value of co-operatives makes it important for governments to correct existing defects and to continue to encourage development.

OXFORD PLASTIC RELIEF MAP. Series 2. Map 1. Great Britain and Northern Ireland. *Oxford University Press.*

This relief map, measuring approximately 38 inches by 26 inches, has built-up areas coloured pink, moors mauve, woods green and the sea light blue. Thus, although presumably intended for scholastic use, it is gay enough to hang on the walls of any home. The vertical scale ratio decreases from 16 times the horizontal scale up to 1,000 feet to 8 times above 1,000 feet, in order to emphasise relief in lower areas. The general impression given is how hilly England is and—still—how unbuilt up.



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THE BANK OF NEW YORK

NEW YORK'S FIRST BANK - FOUNDED 1784

STATEMENT OF CONDITION

December 31, 1959

RESOURCES

Cash and due from Banks	$201,732,186
United States Government Securities	93,029,852
Municipal and Other Public Securities	14,289,435
Other Securities	5,444,351
Loans and Discounts	294,916,430
Banking Houses	9,045,819
Customers' Liability for Acceptances	13,182,588
Accrued Interest and Other Resources	3,765,582
	$635,406,243

LIABILITIES

Capital (270,000 Shares—$100 Par)	$ 27,000,000
Surplus	20,000,000
Undivided Profits	7,733,513
Reserve for Contingencies	3,449,835
Dividend Payable January 2, 1960	675,000
Deposits	554,596,638
Acceptances	15,378,268
Reserve for Taxes, Interest, etc.	3,584,497
Other Liabilities	2,988,492
	$635,406,243

Securities carried at $20,174,293 have been pledged to secure U. S. Government Deposits and for other purposes as required or permitted by law.

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AMERICAN SURVEY

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

State of Mr Eisenhower

WASHINGTON, DC

On Thursday last week President Eisenhower went to visit Congress like a victorious general going to view his prisoners of war. The spectators who watched the President read his message on the State of the Union over the cowed heads of the Democratic legislators saw a vivid illustration of two facts that will shape the final year of his Administration. The first is that what the United States does (and does not do) during the coming year depends almost entirely on Mr Eisenhower. Last January the conflict between a Republican in the White House and a vast Democratic majority in Congress turned the State of the Union address into a dramatic confrontation between two rival claimants for the leadership of the country. This year the drama has vanished; in the past twelve months the conflict has been settled in the President's favour, and it is plain that Congress can make only very minor alterations in his plans for the country's future. The second fact is that Mr Eisenhower, wielding this almost unchallenged power, is the victim of a kind of split political personality. The part of him which deals with foreign policy is showing itself to be imaginative, bold, even radical; the part which deals with domestic affairs has lost even the limited degree of open-minded inventiveness which he displayed last year.

Once again, President Eisenhower tried to present a grand and sweeping review of the world scene rather than a list of detailed proposals, such as Mr Truman preferred, and once again he was frustrated by his prose style; he trudged sturdily through the polysyllables and passive tenses like a man walking through wet clay. He drew rather more applause than he did last year, but it came almost wholly from the Republicans, moved by the same sense of relief as the quavering Israelites must have felt when David got Goliath straight between the eyes.

The Democrats, trapped by the Constitution in the impossible position of being simultaneously both the opposition and also part of the machinery of government, cheered practically nothing except the President's references to peace, freedom and the entry of Hawaii and Alaska into the Union. Mr Lyndon Johnson, the leader of the Democrats in the Senate, who last year yawned ostentatiously in the middle of the President's speech, spent most of the time this year glumly examining his fingers, no doubt thinking how easily things slipped through them. The disturbing thing is that the applause was not only one-sided; it also came rolling in from the Republican benches most enthusiastically at the wrong moments. The man the Republicans loved was clearly Mr Eisenhower the domestic conservative, frozen in his fiscal convictions like a mammoth in a glacier, rather than Mr Eisenhower the liberal internationalist.

Three main points emerge from what the President said. The first is that he gave pride of place to the problem which has exercised him more than any other since last summer: the problem, that is, of relaxing the wrestlers' grip in which America and Russia have been locked for the last twelve years, so that the United States can safely keep at least one hand free for helping the new countries of Asia and Africa. The things which Mr Eisenhower saw in Asia last month made their mark on his speech. A year ago he dismissed the subject of foreign aid in a few polite paragraphs; this year he devoted a long and sympathetic passage, which took precedence over both military and domestic matters, to the need for a programme of combined assistance from the western world. It is true that he was vague about the way this should be organised and that, when he mentioned the part to be played by private capital, his voice quickened with an enthusiasm unlikely to be shared by borrowers who would prefer government loans at lower rates of interest. But his obviously heart-felt assertion that this might be a "turning point of history" reinforces the belief that he wants to be remembered as a President who inspired a generous new flow of aid to Asia.

There was also a studied moderation about Mr Eisenhower's references to Russia. Instead of emphasising the menace of Soviet intentions, as he did last year, he chose to talk delicately about the possibility of "a somewhat less strained period" in east-west relations. He acknowledged the challenge of Soviet competition in terms not very different from those which the Democratic Mr Adlai Stevenson used a few years ago. This new-found moderation has been illustrated again this week; the Administration has refused to wax indignant about the Russian plan to shoot a missile into the Pacific, although normally sensible Democrats like Senator Mansfield have talked as furiously as if the United States had never set off a whole series of nuclear explosions in the same ocean. Unfortunately, these placatory passages in the President's speech, as well as the section on foreign aid, were received in near silence by his listeners. Mr Eisenhower does not yet seem to have arrayed either Congress or the country solidly behind his recent attempt to reshape American foreign policy.

The second point of note is that only on foreign policy did Mr Eisenhower show this broad-minded understanding. When he turned to defence he was naïve and, at times, almost deceptive. He told Congress about the unexpected accuracy and reliability of the Atlas intercontinental missile as if this were a cause for unrelieved joy. In fact, the Americans have so few Atlases at the moment that it makes little difference how accurate they are. The extra missiles which, according to reports, the Administration now plans to build will not be ready until 1961 or 1962. But if Soviet missiles have improved as much—and Russian guidance systems have generally been at least as good as American—the number of missiles needed to knock out the Americans' present retaliatory power at a single blow may have been cut from 300 to about 150; and the Russians will soon have that number.

Moreover, Mr Eisenhower told his audience that "some" submarines armed with Polaris missiles will go on active duty this year, although the experts expect only one to be in service; and he talked of the "always ready" divisions of the Army's strategic forces and of the Marines as if no one knew that only three out of the six were really ready for battle. No doubt the President's nonchalance about defence springs from his belief that he can come to an understanding with Mr Khrushchev. But even those who applaud his efforts in that direction might still wish that

he would prepare a little more carefully in case the attempt to negotiate fails.

Mr Eisenhower's third theme was the most dispiriting of all, and it darkened the impression left by his whole speech. His Republican listeners did not really come to life until he broke away from his prepared text to announce that he hoped to produce a budget surplus of $4.2 billion in the coming fiscal year and that the entire amount would be devoted to reducing the national debt. Few Democrats would have complained if part of the surplus had been used for this purpose, since the huge interest payments on the debt now account for nearly an eighth of the annual Budget. But it is astonishing that when there are so many good claims for more federal spending—on defence, slum clearance and education, to name only three—Mr Eisenhower should choose to keep expenditure almost stationary and to give none of the extra revenue produced by a booming economy to such deserving causes.

The impression grows stronger that, as Mr Eisenhower opens the mental eye which looks upon the outside world, he is closing his other eye on the things that need to be done at home. There was no mention in this year's speech of the committee to consider national goals, which he announced last January but which has not yet been set up. He dismissed the dislocations caused by the explosive expansion of America's cities with the curt comment that these were principally the business of states and local communities. It is discouraging that these sentiments should have been the ones which brought applause rippling in from the Republicans, without a single brave boo from a Democrat. It is not enough to say that the solution of America's problems must await the coming of a new President; obviously he will need to show the most stimulating brand of leadership if he is to guide the country into new directions at home as well as abroad.

Steeled to Dearer Money

NEW YORK

THE steel settlement has proved unsettling to Wall Street. The money market has reacted by a round of increases in interest rates—in commercial paper, bankers' acceptances, brokers' loans and Treasury bills—which carry the clear interpretation that the settlement is inflationary. On the other hand, yields on long-term Treasury obligations, which are considerably lower than those in the short-term sector, declined further, in response to the President's prediction of a budget surplus for this year and next. However, the gap between the two rates is somewhat artificial, since the Treasury cannot sell securities with a maturity of more than five years as long as Congress insists on retaining the 4¼ per cent ceiling on the interest which may be paid on them.

Rises in the Federal Reserve Banks' discount rate—the interest paid by member banks on the money they borrow—and in the commercial banks' prime rate—the interest which they charge their most credit-worthy borrowers—are widely expected soon. This is the time of year when demand for credit normally slumps. But the banks, particularly in New York, are already close to being "loaned up" and the end of the steel strike is bringing abnormal demands for credit from companies anxious to replenish their depleted stocks. Banks are already doing a great deal of discreet credit tightening by reducing the size of loans, by cutting down the number of corporate borrowers accorded the prime rate, and by requiring that they maintain larger balances; these measures serve to raise the effective interest rate. All that remains is to raise the prime rate, but the banks have been reluctant to move before the central bank acts.

Spokesmen for the Federal Reserve authorities have taken pains not to label the steel settlement as inflationary. On the contrary, they have noted with satisfaction that it reduces the emphasis on the escalator clause tying pay rises to the cost-of-living index and that its inflationary impact may be small if steel prices are not increased in the near future. All this suggests that the central bank would prefer to mark time; this would also benefit the Treasury which is in the middle of a series of refunding operations. Unless the general expectation of a higher discount rate and a rise in the prime rate force its hand, the Federal Reserve may decide, for the time being, to maintain the current degree of tightness in credit through open market operations instead of raising its rate.

This week the Treasury auctioned $1.5 billion worth of one-year bills at an average yield of 5.07 per cent. This yield was, in fact, somewhat lower than had been expected, partly because there had been no increase in the discount rate and partly because of the unusual interest of small individual investors who have never before sought short-term Treasury securities. The President has requested a lifting of the 4¼ per cent ceiling on interest on long-term issues but the chances of approval are deemed to be little better than they were last summer. Indeed, the savings banks and savings and loan associations, which provide much of the financing for the housing industry, are lobbying against any change on the ground that a lifting of the ceiling would encourage a further drain on their deposits which have been hard hit already by the enthusiasm of savers for the Treasury's short-term issues.

Warming Up for the Election

LAST weekend Vice President Nixon's cap, well feathered with his success in settling the steel strike, floated gently into the ring for the presidential contest. To emphasise that his high governmental responsibilities leave him no time for such unimportant matters as party politics, there was no formal ceremony announcing his candidacy for the Republican nomination. His press secretary merely admitted, while Mr Nixon sat at home eating his 47th birthday cake, that he had "willingly" allowed his name to be entered in New Hampshire, Ohio and Oregon for the primary elections in which Republicans in those states will show what they think of their party's potential Presidents.

In fact these Republicans will have no real choice this year, since there are unlikely to be any serious entries apart from Mr Nixon's, but they will be urged to go to the polls to give him a vote of confidence and to prove that the Democrats are wrong when they say that Mr Nixon is being foisted on an unwilling party by the diehards who control it. To prove that the rank and file do have some influence, and to make the Republican convention next July more interesting, the delegates to it will probably be left free to choose a vice-presidential candidate from a list approved by Mr Nixon. Since he comes from California his running mate must come from the east or middle-west. Many possibilities are being mentioned—Mr Halleck of Indiana, Republican leader in the House of Representatives, Senator Hugh Scott of Pennsylvania, Mr Henry Cabot Lodge of Massachusetts and the United Nations, the Attorney-General, Mr Rogers, a close friend of Mr Nixon, and the Secretary of Labour, Mr Mitchell of New Jersey, who ranks high in this context not only because he was Mr Nixon's confederate in the steel negotiations but also because he is a Roman Catholic.

The Catholic vote is likely to be important next November now that a Roman Catholic—Senator Kennedy—is the leading contender for the Democratic nomination. He has had one setback this week, in Louisiana where a known supporter of his was defeated in the gubernatorial contest by a man who is thought to prefer Senator Lyndon Johnson. It is presumed that the new Governor, Mr Davies, will be in control of the Louisiana delegation at the Democratic convention and therefore Mr Kennedy cannot count, as he might have been able to do, on these 26 votes. But this

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ASSETS

Cash and Due from Banks	$2,094,662,547
U.S. Government Obligations	1,051,641,268
State, Municipal and Other Securities	483,919,066
Mortgages	263,230,215
Loans	4,337,169,408
Less Reserve for Loans	*111,001,954*
Banking Houses	34,661,851
New Building under Construction	81,150,874
Customers' Acceptance Liability	138,516,464
Other Assets	97,916,615
	$8,471,866,354

LIABILITIES

Deposits		$7,526,300,362
Foreign Funds Borrowed		14,367,151
Reserve for Taxes		28,743,959
Acceptances Outstanding		143,556,180
Other Liabilities		88,808,709
Reserve for Contingencies		13,931,793
Capital Funds:		
Capital Stock (13,167,000 Shares—$12.50 Par)	$164,587,500	
Surplus	400,000,000	
Undivided Profits	91,570,700	
		656,158,200
		$8,471,866,354

Of the above assets $489,764,616 are pledged to secure public deposits and for other purposes, and trust and certain other deposits are preferred as provided by law. Securities with a book value of $40,982,722 are loaned to customers against collateral.

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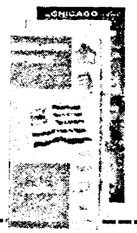

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NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1959

RESOURCES		LIABILITIES		
Cash and Due from Banks	$954,473,337	Deposits		$3,045,521,141
U.S. Government Securities	595,669,527	Outstanding Acceptances		57,543,473
U.S. Government Insured F.H.A. Mortgages	111,832,763	Liability as Endorser on Acceptances and Foreign Bills		23,177,840
State, Municipal and Public Securities	256,462,006	Other Liabilities		1,736,871
Stock of Federal Reserve Bank	6,023,400	Reserve for Taxes, Unearned Discount, Interest, etc...		25,543,882
Other Securities	25,531,398	*Reserve for Possible Loan Losses		52,604,249
Loans, Bills Purchased and Bankers' Acceptances	1,366,000,891	Dividend Payable January 15, 1960		3,023,400
Mortgages	36,674,295	Capital Funds :		
Banking Houses and Equipment	24,003,701	Capital (5,039,000 shares—$20 par)...	$100,780,000	
Customers' Liability for Acceptances	50,420,725	Surplus	100,000,000	
Accrued Interest and Other Resources	12,890,493	Undivided Profits	30,051,680	
				230,831,680
	$3,439,982,536			$3,439,982,536

*Applicable to cover such future loan losses as may develop. None are at present known.

United States Government and Other Securities carried at $144,533,805 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

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setback is more than offset by the announcement from Governor DiSalle of Ohio that he will run in the Democratic primary there as a favourite son—probably unopposed and certainly hard to beat—pledged to Senator Kennedy. It had been suspected that Mr DiSalle favoured Senator Symington and the unexpected announcement guarantees Mr Kennedy his first sure foothold in the middle-west—a very solid one, for Ohio with 64 votes is the fifth largest block at the Democratic convention.

Red Metal, Red Miners?

FROM A CORRESPONDENT IN COLORADO

THE International Union of Mine, Mill and Smelter Workers is heir to nearly a hundred years of turbulent struggle. In the past the owners of metal mines, which are isolated in the mountains, resorted to brutal means to subdue their workers and in its turn the trade union, then the Western Federation of Miners, acquired such a name for lawlessness that in 1907 it changed its title. It has never fitted into the pattern of tamer unions which seek to obtain peaceably only a bigger cut of the pie, and its struggles are not over. Recently, while it was involved in a long and stubborn strike, seven of its present officials were convicted in Denver of violating the Taft-Hartley Act by swearing falsely that they were not Communists so that their union might enjoy the services of the National Labour Relations Board.

Eleven years ago the then president of the union, Mr Travis, resigned from the Communist party with, as he said, a "great sense of outrage" in order to be able to file the required affidavit. This did not save Mine-Mill, as it is known, from being expelled from the Congress of Industrial Organisations, and it has never been permitted to rejoin, though Mr Travis's successor, Mr Clark, a rather colourless but stubborn leader in his own right, has never been accused of Communist affiliations.

Although the government indicted 14 officials and organisers of the union (some of whom have since left it) in 1956, the trial did not begin until this autumn, when Mine-Mill was in the midst of a four-month strike against the five big copper companies ; about 31,000 members of the union were called out and thousands more miners were thrown out of work. Some trade union leaders had to stand trial all day and do their negotiating at night. Mr Clark was not personally involved in the case, but he denounced it fiercely as a "government-corporation conspiracy to break the union"—particularly as anti-communist affidavits were dispensed with by law last year.

Most of the defendants were convicted, but the strike is being slowly settled on terms fairly satisfactory to the union: gains of about 22.5 cents an hour in wages and benefits during a two-year contract. The men have stood solidly behind their leaders ; hardly a pound of copper was mined from the middle of August to the middle of December except by producers not involved in the strike. Indeed, after ten years of fighting for its life against other unions which thought it was ready to be broken up, Mine-Mill still has at least three-quarters of the 100,000 members it had in 1950.

One reason is that the members have heard the charges of "red domination" for so long that they have become meaningless. Another is that in most of the isolated districts where it is established the union is the chief social centre of the community. A third is that it has battled persistently for the rights of all its members, regardless of their race or colour, in a way that is true of hardly any other American trade union.

Trade in the Balance

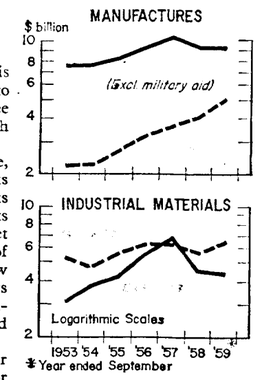
THE sharp fall in the American trade surplus, which is weakening the balance of payments, is analysed in the December issue of the *Survey of Current Business*. Although exports began to recover in the third quarter of last year, the trade surplus shrank from $4.6 billion in 1956 (a year free of the distortions caused later by the Suez crisis and the recession) to $1.2 billion in the year which ended in September, 1959. This was about the size of the surplus in 1953.

The chief trouble is that exports of manufactured goods, long the backbone of America's trade, were slightly lower in the year which ended last September than they were in 1956, while imports of these goods have risen from $3.2 billion to $4.8 billion. Net exports of manufactures—exports less imports—are lower than they have been since 1950. The biggest factor was the rise in imports and fall in exports of motor vehicles ; this accounted for over half of the $1.7 billion decline in net export of manufactures. The United States has become a net importer of passenger cars, as it has of textiles and, at least temporarily, of steel. Salvation comes from exports of machinery, which now account for nearly three-quarters of the excess of exports of manufactures over imports, compared with less than half in 1953.

Net Exports (+) or Net Imports (−) ($ million)

	1953	1956	1958	Year to Sept., 1959
Manufactures, total	**+5,176**	**+6,076**	**+5,447**	**+4,411**
Cars and parts	+ 909	+1,212	+ 530	+ 341
Steel	+ 56	+ 69	+ 77	− 126
Textiles	+ 172	− 34	− 54	− 157
Petroleum products	+ 355	+ 337	+ 215	+ 218
Consumer goods*	+ 231	+ 159	+ 158	+ 14
Aircraft	+ 89	+ 122	+ 177	+ 88
Machinery	+2,481	+3,209	+3,174	+3,054
Paper and products	− 511	− 552	− 456	− 488
Industrial materials, total	**−2,242**	**− 802**	**−1,033**	**−1,910**
Iron and steel	+ 203	+ 481	+ 255	+ 125
Coal	+ 342	+ 741	+ 530	+ 417
Petroleum, crude	− 450	− 748	− 928	− 886
Fuel oil	− 93	− 209	− 381	− 418
Cotton	+ 480	+ 704	+ 632	+ 324
Industrial chemicals	+ 195	+ 380	+ 454	+ 503

* Excluding food, textiles, vehicles.



There was also a rise of over $1 billion in net outgoings for industrial materials and semi-manufactured goods in the year which ended last September, compared with 1956, not because of rising imports but because of falling exports ; of the five worst culprits shown in the table, only cotton is recovering.

Three-quarters of the shrinkage in the surplus of exports between 1956 and the year which ended in September, 1959, took place in trade with the reviving industrialised countries in western Europe and with Japan. Nevertheless, even in the miserable first half of 1959, the United States exported two-thirds more, in dollar value, than Great Britain, its nearest competitor, and about a quarter of the world total of exports of manufactures ; it is the major supplier of capital goods. This holds out hope for higher exports of machinery and steel as capital investment revives in Canada and Latin America ; the United States' lead in jet aircraft should also be reflected in the export figures. But the American share of world exports of passenger cars shows a long-term decline which will be reversed less easily.

BANKERS TRUST COMPANY
NEW YORK

Condensed Statement of Condition — December 31st, 1959

ASSETS

Cash and Due from Banks	$ 824,202,042
U.S. Government Securities	489,451,303
Loans	1,580,559,326
State and Municipal Securities	102,114,537
Other Securities and Investments	22,889,586
Banking Premises and Equipment	25,330,250
Accrued Interest, Accounts Receivable, etc.	13,194,026
Customers' Liability on Acceptances	43,277,383
	$3,051,018,453

LIABILITIES

Capital (Par value $10 per share)	$ 40,299,500	
Surplus	160,000,000	
Undivided Profits	76,707,199	
		$ 277,006,699
Dividend Payable January 15		3,465,757
Deposits		2,703,122,774
Reserve for Taxes, Accrued Expenses, etc.		17,033,144
Acceptances Outstanding	52,089,068	
Less amount in Portfolio	4,203,951	
		47,885,117
Other Liabilities		2,504,962
		$3,051,018,453

Assets carried at $121,868,244 on December 31st, 1959 were pledged to secure deposits and for other purposes.

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Dressmaker to a Continent



NEW YORK

WHEN six Russian economists came to the United States recently, an important item on their whirlwind tour was a visit to New York City's garment district. Here they saw for themselves that an industry composed of a large number of eagerly-competing small firms has persisted into the twentieth century without showing any signs of "monopoly capitalism." There are many more Marxes than Smiths in the garment trade, but its philosophy comes from Adam, not from Karl.

The firms which make women's and children's clothes number in all about 16,000, most of them specialising in one particular line of business: in "unit-priced" dresses or in the cheaper "dozen-priced" dresses — coats and suits—35 million a year—or in blouses—180 million a year; in sportswear, in underwear, or in knitwear. These small "shops" have on the average only 40 employees each and they survive partly because it takes relatively little capital to set up in business—anything from $15,000 upwards; partly because of the overwhelming importance in this industry of attractive new styles; and partly also because of the traditions of fierce individualism and mutual distrust established by the Jewish immigrants from eastern Europe who provided most of the original employers in the industry.

But even the garment trade is not altogether immune to the trend towards bigness. The total number of manufacturers has dropped sharply in the last decade—by 25 per cent, according to one estimate. And the larger firms, with annual sales, say, of $5 million or more, are increasing their share of the market. But in contrast to most American industries, the trade has as yet no giants. A few leading firms may each have annual sales approaching $40 million, but this still represents well under 1 per cent of the industry's total wholesale volume of about $6½ billion a year. Because manufacturers are legion, few of them can hope to make their names known to the public, and retail shops sew their own labels into the clothes they sell. Thus advertising on a national scale by the original producers tends to be confined to foundation garments, to "swimwear" (where four or five firms dominate the market) and to a handful of producers of high-quality clothes.

The great hazard to the garment manufacturer is fashion; a firm is made or ruined by the success or failure of its designer to catch the eye of those all-important figures—the buyers for retail shops who are flocking into New York this month to lay in their spring and summer stocks. Styles are set at the top and filter down through lower and lower price ranges. The total volume of sales of clothing in any season can usually be predicted with some accuracy, but no individual manufacturer can tell in advance how well he himself will do. He complains, moreover, that he is squeezed between the large suppliers of cloth, who insist that he must take up the yardage he has ordered, and the retail buyers—organised for the most part in [illegible]

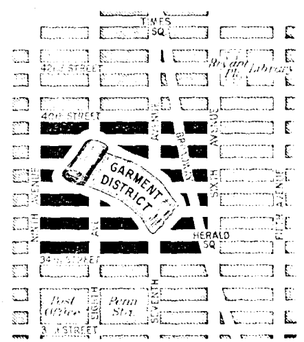
With meagre resources behind him, the small manufacturer can withstand neither a run of bad luck nor a recession in business. The casualty rate is therefore high; one in every five firms may disappear in a single year. But failure involves little financial loss, and often leads to a subsequent reorganisation in a new attempt to win the big prizes. The women's garment manufacturer likes to point to his low profits—between 1 and 2 per cent of the value of sales. But in fact, with his own salary and expenses already allowed for, this rate of profit usually represents a return of 10 to 15 per cent on invested capital. In general, garment manufacturers tend either to do nicely or to go out of business altogether.

AS well as a diversity of manufacturers, there is also a high degree of vertical specialisation in the trade, with garments being moved backwards and forward between firms, pushed on mobile dress racks round the crowded streets near New York's Pennsylvania Station. Often a manufacturer will do no actual sewing himself. He will design the clothes, buy the cloth, cut out the pieces (a hundred or two hundred layers at a time), assemble the parts of the garment into bundles and dispatch them to outside contractors for stitching. The garments are then usually returned to him for finishing, pressing and distributing to retailers. The contracting system allows the manufacturer, uncertain from season to season of the volume of his trade, to keep his own overheads to a minimum. And in earlier days, before a vigorous union had got the matter under control, cut-throat competition between contractors kept costs conveniently low.

The garment trade has always relied upon the labour of recent immigrants; most American-born citizens insist on jobs with more prestige and stability. Originally the mass arrivals of Jews from eastern Europe provided manpower with a high degree of skill. The Italians came next, and today it is mainly Negroes and Puerto Ricans who are filling the 575,000 jobs in the industry. Not only has the ethnic composition of the labour force changed; women have largely replaced men and, unlike their forerunners, today's recruits are unskilled.

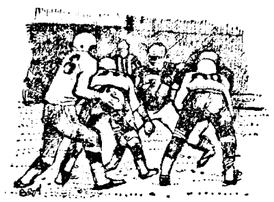
Dependence on immigrant labour usually makes for exploitation, and there was plenty of that in the old days of the "sweat shop." But the trade possesses, in the International Ladies Garment Workers' Union, one of the world's most successful, efficient and enlightened trade unions. Average earnings today, at about $1.50 an hour, are reasonable though by no means high by American standards, but the garment worker has no assurance about the number of hours she (or he) will be employed. While many people claim that in New York the union has the employers under its thumb, it is at the same time very aware of their problems. The two sides have shown an unusual ability to co-operate and until 1958 the garment trade had not had an industry-wide strike for 25 years.

been the home of garment manufacturing ever since the second half of the last century when American women started to abandon home-dressmaking for purchases off the peg. And while rival centres have grown up in other parts of the country, two out of every three manufacturers still have their headquarters in New York. But the tide continues to run against the city. Southern towns can offer employers lower wage rates and less unionisation. Sunny California is helped by the rising importance of sports clothes, for which the pavements of New York have no natural advantage. And high rents and traffic congestion are forcing many employers to consider less crowded locations outside the city. On the other hand, New York's position as the fashion capital of America has not been seriously challenged.



A case study of the garment industry may be found in "Made in New York," $6.75, one of the volumes in the New York Metropolitan Region Study being published by the Harvard University Press.

Football in a Bowl



THE end of the American college football season is marked by a galaxy of special matches between star teams from various leagues and regions and a rocketing of the pageantry and bally-hoo which accompany this particular sport. These "bowl games" —named after the huge stadiums where they take place —bring money to the colleges which are lucky enough to be represented and, in most cases, to the promoters of the contest, and visitors to the towns where they are held—many of them winter tourist centres. The annual classics are the Rose Bowl in Pasadena, California, the Sugar Bowl in New Orleans, Louisiana, the Orange Bowl in Miami, Florida, and the Cotton Bowl in Dallas, Texas, all on New Year's Day, a public holiday, and the Gator Bowl in Jacksonville, Florida, on the following day. This year President Eisenhower watched the games on television instead of playing golf —January 1st was chilly—and Vice President Nixon returned to his native heath in Pasadena to ride as Grand Marshal in the annual parade which precedes the Rose Bowl. Over 100,000 people accompanied him to this game and altogether the five big matches attracted nearly 380,000 spectators.

Another 100,000 or so went to various other smaller bowls, but the returns are not always satisfactory for those which are less well established. There is in fact a constantly changing list of these fixtures, with some promoters dropping out each year and others trying to get into the scrum. At one time the promotion of bowl games, whether as independent commercial ventures or by football leagues which shared the profits among their members, became such a popular sport that the National Collegiate Athletic Association, the regulating body for the colleges which participate, was forced to weed out the more dubious undertakings. Now anyone wanting to sponsor such a game must first get permission from this association. Then follows a hunt for a television contract to bring in revenue and also to provide welcome publicity both for the bowl game itself and for the colleges taking part. Finally the sponsor must line up two of the few teams which are outstanding enough to draw a crowd; here the older bowls get the pick, for they have both prestige and long-standing contracts with the major college football leagues.

Since 1951 the NCAA has ruled that colleges supplying the teams should share 75 per cent of the gate money and sales of tickets must therefore be high to meet fixed costs and the promoter's profit out of the remaining 25 per cent. Pennsylvania State University and Alabama University are said to have received nearly $100,000 each from this year's new Liberty Bowl game at Philadelphia, yet the promoters claim to have covered their expenses only barely. But these prizes are few and the football team which is not good enough for a bowl often costs its college more to run than is brought in by sales of seats at its matches.

Mr Rockefeller's State

IN his message to the New York State Legislature last week Mr Rockefeller proposed nothing as sensational as his plan, a year ago, when he had just been elected Governor, to increase taxes and put the state's finances on a pay-as-you-go basis. But with the help of forty or so committees and special task forces he is producing a host of new legislative proposals; some of these are controversial enough to keep him in the public eye and must make him thankful, at least at times, that he decided to withdraw from the contest for the Republican presidential nomination. The pro-Nixon forces in the Republican-controlled Legislature have been mollified and the Democrats cannot complain that the Governor is neglecting his duties.

Not until later in the session will it be clear whether Mr Rockefeller really proposes to make the building of atomic bomb shelters mandatory. But he has advanced an interim solution for the problem of financing the coming sharp rise in educational costs as the school population expands. The state makes substantial contributions to local authorities but these are dependent, for their own share, on the overloaded tax on property and new sources of revenue are needed. Mr Rockefeller proposes to authorise local school boards to levy about $100 million in new taxes, on the philosophic ground that those who spend the money should accept the responsibility for raising it. But an equally strong motive must be the Governor's reluctance to add substantially to the state's financial burdens just as he is proclaiming that taxes are not to be increased—indeed those on small business and heads of households are to be reduced slightly—and that the state will be able to pay all its bills out of income. The Democrats and some Republicans feel that, if only the Governor could bring himself to pay for capital improvements by borrowing money, the state would be able to shoulder much of the load.

Such fiscal austerity in Albany must leave President Eisenhower gasping. But in other directions Mr Rockefeller has left the Democrats shivering, for he has stolen their clothes. He is suggesting that the state ban on racial discrimination in public housing be extended to private housing, as it is in New York City. And he is proposing a series of progressive measures which are dear to the trade unions and which the Democrats thought that no Republican Governor would embrace, such as the first state-wide minimum wage law, to guarantee $1 an hour to workers not protected by the federal law; increases in welfare benefits; and unemployment insurance for workers displaced by automation while they are being trained for new jobs. Finally, Mr Rockefeller is to convene a conference on the effects of automation in industry —something which trade unionists have been urging on Mr Eisenhower, so far without success.

SHORTER NOTES

With the ratification by Brazil, Mexico and Costa Rica of the agreement setting up the Inter-American Development Bank, the necessary approval of countries providing 85 per cent of the capital was obtained just before the deadline of December 31st. Only three eligible countries—Venezuela, Cuba and Uruguay—have not yet approved the new institution which will have resources amounting to $1 billion. The governors are to hold their first meeting in February.

* * *

After a year in which it seemed quite possible that the wealthy state of Michigan might not be able to pay its employees and keep its schools and services going, the Republican-dominated Legislature and the Democratic Governor, Mr Williams, have finally agreed on a stop-gap tax plan. It pleases neither, but it should avert immediate financial chaos.

* * *

New York's Metropolitan Opera has no government subsidy but depends on gifts to cover its inevitable deficit on operations, which amounted to $528,873 in the 1958-59 seasons. For the first time since 1946-47 contributions were more than enough to cover the loss and the year ended with a surplus of $3,150.

THE WORLD OVERSEAS

Who Daubs the Swastikas?

FROM OUR BONN CORRESPONDENT

PROBABLY more than one German these days has been ruefully recalling Nietzsche's remark that "the consequences of our actions seize us by the forelock, quite indifferent to the fact that we have meanwhile 'reformed'." How much more comforting the sage's words would have been to the tender national conscience had he not put those sceptical quotation marks round the word "reformed."

It is evident that the Germans as a whole have not been in the least surprised by the world's excitement at the rash of swastikas and racial abuse that has broken out up and down their country. There is ample warrant, it is fully appreciated, for such an intense and anxious curiosity. Happily much of it is an echo of the baying of their own watchdogs. Some British newspapers, generalising as usual about "the Germans" in the manner in which the Nazis generalised about "the Jews," have outstripped all others in dire description and virtuous indignation. Yet, all in all, the stir abroad is taken as appropriate and salutary. Nor does anyone seem greatly surprised that the two major parties at home should be trying each in its own way to make political capital out of it all.

A serious recrudescence of anti-semitism is neither observed now, nor anticipated in the immediate future. There is no more active anti-semitism in Germany today than there is in any other country. This is not just because millions of former Nazis and Nazi sympathisers have either "reformed" or deem it prudent to hold their tongues. There is no organised anti-semitism for the simple reason that there are scarcely any Jews present to provoke the prejudice, jealousy, and hostility which they once aroused in Germany, and which the Nazis assiduously fostered. The 30,000 or so Jews living in Germany today are altogether inconspicuous, for the most part elderly, uninfluential, and not competing with anybody. Were many Germans finding it difficult to earn a living there might be some resentment at the demands of reparation to Israel and to individual Jews. But for pretty well everybody there is a job, and a higher standard of living than ever before.

The daubing of the Cologne synagogue on Christmas Eve and its desultory sequels have genuinely perplexed both the public and the authorities, as the multitude of confused and often conflicting comment testifies. The mystery is: who feels the need for that form of self-expression, and why? The most discussed clue at present is the perpetrators' common youthfulness. Most of those who have been caught are in their twenties; they were just about old enough to go to school when the Third Reich and its leaders fell apocalyptically about them. Have parents and teachers failed, then, to pass on the lessons of experience obtained at such cost? One of the consequences of such questioning has been hurried consultation of school history books; and, since education is not a federal responsibility, the discoveries have been as many and various as the eleven *Länder*. Some authors devote more space than others to Hitler and Hitlerism. But syllabus and printed page are by no means the sole guide to what goes on in the classroom. One teacher may be inspired by a single line to talk tellingly for an hour. Another, by reason of guilt or complacence, may pass cursorily over, or even avoid, the disgraces of the recent past. Any fifty-year-old German expounding the evils of Nazism runs the risk of being asked what he or she did at the time to counter them. For the majority of teachers and parents it is still an embarrassing predicament. Most of the twenty-year-olds whom your correspondent has asked about their instruction in contemporary history have replied that they have been told little at home but much at school.

Who are the teachers? Who appoints them? These are issues just as important as the precise number of lines chronicling the gas chambers, if not more important. A review of the teaching of history and the recruitment of teachers is being newly demanded from many quarters. It is too early yet to predict whether much will come of it. There are always those—and Dr Adenauer is one of them—who argue that the kind of impenitent Nazi who still exercises a more or less covert influence in the schools, lawcourts, and civil services, is small fry, can do little harm in the time left for him to do it, and is best ignored.

There are some who suppose that the louts who do the daubing —the kind of pugnacious misfits that look for mischief in every city in the world—are incited directly or indirectly by the "neo-Nazis." This is probable. It is possible to compile a horrid catalogue of crudely nationalist right-wing groups that have popped up in the German Federal Republic since 1949. All still in the category of the weird rather than the dangerous, they are the muddled spiritual homes of a small minority of surviving petty Nazis who will not admit error, and of young persons, many of them students, who find the undiluted waters of the old German nationalist spring more exhilarating than the internationalist mixtures of Paris, Brussels, Strasbourg, and Luxemburg. A few of these grotesque reversions seem to be congenitally anti-semitic, despite their protestations to the contrary.

It can be confidently said that none of these unsavoury groups or organisations, not even the sizeable German Reich Party, counts for much in present-day Germany. Important political movements can always be felt in a country's air. Aggressive nationalism, neo-nazism, and anti-semitism are not features determining the climate of the West German state. It is always possible that in adverse circumstances the old ghosts might occupy a dangerous number of living bodies. The rash that started at Cologne will have served a good purpose if it has reminded the community of such a possibility and of its duty to keep a watch on the political incorrigibles.

Wise Men for Trade and Aid

FROM OUR SPECIAL CORRESPONDENT

Paris, Thursday.

WHEN nations disagree on great issues like the European trading problem, one diplomatic means of keeping the peace is to talk about procedure. The western powers at their summit meeting last month could hardly be expected to reach agreement on their economic differences; instead they called the thirteen-nation Atlantic conference which met on Tuesday and Wednesday. That meeting has in its turn talked, not about the issues, but about how and when and if the issues should be studied later on.

The differences underlying this esoteric diplomatic game hardly

need emphasis. When Mr Dillon, the American under-secretary of state, toured Europe last month it became pretty plain that there were two camps, each with separate objectives and views on how to approach the trade problem. Since the talks on a free trade area in the Organisation for European Economic Co-operation broke down, the European Commission has been pushing the view that the issue between the Six and Seven could only be solved in a world-wide or Atlantic context. That view has been given an importance far beyond the expectations of its first exponents by America's balance of payments difficulties. The United States, once sponsor of the common market and an acquiescent spectator of the talks on a European free trade area, is now far more interested in the relations of the European groups with itself than with each other. And in the conference this week there has been not merely a close identity of views but a working partnership between the United States and the commission of the Six.

By contrast, the Swiss, Swedes and British have made it abundantly clear that they regard the world-wide or Atlantic approach as an evasion of the central problem of European trade. Europe, the Swedish delegate told the meeting, would hardly be able to find money to aid the underdeveloped world if it was waging a trade war within itself. The conference turned into a struggle between the "European" approach of the Seven and the "world-wide" philosophy of the United States and the Six.

The initiative lay inevitably with the Americans; they after all, had inspired the meeting. The Six were happy to let Mr Dillon put their case. In his opening speech, he went out of his way to soothe the worried Seven by talking of the dangers of the split in Europe, but his practical proposals remained more congenial to the Six. He suggested, first, that the main western creditor nations should form a group to co-ordinate their aid efforts; second, that a group of three independent experts be formed to make suggestions on the future of an altered OEEC with the United States and Canada included; and, third, that there should be another meeting of the thirteen-nation Atlantic group to discuss world trade problems. The terms of reference of such a meeting would cover the problem of the Six and Seven in only the loosest way. The Seven were particularly alarmed by Mr Dillon's phrase, "a successor to OEEC," apparently implying the death of that body.

MR DILLON'S position was not to go unchallenged. Indeed the remainder of the conference was largely concerned with an attempt by the Seven to get the European problem back into the centre of the stage, with the Swiss and Swedish terriers yapping loudly at the heels of the United States. It is a tribute to the tenacity of the Seven and to American patience and magnanimity that the Seven had a large measure of tactical success. Argument centred on two issues: first, the nature of the body that would discuss trade problems and its terms of reference; second, the mandate of the body to discuss the future of OEEC.

Only the United States proposal on aid aroused little controversy. In the discussion on the trade group the British succeeded, rather to their own surprise, in getting rid of the conference of thirteen and restoring responsibility to the twenty governments (eighteen European plus the United States and Canada) that are members or associates of OEEC; responsibility, however, was not formally given to OEEC as an organisation. In the trade discussions relations between the Six and Seven were to be "examined" with a high priority. The resolution on OEEC was adorned with tributes to that organisation. The experts (four, not three) who were to make suggestions on its future were not to be independent "wise men" who might produce dangerous new ideas, but safe officials who would report to the same twenty governments. What looked at first like a rearguard action by the Seven over the dying body of OEEC and the corpse of the free trade area was turned into an unexpected tactical success.

But the importance of the success should not be over-estimated. The difference over the European trade question remains as deep as ever. The recognition that trade problems must be "examined" can hardly be claimed to have restored even the tactical or procedural position that existed when the Maudling committee broke up in November 1958. There has been no mention of either a multilateral association or a free trade area in the resolutions of the conference. A commitment to examine problems is not a commitment to negotiate. Much will continue to depend on the attitude of the United States, whose massive presence has dwarfed the European combatants. And the Americans, though made more aware of the existence of the Seven by this week's meeting, remain at heart on the side of the community.

Big results cannot in any event be expected in the near future. The Americans themselves explain that the current talks can be no more than a preparation for a decision that will have to be taken after their own presidential election. The determination of the Seven to grind their European axe has meant, too, that any possibilities there were of a new attempt to grapple with trade problems on an Atlantic or world-wide basis have been pushed into the background.

Cyprus and the Grivas Question

FROM OUR ATHENS CORRESPONDENT

HOW much hinterland is required to render the use of British base areas and installations in Cyprus as "efficient" as the London agreements wanted them to be? The British Government initially claimed a large area with an indigenous population of 16,000, but whittled down its demand to 113 square miles which would include only about 1,100 Cypriots. At present the Cypriots are willing to surrender to British sovereignty only 42 uninhabited square miles. The Greek military experts, consulted by the Greek government, were inclined, with reservations, to favour the British view as reasonable on a purely military assessment. General Grivas, the former Eoka leader, whose opinion still seems to count, believes that the British demands are far in excess of military requirements proper. The Turks do not seem to care one way or the other.

The five-party conference on Cyprus which is meeting in London this weekend is expected to settle these differences in time for Cyprus to be proclaimed independent on February 19th. Significantly, the British ambassador to Greece, Sir Roger Allen, accompanied the invitation to Mr Averoff, the Greek foreign minister, with a warning that the British were not prepared to yield on the size of the two cantonments. The Greek government has adopted a rather detached attitude; the effectiveness and operational readiness of the British bases is just as much to the advantage of Greece as of Britain. The Greeks, however, are aware that Cypriot recalcitrance springs from fears that, small though the enclave may be—about 3 per cent of the area of Cyprus—a part of the island would be remaining a colony, with a separate civil administration and a non-military population of 1,100 "unredeemed" Cypriots. For reasons of national pride, more than anything else, Archbishop Makarios is unwilling to accept this.

The Greek foreign minister's efforts in London will, therefore, tend to placate the Greek Cypriots by giving them full support in their attempt to obtain a satisfactory legal status for the area of the bases. This might eventually involve British undertakings not to establish a civil authority in the enclaves and to allow Greek-Cypriot inhabitants there to take Cypriot nationality. Mr Averoff is going to London "with the determination to respect and fulfil our engagements," including, presumably, those assumed when the foreign ministers of Greece and Turkey met Mr Selwyn Lloyd just after the conclusion of the Zurich agreements.

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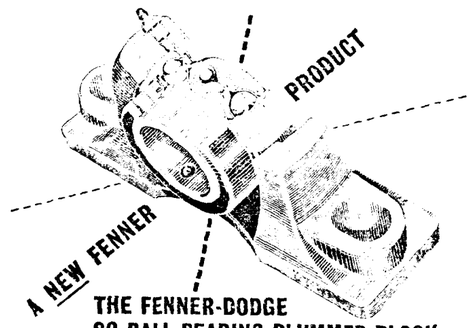

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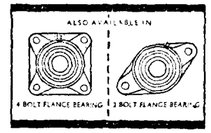

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While the prospects of reaching a compromise at the London conference have greatly improved, it will be interesting to watch the reactions of General Grivas. Shortly after his return to Greece, Grivas sent Archbishop Makarios a map on which he had himself drawn boundaries for the British bases. Since then he has set out his views in a memorandum for the Greek government. General Grivas, ever seeking—like so many Greeks—an ulterior motive in all British actions, believes that the area demanded by the British is more than they need and would establish a state within a state.

It is assumed here that Grivas obtained from the archbishop in Rhodes in October some form of promise that no further concessions would be made on the issue of the British bases. The archbishop was presumably reminded of this pledge last week, when Mr Kranidiotis, Cyprus's ambassador-designate to Greece, after seeing Grivas, flew to Nicosia to confer with Archbishop Makarios and, later, accompany him to London. Nevertheless, the general has kept silent and has not attempted to reaffirm publicly his opposition to concessions. Although puzzled by this attitude, observers here venture to put forward two explanations: first, that the general—still in search of a sound platform for an incursion into Greek politics—may be hopefully waiting for the chance to seize on any concession the archbishop may make in London, in order to denounce the Cyprus accords as involving the partition of the island. Or he may have been induced to disengage from the Cyprus question altogether in order to gain the favour of men in authority in Greece, in the hope of being rewarded with their help in the fulfilment of his domestic political ambitions.

Mac's South African Tightrope

FROM OUR CORRESPONDENT IN SOUTH AFRICA

THE South African Nationalists, although traditionally the anti-British party in the Union, are now desperately anxious to remain friends with Britain—perhaps even to remain in the Commonwealth—and to get rid of the stigma that their government is unfriendly, friendless and isolationist. During his stay in South Africa, however, Mr Macmillan will hear more about the republic than about anything else. He will be told that republicanism is the "traditional" constitutional and governmental pattern of the Afrikaner (the fact that the Cape and Natal have an entirely different tradition based on British parliamentary institutions will be glossed over) and that concord between the white races will be achieved only when South Africa becomes a republic and English-speaking South Africans develop a single instead of a dual loyalty.

There are, in fact, positive and negative sides to the Afrikaner's republicanism: the positive side is his sentimental feeling for the old republics of the Free State and Transvaal which were conquered in 1902. The negative side is the desire to end once and for all the period of tutelage and subservience to Britain which began with the end of the Boer War, and to restore the form of government which existed before the infant states were conquered. The war of 1899-1902 is still very real to many Nationalists; some of them are even convinced that the last shot will have not been fired until South Africa becomes a republic. Until recently this implied a complete break with the Commonwealth, but for tactical, and even hard practical economic reasons, the transition to the final goal of "republican independence" will now probably be made in two stages: first, the declaration of a republic, and then the cutting of the painter so as to end all suggestion of "subservience." What Mr Macmillan may not hear from his official hosts is that the Nationalist party itself is sadly divided over the nature of the republic it wants, and even on the issue of whether it should be inside or outside the Commonwealth.

From republicanism Dr Verwoerd and his colleagues will almost certainly move on to two other major topics: apartheid and the future of the three High Commission territories. They will explain apartheid as "separate development" which provides self-expression for the Africans in their own areas, the Bantustans or tribal homelands of the black people; these are at present a number of reserved areas scattered all over South Africa, covering about 13 per cent of the country's surface and accommodating about half the total African population. Dr Verwoerd believes that his plans for the development of the Bantustans, leading in the indefinite future to self-government of sorts, are similar to the constitutional changes now taking place in Basutoland. Therefore he will probably seek to persuade Mr Macmillan that the Bantustans and the High Commission territories are heading for the same constitutional destination. Thus the Nationalists argue that the question of the incorporation of the three areas, once a matter of the greatest concern to them, has now become less urgent. If (so the argument goes) South Africa is to become a sort of Commonwealth with its own black "states" as "dominions," then the High Commission territories will fit naturally into the pattern and will in time almost incorporate themselves.

THE reasoning is plausible and very largely the product of the Nationalists' realisation that there is no chance of a British Government handing over control of the protectorates to South Africa as long as apartheid lasts. The situation is therefore rationalised by suggesting that the matter no longer calls for immediate decision. At the same time the Nationalists will emphasise the extent to which the High Commission territories are economically dependent on the Union, and they will insist that Britain must prevent these areas from being used as platforms from which to attack and embarrass South Africa politically.

Africans in the three protectorates will doubtless be delighted to see the Queen's first minister in their midst—unlike some of their compatriots elsewhere in Africa they feel a warm affection for Britain and are anxious to retain their close ties with it, if only because they refuse to exchange London for Pretoria. But the politically conscious black people in the Union regard Mr Macmillan's visit with mixed feelings. They, too, will be glad to see a prime minister of Britain, to whom they tend to look for friendship and help in their struggle for political and economic rights. But they are desperately anxious that Mr Macmillan should not show the slightest sympathy for apartheid or its protagonists. They are moreover pretty sure that the politically literate and articulate among them will not have a chance of talking to Mr Macmillan and telling him what Africans in the Union think of their white rulers and the laws they make.

Closely linked with these political issues are the questions of trade between the Union and Britain and the boycott now actively supported by Socialists and Liberals in Britain, and the outside world's "misunderstanding" and consequent abhorrence of South Africa and its racial policy. The Nationalists set considerable store by trade with Britain, but they are likely to stress the fact that British ill-will may prevent the Union from remaining one of Britain's best customers. In disowning the proposed trade boycott, Mr Macmillan will have to be careful not to offend non-white opinion in the Union and elsewhere in Africa. Similarly, when discussing the Union's standing in the outside world, he will have to avoid doing a "Montgomery" on apartheid. There is great good in South Africa, as the field marshal discovered, but there is also great evil, and Mr Macmillan will doubtless want to see and hear about this evil without speaking any himself.

Thus, the British prime minister will have to tread very warily in South Africa. Nowhere in Africa will his every word be analysed as carefully as in the southernmost tip of the continent where the race problem is more complicated and intractable than elsewhere.

Apartheid in Football

FROM OUR CORRESPONDENT IN NEW ZEALAND

SINCE the Maori wars in the middle of the last century, New Zealand has not considered itself to have a serious racial problem; although the Maori minority has been increasing rapidly during the present century it only numbers 152,000 out of a total population of some 2,275,000. But a vigorous controversy has blown up over the decision of the New Zealand Rugby Union to exclude Maori players from the New Zealand rugby union team which will tour South Africa this year. The football rivalry of the two countries has mounted with each successive tour since 1921. New Zealand, on its own ground, beat the Springboks soundly in the last test series in 1956, but it is under no illusions about the Springboks' determination to even matters this year. In these circumstances, a controversy which threatens the whole tour and the state of rugby relations between two of the sturdiest pillars of the rugby union temple, seems in both countries a good deal more important than talks about a summit conference. It may, indeed, require summit talks itself.

New Zealanders are accustomed to accept in a fairly unquestioning way a number of questionable premises. One of them proclaims the alleged proprietary interest of the Almighty in "God's Own"; another assumes the existence in "God's Own" of complete racial equality between Maori and *pakeha* (whites). Thus, although the informed expected it, the uninformed, who were the majority, were shocked when the NZRU announced some seven months ago that Maori players would not be considered for selection for the All Blacks (of all names) team to tour South Africa in 1960. The rugby union, for its part, although studiously careful not to upset the South Africans any more than necessary, made it plain that it had made its decision in what it considered to be the best interests of the Maori players themselves. If Maoris took the risk of going to South Africa as members of a touring team they could not, the union asserted, be protected from the possibility of insult and discrimination because of their colour. It was made clear that the South African rugby authorities themselves were quite ready to receive Maoris as part of a New Zealand representative team; but it was implied, even if it was not said, that it would be at New Zealand's and the Maoris' own risk.

The reactions to these pronouncements were sharp. A week before the decision was announced, spokesmen for eight different religious denominations all issued statements urging that if the South Africans could not guarantee equal treatment to Maori and *pakeha* players alike, the tour should be abandoned. The Anglican Primate of New Zealand, Archbishop R. Owen, dissented from these views on the grounds that it was not realistic to expect the South Africans to give any such assurance; but several of his bishops, including the Maori Bishop of Aotearoa, strongly disagreed with him.

AN association to fight for the inclusion of Maoris in the team, which had already come into being before the rugby union's announcement was made, sprang up fully fledged and many headed. Led by a prominent Roman Catholic layman, Mr Rolland O'Regan, who has proved himself a most competent controversialist, it expanded rapidly, formed branches and committees all over the country, sponsored protest marches and meetings, and issued statements. It now has twenty branches in various parts of the country, backed by a large number of supporting committees, and is circulating a petition that is to be presented to Parliament.

Protest marches and meetings of students were held in Wellington, Christchurch and Auckland. A mass deputation of students sought out the prime minister, Mr Nash, and gave him some uncomfortable moments; the influential trades union movement weighed in in support of the protest. The politicians have shown no disposition to handle this hot potato, but it may well be pushed into their unwilling hands later this year during the general election campaign. The issue will undoubtedly remain the subject of sharp controversy until the team either departs, all white and fit for presentation in South Africa, or else does not. The latter is unlikely, but it is a possibility since feeling is so high and widespread.

Among the Maoris themselves (a Maori is now a person with half Maori blood, or more) feeling is very strong indeed. Tribal leaders in all the Maori areas, former Maori All Blacks, who have almost the status of minor tribal deities, distinguished Maori soldiers and leaders in various walks of life, have all protested. This is, in itself, a significant departure from the old Maori tradition, which is to shrug the shoulders when an invitation is withheld.

Many white New Zealanders feel that New Zealand, which has long prided itself on its enlightened treatment of the Maoris—treatment which is not always as non-discriminatory in practice as it is in theory—should be prepared to strike a real blow for its principles by voluntarily foregoing one of its most cherished sporting indulgences. Supporters of rugby union policy, on the other hand, hold that the argument is primarily a sporting matter, that it is not for New Zealand to try to dictate to South Africa about its domestic policy and that, in any event, it is in the interests of the Maoris themselves not to expose them to the risk of insult and discrimination.

There is no doubt that the controversy is forcing a lot of New Zealanders to do some serious thinking about the socio-economic problems of assimilating a minority and unevenly distributed Maori population, of educating it, teaching it industrial skills and giving it a sense of social responsibility. In general, European-descended New Zealanders and Maoris live, work and play together happily and co-operatively enough. Whether they would continue to do so if the population ratios were reversed is another question.

Mr O'Regan's flourishing protest movement will do New Zealanders of all races a considerable service if it can establish itself on a wider and more permanent basis in order to try to remove the inevitable frictions which occur between Maori and *pakeha*—and encourage New Zealanders not to interest themselves in these matters only when a rugby tour of South Africa is in the offing.

East Germany's New Industrial Course

BY A CORRESPONDENT

MOST of the communist states have their industrial monuments, projects curtailed or abandoned through some sudden change of economic policy. East Germany's first five-year plan, ending in 1955, which set off along the then orthodox satellite line of heavy industry at all costs, is appropriately commemorated by the truncated Stalinstadt project. This must have one of the most remarkable locations ever selected for what was intended to be a fully integrated iron and steel plant.

To a lonely site in the forests of eastern Brandenburg coke has to be brought from Polish Silesia and ore comes by rail all the way from the Ukraine, while the pig iron produced must still travel on a hundred miles or so to the industrial centres of Saxony. Today the six blast furnaces of Stalinstadt rise high above the forests, but it is not altogether surprising that further construction was halted during the period of greater economic realism that followed the death of Stalin; weeds now cover the unfinished foundations of the steel plant. With its adjoining heavily Muscovite "first socialist town of Germany," the Stalinstadt works is a fitting monument

both to the economic and to the architectural policies of the dead master.

The second five-year plan (1956-60) very sensibly put the emphasis less on steel and more on the engineering and chemical industries, which had been going concerns in pre-communist days. It was realised that east Germany could never be more than a minor steel producer, but precision instruments from Jena and plastics and fertilisers from Leuna were in eager demand all over the communist world, and beyond. A great feature of this second plan was the development of the limited number of home raw materials, in order to save the need for imports. The most radical move in this direction was the announcement that the low-grade brown coal which was east Germany's sole important indigenous source of energy was in future to be used in principle as a raw material, not a fuel. Only when the scientists had milked it of all possible chemical raw materials would the residue of the brown coal reach the consumer in the form of gas, electricity or coke.

The front-page project on these lines was "Kombinat Schwarze Pumpe," an industrial complex based on the Lower Lusatian brown-coal field. With the aid of a novel process already in use at Lauchhammer nearby, brown coal was to be transformed into what was claimed to be metallurgical coke (*The Economist*, April 26, 1958). There were to be three parallel "production lines," each with a large power station, coal preparation plant, giant briquetting plant, and batteries of Lauchhammer-style ovens for turning the briquettes into coke. There was also provision for a complete gasification plant. At peak capacity Schwarze Pumpe would receive each day 100,000 tons of low-grade coal, which would leave the plant as gas, electricity and a mere 10,000 tons of coke and by-products ; the transport economies were clearly attractive.

By May 1st last year, the efforts of 16,000 workers had brought the first production line to the stage at which it could deliver ceremonial quantities of electricity and briquettes, before relapsing back into the arms of the construction gangs. Yet a visit to the site revealed the odd fact that although the production of coke had been the main object in planning Schwarze Pumpe, the construction of the necessary coking capacity had been deferred to a misty final building stage, some time after the rest of the giant complex had been completed. As had been understood from the start, the Lauchhammer coke was unsuitable for use in normal blast furnaces; and even in the special low-shaft plant at Calbe, on the Elbe, it made up at most 65 per cent of the coke charged. Complaints were even allowed to appear in the press that the uncertain quality of the Lauchhammer coke was menacing Calbe's precarious economics. Such reservations were not, however, allowed to darken the glossy accounts of the scheme still appearing in popular papers.

Indications have been mounting of the new course in east German industrial policy. It has for some time been clear, and was confirmed at the Prague meeting of Comecon in December, 1958, that the tide in the communist world has turned in favour of those old-fashioned economic virtues, international specialisation and exchange. In March last year the east German representative on Comecon, Herr Opitz, duly issued a broadside against autarky, which "will only limit development . . . for it means submission to irrational units of production, limited capacities, and lesser effectiveness of labour. . . ." Herr Ulbricht himself joined in to praise the international division of labour and to point the virtues of strict economy ; it might have been a nineteenth-century liberal economist speaking. With the Soviet Union able and willing to make substantial deliveries of industrial materials to the other communist countries, self-sufficiency was definitely out.

To mark the change, the second five-year plan has been allowed to fade into the background two years before its end, and has been replaced by an ambitious new seven-year plan (1959-65). An examination of the major projects under the plan clearly shows the new direction. The Stalinstadt plant is at last to be completed, so as to secure the advantages of integration, but this is the end ; there is to be no more high-cost iron capacity. Any additional pig iron that east German industry may require will come from the Soviet Union. The Stalinstadt rolling mills, originally planned for plates and heavy sections, will now turn out sheet steel, a change surely appropriate to east Germany's vehicle and consumer goods industries.

Greater still are to be the changes in the chemical industry, in which east Germany will follow west Germany in changing from home coal to imported oil as a basic raw material. The pipeline which is to be built from Russia across Poland will supply oil to a refinery to be built in stages at Schwedt, on the Oder north-east of Berlin. There may later be a petrochemical plant, and since Schwedt is also to receive a large paper mill under the plan, it seems as if it is being developed as quite an important new centre of industry. At the same time, the giant Leuna chemical works, hitherto based on brown coal, will be expanded by a third through the addition of a new plant, Leuna II, which will produce plastics from petroleum.

The prospects of substantial Soviet deliveries of oil and coke seem to have driven into the background the plans to use brown coal as a raw material. The key projects in the field of energy are for giant power stations, which will simply burn coal, not process it. About the growing complex of plants at Schwarze Pumpe, until recently front-page news, there is almost complete silence. Only incidentally does it appear that by the end of the plan period Schwarze Pumpe is to be producing electricity, gas and 6 million tons of briquettes a year ; this suggests that production of domestic coal briquettes is now being preferred to the production of brown-coal coke. Schwarze Pumpe has an important role to play, no doubt, and one well fitted to economic realities, but a distinct come-down from the original plans for a great coking complex. It seems likely that a truncated Schwarze Pumpe will be the industrial monument to the hopes of the second five-year plan, as Stalinstadt was to the first.

Yet if a pet project has had the axe, this is a sign of economic realism rather than economic weakness. There may have been a sudden, even a wasteful, change of plans, but such changes have happened before and have not checked the rise in industrial output. The official east German claim is that industrial output in 1958 was 166 per cent above that of the same area in 1936 ; certainly, over the last few years it has been rising more rapidly than in most western countries. No doubt the east Germans had more leeway to make up ; but there is no sign of a slackening. If the east Germans say that they are going to maintain an annual rate of increase of 9 to 10 per cent over the next seven years, there seems no reason why they should not do so.

Red Rivals in Iraq

Anyone who has applied for a visa to visit a newly independent eastern country can easily understand what it is going to be like to join a political party in Iraq. The same kind of detailed personal information is required for both undertakings. Last July, General Qasim promised the Iraqis that they would be free to engage in party political activities by January 6, 1960. On January 4th a law of associations was issued to make sure that party political freedom was not taken too seriously by anyone who might disagree with the policies of the general's government. According to the new law, some of the most obviously political groups in the country are not allowed to join parties at all. These include the armed forces, judges, higher civil servants and secondary school students. It is not surprising that there has been no great rush to register new parties.

So far, three groups, all of them communist, have been able to convince the required 50 founding members that it is to their advantage to join a party. In Baghdad, the editors of two competing communist newspapers, Daoud al-Sayigh of *Al-Mabda* and Abdul Kader Ismail Bustani of *Ittihad al-Shaab*, have each submitted an application to form the Communist party of Iraq. Each editor says that his party has nothing to do with the other's; each claims the party line as his own. The third party is that of the Kurdish Democrats, who, because they already control the Kurdish press and Kurdish education, appear to have no rivals for the affection of their people.

The only pre-revolutionary group to be revived is the National Democratic party, led by Muhammad Hadid the minister of finance. Ibrahim Kubba, the Marxist minister of agrarian reform and acting minister of petroleum affairs, has not launched a new Socialist party. Colonel Mahdawi, next to General Qasim the best-known post-revolutionary Iraqi, was expected to be the standard-bearer for the communists, but apparently he prefers his present job at the People's Court. Party politics in republican Iraq are no more exciting than they were under the monarchy. Perhaps that is how General Qasim hopes to keep them.

The Year of the Rat

A group of Hongkong manufacturers has proposed that the colony should limit its cotton textile exports to the United States in order to disarm pressure by American textile interests on their government to impose textile import quotas. The proposal has been taken up by the colonial government but is bitterly opposed by other Hongkong manufacturers.

FROM OUR CORRESPONDENT IN HONGKONG

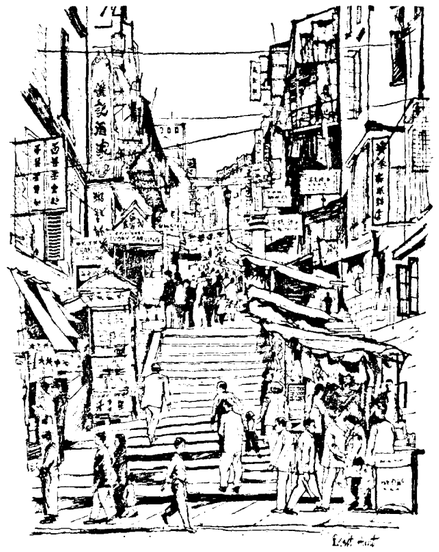
If there were any democratic nonsense in Hongkong, the government might well be out of office and a radical nationalist opposition, hoisted into heady power, could be on the verge of breaking off relations with the United States. As it is, old members of the Hongkong Club have been nervously examining the stability of the library ceiling as they read an editorial in one of the fair colony's English-language dailies denouncing the government for engaging "in a secret scheme, in intrigue with big business *taipans* and a representative body of the vested interest, to betray the common welfare of the community."

This, indeed, is unprecedented revolutionary talk, roughly equivalent in orderly Hongkong to bloody bodies on the barricades or booing from the members' pavilion at the Chater Road cricket ground. It was provoked by the government's offer of a modest self-imposed quota on textile garments for the restive American market. Local merchants had already been inflamed by a United States ban on Christmas exports of preserved ducks, cunningly attributed to western sanitation scruples. The American textile quota offer was a last bale of straw after the sullen textile ceiling concessions to what is regarded as Lancashire's laziness and inefficiency.

There is a vigour, enterprise and resilience about Hongkong which are altogether admirable. But the thinking of the colony's industrious producers and energetic exporters tends—and naturally enough—to reflect the general atmosphere of unreality which pervades this colonial survival. Free trade and free enterprise, to which the colony has always been dedicated, are shining policies. They have been the twin supports of Hongkong's existence down the changing years. But they can hardly be imposed by a colony on a cold and selfish world.

The exposed and vulnerable Hongkong establishment, with all its paradoxes, survives under the shadow of the unpredictable Red giant on the mainland by adhering to a governmental policy of discretion and adjustment — simply, of avoiding trouble, so far as that ideal is possible. This does not mean truckling ; it means that Hongkong's motto should be, "Defence, Not Defiance"—except, alas, that that first word is a most unfortunate one to use in Hongkong.

By making trouble, the rebellious textile garment manufacturers are accordingly breaking the unwritten Hongkong code. Deplorable the American restrictions may be ; but Hongkong can neither defy nor deny them. In fact the price of recalcitrance now may well be tighter restrictions later. (Japan appears to have learned this hard lesson from the Washington lobbies.)

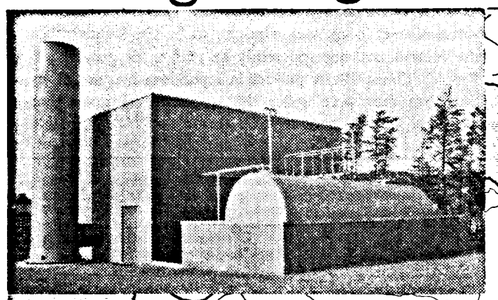


The textile uproar, as it happens, coincides with a Hongkong New Year that is otherwise bright with promise and profit, and glittering with the reflection of the misfortunes of others. Hard conditions for Chinese residents in Indonesia and the Philippines, for example, have swollen the flow of capital investment from wealthy Chinese there. All records, also, have been broken on the stock exchange, where the volume of business transacted in 1959 reached a total of $HK350 million (nearly half the total banknote circulation of the colony). Exports and imports were well ahead of 1958 ; new industries doubled in value compared with 1954 and accounted for 45 per cent of Hongkong's exports.

In this general flow of good fortune, it seems ungenerous to add that tuberculosis also reached a record high level in Hongkong last year—more than 600 reported cases in one week ; that more than 100,000 people still live on the roofs of tenements ; that a worker's average family of five persons is short of about 2,000 calories a day ; that a working family can afford only a fifth of the government school fees for one child.

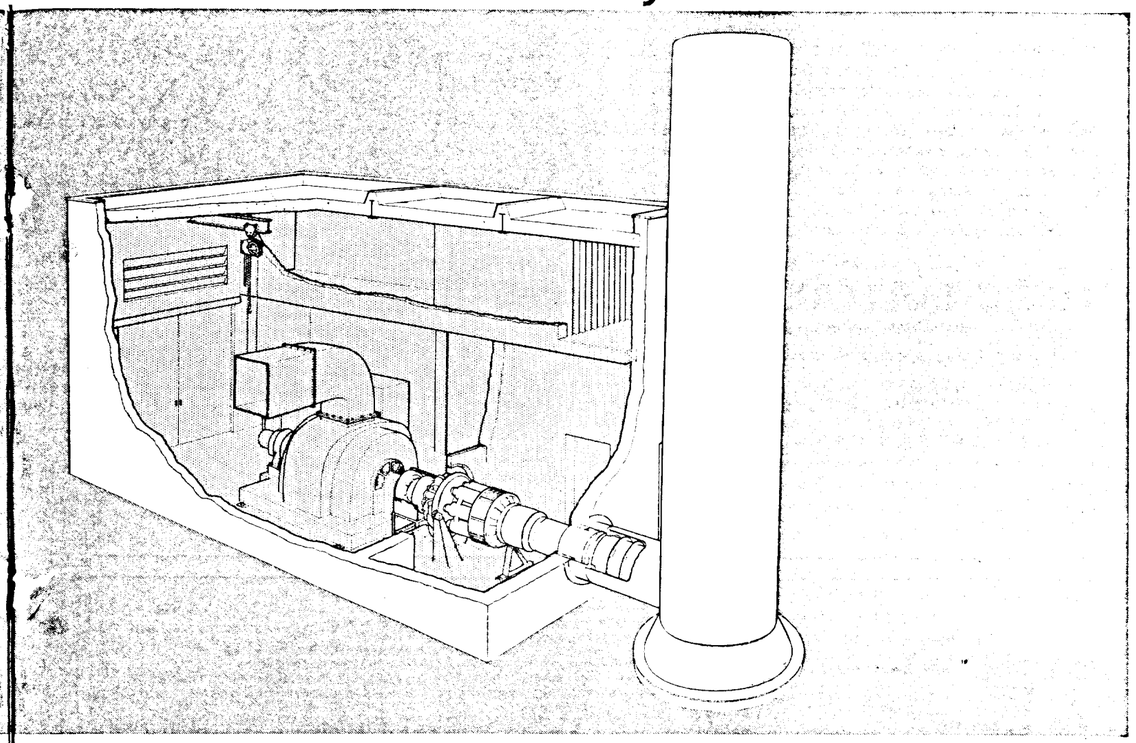
Anyway, 1960 is the Year of the Rat in China. The rat is a mischievous pest, and the soothsayers predict that, by tradition, more mischief may be anticipated in the colony during 1960 on the lines of that already provoked by the pestiferous American textile lobbies. But rats, it is also pointed out, remain only in houses where there is plenty to eat ; at a pinch, they are eatable themselves. Whatever the mischief of textile quotas, no one really expects that those who keep the cheese in the Hongkong pantries will be reduced to that last resort in the Year of the Rat.

New lightweight turbo-generator cuts costs delivers 3 million watts by remote control...



At exactly 12.07 hours, on Friday, 11th December, Mr C. R. King, the Chairman of The Electricity Council, pressed a button at Bristol. Two minutes later and a hundred miles away a completely new type of turbo-generator fed 3 million watts into Princetown.

This new pocket power station, driven by a Bristol Siddeley aero gas turbine engine, runs itself unmanned. It needs very little maintenance, and is so light and compact that it can be put just where electrical power is needed.



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The South Western Electricity Board are to be congratulated on the speed with which they have taken advantage of this new power source and the venture will be closely watched by engineers all over the world.

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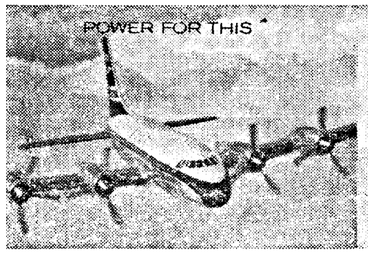

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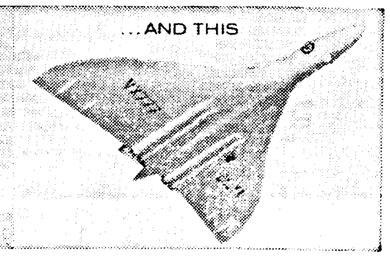

The Bristol Siddeley Olympus high-thrust turbojet powers the Avro Vulcan V-bomber—gives this delta-winged deterrent carrier a performance unsurpassed by any aircraft in its class. Current Olympus versions deliver 17,000-lb thrust dry—24,000 lb with reheat. And later versions are rated at 33,000 lb.

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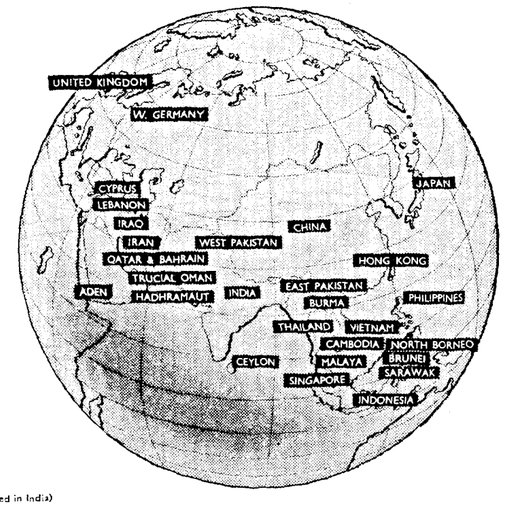

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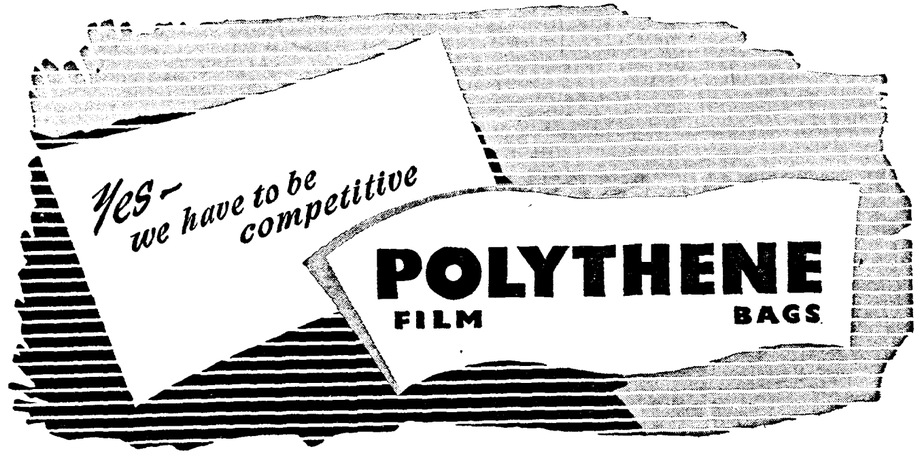

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THE BUSINESS WORLD

The Aircraft Mergers

HAVING addressed its mind to the job, the aircraft industry has smartly aligned itself into five sizeable groups: two making engines; two making aircraft and missiles, and one making helicopters. The Minister of Aviation has this week confirmed the promises made in private to the industry's separate companies—that those who merged could expect Government help in developing civil aircraft. What happens now?

The first point is that these mergers are the start, not the finish, of a long and probably painful reorganisation in an industry whose head has overgrown its body. The task of the new managements calls for sympathetic understanding; their success in carrying it out will decide whether Britain will still have an aircraft industry. One purpose of rationalisation among the score or so of companies in aircraft production was to shrink the industry without creating politically embarrassing pockets of unemployment. It still has nearly 240,000 workers and its prospects of steady work may employ perhaps less than 150,000. Other jobs have to be found for 90,000 aircraft workers and the factory space they occupy. The amalgamations in the industry to form large groups do not get rid of this need to reduce its size; the hope must be that these larger groups, with interests in other industries, may find it rather easier to absorb redundant aircraft workers.

The second object of amalgamation is to create large units, particularly design units, to compete on equal terms with the American industry. The fault of the British aircraft industry and the cause of its more obvious technical shortcomings has been that its effort in developing aircraft represents only a fraction of what the American aircraft industry has long been doing. If the mergers lead to fewer independent design teams, it should be possible to raise the intensity of development in any single project to approach the American level. Redundancy in the industry ought not to affect the design offices.

Do these mergers fit the aims? The new group with the greatest potential strength is the one now formed by Vickers-Armstrongs, English Electric and Bristol Aeroplane, with Hunting as a possible fourth partner. It has not been easy for the three to fix the proportions that they will contribute to the pool. Tuesday's announcement said merely that they had agreed to form a new company in which English Electric and Vickers-Armstrongs would each hold forty per cent of the shares and Bristol Aeroplane twenty per cent. It has to be assumed that the three companies would contribute in this ratio to the development costs of any new project that they undertake together; but it has been made clear that each company will continue to be financially responsible for any work that it already has in hand, and this is an important point since Vickers is spending heavily on civil aircraft.

This new, and still unnamed, company would have three wholly-owned subsidiaries consisting of the aircraft manufacturing divisions of the three founding partners. These have varying amounts of work in hand. (Lists of work throughout the industry and estimates of how long it might last were given in *The Economist* of September 5th and 12th last year.) At Vickers-Armstrongs the Viscount and the Scimitar fighter for the Navy come out of production this year, leaving two civil aircraft: the turbo-prop Vanguard, which has found no new buyers, and the VC 10 jet for BOAC. Military work at Vickers is limited to the important low level attack bomber, the TRS-2, for which Vickers is the prime contractor; English electric, however, has a big share in its design and construction and has been working with Vickers-

THE INDUSTRY'S FIVE GROUPS

AIRCRAFT		ENGINES		HELICOPTERS
English Electric	Hawker Siddeley	Rolls-Royce	Bristol Sid.	Westland
Vickers-Armstrongs	de Havilland		de Havilland	Saunders Roe
Bristol Aeroplane	Folland			Bristol
Hunting Aircraft?	Blackburn			

UNCOMMITTED

Short Bros. and Harland, Handley Page, Fairey Aviation, Auster, Scottish Aviation, Alvis.

Armstrongs during its development. Another link is their common ambition to build a medium range jet airliner. Vickers is actively trying to sell such a jet now, evolved from the VC-10. A great deal more is likely to be heard of this project—to the Minister's possible embarrassment, for de Havilland is in front on this kind of aircraft.

The link between English Electric and Bristol is in missiles. Bristol has a production contract for Bloodhound anti-aircraft missiles, used by the RAF; English Electric's similar Thunderbird is used by the Army. Both companies have sold missiles abroad and there should be room here for rationalising production and development. Bristol has the only high-speed research aircraft now under development; this could be important if the new group sought support for the design study of a supersonic airliner. English Electric's contribution is the ageing but still saleable Canberra bomber, the Lightning fighter, its part in the TRS-2 project and the new missile with

the poetic name of Blue Water, which is in fact a replacement for the Army's big guns. If Hunting joins this triumvirate, the group's interest will extend to the small-aircraft field; Hunting makes the RAF's basic jet trainers and has plans for a small jet-powered business aircraft, on which some work is being done by Handley Page.

THIS merger involves no new issue of share capital. The Hawker Siddeley, de Havilland, Blackburn, Folland amalgamations do. Hawker Siddeley sent its formal offer to shareholders of de Havilland and Blackburn this week and will hold an extraordinary general meeting on February 5th to get shareholders' approval for an increase in its ordinary capital of £12 million to cover the purchase of these two companies. Hawker Siddeley's aircraft interests extend from small civil transports to large V-bombers, but apart from two transport aircraft its contracts are running out fast. By buying Folland, it acquired the Gnat fighter and its trainer version, and the push of Hawker Siddeley could build up substantial foreign sales for the Gnat. By buying Blackburn, Hawker Siddeley acquired a small Navy bomber and large numbers of drawings for a massive military freighter which lost a recent design competition to Shorts of Belfast. By buying de Havilland, Hawker Siddeley acquires, first, a double foothold in the civil jet market through the Comet and the medium range dH-121; and secondly, a giant's stake in missiles which de Havilland is building at both ends of the scale. Its 2,500-mile Blue Streak has implications for space research and its small, airborne Firestreak is the standard weapon for all RAF fighters strong enough to carry it. Hawker Siddeley itself builds a Navy missile, but the ships for launching it have not yet been built.

The formation of these two groups leaves Westland standing alone as the largest and probably, in the end, the only helicopter manufacturer in the country. Westland took over the helicopter side of Saunders Roe not long ago and is now taking over Bristol Aeroplane's helicopter interests; both are small fry compared to Westland's scale in helicopters. This leaves Fairey Aviation as the only other maker of helicopters; Fairey's main project, the Rotodyne, is still involved in a tug-of-war between the company and the Ministry of Aviation.

Aircraft engine manufacture was rationalised long ago. Rolls-Royce is already so big, and produces so large a proportion of the country's aero engines and rocket motors, that its further growth could be regarded as a matter of concern; indeed the Government's main object has been to keep alive at least one potential competitor. Rolls-Royce has recently been attempting to broaden the basis of its business by expanding into petrol, diesel and nuclear-powered engines. Two years ago, Bristol Aeroplane and Hawker Siddeley formed the jointly owned Bristol-Siddeley Engines, which is now one of the aircraft industry's five major groups; de Havilland engine factories will presumably be added to its strength.

There remains a handful of uncommitted companies, of which the most important are Shorts in Belfast, Handley Page and Fairey Aviation. Shorts has most work, with contracts for a new military freighter and a small Navy missile, the Sea Cat, which is a substitute for a gun and does not therefore require specially built missile ships (which Hawker Siddeley's Sea Slug lacks) and is likely to be ordered in much bigger quantities. But the Government is a majority shareholder in Shorts (Bristol Aeroplane has a small holding) and this, combined with Ulster politics, makes Shorts an awkward proposition in rationalisation. Neither Handley Page or Fairey have much work in hand and Handley Page is perhaps the more dependent on aircraft production for its livelihood. By the end of next week the Minister of Aviation hopes to have tidied these loose ends away, but the directors may still have to ask themselves whether amalgamation in the interest of tidiness would be in the best interest of their shareholders. If Handley Page chose to liquidate and divide its assets, shareholders might expect, as things stand at present, 14s. for each ordinary share now standing at 11s. and 50s. for each of the preference shares, now priced at 25s. But liquidation of this kind would create the kind of local unemployment that the Ministry is anxious to avoid and considerable Government pressure is likely to be brought to bear on some group to make an offer for Handley Page and Fairey and upon those companies to accept it.

MR SANDY'S lever in all this is the offer of Government aid for development; only this has brought such old competitors as de Havilland and Hawker Siddeley, or Vickers-Armstrongs and English Electric into partnership. But the Minister will have to move carefully if he is not to undo the good work he has done so far. The danger is that the industry may feel that it has done what was asked of it; that this is enough and no further effort is needed. But the truth is that these mergers achieve nothing of themselves beyond putting the industry in the right posture to rationalise and build up its strength. If the Government helps individual civil projects, the recipients must never be allowed to return to the old days of full government subsidy which they enjoyed in the early 1950s when Mr Sandys was Minister of Supply. He must convince the industry that he has changed his spots. During his period at the Ministry of Supply, Mr Aubrey Jones tried to lay down rules for joint investment by government and industry in new civil work, giving manufacturers a positive stake in success and positive penalty for failure. This is the only sensible rule; it must be firmly defined when Mr Sandys makes his statement of policy after Parliament reassembles.

The first candidates for Government aid will probably be the engine manufacturers, hard pressed for the £20 million that it costs them to develop a new engine for civil use. Rolls-Royce has found this burden particularly heavy. But on their heels in the queue are likely to be the two potential makers of medium-range civil jets, de Havilland-Hawker Siddeley and the Bristol-English Electric-Vickers group. Orders for between 500 and 700 jets of this size might be placed throughout the world; at present two groups are competing for an order for about 20 such aircraft from Trans-Canada Air Lines. If the order goes to Vickers, as it might, and not to de Havilland, the Minister will face the dilemma of being asked to support duplication of effort. It is just as well that this issue has to be faced at the outset, because if these groups are going to emerge large and powerful they are bound to begin by competing in every promising market.

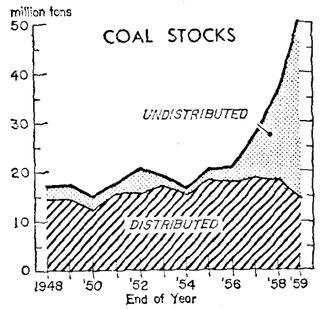
Coal at the Bottom?

IN 1959 industrial production in Britain was probably 5 per cent higher than in 1958, but the year was also, on the average, more than two degrees warmer. There is only one business in which those two statistics have anything to do with one another: the fuel market. And there, in 1959, the one seems largely to have offset the other. For other things being equal, a rise in output of that order might have been expected to increase the total amount of fuel used in the country by 2½-3 per cent. One of the other things is weather, though for each degree higher in temperature, the Ministry of Power thinks, total fuel consumption is usually reduced by only about 0.7 per cent. In practice, the National Coal Board estimates last year's coal consumption at about 190.5 million tons, and the *Petroleum Press Service* has put oil consumption at 33.4 million tons, which on Ministry arithmetic would be equivalent to just on 57 million tons of coal. Throw in up to 2 million tons of "coal equivalent" for the output of hydro-electric and nuclear power stations, and one still arrives at less than 250 million tons of "coal equivalent" consumed in Britain in 1959, against 248.1 million tons in 1958. In terms of fuel, Britain seems to have had its recovery from recession to boom on the cheap—thanks largely to the sun.

One cannot expect the Coal Board to see it that way. For virtually no increase in the country's consumption of all fuels has meant a further sharp drop in coal consumption, and unsold stocks piling up another 16 million tons instead of the 3 million tons it had bargained for, to reach the huge and costly total of 35 million tons by the end of the year. Not until November, in spite of the rapid rise in industrial activity, did coal consumption in any month of last year fractionally exceed that twelve months before; not until the week after Christmas did the level of unsold coal stocks drop slightly, and that only because holidays cut output. This abnormal level of stocks measures the lag between the rapid fall in demand over the past three years and the board's efforts to cut back output. Consumption fell by 28 million tons a year, or nearly 13 per cent, between 1956 and 1959; by ending Saturday working, cutting opencast production, and closing 90 mines, the board reduced annual output by 18 million tons between 1957 and last year.

SOME of that fall in demand between 1956 and 1959 was due to "non-recurring or temporary factors": the board lists these as 6 million tons a year due to the Government's programme of converting power stations to oil, and roughly another 6 million tons through differences in temperature (1956 was not even as warm as 1958). This year could be warmer still; but no fuel industry could bank on this in its budgeting. It reckons that 6 million tons a year of the reduction in demand would have been "due to recession"; with industrial output last year probably 5 per cent higher than in 1956, that sounds rather odd, but the Coal Board explains that higher production by the heavy users of coal, who had built up big stocks (for example of coke) has taken some time to pull up coal consumption.

Oil consumption in the power stations has now about reached the peak rate agreed under the present, revised contracts; it is expected to remain at this level for some time and then to decline somewhat. But competition from oil in other parts of the market, which the board reckons to have displaced about 7½ million tons of coal a year between 1956 and 1959, and advances in consumers' fuel efficiency, which may have reduced demand by 2-3 million tons a year, are anything but non-recurrent; they are unceasing. And one inevitable result of the switch from shortage to surplus has been that consumers no longer bother to hold as much coal themselves; in addition to the cut in their actual consumption, they reduced their "distributed stocks" (and therefore coal sales) by a further 4 million tons over the three years. Surplus coal in Britain, moreover, is merely part of a world fuel glut; the board managed to export little more than 4 million tons last year, against the competition of fuel oil at a discount and of Polish coal offered at "a given margin below whatever British prices are slashed to, with a 30-day retrospection on the lower price."



Sir James Bowman, chairman of the National Coal Board, sees the industry's reduction of output since 1957 not as "chasing demand down," but as a steady retreat from marginal mines and faces to a more compact, concentrated, efficient sphere of operations. To the outsider this may seem a brave exercise in hindsight; but it is true that output per manshift rose more than 5 per cent last year, though the favourable effect of this on production costs, some 1s. 9d. a ton, was swamped by the heavy cost of putting coal into stock. Sir James would claim, too, that the industry has scored a notable success in closing 90 pits without leaving more than 1,300 of the 17,000 miners involved out of work at the end of last year. The board's manpower policy was assisted by the heavy "wastage" of men leaving the mines for other booming industries that had so often hamstrung the industry's attempts to raise output in earlier years but in 1959 helped it out.

BY now, the board believes "with a good deal of modesty but a great deal of confidence" that coal demand, for the present at least, has about reached the bottom. It hopes that this year, with some of those non-recurring factors no longer present, home consumption and exports should reach 196 million tons, slightly more than in 1959. But that does not mean it can stop cutting output; for in 1959 it still produced 16 million tons more than it sold. And this year, Sir James says it is determined that it will make no further net addition to stocks."

Plans are in hand, therefore, to cut output by another 12 million tons or so. Opencast production, the most profitable activity of the board, is to be cut from 11 million to 7 million tons, half the level it was in 1957; about 46 more collieries are to be closed, cutting another 4-5 million tons a year in all; and in other mines less economic faces and districts will be closed, or operated only on single-shift, bringing output down by another 2-3 million tons. Recruitment will be confined in most areas, as in 1959, to juveniles and craftsmen. And there will be another big net reduction in mining manpower over the year; during the first quarter all men aged 65 or over are to be retired.

In announcing these plans, which he hopes will finally bring production below demand, Sir James Bowman was this week entitled to claim some respect for the way that the coal industry has, somewhat grimly, adapted itself to circumstances. Until now the National Coal Board, unlike the miners, has set its face against asking further protection from imported fuels; but this week, rather oddly if he really believes that coal is passing the bottom of this recession, Sir James did offer some possible cheer to the National Union of Mineworkers. If, he said, the taxes on fuel oil already widely imposed in Europe "should mean an unloading of fuel oil normally sold in Europe into this country, that might lead the board to change its view." Certainly the board does not want to leave miners the impression that it is less staunch than the unions in "fighting for coal" (or, perhaps, less ready to lobby than foreign private coalowners are). But on his own "confident" analysis, would not the time for lobbying have passed?

In one other pronouncement of policy, the board stuck to caution. Asked about research into the total gasification and other chemical processing of coals, Sir James referred reasonably enough to the independent committees now looking into these possibilities on behalf of the Ministry of Power. But he added that he would refuse to accept such research as "a single NCB responsibility" and suggested that if approved it ought to be "a national responsibility." In principle, that too is fair. But Sir James must be aware that so far from its being "a single NCB responsibility," the Coal Board so far has had little directly to do with this research; and that where "national" (i.e. Ministry) responsibility has reigned, neither the support given nor the speed of progress have appeared impressive. If new techniques of chemical processing offer significant extra chances to coal in this age of the fuels of convenience, as they well may, the board's energies, as well as its financial support, ought to be deployed in pressing development forward; it may well be a job for the fuel industries really concerned to tackle together.

BUSINESS NOTES

BANKERS AND BIDDERS

Mere Financiers

THE first of this year's annual reviews by the chairmen of the big banks are disappointing. Mr Anthony Tuke of Barclays does include a number of interesting observations on banking, whereas Sir Harold Bibby of Martins devotes far more space to ruminations about trade unions than to describing or commenting on the business that he is engaged in. But both bankers display an attitude towards take-over bids that makes one wonder whether the British Aluminium affair ever happened. It is remarkable that its lessons have still to be learned by such exalted spokesmen. "Bids and counter-bids leave the general public with the impression that someone is making far too much easy money. This is bad. . . ." Thus Sir Harold Bibby, leaving himself dangerously open to the interpretation that easy money is all right as long as the public doesn't know.

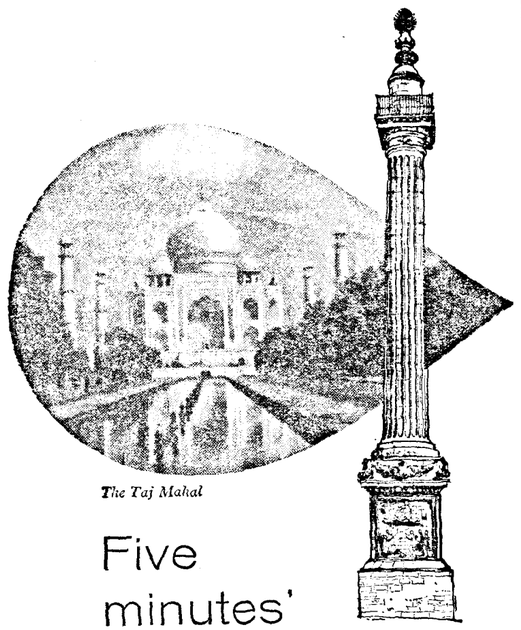
Mr Tuke discusses the take-over bid as a kind of disease. The City has recently been "suffering from an epidemic" of them, and some have brought criticism upon those concerned, "including on occasion, I am sorry to say, certain of the less important City houses." (The converse, that all the leading houses had escaped criticism in connection with take-overs, would not be acceptable.) The code of conduct suggested last autumn by the leading City associations (including, let it be remembered, representatives of the committee of London clearing bankers) is said to be acceptable in its way, but not to have gone far enough to check "the road hog." Industrial mergers, in Mr Tuke's view, are usually all right. It is a different matter when a bid comes from a "mere financier" (a phrase that sounds odd from a banker). Mr Tuke particularly dislikes bidding and counter-bidding that lever up the take-over price; certainly his own bank not so long ago showed its preference for paying less than the market price for 25 per cent of the attractive equity of United Dominions Trust. He draws the general moral that where "any unpleasant smell" surrounds any particular transaction, "no financial support of any kind should be given to it." On which the proper comment seems to be that while club rules of some kind are certainly needed to stop undesirable practice, there is nothing to be said for arbitrary blackballing.

Mr Tuke supplements all this with important new facts on Barclays' banking business. The bank now has "well over two million" current accounts. Many new customers have come in the past year, the great majority to deposit rather than to borrow money; some 15-20 per cent have been weekly wage earners or their wives. Mr Tuke sees little attraction in formal term loans, at a rate of interest higher than on the orthodox advance. He contests the statement of the Radcliffe committee that the banks used to feel able to commit 60 per cent of their deposits to advances; Barclays, he says, would eventually like to see the advances ratio fluctuating between 45 and 50 per cent, with investments, the "third line of defence," at about 20 per cent. And if the conventional minimum of 30 per cent in liquid assets is made mandatory, as the Radcliffe committee suggested, there would then in Mr Tuke's view be no need to observe the 8 per cent cash ratio which practical bankers and monetary theorists now regard as obsolete.

INDUSTRIAL MERGERS

Cross Bidding

WHERE the ties between two companies are already strong, a merging of their interests is greatly eased because the two boards should have all the facts that lead to equitable terms between the two sets of shareholders. One such case is P and O's offer for the minority shareholding in Orient Line, as a step towards greater administrative and operating efficiency. The terms seem eminently fair. P and O owns about 54 per cent of the Orient Line equity and it has now offered to exchange £13 of deferred stock for every ten of the



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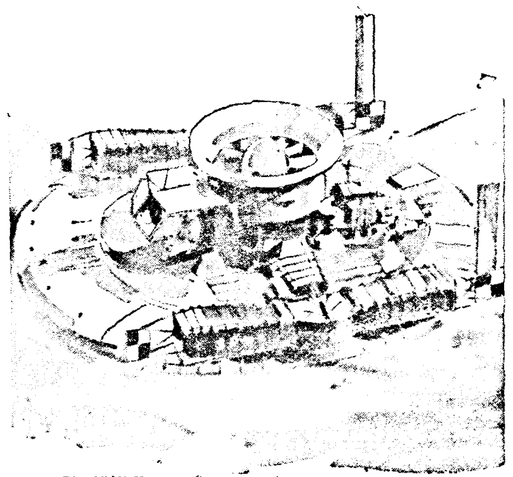

The SRN1 Hovercraft

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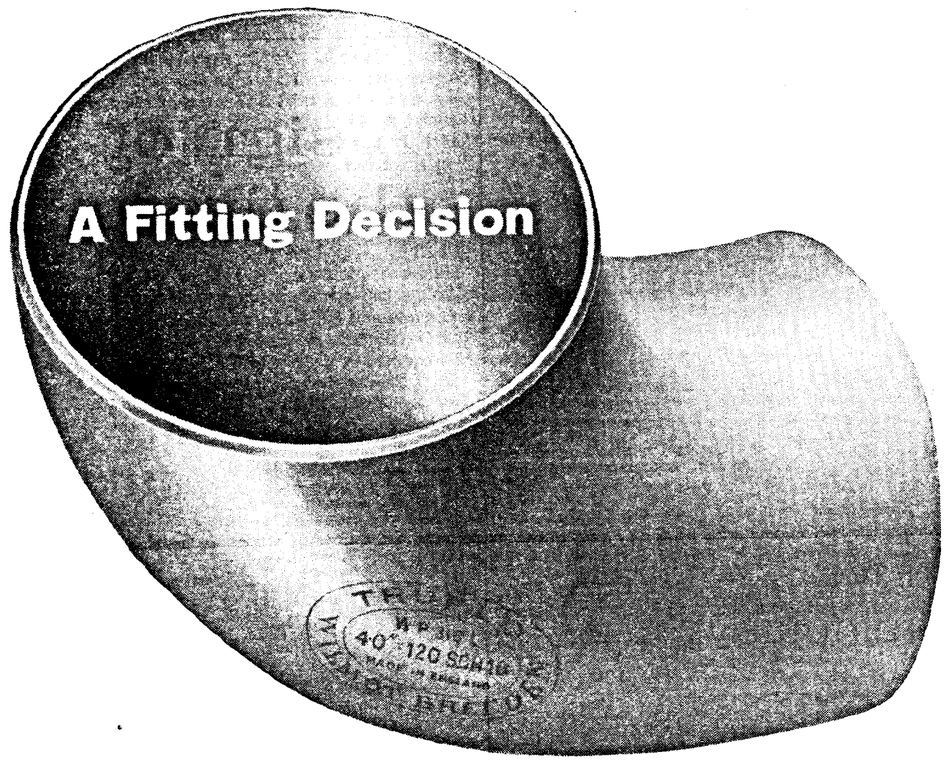

Light wall piping systems are now being specified for chemical, petro-chemical and process plants throughout the world and the demand for light wall elbows and fittings has increased accordingly.

As a result of Wilmot Breeden's recent decision to manufacture the TRUFLO range of extra low carbon stainless steel, nickel, Monel,* Inconel,* Corronel 210* and aluminium fittings in a variety of scheduled wall thicknesses, British construction engineers can, for the first time, be sure of a regular and convenient source of supply.

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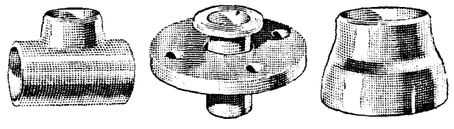

TRUFLO By WILMOT BREEDEN

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remaining 1,432,350 shares in Orient. With P and O at 49s. that puts a price of 63s. 9d. on Orient, compared with the pre-bid market price of 60s. Similarly, the directors of Reyrolle and C. A. Parsons should have little difficulty in deciding the terms for integrating the two concerns through a new holding company. There are already close ties between the managements; their products are complementary; both belong to the Nuclear Power Group; and Reyrolle owns 40 per cent of the Parsons equity.

Where companies are distinct, the possibility of competitive bidding arises. Why this should be denounced as something objectionable when it ensures that shareholders receive the top price is hard to understand by anyone with a respect for a free market; it is far preferable to the kind of cosy agreement that takes little note of shareholders' interests.

In the competition for Crosse and Blackwell the directors are in effect leaving the shareholders to decide which bid to accept. Nestlé first bid 72s. in cash; Fisons countered with 82s.; and now Nestlé has replied with 84s. The directors of Lancashire Dynamo said nothing about the surprise bid on Christmas Eve by Metal Industries of £4 of MI ordinary plus 30s. cash for every £5 They apparently kept quiet because they were already negotiating a merger with EMI; the terms, which Lancashire Dynamo directors recommend, are 150 EMI ordinary shares for every £100 of Lancashire Dynamo; with EMI ordinary at 52s. this puts a value of 78s. on Lancashire Dynamo, well above the 66s. offered by MI. EMI's offer for the preference shares is also slightly better than MI's.

Courtaulds, through its subsidiary, Group Developments, has made a number of successful bids for small concerns. Now it is making a big one of £2 of ordinary stock for every three 10s. shares in Pinchin Johnson, the biggest paint manufacturers in this country. With Courtaulds ordinary at 62s. that imputes 41s. 4½d. for Pinchin Johnson ordinary, which on the eve of the bid stood at 31s. 6d. This is not unattractive, especially as the decision to raise the Courtaulds ordinary dividend from 9⅓ to 12½ per cent will ensure an income to Pinchin Johnson shareholders at least equal to that which they have recently received. The attraction to Courtaulds, which already owns one paint company, Cellon, is that it will add production facilities to the group which can make full use of the technique and paint "formulations" of the American concern, Glidden International, secured by Courtaulds in an agreement signed at the end of last year.

Wrong Bidding

It is not against bids such as these that Mr Tuke and others like him should direct their criticisms. They might instead turn their attack on countermoves to bids which seem designed to limit the shareholder's opportunity. They might, for instance, take a look at Foster Clark. Mr Richard Scott and St Martins Preserving always seem to get a hostile reception to their bids. They did with Chivers and now again with Foster Clark. St. Martins made an offer of three ordinary shares for one in Foster Clark; with St. Martins now at 6s. 9d. this is worth 20s. 3d. for Foster Clark shares. The shareholders have now been advised by the directors to turn down this offer in favour of one much less attractive. This has been made by Scon Trust on behalf of clients (as yet unnamed) who offer 7s. in cash plus one 8 per cent cumulative second 10s. preference share in Foster Clark for every one of its ordinary shares. These preference shares are repayable at 12s. 6d. each. If this offer purports to match the market value of the St Martins bid, the preference shares carry an imputed value above their repayment price. It is an odd kind of bid that offers preference stock for ordinary stock in the same company. No ordinary shareholder should look at it at all without disclosure of the principals who are making it—and then they should look at it very hard.

RAILWAYS

Traffic on the Turn

The long-looked-for improvement in railway traffic, upon which the Transport Commission has struck its successive bargains with the Government for financing the railway modernisation programme, may well have begun towards the end of last year. If it has—the evidence for it as yet lies in the traffic returns of no more than a few months—then the turn-round has come not a moment too soon, for earlier last year the commission was still professing the hope that the railways might achieve a financial surplus by 1963.

The change seems to have come about the middle of the year with the general upsurge of industrial activity. Merchandise and mineral shipments from then on show considerable gains over 1958: before mid-year they were still below it. But the cutting of many freight charges in an effort to entice back some of the traffic lost to road haulage in the last decade meant inevitably that freight revenue would respond rather more sluggishly. By September, however, freight receipts had begun to catch up too. Before then they were down nearly £18 million on 1958—about 9 per cent: in the last four months of 1959 they were £2 million up. With another £2 million extra from passenger fares during the year, total rail revenue for 1959 finally came to only about £13¾ million less than in 1958.

This difference represented just about the year's total drop in earnings on coal traffic, which also fared more badly at the beginning than at the end of the year. The commission's other businesses, London Transport (which had a six-week bus strike in mid-1958), provincial and Scottish buses, shipping, canals, and British Road Services, earned an extra £9¼ million, so that the commission's income from all its traffic operations last year, at £649 million, fell only £4½ million.

Long Haul Ahead

Whether the commission's total deficit for 1959 exceeded the £89 million lost in 1958 by less than the £4½ million drop in revenue depends upon how well it managed to keep costs down. True there was no major wage award last year, prices were more steady, and more redundant services were lopped off. But interest charges on its greatly increased borrowings must have been heavier. No doubt the sign of some improvement in rail freights encouraged Sir Brian Robertson to make his unusual promise to back date an interim wage increase after the railway pay committee reports in April. If he did this in an attempt to stave off the foolish one-day unofficial rail strike in the London area on February 1st, he appears to have spoken in vain, though his promise may have had better men from the industry.

But the railways, and the commission, are still in the middle of trouble. BTC has now probably used up nearly three-quarters of the £400 million that it is allowed to draw upon to finance its deficits in the seven years 1956-62; and this by a time when, had it not been for the turn-down in industry and the rather more prolonged malaise in coal, it would originally have expected to be breaking even. Modernisation is proceeding apace, but the railways still have two big hurdles to surmount. The first is to manage to afford railwaymen a scale of pay comparable with other industries, without at the same time putting its finances into further disarray. The second is to increase freight traffic more than in line with the increase in production. For, so far, the recent gain in rail traffics has not been as big as the revival in road haulage.

STOCK MARKETS

Bank Rate Fears

Prices on the London stock exchange have continued to drift lower in the past week. Predictably, the cold light of the new year has picked out the difficulties as well as the promise of the economic prospect. Investors both in London and New York have become preoccupied with the likelihood of a rise in interest rates. On Wall Street these fears have proved a stronger influence than the ending of the steel dispute, which some market pundits had expected to form the basis of a major new advance. Wall Street prices fell sharply at the beginning of this week, and in the eight days to Wednesday the Dow Jones

average dropped from its peak by 29 points to 656. In London, individual investors continued to take profits, and few major buying orders came from the institutions. Shares of aircraft firms received some support after the Government had indicated that it was prepared to give more financial aid, but on balance *The Economist* indicator dropped by 5.4 points to 372.4 (1953=100) in the week to Wednesday. The relapse is still a modest one, and few serious observers doubt that it is salutary.

Gilt-edged have also, inevitably, been adversely affected by the expectations of a rise in Bank rate, though the longer dated securities have again held up well in the circumstances. Short bonds obviously have no great attraction at such a time, and it seems that almost the whole of the £412 million of maturing Exchequer stocks offered for conversion into the new 5 per cent 1971 stock represented holdings already bought into the official departments. Of the outstanding £236 million, £139 million falls due in mid-February and £97 million in early March. This stock is held mainly in the banks and industrial companies (the discount houses have little left) and it may be that some outside holders who refused conversion now may on if the prospect is then a little clearer.

OVERSEAS TRADE

Imports Up More than Exports

LAST year British exports increased at the respectable rate of five per cent, and imports—not surprisingly—by rather more. The value of exports was £3,326 million fob, which was £154½ million more than in 1958, and one per cent above the previous peak in 1957. Imports, swelled by industry's expanding needs, amounted to £3,993 million cif; this was £242½ million —or 6½ per cent—more than in 1958, but one per cent less than in 1957. Re-exports last year dropped by £11 million to £130 million, and were the same as in 1957. The volume of imports appears to have risen by rather more than 6½ per cent, whereas exports probably rose about as much in volume as in value.

UNITED KINGDOM TRADE
(Recorded values: £ million per month)

	Exports f.o.b.	Imports c.i.f.	Re-exports f.o.b.
1958.....	264·3	312·1	11·8
1959*.....	277·2	332·7	10·9
1958 3rd qtr.	258·6	312·5	11·4
4th "	271·9	326·6	11·3
1959 1st qtr.	263·4	313·6	11·1
2nd "	281·8	327·8	10·7
3rd "	263·2	327·9	9·9
4th " *	300·3	361·6	11·6
Oct. ..	306·0	360·2	14·6
Nov. ..	298·3	356·9	9·5
Dec.*..	297·1	371·9	10·7

* Provisional.

As exports did not start to recover until the second quarter the rate of increase from April to December was more than five per cent. In December alone, not usually a good month, exports fell by only £1 million to £297 million fob; this brought the average value in the fourth quarter to £300 million, and the Board of Trade estimates that after eliminating normal seasonal variation, exports in that quarter were 5½ per cent higher than in the third quarter. But imports were also rising at a faster rate. Imports in December rose by £15 million to £372 million cif, bringing the average for the fourth quarter to £361⅓ million a month, and the seasonally adjusted average was 8½ per cent higher than in the third quarter. With re-exports last month £1 million higher at £10.7 million, the apparent trade deficit (now banished from the official announcement) was £15 million higher at £64 million.

COMPANY PROFITS

Shareholders Do Well

TRADING profits of companies reporting of some £11 million to £336 million; the full analysis of profits and balance sheets will be given in next week's issue. The increase of 3¼ per cent in trading profits follows increases of 4½ per cent, ¾ per cent and 2 per cent for the first three quarters of 1959. In the latest period, total profits have been swollen still further by an increase of nearly 60 per cent in non-recurring credits, primarily from taxation provisions released by the cut of 9d. in the standard rate. This is also reflected in the fall in tax payments, down by £8 million to £101 million. As a result, earnings for ordinary capital have risen by 16½ per cent, from £109 million to £127 million. This in turn has encouraged directors to distribute a larger portion of their profits. Net ordinary dividend payments, including some "profits tax" interims which effectively related to the previous year but which were a charge on the latest year's profits, have risen to £55 million.

As usual the profits of the last quarter are dominated by the results of the "motors, cycles and aircraft" group, which account for about one-quarter of total profits at this season. Profits of this group fell by £4 million, to £74 million, but the fall was due almost entirely to the poor results of the aircraft section, and in particular of Hawker Siddeley, which showed a fall of over £3 million in its gross trading profits. Investors who have bought shares at the recent high levels will welcome the more liberal dividend policy shown in these figures; they should also reflect that directors' dividend decisions were no doubt based partly on the expectation of higher profits in the current year. But on all the recent evidence about production, 1960 should be a good year for profits and dividends.

STEEL

Record Output, Higher Exports

EXCEPT over the Christmas holiday week, crude steel output in Britain in December was the highest ever recorded, 474,300 ingot tons a week, topping the November figure by 3.4 per cent. This record rate brought the year's output up to 20.2 million tons, rather more than had been estimated in the last weeks of the year; as compared with 1958, a 53-week year, this meant an increase of 5 per cent in output, though it did not regain the level of 1957 or even 1956. Output now is running at the rate of about 23½ million tons a year, and the Steel Board expects it to rise, giving perhaps 24 million tons for this year as a whole—though capacity by the end of 1960 will reach about 25½ million tons a year, so that if the demand is there production could be somewhat higher.

EXPORTS OF STEEL FROM MAIN EXPORTING COUNTRIES, 1957–1959
(Excluding E C S C inter-trading)

	Total '000 tons	UK	USA	Japan	ECSC
1957:—					
1st qtr. ..	4,925	14·1	24·1	4·2	57·6
2nd " ..	5,161	15·0	26·4	3·4	55·2
3rd " ..	4,475	14·6	28·2	4·5	52·7
4th " ..	4,449	15·7	21·7	6·4	56·2
1958:—					
1st qtr. ..	3,931	15·4	19·2	7·9	57·5
2nd " ..	4,001	14·9	17·2	8·7	59·2
3rd " ..	4,386	12·4	11·3	7·6	68·7
4th " ..	5,098	13·3	13·9	9·4	63·4
1959:—					
1st qtr. ..	4,043	13·8	12·3	8·9	65·0
2nd " ..	4,742	12·8	11·2	7·0	67·0
3rd " (est.)	4,163	16·1	6·4	7·9	69·6

In the third quarter of last year demand from American steel consumers bereft of home supplies by the strike helped to boost Britain's steel exports; Britain's share of international trade in steel was in fact larger than that at any time since the beginning of 1957. The British Iron and Steel Federation has reckoned the level of steel exports by producers for the whole year as equivalent to about 3½ million ingot tons, more than in 1958 though less than in the post-war peak year of 1957; though the exceptional American demand cannot be expected to recur this year, the federation hopes that general improvements in world trade should enable exports this year to rise by another 5-10 per cent.

FILMS AND TELEVISION

A Call to Boycott

THE boycott that the Cinematograph Exhibitors' Association has recommended to its members against the showing of any films made by the two independent film producers that sold their older films to commercial television last week is likely to be more effective in practice than anything done so far by the Film Industry Defence Organisation. Both Rank and Associated British, the two big circuits, are prepared to apply the boycott and, in their present mood, most other exhibitors in CEA—comprising nearly every cinema in the country—appear ready to do so too. Without a guaranteed outlet for their films in this country, the two producers concerned will not be keen to embark upon any new production. One of them, Mr John Woolf's Romulus and Remus Films, has been making about 4-5 films a year over the last ten years. The 55 films that Associated-Rediffusion bought from the two producers, and which it has offered to rent to cinemas through the distributing company it acquired at the same time, are also included in the exhibitors' boycott.

Ironically it was because just this kind of sanction—an automatic ban by the cinema trade on any producer or distributor who sold films to television—was struck out of the Fido agreement last year that Mr Woolf removed his support from the organisation and resolved to go ahead with his deal with television. The sanctions were removed in order that the American companies in the agreement should not run foul of the United States anti-trust laws and, probably, also to avoid trouble under the Restrictive Trade Practices Act here. But the other producer involved, Daniel Angel Films, had always been opposed to Fido.

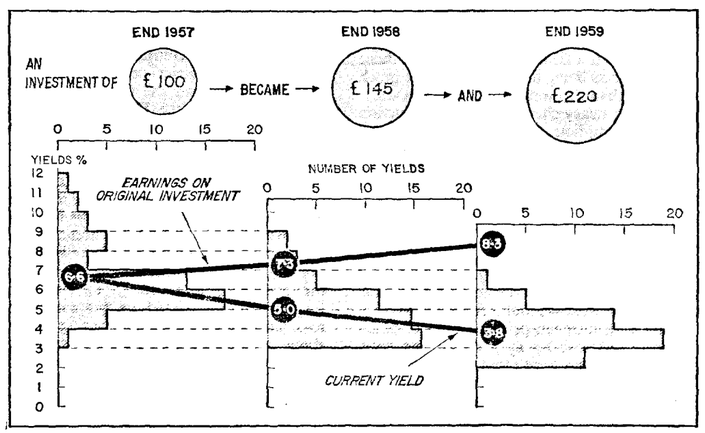
Even without this weakening, however, Fido has appeared almost to be positively inviting its flank to be turned. It has clearly not been prepared to spend much money on buying up old films, particularly those that the television companies are likely to want. It has merely been asking most producers not to sell them to television, yet, on the other hand, not to ask Fido to buy them either. Thus, in effect, it wants producers and distributors simply to sit on assets they could profitably make use of. Previously it has done little about the steady seepage of feature films to television—which, last year, showed the formidable number of more than 300. What has made the film industry particularly angry this time is that the latest batch to be sold are not all that old: 44 of the 55 were made since 1950. But it seems invidious, to say no more, that the full weight of opprobrium should descend on two independent producers; several bigger fry have been allowed to get away with it before.

Yields in the Bull Market

IN the past two years prices of leading ordinary shares have more than doubled. By the end of 1958 *The Economist* indicator had risen to 255.6 (average 1953=100), compared with 175.7 at the end of 1957. By the end of last year the indicator had advanced to 383.8, to show another increase of 50 per cent over the year.

The accompanying chart illustrates what would have happened in this bull market to the portfolio of an investor who at the end of 1957 invested his capital in equal amounts among the 50 shares used in calculating the indicator, and who at the end of 1958 revised his portfolio to give equal weighting to the slightly revised set of 50 shares. For every £100 invested at the end of 1957 the expected yield then was 6.6 per cent, with the individual yields on the 50 equities ranging between 3 and 12 per cent. By the end of 1958 the £100 would have appreciated in capital value to £145 and by the end of 1959 to £220. Dividends rose during this period and the annual income (not reinvested) would have risen in this portfolio to 7.3 per cent in 1958 and in 1959 to 8.3 per cent on the original £100. Share prices, anticipating future earnings and dividends, rose so rapidly that the current yield fell to 5 per cent at the end of 1958 and 3.8 per cent at the end of 1959. Over this period yields, which had ranged from 3 to 12 per cent at the end of 1957, ranged only between 2 and 7 per cent at the end of last year.

This is illustrated in the contraction in the depth of the shaded areas in the accompanying chart, showing the number of shares in each 1 per cent range of yields. Of the 50 shares at the end of 1957 only six had yields smaller than 5 per cent, but by the end of 1959 only six had yields more than 5 per cent. This contraction in the range of yields was to be expected in such a prolonged bull market. As the equity cult caught on, investors adjusted their ideas about the yields that looked acceptable on ordinary shares. The narrowing of the range of yields also means that they view the prospects for a bigger number of British industries in a more favourable light than they did at the beginning of the bull market. That is why they were buying shipping and cotton textile shares towards the end of last year as well as steels, stores and motor shares.



THE JASPER AFFAIR

The Charges

LAST Sunday evening, a few hours before Mr Friedrich Grunwald was due to appear on remand at the Mansion House, Mr Harry Jasper, head of the Jasper group of companies, and Mr Herbert Murray, secretary and managing director of the State Building Society, were both arrested. On Monday both were remanded on bail of £40,000 until February 1st, while Mr Grunwald, who was charged on remand with fraudulently converting £3,255,500, was allowed continuing bail, also of £40,000.

There were two charges against Mr Grunwald and Mr Jasper together, a further charge against Mr Jasper alone and two charges against Mr Murray. The first charge against Mr Grunwald and Mr Jasper was:

> That together on July 20, 1959, at Mount Street, W.1, by the reckless making of a statement and promise contained in a letter to the shareholders of Lintang Investments which were misleading, false or deceptive, to wit the statement: "On behalf of our clients, H. Jasper and Co., we offer to acquire all your shares of 5s. each in the above-mentioned company for 24s. per share" and the promise, "if the offer becomes unconditional our said clients will make payment to the accepting shareholders in accordance therewith on August 31, 1959," they induced another person to enter into an agreement for disposing of certain securities, to wit 2,750 shares of the said Lintang Investments.

The second joint charge against Mr Grunwald and Mr Jasper was:

> That together on August 4, 1959, at Mount Street, by reckless making of a statement and promise contained in the letter of offer to the Ordinary shareholders of the Ely Brewery Company which were misleading, false or deceptive, to wit the statement: "On behalf of our clients, H.

Jasper and Co., we offer to acquire all your fully paid ordinary stock units of 3s. 6d. each in the capital of the above-mentioned company at 5s. per unit and of your 6d. paid up units at 2s. per unit," and the promise, "If the offer becomes unconditional our clients will make payment to the accepting shareholders in accordance therewith on September 14, 1959," they induced another person named Arthur Isidore Freeman to offer to enter into an agreement for disposing of certain securities, to wit 7,000 shares of the said Ely Brewery.

Mr Jasper alone was charged:

That, on September 14, 1959, at Cardiff with intent to defraud, causing Lazarus Nidditch to execute a valuable security, namely, a share transfer deed, by falsely pretending that statements contained in a letter dated September 14, 1959, and then produced to the said Nidditch, were true.

The two charges against Mr Murray were:

That, in the City of London, he aided and abetted Friedrich Grunwald in the fraudulent conversion of £3,255,500 . . . That between September 21 and 22, 1959, at Upper Brook Street, W.1, being a director of a body corporate, to wit the State Building Society, with intent to defraud he falsified the minutes of a meeting of the directors of the said society held on July 21, 1959.

Sir David Cairns, QC, for Mr Grunwald, said that it was important that his client should be able to see as early as possible the report of Mr Neville Faulks, QC, on the affairs of H. Jasper and Co. (to which Mr Jasper has already had access). Mr M. Griffith Jones for the prosecution said that he was in some difficulty about giving such an assurance since the report was the property of the Board of Trade but he said that "so far as it is possible there will be no objection to Mr Grunwald seeing all he wants to see that is necessary for his defence."

ATOMIC INSURANCE

Reactors and the Law

The insurance companies and Lloyd's explained last week that changes would be made in new policies when the Act regulating the insurance of nuclear reactors comes into force on April 1st. Clarification was certainly needed, since the Act gives protection for damage and injuries caused by nuclear reactors and their fuel but does not cover risks from radioactive material as such or injuries caused by radiation-producing equipment like X-ray machines or particle accelerators. In fact the chances of serious accident with a lethal piece of cobalt 60 in a factory or hospital are probably greater than risks from a reactor.

From April 1st onwards, any policies concerned with damage to property or third party liability will specifically exclude damage and injuries from reactors and their fuels; but it will still be possible to insure against the hazards of other (peaceful) sources of radioactivity. This distinction is necessary because the new Act places liability for all third party damage squarely on the reactor owner and obliges him to insure against it for a sum of £5 million, regardless of the size and hazard of his reactor. This may seem to weigh hard on owners of small and relatively harmless reactors such as Associated Electrical Industries, the Hawker Siddeley Group (both of whom have research reactors now operating) and those universities that plan to build them. But in fact the premiums they are charged take the size of the reactor into account and do not compare with what the Central Electricity Generating Board is likely to be asked when it comes to insure its first nuclear power stations next year.

The insurance companies set great store on establishing the principle that the reactor owner is liable for third party damage, since otherwise they fear endless argument between the owner, the designer, the contractor who built the plant and conceivably the men who operated it. It is with relief that they have seen the insurance markets of Western Europe adopt the same principle, since British insurers expect to do considerable business with reactor operators abroad.

CHEMICALS

Optimistic Outlook

For Britain's chemical industry 1959 was a year of recovery, aided by record exports estimated at £285 million; all of the major sectors of the industry showed increases in turnover on 1958. Most manufacturers are confident that output will continue to increase this year, though some of them express reservations about increased competition in both domestic and export markets, which are reflected in the size and shape of their planned investment programmes for the year. A survey of manufacturers recently published in *Chemical Age* indicates that most investment in 1960 will consist of modernisation projects and extensions to existing works, and that those new projects being undertaken will be much smaller than those made in recent years.

Among heavy chemicals, both production and consumption of sulphuric acid rose by over five per cent during the first nine months of the year, compared with 1958; output of other industrial chemicals—the last to recover and slowest to rise—probably increased by at least as much. Production of fertilisers rose by about five per cent, despite delays in bringing Shell's new anhydrous ammonia plant at Shell Haven on stream; demand—which was heavy last year—should continue to rise, along with nitrogen prices. Sales of pharmaceuticals rose by 13 per cent last year, and similar rises were reported by dyestuffs, fine chemicals and coal tar products.

Petroleum chemicals continued to be the most rapidly advancing sector of the industry, increasing their share of total organic chemical output to 50 per cent. Total sales of plastics rose to over 500,000 tons for the first time in the industry's history, with the biggest increase being in production of polythene, perhaps slightly at the expense of another thermoplastic, polyvinyl chloride. The enormous increases in capacity that took place last year are not likely to be repeated this year, though ICI will add 15,000 tons of polythene plant; and olefine capacity is scheduled to rise to 172,000 tons a year by the end of 1961 owing to new plant coming on stream next year. It has been suggested that there may be a shortage of capacity to make polythene this year; output of this material rose by a third last year, to 90,000 tons. But capacity is now about 125,000 tons a year, which with ICI's new plant should be adequate even if a larger rise takes place this year. A large amount of new polythene plant will also be commissioned this year in other countries: not only in Europe and the United States, but in Commonwealth and other non-OEEC countries which have provided British plastics manufacturers with their best export markets in recent years.

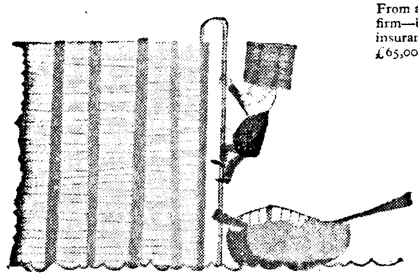
EUROPEAN COAL

Belgium Steps Out

Steps taken by Belgium to isolate its coal market from the rest of the European Coal and Steel Community, with the reluctant approval of the high authority in Luxemburg, mean that the common market in coal has for the time being come to an end. Last May the council of ministers of the six countries rejected the authority's own proposals to deal with the mounting coal surplus by a planned reduction in output by all members, arguing that the problem was primarily a local one; that is, mainly a Belgian problem. The drastic fall in exports had hit that country badly, since high cost Belgian coal finds a ready market only at a time of world shortage. Both Belgium and west Germany went ahead on their own to restrict coal imports from other countries, and the Germans also put a tax on fuel oil: the French already had means of regulating imports, from community members as well as from other countries.

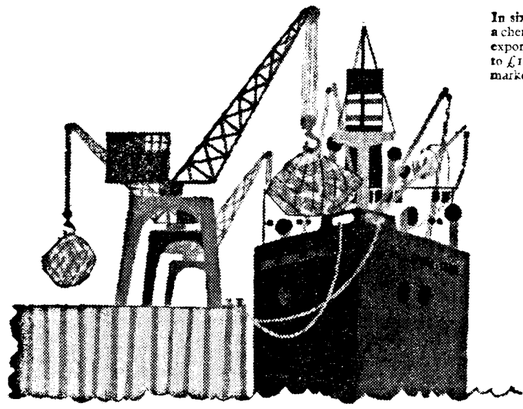
The latest Belgian move will cut coal traffic in both directions with other members heavily and involve the authority in a full system of import and export licensing and certificates of origin for community trade. Formally subject to review once a year by the authority, it is likely to last until Belgium has completed its programme of re-organisation, involving closing down about a fifth of its pits and spending heavily to modernise the rest—with substantial financial help from the authority. That programme is reckoned to take another three years.

SMALL EXPORTERS



From a £195 order, a small textile firm—backed by ECGD credit insurance—built up a flourishing £65,000 export trade within two years.

LARGE EXPORTERS



In six years of ECGD insurance, a chemical firm boosted its annual export turnover from £113,000 to £1,219,000, adding eleven new markets to its original eight.

The total shipments of ECGD policyholders increased ten per cent during the financial year 1958-59 at a time when uninsured exports dropped by six per cent. Today, when winning fresh orders is largely dependent on whether you can grant competitive credit terms to new buyers, exporters need some guarantee of payment. ECGD credit insurance provides that guarantee; allows you to expand overseas free from major financial worries. *Have a talk with your ECGD man.*

EXPORT AND EXPAND THROUGH E·C·G·D

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CR 37



In its U.K. depots and stores scattered throughout the world the Royal Army Ordnance Corps maintains some 600,000 different types of spares. Down to the smallest washer, these are vital to keep the modern Army's motor transport and armoured vehicles on the move.

Ensuring that the right part is in the right place at the right time is no easy task. Conventional stock control methods have been adequate in the past. But modern conditions call for modern methods, and now the Army is enlisting the aid of an EMIDEC 2400 high-speed electronic computer to help solve its clerical problems.

One of the largest and most advanced all-transistor data processing systems in the world, the EMIDEC 2400 has been specially designed by E.M.I. Electronics Ltd. to handle the clerical work of the largest organisations. Capable of performing about 1½ million calculations a minute, it will be able to provide up-to-the-minute data and statistics in a fraction of the time taken by conventional methods.

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BANK DEPOSITS

Economy in Money

ALTHOUGH the average volume of bank credit outstanding in Britain in 1959 rose only moderately, by 4½ per cent, velocity of circulation rose sharply, and turnover of bank deposits rose more rapidly than for many years. The nearest approximation to any records of such turnover are the figures of cheques passing through the London Clearing House (which exclude clearings between different branches of the same bank and local clearings). The large Town clearing, which is strongly affected by stock exchange transactions, rose by 10 per cent, compared with 5 per cent in 1958. The more representative General clearing was also up nearly 10 per cent (compared with 3.5 per cent in 1958 and 6.3 per cent in 1957) and the much smaller provincial clearings together rose by over 7 per cent, the biggest increase for many years and comparing with a small decline in 1958. The active note issue also expanded faster than in 1958, but still at a modest rate compared with former years.

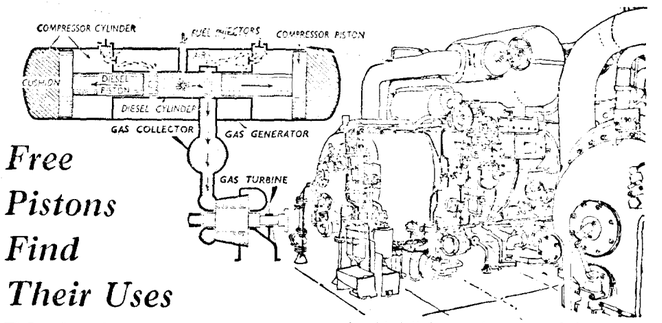
It is natural that in a year of rapid reflation the velocity of money should have risen following the check in 1958. An intensive survey of "Deposit Velocity and its Significance" by Mr George Garvy of the Federal Reserve Bank of New York (available from that bank at 60 cents) confirms that velocity tends to move fairly closely in step with business cycles. But it is also affected by long run technological changes which aid business corporations in their constant search for economy in the holding of idle balances. As an example, when the American Telephone and Telegraph Company pays its quarterly dividends it now deposits with the paying bank not the full amount payable on the due date but only such amounts, calculated on the basis of a mathematical probability model, as are expected to be presented on that day.

DOMESTIC HEATING

Warmth before Payment

THIS week Esso has joined Shell-Mex and BP in offering householders oil-fired central heating systems on five year

Free Pistons Find Their Uses



THE free piston engine, which uses the exhaust gases from a diesel-type combustion chamber to run a turbine, is no longer a technical novelty, but it is still a newcomer in commercial use. Only about 150 are in service in the world, though some 250 more are on order; its use as a marine engine has been hampered by the shipping slump, and its growth as a generator of electricity or as an industrial prime mover has been slow in the face of diesel competition, and the need to prove its reliability—which can only be established with time. Its technical merits are, however, gradually overcoming these difficulties. Twenty-one companies throughout the world have now taken manufacturing sub-licences for this kind of engine; the chief British manufacturers are Associated British Engineering, National Gas, and, for ships, Lithgows and Smith's Dock. So far all are making the 1,000 hp GS 34 model designed by a French licensee of the original inventor, the Marquis de Pateras Pescara. The 400 hp CS 75 engine, designed by the British licensees, Alan Muntz and Company, has only been made in limited numbers.

One advantage that a free piston installation has in fact proved to possess over the diesel is potentially greater dependability because several gasifiers can be connected to one turbine: failure of a turbine is rare, and if one gas generator should fail it can be stopped for repair while the others carry on. In fact it is normal to provide spare gas generators in a system where constant operation is needed, to allow for overhauls; this is much cheaper than keeping a complete standby set, as is necessary with a diesel installation. Maintenance is simple: one potentially big market that has begun to be tapped is for electricity generation in under-developed countries, where more power is needed than a diesel can supply but there is not the skilled labour needed to maintain steam turbines.

The cost of a free piston installation is higher than that of diesel for low powered units, but becomes comparable as the capacity is increased. It is simple to make, needing little special jigging and only normal lathes and boring machines for its production. General Motors, the American licensees, have not yet started production, because they have not found a sufficient market to justify the tooling costs that are needed for mass production.

One application that General Motors are developing which might provide such a market is the replacement of diesel engines in railway locomotives. Renault in France built a 1,000 hp locomotive several years ago, which has been in experimental use on French railways; this summer it finished the first of two 2,400 hp locomotives using two gas generators to run the turbine. These engines drive through a simple two-speed mechanical transmission, which is adequate with the turbine and saves the power loss of the electrical — or hydraulic — transmission needed for diesel engines.

The Muntz GS 34 engine developed in Britain is too wide to go through British railway tunnels; North British prepared a design based on eight British CS 75 gas generators, using the hydraulic transmission it employs on its diesel locomotives but no prototype has yet been built.

Ship propulsion is a use for which free pistons seem especially suitable; size and weight are both less than those of a diesel engine. On the ore carrier *Morar*, built by Lithgows, the first British ship with free piston power, the installation weighed 410 tons for 3,000 hp compared to about 630 tons for diesels. Space for cargo is increased because the gas generators can be arranged around the stern, with only the turbine mounted further forwards on the propeller shaft. The *Morar* has now been in service for a year, and has proved satisfactory apart from some early troubles; the second British ship so powered, the *Goodwood*, was converted from steam by Smith's Dock eight months ago, and has now completed just over 3,000 hours running with only three minor failures and the use of spares worth £180. A third ship of 4,000 hp is due to be launched later this month by Smith's Dock for the Bolton Steamship Co., which will have a reversible pitch propeller, which dispenses with a reverse turbine and raises overall efficiency by about 5 per cent.

For its latest 500 hours of running the *Goodwood* operated on residual fuel oil; the French have even run them on unrefined Sahara crude—suggesting the possibility of running oil pipeline pumping stations for oil pipelines on the oil they are pumping. If the smaller CS 75 engines can run on residual fuels they could be used as auxiliaries on ships, using the same fuel as the main engines.

credit terms. The latter had started its system, run in conjunction with Mercantile Credit, five months ago: at present it requires a 10 per cent deposit, while Esso, working with Lombard Banking, offers no-deposit terms. Both charge 6 per cent interest on the sum originally borrowed, but Esso's arrangement allows the borrower to claim income tax relief on the interest payments, and includes life insurance. The two systems operate similarly. Inquirers are passed on to a heating engineer or building contractor (one man is often both) who is the oil company's local representative; he will give an estimate, and pass it on to the finance company, which will then advance the money required for the heating engineer or builder to make the installation. Similar terms to those offered by Shell-Mex and BP are arranged by the Coal Utilisation Council, with Mercantile Credit, through the CUC's panel of approved builders' merchants, for the credit buying of solid-fuel fired heating systems. Another scheme, more like conventional hire purpurchase, is arranged by Building Industry Distributors, a trade organisation, with Olds Discount; loans are made for up to three years at 8-9 per cent interest, with a 20 per cent deposit for loans of over £150.

The initial cost of the oil heating installations appears in general to be about 20-30 per cent higher than that of similar systems using a solid fuel boiler, depending on the size of the installation and the efficiency of the solid fuel or oil boiler used. In the smallest installation likely to be considered, one able to heat the water supply and two or three small radiators, the oil boiler and its tank will cost around £100, and a solid fuel boiler £35-£40. The rest of the installation could cost around £200 for a small pipe system in an existing house, but actual costs vary immensely. For five or six radiators, to give general background heat in a three or four bedroomed house, the oil boiler would cost £110-£130, the solid fuel one £40-£75, and the rest of the installation perhaps £250-£300; while to give full heating in a similar house the oil boiler will cost £170-£200 and the solid fuel one £50-£125, with the rest of the installation costing £300-£350. Putting in central heating, householders should note, may mean a higher rating assessment.

Repayments under the oil companies' and the CUC's credit schemes are £26 a year for every £100 borrowed, so a "general background heating system" as above might cost £75 to £100 a year. Running costs of such an installation might be £60 a year on oil at 1s. 6d. a gallon, but consumption is even more difficult to estimate in advance than the cost of installation, and the wise buyer will allow a large margin above this for advertiser's optimism. Modern solid fuel heating is significantly cheaper, though the margin varies. But people choose oil for their own convenience without looking too closely at cost.

RAW COTTON

Record Consumption

OUTPUT of cotton textiles is recovering strongly throughout the world and prices of raw cotton have risen, particularly for the long staples. Consumption of cotton in the free world will hit a record this season: the International Cotton Advisory Committee expects it to reach, if not exceed, 30½ million bales, 1½ million bales higher than last season and one million bales above the 1956-57 peak. Free world production is also a record at about 31.7 million bales. Given some re-building of stocks in importing countries, and also that net exports to Communist countries keep up, production and consumption of raw cotton will be closely balanced. This is just as well, for output next season may rise further, while consumption is more likely to decline.

CHANGES IN CONSUMPTION
Raw cotton: million bales

	1956–1957	1957–1958	1958–1959	1959–1960*
Free world	29·6	28·5	29·1	30·5
Of which				
United States	8·6	8·0	8·7	9·0
West Europe	7·6	7·5	6·9	7·4
India & Japan	7·4	6·8	6·8	7·2

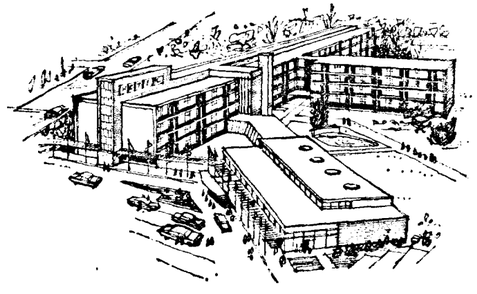
* Forecast. *Source:* International Cotton Advisory Committee.

The increase of nearly three million bales in world production this season reflects the bigger crop in the United States; output in other countries is expected to fall by about 400,000 bales to 17 million bales, and as stocks fell last season the available supply from these exporters is expected to drop by about one million bales. The increased demand can thus be met only by

HOTELS

Room at the Airport

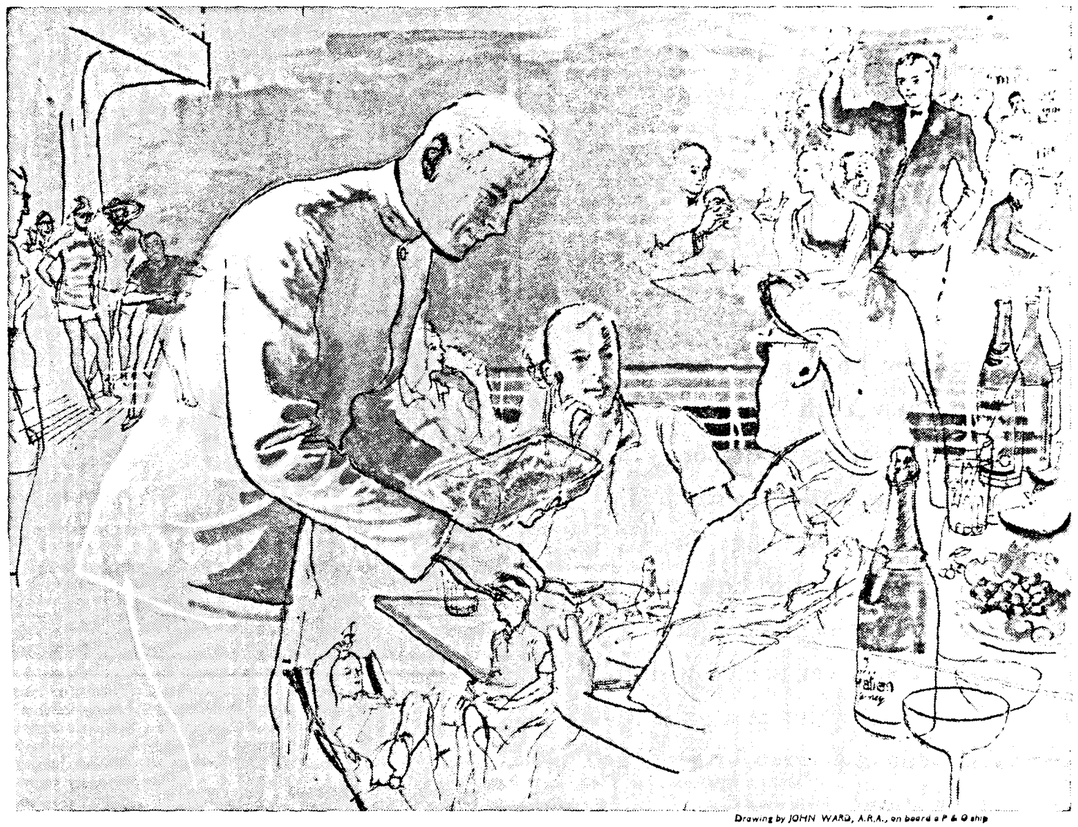
OVER four million passengers are expected to pass through London Airport this year. An unknown but possibly substantial number of these will be arriving late at night and/or departing early in the morning; others will be delayed for varying amounts of time by fog. How many of them will want to spend the night in the vicinity of London Airport—sixteen miles from the West End of London—is even more of a guess; but one large first-class hotel has now been opened there this week, and another, still being built, will be open in a



year's time. The first of these is the Skyway Hotel, owned by Seaway Hotels Ltd. of Lake Shore, Toronto, Ontario; it was built —in just eight months— by the London contracting firm of Bernard Sunley, at a cost of £750,000. The Skyway now has 160 bedrooms, all of them usable as either single or double rooms; another wing of 100 rooms is to be added shortly. Though the hotel is only half a mile from the airport it is remarkably quiet, owing both to location and to considerable soundproofing precautions.

The company, which operates four airport hotels in Canada, one in Jamaica and the newly opened Idlewild Hotel in New York, has sensibly attempted to cater for those used to things transatlantic: the hotel boasts the longest upholstered bar in Britain, and the rooms, each with private bath and shower, are designed, furnished and decorated in an attractive if sometimes disconcerting example of Functional-type Florida Contemporary (there seem to be mirrors everywhere save on the ceiling). Free transport to and from the airport will be provided for guests, and meals will be available twenty-four hours a day. For all this (and piped music in the dining room too) the rates are £3 for a single room and £4 15s. for a double room, not including breakfast. (A similar single room at the Savoy or Dorchester hotels (also without breakfast) costs £5-6.

The company believes it will need an average occupancy rate of 65 per cent to break even, and expects to get it. It is thought that local industry—of which there is a fair amount—air crews, and fog-bound passengers will adequately supplement the summer rush of tourists. Whether there is enough potential demand to fill two hotels in the area is another question. The second hotel is, at any rate, well under way: it is a circular, 185-room building located one mile from the Skyway, being built for J. Lyons at a cost of £500,000. The building is being financed by Watney Mann, who own the site; when completed it will accommodate up to 300 guests. Besides these two, there have been only three new major hotels built in Britain since the war.



Drawing by JOHN WARD, A.R.A., on board a P & O ship

Why do more and more busy people travel to Australia by P & O?

Good food . . . good company . . . good health . . . *good business!* Time to work . . . time to prepare . . . time to think! These are the reasons why more and more busy people travel to Australia by P & O.

More and more busy people are realizing the tremendous value of the restored health, time for thought, and new business associations that only sea travel can give them.

Good Food Menus to astonish the gourmet . . . and cater for the ascetic. A quite impossible choice of magnificent food every mealtime. P & O make the trip to Australia a memorable culinary experience.

Good Company Military men . . . Stockbrokers . . . Scientists . . . Authors . . . Surgeons . . . you'll always meet someone interesting on a P & O ship. And there are so many pleasant places to talk: sunlit decks . . . quiet lounges . . . friendly bars.

Good Health Sunshine . . . sea air . . . complete relaxation. A voyage on P & O puts you right back on top again. You arrive fit, tanned, refreshed—ready for some really hard work.

Good Business It's rare that you don't meet *someone in* your own line of business . . . impossible *not* to meet someone who can give you valuable information . . . advice . . . contacts. At the end of the trip you'll realise what a rewarding holiday this has been. In fact a voyage on P & O is always a first-class business investment.

DON'T FORGET YOUR WIFE!
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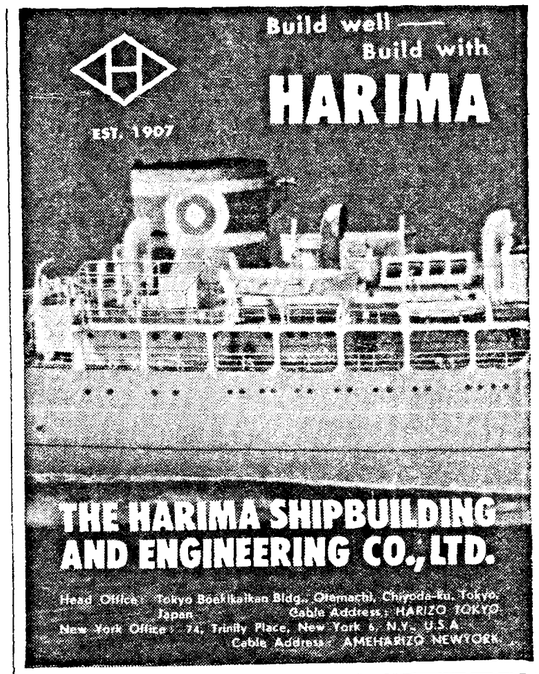

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is Europe's largest independent manufacturer of bodywork?

The Pressed Steel Company. If all the cars with Pressed Steel bodywork were put in one line, the line would stretch from here to Bangkok. And that's not even in Europe.

PS is for Pressed Steel, and the Pressed Steel Company are all for getting on with the job as fast as possible. It takes them just thirteen minutes to turn out one of their railway wagons.

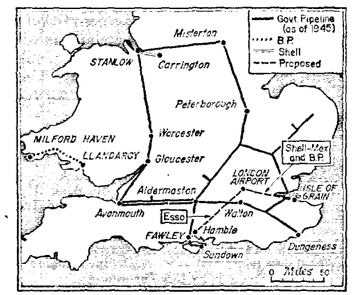
the United States. Exports of US cotton in the first five months (August to December) of the season amounted to over two million bales, nearly 800,000 bales more than a year ago, and sales registered for export amounted to five million bales ; total United States exports this season will almost certainly reach, if they do not surpass, the official forecast of 5½ million bales, compared with only 2.8 million bales in 1958-59.

Thanks to the bigger demand, crops in Central America and the Middle East have been marketed more rapidly than usual, and prices of American-type cotton have moved closely into line with United States cotton. From August to December US cotton for three months' delivery in Liverpool rose by 2¼d. to 23.40d. a lb for middling inch, and Sudan Lambert, a long staple, rose by 3¾d. to 33d. a lb. Since then Sudan futures have risen sharply by another 2d. a lb, but American have weakened owing to some profit-taking and hedge selling—probably helped by a gloriously ambiguous statement of the United States Department of Agriculture, which said in effect that the export subsidy on raw cotton was not going to be reduced, but could be.

OIL PIPELINES

From Fawley to London

Oil pipelines have not grown rapidly in Britain because products can be moved from refineries to market areas by low-cost water transport. But the growth of demand in recent years has led to increased interest in pipelines, and the major oil companies say that they may be economical at least for serving the biggest centres of consumption. Shell-Mex and BP have already announced plans to build a pipeline for refined products from the Isle of Grain refineries in Kent to London Airport ; and now Esso have announced that they are seeking permission to lay a 75-mile line from Fawley to a new distribution depot of 20 million gallons capacity also to be located near London Airport. The project will cost £2½ million. Work should start on the 10 in. line later this year, and it should be completed early in 1963; its initial capacity should be 1½ million gallons a day.



Besides the Shell-Mex and Esso schemes there are at present three other commercially owned pipelines in Britain ; of these only the 23-mile line between Stanlow and Carrington carries refined products. British Petroleum owns two crude oil pipelines: one is 57 miles long, has a capacity of 3.1 million tons a year, and runs between Finnart, on Loch Long, and the company's Grangemouth refinery; the other, of 5 million tons a year capacity, completed but not to be opened until next year, runs 60 miles between an unloading terminal at Milford Haven and BP's Llandarcy refinery.

There is also a considerable network of product pipelines—shown on the map as it looked in 1945—owned by the Government. These lines were built during the war to transport products from terminals in the west to bomber bases in East Anglia and the South of England ; at one time they extended over 1,000 miles in length, and in 1944 they carried 4½ million tons of petroleum products. Their use, present and future, is blanketed by security ; it is known that they are used to some extent by the oil companies at present, and may be used more in future. In France and the United States, pipelines are common carriers ; but in Britain, the companies say, it would be difficult and more expensive to move fuel oil—the product for which demand has been growing most rapidly in Britain—by pipelines.

WOOL MARKET

Topmakers' Lament

There was little reason to expect much change in wool prices when the second half of the selling season started this week, and none has occurred. Prices at the Commonwealth auctions opened a shade below the December close, and then held steady. The London sales followed broadly the same pattern. Lacking a strong opening, business in tops in Bradford has slackened this week, and spinners have been able to get a small reduction in prices of some types. No doubt they hope to profit further by holding off, and meanwhile some are buying old tops that have been tendered on the London futures market, and which are several pence a lb cheaper than new tops. The stock of old tops helps to depress prices of the nearby delivery months in London, and thus gives spinners who can use them some extra bargaining power. Topmakers do not exactly relish this development, but they helped to bring it about. When it paid them to sell futures and ultimately to tender the tops, rather than sell direct to spinners, they were not noticeably reluctant to do so. The real cause of the weak selling they complain of is that there are more topmakers than spinners.

At the mid-point of the season few people expect wool to go much higher. The recovery in world consumption appears to be slowing down, and production this season is higher than ever before. The difference between the two may be small, but it seems more likely to be tipped on the side of surplus than shortage.

BUILDING SOCIETIES

A Year of Expansion

Last year was a record one for the building society movement. The demand for new mortgage advances remained high throughout the year and in the summer the societies were able to satisfy much of this demand because new savings had been flowing steadily and strongly into their coffers before the recommended rate on shares was reduced to 3½ per cent, income tax paid.

Better than Equities in 1959...

According to Pick's World Currency Report—

COLLECTORS' ITEMS, unlisted, with unregulated prices, a tax-saving device and above all, really depending on supply and demand in free and clean auction markets, were once more better than gold, platinum, diamonds, real estate and most of the world's blue chips. Leading the list was *18th century French style furniture.* Having risen 225 per cent in 1958, these items strengthened by another 150 per cent in 1959. Signed pieces created by such masters as Van Risen Burgh, J. Caffiery, J. Dubois, P. Garnier, P. Migeon, etc., were tops in the market. Following them were 13th to 15th century old *Latin gospels, early bibles, prayer books and Flemish manuscripts,* up about 125 per cent to 150 per cent. *Modern sculpture* of such masters as Sir Jacob Epstein, Henry Moore or Jacques Lifchitz rose about 100 per cent during the year. *Paintings,* in constantly broadening international markets, showed the works of the late American, Jackson Pollock, in the lead with a rise of about 100 per cent. Other *American Non-Objective Masters,* such as de Kooning, Rothko, A. Gottlieb, etc., rose about 80 per cent in value. The old favourites, the French Post Impressionists, having risen like meteors in recent years, continued their ascension at a somewhat slower speed. But excellent canvases of Renoir, Cezanne, Gauguin, Degas and Toulouse-Lautrec, still brought about 80 per cent more under the auction hammer than they did a year ago. Picassos rose only about 40 per cent to 50 per cent. New in the markets was a rebirth of popularity of top *Old Dutch Masters,* like P. P. Rubens up about 50 per cent for the year, as $777,000 was paid for one of his masterpieces at a London auction.

After that reduction the net inflow was less marked and that, together with the fact that many of the societies had to keep a careful eye on their reserve ratios, led to the introduction of more restrictive lending policies towards the end of the year. Expansion, however, was not achieved at the expense of liquidity and it seems likely that over the movement as a whole liquidity ratios were preserved.

Abbey National enjoyed a record breaking year on two counts: its total assets rose from £304 million to £347 million and its new mortgage advances rose by no less than 53.1 per cent to £62.8 million. The average advance remained under £2,000 and 98½ per cent of its loans were made to owner-occupiers. Receipts from investors also reached a record level, jumping from £57 million to £82 million, and the net inflow of funds over the full year was £41 million, compared with £25 million in 1958. The society's liquidity ratio went up from 15.6 per cent. to 15.9 per cent but its reserve ratio fell slightly from 3.79 per cent to 3.75 per cent.

As in previous years Woolwich Equitable has produced comparative figures for the year to December 31st although its own financial year ended three months earlier. In the calendar year its total assets rose by £18 million to £139 million. Mortgage advances of £32 million were no less than 75 per cent higher than in 1958. Mortgages to owner-occupiers account for over 99 per cent of total advances, which include just over £3 million advanced under the Government house purchase scheme. Receipts from investors had risen to £30.4 million by December 31st and the net inflow of funds over the full year amounted to £8.8 million, compared with only £500,000 in the previous year. The liquidity ratio fell from 14.5 to 13.5 per cent.

The total assets of the Alliance rose from £67.7 million to £73.1 million and its advances rose from £53.8 million to £59.8 million. New funds coming into the society totalled £14.5 million and withdrawals were £10.5 million, so that the net inflow of funds was £4.6 million. Its liquidity ratio fell from 17.6 per cent to 15.7 per cent and its reserve ratio from 3.2 per cent to 2.7 per cent.

The total assets of the Burnley rose by £5.9 million to £61 million and its shares, deposits and Exchequer loans at the end of the year amounted to £57.6 million—an increase of £5.6 million over the year. Reserves of £2.6 million represent about 4 per cent of the total assets, while the liquidity ratio stands at just under 16 per cent.

This has been a record year for the Temperance Permanent Building Society. Its total assets rose by £4.2 million to £44.4 million. Mortgage advances completed during the year more than doubled at £8.1 million. The society's liquidity ratio fell slightly from 18.7 to 18.1 per cent and its reserve ratio from 5.54 to 5.36 per cent.

Northern Counties also reports a record increase in total fixed assets, from £14.8 million to £17.1 million, and its liquid funds rose by £350,000 to £2.8 million, pushing up the liquidity ratio to 16.5 per cent. Reserves of £790,000 represent 4.62 per cent of the total assets. Mortgages advanced in the year totalled £3.4 million, compared with £2 million in 1958, and more than 97 per cent of these advances went to owner-occupiers.

TIN MARKET

A Little Higher

TIN has responded modestly to the settlement in the American steel industry. More tin is being traded in London and Malaya, but the forward price has risen in the past fortnight by only about £6 to £788 a ton. This reflects some improvement in demand in the United States and Europe, but also, it is believed, some official support. Late last week the manager of the international buffer stock appeared to be buying three months' tin and selling cash metal, reducing the premium for cash from £8 to about £2 a ton.

Most traders believe that the tin council should not have increased exports by as much as 6,000 tons to 36,000 tons in the first quarter. On the doubtful assumption that Bolivia and Indonesia can fulfil their quotas, this is equivalent to 144,000 tons a year. After taking what they consider to be a fairly optimistic view of world consumption this year, and the probable shipments from outside exporters, including Russia, they foresee an apparent surplus of roughly 15,000 tons. These predictions can easily go awry. Producers would not wish to curtail operations after only three months at the higher rate, but if a surplus does appear they would be foolish to resist a cut in exports in the second half of the year. Prices need not be in danger, for the council now has ample funds to support the market. But during the last eighteen months of the scheme it would surely be wiser to keep exports on a tight rein—if necessary—rather than add to the buffer stock.

JUTE AND DUNDEE

Protection Shaved Again

TO provide the under-developed countries with markets for their manufactures in industrialised countries is a pressing problem. Jute has been a difficult case for Britain but one that has been reasonably faced. The protection that Dundee enjoyed against imports of cheap hessian cloth was shaved in July 1957. The Jute Control, the sole importer, had until then sold this hessian at Dundee's prices which at the time meant charging about 40 per cent above the landed cost. That July the mark-up was cut to 30 per cent to help the old-established Indian industry and the new industry of Pakistan.

Now protection has been further trimmed by cutting the mark-up on imported hessians to 20 per cent. Dundee's output of these goods has declined in the last 2½ years, and they now account for less than a tenth of its total output. To some extent the loss in jute packing material has been offset by expanding output of backing material for the carpet industry, particularly the special wide fabrics used in tufted carpets. The chairman of Jute Industries Ltd., commenting on the Board of Trade's announcement, says he hopes that employment in the company will not fall, though its growth will be checked. The company had anticipated the further squeeze on prices of standard hessians by expanding its output of specialised products, and more machinery will be brought into operation at about the same time that output of standard hessians is expected to fall. (At the moment many companies have three to four months' orders in hand.) Not all firms can diversify in this way; private companies especially have difficulty in raising capital. But official encouragement of new industries is helping Dundee. In the last 2½ years the number of workers in government-built factories has gone up by over 1,800, and factories under construction or approved but not yet started are expected to provide work for a further 3,000.

SHORTER NOTE

The Council of the London Stock Exchange is considering a revision of the present rules governing advertising and circularising by members and registered agents. It is proposed that banks shall be allowed to advertise inside their own premises that they are prepared to do stock exchange business and to allow them to advertise investment management services in the press, though without naming the brokers to whom the investment enquiries are passed. It is also proposed to allow members and agents, with the permission of the Council, to circularise shareholders with offers to acquire their shares and similar bids.

COMPANY AFFAIRS
Comments on pages 257 to 259 on

Union Discount	National Discount
Alexanders	Gerrard and Reid
Williams Deacon's Bank	Lloyds Bank
Falcon Trust	District Bank
Allied Investors Trust	Domestic 2nd Trust
Thomas Firth and John Brown	John Summers Odhams Press
Dollar Land Holdings	Scottish & Universal Investments
Borax (Holdings)	New Day Furnishing

LONDON AND NEW YORK
An extended list of stocks, prices, yields and security indices on pages 260 and 261

LONDON STOCK EXCHANGE
The week's movements reported on page 259

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 262

Abridged Particulars.

If you require advice upon these particulars please consult your Bank Manager, Stockbroker, Solicitor or Accountant.

FALCON TRUST

Certified as an Authorised Unit Trust by the Board of Trade.

Managers: UNICORN SECURITIES LIMITED, WATLING HOUSE, 12/16, WATLING STREET, LONDON, E.C.4.
(Members of the Association of Unit Trust Managers)
Directors: G. J. STEWART *(Chairman)*, EDWARD DU CANN, M.P. *(Managing Director)*, F. E. E. ALLEN, D.S.O., SIR WILLIAM CHARLES CROCKER, K.C., ADMIRAL OF THE FLEET LORD TOVEY, G.C.B., K.B.E., D.S.O., P. E. WALKER.
Secretary and Registered Office: A. W. FOWLER, Watling House, 12,16, Watling Street, London, E.C.4.
Trustee: Westminster Bank Limited
Solicitors: To the Managers: SIMMONS & SIMMONS. To the Trustee: TRAVERS SMITH, BRAITHWAITE & CO.
Auditors: To the Trust: DELOITTE, PLENDER, GRIFFITHS & CO. To the Managers: JOHN BAKER, SONS & BELL

The Managers have a proved successful investment record. In addition, they are able to call upon the services of leading British and international advisers. Falcon Trust is under the same management which has built up the assets of Unicorn Trust to over £7,000,000 in approximately two years. Original Unicorn shareholders have benefited from an increasing income return and capital appreciation of over 100%. While bearing in mind that the two-year record of Unicorn Trust is possibly exceptional, the Managers retain their faith in the long-term growth prospects of selected Ordinary shares in which the funds of Falcon Trust will be principally invested.

The investment policy of Falcon Trust will be designed to obtain for Shareholders in the long term :—
(*a*) a reasonable and increasing income return, and (*b*) capital appreciation.

Share prices can fall as well as rise but in the light of current economic experience and judgment the Managers believe that the eventual prospects for Shareholders of Falcon Trust should be good.

The estimated commencing gross yield of £4 2s. 6d. is provided to meet a demand for investors requiring an above average income return combined with the prospect of a future capital gain. To satisfy the greatest possible number of potential investors and to make easy the purchase of additional Shares in due course, the Managers have purposely created a low priced Share.



OFFER FOR SALE OF 5,000,000 Shares

at 5/- per Share

The above price includes all stamp duties, commissions and charges

Estimated gross yield £4 2s. 6d. per cent
(calculated in accordance with Board of Trade requirements)

The List of applications will OPEN MONDAY, 18th JANUARY, 1960 and will close at 12 noon, SATURDAY, 23rd JANUARY, 1960

Falcon Trust is constituted by a Trust Deed dated 11th January, 1960, with an initial term of 20 years. Copies may be inspected at the Head Office of the Managers or of the Trustee or purchased from the Managers for 5s.

Copies of the full Offer for Sale may be obtained from the Share Distributors of Falcon Trust, Dillon Walker and Company Ltd., Watling House, 12/16, Watling Street, London, E.C.4, or from any branch of Westminster Bank Limited.

APPLICATIONS FOR SHARES should be made on the attached form direct to Westminster Bank Limited or through any Banker, Stockbroker, Solicitor or Accountant to whom commission at the rate of 1d. per Share on all applications bearing their stamp will be paid by Dillon Walker and Co. Ltd. (Share Distributors of Falcon Trust, by whom this Offer for Sale is made). **All applications will be acknowledged on receipt. Share Certificates will be posted on or after 18th March, 1960.** *Dated:* 14*th January*, 1960.

APPLICATION FORM for SHARES

This form when completed must be sent to or lodged with Westminster Bank Limited, Registrar's and New Issues Department, 12 Angel Court, London, E.C.2 (or at any Branch of that Bank) together with a remittance made payable to Westminster Bank Limited.

To: DILLON WALKER and CO. LTD. (*Share Distributors of Falcon Trust*)

I/We hereby apply for [ ] *Shares of Falcon Trust at* 5*s. net per Share, in accordance with the Offer for Sale dated* 14*th January*, 1960 *and upon the terms of the Trust Deed.*

32

Cheque/postal draft/money order for £ : : is enclosed payable to Westminster Bank Limited.

I/We declare that I am/we are not resident outside the Scheduled Territories nor acquiring the Shares mentioned herein as the nominee(s) of any person(s) resident outside those Territories. (*See Note* 3.)

NOTES
1. Telephone Orders will be accepted by Dillon Walker and Co. Ltd. (City 7748 and City 7118) but not by Westminster Bank Limited.
2. Applications must be for multiples of 5 and a minimum of 50 Shares.
3. Applicants who are unable to make the Exchange Control declaration contained in the form must delete it and arrange for the form to be lodged through an Authorised Depositary. Authorised Depositaries are informed that permission has been given by the Bank of England for subscriptions to be made on behalf of non-residents, payment being effected in External Sterling or Blocked Sterling (Security Sterling).

BLOCK LETTERS PLEASE

SIGNATURE(S) .....
SURNAME(S) .....
(Please state Mr., Mrs., Miss, or Title)
CHRISTIAN NAMES IN FULL .....
ADDRESS(ES) .....

In the case of Joint Holders all must sign.

Please write legibly: your Share Certificate will be prepared from the above particulars.

COMPANY MEETINGS

BARCLAYS BANK

MR ANTHONY TUKE ON NEW BUSINESS AND CUSTOMERS' NEEDS

COMMENTS ON THE RADCLIFFE REPORT

TANGIBLE BENEFITS OF ASSOCIATION WITH "UDT"

EPIDEMIC OF TAKE-OVER BIDS, GOOD AND BAD

The Annual General Meeting for the year 1960 of the Stockholders will be held at the Head Office of the Bank, 54 Lombard Street, London, E.C.3 on Friday, February 5, 1960.

The following is the address of the Chairman, Mr Anthony William Tuke, circulated to the Stockholders:

Before dealing with our accounts and the events of the past year, I wish to refer to the impending retirement from the Board of two of our more senior colleagues, Sir Ernest Murrant and Mr Algernon Denham. Sir Ernest has recently retired from the Chairmanship of Furness, Withy & Company, and he thinks it right now still further to curtail his business interests. As one of the acknowledged leaders of the shipping industry he has rendered us distinguished service for many years, and we have greatly valued his advice and his friendship. Mr Denham, although he is giving up his seat on our London Board, will, I am happy to say, remain one of our Local Directors at Leeds, and also Chairman of our Local Board in Sheffield. He started his business career in the West Riding as long ago as 1901, and so we look forward to the celebration next year of his diamond jubilee in banking. To him also we record our gratitude for his shrewd and friendly counsel and his constant activity in furthering the Bank's interests.

As Stockholders will have read in the Directors' report we have appointed Mr Simon Bolitho, a Local Director at Penzance, as an additional member of the Board during the year, and to him we offer a sincere welcome.

We have also appointed Mr H. E. Darvill as a General Manager to succeed Mr J. L. Northcott, who on reaching retiring age has given up that office and has taken up an appointment as a Local Director at Windsor.

ACCOUNTS

During the past year there have been considerable changes in our balance sheet. In May we made a rights offer of 5,561,914 new shares of £1 each to Stockholders on favourable terms which produced a similar sum by way of premium. Immediately on completion of this transaction we capitalised the share premium account, and used it, together with a balance of £1,112,383 from the Reserve Fund, to provide a free issue of one share for every £5 of the whole ordinary capital including the rights issue. As a result of these two transactions our capital was increased from £28,576,617 to £40,812,828 and our Reserve Fund was reduced temporarily from £21 million to £19,887,617. We have now transferred to Reserve £1,612,383 from the profit of the year with the final result that our Capital and Reserve Fund together at the end of the year stand at £62,312,828 compared with £49,526,617 at the end of last year. This is a large increase, but our fixed assets have also been increasing rapidly in recent years and we regard it as desirable that they should be covered, as far as possible, by Stockholders' money. As I explained at the time when the free issue was made, it was not intended to increase thereby the sum payable to Stockholders by way of final dividend, and accordingly the final dividend recommended is at the rate of 5 per cent per annum, which is the exact equivalent of the 6 per cent paid by way of interim dividend in August last. The sum, however, which we are proposing to distribute is considerably larger than a year ago, because all the shares issued during 1959 become entitled to the final dividend this year. Naturally not all our Stockholders were able to take up the whole of their rights to the cash issue, and these surplus rights were sold either by the Stockholders concerned or by the Bank on their behalf. As a result the number of separate holdings of our Ordinary stock has increased very considerably during the year and now stands at 61,000. We offer a hearty welcome to the new members of our proprietary family.

There has been a substantial increase during the year in the deposits of the Clearing Banks as a whole, our share being £96 million. All this increase has come in current accounts, which now form about 70 per cent of the total; no doubt this is a reflection of increased business activity. The outstanding change on the assets side of our balance sheet is the increase from £456 million to £649 million in the total of our advances which has been spread over every section of our business, but with some emphasis on our private customers whose borrowings were inevitably curtailed very severely during the period of credit restriction. The funds to provide for this welcome increase have come in the main from a reduction in our investments in British Government Securities, the proportion of which had become abnormally and unpleasantly high during the long period of credit restriction. The balance has been provided from the increase in our deposits without pressing unduly upon our liquidity ratio.

GROWTH OF BUSINESS

A feature of last year's business which has brought us particular satisfaction is the greatly increased rate of progress in the number of our current accounts, which now number well over two million. When the credit restrictions ended in July, 1958, we let it be known that we were very ready to receive proposals from customers, old and new, for personal advances, and, as I explained last year, we introduced a new form of borrowing by way of special loan on which the interest was to be charged in advance and principal and interest were to be repaid by equal monthly instalments over a period not exceeding two years. This scheme aroused some considerable interest and experience has proved that there was a gap to be filled; on the other hand we found that the majority of the applicants could be accommodated on orthodox banking lines which is more economical to the borrower, and the field which lies between orthodox banking and hire purchase finance does not after all seem to be a very large one. Somewhat to our surprise the great majority of the new customers to whom I have referred are not borrowers but lenders; in other words they are conducting credit accounts; and we have been much interested to find from a number of sample inquiries that some 15 per cent to 20 per cent of them appear to be weekly wage-earners or their wives. The question of how to make banking attractive to the weekly wage-earner is still exercising the minds of all of us, and the proposed legislation to amend the Truck Acts gives some urgency to the problem. It is not worth while, I am sure, to try to sell people goods or services that are of no real use to them, and the issue has been rather confused by its being expressed as the payment of wages by cheque. To give an employee once a week a single piece of paper, which he will immediately wish to convert into several other pieces of a different quality, would be of very little advantage to anybody. If payments were made by cheque once a month, or even once a fortnight, some would undoubtedly find a banking account useful, but the ideal arrangement would be that, with the full and free consent of the employee, his wages should be credited, in whole or in part, once a month by internal transfer to his banking account, from which he or perhaps his wife would draw cash as required for their living expenses, and from which he could make payments by cheque or by standing order to meet other outgoings, such as rent or mortgage interest or hire purchase instalments.

I feel that we should attack the problem at that end, as soon as the obstacles to the payment of wages by means other than cash have been removed. My belief is that the habit would spread slowly but surely, which would enable us to take the measure of the problem and give us time to make whatever provision may be necessary in the way of extra staff and premises to meet it. If it becomes the fashion for wives to draw the cash when they do their shopping, most of the work may well be spread over our normal hours of opening and the problem of catering for even a large influx of new business may prove to be less difficult than some people have anticipated.

STAFF MATTERS

Our much increased lendings have involved more work for our senior staff, who have for too long been frustrated by being obliged by Government directives to discourage prospective borrowers, and generally to curtail the activities normally associated with the posts which they occupy. I know that those concerned have enjoyed their unaccustomed freedom to do good business without external interference, but I also realise that there may have been occasions when some may have asked themselves whether it is not possible to have too much of a good thing. I am sure that the Stockholders will be very satisfied with the results which are portrayed in our accounts, and that they will readily understand that these results have only been achieved by a fine co-operative effort. Increased activity has not by any means been limited to our senior staff. The accession of new business, to which I have already referred with pleasure, and the increased turnover on trading accounts which flows from flourishing industry and commerce, have exercised considerable pressure at times on all ranks of the staff at our branches, and we have not always been able to relieve it as quickly as we should have wished, especially in the London Area. The Board are grateful to all those who have responded to this pressure with such equanimity and good humour. I am glad to say that we have been able to recruit considerable numbers of suitable staff in recent months, and after a short period of training and practical experience they should soon be pulling their full weight.

For some time past we have been paying increasing attention to the need to eliminate all unnecessary effort in the daily work of our staff, whether by the increased mechanisation of routine operations or by the improved organisation of the individual labours of the staff themselves. During the past year we have considerably strengthened the department of our Head Office which deals with these matters, and have appointed an Assistant General Manager to take charge of it. In pursuit of the same objective we have recently ordered an Emidec computer, by means of which we hope to carry out on one spot all the book-keeping operations of some 40,000 accounts maintained at a number of our branches in the West End of London. This computer is designed specially for office requirements, and we have confidence that it will do the work for which it is intended, but we realise that our venture is an act of faith. Whatever be the outcome we are making a contribution to research into the problem of applying the science of electronics to commercial book-keeping. This will become even more important if, as seems probable, the use of cash becomes gradually less fashionable in everyday transactions owing to the increasing numbers of people who find it convenient to make payments by cheque or by credit transfer within the banking system.

TRUSTEE AND INCOME TAX DEPARTMENTS

Our Trustee Department this year celebrates its jubilee, in that it was in 1910 that our Memorandum of Association was altered to give us power to undertake this ancillary service for our customers. In terms of funds administered and staff employed it has grown into an important business, and it is now managed through 40 branches; thus we apply to it the principle of decentralisation by which we conduct our administration on the banking side.

The Bank also provides for those who feel that their personal income tax affairs have become too complex to be conducted without skilled assistance. Advice is available to them at 24 branches of our Income Tax Department up and down the Country, and there is a steady increase in the number of customers who resort to it. This Department is also approaching its jubilee, having been started as a separate section in the London and South Western Bank in 1916.

PROFITS

Our greatly increased activity has, as we anticipated when I wrote to Stockholders in May last, led to a substantial increase in our net profits, and we are in fact able to bring out a figure higher by about £800,000 than that of the previous year. In considering this figure, however, it should be borne in mind that quite a large proportion of it is accounted for by the reduction of ninepence in the standard rate of income tax last April, and also that we have had the use of £11 million of newly subscribed capital, though the final payment was receivable by us only in July. The large increase in our Advances has counteracted, with something to spare, the reduction in the rate of interest charged upon them owing to the lower Bank rate. Increased dividends on certain of our investments in other banks and kindred businesses have also made a useful contribution, notably our recently acquired shareholding in United Dominions Trust. The conditions which made it permissible for us to launch out in this direction made it likely that companies dealing in hire purchase and other non-banking financial operations would share to the full in the subsequent expansion in the economy, particularly since this expansion found its outlet primarily in consumer goods. It is necessary, however, to get the value to us of this investment in its proper perspective, which numerous commentators have signally failed to do. First of all the appreciation in the market price of our holding is really of little significance. Unless and until we want to sell our shares, which we have no intention of doing, it serves merely to provide a comfortable cushion behind this particular item in our balance sheet. What is important is the increase, actual and prospective, in our dividend from our investment and the intangible benefit which we expect to flow to us, and from us to our partners in this association. The only item in this catalogue which can be precisely evaluated is the increased dividend already received. When we purchased our shares in United Dominions Trust the last distribution had been 18½ per cent: the most recent was 25 per cent, and in addition we have received a free issue of preference shares, the dividend on which could be expressed as an additional 1 per cent on our holding of ordinary shares. Such progress, in such a short time, is very satisfactory to us, but its impact on our business as a whole should not be overrated. In our profit and loss account the increase from a prospective dividend of £185,000 in May 1958 to an actual dividend of £260,000 for the year 1959, represents less than a quarter of one per cent on our own capital of £40 million, and an investment which has cost us £4 million, even if it were taken at its current market price, would not be very significant in a balance sheet total of nearly £1,800 million.

THE RADCLIFFE REPORT

The long awaited report of the Radcliffe Committee on the working of the monetary system made its appearance in August. By common consent the passages descriptive of the functions of the various elements in the system are accurate and lucid to a high degree, and this alone will make the report very valuable, and that not only to academic students. The Committee's comments and, when necessary, recommendations are perhaps not in every case equally clearly expressed, and it is not always easy to discover precisely what action the oracle advises in given circumstances. That the Committee produced a unanimous report was a considerable feat, and it may well have been necessary to sacrifice some precision, if not principle, to achieve this end. It would have been interesting if the Committee had been able to comment on the comparative effectiveness of the methods of control adopted immediately after the war and those followed by subsequent Administrations. The important question for future Governments is which to follow of two diametrically opposite courses, neither of which has produced wholly satisfactory results in the postwar period.

Happily there is little in the recommendations which affects the Clearing Banks in relation to the day to day conduct of their business. There is, as we expected, a desire for more and more statistical information about our affairs. We are always very ready to provide all the information that we can when it is required by the Authorities to enable them the better to make the important decisions of policy which fall to their lot, and since in that case there is no need for it to be published, the Banks are able to disclose figures which they would otherwise wish to keep private. When however their purpose is merely to satisfy the curiosity of the economists, which, like that of the elephant's child, is well known to be insatiable, their compilation is not exactly a labour of love, except in the sense that we are expected to do it free of charge.

The Committee seems obsessed with the idea that many debtors spend sleepless nights from apprehension lest the postman may bring them in the morning a letter from their bank exercising its right to require payment on demand of their debts; and it suggests that the banks should make more use of the technique of term loans whereby the repayment is spread over a period of years. This is, of course, what happens in practice in very many cases at present, but the arrangement is not formalised. We have in fact in recent years agreed to lend considerable sums with definite dates of repayment, mainly in connection with the export of capital goods, and we are quite ready to discuss a similar agreement with any customer for any purpose, but the rate of interest in these cases is somewhat higher than it would be for an orthodox advance, and not many customers have hitherto found it attractive to pay what is in effect a premium to insure against the risk that the Bank will treat them unreasonably and without consideration of their individual circumstances, if the time should come when it is obliged to restrict the volume of its total lendings.

There is one point of minor, but important, detail, in which the Committee seems to have fallen into error, and as this error has not been officially corrected and has in fact been repeated in the Press, I feel obliged to call attention to it. In paragraph 139 the Committee states that the banks used to reckon that 60 per cent of total deposits, or even more, could comfortably be used in advances to customers. In fact, so far as combined records go, the advances ratio of the Clearing Banks has never reached 60 per cent, though that of certain individual banks may have done so on occasion during the 1920-30 period. The views held by the banks on this subject in the past were clearly stated in their written evidence and this will be published in due course. In calling attention to this error I do not wish it to appear that we are in any way reluctant to make advances to our customers. This is indeed the most important and also the most interesting of our assets, and one in which we can exercise to the full our talents as bankers. We are very pleased that after lingering for many years below the 30 per cent level our own ratio has now reached nearly 40 per cent. We have still plenty of ammunition in hand, and the rate of increase has recently shown some signs of falling off but we must not

expend too much of it in term loans and other unorthodox lendings. Allowing for a liquidity ratio of about 30 per cent, and speaking in round figures we should like to see our advances eventually fluctuating, as our customers' needs rise and fall, between 45 per cent and 50 per cent, which would leave about 20 per cent for our investments, a figure which gives us ample scope at any given moment to provide for our needs in the field of liquidity for some years ahead. If, however, our advances ever stood at 60 per cent " or even more," we could have only 10 per cent, or even less, in investments, and as they are our third line of defence it seems to me that that would be quite inadequate. I have thought it right to deal at some length with an error which may be no more than a misprint, because an advances ratio of 60 per cent or even more is now operative in a number of banks in the United States, but for this purpose the term " advances " is, I believe, more comprehensive on the other side of the Atlantic than it is here.

Questions concerning these ratios naturally figure largely in the Radcliffe Report. In general the Committee seems to play down the importance of controlling the supply of money in favour of a theory based on a concept of general liquidity, which is to be controlled by engineering a rise or fall in the rate of interest on Government Securities, especially those of longer date, although elsewhere it recommends that our traditional 30 per cent liquidity ratio should be made obligatory, presumably as a minimum, which would on occasion be varied by agreement or if necessary by formal direction; and elsewhere again it envisages a direct control on the ratio of our advances themselves in case of emergency. All these expedients are possible and I would only say this about them. If a rigid minimum were imposed on our liquid assets, there would be no need to bother about imposing a cash ratio at 8 per cent or any other figure. Our loans to the money market, which form a substantial proportion of the 30 per cent, are convertible into cash at call or short notice, and the borrowers have an absolute right, in the last resort, to obtain the money to repay us from the Bank of England; we also have bills maturing every day. The maintenance of a cash ratio therefore presents no problem to us in practice so long as we have enough other liquid assets. In fact 8 per cent is more than we normally need in cash for our day-to-day transactions with our customers and with other banks, and we should often be able to make profitable use of some part of it, thus augmenting the overall yield on our liquid assets as a whole. Moreover it could be argued that there is no technical nor practical need for any cash to be held against our term deposits where we can exact seven days' notice, which is ample time to convert into cash the necessary amount of our loans against Bills. Furthermore, I would say that, if a maximum limit were to be imposed directly on our lendings, there would no longer be any need for the Authorities to pay any regard at all to our liquidity ratio, which could then be left entirely to our own judgment according to the needs of our own businesses. This may seem a rather surprising doctrine, but if the limitation were placed on our lendings, a certain residue would be left to be divided between our liquid assets and our investments. I see no reason why in that event the Authorities, in view of their constant anxiety to lengthen the maturity of the National Debt, should wish to limit our holdings of the latter in favour of the former, though we should naturally have our own views on the subject. All in all, therefore, I hope that the Authorities will not be tempted into chasing any Will-o'-the-wisp, and that our relations with them may be maintained on their present basis of mutual discussion and informal agreement, provided always that the status and authority of the Bank of England itself remains unimpaired.

The orthodox theory of the effects of reducing the supply of money has certainly not worked very well during the last decade. This was due, however, in my opinion, not to there being anything wrong with the theory, but to its operation being counteracted by the persistent refusal of successive governments so to moderate their expenditure that there should be less need to create credit to finance budgetary deficits. These deficits, combined with the constant maturity of loans representing to a large extent monies borrowed for the conduct of the war, made it inevitable, until improved savings came to the rescue, that credit should be expanded when conditions required that it should be contracted.

In these conditions neither increasing bank rate nor manipulating the long term rate of interest could have been expected to do much good.

TAKE-OVER BIDS

The country has recently been suffering from an epidemic of take-over bids and some of them have contained features which have brought criticism upon those concerned in them, including on occasion, I am sorry to say, certain of the less important City Houses. Apart from the impropriety of deviating from the highest traditions of the City of London, it is most regrettable that those who are so fond of shooting wildly at the capitalist system should be provided with a target, however insignificant, that they have some chance of hitting. From this point of view the *Notes on Amalgamations of British Businesses*, which were issued by a working party representative of the principal City Houses interested in the issue of capital, will be valuable, so far as they go, to those who desire guidance on the correct conduct of this class of business. They may also help to keep on the straight path some who might have been led into taking one or two tentative steps into the undergrowth to right or left. If one had to criticise them, one might say that they do not go far enough to prevent those who do not care for the proprieties from offending against them; in fact that what is wanted is not so much a bible to instruct the faithful, as a highway code to check the road hog. The Institute of Directors is also considering the subject and perhaps they or the new Committee on Company Law will be able to go a little further in this direction.

It is, of course, easy to generalise, but the question is: how does one distinguish a good take-over bid from a bad? First of all, as the *Notes* make clear, almost every amalgamation of the traditional kind is, in form, a take-over bid by the larger for the shares of the smaller of the two participants. There is nothing wrong in that. It is incidentally the way in which the countless local banks of the last century in this country have become concentrated into the present banking system as we know it. At the other extreme we get the case where someone, whom I will describe as a mere financier, goes over the heads of the board and offers to buy up a company, some of whose assets (perhaps their premises) are not in his opinion being employed to the best advantage. Having secured control, he can wind up the business, discharge the staff, and redevelop the properties for his own profit. It is not very difficult to conclude that there is something wrong there, perhaps several things. But it is all perfectly legal, and up to a point it finds defenders. The directors, it is sometimes said, have been asleep and must not complain if they are rudely awakened ; it is not in the national interest that any asset should be under-employed. This argument has some validity, especially if money is the only measure of national interest. I do not at all subscribe to one assumption which appears to underlie it, namely that it is the duty of directors to concern themselves first and foremost, and continuously, with procuring the highest possible market price for the company's shares. The processes necessary to achieve this objective must run contrary to the public interest as recently defined by the Chancellor of the Exchequer, namely, that businessmen should use any increases in profits primarily for the two purposes of investment and price reduction; yet it is often the most obvious and sometimes the only defence by a board of directors, however progressive and conscientious, against a take-over bid. Ideally, directors should be able to devote their undivided attention to the running of the business which has been entrusted to them and should not have to worry themselves every day about the market price of their shares nor the identity of their shareholders. There may be occasions where something more drastic than a gentle kiss on the brow from a Prince Charming is needed to awaken the sleeping beauties. It may even be necessary sometimes to tip them right out of bed. But it can seldom be wise to pull down the whole house or even to sell it as it stands to a stranger. If a group of Shareholders are dissatisfied with the way their business is being run, they can come to the annual meeting and make a fuss about it. In certain circumstances they can even requisition a special meeting. They may get voted down, but if their complaints are reasonable and not frivolous, the incident will make the directors think.

Bids may be of two kinds: an offer of shares or an offer of cash ; or a combination of the two. The cash offer has immediate attractions because its value can be exactly assessed and in some cases it wins the day for that reason, but it is not necessarily to the long-term advantage of the Shareholder that he should part with his investment for a payment in cash, however attractive in relation to the previous market price. He loses his holding in a company, and perhaps an industry, in which he had chosen to invest his money, and he is obliged to find a new investment which is as good as the old one at a price which is equally attractive. He is just as likely to go wrong as to go right in this choice. I wonder what sort of a bank Barclays Bank would be today if all our old private firms had been bought out for cash from 1896 onwards. The families of the old partners might be richer or poorer according to how they had invested the purchase money, but I think our present customers would notice a difference which would not greatly please them. Not to withhold credit where credit is due, it must be acknowledged that the merely financial operation which I have described has not figured so noticeably during the present epidemic of take-over bids as it did in an earlier and otherwise milder outbreak about six years ago. There have been, nevertheless, other undesirable features in some of the recent take-overs. I think it is going too far when bid is followed by counter-bid and revised bid, till the price eventually seems much higher than present facts and future prospects really warrant. Again I draw a distinction between the amalgamation of two or more identical or kindred businesses, and the grouping of two or more completely dissimilar businesses, which is

not necessarily wrong but requires closer investigation. It was the Walrus in his famous address to the Oysters who linked together shoes and ships and sealing wax and cabbages and kings. I have always regarded this as a piece of amiable nonsense, but, if I had only recognised it, the Walrus seems to have been an early apostle of the modern doctrine of diversification, which has many most respectable adherents nowadays.

I must not appear to deny the right of the investor to get the highest available price for his shares, if he wants to sell them. It should however be remembered that he derives considerable fiscal and other advantages by being enabled to employ his money in a company which operates on the principles of limited liability, and it is not unreasonable that he be asked to recognise that there may also be limits to his right to consider solely his own interests in the farming of his estate, if I may so describe it. It is only necessary to consider the contingency of a take-over bid for a bank or an insurance company to see the force of this argument. However attractive the price might be, the directors could not possibly recommend its acceptance, unless they were abundantly satisfied that the prior interests of the depositors or policyholders, as the case might be, were fully protected.

It is all very difficult and I do not think that any hard and fast rules can be laid down. Still less do I advocate, as some have done, that every take-over bid must be submitted for approval to the Board of Trade or other official body. I am sure that private enterprise must work out its own salvation. Where a transaction oversteps the mark it is usually, I believe, due basically to an excessive desire for profit blinding those concerned to the considerations of propriety by which they would normally be held in check. The Greeks had a word for it, or rather two words: ἀιδὼς ἀγαθή, which might be freely translated in this context: " don't be too greedy." So far as the City is concerned, I can only suggest that where any unpleasant smell, which in truth is usually recognisable, surrounds any particular transaction, no financial support of any kind should be given to it even though it means turning aside business which is both safe and profitable. In nine cases out of ten, that will kill it.

THE VIRTUE OF THRIFT

Lying behind this question is also the tendency, so prevalent in the modern outlook on life, to deride the Victorian virtue of thrift, the desire to provide for the possible rainy day. High taxation and inflation have combined to make it almost impossible for the individual to accumulate any substantial capital by savings during his lifetime and the Welfare State, while removing financial anxiety about illness and old age, has at the same time diminished in the ordinary man the sense of personal responsibility for his own future and that of his family. Translated into terms of business management we find the same tendency. In olden days it was considered wise and meritorious to write down your assets out of profits, in order to fortify the business against possible misfortune in the future. Nowadays, the result of a policy of this kind is to make the company vulnerable to an unwelcome take-over bid. Formerly extensions were often financed out of retained profits; nowadays we are told, on the contrary, that available profits should be distributed up to the hilt and that when new capital is required the shareholders or the public should be invited to supply it. Unless it can be guaranteed that business will boom for ever, if necessary by the reckless injection of inflationary demand, I cannot believe that the new doctrine is worthy of acceptance, and it certainly accords ill with Government pleas for restraint in dividends. I would much rather leave it to the directors of the company to hold the scales fairly between the present and the future, between current dividends and future expansion. Occasionally a board will err by tilting the balance too far in the one direction or the other, but as a general rule they are the best judges of the true interests of the company, which are also the interests of the long-term shareholders, if not always those of the short-term speculator, to whom the take-over bid provides a quick and often handsome profit.

In the last eighteen months, a number of influences have combined to put great pressure on the market for industrial ordinary shares, with the result that the prices of many of them have recently attained heights in relation to their dividend yield which would have been considered impossible a year ago and do not ring entirely true today. It is perhaps in some degree a moot point how much of this is due to optimism about the future of British Industry and how much to pessimism about the eventual return of inflation. Take-over bids, or the prospect of them, have made their contribution, which is not altogether healthy. On the other hand, there has been, so far as I know, very little carrying of stocks and shares on borrowed money, which has always been a feature of unhealthy Stock Exchange booms in the past. The fundamental cause seems to be that the demand for this class of investment from life insurance funds and pension funds, and now the increasingly popular unit trusts, all of which represent in the main the small savings of private citizens, greatly exceeds the supply, and investment from overseas has also made its contribution. On top of all this comes the Government's long expected proposal to include equities within the definition of trustee securities. In that it will add to the pressure this proposal could hardly have been more unfortunately timed, and many life tenants are likely to be sadly disillusioned when they find that, if advantage is to be taken of it, their immediate income will be drastically reduced. The pressure could perhaps be relieved in some degree by an increase in the supply of this class of investment. This is a wonderful opportunity for companies whose present capital resources fall short of their present or estimated future needs, to invite their shareholders or the public to provide them with some more. In their own interests they should make hay while the sun shines so brightly. The time may almost have arrived when the managers of funds where income is being accumulated should weigh in the balance the certainty of a yield of 5 per cent from a Government Security against the uncertainty of the prospect, however hopeful, in investing in equities at today's prices, which may produce an initial yield of as little as 3 per cent. This would apply particularly to funds which do not pay income tax; money accumulated at 5 per cent doubles itself and its income in less than 15 years provided that the income can be invested at that rate throughout the period; is it certain that an investment in equities today, with the income similarly accumulated in equities, will be yielding more than 10 per cent on the money in 1974?

THE OUTLOOK

Looking to the future we can, I think, take great encouragement from the course of events during the past year not only at home but also in the field of international politics. For my present purpose, I will confine myself to what I will describe as the possible economic by-products of a political understanding between East and West. We must not be too hasty in accepting at its face value any apparent change of heart, but at the same time we must not fail to come half-way to meet any friendly approach made in good faith. If we could reduce, even by a third, the appalling drain on our national income of defence expenditure, which last year amounted to nearly £1,500 million, what a transformation that would make in our financial picture! There would be no lack of competitors for the resources thereby released, but I hope that the Chancellor would place very high on his list the desirability of producing a proper budget. By that I mean a budget which is balanced overall, and not merely at a line drawn arbitrarily somewhere about half-way down the column and including above that line as if it were income the yield of estate duty, which, in the sense that it has to be replaced by new savings, should be regarded as a levy on the Nation's capital. Even without any major economy in defence expenditure, there should be room for some further relief to the taxpayer, and among the many contenders for this much needed benefit I would put first the claim of the hardworking, successful, salaried man, whose personal taxation is still at a level which can only be described as vindictive. I may be told that a balanced budget would have a deflationary effect on the economy. I would retort that the new savings which have been required to counteract the inflationary effect of recent budget deficits would then be available for profitable purposes, one of which would, I hope, be investment in under-developed countries overseas, especially those in the Commonwealth and Empire, where inevitably we have not done as much as we should have liked for some time past. There might even be a small surplus for the reduction of the National Debt, instead of the constant deficits which have been one of the basic causes of the decay in Government credit, in the post-war years. Business in this country today is soundly based, and if the load of unprofitable defence expenditure could be substantially diminished we might well expect to see another mighty surge forward to even greater heights of prosperity, but we must not allow this vision to tempt us to throw away our arms prematurely nor to go to sleep at our posts. The necessary provision for the safety of our Country must come first.

CHELTENHAM AND GLOUCESTER BUILDING SOCIETY

The Society's assets now amount to £34,296,000 (1958 £31,604,000), being an increase of £2,692,000 (£1,329,000) during the year.

The total amount invested by shareholders and depositors during the year amounted to £7,057,000 (£5,598,000), and after deducting withdrawals and allowing for interest added the total increase in savings in the Society amounted to £2,552,000 (£1,516,000).

A record sum of £6,100,000 (£3,129,000) was advanced on mortgage to 3,592 2,810) borrowers.

As a result of the year's working £150,000 (£110,000) has been transferred to reserve, and £45,000 (£40,000) carried forward.

General Manager and Secretary
J. R. Millican, FCA, FBS.

MARTINS BANK LIMITED

COMMENTARY BY THE CHAIRMAN SIR A. HAROLD BIBBY, BART, DSO, DL, LLD

THE EXPANDING ECONOMY OF AN EVENTFUL YEAR OFFERS AN OUTLOOK THAT IS ENCOURAGING AND HOPEFUL: RIGHTS ISSUE—INCREASED PROFITS

The one hundred and twenty-ninth Annual General Meeting of members of Martins Bank Limited will be held at Head Office, Liverpool, on February 10, 1960. *In his statement circulated to members, the Chairman, Sir A. Harold Bibby, Bart, DSO, DL, LLD, writes:*

In November last the Board decided upon an increase in the Bank's Issued Capital and an announcement was, therefore, made to the Press at the earliest possible date on November 5th, of the proposed offer to shareholders of one new 5s. share for every two held at a price of 7s. per share.

Details of the proposed issue are set out in the Report of the Directors and the necessary renounceable provisional Letters of Allotment will be posted on January 15th to shareholders registered on January 1st.

In reaching their decision the Board have taken cognisance of the fact that, whilst the Bank's deposits have increased substantially over the past twenty years, the increase in the capital and published reserves has fallen behind relatively and, therefore, it was desired to improve the ratio of capital and published reserves to deposits and also to fixed assets. The latter include recent heavy investments in the purchase of Lewis's Bank Limited, a 20 per cent shareholding interest in Mercantile Credit Company Limited and also substantial sums spent since the war in building new branches and restoring and renewing old ones.

Our investments in both Lewis's Bank Limited and Mercantile Credit Company Limited have proved eminently satisfactory. The former has brought numerous new customers and enlarged our circle whilst the latter has enabled us to participate in the profitable business opened up in this present-day sphere of finance.

The net profit for the year ended December 31, 1959 (inclusive of a dividend of 10 per cent actual from Lewis's Bank Limited amounting to £61,250 net) is £1,161,411 which compares with £1,050,805 in 1958.

As forecast a final dividend of 8 per cent, less income tax, is recommended which, with the interim dividend of 8 per cent, makes 16 per cent, less income tax, for the year 1959 on the Issued Capital as at December 31st last.

After providing for the Dividend, appropriations from the published profits of £250,000 have been made to Reserve for contingencies and £250,000 to Premises Redemption.

Total assets stand at £397,462,912 (1958—£373,781,066) and current, deposit and other accounts at £362,904,359 (1958—£339,265,701); both these items constitute records.

Our total liquid resources as at December 31st were £124,993,130 (1958—£123,208,616) and the ratio of these resources to our deposits is 34.34 per cent compared with 36.15 per cent, which we regard as satisfactory.

The total of our Quoted Investments, which continue to be valued at under market price, has declined by approximately £22 million during the year due to the increase in our lending which has made it necessary for us to sell some of our British Government securities. Over 99 per cent of the total are British Government securities redeemable at fixed dates, the majority maturing within 4 years.

Total advances inclusive of those made under the Personal Loans Scheme now stand at £144,686,908 compared with £107,498,777 a year ago and may well continue to rise. The new advances are widely spread and include substantial increases to agriculture.

Our Personal Loans continue to be availed of by an ever rising number of customers. Some are old customers of the bank who find that this form of advance suits their requirements best, but many are new to us and new to the banking system itself.

BOARD CHANGES

It is with deep regret to us that Mr Myles N. Kenyon, CBE, DL, has felt it necessary not to offer himself for re-election to our General board and to resign from the Manchester board of which he was Chairman. During long and valued service he has endeared himself to his colleagues, our staff and customers alike.

In the place of Mr Kenyon on the General Board, we welcome Sir Cuthbert B. Clegg, TD, who needs no introduction and who has served with distinction as a member of our Manchester board for the past twelve years.

The Honourable Angus D. Campbell, CBE, who has served on the General Board for nine years, has been elected Chairman of the Manchester board of which he has been a member for nearly eighteen years.

During the year Sir John H. Grey resigned for reasons of health from our Manchester board and it is with deep regret that we learned of his death at the close of the year. His great experience and sound judgment were of immense service to your bank and we shall miss him in no small degree.

We welcome to the Manchester board Sir W. Hereward Clare Lees, Bart, whose assistance will be most valuable.

There have been several changes in the General Management of the bank; Mr J. A. Banks has been appointed a Joint General Manager and has been succeeded as Liverpool District General Manager by Mr N. N. Jobling, MC, TD; Mr D. C. Bardsley has succeeded Mr Jobling as Midland District General Manager.

Mr W. H. T. Laidlaw, formerly Assistant General Manager (Administration) retired in May after forty-eight years of distinguished service.

NEW SOUTH WESTERN DISTRICT OFFICE

We have continued our general policy of opening new branches where we have not previously been represented, and this has been useful to our customers, old and new alike.

In addition, we have done and are in process of doing a large amount of modernisation in our other branches and, while this takes considerable time and causes a certain amount of inconvenience while the alterations are taking place, we feel sure that, when completed, it will add to the general amenities and efficiency.

Following our settled policy of decentralisation, a South Western District will be formed early in the year, with its headquarters at Bristol. This will be administered by its own District board, District General Manager and staff. More local and specialised knowledge will then be made available in dealing with banking business in this important area.

Mechanisation is continuing to absorb a lot of thought and research and, while progress is bound to be slow, considerable headway has been made. We are pressing on with this as a high priority.

There has been a great increase in the pressure of work at many of our branches where the staffs have often had to work long hours, and it has been difficult to find extra trained staff to meet our needs. Steps have been taken which, it is hoped, will eliminate the shortages during the course of the coming year.

Once again I pay a most sincere tribute to the whole of our excellent staff for their loyalty, zeal and hard work during the year.

ENCOURAGING TRENDS

We have noted a pronounced increase in the number of new customers who have opened banking accounts with us.

This is a hopeful sign as it indicates that more and more people are becoming bank minded and many of the old inhibitions of starting a bank account are disappearing. We welcome this change.

The ideal of a property owning democracy is slowly becoming a reality. An expanding section of the community own their homes, own motor cars and investments, and enjoy all the other amenities of modern life.

The most encouraging feature of all, at a time of heavy spending by the nation, is the steep rise in national savings during the year, reflected mainly by increased deposits in the Trustee and Post Office Savings banks and in net investments in National savings.

The year has also witnessed a prodigious rise in stock exchange values. The pressure of savings is steadily increasing, both private and public, through such agencies as the life insurance companies, industrial and commercial pension funds and the like, and these funds together with large capital sums from overseas investors are seeking investment in our industrial field. In relation to these funds, new issues, which are often very heavily over-subscribed, may possibly be regarded as in short supply and such savings are forced into existing securities with the result that some are over-priced. This excess of demand over supply inevitably raised prices and quite rightly is causing some concern in many minds.

Take-over bids have acquired a great deal of notoriety largely because the phrase is used in far too wide a sense. Many amalgamations between firms in similar or allied businesses are wholly good and tend to greater efficiency and are carried out in an orderly and proper manner with the full approval of both contracting boards and shareholders. Others, unfortunately, do not come within this category and the bids and

counter-bids leave the general public with the impression that someone is making far too much easy money. This is bad; bad for business generally and for the City in particular.

It is hoped that the investigations now taking place will produce safeguards against the abuses which are now possible.

PRODUCTIVITY AND COST OF LIVING

The official statistics for the year show that productivity has increased slightly more than wages and this has enabled the cost of living to remain stable and with it the real value of the wage packet.

Here is positive and definite proof of an economic truth regarded by many as a mere theory which would never work out in practice.

This is a creditable performance but it must not be forgotten that much of this increase in productivity has only been made possible and brought about by the investment of large sums of money in modernising old and installing new equipment.

Both political parties are now in favour of amendments to the Truck Acts which are today quite outmoded and, if Parliament approves, it will become possible to credit wages directly to a banking account or pay them by cheque if the recipient approves and suitable arrangements are agreed with the banks.

A tremendous impetus would then be given to many to open a banking account and use this most convenient method for transacting their private business. In the United States of America and in Canada the system of payment of wages by cheque is commonplace and over 80 per cent of households use the banks whereas in Great Britain it is thought that the figure is only round the 30 per cent mark.

However, the process will be comparatively slow; there will not be an overnight change in old habits and practices, and the banks will be able to adjust themselves to the gradual evolution, guided by the pattern in which it develops and aided by automation and adjustments in methods.

The very carefully prepared and exhaustive Radcliffe report was published last August. It is a very full review of our whole monetary system by men fully qualified to deal with this complex subject. Generally, the findings are that the present procedure built up by years and years of experience works well and fits the requirements of our present economy. There are a number of suggestions and these are naturally receiving the most careful study.

EXPANSION OF TRADE THROUGH SLACKENING OF WORLD TENSION

Both at home and abroad 1959 has been an eventful year. There are at least hopeful signs that the temperature in the cold war is moderating and with it the fears of a third and annihilating war are receding.

There is now a prospect of less money being spent on non-productive armaments and, with less taxation being required as a corollary, larger funds should be available for industrial expansion and the developments of nuclear power for peaceful purposes.

Great Britain still leads the world in the more practical application of this new and far reaching science, the potentialities of which are staggering to contemplate. For all this we can be justifiably proud.

Slackening of world tension should expand and develop world trade and there are still hopes that the Common Market and the Outer Seven may be able to merge into a workable whole, giving to each the advantages of a wider field.

Among the younger nations there is a constant urge towards self-sufficiency regardless of economic considerations.

Globally, they should produce what their country, climate, natural resources and people are most fitted for, rather than endeavour to establish and maintain industries by means of import restrictions and other measures to do what can be done better and more cheaply elsewhere.

This tendency is perhaps most pronounced in transport, be it shipping or airlines. In both these important industries, every sort of pressure of flag discrimination, governmental or otherwise, is brought into play to buttress up an effort which has no economic justification and is merely an expensive expression of national pride and independence. This all runs counter to the expansion of world trade which these younger nations should make their first consideration and wherein lies their future progress.

The decided voice of our General Election has dispelled many doubts abroad as well as at home by the removal of all the uncertainties inherent in a possible change of policy.

The holders abroad of over £3,000 million sterling now know that the value of the pound sterling, in which over half the trade of the world is conducted, will be maintained and all fears of a weakening of measures to uphold it can be set aside.

Repayment of the American loan of the equivalent of £90 million is a convincing proof of our determination and ability to honour our obligations in any currency.

With the increased prospects of world peace and with a continuation of our ability to sell abroad, on which depends our full employment, and with the pegging of the cost of living, the outlook is encouraging and hopeful.

UNOFFICIAL STRIKES AND INDUSTRIAL RELATIONS

The biggest fly in the ointment is the spate of unofficial strikes. These are condemned equally by the Trade Union leaders and the employers.

There is existing machinery for settling all disputes and there is, therefore, neither rhyme nor reason in stoppages. Now that the Trades Union Congress have taken this matter seriously in hand there ought to be no doubt that a solution will be found particularly as so many of these unofficial stoppages occur from demarcation disputes between the different unions. Thousands of their fellow workers, who are in no way concerned in the dispute, are thrown idle and they, with the general public, suffer hardship. The time will surely come when these innocent sufferers will no longer stand aside inarticulate and inactive.

Unless the Trade Unions can guarantee that agreements, which they have freely negotiated, are enforceable on their rank and file there is little or no justification in reaching such agreements, nor if they fail in this essential is there justification for the Unions themselves either from their members' or the employers' point of view.

That road leads straight back to the jungle.

The chief sufferer from "wild-cat" strikes is the trade unionist mouse who through intimidation or apathy does not attend his branch meeting and so assert his undoubted authority.

If this defect in our industrial organisation can be rectified and Trade Union authority is reasserted, we can look ahead with added confidence.

MARTINS BANK
LIMITED

STATEMENT OF ACCOUNTS 31st December 1959

LIABILITIES	£
Capital paid up	6,595,532
Reserve Fund	5,500,000
Current, deposit and other accounts (including Profit and Loss Account)	363,981,105
Acceptances and engagements on account of customers	21,386,275
	£397,462,912

ASSETS	£
Cash in hand and at Bank of England	28,960,362
Balances with, and cheques in course of collection on, other banks in the British Isles	29,531,883
Money at call and at short notice	28,029,919
Balances with banks abroad	529,418
British Government Treasury Bills	61,290,000
Bills discounted	6,712,849
Investments	67,027,714
Advances to customers and other accounts	144,686,908
Subsidiary Companies	1,625,000
Trade Investments	3,009,495
Bank Premises	4,673,089
Liability of customers for acceptances and engagements	21,386,275
	£397,462,912

LONDON DISTRICT OFFICE: 68 LOMBARD STREET · EC3

HEAD OFFICE: WATER STREET · LIVERPOOL 2

WILLIAMS DEACON'S BANK LIMITED

VERY SATISFACTORY RESULTS

POLICY OF EXPANSION CONTINUED

STRENGTH OF STERLING OUTSTANDING FEATURE OF THE YEAR

SIR ERIC A. CARPENTER ON THE ECONOMIC POSITION

The Annual General Meeting of Williams Deacon's Bank Limited will be held on Thursday, February 11th, in Manchester.

The following is the statement by the Chairman, Sir Eric A. Carpenter, OBE, on the Report and Accounts for the year ended December 31, 1959:

The proceedings at the Annual General Meeting will be restricted to the transaction of formal business and I propose to continue what is now the normal practice of issuing a brief statement of the Bank's affairs in advance of the Meeting.

From the Report and Accounts you will see that our Deposits have risen during the year and now stand at £142,764,089, an increase of £3,905,863.

On the Assets side, the liquid items, namely Cash, Money at Call and Bills Discounted, amount in total to £44,910,835 or 31 per cent of our Deposits.

In order to provide for the heavier borrowings of our customers we have reduced our holding of British Government securities to £26,821,199. These we continue to value at market price or less.

Advances at £61,280,435 have continued to rise and are now £11,417,718 or 23 per cent more than they were a year ago. This is a large increase but in line with the experience of all the Clearing Banks who have been able during the year to meet the requirements of their customers much more fully following the ending of the credit squeeze in the previous year and the freeing of capital issues from control. It also includes, of course, those new loans to individuals under our personal loan scheme which has been continued with satisfaction both to the Bank and to its old and new customers during the year. We expect to see advances go on increasing in the future, though perhaps at a slower rate, as the schemes which some of our industrial customers have in mind come to fruition.

Our Net Profit, after making the usual provisions, which include contributions to Staff Pensions and Widows' and Orphans' Funds, and appropriations to Contingencies Account, is £541,017, an increase of £66,683 on the year.

With the balance brought forward of £136,764, a total of £677,781 remains to be dealt with. After transferring £150,000 to Pension Funds (additional to the usual contributions to these Funds) and having paid in July an interim dividend of 9 per cent on the Paid-Up Capital, we propose to pay a final dividend of 11 per cent and to carry forward £221,531. I feel sure you will agree that these results are very satisfactory.

As the size and strength of the position of the Three Banks Group may not be fully realised by all our friends we have decided to include with our Accounts, as a matter of interest, a condensed Consolidated Balance Sheet of the Group. We have always prided ourselves on the closeness of the personal relationships we have been able to maintain with our customers, which we are sure is a source of satisfaction to both parties, but the combined figures of the Group are also an indication that those who benefit from these personal relationships also obtain the advantages which flow from the availability of large resources.

I am glad to report that our associate hire purchase finance company, The British Wagon Company, has continued to expand and though competition in that field is now stronger we can, I think, safely expect further progress as time goes on. In the meantime, our association with them has strengthened during the year as experience has shown the extent to which their business is complementary to our own.

During the year our policy of expansion has continued and Branches of the Bank have been opened at Nottingham, Coventry, Romily, in the new town of Basildon and at Marsden Street (Market Branch), Wigan. At Fulwood, Preston, we have established our first Drive-In Branch, primarily designed for the benefit of motorists but giving also a normal full banking service. It is hoped that this Branch will be of service to those who wish to use their cars when visiting the Bank but find that traffic congestion makes this impossible in the main streets of the town. In addition to the Drive-In facilities the Branch has ample parking space.

The plans for the new Head Office of the Bank, to which I referred last year, are well advanced and it is expected that work will commence on the site in the near future.

In conjunction with The Royal Bank of Scotland and Glyn, Mills & Co., we have established a representative office in New York. We have for many years maintained the most friendly relationships with United States Banks who act as our agents but, while these will continue unimpaired, our growing interests have convinced us of the need to have our own representation in New York. We have therefore appointed Mr F. H. Blaxill, assisted by Mr M. G. Burnett, as our representative. The address of their office is 63 Wall Street. We hope that their services will be found to be of great benefit to our customers in all matters relating to the United States.

AN EVENTFUL YEAR

I now turn to events in a wider sphere. The past year has been an eventful one in many ways. Any period which included the launch of the Russian moon rockets, an invitation to a summit conference, and its acceptance, as well as the opening of the St. Lawrence Seaway, would leave its mark on the calendar of time. Internally, it has seen an election and the publication of the Radcliffe Report on monetary policy, which I refer to later.

There has been much coming and going among the leaders of the nations leading to the summit conference to be held in Paris in May with, it is hoped, further conferences to follow. Past experience does not encourage one to be very sanguine of the achievement of such conferences. Yet, if what I believe is the fervent desire of the masses of the people of all nations, an assurance of peace and the end of the arms race, activates the minds of all participating in the conferences, the result can be a resounding success bringing untold benefits to the whole of mankind.

The year which has just ended has been one of great material progress almost everywhere and the outlook seems set fair for the year ahead, yet such progress is as nothing to what could be achieved, for the under-developed nations especially, if only there were an assurance of peace and co-operation in the world.

THE RADCLIFFE REPORT

There has been no dearth of matters of particular interest to Bankers, the most important perhaps being the Radcliffe Committee's Report on the monetary system. The year began with the suspension of the operations of the Capital Issues Committee except for overseas issues and has ended with the Payment of Wages Bill and the White Paper on Trustee Investments. Of interest, also, are the arrangements to give trustee status to certain Building Societies.

The Report of the Radcliffe Committee is a model of lucidity and should be studied by all who would understand the workings of the British monetary system. The Committee are to be congratulated on an exposition which is at once easy to read and yet comprehensive of all aspects of a complicated matter.

Not everyone will agree with all the recommendations which they make and I find myself in agreement with the Chancellor in rejecting the suggestion that changes in Bank Rate should be made by him since that course would invest all such changes with a political flavour, which most of them would not warrant, and which might possibly be misconstrued abroad. The modification which has now been made whereby changes are announced as having been agreed with the Chancellor, thereby leaving the major part of the responsibility with the Governor of the Bank of England and his colleagues, seems an admirable one.

No one will disagree with the dictum that the fullest possible information should be available to the monetary authorities in their delicate task of deciding when and what action to take to keep the economy on an even keel and strike a balance between what can be conflicting criteria for the general good, and I am sure the banking industry will play its part in providing information. For some months now additional collective figures have been provided along with the monthly balance sheets of the Clearing Banks. I think, however, it is only right to say that only a small part, if any, of this information is of immediate use to the Banks in their daily work and the compilation of the figures means many hours of labour in the thousands of Bank Branches throughout the country.

The most important parts of the Committee's Report are, I think, those in which it draws attention to the fact that monetary measures are not and cannot be a policy in themselves and that money and money substitutes such as bank deposits are not the whole story. Monetary measures are only part of general economic policy which includes other factors such as physical controls and fiscal measures, and with money and money substitutes must be included all the liquid and near liquid assets of those who would spend and of all those who are willing to lend to them.

The economy is now running smoothly and it is generally acknowledged that this is partly due to the stern measures taken in 1957 in which the banks were called upon to play a leading part. As on many other occasions, they carried out the wishes of the authorities without demur and were glad to do so for the general good. This sort of arrangement has always worked well in the past and is to my mind more flexible than any statutory arrangement. I therefore find the Committee's recommendation that the present conventions, whereby the Clearing Banks maintain ratios of 8 per cent of deposits in cash or at the Bank of England and all told about 30 per cent in liquid assets, should be made explicit somewhat unnecessary and out of keeping with British banking traditions. There is nothing sacrosanct about these particular figures and the time may come when it may be desirable to change them—the Payment of Wages Bill may itself reduce the need for so much cash in the till—in the interests not only of the Banks but of the community at large. I hope therefore that this particular recommendation will not be proceeded with.

One of the suggestions of the Committee was that the public might find a use for an additional method of making money payments to supplement the use of notes, coin, postal orders and the bankers' cheque. The Clearing Banks have already announced that this question is receiving their close attention and I am sure that they will do all they can within the limits of their resources of man and machine power to fill any need that is found to exist. We shall, of course, take our full part in this.

STRENGTH OF STERLING

The outstanding feature of the year in the currency field has been the strength of sterling, flowing from the monthly surpluses, until October, in the balance of payments. This has made it possible to repay in advance of the due date the amount borrowed from the United States Export Import Bank and part of the amount obtained in 1956 from the International Monetary Fund, as well as to forgo the renewal of the Fund's standby credit and to pay the instalments due at the end of the year on the American and Canadian loans. The performance of sterling during the year is a matter for congratulation all round, particularly to those of our exporters who have been successful in selling so much in the dollar markets.

ESTABLISHMENT OF EUROPEAN FREE TRADE ASSOCIATION

A most important event in external economic affairs has been the formation of the European Free Trade Association, usually referred to as the "outer seven," following upon the breakdown of the negotiations with the six countries of the European Common Market a year ago. The principal difference between these two groups is that the outer seven are free to retain their individual tariffs against the outside world.

The negotiations with the six broke down because of the fundamental difference of outlook of the two groups of countries. The basic intention of the Common Market six is to use the removal of tariffs, quotas and other restrictions to bring about a complete integration of the countries, first economically and then perhaps politically, with the rules prepared beforehand. The outer seven, however, whilst agreeing to similar reductions of tariffs and quotas between themselves, have left their members free to fix their own tariffs with the outer world and have also left points of difference and difficulty to be dealt with as they arise.

Just as the Common Market is creating uncertainty for some British industries in their trade with the six countries because their competitors within the area will have the benefit of tariff reductions, so will a few industries have to face lowered tariffs here for products of the outer seven but, on the other hand, many industries will get the benefit of reduced tariffs on their exports to the other members of the outer seven.

The formation of the two groups was bound to cause some diversion of trade but larger areas of free trade must, in the long run, make for greater economic strength and the only disappointment is that there has to be this division of Western Europe into two areas. The hope is, however, that the establishment of the Free Trade Association will bring about the conditions in which the two bodies, the Seven and the Six, can come together and the machinery for discussion is available through OEEC whenever the climate is favourable.

The Free Trade Association, though in the first place a defensive measure, is to be welcomed since it enables this country to preserve its special links with the Commonwealth whilst becoming a partner with like-minded European nations in a scheme to reduce obstacles to trade, which is open to others to join.

Since the war many new countries have come into being and this country has been instrumental in helping a majority of them to birth. The immediate effect of independence has been that a highly competent and incorruptible civil service has been replaced by locally recruited talent.

Since the war, too, the United States has given aid, in other words outright gifts, to many countries on a munificent scale, if not without strings or conditions at any rate without really effective control over the degree of efficiency with which the funds were used.

SUGGESTED AID FROM WESTERN EUROPE

This aid, in spite of its scale, was given until recently without any adverse effect on the United States balance of payments and to that extent is a measure of the great strength of the American economy. Now that the external position of the United States is under a little strain—though because of its huge gold reserves this is insignificant in degree—and the currencies of Western Europe, especially Britain, are stronger, the suggestion has gone out that Western Europe should be the more ready to help with the development of the economically less developed parts of the world.

This is a matter which we should welcome but I should like to make some observations upon it. Some fifty or more years ago, when this country was pre-eminently the supplier of capital to overseas countries, both to governments and to commercial concerns in those countries, the practice was for the government or the railway, or whatever concern it might be, to come to the London Capital Market and make an issue of stock or shares. It should be remembered that those were the days before direct government to government dealing. There was, however, a sanction in that if interest and repayments were not met on the due dates, the reputation not only of the concern but also of the country suffered. Defaulters would get no more loans except on onerous terms and, naturally, the most favourable terms were almost entirely reserved for those lands and concerns under British control or influence. It was in this way that, for instance, the railways of India, Canada, Brazil, Argentina and, to some extent, even the United States came to be built. I think I would like to see some similar sort of arrangement brought into being again. It could not be done for the under-developed countries without some outside help but a partial government guarantee of the lending countries, if need be shared by a number of governments on a co-operative basis as was done with the Dawes and Young Loans to Germany in the 1920's, would be a good thing. The old system was not only free of political control but was seen to be so by the receiving countries. Nowadays, such organisations as the World Bank and the International Finance Corporation are working on these lines and giving help on a non-political basis where they consider the borrower creditworthy, and I should like to see an extension of this work. I am not unmindful of the excellent work of the Export Credits Guarantee Department, with the assistance of the banks, in helping exporters to grant long credit to overseas buyers but I feel that, in the long run, it would be better if the necessary finance was arranged as a separate transaction.

PAYMENT OF WAGES BILL

The Payment of Wages Bill should have a welcome from employers and employed alike since it is permissive in character. Obviously, since it presages a spread in the banking habit among new sections of the population, it is a development which will receive a particular welcome from the Banks. But payment of the whole of the wage, particularly a weekly wage, by a cheque promptly cashed at a Bank or by a shopkeeper creates problems for banks, shopkeepers and wage earners. Surely a more practical method would be for the employee to elect to receive a fixed sum each week in cash to cover his normal household and personal expenses and for the balance of his wage to be credited to a banking account on which he would draw cheques to cover all his other expenses. Such a course would avoid congestion at bank counters and also any embarrassment to shopkeepers in changing cheques.

GOVERNMENT'S PROPOSALS TO WIDEN INVESTMENT POWERS OF TRUSTEES

The end of the year brought the news of the Government's intention to pass legislation to widen the investment powers of trustees.

If the proposals become law, trustees will be enabled, amongst other things, to put half the trust funds into equities subject to certain conditions.

For some time the trustees of many charitable and other bodies have been applying to the Courts and in other ways obtaining wider powers of investment than those available to them under the existing Trustee Acts, and our Trustee Department have for many years advised testators to make provision for similar wide powers when drawing up wills and trusts. The new proposals will have the effect of allowing all trust funds the benefits which can come from wider powers of investment.

Since the war it has become painfully evident that the old rules do not protect trust funds

against inflation, indeed quite the reverse, and equally they prevent such funds from participating in the economic growth of the community by restricting them to fixed interest stocks.

We have had stable prices for over a year and, quite possibly, the risks of serious inflation have disappeared for the time being but since the hope is that the next decade will see great progress in economic affairs, it seems only right that trust funds should not be debarred from participation in that progress.

How great has been the deterioration in the position of trusts may be seen from the fact that retail prices are now two and three-quarter times what they were before the war and whilst the prices of government securities are less than they were ten years ago, ordinary shares in general have trebled in price. It may well be that at the present time, with ordinary shares showing such very low yields and gilt edged showing a return almost as high as it has ever been except in times of crisis, there is not much cause to make a change but at least a trustee should have the right to do so.

THE COTTON INDUSTRY

The year has brought the cotton industry both the stick and the carrot in the form of the adverse decision of the Restrictive Practices Court on the Yarn Spinners Agreement and later the Government's compensation scheme with the object of reducing the scale of the industry and helping the part left to re-equip. But the weather and other factors have also taken a hand so that a year which began with considerable hesitancy and severe falls in price after the verdict of the Court was known, saw the compensation scheme taken up on a scale that was hardly thought likely, though not more than is probably necessary, and a minor boom at the end as the sales, due in some measure to the fine summer, called for replacements. So far, no serious unemployment problems have arisen from the closings under the compensation scheme, in fact quite the reverse, and little difficulty seems likely to come as workers are taken up by the remaining mills and by other industries.

A DIFFICULT YEAR FOR SHIPPING

The shipping industry has had another very difficult year and though the portion of the merchant fleet which is laid up is less than that of other countries, particularly the flags of convenience, it is still depressingly large. However, at the end of the year there was a more encouraging turn in freight rates and generally the outlook seemed to have improved a little, but it is too early to say whether this improved situation will have any degree of permanence with so much new tonnage becoming available in the near future. Not unnaturally the shipbuilding industry, too, has experienced similar conditions, any new orders during most of the year being matched by cancellations and a consequent running down in the order books. Only in the last few weeks of the year did a comparatively large inflow of new orders bring some relief but the competition is very keen and the prices obtained unattractive. They do, however, indicate that, after their great efforts to modernise, British yards are still competitive under the most difficult conditions and so should be ready to take immediate advantage of any improvement when it comes.

CONFIDENCE IN FUTURE PROSPECTS REDOUBLED

Two years ago, in the midst of the economic crisis, I said our difficulties could be overcome by co-operation in the use of the available resources of both men and materials to the best advantage and last year I was able to indicate that with the removal of restrictions, especially those placed on the banks, I could take a confident view of the future, particularly if we could have stability. We have now had a year of stable prices and in other ways the economy is distinctly healthy, so that my confidence in the prospects of the economy in the immediate future is redoubled. The outlook seems bright with our trading position soundly based, and I see no reason at all why we should not make rapid progress in our economic affairs and so be able to look forward to ever-improving standards of living for our people.

The Bank's business continues to grow and this has been an active year for the Staff in the spread of new branches and in many other ways, and I would like to express on behalf of myself and all my colleagues on the Board to Mr Allman, the General Manager, to the Assistant General Managers and to all members of the Staff wherever they may be stationed, our best thanks for their devoted services throughout the year and our appreciation of their keenness and enthusiasm.

FLOWERS BREWERIES LIMITED

A RECORD YEAR

SIR FORDHAM FLOWER'S STATEMENT

The Sixty-second Annual General Meeting of Flowers Breweries Limited was held on January 11th in London, Sir Fordham Flower, Chairman, presiding.

The following are points from his statement:

It has been a record year. Group profits before tax have gone up from £765,000 to £1,045,000. The main cause is increased sales of Flower's Keg Bitter and Brewmaster.

Our reciprocal trading arrangements with Friary Meux and H. & G. Simonds are working well. Your Company has made a substantial investment in the ordinary shares of Ushers Wiltshire Brewery. In July we entered into an agreement with Whitbread & Co. whereby Mackeson Stout is stocked in our houses and we supply Flower's Keg Bitter to a considerable number of theirs. Mr W. H. Whitbread has accepted our invitation to join the Board.

The recent extensions to the Luton Brewery are working satisfactorily, and we are expanding the capacity of the Stratford-on-Avon Brewery.

IMPROVEMENTS TO PROPERTIES

Our properties are being revalued. Fifteen new houses are to be built during the next two years. There are still a number of houses which do not come up to modern standards. In view of our successful trading results we are accelerating our programme of improvements to these properties so that the work on them may be completed within the next three years.

The rights issue of Ordinary Shares was taken up enthusiastically. Your Board forecast a total dividend of 18 per cent on the ordinary capital prior to the rights issue. An interim dividend of 6 per cent has been paid and a final payment of 12 per cent is now recommended.

I am glad to say that since the beginning of this financial year our trade has increased substantially.

The report and accounts were adopted.

MITCHELL COTTS GROUP LIMITED

MR H. C. DRAYTON REVIEWS A DIFFICULT YEAR

The Fortieth Ordinary General Meeting of Mitchell Cotts Group Limited was held on January 8th in London.

Mr H. C. Drayton, the chairman, presided and, in the course of his speech, said:

Shareholders will have been expecting that our trading profits would be down as compared with the previous year, as it will no doubt be recalled that when we maintained the interim dividend at 10 per cent last July, we issued a circular to all members warning them that the adverse factors to which I referred in my speech last year were still continuing to affect sections of our Group's trading. In a business like ours we can always expect to have one "kicking horse"; business would be uninteresting if we hadn't, but this year we had four, shipping, interruption of trade in Iraq, recession in Canada and restriction on imports in the Sudan, which is a bit too much of a good thing.

In the circumstances, therefore, we have felt that to have been able to cover our total ordinary dividend of 25 per cent has not been too bad an achievement and we are recommending that we do maintain the total distribution for the year and shall be inviting you to approve our recommendation of a final dividend of 15 per cent making 25 per cent.

The final consolidated net profit after all adjustments and taxation, is down from £554,851 to £366,119. This enables us to pay the dividends I have just mentioned and still be able to add some £66,000 to the unappropriated balance carried forward.

After reviewing the Group's world-wide interests, the Chairman continued: The Textile industry continued in the doldrums during the year and, although we had got John Shields & Co., pretty well reorganised and in good shape, we were still losing quite a lot of money with it. We therefore felt that we were doing the right thing when, coincidentally with the Government Scheme to scrap surplus looms and spindles, we were approached by another Company with the idea that they should take over a good deal of our activities which happened to be complementary to their own. This we did and then closed down and scrapped the surplus machinery under the Government's Scheme. We cannot tell yet just how we shall come out financially on the closure of this business but we shall no doubt have some losses to absorb in the current year which I do not think will be too onerous.

CURRENT YEAR

In the Accounts you will see that the net profit before taxation last year was £599,027. This amount included all our revenue before charging tax, but was after all other expenses, though it did include adjustment to profits of previous years and capital profits which together amounted to £253,000.

Subject to two factors:—(a) The valuation to be put on our stocks at the end of the year ending 30th June next and, (b) Political upheavals in any part of the countries in which the Group operates, and you must not underestimate these two factors, I shall be disappointed if our true trading profits for the year do not show an appreciable increase on that figure. This forecast takes no account of any adjustments for previous years' or capital profits that we may be able to bring in, the amount of which is always impossible to foresee.

The report and accounts were adopted.

SECOND COVENT GARDEN PROPERTY

CONFIDENCE IN GROUP'S PROFIT-EARNING ABILITY

The twenty-sixth annual general meeting of Second Covent Garden Property Company Limited was held on January 13th in London, Sir Brian Mountain, Bart (the Chairman), presiding.

In his statement reviewing the accounts for the year to September 30, 1959, including those of Covent Garden Properties Co. Ltd., Sir Brian said that the Group revenue had again shown a satisfactory increase. The Group profit before taxation amounted to £635,566 compared with £604,569. The net profit after providing for taxation and minority interests was £227,933 compared with £175,133.

Referring to Covent Garden Market Sir Brian said: The Government has publicly stated its intention of acquiring your Company's entire interest in the market and the surrounding properties. Preliminary negotiations for the acquisition have already started, but it is at present too early to give any idea of the price which may be agreed or the length of time that might elapse before the transfer of ownership takes place.

Commenting on new projects, Sir Brian said that during the year the Company acquired a 50 per cent interest in Business Property Investments Limited, whose principal asset was Dean Bradley House, Westminster, recently let for a long term to Imperial Chemical Industries Limited.

The Company also acquired on October 1, 1959, the entire issued share capital of City and Town Buildings Ltd., which with its subsidiaries constituted a progressive group of property investment and development companies.

The Board had also been investigating the possibilities of property investment overseas. As a result, a substantial interest had been acquired in Realty Development and Mortgage Co. Ltd., which was a newly established property investment and development company in Australia. Negotiations were also in progress to set up a property investment company in Canada, in which the Company would have a major interest in partnership with other UK interests.

Sir Brian concluded: Shareholders will appreciate that a larger portion of the group assets than in the past will in future be employed in development projects and as much of the investment described earlier is of a long term character, that large rewards cannot be expected in the early stages. In addition, if the Government proceeds to acquire the Covent Garden Market under compulsory powers, there may well be considerable disturbance of the group revenue pending reinvestment. Nevertheless, your Directors have great confidence in the prospects of the Group and of its ability to show substantially increased earnings in the future, and have a number of interesting propositions under consideration.

The report was adopted and the total dividend of 15 per cent (against 12½ per cent) was approved.

ANSELLS BREWERY LIMITED

"THE BEST PINT AT THE PRICE FOR QUALITY AND STRENGTH"

The fifty-ninth annual general meeting of Ansells Brewery Limited, was held on January 14th at Birmingham, Mr A. E. Wiley (chairman and joint managing director) presiding.

The following are extracts from his circulated statement:

I am pleased once again to submit to you, on behalf of your Board, the statement of accounts for the trading year ended September 27, 1959. The year has been a difficult one, but after a very trying six months, the remainder of the period was successful owing to the wonderful summer, which I am told is the best recorded for over 150 years. In April last, you will recollect, the Chancellor of the Exchequer reduced the beer duty to the Brewers by 4s. 7d. per bulk barrel, but owing to the fact that he reduced the retail price to the public by 4s. per bulk barrel, your Company, together with all other Brewers, has been faced with an additional charge in respect thereof, of 4s. 5d. per barrel, which, thanks to the exceptional summer, was able to be partially mitigated by the increased trade. The Chancellor also adjusted the licence duty, but this does not operate until the current year, as such licence duty had already been paid prior to the Budget.

RISING COSTS

The period under review has again been one of rising costs of wages in the Brewery and Licensed Houses, materials and services of all kinds, particularly of local rates on our Breweries and Bottling Stores, which operated from April 1, 1959, owing to de-rating. It will also be noted that the Depreciation charge is higher by some £20,000. Further, in accordance with your Board's policy of maintaining its licensed premises, Brewery, and plant, in a full state of efficiency, the cost expended on this item has been £643,391, being £20,977 more than in the previous twelve months.

The Group trading profit for the year was £2,532,825, showing an increase over that of last year of £32,058. Owing to the impact of the Budget, your Board thought fit to transfer from the Stock Reserve Account £85,780, in order to deal with the substantial stock losses caused by the change in the Budget; also in addition a charge has been made in the accounts to include credit given to our tenants and free trade customers to compensate them for their stock losses, because of the express wish of the Chancellor to reduce immediately retail prices to the public.

The charge for taxation this year is lower owing to the change in the standard rate, but nevertheless it is still a penal charge, and I once again mention the fact of the unfair treatment of Companies such as yours by reason that no "depreciation of buildings" allowance is given against taxation in respect of hotels, licensed houses, and other retail establishments controlled by your Company. This is an injustice that should be righted forthwith, because large sums of money are necessary in order to maintain and modernise such premises.

PROPOSED SCRIP ISSUE

The net profit for the year of £1,233,274 is £150,516 more than last year. In addition there is an excess provision for taxation from the previous year of £105,057. Therefore, if you will turn to page 3 of the Directors' Report and Statement of Accounts, you will see the disposable balance is £1,823,463. I have for some years explained to Stockholders how necessary it has been to conserve the resources of the Company, taking into consideration the large amounts we have had to find to reconstruct our Brewery, Bottling Stores, Plant, Machinery and Boiler-houses. Your Directors now feel that the Stockholders should benefit in the way of an increased dividend out of the profits which are available, and, as you will see from the Directors' Report, it has been decided to recommend an increase of 3 per cent in the rate of the final dividend. It has also been thought appropriate to reflect in the amount of the ordinary capital some part of the profit reinvestment which has taken place in recent years.

It is therefore proposed to capitalise part of the reserves of the Company by making an issue of fully paid Ordinary Stock to the Ordinary Stockholders in the proportion of One £1 Ordinary Stock Unit for every Five £1 Ordinary Stock Units now in issue.

Continued progress has been made, and is still being made, on modernising our Breweries. We were particularly fortunate in having completely re-equipped our enlarged Bottling Stores in time for the greatly increased demands on output brought about by the fine summer.

EXPENDITURE ON MODERNISATION

Expenditure during the last ten years on this modernisation programme has amounted, so far, to well over £2 million—money well spent to uphold our new slogan "The Best Pint at the Price for Quality and Strength."

The good quality of the barley and hops this harvest should help us to maintain the high quality of our beers, especially as amongst our blends will be malt from the championship barleys grown this year on our doorstep in Shropshire.

HOTELS AND NEW HOUSES

The "Victoria Hotel," Torquay, still remains very popular with the public, and your Directors are hopeful of another successful season.

It will interest Stockholders to know that we have opened ten new houses in various districts during the last financial year, all of which, your Directors feel, should prove to be profitable undertakings, thereby helping to replace barrelage lost in the re-development areas.

"Penns Hall Hotel," after extensive alterations, was reopened on November 17th.

We have also reopened the "Greswolde Arms Hotel," Knowle, after an extensive overhaul.

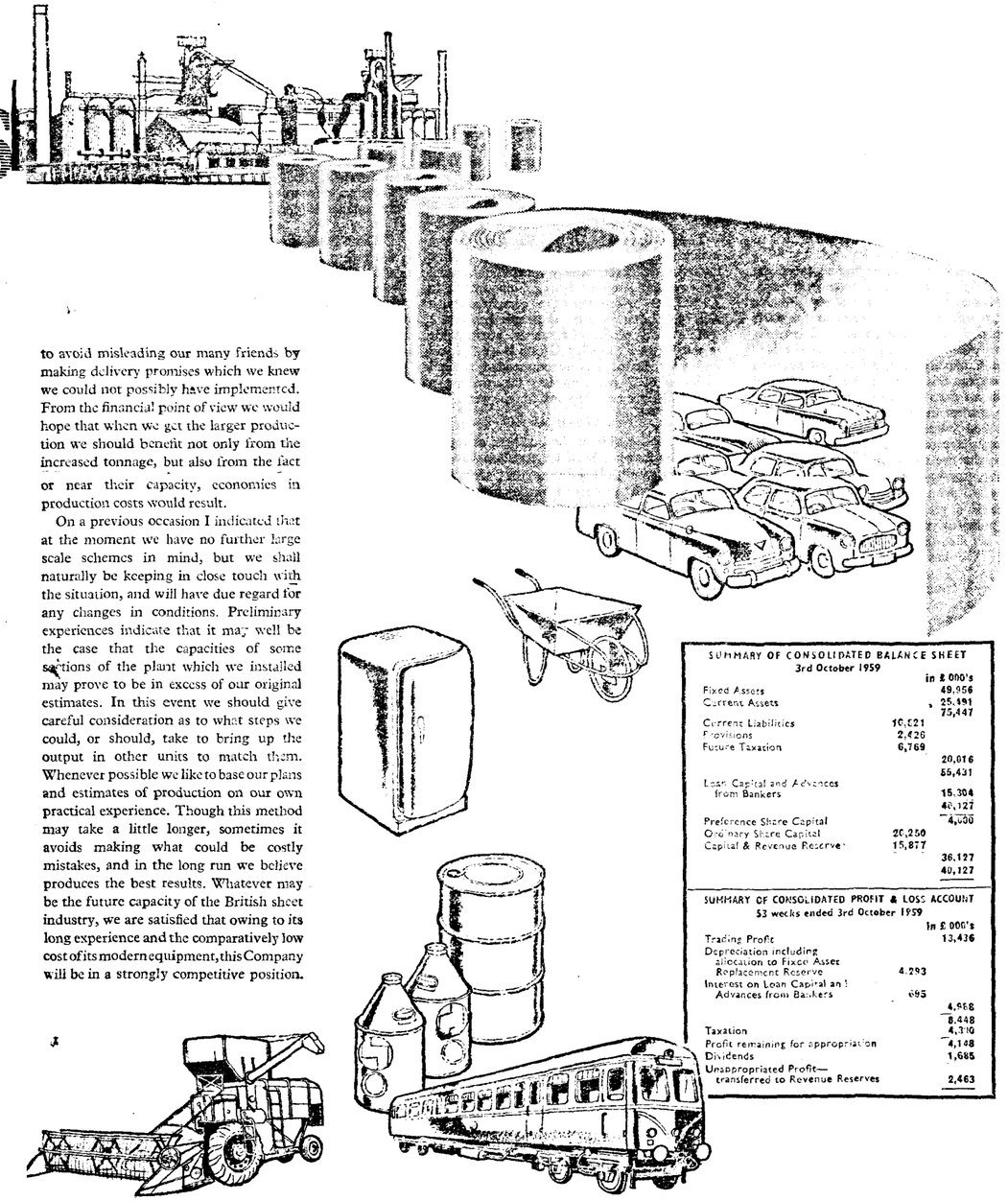
The mutual arrangements made between your Company and Messrs Mitchells & Butlers Limited are working very satisfactorily, and the first new licensed house, the "City Arms," Coventry (trading as Associated Midland Brewers Limited), was opened on December 15th last. Two other houses are in course of negotiation with the Local Authority concerned.

I think perhaps our Stockholders should know that all our Subsidiary Companies have played their part in contributing to the profits of the parent Company.

The report and accounts were adopted.

John Summers

AND SONS LIMITED



Extracts from the Statement by the Chairman **MR. RICHARD F. SUMMERS**

to be presented at the ***Annual General Meeting*** *on Thursday 4th February 1960*

BEFORE embarking on this statement I refreshed my memory with what I had said at this time last year. I found that under "Future Prospects" I forecast that there would not be any significant increase in our production and deliveries, but that demand would be such that it would enable us to dispose of everything we could make. I also predicted that the financial results would be somewhat similar. In the event it seems that my forecasts were reasonably accurate. If anything the financial results are somewhat better than had been expected. Deliveries of sheets were up by some 40,000 tons, and the demand was very heavy throughout the year.

DIVIDEND

I do not propose to go into details with regard to the Balance Sheet and Profit and Loss Account, as these, and any changes we have made in their presentation, are explained in the Directors' Report. You may recollect that in June when we capitalised some of our Reserves, giving Shareholders one new Ordinary Share for every two held, it was made clear that these new Shares would rank for the final Ordinary Dividend to be paid early in 1960, and that if the same total amount were paid as in the previous year the final dividend would be at the rate of 6¼% on the enlarged Capital. It was further indicated that we hoped that when the time came it might be possible to justify some modest increase on this rate. I am glad that we do in fact find ourselves in a position to fulfil this forecast and to recommend a final dividend of 8¼%. I have said on a number of previous occasions that our objective is to develop the Company and increase its efficiency whenever we can, and at the same time endeavour to give a fair return to our Shareholders. Taking everything into consideration I believe that our achievements last year can be said to have lived up to this aspiration.

PROGRESS OF DEVELOPMENT SCHEME

Unfortunately owing to a number of circumstances we have been delayed in the completion of our development scheme. We did however bring into operation the two new down coilers on the hot strip mill in April, and shortly after the end of the financial year we brought into commission the two-high reversing mill and the new re-heating furnaces. These were two steps in the overall plan for increasing production from the hot mill, and we have already felt the first benefits of their operation. At the time of writing this statement our Engineers are engaged on the last, and perhaps the most complicated, of the major changes on the hot mill—that is, installing at the end of the finishing train the two original roughing mills. The preparation of the foundations for these was very ingeniously carried out without interruption to production. This completes the main alterations to the hot strip mill, but we shall not be able to take full advantage of them until the modifications to the slabbing mill have been completed, and until the new finishing departments are ready. Progressively during the year further sections will be brought into production, and we are hopeful that towards the close of the current financial year all the major units will be in operation, with the exception of the new cold reduction mill, which was one of the additional items referred to in the Directors' Report, and which was only ordered some twelve months ago. So far as steel making capacity is concerned we have all that is required, and the output of ingots can be progressively stepped up as and when the mills are in a position to roll increased quantities.

Whilst it is regretted that we have not completed this scheme by our original target date, it has been by far the most complicated that we have ever embarked upon, as it entailed drastic modifications to existing units, and great ingenuity has been required to keep down to the minimum the interruption to the current production. Much credit is due to all those concerned for the way in which they tackled, and are tackling, this difficult and intricate manoeuvre.

COMPANY'S FUTURE PROSPECTS

I have already said that we hope 1960 will see the completion of our present expansion scheme. We do not expect to see much in the way of increased production during the first half of the year, as we shall be busily engaged in transferring and modifying much of our finishing equipment, but we would hope that in the latter half we should begin to reap the benefit of these changes and be able to increase our deliveries, and that by the end of the year the capacity at Shotton would be approaching its target. Our order book is full, and we are anxiously awaiting the time when with increased production we shall be able to meet more nearly the requirements of our customers. We appreciate that during the past year we have been unable to do this, but we tried to avoid misleading our many friends by making delivery promises which we knew we could not possibly have implemented. From the financial point of view we would hope that when we get the larger production we should benefit not only from the increased tonnage, but also from the fact or near their capacity, economies in production costs would result.

On a previous occasion I indicated that at the moment we have no further large scale schemes in mind, but we shall naturally be keeping in close touch with the situation, and will have due regard for any changes in conditions. Preliminary experiences indicate that it may well be the case that the capacities of some sections of the plant which we installed may prove to be in excess of our original estimates. In this event we should give careful consideration as to what steps we could, or should, take to bring up the output in other units to match them. Whenever possible we like to base our plans and estimates of production on our own practical experience. Though this method may take a little longer, sometimes it avoids making what could be costly mistakes, and in the long run we believe produces the best results. Whatever may be the future capacity of the British sheet industry, we are satisfied that owing to its long experience and the comparatively low cost of its modern equipment, this Company will be in a strongly competitive position.

SUMMARY OF CONSOLIDATED BALANCE SHEET
3rd October 1959

		in £ 000's
Fixed Assets		49,956
Current Assets		25,491
		75,447
Current Liabilities	16,521	
Provisions	2,426	
Future Taxation	6,769	
		20,016
		55,431
Loan Capital and Advances from Bankers		15,304
		40,127
Preference Share Capital		4,000
Ordinary Share Capital	20,250	
Capital & Revenue Reserves	15,877	
		36,127
		40,127

SUMMARY OF CONSOLIDATED PROFIT & LOSS ACCOUNT
53 weeks ended 3rd October 1959

		In £ 000's
Trading Profit		13,436
Depreciation including allocation to Fixed Asset Replacement Reserve	4,293	
Interest on Loan Capital and Advances from Bankers	695	
		4,988
		8,448
Taxation		4,310
Profit remaining for appropriation		4,138
Dividends		1,675
Unappropriated Profit—transferred to Revenue Reserves		2,463



JOHN SUMMERS & SONS LIMITED · HAWARDEN BRIDGE · SHOTTON · CHESTER

HAWKER SIDDELEY GROUP ENJOYS A SATISFACTORY YEAR

SIR THOMAS SOPWITH REPORTS

This is the twenty-fourth Annual General Meeting of your company. Before I go on to talk about the year behind us, I want to say something about what lies ahead. I believe that we are now embarking on a phase of development for this Group which could be one of the most rewarding in our history.

You know that we are making offers to the de Havilland and Blackburn companies and we have already acquired Follands.

In doing this, we are trying to meet the declared policy of the Government and, although we were not particularly anxious to add to our aircraft interests in the UK, this merging of the companies will consolidate the position of the Hawker Siddeley Aviation Company as the foremost aviation enterprise on this side of the Atlantic and put it in an even stronger position to carry out any project in aviation, civil or military, or in allied industries, which the Government may have to offer. I can assure you, however, that we would not have gone ahead they were in the best interests of your company.

There is a great deal of common sense in the policy of rationalisation and concentration of the aircraft industry into large groups. We have taken the lead in this matter.

I sincerely hope that the Government will keep faith and place the contracts necessary for us to function as the strongest technical, scientific and production company in the business.

It has been our policy to spread the basis of our operations. Our efforts on the industrial side have by no means slackened—indeed they have been intensified and are now bringing their reward.

Overall, I can say that with nearly six months of the current year behind us, and despite the recession in Canada, the results of the Group should not disappoint you and will again provide ample cover for dividends at the same rate as last year.

The turnover of the Group last year was approximately £260 million.

The total profit, after taxation, attributable to Hawker Siddeley Group rose by more than £1 million to £6,250,957.

In Canada, the cancellation of the Avro "Arrow" and the Iroquois engine contracts was a severe blow; this, coupled with the effects of the Canadian recession, resulted in a sharp fall in trading profits this year from £6,617,000 to £3,911,000. The profits in Canada next year will be even lower, but after that the worst should be behind us.

FINANCE

In all engineering businesses scientific research and technical development is one of the first essentials—and it is costly. In aviation this is perhaps more so than in most other industries and is emphasised by the fact that, due to recent Government policy, we have been forced to design, develop and build aircraft for the civil market at our own expense. At the moment we have two such projects, the AW. "Freightercoach" and the Avro "748" turbo-prop medium range transport.

On the industrial side of our business similar activities are taking place. New research centres have been built, or are under construction, in connection with diesel engines, electrical engineering, steam and industrial gas turbines, nuclear power and electronics. Results stemming from this research will become apparent as time goes on.

The profit for the United Kingdom Group including adjustments of prior year profits, but after deducting nearly £3 million special development expenditure, amounts to £9,522,183 before taxes as compared with £8,174,447 last year on the same basis.

The total profit, after taxes, attributable to the Hawker Siddeley Group is £6,250.957 and your Board has recommended a final dividend of 7 per cent less tax, making a total of 10 per cent less tax for the year.

AVIATION

The aviation side of the business, as represented by Hawker Siddeley Aviation Ltd., is "*Argosy.*" Last January the "Argosy" freightercoach prototype made its maiden flight, and the first six aircraft have now flown. We have had many inquiries from air transport operators in various parts of the world.

The military version, the AW. "660," is in the development stage and the first aircraft should fly before the end of this year. Twenty have been ordered by our Government and we hope this is a forerunner of further orders. Much interest is also being shown by other governments.

Avro "748." World-wide interest has been created in this 36/40 seater turbo-prop transport which is constructed on the latest "fail-safe" principles, has a low first cost, and is cheap to operate. The prototype is expected to fly early this year.

We have been successful in negotiating a licence with the Government of India covering a period of ten years for the manufacture of Avro "748s" as a replacement of the DC-3 aircraft now operated by the Indian Air Force. At home, the Avro "748" has been ordered by two independent carriers.

INDUSTRIAL

Brush Electrical were successful in obtaining a contract from the British Transport Commission for the supply of 60 diesel electric locomotives. Forty-four were delivered during the financial year under review and a repeat order for 100 locomotives for delivery in 1960 has been received.

Manufacture of steam and industrial gas turbines and turbo-blowers is centralised at the new Hawker Siddeley Brush Turbine Company at Gloucester.

Fuller Electric had a successful year and established another record in the size and rating of equipment produced—shipping the three largest transformers ever manufactured by this company. The company is developing new design and manufacturing techniques for higher voltages and has extended its range of tapchanger equipment.

Mirrlees have opened up a wider field for their marine business by the introduction of the large "Monarch" class engines, a number of which have been ordered. Prospects for future sales are encouraging.

Nationals have introduced this year a new direct-reversing engine. Known as the "Sovereign," the first one has been installed in a trawler shortly to be commissioned.

Petters now undertake the manufacture of the smaller engines in our range.

CANADA

The Canadian economy has not maintained the rate of development of a few years ago and our companies there have all been affected in varying degrees.

The Dominion Steel & Coal Corporation, although affected by increasing competition on the international front, has been successful in extending its sales and increasing its volume of production. Facilities for the production of hot and cold rolled sheet and strip are being studied. Canadian Car Company have suffered due to lack of orders for re-equipment, the volume purchased by the Canadian Railway companies being the lowest in the post-war period. A major reality is our position will improve.

Already the aviation picture has brightened somewhat by the award to Orenda Engines of a contract to supply the jet engines to power the Canadian-built "F.104" fighters.

CONCLUSION

We are confident that if our offers to de Havilland and Blackburn shareholders are accepted, these two fine companies will greatly supplement the resources of our Group and together we will be in the predominant position in both the civil and military aircraft fields this side of the Atlantic.

While we in this Group continue to do our utmost in developing export trade, we are at a very serious disadvantage in the all-important field of long-term export credits. Foreign governments back their industries' efforts in world markets to an extent which is unknown in this country. Organisations such as America's Export-Import Bank, extend long-term credits against which we cannot compete. Foreign military, diplomatic and commercial representatives abroad often use every source of influence at their command on behalf of their national products.

I commend to our Government the urgent need to adopt a vigorous policy of backing British industry in its efforts overseas so that we may meet our competitors on more equal terms.

A further point concerns our aviation interests. Hawker Siddeley Aviation is a group of companies forming very largely the backbone of Britain's aircraft industry. In time of need they have done all that was expected of them—and more. In peace they contribute to the welfare and prosperity of this country.

The industry has been going through a period of difficulty, cutbacks and costly re-adjustment. To denude it of support now would imperil one of our greatest sources of industrial strength and indeed could threaten our very heritage.

Our good results are a tribute to the loyalty, devotion and skill of all our 100,000 employees, and I know you will join me in expressing our thanks to them.

CLYDESDALE & NORTH OF SCOTLAND BANK

A YEAR OF ALL-ROUND PROGRESS

SIR HAROLD E. YARROW ON MORE BUOYANT NATIONAL ECONOMY

The One Hundred and Twenty-second Annual General Meeting of Shareholders of Clydesdale & North of Scotland Bank Limited will be held on February 10th at the Head Office, St. Vincent Place, Glasgow.

The following are extracts from the circulated statement of the Chairman, Sir Harold E. Yarrow, Baronet, GBE, LLD:

The over-all picture, I think you will agree, is highly satisfactory, and in analysis it will be seen that progress has been made in every direction.

The Balance Sheet total of £224,853,469 shows an increase on the year of over £8 million and constitutes a new record in the history of the Bank. This expansion in our figures arises mainly from an increase of £7,264,609 in Deposits from the public, which now stand at £183,307,283. This increase, spread over our wide network of branches, reflects a general broadening of our connections.

The total of our Notes in Circulation at £25,068,182 shows little change from the previous year.

Acceptances, Confirmed Credits and Engagements have risen by £1,450,213 to a total of £9,963,354.

Referring now to the Assets side of the Balance Sheet you will see that the total of Cash, Balances with other Banks, Money at Call and Short Notice and Bills Discounted is £73.347,115 which, in relation to our Deposits and Notes in Circulation, gives a Liquidity Ratio of 35.2 per cent.

Our Investments in British Government Securities show a decrease of £1,713.868 as compared with last year's figure and now stand at a Book Value of £77,898,617. The Market Value of the Investments has improved since publication of our last Balance Sheet.

Advances increased by £7,686,687 on the year to reach a total of £56,189,981.

Turning now to the Profit and Loss Account you will notice that our Profit at £625,829 is up by £127,858, an increase of 25.7 per cent. The increase in Profit has enabled us to allocate £175,000, against £100.000, to Reserve for Contingencies, and £125,000, as compared with £100.000, to Staff Pension Fund. The appropriation of £32,500 to Staff Widows' Fund remains unchanged. We propose to recommend payment of a Dividend at the rate of 11 per cent actual, less Income Tax, for the half year ended December 31st, making 20 per cent for the year, an increase of 2 per cent. There remains a balance of £209,188 to be carried forward to 1960 compared with £214,881 brought in from the previous year.

NEW DEVELOPMENTS

Once again we have taken the lead in Scotland in the development of lending policy with the introduction last November of Term Loans for smaller businesses to help them to acquire or improve capital assets such as premises, plant, machinery and equipment. Bearing in mind both the short period during which this facility has been available and the nature of the need it has been designed to meet, I can say that the initial response has been most encouraging.

Another development to which I would like to refer is the installation of electronic book-keeping equipment in the Banking Department at Head Office. These machines, amongst the most up-to-date of their kind, will help us to maintain the speedy and accurate service which our customers have a right to expect and do receive from us.

An event which I can scarcely ignore is the publication of the Report of the Committee on the Working of the Monetary System (the Radcliffe Committee), in which it is pleasing to note an acknowledgment of the "care for wider public interests" displayed by Scottish banking. For the moment, I do not wish to add to the widespread discussion which the Report has evoked, and which seems likely to continue for some time.

In presenting a Report which, within its terms of reference, gives a coherent account of the monetary system and provides a sound basis for much better informed discussion in the future, the Committee has rendered the country a signal service.

THE NATIONAL ECONOMY

The publication of the Report offers a salutary reminder of how quickly world economic conditions can alter. When, in April 1957, the then Chancellor of the Exchequer intimated his intention to set up the Committee, the major problem facing this country was inflation. By the end of that year, however, the picture had changed.

We have emerged from a difficult period immeasurably stronger than we have been for a very long time. The price level has been relatively stable for a period of nearly two years, the position of our gold and convertible currency reserves, while not yet as satisfactory as we might wish, has been improved, and confidence in the Pound has been fully restored. However, while we may now hope that there will be a steady improvement in industrial output, we would do well to realise that inflation has been no more than contained, and even that has been achieved largely because external circumstances have been favourable. Markets are now more competitive than they have been at any time since the end of the war, and if we are to maintain, let alone increase, our share of world trade, we shall have to be constantly on our guard against a return of inflationary conditions with their inescapable consequences of steadily rising costs and prices.

SMITH'S DOCK COMPANY

Colonel Eustace Smith's Confidence in Future

The Sixty-first Ordinary Annual General Meeting of Smith's Dock Company Limited was held on January 12th at North Shields.

Colonel T. Eustace Smith, CBE, TD, DL (Chairman and Managing Director), in the course of his speech, said: Last year I warned you that the wave of prosperity which had lasted in the Industry since the war was ended and in fact we were facing a period of recession, if not depression. The situation has deteriorated during the year under review and, bearing this in mind, I consider the financial results must be considered satisfactory. I should like to mention two items of particular significance, first the welcome reduction in the burden of Income Tax and the hope for further reduction so necessary for the essential liquidity of the Company, and secondly the continued strengthening of the liquid assets position, which will be of great importance to us during the present recession and which should avoid any delay in the steady growth of your Company.

It is not only this country that is suffering, but throughout the world the situation in shipbuilding and shiprepairing has deteriorated throughout the year. We are fortunate that we have two years' work ahead, with all berths occupied. In the following year we may have a vacant berth, although we are still hopeful that it may be possible to fill this either with a provisional order becoming firm, or a new order. In pre-war years an order book of two years' work was considered satisfactory provided prospects were reasonably bright. At the moment, prospects even a year or two ahead are not too good.

Interest in the Pescara Free Piston engine is still growing and the satisfactory results obtained by the "Goodwood" conversion, and the completion of our first fully designed ship with free piston propulsion early in the Spring, should stimulate interest in this form of propulsion.

Our estimating staff have been working under great pressure and considerable travelling has been undertaken by them in order to keep our works as busy as they have been. Their success in obtaining work has been much appreciated and we have been able to secure work against competition from the whole of Europe as well as this country.

Even if the prospects are not particularly bright, we have faith in the future of our Company, and therefore we must look ahead and ensure that we have modern up-to-date facilities. Your board have therefore decided that we should lengthen and widen No. 4 Dock, thus providing a dock 600 ft. x 85 ft. beam, capable of taking up to 24.000 ton tankers. A new dock 300 ft. x 65 ft. beam will be built alongside No. 4 Dock. With these alterations we will have an admirable range of docks. The report was adopted.

WESTLAND EUROPE'S LARGEST HELICOPTER SPECIALISTS



ANNUAL REPORT BY THE CHAIRMAN

Following are extracts from the statement of Mr. Eric Mensforth, C.B.E., F.R.Ae.S., Chairman of Westland Aircraft Limited, circulated to shareholders with the Annual Report and Accounts for the year ended September 30, 1959:—

The Accounts now submitted cover the fifteen months from July 1, 1958, to September 30, 1959, except in the case of Saunders-Roe Limited and its Subsidiaries whose results are included in the Consolidated Profit and Loss Account only for the six months to September 30, 1959. The consolidated profit of the Group for these periods amounted to £2,088,909. For the previous twelve months the consolidated profit of the Group (excluding Saunders-Roe) was £1,404,001. These results, which your Directors regard as most satisfactory, are due principally to improved trading by the original Westland Group.

Because of the change in accounting period, only one year's tax has to be provided out of the profits for the fifteen months to September 30, 1959. This absorbs £809,317 as compared with approximately £1,018,000, which would be a normal charge against the profits shown. After deducting this provision, there remains a consolidated profit after taxation of £1,279,592.

Development expenditure, on which the Group's future prosperity depends, will continue to be heavy. In the past your Company's share of this expense has all been borne out of current earnings, and your Directors hope to be able to continue this policy. As I have, however, frequently emphasised, the aircraft industry is beset with uncertainties and profits may not always be sufficient to cover the whole cost of the Group's developments. Your Directors have therefore considered it prudent, to cover such eventualities, to allocate out of the profit of this period £1,000,000 to General Reserve, the total of which will then amount to £1,800,000.

Your Directors have decided to recommend that in respect of the fifteen months to September, 30, 1959, a dividend of 12 per cent, free of tax, be paid on the Capital of £2,700,000 in issue prior to the issue of £800.000 new Capital as part consideration for the acquisition of Saunders-Roe, which does not rank for this dividend. Such a dividend, which is equivalent to a rate of 9⅓ per cent per annum, will absorb £324,000, leaving, after the allocation of £1,000,000 to General Reserve mentioned above, £1,040,455 to be carried forward on Profit and Loss Account, about the same as the amount carried forward last year.

The Consolidated Balance Sheet shows an increase in the net assets of the Group, as compared with the previous period, of just under £3,000,000, of this, approximately £2,000,000 represents the value at which the Saunders-Roe Group has been brought into the books. Your Directors consider that the Group's liquid position is satisfactory.

In order to keep the Company's issued Share Capital reasonably in line with the considerably greater resources now employed in the business your Directors propose, after the recommended dividend has been approved by the Annual General Meeting, to recommend to Shareholders the capitalisation of £500,000. This would be applied to paying up in full 2,000,000 new Ordinary Shares of 5s. each. The new shares will be allotted to shareholders on the Company's register at the close of business on January 9, 1960, in the proportion of one new share for every seven then held.

After this proposed capitalisation the issued share capital of the Company will be £4,000,000 in Ordinary shares of 5s. each, all of which will rank for dividend in respect of the financial year which commenced on October 1, 1959. While it is too early to make an accurate forecast of the results of this current year, your Directors hope that, in the absence of unforeseen circumstances, they will in due course be able to recommend a dividend of not less than eight per cent free of tax for the twelve months to September 30, 1960.



Westland, already the leading helicopter company, has, in acquiring Saunders-Roe Limited, made a significant contribution to the Government's policy of making the aircraft industry more compact. Westland, incorporating Saunders-Roe, and aided by its association with Sikorsky, is believed to have experience and resources of equipment, men and money adequate to its task. The Group is the largest specialist helicopter organisation in Europe.

Your Company now has the following types of helicopter in production or under development, ranging from weights of 500 lb. to over 33,000 lb.; Rotorcycle, Skeeter, Widgeon, Wasp, under development as the P.531, Whirlwind, Whirlwind Gnome, Wessex Mk. 1, Westminster.

In addition, plans are well advanced for commencing development on the following types:—

Wessex Mk. 2.
A twin Gnome turbine version of the Wessex Mark 1 with increased performance at altitude and under hot temperature conditions. The prototype should fly in 1960. The civil version, carrying up to 14 passengers, will be suitable for opening up inter-city, island and other services.

Wiltshire.
A boat hulled helicopter, W.S.61, with twin Gazelle turbines (or later with three turbines) for both military and civil work and carrying up to 23 passengers. The first Wiltshire should be flying in 1960.

We have not so far succeeded in securing Government support for the Westminster, the largest helicopter in the western world. Its performance in recent exercises showed the great contribution which the large helicopter can make to the sort of military situation that may well arise in the future. We have decided to back our own judgment, not for the first time, as to the potential market and will now build a Westminster Mark 1—the first production helicopter, to be flying by mid-1961. In doing this we do not underestimate in any way the risk entailed, and the very considerable sums we have already spent, together with those which we shall now be committing, may result in no future return.

Manufacturing facilities have been further strengthened and the best overall utilisation of the Group's facilities at Yeovil, Eastleigh and Isle of Wight is being arranged.

During the year sales have been effected in Austria, Kuwait, Iran, and to British and Overseas Civil Operators. Negotiations are nearing completion for further important sales to Yugoslavia, coupled with local manufacture.

Normalair has again had a successful year, both at home and in foreign markets. Our equipment has been accepted for installation in the Vickers VC.10, A. V. Roe 748 and Armstrong-Whitworth freight liner. We are well advanced in the development of cooling equipment for motor car and 'bus air conditioning.

The Black Knight Missile, engineered and built by Saunders-Roe, has proved to be exceptionally reliable and effective as a space research vehicle. The first hovercraft, SR-N1, is proving to be a most interesting venture. We believe that it may have important uses, and we hope to obtain one of the contracts for the construction of the next generation of hovercraft.

The Group now has a number of important non-aviation interests. These include: Westland Engineers Ltd., which has had a successful year making a wide range of doors; Unique Balance Company Limited and its subsidiary. Normalair Industrial Breathing and Safety Equipment is in steadily increasing demand. Saunders-Roe Structures Limited has some interesting work in hand in a highly competitive field.

WESTLAND AIRCRAFT LIMITED : YEOVIL · SOMERSET *incorporating SAUNDERS-ROE Limited*

FIRST RE-INVESTMENT TRUST LIMITED

SIR DENYS LOWSON ON ECONOMIC OUTLOOK

The Annual General Meeting of the Company was held at Estates House, Gresham Street, London, E.C.2, on January 5th.

Sir Denys Lowson, Bart, Chairman of the Company, in the course of his remarks, said:

During the year under review, the issued Ordinary Capital of the Company was increased from £500,000 to £600,000 by the issue of 100,000 £1 Ordinary Shares which were offered by way of rights to Ordinary Stockholders at par and fully subscribed.

The total gross revenue amounted to £128,288, an increase of some £15,000. During 1960 we shall have the benefit of income from the new shares for a complete year and barring unforeseen circumstances, we anticipate our revenue will show a further increase.

The Directors recommend the payment of a final dividend of 8 per cent on all the Ordinary shares, making 13 per cent for the year. This will leave £12,148 to be added to the carry forward which will then stand at £101,866.

The priority percentage distributions are: Debenture stock 0-8.74; Preference stock 8.75-21.49; Ordinary stock 21.50-82.93 and the balance added to the carry forward 82.94-100.

At the date of the Balance Sheet the investments had a book value of £1,400,929 with a market valuation of £2,673,722, thus showing an appreciation of some 90 per cent.

Your Company's portfolio of investments is widely distributed over no less than 400 securities. As will be seen from the Directors' Report, based on the valuation of October 15, 1959, 97.28 per cent of the investments are in companies operating in Great Britain and the Commonwealth (Great Britain 61.44 per cent, Commonwealth 15.84 per cent), 19.03 per cent in the USA and Canada, 3.31 per cent in Central and South America and .38 per cent elsewhere.

EXPORTS A VITAL FACTOR

The start of our financial year coincided with the ending of Hire Purchase Controls in this country, since when the Hire Purchase Debt has increased from £490 million to £807 million last October—an increase of 65 per cent. The easing of Hire Purchase Controls naturally only brings forward home demand to an earlier date; and as individuals get more committed the effect of the stimulus dies down. With falling consumer expenditure in the third quarter of 1959, and the possible absence of another stimulus from Budget tax reductions in 1960, it is possible that Hire Purchase business may decline during the current year. If therefore we are to have lasting growth in production and thus enable utilisation of our industry's unused capacity, expansion must be based not only on internal home demand, but also on demand from overseas—in other words our Export Trade.

Unlike the United States of America, we in this Country are dependent to a great extent on countries overseas for our raw materials; it follows therefore that if we are to export more we must also import more. Furthermore it always takes time for the imported raw material to be manufactured into the product ready for export, and it is during this period that our Gold and Dollar reserves are likely to feel the strain. In fact seasonally adjusted figures for the three months to the end of November show that imports were increasing at a faster rate than exports. If this trend continues we can expect a reduction in our reserves matched by a rise in our stocks of raw material. In view of the economic pattern in this country no harm will arise from this temporary transfer of reserves into stocks, providing that there is a corresponding increase in our exports at a later date.

During 1959, from our long term Investment angle one of the outstanding features has been the strength of our exports to North America which in the first ten months of 1959 have shown an increase of 25 per cent over the same period in 1958. The gross annual national product of the USA is approximately £150.000 million, and it is estimated that this should double in 15 years. This coupled with the estimate of a 50 per cent increase in the population of the USA over the next 20 years gives an indication of the possible additional markets for our exports provided that these remain competitive.

OPPORTUNITIES IN OVERSEAS COMMONWEALTH

Half our trade is still conducted with the Overseas Commonwealth; and it is here that an opportunity may present itself in the coming year to increase our exports especially as some of these countries have in recent years developed further their own overseas markets with both the United States and with Western Europe; with the result that Western Europe has now become the largest customer of the primary producing countries, the United States second and the United Kingdom third. If one remembers



TATE & LYLE, LIMITED

AN ANALYSIS OF INCOME AND EXPENDITURE IN 1959

	£	£	*Proportion of each £1 of Income* s. d.
GOODS AND SERVICES PURCHASED FROM OUTSIDE :—			
Raw Materials (including £48.461 423 Duty, Levy, etc.)	112 453.832		16 1¾
Fuel and Power	1.825.802		3¼
Packing Materials	4.322.746		7⅝
Other Refinery Expenses	1.576.957		2¾
Other Expenses including Advertising (£84,105), Selling and Distribution	5.419.414		9¼
		125.598,751	
VALUE ADDED OR NET OUTPUT :—			
Wages, Salaries National Insurance and Employees' Benefits	7,641.545		1 1¼
Provided for Renewals of Plant and Machinery and Depreciation of other Fixed Assets	1.650.472		2¾
United Kingdom Taxation on Profits	2,198.601		3¾
Amount placed to Reserves	1,415,337		2½
Dividends to Ordinary and Preference Stockholders (Net)	1.074.546		1¾
		13.980.501	
		£139.579.252	£1 0 0
VALUE OF EXPORT SALES (including £14,829,674 Duty and Levy Drawback, etc.)		35.948.625	5 1¾
VALUE OF HOME TRADE SALES AND OTHER INCOME		103,630,627	14 10¼
		£139.579,252	£1 0 0

that the population of Western Europe and of the USA in each case is three times that of the United Kingdom, one can get some indication of the increase in the purchasing power of the Primary Producing countries which would occur as and when industrial expansion takes place in the USA or in Western Europe.

If we are to increase our trade with the Overseas Commonwealth, it will be necessary not only to produce our goods at competitive prices but also to maintain flexibility in production and in design; so that the necessary changes can be made as and when there is a falling off in the demand for our main products due to the countries in question meeting their requirements out of their own production.

The Resolution for the adoption of the Directors' Report and Statement of Accounts for the year ended October 15, 1959, was seconded by Mr N. C. Selway and carried unanimously; and the proceedings terminated with a warm vote of thanks to the Chairman, Directors and Staff.

APPOINTMENTS

UNIVERSITY OF SYDNEY

SENIOR STAFF TUTOR

Applications are invited for the position of Senior Staff Tutor, Department of Tutorial Classes, University of Sydney, at Newcastle, N.S.W. Applicants should possess an Honours degree in either Economics or Economic History; History; Literature; Psychology or Philosophy. The appointee will work under the direction of the Director of Tutorial Classes and will be required to conduct tutorial classes, discussion groups and other adult educational activities.

Salary will be within the range £A2,500 x £A80 — £A2,600 per annum, plus cost of living adjustment (at present £A33 p.a.) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant. Reasonable travelling and removal expenses will be paid.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

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

Applications close in Australia and London on 29th February, 1960.

GOVERNMENT OF THE FEDERATION OF RHODESIA AND NYASALAND

VACANCIES: STATISTICIANS
CENTRAL STATISTICAL OFFICE
MINISTRY OF ECONOMIC AFFAIRS

Applications are invited from persons expecting to qualify in June/July, 1960, for appointment as Statisticians on a three-year contract in the Central Statistical Office. Applicants should possess a university degree with First or Second Class Honours (or equivalent qualification) in Statistics, Economics or Mathematics.

Salary—Men: £1,155 p.a.; women: £903 p.a.

Candidates with a degree and statistical experience will be given full details of commencing salaries and conditions on application.

Passages provided; generous leave; pensions; medical aid; low income tax; admirable climate, facilities sport and recreation.

Application forms and further information may be obtained from the Secretary (RK), Rhodesia House, 429 Strand, London, W.C.2. Closing date JANUARY 31, 1960.

UNIVERSITY OF SYDNEY

LECTURESHIP/SENIOR LECTURESHIP IN ECONOMICS

Applications are invited for the above-mentioned position. The salary for a Senior Lecturer is within the ranges £A2,200 x £A80 — £A2,600 per annum; for a Lecturer within the range £A1,500 x £A90 — £A2,100 per annum. In each case cost of living adjustment will be allowed. The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

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

Applications close in Australia and London on FEBRUARY 15, 1960.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF MATHEMATICS

Applications are invited for appointment as Lecturer or Assistant Lecturer in STATISTICS at a salary on the scale £900 x £50 — £1,350 (efficiency bar) x £75 — £1,650 a year for a Lecturer, or within the range £700 — £850 a year for an Assistant Lecturer, according to age, qualifications and experience. Applications (four copies) stating date of birth, qualifications and experience, together with the names of three referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars may be obtained) not later than February 8, 1960.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF MATHEMATICS

Applications are invited for appointment as Lecturer or Assistant Lecturer in Applied Mathematics at a salary on the scale £900 x £50 — £1,350 (efficiency bar) x £75 — £1,650 a year for a Lecturer, or within the range £700 — £850 a year for an Assistant Lecturer, according to age, qualifications and experience. Applications (three copies) stating date of birth, qualifications and experience, together with the names of two or three referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars may be obtained) not later than February 15, 1960.

BRITISH LIBRARY OF POLITICAL AND ECONOMIC SCIENCE

(London School of Economics, University of London.)

Applications are invited for the post of Assistant Librarian or Senior Assistant Librarian, according to qualifications, on the scale £650 to £1,425, with £60 London allowance. F.S.S.U. and family allowance scheme.

Candidates must be graduates, preferably in the social sciences; they should if possible have a knowledge of Russian; a higher degree or research experience will be an additional qualification; library experience or training is also desirable. Applications, with copies of two testimonials and the names of two referees, must reach the Librarian, London School of Economics, Houghton Street, Aldwych, London, W.C.2, by 22nd January.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS AND RESEARCH GRANTS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships and Grants for research in Economics, Economic Statistics, Government, Social Administration, Social Anthropology or Sociology, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The Studentships are normally of the value of £350 or £390. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University. Applications should be sent, not later than February 15, 1960, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

For further appointments and other classified advertisements see page 267

COMPANY SECRETARY Required for Ford Motor Dealership in the West Riding of Yorkshire. Ford experience essential. Applicants should give full details of their qualifications and experience to Box 1268.

THE UNIVERSITY OF MANCHESTER

Applications are invited for two posts at the grade of LECTURER or ASSISTANT LECTURER IN ECONOMICS in the Faculty of Economic and Social Studies. Candidates for one of the posts should have special interests in Banking and Monetary Institutions. Salary scales as follows:—Assistant Lecturer £700 x £50 to £850 per annum; Lecturer £900 — £1,650 per annum. Initial salary at the grade of Lecturer according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than February 20, 1960, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF MATHEMATICS

Applications are invited for appointment as Lecturer or Assistant Lecturer in Pure Mathematics at a salary on the scale £900 x £50 — £1,350 (efficiency bar) x £75 — £1,650 a year for a Lecturer, or within the range £700 — £850 a year for an Assistant Lecturer, according to age, qualifications and experience. Applications (three copies) stating date of birth, qualifications and experience, together with the names of two or three referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars may be obtained) not later than February 15, 1960.

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	Airmail	Air Freight
Australia	£10 6s.	—
Canada	—	$25 or £9
Ceylon	£9 0s.	—
China	£10 6s.	—
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Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£9 0s.	£6 10s.
Gibraltar, Malta	£5 0s.	—
Hongkong	—	£8 15s.
India	£9 0s.	£7 10s.
Indonesia	£9 0s.	—
Iran, Iraq	£7 15s.	—
Israel	£7 15s.	—
Japan	£10 6s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£9 0s.	—
New Zealand	£10 6s.	—
Nigeria	£9 0s.	£6 10s.
Pakistan	£9 0s.	—
Philippines	£10 6s.	—
Rhodesia (N. & S.)	£9 0s.	—
South Africa	£9 0s.	£7 10s.
South America	£9 0s.	—
Sudan	£7 15s.	£6 15s.
USA	—	$25 or £9
West Indies	£9 0s.	—

SOME PRINCIPAL SUBSCRIPTION AGENTS

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John Hinton & Co., 50 Miller Street, Sydney, New South Wales

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The Lake House Bookshop, 100 Parsons Road, Fort, Colombo

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Maruzen & Co., P.O. Box 605, Tokyo Central
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Joseph I. Bahous & Co., P.O. Box 66, Amman
Nigeria
Atlas Nigeria, 5 Williams Street, Lagos
Pakistan
Pak American Commercial Inc., Elphinstone Street, P.O. Box 7359, Karachi, 3
Philippines
Morris Corporation, P.O. Box 1451, Manila
South Africa
American Overseas Publications, P.O. Box 3025, Port Elizabeth
South America
J. de Croze, Rua Mexico 70, s/1110, Rio de Janeiro, Brazil
Sudan
Sudan Bookshop, P.O. Box 156, Khartoum
USA
British Publications Inc., 30 East 60th Street, New York 22, N.Y.
The Economist, National Press Building, Washington 4, D.C.

COMPANY AFFAIRS

Profits in Lombard Street

THE year 1959 was a good one for the discount market, but for most houses it appears that the advance on 1958, itself an unusually profitable year, was moderate rather than spectacular. In 1958 the market had enjoyed the once-for-all benefit of an abnormally rapid reduction in money rates, enabling it to reap exceptional margins of running profit from its portfolios—because the fall in interest rates earned by the market always lags behind that in the rates it pays. In this past year there has been no further benefit of this kind. Bank rate has remained at the 4 per cent level reached by November, 1958, so that there has been no further reduction in the market's basic money costs; on the contrary, the discount houses have this year felt the full effect of the decision of the clearing banks, taken during the phase of good margins in 1958, to keep their average charges for short loans somewhat closer to Bank rate. And although the Treasury bill rate in recent weeks has also been levered up closer to Bank rate (to nearly 3¾ per cent) it was well under 3½ per cent during most of 1959 and early in the year momentarily dipped below 3 per cent. Except at that point, the bills have still shown a reasonable margin over money costs, but a smaller one than was available in 1958.

In bonds, on the other hand, the effective margins earned—at all events by houses carrying substantial portfolios—have significantly widened, since annual average money costs have fallen by at least 1 per cent, whereas the yields from short bonds have remained relatively high. The high-coupon stocks that are especially attractive to Lombard Street are still showing yields well in excess of Bank rate, whereas average money costs, in spite of their recent rise, are still at least ¾ per cent below Bank rate. The relative weakness of the bond market has meant that the scope for jobbing profits has been narrower than in 1958 but some houses, at least, have felt justified in carrying larger bond portfolios. This second year of unusually favourable conditions has enabled houses that suffered acutely from the pressures of 1955-57 to consolidate their recovery—and some have continued to benefit from tax reclaims arising from losses experienced in that period of crisis. It can be taken for granted that all houses have strengthened their inner reserves; the more prudent are taking the opportunity provided by the past two years' prosperity to prepare for the strains that must be expected when interest rates turn upward again.

The three houses that make up their accounts at the end of the calendar year have all announced larger profits—those of the Union Discount Company and National Discount Company reach new peaks—and all have increased their distributions. The **Union Discount,** biggest house in the market, reports a profit of £660,000, compared with £551,000 in 1958, and is maintaining its dividend rate of 12½ per cent on the capital as increased by last year's one-for-five scrip issue (the 1958 rate, expressed on present capital, was thus equivalent to 10.4 per cent). The resultant reduction of published reserve and carry forward is now more than made good by a transfer of £1,250,000 from inner reserve; for a discount house to make such a switch is a very striking gesture of confidence. As briefly noted last week, the **National Discount,** whose profits had suffered severely after 1954, reported an increase from £284,275 to £325,561, which is well above the 1954 peak; the distribution on the "B" stock is likewise raised to a new high point, at 12½ per cent, plus a 2½ per cent bonus, compared with 12 per cent in 1958, in spite of the fact that the final payments are made on the capital as increased by the one-for-three cash issue. **Alexanders'** profits, likewise reported here last week, expanded less strikingly, from £166,943 to £202,807, and the stock market showed disappointment that the further increase in dividend, from 7½ to 10 per cent, still left it below the 1954 rate of 12½ per cent.

An interesting development in Lombard Street in this past fortnight has been the advent of a thirteenth member to the charmed circle of discount houses "proper"—those that enjoy borrowing and discount facilities at the Bank of England in its role of "lender at last resort." Gerrard and Reid Ltd., an old-established market house formerly operating as a running broker (i.e. as a pure agent) and latterly as a small discount house managing a portfolio of bills and bonds, has secured an additional £750,000 of capital resources, bringing its total to roughly £1¼ million and making it eligible for a discount account at the Bank. In this new capacity it is expected to join the London Discount Market Association and thus to participate in the market's cartel that regulates members' tenders for Treasury bills. Gerrard and Reid is a private company, whereas the other twelve members (soon to be reduced to eleven by the merger of Cater Brightwen and Ryders) are all now public companies.

More Bank Results

THE last of the 1959 profits statements and dividend announcements from the big banks have broadly conformed with the pattern set by last week's announcements.

Lloyds Bank reports an increase of 25.6 per cent in profits, which is roughly the same increase as that shown by the aggregate profits of the big five banks; this bank is paying a final dividend of 7 per cent, making 12 per cent, on the capital as increased by the one-for-four rights issue made last March. The corresponding rate for 1958, after allowing for the effects of the one-for-two scrip issue made in November of that year, was 10 per cent. The increase in the net cost of the distribution over the year (the cost has almost doubled since 1957) considerably exceeds the increase in disclosed profit, so that the year's allocation to general reserve has been scaled down from £1,250,000 to £1,000,000 and the draft on the carry forward (down by £134,000) has been slightly increased. The **District** and **Williams Deacon's** banks both show smaller increases in profits, proportionately, than the big five have done, but rather larger ones than that reported by the other northern institution, Martins Bank. The District's profit has risen by 17 per cent and the final dividend is 7 per cent, as foreshadowed at the time of the one-for-two rights issue. With the interim paid on the smaller capital, this brought the year's payment to 15½ per cent. This is only an apparent reduction from the 17 per cent paid for 1958; the net cost of the dividend is this year £75,000 larger than in 1958. Williams Deacon's profits rose by 14 per cent; this bank is raising its final dividend to 11 per cent, making 20 per cent for the year; allowing for the scrip issue made at the end of 1958, the payment for that year is equivalent to 17½ per cent on the present capital.

BANK PROFITS AND DIVIDENDS

(£'000s)

	Disclosed profits		Dividends		Retained earnings		Dividend rates and yields				
	1958	1959	1958	1959	1958	1959	Before 1958*	1958	1959	Price	Yield
Lloyds	2,728	3,425	1,601	2,558	1,127	867	6·4	10·0	12·0	68/9	3·49
District	738	864	390	465	348	399	13·1	17·0	15·5	88/4½	3·51
Williams Deacon's	474	541	248	306	226	235	11·4	17·3	20·0	...	...
National	269	306	...	...	...	...	...	14·0	16·0	62/6	5·12

* Effective rate.

Unit Trusts

FIRST of a new series of monthly figures issued by the Association of Unit Trust Managers (with the co-operation of the Municipal and General group which remains outside the association) shows that the market value of holdings in unit trusts at the end of 1959 was £200 million compared with an estimated £100 million at the beginning of the year. *The Economist* indicator of ordinary share prices rose by just over 50 per cent in 1959, and one may guess that about half the increase in unit trust assets, or £50 million, represented new money, including that collected by the four new trusts launched during the year. The average holding is now just under £400; this bears out the movement's long-standing claim that unit trusts are designed mainly for small investors.

How long can this pace of expansion continue? With front-line equities at peak levels the low yields offered by the leading unit trusts may not have the same pull in 1960 as they did last year, when reasonably attractive yields coupled with the prospect of capital appreciation gave the unit trusts a record year. Next week Unicorn Securities is launching its new **Falcon Trust** with an initial offer of 5,000,000 units at 5s. each. But the yield of £4 2s. 6d. is about one per cent above that on many existing trusts. The portfolio of some eighty ordinary stocks in British and Commonwealth companies is heavily weighted by securities that have not been in the forefront of the post-election boom but which may have good scope for long-term capital appreciation; thus Harland and Wolff, R. A. Lister and Associated British Picture at their current prices all offer yields of over 5 per cent compared with the average yield on *The Economist* indicator of 3.8 per cent. Another feature of the new trust is the low price of the shares and the minimum initial investment—50 shares costing £12 10s.

The managers of the **Domestic Investment Trust Second Series** said this week that they propose to adopt a new deed, renaming the trust the Domestic Unit Fund and transforming it from an appropriation fund into a cash fund, while the managers of **Allied Investors Trust** have said they intend to make an offer of units in the Electrical and Industrial Development Trust.

John Summers

IN 1958-59 when demand for sheet steel broke all previous records John Summers, the biggest sheet steel producer in this country, was able to step up deliveries by only 40,000 tons. In his annual statement, Mr Richard F. Summers, the chairman, explains why the group was unable to meet "the heavy demand" which prevailed throughout the year: "Owing to a number of circumstances," he says, "we have been delayed in the completion of our development programme." This scheme, which has involved "drastic modifications" to existing units as well as the installation of new plant, is expected to be completed this year but the directors "do not expect to see much in the way of increased production during the first half of the current financial year." By the end of 1960 capacity at the Shotton works should be approaching its target of 2,000,000 ingot tons and with a full order book John Summers should then, the directors say, "be able to meet more nearly the requirements of our customers."

Mr Summers is confident that the demand over the next five years for flat rolled products "will continue in an upward direction." But he points out the growing use of certain substitutes for sheet steel; this has been particularly marked in the manufacture of some household utensils where plastics are tending to replace steel enamelled products like buckets and washing bowls. These developments do not unduly disturb Mr Summers who thinks they "should act as a spur to us as producers of steel sheets to improve our products and to keep costs as low as possible."

In the financial year 1958-59 John Summers spent some £7,840,000 on the development plan and total capital expenditure since 1945 has amounted to no less than £44 million. About £8,000,000 will be spent during the current financial year which, with a cash flow of about £6,000,000 together with "temporary borrowings for which arrangements have been made," should not unduly burden the group's financial resources. The directors have already forecast an interim dividend of 6 per cent (against the equivalent of 4 per cent). By the end of the year, when profits should begin to accrue from the expansion in output, it might not be too much to hope for that the 16 per cent dividend rate which prevailed before last May's scrip issue will be restored. Certainly the yield of 3.4 per cent offered by the £1 shares at 72s. 6d. on the 1958-59 dividend of 12½ per cent looks forward to something bigger.

Thomas Firth & John Brown

EXPANSION plans now being considered by the directors of Thomas Firth and John Brown, the Sheffield steel makers, centre on the special steel section of the business where the outlook is described by the chairman, Sir John Green, as "most promising." The plant at Beardmore, which makes hard steels for some consumer goods industries, is to be modernised and this should increase the output of the special alloy steels which are used in engine components. Sir John emphasises that the revival in demand for heavier steel products which got under way towards the end of the financial year may have been helped by the building up of stocks rather than any real increase in consumption. The shipbuilders are the group's main customers and Sir John says that in 1958-59 "demand for heavy forgings and castings has deteriorated still further . . . and outstanding orders are much smaller than they were a year ago." He adds that any improvement in demand in the current year does not appear likely and "such business as is available is subject to the most severe competition at home and abroad." At the same time, demand for heavy forgings from the heavy electrical industry is still poor and the tendency towards bigger generating units has resulted in a falling-off in the quantities of forgings and castings actually required.

The full accounts show that the group's liquid balances of £7,087,000 amply cover capital commitments of £1,865,000; the total capital cost of completing the group's modernisation programme is estimated at around £2,750,000. The £1 ordinary shares at 48s. 3d. yield 3.8 per cent on a dividend of 9.2 per cent, covered four times by earnings.

New Issues

HOLDERS of shares and loan stock in **Odhams Press** and its subsidiaries have been invited to subscribe for £3,500,000 of a 6 per cent unsecured loan stock at par. The issue comes as no surprise; in the past year Odhams has acquired Hulton Press (now Longacre Press), George Newnes and the Contract Journal. The financing of these acquisitions helped to add the strain on Odhams' liquid resources and the proceeds of the issue will be used to reduce a bank overdraft, which now amounts to £2,900,431, and to provide further working capital.

Odhams' profits for 1959 are estimated at £2.7 million; this includes nine months trading of the new acquisitions, but it has been adversely affected by last summer's printing strike. The directors also confirm their forecast at the time of the Newnes take-over of a dividend of 17½ per cent for 1959 on the increased capital. For 1960 profits are estimated at not less than £3.4 million, equal to the aggregate of Odhams' 1958 profits and of Hultons and Newnes for 1958-59.

The directors also reveal that a recent revaluation of freehold and leasehold properties shows a surplus of over £4 million, or almost double the book figure. On this basis the new and existing loan stocks are covered over three times by assets, while an annual average of gross profits over the last ten years covers loan interest over thirteen times.

A good deal of interest this week has been attracted by an issue of 2,254,000 shares of £1 each in **Dollar Land Holdings** at 28s. per share. The total issued ordinary capital of this new company is £3 million, one quarter of this being subscribed at the issue price by the directors and promoters of the company and by a vendor of property to it. The chairman is the Earl of Mansfield and Mansfield and the deputy chairman is Sir Ernest Lever. Dollar Land

Holdings is the parent company of a group formed to own commercial property investments in North America. The greater part of the proceeds of the issue will be used to subscribe (in "security" dollars) for 90 per cent of the loan stock and equity of the Dollar Land Company, a Canadian company that has recently acquired two new-style shopping centres. By far the larger of these is in Yonkers, 18 miles from New York, extending over 71 acres and used daily by over 30,000 shoppers. The smaller centre in British Columbia covers 2.3 acres.

The board, consisting of three British directors and three from the United States, estimates that profits for the year to December 31, 1960, will justify the payment of a dividend of 7½ per cent. On this estimate the £1 shares are being issued on a yield basis of 5½ per cent, which compares favourably with the return on shares in domestic property companies. Backed by assets of almost 27s. a share, this could provide an interesting entry into the North American commercial property market. Potential investors should note that the net UK tax rate for the company is estimated at 5s. 11d. in the £.

Scottish and Universal Investments

WHEN Scottish and Universal Investments was formed as a private company by Mr Hugh Fraser in 1948, its principal asset was 431,220 of 5s. ordinary stock units in House of Fraser, worth about £500,000. This investment has now grown to 3,941,662 5s. units (about 15 per cent of the issued ordinary stock of House of Fraser) and is valued at just over £9 million. Since 1950 the profits before tax of the company (derived almost solely from its investment in House of Fraser) have risen from £53,260 to £353,634.

About 25 per cent of the capital has now been made available to the public through the offer this week by Robert Benson, Lonsdale and Company of 3,600,000 5s. shares at 11s. 9d. each. This offer was oversubscribed. Of these shares 2,000,000 are newly issued by the company, while 1,600,000 have been sold by Mr Hugh Fraser (for about £900,000), who will thus retain a 74 per cent shareholding.

Besides its stake in House of Fraser, Scottish and Universal also holds investments in other leading equities. It also controls Nicol and Andrew, manufacturers of specialised equipment for fine tolerance grinding and honing of external and internal bearing and lining surfaces, and John Anderson, manufacturers of shirts.

The proceeds of the issue accruing to the company will be just over £1,100,000 and the directors say that they intend to diversify the business of the company by acquiring substantial or controlling interests in other manufacturing and trading companies.

For the year to March 31st they forecast profits before tax of not less than £440,000, of which £411,000 will come in dividends from the House of Fraser. A dividend of 10 per cent will be paid; on the basis of the profit estimate it will be covered about 1¼ times. At December 31st when House of Fraser shares stood at 47s. (compared with the current price of 46s. 3d.) net assets of Scottish and Universal were worth 16s. 5d. per share, which compares favourably with the issue price of 11s. 9d. The shares are being offered at a yield of 4¼ per cent—slightly less than the current yield on the House of Fraser shares. To buy them is to pin one's faith in Mr Hugh Fraser's skill and ability, not least in making a success of the Harrods purchase.

Borax (Holdings)

THE strong recovery in the profits of Borax (Holdings) in the year to September 30th came as no surprise, for they had been foreshadowed in the quarterly statements from the company and more recently in the 150 per cent increase in the net earnings announced by its subsidiary, United States Borax and Chemical, over the same financial year. What was not generally expected was the decision to raise the ordinary dividend from 8¼ per cent to 10 per cent. This dividend is largely paid by drawing upon the accumulated reserves of the parent company in this country.

The trading profits of the group over the full year have more than doubled, rising from £1,624,997 to £3,514,118, while net profits have almost trebled, rising from £573,976 to £1,609,850. As in 1958, trading profits in the last quarter of the financial year were below those earned in the preceding quarter and at £769,369 compare with £1,147,116 earned in the third quarter and £907,795 earned in the second quarter. After this announcement the 5s. units rose by 6d. to 21s. 3d., to yield 2.4 per cent.

New Day Furnishing

PROVISIONAL allotment letters sent out to shareholders of New Day Furnishing for the rights issue of 1,428,643 of 2s. ordinary shares at 14s. each were accompanied by a forecast that a total ordinary dividend of 50 per cent will be paid for the current year on the increased capital. The one-for-four rights issue will bring in about £970,000 and will raise the ordinary capital to £714,000. At the current price on the existing shares of 18s. 1½d. the rights are worth about 10½d. a share while the ex-rights yield of 5¼ per cent is one of the highest offered by an equity in the shops and stores group. The directors say that additional permanent capital is required because, while capital resources are fully employed in financing day-to-day business, continued expansion in turnover and profits will depend on the establishment of new branches and the acquisition of new businesses.

London Stock Exchange

FIRST DEALINGS:	Dec. 28	Jan. 11	Jan. 25
LAST DEALINGS:	Jan. 8	Jan. 22	Feb. 5
ACCOUNT DAY:	Jan. 19	Feb. 2	Feb. 15

THE break in equity prices last week has not been reversed; nearly all sections of the market have been more sensitive than at any time since the election. Fears that London interest rates cannot much longer remain unaffected by the continued rise in the United States have been the main influence. A steady trickle of small selling has so far not been offset by buyers; and in the week to Wednesday *The Economist* ordinary indicator fell by 5.4 points to 372.4.

Gilt edged stocks drifted lower and among undated stocks 3½ per cent War Loan fell 7/16 to 63 13/16; short-dated stocks were particularly weak, with 4½ per cent Conversion 1964 closing 3/16 down at 99 7/16. Medium dated stocks also lost ground; 3 per cent Electricity 1974-77 lost ⅛ to 75⅛. In contrast to the general trend of the funds Corporation loans were a little firmer despite some small selling; 5½ per cent LCC 1977-81, for instance, gained ¼ to 103. Bank shares lost some of their recent firmness following the end of the dividend season and Midland fell 2s. to 90s., Barclays 1s. to 61s. 9d., and Westminster 2s. 3d. to 58s. 3d. The main feature of the insurance share market was again the heavy demand for Northern on merger rumours, and the shares jumped 17s. 1½d. to 142s.

Industrial equities lost ground in all sections and some of the heaviest losses were seen in shares that had recently shown the biggest gains. Steel shares, for example, came back all along the line, with Steel of Wales down 3s. 9d. to 50s. 9d., United Steel 1s. 10½d. lower at 82s. 3d. and South Durham 2s. 6d. lower at 51s. 9d. Heavy engineering shares, which had been in the forefront of the recent advance, also weakened: Vickers dropped 5½d. to 37s. 10½d., Guest Keen 1s. to 88s. 9d., and Davy-United 3d. to 116s. 10½d. But there were some exceptions in this section of the market; thus William Doxford shot up 6s. 6d. to 112s. after touching 113s. at one time on take over rumours, which have since been denied by the directors. Aircraft shares have been active on the merger news and showed net gains on the week. Fleming Reid gained 2s. 3d. to 33s. following the bid from Patons and Baldwins, whose shares improved 5½d. to 79s. Other textile shares were fairly firm, with English Sewing up 3s. 3d. to 48s. 9d. and Fine Spinners 9d. to 31s. 3d.

Oil shares tended to follow the erratic mood of Wall Street and most of the leaders closed below their best. Burmah lost 1s. 3d. to 52s. 6d., BP 1s. 3d. to 59s. 9d., and Shell 4s. 6d. to 157s. 6d. In gold shares Western Holdings were again heavily bought from the Cape and closed 3s. better at 183s. 1½d.

LONDON AND NEW

Prices, 1959–60 High	Prices, 1959–60 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Jan. 6, 1960	Price, Jan. 13, 1960	Net Yield, Jan. 13, 1960 §	Gross Yield, Jan. 13, 1960
98⁹/₁₆	96¹¹/₁₆	Funding 2½% 1956–61	98½	98⅛	2 11 7	3 14 8
99¹²/₁₆	98¹/₃₂	Exchequer 2½% 1960	99.16.5	99.18.6	2 17 9	3 19 0
...	...	Exchequer 2½% 1960 Assented	99	98⅝ *	3 4 3	5 3 0
100⁷/₁₆	99⅝	Exchequer 3½% 1960	99.18.0	99.18.3	...	3 13 2
...	...	Exchequer 3½% 1960 Assented	99⅝	99¼	3 4 0	5 3 11
101¹¹/₃₂	100⅛	Conversion 4½% 1962	100⅛	100⅛	2 11 8	4 5 7
96⅜	94⁷/₁₆	Exchequer 3% 1962–63	96⅛	95³¹/₃₂	3 4 11	4 5 11
93⅜	91⅝	Exchequer 2½% 1963–64	93	92³¹/₃₂		4 5 11
101⁵/₁₆	100⅜	Conversion 4½% 1963	100²⁹/₃₂	100⅜	2 12 7	4 10 2
100⁷/₁₆	99⅛	Conversion 4½% 1964	99⅛	99⅛	2 17 8	4 14 2
92³⁵/₁₆	89⅛	Savings Bonds 3½% 1955–65	92⅜	91⅝*	3 9 5	4 13 5
86	82¾	Funding 3% 1959–69	84⅛	84⅝	3 18 9	5 5 4
94⅜	89⅛	Funding 4% 1960–90	93⅛	93	2 16 5	4 9 6
84⁹/₁₆	80¾	Savings Bonds 3% 1960–70	82½	82¼	3 19 8	5 7 0
86	83	Savings Bonds 2½% 1964–67	84¹/₁₆	84¹/₁₆	4 0 6	5 2 7
78¹⁵/₁₆	75¹/₁₆	Savings Bonds 3% 1965–75	76⅝	75⅛*	3 19 8	5 7 0
105¹¹/₁₆	102½	Exchequer 5½% 1966	104¼	104⁹/₁₆	2 15 2	4 19 7
87⅞	83¼	Funding 3% 1966–68	84¹/₁₆	84¼*	4 0 5	5 5 11
98⅛	95	Victory 4% 1920–76	96½	96½	3 0 7	4 14 4
90⅜	87½	Conversion 3½% 1969	88¼	88⅜	3 14 7	5 5 4
104	98⅜	Conversion 5¼% 1974	101⅛	100⅞	3 3 3	5 4 1
81¹/₁₆	76⅛	Treasury 3½% 1977–80	78⅛	78⅛	3 13 10	5 5 9
80¹⁵/₁₆	76⅛	Treasury 3½% 1979–81	78⅜	78⅜	3 14 6	5 6 4
107¼	101⅛	Funding 5½% 1982–84	103*	102⅝*	3 3 9	5 5 7
68¹⁄₁₆	63¼	Redemption 3½% 1986–96	65½	65¼	3 11 5	5 3 7
93¹⁄₁₆	96⅛	Treasury 5% 1986–89	96⅞	96⅞	3 5 4	5 5 10
75¹⁄₁₆	70½	Funding 3½% 1999–2004	70¹⁵/₁₆	70¾	3 8 8	5 3 10
77½	72	Consols 4% after Feb. 1957	72¼	71⅝*	3 8 4	5 3 7
68¹⁄₁₆	63¾	War Loan 3½% after 1952	64¾	63⅞	3 7 5	5 10 11
68¹⁵/₁₆	63¹³/₁₆	Conv. 3½% after Apr. 1961	64⅝	64⅛	3 7 6	5 10 11
60	55¼	Treasury 3½% after Apr. 1966	55¾	55⅛	3 6 10	5 9 9
53⅝	48⅞	Consols 2½%	49	48¹¹/₁₆	3 2 11	5 2 10
51⅛	47⅛	Treasury 2½% after Apr. 1975	47¾	47½	3 5 1	5 6 11
99¾	94	British Electric 4½% 1967–69	95¼*	95⅛*	3 6 8	5 7 5
80⅞	77¼	British Electric 3% 1968–73	78⅛	78⅛	3 19 8	5 7 5
78⅛	74⅛	British Electric 3% 1974–77	75¾	75½	3 17 0	5 5 6
91¾	87½	British Electric 4½% 1974–79	90¹⁄₁₆	90	3 7 2	5 3 5
81⁵/₁₆	77¹⁄₁₆	British Electric 3½% 1976–79	79	78⅞	3 13 7	5 5 7
92¼	87⅛	British Gas 4% 1969–72	88⅝*	88½*	3 11 7	5 4 8
88⁵/₁₆	84¾	British Gas 3½% 1969–71	86⅜	86⅜	3 13 7	5 4 6
69⁷/₁₆	65	British Gas 3% 1990–95	66⅞	66⅜	3 11 1	5 2 8
80⅞	77¼	British Transport 3½% 1968–73	78¹³/₁₆	78⅝	3 19 9	5 7 5
89⅝	84	British Transport 4½% 1972–77	86⅛	86	3 10 5	5 4 9
70¼	66¹¹/₁₆	British Transport 3½% 1978–88	66⅞	66⅛	3 16 0	5 6 9

Prices, 1959–60 High	Prices, 1959–60 Low	DOMINION AND CORPORATION STOCKS	Price, Jan. 6, 1960	Price, Jan. 13, 1960	Yield, Jan. 13 1960
				£ s. d.	
85	80¼	Australia 3½% 1965–69	82⅜	82⅝	5 10 0
107⅞	103¾	Australia 6% 1974–76	107	106¾	5 9 0
77	72¼	Ceylon 4% 1973–75	73¾	73½	6 19 0
108	104¼	New Zealand 6% 1976–80	107¼	107	5 10 0
98¹¹/₁₆	93	Rhodesia and Nyasaland 6% 1978–81	96¼*	96¼	6 6 0
87	84¾	South Africa 3½% 1965–67	85½	85¼	6 0 0
85	75	Southern Rhodesia 4½% 1987–92	80	78*	6 0 0
104½	100⁷/₁₆	Agricultural Mortgage 5½% 1980–85	101	101⅛	5 8 3
95¼	89¾	Birmingham 4¼% 1967–70	92¼	92¼	5 3 0
100½	96	Bristol 5% 1971–73	98½	98¾	5 3 0
102½	99¼	Corporation of London 5¼% 1976–79	99¼	99½	5 6 0
57	53¾	L.C.C. 3% after 1920	52⅞	53	5 13 0
98¹¹/₁₆	94	L.C.C. 5½% 1980–83	97¼	97⅛	5 6 0
99¾	96⅞	Middlesex 5¼% 1980	99¹¹/₁₆	99¾	5 5 7

NEW YORK PRICES AND INDICES

	Jan. 6 $	Jan. 13 $		Jan. 6 $	Jan. 13 $		Jan. 6 $	Jan. 13 $
Ath. Topeka	27	25¾	Boeing	31¾	30⅞	Inter. Nickel	109⅛	105⅜
Can. Pacific	26⅜	25½	Celanese	29⅝	30½	Inter. Paper	136½	125
Pennsylvania	16⅜	16⅛	Chrysler	70⅜	64⅝	Kennecott	99⅜	94⅝
Union Pacific	30¾	29¾	Col. Palmolive	41¼	39⅛	Monsanto	52¾	51⅜
Amer. Electric	49	48⅜	Crown Zeller	53¾	51⅞	Nat. Distillers	34⅜	34⅜
Am. Tel. & Tel.	81⅝	81⅝	Distillers Seag.	32½	32⅜	Pan-American	22⅛	21⅛
Cons. Edison	60⅜	60⅛	Douglas	39¼	38⅝	Procter Gamble	89⅞	87½
Int. Tel. & Tel.	37¾	35⅞	Du Pont	264½	258	Radio Corpn.	68	63⅜
Standard Gas.	48⅜	48⅜	East. Kodak	107½	103	Sears Roebuck	50¼	49¼
United Corpn.	7½	7⅝	Ford Motor	92⅛	85⅛	Shell Oil	41⅝	41
Wstern Union	50	56⅛	Gen. Electric	98½	93¾	Socony-Mobil	41⅝	40¼
Alcoa	106½	100	General Foods	103¾	103	Stand. Oil Ind.	43¾	42⅝
Aluminium	34⅞	34	General Motors	55⅞	51⅝	Stand. Oil N.J.	49¾	47⅞
Amer. Can	43	42⅞	Goodyear	47¾	45½	20th Cent. Fox	33⅞	33¼
Am. Smelting	53	49⅜	Gulf Oil	35⅞	33½	Union Carbide	148	144⅜
Am. Viscose	41⅜	40⅝	Heinz	90	86½	U.S. Steel	110⅜	94⅜
Anaconda	67⅜	65⅞	Int. Bus. Mach.	441¾	424	West. Electric	111	103⅛
Beth. Steel	55⅞	51¾	Int. Harvester	49⅛	49	Woolworth	66⅜	63¼

Standard and Poor's Indices (1941–3=10)

1959–60	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 16	63·44	3·02	33·86	4·94	44·26	3·94	85·05	4·37
,, 23	63·43	3·07	33·61	5·10	44·37	4·04	83·38	4·54
,, 30	64·38	3·02	33·74	5·15	44·61	4·02	83·38	4·54
Jan. 6	64·75	3·00	34·48	5·04	44·79	4·00	82·99	4·58
,, 13	62·33	3·12	32·57	5·18	44·51	4·03	84·16	4·46

425 Industrials:—1959–60: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Prices, 1959–60 High	Prices, 1959–60 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Jan. 6, 1960	Price, Jan. 13, 1960	Yield, Jan. 13, 1960
		% %	**BANKS, DISCOUNT & HP**			
44/-	28/4½	5 b 2½ a	Alexanders	37/9	38/9	3·87
49/9	32/3	6 b 4 a	Bank of London & S. Amer. £1	49/9	51/3	3·90
41	30½	9 c 9 c	Bank of New South Wales £20	39¾	39½	3·65*
70/9	44/6¾	5 a 5 b	Barclays £1	62/9	61/9*	3·24
56/9	37/9	4 a 5 b	Barclays D.C.O. £1	48/9	48/9	3·69
62/6	43/9	7½ a 7½ b	Chartered £1	61/-	60/9	4·94
85/7½	54/3	8½ a 7 b	District £1	82/9	78/6	3·57**
38/6	26/9	4 a 5 b	English, Scottish & Austral'n. £1	37/9	37/6	4·80
67	43	37/6 b 22/6 a	Hongkong & Shanghai $125	£61½	£63¼	4·74
73/9	40/3	5 a 7 b	Lloyds £1	69/3	68/6	3·50
8 a	8 b		Martins 5/-	28/3	26/3*	3·05
95/-	60/11½	7½ a 9½ b	Midland £1	92/-	90/-*	3·78
56/4½	43/11½	... ...	Nat. Comm. Bk. Scot. 10/-	52/6*	50·9**	2·96**
61¼ a	8½ b	5½ a 5½ b	National Discount 'B' £1	59/9	55/6*	5·40
5 a	7 b		National Provincial £1	87/-	84/6*	3·32**
8 a	9 b		Royal Bank of Scotland £1	100/-	98/-	3·79
5 a	5 b		Standard Bank South Africa £1	50/-	48/6	5·77
6¼ a	6¼ b		Union Discount £1	59·9	58/3	4·29
5 a	5⅝ b		Westminster 'B' £1	60/6	58/3*	3·72
$1·65c	$1·85c		Bank of Montreal $10	£21⅝	£20¹⁵/₁₆	3·31
$2·25c	$2·32½ c		Royal Bank of Canada $10	£30⅝	£30¹⁄₁₆	2·89
8¾ b	7½ a		Bowmaker 5/-	44/9	46/6	2·69**
8½ b	8½ b		Lombard Banking 5/-	37/7½	36/6	2·33
5 a	10 b		Mercantile Credit 5/-	29/-	28/3	2·65
21 b	4 a		United Dominions Trust £1	10	10	2·50
			BREWERIES			
43/9	47½ b	10 a	Bass 5/-	80/-*	77/6	3·06
5 a	12½ c	5 a	Distillers 10/-	37/6*	37/4½	3·34
6 a	12 b	6 a	Flowers 5/-	24/-	26/3	3·43
8 b	10 a	8 b	Guinness 10/-	66/6*	66/3	4·23
4 a	11½ b	4 a	Ind Coope & Allsopp 5/-	19/4½	20/3	3·83
6 a	7½ b	6 a	Teacher (Distillers) 10/-	36/-	35/6*	3·52
12 a	11½ b	12 a	Watney Mann Defd. £1	88/3*	88/9	3·38
17 b	8 a	10 c	Whitbread 'A' £1	133/6	132/6	3·77
			BUILDING, PAINT, etc.			
10 c	4 b	10 c	Associated Portland £1	75/9	79/3	2·42
6¾ b	4 a	6¾ b	Bell Plaster Board 10/-	28/-	28/-	3·57
10 b	5 a	10 b	Richard Costain £1	93/9*	93/9	3·20
5 a	10 b	5 a	Crittall Manufacturing 5/-	15/4½	14/10½	5·04
14 b	6 a	14 b	International Paints 4/-	16/10½	17/3	4·64
6 a	11 b	6 a	London Brick £1	103/6	102/3	3·33
11¾ b	5 a	11¾ b	Pinchin Johnson 10/-	30/3	30/3	4·14
22½ c	25 a	22½ c	Rugby Portland £1	50/-	49/9	2·51
12½ b	7½ a	12½ b	Taylor Woodrow 5/-	42/6	44/3	2·82**
5 a	15 b	5 a	Wall Paper Defd. £1	125/-	123/9	3·23
			CHEMICAL			
30/6	16/-	13·5c	Albright & Wilson 5/-	28/6	27/6	2·47
24/7½	15/3	2½ a 2½ a	Borax Defd. 5/-	21/-	21/9	2·30
56/9	32/10½	3 a 6 b	Fisons £1	52/6‖	50/6	3·56
62/6	33/10½	5½ b 5 b	I.C.I. £1	59/11½	58/6	3·11
27/7½	15/11½	9½ b 6 a	Monsanto 5/-	26/7½	26/-	2·60
			DRAPERY AND STORES			
50/4½	28/-	5 a 15 b	Montague Burton 10/-	48·10½*	48/4½	4·13
48/6	27/-	5 a 12½ b	Debenhams 10/-	44/5½	45/11½	3·69
54/9	28/7½	7½ a 7½ a	G.U.S. 'A' 5/-	53/11½	52/6	3·35
48/7½	31/9	10 c 15 a	House of Fraser 5/-	46/9	46/-	4·35
25/6	13/-	16 c 7½ a	Lewis's Investment Trust 4/-	23/9	22/10½	2·80
78/3	41/4½	20·83b 12½ a	Marks & Spencer 'A' 5/-	72/3	71/6	2·33
54/3	32/7½	22½ b 12½ a	United Drapery 5/-	53/9½	51/11¼	3·37
69/6	47/3	26⅔ b 13⅓ a	Woolworth 5/-	66/3	66/6	3·00
			ELECTRICAL & RADIO			
54/-	7½ b	a a	A.E.I. £1	65/4½	65/2	4·60
46/3	9½ b	4 a a	B.I.C.C. £1	59/-	59/-	4·58
9/7½	4 a	7½ b 5 a	Crompton Parkinson 5/-	14/6¾ ‖	14/3¾ ‖	4·89
37/4½	20 c	5⅝ a 5 a	Decca Record 10/-	55/9*	54/9	3·65
31/7½	5 a	15 b 10 a	E.M.I. 10/-	54/4½	50/7½	3·95
39/-	9½ c	3 a a	English Electric £1	52/-	48/3	3·87
30/-	3 a	7 b 6 a	General Electric £1	45/6	44/3	4·52
43/-	43¾ a	4¾ b 5 a	C. A. Parsons £1	56/6	54/6	3·21
12/10½	12½ c	12½ c 5 a	Pye Defd. 5/-	17/7½ ‖	17/9	3·52
84/6	61½ a	11 b 5 a	A. Reyrolle £1	97/-	93/11½	3·76
34/11½	17½ c	20 c 10 a	Thorn Electrical 5/-	52/11½	50/7½	1·98
			ENGINEERING			
42/3	6 b	4½ a	Babcock & Wilcox £1	47/-	45/11½	5·10
30/8½	6 b	4 a	John Brown £1	51/9	50/-	4·00
7/-	11 b	3 a	Cammell Laird 5/-	9/3	10/-	7·00
30/3	10 a	10 a	International Combustion 5/-	45/-	46/9	3·21
11/3	5 b	3½ a	Richardsons Westgarth 10/-	14/11½	13/10½	6·05
25/6	7½ b	7½ a	Swan Hunter £1	39/3	39/3	5·10
19/-	15 b	7½ a	John Thompson 5/-	24/9	23/6	4·79
27/2¼	7½ b	2½ a	Vickers £1	38/3	37/10½	5·28
16/-	14¾ b	7½ a	Coventry Gauge 10/-	28/9	28/-*	3·65
36/6	12 a	7½ a	Wayne Mann Defd. £1	57/-	55/6	3·54
37/-	8¾ b	7½ a	Allied Ironfounders £1	69/3	70/-	4·64
60/6	10 b	5 a	Averys £1	98/-	98/-	3·06
10/3	4½ a	7½ b	George Cohen 5/-	18/9	17/9	3·38
43/11½	10 c	15 c	Davy-United £1	117/3	117/-	2·56
51/3	9 b	5 a	Guest Keen £1	89/9	88/9	3·15
16/4½	10 b	3½ a	Head Wrighton 5/-	29/-	27/3	2·57**
44/7½	5½ b	4 a	Metal Box £1	72/3	69/3	2·69
16/9	5 a	12½ b	Ransome & Marles 5/-	26/3	25/3	3·47
39/9	9½ b	a a	Renold Chain £1	56/6*	55/3	4·52
21/4½	9 c	8 c	Ruston & Hornsby £1	36/-	35/6	4·51
7½	25 c	12½ b	Tube Investments £1	135/-	129/-	3·10
83/-	5 a	20 b	Ward (Thos. W.) £1	160/-	158/9	3·15
22/3	25 c	5 a	Woodall-Duckham 5/-	43/-	43/-	2·91

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax (l) To latest date

YORK STOCKS

Prices, 1959–60 High	Prices, 1959–60 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Jan. 6, 1960	Price, Jan. 13, 1960	Yield, Jan. 13, 1960
		% %	**FOOD AND TOBACCO**			
41/-	22/6	18 c 6 a	Allied Bakeries 'A' 5/-	40/-	39/9	2·26
105/7½	63/-	20 c 5 a	Bovril Deferred £1	101/7½	97/6	4·10
15/9	9/4½	†21½a †4¼ b	Brooke Bond 'B' 5/-	14/10½	15/-	3·40
30/7½	21/-	10 c 10 c	Home & Colonial 10/-	27/11½	30/7½	3·26
14/3	10/6	2½ a 7½ b	International Tea 5/-	13/3¾*	12·11¾	3·86
91/-	69/-	9½ b 5 a	J. Lyons 'A' £1	84/-	84/-	3·37
28/3	18·10½	5 a 7½ b	Ranks 10/-	27/6*	27/4½	4·57
70/-	40/3	8 b 2½ a	Spillers £1	66/3	66/-	4·17
61/9	42/-	3 a 9 b	Tate & Lyle £1	61/-	61/-	3·93
17/11½	10·10½	... 5 a	Unigate 5/-	17/-	16/9	2·99**
72/3	51/4½	†17½ c †105⅝ a	British Amer. Tobacco 10/-	68/9	67/7½	4·22
42/6	26/8¼	13½ b 31½ a	Gallaher 10/-	39/6	39/6	4·22
75/-	54/3	12½ b 8½ a	Imperial Tobacco £1	70/9	70/7½	5·95
			MISCELLANEOUS			
58/6	37/9	40 b 20 a	Assoc. Brit. Picture 5/-	50/3	43/6*	6·90
84/-	54/9	60 b 40 a	Assoc. Television 'A' 5/-	79/9*	77/3	6·47
47/-	23/4½	24 c 8 a	Beecham Group 5/-	46/6	45/9	2·62
32/-	19/7½	16 c 3 a	Boots Pure Drug 5/-	30/3	30/9	2·60
42/6	28/7½	5 b 3½ a	British Match £1	41/3	40/-*	4·17
87/3	49/6	8 b 4 a	British Oxygen £1	82/3	83/3	2·88
11/6	8/8¼	18 c 6 a	British Ropes 2/6	11/6	11/4½	3·96
73/6	42/9	15 b 6 a	De La Rue 10/-	73/6	70/-	2·86
39/3	22/3	14 b 6 a	Gestetner 'A' 5/-	39/3	38/3	2·61
63/-	35/9	5½ a 8½ b	Glaxo 10/-	60/6	60/-	2·33
64/-	31/6	3 a 9 b	Harrisons & Cros. Defd. £1	61/6	56/10½	4·22
106/3	56/4½	12½ a 5 a	Hoover 'A' 5/-	99/6	103/11½	2·91
33/6	16/10½	11 b 5 a	Ilford 5/-	29/9	30/-	2·67
78/6	63/6	4 a 6 b	Inter. Computers & Tab. £1	77/6	75/-	2·67
53/9	30/-	10 c 11¼ c	National Canning £1	53/-	52/-	4·33
30/6	19/3	10 b 6 a	Powell Duffryn 10/-	28/6	28/3*	5·66
49/4½	25/-	7½ a 15 b	Radio Rentals 5/-	47/-	46/6	2·42
14/7½	10/-	5 c 10 c	Rank Organisation 5/-	14/-	13/7½	3·67
34/9	18/11½	12½ b 5 a	Schweppes 5/-	33/-	33/3	3·01**
29/3	13/-	18 c 20 c	Sears 'A' 5/-	28/3	27·10½	3·59
20/3	11/3¼	6·3 b 7½ a	Thomas Tilling 4/-	20/-	19/9	2·76
112/3	69/4½	15 a 15 a	Turner & Newall £1	106/6*	104/3	3·84
144/-	86/7½	16·8 c 8 a	Unilever £1	140/6	133/6	2·51
12/3	9/9	10·4 c 3¼ a	United Glass 5/-	12/-	12/3	4·24
50/10½	31/9	†10⅝ b †4½ a	United Molasses 10/-	50/-	49/6	4·95
			INSURANCE			
188/9	122/6	†40 b †45 a	Britannic 5/-	185/-	185/-	3·75
68/6	40/9	21⅞ b 20 a	Commercial Union 5/-	65/-	64/3	3·24
202/6	127/6	15 b 12½ a	Employers' Liability £1	191/3	197/6	2·77
14¼	8	‡32·35c †41·17c	Equity & Law Life 8/6	13¼	13/9	3·33
77/9	66/6	17½ b 15 a	General Accident 5/-	74/9	76/-	2·63
104/4½	58/6	20 b 30 b	Guardian 10/-	100/-	101/3	2·96
187½	95⅜	60 b 40 a	Legal & General 5/-	18	17·13½	1·40
140/6	63/6	5 a 10 b	Northern £1	125/-	137/6	2·18
172/6	112/6	50 b 20 a	Pearl 5/-	168/9	166/3	3·45
21⁵/₁₆	10½	†147½c †162½c	Prudential 'A' 4/-	17⅝	17¼	3·08
112/6	59/11½	10 b 8 a	Royal Exchange £1	107/6	112/6	2·84**
			MOTORS & AIRCRAFT			
68/6	36/4½	3 a 9½ b	B.S.A. £1	65/-	64·9	3·86
24/-	10/-	5¾ a 12½ b	British Motor 5/-	23/3	22,7½	4·03
113/9	50/3	8½ b 5 a	Ford Motor £1	109/6	109/3	2·47
85/-	44/-	12½ c 15 c	Leyland Motor £1	81·10½	83/-	3·61
18/11½	7/3	8 c 12 c	Rootes Motors 4/-	17/-	16·10½	2·84
12/11½	5/11¼	12 c 12 c	Standard-Triumph 5/-	11/6	11/6	3·91**
17/3	8/3	3½ a 6½ b	Bristol Aeroplane 10/-	16/3	14·9	6·78
29/3	11/11¼	7½ c Nil	De Havilland £1	27/-	29/-	...
54/-	19/9	15 a 6½ b	Dowty Group 10/-	50·10½	51/7½	3·72
34/-	26/11½	3 a 7 b	Hawker Siddeley £1	29/-	30/11½	6·64
51/3	41/3	7½ b 2½ a	Rolls-Royce £1	45/6	47/7½	4·20
29/-	18/3	3½ a 9⅔ b	Dunlop Rubber 10/-	27/3	26/2¼	4·96
78/9	44/3	2½ a 10 b	Joseph Lucas £1	72/11½	73/6	3·40
46/4½	22/7½	17½ b 9 a	Pressed Steel £1	42/6	41/9	3·17
100/7½	48/11½	20 c 30 c	Triplex Holdings 10/-	90/-	96/3	3·12
			PAPER & NEWSPAPERS			
31/11½	21/-	15 b 10 a	Daily Mirror 'A' 5/-	30/6	29·4½	4·26
37/-	24/6	12½ b 5 a	Odhams Press 10/-	35/3	34/9	5·04
68/-	43/7½	8 b 4 a	W. H. Smith & Son £1	65/-	64/6	3·72
77/11½	44/6	12½ c 5 a	Bowater Paper £1	75/-	74/6	3·36
60/3	42/6	9 b 5 a	Albert E. Reed £1	58/6	60/-	4·75
35/3	22/-	5 b 3 a	Spicers £1	31/-	31/9	5·04
77/6	71/-	12½ b 5 a	Wiggins Teape £1	75/6	77/6	4·52
			SHIPPING			
52/-	36/6	13⅓ b 6½ a	Brit. & Com'wealth. 10/-	49/3	47/9	4·19
25/6	17/3	8 c Nil a	Cunard £1	24/3	23/11½	6·92
35/-	25/-	10 c Nil a	France Fenwick £1	33/6	33/-	...
50/9	29/6	10 c 10 a	Furness Withy £1	47/9	46/-	4·35
25/6	14/9	10 b 10 a	London & Overseas 5/-	23/-	22/6	4·44
55/-	31/6	8 b 3 a	P & O Defd. £1	51/9	50/3	4·38
22/3	13/3	5 c 2½ c	Reardon Smith 10/-	21·6	21/3	1·18
31/-	19/-	7½ c 8 c	Royal Mail £1	29/6	29/9	5·38
			STEEL			
83/-	28/11½	6 a 8 b	Colvilles £1	78/-*	75/3	3·72
85 3	26/6	4 a 8 b	Dorman Long £1	81·6	80/-*	3·75**
54/9	14/-	2½ a 6 b	Lancashire Steel £1	49·9	48/6	3·51
61/9	27/6	4 a 8 b	South Durham £1	54/6	51/9*	4·64
55/9	20/9	3¾ a 6¼ b	Steel Co. of Wales £1	53/3*	50/9	3·94
63/-	25/-	3 a 8 b	Stewarts & Lloyds £1	59/3*	56/10½	3·87
78/6	23/4½	4 a 8½ b	John Summers £1	73·9*	72/6	3·45
66/9	24/9	4 a 11 b	United Steel £1	84·1½*	82/3	3·65
118/9	58/3	10 a 15 b	Whitehead £1	117/9	116/6	4·29
			TEXTILES			
66/-	37/-	22½ c 22½ c	Calico Printers £1	60·6	61/6	7·32
37/7½	22/-	7½ b 2½ a	J. & P. Coats £1	35·10½	34/3	5·84
35/9	18/3	5 b 5 a	Fine Spinners £1	30·6	31/3	6·40
68/4½	35/4½	12½ b 5 a	Lancashire Cotton £1	63·3*	62/6	5·60
35/6	24/-	7½ c 7½ c	Tootal £1	31·6	31/-	4·84
23/4½	14/7½	Nil c 4 a	Bradford Dyers £1	20·9	22/6	...
13/11½	4/03¼	6 a 14 b	Illingworth Morris 4/-	12 11½*	13/-	6·15
74/6	35/4½	16 c 5 a	Patons & Baldwins £1	69·9	70/-	4·44
42/-	10 b	8 a	West Riding Worsted £1	74/3	75/3*	4·78
38/11½	21½ a	5 b	Spolcombers £1	35/-	34/6	4·35
67/9	31/3	6¾ b 5 a	Courtaulds £1	63/3	62/-	3·76 *
19/9	10/-	4 a 16 b	Jute Industries 10/-	24·6	23/-	8·70
			**T

Money and Exchanges

EXCHEQUER RETURNS

For the 9 days ended January 9, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £73,199,000 compared with a deficit of £77,412,000 in the previous 12 days and a surplus of £162,563,000 in the corresponding period of last year. There was a net expenditure "below-line" of £25,533,000 leaving a total cumulative deficit to date of £973,593,000 compared with £815,686,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Jan. 10, 1959	April 1, 1959, to Jan. 9, 1960	10 days ended Jan. 10, 1959	9 days ended Jan. 9, 1960
Ord. Revenue					
Income Tax	2147,000	1104,229	1050,509	168635	88,933
Surtax	171,000	76,000	77,600	20,400	18,900
Death Duties	195,000	141,600	165,000	6,600	5,800
Stamps	68,000	47,000	72,300	2,500	3,200
Profits tax, EPT and EPL	274,000	232,000	214,700	11,200	6,000
Other Inland Revenue Duties	1,000	150	210	...	...
Total Inland Revenue	2856,000	1600,979	1580,319	209335	122833
Customs	1285,500	1002,607	1070,229	34,653	32,230
Excise	1864,500	702,000	688,990	7,360	8,445
Total Customs and Excise	2150,000	1704,607	1759,219	42,013	40,675
Motor Duties	104,000	56,565	43,271	24,918	12,453
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	22,900	25,100	...	...
Sundry Loans	30,000	26,152	31,691	26	137
Miscellaneous	150,000	71,402	97,492	6,877	6,486
Total	5325,000	3482,605	3537,092	283169	182584
Ord. Expenditure					
Debt Interest	600,000	533,904	471,674	10,978	8,231
Payments to Northern Ireland Exchequer	79,000	55,476	58,535	3,946	4,018
Other Consolidated Funds	10,000	7,329	7,639	2,239	1,932
Supply Services	4523,546	3190,202	3344,062	101200	93,600
Total	5212,546	3786,911	3881,910	118363	107781
Sinking Funds	39,000	28,266	27,810	2,243	1,604
"Above-line" Surplus or Deficit	— 332,572	— 372,628	+ 162563	+ 73,199	
"Below-line" Net Expenditure*	483,114	600,965	39,971	25,533	
	—	—	+	+	
Total Surplus or Deficit	815,686	973,593	122592	47,666	
Net receipts from:					
Tax Reserve Certificates	211,913	167,503	–6,913	17,184	
Savings Certificates	106,000	56,800	5,700	1,600	
Defence Bonds	74,036	113,416	5,342	5,129	
Premium Savings Bonds	52,745	36,870	3,640	1,360	
Total	444,694	374,589	7,769	25,273	

* Net receipts of the Civil Contingencies Fund of £10 million in 1959–60 compared with £11 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1959					
Jan. 10	3,450·0	1,734·9	206·0	...	5,390·8
Oct. 3	3,370·0	1,936·3	247·5	3·0	5,556·8
,, 10	3,390·0	1,954·2	259·7	...	5,603·9
,, 17	3,340·0	2,016·0	241·4	...	5,687·4
,, 24	3,430·0	2,052·7	217·8	...	5,700·5
,, 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
,, 14	3,580·0	1,942·9	223·8	...	5,746·7
,, 21	3,620·0	1,887·2	223·6	...	5,730·8
,, 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
,, 12	3,660·0	1,934·9	210·9	1·3	5,807·8
,, 19	3,660·0	2,004·8	228·2	1·5	5,893·7
,, 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·8	1,982·4	273·6	3·0	5,869·8

THE MONEY MARKET

THE Treasury bill rate again rose at last Friday's tender, the £270 million of bills on offer being allotted at an average discount rate of one penny under £3 15s. per cent, about 5d. more than the previous week. The discount market cut its concerted bid by a further 1d. for the 91-day maturities to £99 1s. 3d. and secured an allotment of 50 per cent. For the 90 day bills (issued because of the incidence of Good Friday) the market bid £99 1s. 6d. and obtained a full allotment. Its average quota rose from 50 to 56 per cent.

In New York the rate on three months bills fell slightly from 4.602 per cent to 4.590 per cent. Interest has centred on the issue of $1,500 million one year bills, allotted at an average rate of 5.067 per cent.

Credit continued to be easy in the money market at the end of last week and on Friday the authorities sold back bills on a fairly large scale. This week conditions have become difficult and despite official help on Tuesday and Wednesday one or two houses on both days were forced to borrow a very small amount at Bank rate. Rates of 4 per cent have also been conceded for overnight loans from the market.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	$3\frac{27}{32}$–$3\frac{29}{32}$
Discount houses	2–2¼	3 months	$3\frac{27}{32}$–$3\frac{29}{32}$
Money:		4 months	$3\frac{27}{32}$–$3\frac{29}{32}$
Day-to-Day	2⅜–3⅝	6 months	$3\frac{27}{32}$–$3\frac{15}{16}$
Treasury bills:		Fine trade bills:	
2 months	$3\frac{23}{32}$	3 months	4⅜–5
3 months	3¼	4 months	4⅜–5
		6 months	4¾–5½

NEW YORK

	%		%
Official discount rate:		**Treasury Bills:**	
(from 3½%, 10/9/59)	4	January 5	4·602
		,, 12	4·590

BANK OF ENGLAND RETURNS

(£ million)	Jan. 14, 1959	Jan. 6, 1960	Jan. 13, 1960
Issue Department:			
Notes in circulation	2,039·2	2,185·2	2,134·5
Notes in banking dept.	61·1	15·1	65·9
Govt. debt and securities	2,096·5	2,197·0	2,197·0
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	12·1	13·5	14·6
Bankers	208·5	246·4	225·1
Others	69·2	64·1	63·7
Total	289·8	324·0	303·4
Securities:			
Government	193·8	274·8	216·8
Discounts and advances	31·0	30·4	17·4
Other	21·2	21·1	21·0
Total	246·0	326·3	255·2
Banking department reserve	62·0	15·9	66·6
"Proportion"	% 21·3	% 4·9	% 21·9

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1959	*91 day*			s. d.	%
Jan. 9	260·0		407·4	62 10·22	47
Oct. 9	290·0		433·2	69 9·00	66
,, 16	270·0†		444·4	68 4·91	34
,, 23	260·0		456·5	68 6·74	37
	91 day	*63 day*			
,, 30	220·0	50·0	461·6	67 8·53	54
Nov. 6	240·0	50·0	464·9	67 4·62	53
,, 13	230·0	60·0	471·5	67 9·55	26
,, 20	230·0	60·0	438·0	67 11·96	44
,, 27	220·0	60·0	415·4	67 11·95	46
Dec. 4	230·0	60·0	408·1	70 7·23	54
,, 11	290·0	...	452·8	71 6·91	48
,, 18	240·0	50·0	403·9	72 10·50	54
	91 day				
,, 24	290·0		407·8	73 8·82	66
1960					
Jan. 1	280·0		422·4	74 6·24	50
,, 8	270·0		396·6	74 11·06	56

* On January 8th tenders for 91 day bills at £99 1s. 3d. secured 50 per cent, higher tenders being allotted in full. The offer for this week was for £270 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	January 13	January 7	January 8	January 9	January 11	January 12	January 13
United States $	2·78–2·82*	2·79⅞–2·80	2·79 13/16–15/16	2·79 13/16–15/16	2·79 13/16–15/16	2·79 13/16–15/16	2·79¾–7/8
Canadian $	...	2·66 15/16–67/16	2·66⅞–¾	2·66⅞–¾	2·66 13/16–15/16	2·66 11/16–13/16	2·66 7/16–9/16
French Fr.	13·622–14·027	13·73¼–½	13·73¼–½	13·73¼–½	13·73⅞–⅞	13·73⅞–74⅛	13·74–74¼
Swiss Fr.	11·94–12·54⅞	12·10⅞–¾	12·10⅞–⅞	12·10¼–½	12·09½–¾	12·10–10¼	12·10–10¼
Belgian Fr.	137·96–142·05	139·77½–82½	139·77½–82½	139·75–80	139·72½–77½	139·62½–67½	139·60–65
Dutch Gld.	10·48–10·80	10·55½–¾	10·55⅝–⅞	10·55⅝–⅞	10·55⅝–⅞	10·55⅞–56⅛	10·56⅛–⅜
W. Ger. D-Mk.	11·59¼–11·93¼	11·67⅜–⅝	11·67–67¼	11·67⅜–⅝	11·67–67¼	11·66⅞–67⅛	11·66⅞–67⅛
Portug. Esc.	79·00³/₄–82·00½	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17377⅛–381⅛	17373⅛–⅝	17371½–¾	17381½–¾	17373¼–38	17375⅛–⅜
Swedish Kr.	14·27½–14·70	14·50–50¼	14·49⅝–⅞	14·49¾–50	14·49¾–50	14·49½–¾	14·49½–¾
Danish Kr.	19·06½–19·62	19·33¼–½	19·33½–¾	19·33⅝–⅞	19·33¾–34	19·33¼–34	19·34–34⅜
Norwegian Kr.	19·71–20·30½	20·01¼–½	20·01¼–½	20·01¼–½	20·01⅜–⅝	20·01¼–½	20·01⅜–⅞

* Official Limits.

One Month Forward Rates

United States $	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis
Canadian $	1/4–3/8c. dis	1/4–3/8c. dis	1/4–3/8c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis
French Fr.	1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis	3/4–1 1/4c. dis
Swiss Fr.	1/4c. pm–1/4c. dis	1/2c. pm–par	1/4c. pm–1/4c. dis	1/2–1/4c. pm	3/8–1/8c. pm	1/2–1/4c. pm
Belgian Fr.	10–15c. dis	10–15c. dis	10–15c. dis	12–17c. dis	15–20c. dis	15–20c. dis
Dutch Gld.	1/8–3/8c. dis	par–1/4c. dis	1/8–3/8c. dis	par–1/4c. dis	1/4c. pm–par	3/8–1/8c. pm
W. German D-Mk.	5/8–3/8pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis

Three Months Forward Rates

United States $	5/16–7/16c. dis	5/16–7/16c. dis	5/16–7/16c. dis	5/16–7/16c. dis	5/16–7/16c. dis	3/8–1/2c. dis
Canadian $	5/8–1c. dis	5/8–1c. dis	5/8–1c. dis	3/4–9/8c. dis	3/4–9/8c. dis	3/4–9/8c. dis
Swiss Fr.	1/4c. pm–1/4c. dis	3/4–1/4c. pm	3/4–1/4c. pm	1/2–1 1/4c. pm	1 1/4–1c. pm	1/2–1 1/4c. pm
W. German D-Mk.	1 1/2–1 3/4pf. dis	1 1/2–1 3/4pf. dis	1 1/2–1 3/4pf. dis	1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis	1 1/2–1 3/4pf. dis

Gold Price at Fixing

Price (s. d. per fine oz.)	250/7	250/7½	...	250/7¼	250/8	250/8¼

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

The following list shows the most recent dates on which each statistical page appeared:

BRITISH

Prices and Wages	Jan. 2nd	External Trade	Jan. 9th
Manpower and Output	This week	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe	Nov. 14th	United States	Dec. 26th

	Unit	Mid-year or averages			1958			1959				
		1956	1957	1958	October	Nov.	Dec.	August	Sept.	October	Nov.	Dec.
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,107	24,188	24,070	24,150	24,126	23,987	24,125	24,157	24,197	24,210	...
Men	,,	16,188	16,225	16,160	16,188	16,161	16,124	16,138	16,147	16,151	16,136	...
Women	,,	7,919	7,963	7,910	7,962	7,965	7,863	7,987	8,010	8,046	8,074	...
Armed Forces	,,	761	702	614	598	594	590	555	551	547	540	...
Civil employment												
Total	,,	23,149	23,245	23,080	23,079	23,043	22,871	23,164	23,203	23,236	23,257	...
Manufacturing industries	,,	9,269	9,271	9,147	9,132	9,115	9,066	9,190	9,254	9,297	9,337	...
Employees:												
in engineering (1)	,,	3,971	3,966	3,970	3,952	3,950	3,941	3,981	4,017	4,037	...	...
in consumer goods industries (4)	,,	3,365	3,376	3,275	3,285	3,275	3,244	3,295	3,309	3,322	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	257·0	312·5	457·4	513·8	536·0	531·7	427·0	405·1	419·0	430·5	420·9
Temporary or under 2 weeks	,,	98·2	95·7	141·0	173·2	154·0	141·6	106·6	102·1	105·1	97·5	89·2
Over 8 weeks	,,	93·1	129·3	197·7	211·6	237·7	248·3	212·5	200·2	208·0	218·4	222·0
By regions (3):												
Great Britain	,,	1·2	1·4	2·1	2·3	2·4	2·4	2·0	1·9	1·9	2·0	1·9
London and South Eastern	,,	0·8	1·0	1·3	1·4	1·5	1·4	1·1	1·0	1·1	1·1	1·1
Eastern	,,	1·0	1·3	1·7	1·6	1·7	1·7	1·3	1·3	1·4	1·4	1·4
Southern (4)	,,	1·0	1·3	1·6	1·8	1·8	1·8					
South Western (4)	,,	1·2	1·8	2·2	2·5	2·6	2·6	1·7	1·7	2·0	2·3	2·2
Midland	,,	1·1	1·3	1·6	1·9	1·9	1·8	1·5	1·2	1·1	1·0	1·0
North Midland	,,	0·6	1·0	1·6	1·7	1·7	1·8	1·5	1·3	1·2	1·3	1·3
East and West Ridings	,,	0·8	0·9	1·9	2·5	2·4	2·3	1·7	1·6	1·6	1·5	1·5
North Western	,,	1·3	1·6	2·7	3·2	3·2	3·3	2·5	2·4	2·3	2·3	2·2
Northern	,,	1·6	1·7	2·4	2·8	3·1	3·2	3·1	3·0	3·1	3·4	3·3
Scotland	,,	2·4	2·6	3·8	4·0	4·4	4·4	3·9	3·9	4·0	4·3	4·3
Wales	,,	2·0	2·6	3·8	4·1	4·1	4·1	3·4	3·2	3·4	3·4	3·3
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	,,	390	276	198	167	159	163	263	255	246	245	251
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	107	106	110	114	107	97	117	121	123–124*	...
,, ,, *seasonally adjusted*	,,	...	...	...	*105*	*107*	*107*	*113*	*114*	*116*	*116–117**	...
Mining and quarrying	,,	99	99	94	99	101	94	75	94	97	...	...
Construction	,,	106	106	105	...	108*	...	113*	...	...	...	...
Gas, electricity and water	,,	110	112	117	116	128	136	95	108	120	...	...
Manufacturing, total	,,	106	108	107	111	115	106	97	120	125	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*106*	*107*	*108*	*114*	*116*	*119*	...	...
Engineering and electrical goods	,,	107	111	111	114	123	119	97	128	...	...	...
Shipbuilding	,,	117	108	109	110	108	109	97	99	98	...	...
Vehicles	,,	107	115	118	118	117	126	103	132	138	...	...
Chemical trades	,,	111	115	115	119	123	116	116	132	...	...	...
Textiles, leather and clothing	,,	99	99	91	100	100	82	81	106	112	...	...
BASIC MATERIALS		M W averages										
Production of:												
Coal (5) (7)	W	'000 tons	4,269	4,301	4,150	4,331	4,436	4,142	3,164	3,988	4,128	4,181	3,719
Pig iron	W	,,	253	275	245	242	234	223	220	251	270	277	...
Steel, ingots and castings	W	,,	397	417	369	364	352	313	337	426	441	459	...
Sulphuric acid	M	,,	187·2	194·7	186·8	198·9	187·5	203·1	182·6	195·7	215·9	...	...
Newsprint	W	,,	12·36	12·55	11·81	11·83	12·27	10·53	11·07	13·05	13·13	...	...
Electricity (5)	M	mn. kwh	7,263	7,581	8,209	8,565	9,190	10,186	6,846	7,752	9,050	10,226	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·33	16·85	14·77	15·25	15·23	12·74	12·71	15·48	16·26	15·96	...
Worsted yarn	M	,,	19·38	19·48	17·18	20·48	18·44	18·26	13·55	21·72	22·43	21·40	...
Rayon and synthetic fibres	M		40·21	41·32	35·18	35·84	37·63	40·20	39·71	43·53	47·25	47·30	...
Cotton cloth, woven	W	mn. yds.	31·0	31·4	27·0	27·5	27·2	21·7	25·7	26·3	28·8	28·6	...
Wool fabrics, woven	M	mn. sq. yds.	33·1	32·8	29·1	33·7	30·0	29·1	21·9	34·0	34·6	33·0	...
Engineering production:												
Passenger cars and chassis	W	'000s	13·61	16·56	19·84	19·87	19·83	17·98	16·55	24·35	27·59	29·33	...
Commercial vehicles and chassis	W	,,	5·71	5·54	5·90	5·91	6·00	5·93	6·07	8·45	8·36	8·20	...
Internal combustion engines	M	'000 BHP	411	406	378	391	339	407	372	483	...	...	...
Metal-working machine tools	M	£'000	7,123	7,936	6,993	6,692	5,708	6,838	5,246	6,998	...	...	...
BUILDING ACTIVITY (5)												
Permanent houses completed:												
Total	M	'000s	25·03	25·09	22·81	25·33	23·06	23·25	20·67	23·92	26·30	25·14	...
By private builders	M	,,	10·35	10·54	10·68	12·36	11·77	11·35	12·41	13·85	15·18	13·95	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for third quarter. (9) Average for fourth quarter.

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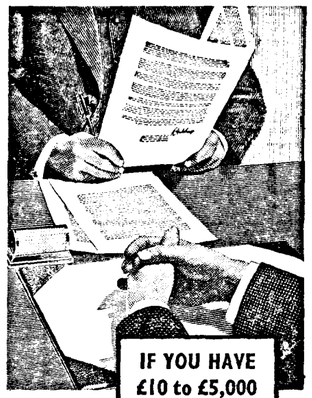

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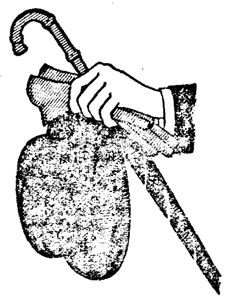

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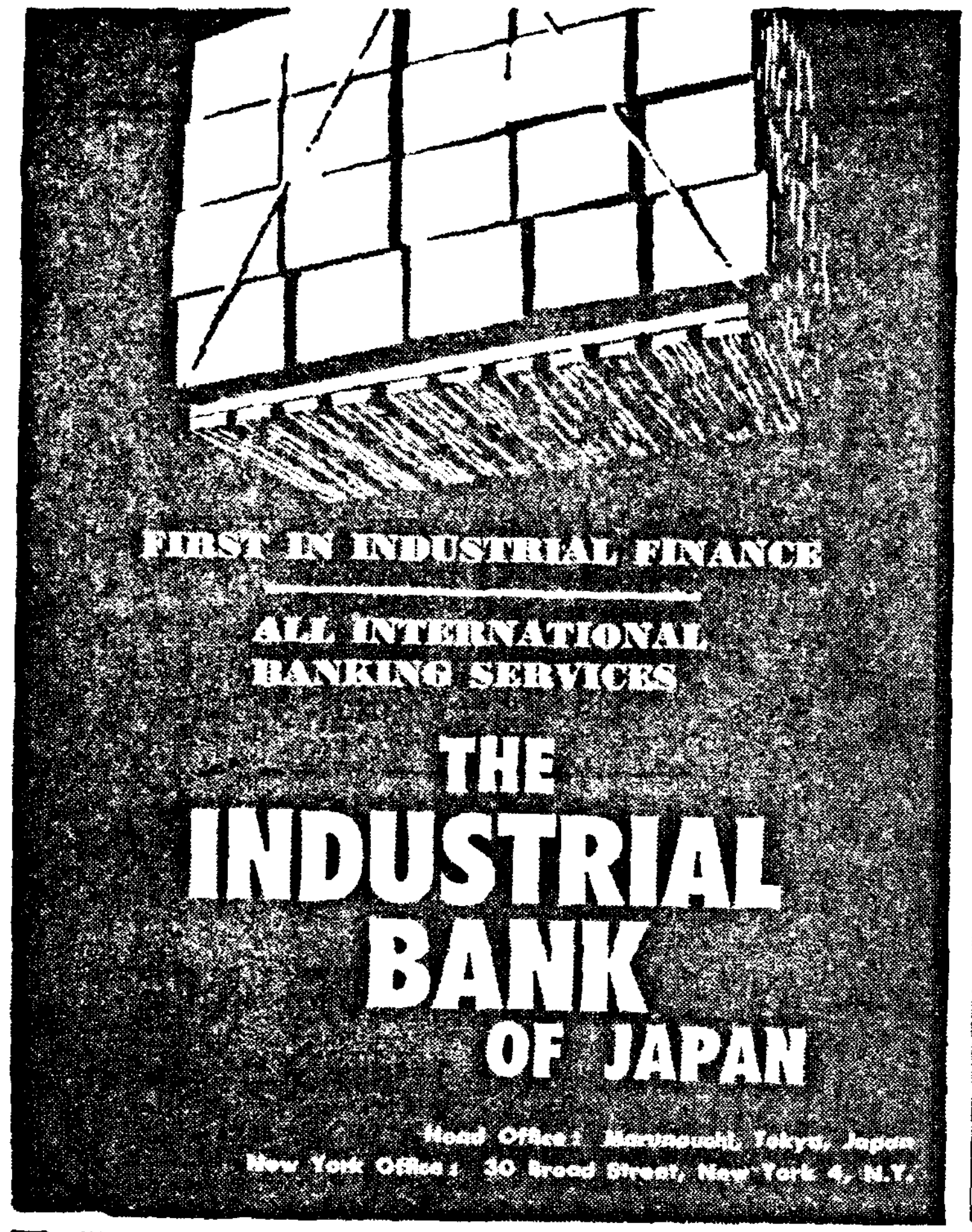

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For other appointments see page 256

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THE TRANSFER BOOKS WILL BE CLOSED from February 6, 1960 to February 15, 1960, both dates inclusive, *for the preparation of Dividend Lists.*

By Order of the Board,
E. W. MORGAN, Secretary

Registered Address:
10 Old Jewry, London, E.C.2.
January 12, 1960.

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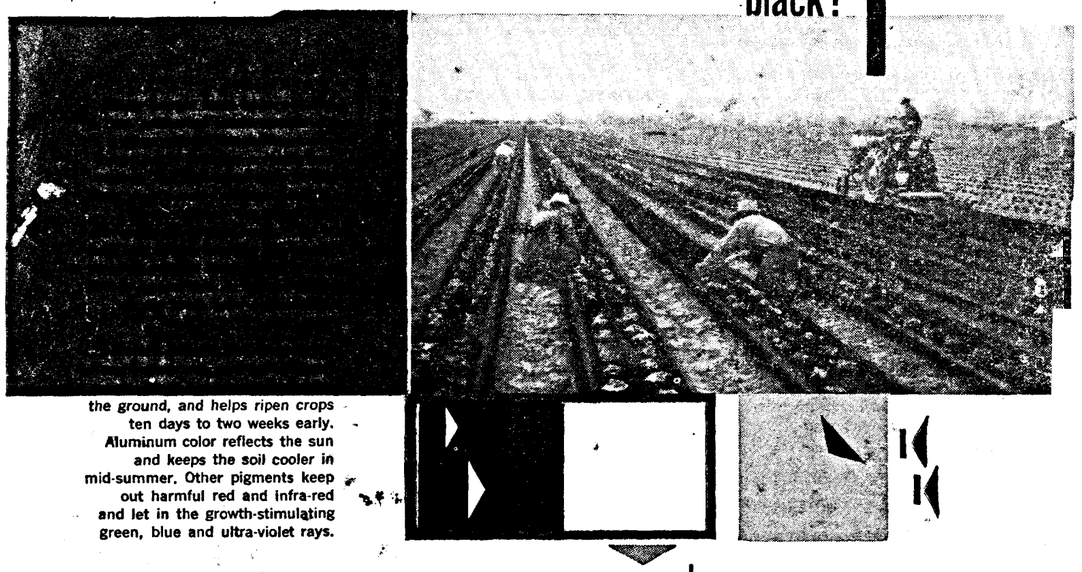

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The Economist

JANUARY 23, 1960

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The Prime Minister has now said three times to three audiences—and to the Monckton Commission—how he sees the Central African Federation's future (page 285)

Solo in Two Keys

Mr K has brandished his "fantastic weapon" to silence critics at home rather than to impress foreigners (page 287)

Atlantic Exploration

A new perspective in Western co-operation (page 286)

Cut Price Competition?

(page 289)

World Politics and Business

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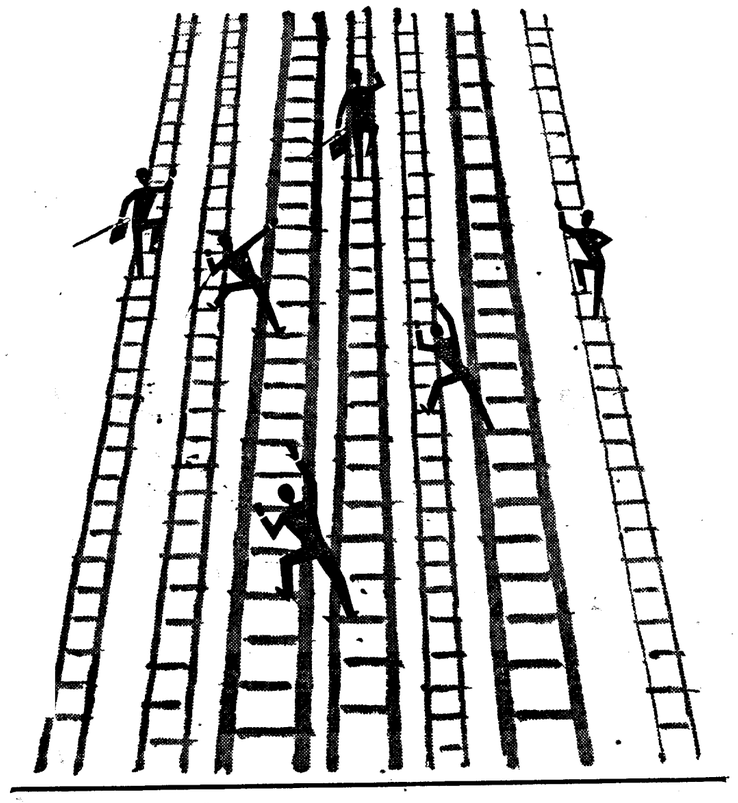

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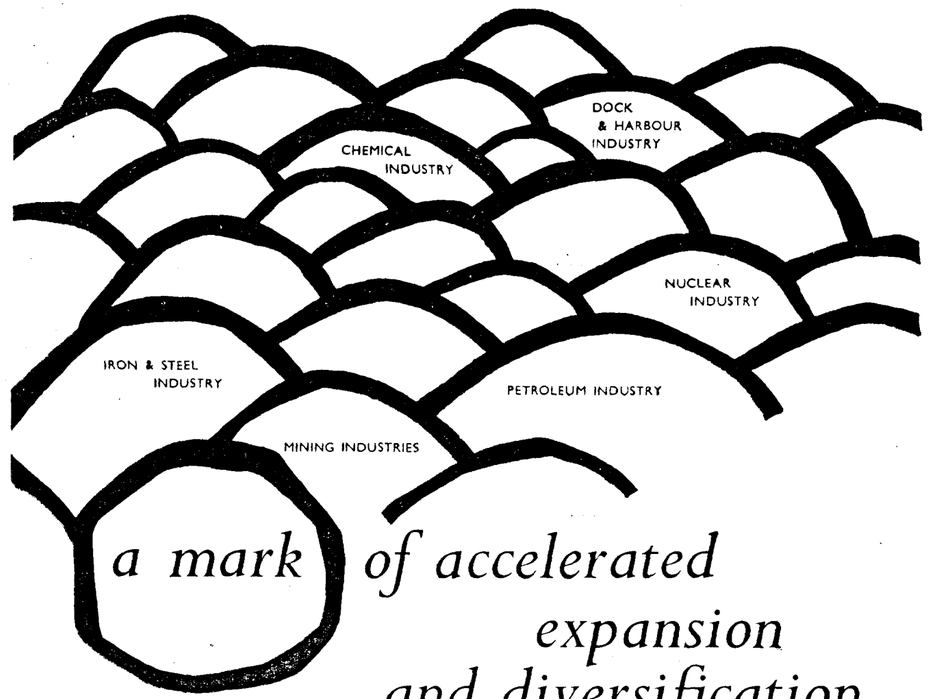

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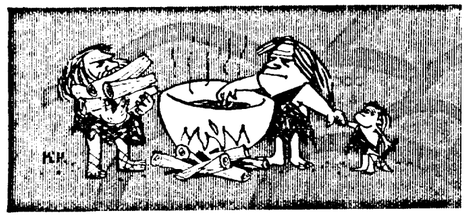

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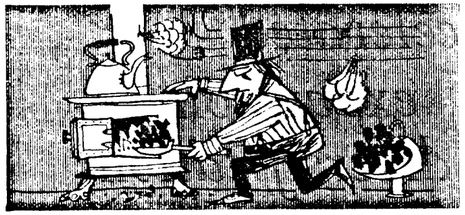
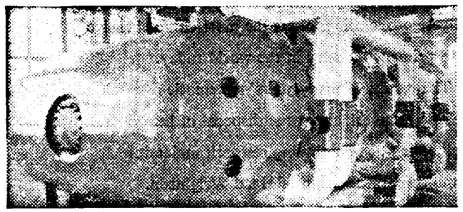


about keeping it hot...



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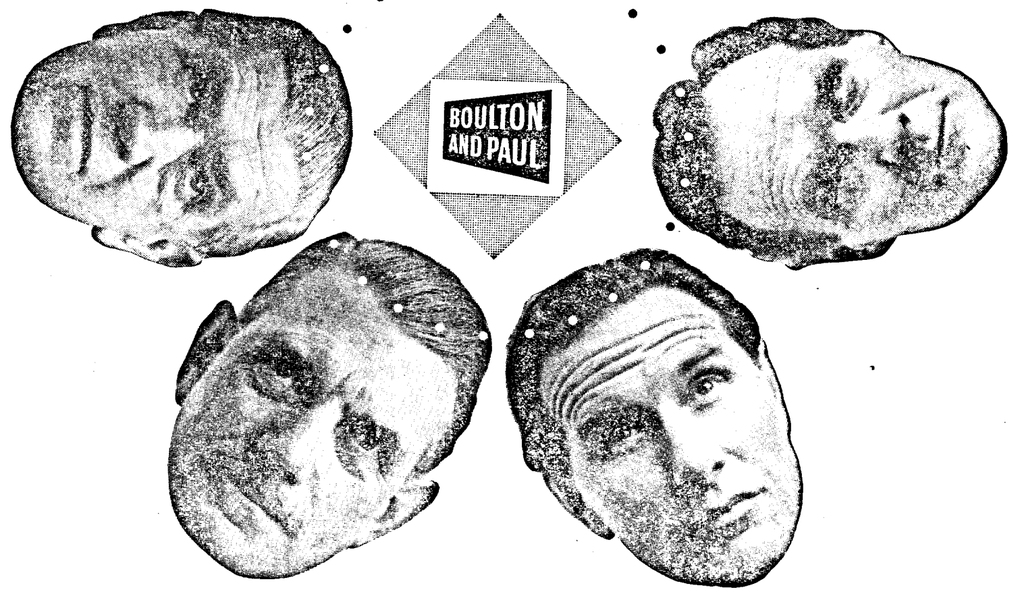

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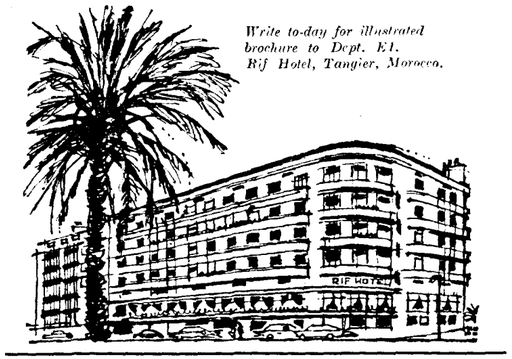

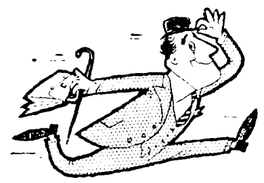

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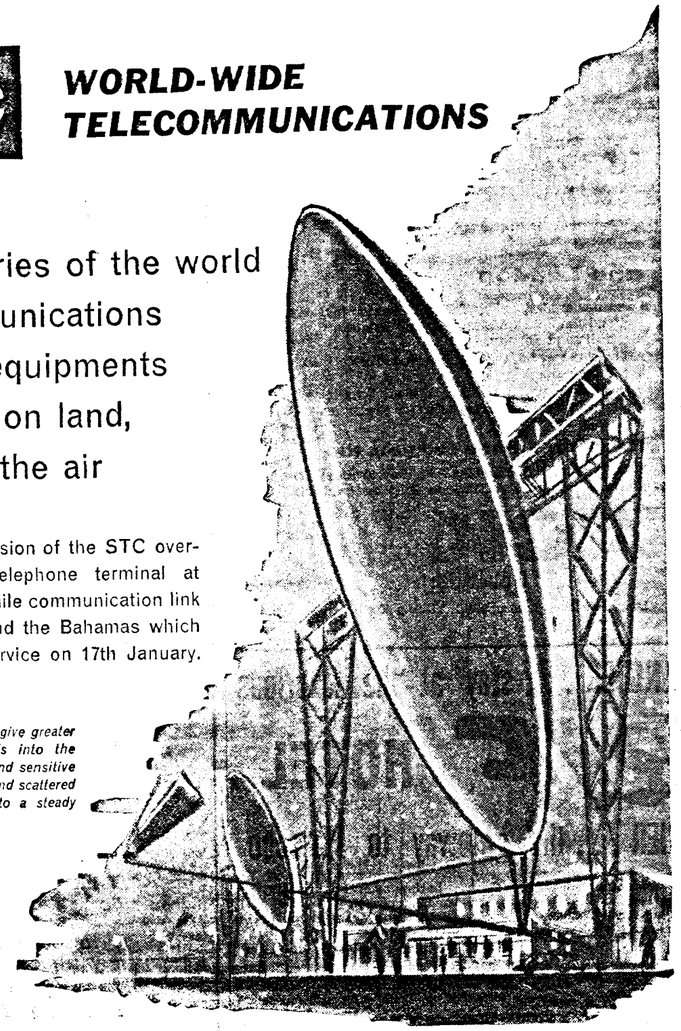

Illustrated is an impression of the STC over-the-horizon* radio telephone terminal at Nassau, part of a 186-mile communication link between the U.S.A. and the Bahamas which officially came into service on 17th January.

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The Memoirs of
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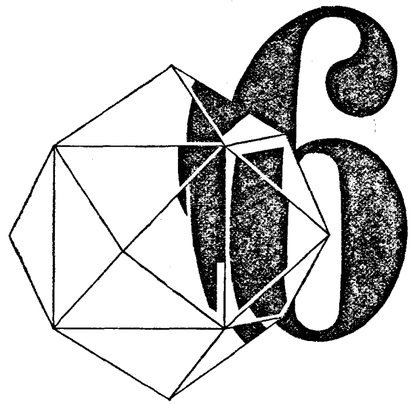

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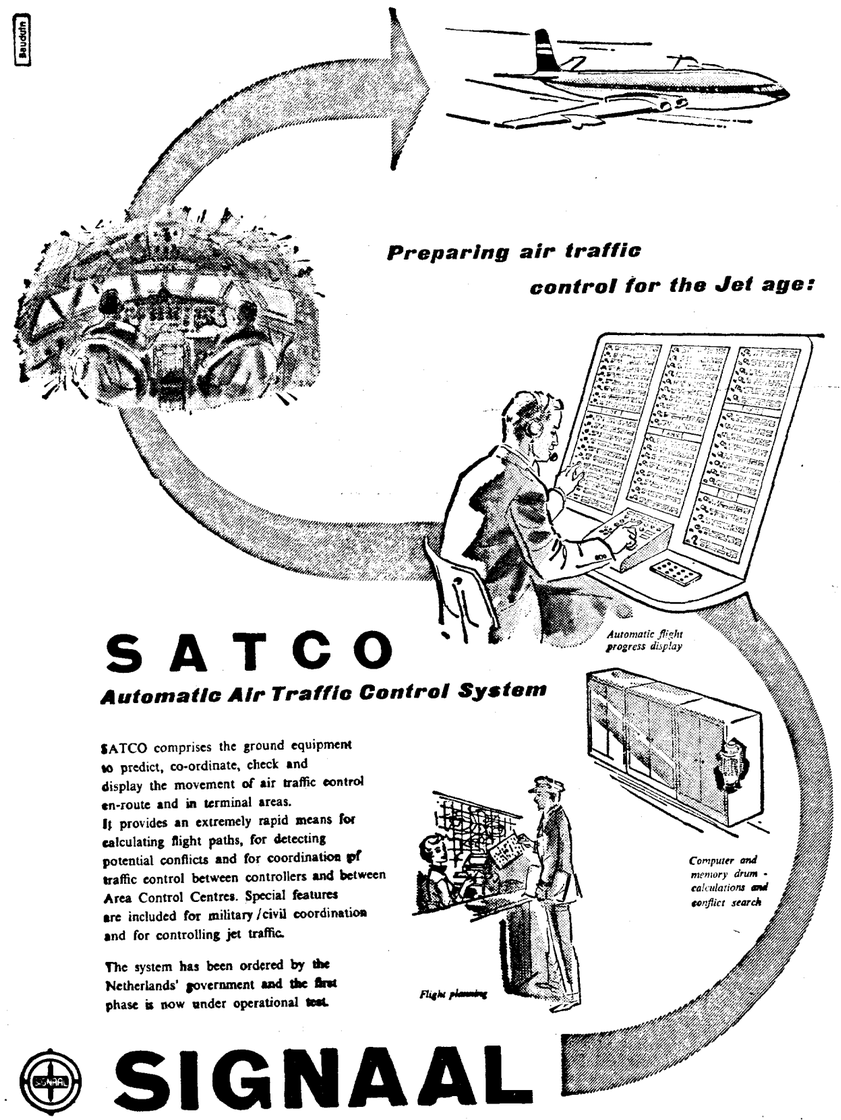
International Handicrafts and Supplier Industries Fair Munich
May 11 - 22

International Toy Trade Fair Nuremberg
March 3 - 8

Offenbach International Leather Goods Fair
March 5-10 · August 27 - September 1

Information can be obtained from the fairs or their agencies abroad. General information: Ausstellungs- und Messe-Ausschuss der Deutschen Wirtschaft e.V., Cologne, Habsburger Ring 2-12, Telephone: 215091 and 215092, Telex: 0881507, Telegram: AUMA Cologne



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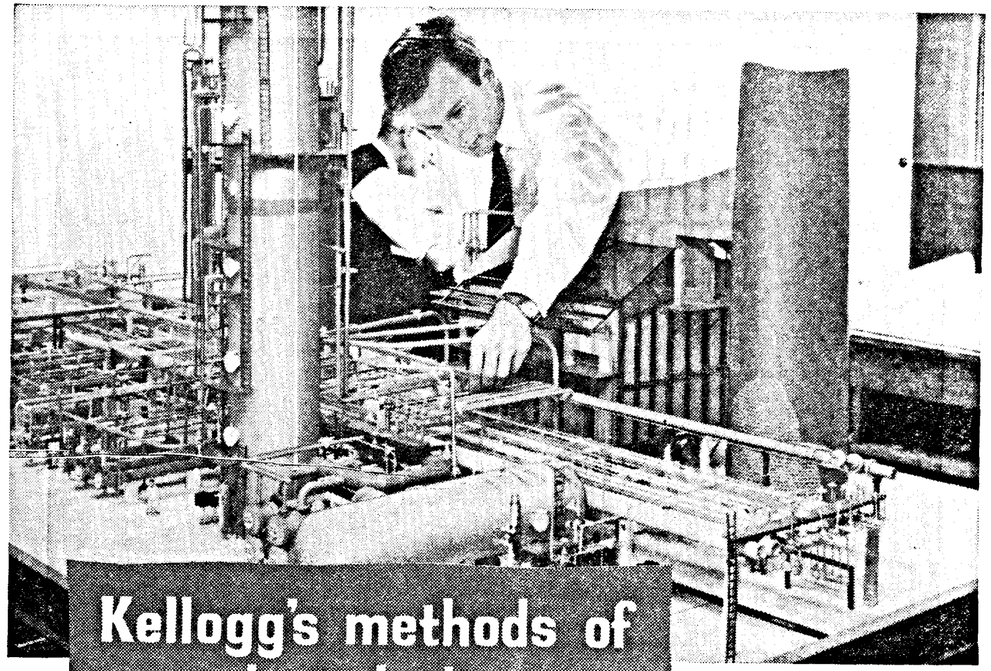
The system has been ordered by the Netherlands' government and the first phase is now under operational test.

SIGNAAL

N.V. HOLLANDSE SIGNAALAPPARATEN HENGELO - NETHERLANDS



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One way in which Kellogg minimises clients' investments in new plants is by using scale models as design tools. Built by Kellogg's designers, these three-dimensional blueprints eliminate planning studies and piping key plans, improve designs, facilitate approval, promote faster construction and lower operating costs. Kellogg has used them in planning and erecting plants for many clients, including those in the petroleum, chemical and metal industries. Designing plants with models has replaced conventional drawings of general layout and piping. Photographs of the models are substituted for drawings. The models themselves are used on the job site to save time in explaining construction details to workers and for operator training. Kellogg International Corporation welcomes the opportunity to work with clients at any stage of development of a new plant from the time the process is first conceived through construction. Inquiries concerning the co-ordinated KIC services of engineering, procurement and construction are cordially invited.

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British European Airways is a national airline, responsible for its actions to Parliament, and thus to the people of Britain. In short, BEA is your airline, and its duty is to provide you with the efficient air service you need. This it strives to do.

Today, BEA is foremost among the airlines of Europe. It operates more services to more places than any other airline in Europe.

This policy of making air travel available on a large scale to large numbers of people and at the lowest possible fares has enabled BEA to win a leading place among the world's great airlines. Unlike most of those airlines, *BEA is entirely unsubsidised—and it makes a profit!* In 1958/9, after all charges had been met, the surplus available for carry-over was £250,000—a bonus to the nation.

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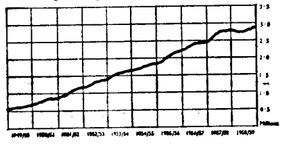
An airline cannot be popular unless it is efficient. Nowhere is BEA's efficiency more dramatically testified than in its leaping totals of passenger traffic.



Today, BEA carries more than 3,000,000 passengers in a year; on international routes, BEA carries more passengers than any other airline in the world, except one.

BEA serves 70 major cities in Europe, and on these routes carries 54% of all the air traffic to and from the United Kingdom; the remainder is shared by about 50 other air carriers.

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* BEA runs a scheduled airline, operating socially necessary as well as profitable routes, all the year round.
* By developing a huge tourist traffic, BEA has turned many of its less profitable services into profitable ones.
* BEA has made an overall profit for 5 successive years.
* BEA supports the British aircraft industry; the industry has sold BEA 220 British aircraft and BEA has spent £100 million with the industry since the war.

As a businessman you can appreciate both the complexity of the task and the value of the achievement. So, when you fly—FLY BEA.

BEA

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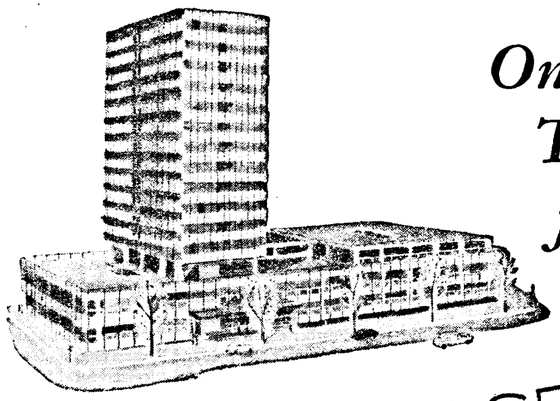

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STEEL—Report to the Nation

HOW MUCH STEEL IN 1960?

THE British steel industry may well produce about 24 million tons of steel in 1960 – compared with 20 million tons last year. Last year, and the year before, the steel industry spent some £100,000,000 on new plant and development – and raised its production capacity by about a *million* tons each year. This was done despite the fact that existing capacity, except in a few cases, was not being fully used.

Why this expansion, then? Is it an act of folly – or farsightedness? It is simply an expression of confidence in Britain's future.

Apart from the sharp setback around 1958, when the industry was working far below capacity, demand for steel has shown a steady upsurge since the war. Looking forwards, the industry has weighed forecasts made by its customers about their future demand.

As a result the industry believes that the trend of steel demand will continue to rise.

Planning ahead in Steel is a ticklish business. It means foreseeing future developments in the economic life of the nation, and the changing needs of steel consumers.

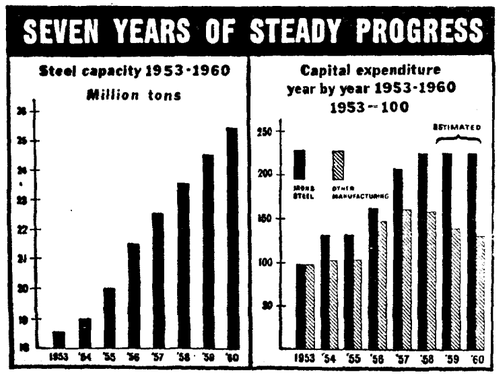
Among the thousands of steel-using firms the pattern of demand can change almost overnight. But planning, building and bringing into production a new steelworks inevitably takes years.

Unexpected

A plant making rails cannot change over to production of sheet for cars.

Hence in the past two years, although the steel industry as a whole has not been working at full capacity, there have sometimes been shortages of steel sheet.

Why? The causes were an unexpectedly swift boom in cars – which took even the motor industry itself by surprise; rising sales of household goods like cookers and washing machines, and of electrical machinery; and a shift in demand from one kind of steel sheet to another.



£760 million

Not even the wisest brains can predict, years ahead, every future shift in the pattern of demand. But Britain's steel industry has done remarkably well since the war in having the right plant ready at the right time.

Since the end of 1946, a sum of over £760,000,000 has been spent on development. The graphs show the crescendo of expansion in the last seven years; and also how the steel industry, far from lagging, has gone ahead faster than other manufacturing industries.

New Mills

In the critical field of cold reduced sheet, production in 1959 was 13% up on 1958, and will rise again by perhaps as much as 20% in 1960. Further expansion at existing strip mills and construction of two new mills at Newport and Ravenscraig, work on which is being accelerated, will meet the likely demand for sheet and tinplate.

What of the other sections of the industry? Although hit by the recession, they have pressed on with expansion. The new Universal Beam Mill at Lackenby, the best of its kind in the world, is in production – indeed, everywhere the nationwide programme of steel development is accelerating. At the lowest point (December, 1958) the industry was operating, on average, at about 70% of capacity. Now the rate is over 90% – of a greater capacity.

Up and Up

Prospects are that there will still be some margin of capacity in 1960 in certain heavy steel products, as a result of continued slackness of demand from railways, coal mines, and shipbuilders. But demand for other types of steel is expected to rise still further.

Steel production in 1960 may therefore be between three and four million tons more than in 1959.

Continued modernisation and expansion – at a cost of over £100 million a year – will provide an efficient steel capacity of over 30 million tons by 1965, a sound basis for competing in world markets.

NEW LIFE IN THE VALLEYS

By Trevor Evans

The "black years" of the 'twenties and 'thirties are not forgotten in South Wales. So it was with deep misgivings that I went back to the village where I grew up.

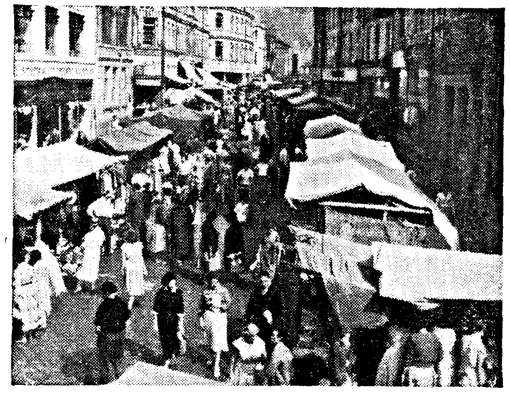
I was never so surprised in my life. There was Thomas Street with upwards of thirty motor cars parked along its kerbs. Thomas Street, which for hours on end in the old days held nothing but Sam Price's milk-float, and Harry Davies's coal wagon.

The houses were spruce with new paint. The house without its television aerial was an exception. Many had refrigerators, and some washing machines.

Peaceful Revolution

The most penetrating comment on changed times came from Mr. Tudur Watkins, the village schoolmaster. He happened to refer in a lesson to soup kitchens. The boys showed the glazed look of not understanding. His own son piped-up: 'Dad, what *are* soup kitchens, please?'

I do not claim that what has happened in Abertridwr is repeated in every other village in the Welsh coalfield.



Pontypridd, badly hit in the 'thirties now one of the most prosperous of South Wales towns.

But there has been a peaceful revolution in South Wales. It can be measured in a variety of ways. Take Pontypridd, one of the worst hit of South Wales centres – 76% of the working population unemployed during the depression. Today, it has 1.8% unemployed.

Barometer of Coal and Steel

There is another way of showing the transformation. For generations two industries, coal and steel, were synonymous with South Wales.

The concentration of coal mining on the most economical pits has produced contradictions, with surplus men in parts of West Wales and a shortage of miners in parts of the Rhondda.

Steel, too, has concentrated production on modern plants, but with a surprising and gratifying result.

A number of small works were closed, but at the same time the new Abbey, Trostre and Velindre works of The Steel Company of Wales were brought into commission.

Throughout South Wales and Monmouthshire the total number on the payroll of the steel companies was 52,500 in 1948. It was 55,300 last year.

In West Wales there were 27,900 employed in steel in October, 1947. Last July there were 28,000.

The Industry set up special funds to pay compensation to tinplate workers who lost their jobs when the small works were shut down. Valuable though these provisions are for older workers, an even greater social contribution has been the provision of work for more people.

Confidence in the future

In spite of the changing pattern of coal and steel, the two industries continue jointly to provide work for nearly one-third of all the men in jobs in South Wales.

What of the long-term prospects for South Wales? Here I am an optimist. The workers have proved their adaptability to new skills and new processes.

For years there has been a tussle in the minds of many men in South Wales between the experience of the recent past and the memories of the years between the wars. Inevitably, it was a conflict between generations.

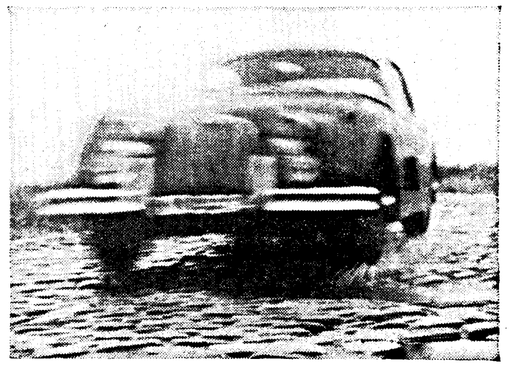
I hope and believe the victory will go to the younger generation. The future belongs to them anyway.

SIXTY KINDS OF STEEL ON TRIAL – TRIAL BY ORDEAL!

They do brutal things to a car, down at Nuneaton, on the proving grounds of the Motor Industry Research Association. And every time they test a car, sixty different kinds of steel are on trial. That's how many there are in a modern car.

One of the tortures they have devised consists of a pavé track made of rough stone blocks, set at all angles, with plenty of potholes. They like to drive cars across it *fast*.

And what bears the brunt of this savage test?



Steel takes these shock tactics in its stride.

Steel. British steel. Not just any kind of British steel – but a variety of specially compounded steels.

These special steels come from one or other of the many steelworks in Britain that produce alloy steels.

They are made, fastidiously, in special furnaces, with exact quantities of alloying material added to the molten metal.

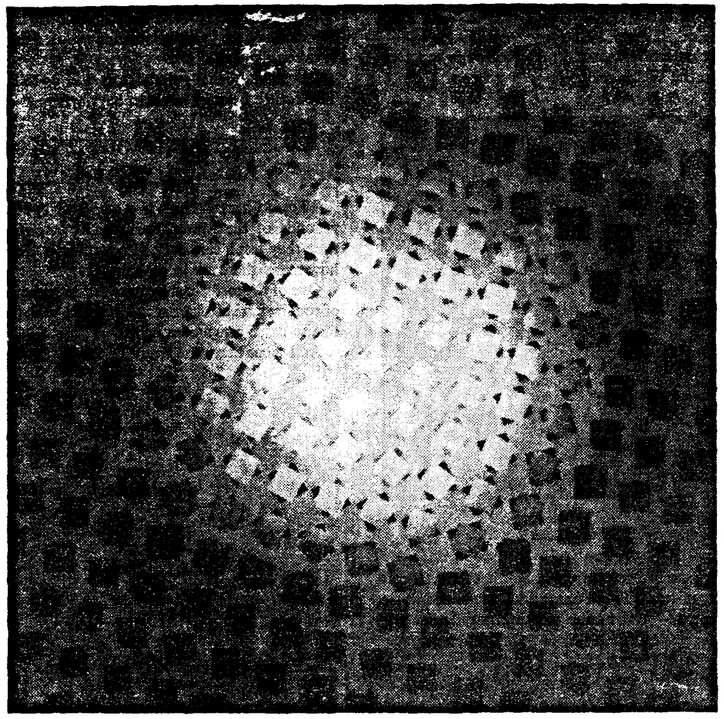
Nickel may go in, or Chromium, or Titanium, or Vanadium – or any of a score of other ingredients.

Scrupulous sampling and testing follow. Only when the melter is completely satisfied is the molten metal 'teemed'. The end-product is a component to which the car-driver hardly gives a thought – simply because it is so completely reliable. Whenever there's a really tough job to do in a car, there's a special British steel doing it.

There are over 300 steel firms in Britain, producing *thousands* of different steels. One firm alone may make steel to 500 specifications.

All Britain's industries rely on steel – none more than the Motor Industry, whose phenomenal production and export efforts have astonished the world.

Reports to the Nation on Steel will be issued regularly during 1960 by the British Iron and Steel Federation



"High Frequency Heating" by Roy Nockolds

Hot and Quick

Over the past ten years or so industry has become familiar with a process known as High Frequency Heating. Examples of its practical uses today include smelting, surface hardening, plastic welding, wood gluing and the cooking of biscuits and cakes —all of which it does with great speed and precision.

This 'high frequency heat', is generated in three ways — dielectrically, by induction, and by microwave irradiation. All these methods have two things in common—the heat is created by molecular friction (Roy Nockolds' picture represents the controlled movement of molecules *inside* a material) and all employ types of electronic valves in which Mullard specialise. In fact, High Frequency Heating owes much of its success to Mullard's long experience in the design and production of electronic power and transmitting valves.

Here, then, is yet another example of how Mullard research and development is serving Britain's designers of electronic equipment.

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The Economist

JANUARY 23, 1960

In Salisbury, Plain 285
Atlantic Exploration 286
Solo in Two Keys 287
Cut Price Competition? 289
The Army Speaks 290

NOTES OF THE WEEK 291

Kenya; Cyprus; Labour Leadership; Eggs; France; Germany; Drink and Driving; Laos; United Arab Republic; Church of England; South Africa; Hungary; Colombo Plan; The World's Telephones; Population; Sweden; Commando Carrier.

BOOKS

Snobs and Strivers 301

LETTERS 304

AMERICAN SURVEY

Too Sound to be Good? 307

Eisenhower's Wanderjahr; Budget in the Black; Religion in the Race; The Next President?—VI: Richard M. Nixon; Lynch Law; Sack for Jack?; One Cupboard is Bare.

THE WORLD OVERSEAS

Mr Kishi Revisits Washington 315

Mixed Feelings in Cyprus; Digesting Sahara Oil; Commercial *Coup d'Etat*; An Ink Dynasty.

THE BUSINESS WORLD

Can Bank Rate Do It? 323
Banking for Profit 325

BUSINESS NOTES 329

Motors; The Franc; Prices; Bids and Deals; Aircraft Industry; Unemployment; Jenkins Committee; Insurance Merger; Diamonds; Oil Heaters; Stock Exchange; Motor Spirit; Bullion Market; Stock Exchange Mechanisation; Counting Freight; Grocers; Synthetic Fibres; Investment in Australia; The State Building Society; A Taste of Honey; Dehydrated Foods; Shorter Notes.

COMPANY AFFAIRS 358

Watney Mann; Bowmaker; Granada; F. W. Woolworth; Richard Thomas and Baldwins; Stewarts and Lloyds; Colvilles; Lancashire Steel; Leyland and ACV; Westinghouse Brake; British Industrial Plastics; Inveresk Paper.

London and New York Stocks 360
Money and Exchanges 363
Industrial Profits 364

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VOLUME CXCIV . NUMBER 6074.

In Salisbury, Plain

ON three separate occasions Mr Macmillan has defined the Government's policy towards the Central African Federation—in the House of Commons on July 22nd last year, in Lagos last week, and in Salisbury this week. On the first occasion he dismayed the Labour party, who thereupon hardened their hearts against the Monckton commission; in Lagos he delighted the Labour party (and incidentally his African hosts), so that Mr Callaghan sent him an effusive telegram; and in Salisbury he apparently delighted 1,500 "tough" white settlers, though possibly not Sir Roy Welensky. Yet on all three occasions he was saying exactly the same thing.

It is perhaps part of Mr Macmillan's triumph that nobody believes this; for it leaves him with a free hand to do what he wants. The reason for the misunderstanding lies in the preconceived ideas of other people about what words mean, and what the constitution of the Federation of Rhodesia and Nyasaland really permits.

What appalled Labour in July was that Mr Macmillan said only that Britain would continue to act as protecting power over Nyasaland and Northern Rhodesia as long as their peoples desired it and until they were willing to enter an independent federation; he did not say that they could secede. In Lagos he also did not say that they could secede: what he said was that until these protectorates had, after achieving responsible elected government, decided that they wanted to join a "full and independent" federation, British protection would not be withdrawn. In Salisbury he pointed out that in Lagos (and in the House of Commons) he had not said that Nyasaland and Northern Rhodesia could secede, only that Britain would remain the protecting power until they did agree to join a full and independent federation.

The decisive points are these: (1) there is no provision for the protectorates to secede from the present *non-independent* Federation; (2) British protection remains until the governments of the protectorates, having been elected by their peoples (which they are not at present in any possible meaning of that term), ask to join an *independent* federation; (3) while Britain protects Nyasaland and Northern Rhodesia the Federation is not *full and independent*—that is, it is not and cannot be a sovereign state. By convention (not by right) the federal government is "independent in the federal sphere," which means that Britain does not upset Sir Roy's legislation provided it is not *ultra vires*, but this does not make the Federation independent as a state.

What this adds up to is exactly what Mr Macmillan says it adds up to: that no decision has been taken on giving Sir Roy either (a) sovereign independence as things stand or (b) any changes in the status of the protectorates. The task of the Monckton commission will be to suggest what changes could and should be made in the Federation's constitution. Broadly, the commission might say one of three things.

First, it might say that, given certain changes, the Federation should be able to fulfil its constitution's purposes and preamble, which demand partnership between the races. This is probably the best that Sir Roy can hope for. Even then, until an elected Nyasaland government and a more representative elected Northern Rhodesian government agree to it, a federation altered along the lines advised by Lord Monckton and agreed in London in 1960 or 1961 would still not become independent. The people of the protectorates are thus left with the

power of veto. Or, secondly, the Monckton commission might say that, although the people of the protectorates have no right of secession from the current non-independent federal constitution, that right could be put into a new one ; this could be done by amending the Rhodesia and Nyasaland (Federation) Act of 1953—with or without the agreement of Southern Rhodesia. Or, thirdly, it is still perfectly open (as Lord Shawcross has said) for the commission to say that there is now no way of making Federation work and fulfil its objectives.

Whatever hope Sir Roy Welensky might have cherished that the "expressed wish of the peoples" of the protectorates can be stated by the governors or by the British Government or by himself is thus simply knocked on the head ; that wish can be expressed only through the ballot-box. All that is inexplicit now is just how wide the franchise would have to be. The one point that is left for sensible liberals to argue and press for is that the eventual franchise, no doubt several years hence, ought to be very wide indeed.

Atlantic Exploration

The Dillon conference did not reconcile the Six and the Seven, but it may have started something new and important

BIG events have rarely been so obscured by diplomatic tactics as at last week's Atlantic economic conference in Paris. The conference played the familiar European numbers game, with the Six and Seven arguing about whether to meet again in groups of three or five, thirteen or nine, eighteen or twenty. But these procedural obbligatos were no more than an accompaniment to a major political and economic act—the entry of the United States into the drama of integration and free trade that has been played in Europe during the past four years. The process begun by the Six, and carried a stage further by the Seven, has brought an American response. Tentative as it is, that response could start a new era in Atlantic economic co-operation.

One reason for the caution of the American initiative is obvious. As the Americans themselves have been emphasising, no new arrangement for bringing them into a revised Organisation for European Economic Co-operation can be planned, signed and blessed by Congress until about eighteen months from now, when a new United States administration is settled in office. They have been at pains to point out that any new Atlantic body can have only consultative powers. But it is clear already that the United States is anxious to get down at once to two practical tasks: talks for reducing tariffs on a world-wide basis ; and a joint effort to increase aid to the undeveloped countries, with Europe contributing more.

The new group which eight industrial countries set up last week to co-ordinate their aid efforts is expected to meet soon in Washington. It has one major task that needs to be faced straight away: the means of raising finance for India's next five-year plan. And for its wider task it can turn at once to a number of excellent suggestions and comparative statistics on aid prepared by the OEEC secretariat, and characteristically pigeon-holed by governments.

In trade policy the United States, the European community and Britain (which has the highest tariffs of these three units) have now to give practical expression to the fine words they have been bandying about on the subject of freer trade on a world-wide scale. The present American administration has been given the power to cut up to 20 per cent off American tariffs in return for concessions from other countries. That power expires with the Trade Agreements Act, in June, 1962 ; if it has not been used by then to extract real concessions from Europe, it may not be renewed. That is when the danger of a protectionist reaction may really rear its head in the United States. Time, then, is limited. None should be wasted before sparking off, perhaps in one of the working groups of the new twenty-power trade group set up in Paris, talks between the main industrial powers on reductions in tariffs which can later be extended to all the members of the General Agreement on Tariffs and Trade.

The Atlantic conference last week also established a forum in which the issues of the division within western Europe can be discussed, after over a year in which contact between the two camps in Europe has been virtually confined to the ordinary diplomatic channels. This carries with it dangers as well as hope. The hope, to use a phrase of Dr Erhard, is that the two rails in Europe, that have been diverging

The Economist

JANUARY 21, 1860

FREEING FRENCH TRADE

The Emperor of the French is at least a man who does not forget the brevity of human life. He loses no time. He gives us one week a programme of the future of Europe, the next another and different programme, the next a promise of a commercial treaty with ourselves, the last week an outline sketch of vast internal reforms. He evidently has a pride in showing himself superior to the bureaucratic system by means of which he rules. The history of the world has few documents that are more remarkable than the concise letters which he writes in his own person, which announce vast plans for the future, which are inconsistent with the maxims upon which his recognised Ministers have hitherto been acting,—which are generally vastly better than those maxims. In foreign policy, the Emperor of the French, who knows England, will not be surprised that Englishmen of business feel puzzled to follow his changes ; he knows their tenacious and cautious habits, and will not wonder if they are desirous of having something more fixed, more stable, and more consistent. But, as far as respects the Emperor's commercial policy, there is no ground for these perplexities. He has always been known to be a Free-trader. He has always acted upon his opinions on that subject as far as he could, and as far as the sinister interests of some and the ignorant prejudices of very many of his people will permit him. We may have very great confidence that he will carry out the principles of commercial freedom as completely as he can in the present circumstances of France. . . . . On matters of trade . . . the Emperor of the French is immeasurably wiser than the great majority of the French nation ; he knows, however, that they look to the Government for the initiative in all things. It is not, therefore, surprising that he wishes to make use of his vast influence for the development of his wisest ideas. We may regret the omnipresence of the executive administration in France ; but while it is omnipresent, we should rejoice that it is enforcing what is right.

rapidly, can at last begin to converge instead ; that something can be done to keep the detailed measures of the two groups, as they take shape, in line with one another, and that the new contact can gradually bring about an improvement in understanding that may one day lead to fresh negotiation.

The dangers are that concentration on the exhausted European dispute may divert attention from new world-wide tasks and that illusions on both sides may merely lead to a new clash. Some illusions are already about. The Six, on their side, lulled by the moderate tone of British talk in Paris, are already beginning to air the quite mistaken view that the British Government has given up the idea of a European free trade area altogether ; the Seven, exhilarated by their first public appearance as an *ensemble*, have begun to magnify last week's verbal successes in their own minds. The Chancellor of the Exchequer was right to warn the press on January 14th that what had been achieved was a purely procedural agreement. The clash of views in the Council of Europe on Wednesday showed how deep the differences are between the two European camps. The truth is, of course, that these can be resolved only by political decisions in Britain and France.

WHETHER those differences are resolved one day will depend in some measure on the attitude of the United States. Today the American balance of payments problem produces a strong American bias against any sort of European agreement which discriminates against American trade. But that does not mean that American mediation may not be possible in Europe later on. One strong impression that emerged from last week's conference was that the United States has not yet worked out a policy which is a real synthesis of its interests in Europe. Its own payments difficulties lead it to oppose any European agreement at present ; its commercial interests will no doubt make it a permanent advocate of low tariffs between Europe and the outside world. The United States, too, has from the outset supported the common market as a means to a strong, united, western Europe ; and this has created an opposition, or at best an indifference, to any looser arrangement which may tend to dissolve or water it down. But in Paris it was also made clear that the United States was aware of the danger of a split between the common market and the rest of free Europe. If the United States government is to play an active role in the new Atlantic partnership, it will have to reconcile these two attitudes.

One possible synthesis, which the Americans might logically support, is that there should after all be a grouping embracing all western Europe, but that this group should have a greater political commitment than anything the Seven at present envisage, and should have lower tariffs towards the outside world than do the western European states at present, either individually or collectively. The political decisions have yet to be taken. But any major cuts in European tariffs that can be negotiated in Atlantic or world-wide talks will provide the most favourable economic context for a European agreement of this kind later on.

Last week's Atlantic meeting was in a sense a tribute to Europe's economic and political recovery. That recovery has placed upon Europe new responsibilities for what happens in other important areas of the world. It has prompted the United States to seek a place in the new and (let it be hoped) contagious process of unification—and liberalisation—that the western European countries have set under way. But the old world still evidently needs the assistance of the new, not so much now in righting the economic balance—that task has been well done—as in removing the inherited political divisions and rivalries that still hamper and distort Europe's part in world affairs.

Solo in Two Keys

Mr Khrushchev's speech on Soviet armaments and disarmament was addressed to two audiences at once, and contained more than one message

MR KHRUSHCHEV may be puzzled by the echoes that the outside world has given back to his speech of January 14th before the Supreme Soviet. He had artlessly foreshadowed a message of peace ; it was greeted outside Russia as an exercise in sabre-rattling. He has himself to blame. He had called a special session of parliament to announce a reduction of troops which could have been carried out by a simple decree ; he had let it be known that spectacular measures would be proclaimed. Having thus seized the limelight and the microphone, he could not sing a tune in two keys and expect the false notes to pass unnoticed. But this is what he did. It was unconvincing to assure, at one and the same time, the foreign audience that the cut in military manpower was a great self-denying gesture, and the home critics that it left Soviet military power entirely unimpaired.

Second reading of the speech leaves no real doubt that Mr Khrushchev did want to present his move to the western public as an example of self-abnegation worthy to be followed, a step dictated by the longing for peace and not by any economic necessity. Everyone will take his word for it when he claims that, if the Soviet government considered that still greater resources were needed for defence, the necessary economic sacrifices would be made and the resources found. Russia proved this point when it was much weaker and poorer than it is now. Now that it produces 60 million tons of steel, 260 billion kWh of electricity and 130 million tons of oil, it could certainly do it again (though not without political strain). In the present case, however, military and economic common sense say the same thing: the extraordinary progress in nuclear weapons and rockets makes the huge accumulation of unproductive manpower in the Soviet armed forces unnecessary and absurd. The Soviet Union can thus release men for industry just when the wartime fall in the birthrate is beginning to affect the numbers of the labour force—and when, also, a drive is on to reduce the working week.

Western listeners, impressed already by the Soviet feats in rocketry, did not need to be told that the reduction of numbers in the forces implied no loss in striking power. Yet Mr

Khrushchev's speech was remarkable for the time and the emphasis he spent in explaining that he was not really letting his side down. Time and again he insisted that Soviet military power would be greater, not less, than it has been. The armed forces, he pointed out, had been re-geared to rocket and nuclear weapons; no surprise attack could knock Russia out; any spot in the United States could be accurately hit; the Soviet Union had a lead in rocket production, and intended to keep it. Indeed, in one and the same breath he claimed that the fire-power of the Soviet forces "will increase many times over in terms of quality" and urged the western powers "to follow our example." This cannot have been quite what he meant.

Such confusion comes of protesting too much. The hypothetical questions he was answering may in fact have been asked. Popular pressure can hardly have prompted these emphatic reassurances of Soviet military might. Having suffered more than any during the war, the Soviet people are also more attracted than most by the slogan of peace and plenty. They could be turned against a leader only if it were proved that by negligence he was inviting an invasion. Who, then, may have dared to level such charges against Mr Khrushchev? Military commanders might hint at something of the sort. The marshals are conservative by profession; the generals have a vested interest in big standing armies, not only for pay and prestige; it can also be a question of political power. It is highly probable that the problem of cutting the armed forces figured prominently in Mr Khrushchev's conflict with Zhukov.



Marshal Zhukov was dismissed from the ministry of defence and the party presidium in October, 1957. Party control over the armed forces has been tightened since then. But the commanders' dislike for the reduction of troops has probably not vanished, and they can now rely on the sympathy and support of thousands of officers who will soon be putting on the Soviet equivalent of the bowler hat. Marshal Malinovsky, the minister of defence, has put this figure as high as 250,000 officers—which implies a fantastic state of inflation in the Soviet military establishment. Officers in Russia have high pay and status. They cannot be enthusiastic about their prospect in civilian life. It is significant that Mr Khrushchev dwelt in length on this, promising that demobilisation could take up to two years and that special care would be taken to train officers for good civilian jobs.

There are some 15 professional soldiers in the party's central committee of 255 members and candidates. In a country ruled by the communist party, military men alone could not bother Mr Khrushchev much at this stage. But they are not alone. The natural allies of the military lobby are all the conservative elements in the whole communist establishment (including its Chinese members) who think that Mr Khrushchev is departing much too far from the Stalinist path and taking too many risks. His critics, defeated in the past, have probably not been silenced. It is most unlikely that, when the central committee met at the end of last year, it confined its discussions to agriculture. The sudden disgrace of Mr Kirichenko and Mr Byelayev, two well-known comrades of Mr Khrushchev, leaves a puzzling impression. There is not enough evidence to clear up this mystery. Another fact, however, suggests that there may be dissension within the party leadership. Mr Khrushchev's speech revived, after a long interval, the thesis that nuclear war would spell the doom of the capitalist half of the world only. He used this argument once before—during his struggle with Mr Malenkov. Then he dropped it quietly when the fight was over. That nuclear annihilation can distinguish between differing political and social systems is a notion that Mr Khrushchev appears to proclaim only when under pressure.

What light do his words and behaviour throw on the approaches to diplomatic talks at the summit? If the Soviet leader is really under pressure from his conservative colleagues at home, he cannot be expected to make real concessions abroad without serious counterparts. There should be no illusions, for instance, on the German question. Not only was Mr Krushchev particularly harsh on Dr Adenauer, but he said again that if there was no agreement on Germany, including a settlement of the West Berlin question, the Soviet Union would sign a peace treaty with the German Democratic Republic, "with all the attendant consequences." The Franco-German school in the western discussions of policy for a summit conference often seems to leave out of account Mr Khrushchev's ability to play this card if and when he chooses.

WHATEVER the motives and the manner of presentation, the Soviet government's decision to cut down its conventional forces should remove one of the obstacles to an agreement on disarmament. The reduction is less spectacular than was expected; the Soviet Union in two years' time will still have nearly as many troops as the United States has now. But Mr Khrushchev continues to hint that he has not said his last word; he has spoken of a future when the basis of the Soviet army would be a territorial militia. His announcement that Soviet scientists and designers have "a fantastic weapon" in development does not materially alter the "balance of terror." No doubt both prudence and precedent recommend that his word be taken for it.

It would be a mistake to be too preoccupied with Mr Khrushchev's boasts of Russian strength. They are aimed at a specific domestic audience; and confident talk of one's own power is not in any event an exclusively Soviet habit. Diplomatic initiative is now needed rather than aloofness based on suspicion. Mr Khrushchev complains that the western powers are delaying the meeting of the 10-power disarmament commission—now scheduled to meet on March 15th in Geneva. No effort should be spared in the pursuit of an agreed solution with his representatives there. The task is now more urgent for two reasons. Mr Eisenhower will not be president for long. If Mr Khrushchev returns empty-handed from Paris in May, he may be compelled to make more concessions to his home critics, whom he has now tried to silence by brandishing his secret weapon. The two leaders have very little time in which to come to terms.

Cut Price Competition?

The case against resale price maintenance

UNDER the present British law of contract a manufacturer can fix in advance the price at which retailers must sell his goods; that is why a packet of Players cigarettes always costs 3s. 11d., a bar of branded chocolate always costs 6d., and a copy of *The Economist* always costs 1s. 6d. in every shop in the country. The price which is thus fixed usually gives a sufficient margin to the retailer to keep in being the highest cost shop, which generally means the smallest one. Now the Government—heartened by what has happened recently in the grocery trade, in which the new supermarkets and other big distributors have successfully insisted on the right to set and cut their own selling prices—is considering a liberal change of policy. The President of the Board of Trade confirmed in a recent television interview that the Government has been considering whether the law's support for individual resale price maintenance should be withdrawn—with the intention, broadly, of helping the present wave of price-cutting to spread from groceries to other trades.

This would be a very bold decision, not at all the sort of thing that most people expected from a Conservative government with an increased majority. Manufacturers, small shopkeepers and probably the Trades Union Congress (influenced by the powerful shopworkers' union) would all oppose it; it would cause a major political row. The objectors would be able to point out that the Lloyd Jacob committee ten years ago declared that individual resale price maintenance was not necessarily against the public interest. Cautious political calculators will say that any action now would have only a minority of opinion behind it. The best way to make that minority a majority, and to urge the Government on, may be to dissect the arguments that supporters of resale price maintenance use.

Manufacturers usually put forward two such arguments. One of these, which particularly impressed the Lloyd Jacob committee but has seemed less impressive since, is their fear of the so-called "loss leader": the practice whereby retailers might select individual well-known proprietary articles for sale at dramatically cut prices, in the hope that customers attracted into their shop by these obvious bargains will buy other things too. If one retailer chooses an article for loss leader treatment in this way, it is said, neighbouring retailers will refuse to stock it, and the manufacturer will find that demand for his product from distributors has most unfairly gone down. These fears should have been cut down to size by recent experience in the grocery trade, where no leading product appears to have been victimised in this way. Retailers have learned that once the practice of selling at fixed prices has been breached on a wide front, "special bargains" on heavily price-cut loss leaders are no longer so obvious to the customer; they thus cease to be strategically effective as a weapon of competition, and low cost shops fall back instead on the desirable objective of even price cuts on a wider range of goods.

The second reason why manufacturers want to fix resale prices, however, is in order to save small and specialist shops from being driven out of existence. They have two main commercial motives. The less respectable is that the greater the number of outlets, the greater is the chance that the customer may be chivvied into impulse buying; the greater the number of bookstalls with this issue of *The Economist* that you pass on the way to work today, the more possible is it that you will eventually buy a copy. This is merely a system of advertising our wares in the most expensive way possible for the customer, and with the most pernicious possible waste of resources within the national economy. There is no reason why the law should help to enforce it.

A more respectable commercial argument is that, in some trades, high cost specialist shops ought to be kept alive because they provide a specialist service. Three examples are often quoted. First, it is said that without resale price maintenance in books, specialist bookshops in Britain would have to close and that nearly all books would then be bought from bookstalls or from general stores, as in America; intellectuals are afraid that such general stores would never stock classic books. This is a better special plea than most others, but it has lost some of its cogency since classical books in paperback covers began to tap a mass market. As a second common example, it is said that qualified chemists will not be able to make up prescriptions so cheaply if they are not allowed a large fixed profit margin on the proprietary medicines and toilet articles that they sell. The answer here is that these articles are already sold in some 200 thousand general stores as well as in Britain's 15 thousand qualified chemists' shops, and that price maintenance is beginning to break down in them anyway. The proper course is obviously to pay chemists the full economic price for their prescriptions service, not to take it out of the consumer by large fixed margins on soap.

The commonest argument for using price maintenance to keep specialist shops in being is that applied to expensive technical products which may require an after-sale maintenance service—like motor cars, refrigerators, television sets, vacuum cleaners and the like. This argument seems to be a simple misconception. It would be an excellent thing if manufacturers could pin an easily recognisable badge of approval on carefully vetted technical goods shops, indicating their assurance that the shop concerned will keep an adequate supply of spare parts, that it has passed stringent tests for its repairmen, and that it will never sell goods that have deteriorated while waiting on its shelves; it would be reasonable for manufacturers to say that their guarantees of six months' free after-sales service will operate only on goods sold through shops that have earned this badge. But the system of forcing all shops to sell at a

single fixed price does nothing to ensure that the only shops kept alive are those that are uniformly efficient in this way; anybody who has called in two or three different local shops to look at a broken television set must be aware of this.

So much for the arguments of manufacturers who believe in the value of resale price maintenance. An awkward feature of current business conditions is that many who do not believe in it may still feel obliged to conform to the customs of their trade. If some enterprising retailer starts selling a product at a cut margin, while still paying his supplier the agreed wholesale price, there may be no reason why the manufacturer should object; his sales might even rise in consequence. But other retailers, on whose display of his products a manufacturer depends, very probably would object; they might remark pointedly that the manufacturer concerned could take legal action against the cut-price shop. Even liberal newspapers, for example, could not say dogmatically how they would react if this situation of mass protest from most of their distributors ever arose; it would be nice if the Government were to wrest the legal blunderbuss of resale price maintenance from us.

The view that resale price maintenance benefits the community by keeping small shops in existence is naturally not propounded by manufacturers only; it is even more tenaciously held by small shopkeepers themselves. One of their arguments is that the foot-weary consumer would suffer from the demise of the "shop round the corner," because he would then have to walk to a cut-price supermarket a mile away. This exaggerates the slaughter that competition would cause. In these cases where a main shopping centre is inconveniently far away, the small shop will naturally and properly remain in existence, even if it does sell at slightly higher prices than its bigger competitors; this has been confirmed by experience during the current cut-price war in the grocery trade.

Some people say that the demise of small shops even in the middle of main shopping areas would be a social loss: shopkeeping is one of the few outlets left for one-man or family private enterprise, with little capital behind it. There is a great deal in this argument, but the proper solution would surely be to combine a measure that sets big shops free to cut prices (if they can) with a measure that sets one-man shops free to exploit their own main competitive advantage (if they wish): although trade unions have a perfect right to bargain for agreements (and even wage council regulations) insisting that employees in shops should not have to work at impossibly inconvenient hours, it is ridiculous that the Shop Hours Act should forbid one-man shops to open when the bigger shops are shut. If a freelance journalist writing a weekly article chooses to finish it at near to midnight in his private home, no law in any country could prevent him from planning his working day in this (as it happens) personally convenient way; it is intolerable that one-man shops, simply because they come into direct contact with the public, should alone be prevented from exercising similar freedom of choice.

Finally, some "representative" consumers have supported resale price maintenance, even though to oppose competitive price cutting seems a very odd thing for consumers to do. The housewives' organisations told the Lloyd Jacob committee "without exception that in their view branded articles should carry a fixed retail price," because "it was a convenience to know in advance what an item or group of items would cost and that it made it easier to plan and check household expenditure." This is the most depressing argument in favour of lazy and unskilled shopping one has heard of yet. In order to instil a new spirit of dynamism among our shops, as well as apparently among our women, the Government should be urged to press forward with a sensible reform.

The Army Speaks

General de Gaulle's plans for Algeria have again met army resistance. He is still avoiding a trial of strength

THE order that brought General Massu from Algiers to Paris on Tuesday night came from the Elysée: there is as little doubt of that as of the terms of the interview he gave to Herr Kempski, the highly reputed correspondent of the *Süddeutsche Zeitung*, last Saturday. General Massu has denied that he was summoned, just as he had earlier denied the interview. This is scarcely surprising. Yet not even he has denied that an Algerian political crisis exists again: in fact, the words in which he chose to associate himself on Wednesday with General Challe, the commander-in-chief in Algeria, made it all too plain that the army was once more restless and dissatisfied. For all his equivocally loyalist phrases, General Massu took as pointed a way as any of saying that General de Gaulle's reassessment of the Algerian situation on Friday ought not to go beyond what the army wants.

This is, of course, what the army has been saying on Algerian policy since the coup of May 13, 1958; but in a political system like the Fifth Republic the illusion is always liable to be harboured that things are not as they really are. Sometimes it is the National Assembly believing it is still a parliamentary body. Sometimes it is the President of the Republic believing that his writ runs unchallenged across the Mediterranean. They have to be disabused. After General Massu's soldierly appreciation, another misunderstanding has been cleared up.

The crisis is one that some observers of the scene, including M. Duchet, the Independent leader, and probably M. Pinay, too, expected to break some time. The precise course it takes in the coming weeks is, however, likely to remain outside their influence and calculations. All the same, it should be clear to General de Gaulle now that several people are thinking seriously about his succession. There is M. Pinay, holding himself since January 13th at his countrymen's disposal at St Chamond; and there is General Massu, chatting with a German reporter on the 16th about the mistakes of two years ago. All at once, the foundations of the Fifth Republic seem narrower than had been supposed.

The news that General de Gaulle intended to take a further step on Algerian policy after the official conference on Friday had been reasonably widely known in advance. A directive had been sent to General Challe and to M. Delouvrier, the chief civilian authority, in Algiers. M. Lecourt was able to hint at coming changes at an MRP party meeting last weekend. Although it was not clear exactly how far General de Gaulle meant to go, it was understood that a new referendum on Algerian policy, confined to the electorate in metropolitan France, was being mooted. It was, further, apparent that the MRP was making its support of the Debré government increasingly conditional on fresh progress towards an Algerian settlement. At such a time, it must be supposed that General Massu's interview (breaking a long silence and arranged with General Challe's assistance) was both intentional and purposeful.

What General Massu told Herr Kempski was not, in fact, at all different from what other, less exalted, officers in Algiers have been known to mutter for some time. There is a feeling in the army that General de Gaulle's self-determination offer on September 16th went too far, that Paris still does not know how to run the war, and that General de Gaulle does not understand Moslems and how to handle them. This military impatience seems to have been flicked into anger by the mounting criticisms voiced by settlers in the Algiers department, against whom the Algerian rebels have been concentrating their attacks in the past weeks.

These settlers have been complaining that the troops who used to be deployed to defend their farms have been taken away to mount General Challe's operations against the rebel strongholds in Kabylia and the Collo peninsula. The mayors of the Algiers district adopted a resolution on Tuesday affirming that the settlers would take up arms, if necessary, to ensure that Algeria remained French. The report of this resolution was censored in the Algiers evening paper on Tuesday. Although General de Gaulle has refused to allow the settlers to form armed units of self-defence against the rebels, the army authorities are thought to be ready to turn a blind eye to such a development.

Once again, the likelihood is that General de Gaulle will temporise and that his immediate plans for Algeria will not go beyond what the army is prepared to allow. It would indeed be tactically foolish for him to precipitate a breach that would leave him as openly helpless as M. Pflimlin two years ago. But time is not necessarily on General de Gaulle's side. As long as commanders-in-chief like General Challe go on saying with impunity that, whatever happens, the army will never leave Algeria, the prospect of successful peace talks with the rebels remains remote. (Even M. Delouvrier seems to have been bitten by the same bug that overcame such predecessors as MM. Naegelen and Soustelle.) The rebels themselves have been showing divisions inside their provisional (and exiled) government, particularly since General de Gaulle's offer in September. The reshuffle announced from Tunis on Tuesday suggests that while the extremists like the pro-Egyptian Dr Debaghine, Tewfik el Madani and Benyoussef Benkhedda (who led the last mission to Peking) have been dropped, M. Ferhat Abbas still has at his elbow a tough-minded group, headed by Belkacem Krim, that is in close touch with the rebel forces in the field. This element may be prepared to talk (and the three-man "committee of war" may be an instrument for negotiation) but it is not likely to accept much less than its own full terms for self-determination. General de Gaulle's broadcast to the nation on January 29th will be a critical moment in the life of the Fifth Republic.

NOTES OF THE WEEK

KENYA

Trouble at Take-Off

THE lame start of the Kenya constitutional conference has at least served one useful purpose: it has made grimly clear to the British public the deep suspicions that divide the political groups taking part, and the critical nature of the operation that needs to be performed on the Kenya body politic at a time when the wounds inflicted by Mau Mau are still only partly healed. It was therefore all the more important that Mr Macleod should strike the right note in his opening speech to the first plenary business meeting on Wednesday, even though the fourteen seats reserved for the 14 African elected members led by Mr Ngala and Mr Mboya remained empty in default of a compromise over Mr Koinange's presence as their adviser. For though they were not there, the speech was largely addressed (and was promptly delivered by hand) to them. Did Mr Macleod say the right things?

On the face of it, he did not. His exordium to the conference was couched in exactly the vague phraseology which, coming from Mr Blundell, most rouses the suspicions of the African nationalist leaders; if no other contacts existed they might well think that Mr Blundell's influence was behind the speech of the Colonial Secretary, as they think it is behind the exclusion of Mr Koinange. The critical issue came only at the end of Mr Macleod's speech—the question of the franchise and the common electoral role for voters of all races. Even here he spoke only of a "move" towards a common roll for many of the elected seats; although earlier he talked of "a very wide franchise," it was in the context of representing all races and groups. To talk like this puts Mr Macleod well to the left of Group Captain Briggs; but it is too equivocal to thrill the Africans. It suits Mr Blundell's New Kenya party pretty nicely, holding out hopes of yet more juggling with fancy franchises and racial or communal seats.

But it is pretty clear that this speech is only an opening challenge by Mr Macleod to get people to talk. Behind it he holds in reserve what is now widely believed to be a readiness to go a very long way to meet Mr Mboya's minimum terms. If this impression is correct—and it was gaining ground even among some Africans on Thursday despite all the flurry over Mr Koinange—there is still hope for the outcome. Certainly, there is good reason for negotiations to continue, even if they continue outside Lancaster House.

Mr Koinange's Role

IT is all too easy to assume that the wrongs are all on the other party's side in the Koinange affair, as both the Africans and the Europeans do. It is now clear that, once the governor had refused weeks ago to have Jomo Kenyatta as an adviser at Lancaster House, voices to the left of Mr Mboya were raised in a shrill and shrewd demand that Mr Koinange should stand in for "the father of Kenya nationalism." For some reason, the officials did not take this demand as a serious one; and they now contend that only a day or two before

the conference opened they were suddenly faced with it—to their horror. They presented the Blundell and Briggs group with it only just before the conference ; it was inevitable that both of these would refuse to sit down with Mr Koinange in the same room. For it is vital to understand that if Mr Blundell and Mr Waweru (one of the leaders of the "loyal Kikuyu" in Mr Blundell's group) did sit down with Mr Koinange, they would run into terrific trouble with their supporters on their return—meaning a sizeable number of steadfast Kikuyu as well as European settlers. But if Mr Mboya agreed to sit down now without him, he would equally be outbid by the even larger number of extremists on his own left on his return. The tragedy is that Mr Macleod's suggested compromise of a separate room for advisers, at first accepted by Mr Mboya, would not suit Mr Waweru.

In these circumstances the best plan is to carry on talking and leave both Lancaster House and Mr Koinange out of it. Mr Macleod is now frankly concentrating on the "advice" that he expects from the delegations, rather than the "agreement" to be hammered out across the table between them. But the goal, clearly, is an African majority in the Legislature, with Mr Mboya in the council of ministers. When that happens, Mr Koinange will get all the "official recognition" he wants in Kenya, and so—however repulsive this may sound—will Jomo Kenyatta. Whatever connection Mr Koinange did or did not have with the horrors of Mau Mau terrorism, the settlers and their African colleagues must face this.

CYPRUS

In the Balance

On Monday the delegates to the Cyprus conference in London agreed to disagree for the time being ; but everyone agreed to emphasise that a settlement was merely postponed, not abandoned. Independence Day has been put off a month, until March 19th, and in the meantime working parties will grapple with the outstanding issues and the drafting of the final treaty. Throughout the remainder of this week, Archbishop Makarios, Dr Kutchuk and Sir Hugh Foot, with encouragement from Mr. Selwyn Lloyd, have been trying to give the working parties a sufficiently vigorous shove to carry them forward to the end of their road.

Thus it would be ill-judged to take the present setback as irreparable. Among all the parties, there is still plenty of goodwill and plenty of determination not to torpedo the Zurich and London agreements ; and that is a great thing. But equally there is no room for the complacency which some British official circles appear to be enjoying. Working parties cannot decide matters which those at the top have failed to settle. The remaining difficulties, particularly those concerning the size and administration of the sovereign areas, can be overcome, but not without concessions on both sides which neither will find easy to make.

The military naturally want to be as self-contained as possible, to have plenty of elbow room for their installations and for housing and training their troops. But requirements which to the military mind are essential are in fact a convenience ; if bought at the price of local goodwill, they may lose their value completely. In any case, the bases are not going to be tight little self-contained sealed-off enclaves ; important facilities will remain outside, some British personnel will have to live outside, and Cypriot civilians will come daily to work inside.

The Cypriot Fears

The Greek Cypriots, for their part, are apparently alarmed that the British demand, although reduced, is still for about 123 square miles (as opposed to their offer of 38) which includes some valuable economic resources. They apparently believe that this area is to have its own separate civilian administration, and this makes them fear that the British may be trying to retain something more than bases in the island. This is, of course, wide of the mark. One way of demonstrating as much—and it has in fact been under active consideration for some months—would be an arrangement which handed over the civilian administration of the enclaves to the Cypriots.

Those taking part in the talks since the conference was suspended have sensibly concentrated on this problem of administration and on the question of British financial help to the new republic, in the hope that progress on these two issues will facilitate a compromise on the size of the bases. Presumably the British Government no longer assumes—as it appears to have done on Sunday—that it has only to dig in its toes to get everything it wants. As our correspondent in Nicosia emphasises on page 316, Archbishop Makarios is clearly forced to look over his shoulder in two directions—towards General Grivas in Athens and towards his nationalist opponents in Nicosia. It may be irritating to know that these political pressures are not entirely unwelcome to the archbishop. But the fact remains that to force him to accept a settlement that would weaken his position at home and give comfort to Grivas, would almost certainly wreck all the labours of the past year.

LABOUR LEADERSHIP

Open Challenge

While Mr Bevan battles for life, politics naturally goes on. In a sense all reference this week to the state of the Labour party is artificial without mention of him. But this is not the occasion for a discussion of his political rôle ; only for expressing sympathy and hope.

Mr Michael Foot's performance on the BBC programme *Panorama*, capping his recent articles in *Tribune*, amounts in fact, though not quite in words, to a personal declaration of war on Mr Gaitskell. He has stopped short of Mr Benn Levy's unpopular gloss on his own frantically acclaimed speech at Blackpool, but not far short. Where Mr Levy had questioned Mr Gaitskell's right to be in the Labour party, Mr Foot has confined himself to insisting that, if Mr Gaitskell has the views about the dumping of nationalisation that he appears to have, he should go right down the line in favour of them and resign the leadership if they are rejected.

The most remarkable feature of the internal debate since Blackpool is how few senior members of the party have actually committed themselves publicly about revising the constitution. They can almost be counted on one finger. This is not an impressive display of joy in the leader's wisdom. It might almost be taken by the unkind as a tacit endorsement by his colleagues of Sir Anthony Eden's judgment of Mr Gaitskell: "in all my years of political life I had never met anyone with his cast of mind and approach to problems." The silences of Mr Harold Wilson are becoming more noteworthy than his jokes.

Nevertheless, provided he comes back from the West Indies with a sharpening of his tactical touch which recently has seemed unsure, Mr Gaitskell starts from a very strong position. Apart from the fact that Mr Foot has not the standing to be his own candidate for the succession, his straightforward form of attack enters ground which Mr Gaitskell, probably rightly, considers to be his own. The party is not ready yet for the leadership to be at issue ; *Tribune*'s resolve that it should be is likely to rally most of the trade unionists to Mr Gaitskell's side.

Mr Foot's tactics, those of the retiarius

● **THE OUTLOOK FOR THE BRITISH MOTOR INDUSTRY**

is one article in the current issue of MOTOR BUSINESS. Other articles include :

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against the secutor, are evidently to lure Mr Gaitskell into making an unambiguous endorsement of the mixed economy an issue of confidence on which he will stake his political life. Mr Gaitskell will be looking for a muddy form of words, to which Messrs Wilson, Greenwood and others will agree but which the country will notice to be different from wholesale nationalisation. It is still the Labour party's greatest danger that he will accomplish the first objective at the expense of the second.

EGGS

The Egg Cycle?

After the pig cycle, the egg cycle. Four months ago the Egg Marketing Board was warning egg producers, in guarded terms, that a continued expansion of laying flocks would be dangerous. This warning, of course, did nothing to prevent the inexorable progress of already-hatched pullets towards full lay. They are now laying merrily; the large eggs which cost 6d. each retail in December can sell for only 3½d. each today, and the EMB's price to the producer has dropped by 10d. a dozen in a single fortnight. There is always, in the nature of things, a wide price swing between late-autumn peak and early-spring trough; but a slide of this steepness and depth, so early in the year, is a novelty. It is very nice for the housewife; but if it scares producers out of their normal programme of orders to the hatcheries she is likely to find the outrageous 6d. egg back again depressingly early in the autumn. The EMB suspects that this interruption of orders is already afoot ; its warnings of glut are being succeeded by warnings of a shortfall which would let in the foreign producer to the mitigation of the housewife's troubles but to the possibly permanent detriment of the EMB's constituents.

No doubt there are egg producers, just as there are pig producers, who make a large and thoroughly well deserved profit precisely by judging what most of their fellows are going to do and then doing the opposite. The question is whether the policy of the EMB, in timing the distribution through the year of the total subsidy at its disposition, is doing enough to encourage them. The present evidence suggests that it is not; indeed, at worst, that the board's policy may be an actual destabilising influence. Some drastic re-thinking of its methods seems to be needed.

FRANCE

When is a Bomb a Bomb?

General de Gaulle's mushroom cloud is now expected to rise over the Sahara some time in the first half of February. Airliners have already been given notice that they will be diverted from the area of the Reggane testing ground. However, British and American aircraft may be discreetly, and unofficially, on the wing to take their own scientific samples of the radiation the French bomb produces. More important, certain decisions will have to be taken in London and Washington soon on whether General de Gaulle's cumbersome device entitles him to acceptance into the nuclear club. Although the decision lies with the Americans, the general is coming to London in April before he goes to Washington, and may naturally be curious to discover whether any blackball awaits him. He is likely to be more interested in this than in the Channel tunnel.

The United States law, rewritten in 1958, allows the authorities to supply designs for nuclear weapons, and the fissionable material to make them, to an ally which has already made "substantial progress" in the development of such weapons. Is General de Gaulle's device a weapon ? Clearly not. But does it constitute "substantial progress"? Britain's experience (admittedly under the unamended Atomic Energy Act) might suggest that General de Gaulle ought to contrive a more sophisticated explosion before he earns friendly know-how and fissionable material. This seems to be the present official British view.

But there are two points to be considered. First, is it really worth while to have General de Gaulle going on with his costly experiments (for continue he will until he gets his way) if it means that France is less able to pursue the sort of financial and economic policy that its allies want it to ? Secondly, although the Russians may not take France seriously as an atomic power, is it wise to jeopardise whatever three-power agreement can be reached if the Russians can cancel their commitments at any time simply because the pretext exists that one Western power is still testing ? General de Gaulle is likely to make full use of his diplomatic nuisance value after next month.

GERMANY

Dr Adenauer and the Daubers

The natural reaction of many people to Dr Adenauer's broadcast on January 16th suggesting that individual Germans should thrash any swastika-daubing hooligans whom they happened to catch is one of dismay. It is no reassurance to Germany's allies to hear the Chancellor advocating violence in the streets. What has distressed Germany's friends abroad and provided grist for the mill of the chronic anti-Germans is less the swastika-painting symptoms than the feeling that these may express a deeper, unhealthy and as yet ill-charted current in German life. In the words of *Die Welt*, Germany's nazi problem is more one of education than of punishment. Dr Adenauer's advice to the German citizen may be no more than the *faux pas* of a man of the last century. To some people it seems to encourage some of the same unhealthy qualities the Chancellor sought to damn.

The task of German leaders trying to cope with the heritage of the past, while the rest of the world watches for the slightest slip, is not easy. If they take vigorous and hasty action against individuals or parties they are in danger of jeopardising elementary liberties and the rule of law. If they do nothing they are accused of sheltering nazism. The same people who were wont to criticise at one and the same time both German rearmament, and the "small size of Germany's defence burden compared to ours," are on the watch again.

It remains true that Dr Adenauer is evidently more concerned with the repercussions of the swastika rash on opinion abroad than with its origins at home. For one thing, a surge of anti-German feeling in western countries could plainly be damaging to the rearguard action he is waging over the Berlin issue. On January 11th he told the applauding city assembly of west Berlin that such compromise proposals for an interim agreement as appeared at the Geneva conference in the summer were now dead. This is not the British or the American view. Dr Adenauer's weekend speech will not have helped to win sympathisers for German views abroad.

DRINK AND DRIVING

To Copy Sweden?

In Scandinavia the laws against driving a car while one has any alcohol in one's bloodstream are so strict that any sensible person who is going to a cocktail party invariably leaves his car behind. A motorist there can be stopped and submitted to a blood test at any time. In Britain a motorist is likely to be stopped only if he looks obviously incapable or is driving obviously dangerously or has been in an accident which seemed possibly to be his fault ; even then the test of whether he is drunk will be a largely subjective one made by a police doctor, not a matter of scientific measurement of the alcohol that he has consumed. Should Britain go over to the Scandinavian system, as is proposed in a private member's bill which a Tory backbencher is shortly to bring before Parliament ?

In part, the opposition to this move will come from those who think that an infringement of personal liberty on the Swedish scale is not justified by the toll of accidents in Britain ; they have still not increased nearly proportionately to the increase in vehicles on the road. Others will be most concerned to press the argument that disqualification from driving is a more appropriate—and more enforceable—sanction than imprisonment for those who have not actually killed or injured anybody yet ; others that measures such as more rigid speed limits and more strictly defined lane discipline (making responsibility for

accidents much more a matter of fact and much less a matter of opinion) should be enforced first. But proponents and opponents of the bill are also likely to make free with the medical evidence about drink and driving, and it may therefore be a service to set this down straight in the following note.

The Damage Done

THERE is clear evidence that even small amounts of alcohol can impair a person's driving skill without making him obviously drunk. Two recent studies in this country are particularly convincing. About eighteen months ago, the *British Medical Journal* published an account of tests done on some Manchester bus drivers. As they took more whisky, they were prepared to drive their buses through narrower gaps (thus their judgment was affected), but they needed wider gaps before they could always succeed (thus their performance was impaired). Then, towards the end of last year, the Medical Research Council published a memorandum on the "Effect of Small Doses of Alcohol on a Skill Resembling Driving" (HMSO, 7s. 6d.). In this experiment, the subjects were tested on a driving-trainer, and it was found that "mean error increased significantly with increasing blood alcohol." It is perfectly true, as opponents of the new bill say, that the impairment does differ from person to person, but the pattern here was not what one might suppose. Extraverts as a group came off worse in the tests than the introverts, who appeared to be trying to compensate for the effects of the alcohol; it is the hearty types who think that "drink does not really affect them" who are the biggest menace of all.

Two more facts that emerged from these two studies are of particular interest to the present controversy. First, the Medical Research Council's investigators found the instrument called a "Breathalyser" an accurate method of estimating, from the breath, the amount of alcohol in the blood. In a report published this week, the council of the British Medical Association endorsed the use of this instrument as having practical advantages over the blood examinations which are used in Sweden. Secondly, neither body of investigators could find a level of alcohol above which it is dangerous to drive and below which it is safe. They found that even a small quantity of alcohol impaired judgment and performance; there is no safety threshold. If the principle of the new bill is accepted, the test level suggested in it—0.15 per cent of alcohol in the blood stream—may actually be too small. Indeed, the BMA report concluded that a concentration of 0.05 per cent is the highest consistent with the safety of other road users—a concentration that may be exceeded after 1½ pints of beer or three small whiskies.

LAOS

An Army's Self-Effacement

SIGHS of relief are audible that Laos has not, after all, been subjected to army rule; it has not even been exposed to a prolonged ministerial crisis. Either contingency had seemed equally possible at the beginning of the year, when the army and the anti-communist Committee for the Defence of National Interests had ousted the government of Mr Phoui Sananikone because it was not anti-communist enough for their liking.

Now, the new king, Savang Vatthana, quietly, firmly—and surprisingly—has caused a colourless government to be formed under the ageing Mr Kou Abhay. And the new government, announcing a policy of "peace and neutrality," has sent its ambassadors to the right foreign offices to explain that "peace and neutrality" mean what they appear to mean. In the Laotian context, this formula can, in fact, only mean reconciliation with the local communists (the Neo Lao Haksat) and non-alignment on the Indian model. A first move would presumably have to be the freeing of the communist leader, Prince Souphanna Vong—now awaiting trial on a treason charge. Other moves would be an invitation to the prince to rejoin the government and a fresh attempt to incorporate the local communist guerrilla forces into the national army.

If only for reasons of face, King Savang is unlikely to do any of these things with unseemly haste, although *Pravda*, while welcoming his new government, has urged him to make a start by freeing Prince Souphanna Vong. The trouble is that if he refrains from doing these things, the general elections due in April will be meaningless; and if he does them, the danger of a civil war may again become acute. For the time being, however, the king's initiative has pleased everybody outside Laos, including even the communist government of north Vietnam, which has sent a cable of greeting to the new premier.

It is worth noting that when the king had already decided on his new and more moderate course, he received advice to the same effect from the ambassadors of the United States, Britain, France and Australia. If ever the Americans did toy with the idea of a militantly anti-communist Laos—as Moscow, Peking and Hanoi allege—they seem, happily, to have dropped it.

UNITED ARAB REPUBLIC

Moscow's Pyramid

A YEAR ago a west German consortium was brusquely warned off Russia's Aswan preserves. It was then hinted in Cairo that the West might get a second chance of joining in when the dam reached a later stage of construction. A number of western countries put out feelers, which have now had to be smartly retracted. On Monday, Cairo was able to announce that the Soviet government had agreed to provide the foreign currency for the second and final stage of construction on the same terms as it had for the first; since these include the right to choose the contractors, the West has every chance of being excluded again.

When the high dam project was divided into two stages, the main reason was that it could thus be made to appear financially less daunting. The first operation—which has just been begun—is to clear the dam site by diverting the water in a semi-circle round it; the second will be the building of the dam itself. But Russian engineers produced a set of blueprints six months ago that cut down the preliminary work and merged the two stages into one. With these modifications, and without the possible waste of time between stages, the dam is expected to be completed in seven years instead of the original estimate of ten (four for the first stage, six for the second). The cost of the scheme will now be in the region of £230 million, about half of which will be provided by the Soviet Union.

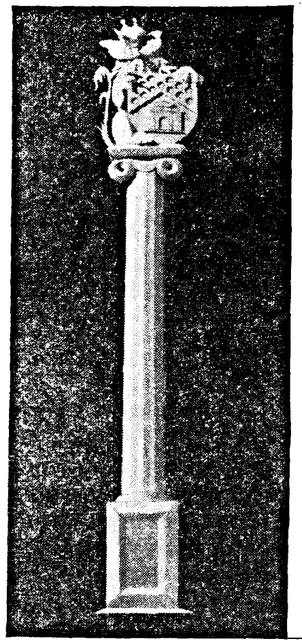
Having decided to put large sums of money in a project that collects only 2½ per cent interest, the Russians would be poor investors if they did not extract the fullest possible political returns. Western participation in the final and tangible stage of the dam would have seriously diluted the Russian achievement. Now if all goes well, Aswan will stand as a monument to Russian generosity as well as to Egyptian doggedness; moreover, for the next seven years or so Egypt will be obliged to accept a steady flow of Russian engineers and experts.

CHURCH OF ENGLAND

Part-Time Priests?

THE Church of England is suffering from a grave shortage of priests. Today 1,500 fewer clergy are on the active list than in 1948, to serve a population of England that has increased by more than 1½ million in the last decade. The last census in 1951 showed that fifty out of every hundred clergymen were then 55 years of age or over, and it is calculated that by next year half the present whole-time ministry will be over 65. What then is to be done? One suggestion first put forward rather grudgingly at the Lambeth Conference of 1930, and endorsed more enthusiastically at Lambeth last year, is to create a supplementary part-time ministry. The whole question is now illuminatingly discussed in a symposium,* edited by Mr Robin Denniston, one of the leading members of the younger generation of Anglican laymen. The Archbishop of York, four Bishops, and a number of clergy and lay-

* Part-Time Priests. Edited by R. Denniston. *Skeffington.* 150 pages. 16s.



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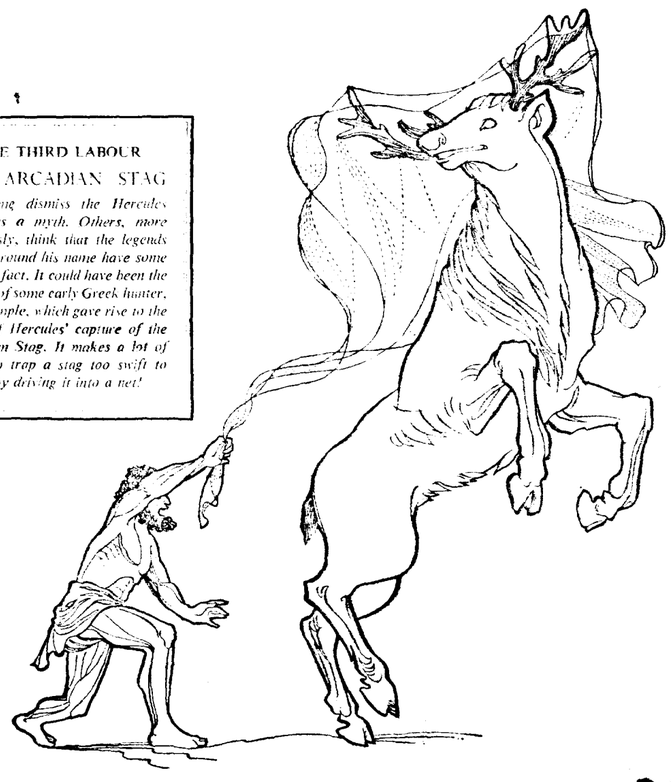
THE LABOURS OF HERCULES



THE THIRD LABOUR

THE ARCADIAN STAG

Some dismiss the Hercules story as a myth. Others, more cautiously, think that the legends that surround his name have some basis in fact. It could have been the exploit of some early Greek hunter, for example, which gave rise to the story of Hercules' capture of the Arcadian Stag. It makes a lot of sense to trap a stag too swift to catch, by driving it into a net!

To-day the tradition is maintained. Hercules—a chemical company now—takes pride in doing things which make sense. It makes sense to re-plan many operations in chemical technology—to mention three, using Dresinol emulsified resins to improve leatherboard binding at lower cost; to enhance quality of rosin products by using Polypale polymerised rosin; to size paper with *fortified* Pexol Size. Suppose you are a paper man. If Hercules has not told you yet about Pexol Size you should be asking some pointed questions!



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men, including one Roman Catholic, have contributed to the volume.

The Church of England already uses deacons and lay-readers in its work, but the proposal now put forward is to ordain men to the priesthood who would continue their normal secular occupations. They would be empowered to administer the sacraments and in some country districts might well replace the present whole-time incumbent altogether. The creation of this new ministry would certainly raise some perplexing problems. There would be a danger of conflict between secular and ecclesiastical duties, as the experience of the French worker priests, although not exactly parallel, has shown. Friction might well arise between the two branches of the ministry. Would the part-time priests be equally answerable with full-time priests to the citation of Bishop or Archdeacon? Part-time work might become a backdoor method of entry by underqualified candidates to the full-time professional ministry. The law, forbidding ordained men to engage in secular occupations, would have to be modified.

On the theoretical level the debate could continue indefinitely. The correct as well as the courageous course would seem to be to try the experiment and see how it works. This was the way in which religious orders for men and women re-established themselves in the Anglican Church. In doctrinal matters the Church of England has always allowed for different approaches, an attitude which could well be extended to pastoral affairs.

SOUTH AFRICA

Republic on Ice

DR VERWOERD has now bowed to the pressure of his Afrikaner fundamentalists to the extent of promising to create machinery for making South Africa a republic at the drop of a hat, though he has made no promise to set the machinery in motion. In contrast, Dr Nkrumah, at his end of Africa, is setting up almost identical machinery with the expressed intention of pressing the starting-button on July 1st. In each case, the plan is to hold a plebiscite, or referendum, to ask the electorate if they want a republic; in Ghana this will be the entire population over 21, and they most certainly will vote by a pretty large majority to discard the crown. In South Africa, only the whites (men and women over 18) are to decide. On voting, though not in seats, the division among the white people of South Africa is much more nicely balanced. Dr Verwoerd has ruled that a majority of one vote either way will decided the issue. If the former black and coloured votes, restricted as they were, had not been suppressed, there would have been a majority to keep the crown in South Africa for the foreseeable future.

Dr Verwoerd did not quite say that by setting up the machinery for a referendum on the republic he was pointing a missile at the heart of Westminster. If that is his idea, no doubt, Mr Macmillan will be able to tell him that the nose-cone is a dud, and will cause no explosion. Nor can Mr Macmillan rise to the bait which Dr Verwoerd put out in the remark that if a British Labour government, with Mr Gaitskell's well-known African views, came into power, South Africa would leave the Commonwealth; though such an event would distress the Commonwealth Relations Office. Mr Macmillan will do well to tell Dr Verwoerd bluffly that if necessary the crown will go it alone in South Africa with the High Commission territories—tough as Dr Verwoerd could make it for them. Dr Verwoerd is not so strong as he sounds.

HUNGARY

Kadar Swaps Some Horses

ON January 16th the Kadar regime announced its most extensive cabinet reshuffle since it was put in power in November, 1956. The changes, which Mr Khrushchev may be taken to have approved when he was in Budapest for the party congress in December, are neither sensational nor surprising; they indicate that Mr Kadar remains, for the time being at least, firmly in the saddle. The most important change, which Mr Kadar did in fact announce when Mr Khrushchev was there, is the transfer of Mr Gyula Kallai from the party secretariat to the post of first deputy premier. This suggests that Mr Kallai, a close associate of Mr Kadar (both men spent some time in a Rakosi prison), is being groomed to take over the premiership from the elderly and sick Mr Münnich. Like Mr Kadar, the new deputy premier can be labelled a "moderate" by present Hungarian standards; but as the party's foremost ideologist he has spared no effort to bring the sullen writers and intellectuals to a more co-operative frame of mind. He told the party congress that peaceful coexistence was not a political compromise but that, on the contrary, it involved an intensified fight against all expressions of bourgeois ideology.

Another of Mr Kadar's principal associates, Mr György Marosan, has resigned his post as a minister of state in the cabinet and is to be elected to the presidential council. Technically, this could be interpreted as a demotion, but it is more probable that Mr Marosan, who has specialised in building up the demoralised party cadres, has made the change so that he can concentrate more effectively on his party work. Among the other changes, the most interesting and the most puzzling is the replacement of the minister of agriculture, Mr Dögei (who is being sent as ambassador to Peking) by Mr Pal Losonczi, a pioneer of collectivisation, whose own big collective is a showpiece for visiting VIPs. There has recently been a fresh spurt in the collectivisation drive, and the amount of arable land in the state and collective farms has risen to 57 per cent. The change at the ministry of agriculture may possibly reflect a disagreement about the intensity of this drive.

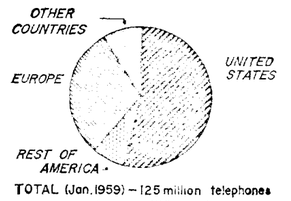
COLOMBO PLAN

Aid with Fewer Tears

INVENTED at a meeting of commonwealth foreign ministers ten years ago, the Colombo plan for co-operative economic development has turned out a singularly happy system for distributing money and technical assistance to a selection of the poorer Asian countries. The scheme quickly spread beyond the commonwealth; it now has 13 members on the receiving side and six, including America, Britain and Japan, on the supplying side. Aid is arranged directly between the two countries concerned, with the Colombo plan bureau in Ceylon taking an avuncular interest. So far, help worth more than £2,000 million has been handed over in the form of loans and grants, equipment, food and technical assistance. Training has been given to 18,000 students, and 10,000 experts have been sent into the region.

From the first, the scheme was designed to be two-way so that the countries receiving help should also give it. Although the lion's share of aid comes from outside, the self-help idea is not entirely a myth. India, for instance, which takes the largest chunk of aid, has given substantial help to Nepal

THE WORLD'S TELEPHONES



TOTAL (Jan. 1959) – 125 million telephones or 4·3 per 100 people

In proportion to population, America has nearly three times as many telephones as Britain. At the beginning of last year, Washington had 71 telephones per 100 people and New York 55, compared with 37 in London (City and County) and 26 in the whole of the Greater London area.

	Number per 100 people	Business telephones as per cent of total
United States	38·0	28
Sweden	34·0	28
Canada	29·6	29
Switzerland.....	28·3	58
New Zealand	27·6	38
Australia	20·1	72
United Kingdom	**14·5**	**59**
West Germany	9·3	n.a.
France	8·3	n.a.
Japan	4·7	90

Source: American Telephone and Telegraph Company

over irrigation and other projects. Burma has started to train Malayan students in rice *cultivation; Indonesia, in its turn,* has a dozen students from Burma and Ceylon. Most of these schemes are pretty small, but the reciprocal principle is one of the features of the Colombo plan that have kept it clear of the pitfalls that lie in wait for aid projects. When the members meet each year to summarise their national economic plans, there is remarkably little of the resentment that often plagues the relations between giver and taker.

At their last meeting at Jogjakarta in November, the delegates decided to give the plan another six years' span of life; so long as it does a useful job there is no idea of letting it lapse. The question ought rather to be whether it might not be expanded. Now that the problem of aid has been pushed to the forefront of international discussions, the plan is worth examining as a system that works smoothly and without much waste. Its organisers are *jealous of its particular quality;* but on the face of it, there seems no reason why other western countries, for instance west Germany, might not be drawn under the Colombo umbrella.

POPULATION

The Hydra

THE strident challenge facing members of the Colombo plan is the race between economic growth and the birth rate. A quarter of the world's population lives in south and south-east Asia, and the rate of increase is no lower than it is in any underdeveloped area. It is hard to see how economic development on any scale can fully succeed without a parallel movement to slow down birth rates. But any scheme of that sort comes up against fierce opposition. The Indian and Japanese governments, attempting the Herculean task of getting their population growth under control, have only had nervous and spasmodic help from outside; the World Health Organisation, for instance, has found itself unable even to consider the question.

Now the International Planned Parenthood Federation, the only international body that deals directly with the problem, is launching appeals for money in Britain and the United States. The federation, whose headquarters are in London, was started in Bombay by Mrs Margaret Sanger and has affiliated societies in 26 countries (less than half of which, however, have serious population problems of their own). The British member, the Family Planning Association, is trying to raise £250,000 from private subscribers for the support of field work in underdeveloped areas and of research into easier methods of contraception. Workers on these lines are a long way from making a substantial impact on the problem of Asian population; but what they are doing needs to be done.

SWEDEN

Nuances of Neutrality

SWEDEN, like everyone else, has a defence policy dilemma on its hands. Although the soldiers have been talking about nuclear weapons for some years, the politicians have been veering further away from the atomic solution, and the new budget, presented to the Riksdag on January 12th, is a further setback for the brass-hats. In November the Social Democrats, under the prime minister, Hr Erlander, decided that there was no reason to take a stand on the question of developing a Swedish nuclear armoury at this time because the necessary plutonium would not be available for military purposes before 1965. The party declared that Sweden's neutrality prohibited it from buying atomic weapons abroad (even if they were available), and it believed that producing a native bomb might hinder the present efforts to secure general disarmament. The Liberal party has adopted a similar policy.

Hr Gunnar Sträng, the Swedish chancellor of the exchequer, called his proposals a "retrenchment budget." Although the economy is expected to continue to expand in 1960-61, government expenditure will not grow at a similar rate. One major project to receive the axe is Naval Plan 60, an expensive project drawn up for an "atomic age navy." Instead, the government favours a seven-year naval plan, costing about £40 million, which is to include new submarines and development of a new guided torpedo. Allocations for atomic development provide for "protective research" (protection against the effects of atomic warfare), but research on the actual production of atomic weapons is not supported.

These seem to be realistic decisions. Sweden is maintaining its defensive posture, including the purchase of British weapons (among them Centurion tanks and the Seaslug sea-to-air missile), but the diplomatic and financial cost of an effective nuclear armoury still seems prohibitive for any power with Sweden's position and resources.

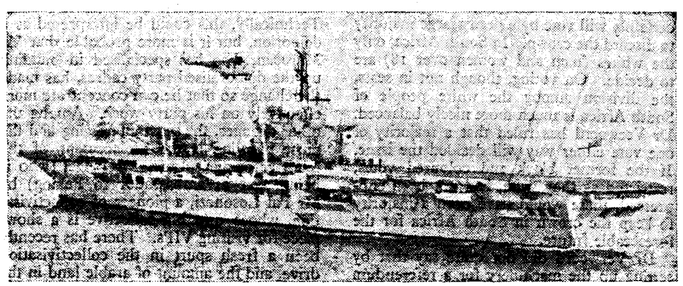
COMMANDO CARRIER

Gunboat's Sea Change

LAST week a fully air-conditioned ship and desert-coloured helicopters took part in a demonstration in six inches of snow. HMS *Bulwark,* with her sixteen helicopters, Land Rovers, anti-tank guns, and, surprisingly, 32 horse power Citroens, is the Royal Navy's latest remedy for the pinpricks of empire: the self-sufficient fire-extinguisher to be used in small conflagrations east of Suez and elsewhere. *Bulwark* was commissioned as Britain's first "commando carrier" this week; the Americans have several such ships in service already.

The basic principle, of putting men ashore from a large transport in smaller ones, is familiar enough. What is new is the permanency of this combined enterprise, and—thanks to the helicopters—its range. The six hundred marines whom *Bulwark* can carry are to be able to live on board for several weeks at a time; and it would be possible for this 27,000 ton ship to be an integral part of an operation with its focus as much as eighty or a hundred miles inland. Oman, Cyprus and Malaya have been instanced as theatres which would have been suitable for such operations.

Questions that arise concern dispersal and defence. For an operation, say, two miles away, with eight helicopters able to load and take off at a time, it should take about fifteen minutes to put a third of the battalion ashore. This seems adequate for a small operation. In a small operation, too, the vulnerability of the carrier to submarine and air attack would matter little. But for anything bigger than mere police actions, some extra support would certainly be needed to compensate for the carrier's lack of fighters: the helicopters are unarmed, and the ship's armament has not been increased above that carried in a normal aircraft carrier's role. *Bulwark,* it seems, will be mainly significant in limited circumstances, operating against technologically inferior opponents. This is, in fact, today's version—much more expensive, larger and airborne—of the gunboat our grandfathers knew.





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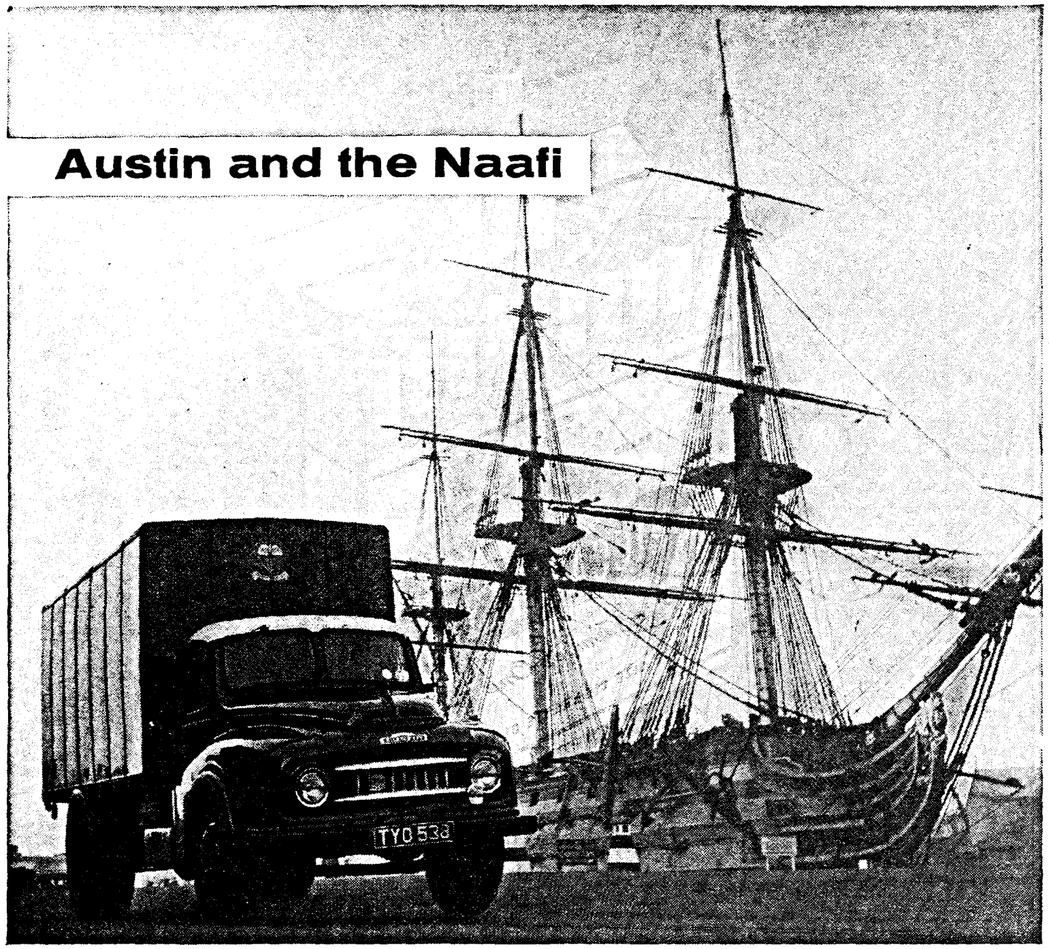
Austin and the Naafi



THE SHIP, as any small boy will know, is Nelson's *Victory*. 154 years ago she fought at Trafalgar. Now she lies peacefully in Portsmouth harbour beside today's naval giants.

Passing the famous ship is part of another fleet—the Austin fleet of Naafi. This diesel 5 tonner is distributing cakes and pastries to canteens aboard H.M. ships. A 100 per cent reliable vehicle is essential. For the driver must finish deliveries by 10 a.m. stand-easy or risk a riot!

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All round the world Naafi serves the troops—and where Naafi goes, Austins go. 3 and 5 tonners put in long hours and high mileages for Naafi warehouses. Others work for bakeries—and it's mostly nightwork here, with a midnight to 5 a.m. start and a 100-mile-plus journey ahead.

On most forces' stations where there are outlying units, Naafi's Austin mobile canteens are in action. Open fields, cart tracks, ice and mud never stop these vans.

Overseas, Naafi's mobile canteens serve troops in Cyprus, in Singapore, Hong Kong, Tripoli. Other Austins are at work for Naafi from Aden to Malaya.

An increasing stake

Naafi started using Austins 4 years ago. Today they have standardised on Austin 1 ton petrol-engined chassis for mobile canteens. Mr. J. P. Macdonald, Controller of Transport, says, "We have found the Austin chassis better suited for our mobile canteens than any other vehicle. Austins do a good hard job of work for us and are getting an increasing stake in our fleet."

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Austin offer a wider range than any other manufacturer in this country today. ½-2 ton vans, 2-7 ton trucks, prime movers for 15 ton gross train weights, chassis units for any type of bodywork. All with 12 months' warranty and backed by B.M.C. Service.

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BOOKS

Snobs and Strivers

The Status Seekers

By Vance Packard.

Longmans. 384 pages. 21s.

A CERTAIN smugness is likely to creep over an English reader studying Mr Packard's picture of an America rapidly ossifying into a complex of stratified and vertical divisions with all the demerits, and none of the redeeming virtues, of traditional class society. America, like Britain, has its élite of Top People and "semi-uppers"; its "striving," limited-success class; its working class; and its submerged tenth. Between these classes, and notably between the three "supporting classes" and the élite, there was until recently a ladder, less strong and wide than Americans liked to believe, but serviceable enough to give some verisimilitude at least to the great American myth of unlimited opportunity, if not to the still greater myth of Whitmanesque brotherhood. Now, to the accompaniment of unprecedented prosperity, this ladder has weakened and broken.

The growth of giant business, says Mr Packard, has barred the upward route once offered by small independent ownership; trade union rules and automation between them have demolished a set of essential rungs by which the unskilled could once rise to skill and responsibility; dearer college education, and the growing insistence of employers on a degree as qualification for all but blind-alley jobs, combine to narrow a third path of advancement. Meanwhile, more and more importance attaches, in the determining of social acceptance or exclusion, to the earmarks of class: the right address, "background," church affiliation, clothes, car, furniture, style of entertaining; and, with greater geographical mobility, more and more people congregate into one-class, one-income-bracket communities where the non-conformer stands out like a sore thumb, his wife is snubbed by the local matrons, and his children's lives are made hellish at school. Division according to income and job-prestige is moreover complicated by division according to ethnic group and religion; by barriers between Gentile and Jew, Protestant and Catholic, and of course black and white. And the members of every sub-division above the lowest (which, so far from enjoying a Doolittle-like emancipation, suffers acutely from a sense of exclusion, failure and guilt) are obsessively engaged, egged on by the "hidden persuaders," in asserting their status by the competitive display of success-symbols.

In Britain the class system, pervasive enough in all conscience, is at least loosening up, not clamping down. The ladders of advancement, even if inadequate, are widening, not narrowing. And how much less actively objectionable is an established class hierarchy, in which each class has room within its boundaries for a wide variety of character, outlook, taste, mode of life, degree of material success, than the sequence of slippery gradients on which Mr Packard's classes conduct their battle. There is "striving"—of the competitive, face-trampling kind—in Britain too, but it is at least optional, not an imperative to be rejected only by self-confessed weaklings; Mr Braine's "Room at the Top" may be a disturbing social document, but it does not carry the depressing general applicability of Mr Marquand's "Sincerely, Willis Wayde." Thus the complacent first thoughts of the British reader, tempered only by a lurking suspicion that American sociologists are even more prone than their British fellows to discover status-symbols and status-assertion in every human activity, as Freudians discover sex.

Second thoughts are less comfortable. We are spared some difficulties—notably those of the melting-pot. We are not saddled with the psychological results of having pitched our democratic expectations—in terms both of human brotherhood and of the career open to talent—impossibly high. But we face the same awkward central fact about these expectations as America does: the fact that they clash forbiddingly between themselves. The career unconditionally open to talent means the career unconditionally closed to lack of talent. Social mobility means mobility to one's own level. And there is no presumption whatever that a society which had sorted itself occupationally (regardless of birth, accent and early training in the neat absorption of asparagus) according to gifts, and the will to use them, would be any less compartmented or more sympathetically united than that of today. On the contrary. Birds of a feather flock together, especially when the feathers are those of stronger or weaker flight; and having once flocked they are likely both to segregate themselves and to establish a pecking order all the more relentlessly enforced by reason of the competitive nature of the flocking process itself.

This was the core of truth in Mr Michael Young's egregiously question-begging, issue-dodging, wishful-thinking, but undeniably valuable "Rise of the Meritocracy," which Mr Packard could have studied to his advantage. Increasingly we share, if not the American myth, the dual American expectation. And it would take a considerable optimist to assert confidently that no similar book to Mr Packard's could be written, a generation or so hence, about our hopeful Opportunity State.

An Unknown Movement

Catholic Action and Politics

By Tom Truman.

Georgian House, Melbourne. 245 pages. 35s.

DURING the years from 1945 to 1955 a political movement developed in Australia which, if it had happened in France or Germany or the United States, would have been reported in every serious British newspaper and would have been the subject of half-a-dozen academic studies. This was the attempt by Catholic Action, under the leadership of a brilliant young Australian lawyer called Mr B. A. Santamaria, first to defeat Communism in the trade unions and then to control the Australian Labour party in the interests of the Roman Catholic Church. It was this movement which led to the split in the Australian Labour party in 1954, to the formation of the Democratic Labour Party in 1955, and to the final ruin of Dr Evatt's ambitions to lead a Labour government in Australia.

Because these events took place in a British dominion at the other side of the world, they were almost unreported at the time and are still virtually unknown to most serious students of contemporary politics. It has been left to a young lecturer at the University of Queensland to write the first serious study under the slightly misleading title "Catholic Action and Politics." Within its rather narrow limits—it deals only with Catholic Action in Australia—this is an important book.

It is not, however, an easy book for a beginner who has no knowledge of Australian politics or of the events that took place during those years. Mr Truman apparently hopes to write another book dealing directly with the political side of the story and it is to be hoped that he will do so. In this he has been content to dig deeply into Catholic sources to show the background of Mr Santamaria's "Movement" (as it is popularly known) and its relation to the general aims of Catholic Action and the Roman Catholic Church. It is his general contention that throughout Mr Santamaria acted not only with the full approval of the Australian hierarchy but also consistently with the aims and teaching of the Church. If Mr Truman is right, Mr Santamaria was not, as he seemed to many, a brilliant but slightly unorthodox commando leader operating behind the enemy lines and very often without any direct orders from his own commander-in-chief, but an orthodox regular soldier of the Church Militant, who simply carried out the operation orders laid down by the last two Popes as binding on all Roman Catholics everywhere.

Mr Truman makes out a convincing case and his quotations are always scrupulously fair, yet one doubts whether his final conclusion is correct. Mr Santamaria certainly had the support of the Catholic hierarchy in Australia at least until 1955, but there is considerable doubt whether the bishops

really knew what he was up to. He was certainly enthusiastically backed by the Apostolic Delegate, Archbishop Carboni, but one cannot help noticing that the Archbishop has since disappeared to Peru and that Cardinal Agagianian has been sent on a mission to Australia with the presumed intention of straightening things out. The truth is that since the Australian bishops got most of their information from Archbishop Carboni, it took a long time for the Church to discover what was going on. Mr Truman makes the mistake (which so many writers make about Russia and the Communists) of assuming that the Catholic Church is more consistent, farsighted and monolithic than it really is. The Pope may be infallible—but no one else is.

In spite of this defect "Catholic Action and Politics" is a valuable and, on the whole, alarming account of an extraordinary incident in democratic politics. It will certainly tend to increase sympathy for the much maligned Dr Evatt in what seems likely to be a judicial retirement.

Zionist Champion

Middle East Diary, 1917-1956

By R. Meinertzhagen.
The Cresset Press. 387 pages. 35s.

COLONEL MEINERTZHAGEN is one of the few surviving principals in the drama of the Balfour Declaration, and his diary of that period is a valuable document for historians. A seven-branch candlestick on the dust-cover, a foreign-sounding name and several decades of staunch championship of Zionism might lead anyone to suppose that he is a Jew. But he is not. Quite the other way: he is peculiarly English in many of his characteristics, and vintage English at that. He is decisive, and wholly honest (never mind if his diary contradicts itself; he has left his thoughts as they bubbled into his mind at the time). He is inspired by the courage of conviction ("I need hardly say I fully realised when I wrote that despatch that my presence in Egypt or Palestine became impossible," but he thought it more important to get the government of Palestine transferred from military into civilian hands than to keep his job). He is without self-consciousness ("I arrived [at Dr Weizmann's memorial service] without a hat, and was lent a small black felt contraption by an usher. It soon gave me a headache so I removed it, but was at once pounced on . . ."). Last but not least, he believes in the divine promise about the Holy Land, and thanks God he lived to see it fulfilled.

Armed with this battery of attributes and a wide acquaintance among the great, he knows how to make himself felt. However brusque he has been, he is always asked to stay to lunch, and his record is exceedingly interesting so long as he remains in the public service, or serves Zionism in a public capacity. He supplies some sharp vignettes of the bias (including his own) that coloured British administration of Palestine long before most Arabs saw much to fear in the Jew. His good works include several visits to Hitler in order to get him to unfreeze the flow of Jewish emigration. On one of them, Colonel Meinertzhagen took in his revolver, just to see if the deed could be done.

After 1939, the book becomes much less interesting. Its strictures on Bevin and Eden tend to leave out of account the many factors outside the Middle East that swayed their actions. For instance it always mentions oil as if they were mere profiteers; it would have been just to mention that they needed it in order to lubricate the Marshall Plan, which saved western Europe from ruin and communism. His theme is that they should have jettisoned the Arabs for the more reliable Israel, but he develops it too often by crying over spilt milk, and too seldom by adjusting his judgments to the world as it had become.

"I find that my diary is a great safety valve" he writes when on the verge of explosion over the West's ineptitude in missing the golden opportunity in the winter of 1956-57 to internationalise a strip of Sinai, secure a potential alternative to the Suez passage, and seal off Egypt from Israel. (*The Economist* pressed this point likewise). One snag to the book is that, just as with the Arabophiles whom it criticises, confirmed admirers of Israel tend to be wholly uncritical. Some Israelis will be embarrassed at the fulsomeness of his comment on their virtues. Certainly some of them are without blemish, but so are some men everywhere.

Thinking Tories

British Conservatism 1832-1914

By R. B. McDowell.
Faber. 191 pages. 21s.

IN this book Dr McDowell sets out "to show what political opinions a member of the English Conservative party might be committed to supporting in the years between the passing of the Great Reform Bill and the outbreak of the Great War." He has little trouble in showing that MPs of what their opponents are pleased to call "the stupid party" were in fact committed to a fair body of doctrine for most of the years he covers; and he shows it without touching on strict political theory at all. Members of any legislature who rack their brains about the separation of powers, or the nature of the state, are rare, and those who sat on the Conservatives' benches in the Victorian and Edwardian House of Commons prided themselves on being practical men of common sense; most of them despised theory of all kinds.

So little needs to be said of Coleridge, and the later English Hegelians are left out altogether. It is a pity that the earliest of them, who were active in the Oxford movement, do not get fuller treatment, for the Oxford movement tried to apply the principles of conservatism to the church, which the Tory party traditionally regarded as the first object of its political care. But the author's treatment of church questions is hesitant, and he does not give them the central place that they held, in the view of the most pious members of the party at least, in the eighteen-forties and fifties. Nor has he much to say of two other main motive forces for active Tories: a simple, Wellingtonian sense of duty, and a vaguer but still powerful sense of obligation towards less fortunate classes in a turbulent community.

Instead, he prefers to discuss attitudes to the more concrete problems of reform and protection. He has a thorough and exact knowledge of the course of current politics, so far as it has been revealed in print; he keeps this discreetly in the background, and adds to his analysis many useful touches from wide reading in print and in manuscript. Disraeli and Salisbury apart, he often has to hunt the by-ways of Victorian politics to find men whose views are worth considering; and much of his passage on the social question centres on the figure of Joseph Chamberlain, who was never strictly speaking a Conservative at all. The author's reading could well have extended to Disraeli's, and indeed to Gladstone's, papers; but no doubt he felt, in the mass of archives, that he must stop somewhere, or never conclude at all. As it is, his book provides a refreshing series of comments from the sidelines on the rules of the Great Game of politics in its greatest period.

Victorian Laureate

Critical Essays on the Poetry of Tennyson

Edited by John Killham.
Routledge. 271 pages. 28s.

IN spite of a hectoring entrance—"our taste and critical standards have, in the heat of enthusiasm, become too narrow and too severe" (how odd to think of this as an age of "enthusiasm")—Mr Killham has prefaced this collection of essays with a lively and informative review of the critical rehabilitation of Tennyson—a modified Tennyson, after the revolt begun by Bagehot, Hopkins and Swinburne in the 1860s and later intensified by Yeats and Lawrence. He readily admits that Tennyson is worth reading only in selections, and makes no attempt to defend sentimental moralising of the "Enoch Arden" type.

Most of the essays in his collection belong to the fifties and have been salvaged from various learned periodicals. Especially worth salvaging are those by E. J. Chiasson, Arthur J. Carr and G. Robert Strange. Mr Chiasson argues provocatively that Tennyson's Ulysses, far from being a self-portrait, is in fact the embodiment of that ideology which the poet considered potentially destructive of the whole social fabric. Mr Carr analyses the mannerisms of the early poetry—the themes of deprivation and recovery through dream, the mask of age, the unresolved dialectic of sense and conscience—and suggests that it was because Hallam's death gave new urgency to these already obsessive mannerisms that "In Memoriam" became the clearest apprehension of his own nature that Tennyson ever achieved. Mr Strange's study of "The Hesperides" is an illuminating exercise in symbolic interpretation. To him the poem is a statement of the situation of the artist in society, and he makes some particularly cogent remarks about the recurrent Tennysonian symbolism of "East" and "West." In his second essay he demonstrates how Tennyson, in "Demeter and Persephone," has reinterpreted mythology in order to make it express his own concern about the spiritual estrangement of his age.

H. M. McLuhan's attempt to locate Tennyson in the tradition of English landscape art from James Thomson to Joyce and Eliot, and his examination of the effects of developments in scientific and æsthetic theory on that tradition, is full of ideas. So, too, are John Killham's own discussion, hitherto unpublished, of the functions of imagery, especially imagery of animals, stones and flowers, in "Maud," and F. E. L. Priestley's interpretation of the "Idylls" in terms of stratified dramatic allegory.

Two already famous essays are included: Cleanth Brooks's brilliant dissection of "Tears, idle tears . . .", and T. S. Eliot's "In Memoriam." It is interesting to see how strident and ill-considered ("Tennyson is a great poet. . . . This is great poetry. . . .") the latter sounds when compared with the critical essays of the fifties.

Plant of Many Roots

The Road to Self-Rule

By W. M. Macmillan.
Faber. 35s.

The Years of Challenge

By Don Taylor.
Hale. 25s.

THERE is a tendency today to regard the Commonwealth as a potentially integral body, the confusions and contradictions in whose management are due to a failure to plan adequately at the centre. Professor Macmillan's thesis turns this view upside down; he argues that though certain concepts and intentions have been constant in British colonial development, attempts to impose centripetal schemes have usually sown the seeds of subsequent disorganisation. In his book the picture is no more dominated by acquisitive imperialists than it is by cool balancers-of-power, still less by idealistic disseminators of humanist culture; it is rather the strange mixture of motives behind colonial growth that is responsible for many of today's difficulties. Throughout, a potent leaven of moral self-consciousness has worked unpredictably among more practical sentiments; thus the successful attacks on the West Indian slave trade made by the "Exeter Hall" reformers of the 1830s are part of the basis of later nineteenth century complacency about Empire as a mission, and in Africa today racial divisions are no more the product of deliberate racial supremacy than of an original anxious evasion of a painful problem. One generation's device has hindered its successors: in Africa indirect rule together with a dependence on existing institutions, developed by Lugard (and justified by Malinowski), persisted into an era that saw the wide spread of education and consequently the development of a new élite of Africans with ability but without power.

Inexperience, says Professor Macmillan, created the colonial system, and has kept many of its problems alive; his book is a convincing appeal for the variety of experience to start teaching the need for a variety of approach in solving them.

Mr Taylor's account of the Commonwealth in the years 1945 to 1958, though more simply conceived, is in fact more confusing. Dealing mainly with the results of the complexities that Professor Macmillan analyses, he presents a world in which nationalism bubbles, dissension flares up, intrigue threatens, without apparent cause or logic. Coherent policy fails to radiate from the centre as it should because of the inadequacies of the Colonial Service and the importunities of local politicians everywhere. Mr Taylor's accounts of events are unexceptionable, but a failure to analyse the basic causes of the troubles he chronicles makes his book in the main less rewarding reading than Mr Macmillan's.

Racing in the Twenties

Parry Thomas

By Hugh Tours.
Batsford. 176 pages. 21s.

THIS painstaking account of the engineering career of John Godfrey Parry Thomas, written thirty-two years after he was killed at Pendine while attempting to break the world's land speed record, shows how the life of the racing driver has changed since those now far-away days.

Thomas's engineering activities, after he left the Leyland Motor Company, for which he had designed the advanced Leyland Eight luxury car, were concerned almost exclusively with racing and record-breaking. The postwar slump killed this car, which he had conceived to shake the foundations even of Rolls-Royce; but Thomas was reluctant to abandon the design and he went to live at Brooklands so that he could develop it for high-speed track work.

Whereas today the professional racing driver earns most of his living from starting money and prize awards, Parry Thomas had never heard of starting money in connection with racing and derived his income from the bonus fees paid by petrol, oil and tyre companies when he broke records for time and distance. Consequently, he was continually going out to smash records. This he could do at Brooklands or at Montlhéry track near Paris; which marks another notable difference between Thomas and a modern driver such as, for example, Stirling Moss. Whereas Mr Moss is seldom in one place for more than a few days and roams the world to meet his motor racing engagements, making an enormous use of air travel, Thomas might wander as far as Boulogne for a speed trial but was otherwise usually to be found, a big, reserved man in shabby flannels and a Fair Isle sweater, at his workshop at Brooklands, searching for new answers to problems which, when solved, would make his massive Leyland cars faster than before.

This book shows how effectively Parry Thomas followed his chosen career and throws a spotlight on the character of this likable Welsh engineer. The accident at Pendine Sands in 1927 that caused his death is examined in some detail. The conclusion seems to be that Thomas, never endowed with resources such as his rivals Segrave and Campbell had at their command, but reaching as all record-breakers of his era eventually hoped to do towards the fastest record of all, tried to go too fast on too slender a financial shoe-string.

Northernmost Life

The Arctic Year

By Peter Freuchen and Finn Salomonsen.
Cape. 440 pages. 28s.

THIS book is the joint production of two most knowledgeable and highly dissimilar Arctic enthusiasts: Peter Freuchen, one of the most colourful figures of his time, who lived and travelled beyond the Circle as much as any man, and has told the world about it in books packed with adventure; and Finn Salomonsen, a distinguished scientist who has specialised in the study of Greenland birds. Between them they have produced something which is quite new, in conception rather than content, and most welcome. "The Arctic Year" has a chapter for each month, and in it the doings of the wild life of the Arctic, man included, are narrated. Interest is well sustained, for the Arctic is a fascinating place, and there is not much of its natural history that one or other of the authors has not experienced at firsthand.

There is much information on the prolific bird life, which is such a prominent feature. In the September chapter, which covers migration, you will read how the Arctic tern flies from the Canadian north to western Europe, on to West Africa, South Africa, and finally Antarctica. In this way it secures more sunlight than any other living thing, but at the price of flying 13,000 miles twice a year. The food chain is, of course, a central feature of the story, and it has some remarkable links. You may ponder the fact that in March nothing is more palatable to the male polar bear than his own offspring; or that in April the inland Eskimo makes his salad from the undigested greenery in a caribou's stomach, and in July is happy to refresh himself with warble larvae from under the skin on its back. His coastal cousin is meanwhile feasting on clams found in hundreds in a walrus's stomach. There are plenty more facts of this sort.

It is natural that most of the examples quoted come from Greenland or the Canadian archipelago, because these are the areas

the authors know best. Siberia, as one might expect, gets the fewest references. But even that forbidden zone Freuchen visited twice. Most of its important birds and beasts are in fact found elsewhere as well, so the gap is not so serious in that respect. But the north Siberian tribesmen are not, and their absence from these pages, though unavoidable, is much to be regretted. The book is not free from factual errors. These are mostly small (icebreakers cannot navigate in the High Arctic at almost any time, grizzly bears do not live in Labrador), and not altogether surprising in view of the enormous number of hard facts the book contains. It is an interesting production and will delight many.

Cash and Capital Spending

Budgeting in Public Authorities

Published for the *Royal Institute of Public Administration* by *Allen and Unwin*. 299 pages. 28s.

THIS book attempts to describe the budgetary procedures of a number of public authorities in the United Kingdom, to show their administrative importance and to suggest how more effective use might yet be made of them. It cannot, unfortunately, be said to succeed.

The number and range of public authorities described, though limited, are too large for the compass of the work. Central government, hospital boards, local government, and all the nationalised industries except the British Transport Commission provide too vast and various a subject for the treatment to be more than superficial, while a certain amount of repetition is inevitable as each theme is taken up in turn. We are left with neither detailed case-studies of a few organisations nor a general essay on principles, illustrated by selected examples. After three general introductory chapters, the revenue budget of each of the chosen sectors of the public service is briefly described from four points of view, or perhaps at four stages: its preparation, its relation to policy making, its later modification and its comparison with the eventual outturn. This section, occupying nearly half the book, leaves a superficial impression: too much ground has been covered in too orthodox a way; near cliché rubs shoulders with questionable assertion. The next two chapters deal with the capital expenditure budget. They should be read with great caution, for they reveal at many points an inadequate understanding of the methods by which capital expenditure in these public services is controlled and the forward periods over which budgeting of one kind or another is in fact practised. For example, page 214 contains a misleading account of the loan sanctions procedure in local government, while, in spite of the administrative basis of the whole inquiry, no indication is given that the author or authors have any knowledge of the techniques that have been developed for getting the maximum value for money on investment projects. Finally, after a brief disquisition on the cash budget, there is a short chapter of conclusions in which several ideas are put forward for making better use of the budget in securing efficient administration. These range from the old suggestion that the central government accounts should be converted to an income-and-expenditure basis to a warning against treating the budget as more than a means to an end.

This all smells of the lamp, and is hardly likely to prove of any practical assistance to the reader. It is increasingly understood that our formal financial controls, elaborated over 300 years, are largely irrelevant to the question of getting value for money in the public service, but the book fails to contribute usefully to this discussion because its aim is not clear and its method too diffuse. Perhaps the Royal Institute of Public Administration should consider whether its "study group method of research" is well adapted to this kind of subject matter? Indeed, is the title of "research" fittingly applied to the collation of information, most of which is available in published form, while some is obtainable readily enough direct from the organisations concerned?

LETTERS

Labour's Future

SIR—An article like "The Undistributed Middle" would not normally deserve comment. But because it is so "drearily representative" of the intellectually arrogant attitude often adopted in your columns in admonishing the Left, perhaps a brief rejoinder may be permitted.

The issue between us is clear. I want an alternative government which is socialist in spirit, and therefore accepts the need both for an "ethical reform campaign" and for public ownership and control of economic power as a necessary condition of achieving this. You seek a "progressive" alternative, which looks for support to those who broadly accept the existing social system but recognise the need for some reform. It does not follow that either of us is "muddled," nor that we need descend to mutual abuse.

The meaning of "spurious affluence" will be patently clear to readers of Professor Galbraith; the Crowther Report, which I understood you approve, illustrates in its description of the inadequacies of our education system but one of the applications of the thesis to contemporary Britain. True, the Tory posters were not "hidden," but the sources which financed their campaign still remain so.

I agree with Enoch Powell that politics should be based on principle rather than expediency. I do not seek to cavil with *The Economist* for taking a different view.

Yours faithfully, H. D. HUGHES
Fabian Society,
London, SW1

Currency Reserves

SIR—I very much appreciate the perceptive comments you published recently concerning my proposals for a basic reform of the IMF and for the establishment of a European Reserve Fund. May I comment briefly on the three questions which you raise?

1. The IMF would merely have an "option" to liquidate at a "maximum" pace of 5 per cent a year the sterling and dollar balances initially absorbed by it, but should exercise it only "in so far as useful for the conduct of its own operations." The proposed expansion in the Fund's resources derived from its acceptance of reserve deposits from members would be so large as to rule out very probably, for a considerable time to come, any justification for any extensive use of this option. I would indeed expect the Fund to *accumulate* instead additional sterling and dollar balances in the initial years, so as to help smooth out the transition from the present system where international liquidity has come to depend increasingly on a continuous increase of such balances. This would, of course, be particularly useful at the moment in connection with dollar balances, in order to allow the United States to eschew swift, but undesirable, methods of readjusting its overall payments deficits. Secondly, regional arrangements patterned upon the present sterling area or transforming the EMA into a European Clearing House might reduce considerably the total amount of sterling balances to be turned over to the IMF. Finally, some reduction of bilateral US and UK contributions to overseas development, previously financed in part through the growth of sterling and dollar balances, might be expected from, but also be more than compensated by, multilateral IMF financing based on the proposed shift from dollar and sterling reserve balances to reserve deposits with the IMF.

2. The conversion of any existing currency balances into IMF deposits would involve the acceptance by the debtors of such balances of an exchange rate guarantee in favour of the Fund. Ample precedents for this have already been created by the similar guarantees granted in the past under the EPU, EMA and IMF agreements. This would undoubtedly prevent the debtor of the balances from writing down the value of its indebtedness as a by-product of a unilateral devaluation of its own currency. This, however, might be a minor price to pay for the consolidation of these huge and volatile foreign balances whose danger of sudden and untimely conversion into gold or other currencies in times of stress now constitutes a major threat for the maintenance of international convertibility.

3. I agree with you that agreement on such far-reaching reforms might be easier to negotiate and implement initially in a more restricted framework, such as that of the European Economic Community, or even of the OEEC itself if a bridge can still be built between the Six and the Seven. Yet, I would not despair of seeing part of these proposals, at least, agreed to in a world-wide context. I am very much encouraged in this respect by the general tone of the debate which followed my recent testimony before the Joint Economic Committee on Employment, Growth and Price Levels, and even more by the previous endorsement of IMF reserve deposits by the Radcliffe Committee.—Yours faithfully, ROBERT TRIFFIN
Yale University,
New Haven

The Bar

SIR—The Bar has always had its young men without means, who stayed the course because they were determined to succeed, recognising the price of success as an 84-hour week; but barristers profess to be the specialists of the legal profession. Who would consult a medical specialist aged 25? The problem is partly educational and partly financial.

I think the proposal by Lord Evershed and Sir Ian Yeaman made in 1957, for joint basic training of barristers and solicitors and easier interchange between the branches, is more realistic than yours. For example, there are under 200 sets of barristers' chambers in London and much less than 100 in the provinces. How could these accommodate the 700 Bar students plus 800 solicitor students per annum during training? Many of the chambers would not have vacancies at all. Under the 1957 scheme, a graduate apprentice in a solicitor's office could earn about £300 a year; and advertisements for newly qualified assistant solicitors at £1,000 a year have lately appeared. Lord Birkenhead said: "Some of the highest successes at the Bar have been grasped by men who have qualified in other professions first." Such a man, after a few years' earning and learning as a solicitor, could, after a year's pupillage, start at the Bar around 30 with some experience of law and life, some contacts among solicitors, some savings, and some knowledge of where his bent lay. On the other hand, he might decide his vocation was to remain a solicitor. In either case he would avoid the risk of the demoralisation of five wasted years.

Another proposal you mention is partnerships, mixed up with misconceived ideas about high surtax and strange ideas about devilling. The partnership idea is supported by some young men who have not yet realised that independence and security are alternative choices in this life, and a few older men who know better. A man earning £10,000, with three children over 11 and under 16, pays an effective rate of tax (including surtax) of 10s. in the £. If he pays £1,000 to a beginner called a "partner," he gives away a lot of the money that he could otherwise spend on insurances allowed in full for tax. Devilling, except for the simplest kind, calls for a practised hand. Some draft Opinions (often cast as theses) are completely valueless. On the other hand, if the work devilled is useful and dependable, the reward may be some non-cash advantages of greater value. To prescribe a tariff is ridiculous.

The idea that "the weight of work" of the busy members of chambers "would be reduced" by calling an inexperienced and untried entrant a junior partner would be more likely to lead to acrimony and disillusion and a waste of the senior's time than to any spread of the exotic idea of partnership in the most independent of professions. Like some other professions, and probably more acutely than any others, the Bar needs to have it recognised that the last two decades have eroded the value of the pound or guinea, and to get fees with some regard to the realities of 1960, including, one hopes, the early implementation of improved education and training for the Bar.—Yours faithfully, C.L.I.L.
Temple

SIR—I feel that your proposals for a reform will at best alleviate but not remedy the financial position of the English Bar. Writing as a Continental lawyer with English legal experience I submit that the real reason for the depressed state of the Bar is the fact that the cost of litigation is too high. One need not be a prophet in order to predict that the increase of the cost of litigation which has come into force on January 1st of this year will cause a further slump of litigation and will therefore make the depressed state of the Bar still worse. Continental lawyers practising in the courts can afford to manage on relatively low fees, since the amount of litigation work they handle is correspondingly greater. The most obvious remedy would be a fusion of the two branches of the legal profession, as you propose. I have no doubt that this would considerably lower the cost of litigation, as the litigant would have to pay for the services of one lawyer instead of two. If this proposal is not practicable, I venture to make a few alternative suggestions:

1. A decentralisation of the High Court by forming regional courts with a regional Bar attached to each of them. This would cut out a great deal of travelling expenses of barristers, solicitors and witnesses and would eliminate the expense for country solicitors of employing London agents.
2. The court business should be conducted on modern business lines, which includes the issuing of writs and summonses by way of correspondence, the drawing up of orders and judgments by registrars, and the payment of court fees by cheque. This would make it possible for solicitors to manage with a smaller number of outdoor staff.
3. Litigation should be concentrated in the hands of local solicitors who specialise in this type of business. It is obvious that the cost of litigation decreases in the same ratio as the number of law suits conducted by one firm of solicitors increases.
4. The cost of litigation should be assessed on the basis of scale charges, as is the practice on the continent. This would obviate the necessity of drawing up and taxing long-winded bills of costs and would entail a great reduction in staff.

Yours faithfully, A. M. KRAFT
New Barnet

Kenya

SIR—Mr Michael Blundell implies that the Kenya National Farmers' Union has accepted the principle that the land barriers in Kenya should be lowered. This is incorrect. The principle that has been accepted is that contained in the first paragraph of Government's Sessional Paper on Land, i.e., that the system of land tenure and management should be brought on to a common basis.

The KNFU is a strictly non-party body and numbers among its members those of widely differing political convictions. It has made it quite clear that whether or not land barriers should be removed is a political matter and one on which the union is unable to comment.

The working party at present in being to study the sessional paper has the duty of ensuring the preservation of certain principles on behalf of agriculturists of all races, in the event of Government carrying out this policy.

These are:

1. That the standards of good husbandry are everywhere maintained.
2. That the economy of Kenya is not impaired.
3. That a system of land tenure adequate to the needs of the country is evolved.

Yours faithfully, PETER MARRIAN
Kenya National Farmers' Union
Nairobi

Pensions

SIR—Unless there is fresh legislation between now and April, 1961, all firms are faced with a nightmare with the new graduated pension scheme, which is due to commence at that time. The Ministry of National Insurance wants to keep everybody stamping cards, and the new graduations will be collected under PAYE. (This means 18 columns on the payroll compared with 13 at present).

Why not collect the whole of all contributions through PAYE? This could be done quite easily by code numbers, and why could not employers pay their graduated contribution as a fixed percentage of the total payroll? Is it too late for the Government departments to simplify this administration? One hopes that a little common sense will prevail and sensible administrative arrangements made over the next year.—Yours faithfully, H. C. GREEN
Penarth

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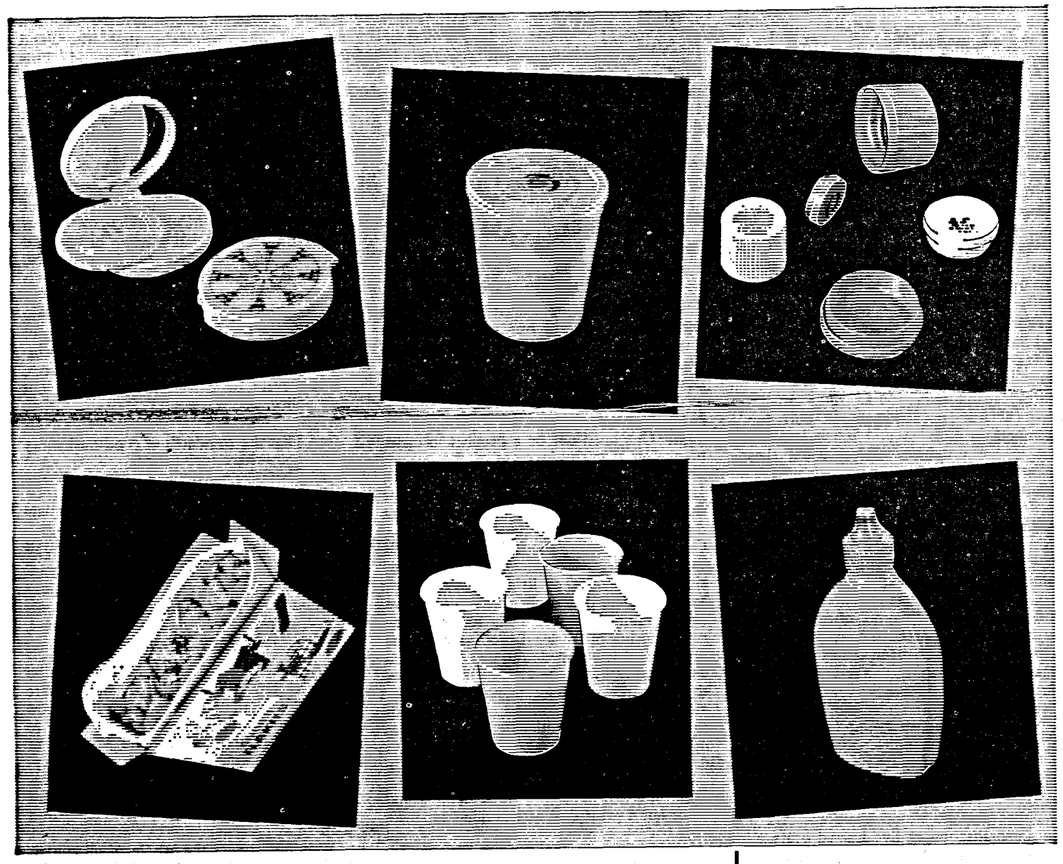

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Too Sound to be Good?

WASHINGTON, DC

CONFRONTED with a big deficit in its balance of international payments and with a widespread belief, at home, in the inevitability of creeping inflation the Administration has made a rather heroic choice about what to do with the surplus, the first sizeable one it has ever hoped to have, which is forecast in the Budget for the coming fiscal year. Unless next November's election produces a big change of heart on financial matters in Washington, more drastic measures can be expected if they seem necessary. What has made the sleeping American giant begin to stir—perhaps to the peril of mere mortals—is its own sense of inadequacy. The country has just emerged, without lasting damage, from the longest steel strike it has ever known ; it has achieved a settlement without making any important change in the part played by the government in industrial disputes ; and, above all, it has got by far the most moderate settlement since the war. Yet Americans seem convinced that the outcome was a deplorable one.

In fact, wage inflation has received a major setback, though it has not been checked completely. The movement of various price factors in 1959, to say nothing of the condition of liquidity in the banks—both of them described, but not emphasised, in the President's Economic Report—supplied strong evidence that the present boom is unlikely to be accompanied by serious inflation, as the last one was. The stock market was amazingly calm in 1959 (prices rose only 9 per cent and yields did not fall at all), and it has been more sober still in 1960. Yet Americans continue to fret about inflation and inflationary psychology ; many of them have come to believe, openly or secretly, that the state of the economy demands drastic remedies. Equally worried, the Administration has produced a Budget which appears to treat all other problems as of only secondary importance.

The government has been assailed from all sides for its alleged failure to maintain adequate defences. It has been accused by many of not tackling seriously the decay of the cities and the urgent problems of educating adequately a rising population. It has been attacked by its own supporters for failing to reduce an allegedly excessive burden of taxation, a charge which goes home, for the Administration shares the view that present taxes are dangerously high. It has also persuaded itself, if not, as yet, the majority of Americans, that the future of the world depends on a rising flow of capital to the under-developed countries. Yet when it woke up about a month ago to the possibility that it would have a $4 billion excess of revenues over expenditures (if both Congress and the economy co-operate) the Administration decided to use not a penny of this prospective surplus for defence, domestic needs, tax reduction or foreign aid. It chose to use it, instead, for the old-fashioned purpose of reducing the public debt, which will stand at about $285 billion on June 30th. The odd thing is that the government is unlikely to suffer politically from its decision, in spite of the growing laments of the intellectuals that the country is devoting far too little of its total income to public purposes.

The Administration can count, moreover, on the backing of the theoretical economists. Most of them, whatever their political persuasion, believe—and there is considerable supporting evidence—that in the last decade far too much of the burden of suppressing demand was placed on monetary policy and far too little on fiscal policy. They argue that American interest rates are as high as they are partly because budget surpluses have been too small in times of prosperity and budget deficits too great in times of recession, at least in the most recent recession.

THE Administration has adopted this idea with a vengeance. It is not only proposing to devote its rather large surplus of $4 billion to reduction of the debt in the forthcoming fiscal year. It is also stating, at every opportunity, a new and fundamental policy: that the Budget should not merely be balanced over the business cycle, but that it should also show a substantial long-term surplus. The authorities at the central bank nod their approval of the decision, the money markets show a certain relaxation of tension and people who think in financial terms gain new hope. When the Director of the Budget Bureau says with his usual directness that he hopes there will be a reduction in the national debt "every year from now on," he expresses a view which is held far more fervently today than it was seven years ago when the present Administration came to power. In the past any big surplus would have been devoted, in all probability, to tax reduction, particularly in an election year. It is worth noting, moreover, that when all the government's transactions with the public are taken into account, in the so-called cash budget, the surplus is expected to reach nearly $6 billion.

The American giant has adopted something suspiciously like a deflationary policy at a time when its economy may be closer to soundness than at any period in the recent past and at a time when public needs are greater than ever. The deficit in the balance of payments is no doubt an over-riding reason for this. When a reporter asked Mr Anderson, the Secretary of the Treasury, at his sole annual press conference held in connection with the Budget, if the policies of the United States must be governed by what foreign bankers think, Mr Anderson was a little annoyed, but he did not deny it. The fact is that he believes that the United States should so govern its decisions. As the guardian of a currency in which other countries hold their reserves, he has reason to think as he does. And he is fortified in his stand for fiscal orthodoxy by the grave fears of intelligent conservatives that creeping inflation in the United States is bound not only to make the problem of the balance of payments worse, but also to produce a severe slump at some time in the future.

It is a marvellously orthodox performance, and only the future can say whether the time for practical—as distinct from verbal—orthodoxy was well chosen. The United States, with all its self-doubt, is acting strongly against an inflation which exists, at present, chiefly in men's minds. It is practising what it preaches to under-developed countries. And it is demonstrating how very conservative it really is.

Eisenhower's Wanderjahr

INSTEAD of starting his career with an educational tour of the world, Mr Eisenhower is ending with one. Inspired by the success of his travels last autumn, especially in India, he is spending the first half of this year, his last in office, wandering round the rest of the globe—leaving out only Africa—with flying returns to America to recuperate, to deal with Congress and to receive reciprocal visits. After going to the four South American countries which have capital cities at a low enough altitude to be suitable for a man with a weak heart—luckily these are also the most important and most peaceful countries in the area—Mr Eisenhower will entertain General de Gaulle in April, go to Paris for the summit meeting in May, to the Soviet Union in June, with or without grandchildren, and then on to Japan. There he will give a personal demonstration, as an answer to the Japanese government's critics, of the equal partnership which has been established between the United States and Japan by the treaty signed in Washington this week.

From Japan he will return home to the Republican convention in July, trailing clouds of peace to drape around the shoulders of his party's candidates in the coming election. The danger that these clouds might be prematurely dispersed by a breakdown of negotiations at the summit seems less than it did a few days ago, now that a definite date has been fixed for the President's Russian visit. If Mr Khrushchev attaches as much importance to this as he is said to do, for the sake of his own domestic propaganda, then he is unlikely to behave at the summit in a way that would make Mr Eisenhower refuse to come.

From an immediately practical point of view the ten-day visit, starting on February 23rd, to Brazil, Argentina, Chile and Uruguay, all with satisfactorily democratic governments, will probably be the most important of the President's goodwill journeys in 1960.

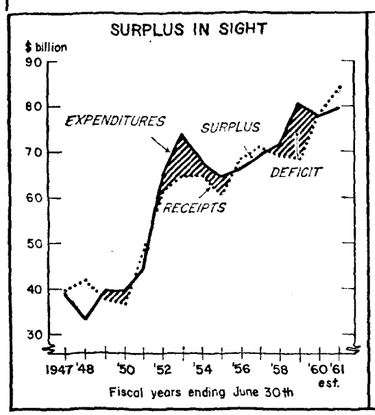
Budget in the Black

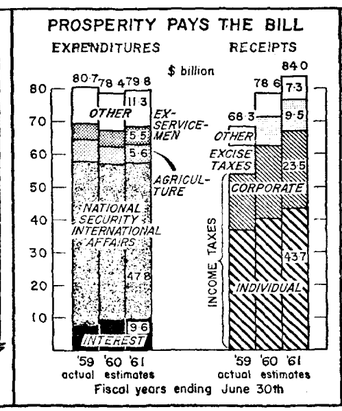
THE Budget for the fiscal year 1961, which begins on July 1st and ends on June 30, 1961, when President Eisenhower will have been out of office for over five months, shows a surplus of $4.2 billion, the largest since 1948. This is possible, at least on paper, because, although expenditures are expected to be higher than in any peace-time year except the recession one of 1959, receipts are estimated at $15.7 billion more than they were in 1959 and $5.4 billion more than in the present fiscal year. Most of the increase is to come from growing tax receipts, as the gross national product rises from about $480 billion in the calendar year 1959 to an estimated $510 billion in 1960. As the President points out in his Economic Report, national output was 3½ per cent higher in the fourth quarter of 1959 than it had been twelve months earlier; this rate of increase is slightly higher than the average over the past 14 years, and the economic advance is expected to continue in 1960.

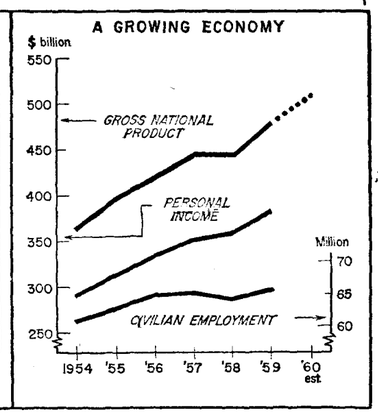
One thing which may upset the President's Budget, however, is the inclusion, among receipts for fiscal 1961, of nearly $700 million from higher charges to the public, to cover, primarily, the $554 million deficit at the Post Office. In the past Congress has always refused to eliminate this deficit by raising postal rates. Moreover, the very prospect of a substantial budget surplus may tempt Congress to spend more, rather than to practise austerity in order to be able to cut taxes in 1962, as Mr Eisenhower suggests.

The estimated rise of $1.4 billion in spending is accounted for mainly by an increase of over $1 billion in relatively uncontrollable items such as the interest on the public debt, support of farm prices, benefits for ex-servicemen and grants to the states for public assistance. There is also a rise of $500 million because of commitments in the fields of housing, public works, and mutual security. Reductions elsewhere have made possible concessions to the President's critics who feel that too little is being spent on defence, space, and improvements at home, but these amount to only $477 million: $275 million to double, very nearly, expenditures for civilian exploration of space, about $50 million more for defence, and $152 million more for development of America's own natural resources. For the first time in three years, however, Mr Eisenhower lifted his ban on new projects to exploit water resources; 42 will be started, to cost $38 million in 1961 and nearly $500 million eventually. In 1959 Congress, for the first time, overrode an Eisenhower veto; it was of the public works Bill, which will be even dearer to politicians in an election year.

The President also proposes to spend slightly more—$3.45 billion as against $3.35 billion in the present year—on the far less popular mutual security programme, divided about equally between military and economic assistance. He is asking for spending authority of $4.2 billion, compared with $3.9 billion requested last year, the increase being accounted for by a rise to $2 billion for military assistance in order to provide modern arms for America's allies in Europe. But these take a long time to produce and deliver, and actual spending on military assistance in 1961, at $1.75 billion, will be a trifle less than is being spent this year.







Once he had been to India, the Middle East and North Africa, once he had stressed the importance of more economic aid for Asia and Africa, then it became essential once again to show America's touchy neighbours to the south that they were not forgotten. Mr Eisenhower, with his personal magnetism, should be able to do this effectively, especially since no President of the United States has ever been so far or so long in South America. But here, perhaps even more than elsewhere, there is the danger that the President, in his desire to be friendly, may arouse expectations which may not be fulfilled.

Religion in the Race

WHETHER or not religion is to be an issue in the coming presidential election, it has certainly become one, and threatens to be bitter, in the race for the Democratic nomination. Already it is complicating the choice of the chairman for the party's nominating convention next July: the favourite, Representative Boggs of Louisiana, is a Roman Catholic and it is feared that, if he presided, opponents might claim that the Democratic organisation was dominated by people of that faith and, if a Catholic were nominated for the Presidency, that this had been arranged by Mr Boggs. The one who might be nominated is Senator Kennedy, the first Roman Catholic to be a serious contender for the Presidency since 1928; no Catholic has ever been elected President.

Senator Kennedy brought the religious issue boldly on to the front of the Democratic stage—in effect daring his party to reject him—when he announced that, if he were denied the nomination simply because he is a Catholic, he would refuse to accept the vice-presidential nomination. He would regard such an offer as a transparent attempt to draw Catholic votes without risking the loss of non-Catholic ones. A party adopting such a device would not deserve to win, in Mr Kennedy's view. He believes that once a candidate has accepted the constitutional division of church and state, as he does, then the subject of religion is ended as far as an election is concerned.

By this move the Senator has made it almost impossible for the Democrats not to put a Catholic on their national ticket. For this reason several suitable Catholic leaders who will have substantial blocks of votes in their pockets at the Democratic convention—Mayor Wagner of New York, Governor Brown of California among them—are said to be negotiating with Mr Kennedy, offering to support him for the presidential nomination if he will support them, should he lose it, for the Vice Presidency. It is suspected that this may be the basis on which Governor DiSalle of Ohio has already promised that state's 64 convention votes to Mr Kennedy. But the importance of the Governor's declaration is that he is the first important Democratic Catholic, the first party leader from the industrial areas where both Democratic and Catholic votes are heavy, to come into the open for Senator Kennedy. So far the others have held back, notably Governor Lawrence of Pennsylvania, second only to New York in the number of its votes at the convention.

These Democratic "bosses" do not want to bring their religion into the political debate and, more important, they do not believe that a Catholic can win the Presidency—although their own careers prove that Catholics can win almost any other office. It is remarkable how many Catholics there now are among the Mayors and Governors. But the argument has been reinforced by the recent contest for the Governorship of Louisiana, in which the better man lost mainly, it appears, because he was a Roman Catholic. This state has more Catholic voters than any other in the South and, although traditionally Democratic, it went to the Republicans in the 1956 presidential election.

THE NEXT PRESIDENT?—VI

Richard M. Nixon



The only official candidate for the Republican presidential nomination, the only one there is expected to be, and the man who, according to the latest polls of public opinion, is most likely to be the next President of the United States is the present Vice President. Our Washington correspondent describes this 47-year-old lawyer from California who is more disliked than any other major politician in America.

VICE PRESIDENT NIXON is generally, and correctly, described as intelligent, ambitious, efficient and aggressive. But his intelligence, keen though it is, lacks the element of reflectiveness which might have saved him from some bitter quarrels in the past. He is undoubtedly aggressive, but beneath the ambition and the smooth efficiency there lurk signs of a distinct lack of self-confidence. Mr Nixon gives the impression that he is not quite sure of himself, and that many of his other qualities spring from this uncertainty. In his case, more than that of any other candidate, a question about what kind of President he would make concerns his character rather than his beliefs or policies.

It must be said that the hatred which many Democrats conceived for Mr Nixon in the turbulent early days of his public career and which some of them have never lost is rather more intense than the facts warrant. He got his reputation for being unscrupulous in the course of his election campaigns between 1946 and 1954, for the House of Representatives and Senate, as President Eisenhower s running-mate in 1952, and then in the 1954 congressional campaign; in these he implied—with varying degrees of subtlety but always incorrectly—that his opponents were either aligned with, or blind to, communism. What he said was often less objectionable than the way he said it. Mr Nixon has a habit of juxtaposing words or phrases in such a way that his sentences have two meanings and he can always claim that he intended the innocent one. But it is doubtful whether the Democrats would have reacted as ferociously as they did if they had not been feeling so nervously defensive in the early nineteen-fifties. They were sensitive about their failure to stop communist expansion after the war, frightened by the attacks on intellectual liberalism, and frustrated because President Eisenhower was too popular to criticise; consequently, it was upon Mr Nixon, the symbol of everything which made them angry, that their pent-up fury broke.

Since 1954, except in a couple of instances, Mr Nixon has followed a milder course, although not in an entirely convincing manner. This makes it seem possible that, under certain conditions, the old Adam might peep out again from under the new Nixon. The fear is not merely that, if he were in the White House, a renewal of this disruptive behaviour might split the country; it is also that the quality which makes such behaviour possible hardly recommends a man for the Presidency.

The virtues which Mr Nixon would bring to his office, if he were elected President, should not be underestimated. His strength lies in his intelligent thoroughness and the application of a first-class executive. He undoubtedly has the mental grasp required by the office; although he is not an intellectual, and reads

few books, he is a voracious devourer of the careful briefs provided by his staff. Officials who have worked with him in the Cabinet and the National Security Council during President Eisenhower's absences have been struck by the ease with which he has taken command of the discussion. Mr Nixon would bring to the White House more energy and a greater willingness to take the initiative and to exercise leadership than Mr Eisenhower has ever shown; and he would supplement this, as all the most effective Presidents have done, with an expert control over his party's political machine.

By the test of what the next President will have to do, Mr Nixon also has much to commend him. His eight years as Vice President have left him with a better first-hand knowledge of the world overseas (including an experience in bare-knuckle work with Mr Khrushchev) than most of his rivals can claim. He has been steadfastly liberal on questions involving foreign aid and the rights of Negroes even when it might have been easier to equivocate. He is on good terms with a number of university professors, some of them Democrats, and if he were President his personal entourage would not be confined to the extrovert businessmen who cluster around Mr Eisenhower. Among the intellectuals with whom Mr Nixon keeps in contact something like a consensus is emerging about the programme which the federal government ought to carry out in the next four years. Thus it is unlikely that an Administration which he headed would continue to wallow in the becalmed idleness to which Mr Eisenhower's has been reduced. Mr Nixon would undoubtedly speak out more feelingly and vigorously about the need to end racial segregation in the South. He would almost certainly listen more carefully than Mr Eisenhower does to those who argue that the federal government must spend more money on defence, education and America's disintegrating cities.

In view of all this, why do the doubts remain? They remain because of the suspicion that Mr Nixon's personal limitations may vitiate the other qualities which might make him a good national leader. The Vice President has risen so swiftly up each successive stage of the political ladder in the last fourteen years that he may not have had time to acquire the resilience and maturity needed to withstand the strains of the Presidency. This may account for the tenseness and lack of assurance which often show themselves in his public conduct. Under the spur of his enormously powerful ambition, he seems to be straining against the limits of his resources.

It is this which makes people suspect that in the long run, however purposefully Mr Nixon started out, his Administration might not be markedly different from Mr Eisenhower's. The conservative forces to which Mr Eisenhower has recently bent such a ready ear are still powerful in the Republican party, particularly among the professional politicians with whom the Vice President has close links. Mr Nixon may not have enough independence or self-confidence to ignore them when they start to put pressure on him. There is also some uncertainty about how he would react in a crisis of foreign policy. Despite the acclaim he received after his trips to Russia and Latin America, some people think that he did not show himself to be a match for Mr Khrushchev as a debater and that his courage in facing the mob in Caracas has to be balanced against his miscalculation in going to that city after the warnings he received. If, as President, he still felt a need to prove himself, his judgment might slip again.

There is a popular theory, but probably a mistaken one, that the inward pressures which have driven Mr Nixon in the past would vanish if he won the Presidency; a man does not lose his ambition when he steps through the door of the White House. Quite possibly the responsibility of office would reinforce his character. But on the evidence now available Mr Nixon seems to share a quality which can be detected in the United States as a whole at the moment: an inner uncertainty concealed beneath a bustle of energy and apparent decisiveness. This suggests that the course of his Presidency would not be easy to predict.

The five leading presidential possibilities in the Democratic party were described in the issues of December 12, 19, and 26, 1959, and of January 2 and 9, 1960.

Lynch Law

FROM A SPECIAL CORRESPONDENT

The dozen or so white men who dragged a young Negro from a prison cell in Poplarville, Mississippi, last April and murdered him can now relax in the expectation that their crime will go unpunished, barring unforeseen developments. Last November a state grand jury declined even to look into the case. Last week a federal grand jury, after hearing evidence for ten days, voted to bring no indictment under federal law. Its failure to act was hardly a surprise, but it was still a shock because the details of the brutal lynching had come out through the unofficial disclosure of a 378-page report on the affair by the Federal Bureau of Investigation. The Negro, Charles Mack Parker, was charged with raping a pregnant white woman. Local residents were bitter at the prospect of his Negro lawyer cross-examining her in open court about the sexual attack. Some thirty-five men planned the lynching, then drew straws to see who would carry it out. Those chosen wore masks. The gaol was unguarded and the keys nicely available. The mob drove Parker to the Pearl River, shot him and threw the body in.

The case is a sharp reminder that the United States remains a federated country, with a national government of limited powers. Its Attorney General, Mr Rogers, who condemned the failure of Mississippi officials to prosecute as a "travesty of justice," found himself powerless to overcome the combination of constitutional limitations and local sentiment. For one thing, the Constitution provides that no man may be tried for a felony in a federal court unless he has been indicted by a grand jury; Mr Rogers could not bring the charge on his own. The defendant is also guaranteed a trial by petit jury in the district where the crime was committed. Thus federal policy may be enforced through the criminal law only when local feeling permits it.

About local feeling on the Parker case there was no doubt. A Poplarville official told a visiting reporter: "You couldn't convict the guilty parties if you had a sound film of the lynching." The state judge who presided over the first grand jury said that the Supreme Court may have caused the lynching by stirring up southern feelings over racial segregation; he referred to the Court as "that board of sociology sitting in Washington, garbed in judicial robes." There were indications that the federal grand jury, which included one Negro as well as twenty white men, was somewhat more sympathetic to the idea of prosecuting the lynch mob. But the jurors were, after all, citizens of southern Mississippi and subject to local pressures.

It must also be remembered that there were serious legal difficulties about showing that the murder of Charles Mack Parker was a violation of federal law. Under the Constitution ordinary crimes such as murder are left to the states to handle. The federal government is without power to act unless there is some special element in the crime, such as transportation of the victim across a state line, or unless state officials, either singly or in concert with private individuals, have deprived a person of his civil rights. One problem in the Parker case may have been the difficulty of proving this necessary element of official participation, although the FBI report implicated a deputy sheriff.

An industrialist tells . . .

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State, Municipal & Other Public Securities	42,901,422.83
Other Marketable Securities	5,762,093.00
Loans and Discounts	76,535,132.16
Customers' Liability on Acceptances	16,408,138.17
Other Assets	2,903,958.24
	$267,583,638.35

LIABILITIES

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Acceptances: Less Amount in Portfolio		19,471,031.99
Accrued Interest, Expenses, etc		694,206.76
Capital	$ 4,000,000.00	
Surplus	14,805,283.54	18,805,283.54
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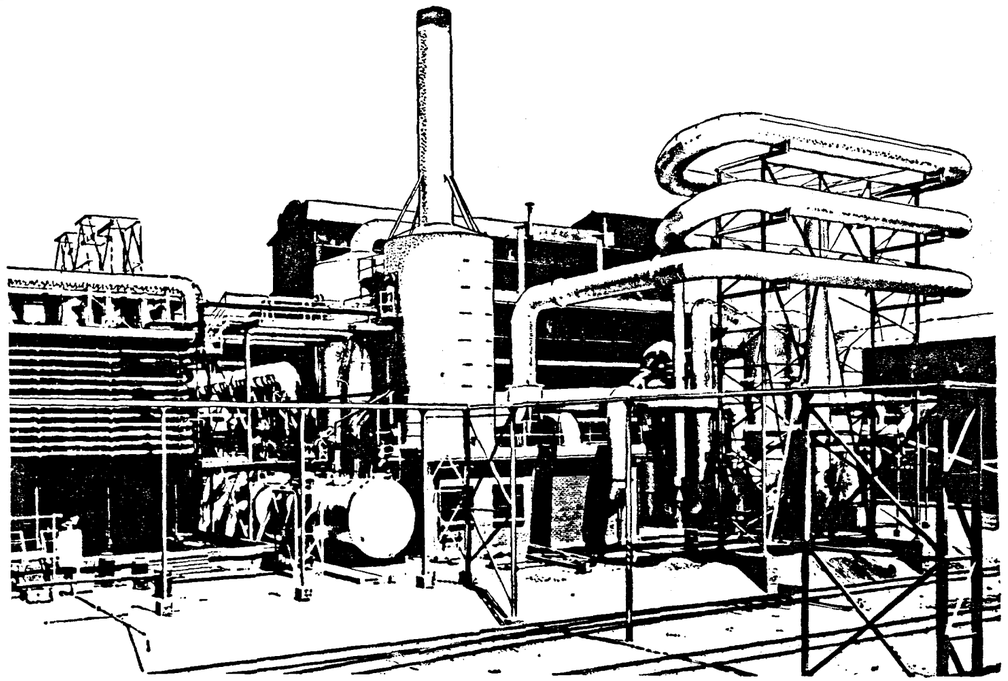

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wrote a lady shareholder to the Secretary of Simon-Carves. "Don't send me any more annual reports because I hate the pictures."
"Dear Madam," the Secretary could have replied, "*somebody* must build collieries and coal washeries and coke ovens and gas and chemical and fertiliser plants and power stations and what not, so that you can have your car and cutlery (or anything else with steel in it) and your radio and electric light (and anything else to do with power stations) and your gas cooker (if your kitchen isn't all-electric) and your food and clothes (which depend a good deal on fertilisers and chemicals) and a lot of other things that make up your standard of living, to which our hideous plants contribute in more ways than space allows us to mention."
"In short, Madam," the Secretary might have concluded, "we render many essential services to many essential industries, so pray accept your dividends in the certainty that if we did not build our hideous plants someone else would build them and perhaps not as well as we do."

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The outcome of the case has led to fresh demands in Congress for a stiff federal anti-lynching law, but the prospect for it is not bright. Happily, lynching is now an extremely rare occurrence in the South, and Congress also recognises that passing a law will not overcome the obstacle of juries drawn from a really inflamed community. Any new civil rights legislation which is passed in this session is likely to focus on the right of Negroes to vote. The Civil Rights Act of 1957 empowered the Attorney General to enforce that right through the courts and dispensed with juries in such cases. Last week the Justice Department won its first victory, and an important one, under the 1957 Act. A federal judge in Louisiana ordered the names of 1,377 Negroes be replaced on the voting rolls. They had been stricken off on complaints from the local White Citizens' Council that there were minor errors in spelling and other matters on the Negroes' registration cards. The judge said that most of the white voters made the same mistakes and that the council's real motive was racial discrimination. It helps, in these matters, to have decisions made by judges whose courage is fortified, if not assured, by lifetime appointments.

Sack for Jack?

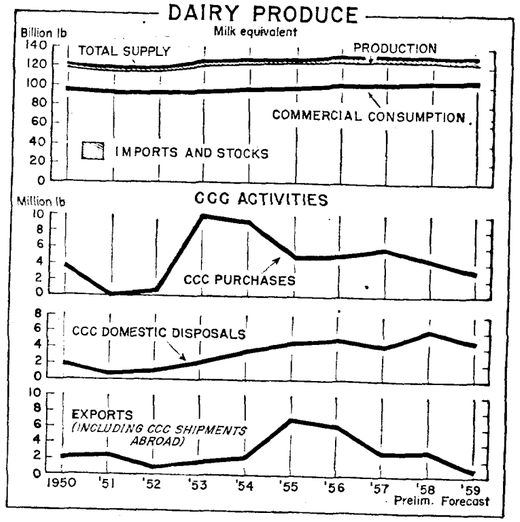
IN New York City a grand jury has also been investigating a case—but one of a very different type—involving a Negro and it has shaken up the kaleidoscope of local politics. Acting upon evidence which was first brought to light by a newspaperman, the jury has charged Mr Hulan Jack, the Democratic borough president of Manhattan, who holds the highest post in municipal government to which an American Negro has ever been elected, with violating the city charter's ban on the acceptance of gifts. It is alleged that a Mr Ungar, a property dealer who was seeking a contract to carry out slum clearance in the city, provided some $5,000 for the redecoration of the borough president's flat, and that the two men then conspired in an attempt to conceal this fact by pretending that Mrs Jack had paid for the work out of her weekly housekeeping money. Mr Jack now claims that the money was a loan, and has pointed out that in fact he voted against giving the contract to Mr Ungar.

The political repercussions of the affair affect the local Democratic party most immediately. Harlem, the Negro quarter of Manhattan, has rallied behind Mr Jack and so, for the moment, has his chief political rival there, Mr Adam Powell. In the city at large Mr Carmine De Sapio, whose long-standing control of the party machine has been disputed lately on the grounds that he is ineffective and illiberal, may be further weakened by his close association with Mr Jack. Nor can the Democratic Mayor of New York, Mr Robert Wagner, who is linked to both Mr De Sapio and Mr Jack, fail to be harmed by this suggestion of corruption within his administration, especially as it has recently been touched by several other scandals.

Mr Wagner is attempting to minimise the damage to his own political prestige and to his party by putting the final responsibility for Mr Jack's future on Mr Rockefeller, the Republican Governor of the state, who alone has power to dismiss Mr Jack from office. Mr Rockefeller, by inviting the Mayor to discuss the matter with him, is doing his best to see that the Democrats are involved in any decision he may make. The reason for these manœuvres is that the 300,000 Negro voters in Harlem could decide which way New York will go in next autumn's presidential election; they tend to look at Mr Jack's case in a purely racial light and may turn against anyone who condemns him. But by suspending himself voluntarily from office until the case is settled he may have made it possible for Governor Rockefeller to avoid taking action until the courts have reached a decision.

One Cupboard is Bare

ALTHOUGH the bins of the Commodity Credit Corporation are spilling over with record surpluses of many agricultural products, there is one corner of its cupboard which is virtually bare. The surplus of dairy products has vanished; for the moment there is no more dried milk for relief agencies to send abroad, striking steel workers scorned the free food distributed at home because it included no butter to spread on their bread, and even cheese has almost disappeared from government stocks. Last week, Mr Benson, the Secretary of Agriculture, announced that the government would continue to support the prices of dairy products at the same level as in 1959; he had no economic excuse for making a change and good political reasons for leaving well alone. Market prices are now above the official purchase prices because, after seven lean years of excessive production, demand and supply are approximately equal. The gap shown on the chart is accounted for largely by milk used on farms and by the armed forces.



The total supply of milk fell slightly in 1958 and 1959, partly because Mr Benson had succeeded in lowering the price supports in earlier years, but also because high prices for beef have been tempting farmers to sacrifice their dairy herds. On the other side of the ledger, a growing population means a greater total demand, even though consumption a head of most dairy products continues to fall. This is partly because people are eating less butter and cream, for reasons of health and beauty, partly because alternatives such as margarine are cheaper.

The disappearance of the surplus and the prospect of slightly higher prices means that it will be easier for the State Department to press for the relaxation of quotas on imports of dairy products. This will not wholly satisfy the foreign producers who complain that Washington demands the abolition of barriers against American goods without dismantling its own agricultural protection, but it will help. Looking further ahead, however, the Department of Agriculture is not convinced that dairy surpluses are gone for good; one which is valued in relief work—that of powdered skim milk—should reappear as soon as production begins its seasonal rise.

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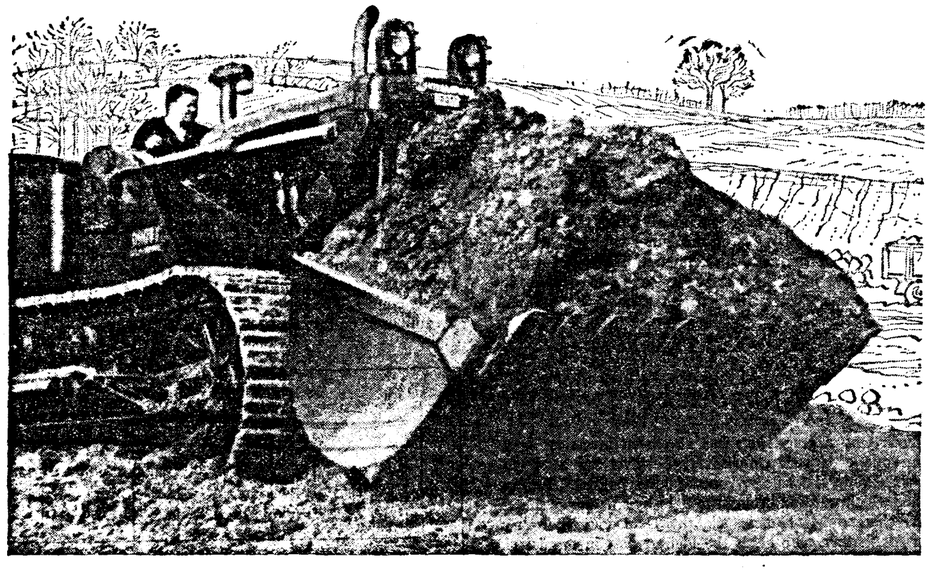

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THE WORLD OVERSEAS

Mr Kishi Revisits Washington

FROM OUR CORRESPONDENT IN TOKYO



THE new American-Japanese Security Treaty that was signed in Washington on Tuesday is claimed by its sponsors to have ended the last vestiges of the occupation. Mr Fujiyama, the Japanese foreign minister, told the Japanese press that at one stage of the fifteen months' negotiations, the United States Defence Department was accusing the American ambassador in Tokyo, Mr Douglas MacArthur, of conceding too much, and was reproaching him with acting as if he were not the American but the Japanese ambassador. But, if the old 1951 security treaty has been revised in a way that has caused anguish in the Pentagon, the revisions appear to be just as distasteful to many Japanese. The left-wing Socialists allege that the aim is "to bring nuclear weapons into Japan and drag Japan into a war." The right-wing Socialists, as well as some influential conservative Japanese newspapers and politicians, while expressing themselves more moderately, have in effect said the same thing. This Japanese reaction suggests that, whatever the Defence Department in Washington may think, the State Department is quite right to hail the revised version as the best bargain now obtainable.

The treaty was signed not by Mr Fujiyama, who negotiated it, but by the prime minister, Mr Kishi, who before he left Japan explained that he had decided to sign it himself because it was both an important and a controversial document, and "I am the man responsible for it." Some leading members of Mr Kishi's party, less keen about accepting responsibility, hastily excused themselves from the Washington visit. The controversial points are not in the treaty itself, but in the "exchange of notes" accompanying it. These commit the United States to "prior consultation" with Japan before making any combat use of American forces and bases in Japan, and also before arming them with nuclear weapons. While it is this commitment, without an apparent *quid pro quo* by Japan in the way of extended military responsibilities, that seems to have made the Pentagon wince, it is also the one on which the Japanese critics have fastened, as ambiguous, vague, unsatisfactory, and deliberately devised to mislead. They say there would have been no need to exchange notes if the treaty itself had simply contained a straightforward Japanese veto on bringing American nuclear weapons into Japan, and on using American forces and bases for any purpose except the defence of Japan against a direct attack.

Mr Kishi last visited Washington in June, 1957. Since then there have been significant changes in American-Japanese relations, most of them a result of that visit. The number of American military in Japan has been cut in half, to 65,000. Military facilities, including headquarters, camps, ranges and radar sites, have been turned over by the hundred to the Japanese. The last four score of Japanese "war criminals" have been released. Japan's contribution to the cost of American forces has been progressively reduced (and the new treaty finally abolishes it). Mr Kishi himself has been praised by Mr Eisenhower as "one of the most dependable leaders of the free world."

While America has thus been acknowledging the importance it attaches to Japan's friendship, and hoping for Japan's voluntary acceptance of the responsibilities of an ally, both Russia and China have been working hard to inhibit the Japanese from responding with anything warmer than neutralism. Time and again Russia has given warnings of the awful consequences of missiles and hydrogen bombs to a country with a lot of people in a little area; while the Chinese have kept up an angry barrage about an American-Japanese plot to enslave south-east Asia. Mr Kishi and Mr Fujiyama have shrugged off these threats and charges with considerable sangfroid, but that they have not been without effect on Japanese public opinion is indicated by the nervous and suspicious greeting accorded an American-Japanese security treaty in which all the revisions are American concessions.

THE duration of the original treaty was indefinite, and the United States had to consent to its termination; Japan can end the new arrangement unilaterally if it wishes. Under the old treaty, the United States could use, and arm, its forces in Japan in any way it thought necessary for "peace in the Far East." Under the new, Mr Kishi says that "When we feel we should say 'No' we shall do so, and I am sure the United States will not go against our wishes." He is almost certainly right; for in practice, and whatever the treaty said, the Japanese could now, if they wished, make the American base position too uncomfortable to be worthwhile. Nevertheless, the American defence department had hoped, in return for according Japan what amounts to a power of veto, to have Japan's share of responsibility for peace in the Pacific extended, so that an attack on an American installation or ship in those waters would be sufficient to set the treaty machinery in motion. Japanese public opinion protested too loudly for this to be feasible: not even the prospect of being able, by such extension of responsibility, to stake a firmer claim to early restoration of Japanese administration over Okinawa could outweigh fears that Japan might sometime become involved in a war with China over Quemoy.

Mr Kishi declares that the new treaty has been negotiated on an equal footing and in a spirit of mutual trust. There is, however, very little sentiment, from the Japanese side, in the American-Japanese relationship. What in the meantime keeps Japan in the western or free world camp is rather enlightened self-interest. But this is not after all a bad basis for treaty relations. Mr Kishi has expressed the hope that the sentiment will come in time, and he may be right.

Mixed Feelings in Cyprus

FROM OUR CORRESPONDENT IN NICOSIA

PERHAPS the most noteworthy thing about the Cypriot reaction to the postponement of Independence Day is that so far it has been so unexplosive. The general mood has been, first, one of mild astonishment bordering on bewilderment that a relative storm in a teacup over the size of the bases has developed into a political hurricane; then a quiet, bitter, Cypriot cynicism born of years of tribulation which expresses itself, perhaps, in a shrug of the shoulders and an ironic comment such as "a month's delay—so what?" All of which disturbingly reflects the essential lack of enthusiasm, and sometimes the scepticism, about the Zurich and London settlement, especially amongst the Greek community.

In purely material terms, the effect of the four weeks' deferment will not be very great. In some respects it may be a blessing in disguise, for the amount of work still to be done, both by the London Committee and the constitutional commission, and in all sorts of administrative matters in the island, is still enormous. In recent weeks, despite official statements to the contrary, leading officials on each side have not concealed their scepticism about the chances of everything being ready by February 19th. Many will privately welcome the four weeks' grace; it will enable the Cypriots to get the feel of their new posts and in general facilitate a smoother hand-over of the administration. As far as possible, it is understood, those Britons who have already arranged their passages home, and who in many instances have entered into new commitments, will be allowed to go on or about February 19th. Nor is the Army likely to be greatly affected, since all but one of the home-going units have already left and it is expected that the one remaining regiment (the 12th Lancers) will stay until the end.

Psychologically, however, the effects of the delay will be in some degree harmful. The postponement represents the first breach in the Zürich and London agreements which were beginning to acquire an aura of the Laws of the Medes and Persians; and it is undoubtedly in the best interest of Cyprus if all parties get it into their heads that the agreements cannot be tampered with.

The temptation for the politicians to cause mischief will be increased by the delay. Ordinary people may be slightly bemused by the tortuous diplomatic manœuvres in London, but the political pundits—who in Cyprus amount to roughly one man in three—are acclaiming Archbishop Makarios's rejection of the British "ultimatum," and militantly urging him not to give ground, literally and metaphorically. His supporters praise his statesmanship and his patriotic resistance to "imperialism," while his opponents obliquely warn him in lurid terms that what Britain is demanding will mean permanent ignominy for the Cypriot people. Thus Mr Clerides, leader of the Democratic Union party, has declared that he can see no difference between self-governing colonial rule and what Britain is envisaging for Cyprus. And Mr Clerides speaks only for the more moderate opposition; there is also the Akel party, which has opposed the bases all along, and on the far right, General Grivas and his clique of supporters. Grivas broke his long silence on Cyprus affairs last Saturday to fire off a verbal salvo against the bases, and this intervention has undoubtedly made it more difficult for the archbishop to compromise, even though he is now safely elected president of the future republic.

The most lamentable feature of all is the way in which positions have now hardened and emotions been stirred up, so that neither side can now compromise without loss of face. There is also a depressing sense that whatever settlement is ultimately reached, the bases have got off to a bad start and will be for a long time a target for hostile propaganda, regardless of how much economic benefit they bestow indirectly on the island. Implicit in this reaction is criticism of the way in which the Foreign Office has handled the question and, in particular, the slender regard that seems to have been paid to Archbishop Makarios's "Middle Eastern mentality" in any matter of bargaining, and also to his political difficulties on the home front.

Despite this rather sombre picture there are, however, glimpses of sunlight through the clouds. On all sides there is a paradoxical fatalistic feeling that somehow the whole dispute will be settled, simply because no one now dare face the possibility of the London agreement breaking down, unpopular as that agreement is. The Cypriots have had a year free from "the troubles," and that is a big psychological factor. Another development which has surprised and encouraged the Cypriots is the reported co-operation between the Greek and Turkish Cypriots during the negotiations. Press reports on this point have been conflicting, but the impression of closer harmony that has emerged is more than people ever expected. This has even been represented in one Greek paper as the first flowering of a sense of Cypriot nationhood; and the notion should not be derided. The London conference will have had an unsuspected value if it does indeed help to cement relations between the two Cypriot communities—albeit in opposition to "British imperialism."

What is quite clear is that all people of good will want to see this protracted wrangle expeditiously settled. One month's delay does not mean irreparable harm. But a further delay might well provoke trouble and would lend wings and apparent substance to the inevitable canard that is already being whispered amongst the Greeks—that the real reason for the hold-up is that Britain does not want to hand the island over. Such is the Greek habit of mind; it needs to be taken into account in London.

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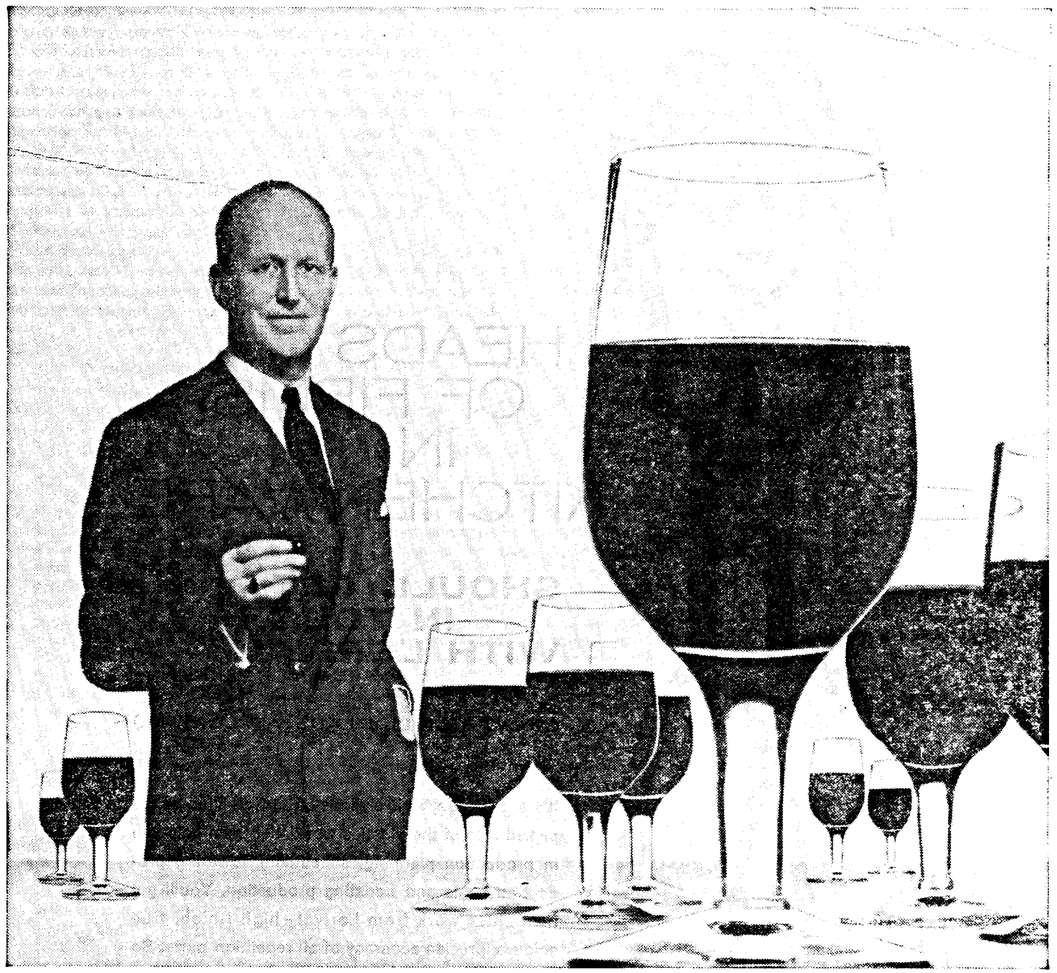
Digesting Sahara Oil

FROM OUR PARIS CORRESPONDENT

"WHILE the economic capacity of great nations depended mainly on coal, France had scarcely any. Then, oil dominated all, but France had none." General de Gaulle, in his memoirs, is thus repeating the lesson, inspired more by List, the economist of the Zollverein, than by Adam Smith, taught to generations of Frenchmen: that the relative economic decline of France was due to the shortage of fuel within its frontiers. All this is now to be changed by a miracle in the desert. The opening, last month, of the 24-inch pipeline linking the Hassi Messaoud oilfield with the port of Bougie marked the Sahara's real entry into the world oil market and has been hailed in France as the start of a new era. By 1965, according to the experts, 50 million tons of crude oil from the French Sahara will flow every year to the coast.

A galaxy of dignitaries came to Hassi Messaoud for the opening; uniformed gendarmes directed traffic in the desert, giving the pro-



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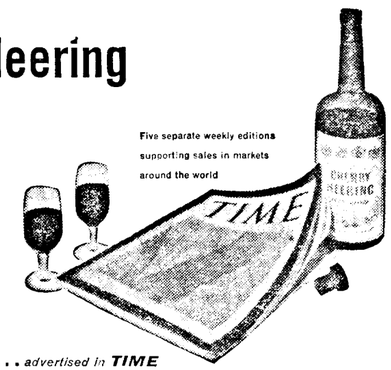

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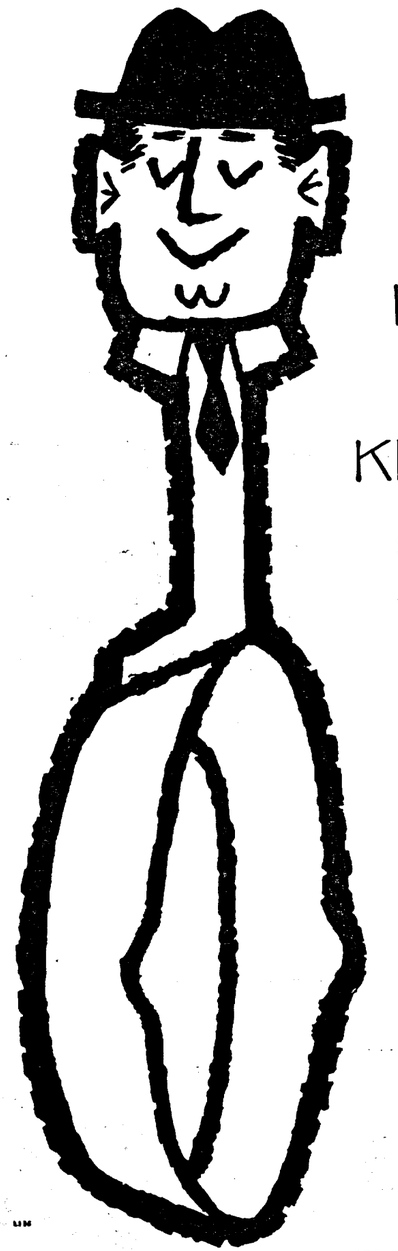

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ceedings a somewhat surrealist air. When a dream comes true, it is pedestrian to get down to cost accounting. Naturally, the French insist on the fact that "franc" oil will be a great relief to their country's balance of payments. But there is little inclination to check prospective revenue against investment, to compare prices with alternative sources of supply or to include in the cost some allowance for the maintenance of troops in Algeria. Here is oil which—at least, so it is argued—cannot be cut off by a Nasser. France will soon be bursting with energy; within a few years, it will be a net exporter of oil. The appeal is emotional. The public is shown an exercise in national greatness rather than a business proposition.

The dream has come true at a rather awkward moment. In the world market the supply of oil exceeds demand, at least temporarily, and the international companies have shown little enthusiasm for this new competitor, particularly since deals with the French over Sahara oil could get them into trouble with the governments of the Middle Eastern producing countries from which they get their main supplies. Secondly, French success was a stimulant to research in neighbouring countries. If further Libyan oil finds bear out the present indications, France will be faced with a cheaper competitor on Europe's doorstep. The deposits struck so far in Libya lie nearer the surface and nearer the sea (the Zelten field is about 100 miles from the coast; the pipeline from Hassi Messaoud to Bougie is 410 miles long). Lastly, there is the composition of the Saharan crude. There is general agreement that, with its unusually high ratio of light and middle fractions to heavy fuels, it is more suited to a market like the American than to the present pattern of French, or European, consumption. Foreign outlets must, therefore, be sought even before output matches French home demand.

Such imperfections in the Saharan dream have given rise to suggestions in the French press of an imminent head-on clash

Commercial Coup d'État

FROM OUR PARIS CORRESPONDENT

FRANCE has opted for free trade and the British connection. The French chief of state, using the treaty-making powers which he obtained through the *coup d'état*, achieved with one stroke of the pen what parliament would have blocked for years. The trade treaty with England was signed on January 23rd, but the event had been expected ever since the publication of a letter by the French ruler in *Le Moniteur* eight days previously. Manufacturers thereupon flocked to Paris to defend the threatened structure of restriction and protection; but to no avail.

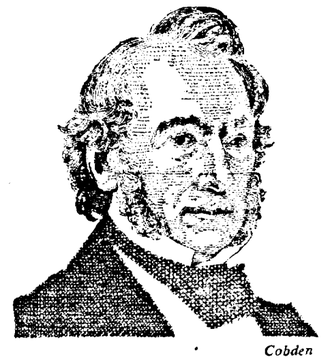
The treaty is really the result of several months of negotiation. It was in the summer that a French liberal decided that the time was ripe for it. He urged the idea on a British friend, a prominent advocate of free trade, who put him in touch with the Chancellor of the Exchequer. The latter expressed himself as sympathetic. The negotiations in Paris, which followed, were held in secret to prevent obstruction by the French manufacturers' lobby, violently opposed to British competition. By the time the project became known, parliamentary opposition proved no match for the quasi-dictatorial powers of the French head of state. The opponents of the treaty now brand it as a commercial *coup d'état*. But whatever the method of its introduction, the treaty is bound to be imitated by other nations and to inaugurate a new, freer era in European trade.

Readers have no doubt by now realised that the foregoing sensational piece of news is a century old and refers to a triumph of Mr Cobden's, not Mr Maudling's. The Frenchman who originated the proceedings and played a key part throughout was M. Michel Chevalier, the former disciple of Saint-Simon. Cobden was at first reluctant to use a restrictive treaty of commerce as a vehicle for free trade, but he rapidly grasped the possibilities and replied with an enthusiastic statement of faith: "The people of the two nations must be brought into mutual dependence by supplying each other's wants. There is no other way of counteracting the antagonism of language and race. It is God's own method of producing an *entente cordiale*, and no other plan is worth a farthing."

Mr Gladstone, then chancellor of the exchequer in Palmerston's cabinet, took charge of the proposed new treaty. He knew that a reduction of duties on French wines and spirits could create difficulties, especially as this cut in revenue would be combined with an increase in income tax (from 9d. to 10d. in the pound). He was also aware of strong anti-French feelings in the country But he knew he could carry the Government with him.

Cobden then travelled to Paris to talk to the Emperor. It was in this interview that Napoleon III uttered the remark: "*Nous ne faisons pas de réformes en France; nous ne faisons que des révolutions.*" There were two reasons why the Emperor accepted this reform. His growing political difficulties on the Continent made the British alliance valuable to him. Economically, he hoped that the lowering of the protective wall would cheapen the cost of living and stimulate French industrial progress. The French finally agreed to abolish all prohibitions and, within two years, to let British goods in at duties not exceeding 30 per cent (25 per cent after five years).

Trouble did not end with the signature of the treaty. Gladstone had to defend it, and did so in a brilliant budget speech in February, 1860. French critics called it "cosmopolitan communism," but they had to bow to the Emperor's will. Because the treaty introduced the most-favoured-nation clause, the example proved contagious. Similar treaties were signed by most European countries. While the Continent did not follow the British precedent of free trade, for the next decade the system of prohibitions was replaced in European trade by one of only mild protection that allowed the industrial revolution to gather speed.



Cobden

Historical analogies should not be carried too far. Yet certain analogies cannot be avoided. In France the treaty coincided with the beginning of the liberal empire. Angry manufacturers who joined the Catholics in opposition had something to do with the change. The Duc de Gramont said that "the moment had come to lighten the Emperor's burden and to relieve him of the full weight of the discontent which his policy must inevitably produce." And the Comte de Morny offered this advice: give the opposition the right to advise, and let there be a strife of parties, and eventually the Emperor's role of mediator would win appreciation: while the blame for his mistakes, if he made any, would fall upon one or other of the parties, and not upon him alone. The century-old message has a contemporary ring.

(*See editorial comment on page* 286)

between the French state and the international oil companies. Some of this speculation has centred recently around three magic letters: SIP, standing for *Société Industrielle des Pétroles*, a body which is still at the blueprint stage in the ministry of industry in Paris. Much of the early prospecting in the Sahara was done at the taxpayer's expense. The pioneering state-owned companies, however, have no refining capacity and no system of distribution. The SIP was to provide them with this. In the original draft two-thirds of the shares were to be divided equally between the *Bureau de Recherches de Pétrole* (BRP), whose statute was to be changed, and the *Régie Autonome des Pétroles*, which indirectly controls the other major Sahara fields of Edjele, Zarzaitine and Tiguentourine. The *SN Repal*, which owns half of Hassi Messaoud, was to get 20 per cent of the shares. With the state-owned companies thus taking the bulk, little was left for private oil concerns.

The SIP does not yet exist, but its prospective deals are already the talk of the Paris oil world. The biggest bid was to be for Caltex, which has a refinery near Bordeaux, a share in the Strasbourg refining project, and service stations. These reported attempts to build an integrated national chain coincided with suggestions that French consumption should be altered so as to fit in with Saharan output. The manner in which the tax burden is distributed —heavy on petrol and light on fuel—needs to be changed if demand is to be gradually geared to Sahara crude. As all this was coupled with the well-known French pressure to obtain preferential treatment for Sahara oil within the common market, rumours were spread that France was going " to declare war on the international oil cartel "—meaning that the French state would use all its weapons, state control at home and, abroad, the threat to walk out of the common market, to impose its will.

In such theories the discrepancy was striking between cause and effect. Nearly 60 per cent of petroleum distribution in France is in the hands of subsidiaries of foreign firms. Another 30 per cent is controlled by the *Compagnie Française des Pétroles* and its associates. The French state has a 35 per cent share in the CFP, but the latter, through its participation in Iraq, is a member of the international club ; and the SIP operation was largely directed against it. This shows how difficult it is to disentangle public from private capital in the oil business. But it also shows how little scope there is for a national chain in France without a radical change of structure: a newcomer like SIP could bid for a tenth of the existing channels of distribution, at most. The French government has a weapon—a law of 1928—to compel the companies to take any crude it wants. It could also brandish the threat of nationalisation. Such international hostilities, however, would spell the doom of the present liberal economic policy. Nor does one go to war with firms just when one has to bargain about surpluses with them.

France may not have a surplus of oil as early as was expected. Revised unofficial estimates put Saharan supplies at about 7.5 million tons this year, 15 million tons next year and over 20 million tons in 1962. These figures may again be revised upwards.

In any case, with other French output soon reaching 4 million tons, and with the available production from Iraq increasing, potential supply should exceed demand by 1963-64. For the time being, the international companies are apparently fairly, though reluctantly, co-operative. Most of them have invested in the Sahara. Under a three-year agreement, drafted but not yet signed, they agree to take 80 per cent of that quantity of Saharan crude which is produced by French companies having no distributive outlets, at a price reported as high ($2.60 per barrel at Bougie). Difficulties will rise as supplies increase ; they will be over quantities and prices rather than principles.

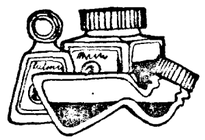
The rumours of a head-on conflict between the French government and the international oil companies have not been based on imagination alone. In French oil circles there are several candidates for a position comparable to Signor Mattei's in Italy. There are also politicians who see an integrated national chain, with the national vested interests it would create, as a good means for keeping French troops eternally in Algeria. The oil malaise also reflects the inner contradictions of Gaullism. In opposition, Gaullism was extremely nationalist with strong anti-American undertones. In power, it has to reconcile these hankerings with the reality of French alliances. Nationalism in oil is thus not unconnected with the French attitude towards " integration " in Europe or in Nato. It is no accident that M. Pinay, a critic of Gaullist foreign policy, singled out the SIP for attack in his quarrel within the government.

The industrial structure of France is not to be swamped at once by a Saharan flood. France will merely follow the changing European trend in energy consumption. Efforts will be made to ease the transition from coal. According to recent estimates by M. Jeanneney, the minister for industry, coal consumption will be maintained at about the present level of just under 60 million tons a year until 1965, though the share of coal in the energy balance sheet will go down from 61 to 50 per cent. The share of petroleum products and natural gas will go up from a quarter to a third, the rest being provided by water power. The changeover may be speeded up after 1965 with the possible appearance of the Saharan natural gas on the French market.

The full impact of oil from the Sahara cannot yet be measured. The French may try to alter their tax structure so as to alter gradually the pattern of consumption. The SIP may finally see the light of day, though probably with more private capital than was at first intended, and be used to strengthen the French bargaining position. The French will certainly bargain hard to get a preference within the common market. It is this French tendency to insist that the expected increase of oil consumption of the Six should be met with Sahara crude exclusively that most perturbs the international oil companies. But there is a feeling in Paris that it may all end in a bargain, that the French government will not resort to extreme measures. The alarm bells, in short, have been too loud. As M. Raymond Aron has put it, oil has the properties of opium: it makes people dream and renders commentators delirious.



An Ink Dynasty



FROM OUR BONN CORRESPONDENT

GERMAN families that grow rich in industry have not acquired the habit of floating off their firms on to the stock market and retiring, with their capital gains, to live the life of country squires. On the contrary, the family property remains—far more often than not—in the form of plant, buildings, and industrial stock; and this fact dictates the family's pattern of life, its places of residence, hours of getting up and going to bed, its domestic habits and the people it mixes with. An example among very many is the old Hanover firm of Günther Wagner, whose ink, carbon paper, typewriter ribbons, adhesives and drawing blocks are omnipresent in the offices and schoolrooms of West Germany. Not quite a monopoly, it is not far short.

A curious characteristic is that this widely known and skilfully publicised business is at the same time highly secretive. At Hanover a team of sixty-odd publicists give their minds to the task of spreading the firm's fame. Yet no outsider—and for that matter only very few insiders—can learn the extent of the annual turnover and profits. The visiting stranger is shown certain machinery (that for filling ink bottles, for example) with the proud comment that it was both designed and mounted on the premises by staff engineers in order that its workings should not be copied. The firm's reserve on matters financial is possible because the business is the property of one family alone—the Beindorff's, now in their fourth generation of management. There are no other shareholders pressing importunately for news about the ups and downs of dividends.

The firm of Günther Wagner stems from a modest dye and ink plant, which one Carl Hornemann set up at Grosse-Munzel, near Hanover in 1832. Its business grew unspectacularly. On April 28, 1838, Hornemann came out with his first printed price list—the respectable occasion which Günther Wagner have designated their foundation day. But it was not until 1863, by which time the business had moved into Hanover city, that a go-ahead chemist called Günther Wagner joined the firm. Four years later he became sole owner of the business and gave it his name. He also hit on the happy idea of adopting the pelican in his family crest as the firm's registered trade mark. In 1881 another go-ahead, Fritz Beindorff, came into the business; so go-ahead that in due course he married the boss's daughter and inherited the whole concern when Günther Wagner died. It has been owned by the Beindorff family ever since.

The firm's head today is Kurt Beindorff. A trained engineer, Herr Kurt Beindorff prefers to work himself in the firm's second factory at Hanover, which specialises in making packing material and containers of many kinds. Kurt Beindorff's three factories—the *Pelikan* works in Hanover, and the two packing material factories in Hanover and Hamburg—employ altogether 4,800 persons. In fulfilment of contemporary obligations, one of every four of these is a refugee from the east. Is it a consequence of the family's studied reserve that the name Beindorff does not appear in *Wer ist wer?* (Germany's *Who's Who*). Except for carrying out the sinecure duties of honorary Greek consul in Hanover (a traditional family function) Herr Beindorff plays little part in public life. He lives unostentatiously in the suburbs. One of his quiet interests is the family collection of paintings and drawings that has come into being largely through the firm's association with the world of art in the role of supplier of artists' materials.

Kurt Beindorff leaves the management of his biggest factory, the *Pelikan* works, where 3,200 are employed, to his forty-year-old nephew Klaus Beindorff, another of those disciplined business executives who have done so much to set the German economy again on its feet. Klaus Beindorff lives apparently for two things—work and motor-boating. He, too, has a modest home, within ten minutes' walk of his office. And last summer, when a record number of Germans went abroad for their holidays, he spent the whole of his leave contentedly motor-boating on the Steinhuder lake, some fifteen miles from the centre of Hanover.

KLAUS BEINDORFF walks to work most mornings, and is at his desk at 7.15 without fail. (Hours of work are from 06.45 to 16.30 for factory workers, and from 07.15 to 17.30 for executives and office staff.) From 09.00 to 10.30 every morning he holds a conference with all his departmental heads simultaneously. Having reported at length on their activities, made their suggestions, and received any new instructions, the departmental heads return galvanised to offices where rationalisation is the order of the day. Nowhere in this factory is there any direct dictation to shorthand typists. Every office is equipped with at least one dictating machine. The recorded material is then sent along to a typing pool, where it is dealt with as required.

The two departments in which Klaus Beindorff takes the greatest interest are, not surprisingly, those for research and sales promotion. The firm attributes its unflagging success largely to the consistently good quality of its wares and to the attractiveness and convenience of their containers. But a team of twenty chemists are giving constant thought to finding ways and means of improving the quality of output. A new kind of carbon paper that is cleaner to handle and lasts longer than that generally in use today is, for example, to be put on the market before the year is out. Although it will cost rather more to buy, it will be cheaper to use in the long run. Carbon paper is Günther Wagner's principal source of income.

In addition to exploiting all the customary media of advertising, the sales promotion department makes a special point of writing directly to many potential customers. Any office anywhere in the world in which ten or more machines are being used may be approached in this way. Great care is taken in the translation of letters intended to proselytise abroad. Promotion letters addressed to firms in Latin America, for instance, are first sent to Spain for translation.

FINDING their former profitable markets in east Germany and eastern Europe still closed, Günther Wagner are intensifying their efforts to sell in the West. As much as 37 per cent of the firm's total production went abroad last year. Nearly a fifth of all exports were sold to Latin America. In Europe, Günther Wagner manufacture their own articles in Milan, Vienna, and Zurich; and these factories also take a certain amount of material made in Hanover. In Barcelona, a factory which used to belong to Günther Wagner continues to make *Pelikan* articles under licence. In Sweden, Holland and Britain the Hanover products are sold through agents who have the sole right to import.

In Latin America, Günther Wagner's far-flung interests are complicated here and there by setbacks received during the war. Only last year the firm brought back its confiscated factory at Buenos Aires. Here some 140 workers are employed chiefly in making ink and gum for sale in Argentina exclusively. The firm's small factory in Chile, compelled to close down during the war, has now ceased to exist. A sizeable factory at Rio de Janeiro was confiscated when Brazil came into the war. This factory is still using Günther Wagner's name, but recently was ordered to drop the *Pelikan* trade mark. There are plans for expanding exports to Latin America, particularly to Brazil, Colombia and Mexico. Asked whether the firm feels inhibited by the political uncertainties in that part of the world, Günther Wagner's spokesman replies with a wan smile: " Why pick on Latin America? We have lost factories also in Bucharest, Sofia, Zagreb and Warsaw."

The firm has a record of good relations with its workers, most of whom are women. It has never had a strike. A five-day week was introduced two years ago. Most of the production workers receive a small set wage, and the remainder of their pay is determined by piece rates. The average earnings come to DM 350 a month (about £7 a week). Most of the women concerned are either unmarried daughters living at home or wives supplementing their husbands' income. After ten years' service all workers qualify for the pension fund which was inaugurated in 1925. This enables women to retire at 60 and men at 65 on a pension almost equivalent to their former pay.

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THE BUSINESS WORLD

Can Bank Rate Do It ?

THURSDAY'S rise in Bank rate from 4 to 5 per cent marks the first turn in official economic policy towards active restraint. Beginning with the first reductions in Bank rate from 7 per cent two years ago and culminating in last April's considerable budget reliefs, the authorities have successfully countered trade recession and encouraged most of Britain's industry into a rarely equalled pace of expansion. The very success of this policy made it certain that official guidance would have to change direction ; the rise in interest rates in other leading world centres made it probable that the turn in London would come sooner rather than later and that Bank rate would be the chosen instrument for it. But the fact that this change was expected does not minimise its significance.

In a real sense, Britain's economy and the way it is run are now on test. Through these last months, the authorities themselves and economists and investors outside have watched the gathering recovery with an inevitable apprehension at the back of their minds: can expansion go on smoothly, or must it be punctured by excessive boom and long drawn-out attempts to control it ? That happened five years ago, and for three years industrial output did not rise at all. Happily, there are important differences in the state of the British economy now compared with 1955. The boom is not so universally spread. Reserves of labour are probably larger. The pressure of wages, although it is becoming stronger, is still small by postwar standards, and so far more than matched by rising output per worker. Prices have enjoyed record postwar stability, and the foreign balance is not weak. Above all, perhaps, there is the very experience of the recent past. The authorities are determined not to repeat the error of too little too late made in 1954-55, and they have behind them their action of 1957 to demonstrate to opinion at home and abroad that monetary stability will be defended. These are the reasons why Bank rate has now been raised by 1 per cent and why on this occasion action may have been taken in time to steady the boom.

The increase has come rather earlier than most people expected, and probably earlier than the authorities themselves thought likely at the end of last year. The main reason for doing it sooner has been domestic, not external. Since the turn of the year it has become clear that industry has made quite exceptionally large upward revisions in its investment plans for 1960. The one element so long missing in the British boom has been supplied with astonishing speed.

These revisions of investment intentions alone now imply an increase of perhaps £250 million in total demand on Britain's resources this year, as against the fall of £40 million in their investment demand that these businessmen had forecast earlier ; and this increase would be only on the investment they control, roughly half of the country's total fixed capital formation. This figuring includes nothing for increases that may be expected in private housebuilding: moreover, public investment has recently been showing quite a significant rise, as a delayed result of the increases decided on in autumn, 1958. In fixed investment alone, these indications would suggest a resurgent boom capable of surpassing the investment boom of 1954-57—quite apart from the not wholly spent surge of consumer demand, the continued building up of stocks, and possible increases in Government expenditure.

LAST summer, when a sample of manufacturing companies was asked by the Board of Trade how much they expected to invest in 1960, they said they would spend about 5 per cent less than in 1959 ; and a small sample of companies in construction, transport, distribution, commerce and services, investment in which had been rising by 7-9 per cent each year since 1956, said they expected to invest if anything a little less than last year. But by the end of the year these manufacturers had utterly changed their minds. They now expected to spend 14 per cent more this year than last (17 per cent more on plant, machinery and vehicles and 8 per cent more on building) ; and a larger sample of companies in other industries and services had revised their expectations for 1960 up to a rise of 20 per cent (33⅓ per cent more building, 20 per cent more plant and machinery, but only the same expenditure on vehicles).

Much of the large upward revision in expectations about manufacturing investment this year has been accounted for by the iron and steel and the motor vehicle trades: both, the Board of Trade reports, say that they now intend to spend half as much again in 1960 as in 1959, after saying in the summer that they might spend about the same. The motor manufacturers, whose capital expenditure had come down very sharply in the past two years—by the middle of last year to little more than half of what they were spending in mid-1957, before allowing for price changes—did not delay long after the election and the Motor Show to announce their exuberant plans for further expansion, apparently involving expenditure of well over £100 million.

An upward revision of 50 per cent in the investment plans of the steel industry is more surprising: this is an industry in which capital expenditure is ordinarily " programmed " as a

whole farther in advance than in any other in private ownership. It does appear, however, that an exceptional volume of projects was approved by the Iron and Steel Board last year: there were new schemes for universal beam mills to compete with the one Dorman Long has completed, for section mills, for the conversion of existing steel-making plant to new processes, and for modification of existing rolling plant, in addition to the huge projects at Newport and Ravenscraig. It may be that in the early summer, before the recession ended, when companies were asked about their intentions, some were toying with the idea of postponement: equally, at the end of the year, others could have reckoned on more rapid progress with schemes still to be approved by the board than may in practice prove possible.

The rest of industry indicated a smaller but still significant change in intentions to invest: from 5 per cent lower to 4 per cent higher. Statistics of orders from the engineering industries have recently been delayed, and reach no farther ahead than last September-October, by which time total orderbooks appeared little fuller than in the summer. Since then, if these declarations of intent have been translated into action, one would expect a very substantial increase in new ordering to have occurred for machine tools and steelworks plant, and some smaller improvement in orders for other types of capital goods.

The rise of 1 per cent in Bank rate, which means a commensurate rise in overdraft rates to 5½ per cent for prime borrowers, is not expected to have any drastic effect on most investment plans. But it should help to discourage the more speculative ventures (which have so far been less in evidence than five years ago). A similar effect may be expected on stockbuilding: in some industries this is bound to go further, but the warning signal should not be without effect. The authorities are also hoping to impart some restraint upon consumer spending, since there will plainly be little room for much further increase this year side by side with the big increase in investment demand. In recent months the rise in consumption has slackened, though it remains very high, and the authorities are anxious that it should not receive any big stimulus from large wage increases. Here, too, the Bank rate warning will help. And the banks, whose advances are already slackening, will surely see added reason to tighten their scrutiny.

OBVIOUSLY no one knows yet whether the bid to restrain the boom in its early stages and by using the mechanism of interest rates is going to succeed. It may, in the end, become necessary to reach again for the old undesirable bludgeons such as hire purchase controls, and perhaps for new ones such as special deposits. All that can be said is that by acting early and firmly, the monetary authorities have given themselves the best chance. They have given a salutary check to the dangerous boom psychology that has recently affected the stock exchange and they should have scotched any wishful thinking about another give-away budget. This restraining action on business psychology, provided it is maintained as necessary in coming months, could be decisive in maintaining the momentum of the economy.

Before the event, most people thought that the main consideration determining the timing of a Bank rate increase was external, the loss of funds from London to New York and Continental centres where interest rates are higher and credit is more difficult to obtain. This does not seem to have been the case for Thursday's rise. Rates in London could not indefinitely remain far below the world level, but an outflow at the pace of £20 million a month experienced in November and December was not regarded as alarming with the reserves at their present level. Moreover, the authorities in London have been anxious to avoid any suggestion of leap-frogging in international money rates, and in particular to avoid embarrassing the United States. But now that the domestic conjuncture has called for a rise, they have seen no reason to hold back, especially as 1960's surplus in the current balance of payments is expected to be smaller than in 1959, and commitments for overseas aid and investment look like growing rather than easing. The United States and Germany seem likely to tighten credit further on their own domestic considerations. If that happened, the increased differential would have forced London's hand. New York has been on the brink of a rise for some weeks and London's action could possibly give it the final push. Even so, the transfer of funds from London, and the equally important shift of borrowing to it, should be checked by its higher Bank rate, and sterling should show some of its customary seasonal strength. After the announcement on Thursday, sterling rose from under par to $2.80^{3}/_{4}$.

IN the stock markets Thursday's reaction was mixed and uncertain. Some of the froth had already been blown off the equity boom, which may be attributed to intelligent anticipation of 5 per cent, to the (not particularly firm) warnings from bank chairmen, or to Mr Richard Dimbleby, according to fancy. The weightiest warning about the boom in share prices was in fact made by the Governor of the Bank of England in November, and the markets took scant notice

THE STOCK EXCHANGE IMPACT

	Nov. 20, 1958	Oct. 8, 1959	Jan. 4, 1960	Jan. 20, 1960	Jan. 21, 1960
Conversion 4½% 1962	100⅝	100 17/32	100¾	100 9/16	100 5/16
Conversion 4½% 1964	...	99 15/16	99½	99 3/16	98 15/16
Exchequer 5½% 1966	101 9/16	102 25/32	102 21/32	102½	102 1/16
Conversion 5½% 1974	98 3/16	100⅝	100 15/16	100¼	99 7/16
Funding 5½% 1982–84	100½	102 3/32	103⅜	102 23/32	101 29/32
Treasury 5% 1986–89	...	97 21/32	95⅞	95 11/32	94 21/32
War Loan 3½%	66 1/16	63 31/32	64⅜	63 5/16	62½
Consols 2½%	51 19/32	49 9/16	49⅜	48⅜	47⅝
I.C.I.	35/7½	49/3*	61/6	58/3	58/1½
Unilever	101/3	116/3	143/3	132/6	131/3
'Shell' Transport	161/10½	142/3*	166/–	154/–	151/7½
Guest Keen	56/1½	70/6	95/7½	89/6	89/–
Tube Investments	78/3	99/–	139/6	127/–	126/3
United Steel	25/–	44/6	86/4½*	82/9	79/6
A E I	57/9	62/3	66/6	64/4½	63/6
P & O Deferred	36/6	39/9	55/–	47/7½	47/9
Hawker Siddeley	29/7½	29/10½	31/–	32/1½	31/4½
Ford Motor	47/–	87/6	112/3	107/6	105/6
Dunlop Rubber	24/1½	26/–	28/–	25/–	24/10½
Ind Coope	12/4½	16/9	20/–	19/10½	19/9
Imperial Tobacco	50/3	59/10½	74/4½	69/10½	69/9
Marks & Spencer 'A'	52/10½*	66/3	75/9	71/–	69/–
Midland Bank	61/7½†	72/–	88/6	89/6*	89/–
United Dominions Trust	113/–	193/3	210/–	197/6	190/–
Financial Times ordinary index	214·5	268·6	342·9	325·2	321·5

* Ex dividend. † Adjusted for scrip and rights issues. Gilt-edged prices shown net.

of that. Reappraisal in the new year followed predictably from the strange upsurge over Christmas; *The Economist* indicator, falling 16.1 points or 4¼ per cent from its peak three weeks ago, was still on Wednesday higher than in mid-December.

On Thursday equity prices were immediately marked down after the announcement; a small recovery was staged in the early afternoon but towards the close prices were falling again. Bank shares, hire purchase and steel shares were most affected; otherwise falls were moderate and the *Financial Times* ordinary index fell by 3.7 points to 321.5—much less than on Tuesday. The general view was that prices probably still have some way to fall, but that the year's dividend prospects are after all still good and that the institutions will step in with buying orders before the fall goes far—in many people's view with a limit of 10 per cent from its peak, which implies a level of something over 300 for the *Financial Times* index. This is in line with opinions earlier in the week; but the Bank rate change imparts a new uncertainty.

Uncertainty will surely draw still more attention to yields, and to the higher returns available on fixed-income stocks. Gilt-edged stocks were marked down sharply on Thursday, and falls ranged to one point on the undated stocks. Such falls are not in fact large on a day of a 1 per cent rise in Bank rate, and neither the authorities nor gilt-edged brokers were unduly concerned. The Bank of England, wisely, now attaches more importance to attainment of a steady market, in which the authorities can sell, than a rising one. If the market now falls quickly by a point or two the higher yields will add to the investment attractions of gilt-edged. Perhaps significantly, some buying of long-dated stocks was noticeable on Thursday afternoon. In their market tactics, too, the monetary authorities are creating the appropriate atmosphere for regulating, and therefore maintaining, economic expansion.

Banking for Profit

AT a time when banks are trying vigorously to widen their services through the community, bankers ought to be keen to secure the widest audience for their pronouncements. They have missed the chance to contribute much before the event to the discussion about Bank rate or give particular warnings about the level of ordinary shares; their conventional wisdom has been expressed in general comments about booming markets and over-optimism. If there is a field in which practising bankers are uniquely qualified to speak, it is surely on the questions of monetary management. It is strange that this year the report of the Radcliffe committee is given serious attention only by Lord Monckton (whose leadership of the Midland Bank is producing remarkable results) and to some extent by Mr Anthony Tuke of Barclays; Sir Oliver Franks of Lloyds, himself a member of the committee, reports next week. Big changes in the international capital market have followed the lifting of exchange and trade restrictions; but the bankers do not come to grips with them either.

For the investor in bank shares, however, there may be more profit in the bankers' speeches and accounts. In the eighteen months since the lifting of credit restrictions, the investment status of bank shares has been transformed. Increases in dividend distributions, often through scrip issues and big cash issues to shareholders at favourable prices, put bank shares in the forefront of the stock exchange boom: as the table overleaf shows, bank shares (adjusted for these changes) have fairly uniformly doubled since mid-1958. They have appealed especially to the small investor; personal shareholdings in the Midland make up threequarters of all holdings, and in these personal holdings women hold twice as many shares as men.

The record results declared for 1959—profits of the big seven banks rose by almost a quarter and dividend payments by over a third—caused no general rise in the market; they had been discounted. The large rights issues, to a total of over £45 million, themselves postulated an increase in rates of profit if dividend rates were to be maintained; the point here is that a deposit bank, with its very large "gearing" of deposit money to ordinary capital, obtains a much less than proportionate increase in immediate earning power from an increase in that capital.

In the past year the banks have increased their profits to meet their shareholders' heightened expectations—though the published profits of Lloyds have increased less than its dividends. The two big favourable elements have been the cut in income tax (the exact effect of which cannot be seen, since the banks show their profits only after provisions for tax and "contingencies") and the upsurge in advances, by an average of 30 per cent compared with 1958.

Adverse influences on profits have been present, too: interest rates have been lower, investment portfolios have been reduced, and costs of administration (including the more rapid expansion and modernising of bank offices) have risen sharply as increasing business has been working the banking machine almost to capacity. Last year's extraordinary increase in advances cannot go much further: indeed some banks are finding that they have stopped rising (and 5 per cent Bank rate will have its further effect). The spread of the banking habit has only just got under way; that is the growth on which bank shares are now counting. But in the short run it must surely involve significant additional costs (possibly including evening opening); neither quick results nor quick profits can be expected from it. Nor is there some miracle of mechanisation to cut costs and relieve the strain; tentative steps in electronics have been taken by individual banks in the past year, but the complexities of their general application to banking operations are not solved yet.

WHERE then can the banks find their source of extra earnings? In some measure they have already found it—in instalment lending. They entered this field eighteen months ago, all through participations in the capital of hire purchase companies, and some through new "personal" instalment loans of their own. Close study of the accounts gives striking

evidence of the profit already secured from these ventures; is there any reason why bank chairmen should be so curiously reticent about it? Mr Tuke, for instance, seems to belittle the relative contribution of the dividend on the 25 per cent interest in United Dominions Trust held by Barclays. It may be that this investment cost Barclays less than a quarter of one per cent of the bank's balance-sheet total. But it is surely more relevant that the investment has provided nearly 4 per cent of Barclays' published profits for 1959 and accounts for 17 per cent of the increase in them. It brings, too, a net yield of 4 per cent on Barclays' 1958 purchase, which is an attractive return that few others have recently been able to secure from a hire purchase investment. But the weight of hire purchase in banking profits has approached the notably higher figure of 10 per cent at Lloyds and the National Provincial, which have the biggest stake in hire purchase companies among the clearing banks. (Outside this circle, the National Commercial Bank of Scotland may already be earning as much from hire purchase as from banking.) More significantly, around one-half of the increase in the year's published profit at Lloyds and the National Provincial, and also at Martins, has come from hire purchase; without these contributions, the banks surely could not have been as generous in their dividends.

It was no accident that these two banks with the biggest commitment in hire purchase were the only ones that stayed aloof from personal loans. But enthusiasm in pressing personal loans has plainly varied considerably among the banks that offer them. Barclays normally tries to persuade its customers to take the more economical and more flexible overdraft; "the field which lies between orthodox banking and hire purchase finance," says Mr Tuke, "does not after all seem to be a very large one." A different emphasis is given by Lord Aldenham of the Westminster (who says that personal loans have proved "very attractive" and a "welcome source of new business") and by Lord Monckton, the only bank chairman to give any figures about new schemes. The number of loans current at the Midland is now well over three times as large as a year ago, and numbers about 160,000; the average loan is £150, so that the total granted is some £24 million. Even in these two banks, it seems, some branch managers are still lukewarm about this new "packaged" lending; it has happened quite frequently that a manager advised his customer to borrow on overdraft, at 5 or 5½ per cent (while Bank rate was 4 per cent), but the customer has insisted on taking instead a personal loan at an effective interest rate on the average sum outstanding of over 9 per cent, which the rate of 5 per cent on the initial balance involves. The fact is that to the ordinary man the true rate of interest is an abstraction, so long as he is working within his weekly or monthly budget.

It is far from being an abstraction for the bank. Suppose that the Midland's personal loans averaged £16 million through 1959; assume next that the bank earned 3 per cent net more on them than on personal overdrafts (after finding, say, one per cent against bad debts on personal loans); then the additional earnings from making the advances on personal loans instead of on overdraft would be close to half a million pounds. Allowing for tax, these additional earnings on the Midland's personal loans, which represent only 3 per cent of the bank's total advances, would have provided fully one-quarter of 1959's big increase in profits. The banks that are pushing these loans are on to a good thing.

All the banks have achieved big increases in new accounts in the past year. Barclays has stated that it now has "well over two million" current accounts: the other bankers give no figure (following their general practice of disclosing only those figures that cannot be bettered by their rivals). Lord Monckton makes the impressive but Soviet-style revelation that "the number of customers' accounts of all kinds has risen by 14 per cent over the past sixteen months, as compared with 5½ per cent over the preceding thirty-two months." Personal cheque accounts, which carry a low fixed charge but do not rank for any supplementary banking services, total "tens of thousands"; their main contribution has been to attract new customers into the bank (and into other banks too); once they are there many of them decide they want the full service of an ordinary current account.

The partial repeal of the Truck Acts now under way receives a cautious welcome from the bankers, who put due emphasis on the primacy of wage earners' social habits. Sir Harold Bibby, of Martins, says that "it is thought" (he does not say by whom) that 30 per cent of all households at present use the banks. Mr Tuke puts his finger on the crux of the matter when he points out that many of the potential problems of catering for the wage earner would be solved if wives were entrusted with the bank book. Many of the younger generation of working men would regard that as too high a price to pay for a banking account. None of the other bankers shows

FACTORS OF GROWTH

	GROSS DEPOSITS			ADVANCES		INVESTMENT		Liquid assets	Dividends (£'000)	Retained earnings (£'000)	PRICE		Current yield per cent
	Dec. 31, 1959 (£mn.)	Per cent change since end year		as a percentage of gross deposits									
		1958	1951	Mid 1958	End 1959	Mid 1958	End 1959	End 1959			Mid 1958*	Jan. 21, 1959	
Midland	1,699·5	+7·5	+38·6	29·2	36·6	33·2	23·1	36·1	2,516	1,310	43/4½	89/–	3·8
Barclays	1,676·4	+6·1	+32·1	27·5	38·7	36·2	23·5	32·9	2,342	1,802	28/–	60/–	3·3
Westminster	983·3	+6·6	+20·9	31·8	40·6	33·9	21·9	33·3	1,471	1,035	29/–	55/3	3·9
National Provincial	920·6	+6·7	+12·7	32·9	38·2	29·7	18·3	37·1	1,545	1,296	41/6	82/–	3·4
Martins	364·0	+6·8	+15·8	20·9	39·8	28·5	18·4	34·3	646	515	9/4½	17/9	3·7
District	369·3	+5·3	+12·9	32·4	40·1	31·7	23·2	32·3	465	399	43/9	75/6	3·2
	Nov.	Nov.	Nov.		Nov.		Nov.	Nov.					
Lloyds	1,285·6	+5·0	+12·4	31·1	41·2	32·6	25·3	32·3	2,558	867	29/9	65/6	3·7

* Adjusted for both scrip issues and rights issues.

PROFITS FROM HIRE PURCHASE

	i	ii	iii	iv
	Published profits	Dividends (net) from HP	Proportion ii to i	HP's contribution to 1959 increase in profits
	(£'000s)	(£'000s)	%	%
Midland	3,826	49·8	1·3	5·6
Barclays	4,144	162·3	3·9	16·9
Lloyds	3,425	376·4	*11·0*	*53·8*
Nat. Provincial	2,841	257·9	9·1	42·6
Westminster	2,506	59·7	2·4	13·7
Martins	1,161	59·7	*5·1*	*54·3*
District	864	41·2	4·8	32·7

Note :—Figures in italics represent less than a full year's dividend on banks' total capital subscription in HP companies. To this extent, the significance of hire purchase in these banks future profits may be under-stated.

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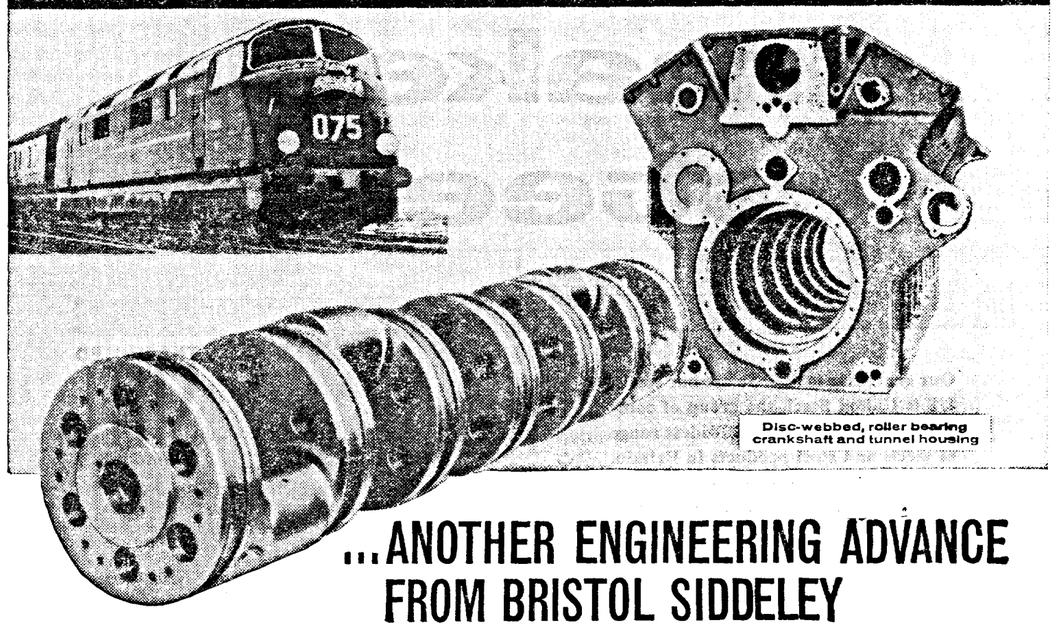

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any sign of following the Midland in offering personal cheque accounts or formal term loans to farmers and business men; in both contents, they stress the flexibility of existing arrangements. Mr D. J. Robarts, of the National Provincial, also repeats his warning that a bank cannot afford to lock up more than a modest proportion of its resources in medium-term or long-term credits.

The bankers give no overt signs of any early renewal of interest in gilt-edged. Most of them probably still favour advances as their staple earning asset, and would be prepared to reduce investment portfolios further in order to raise the advances ratio. Mr Tuke's intimation that he would like to see advances between 45 and 50 per cent of deposits, saying that this would leave 20 per cent for investments, seems to find general support. But these hopes are unlikely to be translated into practice in the near future. In the coming year, which on a pessimistic view could conceivably see the first calling of special deposits, bankers may pay special attention to their liquidity. In recent years they have achieved a significant shortening in the average life of their gilt-edged holdings—the majority of the Midland's investments now mature within five years and of Martins' within four—and for the time being this process is unlikely to be reversed.

Banks now have to live up to their classification by the stock market as "growth" businesses. Given the limitations that are bound to be imposed on their operations from time to time by official monetary policy, they cannot afford to neglect the opportunities they have recently established for increasing the profitability of their lending. And they can do this in the knowledge that in this instance more profit for them means better service or cheaper credit for the customer.

BUSINESS NOTES

MOTORS

BMC Goes Afield

BRITISH MOTOR CORPORATION was the first of the motor manufacturers to announce its share of the industry's latest round of expansion: it has also been the first to strike a bargain with the Government about where its expansion is to take place. The result of these negotiations, which BMC says were "tough to start with but considerably softened on both sides as they went on," was announced on Thursday; it can be fairly described as a package deal. About £26 million of the £46 million or so that the group plans to spend in Britain (plus £3 million overseas) to raise its annual output capacity from 750,000 vehicles (the present rate of output is 675,000) to a million by the beginning of 1962 will go into re-equipping existing plant in the traditional Birmingham and Oxford areas of Austin and Nuffield, and into adding five new factories or extensions there. The other £20 million will be spent on completely new factories in Scotland, Wales, and on Merseyside, at places which appear in the list of 37 "localities with high unemployment," that the Board of Trade brought with it into the negotiations.

In terms of extra labour rather than of capital expenditure, the bulk of BMC's expansion will go to these three areas of high unemployment. The plan now agreed with the Government—the second that BMC submitted—will involve, broadly, keeping production of cars and vans in the Midland and Oxford areas and shifting the entire production of Nuffield tractors and of BMC's heavier lorries to Scotland; providing for an extension to Fisher and Ludlow's output of household appliances and certain kinds of industrial equipment (at present made at Castle Bromwich) in a new factory at Kirkby, Liverpool; siting new press shop facilities for the production of motor bodies and of sub-assemblies near Llanelly in South Wales and extending BMC's existing radiator plant there. This will create nearly 8,000 new jobs in Scotland and Wales and on Merseyside: the £20 million outlay on facilities in these areas will be about equally divided between buildings—which the Board of Trade will build and which BMC will pay for over a period of fifteen years—and equipment. BMC had for some time been thinking of concentrating its tractor production, which is at present spread over four different plants in the Birmingham area. It says too that it always intended to site any extra press facilities near the strip mills where steel sheet is made.

—But Also Grows at Home

THESE moves for BMC tractors and press shops will free a certain, as yet unspecified, amount of existing factory space in the Birmingham area. The corporation proposes additionally to build three new factories or extensions in Birmingham itself, additional storage facilities for spare parts storage space in the Oxford area, and a new packing centre at Swynnerton in North Staffordshire for "completely knocked down" export shipments. Apart from Swynnerton, where BMC will employ nearly 1,000 men, these extensions, so BMC claims, will not mean taking on any more people in these areas than they already employ; nor will it mean that anyone now on their payroll will lose his job. These new factories and extensions in the Midlands will cost over £3 million; the remaining £23 million of the expansion expenditure will go into extensive re-equipment at the existing factories.

BMC has agreed in principle with unions in Wales and Scotland that it will pay the same "rates and earnings" as those ruling in the district; in the more traditional areas of car manufacturing, earnings are generally higher than in other kinds of engineering though rates may be the same nationally. The agreement will mean that in the new plants in Scotland and Wales labour costs, at least at the outset, may be slightly lower. But transport costs will be higher; the re-siting of tractor and commercial vehicle production in Scotland, including such components as diesel engines, gearboxes and axles, may prove an expensive operation.

BMC's Scottish site will be at Bathgate in West Lothian, subject to the results of test borings of the subsoil. But both this site and that in South Wales, which will finally be selected this weekend, have yet to be purchased and given planning approval, though BMC hardly expects any difficulty. As the corporation was obviously pleased to be able to announce this week, the 51-acre site that it owns at Cofton Hackett, near Longbridge in Birmingham's green belt, does not feature, and never has, in BMC's plans of expansion for the early sixties.

THE FRANC

After Pinay

THE withdrawal of M. Pinay from the French Ministry of Finance has so far had little perceptible effect on the franc in the foreign exchange market. One reason

for this is that his "unwilling" successor, M. Baumgartner, previously Governor of the Bank of France, is reassuring to foreign as well as to domestic opinion. He played an important part in securing the acceptance of the Rueff report and stands for continuity of the policy maintained so successfully during the past year by M. Pinay. Whether, as the non-political technician, he will have the power to resist erosion of that policy is a question to which more cynical than reassuring answers are to be heard in the foreign exchange market. But that is a question for the future. For the present there have been rumours that the authorities may be contemplating, as a gesture of confidence, further exchange relaxations, and notably a freeing of the gold market; at present, French residents are allowed to hold gold, and Paris is the most active domestic gold market in Europe, but imports and exports of gold are formally forbidden.

Another reason for the franc's resistance to political difficulties is that the current of international payments has been strongly in favour of France. For some weeks the Bank of France had been buying dollars heavily to prevent the dollar rate falling to its lower gold point of 4.90. The departure of M. Pinay caused this inflow of dollars into the French reserves to slow down, and with the troubles of the Massu interview, the inflow may have stopped completely. The dollar rate in Paris moved against the franc at the end of last week from 4.9060 to 4.9118; it has since swung back again to around 4.909.

Against sterling the rate moved at the end of last week from 13.73 to 13.74¼, but there has been a partial recovery to 13.73¾. Evidence of pressure against the franc has been apparent in the forward market, where the three months discount in terms of sterling quoted at 1¼–¼ centimes before the Pinay departure widened to 2-2½. Reports from Paris also speak of a perceptible increase in the public buying of gold in the Paris market. This, however, has been fully neutralised by official intervention and there has been no appreciable change in the prices quoted. The franc has ridden the Pinay storm with an impressive show of buoyancy.

PRICES

A Matter of Emphasis

TALK of any "head-on collision" between the Federation of British Industries and the Chancellor of the Exchequer about reducing prices, as the federation's president Mr MacFadzean declared this week, is nonsense: but there are real differences of emphasis between their two approaches, and the grand council of the federation saw no reason to conceal them in its response to Mr Heathcoat Amory's recent appeals. The very form of this response—a letter to the Chancellor released for publication and circulated to FBI members, rather than any direct appeal to members—illustrates the quandary that the FBI found itself in: formally, the prices that its members care to charge are none of the federation's business; and informally, the council thinks that by now exhortation does little but irritate industrialists.

The FBI's letter to the Chancellor puts the emphasis on stability, rather than reduction, of prices (Mr MacFadzean, as chairman of British Insulated Callender's Cables, has recently managed to achieve the one in part of the British market for cables, by bringing an end to the other). It points out that other sections of industry and commerce—nationalised industries, the distributive trades, and trade unions—share responsibility for this stability of prices. Manufactured goods, it adds, account for only part of the retail price index: manufacturers' costs are not wholly, or evenly, within their control: and whatever part is assigned to self-financing, some of the margin between costs and prices must be ploughed back into technical and marketing research and development. Competition "whether in price, quality or service" is, it says, in most cases the greatest single factor companies have to take into account: this is being intensified by the liberalisation of imports from Europe and the United States.

What is perhaps most significant in the federation's economic comments is the implicit rejection of the thesis first put forward by the Cohen Council, and broadly accepted by the Chancellor: that manufacturing industry has a special responsibility, and needs on balance to be reducing its prices, to keep the general level of prices stable. The argument was that labour productivity can be increased in manufacturing to an extent that inherently cannot be matched in other sectors of the economy such as distribution and services; that all sectors of the population were entitled to share in the benefits of that increased productivity; and that the benefits should therefore not be reserved to shareholders and workers in manufacturing, but to some extent passed on by the reduction of manufacturing prices; which reduction, offsetting the rises inevitable in trades where productivity could not be increased enough to match the rises in wages that unions in such trades were entitled to or anyway would obtain, could keep the general level of prices stable. There is much to be said for this, but it can hardly be expected to please representatives of the more dynamic sectors of the economy; it has not pleased the FBI. "The fruits of higher productivity can be shared when they are achieved and not before" comments the federation somewhat oracularly. "Some long term thinking is clearly necessary on the principles which should be applied to the process of sharing."

BIDS AND DEALS

Ins and Outs

NEWS about take-over bids has continued to pour in this week. Among the more important of the moves and counter moves are:

1. Fisons has withdrawn its bid of 82s. in cash for the ordinary shares of Crosse and Blackwell, leaving the field open to Nestlé which has received Treasury consent to make its bid of 84s. in cash. C and B shares have fallen back to 81s. 6d.
2. Having been informed that St. Martin Preserving has secured assents to its bid from owners of 25 per cent of Foster Clark ordinary, Seton Trust has withdrawn its bid on behalf of unnamed clients of cash and Foster Clark preference shares for Foster Clark ordinary.
3. The directors of Griffiths Hughes, makers of "Kruschen" salts and other proprietary products, have recommended shareholders to accept the bid of £6 in cash plus three ordinary shares in Aspro-Nicholas (now standing at 37s. 10½d.) for every £4 of Griffiths Hughes ordinary (now standing at 57s. 10½d.) or the alternative offer by S. G. Warburg and Company to those who do not wish to retain a holding in the merged concern of 60s. in cash for each Griffiths Hughes ordinary.
4. The Prestige Group, which manufactures kitchen utensils and which is controlled by Ekco Products of Chicago, has made a bid of 9s. in cash for every "A" ordinary and 2s. 3d. for every "B" ordinary in O-Cedar, manufacturers of mops, polishes and other domestic products.
5. City and Central Investments, whose chairman is Mr Charles Clore, has agreed to acquire all the issued capital of a group of property investment companies which owns over 200 shops and residential property through Metrovincial Properties which has a big interest in Hampstead Garden Suburb Estate. The final purchase price has not been fixed, but the acquisition will involve the issue of 525,000 shares in City and Central in part satisfaction.
6. Metal Industries has improved on its original bid for Lancashire Dynamo and countered the EMI bid by offering 120 5 per cent preference shares for every 100 of Lancashire Dynamo's 5½ per cent preference and for every Lancashire Dynamo ordinary either one MI ordinary plus 12s. in cash or 45s. cash plus a half MI ordinary share. With EMI at 51s. 6d. its bid of 150 of its ordinary for every 100 of Lancashire Dynamo ordinary is worth 72s. 3d. With MI ordinary at 67s. 3d. its bid is worth at best 79s. 3d. Lancashire Dynamo ordinary now stand at 75s.

AIRCRAFT INDUSTRY

What's for Investors?

DECEMBER found the aircraft market in a ferment following the merger of Hawker Siddeley and de Havilland. Aircraft shares have been busy since then and show some significant price increases. This week has seen some profit taking and the shares have fallen back in line with the rest of the market. Investors must now consider the prospects of the new groups and some light has been shed on this by statements from the chairman of Hawker Siddeley and Bristol Aeroplane.

Hawker Siddeley expect to pay "not less than" 10 per cent for the year to July 31st next on the capital as increased by the acquisitions of the de Havilland and Blackburn groups. Profits of de Havilland for the year to September 30th last are estimated at £2,199,000 (before tax) against £383,775 in 1957-58. Blackburn's profits are being maintained and although Hawker's profits from its Canadian group will be lower, trading profits of the British group



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are "at least being maintained." On this basis earnings of the combined group should cover the 10 per cent dividend about 2½ times. This does not allow for possible conversions of the 5½ per cent loan stock. The right to convert can first be exercised

AIRCRAFT TABLE

	1959 Dec. 1 Price	1959 Dec. 15 Price	1960 Jan. 15 Price	1960 Jan. 21 Price	Div. %	Times cov.	Yield %
Black'bn	28/4½	29/9	32/10½	31/6	10*	2·6	5·1
Bristol..	11/4½	12/–	15/10½	13/9	10	1·4	7·3
De Hav.	17/4½	19/7½	32/–	30/7½	—	—	—
Fairey ..	23/6	21/9	24/–	22/–	15	0·5	6·8
H. Page	8/1½	8/7½	11/–	11/–	15	0·8	6·8
Hawker Siddeley	31/3	30/11½xd	33/3	31/4½	10	2·0	6·3
Westland	13/5¼	15/6	20/6xd	19/6	9·1*	3·9	3·8
English Electric	46/6	46/3	48/3	46/3	9⅓	2·8	4·0
R. Royce	44/3	45/11½	47/4½	47/6	10	1·7	4·2
Vickers.	32/–	34/–	37/9	36/4½	10	2·0	5·5

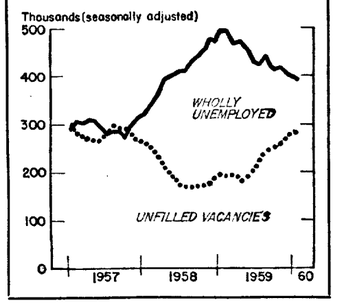
* Tax free.

at the end of this month, and to those who subscribed to the issue last March conversion would show a profit of about 1s. 6d. a share at the current price.

The outlook for the three members of the other big merger, English Electric, Vickers-Armstrongs and Bristol Aeroplane, is rather different, since these three have formed a holding company that is going to plough back a great deal of any profits it earns to finance future development. There is now a sharp divorce between the aircraft interests and the other interests of Vickers-Armstrongs and English Electric. Bristol Aeroplane, with its 50 per cent interest in Bristol Siddeley Engines and its 20 per cent interest in the new aircraft manufacturing merger, is now primarily a holding company, almost an aircraft industrial trust. The chairman, Sir Reginald Verdon Smith, told stockholders that they could reasonably expect "a good prospect of participating in a variety of successful ventures,"

Unemployment

The number out of work in Great Britain rose between December 7th and January 11th by 40,000 to 460,000 or 2.1 per cent of all employees. This increase, almost entirely among the wholly unemployed, is rather less than the normal seasonal change. Unfilled vacancies were practically unchanged between the two months.



but obviously only at one remove. There is some encouragement in the board's intention to keep its ordinary dividend at 10 per cent. Bristol has sold all the Britannias that it built out of its own funds.

The industry's two most interesting outsiders are Westland, fast acquiring a monopoly of helicopter production, and Rolls-Royce. There is no mass market for helicopters, but there is a small and steady demand. Whether Westland's shares can justify the present low yield remains to be seen. Rolls-Royce stands to benefit more perhaps than any other single company from the Government's undertaking to give some help to civil work (although before the industry cheers too loudly it might wait to find on what terms aid will be given). The company, unlike the rest of the industry, does not lack orders, but its rate of progress has been slowed down by the need to find £20 million to develop a new civil engine that its customers desire. Government aid, even in small amounts, will be gratefully received. For the rest of the industry, everything now depends on who gets Mr Sandys's help, and for what.

JENKINS COMMITTEE

Evidence Invited

THE Jenkins Committee on company law reform has a long and complex job before it. That is clear from the subjects on which it is inviting the views of individuals and organisations. These subjects range well beyond specific points of law to the less precise and often debatable principles that should govern the conduct of a company's affairs. On the law, for instance, the committee has invited evidence on the memoranda of association (including under that heading the "one man" company and no par value shares); partnerships; the classification of companies; the protection of minority interests; the powers to appoint inspectors; share transfers and registration; prospectuses; information to be given in company accounts; audit; company and business names; and the disclosure of ownership and control. It will also welcome views on such subjects as unit trusts which are outside the scope of the 1948 Companies Act.

That is a big net, but it is cast even wider by the request for views, *inter alia*, on the procedures that should govern take-over bids; the powers held by directors in conducting the affairs of a company (as, for instance, in disposing of its assets); the duties of directors to the company and to shareholders; the multiplicity of directorships; and non-voting shares. The committee will thus become a forum for a debate not merely on the adequacy or otherwise of the present law but also of business ethics. It will be a long and perhaps hard-fought debate. Many of the subjects overlap and the weight of the committee's opinions might be enhanced if it presented one comprehensive report.

But would the committee consider adopting the precedent set by the Royal Commission on Taxation by issuing interim reports on any matters that it regards as self-contained?

INSURANCE MERGER

Northern and Employers

A SHARP adjustment was made on Thursday to the prices of Employers' Liability shares (up from 10¾ to 11½) and Northern Assurance (down from 6⅛ to 5½) following the terms of the projected merger between the two companies. The fact that these terms may disappoint some recent speculative buyers of Northern at up to 7 does not gainsay the strategic merits of a marriage between two such essentially complementary offices. Northern will have 59 per cent and Employers 41 per cent in the merger company's capital of £10,431,610, to be distributed share for share to Northern and 107 new N and E for every 50 Employers. Northern will be paying a total of 16 per cent (against 15 per cent) for 1959 and Employers 7s. a share (35 per cent) against 5s. 6d. After the merger, the projected dividend from Northern and Employers for 1960 will be 18½ per cent, which represents a much smaller increase for Northern shareholders than it does for Employers, whose dividend will have been effectively raised compared with 1958 from 27½ per cent to practically 40 per cent.

With this adjustment out of the way, shareholders of the two companies can give undivided attention to the long-term prospects of the scheme. Employers is strong in American casualty business; the Northern is more concerned with fire and accident underwriting in this country and the Commonwealth. The joint non-life business of the two brings in about £70 million in premiums. The Northern will continue its life business (which has shown remarkable expansion in recent years) but Employers will dispose of its holding of all the shares in Clerical, Medical and General Life Assurance so that the latter becomes a completely mutual society. A stronger grouping of two fairly specialised partners is the object of the exercise, and shareholders should have no doubt that its recommendation by the two boards is justified. A good deal lies beneath the surface of insurance accounts, but the comparative resources and net investment incomes of the two offices seem to align pretty closely with the 59:41 split.

DIAMONDS

"Don't Fight It—Join It"

AN alliance between the Soviet Union and the Diamond Corporation of South Africa may look surprising, but it

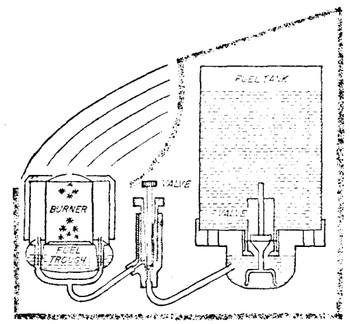
makes sense to both parties. By an exclusive agreement, the corporation will buy all the diamonds that Russia wishes to export to Western countries, and sell them through the Central Selling Organisation of the De Beers group. Details have not been revealed. Production of diamonds in Russia is growing. In the Yakutsk region of Siberia, where the deposits are stated to contain mainly industrial stones, it is planned to raise output fifteen times above the 1958 level by 1965. The discovery of a new deposit in the northern Urals was recently reported.

As Russia is believed to be short of industrial stones any export surplus may initially be of gem diamonds. Had it chosen to sell in competition with the corporation's monopoly the prices obtained by both would probably have suffered. By teaming up with the corporation Russia obtains the benefit of its world-wide selling facilities, and is assured of a stable price. The corporation, in turn, is spared a fight which might have damaged its monopoly in time.

OIL HEATERS

The Fire Risk

IT is said that a report on certain types of domestic oil heaters that is now being prepared by the Fire Research station of the Department of Scientific and Industrial Research is an alarming document. If so, it should be published at once, in order that householders will have guidance about which kinds of paraffin heaters are safe and which are not. Lord Hailsham, to whom the DSIR reports, should resist any pressure to have the report pigeon-holed while talks take place between his scientific departments and other ministries about the kind of safety regulations that ought to be introduced as a result of the DSIR's findings. Such talks take time; so do the discussions with manufacturers about the shaping of the



regulations. So long as they are in progress, some oil heaters that may be potential fire traps will continue to be used.

It is not the convector-type paraffin heaters that are in question, but the radiant type heaters. Both the oil companies and DSIR suspected at the time that the fire started by a radiant heater which killed five children at Ware before Christmas was no freak accident and DSIR had its own research programme already in hand when the tragedy happened. There is plenty of evidence now to show that in radiant heaters, where the wick is fed from an inverted fuel tank placed behind the burners, the fuel tank itself can get so hot that it volatilises some of the paraffin inside and raises the pressure within the tank, forcing fuel out of the tank at a higher rate than it can be burnt. Hot paraffin (which lights much more easily than cold) then seeps over the floor and ignites. Only in some makes of radiant heater is the tank properly protected from this hazard. Other types are rapidly being modified and regulations will deal adequately with a few makes that have not been, so far as future sales are concerned. But however quickly the manufacturers act, some twelve million paraffin heaters are already in household use and of these some will be radiant heaters prone to this dangerous over-heating unless they too are modified. The DSIR's report needs to be published to protect those who have already bought paraffin heaters even more than those who are thinking of buying them.

STOCK EXCHANGE

An Advertising Inquiry

LAST week's announcement that the Council of the London Stock Exchange is to look into the whole question of advertising by members and registered agents has sparked off a good deal of speculation about just how far relaxation will go. It has not gone far yet. The Council proposes to allow banks to display notices inside their premises informing their customers that they handle stock exchange business (but not naming the stockbrokers to whom the business is passed); and to agree that those banks that offer investment management services to the public (so far only the National Commercial Bank of Scotland) may advertise the service in the national press.

The first reaction that these proposals were "the thin end of the wedge" invites the question: what wedge? Obviously it will be a long time before brokers embark on American-type advertising campaigns to woo the swelling ranks of small investors. Banks and the broking community have received the news more soberly, and reactions seem to be mixed. With the spreading banking habit, the banks are bound to welcome any step that brings their services to the eye of the public: but their investment departments, like the brokers, are already working flat out to catch up on the backlog of business left over from the post-election boom. Brokers, too, generally welcome any measure that helps to channel small savings to the stock exchange via the banks and there is no general feeling that the banks' brokers (who are many, up and down the country) might gain some unfair advantage from the notice boards in the banks. Some of the more radical brokers declare that it is time to discard all restrictions on advertising by members, but the majority of brokers would adamantly oppose any major change. Their objection is twofold: that brokers provide a service and must follow a code of professional conduct at least as exacting as that of the law or accountancy; and (less convincing) that advertising would be "unfair" to small firms who could not afford it.

MOTOR SPIRIT

Price War in Germany

THOUGH the Preston petrol stations that have just begun a little price competition of their own are in fact selling major company brands, there has long existed a very small fringe of independent petrol supply in Britain, selling gasoline under local brand names or in some cases no brand name at all. The larger independents, such as Petrofina, obtain their supplies from the major companies, and broadly adhere to a similar pattern of prices; but in various parts of the country, mainly close to seaside places where small landing and storage installations exist, there are a number of distributors who bring in small "packets" of refined products and sell them under their own names and prices. Dealers selling the brands of the majors, largely under individual exclusive dealing agreements, are not bound to charge the prices recommended by the companies; and though the companies obviously try to persuade dealers to observe these prices, they would not cut off supplies to dealers who did not. The dealer's margin is about 5d. to 6½d. a gallon; the dealers in Preston have been cutting their prices by 3d. to 4d.

Major companies in Britain do not need to take this tiny flutter of price-cutting with anything like the seriousness of their associates in Western Germany, where the majors have themselves been forced to cut brand prices by the very effective competition from independent filling stations that have recently been handling 10-15 per cent of the petrol sold in Germany. There are about 2,500 of these independents, out of 28,000 stations in Germany; they have been selling motor spirit at 5 pfennigs a litre (5d. a gallon) less than the major brand prices. Some of their supplies come from the major companies with whom they are competing; the rest from Italy, Rumania, and other Continental countries with surplus oil and refinery surpluses of gasoline to get rid of due to the disproportionate growth of demand for black oils. M. Duttweiler, of "Migros," the price cutting organisation from Switzerland, is operating a number of stations near Frankfurt; and ENI, the state-owned Italian oil concern, plans to set up a chain of petrol stations in Bavaria—as its director Signor Mattei has indeed said that he would like to in Britain.

BULLION MARKET

Direct Gold Deals

THERE has been increasing evidence in recent weeks of direct non-official dealings in gold in South Africa. Since last September the South African Reserve Bank has been prepared to sell gold, in large consignments, to non-residents. Last week it was announced that nine tons of gold had been sold for a customer on the Continent of Europe through the firm of Mocatta and Goldsmid. This gold was flown out of South Africa and when the announcement was made it had reached its destination. It is believed that another twelve tons of gold, involving two shipments, had been bought direct through another firm of London bullion dealers. These transactions involve a total of about £8½ million. They are almost certain to have been made on behalf of a central bank, probably the Bank of France or the Deutsche Bundesbank.

South African gold has in the past been routed mainly through the London market, much of it going direct to the Bank of England. Direct deals by the Continental buyers have been stimulated mainly on grounds of cost. A minute reduction in the cost of shipping gold to a Continental centre direct, compared with a shipment to London and further transport to the ultimate desination of the metal, may justify a diversion in the customary pattern of the gold traffic. Some increase in direct dealing is likely to occur. This will not necessarily mean business lost to the London market, since London firms, acting as agents or more probably as principals, are likely to continue to handle the business. The extension of this business, however, will influence the pattern of operations through which the Bank of England exercises its combined control over the foreign exchange and bullion markets.

STOCK EXCHANGE MECHANISATION

Electronics in the House

THE high tide of automation is lapping the walls of the Stock Exchange. Punch card equipment, which insurance companies are already discarding (and banks are on the verge of discarding) in favour of electronic computers, makes its first appearance in the Stock Exchange settlement department early in the summer; one reason behind this week's increase in subscriptions is the cost of future, more extensive mechanisation. To give the Stock Exchange Council its due, the work of the settlement department hardly requires computer speeds; with ordinary mechanical equipment the work of the department will be completed sooner and the number of stocks on its list, now 160, could easily be doubled. What is more important at this stage is to see how members can re-arrange their office

Counting Freight

THERE are well over half a million road hauliers in Britain, if firms that run their own private fleets of lorries and vans are included in the count. The typical haulage business, too, is very small—fleets, on average, comprise only two to three vehicles—and most hauliers, understandably, are averse to paper work. So it is not surprising that road transport, unlike rail, has long been missing from the statistical picture of the economy.

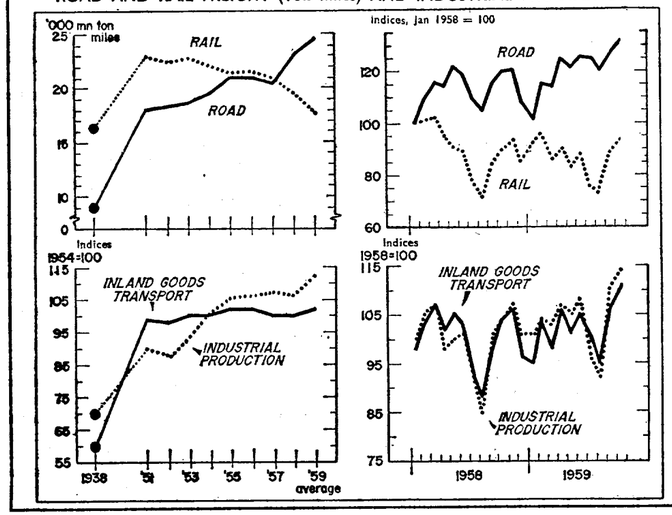
Efforts to fill in this gap have however twice been made by means of sample surveys by statisticians at the Ministry of Transport, in September, 1952, and April, 1958: they were able to produce what is thought to be a reasonably accurate picture of road transport at those times. These surveys give some idea of the general pattern of road haulage operations, the kind of goods carried, the amount of work done, and the distances involved.

Moreover, the surveys made it possible for the first time to arrive at a reasonable estimate of the total volume of work done by road goods transport in terms of ton mileage. This unit of measurement may be less suited to road haulage than to other means of transport, since a larger proportion of road freight consists of light but bulky goods that fill the available space on a lorry more quickly than the carrying capacity in terms of weight. But ton mileages take into account both the total volume of freight and the distances hauled and are much the best way of comparing the activities of different forms of transport. Thus, road goods transport was reckoned in 1952 to be responsible for about 19,000 million ton miles of freight traffic against the 22,000 million ton miles recorded by the railways. By 1958, however, the positions had been reversed. The road total had risen to 23,000 million ton miles while the rail total had dropped to 18,000 million.

The same statisticians at the Ministry of Transport have now taken these calculations a stage further. The railways produce figures of their freight traffic, in ton miles regularly each month; the statisticians have attempted to do the same for road haulage by using the Ministry's censuses of road traffic. These traffic counts have been continuous since January, 1958, and were made less frequently before then; they enable estimates to be made of total mileages run by various types of vehicle. There are weaknesses in the traffic census figures that make it prudent to use estimates of road ton mileages derived from these with caution for the time being. But the earlier transport survey does provide a cross-check with estimates of ton mileage derived in this way by working back from the 1958 survey and the discrepancy—2.7 per cent—suggests that the new estimates are "broadly reliable."

It is now possible therefore to compare rail and road freight movement in this country and to relate the two together to industrial activity in general. Since total freight traffic appears to follow closely the pattern of industrial output in the "short run," and since this index of monthly freight traffic can be prepared more quickly than the index of production, this new series may provide another interesting economic indicator. But whereas between 1938 and 1951 there appears to have been a bigger increase in goods traffic than in industrial production the reverse seems to be true since 1951. Possibly since then transport has been used more efficiently than during and immediately after the war.

ROAD AND RAIL FREIGHT (Ton miles) AND INDUSTRIAL PRODUCTION



The North Pole is getting warmer



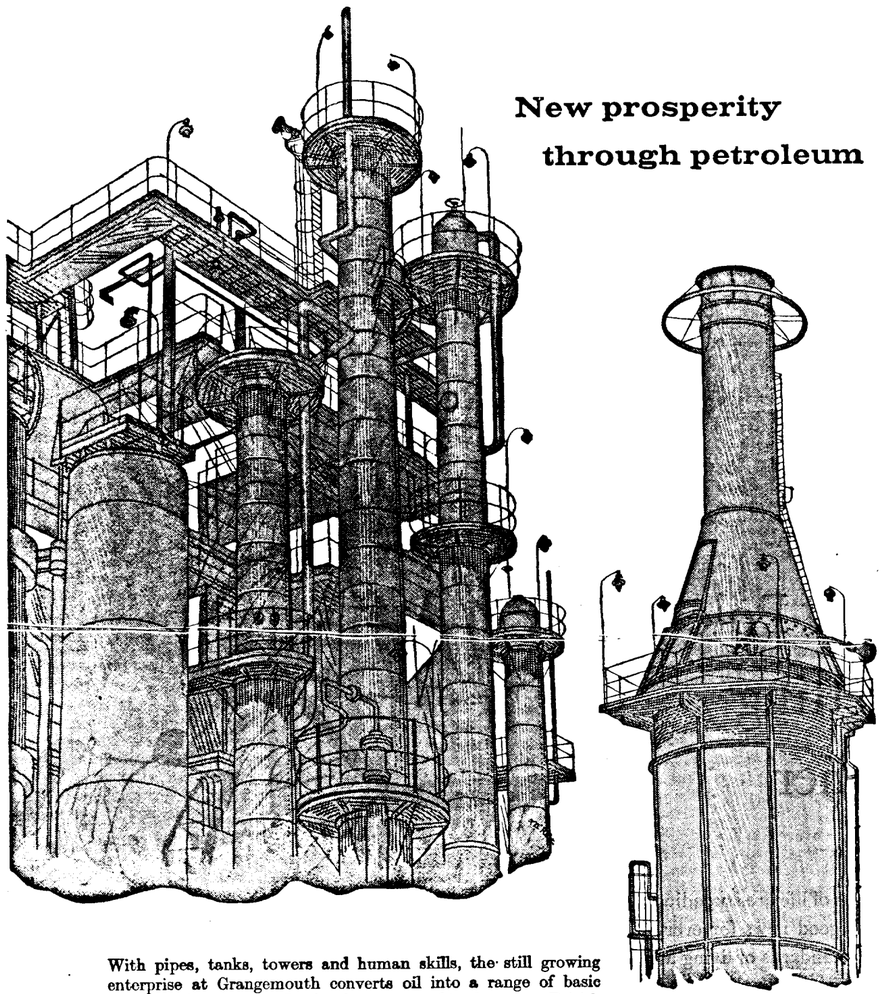
The comforts of life are spreading. And that is good news for everyone. Rising standards of living are finding their way into the back of beyond, bringing new benefits to people of quite modest means.

Playing a big part in this welcome development is Shell *kerosine*, a product from petroleum. Thanks to *kerosine*, hungry breadwinners in remote parts are sitting down to piping-hot dinners and toasting their toes before nice, warm stoves. Thanks to *kerosine*, people with slender purses can enjoy good light, good warmth and good cooking wherever they may live.

Kerosine, known as *paraffin* in some areas, is one of the cheapest, most convenient and accessible fuels of which the modern appliance manufacturer is taking full advantage. Well-designed cookers, stoves and heaters are being produced which are self-contained and ready for instant use anywhere. Even where other fuels are available, *kerosine* is a valuable supplement.

The population of the world increases rapidly. People must be fed, housed and kept warm. They must all be able to enjoy the good things of life. *Kerosine* is one of many Shell products which are helping the good work along.

YOU CAN BE SURE OF SHELL



New prosperity through petroleum

With pipes, tanks, towers and human skills, the still growing enterprise at Grangemouth converts oil into a range of basic materials for industry. In the short space of twelve years British Hydrocarbon Chemicals Ltd. has become a significant part of British economic life. Its plants produce varied and complex chemicals that are changing the face of industrial production, whether you turn to drugs or detergents, textiles or toys, plastics or paints, shoe soles or solvents. New prosperity for many . . . new products that can mean better living standards for millions . . . this is something of the achievement so far of British Hydrocarbon Chemicals Ltd.

British Hydrocarbon Chemicals Ltd Grangemouth · Stirlingshire

HEAD OFFICE: DEVONSHIRE HOUSE · MAYFAIR PLACE · LONDON W1 · TELEPHONE MAYFAIR 8867

routine to fit in with a standardised clerical procedure on which more extensive mechanisation would have to be based. An outline of the kind of changes likely to be made, including the introduction of codes for all stocks and the possibility of centralised accounting, was circulated to Stock Exchange members at the end of last month in a question-and-answer form prepared by consultants. This was intended to serve as a guide to highly mechanised brokers who would not want to install equipment that might later be made obsolete by any central plans that the Stock Exchange Council might adopt, and as a warning to smaller firms that have hardly mechanised at all.

It would be technically possible (and certainly useful) for the Stock Exchange to be able to clear accounts between brokers on a central computer ; this is probably the biggest single step towards automation that is within sight. But it founders, for the present, on one of the main obstacles to the wider use of computers in office routine: accounts would have to be cleared between 310 brokers and 108 jobbers with offices anything up to a mile away from the computer. How is information to be transferred between offices and computer? Either the Stock Exchange provides standing room for 400 messengers from the separate firms, each demanding their results before the banks close, or the Post Office installs 400 teletype links between the offices and the Stock Exchange building. The first solution is chaotic, the second expensive and probably prohibitive to small brokers. And the technical aspects of feeding so much separate information into a computer in a short space are formidable.

GROCERS

Wholesale Supermarkets

THE latest development in the current revolution in the distributive trades is the "cash-and-carry" wholesale food warehouses. Several have appeared in the past few years, but the first major increase in this kind of selling is most likely to come from the Weston Foods group, which opened a warehouse in Edinburgh a few weeks ago and is opening another at Reading early next month. Both warehouses have 20,000 square feet of floor space; one of them was formerly a Weston biscuit factory. They are designed primarily to deal with small family-run groceries that can afford neither to buy in bulk nor to cut prices. Some hotels, boarding houses and restaurants are also likely to become customers.

In these warehouses, goods are divided into small units, stacked on shelves, clearly priced, and labelled with large direction signs. Grocers serve themselves, pay cash, and carry the goods away in their own cars or vans. Some prices will be lower than those generally charged by wholesalers, but the main advantage will be that all prices will be adjusted to the economics of bulk buying and special-price offers made periodically by most manufacturers. At Edinburgh the prices per item are those normally charged for consignments of 2,000 cases, but buyers will be able to take as small quantities as they like. Many independent grocers are unable to take advantage of such terms on their own and the new scheme offers an alternative, or a supplement, to the voluntary buying chains that some have joined to combat the supermarkets.

The warehouses will save the cost of deliveries, travellers, some wages (half-a-dozen men can run a single self-service warehouse) and other selling costs. They hope that a quick turnover will justify their methods. The main disadvantage to the small man—that business will be for cash only—can be got around if he is willing to make frequent enough visits to the warehouse to re-stock. If the new warehouses are successful, Westons will open scores more throughout Britain. The idea is already working effectively in Canada.

SYNTHETIC FIBRES

Recovery at a Price

THE synthetic fibre industry pulled itself out of a slump last year but only at a price, of which the latest instalment was the cuts—ranging from 11 to 15 per cent—made last week by British Nylon Spinners in some of its biggest selling stocking yarns. The company says that these reductions, the first for several years, result from new capacity but it is possible to meet nylon knitters who found that until the cuts were made it had been cheaper for them to import 15 denier nylon stocking yarn from Italy than to buy it from BNS in England. Big cuts were also made three months ago in the price of some of the more exotic synthetics. Price changes in nylon, "Terylene" and the like are now important pointers to the state of the industry ; between them they probably account for a quarter of the 514 million pounds of synthetic yarn produced in 1959. Nearly half the total was viscose staple yarn, the cheapest textile fibre on the market, leaving a relatively small share for viscose filament yarns and acetate rayon.

A cynic looking at the industry's production record of 421.5 million pounds in the 1958 textile slump, and 495 million pounds in 1957, the last "normal" year, might even suggest that the 9 million pounds increase in output between 1957 and 1959 could be explained wholly in terms of the new synthetics and that rayon production was past its peak. The industry itself says that a big factor in maintaining sales has been the demand for viscose staple, mainly for carpets (which take about a sixth of production) and suitings. But this success has its dark side ; consumer organisations find, as the Board of Trade's committee may too now that it has asked for evidence from the public, that they receive more complaints about carpets than about any other single commodity.

INVESTMENT IN AUSTRALIA

Spreading the News

BRITAIN provides about sixty per cent of the overseas capital entering Australia, and about five hundred British manufacturers have subsidiaries there. Yet Sir Norman Kipping, director-general of the Federation of British Industries, found during his recent visit that Australians popularly believe that the United States is investing more in their country than Britain is, and that Britain is neglecting its opportunities. He found widespread ignorance, also, about British industrial and technical achievements, all pointing to a failure of public relations. Among the remedies now being considered by the federation is the staging of an exhibition in Sydney and Melbourne to show products of British design that are made in Britain and Australia.

The faults are not all on one side. An ambitious attempt to make British and other overseas investors more aware of local opportunities was launched by the state of Victoria this week. Backed by public and private funds, the Victoria Promotion Committee commissioned the Stanford Research Institute of California to prepare a report about Victoria in particular and the openings for new investment there. The report* points out that though Victoria is the smallest state, it has 28 per cent of the total population, and over 70 per cent of Australia's 10 million people live within 550 miles of Melbourne, the state capital. The Australian market is growing fast ; by 1975 the population is expected to rise by between 30 and 50 per cent. Hence the marginal industry of today, it is argued, will become profitable tomorrow, and investors should act before competition becomes entrenched. Among the openings suggested are central heating and air conditioning plant, floor coverings (other than carpets), motels, table poultry, components and parts for motor vehicles, the construction industry, and mutual investment funds and unit trusts.

* *Investment Opportunities in Victoria.* £4. Obtainable from the Victoria Promotion Committee (London), 47, Princes Gate, SW7.

THE STATE BUILDING SOCIETY

A New Board

ALL but one of the directors of the State Building Society have resigned to make way for a new board chosen at their request by Sir Cecil Crabbe, the Chief Registrar of Friendly Societies. The new board consists of Lord Reith (who is expected to be appointed chairman), Sir Dingwall Bateson, Sir Richard Yeabsley

A Taste of Honey

THE 481 companies whose accounts have been analysed in the September-December quarter ended their accounting years in most cases on June 30th or September 30th. These companies have thus had a full year's benefit of trading since the ending of the credit squeeze halfway through 1958. The detailed analysis appears on pages 364 and 365 and as reported last week, the combined trading profits of these companies rose by £10¼ million to £335.7 million (3½ per cent). This is in line with the trend throughout the year; the three earlier quarters showed increases in trading profits of 4½ per cent, just under 1 per cent and 2 per cent. Over the whole year, trading profits of the 2,315 companies analysed rose by just under 2 per cent.

Around one quarter of the profits reported in September-December came from 34 companies in the motors, cycles and aircraft group. This showed a drop of some £4.3 million, or 5½ per cent, the better profits from motor companies being more than offset by the fall of over £3 million in the gross profits of Hawker Siddeley and other aircraft companies. If these 34 companies are excluded, the remaining industrial groups show a rise of 6 per cent compared with a year ago; in the previous year, their profits were unchanged. The only other groups that showed falls in profits in the latest period were shipbuilding (7.9 per cent), shipping (7.6 per cent) and cotton (34 per cent). The most notable increases have been in those industries closely connected with the consumer, such as clothing and footwear (30.5 per cent) and food and confectionery (10.4 per cent). Other groups with higher profits were building (9.9 per cent), electrical manufacturing (6.9 per cent) and breweries (4.5 per cent). In the commodity groups wool (50.4 per cent) and rubber (36.8 per cent) showed striking increases.

Helped by the cut in taxation and also by non-recurring profits, net earnings have increased by 16½ per cent from £109 million to £127 million. Net ordinary dividends have risen by no less than 37½ per cent, from £40 million to £55 million, and represent over 43 per cent of available earnings, compared with under 37 per cent in the previous year. Part of this increase however reflects not only the change in the standard rate of tax but also a number of "profits tax" interim dividends relating to the previous year but paid out of this year's earnings. But there is no doubt that dividend policies are set on a liberal course.

THE gross value of the fixed assets of the 481 companies has risen only modestly by £155 million to £1,568 million. Some of this increase is due to revaluations, particularly in the breweries group, which shows a rise of £32 million in fixed assets. The other large rise in the value of fixed assets was of £36 million in the iron and steel group (consisting this quarter mainly of heavy engineering companies). A sign of quickening industrial expansion is the rise of £79 million in working capital. Some £10 million of this is in the aggregate value of stocks held and £69 million a rise in debtors (which includes substantial increase in hire purchase debts). The rise of £18 million in liquid resources is partially balanced by a growth of £9 million in bank overdrafts. The additional investment has been financed mainly by increases of £60 million in depreciation provisions, £95 million in capital and revenue reserves, £11 million in creditors and £18 million in other liabilities. New money raised during the quarter amounted to £62 million and was primarily in debenture issues, which totalled £39 million; £4 million was raised in issues of preference shares and £19 million in ordinary capital (excluding some £62 million in scrip issues).

Although there has been some small increase in assets and working capital this has been more than matched by the rate of equity return; net ordinary earnings as a proportion of net assets attributable to the ordinary capital have risen from 9 per cent to 9.6 per cent. This follows a similar rise in the third quarter, but in the latest quarter the rise has been general throughout most of the groups. By far the most impressive rise in the rate of return is shown by the clothing and footwear group, from 6.7 per cent to 10.6 per cent. Other groups to show substantial rises are electrical manufacturing, from 12.5 per cent to 14.2 per cent, and newspapers, from 11.2 per cent to 13 per cent. Most groups generally showed a rise of one point; food and confectionery showed a good increase in profits and its rate of return rose from 9.8 to 11.1 per cent. In shops and stores which had only shown a small increase in trading profits the rate of return still rose by one point from 6.7 per cent to 7.7 per cent. In breweries, where there had been a large addition to fixed assets, the rise in the rate of return was smaller from 8.8 to 9.2 per cent. Only two groups show a decline in the rate of return, iron and steel from 9.5 per cent to 9 per cent and chemicals from 11.3 per cent to 10.8 per cent.

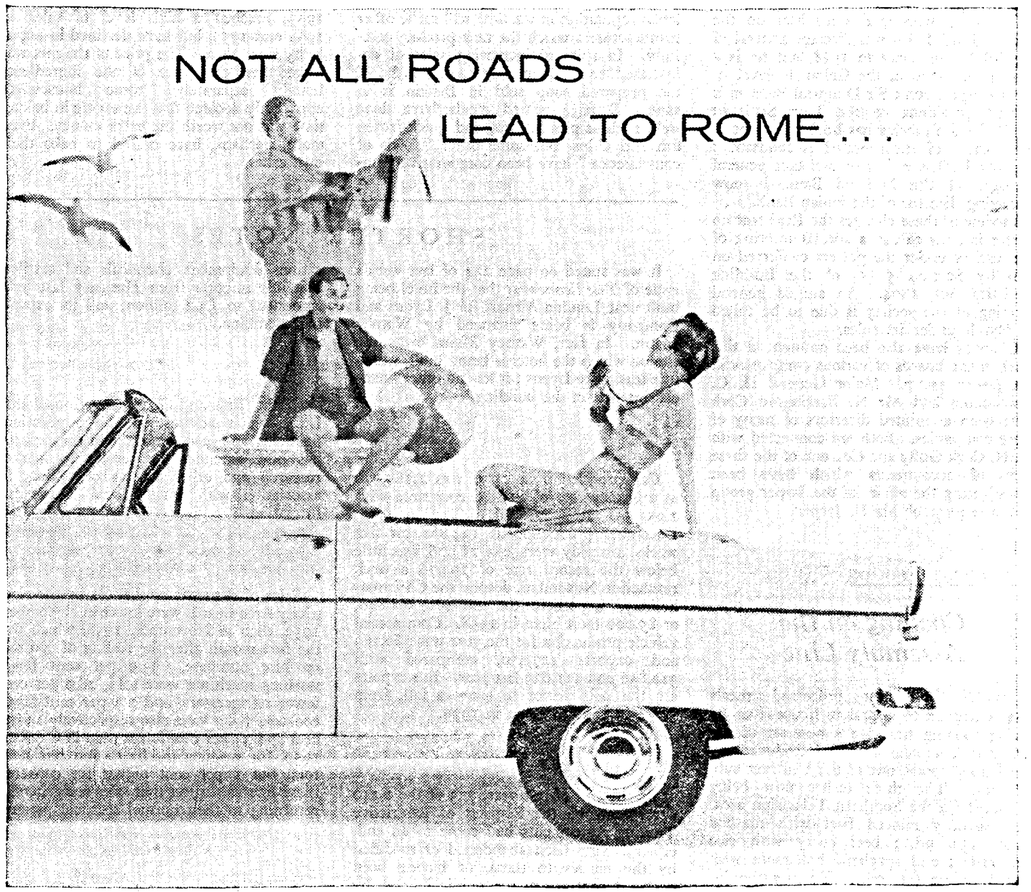
The prophecies of the last two years are now being borne out. Industries have been able to bring their capacity more fully into employment and net equity earnings have risen, in some cases sharply. The shareholder is now beginning to receive the fruits of his investment and there seems little doubt that in 1960 reasonable hopes of higher dividends will be fulfilled.

PROFITS, PROVISIONS AND DEPRECIATION
(£'000)

	Reports Published October to December, 1959		Reports Published January, 1959 to December, 1959	
	481 Companies		2,315 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profit	325,140	335,657	2,264,965	2,308,903
Income from investments	11,418	11,613	116,576	128,544
Other current income	788	200	2,898	2,193
Non-recurring credits	10,513	16,696	53,634	64,860
Total Income	347,867	364,166	2,438,073	2,504,500
Depreciation	62,371	67,751	436,055	486,644
Income tax	109,377	101,314	743,199	716,980
Profits tax	24,587	22,266	171,422	148,558
Directors' emoluments	11,063	11,488	60,529	62,384
Administrative charges	2,695	2,791	22,258	19,707
Contingencies, provisions, etc.	7,481	8,416	55,681	51,147
Pensions	4,277	4,242	33,332	37,281
Minority interests	3,682	4,111	31,029	31,161
Loan interest	8,119	9,559	56,678	70,098
Preference dividends	4,811	5,055	32,918	33,726
Profits retained by subsidiaries	24,064	28,151	179,341	164,148
Ordinary dividends	40,112	55,109	305,203	341,356
Reserves (parent company)	43,774	38,260	272,903	288,985
Brought in (parent company)	62,013	63,467	458,026	495,551
Carried forward (parent company)	63,467	69,120	495,551	547,987

ANALYSIS OF BALANCE SHEETS
Published October to December, 1959 (£'000)

Capital Liabilities and Reserves	481 Companies Previous Year	481 Companies Latest Year	Assets	481 Companies Previous Year	481 Companies Latest Year
Capital			Fixed Assets:—		
Debenture	173,176	210,759	Land, property and plant	1,412,527	1,567,862
Preference	148,449	152,019	Less depreciation	447,474	507,286
Ordinary	459,315	540,179		965,053	1,060,576
	779,940	902,957			
Reserves and Surplus:—					
Capital reserves	245,022	241,194			
Revenue reserves carry forward	512,227	546,448	Trade investments	66,979	85,819
Total Capital, Reserves and Surplus	1,537,190	1,693,599	Intangible Assets	42,498	45,368
Outside Interests in subsidiaries	66,891	89,790			
Current Liabilities and Provisions:—			Current Assets:—		
Bank overdrafts and loans	135,968	145,324	Stocks	617,268	627,450
Creditors	345,167	356,559	Debtors	457,794	526,093
Other current liabilities	199,324	217,469	Gilt-edged securities	52,671	50,147
Future taxation	112,698	108,420	Other marketable investments	23,093	22,903
Other provisions	28,696	27,279	Cash	200,208	220,044
	821,853	855,051		1,351,034	1,446,637
	2,425,554	2,638,400		2,425,554	2,638,400



Wherever you plan your own fun this summer—be it Portofino or Polperro, Innsbruck or Inverness—your Consul Convertible will carry you there in swift, sure luxury and help you make the very most of those precious weeks of relaxation. For here's the open-air car that opens up new horizons of performance and comfort: powerful acceleration and hill-climbing plus a cruising speed of seventy . . . exceptional ease of handling . . . wide range of elegant colours . . . a travelling sun-trap that, within 30 seconds of the first rain-spot, becomes as weatherproof as a custom-built saloon. Start planning *your* ideal holiday with a Consul Convertible at your local Ford Dealer's this week!

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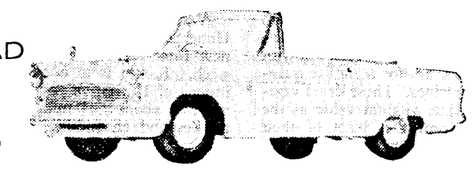
WITH FORD
AT HOME OR ABROAD



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and Mr A. G. Ridley, together with Mr E. H. Page who retains his seat on the board. Lord Reith was director general of the BBC from 1927 to 1938 and he is a former chairman of the Colonial Development Corporation; Sir Dingwall Bateson is a past president of the Law Society; Sir Richard Yeabsley has been president of the Society of Incorporated Accountants; and Mr Ridley, a former assistant general manager of the Midland Bank, is now managing director of the Ionian Bank.

In view of these changes the Registrar no longer intends to call a special meeting of the Society under the powers conferred on him by Section 5 (5) of the Building Societies Act, 1894. An annual general meeting of the society is due to be called in March under its rules.

Changes have also been announced this week in the boards of various companies in the Jasper group. Major General H. C. Goodfellow and Mr N. Barrington Cork have been appointed directors of many of these companies. Both are connected with W. H. Cork Gully and Co., one of the three firms of accountants which have been investigating the affairs of the Jasper group at the request of Mr H. Jasper.

DEHYDRATED FOODS

Cooking on the Assembly Line

AMONG the latest processed meals designed to appeal to housewives by saving cooking time are a new set of dehydrated complete meals, introduced by Batchelors Foods, one of the Unilever subsidiaries. The three dishes now being marketed (in the Southern Television area) are: savoury minced beef with mashed potato (3s. 9d.); beef curry with rice (3s. 11d.); and spaghetti bolognese with grated cheese (3s. 9d.). To buy the ingredients for each of these meals (a carton is designed to serve two) would probably cost less than 2s. 6d. The extra 1s. 3d. or 1s. 5d. is the cost of the "convenience" provided by the factory; offered in cartons, these meals are said to take no more than 15 minutes to prepare. Batchelors are also offering two other dehydrated products—which probably save more time and which are likely to be seen as a better buy—mixed vegetables (2s. 6d.) and sliced onions (2s.). Both are sold in transparent plastic small jam-jar sized containers and are equivalent to ¼ lb. of raw vegetables, peeled, cut, and sliced; they compare with a price of about 2s. 2d. for a similar quantity of frozen vegetables. These dried vegetables have the same vitamin value as the fresh product, except that most of their vitamin B_1 is destroyed by dehydration.

These are not the only "complete" meals, nor the only dehydrated foods, on the United Kingdom market, but the difficulty of guessing how housewives will react to foods processed in a way that had an unloved reputation in wartime will make other manufacturers watch the new product carefully. In spite of increasing sales of dehydrated soups in packages, four-fifths of the prepared soup sold in Britain is in cans. Some prepared meals have done well, such as pies in cans, and quick-frozen fish and chips, but some other "foods of convenience" have been comparatively unsuccessful. Cake mixes, introduced in 1953, reached a high level of sales in 1954 and 1955, but have declined in popularity since then. The price of the mix was more than the price of the ingredients bought separately; some housewives apparently decided that the saving in baking time was not worth the extra money. Even more, perhaps, have ceased to bake their own cakes.

SHORTER NOTES

It was stated on page 234 of last week's issue of *The Economist* that the hotel being built near London Airport for J. Lyons and Company is being financed by Watney Mann. In fact, Watney Mann owns the site on which the hotel is being built, which it is leasing to Lyons; it has no other financial interest in the building.

*

Car production in 1959 was 1,189,970 at a weekly rate of 22,884, compared with 1,051,551 at a rate of 19,841 in 1958. December production at 134,881 for five weeks, a weekly average of 26,976, was little below the record rate of 29,976 a week reached in November, despite the Christmas holiday. Exports for the year were 568,846, or 85,000 more than in 1958. Commercial vehicle production for the year was 360,169 and exports 127,450, compared with 312,856 and 111,629 last year. Bus exports are the only sector to show a fall, from 5,752 in 1958 to 4,832 in 1959.

*

By the end of last year, 773 of the 2,240 agreements on the Register of Restrictive Trading Agreements had come to an end, either having been abandoned or modified by the parties to them, or having been declared contrary to the public interest by the Restrictive Practices Court. Since August, 1959, the Court has heard only two cases; yet over 170 agreements have been abandoned or modified. About 120 cases—slightly fewer than five months ago—are now in various stages of preparation for trial; the first of these, concerning phenol, comes to trial next month.

*

A substantial increase in Anglo-Hungarian trade should follow from the new three-year agreement announced this week. Britain is to issue licences for the import of Hungarian goods in 1960 to the value of about £4½ million, mainly foods, textiles and chemicals. Imports of other items, such as seeds, tomato puree, vegetable oils and aluminium remain free. Hungary intends to buy nearly £5½ million worth of British goods, mainly machinery, motor vehicles, radio, television and telecommunications equipment, chemicals and textiles. Britain's imports from Hungary last year amounted to £3.2 million, and its exports to £4 million.

*

Credit (Risk and Guarantee) Consultants Ltd., which advises on the application, financing and insuring of credit for exports, has now extended its service to market research and other aspects of selling, in association with International Trade Information.

*

Sales of domestic appliances by the electricity Area Boards were lower in November, 1959, than in November, 1958, which was the first month after the ending of controls on hire purchase. 33.9 per cent fewer washing machines were sold, 28.9 per cent fewer refrigerators, and 2.3 per cent fewer cookers. Sales were also respectively 13 per cent and 34 per cent lower than in October, 1959, for washing machines and refrigerators, but 1 per cent higher for cookers; these figures suggest that sales are generally returning to their normal seasonal pattern.

*

Some of the remaining restrictions on imports of dollar goods are to be removed shortly, the President of the Board of Trade, Mr Maudling, said in New York this week.

COMPANY AFFAIRS
Comments on pages 358, 359 and 362 on
Watney Mann, Bowmaker, Granada, Woolworth, Richard Thomas & Baldwins, Stewarts & Lloyds, Colvilles, Lancashire Steel, Leyland Motors, Associated Commercial Vehicles, Westinghouse Brake, British Industrial Plastics, Inveresk Paper

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 360 and 361

LONDON STOCK EXCHANGE
The week's movements reported on page 362

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 363

COMPANY MEETINGS

STEWARTS AND LLOYDS LIMITED

REVIEW OF OPERATIONS AND DEVELOPMENTS AT HOME AND OVERSEAS

CONTINUED HIGH RATE OF CAPITAL EXPENDITURE

MR A. G. STEWART ON IMPROVED CURRENT TRADING

The 70th Annual General Meeting of Stewarts and Lloyds Limited will be held in the Merchants' Hall, 30, George Square, Glasgow, on Wednesday, February 10, 1960, at 12.15 p.m. The Accounts for the fifty-three weeks ended October 3, 1959, have been circulated with a Statement by Mr A. G. Stewart, the Chairman, which reads as follows:

The trading profit of the Stewarts and Lloyds Group for the year ended October 3, 1959, amounted to £11,077,000 before tax and before charging £1,500,000 for Fixed Assets Replacement Reserve. This is a fall of £3,188,000 in comparison with the previous year.

The table below sets out in a form similar to that adopted in past statements the proportions in which the decrease in the profits as compared with the previous year is accounted for between Stewarts and Lloyds Limited, as a manufacturing company, home subsidiaries, and the earnings from trade investments and overseas companies.

Shareholders will have been prepared for this decline in profits. It was anticipated at the time of the last Annual General Meeting in February, 1959, and was referred to at the time of the Interim Dividend Declaration in June, 1959. It was also mentioned in my letter dated October 28, 1959, circulated on the occasion of the recent "Rights" Issue. In that letter I stated that preliminary estimates indicated that the Group trading profit before tax would be in excess of £10 million. At the time that those estimates were prepared, the Accounts had, of course, not been audited and we were indeed awaiting the trading results for the last month of the financial year which were in the event considerably better than for previous months.

	Profit	Percentage of Total Profit	Decrease/Increase*	
	£		£	%
S. and L. Limited	5,728,000	52	2,782,000	33
Home Subsidiaries	2,517,000	23	713,000	22
Trade Investments and Overseas Companies	2,832,000	25	307,000*	12*
	£11,077,000	100	£3,188,000	

Owing to a reduction in the amounts required to be set aside for taxation and to an increase in comparison with the previous financial year in non-recurring income, the profit available for appropriation by Stewarts and Lloyds Limited, is only slightly lower than that of the previous year. As anticipated at the time of the Interim Dividend announcement, your Directors are proposing the same rate of Ordinary Dividend as last year.

ACCOUNTS AND FINANCE

No special comment appears to be necessary on the form of the Accounts, which follows that adopted in the past few years.

The further reduction in the liability for UK income tax has occurred, due to the fall in trading profit, the increased capital allowances and the considerable benefit derived from the reduction in the standard rate of income tax.

The increase in non-recurring income in comparison with the previous year, which has helped to maintain the Profit Available for Appropriation, is due to two main causes. Firstly, we received from an associated company a special dividend amounting to £1 million (net) in respect of profits accumulated over a number of years, and secondly, £450,000 Provision for Taxation is no longer required because of the reduction in the standard rate of income tax.

As I forecast in my Statement last year, increasing recourse had to be made to bank borrowings, and net UK overdrafts rose from £5,940,000 at the beginning of the year to £11,251,000 at the end of the year. This further recourse to bank borrowing was due to the continued high rate of capital expenditure. Considerable efforts were made to postpone some of the intended capital investments and as a result the figure of capital expenditure at home and overseas fell from the peak of £17 million in 1957/58 to £11,700,000 in the year under review. It is emphasised that this reduction in capital expenditure was achieved by postponement of schemes where this has been possible, and there is a considerable programme still to be met. The balance of schemes authorised by the Board at the end of September last amounted to £18,719,000.

Since the end of the financial year the removal of political uncertainties, at any rate for the time being, has at last made it possible for us to fund our indebtedness to the banks. As soon as the result of the Election was known, your Board decided to proceed immediately with a "Rights" Issue of Ordinary Shares. This met with an excellent response and 7 million shares were taken up on a "Rights" basis of seven new shares for every 20 existing shares held, at a price of 40s. per share. The final instalments due in respect of this issue will be received during this month and our need to rely on bank borrowings will temporarily disappear. It should, however, be pointed out that in spite of this money the capital programme ahead of us will mean that we shall for some time need the assistance of our bankers who have assured us of their support.

‡Tonnages despatched during the year were:—

	53 weeks ended 3rd October, 1959			52 weeks ended 27th September, 1958	
	Tons	Per cent of Total	Percentage Variation on 1957–58	Tons	Per cent of Total
Steel Tubes:					
Home, excluding Oil	450,000	54	+ 6	424,000	49
Oil Industry—Home	24,000	3	−38	39,000	5
Export, excluding Oil	232,000	28	+25	186,000	21
Oil Industry—Export	127,000	15	−41	217,000	25
	833,000	100	− 4	866,000	100
Spun Iron Pipes and Castings:					
Home	246,000	74	Nil	247,000	74
Export	87,000	26	Nil	87,000	26
	333,000	100	Nil	334,000	100

TRADING POSITION

In my letter circulated at the time of the "Rights" Issue in October last, I stated that "apart from our business with Oil Companies which still gives no immediate indication of an overall revival, our trading operations have shown an improvement in recent months and, in the absence of unforeseen circumstances, it is expected that this improvement will continue during the financial year which has just commenced with a resultant increase in profits. If these anticipations are realised, your Directors would hope to be able to pay for the year to October 1, 1960, total dividends of not less than 11 per cent on the Ordinary Capital as increased by the new issue to £27 million."

There is nothing in our trading experience since that date which would lead us to change that opinion.

(a) Stewarts and Lloyds Limited

As will be seen, 833,000 tons of steel tubes were despatched in the year compared with 866,000 tons in the previous year.

The slight improvement in home trade demand for general purpose tubes in sizes up to 4 in. diameter referred to in my statement

last year, continued throughout the first half of the year under review, though not at as high a rate as we had hoped and it was not until the last quarter that there was a really marked upward trend. The year ended with demand for this category of tubes very firm.

Home trade demand for quality tubes throughout our range has also improved but not to the same extent as for general purpose tubes. In particular, there was an improvement in the last few months of the financial year in the demand for seamless tubes in the larger diameters, when the effects of the lifting of Government restrictions on public capital expenditure were beginning to be felt.

The good home trade order book for large diameter mains with which we began the year diminished gradually and backlogs were overtaken. One or two good contracts were in prospect at the end of the year including that for 13,000 tons for the Daer, Lanarkshire, Water Board which we have since obtained.

In the first year of marketing rectangular hollow sections, sales have fully come up to our expectations and much valuable experience has been gained.

As was announced in June and again in October, the financial year was a most disappointing one for our trade with the Oil Industry. The tonnage despatched was 151,000 tons which was 41 per cent less than in the previous year. Bookings for supply during the first quarter of the financial year were higher than in the previous quarter but the improved trend was not maintained. There was a marked drop in new bookings in the second quarter of the financial year and our despatches were lower than in any quarter of the previous financial year. Bookings increased again during the third quarter and towards the end of the financial year there was a considerable improvement in our order book. This improvement, however, was due not to any overall increase in demand from the Oil Companies but rather to a few large orders which we received for special pipe line projects. The most important of these orders was from the Burmah Oil Company covering 32,000 tons of 16 in diameter line pipe required for shipment between September, 1959, and March, 1960. This pipe line will connect oil fields in Upper Assam to a refinery which will be built near Gauhati. HM Government's action in providing finance to the Government of India was of considerable assistance to us in obtaining this order.

Despatches for export to customers other than the Oil Industry amounted to a total of 232,000 tons—an increase of 25 per cent over the preceding year. Of this tonnage, 165,000 tons were Gas List tubes—an all-time record for our exports of this category, though prices in some cases were considerably lower than those of the previous year. Other categories showed small improvements except in the case of poles and water well casing

Boiler tube exports have improved and in most markets Electric Resistance Weld tubes are being more readily accepted in place of seamless.

Some good orders for seamless tubes were obtained from Russia. These will be of considerable assistance to us in filling our cold drawn seamless capacity in the first six months of the current financial year.

Overall, the tube works operated during the year at 79 per cent of capacity—the same rate as in the previous year, but there was a reduction in operations at those works manufacturing material for the Oil Industry. This resulted in a substantially reduced rate of working in relation to capacity in the steel works primarily concerned.

We increased our efforts to sell steel in other forms both at home and abroad. Our efforts for export met with considerable success, despatches amounting to 75,000 tons compared with 11,000 tons in the previous year. To obtain this volume of export business meant naturally that very low prices had to be quoted.

The reasons for the decrease in the trading profits of Stewarts and Lloyds Limited, as a manufacturing company, can be summarised as being, firstly, lack of occupation at tube works supplying the Oil Industry and consequent lack of occupation at the steel works concerned, and, secondly, lower prices for a large part of our export business, particularly for our steel exports. In addition, Stewarts and Lloyds Limited, and its subsidiaries at home absorbed increases in wages, salaries, railway freights and local authority rates without compensating increases in prices of the Companies' products.

(b) The Stanton Ironworks Company Limited

Despatches of spun iron pipes and iron castings in the home and export markets were at levels very similar to those of the previous year. Trading conditions at home were difficult: but a marked improvement in spun iron pipes business was experienced in the latter months. In face of severe world competition Stanton again maintained its relative position in export markets.

The demand for general concrete products developed satisfactorily. Despatches of prestressed concrete pipe for water service increased by almost 20 per cent.

The home demand for foundry pig iron showed little change and the requirements of steelmakers for basic pig iron from merchant sources were further reduced. In order to maintain activity at the blast furnaces at a level similar to that of the previous year, it was necessary to seek outlets for pig iron in export markets. This endeavour was markedly successful and overall despatches of foundry pig iron were more than 30 per cent higher than in the previous year.

(c) Tubewrights Limited

Development work on the use of tube for structural and general engineering purposes has continued unabated. The great variety of work undertaken included a 220 ft span Transit Shed for the Port of London Authority, together with Level-Luffing Cranes of completely tubular construction; multi-track Gantries for British Railways electrification schemes; and the first all-tubular Transmission Line Towers in Great Britain for the South of Scotland Electricity Board.

(d) Stewarts and Lloyds Plastics Limited

The turnover of our Plastics Company increased during the year. This was achieved owing to the high quality of our product and in the face of severe competition from other plastic tube makers. This business is still primarily limited to agricultural cold water supplies.

TRADING PROSPECTS FOR THE CURRENT YEAR

Home trade prospects for 1960 for general purpose tubes are better than they have been for some time. The growth of industrial production and the higher level of investment in building are contributing to an expansion of the economy and a consequent increase in the demand for tubes.

The Company is taking active steps to meet the requirements of the newer industries, such as nuclear power. The production of alloy steel and alloy steel tubes is being further developed and increased. Reference has been made in the press to the decision taken by Imperial Chemical Industries and ourselves to form a small company to manufacture all kinds of extended surface steel tubing largely required for nuclear power development.

Export trade demand for general purpose tubes is likely to remain strong at least for some months ahead.

So far as the Oil Industry is concerned, however, there is still doubt about prospects in the near future.

Stanton experienced a notable quickening in the tempo of business in the latter months of the financial year. This particularly affected spun iron pipes and general concrete products. The improvement has been maintained in the current year and the indications are sufficiently encouraging to lead us to expect improved trading in these products in 1960. There are also clear signs of revival in the ironfounding industry which has already brought about an improvement in foundry pig iron business.

OPERATIONS AND DEVELOPMENTS

(a) Ironstone

There was an increase of 5 per cent in the production of the Group which arose to 4,400,000 tons. The requirements of the Corby blast furnaces increased but elsewhere the demands were relatively low.

There are indications that the requirements of ironstone are likely to increase substantially over the next 10 years and our exploration work for the proving of our reserves is proceeding as rapidly as possible.

The new large walking dragline, which we are installing in our Cowthick Quarry, is nearly complete. During the past year a five-mile long aerial ropeway has been constructed to bring ore to Corby from a newly developed quarry at Rothwell.

Preparations are being made for the development of a new ironstone quarry at Great Oakley near Corby. The capacity will be 450,000 tons a year and a large walking dragline will be installed to remove the overburden, which rises to 100 ft thick. The quarry will be in production in 1964.

Our exploration jointly with The United Steel Companies Limited of the unproved reserves of the Northampton Sand Ironstone Bed in Rutland and South Lincolnshire has continued throughout the year. We have put down approximately 300 boreholes representing over 40,000 ft of drilling. The boring programme is practically complete and the area explored is now being assessed. As previously stated this exploration is being carried out at the request of the Iron and Steel Board to whom a full report will be presented during 1960.

(b) Blast Furnaces

Pig iron production from the blast furnaces at Corby, Bilston and Wellingboro' rose some 8 per cent above the previous year's output. This was in line with the increased activity in the steelmaking plants and rolling mills.

At Corby, the four blast furnaces were in commission throughout the year except for a few weeks, while one furnace was being relined.

Operation of the new sinter plant, to which I referred last year, improved steadily throughout the year with important benefits to blast furnace production. Consideration is being given to the possible installation of a further sinter plant. Development of the Coke Oven Plant is proceeding and the new battery of ovens and ancillaries are due to come into operation in the middle of 1961.

At Bilston, iron output had increased to 80 per cent of full capacity by the end of the year. Only one of the two furnaces at Wellingboro', however, was in blast.

At Stanton, the new ore preparation plant was commissioned during the year. This enables closer control to be maintained over the qualities of irons produced.

(c) Steel Works and Rolling Mills

The ingot steel production from the Company's Bilston, Corby and Clydesdale Works was 1,414,000 tons—some 90,000 more than in the previous year. This compares with the record production of 1,545,000 tons in the 1957 financial year.

At Corby, the application of oxygen to our Bessemer steelmaking processes has been carried out during the year on a limited scale with augmented external oxygen supplies. It is expected that there will be a greatly increased application of oxygen to steelmaking during the present year. The contractors who are building our tonnage oxygen plant have expended much effort in overcoming some technical faults and the equipment has been tested up to normal oxygen production levels. Indications are that tonnage oxygen will be available as required early this year.

We are now proceeding with the modernisation and extension of the 32 in. mill and the 24 in. continuous mill which completes the second stage of the rolling mill programme I referred to last year.

At Bilston, further improvements to the open hearth plant have been effected. Four existing tilting furnaces have been converted to the fixed type, and with oil-firing have given greatly improved performance and outputs. The new all-basic fixed furnace referred to last year has operated well and has confirmed the efficiency of the new design. Contracts have been placed for two additional new all-basic furnaces which are programmed to be in production by the middle of 1960.

The new rolling mill plant referred to last year comprising a 40 in. blooming and 2-stand 32 in. reversing bar mill commenced operations in the summer.

It is expected that the operation of our steelmaking plants, heavy rolling mills and strip mills will continue at a high level during 1960.

Looking to the longer term future consideration is being given to the further expansion in progressive stages of our primary iron and steelmaking capacity.

(d) Tube Works

The new Extrusion Plant at our Prothero Works, Wednesbury, for the manufacture of small diameter seamless tubes was brought into operation last July. This will be a useful addition to our range of modern tubemaking processes.

Progress is being made with the installation of the Electric Resistance Weld Plant at Shotton, for the manufacture of steel tubes up to 16 in. diameter. In view of the continued low demand from the Oil Companies, we retarded the rate of spending on this plant, and the scheme is now scheduled for completion towards the end of this year.

The plant and equipment for the manufacture of Extreme Line Casing, Special Casing Joints, and Drill Pipe at Clydesdale Works, is well advanced and operations are planned to commence in a few months.

During the past year, we established a Pipework Engineering Division for the control and manufacture of all forms of high and low pressure pipework. This is an important trade and a separate organisation was considered essential to meet the demand and provide the necessary services associated with this class of work. I am confident that our customers for pipework will benefit from this step.

(e) Stanton Pipe Plant and Foundries

At Stanton, plant is now in operation which extends the size range of spun iron pipes to 48 in. diameter.

Development work for the manufacture of spun pipes and castings in ductile work is now well advanced.

OVERSEAS COMPANIES

South Africa and Central African Federation

The turnover of the Stewarts and Lloyds of South Africa Group during the year under review was £14.2 million as compared with £13.6 million in the previous year.

During the early part of the financial year the Vereeniging Tube Works was affected by the recession in general trade to which I referred last year. However, during the second half of the year the tube order book improved and production was higher during the year under review than in the previous year.

The tubular structures department at Vereeniging was likewise affected in the early part of the year but the position improved during the latter half and this department now has a healthy order book for the beginning of the current year.

There is no visible improvement in conditions in the Central African Federation. The trade recession which occurred there some eighteen months ago continued until the spring of this year when demand increased slightly but competition at the same time became very severe. Production at the Que Que Works of the South African Company's subsidiary has still been much curtailed with the result that this Works failed to make a profit.

Australia

The Tubemakers of Australia Limited Group of Companies had another successful year. Production, despatches and profits were all rather higher than in the previous year. Steel used in tubemaking amounted to 295,000 tons and despatches of finished products to £A37 million. Despatches for export expanded and represented 14 per cent of the total despatches.

In line with the increase in the price of wool, the general level of prosperity in Australia improved. The new financial year has made a promising start.

New Zealand

The New Zealand Company has had another year of profitable trading. An increased tonnage of steel products was handled. Owing to lower prices, however, turnover in terms of value was approximately the same as in the previous year. Some relaxation has been made on import licences for 1960 and this should result in freer trading. The demand for steel products is being well maintained.

India

The Indian Tube Company (1953) Limited

As expected, there was an increase in despatches of tubes made on the Continuous Weld Plant to a figure of 65,000 tons, an increase of 31 per cent over the previous year.

Following an improvement in the supply of hot rolled strip production of cold rolled strip and Electric Resistance Weld tubes improved considerably.

The Seamless Tube Plant and the Pole Plant went into production during the year.

Demand for the Company's products continues to increase.

Stewarts and Lloyds of India, Private Limited

This Company is entirely concerned with the fabrication and erection of pressure pipework and structures and total despatches showed a moderate increase over those of the previous year.

The order book is satisfactory, negotiations for several large pipework contracts are in hand and the demand for tubular structures continues to increase.

Canada

Our Canadian trading Companies have had another successful year. There has been increased competition in Canada from Japanese and other European makers which has resulted in slightly reduced prices. Nevertheless total sales have, in general, been maintained.

Ireland

The Irish Company had a good trading year with an increased turnover.

The Irish Government's efforts to encourage industrialisation in the Republic have led to an increased demand for fabricated products. An extension to our facilities for dealing with this trade is in hand.

THE BOARD

Mr N. C. Macdiarmid, who is Managing Director of The Stanton Ironworks Company, Limited, has been appointed to the Board.

EMPLOYEES

It becomes increasingly difficult to pay adequate tribute to the work of the Company's employees. Last year, unfortunately, I had to report that some employees had been laid off and that others were on short-time working. I am very happy to report, this year, that the order book position is providing fuller employment.

One hundred years have now elapsed since the original Stewarts business and Lloyds business started independently operating in Scotland and England. There are many men serving the Company today whose ancestors, four or five generations ago, were employed in those early days.

As a Company we pride ourselves very much on the long-service tradition of our employees, and much of our success has been due to the loyalty and skill of our people over these 100 years.

There is no evidence at all to suggest that this spirit is not still maintained in the very much enlarged group of which we are now composed; but, as I have always maintained,

this most important attribute would certainly wither under the cold hand of State-ownership. The Directors of the Company feel sure that they have the support of Shareholders in thanking all employees for the notable part which they have played through these years, and which they are continuing to play in the expansion of the Company in all its activities.

NATIONALISATION

The decision of the electorate on October 8 has removed the threat of nationalisation from the Steel Industry, at any rate for the time being. I propose to refer to this matter more fully in my address at the Annual General Meeting.

THE ROYAL BANK OF CANADA

RECENT EXPERIENCE CONTAINS LESSONS FOR COMBATING FUTURE BOOMS AND SLUMPS

DEFECTS IN MONETARY MECHANISM HAMPER CENTRAL BANK CREDIT CONTROL

AGGRESSIVE LEADERSHIP NEEDED TO MAINTAIN TRADE POSITION, SAYS MR JAMES MUIR

The Ninety-first Annual General Meeting of Shareholders of The Royal Bank of Canada was held on January 14th at the Head Office in Montreal. Mr James Muir, Chairman and President, reviewing Canadian economic and financial trends in the preceding twelve months, said that it is not commonly recognised that the chartered banks have given a demonstration of timely and effective support of the current anti-inflationary monetary policy in Canada.

LESSONS TO BE LEARNED

Reviewing the decisions and actions taken by monetary authorities during the recent credit "freeze and thaw" period in Canada, Mr Muir said: Before indulging unduly in self-congratulation, it may be well to reflect on some lessons which recent experience holds for the monetary authorities and for the chartered banks in combating future booms and slumps.

The first lesson is that there is need for improved communication between the Bank of Canada and the chartered banks. Of course, communication must be a two-way street. I have long deplored the passing of bank rate in Canada from the realm of communication in this sense to a mere shadow, floating ¼ per cent above the market rate for three month Treasury bills. However, we must respect the Bank of Canada's evident determination to avoid even the possibility of a modest departure from the collective judgment of the free market. Fortunately, the chartered banks are not yet reduced to the interpreting of obscure signs and portents of the reading of entrails to divine Bank of Canada policy; although a cynic might suggest that we have progressed very little beyond the plight of the noble savage watching as in olden times for the occasional smoke signal from the haughty Ottawas. However, in recent months, the Bank of Canada, through its Governor, has in a number of public statements offered some hopeful alternatives. We are assured, for example, that the money supply will probably rise "modestly" in recession, stay relatively constant in recovery and boom times, and rarely, if ever, fall. In our present situation, for example, this should mean that the current ease in chartered bank cash will not promote a "sucking-up" of the excess, since that would mean a significant reduction in the money supply.

Now for the second lesson. Regardless of the clarity of communication itself, there is still some ambiguity in the data communicated. I shall consider only the most important example: the money supply. Through its control of chartered bank cash reserves, the Bank of Canada controls the money supply, allowing of course for any lags in chartered bank adjustment. There are, I believe, two major ambiguities in our concept of the money supply.

AMBIGUITIES IN MONEY SUPPLY CONCEPT

The first ambiguity is that the money supply as generally defined omits credit created by other than the chartered banks. For example, it omits credit created by Finance Companies, Caisses Populaires in Quebec, Credit Unions and Provincial Savings Offices in other Provinces, Trust Companies doing a deposit business, and all varieties of department store charge accounts.

The implication of this ambiguity for policy is simply this, that monetary control is inhibited and may at times be ineffective, as well as inequitable, in controlling the money supply in this broader sense. Rather than extend the range of specific government regulation, it might be worth while to require that these lenders (who, in effect, do a banking business so far as the total supply of money and credit is concerned) should, like the chartered banks, be subject to appropriate cash, or other, reserve requirements.

The second ambiguity in our concept of the money supply concerns that well-known but elusive factor, the "velocity of circulation." Clearly the inflationary potential of any given money supply depends not only on the money supply as such but also on its activity; that is, its velocity of circulation. Our mechanism of monetary control is defective in that it ignores the velocity dimension, and this defect forces us to resort to rough-and-ready, trial-and-error expedients by way of correction. Monetary control would be greatly improved if we could devise a practical formula for reserves against deposits that would take account of changes in the velocity of circulation.

LENDING RATES SHOULD REFLECT MARKET RATE CHANGES

The third lesson of recent experience is that the course of monetary control would run much smoother if the chartered banks were enabled always to implement Bank of Canada policy by allowing their lending rates to reflect changes in market rates, or under the present rate-fixing system, changes in bank rate. Surely, the chartered banks should not be forced to remain "out of line" with the market and forced therefore to resort to the clumsy devices of credit rationing.

There would be no "tight money" if the price were right: instead, those willing to pay interest at current market rates would get the funds, those unwilling to pay these rates would postpone expansion until the price of funds became more favourable. Thus instead of rule-of-thumb rationing, banks would be enabled, like other lenders, to allocate funds in accordance with the priorities established by the price system in the market for credit.

CANADIAN TRADE POLICY

Referring to the forthcoming meeting of the member nations of the General Agreement on Tariffs and Trade (or Gatt) in September, Mr Muir said:

It is paradoxical, but nonetheless true, that the economic renaissance in Europe seems now to pose some kind of threat to our increasingly easy North American way of life. Meanwhile, prosperity and increased efficiency have made European nations more receptive to freer trade, including the reduction or removal of war and postwar exchange controls. European developments have also been directed inward, towards greater economic integration, as illustrated by the European Common Market or the "inner six," and the European Free Trade Area, or the "outer seven" of which Great Britain is a member.

In spite of, or better perhaps, because of Canada's obvious interest in the greatest possible degree of multilateralism, she cannot ignore the new "trading clubs," or the possibility that Nato may form the basis for further economic integration on a much broader scale. The present conciliatory attitude of the Europeans provides an opportunity for bold action to turn the new developments into means to freer trade on a broader basis for the benefit of all members of Gatt.

At the same time Canada in particular must pay attention to recent developments in Latin America. Current moves to form a Latin American common market and a regional trading group in Central America may pose additional problems: but they also create opportunities.

In general then the new "trading clubs" in Europe and Latin America should be accepted as a challenge and an opportunity to negotiate for the further expansion of world trade. Even the aggressive tactics of trading-block countries in Russia's orbit, and the fantastic growth of Japan as a foreign trader, have their brighter side in a growing market for our exports. It cannot be emphasised too strongly that the removal of trade and exchange-control curbs in Europe and the slow awakening of Russia and the Far East mean the creation of new and exciting opportunities to exploit entirely new postwar markets.

LOANS INCREASE DESPITE RESTRICTIONS

K. M. Sedgewick, General Manager, reported that due to heightened business activity, loans in all categories and sizes were in strong demand throughout the year and despite the necessity of adopting restrictive measures from time to time, a sizeable increase had taken place in this department of the bank's business. Referring to the Royal Bank's extensive system of branches in the Caribbean area and South America, Mr Sedgewick mentioned that seven new offices had been added to the bank's overseas system during the year. "Our Managers are fluent in the language and well versed with local conditions and customs," said Mr Sedgewick. "We are well equipped to assist exporters and invite those who have a real interest in new trading opportunities to come to us and enlist our aid."

DISTRICT BANK

LIMITED

ESTD. 1829

CHAIRMAN'S STATEMENT

The Chairman, Sir Thomas D. Barlow, GBE, has circulated, with the report and accounts, the following statement to the shareholders of District Bank Ltd., prior to the

130th Annual General Meeting

to be held on Friday, the 12th February, 1960, at the Head Office, Spring Gardens, Manchester :—

It is with regret that I have to record the death of Sir Walker Shepherd last February. He had been a Director since 1947 and we miss the benefit of his wide experience and practical advice.

During the year we have had pleasure in welcoming to the Board Mr R. G. Soothill who is well known in industrial and commercial circles. His intimate knowledge of business affairs will be of great value to the Bank.

Amongst changes in the Bank's principal executive officers I have to report the retirement on pension of Mr Frank Stott, a Joint General Manager. I should like to take this opportunity of wishing him much happiness in the future. Mr S. H. Coomer, previously an Assistant General Manager, has been appointed a Joint General Manager.

THE YEAR'S ACCOUNTS

On reference to the accompanying Balance Sheet it will be seen that we have considerably strengthened our Capital and Reserve structure. The combined figure amounts to £10,750,000 and does, I think, provide a substantial basis for the Bank's steadily growing activities.

Current, Deposit and other Accounts, which have been running at a high level throughout most of the year, now stand at £268 million and exceed last year's figure by £13 million. The upward movement, reflecting as it does the general trend of banking figures, is closely associated with the marked expansion in trade.

Not surprisingly the larger resources and the increased tempo of business have been responsible for important variations in the composition of our assets. Cash, Money at call and short notice, Treasury Bills and Bills of Exchange are higher in total and in proportion to our deposit liabilities than they were at the end of 1958.

On the other hand Investments are reduced by nearly £13 million. This decline has been brought about by the need to make provision for the increased accommodation required by customers. All our holdings of British Government Securities are repayable at fixed dates and appear in the Balance Sheet below their market value. In the course of the year we added to our substantial holding in the Astley Industrial Trust Ltd., when a rights issue was made to shareholders. We have been happy to play a part in helping the company to extend still further its activities.

Advances have continued to mount steadily throughout the year and, at £107 million, have reached the highest figure we have yet recorded. The greater part of the expansion is, of course, accounted for by the increased requirements of customers engaged in industry, commerce and agriculture. Private and professional customers have also been borrowing more during the year, and to the high level of their overdrafts have been added the less conventional unsecured "personal loans"—a type of lending which is proving helpful to many people and exceedingly popular.

AN EXTENDED RANGE OF SERVICES

That our resources are now more fully employed in providing both business and personal finance is most satisfactory. But no less pleasing is the steady growth in the number of our customers. Since this all-round expansion has taken place during the first full year in which the banks have had complete freedom from the financial controls that for two decades have proved so hampering to progress, it would seem that the public have been quick to recognise and take advantage of the extended range of our services. The fact that we have been making exceptional headway at a time when earned incomes have reached a level which permits greater scope for saving also appears to

impiy that the additional facilities we now offer are sufficiently attractive to induce more people in receipt of wages and salaries to acquire the banking habit.

One of the services which is being increasingly used by those who are earning more than hitherto is that provided by our Foreign Department for overseas travel. But apart from this aspect of their work, the Department have been progressively busier as the volume of overseas trade has mounted. Providing wider scope for their operations has been the greater freedom for international exchange dealings. No less welcome is the lightening of unremunerative work consequent upon the further relaxation of exchange control regulations.

It is again pleasing to report that our Trustee business continues to grow. The Department's specialised services are being fully utilised and more new Trusts have been undertaken during 1959 than in any previous year.

The responsibilities of any Trustee are often onerous, and not the least of his many problems is to maintain a well-balanced portfolio of investments carefully chosen to suit the particular needs of the Trust. His choice must be governed by the investment powers vested in him, and for many years it has been our policy to recommend Testators and Settlors to give to the Bank, as their Trustee, the widest possible powers to enable investment policy to keep in step with changing monetary conditions. If the Government's present proposals to widen the Statutory investment powers of Trustees are put into effect they may be of assistance to Trusts where the choice of investment has hitherto been severely restricted by the Trustee Act, 1925.

Whilst the expansion of our business primarily depends on the efficiency of our banking services, the extension of the area of our activities is also a vital factor. Last year we opened branches at Newport, Taunton, Cannock, Milford Haven, Portsmouth and Curzon Street, London, and plans are well advanced for other new offices, the first of which will be opened at Guildford within the next few weeks. As in previous years the increase in the figure for Bank Property is explained by the purchase of properties and by the re-building and extension of some of our existing premises.

Understandably the growth of the Bank and the additional services provided have necessitated some acceleration in the recruitment of staff. We have also extended our training facilities, so that the younger members may have every opportunity of fitting themselves for the managerial and other responsible posts which are likely to be available at a relatively early age to those with the necessary qualifications. The increasingly important part now being played by our women staff is reflected in the appointment, last year, of our first woman official.

PROFIT AND DIVIDENDS

Larger resources, a higher level of Advances and an increased activity in turnover have helped to swell earnings. On the other hand we have had to meet heavier expenses due to higher salaries and the growing cost of maintaining our properties. After the usual provisions have been made, Net Profit at £863,898 is £125,701 higher than that of the previous year and, with the amount brought forward, the disposable balance is £1,215,687. Of this sum we propose to transfer £217,189 to Reserve Fund. After allowing for this allocation and for a final dividend on the larger capital of 7 per cent which, as forecast, we are recommending, there remains £533,595 to be carried forward to the 1960 account.

The good results which have been achieved are an indication of the keenness and efficiency of those in our employ. Looking back on the past year of expansion and innovation, I realise anew what effort and co-operation have been required of both management and staff to provide the efficient and up-to-date service which it is our pride as a Bank to offer, and I should like to take this opportunity of thanking everyone most sincerely for all that they have done.

ASPECTS OF WORLD RECOVERY

The inevitable economic instability and political tension of the postwar years have at last given place to conditions which justify more confidence in the future. Progress during the past few months has been marked by a gratifying expansion in world trade, but no less encouraging is the increase in international liquidity. The substantial redistribution of gold and foreign exchange holdings which has occurred and the recently increased quotas of member countries to the International Monetary Fund have provided not only sufficient finance to support the recovery we have so far experienced but also a margin for an even higher level of international trade. Giving further strength to expansion is the greater financial stability which has been achieved in many countries. Adherence to sounder policies is already enabling the largest part of the world's commerce to be conducted in convertible currencies and as a consequence there are now fewer artificial barriers to trade and payments.

Of considerable significance is the freer movement of capital between countries. The increased flow has already helped to raise the over-all level of trade. From now on however, it seems likely that the employment of such funds for the betterment of less developed areas will, as much as anything else, determine the pace of world economic expansion. That being so, it is reassuring to see how energetically various powerful international institutions are providing needy countries with finance. To assume from this development, however, that all is now plain sailing would be to disregard a shift of responsibility which is taking place in the field of investment.

The United States, who so far has provided most of the help for an impoverished world, is now finding it necessary, because of her own economic problems, to review her foreign loan commitments. Although any limitation of her assistance would be bound to have its effect on the international capital market, there may be no occasion for immediate anxiety since economic and financial recovery has gone far enough to permit some of the other countries to pursue good creditor policies more vigorously than hitherto. Admittedly a reasonable degree of caution is to be expected. Unwillingness to lend, however, seems improbable because of the growing realisation amongst countries with available resources that overseas investment creates expanding markets for their products. These are early days to say whether the attempt to internationalise the flow of money from capital exporting countries will be successful, but it seems to me that a knowledge of what financial assistance can do for lenders as well as borrowers might reasonably encourage such co-operation.

In broad outline, therefore, conditions appear well suited to an uninterrupted increase in international trade. At the present time it can at least be said that recovery in Western Europe and in other parts of the world is solidly based. Looking further ahead, expansion seems likely to be limited to the leading manufacturing countries: still later, by reason of increased purchases of food and raw materials, the primary producing countries in their turn may give an additional impetus to trade.

Promising as this appears, there are, nevertheless, signs of inflationary pressures. With many industries working at full stretch and a growing scarcity of labour, some countries are threatened by wage increases which are not matched by higher productivity. In these circumstances the task of maintaining internal stability as well as a reasonable rate of economic progress might soon become exceedingly difficult.

EXPANSION WITH STABILITY AT HOME

The favourable conditions prevalent abroad last year have without doubt contributed to the speed and extent of recovery at home. Since early Autumn progress in this country has been impressive, especially as so far we have been able to combine expansion with stability. Underlying this resurgence of economic strength are rising production, buoyant exports, falling unemployment, steadiness of prices and wage rates, a highly satisfactory level of personal savings, and in National Savings a gratifying increase which is helping to bridge the gap between the Government's spending and its revenue.

Particularly reassuring indications of our economic strength are, I think, the facts that employment has not risen as much as the level of production and that productivity has outstripped increases in wages. It follows that not only has much of the additional production come from an increase in output per man but that labour costs per unit of output have fallen. Expansion has thus been kept well within the bounds of our productive capacity, and, since incomes and productivity have been brought nearer together, a higher standard of living is becoming an actuality. These achievements might to some extent have been expected having regard to the reserves of capacity which industrial investment has built up in recent years. Moreover the beneficial effects of these reserves are not exhausted, for we are left with a margin which permits further expansion and also ensures lower unit costs of production as output increases. From this it would seem that the country is now better prepared than

at any other time during the post-war years for a big step forward.

HOW MUCH MORE MOMENTUM?

What then are the prospects of making a further advance? One very important factor is that our gold and currency reserves have improved so much that expansion can proceed more freely. Their strength was partly derived from an encouraging recovery in exports, and partly from an unexpectedly slow rise in the cost and volume of imports due to the continuance of favourable terms of trade and industry's reluctance to increase stocks. The real growth in our reserves has, however, been disguised by substantial repayments of short and medium-term debts. Yet neither the strain of these transactions nor the gradual move towards convertibility has weakened the resilience of sterling. For an explanation of this resistance to pressures it is necessary to look further than Britain's gains to the improved position of the overseas sterling countries. The recovery in the demand for their commodities has played a significant part in that the increased foreign exchange earnings have helped to swell the central reserves.

Despite this expansion, however, reserves are still barely large enough to deal with severe runs on the pound in respect of current operations. Since they have been inflated by past speculative moves against the dollar, its restoration to favour may be expected to reverse the tide. Other adverse influences are the keener competition our exports will have to meet in overseas markets, and the burden of rising imports, possibly at higher prices as trade continues to improve. In addition to these strains are the heavy commitments which have to be faced this year for capital investment overseas.

Clearly, our position, though strong, is far from impregnable. But, if we rule out an unexpected downward swing of fortune, any serious deterioration would, it seems to me, only arise if we experienced all at the same time pressing demands for consumer goods, capital goods and exports.

Whether or not there could be such a confluence of activities can be but a matter of conjecture at this stage. On the one hand are signs which point to only moderate expansion. Output is certainly rising, but industry as a whole is still not working to capacity nor showing much inclination to build up stocks or hoard manpower. Although consumer spending is high, the rate of its growth appears to be slowing down and investment intentions do not as yet suggest an early upsurge of capital expenditure. There could therefore be an interval between some slackening in the activity of the consumer goods industries and the expected expansion in the capital goods industries. Exports have been encouraging, but so narrow is their basis that they would suffer a sharp reverse if North American markets were to deteriorate. European trade, too, may present us with difficulties owing to the formation of the Common Market.

On the other hand it is easy to find signs of vigorous expansion. Already some industries are working at full strength and there are indications of overloading, shortages and bottlenecks. Labour, too, is in short supply in certain areas. Although incomes are growing less fast than hitherto, their increase is going to add to an existing high level of consumer spending. And since this demand would be spurring on the output of consumer goods just when greater need for productive capacity was stimulating capital expenditure, the whole economy might become overexuberant. Nor should it be assumed that there will be an easing of the situation through a marked decline in exports. Even if less were taken by North American and Common Market countries, there is a reasonable chance that the Sterling Area will provide a better outlet than of late, to say nothing of the opportunities which may be presented by the newly formed European Free Trade Association.

THE TASK AHEAD

It would seem from these conflicting possibilities that, although there are still reserves of certain kinds of capacity, the economy has reached a point where it could develop the old familiar trouble of excess demand. It could be materially weakened by rising world interest rates, a widening of the trade gap or irresponsible wage agreements. Since such developments would leave economic policy with little margin of safety, bigger demands would be made on the skill of the policy makers. Fortunately their task would be eased by having available so informative a Report as that recently presented by the Radcliffe Committee on the working of our monetary system. By their comprehensive survey of the financial mechanism and clarification of much that was previously obscure, the Committee has performed an inestimable service. However, without wishing to underestimate what has been achieved, I do find it disconcerting that so many people can discover within the Report support for their widely differing theories on monetary matters. Also, whilst it is invaluable to have a critical assessment of the correctives used in the past and advice on how to put things right when they have gone wrong, it would have been helpful to have had more guidance on how to maintain our present steady progress without recreating inflation.

Although the outlook is so much brighter than it was twelve months ago, it would, in view of the spectacular post-war recovery and industrial development in such countries as Germany, France and Italy, be unwise to become complacent. Nor should we allow ourselves to be so preoccupied with the increasing output of motor cars, consumer durables and luxury goods that we disregard the less happy conditions prevailing in our coal, aircraft-construction and shipbuilding industries. Clearly, despite creditable progress, our economy requires more toning up. Indeed our pressing problem is still, as I said twelve months ago, the reconciliation of high investment and expansion with stable prices and freedom from inflation. From the headway made last year it is evident that success lies in flexible monetary and vigorous economic policies. Given a judicious application of these, I feel confident that we shall make our prosperity more secure.

RECOVERY IN TEXTILES

As always you will expect me to say something about textiles. For the cotton trade, last year was one of the most momentous in its history. Not only was a ceiling agreed with India and Pakistan regarding their exports for retention in our home market, but the Government introduced reorganisation schemes for the spinning, weaving and doubling sections of the industry with the object of cutting out most of the dead wood and opening up the way for extensive programmes of re-equipment. It was fortuitous that these developments took place at a time when the world-wide revival in textiles was, in itself, sufficient to cause substantial increases in prices and a lengthening of order books. Two other factors however contributed to the improvement in trading conditions here—the fine summer and the remarkable response to the redundancy schemes.

To the extent that a good deal of buying of all kinds of textiles has been for restocking, the upturn in demand can only be temporary: indeed there may yet be some reaction to such buying if it has been overdone. Meanwhile demand for both yarn and cloth has been taken up to so high a level as to warrant, in my opinion, a word of warning. On the other hand retail sales, so important to the fortunes of the trade, have been satisfactory and the favourable trend may well continue. The rising level of personal incomes implies still more purchasing power for the home market. That alone is a hopeful sign for textiles, but promise of something more might be gleaned from the public's growing tendency to switch spending from consumer durables to such things as clothing and household textiles. Soft furnishings should also benefit from a continuance of high activity in house building.

With so much to encourage them, it is to be hoped that the textile industries will seize the opportunities that are presented to strengthen their position. Profit margins have certainly been brought closer to an economic level but, having regard to growing world-wide competition in textiles, future earning capacity will increasingly depend upon the effective use of up-to-date equipment. To this end modernisation and improved techniques are making an important contribution, but, as I have repeatedly pointed out, so costly is new machinery that it cannot be profitably employed unless there is general acceptance of multi-shift working.

* * *

I should like to conclude on a personal note. As I have decided that the time has arrived when I should ask the Board to appoint my successor as Chairman, this is the last occasion on which I shall have the privilege of addressing an annual Statement to the shareholders. I therefore desire to take this opportunity of thanking you for the confidence and support you have consistently accorded to me during the thirteen years I have held that office. Since 1922, when I became a Director, I have watched the Bank go from strength to strength and can assure you that I shall follow its future progress with the greatest interest.

MIDLAND BANK LIMITED



Marked growth in range and volume of business

Viscount Monckton of Brenchley on the Radcliffe Report

The One Hundred and Twenty-fourth Annual General Meeting of Midland Bank Limited will be held on February 12th at the Head Office, Poultry, London, EC2.

The following are extracts from the statement by The Right Honourable The Viscount Monckton of Brenchley, PC, KCMG, KCVO, MC, QC, the chairman, on the report of the directors and accounts for the year to December 31, 1959:

It is good to be able to look back upon a year in which strong recovery took place from a prolonged hesitancy in the process of economic expansion. The opportunity presented by our success in overseas trade, a healthy balance of payments and an improvement of our international monetary position has been taken to move further towards liberation from controls imposed during the war and retained for the protection of our currency. In striking contrast to earlier postwar history, a year which has brought added strength to the pound sterling has witnessed also a weakening of the international position of the dollar. The whole world should welcome and draw confidence from the fact that the "dollar gap" has been closed and the dollar is no longer a "scarce currency." With international trading and monetary relations put on a more rational basis, the United States has become far more sensitive than for many years past to the influence of economic affairs and developments in other parts of the world. In day-to-day economic relations the western world is more closely interlocked than at any time since the early 'thirties; a higher degree of mutual sensitivity has been established.

REPORT OF THE RADCLIFFE COMMITTEE

The Radcliffe report is important for a number of reasons, not least for the up-to-date and well-documented description it contains of the financial system. It is important also for the practical proposals it puts forward: on some of these the Government has given its decision; on some, official judgment has been reserved; and on some, again, action has been taken by the institutions directly concerned. Many of its proposals do not lend themselves to public announcement, at any point of time, of formal decisions on constitutional or procedural matters. I have in mind, for instance, the broad principles of policy and operation suggested by the Committee which, if adopted, will become effective in day-to-day transactions undertaken by the authorities in the money market and the market for Government securities. Proposals of this kind, so far as they came to be absorbed into the continuous operation of the system, might prove to have far greater significance than the recommendations on which formal pronouncements were or are required.

MONEY SUPPLY AND LIQUIDITY

The replacement of money supply by the "whole liquidity position" as the guide to and vehicle of policy—as suggested by the Committee—is not a revolutionary change; in practice, monetary policy has been moving in that direction for some time past. What is new is the explicit formulation of the idea and the advocacy of its full acceptance, with all its implications, by the monetary authorities. Monetary authorities, particularly in this country, are not given to open acceptance of theoretical dogma; but adoption by the authorities of the Committee's proposals in policy and in day-to-day operation would carry with it acceptance also of the shift of emphasis.

By the post-war period, monetary policy had come to be directed to a series of purposes associated with newly-accepted responsibilities of Government. Accordingly it had become in itself much more complex and more wide-ranging in forms of action. It had to note and act upon factors additional to the money supply—factors like the flow of incomes after tax, the size of the overall budget deficit, the scale of private and public capital expenditure, and the demands likely to be made upon new savings and the supply of bank credit.

IMPLICATIONS OF SHIFT OF IDEAS

The concept of liquidity being itself far from simple, and the action it entails being more complex and more subtle than that which follows from a more readily measurable test, the task of expounding and explaining policy will be correspondingly more difficult. Certainly, if policy is to carry conviction and to win and retain general support, it will call for much wider understanding of monetary issues and processes than obtains today. We ought, I believe, to recognise that bankers can help in this process—and not only by striving to present, through their official channels, a clear and objective explanation of what they are doing and why. On a much broader front and in a variety of ways they can help the public to understand at least the basic elements of monetary policy and action. I am glad to think that the Institute of Bankers, which I have had the honour to serve as President for nearly two years past, has a part to play in this process.

THE MIDLAND BANK

Some readers of this Statement may have noticed in *The Times* of August 4th last an analysis of shareholdings in this Bank, based upon data extracted at the beginning of 1959. This showed that, out of about 64,700 separate holdings, 56,300 were registered in the names of individuals (divided in the proportion of nearly two to one between female and male) and 6,300 in joint private names. Well over nine-tenths of all these holdings were of 500 shares or less, that is to say £500 of nominal value or rather more than £2,000-worth at the then market price. Indeed, almost one-quarter of the holdings were of up to fifty shares only. In numbers, then, personal shareholders were overwhelmingly preponderant. The major element among corporate holders consisted of nominee companies. Personal shareholdings made up probably three-quarters of the number of shares issued and paid up, only one-quarter being accounted for by nominee companies, pension funds, insurance companies, unit trusts and all other corporate investors. Thus, despite the general trend in this country's company structure towards corporate investment, we are still, in terms of ownership, a company of comparatively small, personal investors. Incidentally, apart from the large proportion of them having addresses in the London area, the big concentrations of personal shareholders are to be found in the north of England. In recognition of the importance of the small shareholder we have decided to do away with the half-crown fee which, for longer than anyone can remember, has been payable upon each transfer of shares on our register.

GROWTH OF BANK'S BUSINESS

After sixteen months, the number of personal loans and the aggregate amount outstanding on them are continuing to rise steadily; indeed, the number of loans current is well over three times as large as a year ago. Personal cheque account facilities have brought tens of thousands of new customers to the Bank, with several millions of pounds to their credit. The number of customers' accounts of all kinds has risen by fourteen per cent over the past sixteen months, as compared with 5½ per cent over the preceding thirty-two months. The largest components of the recent increase have been personal loan accounts and ordinary current accounts.

Following upon study of proposals put forward by the Radcliffe Committee, two services adapted to special needs were introduced last autumn. First, many farmer-customers have long since learned to look to us for continuing finance; but to give added reassurance we announced that in approved cases and for capital purposes we would be prepared to grant loans, to be repaid by annual reductions over a term of years, which would be subject to recall on demand only if it were to become evident that the farmer's business itself was in jeopardy. The result of publicising our services has been seen in a remarkable increase in the number of farming accounts with us and in the volume of our lending to the industry, both under the new heading and within the category of conventional advances.

Secondly, in line with another Radcliffe suggestion, we decided to institute a system of "term loans"—that is loans of fixed amounts, repayable by regular instalments over periods of up to ten years—for the development of small businesses; and special facilities of this kind have now been made available. An encouraging number of loans has already been made, for sums ranging from £600 to £12,000, and from our study of the purposes in view we are satisfied that a real need is being met by the new facilities.

The rise in advances over the year by £149 m., or by nearly one-third, has been met chiefly by an increase of £118 m. in deposits. For the rest, room has been made for increased borrowing demands by a reduction in our holding of Government securities by £86 m. The cutting down of investments in order to meet a rising demand for advances is occasionally commented upon as if there were something abnormal and faintly reprehensible about the process. In fact, it is a long-established and well-recognised factor of elasticity in a modern banking system which has been authoritatively regarded—most recently by the Radcliffe Committee—as an ordinary and predictable accompaniment of a sharp increase in lending.

MECHANISATION IN BANKING

Recently the last hand-posting branch in our system was equipped with the standard machines for posting ledgers and preparing customers' current account statements. In order to lessen the manual task of machine operators, we are now experimenting with ledger-posting machines that substantially enlarge the scope of automatic operation. Then, too, a great deal of research work has been carried out on methods for the automatic sorting of cheques and other vouchers and on the possibilities of high-speed computers.

Having completed the first phase—the mechanisation of book-keeping along conventional lines—we have entered upon an intermediate stage, with further reliance upon machines, looking towards more or less completely automatic systems based on the latest electronic developments. For such tasks as cheque clearing, the automatic sorting and listing of items by electronic machines is likely to be of considerable advantage to the banking system, and indeed to the book-keeping of the country's business considered as a whole. In the work of a bank with a large number of branches greatly varying in size, further mechanisation in its developing forms will need to be adjusted to local requirements. In applying the range of methods we must have always in mind the need to ensure that the system chosen for a particular branch or job is economical and efficient and avoids inconvenience for customers or diminution in security.

There is every inducement to press on with these developments, since without them the growth of business would indeed be difficult to absorb. The expanding trend springs from two factors: first, the widening range of banking service as more and more people come to realise the value, in terms of security and convenience, of a bank account; and secondly, the extension of facilities in forms which tend to widen still further the range of banker-customer relations. We welcome this trend and are resolved to do everything we can to go along with it.

Nevertheless, no one with any experience of working under conditions of relentlessly expanding demand will be unaware of the pressure it exerts upon existing resources of manpower and equipment. In equipment our main concern is with premises, and, as I indicated a year ago, we are engaged on an active programme of branch extension and improvement. Manpower presents a human problem—one of a very different order from that of bricks and mortar, counterspace and proper amenities for customers and staff. We are well aware of the strain that has been put upon our managers and staff by the rate of growth of the business. Banking is a highly skilled occupation, and the easing of the strain calls for much more than the recruitment of additional "hands." It requires training at various levels and selection stage by stage, and this cannot be done in a hurry.

I want now to express my personal appreciation, and that of the Board and Management, of the splendid way in which managers and staff have responded to the demands made upon them. In recognition of this we have introduced a more formalized and greatly improved scale of payment for over-time work. But apart from this measure, I can assure the staff that everything possible is being done to provide assistance through enlargement of staff wherever the need is established, and particularly where it is most urgent. We are extremely fortunate in the quality and good will of our staff; we are determined to maintain that indispensable condition of the future growth and prosperity of the Bank.

WESTMINSTER BANK LIMITED

PERIOD OF STEADY EXPANSION AND DEVELOPMENT

SUBSTANTIAL AMOUNT OF NEW BUSINESS

SERVICES TO WAGE-EARNERS

NOTABLE STABILITY OF RETAIL PRICES

LORD ALDENHAM ON THE ENCOURAGING ECONOMIC OUTLOOK

The annual general meeting of Westminster Bank Limited will be held on February 10th at the Head Office, 41 Lothbury, London, E.C.

The following is the statement by the chairman, the Right Honourable Lord Aldenham, circulated with the report and accounts for the year ending December 31, 1959:

You will see from the formal Report of the Directors that our profit after tax for the year was £2,506,101, some £436,000 higher than in 1958. This increase reflects not only an improvement in trading experience but also the beneficial effect of the reduction in the rate of income tax which came into operation in 1959.

Against this background, we have felt able to pay a final dividend of 1s. 2d. per share on the "B" shares. That is to say 2d. per share more than forecast last June when we announced our proposals, subsequently approved by the Shareholders, concerning the increase in Capital outlined in the formal Report.

We have allocated £1 million to Published Reserve and after this allocation and the allowance for the increased distribution by way of dividend, our Profit and Loss carry forward is some £34,000 higher.

It is good to see the result of a period of steady expansion and development in an atmosphere of freedom from restrictions and some easement in the burden of taxation. We have, however, to bear in mind that expansion and greatly increased activity in general do not necessarily go hand in hand with comparably higher profits, owing to greater operating costs of which Staff expenses are by far the most important.

RECORD INCREASE IN NEW ACCOUNTS

During 1959 our Current, Deposit and Other Accounts have increased by £62 million to a new peak figure of £979 million. Contributing to this rise in our resources was a very substantial element of new business: the number of Current Accounts added to our books—even excluding those opened initially for the purpose of servicing Personal Instalment Loans—exceeded by a large margin the highest annual increase on our records. In these very competitive days to gain new accounts is not as easy as may be supposed and it is particularly pleasant to record that our Managers and others have achieved such excellent results in their efforts to show potential customers that the service of Westminster Bank is second to none.

We are looking forward to a continuous inflow of new account holders from all walks of life, stimulated we hope by the legislation now in prospect designed to permit payment of wages into a bank account or by encashable cheque. In this connection the problems of all concerned —not least, but not only, the banks—have been recognised by the Government and it is satisfactory to know that a period of time will elapse before this legislation can become effective, a period during which we can prepare and implement plans to place our services at the disposal of wage earners who desire payment by a means other than in cash, without inconvenience to them or to others of our customers, and without increasing the pressure on our Staff.

BENEFITS OF FREEDOM

Looking at the Assets side of our balance sheet, the most important feature is the rise of £97 million in our Advances, again to a new peak. We were aware from our experience in the latter part of 1958 that, given continuance of the freedom announced in July of that year, we should find our Loans and Overdrafts rising rapidly in 1959. Our expectation has been realised and the results are gratifying. This eminently satisfactory increase reflects the extent to which the restraints of earlier years have retarded the growth of our business.

The increase in the volume of our Advances has made a not inconsiderable contribution to higher earnings in 1959; but it must of course be borne in mind that against the resultant increase in income must be set, not only a decrease in income resulting from sales of investments, but also the effects of the lower interest rates prevailing during the past year—in 1958 Bank Rate averaged approximately 5.4 per cent whilst during 1959 it has remained unchanged at 4 per cent. With interest on Advances linked to Bank Rate, and money market rates appreciably lower than last year, it will be apparent that our average earnings per £100 lent are considerably lower.

RISE IN LENDINGS

Whilst it is characteristic of our own business that calls upon our resources from the personal and professional sector of the community, from farmers and from the building and retail trades, have been particularly great, both in number and amount, we have been pleased to satisfy the legitimate requirements of our customers in all occupations and the rise in our lendings shows a welcome and healthy spread. Westminster Bank has not advertised any specific medium or long term schemes for financing small businesses or farmers for the good reason that such advertisement would not import any fresh service. We have always treated such customers, whose problems are not new, as sympathetically as has been possible; it is true that in some cases rigid conditions of repayment might be advantageous but on the whole a flexible system has been preferred. The many letters of appreciation held in our files testify to the adequacy and success of our methods and to the goodwill which has thus been engendered.

In other specialist fields of lending, such as medium term finance for exports, we have continued to play our part but bearing always in mind our basic responsibility to depositors and shareholders. The form of lending known as Personal Instalment Loans has proved to be very attractive and a welcome source of new business and we are well satisfied with the results of our entry into this field.

MAINTENANCE OF LIQUIDITY RATIO

Against the background of rising Advances, liquidity considerations have been in the forefront throughout the year and the maintenance of an adequate ratio has meant a running down of our gilt-edged Investments. You will see from the Accounts that this item has been reduced by £60 million, the result of maturities as well as realisations, always with regard to the appropriate echelon of stocks within our portfolio. It is satisfactory that the surplus in terms of market value of our Government securities has been maintained despite the rather neglected appearance of the gilt-edged market in the last months of 1959.

Our Trade Investments now include the acquisition in 1958 of a 20 per cent interest in Mercantile Credit Company Limited, for which we made the final payment in August last. This has proved a very worth-while investment but I should remind you that we have not received a full dividend on our total investment as our shares were only paid up as and when required by the Company. We can thus look forward to a substantially greater income from this source in 1960.

Our Staff costs have risen materially during 1959, largely in consequence of our negotiating with our Staff Associations a general increase in our salary structures. As a result of the greater pressure of work at a number of our offices and branches during the year, we have awarded special recognition to many officers, some in the form of cash bonuses on a selective basis. In addition, with the expansion of business, our Staff costs have been increased as a result of a rise of over 750 in the number of our clerical Staff.

BRANCH POLICY

We have continued to pursue our programme of branch extension and we have very much in mind the need to expedite the opening of new branches in a number of areas where we are not at present well represented. Often such areas are in the centre, or on the fringe, of large manufacturing communities and it would be imprudent were we, in considering all the relevant factors, to ignore the possibilities to be derived from the legislation to which I have referred earlier. The number of new banking offices opened in 1959 was 13 and our total representation now stands at 1,208 branches.

Additionally, of course, we have refurbished many of our existing offices which in our view were not up to present-day standards; this process also will continue, to the advantage of customers and Staff.

NEW DEVELOPMENTS

You will have seen in the Press from time to time announcements concerning fresh developments in banking services and in these matters Westminster Bank has been well to the fore. In January last we were the first bank in the country to open an office incorporating drive-in facilities; this was established on an eminently suitable site at Princes Road Liverpool, and extensive use of it has been made during the course of the year. We recently introduced at our Bullion Office in London what is believed to be the largest coin-sorting and counting machine in the country and we are thus able better to satisfy our customers' wide-spread demands for silver sorted into all denominations.

Perhaps the most interesting and most important development, however, was our application in November of a closed circuit television technique to the needs of our customers in the Manchester area. We introduced a system of communication whereby customers of three of our branches in Manchester are able to view the statements of their accounts on a television screen at any one of these branches, the book-keeping itself being undertaken in one office. This innovation was itself of importance, but it is the possibility it carries of revolutionary developments in bank accountancy practices generally that is perhaps most significant, for the problem of communication has been, and remains, one of the principal questions to be resolved before centralised book-keeping—which may ultimately be introduced on a large scale—can come into being. To this end we have been conducting pilot schemes with a view to testing various means of communication and the general efficiency of a centralised book-keeping system; and we shall continue those efforts.

I take this opportunity, incidentally, of placing on record my thanks to those members of the Staff who have taken part in research and in the many schemes that we have already conducted. They have often been put to great inconvenience but they have without exception shown a cheerful enthusiasm for trying out new methods.

TRAVEL ABROAD

1959 has been a year of extensive travel abroad by members of our senior Staff. Europe, the Middle East and the Far East have been visited and the establishment of new, and the maintenance of old, contacts have played a considerable part in the further growth of our overseas business. Much credit, indeed, is due to all those officers who give up so much time to this end, and I should like on this occasion to mention particularly Mr Chilvers, who retired from the Management of our Overseas Branch last May and who was, during his service, especially diligent on our behalf in countries abroad.

I am pleased to say that the General Management has remained unchanged during the year and I am sure all our Shareholders would wish me to pay tribute to the efforts of Mr Chesterfield and his colleagues, efforts which are so clearly demonstrated in the results before you.

Westminster Foreign Bank has again made profits despite the many problems provided by the uncertainties with regard to the outcome of the trading blocks in Europe. The Ulster Bank, our affiliate in Ireland, has continued and accentuated the increase in its business and in its profits that has been noticeable over the past few years and as a result has paid a higher dividend, so contributing to the parent Bank's increased profits. I should like to take this opportunity of including the Management and Staff of those two Banks in the thanks I now extend to all our Staff for another excellent year's work.

The Report of the Radcliffe Committee has been received with very great interest, particularly as a source of most useful information. The Committee accepts the fact that the banks are doing a good job and it supports our view that sources of credit are indivisible, thus confirming the action of the many banks who have taken an interest in hire purchase. It was, however, refreshing to find that the Government decided not to adopt all the recommendations of the Committee.

EXPANSION WITH STABILITY

For the country as a whole the year has been one of steady expansion in production, stimulated by concessions in the Budget and by the increasing use made of bank loans and other forms of credit. The expansion has been sound since it has been based on fuller use of industrial capacity, with a corresponding rise in productivity. Costs have also been helped by a continuance of moderate prices for our imports. These factors have in turn ensured a notable stability of retail prices. For this one year the consumer, and we are all consumers, has not been penalised; but I hope that this movement will go further, and that we shall see that not only the shareholders and the labour force but also the consumer gets part of the benefit which any further increase in productivity may bring.

Personal savings, which have again been good, have also made their contribution to stable prices. The Budget concessions enabled the nation to increase the volume of personal consumption a little, and yet at the same time to increase savings.

UNEMPLOYMENT TRENDS

A year ago the trend of unemployment was causing concern. The figures for the country as a whole have since improved; but there are some trades, such as shipbuilding and coal mining, which are facing difficult times, and in consequence there are bad patches of local unemployment. There are notable black spots in the heavy industrial Northern area and in Scotland and Wales. The North-Western area, which includes the cotton districts of Lancashire, also has unemployment well above the national average. Thanks, however, to the Government's cotton scheme and to the buoyancy of the industry during this year's fine summer, Lancashire is now in better heart than for some time past. It is satisfactory to know that the whole problem of unemployment is very much in the mind of the Government, and in the Local Employment Bill it has indicated the further powers it proposes to take to deal with this difficult question.

Ulster has for a long time suffered a high rate of unemployment; and the Government there is taking energetic steps to remedy the position, particularly by attracting industries from England and abroad.

Agriculture has had a good year; crops have generally speaking been good and easy weather conditions prevailed for the harvest. As a nation we have a great interest in the current movement towards greater freedom in world trade; but the movement will probably mean that some of our farmers like some of our manufacturers, will have to meet increased competition.

STRENGTH OF STERLING

Following the big move, made in concert with the other countries of Western Europe in December, 1958, which established external convertibility for sterling on current transactions, a number of smaller but useful steps were taken in 1959. These included the virtual removal of restrictions on travel allowances and the re-introduction of credit facilities for the finance in London of trade between other countries, thus enabling the City to resume one of its many useful functions. The balance-of-payments position remains good, and in consequence sterling has continued to be strong in spite of, or perhaps it may be more true to say, because of, the steps taken towards fuller convertibility. In fact, sterling withstood both the expansion in this country and the uncertainty of a General Election year.

With sterling strong and with a continuing favourable balance of payments we have been able during the past year to repay ahead of time our indebtedness to the US Export-Import Bank, amounting to £89 million. We have also repaid £71 million borrowed from the IMF at the end of 1956; it has not been necessary for us to renew the line of credit given us by that institution at the same time. We have, moreover, during the year made a payment of £58 million to the IMF as the gold portion of our increased quota. This has the effect of increasing by very much more than this figure our second line of reserves of foreign exchange. After these actions, and after making the annual payment of £66 million on the North American loans, our gold and dollar reserves are only £119 million less than a year ago.

RISE IN EXPORTS

A notable feature of 1959 has been the way in which increased consumption at home has been accompanied by a rise in exports, those to North America having exceeded expectations, so that for the first time for many years we have had a favourable balance of trade with the United States.

For several years now the value of our exports has shown satisfactory increases, but these have been apt to hide the fact that our share of world trade has been decreasing; Germany and Japan have been increasing their shares at the expense of the United States and ourselves. It is good to note that so far the 1959 figures show a reversal of this trend, even though the improvement is only slight. It is to be hoped that with improved commodity prices in 1960 our exports to the Commonwealth countries will show an increase that will enable us still further to expand our share of world trade. The latest world shipbuilding figures show that we have recovered from West Germany the second place as shipbuilders, but alas we have ceded to her the second place in the export of manufactured goods.

DISTRIBUTION OF GOLD

There has been a good deal of loose talk about the weakness of the United States dollar, talk which has been brought about by the very con-

siderable loss of gold by the United States. It seems unrealistic to think of a weak currency in a country which still has such a large favourable balance of trade. Surely it is wholly to the good that some of the very big holding of gold by the United States should have been redistributed amongst the less wealthy nations; good from the latter's point of view, of course, but good from the American point of view also, since they have at least as great an interest in a healthy state of world trade as we have in this country. Forty years ago, soon after the end of the 1914 war, a very wise American said to me that if the United States continued to absorb the gold of the world at the rate she was then earning it by her exports, there would be chaos in Europe and another war there. How right he was. Conditions today are, of course, very different; but it is to be hoped that the drain on the still scanty gold reserves of the less wealthy nations in favour of the United States of America will not recur.

The redistribution of gold, has, however, been at a rather rapid pace in recent months and a good deal of America's loss can be attributed to capital exports in connection with both private investment and government aid. The US authorities have emphasised that abrupt cutting of foreign aid would not solve their balance-of-payments problem; but it is fair that Americans should expect this country, and other countries of Europe, to carry rather a greater share of the provision of capital for underdeveloped countries than at present.

We in this country have been doing a lot in this direction in the past few years, particularly in the Commonwealth countries to whom we have a special responsibility. The World Bank has continued to make a notable contribution to development in the poorer countries and no less than one-third of all its lending has been to Commonwealth countries, India in fact being its biggest single borrower. The raising in London last month of a ten million pound loan for the World Bank is a real indication that we wish to play our full part.

TWO EUROPEAN BLOCKS

During the year there have been rapid developments in the arrangements between the six Common Market countries and the emergence of the European Free Trade Association of the seven. It would be infinitely better if one block could have been formed instead of two. At the moment the prospect of forming a bridge between the two blocks is not good; but there is undoubtedly a desire, shared in the United States, for some form of accommodation to be reached. It may be that the great improvement in the French economy during 1959, which has been so welcome to them and to us, may make it easier for France to agree to increased co-operation. It is certainly in the interest of the free world that Europe should not continue "all at sixes and sevens."

In spite of this cloud on the European horizon, 1959 has proved itself a good year. As the New Year opens, the prospects for peace, thanks very largely to the diplomatic journeys of the Prime Minister and President Eisenhower, appear more hopeful than for some time past.

Economically the outlook is encouraging; so encouraging that during 1959 many ordinary shares rose to prices where the yield became much less than that on British Government securities: a most unusual position. It is worth remembering that when very many of us are reading our barometers as "Set Fair" it is time to watch your step.

MONTAGUE BURTON LIMITED

TRADING PROFIT AN ALL-TIME RECORD

SUBSTANTIAL INCREASE IN TURNOVER

MR L. JACOBSON'S STATEMENT

The thirtieth Ordinary General Meeting of Montague Burton Limited was held on January 20th at the Registered Office of the Company, Leeds.

Mr L. Jacobson (the Chairman) presided.

The Secretary (Mr H. V. Evans, ACA) read the notice convening the meeting and the report of the auditors.

The following is the statement by the Chairman circulated with the report and accounts:

It is my intention this year, as has been my practice in past years, to confine my remarks to the trading position of the Group and leave the accounts to speak for themselves, dealing only with those financial aspects which are of first importance.

TRADING POLICY JUSTIFIED

The trading policy of the Group has been completely justified by the results which it is now my pleasure to place before you. Trading profit is an all-time record at £2,852,005; £996,643 higher than last year and £332,898 higher than our previous record. If you approve the dividend we now recommend there would remain, out of this year's profits, after due provision for taxation, dividends and appropriation to capital reserves, an amount of £633,437 to be ploughed back into the business to provide for further expansion and modernisation. In these circumstances I have no hesitation in recommending this higher dividend, believing that Shareholders are entitled to a reasonable distribution when adequate profits are available.

The increased profit is a direct outcome of a substantial increase in turnover coupled with a reduction in the price of materials consumed. Shareholders will bear in mind, as I have stated before, that wool is a very important factor in our price structure and that variations in profit levels are inevitable when wool prices show such wide fluctuations over such comparatively short periods. The effects of these variations can only be minimised by intelligent and prudent buying, and those responsible for merchandising in such a large organisation have indeed a difficult task.

CREDIT FACILITIES

The credit facilities offered by the Group from November 1, 1958, have been well received by the public and have made available an additional pool of goodwill. It has never been the intention of your Directors to sell credit as such, but rather to offer this facility to customers who prefer to plan their purchasing in this way. Credit is not a large proportion of total turnover and the volume of cash business compares satisfactorily with the previous year. I am satisfied with the result of offering these facilities at as little as 5 per cent above what are very keen cash prices. The tremendous turnover of our Group enables us to offer a range of garments which for price and quality, compares favourably throughout the trade.

It will be noticed from the accounts that we have been able to finance the major portion of our own credit operations, needing little outside assistance above normal trade requirements. We are, however, indebted to our Bankers for the support which they stood ready to give had it been necessary.

THE DIRECTORS' INTEREST

There has been much conjecture, and, from time to time, some speculation in the shares of the parent company. The origin of rumour is frequently impossible to trace, and regardless of public denial by your Directors on several occasions, these rumours have persisted with the consequent unsettlement that it entails for members of the staff and executive who have served the company well and faithfully. It might be of assistance to Shareholders if I now repeat at this Annual General Meeting, that as a Board we have too great a confidence and pride in the organisation which we control, to seek to dispose of our interest in it. That interest represents over 60 per cent of the equity capital. We are aware of our responsibilities to Shareholders whose confidence we enjoy. The combined value of the "A" and Ordinary shares at the time of printing of this report stands around 90s. when in December, 1952, the equivalent value was under 15s. In these circumstances we feel we can reasonably claim that your confidence has been justified.

As you well know the parent company is very fully represented throughout the British Isles, and the associated companies have continued their plans for expansion, the results of which will not be fully apparent for some years, but which should in due course prove of substantial benefit to the Group as a whole.

PROMISING NEW SHOPS

The Jackson Group of companies last year opened shops in Cardiff, Belfast and Doncaster all of which show very early promise of success. The development of Peter Robinson in the ladies' fashion trade continues, and that company opened a store in the Strand, London, during the last twelve months. The Strand store is one in which Shareholders can take very real pride as it is one of the most modern of its kind in Europe. Our confidence in this project has been borne out by early results.

We have had a good year and, as I anticipated in my last speech, have enjoyed our full share of national prosperity. Trade figures since September 1, 1959, have been at a very satisfactory level and we have, therefore, reason for confidence.

As all companies in the Group have made their full contribution to the results of the year ended August 31, 1959, it is only left for me to express my very sincere thanks to all members of the staff of the manufacturing, retail and administrative divisions of the Group.

The report and accounts were unanimously adopted. The directors retiring in accordance with the Articles of Association were re-elected to the board. The auditors, Messrs Price, Waterhouse & Co. and Messrs Volans, Leach & Schofield, continue in office.

The meeting concluded with a vote of thanks to the Chairman.

NATIONAL PROVINCIAL BANK LIMITED

CONTINUING HIGH DEMAND FOR CREDIT

A GOOD YEAR FOR UK ECONOMY

MR D. J. ROBARTS ON PROBLEMS OF MONETARY PLANNING

The 127th annual general meeting of National Provincial Bank Limited will be held on February 11th at the head office, 15 Bishopsgate, London, EC2.

The following is the statement by the Chairman (David John Robarts, Esq.), which has been circulated with the report and accounts for the year ended December 31, 1959:

BOARD OF DIRECTORS

Since our last Annual General Meeting we have welcomed to the Board Sir Neville Archibald Gass, KBE, MC, Chairman of The British Petroleum Company Limited. His long experience and expert knowledge of trade and industry in general and of the oil industry in particular will be of great value to the Bank. We were also very pleased to announce the recent election of the Right Honourable Lord Plowden, KCB, KBE, to the Board. Lord Plowden has just completed his term of office as Chairman of the United Kingdom Atomic Energy Authority and we look forward to having the benefit of his wide experience of industrial and financial affairs.

We have to record with great regret the death of Sir Ronald W. Matthews, and also of Sir Ashley S. Ward, LLD, both of whom were Local Directors for Sheffield.

SUBSIDIARY COMPANIES

The Balance Sheet of Coutts & Company as at December 31st last and the Profit and Loss Account for the year ended December 31, 1959, accompany our own Report and Accounts. A Consolidated Statement of Assets and Liabilities of North Central Wagon & Finance Company Limited and its subsidiary companies as at September 30, 1959, is also included.

STATEMENT OF ACCOUNTS

The Balance Sheet and Accounts of the Bank together with the Directors' Report are before you.

Last April your Directors decided to raise further capital. 10,513,162 shares of £1 each were issued to shareholders at par in the proportion of one new share for each share held, thus increasing the issued capital of the Bank to £21,026,324 in shares of £1 each, fully paid. 96.4 per cent of the new shares was taken up by the shareholders; the rights to the balance which was not taken up were sold in the market and the proceeds distributed in cash pro rata to those shareholders who had not exercised their rights.

It will be seen that the liabilities of the Bank to its Current, Deposit and other Account holders at £920,568,979 exceed last year's figures by £58,073,418.

The total of our liquid assets—Cash, Money lent at Call and Short Notice, and Bills—represents 37.1 per cent of our deposit liabilities. This compares with 36.0 per cent twelve months ago.

Investments in securities of, or guaranteed by, the British Government continue to be shown at a figure which is below their market value. The Balance Sheet value of £168,846,414 gives a ratio of 18.3 per cent to Deposits as against 25.0 per cent last year. We hold no undated government securities and the majority of our holdings mature within ten years.

Our Advances stand at £351,875,767 which represents 38.2 per cent of our Deposits. The corresponding figures at December 31, 1958 were £284,411,586 and 33.0 per cent. The liberalisation of credit which began in the summer of 1958 continued during 1959 and has enabled the banks to resume and develop their traditional rôle of supplying credit to their customers for their legitimate needs. Consequently, we have been able to satisfy those of our customers who were formerly prevented by the "credit squeeze" from obtaining the credit which they needed for the development of their businesses and for all the many purposes for which bank loans are normally granted. This pent-up demand, coupled with a background of high business activity, particularly in the consumer field, has caused our loans and overdrafts to rise by £67,464,181 during the year and the demands upon us for credit continue at a high level.

PROFIT AND LOSS ACCOUNT

The account shows a net profit for the year of £2,840,971, compared with £2,236,426 for 1958.

It will be observed that the amount of profit retained by subsidiary companies has increased from £98,409, in 1958 to £710,963 in 1959. This is due, in the main, to the fact that the figure for 1958 covered only a period of approximately three weeks' operations of the North Central Wagon & Finance Company Limited whereas the figure for 1959 covers a full year.

Together with the amount brought in of £656,142 there is a balance for disposal of £3,497,113. An interim dividend of 10 per cent has been paid on the capital of £10,513,162 which existed prior to the issue of shares in April last. This absorbed £643,931, leaving available £2,853,182.

It is now proposed to deal with this balance as follows:

To pay a final dividend of 7 per cent on the increased capital of £21,026,324	£901,504
To appropriate to Reserve Funds	£1,000,000
This will leave to be carried forward	£951,678

BANK PREMISES

An important transaction during the past year was the purchase for £3,334,000 of the freehold of Gresham House. The property adjoins the Head Office premises of the Bank in Old Broad Street and occupies about 1¼ acres. This purchase will provide for the needs of the Bank for space on the Head Office site for many years to come. We have no present intention of embarking on a major rebuilding scheme and the tenants of Gresham House have been informed that, should the Bank's requirements later on render it necessary to embark on a scheme covering the whole or any part of the premises, very ample notice of such intention would be given.

The pressure on our Premises Department has been extremely heavy since building restrictions were eased. Over the past six years, in addition to numerous smaller schemes and the ordinary run of maintenance and decoration, no less than 157 major schemes of rebuilding or modernisation have been completed at a rate of one every fortnight. With the completion of the rebuilding of our branches at Portsmouth (illustrations of which appear elsewhere in this report) and in Cheapside, E.C.2, the only war-damaged office which remains to be dealt with is Exmouth, where the preliminary work has begun.

Much thought and attention is given to the design and construction of new premises and to the adaptation of older premises for modern needs. With over 1,500 offices under its care, the management and staff of Premises Department are very fully occupied, but we hope to proceed steadily with our programme of modernising our branches where necessary in order to provide the best possible conditions for customers and staff.

We have, of course, been very concerned about the number of robberies from which our Bank and others are at present suffering and we are taking all possible steps to safeguard the staff of the Bank and to strengthen our security arrangements.

MANAGEMENT AND STAFF

The freeing of credit, together with the relaxation of a number of other controls such as those governing foreign exchange transactions, has enabled our business to achieve a high and expanding level of activity throughout 1959. We all welcome this, but we realise that our management and staff have had a particularly strenuous year. It is not possible to increase the staff of the bank sufficiently rapidly to take care of such swift expansion of business as has occurred. The work of bank staffs is highly skilled and it takes time to acquire the necessary proficiency. We have, of course, had this whole question most prominently in our minds and we are doing our best to improve matters as rapidly as is practicable. At the beginning of the year our staff numbered 12,974: by the end of the year the figure was 13,700—an increase of 726.

I would like to take this opportunity of thank-

ing the General Managers, the Management and the staff of the Bank, both men and women, for their excellent work during a most strenuous and testing year. We are exceedingly fortunate in the fine quality of those who serve the National Provincial Bank at all levels of seniority, and it is their good work which has made possible the very satisfactory results which we are able to place before you in the past year's accounts.

NORTH CENTRAL WAGON & FINANCE COMPANY LIMITED

The freeing of controls upon, and the demand for, credit have enabled the North Central Wagon & Finance Company, too, to have a most active year of business. I will not comment in detail upon the accounts of North Central because the Company publishes its own set of accounts and the Chairman deals fully with them in his statement. I will confine myself to saying that we are very satisfied with our investment in the Ordinary Share Capital of the Company, and to thanking the Directors and Staff for their successful efforts and skilful management during the past year.

The field of hire purchase is an expanding one, and it seems that this expansion is likely to continue. The successful results of the well established firms have attracted many new entrants to the business and consequently competition is increasing. While competition in obtaining and serving customers is always to be welcomed, there is a danger that, in hire purchase, intense competition can take the form of lowering initial payments or abolishing them altogether and at the same time lengthening the periods of hire to such a point that unsound business is undertaken. It is to be hoped that the dangers of transacting hire purchase business on terms which are too fine for safety will be appreciated by the concerns operating in this field.

GOOD YEAR FOR UK ECONOMY

1959 was a good year for the economy of the United Kingdom. A favourable balance of payments was maintained during the first six months of the year and, while the second half of the year is always more testing than the first, there seems to be no reason to suppose that the figures for the whole year will, when published, reveal other than a satisfactory position.

The gold and currency reserves stood at an adequate level throughout the year and, except for some weakening in the sterling exchange rate during December, sterling has been a strong currency. Higher money rates overseas have tended during recent weeks to attract funds away from the United Kingdom but, provided that our exports remain competitive and our overall balance of payments position favourable, we have nothing to fear from temporary movements of this kind: rather can we look for a further improvement in our reserves position as our industrial output expands.

The Chancellor of the Exchequer was able to make welcome reductions in taxation, both direct and indirect, in his Budget. It is to be hoped that further reductions will be possible in this and subsequent years. Taxation at the present level in peace time is still a most serious handicap to the efforts of industry to accumulate the capital necessary for its modernisation and expansion.

The improvement in the position of sterling has enabled substantial relaxation in exchange control to be achieved and a welcome move has been the virtual freeing of exchange for travel purposes. It is sincerely to be hoped that it will soon be found possible to abolish the remaining foreign exchange controls and to allow sterling to stand upon its own merits.

The level of business throughout the year in many sections of industry has been high—particularly in the consumer goods industries and in the retail trades. There has, however, been a notable lag in the capital goods industries, but there are now some signs that demand is beginning to spread to them as hitherto unused manufacturing capacity is filled up and the need to expand industrial plant becomes apparent.

RADCLIFFE REPORT

A memorable event during the year was the publication of the Report of the Committee on the Working of the Monetary System. The Chairman and members of the Committee deserve our gratitude for their strenuous labours extending over approximately two years and for producing a report which provides a masterly and lucid explanation of the working of the monetary system and of the parts played by the various institutions which function within it. It is not practicable to comment in detail in this statement on all the recommendations of the Report covering, as they do, the whole field of finance in the United Kingdom.

Naturally, we were pleased to note that the Committee had little fault to find with the way the banks conduct their business. On the question of advances of a medium-term or long-term character, the Committee recognised what had already been done, notably in connection with the building of oil tankers and the finance of exports of capital goods, but suggested that a limited extension of this practice in such other special directions as agriculture and small businesses might be helpful. But, as I have stressed on previous occasions, a commercial bank, with its liability to repay current account balances on demand and deposit account balances at short notice, cannot afford to lock up any but a modest proportion of its resources in medium- or longer-term credits. So far as this Bank is concerned we do not consider that fixed-term loans at higher cost to the borrower are the best means of making medium- or longer-term facilities available for the special purposes mentioned. Instead, we are satisfied that our existing arrangements are sufficiently flexible to cover all the reasonable requirements of our customers at ordinary rates of interest and we have not so far thought is necessary to introduce any special schemes for particular purposes.

We welcome the view expressed by the Committee that discriminatory action against the banks, unaccompanied by general restrictions on all classes of lenders, is difficult to justify under normal conditions, and that in times of emergency restrictions on the lending operations of the banks should be combined with other restraints.

The Committee also drew attention to the possibility of improving the machinery of day-to-day settlements. With the great increase in volume of such settlements, the banks have for some time been giving active consideration to this problem, and as a first step it has been decided that the existing means of transfer known as the Traders' Credit system, which has been in operation since 1930, shall be extended and developed with a view to its being more widely used.

NEED FOR CLOSER CONSULTATION

Most of the recommendations of the Committee on the Bank of England and its relations with the Treasury have, for what appear to be very good reasons, not been accepted by HM Government. Indeed, the only recommendation which has won their wholehearted support is that relating to the collation and publication of financial statistics. It is certainly desirable that the statistical information available not only to the Government but to the public on financial developments should be as complete as practicable. It should be borne in mind, however, that statistics can provide only a picture of the past and the framers of monetary and economic policy must always be making the best guess they can about the future. It is easy to be wise after the event, but any review of monetary developments in the past—and even in the last few years—shows that too often the decision to move, whether towards restriction or towards expansion of credit, has been taken too slowly, with the result that much more vigorous measures have been needed than would have been required if the trend of economic activity could have been foreseen a few months earlier: and then again, the vigorous measures eventually adopted have too often been maintained longer than subsequent events have shown to have been advisable. The main problem of monetary planning is to foresee the probable course of events and to take the minimum corrective action at the earliest possible moment, long before any definite evidence of the need for such action may be reflected in statistics.

Unfortunately, we have not yet succeeded in developing a radar system for our financial pilots, which will probe into the future course of events and warn us of rocks or other dangers enveloped in the mists of the future. We have to trust our pilots to do their best to anticipate what is to come, remembering that, in the monetary field, there is always a time-lag before restrictive action can be fully effective and usually a longer time-lag still before there is much response to any expansion of credit. What the economy of the country needs is small, and if necessary, frequent adjustments rather than sudden and spectacular jolts of monetary policy. The banks are in more direct contact with the trend of business thinking than the central authorities, while those authorities are better informed on other aspects of the national and international situation than the banks, and the closer the consultation between them the better it will be.

For some time it has been increasingly apparent that fields of finance and investment, other than banking, should be surveyed in the light of modern conditions. Arrangements for this to be done have been announced, and by the time the various committees have completed their task there will be few sections of the country's financial machinery that will not have been carefully examined.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:
The Company Meetings Department,
The Economist,
22, Ryder Street, S.W.1.

WATNEY MANN LIMITED

AN EVENTFUL YEAR

The Annual General Meeting of Watney Mann Limited will be held on February 12th at the "Windsor Castle" Restaurant, Victoria, London, S.W.

The following are extracts from the Statement by the Chairman, Mr S. H. Combe, MC, circulated with the report and accounts for the year ended September 30, 1959:

This has been a year of tremendous importance in the expansion of your Company. It has seen the conclusion of one of the biggest single negotiations in the Company's history—the sale of a lease of the major part of the Stag Brewery site; the re-organisation resulting from this sale; the beginning of a major long term tidying up of the Capital structure of the Group; the beginning of a redeployment of the Company's properties, and at the same time their revaluation, and after these developments had been announced, the publication of a projected offer for the Company's Ordinary Stock.

STAG BREWERY SITE

Our expert advisers are of the opinion that the total price obtained for the Stag Brewery Site was an extremely advantageous one. The premium received will help to re-establish your Company's liquid resources which have been considerably drained by the heavy expense of modernising and expanding the capacity of the breweries at Mortlake and Whitechapel.

Your Company is now placed in a good position to expand its trade from four breweries, at Mortlake, Whitechapel, Alton and Brighton. All these will have been brought up to date in a matter of months.

PROFIT AND DIVIDEND

The combination of the reduction in beer duty and the good summer have greatly benefited our trade and the results of the year are well up to the forecast that I made to you in September.

After deducting taxation adjustments relating to previous years, and the interests of Outside Shareholders, the Group Profit available to the members of Watney Mann Limited, has increased by £745,144 to £2,042,772. The Board are recommending a final dividend of 11½ per cent on the Capital as increased by the bonus issue earlier in the year, making an effective distribution of 15 per cent for the year compared with the equivalent of 10½ per cent for 1958. This is in keeping with the forecast I made in September, and the fact that the profits are higher than could then be foreseen has improved the earnings cover for this dividend.

Although the relief given to brewers in the 1959 Budget was most welcome, it should be borne in mind that the industry had to bear two considerable burdens: firstly, on the reduction of duty and lowering of the price by 2d. a pint, the brewers and retailers stood to lose about 4s. per barrel: secondly, the brewers had to stand the loss of duty on beer already brewed and in stock, to which must be added the retailers' stock, for which full allowance was given by your Company. The duty loss, amounting to more than £190,000 has been charged against profits of the year.

Your Company's trade for the year has increased at nearly double the rate of the national average, and so far this trend has continued since the beginning of our new financial year.

FERTILIZERS & CHEMICALS LIMITED

HAIFA, ISRAEL

OUTPUT CONTINUES TO RISE

INTERNATIONAL DEBENTURES LOAN FLOATED

The Annual General Meeting of FERTILIZERS & CHEMICALS LIMITED, was held in Haifa on October 6th, and the following are details of the report presented by the Board:

REVIEW

The liquidity position was strengthened as a result of the consolidation of outstanding Government loans into one long-term 5 per cent loan.

Production of several new chemicals was started during the year and the expansion programme progressed according to plan.

A comprehensive technical and financial survey of the Company was prepared by EBASCO, the noted New York firm of industrial consultants. The 84-page report summarises its conclusions as follows:

"The fiscal year ended March 31, 1958, may be considered the pivotal period wherein a sound basis for profitable operations was established. Assuming a reasonable political and economic climate, profits should increase substantially in the future.

"Most of the plants are less than five years old and were of the latest design available when constructed. They have been maintained in excellent condition and modifications in processes and equipment have uprated most of the units to well above the original design capacity. The plants are operated at very high efficiencies and are comparable to facilities throughout the world."

The labour force rose to 1,116 employees during the year.

OUTPUT AND SALES

Total sales increased by some 10 per cent over the previous year to reach IL 22,325,000. Production in excess of home requirements was exported.

Output of plants increased by 10 per cent to 50 per cent and improvements in equipment and processes raised production in most units to levels well beyond the capacity for which they were originally designed. Production costs per ton of output continued to decrease despite higher wages.

The range of fertilisers for the home market was further expanded whilst the production programme was diversified by including more industrial chemicals.

New products marketed for the first time during the year included nitric acid, concentrated nitrogenous solution and sodium pyrophosphate. Production of mixed liquid fertilisers containing nitrogen and phosphorus is planned to begin shortly. Developments during the first quarter of the current year were very satisfactory. Production and sales figures follow a steady upward trend.

KADIMAH CHEMICAL CORPORATION

With the acquisition of all assets and liabilities of the *Kadimah Chemical Corporation*, whose plant occupies an adjacent site, the Company entered the field of organic chemistry, taking over and expanding the production of detergents for household and industrial uses.

The Company also acquired all the rights for the *Kadimah* petrochemical process, which will enable it to manufacture a new type of synthetic detergent and organic by-products.

ENGINEERING DIVISION

The division was occupied mainly with design and construction connected with the nitrogen expansion programme. A dry ice plant is due to be completed in 1959 and plans for mixed granulated fertiliser and aluminium sulphate (from Negev clay) are being drawn up.

The division is equipped to take a project from initial research and economic evaluation through pilot plant and design stages to the handing over of a tested production unit to the client.

A number of plants were designed and built for other organisations in Israel and for the first time equipment developed by the Company was sold abroad. A Belgian company purchased the feed-grade di-calcium phosphate process, including three pressure filters designed by the Division. Negotiations with other foreign interests are in an advanced stage.

RESEARCH

The Research Division has been engaged in developing processes for new liquid and compound fertilisers and a broad range of industrial chemicals for sale at home and abroad.

Several new phosphate salts based on local raw materials were developed, and commercial production of these salts has begun. Research was also conducted on the manufacture and reactions of elemental phosphorus.

FINANCE

The ratio between fixed assets and bank credits improved, but difficulties are still experienced in adapting working capital resources to the continually rising turnover and the credits required by domestic consumers. Foreign exchange credits were granted by foreign institutions as a means of financing the expanding commercial operations.

To improve the position, two further measures were recently taken. A second agreement with the Government provides for the conversion of a further amount of IL 7 million of Government loans into ordinary shares. It was also decided to promote an issue of convertible debentures to the amount of IL 10 million. Half of the amount, to be raised in Israel, is earmarked for the financing of the expansion programme. The other IL 5 million is to be raised abroad against foreign exchange, for the purpose of liquidating current foreign debts and strengthening the liquidity position.

The local issue was oversubscribed and proved the growing interest of the wider public in the development of the local chemical industry.

PROFITS AND DIVIDENDS

Net profits amounted to IL 1,080,736 and it was accordingly proposed to distribute IL 259,369 as a 6½ per cent dividend on ordinary and approved investment shares: IL 680,387 as a 5½ per cent dividend on all preference shares; IL 42,836 representing dividend on all shares allotted on April 22, 1959; to carry forward the balance of IL 48,144.

The report, the accounts and the proposals put forward by the Board of Directors were adopted.

EXECUTIVE DIRECTORS

General Y. Dori, Chairman; A. Goldberg, Managing Director; Y. Ami, Administration; Dr H. Bernstein, Development; Dr M. Jacobsen, Commercial; J. Motiuk, Production.

ASSOCIATED ENGINEERING LIMITED

RAPID EXPANSION OF BUSINESS

RE-APPRAISAL OF CAPITAL EXPENDITURE PROGRAMME

The thirteenth annual general meeting of Associated Engineering Limited was held on January 15th in London, Mr Henry R. Moore (the Chairman) presiding.

The following is an extract from his circulated statement:

The results for the six months to March 31, 1959, reported on April 30, 1959, showed a material reduction over the corresponding period of 1958. In the spring of this year, however, the business of virtually all sections of the Group underwent a very marked change for the better, with the result that the profits before taxation for the second half of the year show an increase of approximately £592,000 over the same period of 1958.

Group Turnover for the year, in spite of the experience of the first half-year, has shown a substantial increase over last year; the profits before taxation of £2,955,590 have exceeded the record achieved last year. The major part of the year's increase has come from the expanding activity of the second half of the year both in the Home and Export Markets, which has been made possible by the large capital investment we have made during the past three years.

Owing to the reduction in the standard rate of income tax during the year, the tax charge in the accounts shows a small reduction to 48 per cent of profits, against 51 per cent in 1958. Total undistributed profits of the Group for the year amounted to £870,520, while the cash retention from Depreciation and Retained Profits amounted to £1,626,199. Out of this figure capital expenditure absorbed £746,000, leaving a useful amount to carry forward to meet the heavy programme contemplated for the future.

From the balance of profits after deducting taxation and dividends, and after adding the taxation and pension provisions no longer required, £1 million has been transferred to General Reserves and £87,449 to Capital Reserves. This latter figure is part of the sum required to write off the goodwill on the acquisition of the South African Subsidiaries.

The liquid position of the Group remains strong, with net current assets amounting to £5,170,122, including cash and realisable investments of £2,246,919. Your Board is confident that this figure, together with the anticipated retentions of the next few years, will be sufficient, without calling on shareholders, to enable us to carry out the further programme of modernisation and expansion which is outlined later in this statement.

In my statement last year, I said that in view of our commitments and the then reducing level of activity in our business, your Board did not feel justified in recommending any change in the rate of dividend on the Ordinary Stock. With the change in conditions generally and with greatly improved prospects ahead of us, this is no longer so. The Board has therefore recommended an increase in the total payment for the year from the previous equivalent rate of 13½ per cent, to 17½ per cent, less tax, by the payment of a final dividend of 12½ per cent, less tax, on the Ordinary Stock as increased by the capitalisation issue made in January, 1959. It is our intention to ensure that shareholders, in common with all who work in our Group, will continue to share in its future growth and development.

CAPITAL EXPENDITURE

The rapid expansion of the Group's business in the second half of the 1959 financial year and the projected demands of our chief customers for the next few years have necessitated a complete re-appraisal of our Capital Expenditure programme. It is clear that after the set-back in 1958 and early 1959, the level of activity of industry generally, and in particular of the vehicle industry, is now again on the increase. The British Motor Industry has announced a number of very large expansion schemes which will become operative over the next two to three years. It is therefore vital that our Group should have ready the increased production facilities to meet this anticipated expansion in demand.

It is not possible at the moment to give an accurate estimate of the cost of the next phase of our expansion programme, but it is expected that over the next three to four years the total may well exceed £5 million.

Capital Expenditure Schemes totalling £2,100,000 have already been sanctioned by the Board against which, at 30th September, 1959, commitments of £580,000 had been made. It is estimated that of this figure about £1,250,000 will be spent in the current year.

EUROPE AND THE COMMON MARKET AREA

The Common Market Area has probably the greatest potential for expansion of any industrialised trading area in the world, especially in the field of vehicle and engine manufacture. The effect of the formation of the Common Market on British trade with the countries concerned is now becoming clearer; we ourselves are finding it increasingly difficult to expand or even maintain the level of business which we had built up since the end of the war. It is not only the effect of tariff adjustments, but also the easier communications enjoyed between supplier and customer, which gives the Continental producer an advantage over us.

We have given this problem very serious consideration and have come to the conclusion that the only course to adopt, if we wish to maintain our existing share of the market and benefit from its expansion in the future, is to manufacture in the area ourselves.

In our view the best method of doing this was to purchase an existing producer, as a base on which to expand our activities, rather than start from scratch ourselves. Since the end of the financial year we have signed a contract for the purchase of the business of Pistone Borgo of Turin, Italy, the leading manufacturer of pistons in that country. One of our reasons for deciding on Italy as our base was that the Italian producers of pistons and piston rings do not by any means supply all the requirements of their own vehicle industry. We felt that with the benefit of our technical knowledge and financial backing it should be possible to obtain not only a big part of the Italian business now enjoyed by other Common Market countries but also to supply other countries in this trading area.

FUTURE PROSPECTS

At the present time there appears to be no sign of any slackening in the demands of our Motor, Commercial Vehicle and Engine Building customers and our Export business continues to expand satisfactorily. At the same time the level of activity in industry generally appears to be rising. I must, however, add that both at home and abroad competition is extremely keen and some prices are becoming difficult to maintain at an economic level.

Unless, however, circumstances arise to alter the present generally favourable outlook, I can see no reason why the results for the current year should not be even more satisfactory than the last.

The report and accounts were adopted.

APEX (TRINIDAD) OILFIELDS

The 40th Annual General Meeting of Apex (Trinidad) Oilfields, Limited was held on January 20th in London.

Mr F. R. Cottell, chairman and joint managing director, presided and said that after provision for depreciation of fixed assets net oil revenue was £672,000. After providing £323,000 for taxation in Trinidad and the United Kingdom the net profit for the year was £470,000. The Directors recommended a final dividend of 1s. 6d. per 5s. unit of stock making a total dividend for the year of 2s. free of income tax per unit of stock.

Capital and reserves employed in the business totalled £6,466,000 and net current assets amounted to £4,681,000.

The year's production of crude oil and casinghead gasolene was 3,032,000 barrels and deliveries were 3,011,000 barrels.

The fall in oil prices continued during the Company's financial year and had been the major factor in the reduction in net oil revenue. Under the current sales arrangement with Texaco Trinidad Incorporated deliveries were restricted to 8,250 barrels per day including casinghead gasolene and this was the second important factor which had affected the results for the year.

The company was in the fortunate position, with its large revenue reserves and strong finances, of being able, if necessary, to supplement current earnings so that the drilling programme might be operated to the extent considered desirable and at the same time the payment of substantial dividends could be continued. The report was adopted.

LANCASHIRE COTTON CORPORATION LIMITED

MR R. M. LEE'S STATEMENT ON TRADING CONDITIONS AND THE REORGANISATION SCHEME

The Thirty-first Annual General Meeting of the Lancashire Cotton Corporation Limited will be held in Manchester on February 18th.

The following are extracts from the Statement by Mr R. M. Lee, the Chairman, as circulated with the Accounts for the year ended October 31, 1959:

ACCOUNTS

The Group Trading Profit for the year amounts to £1,679,976 compared with £2,735,243 last year.

The Board has decided to allocate £450,000 to Replacement of Fixed Assets Reserve and £100,000 to General Reserve, and recommends a final dividend of 12½ per cent, less tax, on the Ordinary Stock, which is the same as last year, and with the interim dividend of 5 per cent, less tax, paid in August, gives a total of 17½ per cent, less tax, for the year. The amount carried forward is £1,071,170 of which £282,415 is retained in the accounts of our subsidiaries.

TRADING CONDITIONS

It will be recalled that after the concentration which took place during the war, the industry experienced several years of prosperous trading whilst the world wide shortage of cotton goods was replaced. A slackening of demand which then occurred soon disappeared with the outbreak of the war in Korea only to be followed by a world wide recession in textiles. It soon became apparent that there was surplus manufacturing capacity in Lancashire and once again contraction of the industry commenced. The struggle for orders in these circumstances would undoubtedly have produced chaotic conditions in the spinning section but for the existence of the Yarn Spinners Association under which the producers voluntarily agreed not to make sales below reasonable minimum prices.

Meanwhile the influx of cotton textiles from Commonwealth sources in Asia expanded whilst the industry continued to make representations to the Government for some limitation to be placed upon these imports.

By 1958 the United Kingdom was importing more cotton textiles than were being exported.

Against this background in January, 1959 the Restrictive Practices Court decided against the continuance of the Yarn Spinners agreement and immediately yarn spinners margins were drastically cut to such levels that few mills could operate at a profit.

It was therefore with relief that the producing sections of the Industry heard early in 1959 of the agreement with Hongkong for the limitation of exports of cotton textiles to the United Kingdom and of the Government schemes for reorganisation and re-equipment of the industry, and towards the end of the year the limitation agreements with India and Pakistan.

About the limitation agreements I wish to say that although the agreed figures are much higher than United Kingdom producers can welcome, giving as they do some 25 per cent of our home market to these overseas producers whose costs are so much lower than our own, they nevertheless provide a basis upon which realistic planning for the future might take place but for two factors. The first of these is that there is no limitation on yarn exports to the United Kingdom and the second is the relatively short period covered by the agreements.

Her Majesty's Government, by its offer of a re-equipment grant obviously has a keen interest in a sound and prosperous cotton textile industry in Britain, and it is to be hoped that a continuation of these limitation agreements can be arranged, for no matter how efficient British mills may be and no matter how well equipped, they could not hope to compete in price with goods produced by labour paid on Asiatic wages rates.

REORGANISATION AND REDUNDANCY SCHEME

The success of this scheme is naturally heartening to all those remaining in the industry as it will undoubtedly create a much healthier state of trade. I do not doubt that the remaining plant and equipment in the producing sections will be able to cater adequately for the requirements of the market once the transitional difficulties are overcome but they can only do so if they and the operatives who run them can be employed efficiently and regularly. There are buyers who withhold orders for long periods for speculative reasons, whilst producers are compelled to operate for only three days a week, and who still expect to obtain deliveries quickly whenever the time seems propitious for the placing of large orders.

After careful consideration the decision was made to close down the Dowry, Willow Bank, Heron, Waterside and Orme Mills. In addition a considerable amount of machinery in other mills was registered for scrapping.

I believe that the compensation arrangements for displaced operatives which have been evolved and which will be paid for, not by the Government, but by those remaining in the industry, are both generous and enlightened being well in the forefront of any such arrangements in industry. In the Corporation about 1,000 people will be displaced because of the redundancy schemes but fortunately we have been or will be able to offer similar jobs in other mills to over 900 of those displaced, so that the total number of displaced persons for whom we cannot find alternative employment is under 100 or less than 1 per cent of our total labour force.

SALES

Although the year began very badly indeed because of the withholding of orders by buyers pending the result of the Yarn Spinners case I am pleased to report that the final total for sales for the year was the highest reached since 1950, but deliveries and production were in fact lower than in any year since 1945. This was entirely due to the disturbance of production caused by the excessive fluctuation in demand which we experienced. Since the end of our financial year we have continued to make sales at a heavy rate and we are exerting all our efforts to expand production to meet requirements. Although we have increased margins from the unduly low levels to which they had been driven in a ruthless buyers' market we have exercised great restraint and we propose to continue this as we believe this course to be in the best interests of the Corporation, the industry and the national economy. Unfortunately this policy has not always been clearly apparent to our customers as the period of increased demand coincided with some very sharp increases in raw cotton prices.

APPOINTMENTS

THE QUEEN'S UNIVERSITY OF BELFAST

The Senate of The Queen's University of Belfast invites applications for a Lectureship in Political Science from October 1, 1960. Salary £900 to £1,650 plus F.S.S.U. Initial placing on the scale will depend on experience and qualifications. A special interest in political institutions or in public administration is desirable.—Applications should be received by March 1, 1960. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

UNIVERSITY COLLEGE OF NORTH WALES, BANGOR

Applications are invited for the post of ASSISTANT LECTURER in the DEPARTMENT of ECONOMICS, to teach ECONOMIC HISTORY.

The salary scale is £700 by £50 to £850 per annum, and in addition there are F.S.S.U. benefits and family allowances. The appointment will date from October 1, 1960.

TWO copies of the application should reach the undersigned, from whom further particulars may be obtained, not later than February 22, 1960.

KENNETH LAWRENCE, Secretary and Registrar.

UNIVERSITY OF LEICESTER

Applications are invited for ASSISTANT LECTURESHIPS in BRITISH ARCHAEOLOGY, ECONOMICS, ECONOMIC HISTORY, SOCIOLOGY, and SOCIAL STUDIES. Initial salary according to qualifications and experience; present scale £700 to £850 a year with family allowances and membership of F.S.S.U.—Further particulars from the Registrar, to whom applications should be sent by February 15th.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for two Assistant Lectureships in Economics (one of which will be particularly concerned with Monetary Economics). Salary scale £700 x £50–£850 a year plus £60 London Allowance with superannuation benefits and family allowances. In assessing the starting salary considerations will be given to age and experience. Candidates should indicate their special fields of interest.

Applications, with the names of three referees, should be received not later than February 12, 1960, by the Secretary, The London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, from whom further particulars may be obtained.

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COMPANY AFFAIRS

Watney Mann

THE new property company promised both in May and September last year by the chairman of Watney Mann, Mr Simon Combe, has been formed with a capital of £4.650.000 in 5s. ordinary shares. Just under half of these shares will be issued to ordinary stockholders of Watney Mann on the basis of one 5s. share for every £1 ordinary stock held. Giving shares in Watney Mann Property a hypothetical value of not more than 7s. 6d., this would bring the price of Watney Mann (Brewing) down to 77s. 9d. and the yield up to about 3.9 per cent on the twice covered 15 per cent dividend. The directors forecast that the property shares themselves will pay a dividend of 1½ per cent for the year ended September 30, 1960, and 3 per cent in 1961.

The parent company has sold properties, including 87 public houses, to its property-holding subsidiary for £4.656,750. Some of these properties will be leased back to the parent company at economic rents; leases of several properties at "rack rents" have been negotiated and this should mean the initial net rents of £121,500 will increase in the near future. Independent valuers have found that many of the properties are suitable for early development as shops, offices and "other commercial premises."

In his annual report Mr Combe says that there is a surplus of £3,928,330 over book value on the properties still held by the parent company: the accounts for the year to September 30, 1959, have not been altered to show the change. But the biggest effect on the company's balance sheet has been from the sale of parts of the Stag Brewery site.

The major part was sold on lease to the City of London Real Property company for a premium of £2¼ million, which has been paid in instalments. In three years the company will receive ground rent of £135,000 a year plus 10 per cent of the equity profit from development on the property. Two other parts of the site will be sold to the new Watney Mann Property Company for development: planning permission has been given for more than 60,000 square feet of office accommodation on one site and "provisional" planning permission for 30,000 square feet on another. If the ground rent is valued at 6 per cent the eventual worth of the site to the company will be more than £6 million, not including money from the sale and exchange of some other properties which balanced up the site. The premium will help to re-establish the company's cash resources, heavily drained by the modernisation and expansion of the Mortlake and Whitechapel breweries. Outstanding capital commitments on September 30th amounted to £1.279.000. covered by liquid funds of around £2 million. Mr Combe says, however, that the group's position is not as strong as the directors would like, but the balance of the premium (received after the end of the financial year) plus the benefits that should accrue from the concentration of production, should help augment the group's liquid balances.

Bowmaker

A DOUBLING of gross profit in the year to October 31, 1959, from £1,026,524 to £2,303,851, was broadly foreshadowed at the time of the rights issue in September, and is in line with the experience of other finance houses in this period, but it is still a remarkable result. Net profits show an even steeper increase, from £453,901 to £1,142,006. However, the preliminary statement still held an element of surprise, for the final dividend of 20 per cent is 2½ points more than that forecast in September. This makes the total for the year 27½ per cent and means an effective doubling of the dividend for ordinary shareholders, as the same rate was paid last year on the capital before the 100 per cent scrip issue. In addition, Lloyds Bank has this year received a full dividend on its 25 per cent holding. Bowmaker is to make a further scrip issue, which is to be on a one for two basis.

Over the year to end-October the company's HP debt soared from £22.4 million to £51.1 million. Unearned charges and interest have trebled from £1.7 million to £5.2 million and it is clear that Bowmaker's profits in the current year should be as impressive as those now announced. This is the justification for 3.1 per cent yield basis on which the 5s. units stand at the current price of 44s.

Granada

WHEN Granada Television's agreement with Associated Rediffusion for the net working of programmes comes to an end in July, it will have "a beneficial effect" on the results of the Granada group: but Mr Sidney Bernstein, reporting this week on the results for the year to September 26th last, was not to be drawn about how beneficial. Clearly the arrangement which, as Mr Bernstein said, protected Granada from the initial losses on television that other programme contractors encountered, has considerably dimmed the lustre of its "licence to print money" in the ensuing heyday of commercial television: this year when earnings may be levelling off and programme costs are tending to rise, Granada will cease to pay the price of that early, protective assistance. But since the financial year of its television subsidiary ends in April, it will not be until early 1962 that the results of terminating the agreement are reflected in the profits of the Granada group. From April last year to the present, Mr Bernstein added, television profits have been "comparable with that for the corresponding period last year."

Granada theatres—most of which, basically cinemas, can present live shows and several of which have recently done so—have done rather better in their attendances than the cinema trade as a whole, as might indeed be expected of this company. But the policy of the group appears to be quite hard-headed towards this, its original enterprise: Granadas often occupy very good trading sites, and whenever site values appear likely to yield more than cinema operation, the group is ready to dispose of the properties or convert them to other purposes. On its technical side, the group has developed a "standards converter" which makes it possible for recordings made on Britain's 405-line picture system to be shown readily on America's 625-line or Europe's 525-line system.

The group's dividend of 80 per cent for 1958-59, as forecast, plus a 25th anniversary bonus of 10 per cent, will absorb with payments on the first and second preference shares £419,025 of the net profit of £797,290, which compares with £257,129 for the year before. With continued development of its Manchester television centre, purchase of the freehold of its London offices, and expansion of its ancillary businesses, Granada's fixed assets now stand at £4,186,371.

F. W. Woolworth

SHAREHOLDERS should be fairly satisfied with the results of Woolworth's golden jubilee year, for profits before tax have risen by no less than 10½ per cent and the ordinary dividend is being raised from 40 per cent to 45 per cent. Nevertheless, the market was disappointed, as last year, that the preliminary statement made no mention of a scrip issue.

Profits before tax in the year to December 31st, 1959, have risen from £25,597,085 to £28,283,712. After a rise in the tax charge from £13,561,840 to £14,279,966 (including £530,000 to reserve for equalising capital allowances), net profits are left some £1.968,501 higher at £14,003,746 so that the increased ordinary dividend (absorbing £9,302,344) is still covered about one and a half times by earnings. In addition, ordinary shareholders have received this year a special dividend of 6¾ per cent to mark Woolworth's 50 years' trading.

This further major increase in trading profits has been achieved in a year in which Woolworth has advertised for the first time both in the national press and on television. No doubt the impact of its campaign has contributed to increased sales—which have also had the benefit of the general rise in spending. Contrary to the expectations of many people, Woolworth is continuing to hold its own in the chain store field. At 63s. 3d. its 5s. shares yield 3½ per cent on the 45 per cent dividend.

Richard Thomas and Baldwins

RICHARD THOMAS AND BALDWINS' preliminary figures are especially interesting on two counts. The rise of 26 per cent in trading profits in the year ended October 3, 1959, from £8,030,668 to £10,181,220 is one of the best performances reported by the steel makers; secondly, these are possibly the last yearly trading figures that will be available before the company is denationalised. Earnings have now climbed back to their 1956-57 level, thanks to the buoyant demand for sheet steel and tinplate together with economies following the closure of the group's old type works. The increase in net earnings from £1,614,037 to £1,872,085 is not quite so impressive, but this figure is struck after deducting the appropriation to fixed assets replacement reserve, which has almost doubled from £1,400,000 to £2,250,000. Depreciation takes £3,135,933 (against £2,596,519), taxation absorbs £2,980,814 compared with £2,638,598, and the ordinary dividend of 13½ per cent is covered about 2.1 times by earnings.

The group has won two new contracts worth £2 million each. One is for the supply of sinter plant which it is hoped will be in commission by 1961, and the other, due to be completed by March, 1961, is for the manufacture of handling plant such as coal crushing and conveying machinery.

Stewarts and Lloyds

Two factors were mainly responsible for the 20 per cent fall in Stewarts and Lloyds' net earnings, from £6.6 million to £5.4 million, in the year to September 30, 1959. Demand for tubes and pipes from the oil industry dropped sharply, home deliveries falling by 38 per cent and exports by 41 per cent; and increasing competition in export markets squeezed profit margins on most of the group's steel products. But the chairman, Mr A. G. Stewart, expects the improvement in demand from all the group's customers (except the oil industry), which got under way towards the end of the financial year, to continue—with a resultant increase in profits. At home the demand for general purpose tubes in the last quarter of 1959 showed "a marked upward trend" and demand for quality tubes has also continued to expand. Mr Stewart says that exports to customers other than the oil industry increased by 25 per cent in 1958-59. Some "good orders" for seamless tubes were obtained from the Soviet Union.

Stanton Ironworks had a difficult year. Demand for pig-iron at home fell, but the surplus output was switched to export markets and exports of pig-iron in 1958-59 were more than 30 per cent higher than in the previous year. Mr Stewart says that the directors are "taking active steps to meet the requirements of the newer industries such as nuclear power" and the production of alloy steel and alloy steel tubes is to be increased.

The full accounts show that bank overdrafts have risen to £11,251,000 from £5,940,000 at the beginning of the year. Capital expenditure during 1958-59 totalled £11,700.000 and the directors expect to spend about £18.719.000 on future capital developments. The "rights" issue made after the election brought in some £13.700,000, and although most of this will be used to pay off the group's overdraft, Mr Stewart says that the group will need "the assistance of our bankers for some time." Capital commitments of £5.990,000 (against £10.530,000) are comfortably covered by a cash flow (depreciation provisions plus retained profits) of some £6.700,000.

Colvilles

THE full report from Colvilles, which contains no chairman's statement, shows that the group's capital commitments at end-September, 1959, amounted to £12,300,000, covered by a cash flow of about £10 million and liquid funds of some £8.500,000. At the time of the publication of the preliminary statement the directors said that the Government had agreed to advance up to £50 million to help finance the new slabbing mill at Ravenscraig; but "as great a proportion as possible of the total capital expenditure for the strip mill scheme should come from the company's own resources." Clearly the directors' determination to finance the bulk of the heavy capital programme from retained earnings explains the strength of the company's liquid resources as well as the 5.4 times cover on the 1958-59 ordinary dividend.

One of the surprising features about Colvilles' trading experience in 1958-59 was that in spite of a marked fall in output of coke, pig-iron and steel ingots and castings gross profits advanced by 6 per cent from £11,152,075 to £11,813.912. This is now to some extent explained by the balance sheet which shows a fall in stocks from £17.431.000 to £15.559.000. The £1 ordinary shares at 75s. 6d. yield 3.7 per cent.

Years to end-September	Stewarts and Lloyds 1958 £'000	Stewarts and Lloyds 1959 £'000	Lancashire Steel 1958 £'000	Lancashire Steel 1959 £'000	Colvilles 1958 £'000	Colvilles 1959 £'000	Richard Thomas and Baldwins 1958 £'000	Richard Thomas and Baldwins 1959 £'000
Consolidated earnings:—								
Trading profit	15.913	15.384	4.085	5.148	11.152	11.814	8.031	10.181
Depreciation	2,874	3,394	850	925	2,230	2,363	2,597	3.136
Replacement reserves	7,500	1,500	250	350	270	98	1,400	2,250
Loan interest	450.000	450.000	37	...	643	794	68	48
Tax	7,853	5.278	1,750	1.950	4.437	3.676	2.639	2.981
Net profit	*6,642*	*5,448*	*1,236*	*1.924*	*2.215*	*3,675*	*1.614*	*1.872*
Ordinary dividends	1,265	1,384	311	520	747	889	841	895
Ordinary dividend (per cent)	*11*	*11*	*7**	*8½*	*13*	*14*	*13½*	*13½*
Retained profits	4,751	4,951	776	1,245	3.670	4,563	843	1,037
Consolidated balance sheet:—								
Net fixed assets	68.933	76.806	14.799	15.900	37.594	38.928	36.311	41.765
Stocks	33,266	30.870	4,458	3.985	17,431	15.558	19,751	17.878
Liquid assets	660	1,554	2,570	4,674	5,502	8,599	2.311†	314
Net current assets	*20,839*	*19,490*	*6,490*	*7,652*	*20,276*	*21,252*	*19,004*	*16,395*
Reserves	37,168	42,156	10,194	8,517	25,199	31,495	42,836	46,892
Loan capital	10,000	10,000	...	...	16,000	15,479	1,296	794
Preference capital	10,000	10,000	4,500	4,500	...	...	...	...
Ordinary capital	20,000	20,000	4,500	9,000	14,000	14,375	10,829	10,829

* Equivalent allowing for scrip issue. † Including loan to ISHRA.

Lancashire Steel

EXPENDITURE on Lancashire Steel's development programme in 1958-59 totalled £2.035,721, comfortably covered by a cash flow of some £3,400,000. No chairman's statement accompanies the full report but the directors say that the second stage of the new blast furnace bunker system at the Irlam works was completed; the second large capacity blast furnace and the continuous billet mill are nearly ready. At Warrington a new cooling bed has almost been completed and at the Rylands factory new wire drawing machinery and nail packaging plant have been installed.

Lancashire Steel has the distinction of reporting the biggest jump in trading profits among the steel companies in 1958-59: a rise of 25 per cent, from £4.1 million to £5.2 million. Its broad range of products (from heavy nails to wire fencing) put the group in a good position to benefit from the expected spreading of economic recovery, which last year was confined mainly to the consumer goods industries. Thus with the main part of the expansion plan completed, the 1958-59 dividend of 8½ per cent covered 3.4 times by earnings and liquid funds up from £2.5 million to £4.6 million, the prospects of a more generous dividend policy seem fairly bright. The £1 ordinary shares at 51s. yield 3¼ per cent.

Leyland and ACV

LAST year a sharp revival in demand helped the commercial vehicle makers to climb out of the recession that hit them in 1957. The general improvement in trading conditions was not the only reason for the recovery: what Lord Brabazon, the

Company Affairs *continued on page 362.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959–60 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Jan. 13, 1960	Price, Jan. 20, 1960	Net Yield, Jan. 20, 1960 $	Gross Yield, Jan. 20, 1960 £ s. d.
98⅛	96¹¹/₁₆	Funding 2½% 1956–61	98½	98¹⁷/₃₂	2 10 7	3 14 6
99¹/₁₆	98¹/₃₂	Exchequer 2½% 1960	99.18.6	99.18.5	3 4 3	3 4 3
		Exchequer 2½% 1960 Assented	98⅝ᵉ	98¼ᵉ	3 4 6	5 3 4
100⅜	99¹/₁₆	Exchequer 3% 1960	99.18.3	99.18.6	…	5 3 4
…	…	Exchequer 3% 1960 Assented	99¼	99⅜	3 4 0	5 4 0
101¹¹/₃₂	100⅞	Conversion 4½% 1962	100½	100⅝	2 10 8	4 4 5
96⅞	94⅞	Exchequer 3½% 1962–63	96	95³¹/₃₂	3 0 11	4 5 6
93⅝	91⅝	Exchequer 2½% 1963–64	93	93	3 4 9	4 5 11
101⅝	100⅜	Conversion 4¾% 1963	100¾	100¹¹/₁₆	2 12 8	4 10 6
100¹⁵/₁₆	99⅜	Conversion 4½% 1964	99⅜	99⅜	2 17 6	4 14 2
92¹⁵/₁₆	89⅞	Savings Bonds 3% 1955–65	91⅝ᵉ	91⅝ᵉ	3 9 11	4 14 11
86	82⅞	Funding 3% 1959–69	84⅝	84¼	3 19 1	5 5 9
94⅝	90⅝	Funding 4% 1960–90	93	92⅞	2 16 7	4 9 9
84¹⁵/₁₆	80¾	Savings Bonds 3% 1960–70	82¼	82⅛	4 0 2	5 7 7
86	83	Savings Bonds 2½% 1964–67	84¹¹/₁₆	84⅝	4 0 11	5 3 11
78¹³/₁₆	75	Savings Bonds 3% 1965–75	75¹⁵/₁₆ᵉ	75¹¹/₁₆ᵉ	3 19 11	5 7 4
105¹¹/₁₆	102½	Exchequer 5½% 1966	104⁹/₁₆	104⁷/₁₆	2 15 10	5 0 5
87¹/₁₆	83¼	Funding 3% 1966–68	84¼ᵉ	84¼ᵉ	4 0 8	5 6 2
98⅛	95	Victory 4% 1920–76	96½	96⅜	3 1 1	4 14 11‡
90⅝	87¼	Conversion 3½% 1969	88⅝	88½	3 15 1	5 6 0
104	98⅝	Conversion 5¼% 1974	100⅞	100¹³/₁₆	3 3 6	5 4 5
81⅞	76⅝	Treasury 3½% 1977–80	78⅛	78	3 14 1	5 6 2
80¹³/₁₆	76⅝	Treasury 3½% 1979–81	76⅞	76³⁄₄ᵉ	3 14 9	5 6 8
107¼	101⅛	Funding 5½% 1982–84	102⅞ᵉ	102¹³/₁₆	3 3 11	5 5 10
68⅝	64⅛	Redemption 3% 1986–96	65¼	65¼	3 11 5	5 3 8
96⅛	86¹/₁₆	Treasury 3% 1986–89	96⅛	96¹/₁₆	3 5 8	5 6 3
75	70¼	Funding 3½% 1999–2004	70⅜	70⅝	3 8 11	5 4 3
77¼	71⅞	Consols 4% after Feb. 1957	71⅝ᵉ	71½	3 8 6	5 11 9
68¹⁵/₁₆	63¹¹/₁₆	War Loan 3½% after 1952	63⅞	63¹³/₁₆	3 7 6	5 10 7
68¹¹/₁₆	63¹³/₁₆	Conv. 3½% after Apr. 1961	64⅛	64¹/₁₆	3 7 8	5 11 2
60	55½	Treasury 3% after Apr. 1966	55⅞	55⅞	3 7 0	5 10 0
53⅝	48¾	Consols 2½%	48¹¹/₁₆	48½	3 3 3	5 3 4
51⅛	47⅛	Treasury 2½% after Apr. 1975	47⅛	47⅛	3 5 1	5 7 0
98⅛	94	British Electric 4½% 1967–69	95¼ᵉ	95¼ᵉ	3 6 10	5 2 5
80⅞	77¼	British Electric 3% 1968–73	78⅜	78⅜	4 0 0	5 7 9
78⅛	74⅛	British Electric 3% 1974–77	75½	75⅛	3 17 3	5 5 10
91¾	87½	British Electric 4½% 1974–79	90	89⅞	3 7 5	5 5 10
81⅜	77⅝	British Electric 3½% 1976–79	78⅛	78¹³/₁₆	3 13 9	5 5 10
92¼	87¼	British Gas 4% 1969–72	88½ᵉ	88½ᵉ	3 11 9	5 4 10
88¼	84⅜	British Gas 3½% 1969–71	86⅝	86⅝	3 13 8	5 4 8
69⅛	65	British Gas 3% 1990–95	66	65⅞	3 11 4	5 3 0
80⅞	77½	British Transport 3% 1968–73	78⅜	78⅛	4 0 0	5 7 9
89⅞	84	British Transport 4% 1972–77	86	86	3 10 7	5 4 11
70¼	66	British Transport 3% 1978–88	66⅛	66⅛	3 16 1	5 6 10

Prices, 1959–60 High	Low	DOMINION AND CORPORATION STOCKS	Price, Jan. 13, 1960	Price, Jan. 20, 1960	Yield, Jan. 20, 1960 £ s. d.
85	80⅛	Australia 3½% 1965–69	82⅝	82⅝ᵉ	5 11 01
107⅞	103⅜	Australia 6% 1974–76	106¾	106¾	5 9 0e
77	72¾	Ceylon 4% 1973–75	73½	73½	6 19 0‡
108	104¼	New Zealand 6% 1976–90	107	107	5 10 0e
98¹¹/₁₆	93	Rhodesia and Nyasaland 6% 1978–81	96¼	95¾	6 6 0‡
87	84⅜	South Africa 3½% 1965–67	85¼	85¼	6 2 0‡
85	75	Southern Rhodesia 4½% 1987–92	78ᵉ	77¾ᵉ	6 0 0‡
104½	100⅞	Agricultural Mortgage 5½% 1980–85	101⅛	100¾	5 5 10e
95¼	89¾	Birmingham 4¼% 1967–70	92¼	91¾	5 5 0‡
100½	96	Bristol 5% 1971–73	98½	98½	5 3 0‡
102½	99¼	Corporation of London 5¼% 1976–79	99½	99¾	5 5 0‡
57	52¾	L.C.C. 3% after 1920	53	52¾	5 14 0‡
98¹/₁₆	94	L.C.C. 5% 1980–83	97⅛	97	5 6 0‡
100	98⅜	Middlesex 5¼% 1980	99⅜	99¹³/₁₆	5 6 0‡

NEW YORK PRICES AND INDICES

	Jan. 13 $	Jan. 20 $		Jan. 13 $	Jan. 20 $		Jan. 13 $	Jan. 20 $
Ath. Topeka	25⅜	25¾	Boeing	30⅞	30⅛	Inter. Nickel	105¾	103
Can. Pacific	25½	25½	Celanese	30½	29⅛	Inter. Paper	125	123¾
Pennsylvanie	16⅛	16	Chrysler	64⅝	62⅛	Kennecott	94⅞	94⅛
Union Pacific	29¾	29⅜	Col. Palmolive	39⅛	38⅛	Monsanto	51⅜	49¼
Amer. Electric	48⅜	47⅜	Crown Zeller	51⅞	49¼	Nat. Distillers	34⅝	32⅝
Am. Tel. & Tel.	81⅝	81⅜	Distillers Seag.	32⅜	31¾	Pan-American	21⅛	20
Cons. Edison	60⅛	60¾	Douglas	38⅞	37⅜	Procter Gamble	87½	86⅝
Int. Tel. & Tel.	35⅞	36⅛	Du Pont	258	244	Radio Corpn.	63⅝	62⅜
Standard Gas	4⅜	4⅜	East. Kodak	103	101	Sears Roebuck	49¼	47⅜
United Corpn.	7⅝	7½	Ford Motor	85⅛	84½	Shell Oil	41	40⅞
Western Union	56⅛	52	Gen. Electric	93⅜	90¼	Socony-Mobil	40¼	39⅝
Alcoa	100	95¼	General Foods	103	102	Stand. Oil Ind.	42⅝	40½
Aluminium	34	33	General Motors	51⅝	50¼	Stand. Oil N.J.	47⅞	47
Amer. Can	42⅞	42¾	Goodyear	45⅛	42	20th Cent. Fox	33⅛	33¼
Am. Smelting	49⅜	47⅞	Gulf Oil	33⅝	33¼	Union Carbide	144¾	142¼
Am. Viscose	40⅝	39¼	Heinz	86½	86½	U.S. Steel	94⅜	92
Anaconda	65⅞	64¾	Int. Bus. Mach.	424	423	West. Electric	103⅛	103⅝
Beth. Steel	51¾	51½	Int. Harvester	49	50⅛	Woolworth	63¾	63¼

Standard and Poor's Indices (1941–3=10)

1959–60	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 23	63·43	3·07	33·61	5·10	44·37	4·04	83·38	4·54
,, 30	64·38	3·02	33·74	5·15	44·61	4·02	83·38	4·54
Jan. 6	64·75	3·00	34·48	5·04	44·79	4·00	82·99	4·58
,, 13	62·33	3·12	33·57	5·18 ↓	44·51	4·03	84·16	4·46
,, 20	61·16	3·18	33·31	5·22	44·25	4·05	84·75	4·40

425 Industrials:—1959–60: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Prices, 1959–60 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Jan. 13, 1960	Price, Jan. 20, 1960	Yield, Jan. 20, 1960
		%	%				
				BANKS, DISCOUNT & HP			
44/-	38/4½	5 b	2½ a	Alexanders £1	38/9	37/6	4·00
53/-	32/3	6 b	4 a	Bank of London & S. Amer. £1	51/3	52/9	3·79
41	30½	9 c	9 c	Bank of New South Wales £20	39½	38¾	3·72g
70/9	44/6¾	5 a	5 b	Barclays £1	61/9*	60/3*	3·32
56/9	37/9	4 a	5 b	Barclays D.C.O. £1	48/9	47/6	3·79
62/6	43/9	7½ a	7½ b	Chartered £1	60/9	60/-	5·00
85/7½	54/3	8½ a	7 b	District £1	78/6	76/3	3·67**
38/6	26/9	4 a	5 b	English, Scottish & Australn. £1	37/6	36/6	4·93
67	43	37/6 b	22/6 a	Hongkong & Shanghai $125	£63¼	£63	4·76
73/9	40/3	5 a	7 b	Lloyds £1	58/6	66/6	3·61
19/7½	17/-	8 a	8 b	Martins 5/-	26/3	17/3*	3·77
95/-	60/11½	7½ a	9½ b	Midland £1	90/-*	89·6*	3·80
56/4½	43/11½	…	…	Nat. Comm. Bk. Scot. 10/-	50·9*	52·6*	2·86**
55/9	41/3	6¼ a	8½ b	National Discount 'B' 5/-	55·6*	54/-*	5·56
96/-	54/-	5 a	7 b	National Provincial £1	84/6*	82/6*	3·39**
103/-	67/6	8 a	9 b	Royal Bank of Scotland £1	98/-	98/-	3·47
51/9	37/3	9 b	5 a	Standard Bank South Africa £1	48/6	47/6	5·89
63/-	49/-	6¼ a	6¼ b	Union Discount £1	58/3	58/3	4·29
65/-	37/9	5 a	5⅝ b	Westminster 'B' £1	58/3	55/6*	3·90
£23½	£18⁷/₁₆	$1·65c	$1·85c	Bank of Montreal $10	£20¹⁵/₁₆	£21	3·30
£34⅜	£27⅜	$2·25c	$2·32½ c	Royal Bank of Canada $10	£30¹⁶/₁₆	£31	2·81
47/3	16/2½	7½ a	20 b	Bowmaker 5/-	46/6	45/9	3·01
42/6	11/9½	8½ b	8½ a	Lombard Banking 5/-	36/6	36/3	2·34
33/6	10/9	5 a	10 a	Mercantile Credit 5/-	28/3	26/3	2·86
11	5¹¹/₁₆	21 b	4 a	United Dominions Trust £1	10	9⅛	2·53
85/-	43/9	10 a	47½ b	**BREWERIES** Bass 5/-	77/6	74/-	3·21
39/6	23/10½	12½ c	5 a	Distillers 10/-	37/4½	36/-	3·47
26/6	14/7½	6 a	12 b	Flowers 5/-	26/3	25/6	3·53
82/6	54/-	10 a	18 b	Guinness 10/-	66/3	65/6	4·27
20/4½	12/7½	6 a	11½ b	Ind Coope & Allsopp 5/-	20/3	19 10½	3·90
38/-	22/-	5 a	7½ b	Teacher (Distillers) 10/-	35/6*	35/6*	3·52
90/6	38/9	33¼ a	11¼ b	Watney Mann Defd. £1	88/9	87/-	3·45
137·	100/-	17 b	8 a	Whitbread 'A' £1	132/6	129/4½	3·86
81/6	39/9	10 c	4 b	**BUILDING, PAINT, etc.** Associated Portland £1	79/3	78/6	2·45
28/9	15/-	6¾ b	4 a	British Plaster Board 10/-	28/-	27/4½	3·65
101/10½	59/7½	10 b	5 a	Richard Costain £1	93/9	92/6	3·24
18/7½	9/7½	5 a	10 b	Tarmac Limited 5/-	14/10½	14/10½	5·04
17/9	12/7½	14 b	6 a	International Paints 4/-	17/3	16/11½	4·96
104/-	61/3	6 a	11 b	**CHEMICAL** London Brick £1	102/3	98/6	3·45
40/9	18/6	11²⁄₃ b	5 a	Pinchin Johnson 10/-	40/3	40/6	4·11
52/9	31/6	22½ c	25 c	Rugby Portland 5/-	49/9	48/9	2·56
45/-	21/3	12½ b	7½ a	Taylor Woodrow 5/-	44/3	43/-	2·91**
130/-	79/9	5 a	15 b	Wall Paper Defd. £1	123/9	128/9	3·11
30/6	16/-	13·6c	4·8a	Albright & Wilson 5/-	27/6	26/9	2·54
24/7½	15/3	2½ a	7½ b	Borax Defd. 5/-	21/9	20/3	2·47
56/9	32/10½	3 a	5 b	Fisons £1	50/6	49/9	3·62
62/6	33/10½	5⅓ b	3¾ a	I.C.I. £1	58/6	58/3	3·12
27/7½	15/11½	8½ b	c a	Monsanto 5/-	26/-	24/6	2·76
50/4½	28/-	5 a	15 b	**DRAPERY AND STORES** Montague Burton 10/-	48/4½	46/-	4·35
48/6	27/-	5 a	11⅔ b	Debenhams 10/-	45/11½	44/-	3·79
54/9	28/7½	27½ a	7½ a	G.U.S. 'A' 5/-	36/6	51/11½	3·42
34/7½	31/9	40 c	15 a	House of Fraser 5/-	46/-	45/3	4·42
25/6	13/-	16 c	7½ a	Lewis's Investment Trust 4/-	22/10½	22/-	2·91
78/3	41/4½	20·83b	12½ a	Marks & Spencer 'A' 5/-	71/6	71/-	2·35
54/3	32/7½	22½ b	12½ a	United Drapery 5/-	51/11½	51/11½	3·42
69/6	47/3	13½ a	31½ b	Woolworth 5/-	66/6	65/-	3·46
67/-	54/-	7½ b	4 a	**ELECTRICAL & RADIO** A.E.I. £1	65/3	64/4½	4·66
61/-	46/3	9½ b	4 a	B.I.C.C. £1	59/-	58/6	4·62
15/-	9/7½	4 a	7½ b	Crompton Parkinson 5/-	14/3³⁄₄‖	14/-‖	5·00
57/6	37/4½	20 c	5⅜ a	Decca Record 10/-	54/9	55/-	3·64
57/-	31/7½	5 a	15 b	E.M.I. 10/-	50/7½	51/6	3·88
53/-	38/-	9½ c	3 a	English Electric £1	48/3	46/7½	4·00
48/6	30/-	3 a	7 b	General Electric £1	44/3	44/3	4·52
59/6	43/-	4⅜ a	4⅜ b	C. A. Parsons £1	54/6	54/6	3·21
20/7·	12/10½	12½ c	12½ c	Pye Defd. 5/-	17/9	17/4½	3·60
104/6	84/6	6½ a	11 b	A. Reyrolle £1	93/11½	90/6	3·87
57/-	34/11½	17½ c	20 c	Thorn Electrical 5/-	50/7½	49/3	2·03
55/-	42/3	7 b	4½ a	**ENGINEERING** Babcock & Wilcox £1	45/11½	45/10½	5·01
54/-	30/8¼	6 b	4 a	John Brown £1	50/-	47/3	4·23
10/6	7/-	11 b	3 a	Cammell Laird 5/-	10/-	9/7½	7·27
46/9	30/3	30 c	10 a	International Combustion 5/-	46/9	41/9	3·59
15/7½	11/3	5 b	3½ c	Richardsons Westgarth 10/-	13/10½	14/-	5·95
41/-	25/6	7½ b	2½ a	Swan Hunter £1	39/3	38/3	5·23
25/9	19/-	15 b	7½ a	John Thompson 5/-	23/6	22/9	4·95
40/4½	27/2¼	7½ b	2½ a	Vickers 10/-	37/10½	36/4½	5·50
29/3	16/-	14⅔ b	17½ a	Coventry Gauge 10/-	28/-*	27/6*	3·72
60/3	36/6	12 a	14 b	Alfred Herbert £1	55/6	55/3	3·55
73/9	37/-	8¾ b	7½ a	Allied Ironfounders £1	70/-	68/6	4·74
99/3	60/6	10 b	5 a	Averys 10/-	96/-	98/-	3·06
19/-	10/3	4½ a	7½ b	George Cohen 5/-	17/9	17/3	3·48
117/9	43/4½	10 c	15 c	Davy-United £1	117/-	109/6	2·74
95/7½	51/3	9 b	5 a	Guest Keen £1	88/9	89/6	3·13
31/6	16/4½	10 b	3½ a	Head Wrightson 5/-	27/3	27/3	2·57**
80/-	44/7½	5⅓ b	4 a	Metal Box £1	69/3	68/6	2·72
29/6	16/9	5 a	12½ b	Ransome & Marles 5/-	25/3	25/3	3·47
57/-	39/9	9½ b	3 a	Renold Chain £1	55/3	56/3	4·44
40/-	21/4½	9 c	8 a	Ruston & Hornsby £1	35/6	34/6	4·64
139/7½	72/-	7½ a	12½ b	Tube Investments £1	129/-	127/-	3·15
168/9	83/-	5 a	20 b	Ward (Thos. W.) £1	158/9	155/-	3·23
45/-	22/3	25 c	5 a	Woodall-Duckham 5/-	43/-	43/-	2·91

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date

YORK STOCKS

Prices, 1959–60 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Jan. 13, 1960	Price, Jan. 20, 1960	Yield, Jan. 20, 1960
		%	%				
				FOOD AND TOBACCO			
41/-	22/6	18 c	6 a	Allied Bakeries 'A' 5/-	39/9	38/6	2·34
105/7½	63/-	20 c	5 a	Bovril Deferred £1	97/6	96/10½	4·13
15/9	9/4½	12½a	14½ b	Brooke Bond 'B' 5/-	15/3	14/9	3·46
30/7½	20/-	10 c	10 c	Home & Colonial 10/-	30/7½	26/10½	3·72
14/3	10/6	2½ a	7½ b	International Tea 5/-	12/11¼	12/6	4·00
91/-	69/-	9½ b	5 a	J. Lyons 'A' £1	84/-	83/6	3·39
28/3	18/10½	5 a	7½ b	Ranks 10/-	27/4½	26/9	4·67
70/-	40/3	8 b	2½ a	Spillers £1	66/-	67/9	4·06**
62/-	42/-	3 a	9 b	Tate & Lyle £1	61/-	60/3	3·98
17/11½	10·10½	…	5 a	Unigate 5/-	16/9	16·9	2·99
72/3	51/4½	†17½ c	†10⅝ a	British Amer. Tobacco 10/-	67/7½	67/4½	4·24
42/6	26/8½	13½ b	3½ a	Gallaher 10/-	39/6	38/3	3·65
75/-	54/3	12½ b	8½ a	Imperial Tobacco £1	70/7½	69·10½	6·01
				MISCELLANEOUS			
58/6	37/9	40 b	20 a	Assoc. Brit. Picture 5/-	43/6*	45/9*	6·56
84/-	54/9	60 b	40 a	Assoc. Television 'A' 5/-	77/3	76/9	6·51
49/-	23/4½	24 a	8 a	Beecham Group 5/-	45/9	45/-	3·67
32/-	19/7½	16 c	3 a	Boots Pure Drug 5/-	30/9	29/3	2·74
42/6	28/7½	5 b	3½ a	British Match £1	40/-*	40·-*	4·17
87/3	49/6	8 b	4 a	British Oxygen £1	83/3	80/9	2·92
11/6	8·10½	18 c	6 a	British Ropes 2/6	11/4½	11/-	4·09
73/6	42/9	15 b	5 a	De La Rue 10/-	70/-	68/-	2·94
39/3	22/3	14 b	6 a	Gestetner 'A' 5/-	38/3	37/3	2·68
63/-	35/9	5½ a	8½ b	Glaxo 10/-	60/-	60/6	2·31
64/-	31/6	3 a	9 b	Imperial Chem. Defd. £1	56·10½	56·10½	3·56
106/3	56/4½	50 b	10 a	Hoover 'A' 5/-	103/11½	101/3	2·96
33/6	16·10½	11 b	5 a	Ilford 5/-	30/-	28/-	2·86
78/6	63/6	4 a	6 b	Inter. Computers & Tab. £1	75/-	76/-	2·63
53/9	30/-	10 b	111¼ c	National Canning £1	52/-	52/-	4·33
30/6	19/3	10 b	6 a	Powell Duffryn 10/-	28/3*	28/3*	5·66
49/4½	35/-	7½ a	15 b	Radio Rentals 5/-	46/6	45·3	2·49
14/7½	10/-	5 c	10 c	Rank Organisation 5/-	13/7½	13/4½	3·74
34/9	18/1½	12½ b	5 a	Schweppes 5/-	33/3	32/3	3·10
29/3	13/-	18 b	20 a	Sears 'A' 5/-	27·10½	26/6	3·77
20/3	11/3¾	6·3 b	7¼ a	Thomas Tilling 4/-	19/9	19·3	2·83
112/3	69/4½	5 a	15 b	Turner & Newall £1	104/3	106/6	3·76
144/-	86/7½	16·8 c	8 a	Unilever £1	133/6	132/6	2·54
12/3	9/9	10·4 c	3½ a	United Glass 5/-	12/3	12/3	4·24
50·10½	31/9	†10⅝ b	†4½ a	United Molasses 10/-	49/6	48/-	5·10
				INSURANCE			
188/9	122/6	†40 b	†45 a	Britannic 5/-	185/-	187/6	3·70
68/6	40/-	22½ b	20 a	Commercial Union 5/-	64/3	64·7½	3·23
217/6	127/6	15 b	12½ a	Employers' Liability £1	197/6	211/3	2·60
14¼	8	†32·35c	†41·17c	Equity & Law Life 8/6	13⅞	13½	2·12
77/9	66/6	17½ b	15 a	General Accident 5/-	76/-	76/6	2·61
104/4½	58/6	30 b	30 a	Guardian 5/-	101/3	102/-	2·94
18⅞	9/6	60 a	40 a	Legal & General 5/-	17¹³/₁₆	17¹³/₁₆	1·40
145/-	63/6	5 a	10 b	Northern £1	137/6	123/9	2·42
172/6	112/6	50 b	20 a	Pearl 5/-	166/3	165/-	3·47
17¹⁵/₁₆	10½	†14⅞ c	†16⅔ c	Prudential 'A' 4/-	17¼	17¼	3·06
115/-	75/3	10 b	8 a	Royal Exchange £1	112/6	113/3	2·83
				MOTORS & AIRCRAFT			
68/6	36/4½	3 a	9½ b	B.S.A. £1	64/9	65/6	3·82
24/-	10/-	5¾ a	12½ b	British Motor 5/-	22/7½	22/11½	4·12
113/9	50/3	8½ b	5 a	Ford Motor 10/-	109/3	107/6	2·51
85/-	44/-	12½ c	15 c	Leyland Motor £1	83/-	78/9	3·81
18·11½	7/3	8 c	12 c	Rootes Motors 4/-	16·10½	16/4½	2·93
12/11½	5/11¼	12 c	12 c	Standard-Triumph 5/-	11/6	11/-	4·09
17/3	8/3	3½ a	6½ b	Bristol Aeroplane 10/-	14/9	14/9	6·78
32/-	11/11¼	7½ a	11/-	De Havilland £1	29/-	31/3	…
54/-	34/9	†5 a	†6½ b	Dowty Group 10/-	51/7½	50/3	3·75
34/-	26/11½	3 a	7 b	Hawker Siddeley £1	30/11½	32/11½	6·23
53/11½	41/3	7½ b	2½ a	Rolls-Royce £1	47/6	47/6	4·21
29/-	18/3	3½ a	9½ b	Dunlop Rubber 10/-	26/2¼	25/-	5·20
78/9	44/3	12½ b	10 b	Joseph Lucas £1	73/6	72/7½	3·44
46/4½	23/7½	17½ b	9 a	Pressed Steel 5/-	41/9	40/4½	3·28
103/9	48/11½	20 c	30 c	Tripiex Holdings 10/-	96/3	103/9	2·89
				PAPER & NEWSPAPERS			
51/11½	21/-	15 b	10 a	Daily Mirror 'A' 5/-	29/4½	29/11½	4·29
37/-	24/6	12½ b	5 a	Odhams Press 10/-	34/9	36/3*	4·83
68/-	43/7½	8 b	4 a	W. H. Smith & Son £1	64/6	62/6	3·84
77/11½	44/6	12½ c	5 a	Bowater Paper £1	74/6	71/-	3·52
60/6	42/6	9 b	5 a	Albert E. Reed £1	60/-	58/6	4·79
35/3	22/-	5 b	3 a	Spicers £1	31/9	31/-	5·16
79/6	71/-	12½ b	5 a	Wiggins Teape £1	77/6	77/6	4·52
				SHIPPING			
52/-	36/6	13½ b	6½ a	Brit. & Com'wealth. 10/-	47/9	44/-	4·55
25/6	17/3	8 c	Nil a	Cunard £1	23/11½	22/3	7·19
35/-	25/-	10 c	Nil a	France Fenwick £1	33/-	32/-	…
50/9	29/6	10 c	10 c	Furness Withy £1	46/-	44/3	4·52
10 b	10 a	10 b	10 a	London & Overseas 5/-	12/6	21/6	4·65
55/-	31/6	8 b	3 a	P & O Defd. £1	50/3	47/7½	4·62
22/3	13/3	5 c	2½ c	Reardon Smith 10/-	21/3	20/6	1·22
31/-	19/-	7½ c	8 c	Royal Mail £1	29/9	28/3	5·66
				STEEL			
83/-	28/11½	6 a	8 b	Colvilles £1	75/3	76/6	3·66
85/3	26/6	4 a	8 b	Dorman Long £1	80/-*	77/9*	3·86**
54/9	14/-	21½ a	6 b	Lancashire Steel £1	48·6	52/3	3·25
61/9	27/6	4 a	8 b	South Durham £1	51/9*	52/3*	4·59
55/9	20/9	3¾ a	6½ b	Steel Co. of Wales £1	50/9	50/6	3·96
63/-	25/-	3 a	8 b	Stewarts & Lloyds £1	56·10½	56/6	4·04
78/6	23/4½	4 a	8½ b	John Summers £1	72/6	71/3	3·51
86/9	24·9	4 a	11 b	United Steel £1	82/3	82/9	3·63
118/9	58/3	10 a	15 b	Whitehead £1	116/6	111/3	4·49
				TEXTILES			
66/-	37/-	22½ c	22½ c	Calico Printers £1	61/6	58/9	7·66
36·7½	22/-	7½ b	2½ a	J. & P. Coats £1	34/3

chairman of Associated Commercial Vehicles, calls the sudden "release of pent-up orders" which followed the abolition of the 30 per cent purchase tax on commercial vehicles in April, also played its part. **Leyland Motors,** which is the largest commercial vehicle maker in the United Kingdom, last week reported a rise in trading profits in the year ended September 30, 1959, from £5,937,646 to £6,277,135; after depreciation of £1,261,587 (against £1,228,550) and a tax charge of £2,156,137 compared with £2,237,982, net earnings are up by £639,885 to £2,685,630. The ordinary dividend is to be raised from 12½ per cent to 15 per cent.

Leyland makes a wider range of vehicles than **Associated Commercial Vehicles** and this may to some extent explain why the recovery in ACV's earnings is more spectacular. Trading profits in the year ended September 30th almost doubled from £432,000 to £966,000 and net earnings after tax shot up from £163,003 to £538,238; the ordinary dividend was duly raised from 15 per cent to 17½ per cent. In his statement with the full report Lord Brabazon says that the recovery in sales was not confined to the home market in spite of the tendency of some countries to manufacture locally. ACV's exports, in fact, increased substantially; but in the future foreign markets are bound to be affected by the growth of local manufacturers, so the directors have decided that ACV should establish its own manufacturing footholds in these markets. Last year, for instance, "a substantial holding" in a South African public company, J. H. Plane, was acquired, and in association with that company a new subsidiary has been set up (AEC Vehicles SA) which will manufacture and market the AEC range of vehicles in South Africa. An interest in the European common market has been established with the formation of AEC Continental SA—a joint enterprise with G. Spitals SA of Belgium, which has been marketing ACV's products for many years.

Demand for commercial vehicles has been given another fillip by the election result, which removed fears of nationalisation and has prompted many road hauliers to step up their re-equipment; the current financial year should therefore see no falling-off in business for the main commercial vehicle makers. ACV's £1 shares at 77s. 3d. yield 4½ per cent and Leyland's £1 shares at 76s. offer a return of nearly 4 per cent.

Westinghouse Brake

RECORD profits and an increase in the ordinary dividend from 10 per cent to 11 per cent are reported by the directors of Westinghouse Brake. In the year ended October 3rd trading profits advanced by some 25 per cent from £2,035,101 to £2,557,488, and a higher tax charge of £1,121,503 (against £997,683) leaves net earnings of £1,287,108, compared with £867,049. Following announcement of the results the £1 ordinary shares fell by 1s. 3d. to 55s., mainly because the market was hoping for an increase of 2 per cent in the distribution.

In 1958-59 trading conditions could hardly have been better. British Railways' modernisation programme involving the switch-over from steam to electric and diesel locomotives (for which Westinghouse makes the brakes); the modernisation of signalling equipment on the railways as well as in the coal mines; the recovery in the commercial vehicle trade; and the popularity of motor scooters made by the group's subsidiary Douglas (Kingswood)—all contributed to the group's best trading year ever. On the 11 per cent ordinary dividend, which is covered 2.7 times by earnings, the £1 shares yield 4.0 per cent.

British Industrial Plastics

IN his statement last year the chairman of British Industrial Plastics, Mr E. R. Crammond, warned shareholders that smaller profit margins were to be expected. Yet profits before depreciation and tax in the year to September 30th rose by 14 per cent, from £979,129 to £1,113,026. Achievement of this increase in profits in a period of diminishing margins indicates a marked rise in turnover.

Although the charge for depreciation rose by £29,595 to £310,110, tax was lower by almost the same amount so that net profits showed an increase of some 45 per cent, from £312,508 to £445,616. After being kept at 20 per cent for the past four years, the ordinary dividend is increased to 22½ per cent and is still covered more than twice by earnings. In addition the directors are to make a one for one scrip issue and shareholders are likely to take this as a favourable indication of further increases in distribution. Their optimism may be justified, for while BIP has shared fully in the postwar expansion in the plastics industry, several of its products, including Filon structural sheeting (used by the building industry) have only recently been put on the market. In addition BIP should gain an increasing benefit from trading links formed both in Holland and Germany. At 12s. 7½d. the 2s. shares show a rise of 1s. 3d. over the week and yield 3½ per cent.

Inveresk Paper

LAST September the chairman of Inveresk Paper, Mr C. Snelling, estimated that the group's trading profits for 1958-59 would not be "materially different" from those of the previous year. In the event, gross earnings have risen sharply from £3,012,268 to £3,207,940, and after a higher depreciation charge of £524,717 (against £482,064) the net profit is up some 21 per cent from £1,212,928 to £1,515,056. The ordinary dividend is to be raised by 2 per cent to 10 per cent tax free and the ordinary shares are to be written up from 6s. to 10s. by capitalising £2,610,000 of reserves.

London Stock Exchange

FIRST DEALINGS:	Jan. 11	Jan. 25	Feb. 8
LAST DEALINGS:	Jan. 22	Feb. 5	Feb. 19
ACCOUNT DAY:	Feb. 2	Feb. 16	Mar. 1

ON the Tuesday before Bank rate was raised to 5 per cent equity markets suffered their sharpest setback since September 19, 1957, when bank rate was raised to 7 per cent. Jobbers attributed the wave of small selling—which began with a persistent trickle on Monday—primarily to a gloomy television broadcast which compared the post-election boom with the 1929 crash; but warnings from bank chairmen on the present level of equity prices and continued fears of a rise in Bank rate—later to be well justified—also played their part. On Wednesday prices were still sensitive but a fair amount of buying by institutional investors taking advantage of lower prices induced a slight recovery and many shares showed net gains on the day. After the increase in Bank rate equity prices moved erratically but after some selling at the close they showed net losses.

Gilt-edged stocks were dull though a certain amount of two-way business developed on Wednesday. On Thursday, after the rise in Bank rate 3½ per cent War Loan dropped sharply by 1⅞ to 63 and in short-dated stocks 4½ per cent Conversion fell ⅞ to 99.

Industrial equities lost ground all along the line and the biggest falls were suffered by those shares which had been in the forefront of the recent advance. Steel shares took one of the worst knocks. Steel of Wales lost 1s. 1½d. to 49s. 7½d. United Steel, after dropping to 80s. 9d. showed a net loss of 1s. at 81s. 3d. Heavy engineering shares also lost some of their recent gains: William Doxford lost 6s. 9d. to 105s. 3d., Davy-United fell 7s. 4½d. to 109s. 6d. Textile shares also came back with English Sewing 1s. 9d. down at 47s. and Fine Spinners 1s. 3d. lower at 30s. Aircraft shares were fairly buoyant following the mergers within the industry and de Havilland gained 2s. 3d. to 31s. 3d., Westland put on 4½d. to 20s. and Hawker Siddeley closed 2s. better at 32s. 1½d. But aircraft shares also came down on Thursday, with Hawker Siddeley falling to 31s. 4½d.

Among equity shares which did not join the general decline were Triplex which shot up 7s. 9d. to 103s. 9d. following the 200 per cent scrip issue. Aspro Nicholas closed 8s. 9d. up at 38s. 9d. and Griffith Hughes gained 7s. 6d. at 57s. 6d. on the proposed take over.

Oil shares tended to drift lower in sympathy with Wall Street and in spite of a slight recovery on Wednesday most of the leaders showed net falls over the week to Wednesday. Burmah fell 1s. to 51s. 6d., Shell lost 2s. to 155s. 6d. and BP closed 2s. down at 57s. 9d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended January 16, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £131,584,000 compared with a surplus of £73,199,000 in the previous 9 days and a surplus of £95,252,000 in the corresponding period of last year. There was a net expenditure "below-line" of £1,818,000, leaving a total cumulative deficit to date of £843,827,000 compared with £720,452,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Jan. 17, 1959	April 1, 1959, to Jan. 16, 1960	Week ended Jan. 17, 1959	Week ended Jan. 16, 1960
Ord. Revenue					
Income Tax	2147,000	1236.287	1205.156	132058	154647
Surtax	171,000	85,500	88,600	9,500	11,000
Death Duties	195,000	145,000	171,500	3,400	6,500
Stamps	68,000	48,600	74,400	1,600	2,100
Profits tax, EPT and EPL	274,000	235,700	218,300	3,700	3,600
Other Inland Revenue Duties	1,000	350	210	200	...
Total Inland Revenue	2856,000	1751,437	1758,166	150458	177847
Customs	1285,500	1025,800	1095,574	23,193	25,345
Excise	864,500	706,155	692,580	4,155	3,590
Total Customs and Excise	2150,000	1731,955	1788,154	27,348	28,935
Motor Duties	104,000	70,126	71,694	13,561	28,423
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	22,900	25,100	...	...
Sundry Loans	30,000	26,152	31,691	...	...
Miscellaneous	150,000	83,193	129,930	11,791	32,438
Total	5325,000	3685,763	3804,735	203158	267643
Ord. Expenditure					
Debt Interest	600,000	551,416	484,151	17,512	12,477
Payments to Northern Ireland Exchequer	79,000	55,476	58,535	...	...
Other Consolidated Funds	10,000	7,433	7,761	104	122
Supply Services	4523,546	3280,252	3466,962	90,050	122900
Total	5212,546	3894,577	4017,409	107666	135499
Sinking Funds	39,000	28,506	28,370	240	560
"Above-line" Surplus or Deficit		237,320	241,044	+ 95,252	+ 131584
"Below-line" Net Expenditure*		483,132	602,783	18	1,818
Total Surplus or Deficit		720,452	843,827	+ 95,234	+ 129766
Net receipts from:					
Tax Reserve Certificates		184,686	122,356	–27227	–45147
Savings Certificates		111,200	59,000	5,200	2,200
Defence Bonds		77,058	115,720	3,022	2,304
Premium Savings Bonds		53,275	37,480	530	610
Total		426,219	334,556	–18475	–40033

* Net receipt of the Civil Contingencies Fund of £5 million in 1959–60 compared with £11 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Jan. 17	3,460·0	1,948·3	236·6	...	5,644·9
Oct. 10	3,390·0	1,954·2	259·7	...	5,603·9
,, 17	3,340·0	2,016·0	241·4	...	5,687·4
,, 24	3,430·0	2,052·7	217·8	...	5,700·5
,, 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
,, 14	3,580·0	1,942·9	223·8	...	5,746·7
,, 21	3,620·0	1,887·2	223·6	...	5,730·8
,, 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
,, 12	3,660·0	1,934·9	210·9	1·3	5,807·0
,, 19	3,660·0	2,004·0	228·2	1·5	5,893·7
,, 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4

THE MONEY MARKET

BANK Rate went up from 4 per cent to 5 per cent on Thursday and the fixed rates in the money market moved correspondingly, the banks' deposit rate to 3 per cent and their minimum rate on call loans to the discount houses to a nominal 3⅜ per cent. Although the immediate timing of the Bank rate increase surprised the City as a whole, it had been discounted to more than the usual degree in the money market. On Friday of last week the Treasury bill rate rose above 3¾ per cent (which some people had thought of as the maximum under a 4 per cent Bank rate). The discount market lowered its bid for 91-day bills by a further 2d. to £99 1s. 1d. and the average rate of discount was £3 15s. 7.79d.

In America, by contrast, the Treasury bill rate for three months maturities fell back for the second week, from 4.590 per cent to 4.436 per cent.

Credit conditions turned easier this week and on Monday and Tuesday there was a surplus of funds. On Wednesday, with the clearing banks striking their monthly balances, money was in keen demand and two or three houses were forced to borrow a very small amount from the Bank at 4 per cent.

MONEY RATES

LONDON

Thursday, January 21	%	Wednesday, January 20	%
Bank rate (from 4% 21/1/60)	5	**Discount rates:**	
		Bank bills:	
		60 days	3⅞–3 15/16
Deposit rates (max.):		3 months	3⅞–3 15/16
Banks	3	4 months	3⅞–3 15/16
Discount houses	3–3⅜	6 months	3⅞–3 31/32
		Fine trade bills:	
Call Money:		3 months	4⅜–5¼
Clearing Banks minimum	3–3⅜	4 months	4⅜–5¼
		6 months	4¼–5¾

NEW YORK

	%		%
Official discount rate: (from 3½% 10/9/59)	4	**Treasury Bills:** January 12	4·590
		,, 19	4·443

BANK OF ENGLAND RETURNS

(£ million)	Jan. 21, 1959	Jan. 13, 1960	Jan. 20, 1960
*Issue Department**:			
Notes in circulation	2,011·2	2,134·5	2,104·3
Notes in banking dept.	39·2	65·9	21·1
Govt. debt and securities*	2,046·5	2,197·0	2,121·9
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	13·2	14·6	13·4
Bankers	248·0	225·1	255·9
Others	69·6	63·7	62·8
Total	330·8	303·4	332·1
Securities:			
Government	270·0	216·8	281·1
Discounts and advances	18·2	17·4	26·6
Other	21·0	21·0	20·8
Total	309·2	255·2	328·5
Banking department reserve	40·0	66·6	21·8
	%	%	%
"Proportion"	12·0	21·9	6·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £75 million to £2,125 million on January 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1959			s. d.	%
Jan. 16	91 day 240·0†	414·0	62 3·42	40
Oct. 16	270·0†	444·4	68 4·91	34
,, 23	260·0	456·5	68 6·74	37
	91 day / 63 day			
,, 30	220·0 / 50·0	461·6	67 8·53	54
Nov. 6	240·0 / 50·0	464·9	67 4·62	53
,, 13	230·0 / 60·0	471·5	67 9·55	26
,, 20	230·0 / 60·0	438·0	67 11·96	44
,, 27	220·0 / 60·0	415·4	67 11·95	46
Dec. 4	230·0 / 60·0	408·1	70 7·23	54
,, 11	290·0 / ...	452·8	71 6·91	48
,, 18	240·0 / 50·0	403·9	72 10·50	54
	91 day			
,, 24	290·0	407·8	73 8·82	66
1960				
Jan. 1	280·0	422·4	74 6·24	50
,, 8	270·0	396·6	74 11·06	56
,, 15	270·0	406·0	75 7·79	52

* On January 15th tenders for 91 day bills at £99 1s. 1d. secured 48 per cent, higher tenders being allotted in full. The offer for this week was for £270 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: January 20	Market Rates: Spot: January 14	January 15	January 16	January 18	January 19	January 20
United States $	2·78–2·82*	2·79 3/4–7/8	2·79 3/4–7/8	2·79 3/4–7/8	2·79 13/16–15/16	2·79 13/16–15/16	2·79 13/16–15/16
Canadian $	...	2·66 9/16–11/16	2·66 11/16–13/16	2·66 1/2–5/8	2·66 1/16–9/16	2·66 1/16–9/16	2·66 1/2–5/8
French Fr.	13·622–14·027	13·74 1/4–1/2	13·74–74 1/4	13·73 1/4–1/2	13·73 1/8–3/8	13·73 1/8–3/8	13·73 5/8–7/8
Swiss Fr.	11·94–12·54 7/8	12·09 7/8–10 1/8	12·09 7/8–10 1/8	12·09 7/8–10 1/8	12·10 1/4–10 1/2	12·10 1/4–1/2	12·10 5/8–7/8
Belgian Fr.	137·96–142·05	139·62 1/2–67 1/2	139·62 1/2– 67 1/2	139·62 1/2– 65	139·60– 62 1/2	139·60–	139·57 1/2–
Dutch Gld.	10·48–10·80	10·56 1/8–5/8	10·56–56 1/4	10·55 7/8–56 1/8	10·55 7/8–56 1/8	10·55 7/8–56 1/8	10·55 7/8–56 1/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·66 7/8–67 1/8	11·66 7/8–67 1/8	11·66 7/8–67 1/8	11·66 7/8–67 1/8	11·66 7/8–67 1/8	11·66 7/8–67 1/8
Portug. Esc.	79·00 3/4–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17378 1/8–3/8	1738–38 1/4	1738–38 1/4	17381/8–3/8	17381/8–3/8	17381/8–3/8
Swedish Kr.	14·27 1/2–14·70	14·49 1/8–3/4	14·49 1/8–3/4	14·49 1/8–7/8	14·49 5/8–7/8	14·49 5/8–7/8	14·49 1/4–50
Danish Kr.	19·06 1/2–19·62	19·34 1/4–1/2	19·34 1/2–3/4	19·34 1/2–3/4	19·34 3/8–5/8	19·34 3/8–5/8	19·34 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·01 1/2–3/4	20·01 1/2–3/4	20·01 1/2–3/4	20·01 5/8–7/8	20·01 5/8–7/8	20·01 3/4–02
* Official Limits		**One Month Forward Rates**					
United States $		1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis
Canadian $		3/16–5/16c. dis	3/16–5/16c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
French Fr.		1/2–1c. dis	1/2–1c. dis	1/2–1c. dis	1/2–1c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis
Swiss Fr.		7/8–5/8c. pm	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm
Belgian Fr.		12–17c. dis	12–17c. dis	12–17c. dis	15–20c. dis	15–20c. dis	15–20c. dis
Dutch Gld.		3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm
W. German D-Mk.		1/2–3/4pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis	3/8–5/8pf. dis	3/8–5/8pf. dis	3/8–5/8pf. dis
		Three Months Forward Rates					
United States $		3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis
Canadian $		11/16–13/16c. dis	1/2–5/8c. dis	7/16–9/16c. dis	1/2–5/8c. dis	1/2–5/8c. dis	9/16–11/16c. dis
Swiss Fr.		2 1/4–2c. pm	2 1/8–1 7/8c. pm	2 1/8–1 7/8c. pm	2 1/8–1 7/8c. pm	2–1 3/4c. pm	2–1 3/4c. pm
W. German D-Mk.		1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis	1 3/8–1 5/8pf. dis
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/8 3/4	250/9	...	250/9 1/2	250/9 3/4	250/9 3/4

Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 481 profit and loss accounts published October - December, 1959 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(33)		(14)		(17)		(13)		(1)		(34)		(54)		(14)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	39,192	40,939	5,266	6,873	23,443	25,882	8,027	8,440	90	85	13,666	15,025	27,825	27,741	23,164	23,894
Income from investments	1,308	1,326	72	61	739	854	36	40	...	...	275	272	871	769	1,153	1,275
Other current income	... 3	...	...	...	...	...	2	2	...	...	...	...	26	20	3	1
Non-recurring credits	428	850	149	232	376	453	253	225	...	3	375	400	1,009	1,124	204	842
Total Income	**40,928**	**43,115**	**5,487**	**7,166**	**24,560**	**27,189**	**8,318**	**8,707**	**90**	**88**	**14,316**	**15,697**	**29,731**	**29,654**	**24,524**	**26,012**
Depreciation	4,522	5,088	807	910	5,344	6,080	796	957	3	4	2,947	3,235	4,933	5,244	4,593	5,265
Income tax	13,990	12,978	1,738	2,087	7,450	7,126	2,825	2,447	26	22	4,378	4,436	9,208	8,371	8,231	7,513
Profits tax	3,562	2,998	476	537	1,510	1,711	893	622	5	5	1,008	960	2,439	2,087	1,905	1,871
Directors' emoluments	919	995	354	389	561	572	356	332	15	15	766	700	1,397	1,459	597	629
Administrative charges	160	153	27	81	119	113	131	355	1	3	224	241	209	161	16	19
Contingencies, provisions, etc.	144	318	34	23	809	809	28	8	...	...	215	424	361	387	16	37
Pensions	371	209	45	38	720	753	124	190	...	...	224	240	188	141	36	27
Minority interests	175	380	6	9	281	337	260	293	...	...	56	147	39	Dr. 36	164	664
Loan interest	1,784	2,179	287	308	500	512	156	178	...	6	236	253	73	117	387	485
Preference dividends	889	933	263	265	199	210	289	300	...	...	224	263	173	178	246	257
Profits retained by subsidiaries	3,366	2,442	413	709	1,671	2,343	872	971	30	24	491	900	2,869	2,331	1,212	1,451
Ordinary dividends	7,008	8,538	554	933	2,556	3,482	1,274	1,714	9	9	1,632	1,899	3,696	4,550	2,306	3,062
Reserves (parent company)	3,913	6,347	386	462	2,847	3,182	269	315	...	...	1,725	1,829	3,111	4,331	4,571	4,354
Brought in (parent company)	5,863	5,988	1,309	1,406	1,577	1,570	1,304	1,349	49	50	2,628	2,818	6,176	7,211	4,035	4,279
Carried forward (parent company)	5,988	5,545	1,406	1,821	1,570	1,529	1,349	1,374	50	50	2,818	2,998	7,211	7,544	4,279	4,657

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(7)		(6)		(17)		(34)		(11)		(88)		(6)		(9)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	7,112	6,648	12,153	12,699	17,117	18,290	78,268	73,997	5,005	5,227	41,554	44,712	2,778	1,716	1,810	1,195
Income from investments	371	377	759	780	327	379	1,172	1,427	92	152	2,105	1,916	562	405	141	174
Other current income	...	...	59	95	...	...	...	...	...	...	547	1	...	...	...	...
Non-recurring credits	28	712	335	431	148	313	2,118	6,873	180	381	2,915	2,434	136	170	656	244
Total Income	**7,511**	**7,737**	**13,306**	**14,005**	**17,592**	**18,982**	**81,558**	**82,297**	**5,277**	**5,760**	**47,121**	**49,063**	**3,476**	**2,291**	**2,607**	**1,613**
Depreciation	1,112	1,145	2,209	2,448	2,907	3,366	18,746	19,457	723	824	8,841	9,828	703	663	864	831
Income tax	2,559	2,199	4,424	4,327	6,009	5,889	24,818	20,413	1,673	1,621	14,629	13,894	533	377	436	336
Profits tax	608	541	870	785	1,228	1,149	4,799	4,646	401	398	3,210	2,795	228	59	185	62
Directors' emoluments	262	262	376	376	641	655	1,404	1,414	288	297	2,012	2,129	30	28	217	252
Administrative charges	11	10	112	102	132	208	199	185	48	45	689	574	26	17	52	50
Contingencies, provisions, etc.	...	...	182	67	520	318	3,425	3,804	19	11	762	1,401	...	3	12	64
Pensions	10	10	291	322	47	51	1,496	1,733	111	117	325	252	10	12	61	61
Minority interests	...	...	68	58	204	161	2,031	1,674	17	13	302	311	...	...	...	Dr. 8
Loan interest	...	...	485	482	319	312	945	1,289	49	45	659	719	145	104	155	152
Preference dividends	96	98	183	186	223	231	779	818	120	126	636	664	20	20	35	36
Profits retained by subsidiaries	574	631	353	593	2,070	2,136	6,786	9,287	153	181	2,317	3,584	147	15	129	Dr. 177
Ordinary dividends	747	857	1,274	1,711	1,903	2,433	6,503	11,270	883	1,149	5,367	7,068	295	427	390	382
Reserves (parent company)	1,246	1,492	2,450	2,517	2,223	568	11,565	3,196	406	503	5,793	6,713	921	368	244	97
Brought in (parent company)	1,615	1,901	1,499	1,528	5,424	4,590	8,497	6,559	3,330	3,716	10,270	11,899	549	967	2,678	2,505
Carried forward (parent company)	1,901	2,393	1,528	1,559	4,590	6,095	6,559	9,670	3,716	4,146	11,899	11,030	967	1,165	2,505	1,980

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(7)		(6)		(8)		(2)		(39)		(24)		(37)		481 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	295	460	1,087	1,635	1,015	1,167	1,614	997	1,659	2,270	2,443	2,693	10,565	13,072	325,148	335,657
Income from investments	14	12	37	49	59	63	193	185	229	192	244	222	659	683	11,418	11,613
Other current income	...	...	...	2	3	3	...	...	39	17	7	11	100	48	788	200
Non-recurring credits	45	...	99	81	27	99	...	45	361	279	297	126	374	379	10,513	16,696
Total Income	**354**	**472**	**1,223**	**1,767**	**1,104**	**1,332**	**1,807**	**1,227**	**2,288**	**2,758**	**2,991**	**3,052**	**11,698**	**14,182**	**347,867**	**364,166**
Depreciation	154	155	322	356	301	334	192	213	191	198	192	204	969	946	62,371	67,751
Income tax	59	81	287	427	243	297	633	345	534	711	1,282	1,468	3,412	3,949	109,377	101,314
Profits tax	15	18	116	103	69	70	36	24	50	13	106	19	868	793	24,587	22,266
Directors' emoluments	64	72	139	176	134	142	45	46	68	81	52	53	366	414	11,063	11,488
Administrative charges	26	15	8	7	41	28	26	28	100	93	42	47	296	256	2,695	2,791
Contingencies, provisions, etc.	133	28	1	12	65	4	160	...	394	442	65	106	136	150	7,481	8,416
Pensions	1	...	12	13	9	4	100	...	...	...	14	7	82	62	4,277	4,242
Minority interests	...	...	1	...	...	...	...	...	5	11	...	...	73	97	3,682	4,111
Loan interest	24	23	73	65	15	13	...	...	5	40	7	6	1,865	2,271	8,119	9,559
Preference dividends	11	10	31	34	27	27	...	...	1	1	24	24	342	374	4,811	5,055
Profits retained by subsidiaries	Dr. 16	Dr. 17	10	108	2	59	...	...	Dr. 4	Dr. 7	24	2	595	585	24,064	28,151
Ordinary dividends	16	75	217	332	99	201	466	471	688	939	712	721	1,517	2,896	40,112	55,109
Reserves (parent company)	75	25	45	124	127	194	100	20	250	196	436	433	1,071	994	43,774	38,260
Brought in (parent company)	430	222	698	659	38	10	276	325	818	824	564	599	2,386	2,492	62,013	63,467
Carried forward (parent company)	222	209	659	669	10	Dr. 31	325	405	824	864	599	561	2,492	2,887	63,467	69,120

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Comparative analysis of 481 balance sheets published October - December, 1959 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(33)		(14)		(17)		(13)		(1)		(34)		(54)		(14)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	234,066	265,527	27,197	28,674	98,581	107,932	48,928	54,360	146	255	54,749	59,696	87,743	95,357	69,056	104,858
Trade investments	7,716	10,205	153	453	4,946	5,669	342	764	...	...	1,011	1,035	1,836	2,217	10,493	17,719
Stocks	38,894	42,535	17,211	16,659	50,408	49,688	13,057	14,343	180	178	25,605	27,436	50,964	48,393	37,165	47,079
Debtors	21,820	22,390	3,587	5,874	18,912	23,092	12,603	18,065	180	145	21,176	23,506	35,286	38,259	29,269	38,694
Net balances due to parent company	...	...	...	...	...	...	...	...	...	...	...	...	80	...	33	36
Gilt-edged	7,531	7,708	220	270	52	277	7	6	...	...	140	144	3,623	2,984	911	727
Cash	20,250	22,764	2,909	2,988	9,734	9,607	3,556	2,316	2	1	4,676	4,808	17,884	21,632	17,634	17,936
Other marketable investments	971	816	284	310	933	411	351	502	...	...	4,026	4,543	1,592	1,505	363	426
Intangible assets	6,710	8,335	2,376	2,374	704	836	4,200	4,490	...	...	716	698	1,735	2,030	2,334	5,257
Total Assets	**337,958**	**380,280**	**53,937**	**57,602**	**184,270**	**197,512**	**83,044**	**94,846**	**508**	**579**	**112,099**	**121,866**	**200,743**	**212,377**	**167,258**	**232,732**
Bank overdrafts and loans	2,050	2,352	2,523	2,452	17,656	20,379	3,717	10,050	107	153	4,914	6,199	4,442	3,820	589	5,081
Reserve for future income tax	13,021	13,717	2,865	2,453	7,001	6,984	3,309	2,862	28	22	4,877	4,894	11,144	11,343	8,001	7,468
Depreciation	33,358	39,034	6,323	7,056	24,517	28,149	5,407	6,523	8	10	20,630	23,322	32,436	37,676	27,515	43,302
Capital reserves	34,510	40,321	4,791	5,553	21,153	16,915	13,615	8,183	23	23	5,836	6,210	16,611	15,625	18,227	24,281
Other provisions	1,332	1,142	139	150	3,288	2,549	1,097	1,023	...	...	514	508	815	670	179	158
Creditors	31,159	33,886	5,482	6,253	25,291	24,496	7,851	8,982	29	39	13,323	15,072	21,632	20,724	14,624	19,769
Other current liabilities	20,216	21,466	2,998	3,537	10,138	10,197	7,746	7,244	43	39	6,601	6,731	16,326	16,558	11,309	13,311
Revenue reserves and carried forward	64,555	69,480	8,117	9,326	24,747	23,355	13,327	14,117	161	185	24,223	24,750	49,801	53,478	48,923	55,341
Net balances due to subsidiaries	...	...	...	...	731	734	...	...	...	...	1	41	35	16	18	17
Minority interests	4,858	7,499	207	336	6,795	7,110	5,584	5,982	...	...	1,198	1,420	1,186	1,358	1,833	20,407
Loan capital	41,975	50,861	5,461	5,255	9,990	9,670	3,701	5,037	9	7	4,816	5,130	1,757	1,611	2,551	12,798
Preference capital	26,457	26,821	6,423	6,423	6,838	6,859	7,895	7,963	...	...	7,463	7,480	5,408	5,389	7,745	7,714
Ordinary capital	64,467	73,701	8,608	8,808	26,125	40,215	9,795	16,880	100	100	17,703	20,109	38,950	44,109	20,742	23,085
Total Liabilities	**337,958**	**380,280**	**53,937**	**57,602**	**184,270**	**197,512**	**83,044**	**94,846**	**508**	**579**	**112,099**	**121,866**	**200,743**	**212,377**	**167,258**	**232,732**
Year's Free Scrip Issues	**2,152**	**3,792**	**250**	**200**	**—**	**12,818**	**—**	**6,716**	**—**	**—**	**—**	**2,243**	**2,532**	**4,669**	**300**	**150**

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(7)		(6)		(17)		(34)		(11)		(88)		(6)		(9)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	25,585	28,304	38,335	50,092	38,834	43,582	331,459	342,699	15,722	16,946	157,439	174,486	21,009	23,353	26,838	26,414
Trade investments	627	646	3,270	3,742	2,579	3,188	16,126	18,367	643	626	10,378	13,570	233	355	567	569
Stocks	23,169	20,323	19,516	20,071	31,950	36,326	175,656	170,216	6,545	6,603	80,894	82,494	27	30	17,004	14,594
Debtors	6,483	5,971	12,213	13,290	30,285	31,220	107,391	107,491	6,697	7,108	86,095	89,932	1,689	2,217	4,479	4,834
Net balances due to parent company	...	...	...	...	...	...	...	...	18	65	70	97	...	...	...	...
Gilt-edged	457	452	8,751	6,473	319	342	843	395	155	17	17,968	17,134	5,598	6,523	111	115
Cash	9,610	11,776	4,655	8,377	8,947	7,608	40,507	48,496	2,187	2,857	28,769	31,944	5,862	3,636	3,730	4,911
Other marketable investments	3,636	3,689	10	12	1,111	1,747	1,747	1,896	576	602	979	1,189	1,303	86	55	49
Intangible assets	...	...	3,253	535	4,146	3,758	3,048	2,636	4,738	4,704	3,829	4,050	...	...	308	479
Total Assets	**69,767**	**71,161**	**90,003**	**102,592**	**118,171**	**127,771**	**676,777**	**692,196**	**37,281**	**39,528**	**386,421**	**414,896**	**35,921**	**36,200**	**53,092**	**51,665**
Bank overdrafts and loans	632	179	587	206	5,989	9,458	45,881	23,896	935	1,275	21,389	18,929	...	981	730	463
Reserve for future income tax	2,490	2,247	4,587	4,616	3,741	3,620	30,525	27,831	1,703	1,664	12,909	12,254	1,237	1,152	402	334
Depreciation	11,571	12,658	13,321	15,270	15,403	17,631	152,270	161,671	5,547	6,146	62,867	70,790	4,108	4,161	10,649	10,500
Capital reserves	3,900	3,197	9,349	7,361	7,740	4,705	26,041	25,981	2,036	2,253	45,949	48,116	2,609	2,763	5,100	5,239
Other provisions	108	294	577	1,245	1,469	1,574	10,302	9,897	...	2	4,930	4,186	759	782	8	...
Creditors	6,695	6,001	11,129	11,586	26,492	25,907	97,603	95,718	5,188	5,245	52,392	56,626	2,523	2,577	2,705	2,708
Other current liabilities	16,376	16,237	6,756	7,278	8,836	9,625	39,070	40,978	2,581	2,792	20,540	20,208	1,617	1,075	1,632	1,052
Revenue reserves and carried forward	16,963	18,408	13,350	15,685	17,843	20,575	91,139	94,238	9,023	9,952	69,709	74,071	12,406	12,738	14,122	13,593
Net balances due to subsidiaries	38	35	...	...	...	24	89	67	1,470	657	...	...	...	...	...	...
Minority interests	...	...	1,059	828	1,188	1,251	37,055	37,151	320	324	3,548	3,751	...	...	51	42
Loan capital	...	...	9,337	9,680	5,712	5,446	22,970	37,878	1,128	1,090	10,723	18,203	2,089	1,458	3,708	3,569
Preference capital	2,777	2,777	6,343	7,161	6,353	6,346	25,704	26,299	3,460	3,459	18,386	18,431	686	686	2,189	2,189
Ordinary capital	8,217	9,128	13,608	21,676	17,405	21,633	98,317	110,634	5,269	5,269	63,459	68,674	7,827	7,827	11,976	11,976
Total Liabilities	**69,767**	**71,161**	**90,003**	**102,592**	**118,171**	**127,771**	**676,777**	**692,196**	**37,281**	**39,528**	**386,421**	**414,896**	**35,921**	**36,200**	**53,092**	**51,665**
Year's Free Scrip Issues	**—**	**911**	**—**	**7,230**	**2,120**	**4,097**	**3,266**	**11,846**	**50**	**—**	**2,941**	**2,858**	**2,042**	**—**	**100**	**—**

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(7)		(6)		(8)		(2)		(39)		(24)		(37)		481 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	3,587	3,881	6,606	6,868	5,814	6,306	7,145	7,418	13,695	14,099	12,711	13,520	87,082	93,235	1,412,527	1,567,862
Trade investments	1	9	426	590	64	71	330	451	1,171	1,032	515	522	3,552	4,019	66,979	85,819
Stocks	2,294	2,286	10,309	12,552	4,034	3,503	1,038	1,092	1,073	1,163	3,754	3,910	6,521	6,276	617,268	627,450
Debtors	765	1,002	3,420	3,658	1,482	1,750	501	627	559	583	2,225	2,132	50,190	83,968	457,307	525,808
Net balances due to parent company	...	...	...	...	...	9	...	...	...	...	...	...	226	78	487	285
Gilt-edged	10	10	...	96	190	220	3,146	3,702	1,170	1,069	933	986	536	497	52,671	50,147
Cash	350	306	977	381	853	785	1,647	361	2,079	2,176	4,589	3,879	8,601	10,499	200,208	220,044
Other marketable investments	184	136	...	...	356	355	...	...	493	788	164	149	3,759	3,692	23,093	22,903
Intangible assets	250	290	353	345	252	296	...	...	17	11	100	97	3,419	4,147	42,488	45,368
Total Assets	**7,441**	**7,920**	**22,091**	**24,490**	**13,045**	**13,295**	**13,807**	**13,651**	**20,457**	**20,921**	**24,991**	**25,195**	**163,946**	**206,411**	**2,873,028**	**3,145,686**
Bank overdrafts and loans	656	610	2,565	4,383	851	381	...	29	54	24	191	393	19,510	33,731	135,968	145,324
Reserve for future income tax	63	77	672	669	339	396	682	446	118	176	676	711	2,308	2,484	113,698	108,420
Depreciation	2,151	2,357	2,917	3,197	2,639	2,912	4,894	5,025	1,676	1,794	1,789	2,009	5,658	6,093	447,474	507,286
Capital reserves	373	501	1,056	1,103	1,322	1,400	113	113	2,442	2,632	4,184	4,485	18,043	17,234	245,023	244,194
Other provisions	38	29	...	...	55	53	326	300	566	634	855	870	1,339	1,213	28,696	27,279
Creditors	806	894	2,623	3,143	1,192	1,324	205	172	1,364	1,212	2,954	2,634	11,655	11,591	345,167	356,559
Other current liabilities	102	156	778	608	452	462	778	657	1,239	1,417	3,175	3,146	17,352	31,114	196,921	215,878
Revenue reserves and carried forward	920	938	4,218	4,361	1,898	2,080	5,405	5,505	3,801	3,612	3,660	3,468	15,916	17,192	512,227	546,448
Net balances due to subsidiaries	...	...	...	...	10	...	...	...	...	...	...	...	...	...	2,403	1,591
Minority interests	...	...	18	26	...	...	...	...	141	107	...	...	1,468	2,157	66,511	89,750
Loan capital	482	480	1,527	1,310	300	300	...	...	64	64	193	120	38,783	40,792	172,176	210,759
Preference capital	420	420	1,000	1,000	1,370	1,370	...	...	37	7	678	698	10,845	12,527	148,449	152,019
Ordinary capital	1,430	1,458	4,667	4,690	2,617	2,617	1,404	1,404	8,955	9,242	6,816	6,661	21,058	30,283	459,315	540,179
Total Liabilities	**7,441**	**7,920**	**22,091**	**24,490**	**13,045**	**13,295**	**13,807**	**13,651**	**20,457**	**20,921**	**24,991**	**25,195**	**163,946**	**206,411**	**2,873,028**	**3,145,686**
Year's Free Scrip Issues	**—**	**—**	**396**	**—**	**488**	**—**	**—**	**—**	**150**	**256**	**—**	**27**	**1,573**	**4,081**	**18,360**	**61,894**

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

THE INDUSTRIAL AND GENERAL TRUST LIMITED

(Incorporated under the Companies Acts, 1862 to 1886)

SHARE CAPITAL

Authorised		*Issued and Fully Paid*
£1,750,000	in 4½% Cumulative Preference Shares of £1 each...	£1,750,000
£5,625,000	in 22,500,000 Ordinary Shares of 5s. each ...	£5,625,000
£625,000	in 2,500,000 Unclassified Shares of 5s. each ...	—
£8,000,000		£7,375,000

LOAN CAPITAL

£883,000 3½% Debenture Stock
(issued and outstanding)
£1,617,000 1960-80 Convertible 3½% Debenture Stock
(issued and outstanding)
£2,000,000 5½% Debenture Stock 1982 87
(the Stock now being issued)

With the exception of the above-mentioned Debenture Stocks the Company has no debentures, debenture stock, mortgages or other loan capital outstanding. The Company has unsecured advances from its Bankers which on 15th January, 1960, amounted to £51,008. The Company has the right to issue further stock ranking *pari passu* in point of security with the above debenture stocks to an aggregate amount not exceeding with the above debenture stocks the issued share capital for the time being of the Company.

The subscription list will open at 10 a.m. on Wednesday the 27th day of January, 1960, and will close on the same day.

ABRIDGED PARTICULARS

of an Issue of

£2,000,000 5½ per cent. DEBENTURE STOCK 1982 87 at £99 10s. PER CENT. payable as follows:—

On application	£50 0s. per cent.
On 1st June, 1960	£49 10s. per cent.
	£99 10s. per cent.

Applications must be for multiples of £100 Stock with a minimum of £100 and must be made on the Forms supplied.

Applications by Preference and Ordinary Shareholders of the Company and holders of the existing Debenture Stocks of the Company on the Register at the close of business on 11th January, 1960, will receive preferential treatment if made on the special pink form provided.

The Prospectus shows (*inter alia*):—

(1) The total net assets of the Company as shown by a Balance Sheet at 30th September, 1959, before deduction of Debenture Stocks amounted to ... £11,097,532
Add the estimated net proceeds of this issue ... £1,934,000
£13,031,532

The figure of £13,031,532 is sufficient to cover the £4,500,000 Debenture Stock (which includes the existing £2,500,000 Debenture Stock) over 2¾ times.

(2) A valuation of the Company's investments at 30th September, 1959, shows a total of £36,257,411. This is sufficient to cover the £4,500,000 Debenture Stock over 8 times.

(3) The average of the annual profits for the 5¼ years to 30th September, 1959, is £1,543,025, a sum sufficient to cover one year's interest on the £4,500,000 Debenture Stock 7¾ times.

(4) The profit for the year to 31st March, 1959, was £1,683,686 which is sufficient to cover one year's interest on the £4,500,000 Debenture Stock 8¼ times.

Copies of the Prospectus on the terms of which alone Applications will be considered, together with Forms of Application, may be obtained from NATIONAL PROVINCIAL BANK LIMITED, New Issue Department, P.O. Box No. 71, 22, Old Broad Street, London, E.C.2, or any branch of the Bank or from the Registered Office of the Company or from the Brokers named below.

Brokers:
JAMES CAPEL & CO., 1, London Wall Buildings, London, E.C.2.
Registered Office:
1, Pinners Hall, Great Winchester Street, London, E.C.2.

ESTD. 1829

DISTRICT BANK

LIMITED

Authorised Capital	*£ 10,560,428*
Issued Capital	*£ 6,000,000*
Reserve Fund	*£ 4,750,000*
Deposits	*£269,274,874*
Total Assets	*£300,905,322*

31st DECEMBER, 1959

EVERY BANKING FACILITY

HEAD OFFICE: SPRING GARDENS, MANCHESTER, 2
LONDON CITY OFFICE: 75, CORNHILL, E.C.3
PRINCIPAL LIVERPOOL OFFICE: 3, WATER STREET

WEST RIDING WORSTED AND WOOLLEN MILLS LIMITED

The Annual General Meeting of the Company will be held on 10th February, 1960, to receive the report and accounts for the year ended 31st August, 1959, and to declare a dividend. The Directors have recommended the payment on 11th February of a final dividend of 12 per cent. (less tax) on the Ordinary Shares.

The following summaries are extracted from the accounts:—

Profits:		
Profit of Group before Taxation		£1,331,850
Dealt with as follows:		
Taxation	£626,760	
Retained	417,558	
Dividends (net)—		
6 per cent. Preference	22,500	
Ordinary	265,032	
		£1,331,850
Net Assets:		
Current Assets less Current Liabilities		£4,819,445
Fixed Assets less depreciation		1,850,274
		£6,669,719
Represented by:		
Preference Share Capital	£625,000	
Ordinary Share Capital	2,245,166	
Revenue Reserves	3,295,553	
		6,165,719
Amount set aside for future Income Tax		504,000
		£6,669,719



3½%

INTEREST (Income Tax Paid) on PAID UP SHARES

—on a really safe investment

Deposits in the Society are Trustee Investments
Member of the Building Societies Association

LEICESTER PERMANENT BUILDING SOCIETY

ASSETS EXCEED £60,000,000
RESERVES exceed £3,000,000
Head Office: WELFORD PLACE, LEICESTER
London Office:
FITZHERBERT HOUSE, 49 PARK LANE, W.1

THE PERMANENT SICKNESS INSURANCE COMPANY LIMITED

specialises in Permanent* Sickness and Accident Insurance for business and professional men and women.

* Permanent Sickness and Accident Policies cannot be cancelled by the Company on account of heavy claims.

Write today for full particulars to:—

THE PERMANENT SICKNESS INSURANCE CO. LTD.
3 CAVENDISH SQUARE, LONDON, W.1
Telephone: LANgham 0341 (4 lines)

SIMPLE REVERSIONARY

BONUS

for "with-profits" Life Assurance for the five years 1955-1959

63/-

PER CENT. PER ANNUM

FUTURE DISTRIBUTIONS WILL BE AT THREE-YEARLY INTERVALS

NEW LIFE SUMS ASSURED NET:
1949—£4,500,000
1954—£10,500,000
1959—£32,000,000

GUARDIAN

ASSURANCE COMPANY LIMITED

68 KING WILLIAM STREET, LONDON, E.C.4 Tel.: Mincing Lane 2555



GROUP SICKNESS
INSURANCE

No industrial welfare plan is complete without a Group Sickness Insurance Scheme. The National Deposit Friendly Society has specialised in Sickness Insurance since 1868. Why not consult us?

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This is a challenging new appointment arising from the continued expansion of the Company

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* The provision of management control reports for three factories and a number of Sales Offices in U.K.
* Control a Staff of about 250.

QUALIFICATIONS AND EXPERIENCE REQUIRED

Applicants should be Chartered Accountants and have held managerial responsibility for financial accounts, budgetary control and standard costing in a progressive company using modern mass production technique. The required age range is 30-40 and the location will be Kensington, London.

Salary. This is a senior appointment for which a really first class man is required. The policy of the company is to pay above average salaries for above average ability and performance. A first class pension scheme and other benefits are provided. (Ref.: 14/10/E.)

MANAGER OF FORECASTING

This appointment arises from the continued expansion of the Company and requires a man with first class intellect and breadth of vision.

WITH THE FOLLOWING IMPORTANT DUTIES

* Long range forecasting including cash flow, expenditure, sales and profits.
* Interpreting economic trends which may influence the Company's future operations.
* The preparation and supervision of budgets including capital expenditure cash, etc.
* In general alerting and guiding management as to the implications of long term financial developments.

QUALIFICATIONS AND EXPERIENCE REQUIRED

Applicants should be University graduates with a degree in Commerce or Economics and have had a sound training in accountancy. They must have had experience of forecasting in a large progressive company and also be accustomed to exercising a high degree of initiative and imagination. The required age range is *30-40* and the location will be Kensington, London.

Salary. The policy of the Company is to pay above average salaries for above average ability and performance. A first class *pension scheme and other benefits are* provided. (Ref.: 14/9/E.)

INTERNAL AUDITOR

WITH THE FOLLOWING IMPORTANT DUTIES

* The continuous review of financial records, costings, stock records, ordering procedure, plant registers and similar records and systems of internal check.
* Verification of assets and liabilities including stocks and cash balance held throughout the Company.

QUALIFICATIONS AND EXPERIENCE REQUIRED

Applicants should be Chartered Accountants and have had about three years' experience of professional auditing including the audit of large progressive manufacturing companies. They also should have had at least three years' experience as an Internal Auditor in a progressive mass-production company employing standard costing and budgetary control. The required age range is 30-40 and the location will be Kensington, London, but will entail frequent visits to factories and offices throughout the U.K. and later abroad.

Salary. The policy of the Company is to pay above average salaries for above average ability and performance. A first class pension *scheme and other benefits are* provided. (Ref.: 14/11/E.)

Applications, quoting appropriate reference, giving details of work history and training should be sent to :—

D. W. YORK, A.E.I.-HOTPOINT, LIMITED,
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The Council of Europe awards annually a number of Fellowships intended primarily to encourage research into the following *questions, considered* in the light of their present-day importance: (a) political, legal, economic, agricultural, social, educational and scientific problems connected with European integration; (b) European civilisation (*philosophy, history, literature* and the arts).

The Fellowships are each of the value *of 600,000 French* francs and tenable for a period of eight months. The next awards will be made in July, 1960.

Candidates must *normally* be nationals of a Member State of the Council of Europe or of a State which has acceded to the European Cultural Convention. Refugees from European countries non-members of the Council, legally resident in the territory of a Member State, are also eligible.

The British Council assists in publicity and recruitment for these Fellowships in the United Kingdom.—Further particulars and forms of application, which must be submitted before March 1, 1960, may be obtained from the Director, Universities Department, The British Council, 65 Davies Street, London, W.1.

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Please send brief details in confidence, quoting reference S. 2165, to G. K. Dickinson. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given *full details* of the appointment.

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UNIVERSITY OF BELFAST

The *Senate* of the Queen's University of Belfast invites applications for an Assistant Lectureship in Political Science from *October 1, 1960. Salary* is on the scale *£700 by £50* to £850 plus F.S.S.U. Initial placing on the scale will depend on qualifications and experience.—Applications should be received by *March 1, 1960. Further particulars* can be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

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for

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The Operational Research Department of The Steel Company of Wales Ltd., *invites applications* for the above position.

The successful candidate will have a joint responsibility with other mathematicians for advising his colleagues on *mathematical questions* and for the development of appropriate techniques. He will be expected to play a leading role in Operational Research *projects.*

The working *environment is a very large and* modern integrated iron and steel works, situated on the pleasant coastal plain of South Wales.

The Operational Research Department consists of about two dozen scientists, plus junior staff, working on a variety of *problems*, and employs its own Pegasus computer.

Please write, giving full details of age, experience, qualifications and any further information considered relevant, to :—

Superintendent, *Personnel* Services,

THE STEEL COMPANY OF WALES LIMITED

(STEEL DIVISION)

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THE UNIVERSITY OF LIVERPOOL

Applications are invited *for* TWO *LEVERHULME POST-GRADUATE FELLOWSHIPS*, one in the School of Architecture or the Department of Civic Design, and one in any Department of the *Faculty of Arts*. The Fellowships will be tenable for one year at a value of £600, but may be renewed for a second year.

Applications, *three copies*, stating age, qualifications and experience, proposed field of research, the names of two referees and, in the case of *the Fellowship* in Architecture or Civic Design, enclosing copies or photographs of work, should be received not later than March 1, 1960, by the Registrar. Quoting Ref. CV/E, from whom further particulars may be obtained.

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The Birfield Group of Companies wishes to set up a central O & M Dept. An O & M Officer is needed to create and take charge of this function. He will be executively responsible to the parent company's Secretary who has been trained in O & M, and he will undertake assignments to advise companies of the Group. Applications are invited from men interested and experienced in this work. It is likely that the successful applicant will be aged 30-35, of sound commercial training, of 2 or 3 years' O & M experience, with the requisite personal qualities, and currently earning in excess of £1,000 p.a. This department will be located at the new offices of Hardy Spicer, Ltd., in Birmingham, and initial applications should be made stating age, education, training and experience to the Personnel Director, Hardy Spicer, Ltd., Chester Road, Erdington, Birmingham 24.

YOUNG man age group 22-28) is offered interesting opportunity to assist in the management of the Investment Department of a middle-sized progressive Insurance Company. Economics and/or statistical and research background would be useful and some previous *commercial experience* an advantage.—Write stating experience and salary required to Box 1269.

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THE UNIVERSITY OF MANCHESTER

Applications are invited for two posts at the grade of LECTURER or ASSISTANT LECTURER IN ECONOMICS in the Faculty of Economic and Social Studies. *Candidates* for one of the posts should have special interests in Banking and Monetary Institutions. Salary scales as follows:—Assistant Lecturer £700 x £50 to £850 *per annum*; *Lecturer* £900 — £1,650 per annum. Initial salary at the grade of Lecturer according to qualifications and experience. Membership of F.S.S.U. *and Children's Allowance Scheme*. Applications should be sent not later than February 20, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF NEW ENGLAND

ASSOCIATE PROFESSOR OF MATHEMATICAL STATISTICS.

Applications are invited for the above-mentioned position in the Department of Mathematics.

Salary will be at the rate of £A2,850 per annum. In addition a cost of living allowance is payable. Provision is made for superannuation, travel and removal expenses, assistance in buying or building a house.

Further information may be obtained from the Secretary, Association of Universities *of the British* Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on *March 12*, 1960.

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited for the post of Assistant Lecturer in Economics, the appointment being tenable from October 1, 1960. Salary in the scale £700 x £50 — £850 p.a., with F.S.S.U. and children's allowances. Applications should reach the Registrar, The College, Keele, Staffs., from whom application forms and further particulars may be obtained, not later than March 5, 1960.

THE British Wool Marketing Board invites applications for the post of ECONOMIST to the Board.

Candidates must *have good academic qualifications*, including statistics, and be capable of using accounting data. Experience of participation in commercial negotiations an *advantage*.

Starting salary between £1,100 and £1,350 according to qualifications and experience.

Applications should be sent to the Board at Templar House, 81-87 High Holborn, London, W.C.1, marked "Economist."

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of Lecturer in either Economics or Economic History in the Department of Economics and Commerce. The initial salary will be within the range £900-£1,050 per annum, according to age, qualifications and experience.—Applications, *stating age, academic* qualifications and experience, together with the names of three referees, Quoting Ref. CV/E, should be received not later than February 24, 1960, by the *Registrar, from whom* further particulars of the conditions of appointment may be obtained.

For other appointments see page 357

UNIVERSITY OF BELFAST

The Senate of The Queen's University of Belfast invites applications for a lectureship and an assistant lecturer in Economics from October 1, 1960. The salary scales are: Lecturer—£900 to *£1,650*; *and Assistant Lecturer*—£700 to £850, plus F.S.S.U. Initial placing on the scale will depend on experience and qualifications. The appointments are not restricted to any particular field, though an interest in modern economic history would be an advantage for one of them. Applications should be received by *February* 20, 1960.—Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary to the University.

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A modern expanding industry with manufacturing and marketing interests in the U.K. and overseas has two vacancies in its Head Office Staff Department for man interested in Personnel Management either as a career in itself, or as valuable experience for the making of a career in some other direction.

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By Order of the Board,
K. M. SEDGEWICK,
General Manager.

January 20, 1960.

THE British Association of Accountants and Auditors, Limited (Incorporated 1923). The next Examinations will be held on Tuesday, Wednesday, *Thursday and Friday*, May 24, 25, 26 and 27, 1960. Membership can only be obtained by those who have passed the prescribed Examinations.—Copies of the Syllabus can be obtained from the Secretary, 4 Clareville Grove, South Kensington, London, S.W.7.

SHETLAND-Faroe Service.—Provides the only direct link between Britain and the Faroe Islands. The luxurious ship m/v "Tjaldur" will operate this service during the summer season of 1960, when once again British holiday-makers are offered the opportunity of visiting the fascinating Faroe Islands.—Full particulars from sole booking agents, ROBERTSONS (LERWICK), LTD., Alexandra Wharf, Lerwick. Phone: Lerwick 34.

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EDUCATION AND COURSES

UNIVERSITY OF EDINBURGH

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There will be three principal fields of study—(i) Business in a Changing World; (ii) Problems of Business Policy; (iii) Aspects of Internal Administration. *In addition* to syndicate work and case-studies, seminars will be led by practising business and professional men as well as University teachers drawn from several departments, including Commerce, Political Economy, Accounting and Psychology.

ADMISSION

To encourage the exchange of knowledge and experience among *members of the* course, the number admitted will be strictly limited. There are no formal educational requirements. The fee for the course, including residence, is 90 guineas. Further particulars and nomination forms may be obtained from Professor N. C. Hunt, 29 George Square, Edinburgh, 8. Early application should be made: the closing date is March 12, 1960.

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UNIVERSITY OF LONDON: A lecture entitled "Time in Economic Theory" will be delivered by Mrs. J. V. Robinson (Cambridge) at 5 p.m. on January 28th at the *London* School *of Economics* and Political Science, Houghton Street, Aldwych, W.C.2. ADMISSION FREE, WITHOUT TICKET.—James Henderson, Academic Registrar.

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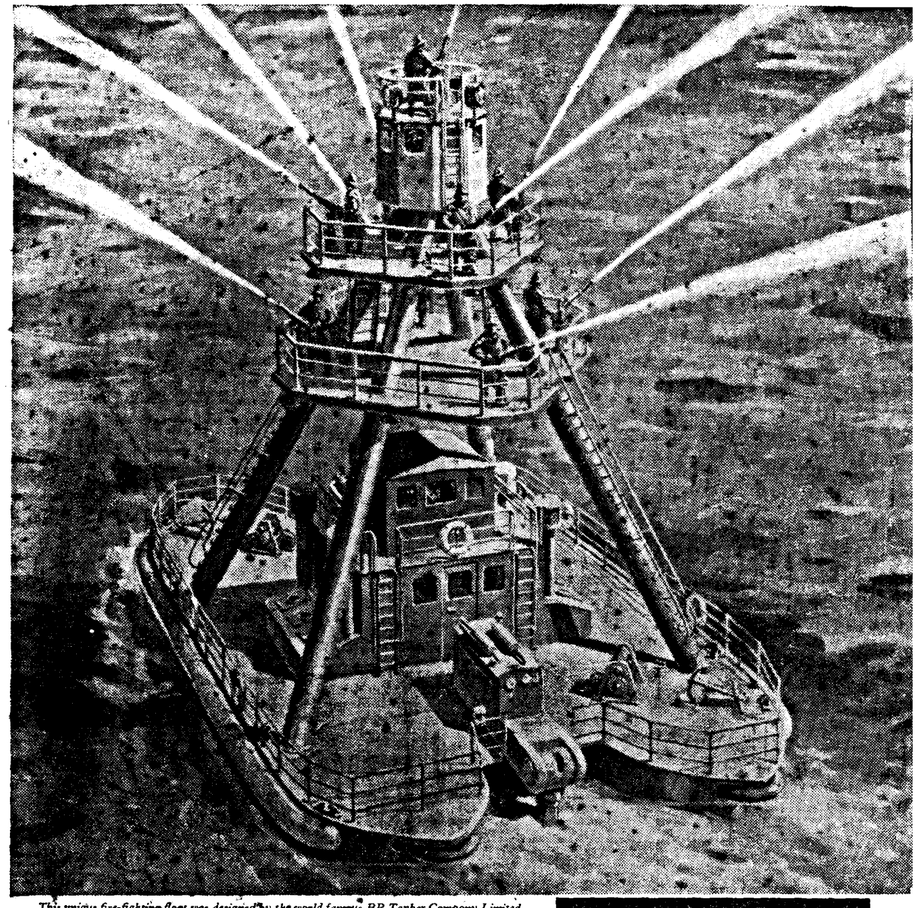

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The Economist

JANUARY 30, 1960

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FRANCE FEELS THE DEAD HAND

The Choice before de Gaulle page 385

Struggle in a Vacuum | The Army's Mind page 432

Need Boom Become Crisis Again? Page 387

Building Society Reform . . . . . Page 443

Pushing India's Plan . . . . . Page 389

LOCAL GOVERNMENT INQUIRY

pages 401-413

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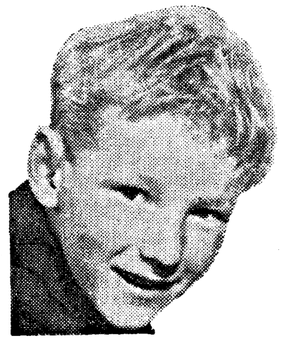

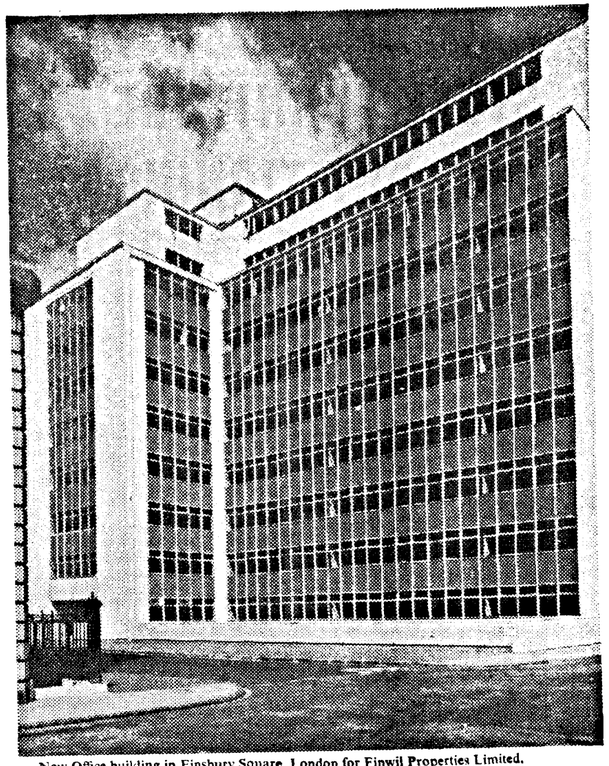

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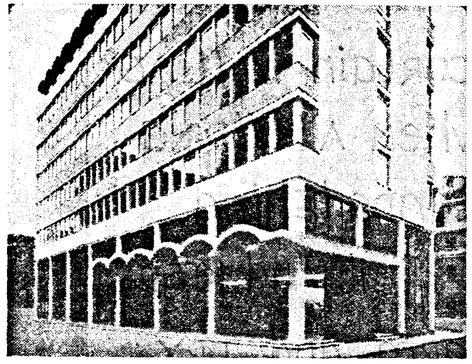

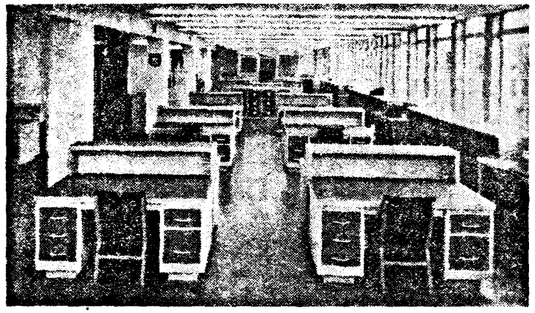

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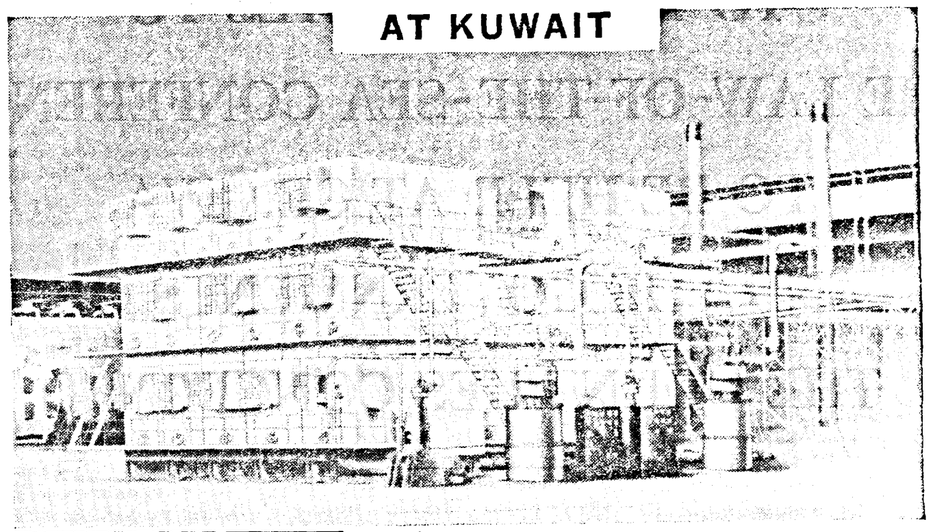

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TO THE DELEGATES TO THE LAW-OF-THE-SEA CONFERENCE TO BE HELD AT GENEVA, AND THE GOVERNMENTS OF THE COUNTRIES CONCERNED

THIS IMPORTANT STATEMENT

IS ISSUED BY THE BRITISH TRAWLERS' FEDERATION, ON BEHALF OF THE BRITISH TRAWLING INDUSTRY, IN THE HOPE THAT IT WILL HELP TOWARDS A FAIR AND JUST SETTLEMENT OF FISHERY LIMITS

IT is in the world's interest that there should be a code of good conduct, with common wellbeing as the guiding principle, to govern international behaviour at sea.

During the Law-of-the-Sea Conference at Geneva in 1958, and in negotiations since then, Britain has tried to show that this country is not acting either selfishly or inflexibly. It hopes to find a like response from the majority of countries at the coming Geneva conference.

LIVE AND LET LIVE

The British distant-water fishermen are as vitally involved as anyone in the fishery limits dispute. They depend on these waters for their livelihood. But they believe that opposing interests can still be reconciled.

They are not aggressors; but they are concerned to ensure the future of an important industry that has been built up and sustained through the years. Since September, 1958, when Iceland unilaterally declared a twelve-mile fishery limit, British trawlers have had to be protected while they fish off Iceland. Throughout this period Iceland has refused either to enter into direct negotiations for a temporary settlement of the dispute pending an international agreement or to take the dispute before the International Court. Iceland has ignored all attempts to reach a temporary settlement.

THE NEED FOR CONSENT

The Iceland dispute is not simply one between a big power and a little power. It is about a principle that concerns all countries: the principle that the rights of states in international law depend on the consent of other states.

If this principle is wrong or outdated, Britain is not the only country that has been misled by it. The unilateral proclamation of new rights has serious consequences for everyone.

"EVERY STATE'S RIGHTS"

The British case against Iceland is in many ways the same case that Sweden and Denmark argued against the Soviet Union

British Trawlers' Federation's statement continued

in 1950-51, when they protested at what they called the "appropriation of the open sea, where the nationals of every state enjoy fishing and sailing rights without interference by other states".

But, of course, the Soviet Union has been willing to recognise certain customary fishing rights, despite its proclamation of a twelve-mile territorial limit and under the Anglo-Soviet Fishing Agreement of 1956, Britain continues to fish between twelve and three miles off parts of Russia's northern coast, an arrangement that is regularly used.

PREVENTING DISPUTES

Britain has upheld the three-mile limit in the belief that a uniform rule on that basis satisfied national sovereignty and prevented the multiplication of disputes. The rule was written into international agreements, such as the Convention of 1882, under which it was applied to western Europe.

But Britain has not contested the historic Norwegian limit of four nautical miles, based on the Scandinavian measurement of a marine league. Britain did not dispute this in the Anglo-Norwegian fisheries case of 1951.

BRITISH CONCESSIONS

At the start of the Law-of-the-Sea Conference in 1958, more countries still upheld the three-mile limit than any other single alternative. But Britain has been ready to make substantial concessions in order to reach a general agreement.

Britain gave its support at the conference to the United States' proposal for territorial waters of up to six miles and fishery limits up to twelve miles, with nations which have historically fished in individual areas being allowed to fish up to the six-mile limit. Britain has now signed an agreement with Denmark applying these ideas in Faroese waters.

SIX-PLUS-SIX

The six-plus-six proposal by the United States received 45 votes, including Britain's, and came closest of all to a two-thirds majority. It still seems the best compromise between modern security needs, fishery interests, and the fundamental freedom of navigation that all countries have an interest in preserving.

British policy is realistic. It is ready to distinguish between territorial limits and fishery limits. It is ready to admit that special economic needs exist in a country such as Iceland. This is recognised in the resolution on special situations relating to coastal fisheries adopted by the Law-of-the-Sea Conference on April 26, 1958 and supported by Britain. But we believe that any *universal* agreement must take account of the essential principles of international conduct. A most important one of these is surely the need for consent to changes.

"THE INTERNATIONAL ASPECT"

In 1951 the World Court ruling in the Anglo-Norwegian fisheries case pronounced against the arbitrary and unilateral extension of territorial waters. The court said: "The delimitation of sea areas has always an international aspect; it cannot be dependent merely upon the will of the coastal state as expressed in its municipal law".

UNANIMITY AND PERMANENCY

Britain believes that the Conference's guiding principle should be to give preference to solutions favouring *unanimity* and *permanency*. The general advantages that the old three-mile practice offered came largely from its attempt at uniformity.

It still seems possible for most states to accept a compromise settlement on territorial and fishery limits that is capable of universal application. If these limits are kept to a minimum, the invasion of existing interests on the high seas need not be unduly severe.

ACCEPTING ARBITRATION

Another principle that the British fishery industry supports is the necessity for arbitration and conciliation in disputes. This was admitted by the last Law-of-the-Sea Conference.

Together with the majority of nations, Britain is a signatory to the optional protocol on the compulsory settlement of disputes drawn up at the 1958 Conference. While Britain appreciates the reluctance of certain nations to subscribe to this protocol, it does believe that the practice of arbitration is necessary between states on complicated fishery issues. It is obviously desirable that when international agreement is reached, at whatever cost in concessions and exertions, there should be an assurance that it could not readily be upset again.

SCIENTIFIC CONSERVATION

The real answer is scientific conservation. It may be that some extension of territorial and fishery limits is necessary at this time for political reasons. But we believe that the proper way to satisfy claims for extended fishery limits for conservation's sake ought to be by scientific regulation, not simply by political action.

Knowledge of fish habits and movements has greatly increased, and it offers a much more effective and skilful system of control than proposals for broad fishery limits that sometimes may not, in fact, include the areas most in need of conservation. International opinion, including British opinion, is now more favourable toward scientific regulation than ever before. This is a chance to move with the times.

EXISTING CONVENTIONS

We fish in the north-east Atlantic where there has been in operation for some years past a convention that provides for certain types of conservation measures to be taken. Iceland has not taken the initiative under this convention in proposing any additional conservation measures.

Within the last year a new, and much more comprehensive, convention – the North-East Atlantic Fisheries Convention – has been adopted and signed by all the European states. Under this convention it will be possible to apply any kind of conservation measure to any species of fish that may appear necessary. The United Kingdom has been the first country to ratify this convention, and it hopes that the ratification of the other European states, including Iceland, will not be long delayed.

Continued overleaf

British Trawlers' Federation's statement continued

THE 1958 SOLUTION

The Law-of-the-Sea Conference in 1958 agreed on a comprehensive convention on fishing and the conservation of the living resources of the sea.

When this is ratified, coastal states will have the right to adopt unilateral but non-discriminatory conservation measures. These measures can become binding on other fishing states, subject to the resolution of disputes before a special commission of fishery experts. It is a sound solution because it requires the proper demonstration of the need for new conservation measures before disregarding other nations' rights.

FARMING THE SEA

The British fishing industry is ready to play its part with the fishermen of other countries who fish the north-east Atlantic in improving the scientific management of the fish stocks. The ideal should be for all countries to be able to farm the seas as efficiently as modern techniques now get the best out of the soil.

To achieve this it may be desirable to impose quantitative restrictions on the catch in certain areas. The British industry considers that such arrangements, which can be adequately enforced, are preferable to the total, and very possibly wasteful, enclosure of increasingly large sections of the high seas.

IMPORTANCE OF THE CONSUMER

The consumer matters. The British fishing industry belongs to north-west Europe, where there are 200 million people to feed. Other regions and countries have even larger tasks. It seems reasonable that each country should be able to bring home a substantial proportion of its fish in its own boats if it wants to.

In fact, the British share of the demersal fishery round Iceland has fallen from 37 per cent to 25 per cent in the past twenty years whilst the total catch has continued to rise. So it cannot be asserted fairly that there has been general overfishing off Iceland and certainly Britain is not seeking any monopoly. Yet a twelve-mile limit in the north-east Atlantic, and even a six-mile limit in particular areas, would deprive the British trawlers of the fishing grounds where they have been active for over 50 years.

ECONOMIC PROBLEMS

Even when proper conservation measures are taken to protect the fishery interests of all states, there are still economic problems to be solved. The true cause of certain claims for extended fishery limits is not conservation, but the desire of the coastal countries to secure a rising share of the catch.

This is understandable, particularly in regions where other sources of employment and earnings are not easily available. But it seems unfair that these legitimate interests should be pressed beyond the point where they endanger other communities and damage efficient fishing industries already in existence. The aim ought to be to increase the world's total supply of food by co-operation between all industries.

DRAWING THE LINE

Britain does not want to be unreasonable. It recognises that coastal fishermen have their own interests and want to raise their standard of living.

But it is frankly concerned that sectional interests should be given priority as a result of a subjective appreciation by the government of the coastal state alone. If fishery limits are to be put within the exclusive competence of coastal states, as some of their spokesmen have demanded, there seem to be few bounds to the claims they could make.

BIG AND LITTLE

It is not only the trawlers that are being excluded under current domestic legislation by coastal states. Iceland's new regulations have brought protests from the small fishermen of the Faroe Islands over their exclusion from waters that are every bit as important to the Faroese as to the Icelanders themselves.

If this practice is accepted by international opinion now, there is a danger of it spreading to other parts of the world.

SEEKING A COMPROMISE

We believe that in each major fishing region reasonable compromises can be reached that will satisfy the local countries concerned. In the north-east Atlantic, Britain and other states have already put forward suggestions to Iceland that are worth general consideration.

After the Geneva conference in 1958 Iceland was offered an arrangement to guarantee it a specified percentage of the total catch over the whole continental shelf, together with the reservation of new areas, outside the existing limits, for the line-fishing practised by the smaller Icelandic boats.

ANOTHER OFFER

When this proposal was refused, it was suggested that a provisional six-mile fishery limit should be agreed on, pending the outcome of the second Law-of-the-Sea Conference, coupled with new areas reserved for the smaller fishermen.

Under this temporary arrangement Iceland would not have been asked to give up its formal twelve-mile claim. But this proposal, too, was not accepted.

TRYING AGAIN

Britain is still ready to try again, at Geneva or elsewhere. By its proposals in the past two years it has tried to show good faith and willingness to co-operate. We in the fishing industry believe that the search for local compromises is the best way to settle problem cases, rather than the imposition of a flat twelve-mile rule.

To achieve a universal code, we believe that a combination of exclusive fishery limits, scientific conservation arrangements, and the quantitative division of the available catch in certain zones may be necessary. This certainly seems the best basis for fresh discussions.

THE OPPORTUNITY

The approaching conference on the Law-of-the-Sea will be a last opportunity to produce new understanding and co-operation among the seafaring powers. We believe that it is better to unite for the common wellbeing than divide and restrict food resources that all countries need.

The British distant-water fishermen are eager to play their part in working out a solution that will satisfy all interests.

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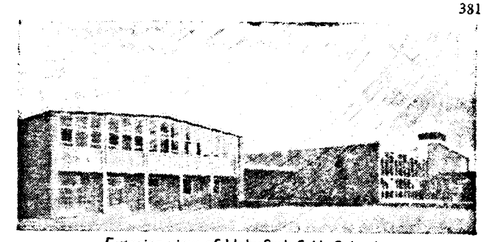

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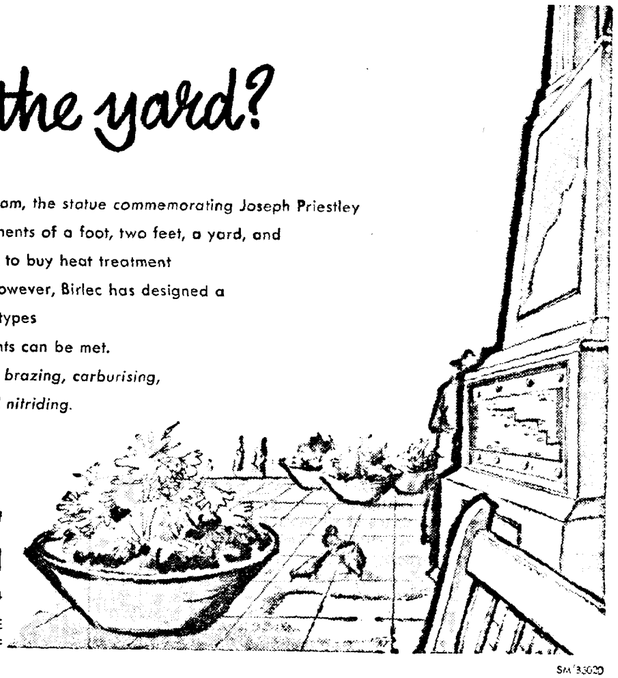

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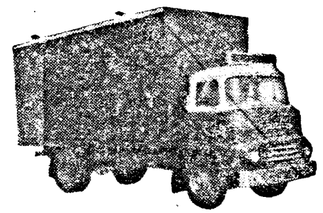

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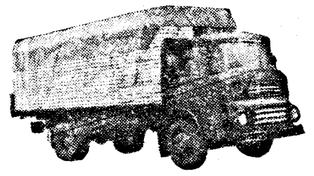

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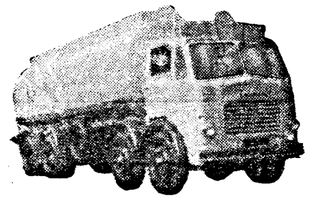

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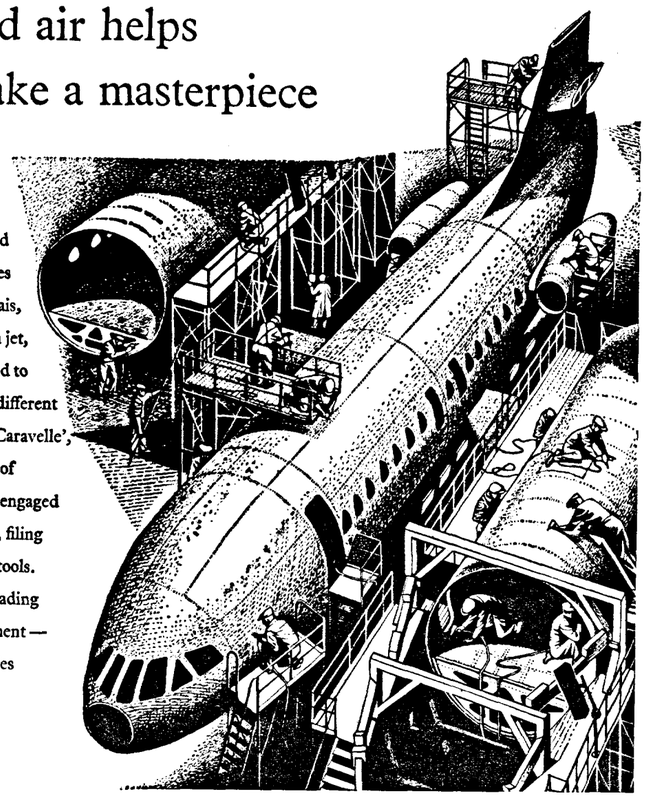

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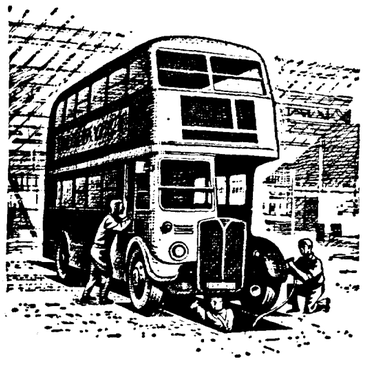

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The Economist

JANUARY 30, 1960

France Feels the Dead Hand 385
Here We Are Again? 387
Are Unions Necessary? 388
Pushing India's Plan 389

NOTES OF THE WEEK 390

Politics; Kenya; France; Tunisia; Germany and Italy; Uganda; Young Socialists; Cuba; Belgian Congo; National Farmers' Union; Holidays; North Vietnam; Ring round Israel; Libya; Ombudsman.

LOCAL GOVERNMENT: AN INQUIRY ..... pages 401 to 413

BOOKS

General and President 414

LETTERS 418

AMERICAN SURVEY

Colour Bar—Five Years After 421

At Stake in Wisconsin; Ageing Bulls; Bombers Fight Back; Primary Considerations; How Unsafe in the Air?; Manhattan Running Aground; Justice Out of Order?; Activity About Radioactivity; Fund Goes West.

THE WORLD OVERSEAS

Mr Macmillan's Trail of Doubt 431

Struggle in a Vacuum; The French Army—I; Morocco's Parting Guests; Round the Tribal Drum; Cubans in Control; Austria's European Choice.

THE BUSINESS WORLD

Machine Tools Under Criticism 441
Building Society Reform 443

BUSINESS NOTES 447

After Bank Rate; Steel; The Exchanges; Air Fares; Dollar Imports; Bids and Deals; Lloyds Bank; Atomic Energy; Shipbuilding; British Match; Furniture; The Uses of Leisure; European Energy; Cotton Trade; Hard Fibres; Platinum; Copper; Industrial Pay; London Traffic; Shorter Notes.

COMPANY AFFAIRS 474

Lloyds and Scottish Finance; Discount Houses; British Oxygen; Unit Trusts; Bass; Decca Record; Liebigs; Asquith Machine Tool; Co-operative Permanent; Lancashire Cotton; Massey-Ferguson.

London and New York Stocks 476
Money and Exchanges 479
Prices and Wages 480

Annual Postal Subscription by ordinary mail £4 10s.; overseas £5; by air see page 438.

VOLUME CXCIV - NUMBER 6075.

France Feels the Dead Hand

ONCE again France stands at the edge of the precipice. Once again it looks to General de Gaulle, but this time not quite with the same trust in a miracle. The choice before him has narrowed in a few short days to one between changing the very nature of his regime in a decisive effort to impose his will upon Algiers, or departing yet again to Colombey-les-deux-Eglises. This ineluctable decision underlies whatever he chooses to say to his countrymen on Friday evening. Everything has now to be put to the test.

If he means to impose his authority on the army and the settlers across the Mediterranean he will need to call on the united voice, and purpose, of metropolitan France. But has France any will left? Does the brief and unsatisfactory history of the Fifth Republic encourage the hope that it has? This involves much more than calling a national referendum. It involves, in fact, the same questions that confronted France on the morrow of the Algiers coup on May 13, 1958, and were left unanswered then.

So much is in train that it is not possible to say how this crisis will yet end. General de Gaulle has given every sign of deciding to face the odds. But for how long? Unless a compromise, preserving at least some of his own prestige, is reached with the army within a matter of days, and even hours, the probability is that General de Gaulle must retire. But the very threat of his withdrawal may make the more responsible of the army leaders pause; and it may concentrate wonderfully the thoughts of the broad mass of Frenchmen whose wish, above all, has been to bring an end to the war in Algeria. For that task General de Gaulle has become indispensable. For the other task of avoiding civil strife and chaos in France itself he retains an authority that no other Frenchman can begin to rival. The alternative to him seems unthinkable. Yet it is one that France could now come to accept by default.

The new crisis in Algiers did not fall out of a clear sky. It has always appeared that between General de Gaulle and the army that called him back to power the gulf remained great, if unspoken. It has always seemed likely that the extremist settlers would attempt to find some point of common cause with the army, which otherwise has rejected the settlers' own ideas for their continued domination of Algeria under the political formula of integration. It has always been possible that General de Gaulle's contempt for the parliamentary process would deprive him of allies inside France at the time he most needed them. In much the same way, his personal interpretation of France's role in the outside world has whittled away the allied, or general, support that he could have drawn on in seeking a workable compromise with the Algerian Moslem rebels.

Despite all this, the present crisis has grown unexpectedly beyond bounds. It has developed as a compound of mischance, miscalculation and deliberate refusal to compromise. General de Gaulle cannot be acquitted of mistakes in failing to tackle certain aspects of the army's rule and the settlers' pretensions in Algeria when he had the opportunity, not least after the massive endorsements he received from the French electorate in 1958. Even so, the decline of the public power has come with sickening rapidity.

What went wrong? The crisis that began last Sunday seems to have been triggered by an army warning to General de Gaulle not to take any fresh steps in implementing his promise, made in a broadcast on September 16th, to give

eventual self-determination to the Algerians. Army opinion had been growing increasingly alarmed that General de Gaulle meant what he said. The reports that General de Gaulle meant to hold a referendum on Algerian policy in metropolitan France, and that the Moslem rebels had reformed their government, apparently with a view to negotiations with Paris, seemed to show the way the wind was blowing.

The army's purpose, from the beginning, may have been to have the September 16th speech torn up altogether; this is the position that the army appears to have adopted with M. Debré on his flying visit on the night of January 25th-26th. But the purpose, at least as far as General Challe, the commander-in-chief, was concerned, may simply have been to ensure that General de Gaulle took no fresh steps that would, among other things, finally controvert the gloss on official policy which M. Debré, in particular, had been presenting to the settlers. It seems unlikely that the army's aim, at that stage, was other than to secure a compromise with General de Gaulle that would satisfy the army's own desire to remain in Algeria. The extremists among the settlers may have had other ideas.

The army's warning had to be delivered not only to General de Gaulle but to French opinion generally, before further decisions committing the government along the course of the September 16th speech emerged from the policy discussions that were held at the Elysée on January 22nd. No doubt General Challe (and possibly M. Delouvrier, the civilian authority in Algiers, too) meant to speak their minds at the meeting anyway; but General de Gaulle might be expected to discount their protests in closed session. The interview that General Massu gave to Herr Kempski of the *Süddeutsche Zeitung* on January 16th seems to have been intended, at least by General Challe, to provide the missing, and compelling, element in the warning. Herr Kempski received the distinct impression that General Challe had sized him up with some care before arranging the meeting with General Massu.

THE warning thus reached Paris with the greatest *éclat*, and when General Massu was called upon to affirm his loyalty to General de Gaulle, he did so in terms that made it quite evident that the army's advice could not be withdrawn. All the same, compromise between the government and the army was still possible if General de Gaulle chose to bide his time, as he had in the past, and swallow this new impertinence. It is not clear whether it was the impertinence, or a judgment that time was no longer on his side, that finally prompted General de Gaulle to send General Massu packing there and then. There may have been a miscalculation. The authorities in Paris either were not aware that the settler organisations were getting ready in Algiers, or they trusted that the changes in the higher army command meant that the troops would be sufficiently disciplined to deal with any demonstrators. The first, uncertain stages of the settler revolt (up to Monday morning) appeared to justify the belief that General de Gaulle's previous policy had separated the army from the settlers, and that the probable suppression of the rising would merely reinforce the government's authority.

Twenty-four hours later it was quite plain that this was not happening. The high command, including both General Challe and Admiral Auboyneau, had uttered the right words of respect for authority, but they were not acting. Was the intention to insist on the army's own terms for Algerian policy, without an open break with General de Gaulle, before taking steps to clear the settlers' redoubt? Even at this stage, the prospect of some compromise between the government and the army was easily conceivable. The army certainly did not seem to be contemplating a change in regime in Paris, as it did by making common cause with the settlers two years before. But once again the situation slipped out of control. A group of colonels told General Challe that they would not open fire; by Tuesday General Challe fell into line.

Even so, General de Gaulle continued to behave as if General Challe and M. Delouvrier were both unquestionably loyal. There was, in fact, little else that he could do in addressing Algiers, although his orders, given peremptorily to General Challe on Sunday night, to put down the rising had not been obeyed. The laconic communiqué after the cabinet meeting on Wednesday evening suggested that the attempt to reach a compromise with the army was still being persevered with. Had the general made more drastic plans, there would certainly have been resignations from the government. Yet on Thursday the army's terms were still believed to be hardening.

General de Gaulle thus had to decide whether any bridge between him and Algiers still existed—and whether he could dare to cross it physically without either making himself the hostage of the extremists or meeting an even greater indignity than M. Mollet suffered on the day of tomatoes, February 6, 1956. For him to act, alone and against the odds, would not be out of character. Yet the question has become whether the four days of delay in Algiers, in which the army and the settlers have drawn together (so that on Thursday morning it was even found possible to lift the censorship in Algeria), have not made any initiative impossible unless at the price of accepting terms that would finally destroy Moslem faith in General de Gaulle himself.

For Moslem Algeria is an essential, if forgotten, part of the equation. If General de Gaulle is ever to succeed in his mission to pacify Algeria and to give it an identity in close friendship and association with France, he cannot now afford to neglect the wishes of the Algeria that has not been able to speak in the crisis. There was, however, one sign in the demonstration at Mostaganem on Wednesday (which was dispersed by gunfire) that the hopes of the Moslem community still rest in the general. It might have been possible to make effective use of this sympathy, particularly in reaching an accommodation with the army, if the situation had not deteriorated so rapidly since Sunday. Now General Challe is on record as declaring that "the fraternity of French settlers and Moslems" is something that "the army knows to be real." Just a week ago General Challe would have known this statement for what it is.

The Algerian rebel leaders, waiting in the wings at Tunis, have to draw their own conclusions from the disarray in Algiers. The more militant among them may conclude that French weakness may ultimately put total victory within their grasp. Those that have trusted to the possibility of negotiations with General de Gaulle can only be discouraged by every sign of the government's inability to resist the settlers' terms. Can General de Gaulle, by a supreme effort of personal will and authority, hold fast to his promise of September 16th? If he cannot, France must surely be sucked down in the perpetuation of an impossible course in Algeria, even to accepting the dead hand of military rule at home.

Here We Are Again?

The Chancellor's task in coping with the current upsurge of investment is to avoid the mistakes of 1951 and 1955 which led to crisis and stagnation

THE facts behind last week's increase in Bank rate to 5 per cent are simple enough; the important question is whether the country has learned enough from past experience to confront them efficiently. The British economy has reached a familiar and awkward stage of the trade cycle: the moment of the sudden superimposition of an investment boom on top of the existing consumer boom. Until the fourth quarter of last year (or, more probably, until October 8th), businessmen were expecting to spend perhaps £50 million less on new plant and capital equipment in 1960 than in 1959; according to a survey published by the Board of Trade last week they now expect to spend some £250 million more instead. This projected turn-round of £300 million is a very tentative figure; but everything that can be gauged from the behaviour of the market and everything that can be checked from the still-swelling investment plans of the motor manufacturers and the steelmen and other heavy industries suggests that, if they can get all the deliveries that they want, the figure is not likely to be an underestimate.

Until two weeks ago it was possible to hold a nicely-balanced debate about whether the British economy was still patchily underemployed or already generally overstrained. But if the Chancellor had suddenly decided to inject £300 million of additional spending into the market (say, by giving us a New Year present of 1s. 3d. off the income tax), even the most enthusiastic expansionist would certainly have boggled. Now it looks as if an extra £300 million a year of spending is going to be generated by a spontaneous investment upsurge instead, and everybody should, therefore, equally agree that Mr Amory would be irresponsible if he did not make some cut-back. There is no logical scope for political gibes about this, for one of the better policy planks on which Labour fought the election was that Britain ought to increase its investment and moderate its consumption, which is what is now to happen because of businessmen's cheerfulness about the Conservatives' return. The only real scope for argument is how the cut-back should be effected, and how far it should go.

On this point the best model for all economic and political commentators is Mrs Heep, whose sole and constant advice to her son Uriah was "Be 'umble." There is a danger that the smooth way in which Britain extricated itself from its last period of economic trouble, in 1957, may lead people to suppose that clever men have already worked out exactly what steps to take whenever trouble reappears. But the crisis of 1957 was not at all the same thing as the emerging problem of 1960; it was not primarily due to a sudden large upsurge of domestic demand—indeed, it occurred at a time when many people were more worried about the threat of world recession than of world boom. The 1957 disturbance was caused by two other factors that have intermittently plagued Britain since the war: a run on sterling by foreigners who considered it safer to hold funds in Frankfurt or New York (a run which was swiftly checked by raising interest rates to make it more profitable to hold funds here), and a cost-push inflation generated by the British trade unions (which was eventually countered by the way in which Londoners withstood the bus strike).

The last two occasions on which Britain had to absorb sudden and inconvenient upsurges of internal demand within a taut economy were in early 1951 (with Korea rearmament and a restocking boom) and early 1955 (with an investment upsurge very similar to today's, also coming nine months after the introduction of investment allowances and also fed by businessmen's cheerfulness over a Conservative electoral advance). Both these upsurges were mishandled into becoming crises. In a search for what not to do in 1960, let us examine the strikingly similar (though by no means identical) patterns that then emerged. They were a story of crisis in five acts, and any resemblance to what *could* happen in 1960 is obviously far from coincidental.

(1) *The First Half-Steps.* In 1951 the Labour Government met the situation with a very courageous budgetary policy (Mr Gaitskell increased taxation by £388 million in a full year), but it stuck timidly to its cheap money policy (Bank rate at 2 per cent) until it was thrown out of office in October. In 1955 Mr Butler reacted with a courageous monetary policy (Bank rate raised by 1½ per cent, in two steps, in January-February), but followed this with £155 million of tax reliefs in a pre-election budget.

(2) *The Railway Surrenders.* In February, 1951, Mr Bevan, as Minister of Labour, told British Railways that it must give its workers a larger wage increase than a court of inquiry had recommended because otherwise there would be a railway strike. In January, 1955, the Cameron court of inquiry told the nation that it must "will the means" to give railway workers a bigger wage increase than British Railways could afford because the railways were an important national service. On both occasions the labour correspondents of the daily newspapers wrote exactly the same articles as they were writing last week to urge Sir Brian Robertson to yield to the latest demands of the National Union of Railwaymen; it was said in 1951 and 1955 that railwaymen had a very special case for a rise, but on each occasion the increase that they secured was allowed to set the pace for general wage inflation.

(3) *The Summer Controls.* As a result of (1) and (2) above, by midsummer of both years price inflation was in full swing and foreigners were fleeing from the pound. In July, 1951, Mr Gaitskell announced that he was going to introduce price and dividend controls; because Labour fell from power, these never became operative but the announcement of them had a deplorable effect abroad. In July, 1955, Mr Butler announced that he was slowing public investment programmes, tightening hire purchase restrictions and addressing a letter about credit restraint to the banks. The gold drain in the following month was larger than ever.

(4) *The Second Half-Steps.* In November, 1951, therefore,

the new Conservative government repaired Mr Gaitskell's omission of the previous spring by at last raising Bank rate and introducing a harder money policy. In October, 1955, Mr Butler repaired his own omission of the previous spring by imposing approximately as much new taxation in his special autumn budget as he had remitted in his April one.

(5) *The Period of Stagnation.* By the beginning of the following new year, internal demand seemed much less buoyant, and the Government might normally have been expected to restimulate activity. But inflation had bitten home deeply during the crisis, foreigners were still suspicious of the pound, and the authorities felt obliged to stay on the opposite tack. So, in January, 1952, Mr Butler—and in February, 1956, Mr Macmillan—introduced some further consequential measures (hire purchase restrictions, slowing of public investment programmes). Two months later the complicated budgets of 1952 and 1956 were both slightly deflationary in effect. As internal demand was no longer pressing on resources, the result was to check the growth in production for the rest of the year.

By September of 1952 the economy had at last reached a state of equipoise, and the authorities could start thinking of re-expansion; by September of 1956 they were thinking of re-expansion also, but the Suez crisis intervened. The spoor of the crisis of 1951-52 was a drain on the gold reserve of $2,205 million in all, a 19 per cent rise in prices in two years, and the damping down of production during 1952. The spoor of the crisis of 1955-56 was a gold drain of $798 million in all, a price rise of 9 per cent in two years, and a much longer period of stagnation in production. It would be a boon to avoid a similar tragedy in five acts this time.

It also should not really be difficult. The essence of Mr Amory's task is not (or not yet) to cut back the whole prospective increase in demand in 1960, but merely the part of the new upsurge which is excessive—the part which cannot be met by a production that goes on growing at the maximum safely attainable rate. Only if too timid a policy is followed initially, so that inflation intervenes, is it quite certain that later months will have to see a bigger cut than this—so that for a time production may once again have to be stopped from growing at all. Mr Amory starts with certain great advantages that were not to hand for Mr Gaitskell in 1951 or Mr Butler in 1955: the foreign balance is much sounder now, international respect for sterling much stronger, the record of recent price stability is there for all to see. But the key to 1960 will lie in the opening two acts of the play.

The first resolution for 1960 should be that budgetary policy this year will not pull the other way from monetary policy; whether this means a standstill budget or a slightly deflationary one is a matter of detail that can and should be judged only as the situation develops. The second necessary resolution for 1960—about railway wages—is once again painfully obvious; as *The Economist* went to press Sir Brian Robertson had not yet replied to the NUR's demand that he should at once give them a wage increase, which some newspapers considered quite essential in order to avoid an unofficial one-day strike in some railway districts next Monday. *Plus ça change. . . .*

Are Unions Necessary?

The 5 per cent increase in the standard of living of the British industrial worker in the twelve months to last October was a singularly interesting achievement in a year in which union militancy was at its lowest ebb for a decade. Indeed the most remarkable of the figures in the new Ministry of Labour survey—the 9s. 6d. a week rise in the average real earnings of adult male factory workers in the six months after last April—means that these earnings were rising at the unprecedented annual real rate of nearly £1 a week during a period when very few new union agreements were negotiated at all.

As a note on page 457 shows, a part, but only a part, of this increase was due to longer overtime hours at work; most of the rest has come from increased payments by employers above the union rate. The director of the Engineering Employers' Federation, Mr Macarty, gave a concrete example on Tuesday. Over 90 per cent of engineering labourers on time rates and over 99 per cent of skilled fitters were, according to a federation survey, getting amounts from 5s. to well over £3 a week above the union rate even in June, 1959. Pieceworkers, who make up the majority of the industry's labour force, would have been doing better still. In a year in which the cost of living has remained stable, increases in these "plus payments" have raised the workers' standard of living at a rate seldom attained before.

The awkward question that arises for the labour movement (and the country) is whether central trade union bargaining does any good to anybody at all. A case can be made for arguing that market forces on the shop floor always give the worker what he has earned, and that the increases negotiated by the unions merely put up the cost of living. Nevertheless, trade union demands are now on the march again—with the engineering unions' leaders themselves firmly near to the van. Having finally secured a promise of a two-hour reduction in the working week, which they were originally expected to accept as adequate for this year, they began on Tuesday to press their wage claim as well.

Wisely, they have also left themselves a possible avenue of retreat in the form of a special sub-committee which is to look into the effect that the hours award will have on piecework earnings. Since time and piece rates are usually closely linked on the factory floor, its report can probably be made as favourable as is necessary to save any face that needs saving. The possibility of trouble in engineering may depend to some extent on the tactics of the Electrical Trades Union, which wants to be able to say that any objection to the forthcoming announcement of its election results comes from right wing people who dislike its militancy; there is nothing much that concessions by either side can do about this. But the possibility of an inflationary settlement in this industry will be much more largely affected by Sir Brian Robertson's decision on the railways; he is making that decision against the background of the warning of inflation that the new Bank rate has flashed to the country. He should stand his ground.

Pushing India's Plan

How best to support the Indian and Pakistani development plans is one problem. How the West should share the burden is another

A fortnight from today, three distinguished bankers will begin a reconnaissance of India and Pakistan that means much to the future of the 500 million inhabitants of those countries—and which may mean almost as much to the world. Sir Oliver Franks, chairman of Lloyds Bank, Dr Hermann Abs, chairman of the Deutsche Bank, and Mr Allan Sproul, a former president of the Federal Reserve Bank of New York, are not merely men who have the ear of their own governments. The mandate loosely but pointedly given them by the World Bank, to which they will report, represents a general acceptance by the principal governments of the West of an appropriate share of responsibility for supporting the Indian and Pakistani development programmes—and in particular India's third five-year plan, which begins in April, 1961. Briefly, the task of the three wise men from the West is to define "appropriate."

It is a less daunting task than it would have been a year ago: though still a formidable one. The western wind stands fair. Since the 1958 Commonwealth conference at Montreal, the cogency of the case for a sizeable and sustained western effort in support of the Asian development plans has gripped informed opinion. The lesson of 1958, when America, Britain, Germany and Japan had to improvise emergency aid for an overstrained India, seems to have been learnt. Last month, President Eisenhower's visits to Delhi and Karachi gave symbolic assurance of the extent of American readiness to underwrite south Asia's endeavours; and at the same time British and continental European opinion was accepting the idea that this must be an Atlantic operation, that Europe's new prosperity carried with it an obligation to shoulder more of the load. We have come a long way since the imaginative but modest beginnings of the Colombo plan ten years ago.

At the Asian end, too, the wise men will find much to hearten them. In Karachi, where they begin their tour on February 13th, their hosts can demonstrate that, however long it may take to revitalise Pakistan's political life, its economic affairs are now in the hands of men who mean business. The second five-year plan, the outline of which was approved at the end of last month, is clearly going to be a very different affair from Pakistan's first plan, which, nominally operating from 1955, was not even given official definition until 1958, and never amounted to more than a bone of contention between squabbling interests. Since the military government took over in 1958, it has set up a planning body with wide powers, galvanised it into action, and silenced the obstructionists. Pakistan's plans, like its resources, are on a more modest scale than India's—it is now envisaging a total development plan outlay of about £1,400 million over five years, as against the Indian £7,500 million, and this figure is more likely to be reduced than increased—but President Ayub Khan has already shown a firm preference for committing his regime's prestige to nothing that it cannot in the event achieve.

One achievement for which he must receive his full share of credit is the improvement in Indo-Pakistani relations in recent months. This has been assisted by China's Himalayan blunders, by a new (if tacit) awareness in Delhi that the new government in Karachi is better placed than its predecessors to clinch deals, and, in the case of the crucial dispute over the Punjab river waters, by the patience of the World Bank's representatives. Final agreement on the Punjab waters has stayed tantalisingly just out of reach for several months now; but the general feeling that failure to reach it would be unforgivable, now that the gap is so narrow, helps to make the atmosphere in Delhi and Karachi more encouraging for the three visitors; and their visit may provide the last little push that is still needed to get it through.

Their hosts in Delhi have further reasons for feeling buoyant. India has had a good year in several respects. The 1958-59 harvests yielded a record 73 million tons of grain. Exports have picked up. Industrial advances have been recorded along a scale ranging from locomotives to paper. Somewhat to its own surprise, the state was able to borrow more than £270 million on the domestic market in 1959. There have been setbacks, among them the acute shortage of high-grade coal owing to the mines' lamentable failure to reach the target set them. But the New Year sky has been bright with the glow from the new steelworks. The first blast furnace at Durgapur has been inaugurated; the most modern steelmaking plant has been set up at Rourkela; Bhilai has been producing steel since October; the Jamshedpur expansion has been on a scale to match these new giants; further expansion at Rourkela and Bhilai is already being urgently discussed. Self-sufficiency in steel is now so close that serious debate is beginning about the best means of deploying the imminent surplus.

Real national income rose by an unprecedented 6.8 per cent in 1958-59, according to preliminary official estimates. The qualms and heartsearchings of 1957-58 have been replaced by a serene confidence that the second five-year plan (1956-61) will be fulfilled—in the planed-down form that had to be accepted as early as 1957. But it is the third plan that Indians are now thinking about; and the voyage of the three wise men from the West is to them reassuring evidence that this time their western friends accept the idea of working out the role of foreign aid in advance, rather than waiting for urgent distress signals before they launch the lifeboat.

It has taken about £250 million a year of foreign aid to see India through its second plan. More than £300 million a year will be called for in the third, the outline of which is now almost ready for publication. Of this sum, India cannot on past experience count on getting more than about 15 per cent from the Soviet block. The rest may come directly from the principal western nations or indirectly through the various international agencies of which they are the main support; but the source will be much the same either way.

The wise men, the World Bank and the western governments now face several complex problems. The purely quantitative one is perhaps the least difficult to solve: the

order of magnitude involved is not so much greater than in the case of the second plan, and western resources have visibly increased in recent years—particularly European resources. But, to take the most obvious difficulty first, how firmly can a massive enterprise extending over several years be underwritten by foreign governments which must obtain their funds annually from parliaments elected by, and acutely aware of, their taxpayers? This is still an unsolved problem.

SUPPOSE, moreover, that such a firm commitment is given: if the contributing parties later come to fear that the beneficiaries have thereby gained an exaggerated sense of security, and are ceasing to look after the pence as carefully as they should, can the contributors tighten their purse strings without seeming to go back on their word—and if so, how? If they seem at any point to be giving orders about how the money is to be spent, they are liable to arouse an indignation that will erase all memory of their original generosity. And what if, having pledged their help for a fixed term of years to an effort designed to make the recipient country's economy self-sustaining, they find that that goal is nowhere in sight at the end? A strong case can be made out that India, at least, is already nearing its "take-off" and can soon become independent of large-scale aid; but that is a complex calculation and one for the three wise, and authoritative, bankers.

One of them, Sir Oliver Franks, spoke out loud and clear this week, making it plain that solutions must be found to these problems if the developing countries of the southern world are to get the help from the West that alone can enable them to break out of poverty without succumbing to tyranny. But he also drew attention to the most urgent question at the western end of the line—that of sharing out the contributors' burden. Sir Oliver believes that some new "informal group" must be organised for this purpose. Shudder as one may at the prospect of more international machinery, this task of burden-sharing must indeed be taken seriously and handled in the most efficient manner possible. Sir Oliver's own warning to the Americans that their natural anxiety to shift some of the load to a newly prosperous Europe should not go too far is itself an indication of the difficulties of accommodation that lie ahead.

NOTES OF THE WEEK

POLITICS

Tories Balance of Power

PARLIAMENT returned on Tuesday with a slightly greater anticipation of possible excitement to come than had been evident when the Christmas recess began. This may, in fact, be a more crucial moment for both parties than most correspondents from Westminster have credited.

So far, despite its larger majority, this new Conservative government has kept on the liberal tack in all its policies; that is the direction in which senior ministers personally want to go. They have kept to this course while always watching for, and intermittently expecting, ructions from their right. This expectancy has been especially great in colonial affairs. In Cyprus and in East and Central Africa ministers privately want to do things which in bygone days would have brought forth a great cry from the right that they were letting the British Empire down. If Mr Mboya and Dr Banda do not smooth the way for the Government to make the agreements with them which the Cabinet would like, it has hitherto been assumed that there is a certain limit to placating tiresome Africans (or Archbishops) beyond which the right-wing-defying courage of even this Conservative Government cannot go. But now ministers are beginning to wonder—half-hopefully—whether failure to reach agreements might not bring forth some Conservative mutterings, from what might be called the Bow Group wing, that they did not go far enough.

In domestic affairs, the Government has been worried that problems affecting youth are soon due to have a run in the headlines: the report on the disturbances at the Carlton approved school was being published on Thursday, the Albemarle Commission on the youth services reports next week, and some time before the end of the session a new bill on the treatment of young offenders is to be laid before Parliament. The Conservative constituency associations' instinctive desire is that the Government's main policy on this matter should be to promise to cane more people; quite a lot of right wing Conservative MPs feel that they would like that too; but a growing number of middle-of-the-road and left wing Conservative MPs have intimated to the whips that they do wish their fellow Tories would not say these things, because they make Toryism look unrespectable.

The next few weeks may therefore make it distinctly clearer with which wing the balance of influence in the Conservative party lies. One's own assessment is that the Government would arouse more angry speeches if it annoyed the right, but deeper-seated (and eventually more important) disillusionment if it let down the new left.

Labour's Strife

IN Labour's ranks, there was a certain nervous thrill as Mr Gaitskell flew home last weekend from his holiday in Jamaica—a portentous place for a holiday-making statesman to fly back from, at least to those whose political memories are three years old. While he was away, the opposition to him had been in full play. In preparation for Wednesday's meeting of Labour's national executive, Mr Greenwood had let it be known that he was going to oppose changes in the wording of the nationalisation clause in Labour's constitution. Mr Wilson had carefully let nothing be known of his own intentions at all. Every Labour politician would resent any suggestion that a struggle was in progress for the mantle that Mr Bevan once wore as leader of the left wing, but . . . However, everybody was able to agree that it would be quite improper to start discussing the constitution while Mr Bevan was still seriously ill, and Wednesday's projected battle was seemlily postponed.

It is becoming increasingly clear that the odds which Mr Gaitskell has accepted in the battle over nationalisation are those of a hiding to nothing. Nothing, in this context, would mean an alteration in Labour's constitution which Wilsonites would feel that they could defend before nationalisation-worshippers in the party, and which those who oppose Labour in the country because they dislike nationalisation would therefore regard as completely meaningless; some such meaningless change is what Mr Gaitskell is now most likely to get. A hiding would presumably mean his being forced out of the leadership. This is only likely to happen if by-elections run so heavily against Labour that all the office-seekers in the party conclude that, come 1964, Mr Gaitskell will have no chance of winning the premiership in order to have offices to allot. Much may depend for him on whether the 5 per cent Bank rate, and any further economic measures that follow, persuade voters at by-elections that Tory prosperity is not really prosperity so long as Mr Amory has to tinker with it; if they do, the swing back of leading Labour politicians to Mr Gaitskell could be as dramatic as their recent swing away from him has been.

If they do not, the next question may be the effect of internal party ructions on the man himself. If Mr Bevan were no longer able to stand there at his side, to show doubters what a left wing team his is, these sickening ructions would increase. Mr Gaitskell is a man who likes either to be loved, or else to be able to convince himself in his own heart that he is indispensable for some great purpose. As his rather silly intervention at question time on Tuesday confirmed, the chief purpose which now uplifts him, which above all others sustains his political enthusiasm, is the belief that he stands between some twenty million Africans and slavery. If the Government were soon to solve the Kenya and Nyasaland problems on liberal lines, there might be a real and sudden vacuum in the place of the mechanism that makes the present rude buffetings of political life seem worth while to him.

KENYA

Hopes Rising?

GRAVELY though he shocked Group Captain Briggs, the Colonial Secretary showed great resolution and good sense last weekend, when he finally bared his teeth after the frustrations of the first week of the Kenya conference. If his "imposed settlement" of the Koinange affair proves to be a pattern of his handling of Kenya's problems as a whole, there is yet hope that a sensible system of self-government with an African majority, but fair play for all races, may take shape at this conference. Mr Macleod is no longer looking for an agreed settlement. He is collecting advice and the "general sense" of the Kenya political set-up, as well as knocking the heads of the Kenya leaders together; evidently he will have to make up his own mind at the end of this educative process. The Africans, in their speeches, are now bidding hard for a one-man one-vote common roll, with no special safeguards for minorities beyond a declaration of rights under a written constitution, with a supreme court to interpret it. They can probably be induced to accept arrangements whereby the minorities' voices will be kept alive in the Legislature by a system of reserved seats as well. The New Kenya group is evidently awaiting the stage of "working papers" before it discloses its full counter-proposals, but a landmark of the conference has been the declaration of one of its leaders, Mr Nathoo, who speaks for Muslims, in favour of a common roll without safeguards. This must put the whole future of Mr Blundell's group in question.

The Europeans are correspondingly downcast. They see that a decisive transfer of power looms, and that no Algiers is open to them. There is now one concession that Mr Macleod should be urged to make to them. The farmers among them, who are specially vulnerable because of African paranoia over land, should be enabled, if they should wish to do so, to realise their assets, on a willing-buyer-willing-seller basis, over an agreed period of years. So far the Colonial Secretary has rejected this idea, afraid of its complications and of the Treasury's fearful estimate that it might cost £100 million to buy out the 5,000 or so owner-occupied farms involved. Even at this cost it would be worthwhile to give the whites the security which would remove the fear that drives men, especially men who possess land, to extremes. The details would be intricate; but because the Africans are going to get justice, as they see it, the whites should not be denied fair play. Mr Mboya and Dr Kiano will yet come to see, furthermore, that any Kenyan (a new word on African lips) with an efficient farm or factory, whether white or brown skinned, is an asset to keep in Kenya. If European farmers were assured that they could take compensation at any time after, say, two years and before, say, ten years, most of them would stay on to give life under an African government a trial, and if that trial succeeded the financial burden falling on Britain would be very small indeed.

FRANCE

Pacifying the Bretons

BEFORE more pressing matters claimed his attention, M. Debré went off to Brittany last Sunday to confront the embattled and discontented farmers of the province. Although the Breton farms and co-operatives have been at special pains to increase their productivity and efficiency since the war, they still have a hard struggle for markets, and the Bretons' particular complaints range from the unfavourable freight rate system of the French railways to annoying British practices in agricultural protection. But, besides these local worries, most of France's small farmers believe that they have been badly done by under Gaullist austerity, and this rural feeling has been given voice in a series of protest meetings.

Under M. Pinay's stewardship the price of industrial products has risen appreciably faster in the past year than that of agricultural products, a trend that has not only hurt all farmers but has hurt particularly those who are most modern in their methods and dependent on manufactured goods like machinery and fertiliser. Peasant dissatisfaction has been all the greater because the familiar protection of the automatic sliding scale that used to tie farm prices to the cost of living has been abolished as a necessary anti-inflation measure. These discontents meant that M. Debré faced a cool reception from the tightly organised Breton farmers when he arrived at Rennes; but he was not two hours in the town before the news from Algiers caught up with him.

The farmers would have been even chillier if they had not heard M. Debré on the radio the previous evening declaring that the government had become increasingly preoccupied with rural problems. He promised some alleviation of their troubles. To tackle the general malaise of the countryside he announced that the government would provide for development credits, rural education and health insurance. He refused to reintroduce the sliding scale, but argued that major agricultural products like grain, wine, meat, milk and sugar beet already benefited from guaranteed prices. For the future he agreed to set up an annual review of farm prices and incomes, taking retail prices and the level of other incomes into account.

M. Debré seems to have made concessions that must bring some rises in food prices in the shops. This part of the line that M. Pinay held is giving way. But it is clear that, politically, the government needs to mend its fences with the farmers, as well as setting its mind to a general policy to remedy the rural stagnation. M. Debré could ruefully reflect, if he had time this week, that the regime needs all the friends it can get.

TUNISIA

On the Rebound

AS if to exasperate General de Gaulle still further, President Bourguiba chose to welcome the Pan-African conference to Tunis on Tuesday by demanding that France should evacuate the Bizerta naval base by February 8th—the second anniversary of the bombing of Sakiet village by French planes. This is one threat which the general may safely fence with for a while. The call for the evacuation of Bizerta is a customary outlet for M. Bourguiba's dissatisfaction. French fears of new incidents have been greatly lessened since the isolated units guarding airstrips in southern Tunisia were withdrawn in 1958. While the Bizerta garrison must expect to stand some form of blockade next month (and Tunisian labour at the base was withdrawn on Wednesday), there is every reason to suppose that neither side will provoke a clash. M. Bourguiba himself cannot expect serious negotiations to be taken up again until Paris is rid of its other, much more pressing distractions.

Although the Pan-African conference heard an Algerian appeal for volunteers to carry on the guerrilla war against the French, it was not Algeria that pushed M. Bourguiba into action but the French bomb in the Sahara. The *politique de grandeur*

that General de Gaulle has assiduously followed since his return two years ago, has thus rebounded at the one moment that he would wish to be free of embarrassments like the Bizerta question. The need to retain the sympathy of M. Bourguiba has always played a leading part in the general's plans for both Algeria and the Maghreb as a whole. If General de Gaulle has it in mind to address an appeal of any kind to the Moslem community in Algeria at this time, M. Bourguiba's tacit approval—such as he gave to the self-determination proposal on September 16th—would not be without value. But now it seems more than ever clear that what the general does, he must do alone.

GERMANY AND ITALY

Dr Adenauer in Rome

ONE of the hazards of diplomacy is that the international situation never remains quite stationary, whereas visits by foreign statesmen usually take some time to arrange. Thus what seemed in the first place an excellent idea may have become unfortunate, if not downright embarrassing, when it comes to be realised. This helps to explain why Dr Adenauer's visit to Rome last weekend was only a qualified success, although, up to now, relations between Bonn and Rome had been markedly harmonious.

When the visit was first mooted some months ago, the Italian government was anxious to lose no opportunity of keeping in the international swim ; moreover, it was not unsympathetic towards Dr Adenauer's views on European integration and the possible dangers of an international "thaw." Since then, however, Signor Segni has been to London ; President Eisenhower has visited Rome ; President Gronchi is about to take off for Moscow. Partly, no doubt, as a result of these developments, there has been a shift of emphasis in the Italian government's thinking. It is readier to explore the possibilities of improvement in east-west relations. It has begun to see good sense in the Anglo-American interest in a possible separate interim Berlin settlement at the summit meeting. It has, moreover, become in some ways disenchanted with a western European continental system in which Italy can easily find itself playing third fiddle to France and Germany.

To Dr Adenauer, on the other hand, his journey to Rome last weekend must have appeared to be much more urgently needed than when it had first been suggested. His Italian friends were straying off what he sees as the straight and narrow path, and he was not the man to be deterred by a slight frostiness in the atmosphere from trying to put them right again. He lost, it seems, no opportunity of emphasising the communist threat, of insisting that Berlin cannot be discussed separately from Germany as a whole, and of urging a still closer solidarity of western Europe. Dr Adenauer's undiplomatic force of expression, however, apparently had less effect than President Eisenhower's friendly counsels in December ; the Segni government, moreover, seems to have made up its mind to make the best of President Gronchi's trip to Moscow and to reap what dividends it can from it. The "substantial identity of views" recorded in an Italian communiqué on Dr Adenauer's discussions is a polite indication that the two governments still do not see eye to eye on everything.

UGANDA

Another Declaration of Independence?

THE riots in the Bukedi province of Uganda, though tragic enough in all conscience, are no more than incidental to the new crisis towards which the protectorate is moving. This crisis, as always, concerns the separatism of Buganda. The Kabaka's government has followed up its representations to Mr Macleod by publishing 20,000 copies of a pamphlet entitled "Buganda's Position," which besides reprinting previous memorials demanding complete independence for Buganda, now adds even more forthright claims. In it the Kabaka's government demands new ministries to take over functions now exercised for Uganda as a whole by the central government, and even that it should have its own army. It puts forward some flat misstatements of fact, such as that Buganda subsidises the rest of the protectorate. It marshals new arguments to show that Britain, not Buganda, has broken the original protectorate agreement ; the strength of these may be judged by the fact that one of them is that Britain has "undermined the loyalty of the Kabaka's subjects" by asking them to give evidence to the Wild committee on constitutional advance for Uganda.

Although the pamphlet is signed by the Katikiro, Mr Kintu, it is obvious that the hand behind it is that of the Kabaka himself, who is now virtually an absolute monarch again as well as the mystical father-figure of the Baganda people ; his recent actions are hardly consistent with the "solemn declaration" of good behaviour which he made in 1955. In effect he and the British Government are back to the position they reached just before his banishment in 1953. The Kabaka probably reckons—or hopes—that the British Government dare not take that course again. What infuriates him now is the promise in the Wild report of a fully democratic regime and responsible government for Africans for Uganda as a whole ; he sees this as a method engineered by the British Government to weaken his power and overcome his refusal to send Baganda representatives to the present central government of Uganda. He does not even seem to be waiting for an appeal to the Privy Council on his claim (which the High Court turned down) that the British Government are in breach of the 1955 agreement. This is a challenge to democracy by a man who is proud, autocratic, obstinate and a king—not an unprecedented combination in history. But there are also precedents for meeting it.

YOUNG SOCIALISTS

Rosy Youth

THE Young Socialists, Labour's new youth movement now being formed at national level, is intended partly as an answer to the social success of the Young Conservatives. In many towns, the Young Conservatives are the smart group to belong to: girls in search of successful husbands, young men in search of careers, find them a useful meeting point. The Young Socialists would neither wish nor perhaps be able to emulate this particular type of appeal. But they plan to offer as rich a menu as they possibly can of dances, jazz sessions, visits to theatres and sports events, plays and socials.

They will have to overcome several handicaps and risks. The first is a certain indifference to youth shown by many Labour leaders, especially in the trade unions and in local government. There are comparatively few young Labour councillors. It was lack of backing from the party hierarchy that helped to kill its previous youth movement, the Labour Leagues of Youth which were disbanded in 1955 after nine years' existence, having seen their branches fall from 788 to 214. The new movement will have a larger share of party funds ; and it will be allowed to discuss policy as well as youth matters at its own annual conference—a privilege denied to the Leagues of Youth. This, however, raises a second danger: that the movement may become so serious-minded and dissension-torn that it frightens a wider but less politically-minded membership away. The Conservatives have always been skilful in identifying their cause with that of Britain, and in letting their youth group discussions take the form of "whither the nation ?" rather than "whither the party ?" Endless debates on "whither socialism ?" between teenage Foots and teenage Jays would not be likely to promote an exciting Labour image among Britain's youth.

A third danger is that the Young Socialists might move to the left of their authors' intentions. This has happened before. The inter-war League of Youth had to be disbanded in 1936 when it fell under communist influence, and even the Bevanite tendencies of the postwar Leagues were not always to the liking of the orthodox party leadership. Some enthusiasts are now saying confidently that the movement is to concentrate on producing majority resolutions in favour of public ownership and nuclear disarmament. It will fail both as a social group and a political force if it does.



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CUBA

Envoys Out of the Ring

WASHINGTON'S conscientious search for a warmer relationship with its southern neighbours stops short at the brash revolutionaries in Cuba. The American ambassador in Havana, Mr Bonsal, has been recalled; the Secretary of State, Mr Christian Herter, has spoken sharply about Señor Castro's insulting behaviour, and, more seriously, the submerged threat of a punitive cutting of the Cuban sugar quota has broken surface. According to the present quota arrangement, which comes up for renewal this year, the United States buys 3 million tons of Cuban sugar a year at 5 cents a lb: 2 cents a lb more than the current world price. The Administration is now known to be thinking of asking Congress to give the President authority to adjust it at will; by this means the danger may be avoided of Congress forcing more drastic adjustments on the Administration.

The immediate cause of the shindy was Señor Castro's radio and television speech on January 21st. The Cuban leader, who has a Napoleonic disregard for the niceties of protocol, suggested that both the American and Spanish embassies were implicated in counter-revolutionary movements. The Spanish ambassador, Señor Pablo de Lojendio, reacted splendidly, if undiplomatically, by charging into the studio and in front of the camera with an indignant denial. Ordered out of the country, the ambassador had a last-minute talk with Mr Bonsal, returned to a demonstrative welcome in Madrid, and has since been relieved of his post.

Señor Castro said nothing about the Americans in his latest speech that he has not said as vigorously before. The deeper reason for American exasperation is the State Department's failure to get any satisfaction from the Cubans about compensation for American citizens who have lost their property under the land reform act. The Cubans have promised to pay the former landowners in 20-year bonds based on the tax value of the land; Washington wants cash. The Cubans do not deny the legality of the American case; on the other hand they blithely point out that it is no use going on about it as they have not at the moment got the money to pay.

(The condition of Cuba under the Castro regime is described on page 437.)

BELGIAN CONGO

Scramble from Africa

THE round table conference at Brussels this week reached agreement on the granting of independence to the Congo by June 30th. The original Belgian timetable of a year ago, though later accelerated, has now been thrown out of the window. The timetable proposed to have six elected Congolese provincial councils in working order by September, 1960, and to create a Congolese central government drawn from them then, leading to independence in 1961 —though this step was not given a date. But the Africans of all parties have demanded that independence must come before any further creation of the machinery of government, and a makeshift central executive will now obviously have to be erected on the basis of local elections already held—and which were partly boycotted by the major parties.

Not only will independence precede the final settlement of the constitution, it will precede even a full agreement between the African leaders on the shape it is to take. One of the larger parties, the National Liberation Movement, whose leader M. Lumumba has been rushed from jail (for inciting the Stanleyville riots) to the conference table, stands firmly for a unitary Congo with devolution of local government power to the provinces. The other major party, the Abako, led by M. Kasavubu, is set on a loose federal structure, which shall take full account of the strong separatist feelings of the Bakongo tribe, and their ultimate ambition to recreate (partly from Portuguese territory and the République du Congo) the old lower Congo kingdom. But both joined forces against the unhappy Belgians and are cheerfully reconciled to fighting out their differences later.

The Belgian government, after King Baudouin's visit to the Congo, has evidently decided it is better to risk administrative chaos with Africans in charge of it than to risk more fighting between Belgians and Africans by seeking to put the brake even slightly on. They may have been encouraged by the success of many small moderate parties in the local elections. But clearly the implications of this move—if it is not upset—are immense. It is good news for the All-African People's conference at Tunis; it seems certain to hasten the march towards African rule in Kenya and Uganda; and it will bring an independent African state to the frontiers of the Central African Federation (and Angola). But just what that impact will mean will in part be decided by whether the new African state proves capable of governing itself at all.

NATIONAL FARMERS' UNION

The Swan's Song

DELEGATES of the National Farmers' Union, assembled for the last of the fifteen-year-long series of annual general meetings to be presided over by Lord Netherthorpe (Sir James Turner as was), applauded their outgoing president's opening speech, gave him a standing ovation, and sang "For he's a jolly good fellow." When, however, they got down to the business of resolutions on the annual report, this demonstration of gratitude and confidence was shown to be a tribute, all the more striking because unconscious, to Lord Netherthorpe's political dexterity; for the contrast between the attitude expressed in his speech and the Neanderthal man sentiments voiced, and applauded, from the floor was such as to produce at best coolness, at worst open dissension, under less consummately skilled handling.

Lord Netherthorpe presented the picture of an interdependent, expanding, rapidly changing world economy in which isolation is impossible, flexibility is essential, and international stability can be achieved only by co-operative agreement for the mutual benefit of primary and industrial producers. From the farmer, the situation demanded adaptability to changing consumer demands, a steady concentration on lower unit costs, and willingness to co-operate. From the Government, he thought that it demanded, in addition to the long-term guarantees secured by the 1947 and 1957 Acts, "the determination to create conditions of commodity price stabilisation through international action"—this action comprising both aid to underdeveloped countries and an urgent effort towards European agreement between the Six and the Seven, so that their farm produce may flow to its natural markets rather than be diverted by mutual barriers to Britain.

Almost point by point, the resolutions from the floor denied both the picture and the policy. What the movers wanted—and what, with rare dissentient voices, their fellow delegates wanted too—was a total and unqualified insulation from the effects of economic change. Not only must agriculture as a whole be protected and supported; every producer of every commodity has an inalienable right to profitable expansion, without cut-backs, halts, or economically-enforced switches of productive effort. Not only must expansion be profitable; the right extends to a full *pro rata* share in any national prosperity that may be going—prosperity being something to be bestowed or withheld by governments according to the principle of fair shares. And so on, in successive contexts. The "collective leadership" which is to succeed Lord Netherthorpe will have a heavy diplomatic load to bear.

HOLIDAYS

Off the August Peak?

EVERY summer, the Midland car industry closes down for a short annual holiday; the factories find this much more economic than an attempt to run short-handed through an extended holiday period. Hitherto the closures have coincided with the horrors of the August holiday peak, with its crammed and expensive accommodation, its thrombosed traffic, and its generally deteriorating weather. The car workers of Birmingham have now followed the lead given last year by their fellows of Coventry in voting, through a

union ballot, for a holiday during the first fortnight of July instead ; and those of Oxford are understood to agree with them.

One's first inclination is to applaud this move. The spreading of the holiday season would be an unqualified benefit both to the comfort of holiday makers and to the finances of holiday resorts. A discriminate timetable of annual closures in industry is a far more promising means to this end than appeals to individuals to take their holidays early or late ; and the Midland unions deserve credit for their initiative. But the obvious snag is the school holidays. Can these be staggered too—regionally—to fit the holiday programmes of local industry ? Many educationists say they cannot ; as the Oxfordshire education authorities have pointed out, the car-workers' chosen holiday period clashes head on with the GCE examinations. Possibly this difficulty could be overcome; but the right solution is probably more radical.

What is wanted is not a regional staggering—at best a desperately awkward expedient—but a national recasting of the term-and-holiday sequence, with a considerably longer school break in summer and correspondingly shorter breaks at Christmas, Easter, or both. (If the GCE ordeal were shifted away from the hottest time of the year, so much the better.) The experience of other countries shows that there is nothing inevitable about the present British system—which was appropriate enough to a society in which holidays were a minority privilege, but simply does not fit an era when nearly everybody hopes to flock annually to the sea.

NORTH VIETNAM

The Crime of Freedom

After nearly two years, the communist regime of north Vietnam has now brought to trial the intellectuals arrested in April, 1958, following a prolonged dispute over the right of artists and writers to freedom of expression. Three of them, together with two others whose date of arrest is not known, have been sentenced to terms of imprisonment varying from 5 to 15 years. They have been given until February 3rd to appeal.

The accused were charged with belonging to a counter-revolutionary spy organisation which "carried out sabotaging activities in Hanoi and waged psychological warfare under the cloak of artistic and literary activities in 1956, 1957 and 1958." The ones known to have been arrested in 1958 are Nguyen Huu Dang, Thuy An—a woman—and Minh Duc ; the first two, described as ringleaders, got 15 years, and the third 10 years.

These sentences appear to close a curious and at times exhilarating chapter which began when north Vietnam imitated Mao Tse-tung's policy of letting "a hundred flowers bloom, a hundred schools of thought contend." Taken in by the apparent tolerance of the regime, north Vietnamese writers and cartoonists published many articles and drawings criticising almost every aspect of life in Ho Chi Minh's "democratic

Ring round Israel

Lebanon's scheme to run part of the headwaters of the Jordan into the Mediterranean is the latest ploy in the Arab sport of baiting Israel. The Jordan is fed by three main tributaries, the Yarmuk, the Hasbani and the Banias. The Israelis have already allowed for the loss of some of the Yarmuk water, which is to be drawn away for a Jordanian irrigation scheme financed by the Americans. The threat to the Hasbani and Banias is of an entirely different, and more irresponsible, order; Lebanon and Syria are threatening to divert the rivers not, primarily, to use the water themselves, but to deny it to Israel.

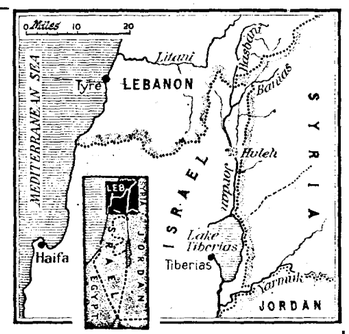
Changing the course of a river is an expensive form of spite. The Lebanese foreign minister in announcing the plan to divert the Hasbani into the Litani (and thence into the Mediterranean) estimated that it would take two years and cost well over £1 million. Probably the Lebanese will not get around to putting the scheme into practice; possibly, they never even intend to do so. The threat alone is enough to help Beirut, commonly suspected of half-heartedness towards Israel, to hold its head high at the coming conference of Arab foreign ministers in Cairo.

The timing is significant for another reason. Officials from the Israeli water board have recently been in Washington arguing for American support for their Jordan irrigation project; their case is made no easier by the Arab noises offstage. The Israelis are determined to go ahead with the scheme come what may, but without American money the timetable will have to be stretched indefinitely. Therefore the threats are a serious embarrassment to them. Should they be implemented, there is nobody better placed than President Nasser himself to guess the reaction of a government to interference with the headwaters of a river that has come to be vitally important to a country's economic development.

President Nasser's particular contribution to the anti-Israeli campaign is his continued refusal to allow Israeli cargo through the Suez Canal. At present two ships are stuck at Port Said: the **Inge Toft,** which has been there since May, and the **Astypalea.** Mr Hammarskjöld has become personally involved in extricating the **Astypalea,** since its interception on December 18th was a breach of the private bargain agreed earlier between President Nasser and himself; this Greek schooner was not chartered by an Israeli company and its cargo technically no longer belonged to Israel. On January 21st the secretary-general himself called at Cairo, but President Nasser, riding high between East and West, seems to have stuck to his guns. The only public announcement after their meeting was the president's declaration on Monday that the two ships would not be released until they had been unloaded. The Israelis, who have been lying low in order to give the secretary-general's negotiations a better chance, may, before long, start looking around for a solution of their own.

The Arabs' most effective weapon against Israel has been the boycott. The precise results of the bluff and bluster that goes on in the Arab League's boycott office are impossible to gauge. In the last few months, several important deals between Israel and the West have fallen through, one at least because of Arab pressure, others probably for commercial reasons. The Israelis feel the boycott closing in all round them. Only last week there were reports that the American navy had decided to play safe by advising the tankers that supplied it with oil to avoid calling at Israeli ports.

Since none of Israel's neighbours dares to risk a repetition of the break-out in 1956, they presumably feel that their actions are well within the limits of Israeli endurance. Probably they are right. The danger is that the sum of provocation from the Arabs, and indifference from everyone else, may in the end build up the tension, the isolation and the sense of strangulation that existed in Israel before the explosion of the Sinai campaign.



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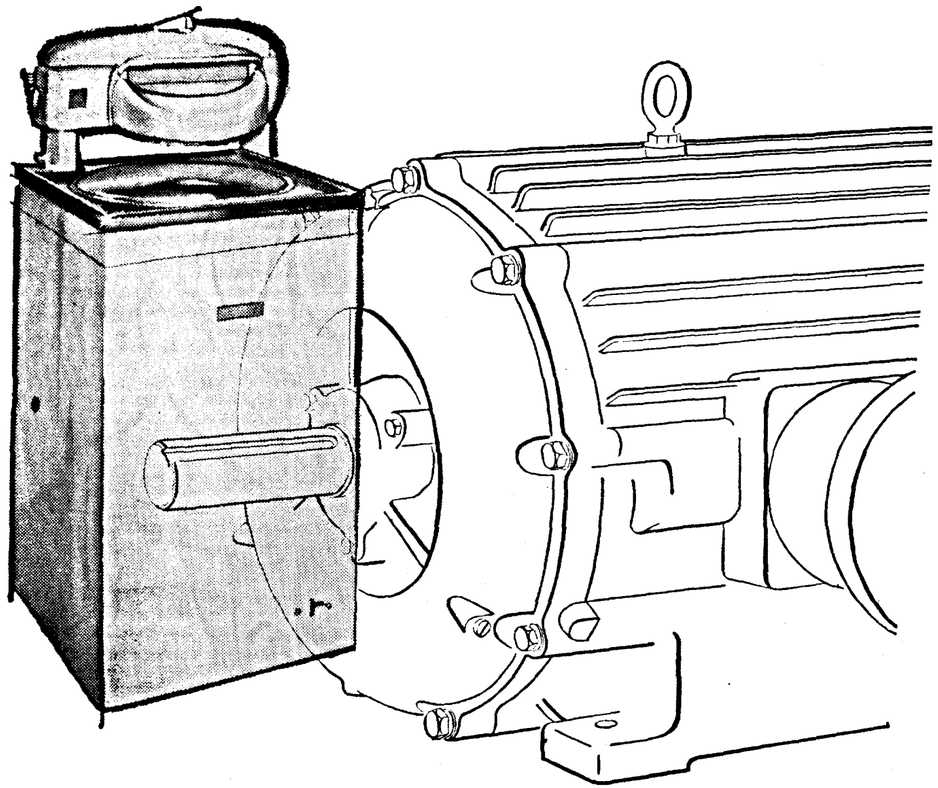

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republic." Their main organ, a magazine called *The Humanities* (*Nhan Van*) ran for five issues but was suppressed at the end of 1956. The communist party launched a new literary periodical, *Van*, but the dreariness of its contents provoked criticism even in the party press. The editors of *Van* turned to contributors of the defunct *Nhan Van*, who wrote further articles criticising and ridiculing the regime. In February, 1958, *Van* itself was suppressed and the intellectuals who had contributed to it were subjected to a re-education culminating in the arrests of the following April.

It is now officially suggested that "the people" have been clamouring for the intellectuals to be punished; and Hanoi alleges that their "spy ring" was in touch with spies employed by the United States and by President Diem of south Vietnam. The truth seems simpler. If the appeals are disallowed, the Vietnamese communists will have turned the clock back.

LIBYA

On Their Own

LIBYA has chosen a middle way in the Middle East. On January 17th the Libyans elected a western-style parliament without indulging in the luxury of western-style political parties. Each candidate ran on his personal merits. The complexion of the government that emerges from this exercise is, therefore, not likely to become clear until parliament meets on February 7th. Probably it means the mixture as before—the balance between Tripolitanians and Cyrenaicans carefully maintained, and the pro-Nasser elements heavily outweighed by those who wish to preserve the country's freedom of action in external affairs.

The Libyan war of independence was fought, largely by Cyrenaicans, against Italy from 1912 to 1931, and lost. For a generation thereafter the country was an Italian colony in which roads were built, wells bored, trees planted and towns improved—all for the benefit of Italian peasant colonists. By the end of the second world war, however, as a colony of a defeated power Libya was farther along the road to independence than its more sophisticated neighbours in Tunisia and Algeria. There was no need for a long struggle against an occupying power, and a Soviet offer to assume trusteeship on behalf of the United Nations may have hastened the desire of the western powers to set the Libyans free.

By the time the UN, the British and French administrations, and the Libyans had sorted out local affairs it was fortunately too late for the country to become militarily involved in the Palestine war. Saved by circumstance from a protracted struggle for independence and from the stigma of a defeat in battle, the Libyans set out on their own in 1951. Since then grave financial problems have been overcome only by accepting foreign aid, but now oil discoveries promise to add economic self-sufficiency to Libya's blessings.

A prosperous middle way in the future may be more difficult to maintain than a poverty-stricken one in the past. Already the carpet-baggers are beginning to appear in Tripoli. Arabs elsewhere anxiously assure themselves that the Libyans, being Arabs, will behave as Arabs. They should not be too sure: the Libyans are bursting with self-confidence; they have a healthy disdain for all things beyond their own borders; and they feel themselves beholden to nobody.

OMBUDSMAN

Answers for Fainthearts

THE campaign for the establishment of a British Ombudsman (or Parliamentary commissioner) to look into complaints against official behaviour has lately been gathering such significant support that it was perhaps inevitable that a counter-attack should be launched against it. The favourite line for this, in the editorial columns of *The Times* and elsewhere, seems to be that the system may be all right in small Scandinavian countries, but would be no good in Britain because there would be too many complaints. This is really too faint-hearted. It is standing logic on its head to argue that a need should not be supplied because the demand would be too great.

There is, however, a point of organisation to be met. The Ombudsman, who would need to be a practising or academic lawyer of the highest standing and calibre, should have only a tight little department of lawyers and investigators. Otherwise civil servants who have to make decisions would be conscious of something like the Chinese Control Yuan, which is a parallel branch of government, constantly looking over their shoulders; and the custodian of bureaucrats would himself become bureaucratised.

To avoid this, it should be clearly explained to the public, when any Ombudsman is appointed, that while he will be glad to receive all complaints he will be ruthlessly selective in the ones which he follows up. No doubt he should tackle some esoteric cases where flagrant injustice is, on the face of it, involved. But, in general, priority should be given to instances that are typical of a whole class of bureaucratic behaviour.

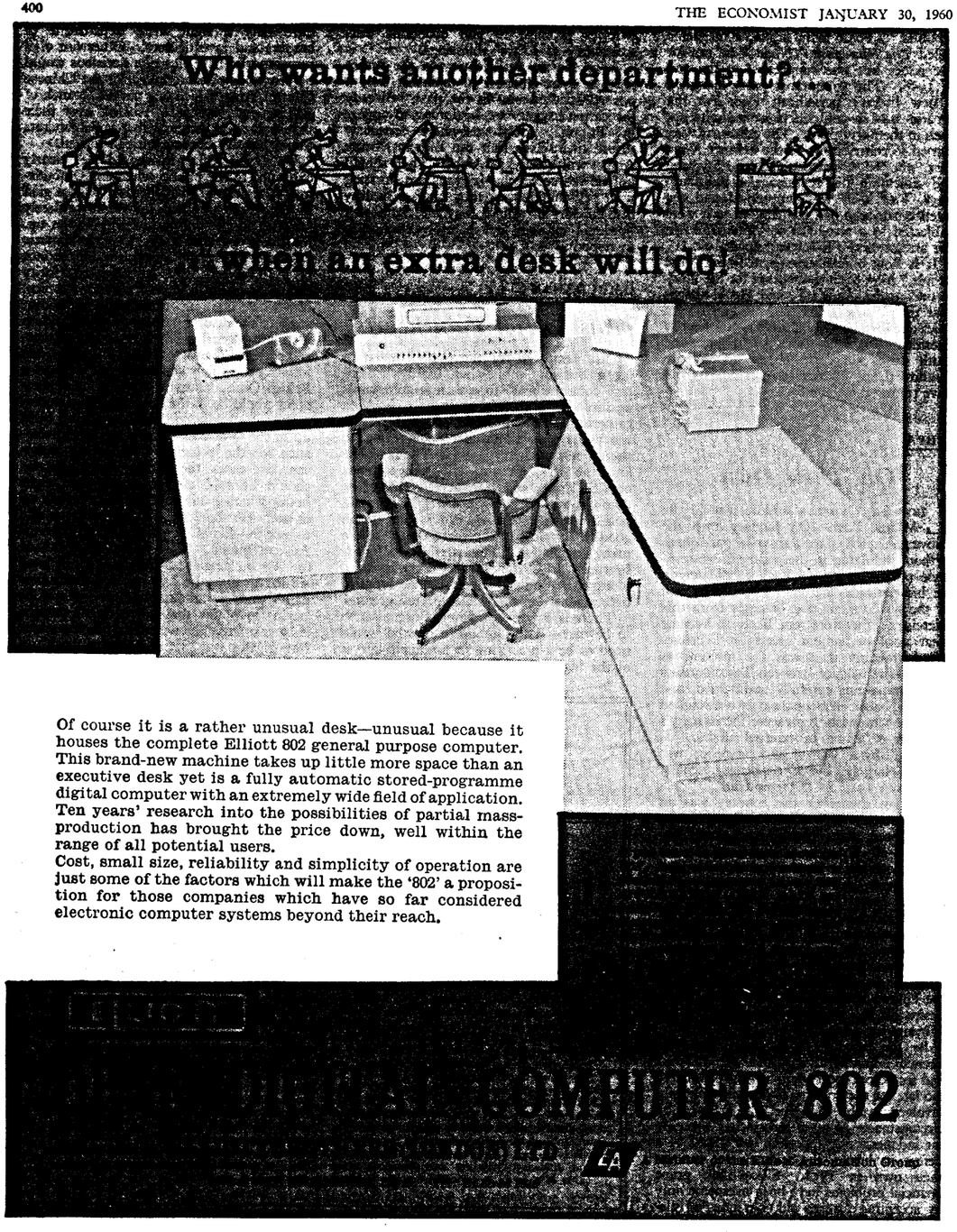
Since the disillusionment with officialdom is caused more by delays in answering correspondence than by anything else, the one indulgence which should be allowed to a British Ombudsman in staffing his department would be in the employment of secretaries. If public confidence is to be built up in the Ombudsman, together with tolerance for the principle of selecting representative cases, the citizen who complains should be told clearly within forty-eight hours whether his case is to be taken up or not. He should also be advised who else to turn to—his MP, perhaps, or the Citizens' Advice Bureau. This would not preclude the Ombudsman's taking up cases later similar to those he had rejected if the flow of his work permits it—and especially if he begins to notice that a significant pattern is developing. Now, with that argument out of the way, let Parliament push on with the experiment.

The Economist

JANUARY 28, 1860

TRADE TREATY WITH FRANCE

Within ten days at latest the Commercial Treaty which our Ministers have concluded with France will be most likely in the hands of our readers . . . but we think that we may, with some hope of being useful, state the principles by which it will have to be estimated, *and the mode in which, as Free-traders*, we are bound to view all conventions of the kind. In the first place, **as Free-traders we must not** bargain for commercial advantages. This is one of the truths which mercantile nations have found it most difficult to learn. In England, however, it is now generally understood that we are benefited by our trade with a country in proportion to the quantity and utility of the articles we import from it. We know that we obtain in that way many commodities which we could obtain in no other way, and that we economise our own labour by producing commodities in which we have the greatest facility, and in exporting them to change for others in which we have comparatively a disadvantage and difficulty. We are now aware that the value of a trade is derived from the comforts and enjoyments which we find by experience that it gives to us, and not in any balance of the precious metals or supposed pecuniary profit to be obtained by overreaching the foreigner. From this simple view of commerce, it follows that, so far from making it a matter of favour to France to reduce our duties on the importation of French manufactures, we ought for our **own sakes to be desirous to reduce them. . . .** Secondly, **we cannot be parties to a fraud on the** French, or on any other foreign people. We cannot condescend even to use the language of bargaining. **We cannot truthfully say to them,** 'If you will take our productions free of duty, we will injure ourselves by taking yours free of duty,' because we believe that, by so taking those commodities, we shall not be injuring, but be benefiting ourselves. We cannot allow that the profitableness of any treaty with us shall be measured by France, or by any other country on any other principle than this. We cannot permit it to be measured by any profit and loss account computed in accordance with maxims that we disown.



What's *Wrong* with Local Government?

A Thirteen Page Inquiry

Respected in theory, less admired in practice, British local government is thought by many to deal with trivial and unimportant things. Local councillors are reputed to be muddled and myopic; many people think Whitehall really decides everything anyway. Why bother with local government?

The simple answer is that local self-government remains of great importance, not as a matter of theory, but as a sober matter of machinery. The elected local councils still run the great bulk of public services. On them they spend more than £1,500 million a year; more, if municipal bus lines, etc., are taken into account. Their capital outlay on new schools, houses, roads, clinics, sewage works, and so on, was over £500 million last year.

Whitehall controls the activities of local authorities in a variety of ways, certainly; but while Whitehall may propose it cannot accomplish. The achievement of many "national" objectives turns in practice on the skills and energies of local authorities. The Crowther proposals for developing secondary and further education, for example, depend on them. So do other urgent aims such as unchoking the highways, clearing the slums, coping with teenage delinquency, and providing for the growing army of the aged.

The controversy over comprehensive schools emphasises the scope for local variety and experiment even in a service where national standards have become increasingly emphasised. In such services as town planning, parks, housing and libraries local councils are largely free to do (or not do) whatever they choose, subject to safeguards for individual rights. The public is often chiefly aware of the negative controls which local councils apply, but the scope for constructive municipal enterprise is considerable—and it is growing.

Birmingham Corporation is completely refashioning the core of the city with its inner ring road and its promotion of new shopping and office projects, and it is rehousing 100,000 citizens and relocating 3,000 firms, including most of the jewellery district. The twin problems of urban decay and traffic congestion are forcing other cities into similar partnerships between municipal and private enterprise. It is local government which shapes the cultural and architectural quality of our cities; and it is local government, too, which is responsible for protecting and for nourishing (through new services) the rural heritage.

Whether these tasks are well or badly done, they are incontestably important. They ought to concern responsible citizens. Too often it seems that they do not. Particular local issues—the closing of a rural school or the Cotton project for Piccadilly—recurrently stir up interest or indignation. But this interest is not meshed in with the general workings of local government, with the result that it usually comes too late and accomplishes little. No doubt the important part played by the town hall is unappreciated. But why is there so much ignorance and apathy about local government, and how (if at all) can these be overcome?

To answer these questions, it is necessary to take a new, hard look at British local government as it actually functions today. Now is a good time to do so, since both a new Local Government Commission and (in London) a separate Royal Commission are busily reviewing the structure of local government. Their reports may provide

occasion for large reforms. To assist such rethinking is the aim of this supplement. A readable survey must be selective—the detail is as various as the kingdom. Three aspects have therefore been isolated.

First the mechanics of local government are reviewed. What kind of people sit today on local councils? (p. 402). What impact do they make on their constituents, and what influence has party politics? (p. 403).

Next come reports on the present state of three major local government services—housing (p. 404), education (p. 403) and highways (p. 406). These are alike in being both preponderant in importance and also subjects of current controversy. There follows a note on finance (p. 408), the lynchpin of the whole system.

Thirdly, a group of correspondents offer personal impressions of local government in four "sample" areas—a Northern city (p. 409), an English county (p. 410), a Highland county (p. 411) and Greater London (p. 412). The aim here is to get away from generalisations and to uncover what seems significant or shocking in particular places to someone on the spot. The result will at least undeceive anyone who supposes that local government is much the same up and down the country.

The final article (p. 413) gathers the evidence together to answer the question: what has gone wrong with local government? And how can it be put right?



Who Are the Councillors?

1. *The Great Unpaid*

The next two articles examine the human material which takes charge of local authorities—and the party machines they operate, or which operate them

OVER 50,000 men and women serve on local councils. What sort of people are they? Perhaps the first point to be noted is that most of them are rather old. One interested observer unkindly compared his council to "old age pensioners playing charades."

Tradition and habit place a strong premium on seniority. It takes time to get offered the more interesting and worthwhile posts such as Committee chairmanships. Equally, once a councillor is well established it takes a political landslide to remove him. His colleagues will not do so—partly because of a dearth of alternative talent, and partly because of the aldermanic system with its emphasis on honouring the party stalwart and its popular association with age and venerability.

The rhythm of a councillor's life is well suited to the middle-aged man. Local government becomes an obsession; it gets into the blood like rose-fancying or bowls. The longer he remains on the council the more his local activities multiply: nomination to a board of school governors and a local charities committee, a seat on the divisional executive and the county council, perhaps finally a justiceship. Most councils consequently have few members under 40 but many over 60.

The greatest numbers of retired people (often as many as a quarter of the members) and also the largest number of housewives are to be found on county councils. It is easy to understand why. County councils mainly meet during the day, so that the frequently long journey to the county town for council and committee meetings debars all but those with time to spare. The proportion of women on the county councils is particularly welcome in view of the concentration there of health and welfare services, to whose running a feminine viewpoint can contribute much. The proportion of women on town councils is generally lower; it varied between 5 and 20 per cent in eleven boroughs which were studied.

Local councils are still mainly middle-class preserves. The only real exceptions are those concentrated working-class areas (such as parts of the West Riding, South Wales, and East London) where a middle class hardly exists. Elsewhere the Labour penetration of local government has no more than dinted the middle-class hegemony. Labour representatives contain a fair proportion of skilled workers (few unskilled ones), but professional grades are also well represented. The Conservatives, on the other hand, are drawn overwhelmingly from professional and managerial groups. These points are illustrated by the table on the next page, which classifies the social status of councillors in six boroughs (three Conservative and three Labour).

The traditional mainstay of municipal government—the local businessman and shopkeeper—still finds his way on to local councils, often in the unsound presumption that time devoted to council work will enhance his business more than the equivalent time actually devoted to the business itself. He is, nevertheless, on the decline. He does not take kindly to the rough and tumble of party warfare. He is not fond, if he is a chairman, of criticism (he might call it abuse) at the monthly council meetings. Least of all does he like it from people whom he considers to be his social inferiors. And when council membership involves a session or two in opposition with only the dim hope of a mayoralty, he soon finds he is too busy.



On the other hand, particularly in mining districts, the local trade union movement is well entrenched. And most Labour councils contain a scattering of trade union officials (even some from Nalgo). However the Glossop survey demonstrated that the more radical trade unionists prefer the less arduous and inhibiting atmosphere of the local trades council.

There is a real difference between the boroughs and the counties. Whilst borough councils (other than those which are Labour-dominated) have always attracted the petit bourgeoisie, the county councils have a more "gentlemanly" tradition. On some of them the hold of the squirearchy has been as little affected by the rise of the Labour party as it was by the 1888 Act. Today, however, the ranks of the country gentlemen are diluted by suburban folk.

Since the war, and in some areas earlier, there has emerged a new breed of councillor. He is there not so much for personal prestige or a burning desire to serve the community, but because his party asked him to stand. He is less concerned with the precise amount of the rate than with the quality

of service provided by the two or three committees on which he sits; but mostly with the national fortunes of his political party.

The increasing complexity of local government services calls for much greater technical knowledge on the part of councillors. On the county and county borough councils in particular, a mass of intelligent homework must be done if members are to keep up with events, let alone control them. Many councillors are unable or unwilling to do this. They become passengers, whose interventions are limited to petty points of detail or procedure; the real work of local authorities is done by the officials and a handful of knowledgeable councillors. This latter group are an indispensable element in local government, whose prospects would be desperate without them. But is the supply of such councillors drying up? The tendency for those in control to be "grand old men"—often survivors from an earlier and more individualist era—raises fears that it is. Will the newer party stalwarts be willing to work so hard and so unselfishly for little reward?

The quality of existing councils could be improved if greater use were made of the permissive powers of co-option to committees, which are seldom exercised to anything like their statutory limit. But the tendency is to slip in a local political worthy rather than a qualified outsider.

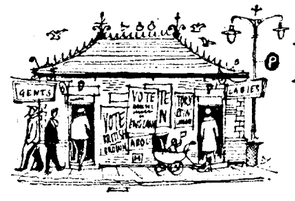
The vast majority of councillors are still amateurs, devoting much of their spare time to their work entirely unpaid. Most of this work goes unnoticed, receiving none of the respect reserved for workers in the voluntary services nor the publicity accorded to MPs. In fact, the work of the local councillor suffers from being both unglamorous and political—a combination the British public finds distasteful. And yet he is responsible for a vast range of services which intimately affect the daily lives of everyone. In an age of increasing professionalism his unpaid and largely unsung devotion to the community ought to have two cheers. He would be disastrously missed.

SOCIAL CLASS OF COUNCILS WITH LABOUR MAJORITY

Boroughs	Professional and executive per cent	Lower managerial per cent	Skilled per cent	Partly skilled per cent	Unskilled per cent	Housewives and unclassified per cent
A	13	33	49	—	—	5
B	11	32	40	4	—	14
C	10	27	43	3	—	17

SOCIAL CLASS OF COUNCILS WITH CONSERVATIVE MAJORITY

Boroughs	Professional and executive per cent	Lower managerial per cent	Skilled per cent	Partly skilled per cent	Unskilled per cent	Housewives and unclassified per cent
D	19	67	2	—	—	12
E	30	37	15	—	—	17
F	58	25	—	—	—	17



Politics in Lilliput



A NINETEENTH century German professor described English local government as the "glowing centre" of the Constitution. In Britain, too, the virtues of electing sensible laymen ("lay gents" as Bentham neatly called them) to keep a close watch on the excesses of local officials are often sung—in theory. In practice, of course, it is not impartial amateurs but party machines which now largely run local government, insofar as the officials do not do so. Instead of just deploring this fact and then forgetting about it, it would be better to take a closer look at how local democracy now works.

As the "glowing centre" of our democracy, many local authorities cut a rather poor figure at elections. Even in the traditionally high voting areas in the North the poll seldom exceeds 50 per cent. The average for the country is nearer 30 per cent. In rural areas of England and Wales this figure disguises the fact that there are often no local contested elections at all.

In the 1955 elections there were no contests for over 90 per cent of the seats in seven counties (Anglesey, Cambridgeshire, Cornwall, Huntingdonshire, Isle of Ely, Merionethshire and Westmorland), and only in one county were all seats contested. In the Rural District elections in the same year there was only one county (Surrey) where contests occurred in a majority of the seats.

It is not fair, of course, to compare the interest in local and national elections. But if the minority who voted for local councils really were interested in their affairs, there would be interest enough to keep local government alive and on its toes.

But are they? Few actually attend meetings. A nationwide survey conducted by Nalgo in 1957 revealed that only 6 per cent of those interviewed had ever done so. Nor is there much encouragement. Most of the public galleries are tucked away up obscure corridors and have seating for less than 50—not that 50 usually appear. The view of the Chamber is usually obstructed and it is extremely difficult to hear what is being said or to follow the complicated agenda—assuming one is available.

Nor does there appear to be any evidence that local councillors have personal ties with their electorate. A study carried out in Crewe in 1954. for example, revealed that only seven out of the one hundred and twenty people interviewed had ever met their councillor. In some areas the local councillor holds his own "surgeries" and in others the local party organisation does so. Even so, MPs are often sought out when the councillor would seem more appropriate. Much of the business at MPs' "surgeries" is concerned with essentially local government matters, particularly housing.

Ordinary people find local government baffling—an inexplicable unglamorous morass of areas, powers and committees. It is sometimes simply identified with the provision of sanitary services; all too rarely with new designs for living. The pretentious air of local government ceremonies and the Victorian Gothic revival flavour of much of its architecture, official literature and ceremonial clothing, raise a deprecatory grin rather than active interest. The result is that even those who claim political consciousness—the "opinion leaders" of the political sociologist—maintain a studied indifference to their local government.

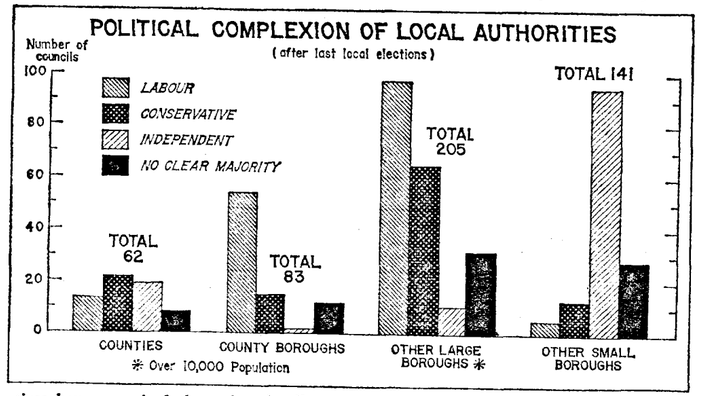
Citizens are, of course, frequently concerned with local government services, particularly health, welfare, town planning and housing. But the contact is made rather with officials than through the elective machinery. (34 per cent of those interviewed in the Nalgo survey claimed to have had dealings with a council official in a year preceding the interview.) Since the war, public relations has caught on. Some councils have a separate PR committee. They do not get as much help as they might from local newspapers whose coverage of council affairs is often very lopsided.

Specific issues produce an occasional burst of activity. Tenants' associations often descend on the Town Hall and have even secured independent representations on some councils, e.g. Aberdare and Westminster. Generally, however, the greatest interest is reserved for cases in which the opposition party or the press can point to some apparent example of self-indulgence by the council. The public, having failed to

bat an eyelid at other expenditure, suddenly becomes obsessed with a Gladstonian passion for candle-ends. Dunstable (trips to Sweden), Middlesex (cocktail party), and Nottingham (gifts of cameras and expenses) are each in their way recent examples of this attitude. All this is rather unfair. Councillors *do* sometimes spread themselves at the ratepayers' expense, but there is relatively little venality or corruption considering the opportunities: a small change in the local scheme of town and country planning can make thousands of pounds difference to site values.

Universal suffrage is a postwar addition to local government. The time has passed when the local council's first duty was to keep the rates down in the interest of ratepayers. It is now a representative agent of the whole community. But this has worked against local autonomy: the development of comprehensive and expensive services has increased central control; where the popular demand for more uniform services has come into conflict with the older democratic ideal of local self-government, the former has generally triumphed. Inevitably, public interest has been diverted to Whitehall.

These changes have contributed to the great development of the party system in local government. Voting at large urban council elections is not for candidates but for parties. The party group on the council is a section of the national party and the national party battle is carried on in the council chamber. The Labour party led the onslaught and still controls almost 60 county boroughs, as well as 28 UDCs in the West Riding, 25 in South Wales, and 19 of the 28 metropolitan boroughs. The Conservatives have organised themselves locally to counter-attack, sometimes displacing Independents and Ratepayers' groups in the process. Old-style Independents have resented and resisted the doctrinaire, welfare-minded, party-oriented approach of the new Conservatives. Independents are still dominant, however, in many counties, rural districts and smaller boroughs.

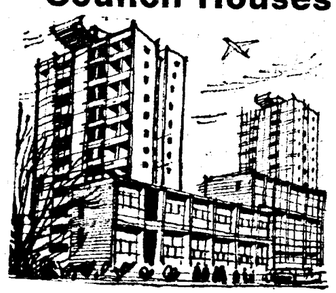


The party system fosters an authoritarian party caucus. Free discussion is often driven out of the council chamber, majority party members are gagged, and all major political decisions are made at private party meetings. Party organisation is frequently pushed in local government to unnecessary and unpalatable lengths. But at least the parties put local issues in terms which are recognisable to a largely non-political public and provide candidates around whom differences of local opinion can coalesce. The seven counties cited earlier which had no election for over ninety per cent of their seats in 1955 are all listed as "non-political" in the Municipal Year Book. An average of 75 per cent of seats in all the "non-political" counties were uncontested.

Party politics raises a different and more serious problem—the perpetual control of many councils by a single party whose position is unassailable. In the Greater London area alone there are more than twenty boroughs where the opposition party is either non-existent or puny. Here the party system loses such virtue as it possesses; apathy grows (even within the dominant party) and local government comes under the sway of a more tiresome and doctrinaire oligarchy than any clique of independents ever provided.



Three Million Council Houses



2. *How Efficient are Local Services?*

Local councils manage schools, clinics, parks, libraries, slaughter-houses and graveyards; they control the police, put out fires, remove garbage, shelter the homeless and keep Britain tidy. A review of three main functions illustrates the basic issues in local vis-a-vis central government today, and the impact of national controversy in local life.

OF all services, housing is the most irrational, controversial, and politically "hot." Who is entitled to a council house? How many should be built and of what quality? What rents should be asked and what subsidies paid? Should they be flats or traditional family houses? These are questions which make councillors, and local electors, as hot under the collar as comprehensive schools. Everyone these days either lives in a council house or helps to pay for them. The former category, now that there are three million council houses, is at once so large and so interested in low rents that it provides much the most formidable pressure group to be found in local government politics.

Since 1956, too, the Government has deliberately tossed the housing problem back to the local authorities. They get subsidies (over £70 million a year) for slum clearance and associated "overspill" schemes but not (with a few exceptions) for any other purpose. Further housing must be financed entirely from the rates. As a *quid pro quo*, however, local councils were allowed to pool all the subsidies received under previous acts. This enables a council to weigh up its total housing expenditure and revenue and to fix whatever rents it likes for any dwelling. The Exchequer contribution is fixed and given, so that every penny on rents is a penny saved off rates. The intention was to encourage economy and to limit Exchequer commitments.

What has happened? First, the annual output of council houses has fallen from about 150,000 in 1955 to around 90,000 this year. Almost two-thirds of the present programme is geared to slum clearance, and general-purpose housebuilding, though by no means negligible, has been drastically cut. Local government collectively has responded strongly to the Government's purposes. Total rate subsidies on housing last year were £1 million less than in 1957-58, although they had to be spread over 270,000 more houses.

These generalised figures disguise enormous variations of policy and attitude. For example, the *average* rent charged for a postwar 3-bedroom house is 16s. 3d. in Newcastle-upon-Tyne, 31s. 6d. in Newport, and £3 in Hampstead. Partly these differences are the results of luck or judgment—the question of when and at what cost the local authority did its building. But they also reflect deliberate policies, since many councils dip heavily into the rate fund for housing purposes while many others rely exclusively on existing Exchequer subsidies.

Local politics play a critical part in these issues. Generally, Labour councils are more disposed both to build more houses and to keep down rents, with the Conservatives favouring greater "realism"—although there are striking exceptions both ways. In recent years, however, the Labour approach has become increasingly impracticable. Most councils now operate some kind of differential rent scheme. The idea that "all have won and all shall have prizes" dies hard in housing ideology; many councils remain reluctant to charge their wealthier tenants a "means test" rent.

Moreover, the grip of the ideology of cheap public housing now obstructs many desirable improvements. Council houses are like as peas in a pod because the rent which tenants will willingly pay for an average house is still too low, with the result that few councils will entertain the idea of building a proportion of better houses and charging extra for them. Greater variety in public housing is much needed for both social and aesthetic reasons. It should include a proportion of larger dwellings, since the present standard of about 900 square feet for a three-bedroom house will seem sadly claustrophobic and slumlike in 1970.

Another future liability is promised by the great increase in flats, which now amount to over 40 per cent of all new council dwellings. A proportion of flats in comprehensive city projects is certainly desirable, but it is getting too large. Flats are more cramped, less popular, and more expensive; but their numbers are growing because the Government pays a special and very large subsidy to encourage cities to "build upwards" rather than face the difficulties which any other policy would produce.

Every locality has its special housing problems, but two general problems predominate. One is that of the larger and more congested cities which have run out of sites. Flat-building on cleared sites is not a complete answer. Birmingham, Manchester, Sheffield, Newcastle, and the LCC are all urgently seeking means of building either adjacent satellite towns or new towns at a distance. The latter is the preferable alternative, but so far neither has surmounted the opposition of agricultural interests and adjacent counties. The Government dithers in terror of these and slum clearance in Manchester and Birmingham is seriously delayed. Mr Brooke and his ministry know perfectly well what is needed, but cannot get the Cabinet to face the music.

Secondly, there is the special plight of many northern towns whose slums are both more extensive and also much grimmer than those elsewhere; places to which the Government is now hoping to attract new industry. Can it hope to succeed while they remain such miserable places to live in? And is it right that dwellings already listed as slums should fester on in towns like Nelson or Blackburn many years after they have vanished elsewhere? If not, some special aid is necessary to these towns. The local resources do not exist.

The present direction of public housing is fairly clear. The emphasis is on two things—slum clearance everywhere and the relief of congestion in the larger cities. By contrast many smaller authorities have now bowed out of new housing altogether. But just around the corner are fresh problems. Acres of dreary "bye-law" housing, built in the 1870s, are ripe for replacement. Is nothing to be done until these dwellings start falling down, or will the opportunity be taken to redevelop these areas now? If so, the best approach would be a combined operation by public and private enterprise which cannot be started too soon.

One thing is certain about council housing. It has put a great deal of fire and controversy back into local government. It is also the one important service which remains genuinely local, as it is the responsibility of boroughs, urban districts, and rural districts. In many ways this is beneficial, since housing is a highly "personal" service and fairly small local authorities *can* be as efficient as large ones—which is not to say that they generally are so. However, if local government housing is to remain at all satisfactory, it is essential for councils to educate their tenants in the value of what they are receiving, and to fight off demands for unreasonable concessions.



How Good Are the Schools?

PERHAPS the most important part played in education by the 146 Local Education Authorities is the preservation of England from a completely centralised system of public instruction, as in France, or a completely decentralised system of parent-teacher classroom control, as practised in parts of the United States, both of which horrify British educationalists almost equally. The Local Education Authorities stand between the school child and Whitehall on the one hand, and on the other, they provide a buffer between the teacher and the parent. As committees of elective bodies, they can claim to stand *in loco parentis* to the school children: against Whitehall they can stand on their rights on the ground that they fulfil many other functions besides the management of education and therefore know far more about local feelings (i.e., tricky denominational politics).

The result, say the apologists for the present system, is a degree of variety and experiment unknown in France (which lags sadly behind British education psychologically and in curriculum); yet it resists whims and fashions and fads which (in the name of Dewey) have made American education barely literate at some points. From this system of checks and balances, in which the civil servant, the local government official, the county and county borough councillor, the teacher, HM Inspector of Education, the churches, and the tax- and rate-payer all have a say, has arisen not only nationally higher standards than are usually realised, but also the variety of ways of handling selection at 11, the comprehensive school, the progress in the new secondary moderns, the growth of sixth forms in grammar schools and so on.

This is, however, a very delicate balance; and even if it works in this way, plenty of criticism may be levelled against it. Two problems stand out: the first is the effect of the great range in the size of the LEAs themselves, and the second is the disproportion between the cost and importance of the educational service and the other services administered by local authorities. The size of LEAs varies enormously—it is only necessary to compare the LCC, dealing with over a million children and young people, and Brighton which has a total population of 160,000, of which 21,000 are in school. The counties vary nearly as much: compare the West Riding of Yorkshire with 266,000 children and Westmorland with 10,000. This may have mattered little when LEAs dealt mainly with "elementary education" to the age of 14. But what is an efficient unit of control for primary schools is not necessarily so for secondary schools; still less for further education. A small authority today may have only two or three grammar schools in

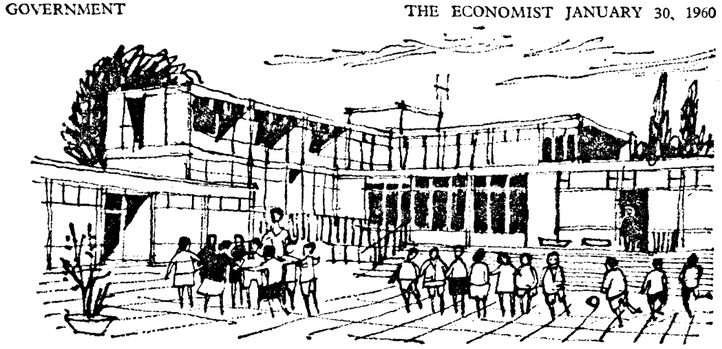
its area, and this is insufficient for experiment, for growth, or even to provide large enough sixth forms. Small authorities hotly deny this, of course, saying that they can easily arrange with neighbours for additional secondary school places if they need them—as Somerset does with Bath. In practice secondary education suffers.

Still more obvious are the deficiencies of the smaller authorities in further education—an expanding service. There are now local, regional, and technical colleges as well as colleges of Advanced Technology and one National College. (And one day there will be "County Colleges.") The catchment areas of these cannot be confined to the territory of any but the very largest authorities (such as the LCC). All attempts to make the authorities take a regional view have failed; they have conceded the formation of regional advisory councils to mediate between their policies on "FE," but they are generally bitterly jealous of them.

The Ministry of Education would like regional control over the colleges; the LEAs retort that education must be handled as a whole, and there is something in this, particularly if part-time day-release as an alternative to extended secondary schooling is to spread. The authorities' real motive, however, is the fear of being stripped of any more functions; the loss of hospitals, electricity, and gas has given education a lopsided preponderance. Of the local authorities' total expenditure almost half now goes for educational purposes. This produces curious strains. Chief education officers have overwhelmingly the largest departments (especially in large authorities) and, in their view, the most important work; and they are professional men—almost always ex-teachers and frequently holding university degrees. Yet they are paid only as much, as a rule, as the local surveyor and only two-thirds the salary of the clerk of the council, both of whom are often inferior in qualifications and background. The control by the finance committee, which is supposed to adjudicate between the claims of equally sized departments, becomes ludicrous.

But the trouble goes deeper. Because education is so important, local authorities tend to become obsessed with it. They are tempted to interfere too much, either through or behind the backs of their chief





education officer. In theory, local administration of education is a safeguard of the teacher's professional independence. In practice, they often have too little. They may find it advisable to adopt the methods suggested by the local authorities' own inspectors—whose job is to show them approved ways. Only a few authorities (such as Hertfordshire) give each headmaster a discretionary cash float to expend on such things as he wants quickly, or does not want to explain endlessly, or to build up his own school traditions. In general every farthing has to be accounted for. Some authorities are notoriously skinflint: happy enough to provide new schools out of capital grant, they may economise on writing paper. Most important of all, politics go very deep nowadays. In some areas a teacher is wise to carry a party card (Socialist) to have any hope of a headship. When the control of county hall changes, school governors (except in aided schools) are ruthlessly changed to subserve the new boss. Feelings run high over comprehensive schools; some Labour authorities, frustrated by seeing their party out so long at Westminster, are trying to force through the social revolution by schools policy at county borough level.

But the ministry's control is great and growing. Through its control of capital expenditure, it can stop an LEA from opening a new school (or "institution") or from closing an old one; it controls building and educational standards too. Because of the teacher shortage the authorities have had to call in the minister to operate a zoning scheme; it is typical that the majority of authorities are quite unready to let the best among them recruit freely, though they get all the best teachers even so. As more and more money comes from taxes, as distinct from rates, for education, the very number and smallness of the authorities will make them the less able to resist pressure from central government.

In these conditions, some reformers have suggested that it would be best if the local administration of education were taken away from the LEAs as at present constituted, and given to a smaller number of regional boards, which would at once be more expert in education and be stronger in their dealings with the ministry. It is an attractive solution at first sight; but the regional hospital boards are neither so efficient nor so popular as to suggest it would work. The LEAs are in touch with local people, and the larger ones have more localised divisional executives to which the district councils nominate members. Education is becoming a subject of intense public interest, and there is no ground for transferring it from popularly elected into expert hands.

Nevertheless the "ideal" size for an LEA is probably close to half a million population. Any reorganisation of local government which yielded larger units would therefore be welcome from an educational standpoint. As a *quid pro quo*, it would be desirable to extend the system of divisional executives—so as to preserve local contacts—and to strengthen these bodies' effective powers.

The desirability of leaving education with local government is not in question. But to check the excesses of councillors and their officers a lively public interest is indispensable. Education cannot be taken out of politics. Local government electors ought to realise that they are voting for men and women much of whose time will be spent on influencing the education of their children.

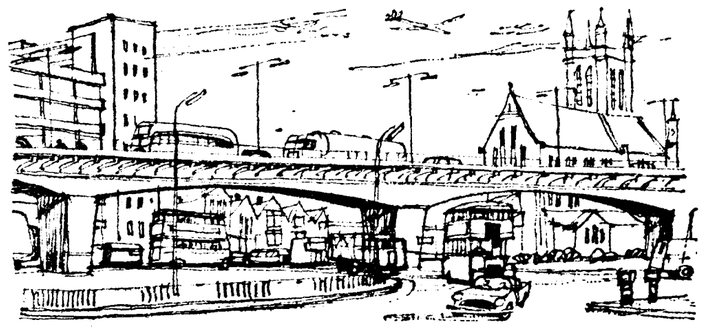
Highways Under Pressure

It is almost exactly fifty years since the highways of Britain became a joint responsibility of central and local government. Apart from the removal of highway powers from rural district councils in 1929 and the creation a few years later of the trunk road system under the direct control of Whitehall, the broad pattern of highway administration fashioned at the dawn of the motor age still serves today. Government grants towards the cost of building and maintaining the more important road, gave belated recognition to the idea that the country's main communications are of national rather than local concern. A classification of those roads of more than local traffic

value now governs the amount of the central government's contribution. But responsibility for the actual highways, their lighting and control of traffic still rests in local hands. Even on the trunk roads, local authorities act as agents for the central departments, except in London and most county boroughs.

After the lean war and austerity years, when even road maintenance was skimped, this highway administration was almost bound to show some signs of strain under the impact of a sudden and substantial programme of new works and improvements. A shortage of staff has handicapped many local authorities and the ministries' divisional engineers. Despite the admirable pioneering of the Road Research Laboratory, there are still precious few scientific studies of traffic, construction methods and materials on which to base a sound and proper road programme. Schemes take much time to prepare, particularly when land has to be acquired with a proper regard for the right of individuals. The government's broad priorities of revamping the main industrial routes, easing urban congestion, and removing the worst accident "black spots," have in practice had to be tailored to the schemes that were ready to proceed. But administrative dilatoriness has also caused delay: the administrative cost of getting road projects mounted has in some cases actually exceeded their cost of construction.

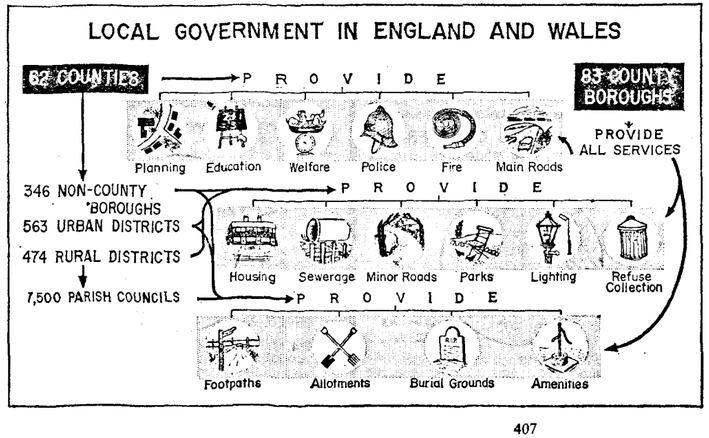
Many of these troubles are being ironed out as the roads programme gets into gear. It is six years now since the restriction of road investment was first eased: total capital outlays have risen from £6-7 million then to more than £60 million this year. But problems remain. Is the relationship between the ministries and highway authorities working as well as it might, particularly in the larger built-up areas? Is the distribution of powers in these areas the right one? Responsibility for the 56,500 miles of urban roads in Britain, thirty per cent of the total system, is in the hands of nearly 1,200 metropolitan, county



borough, borough, and urban district authorities—an average of 47 miles of road apiece. Yet the 127,400 miles of rural roads—again other than trunk roads—are controlled by only 94 county councils and joint county boards.

It is hardly surprising that the administration of highways between cities functions more smoothly. Larger authorities can employ larger staff, and can more readily afford the specialists that modern highway and traffic engineering demand. The maintenance standards of British roads stand international comparison. The Road Research Laboratory has calculated that maintenance expenditure on the minor rural roads is higher considering the traffic they carry than on any other type of road. Much of the present heavy volume of new construction and major improvement is being devoted to the main traffic arteries across the country: outside the cities, it is these roads that have the heaviest (often overheavy) traffic loads. Thus much of the present activity falls upon the counties and several of them have been irked by the amount of detailed control and checking that they suffer from the Ministry of Transport.

But ministerial oversight of some kind seems unavoidable. Only the government can decide priorities, not only in general, but between one scheme and a similar one in another part of the country—though local authorities, and other observers, too, would be happier if the government had developed proper tools for measuring these priorities. On the trunk road system and perhaps on the more important classified roads as well, the ministries are best fitted to ensure that standards are up-to-date. Thirdly, too, it is exchequer moneys that are being spent as well as ratepayers', and Parliament as well as the Treasury expect the two ministries to answer for the way their appropriations have been spent. In practice the relations between the county engineers and the ministries' divisional staff, through whom the departments work, are good; and this eases friction.



It is easy to build or revamp roads between cities, even in Britain. The problem of urban congestion, to which the new motorways will undoubtedly contribute, is more intractable. And the distribution of responsibility—in London and one or two of the "conurbations," one might even say dispersal of responsibility—is undoubtedly a contributory factor. In London and most county boroughs, trunk roads become ordinary classified roads (with a few exceptions) on the reasonable argument that once in the city the road serves a far higher proportion of local traffic. The exchequer grant of 100 per cent becomes a grant of only 75 per cent (for a Class I road). Consequently the ministry at times cannot get the local authority to agree to a particular project because it prefers to spend its 25 per cent contribution from the rate fund elsewhere (or not at all). Likewise local authorities may decide not to go ahead with a scheme of their own because the ministry refuses to give it priority and, thus, a grant.

But this battle of opposing vetoes is overshadowed by the way in which urban sprawl is outstripping the cities' responsibilities for highways, traffic, street lighting, and police. Five of the conurbations have been persuaded by the Ministry of Transport to set up joint study groups, but London's experience shows that advisory or planning powers alone cut no ice. A large, single authority would be able to command the specialists and undertake the research that the traffic problems of Britain's major

cities so grotesquely lack. It could also consider roads and their traffic in relation to the planning, land use and architecture of the whole city-conurbation, particularly if it was freed from detailed supervision from the central government. Mr Marples appears to be about to take direct control of a large area of inner London for a year or two with the idea of making "an impact upon its traffic problems." His Ministry, however, has come round to the view that there ought to be a London-wide elected authority tackling highways and traffic; and what goes for London would be equally right for other conurbations. To be effective such bodies would have to have more fiscal responsibility (perhaps through merging highways in the block grant). The government has put a high priority on tackling urban traffic congestion: let the cities, themselves, decide the detail of how it should be done.

Three Suggestions for Local Finance

MORE apathy is evoked by local authority finance than by any other worthy subject. This ought not to be. Democracy at the grass roots is bound up with good housekeeping in the counties, boroughs and districts. The public, stifling its yawns but ready to howl when its rates poundages are put up by sixpence, gets good housekeeping largely because it is well served by the treasurers and finance officers of the local authorities. Ratepayers ought to be ready to back any arguments to strengthen local authority finance so long as they offer good value for their money. Here are three for their consideration.

First, should we still pay rates, or pay local dues in some other way? The old agitation for a local taxation system is still alive. The short answer to it is that a local tax system would soon cease to be independent; it would become a slice off the national system, carved by the Treasury and leaving no independent source of income to the local authorities. The case for it is that it would give local treasurers a prompt share of increases in the national income. Yet the rating system, properly worked, is capable of doing just this and doing it equitably. What other financial system could expect to survive a generation of inflation carrying such burdens as these:

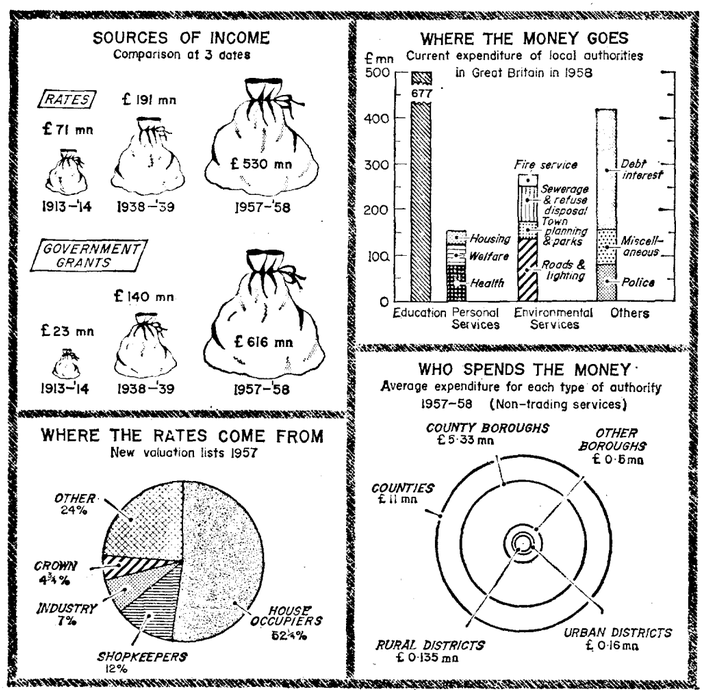
- *House valuations* for rates are mainly based on 1939 rents.
- *Agricultural properties* have paid no rates since 1929.
- *Industrial premises* still pay on only half their true value even after the revolutionary change last April; until then they had paid only a quarter for thirty years.
- *Shops and commercial properties* got a one-fifth rebate in 1957.

The reforms needed to make the rating system more efficient and more equitable are simple to state: to bring valuations up to a current rental basis for all classes of property, and revalue them every three years; and to make prosperous users of local services with no current excuse for relief pay the full rate. The history of rating is littered with political cowardice and compromise; but a government that has shown itself surprisingly liberal in trade and financial policies ought to be prepared to extend its recipes to local finance—and to remember that decontrol of rents did not provoke riots.

Secondly, the government deserves credit for the reforms in the grant system made last April. The whole muscular tone of local finance has been vastly tautened as a result of this; and none of the absurdly exaggerated forecasts that local authorities would neglect the services for which they no longer get a percentage grant has been true. Something like two-thirds of the grants from central funds can be used at local discretion; there is a case for some further untying of items now covered by specific grants—highways perhaps being one of them.

The importance of the general grant and of the rate deficiency grant is to level out standards of local services and to help the poorer authorities; it follows that the complicated formulas that determine the grants will need periodical revision as economic and social conditions change in different areas of the country. These revisions would be much less demanding if rating valuations and poundages were revised to full and current levels for all classes of property.

Thirdly, a more convenient instrument for local borrowing is needed. Told to go into the market for their needs, after the door of the Public Works Loan Board was shut to them, the local authorities have been borrowing freely in other ways. Even before Thursday of last week, to borrow at long term meant waiting one's turn in a very slow queue and then paying for, say, 20 years, nearly 5¾ per cent in interest and charges. To borrow on shorter term, even at a higher rate of interest if necessary, at least leaves open to the borrower the option of refunding on more advantageous terms. But the instrument of borrowing for any term exceeding 364 days is a mortgage, not very readily negotiable and subject to 2 per cent stamp duty on transfer if a new buyer can be found. Why not introduce a more readily transferable form of loan certificate with some arrangements for compounding stamp duty? The small saver (and the large saver too) has shown himself very ready to support the local authorities. But it should not be more difficult for him to do so than it is for him to buy a unit trust holding.



England and Wales unless otherwise stated



3. *Far Flung Local Democracy*



Local government is not a dull, uniform officialdom run by a dull mediocre bumbledom. Even in times of national standards it varies in tone and structure and approach. What are the questions which interest local citizens and make Councillors tick? Four local correspondents were asked to report on their parish pump politics.

Northern City — MANCHESTER

"GIVE us a vision of our city, fair as she might be." This invocation is part of the prayer with which the monthly meeting of Manchester city council is opened. It goes on to define a fair city as a municipal Utopia bursting with social justice, "where none shall prey on others." And where, the more irreverent might add, the rates are low.

High rates constitute the most urgent problem facing the 152 members of the city council. They are a reasonable cross-section in outlook, skills, and ability. But they do not appear to be as imaginative, clear-thinking, forceful and forward looking as one might expect in a city which regards itself as a regional capital and still boasts occasionally that what it thinks today the rest of the country will think tomorrow.

At 24s. 6d. the city's rates are the highest in England; they went up 2s. 6d. in April, and further increases are inevitable. The city treasurer, Mr H. R. Page, has dismissed the chances of rate stabilisation during the next five years as "quite impossible." He adds that if corporation spending continues to increase at its present level, the rate could be as high as 35s. by 1965.

But instead of setting about the problem and giving the ratepayers some idea they meant to tackle it, the council merely continued a drawn-out political slanging match. The Conservatives, with 57 seats to Labour's 92 (there are three Liberals) blame the high rate on "Socialist mismanagement." Pilate-like they wash their hands of responsibility and say naively that Labour must take the blame because it controls the chairmanships and deputy chairmanships of the principal spending and policy making committees.

But the Conservatives have never responded to Labour's challenge to name the services they are prepared to cut or the developments which should be deferred until there is money to pay for them. This is typical of the reluctance to tackle problems as a council rather than as political parties. Nobody wants to look much beyond the next municipal elections, and the provision of new schools, old people's homes, improved services. Necessary as these things are, they have become expected and accepted, and there is no feeling that Manchester is an exciting place to live in from a local government point of view.

The rates problem has frozen the council immobile. A good example of what Manchester is *not* doing today concerns a £6 million scheme to build 1¼ miles of new road and flyover, which the traffic experts claim to be an essential if complete chaos is to be avoided in the central area within the next few years. The finance committee went pale with anxiety when it found that ratepayers would have to pay £2 million towards the scheme and urged a 12 months' delay during which the financial implications of this and other major road proposals could be investigated.

Because it had been sprung on the council rather quickly, the new plan was explained to them by the officials who had designed it; there was also a full report giving the arguments for and against the scheme. But the council, after agreeing that the new road was essential, decided not to seek powers for it in the current session of Parliament, thus achieving the 12 months' delay urged by the finance committee.

Three points emerged from this farcical situation:

(1) The fear that local authorities are being priced out of existence by having to adopt schemes they cannot really afford, and the need for a review of the present system of local government finance.

(2) A warning by a young Labour councillor (which may have some influence on the Labour group) that the central area of the city which contributes about one-third of the rates, must not be stifled by failure to deal with the traffic.

(3) A protest from the younger backbenchers of *both* parties that they object to being regarded as a rubber stamp for the views of their seniors.

One last word on money. Recently, to the joy of the Conservatives, it was agreed to invest £4 million in equities. The money —from the corporation's superannuation fund—is being invested at £500,000 a year, and the first £2.9 million is now worth more than £4 million. Manchester *was* first in the field with this idea.

But if rates are the surface problem, and traffic the one demanding immediate attention, the most serious is housing. The official estimate is that 60,000 houses are unfit for habitation; so unfit that 700 fall down every year from old age. There are more than 20,000 families on the housing waiting list, but the city is so short of building land that only 1,649 houses were built last year compared with the postwar target of 3,000 a year, which has never been reached.

Manchester is pressed hard against her boundaries, and the council's efforts to get building land in Cheshire, on a site large enough to keep the building force occupied for a number of years, have failed; now another at Westhoughton is being sought. No one wants the city's surplus families, and people in other local authority areas protest about being swallowed by the "Manchester octopus." The urgency of this desire among the surrounding authorities may be seen from the fact that they are considering local amalgamation to resist Manchester.

BUT in the city centre redevelopment has been slow. Manchester lagged behind other cities in healing its bomb scars. Recently work has started at last on the redevelopment of Piccadilly, the most important vacant central site. There was delay here because of the credit squeeze, and also because the council insisted on the comprehensive redevelopment of the Piccadilly site, including the provision of a new hotel.

The feeling persists, however, that redevelopment is not pushed with the vigour it demands, and this may be because the emphasis in recent years has been on social improvement, with an understandable feeling among members of both parties that human problems must take priority. It is only fair to say that in cities like Manchester—badly planned and hurriedly built —an inheritance of human problems from the Victorians is heavy.

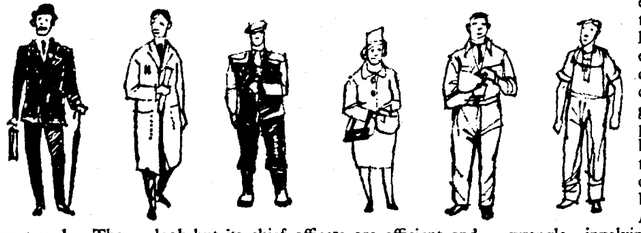
Fifty-four million is earmarked for capital schemes in the next five years. Many services being improved are widely used by commuters and local visitors, and this strengthens the case for a wider local authority. To make this acceptable the city council must grow up and stop its adolescent habits of political bickering. It could begin by putting meaning into its monthly prayer.

English County—

BUCKINGHAMSHIRE

BUCKINGHAMSHIRE stands 50 miles high, her feet in the Thames, her head between Northampton and Bedford, her other dimensions, in the usual places and in miles, being 20-15-20. Mainly rural, with no county boroughs, she has only one town aspiring to that independence, on whom John Betjeman unkindly called down a local destruction ("Come, friendly bombs, and fall on Slough, It isn't fit for humans now"). High Wycombe (45,270) of furniture and light industry and a southeast dormitory fringe at Beaconsfield, Amersham and Chesham help to raise the total population to 440,600, while Aylesbury (22,960) and Bletchley (14,610) are quickly growing sons. Since the war, the general increase in population has been considerable as the metropolis increases its pressure and "Bucks" becomes more fashionable on private headed writing paper than "Berks" or "Herts." Still, of the 479,411 acres, as many as 402,468 are still arable or grass land, rough grazing or woodlands. There are 4 boroughs, 8 urban districts, 8 rural districts and 201 parishes.

The County Council sits at Aylesbury in a chamber of no distinction and a few practical advantages, being stuffy if the windows are shut, noisy if they are open, and acoustically abominable either way. The Press are housed in a jury box where they look at once more intelligent and less interested than most juries. The Public occupy a confined space at the back which would be a lot more confined if there were any public. The main body of the hall possesses, like the House of Commons in this respect only, too few seats for all its members.



No council of 85 (including 21 aldermen) could be said to present a generalised or composite face and there are many sorts, conditions, trades and occupations represented. Retired officers, farmers of course, barristers, accountants, housewives, Lords and Ladies, former teachers, railwaymen, and so on: the pattern is almost stereotyped. The Front Bench is perhaps notable in presenting a vaguely weatherbeaten appearance, having been there for some time and accustomed to the outdoor life. The whole is presided over by an able, shrewd, vastly experienced and fair chairman who generally manages to get his own way, when he has to, without causing offence.

Most of the members are present without having had the tiresome bother of elections. Thirty-eight of the sixty-four councillors were unopposed in 1958, to whom must be added half of the aldermen who were in mid-term. Very rarely does an alderman offering himself for re-election not succeed, so we may say that some fifty-nine of the full membership of eighty-five are there without benefit of contest.

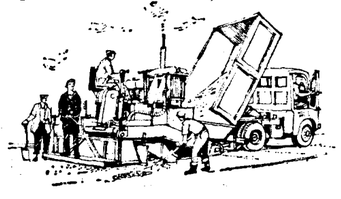
Party politics rears its head from time to time though the Conservatives and Independents, holding two-thirds of the seats, are quite strong enough to show distaste but not petrification at the sight of that gorgon. The independence of the Independents is by no means wholly false. On an issue made dogmatic by the Labour group, they will no doubt vote with the Conservatives, but no one knows how they would vote on an issue made dogmatic by the Conservatives, because the latter carefully never speak *ex cathedra*. On most questions, lines of voting run zig-zag across the chamber as town versus country, "progress" versus "preservation," south versus north. Personalities count for much. This freedom sounds very well but it does not always result in either efficient government or efficient opposition.

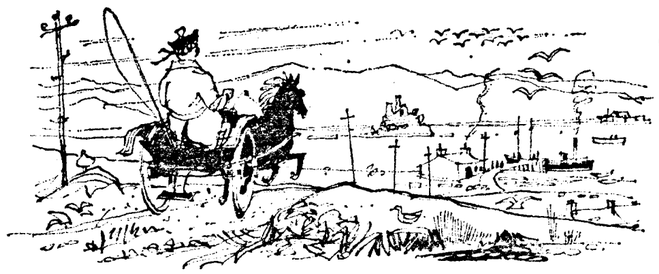
The Front Bench contains most of the ablest of the Conservatives and Independents, with one or two elder statesmen sitting, so to speak, below the gangway. The Leader of the Labour group is vice-chairman of the Education Committee (his chairman is Leader of the Conservatives) and so perhaps ranks as a junior Minister in a Government of All the Talents. The compromise is a little uneasy and certainly there is no nonsense about the Labour group having its proportion of aldermen, for this would mean that some aldermen would have to be displaced. No one could call Bucks CC a body with a radical outlook but its chief officers are efficient and influential and do not attempt unduly to run their chairmen or committees. The backbenchers vary in quality but exercise little power over policy; there is a tendency for the less vociferous to be brushed aside with firmness and courtesy. A backbencher must seek to walk the ridge between the valleys of unpopularity and ineffectiveness. Tenacity is essential, for nuisance-value is his best weapon. Long-winded persistence is his worst enemy.

Education is the great spender, as elsewhere. But in Bucks there is a long heritage of neglect, especially in the rural areas. Many of the old church schools are appallingly decrepit, far transcending all bulges and birthrates. Each year the education committee asks for more new schools than the Minister will sanction. Each year, more and more families pour into the county, and the county district councils will not realise that no net financial benefit can conceivably result if each new house with its lovely rateable value holds one or two schoolchildren. The highways committee builds what it has money and staff for. Police is something the standing joint committee and the chief constable do. The health committee contemplates the mental health legislation. The children committee asks for more foster homes.

The will to do its job pervades the Council but money is lacking. And the will to spend the necessary money is not strong. It would be unfair to suggest that Bucks is worse in this respect than the average county. Moreover, as we have said, the Government is sometimes more unwilling than the authority.

The county districts defy generalisation. The population of the rural district of Buckingham is spread at 120 persons per square mile; Slough at 7,000. Three of the four boroughs have populations appreciably greater than those of any of the eight urban districts, but the fourth borough (Buckingham) is smaller in population than all but one of the urban districts. Rural district councils are the most unsatisfactory of all local government authorities. They are residual, with no unity or meaning. In the larger towns, local government politics is lively—occasionally impassioned. Prominent Labour councillors, as elsewhere, sometimes take to their tents and occasionally fold them and steal away to the Other Side. Prominent Conservative councillors, as elsewhere, do nothing of the sort. Only Slough has the population to exercise any considerable delegated powers. Slum clearance and housing generally can involve policy and controversy but, otherwise, most of the sound and the fury come from the beating of breasts or empty drums. A good north versus south wrangle, involving also county districts, was recently fought over water supply, ultimately in the House of Commons by way of private Bills. By-passes and bridges, swimming pools and public lavatories, building development and industrial location, all and more fly as bubbles to the surface, pop, and sink back. The population remains receptive and perfectly apathetic.





Celtic Fringes—

THE SCOTTISH HIGHLANDS

IN a widespread Highland county, with very difficult communications, where councillors travel by boat, ferry, car, occasionally bus, but hardly ever by train, there is no question of holding evening meetings so that men and women with steady jobs could attend. An active county councillor (who is *ex officio* also on the district council) must be prepared to spend at least thirty days a year on council work. More if he or she is on sub-committees. A Burgh member (most Highland counties have one or two sizeable towns which send some members to the county council) may have to spend still more man-days on local government work, though his town council meetings will not take up travelling time. A convenor (anglicé Chairman) of a committee must spend even more time, as he must work closely with his officials over matters of detail, often involving long journeys. No wonder it is extraordinarily difficult to get good county councillors.

Who are they? Well, there are several possibilities. There are the traditional lairds, MacDonalds, MacLeods, Camerons, Campbells *et al*, but the present generation of these may have to work for their living out of the county; they cannot be counted on as replacements. There are the people with small businesses which are sufficiently successful to be left for a time or even to be aided by the fact that the proprietor is a councillor. There are ministers of religion, unkindly said by some to work but one day a week. There are retired men and women who may have been teachers, doctors and so on. Professional people still at work must be very devoted to take on the job. Wage-earners are rare and must be even more devoted. Argyll was lucky at one time to have a Vice-Convenor who was a working engine-driver. But the Bull—he is known all over the highlands—used to come to a meeting off a morning shift, toss his enemies over the wall with one sweep of his notional horns, and then go off on night shift to the quite unnecessary anxiety of his friends.

Such people are rare and infinitely valuable. As to the rest the intelligent and honest have on the whole got more interesting things to do and little spare time. The stupid and honest can't contribute much. The retired are sometimes not up to the wear and tear, physical and moral. An ex-MP once said that after the peace and order of the House of Commons, the Argyll county council was too much for him. But there are a number of people who are on the county councils of remote areas for local power of some kind, and who are willing to put a lot of thought and ingenuity into it. Sometimes it is all too simple: drinks and the occasional fiver in bars. Sometimes it is more complicated, involving contracts and such. This has become rather scandalous in some of the larger Scottish Burghs. The councillor directly involved duly leaves the Chamber. But he has friends, and when it is their turn. . . . Those who are not used to this kind of thing find themselves a little lost.

The few who are intelligent, honest and hard working are worth their weight in gold, but only get a travel allowance and expenses which barely cover what they are almost bound to spend. But I doubt if more of this kind would be attracted, even if you paid them well. It is not simply that their firms may not let them off. The Forestry Commission for instance—one of the main employers in the Highlands—would certainly give leave, but how could a forester get away during the fire-danger period?

PROBABLY most Highland county councils are over-weighted with ministers, most of whom want to get on to the education committee, where they are joined by co-opted members also representing organised churches. The rest of us realise that Scottish education was started by John Knox, but still feel that we are too often relegated to discussions on school drains and stoves.

It is astonishing how good the council officials are. Luckily perhaps, there are medical officers, architects, engineers and so on who choose to come to such counties for the sake of sentiment and natural beauty, or because they were born there. Highland counties are equally lucky about teachers, who often ask specially for the tiny one-teacher school.

In the Highlands the county builds houses, though the district councils allocate them. This must be so, since only the local people know their housing list; the Burghs, often very small by English standards, though with ancient histories, do their own housing. Many rural areas are fully housed and even worried lest houses fall vacant as populations drop. As they get the remote area grant, every housing scheme has to be passed by the Department of Health, which has a horrid habit of sending round a circular asking for increased use of local materials and then turning them down because they are too dear.

Roads are the main financial headache and we try hard to trunk them, so that everything should be 100 per cent grant. We nag at the Department of Agriculture to give us more than a 75 per cent grant for township roads. These may service only a dozen de-rated families but without them vans will not call and the transport of children to school over more than 3 miles becomes almost impossible. The Crofter counties' scheme for special help for Highland roads goes slowly and does not cover the special problems of islands, the linking up of Shetland and Orkney communities, for instance, who want to live in reasonably modern conditions.

Educating a scattered population means extra complications. Few Highland councils can afford any frills and Directors are worried about the Block Grant. A fairly steady building programme goes on in all counties. Inverness has a secondary school at Daliburgh in South Uist which is a real beauty, but they were lucky in having an unusually brilliant county architect, Col. Cullen. In several counties some officials are water-diviners, which is a real though unconventional help with water supply-problems.

For people demand water supplies and drains; if they don't have them or if the water gets peaty in dry weather, then the councillor is made to feel it. They are well aware of being rate payers, especially if they used to live in bad houses with minimal rates and have now moved to council or Forestry Commission houses. Including the demands of numerous special districts, frequently found in the Highlands for such purposes as drains, water, lighting, once-a-week scavenging and occasionally even a harbour, rates are well over twenty shillings. Ratepayers don't think of dull things like police—who, after all, are not always welcome in an only fairly law-abiding community! But at least they know who represents them, and are interested in elections. Often there are quite high voting percentages, meetings attract vocal audiences and stories fly about to the personal credit or discredit of candidates. The churches join in merrily, especially in Free Presbyterian areas. One would never be surprised to see whisky flowing. It is dull when nobody, however crazy, can be got to put up an opposition. And yet, because of the difficulties that council business entails, this is what often happens.

The Government of Megalopolis—

GREATER LONDON



To a foreigner London's government must seem an absurd jigsaw puzzle. There are the City of London, the County of London, the metropolitan boroughs, and surrounding these are a maze of other boroughs and urban districts and other counties such as Middlesex, Kent and Essex. All these bodies are elected, all perform a varied range of services. What are the keys to this puzzle?

The first key of course is the English passion for localism. Parish pumps as such may have disappeared, but borough pumps are still vigorously defended—by the councillors anyhow. There are a hundred boroughs in Greater London, and some of them (Bethnal Green and Chelsea, for example) possess some correspondence to local communities. Most, however, do not, but are a coalition of still more localised neighbourhoods—the Blackheaths, Crouch Ends, Muswell Hills and Kentish Towns which still constitute (if anything does) the community plums in the London pudding.

But the boroughs of London are absurdly small. With the partial persistence of local neighbourhoods goes the great mobility of Londoners. Those who cross a dozen borough boundaries on their daily round are naturally more concerned with the quality of the roads, schools and other services than with which local body provides them. A hundred different systems of education, health and highways are bound to seem and to be wasteful, confusing, Dickensian and absurd. The boroughs have steadily been losing powers to the county councils, and those which they retain get increasingly hard to justify. What is the rationale of keeping a hundred skilled borough engineers, many of whom maintain only a short length of classified highways?

The boroughs of London stand for a community ideal so imperfect and so frankly inefficient that everyone but the councillors themselves must doubt its reality. It is an ideal sustained by the trappings of power, by mayoral robes and ancient dignities. Most dignified of all, of course, is the Lord Mayor of London, presiding over the City's golden square mile. To visitors, even to most Londoners perhaps, he appears as London's chief spokesman; yet in terms of actual power he is nobody when compared with a much plainer figure—the chairman of the London County Council who presides over the vast bureaucracy across the river.

The LCC is the most remarkable local authority in Britain. There is indeed something more Gallic than English in its logical radicalism and its cultural enthusiasm. Its council is unique in being drawn mainly from the professional middle-class. The Labour "intellectuals" (men and women) who dominate its proceedings have set going many unusual policies. It is impossible to be indifferent to what the LCC does, and each will cast the balance sheet differently. Those who detest its educational obsessions may admire its imaginative (if expensive) housing projects, or vice versa. It is full of contradictions. It has promoted dispersal from London more vigorously than the Government, but its highway policy is timid.

THE LCC has one great asset—enough rateable wealth to go in for experiments which are impractical for lesser bodies. Though waste has occurred, it is a good thing that London should have one body of this kind—a body equally prepared to support the arts, to buy historic buildings, to provide concert parties and to build a sports centre. It also has one great defect—the excessive rule of a high-minded but rigid Labour caucus. It is only fair to note, however, that an unusually vigorous and public-spirited opposition also exists which may still get its turn. Meanwhile the Labour majority on the LCC, mesmerised by its position in the vanguard of socialism, seems unable to free itself from a grimly authoritarian caucus or (for fear of losing sway) to look at local government beyond its own doorstep.



Outside the County of London, the administrative map of the metropolis becomes indeed blurred and confused. Middlesex, Essex, Kent, Surrey and Hertfordshire are all London authorities in whole or part, and they are also in general well-run county councils. Their trouble is their unwieldy areas and their lack of metropolitan roots. What has Dover to do with Penge or Saffron Walden with Leytonstone? Paradoxically, however, this drawback seems to be less felt in the metropolitan parts of Kent and Surrey (perhaps because they put themselves "outside" London) than in urbanised Middlesex and Essex.

This, then, is London government. What can or should be done about it? The Royal Commission studying the subject will soon have to report. It will first have to answer one obvious but often-ignored question. Why not have just one London government? New York City, also with 8 million people, elects one and only one municipal body. Why keep a hundred councils in London, a city which is equally integrated and mobile and in which local "community" (in so far as it exists) no longer has much relevance to the shapes of the boroughs. Would not the result be better services, better planning, and a livelier political tempo?

There is much—very much—to be said for this solution. Those who say that the result would not be *local* government in the traditional sense are beside the point. Already today the London County Council is a miniature state, and its unpaid councillors spend a third of their time in administration. The councillors of a Greater London body would have to be full-time and paid. So long as they are not too numerous need this matter?

A weightier objection is that Greater London (like New York City) is rapidly becoming merged in a still wider "city-region." Increasing numbers of London workers live up to 60 miles out. Conversely hundreds of London industries have now moved out to the new towns, and economic links between London and surrounding towns are becoming much closer. An integrated city-region with a radius of at least 50 miles is rapidly being forged, with people and jobs steadily moving from centre towards periphery. The pattern affects social services: the pursuit of better schools is a principal reason for migration to such areas as mid-Hertfordshire.

It is a pity that the Royal Commission is precluded by its terms of reference from considering these wider questions. They urgently need attention. Small local government units in the London area tend to be socially and politically lopsided, as well as being too narrow and weak for the services now required. They lack vitality. On the other hand, complete uniformity has obvious drawbacks. It rules out the healthy variety and competition in the provision of schools, clinics and cultural facilities. For most services what is wanted is neither a plethora of local councils nor so few that real choices are absent. For others—highways and planning—a single vision of London's complex and growing problems is vital. Somehow the Royal Commission must try to satisfy these two objectives.

4. *The Summing Up:*



Policy and the Public

IN many ways the verdict on local government which emerges from this supplement is a favourable one. Most local services are being efficiently delivered. Local government officers are on the whole competent and maintain professional standards. There is little corruption, venality, or rank inefficiency. The tradition of altruistic public service in local government still exists.

These are valuable qualities, but they do not suffice. One critical weakness emerges, which in time could easily topple the entire edifice. This is the low energy content of democratic interest which ought to be putting force into the entire machine. This is the cause and the effect of the popular ignorance and indifference, the silliness of local political dogfights, the paucity of talent among councillors and aldermen, and the cumbersome creaking of council and committee routines.

Need this matter? So long as the officials continue to be competent, cannot local government these days pretty well run itself? This is a dangerously easy line of thought, whose actual results would be anything but happy. Bureaucratic control in this country has hardly become so wise or so mild that the contributions of sensible, unbiased laymen to administration can be abandoned. Many, perhaps most, councillors are not sensible, but things would hardly be improved by surrendering such democratic safeguards as still stand.

Moreover, *all* the main problems of local government can be traced, at least in part, to the central issue of public apathy. Rates, for example, are inevitably more resented where the value and potential benefits of local government are little understood. Resistance to a higher level of local taxation increases the town hall's dependence on the Treasury and brings treasury control. Again, if popular indifference allows the local council to become a mindless cipher or a petty one-party state, the reaction will be towards centralised administration. If rule by officials comes to be preferred, it is the (bigger) man in Whitehall who will make the decisions. Local government officers know this and try to uphold at least the form of council control. But the form alone cannot survive.

It is not fanciful to see still greater dangers in the low repute of the democratic side of local government. Parliament on its own is too overworked and insufficiently powerful to exercise an effective control over the entire bureaucracy. The test of democracy which asks whether two critical services, schools and police, are under popular *local* control is by no means a bad one. Democracy would be a narrow and precarious affair if it were confined to central institutions. The 50,000 councillors are at least getting and giving a lesson in the democratic procedures of open discussion. The stifling of it by a party caucus is equally a warning of worse.

The real trouble lies in outworn beliefs about the purpose and functioning of local government. Traditionally it was closely tied to *numerous* and *distinct* local communities, each with its own special needs. This conception no longer tallies. The smaller local authorities—those closest to older ideas of local communities—have little to do. Finance amply proves this. All the 563 urban districts combined spend less in a year on current services than the London County Council. Attempts to shore up these smaller authorities by "delegating" to them additional functions merely produces a cumbrous division of responsibility (which confuses the public), extra costs, and additional delays. It is more a political sop to established interests than a way to revive genuine local government.

Real power has now passed to the 62 counties and the 83 county boroughs. Unfortunately, public interest is not properly harnessed to the affairs of these bodies. Most counties have scattered and somewhat irrational areas, and all "precept" (i.e. secure) their rates from the urban and rural districts and non-county boroughs. Popular attention is still focused on the immediate local council which issues the rate demand note, and the county council gets all too little attention.

County boroughs suffer from the exodus of large numbers of the middle classes beyond their borders. This explains why so many of them are strongly Labour. Politically this is not healthy, any more than is the permanent domination of many counties by a Conservative or Independent squirarchy. It has a bad effect on local services. Cities are understandably reluctant to build roads and provide other services for the thousands of commuters who live outside their borders. Lacking a substantial middle class, their concern with civic improvements and cultural facilities is often far too limited. The business and professional classes, for their part, are becoming increasingly disinterested in borough government. Working in one local government unit and sleeping in another, they confine their citizenship to an occasional grumble about the rates.

These problems cannot be overcome by nostalgia for the old days of the highly localised authority. It is far better to admit openly that larger units of local government have become essential for efficiency, and to devise units which will work tolerably. To preserve local democracy, two things should be done. *First*, responsibility should be concentrated upon a *limited* number of "all-purpose" or "most-purpose" bodies. *Secondly*, these units should be as "balanced" as possible in a social and political sense.

This will mean abandoning a lot of shibboleths. The distinction between "urban" and "rural" has lost most of its point in providing modern services, yet is deeply embedded in the local government system. Equally pointless is the plethora of small local government units in highly urbanised areas where the population has become highly mobile. A much broader authority, representing most of those who live and work in the area and containing a good cross-section of social classes, has advantages which outweigh any argument against "remoteness."

These are general principles. To implement them will not be easy and will require much careful attention to local circumstances. That essentially is the task of the two Local Government Commissions now at work and of the Royal Commission investigating London government. These bodies are hampered by deliberately restricted terms of reference; but they have the opportunity to lay the foundations of a better system—if the central Government will back them up.

It is here that the final uncertainty lies. Ministers are generally very polite about local government and eager enough, when it suits their purposes, to respect the rights of local authorities (when it does not do so, or they come under political pressure, they cheerfully interfere). But no Minister since the war has shown the understanding of a Goschen—or even of a Chamberlain—in tackling local government as a whole.

General policy for local government should start by regarding local government as a lever of democratic control over the main public services, and not as a collection of traditional institutions. Local authorities need to cover rather wide areas and to have stronger financial resources of their own. To function well democratically, units should comprise a fair cross-section of the population and the diffusion of responsibility between different "levels" of local government should be minimal.

No Minister could pursue a policy such as this without treading on a goodly number of sensitive toes. But is it better to let British local government decline into a sham façade while real power steals away elsewhere? Once again the final answer is up to public opinion. If nobody (except a few dedicated councillors) really cares, then the days of local *self*-government in this country are numbered.

BOOKS

General and President

The Truman-MacArthur Controversy and the Korean War

By John W. Spanier.
Harvard University Press. London: *Oxford University Press.* 323 pages. 52s.

THE Truman-MacArthur crisis was, in its day, almost as traumatic an experience for the United States as Suez was for Britain. That day already seems long ago; the general has faded away more rapidly and completely than he can have foreseen. Why were so many Americans prepared, in April, 1951, to applaud the general's intransigence and to decry President Truman's insistence on his constitutional rights as commander-in-chief of the armed forces? The answer, Mr Spanier suggests, lay less in the general's flamboyant personality than in the desire of his countrymen for "a foreign policy which would have the supreme distinction of rendering any further foreign policy unnecessary." After the second world war, the American public had learned to accept continuing involvement in world affairs. But when it came to Korea, the public—or at least a very large and vocal section of it—refused to be educated further. The loss of American lives—even more, perhaps, the frustrations and humiliations of this inconclusive kind of war—created the fierce resentments and suspicions to which General MacArthur, like Senator McCarthy in the years immediately following, appealed. And, ironically, the discontent summed up in the slogan "Communism, Corruption and Korea" brought about the election to the Presidency, in 1952, of a very different sort of general from MacArthur.

Was that the end of it? Can the MacArthur episode be considered an historical aberration, without relevance to the present or future? Mr Spanier does not think so. Too many Americans, he argues, fail to understand the meaning of war. They see it, not as an extension of politics, but as a process beyond politics. Until war comes, the President and the Secretary of State are regarded as statesmen, engaged in the proper (if never beloved) business of diplomacy; once the shooting starts, however, they must hand over the reins to the military, or risk being condemned as politicians interfering in matters beyond their ken. Thus General MacArthur was able to play the part of the straightforward and hitherto brilliantly successful military man, now kept from pursuit of a clearcut victory by meddling politicians. In fact, of course, the general's and the President's interpretations of the Korean conflict were both "political," just as both were "military"; they had to be, for a war without politics is as unthinkable as a war without weapons. But Mr Spanier doubts whether the majority of American voters have ever fully realised this. After all, it was only by rallying the Joint Chiefs of Staff to their defence that the President and his Secretary of State managed to ride out the storm: the military man's challenge had to be met by a military man's defence.

This book is well organised, solidly documented, and fair; it is severe with the general, but it convicts him mainly by his own testimony or that of his friends, and it overlooks neither the shortcomings of his antagonists in Washington nor their willingness, up to a very dangerous point, to appease him. One only wishes that Mr Spanier had resisted certain tricks of American news magazine style, such as the substitution of a colon for the verb of a sentence. The result: annoyance to lovers of the Queen's English on whichever side of the Atlantic.

Personalisation Is Not Enough

Selfridge

By Reginald Pound.
Heinemann. 268 pages. 25s.

GORDON SELFRIDGE was the greatest showman in the history of British shopkeeping. He was already in his fifties when he crossed the Atlantic to build that huge palace which still dominates Oxford Street. But such was his enterprise and vigour that, within a few years of its opening in 1909, he had established a large and successful business against heavy odds.

Much of this was achieved by a use of advertising far in advance of his time. He took acres of space in the newspapers (only the complete front page of *The Times* eluded him) and reinforced it by articles under the name of Callisthenes. He tried to have the new Bond Street Tube Station called "Selfridge's." When this plan failed, he removed the name plates from the front of the store on noticing that bus conductors had no such hesitation in describing their Oxford Street stop.

Blériot crossed the Channel, and the next morning his plane was on view in Selfridge's. There were attractive window displays, an index of quality rather than of variety to the goods within. Every unusual feature of the store was turned to account, from the telephone number—Gerrard 1—to the free information bureau.

Selfridge advertised himself no less in a sustained campaign of what we today call personalisation. His daily top-hatted progress from department to department; his regular appearance at theatre first nights; his extravagant parties, particularly on election nights—such foibles made him the only shopkeeper in England known by sight to the public. At the time of George VI's Coronation, *Punch* carried a picture of the Selfridge building's decorations, which had cost £50,000. Outside, a policeman is saying to an old lady: "No, madam, I understand Mr Selfridge will not be appearing on his balcony tonight."

Yet, when he died in 1947, he was nearly bankrupt. A genius for showmanship was not matched by a genius for management. He set up a vast business but did little to run it and nothing to ensure that others should run it for him. At an age when even such remarkable vitality as his own was beginning to ebb, he squandered it on a sensational social charade. His megalomania drove him to incur personal debts of £155,000 to the company and £250,000 to the Inland Revenue.

Mr Pound, an experienced and fluent biographer, has written an agreeably anecdotal book about Selfridge, which will no doubt be widely read. But there is still room for a further volume on his subject—an analysis of Selfridge's business career in terms of modern management practice. Its themes would include his flair for attracting public attention and for holding it by skilful personalisation; his art of presenting a business, but not of running it; his power to dominate, though not to delegate. It would be a study of ultimate failure: success stories, however, do not always make the best textbooks.

Lament of the Shirt

Makers of Distinction

By Thomas Girtin.
Collins-Harvill. 256 pages. 18s.

HAS your silk hunting hat been coodled with the proper degree of skill? You should be able to place a plank across the crown and stand on it without signs of strain appearing in the hat. Any reader whose silk hat fails this test would be well advised to acquire another soon, for bespoke hatmaking, in common with a number of other trades serving the sartorial tastes of the well-to-do, is in some danger of disappearing. This is not because of any shortage of prosperous people waiting to be fitted out; though the clientèle has changed vastly in character in two generations its numbers have been well maintained. The difficulties arise on the other side; in getting young men and women to come into small workshops and learn highly specialised skills of kinds remote from those of the modern archetypes of motor, electrical or nuclear engineering.

This is the generalisation about these trades that emerges from Mr Girtin's lucid, entertaining and apparently soundly based study of them. Perhaps the writer is unduly (if fashionably) hard on that special Fiend of the Fifties, the teenager, who is here depicted as ruining our noblest crafts by a frivolous refusal to enter them on the ground that they require too much application, interest and willingness to learn. This is a doubtful argument to use when technical institutes are packed as never before with youths who spend their evenings, for three or four years, studying the more esoteric practices of such crafts as bricklaying, machine woodcutting, or telecommunications engineering—some of them (dare one suggest?) requiring the acquisition of more difficult and complicated skills than basting a jacket or shaping a last.

After all, it is not really on quality clothes, umbrellas and sporting guns that Britain's industrial prestige rests in the modern world, but on the products of the most highly mechanised factory industries, employing labour of varying skills adjusted to the kinds of machinery available. Factories not only provide such amenities as Muzak, canteens and a social life; they are also more obviously parts of today's, rather than yesterday's, world, and this fact has its natural attractiveness to the young and to those responsible for launching them on lifetime careers. Mr Girtin should agitate for the quadrupling of the salaries of Youth Employment Officers; when these officials can afford hand-made shirts, they will be more easily convinced that it is vital, in the national interest, that people should be encouraged to make them.

History Plainly Told

The Fourteenth Century, 1307-1399

By May McKisack.
Oxford University Press. 612 pages. 35s.

THE Oxford History of England is now approaching the end of its long journey and we shall soon be able to assess its achievement. Meanwhile, it is already clear that the volumes have tended to fall into two types: those which attempt to present a sustained and co-ordinated historical image of a period (of this type the volume of Sir Robert Ensor is the outstanding example); and those which are primarily guides to the problems of a period, and to the literature on it. The present volume is of the second type, and this was a wise choice on Professor McKisack's part. It is wise because, however much we may deplore the division between the general reader and the academic student of the subject, this volume will be read mainly by the latter. For the purposes of the university student, indeed, it is hard to see how this volume could have been better done: it will be indispensable for many years to come. On every page there are sound, unprovocative judgments, fair-minded narrative, plenty of signposts for further study. It establishes itself at once as the perfect student's guide.

It is interesting to compare the present volume with the parallel volume in Longmans' Political History of England written more than fifty years ago by Tout. To some extent, Professor McKisack—or perhaps the academic climate of the present day—suffers

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Glasgow Herald 21s net

in the comparison. When Tout wrote, the gap between the student and the general reader was less wide. However artificial the limits of "political history" may be, they enabled him to tell a story that was more dramatic and more coherent than that which Professor McKisack has to tell. Tout was no literary giant, but in a rough and ready way his book is more readable. He wrote of men and movements with a bluff familiarity, which does not go very deep, but which carries the reader along and sometimes rises to dramatic intensity. By contrast, Miss McKisack's book is like those pale but, to the observant eye, thrilling scenes which R. L. Stevenson describes in "A Penny Plain and Twopence Coloured": all the material for drama is here—"gesticulating villains, epileptic combats, bosky forests, palaces and warships, frowning fortresses and prison vaults"—but the reader must provide his own crimson lake and Prussian blue to experience the joy of illumination.

For those who wish to have their scenes ready-coloured, the chapters on Edward II and Richard II may be specially recommended. These kings, whatever their faults, are always good and patient sitters. They seem to smile faintly as Professor McKisack lays her delicate wash over their well-drawn features, conscious that they might have been much more roughly handled. They can scarcely be expecting the final step which dismisses the one as "a weakling and a fool" and the other as "dangerous, perhaps dangerously mad." Of Edward III Professor McKisack has much good to say: her words are worth listening to as a corrective to the austere moralists of a previous generation; but the effect is somewhat spoiled because we cannot help noticing that Edward is made of cardboard.

It is a striking proof of the strong tradition that guides the writing of English history that, although the word "political" does not appear in the title, the political chapters are much the best in the book. The chapters on "Rural Society," "Trade, Industry and Towns," and "Learning, Lollards and Literature" give the appearance of having been inserted in response to the edicts of editorial policy rather than from love of the thing. But even these chapters present the careful reader with an array of well-ordered facts and references from which many a good essay will be written.

Lessons from Abroad

Public Enterprise in Sweden

By Douglas V. Verney.
Liverpool University Press. 142 pages. 21s.

Public Ownership and Accountability: *The Canadian Experience*

By Lloyd D. Musolf.
Harvard University Press. London: *Oxford University Press.* 190 pages. 32s.

How does public enterprise work in other democracies with mixed economies? Those who dispute about public ownership in Britain would do well to find out, rather than dogmatise in ignorance. So these two volumes are useful and timely, although they are unfortunately also rather legalistic. They tell us how Canadian and Swedish public enterprises are set up, what is their legal form, to whom they are constitutionally responsible; but not so fully how they work, whether they are successful and whether they raise the standard of living of the ordinary public.

Any information on the scope of public enterprise in these two countries is nevertheless valuable. In both countries its extent is wide and varied, but it is largely limited to public utilities, natural monopolies, agricultural support agencies, and finance institutions. In Canada there are the Canadian National Railways, Canadian Broadcasting Corporation, Trans-Canada Airways, Canada Wheat Board, Atomic Energy of Canada, National Harbour Board, Saint Lawrence Seaway Authority, Bank of Canada, Central Mortgage and Housing Corporation, Industrial Development Bank, and many smaller enterprises.

Sweden, despite twenty years of Social-Democratic government, has not extended public ownership much farther than—if as far as—Britain and Canada. Railways and postal services are wholly in state ownership. Wine and tobacco (this is the main difference from Britain) are out-and-out state monopolies. But electric power is in part state, part municipal and part private ownership. Gas is privately and municipally owned. The State Forest Board covers only 17 per cent of the country's forest areas. Elsewhere there are numerous state companies, wholly or partly in public ownership, which compete with private enterprise—for instance, the Swedish Credit Bank, and other companies in the steel, road transport, pool and betting, restaurants and other trades.

In Canada the form is usually similar to the traditional British public corporation, and indeed consciously modelled on it; an independent commercial organisation, responsible to a minister (but also to the Cabinet in some cases) for general policy, but not day-to-day business. But often the corporations—and most of all the CNR and TCA—operate in acutely competitive industries. Controversy in Canada over ministerial responsibility and parliamentary questions read absurdly like those in Britain. The tentative conclusion seems to be: the less these corporations are politically harassed, the more successful they are. Canada has, of course, a motive for public enterprise quite different from any ideological one in Britain. National bodies like the CNR, St Lawrence Seaway, and TCA were essential to the development of so vast a country. In this job they seem to have largely satisfied public opinion, though naturally not without lively controversy.

The forms in Sweden are stranger to Anglo-Saxon minds, because in the Swedish constitution the Crown is much more important, in contrast to ministers and Parliament. Departments are formally responsible to the Crown; and the King presides at Cabinet meetings. There are two main forms: the "trading agency"—what we should call a civil service department, like the Post Office—responsible to the Crown; and the "state company," set up under the company laws and financed by Parliament. In both cases the minister is a sort of referee kept on the far side of the touch line—or at least on the telephone.

But it apparently works. The Swedes are evidently so empirical and sceptical about these issues that any generalisation is risky. Two conclusions, however, do seem to emerge. First, the company form is being more and more preferred because it is simple and flexible. Secondly, strangely enough, the "trading agencies" have tended to be more profitable than the "state companies." Thirdly, the accountability problem for the state companies is far from solved, since day-to-day interference by Parliament is usually avoided.

So these are perhaps the lessons from Sweden and Canada that these two books provide for British public enterprise. We should be wise, in the light of their experience, to be empirical, to argue the case over each industry and enterprise; to prefer the competitive to the monopoly body, other things being equal; and to keep down political interference with commercial decisions to the minimum which basic accountability can be shown to demand.

Testing Trade Cycle Theory

American Business Cycles, 1865-1897

By Rendigs Fels.
North Carolina University Press. London: *Oxford University Press.* 244 pages. 48s.

This study, it should be said at once, is for well-read professional economists familiar with the work of such trade cycle theorists as Kondratieff and Juglar, not for the general reader or the man with the relics of an inkling. Nevertheless, it is of wider interest than its title would suggest. As Dr Fels says in his preface, he is not a historian studying a particular aspect of his field; he is a specialist in business cycles working on a particular topic—with the aim of testing business cycle theory, in its widest sense, against the historical evidence. He has none of the sectarian zeal that leads "political arithmeticians" to denounce model-building deductive theorists, or vice versa; he begins with the common-sense methodological judgment that every kind of approach—deductive, econometric, historical—has a contribution to make to the understanding of economic events.

The period 1865-1897 in the United States was one of weak booms, numerous depressions, sagging prices and—though this is less certain—retarded growth; with some difference of timing, it corresponds closely to that of the "Great Depression" concurrently affecting Britain. Dr Fels sorts out major from minor swings, analyses particular components, distinguishes "real" from monetary influences, and estimates the relative importance of economically generated or "endogenous" and external or "exogenous" disturbances (e.g., crop fluctuations, gold discoveries, changes of government policy). The latter, he finds, were much less influential than the former. They may have set off the minor cycles; the big swings, on which these were confusingly superimposed, were generated, amplified and eventually reversed by the economic mechanism itself.

No single existing theory of the cycle, he concludes, explains this mechanism as it can be seen at work over the period, but a judicious amalgam of Schumpeter (innovations, "competing-down," monetary forces), Gordon (investment opportunities) and Hicks (a less important contributor except on growth and the lower turning point) stands up reasonably well to the test and "seems to have some validity" for present-day America. "For other countries," Dr Fels cautiously concludes, "the theory can hardly have much validity in the future," and, in his closing footnote, "Cycles persist because of a few fundamental forces, making a simple general theory possible; but continuous institutional changes, and developments that are fundamentally new, frustrate a general theory that also predicts details." Economists should probably lay this to heart in other contexts than that of business cycles.

Fact and Fiction in Washington

Advise and Consent

By Allen Drury.
Collins. 638 pages. 21s.

Mr Drury has had the wit to see what drama there is in the Senate and he has the knowledge, born of long observation, to paint a recognisable facsimile of life in Washington. Very little in this monumental novel lacks some basis in fact; like a magpie, Mr Drury has picked up a blackmailing case from one era, a McCarthy from another, a disappointed presidential candidate from one party, a dying and unscrupulous President from another, to people his enormous canvas. The result is readable, even if it does not have much life of its own. For one thing Mr Drury's appetite for drama is insatiable; the scene is set in the sixties, when the United States must choose between fighting an immediate war with the Soviet Union or adopting a policy of appeasement that would only postpone the evil day. By the end of the book the Russians have landed on the moon and issued an ultimatum to the United States.

In such circumstances the liberals and conciliators appear unfailingly as villains, the conservatives monotonously as heroes. All this nationalism has a rather old-fashioned air, like pre-sputnik space fiction, and detracts from the virtues of the book, which are Mr Drury's almost excessive affection for the Senate and his knowledge of how government in Washington operates—at least as seen from the outside.

Self-Analysis

Free Associations

By Ernest Jones.
The Hogarth Press. 264 pages. 25s.

This is a book that will appeal differently to different types of reader. A touchstone is provided quite early (page 14) in the sentence "Perhaps indeed, in centuries to be, the medical psychologist may, like the priest of ancient times, come to serve as a source of practical wisdom and a stabilising influence in this chaotic world, whom the community would consult before embarking on any important social or political enterprise." If you think this is silly you will find Dr Jones lively and readable, but a bit pretentious. An odd teutonic solemnity clouds his Celtic charm every now and again as the psychoanalyst takes the writer's pen from his fingers.

On the other hand, if you look forward to a future in which the medical psychologist replaces Plato's philosopher king, then you simply must get to know the man who has helped us to get to know Freud. He could never have been a master, but he is a worthy pupil, and he describes his own life with clarity and charm. Occasionally dogmatic but always modest, his book should be read as an appendix to "Sigmund Freud: Life and Work." Though it can stand on its own feet, its characters and allusions draw much of their significance from the larger study. The four volumes are a major contribution to the psychological literature of our times.

Business Partnership

Gezira: *A Story of Development in the Sudan*

By Arthur Gaitskell.
Faber. 372 pages. 42s.

The Gezira scheme—to irrigate portions of the triangle formed by the lower reaches of the Blue Nile and the White Nile near Khartoum for the production of cotton—began as a private enterprise. In the years after the Anglo-Egyptian reconquest of the Sudan in 1899, the country desperately needed allies to help the government raise the standard of living. Among those needed were men with a merchant-adventurer spirit who were ready for risks and prepared to push into untried areas. Fortunately for the Sudan, men of that spirit were available and merchant-adventuring was still a respectable calling.

From its beginning as a private venture the Gezira scheme soon turned into a partnership of government, the people of the region and the private shareholders. There was never any question or pretence of aid; it was a business proposition suited to the principles of development, in which the partners shared the risks, the losses and the profits. The pattern of Sudanese life was little disturbed by it and the people soon began to recognise what they had to gain from it. It was not, however, all smooth sailing. Plant diseases caused a series of crop failures; war and world depression brought financial crises; and the recovery from these disasters was slow and sometimes heartbreaking.

Mr Gaitskell spent nearly thirty years with the Gezira scheme. His book should be required reading for every wide-eyed technician setting forth for work in an underdeveloped area. Not every country has the natural advantages of the Sudan—a suitable climate for the work to be done, a site prepared by nature and potential tenants already there. The economic factors of other areas may not permit easy concentration on one cash crop or give time for a lengthy experimental approach by pilot schemes. The technician who begins work today will most likely be exposed to the vagaries of a newly independent and self-conscious local government.

The supervisors and technicians at Gezira were not expected to complete the project in a few given years and then move off, perhaps halfway around the world, to start another. They were concerned only with the orderly development of the work at hand. Independent governments, international agencies and governments granting aid would do well to bear this in mind. Technicians or supervisors on short-term contracts are apt to take an equally short-term view of the project to be developed.

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SELF-RIDGE

"There is a wealth of material in this book for people interested in the technique of business and its development."
THE EARL OF WOOLTON, *Sunday Times. Illustrated,* 25s.

HEINEMANN

OTHER BOOKS

THE DIARIES OF LORD LUGARD. Edited by Margery Perham and Mary Bull. Three Vols. *Faber.* 1367 pages. 8 gns.

It was a wise plan to bring out the diaries of Lord Lugard while Miss Perham is still working on the definitive biography. Most people who want to reappraise Lugard's influence in Africa and on colonial administration and concepts generally will be content to follow the biography, with its skilled use of illuminating excerpts; but Africanists will want to go to the sources—and these are they. At a time when the universities of the newly independent states of West Africa wish to extend their own historical studies, and the African public has to frame its own attitudes to its nationhood and past in the light of what its new breed of historians tell it, it is commonsense to provide these basic documents of the early colonial period.

MERCHANTS OF PEACE. By George L. Ridgeway. *Little, Brown and Company, Boston.* 310 pages. $4.50.

This new edition of the standard history of the International Chambers of Commerce, which first appeared in 1938, brings the account up-to-date and covers the postwar period. The heart of the prewar story was the chamber's contribution to the Dawes plan and to the world economic conferences of 1927 and 1933. Since the war the chamber has been on the sidelines of a far more successful drive to free trade—both in Europe and in the world at large. It is instructive to be reminded of the struggle between free traders and French protectionists that animated the economic conference of 1927. And the postwar story covers many still live issues. There are moments when one begins to doubt whether Mr Ridgeway's merchants really played quite so notable a part in selling peace and influencing governments as he appears to believe. But there is a real element of truth in his underlying argument that the free traders in the chamber, by contrast with autarkic-minded nationalists, have, in a sense, been contributing to the creation of a single world economy and thus to a more stable peaceful world.

INTERNATIONAL ECONOMIC PAPERS. Translations prepared for the International Economic Association. *Macmillan.* 248 pages. 21s.

This ninth collection of International Economic Papers is perhaps more elastic than its predecessors. It includes two papers whose centre of gravity is really outside economics altogether: a historical gem, the "Discoveries on Progressive Taxation of Land Values," essentially a confrontation of political philosophies, by Francesco Guicciardini, a sixteenth-century Florentine statesman, and a recent essay on the relationship of Roman Catholic theology to market economics, by Professor Daniel Villey. A paper on Paretian welfare theory, by Professor Ragnar Frisch, can be appreciated only by connoisseurs of mathematical virtuosity; another on "The Basic Principles of the Money Economy" (Karl Schlesinger, 1914) has the specialised interest attaching to good work that somehow failed in its day to make an impact. There are two econometric essays, one by Professor Lomberdini, of Milan, on investment criteria in underdeveloped areas, the other by Professor Hoffmann, of Münster, "On Forecasting Productivity Changes in an Expanding Economy." Finally—a new and interesting departure—there are a dozen Scandinavian book reviews, published during the 1950s, which between them allow the English-speaking reader an otherwise unobtainable glimpse of Scandinavian economic thought in the process of formation. This is a line which the International Economic Association might well explore further; such insights are surely more helpful to the cross-fertilisation of ideas, and to the recognition of international likenesses and differences, than are even the most fascinating antiquarian exercises.

LETTERS

Cut Prices

SIR—Your special article "Cut Price Competition" makes a reasonable and valuable contribution to the debate on the individual maintenance of resale prices. Is it, however, necessary that the outcome should be the general prohibition of this practice? May there not be cases for special exemption? Some acquaintance with the American position would suggest that you dismiss the case of books too lightly. It is not so much the availability of reprints of "classical" books as the relatively cheap publication of new non-fiction and scholarly books that is in question. Perhaps the case of books will be more easily considered after the Restrictive Trade Practices Court has adjudicated the net book agreement.

In the two arguments which you examine there is no mention of the peculiar case of the, relatively, small and specialist manufacturer of consumers' goods. The large firm controlling a wide range of products may well be able to insist on service, etc. in an adequate number of outlets and, in general, can retain a good deal of control over the resale price, whether enforceable in the courts or not. It is the smaller business with a good product which, on the basis of the American experience, seems so especially vulnerable to loss-leader selling by prominent distributors. In view of the present tendencies we should, I submit, look very carefully at anything which will unnecessarily increase the concentration of manufacturing industry which other restrictive practice legislation is hastening. If the Government does decide on general prohibition should there not be provision for application by individual firms for special dispensation?

One postscript: is it really true that "no leading product" has "been victimised" in the grocery trade? Offhand I should have thought that *Nescafé* was an instance. Indeed, the grocery trade seems to prove that individual resale price maintenance goes by the board whether legally enforceable or not, when fundamental economics move against it, given the impossibility of collective enforcement of prices.—Yours faithfully,

Nuffield College, Oxford. P. W. S. ANDREWS

SIR—Can you name a single country where there is cut price competition which has an effective bookselling service? All those, like the Scandinavian countries, which enjoy a really good service, rely upon price maintenance. May I say how wholeheartedly I agree with your objection to the restrictions on one-man shops.—Yours faithfully,

STANLEY UNWIN

George Allen & Unwin Ltd.
London, WC1

SIR—I was interested to see your reference to the price of *The Economist,* as being 1s. 6d. in every shop in the country.

You may be interested to know that our wholesaler's sheets are printed, and the printed price to us is 1s. 3¾d. We do not know whether you would call this a sufficient margin. We don't. But on the top of that, we are debited each week with "a service charge" (formerly described as carriage) so that we do not really receive even 2¼d. and in so far as this is not sufficient, our profits on other things are subsidising your paper and its buyers.

Your paper is not alone in the small margin given, but you may as well know that there is great discontent with such, although it is quite likely that wholesaler-retailers, receiving two margins, are not so dissatisfied.—Yours faithfully,

Stokesley, Yorks. D. W. RICHARDSON

The Bar

SIR—I am concerned only with that part of your article which deals with legal education and I am perturbed because young men from abroad may have their morale affected by uninformed criticism of the education to receive which they have travelled from all parts of the Commonwealth.

The Council of Legal Education is making every attempt to train these students in a way which will fill them with legitimate pride in the English legal system of which they are already becoming ardent and understanding supporters. Collectively and individually the members of the council do much to ensure that Commonwealth students shall return to their own countries feeling that they have been welcomed in London and well treated and educated during their sojourn here and surely everyone will agree that the attainment of this object will have an effect throughout the Commonwealth which can only be for the good and lead to the strengthening of the Commonwealth as a whole.

But the attainment of this object is made incalculably more unlikely by the undermining of bar students' morale by references to their education as being "little better than a sham" and to their qualifications as "merely an additional cachet to impress future employers."

I have called the criticism of the article uninformed and realise that it is incumbent upon me to show it to be so. This onus is best discharged by referring to that part of the article which alleges that "no practical training is required" for those words could not have been written by anyone who had taken the trouble to peruse the Council's current calendar and to inform himself therefrom of the elaborate system of group training which includes post final practical

training courses for home students and overseas students as well as pre-examination tutorial classes and tutorial classes for graduates, all of which are conducted upon lines essentially practical extending even to the recording of students' voices to enable them to detect their own errors in elocution.—Yours faithfully,

FRED PRITCHARD

Council of Legal Education,
London, WC2

Dehydrated Foods

SIR—In last week's issue of *The Economist* your useful article on dehydrated complete meals referred to "the difficulty of guessing how housewives will react to foods processed in a way that had an unloved reputation in wartime."

I would like to point out that today dehydrated vegetables and packet meals are composed of ingredients greatly superior in quality to those produced in bulk during the war. While some of the methods of drying are similar in principle to those used in the war, much has been learnt since then through research. There are now stringent specifications for all raw materials, processing methods, times and temperatures of drying, etc. Quality control systems operate from start to finish.

During the war dehydration was used in order to preserve foodstuffs for mass feeding: nutritional value was the first consideration and the quality of only secondary importance. Now, however, the products of the modern process of dehydration are markedly different; for instance the vegetables, thanks to careful selection of suitable varieties, have a much better colour, taste and texture. Rehydration, also, is very much quicker.—Yours faithfully,

R. H. EDMONDSTONE

Batchelors Foods Limited,
London

Graduated State Pensions

SIR—Your correspondent Mr H. C. Green of Penarth appears to have been misled, in common with many others, regarding the system of deduction of graduated contributions which will have to be operated by employers who do not contract out of the new state scheme.

The original White Paper of October, 1958 (Cmd. 538), and the more recent simple explanatory leaflet issued by the Ministry of Pensions (N.I. 111) have both stated that collection will be "in association with PAYE income tax." This does not mean, however, that it will form part of the PAYE coding, but merely that the inland revenue will be used to collect graduated contributions, while flat rate contributions are still paid by means of stamps—the Ministry of Pensions having no *collecting* machinery of its own.

Although the National Insurance Act, 1959, does envisage the possibility of the inland revenue becoming the sole collecting agent at some time, this does not mean that collection could ever be effected under PAYE as such. In this connection your correspondent appears to have overlooked that PAYE represents a system of accumulation and averaging, whereas graduated contributions under the new Act are based on the actual earnings of each week taken on their own. The only averaging contemplated is of special periodical payments, e.g. half-yearly production bonuses, and, as yet, no explanations have been furnished as to how this can work.

The other point which your correspondent seems to have overlooked is that the graduated contributions are related not to "the total payroll," but to that part of the payroll which represents earnings between £9 and £15 per week. Employers with highly mechanised systems of accounting will, I think, be allowed to take an exact 4¼ per cent of earnings in this band, instead of using the form of tables which it is understood will be provided.

The one point on which I do agree with Mr Green is that, in respect of employees who are not contracted out of the new scheme, employers are definitely faced with the necessity for a further column for graduated contributions under the national scheme. This constitutes a strong practical reason for contracting out to the greatest possible extent.—Yours faithfully,

GORDON W. PINGSTONE

Beckenham, Kent

Raw Cotton Stocks

SIR—Your Note recording the remarkable recovery in cotton textile activity makes it appropriate to draw attention to what appears to be a dangerously small stock of raw cotton in Lancashire.

Forwardings of cotton to the mills are running between 20,000 and 30,000 bales a week. Warehouse stocks in Liverpool and Manchester are just over 140,000 bales, of which less than 50,000 bales are likely to be available for sale. Recent experience suggests that a considerable proportion of this free stock may not be in the qualities currently required.

This situation reflects the fact that spinners nowadays obtain the bulk of their supplies direct from shippers overseas, in order to cut out the cost of handling in and out of warehouse. Theoretically, this may be sound policy; in practice it has several undesirable features:

(a) The local merchant, whose principal function should be to import and maintain a buffer stock, is discouraged from accepting the considerable risks of stock holding by the knowledge that his potential customers will do their best to by-pass him and purchase for direct shipment.

(b) Reliance on direct shipment does not allow for interruptions in supplies, such as labour disputes at American and British ports.

(c) The specialised demands of many spinners have forced them to stipulate that the quality shall be checked on arrival and before final delivery. This has led to the practice of sampling cotton on the quays and generally using them as temporary warehouses, causing mistakes, congestion and expensive delays to ships, land transport and handlers.

It would be unfortunate if it needed a serious interruption of supplies to make the industry look more closely at the real economics of cotton procurement. For a purely theoretical saving of around ½d. per lb—a small figure in relation to spinning margins—the industry is not only running the risk of being caught short if local stocks proved inadequate to meet any unexpected demand, but is allowing to rust away through disuse the established machinery for efficient and reliable supply through the expert buying of merchants and the use of available warehouse and handling facilities.—Yours faithfully,

W. B. HUTCHINSON
Past President
Liverpool Cotton Association

Population

SIR—You write on page 298 of your issue of January 23rd about the appeal for funds which has been launched in this country on behalf of the International Planned Parenthood Federation. This is not, however, being conducted by the British member of the IPPF, the Family Planning Association, but by the World Population and Planned Parenthood Appeal, the sole body concerned with raising these funds in Europe.—Yours faithfully,

ANNE HUMPAGE

69, Eccleston Square, SW1

Aircraft

SIR,—We are surprised that you credit our company with so little work in hand. In fact, this is considerable—although security restrictions do not allow us to give its exact extent.

For example, in one sphere alone we shall be kept very busy for several years in building Victor B2 bombers and keeping them in front-line RAF service.—Yours faithfully,

G. C. D. RUSSELL.

Handley Page Ltd.,
London, NW1

Lord Bracken

SIR—I am engaged upon a memoir of the late Lord Bracken, formerly chairman of the Financial Times Ltd. and of Union Corporation, and Minister of Information in Sir Winston Churchill's wartime Government. I should be grateful for the sight of any letters of his in possession of your readers and for any information about his numerous business, political and other activities that can be supplied.—Yours faithfully,

ALAN HODGE

6, Lancaster Road,
London, SW19

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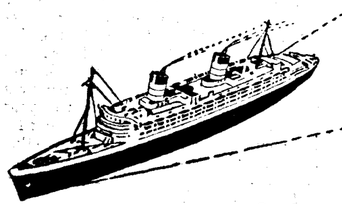

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AMERICAN SURVEY

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

Colour Bar— Five Years After

FROM A CORRESPONDENT IN VIRGINIA

IT is now more than five years since the Supreme Court declared that tax-supported schools in which pupils were segregated compulsorily by race could not be regarded as affording the equal educational opportunity which is constitutionally required. At that time such segregation existed in some or all of the school districts of twenty states. Today at least the first steps to dismantle the colour bar in the schools have been taken in all but five, and the various patterns of compliance have been in operation long enough to make a preliminary assessment of them possible.

The time which the Court allowed for the South to make this far-reaching adjustment has few parallels in constitutional history. Recognising how widely communities in the South vary, the Court stipulated only that there should be a prompt and reasonable start toward full compliance, pursued in good faith and with "all deliberate speed." The Court allowed for further local variations by indicating that it would give a broad discretion to the lower courts, which must decide in the first instance whether communities are doing all they can.

The South has used the delay which it was granted in two quite opposite ways. Where Southerners and their representatives, from the Governor and State Legislature down to the local school boards, accepted the necessity of making a start toward compliance, the time was spent in perfecting administrative arrangements and preparing parents, teachers and pupils for the new era. On the other hand, where the Court's mandate was resisted the reprieve was used, and in some cases is still being used, to throw up elaborate legal barriers calculated at least to gain further time by invoking the slow process of judicial review. Meanwhile, racial antagonism was sharpened in these states by organisations such as the White Citizens' Councils and by inflammatory speeches from elected officials. This will make future adjustments all the harder when they can be avoided no longer. Already this year in Georgia, one of the five recalcitrant states in the old South, where the Atlanta school board, under court order, has drawn up a pupil placement plan which, in principle, if not in practice, envisages admitting a few Negro children to formerly all-white schools, the State Legislature is determined not to let it go into effect without a fight.

Outside the five still defiant states compliance has taken three main forms. In a number of big cities such as Washington, DC, Louisville and St Louis the colour bar was removed for students of all ages at the same time. Similar action was also taken voluntarily by certain school districts in Arkansas, Kentucky, North Carolina and Texas. Other communities such as Nashville, Tennessee, are proceeding on a form-a-year basis, starting with the youngest pupils. Still others have allowed a few Negro children to enter all-white schools when this has been ordered by a court or authorised under a state pupil placement plan; these establish various criteria which may be used to keep most Negroes out without discriminating against them openly. Only Prince Edward County, in Virginia, has chosen to abandon its system of public education rather than obey a court order to admit Negro children into its white schools.

THE first phase of the struggle is now ending, but new and perplexing problems are emerging. For example, the situation in Prince Edward County is likely to be duplicated elsewhere, particularly in the Deep South. A legal question is involved. In Virginia the statutes under which the state closed schools in certain communities last year were struck down by the courts; the problem now arises, can a county do what a state cannot? But the greater issue is whether steps should be taken by the federal government to combat illiteracy if Prince Edward's example is imitated elsewhere. Intervention might be justified on the ground that the high rate of migration from the South to states such as California and Michigan would put unfair burdens on them if illiteracy increases. So far only the Negro children in Prince Edward County have been deprived wholly of education. But throughout Virginia the repeal of the compulsory school attendance laws means an unspectacular but steady erosion of attendance among both white and Negro children.

A second group of considerations concerns the "private" schools which have been established for white children in areas where racial bars have been lowered in the tax-supported ones. These schools are financed by tuition grants from state funds to white parents who do not want their children to mingle with Negroes, and by voluntary contributions of money, time and facilities. Eventually they are likely to be challenged in the courts, with Negro pupils seeking admittance on the ground that such "private" schools are actually performing a public function.

A third group of cases is taking shape around the pupil assignment plans. The Supreme Court has found a number of these "valid on their face," but it intends to watch the way in which they are administered. In Virginia several decisions of the lower courts have reviewed the requirements to see whether they are more rigid for Negroes than for whites and one school board has been told that it may not refuse admission to a Negro child simply because his academic attainments are not equal to the average of the white students in the class.

The pupil placement laws may be attacked eventually on the broader ground that they assume the permanent existence of two school systems, one entirely for Negroes and the other primarily for whites, to which a few exceptional Negroes may be admitted. They also put the heavy burden of individual application, in each case, on Negro families. Finally, under such placement plans, no date can be fixed for the completion of the racial integration which was presumably implied in the Court's stipulation of "full compliance." Even school boards which are proceeding on the basis of one form at a time may be challenged by Negro students whose present schools do not provide the courses needed for college entrance and who cannot wait for the slow pace of reform.

Where the colour bar has disappeared, administrative problems remain, though they vary only in degree from the usual difficulties of running schools. In some areas it is hard for Negro teachers and administrators to find jobs in mixed schools. The Negro children come, as a rule, from homes that are poorer, both economically and culturally, than those of the white ones. This makes them lag behind in class, although there is considerable

evidence that the gap is being closed. On the other hand, Negroes are often so good at sports that they strengthen their school teams and so win favour in the community.

Two lucky coincidences have helped to ease the transition. One is that great numbers of new schools are being built to accommodate the rapid growth in the numbers of school-age children; this makes change more acceptable than it would be in a static system. More important is the trend, in most American schools, toward special programmes for gifted children and the provision of a "track" system which enables pupils of varying abilities to work at different speeds and different intellectual levels. This helps to allay the fear of many white parents that the admission of large numbers of Negroes from inferior schools would result in a sharp lowering of academic standards in the formerly all-white schools. This would be disastrous when it is becoming so much harder to get into a good college. At the same time some special efforts are being made to identify the gifted children in generally under-privileged groups, such as Spanish-Americans whose abilities are obscured by language difficulties and able Negroes who, in the past, have not encountered enough intellectual competition to bring out their talents.

At Stake in Wisconsin

STILL protesting about the risks he is running, Senator Kennedy announced last week that he would enter the Wisconsin primary, which is held on April 5th to enable voters of both parties to show which presidential candidates they prefer. It would have been far more dangerous to stay out, for Senator Kennedy's hopes of winning the Democratic nomination depend on demonstrating his popularity with the voters and, aside from Oregon, Wisconsin is the only state, so far, where the Senator can provoke a serious contender to oppose him. That this contender should be Senator Humphrey rather than the more deadly Senator Symington, who is playing a waiting game in Missouri, is a disappointment to Senator Kennedy; Senator Humphrey is both less likely to win the nomination and more likely to do well in Wisconsin, which is next door to his own state of Minnesota and in which Mr Humphrey is both well known and popular, particularly with farmers.

The public opinion polls which have helped Senator Kennedy to make up his mind show, it is said, that he is likely to win well over half of the Democratic vote in Wisconsin. What makes the result unpredictable is that of the state's 31 votes at the Democratic convention only ten—or perhaps only five, depending on an argument now going on in Wisconsin—are pledged to the candidate who carries the state as a whole. One other is controlled by party officials, who are split between the Humphrey and Kennedy camps; the majority will be determined in ten districts and in at least three of these, in the western rural part of the state, Senator Humphrey is leading. To complicate matters further, Wisconsin is the only state which allows voters to take part in the primary of either party. As Republicans have no contest of their own, now that Governor Rockefeller has left the field clear for the Vice-President, many of them may invade the Democratic primary, probably to the advantage of Senator Kennedy, who is less left-wing than Senator Humphrey.

With characteristic caution, Senator Kennedy declares that he will consider it a victory if he wins 16 of the 31 convention votes, a bare majority. But he must hope for a more rousing result that would sweep some of the big undecided states—New York, Illinois and Michigan, for example—into the Kennedy camp. An outright defeat, or a draw, might not destroy all Mr Kennedy's chances of the nomination—as it would those of Mr Humphrey—but it would slow down the Kennedy band wagon, which has seemed to be gathering speed, and enhance the chances of the nomination falling to one of the unannounced contenders, such as Senator Symington, who are risking nothing. But that a victory in Wisconsin would clinch the nomination, as Senator Kennedy has been suggesting, is exceedingly doubtful.

Ageing Bulls

NEW YORK

THE prices of equity shares on Wall Street have been declining steadily since reaching an all-time high in the first week of the new year; the rate of decline has slowed in recent days but few observers expect a quick or vigorous rise or a return to the elasticity of 1959. There are plenty of prospective buyers ready and willing to invest in equities but they are displaying a cautious attitude in the hope that the longer they hold off the better will be the bargains available to them.

This cautiousness seems to be based mainly on uncertainties about the long-term business outlook. Wall Street is absolutely sure that business will be booming during the next six months, but there are doubts about the second half of the year. These have been reinforced by the Administration's prediction that there will be a big surplus in the coming financial year; this suggests that inflationary pressures will lessen. Moreover, while there are some signs of credit becoming easier, money is tight enough to worry many investors and to attract others to fixed income obligations which offer yields far superior to those available on the more popular growth stocks. Most managers of financial institutions say that they will be going back into the equity market but, for the present, they prefer safety and income. And it is this lack of buying rather than any strong selling wave that has depressed equity prices; trading volume is running 20 per cent below that of last year. Veteran professionals say that this reduction, accompanied by a drop in prices, is typical of the temporary but lengthening declines that punctuate the latter stages of a bull market.

While Wall Street showed signs of nervousness the money managers at the Federal Reserve Board were calm; they are letting it be known that an increase in the discount rate will be held off until the Treasury completes its financing operations in mid-February. They do not expect that the rise in the British bank rate will lead to a big withdrawal of funds from New York; while dealers in the money market itself are not as sanguine, yields have moved down to the lowest level since last November. This year the demand for credit, which is usually slack during January, had been expected to be strong because of the need to rebuild reserve supplies after the steel strike; but it seems to be conforming to the seasonal pattern, for the moment. There is a clear split in the banking world between those who seek another rise in the prime rate, now 5 per cent, charged to the most creditworthy corporate customers and those who want to hold the line; but all the bankers want a rise in the 3 per cent interest rate that is allowed on foreign deposits, a level which the Federal Reserve has been reluctant to change.

Bombers Fight Back

FROM A SPECIAL CORRESPONDENT

CONGRESS had hardly reassembled when the Air Force Chief of Staff, General White, offered to tell the committees which have begun to hold hearings on defence why it was a mistake for President Eisenhower to cut to the bone the money for the B-70 supersonic bomber. This apple of the Air Force's eye is being designed to have a range of over 10,000 miles and to fly at over three times the speed of sound at altitudes exceeding 70,000 feet; this is thanks largely to a newly applied aerodynamic principle which permits it to ride, in effect, on the waves of pressure which it creates, much as a speedboat rides over, rather than through, the water. This 2,000-mile-an-hour bomber was to be fitted with equally impressive new fire-controls and communication and detection systems, but all the work on these has been cancelled and only two prototypes are to be built, empty shells without any of the new equipment which would justify their speed. The President defends his decision on the ground that the B-70 would not be ready for several years—probably not until 1965—and that by then second generation missiles, such as the Minuteman, will be in use.

Primary Considerations

THE first stage of this year's presidential election, which culminates on Tuesday, November 8th, began this week with the arrival of the filing dates—the last day on which candidates' names may be entered—for the presidential primary elections in New Hampshire, the first in the series, and in Illinois. But with no one challenging Vice President Nixon for the Republican nomination and with only two—Senators Kennedy and Humphrey—of the serious Democratic possibilities proposing to take part in primaries, these may be less significant than usual this year.

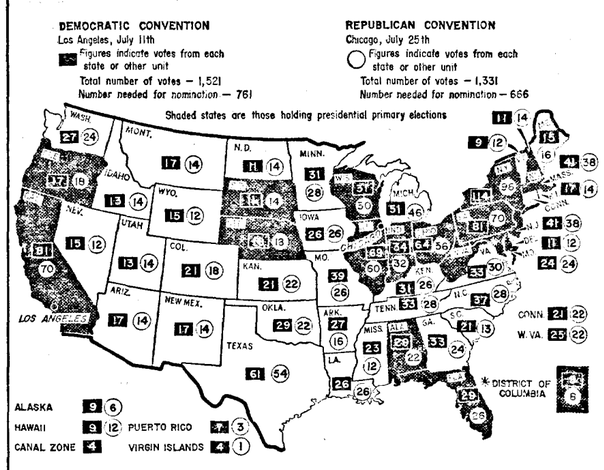
The original idea of these preliminary contests was to give the ordinary voter a direct voice in the selection of his party's presidential nominee and to take the choice away from the party "bosses" negotiating in secret in "smoke-filled rooms" at the national nominating conventions. While the laws and practices governing primary elections differ in every state which has them, there are two main patterns, which sometimes overlap. In the direct preference poll the voters choose between those of their party's candidates whose names have been entered; usually they are also able to write in the name of anyone else they prefer. The other type of primary elects delegates to the national convention who are pledged to support a particular candidate. Where delegates are not pledged they are sometimes required and usually expected to vote for the winner of their state's preference poll, for at least the first ballot at the convention. Since some of a state's delegates are normally elected from separate districts, all of them are not necessarily pledged to the same candidate.

To be nominated a candidate must have a clear majority of the votes at his party's convention. Both parties base the number of these votes from each state on its congressional representation, which is linked to its population. In states which do not elect delegates these are appointed either at a state nominating convention or by local party officials. Delegates chosen by this means slightly outnumber those from states holding presidential primary elections. There are only eighteen of the latter this year; Alaska, Minnesota and Montana have all given up the system since 1956.

Success in the primaries does not carry with it any assurance of winning the nomination. But it may demonstrate that a candidate has nation-wide support which the convention will ignore at the party's peril; this is what happened to General Eisenhower in 1952 and what both Senator Kennedy and Senator Humphrey hope will happen to them this year. A candidate can be nominated without having entered any primaries at all, but a failure in one of them can knock him out of the running altogether. This is particularly true if the primary is in a strategic state whose support is considered to be vital to a particular candidate; this year Senator Kennedy, coming from Massachusetts, must show in the primaries that he can win votes in the middle and far west—in Wisconsin and Oregon.

Therefore candidates try to enter only primaries where they should do well; and the *bona fide* runners hesitate to compete with a "favourite son," the well-known local political figure, such as Governor Brown of California or Senator Smathers of Florida, who has no chance of becoming a presidential nominee but who enters his state primary knowing he is sure to win. Thus he goes to the convention with his state's delegates in his pocket and can use their votes for making bargains with the serious candidates for the nomination. While in some primaries a candidate may be entered by his supporters against his will, he is usually able to withdraw, although in Oregon a new law now makes this impossible.

1960 Presidential Nominations



PRESIDENTIAL PRIMARIES, 1960

State	Filing Dates	Election Dates	Direct Preference	Pledged Delegates
New Hampshire	Jan. 27	March 8	Yes	Yes
Wisconsin	March 4	April 5	No	Yes
Illinois	Jan. 25	April 12	Yes	No
New Jersey	March 10	April 19	Yes	Yes
Massachusetts	March 8	April 26	No*	Yes
Pennsylvania	Feb. 23	April 26	Yes	No
Indiana	March 24	May 3	Yes	No
Ohio	Feb. 3	May 3	No	Yes
District of Columbia	April 2	May 3	Yes	Yes
Nebraska	March 11	May 10	Yes	No
West Virginia	Feb. 6	May 10	Yes	No
Maryland	March 14	May 17	Yes	No
Oregon	March 11	May 20	Yes	Yes
Florida	March 1	May 24	No	Yes
California	April 8	June 7	No	Yes
South Dakota	May 8	June 7	No	Yes

** Voters may write in the name of their preferred candidate.*

In **Alabama** Democrats on **May 3rd** and in **New York** both parties on **June 7th** will elect delegates but these will not be pledged to presidential candidates; nor will there be a vote on presidential preferences. Thus there will be no direct contest between presidential candidates in these states.

Who can vote?

Normally a voter can only participate in the primary of a party to which he is affiliated in some way. But Wisconsin still has an "open" primary in which any qualified voter may cast his ballot for the candidate of whichever party he chooses.

to the Air Force, however, the B-70 represents a first step toward the dream of a multi-purpose aircraft. It would provide an ideal and certainly highly mobile launching platform for the Skybolt, a new air-to-surface ballistic missile, still in its infancy, which the Air Force unveiled, not altogether by coincidence, early this month; if all the technical problems can be solved, the Skybolt could reach a target from 1,000 miles away, making it even less vulnerable to enemy detection and attack than its predecessor, the Hound Dog, which is to have a range of 500 miles. Launching a missile 70,000 feet up means that it can dispense with the bulky first-stage booster rocket needed for missiles fired from the ground; it can also remain longer under human control.

Other military arguments for the B-70 are that in four hours it could carry half-a-dozen Honest John nuclear missiles, or a priority force of perhaps 80 men, from the United States to the Far East. Equipped with a large dish-radar, it could also detect enemy activities long before earthbound radar could do so. The aircraft would carry its own defensive air-to-air missiles, which would make it independent of fighter escort. Moreover, the design of the B-70 holds out hopes to the eager aircraft industry of an enormously efficient commercial transport.

In an election year Congress may prefer to concentrate on means of plugging the disturbing "missile gap" of the next two or three years, rather than to spend money on an aircraft which will not be ready to fly until later. But General White's outspoken protest suggests that the Air Force is fairly confident that it can win this battle to bring back the manned bomber, now in full retreat before the advancing missile.

How Unsafe in the Air?

EVEN if it is true, which is not yet proved, that two recent air crashes which cost 76 lives were caused deliberately, there is not very much that can be done to protect the public against such outrages. To search every piece of luggage would take too long and the machines which might do the job without opening the bags are unable, as yet, to distinguish between a clock and an infernal machine. Making it impossible for beneficiaries named in insurance policies to profit from the destruction of an airliner might help, but only if would-be suicides (or murderers) are convinced that such crimes are always detected. The problem is a baffling one; fortunately it is rare.

Sensational speculation over bombs in the baggage has swept almost out of sight a more significant quarrel over how to improve air safety in ordinary circumstances. It is still about four times as safe to make a journey by air as by car, but there were 295 deaths last year in accidents to American airliners, the worst death-roll since the nineteen-forties; there was also a slight, and probably not very significant, rise in the number of deaths for each 100 million passenger miles flown. The 70,000 or so private or company aircraft added another unpublished 778 fatalities. Now 1960 has begun badly.

No single pattern of causes can be found, which makes prevention difficult. But to Mr Quesada, the hard-driving head of the new Federal Aviation Agency, the fact that about half of the crashes are attributed to human error is more than sufficient justification for his present crusade to tighten up the rules laid down by his agency and to require pilots and other members of crews to obey them. For example, pilots over 60 are no longer to be allowed to fly commercial airliners; crews are to stay in their cockpits throughout flights. The airlines are raising no objection to Mr Quesada's new broom, but the pilots, long accustomed to more freedom, are fighting back in the courts and before the Senate Aviation Committee; they accuse the FAA and its inspectors of dangerous bureaucratic inflexibility.

The pilots say that the real cause of accidents is the lack of adequate navigational guides and safety aids. Mr Quesada admits frankly that in the past these have been starved of funds (in one year less than $7 million was spent), but this year and next over $300 million is to be invested in making up the deficiency. In addition, all commercial airliners have been ordered to be equipped with radar by January, 1962; from May 1st the airlines will have to submit the training programmes for their crews for official approval; standards are being raised for flight engineers, pilots, co-pilots and mechanics and for maintenance; the regulations governing air-worthiness may be changed. By the middle of the nineteen-sixties Mr Quesada hopes to have in operation a completely automatic system of controlling air traffic which will make collisions in the air nearly impossible. There has not been one since 1957, but the number of near-misses in the crowded skies grows more and more frightening.

Manhattan Running Aground

FROM A CORRESPONDENT IN NEW YORK

BEHIND the recent willingness of the dockers in New York to come to terms with their employers lies a problem of change and obsolescence: the city's pre-eminence as a port is vanishing. The Port of New York Authority is said to have been losing $215,000 a year on the expensive floating grain elevators which it bought in an effort to bolster the city's reputation as a great centre for shipping grain; it now believes that this trade is disappearing from New York. The New York Shipping Association warns workers that their constant demands for higher wages are driving more than grain handling away from the port. In the background looms the growing competition of that nightmare-come-true which New York tried for so many years to keep at bay—the St Lawrence Seaway. Figures showing the effect of the seaway's first full year of operation have moved the head of the Port Authority to predict that it will deprive New York ultimately of prime cargo amounting, perhaps, to 1.5 million tons a year.

The City Marine and Aviation Department (its bifurcated name is symbolic of modern trends) wants to tackle the problem by spending $40 million on replacing a few old piers east of the financial district. That district itself, however, echoes with rumblings from a private group, headed by Mr David Rockefeller, which would prefer to see this historical bit of waterfront developed with an eye to the growth of Wall Street's present occupations rather than in an attempt to revive departed maritime glories.

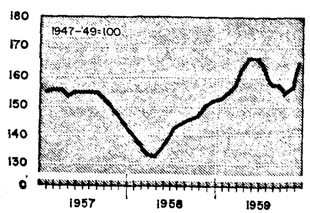
New York is still a port, and an important one, but a growing number of transatlantic passengers and an increasing flow of goods go by air and aircraft do not land on piers. It is still a railway centre, but the railways are dropping one passenger train after another. As manufacturers find costs in the city too high, as office buildings replace blocks of flats, as office workers move out to the suburbs, New York is more and more a city where goods must compete with people for traffic facilities. The old picture of a sea-girt island with busy piers handling primary products no longer fits the reality.

The figures on shipments of grain in 1959 illustrate what is happening. Even before the seaway was completed the exporters of grain to foreign ports were finding New York's handling charges too expensive, and were going to Boston, to Philadelphia, or to Baltimore, where labour costs are much less. This year, with the St Lawrence become a highway from the centre of the continent to the sea, loaded grain cargoes needed no coastal trans-shipping, and New York's share of the grain traffic, 20 million bushels in the good days, but fallen recently to 5 million, is 40 per cent lower than it was last year.

The imminent disappearance of the grain trade in the port of New York is only one symptom of the trend. Hardly less startling is the changed handling of fresh fruit, vegetables and fish, which used to come by boat and train and now come mostly by lorry. The produce market, still served by a few ancient piers on the Hudson River, just above the financial district, now gets only 27 per cent of its goods across those piers. The Fulton Fish Market, occupying expensive space on the East River, gets only 7 per cent of its fish by sea; the rest arrives by lorry. The inefficiency of these crowded and insanitary markets increases the cost of food to the consumer, but so far plans to shift them have been frustrated by inertia and special interests.

On its southerly waterfronts Manhattan Island, which has always compensated for lack of space by building upward, is faced with a situation in which that solution does not apply. Neither ships nor lorries can operate twenty storeys up. Even if the obsolete piers were rebuilt (against the advice of regional planning experts and at a cost which makes the city fathers blench) space would still be lacking in the city's streets for lorries to carry the goods away. Shipping, at least of bulk commodities, seems to be bound for other sections of the New York waterfront where it can be handled on the level and can spread sideways.

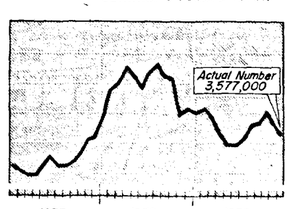
Until the regional planning group completes its nine-volume study, the clearest picture of the complex and inter-related problems of land and water which confront the city is to be found in



QUICK RECOVERY

The ending of the steel strike in November brought a sharp upturn in industrial production in the United States. The gain of 6 per cent in December, shown in the chart on the left, was one of the largest in recent years and brought the total almost back to last summer's record level.

As a result a record number of people for the month — 65,699,000 — were in jobs. Employment went up in December for the first time in this month since the war and the number out of work dropped instead of showing the usual rise; this brought a fall in unemployment as a percentage of the civilian labour force, shown in the chart on the right.



Both charts show seasonally-adjusted figures

Justice Out of Order?

FROM A SPECIAL CORRESPONDENT

CRITICISM of the Supreme Court is not new, but it has been increasing in the last few years. The latest attack, a novel study of how much time the Justices of the Court have for its work and how they use it, comes from Professor Hart of the Harvard Law School and was published in a recent issue of the *Harvard Law Review*. Starting from the premise that the quality of the Supreme Court's decisions has deteriorated, he asserts that this is most marked where the theory and functioning of government are involved, so that the Court's present weakness is undermining the structure of the government itself. He also argues that the deterioration is lessening the professional respect of first-rate lawyers for the Court at a time when both the institution and the Justices themselves are especially in need of the bar's confidence and support.

The Court sits for thirty-six weeks a year, from October to June; the other sixteen are devoted, theoretically, to rest and recreation. Assuming that each Justice is capable of eight hours of intensive application every day, six days a week, this gives him 1,728 hours of annual working time. In this he must listen to oral argument, read briefs, confer with his fellows, make his decisions and write the opinions assigned to him. Last year about 1,540 cases required some, though not always extended, consideration. Moreover, every Justice must participate in every case; otherwise it might be claimed that a decision was the work of an individual rather than of the whole Court.

After analysing the work accomplished during five years, Professor Hart concludes that, on the average, each Justice spent 372 hours annually in collective deliberation, 242 in deciding which of 1,300 claimants had a right to be heard, 918 hours in private study of the 125 cases accepted, including the writing of opinions on some of them, and 196 hours in a variety of other tasks. Further calculation suggests that about 24 hours is spent on the preparation of each published opinion.

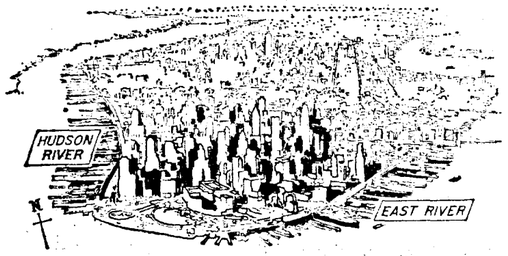
Admittedly this figure is a statistical figment; Professor Hart notes that a number of the opinions written in each term had obviously received more time. The loudest complaint, however, is that some of those handed down in 1958-59 read as if they had less, rather than more, than the average 24 hours of work devoted to them, even though they concerned complicated and far-reaching issues. The implication is clear that some way must be found either to increase the working time available to the Justices or to lessen the load of their work.

Both courses are possible, but the second one seems more desirable and more feasible. The Court controls the kind and number of cases which it will hear, yet the total has risen by more than a third in the last five years and is still growing. In common with some of the Justices, Professor Hart believes that the Court is not only accepting more cases than it can deal with adequately, but also that some of these, such as injury cases, should properly have been refused a hearing under any circumstances. The result is that it has too little time to straighten out basic confusions such as those now surrounding *habeas corpus*.

Professor Hart also notes an increasing tendency on the part of the Justices to dissipate the Court's time by writing an unnecessary proliferation of individual concurring or dissenting opinions; he suggests that the Justices have ceased to feel that they are part of that collective personality called the Supreme Court, and are under a disintegrating compulsion to make their individual views known. Finally, the Court's practice of voting on each case at the end of the week in which it was argued tends to rule out changes in view which might result from a longer study of the record; this may be responsible, in part, for the growing lack of a consensus in the work of the Court as a whole.

From all this it seems clear that the Court needs a new Charles Evans Hughes; he was the Chief Justice who set its house in order in an earlier period of dissatisfaction with the Court. That the genial Governor from California who now occupies that post may not have sufficient iron in his backbone for this task is at least suggested. Professor Hart also criticises the bar and the law schools for the inadequacy of the oral and written arguments presented to the Court and for the absence of an "adequate tradition of sustained, disinterested and competent criticism of the professional quality of the Court's opinions."

the review that Mr Rockefeller's group put together last year. Limiting itself to the foot of the island, it marked out an irregular area not more than a square mile in size, studied the existing use and values of the land and projects for traffic improvements and the redevelopment of decayed sections. Its survey included the great clutch of business skyscrapers, the crumbling East River piers at their feet, and the attendant small brick buildings that once saw the webbed rigging of clipper ships. The contrasts are illustrated by one street where land and buildings on one side are worth $115 a square foot and those on the other only $17.



It is the contention of this group that "eventual business occupancy of the greater part of lower Manhattan will represent the most logical and economically sound use of land in the area." To that end it proposes a couple of waterside housing projects so that employees could walk to work; it agrees with the city that a helicopter port is needed to fly business men to the airports to the east or west. Rather than spend $40 million on replacing old piers, it would provide a small shipping basin where tycoons could park the boats which bring them to the office; additional garage and parking space for motor cars is of primary importance. Just this week it has suggested, more boldly, that the Port of New York Authority should undertake, on the East River, a $250 million development to include offices, a hotel, and a world trade centre and to offer a new home to the New York Stock Exchange. But the waterfront tradition, visibly rotting though it is, dies hard.

Activity About Radioactivity

Last year saw the beginning of a campaign, under the health and safety regulations established in 1957, to deal with the dangerous radioactivity which may spread from uranium processing mills. Altogether eleven companies have now been ordered to comply with the regulations: most of them had failed to keep the required watch on radioactivity in their plants or to put up warning signs. The worst offences appear to have been at a Union Carbide Company plant in Rifle, Colorado, where employees were exposed to more than the permissible safety limit of radioactivity and where no check was kept on the extent to which the Colorado River was being polluted by water from the plant.

Contamination of this river and its subsidiaries is particularly serious because it rises in the Rocky Mountains in the middle of the uranium mining country and spreads out to the Pacific coast, providing the water not only for direct human consumption but also for irrigating food crops over one-twelfth of the United States. Plans are now being made for protecting all the rivers in the region and action has already been taken to cleanse the Animas River, polluted by radioactive waste coming from the Vanadium Corporation's uranium mill at Durango, Colorado. But this also served to illustrate the difficulties: by passing the waste through settling ponds contamination was reduced by 80 per cent, but the radium in the drinking water at a near-by town was down by only 50 per cent and was still well above the permissible level because so much had already been deposited in the river bed and in the town's filtering system.

The danger that radioactivity may eventually seep through into the water-bearing strata deep underground and thus make the country's water supplies permanently unsafe is one of the objections to burying the waste from atomic plants. This may remain poisonous for centuries and how to dispose of steadily increasing quantities of it will become an ever more serious problem as industrial uses of nuclear fission expand. The usual method so far has been to dump the waste far out to sea in cement-lined barrels, but it may be difficult to go on doing this on the large scale which will become necessary before long. Safe as these barrels are supposed to be there have already been protests in Los Angeles against a salvage operator who allowed them to pile up on his premises. And the licence for another firm which wants to sink similar wastes in the Gulf of Mexico has been delayed for two years by the objections of local officials and of fishermen.

Fund Goes West

The Fund for the Republic, set up in 1952 with a grant of $15 million from the Ford Foundation, was unusual in the foundation world in that it was required to expend its capital within a reasonable time and then wind up its activities. To begin with, it was concerned with a crash programme to counter McCarthyism, making grants for studies which would stimulate the vitality of the traditional rights and liberties of the American people. But by 1957 that vitality had been reasserted and the fund decided to devote its remaining $4 million to studying the effect on those rights and liberties of institutions—business corporations, trade unions, mass media of communication, political parties, religious bodies, defence organisations—which had developed since the American Constitution was drawn up. This is the Basic Issues Programme, being carried out by a team of permanent consultants who work with outside experts and scholars to clarify, although not necessarily to solve, the problems facing free societies in countries which lack experience in self-government as well as in established democracies.

The upper floors of a Manhattan skyscraper were not an ideal setting for such discussions and during 1959 the project was moved to the more favourable atmosphere of Santa Barbara in southern California, rapidly becoming a west coast cultural centre. Here the climate and attractive setting will encourage the experts to come often and to stay longer and there may be fewer interruptions and distractions while they are there. During the coming year they will include Professors Galbraith and Nevins, the economist and the historian, Mr Arthur Goldberg, the labour lawyer, Dr Mortimer Adler, the philosopher, Mr Aldous Huxley and Mr Harry Ashmore, late of the *Arkansas Gazette*.

But with all this new activity the idea of being self-liquidating has been thrown overboard: this Centre for the Study of Democratic Institutions is to be permanent, for by going west the fund has saved itself from going west in another way, through lack of money. It was offered substantial gifts, by whom is not disclosed, on condition that it moved to Santa Barbara and has now been promised $155,000 altogether. How to supplement this is presumably one of the questions facing Dr George Shuster, of Hunter College, who is working out plans for the centre's future work. Dr Robert Hutchins, chairman of the consultants, emphasises that it is designed not for action but for thought. It will be in effect a university without students and, if all goes well, and particularly if the consultants and experts devote as much time to the project as it deserves, then it might even become a modern equivalent of the academy of ancient times.

I

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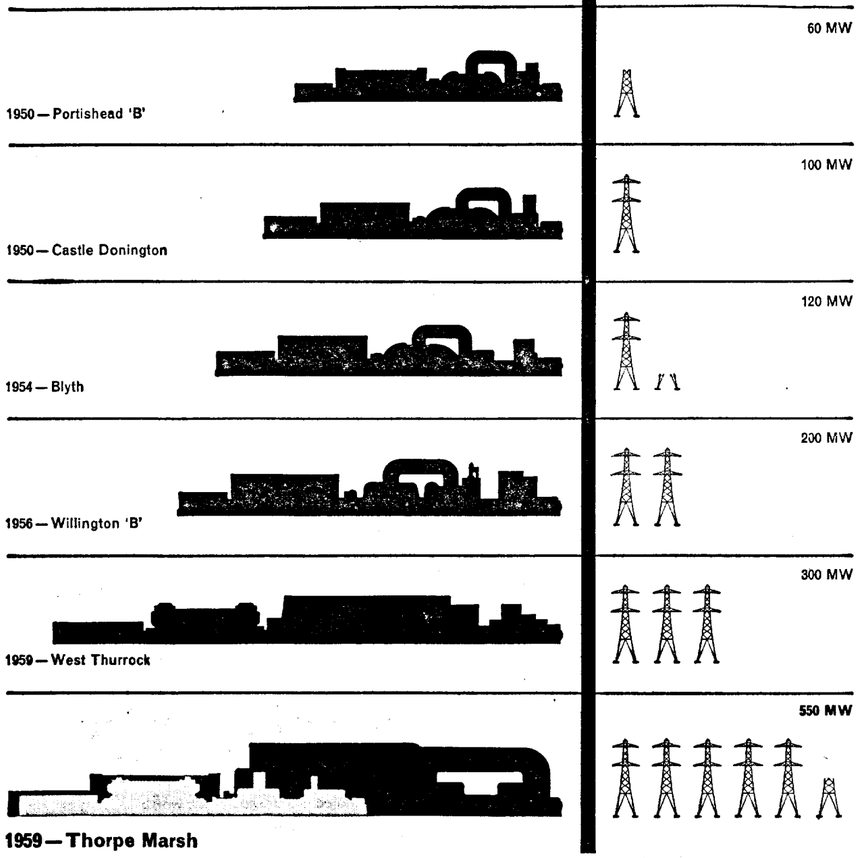

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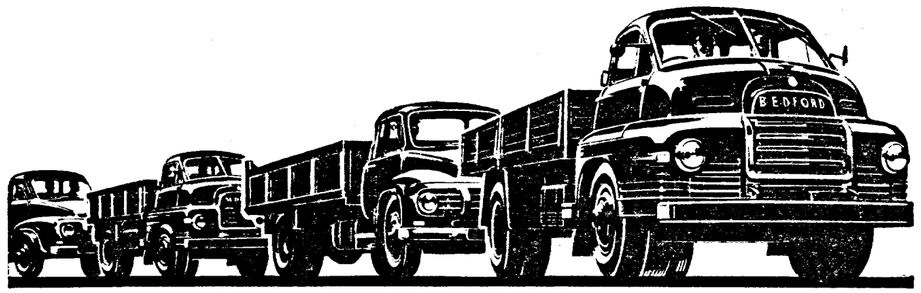

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THE WORLD OVERSEAS

Mr Macmillan's Trail of Doubt

FROM A CORRESPONDENT IN SOUTHERN RHODESIA

WHATEVER success Mr Macmillan achieved on the first two legs of his African tour—in Ghana and in Nigeria—has certainly not been repeated in the Federation of Rhodesia and Nyasaland. And rash though it may be to prophesy what may happen on the fourth leg in South Africa, it seems likely that his visit to the federation will stand out as the notable failure of the Prime Minister's African pilgrimage. The blame for this lies less at Mr Macmillan's door than at that of the Rhodesians and Nyasalanders of all races who have largely failed to appreciate what the Prime Minister had come for. Mr Macmillan himself has made it clear often enough that he regards his African tour as the logical extension of the visits he has already made as prime minister to other parts of the Commonwealth. Ghana and Nigeria fully appreciated this and treated his visit as one of goodwill and, to some extent, ceremonial.

Rhodesians and Nyasalanders—black and white—on the other hand, expected great things. The supporters of federation hoped for a categorical assurance that the British Government will not in any circumstances allow the federation to be broken up. Its opponents hoped for a whole range of undertakings, from a pledge that Nyasaland and Northern Rhodesia would be allowed to secede from the federation either immediately or in a year's time, to a definite assurance about the release of Dr Banda. Such expectations may have been mistaken, but they were easily understandable after the year of doubt and confusion about the future through which the federation has just lived. Rhodesians and Nyasalanders of all races want nothing so much as an end to their doubts—even if this confirms the worst fears of one group or another.

But Mr Macmillan has, if anything, sharpened the edge of doubt. His supply of clichés has been inexhaustible, his pronouncements always meticulously correct. During his major public speech in the federation—at the Rhodes cinema in Salisbury last week—he spoke fluently for thirty-five minutes without saying a single word that mattered. He reaffirmed the British Government's determination to stand by the terms of reference of the Monckton Commission. These, in most people's understanding, including presumably Mr Gaitskell's, preclude the commission from recommending that the federation should be broken up—though it will scarcely be feasible to prevent evidence on this vital issue from being offered to the commission if it is to serve any useful purpose at all. On the other hand, Mr Macmillan has pointedly declined Sir Roy Welensky's invitations to say publicly in so many words that the federation will not be broken up. Equally pointedly, he has avoided the gambits designed to elicit a commitment to permit the secession of the northern territories from the federation, or an undertaking to release Dr Banda, or to end the Nyasaland emergency. Instead, in Nyasaland on Tuesday, he warned African politicians against "developing an intense African racialism" and against shouting slogans, adding that no one "can live by eating votes and constitutions"—perhaps his most positive public statement of the whole tour.

It was in Nyasaland, incidentally, that he met the most forceful African demonstration against him as the man who invented the Monckton Commission. The hotel at which he was addressing a civic luncheon in Blantyre was stoned by a crowd led by members of the Malawi Congress party. But even this demonstration seemed half-hearted, while all the other African nationalist demonstrators have been downright apathetic. They have rarely numbered more than a hundred in any one place, and most of them have been teenagers or very young men. Mr Macmillan has in most centres made a point of going over to talk to them, and has usually left them smiling ; in one place they actually cheered. Even the much-publicised "bomb plot" at Ndola was peculiarly half-hearted. The bomb was placed in a part of the hotel where, if it had exploded, the Prime Minister would not have been likely to have heard it, let alone been injured. And the bomb had no fuse.

FINALLY, after a press conference in Salisbury on Tuesday night which was a superb demonstration of how to field reporters' questions and lob them back without giving offence but at the same time without giving answers, the Prime Minister flew off to South Africa, leaving behind him more doubts and a greater malaise than he had found. For this Mr Macmillan himself can scarcely be blamed (though it might be argued that his advisers should have warned him of the false hopes his visit would arouse): it rather illustrates the failure of people in central Africa to realise that they have ahead of them an even more agonisingly doubtful year than the one just ended. During 1960 the Monckton Commission will investigate and report and the political conference on the review of the federal constitution will, according to present plans, meet to take some firm decisions. Not until these things are completed will today's doubts be resolved.

Mr Macmillan apparently extended his public non-commital attitude to his private discussions with Sir Roy Welensky and other political leaders—except about his immediate plans for Nyasaland. On the general questions of secession from the federation, the future independence of the federation, the status of the northern territories and the British Government's responsibilities there as protecting power, there were probably few exchanges. The two prime ministers clearly agree that these matters cannot be profitably discussed until the federal constitutional review, and certainly not until Lord Monckton has reported. But it does seem likely that Mr Macmillan has told Sir Roy Welensky of his and Mr Macleod's immediate plans for Nyasaland. These are believed to include the early release of Dr Banda, the lifting of the state of emergency before the middle of the year and immediate talks on a new Nyasaland constitution—talks which it had been expected would be delayed until the federal constitutional review or after it.

Sir Roy Welensky's reaction to these decisions remains to be seen. Dr Banda's imminent release is likely to be his greatest concern, as it is of many senior Nyasaland government officials in Zomba who fear that further bloodshed will follow it. But there seems little doubt that Mr Macmillan has made it clear both to Sir Roy and to the Nyasaland government that he and Mr Macleod are firmly committed to all these moves and that Sir Roy, with an eye to the federal constitutional review, would be wise to concede them with the minimum of fuss.

Struggle in a Vacuum

FROM OUR PARIS CORRESPONDENT

A FEW days of real crisis were sufficient to reveal the political emptiness behind the institutional façade of the Fifth Republic. The façade could glitter and the new institutions could impress superficial observers as long as the machinery of government met no resistance. The executive looked strong when faced with a submissive parliament and an apathetic country still stunned by the events of May, 1958. But when, this week it came up against the first solid obstacle—the passive resistance of the soldiers in Algeria, "neglecting" to carry out orders—the institutional façade crumbled. Behind it was revealed the solitary figure of the man in the Elysée.

General de Gaulle was at once faced with a choice. He might seek a compromise with the army—a compromise which in fact would be a surrender with face-saving devices—and thus recognise it as the dominant power in the country. Or he could try to resist. In that case he had to counter the effective power of the military with a popular force in France. In other words, he had to try to fill the political vacuum which nearly two years of reliance on the "saviour" have created in the country. He has one major advantage, however, which the men he displaced in 1958 did not enjoy. There is no de Gaulle at Colombey now who can be produced and presented to the French people as an alternative to clash or surrender.

Wise after the event, some commentators have been pointing out that General de Gaulle would have been in a better position for a trial of strength with the army and the Algerian settlers, say, in the autumn of 1958, after his overwhelming success in the referendum. Since then, his popularity has decreased. The government's measures of economic austerity antagonised large groups in the nation. The general's foreign policy set him at odds with the "Europeans" and with the faithful supporters of the Atlantic alliance. The manner in which the schools issue was handled increased the hostility of the Left. M. Pinay's departure was a sign that the conservative opposition was not limited to the advocates of "French Algeria" led by M. Duchet and M. Bidault. Even in the Gaullist UNR itself there were elements of hostility (as illustrated by rumours that M. Soustelle was going to resign from the government).

And yet it is safe to assume that if a referendum were held in France on the policy of self-determination for Algeria, the general would muster an overwhelming majority (though its composition would be very different now from the majority that subscribed to his return to power). And so by the mid-week it was, indeed, being suggested in Paris that such a referendum was the general's answer to the passive resistance of the military. M. Mollet's Socialists made this proposal officially on Wednesday. To some it seemed a better weapon than the full powers the general could obtain by invoking Article 16 of the Constitution, because what was now needed was popular support and not the empty trappings of authority.

Technically the matter looked simple. Parliament would have had to be recalled because, as the constitution provides, a referendum can only be ordered when parliament is in session. All this, however, would have taken time. Judging by the various pronouncements issued by parties and trade unions so far, and the letters of support reaching the Elysée, there is little doubt that the communists and other left-wing groups would urge their supporters to vote for the policy of Algerian self-determination. The cleavage between General de Gaulle and the army would thus widen. Appearances of unity would be dropped and the risks of a clash would be increased. If the army refused to bow to the popular will of France, President de Gaulle would ultimately have to take the decision M. Pflimlin never dared to take—threaten the army with a nation in arms.

Symbolically, the president's choice can be described as between the de Gaulle of 1958, who was brought back to power by a military *putsch* in Algeria, and the de Gaulle of 1944, who returned to France as the head of a Resistance in which left-wing elements were strong. The second alternative cannot appeal to him: it would destroy the myth of unity and the general's pretension to be an arbiter above parties. But it seems in Paris that the present ambiguity—with General Challe proclaiming the army's loyalty both to the government and to an Algeria French for ever—cannot be preserved for very long. Soon, if the army does not give in, President de Gaulle will have to take a decision, if only to end the apathy of metropolitan France and throw its weight into the balance against militant European Algeria. By Thursday, right-wing extremists like M. Le Pen were being arrested in Paris but the idea of the referendum was apparently being abandoned and the government's next move was hard to see. Not to act is also a policy, though M. Pflimlin did not find it a paying one. To pretend that the army is loyal and obedient is no solution either. Whatever the general decides to do within the next few days, the veil has been lifted and the Fifth Republic will never have the same face again.

The French Army—I

FROM OUR PARIS CORRESPONDENT

THE army's wishes and the army's intentions are the question-marks that have seemed this week to govern France's immediate future. In a way, the political problem is now much more circumscribed than during the crisis of May, 1958, which brought about the end of the previous regime. Then, it was relevant to wonder about the attitude of parliament, the parties or the trade unions. Only when M. Pflimlin—the head of the government at the time—renounced any attempt to bring popular forces into play was he compelled to surrender to the army and accept the conditions of its commanders. In the Fifth Republic the political and institutional void surrounding the monarch is such that the whole affair is, from the start, reduced to a secret dialogue between General de Gaulle and the army commanders controlling the situation in Algeria.

In fairness, it must be stated that the army's importance in politics is by no means a new phenomenon. At the turn of the century, after the Dreyfus case, a bitter struggle was necessary to curb the political ambitions of the General Staff. After the second world war the army's part in politics grew as successive governments of the Fourth Republic abdicated their responsibilities and allowed commanding officers to run the country's colonial policy. A trial of strength became inevitable. It came in May, 1958, when the army command in effect vetoed parliament's choice of government. After a parody of resistance, government and deputies gave in and France changed regimes. To grasp the ambiguous relationship between the army and the President of its choice—a choice since endorsed by a massive popular vote—it is necessary to glance back at the events which have helped to shape the attitudes of the military cadres.

Many French officers are haunted by memories of defeat. The army's last real victory is over forty years old; and even at Port Said in 1956, when victory of a kind came within its grasp, it was snatched away. The feeling is the more bitter since the French forces have been fighting, in colonial conflicts, almost uninterruptedly ever since the end of the second world war. The Indo-Chinese war culminating, in 1954, in the disaster of Dien Bien Phu left a deep mark. Officers emerged from this traumatic shock with three fixed ideas: resentment against the civilian government in Paris "which has let them down"; a crude conception of a world in permanent struggle between the Christian good and the communist evil; finally, an admiration for communist techniques coupled with hate for communist ideology. Mao Tse-tung's writings on revolutionary strategy were translated into French. They did more than provide military writers with quotations about the nature of revolutionary war; they became the bedside reading of many officers serving in Algeria.

One war was, in fact, succeeded by another. Algeria provided a fertile ground for the seeds brought from Indo-China. A glance at French military publications or conversations with French officers shows that many are still convinced that colonial wars form a vital part of the anti-communist crusade. Communists, according to this version, are trying to bring western Christendom down by striking at its soft under-belly in the Middle East, in Africa, even in Latin America. In Algeria, faced with the nationalist rebellion of the FLN, the French command could use its new arsenal of counter-revolutionary weapons: strict control of the Moslem population, indoctrination, brain-washing—the task of the psychological warfare specialists was made easier by a huge re-settlement of the Moslem population (involving more than a million people). In vain was it objected that Mao's methods succeeded because his was a national programme and a programme of social revolution. The soldiers came to believe that if their policy did not bring the expected results, the blame must be put on the civilian government in Paris, perverted by "defeatist" influences.

No blame could be put on lack of men. In 1956 M. Mollet's government decided to send national servicemen and reservists across the Mediterranean; ever since, the military command in Algeria has had close to half a million men at its disposal. Since only a tenth were actually involved in fighting at any one time, the rest could be spared for other tasks. Such a wealth of manpower enabled the French army to extend its administrative control to remote villages and at the same time to embark on social work on a massive scale. The army supplied teachers, doctors, nurses, builders, engineers and many more specialists besides.

Two important consequences have resulted. The army is now in full control of the country. No economic programme—the Constantine plan, for example—can be carried out without its help. No elections can be held without its consent. Secondly, social work among the Moslem population has given the soldiers a sense of mission which renders them proof against liberal humanitarian agitation about the torture and other horrors which mark the war. Often contemptuous of the French settlers and their obsession with privilege, many of the soldiers firmly believe that they are working for the good of the Moslem population exclusively. Everywhere the officers have assured their Moslem collaborators that France has come to stay and will never abandon them. ("We shall not let our friends be punished as traitors, as in Tunisia or Morocco. We shall not allow them to be massacred by the FLN" is a refrain often heard in conversations with officers about the future of Algeria.)

Service in Algeria thus gives the army a sense of power and a sense of mission. By now this mood marks the French officer corps as a whole, and it is more relevant to General de Gaulle's decisions than any "threats" from politically minded colonels. Many officers who had close links with extremist settlers' organisations have been gradually removed from their posts through promotions and transfers. But their successors have been rapidly infected with the general mood. The war has its logic and the colonial atmosphere of Algiers is insidious.

Twenty months ago the army had a striking confirmation of its political power. The Fifth Republic did not produce any political forces to restore the balance. General de Gaulle has implicitly admitted that in the crucial Algerian question the mood in officers' messes is more important to him than that prevailing in the lobbies of the Palais Bourbon. Before revealing his policy of "self-determination" for Algeria on September 16th, the general did not consult parliament; but he made a special trip to Algeria in order to consult commanders of all ranks. Those officers who accepted the general's new plan (reluctantly, since it conflicted with the magic slogan of integration) did so on the

Morocco's Parting Guests

FROM A CORRESPONDENT

THE news given by President Eisenhower during his recent visit to Morocco that the American air bases there would be evacuated by 1963 was not really news. It had been known for some time. But it did serve to bring it home to shopkeepers, hoteliers, and the 8,000 Moroccans employed on the bases that in the course of the next few years they will lose another large and particularly free-spending part of their alien population. There are several thousand Americans in Morocco, and they spend about $40 million a year.

It is also a reminder of two other large-scale departures which have been going on and are probably by no means ended. The first is the exodus of the French settlers. There used to be nearly half a million Europeans in Morocco; the great majority were French *colons*. In the last five years a third of these have packed up and left. For the moment this outflow has largely ceased. Whether it will continue depends as much perhaps on the maintenance of the personal position of King Mohammed V as on the more obvious question mark which hangs over the future of the French Army in Morocco.

The other exodus is that of the Jews. There has been a large population of Sephardic Jews in Morocco certainly since the days of the Spanish Inquisition and probably for longer. There were about 400,000 of them. In the last nine or ten years, since the writing on the wall began to spell "Moroccan independence" in more distinct letters, about 150,000 have left. At first their departure was openly conducted and financed by an organisation of the Jewish Agency at Casablanca called Cadima. But in 1956 this was closed down largely as a result of the emotions engendered by the Suez crisis and of the growing power of the pro-Nasser Istiqlal party in Morocco. Since then emigration has been clandestine.

For a time the refugees managed to get away in small parties through Tangier. But this door was closed soon after the international zone was incorporated in Morocco, and since then their only route of escape has been a precarious one through the Spanish praesidios of Ceuta and Melilla into Spain by sea, and thence overland to Gibraltar, where they can go east by ship or by specially chartered aircraft.

There are two main reasons why the Moroccan government objects to this exodus. In the first place it does not want to lose the urban Jew, who is an almost essential element in the business and professional life of the country, particularly at a time when Morocco wants to reduce its present formidable dependence on the French in these and other respects. The second reason is that every Jew who goes to Israel is regarded as an extra thorn in the pan-Arab flesh, and almost every nationalist in Morocco pays at least lip service to the pan-Arab idea.

The result is that the government tries to persuade them to stay with one hand, and to stop them going with the other. Assurances of equal treatment and of fair opportunity have been given many times, and as a sign that they are accepted as part of the community a Jew was given a seat in the Cabinet. But however much the government encourages them to stay and however much it tries to prevent them leaving, the Jews still leave for Israel.

assumption that it was prompted by international considerations and really designed for a distant future. Then came the rumours of a deal with the Moslem rebels (FLN), and the inevitable inference that the army's days in Algeria might be numbered. The mood was radically altered by such talk. In the last three months comment hostile to General de Gaulle's Algerian policy—on the lines of General Massu's now historic interview—was the rule, not the exception, in officers' messes.

The attitude of the officers towards General de Gaulle is not the same as it had been towards M. Pflimlin. The general is a man of their choice. The army cannot stage a *Putsch* every year. It does not want now to change regimes, simply to put a check on the Algerian policy of the present one. The riots in Algiers gave it an excellent opportunity to show who is master there. The immediate question is: what guarantees about policy will the army insist upon before it will agree to carry out the President's orders? Assuming that a compromise will be reached in the present crisis, the wider issue will remain whether General de Gaulle can ever offer the professional soldiers a sufficiently dazzling prospect in France, and Europe, to attract them away from the Algerian mission which has brought them the power and the prestige that they have.

(To be concluded)

Round the Tribal Drum

FROM OUR BONN CORRESPONDENT

SINCE the beginning of the year several attempts have been made independently to catalogue the organisations in western Germany that invite whomsoever it may please to gather round the primitive tribal drum. The ministry of the interior, the major political parties, the trades unions and many foreign missions have had their men out looking and listening. The investigators' findings are all much the same. There exist quite a number of crudely nationalist groups with totalitarian leanings; but their membership is small, their manner largely apologetic, their appearance often ludicrous, their purse slender, and their influence at present consequently negligible.

Students and teenagers apart, it is confidently reckoned that at the most 25,000 persons belong to parties, or to other less ambitiously organised groups, professing beliefs that derive directly from the root stock of national socialism. Of these, some 19,000 are enrolled members of four licensed political parties—the *Deutsche Reichspartei* (17,000), the *Deutsche Gemeinschaft* (1,000), the *Deutscher Block* (400), and the *Deutsch-Soziale Union* (600). The *Deutsche Reichspartei* is led by Wilhelm Meinberg, a middle-aged malcontent who joined the Nazi party as early as 1930 and rose to senior rank in the SS. The *Deutsche Gemeinschaft's* pocket Führer, August Haussleiter, was even earlier afield; he took part in Hitler's unsuccessful Putsch at Munich in 1923. And Otto Strasser, the once-burned yet not twice-shy founder of the *Deutsch-Soziale Union*, is the old party comrade whose brother Gregor was breezily butchered in the 1934 settling of scores. The sporadic appearances of these tatty, unteachable ghosts command scarcely any attention and no respect. The remainder of the organised nationalist bigots—some 6,000 at most—are members of eight different groups. Their names alone sufficiently proclaim their eccentricity: the *Notgemeinschaft Reichstreuer Verbände*, the *Neutral-Deutsche-Soziale Union*, the *Bewegung fur Götterkenntnis*, and the like.

The activities of all the above-mentioned organisations are watched by the Office for the Protection of the Federal Constitution, which is responsible to the minister of the interior (unhappily at present a man whose past is not entirely without a trace of brown). The Office's efficiency varies with its staffing in the Land branches; but under Herr Hubert Schrübbers it seems to be generally winning back the respect which it lost under Dr Otto John—although at the moment Dr John, who saw a Nazi under every table, is probably rather enjoying the latest pother. Herr Schrübbers and his men still keep in touch with representatives of the western powers that were lately responsible for German security.

It is possible to name as many as 18 youth groups appealing more or less frankly to the primitive national prejudices that most sensible Europeans today are trying to overcome. The majority are led by grizzled survivors of petty Nazidom. Scaremongers put their total strength at 40,000; responsible investigators at 10,000. Among them are the *Bund Nationaler Studenten* (800 members), the *Wiking Jugend*, the *Bismarck Jugend*, the *Schiller Jugend*, the *Jugendkorps Scharnhorst*, the *Jungdeutsche Freischar*, and also the *Deutscher Jugendbund Kyffhäuser*, which is not wildly nationalist in temper. None of these groups makes a conspicuous mark on the political scene. A failing of contemporary German youth is its detachment from politics. After the somersaults of recent history, its perplexity and distaste for engagement are to some extent understandable.

Two associations that might be suspected of trying to revive Nazi ideas are the *Bundesverband ehemaliger Internierter und Entnazifizierungsgeschädigter* (Federal association of former internees and victims of denazification) and the *Hilfsgemeinschaft auf Gegenseitigkeit der ehemaligen Waffen-SS* (Mutual welfare association of soldiers of the former Waffen-SS). Yet these two organisations, each of which has some 10,000 members and is steadily diminishing, do in practice confine themselves to helping those who, through their association with the Nazi past, find themselves handicapped in the business of earning a living. More disquieting noises are heard occasionally wafting from the regional associations of refugees (*Landsmannschaften*) and from some of the ex-servicemen's organisations. The current issue of the circular letter addressed monthly to refugees from Pomerania contains, for example, the following exhortation: "Read the *Pommersche Zeitung!* Attend our meetings! Order your books from the Pomeranian book distributing centre! And—whoever can afford it—get ready for the traditional Whitsun meeting of Pomeranians in Bochum; for this rally is being held no more under the slogan 'Pomerania lives' but under the war-cry 'Pomerania belongs to us!'."

IT would be surprising if the ex-servicemen's organisations did not house some anti-democratic diehards. But they are seldom heard, and seem to have no say in determining policy. The *Verband deutscher Soldaten* (approximately 100,000 members) and the *Kyffhäuserbund* (50,000) behave sensibly and unobtrusively, serving mainly the social and economic interests of their members. The hoary *Stahlhelm* (2,500) tries to cultivate a martial and nationalist mystique; it remains woodenly earthbound.

A variety of periodicals and books are being published whose aim is to titillate the sillier fancies of all these various organisations. The *Deutsche Reichspartei's* weekly, *Der Reichsruf*, has a print of 25,000 copies. How many are sold is another matter. It is nowhere conspicuously on sale, and, like other publications of its kind, cannot be bought casually at any kiosk. The most energetically promoted extreme right-wing newspaper is the *Deutsche Soldaten Zeitung*, which has a circulation of just under 20,000 copies. It has lately come increasingly under fire from responsible and influential Germans. A handful of obscure publishing houses have long been producing sacred canon for the lunatic fringe.

Most Germans have lately been discouraged by the vehemence and exaggerations with which the existence of these vestiges of



Heracles comes to town

Outside ancient Argos in the Peloponnesus, shadowed by sombre purple-lined mountains, lies the plain of Argolis—once the scene of one of the Twelve Labours of Heracles and today one of the principal vegetable-growing areas of Greece. Beans, potatoes, tomatoes and other vegetables are grown, chiefly for the home market. Soil and climate are ideally suited to these crops—and to the pests that prey upon them.

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Aphis fabae

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the past have been discussed abroad, particularly in England. The more thoughtful of them are saying that, if Germany should ever again endanger Europe, it would not be through indulgence in "neo-Nazism," but through yielding wearily to the temptations of an opportunist neutralism. Were such a mood to spread, some of the organisations whose discredited warcries go unheeded today might flourish mightily by slightly changing their appeal.

Cubans in Control

FROM A CORRESPONDENT LATELY IN HAVANA

SEÑOR FIDEL CASTRO'S immense popularity is the outstanding fact in Cuba today. His appearance brings out crowds of hundreds in the small towns, and hundreds of thousands in Havana; his speeches are listened to and quoted everywhere. The new film about him, *El Gran Fidel*, plays to packed and enthusiastic audiences all over the island; his picture beams down from government buildings, from banners strung across country roads, from the walls of countless private homes. During the Christmas season his bearded image replaced that of the "Yankee" Santa Claus, and Cubans abandoned the traditional Spanish toast of *Salud* for *Fidelidad*. "Elections now," he has explained, "would be a waste of time, because all the people support me anyway."

His popularity is easy to understand. The rest of the world, which has had a plethora of news from Cuba in the past year, knew little and cared less about the cruelty of the preceding Batista regime. But every Cuban city and village, and almost every family, has good reason to remember the dishonesty, the brutality, and the downright sadism of the dictator's secret police. For Cubans, Castro's revolution meant deliverance from a regime that kept itself in power by torture and murder. The public trials, so much criticised outside the island, dealt out a rough justice that most of the islanders welcomed.

Señor Castro's economic edicts, while hasty and carelessly drafted, have benefited the average Cuban. Reductions in fares, telephone charges, and electricity rates and a fifty per cent cut in most rents have brought about an important redistribution of income; sales of food and inexpensive consumer goods are booming. In the backward Oriente province, where half the population is illiterate and few of the farmers wear shoes, the national agrarian reform institute (INRA) has given work on the new agricultural co-operatives to men who were formerly landless and unemployed. New schools have been opened, and bridges and roads are linking up communities that were once isolated; unhampered by budgetary considerations, the prime minister is in the habit of writing out cheques for $50,000 or even $1 million for these projects on the spur of the moment. The new government, which is conceded to be the first honest administration Cuba has ever had, is helped in its extravagance by several important windfalls, such as the collection of back taxes, the seizure of funds that were stolen or extorted by General Batista's henchmen, and some advance tax payments by industry.

In the long term, the financial picture is dimmer. General Batista left a foreign debt of $1.5 billion, and the current deficit is more than $50 million a year. The land reform institute has not yet issued the bonds with which it promised to pay for the million acres of land that it has expropriated, and the flow of American investment has slowed down to a trickle. The sugar industry, which accounts for two-thirds of the national income and 80 per cent of exports, is heading for trouble because of the higher labour costs and the lack of money for modernisation. A million tons of sugar will be carried over from the present crop, and the world price has fallen from 5 cents a pound in 1957 to 3 cents in 1959. Tourism, which is Cuba's second largest industry, has also dropped off disastrously as a result of Castro's anti-American speeches. The government now refunds half the cost of tourist flights to Havana, and has hired the former heavyweight champion, Mr Joe Louis, to persuade American negroes to come to Cuba for their winter holiday; he has not had much success.

Señor Castro seems determined not to modify his anti-American stand, costly as it is. For half a century American corporations have dominated the island's economy; when Batista fell, they controlled nearly half the sugar mills, 80 per cent of the public utilities, 90 per cent of the cattle industry, and all the production and sale of petroleum products. The island, with its six and a half million people, was the seventh largest importer of American goods in 1958. Cubans were completely dependent on the United States for manufactured goods, and even had to buy $20 million worth of rice from Texas and Louisiana each year to feed themselves. Señor Castro and his followers remember that the United States government supplied General Batista with the aircraft, tanks, and military training that were used against the rebel forces in the Sierra Maestra. They angrily point out that the United States continues to lend money to the Dominican Republic, whose leader has sworn to destroy Castro, while refusing either to sell arms to the Cubans or to countenance British arms sales to them.

Señor Castro has decided to go his way without American help. His main hope is that the land reform co-operatives will make Cuba self-sufficient in the production of food crops and expand production of such export staples as tobacco, coffee, rum, and pineapples. He is looking for new sources of investment and munitions in half a dozen countries in Europe and Asia. He hopes to exploit Cuba's reserves of copper, iron, and nickel, and to develop light industries that will give jobs to 500,000 chronically unemployed workers.

Cubans, despite all the government propaganda, remain friendly towards the United States, and American capital is welcome when the offer of it fits in with government plans. An American-financed lamp factory, a copper-tubing mill, and a nickel refining plant are all scheduled to begin production this year. Castro and the men around him are young and inexperienced; they make many mistakes, and are undoubtedly too sensitive to criticisms of their movement in the American press. But, for good or evil, Cubans, for the first time since the landing of Columbus, have their destinies in their own hands.

Austria's European Choice

FROM A CORRESPONDENT IN AUSTRIA

HOLIDAYING in Kitzbühel and Mariazell at the New Year, the Austrian foreign minister (Dr Kreisky) and minister of trade (Dr Böck) put their signatures to the treaty of the European Free Trade Association. What led the Austrian government to come to a decision which, on the face of it, is not what the country's economic interest would dictate? Half Austria's exports go to the common market countries; Austria's imports from them rose in October from 56 per cent to 60 per cent. The government's reasons for joining the free trade association instead are based not on economic considerations, but on an interpretation of Austria's neutral status. The government's view of neutrality was expressed by Professor Alfred Verdross, the international lawyer, in these terms:

> A permanently neutral state cannot join a multinational economic group such as the common market because (such an organisation) aims at fusion of the national economies concerned, and to this

end it deputes authority to a central organ to follow a united economic policy, which is binding on the member states.

A neutral state, the argument runs, cannot be bound by majority decisions. In case of war, it must be able to free itself from restrictions on the course of its trade which might hamper it in the protection of its physical independence. It is true that the EFTA provides for some majority decisions, but certain concessions have, it is understood, been granted to Austria.

Neutrality, in fact, is an empirical matter. Paragraph 2 of article 4 of the Austrian State Treaty forbids "all agreements having the effect, either directly or indirectly, of promoting political or economic union with Germany." The government's advisers on constitutional law believe that article 4 does not, in itself, preclude membership of the common market; common membership with Germany of a supranational organisation would, they argue, be very different from a union of the two countries. For the rest, nothing in the Treaty forbids Austria to join any political or economic organisation. The hindrance lies entirely in Austria's declaration of neutrality.

ECHOES, of course, have been audible in various quarters. At one juncture there were cries of "*Anschluss!*" among the Socialists. Others alleged that the Russians had been allowed to interfere. It is generally believed that the Russians did inform Dr Kreisky—a hint would have been enough—that they would regard Austria's entry into the common market as a breach of neutrality. The belief was strengthened by a sentence in Dr Kreisky's speech to Parliament:

> Whether international lawyers discuss a question like this, or whether the Austrian federal government discusses it with one of the great powers, are two different matters.

But although the government's critics agree with the Chancellor, Herr Raab, that Austria's main preoccupation must be to foster trust in its integrity as a neutral state, they maintain that it would be fatal to begin with an anxious canvass of opinion among the great powers of what is or is not consistent with neutrality. To do this, they say, would lead inevitably to total loss of freedom of decision. This country's chance of an independent neutrality, they insist, rests solely on the basis of international law. It may demand its legal rights to the full, and the common interest of the great powers will protect Austria; if the country submits to dictation, trouble will follow. The critics complain that Austria should not have accepted exclusion from the common market without an earnest attempt to discover terms under which entry would have been feasible.

The *Anschluss* aspect is, however, worth probing below the purely legalistic level when bridge-building efforts are being made in Paris and elsewhere, and when an economically integrated Europe, though remote, is still not impossible. There is probably not any sizeable body of opinion in Austria which sighs for some politely disguised form of *Anschluss* with Germany. The *Grossdeutsch* romantics either were radically disillusioned long ago, or have retreated to the backwoods. Industry and commerce only ask that they should not be discriminated against in the European market. Western Austria lives on the influx of tourists from Germany and is highly prosperous; the motives of 1938 are not operative. This, perhaps, is the crucial factor. So long as Austria retains something like its present degree of prosperity, no guilty longings for closer union with Germany *as such* will arise. Meanwhile great efforts are being made to increase trade with overseas countries, to compensate for loss of trade nearer home.

At present the coalition cabinet, in foreign affairs, if in little else, presents a united front. But Dr Kreisky, a Socialist of remarkable talents, is well in advance of general opinion in his party. By tradition far more internationally-minded than the conservative Volkspartei, the Socialists are now displaying acute sensitivity to any prospect of majority decisions within the free trade association affecting Austrian independence. This "anti-European" attitude, as the Volkspartei calls it, may be caused by the Socialists' awareness that Socialist delegates are, at present, in a minority at the conference tables of Europe, rather than by any apprehension on Austria's behalf. Dr Pittermann, the vice-chancellor and Socialist chairman, in an article in the party organ *Arbeiter-Zeitung*, denounced the common market and Nato states for "crushing the workers' organisations" and for attempting to "counter the Communist power by forming an alternative power group." This attack can be taken as a warning that the Socialists are not wholly behind Dr Kreisky's foreign policy. The exigencies of coalition government lead to a high degree of double-speak, and to assent to cabinet policy during the week, while attacking it at the week-end is in the ordinary run of affairs.

On the right wing the small Freedom party was, and is, for membership of the common market. It contains the majority of ex-Nazis, and it could be argued that their motives in this are suspect; here the word *Anschluss* comes up again. But their party structure and policy are not neo-Nazi in character, and they may support the common market because they feel the need to oppose government policy in all things in order to retain their *raison d'être*. There are also those for whom commercial interest outweighs other considerations. But above all there are those who fear nothing so much as Austria's isolation, in any degree, from the West, and who deplore the division of western Europe into two camps, the common market and the free trade association. To the fore among the press critics are the leader-writers of the independent *Salzburger Nachrichten*, who have for years been educating their readers towards European integration. On December 4th this newspaper prominently reported Signor Segni's statement to the Foreign Press Association in London, in which he emphasised the essentially non-political character of the common market.

Those who favour closer ties with the common market have been encouraged by a statement by Professor Hallstein that the common market would welcome Austria as an associate, and is prepared to make all necessary concessions in respect of Austria's neutrality and trade with the east; he said this in response to a question by Dr Taucher, the former minister of trade, who is doing a study on the European market for the Federation of Austrian Industries. In Vienna the possibility is being examined of a switch to the common market before the free trade association is ratified. The crucial question is, of course, what terms the community is prepared to offer. Could it or could it not offer non-discrimination, side by side with safeguards for neutrality? Those Austrians who back the Seven point out that there was no sign of friendly gestures of this kind before their group was formed.

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THE BUSINESS WORLD

Machine Tools under Criticism

If the motor industry intends to invest half as much again this year as it did last, and manufacturing industries in general to invest 17 per cent more in new plant and machinery, as businessmen have reported, then Britain's machine tool industry may by now have experienced a very rapid increase in the rate of new ordering. The remarks of some individual companies suggest that they have—though the record of orders for the industry as a whole, which reaches only up to last October, does not show any dramatic increase to that date. Ordering had reached a nadir at about the end of 1958, with only about two-thirds as much business coming in the door as went out, and deliveries had already been cut by about a quarter from the peak levels of 1957. New orders began to pick up last spring: by the third quarter they had reached about £21 million, which might best be compared with orders of just over £20 million in the last quarter of 1954, at the beginning of the last investment boom (prices having risen by perhaps a quarter in the meantime). In October, home orders came in at roughly the same rate, and export orders at a higher rate than in the previous quarter. But the total orderbook of the industry, at the end of October, stood at no more than £53 million, or say eight months' deliveries at its peak rate of recent years. At the peak of pressure on the industry during the 1954-57 investment boom its accumulated orderbook, some £100-£105 million, represented 15 months' deliveries.

This difference suggests that there is at present no need for anxiety, such as was expressed when that last boom was being generated, about the capacity of this industry to produce the quantity of British machine tools that its customers require. That anxiety was never expressed by the industry, but by one group of its more vociferous critics who thought it had not expanded its capacity enough. Their opinion had been founded upon experience during the rearmament boom following the outbreak of the Korean war, when it was decided to rely partly on imports for the machine tools specially required: in the event imports, albeit at inflated prices, substantially exceeded the value of home deliveries of machine tools in 1952-53 (though the British manufacturers had increased output somewhat, and maintained their exports).

It is only fair to say that in the private investment boom of 1954-57 the British machine tool industry did not "fail the nation" in volume of output, as those critics had suggested it might. There were complaints about deliveries by motor manufacturers, who had first bunched their orders for similar types of tools all at the same time, and some of whom later decided to telescope four years' expansion into three. There were fairly substantial imports of foreign tools—but at the rate of £15-£25 million a year, only about a third of the value imported in 1952. But the output of the industry rose within 2½ years, in real terms, by probably 19 per cent,* and home deliveries by over 20 per cent. This was partly achieved by sub-contracting: the industry's critics had not taken into account the extent to which industries that make machinery of one kind can help make machinery of another, and the fact that capital goods industries are seldom all under pressure at the same time. But it was achieved, and economically; and those who berated the machine tool industry for not expanding capacity by more than the quite substantial proportion that it did saw it during 1958-59 in a deepish recession, having been subjected to another of the wide fluctuations in demand to which free economies are in the habit of subjecting their manufacturers of capital goods.

Nor is the industry's record on exports, to date, particularly discreditable. In recent years it has been selling about a quarter of its output overseas, and has had about 15 per cent of world trade (excluding Russia, China, and the satellite countries), against some 7 per cent in the thirties. West Germany has the biggest share of this trade, about 30 per cent; compared with 45-50 per cent in the thirties; America's share has fallen off in recent years but is still about 25 per cent; and Switzerland, whose exports have been growing rapidly, now has a share equivalent to Britain's. Some British makers have recently been selling successfully in Germany and the United States; but a large part of the industry's exports has continued to be to less industrialised countries, largely in the Commonwealth, and these customers usually want general-purpose tools, or less complex and specialised machines than its customers at home tend increasingly to demand.

It is against these varying and indeed divergent patterns of home and export demand that Professor Seymour Melman's report on the West European machine tool industry to the European Productivity Agency last autumn has to be considered—as it is now to be considered by a committee set up this week by the Board of Trade under the chairmanship of Sir Steuart Mitchell of the Ministry of Aviation. This report did not, as has been widely suggested, make sweeping criticisms of the British machine tool industry. It hardly could have

* Estimates are shaky, since the only price indices available are based on only a few "standard" types of tool.

done so. Professor Melman did not see anything of the British machine tool industry during his stay in Europe last summer, being rebuffed not by the industry but (apparently with scant courtesy) by the same Board of Trade which now wants his report studied, as the "production department" for machine tools and as one of the official sponsors of the agency that had asked Professor Melman to make the survey. (The Board presumably felt that manufacturers might not take kindly to further outside inquiries, as the Department of Scientific and Industrial Research had just completed a lengthy survey.

What Professor Melman did report to EPA, after looking at 15 machine tool factories in Western Europe and talking to a large number of tool users (here as well as on the Continent), was his impression that "the machines now produced, while of high quality, are being built under high cost and low productivity conditions." What he saw in a brief look at the Russian machine tool industry, moreover, made him fear that in future international competition

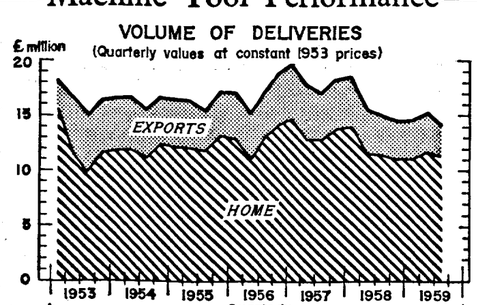
> the West European machinery producers, with their inefficient production methods, will be ill-equipped to compete against a Soviet machine tool industry that is based upon mass-production methods.

These challenging conclusions were, Professor Melman admitted, necessarily tentative, from a sketchy survey, lacking data to suggest constructive changes in policy; his recommendations to EPA were for a series of concise studies to be initiated on various aspects of design, technical performance and requirements, production methods, and machine tool marketing. Among other things for study he suggested: the building of machine tools from standard components; the use of modular "building block" units for general and special purpose machines; how far "special" tools are really needed; the extent and deployment of resources for research; the extent to which customers really require high precision; comparison of the economics of high precision machinery against multiple machining; alternative methods of tool production; the cheapening of numerically-controlled tools; and quality control of precise components. His final recommendation was a large-scale study of market prospects for machine tools.

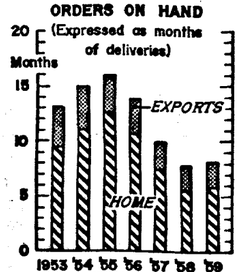
Professor Melman's general conclusion was that "mass production methods" ought rapidly to be introduced into the West European machine tool industry. It sprang largely from his conviction that these already existed and were being spread in the Soviet machine tool industry. Returning from Russia imbued in about equal parts with grudging admiration and abhorrence, he felt—as others in and about the West European machine tool industry have concluded before him—that the Soviet machine tool industry, having been built up during the last generation to develop a formerly undeveloped territory at breakneck speed, and having developed quantity production methods, for some tools at least, to a level hardly matched in the West, would be able to make great inroads into the underdeveloped markets that so far have bought Western tools.

These fears concerned all the West European tool manufacturers; in the body of Professor Melman's report the British industry is in fact mentioned only once. What seems to have made the British industry react sharply to this report is Professor Melman's quotation of the somewhat similar criticisms and suggestions to his own made in an Anglo-American productivity report from within the British industry itself in 1953. The industry—unusually for any taking part in that postwar Anglo-American exchange—publicly repudiated many of the recommendations of that report. What may have irritated British makers were Professor Melman's comments, about these earlier, internal recommendations to the industry, that "from 1953 to 1959 these recommendations have been largely ignored" in the West but that "they are being implemented in the machine tool industry of the USSR."

Machine Tool Performance



ORDERS ON HAND
(Expressed as months of deliveries)



HOME SUPPLIES
(£ million)

Year	British	Foreign
1950	25·5	5·8
1951	31·8	15·2
1952	41·7	59·7
1953	45·4	46·8
1954	47·4	15·8
1955	66·8	16·7
1956	64·1	24·9
1957	70·8	21·0
1958	63·1	17·4
First 10 months		
1958	53·7	14·8
1959	50·0	13·4

CRITICS seldom agree with everything each other says about the same subject. The British machine tool industry attracts the attention of a wide variety of critics: from the left, trade unionists and Labour supporters in general who have advocated some undefined form of nationalisation, without ever thinking about the subject (though Mr Albu and Mr Carron have); from the right, many of its engineering customers and some of the electronics manufacturers who have attempted to co-operate with it in recent years; at the centre, the DSIR investigators who have recently reported upon its attention to design, development and research; and, perhaps its bitterest critics of all, some of its own liveliest-minded members. Many of these would agree that at least some of Professor Melman's specific recommendations need further study; but quite a number of the best-informed, without any particular tenderness towards the industry, would question his main conclusion. Should countries such as Britain try to "mass produce" machine tools?

The weight of criticism of this industry within Britain, on balance, probably leans the other way. It is difficult to know quite what "mass production" means in this context; one does not need machines to make motor cars in the same numbers as motor cars. Assembly of machines in very much larger batches than at present, from units and components which might be made common to different types and hence machined and put together in yet larger quantities, would still in a market the size of Britain's fall far short of mass production. Enlargement of that market by closer links with Europe is conceivable, but beyond the control of machine tool makers. Further rationalisation of production within and between factories is also possible in Britain as elsewhere. But the main anxiety of British critics has been with the quality of Britain's design, research and development, and the extent to which it can compete in producing the most advanced types of tool; and this is an anxiety which the industry now shares.

These criticisms of the industry's technical prowess, and the possible measures that might be taken to advance it, will be discussed in a second article. What perhaps needs saying at this point is that, unless these technical improvements can be brought about fairly certainly and rapidly, Britain's exports would probably be more vulnerable to Soviet competition *à la* Melman than those of the other main exporters: for it has, by comparison, sold abroad up to now more of those standard and general purpose tools that Russia may be able to produce cheaply in much larger quantities. The industry's most fruitful line of effort may well be towards technical advance in its products rather than towards making them by quantity production. But what the industry is unlikely to go on prospering with—as it now apparently recognises—is the mixture as heretofore.

Building Society Reform

BUILDING societies began as clubs of people to finance the construction of houses for themselves. In a century they have grown into permanent institutions responsible for £2,700 million of the savings of four million people, most of it lent on mortgage to owner-occupiers. House purchase societies would be a more apt title; but if "building society" is here to stay it should not be misappropriated and exploited by sharp gentlemen who use it and the benevolent protection of the Building Societies Acts for purposes of property speculation and development quite other than those normally pursued by a building society. The first object of the forthcoming new bill for building societies must be to ensure that investors can recognise the genuine article.

So it will have to discriminate. Only those societies that lend the bulk of their money on the security of owner occupier property or invest it in designated securities should be allowed the name "building society" and the protection of the Building Societies Acts. The chastening thought is that this elementary reform has had to wait until the revelations about the State Building Society last autumn. This belated move towards reform is a sad comment on the short-sightedness of some members of the movement. But not all; Sir Bruce Wycherley of the Abbey National has protested vigorously against the appropriation of "building society" as a cover for property development and speculation.

This has been a postwar phenomenon and it has owed much to the artificial distortion of the property market by rent controls. Handsome capital profits were made from the difference between the value of houses at controlled rents and their values to sitting tenants—and later, after rents were decontrolled, between sitting tenant values and free market prices. The first need was to finance the initial bid for a block of property and the second to finance mortgages to sitting tenants. While the credit squeeze was on, some property companies found (as hire purchase finance companies had found) that the least encumbered way to raise new money was to appeal directly to the small saver. New building societies were created or moribund societies resurrected for this purpose. Mutuality was their masquerade; they looked for their profit from property deals financed at one or two removes out of savings attracted by fancy rates of interest—four or five per cent, tax paid. Even fancier rates of eight or nine per cent had to be charged on mortgages to keep the business solvent, but what was that to property companies who could see handsome capital profits at the end of the street? By leaning on the title of "building society," such companies were able to attract a steady stream of savings without detailed disclosure about their use.

Sir Cecil Crabbe, whose work as Chief Registrar of Friendly Societies has been notable, has kept a close eye on recent developments in the movement. But his power to act sharply or even quickly is limited. He can move on three basic counts. First, if he judges the financial position of a society to be unsatisfactory; but many of the mushroom societies are financially strong, and could easily show the reserve ratios laid down in the Housing and House Purchase Act as a criterion of trustee status for their deposits. Secondly, if he thinks that money is being lent on doubtful security; but the mortgage security of these societies is often sound and properly valued. Thirdly, if he thinks that a society's funds are financing the business of companies in which the society's directors have substantial interests; the trouble here is that laborious investigation is needed to substantiate the facts. And whatever the facts unearthed, Sir Cecil, lacking any firm directive from on high, has been understandably reluctant to apply a drastic "stop order" on advertising for money. The mushroom societies may have gone to the limit of the law but they did not go beyond it and if the money of shareholders and depositors was at greater risk than many of them supposed, it was not usually in outright peril. A spate of "stop orders" might have shaken confidence in the whole movement.

THE new bill must draw a firm line between such property businesses dressed up as building societies and building societies proper. The principle is easy to state; it is difficult to define it equitably. Apart from owner occupiers, there are other classes of lending that the societies are reasonably expected to accommodate. They include loans on tenanted or part-tenanted properties, to builders erecting houses for sale or to let, to firms providing accommodation for employees, and to commercial borrowers on shops, offices and boarding houses. Many leading societies were last year lending 98 per cent

of their advances to owner-occupiers. To limit other mortgages to as little as 2 per cent would be too stringent ; to put the limit as high as 20 per cent would be asking for trouble. Five or ten per cent would give enough room and at the same time compel societies already beyond this limit to mend their ways. But wherever the limit is first set, there should be in the new Act power to alter it.

It is quite inappropriate nowadays that as few as four people, paying a fee of not more than £20, can start a new building society, or that it should be so simple to resurrect a moribund society without having to put any money in it. What began as a simple way of starting a friendly society among poor people has become an absurdly easy way of getting money from the public. The more splendid the name, the bigger the appeal ; yet the Registrar of Friendly Societies has none of the powers of the Company Registrar to disallow words or titles. These are two obvious matters for reform. On others, there may be room for argument. Real security is not inevitably achieved by laying down rules ; reserve and liquidity ratios are incorporated in the Housing and House Purchase Act as a qualification for trustee status of deposits, but they still leave immense differences between the lending policies of the different societies that have so qualified. Should there be limits to the amount that can be accepted by any one society from an investor ? There should certainly be disclosure of the size of loans to any one borrower or grouping of borrowers. The mortgage schedules have been tightened up to stop the abuse of accommodation companies ; they must be tightened further if necessary. Some rules must govern the content of advertisements ; building societies, like HP finance companies, can solicit deposits without any of the public safeguards that are imposed on companies. Should an absolute ban or limit, at least, be put on loans to concerns in which the directors of the society have a pecuniary interest ? This sounds reasonable, but it might make life difficult for the very small societies. Perhaps full disclosure of the directors' interests in a contract might be sufficient. Rules are not the best way of securing effective and continuing control. For this it is much better, given a sound statutory framework, to strengthen the discretionary powers of the Chief Registrar—to make him Chief Registrar, Counsellor and Inspector. For this he must be given a bigger staff.

WHAT should be done with those institutions which fail or do not wish to pass the test as "building societies"? Established tradesmen may not like street traders, but they do a useful job. Sources of finance for property development or speculation are in themselves necessary and desirable. What is inadmissible is that undertakings that are in reality property finance companies should be allowed to operate in the guise of friendly societies. They have a role to play but they should play it as limited liability companies, appealing for deposits under strict rules and subject to regulations at least as stringent as those that are applied to building societies and governed by a much stiffer Sharepushing Act. It will then be up to the investor to decide whether he wants to entrust his money with them or not.

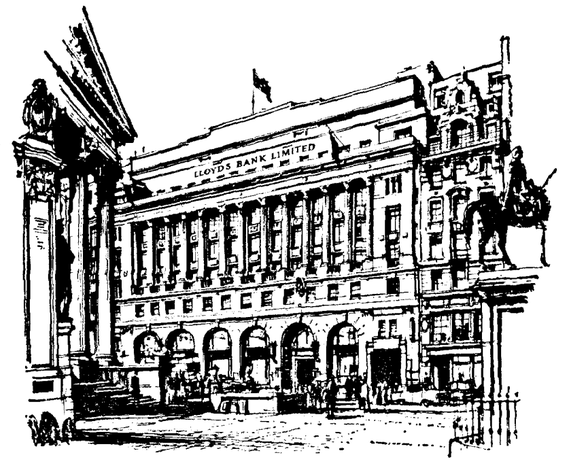
The organisers of building societies (like the creators of companies) have had it too good and too easy for too long. Shareholders and depositors should be brought more closely in touch with a society's affairs. Voting procedures are often archaic. Shareholders and depositors have no automatic right to receive a society's accounts. They have power (such as shareholders have) to demand an inspection and vote directors off the board ; what they do not have is any right to information about who the other shareholders are. If shareholders feel remote from their company affairs, investors in (that is, members of) building societies are immensely more remote.

Secondly, the societies must always maintain their guard against mismanagement. The temptation to lend too generously on doubtful security must always be resisted. Good building society management is bound up with realistic valuations for mortgage purposes. If they are right, little else can go wrong. But the directors of societies, especially the smaller ones, should now ask themselves how carefully they perform the duty imposed on them by the 1939 Act to ensure that the adequacy of any security has been assessed by a "competent and prudent person." Should the law demand the name of the valuer on any sizeable mortgage or prohibit any director himself from making a valuation ?

If it were certain that all valuations were at arm's length, there would be no need for any guarantee to protect the investor's money. The new bill may, however, provide an opportunity for members of the Labour party to raise again the old question of a central guarantee fund run by the societies themselves. A better idea would be to consider insuring each investor's stake at the expense of the society but to leave the insurance company to charge the premium it considers appropriate to the risks involved. That ought to provide an independent view of the efficiency of different managements which a central fund would not.

Finally, under a new and protective act, the building societies and the Building Societies Association should reconsider the adhesive that now holds this great mutual movement together—recommendation of given rates of interest on deposits and shares. The Halifax, whose ways are its own and not less good than the Association's, seems unlikely to come back into the Association unless the policy of recommending rates is dropped. How is the Association to answer —particularly when some of its members already disregard its recommendations? Why differing rates for differing societies should necessarily be bad, given competition among societies for savings and mortgage business, is hard to see. Unfortunately, the Government itself, in the Housing and House Purchase Act, has imposed a stumbling block in the way of greater freedom to compete in rates. Most of the time in recent years building societies have been turning borrowers away, not because they offered bad security but because the societies had insufficient funds to meet the full demand for mortgages at prevailing rates. They kept their rate structure too low and rationed mortgages to make things fit. And this in turn has been a powerful encouragement to the growth of mushroom societies that is so often deplored in Park Street. The principal task of a building society is to lend to owner-occupiers, and to satisfy the demand at realistic current rates of interest, whatever politicians and popular newspapers say. That argument in a year when the number of new built dwellings for sale is likely to rise from 150,000 to 170,000 is now reinforced by a Bank rate of 5 per cent.

EARNING OUR KEEP



THE CITY

BRITAIN earns foreign exchange not only by selling goods abroad, but also by providing services – part of our "invisible exports". The contribution of the City of London in this respect, through commissions and premiums earned overseas by insurance companies, bankers, brokers and merchants, has been put at between £125-£150 millions a year – enough, for example, to pay for all our imports of dairy products in 1958.

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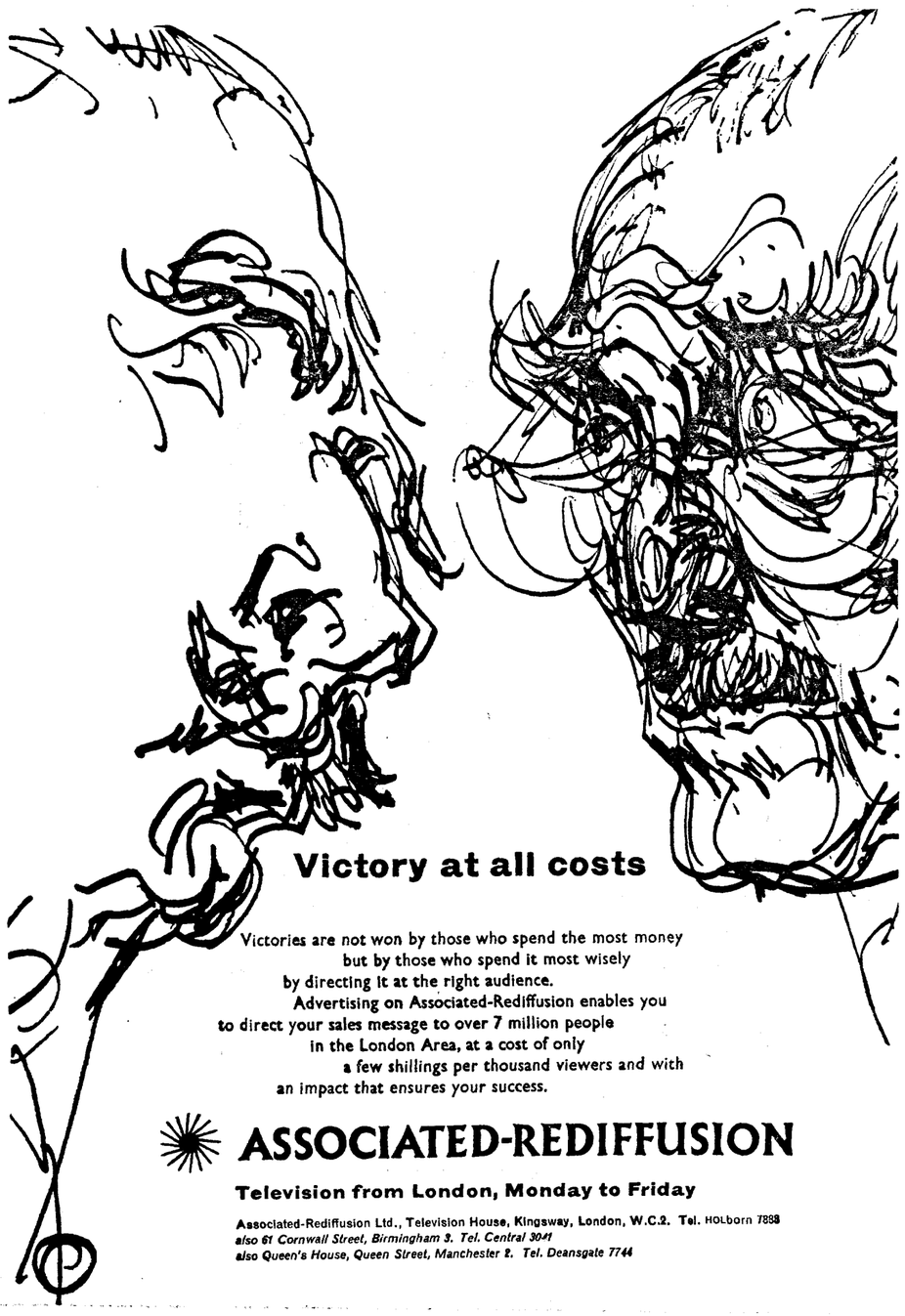

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BUSINESS NOTES

AFTER BANK RATE

The Chancellor and Gilt-Edged

MR HEATHCOAT AMORY'S explanations of the Bank rate increase nine days ago have added little that is new and nothing that is exciting about the reasons for the change. The questions that Mr Harold Wilson, the Shadow Chancellor, put to him on Tuesday in the House of Commons were not, perhaps, best designed to promote a helpful discussion of the justification for 5 per cent. While Mr Wilson put his political points, the Chancellor stuck to his flat explanations: the indications that some strains may be developing after six months of rapid expansion; the need for a "moderating factor" to check any re-emergence of inflationary pressures; regard to external as well as internal circumstances, which presumably implies that gold losses had been taken into account as well as the resurgence of industrial investment.

The explanations still invite the question put here last week: Can Bank rate do it? Not, it has seemed on one or two days, without taking a thicker stick to beat the equity share market. Two quite different arguments are going on there. Sober investors whose belief in equity shares is undimmed are reflective about the wisdom of buying more at the current level of the market. Opposed to this is the crude belief, still marked every other day this week by the operations of small and large speculators, that quick profits are still to be had. The fact that these buyers come in on every setback (or have done, so far) does not upset the wisdom of the first view. And the fact that *The Economist* indicator has risen further from 366.4 to 374.0 in the past week owes a good deal to the week-end post and does not give the full impression of the edgy state of the market in the middle of the week.

Where do gilt-edged now stand? The rise in Bank rate, it had seemed, was substantially discounted before the event. The immediate reaction was a fall in the long-dated stocks by some three-quarters of a point; but this decline might have been narrowed by the considerable buying orders that they developed—had it not been for a free supply of stock in other quarters. To this extent, it seems, the authorities themselves were giving the market a lead on their intentions about the long-term rate of interest.

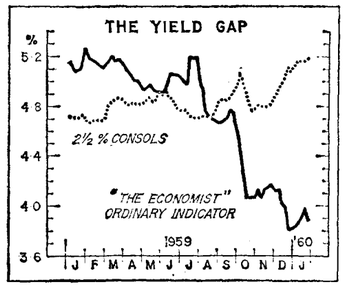
But with a floor firmly established, for the time being, it was a suitable moment to bring out the £200 million cash offer of 4½ per cent Conversion stock at 99¼, exactly on the market price. But for the possibility of a Bank rate change, it is conceivable that this offer might have formed part of the plan for dealing with the maturing 2 and 3 per cent Exchequer stocks which were largely in the hands of the authorities. A day after the increase in Bank rate, there was such a big take-off of short bonds that the "tap" in 4½ per cent Conversion ran dry. The new tranche thus gives the authorities the pabulum they need to keep control at the short end of the market, just as they manage the medium and long end through the 1971 and 1986-98 "taps."

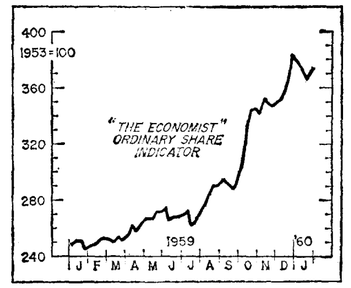
Peering Ahead

How the authorities will handle the gilt-edged market remains a matter for intriguing argument. Until it is clear beyond doubt that no further rise in Bank rate will be required to keep the economy in order, the prospect of gently rising prices (which in the market's view provide the background essential for funding sales) must be regarded as rather dim. It is not of much avail that gilt-edged yields look attractive if they may be even more attractive before too long. So buyers may be cautious; and the authorities, even if they were to take a more austere view about funding, can hardly be stiff-necked in their selling. On a longer view, with the prospect of a Budget that gives away the minimum and saves the maximum, they may not need to be.

For the shuffling local authority queue, those at or near the head must be a little unnerved. It would not be the thing to give up one's turn; yet it would be inadvisable to borrow for 20 years at an effective all-in charge of 5¾ per cent for more than is absolutely necessary. The finding of money in the mortgage market, which is never too easy, is at any rate less difficult than it was a year ago. Those authorities who must have money for twenty years have been getting it at 5¾ per cent and perhaps could get it still after Bank rate, if not in the big amounts previously obtainable. Advertisements for loans of £100 or more at 5½ per cent for two to ten years are still attracting a good response; indeed the only real change since Bank rate was increased has been a natural adjustment in the seven day rate from 3⅝ to 4½-4⅞ per cent.

YIELDS	Dec. 30, 1959	Jan. 20, 1960	Jan. 27, 1960
	%	%	%
Conversion 4½% 1964..	4·63	4·71	4·71
Treasury 5% 1986–89...	5·25	5·31	5·40
War Loan 3½%	5·41	5·53	5·60
Metal Box 4½% Loan	5·80	5·80	5·92
Unilever 4% Deb.	5·59	5·60	5·58
"Shell" 5½% Pref.	5·57	5·43	5·50
Metal Box.....	2·46	2·72	2·61
Marks & Spencer "A" ..	2·18	2·35	2·29
Unilever.....	2·35	2·54	2·45
British Motor.....	3·82	4·12	3·92
Imperial Tobacco	5·66	6·01	5·71
The Economist Indicator .	3·81	3·97	3·89





The Bank rate increase came unfortunately for the Industrial and General Trust's issue of £2 million of 5½ per cent debenture stock 1982-87; the spare terms on which investment trust debentures are commonly made is bound to leave exposed any particular issue that happens to coincide with a change in interest rates. There is no reason to expect more than a lull in good debenture issues—some of the recent ones, like the Odhams offer, had been markedly successful.

The search for yields has brought about the absurdity that many leading preference shares are now yielding only a fraction more than the return on gilt-edged stocks. This is perturbing many thoughtful people in the City, just as they are a little scared of the assumptions about growth that investors are making when they buy the very low yielding equities. Yet the demand is still keen and there is no great supply of

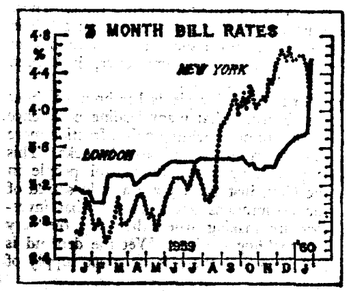
shares after the intermittent setbacks. It will take more than a 5 per cent Bank rate and a stable price level, one would guess, to woo these investors back to gilt-edged.

New Rate Pattern

THE Treasury bill rate has responded rather more sharply to the rise in Bank rate than many people had first expected. In spite of the fact that over the preceding eight weeks fears of a Bank rate increase had driven the bill rate up by fully ¾ per cent, to within ¼ per cent of Bank rate, at last week's tender it rose by over ¼ per cent, to almost 4 9/16 per cent, its highest since early June, 1958, when Bank rate stood at 5½ per cent. Already, therefore, its margin under Bank rate is little more than 7/16 per cent, which is a much narrower margin than has obtained over the past two years of falling and then broadly stable rates.

One reason for the sharpness of the rise was the natural desire of the discount market to recoup as quickly as possible its losses on financing bills bought at the lower rates. It was supported in these tactics by an apparent falling off in competition—total applications for the bills declined from £406 million to £378 million—and by uncertainties about its future money costs. The clearing banks, while raising their minimum rate for short loans to the market from 2½ to 3½ per cent, are no longer indicating any "target" rate that they aim to secure, on the average, on their market loans as a whole. In November, 1958, when Bank rate came down to 4 per cent, this average had been fixed at 2⅝ per cent, a narrower margin below Bank rate than formerly; subsequently, however, even this average had ceased to be much of a guide in practice, and the effective margin had narrowed still further. It is not clear whether a further tightening of this kind is intended, but day-to-day conditions in the past week have enabled the banks to secure relatively high rates for marginal money. On Tuesday, indeed, the stringency was sufficient to force one or two houses into the Bank, for a small amount of seven-day loans at Bank rate.

All the other rates of the clearing banks have moved as expected. On the one hand, funds at seven-day notice on deposit account now command 3 per cent, while lending rates are 5 per cent for advances to the State boards, 5½ per cent for the limited range of highest grade industrial companies, 6 per cent for the majority of other borrowers, whether corporate or private, and 6½ per cent in marginal cases. The basic rate for new personal instalment loans, however, remains at 5 per cent, since this is charged on the full amount of the loan until the last instalment is paid. The Treasury has raised its rate on tax certificates from 2¼ to 2½ per cent tax free—the first change in this rate since end-November, 1958.



It remains to be seen whether the rise in rates will reinforce the slackening that seems to have shown itself lately in the demand for new bank advances. To judge from the individual statements of the majority of clearing banks at their January make-up, the rise in advances in the five weeks since mid-December was easily the smallest for any make-up period since the big surge of demand began in the autumn of 1958. It will be well to await, however, the detailed figures, excluding the distorting transit items, before forming a final estimate of the trend. Meanwhile, it may be noted that Barclays, although showing an actual decline in its advances, cut its gilt-edged portfolio by £19 million in the five weeks; nearly half this movement occurred after the turn of the year.

Little Change in HP Rates

FURTHER voices have been raised this week against the present trend in hire purchase business towards smaller deposits and longer periods of repayment. In "Credit," the first quarterly review of the Finance Houses Association, Mr P. J. Greaves, the joint managing director of North Central Wagon and Finance, said that the present terms for down payments and periods of hire offered on motor vehicles go far beyond the terms currently offered in the United States. He is not alone in believing that some inexperienced fingers will get burnt before long. Mr Ian Macdonald, the chairman of Lloyds and Scottish Finance, referred this week to the same tendency; his company could have had an even greater share of the hire purchase business if it had not followed a selective policy.

Will the increase in Bank rate check the competitive scramble? Some hire purchase companies might even welcome the return of some hire purchase controls, so long as they were gentle ones, and the rise in bank rate will no doubt give them an excuse for refusing the more marginal business—particularly in second-hand cars. In recent months, rates as low as 6 per cent have been quoted for new cars and an increase of up to one half of one per cent in hire purchase rates on motor cars now seems likely. The FHA expects rates to settle down at about 7 per cent for new cars and about 8 per cent for the better type of second-hand cars. But rates vary quite widely and Godfrey Davis, the car hire firm and Ford main dealers, have this week raised their rates from the low level of 5 per cent to 6 per cent. Competition in the field of consumer durables has been less intense and with rates averaging between 9 and 10 per cent an increase seems unlikely.

Many finance houses will now have to pay more for deposits from the public; a number of houses link their rates to Bank rate, and these were put up automatically by the full one per cent. Lombard Banking has raised its rate on deposits subject to six months' notice of withdrawal from 5 per cent to 5½ per cent. The newest member of the Finance Houses Association, Campbell Discount, has lifted its rate for money at one month's call from 4½ per cent to 5 per cent but left unchanged its rates of 5½ per cent and 6 per cent for 3 and 6 months money.

STEEL

Five Strip Mills Plus

FIFTEEN months ago Britain had three wide-strip mills, and the steel industry was not at all sure when it would need a fourth : now it is committed to five by 1961, and one of the industry's conservatives in the earlier argument would have liked to make that six. This week the Iron and Steel Board reached its decision on an investment project submitted by the Steel Company of Wales that originally included a new hot strip mill and cold reduction plant to raise its output of sheet and tinplate by 400,000 tons a year. The decision, accepted by the company, was to put off the hot mill for the present, reducing the capital cost from £33 million to £20 million, but to build the extra cold-rolling capacity and carry through the modifications to iron and steel plant at Margam and Port Talbot to raise crude steel capacity there from 3 million to 3.6 million tons. The steel will be converted into slabs in a new continuous casting plant, the first to be installed in any major British steelworks, and these sent for hot rolling to the new Spencer works that Richard Thomas and Baldwins is building at Newport ; thence returned as hot strip in coil to Margam to be cold-rolled down into sheet and tinplate.

This at first sight roundabout arrangement should, according to the board, prove a highly economic way of ensuring Britain all and more of the thin flat steel it will need during the early sixties. The cut in capital costs will save Steel of Wales perhaps £5 a ton of finished steel in capital charges, against which extra transport might come to about £1 a ton: this leaves room for a fair charge to be agreed for RTB's job of reheating the slabs and "hire-rolling" them down to hot-rolled coil. The work, moreover, will offer better utilisation of RTB's hot mill, designed for an eventual capacity of say 2-2½ million tons of finished steel, which otherwise would have been utilised to little more than 50 per cent of capacity during its early years. Both plants

should be in production by early 1962 ; the hire-rolling arrangement is for a minimum of five years.

Abundance for the Sixties?

EXTRA capacity at Port Talbot, plus an enlargement to the capacity of the mill that Colvilles is building at Ravenscraig which the Iron and Steel Board also approved this week, will bring Britain's capacity to make steel sheet and tinplate, at a conservative estimate, to 4.9 million tons by 1962, and to 6.1 million tons by 1965. This plan would offer a margin of 6 per cent by 1962 over the demand that steel consumers, the industry, and the board agree in expecting by then: in 1963-1965 the margin over expected demand for sheet and tinplate would be of the order of 16 per cent (20 per cent for sheet alone). This allows for more than a doubling of sheet exports from the strip mills.

SHEET AND TINPLATE BALANCE
(mn. tons)

	1962	1965
Estimated total demand.....	4·6	5·3
Potential supply of sheet and tinplate :—		
1. From existing works	4·4	4·4
2. With R.T.B. Newport ...	4·6	5·3
3. With Colvilles as approved	4·7	5·5
4. With Colvilles extension .	4·7	5·8
5. With S.C.W. addition....	4·9	6·1
Margin between demand and potential supply	0·3	0·8
Per cent margin.....	6%	16%

Production	Sheet	Tinplate	Total
1958.....	2·2	1·0	3·2
1959 (est.).....	2·5	1·1	3·6

The board's reluctance to see a sixth hot strip mill built so soon was based partly on the extreme pressure, leading possibly to delays, that this bunching of demand might impose on the steel plant makers, and partly on the feeling that it would have been a costly way to cover a forecast marginal shortage. It has incidentally imposed a condition upon its approval of the extensions by Steel of Wales: "that arrangements will be made to enable large ore-carrying ships to be used." Port Talbot's inability to take more than 8,000-tonners has always imposed one limitation on the efficiency obtainable at one of the world's finest steelworks. The board has in mind genuinely large ore-carriers: perhaps larger than the 22,000-tonners that have so far set the largest standard in the industry's part-owned ore fleet. The deepening and reconstruction this will require is now being discussed between SCOW and the Transport Commission: it may require the promotion of a private bill in Parliament.

THE EXCHANGES

Sterling Keeps its Premium

THE beneficial effect of the rise in Bank rate on the sterling dollar rate, a jump from 2.79⅞ to 2.80⅞, has been well held this week in spite of a considerable amount of profit-taking on the part of dealers who took a substantial bull position in sterling immediately after the announcement on Thursday of last week. On the last two working days of last week the Exchange Equalisation Account is thought to have accumulated a substantial amount of dollars and other foreign currencies. When profit-taking sales of sterling hit the market on Monday and Tuesday of this week there was some evidence of small official intervention to steady the rate, but on balance a fair amount of gold must have gone into the Exchange Equalisation Account since Bank rate was increased. The trend of sterling against Continental currencies has, for the most part, followed its movements against the dollar with the main exception of French francs, where special factors have understandably intervened.

The most interesting aspect of sterling's reaction to the rise in Bank rate is to be found in the fact that despite the reversal in the relation of Treasury bill rates in New York and London, sterling has maintained its small premium on the dollar in the forward market. The interest rate on US 13-week Treasury bills has fallen this week to 4.116 per cent as against the rate of about 4⅛ per cent to which the Treasury bill rate in London has jumped. This disparity of rates should give sterling a discount of about ⅝ cents on the 3-months dollar. In fact the 3 months' forward rate still shows a premium of around ⅛ on sterling. It is evident from the forward market that no substantial movement of funds is taking place as a result of the increase in Bank rate. This may well be due to the fact that the relative Treasury bill rates are not the only criterion for movements of short-term money. In many respects credit is still tighter in New York than it is in London and the average bank loan rate is still higher in the New York market with its rediscount rate of 4 per cent than it is in London with a Bank rate of 5 per cent.

Pressure on the Franc

EVENTS in Algeria, superimposing themselves on the departure of M. Pinay from the Ministry of Finance, have brought considerably increased pressure on the French franc. The Bank of France, by intervening vigorously though unostentatiously in the dollar market, has succeeded in veiling the symptoms of any flight from the currency. The support needed to keep the franc/dollar rate at around 4.91 and the franc/sterling rate at the corresponding rate of 13.75¾ has probably been considerable. Signs of strain have also appeared in the forward market where the discount on three months' francs has widened to 3 centimes. Reports from Paris also indicate some increase in turnover in the gold market where prices have been rising modestly. The demand has been met by official selling and there has been little evidence of direct buying of gold on French account in the London market. But events in Algeria must be counted a contributory factor in the rise in the world price of gold from $35.09 to $35.10½ this week.

In the face of these difficulties the French authorities have clung with some bravura to their prearranged plan for easing foreign exchange regulations. They have this week announced considerable relaxations which include the freeing from exchange control of all export and import transactions which do not exceed 5,000 new francs. Importers in France have also been informed that they may now cover in the official forward market not only the amount of their purchases but incidental expenses such as insurance and transport costs. French tourists are to be allowed to keep at their free disposal any unspent portion of the annual travel allocation of 1,500 new francs up to the equivalent of 250 new francs. Concessions have also been made for the export of capital by French residents who decide to reside abroad and for the import and export of bank notes. These further steps towards convertibility are a brave gesture against the background of this week's events.

AIR FARES

IATA's Last Chance

THE emergency meeting on air fares that the International Air Transport Association is calling within the next week or so may be a turning point in IATA's history as a fare-fixing cartel of the airlines. In Honolulu last autumn, when the airlines met to decide international air fares from April 1st next, they failed to agree on the rates to be charged on certain key routes in Africa and the Far East; they also failed to agree on how many different classes of service they should provide on the most important route of all, the North Atlantic. The emergency meeting is to settle these unresolved questions before April 1st, the date when according to IATA's constitution, all agreed levels of fare lapse and airlines are in theory free to charge whatever they choose. IATA's difficulty is that a good many airlines now think it might not be a bad thing if this in fact were to happen. There is growing disenchantment with international regulation of fares and operators are beginning to strike private bargains with each other.

IATA officials say privately that the airlines have put sand in its gears by striking fixed attitudes and refusing to admit any compromise. They are bitterly critical of BOAC's tactics in the recent Honolulu meeting, where the corporation demanded the introduction of third-class fares on a variety of routes and insisted at the same time on retaining a four-tier fare structure on the North Atlantic. It had every right to do both these things : can it be criticised for refusing to compromise on either? IATA argues that the whole purpose

of its international meetings is to provide for some give-and-take between airlines so that they can reach a mutually satisfactory compromise—whether it is on fares, navigation aids, or the ingredients that go into sandwiches. Airlines that are prepared only to take and not to give, make such a system unworkable ; the trouble here is that this is a club of which the members often have opposed commercial interests and a duty not to compromise. In this case compromise would require an agreement between BOAC and the American airlines on the number of routes on which fares shall be cut and the amount by which they shall be cut (the corporation was not prepared to go as far at Honolulu as the Americans would have liked). It would also mean an agreement about retaining the tourist class service.

BOAC is one of the few airlines that still obtains some tourist, or second-class traffic: the pecking order in British government departments and some big businesses prescribes tourist class travel for staff who do not rate de luxe or first-class seats, but qualify for something better than the cramped, third-class service. This seems a harmless enough vanity and the fact that BOAC chooses to cater for it would not offer sufficient grounds for breaking up an international meeting. The real point at issue is whether international air fares will drop faster if airlines work through IATA than if they go it alone.

DOLLAR IMPORTS

Nearer to Freedom

DISCRIMINATION against dollar imports will be almost whittled away on February 1st, when restrictions on tobacco (except cigars), fresh, chilled and frozen fish, synthetic rubber and transistors will be removed. The remittance of American film earnings from Britain, hitherto restricted to a basic $17 million a year, will be freed on the same date and the Anglo-American film agreement abolished. No significant increase in Britain's total import bill is expected to follow this relaxation. That is not surprising ; what is surprising is that these controls were not removed at the time of the last liberalisation on November 4th.

The only major item is tobacco. Imports of tobacco and manufactures last year amounted to £84.7 million, of which the United States accounted for £41.8 million, Canada for £7.4 million and Rhodesia for £23.4 million. British manufacturers have been obliged to limit their purchases of North American tobacco to about 60 per cent of their total imports. Public taste has grown accustomed to the postwar mixture, and freedom is not expected to bring an appreciable increase in dollar imports, though it will allow manufacturers to time their purchases in the most advantageous way. Salmon is the principal fish imported from North America, and this was freed from control last November. Britain now produces general purpose synthetic rubber, and imports of all types from North America last year fell by £3½ million to £8.6 million.

Discrimination now applies only to aircraft, alcoholic beverages except whisky, cigars, canned fruit, bananas, fresh grapefruit and grapefruit and orange juices, pigmeat and pharmaceuticals. It seems that the British West Indies must continue to be protected against Cuban tobacco, rum, and American fruit. A quota for 25,000 tons of pork from the dollar area was opened this year, and one for £200,000 worth of pharmaceutical preparations packed ready for retail sale. Controls on this item are presumably intended to prevent doctors from freely prescribing American drugs under the health service.

BIDS AND DEALS

Offers and Denials

THE City's battlefront in take-over bids has been somewhat quieter this week. Even so, a few shots have been exchanged:

1. The directors of Apex Trinidad Oil have said that no negotiations are being conducted and that they have no knowledge that take-over proposals of any kind are likely to be made. Since Christmas the Apex shares have risen from 47s. to 66s. 6d. on persistent bid rumours. On the denial they fell back to 55s. 9d.
2. Albright and Wilson, the chemical company with interests in plastics, and Boake Roberts, the plastics company with interests in chemicals, have agreed on the terms of a merger. One 5 per cent preference share in Albright and Wilson plus 1s. in cash is offered for each 5 per cent preference share in Boake Roberts and one ordinary share in Albright plus 2s. in cash for every Boake Robert ordinary. On the eve of the amount, Albright ordinary were 26s. 9d. and Boake Roberts ordinary 25s. Albright have since risen to 27s. 7½d. and Boake Roberts to 28s. 3d.
3. The directors of EMI are standing pat on their offer of 150 EMI ordinary for every £100 ordinary in Lancashire Dynamo. With EMI ordinary at 53s. this bid is worth 79s. 6d. With Metal Industries ordinary at 69s. this company's rival bid (one ordinary share plus 12s. in cash or half of an ordinary share plus 45s. in cash) is worth at best 81s. These values turn on market fluctuations from day to day, there is little to choose between the two bids. Both expire next Tuesday and shareholders have a hard decision. The directors of Lancashire Dynamo, however, continue to urge them to accept EMI's bid, on grounds that seem logical. Lancashire Dynamo ordinary fell on Thursday from 78s. to 75s. 6d., suggesting that some shareholders were finding a way out of their dilemma by selling through the market.

LLOYDS BANK

Our Wise Man

SIR OLIVER FRANKS'S main theme in his statement to the shareholders of Lloyds Bank (appropriate, indeed, at the moment of his departure with the two other wise men to study the needs and aspirations of Pakistan and India) is the responsibility of the industrialised North for assisting the economic development of the emergent South. Reference to this part of his discussion is made in an early leading article—and to his confirmation of the part that hire purchase has been making to Lloyds Bank profits in a company note on page 474.

Sir Oliver's ruminations on the changed position of the American dollar, however, are no less interesting. He notes that the one surely disastrous way for the United States to deal with its problem of deficit would be to attempt to get rid of it by one drastic surgical operation:

> It is of vital importance to all of us that the Americans do not try to shrug off their difficulties by a large and violent lurch of policy, and I do not think that they will.

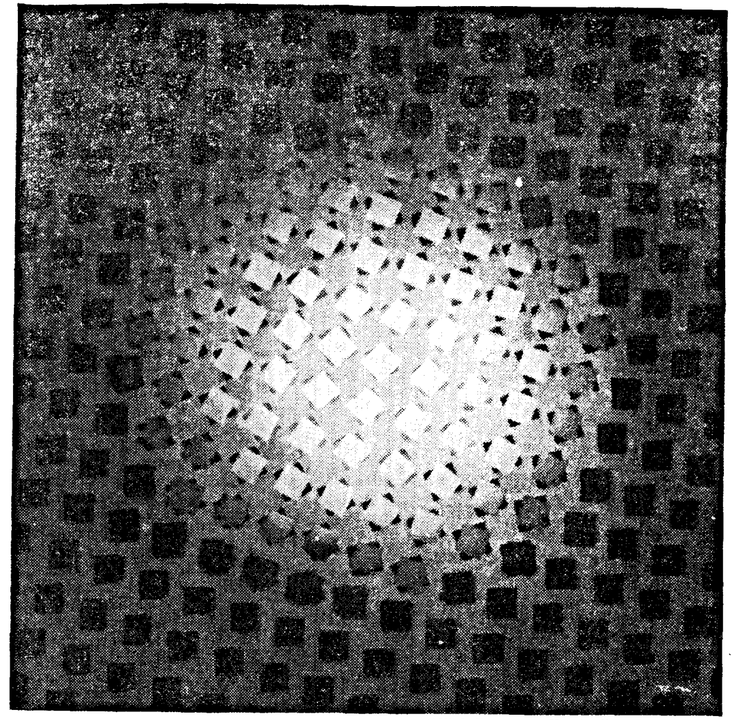
Both the United States and Western Europe can do things to ease the strain. On this side of the Atlantic, the dismantling of dollar discrimination in trade and payments and fair contributions towards the assembling of funds for international aid are essential. In the United States, new attention could be given to export markets. The release of the $12 billion of gold now fruitlessly earmarked as backing for the American note issue would improve the gold cover available for the liabilities of such financial centres as London and New York. This suggestion, which echoes a recent speech by Mr Roy Reierson of the Bankers Trust, is not a sovereign remedy in the sense that it puts a payments deficit right ; but it would make the strain easier to carry while it is being put right.

ATOMIC ENERGY

More Work

AFTER two years in the doldrums, prospects for the surviving atomic energy consortiums brightened perceptibly this week with the Ministry of Power's consent for the construction of a base-load nuclear power station at Sizewell in Suffolk and the Ministry of Transport's invitations to tender for the construction of a nuclear powered tanker. The industry's "big three" thus find themselves tendering simultaneously for two separate nuclear stations, a 550-megawatt plant at Dungeness and a 650 megawatt one at Sizewell. Bids for both will be submitted to the Central Electricity Generating Board within the next three months and work on both stations should be started before the end of the summer and be finished in 1965.

Unless something goes seriously wrong with the experimental power station due to be finished at Windscale next year, these two will be the last Calder Hall type stations built in this country. The next generation, which will start with a station of perhaps 300 megawatts to be built at Oldbury (permission has actually been



"High Frequency Heating" by Roy Nockolds

Hot and Quick

Over the past ten years or so industry has become familiar with a process known as High Frequency Heating. Examples of its practical uses today include smelting, surface hardening, plastic welding, wood gluing and the cooking of biscuits and cakes—all of which it does with great speed and precision.

This 'high frequency heat' is generated in three ways—dielectrically, by induction, and by microwave irradiation. All these methods have two things in common—the heat is created by molecular friction (Roy Nockolds' picture represents the controlled movement of molecules *inside* a material) and all employ types of electronic valves in which Mullard specialise. In fact, High Frequency Heating owes much of its success to Mullard's long experience in the design and production of electronic power and transmitting valves.

Here, then, is yet another example of how Mullard research and development is serving Britain's designers of electronic equipment.

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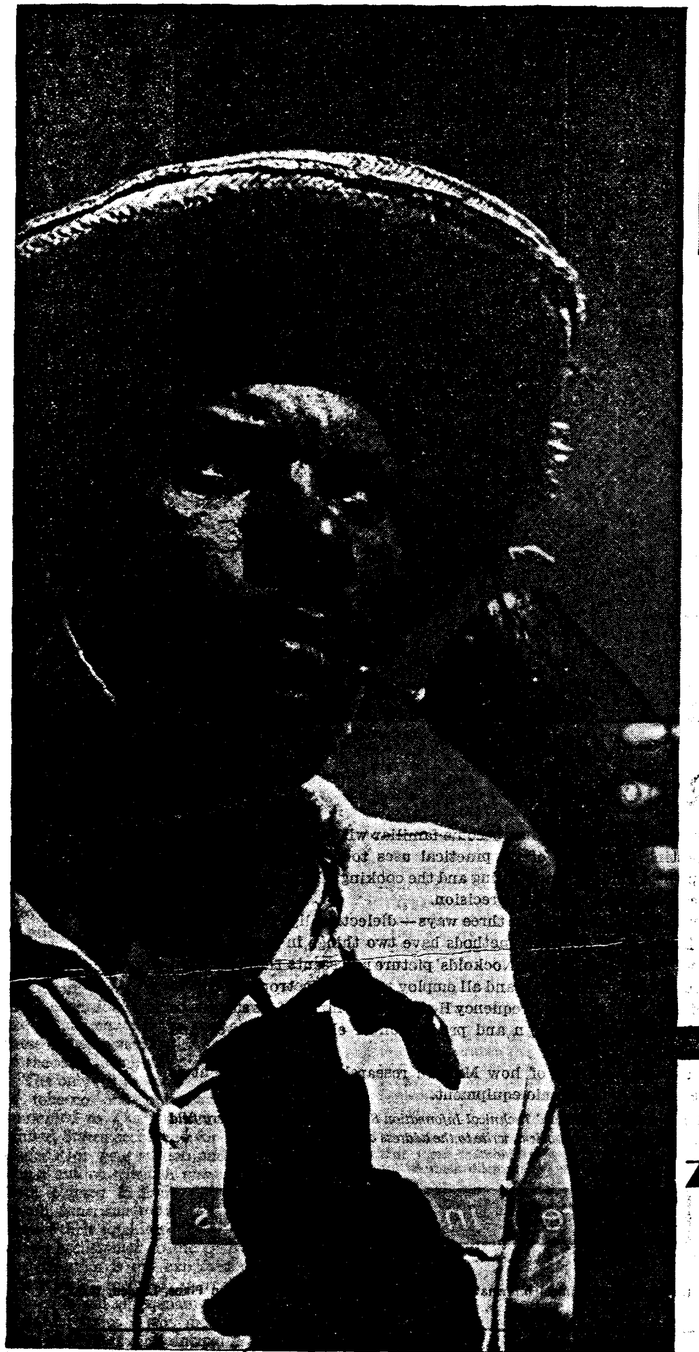

From ribbons to Rio

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requested for a capacity of 1,000 megawatts on this site, but it will not all be built at once) will operate at higher temperatures, use different fuel and have costs, if all assumptions work out correctly, approaching parity with the best thermal stations. Whichever group is odd man out in the present contest will, therefore, have to write off all hope of recouping any further development expenditure on the present type of station.

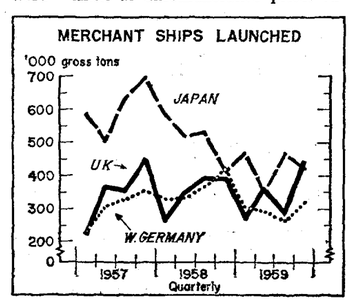
Intensive development, and some relaxation of CEGB specifications may make it possible for these groups to bring their quotations down from £120 a kilowatt on the first stations and £104 a kilowatt on last year's Welsh station to between £95 and £100 a kilowatt for Dungeness and Sizewell. Stations at this cost cannot compete with thermal power stations and it is therefore with some relief that two members of these groups, English Electric and Associated Electrical Industries, will turn to invitations from the Minister of Transport to tender for a 65,000-ton nuclear tanker, which no one expects to be economic. They will be competing with three other contenders, Babcock and Wilcox, Hawker Siddeley and Mitchell Engineering. The rub is, however, that the Ministry is neither clear about which of two types of reactor it favours (two companies build one type and three the other) nor sure whether it intends to build a nuclear tanker at all.

SHIPBUILDING

Prospects No Brighter

DESPITE an increase in the rate of new orders right at the end of last year, future prospects for British shipyards are not "measurably brighter," the Shipbuilding Conference reported this week. New orders placed during the last three months —for 69 ships of 172,000 tons gross— brought the total of new orders for the year to 198 ships of 319,000 tons; and after deducting cancellations (16 ships of 234,000 tons gross), net new orders received during 1959 were a mere 85,000 tons. Even the relative improvement in December, when orders for 31 ships totalling 122,000 gross tons—over a fourth of the year's total—were received, is illusory: the Conference points out that most of these new orders were "taken at unremunerative prices in the interests of shipbuilding production programmes and of maintaining employment." The industry's total order book at December 31st stood at 498 ships of 4.17 million tons gross, valued at about £625 million; this is about three years' work, and represents a reduction in orders on hand of about 20 per cent during the year.

In terms of launchings, Britain regained second place among shipbuilding countries, with 1,365,000 tons launched during the year compared with 1,402,000 in 1958, according to Lloyd's Register of Shipping. Japan continued to lead in launchings, though it too recorded a decline from 2,067,000 tons in 1958 to 1,715,000 tons last year. West Germany dropped to third place, with 1,202,000 tons launched against 1,429,000 in 1958. At the end of December there were 276 steamships and motorships being built in Britain, of just over two million tons gross: this was some 65,000 tons lower than at the end of the previous quarter, and the lowest figure since June, 1956. Of this total 48.5 per cent was accounted for by oil tankers. Only 259,000 tons—12.7 per cent—of the industry's tonnage under construction is for foreign owners; and by contrast 293,000 tons are now being built abroad for British owners.



BRITISH MATCH

More Factory-Made Timber

MATCH manufacturing is not an expanding industry, so the British Match Corporation, which is responsible for nearly all the matches made in Britain, is to diversify its interests further by doubling the capacity of its wood chipboard plant: the old process of breaking wood into tiny pieces will be supplemented by the new process of pressing and gluing tiny pieces of wood together. Through a subsidiary, Airscrew Company and Jicwood, it will spend £2 million over the next two to three years on a new chipboard factory, which may be sited in Scotland. The money will be raised by bank loan, and the directors will consider the question of funding the loan (which will include another £500,000 of working capital) at some time in the future. The new plant will make Airscrew Company and Jicwood the largest manufacturer of "man-made timber" in the world.

The company's two factories are presently able to produce 35 million square feet of chipboard a year between them. About 60 per cent of chipboard production goes into furniture and the rest to the building and allied trades. Demand for "man-made timber" appears to be growing rapidly: world production rose from 20,000 tons in 1950 to about 2 million tons last year. At present, Germany is the main producer, with an industry five times as large as the British.

This is the biggest step taken so far by British Match in the drive towards diversification that has been made necessary by the decline in sales of home-produced matches before 1957-58 and the levelling-out of sales since then. Already, £1,350,000 has been invested in Airscrew (taken over in 1958) and 15½ per cent of the parent company's assets are employed outside the match industry. The intention is to diversify in two main directions: printing and packaging, and timber. Making chipboard is a logical development, for much of the raw material can be provided by the waste coming from the match factories, in the form of wooden cores previously discarded. Thinnings from the group's forests will also be used.

FURNITURE

A Show of Prosperity

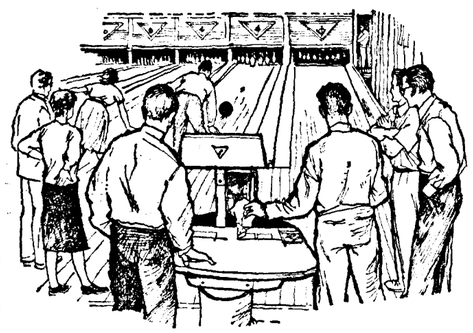
MAKERS of British furniture have come to the industry's annual show, which opened at Earls Court this week, after the best year in their history. Production in 1959 is now estimated to have been about 9 per cent higher than in 1958, with a wholesale value of some £120 million, and the industry expects that 1960 will prove at least as good a year. One big question mark is the possibility that hire purchase controls might be re-imposed, if the government should consider that such convenient but crudely discriminatory measures are needed to supplement the effects of a higher Bank rate. The industry feels that unfettered hire purchase has moved sales on to a higher level, rather than giving any once-for-all stimulus; there was no meteoric rise in sales of furniture after restrictions were ended, nor has there been any falling-off in sales in the last six months.

This exhibition shows the steady but slow progress that the industry is making towards improving its design—the prerequisite of its ambition to become a fashion industry, with a higher rate of "fashion obsolescence." Much of the furniture shown can only be called ghastly; bulbous beds and chairs and rotund walnut wardrobes remain distressingly common, but the "contemporary" square box, which has at least the merit of clean lines, has become the most popular design for sideboards and is becoming so for wardrobes. As a class, kitchen furniture is the most attractive in appearance; but what is supposed to fill all the cupboards under its continuous working surfaces?

Some new materials and finishes are to be seen in the show. Polyester resin is used both in transparent forms to give high-gloss finishes to veneered pieces, which then look as if they are coated with a sheet of transparent cellulose, and in opaque forms to give a shiny coloured finish to kitchen fittings. Chipboard is becoming more widely used instead of plywood. Plastic foam is another raw material that is gaining popularity; for cushions and mattresses it is 20-25 per cent cheaper than foamed rubber and much lighter. Dunlop plans to add this to its existing Dunlopillo range soon; smaller companies are already selling it on an increasing scale.

THE USES OF LEISURE

Skittles Without Beer



THE opening of Britain's first American-style bowling alley, at Stamford Hill in outer London, could mark a considerable change in the economics of British leisure. In recent years this sport (not to be confused with the ancient and dignified game of bowls) has shot up in popularity in the United States, and now probably has the third biggest following of any sport of its kind there: it has been estimated that there are more than 22 million American bowlers, a third of whom play the game *at least one night* a week. As with all American pastimes, women do it too: it has been estimated that they account for more than a third of the $300 million spent on the game in the United States.

The Stamford Hill emporium was built by the AMF Ten Pin Bowling Company, a subsidiary of American Machine and Foundry; formerly a cinema, the building was leased to AMF by Associated British Cinemas. In addition, the Rank Organisation will open its first bowling alley on March 17th, having converted the Regal Cinema in Golders Green. Both Rank and Associated British have uneconomic cinemas which they would like to dispose of (Rank has over 100), and bowling alleys are one of the few things into which cinema buildings can readily be turned. In addition, AMF are building several other alleys, or converting cinemas into them, in a number of towns, including four new towns. (Inevitably Woburn Abbey will have one.)

THE game of bowling, similar to skittles and descended from the English game of ninepins, was introduced into America by Dutch settlers in 1622. It returns to its ancestral home in a rather different form: not only has a tenth pin been added (to get around a troublesome "blue law" in Connecticut in 1841) but an awesome lot of automation has taken place. This has helped to change American bowling alleys from wholly masculine and vaguely shady establishments, which many of the few remaining billiard halls still are in both Britain and the United States, to elegant —*and increasingly expensive*—places patronised by the entire family. In Britain bowling alleys will be mechanised from the outset. The Stamford Hill alleys boast automatic "Pinspotters" (for replacing pins knocked down, named after the urchins who once did the job in American alleys); an electric signalling screen to show the bowler the number of pins still standing (if he cannot see them 63 feet away); a mechanical ball-return device with a hot-air hand-dryer; and an electronic foul indicator and scoreboard. In addition there is a fully staffed nursery linked to the alleys by closed-circuit television, and a snack bar.

There are fourteen lanes at Stamford Hill, on each of which up to ten players—five on a side—may take part in the game; admission to the building will be free, but each bowler will pay 3s. a game and—if smaller sides are chosen—may play two or three games (known as "lines") in an evening. AMF, which is the largest manufacturer of bowling equipment in the United States, puts the cost of converting a cinema and installing alleys and equipment at £2,000 a lane.

HOW much will the British public spend on this new sport? At 3s. per game, the cost may be rather more than is now spent on a night out at the cinema—or the pub; and the more ardent American bowlers also spend a fair amount on bowling balls and special shoes, which can also be hired at the alleys. AMF's alleys will be open from 11 a.m. to 11 p.m. every day except Sunday; but play will probably be heaviest in the evenings, and unless all the lanes are heavily used this might not be enough. AMF will try to promote regular teams, organised into leagues, which will book lanes in advance and insure more constant play.

Under present licensing laws it will not be possible to serve beer or spirits on the premises; this may limit their appeal unless there happens to be a pub nearby. On the other hand, any suggestion of the old-time billiard-hall atmosphere would seem likely to make the game unpopular with women. And the idea put forth by Mr George Lord, manager of AMF, that teddy boys should be induced to become regular patrons of the bowling alleys would not augur too well for the sport's chances of becoming a family entertainment. The notion that these patrons should "dissipate surplus energy and sublimate violent desires" with 16-lb bowling balls instead of, say, billiard cues or bicycle chains, could become disastrous.

EUROPEAN ENERGY

Cold Water on Fuel

"THERE is unlikely to be any persistent long-term shortage of supplies of primary energy by 1975 . . . [OEEC] countries should not therefore frame their energy policies on the assumption of a probable 'gap' in European energy supplies." These sentences indicate the keynote of the report upon possible demand for and potential supplies of energy in Western Europe made public this week by the Energy Advisory Commission of OEEC, headed by Professor Austin Robinson. This committee of experts foresees no less expansion in the demand for energy that a prosperous and growing European economy will make than a similar commission headed by Sir Harold Hartley did in spring 1956: what has changed, however, is the prospect of supply, which seemed liable to pose onerous problems then and now seems to present "no serious difficulties."

Some conclusions of this report on the European energy market in future (which will be summarised in a later issue) have particular relevance for Britain. New capital should normally be invested in the fuel industries, private or nationalised, say these wise men, only if it can earn "the return that could be earned in the long run, with similar risk, in the most profitable alternative use"—regardless of the long-term rates at which governments find it possible to borrow. A more flexible price policy might do something to defend European coal industries against the particular competition of American coal when recession *pulls down freight rates*; but the only long-term chances of avoiding a further large contraction in coal markets depends on raising productivity enough to hold down the relative price of coal. Adjustments in mining employment ought not, as a matter of policy, to be artificially delayed; pension schemes in declining coal industries may require study. The commission considers that the nuclear power stations at present being designed can become economic only "in the somewhat improbable conditions" of very low interest rates and construction costs, high-cost coal, and operation wholly on base load. It adds that "*in present circumstances an active policy* of developing nuclear energy secures a relatively small immediate saving of foreign exchange at the cost of a large indigenous investment of indigenous European resources."

COTTON TRADE

Lancashire's Share Falls

WORLD exports of cotton piece goods started to recover in the second quarter of last year, and in the third quarter were nearly a fifth higher than a year

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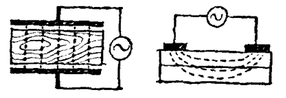
Electrical Aids in Industry — *Data Sheet* **No. 10**

Dielectric Heating - 1

When an electrically non-conducting material is placed between two metal plates, called electrodes, connected to an A.C. supply, the alternating electrostatic field between the electrodes considerably speeds up the molecular movements in the material (termed a 'dielectric') as a result of which the temperature of the material under treatment rises. A similar effect is produced where the two electrodes are positioned on the same side of the dielectric; in this case the electrostatic field between them is generally known as a 'stray' or 'fringe' field. For industrial application, the applied voltage of the order of 15,000 volts supplied by an electronic generator alternates at frequencies of some millions of cycles per second.



The amount of heat generated in the dielectric is determined by the frequency, the square of the applied voltage, the dimensions of the object and a physical property of the material termed 'loss factor' and is represented by the equation:—

Power = 1.41 E^2 f.F. $\frac{A}{t}$ x 10^{-15} kW.

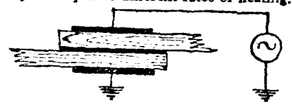
Where E = applied voltage, f = frequency, F = loss factor.
A = area of the dielectric in square inches.
t = thickness of the dielectric in inches.
F, the loss factor, is itself equal to the expression K Cos ϕ in which:
K = the dielectric constant of the material.
Cos ϕ = the dielectric power factor of the material.

Therefore, 'loss factor' is a property of the material and a measure of the ease with which it can be heated by this method. Like other physical properties, it varies considerably for different substances. The equation shows that the heat generated in a dielectric is proportional to its loss factor, but the rate of rise of temperature will also depend upon its specific heat and density. The following table gives approximate values of the dielectric constant, power factor and loss factor of a few typical dielectric materials for frequencies around a million cycles a second.

MATERIAL	DIELECTRIC CONSTANT	POWER FACTOR	LOSS FACTOR
Natural Rubber	2·9	0·02	0·058
Oak, dry	3·3	0·04	0·132
P.V.C.	5·3	0·06	0·318
Nylon	3·7	0·05	0·185
Water, pure	80·0	0·03	2·40
Water, tap	80·0	0·5/5·0	40/400

The high loss factor of water means that materials which are difficult to heat when completely dry will often heat efficiently when moisture is present. The voltage must be increased towards the end of the process in some cases to remove the final moisture traces, the reduction in loss factor as the material dries out providing a safeguard against overheating.

If the workpiece is made up of a number of materials, each material will heat up uniformly but each at a rate depending upon its loss factor, thermal properties and density. The degree of temperature uniformity throughout the workpiece will then depend upon the extent to which thermal conductivity can equalise different rates of heating.



Such different rates of heating can be turned to good account in certain applications. For example, in wood glue setting, the glue lines heat up much more rapidly than the wood pieces being joined and the glue sets before the wood heats up substantially, wood having a lower loss factor than glue.

For further information get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Tel: TEMple Bar 9434.

Excellent reference books on electricity and productivity (8/6 each, or 9/- post free) are available—"Induction and Dielectric Heating" is an example.

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earlier. British exports showed signs of revival in the fourth quarter, too late to offset the previous decline. Full returns of exports are not yet available, but it seems certain that Lancashire's share declined further last year from the 9 per cent recorded in 1958. Total British exports of yarns and fabrics of both cotton and man-made fibres dropped by nearly £9 million to £90.3 million last year. Man-made fibre yarns alone showed an increase, rising by £1.6 million to £16 million. Cotton fabrics, the largest item, fell by £5½ million to £45.4 million, and the volume dropped by 37 million yards to a new low of 347 million yards; this was about two-fifths of the best postwar total and below the lowest figure recorded during the war. The biggest falls occurred in Lancashire's three main markets, Australia, South Africa and New Zealand, shipments to which fell by £4¼ million to £14.8 million. Lancashire can blame higher duties in South Africa and smaller import quotas in New Zealand for part of the decline, but in Australia, where import restrictions were relaxed, the trouble was simply increased competition from Japan and from some European countries too. Many people think that the money now being spent on the reorganisation of the cotton industry will have been wasted if Lancashire fails to get a larger share of world trade.

The sharp recovery in home demand last year stimulated imports of cotton yarns and fabrics, which rose by nearly £12 million to £44 million. Imports of yarn doubled in value and volume, but the main increase was in grey cloth, which rose in value by nearly £4½ million to £24.8 million, and in volume by over a third to 461 million yards. Arrivals of Indian grey cloth increased by a half to 185 million yards while Pakistan sent 34 million yards against almost nothing in 1958. In 1958 Lancashire became, by a slight margin, a net importer of cotton cloth; last year net imports reached nearly 200 million yards. Shipments of cotton textiles (excluding yarn) from the three Commonwealth suppliers, for retention in the British market, are now limited by voluntary agreement to a total of 377 million yards a year, and last year's retained imports are estimated at about 350 million yards. Hongkong slightly exceeded its quota (at the expense of this year's sales), while shipments from India late last year were running at an annual rate equal to the quota introduced on January 1st.

HARD FIBRES

Boomlet in Sisal

SISAL is enjoying a modest boom, and prices are at the highest level for nearly six years. This month the top grade of British East African fibre has risen by £3 to £101 a ton cif UK; this is just above the price that prevailed briefly last summer, before it dropped back to £79 a ton. The extent of the recovery has taken most traders by surprise. East African producers have already sold much of this year's crop, and sold some quantities as far forward as 1961. Though spinners bought heavily early last year they ended the season with low stocks. More twine was used on European farms, owing to bumper harvests in some countries; industry also used more sisal, particularly in the United States, and more sisal was used in the manufacture of rope, particularly in Japan. Finally some East European countries and China took more sisal last year.

Spinners cannot predict how much twine farmers will buy this year, but they are evidently anxious about supplies and do not want to risk being short. Production in some countries, notably Indonesia and Portuguese Africa, seems likely to fall, and it is anyone's guess whether the loss will be offset, or more than offset, by higher output by the largest producers, East Africa and Brazil. Sisal growers in Brazil have recently been granted a more favourable rate of exchange, but offers have not increased, and prices in the interior are reported to be going up.

PLATINUM

Consumption Growing

AFTER remaining stable for ten months, the price of platinum set by the two major refiners has been raised by 35s. to £30 5s. an ounce, and the price on the open market—supplied mainly by Russia—has moved up to nearly £29 an ounce. Johnson Matthey, which refines the output of the Rustenburg group of South Africa, initiated the rise, and Baker Platinum, which refines Canadian metal, followed a few days later. The official price is now £10 15s. above the depressed level of a year ago, before the sharp recovery to £28 10s. last March. Trading on the open market has been quiet for months, but the major producers have experienced a general improvement in demand. This is believed to reflect a genuine growth in industrial consumption, rather than any desire to build up stocks. Speculation in a commodity as costly as platinum probably has little appeal to consumers.

Producers will be thankful that the depression is behind them, and their customers need have no fear of shortage. In his statement published shortly before the general meeting of Rustenburg Platinum Mines the chairman, Mr D. A. B. Watson, said that in the financial year starting on September 1st production has been increased to a rate exceeding the current level of sales and could be expanded further. The policy is to keep prices stable and hold ample stocks to encourage consumption and the development of new uses, though he pointed out that the cost of stock-holding has to be recovered in selling prices in the long run. A gradual rise in world consumption, not necessarily at an even pace, would continue, he thought, irrespective of the possible re-entry of the oil industry, which remains a minor outlet for Rustenburg at present. He did not pretend to know whether the reduction in Russian exports of platinum in the past year will prove temporary.

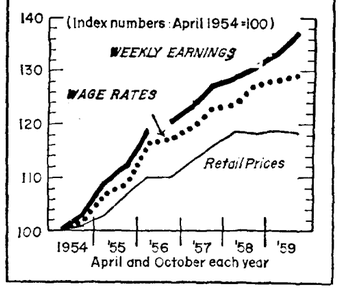
COPPER

Prices Pushed Higher

IT'S an ill strike that brings no one any good. Last summer world production of copper was running ahead of consumption. Outside the United States producers' stocks were rising rapidly; in the United States they were not, because consumers were grabbing copper in anticipation of a strike at American mines and smelters. Prices were weakening and were headed for a fall unless production was cut voluntarily or involuntarily. In August the strikes began, spread for one month to a Chilean mine, and have not yet been completely settled. Consumers outside the United States have had enough copper, though they have had to pay more to get it. Instead of having to restrict their operations other producers have been able to raise output and have enjoyed higher prices as well. According to the Copper Institute free world production of refined copper last year rose by 115,000 short tons to 2,926,000 tons. Production outside the United States went up by as much as 340,000 tons to 1,705,000 tons, while American output dropped by 225,000 tons to 1,222,000 tons. Outside the United States deliveries dropped by 78,000 tons while producers' stocks rose by 46,000 tons; the balance of supplies went to the American market and this copper,

Industrial Pay

Last October, according to the latest half-yearly inquiry by the Ministry of Labour, the weekly pay of industrial workers averaged £11 8s. 6d.—11s. 2d. or 5 per cent more than in October 1958. Over these twelve months wage-rates rose 1 per cent and the working week lengthened from 46.0 to 46.7 hours. These two factors alone would have put up earnings by 2½ per cent. With prices on a plateau, the 5 per cent rise in pay represents a 5 per cent rise in the standard of living of industrial workers.



plus the stocks previously built up, kept starvation from the American fabricators' door.

Two of the big three American producers, Anaconda and Phelps Dodge, are still strike-bound, and Kennecott's big Utah properties have been kept idle by the dispute between the company and some small unions, though on Thursday it seemed that agreement had been reached. Even after nearly seven months' sparring the prospects for a complete settlement do not look bright. Though the strikes have dragged on far longer than anyone foresaw, prices have not risen as high as might have been expected. This week three months' copper in London touched £255 a ton, but then reacted on the Kennecott news to £250 10s.; this left it £3 higher on the week, and only £25 dearer than before the strikes began. The pressure for prompt metal was reflected in a widening of the premium to £18 a ton. American, British, German and other European consumers and the Japanese have all been buying. Americans have paid well over the odds for electrolytic wirebars for arrival in February, and also bought copper —at less fancy prices—for arrival in later months.

LONDON TRAFFIC

Vertical Parking in the City

Most of the plans put forward for improving the flow of traffic in London have stipulated that long-term parking should be permitted only in parking garages; in fact, the Minister of Transport has said that it would be difficult to impose an extensive ban on kerbside parking until garages or other parking facilities are available. The Committee on London Roads estimated last year that off-street parking would cost about £1,500 per car space, or £45 million for the present 30,000 long-term parkers; and without a guarantee that parking restrictions will be strictly enforced, no one has yet been willing to invest in building the garages required.

There are three parking garages now in operation in central London, two in the West End and one underneath Route Eleven in the City, all owned or managed by Lex Garages. The two West End garages, with a capacity of 1,800 cars between them, are usually about two-thirds full; the 250-car Route Eleven garage, however, has seldom been used as heavily as that. Now the City Corporation has approved plans submitted by the firm of Parcar Ltd. to build another garage, in Shoe Lane, near Holborn Circus. The ten-storey building will accommodate about 240 cars, which will be raised by lifts and parked by mechanical "dollies," a method that allows a more compact building. The total cost of the building alone will be about £100,000, or about £400 per car space. Even after adding a capitalised value for ground rent at 11s. a square foot—admittedly a lower than average rent—the total capital cost should be well under the figure of £1,500 per car estimated last year.

Rates for parking have not yet been set, since Parcar will lease the building to an operator rather than run it themselves. At present the other London garages charge about 7s. for the period from 9 a.m. to 5 p.m. (1s. an hour with a 2s. minimum) and Parcar believes that, with revenues from servicing and petrol sales, these rates should provide a profit in the Shoe Lane site. Work on the garage—and on an adjacent seven-storey office building—is expected to begin in June, and to be completed in about a year. The company stated some months ago that they would not consider building in London unless they were assured that kerbside parking in the area of the garage would be banned; while no formal assurance of this has been given, Parcar now says "it believes that restrictions on kerbside parking are likely to be in effect by the time the building is completed."

SHORTER NOTES

The directors of British Relay propose to make a rights issue to ordinary shareholders on the basis of two new 5s. ordinary shares for every five shares held at a price not yet fixed. The proceeds of the issue will be used to finance the purchase of Marathon Holdings and Investments (Glasgow) which controls a chain of retail and rental companies in the radio and television trades. An interim ordinary dividend of 5 per cent on the capital as increased by last October's one-for-two scrip issue has been declared and a total distribution of 16 per cent (against the equivalent of 13⅓ per cent) is forecast on the increased capital.

★

In an article, "Free Pistons Find Their Uses," in *The Economist* of January 16th the GS34 gasifier was referred to as "a Muntz product." It was in fact designed and developed by the French company SIGMA, not the British company Alan Muntz.

★

Details and discussion of the construction of the index of industrial production are now available in a booklet published by the Central Statistical Office (HMSO, 6s.). Those who would like to know exactly what adjustments are made for seasonal variations in the computation of the index are not unfortunately given any details.

★

The first foreign loan to be floated on the Swiss capital market this year has been issued this week. It is a 4½ per cent loan with a life of 12 years of 60 million Swiss francs for the World Bank and it will be followed by another of a similar amount for British Petroleum, which successfully floated a loan there last year.

★

The Pressed Steel Company, jointly with the merchant banking house of J. Henry Schroder (with which it is closely associated), is forming a hire purchase subsidiary, Prestcold Finance, to finance purchases of its refrigeration products. The chairman of the new company is Mr Alexander Cairns, a managing director of Schroders.

★

Consolidated trading profits of Associated Paper Mills for the year to October 3, 1959, rose from £563,938 to £683,131. The ordinary dividend is being raised from 25 per cent, which included a special interim of 5 per cent, to 27½ per cent. In addition the directors propose to make a one for two scrip issue. The 5s. ordinary shares are currently priced at 27s. 6d. and yield 5½ per cent.

★

According to the official statisticians, consumers spent some 3½ per cent more money in the third quarter of 1959 than in the same months of 1958 and obtained about 3¼ per cent more goods and services. This increase is no more than had been forecast unofficially: the confusion between the income and expenditure sides of the national accounts remains unexplained. Indeed the gap seems to have been widened: fixed capital spending by manufacturing industry in the third quarter is now estimated to have been lower by 8 per cent than a year before, in place of the earlier estimate of 5 per cent.

COMPANY AFFAIRS
Comments on pages 474–475 and 478 on
Lloyds & Scottish Finance
Ryders Discount
National Discount
British Oxygen
Decca Record
Asquith Machine Tool
Electrical & Industrial Trust
Cater Brightwen
Union Discount
Alexanders' Discount
Bass
Liebigs
Falcon Trust
Lancashire Cotton
Co-operative Permanent
Massey-Ferguson

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 476 and 477

LONDON STOCK EXCHANGE
The week's movements reported on page 478

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 479

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COMPANY MEETINGS

LLOYDS BANK LIMITED

SIR OLIVER FRANKS REVIEWS A RECORD YEAR

EXPANDING SCOPE OF OPERATIONS AT HOME AND OVERSEAS

INTERNATIONAL ECONOMIC SITUATION: THE PROBLEMS OF 1960

The Annual General Meeting of Lloyds Bank Limited will be held on February 19th at the Head Office, 71 Lombard Street, London, EC3.

The following is the Statement by the Chairman, The Right Honourable Sir Oliver Franks, GCMG, KCB, CBE, which has been circulated with the report and accounts for the year ended December 31, 1959:

It is with regret that on this occasion I have to report the retirement of Major Jeans, who has been a director of the Bank for nine years. We on the Board will all miss him, but I am happy to say that he will continue as chairman of the Salisbury Committee for the time being.

We congratulate three members of the Board on the honours conferred upon them and announced in the New Year's list: Sir George Nelson, Bart, on his elevation to the peerage and Mr D. M. Oppenheim and Mr A. B. Waring on the conferment of knighthood.

There are a number of changes on our Local Committees. The North-West Committee loses Lieutenant Colonel Albert Buckley on retirement by reason of age. He has helped us as a member of this Committee for twenty years and has been chairman for the last two. We count ourselves fortunate to have found as successor to him in the chairmanship The Right Honourable Lord Kenyon, LLD, DL. A very long-standing link with the bank was broken when Sir Evan Williams, chairman of the South Wales Committee, died last February. He had been a member of the Board from 1922 to 1951 and had a very great knowledge of Welsh affairs. We have welcomed Mr E. Whitley-Jones as chairman in his stead and also Sir Julian Pode, the Honourable Hanning Philipps, MBE and Mr John H. Watts as members of this Committee. At Salisbury I am glad to report that Major C. J. P. Ball, DSO, MC, has joined our Committee. At Bristol we congratulate Colonel T. F. Hood on becoming a Companion of the Bath.

There has been a change in the general management: Mr E. J. N. Warburton, formerly a Deputy Chief General Manager, has been made a Chief General Manager.

I also record with regret the retirement of our Secretary, Mr J. E. Way, who has served the bank with distinction in this capacity for the last thirteen years. He has been succeeded by Mr R. J. Blanch.

PROFIT AND LOSS ACCOUNT AND BALANCE SHEET

The profit for the year, at £3,424,614, is £697,079 higher than in 1958 and the dividends paid or proposed represent an effective increase of 2 per cent per annum.

The past year has been one of record activity in all branches of our business. It will be seen from the balance sheet that deposits have risen on the year by £80 million to £1,377 million, whilst loans and advances to customers show an increase of £121 million; on the other hand, investments are lower by £51 million. By far the greater portion of our increased lending has gone to trade and industry and has made its contribution to the renewed expansion of production. In the export field we continue to provide—as we have done for some years now—very substantial facilities by way of medium-term credit for the sale of capital goods overseas, and this section of our advances continues to grow in volume. After a long period of restriction we are happy, too, to be able to provide once again for the requirements of our private customers, although it is noteworthy that the increase here is relatively small judged by pre-war standards and represents a much lower percentage than formerly of our total advances.

Further steps were taken during the year towards full convertibility of the pound sterling, with a result that our overseas business has increased greatly in volume, particularly in the sphere of exchange operations. This is reflected in the large increase in the balance sheet item of "Liabilities of customers for endorsements, etc."

The growth in banking business generally has resulted in a large addition to our circle of customers. We are delighted to see the steady widening of the use of banking services through more and more of the community. It has been necessary to increase our staff and the number of our branches; 28 were opened during the past year and further expansion is planned for the future, particularly in developing areas.

An enlarged staff and a further improvement in scales of remuneration have brought about a substantial rise in our operating costs, which are likely to grow still further in future.

The staff of the bank both at home and overseas have had an arduous year, involving in many cases long hours of work; they have dealt most successfully with a large increase in business and merit our warm thanks.

DIRECTORS' FEES

The last occasion on which shareholders were invited to consider the directors' fees was as long ago as 1918, when a Resolution was passed approving a pool of remuneration of £60,000 per annum if and when there are 36 directors, or a less sum in proportion when the number of directors is below that figure. That Resolution was passed under an Article which is now Article 77 of the bank's Articles of Association, but since 1918 Articles 78 and 101 have been added, providing respectively for the remuneration which may be paid to office holding directors and to directors performing special services as members of Committees of the Board or of Local Committees. These Articles are reproduced on page 23, together with Article 80.

Article 80 currently has no application and Article 101 has been used to a comparatively small extent. Article 78 has not been fully used since its introduction in 1946, when my predecessor, Lord Balfour of Burleigh, informed shareholders that the new powers conferred upon the Board by that Article would be used only "to provide the additional remuneration now required for office holding directors."

We feel it is right after so long an interval that shareholders should be invited to reconsider the matter, but that apart, there are advantages in simplifying the arrangements for directors' remuneration and bringing them more into line with modern practice. It is, therefore, proposed that each director should receive a fee of £1,500 per annum, that the office holding directors (at present myself, the Deputy Chairman and the two Vice-Chairmen) should draw the remainder of their remuneration under Article 78, and that special services rendered by other directors should be chargeable under Article 101. The effect of passing the Resolution, of which notice has been given, would be to increase by approximately £25,000 as compared with 1959 the total remuneration receivable by the directors for the year 1960. The amount of the directors' emoluments will of course continue to be published with the bank's balance sheet.

NATIONAL COMMERCIAL BANK OF SCOTLAND LIMITED

The merger between The National Bank of Scotland Limited and The Commercial Bank of Scotland Limited was completed in September last. The National Bank of Scotland thereupon ceased to be a subsidiary of Lloyds Bank, and our shareholding therein was exchanged for shares representing approximately 37 per cent of the capital of the combined institution.

Lloyds Bank's close association with Scottish banking dates from 1918, and we are glad that it will continue through our substantial share interest in what is now the largest bank in Scotland.

HIRE PURCHASE INTERESTS

This is the first year in which our results have been affected by our investments in the field of hire purchase finance. These are now represented by our holding of almost 25 per cent of the equity capital of Bowmaker Limited and 50 per cent of the capital of Lloyds and Scottish Finance Limited, together with a further indirect interest in that company through our shareholding in the National Commercial Bank of Scotland Limited, which owns the remaining half of the capital.

During the year we have exercised our rights under the scrip issue to take up additional shares in Bowmaker Limited, so that our participation

in that company's equity remains unchanged at just under one-quarter of the whole. Together with the National Commercial Bank of Scotland Limited we have also subscribed during the year further capital to Lloyds and Scottish Finance Limited to finance the very substantial growth in that group's activities.

The two principal operating companies under the direction of Lloyds and Scottish Finance Limited, (Olds Discount Company Limited and Scottish Midland Guarantee Trust Limited), now have open 100 offices in the United Kingdom. As we had hoped, the two businesses have proved complementary one to the other, and satisfactory and close working arrangements between them have been established. For the nine months from January 1st to September 30, 1959 (the date upon which the financial year of Lloyds and Scottish Finance Limited ended) the trading profit of the group before tax was £2,275,836, and unearned charges of £6,889,874 were carried forward. At the present time, balances outstanding under hire purchase and other agreements in the United Kingdom are of the order of £60 million. There are also overseas interests in Trinidad, Jamaica, Rhodesia and South Africa.

The cost to us of the investments in Bowmaker Limited and Lloyds and Scottish Finance Limited is £16,348,163, upon which we have received a satisfactory return, larger than could have been earned by the employment of these funds in ordinary banking operations. But here I must utter a word of caution. The amount involved is but a small proportion of the assets of the bank, and while we may, I think, confidently look for an increasingly useful return from this source, one must be careful not to exaggerate the potentiality of our investment in hire purchase finance in the perspective of the profitability of the operations of the bank as a whole.

EASTERN BRANCHES

The business of our branches in the East during 1959 was maintained at a satisfactory level. There has been some easing of restrictions on imports, but conditions are still difficult for those of our merchant customers who, in freer conditions, would make much greater use of our services. Reduced activity in this field over the past few years has, however, been offset to a considerable extent by sustained activity in the domestic sector of our business, which is steadily becoming of increasing importance. Since the war we have seen significant changes in the pattern of our business and we are glad to feel that we have been able to play our part in supporting the development of old and the fostering of new industries.

EXECUTOR AND TRUSTEE DEPARTMENT

Over 150,000 customers have already appointed the bank as executor or trustee and it would seem that more and more customers, when thinking about their wills, give consideration to the appointment of the bank as their executor. More than 20,000 estates and trusts are now being administered in 32 area offices.

The Department is now operating an Investment management Service which is becoming increasingly popular. This service is designed to be of use to those who lack either the time or the knowledge and experience to look after their investments, or who through ill health or absence abroad find the management of their investments a worry to them. The Department also acts as trustee and investment adviser of pension funds, and many companies are finding this a useful service in operating their pension schemes.

LLOYDS BANK (FOREIGN) LIMITED

Our Foreign Bank and its subsidiaries, Lloyds Bank (Belgium) SA, and the Banque de Cannes, SA continue to show satisfactory results. The combined profits, though slightly lower, again permit a substantial transfer to reserve and payment of a dividend of 6 per cent.

During the year, conditions in France became more difficult, with diminished earnings due to lower interest rates, compulsory reductions in banking charges and rising staff costs; it is hoped this may prove but a phase in the adjustments now taking place. We have re-established a branch in Nice and our whole organisation is well equipped to take full advantage of the economic expansion which should follow the introduction of the Common Market and the progressive liberalisation of foreign trade.

In Belgium many new connections were gained but demands for advances have been light. In Switzerland our steadily expanding resources have been employed with increased profitability and plans have been approved for the rebuilding of our Geneva premises.

BRITAIN'S ECONOMIC ACHIEVEMENT

It is now twenty years since the beginning of the second world war. During this period the British people seem to me to have been preoccupied with the pursuit and attainment of two great aims. The first of these was survival and victory in war; it took six long years to achieve. The second was less dramatic and its attainment took even longer. Starting soon after the end of the war, it took twelve years of concentrated effort to secure the economic survival of Britain and to prove we could earn a satisfactory living in the world, enough to give us a decent and rising standard of living and at the same time to play a significant part in world affairs. These choices were not made as the result of conscious deliberation; the British people, confronted with the facts, took what seemed the obvious course of action, put first things first and each day did the day's work, never relenting.

We all know this was true of the war years, but we tend to forget nowadays how many foreign newspapers carried articles in 1947 and 1948 explaining why Britain could no longer survive and how hopeless was her economic predicament. Much as in war, we concentrated on the obvious and for the next twelve years never let up until the economic survival of our country was assured. In between the wars the Rektor of Berlin University, Dr Dibelius, published a book on England in which he referred to the "*ungeheuren politischen Willen*" of the people. I wondered at the time why he picked on our "enormous political strength of will" as the deepest characteristic of our nation. The last twenty years have proved him right, the twelve dull unromantic years of the struggle for economic survival no less than the six years' war for political survival.

FOCUS ON DOMESTIC AFFAIRS

During the last two years we have genuinely reached a point of strength in our economy and of stability in our trading relationships up and down the world which entitles us to expect, another world war apart, that we shall be all right and have a margin in future years, provided only that we go on being reasonably sensible in the management of our affairs. This has been a very great achievement but it has had its price: a general myopia about other projects and activities. The world around us has been changing very rapidly in the last twelve years; new political ideas have emerged, new constellations of power have appeared. On the whole we have refused to be distracted by the changing world and have stuck to our last. All along we have found it difficult, almost impossible, to lift our eyes from the prime object of concentration.

This, I am sure, is the explanation of our negative attitude to the successive phases of the European Idea. Early on we were in continuous trouble because we did not seem to be taking a sufficiently active interest in the integration of Europe: this was when we were said to be dragging our feet. Then came the Schuman Plan for an Iron and Steel Community. What could have been more manifest than our desire not to have to think and reckon with this novel idea, though when the idea had become fact we found a method of accommodating ourselves to the situation? Why were we so slow and indeed unwilling to recognise the significance of the Treaty of Rome, and why were we so unable in the long subsequent negotiations with the Six to understand and allow for the political implications of the European Economic Community?

It would be misleading to suggest that throughout the postwar period we have paid no attention to anything save economic survival. To begin with, immediately after the war the electorate decided in favour of large changes in our society and, until these were well under way, we did not begin our steady effort. Then again we knew instant danger when we met it. The Berlin Air Lift and the unprecedented commitments of the North Atlantic Treaty Organisation and, soon after, the threat to world peace of the war in Korea, all these were met by a swift and practical response from the nation. And beyond this we have maintained and in some ways intensified our living relationships with the other nations of the Commonwealth and have actively shared in their development with men, ideas and money. This is not an exception to the general position I have outlined. The other nations of the Commonwealth have been bound up with our own history for so long that we have found it natural, while recognising and insisting upon their complete independence and national sovereignty, to think of them and feel with them as we have faced together the uncertainties of the world.

I am convinced that this general account is true. Like the Phoenix that no second knows nor third, we have put first things first. But now we have broadly achieved our objective. It is time that we lifted our heads and, as a nation, began seriously to consider some of the developments in the world around us. I have in mind, of course, some of the changes and movements in the international economic situation.

THE NORTH-SOUTH PROBLEM

The first thing we have to notice is how much the pattern of 1960 differs from that of earlier years. During the late 1940s and most of the 1950s the great political and strategic problem of the world was that of East-West tension, polarised in Washington and Moscow. In broad parallel with this there were two main objectives in the international economy: the recovery of Western Europe and the strengthening of world liquidity. It would be foolish to suppose that we had reached ultimate and enduring solutions in this context; but when we consider how strongly international trade has

grown, the extent to which the manufacturing industries of Western Europe have been rebuilt, how the reserves of the central banks have been increased and a better distribution of gold stocks of the free world brought about, when we add to all this the increase in the resources of the International Monetary Fund and also the increased strength of sterling, one of the two great international trading currencies, then the contrast between now and the earlier years after the war is absolute. We have moved into a different sort of world.

Furthermore, it is no longer true that the East-West problem is the sole great political issue; we now have a second problem of equal importance. It has connections with the first but has its own independent quality and being. I call it the North-South problem and I mean by this phrase the general problems of the relationships of the industrialised nations of the north of the globe to the under-developed and developing countries that lie to the south, whether in Central or South America, in Africa, in the Middle East or South Asia or in the Island Archipelagos of the Pacific. In 1947 the balance of the world turned on the recovery of Western Europe; now it turns on a right relationship between the industrial North and the developing South.

This political North-South issue has its immediate economic side. Many of the new or newly free nations intend to develop at all costs. It is no good our wondering whether it is wise for them to force the pace. We developed ourselves earlier and won from it power and position in the world: they are now going to develop themselves in turn. But in so doing they face a vicious circle. Low living standards and free broadly democratic societies cannot produce sufficient savings for the rapid economic development they will not forgo. They need more capital to increase output: low output prevents sufficient saving for capital.

This circle can be broken in one of two ways. It can be broken by tyranny which, by enforcing hardships on the people and holding down their standards of living, forces the savings for rapid development: or it can be broken by the inflow of capital from outside, giving a free society the chance both to develop and to remain free. In coming years for country after country this vicious circle will be broken one way or the other. We have already had evidence in the Middle East how real and how urgent these problems are.

A FORUM FOR THE INDUSTRIAL NATIONS

There are a number of other issues to which we should be wise to turn our attention now that our election is over and we may expect to have the same government for a number of years, and before the American Presidential election of November, 1960. The new Administration there is certain to bring as usual a new energy and sense of urgency to the problems which concern the United States and the world. We have a year in which to clear our minds.

The first issue on which we might well reflect concerns one aspect of the economic relations between the industrialised nations and the developing nations. At present there is a general lack of co-ordination in this regard between the industrialised nations. There is not even the most general kind of programming. There is a pronounced lack of continuity in what is done. Again, there is no general view of how much over a period of years the industrialised North can expect to make available for the developing countries. Beyond these issues there are others emerging. It is already clear that the United States will wish to press on with discussions already begun on the appropriate shares to be borne by the different nations of the industrialised world.

There can be no doubt that preliminary discussion of such issues is needed between the industrialised nations. These are not questions of the distribution or use of the help and resources which can be made available. As we get into that field it is obvious that such issues fall to be discussed where both North and South meet, the providers and the recipients. This is what happens in the case of by far the most important single agency now at work in this field, the International Bank for Reconstruction and Development. But how and where should preliminary questions like those which I have indicated be discussed?

One would think some appropriate international meeting-place must already exist. In the last twenty years there has been a transformation in the international scene. We have the economic organs of the United Nations. We have the great postwar creations, the International Bank, the Monetary Fund and the General Agreement on Tariffs and Trade. The International Development Association has been born. In the European region there is the OEEC. More recently, since Europe found itself at sixes and sevens, there is a European Economic Community and a newly born European Free Trade Association. One would think that the last thing wanted is more international machinery.

I doubt if this is right. Only one of all the institutions I have named has been able to maintain regular, searching, intimate discussion of the general economic problems which concern the member countries: namely, the OEEC. It has played a novel and creative role for, by the techniques of discussion it has evolved, it has at times directly influenced the domestic policies, monetary and fiscal, of member countries: fiscal policies which might have exported unemployment, monetary policies which might have built up reserves too fast in one country to the detriment of others. These are matters which by common consent have been modified in particular European countries.

All the same I have doubts whether the OEEC is the natural vehicle for the discussion of these preliminary problems in the economic relationships of North and South. For one thing, the OEEC is a European institution and to use it for this purpose would alter its nature and diminish its European quality. This might well be a mistake if there are specifically European economic problems of great importance which could well be discussed in it, as I think there are. Secondly, the working out of these preliminary questions of sharing, co-ordination, programming and amount must involve the United States in the first place, because the United States possesses a full half of the industrial capacity of the entire free world. But in the OEEC the North American countries, the United States and Canada, are not full members.

Nor do the other existing international institutions seem to me quite right for these purposes. The Six and the Seven in Europe are too small and exclusive: the great international institutions, the economic organs of the United Nations, the Bank, the Fund and the GATT are too large. These preliminary questions need a forum which would bring together all the industrialised nations of the North to confront their new tasks. I feel they require the setting up of a new informal group, though I realise the suggestion involves genuine problems of political organisation—there are always questions of inclusion and exclusion and, even today, some governments are prone to worry whether talks like these could infringe traditional ideas of national sovereignty.

THE LIBERALISATION OF EUROPEAN TRADE

Next, the problems of our relationships with Western Europe claim major interest and attention. During the last three years we have failed to reach an understanding with the Six and have been forced to devise the Seven. Some people already speak of the emergence of economic blocks in Europe. It seems a mistake to fall back on such a description, for it implies a permanence and a defensive attitude not present in the existing situation. Given our real difficulties for the time being with the Six, the Seven became inevitable as a stage. But it is the task of statesmanship to see that these are temporary phases in the adjustment of Western Europe to the European Idea.

The idea of the unity of Western Europe is the one creative political idea that has emerged since the war. We do not know yet whether the idea will successfully translate itself into reality, but if the notion of one country, one society in Europe is to have any validity it must gradually clothe itself with economic meaning. Any country, Britain or the United States, which failed to recognise this would put itself in the wrong with history.

The United States, and for that matter Canada, is troubled at the possibility of a recovered Western Europe, even though split in two, building discriminatory fortifications, with North America—and of course Japan—left on the outside. It does not seem to me in the interest of the outside world to try to break down these European groupings, still less to favour one against the other. There are bound to be regional economic groupings in the world half-way between the single nation states of today and the universality of all the nations. The plain fact is the world is too big, and the individual nation is too small. Regional groupings are a natural occurrence. The United States sometimes forgets that it is both a great nation and a large regional group.

The true interest of the international community is to see that the existing two groupings merge in the end, so that the dream of the free movement of men, goods and ideas comes true in Western Europe, and in addition to work with the Six and the Seven, or with the group that may emerge, so that together we progressively lower economic discrimination in the free world.

We do not yet know for certain whether the Six will tend to be a defensive community with a high wall round it or whether it will look outwards, surrounded only by a low wall which it steadily reduces. I suppose a test will be the decisions taken by the European Economic Community on List G of the Treaty of Rome, those seventy tariff headings which were left over for future negotiation and not settled in the Treaty, and which include petroleum, sulphur, aluminium, lead and zinc, all commodities of importance to the United States and the Commonwealth. I myself believe that the principal architects of the European Economic Community see it as an outward-looking liberal association. It is of general importance to them, to the Seven and to the world as a whole that their development should progressively increase the possibilities of world trade.

It does not appear likely that there will be a quick and complete solution to the difficulties between the Seven and the Six, nor will the United States and Canada be content that things should stay as they are. It is of great importance that there should be a place where the interested parties can meet and talk and argue without the continuous searchlight of publicity playing upon them. We have such a place in the OEEC and it may well prove that this established and vigorous organisation, where the United States and Canada already sit in, is the natural forum for demonstrating the proposition that 6+7=15.

CHANGED POSITION OF THE DOLLAR

The third issue we have to face is the changed relationship of the United States to us and to Western Europe implied in the scale of the deficit on the American balance of payments in 1958 and 1959. For the two years together this is likely to have been of the order of $7 billion, with a loss of gold approaching half that amount. The United States cannot, and of course will not, live with a deficit on this scale for long, but, as compared with the rest of us, the Americans still have comfortable reserves, with the corresponding advantage that they have time to decide on and apply a sensible course of action.

The one surely disastrous way of dealing with this problem would be for the United States to attempt to rid itself of a deficit on the balance of payments by one drastic surgical operation. It is obvious why the consequences of this would be disastrous for all the neighbours of the United States in the free world. But it would also be disastrous for the United States because it would mean risking, and probably losing, a considerable part of that large area of the world won for freedom since the end of the war. It is of vital importance to all of us that the Americans do not try to shrug off their difficulties by a large and violent lurch of policy, and I do not think that they will do so.

It follows, therefore, that the means by which the American deficit on the balance of payments is reduced must be numerous. Something of everything that helps must be done: no one line must be pressed to its logical extreme. What does this mean in more detail? There are the things which the United States will wish to do and the things which we and Western Europe should undertake to ease the strain.

One measure already adopted by the United States is to campaign for more manufactured exports from the United States to other industrialised countries. How easy it must be for manufacturers in a vast economy like that of the United States to think of exports only as marginal and not understand the relevance of their efforts to the national balance of payments. Further, given that in certain limited lines of export American products are a little dear as compared with those of their competitors, there are steps which the United States can take internally to change this situation. And there is one suggestion, aired by at least one well-known American economist, which could be relevant. It is that the $12 billion of gold—nearly one-third of the entire gold stock of the free world—at present locked up as backing for Federal Reserve notes and deposits should be set free for effective use. There are those who would oppose such a step on the ground that it might aggravate fears of inflation among the American public. It is, of course, for the American authorities to decide where the balance of advantage lies. I wish only to offer one or two comments, based on our own experience, which suggests that if the United States decided to take the plunge the water may not really be as cold as it thinks.

RELEASE OF STERILISED GOLD?

It is now thirty years since the Macmillan Committee pointed out that the effect of holding gold as backing for the currency was to forbid the Bank of England to use its gold "for the only purpose for which it is held or could be used," namely the settlement of international payments. The Committee therefore urged that central banks should "give collective consideration from time to time to the question whether it would be in the general interest that the legal requirements in force in different countries as to gold reserves should be relaxed or tightened." It is now twenty years since virtually the whole of the Bank of England's gold was swept into the Exchange Equalisation Account, thus setting it free to help finance the war in its early stages. These transactions were received with complete indifference by the British public and it can be stated categorically that in the inflation that has taken place since 1939 the fact that our note issue has been entirely a fiduciary issue has played no part whatever.

If the United States were to liberate their $12,000 million of sterilised gold, therefore, this step would not lack precedent and would be quite in line with a natural process of evolution in the management of money. Nor are the advantages of such a step related solely to the fact that the United States happens to be losing gold at present. Both sterling and the dollar are important reserve currencies. Over a period, international exchange reserves will have to grow steadily if world trade is not to be hampered by a shortage of liquidity. Since the gold component of the reserves (assuming an unchanged gold price) will expand only very slowly, we must look to a continued growth in the foreign exchange component. This means that the short-term liabilities of financial centres like London and New York will tend constantly to expand in relation to their gold holdings. Hence it is very important, for the preservation of world confidence and the prevention of disruptive flights of hot money, that those liabilities should have the effective backing of all the gold that can be mustered for use.

Quite apart from American action, it is clearly the job of a recovered Europe to dismantle dollar discriminations in trade which had their justification in an earlier period. This has already happened on a considerable scale and can go further. Convertibility of European currencies as against the dollar has already gone a long way. In Britain we have pretty well abolished the travel allowance for dollar countries as well as others. We have repaid in advance our drawing of $250 million from the Export-Import Bank, and we have freed most of our imports from quota restrictions. I should agree also that in our part of the world we should stand ready to work out afresh fair shares in constructive help to developing countries and I should suppose that an increase in effort and contribution should come from the recovered nations of Western Europe, including Britain.

Here there is one point which should be made: it is important that the Americans do not expect too much. They are so disproportionate to the rest of us in the size of their economy and the vast power of their productive machine, their standards of living so much higher, that what in fact is fair can easily seem the reverse. It is our job in Europe to do more: we shall help, but we cannot stand in the shoes of the United States. Nor is it the case, as is sometimes assumed abroad, that Britain has been doing little for the development of developing countries. If we take the countries of the Commonwealth alone, the British Treasury has stated that in recent years private investment has averaged about £150 million, public loans and grants £88 million, a total of around £240 million. This is equivalent to more than 1¼ per cent of the average national income for the three years 1956-58.

Beyond this, everyone is aware that countries faced with difficulties in the balance of payments are subject to internal political pressures. In the period since the war the United States, by economic aid and expenditure abroad on a very large scale, has created conditions in which international trade has expanded freely. It has provided a growing market for imported goods, free from quantitative control, apart from a few well-known exceptions. It has progressively reduced the level of the tariff under the Reciprocal Trade Agreements programme. On occasion the straight line of policy has to become a little wavy in places to accommodate an existing political situation. But there is all the difference in the world between a rare concession and a breaking of the line. This last would be to deny that leadership of the free world which history in this half-century has given the American nation.

* * *

These are among the problems which face us in 1960, and now that our economy has been rebuilt and is reasonably strong we can give attention to them. It is important that we do so. For one thing it is expected of us by our friends both across the Atlantic and in Western Europe. For another we owe it to ourselves, since only in this way can we make time our ally.

BRUNNER INVESTMENT TRUST

SUBSTANTIAL PROGRESS

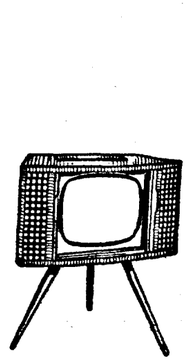
The Annual General Meeting of The Brunner Investment Trust Limited will be held on February 16th at the office of the company, Aldermanbury House, London, E.C.

The following is an extract from the circulated statement of the Chairman, Sir Felix J. M. Brunner, Bart, for the year ended November 30, 1959:

I am glad to be able to report that the gross income at £274,252 has once again risen to a substantial extent after a year of little progress. This fact, coupled with the encouraging outlook for the current year, has enabled the Directors to recommend an increase of 1 per cent in the Final Dividend, making with the Interim Dividend already increased by 1 per cent, 19 per cent for the year against 17 per cent last time. This involves the distribution of 80½ per cent of available revenue against 78¾ per cent last year, and, compared with the practice of many other investment trusts, may still be considered quite a conservative distribution.

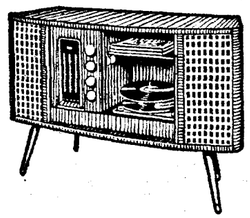
On November 30th last, when the *Financial Times* Index of Ordinary Shares stood at 306, the net asset value of the 5s. units of Ordinary Stock was 31s. 2d. compared with 20s. a year earlier.

Subject to unforeseen events arising, it is proposed to raise the Interim Dividend payable in July next from 6 per cent to 7 per cent.



DM 45/c Television and V.H.F. Radio Receiver





SRG 600 Stereogram

TURNOVER, EXPORTS & PROFITS REACH NEW PEAKS

MR E. R. LEWIS FORECASTS CONTINUED PROGRESS IN NEW "DECCADE"

The thirtieth annual general meeting of The Decca Record Company Limited was held on January 21st at Winchester House, Old Broad Street, London, EC2.

Mr E. R. Lewis (the chairman) presided and in the course of his speech, said:

In the Consolidated Profit and Loss Account the balance from Trading Account, which amounts to £3,305,313, shows an increase over that of the previous year of £352,774.

Maintenance and Depreciation amount to £1,121,612 an increase of £183,722 and interest charges at £198,749 were £76,977 higher. The balance of profit for the year at £1,952,826 shows an increase of £91,141 over the previous year. After charging taxation and tax equalisation, including £75,465 credit against £71,419 from previous years, the net profit amounts to £1,031,205 an increase of £100,221.

The balance carried forward shows an increase of £436,497 at £1,392,248.

I am sure you will regard these results as highly satisfactory.

Consolidated turnover for the year to March, 1959, at £21,800,000 was £850,000 greater than that of the previous year and the highest in the Company's history.

We are recommending a Final Dividend of 1s. 5d., less tax, making a total for the year of 2s. per share, less tax, the same as that of the previous year.

Exports reached the record total of £5,860,000, including £1,380,000 to the USA and Canada.

Review of Operations

On the record side of our business, which accounted for rather more than 50 per cent of our total turnover, we more than maintained our position. Despite a slackening in demand in the home market our turnover and profits were maintained at about last year's level. Our USA subsidiary had an exceptionally good year and improved results were also shown by our Canadian subsidiary. Our associated companies in Germany and Italy continued to make a valuable contribution. Exports were maintained at a high level particularly to the dollar areas.

The pattern of last year's trading continued during the first months of the current year with a strong recovery in demand setting in in the home market during December and continuing into the New Year.

Sales of London Records in the USA have increased though some reduction in profit is anticipated due to increased selling costs. London Records of Canada has increased both sales and profits to date.

We are operating with increased efficiency and we anticipate another excellent year's trading.

In 1958 we introduced low priced but high quality long playing classical records under the Ace of Clubs label in order to give the dealer a record with which to compete with the sale direct to the public by the so-called record clubs. This label caters for the growing public for classical records, unable to pay the higher price resulting from the onerous purchase tax and the high costs of recording new works. This series, which represents such outstanding value has been received most enthusiastically by trade and public alike.

Success of Operatic Recordings

Our recording of major works and in particular our series of spectacular operatic recordings has continued on a considerable scale.

Notable Achievements

Perhaps this might be an opportune moment to remind you of some of the notable achievements of your company during recent years.

We introduced FFRR, the first high fidelity records with the full range of frequencies audible to the normal ear and the Decola the first machine capable of reproducing such frequencies.

We were the first company to export records manufactured in England on a large commercial scale to the USA and Canada. We were the first Company in this country to produce Long Playing records and to export them in large quantities throughout the world.

We were also the first Company to introduce a low priced high quality Long Playing record through the dealers. Production from our factories in England during the ten years to March 31st last has amounted to 41 million Long Playing records, 150 million 78 r.p.m. records and 33 million 45 r.p.m. records. Our total direct exports during the same period have amounted to £14½ million, including dollar sales of £6½ million. These are significant achievements and are an encouragement to even greater efforts to improve the quality of our records and expand our operations in the future.

The demand for television has been sustained at a high level and there has been a marked increase in the sale of stereo radio gramophones. In this connection we are now launching a Stereo Decola record and radio reproducer which will, we are confident, set a new standard of quality in the domestic field.

The Navigator

For the Decca Navigator the year was one of considerable achievement, the most significant being the decision of the Canadian Department of Transport to purchase the Decca chains on Newfoundland and the mainland of Canada, which we had constructed and also operated for a trial period of some two years.

A successful Survey Trial operation in the Arctic Circle was conducted during the year and is the forerunner of a series of operations commencing in the spring of this year. The Decca Navigator was again successfully used during the continuation of the British Nuclear Tests in the Pacific, in special projects in East Pakistan, in New Guinea, in Holland in connection with the Delta Plan project for the conservation of fresh water and the repair of damage. The Nigerian chain was brought into service and the New York chain was brought into operation and used by New York Airways for an experimental programme by the USA Federal Aviation Agency in respect of helicopter flights.

I referred last year to the ICAO decision at Montreal in favour of the adoption of the VOR/DMET system as the standard equipment for short range air navigation. This decision comes up for confirmation or rejection at a meeting of the ICAO council in the spring, the outcome of which is far from certain.

Despite the slump in shipping, contracts for the hire of Decca equipment showed a net increase on the year of over 700, further proof of the great value of the system. This progress has continued during the current year; the increase in hirings to Danish and Scottish fishing fleets being an outstanding feature.

It is expected that the rate of new hirings will be maintained during the ensuing year.

The outcome of the current year's activities will be satisfactory and will represent a substantial contribution to the profits of the Group.

Radar

I will now turn to the Radar Company. During the year under review our Marine business was maintained on a very substantial scale; over one thousand orders were received, more than 80 per cent being for foreign ships. True Motion radar, pioneered by Decca and now accepted by the Marine world as a most important contribution to marine safety continued to be in great demand.

We supplied the Royal Navy with substantial numbers of new naval radars, the Type 978. This equipment has been standardised by the Royal Navy as a navigational radar and is being provided on a large scale to a N.A.T.O. naval force.

Sales of the Decca approach and landing aid, Type 424, were maintained and this equipment is installed at 100 civil and military airfields in many parts of the world.

During the year we announced an entirely new surveillance radar, the DASRI for civil aviation suitable for landing modern turbo-prop and jet aircraft.

Decca continued to play a dominant part in the application of radar to meteorology.

By November 5, 1959 our total marine sales and hirings stood at the impressive total of 9,000.

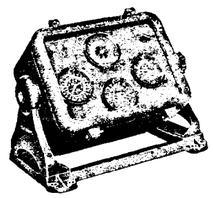
Our development work in the field of national defence systems has continued on an increasing scale.

Our Decca Radar subsidiary has now been in operation for ten years. During this period it has established itself as the world's leading marine radar company, having fitted approximately 40 per cent of all merchant ships so far equipped with radar. In addition this company has become a leader in a broad field of radar work and is widely recognised as a most progressive and efficient organisation setting a high standard of design and of production quality. It made a substantial contribution towards last year's Group profits and we anticipate a similar contribution during the current year.

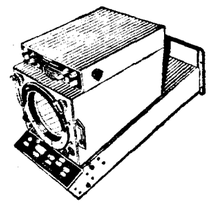
Turnover since March 31st last has increased substantially and subject only to unforeseen circumstances we look forward with confidence to considerably improved results for this year's trading and to continued progress in the new "Deccade."

Your directors have this morning declared a first interim dividend of 4d. per share, less tax (against 3d.) payable on April 7th.

The report and accounts were adopted.



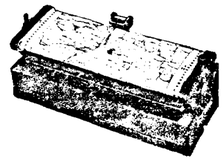
Marine Decometer



D7 Series Radar Display



HF 200 Height Finding Radar



Flight Log

DECCA

DECCA HOUSE, ALBERT EMBANKMENT, LONDON, S.E.11

TANGANYIKA CONCESSIONS LIMITED

CAPTAIN CHARLES WATERHOUSE'S REVIEW

The Annual General Meeting of Tanganyika Concessions Limited was held on January 21, 1960, at the Head Office of the Company, Tanganyika House, Salisbury, Southern Rhodesia, Captain The Right Honourable Charles Waterhouse, MC, DL, the Chairman, presiding.

The Chairman addressed the Meeting as follows:

The financial year which ended on July 31, 1959, showed a profit, after taxation, of £3,293,993, a slight fall as compared with the £3,446,103 earned in the year to July 31, 1958. Last year you confirmed the recommendation of the Board that a final dividend of 2s. 3d. should be paid, 6d. of which was taken out of certain revenue reserves of the Company which had borne United Kingdom tax. Although no such agreeable nest egg is available this year, the Board recommends that the final dividend shall again be 2s. 3d., making, with the Interim Dividend of 1s. 6d. paid last June, the same total as last year, 3s. 9d. You will remember that the ordinary stock capital of the Company was doubled by means of a bonus issue in 1958.

COPPER PRICE

The improvement in the copper market during the financial year has been well maintained in recent months. The highest price quoted on the London Market since the end of July was £266 10s. on November 10th, the lowest £224 10s. on September 21st. The average for 1959 was £237 16s. 8d. and on December 31, 1959, the price was £255 10s. per long ton as compared with £225 on July 31st quoted in my review. World markets have, however, been affected by the strikes in the United States steel industry and in copper mines on that side of the world, and consequently 1959 prices cannot be taken as a safe pointer to the price level for 1960.

In accordance with the present policy of the Union Miniere to pay interim dividends at a fixed rate, we have just received payment of 600 Belgian francs per part sociale on account of its financial year ending December 31, 1959. It is reasonable to hope that, when the figures for that year are prepared, the Directors of that Company may find it possible somewhat to increase the amount of the final distribution.

In November, 1959, I visited the Katanga as a guest of the Union Miniere. I was much impressed by the great developments of the past two years in opencast mining operations and in the progress of new plants, now nearing completion, for handling and for treating ores. The morale of the staff, both European and African, is clearly of the highest. The advantages of ever improving methods of production and treatment are being shared with the workers. Earnings are increasing and succeeding years show a steady improvement in the conditions of work and of living and in facilities for the enjoyment of leisure.

The production of copper estimated in my review at 270,000 metric tons for the year 1959 has been exceeded and an all time record production of 280,000 metric tons achieved. It is understood that the plans for 1960 envisage some further expansion, which must, however, as always, be dependent on the absorptive capacity of world markets.

THE BENGUELA RAILWAY COMPANY

On the Benguela Railway the difficult conditions prevailing in 1958, to which I referred in my last year's report, continued in the first half of 1959. Thereafter a marked improvement took place. Traffic arising in Angola, both minerals and agricultural products, showed a healthy revival. Mineral traffic from the Belgian Congo, manganese ore, copper and zinc, materially increased in volume.

The line has again carried a considerable tonnage of copper from Northern Rhodesia to the West coast port of Lobito. At the same time a larger tonnage of copper from the Union Miniere mines and works in the Belgian Congo has been moved south over the Rhodesia Railways system to the East coast port of Beira. This interchange of traffic has the useful effect of keeping alternative transport routes open to both the great Central African copper producing areas.

Better metal prices resulted in better freight rates. The fall in the net revenue of the earlier months was more than recovered and results for the year 1959 are expected to show a small but encouraging improvement on 1958.

Towards the end of 1959 I returned to Africa, landing at Lobito. I was much struck by the great improvements recently carried out by the Harbour Authority in the port itself and saw the newly completed ore handling plant in operational trials. My journey on the Railway across Angola enables me to give a most favourable report on the condition of the track which is now ballasted in stone throughout almost the whole of its length, on the high state of efficiency of the rolling stock, and on the fine equipment of workshops and repair depots.

Throughout the whole system the staff of the Railway, from the General Manager, Engineer Augusto Bandeira, to the last joined African recruit, have shown the finest possible spirit in meeting the exceptional demands which the rapid expansion of traffic during the last four or five months has imposed upon them.

IMPORTANT DEVELOPMENTS

As mentioned in my review, your Company, through its wholly owned subsidiary, Tanganyika Properties (Rhodesia) Limited, has increased its participation in Border Forests (Rhodesia) Limited, a company which owns extensive conifer forests on the eastern boundary of Southern Rhodesia. The newly erected sawmill, equipped with the most up-to-date machinery having an initial capacity of 1¼ million cubic feet of logs per annum, is now in operation.

An opportunity arose for Tanganyika Concessions to acquire a controlling interest in Boxes & Shooks Ltd., Saw Millers, Box Manufacturers and Timber Merchants, and their subsidiary company, Novobord Ltd., manufacturers of particle board. The main works of the group are in and around Port Elizabeth in the Union of South Africa. The parent company and its subsidiary have had a satisfactory profit record over a number of years.

We have signed an Agreement with the owners of the group, under which it is proposed to register in Salisbury a new company, Commonwealth Timber Industries Limited, with an authorised capital of £2¼ million. Tanganyika Concessions will take up 60 per cent of the initial capital and the vendors will hold the remaining 40 per cent. The object of the company is to acquire the whole of the issued capital of Boxes & Shooks Ltd. and to finance and organise the manufacture of the Novopan type of particle board and a new type of box wood in the British Commonwealth. The Managing Directors of Boxes & Shooks have agreed to enter into long term contracts of service with that company so that a continuance of the present expert and successful management is assured.

Work has continued in prospecting the area in Northern Rhodesia in which Tanganyika Holdings Limited is associated with the Rio Tinto Group, and in that east of Lake Tanganyika, which is being conducted by the Anglo American Corporation of South Africa Ltd. and in which Tanganyika Properties (Rhodesia) Limited has a share. No fresh discoveries have been made in the former and nothing of economic value has yet been disclosed in the latter area.

On behalf of the Board and the Shareholders of Tanks I take this opportunity of thanking the staffs, both of this Company and of its associates, for their work during the year.

The Report and Accounts were adopted, the payment of the final dividend was approved and the retiring Directors were re-elected.

THE AVON INDIA RUBBER COMPANY

HIGHER VOLUME OF GROUP SALES

The seventieth ordinary general meeting of The Avon India Rubber Company Limited was held on January 25th at Melksham, Wiltshire, Mr C. M. Floyd, OBE (the chairman), presiding.

The following is an extract from his circulated statement:

The Group profit for the period after providing for taxation of £120,761 amounted to £296,725. Of this total £4,352 is attributable to minority shareholders in our subsidiaries, leaving £292,373 attributable to the Company compared with £299,651 last year.

In the light of the expansion of the motor industry better trading results might have been expected, but the rising price of natural rubber throughout the year has been a very adverse factor.

In spite of a considerable fall in the requirements of British Railways for certain specialised products Group sales volume is higher than last year.

The high quality products of your subsidiaries have continued in demand and every effort is being made to expand the General Rubber Goods side of your Company's affairs.

Since the end of the financial year there has been every indication that the market for your Company's products will continue to expand. I must, however, also say that so long as the present relationship between natural rubber costs and the selling prices of our products persists satisfactory profits will be very hard to achieve.

The report was adopted and the final dividend of 8 per cent making 11 per cent for the year was approved.

AMPOL

PETROLEUM LIMITED

Highlights of Chairman's Address

In his address to the annual meeting of Stockowners held in Sydney (and simultaneously relayed to subsidiary meetings in all capital cities within the Commonwealth) on Friday, January 15, 1960, the Chairman, Mr. L. J. Thompson reported:

Sales: Sales and other revenue amounted to £32,547,000, an increase of 10½ per cent.

Profits: Net profit after tax provision was £1,866,000, an increase of 6 per cent. After allowing for dividend on preference capital, earning rate of profit on ordinary paid-up stock was 19.4 per cent.

Reserves: Reserves and undivided profits now total nearly £5,500,000, an increase for the year of over £1,200,000, of which £750,000 was derived from premium on the recent share placement.

Dividend: Maintained at 13½ per cent.

Stockowners' Funds: Now total £17,144,078—up 26 per cent.

Assets: Assets of the Company and its subsidiaries are now in excess of £33,500,000, an increase of 35 per cent.

New Share & Note Issues: As previously announced, the Registers closed on January 15 for a New Issue at par of over £4,000,000 of 6 per cent. Registered Unsecured Convertible Notes of 5s. each in the ratio of one Note for each three Stock Units or Convertible Notes currently held.
One million shares, underwritten for placement at 20s. 6d., were issued during September, 1959. These funds were needed urgently for expansion.
Some stockowners, mostly overseas, were critical of the Board's action, wondering, no doubt, whether the Board intended to depart from its usual practice of raising Capital by means of Rights Issues. I would like to give an assurance on behalf of the Board that there is no such intention. The reason for the placement was that the Board had an exceptional opportunity to acquire sites and construct *quickly* a number of Service Stations in areas where we have not been able to meet the demands for the Company's products. It was expedient to resort to a placement issue *at a very high premium* in order to counteract the inflationary prices which sites for Service Stations are commanding. In other words, we used the high purchasing power of the shares to pay for the inflationary-priced sites.

New Tankers: During the year the Company took delivery of a new tanker and a super tanker is at present under construction in Australia for delivery within the next two years.

Partnership with International B. F. Goodrich: The Board's policy of increasing the diversification of our business has resulted in our becoming associated with the world renowned International B. F. Goodrich for the purpose of manufacturing tyres and allied products in Australia. It is anticipated that marketing of tyres will commence on March 1st.

Oil Search: Exploration work has continued steadily during the year with the emphasis on geophysical operations.

People: The Board is fully conscious that the secret of the Company's success is its people, and they are the Company's greatest asset. The Board expresses thanks to the Managing Director, General Manager, Executive and all members of the staff.

Ampol Investment Trust: The Board heartily supports the Managing Director's proposal for the formation of a Staff Investment Trust to be managed free of cost to the staff.

The Future: Ampol faces a new year with unbounded confidence in the future of Australia and our Company's ability to maintain a high rate of progress.

AMPOL IS OWNED BY MORE THAN 40,000 PROUD AUSTRALIANS



The Union Discount Company of London, Ltd.

ERIC O. FAULKNER, M.B.E. (Chairman)
M. R. NORMAN, O.B.E. (Deputy Chairman)
The Hon. Sir GEOFFREY C. GIBBS, K.C.M.G. DAVID JOHN ROBARTS J. IVAN SPENS, O.B.E.

BALANCE SHEET AS AT 31st DECEMBER, 1959

LIABILITIES

1958 £		1959 £	£
	CAPITAL (in £1 Units of Stock):		
7,500,000	AUTHORISED		7,500,000
5,544,000	ISSUED		6,652,800
2,456,000	RESERVE		3,347,200
8,000,000			10,000,000
	PROFIT AND LOSS:		
1,069,813	Balance carried forward		477,308
9,069,813			10,477,308
226,312,752	LOANS secured on Assets of the Company	258,159,157	
36,861,090	DEPOSITS, OTHER LIABILITIES AND RESERVE FOR CONTINGENCIES	32,611,611	
100,107	DEPOSITS BY SUBSIDIARIES	100,107	
199,238	PROPOSED FINAL DIVIDEND, *less* Income Tax	254,678	
263,473,187			291,125,553
£272,543,000			£301,602,861

Notes: (1) There is a contingent liability in respect of Bills Re-discounted (excluding Treasury Bills) of £28,088,383 (1958, £30,213,976).
(2) The amount now recoverable in respect of income tax suffered in excess of taxation upon profits to date has been included in Loans and Amounts Receivable.

CURRENT ASSETS

1958 £		1959 £	£
6,166,235	CASH AT BANKERS AND IN HAND		6,210,764
	BILLS DISCOUNTED, *less* rebate and reserve:		
148,206,694	British Government Treasury Bills	161,901,200	
17,511,838	Commercial and Other Bills	24,477,999	
165,718,532			186,379,199
	SECURITIES at less than Market Value:		
81,203,474	British Government, British Corporation, Public Board, Dominion and Colonial Government and Corporation... Unquoted:	94,261,163	
7,093,130	British Corporation and Public Board Mortgages	7,262,902	
88,296,604			101,524,065
12,161,522	LOANS AND AMOUNTS RECEIVABLE		7,288,726
272,342,893			301,402,754

FIXED ASSETS

100,107	SHARES IN SUBSIDIARIES at cost The net assets of Subsidiaries at 31st December, 1959, are represented by Deposits with the Company (*per contra*).	100,107
100,000	FREEHOLD PREMISES, including Furniture and Fittings, at cost, *less* amounts written off	100,000
£272,543,000		£301,602,861

E. O. FAULKNER, *Chairman.*
M. R. NORMAN } *Directors.*
J. IVAN SPENS }
C. G. SEVASTOPULO, *Secretary.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959

1958 £	£	1959 £	£
550,993	PROFIT FOR THE YEAR, after providing for amortisation of premiums on securities, rebate and taxation, and after making a transfer to Reserve for Contingencies		666,850
	NOTES: (1) The Accounts of Subsidiaries show neither profit nor loss for the year 1959 (1958 same). (2) The Directors' emoluments for the year were—Directors' Fees £10,125 (1958—£9,900) including Chairman's Remuneration £2,500 (1958—£2,400).		
(*on £5,544,000*)	*Deduct* Dividends paid and proposed per £1 Unit of Stock, *less* Income Tax:		
199,237	Interim of 1s. 3d. paid 1st August, 1959	254,677	
199,238	Final of 1s. 3d.	254,678	
398,475			509,355
152,518			157,495
917,295	*Add* Balance brought forward from previous year	1,069,813	
	Less Transfer to Reserve in February, 1959	750,000	
			319,813
£1,069,813	Balance carried forward 31st December, 1959		£477,308

39, CORNHILL, LONDON, E.C.3

THE UNION DISCOUNT COMPANY OF LONDON LIMITED

A YEAR OF STEADY PROGRESS AND CONSOLIDATION

MR ERIC O. FAULKNER'S STATEMENT

The Annual General Meeting of The Union Discount Company of London Limited, will be held on February 19, 1960, in London.

The following is the circulated statement of the chairman, Mr Eric O. Faulkner, MBE:

The past year has been one of steady progress and consolidation for your Company and this has been achieved without experiencing any of the reductions in Bank Rate which so materially assisted us in 1958. It is therefore particularly satisfactory to be able to report that we have again had a record year as indicated by the profit figure of £666,850. In this we have been fortunate that the margins between the rates at which we borrow money from our friends and those at which we can employ it have been so consistently favourable.

We cannot always expect such plain sailing, and your Board and Management continue to regard as of the highest importance the possession of reserves adequate to meet the more difficult conditions which are certain to come again sometime. Very satisfactory progress has been made over the last two years in building up the resources of your Company and the Board now feel justified in transferring to Reserve from Reserve for Contingencies the sum of £1,250,000 as shown in the Directors' Report. This more than replaces the amount capitalised during the year and the total of our Capital and Reserve at £10 million is now a better indication of the actual resources employed in the business and the inherent strength of your Company.

This consolidation of our resources has also permitted us again to enlarge our holding of both Bonds and Bills, and to fulfil our additional function as Jobbers in short-dated Government Bonds.

THE ROLE OF THE DISCOUNT MARKET

The role of the Discount Market was outlined in the Report of the Radcliffe Committee which was published during the summer. Its verdict was that the Market does its work effectively and "at trifling cost in terms of labour and real resources."

In response to the Committee's suggestion that the publication of fuller statistics is desirable, we have this year for the first time shown separately our holdings of Treasury Bills and other Bills of Exchange. It will be observed that our holding of other Bills is almost £7 million higher at £24,477,999, whereas our contingent liability on Bills rediscounted is lower at £28,088,383. These two latter figures when combined give a truer picture of our business in Commercial Bills, and it will be seen that the overall total is approximately 10 per cent higher than at the end of last year.

The year 1959 saw the retirement of Lord Kennet of the Dene, our Chairman since 1945, and the sudden death of Sir Archibald Jamieson, Chairman of the Company from 1943-1945, and a Director for over 30 years. The debt which the Company owes to them for their wise counsel and unfailing kindliness is a large one indeed, and we shall miss them very much.

Sadly, too, there occurred the death, only shortly after his retirement, of Mr A. W. Trinder, our brilliant Manager for so many years, and a figure admired and respected not only in our Market, but in financial circles throughout the City of London and elsewhere.

On the retirement of Lord Kennet I was appointed Chairman by the Board and Mr M. R. Norman was appointed Deputy Chairman.

Finally, I would like on behalf of the Board to thank the Management and Staff most warmly for their work during a very successful year's trading and to express our gratitude to our many friends and customers for their continued co-operation.

BROOK MOTORS LIMITED

TRADING IMPROVEMENT IN SECOND HALF OF THE YEAR

The Tenth Annual General Meeting of Brook Motors Limited was held on January 23, 1960, at Huddersfield. Mr Frank V. Brook, the Chairman and Joint Managing Director presided.

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

"The year under review has been one of variable experience. After sharing in the general trade recession in which the majority of companies in both the electrical and engineering fields were particularly affected, resulting in a substantial drop in our profits over the first half of the year, a considerable improvement in demand during the final six months helped our turnover substantially.

At the moment with the revival continuing in most industries, the demand for our products is exceedingly good, but I must issue a note of warning, that with the abandonment of price agreements since the introduction of the Restrictive Practices Act, there is a general move by many companies to obtain a larger share of the available demand by reducing prices, and competition will be keen. This can only result in everyone finding difficulty in retaining profit margins which have been the experience in the last few years unless substantially greater turnover figures are obtained.

Your Company enjoys a substantial direct export trade, not the least of which is through our subsidiary companies in both the United States and Canada. The former now contributes satisfactorily to our overseas demand and is self supporting. Canada has exceeded expectations in its first year of operation. We are now able to offer the service required and expected by our customers, to that country, who incorporate our products in their equipment.

Our other overseas markets have shown varying conditions. Whilst a decline has been experienced in some traditional markets, increased demand came from unexpected quarters, resulting in a general improvement in direct export sales.

All the staff and employees have co-operated in meeting production demands and I take this opportunity of thanking them on your behalf for their continued loyalty."

At an Extraordinary General Meeting which followed, the proposal by the Board to capitalise some of the Reserves, by allocating to the holders of ordinary shares in the proportion of one ordinary share for every six ordinary shares held, was approved. These new shares would not entitle the holders to participate in the final dividend for the financial year ending September 30, 1959.

The report and accounts were adopted.

ARTHUR LEE & SONS LIMITED

EMINENTLY SATISFACTORY RESULTS

The second annual general meeting of Arthur Lee & Sons Limited was held on January 29th at Sheffield.

The following is an extract from the circulated statement of the chairman and managing director, Mr G. Wilton Lee, TD, JP:

When my last Statement was published there were signs of improvement in trade and I expressed a note of optimism for the future. The tempo, however, was rather slower in acceleration than I anticipated and it was not until the Spring, when the Budget changes were published, that activity in all our products reached a satisfactory level.

In the circumstances, I consider that the Trading Profit of £925,280, compared with £794,395 for the previous year, is eminently satisfactory. Furthermore, it clearly demonstrates the profit earning ability of the Group when full capacity working can be achieved.

It should be noted that this trading profit is after charging £228,667 for Depreciation and a further £119,000 Additional Depreciation to provide for the current cost of replacement. Other income totalled £51,295 compared with £44,096, resulting in a profit before tax of £976,575, compared with £838,491 last year.

BALANCE SHEET

Our Group Balance Sheet demonstrates strength by whatever standard it is judged. We have an excess of Current Assets over Current Liabilities of more than £3½ million compared with £3¼ million a year ago. This provides us with sufficient resources to meet the considerable expansion in trade anticipated during the current year.

Turning to Total Share Capital and Reserves, it will be seen that these have increased during the year by more than £450,000 to the impressive total of £4,722,332. At September 30, 1952, the corresponding total was £2,662,690, so that in seven years the total has increased by £2,059,642 in spite of the fact that only £5,095 of new "A" Preference Capital has been received and that we have distributed to our members shares in Arthur Lee (Investments) Ltd. to the value of £200,000.

For the years ended September 30, 1955, 1956 and 1957 we paid dividends on the Ordinary Stock of 10 per cent per annum, plus 2½ per cent bonus from capital surplus not subject to Income Tax; these were equivalent to 14.3 per cent gross per annum. For the year ended September 30, 1958, when the Reconstruction was carried out, a bonus of 8⅓ per cent was paid from capital surplus, not subject to Income Tax. Again, this was equivalent to approximately 14.3 per cent gross. For the year just ended we have paid or recommended dividends totalling 17½ per cent. At first sight you may think that we have been unduly conservative in our dividend policy, but I submit that this was the correct course in view of the threat of Nationalisation which precluded the raising of capital to finance expansion. When it is realised that we have spent in the last eight years more than £2,800,000 on the expansion and modernisation of our plant and premises, you will appreciate that such a course was necessary. Now that the threat of Nationalisation has been removed, we shall be able to raise

fresh capital if your Board deems it necessary for the greater expansion of your business.

The Share Premium Account at present stands at £1,741,818. In order to bring the issued capital more in line with the capital employed, we propose to capitalise a substantial portion of the Share Premium Account by means of a free issue of shares. As a first step towards this, we propose to increase the Authorised Capital of the Company in the near future and appropriate details will be sent to you in due course.

DEVELOPMENT

Our new Wire Factory at Ecclesfield, to which I briefly referred last year, is now nearing completion and will shortly commence production. Whilst we do not expect to see any real benefits during this financial year we are more than ever convinced that it was a necessity and will be of great benefit to the Company, particularly during the periods of increased business activity such as we are now passing through. We anticipate lower production costs with greater earning power, and the ability more easily to meet the needs of our many good customers. Eventually we anticipate that the concentration of all wire products in this new plant will enable us to close down entirely one, if not both, of our older works in Sheffield without creating any appreciable redundancy.

The capital expenditure incurred in our Hot Rolled Strip Mill in recent years has borne fruit and our current output is now approximately 30 per cent greater than two years ago. This increase has come at a most appropriate time, coinciding with increased demands from our own Cold Rolling Mills and for those special types of hot rolled strip which we produce for outside customers. We have plans for further improvements in both quality and quantity.

Our Cold Strip Company is facing demands for its products, particularly in stainless and high carbon steels, in which we specialise, considerably in excess of those of any previous period. To assist in meeting these demands we are shortly installing another Sendzimir Type Cold Rolling Mill.

Finally, my Board and I once again acknowledge the hard work and co-operation of our staff and employees of every grade, who have helped so much in the achievement of such good results in a rather difficult period.

I look forward to the future with confidence.

THE NATIONAL BANK OF KUWAIT LIMITED

Established 1952

Under Charter granted by H.H. Shaikh Sir Abdulla Al Salim Al Subah, K.C.M.G., C.I.E., Ruler of Kuwait

BALANCE SHEET as at 31st DECEMBER, 1959

1958 Indian Rupees	LIABILITIES	Indian Rupees	*1958 Indian Rupees*	ASSETS	Indian Rupees
13,100,000	Capital: Authorised, Issued and Paid Up ...	19,650,000	*181,628,215*	Cash and Balances with Banks	227,041,033
15,000,000	General Reserve	24,000,000	*333,250,000*	British Government Treasury Bills	448,554,500
658,952,491	Current, Deposit and Other Accounts (including Provisions for Contingencies)	851,155,564	*33,101,300*	British and Other Government Securities (at under market value as at 31.12.59)	2,493,326
1,834,000	Dividend Payable	2,947,500	*2,931,055*	Other Investments, at or under cost	1,000 000
1,072,984	Profit and Loss Account Balance	1,105,501	*138,348,905*	Advances to Customers, Bills Discounted and Other Accounts	218,569,706
76,909,347	Confirmed Credits and Guarantees on behalf of Customers, as per contra	121,993,983	*700,000*	Land and Buildings, less amounts written off	1,200,000
			76,909,347	Liability of Customers for Confirmed Credits and Guarantees, as per contra	121,993,983
				NOTE.—There is a contingent liability of Rs.1,000,000 in respect of uncalled capital on "Other Investments."	
766,868,822		1,020,852,548	*766,868,822*		1,020,852,548

ABDULAZIZ AL HAMAD AL SAGAR, *Chairman.* KHALIFA KHALED GHUNEIM, *Deputy Chairman.* A. E. MEDLYCOTT *General Manager.*

PROFIT AND LOSS ACCOUNT for the Year ended 31st DECEMBER, 1959

1958 Indian Rupees		Indian Rupees	*1958 Indian Rupees*		Indian Rupees
2,400,000	Transferred to General Reserve	4,350.000		Profit after charging all expenses, making provisions for contingencies and writing down	
1,834,000	Provision for payment of dividend of 15%	2,947,500	*4,505,627*	assets	7,330,017
1,072,984	Balance carried forward	1,105,501	*801,357*	Balance brought forward from last year	1,072,984
5,306,984		8,403,001	*5,306,984*		8,403,001

London Correspondents :

Midland Bank Limited. Chase Manhattan Bank
Chartered Bank. Lloyds Bank Limited.
Eastern Bank Limited. Westminster Bank Limited.

New York Correspondents :

Irving Trust Company. Bank of America.
Chase Manhattan Bank Morgan Guaranty Trust Co. of New York.

Correspondents in all principal countries

A COMPLETE BANKING SERVICE FOR TRANSACTIONS WITH KUWAIT

LLOYDS AND SCOTTISH FINANCE LIMITED

GROWING VOLUME OF HIRE PURCHASE BUSINESS

Mr Ian W. Macdonald's statement

The first annual general meeting of Lloyds and Scottish Finance Limited was held recently at Vigo House, 115, Regent Street, London, W.1.

The following is the statement by the chairman, Mr Ian W. Macdonald, which has been circulated with the report and accounts:

I have pleasure in submitting the first statement of Lloyds and Scottish Finance Limited. This company was formed towards the end of 1958 to acquire the whole of the share capital of Olds Discount Company Limited and Scottish Midland Guarantee Trust Limited. The original issued capital of Lloyds and Scottish was £6 million but during the year this has been increased to £11,150,000, represented by ordinary shares which are held equally by Lloyds Bank Limited and National Commercial Bank of Scotland Limited.

Home and Overseas Activities

In geographical terms the group's main activities are in the United Kingdom where some 90 per cent of total business is conducted at 100 offices. Overseas the group has subsidiaries in South Africa, Rhodesia, Trinidad and Jamaica. It also has a subsidiary in Eire. Towards the end of the financial year we extended our interests in South Africa by joining a consortium with the Netherlands Bank of South Africa Limited and British and Commonwealth Shipping Company Limited to acquire some 85 per cent of the ordinary shares of Credit Corporation of South Africa Limited. Our proportion of the consortium's investment is shown under Trade Investments in our accounts.

As regards the classification of business, considerably more than half of our hire purchase turnover involves the financing of motor vehicles. On the other hand, more than half of our hire purchase contracts—in number but not in value—cover the finance of domestic durables such as furniture, radio, television, and electrical household equipment. Of the two main operating subsidiaries, S.M.G.T. concentrates on the motor vehicle and machinery fields while Olds continues its long established specialist business in the smaller units. Accordingly, as a group we cater for every class of hire purchase business and at present we have 364,000 active accounts.

Growing Volume of Business

Since Lloyds and Scottish commenced business on January 1, 1959, there has been a continuously growing volume of hire purchase business available in the United Kingdom, of which we have obtained a highly satisfactory share. We could have had an even larger proportion if we had been willing to accept all the business offered, but we have thought it right to follow a selective policy and reject business which does not attain a high standard of credit rating. Since the termination in 1958 of all statutory controls on hire purchase transactions, the trend has been towards smaller down-payments and longer repayment periods. Such a trend obviously increases the underwriting risk. Moreover, rates charged to the users have been lowered during 1959, thus giving the finance houses a smaller margin for cover against the greater risk. In such circumstances, it is clearly prudent to be rather more discriminating in our trading, and such has been our management policy over the past year. In consequence, we have had a most satisfactory experience as regards bad debts.

Our overseas subsidiaries are now firmly established and each is making a useful contribution to the local financial economy. It is our policy to have a minority of resident shareholders—either institutions or individuals—and in this way we obtain a valuable measure of local goodwill. In South Africa our associated shareholders are the Netherlands Bank of South Africa Limited and British and Commonwealth Shipping Company Limited: in Rhodesia, The London and Rhodesian Mining and Land Company Limited: in Jamaica and in Trinidad local residents. We feel confident that, with our "know-how" and their support, these companies will continue to develop successfully and increasingly add their contributions to the earnings of our group.

The Accounts

You will see from the accounts that the profit for the nine months' trading amounts to £2,275,836 before tax. The charge in the accounts for taxation at £1,253,354 is relatively heavy, as we thought it wise to set aside sums sufficient to meet taxation liabilities, both current and future, up to April 5, 1961. After allowing for the share of net profit attributable to outside shareholders, we have made appropriations in the group's accounts aggregating £236,218 and we have distributed a net amount of £687,837 by way of dividend to our shareholders, Lloyds Bank and National Commercial Bank, leaving a carry forward of £6,959 in the parent company.

The consolidated balance sheet shows our hire purchase and other debtors at £69 million. The comparative amount at the commencement of business on January 1st was £45 million, a 53 per cent increase between the two dates. Since the date of the balance sheet our business has continued to expand both by volume and by outstandings. The longer period now covered by the average hire purchase contract in itself implies a growing amount of indebtedness. Many of the two-year contracts—which was the statutory limit until 1958—are well on the way to final repayment, while many of the new contracts have a longer life and consequently employ more funds. This upward trend in total hire purchase debtors will continue throughout 1960 unless the volume of new business begins to fall, and so far there is no evidence of that. However, any change in official policy, if associated with the re-imposition of statutory limitations, would probably result in an immediate contraction in the volume of business.

Allied to the amount of hire purchase debtors is the figure in the consolidated balance sheet for Unearned Finance Charges at £6.89 million—almost 10 per cent of the debtors. This, of course, is a cushion for the future, and will be brought into the profit and loss account as the instalments are paid.

Turning to the methods we have adopted to finance our hire purchase paper, it will be seen that the shareholders' issued capital stands at over £11 million. The reserves and future taxation provide £2½ million. The two other main sources of finance are Joint Stock Banks and Acceptance Houses (£13¾ million) and deposits (£34½ million). From these figures it is evident that the group has obtained finance from many quarters other than the parent banks.

Confidence in the Future

Overall these first accounts reflect the size of this new group and its earning capacity. The directors are confident that the wide diversification of business through many branches here and overseas, the specialised managements, and the support of the parent banks are all factors which should enable us to hold—and, we hope, to improve—our position in this rapidly developing sphere of financial activity.

My final word must be personal—an expression of our gratitude to the managing directors, managers and staff who have energetically supported this fusion of interests and at the same time have worked so hard in getting and handling a formidable increase in business.

Main operating subsidiaries :

OLDS DISCOUNT COMPANY LIMITED
SCOTTISH MIDLAND GUARANTEE TRUST LIMITED

Overseas:

SOUTH AFRICA · RHODESIA · TRINIDAD · JAMAICA · EIRE

RANKS LIMITED

SATISFACTORY RESULTS

The annual general meeting of Ranks Limited was held on January 26th in London, The Lord Rank, JP (the chairman), presiding.

The following is an extract from his circulated review:

The accounts show the results to be closely comparable with those of the previous year as regards Profit on Trading and that we have had the benefit of lower rates of Taxation.

Flour Mills: As I mentioned last year, the productive capacity of the flour milling industry in the United Kingdom is more than is required to meet the present demand and this makes the Industry a highly competitive one. It is in the interests of the customer that there is keen competition in regard to quality. All the efforts of our Group have been directed with considerable success to making the flour which will produce the most satisfactory loaf.

Bakeries: The policy outlined last year of taking advantage as opportunity occurred to strengthen further the position of our bakery interests, having regard to the location of our flour mills, has continued. During the year we acquired additional businesses in suitable areas and in so doing have extended the scope and diversity of user of that part of our flour output which reaches the public through businesses in which we are interested.

Our offer to acquire the whole of the share capital of Inglis & Company Limited, the largest bakery business in Northern Ireland, became unconditional on August 28, 1959.

Since last year Energen Foods Co. Ltd. has introduced with success in a test area a new product, Energen Crispbread. Within a few months this product will be generally available.

Blue Cross Animal Feeding Stuffs: It is quite evident that our Blue Cross Foods are becoming more and more popular with farmers and we have every reason to believe that we have had a very fair share of the increase in national tonnage. Scientific advancement continues in all directions and it is our policy to keep pace with all such improvements.

Ranks (Ireland) Limited: Our colleagues in Ireland have been taking active steps to meet the many difficulties over there and the trend of Industry in that country. For the year under review these steps are showing in improved results and I am hopeful that this improvement will continue.

Accounts: £2 million has been transferred to Revenue Reserves and after the Preference Dividends and providing for a final dividend of 7½ per cent on the Ordinary Capital (making a total of 12½ per cent, as against 10 per cent for the last year) the balance carried forward is increased by approximately £178,000 to £1,430,000.

The excess of current assets over current liabilities is less than a year ago, but the position has been reinforced by the cash proceeds of the issue of £7,500,000 Unsecured Loan made at the turn of the year.

The capital and reserves now total almost £49 million.

Conclusion: All the operations of the Company are closely inter-related and whilst all are subject to factors beyond the control of the Board the breadth of the business is such that one can hope that the current year which has started quite well will justify the expectation of a satisfactory result.

The report was adopted.

ALEXANDERS DISCOUNT COMPANY

LIMITED

Statement of Accounts, December 31, 1959

LIABILITIES

	£	£
Authorised Capital:— 100,000 Preference Shares of £2 each and 2,400,000 Ordinary Shares of £1 each ...		2,600,000
Issued Capital:— 100,000 £2 6% Cumulative Preference Shares, fully paid ...		200,000
2,400,000 £1 Ordinary Shares, fully paid ...		2,400,000
		2,600,000
Share Premium Account ...	533,750	
General Reserve ...	1,466,250	
Profit and Loss Account ...	247,000	
		2,247,000
		4,847,000
Loans, Deposits, Sundry Creditors and Contingency Account (including liabilities of £118,656,614 secured on certain assets per contra) ...		123,264,587
Final Dividends (*less* Tax) recommended ...		113,925
		£128,225,512

NOTES:—

1. There is a contingent liability in respect of Bills Re-discounted excluding Treasury Bills of £4,165,893 (1958—£9,651,899).
Taxation recoverable to date has been included in these accounts.

ASSETS

	£
Balances at Bankers and Cash in Hand ...	772,619
Bills Discounted (*less* Provision for Rebate) ...	93,695,875
British Government Securities (quoted) at or under market value ...	30,696,375
Corporation and Dominion Government Securities (quoted) ...	2,463,847
Loans on Security and Amounts Receivable ...	596,796
	£128,225,512

24, LOMBARD STREET, LONDON, E.C.3.

ALEXANDERS DISCOUNT COMPANY LIMITED

A YEAR OF PROGRESS

SIR ERIC GORE BROWNE'S STATEMENT

The Ninety-second Annual General Meeting of Alexanders Discount Company Limited will be held on February 18th in London.

The following is the circulated statement of the Chairman, Sir Eric Gore Browne, DSO, OBE, TD:

During the year 1959 for which we now account, we invited Mr Daniel Meinertzhagen, a Director of Messrs Lazard Brothers and Company Limited, and other Companies, to join our Board. He has already made a valuable contribution to our counsels.

Now it is interesting to record that, on July 16th of this year, 150 years will have passed since William Alexander started business on his own account at No. 33, Lombard Street, only a few yards from where this building stands. Before that date he had been engaged in Bill Broking in partnership with a certain John Rickman, but since William Alexander was at that time employed by a well-known Banking House his name did not appear in the title of the Bill Broking business. We are proud to think that from this small beginning your Company has grown to its present strength and standing, and that one of William Alexander's direct descendants still occupies a seat on the Board.

THE YEAR'S RESULTS

The year 1959 was a year of real progress in our long history. Throughout the year the Bank Rate remained at 4 per cent, while the Treasury Bill Rate, starting at $3\frac{5}{32}$, ended at $3\frac{11}{16}$; a very different picture to that shown in 1957 and 1958. In the result, if you will turn to the figures which accompany this statement, you will see that your Capital, Share Premium Account and General Reserve remain unchanged, that the Balance Carried Forward has been increased to £247,000, that our holding of Securities is £33,160,222 and of Bills £93,695,875, and that the increased dividend which we propose has been fully earned. Our holding of Treasury Bills has increased by 8 per cent, and our aggregate of Commercial Bills by 4 per cent. And you will note that the phrase "Contingency Account" once more appears on the left hand side of the Balance Sheet. You will not, I am sure, forget that I told you last year that my colleagues and I regard it as our primary duty to reconstitute your Company's reserves, having in mind all the time not only the interests of the Shareholders, whose servants we are, but also the risks incurred by a Discount House operating in a controlled economy.

As you know, the fortunes of your Company depend largely on the fluctuating margins which exist between the rates at which it can borrow money and the yield on the bills and short dated Government Bonds which constitute its portfolio. The variety in the life of a Discount Broker under modern conditions will be apparent from a study of the variations in the Bank Rate, the yield on short dated Government Bonds and Treasury Bills, and the average cost of money for the last three years. After weathering the storms of 1957 and 1958, in the year 1959 your Company's ship has sailed in calmer waters.

THE RADCLIFFE REPORT

In my statement which was circulated with

the Accounts for 1958 I told you that we awaited with keen interest the report of the Radcliffe Committee on the working of the monetary system. This interesting and instructive report has since been published. It is satisfactory to note that the Committee expressed the view that "The Discount Market, by smoothing out irregularities in the ebb and flow of funds among the Commercial Banks and others, does simplify the functioning of the Banks and enables them, free from embarrassment of temporary disturbances in their liquidity, to concentrate on their major task of providing credit for the production of goods and services." The Committee also emphasised the important element which the Discount Houses provide in the market for Bonds and went on to say "If the Discount Market does indeed cease to provide an effective service as jobbers, the appetite of some institutions for short bonds is bound to decline." The publication of statistics by the Discount Market, as recommended by the Committee, is still under consideration. I think it is fair to say, in view of the findings of the Committee, that it is now confirmed that the Discount Market plays a really important part in our National economy. We welcome this assurance.

Once again our grateful thanks are due to the Banks for their unfailing support and to Sir Antony Macnaghten, to Mr Dawkins, to our Assistant Managers and to all our Staff for a good year's work. We have a young team in whom you may have every confidence.

R. A. LISTER & CO. LTD.

The Annual General Meeting of R. A. Lister & Co. Ltd. was held at Dursley on January 25th.

Sir Percy Lister, the Chairman, who presided, said:

It is customary on these occasions for me to draw your attention to items of special interest in the Consolidated Balance Sheet and the accounts before you.

You will have observed that the Trading and Profit figures establish another record year in the operation of your widely spread undertakings.

The increase in the Group's Consolidated Profits of over £100,000 indicates the increased productivity of your Factories, and the benefits accruing from the considerable capital expenditure during the past two years on the latest plant and machinery as well as the increased volume of sales in both the Domestic and Export Markets, which increase I am pleased to say currently continues.

The increase in the interim dividend from 2½ per cent to 5 per cent was made to bring the interim more into line with the final dividend and the increase in the total dividend for the year from 12½ per cent to 14 per cent is justified by the improved year's trading.

The increased value of your fixed assets represents purchases made during the year for the immediate and long term development of your Factories. The reduction in the Cash Position and Government Securities is accounted for by the increased Receivables and Stocks which are in line with the greater volume of production and Sales.

BIG DEMAND FOR LISTER ENGINES

The increased power range of the Lister Air Cooled Diesel Engines has been a source of great satisfaction to users and distributors alike both at home and overseas. Your Group's Industrial, Marine, Electrical and Agricultural products continue to enjoy an expanding demand. The demand for Lister Engines for use as prime movers of engine-driven Contractors' Plant, Pumps and Generating Plants has reached an encouragingly high volume.

The increased Home Trade reflects the increased confidence of the British public in the Political, Financial and Economic stability of our Country, and improving conditions and confidence in a number of overseas markets in which your Company has established Subsidiary Companies justifies our anticipating a growing demand for our products in them.

Having recently returned from an extensive overseas tour embracing visits to distributors and your own companies in Australia, Canada, the United States and Mexico, I feel that to meet the vigorous competition from Continental Europe, North America and local manufacturers in these markets, and to cater for the demands of tomorrow's clients, we must continue to keep the importance of design trend and production costs always before us.

Whilst the demand in the expanding markets of the World necessitates the supply of many products on State Aided Credit Terms, it is to be hoped that by Inter-Governmental co-operation or through the World Bank or such other organisation as may be effective, such credit will be kept within reasonable limits and in accordance with the best trading interests of the exporting countries.

The R. A. Lister Pensions Trustees Limited to which I made reference last year, has made satisfactory progress during the year under review, and the benefits from the Policies issued have been greatly appreciated by all concerned as was your Directors' decision to increase the weekly payments to existing pensioners who had retired prior to the formation of the Pension Trustee Company.

In conclusion may I on your behalf as well as on behalf of my colleagues and myself convey to the Chairman and Boards of our Associated and Subsidiary Companies, to all those in our Offices and Factories at Home and Overseas, our appreciative thanks for the part they have played in producing these record results, for only by their collaboration and effort have they been made possible.

The report and accounts were adopted.

FINANCIAL NOTICES

THE COMMITTEE of LONDON CLEARING BANKERS. Notice is hereby given that the MAXIMUM RATE of INTEREST allowed by the under-mentioned London Clearing Banks on deposits, which must be lodged for a minimum period of 7 days and be subject to a minimum notice of withdrawal of 7 days, will be THREE per CENT per annum until further notice.

BARCLAYS BANK LIMITED.
COUTTS & CO.
DISTRICT BANK LIMITED.
GLYN, MILLS & CO.
LLOYDS BANK LIMITED.
MARTINS BANK LIMITED.
MIDLAND BANK LIMITED.
THE NATIONAL BANK LIMITED.
NATIONAL PROVINCIAL BANK LIMITED.
WESTMINSTER BANK LIMITED.
WILLIAMS DEACON'S BANK LIMITED.

R. H. BARKSHIRE, Secretary.

10 Lombard Street, London, E.C.3. 21st January, 1960.

BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the year 1959 compared with the year 1958 have been issued.

1959	Tons	
Kilometres run ..		*6,524,179*
Passenger Traffic ..	1,730	Esc. 18,194,000
Local Traffic: *Minerals* ..	245,728	Esc. 33,670,000
Other ..	605,135	Esc. 73,575,000
Transit Traffic: Minerals ..	514,311	Esc. 240,931,000
Other ..	105,638	Esc. 68,451,000
Miscellaneous: Receipts ..	—	Esc. 16,199,000
Tons (excluding Service Traffic)	1,472,542	Esc. 451,020,000
Working Expenses in Africa ..		Esc. 250,756,000
Net Operating Receipts ..		Esc. 200,264,000

1958	Tons	
Kilometres run ..		*6,094,635*
Passenger Traffic ..	1,608	Esc. 17,008,000
Local Traffic: Minerals ..	197,109	Esc. 27,061,000
Other ..	599,502	Esc. 71,236,000
Transit Traffic: Minerals ..	463,809	Esc. 223,556,000
Other ..	104,620	Esc. 73,944,000
Miscellaneous: Receipts ..	—	Esc. 15,840,000
Tons (excluding Service Traffic)	1,366,648	Esc. 428,645,000
Working Expenses in Africa ..		Esc. 240,816,000
Net Operating Receipts ..		Esc. 187,829,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.

APPOINTMENTS

QUALIFIED ACCOUNTANTS AND **UNIVERSITY GRADUATES**

A large group of Companies of international repute in the electronic engineering field requires a number of qualified accountants.

Vacancies occur in various fields of industrial administration and management accounting in factories situated in various parts of the British Isles including the London area, South and North of England, Wales, Northern Ireland, Scotland and the Home Counties.

Applicants in the age range of 25-40 who have suitable professional qualifications will be considered, and for the more senior appointments, a university degree in Economics or Engineering will be an advantage. Suitable facilities for training will be afforded throughout the group before appointment to executive position.

Salary range £1,000-£2,000 per annum, according to age, qualifications and experience.

Excellent prospects in a rapidly expanding industry.

Good employment conditions including superannuation scheme.

Full details of age, qualification, experience and present salary, to Box E 877, LPE, Romano House, 399-401 Strand, London, W.C.2.

CAMBRIDGE UNIVERSITY

HAROLD SAMUEL STUDENTSHIPS

Studentships, value £400 per annum, tenable from October 1, 1960, are offered for research in economic, legal, or social matters relating to the use, tenure or development of land. Applications must reach the Registrary, The Old Schools, Cambridge, not later than March 15, 1960.—Further particulars may be obtained from the Secretary, Board of Estate Management, 74 Trumpington Street, Cambridge.

ACTUARIAL ASSISTANT (MALE). R. Watson & Sons, Consulting Actuaries, of Ringley, Reigate Road, Reigate, Surrey, require additional qualified or partly qualified actuarial staff for interesting and important work with good starting salary and prospects.—Applicants, who should be under age 30 and have passed at least Part II of the Institute of Actuaries Examinations, should write, marking letters "Strictly Confidential," giving particulars of age, education, actuarial qualifications and experience.

For further appointments see pages 483

COMPANY AFFAIRS

Lloyds and Scottish Finance

THE first accounts of Lloyds and Scottish Finance are impressive. The company is owned jointly by Lloyds Bank and National Commercial Bank of Scotland (in which Lloyds Bank has a 37 per cent interest) and controls Olds Discount and Scottish Midland Guarantee Trust, together with other hire purchase subsidiaries in Commonwealth countries. The accounts cover nine months to September 30, 1959, when hire purchase debtors and other charges amounted to £69 million—a total only exceeded by United Dominions Trust among hire purchase finance houses—compared with £45 million on January 1st. Unearned charges of nearly £7 million represent about 10 per cent of total debtors and represent an effective cushion for future profit and loss accounts. That they are so large is due to the lengthening terms of new hire purchase business over the last eighteen months. The group's liquid assets are small at £669,391 but the company has the resources of the two banks behind it and can afford to put its maximum funds to profitable purposes rather than to leave any on deposit.

The big increase in hire purchase business has been financed in three ways. Bank loans and acceptances total over £13 million; deposits (mainly from the customers of Lloyds and National Commercial) amount to £34.6 million; and the ordinary capital had been increased from £6 million to just over £11 million by September 30th. (Since then it has been raised further to £15 million.) The proceeds of the recent rights issue by National Commercial Bank (the last date for payment is February 2nd) will bring in some £6½ million and this will easily cover its further participation in the capital of Lloyds and Scottish Finance.

Both banks must be well satisfied with their interest in the company which has its origin in the first direct bank participation in hire purchase in this country in 1954, when the Commercial Bank of Scotland took over the Scottish Midland Guarantee Trust. The indications are, indeed, that it will not be many years before the greater part of the profits of the National Commercial will be derived from its hire purchase interests. Although Sir Oliver Franks, the chairman of Lloyds Bank, this week warns shareholders against exaggerating "the potentiality of our investment in hire purchase finance" in relation to the profitability of the bank's operations as a whole, he admits that the bank is earning from its hire purchase investments "a satisfactory return, larger than could have been earned by the employment of these funds in ordinary banking operations"; it appears that over half of Lloyds Bank's increase in profits came from its hire purchase interests, without counting a final dividend from Bowmaker.

Discount Houses

DETAILS of the merger foreshadowed last November between **Cater Brightwen** and **Ryders Discount** have now been announced. Ryders Discount will change its name to Cater, Ryder and Company and will become the operating company. Cater Brightwen is to make a one for six scrip issue to bring the ordinary capital of the two companies roughly into line. Following this issue, Cater Ryder will make a one for one offer for Cater Brightwen ordinary. Holders of Cater Brightwen 5 per cent preference stocks will be offered an exchange into a similar stock in Cater Ryder. As with recent bank mergers, undisclosed reserves make it difficult to assess the respective merits of the terms but these reserves have been disclosed to the auditors of the two companies who consider the terms fair and equitable.

The new company intends to pay a 13 per cent dividend for the year to May 31, 1961, which would give a useful increase in income to Ryders Discount shareholders, who expect to receive a dividend of 10 per cent for the current year. For Cater Brightwen there would be a slight increase, from the equivalent of 12 6/7 per cent to 13 per cent.

On the news of the terms of the merger Cater Brightwen shares hardened to 58s. and the £1 shares of Ryders Discount remained unchanged at 49s. 3d. With total holdings of bonds and bills amounting to £168 million at the balance sheet dates the new house will be the third largest in the market.

The three leading houses at the moment have published their annual reports this week. They show the benefits of easier conditions in the money market in 1959.

In his first statement as chairman of **Union Discount,** Mr Eric Faulkner describes the past year as one of steady progress and consolidation for the company. Following the Radcliffe Committee's suggestion that the publication of fuller statistics was desirable, Union Discount shows separately its holdings of Treasury bills and commercial bills. Treasury bills rose from £148.2 million to £161.9 million while commercial bills show a sharper rise, from £17.5 million to £24.5 million. Its bond portfolio has risen from £88.3 million to £101.5 million. From contingencies £1¼ million has been transferred to published reserves, which together with the issued capital now amounts to £10 million (compared with £8 million a year ago). At 58s. 6d. xd the £1 units yield 4¼ per cent on the 12½ per cent dividend.

Holdings by **National Discount** of bills rose from £142.2 million to £160.7 million while turnover in bills rose even more—by 17 per cent. The bond portfolio has risen by 37 per cent from £62.9 million to £86.1 million. These have an average life of under three years and the chairman, the Hon. Lovel W. Coke, draws attention to the fact that profits are adjusted at the end of the year to provide for the amortisation of premiums or a proportion of the discounts, where short dated securities have been purchased above or below redemption values. This method avoids the inclusion of large debits or credits not strictly applicable to the year in question. The substantial increase in issued capital and the share premium account reflects the one for three rights issue made to "B" stockholders during the year. The £1 "B" shares at 55s. 6d. yield 5½ per cent.

Now in its 150th year, **Alexanders Discount** has reported an increase from £80.4 million to £93.7 million in bills discounted. Its holding of British Government securities has been reduced from £42.5 million to £30.7 million but against this there has been an increase of £2.1 million in Corporation and Dominion securities. Sir Eric Gore Brown, the chairman, emphasised last year the directors' wish to strengthen the reserves of the company and in this connection he now points out that the phrase "contingency account" appears again in the balance sheet. Thus it seems that Alexanders, in common with other houses, has taken advantage of the calmer waters of 1959 to put itself in a stronger position to weather any storms in the future. At 37s. 3d. xd. the £1 shares yield 5¼ per cent.

British Oxygen

THE significant point in the preliminary results of British Oxygen is that the 14 per cent rise in trading profits from £11.3 million to £12.9 million was mainly attributable to the success of the group's overseas operations and to "important contracts undertaken at home and overseas by the engineering division." Clearly earnings from the United Kingdom industrial gases division (which, in terms of total assets, constitutes about half of the group) were hit in the early months of the year by the recession in the steel industry—its main customer; to some extent this explains why trading profits in the last six months of the financial year, when the steel makers were climbing out of recession, show a rise of 25 per cent, against one of 13 per cent in the first half. After an almost unchanged depreciation charge of £4,339,723 and higher tax of £4,065,754 (against £3,890,438) the group's net profit is up by no less than 35 per cent, from £3,334,062 to £4,521,390 and the ordinary dividend is raised from 12 per cent (including a special interim of 2 per cent) to 14 per cent.

Prospects for the current year seem encouraging, for the directors' policy of establishing overseas subsidiaries in the emergent countries of the Commonwealth to match their industrial growth is now bearing fruit. At the same time, with steel output rising to record levels, with further increases in steel-making capacity planned, and with the development of new steel-making techniques involving greater use of oxygen, earnings of the United Kingdom division this year should show a sharp recovery. The group's capital development programme (which was begun in 1958 and is to be completed by 1961) will cost in all £24 million. Given a cash flow of some £6,700,000 and liquid balances of some £2,410,000, the final stages of this programme should not unduly burden the group's capital resources. Equity earnings in 1958-59 amounted to 37 per cent against 28½ per cent, so that the 14 per cent dividend is covered 2½ times. Not surprisingly, the £1 units were marked up by 5s. 6d. to 86s. 6d. and now yield 3¼ per cent.

Unit Trusts

THE rather poor response to the Commonwealth Unit Fund's block offer in December and news last week from the **Electrical and Industrial Development Trust** that it had received 932,875 applications for the 1 million units recently offered to the public seemed to suggest that the unit trusts had passed the peak of their popularity. Any such impression has been dispelled with this week's announcement by Unicorn Securities that the initial offer of 5 million units at 5s. each in their new **Falcon Trust** was heavily oversubscribed. No less than 58,000 applications were received for more than 27,500,000 units, involving some £6,750,000.

The response to Falcon's offer—even heavier than that given to Scotshares, which was especially designed with a Scottish appeal—is probably attributable to two features. The low priced units clearly appealed to the smallest of investors; and the yield of £4 2s. 6d. per cent, which is higher than the average yield of 3.9 per cent on *The Economist* indicator and higher than can be obtained on most leading unit trusts, obviously had a strong pull. To achieve this, the managers have put together a more eclectic portfolio than some of their competitors.

Bass

AWAY round the legal obstacles which have prevented the long-awaited scrip issue to ordinary shareholders of Bass, Ratcliffe has at last been found. The company is capitalising £4,471,280 of reserves by issuing 4,471,280 £1 ordinary shares to stockholders, on the basis of two new £1 shares for every £1 share held. The 537,742 of Bass ordinary shares held by Worthington (which cannot by law receive shares as free scrip from its parent) are to be sold to Philip Hill, Higginson, Erlangers at a price to be settled later and who will then be allotted its due proportion of the scrip. The shares will then be sub-divided into 2,150,968 5s. units, of which 1,966,769 units will be offered to ordinary shareholders on a one-for-four basis at a price not yet fixed. The balance of shares will be placed privately by Philip Hill. The directors say that the net proceeds of this operation will bring in around £2 million which will be used to finance expansion and development: this suggests that the issue price will be around 20s. a share. The directors add that the rate of dividend can only be determined when the trading results of the current year are known. But the market seems to be assuming something more generous than the equivalent of 57½ per cent paid in 1958-59 on the old capital, for the 5s. ordinary shares were marked up 5s. 6d. to 81s.

Decca Record

THE 10 months' leeway between the end of Decca Record's financial year, and the publication of the full accounts and chairman's statement, has the advantage that shareholders, while learning of the trading experience in the last financial year, can also be told how the group has fared through most of the current year. There is little doubt that Mr E. R. Lewis is confident of another record year in 1959-60. All sectors of the group did well last year and all indications point to "continued progress" this year.

As the preliminary figures suggested, last year's slight recession in gramophone record sales did not affect the big groups: in fact Decca's record sales—which now account for just over 50 per cent of the group's turnover—maintained in 1958-59 the previous year's level. Mr Lewis added that "the pattern of last year's trading continued during the first months of the current year" and a strong recovery in demand developed in the home market in December and continued in the new year. Decca's sales of records in the United States have risen, though fiercer competition is squeezing profit margins. The group's radio and television sets are now being made in Battersea and despite some teething-troubles earnings for the current year should exceed those of any previous period. Mr Lewis says that 1958-59 was a year of considerable achievement for the Decca Navigator and despite the shipping slump hirings of the "Navigator" showed a net increase of around 700 contracts. The group's radar subsidiary has now been trading for ten years and it enjoys the distinction of having supplied 40 per cent of all merchant ships so far equipped with radar. Mr Lewis anticipates a considerable contribution to the group's profits in 1959-60 from this source.

The first ordinary interim dividend for the current year has been raised from 2½ per cent to 3¼ per cent and on the minimum assumption that the second interim (last year, 3¼ per cent) and the final dividend (14⅛ per cent) are maintained, the 10s. ordinary shares at 55s. yield 3¼ per cent.

Liebigs

TRADING profits of Liebigs Extract of Meat in the year ended August 31st rose by 4 per cent, from £2,022,101 to £2,105,636, and after a tax charge of £1,028,000 (against £1,102,000) net earnings advanced from £993,496 to £1,164,301. The final dividend of 9 per cent on the £4.5 million capital (as increased by the 100 per cent scrip issue and the one-for-four rights issue), plus the interim dividend of 8 per cent on the smaller capital is equivalent to an effective rate of 13 per cent and compares with an equivalent total distribution of 10.6 per cent in 1957-58. For the second year running, therefore, shareholders have received a bigger payment.

Last March when the chairman, Mr K. R. M. Carlisle, forecast a final dividend of 8 per cent, he referred to the high cost of Argentine beef: the shortage of cattle in Argentina has persisted and presumably bigger earnings from the group's African subsidiaries have largely offset any losses incurred by the Argentine company. At the same time, Oxo's canned soups should have benefited from that expanding market even though its share in this market is relatively small. The 13 per cent dividend is covered almost 3 times by earnings and the £1 shares at 73s. 9d. yield 3½ per cent.

Asquith Machine Tool

ACTIVITY in the machine tool trades began to pick up only in the latter half of 1959 so the fall in Asquith Machine Tool's trading profits in the year ended September 30, 1959, from £815,105 to £563,475 was not surprising. The fall in earnings would have been even sharper but for the inclusion of £127,555 representing twelve months' profits of subsidiaries acquired during the year. The group's net earnings after a lower tax charge of £249,500 (against £441,400) have fallen from £373,705 to £313,975; the dividend at 15 per cent is unchanged after allowing for the 100 per cent scrip issue.

What did shock the market, where the 5s. shares were marked down 3s. 6d. to 14s. 10½d. following the results, was the directors' statement that the order book has further deteriorated and that the bulk of the profits earned in 1958-59 was due to the steady working through of orders placed in earlier years. In December both BSA and Charles Churchill reported a marked increase in orders and enquiries, and this revival has not altogether by-passed the Asquith group for the directors say that there have been some signs of revival in certain subsidiaries: but in those companies making heavier and "special" machines "the deliveries are such that any improvement in the order position would now be too late to benefit the current year's results." In the light of these prospects it is not sur-

Company Affairs *continued on page 478.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959–60 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Jan. 20, 1960	Price, Jan. 27, 1960	Net Yield, Jan. 27, 1960 §	Gross Yield, Jan. 27, 1960
					£ s. d.	£ s. d.
98^{16}/$_{16}$	96^{11}/$_{16}$	Funding 2½% 1956–61	98^{17}/$_{32}$	98^{15}/$_{32}$	2 12 5	3 15 11
99/$_{8}$	98^{11}/$_{32}$	Exchequer 2½% 1960	99.18.5	99.17.6	4 13 10	5 0 0
....	....	Exchequer 2½% .... 1960 Assented	98^{1}/$_{4}$	97^{3}/$_{4}$	3 6 0	5 5 0
100^{3}/$_{16}$	99^{7}/$_{16}$	Exchequer 3% 1960	99.18.6	99.18.4½	3 17 9	3 17 9
....	....	Exchequer 3% .... 1960 Assented	99^{5}/$_{16}$	97^{5}/$_{8}$	3 6 0	5 5 0
101^{11}/$_{32}$	100^{1}/$_{8}$	Conversion 4½% 1962	100^{9}/$_{16}$	100^{3}/$_{16}$	2 14 1	4 8 2
96^{3}/$_{8}$	94^{7}/$_{16}$	Conversion 3½% 1962–63	96	95^{7}/$_{16}$	3 4 6	4 9 4
93^{5}/$_{8}$	91^{5}/$_{8}$	Exchequer 2½% 1963–64	93	92^{7}/$_{16}$	3 7 9	4 9 11
101^{5}/$_{16}$	100^{3}/$_{8}$	Conversion 4½% 1963	100^{11}/$_{16}$	100^{3}/$_{8}$	2 12 10	4 10 10
100^{11}/$_{16}$	98^{1}/$_{4}$	Conversion 4½% 1964	99^{3}/$_{16}$	98^{13}/$_{16}$	2 17 4	4 14 2
92^{15}/$_{16}$	89^{7}/$_{8}$	Savings Bonds 3½% 1955–65	91^{9}/$_{16}$	91^{5}/$_{8}$	3 11 0	4 15 3
86	82^{3}/$_{4}$	Funding 3½% 1959–69	84^{1}/$_{4}$	83^{5}/$_{8}$	4 1 1	5 8 0
94^{7}/$_{8}$	89^{15}/$_{16}$	Funding 4% 1960–90	92^{7}/$_{8}$	92^{1}/$_{8}$	2 17 5	4 10 10
84^{9}/$_{16}$	80^{7}/$_{16}$	Savings Bonds 3% 1960–70	82^{1}/$_{8}$	80^{15}/$_{16}$	4 2 4	5 8 4
86	83	Savings Bonds 2½% 1964–67	84^{5}/$_{8}$	84^{3}/$_{16}$	4 2 9	5 5 0
78^{15}/$_{16}$	74^{1}/$_{4}$	Savings Bonds 3% 1965–75	75^{1}/$_{16}$	74^{11}/$_{16}$	4 0 9	5 8 4
105^{11}/$_{16}$	102^{1}/$_{8}$	Exchequer 5½% 1966	104^{7}/$_{16}$	104^{1}/$_{8}$	2 17 1	5 2 0
87^{7}/$_{16}$	83^{1}/$_{4}$	Funding 3% 1966–68	84^{1}/$_{4}$	83^{11}/$_{16}$	4 2 7	5 8 4
98/$_{8}$	94^{3}/$_{4}$	Victory 4% 1920–76	96^{3}/$_{8}$	94^{3}/$_{8}$	3 2 5	4 14 2
90^{3}/$_{8}$	86^{1}/$_{4}$	Conversion 3½% 1969	88^{1}/$_{2}$	86^{1}/$_{4}$	3 18 8	5 7 9
104	98^{3}/$_{8}$	Conversion 5½% 1974	100^{13}/$_{16}$	99^{7}/$_{8}$	3 5 3	5 6 6
81^{7}/$_{16}$	76^{7}/$_{8}$	Treasury 3½% 1977–80	78	77^{1}/$_{4}$	3 15 5	5 5 9
80^{13}/$_{16}$	76	Treasury 3½% 1979–81	76^{3}/$_{4}$*	76	3 16 1	5 5 8
107/$_{4}$	101^{1}/$_{8}$	Funding 5½% 1982–84	102^{13}/$_{16}$	102	3 5 0	5 7 3
68^{3}/$_{8}$	64^{1}/$_{4}$	Redemption 3% 1986–96	65^{1}/$_{4}$	64^{1}/$_{2}$	3 12 6	5 5 0
98^{3}/$_{16}$	95^{3}/$_{8}$	Treasury 5% 1986–89	96^{11}/$_{16}$	95^{3}/$_{8}$	3 6 10	5 7 11
75^{3}/$_{16}$	69^{5}/$_{8}$	Funding 3½% 1999–2004	70^{9}/$_{16}$	70	3 9 7	5 5 3
77^{1}/$_{2}$	70^{1}/$_{2}$	Consols 4% ..... after Feb. 1957	71^{13}/$_{16}$*	70^{7}/$_{8}$*	3 9 1	5 12 10
68^{1}/$_{4}$	63	War Loan 3½% ..... after 1952	64^{3}/$_{16}$	63^{5}/$_{8}$	3 8 4	5 11 11
68^{11}/$_{16}$	63^{1}/$_{4}$	Conv. 3½% ..... after Apr. 1961	64^{1}/$_{16}$	63^{1}/$_{2}$	3 8 3	5 12 3
60	54^{1}/$_{2}$	Treasury 3% ..... after Apr. 1966	55^{3}/$_{8}$	54^{7}/$_{8}$	3 7 8	5 11 3
53^{5}/$_{8}$	47^{7}/$_{8}$	Consols 2½%	48^{1}/$_{2}$	48^{1}/$_{8}$	3 3 9	5 4 3
51^{1}/$_{8}$	46^{7}/$_{8}$	Treasury 2½% ..... after Apr. 1975	47^{1}/$_{4}$	47^{1}/$_{8}$	3 5 8	5 8 0
98^{3}/$_{4}$	94	British Electric 4½% 1967–69	95^{1}/$_{8}$*	94^{3}/$_{4}$*	3 8 10	5 5 7
82^{7}/$_{8}$	77^{1}/$_{4}$	British Electric 4% 1968–73	78^{3}/$_{4}$	78	4 1 5	5 9 5
78^{1}/$_{8}$	74^{1}/$_{8}$	British Electric 3½% 1974–77	75^{5}/$_{8}$	74^{5}/$_{8}$	3 18 11	5 7 9
91^{3}/$_{4}$	87^{1}/$_{2}$	British Electric 4¼% 1974–79	89^{7}/$_{8}$	88^{7}/$_{8}$	3 9 0	5 5 9
81^{9}/$_{16}$	77^{5}/$_{16}$	British Electric 3½% 1976–79	78^{1}/$_{16}$	78	3 15 3	5 7 7
92^{1}/$_{4}$	87^{1}/$_{8}$	British Gas 4% 1969–72	88^{1}/$_{16}$*	87^{5}/$_{8}$*	3 13 9	5 7 2
88^{7}/$_{16}$	84^{3}/$_{4}$	British Gas 3½% 1969–71	86^{5}/$_{16}$	85^{1}/$_{2}$	3 15 9	5 7 0
65	61^{5}/$_{8}$	British Gas 3% 1990–95	65^{7}/$_{8}$	65^{1}/$_{4}$	3 12 3	5 4 2
80^{7}/$_{8}$	77^{1}/$_{4}$	British Transport 3% 1968–73	78^{9}/$_{16}$	78	4 1 5	5 9 5
89^{3}/$_{8}$	84	British Transport 4% 1972–77	86	85^{1}/$_{8}$	3 12 1	5 6 9
70^{1}/$_{4}$	65^{1}/$_{4}$	British Transport 3% 1978–88	66^{1}/$_{8}$	65^{1}/$_{2}$	3 17 1	5 8 11

Prices, 1959–60 High	Low	DOMINION AND CORPORATION STOCKS	Price, Jan. 20, 1960	Price, Jan. 27, 1960	Yield, Jan. 27, 1960
					£ s. d.
85	80^{1}/$_{4}$	Australia 3½% 1965–69	82^{5}/$_{8}$*	82	5 12 0
107^{7}/$_{8}$	103^{3}/$_{4}$	Australia 6% 1974–76	106^{3}/$_{4}$	106^{1}/$_{4}$	5 10 0
77	72^{3}/$_{4}$	Ceylon 4% 1973–75	73^{1}/$_{2}$	73^{1}/$_{2}$	6 19 0
108	104^{1}/$_{4}$	New Zealand 6% 1976–80	107	106^{1}/$_{2}$	5 11 0
98^{11}/$_{16}$	93	Rhodesia and Nyasaland 6% 1978–81	95^{3}/$_{4}$	95^{3}/$_{4}$	6 7 0
87	84^{3}/$_{4}$	South Africa 3½% 1965–67	85^{1}/$_{4}$	84^{3}/$_{4}$	6 5 0
85	75	Southern Rhodesia 4½% 1987–92	77^{3}/$_{4}$*	77	6 0 0
104^{1}/$_{2}$	100^{7}/$_{16}$	Agricultural Mortgage 5½% 1980–85	100^{3}/$_{4}$	100^{3}/$_{4}$	5 8 10
95^{1}/$_{4}$	89^{3}/$_{4}$	Birmingham 4¼% 1967–70	91^{3}/$_{4}$	91^{1}/$_{4}$	5 7 0
100^{1}/$_{2}$	96	Bristol 5% 1971–73	98^{1}/$_{2}$	97^{3}/$_{4}$	5 5 0
102^{1}/$_{2}$	99^{1}/$_{4}$	Corporation of London 5½% 1973–75	99^{3}/$_{4}$	99^{1}/$_{2}$	5 5 0
57	52^{3}/$_{4}$	L.C.C. 3% ..... after 1920	52^{3}/$_{4}$	52^{3}/$_{4}$	5 14 0
94	91^{1}/$_{16}$	L.C.C. 5% 1980–83	97	96^{1}/$_{4}$	5 7 0
100	98^{3}/$_{8}$	Middlesex 5½% 1980	99^{13}/$_{16}$	99^{3}/$_{8}$	5 6 0

NEW YORK PRICES AND INDICES

	Jan. 20 $	Jan. 27 $		Jan. 20 $	Jan. 27 $		Jan. 20 $	Jan. 27 $
Ath. Topeka	25^{3}/$_{4}$	25^{5}/$_{8}$	Boeing	38^{1}/$_{8}$	30	Inter. Nickel	103	104^{1}/$_{8}$
Can. Pacific	25^{1}/$_{2}$	26	Celanese	29^{1}/$_{8}$	28^{1}/$_{4}$	Inter. Paper	123^{3}/$_{4}$	121^{1}/$_{4}$
Pennsylvania	16	16	Chrysler	62^{1}/$_{8}$	63^{5}/$_{8}$	Kennecott	94^{3}/$_{8}$	93^{1}/$_{2}$
Union Pacific	29^{5}/$_{8}$	29^{7}/$_{8}$	Col. Palmolive	38^{1}/$_{8}$	37^{3}/$_{4}$	Monsanto	49^{1}/$_{4}$	48^{1}/$_{4}$
Amer. Electric	47^{3}/$_{8}$	48^{1}/$_{2}$	Crown Zeller	49^{1}/$_{4}$	47^{1}/$_{2}$	Nat. Distillers	32^{7}/$_{8}$	33^{3}/$_{8}$
Am. Tel. & Tel.	81^{3}/$_{8}$	81^{7}/$_{8}$	Distillers Seag.	31^{3}/$_{4}$	31^{5}/$_{8}$	Pan-American	20	20
Cons. Edison	60^{3}/$_{4}$	62^{3}/$_{4}$	Douglas	37^{5}/$_{8}$	37^{3}/$_{8}$	Procter Gamble	86^{5}/$_{8}$	83^{1}/$_{2}$
Int. Tel. & Tel.	36^{1}/$_{8}$	35^{5}/$_{8}$	Du Pont	244	237^{1}/$_{2}$	Radio Corpn.	62^{7}/$_{8}$	62^{1}/$_{8}$
Standard Gas.	49/$_{8}$	49/$_{8}$	East. Kodak	101	99	Sears Roebuck	47^{1}/$_{8}$	47^{1}/$_{8}$
United Corpn.	7^{1}/$_{8}$	7^{1}/$_{2}$	Ford Motor	84^{1}/$_{2}$	82^{3}/$_{8}$	Shell Oil	40^{7}/$_{8}$	39^{1}/$_{8}$
Western Union	52	52^{1}/$_{4}$	Gen. Electric	90^{1}/$_{4}$	89^{1}/$_{8}$	Socony-Mobil	39^{3}/$_{8}$	39^{5}/$_{8}$
Alcoa	95^{1}/$_{4}$	95^{7}/$_{8}$	General Foods	102	99^{1}/$_{4}$	Stand. Oil Ind.	40^{1}/$_{2}$	40^{7}/$_{8}$
Aluminium	33	32^{5}/$_{8}$	General Motors	50^{1}/$_{4}$	49^{1}/$_{2}$	Stand. Oil N.J.	47	47^{1}/$_{8}$
Amer. Can	42^{3}/$_{4}$	43	Goodyear	42	41^{5}/$_{8}$	20th Cent. Fox	33^{3}/$_{4}$	33^{7}/$_{8}$
Am. Smelting	47^{5}/$_{8}$	47^{1}/$_{2}$	Gulf Oil	33^{1}/$_{4}$	32^{7}/$_{8}$	Union Carbide	114^{1}/$_{4}$	114^{3}/$_{4}$
Am. Viscose	39^{1}/$_{8}$	39	Heinz	86^{1}/$_{2}$	90	U.S. Steel	92	92^{1}/$_{4}$
Anaconda	64^{3}/$_{4}$	63^{1}/$_{2}$	Int. Bus. Mach.	423	419	West. Electric	103^{5}/$_{8}$	102^{3}/$_{4}$
Beth. Steel	51^{1}/$_{2}$	51^{5}/$_{8}$	Int. Harvester	50^{1}/$_{8}$	50	Woolworth	63^{1}/$_{4}$	61^{3}/$_{4}$

Standard and Poor's Indices (1941–3=10)

1959–60	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 30	64·38	3·02	33·74	5·15	44·61	4·02	83·38	4·54
Jan. 6	64·75	3·00	34·48	5·04	44·79	4·00	82·99	4·58
" 13	62·32	3·12	33·57	5·18	44·51	4·03	84·96	4·46
" 20	61·16	3·18	33·31	5·22	44·25	4·05	84·75	4·40
" 27	60·69	3·21	33·12	5·25	44·52	4·03	84·36	4·44

425 Industrials:—1959–60: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Prices, 1959–60 High	Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Jan. 20, 1960	Price, Jan. 27, 1960	Yield, Jan. 27, 1960
			%	%				
			5 b	2½ a	**BANKS, DISCOUNT & HP** Alexanders £1	37/6	37/3*	4·03
44/–	28/4½		6 b	4 a	Bank of London & S. Amer. £1	52/9	53/–	3·77
53/–	32/3		9 c	9 c	Bank of New South Wales. £20	38¾	38*	3·79₂
41	30½		5 a	5 b	Barclays £1	60/3*	63/3	3·16
70·9	44·7½		5 a	5 b	Barclays D.C.O. £1	47/6	48/–	3·75
56/9	37/9		5 a	5 b				
64/–	43/9		7½ a	7½ b	Chartered £1	60/–	64/–	4·69
85·7½	54/3		8½ a	7 b	District £1	76/3	75·6*	3·71·*
38·6	26/9		4 a	5 b	English, Scottish & Austral'n. £1	36/6	37/3	4·83
37/6 b	22/6 a		5 a	7 b	Hongkong & Shanghai ... $125	£63	£64¼	4·67
			5 a	5½ b	Lloyds £1	66/6	66/6*	3·61
19·7½	17/–		8 a	8 b	Martins 5/–	17/3*	18·4½*	3·54·*
95/–	60·11½		7½ a	9½ b	Midland ..... £	89·6*	92/6	3·68
56·4½	43/11½		....	....	Nat. Comm. Bk. Scot. 10/–	52·6*	51/6	2·91 ·*
55/9	41/3		6¼ a	8½ b	National Discount 'B' £1	54/–*	55/3	5·43
96/–	54/–		5 a	7 b	National Provincial £1	82/6	83/9	3·34·*
94·4½	66/–		8 a	9 b	Royal Bank of Scotland £1	90·4½*	88/3*	3·85
51/9	37/3		9 b	5 a	Standard Bank South Africa. £1	47/6	48/3	5·80
63/–	49/–		6¼ a	6½ b	Union Discount £1	58/3	58/3*	4·29
65/–	37/9		5 a	5½ b	Westminster 'B' £1	55/6*	57/3	3·79
£23½	£187/16		$1·65c	$1·85c	Bank of Montreal $10	£21	£20⁷/₁₆	3·40
£345/8	£275/8		$2·25c	$2·32½c	Royal Bank of Canada $10	£31	£30¼	2·88
47/3	16/2¼		7½ a	20 b	Bowmaker 5/–	45/9	45/9*	3·01
42/6	18/7½		8½ b	8½ a	Lombard Banking 5/–	36/3	37/–	2·30
33/6	10/9		5 a	10 b	Mercantile Credit 5/–	26/3	27/6	2·73
11	5¹¹/₁₆		2½ b	4 a	United Dominions Trust £1	9⅞	10⁷/₁₆	2·40
85/–	43/9		10 a	47½ b	**BREWERIES, Etc.** Bass 5/–	74/–	82/6	2·88
39/6	23/10½		12½ c	5 a	Distillers 10/–	36/–	37/4½	3·34
26/7½	14/7½		6 a	12 b	Flowers 5/–	25/6	26/7½	3·38
82/6	54/–		10 a	18 b	Guinness 10/–	65/6	67/–	3·18
20/4½	12/7½		4 a	11½ b	Ind Coope & Allsopp 5/–	19 10½	20/4½	3·80
38/–	22/–		5 a	7½ b	Teacher (Distillers) 10/–	35/6*	35/6	3·52
90/6	38/9		3¾ a	11½ b	Watney Mann Defd. £1	87/–	85/7½	3·50
137/–	100/–		17 b	8 a	Whitbread 'A' £1	129/4½	130/6	3·83
81/6	39/9		10 c	4 b	**BUILDING, PAINT, Etc.** Associated Portland £1	78/6	78/3	2·45
28/9	15/–		6½ b	5 a	British Plaster Board 10/–	27/4½	27/4½	3·65
101/10½	59/7½		10 b	5 a	Richard Costain £1	92/6	93/9	3·20
15/7½	9/7½		5 a	10 b	Crittall Manufacturing 5/–	14·10½	15/7½	4·80
17/9	12/7½		14 b	6 a	International Paints 4/–	16/11½	16/6	4·85
104/6	61/3		6 a	11 b	London Brick £1	98/6	101/–	3·37
41/6	18/6		11½ b	6 a	Pinchin Johnson 10/–	40/6	41/6	4·01
52/9	31/6		22½ c	25 c	Rugby Portland 5/–	48/9	49/3	2·54
45/–	21/3		12½ b	7½ a	Taylor Woodrow 5/–	43/–	42/–	2·98·*
130/–	79/9		5 a	15 b	Wall Paper Defd. £1	128/9	130/–	3·08
30/6	16/–		13·6c	4·8b	**CHEMICAL** Albright & Wilson 5/–	26/9	27/6	2·47
24/7½	15/3		2¹¹/₁₂a	7½b	Borax Defd. 5/–	20/3	20/4½*	2·45
56/9	32/10½		3 a	6 b	Fisons £1	49/9	51/3	3·51
62/6	33/10½		5½ b	3¾ a	I.C.I. £1	58/3	59/6	3·05
27/7½	15/11½		8½ b	5 a	Monsanto 5/–	24/6	24/7½	2·74
50/4½	28/–		5 a	15 b	**DRAPERY AND STORES** Montague Burton 10/–	46/–	48/4½	4·13
48/6	27/–		5 a	11½ b	Debenhams 10/–	44/–	44/9	3·72
54/9	28/7½		27½ b	7½ a	G.U.S. 'A' 5/–	51/11½	51/–	3·43
48/7½	31/9		40 c	15 a	House of Fraser 5/–	45/3	45/3	4·42
52/–	32/–		15 a	15 a	Lewis's Investment Trust 5/–	22/–	22/3	2·88
78/3	41/4½		20·83b	12½ a	Marks & Spencer 'A' 5/–	71/–	72/9	3·29
54/3	32/7½		22½ b	12½ a	United Drapery 5/–	51/11½	52/4½	3·34
69/9	47/3		13½ a	31½ b	Woolworth 5/–	65/–	62/9	3·59
67/–	54/–		7½ b	7 a	**ELECTRICAL & RADIO** A.E.I. £1	64/4½	65/–	4·62
61/–	46/3		9½ b	4 a	B.I.C.C. £1	58/6	58/6	4·62
15/–	9/7½		4 a	7½ b	Crompton Parkinson 5/–	14/–‖	14/7½	4·79
57/6	37/4½		20 c	9½ a	Decca Record 10/–	55/–	55/10½*	3·58
57/–	31/7½		5 a	15 b	E.M.I. 10/–	51/6	52/10½	2·65
53/–	38/–		9½ c	3 a	English Electric £1	46/7½	47/9	3·91
48/9	30/–		3 a	7 b	General Electric £1	44/3	45/6	4·40
59/6	43/–		4½ b	4½ b	C. A. Parsons £1	54/6	54/–	3·24
20/7½	12/10½		12½ c	12½ c	Pye Defd. 5/–	17/4½	18/–	3·47
104/6	84/6		6½ a	11 b	A. Reyrolle £1	90/6	101/–	3·47
57/3	34/11½		17½ c	20 c	Thorn Electrical 5/–	49/3	49/–	2·04
55/–	42/3		7 b	4½ a	**ENGINEERING** Babcock & Wilcox £1	45/10½	47/6	4·84
54/–	30/8¼		6 b	4 a	John Brown £1	47/3	47/9	4·19
10/6	7/–		11 b	3 a	Cammell Laird 5/–	9/7½	9/11½	7·67
46/9	30/3		30 c	10 a	International Combustion 5/–	41/9	44/3	3·39
15/7½	11/3		5 b	3½ c	Richardsons Westgarth 10/–	14/–	13/10½	6·00
41/–	25/6		7½ b	5 a	Swan Hunter £1	38/3	38/9	5·16
25/9	19/–		15 b	7½ a	John Thompson 5/–	22/9	22/9	4·95
40/4½	27/2¼		7½ b	2½ a	Vickers £1	36/4½	36/3	5·52
29/3	16/–		14¾ b	11½ a	Coventry Gauge 10/–	27/6*	26/9	3·83
60/3	36/6		12 a	14 b	Alfred Herbert £1	55/3	51/3	3·83
73/9	37/–		8½ b	11½ a	Allied Ironfounders £1	68/9	69/6	4·68
101/6	60/6		10 b	5 a	Averys £1	98/–	100/9	2·98
19/–	10/3		4½ a	7½ b	George Cohen 5/–	17/3	17/3	3·48
117/9	43/4½		10 c	15 c	Davy-United £1	109/6	107/–	2·80
95/7½	51/3		9 b	5 a	Guest Keen £1	89/6	92/6	3·03
31/6	16/4½		10 b	3½ a	Head Wrighson 5/–	27/3	28/–	2·50·*
80/–	44/7½		5½ b	4 a	Metal Box £1	68/6	71/6	2·61
29/6	16/9		5 a	12½ b	Ransome & Marles 5/–	25/3	25/3	3·47
57/3	39/9		9½ b	3 a	Renold Chain £1	56/3	57/3	4·37
40/–	21/4½		9 c	8 c	Ruston & Hornsby £1	34/6	36/–	4·44
139/7½	72/–		7½ a	12½ b	Tube Investments £1	127/–	130/6	3·07
168/9	83/–		5 a	20 b	Ward (Thos. W.) £1	155/–	160/–	3·13
45/–	22/3		25 c	5 a	Woodall-Duckham 5/–	43/–	42/6	2·94

*Ex dividend. †Tax free. ‡Assumed average life 9 years. §Less tax at 7s. 9d. in £. ‖Ex capitalisation. ¶Ex rights. ‡‡Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1959–60 High	Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Jan. 20, 1960	Price, Jan. 27, 1960	Yield, Jan. 27, 1960
			%	%				
41/–	22/6	c	6 a		**FOOD AND TOBACCO** Allied Bakeries 'A' 5/–	38/6	41/–	2·20
105/7½	63/–	c	5 a		Bovril Deferred £1	96 10½	97/3	4·11
15/9	9/4½		†21₃₀	†4⅛ b	Brooke Bond 'B' 5/–	14/9	15/1½	3·37
30/7½	21/–		10 c	10 c	Home & Colonial 10/–	26 10½	30/1½	3·32
14·3	10/6		2½ a	7½ b	International Tea 5/–	12/6	12/9	3·92
91/–	69/–		9½ b	5 a	J. Lyons 'A' £1	83/6	79/6	3·56
28/3	18 10½		5 a	7½ b	Ranks 10/–	26/9	27/7½	4·52
70/–	40/3		8 b	2½ a	Spillers £1	67/9	69/3	3·97
62/–	42/–		3 a	9 b	Tate & Lyle £1	60/3	61/3	3·92
17/1½	10·10½		....	5 a	Unigate 5/–	16/9	16·9*	2·99
72/3	51/4½		†17½ c	†10⅝ a	British Amer. Tobacco 10/–	67/4½	68/6	4·17
42/6	26/8¼		13½ b	3½ a	Gallaher 10/–	38/3	40/–	4·17
75/–	54/3		12½ b	8½ a	Imperial Tobacco £1	69 10½	73/6	5·71
58/6	37/9		40 b	20 a	**MISCELLANEOUS** Assoc. Brit. Picture 5/–	45·9*	47/6	6·32
42/–	27/4½		30 b	20 a	Assoc. Television 'A' 5/–	38/4½	38/6‖	6·49
49/–	23/4½		24 c	8 a	Beecham Group 5/–	45/–	45/9	2·62
32/–	19·7½		16 c	3 a	Boots Pure Drug 5/–	29/3	28/9	2·78
43/9	28/7½		5 b	3½ a	British Match £1	40/–*	43/3	3·85
87/3	49/6		4 a	10 b	British Oxygen £1	80/9	86/3	3·25
11/6	8 10½		6 a		British Ropes 2/6	11/–	11/–	4·09
73/6	42/9		15 b	5 a	De La Rue 10/–	68/–	71/–	2·82
39/3	22/3		14 b	6 a	Gestetner 'A' 5/–	37/3	37/3	2·68
63/–	35/9		5½ a	8½ b	Glaxo 10/–	60/6	63/–	2·22
64/–	31/6		3 a	9 b	Harrisons & Cros. Defd. £1	56 10½	58/–	4·14
106/3	56/4½		50 b	10 a	Hoover 'A' 5/–	101/3	101/4½	2·96
33/6	18 10½		11 b	5 a	Ilford 5/–	28/–	29/9	2·69
78/6	63/6		4 a	5 a	Inter. Computers & Tab. £1	73/6	72/–	2·72
56/3	30/–		10 c	11¼ c	National Canning £1	52/–	56/3	4·00
30/6	19/3		10 b	6 a	Powell Duffryn 10/–	28/3*	28/9	5·57
49/4½	35/–		7½ a	15 b	Radio Rentals 5/–	45/3	44/6	2·53
14/7½	10/–		5 c	10 b	Rank Organisation 5/–	13/4½	13/4½	3·74
34/9	18/11½		12½ b	5 a	Schweppes 5/–	32/3	32 10½	3·04·*
29/3	13/–		18 c	20 c	Sears 'A' ..

prising that the directors propose to pass the current year's interim dividend and are unable to forecast the dividend rate for 1959-60. The yield of 5 per cent on the 5s. shares is the highest return offered among leading machine tool shares; the 15 per cent dividend is only just covered by earnings.

Co-operative Permanent

QUITE deliberately, not least because it wanted to secure trustee status under the provisions of the Housing and House Purchase Act, the Co-operative Permanent Building Society slowed down last year the rate at which it was expanding. As the accompanying table shows, withdrawals were quite high, especially after the reduction in the net rate on shares from 3½ per cent to 3¼ per cent and again, though to a lesser extent, after the revelations in the Jasper affair. That was true of almost all societies, but in the Co-operative Permanent's case it reinforced the policy of caution on mortgage advances. These remained on quota,

ASSETS AND RATIOS
(£'000s)

Year to December 31,	1958	1959
Received from shareholders	42,428	45,866
Withdrawn by shareholders (cum interest)	29,942	39,324
Mortgage advances	30,265	33,385
Liquid assets	32,368	35,165
Liquidity ratio* (per cent)	15·0	15·2
Reserves	5,663	6,418
Reserve ratio* (per cent)	2·0	2·4
Total assets	204,473	221,087

* *Calculated on the market value of investments.*

since the Co-op's primary need was to build up its reserve ratio. This was done —so much so that the ratio at the end of last year of 2.4 per cent (taking investments at market value) was well above the 2 per cent required for trustee status. By the end of this year the reserve has to be built up to 2½ per cent. To achieve this, the Co-op must keep the expansion of its total assets down to about £16½ million as last year. The increase in Bank rate, the directors say, will mean no early review of the society's interest rates; but this is one big society which would find life a little more comfortable if the mortgage rate were 6 per cent and the rate paid on shares 3½ per cent, net.

Lancashire Cotton

MR ROGER LEE'S statement to shareholders of Lancashire Cotton Corporation is much more encouraging than the one he made a year ago. The improvement in the sales of Lancashire Cotton over the second half of the year to October 31, 1959, which brought their total to the highest level since 1950, has continued in the current year. There has also been some improvement in profit margins from the low level to which they had been brought in the "ruthless buyers' market" which followed the decision of the Restrictive Practices Court against the Yarn Spinners' Agreement.

The corporation has taken substantial advantage of the Government's redundancy scheme and over a third of its mule equivalent spindles (1.2 million out of 3.4 million) have been registered for scrapping. Compensation is estimated to amount to £700,000 which will swell liquid assets. These already amount to almost £11 million and compare with an ordinary capital of just over £8 million. Mr Lee is confident that the remaining plant and equipment in the cotton industry, after the reorganisation has been carried through, will be adequate to meet the needs of the market once transitional difficulties have been overcome.

By maintaining the ordinary dividend at 17½ per cent despite a substantial fall in earnings the board has shown its confidence in the future prospects of the company. Since the results were published in mid-December the £1 shares have fallen from the very high level to which they had been pushed by speculative buying and now at 62s. 9d. they yield 5½ per cent.

Massey-Ferguson

TRADING results from Massey-Ferguson for the year ended October 31, 1959, show a spectacular increase in net income from $13 million (including tax credits of $3.4 million) to $21 million (including tax credits of $7.2 million); a rise in net sales of 13 per cent from $420.2 million to a record $475.5 million; and an increase in net income per common share from $1.25 to $1.65 a share. Although earnings in 1958-59 include the operations of F. Perkins since April 1st and those of the Banner Lane tractor plant since August 31st, the directors say that the improvement in trading was due mainly to the buoyancy of the North American market where net sales rose by 24 per cent in the United States and by 38 per cent in Canada. Sales in Europe rose by only 3 per cent; increases of 49 per cent in Western Germany, of 25 per cent in Yugoslavia and of 16 per cent in Scandinavia being largely offset by a decline of 19 per cent in France. While there may still be scope for an expanding market in Europe it is doubtful whether the pace of expansion in North America can be maintained, for the directors say that the probable fall in farming income in the United States would be bound to affect sales in 1960.

The acquisition of F. Perkins, the tractor interests of Standard in this country and the Standard-Hotchkiss company in France completes the policy of securing greater control over the manufacture of the group's products, and it is in the fuller integration of the group's resources that the directors see the most likely cause of any future big rises in income. Capital expenditure in 1958-59 (including the new acquisitions) amounted to $69 million (against a total $61 million in the four years preceding 1958-59) and this no doubt helps to explain why the directors have been conservative in leaving the dividend unchanged at 40 cents a share. At $21⅜ the shares offer a yield of 3½ per cent.

London Stock Exchange

FIRST DEALINGS:	Jan. 11	Jan. 25	Feb. 8
LAST DEALINGS:	Jan. 22	Feb. 5	Feb. 19
ACCOUNT DAY:	Feb. 2	Feb. 16	Mar. 1

ON Monday all sections of the industrial market recovered from last week's setback following the rise in Bank rate and the *Financial Times* ordinary share index rose six points to 329.3—over four points more than the level on the eve of the change in Bank rate. Even on Thursday and Friday of last week selling of equities was not heavy and the fall in prices was due mainly to jobbers' marking down prices to discourage selling. Gilt-edged stocks, on the other hand, came in for a good deal of two-way business and the demand from institutions and small investors which developed immediately after the increase in Bank rate was offset by persistent selling. The market remained quiet with prices tending to drift lower. Over the week to the close on Wednesday most of the Funds showed net losses. In undated stocks 3½ per cent War Loan lost 1/16 to 63⅛, and in short-dated stocks 4½ per cent Conversion 1964 lost 1/16 to 99 7/8 on the news of the £200 million issue of this stock at 99½. Medium-dated stocks lost ground with 3 per cent British Electricity 1974-77 falling ¼ to 74½. Home Corporation loans were lower with 5½ per cent LCC 1977-81 closing ⅜ down at 102.

Buying of industrial equities by the institutions and the unit trusts as well as by small investors has provided the main buttress to equity prices throughout the week and *The Economist* indicator rose 7.6 points to 374.0. Steel shares led the recovery—partly because they took the worst knocks in the previous week. Steel of Wales gained 4½d. to 50s. 10½d., United Steel were 6d. better at 83s. 3d. and Whitehead Iron, gaining 3s. at 114s. 3d., showed the biggest rise of all. Heavy engineering shares also gained ground: Guest Keen improved 3s. to 92s. 6d., Reyrolle put on 2s. 6d. to 101s., Harland Wolff gained 1s. 9d. to 32s. 3d. and William Doxford closed 2s. 9d. up at 108s. 6d. Machine tool shares fell back following the poor results from Asquith, and news that home orders in October showed an unexpected fall; Alfred Herbert lost 3s. 9d. to 51s.

Textile shares were firm with English Sewing Cotton 2s. 6d. up at 49s. 6d., Fine Spinners 2s. better at 32s. and heavy investment buying helped Courtaulds to put on 2s. at 63s. 3d. Hire purchase shares were marked down substantially after the rise in bank rate but the absence of sellers meant that most of the leaders still showed net gains over the week: thus Mercantile Credit were 6d. better at 27s. 6d. and United Dominion Trust were 1/16 up at 10⅛. In the aircraft section Fairey improved 9d. to 23s. 6d., De Havilland gained 1s. to 32s. 3d. and Hawker Siddeley closed 6d. up at 32s. 7½d. Oil shares tended to drift: BP gained 3d. at 58s., but Burmah were unchanged at 51s. 6d. and Shell lost 6d. to 115s.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended January 23, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £136,222,000 compared with a surplus of £131,584,000 in the previous week, and a surplus of £157,180,000 in the corresponding period of last year. There was a net expenditure "below-line" of £13,058,000, leaving a total cumulative deficit to date of £720,663,000 compared with £555,943,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Jan. 24, 1959	April 1, 1959, to Jan. 23, 1960	Week ended Jan. 24, 1959	Week ended Jan. 23, 1960
Ord. Revenue					
Income Tax	2147,000	1399,523	1353,780	163236	148624
Surtax	171,000	94,300	97,600	8,800	9,000
Death Duties	195,000	148,700	175,400	3,700	3,900
Stamps	68,000	49,700	76,300	1,100	1,900
Profits tax, EPT and EPL	274,000	241,000	221,300	5,300	3,000
Other Inland Revenue Duties	1,000	350	360	...	150
Total Inland Revenue	2856,000	1933,573	1924,740	182136	166574
Customs	1285,500	1047,568	1117,217	21,768	21,643
Excise	864,500	710,500	696,835	4,345	4,255
Total Customs and Excise	2150,000	1758,068	1814,052	26,113	25,898
Motor Duties	104,000	93,229	94,259	23,103	22,565
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	22,900	25,100	...	...
Sundry Loans	30,000	26,152	31,928	...	237
Miscellaneous	150,000	84,389	130,873	1,196	943
Total	5325,000	3918,311	4020,952	232548	216217
Ord. Expenditure					
Debt Interest	600,000	558,514	489,168	7,098	5,017
Payments to Northern Ireland Exchequer	79,000	55,476	58,535	...	...
Other Consolidated Funds	10,000	7,433	7,769	...	8
Supply Services	4523,546	3348,342	3541,442	68,090	74,480
Total	5212,546	3969,765	4096,914	75,188	79,505
Sinking Funds	39,000	28,686	28,860	180	490
"Above-line" Surplus or Deficit	—	—	+	+	
"Below-line" Net Expenditure*	80,140	104,822	157180 Cr.	134222	
	475,803	615,841	7,329	13,058	
Total Surplus or Deficit	— 555,943	— 720,663	+ 164509	+ 123164	
Net receipts from:					
Tax Reserve Certificates	133,609	67,780	—51077	—54576	
Savings Certificates	113,500	61,200	2,300	2,200	
Defence Bonds	82,228	119,823	5,170	4,103	
Premium Savings Bonds	55,365	37,620	2,090	140	
Total	384,702	286,423	—41517	—48133	

* Net receipt of the Civil Contingencies Fund of £5 million in 1959-60 compared with £11 million in 1958-59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Jan. 24	3,370·0	1,940·8	213·0	3·3	5,527·0
Oct. 17	3,340·0	2,016·0	241·4	...	5,687·4
,, 24	3,430·0	2,052·7	217·8	...	5,700·5
,, 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
,, 14	3,580·0	1,942·9	223·8	...	5,746·7
,, 21	3,620·0	1,887·2	223·6	...	5,730·8
,, 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
,, 12	3,660·0	1,934·9	210·9	1·3	5,807·0
,, 19	3,660·0	2,004·0	228·2	1·5	5,893·7
,, 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4
,, 23	3,500·0	1,948·1	270·9	1·8	5,720·8

THE MONEY MARKET

THE increase of over ¾ per cent in the Treasury bill rate at last Friday's tender was larger than had been generally expected. The discount market cut its concerted bid by 3s. 10d. to £98 17s. 3d. and the average rate of discount rose from £3 15s. 7.79d. to £4 11s. 1.19d. With applications falling by £28 million to £378 million the market's allotment at the basic rate rose from 52 per cent to 67 per cent.

In New York the Treasury bill rate for three months' maturities fell sharply from 4.436 per cent to 4.116 per cent, and 1/16 per cent below the rate in this country. The rate on six months bills fell from 4.665 per cent to 4.608 per cent.

Apart from Wednesday, credit has not been easy and help has been given by the authorities in varying amounts. On Tuesday, one or two houses borrowed a marginal amount from the Bank at 5 per cent. Rates on overnight money have ranged up to 4⅛ per cent but on Wednesday conditions improved and rates drifted down to the new basic minimum of 3⅞ per cent and to 3 per cent for outside banks. Dealing rates in April maturities have generally been around 4 3/16 per cent with 4½ per cent the upper limit.

MONEY RATES

LONDON

	%		%
Bank rate (from 4/6, 21/1/60)	5	**Discount rates:**	
		Bank bills:	
		60 days	4 21/32–4 23/32
Deposit rates (maximum):		3 months	4 21/32–4 23/32
		4 months	4 21/32–4 23/32
		6 months	4 21/32–4 7/8
Banks	3	Fine trade bills:	
Discount houses	3–3⅛	3 months	5 1/4 –6
		4 months	5 1/4 –6
Money:		6 months	5 1/2 –6 1/4
Day-to-Day	3⅜–4⅜		

NEW YORK

	%		%
Official discount rate: (from 3 1/2%, 10/9/59)	4	**Treasury Bills:**	
		January 19	4·436
		,, 26	4·116

BANK OF ENGLAND RETURNS

(£ million)	Jan. 28, 1959	Jan. 20, 1960	Jan. 27, 1960
Issue Department:			
Notes in circulation	2,002·9	2,104·3	2,094 4
Notes in banking dept.	47·4	21·1	31 0
Govt. debt and securities*	2,046·5	2,121·9	2,122 3
Other securities	0 7	0 8	0 7
Gold coin and bullion	0 4	0 4	0 4
Coin other than gold coin	2 8	2 3	2 0
Banking Department:			
Deposits:			
Public accounts	13 0	13 4	12 6
Bankers	229·2	255·9	264 4
Others	68·1	62 8	62 8
Total	310·3	332·1	339 8
Securities:			
Government	249 8	281·1	279 1
Discounts and advances	9 5	26 6	26 3
Other	21 0	20 8	20 8
Total	280·3	328 5	326 2
Banking department reserve	48·3	21 8	32 0
	%	%	%
"Proportion"	15·5	6·5	9·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £75 million to £2,125 million on January 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate†
1959	*91 day*		s. d.	%
Jan. 23	230·0†	415·1	62 1·96	31
Oct. 23	260·0	456·5	68 6·74	37
	91 day / *63 day*			
,, 30	220·0 / 50·0	461·6	67 8·53	54
Nov. 6	240·0 / 50·0	464·9	67 4·62	53
,, 13	230·0 / 60·0	471·5	67 9·55	26
,, 20	230·0 / 60·0	438·0	67 11·96	44
,, 27	220·0 / 60·0	415·4	67 11·95	46
Dec. 4	230·0 / 60·0	408·1	70 7·23	54
,, 11	290·0 / ...	452·8	71 6·91	48
,, 18	240·0 / 50·0	403·9	72 10·50	54
	91 day			
,, 24	290·0	407·8	73 8·82	66
1960				
Jan. 1	280·0	422·4	74 6·24	50
,, 8	270·0	396·6	74 11·06	56
,, 15	270·0	406·0	75 7·79	52
,, 22	270·0	378·5	91 1·19	67

* On January 22nd tenders for 91 day bills at £98 17s. 3d. secured 67 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: January 27	Market Rates: Spot: January 21	January 22	January 23	January 25	January 26	January 27
United States $	2·78–2·82*	2·80 1/8–1/4	2·80 3/16–5/16	2·80 3/16–5/16	2·80 1/8–1/4	2·80 1/16–3/16	2·80 1/8–1/4
Canadian $	...	2 67–67 1/8	2 67 1/16–3/16	2 66 15/16–67 1/16	2 66 3/8–7/8	2 66 5/8–3/4	2 66 5/8–3/4
French Fr.	13·622–14·027	13·75–75 1/4	13·75 1/4–1/2	13·75 1/8–7/8	13·75 3/8–7/8	13·75 3/4–76	13·76 1/8–3/8
Swiss Fr.	11·94–12·54 7/8	12·11 7/8–12 1/8	12·12 5/8–7/8	12·12 1/2–3/4	12·12 1/2–1/2	12·12 1/2–3/4	12·13 1/2–3/4
Belgian Fr.	137·96–139·75	139·77 1/2–	139·77 1/2–	139·77 1/2–	139·72 1/2–	139·72 1/2–	139·70–
	142·05	80	82 1/2	82 1/2	80	77 1/2	75
Dutch Gld.	10·48–10·80	10·57–57 1/4	10·57–57 1/4	10·57–57 1/4	10·56 3/8–57	10·56 5/8–7/8	10·57 1/4–1/2
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·68 1/2–3/4	11·68 1/2–3/4	11·68 1/2–3/4	11·68 1/4–1/2	11·68 1/2–3/4	11·68 3/4–7/8
Portug. Esc.	79·00 1/2–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1740–40 1/2	1740 3/4–41 1/4	1741–41 1/4	1740 5/8–7/8	1740 3/8–5/8	1740 1/2–3/4
Swedish Kr.	14·27 1/2–14·70	14·51 1/2–3/4	14·51 1/2–3/4	14·51 1/4–1/2	14·51 1/4–1/2	14·51–51 1/4	14·51 1/8–3/8
Danish Kr.	19·06 1/2–19·62	19·35 1/4–3/8	19·35–35 1/8	19·34 3/8–35/8	19·34 1/4–35/8	19·34 1/2–3/4	19·34 3/8–5/8
Norwegian Kr.	19·71–20·30 1/2	20·02 1/4–1/2	20·02 3/8–03 1/8	20·02 1/4–03/8	20·02 1/8–7/8	20·02 1/4–3/4	20·02 3/8–03 1/8
* Official Limits		**One Month Forward Rates**					
United States $		1/6c.pm–1/4c.dis	1/6c.pm–1/4c.dis	1/6c.pm–1/4c.dis	1/6c.pm–1/4c.dis	1/6c.pm–1/4c.dis	1/6c.pm–1/4c.dis
Canadian $		par–1/4c. dis	1/6c.pm–1/4c.dis	par–1/4c. dis	1/6–3/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
French Fr.		par–1/2c. dis	1/4–3/4c. dis	3/4–1 1/4c. dis	1/4–1 1/2c. dis	1–1 1/2c. dis	1–1 1/2c. dis
Swiss Fr.		1 1/4–3/4c. pm	1 1/2–1c. pm	1 5/8–1 1/8c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1 1/2–1 1/4c. pm
Belgian Fr.		5–15c. dis	5–15c. dis	1–6c. dis	3–8c. dis	5–10c. dis	5–10c. dis
Dutch Gld.		3/4–1/2c. pm	7/8–3/4c. pm	3/4–1/2c. pm	3/8–1/4c. pm	5/8–3/8c. pm	1–3/4c. pm
W. German D-Mk.		par–1/4pf. dis	1/4pf. pm–par	1/8pf. pm–1/4pf. dis	par–1/4pf. dis	par–1/4pf. dis	1/8pf. pm–1/4pf. dis
		Three Months Forward Rates					
United States $		par–1/4c. dis	1/6c.pm–1/4c.dis	par–1/4c. dis	par–1/4c. dis	par–1/4c. dis	1/6c.pm–1/4c.dis
Canadian $		3/4–5/8c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/4–3/8c. dis	3/8–1/2c. dis	3/8–1/2c. dis
Swiss Fr.		3 1/4–2 3/4c. pm	3 1/2–3c. pm	3 3/8–3 1/4c. pm	3 1/2–3c. pm	3 3/8–3 1/8c. pm	4–3 3/4c. pm
W. German D-Mk.		par–1/2pf. dis	1/4pf. pm–par	1/8pf. pm–1/4pf. dis	par–1/4pf. dis	par–1/4pf. dis	1/4pf. pm–1/4pf. dis
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/9 1/2	250/5	...	250/5 1/2	250/7	250/7 1/4

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	Jan. 9th
Manpower and Output....	Jan. 16th	Industrial Profits	Jan. 23rd

OVERSEAS

Western Europe.....	Nov. 14th	United States.....	Dec. 26th

	Unit	1957	1958	1959	1959				1960			
		mid-June			Jan. 13	Jan. 20	Jan. 27	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
WORLD PRICES												
Commodity Price Indicator(8):												
All items	1952=100	95	87	88	87	87	87	91	91	91	92	92
Food	,,	98·8	94·8	84·4	85·3	84·8	84·6	80·1	79·9	79·8	79·3	79·3
Fibres	,,	95·9	80·1	80·4	74·1	74·6	74·5	87·0	86·6	87·3	87·5	87·0
Metals	,,	79·7	70·8	76·8	76·6	76·2	76·6	84·6	84·0	84·0	83·9	84·9
Other items	,,	107·2	104·3	121·7	122·5	123·8	123·5	127·9	128·4	128·9	132·4	132·3
		Monthly averages			1958			1959				
BRITISH WHOLESALE PRICES(7)		1957	1958	1959	Oct.	Nov.	Dec.	August	Sept.	Oct.	Nov.	Dec.
Materials used in:												
All manufacturing industries	1954=100	107·4	100·8	101·7	100·7	101·5	101·2	101·8	101·9	102·3	102·7	103·1
Mechanical engineering	,,	121·9	123·5	124·5	124·2	124·9	123·7	124·2	124·3	124·7	125·6	125·4
Electrical machinery	,,	114·9	114·5	115·6	115·5	116·1	115·0	115·1	115·1	115·3	116·2	116·3
Building and civil engineering	,,	113·7	114·2	113·4	113·9	114·1	114·0	113·3	113·3	113·4	113·7	113·8
House building	,,	112·3	111·9	111·0	111·4	111·6	111·5	111·0	111·0	111·2	111·6	111·7
Products of:												
All manufacturing industries	,,	110·4	111·1	111·5	111·3	111·5	111·7	111·4	111·5	111·6	111·8	111·8
Chemicals and allied trades	,,	106·5	105·6	106·6	105·2	105·8	105·9	106·0	106·4	106·6	106·7	106·5
Iron and steel	,,	125·2	129·9	129·0	129·5	129·6	129·7	128·3	128·3	128·6	128·6	128·6
Textile industry	,,	100·9	97·9	96·0	96·6	96·3	96·0	95·9	96·7	96·8	97·6	98·1
Food manufacturing	,,	107·1	104·9	106·9	105·6	106·5	107·5	106·9	107·1	107·3	107·8	107·8
Commodities:												
Cotton, raw	,,	90·7	77·2	68·8	75·1	72·9	70·7	69·2	69·3	69·7	70·0	73·6
Wool, raw	,,	101·1	72·4	76·6	64·6	64·7	64·1	84·8	82·3	80·8	80·5	82·2
Rubber, No. 1 RSS, one month future	,,	131·6	118·2	148·2	126·7	130·0	122·0	156·1	162·2	158·8	178·6	169·8
Softwood, imported	,,	109·7	102·1	95·3	98·1	96·8	96·5	95·1	95·2	95·9	96·9	96·9
Copper, ex-warehouse	,,	88·3	79·4	95·6	95·1	97·8	88·9	93·6	92·6	97·3	100·9	102·8
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956=100	105·8	109·0	109·6	109·4	109·8	110·2	109·3	108·7	109·2	110·0	110·2
Food	,,	104·9	107·1	108·2	108·1	108·4	109·2	108·1	106·1	107·4	108·2	108·7
All items	1938=100[2]	263	271	273	272	273	274	272	271	272	274	274
Food	,,	276	282	285	284	285	287	284	279	282	285	286
Housing	,,	155	172	180	175	175	176	181	181	182	182	182
Clothing	,,	267	269	268	268	268	268	268	268	269	269	269
Fuel and light	,,	268	281	284	275	289	289	276	277	278	294	295
Household durable goods	,,	308	307	300	305	305	305	299	299	298	298	298
Drink	,,	272	276	261	276	276	276	256	256	256	256	256
Tobacco	,,	421	428	428	428	428	428	428	430	430	430	430
Purchasing power of £ (based on all consumer spending)	1938=100	37	36	36	36	36	36	36	36	36	36	36
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	107	99	98	98	99	99	98	98	99	101	100
Food, drink and tobacco	,,	101	97	98	98	100	100	97	98	100	102	100
Basic materials	,,	110	96	93	92	91	90	94	94	95	96	97
Fuels	,,	128	112	104	110	111	110	101	99	102	102	100
Manufactured goods	,,	104	101	104	102	104	104	104	105	106	107	106
Export prices:												
All items	,,	111	110	109	109	109	110	108	109	109	111	111
All manufactures	,,	109	111	111	111	111	111	110	111	112	113	113
Metals	,,	115	118	115	118	117	117	113	113	114	113	113
Engineering products	,,	112	115	117	116	116	117	117	118	120	121	120
Textiles (excluding clothing)	,,	101	101	98	98	97	98	95	98	98	97	98
Terms of trade:												
Ratio of import to export prices	,,	96	98	98	98	91	98	91	98	91	91	98
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952=100	112·7	67·1	71·9	70·4	76·4	74·6	69·6	71·0	80·4	83·1	82·5
UK WAGES												
Weekly wage rates:												
All workers (3)	Jan. 31, 1956=100	110·0	114·0	116·9	115·9	116·1	116·2	117·1	117·2	117·3	117·4	117·5
Men	,,	110·0	113·8	116·8	115·9	116·0	116·2	117·0	117·0	117·1	117·1	117·3
Women	,,	109·7	114·0	117·0	115·8	115·9	116·0	117·2	117·7	117·7	117·8	118·0
Juveniles (4)	,,	111·3	115·8	119·0	117·7	118·0	118·2	119·1	119·4	119·5	119·5	119·7
All workers	Sept., 1939=100	286	296	304	301	302	302	304	305	305	305	305
Weekly earnings (4):		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
All workers		212 5	217 4	228 6	217 4	...	...	222 6[5]	...	228 6	...	...
Men	,,	251 7	256 8	270 9	256 8	...	...	262 11[5]	...	270 9	...	...
Women	,,	129 6	133 11	140 4	133 11	...	...	137 0[5]	...	140 4	...	...
All workers	Oct., 1938=100	399	408	429	408	...	...	418[5]	...	429	...	...
Men	,,	365	372	392	372	...	...	381[5]	...	392	...	...
Women	,,	398	412	432	412	...	...	422[5]	...	432	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) Surveys made twice a year; annual figures relate to October survey. (5) Figures relate to April survey. (6) In general males under 21 and females under 18 years of age. (7) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (8) The series for "all items" and "other items" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline. Owing to a change in the tea quotation used, some revisions have also been made in the series for "all items" and "food" from June 2, 1959.

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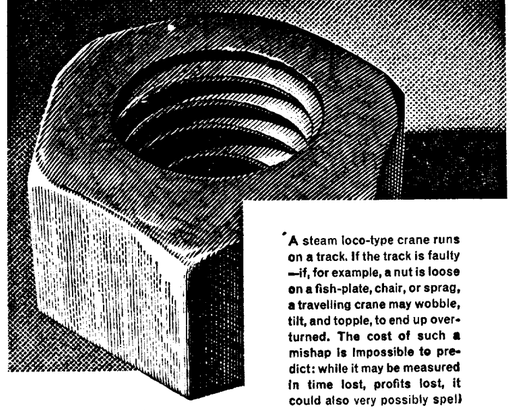

A steam loco-type crane runs on a track. If the track is faulty—if, for example, a nut is loose on a fish-plate, chair, or sprag, a travelling crane may wobble, tilt, and topple, to end up overturned. The cost of such a mishap is impossible to predict: while it may be measured in time lost, profits lost, it could also very possibly spell a life lost.

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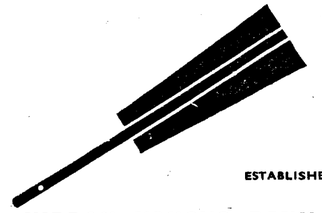

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Applicants should have had practical programming experience (preferably, but not necessarily, on this type of computer) and some commercial background.

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EAST MIDLANDS GAS BOARD

ASSISTANT STATISTICIAN

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The commencing salary will be within Grades A.P.T. 5/6/7 (£629-£810) of the National Salary Scales according to qualifications and experience.

The position is pensionable and the successful candidate will be required to pass a medical examination.

Applications, stating age, experience, qualifications, present appointment and salary, together with the names of two referees, should be sent to the Secretary of the Board, Beverley House, University Road, Leicester, within 14 days of the appearance of this advertisement.

A. GWYNNE DAVIES,
Secretary.

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Please write, giving full details of age, experience, qualifications and any further information considered relevant, to:—

Superintendent, Personnel Services,
THE STEEL COMPANY OF WALES LIMITED
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ABBEY WORKS, PORT TALBOT, GLAMORGANSHIRE

For other appointments see page 473

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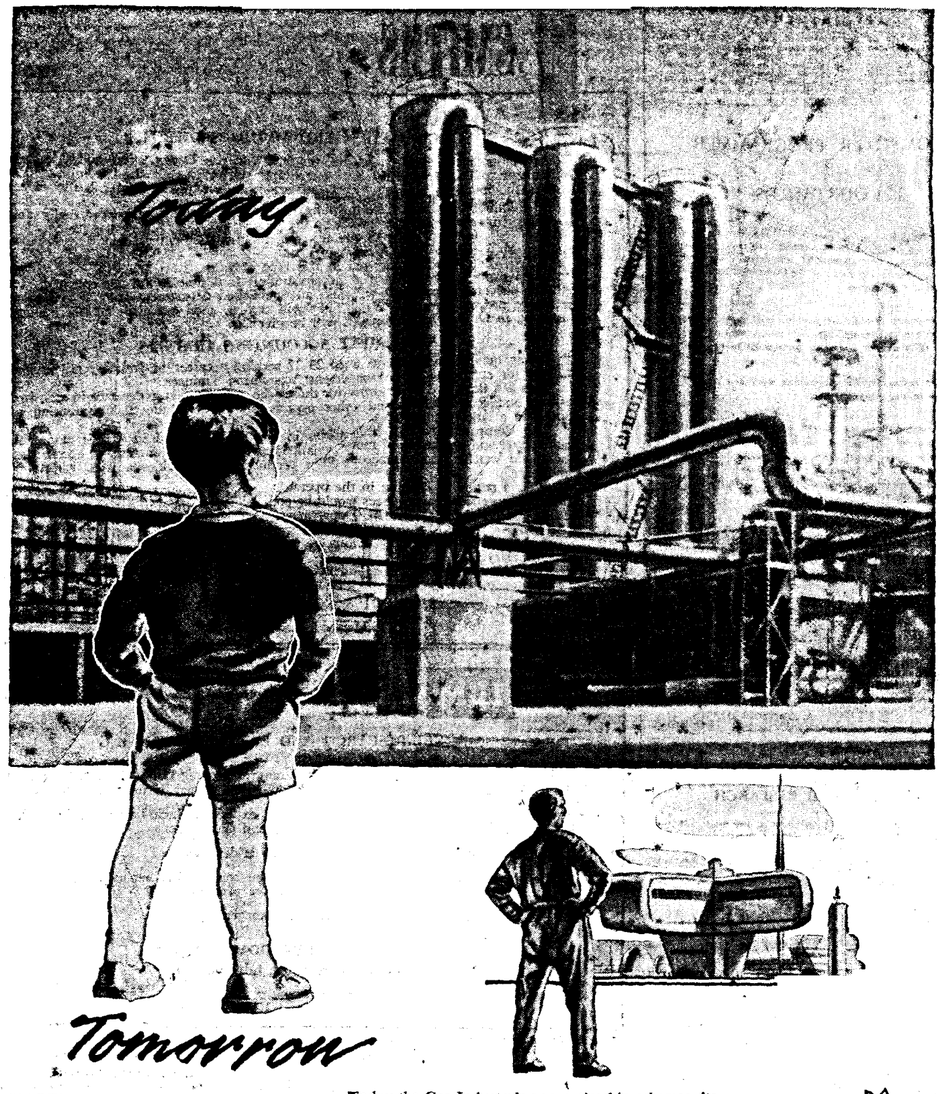

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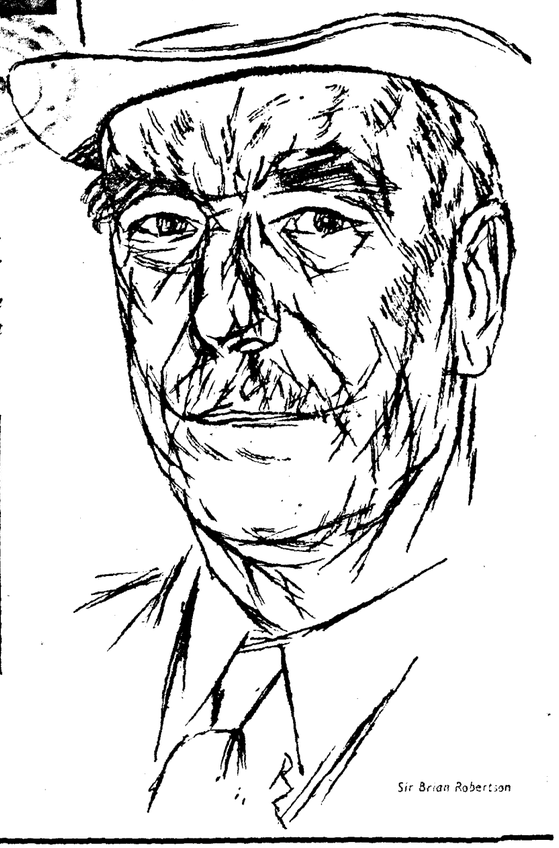

Sir Brian Robertson

Danger of Settlement

The country should not assume that an immediate interval of peace on the railways is worth buying at any price (page 499)

Après les Barricades

The King and the Barons ... ... page 500
In Search of Status... ... ... page 531

The Debate on Growth

Echoes of Rostow ... ... pages 503 and 512
America off to the Races ... ... page 520

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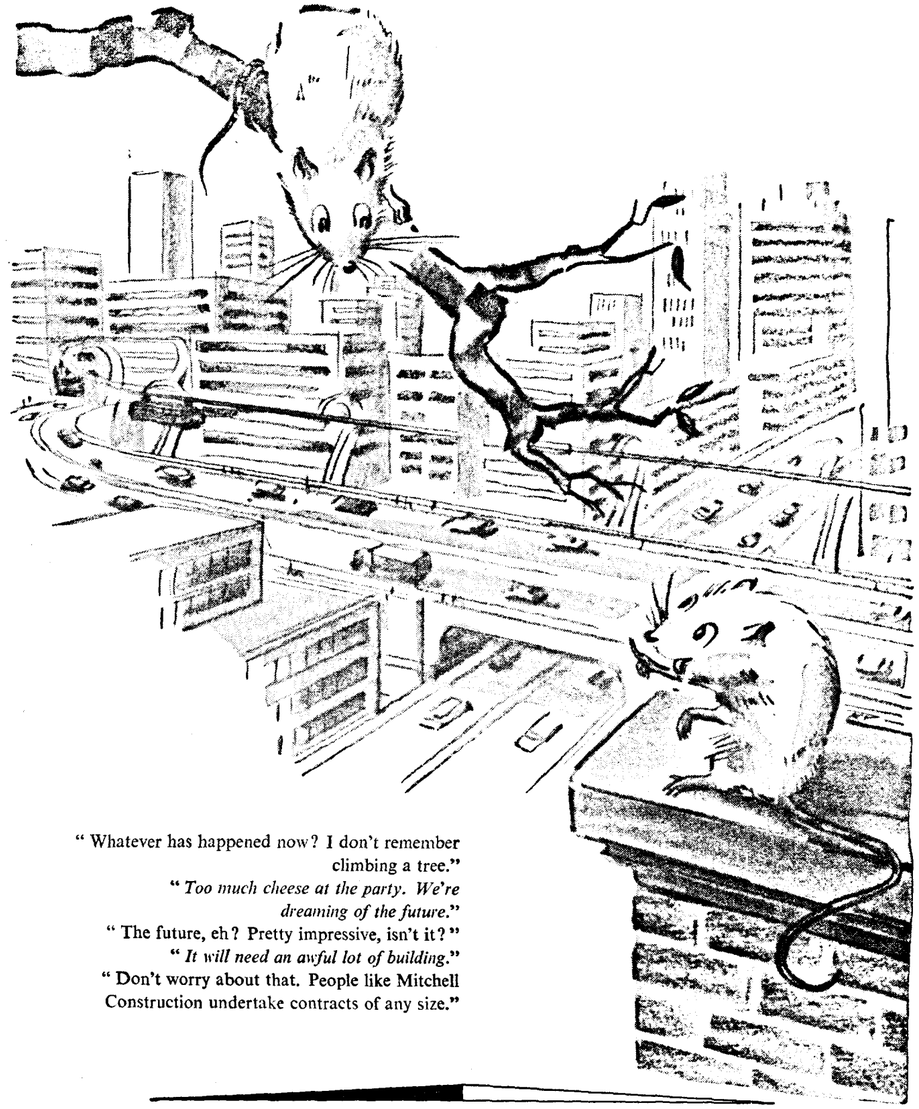

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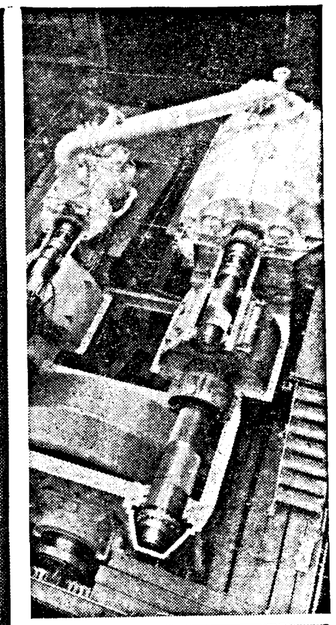

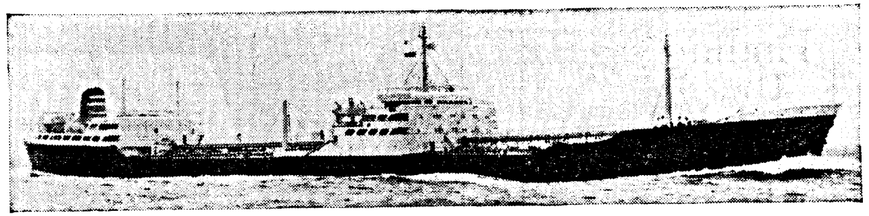

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International NU-SWIFT News No. 2

HAVE YOU MET THESE PEOPLE?

22. In arctic SPITZBERGEN (Norwegian: SVALBARD), divided by an invisible iron curtain, but where Norwegian and Russian workers fraternise, the NORWEGIAN COLLIERIES of STORE NORDISKE SPITSBERGEN KULKOMPAGNI are protected by Nu-Swift.

23. THE ROYAL CANADIAN NAVY, which in 1947 standardised on the Nu-Swift Universal Water/CO_2 Extinguisher, has placed further orders.

24. HAILE SELASSIE, H.I.M. of ETHIOPIA, is reported to take a keen interest in fire extinguishers. Nu-Swift has been approved and the first consignments have been sent to ADDIS ABABA.

25. Since MOROCCO gained her independence, a Nu-Swift sales concessionaire has been appointed and the first supplies of extinguishers have been shipped to glamorous CASABLANCA.

26. Narrow and winding alleyways in the ancient town of ST. GEORGE, first British settlement in now fashionable BERMUDA, sometimes prevent the Fire Brigade from getting close enough for effective fire fighting. Fire engines are therefore fitted with extinguishers to enable firemen to fight inaccessible fires with reliable Nu-Swift.

27. A.T.A.C. the MUNICIPAL TRAFFIC COMBINE of the City of ROME, and reputed to be the largest surface passenger transport organisation in Europe has decided, after tests extending over two years, to standardise on Nu-Swift.

28. YUGO-SLAVIAN STATE-OWNED CORPORATIONS are among the Nu-Swift customers situated on the edge of the East-West iron curtain.

29. In HELSINKI, capital of gallant little Finland, and almost within a taxi ride of Leningrad, the FINNISH POSTS AND TELEGRAPHS DEPARTMENT have decided to standardise on Nu-Swift Dry Powder extinguishers, especially suitable for use under severe arctic conditions, common each winter in Northern Finland. Substantial orders have already been placed.

HAVE YOU BEEN TO THESE PLACES?

30. GERMAN SHIPOWNERS are now also able to fit Nu-Swift in their ships, thanks to the approval of the SEE - BERUFSGENOSSENSCHAFT in Hamburg.

31. At TULLN, Austria, in the presence of high ranking Austrian fire fighting officials, including BRANDDIREKTOR DUFEK, Chief Fire Officer of Vienna, two Nu-Swift Dry Powder Extinguishers, Model 1604, bonded for 2 years for reliability tests were recently discharged. They passed with flying colours and OBERBRANDRAT SPEIL, the official responsible, signed the Certificate of approval on the spot.

32. The Government of the FALKLAND ISLANDS, British sheep farming colony in the South Atlantic, near Argentina, recently placed their first Nu-Swift order. Sheep vastly outnumber human inhabitants in the Colony, previously of great strategic *importance, but* GREASY WOOL has high fire risk.

33. INDEPENDENT TELEVISION AUTHORITY, always in keen competition with the BBC, is determined that programme transmission shall never be interrupted through preventible causes. All its stations are now protected by Nu-Swift.

34. Reputedly being let at £25 a day or more, NEW LUXURY SUITES on the top floor of the DORCHESTER, London's premier Park Lane Hotel, are protected by Nu-Swift.

35. The up-to-date works of ALFA ROMEO, the well-known motor car manufacturers in NORTHERN ITALY, have recently been equipped with Nu-Swift. Crash tenders too have been fitted with fast and reliable Nu-Swift.

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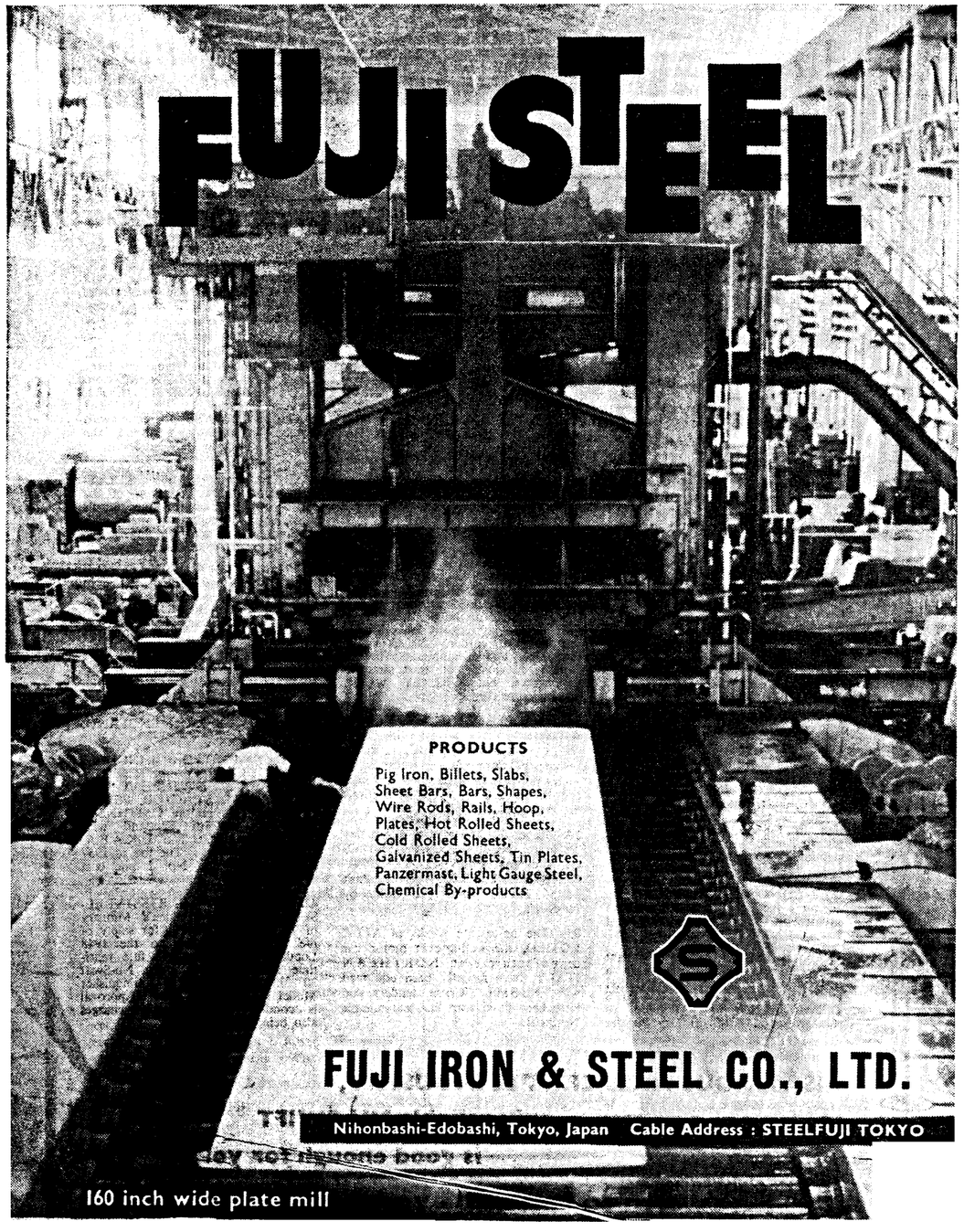

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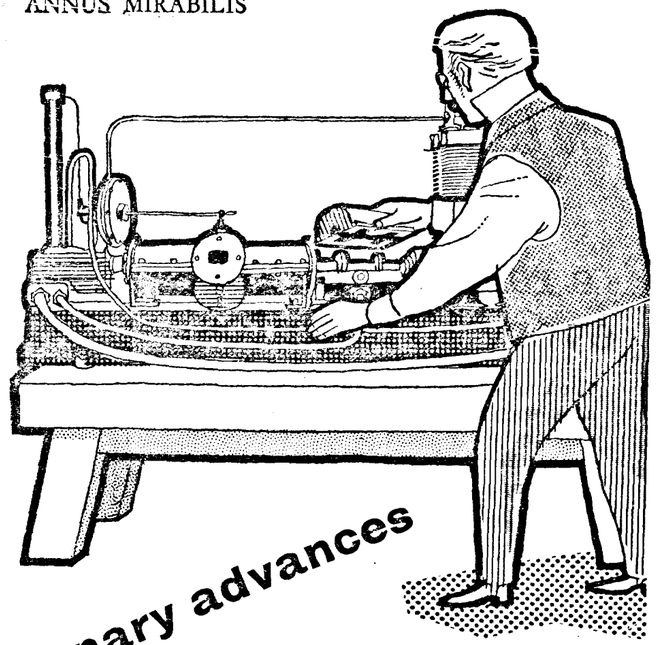

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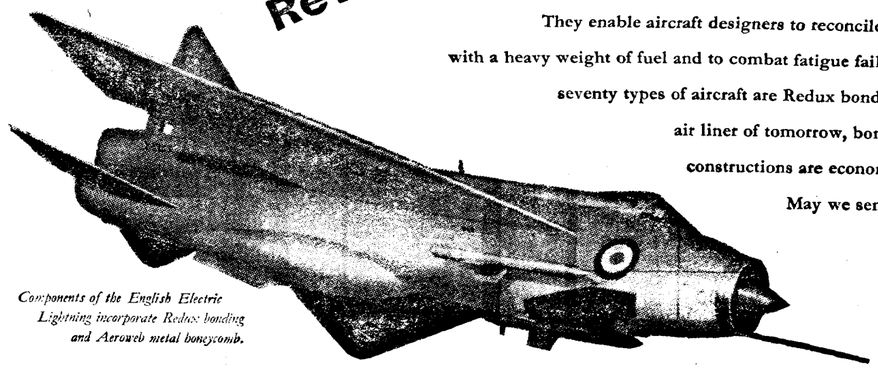

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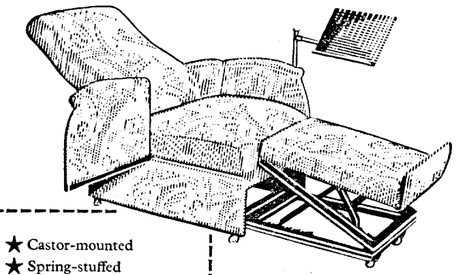

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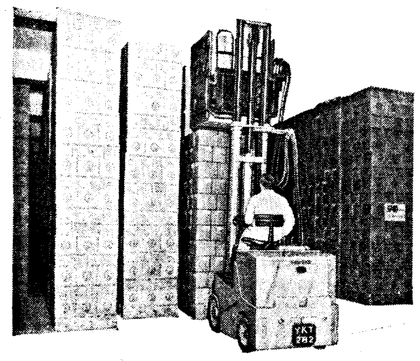

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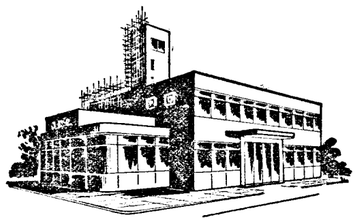

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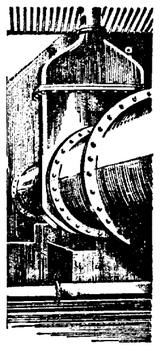

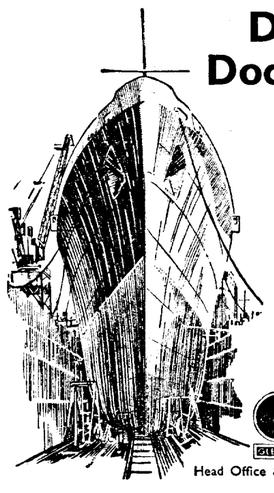

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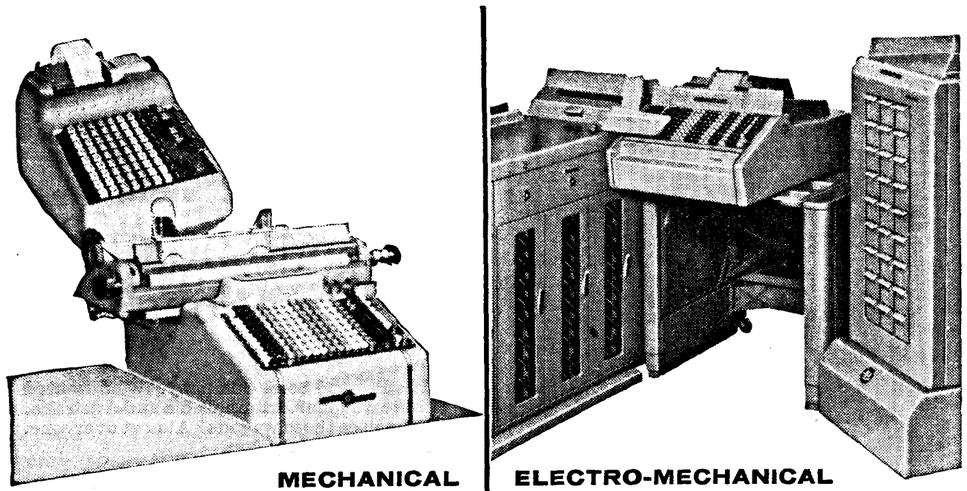

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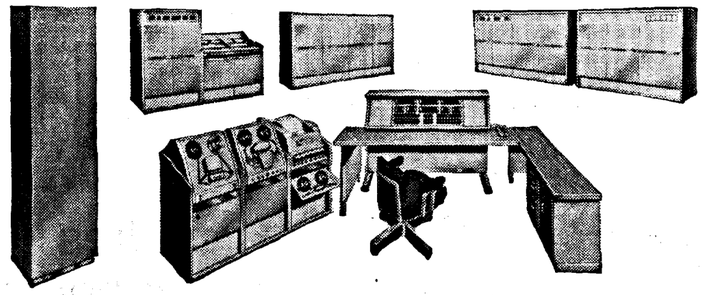

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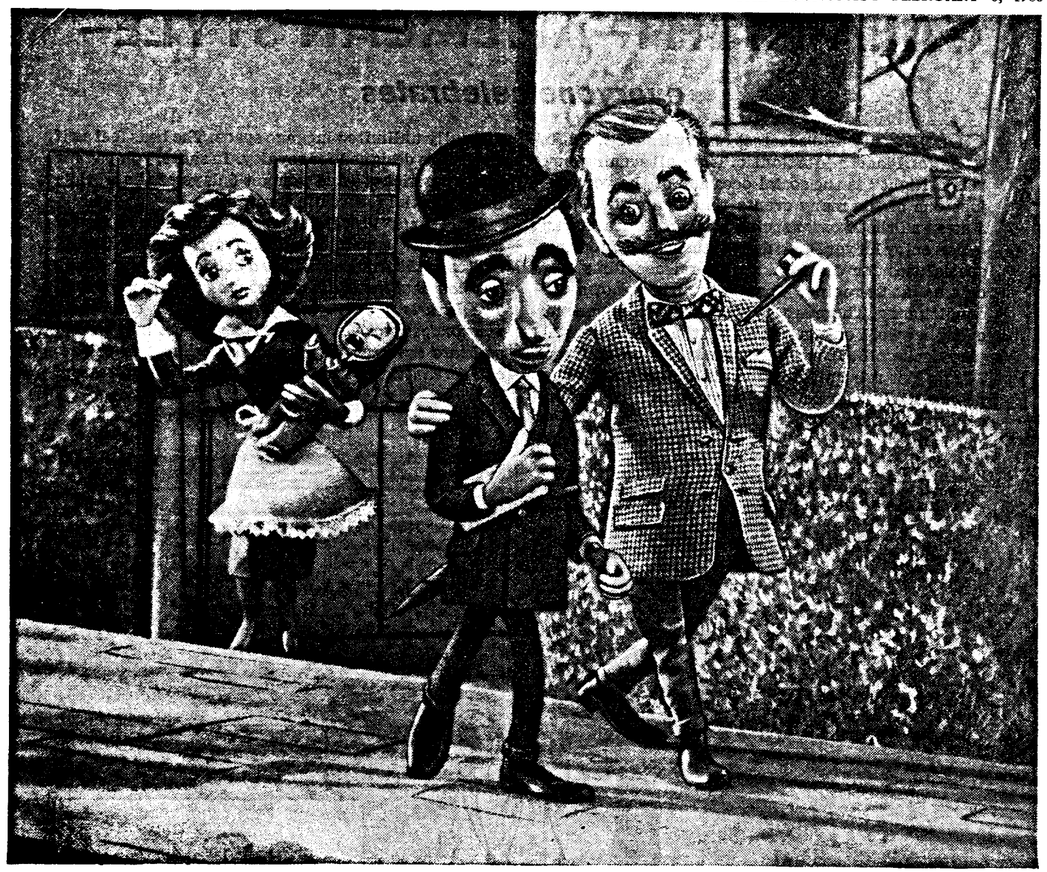

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The Economist

FEBRUARY 6, 1960

Danger of Settlement 499
The King and the Barons 500
Goodwill or Real Estate? 502
The Debate on Growth 503
The Animals' Friend 504

NOTES OF THE WEEK 506

Warsaw Pact; Germany; South Africa; Kenya; Central Africa; Licensing Laws; Burma; Israel and Syria; Albemarle Committee; Atomic Allies; Car Strikes; Broadcasting; Maldive Islands; Contempt of Court Bill; British Honduras; The Approved Schools; Rostow Replies to Pravda.

LETTERS 515

BOOKS

Nasty Guys Finish Last 516

AMERICAN SURVEY

Growth by Numbers 520

Rights Turn; Republican Fare; Space for Saturn; From Suez to Tulsa; Spirit of Bermuda; Clean Sweep for Elections?; What Mr Marples Saw.

THE WORLD OVERSEAS

The Disappearing Energy Gap 529

Algiers from the Wings; France Foots the Bill; In Search of Status; Trouble at Tawafiq; Socialist Split in Japan; The Last Individualist; Africans in Congress—I.

THE BUSINESS WORLD

Shaping New Tools 537
Cables Find a Lead 539

BUSINESS NOTES 543

Motors; Aircraft Industry; In the Markets; Sterling; Bids and Deals; Double-take on the Economy; Steel; Local Loans; Hire Purchase; Bank Credit; Stock Exchange; Cigarettes; Drug Prices; IDA; Sound in 3-D; The Jasper Case; Aluminium; Automatic Selling; Parking; Nickel; Building Materials; Research Reactors; Sugar Market; Shorter Notes.

COMPANY AFFAIRS 567

P & O; Peachey Property; Unit Trusts; Ashdown Investment Trust; Cable and Wireless (Holding); General Electric; Leyland Motors.

London and New York Stocks 568
Money and Exchanges 571
UK External Trade 572

Annual Postal Subscription by ordinary mail £4 10s.; overseas £5; by air see page 577.
VOLUME CXCIV · NUMBER 6076.

Danger of Settlement

IF Sir Brian Robertson had given an immediate wage increase to the National Union of Railwaymen on Friday last week, it is highly probable that the country would have been sent gently careering again up the well-trodden spiral of inflation. Behind all the usual arguments that this year's bargaining provided a very special case, behind all the undoubted public sympathy with many underpaid railwaymen, the questions at issue were the old familiar ones of whether wages should be determined by economic forces or by considerations of very short-term expediency—and whether signed agreements that have become inconvenient to union leaders should be regarded as no longer binding.

By threatening a national strike on February 15th, the NUR is in open breach both of the railways' normal conciliation machinery and of its previous specific promise to await the publication of the forthcoming Guillebaud report. Its change of front is not the result of anything that has happened in the past four weeks which makes an immediate claim more justifiable to propound or any safer for the commission to grant. The only thing that has happened since January 11th (when the union last agreed to wait) has been an increase in the pressure on the NUR's moderate leader from his militant lieutenants and NCOs. Yet when the unhappy Mr Greene appeared a week ago brandishing his two broken pledges and his strike weapon, like a worried old lady made to carry her Teddy boy son's cosh, the public and Sir Brian Robertson and (presumably) the Government at once opined that the most convenient thing to do might be to give way before the threat. The day was saved only because the other two railway unions, representing the engine drivers and the railway booking clerks, refused to agree that the Guillebaud report should be prejudged.

It is very important that behind-the-scenes pressure should not now prevail upon these two craft unions to change their minds and yield to the NUR. This is no doubt a wildly unpopular thing to say. The easier and more conventional plea is that the Trades Union Congress or the Minister of Labour or somebody/anybody should persuade the engine drivers and the clerks to accept an interim increase for all railwaymen now, pretending that this would not prejudice any developments that might follow later. But of course it would prejudice them. For one thing, the leaders of these two unions have stood by their promises and against their own impatient militants more tenaciously than Mr Greene has done; if Mr Greene is given an increase now, they will be for ever reminded that surrendering to militants has proved the best way of securing benefits for members. But, even more important, an interim increase for all railwaymen now would militate against precisely those considerations that are most eagerly urged by ordinary people who feel vaguely that some concessions should be made.

In part, the present pressure for compromise springs from a general feeling that many railwaymen are sadly underpaid. But one of the NUR's main objects, in trying to rush through an interim increase in advance of the Guillebaud report, is to prevent the Transport Commission's money from going principally to those who are underpaid most. Far be it from *The Economist* to suggest that a body like the Guillebaud committee is the ideal instrument for discovering which workers suffer wages and conditions that are demonstrably lower than they could earn elsewhere; we believe that this is better demonstrated by the men's own movements in the market. Whenever it

is impossible to recruit or retain a sufficient staff in a particular grade, that grade is underpaid. But the NUR's aim in trying to rush through an interim rise for everybody now is that money should go equally to those grades whom the railways employ in sufficiency or superfluity (who are mainly represented by the NUR) as to those who are in short supply ; many of the latter are represented by the craft unions. As a matter of cold market fact it is the craftsmen's differentials that have been eroded most in recent years, and the Guillebaud report is almost bound to say so.

IN still greater part, the present public clamour for a compromise arises from the realisation that a railway strike would be a most uncomfortable misfortune. But why does anybody suppose that concessions to the NUR now would avert a strike, as distinct from merely postponing it?

When the Guillebaud report appears there is going to be a bitter controversy between those who think that the main concentration should be on raising the wages of the lowest paid, and those who want the chief emphasis to be on the restoration of differentials ; because the railways are in deficit and have not got limitless money to spend, one side or the other is going to be grievously disappointed. Until now, it has been possible to hope that the fact that everybody should then get some rise might prevent the controversy being pushed to the point of strike. If the NUR can be jostled out of its intention to strike on February 15th, without being given concessions, that hope can still persist. But consider what will happen if the Guillebaud report appears after an interim increase has been granted in response to the NUR's current pressure.

The battle between the NUR, representing the lowest paid unskilled workers, and the two insulted craft unions, striving for higher differentials, will then be a battle for face. It will take place in the knowledge that threats of a strike have already proved advantageous. A strike started by the NUR on February 15th, for reasons that many of its members would be bound to regard as pretty silly, would at least have some terminable elements about it. If it limped as badly as, say, the 1958 bus strike did, then a ladder could fairly easily be provided for a defeated NUR to climb down ; the most obvious device would be to bring the Guillebaud report forward into March (a solution the union refused last week). If the strike succeeded in crippling the economy, the concessions which Sir Brian wanted to hand out last week would no doubt have to be offered anew then—but after the NUR had depleted some of its strike funds. The additional money that is to be paid out after the Guillebaud report could then be directed to increasing the craft unions' differentials, in the knowledge that the NUR would be in no financial position to start another strike.

But if concessions are given to the NUR now, Sir Brian Robertson will be confronted at the time of the Guillebaud report with two main groups of unions, each of which will be capable of starting a strike if the other group gains more than itself. Any unsuccessful strike in these circumstances would be liable to last for a long time, because there would be no ready-made ladder for the losers to climb down. Any strike that successfully crippled the economy would no doubt have to be settled on inflationary terms—but with the difference that, because of the earlier concessions, the jumping-off point for inflation would be higher than it would be for the settlement of any strike that started on February 15th.

These are not Machiavellian calculations. They are a sober weighing of the most reasonable probabilities. That is why all discussions of the undoubted damage that a strike would do to the economy, to the Railway Executive, and to the public are irrelevant to the main immediate question. That question is whether it would be wise to buy a respite with an inflationary settlement—at the worst time for it, industrially, strategically, and tactically in its effect on other wage claims—in order to run into the high possibility of facing a different strike under worse conditions and in a worse place later.

The King and the Barons

General de Gaulle's task is still to strengthen his authority with the army in Algeria

IS it a famous victory? France has survived: it is a merciful remission for the western world. The Fifth Republic is still in being: honour to General de Gaulle, alone (*M. Debré dixit*), whose achievement it is. The barricades came down in Algiers on Monday; thus the army did what it should have done a week before. But the success that General de Gaulle has won in Algeria is not in rounding up the settler bully-boys. The crisis is not over simply because MM. Lagaillarde and Biaggi are behind bars, M. Ortiz is in (apparently) assisted flight, and about a hundred of their followers are voluntarily attached to the Foreign Legion. The general's triumph is that, at an hour of exceptional and undenied crisis for the regime, he summoned, persuaded and compelled the army to do its duty. And the extent and permanence of this success have still to be discovered. At present it looks more clear-cut from Paris than in Algiers.

The army's obedience to the state is the crux, as it has been ever since General de Gaulle returned from Colombey at the army's bidding two years ago. It was the army, after all, that began this crisis when General Massu delivered his awful warning ; MM. Ortiz and Lagaillarde merely seized on the evidence of military disaffection to start a revolt that they seem to have had in mind for April. Now the crisis has finally stripped away the illusory constitutional paraphernalia that surrounded the reality of power in France. It is not upon the votes of a docile Assembly, now effectively dismissed for fifteen months, or upon the loyal messages descending, after some hesitant days, upon the Elysée from every commune in France, that General de Gaulle's rule presently rests, or has rested. It is on the uneasy workings of the feudal relationship between him and the army in Algeria that the future of France still depends.

General de Gaulle embodies the legal sovereignty of the state. The army accepted this sovereignty last weekend. If the generals had denied it, they would ultimately have had to face the necessity of legalising their insubordination by bringing about a change of sovereign in Paris. Two years ago the army did this. The alternative monarch at Colombey was visible then and ready to serve ; what was more, he had personal claims to sovereignty that could, at a pinch, be made to seem superior to the Fourth Republic's. Last weekend there was no such evident alternative ; the army would have had to go it alone, with M. Bidault (or M. Soustelle) in its baggage train. It was the chief merit of General de Gaulle's speech that he made this abundantly clear.

The army was not willing to cross this Rubicon. It was divided, and apparently even its active wing was unprepared for drastic steps in France itself. All that General Challe, for one, seems to have had in mind at the beginning was the exercise of his feudal duty to counsel and warn his sovereign that policy should not be pressed to the point at which the foundation of their relationship—the army's right to permanent occupation of its fief in North Africa—was liable to be broken. General de Gaulle's reply was that the army could, in fact, go on holding its feudality, and that his policy was simply directed towards pacifying the fief and, eventually, securing the legal approbation of the native population. Since this was exactly what the army wanted, as General de Gaulle emphasised, it had no public ground for persisting in its disobedience.

To all appearance the feudal compact continues. Some of the chief insurgents of last week have been removed from baronial hands to the royal court. But the army still seems to be protecting its other retainers (M. Ortiz's disappearance is intriguing), and it even allowed one of them, M. Demarquet, to hold a press conference in Algiers as late as Tuesday in which he promised a different outcome to the next revolt. But efforts to enforce monarchic authority must now be expected. General de Gaulle may mean to purge his cabinet, where the army has its sympathisers ; but this, when it comes, will merely be a reorganisation of the household clerks. He must also move against those barons (like General Gracieux, who held the Algiers command for five days last week) whose loyalty has been too scandalously in question. He has the clear right to banish such public offenders, as General Massu has discovered.

THE real tests of General de Gaulle's present authority and intentions go deeper. Can he now, simply acting on suspicion, remove all the disaffected officers *en masse*, a course that is likely to lead to their banding together in self-defence ? Or does he mean to tear up the feudal compact in the most decisive way by hastening a political settlement in Algeria ? The difficulty is that while the army has found it cannot get along at present without General de Gaulle, he, too, can hope to do little in enforcing his policy in Algeria without the sympathy of a united army. They have to live together, and this means compromises on both sides. Had General de Gaulle meant to impose his will openly on the army he would have needed to conjure up a continuous manifestation of popular support in metropolitan France: the support that only an active parliament can give. But he has not chosen this course ; on the contrary, the Fifth Republic does not work that way. When the trade unions wanted to show their approval of the general's policy, the only way they could find to do it was by calling an hour's strike on Monday. Even if the general had thought to use a new Assembly against the army in the coming months, this is not a course to which his personal taste inclines. The army knows this. It is likely to accept the Assembly's dismissal as a reassurance that the general means to abide by the feudal law. This covenant is the chief issue to be settled when he eventually crosses the Mediterranean.

But General de Gaulle does seem to be evolving the idea of a different political future for Algeria. He spoke pointedly to the parliamentary leaders on Tuesday about a federal solution. This could mean that self-determination would result in four separate entities: a European, an Arab, a Kabyle and (possibly) a Jewish Algeria, all federated and directly linked with France. Despite the rip tide of nationalism in the rest of Africa, the intention would be to persuade enough Moslems to vote for a solution that would at least give them self-government. Since political boundaries would be difficult to draw, it may be that the general is considering an application of the Cyprus solution of separate communal assemblies. A version of the Swiss federation has also been suggested. Such a solution might well be acceptable to the army, because the weakness of the resulting state would ensure its dependence on France. But it seems an idea that must further separate the general's plans for Algeria from those of the Moslem rebels.

The mass of the Moslem population of Algeria put its faith in General de Gaulle in the past fortnight. The Casbah did not repeat the manifestations of *Algérie Française* that were staged in 1958. The Moslems want the promise of self-determination, given by General de Gaulle on September 16th, to be honoured. In his speech last Friday he seemed to keep faith with them. Would they consider a federal settlement in keeping with the spirit of the September offer ?

IT may be some time before the precise direction in which General de Gaulle's mind is moving becomes plain. His immediate task is to exploit the tactical advantage that the failure of the settlers' revolt has given him. Yet it would be out of character with his past performance if he did not also give some thought to the reassertion of France's role as a major power. This, after all, is one of the concepts by which he may hope to draw the army to him (particularly, as our Paris correspondent writes on page 531, the air force and the technological branches) and diminish its preoccupation with the political responsibility for Algeria.

General de Gaulle already has an exhaustive diplomatic round arranged before the summit meeting in May. He entertains Mr Khrushchev on March 15th ; then comes his own visit to London on April 5th and to Washington later that month. His allies will leave him in no doubt of their thankfulness that he, and not a military junta, rules in Paris ; and Mr Khrushchev, for his own reasons, may concur. Yet the week in which the French army stood immobile before the Algiers barricades cannot be erased by the appearance of a mushroom cloud over the Sahara. Had the army acted on the first Sunday of the revolt, as it was ordered to do, General de Gaulle might now truly stand forward as the master of the

164808

situation. That mastery has still to be demonstrated beyond doubt in the steps he takes in Algeria. Until then there must be hesitations about the stability of a regime that depends on the power, the will and the very existence of one man.

France's allies have every reason to wish for the re-emergence of a strong, coherent and actively democratic France. If they express reservations now on, say, the political advisability of extending full nuclear partnership to France, it will not be because they court division or misunderstanding. France's release from the bitter tragedy of Algeria is the victory that all its friends wish for. They, too, can count themselves fortunate that General de Gaulle stood in the breach last week. They, too, must hope now that his course in Algeria will be realistic, strong and sure. Their trust might only be greater if he did not seem to stand, by his own and his countrymen's wish, quite so alone.

Goodwill or Real Estate?

If attention continues to be paid more to shadow than substance, the Cyprus negotiations may break down

NEITHER polite euphemisms, nor expressions of goodwill and sweet reason, can disguise the fact that the future of Cyprus is again in jeopardy. After days of hard slogging round the conference table, Archbishop Makarios left London last Saturday without reaching agreement on the military facilities that the British are to retain in the island. Unless this stumbling-block can be removed within the next few days independence will have to be again postponed, and this time—owing to the exigencies of the British parliamentary timetable—at least until May 19th. As the governor, Sir Hugh Foot, has rightly emphasised, such a delay will be dangerous and might be disastrous.

Archbishop Makarios does not deny the undertaking written into the London agreements that Britain should retain sovereignty over its bases in the island. But in his view 36 square miles should amply meet the British needs, provided the Cypriots are willing—as he says they are—to meet all reasonable British military requirements outside the sovereign areas. The archbishop further insists—and this is what really matters to him—that the island should be one single administrative and economic unit. To this end the British have put forward proposals under which the administration of Cypriot civilians living inside the bases would be delegated as completely as possible to the Cyprus government; but these apparently do not satisfy him.

The British, for their part, point out that they have already scaled down the size of the sovereign areas from between 150 and 170 square miles, including about 4,500 Cypriots, to about 120 square miles, including less than a thousand Cypriots; they maintain that they cannot go below this "minimum." They have, moreover, reduced the number of permanent sites that they wish to retain outside the sovereign areas from more than a hundred to nineteen; and among other concessions, they are ready to increase substantially their offers of financial help to the new republic.

Thus both the British and the Cypriots have tried to be reasonable and accommodating, and on the face of it, the British have tried the harder. But compromises tend to be unimpressive and ineffective when each party is arguing from a quite different point of view, and when neither has any clear idea of how much the other believes itself to be sacrificing. Although the British military requirements were described in some detail in the London agreements, the archbishop clearly failed to grasp exactly what was involved. (Or if he did, he gravely miscalculated the political consequences to himself.) And while he is concerned with achieving a settlement that is acceptable to the majority of Cypriots, the British are primarily concerned with securing the arrangements that they believe to be necessary if their bases are to be viable and efficient.

In their pursuit of these ends, both sides have tended to lose touch with reality—the British, perhaps, the more. The thinking of British statesmen on military matters remains, apparently, doggedly devoted to the fallacy that sovereignty equals security. (This fallacy does not, it seems, trouble the American military planners in, say, England or Japan.) But since important military facilities, such as Nicosia airfield and the ports of Limassol and Famagusta, will in any case remain outside the sovereign areas, is the actual size of these areas so vitally important that it is worth risking the whole settlement to secure it? As so often, the trouble is that although history is being studied for its lessons, it is not being studied dispassionately enough. The experience of Egypt is believed to have demonstrated that a base, to be effective, needs to be on the sovereign territory of the power that is to use it. What it really demonstrated was that a military base that is held without the goodwill of the local government and population is more of a nuisance than an asset. Even if its maximum requirements had been met, it is unlikely, in fact, that the British Government would ever have been able to make effective use of its bases in Cyprus against the opposition of a Cypriot government.

THE Cypriots, for their part, have persisted in an unfounded belief that the British cherish the secret idea of establishing a sort of Mediterranean Hongkong on their coast. They have ignored the fact that in ordinary times the bases will make scarcely any practical difference to the ordinary Cypriot, whether he lives inside or outside them—beyond, perhaps, providing him with a job. The British negotiators have evidently tried hard to disabuse the Cypriots of these delusions, and one may hope that they have succeeded, at any rate with the leaders. Even so, Archbishop Makarios cannot accept a settlement which will lay him open to attack from his political opponents, both on the Left and on the Right, for accepting what seems to the Cypriot imagination like a perpetuation of colonial rule in an enclave. Hence his insistence on only one civil administration, and an undivided economy.

On the face of it, it is puzzling that the archbishop should not have accepted the British proposals, since they seem to offer him at any rate the substance of what he wants in the administrative question. With this in his pocket, does the size of the sovereign areas matter so very much to him either? Evidently in his view it does. Confronted with a situation in which, psychologically, appearances count for as much as substance, he perhaps calculates that only if he gains further concessions over the size of the sovereign areas can he successfully sell even the favourable British administrative proposals. And since nobody has a greater personal interest in preventing the London agreements from breaking down, the archbishop must be presumed to know what he is about.

In an ideal world, one could no doubt disregard the ambitions of extremist politicians and the nationalist fears and phobias of simple people. But in real life this is not possible. Nor is it possible for the British Government to concentrate on its military facilities in Cyprus and wash its hands of the island's future. The usefulness of the first depends entirely on the stability of the second—and on the amount of goodwill that the British manage to leave behind them. Both moral obligation and practical self-interest demand that the first priority of British policy should be to get the new republic off to a good, firm start.

The Debate on Growth

Reactions to "Rostow on Growth" show that this new analysis of how nations achieve prosperity has set a cat among the pigeons of both communism and capitalism

A HARD-HITTING international debate has developed around Professor W. W. Rostow's analysis of the stages of economic growth of nations, which was first published in summary in *The Economist* of August 15 and 22, 1959, and will shortly be published in book form by the Cambridge University Press. "Rostow on Growth" has excited interest and argument in countries that range from India to Argentina, and has been translated into Japanese, Swedish, Portuguese, Czech and other languages. There are indications that it has been studied in the higher ranks of the Soviet hierarchy but overt Russian reaction has been limited to Mr Yuri Zhukov's impassioned and uncomprehending tirade in *Pravda*, extracts from which appeared in our issue of November 7th; our own invitations to the Soviet press to offer us a reasoned criticism, either for publication or in confidence, have been rebuffed, and *Pravda* does not yet seem to have published the letter to its editor which Professor Rostow wrote on November 17th. (We are therefore publishing the substance of this letter on page 512.)

Strong criticisms of the Rostow thesis also appeared in the December issues of *Fortune* and *Encounter*. *Fortune* may, in this context, be not unfairly taken to represent the opposite pole from *Pravda*, as it is primarily dedicated to preaching the pure gospel of free enterprise to its audience of American business men. It prints a shorter version of Professor Rostow's argument, but firmly rejects it, and follows it with a vigorous counter-attack by Professor David McCord Wright of McGill University. In the December *Encounter*, Mr Peter Wiles of Oxford indulged what he amiably calls "the academic's instinctive reaction . . . to pick holes"; and in the January issue Professor Rostow has briefly answered some of his points. These are representative of the lively and variegated fire drawn from all sides.

One approach is common to Messrs Wiles, Wright and Zhukov. All three, in their somewhat different ways, criticise Professor Rostow along the lines here rendered by Mr Wiles:

> Neither classes nor ideologies bother him at all. There is no analysis of the exact *kind* of obstacle that traditional society opposes to growth, nor of the kind of person—so very various from case to case—who overcomes these obstacles.

It is curious that the one point of agreement between the three critics should be so demonstrably unfounded. Professor Rostow has refuted the accusation that he ignores classes, and the importance of human character and group interest, in his letters to *Encounter* and *Pravda*. Readers of *The Economist* need only glance at, say, pages 410, 411 and 414 of our issue of August 15th last to be reminded that he makes some most original suggestions in just this section of his analysis; notably when he takes issue with Marx about (to quote his letter to *Encounter*)

> the kinds of people and groups who carry forward the modernisation programme. . . . I do not believe that the commercial and industrial middle class and the profit motive played the preponderant role he assigned to them. The modern men are—in the past and at present—a much wider spectrum, embracing some kinds of soldiers, intellectuals, civil servants, etc., as well. . . . They often want modernisation for very different reasons; but a reactive nationalism is initially, at least, a common point of meeting.

ONE is tempted to supplement the ripostes that Professor Rostow has given to his critics on a number of points; but the picking of holes can be overdone. It is more to the point here to show how sharp have been the reactions to his empirical finding that "there are many roads to economic growth." Mr Zhukov, not surprisingly, is horrified by this sort of blasphemy, and accuses him of "digging about in old rubbish dumps" to refute Marx. Professor Wright, more politely but no less resolutely, attacks from the other flank under the banner "true growth must come from freedom."

Mr Wiles snipes from a third, and apparently a rather shifting, position. "The superiority of communist growth" is to him self-evident; indeed, in a communist country, he says, take-off "follows immediately the seizure of power, whatever the present level of poverty, and maturity comes more rapidly." (If he seriously applies this dogma to, say, the communist seizure of power in Mongolia forty years ago, his definitions must be so different from Professor Rostow's that he is not really in the same argument.) But he no longer believes that this superiority is "the main fact in modern history," because the peoples of South-East Asia, the Middle East and Africa have recently shown that they "prefer freedom with slower growth." (In Laos, Iraq, Guinea, perhaps?)

While Mr Wiles and Mr Zhukov complain that the Rostow analysis slurs over the "superiority" of communist growth,

Professor Wright is just as perturbed by its supposed failure to recognise that

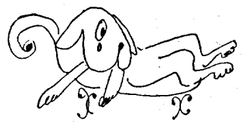
> continued growth involves the continued discovery and use of new ideas. . . . The new ideas, or at any rate their introduction, come to a very significant extent from the new man. There must be a chance to rise on relatively independent terms. . . . Mere planning, mere centralism, will not of itself keep alive the necessary dynamism. . . .

The quoted statements are quite sound, but they hardly amount to a refutation of the Rostow analysis, which stresses, for example, "inspired gadgeteering" at the beginning of modernisation and the "Buddenbrooks dynamic" that, at a more advanced stage, sets each generation off on new pursuits. And what is one to make of Professor Wright's apparent anguish over the Rostow proposition that aid should be given to under-developed countries without political strings? He seems ignorant on the one hand of Professor Rostow's insistence that "the central challenge of our time" is that of "creating, in association with the leaders and peoples of the preconditions and early take-off areas, a partnership which will see them through into sustained growth on a basis which keeps open the possibility of democratic development"; on the other, of his own claim, made apparently in the name of the United States, that "we desire only that each nation be free to make its own choices."

Fortune's wheel is evidently jolted by the way the Rostow analysis brings out the strong role that the state must play, and has everywhere played, at certain stages in economic growth. It is equally painful for both *Pravda* and Mr Wiles to be reminded that the Russian communists "inherited an economy which had already taken off . . . for two decades before 1914, Russia's industrial output as a whole had been increasing on the average at about 8 per cent per annum." Professor Rostow has indeed put an empirical wildcat among the theoreticians' favourite pigeons. When the flutter in the sacred dovecots has died down, we may find that this new international debate has cleared the air of a number of ageing birds whose hovering served only to darken counsel.



The Animals' Friend



Veterinary surgeons in Britain have never had it so busy

NEARLY 45 million cattle, sheep, and pigs; more than 200,000 horses; 100 million poultry; 3½ million dogs, perhaps 5 million cats, 6½ million cage birds; and an unguessable number of hamsters, white mice, and zoological exhibits make up the population of British domestic animals—possibly more than 200 million in all. To deal with their ills, there are in Britain about 4,600 veterinary surgeons, compared with 35,000 doctors for the 50 million of the human species. The profession is changing fast. In a curious blend of tradition and modern technique, yesterday's old single-handed vet with stethoscope and big pills survives—but beside modern four-man or six-man organisations with X-rays, switchboards, and even radio-controlled cars, against a background of advanced pharmacy and large-scale research.

To practise medicine on other than one's own animals requires membership of the Register of the Royal College of Veterinary Surgeons; this may be gained after five or six years' training at one of six British or five Commonwealth universities. Of 6,200 vets at present on this register, about 3,150 are in general practice in Britain, nearly 700 work for the Ministry of Agriculture, about 450 are academics or researchers, 300 are retired vets and 1,600 are abroad. The vet wishing to enter general practice will at present find situations vacant galore, a boomtime in prescriptions for pets. With modern research carving out constant advances in technique, he has a continual chance to improve the quality of his work; its quantity usually depends on his capital and his stamina.

So, too, does his income; this is still likely to represent many individual items rather than a few high fees for specialist treatment. There is no prescribed scale of fees. To a basic consultation fee of probably between 5s. and 15s. may be added extra charges for surgery or drugs; some vets make up prescriptions themselves, others prefer to have them filled by chemists. The newly-qualified vet without capital will nowadays find it easiest to begin by becoming an assistant in an established practice. The pay may be reasonably lush; he may be offered a rent-free house, free use of a car, plus anything from £1,000 to £1,500 a year as a starting salary. He is less likely to be offered an immediate share in the practice in return for his work alone; he will probably have to save up quite a lot to buy his way in. Today an increasingly sophisticated public demands high-quality service from the vet—which means elaborate and expensive equipment. As in the old medical profession, vets' practices are bought and sold. The price is usually calculated as their capital value plus (for the goodwill) one and a half times the mean of the three previous years' gross; which means that a fair-sized urban practice—bringing in the senior partner, say, £3,000 a year—is likely to cost about £15,000.

IN towns, the work is mostly with small animals. Since the war, to the customary British love of animals has been added an interest in their origins; pedigree dogs have doubled in number since 1946, and more careful treatment is demanded for these more expensive creatures. Moreover, a new generation of flat-dwellers has created a market for new tiny pets; there are now almost twice as many pet birds as dogs. Vets have to deal not so much with new diseases as with new situations. They prescribe for St Bernards exhausted by life in liftless pent-



houses, Alsations flabby with metropolitan indolence, French poodles as inbred as Hapsburgs. "Animal psychiatry" is no longer a music-hall joke; it is a term denoting an increasingly scientific approach to animal welfare. The vet's work is limited, as well as by the hours he sets himself, by the types of animals that he is willing to handle. Some still try to avoid birds, much as in the early years of this century older horse-specialists despised the upstart dog. The horse-specialists were unable to stick to their affectation for long.

SOME practitioners, mainly in towns, are worried by the animal welfare societies. Under the Veterinary Surgeons Act of 1948, these may employ unqualified veterinarians under special licence—on condition that they use qualified vets wherever possible, that they are supported by voluntary contributions, and that they give free treatment. Between them all the societies handle at least a million and a half cases a year; the two largest each have an annual income, from bequests, voluntary contributions, gifts from individual owners, and so on, of about £250,000. The societies claim that all they do is to provide free service for those who cannot afford to go to a vet. Vets claim that the societies' means tests are not stringent enough, and that the societies undercut the profession while not always providing adequate treatment. Probably not every charitable organisation can calmly turn away poor bandaged pussy on the strength of a guess at its owner's pay-packet, but at the moment neither patients nor the veterinary profession as a whole seem to be suffering noticeably as a result.

Outside the towns, economics are more important than emotions, and large animals more important than small; even cats in the country are less family friends than anti-mouse devices. Once upon a time vets could move easily from country practices to town ones, because horses were their principal concern in each; now horses have been replaced as the main patients in the towns by dogs, birds, and cats—and in the country by cows, pigs, and sheep. The present generation of British farmers, richer and better educated, is more willing than ever before to try prevention as well as cure. The vets are even readier to help, more certain than twenty years ago that their bills will be paid. Government activity has aided both sides. Since the 1930s the national tuberculin-testing scheme has expanded, so that it now includes 93 per cent of all herds. Vets designated as local veterinary inspectors have carried out the testing, in return for a regular payment from the Ministry of Agriculture; farmers, still encouraged with bonuses for each animal tested, have come to accept the presence of the vet and the value of his services.

With the increased scale of farming has come increased scale in veterinary practice. The chief partner in a country practice may have to drive 25,000 miles a year. He will need assistants to stay behind to deal with emergencies while he is away on call—and probably one or two other assistants for the time-consuming tuberculin-testing work. With several partners or assistants, anything up to six or eight cars, a thousand pounds or more worth of stored drugs, buildings for surgery, kennels and storeroom, the large sort of country practice can become a small business with much of its assets in fixed capital. But with the advantages of large-scale enterprise come the complexities of management and the difficulties of finally selling such a business; the latter factor alone suggests that there may be a real limit to expansion. Moreover, country vets face the fact that all British herds are expected to have been tuberculin-tested by 1960 or 1961. Some country practices may then actually have to contract.

But in general, the average vet has never had it so good. He is nowadays very much the member of a profession, with its rules and official bodies. For all registered vets the Council of the Royal College of Veterinary Surgeons acts as protector and as judge. It defends their prerogatives and regulates their conduct, sternly telling them that they must "insist on standards of good taste in the face of the lure of publicity and popularity," and that their conduct "must be measured by a higher and stricter code of ethics than applies to citizens owing no special duty to the public." More closely integrated with everyday life is the British Veterinary Association, with about 75 per cent of registered vets in its voluntary membership; the vets' BMA, it sees its chief function as the collection and exchange of information. Thus, centrally-controlled and locally respected, the vet's position is one that many in the profession now compare favourably with that of the medical GP, which they see as going down in the promiscuous drudgery of the health service. Whatever the position in the community of the vet today, it seems very unlikely to go down—and an animal health service is still far enough off for the idea to be one to make a cat (and a vet) laugh.



The Economist

FEBRUARY 4, 1860

PREVENTION OF CRIME

¶ Education, with an unsparing, if not always with a judicious hand, has been forced upon every portion of society:—and this method of reducing crime has taken almost every conceivable shape of day schools and night schools; ragged, reformatory, and industrial schools; evening classes; lectures; reading rooms; and mechanics' institutes. Homes and model lodging houses have been established to help persons, by various inducements, to keep free from crime: and refuges, penitentiaries, and prisoners' aid societies, to assist them to return to an honest course of conduct when they have fallen into wickedness. Our prison system has been changed—and not only altered, but improved—step by step, until, *as far as it goes*, the English system of convict management leaves little to be desired. . . . And, lastly, there has been lately established, throughout the country, a Constabulary Force—and one which, even in its infancy, has proved itself to be something more decidedly beneficial than a hopeful organisation. . . . [But] at present, the Police Establishment completely stultifies the object of its existence, which is not, primarily—and this cannot be too strongly insisted upon—to apprehend crime committed, but to prevent crime prospective. As far as the means within our reach enable us to effect this end, it can be done in but one single manner—by breaking up, and by dispersing the avowedly professional class of habitual offenders, which subsists only by preying upon society. No other plan possesses the slightest chance of permanent success. Industrial education may teach. Religion may train. Refuges may receive. Penitentiaries may reform. Pains and penalties may deter. A Police Force may capture, and the gaols may incarcerate, and for a time suspend the operations of, individual depredators—but all in vain. Neither prisons, nor Police, nor punishments, nor penitentiaries, nor refuges, nor education—and Religion is out of the question, in such cases—will at all avail, so long as there exists, contemporaneous with a population which respects the laws, a class of society which, with all the nonchalance of professional right, systematically and openly sets all laws, human and Divine, at defiance.

NOTES OF THE WEEK

WARSAW PACT

Eastern Summit

Moscow has seen a great gathering of the communist clans this week. On Tuesday all the east European party leaders plus their agricultural ministers and experts met to discuss agriculture—the Achilles heel of the communist block. (No doubt plenty of other things were discussed on the side.) The slow and hesitant increase in production and the wide discrepancies in the rate of collectivisation in the different countries were probably the chief topics discussed. Observers from North Korea and Outer Mongolia attended these meetings, but there was nobody from China. It is unlikely that the Russians failed to send an invitation to Peking ; perhaps the Chinese preferred to stay away from displeasure at the marked lack of Russian enthusiasm for the Chinese communes.

Chinese observers did, however, turn up for the meeting of the consultative committee of the Warsaw pact which opened in Moscow on Thursday, attended by communist defence and foreign ministers as well as by the political leaders. This conference was in effect the eastern summit, the communist equivalent of the December meeting of the Nato heads of government. Like the Nato powers, the communist block must streamline its policies in preparation for the east-west summit in Paris in May. Mr Khrushchev may want to follow up his much publicised announcement on January 14th of a cut in the Soviet armed forces by similar reductions in the rest of the block. A report from Budapest, believed in London to be reliable, says that he is also contemplating a complete withdrawal of Soviet troops from Hungary, a gradual withdrawal from Poland, and a partial withdrawal from east Germany.

No doubt Mr Khrushchev himself wants this withdrawal to play its part in creating a general atmosphere of *détente* before the summit meeting. But it is unlikely that he has all his colleagues, either in Moscow or in the other communist capitals, completely behind him ; this may well be why he wants to discuss it with them all now. Apart from the Chinese, whose involvement is secondary, men like Herr Ulbricht and Mr Kadar may well feel that measures of *détente* will endanger more than improve their situations. (Mr Gomulka's position is more complex.) Herr Ulbricht's hopes of acquiring rockets are discussed in the following note ; Mr Zhivkov, the Bulgarian party leader, has also threatened to ask Russia to install rocket launching sites in his country. The communiqué at the end of the meeting had not been published when this issue of *The Economist* went to press ; it may throw some light on the part to be played not only by peaceful gestures, but also by threats of action, in Russia's pre-summit tactics.

GERMANY

Below Zero Again

The continual delays in bringing the exchanges between east and west to the point have always carried the danger that a new freeze would set in in east-west relations before the old ice-jam had broken. Mr Khrushchev's speech to the Supreme Soviet on January 14th has already provided one warning sign. So has the reaction of some influential American opinion against the talk of disarmament. Now an exchange of letters between Mr Khrushchev and Dr Adenauer provides clear evidence of a sharp drop in the German temperature. In a note of January 8th, Dr Adenauer accused Mr Khrushchev of continuing the cold war and complained of Russian attacks on Bonn ; the main topic at the summit, he said once again, should be disarmament. In his reply, dated January 28th, Mr Khrushchev compared Dr Adenauer to Hitler and revived the threat of a peace treaty between Russia and east Germany if the west did not negotiate on Berlin.

This less than cordial exchange is not unrelated to Bonn's diplomatic campaign to block any negotiations on Berlin. Dr Adenauer's remark last month (that he considered the work of last year's Geneva conference to be dead) has been followed up this week by the announcement that he and Herr Brandt, the governing Burgomaster of Berlin, have agreed on certain vital principles concerning the city: continuation of four-power control, guaranteed access to the city and freedom of movement within it, no change in the ties between Berlin and the federal republic, no new agreement without the approval of the Berliners. These principles are not necessarily inconsistent with an interim agreement. But the Bonn government's zeal in whipping up opposition to virtually any negotiation about Berlin is not auspicious for the summit meeting.

Typically, Herr Ulbricht has taken the opportunity provided by the worsening atmosphere to make threatening noises of his own. If the federal republic was going to have atomic arms, east Germany would ask Russia for rockets too, he said last week. There is logic in the idea that the putting of atomic arms in west German hands will increase the pressure on Russia to give such weapons to its own allies. But it seems clear, at present, that the Russians have small inclination to do so. All the same, the fact that Herr Ulbricht can get away with such talk is a danger signal. On the western side the time may be approaching when the issue, whether an interim settlement in Berlin can be discussed or not, may have to be fought out once more.

SOUTH AFRICA

Frankness between Friends

In measured cadence and in broad but unevasive terms, Mr Macmillan's speech to the South African members of parliament on Wednesday pointed out that Britons and South Africans feel differently about human rights. This difference, he warned his frozen listeners, prevents the British Government from giving the Union the full support and encouragement that would otherwise be its right as a fellow member of the Commonwealth. So from a plank of stately cliché, Mr Macmillan has taken a plunge into the sort of honesty that everybody had been waiting for since he arrived in the Union a week before.

For the first week of his ten days in the Union, the Prime Minister appeared to be in a more relaxed mood than at any other stage of his African journey. His hosts arranged for him a bustling programme of activities. Unlike the ordinary perspiring victim of this sort of conducted tour, Mr Macmillan may have been delighted to have had his time filled up with visits to universities, descents into gold mines, and the bestowal of chiefly dignities.

The racial issue was crystallised for the purpose of the visit in two questions: would Mr Macmillan meet any African leaders, and would he say anything that mattered in his speech to parliament ? His performance over the African leaders has probably satisfied everybody but the Africans themselves. He has needed all his aplomb to avoid the sin of bad manners as a guest and yet at the same time to give the impression, at least at home, that he genuinely tried to meet some Africans. At first he could plead the exigencies of his programme ; then, having let it be known that a meeting with, say, Chief Luthuli would be agreeable to him, he tossed the ball to the Union government. At a garden party in Cape Town he had a chat with a few prominent white liberals and that, protocol decreed, was that.

For the British Government, the inclusion of the Union in his African tour was an embarrassment but also a necessity. To have left South Africa out would have been a signal discourtesy ; it would then have been the only dominion not visited by Mr Macmillan since he became Prime Minister. Damage and disillusion were inevitable, and it was the Prime Minister's task to minimise them. He could have done this by more positive persistence to get in touch with African leaders, by keeping his tour as brief and formal as possible, or, as he has done, by a full-blooded goodwill tour rounded off by a frank statement of the basic difference in political thought between Britain and the Union. Outside the South African parliament, this would not have been much to say ; as it is, it has probably saved Mr Macmillan's African day—it will certainly save him a lot of explanation when he gets home.

KENYA

Mr Macleod's Initiative

Mr Macleod, when he outlined to the Kenya conference at Lancaster House on Monday his ideas for a new constitution, threw all the parties into consternation, but the Briggs group most of all. In effect he has now taken the major step of formally recognising that Kenya must progress to becoming a black-ruled country, but he is trying to strike a balance between the Blundell group and the Mboya group as regards the next immediate steps. He is evidently going along with the New Kenya group to the extent of suggesting that there should be more than one franchise in Kenya —a common roll, but also a communal roll ; and even the common roll apparently may be divided into two—one a low qualification roll, and one a high qualification roll. If the leaked reports of his plan are correct, they suggest that the Colonial Office is going to excel itself in complexity ; such an outline promises a Kenya franchise even more complicated than the Northern Rhodesian one, which no layman understands.

The worries of Mr Blundell's followers turn less upon the complexity of the franchise than upon its predictable results. If they can be satisfied that it is designed both to ensure that a considerable number of their present New Kenya group members will get elected under the plan, and also to prevent the house being immediately and irrevocably at the mercy of an overall majority of African elected members on the low-qualification roll, then they will probably be quite happy. But what would make them happy would be quite unacceptable to Mr Mboya and most of his group. Mr Mboya is first and foremost concerned to make sure that on any low-qualification common roll alone, the African representatives have a majority in the council. Provided he can be sure of this—the key of the front door—he will probably accept some complexity, even if he does not like it, because he knows that he will win the power to get rid of it later (which is just what Group Captain Briggs fears). But he cannot go too far ; if he did, his own left wing in Kenya might declare that he had betrayed the one-man one-vote principle, and beat him at the polls by drumming up the mob. This diagnosis assumes that there is someone to the left of Mr Mboya, which the Europeans in their folly deny ; but there is, just as in his own group there are a few members ready for rather more compromise with the Blundellites than he or Dr Kiano are. These differences must now be fought out in the committee stages. Clearly Mr McLeod must look on this as the worst part of his ordeal. But he deserves high marks for his handling of the conference so far.

CENTRAL AFRICA

The Moffat Formula

The Monckton Commission would be wise to make a note of the formula proffered by Sir John Moffat in the debate on federation in the Northern Rhodesian territorial legislature last week. Sir John suggested that the right form of association to aim at between the three territories (Northern and Southern Rhodesia and Nyasaland) is " the strongest link that it is possible to forge by mutual consent " ; the eventual constitution should be based on a compromise between the minimum of powers that could be operated from the centre in a federal set-up, and the maximum that autonomous territories would concede. To his mind the result might work out about at the level of the East African High Commission (which operates the transport, currency, higher education and research and the customs union that embraces Kenya, Tanganyika and Uganda). A slightly more advanced federal tie would be that used by the West Indian Federation. To doctrinaire Central African federalists this may seem much too loose an association to be effective ; but the real problem facing the Monckton Commission is to find a formula which will peaceably maintain any association at all. The right approach is to decide that in this matter a quarter of a loaf may be better than no bread.

How difficult the task of the commission will be is illustrated by the provocative remarks deliberately made by Sir Edgar Whitehead, prime minister of Southern Rhodesia, upon the departure of Mr Macmillan. Sir Edgar admitted that if Southern Rhodesia seceded from the federation it would suffer a severe economic recession " for at least three or four years." This is an underestimate. Nevertheless Sir Edgar said that he would favour such secession unless his country continues to get all that it thinks went into the original federal bond—notably an undertaking that the federal government will stay by hook or crook in " civilised " hands, and that African nationalist politicians will be kept out of power in Northern Rhodesia and Nyasaland. In Sir Edgar's vocabulary " civilised " is a euphemism for an extremely high property and educational franchise to keep Africans off the electoral roll; his other condition amounts to a demand that Britain shall permanently stall on constitutional advance in the protectorates, which means permanently keeping the Africans down. There is no prospect of any British government agreeing to this.

The logic of the present situation should incline both Sir Edgar and Dr Banda to favour some looser and largely economic tie, such as that suggested by the Moffat formula. By talking emotionally of breaking up all forms of association instead, both are making exactly the same mistake. Sir Edgar and Dr Banda now stand revealed as brothers under the skin.

LICENSING LAWS

Let Freedom Work

Last week's parliamentary debate on the licensing laws—the first incidentally since the war—was generally, but insufficiently, liberal in tone. It got off on to a wrong track when Mr Butler gave his support to the constantly repeated plea for a tightening of the law on drinking clubs, which have certainly increased fantastically in recent years, from a pre-war figure of 8,000 to a contemporary 22,000. Within the framework of the present law, the Home Secretary's suggestion that the right of registration should be restricted to clubs run by and for the benefit of their members has something to be said for it. But the best way of reducing the number of clubs is not to impose new controls, but to remove some of the archaic restrictions on pubs that give the clubs their *raison d'être*. A nine or ten hour permitted period for drinking should be extended to the whole country, the actual hours being left to local discretion, provided pubs closed by midnight. At the moment, little can be done in public houses except drink ; they could be made very much more attractive if petty restrictions forbidding card-playing for small stakes, listening to gramophone records or sports broadcasts, or playing billiards on a Sunday, were done away with.

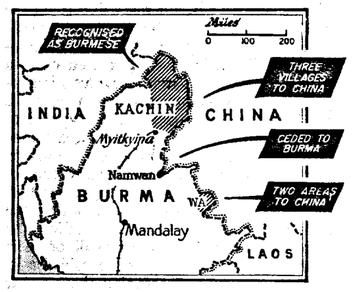
The tourist trade has been severely handicapped because the concession which allows drink to be consumed up to 2.30 a.m. on weekdays as an ancillary to meals, music or dancing is restricted to London ; it should be extended to the rest of the country. Another unnecessary distinction is that between a hotel resident allowed to buy a drink for himself at any time, and his guest who can be treated only during the permitted hours. Rules governing off-licence sales also need overhauling. Confinement of these to the " permitted hours " has become ridiculous ; there seems to be no reason why rules about the hours during which liquor can be sold should be any different from those governing anything else sold by the retail trade. Magistrates' policy in granting applications for off-

licences should also be re-examined. At present they enforce what is virtually a restrictive practice by allowing other licence holders within a quarter-mile radius to object to a new application ; if objection is raised, the licence is usually refused. Applications for off-licences should be assimilated to those for tobacco licences, which are granted on request, subject only to the good character of the applicant.

BURMA

General's Parting Shot

On paper, General Ne Win, the Burmese prime minister, has reason to congratulate himself on the settlement he has negotiated in Peking of the long standing border dispute between Burma and China. True, China gets three villages in Kachin



state and two fairly large areas to the south in the Wa district, which tradition considers wild and ungovernable. But all the giving is not on one side: Burma is to retain most of the large area in Kachin which China had contested ; China abandons its claim to the small pocket known as the "Namwan assigned tract," for which Burma paid previous Chinese governments £75 a year.

The Chinese, who brought the dispute to crisis point in 1956 by marching into Wa, seem inordinately jubilant about the settlement, although they could easily have negotiated a similar one with one of General Ne Win's predecessors. They may feel, however, that by settling their border dispute with Burma they will regain some of the ground they lost with Asian public opinion as a consequence of their more recent quarrels with India and Indonesia. The fact that they have now accepted the Burmese segment of the McMahon Line could foreshadow a bargain with Mr Nehru —who might be asked to hand over the Ladakh area of Kashmir which the Chinese have already occupied ; and the Chinese, in return, might offer to recognise the eastern part of the border between China and India, defined, as far as India is concerned, by the McMahon Line.

The boundary agreement is accompanied by a treaty of non-aggression which has caused the spokesmen of both sides to recall the traditional friendship between the two countries. In colder historical fact, there have been repeated clashes between them and these have not always ended to China's advantage. In 1770, the Burmese king Hsinbyushin drove the Chinese out of the Shan states and demanded one of the Emperor of China's daughters for his harem. Mr Chou En-lai will not have drawn General Ne Win's attention to the claim in Chinese annals that, in fact, a prostitute was dressed up and fobbed off on the Burmese king as an imperial princess.

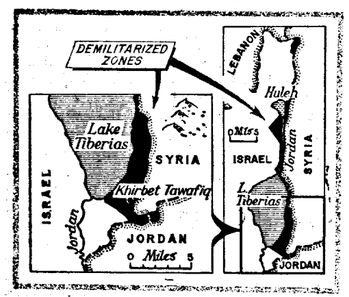
It is believed in Rangoon that General Ne Win, who has given Burma fifteen months of relatively efficient, semi-military rule, was determined to settle the border question before handing power back to the civilians. Burma goes to the polls this weekend.

ISRAEL AND SYRIA

Warning Light

Israel's punitive raid on Sunday night on Khirbet Tawafiq, a Syrian village in the demilitarised zone south-east of Lake Tiberias, serves a warning. Nothing that the Syrians had done in the area justified a reprisal of this severity. There had, during the past few weeks, been a number of minor incidents and Syrians (either soldiers masquerading as farmers or else, as in the neighbouring Israeli settlements, farmers who are armed) had been trying to enlarge their territorial claims by ploughing up land that had previously lain fallow.

The point of the rather squalid incident is that it marks the end of the three-year period during which Israel, having shot its bolt in Sinai, was prepared to lie low with more or less gentlemanly rectitude, while its complaints went through the proper channels and its frustrations were bottled up. But the Arabs continued to drag their net round Israel's schemes for economic ex-



pansion, while the rest of the world looked the other way. Pressure has grown up in Israel to react against this passivity, to show the world, and particularly the Arabs, that at a pinch Israel is ready to take matters into its own hands. The Tawafiq incident may also have been planned to counter President Nasser's triumph over the *Inge Toft*, which at long last the Israelis have allowed to be unloaded at Port Said.

The demilitarised zones between Israel and the Syrian region of the United Arab Republic are one of the more absurd vestiges of the armistice agreement. The demarcation line, drawn between the opposing forces at the point where the fighting stopped, at first gave Syria three small bulges of territory north and south-east of Lake Tiberias and in the north-east corner of Israel. During the armistice talks in 1949, the Syrian government was persuaded to withdraw its forces from these parcels of land but only on condition that they were demilitarised ; the people living there should be allowed to stay, but neither Israel nor Syria should be allowed to keep any soldiers there. This expedient has been a persistent source of trouble.

It is not easy to see a realistic alternative. Neither side is in the mood for compromise. And Israel's claim to sovereignty over the zones has become vitally important because of its bearing on the Jordan irrigation scheme. When the scheme is completed, the demilitarised zone south of Huleh will be the link between the water pipeline network and the Jordan. For this reason alone, neither side will be prepared to give an inch.

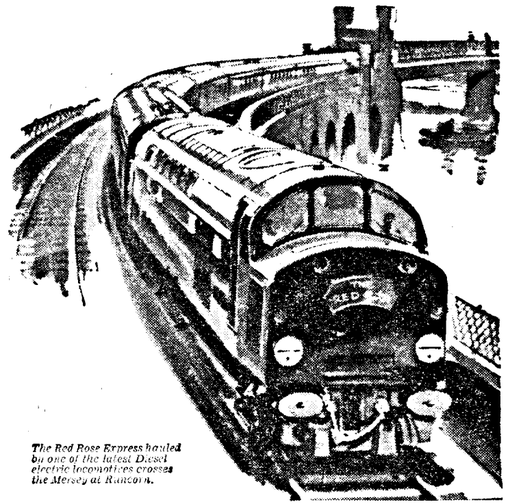
ALBEMARLE COMMITTEE

A Little Fling on Youth

It was inevitable that the first recommendation of the Albemarle Committee on the Youth Services, which Sir David Eccles has promptly and rightly accepted, should be simply that the Government must spend more money on them ; it was perhaps also inevitable that the committee should admit its inability to settle on a specific necessary sum. Last year's total public expenditure on the Youth Services was about £2¾ million, of which £2½ million came from local authorities. The £250,000 from the Government was 17 per cent lower than the sum paid in 1946-47—and the pound is now worth 40 per cent less. Tiny grants from the taxpayer have been dribbled out to well-known voluntary organisations (such as a £7,000 grant last year to the Boy Scouts) and even tinier grants to smaller private ventures and clubs. Local authorities' expenditure on the provision of facilities for the majority of British teenagers who are no longer at school amounted last year to 16s. a head ; this is a derisory fraction of the sums that are rightly spent on playing fields and other extra-curricular facilities for the minority of teenagers who are still in full-time education.

Till now, the local authorities' Youth Services have hardly been a strong force in the community. Their voluntary nature and decentralised administration seem to have been among their main charms. But they have also been one of the reasons why organised youth services have never attracted the participation of more than a third of teenagers. Thus perhaps the

A sign of the times...



The Red Rose Express hauled by one of the latest Diesel electric locomotives crosses the Mersey at Runcorn.

It's a sign of the times, too, to have a share account with the Abbey National Building Society. Today, over 650,000 people all over the country have their savings safely invested in this great national institution. The return is good, 3¼% per annum with income tax paid by the Society. This represents £5.6.1 per cent when income tax is paid at the standard rate. Regular savers should enquire about Abbey National Build-Up Shares which yield 3¼% per annum with tax paid by the Society. DEPOSITS IN THIS SOCIETY ARE TRUSTEE INVESTMENTS.



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DISTILLED, MATURED, BLENDED AND BOTTLED IN SCOTLAND

Albemarle Committee's most significant recommendation is for the immediate setting up of a Youth Service Development Council, to advise at the centre and draw together all the uncoordinated experimentation at the circumference. Sir David Eccles has decided to be chairman of this council himself. The report has also at last pointed out that, in a booming labour market, even idealists will demand a living wage and some prospects: organised training, better salaries and a recognised status for youth club leaders should help to make their profession desirable to the able as well as to the merely ascetic. A particularly important point is that the report recognises that professional service in youth clubs should become a step up a ladder rather than a step into a dead end; successful service with them should be an important qualification for applicants for secondary school headmasterships and county college work.

But easy though it is to agree with the committee's findings, where do they take us? Better personnel, better facilities, better training are the agreed aims of every social service. So is better understanding of the problems involved; the Albemarle Committee's contribution to this is to parade the usual liberal clichés about modern youth, which are better than the other kind of clichés but do not provide a real torch. The Youth Services in this country are still awaiting the injection of those sudden rushes of new ideas that were associated, in the nineteenth century, with the emergence of occasional geniuses of social reform.

ATOMIC ALLIES

To Share or Not?

PRESIDENT EISENHOWER'S tentative thoughts on sharing out nuclear weapons, revealed to his press conference on Wednesday, must have set allied, and other, ears cocking around the globe. Mr Eisenhower said he favoured the liberalisation of the present Atomic Energy Act in favour of countries which would stand by the United States in time of trouble. This is precisely the quality to which any self-respecting ally must lay claim: henceforth, it may become a point of honour to demand a nuclear armoury from Washington.

An administration that attempts to classify its friends in degrees of stability and faithfulness must expect ructions. Whatever else the Atomic Energy Act has done, it has hitherto saved the State Department from this public embarrassment. General de Gaulle will travel hopefully to Washington in April after exploding his own atomic device. Now that Mr Eisenhower has had his say it will be taken as an insult indeed if the general is not tipped a pretty strong wink on nuclear partnership.

Canada may have been one country uppermost in Mr Eisenhower's mind. The Canadian prime minister, Mr Diefenbaker, said in Parliament last month that Canada was already negotiating with the United States for nuclear weapons. These would remain under United States ownership, but the control would be wholly Canadian. This seems a difficult concept, but it may be a necessary one in terms of ensuring the defence of the North American continent. It has been suggested that, for example, atomic depth charges carried on Canadian ships would be formally in the charge of a United States officer; yet it must remain a moot point whether his authority could, in practice, withstand the wishes of his Canadian commander in an emergency.

If such a system were applied to other allied armed forces, the risks involved in the nuclear share-out would be substantially greater all round. This aspect of American rethinking will not have been lost on the defence ministers of the communist powers at their meeting in Moscow on Thursday, nor on the Russian negotiators at Geneva.

CAR STRIKES

Trouble Again

THE disruption of the motor industry by strikes continues apace. Mulliners, Rootes and Rover have all had stoppages in the past ten days. But as usual the main sufferer has been the British Motor Corporation; also typical was the fact that the strikers were electricians, that the Electrical Trades Union immediately recognised the strike as official, and that the cause of the strike was a pay claim arising out of the large differential at the factory between work done on time and piece rates. This differential has been a bone of contention ever since output and piecework earnings started booming three years ago. The electricians in this case were employed on maintenance work at time rates and wanted their earnings linked to those on the assembly lines. Lengthy negotiations produced no result; and after a last desperate offer by the management had been rejected, the men went on strike. The ETU, which wants to distract attention from its election problems, did not dissuade them.

Fifty-five men were involved at this stage, but ten days later 32,000 workers had had to be laid off. It is this snowball effect—and the bullying of workers by shop stewards that is said to go on behind the scenes at BMC—which gives an initially trivial strike its importance. In other industries which are less highly integrated or which have larger stocks, the absence of fifty-five men out of tens of thousands might hardly matter. As it is, half the motor industry has been crippled by a few well-placed strikers, as happened in the pre-election strike at British Oxygen. An encouraging sign this time was that the general union, whose members have been laid off, became thoroughly fed up, and called a meeting of the BMC unions to see what could be done. But two questions still seem to face the management. The first is whether, if labour troubles at the BMC are to continue at their present rate, a higher level of stocks might not be a worthwhile investment. The second is if something should not be done to devote more time, money and personnel to labour relations in an organisation where strikes are such a costly business.

BROADCASTING

More Open Air

ANY breach in the curtain of mental apartheid with which communist governments (and other authoritarian systems, too) surround their subjects is welcome. Nothing is more important than that these people's increasingly impatient demand for more contact with the outside world should be satisfied. The Russians, in the cultural agreement signed in London on December 1st, agreed to study whether relations could be "normalised" in the field of broadcasting. On Wednesday the Russian jamming of British programmes stopped. This may be long overdue; it can be justified on reasons of economy alone (sixty transmitters are thought to have been used, at a cost of about £25 million a year, in a jamming operation which has never been wholly effective); but it is good news.

Soviet jamming of the BBC was temporarily suspended when Marshal Bulganin and Mr Khrushchev visited Britain in 1956; it began again when the Hungarians rose in revolt. Russia stopped jamming the Voice of America when Mr Khrushchev visited the United States last September; this week's move thus ends a curious anomaly. Once again the improvement may prove temporary. Still, it is a reward for all the patient nagging that Mr Mayhew and others concerned with cultural contacts have had to employ on their Soviet counterparts. One hopes that Russian public, its appetite whetted, will now start to heckle Sovpechat, the monopoly that distributes foreign papers in Russia, about its silly pretence that it can get only one British paper, the *Daily Worker,* on to the bookstalls.

MALDIVE ISLANDS

The Gift of Gan

BRITAIN has secured a favourable arrangement with the Maldive government by which it has been given the island of Gan for use as an air staging post in the Indian Ocean for the next 30 years. To the extent that better terms can secure it, the chance of the new agreement lasting out its full course looks sensibly greater than that of its unlucky precursor, which fell victim to a change of regime at Malé in 1957. But regimes can change again.

Britain has amended its original idea of a 100-year lease at a rent of £2,000. (Who still thinks up these antediluvian ideas?) Instead, the Maldives are to get a direct grant of £100,000, plus £750,000 for improving the fishing industry, communications, health and education. At the same time the 1887 protectorate has been modified, allowing the Maldives to conduct their own external relations in so far as these involve economics and culture. The real inducements remain the creation of new jobs and the influx of money for the Gan islanders themselves, whose revolt against the Malé authorities demonstrated that they, at least, recognise the main chance when they see it.

The one question remaining is whether the RAF will really find a use for Gan for as long as 30 years. By then Kenya will certainly be lost as a base; Aden, perhaps, too. The overflying problem has reached such dimensions in the Middle East that the speediest all-red route from Britain to Sydney or Singapore may eventually prove to be westward and across the Pacific. It is something for the taxpayer to keep in mind.

CONTEMPT OF COURT BILL

Scope for Improvement

THE Contempt of Court Bill, introduced this week into the House of Lords by Lord Shawcross as a private member's measure, is unlikely to be prejudiced by the absence of its sponsor in Africa. It enjoys the favour of lawyers of all parties, and can probably count on judicial support in the Lords ranging from Lord Denning to Lord Goddard. The law officers are thought to favour the bill and it may well be taken over by the Government at a later stage.

Contempt of court may be civil (i.e. disobedience to a court order made in civil proceedings, made familiar recently by the amatory ardours of suitors of court wards); or criminal. The most common case of criminal contempt is publication of prejudicial newspaper comment on pending criminal cases, but contempt can also be committed in face of the court by using blasphemous or insulting language, or after the case is closed by "scandalous" reference to the judge's conduct. At present there is no appeal from a conviction for contempt; the bill's principal reform is to provide one. It further provides that leave of the Attorney General shall be required for bringing an indictment for criminal contempt or application to the High Court for attachment or committal orders, and that proceedings shall be held in public.

On the whole, the bill is obviously to be welcomed, although the provisions for publicity may need modification to protect infants (perhaps by a provision similar to that applied by statute in divorce cases, forbidding publication of intimate or indecent particulars?) But in some respects the bill does not go far enough. Criminal contempt is a common law misdemeanour and hence no limits are set to the punishment which may be imposed. The bill should be amended to include maximum penalties; there is a precedent for this in the penalties laid down by statute for contempt of a county court. The bill does not define contempt and thus misses an opportunity to restrict an offence which at times has been given absurdly wide interpretation. Honest criticism of judges and their decisions, made after the conclusion of a trial, should be immune from prosecution. Perhaps the best way to deal with this problem would be to provide that the defences permitted in libel, such as truth, fair comment, etc., should be applicable. There is some justification for leaving rude remarks passed *in facie curiæ* summarily punishable, but apart from these there seems no reason to exclude jury trial for contempt cases, especially as the personal interests of the judiciary may be involved.

BRITISH HONDURAS

Expensive Exit

A DELEGATION from British Honduras, led by the Governor, Sir Colin Thornley, has come to London to talk about the colony's economic and political future. Two years ago a similar discussion broke up in disarray when it was discovered that Mr George Price, the leader of the majority People's United party, was carrying on simultaneous negotiations with the Guatemalan embassy. Mr Price and his friends were only finding out which country had most to offer. Since then he has come down, although still a bit tentatively, on the side of the British connection; his platform at the moment is self-government within the Commonwealth by 1965. The pull towards Guatemala is partly religious—the colony's only secondary school is run by a Roman Catholic order—partly muddled nationalism. On the other hand, most British Honduranians speak English and 60 per cent are negro; they may well have been wondering what future they can look for in a Spanish-speaking country that is not notorious for racial enlightenment.

Of the two sets of discussion now going on, the economic talks are much more meaningful than the constitutional. A few months ago, Sir Hilary Blood was sent to the colony as constitutional commissioner to advise on the pattern of political advance. Inevitably, his proposals fall short of what local nationalists demand, and the argument is now over pace and methods. But at the Treasury, the delegates have to try to make economic sense of the idea of an independent British Honduras.

Honduranians are dead against the idea, once favoured by the Colonial Office, of joining up with the Caribbean Federation. But how can the colony, largely jungle, with most of the 86,000 inhabitants clustered semi-employed round the towns, manage on its own? Mr Jack Downie, senior economic adviser to the Treasury, recently came to the conclusion that it could not unless the population was substantially increased. He suggested a policy of bringing in agricultural settlers from outside (presumably from overcrowded Jamaica) to bring the population up to 300,000 by 1975. He also recommended a development plan for the next four years that would need a contribution of about £7 million from London. The shipwreck that landed a party of British pirates on the shore of the Gulf of Mexico in 1638, and started them off on a career as timber merchants, was a costly mishap.

THE APPROVED SCHOOLS

Conclusions from Carlton

INCIDENTS at approved schools are rarely such as to reach the headlines, and unlike "borstal boy" the term "approved school boy" has not passed into the language. Thus, the mass mutiny of boys at Carlton school in Bedfordshire last summer roused public interest that quickly turned into concern when the subsequent public inquiry disclosed the reasons for the disturbances and the difficult conditions in which a hard-pressed staff was working.

But Mr Victor Durand's postmortem on the disturbances, which has now been published (Cmnd 937, 3s. 6d.), shows that the main cause for concern is not the behaviour of masters who, though technically breaking approved school rules, were, after all, following the well-tried principle "Never hit a child except in anger." It is rather the complacency of public and Home Office alike, which apparently comfortably assumed that the approved schools could stand the strain of the additional numbers being sent to them without breaking down or sagging. The approved schools and juvenile offenders were left out of last year's white paper on penal reform, because they are within the terms of reference of the Ingleby committee. The committee will presumably now be considering Mr Durand's recommendation that the senior approved schools should be partly integrated with the borstals under the ægis of the prison commissioners, a recommendation that has caused Mr Butler to postpone introducing his bill for integrating borstals with young prisoners' centres.

In the meantime, the Home Office is faced with Mr Durand's statement that it is "urgently necessary" to provide more approved school places. Its white paper made clear that the department is putting its weight behind the establishment of detention centres, which in a sense are competitors for funds and staff with the approved school system. The Carlton school disturbances showed up the dangers of neglecting the approved schools and of underpaying their housemasters. As the Albemarle committee has made the same point about the staffs of the youth services, the problem of finding all the trained social workers needed to mend the weaknesses of the welfare state has suddenly become acute.

Rostow Replies to Pravda

On October 19th last, "Pravda" printed, and Moscow radio broadcast, an article in which Mr Yuri Zhukov, the head of the Soviet State Committee for Cultural Relations with Foreign Countries, attacked Professor Rostow's analysis of the economic growth of nations, which had appeared in "The Economist" of August 15th and 22nd. Extracts from Mr Zhukov's article were published in our issue of November 7th; though entertaining, it was abusive rather than reasoned.

Professor Rostow wrote, on November 17th, a letter to the editor of "Pravda," which has not yet, to our knowledge, been published or commented on in that paper. A shortened version of this letter follows. The wider controversy aroused by "Rostow on Growth" is the subject of a leading article on page 503.

The Editor, November 17, 1959.
Pravda

DEAR SIR—Mr Yuri Zhukov's comment on my views, published in *Pravda* on October 19th, has been brought to my attention; and I request the courtesy of your columns for a reply.

Mr Zhukov says a good many things which, I would guess, he expected neither his readers nor me to take very seriously. But he says one thing which deserves serious discussion between us:

Professor Rostow offers a theory of the stages of development of modern society that completely excludes the concept of class struggle and social formations.

This is not true. My theory does have a place for class conflicts and social formations. I would simply assign them a different place than did Karl Marx. How does my view of classes and their conflicts differ from Marx? It differs in two major respects.

First, Marx grouped classes in a few grand categories: peasants, feudal landlords, bourgeoisie, etc. This was convenient for theoretical purposes, but it was not realistic, because in many circumstances there are important differences of interest within these broad classes, and they do not think or act together. For example, the feudal class in Japan contained within it the *Samurai*. It was this group within the feudal class which proved the principal agent of Japanese modernisation, rather than the *chonin*, who, as the merchant "bourgeoisie," would have been expected to play that part in Marx's theory.

In this connection, it should be recalled that from the very origins of American political life in the eighteenth century, we Americans, basing ourselves on a long western tradition, have taken for granted the reality of group interests based on shared economic activities. In the Constitutional Convention of 1787, for example, there was an interesting exchange between two delegates as follows:

He (Mr Pinkney) remarked that there were five distinct commercial interests: (1) The fisheries and West India trade, which belonged to the New England states; (2) The interest of New York lay in a free trade; (3) Wheat and flour, the staples of the two Middle States (New Jersey and Pennsylvania); (4) Tobacco, the staple of Maryland and Virginia (and partly of North Carolina); (5) Rice and indigo, the staples of South Carolina and Georgia. These different interests would be a source of oppressive regulations if no check to a bare majority should be provided. States pursue their interests with less scruple than individuals. . . . Mr Sherman, alluding to Mr Pinkney's enumeration of particular interests, as requiring a security against abuse of the power, observed that the diversity was of itself a security.

The whole issue of factions, as they were then called, was discussed at length in the *Federalist Papers*, notably No. X, where in a celebrated passage, Madison said: "the most common and durable source of factions has been the various and unequal distribution of property." Our experience of 172 years under the constitution confirms Sherman's view that the diversity of factions constitutes one important restraint against the abuse of power.

I believe this older western view of the multiplicity of groups that form up around economic interests is more realistic than Marx's simpler view.

The second difference between Marx's view and mine is that he believed that, in the end, the political behaviour of men was determined by their economic interests; and that groups of men with similar economic interests would, in the end, act together in politics. This again has proved too simple a view. Sometimes men in politics do act to protect their economic interests; but sometimes they act to advance the interests of their region, their nation, or their religion. Sometimes they act out of loyalty to a leader. And sometimes simply to help other human beings with whom they share life on this planet.

By assuming a few unified classes and the dominance of the profit motive, Marx deduced that history must move forward in a series of bloody conflicts. His predictions have not proved accurate in many parts of the world. And where open conflict has marked the course of history, it has rarely been rooted in economic interests alone. By assuming a world of more fragmented social groups and multiple human motives, my stages of growth yield, I believe, a more realistic account of history.

But I would not request *Pravda's* columns simply to make that point. These two differences between Marx's view and mine have an importance which goes beyond the analysis of history. If Marx were right, then the world would be an even more dangerous and disrupted place than it is. There would be no prospect but bloody conflict within societies, and no prospect on the world scene but an extension of such class conflicts in the form of international wars.

The truth is different: because there are many social groupings and many human motives, men in many countries have learned to resolve their conflicts within societies by peaceful compromise; and on the world scene, men of many nations are finding in their common humanity and a common concern for the children a basis for seeking a peaceful resolution to international conflicts.

It was evident even to a casual tourist in the USSR last May that Soviet life and politics, like that of other nations, reflects the existence of many diverse interests, regions, and social groups; and that Soviet life not only is suffused by the interplay of such factions, but is also touched and unified by a wholly understandable pride in national achievements from, say, the defence of Stalingrad to the latest lunik. And it is evident on the world scene that Soviet policy is determined by many elements other than a commitment to carry forward the class struggle on an international basis.

In all societies there is a gap between formal ideology and the way men conduct their affairs from day to day. In my view the gap in the Soviet Union has become excessive.

Although it is for you to decide, I believe it is time for communist theory to accept what Soviet life (and Russian culture) reflect, and what Soviet policy is already beginning to accept: namely, that conflict between a few social classes, rooted in their economic interests, is certainly not the sole basis for political life and the dynamics of history.—Sincerely yours,

W. W. ROSTOW

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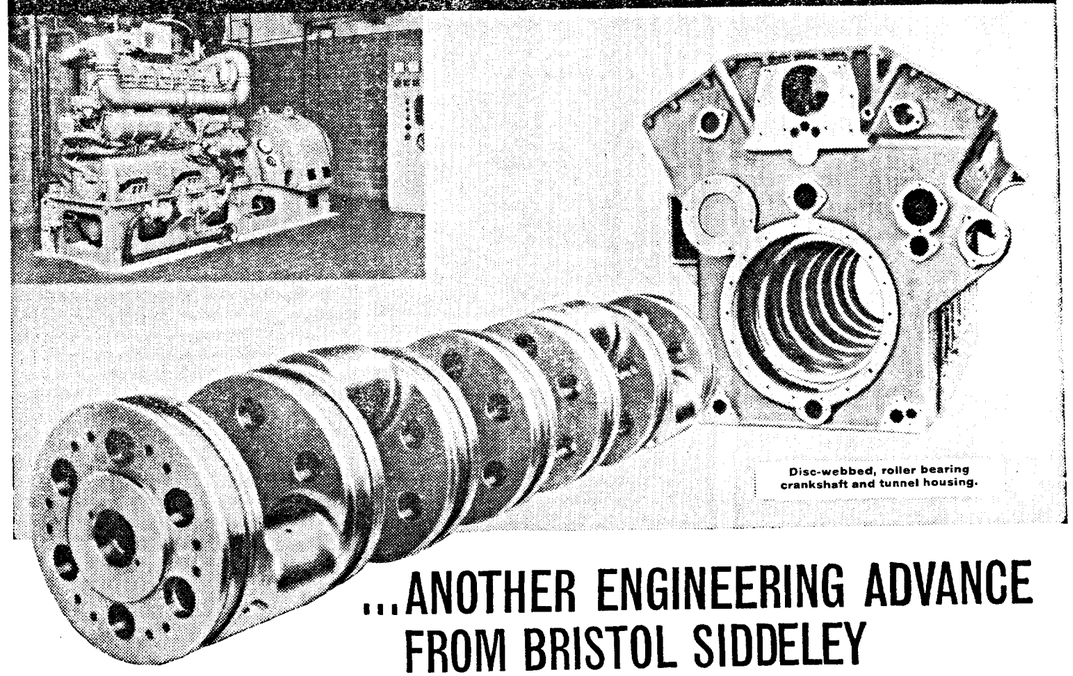

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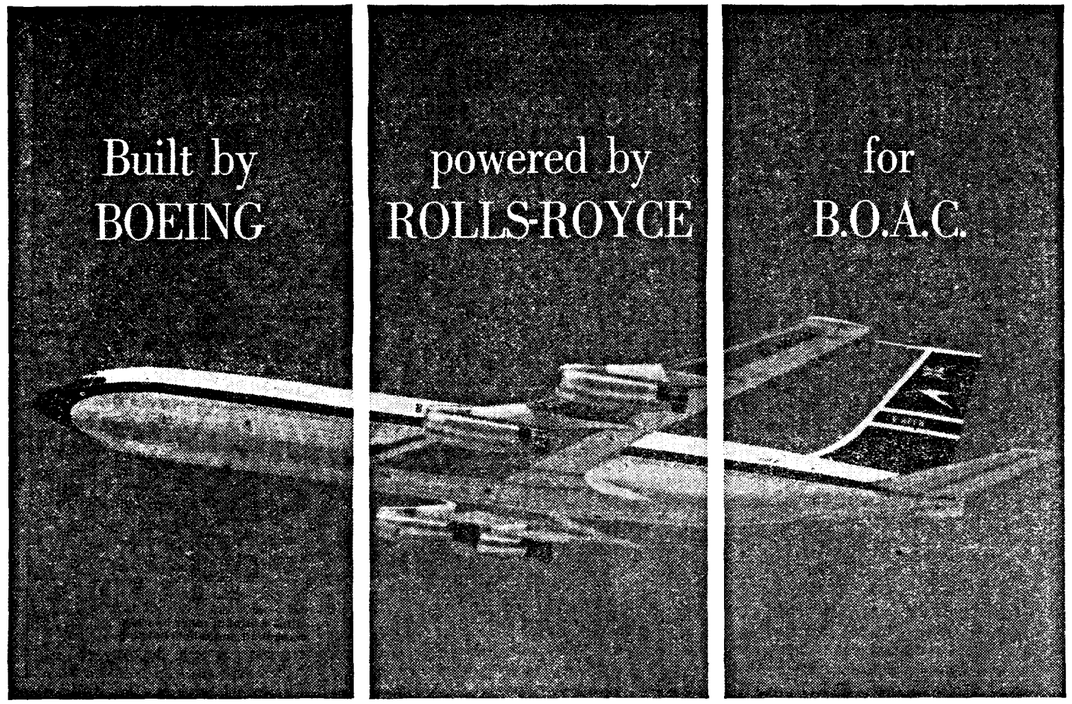

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LETTERS

Local Government

SIR—As the Labour councillor to whose speech in support of Manchester's £6 million flyover road you refer, may I indicate some ways in which I think your correspondent's report on Manchester unfair.

First he makes it appear that the city council having voted in support of the road voted against seeking the necessary Parliamentary powers. All three votes on the road were free votes of both parties. The finance committee's recommendation of a year's deferment was defeated 69-66. The town planning committee's proposal that the road be built was then upheld by 73 to 60 odd. However, a decision to promote a Parliamentary Bill requires an absolute majority of all members—in the case of Manchester 77. In fact there were only 76 affirmative votes for the bill.

Secondly, my appeal to the council to live up to its regional responsibilities was not made specifically to the Labour group. The road had been opposed by the leaders of both parties as well as by a finance committee unanimous except for myself and one Labour colleague.

Thirdly your correspondent states that the rates problem has frozen the council immobile. As he says, at 24s. 6d. the city's rate is the highest in England. The finance committee has just recommended a further increase of 1s. 6d. for 1960-61. The council spends more per head of its population on local government services than any comparable authority.

EXPENDITURE PER HEAD OF POPULATION, 1959-60

	Education	Museums, Libraries, Art Galleries	All Services
	s. d.	s. d.	s. d.
Manchester	306 11	14 3	634 4
Birmingham	289 0	10 6	581 7
Leeds	260 0	10 4	545 6
Liverpool	287 3	14 0	612 2
Sheffield	254 0	12 11	524 9

Fourthly, as one who had to fight hard to persuade the council to invest part of its superannuation fund in equities, I find laughable the suggestion that this was done "to the joy of the Conservatives." A leading opponent was the Conservative group's expert on finance. The decision was taken on a free vote of the council with its large Labour majority. Incidentally Manchester led the country in something more important than equity investment—smoke abatement.

Finally, if there is political bickering this is because the Conservative group, while vocal in council and committee in support of development of services, turns its back on such development immediately it comes to levying the necessary rate. This is irresponsibility of a particularly unpleasant kind. Despite the problems this irresponsibility creates, Manchester's Labour group persists in its policy of permitting all its members almost complete freedom of individual judgment, hardly ever imposing the whip. My own speech in support of the road came immediately after that of my leader opposing it.—Yours faithfully,

Manchester EDMUND DELL

SIR—It was most refreshing to find local government, so much taken for granted, being given such full and thoughtful treatment in your last issue. I was rather surprised to see, however, that one quite outstanding problem was touched upon so lightly.

This is the failure of councils to attract and to keep enough qualified staff, both for technical and for administrative work. Such people are essential for the current development in, for example, education, slum clearance and water supply. There is also a growing inability to recruit the type of junior that is needed for training for the future.

The key lies of course in the conditions and salaries offered, which have failed to match up to modern times and which are no longer competitive.—Yours faithfully,

Hove J. R. FISHER

SIR—You say that there is relatively little venality and corruption in local government considering the opportunities. This may be true, in spite of what your Highland correspondent says, but I notice that you say nothing about the nepotism in the making of staff appointments, and, in particular, nothing about the selection of articled pupils to town and county clerks and surveyors. Since few authorities recruit executive trainees, these pupils are almost the only local government employees who receive any systematic training for the higher posts. You would think, therefore, that they would be chosen with especial care, and that, since anyone who is likely ever to be worth fifteen hundred a year can, and generally does, get a university scholarship, that they would be selected from among honours graduates. Nothing of the sort. A local authority will advertise a dead-end clerical assistant's job, but an articled pupilship will be awarded entirely by influence. So a mediocre seventeen-year-old will be given a job that a dozen outstanding graduates would be glad to have.—Yours faithfully, R. HARRIS

London, NW3

Banks and Investors

SIR—In your comment on the Stock Exchange Council's proposal to allow banks to advertise in the press their investment management service, the statement was made that so far the National Commercial Bank of Scotland is the only bank to offer such a service.

This is not so; the Executor and Trustee Department of Lloyds Bank provides an investment management service for its customers and a large number of cases are handled.—Yours faithfully,

Lloyds Bank Ltd., London, EC2 D. H. TURNER General Manager

Price Cutting

SIR—I have read your article "Cut Price Competition" on January 23rd with much concern. Why cannot matters be left as they are? Who are we, through the Government we elect, to say at what prices our customers may sell or may not sell the other fellow's merchandise? If I choose to sell my product on the condition that it is re-sold at a fixed price, that surely is entirely my affair, and if my customers do not like it, I shall soon be out of business. Moreover, I want the service from the competent retailer which he can offer under the protection of fixed retail prices.

Perhaps it is as well that your policy and that of the other daily and weekly journals for which I subscribe is to fix the retail selling price, because I live in a town some 20-odd miles from London and catch the 8.18 train each morning. Because I know that my papers cost the same at each of the many newsagents in my town, I am saved from the awful problem of rushing round to each before I leave every morning to find if one newsagent is offering ½d. off my *Times* or 1d. off *Punch*; or perhaps on Friday, first one of them, and next week another is offering *The Economist* as a "loss leader," hoping that I shall buy my *Times* and local paper there that day!

Heaven preserve retail price maintenance and thereby the equanimity of—Yours faithfully, ERNEST GOODALE

London, W1

Aircraft

SIR—In your article on the aircraft mergers in your issue of January 16th, you mentioned the missiles being built for the Navy by Messrs Hawker Siddeley and Shorts.

Some of your readers may have been misled by the implication that, while Shorts' Sea Cat is of pretty general application for ship fitting, Hawker Siddeley's Sea Slug requires specially built ships which, as the article says, are lacking.

The First Lord's Explanatory Statement on the Navy Estimates last year showed that

specialised ships were keeping pace with the development of the missile. Four such ships had been ordered and work would have commenced on three of them before the end of the current financial year.—Yours faithfully, J. G. LANG

Admiralty

Universities

SIR—Your article entitled "Academic Go-Between" was a very fair description of the universities as they are today. But the final sentence contained a challenge, describing it as our task "to ensure that the bark of scholarship shall still float on the sea of mass education."

If there should be a genuine demand for more higher education and study the universities, given the money and a little time, will undoubtedly rise to the occasion, as they did in the difficult years immediately after the last war. But if there is a further large increase of applicants who want to acquire just the prestige of a degree, three years of a good time at public expense, and the (in fact highly doubtful) prospect of a better paid post at the end, then I hope that the universities will firmly close their doors.

After more than twelve years the nation has just woken up to the fact that financial inflation does not pay. Educational inflation has started already in the country and surely it is not too much to hope that *The Economist,* which has campaigned so long for a strong pound sterling, will not lend its assistance to a depreciation of our educational currency.—Yours faithfully,

University of Bristol H. HEILBRONN

Economic Co-existence

SIR—You are right to remind us in your article that we should beware, as a new decade opens, of any further moves towards sealing off the trade of the western and eastern halves of Europe. The strategic export embargo, which lasted most of the previous decade, was quite disastrous enough in its contracting effects on the market for our machinery in the eastern block. The last impression those of us who are interested in these markets want to give is that, having been relieved of one big barrier to trade with the Eastern block countries, we are now preparing to sit tight on a second—namely discrimination against their exports.

You have mentioned the timing of the cut in imports of Polish bacon. I would extend the picture as far as China, where the sudden drastic cut in our open general licence list has produced a similar feeling. We are going to need these countries' trade in the 1960s and now is the time to start acting as if we wanted to get more of it.—Yours faithfully,

ROBERT W. ASQUITH

Asquith Machine Tool Corporation, London, W.C.

BOOKS

Nasty Guys Finish Last

Senator Joe McCarthy

By Richard Rovere.
Methuen. 224 pages. 18s.

THE focus of Mr Rovere's continuously entertaining and illuminating book is on McCarthy the man, the personal phenomenon, what he was and what he did. Primarily his pages are a brilliant character study of an American demagogue who was more than a mere exemplification, however outstanding, of a type. McCarthy was, indubitably, himself. "He was inner-directed," Mr. Rovere rightly insists—no Organisation Man but a chronic oppositionist, a devotee of the negative, of the destructive. He wanted glory, not power. He never organised. "Beyond mischief, he never accomplished anything." He was a delinquent who was his own gang and who used the whole United States for his razor-slashing. As a thorough-going cynic he was incapable of real hatred; even his animosity was a fake. Mr Rovere contends that not only did he share the human desire to be liked (even by those he had just been kicking in the teeth), but also that it was in fact his loyalty to his friends, Senators Jenner and Welker, that made him refuse the compromise by which he could have escaped his eventual condemnation at the hands of the Senate.

This, and more, Mr Rovere depicts in a bravura narrative that covers (or uncovers) McCarthy's early days, his rise to national eminence, most of the extraordinary manifestations of his power, and finally his collapse. Even (perhaps indeed especially) to the English reader the story will prove gripping; only at one point, in describing the Army-McCarthy hearings, does Mr Rovere presuppose a familiarity with the facts which those who were not among the twenty million television viewers of this drama may not have.

McCarthy the man is, however, only half the story; McCarthy the phenomenon is no less remarkable and, to the historian surely, even more important. What was it in his time and place that enabled this imp of destruction to wield such frightening power? On this Mr Rovere has a great many penetrating things to say, but he shies away from answering the question directly. This is a pity, both because he comes so close in his *obiter dicta* to the heart of the matter, and because in order to tell his story he has to make certain causal assumptions that beg many of the questions we should like to see him answer. He passes too lightly, for example, over the role of the press. What he calls the Multiple Untruth succeeded largely because the canons of "objective reporting" and "news value" became straitjackets within which the most experienced corps of political correspondents in the world became helpless when faced by a figure whom they knew to be a phoney and a wrecker. Without this what Mr Rovere here hails as McCarthy's "unmatched talent for publicity" would have counted for little.

Similarly with the Senate. In this great historic legislature "in the early fifties hardly anyone ever protested against anything McCarthy did." It was television more than his colleagues that brought about his downfall. Even after the censure the Senate would not deprive him of his chairmanship, still less remove him from his committee assignment. Mr Rovere graphically describes the way in which McCarthy made circles round his fellow Senators, and concludes that it was "the mad force of circumstances" that "compelled them to sit and listen for days and weeks and months on end" to these dangerous ravings. It was nothing of the kind. It was the Senate's refusal to conduct its own proceedings with a minimum of procedural competence—that and the inability of its members, until the very end, to rise above the narrowest party and personal considerations.

In a brilliant passage at the heart of his book Mr Rovere compares his subject to a certain type of American athlete, "the kind who earns and revels in such sobriquets as Killer and Slugger," the kind exalted in Leo Durocher's famous maxim: "Nice guys finish last." This is a dangerous moral minefield for any foreigner to cross, but it does seem as if this lies very near the centre of McCarthy's appeal. The most remarkable thing about his triumphs was how long they went on before they evoked any spontaneous outburst of righteous indignation either from a victim or from a bystander of any consequence. The wise guys tried to handle him their way. It did not work, because in the currency McCarthy was using the nasty guys could buy the wise guys out every time; they were minting it themselves.

Eventually there turned out to be no alternative to a moral showdown, an old-fashioned insistence on the rules. Surprisingly, once seriously tried, this solution was found to work. Nastiness, it was revealed, was not after all enough. By itself, it finished last.

Chronicles of Clare Market

An Epic of Clare Market

By Janet Beveridge.
Bell. 111 pages, 15s.

The London School of Economics and Its Problems, 1919-1937

By Lord Beveridge.
Allen & Unwin. 138 pages, 21s.

FOUNDING the London School of Economics was the most liberal-minded thing that the Webbs ever did. In the splendid scientific faith that truth must prevail, they used the legacy of a fellow-Fabian to establish not, as they were urged to do, a sounding-board for collectivism but an institution for the entirely detached and impartial study of the social sciences. That was in 1895, when the School—manned by part-time teachers and serving an eager handful of evening students—was established in John Street, Adelphi. The two books under review chronicle these events and the School's rise to what was already essentially, when Sir Alexander Carr-Saunders became director in 1937, the large and world-famous institution of today. Lady Beveridge deals with the "birth and early years," Lord Beveridge with the period of his own directorship.

Taken together, the two books can be read not merely as a rather specialised piece of history, of limited public appeal, but as a case study in the art of getting things done—a pendant on the one hand to Beatrice Webb's "Our Partnership" and on the other to Lord Beveridge's "Power and Influence" and Lady Beveridge's "Beveridge and His Plan"; or, in the case of the second, as a personal record and apologia. From all these aspects they are interesting; from none are they satisfying. With "An Epic of Clare Market," indeed, there is nothing much wrong except its portentous title; it is, in fact, a brief, competent essay padded to book length with a certain amount of not-always-relevant biographical matter and not-always-interesting quoted reminiscence. Lord Beveridge's book is more substantial. Its strength lies in its handling of administrative history; of the School's and its director's relationship with the University of London, with local authorities, with benefactors and opponents; its finances, its physical growth, its organisation. The history thus revealed is an impressive one: that of the School's virtual "re-founding" (to quote Sidney Webb's tribute to the director on his retirement) both as an institution of learning and as a *milieu* of vigorous student life. Of its weaknesses, one lies precisely in the fact that it presents an administrator's eye view; one learns, of the great teaching figures of those years, mostly that they were full-time or part-time, hard or easy to recruit, assets or liabilities to the School's campaigns for recognition or funds. The hall porters figure more largely than Harold Laski; one need hardly say more.

The Guilt of Desertion

Joseph Conrad

By Jocelyn Baines.
Weidenfeld and Nicolson. 507 pages. 42s.

PRIMARILY, one suspects, because of the influence of Dr Leavis's critical writings, Conrad's reputation has undergone a wonderful sea-change. His stature has been amply measured; his status is fully secure. What was lacking was a first-class critical biography. Now we have it, in full measure. Its base is skilled, patient and scholarly research. Mr Baines, for example, has established beyond all reasonable doubt that the young Conrad tried to commit suicide in Marseilles. This is a startling discovery to make and to substantiate. A lesser biographer would have harped on his triumph; Mr Baines firmly puts the episode in its place, giving it its due weight but not letting it distort his analysis. His edifice is critical admiration and insight. He finds the clue to Conrad's preoccupation with the corruptibility of even the finest of human natures, with betrayal and with evil in his turning his back upon Poland and upon his father's ideals. We are made aware that Conrad the exile had to examine and to expiate, in his own writings, the guilt of desertion.

It is as if Conrad was saying, as Lord Jim said in explaining his own moral failure at the moment of crisis, "I had jumped... It seems." The qualification of "it seems" is important, because both in his life and his work Conrad often avoided stating the simple, irrevocable fact. In his life, as Mr Baines makes absolutely clear, he consistently and possibly deliberately dramatised his own past to the point where its moments of failure and shame were hidden in one of his own impregnable darknesses. In his work, too, his moral judgments often appear to be ambiguous and disguised in rhetoric. One can sense the honesty that lies behind the doubting, and the despair behind the equivocation, and can recognise the greatness of a novelist who so consciously and conscientiously toiled to give imaginative life to those doubts and despairs. Now, because of Mr Baines's analysis, it is possible to understand much more fully why at moments in his own life Conrad was beset by pessimistic, almost neurotic, doubts about his own powers as a novelist; why at others he was triumphantly certain of his own worth; why, in his own novels, he avoided moral affirmation; and why in both his life and work he found an anodyne in fidelity to the only seemingly simple ideas of courage, self-sacrifice and work.

But there is a much graver weakness than this. It results from the attempt to combine the style of a smoothly authoritative communiqué with that of a highly personal, indeed often embarrassingly intimate, individual story; a combination which, given the matter of this particular narrative, simply will not work. To the even moderately instructed ear, Lord Beveridge's studied omissions, generalities and circumlocutions convey not so much a discreet and decent silence on painful topics as the supersonic hiss of old animosities passing by. One might be reading a version of the "Last Chronicles of Barset" drafted from the episcopal palace. Such a chronicle has a certain wry entertainment value; but it makes painful reading, especially for the many who have personal reasons for gratitude and esteem towards its author. Fortunately, it is not on this sad little book that his great reputation will rest.

Conrad lived and worked, Mr Baines suggests, in a state of "precarious equilibrium" and now, because of Mr Baines's admiration and understanding, we can see why and, in our turn, understand and admire Conrad more.

High Drama

The Third Voice: *Modern British and American Verse Drama*

By Denis Donoghue.
Princeton University Press. London: *Oxford University Press.* 286 pages. 30s.

MR DONOGHUE has a fascinating theme: the attempt of modern poets to kindle new life in the ancient form of verse drama. At the beginning of the twentieth century, this attempt seemed like a hopeless anachronism. The romantic and Victorian poets had pursued the ideal of high poetic drama with an ardour commensurate only to their dismal lack of success. Every major writer tried his hand at it: Coleridge, Keats, Shelley, Browning, Tennyson, Swinburne, Hardy. Only Byron produced any plays worth taking seriously. The rest brought forth monstrous hybrids of Elizabethan blank verse and romantic sentiment. The verse, in particular, lay in the destroying shadow of the Shakespearian ideal. The moment a nineteenth century poet sat down to write dramatic blank verse, the remembrance of Shakespeare stole into every line. At its best, in the close of *The Cenci* for example, this helpless fidelity to the master produced good pastiche. Byron saw the danger clearly. He said that Shakespeare was the greatest example but the worst model. But in vain; from the plays of Coleridge to those of Stephen Phillips, English verse drama is a series of more or less inspired variations on Shakespearian themes.

But then something happened. Mr Pound and Mr Eliot came from America bringing into their use of language the vivid freshness of talents unencumbered by an excess of tradition. Messrs Auden and Isherwood began using dramatic verse for purposes of political indignation. Yeats discovered the Japanese theatre. The progress of sound broadcasting opened a new dimension to spoken dramatic verse. Above all, the modernist movements in poetry broke the spell of blank verse and iambic pentameter. The literate ear grew prepared to accept as poetry metrical forms at once looser and more intricate. The result has been an

extraordinary resurgence in the writing and enjoyment of verse drama. Mr Eliot is the *doyen* of the craft. But the range of work done or in progress extends all the way from radio-plays by Dylan Thomas to the hit production on Broadway of Archibald MacLeish's *J.B.*

The history of modern poetic drama and the critical judgment of what it has actually accomplished should give occasion for a first class study. Unfortunately, Mr Donoghue's is a series of rather scrappy essays, some of which get at the heart of the subject (the best part of the book being the chapters on Eliot's successive plays), but most of which deal with individual works arbitrarily chosen. Neither Wallace Stevens's early experimental sketch *Three Travellers Watch a Sunrise*, nor Cummings's *Santa Claus* contributes anything to a living body of drama. The treatment of Eliot's *Sweeney Agonistes*, on the other hand, is plainly inadequate. That is where the "third voice" first took on its modern intonation. And there is something perverse about a treatment of Yeats's dramas which hardly refers to the finest of the lot, that miraculous fragment, *Purgatory*. Even where Mr Donoghue has much to say, as in his excellent chapter on Christopher Fry, the tone goes wrong. And on every page he pauses from the matters at hand to polemicise against, or do obeisance to, some other critic.

The important questions are whether or not verse drama can mend the breach between literature and the commercial stage; and whether the notion of tragedy is still viable in a living theatre. What needs explaining is not so much the metrics of Mr Eliot's recent plays, but their increasing brittleness. Why has Mr Auden turned away from the drama? Have audiences thronged to *J.B.* to hear Mr MacLeish's verse or to see Mr Kazan's incomparable directing? To these matters Mr Donoghue does not address himself.

Preliminary Proceedings

The Criminal Prosecution in England

By Patrick Devlin.
Oxford University Press. 126 pages. 15s.

THE Sherrill Lectures for 1957 (not 1956 as stated on the jacket) were given at Yale University by, then, Mr Justice Devlin, and are now made available to a wider audience in book form. The title of the book is perhaps a little ambiguous, since it does not deal with the criminal trial itself—a subject skilfully analysed by Dr Glanville Williams in the 1955 Hamlyn lectures—but with the preliminary proceedings from arrest to arraignment. These fall into three stages: the inquiry by the police, the inquiry before the magistrates and the preferment of the indictment.

Every legal system has to solve the problem of how criminal proceedings are to be brought before the courts. In France a semi-judicial process has been elaborated, conducted by a state official, the *juge d'instruction*. In England, theoretically, any private person can bring a prosecution for most crimes, but in practice responsibility falls on the police, and the check provided, apart from civil actions for false imprisonment and malicious prosecution, is the Judges' Rules. These provide that once the police have decided to charge a suspect, they must caution him that anything he says may be taken down and used in evidence before asking him further questions. Any statement must be voluntary and not elicited by cross-examination; it must be taken down in writing if possible and signed by the accused; and the times when it began and finished must be recorded. Any violation of the rules may result in exclusion of the evidence by the trial judge, although this is a discretionary power and has nothing to do with the common law rule that involuntary confessions must be excluded. Whether the rules have been observed is established in court by cross-examination, but their effectiveness as a safeguard for personal liberty will depend on an attitude of fairness in the police. Lord Justice Devlin thinks the police do well, but the Royal Commission on Police Powers of 1929, with its exposure of the practices of keeping the suspect in suspense, bluffing assertions that all the facts are known, and meretricious promises that to make "a clean breast" of it will make things easier at the trial, point to a more astringent conclusion. Doubtless the new royal commission will throw more light on the matter. Other topics touched on by the author are the delays between arrest and trial and telephone tapping, and here again recent developments make one think that Lord Justice Devlin is perhaps over-optimistic.

An important question discussed is the prejudice that may be incurred by the defendant from the publicity given at the preliminary hearing in the magistrate's court. Under the Magistrates' Courts Act of 1952, preliminary hearings may be held *in camera*, a privilege rarely used, and in 1958 the Tucker Committee recommended that the power to sit in private should be abrogated, but that the Press should be limited to publication of the bare particulars of the proceedings. On these and other controversial matters, Lord Justice Devlin does not make any clear recommendations. Doubtless he felt it would have been unsuitable for one of Her Majesty's judges, lecturing to a foreign audience, to have done so. His book is not then a brief for the law reformer, but it is a valuable exposition of the *status quaestionis*, as he sees it.

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Love and Logic

Three Traditions in Moral Thought

By Dorothea Krook.
Cambridge University Press. 368 pages. 30s.

IT is usual, when appraising historical examples of moral philosophy, to present as fairly and as imaginatively as possible the answers which a philosopher gave to what he thought important questions and to assess the validity of the arguments which he used. Mrs Krook does not do this, for her main interest is in what past philosophers have made of love.

This somewhat unusual pre-occupation goes along with Mrs Krook's conviction that philosophy and poetry are very much akin because both are products of the author's "interpretation of reality." "Leviathan" is as intensely personal a statement of Hobbes's vision of human life as "King Lear" is of Shakespeare's. What is usually thought of as incidental to philosophy, the style of its execution, is therefore taken to be as significant as its arguments. Thus the views of Matthew Arnold and of D. H. Lawrence are discussed with the same seriousness, and with more enthusiasm, than those of Aristotle and Hume. Kant's views are not discussed at all.

The net result of this eccentricity of approach is not difficult to imagine. Philosophers are classified together not because they developed a certain kind of argument (e.g. naturalism) but because they down-graded or up-graded love. Aristotle, Hobbes and Hume are representatives of those who took a low view of human nature. Plato, St Paul, and St Augustine, on the other hand, gave love a decisive place in their moral systems. There is then what Mrs Krook calls the humanist tradition (religious, not scientific) which is surprisingly represented by J. S. Mill, Matthew Arnold, F. H. Bradley and D. H. Lawrence. It is only to be expected that in such an incongruous pastiche the actual problems of philosophers should be largely forgotten and their views somewhat distorted; an arbitrary selection of their works, too, like a concentration on Mill's "Three Essays on Religion," is understandable. But few would have expected learned appendices on "Socrates' Dialectical Method" and "Two meanings of Dialectic" to be followed by one entitled "The Lambeth Conference, 1958: Theology of Sexuality."

Such anomalies of execution are not surprising, perhaps, if the conception of the book is once conceded. For why should what modern bishops say about sex be any more or any less relevant to philosophy than what Hume said about sympathy or Hobbes about curiosity? Of course something, philosophically speaking, might be made of "love." Its distinctive character as a concept might be studied. It might play a very important role in an argument that showed the connection between man's "nature" and what he ought to do. But Mrs Krook never looks like doing this; she mistakes the articulation of ideas for philosophical argument.

Her book is therefore to be seen as a rich store of suggestive thoughts. It is not an argument, though it might provide material for argument. When considered as a work of literature, on the other hand, it does not exemplify her thesis that style is an important source of illumination to those who wish to understand its doctrine. It is, unfortunately, what it was—a course of lectures given at Cambridge to students reading for the paper called "The English Moralists" in Part II of the English Tripos.

Not All Black and White

African Nationalism

By Ndabaningi Sithole.
Oxford University Press. 174 pages. 12s. 6d.

IN the political anger of present-day Africa, milder sentiments often pass unnoticed. Regret for missed opportunity is one such: if only nineteenth century imperialism could have embodied some of the concepts of the Age of Reason, and have brought moral as well as technological progress. Mr Sithole's book is full of regret for this state of affairs that never was. It is full also of expectation for a future state of affairs that perhaps never may be—for that day when Africans, on their own at last, will live in independent self-sufficient democracies as it was always intended they should.

In his optimism, Mr Sithole is far removed from those who have suggested that western-type democracy may not be the natural form of government for new African states, or that aid from outside will still be needed—from the communist bloc if necessary. Nor does he indicate that any African leaders may be motivated by more than the uncomplicated desire to set their peoples free. In discounting differences of opinion among Africans themselves, he over simplifies. To see the Kabaka of Buganda as typically representative of Ugandan public sentiment is to ignore a problem of inter-African relations on which the whole situation depends; and surely today it is dangerously ingenuous to argue that the African desire to be completely independent is an adequate guarantee against communist influence.

It is his own acceptance of western values that leads Mr Sithole into inconsistencies. He makes the standard protest that Africans need not demonstrate to outsiders their capacity for self-rule, but has to qualify it by arguing elsewhere that Africans fully know and accept the principles of liberty and democratic representation. In general, he is reasonable in his demands for what an American journal called "the imprescriptible right to make a mess of their own affairs"; but to view the present mess in such exclusively black-and-white terms is to see only the half of it.

OTHER BOOKS

HOW THE CITY WORKS. By Oscar R. Hobson. 6th edition. *News Chronicle.* 176 pages. 8s. 6d.

This invaluable book describing the City, its main institutions and their working, has now been brought up to date completely and this sixth edition contains additional chapters on building societies and hire purchase finance houses.

A SHORT HISTORY OF FRANCE TO THE PRESENT DAY. Edited by J. Hampden Jackson. *Cambridge University Press.* 231 pages. 20s.

The present volume represents in an abbreviated form the contents of the Handbook on France prepared by the Naval Intelligence Division of the Admiralty during the war. Many distinguished authorities, including Professor Brogan and the present Vice-Chancellor of Cambridge University, co-operated in this work, yet it is perhaps fair to say that the most useful feature for the student will be the excellent series of maps—though why the Navy should have needed to know the extent of the penetration of the Albigensian heresy is a matter for wild surmise. The editor's final chapter is rather breathless, and not very revealing on the nature of the events of May 1958 with which it concludes.

CAPITAL. By Karl Marx. *Foreign Languages Publishing House*, Moscow. London: *Lawrence and Wishart.* 923 pages. 9s. 6d.

In 1954 the missionary zeal of the Foreign Languages Publishing House provided the English-speaking public with a new edition of the sacred text—"Capital." Volume I—at a price of something under a tenth of a penny per closely-packed page Volume II followed in 1957; and here is Volume III, complete with preface and supplement by Engels (who laboured for ten years after Marx's death to bring the fragmentary manuscript to publishable form) and an index which, as befits a sacred text, is practically a concordance. Obviously the value for money is superb, despite vile type and viler binding. It should in fairness be noted that while Volumes I and II smelt abominably of fish-glue (or possibly bone-meal), Volume III scarcely smells at all. As an artifact, however, it belongs, like its contents, rather to the worst nineteenth-century period than to the age of the Lunik.

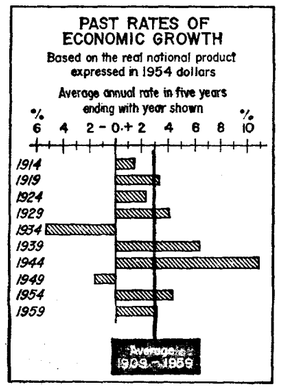
AMERICAN SURVEY

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

Growth by Numbers

WASHINGTON, DC

LAST week's report from Congress's Joint Economic Committee contains a new table, compiled by the Committee for Economic Development, which should provide ample material for politicians who want to juggle with statistics this year. In it can be found the average annual rate of economic growth between any two pairs of years since 1909, and it can be used for or against Democrats or Republicans, budget balancers or deficit spenders, monetary inflationists or deflationists. To the economic historian it shows how widely rates of growth in America have varied around the long-term average of 2.9 per cent a year. The great question at the moment—both political and economic—is whether that long-term average can be bettered in the future, and particularly in the golden nineteen-sixties. Surprisingly, there is considerable agreement—although not by any means unanimity—that it can be and will be.

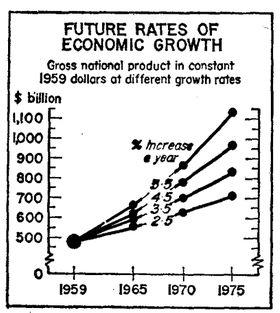


The President's advisers are betting, unofficially, on a rise to 4 per cent in the annual average. The Joint Committee, using a remarkable new statistical device that the dissenting Republican minority among its members called "prestidigitation," looks for 4.5 per cent. Mr Leon Keyserling, the favourite economist of the left-wing Democrats, insists he is being conservative in shooting for 5 per cent and the panel of liberal experts from both parties, who worked under the auspices of the Rockefeller Brothers Fund, held out the glittering hope of 6 per cent. After picking a number, all the competitors—including now even the President—then use it to calculate magically large figures for the gross national product at some year in the future like 1965 or 1970, and to show that America can indeed have its cake and eat it too. Thus, according to all these estimates, the painful choice between more consumption and more public services will never have to be made, since the outpouring of resources will produce such a flood of government revenues that any imaginable public need can be met painlessly without increasing tax rates.

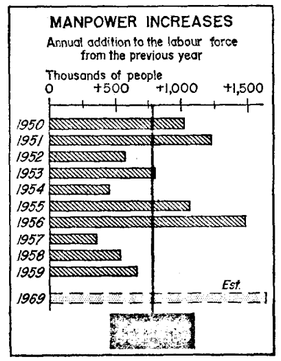
Oddly enough, this glittering prospect may in fact be realised. There are good reasons to expect the American rate of growth in the nineteen-sixties to be higher than the long-term average. For one thing, since the last world war the economy has shown, even allowing for the strange slowdown after the Korean outbreak, that it is capable of faster growth than it was in the past; presumably this is because technology and efficiency have been advancing more rapidly than ever. Those whose forecasts are in the top range are dazzled, no doubt rightly, by the enormous increase in expenditures on research during the decade just ended. In addition, the President's advisers, in their latest Economic Report, put together a deceptively simple equation and come to the conclusion that a higher rate of growth in the nineteen-sixties is all but inevitable. The equation starts with one known fact: the labour force, reflecting the postwar flood of births, will grow more rapidly in this decade than it did in the last. If this labour force is to be employed, there will have to be an increase in the national rate of investment. Therefore, with the input of both labour and capital going up, the rate of growth of output is bound to rise.

Besides this impressive amount of agreement on the prospects for economic growth in the nineteen-sixties, there is also considerable agreement on what the government should do to ensure that this growth actually happens and to make the performance even better. There are three items on everyone's list: improvements in education, more spending on research and the avoidance of severe fluctuations in the economy. The conservatives add the prevention of inflation, creeping or otherwise; the liberals lay more stress on taking care that an over-enthusiastic attack on inflation with the monetary weapon does not thwart the economy's upward momentum. But even this disagreement is not as great as it seems, for both sides now insist that the government should budget for bigger surpluses in times of prosperity, to remove some of the burden from monetary policy and to add to the country's total supply of savings. Above all, everyone agrees that the real thrust in the economy comes from the private sector and that actions by the government—always assuming that the government does act, and acts properly, to prevent the business cycle from getting out of hand—are marginal.

In the real world of the politician, the heady prospect of more rapid growth ahead will probably make its impact rather quickly—next year, in fact. Whoever is elected President in November is quite likely to find himself almost at once with something of the order of 7 or 8 billion dollars of surplus revenues to play with. He can then relieve some of the agony of government agencies who have not been allowed for three years to try anything new or bigger; cut taxes, preferably in such a way as to spur investment rather than consumption; and reduce the National Debt. Or he can, if he chooses, spend more on defence at home or aid abroad.



This possibility, of course, will not be the fruit of the higher rate of growth which is expected for the decade as a whole, but simply of the rapid growth during 1959 and 1960. And if things go at all well, the budget dilemma in the nineteen-sixties will become steadily less painful and the United States may be able to mount its long-delayed and much-needed attack on urban and other domestic problems. In addition, even as "low" an average rate of growth as 4 per cent a year should pretty well calm the current alarm about Russians outstripping Americans. True, the Russians have almost certainly been doing better than that, probably reaching 6 or 7 per cent. But if the United States hits an annual average of 4 per cent for a whole decade, it will be farther ahead of the Russians in total output at the end of the decade than at the beginning, even if they do not falter, as many people feel they are almost bound to do sooner or later.



Are there any flaws in this gratifying picture? To glance back first at the Joint Committee's new table, why has American growth proceeded so unevenly? The business cycle is, of course, the answer, but not the whole answer. Economic growth is such a mystifying process that no one can really tell from the past what will happen in the future, except that there will be growth of some sort. Then there is the nagging question about the equation in the President's Economic Report: will there be savings available to provide the capital investment needed to employ the bigger labour force, even assuming that the state of demand favours a higher rate of investment? The doubters raise other points; for example, will the average productivity of American labour begin to suffer at last from the fact that almost all the new entrants to the labour force are now being employed in ways other than the direct production of goods? And finally, if there is a real depression—as little as two consecutive years of slump—all bets are off.

Nonetheless, the odds at this point lie with the optimists. While in the coming election campaign the politicians will be wrangling over the country's economic performance in the Republican years from 1953 to 1959, with the Democrats making every effort to show how bad it has been, the days of slowdown are very probably over. With any luck at all, the American economy is off to the races.

Rights Turn

WHEN last week the Attorney General, Mr Rogers, pulled out of his hat a plan to provide more protection for Negro voting rights in the South, the Republican Administration snatched the initiative in this field from a laggard Democratic Congress and Vice President Nixon, Mr Rogers's close friend, got a long stride ahead of the Democrat, whoever he may be, who will be competing with Mr Nixon next November for Negro votes. The congressional leaders of both parties have been promising that the Civil Rights Act of 1957 will be strengthened in this election year, but they have shown no inclination to press for more than a bare minimum: federal penalties for violent obstruction of court orders against racial segregation in schools and guaranteed access to voting records for federal officials investigating alleged discrimination against Negro voters. These are the main provisions of the Bill approved by the House Judiciary Committee last summer, held up since then in the Rules Committee by southern obstruction and now at last, it seems, perhaps to be cleared for a final vote. Whether the clearance will be granted in a form which permits amendments on the floor, and therefore broadening of the Bill, remains to be seen.

In the Senate hearings are being held on last autumn's far-reaching recommendation from the Civil Rights Commission, set up under the 1957 Act, that the President should appoint federal officials to register voters in districts where state officials deny registration to Negroes. The Attorney General's plan is an alternative to this proposal and it caused a sensation, not only because until then the Administration had shown every sign of wanting to keep out of the controversy, but also because Mr Rogers's approach appears to be more effective than that of the commission.

There is some doubt whether the appointment of federal registrars by the President would be constitutional; in any case the idea is anathema to those Southerners who are determined to keep Negroes from voting and to people everywhere who resent any further encroachment by the federal government on the rights of individual states—of which control over electoral machinery is one of the most jealously guarded. Mr Rogers wants referees to be appointed, when needed, by federal district judges; almost undoubtedly this would be constitutional and it smells less of interference with local affairs by the executive in Washington. Mr Rogers's plan would apply to local as well as to federal elections and his referees would have power to ensure not only that qualified Negroes were registered but that their votes were registered also. The whole Senate is due to consider civil rights in about ten days' time; it will be interesting to see how the embarrassing situation time and the situation looks like being an embarrassing one for Senator Lyndon Johnson, the only Democratic presidential hopeful who is also a Southerner and the man whose iron hand normally rules the Senate—not always with a velvet glove.

Republican Fare

WHEN 100,000 Republicans sat down to "dinner with Ike" last week in 80 cities all over the country, to eat for their party's financial good, their "$100 plates" were piled high with old-fashioned American fare, the kind that the Eisenhower boys found on the table in Kansas at the turn of the century: roast beef, corn pudding, home-made bread, cole slaw, apple-pie, topped off with jugs of ice-cold milk. Mr Eisenhower, speaking from the 7,000-strong dinner at Los Angeles, displayed a similar sturdy conservatism. But when the giant television screens brought before the diners the Vice President, who was eating his dinner at the Amphitheatre in Chicago where he will almost certainly be nominated for the Presidency in July, it became apparent that Mr Nixon is looking to the future, not the past.

The Vice President payed a glowing tribute to the Eisenhower record of peace and prosperity, on which he must stand, but he made it plain that he is no stand-patter, but regards the past as a foundation for further achievements. Good as the Eisenhower years have been, Mr Nixon implied that they could be bettered if vigorous action is taken to relieve the patches of chronic unemployment and the distress of the old; to stride on toward equal civil rights for the Negro; to replace the obsolete farm programme and improve the country's schools. He promised to try to find more effective methods of settling industrial disputes and even to keep the defence budget under constant review—a hint, at least, that the budgetary considerations which weigh so heavily with Mr Eisenhower would rank lower with his successor.

The Democrats may complain privately that the Vice President has stolen much of their menu; so, too, may Mr Nelson Rockefeller, his routed rival for the Republican nomination who, a thousand miles to the East, was making a speech very like Mr Nixon's, calling

for leadership and a sense of purpose and warning his hearers against the risks of smugness. But in fact it was Mr Rockefeller who, by withdrawing from the race, helped to free the Vice-President to strike out on a line which appeals to independent voters; Mr Nixon need worry no longer about placating the Republican conservatives in order to secure the nomination. What does worry him and the party's leaders is the need to find attractive new Republican candidates for Congress, where the party is woefully weak; unpopular local men are a drag on a presidential nominee and they would endanger the slim chance the Republicans have of recovering control of the House of Representatives (the Senate is beyond their reach). Mr Eisenhower spoke of this need for "able, personable" men but, characteristically, Mr Nixon has done something about it: he has seized the chance to put his own choice, Representative Miller, in charge of the House campaign committee.

Space for Saturn

PRESIDENT EISENHOWER is standing firmly behind his own judgment that $41 billion for defence is enough to make America safe. On the American lag behind the Russians in space, however, the President has had sudden second thoughts. In his budget message he tried to appease the critics of parsimony by claiming that spending for civilian space projects would be doubled, very nearly, in the fiscal year which begins in July. This ingenuous manœuvre failed completely. Spending was to rise, it is true, from $325 million this year to $600 million next year, but the National Space Administration had to find out of this $60 million for the Saturn, which had previously been a responsibility of the Defence Department. This project, to develop an engine with 1.5 million pounds of thrust, is the best immediate hope for a more ambitious space programme. Moreover, the agency's authority to make contracts, which involves its ability to plan ahead and governs the rate of spending in future years, was to rise only from $524 million to $802 million; if the $140 million allocated to the Saturn was disregarded, the increase amounted to a trifling $138 million.

Such penny-pinching reflected the President's own conviction, which he repeated this week, that the prestige of the United States is not at stake in any "race" with the Russians and that the American space programme, if it has not been spectacular, has produced admirable scientific results. This complacency is not shared by most of the Democrats on the congressional space committees and it has been openly challenged in recent weeks by spokesmen for the State Department and the information services and by Dr Glennan, the head of Mr Eisenhower's own space agency. Moreover, Mr Nixon may well feel that the Administration's record in space will be a millstone round his neck if, as seems probable, he is the Republican presidential candidate this year.

Whatever the reason, the President has announced that he will ask Congress for another $113 million in spending authority for fiscal 1961, all to develop huge rocket boosters. This is about what Dr von Braun, the Saturn's creator, has been demanding to hasten its appearance by a year and brings the space budget nearer the $1 billion which many think it needs. Even so, Dr Glennan, who has outlined a glittering ten-year trail into space, does not expect to catch up with the Russians for four or five years; they will not stand still while America advances. Indeed, some great new Russian stroke in space may be announced while the committees are still debating, sweeping aside any hesitations they may feel about Project Mercury—the man-in-space scheme which has been criticised by many scientists—or about the irritating refusal of Dr Glennan to give Congress full information on how space contracts are awarded.

From Suez to Tulsa

THIS week there opened in Tulsa, Oklahoma, America's oil capital, the latest in the series of long anti-trust prosecutions which have kept the petroleum industry under continuous and much-resented attack from the government for almost twenty-five years and have frustrated all the efforts of public relations officers to wipe from the popular memory the reputation for monopolistic exploitation pinned on the industry by the notorious Standard Oil case fifty years ago. The present prosecution has in fact come to trial remarkably quickly, although the same will not necessarily be true of the verdict. It was just three years ago, when world oil markets were completely disrupted by the closing of the Suez Canal, that the prices charged by the 29 leading domestic petroleum companies for both crude oil and petrol went up almost simultaneously. According to the Department of Justice this was the result of concerted planning, that is, of illegal collusion, by all the companies concerned to raise, and then fix, prices.

The department admits that its case is mainly circumstantial and a congressional investigation of this and related matters in 1957 reached no definite conclusion, but a grand jury found sufficient evidence to warrant the present indictment. The companies argue that an increase in the price of American crude oil was long overdue even before demand rose as a result of the Suez crisis; that once prices begin to go up, a company which lags behind risks losing its sources of supply, since it is the buyer, not the seller, who sets the price paid for crude oil; and that the telephone conversations and other contacts of which so much is made in the government's case were part of the industry's regular routine and not of a criminal conspiracy.

The case will involve a hundred or more lawyers and enough documents to stretch all the way back to Suez and will cost the 29 defendants an average of $1 million each. The maximum penalty on any one firm is only $50,000, but conviction would lay the companies open to civil suits for damages, would make the public still more suspicious of them and might upset their normal business and pricing practices. What these in fact are should at least become clearer, during the trial, to the motorist who has never been able to understand why the price of petrol always moves in concert at each of the four filling stations at the corners of his local cross-roads, even though each belongs to a different company and all supposedly compete with each other.

Spirit of Bermuda

FROM A SPECIAL CORRESPONDENT

LATER this month American and British officials meet in Barbados to discuss revision of the 14-year-old Bermuda agreement which regulates air traffic between their two countries and their territories. The original agreement includes a statesmanlike definition of the basic economic freedoms of the air, as well as providing for exchanges of routes. But lately both countries seem to have had difficulty in keeping the spirit of the Bermuda pact in mind. One of its clauses requires each party to give permission for named routes to be served by any *bona fide* airline designated by the other. Yet recently the British Overseas Airways Corporation's application to fly a trans-Pacific route provided for in the agreement was delayed for nearly a year by the American Civil Aeronautics Board. Whenever British officials in Washington pressed the United States too hard about this delay, it was only necessary for the State Department to ask: "And how is Northwest Airlines' permit to serve Hongkong coming along?" Northwest was chosen nearly five years ago as the second American air-



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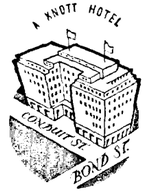

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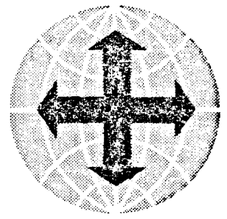

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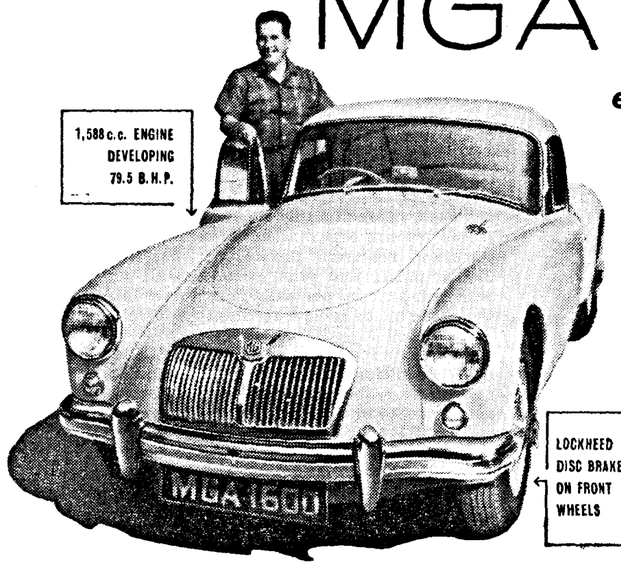

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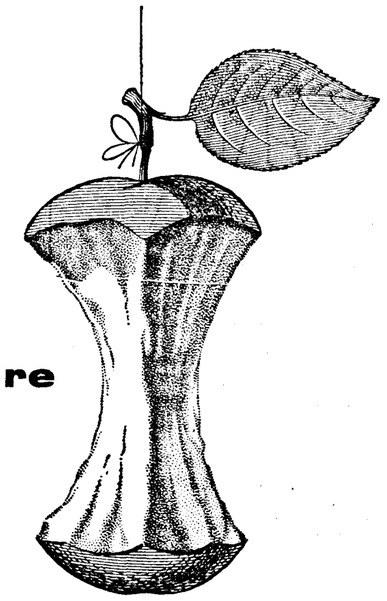

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line to fly this route, already being served by Pan American Airways, but British permission has never been forthcoming.

Multiple designation—the naming of more than one carrier of a given country to serve a single route—was the subject of bitter argument at Bermuda. British policy in 1946 favoured the "chosen instrument": one carrier from each country for each service. American policy was just as strongly in favour of multiple designation and maximum competition. American officials argued that the public would be served best in the long run by having several airlines on each route. Moreover, each carrier should be allowed to offer as many seats as seemed economically feasible to it and should be encouraged to drum up the traffic to fill those seats.

In 1946 the difference of views was blunted by the fact that only the United States had the aircraft to provide regular overseas services. In addition, most countries were seeking tourist dollars, so the more American flights the better. Now, with the coming of the jet age, matters have changed. Today there is a large and growing surplus of seats available in the air. New jet aircraft are coming into service steadily—all but three of the fifteen North Atlantic airlines will be offering jet service this summer—and governments which subsidise their airlines are apprehensive over possible losses.

A SYMPTOM of the deteriorating situation was the recent decision of the British authorities to stop Pan American from flying a jet route from New York to Jamaica in the British West Indies by way of Ciudad Trujillo in the Dominican Republic. The Bermuda agreement gives the United States traffic rights from Miami to Jamaica; another bilateral pact permits flights between New York and the Dominican Republic. When Pan American introduced its new Boeing 707 jets in the Caribbean it decided to put the two services together and offer flights from New York to Jamaica. A half-hour stop at Ciudad Trujillo, and a change of flight numbers, was considered adequate separation for the two routes though the same aircraft was used throughout. Now, as a result of British protests, Pan American is turning its jets around at Ciudad Trujillo and the passengers are transferred to a DC-6B for the rest of the journey to Jamaica. The American negotiators at Barbados are certain to ask for the right to fly from New York to Jamaica with intermediate stops.

Extensions of routes, however, are not likely to take up much time at the meeting. It is basic principles that are in conflict, and some way of reconciling them must be found. Britain would not object—nor would the other protectionist countries such as France, Japan, Italy, Spain and most of the rest which have government-owned airlines—to a new agreement continuing multiple designation, if the United States would agree in return to control of the number of seats offered, and to division of the traffic between each country with this to be distributed in turn among the carriers of each country serving the route. In fact, the State Department has had to resign itself to several arrangements of this kind; one is actually included in the text of the bilateral agreement between India and the United States.

But there is a danger that not only the travelling public, but also a good number of the smaller foreign airlines, may suffer if the United States, which has already sacrificed some of the ideas for which it fought so hard at Bermuda, retreats any further from its free trade principles. Pan American and, to a lesser extent, Trans World Airlines have been growing increasingly critical of the volume of traffic being carried in and out of the United States by small foreign airlines. A shift of American policy towards some form of protection—with traffic divided up not simply among selected carriers, but among selected large carriers—would not be at all unwelcome to Pan American, which has long cherished the hope that some day it may become the "chosen instrument" of the United States in the air.

Clean Sweep for Elections?

THE Senate has astonished itself and delighted most observers by making a clean federal election Bill its first major legislation in this election year. Senator Hennings of Missouri has been struggling since 1955 to modernise the law on campaign contributions and expenditures which was passed in 1925, when the population was smaller, the dollar was worth more and television and radio, with their astronomical costs, did not have to be considered. Last week—too late for the reforms to apply to this year's contest—Senator Hennings won a great victory when the Bill, much strengthened on the floor, was passed by the impressive margin of 59 votes to 22. Unfortunately, in the House the Bill's strength is likely to be its weakness. For the first time almost all spending in states (including that on primaries, the intra-party elections at which candidates are chosen) would have to be reported. The Southerners who fought this change, and the Republican leader who, in the absence of any strong lead from the President, stood with them, were defeated on the sound ground that in one-party states, like most of those in the South, the primary contest is the only one that counts. But in the House, where the Texan Speaker, Mr Rayburn, opposes the inclusion of primaries, the choice may lie between dropping this important reform or losing the whole Bill.

What would be left is worth saving. The Senate Bill begins by raising, all round, the amount which may be spent legally. This is because the old limits are so low and so full of holes that they restrain no one. For example, candidates standing for the Senate would be allowed to spend $50,000, compared with $25,000 today, and a formula based on the number of votes would permit contestants in populous states, such as New York, to spend over ten times as much. The present limit of $3 million a year on the spending of a political committee operating in two or more states —that is the national committee of each party—would be raised to about $12 million. Such figures seem large until it is remembered that in 1956 the presidential campaigns alone cost over $30 million. Greater realism about costs would, it is hoped, induce more obedience to the law and it is necessary in a Bill which requires far more publicity about the source of contributions and about where the money goes.

The meaningless present restriction of $5,000 on individual contributions to the various political committees will disappear if the new Bill becomes law ; it has only encouraged a multiplicity of committees. In 1956 a single family contributed $250,000 in all to the Republican cause and a single individual $70,000 to the Democrats. Instead, the Bill would impose a limit of $10,000 on all political contributions from an individual. but this would not be easy to enforce.

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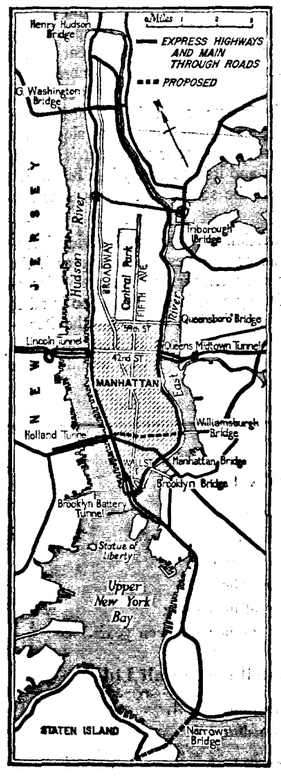
What Mr Marples Saw

NEW YORK

On his recent tour of American cities, it seems unlikely that Mr Marples, the British Minister of Transport, found much in New York's traffic to remind him of home. The heart of the city, the borough of Manhattan, is surrounded by water and its streets, except in the older section, are broad and laid out in strict grid-iron formation like those in most American towns. From the rim of the island, high speed tentacles (on which the only stop sign is a stationary line of cars ahead) reach out hundreds of miles into the surrounding countryside. Indeed, for those who can avoid the daily surge of commuters and the stampede out of town and back on summer week-ends the journey through this metropolitan region of 16 million people is remarkably painless.

In Manhattan itself, postwar "improvements" have been less spectacular. An express highway goes round its entire perimeter; some of the avenues which run up and down the island have been made into one-way thoroughfares with traffic lights synchronised for a given cruising speed; and most of the cross-streets are also one-way, something which reduces the temptation to make U-turns, although these are forbidden only in business districts. In certain areas and at certain times of day a pedestrian can often make better time than a taxi. But New York's traffic is by no means paralysed; indeed, where circumstances allow, it moves at speeds far greater than the legal 35 miles an hour.

New York's "pink zone," if it had one to correspond to the London area where parking is specially restricted, would cover the lower half of Manhattan—the part just south of Central Park. Here, within an area of nine square miles, are both the old business district around Wall Street, where the ratio of office space to road space is such that pedestrians run the automobiles off the streets at rush hours; mid-Manhattan, with its theatres and shops, its growing number of new office skyscrapers and its shrinking residential zone; and, as well, a major centre of manufacturing employment. About 3.3 million people visit New York's "pink zone" daily, quite apart from the large numbers who move around within it. Most of the outsiders arrive by various forms of public transport but, even so, well over half a million cars, taxis and lorries come in each day, and the private automobile (with only two occupants on the average) is steadily gaining ground.



The moving vehicle is a problem, but the stationary vehicle is a greater one. Searching for a parking space in New York might ennoble the character if the searcher did not so often land, in the end, on an illegal pitch. On most streets parking is permitted on both sides during the night, but during the day, and particularly at rush hours, it is restricted to certain hours or prohibited altogether. In theory at least, all streets are cleared down one side each day (by allowing parking on alternate sides on alternate days) so that street cleaners can do their job. Violation of traffic regulations when the car is moving necessitates an appearance in court, but a "ticket" for a stationary violation can be settled by sending in the fine, usually $5 or $10 for a first offence; the amount rises steeply for repeated violations.

In addition to the private car, the lorry—usually of dimensions which make it look quite out of place in a city—is a major hazard when it is loading and unloading. In theory these operations are prohibited during rush hours in congested districts. But, in practice, the police turn a blind eye, particularly in an area like the garment district which is so dependent on road transport.

In the lower half of Manhattan there are facilities for parking about 80,000 cars. About a third of these spaces are in open car parks where buildings have been demolished to make way (temporarily at least) for the more profitable automobile. Unlike newer cities, like Los Angeles, the centre of New York has as yet few multi-storey garages. For an off-street space, the customer pays anything from 50 cents to $1.25 an hour, with cheaper rates for longer periods. The city also does a profitable business in parking meters; it collected $7 million last year. The charge is fixed by law at 10 cents, but the time limit varies from half an hour to three hours according to location.

Looking to the future, it is generally agreed that through traffic, which pounds across the congested city streets only because all routes lead inevitably to Manhattan, should be diverted. A bridge is to be built across the Narrows at the mouth of New York harbour to enable north-south traffic to by-pass the centre of the city, and a fight is now on for an elevated highway across lower Manhattan, with eight traffic lanes above and six below, which would link the bridges over the East River with the tunnels under the Hudson River. It is also agreed that more rigorous enforcement of existing restrictions on parking and loading could work wonders; at present a no parking sign may, on occasion, carry a supplementary "No Parking Today" notice to indicate that the police mean business. The main problem, of course, is manpower. This spring the Traffic Department is introducing a small band of "Meter Maids"—women whose job will be confined to checking parking meters and handing out "tickets" to offenders; their training includes a course in *ju-jitsu* as well as one in make-up and hair-styling. If New Yorkers take kindly to this innovation, it may be extended to cover other restrictions on parking.

But on the general question of the future of the automobile in New York City, opinion is divided into two opposing camps. For the traffic engineer, for the retail shop which has lost customers to the suburban shopping centres, and for those who would like to drive to work, the answer is still more express highways, more bridges and tunnels, and above all more parking space. Emphasising that traffic is the life-blood of any city, the New York Traffic Commissioner recently proposed a $52.5 million scheme to provide garage space for 10,000 more cars in 15 multi-storey self-service garages. A charge of 25 cents an hour would make the project self-financing—providing it was well patronised.

On the other side are those who protest that the demand from commuters for rush-hour road space can never be satisfied, and that the ownership of cars in the city, which has already doubled since 1946, would inevitably soar if more parking space were provided. Los Angeles, with one car to every two residents, is an object lesson in what happens to a city which bends over backwards to accommodate the private automobile. Instead of carving up New York to make way for the traffic, this school of thought would cut down the traffic to fit the city. Suggestions for achieving this have included higher tolls on the bridges and tunnels leading into Manhattan; a higher tax on car registrations in the city; and a modest tax on those who wish to garage their cars at the kerbside. It has even been proposed that central Fifth Avenue should become a pedestrian mall.

Being beastly to the motorist is a rather un-American sentiment. But those who want to preserve the centre of the city against an avalanche of automobiles can also claim that their plan offers the only hope of rescuing public transport from the present vicious circle of declining patronage and deteriorating services.



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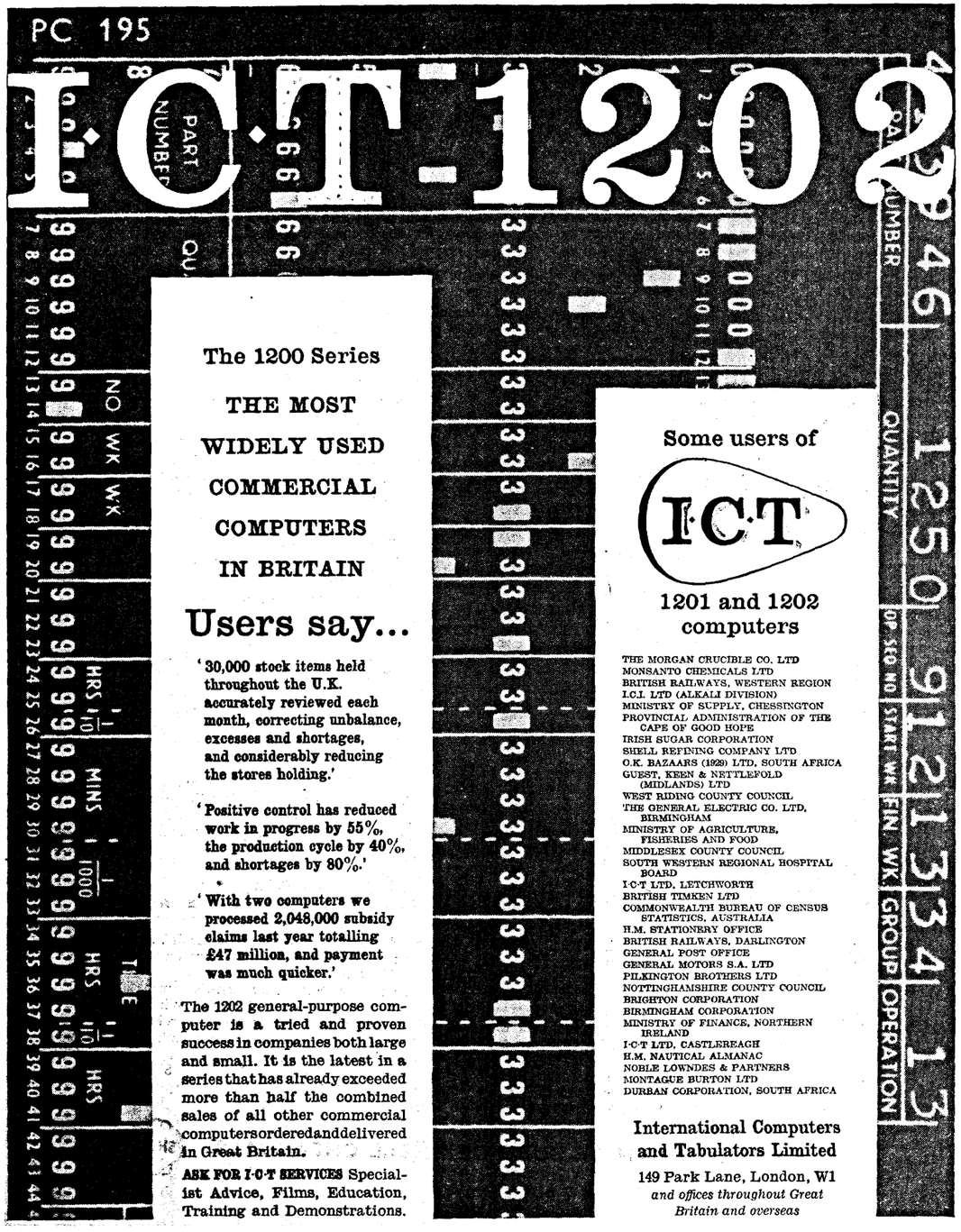

THE WORLD OVERSEAS

The Disappearing Energy Gap

In May, 1956, from the Headquarters of the Organisation for European Economic Co-operation in Paris, there was published a slim red booklet entitled "Europe's Growing Needs of Energy —How Can They Be Met?" It was the report of a group of fuel experts headed by Sir Harold Hartley, who had been asked to estimate the likely future growth of demand for energy in the OEEC area and the ways in which this could be supplied. Its approach was simple. By chancy but sophisticated arithmetic, it arrived at "ranges of demand" against which western Europe ought to prepare, for 1965 and for 1975. From the evidence of Europe's own fuel industries and its own judgment, it reckoned the extent to which indigenous production of primary fuels—chiefly coal and hydro-electricity, plus some oil and natural gas—could be increased by those dates. And to fill the "energy gap" that it saw between these two sets of projections, it set what it considered the maximum practicable development of nuclear electricity during the period and showed the remaining gap that would have to be filled with imported oil and coal—the financing of which imports, it reckoned, might prove a formidable burden upon western Europe's future balances of payments.

Last week, from the same source, there was published an equally slim (though blue) booklet, "Towards A New Energy Pattern in Europe," the report of a second, similar group of experts under Professor Austin Robinson. It would be hard to find a more diametrically opposed, if equally reasonable, approach to the prospect that the Hartley Commission considered than has become possible, in the meantime, for the Robinson report. It is not the distinction between a scientist and administrator and a (temperately) liberal economist that has substituted reliance on consumers' choice in the free market for "crash programmes" to develop indigenous energy production; it is the transformation of Europe's energy market from apparently chronic shortage to glut.

The bringing into production of new and highly productive oil sources since 1955-56, the current prospect of yet more; the readiness of the American coal industry to offer, given low freight rates, massive imports of coal; the prospect of transporting natural gas across oceans—these additions to prospective supplies have altered the whole climate of the market. At the same time the European consumer has demonstrated his intention to switch rapidly over towards oil, there has been no difficulty in importing the oil, and it has proved no burden to finance the imports. So the indigenous coal supplies that the Hartley Commission was so concerned to expand have faced a steadily falling demand; though production has been cut, unsold stocks have piled up. And the nuclear programmes, left high and dry as the tide of conventional fuel prices has failed to go on rising, look steadily sillier in terms of hard economics—which is not to say that they have been dropped, or even resolutely cut.

The fascinating point is that the arithmetic is the same. There is virtually no difference in the Robinson estimates of likely demand for energy in 1965 and the Hartley estimates; the estimates for 1975 differ by only about 5 per cent, well within the huge margin of error inherent in such flights of the higher guesswork. Total OEEC demand in 1975 is now put at the equivalent of 970-1,050 million tons of coal; the earlier report put it at 960-1,060 million tons; for 1975 the Robinson figures are the equivalent of 1,225-1,425 million tons, against the Hartley figure of 1,160-1,360 million tons. The differences only come in the pattern of fuels that the Robinson Commission thinks may be demanded; the Hartley Commission felt it could only tell Europe what it could hope to produce and what it must therefore try to import.

This change of emphasis has two particular implications, one economic and technical, the other political and strategic. Holding that there is no justification for the protection of indigenous production, and counselling Europe to concentrate on making its coal industries efficient rather than keeping them any given size, the Robinson report is inevitably cold-blooded about the development of nuclear power. Making every allowance for the purchase of experience (if not the pursuit of prestige) in pressing forward this new technology, it has to point out that it thinks nuclear generation unlikely to be able to compete in cost during the next ten years, and that its development is imposing a heavy cost in additional investment upon the countries concerned. Unkinder still: even in terms of import-saving, ignoring the investment burden, the import cost involved in nuclear development might buy enough coal or oil to generate three-quarters of the power that nuclear stations might be expected to provide in 1965.

The political and strategic implications, not of this report, but of the transformation of circumstances between these two reports, are more fundamental—and more chastening. No economic concept can have played a more important role in the politics of western Europe than "the energy gap" did in 1955-57. This divergence between two extrapolations, for example, was one of the few economic arguments that Sir Anthony Eden ever managed to get into his head; the pages of his autobiography are studded with its implications, and so is the history of policy during his premiership. The development of nuclear energy "is essential to the future of our industry and our national life"; energy investment was reshaped the wrong way. "I told the Russians that the uninterrupted supply of oil was literally vital to our economy . . . we would fight for it"; we did—and cut it off. The energy gap, again, was at the core of French policy, in its vast efforts to regain great power status by obtaining in the Sahara oil within French national control, and escaping the stranglehold of the Arabs. The west Germans got off cheaply, if not without pain; from their appreciation of the energy gap followed only long-term contracts for supplies of American coal which arrived neatly in time to undercut their marginal mines. By the time the policies had had their effects, the concept was already evaporating; now it is gone—for the moment? Moral: a moratorium on forecasts? Or should politicians simply be forbidden to read them?

Algiers from the Wings

FROM OUR SPECIAL CORRESPONDENT LATELY IN TUNIS

On the night of General de Gaulle's speech on the Algiers crisis President Bourguiba entertained the FLN leaders to dinner so that they could listen to it together. Previously the members of the Algerian provisional government, whose strong man, M. Belkacem Krim, is not so silent now that he has become foreign

minister, had been indicating to delegates and journalists, gathered in Tunis for the All-African People's conference, what they were looking for. They sought the "demystification of De Gaulle" and the production by France of an *interlocuteur valable*. M. Krim and others had been at pains to point out that while they think General de Gaulle is sincere about self-determination, they cannot be expected to rely solely on his word and that, even if he is sincere, the Algiers revolt exactly illustrated their doubts of his ability to carry out his word.

They also expressed themselves as pained at the idea that their recent action in nominating the imprisoned M. Ben Bella and two colleagues who are likewise *hors de combat* as their negotiators with France implied any insincerity on their part. M. Ben Bella, they said, was the man whose word would be most fully obeyed by FLN (Moslem rebel) forces if he agreed to terms. It would appear that if M. Krim were the Michael Collins of the Algerian rebellion, and M. Ferhat Abbas the Michael Griffith, then M. Ben Bella was the De Valera. Moreover, it was untrue, one gathered, that M. Ben Bella was out of touch with the Algerian provisional government, of which he is still a titular vice-premier.

To return to the Bourguiba dining table. The reactions of the presidential guests varied as the speech proceeded. Some expressed surprise at the absence of new content. Others shrugged their shoulders. The president was on the whole relieved. Although some of his advisers had been urging the net advantage to Tunis of a French civil war, during which the Tunisians could quietly gobble up Bizerta and the French army in Algeria might turn against itself, Mr Bourguiba himself steadily favoured the restoration of General de Gaulle's authority. Unlike some, he foresaw that the speech did in fact foreshadow a victory for the French president in Algiers. In his press conference the following day President Bourguiba fastidiously distinguished between his pleasure at the passages which assured the restoration of the authority of the French state and his sorrow that General de Gaulle had brought his peace no nearer in Algeria.

ALTHOUGH the Algerians repeatedly insist that they are moderates, who are willing to look at a reasonable compromise, there are few if any signs in Tunis of regular underground contact between them and representatives of General de Gaulle. Self-appointed mediators are for ever turning up, but they never produce results. The passage in President de Gaulle's speech which aroused greatest disfavour at the dinner table was the one in which the general enlarged on the long period of pacification, during which economic, social and educational reforms would be enacted, before the holding of the Algerian referendum. Unless the French retreat from this condition, an end to the war seems out of the question.

It is in this context that the FLN has reversed its previous opposition to the idea of an international brigade in Algeria. In actual fact, as M. Ben Yahir in a television interview was keen to point out, it does not need extra soldiers—though it does happen to be seeking foreign technicians, preferably from China, to teach its men to use some of the more complicated weapons it has been receiving. The purpose of the brigade would be the symbolic pressure it would bring to bear on France. However, despite his painstaking efforts to show himself publicly at one with the Algerians, President Bourguiba's lively distaste for the idea of a foreign legion being trained on his soil, and his celebrated talent for mimicry, got the better of him on the very day after the dinner party. The African legion, he said—and illustrated with his mobile hands—was a non-starter, but was a splendid ruse to arouse a conference to applause.

Mr Bourguiba's relations with the more strident parts of the Arab world remain ambivalent. He is cultivating exceptionally friendly relations with Iraq, which he has never believed would go communist, is comfortably far away, and is a useful counter to President Nasser. At the same time, his own sense of strength at home—after the last election he is unchallenged even in Mr Salah ben Youssef's southern stamping ground—enables him to look the Egyptians more steadily in the eye. The UAR has adjusted itself to Mr Bourguiba's new stature. Abuse from Cairo radio has been turned off; Mr Fuad Galal, the head of the United Arab Republic delegation to the All-African People's Conference, stayed on after the steering committee meeting in Tunis in October to help forward the reconciliation (though the effect was somewhat damaged by the landing of a fully-equipped assassin while he was there); and there are rumours that Mr Salah ben Youssef is to be shifted out of Egypt altogether.

But while President Bourguiba was no doubt anxious to display his capacity to be an African nationalist with the best of them while all-Africa was his guest, the timing of his challenge over Bizerta had nothing to do with Algiers. Quite to the contrary. The harangue to the vast, colourful demonstration outside the Casbah against the French bomb would hardly have included this titbit at all if the orator had had any idea that the French crisis would develop so dramatically.

The ultimatum on Bizerta had been planned before the Algiers rising. The last thing Mr Bourguiba wanted was to be held responsible by world opinion for driving the ultras to despair and propelling France towards civil war. There was even an apparently genuine fear in government circles as the crisis developed that President de Gaulle might seek to restore the morale of the French army by using the Bizerta ultimatum as the excuse for a quick march on Tunis. No one felt sure that in these circumstances world opinion would be on the Tunisian side.

While President Bourguiba was (and is) in deadly earnest in wanting Bizerta, even at the cost of heavy unemployment in the port, his language on the subject underwent a swift strategic readjustment. The original Arabic of his speech demanded a French withdrawal by February 8th, the second anniversary of the bombing of Sakiet. The official French version spoke of the need to conclude negotiations by that date, with the implication that otherwise force would be used. By the time of his press conference five days later, Mr Bourguiba explained that what he required by the deadline was a serious opening of negotiations, conceding the principle of French withdrawal; and there was now no talk of military action if the deadline passed—only of the breaking off of economic, social and cultural relations.

The fact is that the last thing Mr Bourguiba wants is the intervention of the FLN army to fight for Bizerta or to have to appeal to it to protect him against a French invasion. Cordial though his social relations with M. Krim and his fellow guests at dinner may be, he knows full well that it is a lion that he is stroking.

France Foots the Bill

FROM OUR PARIS CORRESPONDENT

GENERAL DE GAULLE has won this round; he must still win the whole fight. For this he needs greater powers. The government has therefore asked for the right during a whole year to take by decree all measures necessary to ensure the maintenance of order, the safeguarding of the state and the pacification and administration of Algeria. Parliament will go on pretending that it exists; it will even debate certain matters such as the budget. Basic liberties, it is promised, will not be affected. The general merely wants more power in order to prepare a solution for Algeria,

punish the culprits and purge the administration, both civilian and military. Caesar needs power to cleanse the republic.

This official version was duly endorsed on Tuesday by a massive vote in the National Assembly. The debate had its comic side. Journalists not suffering from amnesia had to smile when M. Debré, the prime minister, spoke in horror of people plotting against the state or when another neo-gaullist leader vituperated against colonels interfering in politics. M. Le Pen, on remand, commented bitterly in the lobbies on the difference between plots that succeed and those that do not. Another comic touch was that in theory the special powers are granted to the government, but every speaker insisted that in practice they are given to the president. A provision was even introduced that the president must sign all decrees. Socialists and Radicals tried without avail to shorten the period of application and narrow the dangerously wide scope of the law.

Watching this strange assembly which in its brief life has managed to vote massively for two contradictory Algeria policies and which, if pushed, would probably decree that all red-headed Frenchmen should be deprived of their rights, the first reaction was to remain unperturbed by the further curtailment of its prerogatives. But on second thoughts it appeared that such an assembly was hardly an obstacle to action. Both *Le Monde* and *Le Figaro* pointed out that if the government had not acted so far against the conspirators it was certainly not for lack of legal powers. The reason was different and was connected with the origins of the Fifth Republic. The conspirators who had contributed to the downfall of the previous regime were rewarded and promoted by its successor. They had allies, sponsors and sympathisers at very high levels. Only when they tried to repeat their performance—this time against General de Gaulle because of his Algerian policy—was it decided to counter-attack.

Gaullism will now attempt to get rid of its former allies turned enemies. The general is apparently in no mood for mercy. Ministers who wavered and preached concessions during the crisis will pay the price; the departure of M. Soustelle and a new job for M. Guillaumat are taken for granted and other changes may follow. The administration and police are to be purged both here and in Algeria. There should be plenty of jobs for faithful gaullists. The army may provide a stiffer test since there not only the men but the general mood has to be purged. In the fertile breeding ground of Algeria at war other conspirators may spring up.

GENERAL DE GAULLE may have decided to kill two birds with one stone. It was everybody's secret that he was already dissatisfied with the new institutions. Parliament's faint echoes of opposition to his economic, social and foreign policies bothered him. At the time of the Pinay crisis there were persistent rumours that the president intended to take more power into his own hands. In May, 1958, he had wanted full powers for two years and he accepted seven months only to overcome resistance to his return. Now, with his prestige in the country greatly boosted, he has a fine opportunity to increase his prerogatives and he has seized it.

And so French political life will return to the apathy from which it was slightly awakened towards the end of last week when the prospect of naked aggression from Algeria stirred metropolitan France. Letters were then sent to the president, petitions signed, and all the trade unions together staged a token general strike. The expressions of popular support in the country certainly did the president no harm. The government, however, is to revive the reign of secrecy. The new French maxim seems to be that the best cure for democracy is less democracy.

Few Frenchmen are perturbed by what could be decreed in the name of safeguarding the state. Fewer still seem perturbed by the prospect of the further removal of the people out of politics. The liberals console themselves with the thought that this price must be paid to give the general the opportunity to carry through reforms in Algeria and bring peace nearer. They add "in Algeria" to the slogan fashionable in the time of Napoleon III: "*L'Empire c'est la paix*." If the new empire does not succeed in ending the war rapidly, it will not even be liberal.

THE FRENCH ARMY—II

In Search of Status

FROM OUR PARIS CORRESPONDENT

"OURS is the army best prepared for subversive wars." True or not, this claim, often repeated by French officers, hides the other side of the picture: that it is prepared for virtually nothing else. Five years of concentration on the Algerian war have distorted the French military machine and turned it into the army of the *djebels*, trained for fighting a guerrilla enemy, for controlling the population, and for psychological warfare. Many officers consider that this is all France will ever need, because atomic weapons are so destructive as to be unusable. But this is not the official French view. General de Gaulle plainly wants to have at his disposal diversified armed forces, with up-to-date conventional weapons, the nuclear deterrent and all.

Some of the general's closest military advisers try to justify his well-known distaste for military integration within Nato by the psychological needs of the French army in its particular predicament. A nationalist force obsessed with colonial warfare and convinced of its patriotic mission across the Mediterranean cannot, they argue, simply be brought back and turned into a "stateless" army. The argument sounds far-fetched, since Nato integration is at the top, and the forces remain national forces. Admittedly, among French officers serving in Algeria there are strong anti-American feelings, because, in their opinion, the United States has failed to grasp the importance of subversive war and pays too much deference to Arab nationalism. It is also true that Frenchmen often complain that they are treated as junior partners in Shape (the stock complaint concerns documents marked AEO—for American Eyes Only). But they stop short of suggesting that French standing does not correspond to the French military contribution. General Jean Valluy is commander-in-chief of allied forces in the central (the most important) sector; his appointment could not be justified by the strength of the depleted French divisions stationed in Germany.

French opposition to integration may well be essentially tactical. It may be a means of pressure to obtain atomic secrets and allied help in the ballistic field. General de Gaulle is convinced that a nuclear deterrent is now an indispensable requirement for an independent foreign policy; once in possession of it, he holds, France would automatically gain the place in an Atlantic triumvirate, and the greater say in allied decisions in the world outside Europe, that he demanded in his memorandum of September, 1958. It is argued in Paris that France would then be able to agree to integrate the rest of its air forces and to accept American nuclear bombs on its soil under dual control. Until then, it will continue to be awkward, trying to trade the advantages of geography against American technical knowledge.

General de Gaulle's demands on the alliance are based not so much on existing strength as on his vision of a future army, still mostly at the paper stage. The atomic device to be exploded next month is usually reported as weighing around five tons. To slim it down will take years. The Mirage IV-01, the means of delivery now being prepared, is a light bomber with insufficient range to fly to Moscow and back at full speed. The project of a heavier and longer-range version of the Mirage was dropped in August partly to save money and partly because, by the time the French bomb is ready for action, nothing short of a missile will do. Several French firms have joined together to form a

company for ballistic research (SEREB). Sceptics in Paris, however, suggest that, without foreign aid, it will take at least a decade to fit French nuclear warheads to French missiles.

Thus the French deterrent is still in its infancy, while modern conventional French divisions, capable of waging war in Europe, are almost non-existent. In 1954 France had a nucleus of modern divisions and plans for expansion. All this was disrupted by the Algerian war. Troops moved from Germany to North Africa left their heavy equipment behind; by now it is obsolete. In this year's defence budget of 16,530 million new francs, about half goes for the pay and upkeep of the overgrown forces. The army in Algeria is a great consumer of equipment, particularly of means of transport. Conventional forces in Europe have, therefore, become the Cinderella of the budget. Talking of up-to-date weapons for conventional divisions, M. Guillaumat, the minister of the armed forces, had to admit that "for the army, our effort in this field had to be merely symbolic because of the necessities of the Algerian war."

France may not have the means at present. General de Gaulle and his advisers know their military ends. France should have a nuclear striking force capable of hitting "any point on earth." It must also have several divisions on European soil—the number is still undecided—strong enough and well enough equipped to make France once again a major military power in western Europe. France must have air transport and mobile troops which can be sent overseas at short notice, particularly to Africa, where the army is to serve as a vital link in a fast evolving community. Finally, the army must be able to put down subversion at home.

THE shape of the French army to come thus corresponds to General de Gaulle's design of 25 years ago, set out in his book "Vers l'Armée de Métier," naturally with variations imposed by changes in technology. The mobile units of the future and the increasingly complex weapons will require professional soldiers for preference. They will be supplemented by national servicemen with a technical background or bent, who would serve a longer stretch even than they do now. The rest of the population could serve an initial short term with subsequent periods of training. A decree of January, 1959, which set out the framework of the future organisation of defence, provided for this development.

The mainly professional army is also thought to be more reliable for anti-subversive action at home than a big conscript force. A political ferment can spread to national servicemen. Professional soldiers, aloof and rootless, are more immune to such contagions—or so it is obstinately supposed. The January decree already mentioned put yet another weapon in the constitutional arsenal of emergency measures. The *mise en garde* can be proclaimed for all sorts of reasons (threat to a part of the territory, to a sector of national life, to a fraction of the population) and gives the authorities discretionary powers such as the power to requisition manpower, goods and services.

General de Gaulle's relationship with the army can now be seen in its complexity. When last week he talked of his love for the army, it was not a mere figure of speech. He sees the armed forces not only as the pillar and guardian of the regime, but as the instrument of greatness and stability. But it must be obedient; while many of the commanders who brought him to power have a categorical imperative of their own—the permanence of the French army's mission in Algeria. As has been seen, the relationship contains the seeds of misunderstanding and even of conflict.

It is no accident that among the "loyal" commanders pushed forward in recent months, airmen, tank specialists and technicians predominate. They are the men who can contemplate a modernisation of the armed forces with equanimity. Among infantry officers, who have most reason to fear the bowler hat, and paratroop commanders—the knights of guerrilla warfare—are to be found the men willing to enter into an alliance with semi-fascist settlers and extremists at home in order to impose on France any sort of regime that will put Algeria first. Last week the French army saved its unity by coupling *Vive de Gaulle* with *Algérie Française*. But the general must now know that this state of things will not allow him to shape the armed forces into an obedient tool or into a modern force with international standing. The simultaneous development of a deterrent and of conventional forces is likely to prove too much for a country with the national income of France (or, for that matter, of Britain). Coupled with a major colonial war, the idea cannot even be seriously contemplated. General de Gaulle remains faced with the task of transforming the French army from an Algerian force into a gaullist instrument of power. Unless he is permitted to put an end to the Algerian war, he can hardly begin.

(Concluded)

Trouble at Tawafiq

FROM OUR MIDDLE EAST CORRESPONDENT

THE shooting that broke out last week in and about the demilitarised zone between Israel and Syria, at the south-eastern end of the sea of Galilee, ended after a four-hour cannonade and a brush between Israeli and Syrian aircraft. Officers of the United Nations Truce Supervision Organisation, who negotiated the cease-fire, are now investigating responsibility for the incident. The Syrians claim that the Israelis fired on Arab farmers going about their lawful occupations in the zone; the Israelis counter-claim that the Syrians sent troops into the zone in the guise of farmers in order to establish fortified posts. The Syrians say they shot down at least one Israeli Mystère, but Arab military claims are generally suspect. If a Mystère really was brought down by Syrian Migs, then the Israelis are unlikely to let the matter rest.

This incident is probably the most serious border clash since the Israeli irruption into the Sinai peninsula in 1956. Yet it fell short of the "retaliations in force," on the Qibya and Qalqilya pattern, by which the Israelis once sought to overawe the Arabs. Since the Sinai campaign the Jews have had no need to impress the Arabs with their military superiority; and the Arabs, whatever they may say, have had no wish to invite further demonstrations of the obvious. The question therefore arises whether the "battle of Tawafiq"—the village which saw most of the fighting—was an isolated incident or the beginning of a new series of frontier skirmishes. Both the time and the place of the incident suggest that it was connected with the Israeli plan to irrigate the southern Negev desert by diverting the waters of the Jordan. A statement about this plan, made by the Israeli minister of finance in mid-November, was countered by the Lebanese foreign minister saying in January that Lebanon intended to deny Israel the waters of the Hasbani river, which joins the Jordan at Huleh. This last statement, incidentally, aroused some perturbation in Beirut, since the Lebanese are not accustomed to sitting furthest out on the Arab limb. (*The Lebanese plan was described on page* 396 *of* The Economist *last week.*)

The publicity about the Israeli project has caused a flurry of consultations between the other Arab states on ways and means of frustrating it. The question is on the agenda of the conference of the Arab foreign ministers that opens in Cairo on Monday. Iraq, which usually speaks loudest on Israeli questions—presumably shouting to bridge the desert which providentially separates Baghdad from Tel Aviv—will be a conspicuous absentee unless the customary Lebanese efforts at mediation succeed.

The depressing question arises: what means are available to them in their resolve to keep the Jordan river where it is? The current Arab opinion is that the foreign ministers will decide on an appeal to the United Nations. But the reception of the Arab case in New York may well be disappointing. Israel can earn good marks by pointing to the essentially constructive nature of its plan, especially as it proposes to take no more water than was allotted to Israel under the Johnston plan; and Arabs will doubtless have to refurbish their arguments for detaining the *Inge Toft* and the *Astypalea*. Lebanese lawyers may find they have fashioned a two-edged sword by rushing to defend the diversion of the Hasbani in international law.

Western observers in this area see a correlation between friendly American gestures to President Nasser and the Israeli activity on the border. This view cannot be pressed too far, but it is clearly in Israel's interest to remind the United States government from time to time that the Arab-Jewish quarrel is still smouldering and could burst into flame. The Israelis are disappointed that the West is taking an active interest in the improvement of the Suez Canal, while doing little to solve the problem of Israeli cargoes; and their disappointment has been sharpened by recent signs that western governments may be ready to consider further participation in UAR development schemes.

In this context both sides have an interest in limited border incidents that goes beyond the obvious purpose of warning each other against this or that. The Israelis exploit them to remind world opinion that they are still blockaded and must have scope for their energies in such directions as free passage through the canal or the irrigation of the Negev. The Arabs use them to keep alive a memory of Israeli aggression and to convince the world that the Jews are a dangerously explosive force which must be checked. Whatever pretext sparked the battle of Tawafiq, both sides find in it material for propagating their causes. The danger is that appetites will grow with eating.

Socialist Split in Japan

FROM OUR CORRESPONDENT IN TOKYO

"REACTIONARIES to right of us, crypto-Communists to left of us!" is the battle-cry of Japan's brand-new Democratic Socialist party. The party, consisting of 54 bolting Dietmen, came into existence officially in January, amid shouts of "Deviationists" from the main-line Socialists, and smoke-bombs hurled by hooligans of the Great Japan Patriotic party, an ultra-nationalist organisation. In their domestic policy, the Democratic Socialists stand by parliamentary democracy, and want a welfare state built on the ballot-box. In their foreign policy, they want to be regarded as the friends of every country including their own, and call themselves Japan's only true neutralists.

The Dietmen have bolted the Social Democrat party, which retains this moderate name but has long since lost its moderate nature, if indeed it ever had one. It was a coalition of Marxist and other Socialists, with the Marxists predominating, and it had lasted four years, breaking down last October, when the non-Marxists accused the majority of being tools of Moscow and Peking, and the Marxists tried to "discipline" the recalcitrant minority.

The new party's leaders, Mr Suehiro Nishio and Mr Eki Sone, believe that Japan can be wooed and won for Socialism through the ballot-box. But win or lose, they insist that the new party will always abide by the voters' freely expressed wishes. This, they explain, is the chief difference between themselves and the Social Democrats, whose tactics of political strikes and Diet fisticuffs have estranged Japanese voters, who do not want a revolution (the Communist vote in Japan is only one per cent). The left-wing Socialists constantly preach class-war and, what is worse, they do so mainly in order to win kudos from Mr Khrushchev and cheers from Chou En-Lai.

So, in summary, says the new party: and the exposition, while not intended to bring comfort to either, is obviously more derogatory of Japan's rival Socialist school than of the ruling Liberal-Democrats, who according to themselves are also devoted to the ballot-box and parliamentary democracy. Unparliamentary tactics employed in the service of foreign communist masters: thus do the Democratic Socialists define the chief danger now facing Japan, and they have no hesitation in identifying it with their former Socialist colleagues. Although Japanese politicians, even after having seemed to burn every boat, frequently turn out to have retained a couple of inflatable dinghies up their kimono sleeves, it does look as though Mr Nishio, Mr Sone and their followers are not contemplating an early row-back to the Marxist shore. What they have done, however, is to leave a time-bomb or Trojan horse there, in the person of Mr Jotaro Kawakami, another right-wing Socialist who decided to remain with his personal following in the Social Democratic party, but whose publicly expressed sympathies are all with the bolters.

That these developments should chafe the majority Socialists is understandable; but the fault appears to be entirely their own. They call themselves Social Democrats but deride the parliamentary system as bourgeois and insist that the manual working-class is the only class that matters. They say they want Japan to be neutral, then announce that the United States is Japan's enemy as well as China's. Mr Kawakami says he decided to stay with the main party to try to soften such attitudes, but more probably he is waiting to see how the Liberal-Democrats react to the Socialist split. If they seize it as an excuse to push the helm hard to starboard, political moderation will be seen not to pay off and the left-wing Socialists will with some justification be able to cry: "Told you so!" Should this not happen, however, the new Socialist party may survive long enough to attract allies in its task of protecting parliamentary democracy against onslaughts from either the right or the left. The new Socialists have already announced that they are willing to work with, though not to merge with, any group prepared to dedicate itself to that task. They are backed by the trade union combination *Zenro* which, unlike the left-wing *Sohyo*, is not utterly opposed to all manifestations of capitalism. The question for Japan is whether the Democratic Socialists and *Zenro* can find counterparts within the rag-bag Liberal-Democrats and also among Japanese capitalists.

The Last Individualist

FROM OUR BONN CORRESPONDENT

THE enduring shadow of Dr Adenauer lay vexatiously across the Free Democrats' annual conference at Stuttgart last week as their retiring chairman, Dr Reinhold Maier, carefully sighted his parting shot. It was a warning round high across the bows of the ship of state. As a man giving up ambition at 70, Dr Maier addressed himself to the Chancellor of 85, bent on winning next year's election and carrying on:

> The one-party regime with an absolute majority is now finally concentrated in a single man. He makes the decisions. The others have to fall in line. Contradiction is becoming rarer and rarer, objections more quickly brushed aside. . . . There is less and less manly pride before the chancellor's throne. . . . Do we really not want to learn anything from our history?

More, said Dr Maier: industrial concentration was proceeding uncannily apace. That meant, internally, fewer and fewer independent livelihoods; externally, "a shrinking of the powers and personalities with which communism will have to reckon on the last lap." And at this moment when democracy was in jeopardy throughout the world there was in western Germany a minister of the interior rummaging in the arsenal of the totalitarian state for ugly weapons, including a Goebbelesian state-controlled radio and television system and a Goeringesque bill for arming the government with devastating emergency powers.

Despite his dark thoughts and the sad occasion of his departure from federal politics, Herr Maier was in excellent form. The Free Democrats, who hold 44 seats in the present Bundestag and

represent two and a half million voters, reckon they stand a good chance of being in a position in 1961 to determine whether the Christian Democrats or the Social Democrats will provide the chancellor. If last week's mood persists, they would then almost certainly opt for the Christian Democrat. It might even be Dr Adenauer, whom they do not love ; but they hope that, if not in 1961, then not long after, Dr Adenauer will hand over to a leader with whom they could enjoy a workable coalition.

It was part of the conference's preparations for 1961 to elect a personable, and comparatively young, one-time professional army officer as Dr Reinhold Maier's successor. Herr Erich Mende is 43. To refugees, he is a fellow victim, having been born and gone to school at Gross Strehlitz (Strzelce-Opolskie to its present population) in Upper Silesia. To former soldiers, Herr Mende is the unashamedly well-decorated regimental commander who ended the war in British captivity and, as soon as he was free, robustly tackled his new world by studying law and political science. To the Bundestag, he is the parliamentary leader of the Free Democrats, able and courteous in debate, industrious in committee. To television addicts he is the well-mannered, good-looking deputy, the patently decent chap who has liberal ideas about Germany co-operating with a Europe embracing more than six states, yet insists at the same time on German unity and just frontiers. The party publicists are diligently putting it about that the new chairman will continue to be mentored at his own request by the two veteran Württemberg liberals—his predecessor Reinhold Maier, and no less a personage than ex-president Theodor Heuss.

Herr Mende's inaugural address reflected much of the political wisdom of these two philosophers. It also sounded now and then a precise note, now military, now national, of the speaker's own. Thus: "The immediate objective for 1961 is to come out of the federal elections in such strength that nobody can govern without, or against the wishes of, the Free Democrats." And:

> The German nation has paid for the last war, and is still paying. But we must all join to prevent the German people from having to pay in addition for the political mistakes of the last ten years.

The delegates listened with a decorum suggesting that they have learned at last that public displays of dissension and obstreperousness have to be paid for, as well as lost wars. Whatever mutinies may have been bubbling in his heart, that charming no-man Dr Dehler exuded a sad submissiveness. Even the "young Turks" of North Rhine-Westphalia were on their best behaviour ; and the reformed Nazis who seem to feel more at home in this party than in any other kept as unobtrusively in the background as they have done ever since the embarrassing Naumann affair. For all his precision, Herr Mende mentioned only one of the party's two immediate objectives in 1961. The second is to get hold of more money.

Africans in Congress—I

BY OUR SPECIAL CORRESPONDENT LATELY IN TUNIS

For all its periodic frustrations and confusions, the second All-African People's Conference supplied additional momentum to the idea of a common African personality. This was partly due simply to Africans learning more about each other—there was, for example, the excited discovery of East Africans that Tunis, which they had thought to be a desert, had grass and hills and singularly beautiful buildings ; and partly to the exchange of common experiences of the old enemy, colonialism, and the subtler new enemy defined as "neo-colonialism." But underlying the aspirations for continental unity lay an inspiring ambition—to show that it was possible to emulate the pride of Europe's nationalism without copying its tragedies.

But if Africans are to run a continent, they must learn first to run their own organisations more efficiently. The efficiency of the host country's arrangements contrasted painfully with the hectic improvisations from Accra, the seat of the secretariat. The secretary-general, M. Diallo of Guinea, weighed down by his huge white Gandhi cap and in trouble with a refractory manuscript, claimed credit in his report for practically everything that had happened in Africa in the past year. But Chief Anthony Enahoro, the "shadow foreign secretary" of the Nigerian Opposition, influenced doubtless by the fact that the Nigerians had scarcely received their invitations to Tunis in time, questioned drily whether any event at all had been influenced by the All-African People's organisation. In fact, as the hard-headed Nigerians and Kenyans were at pains to point out, practically nothing had been done about the resolutions taken at the first conference in Accra. To do M. Diallo justice, it had taken the steering committee nine months to confirm him in office. The notion of choosing active politicians from east and west as chairman and secretary-general in order to achieve geographical balance has proved an unhappy one. Moreover, because of the absence of adequate finance for the secretariat, M. Diallo has been combining his job with that of resident Guinea minister in Ghana, a position which under the terms of the Guinea-Ghana union involves him in membership of both partners' cabinets.

It was typical of the contrast between the French- and English-speaking delegates that while the former should concentrate on ideological formulations, the latter's main preoccupation should be the strengthening of the practical machinery and the planning of concrete action. Led by Mr Josef Mathenege of Kenya, the eastern and central group, which caucussed and worked closely together and on most issues had the support of the Nigerians, secured amendments to the draft constitution providing for a full-time secretary-general with a three-year term, an adequate staff and regional sub-divisions. These are designed to provide the nucleus of the regional federations, which are considered the indispensable first stepping-stone to a continental union.

The task of raising money has been left to the independent African states, which found themselves under continuous criticism from nationalist parties of still dependent territories for doing insufficient for the cause ; contributions from governments or organisations outside Africa have been virtuously banned, and even a grant of £E11,250 from the United Arab Republic was felt by some to be a little embarrassing because of its disproportionate size. Perhaps more serious than the problem of finance, however, is that of personnel. The abler people may criticise the work of the centre, but they are unwilling to take it on themselves because they feel they must work for their own countries.

While at Accra the English-speaking delegates had run the show, at Tunis, they were forced to acknowledge the importance of French-speaking Africa. Generally speaking, M. Tlili of Tunis —who, as a delegate from the host state, had been chosen to preside to avoid the embarrassing contest that would have resulted from any attempt to re-elect Mr Mboya—was a firm chairman. He had little time for the secretary-general ; at a particularly chaotic meeting of the presidium he sharply ordered him to switch off the portable radio with which he was constantly fiddling. But possibly because he was strongly influenced by his single-minded Algerian colleague, M. Boumandjel, whose sole purpose was to produce the most impressive possible anti-French demonstration, M. Tlili rigged the speaking list so flagrantly in favour of the French speakers that he defeated his own purpose—to dispose in the first two days of the rhetoric of the heads of delegation and then get down to serious business in committee. When the plenary session should have finished the whole English-speaking eastern and central group was clamouring for recognition and the chance of tanning British colonialism for a change. The grim prospect of the session continuing till 6 am was only averted by an interpreters' strike ; the conference went on into Sunday at the expense of the trip laid on by the Tunisian government.

(To be concluded)



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THE BUSINESS WORLD

MACHINE TOOLS UNDER CRITICISM—II

Shaping New Tools

ALL that can be said of the report on research and development in the British machine tool industry which was completed last autumn by the Department of Scientific and Industrial Research is that it shows some signs of achieving results. Having been based upon information supplied in confidence, the report is not being published ; some inklings of its more critical findings, no doubt garbled, have leaked out, but the quality of its analysis will never presumably become open to public assessment. The report is said to have received praise from the machine tool industry itself ; that would be open to more than one interpretation. It was clearly by no means wholly critical. But it was prepared by an economist and an engineer who managed to see factories producing 70 per cent or more of Britain's output of machine tools ; and, however temperate, its criticisms have been followed, *propter hoc* or merely *post hoc*, by a declared readiness on the part of the industry to make significant changes in its whole approach to research and development.

By its terms of reference, this DSIR inquiry was focused more upon technical progress in the industry's products, as most other British critics of the industry have been, than upon the methods of manufacturing those products, upon which Professor Melman of Columbia University concentrated in his recent report upon the machine tool industries of Western Europe which was discussed in these columns last week. Other critics of the rate and the breadth of technical advance in the British industry have fastened upon two major weaknesses that appear to limit this:

Its comparatively limited expenditure on research and development. A published DSIR estimate put this at some £800,000, or 1.1 per cent of net output in 1955-56, against an average of 2 per cent in most manufacturing industries and much higher proportions in technically advanced industries. The industry itself, in 1958, put its expenditure on research and development at more than £20 million from 1948-1957, which would imply a far higher proportion. But whatever the figuring, the industry appears now to accept that its efforts in research have been inadequate.

Its remarkably limited recruitment of scientifically and technically trained personnel. A recent official report reckoned that only about 1.3 per cent of the industry's 45,000 employees were scientists or engineers ; and of these less than half were graduates. A sample of about 90 companies, asked for such details in 1957 by the Machine Tool Trades Association, said that they employed, out of 30,000 people, 25 engineering graduates, and during the past year had taken on only two men from universities (though recruiting more from technical colleges).

Failure to recruit graduates was no doubt largely a matter of inclination. But the industry since the war has also had difficulties in getting and keeping enough of the skilled people it knows it needs: skilled engineering workers for production and draughtsmen for design. It trains a fair number of apprentices, but loses a higher proportion of these than it can afford: and it has often complained of losing skilled men to industries such as motor manufacture which pay the men much more for less demanding work. All these difficulties have contributed to a problem of succession in the design of British machine tools. An outstanding designer, himself perhaps not equipped (in less demanding days) with the theoretical background he would now consider necessary in his successors, is liable to find himself lacking the technical reinforcement both of a flow of ideas from a good research department and of an entourage of young graduates working up below him.

Succession in design is technically the most critical aspect of a wider problem in this industry's management. The British machine tool industry consists of about 300 companies and employs about 45,000 people ; in a business making many variants of say 20 basic types of tools, the small specialist firm is a natural unit. Many are private concerns, and even among the industry's largest units there is often a tradition of family control. In some companies, this family succession has been accompanied by great age in the dominant personalities ; in others, it has led to the sale of the concern to outside interests largely for sheer lack of promising men coming up through the business. At its best, the comparatively simple and direct structure of control typical of machine tool companies, with few intermediate levels of management, has operational advantages ; but beneath a family hierarchy, it does not tend to develop or retain the dynamic executive or to attract the ambitious and highly-qualified recruit.

TECHNICAL weaknesses in research or recruitment do not necessarily show their results in the actual machine tools that this industry is now selling. Even the general run of British tools has a high reputation for quality, though (to quote a phrase from inside the industry) this is sometimes vintage quality. Their results would show, rather, in the frequency and variety with which British makers offer wholly new or radically improved designs of machine or standards of performance as compared with makers in other countries,

particularly Western Germany, the United States and Switzerland. Many of its customers feel that as a whole the industry lags behind in such a comparison of innovations, though there are some impressive exceptions in its liveliest concerns.

To a large extent, British design seems to them to rest still upon the empiricism that gave it world leadership in this and other kinds of engineering design in the nineteenth century, as against the stronger theoretical basis informing German, Swiss, American and perhaps now Russian design in the twentieth. A Continental designer, for example, may try to design faults such as vibration out of a machine ; the British manufacturer is alleged too often to counter such faults by improvised modification of the machine, sometimes setting up trouble elsewhere by destroying the unity of the original concept. A British representative may well quite rightly argue that his firm's machine, lacking the innovation or the styling or a competitor's, is perfectly suited to a possible customer's production problem ; but that does not necessarily mean that he will get the order.

Others, less philosophically, argue that this industry has suffered from too much reliance upon imports of advanced machines and, of recent years, upon the production of foreign designs under licence. In principle, this is sensible enough: the British engineering customer needs the widest choice of tools ; his purchase of competitive imports, in theory, should stimulate design at home. The practical complication, however, is that many of the British manufacturers, including several of the largest, are themselves actively engaged as importing agents. This is an unusual phenomenon ; competition among major firms to handle crack German tools is seldom matched by any corresponding eagerness of the German prinicipal to sell a complementary British machine tool inside the *Bundesrepublik*. Whether the sensible principle has been taken too far is a matter of continuing argument—within the industry as well as outside. It could, obviously, become an alternative to real efforts to advance home design rather than a stimulant.

Such technical weaknesses as hamper the British machine tool industry are in no sense peculiar to it or exceptional in British engineering ; in the production of machinery and capital goods, in particular, it is not difficult to think of other industries which in every sense are weaker. Manufacturers may well feel that the constant focus of criticism upon their industry rather than others is unfair: it is the penalty of their central importance. The manufacture of machine tools is not only a significant export industry operating in conditions of bitter international competition ; it is also perhaps the most important single determinant of the rate of technical progress attainable within the engineering industries of any economy.

WHAT matters is to help the industry make up such shortcomings, not to put it in the pillory. There had been some evidence of readiness within it to attend to admitted weaknesses, before DSIR submittted its report ; there has been a definite declaration of intent since. The MTTA, in conjunction with the Manchester College of Science and Technology, had already inaugurated a post-graduate course in advanced machine tool design and had put up the money for 12 scholarships a year on a two-year course—though this prospective supply of six specially-trained designers a year is a puny beginning in comparison with the *Technische Hochschule* at Aachen, which turns out about 120 machine tool engineers a year, to say nothing of the American and Russian institutes of technology. There is little doubt that the industry will attempt to increase its recruitment of scientific and technical graduates (needed on the sales side as well as in production and research).

Responsibility for technical progress within this industry cannot wholly rest inside. Whether any of its major customers have ever exerted as fruitful an influence as, say, Imperial Chemical Industries does upon the design of chemical plant is doubtful. Austin at Longbridge did, as Renault in France does still, design some of its own transfer equipment on the unit principle ; the British Motor Corporation now prefers to help the machine tool makers design it. The aircraft manufacturers, one of the few groups of customers accustomed to as much precision as is required in parts of machine tool manufacture, have been demanding customers for very advanced equipment and have toyed with developing some machines on their own. But they have not—surprisingly—diversified or bought their way into machine tools during their recent doldrums, which might have seemed a good long-term investment for them and for the country. Electronics firms have provided almost all the impetus for the development of computer-controlled equipment. Various large outside companies, mainly from elsewhere in engineering, have bought their way in, providing fresh sources of managerial and technical personnel and assisting in the process of amalgamation into somewhat larger units that the industry needs.

In an industry where firms are often too small to support a useful research department or even to finance the development of radically new tools, one might expect co-operative arrangements. The industry has a share in the Production Engineering Research Association, but its attitude towards this or any co-operative research has always been mixed. The MTTA is now committed, however, to formulating its views about the right kind of organisation for research in this industry. And some opinion inside as well as outside the industry is reported to go rather further: towards building up some centre of development and design, not merely of research, which would go beyond the work ordinarily done by the DSIR or by the research associations of other industries. It is not easy to see what form this could take, or how far a central development centre could venture into design ; but it might for a time offer the most effective deployment of some of the resources and men that the industry can muster for this purpose. An alternative or supplementary arrangement might be the strengthening of design and development work in the more advanced companies by Government development contracts. This Government is not inhibited in its support of such technical effort in other industries.

But such a technical effort would have to be directed from within. And this raises the question whether some broadening and strengthening of the industry's central organisation might not assist too. Something on the lines of the British Iron and Steel Federation, founded at the behest of the Government before the war—with an independent chairman, backed by a secretariat strengthened on the side of statistics and economics and able to organise the direction of technical policy—has been suggested. (Radicals in the industry have suggested that MTTA should fade into MTMA ; that the existing organisation should be at least partly replaced by one which specifically concentrated on the manufacturer's interest.) Such a strengthened central organisation, whatever its pattern, might take as a first task the study of some of the problems of this industry which are not, or not in the first instance, technical. These might include a thorough investigation of the size, nature and potential growth of the market for machine tools at home and abroad ; of the possibility that Russia may capture the West's markets for standard tools in the underdeveloped countries, as Professor Melman fears and as some of the British technical critics (though not the industry itself) are prepared almost indifferently to concede ; and whether the rationalisation of production methods and the, economically and technically, advance of design—higher productivity in the machine, or in making it—must always and necessarily conflict.

Cables Find a Lead

Price leadership, which may replace the price agreements of many British industries, has made an appearance in the cable industry

AMONG the British industries that have recently had to find an alternative to collective price-fixing, the cable industry is one of the most interesting for the onlooker. Within seven months it completed the full circle. The ring was broken up ; there followed a bout of vicious in-fighting, forcing prices during most of the time well below total production costs ; then price leadership supervened, and with it a partial return of stability.

The battle is by no means yet over. British Insulated Callender's Cables made its first essay in price leadership last November in the market for mains power cable which accounts for about a third of the £100 million or so now spent on cables annually in this country. Roughly another third of this market consists of "general wire," such as that used in the electrical wiring of buildings, for portable tools, or in more specialised applications as, for instance, coal mines. Here competition in prices lasted for another two months, and the industry is anxiously waiting to see whether BICC's initiative last week in setting a round of price increases in motion will be followed by every other firm. The remaining third of the cable market comprises, in the main, submarine, telephone, and super-tension cable and covered conductors—the insulated wires and strips that are found in most electrical apparatus. Agreements covering telephone and super-tension cable have not been abandoned. They have been lodged with the Registrar of Restrictive Trade Practices and will presumably in time be called before the Court and defended. Submarine, telephone, and super-tension cables are made by few firms and for each there is a dominating buyer: the voluntary ending of the price agreement for covered conductors happened to coincide with a boom in business.

Setting up the Restrictive Practices Court was the immediate reason why the cable makers abandoned three of their price agreements. But this was in fact the second bite that the government had taken at this industry's restrictive practices. The Monopolies Commission spent three years, from 1949 to 1952, investigating the cable makers' agreements (other than those affecting international trade, which are still broadly in effect); and as a result of its recommendations, certain quota and allocation schemes, exclusive dealing arrangements, and rebate systems covering both cables and covered conductors were brought to an end "by voluntary undertaking" at the end of 1954. In addition, the industry's system of common prices was replaced by a scheme of "minimum prices" subject to periodic government review. The effect of this change was, however, not very much. The prices of mains cables and general wire sold by members of the associations affiliated to the Cable Makers' Association had previously been based upon the average of the five lowest total costs of member firms. The new minimum price was based upon the lowest-cost single producer's figures, and on most types of cable the difference between the two was much less than five per cent.

But the Cable Markers' Association had already been coming under steadily mounting pressure from elsewhere. At one time in the twenties and early thirties, CMA members handled about 90 per cent of the total British cable market ; they reacted in a lively way to competition from outside their association either by getting these firms to join or by buying them out and, sometimes, by closing down the factories bought up. Since the last war things have been somewhat different. The investment needed to enter the industry, particularly to manufacture general wire, is not exceptionally high. Several new firms that started up in the later thirties, specialising in fewer lines of cable, have managed to preserve their independence. They obtained some protection from the wartime system of allocating raw materials ; later, CMA's somewhat gentler attitude towards competition after the war enabled them to nibble steadily away at the CMA members' business by offering significantly lower prices. Moreover, several CMA members, with substantial investments in rubber plantations and production facilities, failed to keep abreast of the replace-

CABLE PRICES AND YIELDS

	Jan. 1, 1959	June 30, 1959	Dec. 31, 1959	Feb. 4, 1960	Earnings per cent	Divd. per cent	Yield per cent
Aberdare 5/-	15/9	18/-	17/7½	17/9	38·9	17½	4·93
Aerialite 1/-	8/4½	8/3	9/3	8/10½	110·0	54	6·08
BICC £1	51/6	52/3	60/-	57/9	33·9	13½	4·68
Johnson & Phillips £1	28/-	25/3	19/3	23/-	...	5	4·35
Pyrotenax 5/-	38/-	37/3	44/3	51/-	77·0	34	3·33
Reliance-Clifton 5/-	19/6	23/3	26/9	25/-	71·5	15	3·00
Ward & Goldstone 5/-	36/3	46/6	59/3	54/6	99·8	30	2·75
AEI £1	58/-	58/-	64/-	63/9	20·5	15	4·71
Crompton Parkinson 5/-	10/10½†	11/3†	14/4½†	14/6	32·6	11·2	3·86
Enfield Rolling Mills £1	38/-	51/6	55/6	54/-	30·4	15	5·56
General Electric £1	39/9	31/3	46/-	44/-	16·7	10	4·55

† Adjusted for scrip issue.

ment of rubber by plastic as an insulating material for general wire ; this gave the independents a big chance which they did not let slip. Home sales became increasingly important when export sales, which at one time had taken almost a third of the industry's output, began to dwindle through the development of local manufacture overseas. Then, just as the shadow of the Restrictive Trade Practices Court began to loom the Government imposed restrictions upon the capital expenditure programmes of public authorities, from which almost half of the domestic cable business comes.

The first clear sign of a fissure in the CMA structure came three years ago when Crompton Parkinson removed its subsidiary, Derby Cables, from the CMA. Then, about a year ago, BICC and AEI, the two largest groups in cables, began bidding for other firms. AEI, which had added Siemens to its Edison-Swan interests in 1954, acquired both W. T. Henley's and London Electric Wire, together with the latter's subsidiary, Liverpool Electric Cable. It has since closed down one of the three Henley factories as well as the plant of Liverpool Electric. BICC, which has been steadily concentrating its operations since 1955 at the substantially rebuilt and modernised plant at Erith, in Kent, also in preparation for the return of full competition in the cable industry, bought Telcon (Telegraph Construction and Maintenance), Scottish Cables, and, more recently, Metropolitan Electric Cable—whose operations it has since removed to Erith. This is likely to be only the beginning of re-grouping among cable makers. Enfield Rolling Mills, for instance, took over its former parent company, Enfield Cables, last year and and has since merged its power cable activities with Standard Telephones and Cables.

But it would appear that the period of rapid change is nearer to an end in mains cables than in general wire. There are now about eleven distinct manufacturing groups supplying mains power cables: all followed BICC's initiative last November in bringing the sharpest phase of the price war to a close. Price-cutting on this type of cables started a year ago with a 5 per cent cut by the Mains Cable Manufacturers' Association, followed by another cut of the same proportion to come into effect on the day after the association's price agreement was formally abandoned at the end of April. Prices very quickly fell another 10-15 per cent, to a point well below the total costs of most manufacturers. The new price level, following the increase initiated by BICC, is claimed to just about cover the break-even points of the more efficient firms.

THE industry is hoping that BICC will essay another increase before very long. For the time being the attempt at price leadership by this firm seems to have succeeded. It is the largest producer, with perhaps 40 per cent or more of total British cable production (against AEI's 15-20 per cent) though hardly the lowest-cost producer in every single type of cable. Home sales have been reviving, and the remaining "independent" makers appear to be quite keen to keep their identity, in response to several suggestions to join up with other manufacturers. The industry is no doubt conscious, too, that if amalgamation continues to the point where questions of public interest arise, the government could decide to remove or reduce the 17½ per cent tariff on mains cable and take action to limit the operations of the international cartel, the International Cable Development Corporation, whose rules still broadly govern imports of mains cables by this country.

But the process of shaking out general wire manufacturing has still some way to go. The number of separate producers of mains cables has been sharply reduced, but there are still more than forty making general wire, roughly the same number as the Monopolies Commission found in 1948. Several have been kept in business simply by the industry's six decades of restrictive practice. The spread of costs between CMA members reported upon by the commission was as wide as 20-30 per cent. Most general wire is sold through wholesalers, and though list prices remained the same after last April the discount prices actually paid by wholesalers and by the contractors or manufacturers who finally use this wire came down very sharply: whereas the contractor used to pay some 80-85 per cent of the list price, he had been paying no more than 55-60 per cent immediately before last week. Then, BICC cut both its list prices and its discount rates (between wholesaler and contractor these are recommended rates of discount), thus increasing the effective price paid by users of general wire by about 5-7½ per cent. This was a calculated risk for, though BICC had been given the clear impression at meetings of the Electrical Cable Makers' Federation, the new trade association that has been formed for the whole industry, including CMA members and others, that the industry was hoping for such a move from BICC, it could not be sure that its initiative would be completely followed. And it could not count on getting any firm assurance of support, moreover, without the industry once again running foul of the Court.

MANY firms have already followed suit, adjusting their list prices and recommended discounts accordingly, and they are now watching to see if the rest will also bide by BICC's lead. Even the more efficient firms outside CMA claim, however, that the new prices give a return too low to cover overheads as well as direct costs of manufacture. Many cable manufacturers have "diversified" into other industries and could, therefore, withstand a loss on their cable business for the time being. This is quite probably what they will have to do, for even if this present attempt at price leadership in general wire sticks, it may be some time before prices are brought back to any generally profitable level. For the weaker fry there is likely to be only one way out, unless some of the stronger fish make them an offer—while they still have a business worth selling. But for those in the cable business with long memories there is a certain irony in their present experience. Sixty years ago there was a similar outbreak, also short-lived, of strenuous price competition, when the expiry of the first patents for paper insulation coincided with a recession in sales. Before very long—but not before a number of manufacturers had disappeared altogether or by merger—the survivors got together and began composing the patchwork of restrictive trade agreements that public interest has now decided should cease. It is now their turn to see if they can operate under the system of price leadership that other industries have used for years as an equally comfortable, or politically less unpopular, alternative to price competition.

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BUSINESS NOTES

MOTORS

Cars for Merseyside and Scotland

THE moves of Ford Motor Company to Merseyside and of the Rootes Group to Scotland are more significant successes for the government's policy of getting the motor industry to expand outside its traditional areas of manufacture than the agreement it reached with the British Motor Corporation two weeks ago. Whereas BMC is to transfer its production of tractors and heavy lorries to Scotland and to expand its output of cars and vans in its existing locations at Birmingham and Oxford (admittedly, without an overall increase in employment at those centres), both Ford and Rootes intend to make cars at their new plants.

The plans that Ford has now announced cover about half of the £50 million that it proposes to spend on increasing its vehicle making capacity. So it is not certain yet that the company will be prevented from locating some expansion at or near Dagenham, which is what it originally wished to do, though its announcement states that it intends "to locate major expansion of its car production on Merseyside . . . subject to the successful outcome of discussions now proceeding with the Board of Trade." Presumably these negotiations include the question whether Ford is to get any government assistance for this relocation in a "development district." The site of the new plant will be at Halewood, to the south east of Liverpool, and here Ford will build "an integrated car body plant, including stamping, body assembly, paint, trim and final assembly operations, to employ about 8,000 in the production of 200,000 cars a year." The Shotton steel mill of John Summers, in neighbouring Cheshire, will presumably be the main source of the new plant's sheet steel. Output is due to rise somewhat there, though Ford's demand at the most northerly motor plant in England might offer some orders for Colvilles at Ravenscraig. Ford's present vehicle-making capacity is about 550,000 to 600,000 a year, of which two-thirds would be cars. The company expects to develop its new Halewood site beyond this first stage and also envisages "improved and more efficient lay-outs and equipment in (its) present plants": a further statement is to be made later.

So far the Rootes group has said no more about its plans beyond announcing that it hopes to establish a factory to make cars in Scotland, at Linwood, near Paisley, where Pressed Steel is already planning to produce bodies for the Swedish Volvo car. It is reported locally that this may mean employment for about 3,500 workers. Vauxhall and Standard-Triumph-International are still discussing their expansion plans with the Board of Trade.

AIRCRAFT INDUSTRY

The Jig-Saw's Last Pieces

WITH the purchase of the Fairey group's aviation division by Westland Aircraft for £3.3 million, the last pieces of Mr Sandys's jig-saw are now falling into place. Westland becomes responsible for Fairey's most embarrassing asset, the Rotodyne, which has already cost Fairey about £2 million—which it must now presumably write off completely—and the Government perhaps four times as much. Westland and the Ministry of Aviation have agreed to invest a further £8 million between them in attempting to produce a commercial and economic version of the Rotodyne—which will involve providing it with new engines. Fairey leaves the aircraft industry altogether, to concentrate on the development of a new business in machine tools, boat building and atomic energy, where it already makes all the fuel cans used in the eight reactors at the Calder Hall and Chapel Cross atomic power stations.

The stock market reaction was to mark up Fairey by 4s. to 29s. 6d. but to leave Westland unchanged at 19s.; Westland will rank for a tax free dividend of 8 per cent this year but there will not be another rights issue. Westland will hand over to Fairey about £1,400,000 in cash and two million 5s. ordinary shares in satisfaction of the offer. These will be distributed one for two to Fairey ordinary shareholders. In effect about 8s. 9d. of the current price of Fairey represents this distribution, ex the Westland dividend. After the sale of its aircraft interests Fairey will have net assets of nearly £8 million (including nearly £3 million in cash) which suggests that its heavily written down aircraft assets have been sold at a book profit. It was this revelation about assets as much as the decision to pay a dividend of 15 per cent this year which prompted the marking-up of the Fairey shares.

Mr Sandys's picture is all but complete, with two big engine manufacturers, two airframe manufacturing groups and one helicopter company. The only pieces still loose are Handley Page, Short Brothers and Harland and such small companies as Auster and Scottish Aviation. The Minister appears to be holding to his side of the bargain and to be offering direct financial help to companies that are prepared to form big groupings. That help seems to amount to half the total cost of approved development, the other half being borne by the member companies. Mr Sandys is thus showing signs of being willing to meet half the cost of developing the Vickers-Armstrong medium range jet VC11, in which case the remaining half would be found in the proportion of two-fifths Vickers, two-fifths English Electric and one-fifth Bristol Aeroplane. But he is insisting that the Government gets a royalty on every sale made, so that the process of repaying the Government's contribution starts long before the cost of building the aircraft has been recovered. An arrangement of this kind has presumably been made with Westland to cover the special case of the Rotodyne; Westland has been developing its own more conventional helicopters out of its own resources and has been quietly expanding its range and acquiring its competitors until the company is one of the biggest helicopter manufacturers in the world. However, the terms on which it is acquiring Bristol's helicopter interests have still to be announced.

IN THE MARKETS

Check to Exuberance

EQUITY prices have drifted downward in London in the past week, while gilt-edged have attracted steady demand and prices have edged upward. The monetary authorities are no doubt pleased with this conjuncture; a resumption of the boom in equity prices would be a serious blow to the current official effort to check over-exuberance among business men. The threat of the rail strike has been cited as a depressing influence this week, but surely the logic of official policy itself gives reason for restraint. Selling has not been large, and on Wednesday the number of recorded bargains was the lowest since the election. *The Economist* ordinary indicator dropped in the week to Wednesday by 4.5 points to 369.5, still a shade higher than a fortnight before on the eve of the Bank rate increase. The *Financial Times* index, which fell on Thursday by 3.2 points to 322.4, is 6 per cent below its peak on the first Monday of the new year.

Wall Street's reaction has been notably sharper, though markets there also have been thin. By Friday of last week both the Dow Jones and Standard and Poor's indices were around 9 per cent below their peak at the beginning of the month—a movement

notably different from what had been forecast for the morrow of the steel settlement. Prices recovered at the beginning of this week but on Wednesday again fell back. The high yields obtainable in the money market are now exerting their pull, and institutional investors who retain their underlying faith in equities have judged this a time to go liquid. The bond market has remained unaffected by a report that the Federal Reserve Board is considering the extension of margin requirements to this market.

In the London gilt-edged market the government broker has been able to sell a fair amount of his "tap" stocks. The official announcement on reception of the £200 million 4½ per cent Conversion Stock 1964 at the end of last week was in a new form—more "dignified," as the Chancellor had promised, but unfortunately even less informative. It states baldly that "all applications from the public" were allotted in full ; the former fiction of oversubscription (contrived by official applications) and scaling down of allotments occasionally gave the initiated some clue to the public response. An offer by Tate and Lyle of £5 million of 5¼ per cent debenture stock, 1980-85, is being made at 98½, a point below the unfortunately timed issue by Industrial & General Trust, 77 per cent of which was left with the underwriters. But this week's improvement in the gilt-edged market has brought that issue to par, and if the market holds steady Tate and Lyle should attract a good response next Thursday. Liebig's Extract of Meat has conceded a coupon of 5¾ per cent on a placing of £3 million at the same price and with the same redemption dates as the Tate and Lyle issue, but this company has not quite the stature of the sugar giant.

STERLING

Reserves After Bank Rate

In the two weeks since the increase in London Bank rate the drain of funds appears to have come to an end. From November, the pull of interest rates and the influence of tight money in the United States were drawing reserves from London at the steady though not alarming rate of about $50 million a month. In January as a whole, the reserves fell by $50 million, or £18 million, but two-thirds of this was attributable to special payments ($20 million to European creditors for old debts under the European Payments Union and $14 million as the first monthly instalment to pay off Britain's remaining indebtedness to the International Monetary Fund by the end of 1961). In the last ten days of January the reserves probably showed a modest improvement, and this week sterling has continued strong in the market, rising to 2.80^{5}_{8}$.

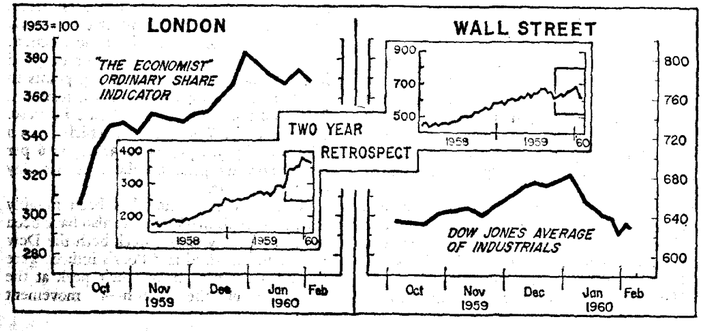
Seasonal influences are at their most favourable to sterling in the early months of the year, and now that London money rates have been adjusted one might expect recent losses in the reserves to be made

GOLD RESERVES AND SPECIAL INFLUENCES

	Change in reserves $ mn	Adjusted for special influences $mn	Reserves at end of period $mn	Reserves at end of period £ mn.
1959 :				
I.....	+ 70	+257	3,139	1,121
II.....	+ 34	+207	3,172	1,133
III.....	+112	+164	3,284	1,173
Oct.....	−260	− 10	3,024	1,080
Nov. ...	− 50	− 50	2,974	1,062
Dec.....	−238	− 53	2,736	977
IV.....	−548	−113	2,736	977
Total	−332	+515	2,736	977
1960 :				
Jan.	− 50	− 16	2,685	959

good. While London bill rates have risen, to more than 4½ per cent, rates in New York have at last begun to fall ; three months bills are selling in the market below 4 per cent, and this week's tender rate of 4.04 per cent compared with a peak of 4.67 per cent just before Christmas. This easing is in part seasonal, though it also reflects the response of investors to the attraction of high yields in the money market.

While bill rate is now half a point higher in London than New York, sterling still stands at a slight premium in the forward market. This is an unusual conjuncture, showing a clear advantage in covered arbitrage towards London. One explanation is that other interest rates are still higher in New York. Canada also offers tempting opportunities ; this week's offer of Government bonds to yield 5¼ per cent to 1962, and extendable at the holder's option to



1975, must be difficult to match. And for the time being borrowing is certainly more difficult across the Atlantic than in Britain. Thus it is too early to be sure that the shift of borrowing by international concerns from New York to London, a major element in the recent outflow, has stopped.

BIDS AND DEALS

Ends and Beginnings

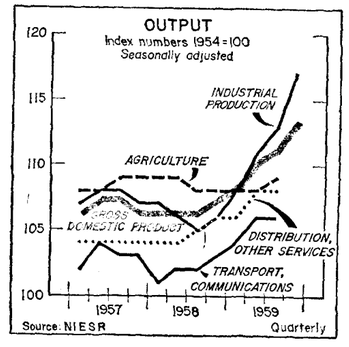
Among the important moves in mergers and take-overs this week were the following :

1. Before last week end, Metal Industries was an aggressive buyer of the ordinary shares of Lancashire Dynamo in the stock market. The price of these shares rose from 75s. 6d. to 81s. 6d. before falling back to 77s. 6d. In all, MI secured about 500,000 shares in Lancashire Dynamo at an average price of just over 80s. and after the week end its offer (one ordinary plus 12s. in cash or half an ordinary plus 45s. in cash for every Lancashire Dynamo ordinary) was declared unconditional. On Tuesday, MI, which throughout the struggle had received the support of the Lancashire Dynamo directors, withdrew its bid of 150 of its ordinary for every 100 ordinary in Lancashire Dynamo. This, the MI directors said, was the highest price they were prepared to pay and they were not prepared to pay to individuals a price not offered to all other shareholders. The closing date of the MI bid has been extended another week, but on the news that MI was the victor its ordinaries fell from 69s. 3d. to 64s. 3d. (making its bid worth at best 77s. 1½d.) and the Lancashire Dynamo ordinaries came down to 75s. 9d.
2. Discussions are taking place with a view to a merger between Watney Mann and Phipps Northampton Brewery on the basis of an exchange of shares, the shares of Watney being valued ex the rights to the new property company shares. Last year Phipps bought 159 licensed properties from Ind Coope and renewed its trading agreements with that company. The merger will lead to an increase in production at Northampton and the Watney Mann-Phipps concern will rival Ind Coope in being the biggest brewing group in this country. In the stock market, the Watney Mann ordinary shares rose slightly to 90s. and Phipps ordinary shares were marked up by 11s. 3d. to 84s. 3d.
3. The formal offer by Albright and Wilson to acquire the ordinary capital of Boake Roberts on the basis of one ordinary in Albright plus 2s. in cash for every Boake Roberts ordinary has been posted to shareholders and the Boake Roberts directors have unanimously recommended them to accept it. The profits of Albright recovered sharply in the second half of 1959 and its directors expect to be able to maintain the current dividend rate of 18.3 per cent on the capital as increased by this offer. The Albright ordinaries stand at 27s. 9d. and the Boake Roberts ordinaries at 29s.
4. Fisons, which recently lost the struggle for Crosse and Blackwell to Nestlé, has made an offer of one ordinary share plus 5s. cash for every two ordinary shares in British Drug Houses, the manufacturing chemists, and six 4½ per cent preference shares plus 5s. cash for every five 5¼ per cent preference shares in BDH. With Fisons ordinaries at 49s. 6d., its bid is worth 27s. 3d. for BDH ordinary, which stood at 20s. 6d. before the offer and were immediately marked up at 29s. 6d. and later fell back to 28s. 3d.

Double-take on the Economy

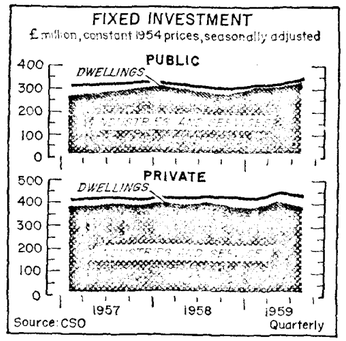
One can usually rely on the National Institute of Economic and Social Research not to sit on the fence. In the latest issue of its *Economic Review* it hazards that, given an economic policy of "no change" from the Government, "total demand seems likely to rise during 1960 by roughly 4 per cent—almost as fast as during 1959."

Confidence in the exactness of this or any other forecast, however, was hardly encouraged by the publication, almost simultaneously with the review, of two sets of official statistics. The industrial production index for November, previously expected to be 116 or 117 (1954 = 100) is now put at the lower of these two figures, the same as in October, with the first estimate for December 116 or 117. On the face of it, the Institute's estimate of 117 in the fourth quarter is too high. But the first shots at the production index last year mostly erred on the low side ; maybe the institute should be credited with having made allowance for this bias.



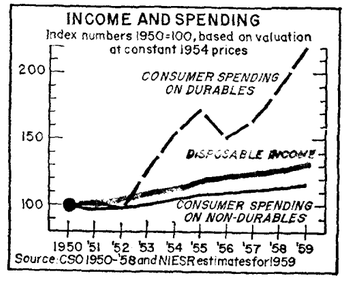
More disturbing is the continued discrepancy between the two sides of the official national income accounts. With disarming honesty, the Central Statistical Office admits defeat. In the latest issue of *Economic Trends* the CSO discloses that ". . . measured by expenditure data, the gross domestic product is estimated to have been 3½ per cent higher in the third quarter of 1959 than in the same period a year earlier. Alternative and equally valid estimates of the change in the gross domestic product based on income data show an increase of 5½ per cent between the two periods." A discrepancy of much the same order also appeared in the estimates for the first quarter of the year.

How, then, can extra demand this year be forecast when there is no agreement about how much it amounted to last year? If the larger estimate of growth is accepted —and from the indications of production it seems the more likely one—suspicion falls on the figures of stocks. But this would imply that investment in extra stocks changed from £50 million (at 1954 prices) in 1958 to some £350 million last year. There is certainly no direct evidence that re-stocking was as substantial as this.



To add to the layman's sense of bewilderment, the Central Statistical Office has decided no longer to leave the sophistication of seasonal correction in national income accounting entirely to private enterprise. There are now indeed three different sets of seasonally adjusted estimates, as the National Institute and the London and Cambridge Economic Service both run their own. While the institute's estimates are in broad agreement with the new official figures of seasonally adjusted personal income and expenditure, there are differences in the figuring on capital formation. For instance, the institute judged that in the third quarter of last year, private investment in industries and services rose fractionally ; the official view is that it fell 3 per cent.

This carping about the statistical framework does not invalidate the general trends foreseen by the institute ; and it may well be that its main forecast will prove to be a good shot. It assumes that personal incomes, after tax and in real terms, are likely to rise 3 or 4 per cent this year and that the general tendency for the growth in spending on durables to outstrip incomes will continue, but less sharply than last year, with more of the extra money going on other goods and services. In total, real consumer spending may rise about 3½ per cent—as fast as in 1959. Discounting a part of the revised investment plans of the steel industry as unlikely to be realised this year, the institute expects investment in manufacturing to rise 10 per cent, bringing it back to its 1958 level—with expenditure on plant and machinery rising faster than expenditure on industrial buildings. A rapid increase from now onwards in public investment this year may bring total fixed investment to 8 or 9 per cent higher than last year's. The institute is optimistic about exports, which it suggests, may on average be 10 per cent higher in volume than last year ; this implies a rise of 7 per cent during the course of this year. These estimates lead to the view that "total demand, apart from investment in stocks, seems likely to rise slightly faster during 1960 than it did during 1959." It does not expect stocks to rise as much this year as they are thought to have risen in 1959.



The institute's second inquiry into capacity in certain industries last November upholds the view that industry should be able to meet such a rise in demand. In the engineering industry spare capacity did not seem to be much less than in the middle of 1958, although under-employment obviously varied considerably, and, as the table below shows, about a quarter of the firms had no more than 5 per cent spare capacity, if any. But these were manufacturers of cars and other consumer durables and they are planning further expansion.

SPARE CAPACITY IN METAL-USING INDUSTRIES

Potential increase in output per cent	Number of firms 1958	Number of firms 1959	Employment 1959 '000
0.....	8	14	97
5.....	2	11	187
10.....	11	6	13
15.....	4	13	210
20.....	8	14	124
25.....	5	10	70
30.....	4	7	24
40.....	3	5	26
45 and over	7	12	30
Total	52	92	781

With the possible exceptions of sheet steel and bricks, materials are less likely than the supply of labour to limit the growth of output. A rise in output of 3 to 4 per cent should, it is argued, require only a 1 per cent increase in employment and this, or even a little more, should be available. But over any figuring of labour and productivity there hangs the annual revision of the manpower statistics, some of which are due later this month. Moreover, additional labour is not always where it is wanted ; reserves are mainly in the North, Scotland and Wales so that any shortages of labour will develop in the South and Midlands. This is one danger to smooth expansion; the other is that in spite of all these theoretical calculations, demand will rise faster than the capacity to meet it and set off another round of inflation.

STEEL

Some Cuts in Prices

REDUCTIONS of £1 a ton in the prices of heavy steel plate and of tinplate, and of 9s. a ton in the prices of heavy steel sections, announced by the Iron and Steel Board this week, have not resulted from any cut in the prime costs of steelmaking. Contracts for iron ore made last year will have been made at slightly lower fob prices, but freight rates if anything have hardened: moreover, a cut in the prices of imported ore made more than a year ago had taken account of the softening of this market. In the case of tinplate, the recent rise in tin prices would indeed have brought about a rise of about 8s. a ton from April 1st (this will not take place). A cut of 9s. a ton in the price of basic pig iron is also announced: this would ordinarily bring steelmaking costs down, but in fact the recovery in demand for steel has meant the use of a higher proportion of pig iron in the furnaces, which at some £20 a ton, against say £12 a ton for scrap, has actually been tending to raise costs, and the cut will do no more than offset this. Nor have the cuts anything directly to do with the industry's general recovery to a high rate of capacity: prices had never been raised during the steel recession when the industry was operating far below its normal rate.

These selective cuts, made after a general review by the board, represent the greater efficiency that has been achieved as modern equipment has come fully into operation. Greater output has been achieved from the mills rolling tinplate than had been reckoned, and higher productivity from the new section and joist mills and the new plate mills. For some years the board has set its prices broadly according to the total costs attainable at the most modern plant, in a favourable location, operating at a high rate; over a widening sector of the industry, this formula is now beginning to exert a downward influence on prices. Cuts in these three groups of products, indeed, will mean a 2½-3 per cent reduction in the general level of steel prices.

Recovery under Way

STEEL shares are now much quieter than at any other time since the election. Prices have been adjusted both to the changed long-term outlook and to the prospect of bigger profits and dividends at the end of this year. The current recovery in demand for steel products has been uneven but it is spreading back to the heavy end of the industry. This is made clear in the supplementary remarks of Sir Ellis Hunter, at this week's annual general meeting of Dorman Long. Sir Ellis makes a virtue of caution (even apart from the changes in prices that have been made public since), but he said that orders on hand are substantial and describes the outlook as encouraging. Three shifts have been worked on Dorman Long's universal beam mill since October. Output there has been picking up with the growing experience of the labour force, with the result that the record production of rolled steel achieved early in November has recently been surpassed. Sir Ellis also expects that the structural engineering members of the group will share increasingly in the recovery.

Another indication of recovery out of the recession may also be discerned in the decision by the directors of Hadfields, makers of special steels and machinery (particularly, through Millspaugh, for the paper industry) to pay a final dividend of 4 per cent. As the interim was cut from 4 to 2 per cent, this means that the total payment is unchanged at 6 per cent in the face of a sharp fall in gross profits in the year to October 3rd, from £609,005 to £486,536 (including £112,500 relating to the previous year).

LOCAL LOANS

Forcing the Pace?

LENDING rates charged by the Public Works Loan Board are kept in line with those prevailing in the market. That is the sensible policy; there is little to be said for the popular suggestion, endorsed by the Radcliffe committee, that local authorities should again be allowed to borrow on artificial terms. But the increase in PWLB rates announced at the end of last week was rather surprising. Rates in the mortgage market had not risen perceptibly after the increase in Bank rate, except for very short term money; and local borrowers were still showing resistance to paying 5¾ per cent for 20 years.

After the increase in official rates, the mortgage market hardened. Lenders are now asking 5⅞ per cent for twenty-year money, and up to 6 per cent has been paid this week for ten-year mortgages. The

THE NEW PWLB RATES

Loans for	Old rates per cent	New rates per cent
Less than 5 years	5	5 ½
5–15 years.....	5 ¾	6
15–30 years.....	5 ¾	6
More than 30 years...	5 ¾	5 ⅞

market and the Treasury are now roughly in line; though in this case the Treasury, it seems inadvertently, has forced the pace a little.

HIRE PURCHASE

Anxious Eyes

BOTH the monetary authorities and the finance houses, from their different standpoints, must be keeping a close eye on the trend of hire purchase just now. Total instalment debt continues to rise steadily; there is still no firm evidence of the slackening that has been awaited for many months. Naturally the pace is not as hot as immediately after the lifting of restrictions in autumn 1958. But December showed an increase of £26 million in hire purchase and other instalment debt, a slightly larger increase than in the two preceding months and a shade above the average monthly increase in 1959 as a whole (of £25 million, carrying the total debt covered by the official figures from £559 million to £857 million). December's rise was more marked for household goods shops than for finance houses, reflecting in part the seasonal slackening in motor sales, which figure strongly in finance houses' business. But new hire purchase contracts registered with Hire Purchase Information in January show a sharp increase in motor business, carrying total HP contracts 4½ per cent above their level a year ago. The biggest increase was in new cars, reflecting increased deliveries on the home market as production of the new models builds up.

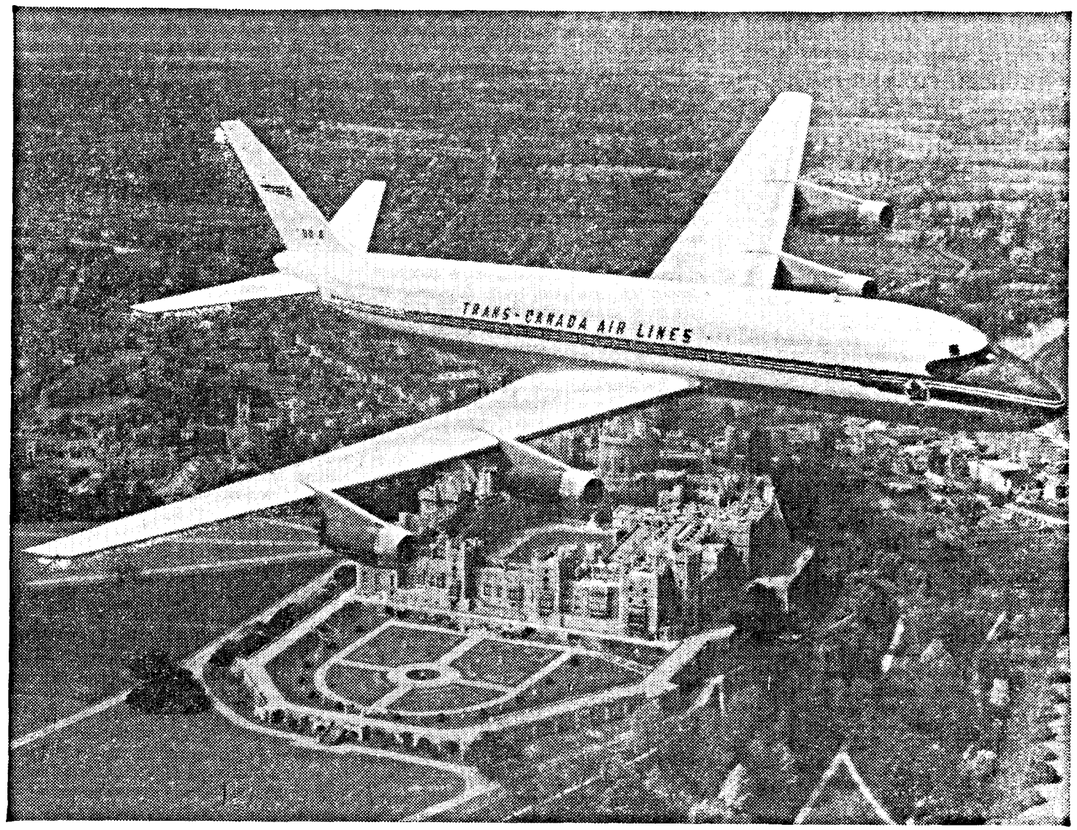
The finance houses entertain no hopes of another year like 1959; though much of the benefit to profits has still to be shown, as the agreements run their course and deferred charges are brought into the profit and loss account. Sir Arthur Morse, chairman of Bowmaker, could safely forecast this week that profits in the year to end-October next will show another rise, having more than doubled in 1958-59. The course of business will probably continue to depend almost entirely on the public's demand for credit facilities—unless this were checked by official controls. None of the big finance houses now has much problem in finding funds. The only members of the Finance Houses Association that still advertise for deposits are Lombard Banking and Campbell Discount (the new member which continues as a leading light in the Industrial Bankers Association and may thus help to bring these bodies closer together). Both these houses, significantly, have no link with a deposit bank.

The majority of the big houses have found that their banking link has provided new sources of funds in a number of ways. Banks have pointed out to big customers with idle funds that deposits in their associated finance house, at Bank rate or thereabouts, are difficult to rival in attraction; yet for the finance house this rate is relatively cheap.

BANK CREDIT

Advances for Taxpayers

IN the full statement of the London clearing banks for the five weeks to January 20th the banks together show a rise in advances of £27 million to £2,963 million. But not for the first time transit items have distorted the picture, and the table shows that true advances rose by £51 million. Furthermore, advances to State boards fell by £10 million; the rise of £60 million in



Three more firsts for TCA

*The Commonwealth's largest airline**

FIRST DC-8 Jetliner Service across Canada. Daily Montreal-Toronto-Vancouver service starts this April.

FIRST DC-8 Jetliner Service Britain to Canada. Britain to Montreal service starts June.

FIRST DC-8 Jetliner service to *and* across Canada. Through services from London and Prestwick to Montreal, Toronto, Winnipeg and Vancouver start in June.

Meet TCA's fabulous new Douglas DC-8, powered by Rolls-Royce engines. Here's the Giant Jet that offers the best of two worlds—Douglas experience and Rolls-Royce dependability. It's so soothingly quiet, you can actually listen to high-fi music whilst you are smoothed through the air at 550 m.p.h. So comfortably roomy that there's even room for a stand-up bar. Wonderfully, unashamedly modern and luxurious, TCA's DC-8 will set five-star hotel standards in passenger comfort.

* based on passengers carried and passenger-miles flown by any single airline not including subsidies. 22nd I.A.T.A. World Air Transport Statistics.

TCA DC-8 Jetliner SERVICE TRANS-CANADA AIR LINES

LONDON, GLASGOW, BIRMINGHAM, MANCHESTER, PARIS, DUSSELDORF, BRUSSELS, ZURICH, SHANNON AND VIENNA

advances to private borrowers represents a general quickening in the pace of growth, but seasonal influences are strong at the beginning of the tax-paying season. Net deposits, deducting all transit items, have risen by only £21 million.

LONDON CLEARING BANKS

(£ million)

	Jan. 20, 1960		Change on Month	Change on Year
Deposits	7,399·6		−39·3	+464·1
"Net" Deposits	7,040·7* (6,923·7†)		− 2·3 (+21·3)	+425·9 (+415·0)
		%§		
Liquid Assets	2,541·0	34·3	− 2·1	+120·1
Cash	587·8	7·9	−12·7	+ 17·1
Call Money	544·0	7·4	−16·1	+ 70·8
Treasury Bills	1,254·0	16·9	+35·7	+ 14·0
Other Bills	155·2	2·1	− 9·0	+ 18·2
"Risk" Assets	4,542·8	62·9	+28·0	+331·9
Investments	1,697·7	22·9	−22·2	−323·3
Advances	2,845·9‡	40·0	+51·0	+676·0
State Boards	72·1	—	− 9·6	− 5·3

* Excluding items in course of collection. † Excluding all transit items. ‡ Excluding all transit items except for ratio to gross deposits. § Ratios to gross deposits.

There has been a further reduction in investment portfolios, of £22 million, and much of this presumably represents sales to the government broker of the 3 per cent stocks maturing this month and next. Total liquid assets have fallen a shade, but the average liquidity ratio (measured against gross deposits) has edged up from 34.2 per cent to 34.3 per cent. This compares with 34.9 per cent at the same time last year; the margin to meet seasonal strains is not large, but some banks still hold a substantial amount in the maturing stocks.

STOCK EXCHANGE

Rules and Rights

THE Council of the Stock Exchange is nowadays more active than it was in giving a lead. It has tightened up the rules to give the investor greater protection and it has relaxed rules to encourage fuller use of the facilities of the stock exchange. This week the council has published the new rules governing advertising. The prohibition on advertising by members is, of course, maintained but under the new rules the banks will be able to display notices inside their branches advertising their readiness to undertake stock exchange business—provided that customers are reminded of their freedom to choose their broker. In practice, any newcomer to investment is likely to leave the choice to the bank. But the principle of equity is preserved, just as it is to be enforced by another rule which will permit stock exchange members and registered agents to issue bid circulars to all shareholders in the company concerned. Under the old rules, brokers and agents (such as the clearing banks) could circularise only their own clients. Now they are put on an equal footing with others (such as solicitors) in acting as agents in the distribution of documents relating to take-over bids. They must, however, behave simply as agents in this specific respect and may not use this means to drum up custom for themselves.

The Council is also doing more to make its voice heard with practical force (though not legal authority) on matters of good practice. It was represented on the committee which made recommendations about the practices that ought to be followed in take-over bids. More recently, it has fostered the debate on stock exchange mechanisation and on the possibility of issues by tender. And this week it has re-emphasised the principle that the interests of ordinary shareholders in a company should be protected from dilution. Its statement argues that in normal circumstances issues of ordinary shares or of other stocks which contain an option to convert into ordinary shares should be offered in the first instance to existing shareholders. This would ensure that any bonus element in the issues comes to holders of the equity. There are other occasions where issues to "outsiders" could be regarded as benefiting the company and its shareholders—banks buying interests in hire purchase finance houses or insurance companies taking up debentures in property companies, with rights of later conversion into ordinary shares. But in some such cases shareholders have not been consulted first and, as the council rightly urges, they should be.

CIGARETTES

Yet More Filters

CONTROVERSY about smoking and cancer has not yet dented sales of cigarettes in this country, as it did in the United States in the early fifties. But it appears to have had a similar impact in both countries on smokers' preferences for tipped or non-tipped brands. Whether cigarette filters do in fact trap any harmful substances better than the unburnt length of an ordinary cigarette is something else again, but it would seem that a growing number of smokers would like to think so. Sales of filter-tipped cigarettes in the United States grew from less than one per cent of the total cigarette market in 1951 to about an eighth three years or so later. Here, sales of tipped cigarettes started their upward climb somewhat later. Their share of the total market was still quite insignificant as recently as 1954 and 1955, but their growth since then has been almost as rapid as across the Atlantic: by last year their share had risen here, too, to about an eighth. American filter sales have continued to soar: by 1956 they had captured a quarter of the market and, assisted by such inducements as menthol flavours and now also rum, maple and vanilla, filters last year just topped half of all cigarette sales.

On this comparison there could still be considerable room for expansion of sales of tipped cigarettes in this country. The manufacturers, it appears, are keen to find out. Though there are already between 40 and 50 different kinds of tipped brands on sale, three more are to be launched in the next month or so. The Wills branch of The Imperial Tobacco Company plans to bring out "Strand" at 3s. for 20. Gallaher is to introduce "Nelson," selling at 3s. 4d. And now Players (another branch of Imps) is to produce a "king-size" tipped cigarette with another nautical name, "Admiral," priced at 3s. 11d.

So far king-size cigarettes, tipped or not, have not attracted anything like the same popularity here as in the United States (the first one was marketed here, it is believed, as far back as 1899) and their share of total sales is still not much more than 1½ per cent. The really big tipped sellers are in the 3s. 4d. price range, with over half of all filter sales (or 6 per cent, say, of the total cigarette market). At this price their attraction appears to rest upon economy for smokers previously wedded to 3s. 11d. brands, and "filter-protection" for both these smokers and those who hitherto bought non-tipped 3s. cigarettes.

DRUG PRICES

End of the Truce

DISPUTES over the prices of and profits on drugs supplied to the National Health Service have been a feature of relations between the pharmaceutical industry and the Treasury for eleven years, but the salvo fired by the Comptroller and Auditor General in his report on the Civil Appropriation Accounts is the sharpest attack made on the industry for some time. He accuses it obliquely of having misled the Ministry of Health into believing that the voluntary price control scheme introduced three years ago would lead to savings that have never in fact materialised and to price cuts that have never been made. The drug bill has continued to rise; so has the cost of individual prescriptions; and so have the industry's profits which "expressed as a percentage of capital employed, had been above those of general industry ... and had lately tended to increase whereas the rate for general industry had been falling ... the profit rates of the British subsidiaries of American concerns had consistently been much higher than those of general industry."

On the face of it, these are telling accusations. But the industry's price structure is a curious one in which the high profits on a few best selling drugs are expected to pay for the costs of research on other less successful, and sometimes wholly unsuccessful, ones. Because American companies do their research in the United States they expect their British subsidiaries, which are merely production factories, to make their due contribution to research done by the parent company. Moreover, new drugs tend to be more complex than the older preparations they displace and so more expensive. The current batch of drugs for the treatment of heart diseases is certainly pushing up the nation's drug bill—but until recently many of these conditions were incurable. Another factor raising the cost of individual prescriptions is the large quantities in which doctors prescribe drugs in order to reduce their surgery queues: they have now been asked to limit these to one week's treatment.

In June, the voluntary scheme of price control on drugs comes up for review, and although the industry feels that its own conscience is clear, it may find difficulty in getting the Ministry of Health to extend the arrangement under which new drugs are free from price control for their first three years of commercial life. But if the high profits earned during those debutante years have to be cut, the industry may have to reconsider the whole of its price structure.

IDA

Soft Loans Agency

THE World Bank has now drawn up, after consultation with member governments, articles of agreement for the International Development Association, the new agency to grant "soft" loans. It should be set up by the autumn. Some people in the financial world still have their misgivings about the project, fearing that the availability of this finance may make it more difficult to encourage countries to pay the going rate for other capital; but the more realistic recognise political pressures for what they are and have concentrated their attention on minimising the potential dangers of IDA. On the whole they have succeeded. The best safeguard is that IDA will be run by the experienced, trusted and prudent administrators of the Bank; at least initially, it will have no separate staff. And wisely, the articles have allowed wide latitude to shape financing to individual needs. The association may finance any project that makes "an important contribution" to development, whether or not it is revenue producing. Thus water supply, pilot housing or sanitation would be suitable, although it is expected that most of the money will be for projects similar to those financed by the Bank. Government guarantees will not be essential (as they are for the Bank).

Terms of assistance will be such as IDA "may deem appropriate." The association may allow long periods of repayment or long periods of grace; it may make an especially low interest charge or waive interest altogether; it may accept repayment in local currency. Of these alternatives (which may be used in combination) the last is probably the least desirable. A country that makes a strong plea to be allowed to repay in its own money should rather be told it need not repay at all; then it may be more careful to prevent its money losing its worth.

IDA's loans, of course, are designed as a "last resort" when the normal instruments of lending cannot meet the need. In practice the Association's role will be strictly limited by its funds. Subscriptions for the first five years total $1,000 million and are roughly in line with those in the Bank; but member countries—all members of the Bank are eligible—are divided into two groups. Seventeen "more industrialised" countries will pay the whole of their subscriptions (totalling $763 million) in gold or freely convertible currency (presumably this includes sterling and the main European currencies). This group consists of the United States (subscription $320 million), the United Kingdom ($131

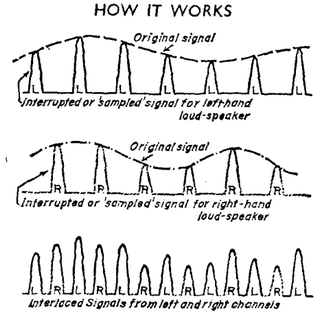
Sound in 3-D

LIKE colour television, stereophonic sound broadcasting is something that engineers have known how to do for some time, but not how to do it at an acceptable cost. The experimental transmissions of stereophonic sound that the BBC puts out for enthusiasts use two separate radio channels, one for each of the two loudspeakers needed to get the stereophonic effect: this extravagant use of scarce frequencies could never be tolerated for regular broadcasting. Nor would stations transmit stereophonic broadcasts that could be picked up only by people with the right receivers; whatever system is used must be audible in an ordinary radio receiver as well as a "three-dimensional" one.

About twenty different systems, some good and some exceedingly bad, have been demonstrated to the European Broadcasting Union meeting at Cannes during the past few days in the hope of reaching international agreement on a standard method of stereophonic broadcasting. The question is more pressing than it seems because a decision has apparently been taken to introduce stereophonic broadcasting in Germany, and it is known that 27 different systems are on trial in the United States. This week the Mullard Research Laboratories demonstrated to the BBC a system that the company had already shown at Cannes and which it believes has the virtue of being exceedingly cheap—both for the broadcasting authorities and for the owners of radio receivers.

It manages to combine two sound signals, one for the left and one for the right-hand loudspeakers, into one radio channel by using a "time multiplexing technique" already used in some telephone systems. This meets the first requirement, that the system should not require two separate radio channels. The technique depends on the fact that if regular interruptions are made to a sound signal, the ear tends to ignore them and the hearer reacts as if this were a continuous flow of sound. Signals for the left-hand loudspeaker are therefore sent out as a series of pulses each followed by a short period of silence (one thirty-thousandth of a second's duration). The signals for the right-hand loudspeaker are broken up in the same fashion, and these are transmitted alternately, thus marrying with those of the left-hand loudspeaker in the way shown in the diagrams.

HOW IT WORKS



For anyone who already has a collection of stereo records, Mullard estimates that it would cost perhaps £3 to £5 to modify his existing stereophonic radiogram to receive stereo sound broadcasts sent out on this system; it might take £12 to adapt an ordinary radio receiver for stereo reception. The cost at the transmitting end is negligible, although some broadcasting authorities might flinch at having to lay two separate sound circuits to feed the two separate sets of signals into the transmitter. An ordinary radio receiver mushes up the two signals to produce monaural sound; moreover, the stereo receiver can pick up non-stereophonic signals (which is important because only a proportion of broadcasts are ever expected to be in stereo). An interesting possibility of this multiplexing system is its use for bi-lingual broadcasting in countries with two natural languages, like Belgium, South Africa or parts of the Far East. It would offer economy both in broadcasting channels and in transmitters.

Mullard is by no means the only company to put forward this kind of system, but it may have hit on the cheapest method of operation. But if the company's system is adopted, the most that it can expect to gain from it is prestige accompanied by some indirect benefit in the form of sales of the two valves (or the single transistor and pair of diodes) needed to convert stereo radiograms into stereo radio receivers.

million), Canada, Australia, South Africa, Japan, and the main Continental countries, including Italy; it excludes Greece, Turkey, Spain and Iceland.

The second group of countries will pay only 10 per cent in gold or convertible currency, the rest in local currency. IDA is also given authority to acquire existing blocks of local currency owned by the United States through sales of farm surpluses. This, sensibly, may not be converted or used to finance exports without the country's consent, though the more developed of the less developed group will be encouraged to release local funds as soon as possible. But the British authorities seem satisfied that they have secured adequate safeguards against use of these currencies for commodity dumping.

THE JASPER CASE

The Hearing Begins

THE hearing began this week in the Mayor's and City of London Court of the charges against Mr Harry Jasper, Mr Friedrich Grunwald and Mr Herbert Murray, detailed in *The Economist* of January 16, 1960. Mr Mervyn Griffith Jones, opening for the prosecution, alleged that since 1955 Mr Grunwald and Mr Murray with Mr Jasper helping them by the loan of his name and in other ways, had embarked on a systematic course of conduct, fraudulently to take and to use the State Building Society's money to finance take-over transactions on their own account; the allegation was that money was paid out by the building society ostensibly for mortgage advances but was in fact used to buy controlling interests in companies.

Mr Griffith Jones said that it appeared that in 1946 Mr Murray and his chairman, Mr N. Cow, of the State Building Society, acquired a property-owning company called Stevenson Westminster Limited. Owing mainly to the ability of Mr Murray, the company prospered and developed until about 1957 there was some £400,000 advanced on mortgage to it, there being nothing irregular in these advances. In February of that year the Registrar of Building Societies objected to the State Building Society advancing moneys on these properties on the grounds that they were properties in which two of the society's directors had an interest. Mr Murray gave an undertaking that he and Mr Cow would dispose of their interest. There followed what Mr Griffith Jones described as "a ruse." On the suggestion of Mr Grunwald, "shell" companies were acquired so that the "wool was pulled over the eyes" of the Registrar, though the interests in the Stevenson properties were retained. Mr Griffith Jones then gave details of the way in which Coppon Plantations, Capital and Provincial News Theatres, National Model Dwellings, Victory Real Estates and Honywood Hotels were taken over.

In June, 1959, according to the prosecution's account, Mr Grunwald offered to buy Lintang investments from Mr Maxwell Joseph and his fellow directors. Mr Murray, as an expert valuer, looked over the properties (Dolphin Square and Hyde Park North Estate) and agreed that £3,255,000 should be advanced by the State Building Society on mortgages of these properties. Arrangements were made that this sum would be split up into loans to 156 subsidiary companies. (In giving evidence later, a former secretary of Mr Grunwald said she undertook part-time work, at a salary of £5 a week, in forming and naming new companies, of which, she said, a stock of fifty was kept on hand.) Mr Griffith Jones said that altogether about £8,700,000 was needed to finance this take-over, and that on hearing of the deal Mr Jasper had said to Mr Grunwald: "You are crazy. Where are you going to get the money from?" Mr Grunwald said that a Mr Berger would be putting up some of the money. It was clear, said Mr Griffith Jones, that grossly inadequate arrangements had been made and at the time when the majority holdings were to be acquired on July 30th, there was little more available than the money advanced by the State Building Society. At the same time negotiations were in progress for purchasing a majority holding in Ely Brewery at a cost of £1,250,000. In the end Mr Grunwald was short of £250,000 to complete the Lintang deal and it was then that he went to Israel; Mr Griffith Jones emphasised that he did not suggest that Mr Grunwald took any of the £3,250,000 away with him.

The proceedings continued on Friday.

ALUMINIUM

More Americans in Aluminium

KAISER ALUMINIUM AND CHEMICAL CORPORATION, which has purchased a half share in Delta Metal's new subsidiary, James Booth Aluminium, is the third American aluminium producer in the past year to have gained access to the British market. James Booth is an old-established alloyer and fabricator of non-ferrous metals; the new company contains only its aluminium interests, which are valued at £5 million. Kaiser is providing another £5 million in cash and access to its own know-how.

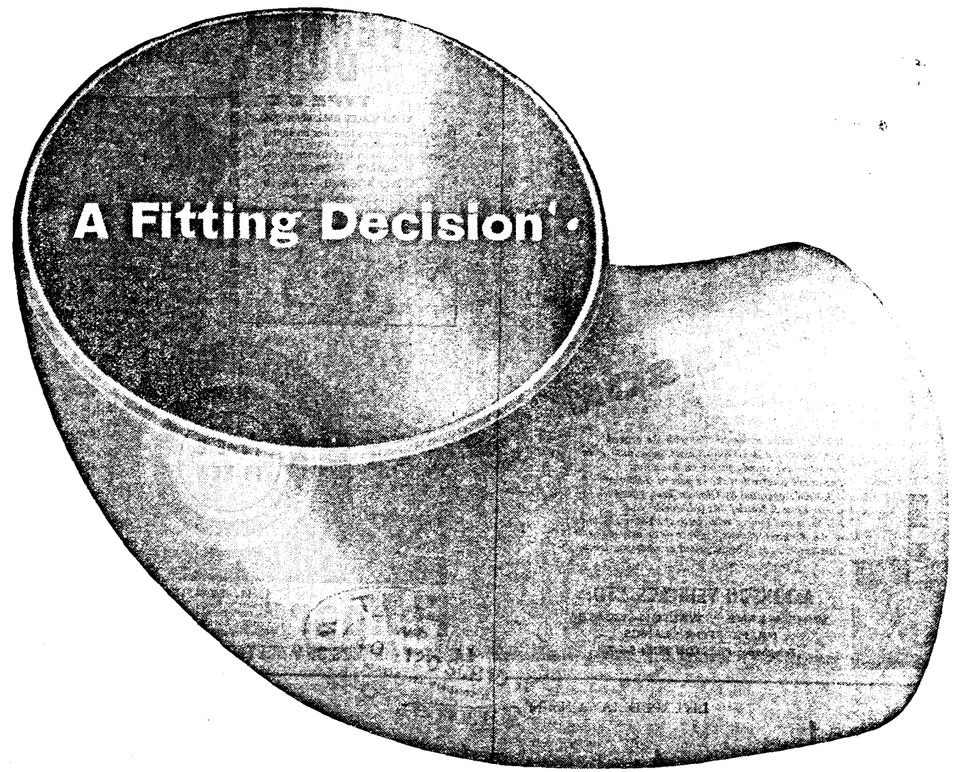
One purpose of the agreement is to allow Booths to expand the capacity of its plant and the range of its products; as a fabricator of aluminium, Kaiser can offer Booths experience from the more highly-developed American market. Another is to give Booths a link with an aluminium producer; Kaiser is integrated back to the raw materials, while Booths has been dependent on other companies for its supplies of the raw metal. This and the other examples of American interest in British aluminium producers confirm that American producers regard the British market for aluminium as one offering a large potential expansion; the incursion of their own technical knowledge —and perhaps their commercial methods —should help bring this about.

AUTOMATIC SELLING

The Gaping Slot

SLOT machines are again becoming more numerous in British streets; at a conference on automatic vending held in London last week the chairman of the Automatic Vending Machine Association, Mr F. L. Timmins, estimated that there are now 160,000 columns in use, compared with none in 1953—sweet rationing had cut off slot selling—4-5,000 in 1955, and 120,000 in 1939. Slot machines began to be operated in 1883; the rebirth of the industry seems to have been more rapid than its birth. How much money the consumer pushes into the slots of the machines is unknown, but it is certainly rising fast; works and office canteens are becoming increasingly popular sites for slot machines, though the reaction of the workers to paying the premium prices that are usually charged for their contents as against the subsidised prices of a canteen has not been recorded. But the success of the milk machines, 2,241 of which are stated to have been in use last December compared with 512 in December, 1958, and only four in December, 1957, suggests that a premium of about 30 per cent on the price will be accepted for the advantage of twenty-four-hour availability.

There is traditionally a close connection between the manufacturers and the operators of the machines; British Automatic, the oldest British company, is both. The companies that have been attracted into the industry from outside by the recent rapid expansion — usually making foreign machines under licence—have had either to set up their own organisation to rent their machines to operators, as Associated Automation does, or to combine with a company that can employ the machines—as Hawker Siddeley has done by forming Primapax, a company jointly owned with J. Lyons. Cigarette and chocolate makers, however, often buy machines which they loan or lease out themselves, though their products are also sold from independently owned machines. So far cigarettes, confectionery and films are the most common items that shopowners sell after hours; since shopping hours are so short, there would seem to be room for the German practice of selling almost everything that a shop stocks by machine when it is closed.



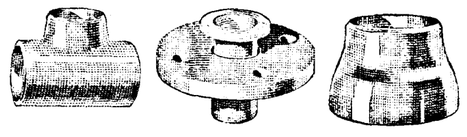
Light wall piping systems are now being specified for chemical, petro-chemical and process plants throughout the world and the demand for light wall elbows and fittings has increased accordingly.

As a result of Wilmot Breeden's recent decision to manufacture the TRUFLO range of extra low carbon stainless steel, nickel, Monel,* Inconel,* Corronel 210* and aluminium fittings in a variety of scheduled wall thicknesses, British construction engineers can, for the first time, be sure of a regular and convenient source of supply.

Many industries will have need of this service; the petroleum, chemical, nuclear and processing industries in particular, where stainless steel and nickel alloy fittings ensure the necessary safety factor.

Because TRUFLO fittings are mass-produced in the United Kingdom, their price is favourable and their availability assured.

TRUFLO fittings are manufactured to a very high quality standard of finish and conform to the dimensional requirements of American standards ASA.B36.19 and MSS.SP-43 for schedule 5s and 10s wall thicknesses and ASA.B16.9 for schedule 40s and greater. British standard BS.1640 also applies and in all cases, materials conform to ASTM.A312 and A.403 (stainless) and ASTM.B127 and B162 (nickel alloy).



* *Registered trade names of Henry Wiggin & Co. Ltd.*

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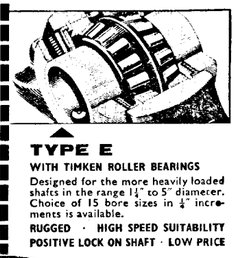

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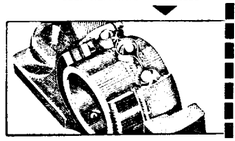

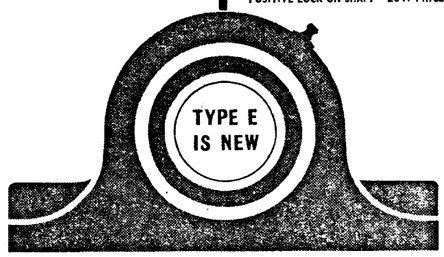

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PARKING

A Garage in Every Home

MIDDLESEX COUNTY COUNCIL is the latest local planning authority to raise its requirements for the amount of garage space to be provided for residents' cars in new housing development—to the ratio of one car space for every new house or flat to be built. This means that if developers, whether they are constructing one house or a whole estate, do not from now on provide garage accommodation in accordance with this rule within the limits of the actual site they are developing they will be unlikely to get planning permission. Middlesex is not the first council, since these powers were conferred on planning authorities in 1947, to have raised its stipulation to this ratio of one for one. Surrey has required a garage to be provided for every new dwelling since last April. Kent is also now proposing to adopt this standard. London County Council has applied it since 1957 for houses that do not form part of a comprehensive scheme of redevelopment. For such schemes and for new blocks of flats, the LCC is prepared to accept a ratio of one to two (but, in practice, tries to get a higher ratio) for new residential building in the central area and a standard of one to four elsewhere.

Local authorities are not alone in having underestimated the growth of car ownership in Britain, and many still either have low ratios in their "parking standard codes," as these requirements are called, or simply apply no rules at all. Where they exist, however, these codes usually embrace all the principal types of new buildings. Surrey maintains what are probably the highest requirements: one garage or car space for every 500 square feet of floor space in new offices, shops and industrial premises, with individual consideration for other new construction, such as restaurants, schools, halls and public houses. These are standards all authorities would do well to adopt.

The LCC code, which sets a slightly lower set of requirements, allows for almost every kind of new building and has been adopted as a basis by a number of other councils, including Edinburgh, Manchester, Liverpool and Bristol. Among other large cities, Birmingham, Coventry and Cardiff have devised their own codes. Gradually, too, these requirements are being applied with increasing rigour. Between 1947 and 1957, for example, the total number of car parking spaces provided in new office buildings in central London as a result of these powers reached just over 5,000. But since 1957, when the LCC's code came into full effect, the number of such new parking spaces has risen to the rate of 4,000 a year.

NICKEL

A Good Surplus

THERE are some stout-hearted producers to whom a surplus is a Good Thing. International Nickel Company of Canada is one, and fortunately it so dominates the world market that there is little risk of its competitors cramping its style. In his annual review the chairman, Dr John F. Thompson, said that free world consumption (presumably deliveries) of nickel recovered sharply last year, rising by 25 per cent to over 400 million lb; it did not quite regain, however, the 1957 figure of 415 million lb. Despite the steel strike, consumption in the United States went up by about 35 per cent, and there were marked gains in European countries. "Intensified marketing activities and research produced gratifying results in the face of keen competition from other materials." Even so, free world capacity exceeded consumption of nickel last year by 150 million lb, and in the next two years Dr Thompson predicts that capacity will grow by at least 100 million lb to 650 million lb a year, to which Inco itself will contribute an extra 75 million lb when its big new properties in Manitoba come into full production in 1961. The United States government is adding its own mite to the surplus. It cancelled or reduced its commitments to purchase nickel last year, and last month it offered for sale 35 million lb of the excess stock of 137 million lb bought under the Defence Production Act. These actions, Dr Thompson comments bravely, "assisted the nickel consuming and producing industries in expanding market development activities. . . ."

Inco traditionally takes the long view. It knows that consumption is best encouraged by stable prices—which have remained at £600 a ton for over three years—and by assuring consumers of ample supplies. And if the surplus is rather bigger than the company would like, that is the best incentive for developing new uses. Dr Thompson's statement gives several examples of success. Reflecting last year's improvement and the expectation of a substantial increase in sales again this year, the board has raised the quarterly dividend on the common stock to 75 (US) cents from the rate of 65 cents that has been paid since September, 1955. A two-for-one split in the stock is also recommended, and the new shares are expected to carry a dividend of 37½ cents a quarter.

BUILDING MATERIALS

Signs of Strain

RECOVERY in the building industry last year, after the mild depression of 1957-58, was substantial but uneven: housebuilding—particularly in the private sector—increased most rapidly, while private industrial building lagged behind. Total demand has risen even more rapidly since the beginning of this year, in terms of new orders and of manufacturers' investment intentions; the National Federation of Building Trades Employers reported this week that the volume of work actually under construction is now approaching the level of 1955, which was as high as any in the industry's history. This sudden increase in activity has, however, thrown a strain on some producers of building materials, and it is possible that further expansion in some sectors of the building industry may be hampered by shortages or delayed deliveries, particularly of bricks. This in turn could mean some rises in prices of building materials, which have been relatively stable during the past two years.

Deliveries of bricks of all types rose during 1959 to 599.6 million, just a shade under the record level of 1955, compared with 539 million in 1958. Demand rose even faster, however, bolstered both by favourable weather and by the removal of credit restrictions. The result was that manufacturers' stocks fell to 113 million at the end of last year, compared with 349.2 million a year earlier; this was the lowest figure since December 1953. Production is reported to be still rising, but delivery dates are lengthening as well; over 100 brickworks were closed down during 1957-58, and it is thought unlikely that many of these will be reopened.

Similar shortages and delivery delays have been reported for building steel, the greatest delays—as much as nine months—being for reinforcing rods, though no building work has yet been seriously held up. In part this reflects stockbuilding by the steel industry's other customers as well as a revival of demand in building. The position is less critical where heavier sections are concerned, partly because industrial building, which accounts for a large part of the demand for constructional steel, has been slower to recover than other work. Deliveries of Portland cement reached a record level of 11.6 million tons last year, compared with 10.6 million tons in both 1958 and 1957; it is reported that most of the leading cement manufacturers have been working at or near full capacity for some time. The Cement Makers' Federation, which is the industry's price-fixing trade association, this week announced a price cut of 2s. a ton, bringing the price in the London area to 110s. a ton. The federation has moreover stated that it will not increase prices before next July 1st, unless there is an increase in the price of coal or "unless something unexpected or exceptional happens."

RESEARCH REACTORS

. . . And Now Vickers

VICKERS-ARMSTRONGS is the fourth British company and the second member of the aircraft industry to decide there may be business in small nuclear reactors for research purposes. Like its competitor Hawker Siddeley, Vickers-Armstrongs is diversifying into atomic energy and finding the going tough where the big league of power-producing reactors are concerned. Last week it signed an agreement with the American General

Dynamics Corporation—with which Vickers is already working on nuclear submarines—to market the American company's Triga research reactor in this country. Research reactors come in a variety of sizes ; the best-known British one to date is the Dido type costing several million pounds, built to the design of the Atomic Energy Authority by Head Wrightson. Several sizes smaller and cheaper is the Merlin offered by Associated Electrical Industries, and at the very small end of the scale come the shrimps of the industry, such as Triga and its competitor Argonaut, also designed in America, which is built in this country by Hawker Siddeley under the name Jason.

Reactors in this class cost about £100,000, or considerably less if their fuel supply can be arranged in the United States and not obtained from the Atomic Energy Authority. This reduces the installed cost of the Jason type by £30,000. Vickers is still extremely vague about which country will supply Triga's special fuel, which for special technical reasons is not the usual uranium metal but a uranium-zirconium hydride. The main use of such small reactors is for teaching, limited experiment and still more limited production of radioactive materials—of the two, Jason's design suits it better for investigations bearing on the design of big reactors and Triga is more suited to chemical work. How many universities and research institutes are prepared to invest even in these scaled-down reactors is a matter of conjecture ; but the prospects are brighter than they seemed a few years ago when no British company thought it worth while to put such a reactor on the stocks.

SUGAR MARKET

Cuba Out of Step

No international commodity scheme can succeed unless the members give it full support. Sugar prices are low not because the International Sugar Council has fallen down on its job, but because the principal exporter, Cuba, persists in being a weak seller. Cuba admittedly has problems of its own, but other exporters cannot be expected to extend too much sympathy on that account. In the first month of the new year raw sugar sagged from 3.05 to 2.92 cents a lb for Cuban spot, and as the average for seventeen consecutive market days was below 3.25 cents the council met in London this week to discuss what it should do. Export quotas had already been cut to 87½ per cent of the basic tonnages, so a further reduction was not automatic. The council might have taken the view that it could do nothing useful because the market's weakness was not statistical. A majority of members decided that it should act, in the hope of at least preventing a further decline.

Export quotas have therefore been cut by another 2½ per cent to 5,630,000 metric tons. The estimate of probable exports from non-members appears to have been raised sharply by 240,000 tons to about 440,000 tons, no doubt reflecting increased offerings from Turkey and Argentina, making a total supply of 6,070,000 tons. The forecast of requirements has been raised by 150,000 to 5,850,000 tons, leaving an apparent surplus of only about 220,000 tons, compared with over 300,000 tons before. The true balance could be finer still. Russia, an exporting member, is understood to have said that it will almost certainly be a net importer this year, and the needs of Japan and others may increase. Moreover the council still has a further cut of five per cent (315,000 tons) in exports up its sleeve. On paper, then, everything looks rosy, and prices should recover in time. In practice, much will depend on Cuba, as in 1959.

Appointments, Business and Personal notices and other Classified Advertisements — pages 566, 577/9

SHORTER NOTES

Canadian Shell is to join Constock International Methane, the American company that has been working with the Gas Council in shipping liquefied methane to Britain, in the formation of a new company, Conch International Methane, to accelerate development of the technique. Constock International, itself a joint subsidiary of Continental Oil and Union Stockyards and Transport of Chicago, shares ownership with the Gas Council of *Methane Pioneer*, the experimental ship that has been carrying this liquefied natural gas to Britain during recent months for reforming and pumping into the gas supply of London and South-Eastern England.

★

The Russian *Volga* and *Moskvich* cars are to be marketed in Britain by Thomson and Taylor, the sports car specialists. Both cars are family saloons ; the price, including tax, of the 2½-litre *Volga* will be about £1,120 and that of the 1.36-litre *Moskvich* under £800. Imports will begin next April ; though the prices are lower than those of most imported cars in their size groups, they are still higher than those of British cars.

★

Five new diamond tool factories are to be built in the Soviet Union according to an official announcement from Moscow this week. The new factories will be built in the Caucasus, Siberia and in the Ukraine. The news follows an earlier announcement that Russia is to step up diamond output some sixteen times over the next five years.

★

The directors of the Beecham group have announced a second ordinary interim dividend of 8 per cent compared with 7 per cent last year. The first interim payment, declared last October, was also raised from 7 per cent to 8 per cent.

★

The Orange Free State Investment Trust has declared a final dividend of 27½ per cent for 1959 making a total of 47½ per cent for the year, compared with 40 per cent last year. The ordinary dividend of the West Rand Investment Trust for 1959 is unchanged at 35 per cent.

★

A day after the International Gold Corporation of South Africa launched its gold certificate scheme in Frankfurt the German Bundesbank decided to forbid dealings in the corporation's certificates. The objection, shared by the Swiss National Bank, is that the certificates are in bearer form and for small amounts: they are regarded as possible competition for currency.

★

Stocks of butter are rising, and prices have fallen further. New Zealand and Australian butter was reduced last week by 20s. and 22s. respectively to 370s. and 367s. a cwt.

★

A bill to permit foreign banks to open branches in New York has been introduced into the state legislature. At present foreign banks with agencies in New York may not accept deposit business.

★

Supplementary estimates have been presented this week to a total of £76.5 million. The largest single item is £25.6 million for the health service ; agriculture and national assistance also need additional funds. As always, these supplementaries are an incomplete guide to the budget outturn as they take no account of underspending on other votes.

COMPANY AFFAIRS
Comments on pages 567 and 570 on
P & O — Peachey Property
Ashdown Trust — "Charifund"
AEG Unit Trust — Cable & Wireless (Holding)
General Electric — Leyland Motors

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 568 and 569

LONDON STOCK EXCHANGE
The week's movements reported on page 570

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 571

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Player's No. 3 are top-class, but very *unpompous* about it all. (Rather like the people who smoke them.)
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COMPANY MEETINGS

COLVILLES LIMITED

PROFIT AGAIN BENEFITS FROM OPERATIONS AT RAVENSCRAIG

BALANCE SHEET SHOWS SATISFACTORY LIQUID POSITION

MODERNISATION BEARS FRUIT

The 29th annual general meeting of Colvilles Limited was held on February 5th at Glasgow.

The following is the circulated statement by Sir Andrew McCance, DSc, LLD, FRS, DL, chairman and managing director, for the year to September 30, 1959:

It is a matter of great regret to record that Mr Robert Marshall, who had to retire from the Board a year ago owing to ill-health, passed away in the autumn of last year. His association with Colvilles goes back for many years and throughout the steel industry he was widely known and greatly respected.

ACCOUNTS

The manufacturing and trading profit has again benefited from the economic operations at Ravenscraig in spite of a reduced demand. The policy of spending money during the postwar years on modernisation and on modifications to the established works is now bearing fruit. We have been able to maintain the works at less cost without in any way lowering standards. The reduction in pressure on producing departments, in consequence of the recession, enabled some accumulation of lower priced stocks of semi-finished and finished materials to be liquidated. These factors have all contributed to the improved trading results.

For some time the Board had been considering the desirability of introducing a scheme of pensions for workers, which would contribute to their greater security by making provision for the future and would enable them to enjoy additional benefits when the time came for retiral. On September 1, 1959, in association with the Scottish Amicable Life Assurance Society, a scheme for pensions and life assurance for male employees was introduced, which has met with a warm welcome throughout the Colville group. No contributions are required from employees, but the scheme allows members to make voluntary contributions to obtain additional benefits for themselves. The Board have been encouraged and gratified at the very large percentage of the employees who have availed themselves of this provision. The scheme has been designed to fit in readily to the Government's national scheme. This first year it was considered preferable to charge a full year's premium to the accounts rather than make a strict accounting apportionment. In this way the accounts show the measure of the annual charge that can be expected in future to cover this scheme of social betterment for those who work for the company.

Since it cannot be assumed that the future will be free from inflation, it has been decided to set aside £2 million to capital reserve for replacement of assets with the intention of augmenting the depreciation which is still based to some extent on the historical cost of plant at prewar levels.

The provision for taxation this year is less than that for last year. This is in part explained by the reduction in the standard rate of income tax and by a favourable settlement in the Courts of a case which had a bearing on the adjustment of our own profits. The taxation for the remaining postwar years has now been settled apart from the adjustment of the profits tax for the period when the company was a member of the Iron and Steel Holding and Realisation Agency group. In consequence certain provisions are now no longer necessary and they have been added back to the profit and loss account. The net profits this year have been increased by those non-recurring items.

When the construction of Ravenscraig was started, investment allowances were in force, but shortly afterwards these were terminated and replaced by the grant of initial allowances. More recently a dual system involving both allowances was introduced. These changes gave rise to some dubiety in their application to a large capital development like Ravenscraig where construction was spread over several years. I am glad however to report that all questions in this connection have now been settled and a substantial part of the amount of £1,336,623 added back as provision for tax no longer required, arose from such settlements.

The balance sheet shows a satisfactory liquid position, although it should be stated that substantial cash resources will be required for our capital commitments. The capital commitments stated on the balance sheet are our present firm commitments. They do not reflect all the expenditure involved in the new strip mill and other development plans, the orders for which are now nearing the final stages of their technical adjustment. The contracts for the hot and cold mills have been placed, together with their electric drives. By the time the annual meeting takes place, the commitments for the blast furnace and coke ovens, buildings and steelmaking plant will all have been finally concluded. These items in total will cover approximately two-thirds of the total estimated expenditure. Having such commitments in mind, £3 million has been transferred to general reserve.

The Board recommend that a final dividend of 8 per cent be paid to make a total of 14 per cent for the year.

SUBSIDIARY COMPANIES

Like the parent company the subsidiary companies felt the effects of the recession during the early part of the present year, but I am glad to say they have shared in the recovery which has since followed. The greater part of their earnings has been transferred by way of dividend to strengthen the cash reserves of the parent company in anticipation of our commitments for development which, with the progress in construction, will require steadily increasing payments in the coming year.

In the case of The Lanarkshire Steel Company Limited, whose principal products are steel joists and heavy sections, the effect of the recession was increased owing to changes in the type of joist in demand. The availability of universal beams in this country reduced the sale of normal joists manufactured to British Standard Specifications, which are not only heavier for the same strength but are also less convenient in other ways. The consequences of such a development had been under close consideration for some time and experiments to produce the new profile in the ordinary section mill had been in progress for the past three years. I am glad to say that in this the company was successful and it has been shown that with the addition to the existing mill of universal stands and run-out roller tables a full range of universal beams up to 24 in deep can be produced. The order for these additions has been placed and it is anticipated that their installation will be completed and in production in about 15 months' time. When completed the range and type of joist and section which the company can market will be greatly extended. This should place the company in a favourable position in regard to home and export markets in the future.

New contracts for constructional steel have been scarce in recent years. In part this is but another aspect of the recession in trade through which the country has been passing, but it is also a reflection of competition from ferro-concrete construction which has been growing in spite of the trade set-back. The proportion of buildings erected in ferro-concrete has always been less in Britain than in continental countries and it would seem that this difference is now being narrowed. This is confirmed by the demand for ferro-concrete bars, the output of which from the bar mills in the group has reached record tonnages in recent months.

The insistence in building regulations on casing steel columns in concrete for fire protection, without permitting the added strength of the concrete to be taken into account, has had an unfavourable effect on the cost of steel frame buildings and has made their use uncompetitive in many cases. This, I am glad to say, has now been put right and with the advent of universal beams I fully anticipate that steel construction will now become more competitive than has previously been possible.

The Colville Constructional Company Limited with their diversified production have had a satisfactory year and can look forward to an active period from the contracts placed with them for the buildings required for our strip mill scheme. In welded fabrication for engineering components, their works have been fully employed during the year. A large contract for fabricated valves for an atomic energy power station is nearing completion but, in common with the experience of others in this field, the work has not proved remunerative.

With the record British production of motor cars, demand for special steels has been good during recent months and The Clyde Alloy Steel Company Limited are producing their full quota of the supplies required by this virile industry. Looking at the steady growth in production which has continued in the motor industry, the need for a larger output of special steels was foreseen some time ago and steps were taken to rebuild the Hallside Works of The Steel Company of Scotland Limited to form a modern and economic unit laid out and specially designed for the production of these highly diversified steel compositions. This has been an operation of some magnitude, but it has progressed steadily. The falling away in trade, which applied to special steels equally with other qualities, has enabled the reconstruction work to be carried through without undue pressure and therefore with reasonable economy. The location at Hallside was satisfactory, but the layout of the works and the plant were not in line with modern ideas. All this has now been changed. The new mills are nearing completion and the modernisation of the melting shop is in progress. It has been decided to install an 80-ton electric furnace and experience with this, particularly in regard to production costs, will be awaited before deciding on any further extension in the use of this type of large furnace.

The management and control of this division have been transferred to The Clyde Alloy Steel Company Limited, who are also integrating the steel foundry production at Hallside with their own. As from the current year, the results relating to these activities will be included in those of this subsidiary.

Correspondingly, the plate production of The Steel Company of Scotland Limited at Blochairn Works has been amalgamated with the plate production of Colvilles and is now controlled from the head office of the parent company.

Plans are in progress for expanding the production of bright turned and bright drawn bars from the Govan Shafting and Engineering Works and merging this with a similar but somewhat more restricted class of work now carried on at Dalzell Works, Motherwell.

It is anticipated that these changes will result in administrative and production economies. The increasing use now being made of mechanised methods in office control and accounts has of necessity compelled greater centralisation and a greater concentration of work in fewer centres.

After a very slack period the hand mills of Smith & McLean Limited at Gartcosh are now well employed helping to meet the shortage in the supply of sheets. When strip mill sheets were available, users were no longer contented with hand mill quality, but the recurrence of demand is helping to bridge the time before the strip mill comes into operation. These changes however are recognised as being conditioned by the fluctuation in the state of supply and demand and, in competition with the superior quality of the strip mill product, the future prospects for the hand mills have not been changed by this temporary demand. To those directly interested however, it is a very welcome respite. The galvanising units at Mavisbank have been suffering from the falling off in orders, but have been able to maintain a reasonable level of work and they are now fairly fully committed for some months ahead.

The only other subsidiary I need refer to is The Carnlough Lime Company Limited. During the last few years the equipment has been modernised and the methods of handling at the quarry improved in order to meet the increasing demand for small limestone arising from the greater use of sinter in our own blast furnaces. There is a limit however to the output that can be obtained from the quarries without resorting to mining, which would not be economic, and our plans pitch the future output no higher than the present economic limit. This smaller member of our subsidiary group, as a result of the changes which have been made in recent years, is at last giving a satisfactory return on the capital invested.

I am glad to be able to state that all the subsidiary companies have this year earned profits. Apart from small balances added to the amounts carried forward, these profits have been transferred to the parent company.

PRODUCTION AND COSTS

The production of coke, pig iron and steel during the past financial year has been:

	Six months to 31st March	Six months to 30th Sept.	Total
Coke	251,082	217,050	468,132
Pig Iron	344,256	328,907	673,163
Steel	705,246	737,066	1,442,312

These figures reflect the reduced demand which existed during the period. In addition, however, the coke and pig iron production at Clyde Iron Works was affected by substantial rebuilding and relining operations. When it became evident that a reduced demand would continue for some time, the opportunity was taken to close down two batteries of coke ovens which had been in continuous production for twenty years and were in need of reconstruction. Whilst reconstruction could probably have been delayed for a few more years, it was considered that rebuilding might then have been required at a time when the pressure of demand would have made it inconvenient. The reconstruction is now completed and several improvements have been introduced to make the new batteries modern in every respect. The total cost has amounted to £667,863 and, in view of the improvements, this sum has been charged to capital account in conformity with the national agreement with the Inland Revenue. A reconditioning fund of £317,605 had been accumulated over the years and, being no longer required, has been returned to the revenue account.

Two of the blast furnaces were also shut down and relined and the opportunity has been taken to convert a second furnace not yet adapted for high top pressure blowing. During the period of relining, steelmaking was continued from stocks of pig iron accumulated for this purpose. At the beginning of September, one of the blast furnaces was again brought back into operation. The total tonnage of pig iron produced in this furnace during the 10½ years of continuous use was 2,352,136 tons which is believed to be a record for this country.

We have now had the benefit of a full year's operation of the ore unloading plant at General Terminus. The rate of unloading has come up fully to expectations and large cargoes have been handled expeditiously. The largest single cargo of ore discharged so far has been 24,000 tons brought in by a 35,000 ton ore carrier. Experience has demonstrated that the plant would be capable of still better discharge rates if the conveyor belts were speeded up by the use of motors of higher horse power and this change is now in progress.

At Glengarnock Works the last steam engine driving the section mill has been scrapped and replaced by an electric drive with beneficial effects to the cost of rolling, in spite of the fact that much of the steam came from waste heat. The conversion of this rolling mill completes the electrification plans for our mills, which have been in progress now for some years and which have been carried through in every case without sensible loss of production.

DEVELOPMENT

A preliminary scheme for the new strip mill was approved by the Iron and Steel Board and the British Iron and Steel Federation in April, 1959. This enabled negotiations for the purchase of the plant to begin with the manufacturers. Throughout the year visits have been paid by teams of engineers and metallurgists to corresponding installations in this country and I would like to express appreciation for all the assistance which has been freely given and which has proved most helpful. In addition, visits have been paid to America, Holland, Germany, Italy, Belgium and Austria and, as a result of a careful study, it was decided to install L-D oxygen converters with lime injection to increase the steelmaking capacity at Ravenscraig by 700,000 tons which, with the addition to the present open hearth shop of a fourth furnace already planned, will give a total annual production of 1,260,000 tons at that works.

Large quantities of oxygen will be required and negotiations are being concluded with the British Oxygen Company Limited for the erection of a plant to produce 200 tons of liquid oxygen per day. A second plant with the same capacity will follow immediately afterwards to enable the application of oxygen to be further extended to the melting shops at Dalzell and Lanarkshire Works.

Good progress is being made with the construction of the slabbing mill, and the integration of production from this mill with the requirements of the strip mill has been made without difficulty.

A more detailed examination of the probable market has shown that our original production targets were too low and a revision has been necessary. The target output for the mill is now 500,000 tons of finished sheets and 175,000 tons of light plates. The hot mill itself will produce finished strip up to 60 in. wide as this was considered the most useful width to meet the general demand. Before the width of the mill was finally determined, a study of the present requirements was made and consultation took place with the principal users. As a result, the conclusion was reached that the demand for sheets in excess of this width was so moderate a percentage of the total demand that expenditure on the duplication of facilities for the supply of very wide sheets would not be justified.

Following the changes mentioned above, it was found necessary to install a 4-stand tandem cold reduction mill at Gartcosh of the same width as the hot strip mill. This mill will have ample latent capacity to meet any likely increase in demand that may arise at a later date. Work has already started on the preparation of the site at Gartcosh and good progress has been made. It is anticipated that the cold reduction plant will be completed by the end of 1961, and the hot strip mill by the third quarter of 1962.

I am glad to be able to state that most of the

staff positions for the control and supervision of our increased steel production and for the strip mill are being filled from within our own organisation. Arrangements have been made or are in process to enable those selected for such positions to obtain training in operational practice both at home and abroad in order that they may be adequately equipped to take over their new responsibilities when the construction of the strip mill is completed.

The opportunity occurred during the year of acquiring the site and buildings belonging to Hurst, Nelson & Company Limited at Motherwell and the purchase was concluded. This land adjoins the land of Lanarkshire Works on the one side and that of Dalzell Works on the other, whilst to the north it is bounded by the railway sidings of Ravenscraig. Its purchase will therefore enable improvements to be made in the access to all these works as and when required. The possibility of utilising some of the area and buildings to develop and extend the production of turned and bright drawn bars and certain other products is now being examined.

Production of coke and pig iron ceased at Dixon's Ironworks Limited in November 1958, although trading in coke continues. Work has now started on dismantling the plant and clearing the site. Interest in the re-utilisation of the site has been shown and negotiations for its sale are proceeding. Meantime agreement has been reached on the purchase by another concern of approximately one-third of the area for the erection of a substantial modern factory.

RAW MATERIALS

For some years it has been recognised that the increase in our pig iron production would demand larger quantities of limestone, and exploration work has been carried out over a wide area in Scotland to find a suitable deposit for these additional requirements. Unfortunately none of the Scottish deposits has been found suitable in quality: all contained numerous sand streaks throughout, which render them unsuitable for steel making. Nor are the reserves at Carnlough sufficient for our larger requirements. A deposit located near Penrith has been extensively explored and work carried out during the past three years has confirmed the suitability of this limestone. An option has been taken on the site. A scheme for the development of this reserve by modern methods and its transport to the works is now under active consideration, and it is planned to have supplies available by the time the additional blast furnaces at Ravenscraig have been constructed.

From time to time public reference has been made to deposits of iron ore in Scotland and we have thought it desirable that the known deposits should be thoroughly explored to determine whether they contain any potentiality as a supply for our works. The particular deposits which justified examination were those on the Island of Raasay and the Island of Tiree. This work has now been completed and it has been found that, while the deposit on the surface at Tiree gave promising indications of iron content, the disseminated rock containing the ironstone was irregular and fell away rapidly in iron content with the depth from which samples were taken. Extensive boring has shown that this falling away in value would make the Tiree deposit uneconomic to develop.

The iron ore deposit on the Island of Raasay, which was worked for some years by another Scottish ironmaking company, has been closely studied. It has a low iron and a very high phosphorus content and the cost of steelmaking with pig iron from this iron ore would be so high as to limit seriously the commercial prospects of its use. It is a matter of regret that no economic workable iron deposit is known to exist in Scotland.

FUTURE OUTLOOK

Whilst the year under review commenced in the midst of a trade recession, the recovery since it started has been rapid. The demand for steel has been rising steadily during the past half year and there is every indication that this is likely to continue. This change reflects the increasing confidence in the trade prospects of the United Kingdom, both in the field of home trade and in the export markets. It is a reflection of the confidence which has grown with the evidence of stability in costs and prices engendered by the success of the Government's economic policies.

The state of trade is very sensitive to changes in public sentiment and can be adversely affected by unrest and by wages demands which do not have increased productivity as their justification. There have been some signs recently that the pressures which caused the inflationary increases in the cost of living during the postwar years may recur and may upset the stability which has brought the return of good trade and employment from which we are now all benefiting. It is to be hoped that counsels of restraint in such matters will be followed so that the present expectations of prosperity throughout the country may be encouraged and prolonged.

Our position as an exporter of steel products has been well maintained and new markets are being opened up which offer good prospects for future business. The development of such new markets is essential to offset the diminishing demand from certain traditional markets in countries now establishing their own steel plants.

The Board have once again been excellently supported during a period which has not been easy by an able and enthusiastic staff and they wish to record their sincere appreciation for the great assistance they have received from everyone in the service of the company.

APPENDIX

ANALYSIS OF INCOME AND EXPENDITURE

	1959 (£'000)	1958 (£'000)
Income from sales, interest, etc..	58,600	75,480
Cost of materials, trade expenses and services bought.....	23,680	36,247
Cost of fuel.....	9,578	13,883
Depreciation.....	2,462	2,500
Debenture interest.....	794	643
	36,514	53,273
Balance available for wages, salaries, taxation, dividends and re-investment by way of reserves	22,086	22,207
Distributed as follows:—		
Wages, salaries, national insurance and superannuation contributions.....	11,496	13,223
Taxation.....	3,025	3,791
Dividends—Gross.....	1,672	1,520
Reserves.....	5,893	3,673
	22,086	22,207

Note.—Since wages and salaries are paid before deduction of tax, dividends have been treated on the same basis and the amount of taxation has been adjusted accordingly.

Number of Employees, 16,500. Number of Shareholders 36,500.

MALAYA GENERAL COMPANY

IMPROVING CROPS

The Fifty-first Annual General Meeting of the Malaya General Company Limited, was held on January 28th in London.

Sir Henry Birkmyre, Bart, chairman, in the course of his speech, said: The accounts present the Consolidated Balance Sheet and Profit and Loss Accounts, consequent upon the merger with Sedenak Rubber Estates Limited, in which Malaya General Company Limited acquired 100 per cent interest in the Subsidiary Company.

RESULT OF YEAR'S OPERATIONS

The net profit amounted to £72,229, including Cess Refunds and Government Replanting Grants received during the year. These repayments totalled £31,847 as against which expenditure on Replanting during the year charged to Revenue Account amounted to £58,563. With the amount of £24,325 brought in from last year and £3,249 Excess Tax Provisions the total amount available in Appropriation Account is £76,974, after transferring £22,829 to Capital Reserve in respect of profits of the Subsidiary Company earned during the year but relating to the pre-acquisition period.

Proceeds of the crop, which was 422,117 lb higher than in the previous periods, were 24.38d. per lb compared with 21.41d. per lb in 1957-58. The crop on the mature areas of both Estates was 576 lb per acre. This is a distinct advance on last year and is, I hope, the forerunner of better crops to come.

Fixed Assets stand at a value of £45 per planted acre. Your Board and that of Sedenak Rubber Estates Limited, have decided during the current year to write up the Estates to a figure more commensurate with present day values, reflecting the improvements achieved in the course of Replanting operations which have been carried out over the years from Revenue Account. As a result, the Company's combined assets have been written up by a total of £144,552. It is proposed, subject to your passing of the necessary Resolution to make a Scrip Capitalisation to Members in the proportion of two shares of 2s. each, fully paid, for every five shares of 2s. each held.

VISIT TO ESTATES

During the year I visited your Estates. I spent a most interesting three days at Rengam, and I am very glad to be able to tell you that the improvement since I last saw it was most impressive. I also spent three days on Sedenak, and the general state of cultivation and tapping was very satisfactory.

Your Directors have entered into an Agreement for the sale of the Rengam Section "C" and Jungle Reserve for the sum of £43,750. The capital profit arising from this sale amounts to not less than £24,803. Your Directors feel that this should be distributed to the shareholders. To that end the Board propose to call an Extraordinary General Meeting as soon as possible at which the resolution to give effect to this will be put forward.

The report was adopted; the authorised share capital was increased from £350,000 to £500,000; new Articles of Association were adopted and the capitalisation of reserves was approved.

THE ROYAL BANK OF SCOTLAND

A HIGHLY SATISFACTORY AND RECORD YEAR

RIGHTS ISSUE

STRENGTH OF BALANCE SHEET POSITION

SOUND PROGRESS IN COUNTRY'S ECONOMIC RECOVERY

THE DUKE OF BUCCLEUCH ON UNSOLVED PROBLEM OF MONETARY STABILITY

The Annual General Court of Proprietors of The Royal Bank of Scotland will be held on February 23rd in Edinburgh.

The following is the circulated statement of the Governor of the Bank, His Grace The Duke of Buccleuch and Queensberry, KT, PC, GCVO, LLD:

Before I review our Accounts and the events of the past year, I wish first of all to refer to the loss which we have sustained through the death of Mr Bertram Francis George Currie who had been an Extraordinary Director since the association of our Bank with Glyn, Mills & Co. in August 1939. He was a Director of that Bank until his death and we shall miss him greatly. During the year under review Sir Francis Maurice Grosvenor Glyn, KCMG, Chairman of Glyn, Mills & Co., in order to lighten his commitments, tendered his resignation as an Ordinary Director. Sir Francis also joined our Court in August 1939 and we have greatly valued the benefit of his wise counsel and wide experience. We shall miss his presence at our Ordinary Court but I am happy, however, to say that he has agreed to serve as an Extraordinary Director.

We welcome two new Ordinary Directors, Mr Eric Odin Faulkner, MBE, a managing Director of Glyn, Mills & Co. since January 1950 and now a Deputy Chairman of that Bank, and also Mr James Ogilvy Blair-Cunynghame, OBE, MA, who until the end of last year was a full time member of the National Coal Board. These gentlemen, having been appointed to fill the vacancies on the Court, will, in accordance with the constitution of the Bank, retire at the Annual Court of Proprietors on February 23rd but are being nominated for re-election.

The present size of the Ordinary Court of Directors is based on a Resolution of the Court of Proprietors passed on March 14, 1951, which gave the Court of Directors authority to fix the number of Ordinary Directors at not less than ten and not more than sixteen. In view of the expansion which has taken place in the Bank's business it is now considered desirable that power should be given to increase the number of Ordinary Directors beyond sixteen. It is therefore proposed to ask you at the Annual Court on February 23rd to pass a Resolution giving the Court of Directors authority to fix the number of Ordinary Directors at a maximum of eighteen, two more than the present limit. I trust the proposal will commend itself to you.

RIGHTS ISSUE

At a special General Court of Proprietors held on January 26, 1960, Resolutions were passed authorising an increase in the Capital by the issue of new Stock amounting to £1,650,000, which, when fully paid up, will raise the Capital Stock of the Bank to £7,600,000. It is proposed to apply part of the premium resulting from this issue to bring the Reserve Fund up to £7,600,000 and the balance will be added to Inner Reserves. The ratio of our Capital and Reserves to the Deposits of our Group will thereby be considerably strengthened and the funds made available from the issue will enable us to take advantage of any opportunities which may arise for further expansion.

Out of the new Capital Stock of £1,650,000 the special General Court of Proprietors provisionally allotted an amount of £162,500 to Trustees on behalf of the Staffs of our Bank, Williams Deacon's Bank Ltd. and Glyn, Mills & Co. and an invitation is being extended to all members of the Staffs with three years or more service to apply for a share in the distribution of this stock at the same price as the new Stock is being offered to the Proprietors by way of "rights." It is hoped that there will be a good response by the Staffs to participate in this offer, which allows them the opportunity of acquiring on favourable terms a financial interest in the Capital of the Group which they serve.

Your Directors have considered it desirable to provide that those Proprietors who for one reason or another, perhaps because of illness or absence abroad, fail to exercise their rights to take up their provisional allotments of the new Stock do not thereby forfeit their rights. Accordingly it has been decided as a part of the terms of the issue that all rights not taken up by February 15th are to be sold and the net proceeds divided *pro rata* amongst the Proprietors entitled thereto.

WALL STREET OFFICE

I am sure you would be interested to see the intimation of the recent opening in New York of a Representative Office to serve the interests of the Group in the United States of America. This is a development which has been under consideration for some time and has been undertaken so that the three Banks in the Group may be better able to maintain liaison with their Banking Correspondents on the North American continent. It will also enable the Group to give a fuller service to those customers who have business affiliates or connections in North America and to those who may consider extending their trade with that part of the world or who may be thinking of entering into trade with North America for the first time. We judge ourselves to be fortunate in having secured as our Representative Mr Francis Harold Blaxill, until recently Manager of the New York Agency of The Standard Bank of South Africa, and who has been in the United States for a period of almost forty years. Such long experience there has given him an intimate knowledge of American Banking and American industry, trade and commerce, and we consider him to be ideally suited to represent our Group in the United States. We have appointed as his assistant Mr Maurice G. Burnett who was from October 1954, a Local Director of Glyn, Mills & Co. and who some years ago spent a period with an American Bank. Suitable premises have been secured at 63 Wall Street in the heart of New York's financial district. If any of our Proprietors or customers have occasion to be in New York at any time they will be most warmly welcomed at 63 Wall Street by Mr Blaxill and Mr Burnett.

RESULT OF YEAR'S OPERATIONS

I should now like to refer in some detail to the Bank's affairs as shown in the Annual Report and Accounts, a copy of which accompanies this Statement. The year was a highly satisfactory one. The net Profit, after providing for taxation and making transfers to Reserves for Contingencies out of which provisions have been made for all Bad and Doubtful Debts, fluctuations in the value of Investments and other Contingencies, was £813,191. This is an increase of £122,420 or 17.7 per cent over the figure for 1958. It is a record for the Bank and it has enabled the Court of Directors to recommend a final dividend of 9 per cent for the year which, with the interim dividend paid in September, will make the total for the year 17 per cent, an increase of 1 per cent on the rate paid for 1958. As already intimated in the General Manager's circular letter of January 5, 1960, which accompanied the Notice convening the special General Court of Proprietors of January 26th, your Directors, in the absence of unforeseen circumstances expect to be able to maintain this rate of dividend in 1960 on the Capital as increased by the issue of £1,650,000 of new Capital Stock.

INCREASED DEPOSITS AND ADVANCES

Deposits at £137 million were £2 million above the figure at December, 1958. It is not, however, the figure at any particular date which is most important but the level maintained throughout the year, and in this regard I can tell you that the increase shown at the end of the year fairly represents the increase in the average level of our Deposits during the year as compared with the average level in 1958.

Advances at £59,500,000 show the substantial increase of almost £14 million over the total at the end of 1958. As I indicated in my Statement last year, an increase in our Advances during 1959 was to be expected and part of the increase now shown reflects the implementation of commitments undertaken prior to the end of 1958. The increase is well spread over the whole range of our customers. There has been a further expansion in our Personal Loans but the total outstanding in this category is responsible only in a minor degree for the increase in our Advances. The introduction of this new category of loan has brought a useful accretion to the business of the Bank. We are in a sense

pioneering in a new sphere and I am glad to be able to report that it has brought us many new customers from a section of the community which formerly had little or no contact with the Joint Stock Banking system. There are indications that, after the initial rush of applicants in the early stages, a stable level of activity in this section has been reached, with repayments from existing loans more or less keeping pace with fresh lendings.

Notes in Circulation throughout the year have remained more or less on the level of the previous year and call for no comments.

STRONG LIQUID POSITION

The Balance Sheet continues to show a strong liquid position, the ratio of our liquidity being broadly in line with the level of previous years. With only a modest expansion in our Deposits it has been necessary to realise investments to provide for the major part of our increased lending and this is the explanation of the drop of approximately £10 million in our Investments as compared with last year. In accordance with our usual practice, the Investments are shown at or under their market value at the end of the year. The increase in Trade Investments is the result of the Industrial & Commercial Finance Corporation having called on its Shareholders during the year for payment of the uncalled portion of the Share Capital, which, previously paid up to the extent of only 50 per cent, has now become fully paid.

PROGRESS OF ASSOCIATE BANKS

I am pleased to report that our Associate Banks also continue to make good progress. Strong liquid positions are shown by their Balance Sheets. The changes in the principal figures as compared with December, 1958, are very much in line with our own.

Williams Deacon's Bank Ltd. has continued its policy of extending its Branch system, six new Branches having been opened during the year. It is the intention to push ahead with this policy as fast as circumstances will permit and the real benefit will be felt in the years to come. The total rate of dividend proposed by Williams Deacon's Bank Ltd. for 1959 is 2 per cent more than for 1958.

Just before the end of the year Glyn, Mills & Co. increased their Capital by £300,000 by a transfer from Inner Reserves and out of last year's Profit they have allocated £100,000 to Published Reserve Fund. As our practice is to value the holdings in our Associate Banks at Paid Up Capital plus Published Reserve Fund, you will observe that our Investments in Subsidiaries are now shown at £7,800,000 as against £7,400,000 last year. The £400,000 resulting from this revaluation, together with £200,000 allocated from our own Profits, was transferred to our Published Reserve Fund, raising it from £5,300,000 to £5,900,000.

CONSOLIDATED ACCOUNTS

Looking at the Consolidated Balance Sheet of the Group, the total of Deposits amounts to £349,614,728 as compared with £341,838,679 for the previous year, while Advances at £144,731,296 show an increase of almost £31 million. The Consolidated Profit of the Group amounts to £1,168,133 as compared with £996,289 in 1958, an increase of £171,844.

HIRE PURCHASE INTEREST

You will also be pleased to learn that the business of the British Wagon Company, in which our Group has a 40 per cent interest, has continued to expand, and we feel sure that in the years to come our association with that Company will prove to be of increasing benefit to our Group, not only in respect of the return on our investment in it but also because of the help which it is able to provide to the customers of the Group who may wish to cover part of their financing requirements by hire purchase.

STAFF TRAINING SCHEME

I mentioned last year that the Bank had started a Staff Training Scheme and had set up a Staff College in Edinburgh. We have now had more than a full year's experience in running the College and your Directors are satisfied that this is something well worth while and advantageous to the Staff of the Bank. The knowledge which is imparted by the lecturers is instructive and informative and in addition the College affords opportunities to Branch Managers and other Members of the Staff at varying levels to meet and discuss with their contemporaries the various problems of their work at their particular Branches.

DEVELOPMENTS IN BRITISH BANKING

Looking ahead, we are probably on the threshold of developments which may bring about changes—some perhaps of a far reaching character—in British Banking. Two which are very much in the forefront at the present time are automation and the payment of wages by cheque. Automation has been under close study by all the Banks for some time and its introduction into Banks now seems a practical proposition within the next few years. The extent to which the payment of wages by cheque will take place will depend on the wishes of the wage earners, for in the legislation which it is proposed to introduce for the amendment of the Truck Acts there is no intention of making it compulsory on the employee to accept payment of his wages by cheque. The question of costs is important in this context. At present many of the accounts maintained with the Banks are, on the basis of the existing scale of charges, operated at a loss and yet, notwithstanding this, it would give tremendous encouragement to the extension of the banking habit, which we are all so very desirous of promoting, if a form of account could be introduced subject to a cheaper rate of charge for those who do not wish a full banking service. The Government itself could help towards this end by abolishing the Stamp Duty on cheques, and it would not be unreasonable to expect them to do so.

THE ECONOMIC SCENE

During the year the recovery in the economic and financial state of the country continued. There was an expansion in industrial production and a rise in productivity. Helped by the welcome stability in wage rates and the continuance of favourable prices for our commodity imports, our price level remained stable throughout the year. Sterling has remained strong and there has been a further strengthening of our external reserves. We have made sound progress since September, 1957, but I am not sure that the problem of how to maintain stability in the value of money with continuing economic growth has yet been solved.

The experience of the past year has been encouraging and the immediate outlook appears reasonably favourable, although the longer term prospects are being slightly darkened by a renewed round of claims for higher rates of wages. If these claims result in increases which are not matched by increased productivity, they will inevitably, as has been pointed out before, again set in motion the forces of inflation with all the consequences that we know so well.

So far the recovery in demand has been mainly confined to the consumer goods industries but there are definite indications that capital investment is now beginning to expand again. Short-term rates of interest in this country have for some time been lower than rates in other parts of the world, particularly in the United States and Western Germany, with a resultant tendency for money to be withdrawn from this country to obtain the benefit of these higher rates. The recent increase of 1 per cent in Bank Rate is intended to correct this, but in addition it is also intended to act as a yellow warning to the country as a whole that the Government does not wish to see expansion proceeding at a rate which might endanger the stability of the economy.

SCOTTISH INDUSTRY

In Scotland, because of the structure of our economy, we have not as yet benefited from the recovery to the same extent as other parts of the United Kingdom. We are so much more dependent than most other areas of the country on our capital goods industries that anything which would retard the recovery from spreading itself through to this side of industry would be most unfortunate for us. The unemployment situation in Scotland has improved marginally since last year but as things are at present there cannot be any substantial betterment until there is some recovery in the activity of our heavy industries.

There is as yet no sign of any break in the clouds for the shipbuilding industry, on which directly and indirectly the livelihood of so many of our people depends, and this in turn is still having its effect on our steel industry. A slight improvement in demand has led to a small recovery in steel production but the industry is still operating below capacity.

The whisky industry has had another good year and has yet again set up another export record, with still more supplies going to the United States. There has been also a revival in our woollen industry and the immediate prospects appear favourable.

I should like to say a word about the courageous way in which the City of Glasgow, in co-operation with other Local Authorities, is tackling its overspill and industrial re-development problems. Glasgow has faced up to the fact that it has almost reached its physical limits and I think that the steps which it and the other Local Authorities throughout Scotland are taking to deal with this problem on a country-wide basis are correct.

REAL OPPORTUNITIES FOR INDUSTRIAL DEVELOPMENT

There are real opportunities in Scotland for industries which are prepared to move out from the heavily populated industrial belt and so give themselves room to manoeuvre. The Markets will still be readily to hand. We in Scotland would welcome also the setting up of new industrial plants here and we believe that Scotland can offer very favourable opportunities for this sort of development. Everyone who has the interests of Scotland at heart must have been encouraged by the announcement of the decision of the British Motor Corporation to set up a factory at Bathgate, which it is anticipated will provide work for over 5,000 people.

Scotland also has space to provide for leisure and the advent of the Highland Tourist Finance Corporation shows a well advised and timely effort to support, in an organised way, the development of the tourist industry in this country. And I may say that we are ready to co-operate with and to support the Corporation in any suitable plans suggested for assisting the tourist industry.

SURVEY COMMITTEE

Behind all this and yet looking forward stands the Survey Committee which has just been set up under the aegis of the Scottish Council (Development and Industry) to study the natural resources of Scotland and, from the results of that study, to form plans how best to make use of these resources. Mr Elgood, one of your Directors, is Chairman of this Committee. I understand that his main task will be to co-ordinate the reports which will come from the various scientists and others engaged in the survey, and I am sure we all wish him well in the important task which he has undertaken.

Last year was one of the most favourable that our farmers have experienced in the matter of weather for a very long time and the long periods of sunshine in the autumn enabled good harvests to be ingathered quickly and without loss. Yields from all grain crops were good but some of our other farming products were affected by the prolonged drought. For instance, lamb prices at the autumn sales were much lower than the previous year. This is a reminder to us that in agriculture there is no common denominator. The type of weather suitable for one type of farming may be unfavourable for others, and a period of prolonged sunshine such as we had last year by producing a serious drought can, as well as periods of excessive rain, disturb the balance of our agricultural production.

RADCLIFFE REPORT

After work extending over a period of more than two years the Radcliffe Committee presented its Report to Parliament last August—in circumstances entirely different from those which obtained when the Committee was set up in May, 1957. The Report is a unanimous one and provides us with a most comprehensive and lucid analysis of our present monetary system. The Committee's recommendations have not all found universal acceptance and the Government have decided against some of them. Others are still being considered and it is as yet too early to say what changes they may give rise to in banking policies and practices. No serious criticism was found with the banking system. The Committee recommended that a more comprehensive collection and collation of banking statistics should be undertaken and, as this is one of the recommendations which has been welcomed by both the Chancellor of the Exchequer and the Governor of the Bank of England, this matter is receiving close study at the moment.

TRIBUTE TO EXECUTIVE AND STAFF

With the relaxation of a number of controls and the freeing of credit our Staff has had a strenuous year. I would like to take this opportunity of thanking our General Manager, his Assistant General Managers, our Branch Managers and all the Staff of the Bank, both men and women, for their loyal and excellent service; all of them in their varying capacities have contributed to the satisfactory results which have been placed before you.

THOS. FIRTH & JOHN BROWN LIMITED

SIR JOHN GREEN'S STATEMENT

The Seventy-ninth Annual General Meeting of Thos. Firth & John Brown Limited was held on January 28th at Atlas Works, Sheffield, Sir John Green, JP (the Chairman) presiding.

The following is an extract from his circulated statement:

The gross surplus after providing for Directors' remuneration, but before providing for Debenture Interest £131,756, Depreciation £660,721, Additional Depreciation £648,000 amounts to £5,067,543, a reduction of £789,336 as compared with last year.

United Kingdom Taxation amounts to £1,957,786, a reduction of £653,937 compared with the previous year.

The amount of unappropriated profit brought forward is £1,239,918, giving a net amount of £3,259,198 to be dealt with in the Consolidated Accounts of the Group, an increase of £276,530.

Your Directors propose to transfer £1,280,000 to General Reserve, and to pay a final dividend of 6 per cent, which together with the interim dividend of 4 per cent absorbs £542,369, leaving £1,436,829 to be carried forward.

The Current Assets of the Group amount to £17,917,058, as compared with the Current Liabilities of £5,222,864, giving a cover of the latter 3.4 times.

The increase in Trade Investments mainly represents an increase in the book value of the Company's investment in Firth-Vickers Stainless Steels Limited. On September 29, 1959 that Company increased its Issued Share Capital from £3 million to £6 million. 1,500,000 Shares of £1 each were issued for cash at par to the Parent Companies, and also 1,500,000 Shares were distributed by capitalising part of the existing Reserves of the Company. Consequent upon this increase of Share Capital, Firth-Vickers were able to repay £750,000 of the outstanding Loan to each Parent Company.

The Issued Capital of The Firth-Derihon Stampings Limited was increased on April 14, 1959 from £240,000 to £500,000 by a transfer of £260,000 from Capital Reserve. The book value of this wholly-owned subsidiary has not been altered in the Accounts of the Company following on this capitalisation of Reserves.

The profit of the Firth-Derihon Stampings Limited was about 20 per cent higher than in the previous year. This improved result was brought about by a substantial increase in turnover during the year under review, and the bringing into full commission important items of new equipment and plant associated with the production of Stampings for the vehicle industry. The results of this Company continue to be very satisfactory, and it is making a notable contribution to the Group Profit.

Our Associated Company, Firth-Vickers Stainless Steels Limited, had a satisfactory year. The quality of the product produced in their modern sheet and strip plants is quite outstanding. Technical problems associated with the bringing into production of the 40 in. wide Rolling Mill at Shepcote Lane Works were to a large extent overcome, and the profit for the year was good, having regard to the difficult trading conditions in the early period of the year.

Orders for all types and specifications of the Company's flat products increased, and the demand for stainless steel other than bars is running at a high level.

CAPITAL EXPENDITURE

During the year £1,648,960 has been spent on land, buildings, plant and machinery by the Group.

The capital expenditure of the Associated Company, Firth-Vickers Stainless Steels Limited, was approximately £400,000.

The total estimated cost of completing the various capital schemes on hand is approximately £2,750,000 of which commitments already entered into amount to £1,031,000.

TRADING CONDITIONS AND PROSPECTS

During the year under review, the demand for heavy forgings and castings from the shipbuilding industry has deteriorated still further, and at the present time outstanding orders still to be executed are much smaller than they were a year ago. There does not appear to be any improvement in demand likely in the near future. Such business as is available is subject to the most severe competition, both at home and abroad. Competitive prices and quick deliveries are being offered, and every effort is being made to assist our potential customers.

The demand for forgings from the Electrical Generating Plant manufacturers is still poor. Some orders are being lost to continental manufacturers on price. In this field the pattern of products required is changing and the larger capacity units now being designed and built have the effect of reducing the overall tonnage of forgings and castings required, notwithstanding the substantial increase in installed generating capacity.

The demand for the qualities of special steels produced by your Company in the form of bars and billets has improved during the year, and at this moment our manufacturing capacity in this particular field is fully occupied and the immediate prospects appear to be favourable. Whilst consumption is rising to a high level, orders placed are still higher, but it is too soon to accurately assess the extent to which the increased demand is governed by the building up of stocks and the anxiety on the part of the consumer to secure ample reserves for the immediate future.

It is in this particular field of production that the outlook both in the short and long term appears most promising, and your Board is examining new proposals for expanding capacity both in Sheffield and at Beardmores.

STRONG FINANCIAL POSITION

The Balance Sheet discloses a financial position of great strength and stability. The strong liquid position will enable the Company to take advantage of opportunities which may arise in the field of expansion and investment. At the same time, Shareholders have enjoyed the steadily improving position.

The removal for the time being of the threat of renationalisation has enabled the market to place a value on the Shares of the Company more in line with its earning capacity, distribution, and the value of its assets.

The satisfactory results have been made possible by the loyal and steady co-operation of all our Workpeople and Staff, and the devoted effort and constant attention to duty by all executives employed by the Company.

The report and accounts were adopted.

LLOYD'S PACKING WAREHOUSES (HOLDINGS)

IMPROVED RESULTS

SIR ERIC A. CARPENTER'S REVIEW OF OPERATIONS

The Sixty-fourth Annual General Meeting of Lloyd's Packing Warehouses (Holdings) Limited was held on February 3rd in Manchester, Sir Eric A. Carpenter, OBE (the Chairman), presiding.

The following is an extract from his circulated statement:

The Consolidated Profit and Loss Account shows the Group Trading Profit, including Regentone Products Ltd., as £561,510 as against £91,990 for the previous year.

After making provision for Taxation £274,207 as against £62,659 last year, there is an aggregate Net Profit of £287,303 compared with £29,331 a year ago. Deducting £8,443, the proportion attributable to outside shareholders' interests, £8,148, the net transfer to Reserve, and adding the balance brought forward from the previous year £292,048, there is an available balance in the Group of £562,760.

In January, 1959, a special interim dividend of 6 per cent was paid, the reason for which was fully explained in my statement last year. To avoid confusion as to the dividends really applicable to each year, the special interim has been treated as a deduction from the amount brought forward from 1958.

An interim dividend of 6 per cent (less income tax) was paid on the Ordinary Stock in July, 1959, and your Directors recommend a Final Dividend of 9 per cent (less income tax) on that Stock, making a total of 15 per cent (less income tax) for the year.

The dividends on the Preference and Ordinary Stock already paid in respect of the year to September 30, 1959, together with the recommended dividend absorbs £144,925, leaving a balance to carry forward in the Group of £417,835 as against £292,048 brought in after deduction of the special interim dividend on the Ordinary Stock.

Consequent upon the continued fall in the volume of textile packing, many of the Group's properties originally providing packing services for export merchant tenants have ceased to perform that function. In the circumstances and in view of the prevailing property market, your Directors deemed it prudent to sell such properties, retaining leases of the comparatively small portions of them still required for packing services. Although the sale was completed subsequent to the close of the year under review, the resultant surplus over book value amounting to £702,876 has been shown in the Balance Sheet as an addition to both Fixed Assets and Capital Reserve.

PACKING DIVISION

Taken over the year the volume of textile packing still remained low, but the last few months showed an encouraging improvement, not entirely of a seasonal nature. This coincided with the holiday period and an already depleted staff was stretched to the limit to complete shipments on time.

In the field of machinery packing, there is an ever growing demand for our services and the premises, which last year we believed to be fully adequate, are now working to full capacity. Further expansion is in progress, which will keep us in the forefront in this valuable service to the Engineering Industry, catering as we do for packages up to 30 tons in weight. The rising flow of capital equipment for Eastern Europe calls for a precise time-table, as well as a high standard of workmanship to satisfy rigid inspection and we have made it our business to satisfy both these requirements.

We have packed thousands of tons of machinery for despatch to Russia and are grateful to those important British Companies who have entrusted their products to our care. Although the market emphasis has been on heavy machinery, we are also engaged in the highly skilled task of packing and forwarding electronic computers and allied equipment. It is fortunate that we are able to call upon other Group services, such as transport and warehousing, to service our customers.

The flow of business shows every sign of increasing as international relations continue to improve, and we expect to reap the benefit of our highly specialised knowledge and equipment in this field of packing. Our customers may be assured that it is our intention to offer a service second to none in this country.

PAPER AND PACKAGING DIVISION

At the close of the year under review we established jointly with The Packing Materials Association Ltd. a Company entitled Packaging Products (Holdings) Ltd. for the purpose of amalgamating the waterproof and waxed paper manufacturing interests of the two Groups. This enables the concentration of production in two large modern and efficient units at Manchester and Liverpool and the closing of two comparatively obsolete factories with consequent manufacturing economies.

The printing strike, which occurred during the last quarter of the financial year, caused a serious fall in the profits relating to the manufacture of cartons.

We have recently acquired two well-established carton concerns—Alfred Eva & Son Ltd. and T. A. Lever & Sons Ltd., both of Manchester. They will be integrated to work closely with our London subsidiary, F. T. Pillivant Ltd., under the title of Lloyd's Cartons Ltd.

TIMBER DIVISION

The Timber Trade, particularly in connection with Softwoods, started the year on a weak uncertain market, but with the summer, the situation changed very considerably, finishing with an increased demand and a rising market. This demand shows every sign of continuing and, providing some restraint is used, 1960 should be a much more prosperous year with better margins.

Hardwood activities have recently been augmented by the acquisition of Williams, Richards (Timber) Limited, a small but old established and respected Liverpool company.

RADIO AND TELEVISION DIVISION

Following the relaxation of Credit Restrictions in October, 1958, the Radio and Television Industry enjoyed a period of exceptionally high demand.

The Regentone Group took full advantage of these conditions, with the result that both turnover and profit were the highest in the history of the Company. There are signs, however, that the market peak has been reached and it is reasonably certain that the current year will be one of keener competition.

However, the reception accorded by the public to the current "RGD," "Regentone" and "Argosy" Radio and Television models gives me confidence that the Regentone Group will continue, at least, to maintain their proportion of the turnover of the industry.

The report and accounts were adopted.

KOLOK MANUFACTURING

(Manufacturers of Carbon Papers and Inked Ribbons for Typewriters and Office Machinery)

SATISFACTORY PROFIT

The fifty-first annual general meeting of Kolok Manufacturing Company Limited was held on January 29th in London, Mr E. S. Dumont (chairman and managing director) presiding. The following is an extract from his circulated statement for the year ended August 31, 1959:

The Net Profit of the Company for the year under review is £150,444 and the Net Profit of the Group is £175,822 as compared with £159,908 and £178,815 for the previous year.

Bearing in mind the mild recession in general trading conditions which temporarily affected us, the small reduction in the Consolidated Profit is, in the circumstances, satisfactory.

Output and orders in hand exceed those for the same period last year although it must be borne in mind that costs continue to increase.

The excess of Current Assets over Current Liabilities for the Group is £470,805, an increase of £26,881 over the preceding year.

The increase in the Fixed Assets of £41,328 is almost entirely due to the cost of extending the Factory premises. The work is not completed and further expenditure during the current year will approximate £10,000.

Your Directors propose to recommend a Final Dividend of 18½ per cent, an Interim Dividend of 5½ per cent having been paid. The total Dividend will then be 24 per cent for the year.

During the year Mr P. H. Franc, who has very successfully managed and developed one of our Subsidiary Companies, was appointed a Director of your Company.

Excellent support has been given by our Executives, Staff and all other employees and, on your behalf and my own, I take this opportunity to express to them our thanks.

The report and accounts were adopted.

AVELING-BARFORD LIMITED

INCREASE IN ORDERS

The 65th annual general meeting of Aveling-Barford Limited, was held on February 2nd at Grantham, Mr Edward Barford, MC, Executive Chairman, presiding.

The following is an extract from his circulated statement:

The profits of the Group for the year ended September 30, 1959, after charging all expenses of working and management, amounted to £502,684 which is below the profits of last year, although the Group turnover was higher. However, mainly due to the reduction in the standard rate of tax, the balance available is £253,247 as against £216,237 last year.

Information available to us still suggests that manufacturing capacity in our industry exceeds demand—with consequent price cutting.

During the last three months of the year, and the first three months of the current year, there has been a welcome increase in the number of orders placed with us both overseas and at home.

It is indeed fortunate that it has been possible to largely complete the reorganisation of the production units of the Group during the year. Although this has entailed abnormal expenditure and effort, we are now in a position to take advantage of the improved trading conditions which appear to be with us. We shall reap some reward as well from the abnormally extensive design and development programme upon which we have been engaged during the past three years.

Stocks have been reduced for the third year in succession and the Bank Overdraft at £75,684 is £193,000 lower than last year.

ROAD PROGRAMME

As the needs of Great Britain form but a small fraction of the world demand for our products, we are predominantly an exporting company and we stand or fall by our ability to compete in the markets of the world.

Nevertheless, a substantial increase in home business would be most welcome to us and we are pleased to see that the road programme continues to gather momentum, but the amount of money allocated for it is still woefully inadequate. Recent figures published by the British Road Federation point out that revenue from motor taxation in Britain is 10 times more than it was 25 years ago, while during the same period expenditure on our roads has not quite doubled.

The increased business which we might expect from the Road Programme will be partly offset by the reduction in opencast mining, which we had hoped would prove a large customer for certain of our latest products.

THE FUTURE

As to the future, I feel that we can face it with more confidence. Production from our factories in this country should be at a substantially higher level than last year and with more settled conditions throughout the world, we should see some benefit from the ambitious road schemes and other civil engineering projects that have been announced in many countries.

The directors recommend the same final dividend as last year, namely 7½ per cent, making a total of 12½ per cent for the full year.

The report and accounts were adopted.

BOWMAKER LIMITED

RECORD INCREASE IN VOLUME OF BUSINESS

PROPOSED SCRIP ISSUE

"Profits of the year under review should be surpassed in the current financial year" — SIR ARTHUR MORSE

The thirty-second annual general meeting of Bowmaker Limited will be held on February 23rd in London.

The following is an extract from the circulated statement of the chairman, Sir Arthur Morse, CBE:

In conditions of newly found freedom from restrictions your directors are able to present results which I venture to suggest you will consider very satisfactory.

On October 31st, last, the hire purchase debtors of our group had increased to £51,100,891 compared with £22,394,197 at the corresponding date in the previous year. These figures relate to business in the British Isles. With greater freedom, competition has naturally increased and continues to do so.

Just over a year ago a scheme was devised to encourage investment in good class stocks and shares. This has met with a satisfactory response which has resulted in business being accepted through no less than one hundred and fifty stockbrokers throughout the British Isles.

The deposits of the group have continued to increase and were in excess of £22 million at the close of the financial year.

CAPITAL AND RESERVES

As a result of two issues made during the year the paid up Ordinary share capital now amounts to £4,438,500.

Your Board is of the opinion that the reserves of the company are unnecessarily high in relation to the issued capital. It is, therefore, proposed to increase the authorised share capital of the company from £6 million to £10 million and to apply £2,219,250 of the amount of £2,717,122 standing to the credit of share premium account in paying up in full new Ordinary shares of 5s. each and to distribute these in the proportion of one new Ordinary share for each two Ordinary shares of 5s. each held on January 15, 1960.

ACCOUNTS

The group profit for the year, before tax, amounted to £2,303,851 as compared with £1,026,524 in the previous year. The group profit, after tax, amounted to £1,202,006. The final dividend of 20 per cent makes a total distribution of 27½ per cent for the year.

Commenting on the consolidated balance sheet, Sir Arthur said: Capital and reserves of the group as at October 31, 1959, total £11,139,905 as compared with £8,138,285.

OPERATING SUBSIDIARIES AND ASSOCIATED COMPANY

The three wholly owned subsidiary companies, Bowmaker (Commercial) Limited, Yeoman Credit Limited and Midland Counties Motor Finance Company Limited, continue to operate as separate entities but work in close collaboration with each other. Each company has made substantial progress during the year under review and has materially increased its profits.

Economic conditions in Eire, although not as good as in the United Kingdom, remain satisfactory and Bowmaker (Ireland) Limited has continued to make excellent progress.

The financial year of our associated company in the Federation of Rhodesia, Bowmaker (C.A.) (Pvt.) Limited, in which one-third of the share capital is owned by your company, ends on May 31st, and as anticipated in my statement last year the financial year which ended on May 31, 1959, proved a most difficult one and a small loss was incurred. Conditions in the Federation have, however, improved and since the commencement of the current financial year there has been a marked increase in the volume of new business.

Bowmaker (Plant) Limited, the only operating subsidiary company in the group not directly engaged in hire purchase, has increased its turnover despite the serious sales problem which has arisen in the field of heavy equipment as a result of the cut-back in the production of opencast coal. The large increase in sales of smaller units has, however, necessitated a considerable increase in overheads which has affected profits. The additional range of Caterpillar equipment now being produced in the United Kingdom together with an entirely new range of rubber-tyred tractors shortly to be available in this country will further expand the scope of the company's business.

CURRENT YEAR'S PROSPECTS

After commenting on proposed changes to the company's Articles of Association, Sir Arthur concluded: The sharp increase in demand which followed the lifting of restrictions must have spent itself and it is not to be expected that an increase of anything like this magnitude can take place in the current year. Nevertheless, I hope I am not being unduly optimistic in saying that the profits of the year under review should be surpassed in the current financial year.

Main operating subsidiary companies:

BOWMAKER (COMMERCIAL) LIMITED

YEOMAN CREDIT LIMITED

MIDLAND COUNTIES MOTOR FINANCE COMPANY LIMITED

SALTS (SALTAIRE) LIMITED

LORD WILMOT'S REASONED OPTIMISM

The Thirty-seventh Annual General Meeting of Salts (Saltaire) Limited was held on February 3rd at Saltaire, Shipley, Yorkshire, The Right Honourable Lord Wilmot of Selmeston, PC, JP, the chairman, presiding.

The following is an extract from his circulated statement:

Your Board decided to change the accounting year of the Company to September 30th to coincide with that of the Holding Company, Illingworth, Morris & Company, Limited, and the Accounts are for the period of six months ended September 30, 1959.

Trading Results.—Profit on Trading of the Group for the six months ended September 30, 1959, amounts to £498,947.

After charging £263,500 for Taxation on the Profits of the Period, the Net Profit of the Group amounts to £252,476.

Appropriations and Dividends.—The Board has declared an interim dividend of 5 per cent on the Ordinary Shares (in lieu of a final dividend), subject to income tax, and the dividends for the six months absorb net £127,706.

Machinery Activity.—The machinery in all Departments has been fully employed between April 1st and September 30th and a large percentage has run on overtime. The concentration policy outlined in my last statement has proved to be a wise one, and has shown benefit during the six months. We have experienced a strong demand for our productions, and orders on hand should ensure a continuance of this high machinery activity for several months.

Wool.—At September 30th wool prices were approximately 10 per cent above the basis at the commencement of the six months, which has obviated the writing-down of stocks necessary in recent years. Since the end of our financial year, although there have been slight fluctuations in the interval, wool prices have continued to rise.

Common Market and European Free Trade Area.—It is difficult to ascertain at this stage what, if any, benefits will accrue to the Wool Textile Industry from the Common Market and the Outer Seven. The Wool Textile Delegation is greatly disappointed with the Government's decisions in regard to the Outer Seven, which are likely to have serious adverse effects on both our Home and Export Trade. The Delegation has kept the Government fully informed of the Industry's views, but apparently little heed has been taken of their advice.

Future Prospects.—The competition for orders for both Yarn and Cloth is still very keen. Our percentage of Export has been maintained and we continue, by visits of Directors and high Executives to Commonwealth and foreign countries, to make the greatest efforts to increase still further our sales to Export markets. If our present high machinery activity is maintained throughout the year, and subject to no international crises, we can look forward with reasoned optimism to a satisfactory year's trading.

The report and accounts were adopted.

THE STANDARD TRUST

HIGHER GROSS INCOME

The fifty-seventh Annual General Meeting of The Standard Trust Limited will be held on February 24th in London.

The following is an extract from the circulated statement of the chairman, Captain A. R. S. Nutting, OBE, MC:

The gross income for the year was £770,017, being an increase of £42,310 on the comparable figure for the previous year. After deducting all charges, including expenses, debenture interest, preference dividend and taxation, there remains a balance of £352,730.

The Directors propose the payment of a final dividend of 13 per cent on the Ordinary Stock which, with the interim dividend of 8 per cent, makes a total for the year of 21 per cent compared with 19 per cent for the previous year. This represents a distribution in interest and dividends of 81¼ per cent of the earnings available.

The substantial upward movement in market prices during the year here, and to a lesser extent in North America, culminated in almost peak prices at the year end and this is reflected in the valuation of investments on the consolidated Balance Sheet, which shows an appreciation of 152 per cent compared with 82 per cent a year ago. On this basis an ordinary stock unit of 5s. is represented by a net asset value of 35s. 3d. but it must be reiterated that the warning given a year ago with regard to Stock Exchange price fluctuations still applies.

The main event of the past year has been the General Election in Great Britain and the impetus provided by the return to power of the Conservative Party with an adequate working majority and a sound financial policy. Largely as a result of this, 1959, for industry generally, has been a year of recovery and renewed confidence with particular emphasis on the closing months.

For the investor it has been one of outstanding prosperity with *The Financial Times* industrial index showing a rise of no less than 100 points. Records have also been achieved in Bank advances, hire purchase finance, the note circulation, national spending and saving.

THE OUTLOOK

The basic factors which have brought about this improved state of affairs still prevail and with the apparent lessening of international tension the future remains promising. Although in the United Kingdom higher industrial production, with all its implications, can be anticipated, one hesitates to expect a corresponding increase of profitability.

In the USA the outlook is somewhat clouded owing to the uncertainties arising from the forthcoming Presidential election and the repercussions throughout industry as a result of the recent wage award in the steel industry. That American industry is not to suffer further disruption is certainly a relief, but the inflationary indications of this settlement must be borne in mind, since a policy of dearer money in New York, which the authorities there seem likely to pursue, must eventually have its effect in London.

For the current year it looks, on present estimates, as if our gross income will be more than maintained and the Directors expect to be able to repeat the present rate of dividend after the proposed issue of Ordinary Shares.

WILLIAM TIMPSON LIMITED

Manufacturers, Retailers and Repairers of Footwear

YEAR 1959

Issued Capital	£1,875,910	Current Assets	£2,398,137
Reserves	1,586,854	less Current Liabilities	1,284,693
			1,113,444
		Fixed Assets at cost less Depreciation	2,349,320
	£3,462,764		£3,462,764

Profit for Year 1959		£672,596
Taxation	£320,000	
Dividends	176,899	
Retained in business	175,697	£672,596

Extract from the Chairman's Address

William Timpson Limited has been established for ninety-four years and our original Shops are still doing good business. One of our main considerations is to keep every Shop up-to-date with modern fixtures and fittings, whatever the date of its foundation; we pride ourselves that no Shop is neglected. Our display windows have been modernised and obviously prove attractive to our customers. Service is our watchword, and we consider this a primary necessity.

Property values have continued to rise, and arrangements have now been made to have our properties revalued. These stand in our Balance Sheet at cost less depreciation, and your Directors considered that a revaluation was necessary.

A bonus of £55,000 has been allocated to employees.

RADIO RENTALS LIMITED

A RECORD TRADING YEAR

MR P. PERRING-THOMS ON CONTINUED EXPANSION

The twenty-third annual general meeting of Radio Rentals Limited was held on February 3rd at The Dorchester Hotel, Park Lane, London, W.1, Mr P. Perring-Thoms (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

The year to August 31, 1959, was a year of important changes in Government Controls and Taxation for the television and radio industry. In September, 1958, the Control of Hiring Order was altered from requiring nine months rentals to be paid in advance to four months, and six weeks later the Order was cancelled altogether. In April, 1959, Purchase Tax on television and radio sets was reduced from 60 per cent to 50 per cent while on replacement cathode ray tubes it was abolished. Each of these changes involved material adjustments to our terms of trading and were introduced satisfactorily with no interruption to progress.

GROWTH OF NEW BUSINESS

Since I last reported to you, our policy of expansion has continued and a recent survey we have completed shows that our service covers over 80 per cent of the population of England, Scotland and Wales and month by month this percentage is increasing. It is worthy of emphasis that Radio Rentals Limited was the pioneer of the renting of radio and television sets and today the Group continues to be the largest television and radio renting organisation in the world.

I am of the opinion that it is not widely enough known by shareholders and the public that the Group manufactures all its own sets. Our Subsidiary, Mains Radio Gramophones Limited, of Bradford, is one of the oldest established manufacturers in the industry. In the year under review the output was increased to a new record level and in the last three months, with the addition of only an extra 10,000 square feet of working space, the rate of output has again been increased by a further 25 per cent.

The Accounts of the Group for the year to August 31, 1959, show a record profit and I am pleased to report that the figures reflect a considerable measure of further progress and expansion.

In the Consolidated Profit and Loss Account the increase in the figures over the previous year for trading profit was £908,320 to £5,102,963 and for depreciation £660,391 to £2,968,104, indicating the expansion of business during the year. In fact the number of television sets installed exceeded that for any previous year. The net profit of the Group, after meeting all charges other than taxation, amounted to £1,949,895 an increase over the previous year of £213,008. The net profit of the Group, after taxation, increased as compared with the previous year by £293,958 to £1,098,616.

MEETING THE CHANCELLOR'S APPEAL

I shall now refer to Purchase Tax which is not a popular tax. Any reduction is welcomed by the public and most traders, and the public expects an immediate reduction in prices. It is a tax on the consumer but it is charged on the wholesale price or where no wholesaler is involved as in our case it is paid by our manufacturing Subsidiary on a notional price. Many representations have been made but no method has been accepted for rebating tax on stocks held when a reduction takes place and with a rental company the problem is on a much larger scale than the Government can have realised. Reduced Purchase Tax ensures lower rentals for new subscribers and had we not given a reduction proportionately to existing subscribers they could have cancelled their agreements and rented sets at the new rates or gone elsewhere. Your Directors have always been aware of this problem and, although they hoped that the authorities would see the injustice and devise some relief, adequate reserves have been made in prior years to deal with it. The adjustment of Purchase Tax has accordingly been dealt with as shown in the note on the Consolidated Profit and Loss Account from which you will see that capital losses of £432,329 incurred in writing down the Purchase Tax element of sets on or for rental have been charged to General Reserve. We are sure that our subscribers are satisfied and that our goodwill has been enhanced by passing on even more than the net reductions, thus meeting the Chancellor's appeal for lower prices.

BALANCE SHEET FEATURES

In the Consolidated Balance Sheet I must draw your attention to the figures for Current Liabilities and Current Assets which include the cash position of the Group. The position has been considerably changed by the issue to shareholders on September 11, 1959, of 1,600,000 Ordinary Shares at 20s. per share. The proceeds of this issue increased the cash resources of the Group by £1,575,000 and the Share Premium Account by £1,175,000.

Dealing now with the matter of appropriation, your Directors propose to transfer £720,700 to General Reserve, bringing the amount at credit in the Consolidated Balance Sheet to £2,200,000 and they recommend the payment of a Final Dividend of 15 per cent (ninepence per share) on the 11,200,000 Ordinary Shares of the Company, a First and Special Interim Dividend at the rate of 5 per cent (threepence per share) on 8 million shares and a Second Interim of 7½ per cent (four and a half pence per share) on 9,600,000 shares having been paid on February 5, 1959, and June 1, 1959, respectively.

The Annual General Meeting is to be followed by an Extraordinary General Meeting to consider Resolutions to increase the Authorised Capital of the Company and to approve the issue of 5,600,000 Ordinary Shares of 5s. each credited as fully paid up, on the basis of one for every two held, by way of capitalisation of part of the reserves standing to the credit of the Share Premium Account, as increased as I have said by the issue made on September 11, 1959.

THE OUTLOOK

Since the end of the financial year trading has been on a satisfactory scale and indeed installations up to Christmas, 1959, considerably exceeded those carried out in the same months of the previous year. In the television industry the appeal and reputation of renting has grown tremendously in recent years with the result that a number of companies have entered the field. We can, therefore, in the future expect increasing competition in a market which can only be a diminishing one as regards people having a set for the first time. Fortunately your Company is achieving an increasing amount of business with customers who have previously owned a set, and we may look forward to taking our full share of the replacement market.

The report and accounts were adopted.

At the subsequent extraordinary general meeting the capitalisation and scrip issue proposals were approved.

LIEBIG'S EXTRACT OF MEAT COMPANY

ANOTHER SUCCESSFUL YEAR

The ninety-fifth annual general meeting of Liebig's Extract of Meat Company, Limited, will be held on February 25th in London.

The following is an extract from the circulated statement of the chairman, Mr K. R. M. Carlisle:

The accounts reflect a successful year of trading for the Group, with an overall profit slightly in excess of the previous year's figure. The profit before taxation, amounting to £2,106,000, was after charging £144,000 in respect of exchange losses, the greater part of which arose in respect of our activities in Argentina and Paraguay. It is proposed to transfer £100,000 to General Reserve and to recommend a Final Ordinary Dividend of 9 per cent, less Income Tax, on the increased Ordinary Capital of £4,500,000.

When your directors decided, last March, to invite Ordinary Stockholders to subscribe £500,000 new money in the form of a 'rights' issue, they were aware that further permanent finance might well be needed, possibly on a substantial scale, but they were not then in a position to assess either the mount required or the form which any funding should take. This matter has recently been studied further and the possibility of a private placing of loan capital is now under active discussion.

OXO LIMITED

The Oxo Company maintained the high level of activity achieved in the previous year.

The Oxo Cube continued to flourish, while the value of sales of Corned Beef, under both the 'Fray Bentos' and 'Beefex' brands, responded in some measure to the relatively short supply—and consequent higher prices—of fresh meat. Further development of the Fray Bentos 'Ready Meals' range of products is now being planned.

Export turnover as a whole improved, in spite of import restrictions in some of our more promising territories.

Sales of 'Oxoid' Culture Media have made headway, both at home and overseas.

Last year I referred to changes which had been, and were being, made in the Company's Sales Organisation. This re-organisation has been largely completed and the Oxo Company

is now taking a lead in the grocery world in its development of new marketing methods.

CONTINENT OF EUROPE

In Western Europe, where we manufacture and sell a wide range of products under trade marks as familiar as is Oxo in the United Kingdom, highly competitive conditions continued. Despite a slight increase in turnover, profits as a whole were only maintained at the previous year's level.

These conditions call for the highest degree of efficiency, and far-reaching reorganisation of our European interests was continued at an intensified pace in the year under review.

After a detailed review of the Group's world-wide activities, the statement concluded:

In the United Kingdom and Europe returns for the current year to date are reasonably satisfactory although costs, particularly of administration, marketing and research, continue to increase and tend to absorb the extra profits arising from greater efficiency in the factories and from increased sales. This expenditure is, however, very necessary to enable us to maintain and improve our position in the many and varied markets in which we are operating.

Taking an overall view and provided no unfavourable factors develop, I see no reason why the current year's results should not be satisfactory.

ARUSHA INDUSTRIES LIMITED

GROUP PROFITS OF £589,001

The Directors of Arusha Industries Limited issued the following Preliminary Statement after their Board meeting on February 1st:

"The Group profit for the 15 months ended September 30, 1959, was £589,001 (against £66,653 for the year ended June 30, 1958). The Group profit for the 15 months' period contains nine months' profits of Barrow Haematite Steel Company Limited which incorporates six months' profits of Darwen & Mostyn Iron Company, six months' profits of Sheffield Steel Products Limited, and Webley & Scott Limited, all of which together with Vigilant Investments Limited and the Three Star (Luton) Limited Group, whose profits cover varying periods, were acquired during the latter part of the current financial period.

In the aggregate the profit shown does not give a fair indication of the profit earned by the companies constituting the Group for a full period of 15 months.

A final dividend of 35 per cent is proposed on capital of approximately £291,000 against

(a) forecast in April, 1959 of 25 per cent on the then capital of £203,634; and

(b) the total of 20 per cent for year ended June 30, 1958 on capital of £67,878.

Interim dividend of 15 per cent for current period already paid."

The Board proposed a Scrip Issue of six new 2s. shares for every four 2s. shares now held and consolidation of increased capital into shares of 4s. each, giving shareholders five new 4s. shares for every four 2s. shares now held.

It is the intention to hold the Annual General Meeting on March 7, 1960, and the accounts will be circulated to shareholders on or before February 14, 1960.

KULIM RUBBER PLANTATIONS LIMITED

MR P. B. L. COGHLAN'S REVIEW

The twenty-sixth annual general meeting of Kulim Rubber Plantations Limited will be held on February 11th at the Rubber Growers' Association (Inc.), 19, Fenchurch Street, London, E.C.3.

In his circulated review, the Chairman (Mr P. B. L. Coghlan) comments on the Company's Accounts for the year ended June 30, 1959, which show a Trading Profit of £86,381 compared with £43,570 for 1957/58. This sharp rise was largely due to an increase of 1.81d. per lb in the average market price of rubber during the year, augmented by a modest improvement in the premia obtained for the special products such as sole crepe and concentrated latex which form a large proportion of the Company's output. Other satisfactory features of the year's working were a reduction of nearly £8,000 in Revenue Expenditure, achieved despite a rise of 167,000 lbs, in the crop, and an increase in income from the Trade Investments—£3,683 against £447 for 1957/58. The total output of 3,055,000 lbs—a new record for the Company—represented over 750 lbs per acre from the area in production. This was due not only to steadily rising yields from the young rubber but also to special methods of tapping the old trees to ensure their maximum exploitation before they become due for replanting.

Mr Coghlan goes on to refer to the rapid progress being made in planting up a second block of approximately 500 acres of new land. At the present rate of progress this would be completed by Autumn, 1961, and the Company would then have a total of 2,264 acres of new pedigree rubber planted or replanted since the War and financed entirely out of profits. Of this total, 676 acres were already in production and further substantial blocks would henceforth be brought into tapping each year. It could therefore confidently be predicted that overall output would continue to rise despite the cutting out and replanting of additional blocks of old rubber.

An important move in the Company's progressive policy had been the acquisition of virtually the whole of the issued share capital of Gopeng (Perak) Rubber Estates Limited and Kapala Rubber Estates of Malaya Limited which had, in effect, resulted in a merger of the three Companies. Mr Coghlan remarks that the fact that the offers had been accepted by an overwhelming majority in each case indicated that there was a general recognition of the mutual benefits that would accrue to the three Companies from this merger. Completed accounts for the last financial year of each Company were not yet available but it was already clear that these would make a favourable showing.

With regard to prospects of the current year, reference had been made in an earlier Circular to the probability of the payment of a dividend of not less than 20 per cent on the increased issued share capital of the Company, in respect of earnings for the twelve months January-December, 1960. Mr Coghlan states that the price of rubber had been well maintained since the issue of that Circular and there was no reason to alter that forecast—in fact, it would appear that there had been an improvement in the general dividend prospects of the Company.

Mr Coghlan concludes:

The overall position of the rubber producing industry remains sound; the shortage of spot and nearby rubber is now being eased by releases from Government stockpiles and if these supplies are marketed with intelligent anticipation they should act as a stabilising influence on the market and prevent undue fluctuation in the price of rubber—a very welcome state of affairs both to consumers and producers.

HENLYS LIMITED

GRATIFYING RESULTS

The thirty-first annual general meeting of Henlys Limited was held on January 28th in London.

Mr H. G. Henly (Chairman and Joint Managing Director) presided and said:

I am very happy to tell you that the profits for the five months to date, by comparison with the five months of the preceding year, show a very satisfactory increase. They would have been even greater if our manufacturers had not had to contend with a series of strikes. It is most unfortunate, because it is doing considerable harm, not only to ourselves but to the country's exports, and I hope that within a short time the unions will be able to deal with this small number of malcontents.

The following are extracts from the Directors' Report:

For the year ended August 31, 1958, your Board was pleased to announce that your Company had just completed the most successful year of trading since its incorporation, so it is most gratifying to be able to report that the year to August 31, 1959, was even more successful.

The Net Trading Profits of the Group amount to £902,454, an improvement over the previous year of £223,956. Interim Dividends on the Ordinary capital totalling £86,381 have been paid, and your Directors recommend that a Final Dividend be paid on the Ordinary Capital of 20 per cent at a net cost of £133,634.

The Report was adopted.

APPOINTMENTS

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS AND RESEARCH GRANTS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships and Grants for research in Economics, Economic Statistics, Government, Social Administration, Social Anthropology or Sociology, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The Studentships are normally of the value of £350 or £400. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University. Applications should be sent not later than February 15, 1960, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited from suitably qualified candidates for the following posts:—
LECTURER IN SOCIAL SCIENCE
LECTURER IN SOCIAL PSYCHOLOGY *OR* IN SOCIOLOGY
TWO LEVERHULME RESEARCH FELLOWSHIPS
Salary scales, according to age, qualifications and experience: *Lectureships* £900 x £50 to £1,350 x £75 to £1,650. *Fellowships* £900 to £1,200 per annum.
Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, to whom applications (6 copies) must be sent by March 5, 1960.

UNIVERSITY OF QUEENSLAND

SENIOR LECTURER IN POLITICAL SCIENCE

Applications are invited for the above-mentioned position. Applicants should possess either an Honours or a Post-graduate Degree in Political Science and experience in research.
Salary £A2,160/£A2,510 p.a.
Further particulars are obtainable from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
Applications close, in Australia and London, on *March* 12, 1960.

UNIVERSITY OF GLASGOW

ASSISTANTSHIPS IN MATHEMATICS AND STATISTICS

Applications are invited for two ASSISTANTSHIPS, one in Mathematics and one in Statistics. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.
Applications (3 copies) should be lodged, not later than March 5, 1960, with the undersigned, from whom further particulars may be obtained.
ROBT. T. HUTCHESON,
Secretary of University Court.

For further appointments see pages 577, 578 and 579

COMPANY AFFAIRS

P & O

THE final dividend on the deferred stock of P & O is normally declared early in March. This year it is being paid earlier in the form of a second interim because of technical difficulties connected with the offer to acquire minority shareholdings in Orient Steam. The dividend for the year to September 30, 1959, has been maintained at 11 per cent. As expected the directors report a very sharp fall in net profits from £6.6 million to about £3 million so that the maintained dividend is barely covered.

The board's decision to leave the dividend unchanged may have been influenced by the appearance of slightly more favourable trading conditions. Sir William Currie, the retiring chairman, points out that freight rates are now 10 per cent to 15 per cent higher than at the very depressed levels of 1958/59 so that the operating results of some of the group's fleets show some improvement. Some liner trades are also improving; five tankers are now trading and four more are due to come into service by September, all at profitable rates. He however ends his statement with a distinct note of caution, saying it is impossible to say whether these more encouraging trends will continue or whether they will be reflected in increased profits for the group as a whole. But the directors hope to maintain the dividend for 1960 at 11 per cent on the capital as increased by the share exchange offer for the minority holdings in Orient Steam. At 47s. P & O's £1 deferred shares yield 4¾ per cent.

Peachey Property

HERE, surely, from Peachey Property, is the biggest and glossiest interim report ever issued by a British company. Signed by Mr Hutley and Mr Farrow, the joint managing directors, it is 95 pages long and contains detailed schedules of properties and rents, photographs of many of these properties, a discussion of the policies to be pursued by the directors, and a forecast of income. The icing is thick. But what about the cake? From an estate agency at Petts Wood, Mr Hutley and Mr Farrow built up the Peachey Property empire as dealers, buying estates of houses and then selling them at "sitting tenant" prices to the occupants. These prices were below vacant possession values but above the prices paid by Peachey. In order to deal, the hundreds of small companies controlled by Mr Hutley and Mr Farrow had to rely in part on mushroom building societies, first to finance their purchases and secondly to provide the sitting tenants with mortgages. As the valuations were sound, they found little difficulty in this direction; recently they have been able to secure some "block" mortgages from building societies proper.

Having firmly established themselves, the directors last year decided upon a fundamental change in policy. Dealings have been slowed down (not least because there are not so many suitable blocks of property coming on the market for sale) and the aim now is to raise rental income. The new rent act prompted this change and the policy of the directors, acting perfectly in the spirit of economic men, is to try to free the properties from rent control (if necessary, by offering the sitting tenant a cash sum to move house) and to charge full decontrolled rents. The new leases offered have been described by Mr Hutley as the tightest in London.

Many of the properties are still subject to rent control and the directors estimate that such rents are equivalent to only about one third of open market rentals. The build-up in Peachey's income thus depends on the success with which sitting tenants can be persuaded to move or to accept new leases at uncontrolled rents. This policy is being vigorously pursued and the directors now estimate that pre-tax income by end-June 1961 will be running at a rate of over £1.1 million. For 1960-61 equity earnings, after deducting £580,000 in loan interest, may therefore be in the region of 30 per cent. The directors have already forecast a dividend equivalent to 23⅓ per cent on the present capital of £1,500,000 for the current financial year.

Such a report is welcome from a group of companies whose shape and policies have been radically altered and whose published accounts only carried the story up to the end of 1957. But it seems to presage an appeal to the capital market. The average rate the company is paying on its loans and mortgages is now 6.28 per cent and the directors say that in the coming months they will give detailed consideration to plans to re-finance short-term loans and mortgages on a long-term basis. The market's reaction to the report was to mark the 2s. shares down from 14s. 3d. to 12s. 1½d. To buy them on a yield of just over 3¾ per cent is to assume that Mr Hutley and Mr Farrow will be just as successful as rentiers as they were as dealers.

Unit Trusts

THE first unit trust designed specifically for charities, the **Equities Investment Fund for Charities** ("Charifund"), has now been formed and the first sale of units will take place on March 1st. Applications for the £1 units will be restricted to charities recognised by the Inland Revenue which pay no tax and have the power to invest in equities—which a number of them have already and all will have when the proposed trustee legislation takes effect. A new management company has been formed by the M & G group, Charities Investment Fund; this is itself a charity and as such enjoys the privilege of paying only one per cent in stamp duty when purchasing shares; unit holders in turn will have to pay only one per cent in stamp duty on the purchase of units. The management charges are very low compared with other unit trusts. The initial charge will be one per cent and the annual servicing charge will initially not exceed 0.3 of one per cent (6s. 6d. per £100); the managers hope that even this small charge will be reduced at a later stage. Some economies in servicing are likely to be secured but quite obviously the managers' fees have been pared to the bone.

Municipal and General Securities is to administer the fund, which will make distributions quarterly; the managers are to reclaim tax deducted from dividends received so the quarterly payments made to the unit holders will be free of tax. The managers have wide powers in the choice of investments but certain limitations have been imposed, similar in kind but different in detail to those suggested in the recent white paper on trustee investment. Thus the paid-up share capital of a company in which the trust holds ordinary shares must not be less than £500,000 and the shares must be dealt in on certain specified stock exchanges; at the same time, the value of the trust's holdings in any one company must not exceed 5 per cent of the value of the fund. When choosing investments the managers will pay particular attention to the net UK rate of tax. The minimum holding in the new trust will be 25 units and the initial yield is expected to be around 3½ per cent. Because of the scanty statistics on the amount of money held by trustees of all kinds the response to the offer must be a matter for conjecture though obviously "Charifund" offers more advantages to a charitable fund than other unit trusts do.

Atomic Electronic and General Unit Trust, which was formed in 1957, made its fifth block offer this week of 1,000,000 units at 15s. 7½d. a unit. The yield of £2 12s. 3d. is merely a nominal guide since the managers reinvest the income of the trust which specifically caters for highly-taxed investors who are interested in capital appreciation. AEG's portfolio consists mainly of ordinary shares in the capital goods industries.

Ashdown Investment Trust

ASHDOWN INVESTMENT TRUST, under the chairmanship of Mr C. H. Villiers, a managing director of Helbert, Wagg and

Company Affairs *continued on page 570.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959–60 High	Prices, 1959–60 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Jan. 27, 1960	Price, Feb. 3, 1960	Net Yield, Feb. 3, 1960 § £ s. d.	Gross Yield, Feb. 3, 1960 £ s. d.
$98^{9}/_{16}$	$96^{11}/_{16}$	Funding $2^{1}/_{2}$% 1956–61	$98^{15}/_{32}$	$98^{1}/_{2}$	2 11 1	3 15 10
....	....	Exchequer $2^{1}/_{2}$% ..... 1960 Assented	$97^{5}/_{8}$*	$97^{11}/_{16}$*	3 6 0	4 9 0
$100^{3}/_{16}$	$99^{5}/_{16}$	Exchequer 3% 1960	99.18.4½	99.17.10½	3 6 0	4 9 0
....	....	Exchequer 3% ..... 1960 Assented	$97^{5}/_{8}$*	$97^{11}/_{16}$*	3 6 0	5 5 1
$101^{11}/_{32}$	$100^{1}/_{8}$	Conversion $4^{1}/_{2}$% 1962	$100^{3}/_{16}$	$100^{5}/_{32}$	2 14 1	4 8 6
$99^{5}/_{8}$	$99^{1}/_{4}$	Conversion $4^{1}/_{2}$% 'A' 1962	--	$99^{1}/_{4}$	2 18 9	4 13 11
$96^{3}/_{8}$	$94^{3}/_{8}$	Exchequer 3% 1962–63	$95^{7}/_{16}$	$95^{7}/_{16}$	3 4 7	4 9 6
$93^{5}/_{8}$	$91^{3}/_{8}$	Exchequer $2^{1}/_{2}$% 1963–64	$92^{7}/_{16}$	$92^{7}/_{16}$	3 7 10	4 9 3
$101^{5}/_{16}$	$100^{3}/_{8}$	Conversion $4^{3}/_{4}$% 1963	$100^{5}/_{8}$	$100^{23}/_{32}$	2 12 0	4 10 3
$100^{7}/_{16}$	$98^{1}/_{4}$	Conversion $4^{1}/_{2}$% 1963	99	$99^{15}/_{32}$	2 17 4	4 14 4
$92^{15}/_{16}$	$89^{7}/_{8}$	Savings Bonds 3% 1955–65	$91^{3}/_{8}$*	$91^{15}/_{16}$*	3 8 10	4 13 1
86	$82^{3}/_{4}$	Funding 3% 1959–69	$83^{5}/_{8}$	$84^{1}/_{4}$	3 19 6	5 5 6
$94^{7}/_{8}$	$89^{9}/_{16}$	Funding 4% 1960–90	$92^{1}/_{8}$	$92^{1}/_{2}$	2 17 1	4 10 5
$84^{9}/_{16}$	$80^{7}/_{16}$	Savings Bonds 3% 1960–70	$80^{7}/_{16}$*	$81^{11}/_{16}$*	4 0 10	5 6 10
86	83	Savings Bonds $2^{1}/_{2}$% 1964–67	$84^{3}/_{16}$	$84^{9}/_{16}$	4 1 7	5 3 11
$78^{15}/_{16}$	$74^{1}/_{4}$	Savings Bonds 3% 1965–75	$74^{11}/_{16}$*	$75^{3}/_{16}$*	3 19 10	5 7 4
$105^{11}/_{16}$	$102^{1}/_{2}$	Conversion $5^{1}/_{2}$% 1966	$104^{1}/_{8}$	$104^{5}/_{16}$	4 0 8	5 5 1
$87^{7}/_{16}$	$83^{1}/_{4}$	Funding 3% 1966–68	$83^{1}/_{16}$*	$84^{3}/_{8}$	4 0 8	5 6 4
$98^{1}/_{8}$	$94^{1}/_{4}$	Victory 4% 1920–76	$94^{3}/_{4}$	$95^{3}/_{8}$*	3 0 10	4 12 6
$90^{3}/_{8}$	$86^{1}/_{4}$	Conversion $3^{1}/_{2}$% 1969	$86^{1}/_{4}$*	$86^{13}/_{16}$*	3 17 3	5 6 4
104	$98^{5}/_{8}$	Conversion $5^{1}/_{4}$% 1974	$99^{7}/_{8}$	$100^{1}/_{4}$	3 4 8	5 6 0
$81^{7}/_{16}$	$76^{7}/_{8}$	Treasury $3^{1}/_{2}$% 1977–80	$77^{1}/_{4}$	$77^{3}/_{4}$	3 14 8	5 6 11
$80^{13}/_{16}$	76	Treasury $3^{1}/_{2}$% 1979–81	76*	$76^{1}/_{2}$*	3 15 4	5 7 5
$107^{1}/_{4}$	$101^{15}/_{16}$	Funding $5^{1}/_{4}$% 1982–84	102	$102^{3}/_{8}$	3 14 7	5 6 10
$68^{3}/_{8}$	$64^{1}/_{2}$	Redemption 3% 1986–96	$65^{1}/_{4}$	$65^{1}/_{4}$	3 11 7	5 3 10
$98^{3}/_{16}$	$95^{7}/_{8}$	Treasury 5% 1986–89	$95^{5}/_{8}$	$95^{13}/_{16}$	3 6 9	5 7 9
$75^{3}/_{16}$	$69^{5}/_{8}$	Funding $3^{1}/_{2}$% 1999–2004	70	$70^{3}/_{4}$	3 8 9	5 4 2
$77^{1}/_{2}$	$70^{1}/_{2}$	Consols 4% ..... after Feb. 1957	$70^{7}/_{8}$*	$71^{3}/_{4}$	3 8 4	5 11 7
$68^{5}/_{16}$	63	War Loan $3^{1}/_{2}$% ..... after 1952	$63^{1}/_{8}$	$63^{15}/_{16}$	3 7 6	5 10 7
$68^{11}/_{16}$	$63^{1}/_{4}$	Conv. $3^{1}/_{2}$% ..... after Apr. 1961	$63^{1}/_{2}$	$64^{9}/_{8}$	3 7 5	5 10 10
60	$54^{1}/_{2}$	Treasury 3% ..... after Apr. 1966	$54^{7}/_{8}$	$55^{3}/_{4}$	3 6 10	5 9 10
$53^{5}/_{8}$	$47^{7}/_{8}$	Consols $2^{1}/_{2}$%	$48^{1}/_{4}$	$48^{3}/_{4}$	3 3 0	5 3 0
$51^{1}/_{8}$	$46^{7}/_{8}$	Treasury $2^{1}/_{2}$% ..... after Apr. 1975	$47^{1}/_{8}$	$47^{3}/_{4}$	3 4 10	5 6 8
$98^{3}/_{4}$	94	British Electric $4^{1}/_{2}$% 1967–69	$94^{3}/_{8}$*	$94^{9}/_{16}$*	3 8 6	5 4 6
$80^{7}/_{8}$	$77^{1}/_{4}$	British Electric 3% 1968–73	78	$78^{9}/_{16}$	4 0 3	5 8 2
$78^{1}/_{8}$	$74^{1}/_{8}$	British Electric 3% 1974–77	$74^{5}/_{8}$	75	3 18 3	5 7 1
$81^{1}/_{2}$	$87^{1}/_{2}$	British Electric $4^{1}/_{4}$% 1974–79	$80^{7}/_{8}$	$89^{1}/_{4}$	3 8 9	5 5 5
$81^{5}/_{16}$	$77^{5}/_{16}$	British Electric $3^{1}/_{2}$% 1976–79	78	$78^{1}/_{2}$	3 14 6	5 6 9
$92^{1}/_{4}$	$87^{1}/_{8}$	British Gas 4% 1969–72	$87^{5}/_{8}$*	88^{*}	3 13 1	5 6 6
$88^{5}/_{16}$	$84^{9}/_{16}$	British Gas $3^{1}/_{2}$% 1969–71	$85^{1}/_{2}$	$84^{9}/_{16}$*	3 15 7	5 5 2
$69^{7}/_{16}$	65	British Gas 3% 1990–95	$65^{1}/_{4}$	66	3 11 3	5 3 0
$80^{7}/_{8}$	$77^{1}/_{4}$	British Transport 3% 1968–73	78	$78^{9}/_{16}$	4 0 3	5 8 2
$89^{3}/_{8}$	84	British Transport 4% 1972–77	$85^{1}/_{8}$	$85^{3}/_{8}$	3 11 9	5 7 0
$70^{1}/_{4}$	$65^{1}/_{4}$	British Transport 3% 1978–88	$65^{1}/_{2}$	$66^{1}/_{16}$	3 16 1	5 7 0

Prices, 1959–60 High	Prices, 1959–60 Low	DOMINION AND CORPORATION STOCKS	Price, Jan. 27, 1960	Price, Feb. 3, 1960	Yield, Feb. 3, 1960 £ s. d.
85	$80^{1}/_{8}$	Australia 3½% 1965–69	82	$82^{1}/_{8}$	5 13 0
$107^{9}/_{8}$	$103^{3}/_{4}$	Australia 6% 1974–76	$106^{1}/_{4}$	$106^{1}/_{2}$	5 10 0
77	$72^{3}/_{4}$	Ceylon 4% 1973–75	$73^{1}/_{2}$	$73^{1}/_{2}$	7 0 0
108	$104^{1}/_{4}$	New Zealand 6% 1976–80	$106^{1}/_{2}$	$104^{1}/_{2}$*	5 10 0
$98^{11}/_{16}$	93	Rhodesia and Nyasaland 6% 1978–81	$95^{3}/_{4}$	$95^{3}/_{4}$	6 7 0
87	$84^{3}/_{4}$	South Africa 3½% 1965–67	$84^{3}/_{4}$	85	6 5 0
85	75	Southern Rhodesia $4^{1}/_{2}$% 1987–92	77	77	6 2 0
$104^{1}/_{2}$	$100^{7}/_{16}$	Agricultural Mortgage $5^{1}/_{2}$% 1980–85	$100^{3}/_{4}$	$100^{1}/_{2}$	5 9 10
$95^{1}/_{4}$	$89^{3}/_{4}$	Birmingham $4^{1}/_{4}$% 1967–70	$91^{1}/_{4}$	$91^{1}/_{4}$	5 7 0
$100^{1}/_{2}$	96	Bristol 5% 1971–73	$97^{3}/_{4}$	98	5 5 0
$102^{1}/_{2}$	$99^{1}/_{4}$	Corporation of London $5^{1}/_{4}$% 1976–79	$99^{1}/_{2}$	$99^{3}/_{4}$	5 5 0
57	$52^{3}/_{4}$	L.C.C. 3% ..... after 1920	$52^{3}/_{4}$	$52^{3}/_{4}$*	5 12 0
$98^{11}/_{16}$	94	L.C.C. 5% 1980–83	$96^{1}/_{4}$	$96^{3}/_{8}$	5 8 0
100	$96^{3}/_{8}$	Middlesex $5^{1}/_{4}$% 1980	$99^{3}/_{8}$	$99^{1}/_{2}$	5 4 0

NEW YORK PRICES AND INDICES

	Jan. 27 $	Feb. 3 $		Jan. 27 $	Feb. 3 $		Jan. 27 $	Feb. 3 $
Ath. Topeka	$25^{5}/_{8}$	25	Boeing	30	$29^{3}/_{4}$	Inter. Nickel	$104^{1}/_{8}$	$105^{1}/_{4}$
Can. Pacific	26	$25^{1}/_{2}$	Celanese	$28^{1}/_{4}$	$29^{5}/_{8}$	Inter. Paper	$121^{1}/_{4}$	$116^{1}/_{2}$
Pennsylvania	16	$15^{7}/_{8}$	Chrysler	$63^{5}/_{8}$	$62^{3}/_{4}$	Kennecott	$93^{1}/_{2}$	$91^{1}/_{8}$
Union Pacific	$29^{7}/_{8}$	$29^{1}/_{4}$	Col. Palmolive	$37^{3}/_{4}$	$37^{5}/_{8}$	Monsanto	$48^{1}/_{4}$	$48^{3}/_{4}$*
Amer. Electric	$48^{1}/_{8}$	$48^{1}/_{4}$*	Crown Zeller	$47^{1}/_{2}$	$47^{1}/_{2}$	Nat. Distillers	$33^{5}/_{8}$	$32^{1}/_{2}$
Am. Tel. & Tel.	$81^{7}/_{8}$	$81^{3}/_{4}$	Distillers Seag.	$31^{5}/_{8}$	$31^{3}/_{8}$	Pan-American	20	$19^{3}/_{8}$
Cons. Edison	$62^{3}/_{4}$	$62^{1}/_{2}$	Douglas	$37^{3}/_{8}$	$38^{1}/_{8}$	Procter Gamble	$83^{1}/_{2}$	85
Int. Tel. & Tel.	$35^{5}/_{8}$	$34^{1}/_{2}$	Du Pont	$237^{1}/_{2}$	237	Radio Corpn.	$62^{1}/_{8}$	$60^{3}/_{8}$
Standard Gas	$4^{5}/_{8}$	$4^{1}/_{2}$	East. Kodak	99	$98^{1}/_{4}$	Sears Roebuck	$47^{1}/_{8}$	$46^{1}/_{2}$
United Corpn.	$7^{1}/_{2}$	$7^{3}/_{8}$	Ford Motor	$82^{3}/_{8}$	80	Shell Oil	$39^{1}/_{8}$	38
Western Union	$52^{1}/_{4}$	49	Gen. Electric	$89^{1}/_{8}$	$89^{1}/_{4}$	Socony-Mobil	$39^{5}/_{8}$*	39
Alcoa	$95^{7}/_{8}$	$95^{1}/_{2}$	General Foods	$99^{1}/_{4}$	101	Stand. Oil Ind.	$40^{7}/_{8}$	$43^{1}/_{4}$
Aluminium	$32^{5}/_{8}$	$32^{3}/_{8}$	General Motors	$49^{1}/_{2}$	$48^{3}/_{4}$	Stand. Oil N.J.	$47^{1}/_{8}$	$46^{7}/_{8}$*
Amer. Can	43	41	Goodyear	$41^{5}/_{8}$	$43^{1}/_{4}$	20th Cent. Fox	$33^{7}/_{8}$	$33^{3}/_{4}$
Am. Smelting	$47^{1}/_{2}$	$46^{1}/_{2}$	Gulf Oil	$32^{7}/_{8}$	$31^{3}/_{8}$	Union Carbide	$143^{1}/_{4}$	$138^{1}/_{4}$
Am. Viscose	39	$38^{1}/_{4}$	Heinz	90	86	U.S. Steel	$92^{1}/_{4}$	$89^{7}/_{8}$
Anaconda	$63^{1}/_{2}$	$61^{1}/_{4}$	Int. Bus. Mach.	419	$421^{1}/_{2}$	West. Electric	$51^{3}/_{8}$	$51^{5}/_{8}$
Beth. Steel	$51^{5}/_{8}$	$50^{1}/_{2}$*	Int. Harvester	50	48	Woolworth	$61^{3}/_{4}$*	$60^{1}/_{8}$

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 6	64·75	3·00	34·48	5·04	44·79	4·00	82·99	4·58
,, 13	62·33	3·12	33·57	5·18	44·51	4·03	84·16	4·46
,, 20	61·16	3·18	33·31	5·22	44·25	4·05	84·75	4·40
,, 27	60·69	3·21	33·12	5·25	44·52	4·03	84·36	4·44
Feb. 3	60·24	3·23	32·66	5·32	44·43	4·04	85·44	4·33

425 Industrials:—1959–60: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Prices, 1959–60 High	Prices, 1959–60 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Jan. 27, 1960	Price, Feb. 3, 1960	Yield, Feb. 3, 1960
		%		%				
30/6	16/–	18	c	6	a	Albright & Wilson 5/–	27/6	28/6	2·39
24/7½	15/3	2½	a	7½	b	Borax Defd. 5/–	20/4½*	19. 10½*	2·52
56/9	32/10½	3	a	6	b	Fisons £1	51/3	50/–	3·60
62/6	33/10½	5	b	3¾	a	I.C.I. £1	59/6	58/7½	3·10
27/7½	15/11½	8	b	5	a	Monsanto 5/–	24/7½	24/4½	2·77
50/4½	28/–	5	a	15	b	Montague Burton 10/–	48/4½	48/10½	4·09
48/6	27/–	5	a	11½	b	Debenhams 10/–	44/9	44/3¾	3·76
59/4½	28/7½	27½	b	7	a	G.U.S. 'A' 5/–	51/–	55/4½	3·16
48/7½	31/9	40	c	15	a	House of Fraser 5/–	45/3	44/7½	4·48
25/6	13/–	16	c	7½	a	Lewis's Investment Trust.. 4/–	22/3	21/6	2·98
78/3	41/4½	20·83	b	12½	a	Marks & Spencer 'A' 5/–	72/9	71/–	2·35
54/3	32/7½	22½	b	12½	a	United Drapery 5/–	52/4½	53/8¼	3·26
69/9	47/3	13½	a	13½	a	Woolworth 5/–	62/9	61/10½	3·64
67/–	54/–	7½	b	7	a	A.E.I. £1	65/–	64/3	4·67
61/–	46/3	9½	b	4	a	B.I.C.C. £1	58/6	58/6	4·62
15/–	9/7½	4	a	7½	b	Crompton Parkinson 5/–	14/7½	14/7½	4·79
57/6	37/4½	20	c	3½	a	Decca Record 10/–	55/10½*	54/7½*	3·66
57/–	31/7½	5	a	15	b	E.M.I. 10/–	52/10½	51/7½	3·87
53/–	38/–	9½	c	3	a	English Electric £1	47/9	47/6	3·93
48/9	30/–	7	b	13	a	General Electric £1	45/6	44/6	4·49
59/6	43/–	43	a	9	b	C. A. Parsons £1	54/–	53/–	3·30
20/7½	12/10½	12½	c	12½	c	Pye Defd. 5/–	18/–	17/4½	3·60
104/6	84/6	6½	a	11	b	A. Reyrolle £1	101/–	100/–	3·50
57/3	34/11½	17½	c	20	c	Thorn Electrical 5/–	49/–	48/3	2·07
55/–	42/3	7	b	4½	a	Babcock & Wilcox £1	47/6	46/3	4·97
54/–	30/8¼	6	b	4	a	John Brown £1	47/9	46/9	4·28
10/6	7/–	11	b	3	a	Cammell Laird 5/–	9/11½	9/11½	7·67
46/9	30/3	30	c	10	a	International Combustion ..5/–	44/3	42/9	3·51
15/7½	11/3	5	b	3½	c	Richardsons Westgarth ... 10/–	13/10½	13/7½	6·11
41/–	25/6	7½	b	2½	a	Swan Hunter £1	38/9	38/9	5·16
25/9	19/–	15	b	7½	a	John Thompson 5/–	22/9	22/6	5·00
40/4½	27/2¼	7½	b	2½	a	Vickers £1	36/3	35/4½	5·65
29/3	16/–	10	a	11⅞	a	Coventry Gauge 10/–	26/9	25/6	4·18
60/3	36/6	12	a	14	b	Alfred Herbert £1	51/3	49/3	3·99
73/9	37/–	8¾	b	7½	a	Allied Ironfounders £1	69/6	68/–	4·78
101/6	60/6	10	b	5	a	Averys £1	100/9	100/9	2·98
19/–	10/3	4½	a	7½	b	George Cohen 5/–	17/3	17/3	3·48
117/9	43/4½	10	c	15	c	Davy-United £1	107/–	110/–	2·73
95/7½	51/3	9	b	5	a	Guest Keen £1	92/6	89/3	3·14
31/6	16/4½	10	b	3½	a	Head Wrightson 5/–	28/–	25/–	2·80**
80/–	44/7½	5½	b	4	a	Metal Box £1	71/6	70/3	2·66
29/6	16/9	5	a	12½	b	Ransome & Marles 5/–	25/3	25/9	3·40
58/3	39/9	9½	b	3	a	Renold Chain £1	57/3	58/3	4·29
40/–	21/4½	9	c	8	c	Ruston & Hornsby £1	36/–	34/6	4·64
139/7½	72/–	7½	a	12½	b	Tube Investments £1	130/6	128/–	3·13
68/9	83/–	5	a	20	b	Ward (Thos. W.) £1	160/–	156/3	3·20
45/–	22/3	25	c	5	a	Woodall-Duckham 5/–	42/6	42/9	2·92

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. * Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1959–60 High	Prices, 1959–60 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Jan. 27, 1960	Price, Feb. 3, 1960	Yield, Feb. 3, 1960
		%		%				
					FOOD AND TOBACCO			
41/3	22/6	18	c	6	a Assoc. British Foods 5/–	41/–	40/6	2·22
105/7½	63/–	20	c	5	a Bovril Deferred £1	97/3	97/3	4·11
15/9	9/4½	†21½	d	†4⅙	b Brooke Bond 'B' 5/–	15/11½	15/11½	3·37
30/7½	21/–	10	c	10	c Home & Colonial 10/–	30/11½	28/7½	3·49
14/3	10/6	2½	a	7½	b International Tea 5/–	12/9	12/11½	4·12
91/–	69/–	9½	b	5	a J. Lyons 'A' £1	79/6	77/6	3·66
28/3	18/10½	5	a	7½	b Ranks 10/–	27/7½	27/3	4·59
47/11½	26/10½	8	b	2½	a Spillers £1	46/2‖	44/6‖	4·13**
62/–	42/–	3	a	9	b Tate & Lyle £1	61/3	60/9	3·95
17/11½	10 10½	....		5	a Unigate 5/–	16/9*	16/9*	2·99**
72/3	51/4½	†17½	c	†10⅝	a British Amer. Tobacco 10/–	68/6	68/6	4·17
42/6	26/8½	13½	b	3½	a Gallaher 10/–	40/–	39/–	4·27
75/3	54/3	12½	b	8½	a Imperial Tobacco £1	73/6	74/3	5·66
					MISCELLANEOUS			
58/6	37/9	40	b	20	a Assoc. Brit. Picture 5/–	47/6	47/9	6·28
42/–	27/4½	30	b	20	a Assoc. Television 'A' 5/–	38/6‖	38/–‖	6·56
49/–	23/4½	24	c	8	a Beecham Group 5/–	45/9	45/–	2·67
32/–	19/7½	16	c	3	a Boots Pure Drug 5/–	28/9	28/3	2·83
43/9	28/7½	5	b	3½	a British Match £1	43/3	42/9	3·90
87/3	49/6	4	a	10	b British Oxygen £1	86/3	85/3	3·28
11/6	8 10½	18	c	6	a British Ropes 2/6	11/–	11/–	4·09
73/6	42/9	15	b	5	a De La Rue 10/–	71/–	71/6	2·80
39/3	22/3	14	b	6	a Gestetner 'A' 5/–	37/3	37/3	2·68
63/9	35/9	5½	a	8½	b Glaxo 10/–	63/–	63/9	2·20
64/–	31/6	3	a	9	b Harrisons & Cros. Defd. £1	58/–	58/–	4·14
106/3	56/10½	50	b	10	a Hoover 'A' 5/–	101/4½	105 10½	2·83
33/6	16 10½	11	b	5	a Ilford 5/–	19/9	28/3	2·83
78/6	63/6	4	a	6	b Inter. Computers & Tab. ..£1	73/6	70/9	3·88
58/–	30/–	10	c	11¼	c National Canning £1	56/3	58/–	3·88
30/6	19/3	10	b	6	a Powell Duffryn 10/–	28/9	28/6	5·61
49/4½	32/–	7½	a	15	b Radio Rentals 5/–	44/6	43/–	2·62
14/7½	10/–	5	c	10	a Rank Organisation 5/–	13/4½	13/4½	3·74
34/9	18/11½	12½	b	5	a Schweppes 5/–	32 10½	32/3	3·10**
29/3	13/–	18	c	20	c Sears 'A' 5/–	28/6	28/4½	3·52
112/3	11 33½	6·3	b	7½	a Thomas Tilling 4/–	19/3	19/3	2·83
112/3	69/4½	5	a	15	b Turner & Newall £1	107/6	110/9	3·61
144/–	86/7½	16·8	c	8	a Unilever £1	137/–	138/6	2·43
12/6	9/9	10·4	c	3½	a United Glass 5/–	12/6	12/6	4·16
50 10½	31/9	†10⅝	b	†4⅛	a United Molasses 10/–	47/6	46/–	5·32
					INSURANCE			
195/–	122/6	†40	b	†45	a Britannic 5/–	187/6	195/–	3·56
68/6	40/9	21½	b	20	a Commercial Union 5/–	64/9	64/–	3·25
230/–	127/6	15	b	12½	a Employers' Liability £1	222/6	221/3	3·58**
14/4	8	‡32·35c		‡41·17c	Equity & Law Life 8/6	13¼	13⅞	2·06
82/–	66/6	12½	b	15	a General Accident 5/–	79/3	81/6	2·45**
104/4½	58/6	30	b	30	a Legal & General 5/–	102/3	102/3	2·93
18¾	9⅝	60	b	40	a Legal & General 5/–	18¾	18⅝	1·34
145/–	63/6	5	a	10	b Northern £1	105/–	102/6	3·61**
172/6	112/6	50	b	20	a Pearl 5/–	160/–	160/–	3·58
17 15/16	10½	†147½	c	†162½	c Prudential 'A' 4/–	17¼	17⅓	3·03
115/–	75/–	10	b	8	a Royal Exchange £1	111/3	110/–	2·91**
					MOTORS & AIRCRAFT			
68/6	36/4½	3	a	9½	b B.S.A. £1	66/4½	65/3	3·83
113/9	50/3	53	a	12½	b British Motor 5/–	23/3	22/–	4·15
85/–	44/–	8½	b	5	a Ford Motor £1	109·9	105/6	2·56
18/11½	12/1½	12½	c	15	c Leyland Motor £1	77/6*	79/–*	3·80
12/11½	7/3	8	c	12	c Rootes Motors 4/–	15 10½	15/7½	3·07
145/–	5 11¼	12	c	12	c Standard-Triumph 5/–	11/6	11/11½	4·04**
32/3	12 11¼	6½	b	7½	a Bristol Aeroplane 10/–	14/9	14/3	7·02
54/–	34/9	15	a	16½	b Dowty Group 10/–	52/–	53/–	3·55
34/–	26/11½	3	a	7	b Hawker Siddeley £1	32/7½	31 10½	6·27
53/11½	23/–	7½	b	2½	a Rolls-Royce £1	47/4½	48/4½	4·13
29/–	18/3	3½	a	9½	b Dunlop Rubber 10/–	25/7½	26/7½	5·07
78/9	44/3	2½	a	10	b Joseph Lucas £1	72 10½	72/7½	3·44
46/4½	23/7½	17½	b	9	a Pressed Steel 5/–	43/–	41/9	3·17
110/–	48/11½	20	c	30	c Triplex Holdings 10/–	107/6	109/4½	2·74
					PAPER & NEWSPAPERS			
15/6¾	10/6	7½	b	5	a Daily Mirror 'A' 5/–	15/–‖	14/10½‖	4·20
37/–	24/6	12½	b	5	a Odhams Press 10/–	37/–	36/9	4·76
68/–	43/7½	8	b	4	a W. H. Smith & Son £1	61/–	60/–	4·00
77/1½	44/6	12½	c	5	a Bowater Paper £1	73/3	74/6	3·36
63/–	42/6	9	b	5	a Albert E. Reed £1	63/–	62/6	4·48
35/3	22/–	5	b	3	a Spicers £1	31/6	31/6	5·08
80/6	71/–	12½	b	5	a Wiggins Teape £1	80/–	79/9	4·39
					SHIPPING			
52/–	36/6	13½	b	6¼	a Brit. & Com'wealth. 10/–	45/–	43/3	4·62
35/–	25/–	8	c	Nil	a Cunard £1	23/3	21/6	7·44
10	c	10	c	Nil	a France Fenwick £1	31/–	31/–	....
50 9	29/6	10	c	10	c Furness Withy £1	45/6	44/6	4·49
10	b	10	a	10	a London & Overseas 5/–	21/9*	21/9*	4·60
3	a	8	b	8	a P & O Defd. £1	48/3	46/–	4·78
5	a	2½	c	2½	c Rea'dson Smith 10/–	20/–	19/3	1·30
7½	c	8	c	Royal Mail £1		28/9	28/–	5·71
					STEEL			
79/9	78/–	6	a	8	b Colvilles			3·59
78 6	76/9	4	a	8	b Dorman Long £1			3·91 *
52·9*	51·6*	4	a	8	b Lancashire Steel £1			3·30
53/9	51/9	4	a	8	b South Durham £1			4·64
50 10½	49/–	5	a	20/9	33¼ a Steel Co. of Wales £1			4·08
56 6	53/9	4	a	8	b Stewarts & Lloyds £1			4·09
72 6	70 9	4	a	8½	b John Summers £1			3·53

Company made a further issue of ordinary shares to the public on Thursday, which attracted a substantial over-subscription. A leader in the movement for a wider market for investment trust shares, Ashdown made an issue of shares last June at a price a little above their break-up value. Of the 2,500,000 5s. shares offered at 17s., applications were received for 1,136,000 shares. Nevertheless as a result of this issue the number of ordinary shareholders in the trust rose from 250 to 3,500, considerably widening the market for the shares.

Last month a 50 per cent scrip issue was made and now Helbert, Wagg arranged to purchase from certain institutional investors (which hold over 40 per cent of the Ashdown equity) up to one million of these new shares at 13s. 3d. per share. These shares were offered for sale to the public at 13s. 6d. each (yielding just over 3½ per cent on an estimated dividend of not less than 9½ per cent). The issue does not raise any new money and unlike the previous issue the shares were offered at a price below their current break-up value of 14s. 3d.

Cable and Wireless (Holding)

LAST year the consolidated gross income of Cable and Wireless (Holding), whose directors, like those of Ashdown, are anxious to promote the popularity of investment trusts, rose from £1,302,611 to £1,441,000. This increase of 11 per cent is slightly less than that achieved in 1958. Tax has taken £34,000 more at £594,000, leaving net income £105,000 higher at £847,000. As forecast, the dividend is maintained at 10 per cent and for an investment trust it has the generous earnings cover of 1⅔ times. Thus, the directors have ploughed back some £345,000, or just over 40 per cent of net earnings.

For 1960, however, shareholders can expect to receive a higher income, for the directors propose to maintain the present rate of dividend on the capital as increased by a 20 per cent scrip issue and a rights issue. The new shares are to be offered on a one-for-eight basis at 10s. each and the issue (which will raise £1,966,250 before expenses) is primarily to provide funds for the redemption at the end of the year of the remaining £2 million of 4 per cent unsecured loan stock. The new shares will not receive the first interim dividend for the current year. At the current price of 21s. 9d. the 5s. shares on an "ex all" basis of 17s. 3d. yield 2.9 per cent on the forecast dividend.

General Electric

SHAREHOLDERS who were hoping for an increase in the General Electric interim dividend have been disappointed: after being cut in the two preceding years, the interim ordinary dividend for 1959-60 has been left unchanged at 3 per cent. Shareholders, however, may gain some reassurance from the directors' statement that an increase in both turnover and profits is indicated by the provisional results for the first eight months' trading and the estimated figures for the rest of the year to March 31st. Thus the improvement in trading reported for the first months of 1959 seems to have been maintained. But by how much has the decline in profit margins been reversed? From a level of 9½ per cent in 1954-55, margins had shrunk to just under 4 per cent in 1958-59 on sales which ran at a record figure of £108 million. At 44s. the £1 ordinary shares yield 4½ per cent on the basis of an unchanged total dividend of 10 per cent, and a bigger dividend than that could be justified only if profit margins have taken a clear turn for the better.

Leyland Motors

HELPED by the abolition of the 30 per cent purchase tax last April and a rapidly expanding market abroad, the commercial vehicle makers were last year able to shake themselves free from the earlier recession. Sir Henry Spurrier, the chairman of Leyland Motors, the biggest commercial vehicle makers in the United Kingdom, says in his annual statement that a tremendous influx of orders came in once the uncertainty about purchase tax had been removed and, in its wake, an upward trend in overseas orders developed so that by the end of the financial year the group's order book had been replenished and its factories were working to full capacity.

Substantial contracts have been received from British Road Services and the BET group and Leyland now supplies no less than 64 per cent of all the heavy vehicles bought by local authorities. Orders from the emergent countries of the Commonwealth and the East have shown a marked increase: Ghana is to buy 150 buses worth £1 million, and Indonesia has placed a second order for 100 Aberdonian vehicles. Big orders have also been placed by India, Ceylon, Cuba and by countries in the Middle East. The sudden turn-round in the fortunes of the commercial vehicle makers prompts the question: how much longer will this level of demand continue?

Sir Henry is confident that the removal of the threat of nationalisation following the election, which has encouraged many road hauliers to revise their re-equipment programmes, has provided an extra impetus to demand; at the same time he says that "there appears to be no limit to the scope offered in development overseas." Certainly the immediate prospects of the group justify the modest increase in the ordinary dividend for 1958-59 from 12½ per cent to 15 per cent (covered nearly three times by earnings) in the face of a decline in the group's liquid balances from £3½ million to £1 million. The £1 ordinary shares at 78s. 6d. offer a yield of 3.8 per cent.

London Stock Exchange

FIRST DEALINGS:	Jan. 25	Feb. 8	Feb. 22
LAST DEALINGS:	Feb. 5	Feb. 19	Mar. 4
ACCOUNT DAY:	Feb. 16	Mar. 1	Mar. 15

EXCEPT for a mild rally on Tuesday following the overnight recovery on Wall Street, industrial markets remained unsettled throughout the week and most sections drifted lower. There was a steady contraction in the amount of business and on Wednesday the number of bargains marked fell to 14,303—the lowest level since October 2nd. Gilt-edged stocks on the other hand improved and there was some evidence of institutional buying as well as small switching operations from equities. Undated stocks were in demand in the early part of the week and over the week to the close on Wednesday 3½ per cent War Loan put on 13/16 to 63 15/16. Medium-dated stocks showed some of the best gains with 3 per cent British Electricity 1974-77 gaining ½ to 75⅝. Home Corporation loans also advanced; typically, 5½ per cent LCC 1977-81 rose by ⅜ to 102¾.

Industrial equities suffered their sharpest setback on Monday since the day following the change in bank rate; the threat of a national rail strike and the weakness of Wall Street induced small but persistent selling and few buyers moved in to take advantage of lower prices. On Tuesday, however, markets began to pick up although most of the gains were not sustained on Wednesday. Over the week to Wednesday's close *The Economist* indicator lost 4.5 points to 369.5. Steels lost ground with Steel Company of Wales 1s. 10½d. lower at 49s., United Steel 1s. 3d. down at 82s. and Colvilles 1s. 6d. worse at 78s. Exceptionally, Whitehead improved on yield considerations and put on 3d. to 114s. 6d. Most heavy engineering shares lost some of their recent gains: Vickers dropped 10½d. to 35s. 4½d., Guest Keen fell 3s. 3d. to 89s. 3d. and C. A. Parsons lost 1s. at 53s. Davy-United and Power and Gas both advanced on the expected merger announcement, the former gaining 3s. to 110s. and the latter improving 2s. to 83s. 3d. William Doxford were a strong feature in the shipbuilding section, closing 7s. up at 115s. 6d.; Harland Wolff, on the other hand, lost 1s. 6d. to 30s. 9d. One of the strongest sections of the industrial market was textiles: Fine Spinners put on 9d. to 32s. 9d. and English Sewing Cotton closed unchanged at 49s. 6d.

With markets generally in the doldrums the biggest rises were seen in those shares subject to take-over moves: thus Phipps shot up 10s. to 83s. Similarly, Fairey, who are to be taken over by Westland, advanced 7s. to 29s. 6d. Hire purchase shares were fairly firm with United Dominion Trust closing unchanged at 10⅞. Machine tool shares lost further ground with Asquith down 3d. at 15s. and Alfred Herbert 2s. lower at 49s. 3d. Oils drifted lower and over the week most of the leaders showed net losses. Shell lost 4s. 6d. to 150s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended January 30, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £102,262,000 compared with a surplus of £136,222,000 in the previous week, and a surplus of £104,457,000 in the corresponding period of last year. There was a net receipt "below-line" of £27,388,000 leaving a total cumulative deficit to date of £591,013,000 compared with £477,711,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Jan. 31, 1959	April 1, 1959, to Jan. 30, 1960	Week ended Jan. 31, 1959	Week ended Jan. 30, 1960
Ord. Revenue					
Income Tax	2147,000	1543,479	1510,650	143956	156870
Surtax	171,000	103,300	108,600	9,000	11,000
Death Duties	195,000	152,700	179,900	4,000	4,500
Stamps	68,000	51,200	79,000	1,500	2,700
Profits tax, EPT and EPL	274,000	244,400	225,600	3,400	4,300
Other Inland Revenue Duties	1,000	350	360	...	...
Total Inland Revenue	2856,000	2095,429	2104,110	161856	179370
Customs	1285,500	1069,574	1143,341	22,006	26,124
Excise	864,500	734,365	710,805	23,865	13,970
Total Customs and Excise	2150,000	1803,939	1854,146	45,871	40,094
Motor Duties	104,000	95,657	97,637	2,428	3,378
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	27,800	30,100	4,900	5,000
Sundry Loans	30,000	26,152	31,925	...	...
Miscellaneous	150,000	88,571	136,529	4,182	5,656
Total	5325,000	4137,548	4254,450	219237	233498
Ord. Expenditure					
Debt Interest	600,000	562,658	489,168	4,144	...
Payments to Northern Ireland Exchequer	79,000	59,842	63,052	4,366	4,517
Other Consolidated Funds	10,000	7,904	8,295	471	526
Supply Services	4523,546	3453,891	3667,385	105549	125943
Total	5212,546	4084,295	4227,900	114530	130986
Sinking Funds	39,000	28,936	29,110	250	250
"Above-line" Surplus or Deficit	+ 24,317	+ 2,560	+ 104457	+ 102262	
"Below-line" Net Expenditure*	502,028	588,453	26,225	Cr. 27,388	
Total Surplus or Deficit	477,711	591,013	+ 78,232	+ 129650	
Net receipts from:					
Tax Reserve Certificates	104,156	32,737	29453	35043	
Savings Certificates	116,400	61,500	2,900	300	
Defence Bonds	85,137	122,991	2,909	3,168	
Premium Savings Bonds	58,185	38,410	2,820	790	
Total	363,878	255,638	20824	30785	

* Net receipt of the Civil Contingencies Fund of £5 million in 1959-60 compared with £6 million in 1958-59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1959					
Jan. 31	3,280·0	1,973·2	223·5	...	5,476·7
Oct. 24	3,430·0	2,052·7	217·8	...	5,700·5
" 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
" 14	3,580·0	1,942·9	223·8	...	5,746·7
" 21	3,620·0	1,887·2	223·6	...	5,730·8
" 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
" 12	3,660·0	1,934·9	210·9	1·3	5,807·0
" 19	3,660·0	2,004·0	228·2	1·5	5,893·7
" 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
" 16	3,540·0	1,987·0	263·3	...	5,790·4
" 23	3,500·0	1,948·1	270·9	1·8	5,720·8
" 30	3,450·0	1,774·6	201·3	...	5,425·9

THE MONEY MARKET

AT last Friday's Treasury bill tender the discount houses kept their bid at £98 17s. 3d. but received an allotment of only 17 per cent, which is believed to be the lowest on record. There was keen competition for bills; applications rose from £379 million to £437 million and the average rate of discount fell by 4d. to £4 10s. 9.18d., almost 6d. less than the rate indicated by the market's bid. The Treasury allotted only £230 million of the £250 million offered.

For the fourth consecutive week the discount rate on Treasury bills in the United States has fallen; the average rate for three months bills fell from 4.116 per cent to 4.039 per cent and on six months bills fell from 4.608 per cent to 4.501 per cent.

The Bank of England has given a large amount of help to tide the market over the customary shortage of funds in the tax paying season but credit has remained short. One or two houses were forced to borrow a very small amount from the Bank last Thursday and rates on overnight money have ranged up to 4½ per cent. Dealing rates in April maturities and "hot" bills have remained at around 4 7/16 per cent, though 4½ per cent has been conceded.

MONEY RATES

LONDON

	%		
Bank rate (from 4%, 21/1/60)	5	**Discount rates:**	%
		Bank bills:	
		60 days	4 21/32–4 23/32
		3 months	4 21/32–4 23/32
		4 months	4 21/32–4 23/32
Deposit rates (maximum):		6 months	4 21/32–4 3/4
Banks	3	Fine trade bills:	
Discount houses	3–3 3/8	3 months	5 1/4–6
		4 months	5 1/4–6
Money:		6 months	5 1/2–6 1/4
Day-to-Day	3 3/8–4 1/2		

NEW YORK

	%		%
Official discount rate: (from 3 1/2%, 10.9.59)	4	**Treasury Bills:** January 26	4·116
		February 1	4·039

BANK OF ENGLAND RETURNS

(£ million)	Feb. 4, 1959	Jan. 27, 1960	Feb. 3 1960
Issue Department:			
Notes in circulation	2,004·7	2,094·4	2,098·7
Notes in banking dept.	45·6	31·0	26·7
Govt. debt and securities*	2,046·5	2,122·3	2,122·2
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	16·5	12·6	17·9
Bankers	220·0	264·4	261·4
Others	69·0	62·8	65·6
Total	305·5	339·8	344·9
Securities:			
Government	244·3	279·1	287·9
Discounts and advances	12·2	26·3	27·1
Other	20·9	20·8	20·5
Total	287·4	326·2	335·5
Banking department reserve	46·7	32·0	27·7
	%	%	%
"Proportion"	15·2	9·4	8·0

* Government debt is £11,015,103, capital £14,553,009. Fiduciary issue reduced by £75 million to £2,125 million on January 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate
1959	*91 day*			s. d.	%
Jan. 30	220·0		388·0	62 1·68	31
	91 day	*63 day*			
Oct. 30	220·0	50·0	461·6	67 8·53	54
Nov. 6	240·0	50·0	464·9	67 4·62	53
" 13	230·0	60·0	471·5	67 9·55	26
" 20	230·0	60·0	438·0	67 11·96	44
" 27	220·0	60·0	415·4	67 11·95	46
Dec. 4	230·0	60·0	408·1	70 7·23	54
" 11	290·0	...	452·8	71 6·91	48
" 18	240·0	50·0	403·9	72 10·50	54
	91 day				
" 24	290·0		407·8	73 8·82	66
1960					
Jan. 1	280·0		422·4	74 6·24	50
" 8	270·0		396·6	74 11·06	56
" 15	270·0		406·0	75 7·79	52
" 22	270·0		378·5	71 1·19	67
" 29	250·0		436·8	90 9·18	17

* On January 29th tenders for 91 day bills at £98 17s. 3d. secured 17 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	February 3	January 28	January 29	January 30	February 1	February 2	February 3
United States $	2·78–2·82*	2·80 3/16–5/16	2·80 1/4–3/8	2·80 3/16–5/16	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8
Canadian $	...	2·66 11/16–13/16	2·67 1/16–3/16	2·66 7/8–67	2·66 7/8–67	2·66 13/16–15/16	2·66 13/16–15/16
French Fr.	13·622–14·027	13·77 1/8–3/8	13·78–78 1/4	13·77 1/2–3/4	13·76–76 1/4	13·76 3/8–7/8	13·76 1/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·14–14 1/4	12·13 1/2–3/4	12·13 1/2–3/4	12·14–14 1/4	12·14 1/4–15	12·14 1/4–15
Belgian Fr.	137·96–142·05	139·80–85	139·80–85	139·75–80	139·77 1/2–82 1/2	139·77 1/2–82 1/2	139·77 1/2–82 1/2
Dutch Gld.	10·48–10·80	10·57 1/2–5/8	10·57 1/8–3/8	10·57 1/8–3/8	10·57 3/8–5/8	10·57 5/8–7/8	10·57 1/2–1 1/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·68 1/4–69	11·68 3/8–7/8	11·68 1/4–3/4	11·68 3/8–69	11 69–69 1/2	11·68 1/2–69
Portug. Esc.	79·00 3/4–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1740 1/2–3/4	1740–40 1/4	1739 7/8–40 1/8	1739 1/4–1/2	1739 5/8–7/8	1733 7/8–5/8
Swedish Kr.	14·27 1/2–14·70	14·51 1/2–3/4	14·51 3/8–5/8	14·51 1/4–1/2	14·51 3/8–5/8	14·51 3/8–5/8	14·51 1/2–3/4
Danish Kr.	19·06 1/2–19·62	19·34 1/2–5/8	19·34 3/8–5/8	19·34 3/8–5/8	19·34 3/8–5/8	19·34 3/8–35/8	19·34 1/2–35/8
Norwegian Kr.	19·71–20·30 1/2	20·03–03 1/4	20·03–03 1/4	20·03–03 1/4	20·03 1/8–3/8	20·03 1/4–1/2	20·03 3/8–5/8
	* Official Limits	**One Month Forward Rates**					
United States $		1/16c. pm–1/16c. dis	1/16c. pm–1/16c. dis	1/16c. pm–1/16c. dis	1/16c. pm–1/16c. dis	1/16c. pm–1/16c. dis	1/16c. pm–1/16c. dis
Canadian $		1/8–3/16c. dis	par–1/8c. dis	par–1/8c. dis	par 1/8c. dis	1/16–3/16c. dis	1/8–3/16c. dis
French Fr.		1 1/2–2c. dis	1 3/4–2 1/4c. dis	1 3/4–2 1/4c. dis	par–1c. dis	par–1c. dis	par–1c. dis
Swiss Fr.		1 1/2–1 1/4c. pm	1 1/2–1 1/4c. pm	1 1/2–1 1/4c. pm	1 1/2–1 1/4c. pm	1 5/8–1 3/8c. pm	1 5/8–1 3/8c. pm
Belgian Fr.		5–10c. dis	7–12c. dis	7–12c. dis	5–10c. dis	2c. pm–3c. dis	2c. pm–3c. dis
Dutch Gld.		1 1/8–3/8c. pm	1 1/8–3/8c. pm	1–1/4c. pm	1–1/4c. pm	1 1/8–3/8c. pm	1 1/8–3/8c. pm
W. German D-Mk.		1 4/pf. pm–par	1 4/pf. pm–par	1 4/pf. pm–par	1 4/pf. pm–par	1 4/pf. pm–par	7/8–1 4/pf. pm
		Three Months Forward Rates					
United States $		1 1/16c. pm–1 1/16c. dis	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par
Canadian $		5/16–7/16c. dis	1/4–3/8c. dis	1/4–3/8c. dis	5/16–7/16c. dis	5/16–7/16c. dis	5/16–7/16c. dis
Swiss Fr.		4–3c. pm	3 7/8–3 3/8c. pm	3 7/8–3 3/8c. pm	3 7/8–3 3/8c. pm	3 7/8–3 5/8c. pm	4–3 3/8c. pm
W. German D-Mk.		1 4/pf. pm–par	1 4/pf. pm–par	1 4/pf. pm–par	1 4/pf. pm–par	1/2–1 4/pf. pm	1/2–1 4/pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/6 1/2	250/6 1/4	..	250/6 1/4	250/5	250/5 1/4

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

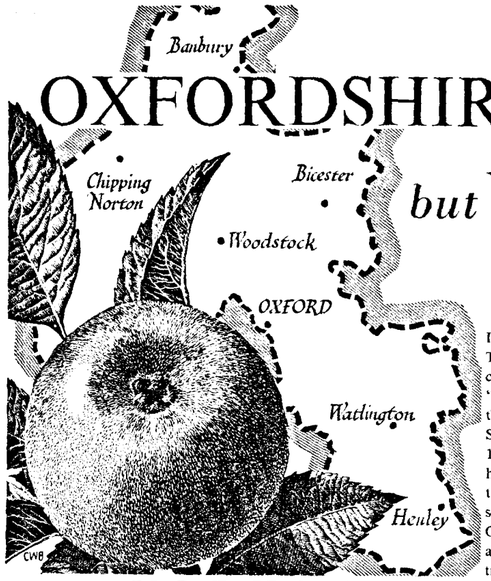
Prices and Wages.....	Jan. 30th	External Trade	This week
Manpower and Output....	Jan. 15th	Industrial Profits.....	Jan. 23rd

OVERSEAS

Western Europe.....	Nov. 14th	United States.....	Dec. 26th

	Unit	Monthly averages			1958			1959				
		1957	1958	1959	Oct.	Nov.	Dec.	August	Sept.	Oct.	Nov.	Dec.
VALUE												
Imports:												
Total	£ million	336·8	312·1	332·5	325·4	312·3	352·1	305·2	330·1	360·2	356·9	371·9
Food, drink and tobacco	,,	123·3	124·2	126·8	135·6	128·1	147·2	106·8	121·4	141·9	134·5	138·8
Basic materials	,,	96·7	74·9	77·6	70·2	71·8	78·1	79·6	77·1	82·7	84·8	89·4
Fuels	,,	38·8	36·6	39·0	40·8	37·1	43·7	35·3	39·9	36·4	36·5	41·3
Manufactures	,,	76·9	75·2	87·8	77·6	73·7	81·2	82·4	90·5	97·9	99·8	100·5
Exports of UK produce:												
Total	,,	274·2	264·3	277·1	263·2	287·7	265·6	255·5	246·5	306·0	298·3	296·6
Manufactures—Total	,,	227·8	222·1	234·0	220·3	237·8	218·5	213·9	206·0	255·1	251·0	245·8
,, Metals	,,	39·7	36·0	37·5	35·0	42·6	39·1	34·3	37·7	43·4	39·5	42·4
,, *Engineering products*	,,	111·8	115·2	122·3	114·0	120·3	111·0	107·6	100·6	128·8	132·2	122·1
,, Textiles(2)	,,	25·0	21·2	20·7	19·0	21·4	19·3	20·0	18·2	22·4	21·3	22·9
Re-exports	,,	10·8	11·8	10·9	11·6	12·7	9·3	9·3	11·2	14·6	9·5	10·7
Balance of trade (exports *less* imports)	,,	−51·8	−36·1	−44·5	−50·5	−12·0	−77·3	−40·4	−72·5	−39·7	−49·1	−64·6
VOLUME(3)												
Imports:												
Total	1954=100	114	114	...	...	120[4]	...	119[3]	...	128	127	...
Food, drink and tobacco	,,	113	119	...	...	126[4]	...	109[3]	...	...	...	...
Basic materials	,,	106	94	...	...	97[4]	...	101[3]	...	...	...	...
Fuels	,,	114	124	...	...	137[4]	...	144[3]	...	...	...	...
Manufactures	,,	130	132	...	...	136[4]	...	153[3]	...	...	...	...
Exports:												
Total	,,	116	111	...	...	115[4]	...	111[3]	...	129	124	...
Manufactures	,,	118	113	...	...	115[4]	...	113[3]	...	...	...	...
BY AREA(4)												
Imports:												
Dollar area—Total	£ million	80·3	65·5	68·3	65·8	65·6	82·3	60·0	70·1	85·0	76·4	82·4
,, ,, USA	,,	40·1	29·2	30·9	33·3	33·4	39·3	23·8	32·4	45·6	38·4	40·9
,, ,, Canada	,,	26·7	25·7	26·0	24·4	23·9	32·2	25·8	25·2	28·4	29·3	31·6
Non-sterling OEEC countries	,,	84·8	84·3	89·8	91·2	83·9	93·8	82·4	89·5	98·4	99·5	97·5
Sterling area	,,	126·0	113·0	120·4	116·1	114·3	120·4	108·1	118·2	117·4	123·5	136·5
Exports:												
Dollar area—Total	,,	47·6	48·7	57·8	51·8	55·0	52·6	54·5	57·4	63·0	63·7	56·8
,, ,, USA	,,	21·4	24·2	31·8	27·8	28·9	28·7	31·0	32·2	34·4	30·8	31·9
,, ,, Canada	,,	16·6	16·1	17·8	16·8	17·5	15·9	15·1	17·1	20·0	23·5	16·8
Non-sterling OEEC countries	,,	80·6	74·9	80·5	72·9	76·5	78·3	71·1	73·9	89·8	82·4	87·2
Sterling area	,,	121·7	117·9	113·6	122·3	130·2	115·3	107·8	95·5	127·7	126·3	122·1
Balance of trade (exports *less* imports):												
Dollar area	,,	−32·7	−16·8	−10·5	−14·0	−10·6	−29·7	− 5·5	−12·7	−22·0	−12·6	−25·6
Non-sterling OEEC countries	,,	− 4·2	− 9·4	− 9·3	−18·3	− 7·4	−15·5	−11·3	−15·6	− 8·6	−17·1	−10·3
Sterling area	,,	− 4·4	+ 4·9	− 6·8	+ 6·2	+15·9	− 5·1	− 0·3	−22·7	+10·3	+ 2·8	−14·4
TRADE IN SELECTED COMMODITIES(4)												
Imports:												
Wheat	'000 tons	377·5	376·4	356·5	406·1	279·7	372·7	307·7	277·0	344·1	260·2	304·5
Meat	,,	74·2	69·4	67·6	56·5	76·4	69·2	61·4	70·8	70·0	68·5	53·5
Sugar, unrefined	,,	235·0	219·3	202·2	238·2	200·3	235·0	145·8	288·9	202·2	178·6	198·4
Raw cotton(1)	,,	30·6	21·5	22·7	9·9	15·0	20·1	23·3	17·9	18·5	29·7	28·3
Raw wool, sheep's and lambs'(1)	mn. lb.	51·6	51·2	58·7	49·0	63·4	80·6	33·5	24·6	45·5	61·0	63·9
Rubber, natural and synthetic(1)	'000 tons	22·7	17·0	17·1	14·5	14·4	17·3	21·4	20·3	11·4	17·1	19·0
Softwood(2)	'000 stds.	119·8	106·4	121·8	124·4	132·4	135·4	160·5	155·2	159·2	139·1	122·7
Woodpulp	'000 tons	178·2	175·4	185·7	181·8	194·8	194·2	176·2	196·9	220·6	185·6	229·0
Crude petroleum	mn. galls.	604	728	851	819	783	871	800	889	814	844	880
Exports of UK produce:												
Coal, including bunkers	'000 tons	666	403	343	424	413	380	310	318	449	414	384
Woven piece-goods—cotton(2)	mn. sq. yds.	38	32	29	27	33	28	30	25	32	30	34
,, ,, ,, wool(2)	'000 sq. yds.	9,029	7,893	8,527	6,877	7,895	7,640	8,755	7,184	8,856	8,349	8,522
Passenger cars and chassis	number	35,360	40,323	47,404	39,230	36,320	36,253	38,147	38,513	49,892	56,860	49,555
Commercial vehicles and chassis	,,	10,216	9,302	10,621	7,913	8,667	7,054	8,795	8,508	12,663	11,226	12,300
Agricultural tractors	,,	9,411	8,709	9,475	7,357	7,258	6,451	9,045	8,648	10,473	9,317	8,769
Machinery—electrical	£'000	5,612	5,818	5,720	5,861	6,176	6,043	5,303	4,514	6,656	5,817	5,725
,, other	,,	42,211	42,773	47,195	40,567	44,644	43,297	45,442	39,589	51,314	50,571	50,128
Chemicals, elements and compounds	,,	5,219	5,027	5,861	4,880	5,242	4,766	6,026	5,321	6,249	6,048	6,031

(1) Retained imports. (2) Owing to changes in classification 1959 figures are not strictly comparable with those for earlier years. (3) Average for third quarter. (4) Average for fourth quarter. (5) In 1959 indices for total imports and exports, but not for the classes, are adjusted to include trade with the Channel Islands. (6) Figures in *italics* are not strictly comparable with 1959 figures; the major difference is that they include trade with the Channel Islands, now excluded from the value figures.



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for Insurance

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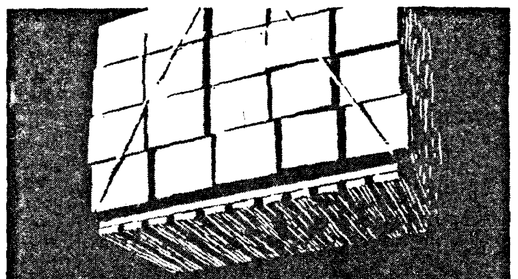

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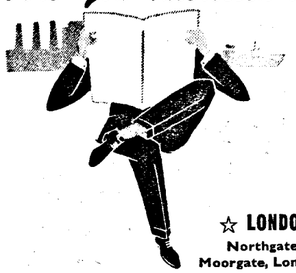

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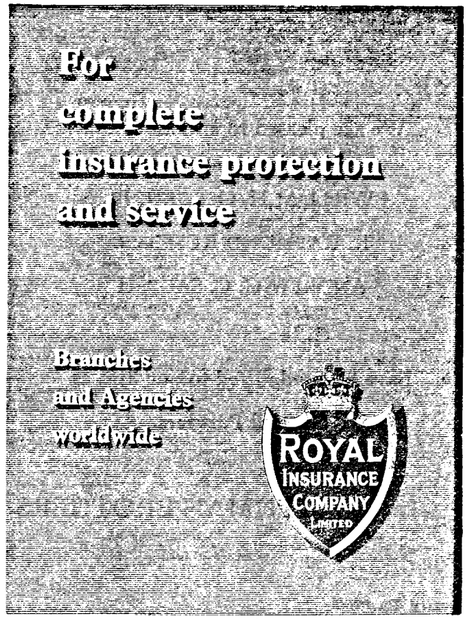

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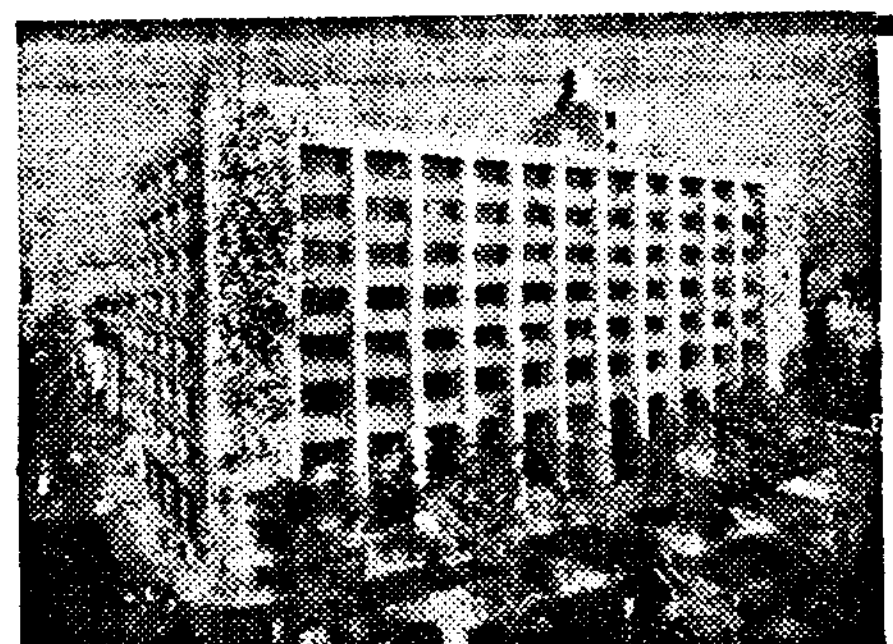

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required by Erwin Wasey Ruthrauff & Ryan Ltd. Experience is not essential but good academic qualifications are. Age in the 20's (but fairly mature) or low 30's. The successful candidate must be able to express himself well in both speech and writing and capable of assuming responsibility.

Write with full details to:—

Mr. R. L. Day,
BUREAU OF COMMERCIAL RESEARCH,
Williams House,
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Applications are invited for a RESEARCH FELLOWSHIP IN MATHEMATICS. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than March 5, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

New Zealand Meat Producers' Board

ECONOMIST / STATISTICIAN

The New Zealand Meat Producers' Board requires a young ECONOMIST/STATISTICIAN. Applicant should be in his twenties and hold a B.A.(Econ.) or B.Sc.(Econ.) Degree. Qualification in statistics is essential and in agricultural economics an advantage. Salary according to experience and ability.—Apply New Zealand Meat Producers' Board, 53/64 Chancery Lane, W.C.2.

ADMIRALTY.—Temporary ASSISTANT STATISTICIANS required for service in London. Applicants must normally be British subjects and possess either 1st or 2nd Class Honours Degrees in Mathematics or Economics with Statistics as a special subject. Salary (men) £[illegible] plus London Weighting; (women) £[illegible]-£1,[illegible] plus London Weighting (equal pay by 1961). Annual leave 4 weeks 2 days plus public holidays.—Write giving age, full details of qualifications and experience to Manager (P.E.12[illegible]), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only those candidates selected for interview will be advised.

A GENERAL MANAGER required for group of merchanting companies. Applicants should have broad knowledge and experience in the merchant field, be keen traders, sound on law and finance and have flair for organisation and management. Age 35/50. Must be sound administrator, hard worker, clear thinker, with imaginative grasp of possibilities. Knowledge of and personal acquaintance with some top people in industry, commerce and politics an advantage. This appointment requires a practical man and whose loyalty and integrity are proverbial. Highest salary paid to right applicant with great opportunity. The present board room is not overcrowded. If you do not measure up completely to these requirements you will not qualify. Please be detailed and precise in recording past experience, present position and salary (in confidence), reason for application, age, education, and when available, to the Chairman.—Box 1278.

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Duties to commence September, 1960. Salary according to qualifications and experience, within the range of $4,800-$6,500 for a Lecturer and $6,300-$8,500 for Assistant Professor. Qualification in political theory preferred. Applications and names of referees to reach J. A. Corry, Queen's University, Kingston, before March 7, 1960.

THOMAS TILLING LIMITED

An additional ASSISTANT ACCOUNTANT is required by the company for their Mayfair Headquarters. Applicants should be Chartered Accountants under 30, *with not less than two years' post-qualification experience.* Duties will primarily include statistical analysis, investigations, and reports. An interest in management accounting and economic trends is essential and a degree in Economics or Commerce would be an advantage. Reply with full particulars to the Assistant Secretary, Crewe House, Curzon Street, London, W.1.

MEDIA STATISTICIAN required by Mayfair Advertising Agency. The position involves the analysis and application of statistical data relating to all advertising media. A degree including the study of statistics is an advantage.—Apply in writing, giving full details of education and experience (if any), to the Media Director, Everetts Advertising Ltd., 40 Hertford Street, W.1.

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Further details are available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close on *March* 1, 1960.

The University reserves the right to fill the vacancy by invitation.

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Applications are invited for the above post in the Finance Department of the Co-operative Union Limited. Duties will consist of participation in the provision of an Organisation and Methods Advisory Service to retail Co-operative Societies. Applicants should have a sound knowledge of clerical methods, office machines and principles of accounting. Salary will be up to £1,000 per annum, dependent on qualifications and experience. Request for application form, marked Organisation and Methods, Ref. G. should be made to the Cashier and Accountant, Co-operative Union Limited, Holyoake House, Hanover Street, Manchester, 4. The closing date for applications will be March 15, 1960.

COMPUTER PROGRAMMER

COURTAULDS

A vacancy exists in COURTAULDS' Organisation and Methods Department, Coventry, to assist in the planning and programming of commercial integrated data processing operations on the Company's National-Elliott 405 computer.

Applicants should have had practical programming experience (preferably, but not necessarily, on this type of computer) and some commercial background.

The vacancy involves interesting work and provides scope in the computer field.

Candidates should write, giving full personal particulars, details of education and previous experience, to the Director of Personnel, Courtaulds Limited, 16 St. Martin's-le-Grand, London, E.C.1, quoting reference number C.21.

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Salary: Burnham Scale, 1959:—£1,550 x £50-£1,750.

Initial salary dependent upon qualifications and previous appropriate experience.

Application forms, returnable within two weeks of date of advertisement, and details from Registrar, College of Technology, Ashley Down, Bristol 7.

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Candidates will be required to maintain and be capable of developing Management accounting techniques in the Society's widely spread manufacturing establishments and distributive organisations.

Candidates should preferably be Members of either the Institute of Chartered Accountants or Cost and Works Accountants or hold equivalent qualifications and should have had experience of Management Accounting procedures and the application of Budgetary Control and Standard Costing.

The position is a responsible one and offers considerable scope. The appointee will be located at the Society's headquarters in Manchester, but fairly extensive travelling will be entailed.

The appointment is pensionable and the salary will be commensurate with experience, qualifications and the responsibility of the position.

Applications, giving full details of education, qualifications and personal data, should be addressed to the Co-operative Wholesale Society Ltd., Central Labour Department, 1 Balloon Street, Manchester, 4, endorsed "Management Accounting," to be received not later than February 12, 1960.

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Applications are invited for the above-mentioned post. Applicants will be expected to conduct courses in Business Administration and assist in the courses in Accountancy and General Economics at B.A. degree level. They should hold a University degree in Economics or Commerce; suitable professional qualification (e.g. C.A., C.I.S., I.I.M., C.W.A., C.C.A.) plus business, teaching and research experience would be an advantage. Successful candidates will be requested to commence duties in September, 1960.

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SALES MANAGER. A well-known Company in South Midlands, manufacturing and marketing a wide range of materials for the Building Industry, invites applications for this EXECUTIVE APPOINTMENT. Essential qualifications comprise a first-class education, preferably a University Degree, and sound industrial training and experience in all aspects of Sales Management and Administration. Knowledge of building materials and the industry is highly desirable. Responsibility will be directly to the Company's Sales Director. Initial salary dependent on experience but will be not less than £1,500 per annum with Life Assurance and Pension benefits. —Apply, in confidence, stating age and full details of qualifications and experience, including remuneration received, to Box 1273.

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Applications are invited for a new post in an important chemical company, manufacturing and selling heavy organic and inorganic chemicals. The successful applicant should have at least a Second Class Honours degree in Chemistry, or equivalent qualifications, plus a minimum of two years' active experience in industry.

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Write fully in each case in confidence to the Secretary, 48 Bryanston Square, London, W.1.

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Salary scales:
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Further particulars may be obtained from the Secretary of the University. Closing date for applications, February 27, 1960.

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A SMALL Organisation and Methods Department requires a FEMALE ASSISTANT. The duties include some typing and general office work but the major emphasis will be upon O. & M. work for which training will be given. This is a good opportunity for a tactful person to assist in the development of a valuable service department. Minimum educational standard: G.C.E. (ADV) in two subjects, one of which should be English or Mathematics. For a person with suitable qualifications and experience a starting salary of approximately £500 per annum is envisaged.—Please send full details age, education and experience to Box E897, L.P.E., Romano House, 399/401 Strand, London, W.C.2.

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With the continued expansion of Education and Training within the Pressed Steel organisation, the Company now wishes to appoint a

LECTURER IN MANAGEMENT STUDIES

who will initially assist the Group Training Manager in the running of the Company's Executive Development Course and therefore a sound knowledge of management subjects together with lecturing experience is essential. Applicants should also possess engineering qualifications and some experience in a large industrial concern is desirable. Preferred age range 30-35. Location, Head Office at Cowley, Oxford. Salary will be commensurate with experience and the post offers considerable opportunity for promotion. Conditions of employment accord with best industrial practice.

Applications with full curriculum vitae including details of salaries earned may be made in strict confidence to the Staff Officer, Pressed Steel Company Limited, Cowley, Oxford.

THE ECONOMIST INTELLIGENCE UNIT LIMITED

invites applications for posts on the research staff of its Overseas, Industries and Marketing Departments. Candidates should have a first or upper second-class degree preferably, but not necessarily, in Economics; at least 2 years' experience of industry, commerce or finance; and a good knowledge of at least one foreign language. Please send full particulars including age, experience, qualifications and present salary to "Research," The Economist Intelligence Unit, 22 Ryder Street, St. James's, London, S.W.1.

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Applications are invited for the position of ASSISTANT IN RESEARCH in the Department of Estate Management. Applicants should be qualified to undertake research in economic, legal, or social problems related to the use, tenure, development of land. Salary scale £650-£850. Further information may be obtained from the Secretary of the Board of Estate Management, 74 Trumpington Street, Cambridge. Closing date for applications: March 1, 1960.

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For other appointments see page 566

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THE British Association of Accountants and Auditors, Limited (Incorporated 1923). The next Examinations will be held on Tuesday, Wednesday, Thursday and Friday, May 24, 25, 26 and 27, 1960. Membership can only be obtained by those who have passed the prescribed Examinations.—Copies of the Syllabus can be obtained from the Secretary, 4 Clareville Grove, South Kensington, London, S.W.7.

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Notice is hereby given that the SHARE TRANSFER BOOKS of this Corporation will be CLOSED from February 26 to March 11, 1960, both days inclusive, for the purpose of preparing for payment of Dividend for 1959.

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The London School of Economics and Political Science will hold a further course in OPERATIONAL RESEARCH, from March 28th to April 8, 1960, for graduates or persons with equivalent qualifications and suitable experience. Limited residential accommodation will be available and fees will be £65 including residence or £40 non-resident. Particulars and application forms can be obtained from the Registrar, The London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2. The last date for the return of completed application forms is March 9th.

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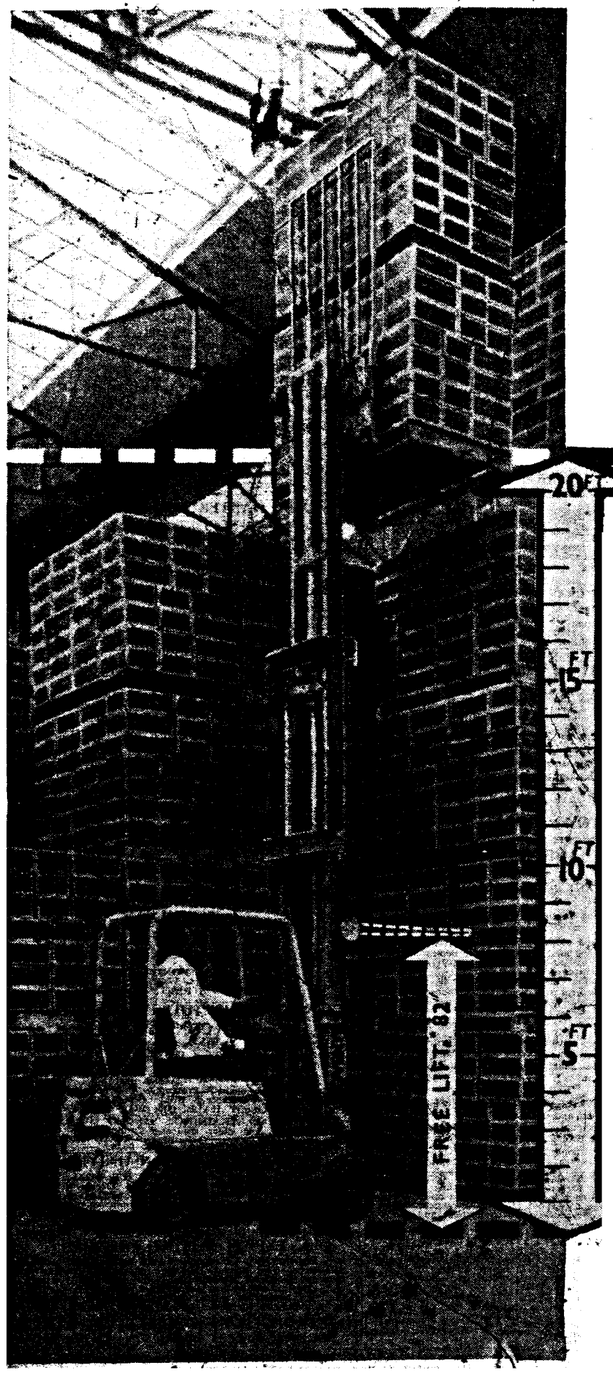

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Back to Palestine *page 599*

Consequences of Unreason

The NUR's death wish will not put the British economy on its back but will gravely affect its members' livelihood in the longer run (page 595)

AFTER MACMILLAN'S TOUR

Apartheid in One Country?

pages 597 and 631

Europe's Outsiders

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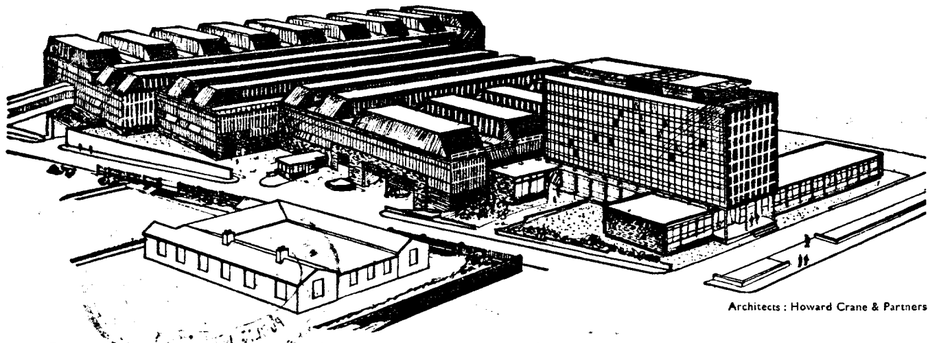

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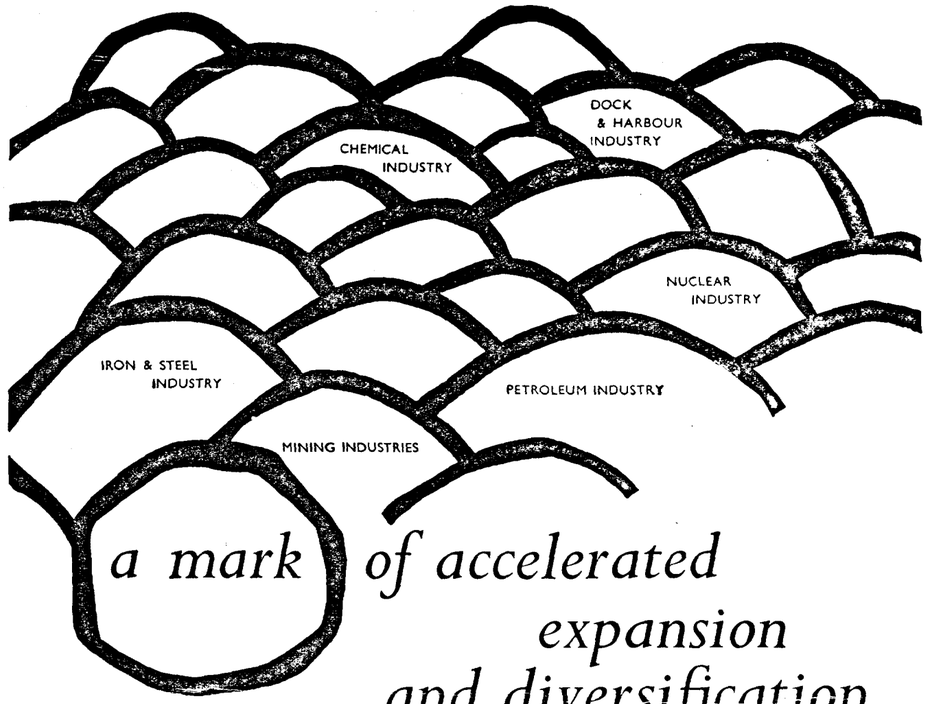

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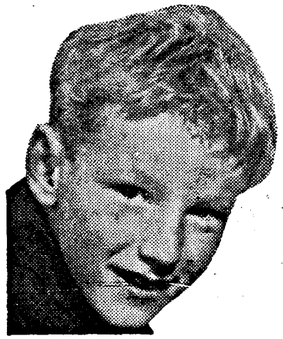

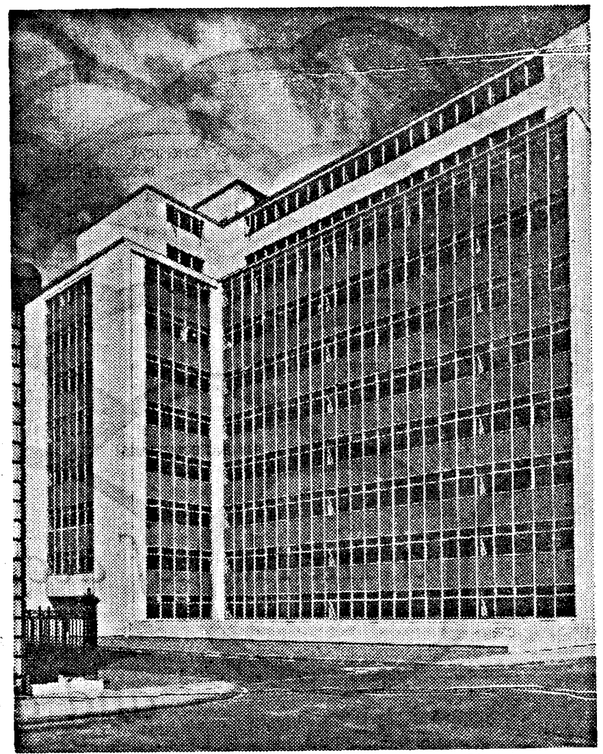

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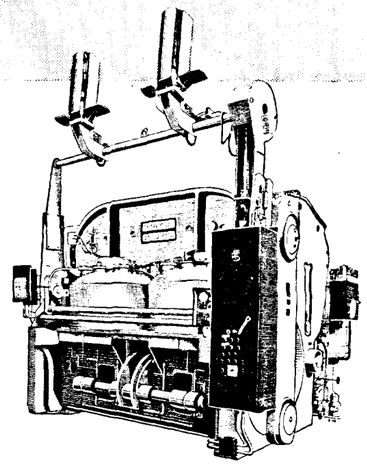

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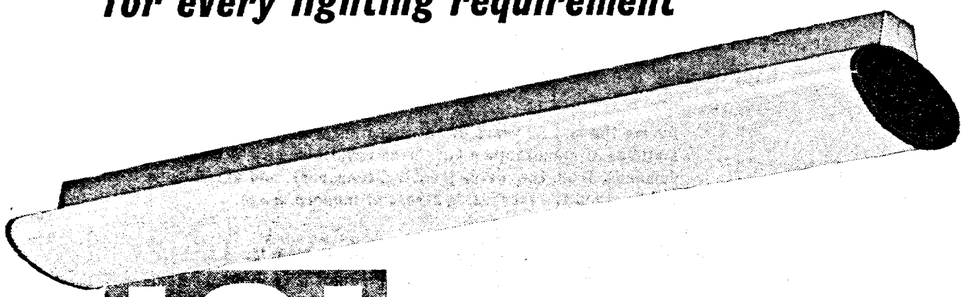

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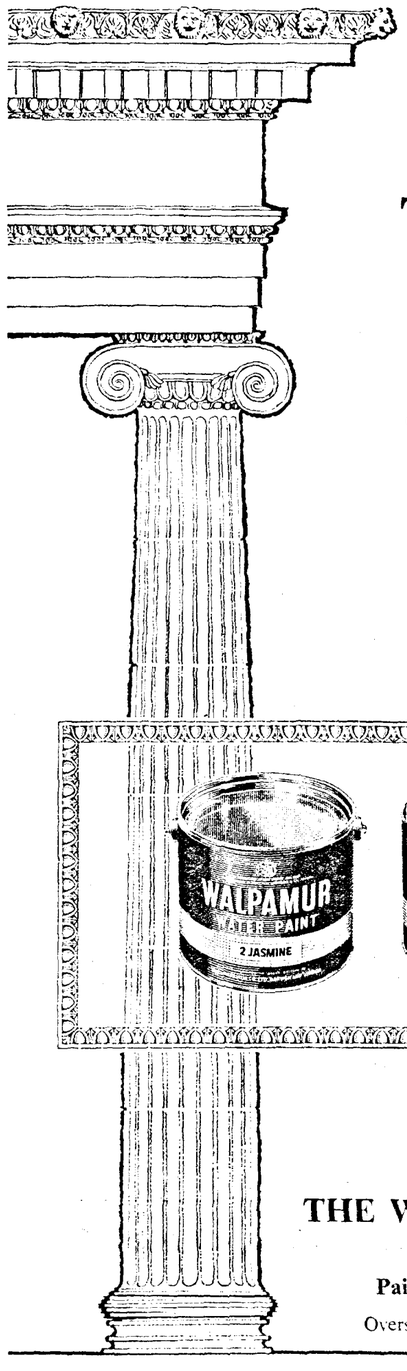

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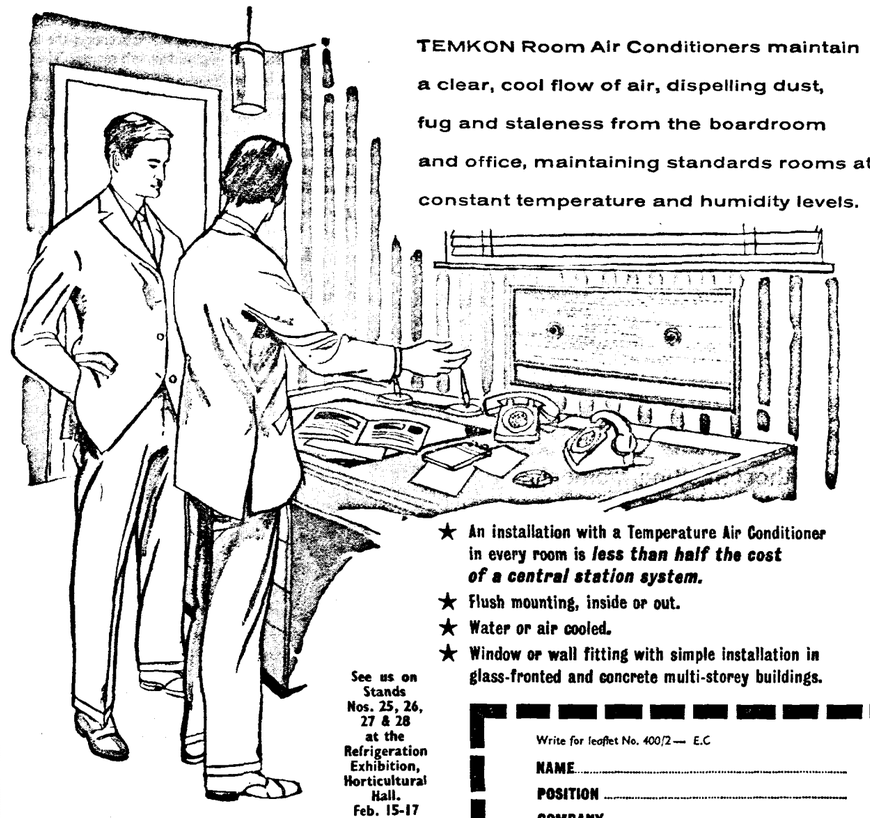

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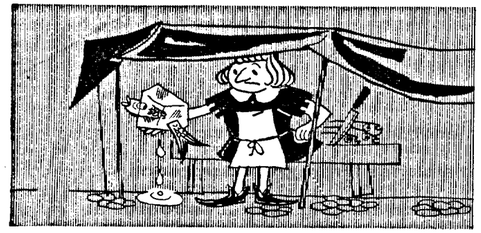

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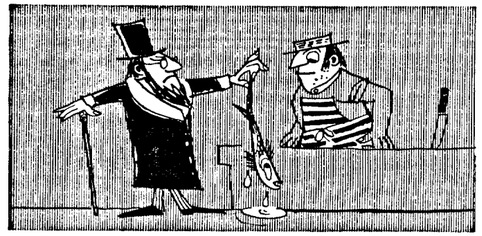

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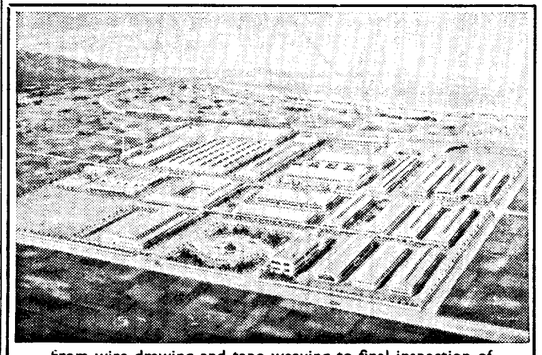

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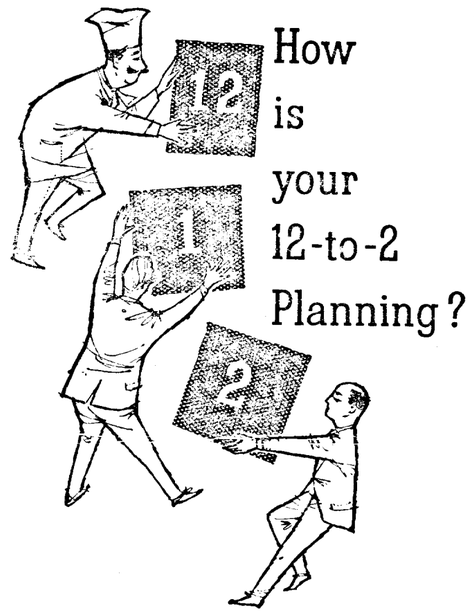

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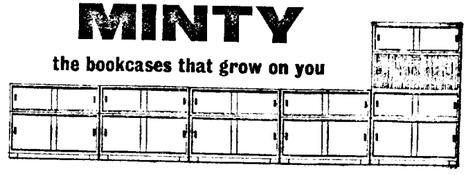

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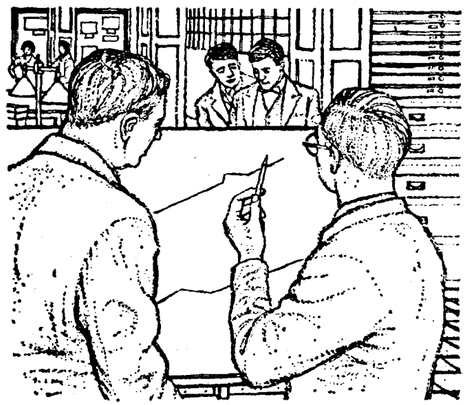
PAPER IN BRITAIN'S FUTURE · A REPORT FROM THE REED PAPER GROUP

How soon will Britain double its consumption of paper?



In the last ten years, Britain's consumption of paper and board products has risen by 55 per cent — actually far faster than the total private expenditure on goods and services.

Many economists predict that this expansion will continue and that our present consumption will have doubled in 20 years time.

This article examines the reasons for the growth in consumption to date and discusses the factors which make such a vast further increase highly probable.

AN INEVITABLE DEVELOPMENT

Between 1950 and 1960 our total consumption of paper and board products rose by no less than 55 per cent.

This was no freak development due to post-war shortages, for by 1954 we had already got back to our pre-war level of paper consumption. On the contrary, it was the inevitable result of our increased purchasing power and of our greater sophistication as consumers. Also of the unusually high versatility of paper and board, which has made it possible to put them to many new uses.

USING OUR HIGHER PURCHASING POWER

What has happened is not that products which were once the preserve of the rich have now become accepted by all sections of the community. In the experience of the Reed Paper Group, it is rather that the greater leisure and changed cultural patterns of our society are being reflected directly in the ways we are using our higher purchasing power.

For example, our reading habits have changed considerably. Thousands of people, who in former times would have had to rely on their local library for all their serious reading, can today afford a personal library, thanks to the development of the paperback editions, whose sales of books were 4½ times higher in 1958 than in 1950. Nowadays, too, our newspapers have become larger and more informative and our magazines more colourful and varied. The result of all this has been a rise in our newsprint consumption by over 40 per cent, and in our printing paper consumption for mass-circulation magazines by over 50 per cent, above 1950 levels. This in spite of the advent of television.

THE "PACKAGING REVOLUTION"

Advertising is, of course, partly responsible for our larger newspapers and magazines, yet newspaper advertising is nowadays only one of



the important ways in which consumer goods manufacturers seek to appeal to the public's fancy. More and more the product's *package*, not so long ago regarded as a purely functional matter, is becoming a key selling weapon.

In this "Packaging Revolution", older forms of packaging are being replaced increasingly by converted paper and paperboard products which are easier to print with "How to use" instructions and colourful designs. Thus the gaily coloured folding carton or "pack", inherently versatile in shape, size and suitability for printing, is increasingly replacing the loose sheet of plain wrapping paper in all sections of the food trade. It has developed to become the standard container for biscuits, cereals, soap flakes and detergents. Still more recently, it has helped frozen foods successfully to invade our kitchens. Paper cartons are even beginning to gain acceptance for selling milk, cream and soft drinks.

Cartons and other converted paper products are also used more and more to present goods which were not packaged at all before: bottled products, shirts, ties, socks, underwear, and many other household goods. Reed research also shows that new and colourful



jackets have played a major part in the gramophone record boom on the prosperous teenage market. Finally, an increasing use is made of cleverly designed display cartons to brighten up our shop windows and signpost the most interesting new products.

All these factors account for the 50 per cent increase in the use of folding cartons and the 35 per cent increase in the use of food wrapping papers between 1950 and 1958.

NEW USES FOR PAPER PRODUCTS

The versatility of paper and board has also enabled them to be applied for many uses that would never have been suspected a generation ago.

Decorative laminated plastics, for example, which in fact have a paper base, have created new scope for gay colours and sophisticated designs in interior decoration and furniture making. Between 1950 and 1958, their sales increased many times over. Wallpapers, too, have assumed a new and practical guise, with the creation of the washable wallpapers that are becoming so evident in our kitchens and bathrooms.

Cellulose wadding or "paper tissue" pro-



ducts, in the use of which we as a nation are well behind the Americans, offer another market with big potential for expansion. *Facial tissues*, once used only for colds and other emergencies, are now beginning to replace the handkerchief in daily use. They are also being sold for many other household and motoring uses, to men as well as women. These factors account for a 25 per cent annual increase in their sales. Paper towelling likewise is showing a healthy annual sales increase of 10 per cent.

THE EXPANSION WILL CONTINUE

The expansion in the use of paper and board products is expected to continue in the sixties and seventies, though there may be temporary setbacks in less prosperous years. Informed economists expect that consumption will go on increasing by between 3½ and 4 per cent every year, resulting in a total expansion of possibly 100 per cent in the next twenty years.

Where does the potential for such a huge increase lie? Certainly, one of the main factors that has boosted the packaging revolution and total paper consumption in America has been the rise of self-service shops and "supermarkets". In these, good packaging becomes absolutely essential: not only on grounds of hygiene and convenience, but because the great variety of products must compete in "selling themselves" through eye-appeal. Here in Britain, the number of self-service shops and "supermarkets" is increasing by an average of 25 per cent every year.

Furthermore, of course, completely new uses for paper are constantly being devised. Reed market research indicates that the next few years may well see the advent of many new and interesting products, such as paper fabrics for factory workers, painters and kitchen workers. But without question, the major increases in consumption will not be due to glamorous new products. They will come from continuing expansion of all the existing markets where paper has already established its supremacy.

THINKING FORWARD

How is Britain's paper industry preparing to meet the challenge of the markets of the sixties?

The Reed Paper Group, whose interests embrace every aspect of paper making and conversion is laying maximum stress upon forward thinking. Over and above intensive research by the Group's Technical Division to devise new and better paper products for industry, the retail trade and for the home, the Group's Economic Research Department is engaged in long-term forecasting of the trends in demand. For example, among the special investigations it has carried out recently has been a study of the possible effects of the "Outer Seven" Free Trade Association on paper supply and consumer habits in this country.

This sane flexible thinking pervades all the Group's activities at every level — product marketing, machine and production planning, management selection and personnel training. Everywhere there is an alert awareness of the nation's growing and changing needs. The Reed Group is determined to meet these needs by realistic forward planning *now*.

Where is paper's greatest future in packaging — protection or display? The Reed Paper Group sets out to answer this question in a further article in this series, appearing in the Economist on the 9th of April.

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The Economist

FEBRUARY 13, 1960

Consequences of Unreason 595
Apartheid in One Country 597
Europe's Outsiders 598
Back to Palestine 599

NOTES OF THE WEEK 601

German Arms; East-West Relations; China; Soviet Block; Railway Dispute; The Queen's Descendants; Algeria; Nuclear Tests; Electrical Trades Union; The Armed Services; Aden Protectorate; Oxford's Chancellor; Broadcasting; Cyprus; Charitable Trusts; Derequisitioning; The Health Service; Cuba; Dominican Republic; Europe.

BOOKS

Interest Dethroned 611

LETTERS 616

AMERICAN SURVEY

Targets for Missiles 619

Candidates Go to School; Compact Impact; Atoms out of the Bag; Roving Commission; Head-on on Lend-Lease; Consumer's Champions; Going for a Constitutional; Judgment on New York; DiSalle's Clever Deal; Las Vegas Goes Respectable.

THE WORLD OVERSEAS

Nato's Next Step 631

Trojan Horse in the Laager; How Algiers Sees It; Korean Styx; Togliatti's "Parliamentary Way"; Greece Under the Peace Offensive; Referendum in Kerala.

THE BUSINESS WORLD

Nuclear Power in the Sixties 639
Export Prospects this Year 641

BUSINESS NOTES 645

The Rail Strike; In the Markets; Foreign Exchanges; Development Districts; Business Barometer; Another City Merger; Charities Bill; Anglo-Japanese Trade; Hire Purchase; Steel Companies; Carrots for Cars; Air Transport; Steel; The Gold League; Lead and Zinc; Assessing Output; Salts (Saltaire); Electronic Banking; Building Societies; Self-Service; The Jasper Case; Butter and Margarine; Shorter Notes.

COMPANY AFFAIRS 665

Imperial Tobacco; British Home Stores; Ilford; Power-Gas; Wagon Finance; F. W. Woolworth; Borax (Holdings); "Chartered"; Showerings.

London and New York Stocks 666
Money and Exchanges 669
Western Europe 670

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VOLUME CXCIV · NUMBER 6077.

Consequences of Unreason

SENSE, and last minute moves, may still persuade the railwaymen that they face nothing but loss if they go on. But, late on Thursday evening, it seems that the National Union of Railwaymen are sticking to the course which it set itself a fortnight ago: to strike unless they get a cash offer in advance of the publication of the Guillebaud report. It is a strike after the pattern of the London bus strike in 1958, when Mr Frank Cousins led out his men for a matter of 2s. a week and was roundly defeated. It would be claiming too much for Mr Sidney Greene that he has led his colleagues; they and the militants in the branches have taken matters into their own hands. The only justification he can advance is the NUR's unwillingness to wait just over a fortnight to learn what wage levels are proposed for them (and for the two other main railway unions) by Mr Guillebaud and his colleagues. Sir Brian Robertson has promised an interim pay increase backdated to January 11th if the report, in the week beginning February 29th, justifies one. But against all arguments of reason and their members' own self-interest the NUR is still demanding money down now.

It is a case for a psychiatrist rather than a rationalist. The NUR has succeeded in the near-impossible by alienating public sympathy for its case. The two sister unions (if that is not too affectionate a term for the locomotive-men and the salaried staffs) are aghast at the plight in which Mr Greene has involved his members. After days of argument the Trades Union Congress has neither persuaded the NUR of the dangers it runs nor impressed it with the harm that will closely follow for millions of other workers—coal miners first of all. The Government has been preparing emergency plans without intervening in the argument until the TUC had clearly failed. And on Wednesday it soon became clear that the role of the Chief Industrial Commissioner this time was to be very different from earlier occasions when strikes have been bought off at Ministers' orders. Unless a settlement is contrived at the last minute by the Government (which will do infinite harm to the economy if it offers rewards for the breaking of agreements and the buying off of agitation) Britain will be without trains next Monday.

A strike will be represented as a tragedy for a Britain emerging into full and brilliant prosperity. This is overdoing the harm it could conceivably do and underestimating the advantages, on a longer view, of resisting a strike that makes no economic sense, that puts impatience (no matter how understandable) way above policy and bases itself on broken agreements. The British economy could get along with inconvenience and discomfort while the strike lasts, and it need not take too long to recover lost output afterwards. It can discover in the process new ways of doing without railway service—as if it needed any provocation here—which will further reduce the chances that British Railways, no matter how bright and shining with new hardware, can ever be made to pay or pay good wages. The public, whose esteem of trade unionism is already low enough to worry the TUC and to lose Labour votes, will increasingly turn to the Government's side if it wants to add trade union reform to its other commitments. It is the irresponsibility of the trade unions quite as much as their power that is frightening.

The public is already giving this stricken railway industry a costly blood transfusion of new capital. It will have to consider seriously what scale of

railway service it is really prepared to pay for—which is not at all the same thing as the scale of railway service that it wants but is not prepared to pay for. The danger for the railwaymen is that when this question is coldly examined, their livelihood looks very far from secure. It is useless now to go over past ground in railway history. All sorts of mistakes are apparent: too late a start in new investment after the war, when there were so many other claimants ; and an improvement plan, when it did come, that committed public funds to a scale of railway service that was dubiously capable (even without any further increase in costs) of earning its keep sometime in the early sixties. The century-old legacy of public control still hangs round the neck of the railway business. The experiments and back-tracking towards finding good commercial and operating arrangements for the main lines have brought no clear solutions. In financial terms the railways' case is deplorable—current annual deficits of the order of £90 million, and no better expectation by the time 1963 is reached than a working surplus of between £50 and £100 million, which will be barely sufficient to pay interest on the railways' capital, leaving nothing to pay the interest on the deficts that are now accumulating, much less to repay them.

The Economist was a supporter (with qualifications) of the first improvement plan published four years ago. It then felt that the plan held out a sporting chance of proving a worthwhile investment ; it now feels that the gamble has been lost. This is not all the Commission's fault though some of the decisions (including electrification to Euston) and many of the delays are challengeable. The railway user must take part of the blame. He demands a seat or a goods wagon when he wants it—that is, when he finds it inconvenient to go by car or has some awkward load that is too much for his lorry. It may be that a superfluity of transport is emerging as one of the conspicuous wastes of a society that is growing richer. If so, the sooner the implications for railway economics are faced the better. If the public regards itself as entitled to railways burdened with all their historical obligations to provide public service, but will use that service only as it pleases or when it has to, it must accept the present cost of modernisation as only the first instalment of the heavy price. But if the public is sensible, its thinking about the amount of railway service it needs and is prepared to pay for, in conjunction with all the other public and private transport it is determined to have around, should become much sharper.

THAT is the first obvious conclusion from the mixed collection of ideas that are now floating about on the handling of the railways' financial problems. All these in the end can be summed up as different ways of faking the books or brushing the subsidy under the mat. They range from a crude subvention from the Exchequer (and what happens to wages and discipline then ?) to convoluted schemes by which the railway "track" (which would mean all its fixed gear) would be taken over by a public authority and leased back to the railways to operate on payment of a rent and toll. This would have some resemblances to the Independent Television Authority, but one quite crucial difference in that it would forever be committed to losses and dependence on the Exchequer. Somewhere between these extremes come the suggestions that the Commission should be excused payment of interest on its capital, the cost of which will have risen by the early sixties to £85 million ; even if it were so excused, it would still not be making genuine money.

One does not take railways out of economics by dressing up the figures in a different way. If the mounting deficits (now more than £400 million) must be regarded as a write-off, and if no part of the railways' capital, old or new, can reckon on a secure return, it is obvious that a sensible public would not be prepared to find even more money for running services that are already losing money. It is equally obvious that a realistic attempt to produce a rational structure for railway wages, which the Guillebaud Committee was set up to do, will involve a lot more money which can only come from public funds. It is being suggested that the report may propose a general increase in railway pay of the order of 10 per cent, with differentials on top of this for skilled men. It would be absurd to suppose that the required £40 million or more could come from public readiness to pay higher charges for services that they only half use already. It would be equally absurd to expect that any rational division of an award between skilled and unskilled grades could ever follow a last-minute surrender to the NUR.

The provision of such part of the increase as might be backdated to January 11th would be worrying enough. On any longer view, the terms of public assistance on such a scale must be worked out so that there is the minimum of public obligation on the railways (and therefore of subsidy from the public purse into private pockets) and the maximum of commercial pricing in the services that the railways offer. It is on the trunk routes, both passenger and freight, that the best opportunities lie for increased efficiency and more satisfactory profit. Two examples will show that the abandoning of public obligation would be anything but popular: the city commuting traffics ought to pay perhaps 20 per cent more than they do to match the costs that they incur ; and if the difficulties of getting sanction to take a hopelessly unprofitable line out of service cannot be overcome, the onus ought to be put squarely on the Transport Tribunal to sanction an explicit subsidy for any unremunerative service that it decided must be kept.

There is, indeed, no rational way out of a radical reduction of general railway service and a much greater concentration on economically priced (which does not mean cheaper) long distance and suburban services. A great amount of the railways' labour cost is as "indirect" as their capital costs, and given its productivity it is beyond what the railways or the public can afford. The one certain result of the miserable events of the past fortnight is that good employment and earnings in the railways have been further jeopardised by the NUR itself. More money may have to be found, but the public (which calls the tune as well as paying the piper) will make sure that it is found for fewer railway workers.

INDEX

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Apartheid in One Country

The Prime Minister evidently intends Britain to work with, not against, African nationalism; but nationalism's worst enemy can still be itself

WHEREVER Mr Macmillan spoke in Africa he produced a rumpus, and his speech to the South African parliamentarians in Capetown produced in the end the biggest rumpus of all. Its echoes will long be heard—not least in the House of Commons on his return next week. Yet in every speech the Prime Minister stuck with consummate skill to statements of known British policy. Nowhere did he add anything substantial that was new ; whenever possible he quoted what had already been propounded at Westminster or the United Nations. Thus in Lagos he made no new promises to the Africans of Northern Rhodesia and Nyasaland, so that in Salisbury he had nothing to withdraw ; in Bechuanaland he solemnly pledged Britain to do exactly what is required by the South Africa Act of 1910 ; in Capetown he said the best of friends must bluntly differ sometimes on matters of principle. Yet everywhere the impression exists that Mr Macmillan has boldly put a new and liberal face on British policy in Africa.

All of this must have given Mr Macmillan, as he has hugged his secret thoughts on the voyage home, exquisite personal pleasure. But he would be wrong to think that he is returning with no more commitments than when he left. For it is the reaction to his words not the words themselves that is decisive —not what he said, or intended to say, but what he was thought by the African masses to have said with all the authority of the head of the British government. And the judgment is clear: Africans and the outside world have concluded that Mr Macmillan has come down firmly for coming to terms with African nationalism, and they have applauded ; the white Africans—not just those in South Africa, but in Southern Rhodesia and Kenya—have been correspondingly horror-struck. This is the remarkable dénouement when basic British colonial policy is simply restated with precision by the Prime Minister: it turns out to be devastatingly liberal.

This should not really surprise anyone. It is a matter of history that the pace of political advance in Africa has been set by the British. African nationalism was the child of British imperialism: that liberal imperialism which brought not only India and Ceylon to independence but Australia and Canada before them. The radical—even reckless—decision of the Belgian government to rush independence to the Congolese by next June, though it may have both startled and emboldened the Prime Minister in the course of his conducted tour of South Africa, is simply the end-product of the process inevitably set in motion by Britain in West Africa on the morrow of Indian independence.

Mr Macmillan will now be expected to live up to his sentiments—not in theory, but in pace and place. This means, immediately, Kenya and Central Africa. In this (post-Macmillan) week there are some encouraging signs that Mr Blundell's multi-racial group are realistically getting down to an agreement with Mr Mboya and his African colleagues on a basis that will give the Africans a majority in the government, and on terms that will enable the Africans to be generous in conceding to the minorities a rightful voice in Kenya affairs. The next step will be Central Africa ; and whatever fuss may be made about the demonstrations that greeted Mr Macmillan in Blantyre, it is evident that the release of Dr Banda is now the logical concomitant (for all its risks) of the assembly of the Monckton commission next week in Livingstone.

For Mr Macmillan, when he spoke of human rights and of the African national tide, made no exceptions in principle about territories that have large white minorities ; even if he did make some tactical reservations, and paid the Europeans a proper tribute for their achievements for Africa. While his white hosts were waiting in the rain to be told that their case was different, General de Gaulle was firmly disillusioning the white settlers of Algeria on the same point. Whatever variants of the Gold Coast solution Britain may endorse for Kenya, Northern Rhodesia and Nyasaland, they will be no more than variants to direct, not stem, the tide. King Canute is dead. The response of the South Africans has been prompt. They have proclaimed (as our correspondent explains on page 631) an unofficial state of emergency in their relations with the West ; they have nailed their flag to the mast in spite of the winds blowing through Africa, much as the Russians once nailed theirs—and have declared for apartheid in one country. As allies in their obduracy they may have Portugal and Southern Rhodesia. The white tip of Africa is going into laager.

BLACK nationalists are jubilant. Some of their white liberal friends are sharpening their knives for use in southern Africa on their behalf. But at this moment when their triumph seems in sight—when even Basutoland in the heart of the Union has defiantly voted nationalist—it is worth while, indeed it is obligatory, to sound a warning. Success can be its own disaster ; and the very speed and ease with which African nationalism has swept forward in the wake of Asian conceal its own weaknesses. Its capacity is untested yet: Ghana has only been a state for three years, the Sudan for four. The rest of independent black Africa is largely scaffolding under which the white administrator, the factor forgotten by political commentators, still obediently toils away, with his bag half-packed at his side.

The problems of creating and administering an African state of any size and efficiency, let it be remembered, are unsolved. Nigeria is only a hope (if a bright one) on paper ; French West and Equatorial Africa have been torn to bits by Africans themselves. Dr Nkrumah snatched the headlines from Mr Macmillan during his visit to Ghana by calling for a "United States of Africa" and a halt to the balkanisation of the continent into "tinpot" states by the "imperialists"; but

it is unclear what practicable plans he has for this, aside from the "liberation" of his tinpot neighbour Togoland and its integration into Ghana when it gets its independence. Already African blood has been spilt by Africans—after self government in Cameroun and French Congo, and on its eve in Ruanda Urundi and the Belgian Congo. Above all, the possibility of the dissolution of the vast, hitherto well-run Belgian territory must restrain any confident predictions about black nationalism in Africa.

Obviously, if with so little training and preparation Africans prove capable of running great modern states with efficiency enough, and with the restraint that rule imposes on rulers if they are to go on ruling, the days of the remaining white-ruled states are numbered. Practical demonstration will have been given that Africans here and now can sufficiently match the white man on his own ground—the modern organisation of society. But if they do badly, then the embattled white minority at the tip of Africa may yet make a most determined stand in their laager. Black and white baaskap states may long have to co-exist—and it is typical of Mr Macmillan that he carefully left his hands entirely free to accept such a situation and be friends with both.

Europe's Outsiders

In forming the European Free Trade Association Britain has made the problems of the European neutrals its own

WHEN the British took the decision last spring to form the European Free Trade Association of seven countries outside the common market, they gained a tactical advantage, but complicated the strategy of their European problem. On the one hand they drew the bargaining strength of the scattered outsiders together and won a respite; on the other, association with a group of countries with widely different interests must tie Britain's hands in its relations with the Six.

Economically, it is true, Britain's new partners all share two convenient views. Small size makes them individually chary—even more chary than the British—of sticking their heads into the lion's mouth and talking with the Six alone. Each, on the other hand, sends a larger proportion of its exports to the Six than Britain does; in that way they are under greater pressure than the British to work for an agreement with the common market. Britain's small partners thus promise to be both conveniently loyal to the Seven, and conveniently willing to fall in line with a British initiative to bridge the gulf, if and when any British initiative is devised; the case is still hypothetical.

The complication for British policy is political, not economic. Denmark and Norway would probably be glad in the end to accept almost any agreement so long as it embraced their main allies and their main export markets in Britain and the Six. Sweden, Austria and Switzerland have deep political reservations that arise from the fact that they are, in one sense or another, neutral. And while Britain's difficulties in taking on greater political commitments in Europe are mainly psychological and intangible, arising as they do from a long history of island separateness, the difficulties of these neutrals are tangible and clear. In forming the European Free Trade Association Britain has made the problem of neutrality its own. Has it, by that fact, made it more difficult for itself to take the plunge when the plunge—to put it crudely, joining the common market—becomes possible?

A look at the neutrals suggests at once that some are more neutral than others, that neutrality has very different meanings in the Alps, on the Danube and on the Arctic Circle. Switzerland's neutrality is almost as old as the idea of a Swiss nation, older than Switzerland's reputation as an international banker, not very much younger than its military traditions. But it was M. Spaak, the secretary-general of Nato, who remarked a few years back that he wished he could count on the rest of Nato as well as he could on the Swiss. In a time when any European war was likely to involve French, Germans, Austrians and Italians, or some of them, neutrality was a *sine qua non* of the existence of the Swiss state, with its French, German and Italian populations. Now that the three parent cultures are joined in one community that argument seems to have lost its force. Switzerland has no Russian cantons to worry about.

AUSTRIA'S neutrality has, by contrast, no basis in the past. But, as the Austrian foreign minister made clear when he visited London this week, it is very deeply rooted in the problems of today; for geography has made Austria and Sweden neutrals in the east-west struggle. True, it is not just neutrality that has made Austria choose the Seven. The ties of trade, language and culture with neighbouring Germany have produced both a strong current of opinion in favour of joining the common market and a strong revulsion against it. The fear of a disguised *Anschluss*, with German capital buying its way to a commanding position in Austrian economic life, is perhaps an even more important source of the Austrian government's caution towards the common market than neutrality itself.

Looking forward a little, it might be argued that European integration could itself resolve some of Austria's contradictory hopes and fears; Germany and its neighbours have, after all, to learn to live together one day. The perplexities of neutral Austria also reflect crucial difficulties that have been sadly neglected by the professional integrators in the west. The eastern frontier of the common market, just like the western frontier of the Soviet block, cuts across the natural trade routes of central Europe. Since these are political as well as economic frontiers, they leave no room for a stable position for a country placed as Austria is. Austria's problem of association probably cannot be really settled until the relationships between western and eastern Europe changes, and what used to be Central Europe can, in some form, come into existence again. Until then, the Austrians can only improvise.

Sweden, like Austria, has mixed motives for its caution in Europe. Distrust of colonialism probably makes a settlement in Algeria a precondition for any close Scandinavian political involvement with the Six. Full employment on a national basis is so axiomatic that the fact that either a free trade area or a common market must mean in time common economic policies on a great many matters is only accepted with reluctance. Sweden is like Switzerland and Britain in that it has not been fought over, occupied and humiliated as the rest of Europe has. There has been no devastating personal experience to devalue the idea of the nation and open the way to a revolutionary new idea. With four hundred years of illustrious national history behind them it is not surprising that the Swedes, like the Swiss and British, have an isolationist streak.

YET if feelings and prejudices make Sweden a natural leader of the free trade association, it remains true that the one vital interest behind its caution is neutrality. For centuries Sweden, at times withdrawn into itself, at times sallying forth on to the European stage, has balanced on the rim of European conflicts. East, south and west it has faced in turn. And today, though there is no doubt of the direction in which Sweden must face for its defence, the Swedish people are probably unanimous in supporting neutrality in the conflicts of other powers unless Sweden is actually attacked. They believe, probably rightly, that any decisive move by them to join the western camp would mean a Russian occupation of Finland as a countermove. And this balance in the Baltic, resting as it does on diplomacy, not force, provides a model whose spirit might, in the interests of other countries too, be usefully extended southward in Europe. All this does not necessarily rule out closer political and economic integration for Sweden one day, if the British should choose to lead the Seven that way in pursuit of agreement with the Six. But it does mean that full Swedish participation might be dependent on a favourable east-west climate, and on the pursuit of relatively friendly policies towards each other by the western continental governments and the communist world. The Swedes could not join so long as joining meant taking sides in a conflict.

The next few months may actually see a certain pressure from the smaller members of the Seven on Britain for some compromise on the basic economic issues that were at stake in the dispute over the dead free trade area; and notably about the question whether tariffs can or should be harmonised. Austria, Denmark, Norway and even Sweden all seem ready to move nearer to the conception of a customs union than they were in Paris in 1958. As long as Commonwealth free entry is treated as a special problem to be negotiated, it is difficult to see why the British should object to this approach.

In other words the political difficulties of the neutrals provide no excuse for British inaction. Their problems would probably be more, not less, easy to resolve if Britain could establish a close political relationship with the Six. "Europe House," a body which has organised a series of talks on Europe during the past year, has just published lectures delivered last autumn by two key figures in the organisations of "big Europe," M. Sergent, secretary-general of the Organisation for European Economic Co-operation, and Mr Dunstan Curtis, deputy secretary-general of the Council of Europe. Both revive the idea that in any new negotiation the British should "explain how the commonwealth preference can be dovetailed into the European system," to use M. Sergent's phrase. To Mr Curtis the gesture of bringing in the Commonwealth should be a political act, designed to break down the political gulf between Britain and the Continent. Thus the advocates of a bigger Europe have not ceased to produce ideas, even though a period of diplomatic confusion and political frustration lies between them and the time when their ideas can be fruitfully used.

Back to Palestine

The money and energy wasted by Arabs and Israelis on a precarious armistice could be saved by the discovery that they had more in common than a quarrel

A TIME must come for the nations of the Middle East to stop looking backward; perhaps it has come now. Arabs and Israelis are still entangled in the expedient half-settlements they were persuaded to make, more than ten years ago, so that they might stop shooting each other. But the shooting has not stopped, it has only died down to a mutter. Each side continues to justify irresponsible actions and intransigent attitudes by blaming the other, or by recalling the sins of the great powers. If it were not for the Balfour declaration, the MacMahon correspondence, the Sykes-Picot agreement, Ernest Bevin, the State Department or the international oil companies, they say, all would be well in the Middle East. Palestine was one of the two subjects for discussion by the Arab foreign ministers at Cairo this week. Last week the United Nations truce supervisors were called in to hear conflicting claims about a clash of arms on the Israeli-Syrian border. Neither Arabs nor Israelis can be sure that next week will not bring more troubles again.

Instead of wasting their energies on arguments that have no end, and their substance on arms to damage each other, the Arabs and Israelis might look for a way to settle their differences. Would it be too far beyond the realm of fancy to hope that the following retrospect of a permanent settlement of the Palestine problem could be published in *The Economist* for, say, August 7, 1964?

★

AS readers will recall, it was on November 16, 1960, that Mr Hammarskjöld revealed what was probably the best-kept secret in modern diplomatic history. Without special introduction or warning of any kind, he told the United Nations General Assembly that President Nasser of the United Arab Republic, King Hussein of Jordan, President Shihab of Lebanon and Mr David Ben-Gurion, the prime minister of Israel, had agreed on a plan to settle all outstanding differences between Israel and its Arab neighbours.

When order had been restored it was noticed by a few that the Iraqi and Saudi Arabian delegations were missing. The secretary-general went on to say that Israel had agreed to pay all Palestine Arab refugees a reasonable sum and, in addition, would compensate owners of property taken over by Israel. Former Arab residents of Palestine could return to Israel if they chose to do so on condition that they would become citizens of Israel ; the Gaza strip was recognised as part of the southern region of the UAR ; Jordanian sovereignty over those parts of Palestine now administered by Jordan was recognised ; and all restrictions on the movement of Arabs in Israel were to be removed. The United Nations and the government of Israel would set up a programme offering 10,000 Arabs annually a course in agricultural, mechanical or other technical training.

The three Arab governments had agreed to accept as citizens any Palestine Arabs who did not choose to return to Israel ; to cancel the boycott of Israel as an official policy ; to permit Israeli shipping to use the Suez Canal ; and to recognise the demilitarised zones as parts of the state of Israel.

The secretary-general asked the assembly to approve the establishment of a commission with equal Arab and Jewish representation to carry out the plan. A member government would lend $500 million to Israel through the United Nations. With the assembly's approval, payments to Arab refugees could begin, he said, on January 1, 1961 ; Arab refugees would be able to start moving into Israel, at the rate of 25,000 a month, on May 1, 1961 ; and the affairs of the United Nations Relief and Works Agency, the United Nations Emergency Force, and the United Nations Truce Supervisory Organisation would be wound up by June 1, 1964.

WHILE Mr Hammarskjöld was still speaking, Cairo radio broadcast a speech by President Nasser in which he said that, through Arab efforts, Arab rights in Israel had been recognised and restored. He had nothing, he said, against the Jewish people and intended to stand by Mr Hammarskjöld in carrying out the plan which Arabs had long demanded but which imperialism had always prevented. He reminded the Palestinians that the country to which they were returning was not, after ten years, going to be as they had known it. He urged them to be good citizens if they chose to stay there. If any Arab wanted to leave Israel, President Nasser offered him a home and friends in Egypt or Syria.

In Jerusalem, Mr Ben-Gurion said that he welcomed the Arabs to Israel and promised them full rights as Israeli citizens. He, too, reminded them of changes and that his was a Jewish state in which they might not like to live. The choice was theirs, however, and if they chose to leave again they could do so. In Amman, King Hussein agreed with everything that President Nasser had said and hoped the refugees would remember that Jordan had given them shelter in their time of need. Those who wished to remain in Jordan could do so, and those who went away would be welcome to return if they wished. No statement was issued by the Lebanese government for several days but the Israeli pound took its place in the windows of the Beirut money-changers within 24 hours.

Dancing crowds filled the streets of Cairo, Damascus and Amman that night ; but there was no joy in Tel Aviv or New York. World Jewry was profoundly shocked: had Mr Ben-Gurion given away all that had been worked and fought for for so long ? For several weeks thereafter the prime minister of Israel could not have been elected chairman of the smallest Zionist group in the world. Sooner than anyone dared hope, however, world Jewry realised that Mr Ben-Gurion had not only saved Israel but had won for it a place in the Middle East, where it belonged. True, it might become more difficult to raise money for Zionist funds, but if Israel could trade with its neighbours it need no longer live on charity. The exclusive Jewishness of Israel's first decade was a luxury that the tiny state, and Zionism generally, could not afford to keep up. It was still a home for any Jew who wished, or needed, to go there, but it would be a better home for having found its natural place among the nations of the world.

WHAT upset Zionists eveywhere was Mr Hammarskjöld's figure of 25,000 Arabs a month. As it turned out the quota was never filled and by the end of the allotted three years, when a million Arabs might have been added to Israel's crowded acres, the net gain was less than 150,000. During the resettlement period, 325,000 Arabs had crossed over the border but more than half had left again, mostly for the new towns and farms in north-eastern Syria.

Israeli fears of an Arab fifth column proved groundless. The technical training camps were, on the whole, a success, and the Arab governments have agreed to finance them for another five years. In June, 1963, Arabic became the second official language of Israel. The most noticeable change among the Israelis themselves has been the emergence of oriental Jews into positions of eminence and responsibility in the community. Long a source of worry to the European Jews, they have gained confidence by the knowledge that they are no longer an oddity in a nation cut off from the world from which they came.

The Israelis soon discovered that President Nasser was not Hitler. He continues to make extravagant statements but the success of his great public works programme in Syria has given him something to shout about. The Iraqis took a long time to accept the arrangements President Nasser had made for the Palestinians. At first they threatened to stop sending their oil across Syria, but on reflection, found this too expensive a gesture ; and by the spring of 1965, the doubling of the pipeline to Haifa will have been completed.

The Saudis were the last to acknowledge the existence of Israel, but they no longer object to American Jewish airmen coming to the base at Dhahran. It was a point which had embarrassed the US government and much had been made of it by Jewish organisations in New York. The only complaints came from Jewish members of the US Air Force, who found themselves moved to Dhahran from pleasanter places ; some were heard to say that they could do with a little anti-Jewish discrimination again.

It would be pointless to pretend that this great upheaval was accomplished without any trouble. There were misunderstandings, minor demonstrations and cases of individual hardship, but once the principles had been clearly stated there was never any serious talk of going back to the bad old days. President Nasser and Mr Ben-Gurion were right when they guessed that Arabs, Jews, and friends of both were more anxious for peace between them than for the tired old arguments to continue.

NOTES OF THE WEEK

GERMAN ARMS

Pause in the Pause?

BY asking for a two-day debate on the supply of nuclear weapons to West Germany the Opposition provided the occasion for a mildly interesting exchange of views, but not the material for a motion of censure. On Wednesday, the Foreign Secretary, who had recovered swiftly from his bout of stubbornness over Cyprus the previous day, was easily able to show that he had in fact been busy advancing most of the notions on disarmament favoured by Mr Denis Healey.

The Government's dialectical advantage lies in the fact that both the Labour party's principal spokesmen, Mr Healey and Mr George Brown, have more or less endorsed the prevailing Nato strategy of enforcing a "pause" on a local communist aggression in Europe so as to give the Kremlin time for second thoughts to decide whether it really wants to involve itself in a nuclear war. If there is to be such a pause—and given the denuding of Nato's ground forces by both the French and the British—the predominantly German conventional troops will have to be equipped with tactical nuclear weapons. These decisions having been made progressively over the years, with the Opposition to some degree acquiescent, it is logically a little difficult for them to take a stand here and now against giving Germans any nuclear weapons at all.

The Labour Party's current stand, which is not an unreasonable one, though difficult to put across in debate, is that, balancing one set of risks against another, it is preferable now to accept a pause in developing the strategy of the pause, in order to see whether the summit meeting cannot do away with the need for this strategy (and hence for German nuclear arms) altogether. It was felt necessary to dress this contention up in the language of a censure motion in order to take the play away from Mr Mendelson and his supporters who had placed a different (and factually inaccurate) motion on the order paper before Christmas.

In the absence of Mr Bevan and with Mr Gaitskell bogged down in the arid wrangle over Clause 4 in the Labour party's constitution, it is now left to Mr Healey and Mr Brown, who necessarily do not carry the same political weight, to keep the parliamentary party in line over foreign policy. For the time being they are on top —they had a highly successful session of the parliamentary party before the debate. But the remarks of Mr Crossman, Sir Lynn Ungoed-Thomas, Mr Leslie Hale and others make it plain that there may be trouble brewing if the summit in the end leads nowhere. They will be opposed to the pause strategy if it means German nuclear arms whatever happens; the party's defence experts will not. Ironically, the Labour party's unity will depend on Mr Macmillan's success at Paris.

EAST-WEST RELATIONS

Limbering Up

THE diplomatic approaches to the summit rendezvous in May are gradually taking on significance. But these are still early days. With three months to go this is the time for the statesmanlike stiffening of terms, less to frighten the enemy than to stifle critics at home. Mr Khrushchev, for one, has become tougher in tone. He was hard on President Gronchi at an Italian reception in Moscow on Monday, but this was the kind of convivial offensiveness that, coming from Mr Khrushchev, is a tribute ; it implied that Signor Gronchi had stood up to him in their private talks. As Mr Herter reassured his press conference on Monday, the meaning of Mr Khrushchev's pronouncements still remains within the rather indeterminate limits of the compromise reached at Camp David.

Mr Khrushchev chose to ignore his Chinese allies' advice and dictated a restrained commentary on current events for the Warsaw Pact powers to sign in Moscow on February 4th. It did not insist on a precise time limit (reckoned in summits or anything else) in which a German peace treaty must be signed. But it emphasised once again that the penalty for western procrastination would be irrevocable action to sign a separate peace with east Germany and "to solve on this basis the question of west Berlin as well." What that means, nobody knows ; as Mr Khrushchev must by now be aware, action on that "basis" might complicate the Berlin question irretrievably ; it could hardly solve it. No high priority was given to any form of disengagement. The Warsaw powers offered the familiar non-aggression pact to Nato, together with the banning of nuclear weapons and missiles from central Europe.

The report that Mr Khrushchev was considering a form of *de facto* disengagement in conventional forces by withdrawing Soviet troops from Hungary and reducing those in east Germany and Poland (a course that the West could hardly have ignored) was not borne out by the Moscow declaration. Was it a sign that the strains of the alliance are still too great for the liberal Tsar ?

Waiting Game

THE strains in the western alliance just now originate in Bonn. West German reluctance to approve the negotiation of a new statute for west Berlin received substance in the shape of a Christian Democrat resolution tabled before the Bundestag debate on foreign affairs on Wednesday. It claimed (perhaps with one eye on next year's election campaign) that west Berlin belonged to the Federal Republic and that, consequently, the Federal Republic possessed the power of veto over any arrangements for Berlin's future. Although the CDU quietly dropped the resolution before the debate began, the majority of opinion in the Bundestag clearly favoured a firm stand. Dr Adenauer, perhaps still provoked by Herr Ulbricht's virulent letter to him last month, was dogmatic in rejecting any change in Berlin's present situation.

The State Department received the CDU thesis with reserve, although it recognised that the United States could not, in practice, accept a solution to which opinion in west Germany (and, even more, west Berlin) was resolutely opposed. Dr Adenauer is likely to encourage this feeling when he visits Washington next month.

In London, the Foreign Office pointed out that the legal basis for the presence of western troops in Berlin was that the western powers had never given up their rights of occupation. A CDU motion is not a statement by the west German government ; if it were, it could not be accepted without destroying the case which the West proposes to argue at the summit, and forcing it to find another one.

The western foreign ministers are expected to meet to try to co-ordinate policy in the second half of April, and a further opportunity will arise during the Nato meeting at Istanbul at the beginning of May. But the chief British tactic still seems to be to wait until the crunch comes in Paris before attempting to detach Berlin from the bulky "packages" presented by both sides. It may prove a tricky business, even if Mr Khrushchev lends a hand.

CHINA

Minority Report

PEKING did not join the Warsaw Pact powers last week in their mutual congratulations on the marked reduction of tension between East and West. When the eye of the Chinese observer at the Moscow talks, Mr Kang Sheng, lighted on the complacent scene he was moved to deliver an awful warning ; and it was promptly repeated on Peking radio. Mr Kang saw

"certain tendencies towards relaxation" in the world, but on the United States' side these were not sincere and were merely a ruse to gain time in the arms race. While the Warsaw Pact allies studiously avoided direct attacks on the Americans (and even wished President Eisenhower a successful visit to the Soviet Union this summer), Mr Kang talked knowingly of "the USA's war plan," criticised Mr Eisenhower's state of the union message, and castigated American imperialism as "the principal enemy of world peace." To Peking, co-existence is still something to be defined solely in Chinese terms.

No doubt Mr Kang's sentiments found secret, and possibly public, approval among the older guard in eastern Europe. The existence of a pro-Peking faction in the Soviet Union itself cannot be discounted. The belief that Peking and east Berlin might be making common cause against Mr Khrushchev's more liberal policies seemed confirmed when the Chinese backed Herr Ulbricht's claim for rockets if the west Germans received nuclear weapons from the Americans. So far, Mr Khrushchev has not promised anything of the kind, and the east Germans have had to content themselves with a poor second best, the creation of a National Security Council.

The celebrations of the tenth anniversary of the Sino-Soviet alliance have found Peking insisting on an identity of its own in the world. Mr Kang pointedly repeated Marshal Chen Yi's refusal to accept a disarmament agreement, no matter who else signed it, if Chinese delegates did not take part in the talks and sign the treaty. Even so, Peking has begun to satisfy Mr Khrushchev on one point: the improvement of relations with some of its South East Asian neighbours. Mr Kang was able to describe the new settlements with Burma and Indonesia in his Moscow speech. Mr Khrushchev could set off for Delhi, Rangoon and Jakarta on Wednesday with a somewhat lighter heart.

SOVIET BLOCK

Agricultural Troubles

THE conference on agriculture held in Moscow last week by the Soviet block governments, before the Warsaw pact meeting, ended with a brief and unrevealing communiqué. But the problems that the conference discussed were undoubtedly weighty; and the solutions it may have set in train could have important consequences throughout the block. Agriculture has always been the weakest spot in the communist economic system; this conference may have been prompted by a whole series of failures and difficulties.

Last year's harvest in eastern Europe was uneven; although good in Rumania and Hungary, in east Germany and Czechoslovakia it was very bad and in Bulgaria no more than fair. The Poles have again had to import some 1.5 million tons of grain, mostly from the United States; and in October their meat supplies ran out. Throughout the block supplies of fodder are inadequate, and the Russians are not well-placed to supplement them; they will find it hard enough to reach even the reduced target for their own meat production under their seven-year plan. Mr Khrushchev was no doubt at pains to make this clear at the Moscow conference; one Czech official, broadcasting about the meeting, significantly emphasised that Czechoslovakia must in future "substantially" depend on its own production of fodder. There is also a shortage of agricultural machinery in the Soviet block. The Moscow communiqué suggests that Mr Khrushchev may be planning to overcome this by organising the production of agricultural machinery on a block-wide basis.

Greater specialisation and more co-ordinated planning of the output of the whole range of agricultural products is in fact about to be attempted, on the lines of the industrial specialisation already undertaken. But there is no sign that the greatest single factor holding down agricultural production —the pressure to collectivise—will be removed. On the contrary, the communiqué merely says that the peasants are increasingly coming to realise "all the advantages" of collectivisation. This does not suggest that the laggard countries—in particular Poland, where only 13 per cent of the land is collectivised—got much sympathy; but there is no evidence that Mr Gomulka, who is politically committed not to interfere with Polish agriculture, has been forced to change his policy yet.

RAILWAY DISPUTE

Eleventh Hour

THE intervention of the Minister of Labour in the railway dispute on Tuesday evening gave official recognition to the threat of a national emergency. The Trades Union Congress had admitted failure in its peace-making efforts, the National Union of Railwaymen had refused an offer to bring the Guillebaud report forward by a month, and the British Transport Commission had repeated that it could not grant an immediate increase at the request of one union alone; and in spite of the commission's offer to backdate any future award to January 11th, the NUR's strike for next Monday was still on. Three features of the stricken field stand out.

The first concerns the tactics of the NUR, which are no longer in the hands of Mr Greene, the union's general secretary. Have they failed? The answer depends upon whether or not the strike happens. If brinkmanship was the union's only aim, it has drawn attention to the poverty of railwaymen, tightened Mr Guillebaud's schedule by a month and made it very difficult indeed for the Government to back pedal on the large increases which his report is said to propose. If, and this is the crux, the NUR can call its strike off by Friday—for administrative reasons, the last possible day—it may claim not to have done too badly. But if the railwaymen do actually strike next week for an immediate increase it will be, for them, a disaster. No one will be hurt more than they by the stoppage. It will almost certainly achieve nothing. And it will seriously weaken the NUR in the bargaining on the Guillebaud report when it comes.

Meanwhile, the other two railway unions have not budged from their position. They feel that only a certain amount of money will be made available for extra railway wages and they want the bulk of it to go into raising differentials. These should indeed be higher than at present, not only between skilled and unskilled men but also between workers in high wage areas (where there is alternative factory employment) and in low wage ones (where there is only agriculture). Since they expect the Guillebaud report to emphasise the differentials, these unions prefer to wait.

The third question is what the Minister of Labour can do about the dispute. To buy off the strike by anticipating or prejudicing the Guillebaud report is unthinkable; and the report itself is already being brought forward to within three weeks from now. The commitments already conceded are heavy. All Mr Heath can do is to talk sense to the men in the hope that at last, with so little time to wait, they may listen.

THE QUEEN'S DESCENDANTS

What's in a Name?

IT is hard to see why some people have got so hot under the collar because the Queen wants her peripheral and untitled descendants to be called Mountbatten-Windsor. The only likely grievance would seem to belong to the double-barrelled descendants themselves. The other more heretical suggestion that the Queen should now change her own and her children's family name to the paternal Mountbatten was a different matter. It would have meant going back altogether on her very acceptable decision, eight years ago, that "I and My children shall be styled and known as of the House and Family of Windsor"; it would therefore have aroused a deal of unnecessary perplexity and suspicion. As it is, the Queen has chosen a modest and unobtrusive enough way, if rather an awkward one, of keeping her husband's name in being.

This is surely no bad thing. One would imagine, from the ill-natured protests in some places and the disapproving silences in others, that, by means of the Queen's simple domestic gesture, the Mountbattens had made a takeover bid for the throne. In fact the Battenbergs who became Mountbattens, from Prince Louis to his son, Lord Mountbatten, and Prince Philip himself, deserve very well of this country; and the spite which inspires the campaigns against them nowadays is as unfounded and unscrupulous as that which drove Prince Louis out of office in the first world war. The proposed change of name is really very remote and unimportant, except to the Queen herself. None of the names is of ancient standing; both Windsor and Mountbatten were invented, very ingeniously, as wartime expedients forty-three years ago; and Mountbatten itself is not even Prince Philip's own father's name, but his mother's. There is nothing here for anybody to make a fuss about.

ALGERIA

The Price of Revolt

GENERAL DE GAULLE has felt able to strike some telling blows against Algiers. Although direct action has been taken against fewer than 20 officers, these include the notorious General Faure (whose command post at Tizi Ouzou was not among those to speak up for General de Gaulle last month) and two brigadiers. More important still, the army's fifth bureau, whose chief, Colonel Godard, was already in disgrace, is abolished and its functions are to be decentralised. It was this group that directed the essays in psychological warfare to which many of the regular officers, particularly those who served in Indo-China and imbibed the tenets of Mao Tse-tung, have been inordinately attached. The bureau had worked assiduously to propagate the policy of integration. Its disappearance may not upset the more senior commanders, but it deals an undoubted blow to the army's inflated sense of domestic mission.

Postings at the rank of colonel and below are not being disclosed, although at least eleven changes have been reported unofficially. It is not clear whether such changes as have taken place were fully envisaged by the army in the negotiations (chiefly conducted by General Ely) that went on between Paris and Algiers during the crisis. There is certainly no reason why his fellow officers should wish to close ranks to protect the poujadist General Faure. But General de Gaulle seems to have gone as far as he could without inviting an open breach with his barons across the Mediterranean.

The settlers have been slapped down by the loss of their militia, the reorganisation of the too-friendly police, and the disbanding of some extremist organisations. There is now less likelihood of a repetition of last month's happenings, although it may be doubted if the militants would have considered acting again without the army's express support. The possibility of the Moslem rebels (FLN) going to Paris for talks still keeps the prospect of such an alliance very much in evidence.

General de Gaulle's proposal to hold local elections in Algeria before the summer may, in fact, be meant as a hint to the FLN to make haste if it does not want to be cut out of his plans entirely. Since the army will expect to control these elections (and it is hard to see how they could be held otherwise) the next crisis may not be very far away. It is a situation on which M. Soustelle, relieved of his cabinet responsibilities, is certainly brooding.

NUCLEAR TESTS

Still in a Hole

ON Monday *Pravda* published an article, attributed to the Soviet scientists who have been taking part in the Geneva talks on nuclear test cessation, which rejected once again the argument that it is not practicable to identify underground nuclear explosions below a certain size. The Russians repeated their proposal that a total cessation of tests should be agreed without further delay, leaving the control system to be improved as it went along. Apparently undeterred, Mr Herter disclosed a few hours later that a newly formulated American proposal for a ban on all tests except the smaller underground ones would be presented at Geneva this week.

The Secretary of State must be aware how slender are the chances of the Russians accepting this proposal. His tactics are presumably designed less in hope of their bearing fruit than with an eye to the impatience of those military and scientific figures in Washington who have been fretting for fifteen months at their government's self-imposed ban on all tests. The terms of the new American offer evidently represent the result of a long and hard tussle between the rival factions in the Administration. They do not seem likely to be affected by the arrival in Washington of Mr Ormsby-Gore and his opposite numbers for preliminary talks about the ten-power disarmament conference that will begin in Geneva on March 15th. But it is an open secret that the British are dubious about the American case on underground explosions, and primarily anxious to get started with a control system of sorts, imperfect though it must be.

One argument for getting started is that it will, in any case, take a year or two to create a world-wide monitoring network—and, as research is moving pretty fast in this field, by the time the system is ready the difficulty of identifying underground explosions, whether in "big holes" or little ones, may have been overcome. Another is that the establishment of international observer teams on both sides of the "curtain of silence" will be a real break-through towards a general disarmament inspection system.

ELECTRICAL TRADES UNION

Fair Election?

THERE was no widespread astonishment when it was revealed that Mr Haxell had been re-elected last week to his post of general secretary of the Electrical Trades Union. His majority—reduced from 13,000 in 1955 to a mere thousand—was even alleged by some observers to have been fixed by the union executive before the election took place. The result was surrounded by a screen of contradictory comment. Before it was announced, the ETU anti-communists claimed to have proof from a survey of branches that Mr Haxell had lost; Mr Foulkes, after announcing Mr Haxell's victory, hurriedly replied by reading off a long list of branches whose votes had been disqualified. Whether disqualification had been done strictly according to union rules, and whether the remarkably large pro-communist tally marked up by some other branches would have stood up to close scrutiny, are both open questions.

Whatever the outcome—for further bitter argument is certain—this election has been a sorry affair. It leaves the communists in full control of a union of 230,000 members which is reputed to contain not more than 500 card carrying communists. Most of these are, of course, in key offices; by relying on their own voting efficiency, other peoples' apathy, and a good record of wage increases for members, they have until recently avoided running into any well organised opposition. It should be said that the accusations of chicanery are unconfirmed, but Mr Haxell has not yet risked taking anyone to court about them.

This state of affairs, more perhaps than any other current union problem, would be a profitable field for bold action by the TUC. A full scale investigation under rule 13 of the TUC's constitution would be best —if only because general disquiet with the ETU needs some impartial body, and not just professional anti-communists, round which it can coalesce. As a possible alternative, the TUC might ask to be allowed to appoint a neutral referee in any future election if a certain proportion of a union's membership requests it. A union with nothing to hide could hardly object.

THE ARMED SERVICES

Keeping Up with the Bowlers

THE first of the biennial reviews of service pay and pensions, which became standard procedure two years ago upon the recommendations of the Grigg Committee on recruiting, was published on Wednesday (Cmnd. 945). It lays down the principle that officers' pay shall be broadly linked with civil service pay; since the civil service has had increases in pay in

the past two years, this means that officers' pay has been put up too—although there has been relatively little increase in the cost of living in this period. The percentage increases for each rank are fairly substantial. A second lieutenant's pay has been put up by 16 per cent, and a lieutenant of three years' seniority by 11 per cent. For captains (and of course equivalent ranks in the Royal Navy and RAF) the increase is 9.5 per cent for captains in their first year and 7.4 per cent for those in their seventh year. Majors are now to receive a special increment in their tenth to twelfth years, presumably to meet the problems of those that miss promotion, but do not then leave the service; there is a similar increment for colonels in their eighth year.

A new pay and gratuities code for retired officers has also been announced to match the new career structures being designed to get younger officers out into civil life early, if they are not to stay the full course. More will be heard of this in Mr Watkinson's defence white paper next week. Meanwhile, though linking armed service pay to civil service pay may produce some difficulties, especially for junior officers who are equated to "executive" grade civil servants, this increase comes fortunately at a time when the decline in the recruitment of officers is worrying the army particularly. The decision to link the pay of other ranks and above all technicians to wages in "manufacturing and certain other industries" notified by the Ministry of Labour is inevitable if the services are to have technicians—and it means that the services, though ununionised, will get the direct benefit of union wage bargaining, that of the ETU and AEU in particular.

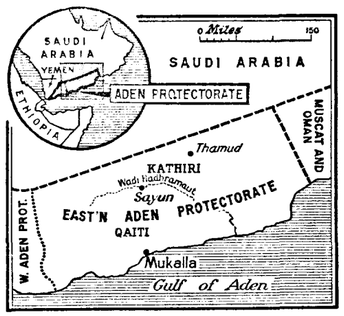
ADEN PROTECTORATE

Disputed Sands

THE rulers of the petty protected states of southern Arabia have long felt neglected. They are not sure whether their lack of oil revenues is due to the foibles of nature or to the inscrutable ways of foreign oil companies; but they suspect that the companies just have not tried hard enough.

In 1938 the governor of Aden granted to Petroleum Concessions Limited, a subsidiary of the Iraq Petroleum Company, an exploration licence for the whole Aden Protectorate. Since then parties of geologists have intermittently surveyed, as extensively as terrain and local insecurity permitted, the Mahra country, Wadi Hadhramaut, Beihan and Shabwa. Only the upper reaches of Wadi Hadhramaut looked promising. This area, however, is the subject of a tangle of boundary disputes. Saudi Arabia claims parts of it, the British Government claims it on behalf of the protected rulers, the protected rulers cannot agree on its ownership among themselves, and unattached local tribes have cast an eye upon it since people from the oil company began to move about in it.

Representatives of the Qaiti and Kathiri sultanates met at Aden in September and found that they could not reach a compromise on their territorial claims; but the lure of oil revenues led them to agree on sharing income. Any payments by the oil company, for fees, rents, royalties or profits, are to be divided between them—two shares for the Qaitis and one for the Kathiris. The administration of the concession area is to be turned over to a committee, "The Petroleum Affairs and Disputed Areas Authority," on which the two sultanates will have equal representation.



A draft concession agreement has been submitted by the company, an Arab oil adviser has been retained by the sultanates, and word is anxiously awaited from Mukalla that the agreement has been concluded. The makeshift arrangements for the control of the area contribute nothing towards the permanent settlement that is so desperately needed for all southern Arabia. If oil is eventually discovered, the local rulers will be even less willing to compromise than they have been in the past.

OXFORD'S CHANCELLOR

Send for Sir Oliver?

BUT for one thing, the best next Chancellor of the University of Oxford, to follow the late and admirable Lord Halifax, would certainly be Lord Attlee. In character and distinction of career he stands out among Oxford's elders. The one thing is his age; he was 77 last month. To say this, however, is not to say either that Lord Attlee definitely would not do or, as some seem to be saying, that what Oxford now needs is a youthful bustling Chancellor to wrestle with the state and the wide world outside on the university's behalf. Wrestling there will no doubt have to be, but this is the job, not of the next Chancellor, but of the successive Vice-Chancellors and the university's own officials.

In fact, it is hard to discard the suspicion that, in persuading Sir Oliver Franks to accept nomination, the caucus of the heads of Oxford colleges has proposed a good choice for bad reasons. It is not because Sir Oliver is in his active prime and, after his mission to India, will have time on his hands that he may be a good choice; and the fact that he lives on the spot in Oxford could be a positive disadvantage. He is apt for this lofty office because, at 55, he is known the world over to be an uncommonly distinguished and dutiful man. No doubt, if he did become Chancellor, he would know his high place and represent, not try to run, the university's affairs.

Sir Oliver is not, of course, the only possible choice. It is perhaps surprising that the idea of having another Salisbury as Oxford's Chancellor has not made headway. The dons who healthily disagree with the top caucus's nap selection have followed the earlier Salisbury precedent in another way; they want the present Prime Minister. But even if he thought fit to contemplate this added honour now, Mr Macmillan would clearly do nothing while Sir Oliver's hat is in the ring.

BROADCASTING

Get on With It

FEW men have been offered, or considered for, so many top jobs when so young as Sir Oliver Franks has been. Inevitably he has been thought of by the Government as a possible chairman of the grand inquest on all sorts of broadcasting that has got to be held between now and the next election. The BBC's charter runs out in 1962, and the Independent Television Authority's first span ends in 1964. What the Government apparently intends to do is to continue the BBC's charter also until 1964, and meanwhile, with the aid of a royal commission, to prepare legislation to cover the future set-up and control of the whole of television and sound radio (including the destiny of the sound monopoly). Although 1964 may look a long way off, this is already a matter of the greatest urgency to be got on with as quickly as possible.

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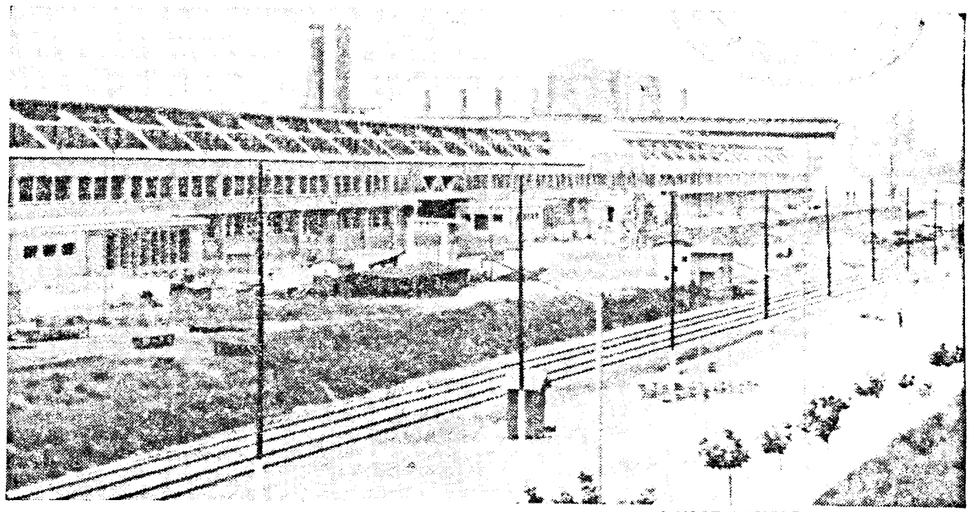

A VAST COMPLEX
This building at the new steelworks of Empresa Nacional Siderurgica at Aviles contains the first steel blooming mill in Spain to be driven by twin motors. The 7,000 h.p. drive was supplied by English Electric under a comprehensive contract.

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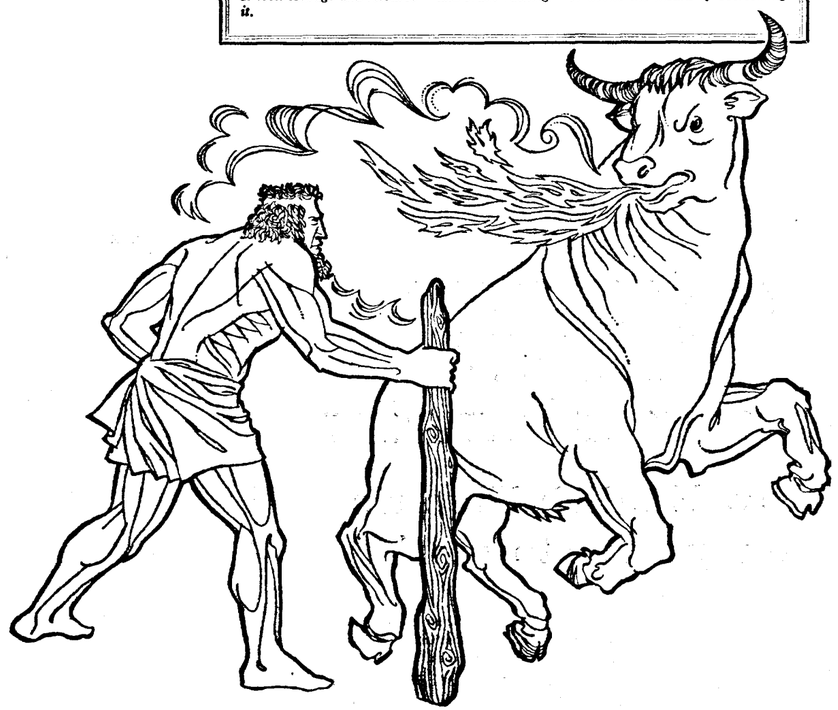
THE LABOURS OF HERCULES

THE SIXTH LABOUR

THE CRETAN BULL

Come to think of it, Hercules of old had a pretty rough time. All the Gods and Goddesses of mythology ganged up on him — and he was only a Demi-God at best. And those 12 Labours were no sinecure. Consider the Cretan Bull . . . not only a menace of extraordinary size and power, but breathing fire and smoke into the bargain. It took courage and resource — and brain racking — to devise the means of overcoming it.



Today, of course, Hercules has shed his leopard skin and is mantled in respectability as an international company. But he still knows there are likely to be many angles to any one industrial chemical problem. Making finishes for railway coaches, for example, which must look beautiful and may also need to resist such things as fire and abrasion. Hercules has solutions for problems like this. If they are troubling you, why not ask him for his answers? Quite possibly, they will involve Ethyl Cellulose, which has a number of other technical advantages too.



HERCULES POWDER COMPANY LIMITED

ONE GREAT CUMBERLAND PLACE · LONDON · W.1

The reason is that 1964 is also very likely to be an election year. The new legislation will settle the entire future of the most important modern medium of communication, and it would be lamentable if it had to be thrashed out in the 1963-64 session, when the babble of electioneering will be deafening. The only sensible plan, therefore, is to introduce the legislation, and get it over and done with, during the 1962-63 session (though it would not come into force until after the election was over). This means setting up the royal commission straight away, with the aim of getting its report finished by the end of 1961 or early 1962 at the latest.

In a too leisurely way the Government is at the moment searching for someone sufficiently pompous and, especially, sufficiently uncommitted on broadcasting matters to be the commission's chairman. Obviously it is important that the chairman and other members should not, for instance, actively hate television—as so many intellectuals secretly do. On the other hand it is probably a mistake to rule out everybody who has ever expressed a view on how broadcasting should be run ; this could simply mean a clutter of members who have never thought at all. Equally it would be an egregious mistake to make the commission a large one in order to squeeze in every shade of prejudice ; the result would simply be a compromising report, which is just what is not wanted. The commission in fact, should be deliberately small, not more than ten at the most ; and it should be set up now.

CYPRUS

Dead End

ALTHOUGH the Foreign Secretary prefers not to say so, the negotiations on the British bases in Cyprus have broken down. The British Government's "final position" is unacceptable to the Cypriots ; both sides maintain that they have reached the limit of their concessions ; the independence of the island has been indefinitely postponed. All this does not rule out a fresh start ; on the contrary, it makes it imperative. A last minute effort at mediation by Dr Kutchuk on Wednesday came to nothing ; but it may contain within it the seeds of a future compromise.

Archbishop Makarios is no doubt a most difficult and exasperating negotiator ; and the British have certainly retreated a long way from their original demands in an effort to reach agreement. Moreover there is bound to be trouble when two sides have quite different conceptions of what they have signed. Still, it is hard to believe that the present deadlock would have been reached if the British Government had got the fact clear in its mind that it cannot usefully operate bases in the middle of other people's territory without any reference to the hostility or good will of the local population. Certainly it cannot in Cyprus, where, whatever happens, there will be some military facilities that are essential to the base but lie outside the sovereign areas. In the Commons debate on Tuesday, Mr Selwyn Lloyd and Mr Watkinson listed the successive concessions that the British have made. It does not seem to have occurred to them that concession has already, and necessarily, gone so far that they cannot rely on sovereignty alone.

The archbishop himself would not agree that he is trying to go back on his undertakings of a year ago, as he interprets them. He certainly cannot want to wreck the whole settlement, but is trying to extract the last possible concession from the British in order to make his domestic political position as impregnable as he can ; he may be calculating—probably over-optimistically—that the British have already run down their establishment on the island so much that they will be forced to give in soon. The British, for their part, should remember that the archbishop is the best representative of Cyprus they have. If they go on turning down his demands as extreme, they will eventually find themselves faced, not with more conciliatory Cypriot leaders, but with more extreme ones ; and if that happens they may very well finish up with no Cyprus base at all. A prolonged period of uncertainty holds great dangers for both the archbishop and the British Government.

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CHARITABLE TRUSTS

Overdue Reform

THE first reforms in the law of charitable trusts for nearly a century are outlined in the Government Bill published this week ; its investment implications are considered in a business note. In law, charitable trusts are essentially private funds devoted to public benefit, and enjoy exemption from taxation and the rules relating to uncertainty and perpetuity. The bill first consolidates numerous acts and abolishes mortmain, a medieval device which ensures payment of death duties and prevents accumulations of property in certain corporations, especially the Church. It then goes on to enact certain new principles based on recommendations made by the admirable Nathan committee in 1952 and accepted in the government white paper of 1955.

The central problem to be solved today is not the misapplication of trust funds, the great issue of the last century and the theme of Trollope's novel *The Warden*, but the role of charitable trusts in the contemporary welfare state. The basic assumption of the bill is that charitable trusts still have a useful function to fulfil, especially of a pioneering character, that they should not be superseded by state services, but should work in co-operation with them, as partners not subordinates. Accordingly it rejects one recommendation of the Nathan committee —that local authorities should have power to vary the terms of a trust. In this it is clearly right, both in principle, since the wishes of testators should as far as possible be respected, and in practice, since nothing would be more discouraging to private philanthropy than the knowledge that the causes intended to benefit could at any time be abandoned. Instead the bill proposes to modify the *cy-près* rule, by which a surplus can be devoted only to objects very similar to those laid down in the trust deed, and broaden it to accord with the flexibility already conceded to educational trusts.

To ensure full information about existing trusts—an essential preliminary for intelligent co-operation between state and private bodies—a central register is to be maintained by the Charity Commissioners, entry on which will be conclusive proof of a trust's charitable nature, subject to an appeal to the High Court. Registration will be compulsory, subject to a number of exemptions. Local authorities are empowered by the bill to maintain public indices of local charities and to make arrangements for co-ordinating their work with national and local services. The bill deserves support as a realistic attempt to keep alive the voluntary principle in the circumstances of today.

DEREQUISITIONING

A Bill to Amend

THE Requisitioned Houses Bill, which got its second reading on February 4th, is regarded by the Government as a small tidying-up job and by the Opposition as both a confession of failure and a piece of gross social injustice. The Requisitioned Houses and Housing (Amendment) Act of 1955 imposed on local authorities the duty of realising requisitioned property by March 31st of this year. Of the 62,000 properties under requisition in 1955, all but 7,608 had been released by the end of 1959; by the end of March it is estimated that only ten or eleven authorities, nearly all in London, will be left with a total of some 1,500 properties whose occupants would, in default of further protection, become legal trespassers. The Bill empowers the Minister to grant these authorities a maximum extension of twelve months—subject to authorisation for each particular property retained, and to an increased rental to the owners—in which to finish the job.

Opposition criticism follows three main lines. The first is that the fact that the job is not finished shows how wrong the Government was, in 1955, to agree that it could be. The second is that all derequisitioning is damnable, since it restores property to owners who can make a profit out of it and upsets the priorities of the housing list. Thirdly, it was alleged that the Bill's financial powers are grossly unfair to those authorities who as a matter of history had to rely heavily on requisitioning because of especially heavy wartime damage and who as a matter of geography are desperately short of new housing sites.

The first argument is a debating point; the second is all of a piece with the Labour assumption that any batch of property owners, however fortuitously selected, are vermin whom it is right to keep out of their property not merely for fifteen years after the end of the war but for ever. In the third criticism, however, there is more substance. Whatever failures may be attributed to the inadequate zeal of Labour-dominated councils in pursuing the uncongenial task imposed by the 1955 Act, the facts of history and geography remain. Some part at least of the 1,500 properties concerned are a proportionately small but intractable hard core which no good will could have melted away within the existing time limit, and the effort over the next twelve months will be correspondingly difficult and expensive. It is right that property owners should receive, in compensation for their disappointed legitimate expectations, a less derisory rent. But it is unrealistic—some would even say vindictive—to withdraw the greater part of the Exchequer aid now available, whether statutorily or at the Minister's discretion, to local authorities acquiring or leasing property for the rehousing of affected occupants. This Bill is a basically sound Bill, but needs amendment in committee.

THE HEALTH SERVICE

Private Pills

There has been perennial agitation, ever since the health service was introduced, to allow patients who consult their doctor privately to obtain, at the state's expense, the drugs he prescribes for them. In other ways, it is argued, a person can be a part-private, part-health service patient; so why should this particular concession be denied?

The short answer is that it would cost money. Against a total drug bill of nearly £70 million, an extra sum of £2 million to £3 million—the amount estimated in 1955—seems ludicrously small for the state to cavil at. But the concession is being asked for in a branch of the health service whose cost it has proved quite impossible to keep down and which is wide open to abuse. It is quite true that a plea of hardship can be made for some cases—diabetics, for instance, who depend on a drug for the rest of their lives. But no one is refusing them free supplies of insulin if they cannot afford to pay for it. All the law says is that if you can afford to pay, say, two guineas each time you consult your general practitioner, you can afford to pay for the drugs he prescribes, just as it is laid down that if you opt for a private bed in a health service hospital, you also have to meet the surgeon's fee.

It is a pity that in 1949 the Conservative party, as part of its general championship of private enterprise, committed itself to granting a concession to private patients which has accordingly embarrassed Conservative governments ever since—to the extent now of a motion signed by at least 110 backbenchers. It is also bad judgment that the present government has not taken its stand on the issue of cost and the danger of abuse, instead of entering into the nebulous question of whether private practice has diminished, is diminishing and ought to be increased.

CUBA

Sugar for Honey

Time and again Latin American economists have hammered home their preference for trade over aid. Certainly both are needed, but a development loan or grant is no substitute for an ordered trading policy. The Latin American states have, as yet, little but raw materials to sell and for their national self-respect, if for nothing else, their insistent plea is for steady outlets at assured prices. The Russians have taken this point; their incursions into Latin America have strictly been along the ordinary trade routes. They have bought quantities of Brazilian coffee and Uruguayan wool, and now, as Mr Mikoyan on his second visit to Central America within three months was able to announce with a flourish, they have put in a big order for Cuban sugar.

The Soviet Union has ordered 345,000 tons of sugar at 2.78 cents a lb; this is a little below the world price but does not look unreasonable for an order of this size. The deal falls into place when it is compared with the yearly purchase of 3 million tons of Cuban sugar at 5 cents a lb by the United States. All the same, it has turned up very handily for the Cuban government, which has a lot of sugar to sell, including an unsold stock of a million tons at a time when it needs every cent that it can lay its hands on.

Relations between the United States and Cuba have grown more temperate again in the last week or two, and it would be a pity if Mr Mikoyan's visit were allowed to inflame them again. Señor Castro, for his part, would do well to ignore the poisoned honey of Mr Mikoyan's advice about confiscating means of production without compensation. As a model, the Soviet revolution has to be cut to Cuban size and circumstance.

The Economist

FEBRUARY 11, 1860

BUDGET PROSPECTS

If Mr Gladstone's Budget of 1860 is a very different one from that which he expected to propose at the present time when he brought forward his last great Budget in 1853. Almost all the material circumstances of Finance have changed since; the expenditure of the country, as Mr Gladstone is justly anxious to inform us, has augmented exceedingly, and we are now asked to give our assent to financial propositions which no one would have believed to be even possible seven years ago. The year which was to have been marked by the disappearance of the income tax, is to be signalised not only by its increase, but, also, by its seemingly permanent establishment in our financial system. . . . The total sum . . . which must be provided for by new taxes, independently of those just alluded to, supposing Mr Gladstone's Budget to be adopted, is £11,508,000. This sum must strike every one as a very large one, and any one but a bold Chancellor of the Exchequer would have shrank at it. It includes, it may be briefly said, the cost of four great operations,—first, the increase of the Army and Navy Estimates to such an amount as the Government consider necessary for the adequate protection of the country; secondly, the cost of the Commercial Treaty with France, from which Mr Gladstone hopes so much; thirdly, the abolition of many remains of our protective system . . . fourthly, the repeal of the paper duty. . . . The first remark which must strike every one as they consider the subject is, that Mr Gladstone proposes to us to do a great deal at once. With regard to the Army and Navy Estimates, the country will not, we apprehend, make any objection to their large amount . . . requisite for the substantial protection of the country; but it is very unfortunate that, just when we have to make such large military exertions, we should be required also, to make such large *pacific* exertions,—that we have to give up money just when we want money. Mr Gladstone tells us, indeed, that there is a natural connection between the two; he says that we ought to reduce indirect taxes, at the moment we are increasing our military expenditure, because the relief given to industry by the repeal of such taxes will be far more than sufficient to enable us in other ways to meet that expenditure. We should, he argues, take measures to augment our wealth at the moment when it is necessary to augment our outlay. . . . [But], on the whole, few persons will doubt that if we make the changes which Mr Gladstone suggests to us, we shall, before long, be paying an income tax at a shilling in the pound.

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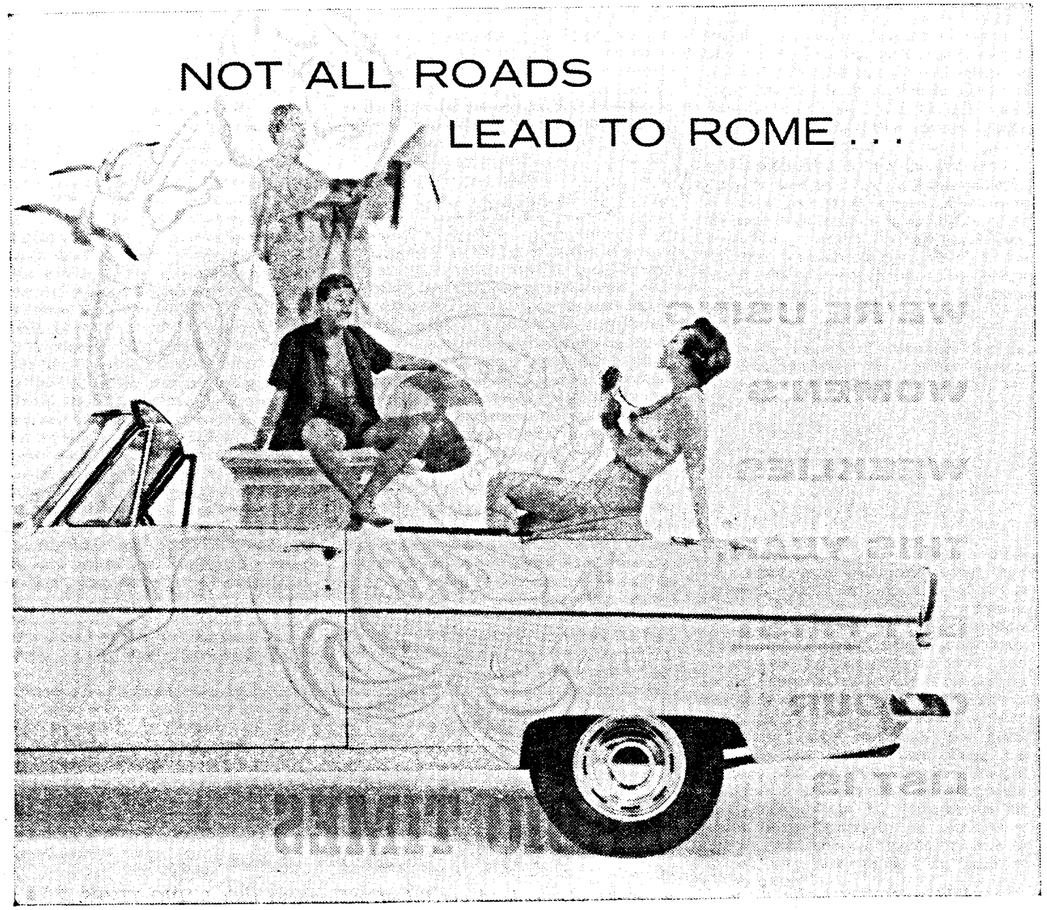

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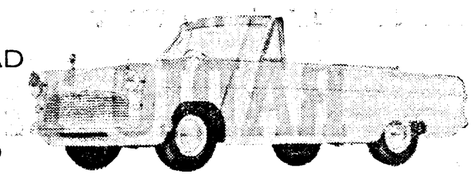

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DOMINICAN REPUBLIC

Borrowed Time

At Washington, the Organisation of American States is trying to find out more about the recent wave of political arrests in the Dominican Republic. In the past the organisation has often found itself faced with a clash of principles, its passionate belief in the principle of non-intervention cancelling out its effectiveness as a champion of human rights. But this time the American states have decided that affairs in the Dominican Republic are too shocking to be respected as private.

The Dominican Republic has acknowledged that 40 business and professional men and women have been sent to prison for 30 years for security reasons. But these arrests are believed to be only part of a much wider purge that last month swept hundreds of prominent citizens into custody. Not only do these mass arrests reflect the extent of the rebellious movement within the republic ; they have also broken the long alliance between the Dominican Church and General Trujillo. In a pastoral letter last week, six bishops pointed out that the suppression of human rights is a " grave offence against God." The general has been suppressing human rights for thirty years, but the swiftly changing order in Latin America has now left him high and dry. The Church's disaffection will be harder to survive than his neighbours' disapproval.

EUROPE

An Agricultural Puzzle

While the nature of the European common market for industrial products is plain for all to see, the agricultural deal struck by the Six in their treaty is an enigma. The Six agreed to set up a single common market for farm as for industrial products. But they did not settle in advance at what price level that market was to operate. Since this crucial consideration determines how protectionist the community will be, not only farmers inside it, but exporters outside, have been waiting impatiently to hear the answer. Some first indications were given to the British press in mid-January when Mr Mansholt, the Dutch member of the European commission responsible for drawing up its proposals on agricultural policy, visited London. Now PEP has summarised and commented on them in a short pamphlet.*

Even now, it is less easy to judge how protectionist the community will be than to make out the shape of the marketing methods it will use. The commission has made a variety of suggestions for marketing machinery. In grain, it suggests a common European marketing organisation which will buy the entire crop. Protection will be given through a system of variable levies on imports used to maintain a predetermined price. In animal products a co-ordination of separate national marketing systems is suggested, while the external tariff will provide protection. But at what level grain prices, for instance, will settle, and how big the protective levies will be, remains impossible to judge.

It is clear, and encouraging, that the commission's own intentions are good. It regards a structural reform of European agriculture, slashing the number of producers, as its first task. It holds that consumption, above all of high quality products, will rise so rapidly that there will be room not only for a big expansion of home production, but for a steady flow of imports from outside as well. Mr Mansholt has managed to give quotas a relatively small part in his marketing plans.

But the battle to decide where community prices will settle has still to be fought out over the years. As productivity rises, some embarrassing surpluses may be produced. It is easy to see why the Danes and the New Zealanders, as well as the retiring President of the National Farmers' Union, Lord Netherthorpe, are anxious to negotiate agreements with the community. The policies it evolves may have a decisive effect on world markets for farm products. And the commission, which now proposes to complete the common agricultural market within six years, instead of the twelve envisaged in the treaty, is not wasting any time.

* Proposals for a Common Agricultural Policy in EEC. PEP. Three shillings and sixpence.

BOOKS

Interest Dethroned

Capital, Interest and Profits
By B. S. Keirstead.
Basil Blackwell. 190 pages. 22s. 6d.

This is an important book. It is, perhaps, more destructive than constructive ; it will probably annoy both econometricians and model-builders ; but it deals with the relationship between the three elements of its title in terms of recognisable realities, not in those of ivory-tower abstraction. It has its perversities, especially prominent in the separate essays comprising its less important second part ; but these are largely a matter of emphasis. While a comparison with the "General Theory" itself would be exaggerated, it shares with that H-bomb of economic debate the property of making its subject look permanently different.

Professor Keirstead's analysis, respectfully rejecting both the classics and Keynes, owes a large and fully acknowledged debt to Professor Shackle and a smaller and unacknowledged debt to Marx. (It could be called an expectation-plus-exploitation theory ; but Professor Keirstead emphasises that the exploitation that he describes is most ruthlessly imposed by communism itself.) Investment, in the real sense of addition to real capital, results from the specific decisions of entrepreneurs to invest. They make these decisions because, after duly weighing greater or lesser degrees of uncertainty and greater or lesser potential rewards, they expect them to be profitable ; the greater the uncertainty the more glittering must be the incentive. In this double estimate of prospects, based on general expectations about national prosperity or stagnation and particular expectations about the firm's costs and markets, the rate of interest is not entirely inoperative, but is massively outweighed by other considerations. The more dynamic the economy, and hence the greater the element of uncertainty and the rate of profit required to outweigh it, the less its role becomes. As for the decision to "save," forgoing present consumption in order to reap a reward for providing loanable funds for investment, Professor Keirstead denies that it is generally a real, voluntary decision at all. Abstinence is typically imposed by those who do not themselves practise it ; by the "ploughing-back" policy of companies, the effects of the banking mechanism on prices, government fiscal action, technological unemployment, the squeeze on unsuccessful competitors, and, historically, the use of monopoly bargaining power to depress wages and the extinction of customary peasant rights. Voluntary individual saving (much of which responds in any case inversely to the rate of interest) is a minor element in the total. As a determinant of the supply, no less than of the demand, for loanable funds, the rate of interest is dethroned.

Some of this is decidedly controvertible. Even if interest rates have, compared with profit expectations and uncertainty, a negligible direct effect on investment decisions, they indirectly and powerfully affect those expectations themselves. Business does not, in recorded fact, laugh off credit squeezes. Moreover, interest charges directly affect that large volume of investment which uncertainty hardly touches—that of public bodies. The unimportance of voluntary thrift, and hence of its reward, needs more than dogmatic assertion. The rich have squeezed the poor through most of history, but squeezing alone has not produced investment. Among other necessary factors (such as technical knowledge) one must surely rank the willingness of the exploiters

to refrain from blueing the fruits of exploitation. The difference between eighteenth-century France and eighteenth-century England is not that between less-exploited Frenchmen and more-exploited Englishmen; it is that between a spendthrift and a provident ruling class. And Professor Keirstead dismisses over-readily what he describes as the "semi-voluntary" element in abstinence: the acquiescence of shareholders in restrictive dividend policy and of voters in fiscal policy. Here, surely, the valuation set on jam tomorrow is a real determinant.

Nevertheless, it would take stronger arguments than these to demolish his main contention—especially as it applies to policy. The rate of interest emerges as, at best, a very imperfect instrument of control, erratic in its incidence and producing effects whose timing and magnitude are alike unpredictable. More important perhaps in the long run—the bearing on Professor Rostow's "preconditions" and "take-off" stages of economic growth is obvious—is the unwelcome conclusion that coercive power is a necessary element in the process of capital accumulation, as necessary as the margin of squeezable resources on which it operates. Someone—enclosing landlord, exploiting industrialist, financial manipulator, commissar, or democratically trusted leader—has got to be tough; the narrower the squeezable margin, the tougher he must be. And in toughness, if not in other respects, the commissar has a long lead over the democratically trusted leader and even the not-too-scrupulous private oligarchy. The practical moral is the same as Professor Rostow's. The commissar's advantage must be neutralised, in those developing countries whose success or failure in development will ultimately determine their allegiance, by whatever amount of outside aid is needed to supplement that margin whose inadequacy makes toughness the supreme economic virtue.

From Knives to Guns

A History of Labour in Sheffield

By Sidney Pollard.

Liverpool University Press. 392 pages. 35s.

Most histories of the working classes concentrate on politics. The "common people" are the politically articulate. Dr Pollard's scholarly and extremely well-documented volume is a conspicuous exception. It is concerned with labour as much as with the labour movement, with conditions of life as much as with ways of thinking and acting. Unfortunately the effect is somewhat disjointed, and the different aspects of the story are treated in parallel rather than related to each other. The political sections of the book are rather too sketchy and the social sections too stereotyped. It is the sections on industrial organisation that are fullest and most revealing.

Dr Pollard's main theme is the place of labour in a shifting local economy, an economy of contrasts. The "light" trades of cutlery, silverware and tool-making were at their height in 1850 when the book begins. They were bound by tradition, but they enjoyed almost a world monopoly. During the later nineteenth century they declined both in numbers and in status, and the "heavy" industries of steel making, engineering and armaments grew rapidly in importance. Part III of Dr Pollard's book is concerned with the "end of an epoch," the years from 1893 to 1914, and Part IV discusses the inter-war years when the "light" trades were depressed and the "heavy" industries were subject to fluctuations of exceptional intensity. The book ends abruptly and artificially. There is no hint of what was to happen in Sheffield after 1939. The author seems too close to the facts of twentieth-century Sheffield history to see them in perspective. A few general conclusions would have given point to the details, which in places are almost overwhelming.

What the study does reveal is the great interest of this field of historical investigation. There is no similar book to this on the history of labour in any other British city. Perhaps it is fitting that Sheffield, which is such a working-class city, should have been the first source of inspiration. Its history lacks outstanding personalities—at least since the days of Roebuck and Ironside—and it is the "common people" who provide both content and continuity. The economic, social and political structures of other cities provide notable contrasts. Where else, for example, did "Lib-Labs" survive until the 1930s? In an interesting note, Dr Pollard remarks that "the débâcle of 1931 had little effect on local organisations, founded on class rather than doctrine. Only towards the end of the period did the progressive absorption of local politics by national issues begin to press the stamp of Labour party orthodoxy on local labour organisations." More perceptive generalisations would have enlivened this book, which nevertheless is a mine of useful information, gathered together with patience and industry.

A Slice of Naval Life

A Social History of the Navy, 1793-1815

By Michael Lewis.

Allen & Unwin. 467 pages. 42s.

The novelists' conception of a "slice of life" is now increasingly being taken over by historians. In this clearly written and beautifully illustrated book Professor Lewis aims at achieving just such a "slice of life" by a detailed study of the daily life of the officers and men of the British Navy during the Revolutionary and Napoleonic Wars; and he is completely successful. Not only does he give a convincing general picture of the recruitment and conditions of service of the relatively large force that made up the Navy in these years, but he also lightens and informs his study with individual touches that give life to the whole. In short, his book is fun to read.

But there is much useful instruction besides. It is, for instance, valuable to be reminded that the purpose of the notorious press-gang was to enforce the transfer of trained seamen from the merchant marine to the Navy, and that it was not, as respectable historians have sometimes claimed, aimed at recruiting landsmen. The pressure of the war with France forced the extension of this hated system by the establishment in the early 1790s of the Impress Service to work in all the main ports. By 1797, so Professor Lewis shows, this service was employing 128 officers under the central control of the Admiralty. Equally instructive is his fair and full treatment of the social origins of the officer class. He shows that while opportunity for advancement was much greater for those of gentle birth with influential friends than for those without these two worldly qualifications, yet the Navy was far from being officered by a closed caste. Thus Nelson's first lieutenant and his signals officer on board the *Victory* were both of "lower deck" origin.

It is when an attempt is made to relate Professor Lewis's work to the wider political scene that a faint feeling of disappointment creeps in. In particular he makes no attempt to explain the mutinies of 1797. Here was the moment when a social upheaval within the Navy seriously influenced high policy. England's negotiations for peace at Lille were conducted against the background of a mutinous fleet. Yet in treating the mutinies in a few pages Professor Lewis is more loyal to his service and its good name than helpful as an historian. He is content to blame the "infection" of the landsmen conscripted into the Navy under the Quota Acts of 1795. Yet, as he later shows, those feeble creatures even as late as 1812 represented only 12 per cent of any crew. Or again, in dealing with the important part played by political "influence" within the Navy, Professor Lewis seems ready to accept an exaggerated view of the corruption of politics in the age of Pitt. He talks of "the well-known parliamentary racket" and deplores the intervention of civilian First Lords in promotions and appointments. But this obscures one of the most interesting and significant parts of his work. The truth is that the numerous reforms he lists in the administration of the Navy during these years were part of a general political movement, inspired by Pitt, of wide administrative reform. The Navy here was moving with the times.

But these are small matters to set against Professor Lewis's large achievement. He has filled in the background of the Navy's successes in the age of Nelson. Here is the record of loyalty, of courage, of devotion to duty and above all of efficient seamanship that explains the defeat of Napoleon's ambitions.

Challenge to Asia

Communism in South East Asia: *A Political Analysis.*

By J. H. Brimmell.

Oxford University Press for the *Royal Institute of International Affairs.* 425 pages. 42s.

This able, painstaking and intelligent book inevitably invites comparison with another book that deserved these adjectives and covered roughly the same ground: Captain Kennedy's "Communism in Asia" (reviewed on page 29 of *The Economist* of July 6, 1957). In fact, Captain Kennedy dealt only with east Asia, and Mr Brimmell, understandably, has found it impossible to deal with South East Asia in isolation, so that he ends up by devoting as much space to China, and even to Japan, as Captain Kennedy did. Again, both authors started—as they must—from Lenin, and both had to deal, in succession, with the formative Comintern period of the twenties and thirties, the second world war and the Japanese new order, the creation of the Cominform and the concerted communist insurrections of 1948, in Malaya, the Philippines and elsewhere, and the transition to peaceful co-existence.

Because Mr Brimmell's book comes two years after Captain Kennedy's, he is able to do greater justice to the last of these phases. But, as he remarks in his foreword, it is impossible, in a book of this kind, to be up to date. Some of the assumptions of a penetrating last chapter read a little strangely, in the light of the Chinese repression in Tibet and border incursions at India's expense. It is quite true that the Chinese communists, by smiling at Bandung and adopting the "five principles," made the Americans look foolish for advocating the Seato alliance as a means of deterring Peking from aggressive aims that most Asians preferred to discount. Events in Tibet and the Indian border incidents have jolted much of South East Asia out of its complacency. It does not follow, however, that the sudden loss of support for China will mean a corresponding gain for the United States.

Whether right or wrong about Peking's intentions, Mr Brimmell's general thesis is therefore likely to remain valid. This is that South East Asia is, broadly speaking, a distinctive region of Hindu-Buddhist traditions, which does not, *a priori*, welcome either communist or capitalist methods. In finding its own way to economic betterment, most countries in the area are likely to adopt some form of co-operative socialism. The further argument that even if those countries allow their communist parties to play an important part in government, they need not become communist in the Sino-Russian sense is qualified by the rider "unless, of course, they come under Sino-Soviet domination." The trouble is that they probably would.

All things considered, this is a worthy addition to the long line of authoritative Chatham House surveys.

Nine Days' Rout

To Appomattox

By Burke Davis.

Eyre and Spottiswoode. 433 pages. 50s.

Much is known about the surrender at McLean's Horse, but it still moves us, not simply because it was the inevitable dénouement of the tragedy of the Civil War but because General Horace Porter was there. We know, in fact, so much about the American civil war and can still be moved by what we read because there were Horace Porters throughout the ranks of the Federal and Confederate armies. Many of the successful (and unsuccessful) generals of that war were professional West Pointers, but they were surrounded by intelligent, articulate amateurs who were conscious that history was in the making and were anxious to record the part they played and the events they observed.

It is the memoirs and the regimental histories of these intelligent amateurs as much as the controversies of the top-ranking generals and the documents of the "Official Records" that give the civil war its vivid actuality a century later. The trouble is that the memoirs, the histories written ten, fifteen, twenty years after the event, put a romantic gloss on the war. It is a particular kind of romanticism (perhaps specifically an American kind), for it is realistic in the sense that the pain and the suffering and the trivial are not forgotten in the heroism and the significant. But it is still romantic in being just a shade larger than life.

The profusion of contemporary narratives and comments has led as the centenary draws near to a number of impressionistic, day-by-day, blow-by-blow reconstructions of separate facets of the war. Inevitably, they too take on this slight romantic glow. Mr Davis's book, describing the nine days' rout that began at Five Forks and the breaking of the siege lines at Petersburg and ended with the surrender of Lee's Army, is better than most. The little known anecdote is blended with the familiar and there is sufficient comment to prevent the reader from becoming confused. It is a merit of this book, for instance, that it shows how much Lincoln had got inside Grant's mind (and Grant in his) by reporting a comment by Lincoln, four days before the surrender at Appomattox, on seeing some Confederate prisoners. Lincoln then said: "If Grant is wise he will leave them their guns to shoot crows with, and their horses to plough with. It would do no harm." A few days later Grant, it will be recalled, ordered the Confederate arms to be stacked but let the rank and file as well as the officers keep their horses—to plough with.

Input-Output

Interindustry Economics

By Hollis B. Chenery and Paul G. Clark. *John Wiley & Sons.* London: *Chapman & Hall.* 360 pages. 64s.

Whether or not Input-output analysis is regarded by economists as a "monument to be admired" from a safe distance rather than "a technique to be acquired," there can be no question that Professors Chenery and Clark have written a first-class book, serving two very useful functions. Primarily, it is an authoritative textbook, consolidating and drawing upon the many input-output studies that have been carried out in some twenty countries, studies to which the authors have themselves made signal contributions. The first half of the book, extending to six chapters, explains the nature and uses of input-output tabulations, sets out the properties of the basic Leontief model, and demonstrates methods of solving the systems of equations upon which the method relies. There is a helpful exposition of linear programming technique in the fourth chapter and an invaluable summary in the sixth of various tests that have been carried out to assess the potentialities of input-output analysis.

The second half of the book fulfils a different purpose, in that it is in effect a progress report on applications of the techniques expounded in the earlier chapters. Starting with a brief survey of interindustry study and research in selected countries, the authors apply interindustry analysis and linear programming to the problems of comparing productive structures over a period of time and between nations, both in an historical and a predictive setting. Illustrative of the widespread use that has already been made of these techniques is the fact that countries as widely separated as Columbia, Argentina, Italy, Japan and Norway figure in this treatment.

The book is itself a "model of production"; not only is it well thought out and carefully documented with bibliographies at the end of each chapter, it is also well arranged and printed. If there is a fault, it is perhaps that the specialist will not find very much that is new, while the more general reader may experience some difficulty in getting through the thickest of matrix algebra in the initial stages.

Individual Responsibility

Authority, Responsibility and Education

By R. S. Peters.

Allen and Unwin. 137 pages. 12s. 6d.

The ten essays comprising this book have a good deal more unity than is generally found in a collection of reprinted broadcast talks and lectures, even when revised for purposes of publication. Their central theme—not only in the literal sense—is personal responsibility; its relation on the one hand to external authority, on the

other to the "blind forces" of social pressure and infantile psychology. From the nature and genesis of responsibility, as thus described, there follow certain conclusions about the rôle of the educator and the techniques of education. The last two papers were originally delivered as lectures to teachers or to teachers in training. But it would be a great mistake to assume that only those professionally concerned with education or other youth services will find Dr Peters worth reading. Parents, and the intelligent young themselves, could profit considerably from what he has to say.

It is, no doubt, possible to accuse Dr Peters of paddling overconfidently about at the shallow edge of very deep waters. The ultimate question of free will and determinism is unlikely to be settled, if ever, at the commonsense level. It is on the commonsense level, however, that human beings have to live in society, and for living in society responsibility is the only practicable working hypothesis. Dr Peters has next to nothing in common with the old-fashioned moralist who froths and sputters at the notion that aberrant behaviour may be compulsively determined by social or phychological causes. He respects Freud ; he even respects, within limits, Marx. But he argues forcefully and patiently that free responsibility is the norm, compulsion the pathological exception ; what he calls "the contemporary malaise" comes largely from a confusion between antecedents and exonerating circumstances. "If people believe they are not responsible for their actions, they tend in fact to be less responsible for them."

Dr Peters has other, subsidiary themes: the stress imposed by the shift from a static, paternalistically authoritative society to one in which the "rules" must be constantly re-framed to meet changing circumstances ; the relation of ends and means in education; the nature of "character," the "maturation levels" described by the Swiss psychologist Piaget. Whatever he has to say on these is marked by the same lucid, sensible, and almost always charitable tone. (The oddly assorted exceptions to his charity are Angry Young Men and some modern learning theorists.) This is an unpretentious but genuine contribution to a healthier and saner society.

Darwin's Failings

Darwin's Place in History

By C. D. Darlington.

Basil Blackwell. 111 pages. 9s. 6d.

PROFESSOR DARLINGTON'S short book is very different from most of those that have appeared in celebration of the Charles Darwin centenary. In the first place he gives what is almost always a proper though unpalatable answer to the question of scientific priority—"Who discovered?"—(whatever it may be). Darwin, he says, and he brings much documentary evidence to prove it, was much less of an innovator than is generally believed.

The great man, according to Professor Darlington, had three kinds of vices:—

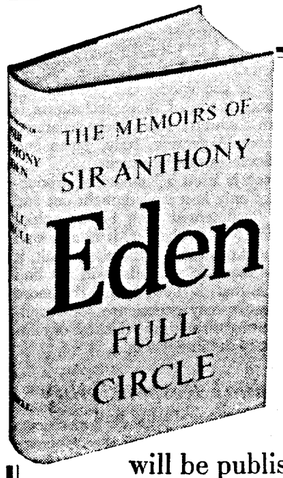
> A conservative outlook in every respect except the evolutionary hypothesis, a failure to recognise or to relate . . . his larger ideas, with those of others working in the same field; and a flexible strategy which is not to be reconciled with even average intellectual integrity . . . . Darwin was slippery.

The book suggests that the points on which Darwin chiefly failed, was in never deciding, or at any rate never making clear, whether he believed in "hard" heredity—the sort he might have accepted if Mendel's work had been available—or whether he favoured the ideas of "soft" heredity associated with Lamarck, and believed that "aspirations" induced by, say, education, environment and habit can influence heredity.

It is difficult for the layman to take sides in such a controversy, but the argument is well set out. Here and there the author branches into interesting discussion. For instance, he suggests an answer to the question of why—granted "the survival of the fittest" and "adaptation"—with such a similar environment, Indian tribes in tropical America do not resemble the negro inhabitants of Africa.

> It is only a thousand generations, [he says] since they crossed into America and were sieved, as it were, through the climate of the Behring Straits.

African peoples, an the other hand, "have had fifty times as long" to adapt themselves to tropical conditions. Is this why Africans so quickly replaced the native peoples in the Americas ?



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OTHER BOOKS

A TRACT ON THE REFORM OF TAX AFFECTING THE "INDIVIDUAL." By Oliver Piers Stutchbury. *Hepburn.* 28 pages. 5s.

Mr Stutchbury believes, and few would contradict him, that it is easier to make money than to earn money, and he fires full blooded salvoes at the three evils that are now built into our tax system—benefits in kind, confiscatory rates of taxation and the exemption from tax of much fortuitous wealth. His diagnosis is pungent, and will be accepted by most who believe that the tax base is being eroded. His remedies—the taxation of perquisites, the abolition of surtax and a tax on fortuitous enrichment—will not be so readily embraced, but those who object will have to think hard to find good reasons for their dissent.

New Periodicals : The first issue of *Race* (10s. twice yearly), the journal of the Institute of Race Relations, appeared for November, 1959. It contains *inter alia* a useful psychological analysis of subjective feelings about people of other races (out-groups) by H. V. Dicks ; an article on the franchise and race relations from the African point of view by B. T. G. Chidzero, which is far less biased than most similar studies written by Rhodesian whites ; and an article by Philip Mason setting the study of race relations in a general perspective.

Tsopano (8s. for 12 issues from P.O. Box 2719, Salisbury), of which the third issue has now reached London, is run by a liberal group, mainly white, to keep political discussion in Nyasaland alive even during the emergency, and has survived a certain unofficial harrying by the CID. It is a valuable window on a darkened scene, though it mainly concerns itself with grievances. But there is probably no other *ombudsman* available in the area.



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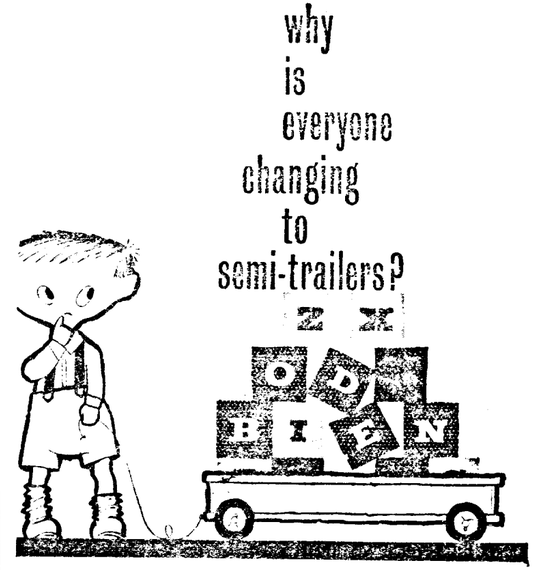

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LETTERS

Cut Price Competition

SIR—Mr P. W. S. Andrews writes as follows on cut prices "It is the smaller business with a good product which, on the basis of the American experience, seems so especially vulnerable to loss-leader selling by prominent distributors."

One must first inquire what is meant by "loss-leader selling." If we accept, for argument's sake, the definition that a loss-leader is an item or service furnished at less than cost of production or invoice cost, then we can find no documented examples of such sales in either Canadian or United States official governmental inquiries. I must, of course, admit that the sales by Doc Webb's St Petersburg Florida Pharmacy of $1 bills for 98 cents were loss-leaders, and also one must admit that popular magazines are sold for less than physical production cost, as are free television shows, because the advertiser subsidises the publication or showing.

There is much loose talk of loss-leaders and little proof of their existence or resultant harm. Texas has survived with a fair share of all sorts of retailers, large and small, despite a ban on resale price maintenance that has an uninterrupted history beginning in the late 1800s.

Mr Unwin, who is also concerned with price fixing should know that I consider myself well served by bookdealers who give my mail orders a 30 per cent discount in the United States. I also purchase by mail in England where prices are sometimes lower than list, less 30 per cent, in the United States.—Yours faithfully,

E. ERNEST GOLDSTEIN
University of Texas

Cameroun

SIR—The letter in your issue of January 16th from Dr Moumié and M. Ouandie, the exiled leaders of the *Union des Populations Camerounaises*, may be misleading to readers unfamiliar with developments in the Cameroons in recent years. I do not wish to deal here with the personal positions in the UPC of M. Mayi Matip or M. Dika Akwa, to whom they referred in their letter. But the basis of their claim to speak on behalf of the Cameroun people, whose present independence they appear to question, calls for examination.

What are the facts? Prior to independence, Cameroun was neither a French colony nor a member-state of the French community. It was a trusteeship territory administered by the French government on behalf of the United Nations, to whom the French government were responsible. In May, 1955, after riots instigated by the UPC, that party was banned by the French government and its leaders, including Dr Moumié and M. Ouandie, fled to the British Cameroons, whence they were later evicted for stirring up further trouble. Not being able to gain their ends by legitimate means they organised a campaign of terrorism and violence, which has not only resulted in considerable loss of life, but has inevitably hindered the economic development of the country.

When the French government decided—with United Nations approval—to grant independence to Cameroun on January 1, 1960, the UPC leaders and their friends requested the UN to arrange for further elections to be held before independence was declared. The request was, however, rejected, and on January 1st Cameroun became an independent sovereign state. M. Ahidjo's government has since offered an amnesty to the exiled UPC leaders and full freedom to return to the country provided they renounce terrorism. This they have failed to do.

It is interesting to note that throughout this period, and particularly since the stepping-up of the terrorist campaign following the rejection of the UPC appeal to the UN, the exiled UPC leaders have received the clear support of the communist powers. Both Dr Moumié and M. Ouandie have several times visited Moscow and Peking, where they have received "red carpet" treatment; and when last in Peking Dr Moumié was reported as having publicly condemned the United Nations for their resolution criticising the Chinese subjugation of Tibet.

The UPC record speaks for itself; it is one of violence, intransigence, open contempt for the United Nations, a total failure to contribute to the well-being of Cameroun, and subservience to the policies of communist imperialism. This is scarcely a record that is likely to appeal to an African people anxious to strengthen the independence they have so recently acquired. As Dr Moumié and M. Ouandie claim, history will judge. There would seem to be little doubt what its verdict will be.—Yours faithfully,

FRANCIS MORRIS
Effingham

What's Wrong with Local Government?

SIR—It is extremely difficult to reduce very complex issues to simple language; and I trust you will accept a criticism of your statement on housing subsidies in the spirit in which it is offered—a spirit of admiration of your courage in attempting the useful survey of current local government problems. The wording of your statement that housing authorities get over £70 million a year in subsidies for slum clearance and "overspill," but not (with a few exceptions) for any other purpose is hardly correct.

Firstly the £70 million (Great Britain figure) includes subsidies on all houses built since 1919, and while in theory authorities could spend them all on slum clearance or "overspill" houses, in practice, much of this total continues to go on houses built for general and other needs. Secondly, since 1956 there has been a special subsidy for 1-bedroom council houses of £10 p.a. in England and Wales. This subsidy was intended to encourage the building of houses suitable for old people and has been effective: 25 per cent of council houses built are now of this type. This is now an important priority.—Yours faithfully,

London, NW1 GEOFFREY BLOCK

★

SIR—To a Scotsman your articles on British local government are particularly interesting, since they make it so clear to him that no uniform system of British local government exists.

Here, in Scotland, we have no county boroughs. The four counties of cities have similar powers, but the position of the large burghs is rather different from that of any group of English authorities. The 62 counties to which you refer do not include some 30 Scottish ones—more or less according to one's view of what constitutes an effective shire. We have no aldermanic tradition, our local authorities seldom deal directly with Whitehall and the Labour party controls many of the most important county councils.

It is very much to be hoped that any reforms based on the conditions you describe will not be applied to Scotland. It is quite contrary to experience here that "larger units of local government have become essential for efficiency": on the contrary, we still suffer from the effects of the ill-considered Acts of 1918 and 1929 which destroyed the liveliest local authorities outside the towns—school boards, the independent education authorities which followed them and parish councils—and weakened the smaller burgh councils which often did their work cheaply and well. It is only now that the district councils, introduced as a compromise in 1929, are beginning to assert themselves effectively.

What is most needed in Scotland is some arrangement which would give the local authorities a more sufficient revenue of their own, independent of government grants. This would ensure a sense of true responsibility and real self-government in local affairs which could do more than anything else to bring the best available men and women into the councils. It could also encourage a federal approach to the problem of larger areas such as the Clydeside conurbation.—Yours faithfully,

Glasgow, S1 J. M. REID

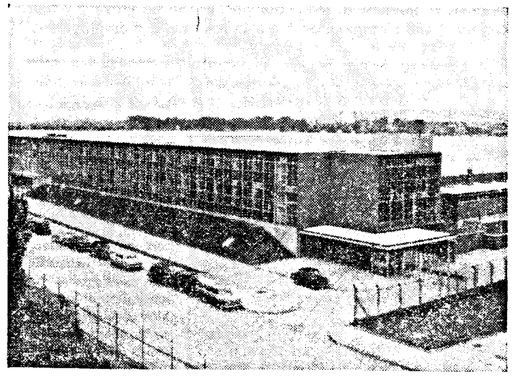
"OUR DECISION TO MANUFACTURE IN NORTHERN IRELAND, FULLY JUSTIFIED BY RESULTS"

Sir Cecil Weir, Chairman of International Computers & Tabulators Limited pays tribute to Northern Ireland's "magnificent contribution"



"Soon after the war growing demand for Hollerith (now I.C.T.) Punched Card equipment and a decision to make machines in the U.K. led us to expand our production substantially. At Castlereagh, near Belfast, we were offered and accepted two Government-built factories covering a total area of 268,323 sq. ft.

The first extension of 100,000 sq. ft. is already in full operation and we hope soon to be commencing production in a second extension, also of 100,000 sq. ft. The plant now covers about half a million square feet and is the largest in area of the 20 factories in the I.C.T. Group. It is already employing over 1700 people and this number will rise considerably in the months and years to come. This, by any measure, is a large and important production undertaking and to have consolidated this development in ten years is an achievement to which the Northern Ireland Government and people have made a magnificent contribution. It has been a team effort.



This extension of 200,000 sq. ft. nearly doubles the capacity of the Castlereagh factory of I.C.T.—the largest in area of the twenty factories in the I.C.T. Group.

The site at Castlereagh allowed us to plan a layout that gave us the flexibility we required. The policy of the Ministry of Commerce to earmark generous areas of land adjacent to their factories for possible future expansion needs has enabled us nearly to double the size of the original factory. The quality of the factory buildings is excellent and we now occupy a factory which not only provides us with the accommodation we need but is also quite an industrial show place.



The manufacture of high speed automatic calculating and accounting machines and general purpose electronic computers calls for skill and precision. I.C.T. find Northern Ireland workers learn new techniques quickly and well.

We were attracted to Northern Ireland by, among other things, the availability of labour and the tradition of engineering skill and craftsmanship for which the province is noted.



Valve chassis assembly at the Castlereagh works.

The manufacture of electro-mechanical and electronic machines requires a high standard of precision work. We were able to recruit a number of electronic engineers locally and although our employees had a different background from our own, early difficulties were overcome, and we have found the Ulster man and woman to be keen, hard-working and adaptable. We started with the assembly of electro-mechanical machines, but with progressive

NORTHERN IRELAND MEANS BUSINESS

Within the past fourteen years 140 British and American firms, large and small – and including many who are recognised internationally as leaders in their respective fields – have selected Northern Ireland as the location for new plants to serve the United Kingdom, European, British Commonwealth and other overseas markets.

But there is nothing new or tentative about Northern Ireland's industrial background. There is here, in Government, in management and in workers, a long experience in meeting the exacting needs of progressive manufacturing businesses.

In Northern Ireland there is plentiful available labour of first class rating – men and women of the kind who have a world-wide reputation for the high quality of their products and their inherent skill in engineering and other manufacturing processes.

The Northern Ireland Government can offer a wide selection of plant sites and can provide individual facilities which make all the difference to the ease and speed and cost of bringing a new factory into being and into production.

There is, in Northern Ireland, a continuing programme of Advance Standard Factory building – some of these are ready to walk into now. Standard Factories built to order or Special Purpose Factories to meet individual structural requirements can readily be negotiated.

Over and above all this the Northern Ireland Government is able to ease considerably the initial burden of capital costs by paying as much as one-third (33⅓%) not only of the cost of building a factory but also of the cost of machinery for the plant.

In many other ways, which can only be summarised here (but details of which the Ministry of Commerce will very gladly supply) the Northern Ireland Government is able to make the path plain, the way simple and the result a success. And without red-tape!

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12 Active help by Government departments

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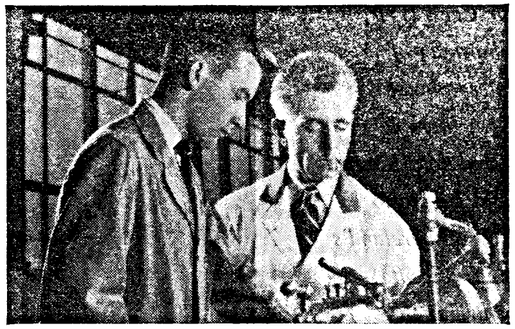
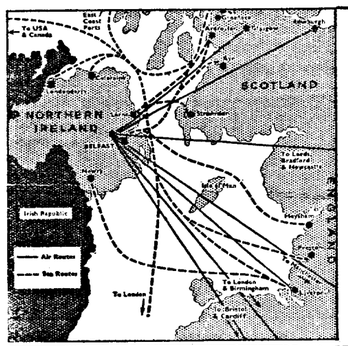
training we now manufacture and assemble a wide range of electronic multipliers, calculators and computers.

Obviously there was a big training exercise to be carried through in the first few years in manufacturing an entirely unfamiliar type of equipment. This training was undertaken successfully. Our



Wilbert Aiken, a young apprentice of I.C.T. at Castlereagh, receiving centre-lathe instruction in the Training School. Aiken is one of over 100 craft apprentices who are at various stages of training as fitters, machinists and I.C.T. machine builders. After 18 months he is ready for production experience and has obtained three distinctions in his second year O.N.C. examinations by day release studies. Apart from technical training he has been to the Outward Bound School, and has nearly completed the test for the Duke of Edinburgh's Silver Award.

apprentice scheme is working well, and the quality of local entrants is good. Vacancies present our school with the difficult task of selecting from a great number of applicants. Supervision has now been taken over at all levels mainly by local men and women. The number of executives stemming from our English works is now very small. The growth of the factory speaks for itself and we enjoy an informal partnership with the Ministry of Commerce which we value very highly—in short, our decision to manufacture a substantial number of our products in Northern Ireland has been fully justified by the results. Productivity is developing in accordance with our expectations and we hope continuously to increase it, make our production progressively more economic, and to expand both our output and our employment."



In addition to fast sea-freight services, Northern Ireland is well served by passenger and freight air services to and from the leading industrial centres of Gt. Britain. A one-day return business journey to Northern Ireland by air need present no more of a problem than most similiar journeys within the mainland—and is often simpler.

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AMERICAN SURVEY

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

Targets for Missiles

WASHINGTON, DC

ONLY in America—to use a current phrase—can public opinion undress its government, as the Administration has been undressed in the last two weeks, right down to the naked essentials of its defence policy. Six different committees of Congress, an assortment of generals and ex-generals and most of the Washington press corps have spent a happy fortnight laying bare all but the most secret details of the "missile gap" that is expected to open between the Soviet Union and the United States in the next few years. The result has been some damage to the English language—military men, who used merely to swear, now use words like "surviveability" and "over-kill"—and a good deal of disagreement among the experts. The *New York Times*, tallying insignia on shoulder-straps, finds fifteen stars' worth of generals who think that America's defences are adequate and thirteen stars' worth who do not.

But enough information is now available to clear away some of the confusion that clouded the last debate on the subject a year ago. The bulk of the evidence suggests that President Eisenhower has been right, and his critics wrong, on the chief point at issue. The Russians' lead in missiles is unlikely ever to become so great that they could destroy the Americans' entire retaliatory power at a single blow. Where the President is on weaker ground is in thinking that the minimum retaliatory power which the United States looks like retaining between 1961 and 1963 is enough to keep the Russians on their good behaviour.

The problem can be defined with an almost mathematical precision. The Americans undoubtedly have more than enough strength at the moment. The Strategic Air Command could put some 1,400 bombers into the air tomorrow with a load of up to 20 megatons of nuclear weapons apiece, and it is calculated that more than half of them would get through the Soviet anti-aircraft defences. Thus, even though the Russians could destroy some of the bombers before take-off with the comparatively few missiles which they now possess, the equivalent of several billion tons of TNT would land on the Soviet Union. The critical point will come when—and if—this awesome force can be obliterated on the ground by a surprise missile attack.

General Power, the commander of the SAC, pointed out recently in New York that there are at present fifty bases in the United States and fifty more overseas—the latter mainly tactical airfields—from which nuclear weapons can be despatched against the Soviet Union. Only three missiles would be needed to knock each of them out. It is generally agreed that the fifty overseas bases are already at the mercy of the Russians' ample supply of intermediate-range missiles. The question, therefore, is how soon Mr Khrushchev is likely to acquire the 150 intercontinental ballistic missiles needed to destroy the bases in the United States; and whether, in the meantime, the Americans can make this harder to accomplish by increasing the number of targets he would have to hit and by reducing the vulnerability of their nuclear striking force.

The answer to the first part of the question was given to a Senate committee last week by Mr Allen Dulles, the head of the Central Intelligence Agency. Unfortunately for the journalist, the meeting was secret but, after the brief delay customary to congressional committees, three separate versions of what he said have now trickled out. It is clear that the CIA, on the basis of the peculiar blend of information it derives from spying, radar observation of test flights and economic deduction, does not expect Mr Khrushchev to have his magic figure of 150 ICBMs until some time in the first half of next year.

THIS estimate has been attacked by the Administration's critics on the ground that it is based on the number of missiles the Russians are expected to produce, rather than the number they could produce, in theory, if they set their industry going at full speed. It is possible that the CIA is wrong, as it has been on other occasions in the past. But Mr Dulles, who is more warmly respected than his late brother ever was, has been at some pains to explain why it is possible to refine the method of calculation now that Soviet missiles are in the production stage. Only Mr Joseph Alsop, the most persistent of pessimists, says roundly that the estimate is unreliable. The rest of the critics seem disconcerted. No one has produced a rival estimate: even Senator Symington, the Democratic candidate for the Presidency who has made defence his special preserve and who accuses the Administration of "juggling" the intelligence books, has been careful not to attack Mr Dulles's figures.

Furthermore, if Mr Khrushchev's 150 ICBMs are still a year or more in the future, there are three reasons for thinking that the Americans will be in a much healthier position by the time he gets them. In the first place, they will have brought several more intercontinental missile squadrons of their own into service, thus increasing the number of targets the Russians must count on destroying. To these will be added two or three Polaris submarines, each carrying sixteen missiles; these are far less vulnerable than fixed launching sites on land. In the second place, a third of the new early warning system—the part covering the path that most Soviet missiles are expected to follow—will be in operation by early next year. This far-flung radar screen gives fifteen minutes' warning of the approach of missiles. The SAC now keeps about 500 of its bombers at fifteen minutes' readiness on the ground; the new warning system might give them just time enough to get off the runways before the runways vanish.

Finally, it may be possible by early 1961 to keep a significant number of the SAC's aircraft permanently in the air and thus out of the way of attacking missiles. A dozen bombers are already being kept aloft in an experimental airborne alert; and the money allocated by the Administration this year would keep fifty of them airborne for a sufficient part of the time to confuse Soviet calculations. Since it costs a million dollars a month to maintain a B-52 bomber in the air round the clock, there are limits to what can be done in this direction. But by a doubling or tripling of the Administration's fairly modest request—such as was proposed last weekend by Congressman Mahon, one of the defence experts in the House of Representatives—a respectable number of B-52s could be put on permanent patrol.

Thus it may soon be possible for Americans to breathe more

easily, if Mr Dulles has done his homework properly and if the Soviet Union does not conjure a few hundred extra missiles out of its hat. The trouble is that a sudden knock-out is not the only danger confronting the United States. The country has been so obsessed with this problem that it has almost ignored another possibility: that a retaliatory force big enough to deter the Russians from launching a missile assault may not be big enough to stop them from using their superiority as a shield behind which they can conduct "conventional" military adventures. The Air Force, which has been worrying about this, thinks that the Russians will have roughly the same degree of nuclear superiority between 1961 and 1963 as the Americans had towards the end of the Korean war. At that time the planners calculated that, if atomic weapons were used, it would be impossible to stop enough Soviet bombers from getting through to the United States to kill several million people. But this did not deter the Americans from devastating North Korea with ordinary bombs and using the threat of a nuclear strike to keep the Communists from hitting back at American airfields. It is possible to envisage the same kind of "nuclear blackmail" being used, the other way around, in the next few years.

Thus Mr Khrushchev might be able to get away with conventional murder behind the threat of using atomic weapons; and he might think that the risk of several million Russians being killed if his bluff failed would be no greater than the risk Americans accepted a few years ago. In fact, unless he is a more bloodthirsty fellow than he looks, this is a far likelier danger than a direct missile attack on the United States. It raises the question of how strong the American retaliatory force ought to be to make such nuclear bluffing too risky. This is a factor that ought to be taken into account in the Administration's defence plans; otherwise the United States might be in the position of having both hands in front of its chin and none to guard its solar plexus.

Candidates Go to School

THE first big Democratic challenge to the President at this election year session of Congress has come over federal aid to education. The battlefield is well chosen. Last year a public opinion poll showed Americans to feel that education had the first claim on any increase in federal spending and in the coming financial year the President hopes that there will be a budget surplus of over $4 billion. He would like to use it to pay off a bit of the public debt, but last week the Senate voted, by 51 to 34, to grant the states $1.8 billion in the next two years for education, to be used either to build new schools or to raise teachers' salaries. The debate gave all four of the Democratic candidates for the Presidency in the Senate a chance to go on record in favour of substantial federal help for education. It also forced Mr Nixon, the sole Republican candidate, who as Vice President presides over the Senate, to go on record against a similar, but even more generous, Bill; some think that the tie which he had to break was not altogether accidental.

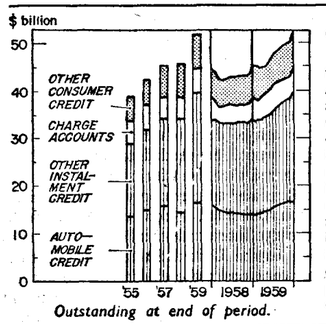
Politically the Democrats could hope for nothing better in the Senate. But the House of Representatives will determine whether, in fact, Mr Eisenhower is to be presented with a Bill at all and, incidentally, whether any help is to be forthcoming this year for the schools. At present the federal government pays only a marginal 3.5 per cent of the cost of education, which is a state and local responsibility; all attempts to provide federal money to raise standards throughout the country, and particularly in the states which suffer from too many children and too little cash, have come to grief over local fears of federal interference or over the questions of racial segregation in the South and of the Roman Catholic schools. The Committee for Economic Development, an association of forward-looking businessmen, recently issued a report recommending that federal aid should be confined to the eleven poorest states, ten of them in the South.

This educational means test has little political appeal. But even the liberal Democrats recognise that the Senate Bill will have to be trimmed if it is to slip through the needle's eye of the Rules Committee in the House and be passed on the floor. The Democrats' strategy there is apparently to ask for grants of only $325 million a year, in the hope that this might be raised a bit when the Senate and House versions of the Bill have to be reconciled, and to confine the use of the money to construction. If this strategy succeeds, then the Democrats will have set the Administration a real problem; Mr Nixon, with all his brave campaign talk about raising standards in the schools, will not be happy about a veto of a relatively modest Bill.

Compact Impact

THE new "compact" cars, which represent such a revolution in the idea of what the American motorist wants, had no chance, because of the steel strike, to show off their sales paces in the concluding months of last year. But the automobile manufacturers consoled themselves by forecasting that buyers, ashamed of their 1955, 1956 and 1957 vintage cars and attracted by the novelty of the new ones, would use the money and credit at their disposal to demand about 6.5 million new American cars in 1960; if imports of about 500,000 foreign ones are added in, the total would be close to the record sales of 7.2 million in the peak year of 1955. Production duly hit a record last month, nearly a quarter of it consisting of the compact models. But sales were only 10 per cent higher than they were in January, 1959. This does not look like the beginning of a 6.5 million car year, although buyers may come swarming in now that showrooms are full of cars and dealers are busy cutting prices. For the moment, however, manufacturers are applying a discreet brake to their assembly lines.

Sales of the compact cars, which are smaller, cheaper and more economical to run than the standard-sized ones, have done well so far, partly, no doubt, because of their novelty. But they are cutting into purchases of the larger models; Ford's Falcon and Chrysler's Valiant have been particularly popular. However, the manufacturers are far from certain that they have at last caught the consumers' exact wavelength, and they are experimenting with a bewildering array of choices. Compact cars are available with engines of higher horse-power than were offered originally; Ford is only the first to bring out a "luxury" compact, the Comet, and it is talking of a still smaller car which would compete more directly with the foreign-made models. (The Volkswagen and Renault still cost about $300 less than the cheapest American car.) Sizes are graduated almost as carefully for motor



CONSUMER CREDIT

Because there were so few cars for sale in America in December, as a result of the steel strike, new hire purchase loans extended on automobiles in that month fell below repayments by $79 million. During the last four months of 1959 the average monthly increase in instalment debt outstanding for motor cars was only $75 million, compared with $360 million during the summer.



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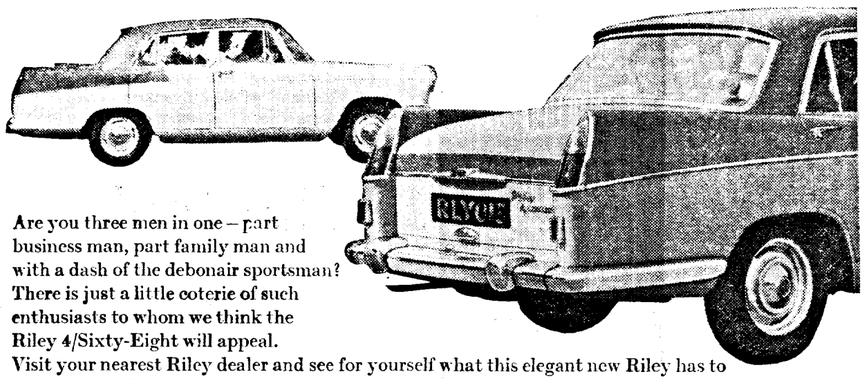

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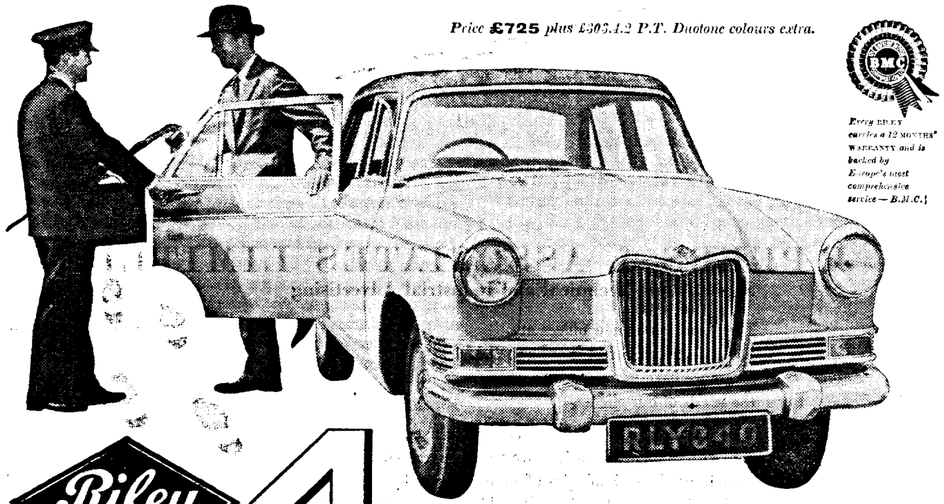

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R465/58

cars as they are for dresses. The producers are waiting anxiously for the motorist's verdict.

So are the foreign manufacturers, who sold about 600,000 cars in the United States last year, over 50 per cent more than the 377,548 sold in 1958. But one development which will lose none of them a night's sleep at present is the announcement that Russian Moskvich cars are to be offered to American buyers, for only 10,000 are to be imported in the next two years.

Atoms out of the Bag

By blurting out at his press conference that he favoured amendment of the Atomic Energy Act to permit American nuclear weapons to be shared more freely with trusted allies, President Eisenhower embarrassed those government officials who had been hoping to relax the restrictions without asking for changes in existing legislation. Congress's Joint Committee on Atomic Energy, already suspicious that it was being circumvented in some way, will now insist on the strictest application of the promise made by the Administration, when the Act was amended in 1958 to permit closer co-operation with allied countries on nuclear matters, that actual atomic warheads should remain in American custody until war breaks out. If the Administration does ask for further amendments—and it has not yet decided to do this—the committee will certainly scrutinise the request at length; it is therefore doubtful whether there would be time for final action during this session and even more doubtful whether that action would be favourable.

The immediate reason why the military experts have brought up the point is because the present interpretation of the Act requires atomic warheads to be kept entirely separate from the weapons which are to carry them and which are already in the hands of various members of the North Atlantic Treaty Organisation. To bring the two together, if war broke out, would take so long, it is argued, that the weapons would not be ready in time to be of any use. At the moment Britain, with its Thor intermediate-range ballistic missiles and its Genie air-to-air missiles, is more concerned than anyone else; but soon Italy and Turkey, also to have IRBMs, will be involved; and eventually, if the United States equips its allies with the tactical atomic arms which are becoming conventional for Americans, they will all be affected.

This raises the question whether West Germany can be left without atomic weapons if other allies have them. Yet nuclear arms for Germany would provide the Russians with a good excuse for giving similar weapons to its own allies, including perhaps Communist China. The "nuclear club" would thus become world-wide. The President wants to avoid this by negotiating an agreed ban on atomic tests; meanwhile, he sees no point in denying to America's allies weapons and information which the Soviet Union has already obtained for itself. But both among his advisers and in Congress are many who do not feel so generous, especially as regards France, with its supposedly unsatisfactory security arrangements and its uncompromising leader; moreover, they dread the proliferation of potential sources of nuclear war which would accompany any proliferation of nuclear weapons.

Roving Commission

It has taken the White House over a year to put flesh on the bare bones of the President's idea of a Committee on National Goals, which now joins the thirty or more study groups and commissions created by Mr Eisenhower and still in existence; many more have disbanded or faded quietly away. The chairman is to be Dr Wriston, the former president of Brown University and the head of the American Assembly, the body created by Mr Eisenhower when he was president of Columbia University to study problems of broad national interest; the new committee will operate through the Assembly. Its other members include Mr Pace, who was Mr Truman's Secretary of the Army and Director of the Budget, Judge Learned Hand, General Gruenther, Mr Meany, the labour leader, Dr Conant and other eminent representatives of the business and academic worlds. What is still unknown is where the committee's money is coming from. Mr Eisenhower feels strongly that the task of plotting American goals for the next decade can best be done by private individuals, privately financed, but the view of at least some of the great charitable foundations which have been approached has been that the Administration lacked a sufficiently clear idea of what the committee was to do.

In his Message on the State of the Union last year Mr Eisenhower spoke of updating the monumental work of the Committee on Social Trends which President Hoover appointed in 1929, and which was financed by the Rockefeller Foundation. But the Hoover committee's task, which it discharged admirably, was essentially a fact-finding one. It was headed by a distinguished economist, the late Wesley Mitchell, it was staffed by social scientists, and it disavowed explicitly any intention of leading Americans into the promised land. The new committee, by comparison, is staffed by laymen and administrators.

It is understandable that a Republican President may not have cared to say so, but the job of laying down objectives for the country and finding ways of reaching them seems much closer to the work done under President Roosevelt by the National Resources Planning Board, which mapped out the problems and challenges to come in the postwar period. However, the mission of the Wriston committee may be changed when a new President is installed next January. Mr Eisenhower has waited so long to create it—the idea was first discussed inside the Administration five years ago—that the committee, at best, will be able to present only an interim report to Mr Eisenhower before he leaves the White House.

Head-on on Lend-Lease

If last month's negotiations in Washington on the repayment of the Russian lend-lease debt were to be regarded as a test of the "spirit of Camp David," then that conciliatory draught has obviously lost most of its potency. Admittedly Mr Bohlen, who represented the State Department, and Mr Menshikov, the Russian Ambassador, remained friendly throughout, but their minds never met even though they clashed head on and in the process knocked out the negotiations after only four rounds. They never even got down to the point at issue—how much the Soviet Union should pay the United States for civilian goods received under lend-lease arrangements and left over after the war ended. These were originally valued by the United States at $2.6 billion but during earlier negotiations the demand had been scaled down to $800 million, repayable over 30 years at 2 per cent interest; this was the lowest the Americans felt they could go without giving the Russians far better terms than more faithful allies had received in their lend-lease settlements.

The highest Soviet offer, made in 1952, was for $300 million but this year Mr Menshikov, with typical Russian insistence on a "package deal," made any negotiations on the debt dependent on a promise to restore most-favoured-nation treatment to Soviet imports into the United States and on long-term credits for Russia. The first was withdrawn by Congress from the Soviet Union during the Korean war; the second is forbidden under the 1935 Johnson Act which prohibits loans to countries which are in default on

Continued on page 626
Consumer's Champions—page 624

Consumer's Champions

NEW YORK

THE well-being of the American consumer —as regards both his stomach and his pocket—is receiving an unaccustomed flurry of attention. The indignation let loose by the television quiz scandals has ricochetted into every corner of the advertising world, breeding a general suspicion of the claims made for the wares being sold. On a separate tack Mr Arthur Flemming, the Secretary of Health, Education and Welfare, has been plunged, by a recent change in the law, into noisy combat on the whole question of chemicals added to foods. The public, roused from its customary inertia by the suggestion that some of these ingredients may induce cancer, is beginning to wonder whether the contents of those immaculate packages that line grocery shelves are as pure as they look.

True to its reputation for rating cleanliness at least on a par with godliness, the United States first provided for the federal inspection of food supplies as long ago as 1906. Nevertheless, the few enthusiasts who have laboured since then to equip public agencies with adequate legal powers and enough money to do their job have had an uphill struggle. The Agriculture Department inspects meat, but in general the Food and Drug Administration, now part of the Department of Health, Education and Welfare, is responsible for seeing that foodstuffs, medicines and cosmetics are clean and wholesome and that their contents are listed clearly and comprehensively on their labels. The FDA makes spot checks, to the limit of its resources, of factories and warehouses all over the country and follows up complaints. Offenders are taken to court where they may be fined or, in some criminal cases, given a prison sentence.

The agency has built up elaborate rules for labels: they must not be misleading about quality (noodles with chicken cannot be passed off as Chicken with Noodles) nor about quantity (the container must not be larger than the contents warrant). Colouring can now be added to margarine to make it look like butter, but in restaurants it must be served on triangular-shaped or labelled dishes. For many products such as jams and jellies the FDA has established formulas and products which do not meet these must be labelled accordingly. Substandard and mislabelled goods are confiscated and a recent month's haul included cocoa with bits of shell in it, tins of tuna fish inadequately filled, vitamin tablets below strength, six alleged weight reducers and a new "Ten Day Press-on Nail Polish" which displayed a tendency to destroy the nails beneath.

THE march of science has complicated immeasurably the work of the FDA. It must now test insulin, penicillin, various antibiotic drugs and the coal-tar dyes used in foods and cosmetics. A controversial problem is posed by the enormous postwar increase in the use of chemicals in food—to bleach or colour, to flavour or deodorise, to moisten or dry out, to thicken or stabilise. Of the 700 or so chemical compounds in regular use, perhaps 550 have been adequately tested. In the past, these additives have been presumed harmless until proved otherwise by the FDA. But in 1958 the onus of proof was shifted to manufacturers, who were given eighteen months to submit their evidence.

The deadline is in March and the squeals of food-producers are mounting. They claim that they have not had enough time; testing usually requires the feeding of additives to different species of animals for several years. Moreover, most chemicals are poisonous if taken in large enough doses, and the fixing of safe quantities or "tolerances" (which must be suggested by the manufacturer and approved by the FDA) is a difficult and arbitrary business. The new law has substituted the word "toxic" for the more drastic distinctions of "poisonous" and "non-poisonous," but it has done nothing to define how much poison is in fact poisonous. Another crisis is brewing because the FDA has shifted from the "safe" to the "doubtful" list a group of coal-tar dyes used in the manufacture of lipsticks. Nobody imagines that women eat lipsticks by the mouthful, but a special provision of the law prohibits the use of these dyes in small quantities if they are injurious to animals in large doses—as they have been shown to be. Faced with the ghoulish prospect of a nation of white-lipped women, Congress may give Mr Flemming the discretion which he would like to have.

The FDA has also been training its guns on the chemicals left on foodstuffs from sprays, fertilisers and other processes. Here again, it must establish "tolerances," which may run from zero upwards. The *cause célèbre* was Mr Flemming's warning to housewives that the cranberries being bought for Thanksgiving dinners might in some cases prove to be garnished with a weed killer that had produced cancer when fed to rats. Mr Flemming has been criticised by many, including even the Secretary of Agriculture, Mr Benson, for alarming the public—and harming the producers—unduly; but since 1958 the law has banned rigidly the use of cancer-inducing chemicals which leave a residue in any food.

CONTROL over advertising was vested over twenty years ago in the Federal Trade Commission, an independent regulatory agency whose larger task is to prevent the unfair trade practices which anti-trust legislation forbids. When the FTC deems an advertisement deceptive, it makes a complaint and (unless the manufacturer concurs) issues a cease and desist order. If the offender then objects, hearings are held by the FTC; if the order is upheld by the commission and the manufacturer is still recalcitrant, the matter passes to the courts. Only when life and limb are threatened can

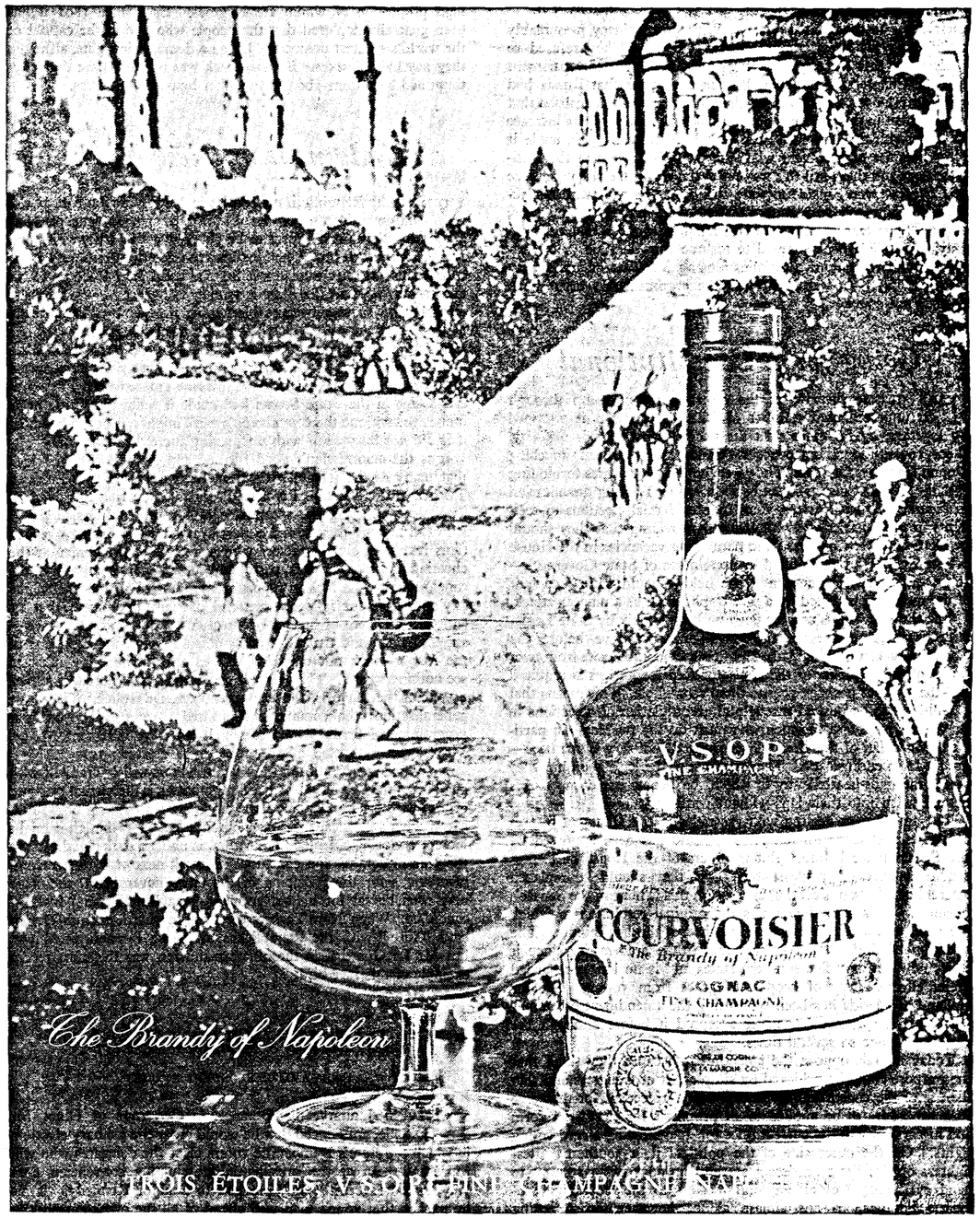
the FTC get the advertisement withdrawn pending a decision by the court.

Unlike the FDA, which can move forward with reasonable speed, the FTC must negotiate formidable legal hurdles. It has, for instance, taken 16 years of litigation to establish that Carter's Little Liver Pills have no discernible effect on the liver, and to succeed in having the offending word omitted. Many of the commission's cases rest, like this one, on medical or clinical evidence on which reasonable men can differ, and the argument drags on in the courts until every legal loophole has been explored. But any scheme for cutting through these legal knots—by substituting a measure of administrative decision for the due process of law—is frowned upon as distinctly "un-American."

IT has often been objected that the FTC exists to ensure fair play among producers rather than protection for consumers; most of the complaints about advertising come not from consumers but from injured competitors. The public, of course, often benefits from the commission's actions; a good example is its labelling programme for certain fabrics and furs, which was started to protect manufacturers from imitations. But now, stimulated by a new chairman, Mr Kintner, and by the television scandals, the FTC is unusually active on the consumer's behalf. It watches advertising on television, and recently it has accused manufacturers of using shaving cream to ice cakes, of soaping glasses to produce a good head on beer and of other visual misdemeanours. Advertisers, to whom such techniques of "imaginative" promotion are routine, are up in arms.

There is a limit to what lengthy legal proceedings can accomplish, and so the commission is working hard to keep alive public interest in advertising; in December, for instance, it convened a conference of consumer groups for this purpose. It also intends to extend the practice, used with some success in the past, of getting manufacturers together to work out standard advertising rules for individual products; the cigarette industry has just done so.

The task of protecting the consumer has grown far more rapidly in the last twenty years than the money provided for it. A Citizens' Advisory Committee, which scrutinised the FDA in 1954, was appalled by the inadequacy of its funds and demanded that its budget be tripled or quadrupled within a decade; in granting a current budget of $13.8 million, against one of only $5.5 million in 1955, Congress has moved some way in this direction. But there is much less agreement on what can and should be done about the thorny problem of advertising. At present the FTC spends some $2.5 million in this field out of its annual budget of $7 million. Some think that a large increase in funds is the answer to the problem, but others question whether effective control is possible in a country that spends $10.3 billion a year on advertising with all the ingenuity of Madison Avenue thrown in.



Entrevue de l'Empereur Napoléon et du Grand Duc dans les jardins du Palais de Wurtzbourg - 2 octobre 1806

Continued from page 623

their debts to the United States. With an obstinacy presumably ordered by his superiors in Moscow Mr Menshikov refused to understand that these were matters not for the State Department but for Congress, although it had been thought that Russia had agreed to re-open negotiations on lend-lease because it realised that a settlement in this field was an essential preliminary of any increase in trade with the United States. Mr Bohlen on his side made it clear that the only subject which he would discuss was the lend-lease debt and that until this was out of the way there was no chance of Congress even considering any change in the legislative restrictions on commerce with Russia. The Soviet Embassy now insists, and the State Department denies with equal firmness, that at Camp David Mr Khrushchev agreed to resume consideration of a lend-lease settlement only if discriminations against Russian trade were also included. At least, for once, the argument has been short, even if not sweet.

Going for a Constitutional

THE greatest surprise of the Senate's recent romp through an unprecedented number of Bills came when it wrapped up together, by far more than the necessary two-thirds majority, three constitutional amendments which had all been knocking around Congress for years. The parcel contains measures forbidding that the payment of a poll tax be required as a voting qualification in federal elections; giving votes in presidential elections to residents in the District of Columbia and providing that they should be represented in Congress; and permitting vacancies in the House of Representatives to be filled by appointees of State Governors—at present special elections must be held—should more than half of the members be killed by a catastrophe such as a nuclear attack.

The three measures may be dealt with separately by State Legislatures; three-quarters of these—38—must approve before the Constitution can be amended. But first a favourable vote from two-thirds of the members of the House of Representatives is required and the surprise package goes to them as a whole. This means that it will have to be pushed through an accumulation of objections to its various parts and the men who must do the pushing—in particular Mr Celler of the already over-worked Judiciary Committee—are far from enthusiastic. They approve of the legislation but they resent the light-hearted way in which the Senate has dumped this extra burden into their laps without warning.

The amendment dealing with vacancies in the House of Representatives first came up ten years ago and has been approved by the Senate twice before. But members of the House of Representatives have other ideas about how they should be replaced after a holocaust and feel that in any case this is none of the Senate's business. This amendment was the original resolution to which the other two amendments were attached at the last minute. The abolition of the poll tax is little more than a formality since it exists now in only five southern states and is no longer regarded as an effective way of keeping Negroes from voting. Senator Holland of Florida has been sponsoring the amendment ever since 1949, but the Senate has never accepted it before although the House has done so several times.

Today liberals oppose the amendment because they think that the purpose could be achieved by simple Act of Congress and that the use of the constitutional process sets a precedent for the same slow procedure to be applied to all proposals for electoral reform and in particular to the current ones for guaranteeing Negro voting rights. On the other side of the political floor southern states-righters oppose the amendment as the thin edge of an attempt to hand over control of all electoral matters to the federal government. Southerners are almost alone, however, in opposing enfranchisement for the residents of the District of Columbia, a high proportion of whom are Negroes. Ever since 1801 it has been generally deplored that the people who live in the capital of the world's greatest democracy have no democratic rights, although they pay federal taxes. But last week was the first time that anything had been done about it by either house of Congress.

Judgment on New York

WHEN the Republican authorities in New York State authorise an investigation of the Democratic government of New York City, they must expect to be charged with partisan bias and political opportunism. Relations between the two are bound to be bad because the city wants more State aid and more freedom to tax and to borrow than the State is willing to cede. Moreover, State inquiries are suspect because blackening the name of Democratic office-holders helps to elect Republican members of the State Legislature from constituencies in the city. The Nelson commission, which has just turned in the preliminary report required by February 1st, is no exception to this rule; moreover, the Republican leader in the State Senate had made it quite plain that more money to continue the commission's work might not be forthcoming if it did not busy itself with uncovering more "irregularities."

It is the commission's good fortune and New York's bad luck that many of the irregularities have been uncovering themselves. Two of the city's five Borough Presidents are now involved in scandals concerning the acceptance of favours from businessmen who had favours to seek and almost every week brings new revelations involving city inspectors who were bribed to connive at the cheating of buyers of milk, petrol and fuel oil. By comparison, the conclusions of the Nelson report seem almost restrained: that the city's government is weak, wasteful and ultra-political; that its antiquated system of financial control costs the taxpayers unnecessary millions; and that most of its officials—with the exception of the Mayor—lack not only any will to reform, but also affect to see nothing wrong. The sharpest criticisms were drafted, it seems, by one of the Mayor's own two appointees, Dr Gulick. With these generalisations the committee submitted a carefully worked out programme of financial reform which even the indignant Mayor, Mr Wagner, admitted might prove to be useful.

No one likes to condemn the Mayor, who is widely credited with good intentions. The report itself says that he is the virtual prisoner of his own Board of Estimate, the city's main governing body. But Mr Wagner's political future, which once looked as though it might include a vice-presidential nomination, is under a dark cloud. When the Nelson commission concludes its work next year with recommendations for the reshaping of the city's government, the stage may even be set for his replacement by a Republican "fusion" candidate. When New Yorkers are tried too hard, enough Democrats "fuse" with the Republicans to elect a Republican Mayor, but Mr La Guardia, in the nineteen-thirties, was the most recent example of this rare bird.

DiSalle's Clever Deal

FROM A CORRESPONDENT IN OHIO

EARLY in January, the Democratic Governor of Ohio, Mr DiSalle, announced that he would enter the primary election, in which the state's Democratic voters elect the delegates who will represent them at the presidential nominating convention next July, as a "favourite son" pledged to Senator Kennedy. Thus he pushed that young man well ahead of all the other entrants in the race for the Democratic nomination and so far this lead has not been lost. The delegates will be pledged nominally to Mr DiSalle but his promise meant that Mr Kennedy could count on their votes; the Ohio delegation is the fourth largest at the convention and represents an important industrial state. Moreover, Mr DiSalle's unexpected support came at a strategic moment and encouraged doubtful Democrats in other states to favour Mr Kennedy.

Mr DiSalle did not bestow this gift on the Senator out of personal affection, or because both are Roman Catholics; religion is an issue which they would prefer to keep out of the campaign. Mr DiSalle was forced to act as he did by hard political facts: Senator Kennedy was proposing to enter delegates in the primary pledged to himself to oppose Mr DiSalle's. Public opinion polls showed that Mr Kennedy might win as many as 80 per cent of the Democratic votes and he was backed by Mr DiSalle's chief rival for control of the party in Ohio, Mr Ray Miller, boss of the city of Cleveland. All this meant that Mr DiSalle was in danger of being defeated, of losing control of the Ohio delegation at the convention and, more important, of losing control of his party in the state when he had still three years of his term as Governor to run.

By plumping for Senator Kennedy, Mr DiSalle outfoxed Mr Miller, although the latter is still running delegates in opposition to Mr DiSalle's in Cleveland. Ohio may therefore send a divided delegation to the convention but since Mr Miller's delegates will also be pledged to Mr Kennedy the Senator can count on all Ohio's 64 votes, for the first ballots at least. And he has been saved the expense and exhaustion of fighting a campaign in Ohio. By making his announcement only four weeks before the final date, February 3rd, for entering the primary, Mr DiSalle left no time for any other candidate to organise support or a list of delegates. Even Senator Lausche, who denounced Mr DiSalle's move bitterly as a "deal" which had "stripped" the Democrats of Ohio of their right to make a choice in the primary, could spare neither time nor money to enter.

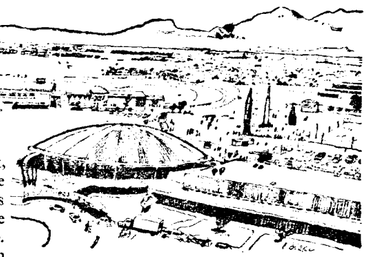
In addition to shoring up his position at home Mr DiSalle has left himself free, should Senator Kennedy fail to win the nomination, to hand his delegates to another candidate. And should the man he supports win the Presidency, then Governor DiSalle might be rewarded with a post in the Cabinet. There are rumours that he was happier in Washington as price stabiliser in Mr Truman's day than he is now in Columbus, the state capital.

SHORTER NOTE

The decline in the bill rate since December has enabled the Treasury to shave a trifle off the interest on the two new securities offered in exchange for nearly $11.6 billion worth of maturing government debt. One, a note coming due in four years and nine months, is priced to yield 4.93 per cent; the other, a 4⅞ per cent one-year certificate, is offered at par. Holders of only $500 million of the maturing securities have requested cash and this successful outcome of the refunding makes it unlikely that the Treasury will need to go to the market for new money before April.

Las Vegas Goes Respectable

FROM A CORRESPONDENT IN NEVADA



WHEN the World Congress of Flight, America's attempt to rival the Farnborough Air Show, was held in Las Vegas last spring, the whole tone of the famous gambling town went up. Admittedly delegates, nearly 6,500 of them from 51 different countries, were free to play until all hours of the night at roulette, blackjack, chemin-de-fer, twenty-one or baccarat (introduced for the first time recently), at the dice tables or on the slot machines. But by day they took seriously the business of addresses, symposiums, exhibitions and demonstrations on every aspect of air-space. Never before had a gathering of such prestige come to this wide-open town. Never before had it been possible. For the Congress of Flight marked the opening of the new Convention Centre; until then Las Vegas had been unable to accommodate a large conference and its ancillary activities.

With some 12,000 hotel rooms, about one-third more than the city of San Francisco, Las Vegas has had for some time one of the qualifications needed by a city which wants to attract the conventions that can bring so much business to a town. In the off-season (from October to May), when conventions are particularly helpful, it is possible to get a room for two people at a plush hotel for as little as $10 a day, and to see revues with the best stars from New York or Hollywood for the price of a $7 dinner or for the $3 charged for a midnight drink. The relatives and hangers-on who accompany the serious conventioneers can spend the day seeing the western desert at first hand and visiting such national parks as the Grand Canyon or Hoover Dam. Or they can concentrate on recouping the expenses of the trip by gambling.

Of course, this subsidises everything else in Las Vegas and is its main attraction and source of revenue; but even the gambling is tailored to suit the pocket of everyone. Stakes as low as 25 cents may be placed at any of the captive casinos in the hotels and 5 cents can win $5 dollars from one of the slot machines which are found in batteries everywhere, even in drug stores and supermarkets. However, gambling is not an unmixed blessing to Las Vegas; its sinful reputation has frightened off some convention business. But the new centre is keeping clear of betting and of the gangster element which is said to control it. The centre, giving the town a symbol of legitimacy, should gradually overcome its reputation for being only a gambling hell; thus it will encourage the tourist trade and put the economy of Las Vegas on a sounder basis.

While no other international gathering like the Congress of Flight has yet been booked, those coming before long include the American Mining Congress and gatherings of the American Federation of Musicians, the National Electrical Contractors, the National Auto Accessory Manufacturers and the National Council of Catholic Women. The centre, built at a cost of some $6.2 million, seats 18,756 in the auditorium beneath a gleaming aluminium dome, and the adjoining exhibition area has 119,000 square feet. Air conditioning throughout makes it comfortable even in mid-summer, when daytime temperatures outside rise to above 100 degrees Fahrenheit.

The centre was financed by two bond issues offered nationally, and interest payments are being met out of the proceeds of a special tax on hotel rooms. This tax on visitors is expected easily to cover the maximum annual interest payment of $752,000, leaving funds over for advertising the centre and keeping up the parks and swimming pools which were financed by the same issues of bonds. Because visitors are paying for it indirectly the auditorium is offered free and the rest of the space is relatively cheap.

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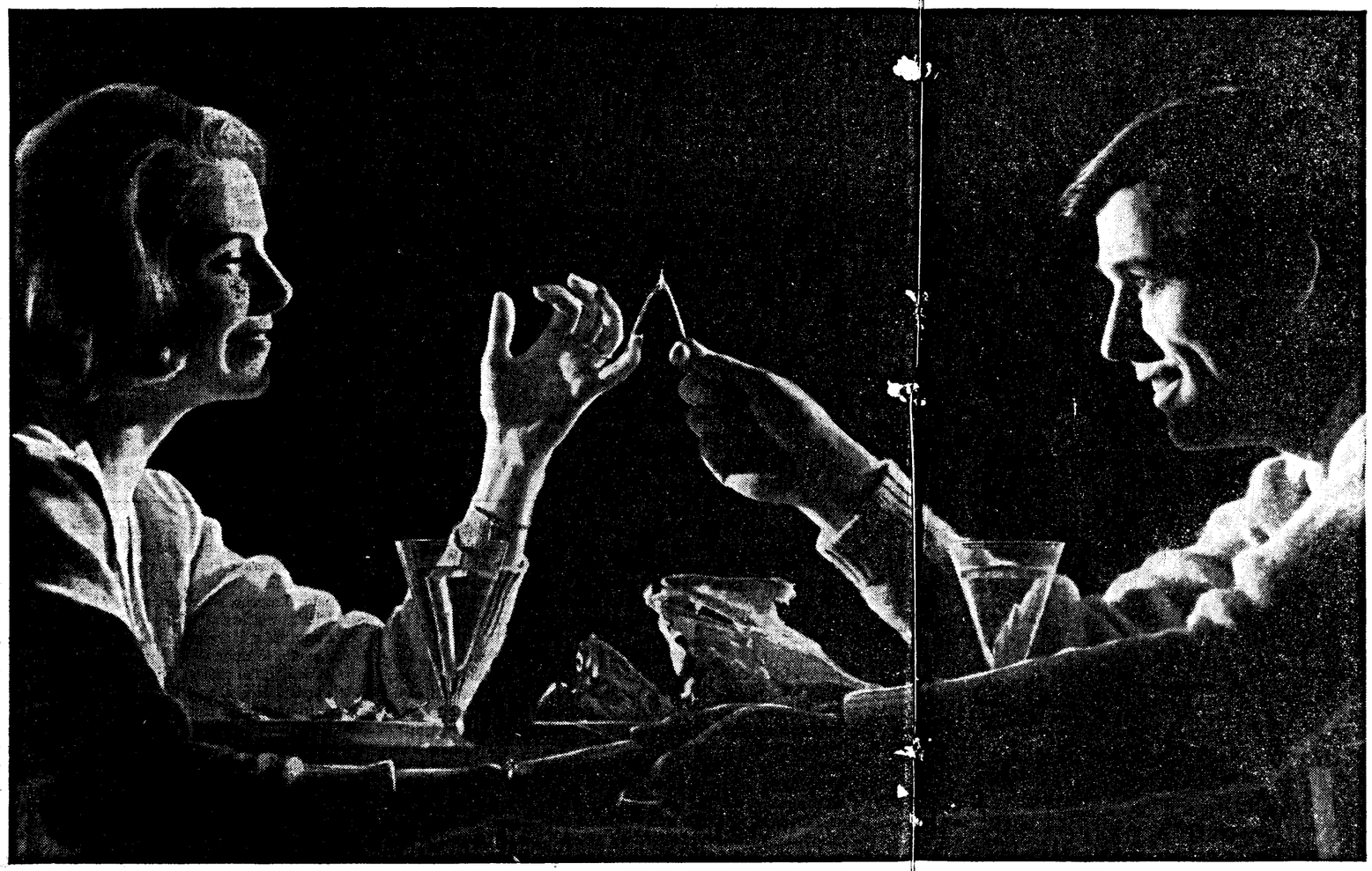

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THE WORLD OVERSEAS

Nato's Next Steps

FROM OUR DEFENCE CORRESPONDENT

A YEAR ago, the North Atlantic Treaty Organisation faced with a well-founded trepidation the blows which General de Gaulle had in store for it. A week ago, it was sighing with relief that the crisis in France, which might have compelled it to consider moving its centre of operations from its newly completed building at the Porte Dauphine to some more stable metropolis, had been avoided by General de Gaulle's disciplining of his army and of the Algerian settlers. Perhaps as a result, there was a widespread feeling that the year of crisis was over; that calmer waters for the alliance lay ahead.

The arguments on which these hopes are based are three. In the first place the general had to be rough with Nato last year in order to establish his prestige and his independence as a leader; but now his handling of Algiers has established his position as France personified far beyond anything that paper victories over his wretched allies could do, and he will not, therefore, go further. Indeed, it is even whispered that he might be inveigled back into the integration of air defence after all; for he is being assured by his missile experts that air defence is fatuous anyhow, little more than a means of keeping air vice-marshals happy and out of mischief. The second argument is that there is little more that he *could* do to the alliance, except perhaps pull the French Atlantic fleet out of the command of the Supreme Allied Commander, Atlantic; and for this he would have no such excuse as he had for withdrawing France's Mediterranean fleet. Finally it is urged that the general has achieved his great object, a place in the summit talks, at which he will quickly find that the alliance, and especially its military teeth in Nato, are a bargaining weapon, which he will learn to value.

But, in fact, there are several unpleasant things that the general could still do to Nato—such as finally detaching his divisions in Germany (just now, only two) from General Norstad's command, but keeping them there as an independent and allied force by virtue of the Paris treaties. The general's power of making trouble is in fact only limited by Nato's readiness to call his bluff at some point. There are not wanting voices in Nato and in Supreme Allied Headquarters to point out that this could be done. The Nato shield is not mounted on any French frontier. Given that Russia is increasingly proposing to rely on nuclear-headed missiles for defence, the West will increasingly have to do the same. This would mean that the military philosophy which assumed a fairly prolonged resistance on land in Europe, using conventional weapons, would again tend to give place to the idea that the shield forces are simply a tripwire laid to the growing batteries of missiles, to the tactical air forces in Germany, and to the strategic air forces. A return to the tripwire concept of European defence, though hideous, would at least make the French infrastructure—the lines of communication through France to the shield divisions (and especially the American divisions)—less of a necessity than it is. General de Gaulle has it in his power to hasten this process. And the defence of the Scandinavian, Greek and Turkish frontiers does not depend on France at all.

To appease General de Gaulle within the alliance might carry greater dangers than bluntly to tell him that at a pinch Nato can perform its function, after a fashion, without him. It may not be wise to demonstrate to the "middle powers" of the alliance that bullying pays off. Italy is already asking itself (or so the Nato experts say) whether virtue pays; and if the general and Dr Adenauer fell out, Germany, too, might try a little blackmail. From the point of view of the smaller powers, the alliance has already lost a certain sense of reality through the practice of summitry. Any more attempts to push through big-power decisions without consulting them might lead to trouble. But here the difficulty is that General de Gaulle is most unlikely to think trouble inconvenient.

Meanwhile, the stockpiles of atomic weapons and warheads are growing—mainly in Germany. France is not yet a nuclear power; and many Nato observers still do not think that one nuclear explosion (even if, as is probable, it is a bomb, not a device) will make it a nuclear power. But as west German bombardiers gradually master the technique of fitting and fusing atomic warheads, west Germany is becoming in effect a nuclear-armed country, and the emphasis on dual control of the warhead is, or will soon begin to be, academic. At this stage, Nato experts are beginning to look round for new formulae to create a Nato deterrent, avoiding the threatened spread of national deterrents and yet impressing the Russians sufficiently. Any British Labour party scheme to put Bomber Command (or Bluestreak when we have it, if we ever do) in Nato hands would to Nato now appear rather a typical piece of British left-wing hypocrisy than a contribution to making the deterrent credible.

The experts are casting around for a scheme whereby the Supreme Allied Commander, Europe, might give the signal, in an emergency, to press the atomic button; his decision would be subject to the veto of the Nato powers. This would give France and the United States—and, for that matter Turkey or Denmark—an equal voice. But whether it would meet General de Gaulle's requirements for France's great power status may be doubted; and it may even be doubted whether having fifteen vetoes, rather than fifteen fingers on the button, would much enhance the credibility of the deterrent either. But it would be wrong to dismiss debates on these subjects as the mere vapourings of bureaucrats—they are, after all, very relevant to the common aspiration of preventing mankind from being incinerated by miscalculation, whether General de Gaulle's or anyone else's.

Trojan Horse in the Laager

FROM OUR CORRESPONDENT IN SOUTH AFRICA

FOR Dr Verwoerd the visit of Mr Harold Macmillan to South Africa was a double gamble. He and his government hoped, first, that the British prime minister would at best commend the sincerity of the protagonists of apartheid and at worst refuse to discuss it because it is a domestic matter; and secondly, that he would give assurances about South Africa's continued membership of the Commonwealth if it becomes a republic. Mr Macmillan did neither. In unambiguous terms, although with superb tact

and sensitivity, he made it clear that South Africa's race policies are anathema to Britain. He also left no doubt in the Nationalist mind that the question of South Africa's continued membership of the Commonwealth must be decided by all the other members, and that consent could certainly not be taken for granted. Although there was nothing new in this, the realisation that the votes of non-white member states might in fact keep a republic of South Africa out of the "club" came as a shock.

It is a measure of the high skill with which Mr Macmillan tackled the ticklish race issue that although Dr Verwoerd and his colleagues were patently taken aback by the forthrightness of his address to the joint session of Parliament, they showed no immediate umbrage. Dismay was more difficult to hide, and Dr Verwoerd's prestige obviously received a blow; after all it was he who had brought this Trojan horse into the Nationalist kraal, and for everything that emerged from the visit he had to take responsibility.

Dr Verwoerd, however, reacted with dignity. He lost no time in saying firmly that no matter what the rest of the world thought of its colour policy, South Africa was determined to carry on, if necessary alone. And with that, the lines between South Africa and the rest of the free world were clearly drawn. Britain is committed to come to terms with African nationalism; Nationalist South Africa refuses (in the words of a leading newspaper) to abdicate in order to make it easier for the West to win a struggle with methods and with a haste "which leave us in grave doubt as to the outcome." In Dr Verwoerd's words, "We are white, but we are in Africa,"; and at a farewell banquet in Cape Town he went so far as to tell Mr Macmillan in very friendly terms that if only he could live in Africa for some years and see things as white Africans see them, he would change his mind.

But even before Mr Macmillan had left for home, the full implications of his frank repudiation of Nationalist policy had begun to sink into the Nationalist consciousness; Dr Verwoerd's parting words to his guest were for understanding and sympathy in the hard days ahead. And Mr Eric Louw's delayed reaction to the Macmillan visit in a newspaper interview given last Monday shows that the Cape Town speech hurt the Nationalists far more than they were prepared initially to admit. Dismay is gradually turning to anger and bitterness as the rank and file realise the extent and depth of South Africa's isolation on the colour question. Some commentators are now talking of a "state of emergency in our relations with the West and in our situation in Africa." The West, they say, has chosen the side of the blacks in Africa and the consequences may be grave indeed. South Africa must become a bastion of civilisation in the continent, great parts of which will be handed back to black rule and chaos.

At the same time the white non-Nationalists, who at first had sighed with relief that Mr Macmillan had made up his own mind, are beginning to realise that the British prime minister's speech may come to affect them as much as the government, for the gap separating them from Mr Macmillan is almost as great as that between them and the Nationalists. They, too, will have to indulge in an agonising reappraisal of their colour policy if they wish to keep in step with Britain and the western world.

This leaves only the non-Europeans uninhibitedly rejoicing in Mr Macmillan's speech. In one stroke their fears about the possibly damaging effects of the British prime minister's visit to apartheidland were swept away; and although there was great disappointment that it had not been possible for Mr Macmillan to see men like ex-Chief Albert Luthuli and other African National Congress leaders, the spirit of the Cape Town declaration satisfied the Africans that here was an enemy of apartheid and that the danger of the distinguished visitor "doing a Montgomery" on them had vanished. Mr Macmillan's carefully stage-managed visit to a regimented African tribal authority in the Northern Transvaal fell into perspective as a tourist jaunt; and the African public was left with the memory of a white prime minister shaking hands with black men in a Johannesburg township, and the Africans' full-throated response.

One important question that remains unanswered is what effect the now open divergence between British and South African views will have on the future of the three high commission territories. Mr Macmillan arrived in South Africa on the morrow of an unexpected victory for outspoken nationalism over traditionalism in Basutoland's first western-style general election; and in his brief visit to that territory he was made aware of hostility to South Africa. Dr Verwoerd and his colleagues are clearly worried about the existence within the Union of a radical African enclave, and they know that incorporation has become a purely theoretical matter under present circumstances. Although the two prime ministers must have discussed this problem, there was no indication of what they said. Up to now Dr Verwoerd has consoled his followers with the suggestion that his own Bantustans and the British protectorates are moving in the same direction, and that incorporation was no longer therefore a matter of urgency. But the Basutoland elections are bound to have produced serious second thoughts in Cape Town and stronger pressure on Mr Macmillan to reconsider the matter.

How Algiers Sees It

FROM A CORRESPONDENT IN ALGIERS

Before the paving stones uprooted by the insurgents to build their barricades have been completely replaced and the routine of ordinary life has returned to the centre of Algiers, it is perhaps worth while trying to see exactly what happened during the tense ten days between January 24th and February 2nd—and what led up to it. It is not an easy task. There are a dozen different versions, and the opinions even of eye-witnesses are often contradictory. As for the Paris versions, they seem to the people of Algiers so wildly improbable that they might refer to some other insurrection in an entirely different country.

President de Gaulle's broadcast of September 16, 1959, announcing his self-determination policy for Algeria, with the implication to the French settlers that it would inevitably lead to independence, led to considerable activity within the extremist organisations. Various plots were hatched by many of the men whose previous plots had met and exploded in the May 13th revolt. But apart from collecting considerable quantities of arms and ammunition, including hand-grenades, sub-machine guns and a few bazookas, and putting out feelers towards other organisations and the army, nothing positive was done: the time was obviously not ripe. The leaders were said to be quite confident of obtaining the support of practically the entire French community in Algeria, but only when it was sufficiently worked up or alarmed: this would obviously be when cease-fire talks were opened with the National Liberation Front (FLN).

In Paris that disappointed former Resistance leader, M. Georges Bidault, tried again to set himself up as the standard-bearer of the *Algérie Française* faction by forming a new party, the Rally for French Algeria, of which he remains president and practically the entire membership. But in Algiers recruiting was far more successful. The former poujadist cafe-owner, M. Joseph Ortiz, founded the French National Front and soon boasted of some 15,000 paid-up members, many of them from the "poor white" suburb of Bab-el-Oued. South of Algiers, M. Robert Martel, leader of the Popular Movement of May 13th, roused the farmers of the rich Mitidja plain, where FLN terrorism had recently taken a heavy toll. M. Pierre Lagaillarde, the notorious former leader of the Algiers students who had become a deputy, deserted Paris and

Continued on page 635



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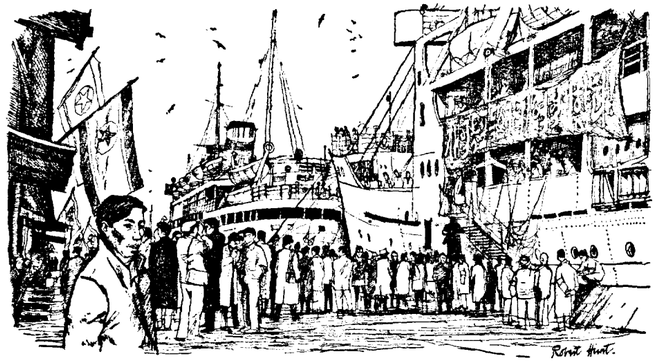
Korean Styx

FROM OUR CORRESPONDENT IN TOKYO

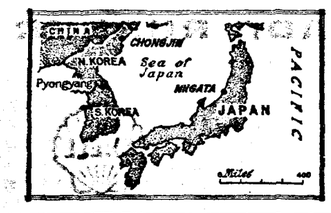


CAPTAIN KONSTANTIN BOIKO of the good Soviet ship *Tobolsk* has now acted as genial Charon to some 5,000 Koreans, ferrying them from Niigata in Japan to Chongjin in North Korea. Though the repatriates are poor—their average cash holding, representing a lifetime's savings, is £15 per family—they do not behave like dead souls; and they evidently believe that they are going to a land of the living. Before boarding the Soviet ship the Koreans are accommodated in Niigata in a Red Cross centre that was formerly an American air force barracks. With their shoes off, they sit cross-legged on fresh straw-mats, surrounded by their few belongings in suitcases, baskets and bundles —and also by red banners with five-pointed red stars.

Fully half the repatriates are under sixteen. A girl with long black pigtails, wearing a black jersey and black trousers, says with solemn confidence: "I look forward to taking part in building up a socialist Korea." There are between 600,000 and 800,000 Koreans in Japan. Most of the children attend schools that have been built by Korean Communists.

The most frequent reason given by the older repatriates for accepting the offer of a new life in communist Korea is: "Our children have no future here." But some have hopes for themselves also. A composer, aged 33, says: "In North Korea I shall have a house, a piano, a studio and a guaranteed income." A 36-year-old teacher says: "My wife and I did not dare to have children, but now we plan to have six, for in North Korea our livelihood is guaranteed." A 43-year-old labourer says: "I am guaranteed work of my own choosing." In Japan, he and his wife between them managed to earn only ten shillings a day.

The Koreans in Japan get their information about life in North Korea from the *Soren* (a communist organisation), and from the Pyongyang radio. Few have ever seen North Korea, for most of those not born in Japan came originally from South Korea, where they still have relatives and friends. But, it seems, the letters they get from the south of their country are uniformly discouraging, telling of poverty and unemployment, whereas the Pyongyang radio talks only of socialist construction and consequent labour shortages.



WHEN the first batch of repatriates arrives in Pyongyang, they were welcomed by the North Korean prime minister, Kim Il Sung, lodged in large apartment-houses, and entertained at a welcome party held in a giant gymnasium. The entertainment included an epic "dance drama" that went on for three hours and had a cast of 3,000. Describing this marathon, a Japanese newspaper reporter who attended it wrote: "Symbolising the nation-wide irrigation movement, girls in blue dresses performed dances representing streams and waves, while a mass of people in red dresses, representing pig-iron flowing from a furnace, staged a dance of joy." The same reporter noted that Pyongyang's factories operate in shifts around the clock, but when he asked a North Korean whether he did not have complaints about working so hard, he was told: "The more we work, the more conspicuous becomes the improvement in our livelihood."

Conspicuous indeed, it seems, are the new blocks of flats, each five or six storeys high and housing 300 families: it is claimed that a new one goes up every forty days. Still, Kim Il Sung was not boastful when he made a speech to the newcomers from Japan. He told them: "We were once slaves, but now we have attained the status of poor peasants. We should have welcomed you earlier, but because of our poverty it was impossible. We still cannot offer you luxury, but we do offer you food, clothing, shelter and hard work to improve our common lot."

Captain Boiko, a large, good-humoured man who is complacent about his facial resemblance to Mr Khrushchev, was formerly on the regular Sakhalin-Vladivostok run. If, however, the repatriation of Koreans goes as *Soren* says it will, he or some other Soviet captain will be on the Niigata-Chongjin run a long time; for *Soren* says it expects about 130,000 Koreans to register for emigration to North Korea. At present, Koreans are leaving Japan for North Korea at the rate of about 1,000 a week, but *Soren* declares that this could and should be speeded up. The Japanese might not demur, as their chief anxiety seems to be to get rid of their Koreans at all costs. But South Korea naturally does not feel very happy about it, and neither does the United States. Both regard the departure of Koreans from the "free world" to a communist country as a poor advertisement. (Kim Il Sung presumably regards it as a very good one.) The North Koreans really do need more workers, whereas South Korea has a grievous unemployment problem despite its army of 700,000.

South Korea has announced, nevertheless, that it is ready to accept Koreans from Japan—even communist ones—provided Japan pays a suitable compensation. The compensation that has been unofficially suggested is reported to be about £100 a head. This apparently would accrue not to the Korean repatriates themselves, but to the South Korean government, which would, however, agree to spend the money on housing and other amenities for the repatriates. Some at any rate of Japan's ruling politicians would like to put relations between Japan and South Korea on a better footing, and might even pay South Korea £100 per repatriate—if the United States could be persuaded to advance Japan the money.

Meanwhile, Korean repatriation continues to be directed towards North, not South Korea; and the discreetly conducted haggling between Japan and South Korea seems to ignore the essential question of how many Koreans in Japan would, in fact, be prepared to live under the rule of Syngman Rhee—even at so much a head.

(*Continued from page 632*)

the National Assembly and returned to organise the Algiers students, whose official leader was M. Jacques Susini. The other important body was the alliance of various ex-servicemen's organisations led by M. Arnould.

These organisations, and many of lesser importance, were in place but not really ready for action—although their leaders had formed a kind of council of war—when the Massu incident brought Algiers to a premature boiling point. General Massu, a tough and courageous soldier, the hero of Algiers' French community, is not one of the great intellects of our time. He alleges bitterly that in giving his famous interview to a German correspondent he fell into a trap. Evidence of a kind has been produced tending to show that some kind of plot existed involving other generals and leading up to the interview. No one has explained what was intended to be achieved, for the rising, from the point of view of the men who afterwards became the insurgent leaders, was clearly premature. The views General Massu expressed are just those that he might have voiced in an unguarded moment, and they are the views, as subsequent days demonstrated, held by a surprisingly large number of officers.

A similar fog of uncertainty covers the firing of the shots which turned a pro-Massu demonstration into "a rising in arms of Frenchmen against the authority of France." In all probability the first shot was accidental; but its effect in a great, excited mob of people nearly all armed, and at a moment when heartily disliked riot police were coming in to break up the crowds, was that of a detonator: the inevitable fusillade followed. Nearly everyone has a different story or a different theory. But it is likely that one of the paratroopers "guarding" the barricade summed it up sensibly when he said: "It was an accident. They knew we would never fire on them. We knew they wouldn't fire at us. And I don't think they'd deliberately fire at the *flics* unless they fired first."

There was little danger that the shooting would be renewed: except for little moments of tension the atmosphere of the next ten days was relaxed and friendly. Even an FLN bomb which exploded, probably also by accident, and killed five paratroopers caused neither panic nor retaliation. Throughout this time the insurgents occupied their home-made fortress, covering an area about the size of Victoria Station. They were using municipal gas, electricity and water; they borrowed from the French Army loud-speakers through which they addressed their supporters; and when telephone communications with the outside world were officially cut, and neither the ordinary public nor newspaper correspondents could obtain calls to Paris or London or anywhere, the insurgents were in constant touch with their political allies in Paris.

WHEN the sun shone the barricades were guarded, on the inside, by insurgents festooned with hand grenades; when it rained, as it did some of the time, the barricades were deserted. Nothing could have been more friendly than the attitude of the troops outside the barricades; they fraternised with the insurgents and with the huge crowds of ordinary French of Algeria who came daily to give the insurgents moral support. It was a party, a picnic. "This is not serious: we are being made fools of," a German correspondent complained.

The hostility of the demonstrators to General de Gaulle increased as the insurrection dragged on, and every time the insurgents' loud-speakers roared "De Gaulle to the gallows," the crowd screamed its delight. It will be a long time before the offensive remarks about the general, scrawled on countless walls, wear off. His broadcast, which had so profound an effect outside Algeria, made an impression on the soldiers but left the Algiers crowd unmoved in its hostility. Why, then, did the insurrection suddenly and quietly fold up?

The reason was probably economic. The general strike called by the insurgent leaders was observed almost totally, and caused the greatest possible inconvenience. Food was becoming short; the lack of public transport was a hardship for nearly everybody; bread-winners inside or outside the barricades were earning nothing. The insurgent leaders had not foreseen this economic chaos and, possibly because the revolt was premature, more likely through sheer incompetence, had made no emergency arrangements; they had no funds of any kind with which to pay their supporters and their dependants. It is an interesting and significant sidelight that the only place where life was normal was the Casbah, and in increasing numbers the stalwarts of the French community were slipping into the Moslem quarter—many in a state of quite exaggerated fear—to buy cigarettes.

On the side of law and order—to coin a phrase—some still unknown genius in the art of psychological warfare let it be known to the paratroopers that if they went over to the insurgents they would receive neither their pay nor their splendid rations. And so, with the bulk of their supporters having quietly melted away, the hard core of the insurgents were allowed to march out, flags flying, to receive military honours from the watchful troops—a fact which the high command has tried and failed to conceal.

When police searched the deserted strongholds they found practically no weapons at all: all the huge quantity taken in at the beginning of the insurrection was quietly taken out during the "peace" negotiations of the last couple of days. The basic situation remains: for want of a firm hand in Paris, opposition to President de Gaulle's policy is as widespread and as deeply rooted as ever. Apart from a few unimportant leaders, the insurgents and their supporters have withdrawn in good order—ready to fight seriously another day. But next time they may have a real leader, M. Jacques Soustelle.

Togliatti's "Parliamentary Way"

FROM OUR CORRESPONDENT IN ROME

THE end justifies the means and the means are determined by historical opportunity. This seems to be the moral of the Italian Communist party's ninth congress, held in Rome last week, which has officially chosen the democratic or parliamentary road to socialism and power. Beyond that the party's course is unmapped, but Signor Togliatti and his lieutenants suggested that *la dolce vita for* Italy's middle classes might continue in a system which would allow small property and small enterprise to survive, and other parties to manifest their "organised dissent." Could they also hope to displace the Communists, once installed, from government? Probably not. The question was not raised at the congress; but Signor Nenni, in *l'Avanti*, has given the impression that this is the main point that differentiates communist "democracy" from his own. In the meantime, since power is not for tomorrow, Signor Togliatti has offered communist support to any government that will make a few structural reforms. Almost casually he mentioned a check on monopolies and the nationalisation of electric power. The other members of the proposed "new majority" would be the Catholics and, if they wished, the Socialists; but the Catholics, one gathered, mattered most.

This extraordinary bid to take the Communists into a government majority with the Christian Democrats, and with or without the Socialists, is the most audacious gambit in Signor Togliatti's career, which includes a compromise with the Monarchy in 1944 and the vote—decisive, as it happened—to put the Concordat into the Constitution in 1947. Is the present move a mere tactical manœuvre to prevent the Communist party from being isolated by a possible Catholic-Socialist entente? Or is it (like previous Togliatti gambits) part of a strategy dictated by the Kremlin, this

time with a view to obtaining a diplomatic springboard in Rome? It comes while President Gronchi is being entertained in Moscow, and when Soviet agents have put out feelers for a truce with the Vatican. In his speech to the congress, Signor Togliatti urged the Roman Catholic church not to complicate *détente* by raising the question of ideologies. "Religious freedoms can best be obtained through reasonable contacts with the Communist world."

The future course of east-west relations will decide whether its ninth congress is to be a permanent landmark in the history of the Italian Communist party. It has recovered from the disarray which Mr Khrushchev's report to the 20th Soviet party congress and the Hungarian revolt produced in its ranks in 1956. Since then the more obstreperous "revisionists" have gone, and the admitted loss of 200,000 members has been made good, thanks mainly to the sputniks and enhanced Soviet prestige. Membership stands officially at 1,800,000, and the party appears to be a constant, almost a stable, element in the country's political balance. Just under a quarter of the electorate votes communist, a fact which is probably due less to the efficiency of the party leaders than to the inequitable division of wealth in Italy. The economy progresses but the gap between North and South remains; and, as living standards rise higher and faster in the North, the communist vote moves south.

Numerical stability does not imply that the Italian communist leaders have no worries. However laborious, the beginnings of international *détente* set problems for the party. It is in danger of losing its "peace" platform; and Picasso's dove was a formidable public relations officer. Today the peace partisans are a sad little band of intellectuals. But the main problem is how to keep up a revolutionary party's élan when it no longer expects the revolution. There is a danger that the party officers will settle down to the comfortable life of lazy bureaucrats, and the party degenerate into a system of clientèles. This is Signor Amendola's fear and, as organising secretary, he voiced it most vigorously in the only speech in the whole congress which was addressed to the party and not to the outside world. While Signor Togliatti appears to be thinking in terms of parliamentary manœuvres at the highest level, his lieutenants are concerned with what may happen to the party's rank and file. Like Signor Togliatti, they are worried by the prospect of isolation. Hence Signor Amendola's appeal to intensify action in the trade unions: "The new majority must be formed at the Fiat or not at all." And hence Signor Ingrao's advice to put still more effort into the propaganda for regional autonomy; in this, the Socialists could hardly stand aloof from the Communists.

THE different emphasis used by Signor Togliatti and his lieutenants has been interpreted by outsiders as evidence of conflict. Probably the conflict exists. But there is also a kind of natural division of labour inside the Communist party which enables it, like the Catholic church, to pursue two or more policies at once. Time will show which is the right one. At present the party's main worry is isolation. This is as much a neurosis as an ordinary political preoccupation. The Socialists' repudiation of their "unity of action" pact with the Communists flowed from the events of 1956 which taught the bulk of Italian Socialists the value of freedom and democracy in the western sense. It was a traumatic experience. Since then the Socialists may co-operate with the Communists on town councils and trade unions, but they can never overcome the uneasiness that separates them from the Italian Communist party. Mr Suslov, the Soviet guest of honour, quite failed to understand the nature of the malaise which divides the Italian Socialists from the Communists. He accused the Socialists of having lost faith in the creative energy of the working class. His intervention made things worse for the Communists, who reacted truculently by applauding the Hungarian delegate, Mr Marosan, for his denial of the alleged hangings of 150 young people in Budapest. The denial was not accepted by *Avanti*, and the Hungarian question continues to throw up a wall of fear between the two parties. But, of the two, it is the Communists who are the more afraid. They cannot bear to stand alone.

Greece Under the Peace Offensive

FROM OUR ATHENS CORRESPONDENT

"LET us keep nuclear weapons out of the Balkans," said the Russians. "Why not sign a non-aggression pact, then reduce our armies and save money?" added the Bulgarians. "Can't we all sit at a table and talk it over?" urged the Rumanians. Greece is evidently being subjected by the Communists to a test of negative endurance. How long can this country—an old pioneer in policies of Balkan *entente*—resist the peaceful overtures relentlessly fired by concerted communist propaganda batteries? The first cracks are already showing. Opposition politicians who can hardly be suspected of communist sympathies have been censuring the Greek government for its inflexibly negative attitude. Ever since the so-called spirit of *détente* first glowed on the leaden horizon of international relations, the Greek government has been opposing a stubborn negative to a flow of communist diplomatic notes, personal letters, public speeches, and press interviews. Each contained some bold new offer and a sprinkling of exhortations for closer trade and cultural ties. It has been the longest communist "peace offensive" endured by Greece. Its inexplicable, though brief, interludes of hostility and intimidation lent it a touch of enigma. Despite Greek reticence, the Communists are expected to persevere, at least until the summit conference.

But why pick on Greece? There is a deep-rooted conviction among the Communists that, after six years of bitter litigation with the main western allies over Cyprus, the Greek people's allegiance to the West has weakened. Cyprus is no longer an emotional issue in Greece; and most of the Greeks know precisely on which side of the fence their interests lie. But it cannot be denied that the dispute has left an acrid aftertaste on the popular palate. The communist campaign, largely aided by this subconscious bitterness, was originally designed to keep Greece out of the western chain of nuclear bases. Greece has, at present, decided not to accept the installation of bases; popular reactions, no doubt, were a major factor in this decision.

A sharp decline in Greek agricultural exports introduced something new for the Balkan Communists to exploit. The Greek public's reluctance to consume products from eastern Europe had been holding an expansion of trade with the communist countries in check. Greek farmers, however, who could not care less about the anatomy of economics, reacted sharply on being informed that their tobacco or their oranges, which were rotting away unsold, would be welcome in the markets of eastern Europe. The force of this argument prompted the government to seek more trade with the communist block during 1960; the ceiling of commercial exchanges with the Soviet Union rose by half to $24 million; Greek-Hungarian exchanges were increased by two-thirds to $10.2 million; and trade with Bulgaria was doubled to $4 million.

Greek farmers have again been the object of a communist manœuvre this month. A Bulgarian drive for a general reduction in the size of Balkan armies to save money for social projects was well-timed with a proposal by the pro-communist EDA, the major opposition party, that a scheme for old-age pensions to farmers should be financed from the excessive defence budget. The farmers, of course, were delighted. EDA's help to the communist campaign has been substantial. A large section of the anti-government electorate, left partyless by the downfall of the parliamentary Centre, is largely influenced by EDA's shrewd slogans. This influence has been so effective that all who aspire to gain the support of this large floating vote now feel compelled to advocate pacific, if not pacifist, ideas—and in particular, an active Greek approach to the relaxation of international tension.

While the international outlook remains uncertain, the Greek government is unlikely to be induced to make any experiments. The western powers are certainly unfavourable to any Greek initiatives in the Balkans which might deprive them of bargaining material at the summit. The Karamanlis government is not eager for a precipitate relaxation of tension, being still unprepared to cope with the internal communist problem with anything but police measures. Officially, the motto has been: "No Balkan *rapprochement* until Albania and Bulgaria settle their differences with Greece in bilateral negotiations with agendas fixed in advance." Bulgaria's harassing insistence on a *rapprochement* with Greece can hardly be reconciled with its clumsy temporising over the fulfilment of its peace treaty commitments. Greece has demanded a Bulgarian gesture of good will by the payment of one-eighth of the $45 million of war reparations. Surely just under $6 million should not be too exorbitant a price for peace. And how can Bulgaria's proposal for a reduction in the size of the armies be taken seriously, when it is known to maintain armed forces nearly four times the maximum size allowed it under the peace treaty?

These very real difficulties have not sufficiently impressed the Greek government's opponents. They accuse Mr Karamanlis and his ministers, not of pursuing the wrong policy, but of having no policy at all. They maintain that the international situation has changed radically, while a measure of mutual confidence is setting in. They argue, with ostensible concern, that unless policies are revised, the arrival of a new phase in world relations will inevitably cause the downfall of the Karamanlis government; that Mr Karamanlis does not possess sufficient flexibility to lead the nation in a period of international relaxation. The government, however, remains unmoved. All these arguments are rejected with a contemptuous wave of the hand. As one government supporter put it: "Eisenhower has not fallen; nor has Macmillan. If the summit meeting is a success, why could not Karamanlis accompany King Paul on a visit to Moscow?"

Referendum in Kerala

FROM OUR CORRESPONDENT IN INDIA

WHAT happened in Kerala on February 1st was not an election, but a referendum. The issue was communism, for or against. Party programmes did not matter, China did not come into it, and there were no floating voters. The true independents and the minor parties between them got 2.5 per cent of the vote; the one true independent who won is rejoining the Congress party.

The campaign was of an intensity unprecedented in India. The Communists had 400,000 campaign workers, the United Democratic Front at least as many. Perhaps £1 million was spent by each side. The turnout was correspondingly large; 84.5 per cent, against 67 per cent in 1957, voted; the shy Malayali women went to the polls in greater numbers than their men, queueing from dawn, babes in their arms, wearing their best mundas. In Ottapallam voting reached 98.5 per cent; the lowest percentage was 69.5, in backward Tirur.

The Communists were well beaten; they lost 36 out of their 65 seats. But they got a million more votes than in 1957, a 2 per cent increase, against the anti-communist alliance's gain of only 0.2 per cent. They would have got more had the election not been delayed to permit the correction of the electoral rolls. Communist tampering had been so thorough that the election commission had to strike off half a million bogus voters' names and restore 116,000 wrongly deleted names. In one Calicut constituency alone, 22,000 names had to be struck off; in Devicolam 20,000 had to be restored.

Two years of communist rule brought about a non-communist unity that nothing else has been able to achieve, just as the threat of a communist victory did in Andhra in 1955. From last year's upheaval which forced presidential intervention, a young, active and sanguine Congress party has emerged. Men and women, students and housewives and workers have matched the comrades in tireless canvassing from door to door, so that in India today Kerala alone has a Congress party organisation reminiscent of the heroic days of the independence movement. Unfortunately, the leadership is not impressive and there are many misgivings about the continued unity of the democratic front, especially if the Congress is tempted, now that it has an absolute majority of two in the new state legislature, to try at some stage to govern alone. But so far it is being restrained by the knowledge that it owes many of its seats to Socialist and Muslim votes and that the Communists are still the largest single party in Kerala.

OF the other allies, the Muslim League, which is all-powerful in the Muslim areas of Malabar where it won 11 of the 12 seats it contested, may be content with the Speakership. The Praja Socialist party, which won 20 of the 33 seats it fought, has little hold apart from the towering personality of Mr Patton Thanu Pillai, a septuagenarian who has already been twice chief minister and is about as accommodating as General de Gaulle.

By seniority, ability and prestige, he is entitled to be chief minister, but Mr R. Sankar, the Congress party leader, also has ambitions. For the moment, however, the instinct of survival will keep the alliance united in a coalition. Memories of communist rule and of last year's agitation cannot be erased overnight; and there are 3,200,000 communist votes to remind the forgetful.

The polarisation between the Communists and the non-communists in Kerala is now complete; but it is more communal than economic. The Christians and the Muslims, who are rather more than a third of the population, are solidly anti-communist—the Catholic churches held masses at 4 a.m. on polling day to dedicate voters to the defeat of communism, and Mr Bafaki Thangal, the most important Muslim religious leader, invoked the Koran against it. The Ezhavas—the toddy tappers—and the untouchables, who are also rather more than a third of the population, are equally solidly communist. The balance is held by the Hindu Nairs, a fifth of the population, who range from big landlords to landless labourers and amongst whom there is some genuine class conflict. Hence the key role of the octogenarian Mannath Padmanabhan, whose years of selfless work in the Nair Service Society has given him a unique position in his community. He backed the Communists against the largely Christian Congress in 1957, but was stirred by the preference given to Ezhavas and untouchables during the communist regime into starting the agitation to bring it down. Most objectionable of all to him, as to the church and the Muslims, was a section of the Communists' education bill, which would have forced Ezhava and untouchable teachers on Christian, Muslim, and Nair schools. He is not a politician, but it was he, above all, who created the alliance, and he whose influence may yet be the best guarantee for future anti-communist unity.

Mr Nehru was right. There has been a mass upsurge in Kerala against the Communists. But so far it has been a mass upsurge only of the anti-communists, who have changed, in two and a half years, from benevolent apathy to ferocious opposition. Democracy will not be safe until they can provide a government good enough to win over some of the communist 43 per cent, and fair enough to make the Ezhavas and the untouchables feel that they too have a stake in the social order as it is.

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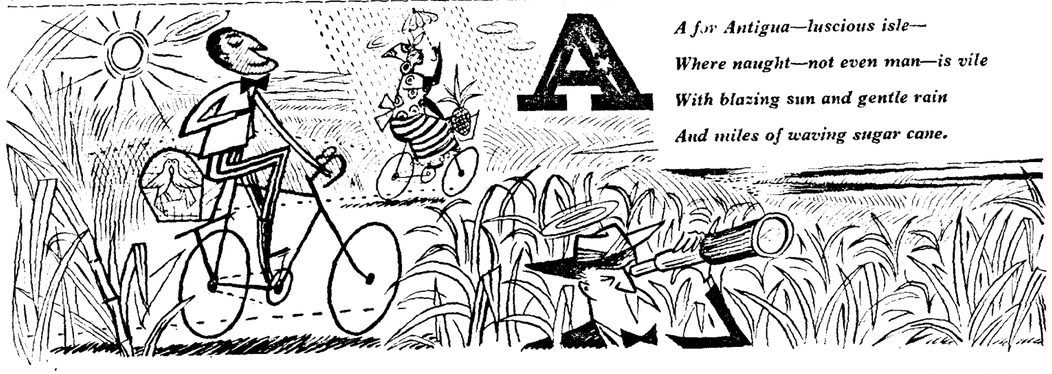
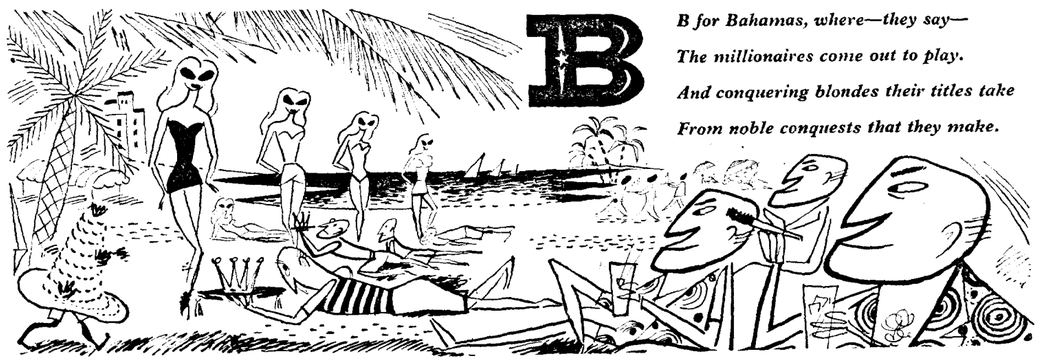


A for Antigua—luscious isle—
Where naught—not even man—is vile
With blazing sun and gentle rain
And miles of waving sugar cane.



B for Bahamas, where—they say—
The millionaires come out to play.
And conquering blondes their titles take
From noble conquests that they make.



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THE BUSINESS WORLD

Nuclear Power in the Sixties

By the end of this year the Central Electricity Generating Board will begin commissioning its first nuclear power stations; but the role of atomic power in Britain during the nineteen sixties now seems likely to be a great deal smaller than that which the Government decided for it a few years ago. When the country's atomic power programme was revised in 1957, it was decided that 5,000 or 6,000 megawatts of nuclear generating plant should be commissioned by the end of 1965. The Generating Board will in fact commission no more than half the upper figure, 3,000 MW of nuclear plant, by 1965. (It may be said in passing that even this will be 50 per cent more than the figure of 2,000 MW of nuclear plant that was proposed in the first nuclear power programme drawn up in 1954.) The programme that called for 6,000 MW by 1965 has in practice been stretched out over a further five years rather than the two years officially admitted; it is not likely to be completed until 1970.

When that programme was first drafted, experts foresaw two possible threats to its fulfilment: that industry might not be able to tackle the vast building programme, and that world production of natural uranium might not be sufficient to meet the fuel needs of a nuclear power programme of this size. They did not foresee the two hidden reefs on which the programme eventually floundered, the swing from prospective shortage to actual surplus of coal and oil and the remarkable economies achieved in the cost of building conventional thermal power stations. As it happens, there is a glut of uranium and world market prices are falling by half as long-term contracts expire; moreover, industry's atomic design staffs and specialised nuclear building plant are under-employed. But the fall in the cost of electricity that will be able to be generated in the newest and most efficient thermal power stations is what counts: it has widened what was expected to be a small difference between nuclear and conventional generating costs into a gulf of 60 per cent which cannot be closed before the mid-1960s and may not be by the end of the decade.

When the Generating Board's Bradwell and Berkeley nuclear power stations come to be commissioned in 1960-61, their generating costs are expected to work out at 0.81 and 0.86 pence per kilowatt hour respectively. When the Hinckley Point power station comes to be commissoned the year after, its costs should show some improvement, falling to 0.74d. a unit. The next station, at Trawsfynnyd, might show costs as low as 0.65d. to 0.7d. a unit; and the last two stations in the current programme, those to be built at Dungeness and Sizewell, might be able to generate electricity for 0.60d. or, at the worst, 0.65d. a unit. But during the same period, the Generating Board will be commissioning new coal-fired thermal power stations that will be generating electricity in 1962 at 0.54d. a unit, against Hinkley Point's 0.74d.; by 1963 new thermal plants will be generating power at 0.51d. a unit and in the second half of the decade they might easily bring costs down towards 0.4d. (The comparisons, and not the over-precise figuring, are what matter here: and the comparisons depend on the assumption that ruling coal and oil prices rise no more than those entering into capital construction.) In these circumstances how, if ever, is nuclear power going to compete?

There are two ways in which it can do this: technical innovation and a judicious policy on nuclear fuels. It is futile for the atomic energy industry to sit back and hope that another fuel crisis will save its bacon. Whatever might happen in subsequent decades, any discussion of the place of atomic power in the nineteen-sixties must now begin over again from the assumption that a world surplus of conventional fuels, leading to tooth-and-claw competition between coal and oil, will prevent any rapid rise in the prices of either over the next few years.

Technical innovations in reactor design are the only means by which engineers can bring down the crippling cost of building nuclear power stations. Four years ago, when the revised programme was announced, the Minister of Power estimated that it would cost the Generating Board between £700 and £800 million more to build 6,000 megawatts of nuclear plant than to install the same amount of coal-burning plant. By halving the rate of nuclear building, the Generating Board may well have saved itself half this extra capital sum: it has at the least posponed much of the extra capital cost. The board has put the price of its first nuclear power stations at £145 a kilowatt (including some site work for which the power station contractor is not responsible, but leaving out any loss the contractor may incur if the stations cost more). The tender price of the first stations was between £125 and £130 a kilowatt. This figure has been brought down progressively to £104 at Trawsfynnyd; tenders for the Dungeness and Sizewell stations are expected to lie between £95 and £100 a kilowatt, although some engineers have talked of sums as low as £92 a kilowatt. Lower than this it seems impossible for the present type of station to go.

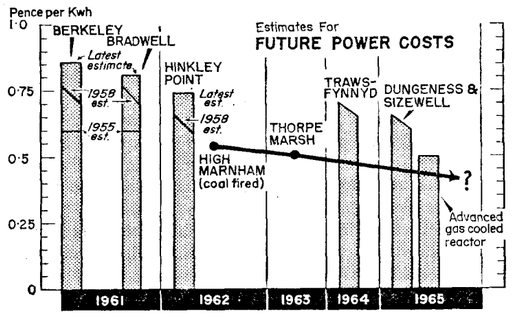
But if the present Calder Hall design of station is abandoned, and natural uranium fuel replaced by mildly enriched uranium, further reductions are possible. Calder Hall and the "Magnox" designs of commercial power station based upon it are the original gas-cooled reactors. From them has been evolved the advanced gas-cooled reactor now being built in prototype form at Windscale. The use of enriched fuel allows higher gas temperatures and pressures; this brings down the size of the reactor, required for a given output, which should reduce capital costs to somewhere in the region of £75 a kilowatt. This is still nearly twice as high as a modern coal-fired station; one on order, which should be commissioned in 1963, two years before the first commercial advanced gas-cooled reactor could be ready, has been fixed at £39 a kilowatt. This is formidable competition for any nuclear reactor, but if certain theoretical calculations about the behaviour of fuel in an advanced gas-cooled reactor stand up to test, a 300-megawatt nuclear power station built on this principle should be able to produce electricity at about 0.5 pence per unit, which should be roughly equal to the cost of electricity from a good coal-fired power station commissioned at the same time.

There are two points to note about these estimates. The first is that they contain a large element of theoretical assumption—about, in particular, fuel behaviour—which scientists have not had time to confirm experimentally. The second point is that the estimates are based upon very big power stations, with an electrical capacity of 300 megawatts. The economies of both coal-fired and nuclear stations depend primarily on size. Costs in the former have been brought down by increasing the size of new generator sets from a standard of 60 megawatts to sets progressively ranging from 250 to 550 megawatts. Low costs in nuclear power still depend on big reactors that are already of this order of size: there may not be much room for economies of even bigger scale in more advanced reactors. Moreover, even these promise to compete only on base load; and there are limits to the amount of base load—i.e. fairly continuous demand—that can be counted on in any practicable expansion of the electricity system, unless the electricity boards become much more successful in selling off-peak power, and encouraging development of equipment to use it, than they are so far.

THE arrival of the commercial advanced gas-cooled reactor in the second half of the nineteen sixties, and of its successor, the fast breeder reactor, moreover raises important questions of policy towards nuclear fuels. The Atomic Energy Authority is reasonably certain that it will learn enough from its prototype AGR at Windscale for industry to start building advanced gas-cooled reactors for the Generating Board some time in 1962 or 1963, for commissioning after 1965. But by about 1965, the nuclear stations will begin to have an appreciable output of plutonium as a by-product, working up steadily to an annual output of two to three tons a year. Until the latter part of the sixties, much of this output will be sold to the United States, but by the turn of the decade the Generating Board will need a plutonium-nuclear power station which can burn this plutonium economically.

The two types of reactor likely to be on the stocks for that date are commercial versions of the fast breeder reactor at Dounreay and of the high temperature gas-cooled reactor at Winfrith Heath (if the advanced gas-cooled reactor might be crudely described as a Mark II version of Calder Hall, this one could be called Mark III). There are doubts whether this type of gas-cooled reactor will burn plutonium successfully. The fast breeder, on the other hand, is only really happy when it is burning plutonium, and for this reason the Atomic Energy Authority is anxious to build a modified version of Dounreay on the scale of a small 60-megawatt power station. The Dounreay prototype will not provide enough data for designing such a 60 mw station before 1963, and the 60 mw station could hardly be finished until 1966 or 1967. Commercial versions might be ready in another four to five years, in time to catch up with accumulating supplies of plutonium. At a guess, and at this stage it can only be a guess, the capital cost of such a power station might be between £50 and £60 a kilowatt, and its generating costs somewhere between 0.4d. and 0.5d. a unit, low enough to keep pace—on base load—with falling generating costs in coal-fired stations which may come close to 0.4d. a unit by the latter part of the 1960s.

This is one aspect of nuclear fuel policy. The other concerns uranium fuel prices. The Government and the Atomic



Diagonal lines indicate range of costs

Energy Authority between them owe the electricity industry an apology for having saddled it with the world's highest uranium bill. Britain entered into long-term uranium contracts in the nineteen fifties in the belief that uranium would be scarce. High prices encouraged exploration, rising output led to glut; now, as contracts fall in, the free market price is tumbling from £11,000 per ton of uranium oxide towards £6,000 a ton. But Britain's contracts, being the longest of all, run until the middle 1960s. When they expire, and when the first nuclear power stations come to refuel (which happens only once every four years), their generating costs will automatically fall by 0.05d. a unit. If the Hinkley Point power station, for example, could buy its uranium on the open market, the station's costs would be reduced from 0.74d. to the more acceptable figure of 0.69d., which is not so far off the Generating Board's average, although it is well above the performance of a good new thermal station.

This mistake must not be repeated for the next generation—the advanced gas-cooled reactors. These will use enriched fuel which, because it needs large amounts of electricity for its enrichment, costs three times as much to produce in Britain as it does in the cheap electricity districts of the United States. Such a power station using fuel enriched in Britain might produce electricity at 0.5d. a unit, approaching parity with new thermal stations. But using American fuel, its costs would be lower, somewhere in the region of 0.46d. or 0.47d. This should allow it to keep pace with the coal or oil station costs of 0.4d.-0.5d. a unit which have been postulated above for the late sixties; moreover, if history is any guide, the new kind of power unit should have far more room for improvement with experience in design than the older ones. There is enough capacity for nuclear fuel enrichment in the United States to support a British nuclear power programme based on imported American fuel; nor is there any reason to think that the present price quoted by the US government is an artificial, subsidised one liable to arbitrary fluctuations. Since uranium is in any case an imported fuel, there can be no sensible objection to importing it in a semi-manufactured form from America, especially since only part of the nuclear power capacity would be based on the type of reactor that needs it.

It is important to remember that the choice which faces the Generating Board, when and if nuclear power becomes competitive, will always be between a form of power with extremely high capital costs and modest fuel costs, and one where capital requirements are modest, but fuel costs relatively high. This has an immediate consequence in the loading of the electricity system; none of the nuclear designs now in prospect could compete even at the average load factor on the system of, say, 45 per cent, and ordinarily they would have to be used much less continuously even than that as newer and more efficient plants, nuclear or conventional, supplant them on base load. But it also has broader implications in an economy where capital is scarce. To sweeten this pill, the nuclear power station needs to achieve real savings in total generating costs over the equivalent thermal station to make it worth while. By trial and error, nuclear engineers may reach this stage towards the end of the nineteen-sixties; but their competitive future does not rest entirely with them.

Export Prospects This Year

Exports could show a big increase—if prices and deliveries are right

NOT so much is heard nowadays about Britain pricing itself out of world markets, or about delayed deliveries, bad sales promotion and servicing. No one would claim that every British exporter is on his toes, but a lot of them are. Exporters last year sold a record £3,326 million of British goods, 4 per cent more in volume than in 1958, and sent 23 per cent more goods into the North American market. They cannot be called uncompetitive; but not all are as competitive and venturesome as one would like.

The unpalatable fact is that Britain's share of trade is still declining. In 1958 Britain's share of world exports of manufactures fell only slightly, from 18.1 to 17.9 per cent (the world total itself fell by 1½ per cent), but between the first nine months of 1958 and 1959 (when world trade was rapidly expanding) its share fell more sharply, from 18.2 to 17.6 per cent.

Given a belief in multilateral trade, the recognition of the need of Commonwealth and ex-colonial countries to widen their own export opportunities by accepting greater foreign supplies in their own markets, and the aspirations of under-developed countries eventually to become exporters of manufactures, it must follow that some decline in Britain's share of trade in traditional markets is acceptable. But one could hope that such losses could be offset by bigger trade with other countries, such as the United States and Germany. Britain has increased its share in both those markets, but has not gained enough ground there and elsewhere to maintain its share in world trade as a whole. It is not yet a case of having to make room for the manufactures of under-developed countries (save in textiles); the squeeze is coming from other industrialised countries, notably Germany, which are expanding their exports faster than we are.

Britain's share of sterling markets fell from 57½ to 50½ per cent between 1954 and 1958, while Germany's increased from 7½ to 12¼ per cent. In western European markets, where Germany enjoys advantages analogous to those of Britain in the sterling area, Germany's share went up from 25½ to over 29 per cent, while Britain's fell from about 16½ to just under 13 per cent. In the United States, where both countries compete on an equal footing, Britain's share rose sharply from 11 to 14½ per cent, while Germany, with a share of only 9½ per cent in 1954, was up to Britain's level by 1958.

Germany pushed Britain from second place among the world's exporters of manufactures in 1958, and increased its share of the trade from 17½ to 18½ per cent. Between the first nine months of 1958 and 1959 Germany drew further ahead, sending abroad $6,153 million worth of manufactures, nearly $400 million more than Britain, and increasing its share further to 18.8 per cent. Several other European countries, notably France, also obtained a larger share. Devaluation helped France to raise its share from 8.3 to 9 per cent between the first nine months of 1958 and 1959. Japan did best of all, its share rising from 5.9 to 6½ per cent, while the United States, the leading exporter, lost more ground than Britain did, with its share dropping from 23.6 to 22 per cent.

NOWADAYS Britain would have to run faster in the export markets merely to stay in the same place. Germany was never so dependent on exports of textiles as Britain; before the war textiles provided almost one-quarter of all British exports (with coal, not a "manufacture," providing another 8 per cent). The inevitable decline in textile exports has reduced their contribution to total British exports to under 9 per cent and exports of coal have almost disappeared. But Germany has largely surmounted losses of a different kind. Cut off from its eastern territories, which before the war provided roughly a third of all Germany's exports, the Federal

Republic has nevertheless raised its share of world trade to within four percentage points of Germany's prewar share of 22.7 per cent. Britain's has come down from 22 per cent to 17½ per cent.

The British switch from textiles to other goods, largely engineering products, has not been rapid enough to maintain its share of trade, but the effort is impressive all the same. By 1959 engineering products accounted for 44 per cent of total British exports, more than twice as much as the prewar share; the share of chemicals has risen by a third to nearly 9 per cent, while petroleum's share, though still small, has trebled to 3 per cent.

The engineering industries did well again last year: their exports increased by £84 millions, or 6 per cent, and contributed more than half of the total increase of £154 million in British exports. Some British industries had the edge on their competitors in Germany and elsewhere. Between the first half of 1958 and 1959, British manufacturers of non-electric machinery increased their exports by $56 million to $866 million, and increased their share of world trade in these goods by a percentage point to 20.3 per cent. Their two big rivals both lost ground. Germany's exports were unchanged at $914 million, but its share declined, while United States exports dropped by $64 million to $1,475 million, and its share dropped by two percentage points to 34½.

British motor manufacturers also increased their exports between the first half of 1958 and 1959, particularly of cars and chassis, but not quite enough to hold their share of this trade; exports from Germany and France rose faster than the world average. British exports of chemicals increased faster than the world average, but Germany's went up faster still. In electrical equipment, metals and manufactures of metal, Britain's share fell while Germany's rose, and Britain also suffered a further reverse in textiles, on this occasion at the hands of other European exporters rather than Japan.

WORLD prospects clearly offer scope for a bigger increase in British exports this year than last. Production in North America and western Europe should go on rising at roughly the same rate as in 1959, generating a further increase in demand for manufactures and primary products. The export earnings of the overseas sterling countries showed a marked recovery in the second quarter of 1959, rising faster than those of other primary producers, as they had fallen more steeply during the recession. By the third quarter their earnings were probably about 15 per cent higher than a year before, owing mainly to the increase in volume. Britain felt the benefit in the fourth quarter, when its exports to all sterling countries were about 5 per cent higher than in the fourth quarter of 1958. This year Britain should fare even better in the sterling area than the non-sterling world, in sharp contrast to 1959, when British exports to the sterling area fell by 4 per cent to £1,341 million, whereas exports to non-sterling countries rose by 12 per cent to £1,985 million.

Competition will determine how well Britain exploits its opportunities. British export prices held steady in the first half of the year while German and American prices fell slightly. Towards the end of the year British prices were creeping up. The trend will have to be watched, though the risk that British prices and deliveries will get out of line does not seem great. Industry in the United States and Germany is likely to be under much the same pressure as British industry this year.

Britain cannot hope to repeat last year's gain of 33 per cent in exports to the United States. As its exports get bigger, the rate of increase must fall—as in the fourth quarter, when shipments to the United States were 17 per cent higher than a year before. But a substantial increase is likely. Motor cars accounted for no more than a third of the total increase of £108 million to £567 million in exports to North America last year. So if sales of British (and other European) cars in that market suffer from the introduction of the new American compact cars, the effect on Britain's total earnings there should not be great. The new compact cars could also strengthen American competition in other markets, if Detroit decides to make a vigorous effort abroad.

It would also be prudent to assume some slackening in the rate of increase in British exports to western Europe, which in the fourth quarter were running 17 per cent above the level of a year ago. But over the whole year the increase could be close to last year's gain of 9 per cent. Britain will not suffer appreciably from the existing degree of tariff and quota discrimination in the Common Market, nor benefit appreciably from the Free Trade Association, which does not start until July 1st. Prodded by the Board of Trade, British exporters have proved by their efforts in Germany, as in the United States, that competitive economies offer great scope for exchanges of specialities. Germany is now Britain's sixth largest market, and the second largest (after the United States) outside the Commonwealth.

Putting all the pieces together, it seems reasonable to guess that British exports this year could rise in volume by about 8 per cent, or twice as much as in 1959. Exports will open to a flying start: in the fourth quarter they were running 10 per cent above the level of a year ago, and the recovery did not start until the second quarter of 1959. The rate of increase, comparing each quarter with that of a year ago, can be expected to slacken as 1960 runs on, but the average rate of increase would still be going up. A gain of more than 8 per cent for 1960 as a whole over 1959 is possible, if British prices and deliveries are right.

HOW EXPORTS FARED LAST YEAR

BRITISH EXPORTS BY COMMODITIES AND MARKETS

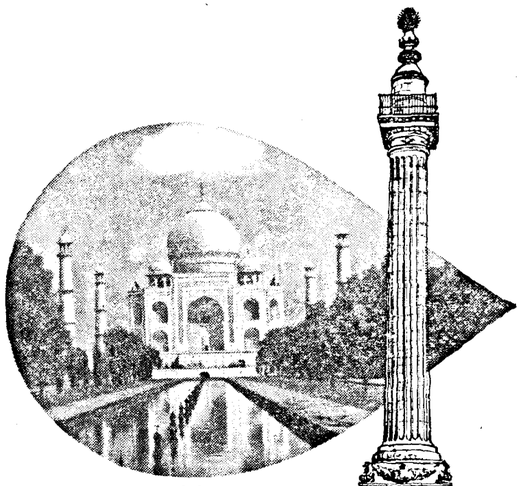
	1958 (£ million)	1959 (£ million)		1958 (£ million)	1959 (£ million)
Total	3,172	3,326	North America	460	567
Engineering products	1,388	1,467	Latin America	158	154
Non-electric machinery	516	561	Western Europe	832	911
Electric machinery	222	232	Common Market	417	462
Motor vehicles & chassis	267	318	Free Trade Assn.	318	346
Metals	432	430	Soviet Eastern Europe	45	61
Textiles (incl. wool tops)	293	288	Other non-sterling	292	292
Other manufactures	597	648	Total non-sterling	1,780	1,985
Chemicals	261	293	Sterling area	1,392	1,341

COMPOSITION OF BRITISH EXPORTS

	1935/38 (Per cent)	1959 (Per cent)
Engineering products	20·1	44·1
Metals	13·4	13·5
Textiles	24·0	8·7
Chemicals	6·3	8·8
Other manufactures	11·9	10·5
Coal	8·0	0·7
Petroleum	1·0	2·9
Foods & tobacco	7·4	5·7
Other	7·9	5·0

SHARE OF WORLD EXPORTS OF MANUFACTURES

	1954	1957	1958 Jan./Sept.	1959 Jan./Sept.
World total—($ million)	29,813	42,664	30,864	32,666
Share per cent:				
United States	25·1	25·4	23·6	22·1
Germany	14·8	17·5	18·3	18·8
Britain	20·4	18·1	18·2	17·6
Japan	4·7	5·9	5·9	6·5
British share of certain markets:				(1959)
United States	11·0	13·3	14·4	
western Europe	16·4	13·3	12·9	
Sterling area	57·5	49·9	50·6	



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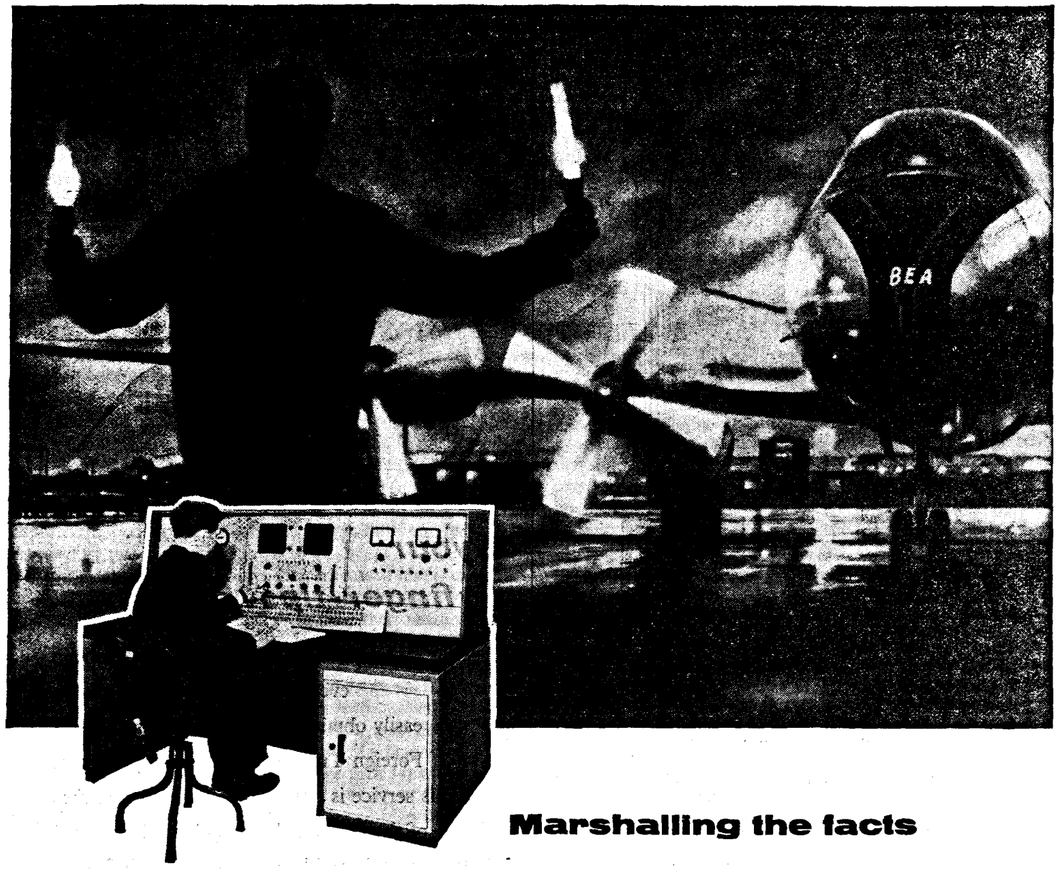

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BUSINESS NOTES

THE RAIL STRIKE

Industry Prepares

BRITISH industry has not previously experienced a rail strike in quite the same circumstances as may occur next week if the National Union of Railwaymen do come out. The last time there was a complete rail shut-down was in the twenties when road haulage was in its infancy. Today, four times as much freight of all kinds, measured by tonnage, goes by road as goes by rail, though for longer hauls and the bulkier and heavier goods rail is still the major or the only carrier. At the time of the last railway strike, in the summer of 1955, it was the union representing the majority of footplate men that came out. The NUR stayed at work, and the railways managed to carry about a third of the normal volume of freight in about a fifth of the normal number of trains. Since practically all signalmen are NUR members the stoppage now may be almost total. Army sappers, if the Government decided to call them in, would be of only marginal help, and "guards" would still have to be found for any trains that were run either normally so, say, at time intervals during daylight.

Industry emerged from the 17-day rail strike five years ago, which coincided with a longer stoppage at ports, with little real disorganisation. The loss of output in coal, steel and parts of heavy engineering was quite small. This time, too, most steel mills have two or more weeks' supply of their raw materials in stock, and those most dependent upon rail-borne supplies have more in hand. But difficulties in getting the heavier finished products to their customers might lead to a paring down of output quite early on.

If fewer or no trains ran this time, the coal industry could also meet trouble somewhat earlier. Many of the larger pits need a continual supply of wagons (some of which the industry owns and operates itself) to clear newly mined coal from the pit-head: the Coal Board is likely to find that a rail strike is one sure way of attaining its objective of getting output down. Coal stocks held by industry could last, in general, for two to three weeks: although undistributed stocks are very high, most coal (four-fifths of the total, or 3½ million tons a week) is normally moved to users by rail. Supplies of house coal would run out more quickly, particularly if a cold snap occurs. Merchants, on average, have about 1½ weeks' supply in stock: there are enormous coke supplies in the country, but just how much coke could be offered to householders depends upon what could be done to move it by road. Stocks of most refined petroleum products are said to be "at maximum," at least in areas that depend appreciably on rail-borne supplies.

Most of the rest of industry has already learnt what it can do, with convenience or by improvisation (if other unions are prepared to co-operate), to use road instead of rail. There is no doubt that road transport still has capacity to spare, particularly if "C" licensees are again allowed to take other firms' goods. Of the foodstuffs, fish and milk are the most vulnerable to a rail stoppage. For fish, the problem will be one of shifting supplies from the ports; difficulties in milk supplies are likely to occur mainly in the London area, where a third comes in by rail, but it is thought that improvisation can close the gap to about a ninth, 100,000 gallons a day, or even less. Perhaps the business activity that will be most sadly hit next week, aside possibly from some London offices, will be the British Toy Fair at Brighton: its trains will still be running, but few may be able to get there to see them.

IN THE MARKETS

Success Under a Shadow

WITH the railway strike casting its shadow across the stock market, the volume of trading this week has been light, fewer bargains being marked on Wednesday than on any other day since the election. Equity prices have followed the twists and turns in the negotiations, losing support at the moments when the strike appeared to be on and becoming firmer again when any prospect of a settlement emerged. The outcome of these shifts and changes is that *The Economist* indicator fell by 4.9 points to 364.6 in the week to last Wednesday. The trend in the industrial market still seems to be downwards and that in the fixed interest market gently upwards; in this market there has again been some buying of medium dated gilt-edged stocks, though not of the long dated issues.

The undertone in the fixed interest market, strike or not, has remained firm and three new stocks have been successfully launched. The attractive 6 per cent coupon on the £4½ million issue of unsecured loan stock, 1980-85 issued at par by Decca Record brought in applications exceeding £26 million and dealings began at a point premium. Australia's £12 million 5½ per cent stock, 1977-80, at 99 was judged to be fairly priced in comparison with existing issues but it was hardly one to excite the stags. But the demand from investors secured its over-subscription and applications for over £1,500 of stock were scaled down to about 68 per cent. Dealings began on Thursday at $\frac{1}{16}$ discount but the price quickly improved to $\frac{3}{16}$ premium. On that day the offer by Tate and Lyle of £5 million of a 5¼ per cent debenture stock, 1980-85, at 98½ was over-subscribed several times.

Wall Street Uneasy

A Correspondent on Wall Street writes:

SINCE the Dow Jones average touched its peak of 685 early in January, equity prices have fallen on Wall Street by almost 10 per cent. The Dow Jones average fell below 620 before the weekend and though prices have steadied a little since, dealers and investors are still worried. The last rites have not been formerly said over the bull market but a growing number of investors now believe that the peak will not be surpassed this year. Institutional investors are no longer committed to a policy of putting an increasing portion of their new funds into equities and are turning their attention to high yielding fixed income securities.

One reason for this uneasiness about equities is that there is a growing belief that business activity, though it will be at a high level, will be less buoyant than had been expected. Certainly, the economy did not this year get off to the flying start that had been anticipated. Even so, many members of Wall Street are not expecting a really prolonged fall in prices, arguing that the market is likely to steady itself, if and when the Dow Jones index falls below 600. Some stocks at their present prices are offering yields of 5 per cent and there are issues in the steel, airline, chemical and oil industries which are already described as being oversold.

FOREIGN EXCHANGES

Sterling and Strike Threats

STERLING has this week stood up to strike fears with remarkable equanimity. This has not been due to greater optimism in the foreign exchange market than elsewhere, but to the exceptionally strong technical position of sterling. Merchants and bankers on the Continent and in New York appear to be exceptionally short of sterling. The tightening of credit and the increase of interest rates in London is making it difficult for supplies of sterling to be replenished. As a result, sterling has been firm in the spot market against dollars and most Continental

currencies. Without any evidence of support from the Exchange Equalisation Account it has been held at about $2.8030.

The underlying strength of sterling has been particularly reflected in the forward market. Although the relative levels of short-term interest rates in London and New York should give the forward dollar a premium equivalent to a rate of about ¾ per cent per annum, the rates quoted this week represent a premium of only ¼ per cent. The only evidence of weakening of sterling has been in the market for security dollars where the premium has widened this week from 3¼ to 4¼ per cent.

The bullion market reports exceptionally active business in gold, some of it on Far Eastern and South American account, and the dollar equivalent gold price has remained firm at around $35.10. At this figure central banking appetite for gold, which has in recent months provided much of the demand for the metal, tends to be discouraged, since the price at which central banks can obtain gold from the US Treasury is $35.08¾. There are, however, still instances of central bank purchases in London at prices higher than this US parity. This is due to the fact that certain central banks still retain some diffidence about converting dollars into gold openly through official channels in the United States. They prefer the anonimity of the London market, even if it be slightly dearer.

DEVELOPMENT DISTRICTS

Pruning the List

THE Board of Trade's list of new "development districts," in which industrial and commercial projects may qualify for government assistance when the Local Employment Bill becomes law (which will probably be April 1st), looks a good deal more realistic than the "Datac" list of places that have been eligible for financial help since 1958. It is shorter and covers a little less of the country. The 1945 vintage development areas and the Datac (for Development Areas Treasury Advisory Committee) "development places," which will both be deprived of their old status by the Act, covered between them about 20 per cent of the total insured working population in Britain. Effectively the figure is now lower: nearer 14 per cent, since parts of the older development areas have been "administratively de-scheduled" as the need for government aid there has receded. The new list, in comparison, covers areas where about 12 per cent of the insured population live.

But ten of the forty-two new districts are located on Clydeside and Merseyside, and on the north-east coast about Tyneside (excluding Newcastle and Gateshead and, on the Tees, Middlesbrough and Stockton which were in the old north-east development area). These ten account for just over half of the total number of insured workers in the forty-two new districts. The other thirty-two districts are a mixed assortment of problem mining areas, like the Rhondda; places hit by defence economies, such as Sheerness; the least prosperous seaside towns with seasonal difficulties, such as Rhyl, Margate, and Blackpool; and the country's depopulated fringes, Cornwall (most of it), Anglesey, and the Scottish highlands and islands, which would probably be the cause of more trouble off the list than on it. The cotton belt, not surprisingly, many of the seaside resorts, and a dozen or so other towns that were put on the "Datac" list, do not appear on the new one; nor do the prosperous parts of the development areas. On the other hand ten new districts, mainly where coal mines are being closed down, have now been included.

Changes in the Rules

THIS reshuffling of the areas reckoned as deserving help follows, in the main, the differences in the criteria in the new and old legislation. To qualify a district must be suffering from a rate of unemployment that is both high and likely to persist (the measure of what is high, apparently, is now to be 4½ per cent instead of 4 per cent). An area may also now become eligible if such a degree of unemployment appears to the Board of Trade to be imminent, though Mr Maudling has revised the wording of the bill to read "is expected within such a period that it is expedient to exercise the . . . powers." Several other changes were made to the bill before it went to the House of Lords. The Board of Trade is now to be obliged to produce an annual report on its use of the powers under the bill, and the idea of having a co-ordinating committee between the board and the three management corporations that are to run the industrial estates in the old development areas (and any new ones built) has sensibly been dropped.

Two additional points have been written into the list of points the board must pay attention to in deciding where and how it may grant assistance. It has now to pay regard "to the proper diversification of industry" in a district, and "to the circumstances [not only] of the district generally [but also] of any particular description of persons" in it. The reference to "diversification" was as far as the Government was prepared to go to meet the opposition's pressure for the retention in the bill of some concept of a "proper distribution of industry" (which still has some theoretical relevance to the granting of industrial development certificates).

But the principal features of the bill passed the Commons intact. If the Government is successful in confining the list of development districts to roughly the present number and size, removing places from the list as often as it adds to it, then a policy of inducing industry to move to areas where it might reasonably do so might work out satisfactorily. Mr Maudling was wise to keep his list of districts to himself until the bill had left the solicitous hands of MPs.

BUSINESS BAROMETER

High Pressure

WITH its seventh inquiry, of which it published the results this week, the Federation of British Industries now completes its second year of sampling businessmen's confidence and current experience by the technique of asking them to answer "Up," "Same" or "Down" to a series of questions about factors in their operations. Their innovation (for this country) has provided one of the most generally welcomed additions to business indicators of recent years. It is refreshingly rapid in collection and publication (from sending out the questionnaire to announcement of results takes about three weeks); it seems still to be answered in many cases by people right at the top of the 700-750 companies co-operating; and, being obviously a matter of opinion and not too directly quantitative, it is not open to the anxious marginal comparisons or the disconcerting revisions that many other economic indicators are.

HOW BUSINESSMEN SAW IT

	Percentage majority reporting "Up" (+) or "Down" (−) in four months to			
	Feb., 1959	June, 1959	Oct., 1959	Feb., 1960
Hours worked	− 9	+14	+25	+18
Employment	− 9	+ 9	+25	+28
Output	+ 6	+34	+45	+45
New orders	+ 5	+37	+37	+46
Export orders	−13	+ 8	+ 9	+18
Export deliveries	−14	+ 8	+13	+15
Length of order book	−16	+12	+26	+31
Stocks:				
Materials	−18	− 4	+ 4	+15
In progress	+4	+17	+26	+29
Finished		+ 1	−12	− 4
Investment expected:				
Buildings	−22	−14	−11	+ 6
Plant	− 9	Nil	+10	+26
Per cent working to capacity	20	38	50	53

At the beginning of February, according to the latest inquiry, businessmen's confidence was verging on the jubilant. Some 97 per cent of them remained as optimistic about the general business situation as they had been in October: 48 per cent were even more so. Among their answers (set out in the table) there were few surprises, except perhaps that 45 per cent said they were still working below capacity. Rather larger majorities than in October of those reporting any change were reporting higher output, rates of ordering, order books, and —in particular—capital investment; and a new question shows that by now these more ambitious plans of investment are being translated into higher orders for capital equipment.

ANOTHER CITY MERGER

Lazards-de Stein

THE recent tendency towards concentration in the City's issuing and merchant banking business will be carried an important stage further in mid-April, when a "complete merger" will take place between the businesses of Lazard Brothers & Co. Ltd. and Edward de Stein & Co. Since both houses are private undertakings—de Stein is still a partnership—neither the details of the merger terms nor the amounts of resources involved are being disclosed. As, however, it has been stated that the capital of Lazard Bros. (last disclosed at rather over £2½ million, paid up) will not be altered by the operation, it can be presumed that the consideration for the transfer of the de Stein interests will be cash.

The immediate cause of the merger evidently was the desire of Sir Edward de Stein, founder and dominant partner of the smaller house, which dates from the early nineteen-twenties, to curtail his business activities; he is 74. But the wider justification for the fusion with Lazards lies in the largely complementary nature of the two businesses, and the personal associations that have subsisted between them. Lazard Bros. is one of the great international banking houses of the City; it dates from 1877, and was originally an offshoot of the Paris house, Lazard Freres & Cie, which in turn stemmed from New Orleans. During the period between the wars—and incidentally after the acquisition of a large controlling interest in it by S. Pearson & Son, the private company representing the first Lord Cowdray—new activities were added to the traditional international ones, especially in the spheres of investment banking and industrial issues. The de Stein business was developed in these same domestic spheres, with different but important industrial connections, and it has also specialised in investment trust and property trust management, a sphere that has not hitherto been entered by Lazards. Sir Edward de Stein and his six partners will now join the Lazards' board under the chairmanship of Lord Kindersley, and five of them will become fulltime managing directors, making fourteen such directors in all.

The other recent City mergers of importance were those of S. G. Warburg & Co. with Seligman Bros. in 1957 and of Philip Hill, Higginson with Erlangers last summer.

CHARITIES BILL

Common Investment

ON behalf of about 85,000 charities, the Official Trustees of Charitable Funds hold between £140 million and £145 million of securities (predominantly gilt-edged stocks). Professor Victor Morgan has recently estimated that other charities hold over £500 million in securities. The latter figure is very tentative and all that is certain is that only a small number of charities have large individual funds. Many of the trustees of other charities have little investment experience; most of the old ones are confined to gilt-edged stocks by the present Trustee Act; and almost all of them are too small to secure an effective spread of investments.

A new Trustee Act will eventually tackle the problem of freedom of choice in investments and the new Charities Bill grapples with the problem of size. This bill empowers the Charity Commissioners, on the application of any two or more charities, to establish a common investment fund for them in which the charities will have an aliquot share in the fund and its income and in which they can also put their moneys on deposit. The charities can either manage these funds themselves or ask the official custodian of charities, assisted by a panel of investment advisers, to do so for them. There is no suggestion in the bill that the charities coming together in a fund must have a common purpose; indeed, under its provisions, it would be just as easy for a county or a city to set up a fund for its many and diverse charities as it would be, say, for the National Association of Almshouses to do so. Common funds, however, only make sense where the charities have the same investment aims in view and, in practice, that would suggest a grouping of charities that have a common purpose. These common funds will themselves be charities, as obviously they must be for tax purposes, and a donor will be free either to make his gift to his favourite charity or to the fund.

The trend in recent legislation (as in the Universities and Colleges Act and the Church of Scotland Act), in legal decisions (as in the Royal Society case about five years ago) and in administrative acts has been to promote the pooling of investments by charities. How attractive the idea is to trustees can be seen in the response to the establishment of a common pool, run on unit trust lines, for charities designed to further the objects of the Church of England. A bill permitting the setting-up of this fund received the Royal Assent in the spring of 1958. Last November the fund held £8 million in securities and had £2¾ million deposited with it. The new Charities Bill now makes it possible for all charities to secure the advantages in investment already enjoyed by Church charities and a few others. The pooling of charitable funds plus a new Trustee Act should ensure much greater flexibility in their investment policies and it may promote much more of a professional spirit in the management of these funds.

ANGLO-JAPANESE TRADE

Just Horse-trading?

THE Anglo-Japanese trade talks that opened in London this week are given fresh point by the progressive removal of British controls on imports from all countries except Japan and the Communist world. This has effectively extended discrimination against Japanese goods, and though Japan can hardly hope to be placed on an equal footing with the rest of the free world, it will certainly press for more equal treatment. Japan does not discriminate much against British goods, but the relaxations it made recently have not significantly increased British opportunities in that market. Last year Britain's imports from Japan rose by £8 million to £43 million, partly because canned salmon, which accounts for half the total, was freed in September, 1958; while British exports recovered sharply by nearly £13 million to £32 million, largely reflecting the industrial recovery in Japan.

Britain restricts imports of a wide range of Japanese consumer goods, but of hardly any capital goods. The import quotas now under negotiation cover principally cotton and rayon fabrics, pottery, sewing machines, cameras, bicycles and radios and radio components including transistors. Japan will no doubt claim that the quota for cameras protects German rather than British manufacturers, and might also argue that the restrictions on toys, flashlights, sports goods and the like serve to protect Hongkong manufacturers as well as British. Pressed during the Gatt negotiations in Tokyo last autumn to relax its own protectionist import policy, Japan has taken a few steps along the path of virtue and intends to take more, but it reserves the right to withhold liberalisation from countries that discriminate against it.

Plainly there is some scope for horse-trading at the present talks, but must that be all? The occasion could also be used for taking a fresh look at the obstacles to a Treaty of Commerce and Navigation, negotiations for which have been going on intermittently for years. One day Britain—and other countries that have refused to extend full Gatt rights to Japan—must adopt a positive, instead of purely negative, policy. Britain recognises its duty to allow the under-developed countries to earn a living in world markets by the sale of manufactures. Japan is not an under-developed country, but because its exports are still cheap (though of better quality than before the war) it really stands at their head. If Britain refuses to open the door wider to Japanese goods, will the under-developed countries have much confidence in the promises made to them?

HIRE PURCHASE

Warranties and Conditions

THE Court of Appeal this week, reversing a decision given at Southport County Court, allowed a claim for damages against a hire purchase finance company by a motorist who had been supplied with an unroadworthy car the purchase being

financed by a hire purchase agreement with the company. The condition of the car was not in dispute: Lombank Ltd., the company in question, relied on a clause in the printed conditions of the agreement by which the hirer acknowledged that he or she (the purchaser was in this case a Southport widow) had examined the goods and had found them "of good and merchantable quality," and "had not made known to the owners expressly or by implication the particular purpose for which the goods are required." It also contended that by a printed delivery receipt signed by the claimant she had acknowledged that she had read the conditions of the agreement and confirmed the acceptable condition of the goods.

What Mr Justice Diplock, in reading the decision of the Court of Appeal, called "this curiously drafted clause" in the agreement referred to a provision of the Hire Purchase Act of 1938 by which

> Where the hirer expressly or by implication makes known the particular purpose for which the goods are required there shall be an implied condition that the goods shall be reasonably fit for that purpose . . . the owner shall not be entitled to rely on any provision in the agreement excluding or modifying [that] condition . . . unless he proves that before the agreement was made the provision was brought to the notice of the hirer and made clear to him.

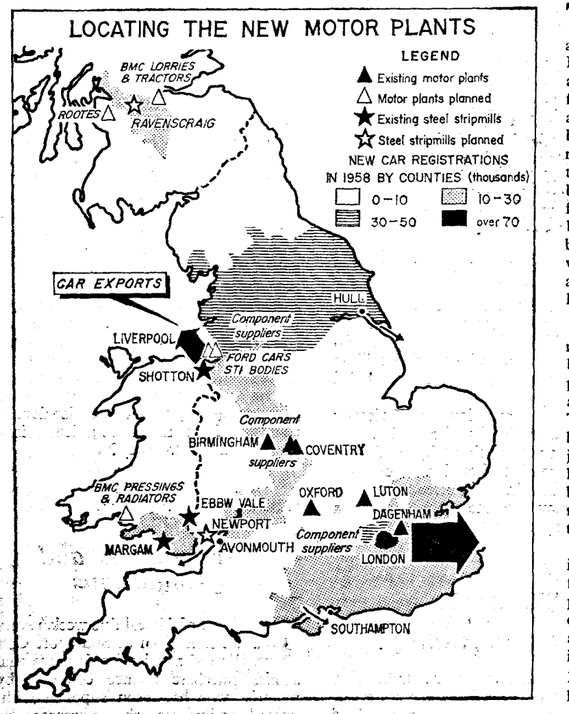
Their lordships held that the effect of the clause in the hire purchase agreement had not been made clear to the hirer: "nor . . . had it been made clear to their lordships, who concluded with reluctance that it was clearly an attempt, which only the size of the print in which it was set out prevented one from calling blatant, to evade the provisions of the Act." Nor did they consider that Lombank would reasonably have, or had in fact, signed the hire purchase agreement on the faith of the truth of the representation as to the condition of the goods contained in a printed delivery receipt, which was signed after the hire purchase agreement had in fact been concluded and the goods delivered.

STEEL COMPANIES

Development Finance

UNDERSTANDABLY, the spokesmen of the steel industry at the recent series of annual general meetings have drawn shareholders' attention to the problems of financing development. The new chairman of Richard Thomas and Baldwins, Mr G. C. R. Eley, made no mention of the possibility that the ordinary shares of this nationalised concern would be offered for sale to the public this year. But he did reveal that to supply the £110 million required for building the new strip mill RTB would borrow money from the Iron and Steel Holding and Realisation Agency over and above the maximum loan of £70 million from the Government. Such loans he described as being relatively temporary in character and he said that he believed RTB would be able to repay the Government loan by 1971, pay a proper return on its capital and provide the money for other developments without difficulty. This suggests that the stock market will not have to bear the weight of new money for the strip mill as well as the denationalisation issue and that this issue is likely to be confined to an offer of ordinary shares, since Ishra is still counted on as a supplier of further capital. The road is clear for this issue, especially as RTB's profits are likely, Mr Eley says, to make another substantial advance this year.

Carrots for Cars

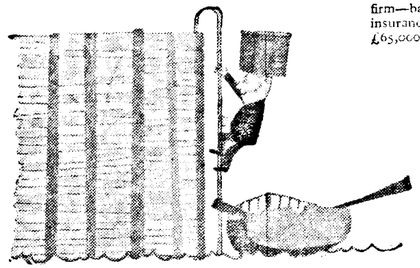


THE carrot of financial aid, backed by the stick of refused industrial development certificates, is bringing about marked changes in the geographical distribution of Britain's motor industry. Merseyside, best situated of the areas of high unemployment, will become a new centre for the industry, with the £25 million Ford body-making and final assembly plant at Halewood now supplemented by Standard-Triumph International's plans for an £11 million body plant at Speke. This will be developed from the Hall Engineering press shop that S-TI recently bought; that plant will be extended by 250,000 square feet, and a new factory of 300,000 square feet will be built on an adjoining site of 104 acres that S-TI hopes to buy from Liverpool Corporation. It will employ 4,500; with 8,000 at the new Ford plant and 1,500 at the BMC appliance factory in Kirkby, high unemployment may no longer trouble Merseyside.

Scotland seems to the outsider a less promising area for motor production, and it has certainly been less favoured by the manufacturers. The BMC lorry and tractor plant at Bathgate, which can treble BMC's lorry output and initially double that for tractors, will employ 5,600. The car plant that Rootes intends to build at Linwood has been estimated—not by Rootes—to provide another 3,500 jobs. There will remain plenty of spare labour in Scotland, and also in South Wales, where the BMC plant for body pressings near Llanelly and the expansion of its radiator factory there will bring up BMC's employment to 4,200 jobs.

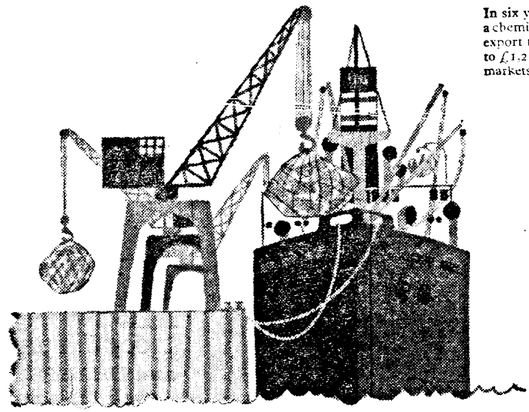
About £100 million of the £160 million that the industry is expected to spend has now been committed, and work for some 28,000 is to be created in areas of high unemployment. Much of the rest may go on re-equipping existing plants—BMC is spending £26 million on this, and S-TI £7 million—but Vauxhall has yet to announce its plans. The industry's capacity seems likely to reach 3 million vehicles by 1963, a 60 per cent increase on present production rates but nearly twice 1959 output.

SMALL EXPORTERS



From a £195 order, a small textile firm—backed by ECGD credit insurance—built up a flourishing £65,000 export trade within two years.

LARGE EXPORTERS



In six years of ECGD insurance, a chemical firm boosted its annual export turnover from £113,000 to £1,210,000, adding eleven new markets to its original eight.

Total shipments of ECGD policy-holders increased by over 20% during 1959 —at a time when uninsured exports rose by only 1%. Today, when winning fresh orders is largely dependent on whether you can grant competitive credit terms to new buyers, exporters need some guarantee of payment. ECGD credit insurance provides that guarantee; allows you to expand overseas free from major financial worries. *Have a talk with your ECGD man.*

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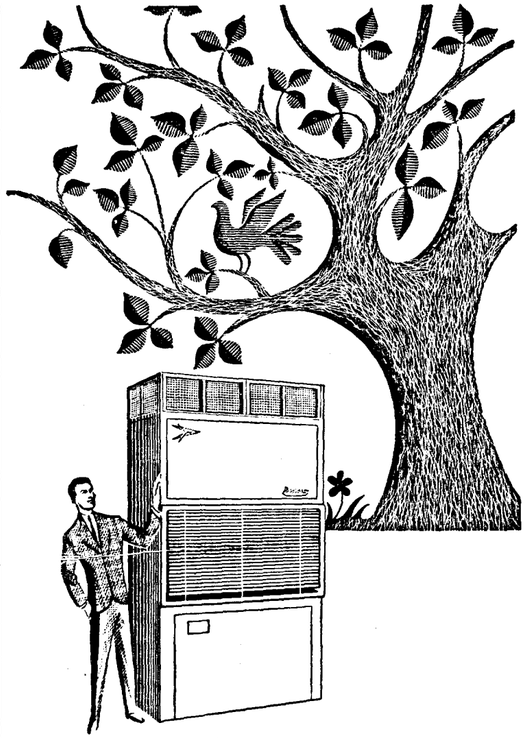

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For the new strip mill at Ravenscraig, Colvilles will be relying on a loan of up to £50 million from the Government. But that loan will have to be repaid and Colvilles has other developments and expansions on hand. It is not therefore surprising that its chairman, Sir Andrew McCance, emphasised in his statement to shareholders that the parent company is actively reinforcing its reserves and that the greater part of the earnings of subsidiaries have been transferred by way of dividend to build up the cash reserves of the parent company. The two strip mills are the biggest of the industry's capital commitments, but there are other smaller developments that have to be financed as well. Mr A. G. Stewart, the chairman of Stewarts and Lloyds, revealed for instance that the group is committed to the spending of another £19 million. Much of that will be financed from retained profits. But the company's authorised share capital has been raised from £40 to £60 million, and though there is no present intention of appealing for new money in the market the directors say it will be their policy, as it was at the time of the rights issue of nearly £14 million last October, to ask at the appropriate times for the support of shareholders in the raising of additional money.

AIR TRANSPORT

Not the Whole Answer

No one who is prepared to make constructive suggestions about the future organisation of air transport should ever be discouraged from doing so: the industry has too many sacred cows and too few independent thinkers. For this reason the Bow Group* deserves congratulation for its sizeable, 50,000 word study of the state of British airlines, even if it has not come up with the whole answer. It contains much sensible analysis of airline operation, and a remarkably vehement defence of Sir Gerard d'Erlanger's term of office as chairman of BOAC during one of the corporation's blackest periods. The Government has already promised to reorganise the machinery for licensing air services along the lines suggested in the study—the bill embodying these changes should be presented to Parliament in a matter of days. But in its proposals for reducing friction between the independent airlines and the nationalised corporations, for example suggesting that the corporations and the independents should form joint companies to operate cut-price flights with "written down equipment," the Bow Group falls into the common error of believing that the old aeroplane is the cheapest aeroplane.

The Government is indeed likely to propose much closer working agreements between the corporations and the independent airlines. But the profitability of the half-price fares that the independent airlines are seeking permission to charge on certain routes depends not on the price paid for the aeroplane but on the cost of flying it. Many elderly aircraft types which would qualify for the description "written-down equipment" are more expensive to fly than newer ones designed specifically for cheap services such, for example, as the new and extremely expensive American jets.

Nor is it clear whether the group has worked out fully the implications of its suggestion that a sizeable military air transport fleet should be built up, to give the Army mobility and the aircraft industry work. Transport Command is actually acquiring an aircraft fleet that is likely to number 200 machines and will span the gamut of the industry's products from the smallest helicopter to the largest Rotodyne or jet transport. This must spell an end to the trooping contracts that have sustained the independent airlines during their leanest years and on account of which they have invested sizeable sums in modern long-range aircraft; the RAF will be hard put to find work for such a fleet in peacetime. What other work are the independents to find? If the new licensing Board gives them new commercial routes, this will be at the expense of the nationalised corporations, especially BOAC. Will the country tolerate subsidising BOAC's losses while other British airlines make profits at its expense? Conservative policy in the early nineteen-fifties deliberately encouraged the independents to think they would get a larger share of the cake; ministers have spent the subsequent nine years trying, with growing embarrassment, to find where to cut it from.

* Wings Over Westminster. Edited by Tony Lucking. The Bow Group. 8s.

STEEL

Stockbuilding Has Begun

Though the total stocks of steel in the hands of British consumers at the end of December appear to have been no higher than at the end of September, it is clear that the building up of stocks upon which the industry is basing part of its optimism about demand this year had already begun. For the steel stocks held by the railways and the coal mines were still declining—these industries were running down their huge holdings. In private industry, many consumers were already building up their stocks against the likely continuance of the boom.

That boom continues to pull up steel output to record levels—471,400 ingot tons a week in January, no less than a third higher than a year before. But the recovery, though now general, is by no means even as between consuming industries (as the table shows) or between products. Deliveries of plate fell by nearly a half from the previous peak to the bottom of the recession (at the end of 1958): in the fourth quarter of last year it was still 18 per cent below that previous peak. Deliveries of heavy rolled products were nearly back to pre-recession levels, after a similar fall. But output of light sections, which fell about 20 per cent, was by the end of last year above the 1957 rate: and deliveries of sheet and tinplate, which never faltered during the recession for other steel products, were respectively no less than 22 per cent and 50 per cent above their level two years ago.

BOOM, RECESSION, BOOM: HOW STEEL DEMAND CHANGED

(Weekly averages)

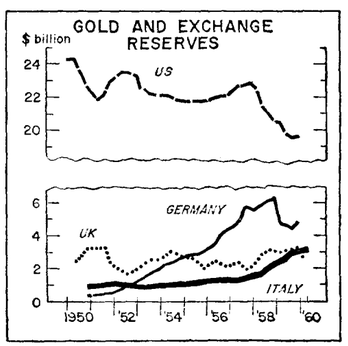
Home deliveries to	4th qtr., 1957	4th qtr., 1958	4th qtr., 1959*	Per cent change 1959 on 4th qtr., 1957
	'000 tons			
Rlwys. & rolling stock	23·5	14·3	10·4	−55·7
Coal mining	14·7	9·3	9·4	−36·1
Building & constructional engineering	33·7	21·7	32·9	− 2·4
Shipbuilding & marine engineering	20·1	13·1	11·6	−42·3
General engineering	53·6	45·7	56·3	+ 5·0
Wire and wire manufacturers	18·8	16·1	19·1	+ 1·6
Metal furniture, windows, springs, etc.	7·4	7·0	8·1	+ 9·5
Hollow ware	11·5	12·3	13·8	+20·0
Motors, cycles & aircraft	29·0	23·4	35·2	+21·4
Drop forgings, laminated springs, etc.	13·1	9·4	14·2	+ 8·4
Bolts, nuts, rivets, etc.	5·6	3·6	4·6	−17·9
Other home consumers	11·7	9·3	10·2	−12·8
Stkhldg. merchants†	36·2	27·7	43·2	+19·3
Exports by producers	48·0	45·5	52·0	+ 8·3
Total deliveries from UK mills	326·9	258·4	321·0	− 1·8

* Provisional. † Includes material subsequently exported by merchants.

THE GOLD LEAGUE

Third Place

By far the largest holder of gold and foreign exchange is the United States, and second in the free world is Germany. Who comes third? Not Britain; not even Switzerland; but—Italy. The country with western Europe's largest underdeveloped area has in the past two years doubled its international reserves; they are now well over $3,000 million, sufficient to finance a year's imports (Britain's reserves even now cover only three months of its own imports



and six weeks of those of the whole sterling area on behalf of which the reserves are kept).

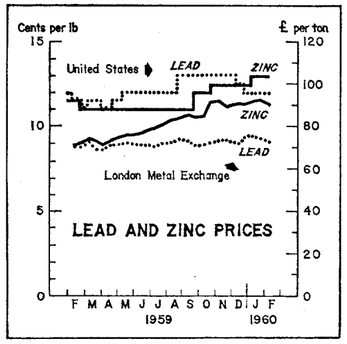
Italy's massive intake of reserves in the past few years is attributable mainly to a big rise in exports and (until recently) a decline in the value of imports; to its ever-increasing role as Europe's holiday playground; and to growing receipts of emigrants' remittances and foreign capital. The anomaly is that Italy does not use its huge external cushion to undertake a bigger programme of economic development. Industrial production, it is true, has been rising as fast as anywhere in Europe (up 10 per cent for two years in succession), but the economic contrasts between north and south grow bigger rather than smaller. Meanwhile Italy's surplus of foreign exchange is the measure of its own net saving, part of which could be invested in Italy independently of the resources that the World Bank and other institutions are bringing from outside.

LEAD AND ZINC

Lead Still Lame

MEMBERS of the International Lead and Zinc Study Group arrived in Geneva last month with a pretty clear notion of what needed to be done, and so reached agreement speedily. Their statistical exercises confirmed that zinc no longer needs a crutch, but lead does. Following the restrictions on sales of both metals in the second half of 1959, zinc has forged ahead in the London market, but lead is only a little higher. In the American market, where these metals are sheltered by import quotas, lead long remained the dearer metal; but it has now dropped by a cent to 12 cents a lb, while zinc has risen by a cent to 13 cents a lb.

The study group's forecast, published after the meeting ended last week, suggests that free world production of zinc this year (plus estimated net imports from Communist countries), might fall short of



consumption by roughly 75,000 metric tons; though detailed figures have not been published, they no doubt showed that world consumption is expected to rise even more sharply than production. For lead, in contrast, the group was faced by an apparent surplus of about 100,000 tons, despite a further rise in consumption. This surplus, it was pointed out, was fortuitously large, as last year's was fortuitously small: because of strikes in the United States last year about 60,000 tons of lead metal in concentrates had to be left over for smelting this year. The group therefore concluded that supplies of lead, but not of zinc, should still be restricted. Producers agreed, and offered so to curtail supplies in the first nine months that the surplus would be cut to an annual rate of only about 50,000 tons, equivalent to 2½ per cent of the predicted rate of consumption. A standing committee has been appointed to keep an eye on developments before the group meets again early in September.

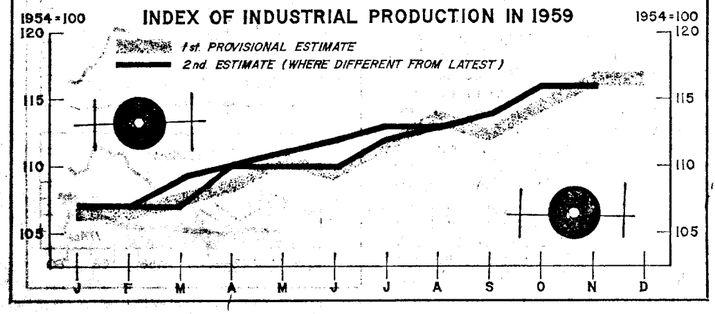
The apparent deficit in zinc can be met from stocks. As the group pointed out, American producers' stocks are high, and zinc will also be available from the British government. Britain announced that it considers the time has come to resume regular sales from its strategic stock. It has about 54,000 tons of zinc in all, largely high-grade, for sale over a period of up to four years, and perhaps about a third of the total might be offered for sale this year. Anticipating the surplus, lead prices in London have weakened, forward lead dropping by £2 10s. to £72 10s. a ton. Zinc has weakened too, mainly owing to arrivals of metal from Gulf ports; this has eliminated the premium for prompt metal, and the forward quotation has dropped by about £3 to £89 15s. a ton.

Assessing Output

ABOUT 800 individual series make up the final output index for any month. But the first provisional estimate, calculated at the end of the following month, is based on rather less than half the full information; it is four or five months before all the raw figures are collected.

Not surprisingly, therefore, the first estimate gives a choice of two figures. All the same, according to last year's record, it seems more likely than not that the final estimate will be neither of them. Moreover, there was a fairly consistent upward revision; the average for the first ten months is a point higher on the latest estimates than on the earliest ones.

Possibly there is a consistent bias in these first forecasts which can be corrected. The lesson is that as a reflection of month-to-month changes the provisional estimates have to be treated with a good deal of reserve.



SALTS (SALTAIRE)

Unresolved and Unsatisfactory

MINORITY shareholders in Salts (Saltaire) cannot have gained much satisfaction from last week's annual general meeting. Fifteen months ago, it will be recalled, Illingworth Morris made a partial bid of 7s. for up to 4 million ordinary shares of Salts (they already owned 3,850,000 shares) and secured control of 63 per cent. Lord Wilmot, the chairman, and two other directors of Illingworth Morris then went on the Salts board. The original partial bid was on a first come first served basis and more recent attempts by the directors to put the matter right have left them floundering in even deeper water.

As directors of Illingworth Morris, they made an offer of 8s. in cash for the remaining minority shares in Salts. That was 6d. below the price at the time of the offer. As directors of Salts they could hardly recommend that offer to shareholders for acceptance. At the general meeting Lord Wilmot, as chairman of Salts, therefore said that the directors were not recommending the offer or otherwise; they were simply putting it forward. The unsatisfactory situation has thus arisen that three directors, including the chairman, have an interest as bidders and a different responsibility towards the recipients of the second bid.

The intention seems to be to make Salts a wholly owned subsidiary. So far the directors of Salts on behalf of their own

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U.S. 150

holdings and about 2,250 minority shareholders, owning about 3,300,000 shares, have accepted the bid of 8s. But holders of about 1,600,000 shares, representing about one-third of the minority, have not. The offer has not been made unconditional but it has been extended another three weeks.

Illingworth Morris has still some way to go before it is able to acquire any outstanding shares compulsorily, for to do so it must receive acceptances from not less than 75 per cent of the shareholders who own not less than 90 per cent of the shares for which the present offer of 8s. each is made. Lord Wilmot, who has championed the rights of shareholders in the past, might consider whether the interests of the shareholders of Salts, who because they are in a minority are effectively powerless, might not be better served by securing an independent valuation of the shares and making that the basis of a revised offer.

ELECTRONIC BANKING

Automation in Accounts

MARTINS is the first bank in Britain to take the plunge into mechanisation of its accounts by electronics, even if only on an experimental scale. Barclays ordered a computer last August, which will not be ready for another eighteen months, but Martins Bank will receive the Ferranti Pegasus II computer it recently ordered within a year. This computer, employing the services of only five people, will enable 30,000 accounts to be dealt with in five hours. Working with Ferranti's computer experts, the bank's research staff spent eight months preparing the programme and since January 1st one of its London branches has been run successfully on a modified Pegasus I computer. Martins regards this as only the first step in the automation of the bank's business; in time other aspects of the bank's work will be handled by the computer.

Martins has not decided finally where the computer is to be installed, but it seems probable that it will be in either London, Liverpool or Manchester; it will handle the accounts of about 15 branches. The data will be prepared in the branches in the form of punched paper tape by adding a paper tape punch to the normal accounting machine for the listing of vouchers and cheques. At first, messengers will take the tapes to the computer centre, but it is expected that before long they will be replaced by teleprinter connections. Details on the paper tape will be read into the computer and stored on magnetic tape; at the same time each entry will be checked. Accounts will be identified by numbers with each number including a check number, so that the system can be made self-checking. Any discrepancies will cause the entry to be rejected and "printed out" by the computer for investigation.

The entries will then be sorted out into orderly account numbers ready to be processed against the balance file (which will include the previous day's balances). The appropriate account balance will be adjusted and the closing balance of each account checked against the overdraft limits. The new balance file will then be incorporated (in the computer store) into the history file (containing all details necessary for the customer's statement). New entries from the balance file will be added in daily, while in addition the computer will select and print those statements which are due to be sent to the customer. A carbon copy of each statement will be kept by the branch, which will also receive a daily list of the balances printed out by the computer.

BUILDING SOCIETIES

A Record Year

MEMBERS of the Building Societies Association now have responsibility for £2,156 million of total assets; these represent about 75 per cent of the assets of all building societies in this country, which are put at £2,900 million. On the recent experience of the Halifax and the figures for the 196 members of the association, it can be estimated that mortgage advances by all societies last year easily exceeded £500 million and that by the end of the year they held about £460 million in cash and trustee investments. The societies held their own last year against the competition for savings from National Savings and from unit trusts and stock exchange investments.

BUILDING SOCIETIES ASSOCIATION

(£ million)

	1959 Jan. 1 to June 30	1959 July 1 to Dec. 31	1958	1959
Shares & deposits:				
Gross receipts	229·5	231·6	353·3	461·0
Gross withdrawals	123·4	143·0	233·5	266·4
Net receipts	106·1	88·6	119·8	194·6
Advances	162·5	219·9	259·7	382·4
Repayments	146·7	167·9	266·1	314·6
Funds†:				
Liquid assets	347·3	338·2	311·1	338·2
Total assets	2,047·3	2,156·0	1,957·0	2,156·0
Liquidity ratio (%)	*17·0*	*15·7*	*15·9*	*15·7*

† At end of period.

Since the recommended rate on shares was brought down to 3¼ per cent net, the flow of new receipts to societies which followed this recommendation has not been quite as strong. A fair number of the members of the association were so chary of the effects that a reduction in their rates might bring that while applauding the public-spiritedness of others they decided to leave their own rate on shares unchanged at 3½ per cent, net. If net receipts fall at all quickly this year, some of the societies which dutifully followed the association's recommendation might, too, begin to wonder how much of their own self-interest has to be sacrificed to the appearance of solidarity.

SELF-SERVICE

Boots on Either Foot

A MODIFIED form of self-service is the main feature of the Boots Pure Drug Company's programme to modernise and refit its 1,300 retail shops at an initial rate of 65 shops per financial year. The cost in the year beginning April 1, 1960, will be £2 million: this represents an increase of 30 per cent over expenditure of this kind in the current financial year. The target is to keep approximately the same number of shops, but to double the sales area over the next ten years: new techniques of lighting, display, colour, and store design will be combined with an increase in the size of the shops to bring this about.

At present about 200 Boots shops do some proportion of their business through what the company calls "self-selection." Toilet articles and branded goods are displayed on shelves, selected by the customers, and taken to cash desks for wrapping and payment. Merchandise requiring personal service and advice is still sold from behind counters. Some shops have trebled sales, with the same staff, following the introduction of the "self-selection." The combination of two selling methods gives Boots a foot in each of two different retail camps.

THE JASPER CASE

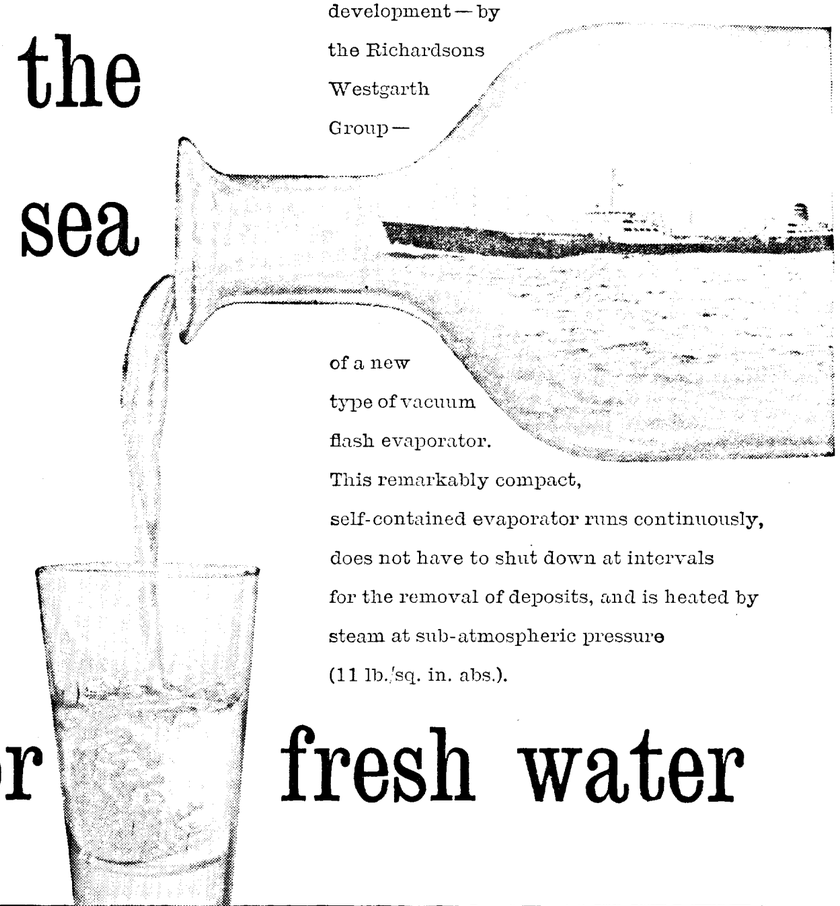
Further Evidence

IN further hearings on the charges against Mr Jasper, Mr Grunwald and Mr Murray in the City of London Court Mrs Edith Clarke, the assistant secretary of the State Building Society, gave evidence on Friday last week of arrangements to lend £3,255,500 on the security of Dolphin Square and Hyde Park North Estates (both owned by Lintang Investments). As the State Building Society did not lend more than £25,000 on any particular property the total sum was to be advanced in 161 mortgages, 85 relating to Dolphin Square. In all 32 cheques were prepared "at about £100,000 a time" although no written report on title or any formal request for cheques had been received. These cheques were signed at a board meeting on July 28th. If she had known that these cheques were to be used for the purchase of shares and not mortgages Mrs Clarke said that she would not have signed them. Questioned about the minutes of the society's board meeting on July 21st, Mrs Clarke said that the four pages in them referring to the advances to Lintang were dictated to her by Mr Murray, the managing director and secretary of the society, on September 21st.

On Monday Mr Leonard Tobin gave evidence about share dealings between Mr Grunwald and Mr Maxwell Joseph, for whom he had acted as solicitor. Mr Grunwald sounded Mr Joseph about buying Mr Joseph's holding of Lintang. Mr Joseph said that he and his fellow directors were not prepared to sell their holdings unless an

To the sea for fresh water

The idea of getting fresh water from the sea by evaporation is not new, but the ability to do so simply and economically dates from the development — by the Richardsons Westgarth Group — of a new type of vacuum flash evaporator.



This remarkably compact, self-contained evaporator runs continuously, does not have to shut down at intervals for the removal of deposits, and is heated by steam at sub-atmospheric pressure (11 lb./sq. in. abs.).

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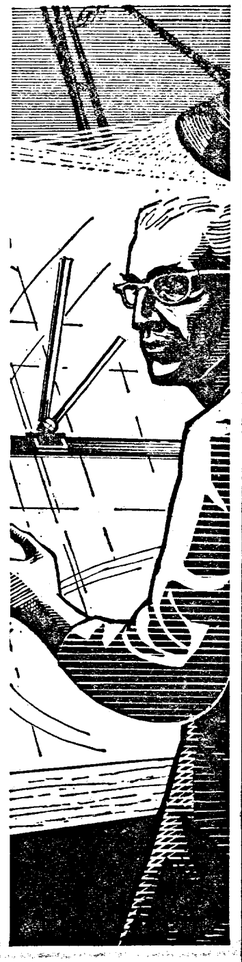
Leading Architect says . . .

We pick the locks a burglar can't



My partners and I have our offices in a largish block. Since a porter shuts the whole place up at night, we had never bothered much about possible burglaries.

As so often, the impossible went and happened: through some slight slip-up on the porter's part, a burglar got in. After picking our locks he lit a cigarette, had the safe open in seconds, and removed our cash.

Before he left—as easily as he had entered—our burglar dropped his cigarette end tidily into the drawing-office w.p.b. The plans that were burnt cost us, directly and indirectly, *twenty times* the value of the stolen cash.

So we did what we ought to have done ages ago. We went to Chubb. We chose a handsome set of locks that the burglar can't pick or saw open. Our safe is proof against most knavish tricks and fire-resisting into the bargain, while our precious drawings now lie in a thoroughly practical fire cabinet.

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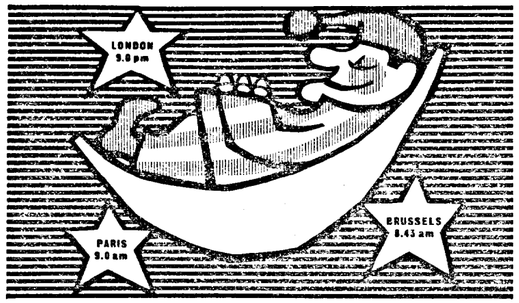

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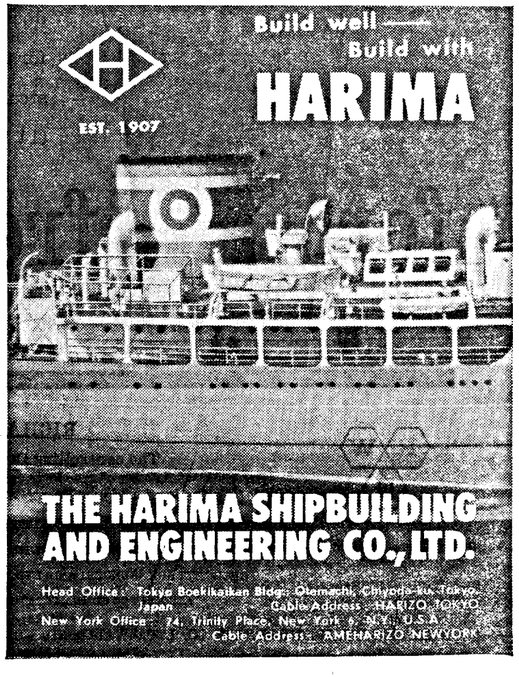

offer was made to all shareholders. After further discussions, Mr Grunwald made a bid of 23s. for the directors' shares and of 24s. for the others. On July 30th all the directors' shareholdings were transferred against bankers' drafts. These included 3,063,871 shares held by Lloyds Bank Nominees for Mr Joseph and in return a draft for the sum of £3,523,451 was received.

Late in August Mr Grunwald told Mr Tobin that he had run into difficulties in financing the acquisition of the Lintang shares, many more acceptances having been received than he had expected. A loan of £750,000 was made to him by Mr Joseph on the security of 1,100,000 Lintang shares and 500,000 shares in Reliable Properties. Mr Grunwald said that he would repay the loan by October 16th. By this time Mr Grunwald had also made a bid to acquire the shares of Ely Breweries for which he required £1,200,000. Mr Tobin estimated that Mr Grunwald's outstanding liabilities in connection with the two deals amounted to £3.3 million. Mr Grunwald then referred to part of his assets as being shares in various companies, which even at "a murderous price" would be worth over £4.5 million. It was agreed that Mr Joseph would make a further loan of £500,000 partly on the security of 848,592 Lintang shares and it was further agreed that Mr Tobin and Mr Joseph would take over the loan of £250,000 which Lloyds Bank had lent to Mr Grunwald in August 28th on the security of one million Lintang shares and on the guarantee of Mr Tobin. By the end of September Mr Tobin and Mr Joseph were owed £1.5 million by Mr Grunwald for which the main security was 3,365,285 shares in Lintang. It was at this time that Mr Grunwald first mentioned the State Building Society and Mr Murray to Mr Tobin, saying that normally he would have been able to approach that society for mortgages but at that particular time Mr Murray was on holiday in the South of France.

On September 11th Mr Tobin said that in a phone call Mr Grunwald thanked him for his trouble in trying to help over the Ely take over. Mr Grunwald then said that everything was all right and that he had arranged the necessary finance. Mr Tobin asked him how and Mr Grunwald answered: "I used my head. I got the money partly from Deacons and partly in another direction." Mr Tobin said that on September 16th he was called to the office of Harewood and Company (in which Mr Grunwald is a partner). Among those present were Mr Jasper and Mr Murray; Mr Kanter, Mr Grunwald's partner, then informed them that Mr Grunwald had left the country.

The proceedings continued on Thursday.

BUTTER & MARGARINE

Fight for the Market

BUTTER prices in Britain provide one of the few pure examples of the law of supply and demand. Consumption of butter has suffered from high prices and stocks are rising. Consumption is not only running below the supply currently available, but also below the average supply expected for this year. To increase consumption prices must be cut. This week wholesale prices of New Zealand and Australian butter were cut again, by 20s. to 350s. and 347s. a cwt respectively, and the Danes announced a reduction of 20s. to 352s. a cwt from next Monday. Commonwealth butter is now about 60s. cheaper than at the beginning of the year, and Danish will be about 82s. cheaper. Countries that sell butter here mainly for blending are likewise keen sellers, especially the Poles; recently Polish butter cost about 30s. less than Commonwealth butter, though the discount has now been halved.

As butter production depends on the weather prediction can easily go awry. But producers are expecting that supplies available to Britain will be bigger this year than last, thanks mainly to the recovery in European output, and they are not inclined to give hostages to fortune. In trying to attract customers from margarine, the producers cannot complain of a lack of support from the big retailers. With competition in the grocery trade so keen, butter is a popular loss leader, and reductions in the wholesale price are quickly passed on—and occasionally anticipated—in retail prices.

SHORTER NOTES

A number of changes have been made in the official membership of the 14-member Economic Planning Board of senior civil servants, trade unionists, and industrialists. Sir Frank Lee has become chairman in place of Sir Roger Makins, after succeeding him as joint permanent secretary to the Treasury on January 1st, when the latter replaced Lord Plowden as chairman of the Atomic Energy Authority. Lord Plowden now leaves the board after serving for the 12½ years since its inception. There are two new members: Sir Richard Powell, who succeeded Sir Frank Lee as permanent secretary to the Board of Trade; and Mr A. W. France, a third secretary at the Treasury, in place of Mr R. W. B. Clarke who has taken up other work in that department.

★

French import quotas for British goods have been increased by about 17 per cent to £7.5 million in 1960. Thus France has broadly fulfilled its undertaking to extend an increase of the same order as the increase of 20 per cent granted to members of the common market. The quota for British agricultural crawler tractors goes up by £36,000 to £395,000 a year, for commercial vehicles and buses by £89,000 to £355,000, and for mechanical handling equipment by £53,000 to £383,000. Small quotas have been raised by a third, from three to four per cent of national production of the item. Examples are television sets (£30,000 a year), and air conditioning equipment (£10.000). British liberalisation has gone farther than the French, and only two French items remain on quota, watch cases and hands.

★

The Economist dropped 6,600 million bricks last week. In a Business Note on page 553 of last week's issue it was stated that deliveries of bricks of all types rose during 1959 to 599.6 million. This was in fact the monthly average of deliveries: the year's total was 7,195 million.

Funds invested in unit trusts at end-January amounted to £207 million—an increase of £7 million over the month—according to the latest figures issued by the Association of Unit Trust Managers and the M & G group of unit trusts. The number of unit holders has risen from 517,000 to 591,000 and the average holding has declined from around £400 to £349.

★

The Commercial Union Assurance group is to reorganise its Australian business and a new company called the Commercial Union Assurance Company of Australia, is to be formed. The new company will acquire and operate the fire, accident and marine insurance business, hitherto performed by Commercial Union's Australian branches, and it will acquire control of a number of the group's subsidiaries in Australia. The Commercial Union Assurance Company will have a major holding in the Australian company.

★

Spillers has made an offer of 21s. 3d. in cash per share for the 5s. ordinary shares of Spratts Patent, the animal food manufacturers. This offer will be equivalent to 17s. per share after the proposed one for four scrip issue by Spratts.

COMPANY AFFAIRS
Comments on pages 665 and 668 on
Imperial Tobacco, Ilford, Wagon Finance, Borax (Holdings), British Home Stores, Power-Gas, F. W. Woolworth, "Chartered", Showerings

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 666 and 667

LONDON STOCK EXCHANGE
The week's movements reported on page 668

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 669

COMPANY MEETINGS

THE BRITISH OXYGEN COMPANY LIMITED

BIG OVERSEAS CONTRIBUTION TO HIGHER PROFITS

ENGINEERING PROFITS: PROSPECTS FOR TONNAGE OXYGEN PLANTS

MR J. S. HUTCHISON ON INDUSTRY'S 'COMPETE OR DIE' CHOICE

Statement by Mr J. S. Hutchison, chairman, to shareholders at the Annual General Meeting of The British Oxygen Company Limited, to be held on March 4, 1960.

BOARD

The recent appointment of Sir Owen Wansbrough-Jones, KBE, CB, as a director meets our wish to have in our councils a man of eminence in the scientific world and we are happy and fortunate to welcome him to our board.

PROFITS

The group profit of £8,587,144 after depreciation of £4,339,723, compares with £7,224,500 in the preceding year when depreciation was £4,094,653. The profit increase of £1,362,644 came to the extent of over £1 million from a widespread expansion and improvement in operations overseas; major contracts undertaken at home and overseas by the Engineering Division also added materially to the total.

Taxation takes £4,065,754 against £3,890,438 and the net profit available for disposal is £3,935,579, against £2,876,208. £1 million from the year's profits has been placed to general reserve, subsidiary company profit retentions are £1,098,706 against £754,846, and after dividends paid and proposed there is a balance carried forward of £1,486,603 against £1,381,450.

CONSOLIDATED BALANCE SHEET

Net additions to fixed assets at £5.2 million are rather lower this year because of the timing of completion of major items and not through reduction in our intended spending. Indeed, new contracts for the supply of industrial gases in tonnage quantities to the steel industry have increased the previous total for three years from £24 million to £28 million. We expect to finance this new programme without needing to issue further share or loan capital: current assets include over £6 million of cash, treasury bills and similar items, and the net surplus of current assets is £15 million against £12.8 million last year.

RESERVES

Our continuing high rate of capital expenditure makes provision necessary from profits for the time when assets become aged and have to be renewed at a cost probably much beyond the original installation. This year we have transferred £1 million (£750,000) from profits to general reserve and also £650,000 returned from taxation provisions no longer required, to make a total allocation of £1,650,000.

The £650,000 arises as to £185,000 from over-provision in the last accounts for income tax at 8s. 6d. prior to the budget reduction to 7s. 9d. and otherwise from favourable settlement of old claims. So large an amount is unlikely to recur.

DIVIDENDS

The directors feel that the considerable improvement in overseas results and the further general development of the group warrant an increased dividend this year. An interim dividend of 4 per cent, less tax, was paid at the usual time in September, 1959, and the directors now recommend a final dividend of 10 per cent, less tax, making 14 per cent for the year, apart from the special interim dividend of 2 per cent which must be included in these accounts although paid along with the final dividend a year ago.

Provided there is no unexpected change in the situation, the directors intend in July, 1960, to declare an interim dividend at the increased rate of 6 per cent, less tax. This will be solely to provide a better balance between interim and final payments, and should not be taken as any indication of a greater total dividend payment for the current year.

UNITED KINGDOM GASES DIVISION

Lower demand for our products in the first half year was balanced by a general improvement in trading in the second half, which also witnessed peak sales of liquid oxygen for steel-making and other special purposes prior to new tonnage plants coming into operation. Over the year, compressed and liquid oxygen, acetylene and propane just reached the sales volumes and earnings of the previous year; the moderate addition to profits in this division came from continued growth in the use of nitrogen and argon, both now well established in industrial processes, and from a general improvement in other activities.

Our policy is to encourage greater use of our products by keen prices and first-class technical service, and prices have been held to the scale published in October, 1957. In the current year we have to meet an extra £250,000 for the wage award in October, 1959, and £240,000 additional depreciation on normal capital extensions. There may be other costs too of as much as a further £250,000. In the past the great expansion in liquid oxygen sales has helped us to absorb such costs, but this no longer applies with the transfer of the heavy bulk sales to tonnage oxygen. In the last four years liquid oxygen sales have not had any big increase and with the costs mentioned our profit return which is already much less than a few years ago, will not be maintained unless there is greater improvement in sales than we have seen so far this year.

The feature of the past year was the rapid growth in demand for oxygen and other industrial gases on a scale to be met only by very large production plants at the point of use. Our original tonnage plants established in the pioneering period have been in successful operation for some time and industry today is ready to take full advantage of this new method. The present tonnage plant capacity of our gases division of 900 tons per day is being increased to 2,200 tons per day under new long-term contracts for the requirements of the new steel works and steel works extensions throughout Britain. The additional plants required will all be built in our Edmonton workshops.

All this business has been obtained against very sharp competition and will certainly not yield any easy profits. The outcome is dependent on design, manufacture, and operation over a period of years, of plant units costing £500,000, £750,000, or more each, on the terms controlled by competition and by the customer's alternative of buying his own oxygen plant. Fortunately our long years of experience in the practical problems of plant building and operation and the breadth of our organisation enable us to give to customers the high standard of service and security required in these large scale applications.

The same competitive aspects apply in our liquid oxygen trading and emphasise the need to maintain our organisation at the highest pitch of efficiency. In fuel gases, acetylene growth has been slowed in recent years by an upsurge in the availability and use of propane which we and others market as a competitive alternative for many purposes.

Sales in the gases division have improved in the first quarter of the current year and we should be helped further by the increased production and use of steel now expected.

ENGINEERING DIVISION

The year was one of great activity in the construction and installation of tonnage oxygen and nitrogen plants as well as chemical plants of other types and ancillary equipment. Several important construction contracts were completed and all sections of chemical plant work contributed to a greatly improved profit result.

The British Oxygen Linde contracts for the tonnage oxygen plants required for the Durgapur and Rourkela steelworks in India are nearing completion. The first 100-ton per day plant at Rourkela has been brought into operation and the other two follow shortly. The Durgapur plants are due for completion within the next few weeks. Our workshops are presently completing the two 100-ton Tonnox plants for the Westfield coal gasification plant of the Scottish Gas Board.

The extensive installations at the Government rocket research station at Spadeadam are being completed by British Oxygen Wimpey Limited and brought into operation on schedule.

The chemical plant workshops at Edmonton will be very busy for the next two years in building eleven tonnage oxygen and nitrogen plants now on order, mostly for use by our own companies, and having a value of about £6 million. Profits next year from this section may however be less than the exceptional level reached last year.

Sales of user equipment increase steadily. Indeed, in the medical section, continual rise in demand, particularly for export, and the move to new works at Harlow brought us to a position of temporary shortage of some machines, now rapidly being overcome. The extensive range of jig and tool units in standard sizes and designs introduced last year by Woodside is being increasingly used as the advantages become appreciated of prompt delivery of such items from stock.

Sparklets Limited had lower sales especially in export markets but there is an improving position now with new models of 'Hostmaster' syphons and the development of complementary lines. The diecasting section has reached a position of full production and things look better for Sparklets this year.

ELECTRIC WELDING DIVISION

In automatic welding Quasi-Arc has fully maintained its position although orders have been scarcer. The introduction of new shipyard welding machines last year helped and, although improvement continues, it is too early to say that trading on the automatic side has fully recovered its earlier position.

New types of manual electrode introduced a year ago have gone ahead and, with further new items, have brought better sales.

New products coming forward from research and an extension of manufacturing facilities, should improve the earning position of Quasi-Arc this year.

CHEMICALS DIVISION

British Oxygen Chemicals Limited had a good year with trading improving as the year advanced. Earnings were almost comparable with the preceding year and manufacturing economies enabled reduction in selling prices to be made. This year sales have been above expectation and although competition in melamine is growing and world prices are being lowered in anticipation of Common Market re-arrangements, we expect to be able at least to hold our own.

Polyvinyl acetate has made good progress and our Vandike emulsions are well established in the paint industry. We now have a good place in this very competitive market and we expect this year to enhance our position.

Odda Smelteverk A/S in Norway had another favourable year aided by good hydro-electric power supplies from the heavy rainfall of 1958 and by continued improvement in technical efficiency. Unfortunately the drought in 1959 has reduced the supply of power now available and production will be lower this year.

At Londonderry, the extensive carbide works being built by British Oxygen Engineering Limited for our Chemicals Division is nearing completion. The manufacture of carbide and the supply of bulk acetylene to the adjacent Du Pont neoprene factory will commence in the next few weeks according to programme.

OVERSEAS INTERESTS

We welcomed here in the past year a number of directors from overseas and these visits are a great pleasure and assistance to us. Our group Managing Director, Mr T. E. Potts, visited Australia, New Zealand and Canada during the year and has just completed a tour of South Africa, the Rhodesias and East Africa. Free exchange of technical knowledge and experience is encouraged by frequent staff visits throughout the year and is of great advantage to management.

In Australia the improved trading position brought us increased sales and profits. A 100-ton per day oxygen plant, made in our Edmonton works, was installed last year by The Commonwealth Industrial Gases Limited at Port Kembla to serve the great steelworks there and is in satisfactory operation. The good trend in Australia is being maintained in the current year.

Sales and profits in India were commensurate with the quickened industrial expansion there. The new factories of Indian Oxygen Limited for the manufacture of welding electrodes and user equipment for industrial gases are in operation and are expected not only to make their contribution to local development but also to solve some of the problems of import of such goods in times of currency stringency. Expansion of all our activities in India continues.

African Oxygen Limited had more favourable experience last year and profits increased. We look forward to another favourable result this year.

In East Africa, Ceylon and Burma there was further improvement and Rhodesia and Malaya have recovered from the dullness of a year ago. Trading prospects are satisfactory in these countries despite unsettled political backgrounds.

New Zealand Industrial Gases Limited had a good year and is benefiting from the general improvement following relaxation of the import restrictions of a year ago.

We have developed further in Canada by the acquisition of two companies already operating profitably in Ottawa and in the North Bay area of Ontario, and by extending our activities in Montreal. These developments provide additional load for our Toronto plant and will help our improving position in the extremely competitive Canadian market.

In Hongkong an unexpected strength of demand for oxy-acetlyene for cutting scrap for export to Japan gave us an excellent year. Additional production plant is being installed, and there is every likelihood that good conditions will continue.

Pakistan Oxygen Limited makes progress despite the scarcity of imported materials which on several occasions brought sections of our operations to a complete standstill, and delayed urgently needed factory extensions. The new capacity is now coming into operation and should help greatly in the current year.

We are still without news of the probable outcome of our claim for compensation for our assets which were nationalised in Egypt and will not be returned to us.

RESEARCH AND DEVELOPMENT

During last year our operating divisions were given more responsibility for research and development work of direct concern to them. This is enabling an improved balance to be obtained between work on operational problems and research of a more fundamental character which continues in the central laboratories.

MANAGEMENT AND STAFF

Special recognition is due this year to the 10,000 employees overseas who have by their continuing effort brought so welcome an improvement in our affairs. They are at all time supported by the 13,000 of their fellows at home who not only serve us well in their daily jobs here but often assist in developing new methods which are later to be used overseas.

Direction in all this comes from the effort of our group Managing Director, Mr T. E. Potts, and his management colleagues in London, and the response of those in charge elsewhere. We are grateful to them all.

ARTICLES OF ASSOCIATION

A special resolution is submitted to enable certain amendments to be made to the Articles of Association.

The alteration proposed in borrowing powers is in line with current practice, and extends the permissible total from a present £19,547,166 (of which £12,813,354 is already used) to the total of issued capital and reserves of the group, which on the present Balance Sheet amount to £37,130,610. The wide expansion in the Company's affairs in recent years and the much larger transactions it is called upon to handle nowadays make the proposed extension reasonable and necessary.

The larger amount suggested for Directors' Fees is not to enable the fee paid to each Director to be increased, but simply to make provision so that the same fee can be paid to any additional Directors who may be appointed.

Another alteration is to enable us to take advantage of modern practice in the sealing of stock certificates, and there are a number of minor adjustments.

PROSPECTS

Compete or die, is industry's choice today. Price agreements are being abandoned, tariffs lowered, new processes introduced, amalgamations arranged, everywhere increasing competition. Competition is a welcome spur to endeavour but its conditions are hard; it leaves no room for easy profits or wages, restrictive practices or obstruction of new methods. British industry could have no greater boost than would come from real willingness by employers and labour to join forces to work wholeheartedly for greater efficiency and so earn a better income than can ever be there to divide from the proceeds of internal strife. Thus too can the new competition be met in advance, for if competition comes first its lesson may be learned too late and with painful cost.

Turning to our own affairs, in the first quarter of our financial year we have had a general increase in home sales. This may become greater as the year goes on with the increased activity now being experienced in the heavier sections of industry, but profit growth in the home gases division is likely again to be moderate. On the other hand, profits from chemicals, equipment and electric welding should show improvement. The profits in total of our overseas associated companies now represent almost half the total earnings of the group and with better trading conditions generally I expect another good year from that source.

Altogether I expect the current year to give us a favourable introduction to the nineteen-sixties and the opportunity that undoubtedly lies there for us.

STEWARTS AND LLOYDS LIMITED

MR A. G. STEWART ON A GREAT OPPORTUNITY

OVERALL FUTURE TRADING PROSPECTS REMAIN GOOD

NATIONALISATION—RUINOUS DOCTRINE REJECTED BY ELECTORATE

A NOTE OF WARNING ON POTENTIAL THREAT

FINANCING DEVELOPMENT PROJECTS BY PRIVATE ENTERPRISE

The Seventieth Annual General Meeting of Stewarts and Lloyds Limited, was held on February 10th, in the Merchants' Hall, 30 George Square, Glasgow.

The Chairman, Mr A. G. Stewart, presided and said:

Ladies and Gentlemen, it gives me much pleasure to address this, the Seventieth Annual General Meeting of the Company. As in previous years, I assume you will take the Notice of the Meeting as read, and I will, therefore, ask the Secretary to read the Auditors' Report.

After the Auditors' Report had been read the Chairman continued:

A copy of the Directors' Report was contained in the copy of the Accounts circulated to each shareholder on January 14th. My Statement was also included with the Accounts. I assume you will take these all as read (agreed).

I am now going, therefore, to propose the Resolution to adopt the Report and Accounts. If you have any questions arising out of the Accounts, would you ask these immediately after the Resolution has been proposed and seconded. When this Resolution has been dealt with, I shall continue with the other formal business of the meeting and after that, I propose to refer to the trading experience of the current year and to the subject of nationalisation, and one or two other matters. I suggest, therefore, that any questions you have on these subjects should be raised at that stage in the proceedings.

After the Report and Accounts had been adopted, the dividend recommendation approved, the retiring Directors re-elected and the remuneration of the Auditors approved, the Chairman continued:

CURRENT TRADING POSITION

The improvement in the home trade and in the general export trade to which I referred in my Statement issued with the Accounts, and which was prepared in December last, has been well maintained and future trading prospects remain good. These sections normally account for two thirds of Stewarts and Lloyds' steel tube production.

Our iron and steel plants are working to full capacity.

The improvement in Stanton's trade also continues.

The position so far as our trade with the Oil Companies is concerned is unfortunately not as satisfactory. My Statement with the Report and Accounts showed that despatches to the Oil Industry in the last financial year were 41 per cent lower than in 1957/58. I can say that other European tubemakers have had a similar experience in their exports for the Oil Industry.

As to the future, the present indications are that the tonnage which the Oil Industry will take from us during the current financial year will show a distinct improvement on the very low figures for 1959 but it will probably be some time before the demand which we previously anticipated, and for which we have provided specialised equipment, materialises.

NATIONALISATION

By a very clear majority the advocates of nationalisation were rejected by the electors in October last, and although their defeat was on a comprehensive programme, there seems to be general agreement that the advocacy of this unjustified and ruinous doctrine was one of the main causes of their defeat.

We have, during the last two years, made every effort to refute publicly the accusations levelled by the advocates of nationalisation—entirely false accusations of monopoly and inefficiency, of self-seeking at the nation's expense, of reckless pursuit of profits, of failure to exploit foreign markets and of excessively high prices to the home consumer—all aggravated the difficulties with which we were faced at a time of a marked fall in the demand for our products. Not only did they tend to affect our trading but also our recruitment and relations with our employees. The feeling of insecurity about the future made it increasingly difficult to raise the large sums of capital required for the development needed to keep the Company abreast or ahead of its competitors in this country and abroad.

There is no doubt that our efforts, and those of others, were successful in helping to raise this question of nationalisation from being a minor issue in politics to its proper place as a vitally important issue in the industrial and economic life of the nation, and I would like to take this opportunity of thanking the many people, not only shareholders and employees, but also other members of the public who have given their encouragement and support.

Since last October, the general opinion may be gaining ground that the threat of nationalisation has gone for good and all. I would, however, sound a note of warning. What, in fact, is the position today? It is quite clear that the advocates of nationalisation have not accepted the verdict of the electorate, and whether nationalisation of the Iron and Steel Industry, and indeed, of many other industries, shall remain part of the Socialist programme is undecided. It may be that no definite decision will be taken for two or three years, and even then the position may not be clarified.

I believe that private enterprise must continue to be watchful and I would express the hope that if the threat should arise again, private enterprise should react to it more quickly and more forcefully than it did to the recent threat.

FINANCE

The efficient financing of our development plans will depend on freedom from uncertainties on this question of nationalisation. As will have been seen from the published Accounts, our outstanding capital expenditure schemes at the end of the financial year amounted to nearly £19 million.

But we must continue to spend capital on many varied items of development, plant and machinery to keep ourselves up-to-date and to expand our production. As an indication of this, you will have seen reference in my Statement with the Accounts to the consideration that is being given to the further expansion of our capacity.

It will be our intention, as hitherto, to finance our capital expenditure substantially out of retained profits and we shall also continue to make use, from time to time, of the facilities offered to us by our Bankers. We intend, however, as previously, at appropriate times to ask for the support of our shareholders in the raising of additional money. There is no intention of any such approach at present, but we have thought it desirable to ask you to agree to an increase in our authorised capital from £40 million to £60 million at an Extraordinary General Meeting to be held after this meeting. At the present time, our issued capital is within £3 million of our authorised capital and I am sure you will agree that this is an insufficient margin for a company of our size.

Following the Rights Issue, the final instalment of which was received last month, it is estimated that we shall have about 27,000 shareholders on our register. This compares with 12,000 following denationalisation in June, 1954. It has not yet been possible to prepare an analysis of shareholdings but it is encouraging to note how the interest of the small investor in the Company is increasing. It may also interest shareholders to know that the Stewarts and Lloyds Group has at the present time over 40,000 employees in the United Kingdom.

CONCLUSION

In conclusion, may I say that a great opportunity is opening up before us. Let us hope that we are left alone to carry on our task of serving the country without interference or obstruction by the dogma of any political party.

The proceedings terminated with a vote of thanks to the Chairman and the Board for their efforts in withstanding nationalisation, and for their conduct of the Company's affairs during that time, and in a period of difficult trading conditions.

At the Extraordinary General Meeting which followed the Annual General Meeting a resolution was passed authorising an increase in the Authorised Capital from £40 million to £60 million by the creation of 20 million unclassified shares of £1 each.

F. W. WOOLWORTH AND CO., LIMITED

GOLDEN JUBILEE YEAR

The following are the salient features of the statement by Mr. R. J. Berridge (Chairman), circulated to Stockholders:

Last year I expressed the view that 1959 could well be an outstanding year for your Company.

Profits indeed advanced solidly—in fact, to a golden level—as a result of turnover climbing to a new record by a wide margin. The improvement in business was fairly uniform throughout the year.

Turnover stems from meeting customers' requirements. Some articles seen in the large town and city stores cannot be obtained in the small town and suburban stores, as the size of store must determine the range of goods on display.

Much is being heard about reducing prices in response to the Chancellor of the Exchequer's request. Your Company has always been in the forefront in reducing prices or offering better values at the same price. During 1959 more than 400 items have been reduced in price, not taking into account those which were lowered due to Purchase Tax reductions.

STORE EXPANSION

Considerable progress again was made in opening additional stores and modernising and enlarging existing stores.

It was decided to install fluorescent lighting in all stores. By the end of last year 200 stores—or under 20 per cent.—remained to be dealt with.

In the five years since building licences were finally abolished expenditure on Fixed Assets has amounted to the formidable figure of £35,000,000, all provided out of the Company's funds.

A further six Self Service stores were opened during the year, raising the total number to 62.

CONSOLIDATED PROFIT AND LOSS

Net Profit from all stores for the year before Taxation amounted to £28,283,712 compared with £25,597,085 for 1958, an increase of £2,686,627 or 10.50 per cent. The Trading Profit of £26,571,547 represents an average per store for the 1,035 stores of £25,673, which compares with £23,238.

Net Profit after Taxation is £14,003,746 against £12,035,245.

The proposed Appropriation to General Reserve is £2,000,000, continuing the practice of previous years.

The Final Dividend recommended on Ordinary Stock is 1s. 7d. per unit compared with 1s. 4d., and the total Dividend for 1959 is 2s. 3d. per unit against 2s. 0d. per unit.

The Company is distributing two-thirds of its net earnings after Taxation.

A special Golden Jubilee Cash Bonus of 4d. per unit of Ordinary Stock was paid last August.

The resulting Balance Carried Forward is £9,584,425 or £2,132,669 more than the comparable Balance a year ago.

CONSOLIDATED BALANCE SHEET

REVENUE RESERVES total £20,834,425 against £16,701,756.

CAPITAL RESERVE remains unchanged at £8,081,474.

FIXED ASSETS increased to £60,755,391 against £53,918,215.

SUBSIDIARY COMPANIES. The total investment in Subsidiary Companies appears on the balance sheet of the parent Company at £1,973,382 compared with £1,896,154 at the end of 1958.

NET CURRENT ASSETS at £14,997,108 compare with £16,697,225 at the end of 1958.

OUTLOOK FOR 1960

Unlike those businesses which have order books, any assessment in regard to your Company's prospects must be based solely on the support which we expect to receive from the shopping public.

I see no reason why we should not receive that support in full measure.

Our expansion and modernisation programme, which has been and is being carried out with the utmost vigour, will provide better facilities for the shopping public and will still further improve amenities for our staff.

Thanks to the efforts of all sections of our buying force, the merchandise in your Company's stores is ever improving in quality, variety and value for money.

In our organisation we have a team which is second to none in keenness and loyalty.

A material increase in expenses during the year (mainly in respect of wages) seems inevitable, but assuming nothing adverse happens, I believe you will not be dissatisfied with the Accounts for 1960.

The Annual General Meeting will be held on March 4, 1960, in London.

BORAX (HOLDINGS) LIMITED

LORD CLITHEROE'S REVIEW

The following are Extracts from the Review of the year to September 30, 1959, by the Chairman, the Right Honourable Lord Clitheroe, PC, to be presented at the Annual General Meeting on Wednesday, March 9, 1960:

THE ACCOUNTS

Group profits, before taxation, amounted to £3,359,298, against £1,465,566 in 1958 and £2,904,450 in 1957. These profits were arrived at after charging depreciation, depletion and amortisation of £1,991,756 in 1959, £1,536,098 in 1958 and £1,000,360 in 1957. The large new plants at Boron which were brought into use during the past two years were designed so that labour could be cut down to the minimum: the labour element in the cost of production is consequently greatly reduced and to some extent depreciation has taken its place.

A large part of the profits earned by the Group during the year has been retained by subsidiaries, so that Borax (Holdings) Limited has again paid dividends out of its own considerable accumulated reserves in accordance with the plan announced at the time of the reorganisation in 1956.

The retained profits in the accounts of subsidiaries amount to £3,880,748 at the end of the year, and a large part of this sum is in the hands of United States Borax & Chemical Corporation which, you will remember, discontinued the declaration of regular quarterly dividends on its Common Stock in November 1958 in order to strengthen its cash resources. Payment of dividends by United States Borax & Chemical Corporation has not yet been resumed.

DIVIDENDS

In view of the considerable improvement in profits after the difficult conditions of the previous year, your Board has pleasure in recommending a modest increase in the final dividend on the deferred ordinary stock. The final dividend proposed is 4¼d. per 5s. unit of stock, making with the interim dividend of 1¾d. already paid a total of 6d. per unit for the year, equivalent to 10 per cent, less tax, which compares with a total of 8¼ per cent in the previous year.

UNITED KINGDOM AND EXPORT MARKETS

Sales outside the USA reached record figures despite some fall in certain European markets. In the United Kingdom itself deliveries of our products were up on the previous year. Demand in the Far East was particularly buoyant.

UNITED STATES OF AMERICA

The new plants at Boron are operating with greatly improved efficiency as compared with 1958, when you will remember, there were initial heavy costs. Our management in the United States is now well equipped with the knowledge and experience which are required today in our highly technical industry. We are not only ready to expand our existing business, but we are also well prepared to develop new products to the production and marketing stages when such opportunities arise through our research and development programme.

TECHNICAL SALES SERVICE

We deem it important today to keep in touch, through our own technical staff, with the industrial background of our consumer industries throughout the world, so that we can understand the factors affecting the future of our products, and thereby plan accordingly. The rapidly expanding fibreglass industry is of major importance as an outlet for boron products; the well-established use of boron in the glass and enamel industries is continually finding new applications as the technology of those industries is improved.

RESEARCH

During this year steps have been taken to increase the research effort of the Group. This is directed towards studying and improving our main established chemical processes, increasing technical efficiency, reducing costs, and thus increasing profits. A new chemical engineering unit, based at Boron, was established and research is playing an important role in attacking our potash problems. At the same time work on new products continues, and I believe we have now a well-balanced programme of research expenditure.

OUTLOOK FOR THE FUTURE

Your Board and Management continue to be of the opinion that your business will grow over the years. We believe there will be a steady expansion of the industrial and agricultural uses and of the demand for our boron products. The large amount of research that has been and is going on throughout the world will hasten such expansion, as will also the rising standard of living in many countries.

It is more difficult to foresee when prosperity will return to our potash operations. Low potash selling prices will continue at least until June 30, 1960, but it is hoped that some improvement may be obtained thereafter, although any increase can have but little effect on the profits of our present financial year, since demand for potash in the months of July, August and September is always light.

BAY HALL TRUST LIMITED

Summary of Directors' Report for the year ended 31st December, 1959, and of the accompanying Statement by the Chairman, Sir Charles J. Hambro, K.B.E., M.C.

During 1959 the ordinary shares of £1 were divided into shares of 10s. each and a one-for-one share capitalisation issue was made. This was followed by the issue of 2,476,347 Ordinary shares of 10s. each at par, raising approximately £1,200,000 net which was used to enlarge and diversify the investment portfolio. To bring the issued capital to a more convenient figure, 6,245 Ordinary shares of 10s. each (being part of the 306,245 authorised but unissued Ordinary shares of 10s. placed at the disposal of the Directors) were issued on 18th December, 1959, to Union Corporation, Limited, at 20s. per share, so that the issued capital of the Company is now £3,350,000 in 6,700,000 Ordinary shares of 10s.

Gross revenue rose to £294,148, which is some £50,000 higher than last year. Not being available for investment until the second half of the year, the new money raised only partly contributed to this satisfactory increase. After providing for taxation (which includes a non-recurring charge of £3,750 in respect of Excess Profits Levy) Directors' Fees and Management and General Expenses, there was a net profit of £173,596, as compared with £138,961 in the previous year. Adding £68,161 brought forward from 1958, the total available for appropriation was £241,757. The interim dividend of 6 per cent, less tax, paid on 1,054,352 Ordinary shares of £1 absorbed £38,748. The Directors have appropriated £22,777 to Capitalisation and New Issue Expenses and placed £25,000 to General Reserve; they recommend a final dividend for the year of 5 per cent, less tax, which will absorb £102,594, leaving £52,638 to be carried forward. In 1958 there was no interim dividend, and the final dividend of 17 per cent, plus a bonus of 1 per cent, less tax, was paid on a capital of 1,054,352 shares of £1, absorbing £109,125.

DISTRIBUTION OF INVESTMENTS

(based on valuations at 31st December, 1959)

	%
EQUITIES:	
COMMERCIAL AND INDUSTRIAL—	
United Kingdom, excluding property	26·1
United Kingdom, property	15·8
Union of South Africa	6·5
Elsewhere	1·0
MINING FINANCE—	
Union of South Africa	39·4
Elsewhere overseas	2·8
COMMODITIES—	
Overseas Base Metals, Gold, Diamonds, Oil and Plantations	6·8
Total Equities	98·4
FIXED INTEREST	1·6
TOTAL	100·0

At market prices ruling on 31st December, 1959 (or where no market prices existed, at valuations by the Directors as at that date amounting to £356,948) the investments had an aggregate value of £7,462,348 as compared with the balance sheet value of £3,680,910. Net assets amounted to £7,459,000, compared with £3,850,000 at the end of 1958, prior to the raising of £1,200,000 in mid-1959. The net asset value at 31st December, 1959, was equivalent to 22s. 3d. per share. By reason of double taxation relief, the provisional net United Kingdom rate of tax payable by the Company is 3s. 1d. in the £.

With a full year's employment of the new money raised, and in the absence of any unforeseen setbacks, the Company can look forward to a further increase in investment income during 1960.

Copies of the full Report and Accounts are obtainable on application to the Company at Princes House, 95 Gresham Street, London, E.C.2.

SECOND BRITISH ASSETS TRUST LIMITED

UPWARD TREND OF INCOME

MR A. C. BLAIR'S REVIEW

The Eighty-first Annual General Meeting of Second British Assets Trust Limited will be held on March 3, 1960, at the Registered Office of the Company, 9 Charlotte Square, Edinburgh.

The following is the Review by the Chairman, Mr Alastair C. Blair, CVO, WS, which has been circulated with the Report and Accounts for the year ended December 31, 1959:

During the past year we have seen a revival in world trade and a substantial improvement in confidence in the British Economy. Some of the political and economic uncertainties that confronted us a year ago have been resolved and as a result of both increased confidence and the improvement in trade there has been a further sharp rise in the values of British ordinary shares. Indeed our year-end valuation of £10,697,000 shows an overall increase of 37 per cent on the figure a year ago and the proportionate rise of our sterling securities was much higher than this. The result of this substantial increase in our UK valuation has had the effect of reducing the proportion of our funds in North America from 40.3 per cent last year to 31.7 per cent at December 31, 1959. Such a rapid readjustment of values indicates that investors are expecting good business conditions for several years ahead and a favourable climate for economic growth.

As I anticipated last year, our income has resumed its upward trend. However, in spite of a satisfactory rise in income from our North American holdings the double tax relief claims on these dividends are somewhat lower than last year due to the reduction in the rate of UK income tax, and so we have not been able to show the full benefit of this increase. In the circumstances we are recommending a further increase in the dividend this year and we expect that our income will continue to rise during 1960.

You will find on page 11 of the Report a chart of the growth of the Company's income and market value of investments. This is similar to the chart we produced in the 1957 Report but has been brought up to date. You will see that the curve showing market value has now moved well ahead of the income curve in contrast to the position two years ago, but that the income growth itself is continuing in a relatively stable trend.

THE OUTLOOK

The outlook for the coming year seems favourable. In particular the British economy is better balanced than for some time past and our country should be more able to play its full part both at home and in the economic reorganisation of Europe, and also in the development of the more backward countries. In the United States and Canada conditions have been upset by the long American steel strike and at the present time both countries are suffering from difficulties in the bond market and rising interest rates. We continue however to have faith in the future of these expanding nations and look forward to a continuing growth of income from our investments there.

ORIENT STEAM NAVIGATION COMPANY LIMITED

SIR AUSTIN I. ANDERSON'S REVIEW

The Sixtieth Annual General Meeting of the Orient Steam Navigation Company Limited will be held on March 22nd in London.

The Chairman, Sir Austin I. Anderson, said in his Annual Review that the operating profit for the year after transferring £188,946 from Contingencies Reserve was £313,108. As expected, this was worse than last year's result and in spite of an apparent improvement in the passenger outlook he could not be more optimistic for 1960.

The results reflected the cost of the programme of improvement and re-equipment for the future. Besides having to withdraw "Orcades," "Oronsay" and "Orsova" in turn from a complete round voyage to Australia for modernisation and air conditioning, the tanker "Garonne" was only just starting to earn and "Oriana" would not do so until the end of the year.

Another example of expenditure undertaken in the expectation of a worthwhile return later was the promotional effort being made in North America to attract new traffic to the Orient & Pacific Lines service run in conjunction with P & O between North America, Australia and the Far East. To this end, an American corporation, "O & P Lines Agency Inc.," had been set up with offices in San Francisco and Los Angeles, and, shortly, in Vancouver. The new North America/Japan service would need some nursing, but the North America/Australia service was already established and the fact that load factors out of North America had improved showed that the advertising there was taking effect.

The continued presence in the UK/Australia trade of foreign ships chartered to take migrants from Europe meant that the homeward berth remained heavily over-tonnaged. The Company had the competitive advantage of possessing larger and faster ships, tailor-made for the trade and cheap "off-season" rates could be quoted, but the return was meagre and profits on the Suez route depended almost entirely on results on the outward leg of the voyage.

Sir Austin finally referred to the offer made by P & O, who, since 1919, had had a majority shareholding in the Orient Line, to acquire the remaining Ordinary Shares. In discussing the Orient Board's recommendation to Shareholders to accept, he said that the principal differences between the present-day and the pre-war period were that each company now owned larger and fewer passenger ships than previously and that as now no mail contracts existed to impose rigid regularity of sailings, these ships could be programmed to fulfil as far as possible the fluctuating seasonal demands of passenger traffic to and from the various countries served. Joint planning of voyages could easily mean that unless there was a community of financial interest the best overall plan might throw an unfair preponderance of unprofitable "off-season" voyages on to one company. Equally, Joint operation could provide a more consistent load on the shore organisation with ensuing greater economy. Any redundancies brought about by this reorganisation would naturally be treated fairly and sympathetically.

MICHAEL NAIRN & GREENWICH LIMITED

The thirty-eighth annual general meeting of this company was held on February 4th at Kirkcaldy, Sir M. George Nairn, Bart, chairman, presiding.

The following is an extract from his circulated statement for the year to September 27, 1959:

The net profit, after providing £601,124 to meet taxation, amounts to £527,922 and shows an increase of £33,235. The Board recommend a final dividend of 7½ per cent on the Ordinary Stock making a total distribution of 8½ per cent for the year. This increase of 1 per cent over last year's distribution is fully justified by the better trading results achieved.

There has been a considerable increase in the manufacturing and trading profit, but there was a fall in the gross income from trade investments. The improved trading results of your company reflect the better conditions experienced at home and, generally, overseas, with the exception of France.

The improved year's trading confirms the opinion I hazarded in my Statement last year, that the future prospects of the Company were encouraging. The reasons for that opinion apply with even greater force today with the more prosperous conditions developing in our markets.

Our programme of research and plant improvement is designed to keep us competitive, while our new products and fresh patterns should attract additional business. In the circumstances I feel it would not be unrealistic to forecast for our organisation another year of progress. The report and accounts were adopted.

BROOME RUBBER PLANTATIONS

The twenty-sixth annual general meeting of Broome Rubber Plantations Limited was held on February 3rd in London, Sir Lionel Smith-Gordon, Bart. (the chairman), presiding.

The following is an extract from his circulated statement: The working profit for the year under review amounted to £103,062, compared with £64,532 for the previous year, which I feel may be considered very satisfactory. Our average selling price was little more than one penny per lb higher than the average for the previous year. The rise in profits was, therefore, largely the result of harvesting a larger crop, without increasing estate expenditure. The Directors recommend a final dividend of 15 per cent, less tax, making 20 per cent in all.

The crop amounted to 3,740,740 lb, an increase of 273,840 lb, or nearly 8 per cent on the crop of the previous year. The average yield of the acreage in tapping was 633 lb per acre, compared with 583 lb the previous year, and this rate has been more than maintained during the first part of this year.

During this year we replanted 194 acres, and since then we have undertaken a further 273 acres. This will bring the proportion of our properties under pedigree rubber to approximately one-half.

The price of our commodity has risen considerably since our accounts were made up. The crop for the first half-year to December 31, 1959, was 2,045,650 lb, compared with 1,892,940 lb for the corresponding period last year. It is therefore not difficult to deduce that we are enjoying a period of enhanced profits.

The report was unanimously adopted.

ILLINGWORTH, MORRIS & COMPANY

(WORSTED SPINNERS AND MANUFACTURERS)

YEAR OF GROWTH AND INCREASING ACTIVITY

The fortieth annual general meeting of Illingworth, Morris & Company, Limited was held on February 4th at Bradford, The Right Honourable Lord Wilmot of Selmeston, PC, JP (the chairman), presiding.

The following is an extract from his circulated statement:

The year under review has been one of growth and of continual and increasing activity. In October, 1958, your Company increased its holding and thereby acquired over 60 per cent of the Ordinary Shares of the famous concern of Salts (Saltaire) Limited. You will observe from the Accounts the significant contribution which that Company's earnings have made to our results.

The net profit of the Group for the year, after taxation, is £508,576. A final dividend of 14 per cent, less income tax, is proposed (making a total distribution of 20 per cent).

The Group Current Assets now amount to £11,191,861, showing an excess of £6,181,349 over Current Liabilities and Dividend, and the Group Revenue Reserves are now shown at £696,392.

TRADING CONDITIONS

In considering our trading results it should be remembered that for the first three months of the Financial Year we were passing through the last stages of a recession, with a certain amount of short-time running. We did not begin working full-time at some of our branches and subsidiaries until early 1959. Prices continued to fall fairly steadily from September until the end of December and, bearing these facts in mind, our trading results are, I feel, very satisfactory.

A remarkable improvement occurred in the Worsted Industry in the early months of 1959. The fall in prices was checked, though they still remain, at the time of writing, at a level which appears to be relatively below the price level of most other commodities.

Business remains very good and the fact that prices have kept reasonably steady is healthy.

Our main difficulty is the acute shortage of labour (particularly of female labour) throughout the industry; while our customers are most urgently requiring delivery it is regrettable that there should be idle machines owing to a shortage of operatives.

It would seem that we are on the threshold of a new era in Worsted Spinning. Your directors and their technical staff are giving their closest attention to all the new techniques and developments which are becoming increasingly available. It could be that in these new techniques and method of working will be found the solution, or at any rate a partial solution, to the problem of labour shortage.

It is always difficult in this industry to forecast the future, but it is somewhat easier on this occasion than previously. We have already completed the first three months trading of the current financial year, and the results so far are considerably better than for the same period of last year. At most of our branches and

subsidiaries the order books are larger than at any time since the exceptional boom of 1950-51, with the great advantage that prices are now less than half what they were during the peak of that period. I do think, therefore, that we may look forward with some confidence and optimism to the current year's trading.

The report was adopted.

BARCLAYS BANK LIMITED

ANNUAL MEETING OF STOCKHOLDERS

The Annual General Meeting for the year 1960 of the Stockholders of Barclays Bank Limited was held on February 5th at the Head Office of the Bank, 54 Lombard Street, London, E.C.3.

Mr A. W. Tuke (the Chairman) presided.

The Secretary read the Notice convening the Meeting and the Report of the Auditors.

The Chairman moved:

"That the Report of the Directors of the Company now produced, together with the Accounts annexed as at December 31, 1959, duly audited, be received, approved and adopted, and that there be declared, payable on February 20, 1960, to the Stockholders registered in the books of the Company on January 12, 1960, the following final dividends less income tax at the standard rate:

(a) a dividend on the Ordinary stock of 5 per cent, equivalent to a rate of 6 per cent on that stock before the capitalisation issue of August 1959,

(b) a dividend of 10 per cent on the Staff stock, excluding the £50,000 Staff stock issued January 5, 1960."

Mr John Thomson, Deputy Chairman, seconded the motion which was carried.

Mr Simon Edward Bolitho, MC, the Right Honourable Lord Cornwallis, KBE, MC, Sir Frederick Cecil Ellerton, Sir John Donald Horsfall, Bart, Mr Roger Henry Parker, CBE, MC, and Mr Frederic Seebohm, retiring Directors, were re-elected Directors of the Company, and other ordinary business was transacted.

A Vote of Thanks to the Staff and a Vote of Thanks to the Chairman for presiding at the Meeting were unanimously accorded.

APPOINTMENTS

WRITER, versed in foreign affairs, wanted by large corporation in Cleveland, Ohio, U.S.A. Experience in newspaper or magazine leader writing. honours degree in Modern History or Economics desirable. Send résumé, samples of writing and photograph.

Box CHR.
THE ROBERT T. KENYON COMPANY,
527 Madison Avenue,
New York 22, N.Y.

UNIVERSITY OF DURHAM
KING'S COLLEGE, NEWCASTLE UPON TYNE, 1
DEPARTMENT OF SOCIAL STUDIES

The Council of King's College invite applications for the post of Lecturer in Social Studies. Candidates should be prepared to lecture in Social Economics and Social Administration.

The commencing salary will be determined at a suitable point on the scale £900 x £50 — £1,350 (Bar) x £75 — £1,650 in accordance with the qualifications and experience of the successful applicant. Family Allowance and F.S.S.U. benefits are also payable. The successful applicant will be expected to take up duty on October 1, 1960.

Twelve copies of application, together with the names and addresses of three persons to whom reference may be made, should be submitted not later than March 31, 1960, to the Registrar of King's College, from whom further particulars may be obtained.

SOLICITOR OR BARRISTER

required in Legal Department at the London Headquarters of a large Industrial Corporation. The post which offers good prospects would suit a recently qualified man (including a March finalist) of high ability and energy. The successful applicant will be engaged initially in work of a commercial nature, but will have opportunities of gaining wider experience in common law, parliamentary and other work. The initial salary will probably be between £900 and £1,000, but more would be paid if the applicant's experience justified it. There are good prospects of early promotion for the right man. The post is superannuable.

Write giving particulars of age, education, qualifications and experience to Box 1282. Closing date February 29, 1960.

MARKET RESEARCH. Young (25-30) Sociologist or Social Psychologist required to work on consumer research problems. Field experience essential.—Apply Research Manager, Young and Rubicam Limited, Berk House, 8 Baker Street, W.1.

EMI

ECONOMIST

E.M.I. Ltd. require an Economist to join the group Economics and Statistical Department. The work would involve the study of economic and market conditions throughout the world. Applicants should be preferably in their late twenties and hold a good honours degree in economics, and should have had at least two years' experience in industry. In addition the ability to write well is essential.

Please write, quoting Ref. GP 2/1, to:

PERSONNEL MANAGER,
E.M.I. LIMITED,
HAYES, MIDDLESEX.

MERSEYSIDE AND NORTH WALES ELECTRICITY BOARD

SUITABLY QUALIFIED ACCOUNTANTS are invited to apply for appointment as PRINCIPAL ASSISTANT in the Chief Accountant's Department, Area Board Headquarters, Love Lane, Liverpool 3. Salary in accordance with N.J.C. Grade 10 (£1,465-£1,585 per annum). The duties include in particular the organisation of accounting methods and systems throughout the Board's area of supply. There are prospects for further advancement.

Appointment subject to medical examination. Attractive schemes for pension, including family benefits, and sick pay.

APPLICATIONS, giving personal particulars and full details of education, training and experience, and endorsed "Principal Assistant," SHOULD REACH THE ESTABLISHMENTS OFFICER at the ABOVE ADDRESS NOT LATER than FEBRUARY 22, 1960.

ST. HUGH'S COLLEGE, OXFORD.—LECTURER in ECONOMICS. Applications are invited for the post of Lecturer in Economics from October 1, 1960. Particulars may be obtained from the Principal, to whom applications should be sent, not later than March 7, 1960.

CAMBRIDGE UNIVERSITY

Applications are invited for the position of ASSISTANT IN RESEARCH in the Department of Estate Management Applicants should be qualified to undertake research in economic, legal, or social problems related to the use, tenure, or development of land. Salary scale £650-£850. Further information may be obtained from the Secretary of the Board of Estate Management, 74 Trumpington Street, Cambridge. Closing date for applications: March 1, 1960.

UNIVERSITY OF BRISTOL

Applications are invited for the post of Lecturer (Grade II) in Economics with a special interest in Mathematical Economics. Salary scale £900 x £50 — £1,300: £1,350 x £75 — £1,650. Fuller particulars of the appointment may be obtained from the Registrar, The University, Bristol 8, to whom applications should be sent by February 29th.

QUEEN'S UNIVERSITY KINGSTON, CANADA

LECTURER—ASSISTANT PROFESSOR IN POLITICAL SCIENCE.

Duties to commence September, 1960.

Salary according to qualifications and experience, within the range of $4,800-$6,800 for a Lecturer and $6,300-$8,500 for Assistant Professor. Qualification in political theory preferred. Applications and names of reference to reach J. A. Corry, Queen's University, Kingston, before March 7, 1960.

THE UNIVERSITY OF LEEDS
DEPARTMENT OF ECONOMICS AND COMMERCE

Applications are invited for appointment as Assistant Lecturer or Lecturer in the Department of Economics and Commerce at a salary within the range £700 - £850 a year for an Assistant Lecturer, or £900 x £50 — £1,350 (efficiency bar) x £75 — £1,650 a year, for a Lecturer. Candidates should have a particular interest in economic theory and preferably some acquaintance with statistical method as used in economics. Applications (three copies) stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds 2 (from whom further particulars may be obtained), not later than March 31, 1960.

ECONOMICS GRADUATE (Woman), aged 21-25, required as assistant in Economic Intelligence Department, mainly for providing and collating information on current economic trends in overseas countries.—Apply: Finance Personnel Manager, Dunlop Rubber Company Ltd., 25 Ryder Street, S.W.1.

BROWN & POTSON require for their Finance and Administration Division, a young man, 23-28, with an Accountancy or Cost and Works Accounting Qualification. Experience in an industrial concern would be an advantage but applicants with solely commercial or auditing experience should not hesitate to apply. Experience within the Company will not be confined to its London headquarters but will include periods at the Manchester and Paisley Works. Salary, Profit Payment, Life Assurance and Pension Schemes are good and the Company is progressive in outlook and expanding. —Replies to Group Personnel Manager, Brown & Potson Ltd., 125-130, Strand, London, W.C.2.

STATISTICIANS. At least 4 pensionable posts for men or women at least 28 on 1.1.60, with wide statistical experience and (normally) first or second class honours degree in statistics or other appropriate main subject combined with statistics. Others with specially suitable statistical experience considered. Salary (men, London) £1,500 — £2,120. Starting pay may be above minimum. Promotion prospects. Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting S104/60. Closing date March 7, 1960.

ACTUARIAL ASSISTANT (MALE). R. Watson & Sons, Consulting Actuaries, of Ringley, Reigate Road, Reigate, Surrey, require additional qualified or partly qualified actuarial staff for interesting and important work with good starting salary and prospects.—Applicants, who should be under age 30 and have passed at least Part II of the Institute of Actuaries Examinations, should write, marking letters "Strictly Confidential," giving particulars of age, education, actuarial qualifications and experience.

MARKET RESEARCH

RUSTON AND HORNSBY LIMITED, manufacturers of diesel engines, gas turbines and locomotives wish to appoint a Deputy Market Research Officer to train under and work with their present Market Research Officer. The Market Research Section is well established and provides detailed information on the Company's sales activities over their complete range of products in all home and export markets.

Applicants should be not more than 30 years of age, preferably with a University Degree, not necessarily in engineering. An elementary knowledge of economics and simple statistical techniques is necessary for the work, but the latter could be acquired during training.

Salary according to age, qualifications and experience.

Post Pensionable.

Apply:—Staff Manager,
RUSTON & HORNSBY LTD.,
Lincoln.

THE HOUSE OF CITIZENSHIP

Stimulating post available for Woman History Graduate, 25-40, with personality, confidence and an interest in people and World Affairs. Varied work with scope for initiative. Good salary with pension; pleasant surroundings; long holidays.—Apply Miss Neville-Rolfe, Hartwell House, Aylesbury.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited from suitably qualified candidates for the following posts:—

LECTURER IN SOCIAL SCIENCE
LECTURER IN SOCIAL PSYCHOLOGY *OR* IN SOCIOLOGY
TWO LEVERHULME RESEARCH FELLOWSHIPS

Salary scales, according to age, qualifications and experience: *Lectureships* £900 x £50 to £1,350 x £75 to £1,650. *Fellowships* £900 to £1,200 per annum.

Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, to whom applications (6 copies) must be sent by March 5, 1960.

For further appointments and other classified advertisements see page 675

THE QUEEN'S UNIVERSITY OF BELFAST

The Senate of the Queen's University of Belfast invites applications for the two posts of: (a) Tutor; and (b) Assistant Tutor in Practical Work in the Department of Social Studies. For post (a) the date of commencement will be July 1, 1960, or such other date as may be arranged, and the salary scale will be £650 x £50 to £1,000, plus F.S.S.U. benefits. For post (b) the date of commencement will be October 1, 1960, or such later date as may be arranged, and the salary scale will be £600 x £25 to £775. For both posts candidates should possess a University degree, and a diploma in social studies or the equivalent. A specialist post-graduate qualification in social work or experience in a family case work agency is considered desirable for post (a) and an advantage for post (b). Applications should be submitted by March 4, 1960. Further particulars can be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

SOUTHLANDS COLLEGE

65 Wimbledon Parkside, London, S.W.19.

Applications are invited for the following post in September, 1960.

LECTURER (with later possibility of Senior Status) to commence and organise a new Department which is to provide teachers of Commercial and other subjects for the Secondary Schools. Applicants (men or women) should possess a degree in Economics or Commerce or Sociology and professional qualifications with teaching as well as industrial or commercial experience. A knowledge of shorthand and typewriting an asset.

Residence can be offered for a woman applicant. Salaries are in accordance with the Pelham Scale.

Application forms may be obtained from the Principal, to whom completed forms should be returned as soon as possible and not later than February 26th.

COMPANY AFFAIRS

Imperial Tobacco

TOBACCO shares, having been in the doldrums when other industrial equities were booming, have recently attracted considerable investment support. The attraction was not the increase in tobacco consumption (small and not likely, in this competitive market, to give a strong boost to profits) but the extra yield on these traditional income stocks above the general run of equities. In pushing the price of Imps up to 73s. 9d. (bringing the yield on the 1957-58 dividend of 21 per cent down to 5.7 per cent) the market was anticipating a slightly higher dividend for the year to October 31st last. The 22½ per cent dividend declared is rather better than had been expected and the shares, having been marked up to 77s. 6d., settled down at 75s. 3d., to offer for these days the high yield of 6 per cent on a dividend covered about 1¾ times.

The bigger dividend is made possible by a higher investment income (largely reflecting bigger dividends from British-American Tobacco) and the reduction in the standard rate of income tax. Consolidated trading profits have fallen from £24,293,066 to £21,685,143 and those of the parent company (reflecting the tobacco side of the business proper) from £21,107,120 to £18,572,393. The group's investment income has risen from £5,492,924 to £6,046,239 and the tax charge has fallen from £15,459,707 to £12,803,665 so that net profits have advanced slightly, from £14,326,283 to £14,927,717.

Movements of this kind were predicted by the chairman a year ago when he expressed the hope that the dividend would be maintained. Higher average prices for leaf tobacco and higher costs elsewhere (not least, it may perhaps be assumed, on the promotion of new and established brands of cigarettes) appear to be responsible for the fall in trading profits. But the decision to raise the dividend could hardly have been taken unless there was a fair chance that Imperial Tobacco can hold its share of the market and its present level of profits.

British Home Stores

FOR a year in which total retail sales rose by about 4 per cent British Home Stores, one of the smaller of the chain store groups, has reported the striking advance of 23 per cent in profits before tax, from £1.5 million to £1.9 million. Net earnings have risen from £718,465 to £965,701 and the ordinary dividend is set at 50 per cent on the capital as increased by the one-for-ten scrip issue last April; this compares with 41⅔ per cent paid on the original capital for 1958-59 and represents an effective increase in the dividend of 37.88 to 50 per cent. The revaluation of the group's properties has now been completed and the value of leaseholds and freeholds has been written up to £8,760,000, producing the enormous surplus over book values of £6,114,000. Rightly, therefore, the directors propose to recognise formally this revelation of the true worth of the group's assets by capitalising £6,750,328 from reserves to write up the nominal value of the ordinary shares from 1s. to 5s. Not surprisingly the market was delighted with these results and the 1s. shares were marked up 7½d. to 15s. 9d. to yield 3.2 per cent.

In 1958-59 the group's trading profits actually declined in the face of an increase in retail sales of about 3 per cent and it now seems clear that the programme designed to modernise the 80-odd stores is beginning to bear fruit. The 1959-60 figures also take in a full year's trading of two of the group's big new stores in Birmingham and Middlesbrough. The new dividend rate is covered 1.83 times by earnings. The directors say that the revaluation will raise the amortisation charge by £56,000, but this will reduce the present earnings cover only marginally, to 1.7 times.

Ilford

ANY disappointment shareholders may feel over the fall in Ilford's trading profits in the year ended October 31, 1959, from £1,612,499 to £1,518,305 may be mitigated to some extent by the increase in the ordinary dividend from 16 per cent to 17½ per cent. Thanks to a lower tax charge of £712,681 (against £860,183) net profits have risen from £752,316 to £805,624, so that the dividend is covered about twice. The directors say that the decline in the group's earnings is largely due to two special factors: heavy expenditure on research and development and the improved pension scheme introduced at the beginning of last year. The fact that the group's sales rose to a new record level suggests that the staple products—black and white film and X-ray film—did well.

The arrangements with ICI to pool research facilities, primarily on the development of colour films, could not be expected to produce any immediate financial returns but the long-term advantages of ICI's backing in this rapidly expanding and increasingly competitive market are obvious. More quickly maturing advantages to Ilford should come from the moves towards rationalisation such as the opening of the new factory at Basildon (housing the colour processing station) and the extension of the Mobberley plant where the paper processing, cutting and distribution departments have been put under one roof. The 5s. ordinary shares, of which ICI will eventually own 32 per cent, stand at 25s. 9d. x.d. to yield 3.4 per cent.

Power-Gas

TRADING profits of Power-Gas in the year to September 30, 1959, rose by 34 per cent, from £1,380,186 to £1,857,713. Net earnings advanced by no less than 47 per cent, from £534,601 to £784,927, and the ordinary dividend has been raised from 20 to 30 per cent. These results were better than the market had expected and the 10s. shares were marked up 3s. 9d. to 87s. 6d. The directors say that orders placed during 1958-59 fell from £9¼ million to £7¼ million, but since the end of the financial year they have returned to a satisfactory level. Last year Mr W. R. Brown, the chairman, said that profits in any one year derive largely from long-term contracts; clearly earnings in 1958-59 were buttressed by the steady working-through of a long order book and as a result Power-Gas has avoided the worst effects of the recession in the heavy engineering trades.

Merger talks are still taking place between Power-Gas and Davy-United (which reported last July a 55 per cent rise in trading profits, from £1,020,000 to £1,590,000) and the directors have promised a statement as soon as possible. With a satisfactory trading year behind them and a marked improvement in the order books reported by the two chairmen, both companies are negotiating from positions of strength. The 10s. shares of Power-Gas at 88s. 9d. yield 3.4 per cent on the 30 per cent dividend, covered three times by earnings.

Wagon Finance

WAGON FINANCE is one of the few hire purchase finance houses that is not associated with a joint stock bank. It has reported an increase of 13 per cent in profits before tax for 1959 from £533,948 to £602,758. This increase looks small compared with the advance of 29 per cent reported by Wagon Finance in 1958 and with the big increases in profits more recently reported by other hire purchase finance companies. Having already raised the interim dividend from 5 per cent to 6¼ per cent, the directors have stepped up the final dividend from 12½ per cent to 15 per cent, bringing the total for the year up from 17½ to 21¼ per cent. This dividend is covered almost twice by earnings.

In 1958 hirers' balances rose substantially from £4,187,000 to £5,886,000 and this together with the hire purchase boom had led the market to expect something better both in profits and in dividend from Wagon Finance. Since the results were announced the £1 shares have fallen by 12s. 6d. to

Company Affairs *continued on page 668.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959–60 High	Prices, 1959–60 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Feb. 3, 1960	Price, Feb. 10, 1960	Net Yield, Feb. 10, 1960 £ s. d.	Gross Yield, Feb. 10, 1960 £ s. d.
98$^{9}/_{16}$	96$^{11}/_{16}$	Funding 2½% 1956–61	98$^{1}/_{2}$	98$^{1}/_{2}$	2 11 1	3 16 3
....	....	Exchequer 2½% ....1960 Assented	97$^{11}/_{16}$*	97$^{15}/_{16}$*	3 5 10	4 8 1
100$^{3}/_{16}$	99$^{3}/_{16}$	Exchequer 3% 1960	99.17.10$^{1}/_{2}$	99.18.2	2 13 5	4 8 1
....	....	Exchequer 3% ....1960 Assented	97$^{11}/_{16}$*	97$^{13}/_{16}$*	3 5 10	4 8 1
101$^{11}/_{32}$	100$^{13}/_{16}$	Conversion 4½% 1962	100$^{5}/_{32}$	100$^{3}/_{16}$	2 13 5	4 8 1
96$^{3}/_{8}$	94$^{3}/_{8}$	Exchequer 3½% 1962–63	95$^{7}/_{16}$	95$^{5}/_{32}$	3 4 4	4 9 5
93$^{5}/_{8}$	91$^{3}/_{8}$	Exchequer 2½% 1963–64	92$^{7}/_{16}$	92$^{7}/_{16}$	3 7 11	4 9 5
101$^{5}/_{16}$	100$^{3}/_{8}$	Conversion 4½% 1963	100$^{23}/_{32}$	100$^{5}/_{32}$	2 11 4	4 9 10
100$^{7}/_{16}$	98$^{1}/_{4}$	Conversion 4½% 1964	99$^{25}/_{32}$	99$^{3}/_{16}$	2 17 1	4 14 3
99$^{3}/_{16}$	97$^{3}/_{32}$	Conversion 4½% 'A' 1964	99$^{1}/_{4}$	99$^{3}/_{32}$	2 18 9	4 14 1
92$^{13}/_{16}$	89$^{7}/_{8}$	Savings Bonds 3% 1955–65	91$^{15}/_{16}$*	92$^{9}/_{16}$*	3 6 6	4 10 9
86	82$^{3}/_{4}$	Funding 3% 1959–69	84$^{1}/_{4}$*	85$^{1}/_{8}$	3 17 1	5 3 10
94$^{7}/_{8}$	89$^{9}/_{16}$	Funding 4% 1960–90	92$^{1}/_{2}$	93	2 16 7	4 9 11
84$^{9}/_{16}$	80$^{7}/_{16}$	Savings Bonds 3% 1960–70	81$^{13}/_{16}$*	81$^{13}/_{16}$*	3 19 0	5 4 11
86	83	Savings Bonds 2½% 1964–67	84$^{9}/_{16}$	85$^{1}/_{16}$	4 0 1	5 2 5
78$^{15}/_{16}$	74$^{1}/_{4}$	Savings Bonds 3% 1965–75	75$^{3}/_{16}$*	75$^{5}/_{8}$*	3 19 1	5 5 6
105$^{11}/_{16}$	102$^{1}/_{2}$	Exchequer 5½% 1966	104$^{5}/_{16}$	102$^{13}/_{16}$*	2 17 3	4 18 6
87$^{7}/_{16}$	83$^{1}/_{4}$	Funding 3% 1966–68	84$^{3}/_{8}$	85$^{1}/_{8}$	3 18 7	5 4 2
98$^{1}/_{8}$	94$^{3}/_{4}$	Victory 4% 1920–76	95$^{3}/_{8}$*	95$^{3}/_{4}$*	3 0 0	4 11 8
90$^{3}/_{8}$	86$^{1}/_{4}$	Conversion 3½% 1969	86$^{13}/_{16}$*	87$^{7}/_{16}$*	3 15 7	5 1 4
104	98$^{5}/_{8}$	Conversion 5½% 1974	100$^{1}/_{4}$	100$^{5}/_{8}$	3 4 1	5 5 5
81$^{7}/_{16}$	76$^{7}/_{8}$	Treasury 3½% 1977–80	77$^{3}/_{4}$	78$^{1}/_{8}$	3 14 2	5 6 10
80$^{13}/_{16}$	76	Treasury 3½% 1979–81	76$^{1}/_{8}$*	76$^{7}/_{8}$*	3 14 10	5 6 10
107$^{1}/_{4}$	101$^{1}/_{16}$	Funding 5½% 1982–84	102$^{3}/_{8}$	102$^{7}/_{8}$	3 4 1	5 5 6
68$^{3}/_{4}$	64$^{1}/_{4}$	Redemption 3% 1986–96	65$^{1}/_{4}$	65$^{1}/_{2}$	3 11 4	5 3 7
98$^{3}/_{16}$	95$^{3}/_{8}$	Treasury 5% 1986–89	95$^{13}/_{16}$	96	3 6 7	5 1 8
75$^{3}/_{16}$	69$^{5}/_{8}$	Funding 3½% 1999–2004	70$^{3}/_{4}$	70$^{7}/_{8}$	3 8 8	5 4 1
77$^{1}/_{2}$	70$^{1}/_{2}$	Consols 4% ....after Feb. 1957	71$^{3}/_{4}$	72	3 8 2	5 5 11
68$^{9}/_{16}$	63	War Loan 3½% ....after 1952	63$^{15}/_{16}$	64$^{1}/_{8}$	3 7 4	5 5 10
68$^{11}/_{16}$	63$^{1}/_{4}$	Conv. 3½% ....after Apr. 1961	64$^{1}/_{8}$	64$^{7}/_{16}$	3 7 3	5 5 10
60	54$^{1}/_{2}$	Treasury 3% ....after Apr. 1966	55$^{5}/_{8}$	56	3 6 5	5 5 9
53$^{5}/_{8}$	47$^{7}/_{8}$	Consols 2½%	49$^{3}/_{4}$	49	3 2 8	5 2 7
51$^{1}/_{8}$	46$^{7}/_{8}$	Treasury 2½% ....after Apr. 1975	47$^{3}/_{4}$	47$^{7}/_{8}$	3 4 9	5 6 6
98$^{3}/_{4}$	94	British Electric 4½% 1967–69	94$^{9}/_{16}$*	95$^{1}/_{8}$	3 7 3	5 3 2
80$^{7}/_{8}$	77$^{1}/_{4}$	British Electric 3% 1968–73	78$^{9}/_{16}$	79$^{1}/_{4}$	3 18 10	5 6 5
78$^{1}/_{8}$	74$^{1}/_{8}$	British Electric 3% 1974–77	75	74$^{3}/_{8}$*	3 17 10	5 5 5
91$^{3}/_{4}$	87$^{1}/_{2}$	British Electric 4½% 1974–79	89$^{1}/_{4}$	89$^{1}/_{2}$	3 8 3	5 4 11
81$^{5}/_{16}$	77$^{5}/_{16}$	British Electric 3½% 1976–79	78$^{1}/_{2}$	78$^{3}/_{4}$	3 14 2	5 6 5
92$^{1}/_{4}$	87$^{1}/_{8}$	British Gas 4% 1969–72	88$^{9}/_{16}$	88$^{1}/_{2}$	3 12 1	5 5 6
88$^{5}/_{16}$	84$^{9}/_{16}$	British Gas 3½% 1969–71	84$^{9}/_{16}$*	85$^{1}/_{16}$*	3 14 6	5 8 4
69$^{7}/_{16}$	65	British Gas 3% 1990–95	66	66$^{3}/_{16}$	3 11 1	5 3 2
80$^{7}/_{8}$	77$^{1}/_{4}$	British Transport 3% 1968–73	78$^{9}/_{16}$	79$^{1}/_{4}$	3 18 10	5 5 8
89$^{5}/_{8}$	84	British Transport 4% 1972–77	85$^{1}/_{4}$	85$^{3}/_{4}$	3 11 2	5 5 11
70$^{1}/_{4}$	65$^{1}/_{4}$	British Transport 3% 1978–88	66$^{1}/_{16}$	66$^{5}/_{8}$	3 15 11	5 6 9

Prices, 1959–60 High	Prices, 1959–60 Low	DOMINION AND CORPORATION STOCKS	Price, Feb. 3, 1960	Price, Feb. 10, 1960	Yield, Feb. 10, 1960 £ s. d.
85	80$^{1}/_{8}$	Australia 3½% 1965–69	82$^{1}/_{8}$	82$^{1}/_{2}$	5 12 0
107$^{7}/_{8}$	103$^{3}/_{4}$	Australia 6% 1974–76	106$^{1}/_{2}$	106$^{1}/_{4}$	5 10 0
77	72$^{3}/_{4}$	Ceylon 4% 1973–75	73$^{1}/_{2}$	73$^{1}/_{2}$	7 0 0
108	104$^{1}/_{4}$	New Zealand 6% 1976–80	104$^{1}/_{2}$*	104$^{1}/_{4}$*	5 10 0
98$^{11}/_{16}$	93	Rhodesia and Nyasaland 6% 1978–81	95$^{3}/_{4}$	95$^{3}/_{4}$	6 7 0
87	84$^{3}/_{4}$	South Africa 3½% 1965–67	85	85	6 5 0
85	75	Southern Rhodesia 4½% 1978–92	77	77$^{1}/_{4}$	6 2 0
104$^{1}/_{2}$	100$^{7}/_{16}$	Agricultural Mortgage 5½% 1980–85	100$^{1}/_{2}$	100$^{3}/_{4}$	5 9 10
95$^{1}/_{4}$	89$^{3}/_{4}$	Birmingham 4¼% 1967–70	91$^{1}/_{4}$	91$^{3}/_{4}$	5 6 0
100$^{1}/_{2}$	96	Bristol 5% 1971–73	98	98$^{1}/_{2}$	5 1 0
102$^{1}/_{2}$	99$^{1}/_{4}$	Corporation of London 5¼% 1976–79	99$^{3}/_{4}$	100	5 6 0
57	52$^{3}/_{4}$	L.C.C. 3% ....after 1920	52$^{3}/_{4}$*	53$^{1}/_{4}$*	5 11 0
98$^{1}/_{16}$	94	L.C.C. 5% 1980–83	96$^{3}/_{8}$	96$^{7}/_{8}$	5 8 0
100	98$^{3}/_{8}$	Middlesex 5¼% 1980	99$^{1}/_{2}$	99$^{1}/_{2}$	5 5 0

NEW YORK PRICES AND INDICES

	Feb. 3 $	Feb. 10 $		Feb. 3 $	Feb. 10 $		Feb. 3 $	Feb. 10 $
Ath. Topeka	25	25$^{1}/_{2}$	Boeing	29$^{3}/_{4}$	29	Inter. Nickel	105$^{1}/_{4}$	107$^{1}/_{2}$
Can. Pacific	25$^{1}/_{2}$	25$^{7}/_{8}$	Celanese	29$^{3}/_{8}$	28$^{7}/_{8}$	Inter. Paper	116$^{1}/_{2}$	114$^{1}/_{2}$
Pennsylvania	15$^{3}/_{4}$	15$^{1}/_{2}$	Chrysler	63$^{3}/_{4}$	60$^{1}/_{8}$	Kennecott	91$^{1}/_{8}$	89$^{3}/_{4}$
Union Pacific	29$^{1}/_{4}$	29$^{7}/_{8}$	Col. Palmolive	37$^{5}/_{8}$	36$^{3}/_{4}$	Monsanto	48$^{1}/_{4}$*	46$^{3}/_{4}$
Amer. Electric	48$^{1}/_{8}$*	48$^{7}/_{8}$	Crown Zeller	47$^{1}/_{2}$	48$^{1}/_{2}$	Nat. Distillers	32$^{1}/_{2}$	31$^{3}/_{4}$
Am. Tel. & Tel.	81$^{3}/_{4}$	83	Distillers Seag.	31$^{5}/_{8}$	31	Pan-American	19$^{3}/_{8}$	19$^{1}/_{8}$
Cons. Edison	62$^{1}/_{2}$	62$^{3}/_{4}$	Douglas	38$^{1}/_{8}$	41$^{7}/_{8}$	Procter Gamble	85	88
Int. Tel. & Tel.	34$^{1}/_{2}$	33$^{3}/_{4}$	Du Pont	237	231	Radio Corpn.	60$^{3}/_{8}$	62$^{3}/_{8}$
Standard Gas	4$^{5}/_{8}$	4$^{5}/_{8}$	Eas. Kodak	98$^{1}/_{4}$	98$^{3}/_{8}$	Sears Roebuck	46$^{1}/_{2}$	45$^{7}/_{8}$
United Corpn.	7$^{3}/_{4}$	7$^{1}/_{8}$	Ford Motor	80	78$^{3}/_{8}$	Shell Oil	38	35$^{5}/_{8}$
Western Union	49	48$^{1}/_{2}$	Gen. Electric	89$^{1}/_{4}$	88$^{7}/_{8}$	Socony-Mobil	39	39$^{1}/_{4}$
Alcoa	95$^{1}/_{2}$	94$^{5}/_{8}$	General Foods	101	103$^{1}/_{4}$	Stand. Oil Ind.	43$^{1}/_{4}$	43$^{1}/_{4}$
Aluminium	32$^{3}/_{8}$	32$^{3}/_{8}$	General Motors	48$^{3}/_{4}$	46$^{3}/_{8}$	Stand. Oil N.J.	46$^{7}/_{8}$*	46
Amer. Can	41	40$^{3}/_{4}$	Goodyear	43$^{1}/_{4}$	40$^{3}/_{4}$	20th Cent. Fox	33$^{3}/_{4}$	34
Am. Smelting	46$^{1}/_{2}$	44$^{3}/_{4}$	Gulf Oil	31$^{5}/_{8}$	30$^{1}/_{2}$	Union Carbide	138$^{1}/_{4}$	138
Am. Viscose	38$^{1}/_{4}$	37$^{1}/_{2}$	Heinz	86	83$^{1}/_{4}$	U.S. Steel	89$^{7}/_{8}$	85$^{7}/_{8}$
Anaconda	61$^{5}/_{8}$	60	Int. Bus. Mach.	421$^{1}/_{2}$	417	West. Electric	51$^{5}/_{8}$	49$^{3}/_{8}$
Beth. Steel	50$^{1}/_{8}$*	49$^{1}/_{4}$	Int. Harvester	48	46$^{5}/_{8}$	Woolworth	60$^{1}/_{8}$	61$^{1}/_{8}$

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 13	62·33	3·12	33·57	5·18	44·51	4·03	84·16	4·46
,, 20	61·16	3·18	33·31	5·22	44·25	4·05	84·75	4·40
,, 27	60·69	3·21	33·12	5·25	44·52	4·03	84·36	4·44
Feb. 3	60·24	3·28	32·66	5·32	44·43	4·04	85·44	4·33
,, 10	59·25	3·28	32·58	5·34	44·32	4·05	86·24	4·25

425 Industrials:—1959–60: High, 65·32 (Aug. 3); Low, 57·02 (Feb.9).

Prices, 1959–60 High	Prices, 1959–60 Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c)		Price, Feb. 3, 1960	Price, Feb. 10, 1960	Yield, Feb. 10, 1960
			%	%			
44/-	28/4$^{1}/_{2}$	**BANKS, DISCOUNT & HP** Alexanders £1	5 b	2½ a	37/6*	40/-	3·75
53/-	32/3	Bank of London & S. Amer. £1	4 a	6 b	51/6	48/9	4·10
41	30½	Bank of New South Wales £20	9 c	9 c	39¼*	39¼	3·76¢
70·9	44/7½	Barclays £1	5 a	5 b	61/9	61/6	3·25
56·9	37/9	Barclays D.C.O. £1	4 a	5 b	48/-	47/6	3·79
64/-	43/9	Chartered £1	7½ a	7½ b	62/9	62/-	4·84
85/7½	54/3	District £1	8½ a	7 b	76/3*	75/9	3·70**
38/6	26/9	English, Scottish & Australn. £1	4 a	5 b	37/6	37/6	4·80
67	43	Hongkong & Shanghai $125	22/6 a	37/6 b	£64¾	£65	4·62
73/9	40/3	Lloyds £1	5 a	7 b	68/-◇	68/3	3·52
19/7½	17/-	Martins 5/-	8 a	8 b	18/11½*	17/7½	3·69**
95/-	60/11½	Midland £1	7½ a	9½ b	91/6	91/9	3·71
57/-	43/11½	Nat. Comm. Bk. Scot. 10/-	....	....	56/9	54/6	2·75**
56/3	41/3	National Discount 'B' 5/-	6¼ a	8¾ b	55/3	54/3	5·53
96/-	54/-	National Provincial £1	5 a	7 b	83/6	84/6	3·31**
94/41	66/-	Royal Bank of Scotland £1	8 a	9 b	87·-½	87/6*	3·89
51/9	37/3	Standard Bank South Africa £1	9 b	5 a	48·3	47/9	5·86
63/-	49/-	Union Discount £1	6¼ a	6¼ b	58/9*	58/3	4·29
65/-	37/9	Westminster 'B' £1	5 a	5⅝ b	57/3	57/6	3·77
£23$^{1}/_{2}$	£18$^{7}/_{16}$	Bank of Montreal $10	$1·65c	$1·85c	£20$^{1}/_{2}$*	£20$^{3}/_{16}$*	3·43
£34$^{7}/_{8}$	£27$^{5}/_{8}$	Royal Bank of Canada $10	$2·25c	$2·32$^{1}/_{2}$c	£29$^{1}/_{8}$*	£29$^{3}/_{8}$*	2·94
47/3	16/21$^{1}/_{4}$	Bowmaker 5/-	7½ a	20 b	46/3*	44/7½	3·08
44/-	18/7½	Lombard Banking 5/-	8½ a	8½ b	35/9	35/3	2·41
33/6	10/9	Mercantile Credit 5/-	5 a	10 b	26/9	26/3	2·86
11	5$^{11}/_{16}$	United Dominions Trust £1	2½ b	4 a	10⅛	10$^{9}/_{16}$	2·42
85/-	43/9	**BREWERIES, Etc.** Bass 5/-	10 a	47½ b	80/9	79/-	3·01
39/6	23/10½	Distillers 10/-	12½ c	5 a	37/-	35/9	3·50
26/10½	14/7½	Flowers 5/-	6	12 b	26/7½	25/7½	3·51
82/6	54/-	Guinness 10/-	10 a	18 b	65/6	64/-	4·38
20/4½	12/7½	Ind Coope & Allsopp 5/-	4 a	11½ b	20/4½	20/1½	3·85
38/-	22/-	Teacher (Distillers) 10/-	5 a	7½ b	36/-	35/-	3·57
90/9	38/9	Watney Mann Defd. £1	3¾ a	11½ b	90/9	90/9	3·31
137/-	100/-	Whitbread 'A' £1	17 b	8 a	130/-	125/3	3·96
81/6	39/9	**BUILDING, PAINT, Etc.** Associated Portland £1	10 c	4 b	76/9	74/-	2·59
28/9	15/-	British Plaster Board 10/-	6¾ b	4 a	26/10½	25/10½	3·86
101/10½	59/7½	Richard Costain £1	10 b	5 a	91/10½	88/3	3·40
16/11½	9/7½	Crittall Manufacturing 5/-	5 a	10 b	15/9	15/10½	4·72
17/9	12/7½	International Paints 4/-	14 b	6 a	16/6	16/-	5·00
104/6	61/3	London Brick £1	6 a	11 b	99/3	98/3	5·35
41/6	18/6	Pinchin Johnson 10/-	11¾ b	5 a	41/3	41/3	4·04
52/9	32/11½	Rugby Portland 5/-	12½ b	7½ a	48/6	48/3	2·59
36/-	17/-	Taylor Woodrow 5/-	12½ b	7½ a	33/-‖	30/3‖	3·31
130/-	79/9	Wall Paper Defd. £1	5 a	15 b	128/9	129/4½	3·09
30/6	16/-	**CHEMICAL** Albright & Wilson 5/-	13·6c	4·8d	28/6	27/9	2·45
24/7½	15/3	Borax Defd. 5/-	2$^{11}/_{12}$d	7$^{1}/_{12}$b	19/10½*	18/7½	2·68
56/9	32/10½	Fisons £1	3 a	6 b	50/-	49/9	3·62
62/6	33/10½	I.C.I. £1	5⅝ a	3¾ a	58/7½	58/-	3·13
27/7½	15/11½	Monsanto 5/-	8½ b	5 a	24/4½	23/10½	2·83
50/4½	28/-	**DRAPERY AND STORES** Montague Burton 10/-	5 a	15 b	48/10½	48/4½	4·13
48/6	27/-	Debenhams 10/-	5 a	11½ b	44/33¼	44/4½	3·75
59/4½	28/7½	G.U.S. 'A' 5/-	2	7½ a	55/4½	49/9	3·52
48/7½	31/9	House of Fraser 5/-	4	15 a	44/7½	44/3	4·52
25/6	13/-	Lewis's Investment Trust 4/-	16 c	7½ a	21/6	21/9	2·94
78/3	41/4½	Marks & Spencer 'A' 5/-	20·83b	12½ a	71/-	70/10½	2·35
54/3	32/7½	United Drapery 5/-	22½ b	7½ a	53/8¼	53/3	3·29
69/9	47/3	Woolworth 5/-	13½ a	31½ b	61/10½	64/9	3·47
67/-	54/-	**ELECTRICAL & RADIO** A.E.I. £1	7½ b	7 a	64/3	63/9	4·71
61/-	46/3	B.I.C.C. 10/-	9½ b	4 a	58/6	56/6	4·78
15/-	9/7½	Crompton Parkinson 5/-	4 e	7½ b	14/7½	14/11½	4·96
57/6	37/4½	Decca Record 10/-	20 c	3½ a	54/7½*	54/11½	3·70
57/-	31/7½	E.M.I. 10/-	5 a	15 b	51/7½	49/6	4·04
53/-	38/-	English Electric £1	3 a	3 a	47/6	46/6	4·01
48/9	30/-	General Electric £1	7 b	3 a	44/6	42/3	4·73
59/6	43/-	General Telephone & Elec. £1	4⅜ b	4⅜ b	53/-	51/9	3·38
20/7½	12/10½	Pye Defd. 5/-	12½ c	12½ c	17/4½	17/6	3·57
104/6	84/6	A. Reyrolle £1	6½ a	11 b	100/-	100/-	3·50
57/3	34/11½	Thorn Electrical 5/-	17½ c	20 c	48/3	48/3	2·07
55/-	42/3	**ENGINEERING** Babcock & Wilcox £1	7 b	4½ a	46/3	45/6	5·05
54/-	30/8¼	John Brown £1	6 b	4 a	46/9	44/10½*	4·46
10/6	7/-	Cammell Laird 5/-	11 b	3 a	9/11½	8/10½	7·89
46/9	30/3	International Combustion 5/-	10 a	20 b	42/9	37/6	4·00
15/7½	11/3	Richardsons Westgarth 10/-	5 b	3½ c	13/7½	13/10½	6·00
41/-	25/6	Stone-Platt 5/-	7½ b	2½ a	34/6	37/3	5·37
25/9	19/-	Thompson 5/-	15 b	7½ a	23/7½	22/3	5·06
40/4½	27/2½	Vickers £1	7½ b	2½ a	35/4½	34/9	5·76
29/3	16/-	Weir Group 5/-	9½ a	17½ a	24/6	23/6	4·35
60/3	36/6	Whessoe 5/-	12 a	14 b	49/3	48/9	4·03
73/9	37/-	Allied Ironfounders £1	8¾ b	7½ a	68/-	68/-	4·78
101/6	60/6	Averys £1	10 b	5 a	100/9	98/9*	3·04
19/-	10/3	George Cohen 5/-	4½ a	7½ b	17/3	16/-	3·75
117/9	43/4½	Davy-United £1	10 c	15 c	110/-	107/6	2·79
95/7½	51/3	Guest Keen £1	9 b	5 a	89/3	87/9	3·19
31/6	16/4½	Head Wrightson 5/-	10 b	3½ a	25/-	24/-	2·92**
80/-	44/7½	Metal Box £1	5⅛ b	4 a	70/3	67/9	2·75
29/6	16/9	Ransome & Marles 5/-	5 a	12½ b	25/9	25/9	3·40
58/9	39/9	Renold Chain £1	9½ b	3 a	58/3	58/9	4·26
40/-	21/4½	Ruston & Hornsby £1	9 c	8 c	34/6	33/3	4·81
139/7½	72/-	Tube Investments £1	7½ a	12½ b	128/-	124/9	3·21
168/9	83/-	Ward (Thos. W.) 5/-	5 a	20 b	156/3	156/3	3·20
45/-	22/3	Woodall-Duckham 5/-	25 c	5 a	42/9	42/-	2·98

‡ Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1959–60 High	Prices, 1959–60 Low	ORDINARY STOCKS	Price, Feb. 3, 1960	Price, Feb. 10, 1960	Yield, Feb. 10, 1960
41/3	22/6	**FOOD AND TOBACCO** Assoc. British Foods 5/-	40/6	39/4½	2·29
105/7½	63/-	Bovril Deferred £1	97/3	99/6	4·02
15/9	9/4½	Brooke Bond 'B' 5/-	15/11½	14/4½	3·55
30/7½	21/-	Home & Colonial 10/-	28/7½	27/7½	3·62
14/3	10/6	International Tea 5/-	12/11½	11/7½	4·30
91/-	69/-	J. Lyons 'A' £1	77/6	75/9	3·74
28/3	18·10½	Ranks 10/-	27/3	27/-	4·63
47/11½	26·10½	Spillers £1	44/6‖	43/3‖	4·25◇◇
62/-	42/-	Tate & Lyle £1	60/9	59/-	4·07
17/11½	10·10½	Unigate 5/-	16/9*	16/6	3·03◇◇
72/6	51/4½	British Amer. Tobacco 10/-	68/6	71/3	4·01
42/6	26/8¼	Gallaher 10/-	39/-	39/3	4·24
77/6	54/3	Imperial Tobacco £1	74/3	75/3	5·98
58/6	37/9	**MISCELLANEOUS** Assoc. Brit. Picture 5/-	47/9	46/3	6·49
42/-	27/4½	Assoc. Television 'A' 5/-	38/-‖	37/4½‖	6·69
49/-	23/4½	Beecham Group 5/-	45/-	44/-◇	2·95
32/-	19/7½	Boots Pure Drug 5/-	28/3	29/-	2·76
43/9	28/7½	British Match £1	42/9	41/6	4·01
87/3	49/6	British Oxygen £1	85/3	84/3*	3·32
11/6	8·10½	British Ropes 2/6	11/-	10·10½	4·14
73/6	42/9	De La Rue 10/-	71/6	68/6	2·92
39/3	22/3	Gestetner 'A' 5/-	37/3	36/9	2·72
63/9	35/9	Glaxo 10/-	63/9	62/9	2·23
64/-	31/6	Harrisons & Cros. Defd. £1	58/-	56/3	4·27
106/3	56/4½	Hoover 'A' 5/-	105/10½	104/9	2·86
33/6	16·10½	Ilford 5/-	28/3	25/9*	3·40
78/6	63/6	Inter. Computers & Tab. £1	70/9	67/-	2·99
58/-	30/-	National Canning £1	58/-	54/6	4·13
30/6	19/3	Powell Duffryn 10/-	28/6	28/3	5·66
32·10½	23/4½	Radio Rentals 5/-	28/8‖	27·10½	2·69
14/7½	10/-	Rank Organisation 5/-	13/4½	13/1½	3·81
34/9	18/11½	Schweppes 5/-	32/3	31/3	3·20◇◇
29/3	13/-	Sears 'A' 5/-	28/4½	27/7½	3·62
20/3	16·3 b	Thomas Tilling 4/-	19/3	19/-	2·87
112/3	69/4½	Turner & Newall £1	110/9	111/-	3·60
144/-	86/7½	Unilever £1	138/6	135/6	2·48
12/6	9/9	United Glass 5/-	12/6	12/-	4·33
50·10½	31/9	United Molasses £1	46/-	45/-	5·44
195/-	122/6	**INSURANCE** Britannic £1	195/-	192/6	3·61
68/6	40/9	Commercial Union 5/-	64/-	61/3	3·40
11½	6⅞	Employer's Liability £1	11·16	10·16	7·50◇◇
14¼	8	Equity & Law Life 8/6	13⅞	13¾	2·10
82/-	66/6	General Accident 5/-	81/6	77/6	2·58◇◇
104/4½	58/6	Guardian 5/-	102/3	97/6	3·08
18¾	9⅝	Legal & General 5/-	18⅝	17·3	5·44
145/-	63/6	Northern £1	102/6	102/6	3·61◇◇
172/6	112/6	Pearl 5/-	160/-	145/-	3·45
17·3	10½	Prudential 'A' 4/-	17·2	16·3	3·28
115/-	75/-	Royal Exchange £1	110/-	102/6	3·12◇◇
68/6	36/4½	**MOTORS & AIRCRAFT** B.S.A. £1	65/3	65/-	3·85
24/-	10/-	British Motor 5/-	22/-	21/6	4·24
113/9	50/3	Ford Motor £1	105/6	104/9	2·58
85/-	44/-	Leyland Motor £1	79/-*	79/-	3·80
18/11½	7/3	Rootes Motors 4/-	15/7½	15/4½	3·12
12/11½	5·11¼	Standard-Triumph 5/-	11/11½	11·4½	3·96
17/3	8/3	Bristol Aeroplane 10/-	14/3	13/9	7·27
32/6	12·11¼	De Havilland £1	31/6	32/-	....
55/3	34/9	Dowty Group 10/-	53/-	55/3	3·69
34/-	26/11½	Hawker Siddeley £1	31·10½	32/-	6·25
53/11½	41/3	Rolls-Royce £1	48·4½	47/7½	4·20
29/-	18/3	Dunlop Rubber 10/-	25/7½	25

115s. to yield 3.7 per cent—well over a point more than the yields offered by some of the other leading finance houses.

F. W. Woolworth

In the past five years Woolworth has spent £35 million on its expansion and modernisation programme and the benefits stemming from this expenditure can be seen in the rise in the trading profits for 1959 from £23,586,872 to £26,571,547. The programme, which is being pressed ahead as rapidly as possible will entail the spending of another £25 million in the next four years, largely on existing stores of pre-war vintage. Even then, Mr Berridge, the chairman, points out, much will remain to be done. Woolworth should not have any difficulty in financing its developments for it holds £27.3 million in liquid assets and last year its cash flow (excluding the jubilee bonus) amounted to £6.3 million. Free reserves now stand at almost £29 million, compared with £33¾ million of ordinary shares in issue, and some shareholders will doubtless be disappointed—not for the first time—that the report contains no mention of a scrip issue. Mr Berridge is however moderately optimistic about trading prospects for the current year although he believes that an increase in expenses, particularly in wages, is inevitable. The shares have enjoyed a strong market recently and at 66s. 3d. they yield just under 3¾ per cent on the 45 per cent dividend.

Borax (Holdings)

The sharp rise in trading profits from £1.6 million to £3.5 million in the year ended September 30th reported by Borax (Holdings) and the 150 per cent rise in net earnings of its American subsidiary, United States Borax and Chemical, encouraged the directors to step up the ordinary dividend (paid out of the parent company's accumulated reserves) from 8¾ per cent to 10 per cent. United States Borax and Chemical has not yet resumed the payment of dividends (which was suspended to ease the strain on cash resources when the new plant at Boron was having teething troubles), but last year it paid back $2.5 million of its bank overdraft and $1 million to the group's American holding company Consolidated Borax Inc. Lord Clitheroe, the chairman of Borax, says in his statement accompanying the full accounts that the Boron plant is now working efficiently and that the reorganisation of the management has had a marked effect on output. In 1958-59 the record sum of $1.6 million was spent by US Borax and Chemical on research and new products have been developed. Hopes that boron fuels would be used in manned military aircraft have now been abandoned but the American Defence Department is continuing to support the development of boron fuel for missiles.

Lord Clitheroe is confident that the demand for boron products (which range from fibre-glass to weed-killer) will expand. But he is not so sanguine about the future of potash. He cannot see any possibility of a recovery in prices until after mid-1960 and even then it will be too late to benefit the group's profits. Sales of potash last year were a record but costs of mining are rising as reserves of ore fall. The 5s. deferred shares at 18s. 6d. now offer a yield of 2.6 per cent, which discounts a long way ahead the developing and selling of new boron products.

"Chartered"

The recovery in the price of copper and hence in royalties paid to the "Chartered" company was largely responsible for the rise in its total income from £7,971,197 to £11,439,026 in the year to September 30th. After a tax charge of £4,854,888 (against £3,607,980) its net income is £2,220,921 higher at £6,584,138. The dividend has been raised from 35 per cent (including a profits tax interim of 5 per cent) to 40 per cent. This was below some recent market estimates. The increased dividend is covered almost twice by earnings and it seems clear that it is the company's intention to continue its policy of recent years in building up its investment portfolio against the day in 1986 when it hands over its mineral rights to the Northern Rhodesian government. The 15s. shares at 110s. 3d. xd yield 5.4 per cent.

Showerings

A year ago the offer for sale of 2,400,000 shares at 16s. each on a forecast dividend of 20 per cent by Showerings, the makers of "Babycham" was a resounding success. Now the group has issued its first preliminary statement, showing the results for the year to October 31st which fulfil the forecasts made at the time of the offer. Profits before tax have risen from £2,029,632 to £2,107,259 and after a slightly higher tax charge net profits have gone up by 8 per cent, from £994,108 to £1,071,914. An interim dividend of 8 per cent has already been paid and the final dividend is to be 14½ per cent. This sets the total payment at 22½ per cent. In addition a one for four scrip issue is to be made. The present dividend is covered 3.8 times by earnings so that an increase next year on the scaled down equivalent dividend of 18 per cent could easily be justified. In December Showerings acquired for cash the shares of Jules Duval, wine and spirit merchants, and the 1959-1960 results should reflect the benefit of this acquisition. But Showerings is essentially a one product company and its immediate prosperity depends largely on the continued appeal of its widely advertised "Babycham." At 26s. the 5s. ordinary shares, of which 70 per cent are held by the Showering family, yield just over 4¼ per cent.

London Stock Exchange

FIRST DEALINGS:	Jan. 25	Feb. 8	Feb. 22
LAST DEALINGS	Feb. 5	Feb. 19	Mar. 4
ACCOUNT DAY:	Feb. 16	Mar. 1	Mar. 5

Until Wednesday, when a mild rally occurred on hopes of a railway settlement, equity prices have drifted lower. Gilt-edged stocks have remained firm. Business contracted steadily and on Wednesday the number of bargains marked at 12,437 was the lowest total since October 1, 1959 Gilt-edged stocks benefited from a good deal of small but persistent switching operations and these helped to offset the restraining influence of the threatened rail strike. Over the week to the close on Wednesday 3½ per cent War Loan improved ⅛ to 64⅛ and in short-dated stocks 4½ per cent Conversion 1964 put on 3/32 to 99 3/16. Medium-dated stocks attracted a fair amount of investment buying and 4½ per cent Electricity 1974-79 closed ⅜ better at 89⅜. Home Corporation loans improved in sympathy with the Funds and 5½ per cent LCC 1977-81 gained ⅜ to 103.

Industrial equities lost ground all round and even some of the small gains on Wednesday were not maintained at the close. On Monday the Chancellor's week-end speech on wages and dividends, the dullness of Wall Street and the rail pay dispute caused a fall of 4.4 points in the *Financial Times* ordinary share index and over the week *The Economist* indicator declined 4.9 points to 364.6. The biggest falls were suffered by those shares that had recently shown the most striking advances and these shares, in turn, showed the sharpest movements on Wednesday. Thus in steel shares Steel of Wales closed 3d. up on the week at 49s. 3d. after falling at one time to 48s. 3d., and John Summers were 2s. better at 72s. 9d. after falling to 71s. 6d. Hadfields lost ground on the results and closed 1s 6d. down at 26s. Heavy engineering shares lost most of their recent gains too, with Vickers 7½d. down at 34s. 9d., Guest Keen 1s. 6d. down at 87s. 9d. and C. A. Parsons 1s. 3d. down at 51s. 9d. William Doxford fell 2s. 6d. to 115s. 6d. but Reyrolle closed unchanged at 100s. American favourites also lost ground in line with the weakness on Wall Street and Philips Lamp closed 1s. 1½d. down at 152s. 7½d.; EMI lost 2s. 1½d. at 49s. 6d. and Fisons fell 3d. to 49s. 9d.

The strongest section of the industrial market was aircraft shares. Handley Page, the one remaining independent aircraft manufacturer, gained 2s. 9d. to 13s. 10½d., Fairey improved 3s. 6d. to 33s. and Hawker Siddeley put on 1½d. at 32s. Textiles were also relatively firm, the most notable rise being in English Sewing Cotton which put on 9d. at 50s. 3d. Tobacco shares were firmer after the dividend announcement of Imperial Tobacco and "Imps" improved 1s. to 75s. 3d. Gallaher put on 3d. to 39s. 3d. and Carreras "B" gained the same amount at 4s. 9d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended February 6, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £168,316,000 compared with a surplus of £102,262,000 in the previous week, and a surplus of £165,756,000 in the corresponding period of last year. There was a net expenditure "below-line" of £44,889,000 leaving a total cumulative deficit to date of £467,586,000 compared with £364,866,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Feb. 7, 1959	April 1, 1959, to Feb. 6, 1960	Week ended Feb. 7, 1959	Week ended Feb. 6, 1960
Ord. Revenue					
Income Tax	2147,000	1688,550	1643,472	145071	132822
Surtax	171,000	114,300	120,800	11,000	12,200
Death Duties	195,000	156,700	184,900	4,000	5,000
Stamps	68,000	52,900	81,000	1,700	2,000
Profits tax, EPT and EPL	274,000	247,100	229,600	2,700	4,000
Other Inland Revenue Duties	1,000	350	360	...	...
Total Inland Revenue	2856,000	2259,900	2260,132	164471	156022
Customs	1285,500	1091,961	1169,449	22,387	26,108
Excise	864,500	773,480	760,570	39,115	49,765
Total Customs and Excise	2150,000	1865,441	1930,019	61,502	75,873
Motor Duties	104,000	102,768	103,470	7,111	5,833
PO (Net Receipts)	...	600	...	600	...
Broadcast Licences	35,000	27,800	30,100	...	...
Sundry Loans	30,000	26,624	33,358	472	1,430
Miscellaneous	150,000	89,612	137,650	1,041	1,121
Total	**5325,000**	**4372,745**	**4494,729**	**235197**	**240279**
Ord. Expenditure					
Debt Interest	600,000	584,406	489,168	21,748	...
Payments to Northern Ireland Exchequer	79,000	63,789	67,070	3,947	4,018
Other Consolidated Funds	10,000	7,904	8,310	...	15
Supply Services	4523,546	3518,891	3734,285	65,000	66,900
Total	**5212,546**	**4174,990**	**4298,833**	**90,695**	**70,933**
Sinking Funds	39,000	30,666	30,140	1,730	1,030
"Above-line" Surplus or Deficit	+ **167,089**	+ **165,756**	+ **142772**	+ **168316**
"Below-line" Net Expenditure*	531,955	633,342	29,927	44,889
Total Surplus or Deficit	**364,866**	**467,586**	**112845**	**123427**
Net receipts from:				
Tax Reserve Certificates	82,291	324	–21865	–32413
Savings Certificates	119,000	62,200	2,600	700
Defence Bonds	87,955	126,172	2,818	3,181
Premium Savings Bonds	59,545	38,810	1,360	400
Total	**348,791**	**227,506**	**–15087**	**–28132**

* Net receipt of the Civil Contingencies Fund of £5 million in 1959–60 compared with £6 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Feb. 7	3,250·0	1,891·6	237·9	...	5.379·5
Oct. 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
,, 14	3,580·0	1,942·9	223·8	...	5,746·7
,, 21	3,620·0	1,887·2	223·6	...	5,730·8
,, 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
,, 12	3,660·0	1,934·9	210·9	1·3	5,807·0
,, 19	3,660·0	2,004·0	228·2	1·5	5,893·7
,, 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4
,, 23	3,500·0	1,948·1	270·9	1·8	5,720·8
,, 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,420·0	1,696·5	213·7	...	5,330·2

THE MONEY MARKET

The discount houses again kept their bid at £98 17s. 3d. at last Friday's Treasury bill tender and the average rate of discount rose by 1½d. to £4 10s. 10.88d. Applications fell from £437 million to £410 million and the market's allotment at the basic price was a little higher at 28 per cent, compared with the all time low of 17 per cent the previous week. The Treasury again only allotted £230 million of the £250 million bills offered.

There has been another sharp drop in Treasury bill rates in the United States; the average rate for three months bills fell from 4.039 per cent to 3.563 per cent, almost one per cent below the equivalent rate in this country. The rate on six months bills fell from 4.501 per cent to 4.094 per cent.

After less difficult conditions at the week end credit has again been in keen demand and on Tuesday and Wednesday the authorities gave a large amount of special aid. One or two houses had to borrow a very small amount at Bank rate on each day this week. Rates for overnight loans have ranged up to 4⅝ per cent. In small bill business April maturities have changed hands at 4½ per cent and 4 3/32 per cent.

MONEY RATES

LONDON

	%		
Bank rate (from 4%, 21/1/60)	5	**Discount rates:** Bank bills:	%
Deposit rates (maximum):		60 days	4 21/32–4 23/32
Banks	3	3 months	4 21/32–4 23/32
Discount houses	3–3⅜	4 months	4 21/32–4 23/32
		6 months	4 21/32–4¾
Money:		Fine trade bills:	
Day-to-Day	3⅜–4⅝	3 months	5¼–6
		4 months	5¼–6
		6 months	5½–6¼

NEW YORK

	%		%
Official discount rate: (from 3½%, 10.9.59)	4	**Treasury Bills:** February 1	4·039
		,, 8	3·563

BANK OF ENGLAND RETURNS

(£ million)	Feb. 11, 1959	Feb. 3, 1960	Feb. 10, 1960
*Issue Department**:			
Notes in circulation	2,006·1	2,098·7	2,117 6
Notes in banking dept.	44·2	26·7	32 8
Govt. debt and securities*	2,046 5	2,122·2	2,147 3
Other securities	0 7	0 7	0 7
Gold coin and bullion	0 4	0 4	0 4
Coin other than gold coin	2·8	2·0	2 0
Banking Department:			
Deposits:			
Public accounts	11·9	17·9	10 1
Bankers	233·8	261·4	254 9
Others	68·8	65 6	64 9
Total	314 5	344·9	329 9
Securities:			
Government	252·0	287·9	270 3
Discounts and advances	14·6	27·1	23 4
Other	21·2	20 5	20 8
Total	287·8	335 5	314 5
Banking department reserve	45·1	27·7	33 7
"Proportion"	14·3	8·0	10·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £25 million to £2,150 million on February 10th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1959	*91 day*		s. d.	%
Feb. 6	210·0	385·3	60 0·22	45
	91 day	*63 day*		
Nov. 6	240·0	50·0	464·9	67 4·62 53
,, 13	220·0	60·0	471·5	67 9·55 26
,, 20	230·0	60·0	438·0	67 11·96 44
,, 27	220·0	60·0	415·4	67 11·95 46
Dec. 4	230·0	60·0	408·1	70 7·23 54
,, 11	290·0	...	452·8	71 6·91 48
,, 18	240·0	50·0	403·9	72 10·50 54
,, 24	*91 day* 290·0		407·8	73 8·82 66
1960				
Jan. 1	280·0		422·4	74 6·24 50
,, 8	270·0		396·6	74 11·06 56
,, 15	270·0		406·0	75 7·79 52
,, 22	270·0		378·5	91 1·19 67
,, 29	250·0		436·8	90 9·18 17
Feb. 5	250·0		410·2	90 10·88 28

* On February 5th tenders for 91 day bills at £98 17s. 3d. secured 28 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits February 10	Market Rates: Spot February 4	February 5	February 6	February 8	February 9	February 10
United States $	2·78–2·82*	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 3/16–5/16	2·80 1/4–3/8	2·80 1/4–3/8
Canadian $	2·66 1/16–13/16	2·66 1/8–67	2·66 1/8–67	2·66 1/8–67	2·66 1/4–3/8	2·66 7/8–67	2·66 7/8–67
French Fr.	13·622–14·027	13·75 3/8–7/8	13·75 1/4–76	13·75 1/4–76	13·75 1/8–3/8	13·75 3/8–76 1/8	13·75 3/8–76 3/8
Swiss Fr.	11·94–12·54 7/8	12·15 1/2–3/4	12·15 7/8–16 1/8	12·15 3/4–16	12·15–15 1/4	12·15 1/2–3/4	12·15 3/4–16
Belgian Fr.	137·96–142·05	139·75–80	139·77 1/2–82 1/2	139·77 1/2–82 1/2	139·72 1/2–77 1/2	139·77 1/2–82 1/2	139·77 1/2–82 1/2
Dutch Gld.	10·48–10·80	10·57 1/2–3/4	10·57 1/2–3/4	10·57 3/8–5/8	10·57–57 1/4	10·57 1/8–3/8	10·57 1/8–3/8
W. Ger. D-Mk.	11·59 1/2–11·92 1/2	11·68 3/8–7/8	11·68 3/8–69 1/8	11·68 3/8–69 1/8	11·68 3/8–7/8	11·69–69 1/4	11·68 3/8–69 1/8
Portug. Esc.	79·00 3/4–82·00 1/2	80 20–30	80 20–30	80 20–30	80 20–30	80 20–30	80 20–30
Italian Lire	1725–1775	1739 1/8–3/8	1739 1/2–3/4	1739 3/8–5/8	1739 3/8–3/4	1739 1/2–3/4	1739 3/8–7/8
Swedish Kr.	14·27 1/2–14·70	14·51 3/8–5/8	14·51 1/2–3/4	14·51 1/2–3/4	14·51 1/4–1/2	14·51 3/8–5/8	14·51 3/8–5/8
Danish Kr.	19·06 1/2–19·62	19·34 3/8–35	19·34 3/4–35	19·35–35 1/4	19·35–35 1/4	19·35–35 1/4	19·35 1/8–3/8
Norwegian Kr.	19·71–20·30 1/2	20·03 3/8–5/8	20·03 1/2–3/4	20·03 1/2–3/4	20·03 3/8–5/8	20·03 3/8–5/8	20·03 1/2–3/4
	* Official Limits						
One Month Forward Rates							
United States $		1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	3/16–1/16c. pm	3/16–1/16c. pm
Canadian $		1/16–1/8c. dis	1/16–1/8c. dis	par–1/8c. dis	par–1/8c. dis	1/16c.pm–1/16c.dis	1/8c.pm–1/16c.dis
French Fr.		par–1/2c. dis	par–1/2c. dis	par–1/2c. dis	par–1/2c. dis	par–1/2c. dis	1/2c. pm–1/2c. dis
Swiss Fr.		1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm
Belgian Fr.		2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.		1–3/4c. pm	1–3/4c. pm	1–3/4c. pm	1 1/8–par pm	1 1/8–par pm	1–3/4c. pm
W. German D-Mk.		3/8–1/8pf. pm	3/8–1/8pf. pm	1/2–1/4pf. pm	3/8–1/8pf. pm	3/8–1/8pf. pm	3/8–1/8pf. pm
Three Months Forward Rates							
United States $		3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	1/4–1/8c. pm	5/16–3/16c. pm	5/16–3/16c. pm
Canadian $		1/4–3/8c. dis	1/4–3/8c. dis	3/16–3/16c. dis	1/8–1/4c. dis	par–1/8c. dis	par–1/8c. dis
Swiss Fr.		4 1/4–4c. pm	4 1/4–4c. pm	4 1/4–4c. pm	4 1/2–4 1/4c. pm	4 3/8–4 1/8c. pm	4 3/4–4 1/2c. pm
W. German D-Mk.		1/2–1/4pf. pm	1/2–1/4pf. pm	1/2–1/4pf. pm	7/8–3/8pf. pm	1 1/8–3/8pf. pm	1 1/8–3/8pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/03 4	250/51 2	...	250/51 4	250/41 2	250/43 4

Western Europe

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

BRITISH

Prices and Wages.....	Jan. 30th	External Trade	Feb. 6th
Manpower and Output....	Jan. 16th	Industrial Profits.....	Jan. 23rd

OVERSEAS

Western Europe.....	This week	United States.....	Dec. 26th

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1948	54	87	82	79	...	52	70	62	70	70	90	69	83
1957	146	123	121	144	147	145	105	137	126	128	118	139	115
1958	150	115	121	150	151	161	105	142	126	124	117	...	114
1959, June	165	122	136	167	163	162	119[3]	155	145	141	124	...	124
,, July	154	105	91	150	153	163	}	162	139	91	64	...	110
,, August	150	110	135	107	153	164	} 116[4]	129	128	127	116	...	104
,, September	168	...	143	158	166	169	}	168	147	142	127	...	126
,, October	...	...	143	166	174	...	...	...	152	143	132	...	131[8]
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
Imports (c.i.f.)													
1948	243	7,249	285[14]	56·08	264[15]	152[17]	11·4	70·36	414	310[14]	413[14]	64·2	168·0[29]
1957	2,445	14,302	782[14]	187·32	2,624	1,311	15·4	191·33	1,300	759[14]	1,047[14]	92·7	326·1
1958	2,326	13,037	739	196·15	2,576	1,412	16·5	165·05	1,148	779[14]	1,021[14]	73·5	300·9
1959, June	2,599	14,714	928	221·99	2,826	1,358	16·8	159·54	1,310	785	1,008	103·3	321·6
,, July	2,549	13,382	898	200·80	2,971	1,491	20·3	173·07	1,300	823	931	95·2	343·6
,, August	2,262	12,882	861	175·11	2,904	1,242	13·4	158·43	1,107	821	901	97·5	295·9
,, September	2,578	14,145	934	186·25	3,012	1,320	16·6	180·81	1,307	700	1,064	84·9	318·9
,, October	2,728	16,356	978	225·24	3,214	...	...	188·57	1,331	865	1,163	99·6	345·6[9]
Exports (f.o.b.)													
1948	165	6,171	228[14]	36·18	151[15]	39[17]	4·1	47·99	226	172[14]	332[14]	45·9	131·6[20]
1957	2,120	13,275	676[14]	155·72	2,996	549	10·9	132·80	981	489[14]	922[14]	80·6	274·2
1958	1,989	12,689	742	179·13	3,081	579	10·9	132·10	1,019	443[14]	901[14]	57·7	264·3
1959, June	2,177	13,523	790	241·21	3,367	366	10·5	129·38	1,135	440	970	67·3	251·6
,, July	2,167	14,529	742	228·16	3,378	319	11·3	161·70	1,058	462	940	45·7	287·8
,, August	2,025	11,447	843	210·80	3,353	246	9·5	157·02	1,003	409	857	39·1	255·5
,, September	2,151	14,548	864	218·34	3,580	451	12·2	162·75	1,307	535	903	54·2	246·5
,, October	2,327	14,974[16]	865	274·22[22]	3,829	...	...	167·42	1,362	513	1,155	64·1	306·0[18]
COST OF LIVING (5) (1953=100)													
1948	50[19]	95	81	60	93	63	79	86	78[18]	74	77	89	77
1957	112	107	116	106	106	129	112	110	115	112	113	152	116
1958	114	108	117	122	110	131	117	113	117	118	119	171	119
1959, July	117	109	119	128	112	134	...	112	119	120	119	223	119
,, August	116	110	...	129	112	134	115	112	121	121	120	...	120
,, September	115	110	...	129	112	135	...	113	120	121	120	...	119
,, October	115	110	...	130	114	136	...	114	120	121	120	...	120
,, November	...	111	...	...	...	136	...	...	...	121	...	...	120[11]
EXPORT PRICES (6) (1953=100)													
1948	42	95	91	68	...	...	78	103	97	84	76	91	77
1957	105	106	102	106	103	140	98	102	105	119	103	...	110
1958	103	99	100	116	103	137	100	101	102	110	102	...	109
1959, July	100	94	...	}	{ 100	133	108	97	100	}		{ ...	107
,, August	100	91	...	} 127[4]	{ 100	135	106	97	101	} 104[4]	99[4]	{ ...	107
,, September	96	...	...	}	{ 99	136	107	97	101	}		{ ...	108
,, October	101	...	...	...	99	...	...	98	104	...	...	...	108[12]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US Dollars, end of period)													
1948	62	938	84·0	...	295	...	209	539	343	140·6	233	192	1,856
1957	510	1,132	171·9	645	5,644	196·4	258	1,532	1,056	184·6	456	315	2,273
1958	665	1,484	229·7	1,050	6,322	176·0	262	2,321	1,493	243·3	473	297	3,069
1959, August	754	1,421[3]	249·8	1,875	5,402	188·1	253	3,116	1,384	227·8	486	276	3,248
,, September	757	1,405	288·9	1,857	5,324	189·3	256	...	1,382	234·7	482	274	3,284
,, October	740	1,368	284·6	1,911	5,393	202·8	256	...	1,353	236·8	439	265	3,024
,, November	700	1,334	282·0	1,793	5,608	...	256	...	1,350	242·4	...	...	2,974[13]

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. France includes the Saar until July 5, 1959. (3) Average for second quarter. (4) Average for third quarter. (5) In capital cities only for France, Greece and Turkey; and Austria prior to March, 1959; Austria (prior to March, 1959) and Belgium exclude rent; Denmark includes direct taxes; Ireland based on August, 1953=100. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. (7) Holdings of the government and central bank. Foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments; Ireland includes some long-term securities. (8) November, 133; December, 125. (9) November, 347·4; December, 361·2. (10) November, 298·3; December, 296·6. (11) December, 121. (12) November, 110; December, 110. (13) December, 2,738; January, 2,685. (14) Special trade. (15) Bizonal area. (16) November, 14,420. (17) Thousand million old drachmas. (18) Including direct taxes. (19) July to December. (20) Including trade with the Channel Islands and United Kingdom whale fisheries. (21) November, 173·00. (22) November, 179·90.

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ESTABLISHED 1833

Statement of Liabilities and Assets
December 31st, 1959

LIABILITIES

Capital paid up	£21,026,324
Reserve Funds (including Share Premium Account £111,220)	14,216,270
Current, Deposit and other Accounts	922,636,893
Liabilities for Acceptances, Endorsements, Engagements, etc.	42,969,325
	£1,000,848,812

ASSETS

Coin, Bank Notes and Balances with the Bank of England	£78,669,461
Balances with, and Cheques in course of collection on, other Banks in the United Kingdom and Ireland, and Cheques, Drafts, etc., in transit	67,856,368
Money at call and short notice	64,295,000
Bills Discounted	198,496,716
Investments	171,103,353
Advances to Customers and Other Accounts	355,431,329
Trade Investments	10,269,989
Bank Premises	11,737,241
Liabilities of Customers for Acceptances, Endorsements, Engagements, etc.	42,969,325
	£1,000,848,812

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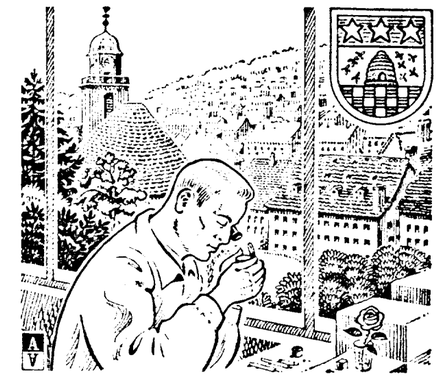

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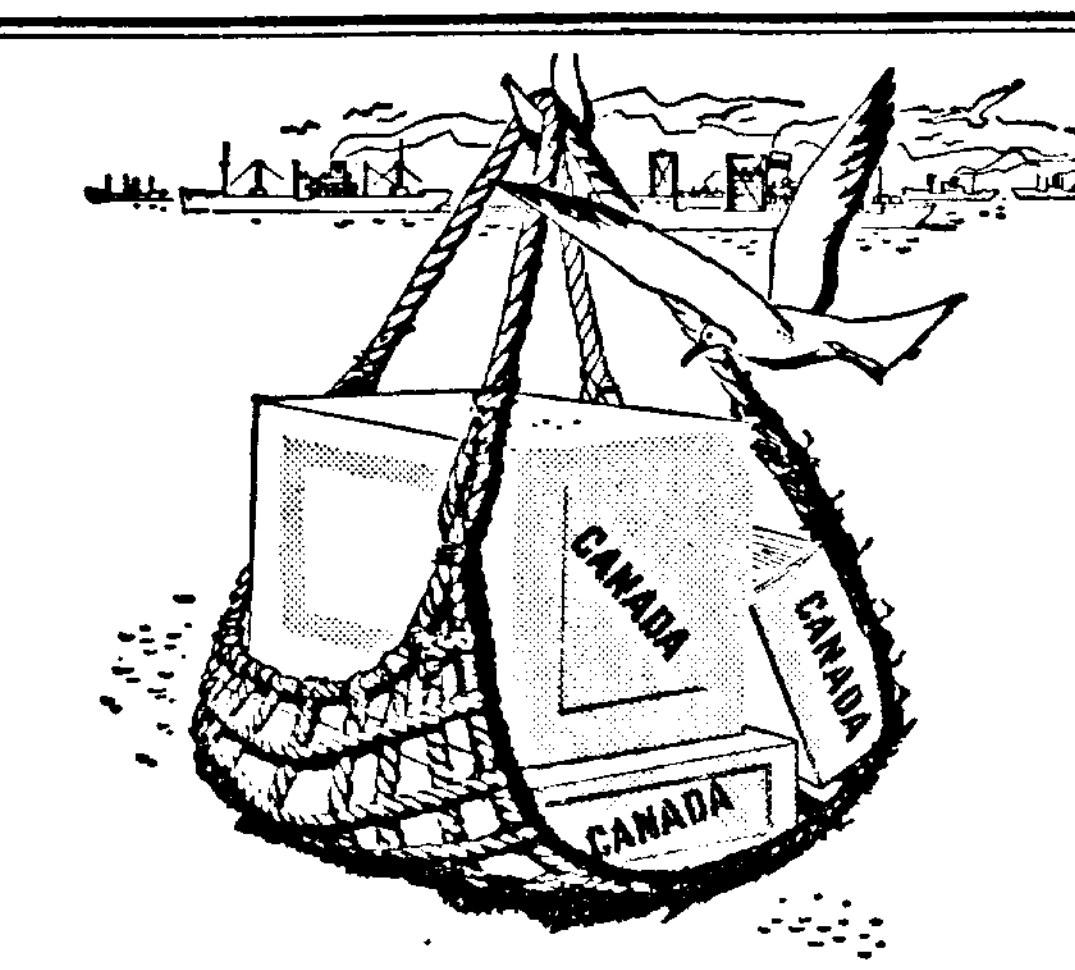

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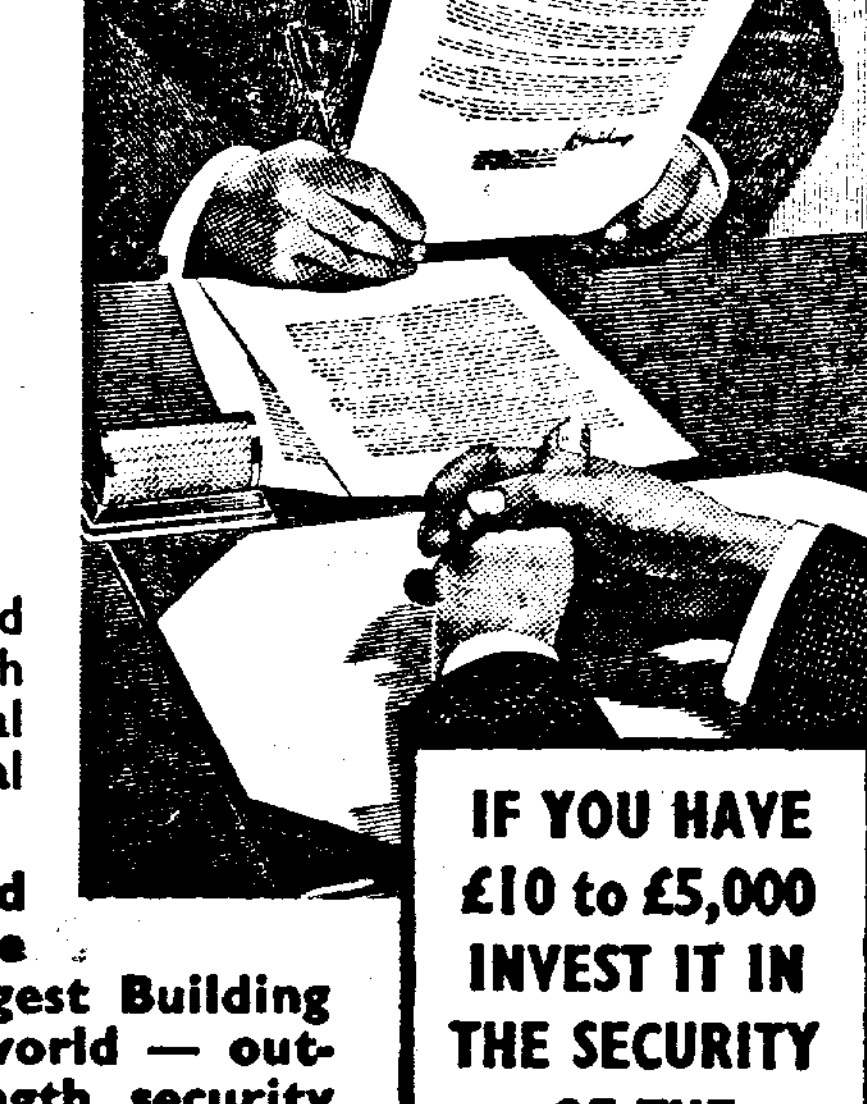

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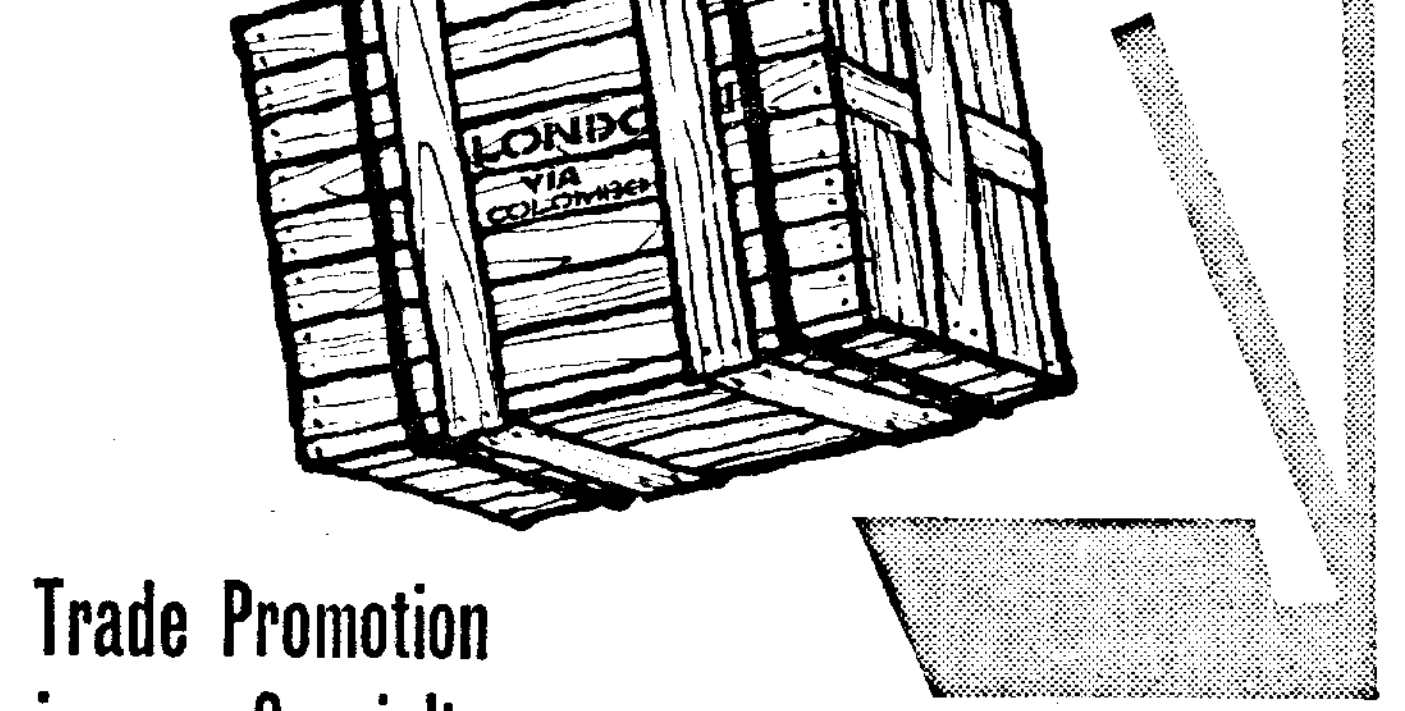

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For other appointments see page 664

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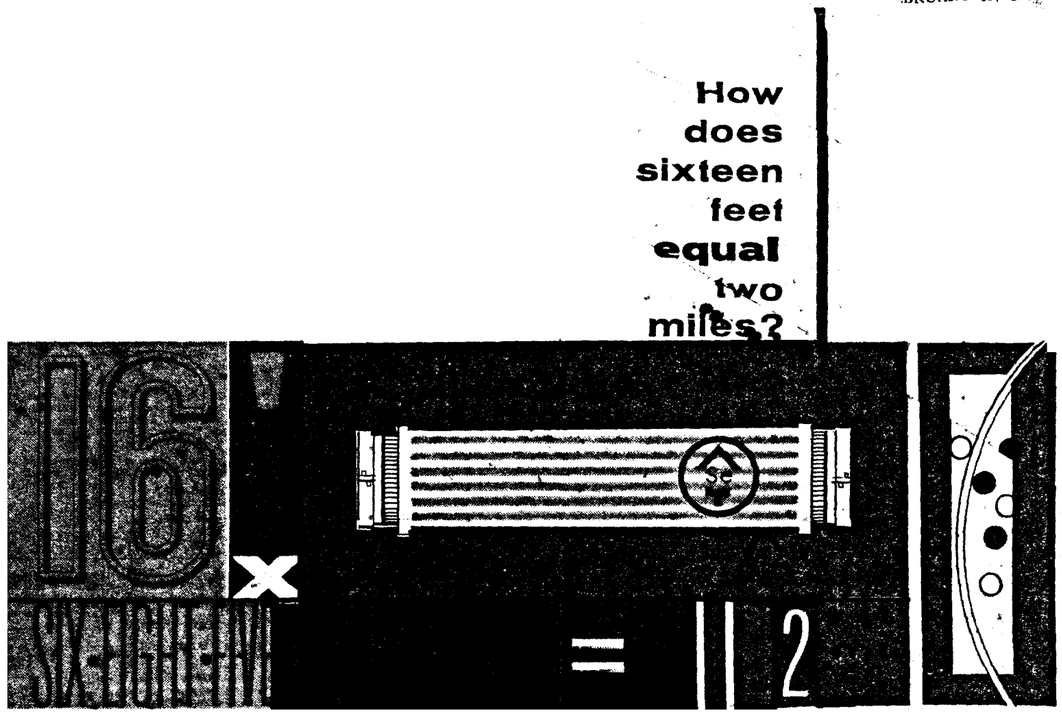

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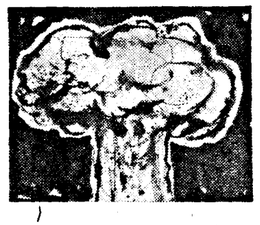
What sort of deterrent?

Mr Watkinson's Defence page 692

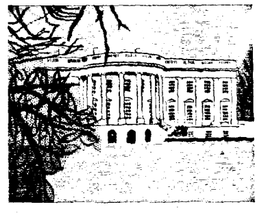


Hourra pour la France!

The French Bomb

The Fourth N-Power and the Nth (page 694)

France's Morning After (page 722)



Can the Russians be trusted?

Divided on Disarmament

The American Administration has still to make up its split mind *(page 712)*

Fair Wages for Inflation? page 691

World Politics and Business

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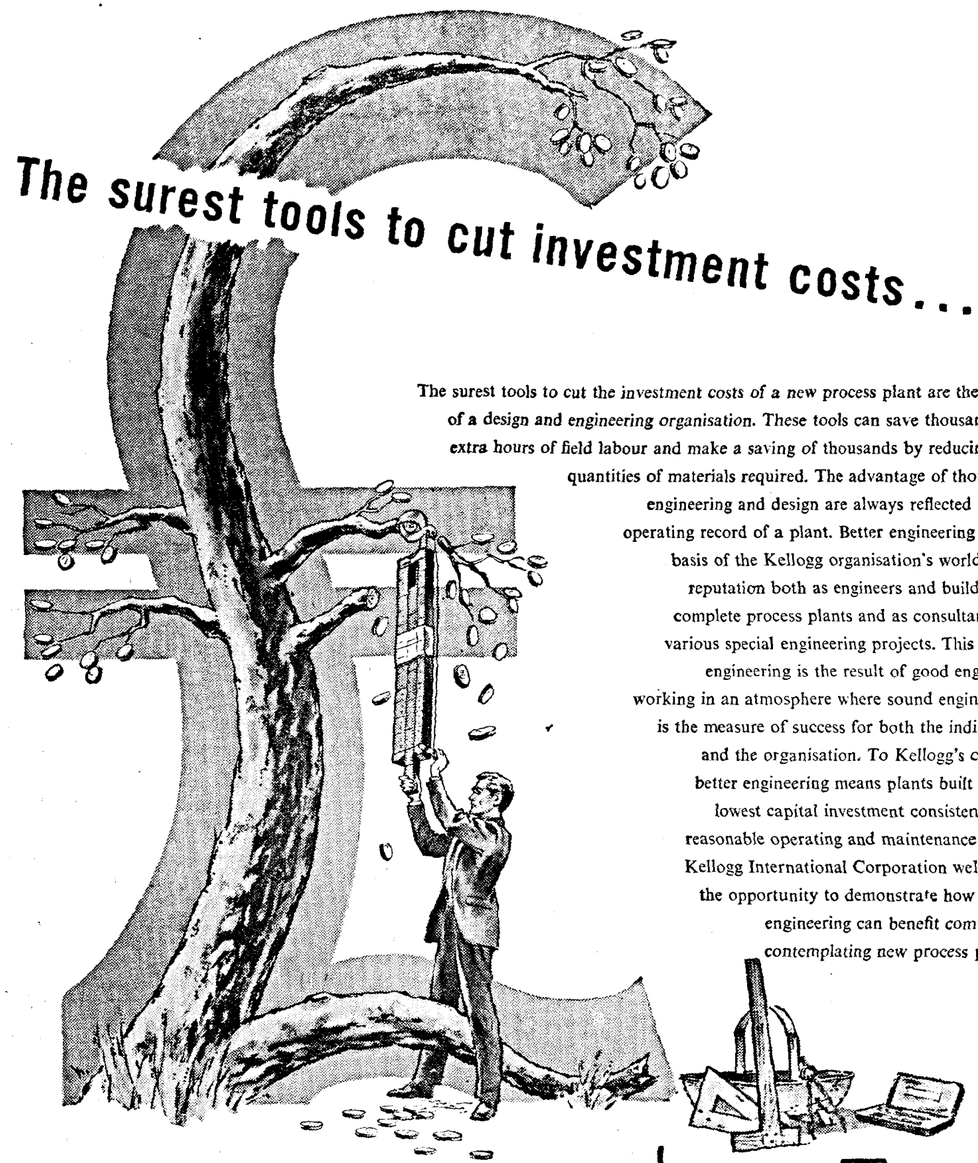
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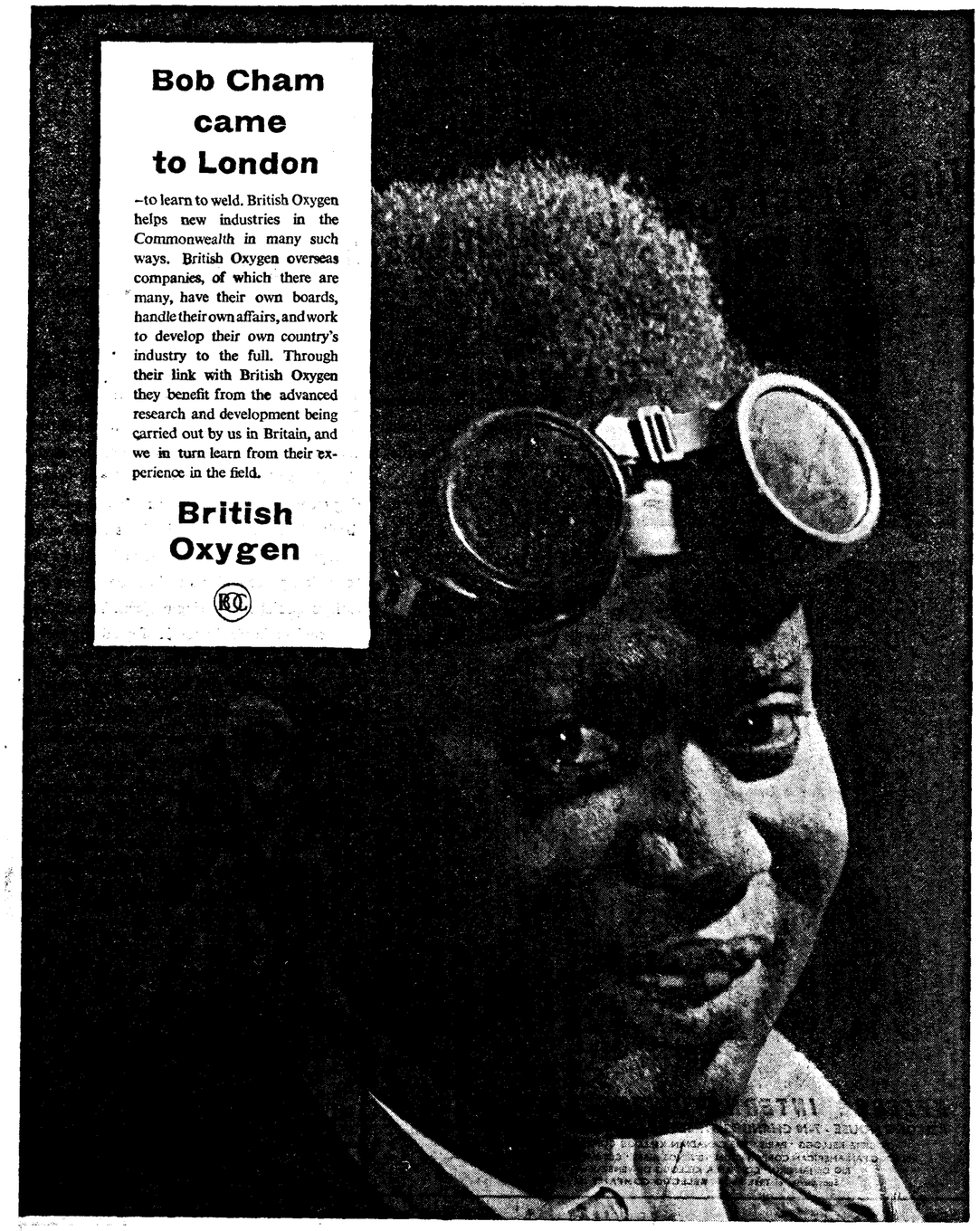

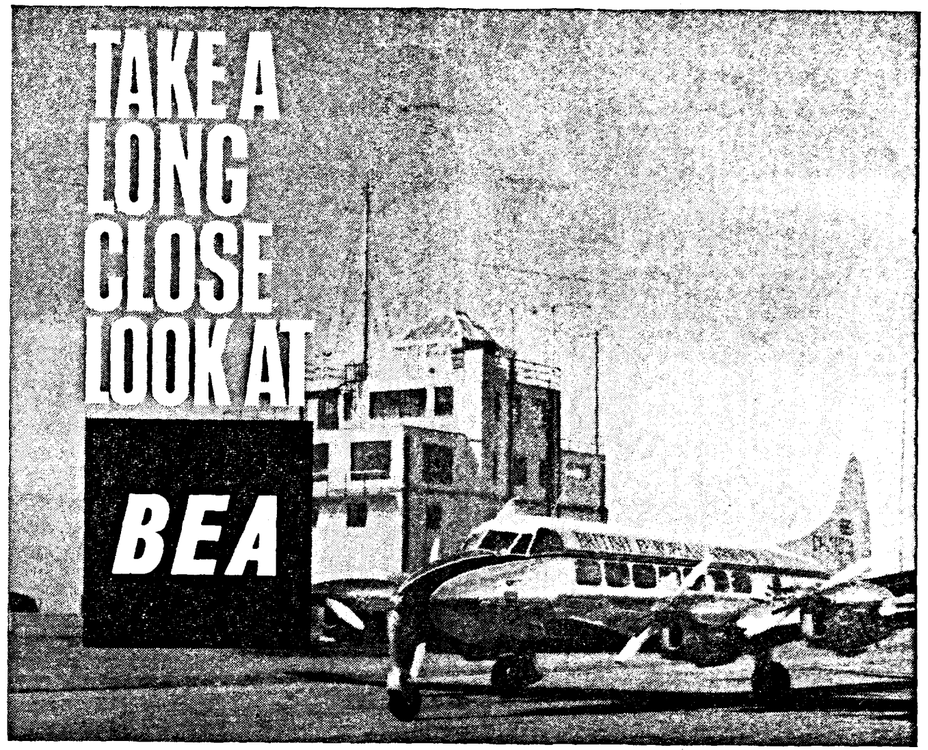

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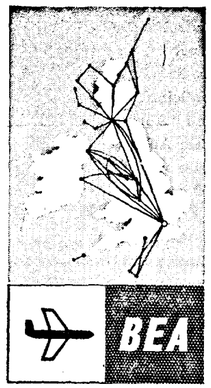

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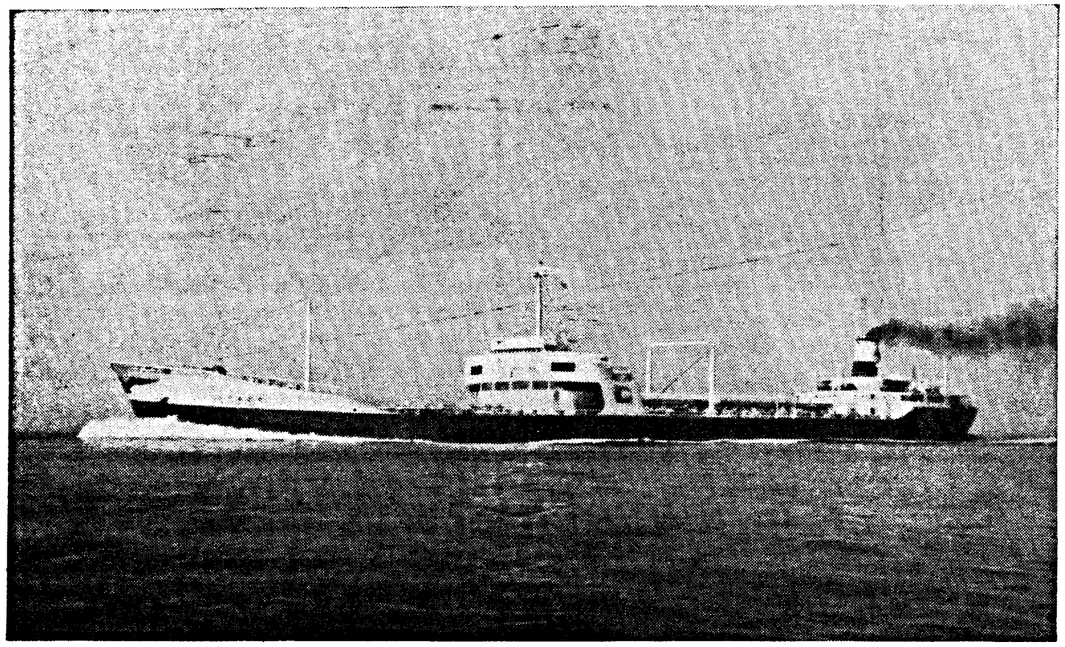

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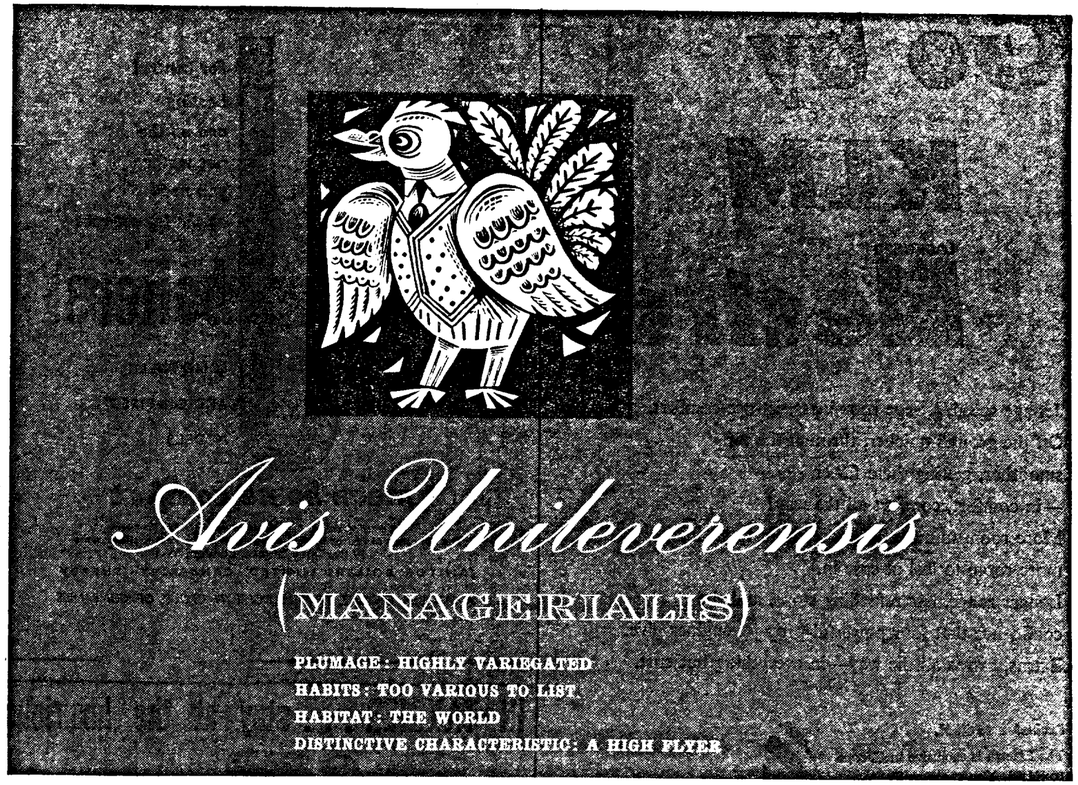

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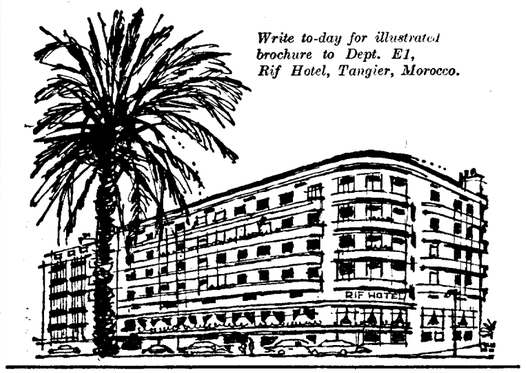

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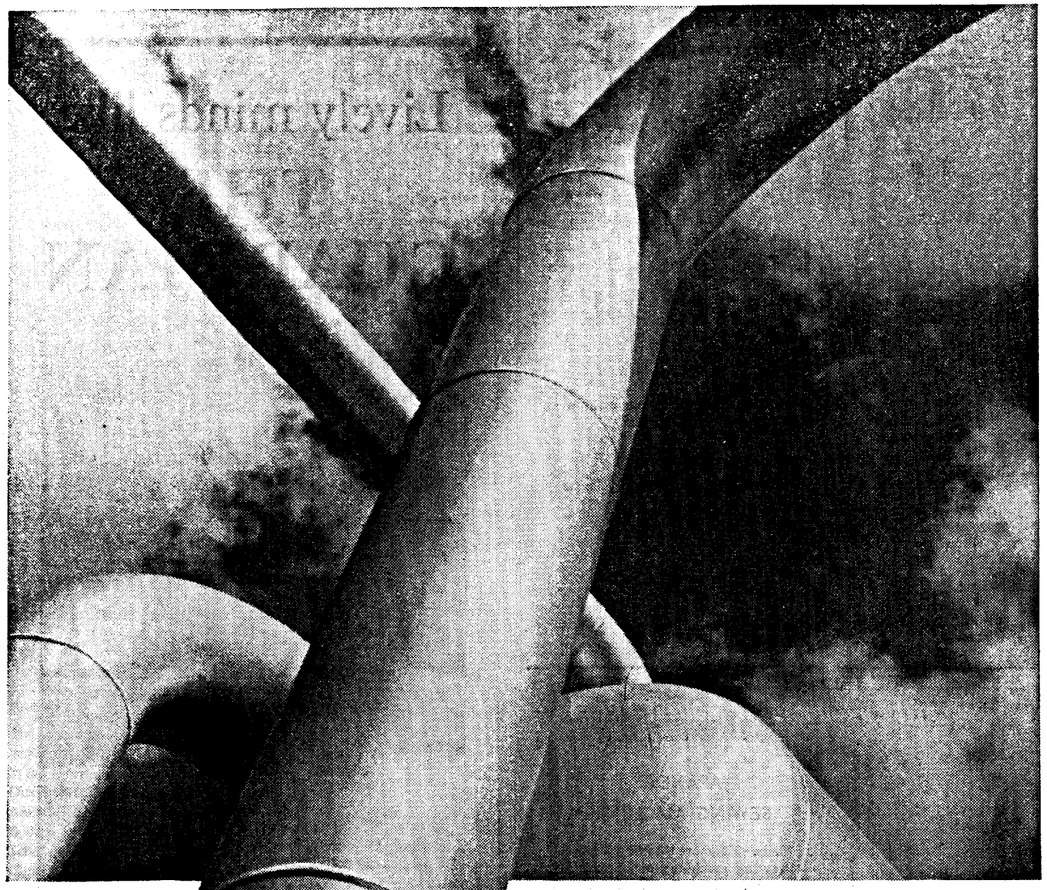

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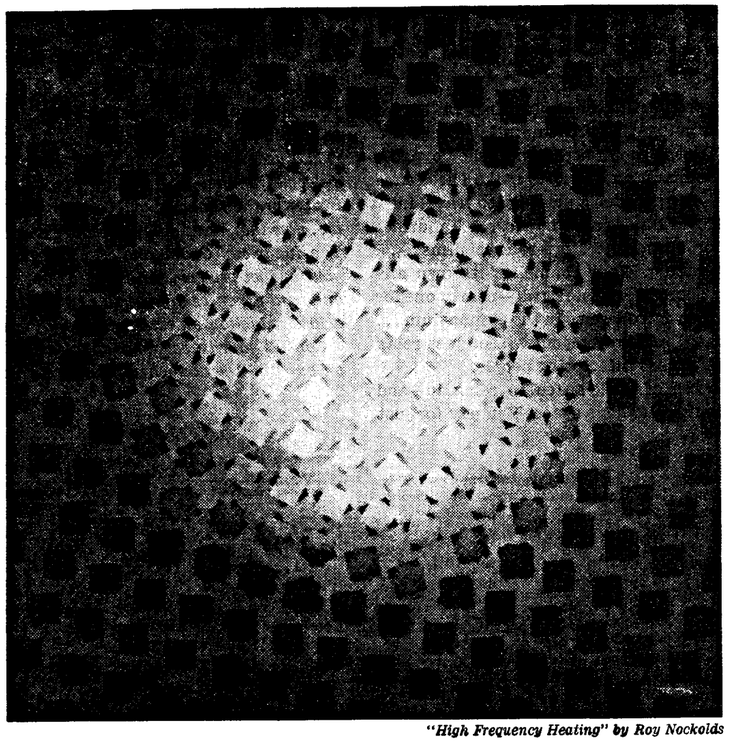

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The Economist

FEBRUARY 20, 1960

Fair Wages for Inflation? 691
Mr Watkinson's Defence 692
The 4th N-Power—and the Nth 694
The East Wind 695
Peasants' Revolt? 696

NOTES OF THE WEEK 697

Parliament; Central Africa; Algeria; The Arab World; The Railways; Wage Claims; Doctors' Earnings; Professional Pay—The Findings; Latin America; Italy; Europe; Nationalisation; Soviet Union; British Honduras; Argentina; Oxford and Cambridge; Technical Education.

BOOKS

Storm Winds of Literature 708

LETTERS 710

AMERICAN SURVEY

Divided on Disarmament 712

Surplus Politics; In Unions Disunity; Rounding up Delegates; Fight for Life; Quota Questions; Mergers on Trial; Giving to Charity.

THE WORLD OVERSEAS

German Forebodings About Berlin 721

Brinkmanship in Cyprus; France's Morning After; Gallocentricity and Nationalism; Hussein's Grand Design; Ceylon's Confusing Drama; Africans in Congress—II; Italian Industry Looks Up.

THE BUSINESS WORLD

Nationalisation by Halves 733
End of the German Miracle? 735

BUSINESS NOTES 739

The Budget; In the Markets; Railways; Taxing Fringe Benefits; Monopolies Commission; Bids and Deals; Gas; Overseas Trade; Missiles and Their Uses; City Traffic; Manpower; Chemicals; Wool Market; Uranium; Engineering Exports; Copper Market; The Jasper Case; Raw Sugar; Domestic Appliances; Telephone Links; Jugoslav Bonds; Shorter Notes.

COMPANY AFFAIRS 759

What is Arusha Worth?; English Electric; British-American Tobacco; John Holt; British Oxygen.

London and New York Stocks 760
Money and Exchanges 763
Manpower and Output 764

Annual Postal Subscription by ordinary mail £4 10s.; overseas £5; by air see page 769.

VOLUME CXCIV - NUMBER 6073.

Fair Wages for Inflation?

THE railwaymen did, in the end, get their way by threatening to strike. The Government did, in the end, prefer to give way again. *The Economist* made the mistake last week of thinking better of a Government that was returned last autumn with a majority of 100 for a mandate to continue to keep prices stable and avoid inflation. The important thing now is to understand what the Government decided last week; it was, in effect, to put the present staffs of the railways, in their present numbers, on national assistance.

The promise to give the members of the National Union of Railwaymen a pay increase of 5 per cent to begin with is only the bit of the iceberg that shows so far above the surface. The real commitment, whether said yet or not, is to pay to all the members of all the three railway unions, in basic pay and in differential rates above that, at least what the Guillebaud report may suggest in a fortnight's time. The prospective cost is not just another £19 million a year but from £40 million to £50 million (not counting the cost of the new claims for shorter working hours). The alternative is still a national rail strike; the threat is not withdrawn but held back, to make the assurance sure.

The threat will almost certainly not be needed. Almost certainly it was not needed last week. The Government did only what it really wanted to do, for it now appears to have a wages policy after all. That policy is to see that all workers are paid wages comparable with the wages of other similar workers; it is to keep everybody up with their Joneses, whatever the cost. This is "fair" and it staves off strikes; it is also capable of becoming the most ingenious (or ingenuous?) built-in engine of inflation and protectionist distortion of the economy yet devised.

It is in fact a policy of "freeze." But what is to be frozen now is not the wages paid but the differences between them. Any disturbance of the pay of one group of workers will set all the others moving until the first group's gains are cancelled out, and the whole process has to start again. The incentive to shift from old declining jobs to new and growing ones will be chilled; what we now risk getting is not growth without inflation but inflation without growth.

For years the steam behind the regular rounds of wage claims was the ever-rising cost of living, and the steam behind the cost of living was the ever-rising wages. That was inflation then—with growth. Two years or so ago, at the cost of slackened work and output, prices were steadied and wage claims slackened too. Then, as activity grew again last year, pay and earnings went strikingly up. This was not mainly the result of higher industry rates in new union agreements, of which there were only few. It was the natural result of the pull upon workplace rates of a booming market; and workers outside the market (in, say, the public service) or in unprospering industries were not pulled up. This is the "inequity" that the device of fair wage-fixing by impartial committees doing sums is designed to remedy.

The Guillebaud report is only one of a flock of these comparative calculations. The Pilkington report this week, which is discussed in some detail on later pages, does it for doctors and dentists. The Coleraine committee has already done it for higher civil servants (and it has been done for officers and technicians in the services); the civil service pay unit is busy all the time seeing that the lower grades of government workers (including postmen and technicians, as well as white-collar workers) do no worse than those on equivalent work in

industry. And now, no doubt, the railway "settlement" itself is similarly regarded as simply fair do's for the unlucky railwaymen after the pay increases in engineering and building, which have benefited exceptionally (and unfairly?) from the boom.

What follows? The engineers will be able to argue next that what the bankrupt Transport Commission can give to its workers (with Government blessing and from public funds) the thriving engineering employers can give to them (from profits). Even before that the railway shopmen (who link the railwaymen with the engineers) and the London underground workers (who are the link between the railwaymen and the busmen and municipal transport generally) will surely want their own comparative lift. To hope that last week's decision, on the downtrodden railwaymen's behalf, can be prevented from becoming the precedent for a new Gadarene ascent, to the detriment of everybody in the end, is optimism indeed.

THE Guillebaud-Pilkington-Coleraine method of making pay comparisons has its very proper uses; what is perilous is its abuse, by those who have to make the decisions on the basis of the figures, either to set competitive wage-inflation going again in industry, or to push up public spending on the public services too precipitously. The basically right principle behind such comparisons was stated two weeks ago in *The Economist*: "Whenever it is impossible to recruit or retain a sufficient staff in a particular grade, that grade is underpaid." The best test is whether men of the kind required come in and stay or move away to other work. But, say, doctors and dentists, civil servants and skilled (though not unskilled) railwaymen have, broadly, only one employer; for them, and for the armed forces, statistical comparisons can usefully say what rates of pay will have to be paid to get and keep up the essential quality and strength of staff. They can also suggest, more tentatively, what these people would have to be paid to maintain their status or standard of life, according to some past or present yardstick. What they cannot say is that the money is there to do it.

The railways live in an unhappy half-world between commercial enterprise and public service. The Guillebaud report can usefully do two things. The first, and much the more valuable, is to specify what differential rates of pay will have to be paid to the railways' scarce craftsmen in order to keep the railways running at all. The second is to say what a decent wage for the rank and file would be—if it could be paid; nobody—least of all *The Economist*, which believes passionately in a steadily enrichening society, based upon ever-higher output and ever-higher earnings—would wish any worker, on the railways or anywhere else, to get less than this; but no statistics can possibly demonstrate that every member of the present staffs of the bankrupt and so largely unwanted railways can, or should, be paid this optimum rate out of public money for staying where he is. The only possible economic future for the railways of this country is to become much smaller in scale (and staff) and vastly more efficient in organisation and more specialised in operation; this is every whit as true whether the label on them is to be "commercial" or "public service"; to earn the better wages that they deserve, there should be many fewer railwaymen. The best use for more public money now might be to pay the railways to cut down and railwaymen to move away (as in cotton).

This is not the sort of harsh reckoning that attracts the new empirical and interventionist Tories who are just now, from the Prime Minister downwards, on top. The bill for Guillebaud has, in effect, already been accepted. To this policy of fair wages has now been added the doctrine of the ever-open public purse for shaping the economy's course: open to private aircraft and motor making, to private steel and to private shipping, as to the public railways. This is the counter-revolution of nineteenth-century Tory empiricism against the nineteenth-century liberalism, whose clothes the Tories felt they had to wear while Labour mattered: for liberalism and competition, now read liberality and direction. The first effects can be seen in the burgeoning estimates for this year's Budget; it is the patient Mr Amory—and the country—who will in the end have to carry the can, financially and economically.

Mr Watkinson's Defence

While the new Minister hesitates between Blue Streak and Polaris, the defence bill mounts. Is this the real choice he has to make?

MR WATKINSON'S first defence white paper attempts no flights into higher strategy. For the sake of appearances, it endorses Mr Sandys's five-year plan for defence, but points out that not everything laid down in 1957 is to be taken as scripture. "Adjustments in long-term plans," concludes Mr Watkinson sagely if prosaically, "cannot be avoided in a world in which the rate of progress of science and technology is always accelerating and the international scene is constantly changing." What this means is that Mr Watkinson is taking a long hard look at the predicament which Mr Sandys left with him. But there is in his white paper depressingly little indication of how he intends to deal with it.

That inescapable dilemma of British defence policy is exactly what it was in 1957 when Mr Sandys grappled with it: to reconcile the growing cost of an independent British nuclear deterrent with the growing cost of an adequate conventionally armed land-sea-air brushfire force. The cost of both is rising partly because soldiers and electronics alike cost more and more, but mainly because of the rapid progress in science and technology of which Mr Watkinson warns. So policy has been painfully shortsighted. The Russians' leap forward in nuclear rocketry has rendered the mounting and the maintaining of a nuclear deterrent in Britain an ever more difficult and expensive (and perhaps even indefensible?) undertaking. It was certainly not foreseen, when thousands of millions were being spent in building British atom bombs and V-bombers (the latter designed, be it remembered, back in 1946), that these might be required to get away from their bases on a four-minute alert, if they were not to be at the mercy of an atomic V-2. Nor was it supposed when Blue Streak was designed with its small aperture at ground level that the Russians would prove able to hit either the moon or sixpence—or that the five-minute missile warning system hastily announced this week would take three years to create.

Similar technological advances have pushed up the cost of equipping the conventional forces: especially because, as the stake in letting any war spread is now so horrifyingly high, such a force must be able to deal with a local outbreak in a matter of hours rather than weeks. This means a large park of miscellaneous (and probably too miscellaneous) Transport Command aircraft. Mr Watkinson's defence white paper comes back again and again to the need for both the non-nuclear and the nuclear deterrents to be highly mobile and always in a state of readiness—both near-war conditions which are notoriously expensive to sustain.

Thus it is not surprising that the defence budget has shown signs of spread. Of the additional £85 million for which Mr Watkinson has successfully bargained with the Chancellor, only £16 million represents the increased pay of the forces. A high proportion of the rest is certainly accounted for by research and development of the many types of atomic deterrent—both the warhead and the vehicle to carry it—to which this year's white paper refers briefly and not at all reassuringly. An increase of the order of 5½ per cent is not unreasonable in terms of the rising national income even after a period in which prices have been stable, if it buys real security. Defence, unlike much else, is not expendable. But the increase this year almost certainly represents no more than the cost of putting off the big decisions. The cost of continuing to play around with all the present plans for the deterrent will certainly become intolerable soon; the choice has to be made. The key sum is undoubtedly the cost of developing and mounting (in underground silos) Britain's static 2,500-mile IRBM, Blue Streak. This, intended to reinforce and later to replace the 200-odd V-bombers, would in any significant number cost at least £500 million, and probably much more.

The question which has been asked in the past year, as Mr Khrushchev has become more and more explicit about his missile armoury, is whether this article is worth its price-tag. Mr Watkinson was reputed to share these doubts; and when a minister hesitates about spending £500 million, the soundest principle for lay commentators is undoubtedly to seek to multiply his doubts. There is other evidence in the white paper of Mr Watkinson's havering, in the emphasis placed on the importance of examining the potentialities of a more mobile missile deterrent, whether discharged from submarines or from aircraft by new techniques. The quantity and the accuracy of Russian rockets and the initiative which their head start gives to Russian strategy requires that any retaliatory western deterrent cannot easily be destroyed on the ground.

The white paper, however, says that work on Blue Streak, as well as on more mobile systems, is to go on. Yet, quite clearly, we cannot afford both. So what this must mean is that Mr Watkinson would like something better than Blue Streak, but is far from sure that (for example) Polaris will provide it, by the time the V-bombers are obsolete. The military case for hanging on to Blue Streak rests on this: it is reasonably certain to work, it has the range, it will be hard, if by no means impossible, to hit, and it could be ready by 1965-67 when the V-bombers will be ageing physically as well as becoming too vulnerable to Russian ground-to-air missiles. This cannot be assumed of any mobile missile now at the starting-flag.

But this argument rests absolutely and entirely on the presumption that what we are after is still an *independent* British deterrent. If we could be satisfied with the security given by missiles based on the continent—at least during the interval before a Polaris fired from a submarine can be accurately fired fully 1,500 miles—then a weapon of shorter range would do, and being lighter could be made mobile. There is a good prospect of such solid-fuelled missiles by 1965 or so. The choice for Britain is not between Blue Streak and near-defencelessness in the later sixties; it is, still, between incurring a huge expenditure to create an independent British deterrent which even then may prove fallible, and basing our security on collaboration with, and on the physical geography of, the alliance. It is ironic that, just as General de Gaulle, too, has put his foot on the ladder towards an independent national deterrent, Russian technology faces Britain with the choice between making sense of interdependence or ending up with nothing at all.

IT is therefore of the greatest importance to discover what Mr Watkinson thinks of the alliance and of the prospects of interdependence. The answer is distinctly worrying. The white paper undertakes to keep the present British forces in Germany "for the time being." This unfortunate phrase covers the fact that the immediate plan is to provide accommodation for seven brigade groups (Mr Watkinson has not the hardihood to refer to the "three divisions" which this nominally represents). To this is added some soothing words about the alliance, but there is marked stress on the ancient argument (so useful to the French) that Britain has to take account of its commitments to Seato, Cento and elsewhere.

Further, in the shopping-list of weapons with which the white paper is hopefully sprinkled, there is little reference to the possibility of cost-sharing with the allies. The salient example given of Commonwealth co-operation—in the production of the anti-tank missile, Malkara—happens to be also a case of failure to standardise specifications with a similar weapon being developed by the French. It is, in fact, all too clear that in conventional weapons as in nuclear deterrents, Britain is still largely going it alone.

It must be said, once again, that this is a perilous policy which may result, in the end, in Britain not having enough of anything. Even last year's hopes that, on the encouraging recruiting figures, the strength of the regular army might reach 180,000 are not repeated—Mr Sandys's figure of 166,000 is projected for 1961. A higher figure is still possible, provided the falling off in recruiting is halted; but a doubt is beginning to creep in whether the brass-hats really want the extra men, who are so expensive to recruit, train, equip, deploy and finally pension off. Half the defence estimates are accounted for by pay and services, and another large slice by items which "cannot be curtailed at short notice." When men become so expensive, a fresh choice between men and

conventional arms and equipment begins to obtrude itself.

The moral of all this is very plain. Mr Watkinson has set out a great many projects (including 11 different missiles and 12 varieties of aircraft) which must be looked at as so many skittles for him to knock down. It might be unfair to expect him to knock down all that he should within four months of taking office. But knock them down he must—long before next year's white paper.

The 4th N-Power - and the Nth

The Sahara explosion ought to focus attention on the advent of a "near-nuclear club" of a dozen more nations

THE windows of the "nuclear club" rattled only faintly when the shock waves arrived from Reggane last Saturday. Mr Khrushchev's reaction was just a fraction more pained than those of his American and British fellow members, but even he hastened to follow up his expression of polite regret by adding that he was sure that General de Gaulle was seeking to relax international tension. Any discrepancy between this declaration of serene confidence and Moscow's broadcasts to Africa about "terrible danger" may be reasonably accounted for by the fact that the Soviet leader will be the French president's guest next month, while the Soviet radio has to give the customers what they want.

At Geneva, the representatives of the three older members of the club are now in the sixteenth month of their argument about prohibiting nuclear tests—an objective that implies the closing of the membership list. Their show of unflappability this week was not surprising, for the long-heralded Sahara explosion had been taken into their calculations and discounted long since. The one point on which there did seem to be a clear consensus among them was that they were in no hurry to ask France to sit down at the fourth side of their table. This was wise, for President de Gaulle has publicly stated that France has no intention of bowing to a prohibition of tests that would leave the Three free to build and stockpile their already developed weapons, while preventing the further development of French ones.

From one point of view, it might seem that France, by pursuing its determined course in this way, has exposed the fatuity of the Geneva negotiations on test suspension. The biggest question-mark over these Geneva talks has always been the improbability that the world's other ninety nations would be content with a "freezing" agreement that would freeze them all out and guarantee the nuclear oligopoly of the Three. This is doubtless the thought behind the repeated French assertions that France's progress in developing its own nuclear weapons would enable it to press more forcefully for general disarmament.

This argument is likely to be heard from other nations as they in turn approach the threshold across which President de Gaulle's long stride has now carried him. Indeed, the logic may now be refined. It may not be necessary for the fifth, sixth and seventh (and so on to the nth) nuclear power to carry out an expensive development programme as fully as the fourth, France, has done. With the French example on record, the fifth to nth powers ought to be able to exercise a fair amount of pressure on the original oligopolists economically and with relative ease—simply by showing that they have the means and the inclination to follow that example.

Three American scientists have just attempted an analysis of the various assets that a candidate for membership of the nuclear club must possess: scientific manpower, general industrial capacity, and capacity specifically in the fields of electric power, steel, chemicals, engineering and large-scale construction.* Very tentatively, they suggest that perhaps eleven more countries are already equipped to embark on nuclear arms programmes which could yield actual results in terms of weapons within about five years. These countries are Belgium, Canada, west Germany, India, Italy, Japan, Sweden, Switzerland and, in the communist world, China, Czechoslovakia and east Germany. Close behind them may be placed eight more: Australia, Austria, Denmark, Finland, the Netherlands, and Hungary, Poland and Jugoslavia. A third group, Argentina, Brazil, Mexico, Norway, Spain and South Africa, is regarded as unlikely to be able to manage the job in five years. The absence of Israel and the Arab states is perhaps the only reassuring thing about these lists.

IT would be rash to rely on any declarations made by the governments of these near-nuclear powers that they have no desire for nuclear arms; policies, and governments, change. The implications for the Geneva negotiations over tests are surely clear. The shaping up of the near-nuclear club ought to emphasise once again the importance of looking at the question of halting tests in the context of the broader problem of disarmament. While the Three at Geneva jockey for relative advantage over the terms on which a policed halting of their tests might be agreed, the clock ticks on, and the near-nuclear powers creep nearer. Among the Three there is already a growing awareness that present rivalry is bound to be increasingly overshadowed by the common peril that will confront a world in which nuclear arms are widely disseminated.

Hence, one may deduce, Mr Tsarapkin's rather obscure but apparently promising concessions on Tuesday; the Soviet government, while happy to extract propaganda value out of the present American reluctance to accept a less than watertight agreement, is anxious to keep the negotiations from breaking down, and prepared, to that end, to swallow yet another unpalatable little dose of international snooping behind its curtain. Hence, too, the force in the argument that the main value of an agreement on tests would be to make a start with the kind of international inspection that will be crucial to any general disarmament plan. A ban on tests will have little lasting value unless it is quickly followed by progress with general disarmament; but even a less than perfectly controlled ban on tests could greatly facilitate that progress.

* The Nth Country Problem and Arms Control. National Planning Association, Washington. $1.

The East Wind

The Chinese are openly opposing Mr Khrushchev's policy towards the United States

FROM Moscow and Peking this past week have come the expected strains acclaiming "the everlasting, indestructible and fraternal alliance" of Russia and China on its tenth anniversary. By all accounts, the official junketing has had its strains, too. This has not been altogether Mr Khrushchev's fault. True, he happened to be in India on the festive day, last Sunday. True, he is on a diplomatic passage designed to repair, as far as the Soviet Union is concerned, some of the broken bridges that Chinese policy has left behind it in south-east Asia in the last two years. True, the Peking home service thinks so little of this performance of his that it has kept all news of it from its listeners. Mr Khrushchev wired his greetings to Peking, of course. But that was not enough to persuade Chairman Mao or Mr Chou to put in an appearance at the Soviet Embassy's celebration, or their own. From where Mr Khrushchev stands, the east wind is blowing decidedly chilly these days.

The Chinese have set their faces against the Russo-American *détente*; and they have constantly said so in the past weeks. On January 21st the Chinese foreign minister, Marshal Chen Yi, condemned the United States for using the talk of peace simply as a cover for its policies of aggression. He did not dissent from Mr Khrushchev's disarmament proposals, but insisted that

> any international disarmament agreement which is arrived at without the formal participation of the Chinese People's Republic and the signature of its delegate cannot, of course, have any binding force on China.

The Peking *People's Daily*, on the same day, attacked President Eisenhower's state of the union and budget messages for employing the "vilest" cold war language. This denial of the spirit of Camp David was repeated in the remarks by Mr Kang Sheng, the Chinese observer at the Warsaw Pact conference in Moscow on February 4th, in which he openly dissented from Mr Khrushchev's estimate of American intentions. Mr. Kang's warning to his allies was immediately broadcast by Peking radio, although its influence could not be detected in the declaration that Mr Khrushchev dictated to his Warsaw Pact allies.

The debate has gone on through the treaty celebrations, which have, indeed, provided the Chinese with an exceptional opportunity to make themselves heard. In Sunday's *Pravda*, a three-column message for anniversary day from Mrs Soong Ching-ling, widow of Sun Yat-sen, set out the Peking objections before the Russian public. The contrast between Mrs Soong's strictures on President Eisenhower's "mask of an envoy of peace" and Mr Khrushchev's mildly favourable impression of the President will not be lost on *Pravda's* readers. In its anniversary issue, the Peking *People's Daily*, claiming that "the aggressive nature of United States imperialism has not changed at all," indulged in an outburst of righteous orthodoxy:

> The people of our country will resolutely struggle to the end against all attempts by the imperialist and international reactionary cliques to split the solidarity of the socialist camp and the solidarity of the international communist movement, as well as against modern revisionism—the main danger to the current international communist movement.

While Peking was revolving these thoughts, Mr Khrushchev was making encouraging remarks on Indian industrial progress under the shadow of the Bhilai steel plant, the "symbol of Soviet-Indian friendship." Mr Khrushchev is probably not a modern revisionist (within the ordinary meaning of that flexible term) and no one of his allies has dared to call him one: not yet. But to Peking it is a galling experience to see Soviet aid providing one of the economic showplaces of its chief Asian rival. Indian applause for Mr Khrushchev's assertion of the *panch shila* principles has a pointed ring. To the Chinese there is very little in his tour that can possibly go right for them. Even President Sukarno of Indonesia, playing happy host to Mr Khrushchev, has just arranged a visit to Jugoslavia.

AFTER ten years of diplomatic dependence on the Soviet Union the Chinese seem fully determined to show that they have a mind and will of their own. They do not share Russian sensitivity to the feelings of the uncommitted countries, not do they appreciate the subtleties of Mr Khrushchev's diplomacy. They are for the extremists everywhere: in the Caribbean, in Algeria, in black Africa. Inside the Soviet block they are for Herr Ulbricht and his kind (even to the *People's Daily* claiming that rocket weapons for east Germany are not only "fully justified but also necessary"), and it may be assumed that there are advocates of the hard line in more influential places than east Berlin who stand up, in turn, for the Chinese. To Peking the United States position in Europe is directly analogous to the United States position in Formosa and, despite the limitations put on American action by the revised security treaty, in Japan as well. Any distraction from this basic conflict with the West, even those distractions prompted by Mr Khrushchev's desire to avert mutual annihilation in a nuclear war, are severely distrusted in Peking—as they may be in certain circles in Moscow.

The Chinese consider that their own policy towards India is the one best designed to hasten what they believe to be the inevitable triumph of the east wind over the west wind. They have seen no cause to repent of their actions in Tibet (which the Soviet Union has found considerable difficulty in supporting) or along the Himalayan border with India. It is difficult to suppose that, whatever else they expect of Mr Khrushchev, they would have welcomed any open attempt to mediate between them and Mr Nehru. This knowledge, and the knowledge that south-east Asia was watching for any sign that he meant to over-rule Chinese policy, seems to have tied Mr Khrushchev's hands in India. He may have been able to encourage Mr Nehru to invite Mr Chou to Delhi (for which Mr Nehru has now been accused of weakness by his opponents), but for the rest he had to keep to the tightrope, and his performance did not unduly impress the Indians.

Even so, the dialogue between Moscow and Peking has

not been altogether without effect on either side. Mr Khrushchev's latest image of the western opponents of co-existence hoisting "the cold war ass" on to the roof of their house (meaning that it would fall through) may be considered a gesture to the anti-American critics. But it is very homely fun if it is. Fulfilling the letter of the Sino-Soviet alliance, the Soviet ambassador in Peking, Mr S. V. Chervonenko, has at last been able to get his tongue round the admission that the Chinese farm communes have "developed a momentous large-scale mass movement for increasing production." (Since the Chinese now claim to be engaging in socialist construction only, more open diplomatic recognition for the communes has become possible.) Mr Chervonenko did, however, go on to improve the shining hour on February 14th by reminding his hosts that

> the Chinese People's Republic, which conducts a peaceful foreign policy, is one of the active initiators and organisers of the Bandung conference.

Was it the spirit of Bandung, or the imminent arrival of Mr Khrushchev in person at Rangoon and Jakarta, that has just caused Peking to settle its chief differences with Burma and Indonesia? It is a nice point. Chairman Mao and Mr Chou, in their official message celebrating the treaty anniversary, sent to President Voroshilov and Mr Khrushchev on February 13th, seemed more conciliatory than their underlings. They had approving words for the Warsaw Pact declaration and believed that the cause of peace would score further successes —although still with the proviso that "the enemy of peace may work to obstruct and sabotage."

What is most significant about these rifts in the alliance is not that they exist, but that they should be made so apparent. China, for all its ambition and pretension, is not yet a great power. The pace of its economic development, even allowing for the frequent and judicious revision of statistics, is great, but still not great enough to let China stand by itself. The Chinese, on their own admission, have no more than 50,000 tractors in agricultural production; in the five chief industrial cities more than half the workers are still engaged in manual labour. The most heartfelt thanks by Peking in the past week have been for Russian economic aid, particularly in the 290 major projects that are "the core and sinew of China's industrial construction."

It is still unquestioned in Peking that Russia and China have to live together; there is meaning in the assertions that the alliance of 850 million is unbreakable and inseparable. But that is not to suppose that the Chinese do not mean to have an increasing say in deciding the diplomatic orientation of the alliance, or that they do not count on finding fresh support in Moscow if Mr Khrushchev returns empty-handed from the summit.

Peasants' Revolt?

The Kenya delegates agreed on a constitution this week—but broke on land rights

THE fair hope that the Kenya constitutional conference would end this week in agreement (the Briggs group dissenting) and a quite sensational triumph for Mr Ian Macleod was fading by Wednesday. Though everyone has initialed the draft of the new constitution, which concedes an African majority in the legislature but with representation of minority groups, it was discovered on Monday that the Europeans in Mr Blundell's group had only initialed on the condition that they agreed with the safeguards contained in the bill of rights. And at the last moment, aided and abetted by Group Captain Briggs and his colleagues, they tried to smuggle into the bill of rights a prohibition against compulsory acquisition of anybody's land, even with compensation, except for roads and pylons. The Africans, who have every intention of trying to buy out *some* European farmers in order to resettle *some* of their own allegedly landless people, when they come to power, naturally resisted this restrictive covenant. They have promised that nobody's property can be acquired without due compensation, by prescribed judicial processes, and this is as far as they say they will go.

The Europeans are surely being astonishingly short-sighted. Their precondition is precisely the sort of paper safeguard that exasperates without protecting; if they force it through, the first demand of every African candidate in the next Kenya election would be the deletion of this clause in the bill of rights. Indeed the Europeans have already made it pretty certain that Mr Mboya and his colleagues will be electioneering on the demand for a new constitution and perhaps independence in 1961; they may well have to, to get in. But, evidently, Mr Blundell and his friends in the New Kenya Group can see only that they will have little hope of winning their primaries (to secure adoption as candidates for the racial seats that are proposed under the new constitution to keep minority voices alive) unless they can show their peasant constituents that they have taken back with their right hand most of what their left hand gave away on the franchise. Even so, Group Captain Briggs will probably overbid them. Furthermore, the Europeans risk losing all the African concessions they have so far won—Mr Mboya's position is already weaker among his supporters. The Europeans will rue this week's work, if Mr Macleod lets them get away with it.

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NOTES OF THE WEEK

PARLIAMENT

New Party Attitudes

SIR WILLIAM ROBSON-BROWN'S motion, signed by twelve Tory MPs, in favour of a twelve-month committee of enquiry into the future of the railways has had a dim reception inside the Tory party, and will get nowhere. The decided view of speakers at this week's session of the Tory transport committee was that there was quite enough knowledge about the railways in the Ministry; what was wanted was decisions. It is necessary to stress that there is no question of a "revolt" against Mr Heath's way of settling the threatened strike. Some escape of steam was inevitable against the principle of "buying trouble off" with public money; but there is general agreement that the price paid (or to be paid) for peace was worthwhile provided it fitted into the framework of the Gillebaud report (which, even before it is out, has scriptural authority).

Tory MPs are insisting, however, that the Government must not just drift on pretending that at some future date the railways, as at present financially and administratively organised, will break even. The discussion at the transport committee revealed two schools of thought. The majority seemed to feel that, if the historic costs of the railways were taken care of, the Transport Commission's irrelevant activities dispensed with and its structure decentralised, it would still be necessary to have a subsidy; this should be explicitly acknowledged and attached to specific non-economic services which the railways are expected to perform. The more radical minority hold that in fifteen years' time railways will have been superseded by motorways and Rotodynes; consequently a ruthlessly stripped down system should now be run without subsidy. There was general insistence that the present activities of the Transport Commission were more than any one man could cope with efficiently.

While the Government will doubtless take these ideas seriously, it is much more resolved to resist pressure from others of its supporters; there is likely, for instance, to be trouble over Cyprus, if the area of the bases is further whittled away. The uncertain factor in all this is the reaction of the large number of members who were not in the last Parliament. Their impact has already been felt in the party's home affairs committee, where an uncharacteristically moderate presentation of the birchers' point of view got a preponderantly negative reception. It looks as if Mr Butler, who is resolved to stand firm against corporal punishment, will not have after all to rely on the Labour party for his majority in a free vote.

Gaitskellite Counter Attack

MR GAITSKELL'S weekend speech at Nottingham was a brilliant riposte to his critics within the party, who now include practically all the political members of the National Executive except Mr James Callaghan. Whatever doubts there may be about the tactical soundness of Mr Gaitskell's original choice of the wording of the party constitution as the battleground (instead of its constitutional arrangements and the right relation between the conference and the party leadership), or of his decision to speak out at Blackpool without discussion in the Executive beforehand, one consequence is now certain.

The advice given to him by Mr Wilson, Mr Greenwood and others, to drop the whole thing as if the Blackpool speech had never happened, must be unsound. At Blackpool Mr Gaitskell deliberately and coldly put his prestige on the line. The party either can or cannot dispense with it and him; the fact that the timing happens to be wrong for various individuals to have the question of leadership made an issue is no reason for burking a decision.

The worst possible advice for getting the party out of its mess has come from that brilliant intellectual Mr Crossman, whose misuse of his talents so often drives his admirers to despair. Mr Crossman, whose career was so energetically advanced by Mr Gaitskell at the time of the election, now wants to substitute for "theological" debate on Clause Four and other clauses of the constitution a further repamphleteering of the party's policy. To do this three years before another election would be madness: by trying to map out in detail what form public ownership is to be taken in specific instances in 1964 would be simply to set up Aunt Sallies for the Institute of Directors to push over with a lazy cuff. As Mr Gaitskell had the grace to concede in his Nottingham speech, it was one of his mistakes before the last election to start policy-wrangling and policy-writing too soon.

It must be some encouragement to the beleaguered leader to receive a letter signed by sixteen of the most promising younger candidates and former candidates—all of them of the postwar Oxford and Cambridge generation—endorsing his leadership, even though rather noticeably they did not endorse his views on the party constitution. One of the signatories, Mr Colin Jackson, has just been selected for the precarious honour of defending Labour's majority of 47 at Brighouse and Spenborough. It is something that his open support for his leader did not wreck his chances with this particular association, which chose him in preference to another aspirant who had been invited to sign the letter but declined.

CENTRAL AFRICA

Monckton Gets To Work

MR MACMILLAN'S return from Africa was more muted than might have been expected, largely because he continued to repeat unexceptionable statements of British policy, which do not go to the head quite so easily in this climate as in Africa. The congratulations of Labour members quite failed to unsettle him. He has, however, good reasons for not rocking the boat. The Kenya settlement is not in the bag, and the Monckton commission is just starting its work, for which it needs a quiet atmosphere. It met this week for the first time in Livingstone, where men as different as Lord Shawcross and Mr Justice Bealby will be able to size each other up.

The commission's most notable recruit is Mr Wellington Chirwa, who has joined it on Mr Macmillan's invitation even though he makes no secret of his belief that federation must end. This is to Mr Macmillan's credit, but it may be questioned if Mr Chirwa's membership will immediately commend the commission more to the Nyasalanders. He is anathema to the Malawi Congress party because he did not (or was not allowed to) jump on Dr Banda's bandwagon and so remained out of prison. But Mr Chirwa will be a powerful reinforcement to Mr Katilungu in interpreting the African viewpoint—if it gets presented at all—and in weeding out any mere stooges who do offer testimony. Moreover Mr Chirwa may do doughty work in cross-questioning Sir Roy Welensky—just as he baited Sir Roy, to the latter's manifest fury, in the Federal parliament when he was a member. His aim, indeed, may be by these means to work his political passage home. But the big question mark that overhangs the Commission is—when will Dr Banda himself be released? Only Mr Macmillan and Mr Macleod can answer that when Lord Home returns from his sudden, secret mission to Salisbury.

ALGERIA

The Next Broadcast

EUROPEAN Algiers returned a dusty answer to the broadcast by M. Ferhat Abbas, prime minister of the Algerian "government-in-exile," from Tunis on Wednesday. This was to have been expected: it is hard to imagine what appeal M. Abbas could have made that would soften the hearts of the European community just now. Still, M. Abbas must be presumed to have had a serious purpose. The audience he was chiefly aiming at may have been in metropolitan France. In his next broadcast he is expected to give the really big news: the rebel movement's thoughts (or some clue to them) on technical talks to explore the conditions for both a ceasefire and eventual elections. And with this, the next round in Algeria will begin.

So far M. Abbas has not been boldly conciliatory towards General de Gaulle. On Wednesday he adopted the general's own words to assert that "papa's Algeria" had gone for good, but he did not follow through into the ways of compromise. The Gaullist idea of a federal solution, under which Algeria's four chief races would each preserve its own identity—and the Europeans, at least, could retain direct links with France—got no recognisable response. The rebel conception of Algeria still seems to be of a unitary and, above all, independent state. The most the European community can expect is to be treated as "genuine Algerians."

In his corner, General de Gaulle continued to dismiss his more unreliable seconds. The announcement that eight civilian prefects are to be appointed to Algeria, and that civil servants will be shuttled backwards and forwards across the Mediterranean with sufficient rapidity to prevent their contamination by the settlers, looks hopeful but it may not prove to be particularly important (or novel) in practice. The elected mayors of greater Algiers, who made their support for last month's insurrection all too plain, are to be replaced by appointed officials. Even more encouraging, the army has now condescended to hand over MM. Susini and Perez, two of the lesser leaders of the insurrection, to justice. M. Abbas's next words could test these precautions to the full.

THE ARAB WORLD

Discord

THE seeds of Arab unity were not sown by President Nasser but he has laid claim to the whole crop, even if much of it grows in other people's fields. In doing this he has needlessly angered some of his neighbours; and in the resulting quarrel, the harvest is never reaped. Between the Nasser concept of unity and the great mass of Arabs stand the Arab governments, whom his extravagant claims have made highly suspicious of his intentions. By design or accident, those intentions have never been made sufficiently clear.

While President Nasser was giving pep talks on Arab unity in northern Syria this week, the Arab foreign ministers at Cairo showed how far that unity is from realisation. Iraq and Tunisia refused to send delegates because the Arab League meeting was being held in Nasser's capital; those who came promptly fell out with each other over the status of Palestinians.

Whether stateless people, displaced persons, or dwellers under the cloudy sovereignty of Egypt (at Gaza) or Jordan (east of Jerusalem), the Palestinians appear to hold the key to supremacy over the entire Arab world. He who can capture the loyalty of these poor people will automatically become the saviour of the Arabs—or so it seems to be assumed by President Nasser, King Hussein and General Qasim alike. The Palestinians may deserve better of the Arab governments than they have received during the past 12 years, but they are in no position to help anyone win over other Arabs.

Egyptian efforts to gain control over all Arabs by attacking other Arab governments have failed. Is it possible that President Nasser might change course and begin a campaign of friendship towards his fellow rulers? If he and they could co-operate, Arab unity might acquire substance, and the "imperialist plotting" President Nasser complains of would lose it.

THE RAILWAYS

Post-Strike Tactics

AS a result of calling off its strike at the eleventh hour last week, the National Union of Railwaymen has won a decisive victory in the first round of bargaining over railway wages. The promise of a 5 per cent wage increase represents only a small part of its gain. Tactically, the case for spending Mr Guillebaud's money on basic rates has now been strengthened without loss to the NUR's strike funds; psychologically, the NUR has made the other two railway unions look as if they have been dragging their feet; politically, the British Transport Commission and the Government now have hardly a leg to stand on in the beginning that lies ahead. This is a pretty full quiver of achievements, the consequences of which will be felt in March when the Guillebaud report at last appears.

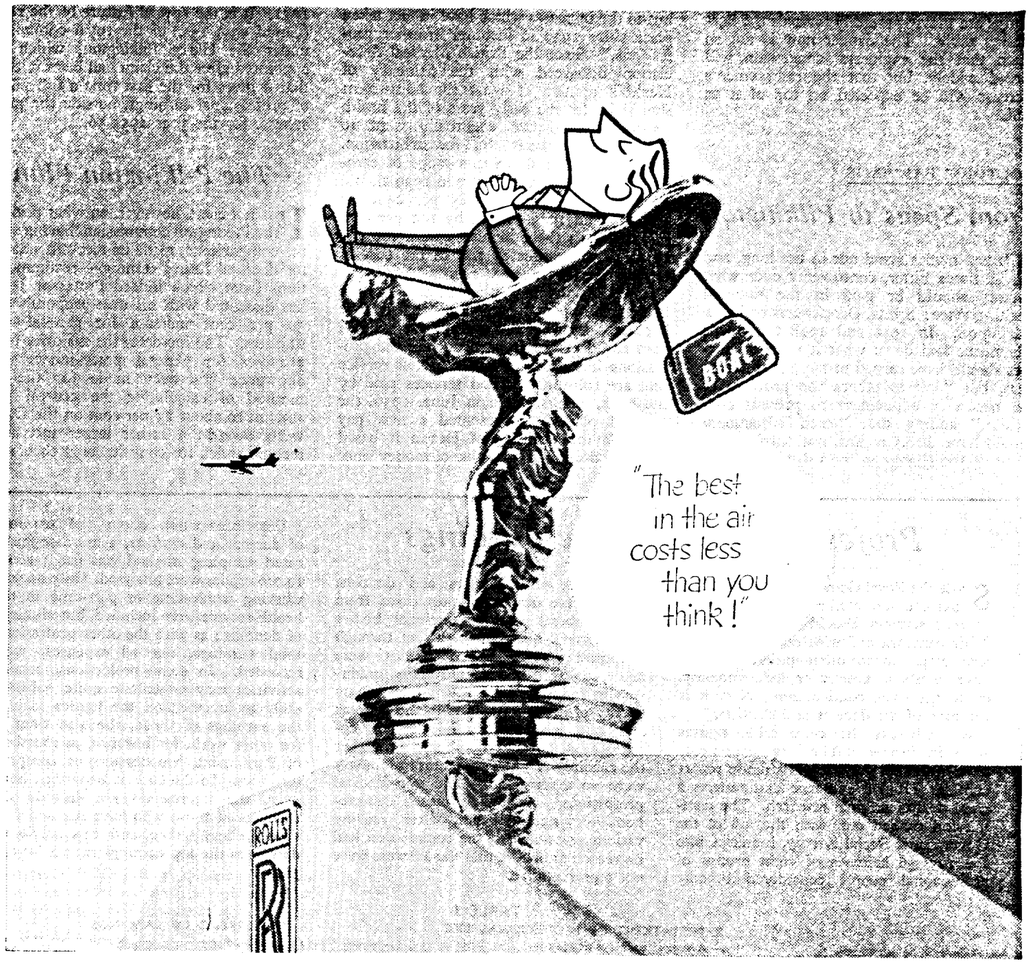
The NUR leadership is however far from unanimous on future policy. On the one hand, the moderate leadership of Mr Greene has clearly gone by the board; his whole position in the union must now be open to question. But a division between the left and right on the union's executive still exists. On the one hand there are those members—drawn particularly from the London and Manchester areas—who are already talking about "the fight ahead"; on the other, there are those who realise more clearly the limits to increases of basic pay and who indeed sided with Mr Greene's moderation until it became untenable. Last week's events will have strengthened the position of the militants, but they still face a major trial of strength. The right objective is still to raise differentials on the railways, both in high wage areas and in highly skilled jobs; both the Government and the Transport Commission know perfectly well that this is where the bulk of the Guillebaud award really ought to go. The shortage of train crews that led to the cancellation of this week's profit-making special cup tie trains in the Midlands should have rubbed this thorny point home.

WAGE CLAIMS

Forward March

WITH unusual alacrity, a four per cent increase in the pay of building workers was agreed this week. The builders, whose wages are geared to the cost of living index, normally receive their increases in two parts; one part comes from their sliding scale in February and the other from national bargaining in early summer. However, the cost of living over the past year has hardly changed and, for the first time since the war, there was no automatic increase under that head. Notwithstanding this, and because the industry is busy anyway, the employers agreed to the usual rise. Its form is interesting. Craftsmen are to be given proportionately more than labourers, a reversal of the recent trend of differentials in the building industry, but in line with that in the economy as a whole. Over the past three years, for example, skilled engineering workers have done proportionately better than unskilled, secretaries proportionately better than typists, senior civil servants proportionately better than junior ones and field-marshals proportionately better than privates. In building, this tendency towards greater differentials has been offset by inter-union competition for the favour of unskilled workers. But the skilled men, with the market on their side, have now made a comeback.

The other major settlement in the past ten days has been the two-hour reduction in the standard working week in engineering. This affects three million workers and should, unless the railwaymen's five per cent makes other unions more ambitious, set the pattern for the year's wage increases throughout industry. The shipbuilders have offered their workers a similar reduction in hours, though shortage of orders for ships may mean that employees really do stop work two hours earlier rather than work the same hours at higher rates of overtime. Meanwhile claims by the busmen, the miners and several other major



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groups are moving steadily towards the bargaining table. The danger now is not so much that the engineers' concession will spread widely, but that the railwaymen's increase will be expected on top of it as well.

DOCTORS' EARNINGS

From Spens to Pilkington

THREE names stand out in the long, and at times bitter, controversy over what doctors should be paid in the national health service: Spens, Danckwerts and now Pilkington. In 1946 and 1948 the Spens committee laid down what it thought doctors should have earned in 1939 at different ages, but "left to others the problem of the necessary adjustment to present conditions," adding that "such adjustment should have direct regard, not only to estimates of the change in the value of money, but to the increases which have in fact taken place since 1939 in incomes in other professions." Since the British Medical Association disagreed with the Ministry of Health's opinion of what the adjustment should be for the early years of the health service, the dispute eventually went to Mr. Justice Danckwerts for arbitration. He decided that the Spens range of earnings for general practitioners in 1939 should have been increased by 85 per cent for 1948-49 and 1949-50 and by 100 per cent for 1950-51; these increases were roughly equal to the estimated rise in the cost of living since 1939.

The difficulty in implementing the other half of the Spens formula was that no one knew exactly what the average professional man could expect to earn outside the professions like teaching and the civil service that are full-time salaried services paid by the state. Thus, when in June, 1956, the medical profession presented a new pay claim to the Ministry of Health it based it on the decline in the value of money since 1951. It is the special feature of the report (Cmnd 939, 15s.) of the royal commission under Sir Harry Pilkington, which was appointed after the claim had been rejected, that it gives for the first time a full picture of professional earnings, outside the public sphere, for the year 1955-56.

The Pilkington Plan

IT is not clear, however, on what principle the Pilkington commission, having stated the comparisons, made its recommendations for doctors' future earnings—recommendations from which indeed Professor Jewkes has dissented with his own proposals for a 30 per cent increase for general practitioners. The increases the majority report proposes for general practitioners (after allowance has been made for the new method of calculating the central pool) amount to about 23 per cent on the Danckwerts award; a rather larger increase is recommended for consultants at their maximum and a much larger one for junior hospital staffs. (Dentists in general practice are thought to be earning more than was intended under their Spens report.) In 1956, the doctors asked for 24 per cent, though they said in evidence that they would have asked for 29 per cent in 1957.

But if it seems to have based its new scale of earnings on the rise in the cost of living at least as much as on comparative earnings, the royal commission has left no doubt about how it considers pay claims should be settled in the future. It refutes explicitly the BMA's view that the Government was bound by the Spens recommendations to make periodic increases in remuneration in exact compensation for falls in the value of money; the commission regards Spens as over and done with. Instead, it has fallen back on the device already adopted for the higher civil service: that an independent committee should make periodic recommendations having regard to rises in comparable groups of incomes, and that the Inland Revenue should make the necessary information available to this "review body." But if everybody is to be compared with one another, who is to be regarded as setting a normal standard? It is possible that this new principle of determining the pay for the public services will in the long run defeat its own ends. As Professor Jewkes says in his dissenting memorandum, "such expressions as 'fair comparison' or 'internal relativities' have little value as a guide to policy."

LATIN AMERICA

Unions on Paper

THE European example is proving contagious in Latin America, where two schemes of economic co-operation are coming to fruition simultaneously. The more important of the two aims at the creation of a free trade area, consisting—appropriately—of seven countries: Argentina, Brazil, Chile, Paraguay, Peru, Uruguay and Mexico. The other scheme, though its participants are economically of lighter weight, is even more ambitious; it aims at the economic integration—not merely in trade, but also in production—of El Salvador, Guatemala and Honduras.



The foreign ministers of the big seven have been meeting at Montevideo to work

Professional Pay—The Findings

SINCE the Royal Commission on the Civil Service suggested in 1955 that the pay of civil servants should be regulated by "fair comparison" with comparable outside employment, other public servants have climbed, directly or independently, on to the same band-wagon. Now it is the turn of the doctors and dentists.

But whereas the comparable figures used in former public pay settlements have been kept dark, the Pilkington report contains detailed evidence that reflects a good deal of original research. The commission carried out, with the aid of the Government Social Survey, inquiries into the 1955-56 incomes of eight groups of professional people considered broadly comparable with doctors and dentists. Names were drawn in most cases from the membership of professional bodies and personal questionnaires sent through the post; some 15,000 replies were analysed. In addition, university graduates in industry were covered by asking twenty of the largest firms in the country and one nationalised industry to co-operate; all but one did so and altogether the earnings of 7,466 graduates in industry were so determined. The non-medical professions were by no means comprehensively sampled but, after making various cross-checks, the commission had no reason to believe that the answers were not representative.

For information about the earnings of doctors and dentists, a more sophisticated sampling method was used; about 10,000 replies were analysed. Only doctors working whole-time or part-time in the health service were included, but all kinds of dentists; as with the other professions, total earnings, net of expenses, were recorded. In some professions, outside activities may contribute quite substantially to income and the figures include the earnings of those who also went in for other work, for instance, as members of Parliament, broadcasters or company directors. In the case of barristers, however, the figures do not include the earnings of those who have reached full-time judicial office and this obviously depresses the top earnings shown for this group.

The commission had to analyse both the spread of earnings within each profession as well as the variation between different professions; some of their findings for men are reproduced in Table I and in the chart. No single figure can satisfactorily reflect the remuneration in any occupation but probably the most helpful statistic is that of total career earnings (shown in the red column of the table). This roughly represents what a man in each profession who was 30 in 1955 might then have expected to earn if he worked full-time up to the age of 65.

Among the professions surveyed consultants do best over this span of thirty-five years, followed fairly closely by actuaries. In both these professions, apparently, total earnings are about twice those of architects or engineers who are at the bottom of this list. But in both architecture and engineering, there is a wide spread of earnings and a good chance of getting big money. Thus the final column of the table shows that, proportionately, as many engineers and architects were earning over £10,000 as were consultants. But all these three professions were well behind actuaries and barristers in the size of their top crust.

Halfway up the income ladder came the general practitioners and the dentists, both earning well in their early thirties compared with the non-medical professions, but comparatively few getting up into the top reaches. The average income of dentists falls off with age, but this is compensated by the very high incomes they can make at some time in their lives.

All these figures relate to 1955-56. In order to get some more up-to-date information, the commission obtained from thirteen of the same big firms who had responded to the initial inquiry the information summarised below.

TABLE II

PER CENT INCREASES IN SALARY SCALES: DECEMBER, 1955 to DECEMBER, 1959

	Range of increases among thirteen† firms	Average* increase
Graduates under age 30	10 –25	14
Graduates over 30 with salary at Dec., 1955 about:		
£1,500	7½–25	12
£2,000	7½–18	11½
£3,000	5 –23	10½
£4,000 or more	0 –25	8½

* Median increase; six firms gave smaller increases, and six firms larger increases. † Only twelve firms reported on salaries over £2,000.

What do all these findings boil down to in terms of the remuneration that doctors can expect to receive for health service work? Table III shows what general practitioners and the highest and lowest paid of full-time hospital staffs would get under the Pilkington commission's recommendations compared with their earnings after the Danckwerts award and with their current earnings, for they have had two interim increases since the appointment of the commission.

TABLE III

HEALTH SERVICE EARNINGS

	1955–56	Current	Recommended from 1960
	£	£	£
General practitioners (average on new basis)	1,975	2,165	2,425
House officers (salary scale)*	425–525	486–600	675–825
Consultants: full time (salary scale† starting at age 34)	2,100–3,100	2,293–3,385	2,550–3,900

* The commission recommends that peripheral hospitals should be empowered to pay an additional £100 a year to junior hospital staffs if they are unable to recruit them. † To which should be added distinction awards for certain consultants and fees for domiciliary visits.

In view of the lapse of time since the commission was appointed (three years ago) and asked to make recommendations about "current" levels of remuneration, the commission has felt bound to consider whether the interim increases have been sufficient to cover this intervening period. In the event it recommends that, although its new scales should not be applied retrospectively, a sum of £11 million should be distributed among general practitioners and £9 million for hospital doctors and dentists. How these sums are to be distributed should be negotiated between the health departments and the representatives of the professions. Professor Jewkes is opposed to these retrospective payments.

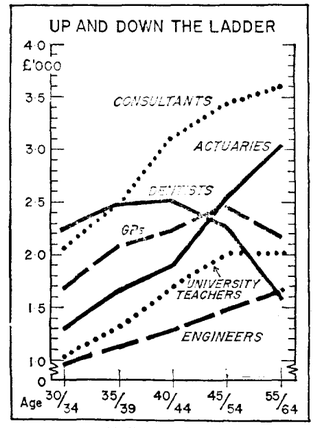
TABLE I

EXPECTATIONS OF PROFESSIONAL LIFE

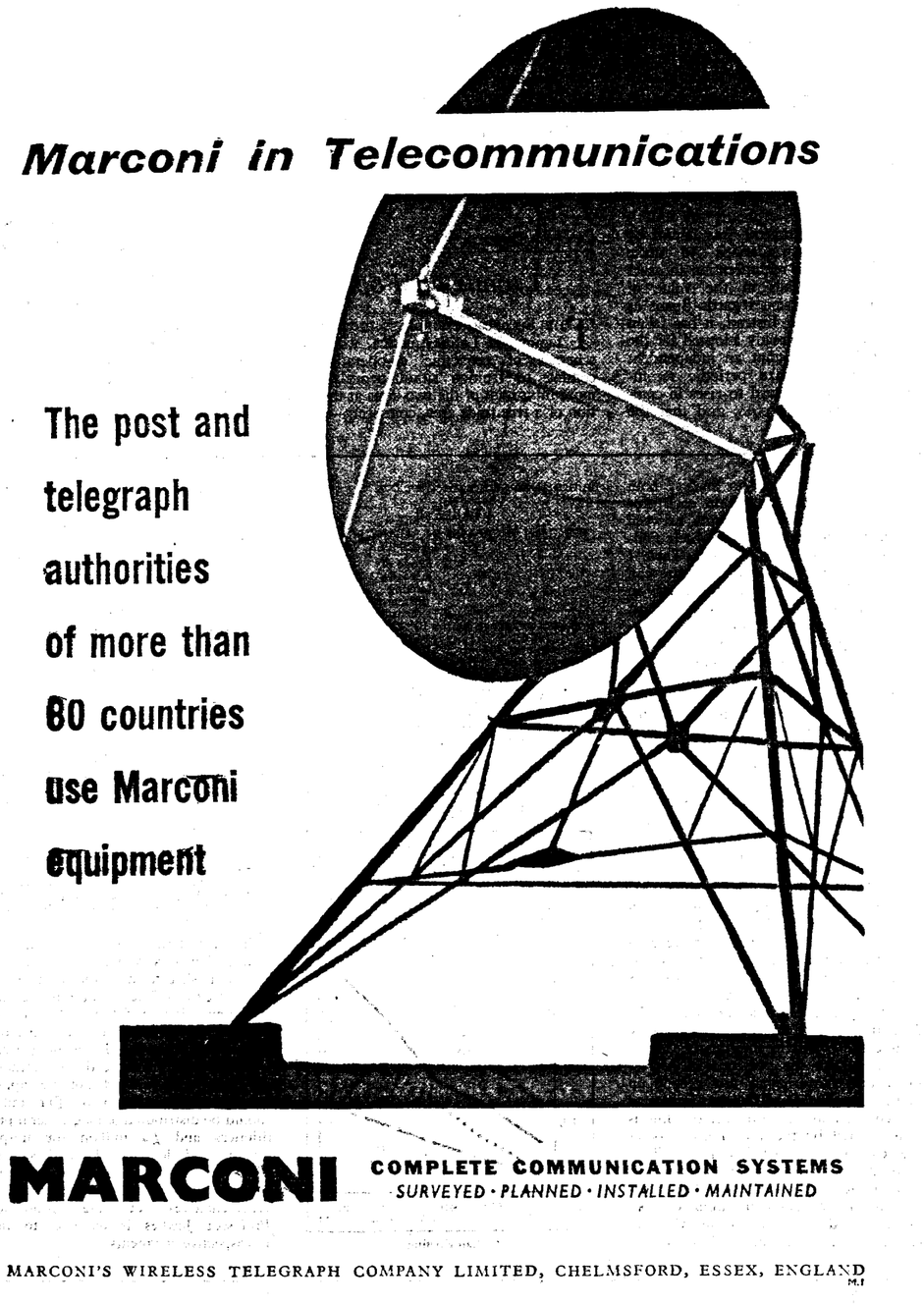
	Average* earnings at age: 30–34	45–54	55–64	Total earnings age 30–65	THE SPREAD OF EARNINGS: At age 45–54, One-quarter earned less than income shown below	One-quarter earned more than income shown below	One-tenth earned more than income shown below	Number per thousand of all ages earning £6,000 or more	£10,000 or more
	£	£	£	£'000	£	£	£		
Medical—									
General medical practitioners	1,710	2,460	2,180	79	1,900	2,960	3,440	1	Nil
Consultants	2,100	3,440	3,600	117	2,890	4,290	5,350	38	4
Senior hospital medical officers	1,500	1,990	2,010	73	1,840	3,000	3,530	Nil	Nil
All NHS doctors	1,200	2,600	2,500	84	n.a.	n.a.	n.a.	7	1
Dental—									
General dental practitioners	2,270	2,300	1,600	79	1,750	3,110	4,380	13	1
Others—									
Accountants	980	1,950	1,900	71	1,300	3,000	4,840	25	4
Actuaries	1,300	2,540	3,010	105	1,820	4,080	6,490	75	20
Barristers	780	2,340	1,990	92	1,160	4,940	n.a.	73	14
Solicitors (England and Wales)	1,120	2,290	2,770	88	1,610	3,560	5,060	35	5
Solicitors (Scotland)	850	1,760	2,000	67	1,430	2,760	n.a.	10	Nil
Architects	850	1,380	1,350	54	1,020	2,000	3,150	17	4
Surveyors	960	1,890	1,730	63†	1,250	3,300	6,260	35	6
Engineers	990	1,480	1,650	59	1,150	2,000	2,770	12	4
University teachers	1,060	2,000	2,010	63	1,550	2,440	2,780	1	Nil
Graduates in industry	1,150	2,290	2,320	84	1,600	3,290	4,600	16	6

* Median or middle income, with as many people in the group earning more as earning less. † Taking into account chartered surveyors in central and local government service; these are not included elsewhere. n.a. = not available.

UP AND DOWN THE LADDER



Median earnings



out their free trade agreement. To begin with, the treaty provides for the removal in twelve years of customs duties between these seven. Hopes have been aired that the experiment might eventually lead on to the creation of a common market. Individually, apart from Argentina and Brazil, each of the seven is a small market. Together, they are far from negligible, even if purchasing power *per caput* is still low. The need to work towards a common market is indeed dictated by the probability that purchasing power would remain low if each of the seven "went it alone." Commodity earnings have been the basis of all Latin American economies; and although commodity prices have picked up from the nadir of 1958, they have settled at lower levels than those of earlier years. As populations continue to grow, it is logical that domestic production should increasingly replace imports; and a common market would accelerate the change. According to estimates by the United Nations economic commission for Latin America—which has been preaching free trade and common market doctrine for the past four years—Latin American consumption of steel is likely to reach 37.6 million tons in 1975. It stood at 6.6 million tons in 1955-56; the estimate reflects the pace of industrialisation.

The little three—El Salvador, Guatemala and Honduras—have less to offer each other than the big seven; but they plan to offer more of what they do have, by turning themselves into a single unit and industrialising as fast as they can attract capital. Much of the soil is virgin; but the building, by a British firm, of an important Pacific Ocean port at Acajutla—to give only one instance—shows that Central America also is beginning to stir.

ITALY

Post-mortem on a Journey

For western statesmen visiting Moscow, a public display of rudeness by Mr Khrushchev has become part of the established routine—provided, that is, they have given him a good, fair fight in private. (One wonders whether an exception will be made for Mr Eisenhower.) This, however, did not prevent President Gronchi's political enemies in Italy from making a great fuss when Mr Khrushchev, clearly angered by Signor Gronchi's firm rejection of Russian views on Germany and Berlin during their private talks, harangued him with scant courtesy at a reception at the Italian embassy in Moscow. The president's right-wing critics complained that the country's honour had been blotted and that Signor Gronchi had not answered the Russian back sufficiently firmly. It was hardly surprising that on his return to Rome the president went straight to the microphone and made a spirited defence of the usefulness of his visit. As *La Stampa* remarked, if Mr Macmillan did not find it necessary to cut short his visit when Mr Khrushchev was rude to him, why should President Gronchi?

In fact, Signor Gronchi's visit seems to have achieved all that was modestly expected of it. In particular, it has placed Italy on an equal footing with the other western powers whose leading statesmen either have had, or are going to have, pre-summit personal meetings with Mr Khrushchev. The MSI (neo-fascists) and the Monarchists, however, are pressing their disapproval, not only of the scene in the Italian embassy, but of all the arrangements for the visit, to the point of tabling highly critical questions in the Chamber. (According to one report their real object is to bring pressure on Signor Moro, the Christian Democrat party secretary, whose handling of the Sicilian political crisis they dislike.) At the same time, Signor Nenni, unabashed, apparently, by the rebuff with which Signor Moro recently answered his overtures, is assiduously wooing the Christian Democrats with proposals that they should throw over their right-wing allies and form a centre-left government. Signor Gronchi may find that his controversial Russian journey has helped to spark off the political crisis which for some time has seemed to be just below flash-point.

A Sicilian Eruption

The eventual fate of Signor Segni's government may well also be influenced by the latest turn of events in Palermo, where last Tuesday the rumbling political crisis erupted again. It was accompanied appropriately enough in the Sicilian context, by a first-class scandal of political corruption. On Monday, Signor Santalco, a member of the Christian Democrat opposition in Sicily, publicly alleged in the regional assembly that he had been offered 70 million lire (about £40,000) and a ministerial post if he would desert his party and join Signor Milazzo's hard-pressed government; he claimed that two other Christian Democrats had been similarly approached, and that Signor Corrao, a minister in the Sicilian government, had been closely involved. Next day, Signor Milazzo, the leader of a dissident group of Christian Democrats, whose government had been supported by the Communists, Socialists and the extreme Right, threw in his hand and resigned.

Scandal or no scandal, Signor Milazzo was in any case in serious trouble. Some two weeks ago three of his ministers resigned and went over to the opposition, thereby depriving him of his majority. A vote of no confidence has been cooking ever since, and a decision by the Socialists to withdraw their support made the outcome of the vote even more certain. Signor Milazzo last resigned in December. On that occasion he was back in power within ten days, his opponents having failed to agree on an alternative. This time, he may not fare so well. The Sicilian Communists, who have supported Signor Milazzo's government from outside, have been emerging more and more definitely as the power behind the throne. In Palermo, they have been blazing the parliamentary trail which Signor Togliatti is now so anxious to follow in Rome. Awareness of this helps to make the Christian Democrats more resolute this time in their efforts to put a new coalition in Signor Milazzo's place.

EUROPE

From Paris to Geneva

The Seven (the European Free Trade Association) have still to find a home for their headquarters. Their proposal last autumn that it should be Paris was not ill received by the French government, but since the meeting of the Dillon committee in January, when the Seven put up an unexpectedly brave show, the French have changed their mind. There was a practical reason why the Seven chose Paris; the smaller governments, short of men, would have been able to use their delegations to the Organisation for European Economic Co-operation for the new job as well. The French saw this, and chose to regard it as a hostile device for keeping alive the idea of a big free trade area for all OEEC.

Their refusal is a pity. What are the other possibilities? The ideal choice—even better than Paris—would be Brussels. That is the one place where a real co-operation between the two groups in Europe could evolve without fuss; the choice would be an olive-branch to the European community as such. But the Seven themselves do not seem prepared to take that plunge. Geneva is a more likely choice for them, and it does have some advantages. It is the home of the General Agreement on Tariffs and Trade as well as of the United Nations Economic Commission for Europe, to which the governments of eastern as well as western Europe belong.

The Soviet notes to all the governments of the Seven, demanding most-favoured-nation treatment when they cut their tariffs for each other, are a reminder that these countries cannot be entirely ignored. No doubt the gesture is a diplomatic ploy. The Six, in their time, have been dubbed a "militarist block." Now, for the Seven, Russia has dug up the most favoured nation clause. But though the ploy can be answered with a suitable volley of notes, a problem of substance does exist. Integration in western Europe, partial as it is, means a lavish exchange of trading concessions from which eastern Europe is left out; and to some of those countries, western European trade is important. In the postwar years the great economic obstacle to east-west trade has usually been the inadequate earnings of communist countries. That the small countries of eastern Europe should suffer from the wave of liberalisation in the west is hardly a desirable political development.

NATIONALISATION

The Co-ops Stake a Claim

THE "public ownership" debated by the Labour party is, both by contestants and onlookers, generally seen as national or municipal. Its type is the public corporation or the local government enterprise. A surprisingly mild, almost apologetic, dissentient plea has now been entered by the Co-operative party, in a small (and typically ill-laid-out) discussion pamphlet* on the value of co-operative techniques in the process of socialisation. It is a revealing little document; for its author's efforts are overwhelmingly directed to demonstrating that co-operation is not tarred with the private-enterprise brush. Thus, Co-operative enterprise does not make profits, does not employ highly-paid directors, does not offer high rates on capital. It has no large investors—its shares are not bought or sold, nor do they fluctuate in value; so they cannot be the subject of (ugh!) take-over bids or the source of (ugh!) capital gains. It does not make (ugh!) bonus issues. Co-operation, in fact, is negatively pure, morally uncontaminated; and that ought to be enough for any good socialist.

The question of its positive merits—whether co-operative enterprises generally give, or as at present managed are ever likely to give, as satisfactory a service as their private competitors (let alone a better one) does not appear to be worth discussing at all; still less, of course, is any discussion invited of the possible connection between the frowsty stagnation of the co-operative movement and its lofty moral refusal to pay a market price for managerial ability.

This is all the more a pity because, as experience in other countries has shown co-operative methods can be applied over a much wider field than that of retail trade. Scandinavian co-operation has broken monopolies, led prices downward, pioneered design, and afforded to small private enterprise (notably, of course, farming) the economies of scale which it needed in order to survive and prosper. But it has done all this not by harping on its moral impeccability but by applying the imagination, organisational skill, and market sense which characterise private enterprise at its best—and in which the British co-operative movement is now so notoriously deficient. If the Co-operative party showed any sign of recognising the need for such qualities its voice would be better worth listening to—whether inside or outside the Labour movement.

*Co-operation and Social Ownership. By Harold Campbell. The Co-operative Party, 54 Victoria Street, London, SW1. 14 pages. 3d.

SOVIET UNION

The Travelling Presidium

THE fashion of world travel set by Mr Khrushchev has been taken up by the Soviet leaders as a body. Earlier this month the party presidium, the country's ruling organ, could hardly scrape together a quorum, so many of its members were away. Marshal Voroshilov, Mr Kozlov and Mrs Furtseva were journeying across India, in advance of Mr Khrushchev himself. Mr Mukhitdinov, the only Moslem in the leadership, headed a delegation to Indonesia. Mr Suslov was returning from the congress of the Italian Communist party. Mr Polansky, a candidate member of the presidium and prime minister of the Russian republic, had taken a Russian party to the United States. Mr Mikoyan, last but not least, was paying a return visit to Latin America.

Last Saturday, Mr Mikoyan signed a trade agreement with Sr Fidel Castro, the Cuban prime minister. The Soviet Union is to buy 5 million tons of Cuban sugar within the next five years. (The likely effect of this transaction on the world market in sugar is discussed on page 751.) Russia has also extended credits worth $100 million, to be repaid within twelve years, at a rate of interest of only 2½ per cent. This looks like becoming Russia's standard aid offer for small countries; the same amount on the same terms was offered to Ethiopia in November. Whether the Cuban government will want to buy as much as this from the Soviet Union is another matter; it has however, had difficulty in getting arms, and some of the credit could be used for, say, Mig jet fighters.

The frequent journeys of Soviet leaders are in striking contrast with their sedentary habits in Stalin's time. Then they seldom went beyond Soviet frontiers, and then, as a rule, only to party congresses, preferably within the communist block. Now, they travel to all continents, visiting "capitalist" and neutral countries as often as communist ones. The change is not only an expression of Mr Khrushchev's faith in diplomacy by personal contact. It is a sign of Russia's growing awareness of the outside world, and of the scope that the world offers for Soviet activity.

BRITISH HONDURAS

Burying the Skeleton

WITHOUT much ado, British Honduras has decided on its next constitutional steps. A delegation from the colony has agreed in London upon a new constitution that gives elected members a sizeable majority in the Legislative Assembly. The leader of the winning party will be first minister, and there will be four other ministers elected by the assembly. General elections, with universal suffrage, are to be held before the end of the year.

So far, so good. But the question that keeps recurring about British Honduras is its relations with Guatemala. Two parties, the People's United Party and the National Independence Party, this week signed a declaration denouncing Guatemala's "unfounded claims" to the colony. They stated that neither would countenance any change

The Economist

FEBRUARY 18, 1860

MR GLADSTONE'S BENEFITS

"There can be no doubt that, if we adopt this Budget, we must pay a high income tax for a considerable period. There will be much difference of opinion as to how high the tax will have to be; but a high tax there must be; and the real danger of this is not seen commonly in its true light. Direct taxation is so painful that, when it has continued at a high rate for some years, people will do anything to be rid of it; and, when our representatives legislate under a painful pressure of this kind, their judgment is not to be trusted. They may be driven to courses which we now little anticipate. In the first place, they might reduce the expenditure of the country in such a manner as ultimately to cause a great increase of expense. We do not profess to believe that there is no room for economy in our expenditure. We believe that the country might get all that it now obtains for very much less than it now pays. We showed, on a recent occasion, how we think that this in some measure arises, but we should not like to see a violent reduction in our public expenditure caused by the mere painfulness of taxation. We should be sure in our hurry to save in the wrong place, and to continue to spend in the wrong place. A few years afterwards there would be an outcry such as there has lately been as to the insufficiency of our national defences. We should have to incur again the great outlay we are now incurring, and we should be as uncertain as we are now how much good we are to expect from our vast expense. . . . We, therefore, think that we have to pay a most serious price for the benefits which Mr Gladstone offers to us. We think it is of the utmost importance that the country should plainly understand the price of the good which is now offered it. It will be a great strain on the moral fortitude of the country, and on that very account it should *from the first* be looked steadily and fully in the face. We know it will be said that much of the expense we have lately incurred is of a casual and temporary nature; but then we must consider that in the widely-ramified relations of a great country like this there will always be casualties. We may hope and wish for reductions of expenditure, but we should not *count* upon them. We should brace our minds to bear whatever income tax may be necessary to provide for Mr Gladstone's benefits. If we do this, they are safe; but if not, they are not safe.

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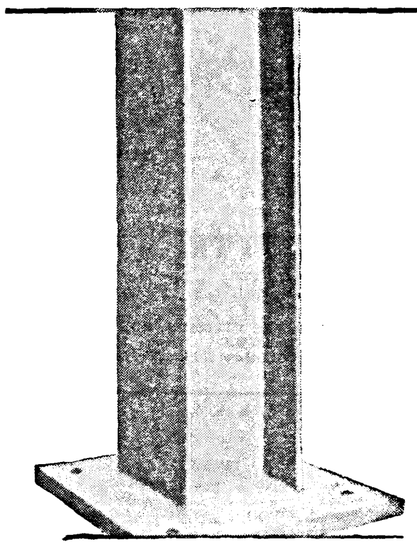

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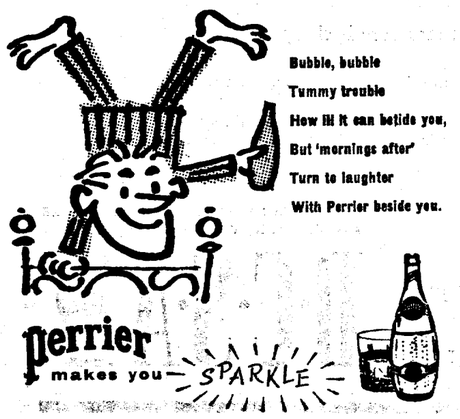

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in the colony's political status without a referendum, nor, unless they specifically said so in their election manifesto, would they encourage integration with any of the neighbouring states—which covers the Caribbean Federation as well as Central America. The two parties hoped that this declaration would finally close the door on the incident two years ago when Mr George Price, the leader of the PUP, was found to be discussing the colony's future with the Guatemalan embassy in London. However, that door is not shut yet. Even before the conference ended, the Christian Democratic Party was alleging that some of the pro-Guatemala propaganda, received by all the delegates, came from a member of the PUP's own executive council.

The official members of the delegation are staying on for another week or so to continue the economic talks. Here again there is some disharmony. The starting point of the economic discussions was a Treasury report recommending that about 7,000 people a year should be brought into British Honduras. The delegates, while welcoming selected individuals, are openly uneasy about the notion of large-scale planned migration—particularly from the politically conscious West Indies. They look rather to the Far East: to Japan, Indonesia —and Hongkong. Certainly if it were practicable to shift some of the dead weight of Chinese refugees in Hongkong, a double cause would be served.

ARGENTINA

Snow on its Periscope

When a navy wants to add to its fighting strength, nothing does so much good as a foreign submarine lurking in territorial waters. But the Argentine navy's hunt in the Golfo Nuevo has aroused such world-wide interest that, unless the elusive quarry materialises (which now looks unlikely), the navy will risk losing not only face but some senior officers into the bargain. For three weeks a flotilla of destroyers, frigates and corvettes, assisted by bombers, fighters and helicopters, have fruitlessly hunted an unidentified submarine, or perhaps two, supposedly trapped in an indentation in Argentina's Atlantic coastline, 650 miles south of Buenos Aires, with a mouth ten miles wide.

The first submarine, detected on January 30th, was soon reported to have been damaged by depth charges; later on it was alleged that a second submarine was trying to draw Argentine fire while its crippled companion slipped through the net. Vice-Admiral Gaston Clement, complaining of his own outmoded equipment, obtained from the United States navy additional depth charges, electronic equipment, and 15 exponents of underwater warfare. A cache of stores on the lonely Patagonian coast has turned out to be nothing more than an old dump of sardine tins. The United States, Britain and Russia having denied that the submarine belongs to them, the Argentine government has appealed to other maritime powers to own up.

Argentina has seen unsolved submarine mysteries off its coast before; one in May, 1958, and one last October. Unkind tongues in Buenos Aires have been linking the present incident with the fact that naval estimates are just about due. Shortly after the first incident, Argentina bought the British aircraft carrier *Warrior*, now the *Independencia*. But it is not, after all, only in Argentina that ghost ships can come in useful. The publicity given three years ago to a Polish submarine in British waters may not have been wholly unwelcome to the Admiralty. This time the Argentinians may be thinking less about opinion at home than about the visit they are expecting from President Eisenhower on February 26th.

The Argentine armed services have escaped scot-free from President Frondizi's austerity programme. Competition between them, and between cliques within the services, has several times since General Perón's departure brought the country close to civil war. But Argentina has not fought a foreign battle for 80 years, and the navy's case for United States military aid against a communist threat would be far from simple to put.

OXFORD AND CAMBRIDGE

Standardising the Doorway

Nobody who read the reports of the two committees appointed by Oxford and Cambridge to study the entrance requirements for the two universities (published this week in one volume) will be under any misapprehensions about the difficulties of achieving what all headmasters are crying out for—a standard set of entrance qualifications for all universities. Though these two committees have studied each others' proposals, a working compromise for a completely common standard of matriculation between Oxford and Cambridge seems some way off.

The Oxford committee has most commendably come firmly down against compulsory Latin for those intending to do science, which, if accepted, is one big hurdle out of the way. Rightly, too, it expresses its concern about the inability to write English which so many otherwise qualified applicants for university entrance display, and want to do something about this. Its proposal, a new qualifying paper in English language, should in principle be welcomed, even though it will be a rod in pickle for scientists, who if they know their science angrily contend that it is a detail whether they can communicate it clearly in English (and plenty of science dons hold this "tough" view). The committee's desire to get a far higher standard in the modern languages that are required for qualification is also understandable. The Cambridge syndics, however, could not support the Oxford plan as it now stands, as they think it puts too much weight on linguistic ability, and clearly there will have to be some more talking. But the Cambridge committee hits the nail on the head when it points out that whatever the matriculation requirements, the *de facto* college requirements are now much higher, and it is these that the schools have to satisfy—and which impose the sixth-form curricula on the schools. Oxford and Cambridge have a long way to go before they can meet the criticism—strongly put in the Crowther report—that the battle to meet their standards, designed to exclude rather than qualify, is an evil influence on British education.

TECHNICAL EDUCATION

Staff College

The danger that industry will kill off its own supply of technicians by buying up the technical college teachers at a time of shortage has always been extremely great; and, of course, the best teachers are lost first. The Willis Jackson report pointed out that if industry absorbs the supply of potential teachers it will kill the goose which lays its most golden eggs. The remedy is co-operation between education and industry, and, of course, an increase in the total output of technologists. But to do this there must be more understanding between industry and technical education; and the Ministry of Education has now decided to run a series of three and four week courses to bring the top teachers from the colleges into touch with their opposite numbers in industry and commerce "to enlarge their personal qualities and ability."

It may be doubted if this, though no doubt good public relations, goes to the heart of the difficulty. What British technical education needs is not so much handshaking at the top as blood transfusions in the middle and lower reaches. But the supply must be large enough to make mobility possible; only if industrialists can get all the men they want will they (outside small numbers of enlightened firms) consider lending them to their understanding but understaffed colleagues in education. The main hope must be placed in the expansion of sixth forms, leading to larger university and technical college recruitment in the years ahead.

Appointments, Business and Personal notices and other Classified Advertisements pages 769 to 771 ☞

BOOKS

Storm Winds of Literature

Tolstoy or Dostoevsky: *An Essay in Contrast*

By George Steiner.
Faber. 369 pages. 30s.

"GREAT works of art pass through us like storm-winds, flinging open the doors of perception . . .", says Mr Steiner on the first page of his book; and to its last page the reader has the feeling that Tolstoy's and Dostoevsky's works have indeed passed like storm-winds through the author himself. This is Mr Steiner's first book of literary criticism; in the American edition (published by Alfred Knopf) he described it as "An Essay in the Old Criticism" in explicit opposition to the "New Criticism," which concentrates narrowly on the analysis of text and technique and ignores deeper layers of artistic sensibility, ideas, social background, and the ethos of the times. The "old criticism," as Mr Steiner defines it, "is philosophical in range and temper" and "thinks of literature as existing not in isolation but as central to the play of historical and political energies." He has his peculiar conception of the critic's role: "In distinction from both the reviewer and the literary historian, the critic should be concerned with masterpieces. His primary function is to distinguish not between the good and the bad, but between the good and the best." His job is "not to judge or to anatomise but to mediate" between the greatest of writers and their contemporaries or posterity.

Mr Steiner is well equipped for the task so ambitiously defined. His erudition is wide, and he feels at home in many languages and literatures; he has a gift for the bold association of ideas, analytical talent, an original insight into the many-sided interdependence of *Weltanschauung* and artistic expression, and a brilliantly imaginative language. Not surprisingly, Tolstoy and Dostoevsky appear to him as the peaks of modern artistic creation; and from their height he surveys the wide horizons of European and American literature. Tracing Tolstoy's spiritual genealogy back to Homer and Dostoevsky's to Shakespeare, he scrutinises these "two lines" of writing, the epic and the dramatic, and illuminates the mutual relationship of the two Russian giants.

Mr Steiner's essay, however, is in part a refutation of his own critical programme. Having declared that the critic's task is not to judge or to "anatomise" but to "mediate," he himself "mediates" most effectively between Tolstoy and Dostoevsky, and between both of them and their reader, precisely by "anatomising" their works and often also by judging them rather emphatically. His demonstration, for instance, of "the polarity of city and land" in Tolstoy's and Dostoevsky's outlook is little else than an exercise in the social anatomy of literature.

A somewhat dogmatic approach to artistic creation is often a good fault in a critic. But Mr Steiner has perhaps burdened himself with too many dogmas at the outset. His bias is in favour of monumental art and against the slighter, more impressionistic, more rationalistic, and more time-bound styles. The bias is commendable; but does it not go too far and is it not too haughty and too exclusive? Does it not impel the critic to dwell on unduly odious comparisons and to play down needlessly Balzac and Flaubert? Must Tolstoy really dwarf Chekhov? At times Mr Steiner appears to press novelists and poets too hard into one of the "two great lines," the Homeric and the Shakespearean. This shows itself in his treatment of Dostoevsky; although the force of the dramatic element in Dostoevsky's novels is obvious, the author of "The Idiot" does not fit quite so neatly into the Shakespearean line as Mr Steiner suggests he does.

Mr Steiner's master-dogma is his belief that literature is great only when it is inspired by a religious ideal; he explains the extraordinary impact of Tolstoy and Dostoevsky, the intensity of imagination and feeling in their works, and their superiority to the classics of the western novel by the fact that unlike the latter they sought to convey a religious message. Yet Mr Steiner himself says at one point that "God is strangely absent" from Tolstoy's vision of the world; and he is surely aware of a school of criticism that maintains, not without reason, that both Tolstoy and Dostoevsky were great as image-makers and social critics despite their religious mysticism, not because of it. If the intensity of their vision and social criticism was greater than anything found in the French novel of the nineteenth century, this may have been due to the fact that the Russian novel absorbed into itself the high moral tension characteristic of a pre-revolutionary society whereas the French reflected the relative stability of a post-revolutionary epoch.

It is to be hoped that Mr Steiner will not allow his thinking to become dogma-ridden, and that he will withstand the temptation to spin some dubious "critical myths" about literature such as he produces in his closing chapter. He should perhaps also try to discipline his style, which, for all its brilliance, is somewhat verbose and repetitive. These are the defects of Mr Steiner's virtues; there can be no doubt that this book announces the entry of a first rate, and potentially a great, critic.

The Years of Nonsense

Herbert Hoover and the Great Depression

By H. G. Warren.
Oxford University Press. 382 pages. 50s.

MR HOOVER'S reputation at the moment hangs in an uneasy balance. Longevity has brought him some of that respect which America, more even than Britain, accords to its elders. But loquacity, the restless itch to tell all and defend all, has led him to erect in the three volumes of the "Hoover Memoirs" a monument by which even his friends must be bored and embarrassed. Meanwhile the assessment of the four years of his Presidency has been left, hardly surprisingly, to New Deal historians, who use them to highlight the contrast with the Age of Roosevelt that succeeded them.

Mr Warren's book is welcome as the first serious attempt to describe the domestic side of the Hoover presidency, as the publishers claim, "in and for itself." In this he has had less than no assistance from Mr Hoover himself, whose reluctance to make available to scholars his personal papers is one of the continuing reasons for his poor historical press, and is in striking contrast to usual American practice. Despite this, and despite an obvious (but surely only human?) sympathy with the victims of the Hoover policies or lack of policy, Mr Warren has made a very successful attempt to do justice to a figure whose main fault was to have the wrong virtues for his moment in history.

Inevitably—and Mr Warren is aware of this—there is an artificiality about the four-year slice that constitutes the Hoover presidency. If he had had fuller data on the pre-presidential Hoover, Mr Warren would probably have been able to set his White House phase in better perspective. As it is, Mr Hoover is something of an enigma when he arrives and still something of an enigma when he leaves. Perhaps a further analysis of the 1928 campaign would have helped here; Mr Warren does not seem to have read his Lubell. Indeed it is on the social and economic side that Mr Warren shows most strength—fortunately for a historian of the Great Depression. There are good accounts of the power and tariff controversies, an excellent assessment of the record of Hoover's Reconstruction Finance Corporation, a graphic and balanced history of the bonus marchers—these are samples of Mr Warren at his best. He can wield a lively pen and has a sharp nose for the significant detail—for instance, his demonstration that the germ of Point Four may be found in *The Magazine of Wall Street* as early as 1930, or his reminder that in 1932 Roosevelt contended that "The Horseman of Destruction came from the false policy of lending money to backward and crippled countries."

For all his balance and judiciousness Mr Warren does not forget that he is an historian of an era of wonderful nonsense; in his generous array of tit-bits, the extracts from the congressional debates on prohibition repeal naturally take first place. In general Mr Warren does not essay profundities; his book sticks close to his file index cards and he is better in getting inside his topics than in organising them into any new or suggestive structure of interpretation. But within these self-appointed limits he has done a good and useful job.

In the Round?

Shakespeare's Wooden O

By Leslie Hotson.
Hart-Davis. 335 pages. 30s.

DR HOTSON'S argument is that the London theatres of Shakespeare's time were literally "in the round." The best seats, he says, were on the stage (with their backs to what we have long imagined to be the tiring-house) or in galleries immediately above; the tiring-house was underneath the stage, and the normal entrance was by means of four trap-doors; and, extending for the whole depth of the stage, there was on each side a medieval "mansion," which could be covered by curtains while entrances were being made through the trap-doors and then uncovered for "discoveries." This is indeed a revolutionary set of theses, and the author has adduced many passages from seventeenth-century writing which, he claims, provide definitive proof. The book is learned and fascinating; it is also, particularly in its highly-coloured opening chapter, singularly ill-written. Readers are likely either to swallow it whole or to prove totally stubborn. What will emerge over the years is an assessment of the degree of probability established for each separate thesis.

The argument is fairly persuasive that the spectators on-stage (whose existence we have long known of) were sitting at what we inevitably think of as the "back" of the stage. The argument is thin in the extreme that the tiring-house was under the stage and that the normal entrance was by trap-door. Dr Hotson has to admit that at least some entrances were made through a door from what he calls the "property dock"; when we read in Elizabethan stage-directions that a character goes in at one door and out at another, it is difficult to believe that trap-doors are being referred to; the De Witt drawing of the Swan Theatre marks the wall at the "back" of the stage as "mimorum aedes." The third argument, that the Elizabethan theatre had two long "mansions" extending down the sides of the stage, can be entertained only with reservation. It has long been recognised (especially in Professor G. F. Reynolds's "The Staging of Elizabethan Plays at the Red Bull," 1940) that "mansions" may have been employed on the Elizabethan stage, but here we are asked to believe that their curtains shut off any view of the stage, at least while an actor made his entrance, from a large section of the audience. Dr Hotson believes that the modern "Italianate" stage, with a back scenic-wall, is totally different from the stage Shakespeare used. But it does not look totally different in the De Witt sketch or in the frontispieces to *Roxana* (1632) and *Messalina* (1640). Indeed the use of a scenic wall seems to have been well established in popular drama in the seventeenth century. Side-mansions are likely enough, but they must surely have been sited only towards the "back" of the stage.

No future study of the Elizabethan stage will be able to neglect this book: in certain particulars its argument is powerful. Its placing of the tiring-house and its elongated mansions seem, however, to strain belief.

The Theory of Taxation

Readings in the Economics of Taxation

Edited by Richard A. Musgrave and Carl S. Shoup. American Economic Association.
Allen and Unwin. 590 pages. 36s.

THE latest of the American Economic Association's series of "Readings" follows the same standards of selection as its predecessors. The items included must, obviously, be of high quality; equally obviously, they must not overlap with previously published or forthcoming "readings" on kindred subjects—for instance, in this case, the "Readings in Fiscal Policy," published in 1956. But they must satisfy other criteria too. They must be, to a certain extent, basic texts; not necessarily the first, and very rarely the last, word on their topic, but constituting either a point of departure or reference, or a formulation underlying all subsequent treatment, or a unique or especially satisfying synthesis or comparative conspectus. Moreover, they must be comparatively inaccessible; the editors' aim is not to compile an anthology but to make available what students would otherwise find it hard to get their hands on. (Partly for this reason, nothing published later than 1952 has been included.)

The subject is treated, in most cases at a very high level of abstraction, under six main heads. Part I deals with equity and welfare; Part II with concepts and methodology, general analysis, taxes on income and profits, on products and sales, on land and property, and incentive effects. To indicate only a few of the plums made available, there is Chapman's heretical inquiry into "The Utility of Income and Progressive Taxation"—a paper of far wider significance than the merely fiscal; Professor Hotelling's famous essay of 1938—fundamental to everything that has since been written about "The Rule"—on "The General Welfare in Relation to Problems of Taxation and of Railway and Utility Rates"; Edwin Cannan's answers to the Royal Commission on Local Taxation of 1899; Edgeworth's formidable "Pure Theory of Taxation"; Einaudi's "Capitalisation and Amortisation of Taxes"; and Barone's "About Some Fundamental Theorems of the Mathematical Theory of Taxation."

Only English-language or previously-translated items are included; but the twenty-six-page classified bibliography of the periodical literature is supplemented by a five-page selection of books and articles in French, German, Italian, and the Scandinavian languages.

New York Surveyed

The Newcomers

By Oscar Handlin.
Harvard University Press. London: *Oxford University Press.* 184 pages. 32s.

AT the request of the Regional Plan Association the Graduate School in Public Administration at Harvard University is bringing out a nine volume study of the various social, economic and governmental forces and factors at work in the New York Metropolitan Region, an area covering 22 counties in parts of three states and including about 16 million people. This monumental and authoritative survey is bound to be of great interest to planners in other great built-up communities. Three of these volumes are now available in this country: the general introduction, another on the industries of New York (which was referred to in the article "Dressmaker to a Continent," in *The Economist* of January 16, 1960), and the third, Professor Handlin's, on the Negro and Puerto Rican invasion that is changing the face of the city and sharpening its social problems.

Professor Handlin is an expert on the immigrant, and he rightly treats the present wave as simply the most recent manifestation of the great movement of peoples—Irish, German, Italian, Jewish—to the new world and, in particular, to New York, the usual port of entry. But the Negroes and some of the Puerto Ricans suffer from one unique disability—their colour—and from certain other weaknesses, in leadership, for example, that make them particularly vulnerable to the dangers of metropolitan life. Moreover, they cannot be kept out; they are American citizens. In two decades their numbers are likely to rise from 2 million to over 3 million. New York, which has done a good deal to stamp out racial discrimination, will have to do a great deal more, particularly in the field of housing and education, if these newcomers are not to present the authorities with an almost unbearable problem as the years go on.

Italy's Prosperous Years

Cronache Economiche e Politiche di un Trentennio: *Vol. II, 1903-1909*

By Luigi Einaudi.
Giulio Einaudi Editore. 885 pages. 4,000 lire.

THE years covered in this volume of Sr. Einaudi's collected writings (the sixth in a series that promises to stretch to 20 or 25 volumes) were the most prosperous the united country had up to that point experienced. Politically they were dominated by Giovanni Giolitti, who was Prime Minis-

ter for all but a few months during these seven years. While the author acknowledges Giolitti's political ability he argues that the main credit for the progress made was due not to the action of any government but to external economic factors. With better government much more in fact could have been done to ease the burden of taxation and give the country a more efficient economic structure.

In these articles, written for the *Corriere della Sera,* he dissects the failings of the economic policy of the liberal regime: the absurdities of its treatment of the railways; the defective methods employed for the presentation of the state's annual budgets; the failure to remedy the glaring defects of its taxation system; and the chaotic attempts to arrive at new agreements with the country's shipping lines. He also points out that it was at this time that the government, by its creation of a virtual state monopoly for sulphur, began in a confused way to experiment with forms of direct economic intervention that were to be intensified, and erected into a dogma, under the Fascists.

Students of the period will regret that the author has not pursued some of these points further in his introduction, and also that these articles are republished in chronological order rather than grouped by subjects. They will be grateful, however, for having in this volume an invaluable and penetrating commentary on the economic history of Italy in the age of Giolitti.

Establishmentarianism

Church and Parliament

By Olive J. Brose.
Stanford University Press. London: *Oxford University Press.* 249 pages. 27s. 6d.

THE present relationship between Church and State in England dates from the prolonged struggle between Church and Parliament in the early decades of the nineteenth century, skilfully analysed by Dr Brose in this scholarly work. The outcome was surprising: the survival of the unfittest, the paradoxical continuance of a national church in a pluralist and largely indifferent nation.

The repeal of the Test and Corporation Acts in 1828, and Roman Catholic emancipation in 1829, marked the end of the union of church and state which, despite the Toleration Act of 1688, had been maintained throughout the eighteenth century. The Irish crisis and the first Reform Act rendered the problem acute, and the Tractarians rallied to the defence of the church, but their exalted views of the nature of the church gained no allegiance outside a small circle of clergy and an even smaller number of laity, and their intransigence inevitably led them to Rome. The decisive battle for the church, in Dr Brose's view, was fought between the radicals and utilitarians, who wished to disestablish and if possible demolish it altogether, and those within the church, utilitarian in method if not in doctrine, who in Archbishop Whately's words wished to "give it efficiency, to make it both appear and to be a useful institution."

Bishop Blomfield led the ecclesiastical Benthamites, and in Peel, as Dr Brose emphasises, he found an ideal lay co-operator. Battle was joined over the future of church property, which the radicals wished to confiscate and employ for the education of the country. On this issue Blomfield and Peel stood firm, but with an unerring instinct of knowing where to yield, which they displayed throughout the crisis, they agreed to a redistribution of property within the church. The Irish Temporalities Act of 1833 was the pilot model for the Ecclesiastical Commission, which was made permanent in 1836. As a result, what had been a system of patronage and private property was converted, in the Hammonds' words, into "a responsible semi-public corporation."

Theoretically, the Establishment is incompatible with spiritual independence and is an anachronism in a non-religious nation. Acquiescence is, however, almost universal, even if enthusiastic support is lacking, and the independence of the church has been assured by the revival of the whole self-governing apparatus represented by Convocation. The position maddens the logician, but the English, as has been noted, are not a logical nation.

LETTERS

The Debate on Growth

SIR—How does it help the practical developer faced with practical problems in one of the underdeveloped countries, to be told that England in the early 19th century and India at the present day fit the definition of a country in the "take-off" stage? Supposing an Englishman of those days met an Indian of these days and discussed their economic problems. The one takes off from London in a stage-coach, the other takes off in a Boeing 707 from New Delhi, and they reach Brighton—roughly speaking—at the same time. What common language of economic development can they talk, when they take off their coats and get down to it?

The dangerous weakness in Rostow's theory is that in order to put England one hundred and fifty years ago and India of today into the same category of "take-off," he has to rely on points of *similarity* between them. But the whole point about the practical problems of economic development today lies in the *differences,* not in the similarities.

In the last couple of years, western technical aid has done immense harm in the underdeveloped countries through building on the superficial points of similarities between their economies and ours, and by neglecting to poke through the surface and understand the differences which really matter. If Rostow's articles are a fair summary of his book—as I gather they are—they seem to me to represent a dangerous retreat from the hard facts of life.—Yours faithfully,

MICHAEL IONIDES
21, *Suffolk Street, SW1*

*

SIR—What, Soviet economic growth again? It is not painful, Sir, to me to read what I am always careful to state in lectures and in print: Tsarist industrial growth was at about 8 per cent per annum before the first war. Why should it be? Soviet industrial growth has in no peacetime year since 1928 been below that figure, and in several three times as high. Who then has put an empirical wildcat among whose pigeons? How dare you tell me I am the theoretician and Rostow the empiricist, when I quote the figures and he does not? Or I the pigeon and he the cat, when I have already digested him?

But seriously, you and all who believe in freedom must at length begin to look at the facts. The "superiority of communist growth" is of course not "self-evident": it emerges from hard-headed and sceptical research. It is not to be countered by the isolated example of the second smallest communist country (Mongolia), even if the example were right. But it is not in fact right. The final seizure of power in Mongolia must in fairness be dated 1928, not 1920, and industrial progress *did* immediately accelerate from that date, for what it is worth. May I ask you a personal question? Did you consult a single source on Mongolia before dredging it up, or was it merely empiricism à la Rostow?

It is of course most important to kill the myth that communist economic growth is only equal to our own; and that is my major objection to your very irresponsible article. May I, however, briefly touch on two other points?

Surely "Laos, Guinea and Iraq" (how you do love the smallest countries) are not much counterweight to Indonesia alone, let alone India and Burma. When one says underdeveloped countries have recently come to "prefer freedom with slower growth" one is making a generalisation that you in your soberer moments would surely accept?

Finally, I can find nothing in his articles to refute the unanimous complaint that Professor Rostow does not deal with the socio-economic classes that cause economic growth. But I accept, of course, that his exposition was truncated by the article form, and note that the book will indeed deal with this point at length: an assurance that the author gave, Sir, in reply to criticism of the original text. He might now be saying: *non tali auxilio.*—Your faithfully,

New College, P. J. D. WILES
Oxford

*

SIR—I deeply appreciate your review of my review (and others) of Rostow and would like to add a few comments.

While Mr Wiles and I disagree on the relative merits of Russian growth (it seems to me he is comparing different sectors of the growth curves), I am afraid I agree with him concerning Rostow that "there is no analysis of the *exact* kind of obstacle that traditional society opposes to growth." (I have shifted his italics.) It is true as said in my *Fortune* article that Rostow introduced various modifications and disclaimers. But these, I submit, are largely of a ritual character. Nor is the passage which you quote adequate to fill the gap. Compare the eight requirements of economic growth listed in my *Key to Modern Economics.*

Your second point about "no strings" on economic aid I find to be very confusing. The answer given is apparently that Rostow *is* requiring strings. One is left in doubt as to which horse is being ridden. Of course I am of opinion that the economic, the political and the cultural are deeply intertwined, and I am very much pleased that you agree with my basic point.

Finally, I do not think that "we desire only that each nation be free to make its own choices." I do not, for example, interfere with a neighbour who seems to be spending his money in what I consider to be disastrously silly ways. "It's a free country." But then my neighbour will not have previously asked me to pay his bills.—Yours faithfully,

DAVID MCCORD WRIGHT
McGill University,
Montreal

Air Transport Agreements

SIR—Your note on "The Spirit of Bermuda" underlines recent international civil aviation problems in keeping alive the basic thinking which has made the Bermuda Air Transport Agreement workable for so long, and in circumstances so different from those of air transport in 1946.

The underlying principle of the Bermuda agreement was that there should be "fair and equal opportunity" for the air carriers of the nations concerned to provide "capacity adequate for the traffic demands." Further, the specific idea was that there should be *no* pre-determined restriction on frequency or capacity of service; there should be *no* "roped-off seats" denied to an intending passenger because of artificial restrictions on capacity, and that the law of supply and demand should be permitted to find its economic level for the widest good.

Under the Bermuda agreement, airlines were thus made free to match the capacity they offered to the traffic requirements—with some elbow room for promotional services. Only if one operator piled on so much capacity that he swamped the route, so that the average load factors of all operators fell below an economic and reasonable level, was the provision for *ex post facto* review to be invoked. If the case was proved then the offending operator would be made to cut back his excess capacity. So far as I know such a remedy has never been required to be invoked.

Surely this liberal view on how traffic should be developed in healthy, but regulated competition, with the advantage flowing to the efficient and attractive operator, is a precept worthy of continuation and one which will provide, in the long run, the best possible services to the travelling public.—Yours faithfully,

London, W1 PETER G. MASEFIELD

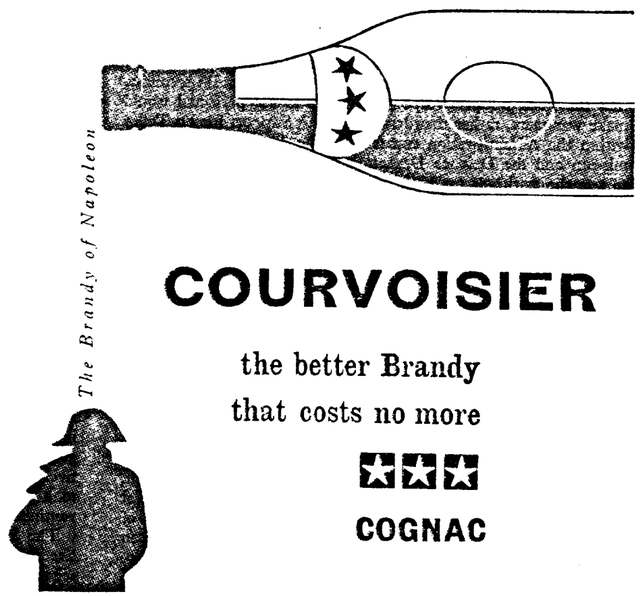
Cut Price Books

SIR—The banning of price maintenance, it is claimed, would reduce British bookselling to the American standard. But the available evidence, like that mentioned by Mr Goldstein on "loss leaders," does not support the argument.

The alleged effects of price competition should be scrutinised. Canada had price maintenance and has abandoned it. The system flourishes in some American states, and is crumbling or forbidden in others. Examination of bookshops before and after the abandonment of price maintenance gives me the same impression as comparing regions with and without it: resale price maintenance has not made a significant contribution to the quantity or quality of North American book stores.

The alleged deficiencies should be closely examined. They are usually greatly exaggerated: I should say that Montreal is about as well served as Edinburgh and Seattle as Manchester, for *new* books. It is true that there are fewer interesting antiquarian and used book stores and departments. But this would be expected, considering the relatively small total stock of used and antiquarian books. The trade also suffers because printing costs are relatively high, so that readers turn to the many lending libraries and newspapers instead. Finally, it must be recognised that Americans read fewer books, magazines and (price-maintained) newspapers than Britons. Naturally, there are also fewer shops, a situation that maintaining prices has, in the past, been powerless to prevent.—Yours faithfully,

A. D. SCOTT
Cambridge



AMERICAN SURVEY

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

Divided on Disarmament

WASHINGTON, DC

To the superficial observer, it might seem that the first important fruit of the seed Mr Khrushchev planted in America last September was a raspberry. In the last two weeks the United States has put forward a proposal to ban some—but not all—nuclear tests which was called unacceptable by the Russians even before it was advanced; President Eisenhower has hinted that he supports the faction within his Administration which wants to hand over nuclear weapons to America's allies; and the American official who will represent his country at next month's ten-nation disarmament talks in Geneva has had the embarrassing task of explaining to his four western colleagues that the United States has not yet decided what it wants to say when it gets there.

But it would be a mistake to conclude from this that the Administration has made up its mind that disarmament is a lost cause. On this question more than any other, "the Administration" is simply a polite fiction behind which rival groups can be seen tugging at the President's coat tails. The group that is most deeply sceptical about disarmament has just won a partial victory on nuclear testing. The wider issue, however, is still undecided: and even on the question of tests Mr Eisenhower has not yet committed himself unreservedly to the side of the sceptics.

Those who suspect that a suspension of atomic tests is not even desirable, let alone feasible, can easily be identified. Their intellectual leader is Dr Edward Teller, the physicist, whose attitude is based on two profound convictions: first, that the Russians can be trusted only as far as they can be seen (which, in the matter of testing, ends almost as soon as they go underground); secondly, that the small nuclear weapons he wants to see perfected would make war more, rather than less, humane. Support for Dr Teller within the Administration comes from the Atomic Energy Commission and the Defence Department. The Army, which wants to test the warheads for both its Zeus anti-missile missile and its small tactical weapons, is the most enthusiastic of the three services; but the Navy and the Air Force—thinking respectively of the Polaris and Minuteman missiles—would also be unhappy to be deprived of the chance of trying these out. The Army would almost certainly be able to test its small warheads under the new American proposals; these, while banning all explosions above ground and the bigger ones below it, would continue to permit underground tests yielding a seismographic reading of less than 4.75—the reading produced, on American calculations, by an explosion of nineteen kilo-tons. The other services would only be able to keep their bigger bangs under this level if they could be muffled in artificial caverns.

There is another body of opinion in the Administration, however, which is genuinely interested in negotiating a total ban on atomic tests. This group, which centres around the State Department, accepts the argument that a permanent ban should be limited at present to those tests for which there are reliable methods of detection. But it is likely to find two aspects of the latest American proposal increasingly difficult to live with. The first is the assumption that a seismographic reading of 4.75 equals an explosion of nineteen kilo-tons. The Russians continue to assert that an explosion of less than two kilo-tons would produce this reading: it is therefore at least theoretically possible that the Americans might accidentally violate their own limitation.

In the second place, it is not yet absolutely certain at what point it ceases to be possible to detect underground tests with any assurance. The Americans say that, even with the latest improvements in technique, the 180 control stations proposed in Geneva in 1958 could not be sure of distinguishing an explosion of less than ten kilo-tons from a natural earthquake. But the Russians maintain that there are errors in the calculations on which this opinion is based; and it is known that some of the Americans who took part in the technical talks at the end of last year feel that the Russian objections were not properly answered. Thus it can be argued that last week's American proposal was put forward before the chief point at issue had been fully discussed.

No one in Washington expects the Russians to abandon the current negotiations simply because they find the latest proposal unacceptable. There remains one point on which those who want a total ban may yet be able to detach Mr Eisenhower from the embrace of the sceptics. It is generally agreed that, even on the most optimistic assumptions, it will take some time to perfect a network of controls good enough to monitor small explosions of one kilo-ton or less. In the meantime, should the United States refrain from carrying out tests of this size and trust the Russians when they say they will do likewise?

It is known that the British have urged unsuccessfully that there should be a two-year moratorium on all underground tests. The Administration, while rejecting this, has apparently not yet decided whether or when to set off any more underground rumbles. The critical time will come in the late summer. It is then that the AEC and its friends think that tests must be resumed if the next generation of weapons is to be perfected on time; Mr Eisenhower will either yield to their urgings or take the side of those who say that a resumption might be dangerously unpopular abroad. The disapproval evoked by last Saturday's French explosion may provide the latter group with a powerful argument.

THE same division of opinion lies behind the silence that shrouds the broader problems of disarmament. The United States is the only nuclear power that by mid-week had not made public a general disarmament plan to lay before the ten-power talks which open in Geneva next month. It is in the extraordinary position of having invited its allies to Washington and then having kept them talking about peripheral matters such as the chairmanship and the tactics the Russians are likely to follow. The proposals which Mr Charles Coolidge's study group made to the President at the beginning of the year have been thrust under the cushion as hastily as an improper novel. It seems that Mr Coolidge drew most of his assistants from among the sceptics who think that general disarmament would be not only impracticable but positively dangerous. He appears therefore to have confined his report to a few suggestions for limiting conventional forces and preventing surprise attacks.

The State Department is trying to insist that the United States, like Britain and Russia, must produce at least the outline of a scheme of comprehensive disarmament. But any serious approach to nuclear disarmament meets the opposition of the AEC, which clings to its old belief that America's security depends on the preservation of its atomic armoury: and any proposal to cut still further the country's already skimpy conventional forces induces instant apoplexy in the Defence Department.

Nevertheless, there are a few bare bones which these contending forces may yet be persuaded to clothe with flesh. It seems to be generally agreed that it has become impossible to separate nuclear from conventional disarmament, now that so many weapons can carry either kind of warhead. Moreover, the State Department seems to have extricated itself from the dialectical corner in which it got trapped three years ago, when it argued that disarmament was impossible until the political problems dividing East and West had been solved. It has now returned to the classic western position that a treaty can be signed when—but only when—a satisfactory system of controls can be agreed upon. The problem is to make the soldiers and atomic warriors fall into line on this position; and then to devise the hideously complex controls that would be necessary.

It would be pointless to pretend that there is much optimism in Washington. But there is one proposition on which even the sourest sceptics agree with those, such as the British, who are working most enthusiastically for an agreement. This is that little progress is likely to be made until the two halves of the world feel more confidence in each other. The difference is that the British, supported by people in the State Department and on the President's staff, would be willing to trust the Russians—at least temporarily—to honour an agreed suspension of tests in the hope that the experience of a little control might tempt them to accept more later. To the sceptics such trust would be dangerously misplaced; the only consequence which they can foresee is the near certainty of Russian cheating. The two positions are far apart. At the moment Mr Eisenhower clearly stands closer to the sceptics. But so long as the talks at Geneva hold out any hope of progress the State Department is unlikely to advise him to slam the door completely by ordering underground tests to start again. Between now and the summer Mr Macmillan still has time to put his persuasive arts to work on the President.

Surplus Politics

PRESIDENT EISENHOWER'S latest—and probably last—message on agriculture is a confession that he himself, like the American taxpayer, has been overwhelmed by the superabundance of the country's farms; it is also an attempt to pin the blame, for all the voters to see, on the Democrats who control Congress. With a message which is for once conciliatory instead of crusading, he has in effect dumped the huge surpluses of farm commodities, and particularly that of wheat, the most crushing of all, into Congress's lap and told the legislators to find their own solution since they have refused to accept the solution which he has offered in the past.

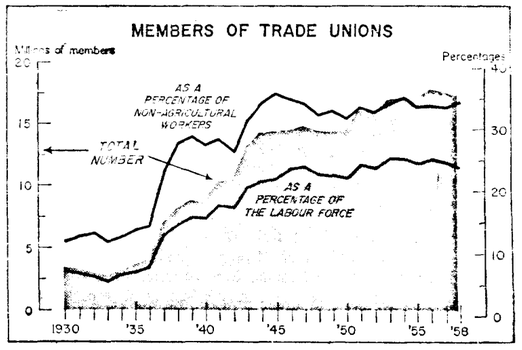
One thing which the President does urge, and which many in Congress view sympathetically, is an extension of the conservation reserve programme, the soil bank, due to expire this year, and its gradual expansion to take out of cultivation up to 60 million acres of land, over twice as much as has been withdrawn under this scheme so far. To the extent that this land would have been used to grow wheat, this would help to reduce the surplus of a commodity which is responsible for a third of the $9 billion tied up in the government's price-supporting operations and which is costing the taxpayer $1.5 million a day. The President's own remedy for the wheat problem is to remove restrictions on the amount grown and to reduce the level at which prices are supported, but he promises to approve any "constructive" approach. In his view such an approach would have to relate price supports to effective controls on production in such a way as to prevent both excessive output and excessive prices and would have to avoid the direct subsidies which have long been favoured by certain Democrats. But if any legislation at all is approved this year it is likely to be on just these "unconstructive" lines; thus the President would be forced to veto the Bill and the farm surpluses would be loaded back on to the shoulders of his own Republican party.

What the Democrats want to do, of course, is to keep alive the present discontent among farmers, and their tendency to blame the Republicans for their falling incomes, until next November and then to make political hay out of it as was done in the presidential election of 1948 and in recent congressional elections. The moderate, co-operative tone of last week's farm message is said to have been the result of pressure on the President by Republican Senators from wheat-producing states—South Dakota, Kansas, Colorado, Idaho—who are afraid of losing their seats this year. The Vice President, Mr Nixon, also seems to have had something to do with it; the Administration's failure on the farms will be a deadweight dragging at his hopes of being the next President of the United States.

In Unions Disunity

WITH the Florida sun shining and a successful steel strike under their belts, the members of the executive council of the American Federation of Labour and Congress of Industrial Organisations, which has been meeting at Bal Harbour, could talk cheerfully of more equal, and therefore better, relations between management and labour—even though the militants want to use the money raised, but never spent, to help the steel workers as the basis of a big strike chest. But inside the federation the craft unions of the old AFL and the industry-wide ones of the CIO are still at odds. Mr Reuther of the automobile workers spoke the harshest words heard since the two groups decided to reunite five years ago when he accused his brothers in the building trades of "union-busting." They have been co-operating with their employers in a drive to take over the maintenance and repair work in plants which at present provides employment for many thousands of men who are members of industrial unions. Last autumn the AFL-CIO convention charged a committee with the task of working out a scheme of compulsory arbitration to settle all such disputes, but it is making little headway and the president, Mr Meany, is having to take a hand himself.

What ought to make both craft and industrial unions come to terms is the failure of the AFL-CIO to attract new members since it was created in 1955. During the recession of 1958 it actually lost about 400,000 in addition to the 1.6 million who are members



of trade unions which were expelled in that year on the ground that they were corrupt. The AFL-CIO now claims about 13.5 million of the 16.8 million workers who are organised. According to its own experts, its relative strength is actually falling off, since the number of workers who can be organised has increased by 2 million or so since 1955. Scandals, the slump, and inter-union quarrels did not help, but the biggest factor may well have been the shift which is under way from blue-collar to white-collar jobs; white-collar workers account for over half of the labour force, but for only 12 per cent of the membership of trade unions.

The Democrats in Congress who failed the trade unions last year could make amends in this pre-election session by increasing the minimum wage and extending the law to cover 7 million more people; more than half of these are white-collar workers in shops. So far the Administration has supported the idea of broadening the law, which now covers only 24 million workers, but has opposed any increase in the minimum of $1 an hour. The Secretary of Labour is trying to persuade Mr Eisenhower to accept a small increase. But even if he succeeds, the AFL-CIO is unlikely to be weaned from its Democratic allegiance in the coming election, though many individual trade unionists may vote Republican. The AFL-CIO stands officially with the liberal Democrats in condemning the "growth-stunting" policies of the Administration and it would retreat into neutrality only if the Democrats chose the most conservative candidate available—Senator Lyndon Johnson.

Rounding up Delegates

UNPOPULARITY with the trade unions is only one aspect of Senator Johnson's chief handicap, which is that he comes from the South. It is more than a century since a Southerner won the Democratic nomination for the Presidency. But Mr. Johnson is making a brave effort to overcome the suspicions of northern liberals and of the politically powerful Negro minorities in the North and West. As the majority leader in the Senate, he is trying, with the help of his fellow Texan and strong supporter in the House of Representatives, Mr Rayburn, to push through Congress a Bill guaranteeing the right of Negroes to vote.

Liberal Democrats were less impressed when Senator Johnson tried recently to pass himself off as a westerner at a meeting in Albuquerque. When he argued that Texas was really a western state Mr Ziffren, an influential Californian, implied that the majority leader was talking through the ten-gallon hat which he had assumed as part of his disguise. Senator Johnson will go to the Democratic convention in July with over 400 delegates in his pocket—more than half the 761 needed to win the nomination—but it looks as though they would all be southern or southwestern ones.



The two candidates who, unlike Senator Johnson and Senator Symington, are out fighting for delegates are the two liberals, Senator Humphrey of Minnesota and, nearer the centre, Senator Kennedy of Massachusetts. Senator Humphrey, who is full of zest although his chances are slim, made a great impression on the Democrats assembled at Albuquerque and at another important meeting at Fresno, California. But it looks as though the Kennedy bandwagon, powered by unlimited money, a smooth-running organisation and Mr Kennedy's own undoubted ability and charm, is drawing ahead. In New York last weekend about two-thirds of the county chairmen, who control that state's delegation to the Democratic convention, the largest of all, were said to be leaning in Senator Kennedy's direction after they had heard him speak.

They will not make up their minds, however, until they see how he fares in the primaries, the elections at which Democratic voters in some states can show which candidate they prefer. Senator Kennedy, whose only chance of carrying off the nomination lies in demonstrating his popular support, is making a great virtue of this necessity and taunting Senator Johnson and Senator Symington for standing aside. But of the nine primaries in which Senator Kennedy is entered, he is opposed, by Senator Humphrey, in only three so far: Wisconsin, West Virginia, and Oregon, where the intervention of Senator Morse may make the result meaningless. West Virginia, with its poverty and unemployment, is rather a special case and Senator Kennedy himself still seems prepared to stake everything on Wisconsin, even though the Humphrey forces there have succeeded in changing the method of counting votes so that it is more favourable to their man.

Fight for Life

When The Economist *went to press it was still not known whether Mr Chessman would succeed once more in escaping the death penalty. The background of the case is discussed below by a correspondent in San Francisco.*

TENSION grew throughout California this week as the date for execution of Mr Caryl Chessman, which has been postponed seven times already, drew near again. Because he has been able to fight off the death sentence for so long, by one legal stratagem after another, his case has dramatised the whole issue of capital punishment; only the execution of the Rosenbergs and the Sacco-Vanzetti trial, both of which raised burning political issues that are absent in this debate, have attracted more attention. Mr Chessman was tried and convicted, more than ten years ago, on seventeen counts of attempted rape, robbery, and kidnapping, a crime which carried the death penalty then. He had a record of numerous offences and at the time his conviction excited no particular interest. Since then, however, almost entirely through his own efforts, and without any organised outside support, Mr Chessman has managed to take his case to the Supreme Court of the United States fifteen times, always unsuccessfully. He has written two books while he has been in prison, one of them a best-seller, and he has become expert at arguing legal points.

By now Mr Chessman's original crimes and his trial have been almost lost to sight under the welter of constitutional and judicial issues which he has raised and which have kept him alive while so many of his fellows in the San Quentin death-house have been executed. As time went by, many Californians began to question the propriety of carrying out the death sentence on a man who had already spent many years in a condemned cell. Both the opponents and the advocates of capital punishment grew more and more heated. Mr Chessman himself contributed to the sense of tension and tragedy that cannot be separated from a state-imposed death sentence. His insistence on writing his own briefs and on acting frequently as his own counsel made him into an object of enormous public interest. His appearances in court became occasions for throngs of sightseers to press close to him with both awe and repugnance. An extremely gifted speaker, Mr Chessman attracted sympathy for his fight even though, in his complete obsession with himself, he was not a sympathetic personality.

Three Governors of California have had to wrestle with the

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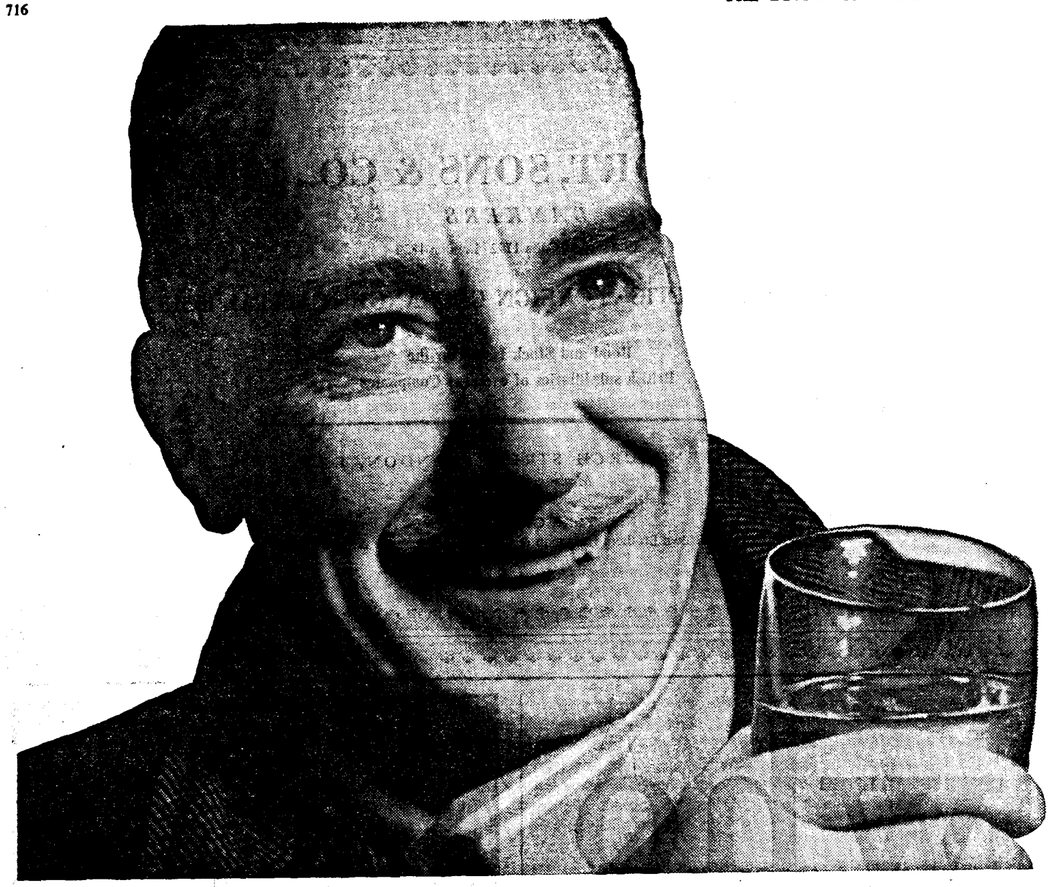

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Chessman case : Mr Earl Warren, who is now Chief Justice of the United States, Mr Goodwin Knight and Governor Brown, the present incumbent, for whom the issue is the most difficult. Mr Brown has expressed publicly his opposition to capital punishment and his willingness to sign a Bill abolishing it if the State Legislature passes one. But it has not and the Governor feels that he must let death sentences stand except when he thinks that clemency is clearly indicated, as he has in a number of cases. The first time the Chessman case came before him he refused clemency and the carrying out of the sentence was averted only by another legal device. This week he refused it again.

In California the Governor's power to grant clemency is not unconditional. The State Constitution requires the approval of the State Supreme Court as well if clemency is to be allowed to criminals who have had two previous convictions for serious crimes. The court refused its consent on Wednesday by a vote of 4 to 3, and there remained only the possibility that it might change its mind at the eleventh hour or that the Governor might grant a temporary reprieve on his own authority, which is unlikely. The issue is complicated further by the prisoner's insistence that he is innocent and does not want clemency, which would mean imprisonment for life, but a full pardon so that he might go free. At the last moment, however, Mr Chessman did allow his lawyer to put forward a plea for clemency.

During recent weeks, Governor Brown has been deluged with advice and suggestions from all over the world. He has been receiving about a thousand letters a day, two-thirds of them in favour of leniency. Meanwhile Mr Chessman himself, adopting more and more consciously the posture of a martyr, began to issue statements at press conferences that he had come finally to the last door which would open for him.

Quota Questions

RATHER unhappily for the American textile industry its current drive for more protection against imports of both woollen and cotton fabrics coincides with a mounting prosperity that has pushed production, prices and profits higher than they have been for years in all branches of what was until recently a genuinely depressed industry. Admittedly certain companies in certain areas, particularly in New England, are still in a bad way, mainly for technological reasons, and admittedly imports have been going up proportionately as well as absolutely. But they still provide only a small part of total annual consumption in the United States and experience with quota restrictions on imports of wool fabrics hardly suggests that this method of protection is likely to prove effective, although it is the one advocated by most American manufacturers. Not only did imports of wool cloth rise to record heights in 1959 but there was also a rise in the percentage coming in after the so-called "remedial" duty had been applied.

This is the 45 per cent *ad valorem* rate, an increase of 20 per cent on the basic duty on woollen fabrics, which is applied afresh each year once imports have equalled 5 per cent of average domestic production in the last three years. This year, the "break point" of 13.5 million pounds is likely to be reached in the latter part of March. Imports, pouring in ever since the lower rate of duty was restored on January 1st, have been mainly of cheap Italian and Japanese fabrics which can be sold, as last year's figures show, for less than similar American products even after paying the higher duty. But on British luxury fabrics that duty is practically prohibitive ; moreover, these cloths are usually ordered specially for seasonal needs and cannot be rushed in at the beginning of the year. To eliminate this type of unfairness the Administration has agreed to renegotiate the tariff governing wool textiles later this year. In preparation for this the Tariff Commission has been holding hearings to decide at exactly what point the American industry would be in peril from imports ; the industry naturally maintains that this point arrived long ago.

Meanwhile the commission is also about to open hearings on whether a special fee should be charged on imports of cotton textiles to offset the subsidy of eight cents a pound, a part of the American programme for disposing of agricultural surpluses, which enables foreign manufacturers to buy raw American cotton more cheaply than can domestic manufacturers. Textile interests hope to turn this enquiry into a general review of imports of cotton textiles, whether as piece goods or made-up garments, with particular attention to the lower wages paid abroad. It is to strengthen its case against this kind of protectionist pressure that the Department of Commerce has been urging clothing makers in Hongkong themselves to impose adequate restrictions, similar to those agreed by Japanese manufacturers, on their exports of garments to the United States ; these have been going up in a sensational way recently.

Mergers on Trial

FROM A SPECIAL CORRESPONDENT

A SURPRISING aspect of the Eisenhower Administration, from the very beginning, has been its anti-trust policy. As the "party of big business" the Republicans were expected to deal gently with monopoly and anti-competitive practices. The disappointment of businessmen at the way things have turned out has been manifest. The Anti-trust Division of the Justice Department, the agency chiefly responsible for the enforcement of the anti-trust laws, has been tougher and more aggressive than its immediate predecessors under a Democratic Administration. Even the congressional Democrats most concerned with anti-trust matters have found little to criticise.

One reason for this unexpected development is that President Eisenhower's two Attorneys General, Mr Brownell and Mr Rogers, had no bias in favour of big business ; when they were appointed their views on monopoly were unformed and neutral. The political advantages of confounding the Democrats by vigorous anti-trust activity were obvious. Moreover, zealotry seeped upwards from the ranks of the staff, which was composed mainly of Democrats held over from past Administrations. Last, and probably most important, a young Republican who is a true believer in the anti-trust laws, Mr Bicks, has been influential in the Anti-trust Division and has been its acting chief since last April. The failure, so far, to give him the formal title to his job has been ascribed to his age (he is only 32), but the real reason is probably fear of protests from business interests.

Under Mr Bicks's prodding, the Anti-trust Division is devoting an increasing portion of its limited resources to resisting the economic concentration brought about by corporate mergers. Unlike the British Restrictive Practices Act of 1956, American anti-trust law is not limited to agreements between companies and their anti-competitive fruits—such practices as price-fixing and the division of markets. The Sherman Act of 1890 makes it illegal for a single firm to "monopolise" and Section 7 of the Clayton Act of 1914, which was stiffened in 1950, is aimed at the creation of monopolies ; it prohibits one company from acquiring the shares or assets of another when the effect of the merger "may be substantially to lessen competition or to tend to create a monopoly."

It is Section 7 which is now being emphasised by the Department of Justice. The signal for the campaign to begin was the department's great victory at the end of 1958 in a suit to block the merger of the Bethlehem and Youngstown steel companies. In 1959 ten lawsuits were brought under Section 7, more than in any other year since the passage of the Clayton Act. The depart-

ment's investigations of mergers have trebled in the last three years.

The language of Section 7 is, of course, vague. The answers to the question of what sort of merger may be said to lessen competition substantially can only be inferred from the recent cases. A typical one involving a horizontal merger—one between manufacturers of the same product—was a suit against Anheuser-Busch Inc., a leading brewer whose product is distributed and advertised all over the country. Anheuser-Busch had purchased a brewery in Florida which made Regal beer, a brand sold only locally. It intended to stop production of Regal and to use the brewery to make its own beer, which had previously been shipped into Florida from outside the state. But that course, the Justice Department charged, would remove from the Florida beer market an important competitive factor—Regal. Last month, on the advice of its lawyers, Anheuser-Busch agreed, without having the case tried, to sell the Florida brewery, to refrain forever from buying a brewery in the state and from purchasing any brewery anywhere in the United States for the next five years except with court approval. The lesson of the case seems to be that, under Section 7, a large national firm which sells in a local market can expand in that market only by building its own new plants.

A vertical acquisition was the issue when the Brown Shoe Company, the fourth largest shoe manufacturer in the United States, took over a chain of retail shoe shops. Although Brown produced only 5 per cent of the country's shoes, and the chain sold less than 1 per cent of the total, a federal judge found that the merger would violate Section 7. He reasoned that the acquisition, although small, was part of a trend in the industry—on the part of Brown in particular—to grow by absorption. The Justice Department feels strongly that a history of past acquisitions justifies the stopping of the latest purchase, however tiny—that, as Mr Bicks puts it, "hundreds of small bites at the apple mean no apple just as effectively as one large bite."

One case brought in 1959 illustrates several different economic justifications for action under Section 7. For some years the General Motors Corporation considered whether it should go into the manufacture of earth-moving machinery. In 1953 it decided, instead, to buy an existing firm in the field—one to which it had sold diesel engines. The Justice Department, appealing to the courts to make GM disgorge this subsidiary, saw three possible wrongs under Section 7. By acquiring a potential competitor instead of starting out afresh in the earth-moving business, GM had reduced potential horizontal competition in that field. By buying out a regular customer for its diesel engines, GM had lessened vertical competition. Finally, the department was prepared to argue that a company as powerful as GM should not be allowed to move into a new activity where its financial might and skill would endanger competition.

The reach of Section 7 was shown when Texaco Inc., a leading oil company—with producing, refining and marketing facilities—dropped its idea of acquiring the Superior Oil Company of California, a producer of crude petroleum only. The Justice Department feared that such absorption of independent domestic producers into large integrated firms would leave independent refiners with no domestic sources of crude oil—and with foreign sources strictly limited by restrictions on imports.

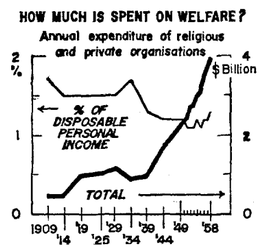
THERE are a number of reasons for the new emphasis on cases involving mergers. They present simpler economic issues to the courts than charges of monopoly and take much less time to try. Instead of having to consider every aspect of some huge industry, the judge can focus on one transaction, the merger, and its effects. And if a merger can be halted before it is complete, there is no need for the court to try to unscramble assets long combined. Merger cases are also more significant economically, particularly when they concern companies in growing industries, than run-of-the-mill anti-trust suits of the type which charge price-fixing by the makers of such vital products as bronze grave-markers, brassieres and frozen pizza. (All those are actual recent cases.) Price-fixing and other restrictive practices are not, however, being ignored. This week a grand jury indicted the five principal American manufacturers of heavy electrical equipment and eighteen of their officials on charges of collusive bidding on contracts with the government and private firms.

Mr Bicks believes that anti-trust laws can make their greatest contribution to a free and competitive economy by preventing further large-scale consolidations. One problem in applying this theory is that large sections of the American economy are subject to regulation by government agencies, which tend to protect their charges from the trust-busters. However, the Justice Department is not resigned to this. It has sued to upset a bank merger which the Federal Reserve Board approved, and to stop a combination of natural gas pipelines which the Federal Power Commission is prepared to countenance. Last month the Supreme Court decided that the first case, at least, should be tried on its merits—a victory for the department.

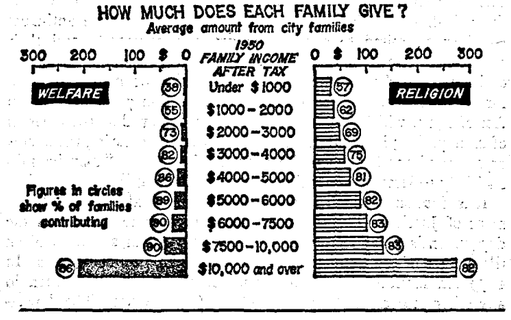
But even Mr Bicks concedes that the anti-merger policy is ineffective in those industries in which oligopoly is already a fact—especially automobiles and steel. Grand juries are combing through the records of General Motors and the big steel manufacturers, but no one is clear as yet how these long-standing targets of the trust-busters can be reached.

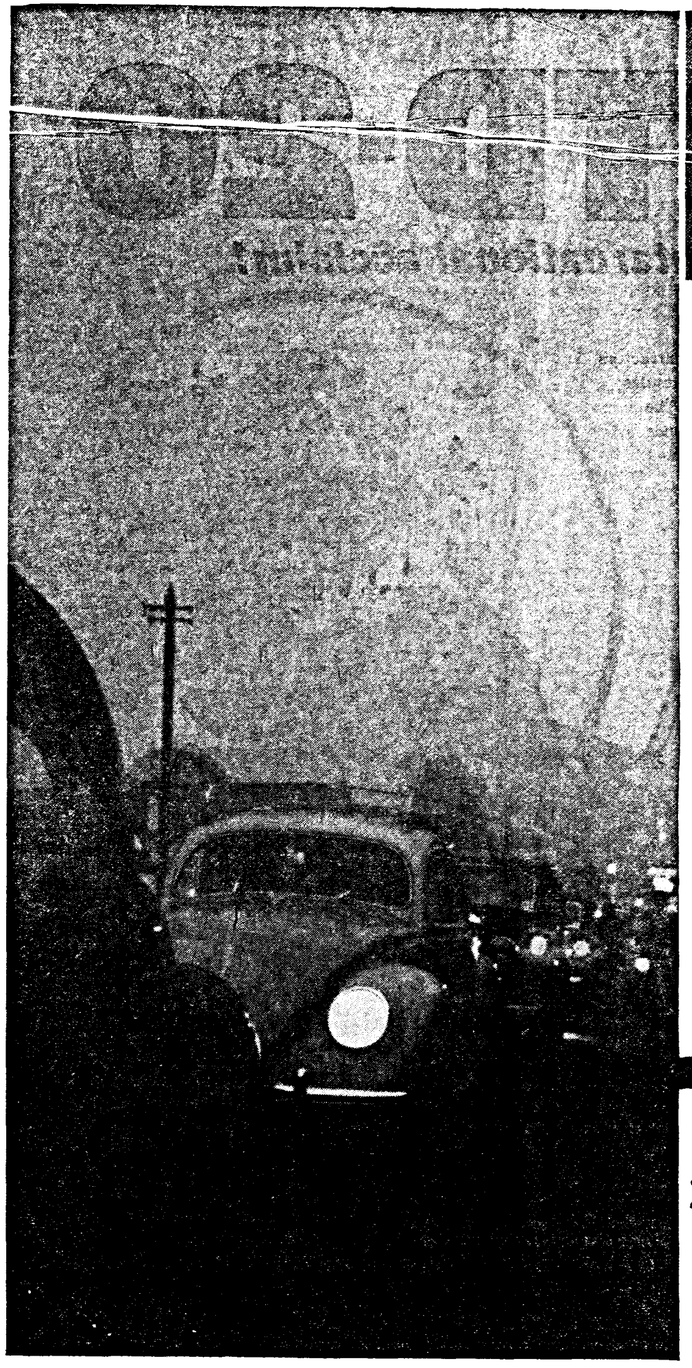
Giving to Charity

WHILE spending by religious and welfare organisations in the United States in 1958 was higher, as a percentage of disposable personal income, than it had been since 1939, it was still appreciably lower, on this basis, than in earlier years before government programmes and private employers took over responsibility for many needs which had previously been dealt with by charities.



In 1950 the Bureau of Labour Statistics found that in cities gifts to such organisations averaged $89 a family ($70 for religion, $19 for welfare) from the 75 per cent of families who contributed. As a percentage of income, families with under $1,000 a year gave most—3.3 per cent; then came those with over $10,000 a year, who gave 2.6 per cent. Families in smaller towns and those in the south tended to give more to churches and less to welfare than those in larger cities and in the north and west. Regionally the average also varied, from $73 a family in New England to $124 in Texas and its neighbouring states.





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THE WORLD OVERSEAS

German Forebodings about Berlin

FROM OUR BONN CORRESPONDENT

FROM time to time the German problem seems to fray everybody's nerves with particular severity. The summit conference, brought into sight by Mr Khrushchev's Berlin move in November, 1958, has been far too long in the offing. Once again there is an epidemic of Berlin fidgets. Bluster, abuse, solicitation, protestation and recantation, by or about Germans, are the order of the day. However self-righteously they may present their cases, each of the principals is plagued for one reason or another by a nagging conscience—by contemplation of past blunders, lost opportunities, present hypocrisies, and resort to policies likely to lead sooner or later to grief.

Since November 27, 1958, the west German Bundeswehr has expanded by some 100,000 men to a total strength of 250,000. It is being armed with missiles that could carry nuclear fire far into the Soviet Union. Nor has the east German People's army of 110,000 (plus 120,000 reservists and considerable para-military organisations) been rusting. Herr Ulbricht, apparently speaking out of turn in the general excitement, has threatened to ask for rocket weapons for the east German forces unless west Germany renounces nuclear and rocket armaments. Silently an arm has reached out from somewhere to restrain him at least for the time being. He has had to content himself with a poor substitute, the setting up in east Berlin of a Defence Council, and with letting *Neues Deutschland* give its readers the shivers with ghoulish headlines about "atomic war between brothers." Doggedly, but by no means silently, Dr Adenauer and Mr Khrushchev have been digging in at their familiar forward positions. It was when they came to talk in Moscow the other day about Germany that Mr Khrushchev and President Gronchi lost their equanimity. In the House of Commons, Mr Selwyn Lloyd last week reproached Dr Adenauer's British critics with disloyalty to Nato; and Miss Jennie Lee, with disquieting myopia, declared that we are "now faced with the same arrogant *Herrenvolk* in charge of western Germany's destinies as in the days when Hitler was rising to power."

ALTHOUGH Mr Khrushchev is talking as excitably as everybody else, it is only he who gives an impression of knowing clearly what he is about. Unabashed by the west Berliners' rejection of his embraces (less than two per cent of them voted communist in the city elections on December 7, 1958), Mr Khrushchev continues to insist unrelentingly that his original proposal for Berlin shall be accepted. If it is not, he goes on plainly saying, the Soviet Union will sign a separate peace treaty with the German Democratic Republic and leave the western lifelines to Berlin in its hands. To give good measure, Mr Khrushchev has lately further defined his ideas about the working of an amputated, demilitarised free city in the heart of communist-run east Germany. Through his ambassador in Bonn and the Soviet embassy in east Berlin, Mr Khrushchev has newly put it about that, while a free city of west Berlin might continue "for the time being" to maintain economic links with west Germany, and to receive special financial support, it would have to sever its present political ties with Bonn. At the same time, the free city would be expected to develop economic relations with the eastern block. Whether its currency would be linked with the east or the west German mark is uncertain.

All in all, the majority of politically minded Germans have become persuaded that Mr Khrushchev will never agree at the summit to any compromise that would frustrate his long-term ambition to draw the whole of Berlin into the communist orbit. Their anxiety is great. To them the step seems short and inevitable from a free city—demilitarised and trading increasingly with the east—to incorporation perforce into the east German state. After an interval of diminishing western influence and intensifying communist subversion, the free city, they believe, could be taken in a day with a "spontaneous rising" arranged from east Berlin.

This dark prognostication overshadowed the Bundestag debate on foreign policy in Bonn on February 10th. It followed that the occasion was in the main an all-party demonstration on behalf of Berlin; the western allies were virtually implored to go to the brink of war—and, apparently, over the brink if necessary—to keep Berlin's present status inviolate. All the parties were agreed that any change in Berlin's status could only be for the worse, and that the city's future should be settled not by any separate interim solution but only within the framework of a general German settlement. On the eve of the debate, the Christian Democrats' parliamentary leader, Dr Krone, had caused a flutter in the diplomatic dovecots by claiming in the party's press service that Berlin was actually part of the Federal Republic; this is a doctrine that puts the legality of the now cherished four-power occupation in question. But in the debate Dr Adenauer took a rather less possessive line. Berlin, he pointed out, was under four-power occupation and must remain so until Germany was reunited. Berlin belonged not to Russia but to Germany (of which the Federal Republic claims to be the only legitimate trustee). "What," Dr Adenauer asked, "do we want for ourselves, for the Germans, also for the Germans in the (eastern) zone, and for the Germans in Berlin? We want no more than the right to determine our own fate—a right now conceded to all the African peoples." Simple and fair enough. There was warm applause. But the debate passed without any speaker dwelling on the awkward prospect of allied soldiers confronted—say at Helmstedt—by "unrecognised" east German frontier guards claiming the right to inspect.

Dr Adenauer stated that on his way to Tokyo next month he would call at Washington to press the west German point of view on President Eisenhower. Naturally, this point of view is also being pressed by the Germans in the pre-summit working group meetings that are now getting fully under way in Washington. All the same, the western allies in those talks are exploring all the possibilities of finding for Berlin some compromise arrangement that will both satisfy Mr Khrushchev and reassure the anxious west Germans and west Berliners. The going is hard.

No one is prepared to say with any clarity how such a thing is possible or what it would involve. By definition, it would involve some kind of weakening of the existing guarantees on which the safety of west Berlin rests; what new supports could be furnished in compensation? One possibility under study in Washington is, apparently, an auxiliary police force of armed west Berliners, to fill the gap that a reduction of the western occupying troops would leave. Another such subject is the securing of west Berlin's existing economic supports under the modified regime—since, unhappily, no possible arrangements can make the city economically inde-

pendent. The tough talk that comes from Bonn is a reflection of the fact that such subjects as these are being discussed, if only hypothetically, in Washington.

Brinkmanship in Cyprus

FROM OUR CORRESPONDENT IN NICOSIA

IF everything had gone according to plan, Cyprus would yesterday (February 19th) have been celebrating its independence. Instead, independence seems more of a mirage than ever, and despite a spate of extraordinarily optimistic forecasts by Archbishop Makarios last weekend, the Cypriots seem to be settling in for a prolonged period of transition, now popularly dubbed "the duration." Inevitably, there have been alarmist reports about renewed violence, and if matters drift the danger is all too obvious. On balance, however, the Cypriot reaction to the continued postponement has been remarkably passive and undemonstrative. This is an ominous sign of the lack of enthusiasm about the Zurich and London agreements. To many Greek Cypriots (this is not true of the Turks) the fact that the agreements are not being implemented today, or in three months' time, appears as a deliverance rather than a privation.

Paradoxically, the one man who wants to see the agreements safely enacted is Archbishop Makarios—the man who, on the Cypriot side, is holding matters up. The full story of the past few weeks is not yet clear. But already a picture of the archbishop's essay in brinkmanship is beginning to emerge. Twice he may be said to have gone over the brink, and each time he has climbed back to his hair-raising stance. His detractors cynically say that next time he goes over it will be for good; which, lamentably, may conceivably be true. At both the recent London conference and at the meeting with Mr Amery last week, the archbishop was plainly told that he must accept the British claim for 120 square miles—or else face the prospect of a breakdown of the settlement. Some thought this an ultimatum, but officialdom would not agree that such a thing should be called by such a name. However, like Felix, who kept on walking, the archbishop has just kept on talking—with the difference that at certain shrewdly calculated points he has got Dr Kutchuk to do the talking for him.

The danger now is that, as each side digs itself in on the question of the size of the bases, public opinion will become inflamed and arbitrary figures like 36 or 80 or 120 will become symbols of prestige. To intelligent opinion, in all the communities on the island, the actual figure ultimately selected is indifferent, but there are already disturbing signs that whatever solution, if any, is finally reached, there is bound to be an almighty row. At the moment, Archbishop Makarios could probably settle for a figure of 80 square miles, plus 40 square miles of special facilities, and ride the political storm; but every day he delays makes compromise more difficult—and allows the agitation of his opponents to gain momentum. The whole affair has degenerated into an oriental bargain and it may well be that in the end Mr Amery's Portobello Road tactics will win for his country both advantage and esteem. The sheikhs of the Persian Gulf, one is led to believe by military apologists, are watching the pettifogging controversy with sharp professional eyes, watchful lest Britain's benevolent sway in the Middle East should be further enfeebled by the abandonment of an area about one-sixth the size of the Isle of Man.

Archbishop Makarios's purely oriental approach to the deal is strongly reinforced by his desire to demonstrate conclusively to his more extreme followers, as well as to his opponents, that whatever "pusillanimous" concessions he may have made to the Turks over the past year (for which he has been repeatedly branded a traitor), when it comes to the old colonial enemy he is still a man of mettle. On the issue of the bases he has been almost compelled to make a tremendous show of resistance. Unfortunately, he appears to have overplayed his hand. His stubbornness also derives in part from the simple fact that he happens to believe that he is in the right and that what Britain is claiming is not legally in accordance with the London agreement—which is, indeed, regrettably vague and ambiguous in the relevant clauses.

However patient, "gentlemanly" and, indeed, generous Britain's conduct of the deal may have been, the unpleasant impression remains that its case is unimpressive. Most fair-minded people write off Archbishop Makarios's original offer of 36 square miles as too low and as a purely bargaining position. But so far no one here on the British side, either military or civil, has been able to explain why it is so impossible for Britain to do in 80 square miles of sovereignty plus 40 of special facilities (which Dr Kutchuk proposed) what it hopes to do in 120 miles of sovereignty. It might be cynically added that no one knows what Britain proposes to do at all. Recent arguments put out by military sources have too often been a jumble of muddle-headed irrelevancies based on all the pre-Suez shibboleths, which certainly bear upon the general issue of whether Cyprus is needed as a base, but which do not answer the key question of the hour, that is, whether "80 plus 40" might not be as effective as 120. There may well be sound reasons for rejecting the compromise proposal; if so, they need to be made clear.

Meanwhile the economic plight of Cyprus gets worse and the unemployment figures rise daily. Both Archbishop Makarios and Dr Kutchuk are shrewd enough to realise that the economic situation is only going to play into the hands of their left-wing opponents. While the Cypriots as a whole are behind the archbishop in his resistance to Britain's proposals on the bases, there is an undercurrent of feeling that the whole affair should be settled soon—simply so that there will be no more empty stomachs.

One hopeful thing, however, has emerged from this tangled affair. The Greeks and Turks—or, more precisely, their leaders—are working in closer co-operation than they have ever done in the past. Mr Amery's original off-hand rejection of Dr Kutchuk's mediation has done much to range the Turks solidly with the Greeks. The Turks' loyalty to Archbishop Makarios has been on the whole remarkable; but undoubtedly they want the whole wretched squabble ended so as to prevent the Zurich settlement from slipping through their fingers. Their attitude, which is perhaps the most reasonable of the three sides, is a factor that the archbishop needs to take into account.

France's Morning After

FROM OUR PARIS CORRESPONDENT

"HOURRA pour la France." The first commentaries on the French atomic explosion in the columns of the popular press were in keeping with the enthusiastic opening of General de Gaulle's message to the team supervising the explosion. Politicians, old and new style, added their word of praise, to underline that in this field there is continuity: the bomb exploded by the Fifth Republic was prepared by the Fourth. Frenchmen were told to rejoice over their country's accession to atomic greatness.

Sobering voices, however, could soon be heard in the chorus of national enthusiasm. The Communists were not the only ones to clamour that this first explosion should also be the last. The autonomous Socialist party (of which M. Mendès-France is now a member) was not alone in proclaiming that France should choose a different road to greatness. Picking up the concluding paragraph of the official statement—that France will now be in a stronger

(*Continued on page 727*)

Gallocentricity and Nationalism

FROM A CORRESPONDENT IN SOUTH-WEST FRANCE

"AS everyone knows," *La Dépêche du Midi* observed, "the game of rugby first saw the light of day in Toulouse and Villeneuve-sur-Lot." An article in *L'Express* on an international display of camping equipment began briskly: "French camping equipment is the best in the world. . . ." A university professor prefaced and concluded his lantern-lecture on Indian architecture with slides of outstanding French buildings so as to reassure his audience that "our architecture is, of course, superior to theirs." Paris radio proclaimed that American compact cars were produced solely because "the Americans" were afraid of French competition. Headlines in the French press announced that the outstanding sensation of the last London motor show was the Citroën "*deux chevaux*."

Distinguished Frenchmen, from the President of the Republic down, have congratulated the French aircraft industry on the silence and "crushing superiority" of the Caravelle's (Rolls-Royce) engines. A majority of Frenchmen believe that the Salk polio vaccine was developed in the *Institut Pasteur*. In a small southern town recently a gathering of local notables quivered with pride when informed by an official that their post office would shortly possess "yet another achievement of French technical genius"—a stamp-vending machine. What other country, the official asked, could boast a postal service comparable with the PTT? "What other country," the prime minister, M. Debré, cried a few months ago, "permits opposition newspapers to appear as we do?"

This amiable Gallocentricity bumbles through French public life and journalism like some myopic Mr Magoo, rarely unpredictable yet always surprising. There breathes, assuredly, no British or American resident with soul so dead as to spoil the fun by murmuring, say, that stamp-machines and even pay-telephones (another daring innovation promised the provinces) were in use in his home town when he was an infant. He would not be believed, anyway. He will applaud, even more delightedly than his neighbours, the rural dignitary who, addressing an audience composed mainly of semi-literate *bouilleurs de cru*, congratulates himself and them, in an impassioned tirade, on belonging to the world's most intelligent, most enlightened nation. He will savour the astonishment of the retired diplomat that the backward British have not yet got round to arming their policemen or building "a safe double-track *métro*, as in Paris." Some foreign businessmen in France have even enlisted Magoo's aid. An American oil company recently published an advertisement showing a motorist, enraptured by its products, exclaiming: "*Ah! la science française—quelle merveille!*"

But periodically Mr Magoo runs amok and Gallocentricity degenerates into nationalism of a rabidity Colonel Nasser would not disown. (The idiom of the French nationalist press is Egyptian rather than contemporary European.)



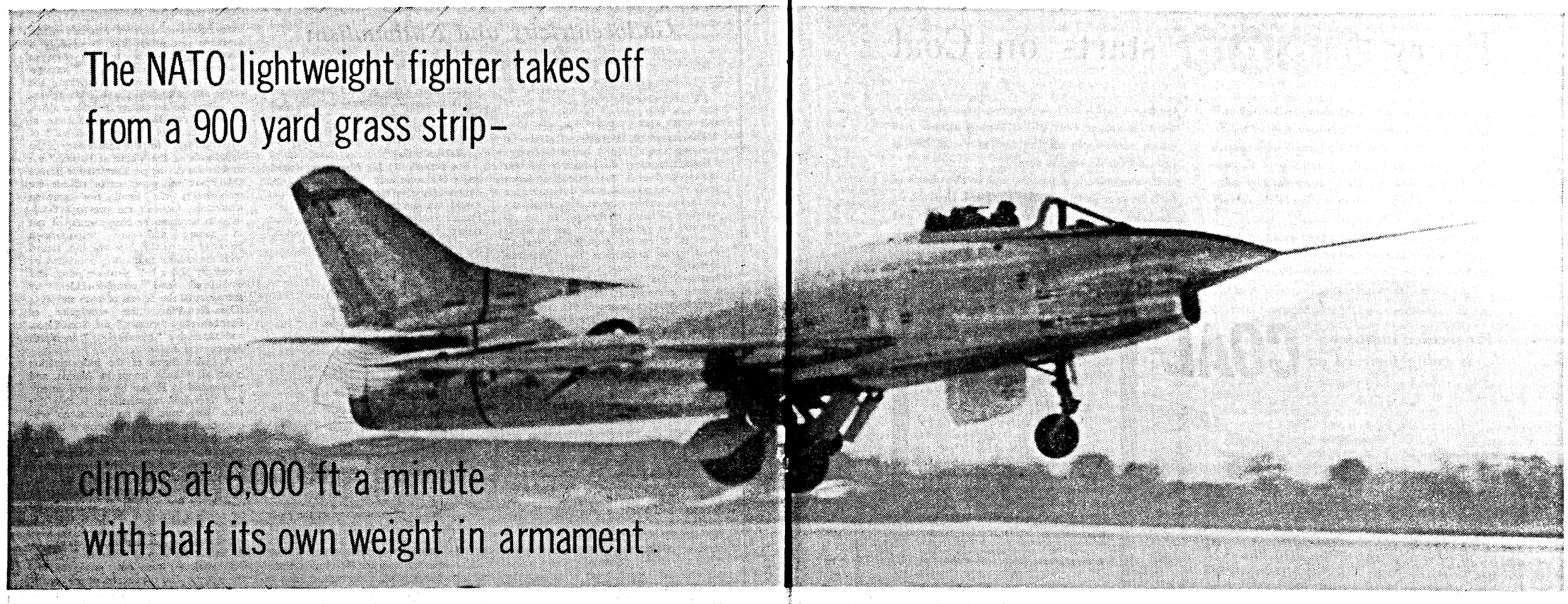
Mr Magoo, by courtesy of Columbia Pictures Corp.

Nationalism is, of course, one of the most venerable skeletons in the cupboard of French republicanism. The beneficiaries of the profoundly conservative society which emerged from the Revolution made of it both a *mystique* and a mystification—a nostrum to promote national unity and an opiate to help the lower orders forget their claim to a share in the fruits of the new regime. It has been exploited ever since to head off demands for reform and divert attention from scandals and governmental incompetence. (A fever-chart of governmental embarrassment in any crisis can be compiled by recording on a graph the number of times the words *France*, *français*, *Patrie*, and *Nation* occur in its leaders' declarations from day to day.) General de Gaulle's propagandists have kept the stops of nationalism pulled out in order to maintain the cohesion of his heterogeneous majority and win time in Algeria.

But, as Near-Eastern experience has shown, a regime whose mainspring is nationalism is apt to be unstable unless it limits press and political freedom: the moderate nationalist leader can too easily be outflanked by more extreme nationalists. French nationalism is all the more capricious for having to accommodate such diverse constituents as the Algerian lobby, contemptuous of France's representative institutions but in need of a French counterpoise to the Moslem masses; the outright fascists, "corporativists" and unrepentant Vichyites; the active and influential Catholic *intégristes*, for whom the nationality of Jeanne d'Arc, Bernadette of Lourdes and Thérèse of Lisieux, and the "*sursaut national*" of May 13, 1958, "fortieth anniversary of the appearance of the Virgin at Fatima," are proofs of a divine predilection for France (M. Pinay and many senior officers are *intégristes*); the small but growing monarchist faction: the pre-1958 Gaullists, monarchists by temperament if not in name; and—most important—a powerful current of *képi*-worship, tinged with the crudest militarism, nourished by a century and a half of conscription, and embittered and complex-ridden by memories of the defeats of 1940 and 1954 (Dien-Bien-Phu), the ambiguity of France's 1945 "victory," the Suez fiasco, and successive "humiliations" in North Africa.

A major theme of the indoctrination given all French troops in Algeria, and propagated in France by ex-servicemen's and reservists' organisations, is that this time there must be no defeat, no sell-out, no ambiguity: the army's honour demands a clear-cut military and/or political victory that will impress the whole world as such. (The desperation of this desire stood out starkly in an order of the day issued to the French army in Algeria in the autumn of 1958: "You have won a victory of the most sweeping significance . . . ample proof of your versatility, courage and intelligence. . . . At last, in the eyes of the world . . ." etc. Its subject was not any military engagement, but the success of the constitutional referendum). First the Algerian rebels must ask for a ceasefire, or be crushed; then a referendum must confirm Algeria's attachment to France. Above all, the Anglo-Americans must be kept out.

Most of these nationalist tendencies interpenetrate one another. It was their fusion in May, 1958, that brought down the Fourth Republic. Their dissensions three weeks ago, and the personality of General de Gaulle, saved the Fifth. General de Gaulle's prestige should suffice to get France over the immediate rapids. Last Saturday's atomic explosion will help. But some substantial satisfaction in Algeria, a diplomatic *coup* or two and a major technological triumph on the H-bomb or sputnik level will still be necessary to soothe the complexes on which the plotters and demagogues thrive and restore to Gallocentricity its more genial characteristics. Until they are soothed the outlook for French democracy will remain obscure and the succession to General de Gaulle a hideous problem.



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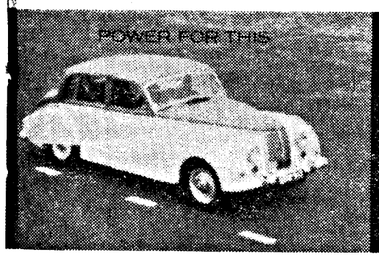

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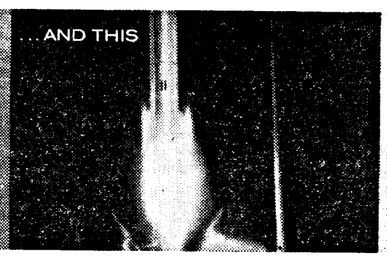

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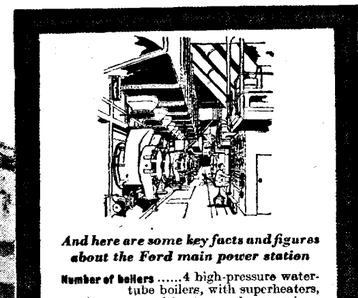

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Number of boilers .....4 high-pressure water-tube boilers, with superheaters, airheaters and economisers
Steam pressure.....1250 lbs. per sq. inch
Steam temperature .....940°F
Feed temperature.....380°F
Continuous max. rating 1,000,000 lbs. of steam per hr. (largest unit 400,000 lbs. per hr.)
Method of firing.....Pulverised fuel
Fuel.....Coal



Continued from page 722

position to press for nuclear disarmament—M. Edgar Faure argued that this was the only point to be made in favour of a test which in no way increases France's military power or political prestige.

M. Raymond Aron, in *Le Figaro,* acknowledged the technical achievement, but checked the enthusiasts with timely reminders of the number of other countries capable of reaching atomic status, and the period of years that must elapse between the first explosion and the creation of even a minimum deterrent. Questioning the government's intentions, he concluded with a warning:

> The explosion of an A-bomb does not bring France back to the bygone period when each country could alone provide the instrument of its own defence; on the contrary, it compels it to overcome the provincialism of "France alone".

Le Monde, for its part, urged General de Gaulle to use his prestige for disarmament rather than to involve France still further "in the absurd race towards the absolute weapon."

Another cold douche came from abroad. The only reactions of unqualified support came from west Germany, Spain, Greece and Israel—a rather queer mixture. The protests from Asia and the angry reactions in Africa—including the freezing of French assets in Ghana and the recall of the Moroccan ambassador—had been half expected. So were the pious regrets of the communist block. But the reaction of the allies was cooler than expected. Last, but not least, came the confirmation that the United States will not view this experiment as the qualification of "substantial progress" required by the Atomic Energy Act.

It is, therefore, logical to ask how long it will take, and how much it will cost, to go it alone (the figure of £90 million that has been quoted for the first bomb is rather arbitrary). Experts have been explaining the need to reduce the size of the bomb and to improve the detonator mechanism. They have also been reminding the public of the length of time taken by Britain to move from the atomic to the hydrogen stage. It is hoped in Paris that by 1965 France may have a few dozen A-bombs, and Mirage IV bombers to carry them. By that time, however, the manned bomber may be going out of use; and to develop and produce nuclear warheads and missiles without foreign aid will take longer.

Undaunted, the French government remains determined to go on unless and until an international agreement is reached on the abolition and destruction of nuclear weapons. There is talk of another test before June. M. Guillaumat, the minister responsible, has let it be known that the construction of an H-bomb is "being considered." M. Messmer, his successor as war minister, spoke of the task ahead in order to equip France with a nuclear striking force. His words were partly intended to suggest to French officers that there may be a "national mission" for them outside Algeria. But to many of them the prize will look too distant. Can France find a short cut? The threat implicit in M. Reynaud's plea—that the American allies should provide the secrets before Mr Khrushchev does it—is not taken seriously here. It is from Washington that some Frenchmen still expect to get the time-saving knowledge; they pin their hopes on the general's American trip in April.

Hussein's Grand Design

FROM OUR MIDDLE EAST CORRESPONDENT

MEETING in Cairo on February 8th, the Arab foreign ministers took up their old quarrel about the status of Palestinians; a week later they were still at it. It is not an argument of which the Arab leaders, particularly those who do a great deal of talking about Arab unity, can be proud. An "Arab Government of All Palestine" was proclaimed by the Egyptians at Gaza in 1948. Hajj Amin al-Husseini, who had been deposed as Grand Mufti of Jerusalem in 1937, was elected president and the Arab League States, except Jordan, recognised the new government within a month. King Abdullah of Jordan had other ideas for the future of Arab Palestine, ideas which he was in a position to carry out, because his troops occupied most of what was left of it. After two years of haggling with the Arab League, King Abdullah annexed what was left of Palestine in April, 1950. It was a practical move but it did not please the Egyptians who, even during the fighting in 1948, gave the impression that they would rather all Palestine fell to the Jews than that King Abdullah should get any of it.

Now Jordan's claim to rule all Palestine is becoming more explicit. Admittedly, the claim must remain academic so long as Israel stands in the way. But, as most Arab thinking is based on the assumption that one day Israel will disappear, the Jordanian government may argue that it is staking its claim against that day. In fact, it is not living wholly in cloud-cuckoo land, if at all. The grand design conceals the more modest aim of strengthening King Hussein against his Arab rivals.

The latest move in this campaign is the decision of the Jordanian government to extend Jordanian citizenship to all Palestinian Arabs wherever they may reside. Hitherto, the ministry of the interior has required proof of four years' residence in the country as a condition of recognising Jordanian nationality. The new legislation is an invitation to all Palestinian Arabs to range themselves forthwith behind King Hussein.

This particular writing on the wall appeared last summer, shortly after Hazza Majali took over the prime minister's office from Samir Rifai. King Hussein paid several visits to the west bank of the Jordan, showing himself to his people with results ranging from very good to fair. The decision was taken, and has since been implemented, to hold sessions of parliament in Jerusalem as well as Amman. The intention was to deepen the roots of the regime in Palestine, and it has succeeded to the extent that many Palestinians now regard the present situation as at least the best temporary settlement, if not the ultimate solution, of their status.

The picture emerged more clearly when General Qasim recently threw out a suggestion that an Arab government should be formed for Palestine. His object was presumably to embarrass all concerned, and he achieved it. Hajj Amin al-Husseini retorted by asserting, in the course of a long and rather difficult statement, the allegiance of all Palestinians to his Arab Higher Committee. Hazza Majali promptly took issue with both General Qasim and Hajj Amin. He denied the continued existence of the Arab Higher Committee. Jordan, he said, already included half the territory of Palestine and well over half its Arab population, which enjoyed full civil rights. He added that when the time came for the Palestinian Arabs to decide their future, the Palestinians in Jordan would enjoy the same freedom of decision as those elsewhere. The hope is that if the Jordanian Palestinians can be won over in the many years that must elapse before "the time comes," their votes would carry all Palestine into the Jordanian camp.

The Jordanians took their recent opportunity of acquainting King Mohammed of Morocco with their views. When the king visited the refugee camp at Aqabat Jabr, near Jericho, a spokesman for the refugees thanked him for a donation of £14,000, and asked him to impress on the other Arab states that "the refugees, who represent the overwhelming majority of the Arabs of Palestine" had pledged themselves before God to follow King Hussein and none other.

These trends do something to explain the curious episode of the UAR consul-general in Jerusalem, whose credentials were rejected out of hand by the Jordanian government on the grounds that they referred to the holy places and to "that part of Palestine occupied by the Jordanian armed forces." The most plausible explanation is that President Nasser intended to remind the Jordanian government that its claim to the west bank, let alone

to the whole of Palestine, was still in question. The ham-fisted method of conveying the reminder need not cause surprise.

The Jordanian territorial claim to Jewish Palestine is froth; and the Jordanian government knows it. The motives for advancing the claim now must be sought in the context of inter-Arab politics. Jordan is uncomfortably isolated between the open enmity of General Qasim and the sporadically veiled distrust of President Nasser. By extending Jordanian citizenship to Palestinians everywhere, and thereby inviting their allegiance, King Hussein is trying, in effect, to build up a sort of fifth column among his Arab neighbours. They have given him precedents enough, in all conscience; but it must remain in doubt whether his chances of success are good enough to outweigh the resultant dangers of deepening inter-Arab discord.

Ceylon's Confusing Drama

FROM OUR CORRESPONDENT
IN COLOMBO



Mr Dahanayake

ONCE again, Ceylon is waiting for its *coup d'état*. Nobody seems to know whether the waiting is in fact for Lefty, or for a Godot in uniform; but the theatrical confusion is not unnatural, for the drama of politics has developed an incredible, crazy logic of its own. What the play is about, few will venture to say. Equally hazardous is any attempt to identify the major roles. Who is the hero and who the villain? Mr Dahanayake, the caretaker prime minister, charges the Left with trying to create the conditions for a take-over in classic Marxist fashion. He accuses them of fearing a rout at the polls on March 19th and of attempting to sabotage the elections and subvert democracy.

But it is he himself who has provided the shocks and the present anxiety. Faithful to his early promise to "stun" the nation, he gave an exhilarating imitation of a daring old man on the flying trapeze. He sacked five of his ministers in one blow, broke with his own party and formed a new one, turned the government radio into a ventriloquist's dummy to sing his praises, and openly converted the premier's official residence into a party headquarters.

Meanwhile, several grotesque exaggerations and distortions of fact had enabled Mr Dahanayake to create an artificial atmosphere of tension. He interpreted an earthslip on the railway as an instance of political sabotage; the discovery of an illegal shop manufacturing fireworks, as evidence of the existence of explosives factories. On January 20th, under cover of these excuses, he formed a new ministry of internal security and transferred the police department to it. Worse was to follow. Mr Sidney de Zoysa, who had been "exposed" during the communal riots of 1958 as a "potential Ayub Khan" and had to retire from the police only three months ago under parliamentary pressure, was given the vital position of permanent secretary in the new ministry. It was as if the clown had unmasked and proclaimed himself as the arch villain. And when Mr de Zoysa's first official action was to call for the files of the Bandaranaike assassination inquiry, any puzzled spectator could scarcely resist the feeling that the pieces were finally falling into a pattern.

The national press immediately alerted the country of this new danger of a rightist coup. In a series of stirring editorials, the press even took the extreme step of exhorting public officials and the services to disobey "illegal" orders. Ceylon's leading English and Sinhalese dailies actually laid bare what they believed to be a cunningly planned conspiracy and predicted some contrived "disaster" like the Reichstag fire. These warnings had one salutary result. On January 25th, the political parties of both Right and Left issued a stern warning to the caretaker government.

Meanwhile, the election campaign goes on. There are 23 parties and nearly 900 candidates contesting 151 seats. The first month's campaign has reduced the real fight to one between four or five of these parties: the right-wing United National party, now led by the former prime minister, Mr Dudley Senanayake; the Trotskyist LSSP, led by Dr N. M. Perera; the People's United Front, led by the former food minister, Mr Philip Gunawardena; the remains of Mr Bandaranaike's Freedom party, led by his chief lieutenant, Mr C. P. de Silva; and the new Ceylon Democratic party, formed by Mr Dahanayake.

With the Right divided, the Left divided and the Centre a shambles, the only certainty is that nobody is likely to have an absolute majority. The confidence of the UNP has been somewhat shaken during the past weeks by the success of Mr Gunawardena's dynamic, anti-capitalist, anti-Catholic campaign. He has entered into an alliance with the same militant Buddhist groups that brought Mr Bandaranaike victory in 1956, and his speeches in the rural areas have aroused latent anti-Catholic feelings among the Sinhalese Buddhists. Mr Dudley Senanayake's major platform is order and stability and his party will no doubt gain from the conservative reaction to the recent turbulence.

As the weeks pass, the battle may limit itself to a fight between these two parties. But even this may not produce a clear victory. The chances are that Ceylon will elect a highly fragmented parliament marked by tenuous coalitions and unprincipled alliances. The people have still not lost faith in the parliamentary system. But if their faith is badly ruptured by the results of the elections and its political consequences, the Ceylonese intelligentsia, which now gets an almost perverse thrill in shouting "coup, coup" may soon find that the people will not heed them when they next shout and the wolf is really at the door.

Africans in Congress—II

BY OUR SPECIAL CORRESPONDENT

THE Guinea-Ghana group, working together with the Moroccans, presented the All-African People's conference (held at Tunis from January 25th to 31st) with its leading theme: the danger of neo-colonialism. According to M. Diallo, of Guinea, the secretary-general, Mr Kojo Botsio, the minister of economic affairs of Ghana, and M. Ben Seddiq, the trade union leader from Morocco, the imperialists, having left the independent African states ceremonially by the front door, were trying by "devilish colonialist tricks" to creep in again by the back. Three such tricks were enumerated: economic aid, "balkanisation" and affiliation of African institutions to international organisations.

All this may seem tiresome to those who wish Africans well. But it is a pity just the same that absorption in the news from Algeria at the time prevented any proper analysis in the press of these signals of sensitivity from Tunis. The extreme view on economic aid was put by M. Ben Seddiq, who, starting from the proposition that Europe had so pillaged Africa in the past that there was no need to show gratitude for European conscience money in the future, argued that the givers must have no influence whatever over the distribution of their gifts and loans, which should be handled exclusively by a pan-African bank. This crude argument leaves altogether out of account aid from the United States—a country which can hardly be said to owe Africa anything—and forgets that



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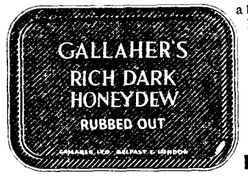

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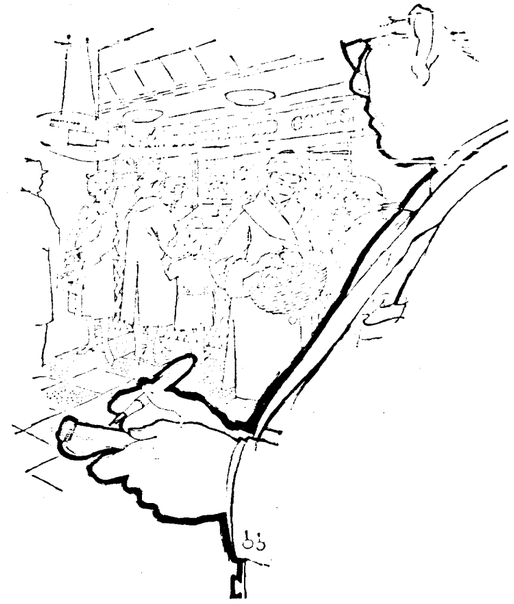

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there must be some limit to the amount of abuse that foreign taxpayers, however guilty their consciences about past colonialism, are prepared to take. The conference in its final resolution in favour of an African investment bank had more sense than to insist that the bank should have a monopoly in channelling foreign funds. Nevertheless, the sentiments expressed in Tunis suggest that the psychology of aid-giving to Africa needs careful thought. The concentration of gifts and loans by metropolitan countries on their own former colonies may not be the best policy, despite the domestic political attractiveness of putting British aid, for example, on a Commonwealth footing.

The positive side of economic pan-Africanism is the possibility of preventing each new African state from demanding its own steel mill and becoming dependent on foreign aid to support projects that do not make economic sense in continental terms. Furthermore, there is an extremely healthy determination to concentrate on self-help, even though this is carried beyond practical limits by nationalist spokesmen from dependent territories like Uganda and Nyasaland who have not yet had the responsibility of office. Guinea's extraordinary prestige at Tunis, where it appeared to be very much the senior partner of the Guinea-Ghana tandem, was not due only to its ideological pull, which was indeed consciously resisted by the eastern and central African delegates. It primarily rested on President Sekou Touré's example of how a small, poor country, starting with almost nothing and disdaining large "neo-colonialist" payments, could pull itself up by its boot-straps.

It was a little difficult to feel the same patience with the line about balkanisation. A colonial power has surely done its duty by Africa if it recognises an existing territory's independence; it is up to the Africans to change boundaries and federate if they wish. Mr Kojo Botsio's huffing and puffing about the wicked imperialists' establishment of "mock states" were doubtless not unconnected with the sharp rebuffs which Mr Sylvanus Olympio and M. Houphouet-Boigny have administered to Dr Nkrumah's calm proposition to unite tribes by swallowing their territories. Even Mr Amino Kano, the otherwise level-headed Nigerian government Chief Whip, showed himself sufficiently a northerner (and therefore presumably annoyed about the Cameroons referendum) to claim that instead of dividing and ruling within colonies the implacable imperialists were now hard at it playing the same trick between states. He gave as an example the asking of questions by the British press as to whether the Sardauna of Sokoto would enjoy serving under Dr Nkrumah in a west African federation.

THE final neo-colonialist charge of subjection by affiliation to international organisations crystallised the conflict between Dr Nkrumah and Mr Mboya, which was none the less real at Tunis because of the absence of the two principals. Mr Mboya believes that African trade unions should be free to affiliate, as his does, to the International Confederation of Free Trade Unions; Dr Nkrumah wants the new pan-African trade union movement which is to be launched in Casablanca in May to outlaw such affiliations among its members. There was an underground campaign of disparagement of Mr Mboya at the conference for being too moderate in his demands, too interested in making a hit with the imperialist press, which had built him up beyond his real significance, and too ready to sell out to the Americans. At one stage, the Kenyans were so worried by this campaign that they sent desperate cables to London urging him to make a dramatic last minute appearance to confound his enemies. But in committee the Pafmeca (Pan African Freedom Movement of East and Central Africa) caucus of eastern and central African delegates, who worked extremely closely together, won its point. The Casablanca conference will meet without advance commitments on the subject of affiliations.

It was a weakness of the conference that the French Community states were unrepresented except by dissident factions who heaped dead cats on the governing parties as well as on the French imperialists at inordinate, and repetitive, length. But with these and one or two other exceptions the delegates were thinking of themselves as representatives of their own countries. Their plans for regional federations, as the stepping stones to continental union, may not work. But they have the self-confidence to take it for granted that in the almost immediate future the decisions will be theirs, and not the white man's, to make.

(Concluded. The first article appeared on February 6th.)

Italian Industry Looks Up

FROM OUR CORRESPONDENT IN ROME

THE president's report to the annual assembly of the Confederation of Industries is unusually euphoric this year. According to Dr de Micheli and his staff, whose findings and meditations fill two thick volumes, industrial output increased by an average of 10 per cent in 1959. Even textiles improved and the chemical industry kept up its forward thrust. Exports rose above, and imports crept back to, their pre-recession (1958) level. If the present favourable trends of the world market persist, 1960 should be a record year for Italian industry.

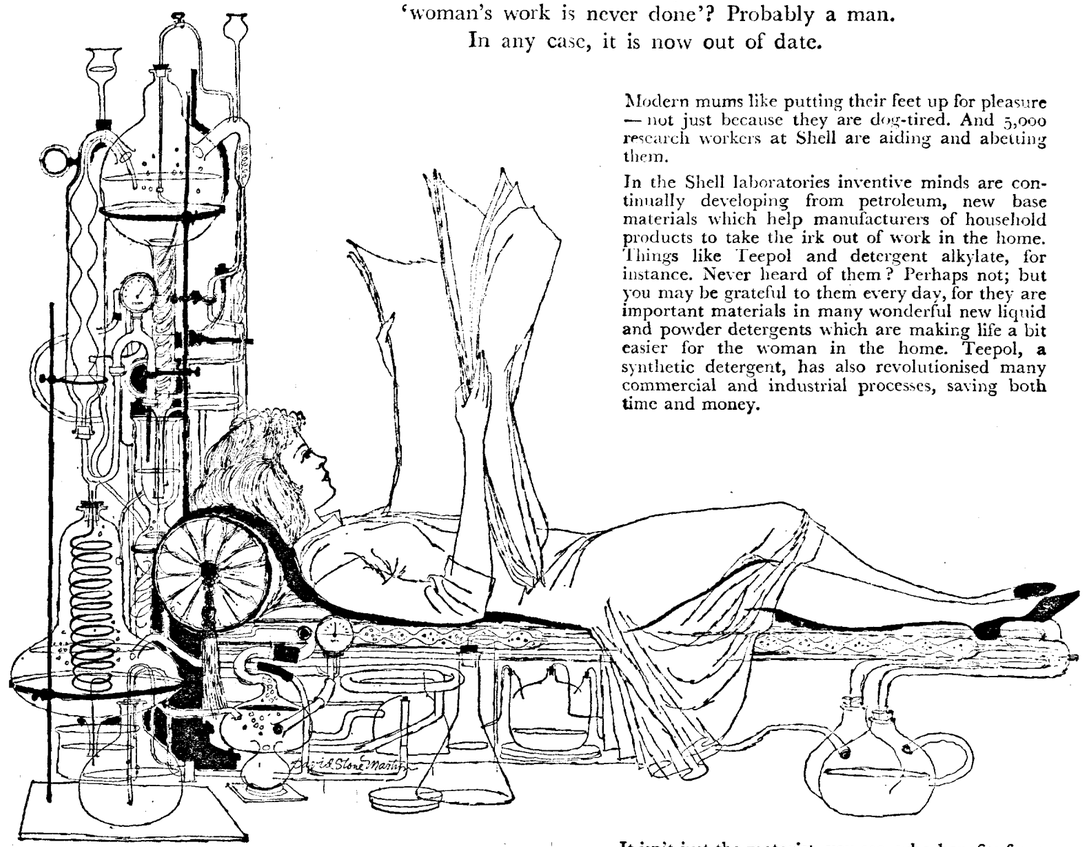
Dr de Micheli foresees expansion in almost every sector, from a yearly average increase of 5 to 7 per cent in the metal and engineering industries, to 13 per cent for the chemical industry, where investments, particularly in the petro-chemical sector, are expected to rise at the rate of 20 to 35 per cent a year during the next three years. Textiles should maintain progress; the man-made fibres are expected to increase by 10 per cent and the output of man-made fabrics should increase by 25 per cent next year.

Private investments, says the report, have reached a level of 790 billion lire a year (£474 million) and industry is at last employing more labour than agriculture; 38 as against 33 per cent of the working population. Quoting a sample inquiry by the Institute of Statistics, Dr de Micheli hazarded the suggestion that 1959 may be considered a "historic year," as the turning point in the battle to eliminate chronic unemployment. In the south, the dynamic of improvement is satisfactory, though it will be a matter of generations before the difficulties of the environment can be overcome. Dr de Micheli points out that owing to the heavy investment programmes now going forward in large-scale industry these will not be able to expand much further afield; it is therefore up to the "spirit of initiative" of the small and medium entrepreneurs of southern Italy to set up new concerns to give work to the unemployed.

This picture of an industrial El Dorado is marred a little by fears that the government, after a period of "relative tranquillity," is ceding to pressures from the left. Its anti-trust bill and its project to control the production of nuclear power, mild as they appear, are considered signs of unwarranted distrust in the business world. The confederation also thinks that the recent law to enforce national labour contracts is contrary to the spirit of the constitution, which intended such matters to be fought out by the contending parties without interference from Parliament. The separation of the state-owned IRI industries from the confederation is another matter for concern. There are also the usual complaints about taxes and the burden of welfare upon employers, but the most heart-felt lament concerns the programmes of heavy investment in state industry. The reference is to the ENI and IRI plans for the development of the south. The IRI project for a steel plant at Taranto and the ambitious plans of Signor Mattei (of ENI) to develop a petroleum chemical industry on his oilfield at Gela in Sicily have been ferociously opposed at the political level by the Right.

Invention is the necessity of mother

We wonder who first coined the phrase
'woman's work is never done'? Probably a man.
In any case, it is now out of date.



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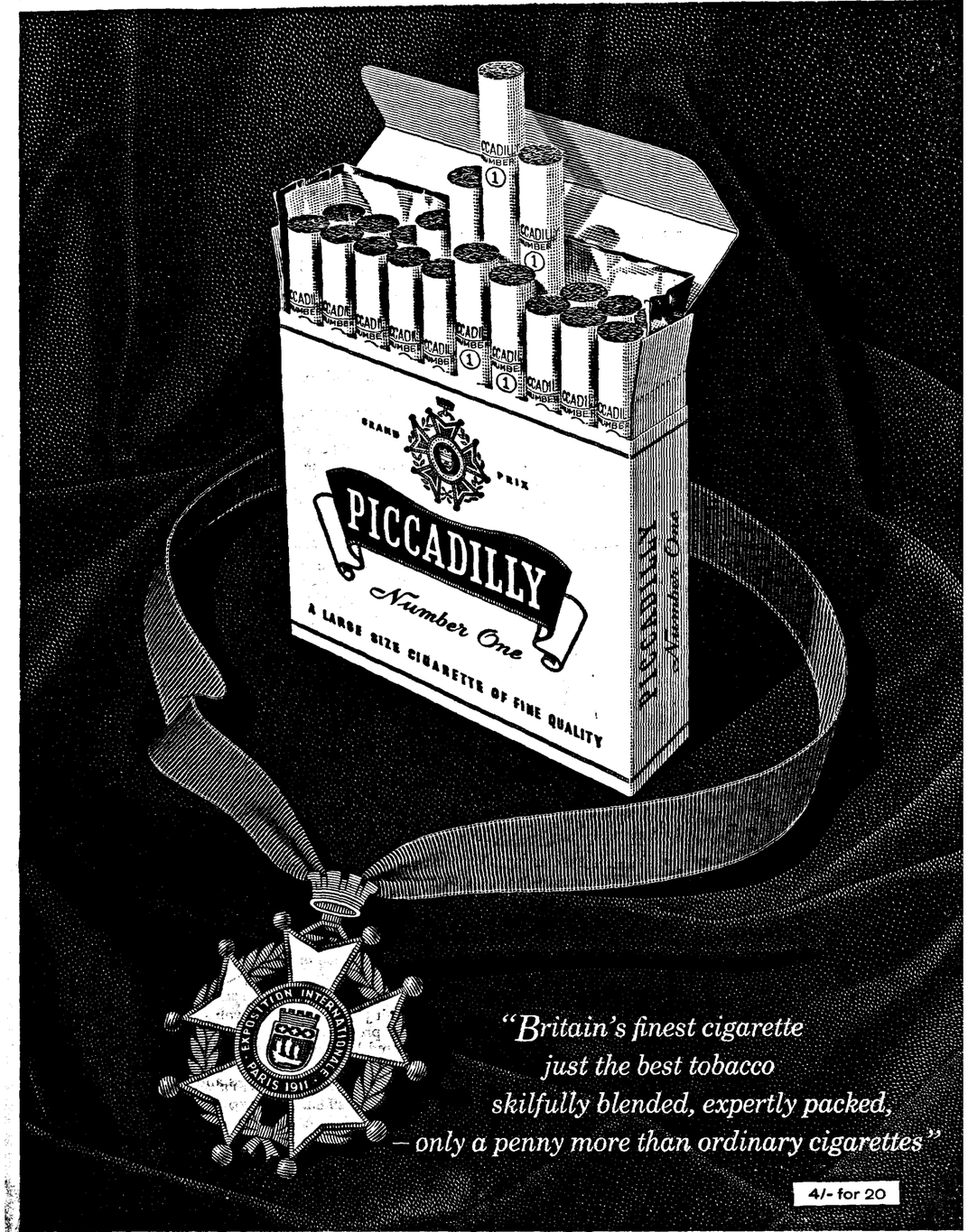


THE BUSINESS WORLD

Nationalisation by Halves

THIS week has provided the fascinating spectacle of a Minister partially nationalising one industry and partially de-nationalising another. In the first acid test of the wisdom of having the same Minister responsible both for air transport and for the aircraft industry, Mr Sandys has announced a substantial element of government investment in the newly concentrated aircraft industry, and has simultaneously taken steps to reduce the dominance of public ownership in air transport. Mr Sandys may in fact find that he will have to give a great deal more information about his plans on both fronts than he seemed prepared to do this week. The Civil Aviation (Licensing) Bill published on Tuesday is not a policy-forming document; it merely introduces some order into an unworkable legal framework for licensing air services and leaves the Minister free to be as nice or as beastly to the independent airlines as his conscience dictates. He does not at this stage have to put his cards on the table though he may be hard pressed to do so when the bill comes to be debated.

When he confirmed the Government's intention to give the aircraft industry financial help towards developing new civil aircraft, and even towards building for stock aircraft for which no orders existed, the first obvious question was: "How much?" When Mr Sandys was responsible for the aircraft industry as Minister of Supply in the early fifties, such a nasty question would have been unthinkable. But the wind of change blows in this country too. The public knows that aircraft like the Comet and the Britannia have cost it to develop, in round figures, £20 million apiece, little of which will ever be recovered; it now demands to know in advance what the subsidies to the aircraft industry are likely to cost and how much risk the industry itself is ready to bear.

It may be difficult to give a specific answer. The Government is subsidising civil aircraft development now only because it has the industry on its conscience. The cut in military aircraft and the switch to missiles have reduced the aircraft industry's turnover to a point where its factories are half-empty and it has no margin of earnings for financing new development. Since it was the change in Government policy rather than the industry's own shortcomings that brought about this state of affairs, the Government has relented sufficiently to help the industry with funds for development which it could not find wholly for itself. In time, it is hoped that the industry will have built up a business in civil aircraft sufficiently large to enable it to stand on its own feet; until then, some of its ventures will have to be publicly underwritten.

Not all projects will need the same degree of help. The engine industry, for example, has bigger sales and higher earnings than the aircraft manufacturers and is under much less financial pressure. Projects for small aircraft can often be financed independently. But larger civil aircraft, like the two medium-range jets under development by the de Havilland-Hawker Siddeley group on the one hand and the Bristol, English Electric, Vickers-Armstrongs group on the other hand are straining the merged companies' resources to a point where they are both looking to the Government to meet up to half the cost. (There ought to be a chance of rationalisation between the two claims if the Government had courage enough to seize it.) If the Government were to decide that a supersonic aircraft should be built in this country—though one must hope that any such decision will be postponed at least until the mergers have shown their effect—the taxpayer will have to provide not 50 per cent but the lion's share of the cost.

Mr Sandys could have made it clearer that this financial help is hedged round by many more provisions than in the past. The Government in future will underwrite half the estimated cost of a project, and no more. If the estimate is exceeded, the company must bear the extra cost itself. A ceiling is put on the size of the Government contribution, whether it is towards development cost, or towards tooling costs, or towards initiating a production run before firm orders have been signed. And the Government expects early repayment when sales are made.

But will the aircraft industry take a limitation of this kind seriously? When an airliner estimated to cost £14 million runs into teething troubles which bring its ultimate development cost nearer to £20 million, will the builder really believe that the Ministry of Aviation will dig in its toes when its quota of £7 million is exhausted? Will the Government refuse to advance another penny when the company pleads that it will be forced to abandon the project? If conditions are going to be really tough (against all past experience), Mr Sandys should make it clear beyond doubt at the very start, for there are already signs that this ebullient and technically versatile industry regards its troubles as at an end and expects its cornucopia to flow freely again.

The most significant feature of this policy for the aircraft

industry is that the industry is at risk as well as the Government—and potentially at much greater risk. But among airlines the question is already being asked whether it also means a return to the old division of responsibility which, they believe, was at the root of their postwar troubles. The air corporations fought hard for the right to place orders direct with the aircraft makers, rather than through the Ministry of Supply, because they wanted the final say on technical matters. If the new Ministry of Aviation is going to finance the development of civil aircraft, will it expect to have a say in what is built and how it is designed? And will its views on what is right technically inevitably coincide with what the airlines think is right commercially?

THE two nationalised corporations deserve the sop of a Government subsidy towards the cost of putting new aircraft types into service, if only because they may take a severe buffeting when Mr Sandys's new licensing bill comes into effect. This merely lays down a new procedure for licensing air services. It begins by repealing the statutory monopoly that the two corporations have over the routes that they now operate. It then gives licences to all airlines, corporations or independents (of a duration not specified but unlikely to be for longer than ten to fifteen years) to operate their present routes. Having cleared the ground in this way, it provides that any British airline, whether a nationalised corporation or a privately owned independent, that wants to start a new service must argue its case before a new Air Transport Licensing Board. It is not inconceivable, therefore, that the independent airlines will one day fly in open competition on the same routes as the nationalised corporations—not inconceivable but perhaps a little unlikely.

In considering applications, the board is told to take into account first, the ability of the airline to provide the kind of service it proposes; the ambition of some of the smaller independent airlines is inclined occasionally to outreach their resources. Then, it has to take account of the amount of capacity already on the route, how much traffic the new service would divert from existing British operators, and whether the latter have already incurred heavy capital commitments, for example, in the form of new aircraft ordered for the contested route. On the face of it, this looks much like the procedure now used when an independent airline applies for permission to run a new service—with the only difference that the corporations will have to go through the same drill. But this is not necessarily so. Two small words could make all the difference to the pattern of air transport in Britain. They are that the board "shall consider" all these aspects of a new service, and the amount of new competition that will confront the established operator (usually one or other nationalised corporation). But, having considered them, it is perfectly entitled to discard them. The board is not obliged to turn down any new service that causes a "material diversion of traffic" from an established operator, as the present licensing authority, the Air Transport Advisory Committee, is obliged to do. Under the new bill this is merely one of several factors to be weighed. The bill therefore gives the new board considerable liberty of action if it chooses to use it. Its functions are purely commercial; questions of safety are dealt with by a separate directorate, whose certificate is needed before a service can be operated. But it is also clear that the bill, as it stands, does not oblige the board to consider new applications liberally and the way it treats them is bound to depend on the kind of directive it gets from the Minister. A special difficulty is raised by the fact that while British European Airways is showing extremely good results, with a net profit of £2 millions in twelve months, British Overseas Airways Corporation is in no state to face competition from aggressive independent airlines flying cut-price services. Moreover, the corporation has just laboriously negotiated pooling agreements with Air India and Qantas in order to provide itself a little more freedom of manœuvre on routes to the East. If independent airlines are licensed to fly on these routes by the new board, all those delicately balanced positions will be worthless.

Mr Sandys seems to have taken to heart criticisms made by the Select Committee on Nationalised Industries about the powers that his predecessor, the Minister of Transport, exercised over the airlines without express legal, or Parliamentary sanction. In the new bill, he takes powers to approve fares, both domestic and international, and to veto decisions of the board where they affect international services. There are good reasons for this second power if not for the first. The right to fly into a foreign country has to be negotiated between governments, and has become a matter of unedifying horse trading. His experience of such negotiations in the four months he has been Minister of Aviation has convinced Mr Sandys that the untimely licensing of a small independent British airline could jeopardise negotiations at a critical point, and that he must have power to order the board to withhold a licence when, as the bill puts it "in the opinion of the Minister, it would be inexpedient."

ALTHOUGH the bill should be on the statute book and the new board formed by Whitsun, these reservations suggest that it is not likely to lead to immediate drastic changes, except possibly in domestic services. But it may mean that the two corporations, instead of brushing aside the independent airlines, will in future have to buy them off. In Africa, for example, where there has been mounting friction between independent airlines, which pioneered cut-price flights, and BOAC, which now wants to reduce its standard fares, the corporation and the two independent airlines, Hunting and Airwork, may now sink their differences and work out a pooling agreement along the contested routes. This is not competition, but it gives the independent airlines the prospect of more business and an increase in turnover to start putting their operations on a sound commercial footing.

One aspect of Mr Sandys's marathon performance this week appears to have passed unnoticed. At a time when such Government critics as Mr Thorneycroft are asking, after the railway debacle, for Ministers to be made responsible for nationalised industries, the Minister of Aviation has in fact come remarkably close to exercising just that form of responsibility over the industries in his charge: the aircraft industry which, if not formally nationalised, is to absorb a big and growing element of Government investment; and the nationalised air corporations over whose day to day workings he already exercises a fair measure of direct control. Whether this is the right way will be shown by the results of the two-fold policy for the aircraft industry and the airlines that he has expounded this week.

End of the German Miracle?

BY OUR SPECIAL CORRESPONDENT

SOME high-placed people in Germany today shrug off the *Wirtschaftswunder*, and the ordinary man may by now have grown used to the physical transformation. But to the economist not the least part of the marvel has been in the years after the initial recovery, as the German economy has demonstrated its continuing capacity to grow at an exceptional pace, and yet to keep prices almost stable. By 1950 west Germany's national product in real terms was reckoned to be back to the prewar level. By 1959 it had nearly doubled, having risen at a cumulative annual rate of over 7 per cent; west German prices meanwhile rose by an average of 1 per cent. No one expects this rate of expansion to continue; the practical and immediate question is whether even the more modest expansion expected in the 'sixties is attainable without a departure from the cherished price stability.

The west German economy in recent months, for the first time since the war, has reached the point of brimfull employment. In some measure this must mark a turning point. A number of the special economic influences in the country's growth have disappeared, and while important (and largely non-economic) special influences remain, the economy is increasingly facing the same kind of problems of prosperity that Britain and other western countries have lived with for years. Germany's response to these influences will affect other countries directly through its impact on Germany's large current surplus and its new exports of capital; and it is bound to be watched especially closely as a test whether a free economy can grow without inflation.

The visitor to Germany returning after a year quickly notices the change in economic atmosphere. The small talk of economic experience is not what one has been used to. Thus German workers no longer work as they did; builders in particular turn up just when they choose; labour discipline has disintegrated; and employers are poaching labour from each other. . . . Full employment, it seems, has an influence of its own on working habits, overriding national characteristics. The inflow of manpower from east Germany, which for years provided a reserve of additional labour, has fallen considerably, and the fall in the birth rate at the end of the war is now reducing the number of new entrants to industry. Unemployment dropped to 187,000 in the autumn, less than 1 per cent of the labour force. This drastic tightening in the labour market removes one of the main former bases of growth in output, and at the same time it strengthens the workers' bargaining power to secure increases in incomes.

Attention has therefore been focused on the coming wage negotiations, and all concerned are paying much attention to a memorandum issued by the central bank at the request of Dr Adenauer. This careful and detailed analysis of the scope for wage increases in 1960 provides a remarkable example of how a central bank can make its influence felt over wide sections of the community; it has been accepted by the trade unions as an impartial appraisal. The Bundesbank maintains its prime objective of holding prices steady. In the past year, it points out, the cost of living has risen by 4 per cent; and while this is attributable mainly to increases in food prices resulting from a bad harvest, the bank is worried about the pressure of excessive demand. Its restrictive steps in credit policy taken last autumn have not, it notes, secured due support from the Government's fiscal policy. Indirectly, however, an impact has been made. By weakening Germany's delicate (and bank-dominated) market in fixed-interest securities, tight money has forced the finance minister to cut down his original programme of loan financing, and he is now considering tax increases and a curb on public spending.



Dr Karl Blessing
President of the Bundesbank

THE Bundesbank recognises the case for wage increases in principle—this is what gladdens the unions—and it argues that the scope for such increases could be enlarged if industrialists took opportunities to cut prices (they are reprimanded for failing to do so in 1958-59) and if the Government allowed more cheap imports of agricultural products. But failing such action, and counting on an increase in the labour force of only 1 per cent and a rise in total national product of 4-5 per cent in 1960, it implies that the rise in average productivity of 3-4 per cent will be the effective limit to "price-neutral" increases in wages. The central bank states that it will be necessary "in any case" to cut away excessive demand, which would pose a threat to price stability whatever happened to wage contracts. But it gives warning that an undue rise in negotiated wage rates would force it to intensify credit restrictions to the point where they produced the requisite change in market conditions—and that in these conditions investment, and employment, would fall. Thus neatly and unexceptionably, the German central bank puts the case for wage restraint without allowing anyone to think that it is handing over control.

Opinions differ about the outcome. By no means all bankers and industrialists are pessimistic. A surprising number of them pay tribute to the unions' past restraint and opine, privately, that it is time that wage earners got a bigger slice of the cake. Profit margins, as the Bundesbank points out, have generally been raised in the past year as capacity has been more fully worked. Some big firms might this year be able to absorb wage increases of as much as 8 per cent (which is what the unions may really be after with their opening demands of 12-15 per cent); but a general wage increase of this scale would surely provoke some price increases.

Fears of a round of inflationary wage increases are not new in Germany, and in past years they proved unfounded when it came to the crunch. What is new to-day is brimfull employment. German trade unionists deny that this gives cause for special anxiety. The idea that it does, one of them said, is based on a misleading analogy with experience in Britain: "In Germany trade unionists are not interested in claims that will upset economic stability." Certainly one can

see special influences. There is the delicate political situation, the constant awareness of the proximity and danger of *der Osten* which makes west Germany even today something of a country on trial: there has been no national strike since the war for fundamentally the same reason that there was no national strike in Britain during the war. Secondly, memory of the hyper-inflations after 1918 and 1945 remains alive, exerting a psychological impact of at least the same force as British memories of unemployment between the wars. And, thirdly, the resulting restraint in trade union bargaining has developed a logic of its own over the years. Wage earners see that their policy has paid off; and while west Germany today can reasonably be represented as a rich man's paradise, the public standing of the unions seems high.

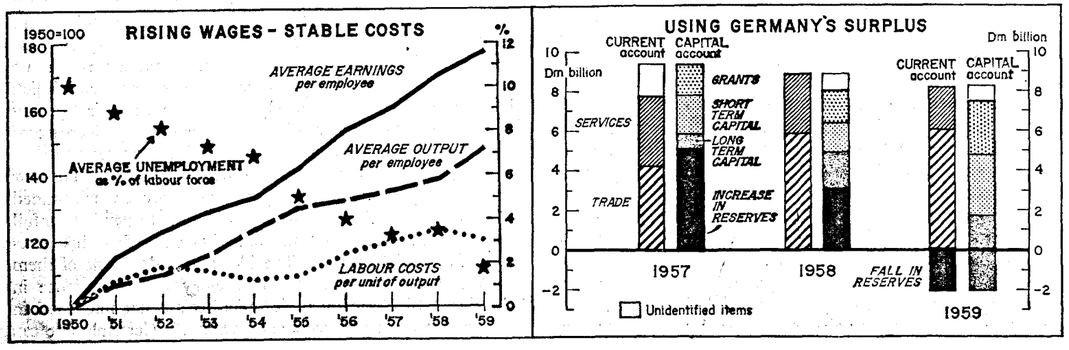
Yet, whatever the special circumstances, full employment does surely change the balance of bargaining power; and the economic observer from outside finds it difficult to believe that this will not make its mark. If German unions sensibly decline to exploit their power to raise money wages by more than the economy can afford, might they, say, drive for more progressive social and fiscal policies?

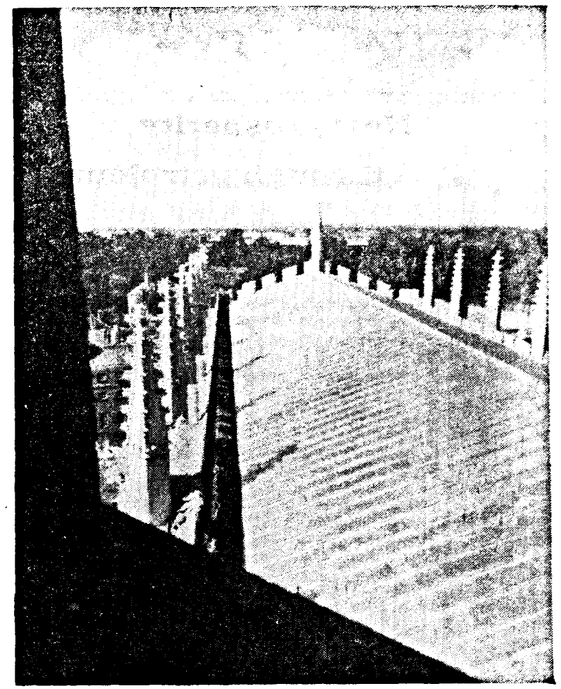
By whatever means, consumption seems likely in coming years to receive a larger share of the German national product. That could lead to some reduction in Germany's massive surplus in overseas trade and current payments (which in each of the past three years has been around DM8 billion, or £650-£700 million). Imports have risen steeply, especially of manufactured goods, and Germans have been spending much more on foreign travel; but so far these influences have been offset by a big fall in import prices and a strong rise in exports, as well as by the incorporation of the Saar in 1959. Despite the strength of export orders, it would not be surprising to see some fall in the current surplus this year.

There may also be a matching fall in exports of capital. In 1959 Germany achieved what many of its critics had declared to be impossible: its current surplus was more than offset by its outgoings on capital account, and its reserves fell. Special influences that cannot be expected to recur accounted for perhaps one-third of the capital outflow, and now German interest rates are again rising. There is certainly little scope for issues of foreign loans on the German market while it finds difficulty in absorbing a German government loan yielding 6.36 per cent. And the German banks no longer have the same incentive to hold liquid funds abroad. But capital exports as a whole may not be too badly hit by tighter money.

The Bundesbank has taken specific steps to discourage an influx of short-term funds; it manipulates the forward exchange rate to give German banks exchange cover abroad at no cost, and it has imposed a penal reserve requirement on foreign deposits in Germany. In the first weeks of 1960 money has been flowing out of Germany again. In the long-term market private money has been flowing abroad mainly through purchases of foreign securities, of DM1.4 billion in 1960. The burst of German buying—almost half of it on stock exchanges in other countries of the common market—was associated partly with an outcrop of new unit trusts. These may not succeed in maintaining their initial momentum, but Germans as a whole are undoubtedly becoming more interested in share buying; and since the markets in shares of German companies are narrow and dividend yields are low, foreign shares are likely to continue in demand. At the same time, direct investment by private firms may be encouraged by the new official guarantee scheme (comparable to export credit insurance). And the German authorities seem conscious of the need to increase the flow of official capital to the developing countries, though they are under constant pressure from German industry to tie this to purchases of German goods.

It is premature therefore to raise the cry that Germany is once again upsetting the world's financial applecart by an over-strict domestic policy. Frankfurt today is as sensitive to its international responsibilities as any financial centre. In fact its present domestic policies are not subject to the same criticisms as similar policies were a few years ago—in the first place Germany is not today draining off reserves from the rest of the world, and in the second the German economy today is demonstrably in need of restraint. The economists at OEEC may regret that the whole burden has fallen on monetary policy; so does Herr Blessing. But too much should not be made of the difference in external impact of tight money and deflationary fiscal measures; and it is odd at this stage to "regret" such measures because the current surplus is very large. Three years ago there seemed no other solution for that surplus than upvaluation of the mark. Now Germany has shown that at least for one year it can produce the requisite offset in exports of capital, which is much more desirable for the world than adjustment of the current balance. The best chance of maintaining that capital outflow is to continue to keep the economy free of inflation.



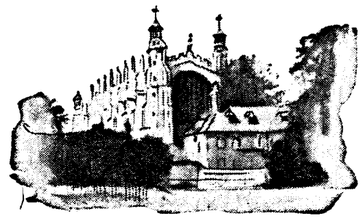


BRITISH ALUMINIUM

ROOFS

AN HISTORIC

BUILDING



The 15th-century Chapel of Eton College has been completely reroofed with BA Super Purity (99.99%) aluminium. Preformed aluminium channels replace the customary wooden batten rolls, and the roof contains no timber whatsoever. Super Purity aluminium was chosen because of its long life, light weight and ease of working by traditional methods. Furthermore, its texture after weathering will be entirely in keeping with the appearance of this ancient building.

Architect: William Holford & Partners Roofing Contractors: Builders Iron & Zinc Work Ltd

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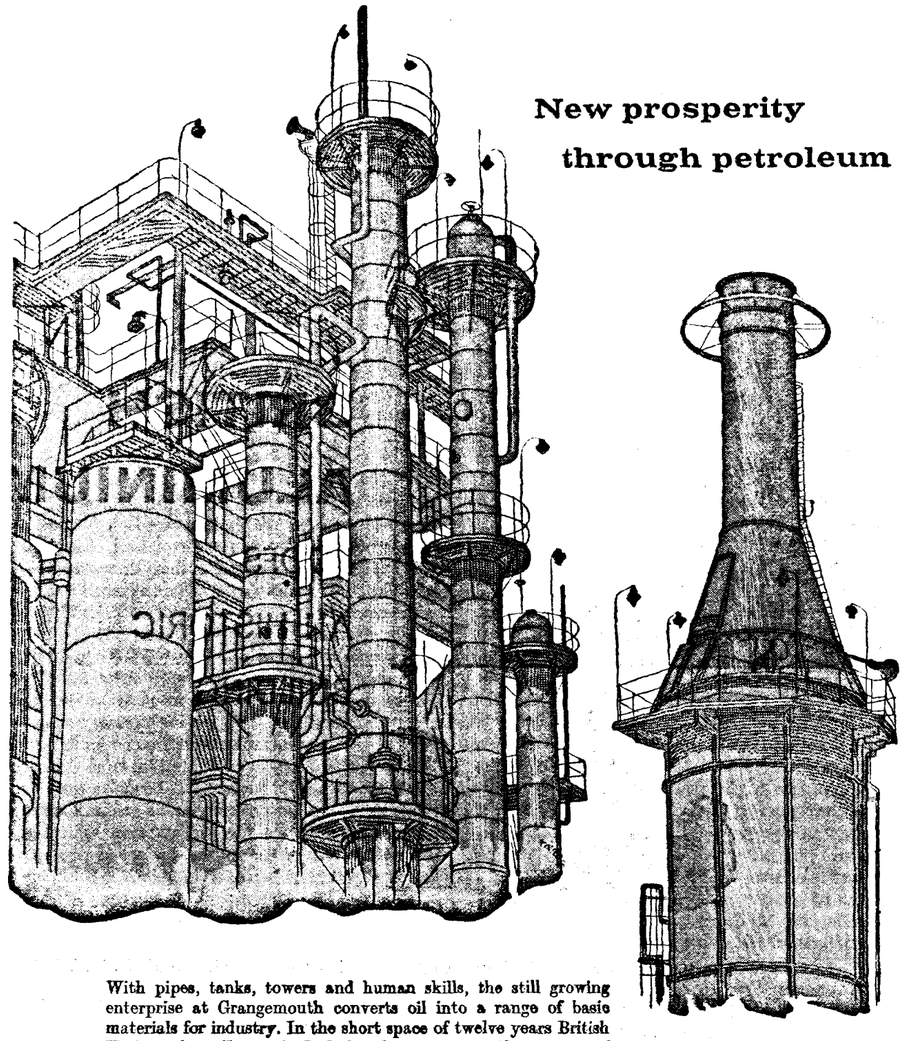

New prosperity through petroleum

With pipes, tanks, towers and human skills, the still growing enterprise at Grangemouth converts oil into a range of basic materials for industry. In the short space of twelve years British Hydrocarbon Chemicals Ltd. has become a significant part of British economic life. Its plants produce varied and complex chemicals that are changing the face of industrial production, whether you turn to drugs or detergents, textiles or toys, plastics or paints, shoe soles or solvents. New prosperity for many . . . new products that can mean better living standards for millions . . . this is something of the achievement so far of British Hydrocarbon Chemicals Ltd.

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BUSINESS NOTES

THE BUDGET

A New Shock

WITHIN one week Whitehall has dealt out two major blows against price stability, and the chance of continuing economic expansion without major disruptions, to which the Chancellor has given such importance, has unmistakably faded. Following the last-minute surrender to the railwaymen, the Government on Wednesday published the vote on account showing an estimated rise in total supply expenditure in the coming budget year of £341 million, or 7½ per cent, above the budgeted total for 1959-60. That is the biggest increase since the post-Korean budget of 1951; Mr Thorneycroft and his team resigned in 1958 over £189 million.

SHAPE OF THE BUDGET

(£ million)

	Budget estimate, 1959–60	Estimate, 1960–61	Expected change
Defence expenditure*	1,533	1,618	+ 85
Admiralty	*371*	*398*	*+ 27*
War Office	*431*	*477*	*+ 46*
Air Ministry	*491*	*527*	*+ 37*
Ministry of Supply	*191*	—	+ 7
Ministry of Aviation	—	*199*	
Ministry of Defence	*17*	*17*	—
Civil expenditure	2,962*	3,218	+256
Total supply services	4,495	4,836	+341
Consolidated fund	728	n.a.	n.a.
Total ordinary expend.	5,223	n.a.	n.a.

* Defence expenditures are given net of receipts from Germany and after addition of votes hitherto included in civil estimates. To give a true comparison, the total defence estimate for 1959–60 is here written up by £31 million (no adjustment is possible on the individual votes), and last year's civil estimate is written down by the same amount.

One quarter of the increase is accounted for by defence expenditure, up £85 million after adjustment for German aid and accounting changes; the wider policy questions are discussed in a leading article. Education and grants to local authorities will be up by some £66 million above the original estimates for the current year (as distinct from the official basis of comparison with original estimates plus supplementaries, which is not comparing like with like); the "teachers' tenner" granted by the Burnham award is the main influence, and the Treasury assumes that no comparable award will be granted this year or next. The health service takes £46 million more than budgeted for last April; moreover, this estimate excludes the effects of the Pilkington commission's proposals for doctors' pay, which would cost £20 million a year plus another £20 million of retrospective payments. The National Assistance Board needs another £42 million (a rise of 30 per cent); scales were raised in the autumn, and the cost appears to have been under-estimated because the increases have encouraged more people to draw. The estimate for roads is up from £108 million to £121 million, and the Board of Trade's new schemes to rationalise the cotton industry and divert the location of the motor industry involve additional estimates of £19 million. The proposed loans to steel companies (eventually reaching a figure of £120 million) will be in the below-line estimates. These, together with the estimate for the consolidated fund (which is likely to be up as a result of the rise in short-term interest rates) will be announced only in the Budget speech.

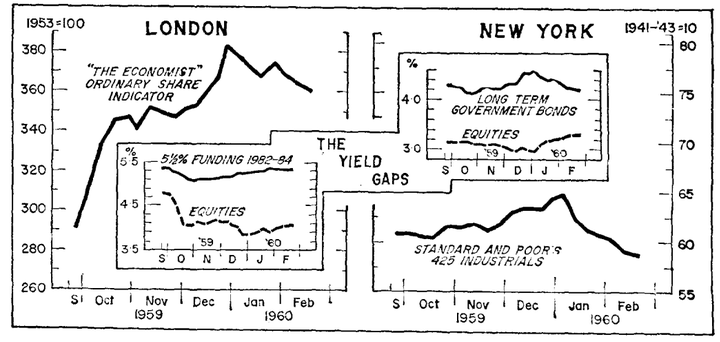
TREASURY ministers point out that it is only reasonable that public services should rise in line with private spending. That may well be so (even if this year's increases will involve a rise in proportion to national income); but if responsible ministers want to pursue worthy causes they must make provision for them. They might have chosen to give the taxpayer less than £360 million last April; or they might now choose to take some of those reliefs away by increasing taxes this April. After the lapses of the past week, "no change" on Budget day may not be enough. The economic fact is that there is no room for a net injection of new demand from the budget in the coming year. No one should be deluded by the fact that the budget surplus in the current fiscal year will certainly be much larger than was estimated; that performance is due largely to the very buoyancy of the economy. Whatever this year's surplus turns out to be, next year's ought to be larger, before allowing for inflationary buoyancy.

IN THE MARKETS

Touching Faith

THE London stock markets have so far shown a remarkable faith that the authorities mean business. That seems the only rationale of this week's price movements; and similar confidence is evident in the foreign exchange markets, where sterling has been in demand from the Continent and New York and the Exchange Account has been able to take back some of the gold lost before the increase in Bank rate. The downward drift in equity prices last week was universally attributed to the threat of the rail strike; yet when that threat was removed, equity prices, after a halfhearted rally, fell more heavily than before. In the week to Wednesday, *The Economist* share indicator fell by 4.3 points to 360.3, about 6 per cent below its end-1959 peak. At the same time, gilt-edged have been generally firm, except on Wednesday when selling by the banks was again noticeable. They made slight gains on Thursday, as did some equities which were influenced by the rally on Wall Street. Even so, the industrial market was patchy. This is a notable performance in a week in which the threat of wage inflation has loomed large; the markets evidently feel that whatever inflation may appear the authorities will put down, possibly with damaging effects on production and profits.

The reversal of the scissors movement between gilt-edged and equities is one that many people felt was due after the election upsurge; and the movement is still modest compared with that in Wall Street, where



equity prices have fallen faster (to around 10 per cent below the new year peak) and prices of Government bonds have at last turned upward. The early weakness in common stocks on Wall Street naturally had repercussions in London. On Wednesday selling from the Cape and the Continent, induced primarily by a fear that Wall Street itself might sell, brought Kaffir prices down sharply, and leading OFS mines such as Western Holdings and Free State Geduld, on which handsome capital profits were to be taken, lost heavily. Sales have not been substantial and so far very few have actually come from Wall Street.

Another dampening influence in Throgmorton Street has been the renewed disquiet about the boom in equity shares expressed last Friday by the Governor of the Bank of England—though Mr Cobbold referred to the "great problem" of "too much money chasing too few first-class shares," and refused to commit himself on whether the present yield basis is justified. The governor said it was difficult to detect any falling off in the growth of consumer expenditure; the Board of Trade however has ventured the forecast that hire purchase, owing to the growing weight of repayments, will be a factor tending to restrict demand this year. Mr Cobbold expects the trend of bank advances to continue upwards if only because of commitments already made, but he sees signs of, and would welcome, some flattening of the pace of increase. He made it clear that the primary reason for last month's increase in Bank rate was domestic ("I would rather see some resort to use of reserves than a slavish following of interest rate movements made by other countries for their own reasons"); in the last month or two there have been signs that Britain's economy may be coming to "the verge of overstrain." Mr Cobbold said too: "We shall . . . not hesitate to take further restraining measures if they seem necessary." They seem distinctly more necessary now than when he spoke.

Adding to the Supply

ONE source of new first-class shares is the rights issue, and it happened that the day after Mr Cobbold had made his speech two such issues were announced. The issue by Tube Investments, raising £21 million, is one of the biggest ever made by an industrial company. Like the issue made by TI in 1955 it is on bonus terms. Ordinary shareholders are offered one new £1 share at 25s. each for every share they hold. The interim dividend on the present capital will be 7½ per cent and the final on the doubled capital will not be less than 8½ per cent. The new shares are thus being offered on a dividend of not less than 12½ per cent. The first reaction in the stock market was to mark the existing shares up from 124s. 9d. to 130s. 6d. The jobbers seem to have been unduly hopeful. After investors had had second thoughts, the price came down to 118s. Second thoughts were necessary, for the weight of the issue is heavy. It is designed, moreover, to finance additional capacity in the tube, steel and electrical divisions, further investments overseas and extra working capital and it will not take care of the capital needs of the aluminium division. This division will raise its own new money and plans for it to do so are now under consideration.

With the old shares at 118s. the rights are worth 46s. 6d. and the yield on an ex-rights price of 71s. 6d. is 3.5 per cent. This compares with the pre-issue yield of 3.1 per cent offered on the 1958-59 dividend of 20 per cent. To sell the rights therefore is to lose the bonus element. Understandably, the issue is not being underwritten and any shares not taken up will be sold by Helbert Wagg and J. Henry Schroder for the benefit of shareholders entitled to them.

The rights issue by Phœnix Assurance, too, is not being underwritten. It is much smaller and more orthodox than TI's. About £5 million will be raised by a one-for-four offer of 1,039,762 new 5s. shares at £5 each. On the eve of this offer the old shares stood at 131s. 10½d. putting a value of 6s. 4½d. on the rights. But when dealings began in the shares ex-rights the price came down to 120s. On the assumption of a full year's dividend of 100 per cent, the yield at that price is about 4.2 per cent.

RAILWAYS

Counting the Cost

THE Transport Commission made, it stated in its re-appraisal of the railway modernisation programme last June, "some provision for an improvement in pay as the number of staff falls." With a better paid but smaller staff it thus counted on the total railway wage bill rising only slightly between 1957 and 1963—by which time, the commission was still hoping, British Railways would be earning a working surplus of between £18 million and £68 million a year before meeting their share of the commission's capital charges (a share that by then, however, will have reached at least £65 million a year).

The increases in railwaymen's pay now in train have quite clearly knocked this doubtful calculation into a cocked hat. Railway manpower has certainly been falling: numbers are already down by nearly a tenth since 1957, which is more than the commission bargained for. But last week's interim wage increase of five per cent (costing £19 million in a full year) and the final settlement to come after the Guillebaud report appears are together likely to add at least £40 million to the commission's total annual wage bill. Nearly all of this will fall upon the railways: London Transport's share will be just over £1 million.

There cannot be much hope of recouping more than a small part of this substantial addition to the railways' working expenses, already more than £500 million a year, from higher freight and passenger charges. The railways have few "monopoly" traffics now, even in freight transport which brings in 70 per cent of their total revenue. An increase in coal freights would only hasten the decline in that traffic, still the railways' biggest. Higher charges for minerals traffic, mainly materials for the steel industry, would encourage a bigger switch to road transport. And in "general" merchandise the commission is already finding it necessary to cut charges in order to maintain its total receipts. An increase in passenger fares is more possible, particularly as the main and branch line stopping services and the suburban services around large cities are earning far less than they cost. But even on the passenger side the possibility of getting much extra net revenue is not large.

The upshot then can only be a bigger deficit, which the government will be called upon to meet sooner or later. This year's loss on the railways will be huge by any measure. Including all interest charges, the railways lost £106 million in 1958. Last year's deficit cannot have been smaller. But the railways are not alone in benefiting from the new fashion in public assistance for major industries, viable or otherwise. Railways, cotton, motors, steel—the list is growing. The Treasury loan of £70 million to Richard Thomas and Baldwins to help finance the £110 million strip mill at Newport is one prime example. The public offer of this still nationalised company, which may not be long delayed, is likely to be a raging success: the need for government money, to the order of £70 million or more (additional funds are to come from the Iron and Steel Holding and Realisation Agency) becomes harder to see.

TAXING FRINGE BENEFITS

New or Secondhand?

AS more and more of an employee's true remuneration is expressed in a form other than money the conclusion of the Royal Commission on Taxation that the provision of untaxable benefits in kind is capable of becoming an abuse of the tax system becomes self-evident. The case of *Wilkins v. Rogerson* which the Revenue lost in the Chancery Division this week is an example—by no means extreme—of what can be done and is increasingly being done. Mr Rogerson's employers made arrangements for him, and other employees, to obtain a suit of clothes from Montague Burton Limited who sent the bill to the employers. Here was a benefit but it was not convertible into cash to the full extent of the cost of the new suit—£14. The only convertible benefit that could be taxed was found by Mr Justice Danckwerts (following the Special Commissioners) to be the amount for which Mr Rogerson could have sold the secondhand suit—even though it might have been unworn—namely £5.

Continued on page 742

MONOPOLIES COMMISSION

Useful Facts About Fertilisers

THE work of the Monopolies Commission is by nature both slow and of uncertain effectiveness. The Restrictive Practices Act of 1956 (which set up the Restrictive Practices Court and gave it jurisdiction over collective agreements) limited the commission to dealing chiefly with "single-firm monopolies"—defined to apply when one firm or group controls more than one-third of the output of a product. The court is backed by the force of a law which places the burden of proof on the defendant; by contrast, the commission's recommendations by themselves have no statutory backing at all. Despite these drawbacks, the commission makes known a great many facts—most of which would never be obtainable in any other way—about industries and firms little subject to competitive pressure, and this has done a good deal to amend their ways.

The commission's report on the supply of chemical fertilisers (HMSO, 10s. 6d.), published this week, contains copious facts but draws no really surprising conclusions. The more important of its two recommendations appears already to have been anticipated by the company concerned. The original reference to the commission was made in October 1955, and the report was completed last July; it deals principally with the industry's operations between July 1953 and June 1957, though in some cases later figures have been added. An unstated part of the industry's output is the subject of four restrictive trade agreements, which the commission was precluded from bringing into its account, since these agreements are now in the province of the Registrar of Restrictive Practices. Another part—the production of ground rock phosphates, the value of which totalled some £400,000 in 1957-58—was not considered in detail because no single firm controlled one-third of that market.

The rest of the industry's output, which in total was worth about £100 million last year, falls into five categories: nitrogenous fertilisers, potash, superphosphates, basic slag and compound fertilisers (mixtures of nitrogen, phosphorus and potash). Three of these five groups, as the table shows, are dominated by either Imperial Chemical Industries or Fisons. In the case of potash a single firm, Potash Ltd., controls four-fifths of the market. And in the fifth group, basic slag, Fisons and British Basic Slag account for three-fourths of total output.

OUTPUT OF FERTILISERS, 1957–58

	'000 tons	£mn.
Nitrogenous Fertilisers		
Total supplies	1,232	23·5
Supplied by ICI	915	17·2
Per cent of total	74·3	73·4
Potash		
Total supplies	600	9·4
Supplied by Potash, Ltd.	459	7·5
Per cent of total	76·5	79·8
Superphosphates		
Total supplies	282	4·6
Supplied by Fisons	121	2·3
Per cent of total	43·0	50·2
Basic Slag		
Total supplies	759	5·3
Supplied by Fisons	305	2·2
Per cent of total	40·2	41·5
Supplied by Brit. Basic Slag	284	1·8
Per cent of total	37·4	33·5
Compound Fertilisers		
Total supplies	2,367	57·7
Supplied by Fisons	1,018	25·1
Per cent of total	43·0	43·4

The British fertiliser industry has a long record of monopoly and restrictionism, including participation in the European nitrogen cartel in the 1930's; in addition it receives considerable tariff protection (though import quotas were ended in December 1958). Demand has been rising in recent years, and is likely to go on rising—aided by the substantial subsidies towards the cost of fertiliser purchases given to farmers under various Agriculture Acts.

Much of the report is taken up by arguments—not all of them fruitful—over the companies' accounting practices and pricing methods. ICI's method of asset revaluation is rejected, as is Fisons' use of "historical cost of fixed assets less depreciation", in favour of straight historical cost so as to compare the companies' profits with those of industry generally and with each other. The comparative figures obtained are, in part, as follows:

PROFITS ON CAPITAL

(per cent)	1953–54	1954–55	1955–56	1956–57
All manufacturing inds.	16·9	17·3	16·9	16·0
Chemical and Paints (excluding ICI)	12·5	12·0	12·5	15·0
Fisons	23·0	23·0	29·3	21·6
ICI	13·6	8·9	17·3	17·5

(ICI submitted to voluntary price control during 1953-54 and 1954-55; its figure for 1956-57 is approximate.)

From these calculations the commission concludes that neither ICI's "monopoly" nor anything done by the company operates or may be expected to act against the public interest. It holds that Fisons' monopoly, as such, does not operate against the public interest; but states that the company's level of prices for superphosphates and compounds, which produced the high profits in the years covered by the table, did operate against the public interest. While the commission does not believe that Fisons deliberately acted against the public interest it recommends that the company should adjust its pricing policy to yield a lower level of profit in the future.

The case of Potash Ltd. is more difficult. The company is an importing organisation believed to be owned by French and German potash producers (though this—and a great deal of information about the company's operations—could not be secured). The commission reports that "there are no things done by Potash Ltd. which operate or may be expected to operate against the public interest, but the fact that the company is part of an international organisation designed to eliminate competition operates against the public interest". The commission, with a reservation from one member, states that everything possible should be done to stimulate competition in potash from other foreign sources, such as Canada, the United States, Israel and Russia. It adds that the Government should consult with ICI, Fisons and other large buyers of potash in an effort to make better use of the companies' "aggregate buying power".

THE commission—Professor G. C. Allen dissenting—approves of the uniform delivered pricing system now used in England and Wales; Professor Allen sensibly condemns this hidden subsidy to farmers in remote areas, and favours ex-works pricing instead.

ICI is understandably pleased with the commission's findings. Commenting on the report at a press conference this week, Sir Clavering Fison accepted completely the commission's criticisms of Fisons' past pricing policies, but added that since 1957, the last year covered by the report, the company had modified its pricing policy, and reduced its profits accordingly. In the past the company had aimed at a return of 20 per cent on capital employed. This level has since been lowered "because of competition," Sir Clavering claimed; it is also a fact that raw material costs fell by ten per cent in 1957-59. In June 1958 prices of all fertilisers sold by the company were reduced, by 13s.-18s. for compounds and by 10s.-25s. for superphosphates. Last June the prices of compounds were cut by a further 15s.-20s. but the price of superphosphates was not changed.

This brought the company's profits on fertiliser production down from 21.6 per cent in 1956-57 to 19 per cent in 1957-58, and to 17.5 per cent in 1958-59. (It should be added that a similar calculation for the "all manufacturing industries" group during these two recession years would show that profits probably fell by 1-2 per cent in 1957-58, and may have fallen even further in 1958-59.) Part of the fall in Fisons' profits may be due to lower sales in 1958-59. In addition capital employed by the firm rose, owing to the completion last year of a £4½ million project including an ammonia plant at Stanford-le-Hope; this plant is not yet operating at full capacity.

Fisons had argued to the commission that it was necessary to retain substantial profits between 1945 and 1957 in order to attract outside capital. The commission, in rejecting this argument for overpricing, noted that a substantial part of Fisons' new investment in recent years has been in areas other than fertiliser production. However it was financed, this investment has paid off: though profits from fertiliser manufacture fell last year, profits from other activities rose sufficiently for the dividend to be raised from 9 to 10 per cent.

Continued from page 740

The decision will not cause surprise, for it has long been recognised that employees (other than directors and the £2,000 a year plus class covered by the 1948 legislation on the taxation of "inconvertible" benefits), may receive many forms of untaxable emoluments—cars, holidays, children's schooling, free coal, groceries, clothes, and many other amenities. The one proviso is that the employer is not discharging a pecuniary liability which the employee has himself undertaken—in other words the supplier must contract with the employer, and not with the employee. What is surprising is that the Revenue should have brought a case which they clearly had so little chance of winning. The conclusion can only be that Somerset House decided to bring this as a test case to demonstrate the weakness of their position. They have played poker with a poor hand for too long. The cards are now with the Chancellor and he can hardly ignore them; the possibilities for the exploitation of arrangements for paying remuneration in a non-taxable form are exposed for all to see. It will not be easy to draft legislation to stop it nor when the legislation exists, to police it effectively. But the effort will have to be made.

BIDS AND DEALS

Rejection and Negotiation

THREE important moves in take-overs and mergers were made this week:

1. In a circular to the 3,600 ordinary shareholders Mr Geoffrey Eley, the chairman of British Drug Houses, recommends that Fisons' offer of one of its ordinary shares plus 5s. in cash for every two ordinary shares in BDH should not be accepted. Mr Eley said that he was informed only two days before the public announcement that such a bid was being made. He claims that BDH is expanding rapidly; two successful wholesale chemist businesses in the West Country have been recently acquired, sales of the wholesale department are expected to rise by at least 30 per cent this year and the first stage of a £750,000 expansion programme for the laboratory chemical side of the business has been completed. Gross profits for the year to December 31, 1959, are expected to amount to not less than £600,000 (against £551,000) and it is intended to double the ordinary dividend from 12 per cent to 24 per cent. A 50 per cent scrip issue is also proposed. Shareholders will no doubt welcome this news, but at the same time they may ask why a more generous policy was not pursued in the past. On this news BDH ordinary rose only 6d. to 29s., which compares with a price of 23s. 3d. before the Fisons offer, which with its shares standing at 49s. 3d. is now worth 27s. 1½d.
2. Negotiations are taking place with a view to a merger between Charles Roberts and the Birmingham Railway Carriage and Wagon Company. Only last week the directors of Birmingham Railway Carriage denied that a take-over bid had been made or was expected but they said that they were trying to find a suitable means of diversifying the group's activities or of improving its prospects in other ways. If the merger goes through the total assets of the group would be about £10 million. Both companies make railway wagons and both have been affected by the cut back in British Railways wagon replacement programme. Birmingham Railway Carriage also makes locomotives, and Charles Roberts has a rapidly expanding hire purchase interest. Charles Roberts 5s. shares stand at 16s. 9d. to put a value of about £5 million on the equity. Birmingham Railway Carriage £1 shares stand at 43s. (having risen by 13s. in the last three weeks), which puts a value of over £2 million on its issued ordinary capital.
3. A merger has been arranged between two Yorkshire breweries, Hammonds United, Hope and Anchor and John Jeffrey of Edinburgh. The new group will be called Northern Breweries and Hammonds' shareholders will be offered eight shares in the new company for every five 5s. shares they hold. Hope and Anchor shareholders will receive four shares for each £1 share and Jeffrey shareholders will receive eight shares for each of their £1 shares. After the merger Hammonds' shareholders will hold 67.9 per cent of the ordinary capital, Hope and Anchor shareholders 25.8 per cent and John Jeffrey shareholders 6.3 per cent. For the full year to September 30, 1961, a dividend of not less than 10 per cent will be paid by Northern Breweries. Canadian Breweries Limited has substantial interests in Hope and Anchor and John Jeffrey and both its chairman and president will be on the board of Northern Breweries.

GAS

Ambitions Afresh

SIX years ago, the Gas Council estimated that between 1953 and 1960 Britain's demand for gas would rise by 16 per cent, to 2,924 million therms a year; in the first six years of that seven-year period sales rose in fact only to 2,605 million therms, or just over 3 per cent, having touched a peak in 1956 and fallen ever since. The industry had intended to rely partly on buying gas from coke ovens and oil refineries to meet the extra demand that it expected, but also to invest some £346 million during the seven-year period, to modernise and increase its gas-making capacity. In the first six years of the seven-year period it did in fact spend about £310 million of that planned investment, but increased its capacity much less than it had intended, presumably by taking out obsolete plant and continuing the integration of local gas grids faster than it had expected to be able to.

In a new seven-year plan published this week, "Gas Looks Ahead," the council hopes "conservatively" that it can arrest the decline in sales and, by 1965-66, raise them to 2,839 million therms, which is rather less than it had hoped at an earlier stage to be selling by now. It does not think this will need any addition to its gas-making capacity; but it does feel that to achieve this in a highly competitive fuel market the industry will need to invest £352 million between 1958-59 and 1965-66 in modernising plant and extending mains for the more intensive use of the more efficient works. Technically, its plans include a further switch to oil, which by 1965-66 should provide the primary fuel for about 14 per cent of its capacity. The council recognises that there is little more progress to be made with gas-making processes based on the carbonisation of coal, and intends to switch towards processes involving the total gasification of coal and of oil. It says little directly in this plan about its hopes for importing natural gas, though these are in no way diminished; so far, apparently, no formal proposals have gone to the Minister of Power.

Of the £366 million that it intended to invest in fixed and working capital under its earlier programme, the gas industry expected to provide some £151 million from internal resources, and to borrow £274 million, while repaying £59 million of earlier loans; it appears in the first six of those seven years to have borrowed about £227 million out of £350 million while repaying £38 million, which is rather better than the proportion of net borrowing that it expected. Of the next £370 million, it proposes to borrow from the Minister £168 million while repaying £54 million of earlier loans, providing nearly 70 per cent of its net requirements of fixed and working capital by self-financing. Against the record of hopes and actual achievement, the gas industry's new look ahead may appear optimistic, as compared, for example, with the downward revision of the Coal Board's estimates of future demand. But its plans also suggest that more technical effort is now being exerted in this industry—and with greater confidence—than in coal.

OVERSEAS TRADE

Exports a Record

IT was a pretty safe bet that British exports would set a new record in January, and so they have. Provisional returns show that exports rose sharply by £20 million to £316.3 million fob, which was £10 million above the previous peak in October and £16 million above the monthly average for the last quarter of 1959.

UNITED KINGDOM TRADE
(Recorded values: £ million per month)

	Exports f.o.b.	Imports c.i.f.	Re-exports f.o.b.
1959	277·1	332·5	10·9
1959—1st quarter ..	263·4	313·6	11·1
2nd quarter ..	281·8	327·8	10·7
3rd quarter ..	263·2	327·9	9·9
4th quarter ..	300·2	360·7	11·7
August.....	255·5	305·2	9·3
September ...	246·5	330·1	11·2
October	306·0	360·2	14·6
November ...	298·3	356·9	9·5
December ...	296·6	371·9	10·7
1960—January	316·3	367·3	12·0

Imports remained high: they fell by only £4½ million to £367.3 million cif, and were £6½ million above the average for the fourth quarter. The Board of Trade estimates

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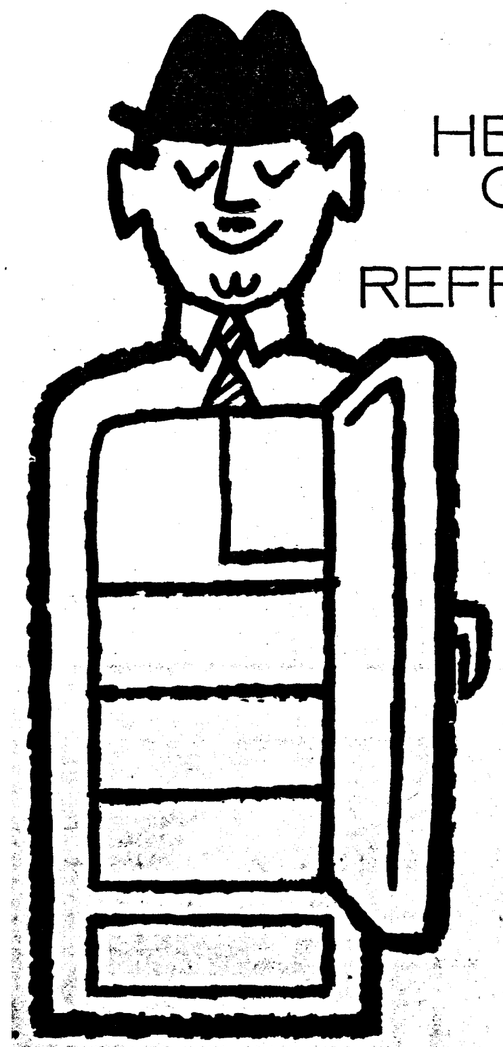

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that after eliminating normal seasonal variation, exports in the three months November to January were 4 per cent higher than in the three months August to October, and 7 per cent above the average for the whole of last year. Imports, on the same reckoning, were 8 per cent higher in the last three months than the August-October average, and 10 per cent above the average for the whole of 1959. With re-exports at £12 million in January, the apparent deficit dropped sharply by £25½ million to £39 million ; this was nearly £10 million below the average monthly deficit for the fourth quarter, and £5½ million below the average for the whole of 1959. The new year has certainly opened more promisingly than the old one closed.

Recovery in the Sterling Area

By the third quarter of last year, exports from overseas sterling countries had largely recovered from the 1957-58 recession. The value of their exports in that quarter was £998 million, which was 16 per cent higher than in the same quarter of 1958, and the total for the six months April to September, at £1,996 million, was slightly higher than in the same months of 1957. In its latest summary of sterling area trade, the Board of Trade says that preliminary figures suggest that a further marked rise in exports occurred in the fourth quarter.

TRADE OF OVERSEAS STERLING COUNTRIES

Quarterly averages : £ million

Imports from :	Sterling Area	Non-Sterling	Dollar Area	Western Europe	All Countries
1958 :—					
1st qtr.	584	639	175	202	1,223
2nd qtr.	564	608	179	188	1,172
3rd qtr.	542	583	156	187	1,124
4th qtr.	570	656	191	194	1,226
1959 :—					
1st qtr.	508	605	173	194	1,114
2nd qtr.	545	650	190	210	1,195
3rd qtr.	537	636	179	193	1,173
Exports* to :					
1958 :—					
1st qtr.	482	457	125	169	939
2nd qtr.	445	417	116	145	862
3rd qtr.	454	408	115	127	862
4th qtr.	476	454	130	150	930
1959 :—					
1st qtr.	476	463	139	159	939
2nd qtr.	479	519	150	181	998
3rd qtr.	493	505	154	157	998

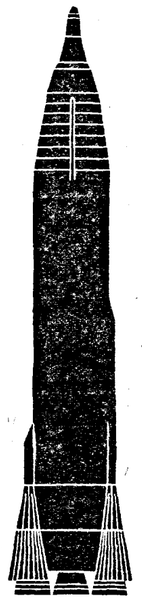
* Includes re-exports ; excludes Middle East Oil.

As in Britain, the rise is mainly attributable to bigger shipments to the non-sterling world. Between the first nine months of 1958 and of 1959 overseas sterling exports rose by ten per cent, with shipments to non-sterling countries rising by 16 per cent, and shipments to the dollar area alone rising by nearly one-quarter. Most commodities contributed to the improvement, the main exceptions being raw cotton and jute, tea and fruit. Exports of rubber, at £253 million, were £76½ million higher than in the first nine months of 1958 ; exports of copper, at £97 million, showed a rise of £28 million and exports of meat were £27½ million higher at £139 million. Wool, the largest single item, was only £20 million higher at £289 million ; while the quantity exported rose sharply, the average price was lower than in 1958.

Imports into overseas sterling countries

Missiles and their Uses

Missiles now in service or about to come into service in the West can be divided into six broad categories according to their uses. Neither their mechanical parts nor their electronic guidance systems are completely reliable, but provided the rocket flies straight and true, there is no form of defence against it.



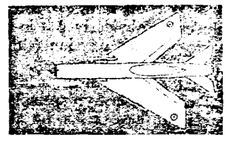
Biggest and most lethal are the intercontinental ballistic missiles, the Air Force controlled ICBMs carrying H-bomb warheads over distances of 1,700 (US built *Thor* now used by the RAF) to 5,000 (*Atlas,* coming into service in the US) and even 8,000 miles (Russian prototypes recently fired this distance). Average price, £1 million upwards. Britain's contribution, *Blue Streak,* will be test fired this year, ready for service in 1963 unless cancelled because of its estimated £600 million development cost. Range is 2,500 miles. Development : underground launching for protection against surprise attack (*Atlas, Blue Streak*) ; longer range (US *Titan*) ; solid fuel for easier storage and quicker launching (US *Minuteman*).



The Army uses smaller ballistic rockets against tactical targets. These fly either 100 to 200 miles (US *Redstone* and *Pershing*) or much shorter distances of 75 miles (US *Corporal* used in Britain) to 50 miles (British-built *Blue Water* now under development). Nuclear warheads.



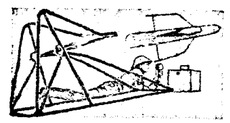
Anti-aircraft missiles used by all services. Range from 20 to, in rare cases, 200 miles. Warhead, conventional or nuclear. Two British (RAF *Bloodhound,* Army *Thunderbird*) types. Developments : attempts to attack ICBM warhead so far abortive.



Airborne missiles are mainly short-range (4-5 miles) weapons fired from fighter aircraft against attacking bombers. Guided during flight by the fighter's radar, accompanied in more deadly types by infra-red devices attracted by heat of enemy aircraft. Warhead : conventional explosive. (British *Firestreak,* US *Sidewinder*) Developments : longer range. Also under development, a new type of small ballistic missile carried by bombers against enemy cities (British-built *Blue Steel*). Considerable discussion whether this development should not be pursued in place of land-based rockets like *Blue Streak* since parent bomber is less vulnerable to surprise attack. Present range, some hundred miles, but might reach 1,500. Warhead : H-bomb.



Ship mounted missiles now in use are all of the anti-aircraft type : launching is complicated by the vessel's pitching movement. British built *Sea Slug* requires specially designed ships, four of which are under construction. Warheads : conventional or nuclear. Developments : extremely small (five miles range) missiles such as British *Seacat* which replace ship's guns. Also under development, extremely large 1,500 mile range ballistic missiles with H-bomb warheads launched underwater from nuclear submarine, but present difficulties are 700 mile range and high cost (£50 million) of submarine-missile combination.



Infantry beginning to use small portable rocket, range 2 miles, as anti-tank weapon. Missile is guided by signals transmitted along telephone wire paid out during flight. Pioneered by French (*SS* 10 series), now being adopted by US Army. Warhead conventional explosive, power limited by weight one man can carry. Developments : heavy (i.e. not carried by infantry) version with bigger warhead (Australian designed *Malkara,* French *SS* 12).

have been lagging behind the recovery in exports, just as they lagged behind the decline in exports during the recession. Total imports in the third quarter, at £1,173 million, were 4½ per cent higher than in the same quarter of 1958, and the total for the six months April to September, at £2,368 million, was three per cent higher than in the same months of 1958—but still seven per cent lower than in the same months of 1957, before they were shorn by the recession.

CITY TRAFFIC

Are Cars hors Concours?

MR CHRISTOPHER BRUNNER, one of the more distinguished of Britain's road propagandists has already criticised the Pink Zone for London traffic. This week he inveighed further against the "serious illusion" in some quarters...

> that it is possible more or less to maintain the present physical environment of our cities, without any major changes, by some system of rationing the number of cars which may enter the centre and so dodging the issue, at least for a decade or two.

And rationing, to Mr Brunner, includes "rationing by the purse through parking meters or garage fees."

Such an approach, he considers, would be completely futile. Either cities must be altered so that cars can be used in them or, if cars either cannot be or may not be used in cities, people will live, work and spend their money elsewhere than in cities. "As the stage is approached when everybody owns private transport, is it conceivable that any government will be able to refuse to make the changes in the physical environment of life which are needed if that transport is to be used?" Mr Brunner does not trust commercial values properly to reflect the full value of private transport to the city: "In a prosperous area it will always be more profitable to build for uses other than for accommodating cars"; so subsidies for parking garages from local or national authorities "may be expedient." The ordinary criteria of the price system, it seems, are too workaday to apply to the private car, which is "a symbol of social advance and of ambitions achieved, in all of which there are ingredients of striving and of spiritual endeavour which make humanity what it is."

Such rotund rhetoric has its use, as distinct from its purpose. It illustrates the dangerous polarisation of argument into which discussion of road and traffic policies is liable to lapse; it is as easy for those who question road development regardless of cost to fall into phrasing that implies sheer restrictionism as it is for Mr Brunner to give the impression that his sole desire is a civilisation for motor cars to drive in. In fact, when he gets down to cases, a degree of reasonableness becomes apparent: "some restrictions on the use of vehicles in towns are unavoidable"; "I do not wish to be misconstrued as advocating 'Los Angeles type' of cities"; traffic engineering can help city traffic, though in his view not enough. There may, moreover, be wider implications of Mr Brunner's view that private motor transport must in some way be exempt from the ordinary criteria of market economics; have we not heard something of the same, this week and last, about public transport, on the rails and in the air?

MANPOWER

170,000 More Workers Found

THE Ministry of Labour has now completed the annual overhaul of its manpower statistics—and discovered 170,000 more people in jobs than it had realised. This is the result of the annual count of insurance cards last May; it is only for that month in each year that an attempt is made to account directly for everybody at work. Monthly figures are derived from changes in employment returned by a large sample of firms, a sample whose reliability is obviously put in question by the extent of this revision (although it was even larger two years ago).

From the middle of 1958 up to the end of last year, employment is now believed to have risen by about 282,000 (instead of 106,000 as previously thought): this means that more (instead of fewer) people were at work than at the start of the recession in September, 1957. Most of the revision is in the number of people in professions and services; manufacturing employment has been revised upwards by less than one per cent. For the economy as a whole, output per person rose rather less last year than had been assumed—probably by some 3½ per cent. But even now any such calculation is tentative since the more recent estimates of manpower are subject to further revision when the next count of insurance cards is taken in May.

CHEMICALS

New Plants for Fawley and Severnside

ONLY a few months ago it appeared that investment in new chemical plant would level off or decline during 1960 and fall off sharply in 1961. The two new projects announced this week by Esso Chemicals and Imperial Chemical Industries may signal a reversal of this trend; while it does not appear that either project was actually planned for an earlier date and then postponed, both have been under consideration for some time. ICI has announced that it will begin development this spring of the thousand-acre site it owns three miles north of Avonmouth, in South Gloucestershire. The first stage will include plants for making 35,000 tons a year of ethylene oxide, ethylene glycol and associated products, and including the initial site development will cost about £5 million. The plants are expected to be on stream in two years' time.

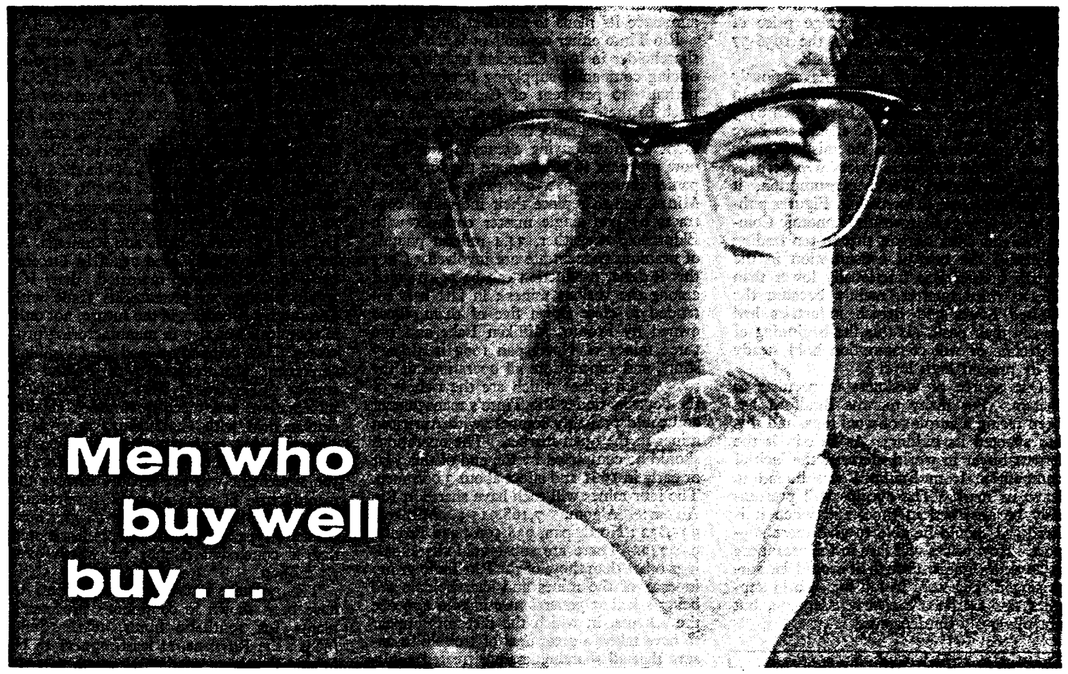
The Severnside works will receive about 40,000 tons of ethylene from Esso Chemicals' Fawley plant, through a 70-mile pipeline which Esso intends to build between the two plants. Planning permission is now being sought for the pipeline, which would cost about £800,000 and take about a year to complete. In addition Esso have announced that they will invest another £5½ million at Fawley, adding a new steam cracker and ancillary plant which will double output of ethylene, now 40,000 tons a year. Construction is expected to start soon and to be completed in about a year's time. Esso has had blueprints for expanding its petrochemical production (but not its oil refining) at Fawley since production was begun there just over a year ago; presumably it waited until a customer was found for the additional output before going ahead with the present project.

The new plants, when completed, will further underline the imbalance of Britain's primary petrochemical supplies. Ethylene capacity is now about 300,000 tons a year, and is scheduled to rise by about 220,000 tons a year within the next two years, including Esso's additional output. ICI is expanding ethylene production at Wilton from 110,000 to 140,000 tons a year; most of this goes into polythene and into "Terylene." Esso's new plant will also double its present annual output of 40,000 tons of butadiene: most of this chemical is now piped to International Synthetic Rubber's plant at Hythe, where it forms the principal component of GR-S synthetic rubber. ISR has recently announced that it is raising its output of GR-S from 75,000 to 90,000 tons a year. Finally, Esso's new plant will produce about 75,000 tons of propylene, of which there are already overabundant supplies and few uses.

WOOL MARKET

Bradford Restrained

RAW wool is one example of the fact that primary producers are not sharing fully in the growing prosperity of their customers in the West. The example is especially unfortunate for the sterling area, because its largest single export is wool. Australia's wool cheque, it is true, has risen sharply this season, and mainly because of higher prices. In the first seven months of the season it sold 850 million lb, 12 per cent more than in the same period of the 1958-59 season, and its receipts rose by 44 per cent to £A212 million, the average price rising by over one quarter to 60d. a lb. The growers, however, will no doubt stress that



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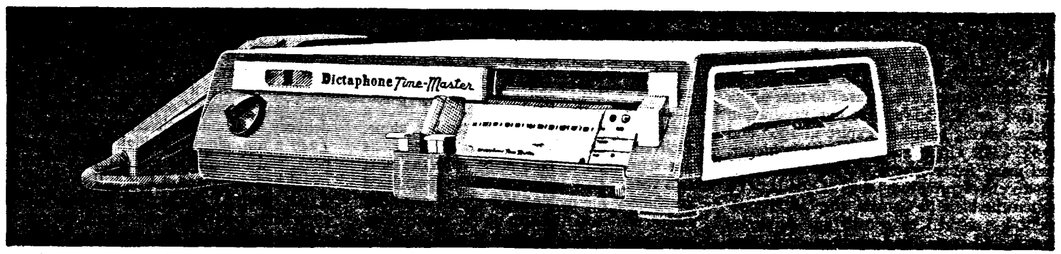

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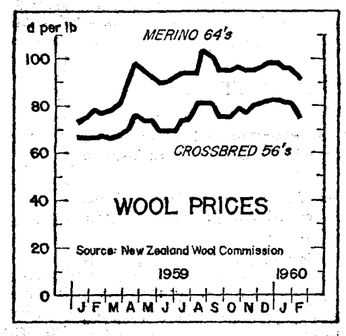
the recovery in their earnings has been limited, pointing to the average price of 80d. a lb that they enjoyed in the 1956-57 season, before the recession struck.

Now growers must be asking anxiously whether that limited recovery will hold. In the last three weeks prices have fallen by 5 to 7½ per cent. Bouts of steadiness have intervened, but there is no mistaking the trend. Some easing in prices was perhaps to be expected. World consumption, it seems, is no longer increasing. Figures published by the Comonwealth Economic Committee this week suggest that in ten leading countries the rate of consumption in the fourth quarter was fractionally lower than in the third quarter, mainly because the United States and British industries had passed their peak. Is this the beginning of a decline or will consumption hold steady at its present high level?

One source of weakness is peculiar to Britain. For many months Bradford has been facing a surplus of wool tops, and this has affected its bidding. As Britain is the largest buyer in world markets, the lack of competition from Bradford was bound to leave its mark. The surplus will presumably be absorbed in time, and when it is Bradford should be able to give more support. How prices will fare in the meantime is anyone's guess, though it would be surprising if they were to fall far. World supplies this season are clearly adequate, but not obviously burdensome.



URANIUM

Rio Tinto Rationalises

THE Canadian uranium industry received a sharp blow last autumn when the American government refused to take up its options on Canada's uranium production when existing contracts expire in 1962 and 1963. The United States is now a bigger, and many Americans would say a cheaper, producer of uranium than Canada. To soften the blow to Canada, the US government has agreed to spread out deliveries that would normally have been completed by 1962 and 1963, for another three or four years to 1966. This gives the Canadian mines a breathing space during which to re-organise and Rio Tinto is the first to announce its plans to contract output.

Rio Tinto either controls or is the largest shareholder in four Canadian uranium producing companies supplying between them perhaps 40 per cent of Canada's output. Each of these companies has separate contracts with Eldorado, the Canadian government uranium buying agency. Rio Tinto now proposes to amalgamate the four companies into one new company, Rio Algom Mines, and to replace their individual contracts by one single master contract with Eldorado; altogether, 34.4 million pounds of uranium concentrate are involved. Once this is done, production can be re-arranged among the various mines; in fact it is intended to close down five of them, those owned by Pronto, Milliken Lake and the three mines of Northspan (one is already shut), and concentrate all operations at the two Algom mines which are the richest of the deposits under Rio Tinto's management and could probably compete with American mines in the open market. The operations should be completed by the end of this year or early in 1961 and affect about 3,000 men. The four mines will each have shares in Rio Algom: Algom, 7,168,915; Milliken, 935,872; Northspan, 938,596; and Pronto, 948,749. There are substantial shareholdings other than those of the Rio Tinto group in each of the mines and shareholders are being asked at general meetings to approve the scheme, in which the directors appear to have taken a great deal of trouble to ensure that all shareholders are treated equitably. The final result will be that Rio Tinto Mining Company (RTMC) will have a net beneficial interest in Rio Algom of 37.57 per cent of its issued capital. Directly or indirectly, the parent, Rio Tinto of London, holds 54.04 per cent of the issued capital of RTMC. Its stake in Canadian uranium is not altered, but as production is to be concentrated at the more productive mines, total profits from this source may rise. The flow of earnings and hence of dividends will however be spread out over a longer period of time.

ENGINEERING EXPORTS

Eastern Approaches

BRITISH manufacturers of industrial plant and equipment have considerably increased their trade with Russia and other eastern European countries in recent months: of a total of perhaps £50 million worth of contracts in 1959 to supply plant, machinery and processing "know-how" to countries in the Soviet bloc, well over a quarter were booked in December alone. Deliveries under most of these contracts are scheduled to take place over the next two years: they will range from specialised machinery for making newsprint, synthetic fibres, fish meal and lace up to the complete tyre manufacturing plant being built at Dniepropetrovsk by a consortium headed by Dunlop—shortly scheduled to be completed, at a cost of £15 million—three synthetic fibre plants to be supplied by a subsidiary of Courtaulds, costing £15 million, and two complete sugar beet factories, costing £8 million, being supplied by Vickers and Bookers.

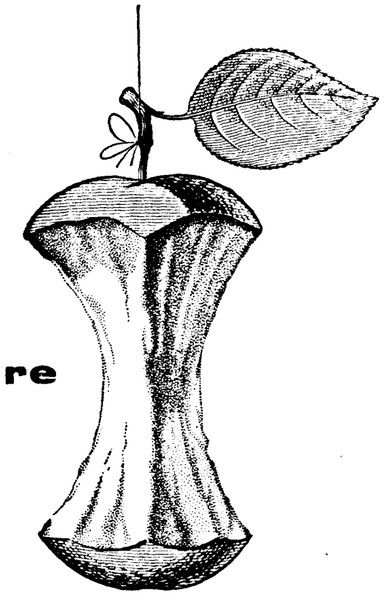
To date almost all of this business has been with Russia: recently, however, Mr S. P. Chambers, chairman-designate of Imperial Chemical Industries, revealed on returning from Warsaw that he had discussed plans there for ICI to supply the technique of manufacturing polythene to a consortium representing Poland, East Germany, Czechoslovakia and Rumania. As early as last March—and again in December—Mr Chambers indicated that ICI would attempt to increase its trade with Communist countries in the future, not only in chemicals but also in manufacturing processes. The company signed an £8 million agreement last autumn with Poland to supply "Terylene" fibre and technical information, and recently closed a smaller similar deal with Czechoslovakia. It is expected that representatives of the consortium will visit London in the near future: the agreement will presumably involve the manufacture of conventional high-pressure polythene rather than the new Ziegler low-pressure type and Mr Chambers has hinted that if concluded it may be worth over £1 million.

The greatest interest to date seems to have been shown in continuous processing plants for synthetic fibres, textiles and foods; the Russians, at least, appear to be buying development time as much as anything else, since their supply of engineering talent, great as it is, is no doubt overstrained by the efforts they are making to advance on all industrial fronts at once. How long this will continue to be the case is another question. They want the most up-to-date plants available, and some of their purchases—the acrylic and cellulose acetate plants bought from Courtaulds, for example—have been of remarkable size in relation to their apparent present demand.

COPPER MARKET

Towards a Surplus?

STRIKES in United States copper mines and smelters are over at last, as near as makes no matter. They lasted far longer than anyone expected—for six months at some plants—and resulted in the loss of roughly 320,000 tons of mine output. To the relief of other producers the world surplus melted away in the American west, to be followed by a shortage that will not quickly disappear. Copper for three months delivery in London closed on Thursday at £249 a ton, almost as high as last week's peak, and though the premium for prompt metal had narrowed it was still as much as £20 a ton. As the United States industry gets back into top gear world output of refined copper will once more be running ahead of consumption, though the effect on the market will be cushioned for a time as the pipelines are refilled. But this cushion



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What to do? You must be expertly advised by the *right* Advertising Agency.

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To employ your £10,000, £20,000 or £30,000 with a high sense of responsibility; to prosper *with you* rather than before you.

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We are now ready to give this service to one or two additional Advertisers. If your Promotion is a problem, and you would like us to get our teeth into it, the Managing Director will be pleased to hear from you.

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Bolton Railway Wagon Co. Ltd.

Tylers' own skilled teams ensure that their Precast Reinforced Concrete Buildings are erected swiftly, expertly and economically and – in the case of extensions – with the minimum dislocation of production. All buildings conform to B.S.S. Code of Practice C.P. 114/57 and we can supply insulation to comply with the Standard of Thermal Insulation for Industrial Buildings No. 1220 of 1958.

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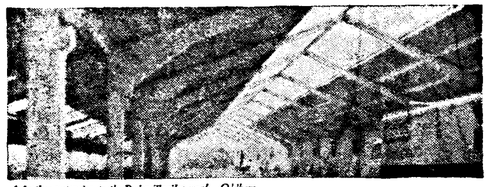

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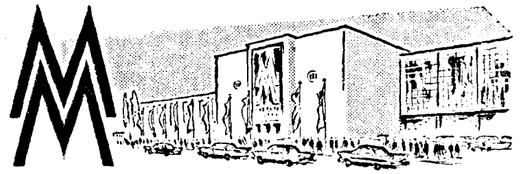

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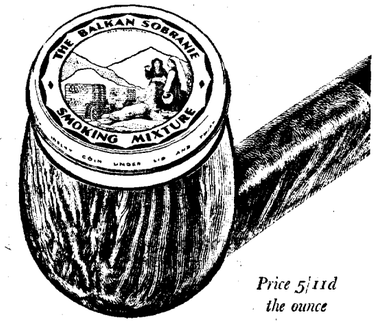
makes the elegant refrigerator?

The Pressed Steel Company. They make the Prestcold Packaway, a practical, versatile refrigerator that was named as a Design of the Year, and won the first-ever Duke of Edinburgh's Prize for Elegant Design.

PS represents Pressed Steel. There's something representing the Pressed Steel Company (it may be car bodies, railway wagons, refrigerators or pressings) in every country in the world.

Among the good things of life...



Price 5/11d the ounce

...in a world of change is the rare pleasure of enjoying a well-loved tobacco. Now, as yesterday, a quiet excitement hovers in the remembered fragrance of Balkan Sobranie. For Balkan Sobranie is a wise tobacco—a rich and satisfying tobacco—a subtle blend of matured Virginia and rarest Yenidje leaf.

Balkan Sobranie
SMOKING MIXTURE

does not look all that firm. Even in the United States consumers as a whole are not desperately short, and their buying policy will no doubt be influenced by a feeling that time is on their side. So it is—barring further strikes.

The apparent surplus is estimated in the British Metal Corporation's annual review. It considers that United States consumption this year may well rise by over 100,000 long tons or more to regain, if not exceed, the level of 1.16 million tons in 1955 and 1956; with a further rise to be expected elsewhere, it puts world consumption at about 3.8 million tons, which would be 250,000 tons above its estimate for 1959. But world capacity in 1960, including for the first time the big new Toquepala mine in Peru, is reckoned at about 4.1 million tons, suggesting that producers "may again be contemplating some measures of voluntary curtailment of output before the year is out."

THE JASPER CASE

New Witnesses

In further hearings of the charges against Mr Jasper, Mr Grunwald and Mr Murray at the City of London Court, Mr Maxwell Joseph, the former managing director of Lintang Investments, said on Thursday of last week that Mr Grunwald had suggested that they should make a joint offer for R. E. Jones (which owned the Piccadilly and other hotels). Their joint bid, however, was not successful and Mr Joseph eventually acquired the company for Lintang at 38s. 6d. per share. When Mr Grunwald acquired Lintang, R. E. Jones was included in the sale. The cost of the R. E. Jones take-over was £3 million, of which Lloyds Bank was prepared to advance £1¼ million.

Mr S. Berger, who was connected with a number of the companies in the Jasper group, said that Mr Grunwald asked him to apply to Barclays Bank for a £1 million overdraft for the purchase of Lintang shares. The bank agreed to lend £500,000 to Kadorum, one of his companies, which subsequently acquired 650,000 Lintang shares. He denied that he was interested in the Ely Brewery deal and that the £600,000 he had tried to borrow from the Co-operative Building Society was to lend to Mr Grunwald to finance this transaction.

On Monday Mr Woolf Brueckmann, a partner in H. Jasper and Company, said that he had been "furious" with Mr Grunwald not only for arranging the Lintang deal without consulting the partners of H. Jasper but also on the grounds that "he had overpaid Mr Maxwell Joseph by a considerable sum."

Another witness who gave evidence both on Monday and Wednesday was Dr Solomon Schonfield, a Rabbi, who has known Mr Grunwald for twenty years. He told how he had arranged the Grunwalds' trip to Israel. Mr Grunwald told him it was "necessary for him to be out of the country for a short while in connection with a business difficulty that had arisen." Dr Schonfield said that Mr Grunwald asked him to go to Cannes to see Mr Murray in connection with a short-term loan of £2 million. It was not clear whether the money was from Lloyds Bank or Mr Joseph. Mr Grunwald could not settle it and felt that Mr Murray could and should. Dr Schonfield said that Mr Murray said to him: "This is serious or terrible" (he did not remember which). "I must get back to London by the first plane. Why didn't the fellow stay and clear it up himself."

The hearing was resumed on Friday.

RAW SUGAR

Russia in the Market

Sugar has made a remarkably small response to the big purchases by Russia. A fortnight ago, when the Cuban spot price was 2.90 cents a lb, the International Sugar Council cut the apparent surplus for 1960 to only about 220,000 tons, and that figure looked generous at the time. Since then Russia has bought 345,000 tons from Cuba for February-May shipment at 2.78 cents a lb, and as part of a long-term agreement is buying another 425,000 tons, making, with an earlier contract, a total of one million tons this year. The long-term agreement provides for further purchases of one million tons in each of the next four years, with Russia paying 20 per cent in cash, and bartering goods for the other four-fifths.

Thanks to Russia, the surplus of sugar has been turned into an apparent deficit of 550,000 tons. Yet the spot price has rallied by less than two-tenths of a cent, and forward quotations throughout 1960 are still below the floor of 3.25 cents fixed under the international sugar agreement. Buyers and sellers have their own good reasons for ignoring the statistics. The council will not let any demand go unsatisfied; export quotas will be raised. Many private holders of Cuban sugar would rather sell now than hold off for a better price, and in view of their risks in Cuba they can hardly be blamed for that.

DOMESTIC APPLIANCES

Following a Boom

The domestic appliance industry enjoyed a boom year in 1959, and it is now wondering if it can expect 1960 to be even better. Last year refrigerator output rose 90 per cent on 1958, while the rate of production of washing machines and vacuum cleaners was 50 and 32 per cent higher in the first nine months than in all 1958. Sales may have risen more slowly: stocks, especially retailers', are higher now than a year ago. Part of this increase is preparation for the buying season, which is concentrated on the spring and summer; but part is unintentional, a result of over-ordering which naturally followed the shortage of supplies in the six months after the end of hire purchase restrictions in October, 1958. Retailers lack the space to carry heavy stocks, so one result is an outbreak of cut-price selling of refrigerators.

This is one factor that could depress output in 1960. Sales of appliances by the Electricity Area Boards in the last two months of 1959 were lower than a year before. The last two months of 1958, however, were exceptionally good: sales rose at a time when they would normally fall. So the industry considers that the market is returning to its normal seasonal pattern of sales. But this in turn means that the strength of demand will not become clear until after the budget. The industry feels that in general it should do as well as it did last year, if government policy remains the same. Demand for individual appliances is even more difficult to forecast. For washing machines and vacuum cleaners little change is expected. Refrigerator makers expect that sales will be a little higher, but they are unable to calculate the influence of last summer's weather upon demand. A cold summer might mean lower sales this year. But with refrigerators in only 15 per cent of British homes long-term prospects are for expansion. Competition for sales of all appliances will be far more intense, with most companies increasing their capacity.

British appliance makers may have to export more to keep their increasing capacity employed, but this will not be easy with export prices 20-30 per cent above those of other European makers. Sir Leslie Gamage told a conference on exports of domestic appliances last week that the industry should keep price cutting for export markets—in other words, it should dump. He went on to describe the influx of new firms into the industry in the past year as "poaching," which suggests that such increased competition is just what some firms in the industry need.

TELEPHONE LINKS

Across the Pacific

The second stage of the round-the-world Commonwealth telephone link has just been approved by the four governments concerned, Britain, Canada, Australia and New Zealand, after studying the technical report on the feasibility of this project prepared for them last autumn. To lay such a cable across 8,000 nautical miles, and at depths of as much as four miles at some points, will be one of the biggest feats of telephone engineering yet undertaken: it

was not at all certain at the outset that it could be done. By comparison, the laying of the first stage in the link, between Scotland and Newfoundland, is child's play. Cable for this trans-Atlantic stage is being manufactured now and should be laid in 1961. The trans-Pacific cable, estimated to cost £26 million (of which Britain is providing £8.3 million) will probably not be laid until 1964 and the link will be completed in a series of relatively short hops during the five years after. Its total cost is expected to be more than £80 million. How this is shared among the Commonwealth countries that the cable will link is a matter for hard bargaining as each stage is approved, but Britain is already committed to spending £16 million on these two first and most important stages, across the Atlantic and the Pacific.

JUGOSLAV BONDS

A Provisional Settlement

THE terms of last week's bilateral debt settlement between Jugoslavia and the Council of Foreign Bondholders are identical to the terms offered by the Jugoslav Government to American holders of its dollar issues. That was all that could have been expected, as one of the conditions demanded by the American bondholders last year was that better terms should not be offered subsequently to other creditors, and British bondholders have certainly secured a better deal than their French counterparts (who hold between 60 and 70 per cent of Jugoslavia's foreign debt) did in 1958.

The two loans concerned in the settlement are the Montenegro 5 per cent sterling loan, 1909, and the Jugoslav 5 per cent sterling Funding Bonds, 1936. Partial service on these bonds is to be resumed during the period 1960-64 and the first payment will be made at the rate of one per cent per annum on July 1st this year. Payments will subsequently rise by one-quarter of one per cent annually to a payment of 2 per cent on July 1, 1964. Holders of these bonds have received no interest since 1940 or 1941, and Jugoslavia has agreed to pay them one-half of one per cent per annum in addition to current interest payments, until the arrears are fully paid off. The capital amounts outstanding on these loans are small: about £150,000 on the Montenegro loan and about £10,000 on the 5 per cent Jugoslav Sterling Funding bonds. The Council of Foreign Bondholders emphasises that this settlement is only temporary and that it is hoped to reach a permanent settlement in the five year period covered by the agreement. In the meanwhile, the Council is still negotiating for a settlement to cover the two remaining Jugoslav loans: the 4 per cent Serbia Bonds and the Jugoslav 5 per cent Funding Bonds, which together involve about £40,000.

SHORTER NOTES

Partly by mortgage and partly by sale and lease-back, Prudential Assurance is to provide nearly £7 million in new finance to Central and District Properties. This company has estates in Central London, Liverpool and Brighton and is developing properties in Manchester. The new money will be used to repay bank overdrafts and to cover building commitments but it will still leave available "considerable funds for new developments and acquisitions."

*

Dracone Operations has been formed by associates of Hambros Bank, including H. Clarkson, the ship brokers, to promote the commercial use of the Dracone flexible barge developed originally with finance from the National Research Development Corporation. Barges with a 35-ton carrying capacity are being offered now at £4,225; 100-ton and 320-ton models will later become available at £6,720 and £17,400 respectively. The craft will also be available for hire. They will be made by P. B. Cow and the Frankenstein-Beaufort organisation.

*

Sales of gramophone records shot up in December to a total of nearly £2 million, a fifth higher than at Christmas a year ago, but total sales for the year still show the effects of the slump from which the industry did not really recover until the autumn. The value of those sales, at £13.6 million, was 2 per cent lower than in 1958. The year also marked the slow extinction of the 78 rpm shellac record, it accounted for only 12 per cent of the 67 million records pressed during the year and a bare 261,000 were produced in December, a tenth of the output twelve months before.

*

Having already acquired 78.8 per cent of the ordinary and 84.7 per cent of the 5½ per cent redeemable preference capital of de Havilland Holdings, Hawker Siddeley has made an offer through Philip Hill Higginson Erlangers for the £800,000 3½ per cent preference stock at 15s. 6d. per unit.

*

The Provincial Building Society, the sixth largest in this country, left the Building Societies Association two years ago. Its reasons for withdrawing have never been made known publicly. Now, after talks between its directors and the Council of the association, it has accepted a "cordial invitation" to resume membership.

*

Community Unit Trust ("Cupids") is now going ahead with its fourth block offer which was postponed because of the railway dispute. The offer of 16 million units at 3s. 2½d. a unit (to yield 3.2 per cent) closes next Thursday or as soon as the daily offered price varies from the price of the present offer by more than 2 per cent.

*

The response to the Domestic Unit Fund's offer of 5 million units at 4s. 5¼d. was described by the managers as "disappointing." They consider that the threat of a rail strike was the main reason why only 6,194 applications for 2,261,760 units —an average application of about £82— were made.

*

Shareholders of Bass Ratcliff and Gretton are to be offered the 1,966,769 new ordinary units (which represent Worthington's share of the two-for-one scrip issue) at a price of 22s. 6d. a share. On Wednesday at an extraordinary meeting to approve the new capital plans Sir James Grigg, the chairman forecast a total ordinary dividend of 20 per cent on the larger capital compared with the equivalent of 19⅙ per cent in 1958-59.

*

Spain has been granted a further credit of $25 million from the European Fund, which is controlled by OEEC. The fund has already provided credits of $75 million, of which only a third have been drawn. An expert mission sent to Spain by OEEC has reported favourably on the stabilisation programme.

*

World shipping laid up at the beginning of February amounted to 5,913,546 tons, or 6 per cent of the world fleet. This was a million tons less than at the beginning of December, 1959, when laid up tonnage represented 7 per cent of the total, and 1,435,000 tons less than at the beginning of 1959. The rate of scrapping doubled in 1959, to 2.9 million tons. The rise in tramp shipping freight rates, now about 10 per cent higher than a year ago, has encouraged some owners to bring ships back into commission.

COMPANY AFFAIRS
Comments on pages 759 and 762 on
Arusha Industries — English Electric
John Holt — British Oxygen
British-American Tobacco

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 760 and 761

LONDON STOCK EXCHANGE
The week's movements reported on page 762

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 763

COMPANY MEETINGS

THE LANCASHIRE STEEL CORPORATION LIMITED

SIR JOHN JAMES' REVIEW

RECORD PRODUCTION AND EARNINGS IN 1959

PROPOSED £9 MILLION EXPANION SCHEME

The thirtieth annual general meeting of The Lancashire Steel Corporation Limited was held on February 11th at the Masonic Hall, Winmarleigh Street, Warrington.

In the absence of Sir John James, the Chairman, The Earl of Crawford, KT, GBE, Vice-Chairman, presided and read the Chairman's Review, as follows:

Ladies and Gentlemen, I have great pleasure in presenting to you the Directors' Report and Accounts for the year ended October 3, 1959, and, in moving their adoption, of reviewing the year's working and the present position and prospects of your Company and the Steel Industry.

REVIEW OF PROFITS

I am glad to be able to report a considerable increase of just over £700,000 in the Manufacturing and Trading Profit for the year compared with that of the preceding year. In view of circumstances to which I shall refer in greater detail later in this address, I regard this as not only most satisfactory, but as a very notable achievement. The profit, after deducting Depreciation and Reserve for Replacement of Fixed Assets of £1,275,000 in total, is approximately £3,480,000, and is, I believe, a record in the history of the Company to date. I emphasise "to date" as I have every hope that it will not long remain a record.

Income from Trade Investments again shows a sharp increase compared with the preceding year—on this occasion of just over £200,000. As I intimated last year, this income is derived from one of our Associated Companies whose Dividend policy it has been possible to liberalise as a result of the cancellation of Distributed Profits Tax, and whilst I cannot indicate that Dividends from this source will always continue at the present level, I have no doubt they will continue to be a valuable source of income.

The total income before Taxation amounted to £3,873,000, from which it is necessary to provide £1,950,000 for Taxation, leaving a net income of £1,923,000.

Out of this balance the Dividends on the 5¾ per cent Redeemable Cumulative Preference Shares and the special Interim Dividend of 2 per cent declared at the same time as the Final Dividend for last year have been paid, and out of the balance the Directors declared an Interim Dividend of 5 per cent on the original Ordinary Share Capital of £4,500,000, and now recommend a Final Dividend of 6 per cent on the Capital as increased to £9 million by the issue of 4,500,000 new Ordinary Shares as a free Scrip Issue on September 24th last.

The effect of this Interim and Final Dividend is that an effective rate of 8½ per cent has been paid or recommended for the year just ended on the present Ordinary Capital of £9 million.

After providing for these Dividends there is a balance of £1,245,000 and the Directors have allocated the sum of £1,200,000 to General Reserve, leaving the balance of £45,000 to increase the carry-forward, which now stands at £940,000.

CONSOLIDATED BALANCE SHEET

In the Consolidated Balance Sheet you will note that the Capital reflects the issue of £4,500,000 new Ordinary Shares in September last, to which I have referred, and now in total stands at £13½ million. This sum does not, of course, represent the true value of the Corporation as there are, in addition, Capital and Revenue Reserves amounting to some £8,500,000, bringing the net book vale of the Corporation's Assets to over £22 millon.

Despite the capitalisation of £4.50.000 of General Reserve by the issue of Scrip Ordinary Shares to that amount, the Reserves in total only show a reduction of some £1,700.000 and still amount to over £8½ million. The reasons for this comparatively slight diminution are the receipt of a Special Dividend, free of Income Tax, of £1 million declared by the Asociated Company I have referred to, from the profits of several prior years, the transfer from Profit and Loss Account of £1,200,000, the release of £200,000 of provisions for Taxation rendered unnecessary by the reduction in the standard rate of Income Tax, and the allocation of £350,000 to Reserve for Replacement of Fixed Assets.

Once again the Consolidated Balance Sheet shows a very strong financial position, Current Assets exceeding Liabilities by over £7½ million. This is actually an increase of over £1 million compared with the excess a year ago, despite the fact that Capital Expenditure during the year amounted to over £2 million.

The surplus will be of the greatest assstance in enabling us to meet the further Development Programme to which I shall refer later.

Outstanding contracts for Capital Expenditure at the date of the Accounts amounted only to £865,000. This shows some reduction compared with the position a year ago and marks the virtual completion of the recent Development Programme. It is clear that we shall be able to meet these liabilities without difficulty.

THE YEAR'S TRADING

The most notable feature of the year just concluded was the extraordinary difference in the demand for our products, particularly small sections, rods and wire. In the early months, that is to say, from October, 1958, to May, 1959, the demand was extremely meagre; in fact, it was a constant worry and preoccupation to obtain enough orders to make up reasonable rolling tonnages for the Mills each week—indeed, some were working on short time. About May, 1959, however, the demand, particularly for rods and wire, suddenly revived, and from then onwards has continued and increased to such a degree that in spite of working our Rod Mills to their utmost capacity we cannot meet the demand made upon us by our customers and our own Subsidiary Companies. Whilst this is a very welcome change, nevertheless we wish we were in a position to supply more of their requirements.

The rod and wire trade has always been subject to a certain amount of sudden swings in demand, but in all my years of experience I have never known quite such a sudden and complete reversal which applies, not only to this Company but to the country as a whole; indeed, the shortage appears to be world-wide as it is impossible to supplement the supplies available in this country by purchases from abroad, either at a reasonable price or with reasonable dates of delivery.

In view of this position your Directors have decided to install with the utmost possible speed a new Rod and Bar Mill at the Irlam Works. Planning approval has been obtained and it is hoped that the Mill will be in production in the Spring or early Summer of next year. If it is it will go some way towards alleviating the present shortage of rods in this country and in satisfying our customers' demands.

Production from our Steel Works during 1959, although curtailed in the early part of the year due to the shortage of demand, finally finished at the highest yearly tonnage we have yet achieved, whilst the final quarter's tonnage was at an even higher annual rate.

REVIEW OF PAST DEVELOPMENT

Our 1953-58 Development Scheme is now virtually complete. Included in this, it will be remembered, was the complete rebuilding of our original coke oven battery together with the building of an additional battery. As a result we now have sufficient coking capacity to meet all our future needs for the production of basic iron, provided sufficient coal of the right quality is available.

Our wharf installation at the Irlam Works, a photograph of which is included in the Accounts, is working very satisfactorily, and ore ships of 12,000 tons, the largest capacity which can be accommodated in the Manchester Ship Canal, are regularly unloaded at the rate of 500/550 tons an hour.

The second large-capacity blast furnace is completed and will shortly be brought into production.

In the past we have always had to rely on ingots purchased from outside sources to work our Rolling Mills to capacity. This position has now changed with the installation of two of the three open hearth furnaces included in the 1953-58 scheme.

The new Blooming Mill has proved a great success, and when our Continuous Billet Mill, a photograph of which is also included in the Accounts, comes into production, as it will very shortly, our 32 in. Reversing Mill will be released for the production of light-heavy sections and joists, a trade in which we have taken little part in the last few years due to the

very heavy demand for billets for our Rod and Light Section Mills.

At the Warrington Works the Rod and Bar Mill cooling bed is in an advanced stage of construction, but we have not pressed its completion as the demand for rods in coil is so high that we cannot, without seriously affecting our wiredrawing customers, produce bars in straight lengths at the present time. It is expected, however, for reasons which I shall shortly mention, that this position will be rectified during the next two years.

An interesting development at Rylands Brothers has been the installation during the year of a new Nail Packaging Plant using cartons, which have completely superseded bags. A photograph of the new Plant also appears in the *Accounts*; it is now working satisfactorily, and this method of packing is much appreciated by our customers, particularly in the export trade.

DEVELOPMENTS ABROAD

Our interests abroad are mainly concentrated in Rhodesia and they fall into two parts—our investment in The Rhodesian Iron and Steel Company Limited and our own Subsidiary Company, Lancashire Steel (Rhodesia) (Private) Limited.

Demand for the products of The Rhodesian Iron and Steel Company is still low, although it has recovered somewhat from the severe recession to which I referred a year ago. Considerable progress has been made with the re-equipment of the Works and it is expected that the new units will commence to come into production in the Autumn of this year and the whole programme will be completed within about nine months thereafter. We are sure that this Company will prove a most important factor in the Federation's development.

Our own Subsidiary Company, Lancashire Steel (Rhodesia) (Private) Limited, has suffered considerably during the year from the world shortage of rods and has at times been quite unable to obtain the supply required. It is, however, expected that this will be rectified when RISCO steel is available and the Rod Mill which we are at present installing at the Works of our Subsidiary Company comes into production in twelve months' time. We believe that then we shall be able to supply the major part of the Federation's requirements of wire and many wire products, and may also, in view of the extremely competitive prices, find markets abroad.

After the most careful consideration of the proposal to install a Wiredrawing Plant in New Zealand, to which I referred last year, it has been decided that such a project would not be in our best interest.

FUTURE DEVELOPMENT

With the completion of our second Development Programme we are now ready to embark upon our 1960/65 Development Scheme, under which it is our intention, subject to planning approval, to increase our ingot production to some 800,000/900,000 tons per year.

In planning this increase we have regarded it as essential to base it upon a high use of hot metal, as scrap is bound to be in short supply as a result of the general planned increase in the country's steel production during the next five years. Therefore, it is proposed to install at Irlam further Ore Preparation Plant, including a Sinter Plant, to proceed with the building of a third large-capacity blast furnace and ancillary Plant and o replace any of the old equipment still in u at the existing furnaces. These developmets should provide sufficient hot metal for he projected increase in ingot production.

To giv us the required increase in ingot productioi we intend to build immediately the third ope hearth furnace outstanding from the 1953-8 Scheme, and we hope to obtain approval 'or the installation of the electric furnace rentioned in my speech last year. At the sametime we are actively examining the many ne' processes of steel manufacture, particularly ıe use of oxygen, which are designed to increa; output.

As I hve already mentioned, a new Rod and Bar Millis to be installed at Irlam, and the increasedsteel production will ensure that steel is availale, not only for this Mill but also for the prodction of light-heavy sections, joists and bars, to ll of which I have referred.

With he completion of these developments the site if the Irlam Works will be utilised to its fulle: extent. From now on, therefore, our efforts a this Works must be concentrated in moderning wherever it is necessary and in increasig our efficiency, as I am convinced that only so shall we reduce costs to the lowest possiblelevel and thus be able to compete in the wold markets of today where so many countrie, which in the past have relied on the United Kingdom for their steel supplies, are now intalling their own Steel Works, and, in many ases, with the advantage of cheaper labour ınd raw materials than are available in this contry.

At he Warrington Works, the 1960-65 Schem provides for the modernisation of the three cher Bar Mills during the course of the next tree years. As a result we shall be able to tak advantage of variations in demand betwea all the light rolled products which we produc.

Whist having due regard to the claims of the irdependent wiredrawing firms, the consideralle increase in capacity of our Rod Mills will erable us to raise the finished wire capacity of our Subsidiary Companies, Rylands Brothers and Whitecross, so that they will be in a position to tak advantage of the ever-increasing demand for fiished wire in its many and varied forms, and nw machines will be installed as necessary to tak advantage of the increased rod supplies. In paticular, we are sharing in the development of pr-stressed concrete wire which it appears will le in ever-increasing demand for bridges and concrete structures of all kinds.

We estimate that the 1960-65 Development Progamme which I have outlined above will involve an expenditure of some £9 million, and we confidently expect that it will raise the output and standard of efficiency at all our Works to the very highest level.

NATIONALISATION

In past years I, in common with the Chairmen of other Steel Companies, have expressed oppsition to the principle of nationalisation. I need now merely say that the electorate in the recent Election decisively rejected this proposal, and I hope that the peril of nationalisation, under which the Steel Industry has suffered so long has now been removed for all time.

STAFF

I must pay my own and the Directors' tributes to the efforts of all employees in the Group. As I have said, trading conditions were most difficult in the early part of last year, but the way in which we were able to meet the sudden increase in demand, and the results now before you, are in large measure a tribute to the efforts of all concerned.

CONCLUSION

In conclusion, the success of our efforts for the past year is before you and I have every confidence that the future programme I have outlined will be equally successful. Our financial position is strong enough to enable us to complete this programme from our own resources or with only some small assistance from our Bankers. We are ambitious for the future of our Company and firmly believe that what others can do we can do at least as well.

The Report and Accounts were adopted.

CASTLEFIELD (KLANG) RUBBER ESTATE

MR ADDINSELL'S STATEMENT

The Annual General Meeting of Castlefield (Klang) Rubber Estate, Limited, was held on February 12th in London. Mr Jack Addinsell, the chairman, presided.

The following is taken from his circulated statement:

The Company has had another good year with much improved results. Yields from the areas of our prewar and postwar modern rubber, and from old seedling areas under stimulated tapping methods, exceeded expectations and the total crop of 2,920,000 lb was over 16 per cent better than that harvested in the previous financial year.

Net proceeds do not reflect, except to the extent of about 2d. per lb, the recent substantial increase in rubber prices, but we received a total of £271,943 on the larger crop, or some £60,000 more than in the previous year. Production costs, on the other hand, remained virtually unchanged. Duty and cess rose proportionately with the increase in prices, but other expense and overheads showed no material change. A noticeable item of income from other sources was the replanting grants received totalling £12,156, compared with £3,197 during the previous year.

The profit before tax, £108,254, shows a satisfactory increase over that for 1957-58 and is incidentally almost identical with that earned in 1956-57. Tax requires £19,422 (Malayan Company tax is now 40 per cent). An interim dividend of 10 per cent was paid in July last and your Directors now propose a final dividend of 25 per cent, making 35 per cent for the year. The dividends amount to £42,875 net and the balance to be carried forward to the current financial year is £20,246.

The comparatively high prices we have been obtaining in the current year give promise of satisfactory results for the period ending June, 1960. The Company still has a heavy programme of rejuvenation before it, mainly at Bukit Berut estate, but we can expect continuous improvement in crops as the proportion of modern high yielding rubber in tapping increases. In fact, the Company has started to reap the benefits of its vigorous replanting and new planting policy.

The report was adopted.

Year of success sets stage for great new expansion

Extracts from the statement by Mr. G. C. R. Eley, C.B.E., Chairman, RICHARD THOMAS & BALDWINS LTD., given at the Annual General Meeting, Thursday, February 11th, 1960.

Profits up over 25%
Development programme accelerated
New £110,000,000 plant at work by 1962

This is my first report as Chairman of this Company and I would like to commence by paying to its Management, Staff and Workpeople an immediate tribute. In a year of considerable physical difficulties, they have enabled us to achieve an increase in profits of over 25%.

Such a result could only have been achieved by the exercise of determination, ingenuity and wholehearted teamwork. We are fortunate in that we have as Managing Director, Mr. H. F. Spencer, a man of energy, imagination and infectious human qualities; and that he is backed by a body of able and skilled enthusiasts. They are lucky to have the great opportunities for achievement and for hard and exciting work that lie ahead of them in the future. I count myself lucky to be of their company.



Mr. G. C. R. Eley, C.B.E., Chairman, Richard Thomas & Baldwins Ltd. "Great opportunities for achievement lie ahead."

FUTURE PROFITS

During the year we spent on capital works over £9¼m., mostly on developments at Ebbw Vale, Redbourn, Panteg, our Midland Works and on a new Press Shop in West Wales.

Many of the more difficult additions and modernisations at Ebbw Vale and at other Sections have now been carried out. They should yield us benefits in the current year when we anticipate that our profits, in the absence of circumstances outside our control, should make another substantial advance. In subsequent years, while we are working on our big new development programme, profits should be further supplemented by earnings from other new plant that will be coming into operation, but interest and depreciation charges will be growing at the same time.

FURTHER OUTLOOK

In 1960 we shall be introducing at Ebbw Vale the L. D. oxygen top-blown steel process, while at Redbourn we are installing a Rotor Furnace for pre-refining. Both these developments will be the first of their kind in the United Kingdom. The new Spencer Works at Llanwern, near Newport, will incorporate the most modern plant and most up-to-date processes including the L. D. oxygen top-blown process of steelmaking. The Company is now the sole licensee for that process in the United Kingdom and in the Commonwealth, excluding Canada and India.

In many other directions also we are experimenting in the forefront of modern practice. For example, we are considering the installation at our Panteg Works of a large scale experimental plant to pursue the continuous casting of wide slabs in low carbon steel for sheets and tinplate and the production of stainless steel slabs. By the time that we are ready for the further development of our Newport site, we hope that continuous casting may have been sufficiently developed to enable it to play an integral part in the steelmaking process there.

DEVELOPMENT SCHEMES

During the year the Board approved schemes at our Ebbw Vale works for the erection of an additional Electrolytic Tinning Line, the installation of the L. D. process, additional Soaking Pits and an Acid Recovery Plant, totalling in all £7,688,000. Previous schemes at Ebbw Vale had included increasing steel production, repowering the continuous Hot Strip Mill, replacing the 5-Stand Mill and converting the 3-Stand Sheet Mill to a 4-Stand. The new Electrolytic Tinning Line will be of the latest design and suitable for differential tinplate coatings.

A scheme for the erection of a continuous Billet Mill at our Redbourn Works at a cost of £6,703,000 was also sanctioned. In addition, work at Redbourn was continued on last year's schemes for the opening up of a new orefield, enlarging iron production, building a Sinter Plant and installing the Rotor steelmaking process.

Work also went forward satisfactorily at our Panteg Works on schemes for improving the production of stainless steel, including the installation of a Sendzimir Cold Reduction Mill, a new Planishing Mill and new ancillary equipment; while in the Midlands work was completed on a modern plant for the integrated and continuous processing of ultra-low-loss grain-oriented electrical quality sheet and strip.

NEW INTEGRATED PLANT

Considerable though these developments are—and of importance for the future growth of the Company—pride of place must be given to the great new integrated Hot Strip and Cold Reduction Mills which we are installing at Llanwern, near Newport. Named the Spencer Works, in honour of our Managing Director, this Mill was initially planned to produce 1,073,000 ingot tons and to cost approximately £100,000,000. The Ministry of Power agreed to loan us up to a maximum of £60,000,000 for this development.

Since the end of the financial year, we have received the approval of the Iron and Steel Board to increase this scheme so as to achieve an output of 1,400,000 ingot tons and the estimated total cost has risen to about £110,000,000. We have also agreed to accelerate construction of the Spencer Works so that they can come into production by April, 1962, twelve months earlier than originally intended. The Ministry of Power has agreed to increase its loan to the Company to a maximum of £70,000,000 to help in taking care of these new developments.

The Spencer Works is being built on a green field site which will permit of great subsequent expansion. The first stage itself can readily be expanded to produce at least 3,000,000 ingot tons per annum and includes Coke Ovens, Blast Furnaces, L. D. Steel Plant, a Slabbing Mill, a Continuous Hot Strip Mill and a 4-stand Cold Reduction Mill. The Plant and its layout will make it amongst the most up-to-date integrated strip mills in the world.

At this stage I would like particularly to acknowledge the work done by our General Manager of Engineering, his staff and all those throughout the Company who have been engaged on our many development projects.

An agreement has been entered into with The Steel Company of Wales Ltd. to hire-roll for it in the new hot strip mill, when it is in operation, about 400,000 tons of strip per annum. This agreement will run for 5 years and will leave ample capacity to take care of our own planned production and of the next stage of our development.

EXPENDITURE AND FINANCE

During the last five years the Company has spent over £33,000,000 on modernisation and new development. Yet throughout that period, until quite lately, it has been a lender, not a borrower, of money. It will, of course, need to borrow substantially to finance its latest programme, but we estimate that its borrowings should be relatively temporary in character.

TRAINING AND RESEARCH

The Company has been in the forefront in the application of new education and training techniques.

We are, indeed, researchers in the widest sense of the term. We examine new steels, new processes, new products new materials and new equipment. We maintain Research and Productivity Engineering Units. We have an active Economic and Market Research organisation. This is a Company, in fact, with a restless and forward-looking outlook, inquiring but not credulous, tough but humane.

RICHARD THOMAS & BALDWINS LTD., 47, PARK STREET, LONDON, W.1

JUTE INDUSTRIES LIMITED

IMPROVED RESULTS

INCREASED DEMAND FROM FLOOR-COVERING INDUSTRIES

SIR WILLIAM G. N. WALKER'S STATEMENT

The thirty-ninth annual general meeting of Jute Industries Limited was held on February 15th, at Meadow Place Buildings, Dundee, Sir William G. N. Walker (chairman and joint managing director) presiding.

The Secretary (Mr W. A. Jeffray, CA) read the notice convening the meeting and the report of the auditors.

Addressing the meeting, the Chairman said: With your permission I will take the accounts and the report of the directors as read. (Agreed.)

A preliminary statement by the Chairman circulated with the Accounts read as follows:

As before, I intend to make an up-to-date statement on general lines at the Annual General Meeting.

Last year I told you that, but for uncertainty as to certain imponderables, I could not fail to be optimistic. In the year under review, these imponderables did not affect us adversely and after meeting all expenditure including depreciation, the trading surplus of the group showed an increase of £362,199; after tax the group profit at £422,592 has increased by £272,716. The improvement resulted from more favourable trading conditions and better net results from subsidiary companies.

Representations have been made to the Board of Trade by Indian interests pressing for a reduction in the "mark-up" imposed by the Jute Control on imported standard goods: until we know the Board of Trade's reactions to these representations, it would be imprudent of me to make any forecast as to the level of profits that may be earned over the current financial year—as things stand today order books are well-filled and activity at present levels is likely to be maintained for several months.

Year after year, I have commented on the damage that Pakistan can do to herself and her customers by limitation of crops. The recent marked advance in Pakistan raw jute price levels gives us cause for anxiety, and stock losses may well be incurred on a falling market.

The spinning and weaving sections of our business continue to be very active due to increasing demands from the floor-covering industries at home and overseas, to whom go approximately sixty per cent of our total sales. The soft floor-covering industries in particular are large consumers of our specialised products and are benefiting from the demands created by a rising standard of living throughout the world.

For soft floor-coverings, in addition to the continuing demand for jute supplies in yarn form there is also an ever-increasing demand for high quality jute cloth. We are being hard pressed from home and abroad to satisfy these requirements and have already spent, or are committed to spend, close on £1 million on weaving development.

Apart from expansion which has and is taking place in our existing works, we have acquired, since the end of the financial year, the old-established weaving firm of D. & R. Duke Limited, Brechin, in whose premises and with whose skilled assistance we intend to install and operate a block of specialised equipment. The other new subsidiary company, John Frew (Belfast) Limited, has been acquired to strengthen our sales organisation in the Northern Ireland area.

At the meeting the Chairman said:

"Since my preliminary statement accompanying the Accounts was written, the Board of Trade announced that the mark-up on certain jute goods imported by the Jute Control would be reduced from 30 per cent to 20 per cent with effect from January 15th. Since the previous reduction in mark-up in July 1957 your company has taken steps to make itself less dependent on the manufacture of standard goods, and as a result the Government's recent action will only affect the profitability of between 5 and 10 per cent of the company's total production; the reduction that will take place in our production of standard goods should, under present economic conditions, be more than offset by expansion on speciality products. It is not only from the home trade that demand for these products is good. Our export business has increased, and during 1959 we exported goods manufactured by the group to the value of nearly £1,500,000.

RAW JUTE

Unfortunately my warnings at this time last year have proved correct, and, because of a threatened shortage of raw jute supplies both in Pakistan and India, we saw a rise in price from the end of October 1959 to mid-January 1960 of from 10 per cent to 15 per cent in the cost of our raw material. This, much though we regret it, has meant higher yarn and cloth prices for many of our customers.

It would appear that the authorities in Pakistan have realised the dangers of restricting their crop, and I was glad to read the announcement of their Commerce Minister on January 25, 1960, that jute growers in Pakistan in the coming season would no longer require to obtain licences in order to sow their crop except in the border areas where smuggling to India used to be prevalent. I feel sure that in the long run an adequate supply of raw jute for the world markets will be to the benefit of both Pakistan and ourselves, and, I would hope, lead to a period of more stable prices.

At the request of the Industry here, a delegation is arriving from Pakistan at the beginning of next month. The members of this delegation, in their capacity as members of the Pakistan Jute Enquiry Commission, have since the middle of last year been examining the raw jute industry in Pakistan, and will in due course be reporting their findings to the Central Government. It is our hope that there will be no major interference with the present methods of marketing raw jute overseas. Our future lies to a very marked extent in speciality business, and under the present system we have been able to buy the types and qualities of jute we need for these requirements.

MANAGEMENT

Your Board have again had the utmost co-operation from a loyal and hard-working management team. To them and all employees, whose joint efforts are largely responsible for

the much improved results, we offer our most sincere thanks.

Uncertainty as to the future still exists, but it is hoped that the over-all level of activity that we have at present reached will be maintained for some time to come, and that our results for the current year should not be unsatisfactory."

MILLS & ROCKLEYS LIMITED

(Outdoor advertising in more than 200 towns throughout the Midlands, South West, East and North East England)

GROWING IMPORTANCE OF POSTER ADVERTISING

The thirty-first annual general meeting of Mills & Rockleys Limited, will be held on March 14, 1960, in Coventry.

The following is an extract from the statement by the Chairman, Mr George T. Mills:

The Group profit, after tax, is £83,064 after providing in full for a small loss in one of the subsidiary companies, and after writing back £6,500 for tax over-provided in the previous year. Your Directors propose a transfer of £25,000 to General Reserve as last year.

In view of the higher amount of profit after tax available this year the Directors also propose to raise the Ordinary dividend from 1s. 3d. to 1s. 4½d. per share. This will leave the carry forward at £49,369 compared with £42,693 a year ago.

Although the volume of sales in the early part of 1959 was somewhat lower than in the corresponding period in 1958, there has been a subsequent improvement, and we are expecting sales for the present year to be higher than those for 1959. With the improvement in the national economy, both large and small advertisers are increasing their appropriations to the mutual benefit of themselves and ourselves.

I mentioned a year ago that users of commercial television were beginning to realise that poster advertising does a vital job in an advertising campaign, and this realisation is growing to your company's advantage. Advertising is necessary both indoors and outdoors, and the essential part that poster advertising can play in clinching the sale of goods advertised indoors, on television or other media, is becoming increasingly accepted. There are, of course, a large number of advertisers with products which do not appear on our panels, and it is to these potential customers that we are directing our sales drive.

Our recently built factory for screen printing at Coventry is beginning to function well, although we are still experiencing some teething troubles. The demand for our high quality printed circuits has increased greatly, and we are therefore taking the necessary steps to increase our production facilities.

Our associate company in South Africa continues to operate at a profit, and past losses are being recouped at a steady rate. This company is gradually expanding the amount of advertising space and operating area in the Union.

We have had some changes on our Board during the year. I greatly regret that Miss C. L. Champion died early in 1959. My son, John Mills, has been appointed a Managing Director of the parent company and Mr George S. Campbell, Managing Director of Franco Signs Limited, has joined the Board.

J. SAMUEL WHITE AND COMPANY

(Shipbuilders and Engineers)

CURRENT TRENDS AND PROSPECTS

The sixty-second ordinary general meeting of J. Samuel White and Company Limited was held on February 17th in London, Sir James A. Milne, CBE (Chairman and Managing Director), presiding.

The following is an extract from the Chairman's Address circulated with the report and accounts for the year ended September 30, 1959:

Since the end of the financial year the only order received is that in respect of seven 27 ft. open motor boats for the Admiralty. Work in hand is, therefore, little changed from that in the Directors' Report, and unless new orders are received in the very near future, it will be difficult to keep the Works fully employed for the next two years. The last large order for new ship construction was received in January, 1958. Naturally every effort is being made to obtain further work. Inquiries are very scarce and are being widely circulated to many shipbuilders in the United Kingdom and abroad. Competition is, therefore, most keen.

Somerton Works have had a very successful year. Their products now include evaporator plates, bottle coolers, frozen food display cabinets, automatic ice-cream making and dispensing machines and sub-contract work making stainless steel cabinets including assembly into a popular chicken roasting machine.

The Island Transport Company Limited suffered a loss of £4,312 and this was made good by a subvention payment from the Parent Company. The loss was due entirely to the need to renew the propelling machinery in one of the cargo carrying vessels, the cost being included as a charge against revenue.

Wm. Weatherhead & Sons (1954) Limited have maintained the steady progress of the past two years with a slight increase in the profit which has been retained in the business. Current orders are sufficient to keep the present labour force employed for the next nine months.

Our rope-making subsidiary, Henry Bannister & Company Limited, were able to reduce their trading losses by increasing turnover and as a result of economies effected. A subvention payment was, however, made to them to eliminate the loss of £353. Research into the development of man-made fibre rope has reached an advanced stage and the Board feel confident that a product can eventually be produced at a competitive price.

Regarding the Consolidated Profit and Loss Account, the trading surplus of £350,177 compares with £263,112 for the previous year and the Consolidated Profit after taxation is £180,521 compared with £118,962 for last year.

Your Board have recommended a final dividend on the Ordinary Shares of 17½ per cent, making a total of 22½ per cent as opposed to 20 per cent in the previous year. When we made this recommendation known to the Stock Exchange, we specifically emphasised that we could not anticipate such a high level of profit for the year ending September 30, 1960. The statement then made still holds good. It is a little too early for me to be more factual in this respect.

The report and accounts were unanimously adopted.

TEACHER (DISTILLERS) LIMITED

SATISFACTORY INCREASE IN PROFITS

The Eleventh Annual General Meeting of Teacher (Distillers) Limited was held on February 16th in Glasgow.

Mr R. M. Teacher (the Chairman), presided and, in the course of his speech, said:

The Profit for the year at £867,817 shows a satisfactory increase of £123,523 on last year's figure of £744,294. The increase is due to the continued improvement in sales of our Brand. The net Profit to be dealt with at £178,133, is an increase on last year of £65,625. The Directors feel that, in view of the results of the past year, they are justified in recommending that the Final Dividend on the Ordinary Shares be increased to 7½ per cent, making 12½ per cent for the year on the new Capital.

The trading year under review has been very satisfactory, and the demand for HIGHLAND CREAM continues in all our established markets. The ever-increasing popularity of Scotch Whisky can now be more readily seen in the markets where improving prosperity is taking place, and where legislative factors do not restrict the sales. This particularly applies to the United States where exports have steadily risen year by year. The easing of the import restrictions in Australia was immediately apparent. The increased quotas to France at the beginning of the year, too, reflect the demand, and it is a welcome announcement that, for this year, quotas to that country will be abolished. One can only hope that this example may be followed in other markets before the popularity of our important native product is too seriously affected as could well be the case in New Zealand which imposed the restrictions last year. The position in Canada as to sales is much as in the previous year. In order to have more direct contact with this important market, in January last year we acquired an interest in an import firm with whom we have had connections for many years in Montreal. We have also considerably extended our activities in the Far East.

While our sales of HIGHLAND CREAM in the Home trade continue a satisfactory upward trend, it had become apparent in the Industry that demand and supply had so nearly reached equality that freedom of supply would have no major effect on demand. We, therefore, in the middle of the year, in line with others, intimated this fact to our customers. Though it is perhaps early enough to gauge the results of this freedom, there is no doubt that this position has been created in our Industry by two main factors, namely, the penal taxation of the spirit duty of £10 10s. 10d. per proof gallon, or close on 200 per cent borne by our Industry, and the competition from hire purchase which has so benefited through relief in purchase tax. With the very small decrease in exports, and the suppression of the consumption of our native product at home, this could well in a very short time cause considerable unemployment in the Industry.

In spite of the factors already referred to, and along with the increased tempo of competition, your Board have the greatest confidence in the overall prospects for your Company in the coming year.

The report and accounts were adopted.

THE NATIONAL BANK LIMITED

ANOTHER YEAR OF VERY GOOD PROGRESS AND EXPANSION

LORD PAKENHAM'S ADDRESS TO THE SHAREHOLDERS

In his speech at the 125th Annual General Meeting held at 13 Old Broad Street, on Thursday, February 11, 1960, The Lord Pakenham, PC, JP, Chairman, announced that the Bank had enjoyed another year of very good progress and expansion. He commented on the various items in the Balance Sheet and drew special attention to the increase in Current, Deposit and other Accounts to a new peak figure of over £100 million and to the Advances which were higher at £43,900,000 by £6,300,000.

Lord Pakenham said that in England the Bank had continued its programme of expansion by opening a Branch at Reading and mentioned that the old premises at Oxford Street had been replaced by a larger and more modern office at Cavendish Square. He also announced that the Bank hoped to have a new building for its Notting Hill Gate Branch in 1960. As regards Ireland, Lord Pakenham reported the modernisation of several existing premises throughout the country, and announced plans for an almost complete reconstruction of the Bank's principal office in Ireland at College Green, Dublin.

Turning to the Profit & Loss Account, Lord Pakenham drew attention to the increase in the profit from £268,757 to £366,126 and said that, after increasing by £10,000 the allocation to Contingencies Reserve, it was possible to increase the dividend by 2 per cent.

ECONOMIC BACKGROUND—IRELAND AND BRITAIN

The Chairman continued by drawing a comparison between Banking and other Economic trends in Ireland and Britain. He referred specially to the Radcliffe Committee Report (he was one of the first to recommend an enquiry of this type) and quoted from the Report regarding long term investment abroad. He said the whole future of the world might well depend on the extent to which the richer countries such as Britain were able and willing to assist the development of the poorer countries. As far as Britain was concerned he thought this function could only be performed if a much higher surplus on Current Account were achieved than that which would be necessary if we were concerned with our future alone. "The question 'How much is the City worth to the City?' has long since been superseded by the question 'How much is the City worth to Britain?' and increasingly by the still wider issue 'How much is the City worth to the World?' The sun has set on military and financial imperialism, but for those of us who believe with all our hearts in a new era of partnership between 'advanced' and 'under-developed' countries, the tasks, challenges and opportunities awaiting the City of London loom ever larger. I am hopeful that it is by this test that the City of London will be well content to be judged."

The Bank's advances to farmers in Ireland showed a particularly large expansion, said Lord Pakenham, and he referred to the full part played by the Bank in participating in the credit schemes sponsored by the various farmers'

organisations and the provision of its own schemes for special purposes.

BANKING AS A PROFESSION

"The 60s would seem likely to offer to the Banks unrivalled opportunities for expansion, but the problem of future staffing lies at the heart of everything. The position now is very different from what it used to be. The work to be done in Banks is more interesting than ever and calls today for a new kind of initiative as well as the solid character long expected in bank men and women. Whilst banking is not a career well suited to egoists, there must be the inducement that a well educated and enterprising man or woman will receive a differential reward according to his or her merits and qualifications. There is no reason why every bank man should not aspire to the very highest positions and the example of my distinguished predecessor, Mr Michael Cooke, proves that anyone joining the Bank might carry the Chairman's baton in his knapsack. Banking today has become a highly serious, complicated and expert business and once this fact is recognised and effect given thereto, banking—a profession of acknowledged status—will never run short of recruits of the highest quality. We on the Board tender our sincere and grateful thanks to all members of the Staff, who are a devoted body of men and women."

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

Hudson's Bay Oil and Gas Company Limited and its subsidiaries had net operating income of $2,821,000 or sixteen cents per share for 1959. Net operating income for 1958 was $1,316,000 or seven cents per share. The improvement in earnings resulted primarily from increased natural gas sales and reduced dry hole costs. Special credits, primarily from sales of properties, raised total net income for 1959 to $3,764,000. Hudson's Bay Oil and Gas Company's net crude oil production averaged 21,144 barrels daily in 1959—an increase of 1,045 barrels daily or 5.2 per cent over 1958. Sales of natural gas for 1959 averaged 47.9 million cubic feet daily compared with 14.4 million cubic feet daily for the prior year. G. T. Pearson, President, said the company's natural gas sales will more than double during the next few years if pending export permits are approved and natural gas pipe lines are built to large US market outlets. During 1959 Hudson's Bay Oil and Gas participated in eleven discoveries and one field extension. The exploration programme was highlighted by a significant extension to the Virginia Hills oilfield in North Central Alberta, an encouraging crude oil discovery in the Milligan Creek region of North Eastern British Columbia, and acquisition of large undeveloped acreage holdings in the northwest territories. Early in 1960 an exploratory well drilled near Fort Nelson in North Eastern British Columbia encountered 359 feet of gasbearing reef. This is the thickest producing reef section found in the area to date.

BIRD & CO. (AFRICA), LIMITED

IMPORTANT NEW ACQUISITION

SIR CHARLES PONSONBY ON PROMOTING NEW INVESTMENT AND DEVELOPMENT

The forty-second Annual General Meeting of Bird & Co. (Africa), Limited will be held on March 14th at Tanga, Tanganyika. In his circulated statement Sir Charles Ponsonby, Bart, TD, DL, paid tribute to the late chairman, Sir Eldred Hitchcock, CBE, and said:

As shareholders know, Sisal Estates Limited and Bird & Co. (Africa), Limited have progressed over the last twenty years, and the gradual growth in output and strength was achieved by the late Chairman with the help of an experienced and loyal team in the plantation and in the office.

Sir Eldred's last enterprise for the Company was in arranging for the acquisition of the whole share capital of Consolidated Sisal Estates of East Africa Limited.

Since the end of the year under review, Consolidated Sisal has been put into liquidation and the estates transferred to your Company.

The rise in the sisal market since the date of purchase has given added emphasis to the fact that these properties were acquired on a favourable basis, and I am sure that the acquisition of these estates, which were taken over in excellent order, will substantially benefit your interests.

RESULTS FOR THE YEAR TO JUNE 30th 1959

Notwithstanding somewhat disappointing weather conditions during a part of the financial year, the sisal production of all grades (including tow) was 16,042 tons, excluding Consolidated Sisal, against 16,800 tons the previous year.

Production of made tea for 1958-59 totalled 195,084 lbs—just short of the estimate.

The net profit was £200,051 (1957-58—£200,681). No provision is necessary for taxation in respect of this figure for the period to June 30, 1959 (1957-58—£1,000).

Fixed Assets.—While the book value of assets are given in the Accounts they can be described as follows:

Sisal.—Including the three properties of Consolidated Sisal, the plantations spread over 50 miles from Tanga inland, and of the total area of 35,347 hectares, there are 15,900 of mature and 7,401 hectares of immature sisal, with an estimated output for 1959-60 of 22,000 tons. This estimate depends largely of course on weather conditions for the rest of the year and the maintenance of good labour relations. Development of a large area of virgin land acquired with the Consolidated properties is on hand.

Tea.—At Kwamkoro the factory was in operation during 1958-59. At June 30, 1959, there were 404 acres of mature tea at Kwamkoro and 1,143 acres immature. During 1959-60 a crop of 325,000 lbs of made tea is estimated but results so far justify our belief that this figure can be exceeded. Further capital expenditure will be required over the next few years to bring the estates to their full capacity.

FUTURE PROFITS

In my circular letter of October 30th it was stated that indications at that time were that the group profit for the year ending June 30, 1960 from the estimated production of 22,000 tons of sisal and 325,000 lbs of tea, after providing for depreciation and after charging Debenture and other interest, but before providing for taxation, would be in the region of £290,000. It is still early to estimate the year's results with any accuracy, but at the time of writing it is reasonable to expect that this figure should be reached. It is also difficult to assess what provision for taxation will be required but it should not be more at this level of profit than the £23,000 referred to in my circular letter of October 30th; unless unforeseen circumstances intervene, it can be expected, therefore, that a net group profit of £267,000 can be considered as a minimum.

THE FUTURE

In his speech to the Legislative Council on October 20, 1959, His Excellency the Governor of Tanganyika referred to the sisal industry as "our most important single industry and our largest single source of revenue," but the future of the industry and of this Company does depend on the prosperity and stability of the country. I am Chairman of the Tanganyika Association, formed two years ago by leading investors outside the Territory to promote new investment and development and to keep watch on existing investment. I and other members have had frank talks with some of those who will play a leading part in the government in the future. They are, I think, fully aware of the value of the huge investment put into the Territory by the Sisal Industry and of the revenue it earns for the Territory. They appreciate the importance of creating and maintaining confidence in the stability of the Administration if that investment is to be kept and expanded. They also realise what happened to the great Dutch sisal estates in Indonesia through this point of view not being appreciated: not only did the estates cease to exist but all the revenue was lost to the country, with disastrous results. The leaders in Tanganyika realise that, although owners may change and managers may come and go, the Companies and Co-operatives which control sisal, coffee and cotton growing must remain as a vital part of the economic life blood of the country. Indeed without them the country would not be self-supporting and the opportunities of raising standards and improving the social services which the new leaders so ardently and so laudably desire, would be lost.

Given good management and friendly co-operation with the Government and the Trade Unions, and assuming freedom from economic blizzards from outside, over which Tanganyika has no control, I see no reason to be nervous of the future for those who are engaged in agriculture in all its forms in the country.

Shareholders will be interested to hear that since the Chairman's Statement was printed, negotiations have been taking place for the sale, on favourable terms, of Bombuera Estate. Bombuera is one of the three estates formerly owned by Consolidated Sisal but is some way distant from the other two properties. If this transaction is completed, further particulars will be given at the Annual General Meeting.

COMPANY AFFAIRS

What is Arusha Worth?

Late in 1957, Mr Lindsay Carstairs put a private concern called Britannia Engineering into the shell of a public company called Arusha. Arusha Industries, as it was renamed, then made a series of takeover bids. Now it is a loosely knit group of iron, steel and engineering companies, and the question puzzling its shareholders is how quickly it can consolidate.

Vigilant Investments and Webley and Scott were acquired by the issue of Arusha shares. Three Star (Luton) was acquired in a cash-cum-share bid. Barrow Hæmatite, Darwen and Mostyn and Sheffield Steel were acquired for cash. These cash bids cost Arusha nearly £3.2 million and were bridged by bank loans. Contributions towards their permanent financing included a debenture issue of £400,000 by Barrow Hæmatite, a rights issue by Arusha bringing in nearly £740,000 and the existing cash resources of the group. These sources reduced the bank loan to £1.1 million on September 30th last. Arusha also owed £200,000 to ISHRA on behalf of Darwen and Mostyn, repayable by the end of next September. In addition, another (and quite different) £1.1 million was outstanding on bank overdraft, of which £600,000 was taken over with Webley and Scott. These loans are doubtless secured by shares or other assets.

Effective consolidation will require more permanent financial arrangements than these. But another rights issue by Arusha would certainly depress the market value of the ordinary shares further. The balance sheet cannot be called strong. The fixed assets of the group are entered at written down values at £3.1 million; this includes the benefit of about £500,000 arising from a revaluation of the assets of Darwen and Mostyn. There are cash resources of over £700,000, but current liabilities of £4.4 million and provisions of nearly £300,000 exceed current assets of £4.2 million. An item of £64,000 appears against development expenditure which is subject to the qualification in the auditors' report that it is "dependent upon the sales development of certain products, the earning power of which has yet to be demonstrated." It is understood that since the end of November some firm orders have been received for these products. Finally, over £900,000 appears as "goodwill arising on consolidation."

In effect that sum represents the excess of the bid prices over the book value of the assets taken over. It has not been set against the share premium account of £2.1 million, which arose out of the rights issue and issues of shares (at prices close to then ruling market values) in satisfaction of bids. The sale of freeholds and leasing back would produce current finance but involve a new charge on future income. Revaluation of assets might raise the tangible break up value of the shares, which at end-September was about 10s. net, excluding about 7s. 3d. a share relating to goodwill and development. But that would have no effect on earnings and the vital question is what return is being earned on the cost of the assets. Strenuous efforts seem to be made to strengthen the administration and management of the groups and to promote central buying. Such policies take time to have an effect and time is what the Arusha directors need for consolidation.

Meanwhile can a firm value be placed on the shares? This is matter for the banks as well as investors. Mr Carstairs has said that profits in the year to September 30th next will be considerably in excess of the £400,000 before tax earned for broken periods in the fifteen months to end-September, 1959. The gross profit before tax, after notionally charging about £300,000 for depreciation, loan interest and administrative charges, would appear to have been running at £600,000 per annum. But one still has to wait until next September for the actual profits earned and the charges against them. When the rights issue was made last April, Mr Carstairs forecast a dividend of 7½ per cent for 1959-60. Now a six for four scrip issue is proposed and the dividend is to be considerably in excess of 20 per cent on the enlarged capital. The equivalent to the promised 7½ per cent would be 30 per cent, which would certainly be considerably in excess of 20 per cent. But all this is in the field of conjecture and it is not surprising that the shares have been marked down from 40s. to 33s. 9d.

English Electric

Last year's balance sheet of the English Electric group revealed an increase in bank overdrafts from £8¾ million to £20½ million. The subsequent £6 million debenture issue and the rights issue in January, 1959, which brought in about £4½ million have clearly eased the strain. This is perhaps why the directors have raised the ordinary dividend from the equivalent of 9½ per cent to 10 per cent on the capital as increased by the rights and scrip issues in the face of a decline in trading profits from £7,017,638 to £6,734,725. Another possible reason is that, thanks to a lower tax charge of £2,575,466 (against £2,919,414) net earnings have risen slightly from £3,017,258 to £3,125,870.

The fall in the group's earnings in the year to end-September is partly attributable to the decline in Marconi's Wireless Telegraph's trading profits from £1,028,519 to £900,715. This reflects the further narrowing of profit margins in increasingly competitive markets. Television studio equipment made by this company enjoys wide sales throughout the world and demand from the emergent countries has shown a marked increase; but competition from Western Germany is now intense and in the vast South American market United States manufacturers continue to have a strong hold.

English Electric was insulated to some extent from the general recession in the capital goods trades by the fact that the Government and the British Transport Commission are two of its biggest customers. British Railways has placed substantial orders for all five types of diesel locomotives made by English Electric and is using a good deal of the group's electrical equipment in the modernisation programme. This must to some extent have offset the effects of the slowing-down in the Government's atomic power programme which is making it difficult for the industry to recoup its development costs. The aviation section has been kept fairly busy building Canberra bombers, the Lightning fighter and the anti-aircraft missile, Thunderbird. A new artillery missile, Blue Water, is also being developed for the army and the small TRS 2 bomber for the RAF. The group's aircraft section is to be merged with Bristol and Vickers Aeroplane and in the resultant holding company English Electric will have a 40 per cent interest; it is not likely that this new grouping will have much effect on current contracts and developments for a few months. The 10 per cent ordinary dividend is covered 1.65 times by earnings and at 47s. 9d. the £1 shares yield 4.2 per cent.

British-American Tobacco

Following the bigger dividend from Imperial Tobacco, the market pushed the price of "Bats" shares up to 72s. 6d. in anticipation of similar good tidings. Optimism was justified, for the directors of British-American Tobacco have set the final dividend at 11d., tax free. This raises the total tax free payment from 1s. 9d. (including a "profits tax" interim of 2d.) to 2s. per 10s. unit for the year to September 30th last. Moreover, the first interim dividend for 1959-60 has been raised from 6d. to 7d., tax free.

In preparing the 1958-59 accounts overseas currency items have been converted at exchange rates ruling at September 30th instead of at average rates as in the past. The comparative figures for 1957-58 have also been put on this basis so the preliminary statement shows that gross profits have risen by about 3½ per cent, from £53,958,591 to £55,894,156. The charge

Company Affairs *continued on page 762.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959–60 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Feb. 10, 1960	Price, Feb. 17, 1960	Net Yield, Feb. 17, 1960 £ s. d.	Gross Yield, Feb. 17, 1960 £ s. d.
99 16	96 11 16	Funding 2½% 1956–61	98 1/2	98 1/2	2 11 2	3 16 8
100 16	99 5/8	Exchequer 3% 1960	99.18.2	99.19.3	4 1 2	4 1 2
101 11 32	100 1/8	Conversion 4½% 1962	100 3/16	100 1/4	2 12 4	4 7 5
96 3/8	94 3/8	Exchequer 3% 1962–63	95 13 32	95 3/8	3 3 4	4 8 7
93 3/8	91 3/8	Exchequer 2½% 1963–64	92 7/16	92 13 32	3 7 10	4 9 5
101 5/16	100 3/8	Conversion 4¾% 1963	100 25 32	100 13 16	2 10 11	4 9 7
100 7/16	98 1/4	Conversion 4½% 1964	99 3/16	99 1/4	2 16 7	4 13 11
99 11 32	97 3/32	Conversion 4½% 'A' 1964	97 3/32	99 1/4	2 18 5	4 13 11
92 13 16	89 7/8	Savings Bonds 3% 1955–65	92 5/16*	92 11/16	3 6 2	4 10 7
86	82 3/4	Funding 3% 1959–69	85 1/8	85 1/4	3 16 11	5 3 9
94 7/8	89 9/16	Funding 4% 1960–90	93	93 1/8	2 16 6	4 9 10
84 9/16	80 7/16	Savings Bonds 3% 1960–70	81 13 16*	82*	3 18 8	5 4 8
86	83	Savings Bonds 2½% 1964–67	85 1/16	85 1/2	3 18 9	5 1 11
78 15 16	74 1/4	Savings Bonds 3% 1965–75	75 5/8*	75 5/8	3 19 2	5 6 9
105 11 16	102 1/2	Exchequer 5½% 1966	102 1/2*	102 1/2*	2 17 6	4 18 11
87 7/16	83 1/4	Funding 3% 1966–68	85 1/8	85 1/4	3 18 4	5 4 0
98 1/8	94 3/8	Victory 4% 1920–76	95 3/4*	95 13 16*	2 19 11	4 11 9
90 3/8	86 1/4	Conversion 3½% 1969	87 1/16*	87 3/4*	3 14 11	5 4 0
104	98 5/8	Conversion 5½% 1974	100 5/8	100 3/4	3 4 0	5 5 4
81 7/16	76 7/8	Treasury 3½% 1977–80	78 1/8	78 1/8	3 14 3	5 6 6
80 13 16	76	Treasury 3½% 1979–81	76 7/8	76 7/8	3 14 11	5 7 0
107 1/4	101 1/8	Funding 5½% 1982–84	102 7/8	102 3/4	3 4 3	5 6 6
68 3/8	64 1/4	Redemption 3% 1986–96	65 1/2	65 3/8	3 5 3	5 3 11
98 1/16	95 3/8	Treasury 5% 1986–89	96	96	3 6 8	5 7 9
75 3/16	69 5/8	Funding 3½% 1999–2004	70 7/8	70 7/8	3 8 9	5 4 2
77 1/2	70 1/2	Consols 4% after Feb. 1957	72	71 7/8	3 8 3	5 11 7
68 5/16	63	War Loan 3½% after 1952	64 1/8	64 1/8	3 7 4	5 10 6
68 11 16	63 1/4	Conv. 3½% after Apr. 1961	64 9/16	64 1/16	3 7 5	5 10 11
60	54 1/2	Treasury 3% after Apr. 1966	56	55 7/8	3 6 7	5 9 7
53 5/8	47 7/8	Consols 2½%	49	48 3/8	3 2 11	5 2 11
51 1/8	46 7/8	Treasury 2½% ...after Apr. 1975	47 7/8	47 7/8	3 4 9	5 6 7
98 3/4	94	British Electric 4½% 1967–69	95 1/8	95 1/4	3 7 1	5 3 11
80 7/8	77 1/4	British Electric 3% 1968–73	79 1/4	79 1/4	3 19 0	5 6 11
78 1/8	74 1/8	British Electric 3% 1974–77	74 5/8*	74 5/8*	3 17 11	5 5 6
91 1/8	87 1/2	British Electric 4½% 1974–79	89 1/8	87 3/4*	3 9 0	5 4 5
81 5/16	77 5/16	British Electric 3½% 1976–79	78 1/4	78 3/4	3 14 3	5 6 6
92 1/4	87 1/8	British Gas 4% 1969–72	88 1/2	88 1/2	3 12 3	5 5 8
88 5/16	84 9/16	British Gas 3½% 1969–71	85 1/16*	85 1/8*	3 14 6	5 4 1
69 7/16	65	British Gas 3% 1990–95	66 3/16	66 3/8	3 10 11	5 2 7
80 7/8	77 1/4	British Transport 3% 1968–73	79 1/4	79 1/4	3 19 0	5 6 11
89 1/8	84	British Transport 4% 1972–77	85 3/4	85 3/4	3 11 4	5 6 11
70 1/4	65 1/4	British Transport 3% 1978–88	66 1/8	66 1/16	3 15 11	5 6 9

Prices, 1959–60 High	Low	DOMINION AND CORPORATION STOCKS	Price, Feb. 10, 1960	Price, Feb. 17, 1960	Yield, Feb. 17, 1960 £ s. d.
85	80 1/8	Australia 3½% 1965–69	82 1/2	82 5/8	5 12 0
107 5/8	103 3/4	Australia 6% 1974–76	106 1/4	106 1/2	5 10 0
77	72 1/4	Ceylon 4% 1973–75	73 1/2	72 1/4*	6 18 0
108	104 1/4	New Zealand 6% 1976–80	104 1/4*	104 1/4*	5 11 0
98 11 16	93	Rhodesia and Nyasaland 6% 1978–81	95 3/4	95 3/4	6 7 0
87	84 1/2	South Africa 3½% 1965–67	85	85	6 5 0
85	75	Southern Rhodesia 4½% 1987–92	77 1/4	77 1/4	6 2 0
104 1/2	100 7/16	Agricultural Mortgage 5½% 1980–85	100 1/2	101	5 9 2
95 1/4	89 3/4	Birmingham 4¼% 1967–70	91 3/4	91 3/4	5 6 0
100 1/2	96	Bristol 5% 1971–73	98 1/2	98 1/2	5 4 0
102 1/2	99 1/4	Corporation of London 5½% 1976–79	100	100	5 6 0
57	52 3/4	L.C.C. 3% after 1920	53 1/4*	53 1/4*	5 11 0
98 1/16	94	L.C.C. 5% 1980–83	96 3/8	96 5/8	5 8 0
100	98 3/8	Middlesex 5½% 1980	99 1/2	98 7/8	5 6 0

NEW YORK PRICES AND INDICES

	Feb. 10 $	Feb. 17 $		Feb. 10 $	Feb. 17 $		Feb. 10 $	Feb. 17 $
Ath. Topeka	25 1/2	25 1/4	Boeing	29	27 1/8	Inter. Nickel	107 1/2	104 1/2*
Can. Pacific	25 7/8	25 7/8	Celanese	28 7/8	28 1/4	Inter. Paper	114 1/2	110 3/8
Pennsylvania	15 1/2	15 1/4	Chrysler	60 1/8	58 3/4*	Kennecott	89 3/8	87 1/2
Union Pacific	29 7/8	29 3/4	Col. Palmolive	36 5/8	37 1/8	Monsanto	46 3/8	44 3/4
Amer. Electric	48 1/2	47 7/8	Crown Zeller	48 1/2	48 1/2	Nat. Distillers	31 3/4	31
Am. Tel. & Tel.	83	85 1/2	Distillers Seag.	31	30	Pan-American	19 1/8	18 3/4
Cons. Edison	62 3/4	61 7/8	Douglas	41 7/8	40 3/4	Procter Gamble	88	87 7/8
Int. Tel. & Tel.	33 3/4	33 3/8	Du Pont	231	229 3/4*	Radio Corpn.	62 3/8	63 1/2
Standard Gas	45	45	East. Kodak	98 3/8	95 5/8	Sears Roebuck	45 7/8	45
United Corpn.	7 1/8	7 1/4	Ford Motor	78 3/4	78 3/4	Shell Oil	35 5/8	36 3/8
Western Union	48 1/2	47 3/4	Gen. Electric	88 7/8	87 5/8	Socony-Mobil	39 1/4	38 1/2
Alcoa	94 3/8	92	General Foods	103 1/4	101	Stand. Oil Ind.	43 1/4	42
Aluminium	32 3/8	32 3/8	General Motors	46 3/8	45 7/8	Stand. Oil N.J.	46	45 5/8
Amer. Can	40 3/4	40 1/4	Goodyear	40 3/4	39 3/8	20th Cent. Fox	32	31 1/2
Am. Smelting	44 5/8	43 7/8	Gulf Oil	30 1/2	30	Union Carbide	138	130 1/2
Am. Viscose	37 1/2	35 3/4	Helmz	83 1/4	82	U.S. Steel	85 7/8	85 3/8
Anaconda	60	57 3/4	Int. Bus. Mach.	417	419 1/2	West. Electric	49 3/8	47 3/4
Beth. Steel	49 1/4	48 1/8	Int. Harvester	46 5/8	45 5/8	Woolworth	61 1/8	62 3/8

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 20	61·16	3·18	33·31	5·22	44·25	4·05	84·75	4·40
" 27	60·89	3·21	33·12	5·25	44·52	4·03	84·36	4·44
Feb. 3	60·24	3·23	32·66	5·32	44·43	4·04	85·44	4·33
" 10	59·25	3·28	32·58	5·34	44·32	4·05	86·24	4·25
" 17	58·71	3·32	32·16	5·41	44·36	4·04	86·75	4·20

425 Industrials:—1959–60: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Prices, 1959–60 High	Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Feb. 10, 1960	Price, Feb. 17, 1960	Yield, Feb. 17, 1960
			%	%				
44/-	28/4½	5	5	22½	**BANKS, DISCOUNT & HP** Alexanders £1	40/-	41/-	3·66
53/-	32/3	4	4	6	Bank of London & S. Amer. £1	48/9	48/3	4·15
41	30½	9	9	c	Bank of New South Wales £20	38¼	38	3·79g
70/-	44/7½	5	4	5	Barclays £1	61/6	60/3	3·32
56/9	37/9	4	4	5	Barclays D.C.O. £1	47/6	47/-	3·83
64/-	43/9	7½	7½	7½	Chartered £1	62/-	61/9	4·86
85/7½	54/3	4	8½	7	District £1	75/9	75/9	3·70**
38/6	26/9	4	4	5	English, Scottish & Austral'n. £1	37/6	37/3	4·83
67	43	22/6	22/6	8	Hongkong & Shanghai $125	£65	£66½	4·51
73/9	40/3	5	5	7	Lloyds £1	68/3	67/-	3·58
19/7½	17/-	8	8	8	Martins 5/-	17/7½	17/7½	3·69**
95/-	60/11½	7½	7½	9½	Midland £1	91/9	91/6	3·72
57/-	43/11½	—	—	—	Nat. Comm. Bk. Scot. 10/-	54/6	54/6	2·75**
56/3	41/3	6¼	6¼	8¾	National Discount 'B' £1	54/3	53/9	5·58
96/-	54/-	5	4	7	National Provincial £1	84/6	83/3	3·36**
94/4½	66/-	8	8	9	Royal Bank of Scotland £1	87/6*	88/6*	3·84
51/9	37/3	9	9	5	Standard Bank South Africa £1	47/9	44/3	6·33
63/-	49/-	6¼	6¼	8	Union Discount £1	58/3	56/6	4·42
65/-	37/9	5	5	5½	Westminster 'B' £1	57/6	57/-	3·80
£23½	£187/16	$1·65c	$1·85c		Bank of Montreal $10	£20¾*	£19½*	3·54
£34⅝	£27⅝	$2·25c	$2·32½c		Royal Bank of Canada $10	£29⅝*	£28⅛*	3·05
47/3	16/21¼	7½	7½	20	Bowmaker 5/-	14/7½	13/9	3·17
81½	18/7½	8½	8½	20	Lombard Banking 5/-	35/3	35/10½	2·37
30/3	10/9	5	5	10	Mercantile Credit 5/-	26/3	26/3	2·86
11	5 11 16	21	b	4	United Dominions Trust £1	10 5/16	10⅛	2·47
85/-	43/9	10	10	47½	**BREWERIES, Etc.** Bass 5/-	79/-	77/-	3·08
39/6	23/10½	12½	12½	5	Distillers 10/-	35/9	35/3	3·55
26/10½	14/7½	6	a	12	Flowers 5/-	25/7½	26/11½	3·44
82/6	54/-	10	a	18	Guinness 10/-	64/-	67/-	4·18
40/4½	12/9½	4	a	11½	Ind Coope & Allsopp 5/-	19 1/2	19 1/2	3·90
38/-	22/-	5	a	7½	Teacher (Distillers) 10/-	35/-	35/-	3·57
93/9	38/9	3¾	a	11¼	Watney Mann Defd. £1	90/9	91/9	3·27
137/-	100/-	17	b	8	Whitbread 'A' £1	126/3	125/-	4·00
81/6	39/9	10	c	4	**BUILDING, PAINT, Etc.** Associated Portland £1	74/-	73/-	2·63
28/9	15/-	6¾	b	4	British Plaster Board 10/-	25/10½	25/7½	3·90
101/10½	59/7½	10	b	5	Richard Costain £1	88/3	89/4½	3·36
16/11½	9/7½	5	a	10	Crittall Manufacturing 5/-	15/10½	15/7½	4·80
17/9	12/7½	14	b	6	International Paints 4/-	16/-	16/3	4·92
104/6	61/3	6	a	11	London Brick £1	98/3	101/-	3·37
42/3	18/6	11 2/9	b	5	Pinchin Johnson 10/-	41/3	41/9	3·99
52/9	31/6	22½	c	25	Rugby Portland 5/-	48/3	49/9	2·51
36/-	17/-	12½	b	7½	Taylor Woodrow 5/-	30/3⅛	30/9⅛	3·25
131/3	79/9	5	a	15	Wall Paper Defd. £1	129/4½	131/3	3·05
30/6	16/-	13·6c		4·8d	**CHEMICAL** Albright & Wilson 5/-	27/9	28/-	2·43
24/7½	15/3	21½g		7½d	Borax Defd. 5/-	18/7½	18/11½	2·76
56/9	32/10½	3	a	6	Fisons £1	49/9	50/3	3·58
62/6	33/10½	5½	b	3¾	I.C.I. £1	58/-	57/6	3·16
27/7½	15/11½	8½	b	5	Monsanto 5/-	23/10½	23/10½	2·83
50/4½	28/-	5	a	15	**DRAPERY AND STORES** Montague Burton 10/-	48/4½	48/-	4·17
48/6	27/-	5	a	11	Debenhams 10/-	44/4½	44/-	3·79
59/4½	28/7½	12½	b	7½	G.U.S. 'A' 5/-	49/9	49/7½	3·53
48/7½	31/9	40	c	15	House of Fraser 5/-	44/3	44/9	4·47
25/6	13/-	16	c	7½	Lewis's Investment Trust 4/-	21/9	24/6	2·61
78/3	41/4½	20·83	b	12½	Marks & Spencer 'A' 5/-	70/10½	69/7½	2·39
54/3	32/7½	22½	b	12½	United Drapery 5/-	53/3	52/7½	3·33
69/9	47/3	13½	a	31⅔	Woolworth 5/-	64/9	64/7½	3·48
67/-	54/-	7½	b	7	**ELECTRICAL & RADIO** A.E.I. £1	63/9	61/-	4·92
61/-	46/3	9½	b	4	B.I.C.C. £1	56/6	56/6	4·78
15/-	9/7½	4	a	7½	Combustion Parkinson 5/-	14/11½	13/9	5·09
57/6	37/4½	20	a	13½	Decca Record 10/-	54/1½	53/9	5·72
57/-	31/7½	5	a	15	E.M.I. 10/-	49/6	46/3	4·32
53/-	38/-	3	a	7	English Electric £1	46/6	47/3	4·23
48/9	30/-	7	b	3	General Electric £1	42/3	40/9	4·91
59/6	43/-	4⅞	b	4⅞	C. A. Parsons £1	51/9	51/6	3·40
20/7½	12/10½	12½	c	6	Pye Defd. 5/-	17/6	17/-	3·68
104/6	84/6	6½	a	11	A. Reyrolle £1	100/-	100/-	3·50
57/3	34/11½	17½	c	20	Thorn Electrical 5/-	48/3	47/3	2·12
55/-	42/3	7	b	4½	**ENGINEERING** Babcock & Wilcox £1	45/6	44/3	5·20
54/-	30/8¼	6	b	4	John Brown £1	44/10½*	43/3*	4·62
10/6	7/-	11	b	3	Cammell Laird 5/-	8/10½	8/10½	7·89
46/9	30/3	10	a	20	International Combustion 5/-	37/6	37/6	4·00
85/-	43/9	10	a	47½	Richardsons Westgarth 10/-	13/10½	13/9	6·06
41/-	25/6	7½	b	2½	Swan Hunter £1	37/3	37/3	5·37
25/9	19/-	15	b	7½	John Thompson 5/-	22/3	22/-	5·11
40/4½	27/2½	7½	b	2½	Vickers £1	34/9	34/4½	5·82
29/3	16/-	†4¾	b	†7⅝	Coventry Gauge 10/-	23/6	23/6	4·35
60/3	36/6	†2	a	†4	Alfred Herbert £1	48/9	49/-	4·01
73/9	37/-	8¼	b	7½	Allied Ironfounders £1	68/-	67/9	4·80
101/6	60/6	10	b	5	Averys £1	98/9*	98/9*	3·04
19/-	10/3	4½	a	7½	George Cohen 5/-	16/-	15/9	3·81
117/9	43/4½	10	c	15	Davy-United £1	107/6	107/-	2·80
95/7½	51/3	9	b	5	Guest Keen £1	87/9	87/-	3·22
31/6	16/4½	10	b	3½	Head Wrightson 5/-	24/-	23/6	2·98**
80/-	44/7½	5½	b	4	Metal Box £1	67/9	67/6	2·76
29/6	16/9	5	a	12½	Ransome & Marles 5/-	25/9	25/9	3·40
59/3	39/9	9½	b	3	Renold Chain £1	58/9	59/3	4·22
40/-	21/4½	9	c	8	Ruston & Hornsby £1	33/3	32/9	4·89
139/7½	72/-	7½	a	12½	Tube Investments £1	124/9	121/3	3·30
168/9	83/-	5	a	20	Ward (Thos. W.) £1	156/3	156/3	3·20
45/-	22/3	25	c	5	Woodall-Duckham 5/-	42/-	42/9	2·92

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1959–60 High	Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Feb. 10, 1960	Price, Feb. 17, 1960	Yield, Feb. 17, 1960
			%	%				
41/3	22/6	18	c	6	a **FOOD AND TOBACCO** Assoc. British Foods 5/-	39/4½	40/9	2·21
105/7½	63/-	20	c	5	a Bovril Deferred £1	99 6	100 7½	3·98
15/9	9/4½	†21 12		†4½	b Brooke Bond 'B' 5/-	14·4½	15/-	3·40
30/7½	21/-	10	c	10	c Home & Colonial 10/-	27 7½	27 7½	3·62
14/3	10/6	2½	a	7½	b International Tea 5/-	11/7½	12/9	3·92
91/-	69/-	9	b	5	a J. Lyons 'A' £1	75/9	75/9	3·74
28/3	18 10½	5	a	7½	b Ranks 10/-	27/-	26 4½	4·74
47/11½	26 10½	8	b	12½	a Spillers £1	43/3‖	43/-‖	4·28
62/-	42/-	3	a	9	b Tate & Lyle £1	59/-	60/-	4·00
17/11½	10 10½	...		5	a Unigate 5/-	16 6	16 6	3·03
72/6	51/4½	†20	c	† 55½	a British Amer. Tobacco 10/-	71·3	70 9	4·61
42/6	26/8¼	13½	b	31½	a Gallaher 10/-	39·3	39 9	4·19
77/6	54/3	81½		14	b Imperial Tobacco £1	75/3	74,9	6·02
58/6	37/9	40	b	20	a **MISCELLANEOUS** Assoc. Brit. Picture 5/-	46/3	45 9	6·56
42/-	27/4½	20	b	20	a Assoc. Television 'A' 5/-	37 4½‖	36 11½‖	6 92
49/-	23/4½	10	b	16	a Beecham Group 5/-	44/-‖	43/-‖	3·02
32/-	19/7½	16	c	3	a Boots Pure Drug 5/-	29/-	29/9	2·69
43/9	28/7½	5	b	31½	a British Match 5/-	41/6	41/-	4·06
88/6	49/6	4	a	10	b British Oxygen £1	84 3‖	87/6*	3·20
11/6	8 10½	18	c	6	a British Ropes 2/6	10 10½	10 7½	4·24
73/6	42/9	15	b	5	a De La Rue 10/-	68/6	71/-	2·82
39/3	27/3	14	b	6	a Gestetner 'A' 5/-	36/9	38/9	2·58
63/9	35/9	51½		8½	b Glaxo 10/-	62/9	63/-	2·50
64/-	31/6	3	a	9	b Harrisons & Cros. Defd. £1	56/3	55/6	4·32
106/3	56/4½	50	b	10	a Hoover 'A' 5/-	104/9	103 11½	2·91
33/6	16 10½	5	a	12½	b Ilford 5/-	25/9*	25/6*	3·43
78/6	63/6	4	a	6	b Inter. Computers & Tab. £1	67/-	65/6	3·05
58/-	30/-	10	c	11¼	c National Canning 5/-	54/6	55 7½	4·04
30/6	19/3	10	b	6	a Powell Duffryn 10/-	28/3	28/3	5·66
32 10½	23/4½	5	a	10	b Radio Rentals 5/-	27 10½	27 7½	2·76
14/7½	10/-	5	c	10	c Rank Organisation 5/-	13/11½	13/11½	3·81
34/9	18/11½	12½	b	5	a Schweppes 5/-	31/3	32/-	3·13
29/3	13/-	18	c	20	c Sears 'A' 5/-	27/7½	28/3	3·54
20/6	11/3¾	6·3	b	7½	a Thomas Tilling 4/-	19/-	20 6	2·66
114/10½	69/4½	5	a	15	b Turner & Newall £1	111/-	112/3	3·56
144/-	86/7½	16·8	c	8	a Unilever £1	135/6	129/-	2·60
12/6	9/9	10·4	c	3½	a United Glass 5/-	12/-	12/-	4·33
50 10½	31/9	†10 5 6	b	†4 16	a United Molasses 10/-	45/-	44,6	5 50
195/-	122/6	†40	b	†45	a **INSURANCE** Britannic 5/-	192/6	187/6	3·70
68/6	40,9	21 3	b	20	a Commercial Union 5/-	61/3	61 10½	3·37
11½	6⅜	15	b	12½	a Employer's Liability £1	10 9/16	10⅜	7·45**
14¼	8	†32·35	c	†41·17	c Equity & Law Life 8/6	13⅜	13⅜	3·14
82/-	66/6	17 2	b	15	a General Accident 5/-	77/6	77/6	2·58**
104/4½	58/6	30	b	30	a Guardian 5/-	97/6	97/-	3·09
18¾	9⅜	60	b	40	a Legal & General 5/-	17 3/16	17⅞	1·44
145/-	63/6	5	a	10	b Northern £1	102/6	102/6	3·61
172/6	112/6	50	b	20	a Pearl 5/-	145/-	146/3	3·92
17 5/16	10½	†147½	c	†162½	c Prudential 'A' 4/-	16⅜	16	3·32
115/-	75/-	10	b	8	a Royal Exchange £1	102/6	101 101½	3·14**
68/6	36/4½	3	a	9½	b **MOTORS & AIRCRAFT** B.S.A. £1	65/-	65/11½	3·84
24/-	10/-	5¾	a	12½	b British Motor 5/-	21/6	20/3	4·51
113/9	50/3	8½	b	5	a Ford Motor £1	104·9	100 7½	2·68
95/-	44/-	12½	c	15	c Leyland Motor £1	79/-	81/9	3·67
18/11½	7/3	8	c	12	c Rootes Motors 4/-	15 4½	15/-	2·30
12/11½	5/11¼	12	c	12	c Standard-Triumph 5/-	11 4½	11/03¼	4·07**
17/3	8/3	3½	a	6½	b Bristol Aeroplane 10/-	13/9	14 4½	6·96
33/11½	12/11¼	7½	c	Nil	De Havilland £1	32/-	32/3	...
58/9	34/9	†6½	b	6	a Dowty Group 10/-	55/3	58/9	3·47
34/-	26/11½	3	a	7	b Hawker Siddeley £1	32/-	32 11½	6·23
53/11½	41/3	7½	b	2½	a Rolls-Royce £1	47 7½	48 11½	4·16
29/-	18/3	3½	a	9 2/3	b Dunlop Rubber 10/-	25/-	25/3	5·15
78/9	44/3	2½	a	10	b Joseph Lucas £1	72·9	72·9	3·44
46/4½	23/7½	17½	b	9	a Pressed Steel 5/-	40/6	40/6	3·27
110/-	48/11½	20	c	30	c Triplex Holdings 10/-	108/9	110/-	2·73
15/6 3/4	10/6	7½	b	5	a **PAPER & NEWSPAPERS** Daily Mirror 'A' 5/-	14 6‖	14/6‖	4·31
37/-	24/6	12½	b	5	a Odhams Press 10/-	36/6	36/3	4·83
68/-	43 7½	8	b	4	a W. H. Smith & Son £1	58/6	58/-	4·14
77 11½	42/6	12½	c	5	a Bowater Paper £1	73/6	72/6	3·46
63/-	42/6	9	b	5	a Albert E. Reed 5/-	62/-	60/3	4·65
35/3	22/-	5	b	3	a Spicers £1	31/-	31/-	5·16
80/6	71/-	12½	b	5	a Wiggins Teape £1	78/6	77 6	4·52

Prices, 1959–60 High	Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Feb. 10, 1960	Price, Feb. 17, 1960	Yield, Feb. 17, 1960
			%	%				
52/-	36/6	13½	b	6¾	a **SHIPPING** Brit. & Commonwealth 10/-	42 3	41 6	4 82
25/6	17 3	8	c	Nil	a Cunard £1	20 9	20 9	7 71
35/-	25/-	10	c	Nil	a France Fenwick £1	29 9	29/-	...
50/9	29/6	10	c	10	c Furness Withy £1	44 3	43/-	4 65
25/6	14 9	10	b	10	a London & Overseas 5/-	21 6	21/-	4 76
55/-	31/6	3	a	8	b P & O Defd. 5/-	38 3	37/6	4 26
22 3	13/3	5	c	2½	c Reardon Smith 10/-	18/-	17 6	1 43
31/-	19/-	7½	c	8	c Royal Mail £1	28 3	27 9	5 77
83/-	28 11½	6	a	8	b **STEEL** Colvilles £1	77 9	74 –	3 78
56 10½	17,8¼	2½	a	5½	a Dorman Long £1	49 8	47 5/8	4 21
54 9	14/-	2	a	6	b Lancashire Steel £1	51 6	50 –	3 40
61/9	27 6	4	a	8	b South Durham £1	51 –	49 3	4 87
55 9	20 9	3¼	a	6½	b Steel Co. of Wales £1	49 3	47 –	4 26
63/-	25/-	3	a	8	b Stewarts & Lloyds £1	52 6	51 9	4 25
78 6	23 4½	4	a	8½	b John Summers £1	72 9	72 –

for British taxation is again lower (£1,981,280 down at £4,382,345) but overseas tax has risen again (£604,661 up at £21,361,890). Minority interests have taken £564,224 more at £2,964,078. The final result is that consolidated net profits have risen by nearly 11 per cent, from £24,537,883 to £27,185,843. Certainly, this fulfils the hope expressed by the chairman a year ago that net profits would show a moderate increase. The policy of BAT has been to promote the local manufacture of cigarettes and tobaccos and to rely less on direct exports from this country. It looks as if higher incomes in the primary producing countries (reflecting higher commodity prices) are stimulating its sales. The 10s. units now stand at 70s. 9d. and yield 4.6 per cent on the increased dividend (covered 2.8 times by earnings). The higher interim dividend seems to point to a further increase in the total distribution this year.

John Holt

In the past public interest in John Holt and Company (Liverpool) has been confined to the preference shares, but investors will soon have the opportunity to buy some of the ordinary shares of this long-established firm of West African and general merchants. The directors are seeking a quotation for the ordinary shares on the Liverpool stock exchange. This will improve the marketability of the shares and remove certain tax restrictions which are hampering expansion. The ordinary shares are owned by the Holt family and consist of £900,000 in £1 "A" shares and £225,000 in 5s. "B" shares. These shares are all to be converted into 5s. shares and a one for three scrip issue will be made. Shareholders are being asked to pool the shares resulting from the scrip issue. Shares from this pool will then be placed at a price to produce not less than 11s. per share after all costs. The ordinary capital will then consist of 6 million 5s. shares, of which the Holt family will hold about 75 per cent.

The report of John Holt shows a sharp rise in trading profits from £456,210 to £1,648,000 in the year to August 31st last. In addition the newly acquired OTC status has resulted in a saving of about £200,000 in tax. Thus a net trading loss of £21,923 has been turned into a net profit of £922,868. Apart from the tax saving this remarkable recovery stems from the clearance of high stocks carried over from the previous year, lower interest charges and an improvement in profit margins. With freight rates still low, the company's shipping subsidiary, Guinea Gulf Line, did not participate to any large extent in this recovery but its results were materially better than anticipated. The ordinary dividend has been doubled from 10 per cent (including a profits tax interim of 7 per cent) to 20 per cent. This payment is covered about 6½ times. The tax saving as an OTC will not be quite so big in future years and the carry over in stocks to the current year has been substantially smaller. Another sharp advance in profits does not therefore appear at all likely but it should still be easily within the company's capacity to maintain the dividend at 20 per cent on the increased capital. If the dividend is scaled down to 15 per cent after the scrip issue the 5s. shares offer a yield of 6¾ per cent at 11s. The yield on a 20 per cent dividend would be 9 per cent. Even on minimal assumptions, the yield appears to allow for political uncertainties and for the big swings in earnings which inevitably occur in a business of this nature. This is one of the issues from a family controlled concern which looks certain of a good response.

British Oxygen

The growth in demand, both actual and potential, from the steel makers for tonnage oxygen has prompted the directors of British Oxygen to step up the group's capital development programme from £24 million to £28 million. The preliminary profit figures showed that the 14 per cent rise in trading profits in the year ended September 30, 1959, from £11.3 million to £12.9 million was mainly attributable to the success of the group's overseas interests and to the high level of activity of the engineering divisions at home and overseas. The British industrial gas division suffered from the effects of the recession in the capital goods trades but now the extra £4 million to be spent on expansion is to be used mainly to more than double the production of tonnage oxygen. This is one indication that the directors are confident that the fortunes of this important sector of British Oxygen (in terms of total assets it constitutes half of the group) have now turned the corner. But there are still some clouds on the horizon. Mr J. S. Hutchinson, the chairman, says that in the past four years sales of liquid oxygen have shown little increase. Demand for tonnage oxygen, on the other hand, is expanding rapidly but fierce competition in this field has reduced profit margins considerably so that higher costs cannot be so easily absorbed. Cautiously, therefore, Mr Hutchinson, thinks that any growth in profits of the gas division is likely to be moderate in the current financial year, although he indicates that earnings from chemicals and the engineering division should show some improvement.

The full accounts suggest that British Oxygen will not need to raise more money from the market to meet the cost of its capital programme, for last year the cash flow was £6,700,000 and liquid assets at end-September amounted to over £6 million. The interim ordinary dividend is to be raised from 4 per cent to 6 per cent in order to equalise the final and interim payments: but the rise in the £1 shares from 84s. 3d. to 87s. 3d. (to yield 3.2 per cent) since the publication of the full report suggests that investors are hoping for something better than the 1958-59 payment of 14 per cent.

London Stock Exchange

FIRST DEALINGS:	Feb. 8	Feb. 22	Mar. 7
LAST DEALINGS:	Feb. 19	Mar. 4	Mar. 18
ACCOUNT DAY:	Mar. 1	Mar. 15	Mar. 29

Although markets were remarkably firm before the railway settlement—thanks mainly to the optimistic FBI survey and the continued flow of good company news—there was no decisive response once the outcome of the dispute was known; on Monday the week-end warning about the level of equity share prices by the Governor of the Bank of England dampened enthusiasm. On Wednesday markets were depressed, following the continued fall on Wall Street which brought share prices there down to the lowest levels since April last year. Following a rally on Wall Street, however, some prices moved a little higher on Thursday. Except on Wednesday gilt-edged stocks were firm, especially medium-dated issues, but the rise in the US Treasury bill rate put most prices back on that day. In undated stocks 3½ per cent War Loan fell ⅛ to 64 16/16; medium-dated stocks benefited from some institutional buying and 4½ per cent British Electricity 1974-79 closed unchanged over the week to Wednesday at 89½ after touching 89¾. Short-dated stocks were firm with 4½ per cent Conversion 1964 gaining 1/16 to 99¼. Home Corporation loans tended to lose ground.

Over the week to the close on Wednesday *The Economist* ordinary share indicator fell 4.3 points to 360.3. Wednesday saw falls all along the line in the industrial market and not surprisingly, the shares to take the worst knocks were American favourites such as EMI, which fell 3s. to 46s. 3d., and Philips Lamp, which fell 4s. 10½d. to 137s. 9d. Steel shares were also weak: Steel of Wales lost 2s. 3d. to 47s., United Steel closed 2s. 6d. down at 78s. 6d. and John Summers fell by 9d. to 72s. Heavy engineering shares lost ground with Vickers by 4½d. to 34s. 4½d., Guest Keen by 9d. to 87s. and William Doxford by 2s. to 111s. British Oxygen was strong and rose 3s. 6d. to 87s. 6d. following the full report. Heavy selling from the Continent put Unilever NV down 15s. 10½d. at 162s. 6d. and, in sympathy, Unilever Ltd. fell 6s. 6d. to 129s. Textile shares remained firm: English Sewing Cotton closed unchanged at 50s. 3d. and Patons and Baldwins rose 3s. to 67s. Aircraft shares were fairly active with Fairey rising 6d. to 33s. 6d., and Hawker Siddeley 1½d. to 32s. 1½d.; but Handley Page fell back 9d. to 13s. 1½d.

Oil shares drifted lower in line with Wall Street: Burmah lost 1s. 6d. to 47s. 9d., Shell dropped 5s. 9d. to 143s. 9d. and BP closed 1s. 9d. lower at 53s. 6d. Selling from the Cape and the Continent gave the gold share market on Wednesday its worst setback for months and over the week to Wednesday's close Free State Geduld closed 16s. lower at 163s. 9d. Kaffir prices hardened a little on Thursday.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended February 13, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £139,318,000 compared with a surplus of £168,316,000 in the previous week, and a surplus of £162,241,000 in the corresponding period of last year. There was a net expenditure "below-line" of £10,002,000 leaving a total cumulative deficit to date of £338,270,000 compared with £224,579,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Feb. 14, 1959	April 1, 1959, to Feb. 13, 1960	Week ended Feb. 14, 1959	Week ended Feb. 13, 1960
Ord. Revenue					
Income Tax	2147,000	1807,837	1746,100	119287	102628
Surtax	171,000	123,700	131,600	9,400	10,800
Death Duties	195,000	160,400	189,300	3,700	4,400
Stamps	68,000	55,000	83,600	2,100	2,600
Profits tax, EPT and EPL	274,000	251,000	232,900	3,900	3,300
Other Inland Revenue Duties	1,000	450	360	100	...
Total Inland Revenue	2856,000	2398,387	2383,860	138487	123728
Customs	1285,500	1115,847	1196,812	23,886	27,363
Excise	864,500	839,300	822,540	65,820	61,970
Total Customs and Excise	2150,000	1955,147	2019,352	89,706	89,333
Motor Duties	104,000	103,691	104,833	923	1,363
PO (Net Receipts)	...	5,950	1,600	5,350	1,600
Broadcast Licences	35,000	27,800	30,100	...	...
Sundry Loans	30,000	26,629	33,379	5	21
Miscellaneous	150,000	90,010	138,355	398	705
Total	5325,000	4607,614	4711,479	234869	216750
Ord. Expenditure					
Debt Interest	600,000	588,084	492,302	3,678	3,134
Payments to Northern Ireland Exchequer	79,000	63,789	67,070	...	...
Other Consolidated Funds	10,000	7,904	8,328	...	18
Supply Services	4523,546	3587,291	3807,685	68,400	73,400
Total	5212,546	4247,068	4375,385	72,078	76,552
Sinking Funds	39,000	31,216	31,020	550	880
"Above-line" Surplus or Deficit		**329,330**	**305,074**	**162241**	**139318**
"Below-line" Net Expenditure*		553,909	643,344	21,954	10,002
Total Surplus or Deficit		**224,579**	**338,270**	**140287**	**129316**
Net receipts from:					
Tax Reserve Certificates		58,104	−23,515	−24187	−23839
Savings Certificates		121,500	63,600	2,500	1,400
Defence Bonds		91,485	129,050	3,530	2,878
Premium Savings Bonds		60,615	39,440	1,070	630
Total		**331,704**	**208,575**	**−17087**	**−18931**

* Net receipt of the Civil Contingencies Fund of £5 million in 1959–60 compared with £6 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Feb. 14	3,140·0	1,874·2	252·2	...	5,266·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
" 14	3,580·0	1,942·9	223·8	...	5,745·7
" 21	3,620·0	1,887·2	223·6	...	5,730·8
" 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
" 12	3,660·0	1,934·9	210·9	1·3	5,807·0
" 19	3,660·0	2,004·0	228·2	1·5	5,893·7
" 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
" 16	3,540·0	1,987·0	263·3	...	5,790·4
" 23	3,500·0	1,948·1	270·9	1·8	5,720·9
" 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
" 13	3,330·0	1,677·2	214·6	...	5,221·8

THE MONEY MARKET

The London Treasury bill rate at last Friday's tender rose only fractionally, to £4 10s. 11.3d. In contrast to the previous two weeks all the £250 million bills offered were allotted and the discount market, which kept its concerted bid at £98 17s. 3d., had its allotment increased from 28 per cent to 37 per cent. At this week's tender £260 million of bills were offered against maturities of £280 million.

Treasury bill rates in the United States have turned sharply upward, following the easing of the past few weeks; the average rate for three months bills rose from 3.563 per cent to 4.045 per cent, and for six months bills from 4.094 per cent to 4.294 per cent. Dealers appear to have overestimated the demand for bills the previous week and they therefore cut their bids sharply at this week's tender.

The improvement in credit conditions in London at the end of last week has been more than maintained this week following the repayment of Exchequer bonds on Monday, when the authorities sold back a very large amount of bills. On other days some balances remained unlent. Business in bills has improved slowly; two months' maturities have changed hands at 4⅛ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4% 21/1/60)	5	**Discount rates:** Bank bills:	
Deposit rates (maximum):		60 days	4 21/32–4 23/32
Banks	3	3 months	4 21/32–4 23/32
Discount houses	3–3⅜	4 months	4 23/32–4 25/32
		6 months	4 21/32–4¾
		Fine trade bills:	
Money:		3 months	5¼–6
Day-to-Day	3–4¼	4 months	5¼–6
		6 months	5½–6¼

NEW YORK

	%		%
Official discount rate: (from 3½% 10 9 59)	4	**Treasury Bills:** February 8	3·563
		" 15	4·045

BANK OF ENGLAND RETURNS

(£ million)	Feb. 18, 1959	Feb. 10, 1960	Feb. 17, 1960
Issue Department:			
Notes in circulation	2,001·1	2,117·6	2,115·4
Notes in banking dept.	49·2	32·8	34·9
Govt. debt and securities*	2,046·5	2,147·3	2,147·3
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	13·2	10·1	13·8
Bankers	238·0	254·9	272·5
Others	69·3	64·9	62·2
Total	320·5	329·9	348·5
Securities:			
Government	259·1	270·3	288·5
Discounts and advances	8·5	23·4	21·6
Other	21·4	20·8	21·0
Total	289·0	314·5	331·1
Banking department reserve	50·0	33·7	35·9
"Proportion"	% 15·6	% 10·2	% 10·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £25 million to £2,150 million on February 10th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate†
1959	91 day			s. d.	%
Feb. 13	190·0		339·6	59 10·89	30
	91 day	63 day			
Nov. 13	230·0	60·0	471·5	67 9·55	26
" 20	230·0	60·0	438·0	67 11·96	44
" 27	220·0	60·0	415·4	67 11·95	46
Dec. 4	230·0	60·0	408·1	70 7·23	54
" 11	290·0	...	452·8	71 6·91	48
" 18	240·0	50·0	403·9	72 10·50	54
	91 day				
" 24	290·0		407·8	73 8·82	66
1960					
Jan. 1	280·0		422·4	74 6·24	50
" 8	270·0		396·6	74 11·06	56
" 15	270·0		406·0	75 7·79	52
" 22	270·0		378·5	91 1·19	67
" 29	250·0		436·8	90 9·18	17
Feb. 5	250·0†		410·2	90 10·88	28
" 12	250·0		413·0	90 11·30	37

* On February 12th tenders for 91 day bills at £98 17s. 3d. secured 37 per cent, higher tenders being allotted in full. The offer for this week was for £260 million of 91 day bills. † Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: February 17	Market Rates: Spot: February 11	February 12	February 13	February 15	February 16	February 17
United States $	2·78-2·82*	2·80¼–3⅜	2·80¼–3⅜	2·80 5/16–7/16	2·80⅜–½	2·80⅜–½	2·80⅜–½
Canadian $	...	2·66⅞–67	2·66⅞–67	2·67–67⅛	2·66⅞–67	2·66 11/32–3/16	2·66 11/32–3/16
French Fr.	13·622–14·027	13·75⅝–7⅝	13·75¼–½	13·75⅞–76⅛	13·76¼–½	13·76⅛–⅜	13·75⅞–76⅛
Swiss Fr.	11·94–12·54⅞	12·15⅞–16⅛	12·15¾–16	12·16⅜–17	12·16⅞–17⅛	12 16⅛–⅜	12·16¼–½
Belgian Fr.	137·96–142·05	139·77½–82½	139·72½–77½	139·77½–82½	139·80–87½	139·82½–85	139·80–85
Dutch Gld.	10·48–10·80	10·57–57¼	10·56⅝–⅞	10·57–57¼	10·57–57⅛	10·57–57⅛	10·57–57¼
W. Ger. D-Mk.	11·59¼–11·92¾	11·68¾–69	11·68⅜–⅞	11·69⅛–⅜	11·69⅜–⅝	11·69⅜–⅝	11·69¼–½
Portug. Esc.	79·00⅜–82·00½	80 20–30	80 20–30	80 20–30	80 20–30	80 20–30	80 20–30
Italian Lire	1725–1775	1739½–3¼	1739½–40	1740¼–¾	1741–41¼	1741⅛–⅜	1741⅛–⅜
Swedish Kr.	14·27½–14·70	14·50⅞–51⅛	14·50⅞–51⅛	14·51⅛–52	14·51⅛–52⅛	14·51⅞–52⅛	14·51⅞–52⅛
Danish Kr.	19·06½–19·62	19 35⅛–⅜	19 35⅛–⅜	19 35½–¾	19 35⅝–⅞	19 35⅝–⅞	19 35½–¾
Norwegian Kr.	19·71–20·30½	20·03½–¾	20·03½–¾	20·03½–¾	20·03⅝–⅞	20·03⅝–⅞	20·03½–¾
* Official Limits		**One Month Forward Rates**					
United States $		1gc. pm–par	1gc. pm–par	1gc. pm–par	1gc. pm–par	1gc. pm–par	1gc. pm–par
Canadian $		par 1gc. dis	par 1gc. dis	par 1gc. dis	par 1gc. dis	par 1gc. dis	par–1gc. dis
French Fr.		½c. pm–1c. dis	par–1c. dis	par–1c. dis	¼c. pm–1c. dis	¼c. pm–1c. dis	¼c. pm–1c. dis
Swiss Fr.		1⅞–1⅝c. pm	2–1¾c. pm	2–1¾c. pm	1⅞–1⅝c. pm	1¾–1½c. pm	1¾–1½c. pm
Belgian Fr.		5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.		⅞–¾pf. pm	⅞–¾pf. pm	1–¾c. pm	¾–½c. pm	¾–½c. pm	¾–½c. pm
W. German D-Mk.		½–¼pf. pm	⅝–⅜pf. pm	⅝–⅜pf. pm	½–⅜pf. pm	½–⅜pf. pm	½–¼pf. pm
		Three Months Forward Rates					
United States $		½–¼c. pm	½–¼c. pm	½–¼c. pm	½–¼c. pm	3/8–1/4c. pm	3/8–1/4c. pm
Canadian $		1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/8–1/4c. dis	3/16–1/4c. dis	3/16–5/16c. dis
Swiss Fr.		4¾–4½c. pm	5–4¾c. pm	5–4¾c. pm	4⅞–4¾c. pm	4¾–4½c. pm	4¾–4¾c. pm
W. German D-Mk.		1–¾pf. pm	1⅛–⅞pf. pm	1⅛–⅞pf. pm	1⅛–⅞pf. pm	⅞–¾pf. pm	⅞–¾pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/4¼	250/4½	...	250/3¼	250/2½	250/3¼

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

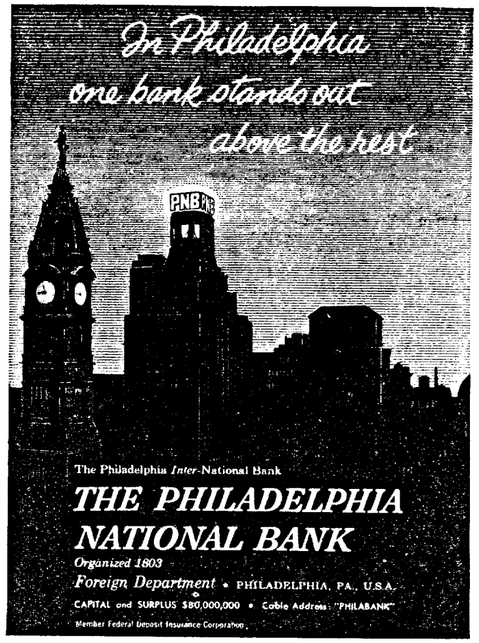
Prices and Wages	Jan. 30th	External Trade	Feb. 6th
Manpower and Output	This week	Industrial Profits	Jan. 23rd

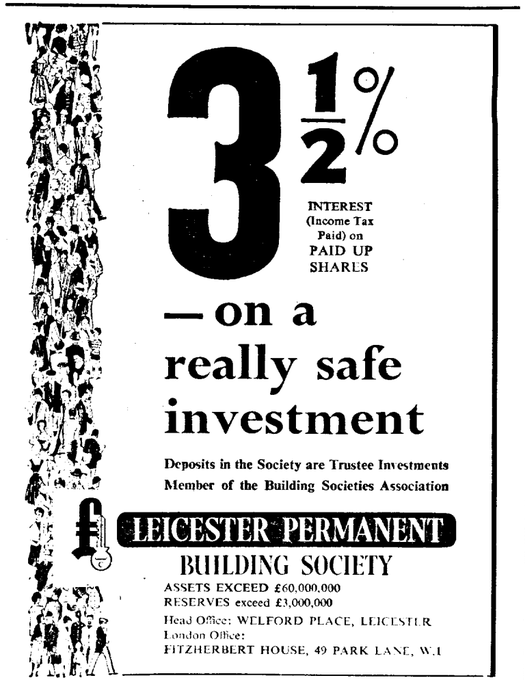
OVERSEAS

Western Europe	Feb. 13th	United States	Dec. 26th

	Unit	Mid-year or averages			1958		1959	1959				1960
		1957	1958	1959	Nov.	Dec.	Jan.	Sept.	Oct.	Nov.	Dec.	Jan.
TOTAL MANPOWER		June figures										
Working population (1):												
Total	'000s	24,188	24,070	23,968	24,126	24,106	23,965	24,157	24,373	24,385	24,272	...
Men	,,	16,225	16,160	16,063	16,161	16,175	16,124	16,147	16,220	16,203	16,181	...
Women	,,	7,963	7,910	7,905	7,965	7,931	7,841	8,010	8,153	8,182	8,091	...
Armed forces	,,	702	614	565	594	590	585	551	547	540	536	...
Civil employment (11):												
Total	,,	23,245	23,080	23,020	23,043	22,990	22,820	23,203	23,412	23,432	23,300	...
Manufacturing industries	,,	9,271	9,147	9,110	9,115	9,106	9,063	9,254	9,355	9,396	9,382	...
Employees:												
in engineering (1)	,,	3,966	3,970	3,951	3,950	3,941	3,942	4,017	4,037	4,060	...	...
in consumer goods industries (2)	,,	3,376	3,275	3,265	3,275	3,244	3,241	3,309	3,322	3,328	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	312·5	457·4	475·2	536·0	531·7	620·8	405·1	419·0	430·5	420·9	460·6
Temporary or under 2 weeks	,,	95·7	141·0	120·8	154·0	141·6	197·2	102·1	105·1	97·5	89·2	114·2
Over 8 weeks	,,	129·3	197·7	243·4	237·7	248·3	286·8	200·2	208·0	218·4	222·0	239·8
By regions (3):												
Great Britain	,,	1·4	2·1	2·2	2·4	2·4	2·8	1·9	1·9	2·0	1·9	2·1
London and South Eastern	,,	1·0	1·3	1·3	1·5	1·4	1·7	1·0	1·1	1·1	1·1	1·2
Eastern	,,	1·3	1·7	1·5	1·7	1·7	2·2	1·3	1·4	1·4	1·4	1·6
Southern (4)	,,	1·3	1·6		1·8	1·8	2·0					
South Western (4)	,,	1·8	2·2	2·2	2·6	2·6	2·9	1·7	2·0	2·3	2·2	2·4
Midland	,,	1·3	1·6	1·5	1·9	1·8	2·2	1·2	1·1	1·0	1·0	1·0
North Midland	,,	1·0	1·6	1·5	1·7	1·8	2·1	1·3	1·2	1·3	1·3	1·4
East and West Ridings	,,	0·9	1·9	1·9	2·4	2·3	2·7	1·6	1·6	1·5	1·5	1·6
North Western	,,	1·6	2·7	2·8	3·2	3·3	3·6	2·4	2·3	2·3	2·2	2·5
Northern	,,	1·7	2·4	3·3	3·1	3·2	3·9	3·0	3·1	3·4	3·3	3·7
Scotland	,,	2·6	3·8	4·4	4·4	4·4	5·4	3·9	4·0	4·3	4·3	4·5
Wales	,,	2·6	3·8	3·8	4·1	4·1	4·6	3·2	3·4	3·4	3·3	3·3
VACANCIES												
Unfilled vacancies notified to employment exchanges: Total	,,	276	198	224	159	163	156	255	246	245	251	245
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	107	106	112	114	107	107	117	122	124	115–116[6]	...
,, ,, *seasonally adjusted*	,,	...	...	...	*107*	*107*	*107*	*114*	*116*	*116*	116–117[6]	...
Mining and quarrying	,,	99	94	...	101	94	93	94	97	98	...	...
Construction	,,	106	105	...	108[9]	...	106[10]	113[8]	...	...	...	...
Gas, electricity and water	,,	112	117	...	128	136	147	108	120	137	...	...
Manufacturing, total	,,	108	107	...	115	106	107	120	125	127	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*107*	*108*	*107*	*117*	*119*	*119*	...	...
Engineering and electrical goods	,,	111	111	...	123	119	108	128	129	...	...	...
Shipbuilding	,,	108	109	...	109	109	108	99	99	100	...	...
Vehicles	,,	115	118	...	117	126	124	132	138	141	...	...
Chemical trades	,,	115	115	...	123	116	123	132	135	...	...	...
Textiles, leather and clothing	,,	99	91	...	100	82	92	106	112	110	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (5) (7)	W	'000 tons	4,301	4,150	3,965	4,436	4,142	4,340	3,988	4,128	4,181	3,719	4,074
Pig iron	W	,,	275	245	242	234	223	229	251	270	277	280	298
Steel, ingots and castings	W	,,	417	369	388	352	313	357	426	441	459	433	471
Sulphuric acid	M	,,	194·7	186·8	...	187·5	203·1	214·3	195·7	215·9	217·5	...	...
Newsprint	W	,,	12·55	11·81	12·87	12·27	10·53	13·12	13·05	13·13	14·50	13·33	...
Electricity (5)	M	mn. kwh	7,581	8,209	8,764	9,190	10,186	11,079	7,752	9,050	10,226	11,175	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·85	14·77	...	15·23	12·74	14·38	15·48	16·26	15·96	...	...
Worsted yarn	M	,,	19·48	17·18	19·33	18·44	18·26	19·03	21·72	22·43	21·40	19·90	...
Rayon and synthetic fibres	M	,,	41·32	35·18	42·90	37·63	40·20	46·11	43·53	47·25	47·30	50·90	...
Cotton cloth, woven	W	mn. yds.	31·4	27·0	...	27·2	21·7	25·2	26·3	28·8	28·6	...	...
Woof fabrics, woven	M	mn. sq. yds.	32·8	29·1	30·4	30·0	29·1	31·3	34·0	34·6	32·9	31·5	...
Engineering production:												
Passenger cars and chassis	W	'000s	16·56	19·84	22·88	19·83	17·98	19·03	24·35	27·59	29·33	26·98	...
Commercial vehicles and chassis	W	,,	5·54	5·90	7·12	6·00	5·93	6·58	8·45	8·36	8·20	7·84	...
Internal combustion engines	M	'000 BHP	406	378	...	339	407	385	483	...	...	...	...
Metal-working machine tools	M	£'000	7,936	6,993	...	5,708	6,838	6,250	6,998	7,122	...	...	...
BUILDING ACTIVITY (5)												
Permanent houses completed:												
Total	M	'000s	25·09	22·81	23·06	23·06	23·25	18·29	23·92	26·30	25·14	26·44	...
By private builders	M	,,	10·54	10·68	12·56	11·77	11·35	9·33	13·85	15·18	13·95	14·17	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for third quarter. (9) Average for fourth quarter. (10) Average for first quarter (11) All figures from November, 1958 are subject to revision in the light of the May, 1959 count of insurance cards; revised figures are available (and included here) for December, 1958 and October, November and December, 1959 only.





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Paid up Capital **£544,000**
Assets exceed **£3,000,000**

Directors: J. B. Campbell, J. W. W. Huntrods
P. H. Russell Smith, A.C.A., P. J. Cannon, G. Keighley

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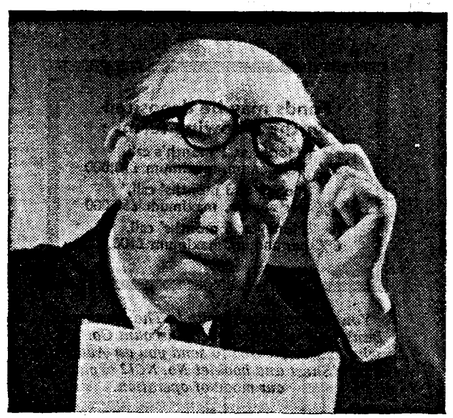

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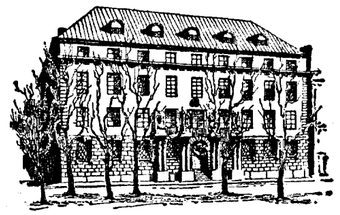

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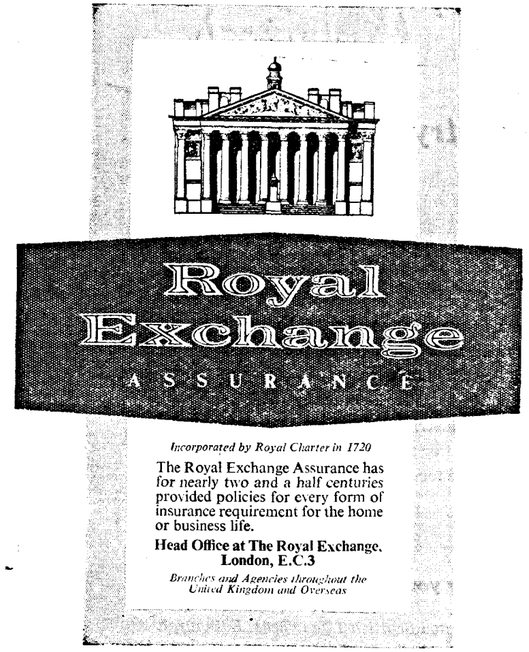

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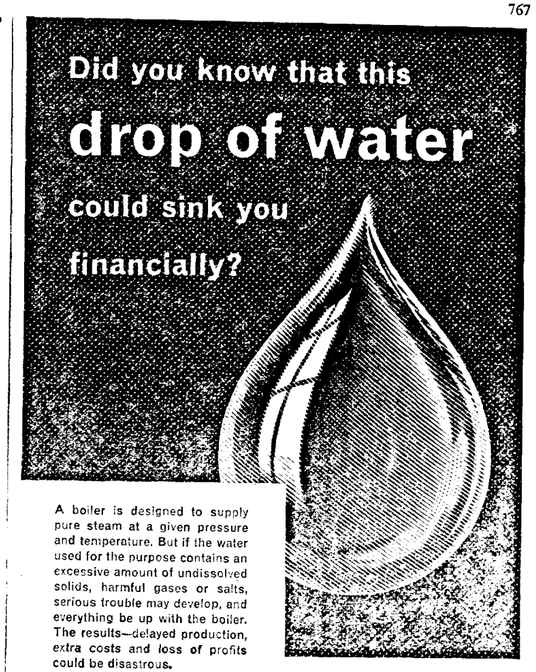

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APPOINTMENTS

COMMONWEALTH OF AUSTRALIA

DEPARTMENT OF THE TREASURY
STATISTICIAN'S BRANCH, CANBERRA

VACANCY: **RESEARCH OFFICER GRADE I** (several positions).

SALARY: £A1.290 — £A1.620 p.a.

DUTIES: Investigational work concerned with the development of statistical series compiled by the Bureau of Census and Statistics. These cover the whole range of Australian official, economic and social statistics and include those relating to National Income and Balance of Payments. Depending on interest and suitability, successful applicants may be employed directly in a particular aspect of this work, or in the associated fields of sampling design and planning and of electronic machine programming.

QUALIFICATIONS: Appropriate University degree with major study in economics and/or statistics and experience in economic or statistical work.

VACANCY: ASSISTANT RESEARCH OFFICER (several positions).

SALARY: £A960 — £A1.290 p.a.

DUTIES: Assist in the compilation and analysis of the economic statistical series currently being developed in the Bureau of Census and Statistics.

QUALIFICATIONS: Appropriate University degree with major study in economics or statistics. Students expecting to graduate this year may apply.

GENERAL: Successful applicants will be required to pass a medical examination as to physical fitness for permanent appointment to the Commonwealth Public Service, and will be required to contribute to the Commonwealth Superannuation Scheme.

Successful appointees will be granted a passage to Australia under the Assisted Passage Migration Agreement between the United Kingdom and Australian Commonwealth Governments.

Assistance will also be given in the provision of accommodation.

APPLICATIONS: *Applications should be made on forms obtainable from the Public Service Board Representative, Australia House, Strand, London, W.C.2, and forwarded to this office as soon as possible but not later than March* 10, 1960.

INTERNATIONAL BANK requires Abstractor with reading knowledge of Spanish, German and French, in this order of importance, and experience in translating and abstracting economic and financial material. Free luncheon facilities on premises pay according to experience, generous leave system, holiday arrangements respected.—Write, giving full details of age, experience, etc., Box 1286.

AUSTRALIA

MANAGER required for Melbourne company specialising in the administration of pension and superannuation funds. Position involves the negotiation of superannuation schemes and the control of office organisation administering them. Position would suit official in pension department of Life Assurance company or bank official specialising in trustee work. This is an important appointment carrying a substantial salary and with excellent prospects Applications, giving full details of education and career to date, should be marked "Private and Confidential" and addressed to:

Mr. C. S. Alder,
J. H. MINET & CO. LTD.,
31-34 Fenchurch Street,
London, E.C.3.

THE UNIVERSITY OF MANCHESTER
RESEARCH FELLOWSHIP IN ECONOMIC STATISTICS

Applications are invited for the above Fellowship, tenable for one year with a possible extension to two years. The Fellowship is of a value within the range £1.100-£1.400 per annum, together with approved expenses involved in the research. Regulations governing the award of the Fellowship and application forms may be obtained from the Registrar, the University, Manchester, 13, to whom all applications should be sent not later than March 15, 1960.

YOUNG GRADUATE (male) for responsible and interesting work on the Statistics of packaging industry and Company's sales forecasts.—Write GIS 2, Personnel Services Division, Metal Box Co. Ltd., 37 Baker Street, W.1.

AUSTRALIAN NATIONAL UNIVERSITY
CANBERRA

RESEARCH SCHOOL OF PACIFIC STUDIES

Applications are invited for appointment to a RESEARCH FELLOWSHIP and a SENIOR RESEARCH FELLOWSHIP in the DEPARTMENT OF ECONOMICS of the Research School of Pacific Studies.

The Department is a new one to be devoted to the study of under-developed areas; it will offer scope for theoretical work in the economics of development and emphasise the building up of systematic empirical knowledge of the Pacific and South East Asia. Studies in current problems of economic growth and of Australia's economic relations with the region are contemplated. A particular field of study of several Departments of the School is the development of New Guinea.

The salary ranges for Senior Research Fellows and Research Fellows are £A2.272-£A2.752 and £A1.437-£A2.152 respectively. Appointment is for three years, with possible extension to a maximum of five years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid, and assistance with housing is provided.

Further details are available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on March 31, 1960.

THE ECONOMIST INTELLIGENCE UNIT LIMITED

invites applications for posts on the research staff of its Overseas, Industries and Marketing Departments. Candidates should have a first or upper second-class degree preferably, but not necessarily, in Economics; at least two years' experience of industry, commerce or finance; and a good knowledge of at least one foreign language.—Please send full particulars, including age, experience, qualifications and present salary, to "Research," The Economist Intelligence Unit, 22 Ryder Street, St. James's, London, S.W.1.

TRAINING OFFICER (TRAINING WITHIN INDUSTRY): MINISTRY OF LABOUR. Pensionable post for man or woman at least 31 on 1.1.60, with practical experience of supervision and management (preferably including some experience as Education and Training Officer). Applicants must have completed a T.W.I. (Institute) course of training as T.W.I. Trainer and have up-to-date experience in presentation of training programmes. Men's salary scale (national) £1,120-£1,2?? Promotion prospects. Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting 5097/60. Closing date March 17, 1960.

LAPORTE INDUSTRIES LIMITED

COMMERCIAL INFORMATION OFFICER

LAPORTE INDUSTRIES LIMITED has a vacancy at its Head Office in London for a female graduate in economics or commerce to initiate an information service on commercial and economic matters with special reference to the Chemical Industry.

Duties of the post will include obtaining information from commercial journals and other sources, the classification and filing of such information, its dissemination within the organisation and the maintenance of statistics on the Chemical Industry.

Applicants, who should be aged from 20-28, should have a reading knowledge of French and German.

The company operates a 37½-hour week, there is a pension scheme and luncheon vouchers are provided.

Replies, giving details of age, qualifications and experience and quoting ref. LH/E1/11, should be addressed to The Group Personnel Manager, LAPORTE INDUSTRIES LIMITED, Hanover House, 14 Hanover Square, London, W.1.

INDUSTRIAL MARKET RESEARCH

The enquiring mind needs variety, independence, and constructive assignments. We are a small, but internationally well-connected, industrial market research agency in the West End offering just this. Our expansion is your opportunity if you can prove to us that you have good commercial experience and a critical scientific approach. Age 27-38, probably graduate, willing to travel. Salary by negotiation. Please write to us, in complete confidence, at Box 1283.

FINANCIAL JOURNALIST, actual or potential, with sound grasp of company analysis, wanted in City office of national morning newspaper.—Write Box 1285.

THE UNIVERSITY OF HULL
DEPARTMENT OF ECONOMICS AND COMMERCE

Applications are invited for a Lectureship in Accounting and an Assistant Lectureship in Government.

Salary scales: Lecturer £900-£1,650; Assistant Lecturer £700-£850 per annum; with F.S.S.U. and children's allowances.

Further particulars may be obtained from the undersigned to whom applications (five copies) should be sent not later than March 16, 1960.

W. D. CRAIG,
Registrar.

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COST AND BUDGET ANALYST. Age 22-27: Intermediate degree or professional qualification. This is an ideal opening for young men studying for a cost and works qualification. The vacancies are in the decentralised Controllers' offices at Dagenham and will provide a valuable insight into manufacturing operations. Reference CBA.

COST ACCOUNTANT. Age 25-30: Qualified Accountant with industrial experience. The vacancy is in the Central Staff Cost Accounting Department and provides an opportunity for a young man with sound training and practical experience to make a contribution to the further development of a modern integrated accounting system. The ability to understand a complex industrial organisation and to express ideas and instructions clearly in writing are essential. Reference CCA.

Please address applications to Mr. H. C. Crawford, Training and Recruitment Department, Ford Motor Company Limited, Dagenham, Essex, quoting appropriate reference on the envelope.

CHIEF ORGANISATION AND METHODS OFFICER

We are co-ordinating organisational investigations into a separate Organisation and Methods Group at our Main Works in the Midlands and we require a departmental head to control its activities.

Experience in organisation and methods is essential and preference will be given to applicants in the 30-45 age group.

Salary level will depend on qualifications, experience and ability and we are prepared to pay up to £1,500 per annum for the right man.

Applications giving full details should be sent to the Personnel Manager, Ericsson Telephones Limited, Beeston, Nottingham, quoting reference OM/.

ECONOMISTS

The Prudential Assurance Company Ltd. has vacancies in its Económic Intelligence Department. This department is concerned with the application of economic analysis to the Company's operations in Britain and the Commonwealth, and especially with investment problems. The work would be congenial to recently graduated economists of either sex with a good degree, wishing to make full use of their economics training. Students who are taking a degree this summer will also be considered.

Good initial remuneration is offered, and there are prospects of considerable further advancement. Applicants should be aged 25 or less and should send details of age, qualifications and career to the Staff Controller, Prudential Assurance Company Ltd., 142 Holborn Bars, London, E.C.1.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

Applications are invited for the post of ASSISTANT LECTURER or LECTURER in ECONOMICS, with special interests in MATHEMATICAL ECONOMICS or ECONOMIC STATISTICS, commencing, if possible, on October 1, 1960. The appointment will be made at an appropriate point within the present salary scales: Assistant Lecturer, £700-£850; Lecturer, £900 — £1,350 — £1,650, plus F.S.S.U. benefits and Children's Allowances.—Further particulars may be obtained from the Registrar, University College, Cathays Park, Cardiff, to whom six copies of applications should be sent not later than March 19, 1960.

UNIVERSITY OF MELBOURNE

LECTURER IN THE ECONOMIC HISTORY OF ASIAN COUNTRIES

Applications are invited for the above-mentioned position. The appointee will be expected to commence duty as soon as possible after June 1, 1960.

The salary will be arranged according to qualifications within the range of £A1,500 to £2,100 per annum. Superannuation similar to F.S.S.U. in Great Britain will be provided.

Conditions of Appointment may be obtained from the Secretary, *Association of Universities of the British Commonwealth*, 36 Gordon Square, London, W.C.1.

Applications close on April 29, 1960.

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SENIOR ASSISTANT (EDUCATION AND TRAINING) IN THE PERSONNEL DEPARTMENT, DIVISIONAL HEADQUARTERS, KINGSTON.

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Salary within range of £927 to £1,000 per annum, including London Allowance. Superannuation and sick pay schemes in operation.

Applications, giving age, experience, qualifications, etc., and quoting vacancy number, should be sent to Personnel Officer, Central Electricity House, Lower Ham Road, Kingston, Surrey. Closing date February 29, 1960.

W. H. DUNKLEY,
Divisional Controller.

NORTHERN POLYTECHNIC

HOLLOWAY, LONDON, N.7

The Governing Body invites applications for appointment as PRINCIPAL of the Northern Polytechnic. Candidates should possess high academic qualifications and appropriate educational and administrative experience. Salary scale—£2,800 rising by annual increments of £100 to £3,100 per annum, plus London Allowance. In determining the commencing salary, increments, subject to the maximum of the scale, might be given to a suitable candidate.

The Northern Polytechnic is a major Regional Technical College. To meet current needs and to provide for future development, a large site adjacent to the Polytechnic is now being acquired for a substantial extension.

Form of application, together with full particulars, will be forwarded on request, and should be returned to me, duly completed, not later than March 31, 1960.

R. H. CURRELL, F.C.A.,
Clerk.

GROUP of Investment Trust Companies requires LADY ASSISTANT. Duties would include Investment Research and Analysis of Company Accounts.—Write Box TE.792, c/o 191 Gresham House, E.C.2.

SYSTEMS STUDY

British European Airways O and M Branch provides an advisory service to management throughout the Corporation. There are two vacancies in the Systems Study Section, which is responsible for the solution of a wide range of problems in organisation and office systems, for the design of forms and for the choice of office equipment.

Ref.: 105. The Se or post (salary range £1,160-£1,650) is for a man under 40 with a university degree, or a professional qualification in accounting or engineering, and at least *three years'* experience of O and M work in commerce or industry. He must have a good knowledge of business methods, a real enthusiasm for improving efficiency and the ability to present his arguments concisely and persuasively both orally and in reports.

Ref.: 106. The Junior post (salary range £860-£1,120) would suit a younger person of less experience in business and possibly none in O and M work, but with potential for development beyond present achievement. For those applicants without a degree, there must be evidence of studies likely to lead to a professional qualification.

Applications, quoting reference shown, to Personnel Officer, Head Office, BEA, Bealine House, Ruislip, Middlesex.

UNIVERSITY COLLEGE, IBADAN, NIGERIA

Applications are invited for two posts, one in (a) ECONOMICS to commence October, 1960, and the other in (b) SOCIOLOGY to commence as soon as possible. Grading according to qualifications and experience:

Senior Lecturer:	£1,700 x £75 — £1,925 p.a.
Lecturer (Grade I):	£1,400 x £50 — £1,650 p.a.
Lecturer (Grade II):	£1,000 x £50 — £1,300 p.a.
Assistant Lecturer:	£800 x £50 — £900 p.a.

(Salary scales under review.)

Candidates with special interest in (a) Money and Banking, and in (b) Sociological Theory preferred.

Passages paid for appointee, wife and up to five children under 11 years, on appointment, annual overseas leave, and termination. Children's, car and outfit allowances. F.S.S.U. Part-furnished accommodation at rent not exceeding 7.7 per cent of salary. Detailed applications (six copies), naming three referees, by March 16, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

THE REPUBLIC OF THE SUDAN

The Ministry of Education invites applications for appointment as mistresses in Secondary Schools in the Sudan in particular *for the teaching of ENGLISH up to "O" level* or the equivalent. Vacancies also exist for mistresses to teach MATHEMATICS, SCIENCE, HISTORY, GEOGRAPHY AND DOMESTIC SCIENCE up to a similar level.

QUALIFICATIONS AND AGE:

A University Degree in Arts or Science or equivalent qualifications in Domestic Science is essential. Teaching experience, a Certificate in Education, and willingness to assist with games, physical training, music and other school activities, will be an advantage. Age limits 23 to 45.

TERMS OF SERVICE:

Appointment will be on Short Term Contract (with bonus) for a period of up to five years. Salary ranges from £S.860 to £S.1,340 (£S.1=£1 0s. 6d.) with bonus payable at end of contract. Starting rate will be determined according to age, qualifications and experience. An outfit allowance of £S.50 is payable when the contract is signed. A Cost of Living Allowance which is reviewed every two months is also payable. Annual home leave accrues at the rate of seven days per month with free passage. Further particulars and forms of application may be obtained from the Embassy of the Republic of the Sudan, Appointments Section, Cleveland Row, St. James's, London, S.W.1, quoting reference 4/1026.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

Applications are invited for the post of ASSISTANT LECTURER or LECTURER in INDUSTRIAL PSYCHOLOGY in the Department of Industrial Relations. Six copies of applications should be sent not later than March 19, 1960, to the Registrar, University College, Cathays Park, Cardiff, from whom further particulars may be obtained.

MACHINERY BUYER FOR PIRELLI LIMITED, LONDON

Pirelli Limited wish to appoint a MACHINERY BUYER for their Central Buying organisation in London. Among a wide range of purchasing responsibilities the Department buys machinery for the Company's factories at Burton-on-Trent and for the Pirelli organisation overseas.

Applications are invited from men who meet the following specification:

(a) University graduate (not necessarily in Engineering), age 26-35.
(b) Commercial background plus a distinct familiarity with machinery.

A knowledge of buying for an industrial organisation would obviously be an additional advantage.

For a man of real ability this is a first-class career opportunity with an expanding and progressive Company. Salary and conditions of service should prove attractive and will be discussed with candidates selected for interview.

Candidates who have the qualifications mentioned above should send brief details of age, education, career so far and present salary to the Personnel Manager, Pirelli House, 343-345 Euston Road, London, N.W.1.

RATE FIXER required by a medium sized manufacturing Company near City centre. It is essential that applicants have had at least five years' practical experience in connection with hand and power press, and Capstan Lathe operations, assembly work and spot welding. This is a staff appointment carrying a salary of £840 to £1,000 p.a.—Reply, giving age and details of previous and present employment, to Box 1284.

Secretary for Engineering Company in Edinburgh. Must be C.A. or A.C.I.S. Age about 28 to 35. Apply Box No. 1287

STATISTICIAN is required at the Medical Research Council Climate and Working Efficiency Unit, Oxford. Candidates should have Honours Degree in Statistics or in Mathematics with Diploma in Statistics, and be interested in the field of Physiology. The post is suitable for newly qualified graduates.—Apply to the Secretary, M.R.C. UNIT, Department of Human Anatomy, South Parks Road, Oxford.

DEPUTY WORKS LABOUR MANAGER

required by the United Kingdom Atomic Energy Authority, Production Group, Springfields Works, Salwick, Preston, Lancashire, to undertake labour management duties in a large chemical works, including recruitment of industrial labour, joint consultation, trade union negotiation, job evaluation and interpretation of the Authority's labour policy.

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ANNOUNCEMENT NO. 228/12. FEBRUARY 15, 1960.

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Parts of Petroleum open districts I, III, IV, VIII, XIV and XVIII in respect of which no commitments and agreements have been entered into, *are declared closed as from* May 15, 1960, until such dates as they may be declared as open again. The N.I.O.C. shall refrain from considering any proposal which may be submitted after the aforementioned date.

NATIONAL IRANIAN OIL COMPANY.
A. Entezam,
Chairman of the Board of Directors.

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Notice is hereby given that the Transfer Books of the Bank will be closed from March 2nd to March 15th, both days inclusive.

By Order of the Board,
G. T. GILLESPIE,
General Manager.

26 Bishopsgate,
London, E.C.2.
February 16, 1960.

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Notice is hereby given that an Interim Dividend of Fifty Cents (50¢) per share, Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable March 15, 1960, to shareholders of record, February 17, 1960. By Order of the Board, C. H. Windeler, Secretary.—Toronto, Ontario, February 10, 1960.

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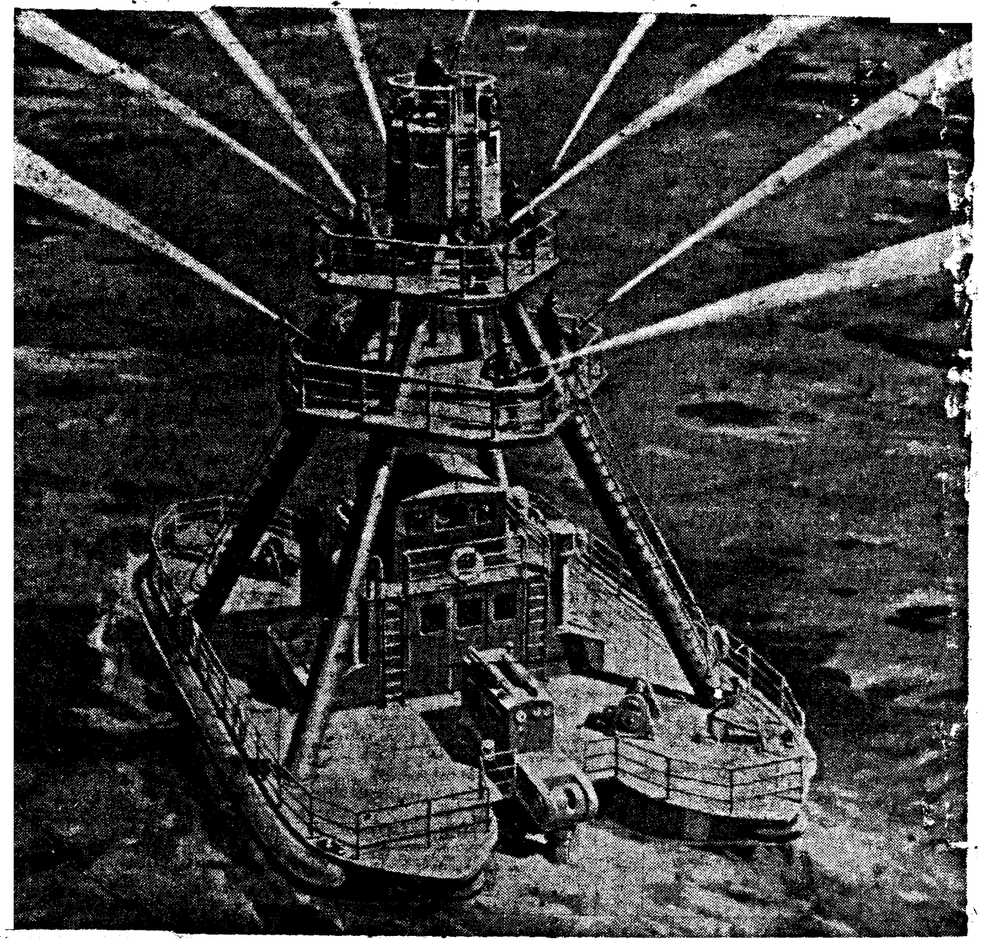

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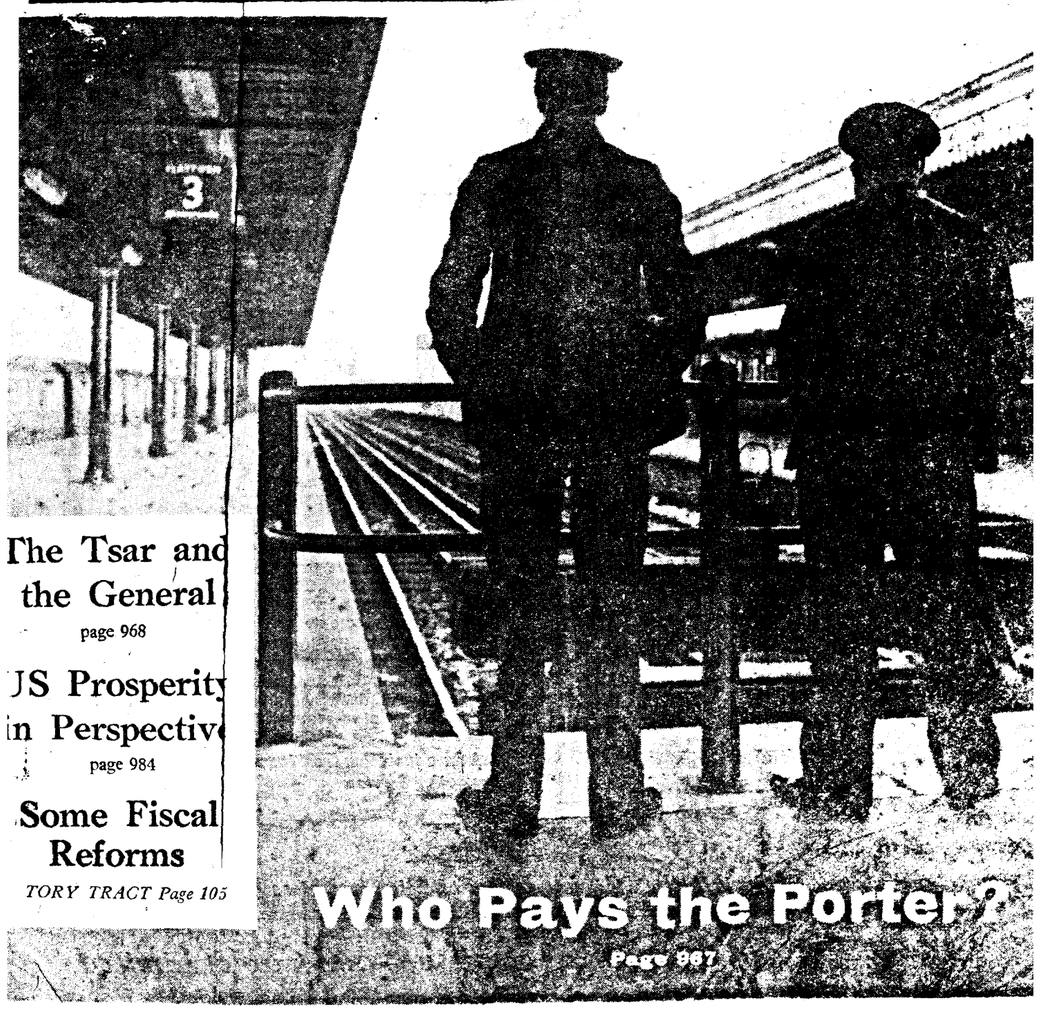

The Tsar and the General
page 968

US Prosperity in Perspective
page 984

Some Fiscal Reforms
TORY TRACT Page 105

Who Pays the Porter?
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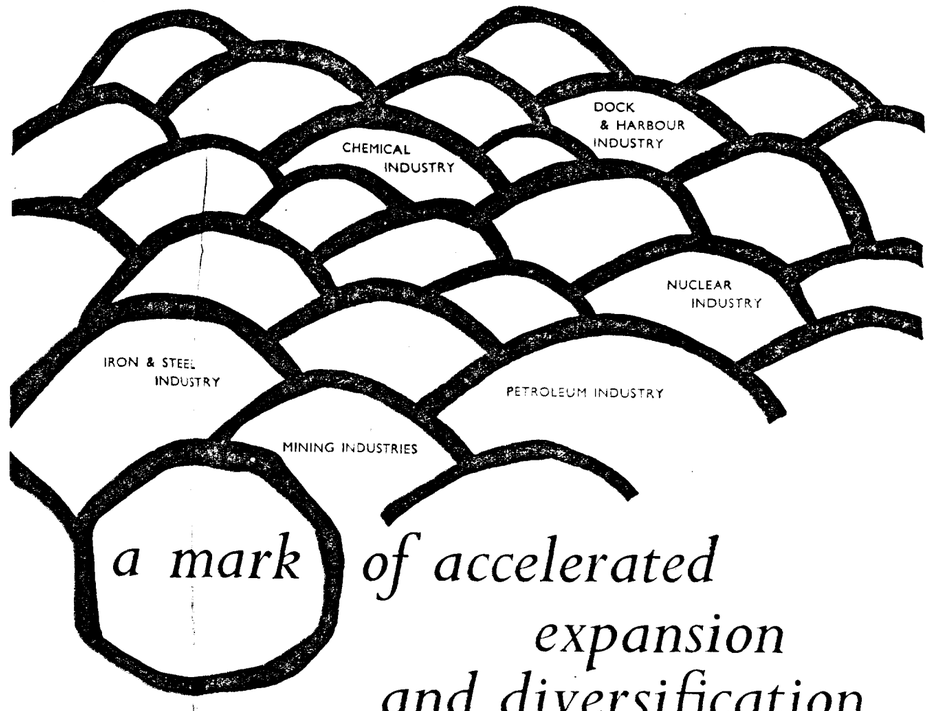

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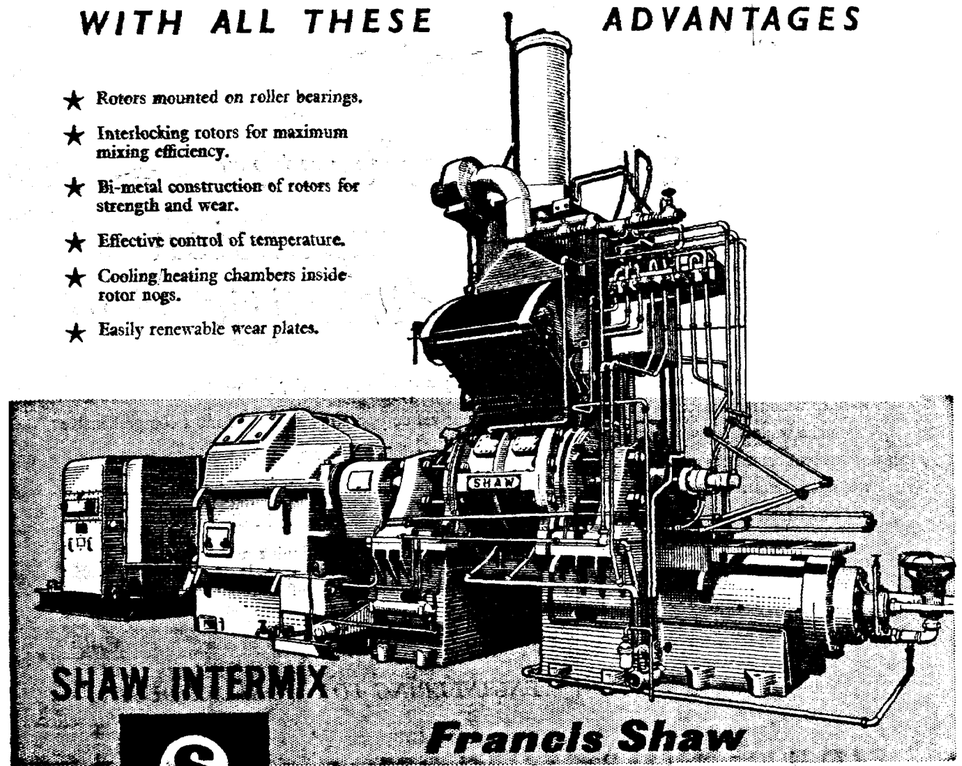

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No. 3

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44. Sir HUGH CASSON, famous British architect and exponent of MODERN DESIGN, is one of the many professional men whose premises are protected by Nu-Swift.

45. Rendez-vous of the cosmopolitan smart set, the famous Palace Hotel, ST. MORITZ, Switzerland, near the Cresta Run, is now protected by Nu-Swift. So are many of the vessels of the rich GREEK SHIPOWNERS who make the Palace Hotel their winter headquarters.

46. Norwegian WHALE CATCHING SHIPS each year set out from SANDEFJORD, Norway, destined for hazardous adventures in ANTARCTICA. Six or nine months later they return after incredible hardship, but often with the pockets of the crew lined with gold. Most whalers and floating whale factories are equipped with reliable Nu-Swift.

47. In lovely GREENLAND, no longer merely the home of eskimos and a colony but part of the Kingdom of Denmark, with output from cryolite mines becoming of increasing economic importance, trading posts of the ROYAL GREENLAND TRADING CORPORATION have been equipped with Nu-Swift.

48. The HOME OFFICE FORENSIC LABORATORY at PRESTON, LANCS., ENGLAND, famous for its fact-searching work in many murder trials has been equipped with Nu-Swift.

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49. Now also available with instructions in ARABIC, Nu-Swift extinguishers can be specified in this and any of 13 OTHER LANGUAGES at no extra charge.

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51. In GUATEMALA, prosperous Central American State, all the BANKS, except one, are protected by reliable Nu-Swift.

52. In the unhappy event of another global war, many CIVIL DEFENCE EXPERTS believe that the self-contained Nu-Swift Universal (Royal Navy) 2-gallon Water/CO_2 extinguishers will be of great value in dealing with the many small fires likely to flare up at some distance from a THERMO-NUCLEAR EXPLOSION at a time when public water supplies will probably be interrupted.

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54. Through the failure of old soda acid extinguishers, CLOVER MEATS Ltd., WATERFORD, Republic of IRELAND, a firm which does a large export business, lost a contract worth £80,000. In consequence, 69 soda acid extinguishers were scrapped and instead reliable Nu-Swift were installed to the tune of £1,500.

55. The private railway coach of President KEKKONEN, the first citizen of democratic FINLAND, is now protected by effective, and reliable Nu-Swift Dry Powder Extinguisher, Model 1604.

56. 'Guinness is good for you,' says the famous slogan of the GUINNESS BREWERY, in Dublin, a national institution in the REPUBLIC OF IRELAND. It is now protected by Nu-Swift, and that, of course, is good for GUINNESS!

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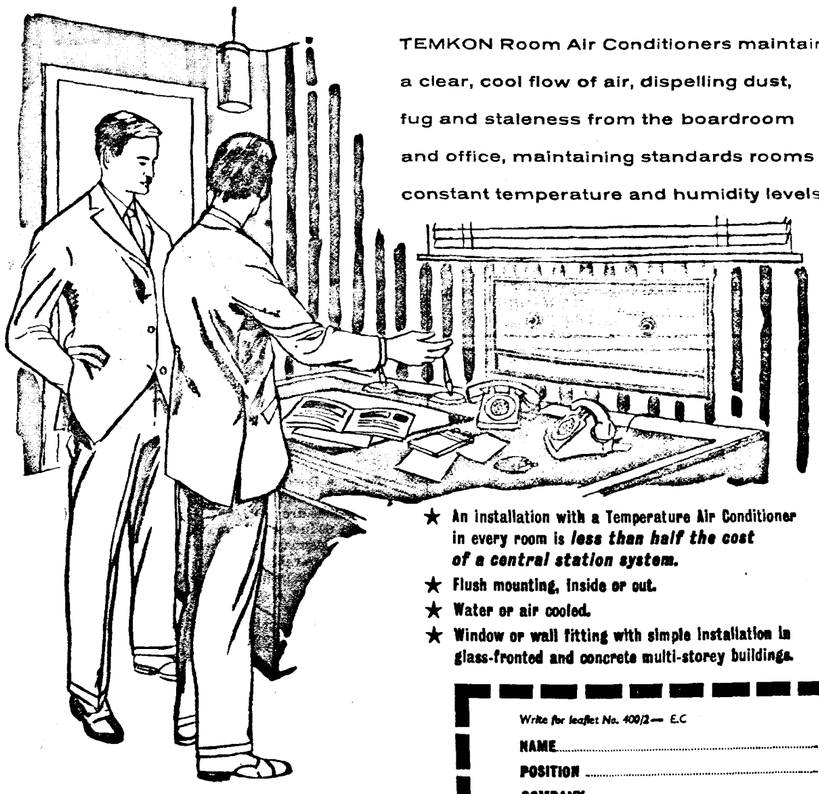

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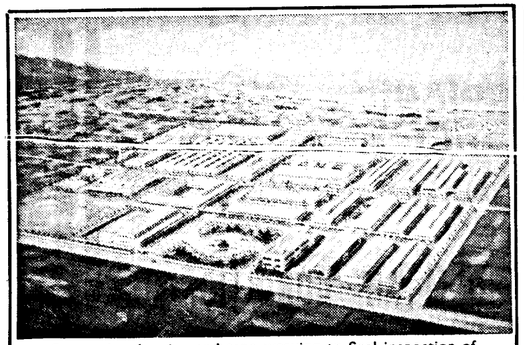

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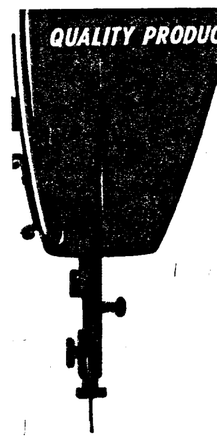

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The Economist

MARCH 12, 1960

Who Pays the Porter? 967
The Tsar and the General 968
Disunited Disarmers 970
The House's Servants 971

NOTES OF THE WEEK 973

France; Germany and Guinea; Labour's Constitution; Defence; United Arab Republic; Arabs and Israel; Trade Unions; Ghana; British Guiana; Cuba; Poland; The Noise Bill; Dentists' Earnings; Central Africa; Contempt of Court; TV and Politics; Indonesia; Oxford Election.

AMERICAN SURVEY

Prosperity in Perspective 984

View from the Fed; Kennedy Melts the Ice; Latin Test; Filibuster Still Untamed?; Non-Shooting Stars; Wisconsin's Badgered State; Laying McCarthy's Ghost; Newspapers Strike Back; Prickly Issue; Shorter Notes.

THE WORLD OVERSEAS

Torero in Search of a Plaza 993

A Reluctant Friendship; France's Angry Farmers; Soviet Population, 1959; Kenyan Party Games; Norwegians Think Again; Mr Menzies Warns the Wantons.

LETTERS 1003

BOOKS

War in the Desert 1005

THE BUSINESS WORLD

Accumulators or Fuel Cells? 1013
Some Fiscal Reforms 1015

BUSINESS NOTES 1018

In the Markets; Steel; Sterling; Oil Heaters; Bank Advances; British Drughouses; Bids and Deals; Hire Purchase; Motors; Common Market; Selling to East Germans; Building Societies; Atomic Energy; Overseas Trade Fairs; Tin Market; Building; Russian Patents; Overseas Banks; Wheat Market; Storm in a Coffee Cup; Shipbuilding; Wool and Wool Textiles; The Jasper Case; Shorter Notes.

COMPANY AFFAIRS 1050

P&O; Asquith Machine Tool; Hoover; Morphy-Richards; Department Store Profits; Amalgamated Cotton Mills; BTR; Wagon Finance; De Beers Consolidated Mines.

London and New York Stocks 1052
Money and Exchanges 1054
United States 1055

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VOLUME CXCIV - NUMBER 6081.

Who Pays the Porter?

HE who pays the porter calls the tune. We have been waiting this week, no longer for Guillebaud, but for the Government to say how the committee's findings on railway pay will be put into effect—and paid for. On Thursday, the Prime Minister gave just a glimpse of the Government's still jejune thinking. "Fair and reasonable wages" should be paid to railwaymen. But how? Mr Macmillan pointed to three requirements: that the railways have to be freed from restrictions and obligations which limit their earnings and "prevent them from making the best use of their resources"; that (and a special planning board is to be set up to work this out) the railway regions should become "fully self-accounting and responsible for their own affairs"—and assets; and that, meanwhile, "financial arrangements" are needed to carry the railways until the reorganisation, whatever it may prove to be, pays off.

What all this may mean for the future has to be seen. At once, a bill has to be met. There has never been any likelihood since the Government promised 5 per cent on account a month ago, in order to stop the strike of the National Union of Railwaymen, that it could say No now to Guillebaud. To do so would court a much worse strike than the one that so daunted it then. The question now is whether the three railway unions will not ask for something more or something different; and all the signs are that (in back-dated pay or in still higher rates for particular grades of work) they certainly will. It is hard to see where the Government can now find a sticking point; but some sticking point there must surely be, even if it were to cost a strike after all.

The trouble is that the Guillebaud report itself is really a gigantic red herring, with much too little to do with the realities of railway economics. The Government has already committed itself, in fact, in order to avoid a strike, to a set of proposals which are disturbingly often quite beside the point. What matters to those who have to run the railways (against a national background of practically full employment) is what wages they have to pay to get and keep the workers the railways must have; fundamentally, a grade is underpaid if it is impossible to recruit sufficient men to fill all the posts in that grade which it is profitable for the railways to put on offer. It is overwhelmingly a question of "differentials"—that is, of incentives—not only between different jobs but also between different parts of the country, with as good pay as possible for good work: it is not, and in both common and financial sense cannot be, simply a question of the comparative status of all railwaymen. Yet this is precisely how the industrious Guillebaud statisticians set about their task: as essentially a social question, not an economic question at all. The bizarre idea that fair wages could be worked out by a committee in this way (so saving those responsible from making their own decisions) was not theirs. They did very dutifully all they could do in the time they had. But the committee was the wrong body on the wrong assignment.

So, inevitably, some of the results, by the test of the railways' (or the railwaymen's) real requirements, are very odd indeed. The figures simply do not fit the facts of railway life. Thus, nearly all the "comparable industries" cited in the report (the committee found it very difficult, anyhow, to pick out ones that were comparable) are urban ones; yet the distinguishing feature of the railways is that they are one of the very few industries in Britain in which the writ of a single employer runs not only in the big booming cities, but right down into

the remotest rural areas as well. Everybody knows that wage rates which attract staff to spare to some Cornish station will not attract sufficient staff in Birmingham; yet rates in both places are now to go up equally. Very likely, instead of merely doubling the London allowance, the committee, if it had followed the market, would have at least quadrupled it, with similar allowances for other big cities; but it would have left some rural railwaymen at or near the rates they get now.

To take another crucial example: when independent contractors' gangs have been employed to repair the permanent way, they have got much higher wages than the railways' regular staff on the same job either get now or will get if the Guillebaud recommendations are accepted. These independent gangs have often got twice the regular railwaymen's wages because they have tended to finish the job in half the time. Yet the slower tempo of work too often embedded now in the permanent railwayman's tradition is a factor of which the report takes no cognizance. It is precisely this slower tempo that lies in the core of any explanation of why railway wage rates are low. When recommending, rightly, a special increase for shunters, the committee notices that in traffic and goods yards their work, unlike that of some other railwaymen, is continuous. But it does not examine whether, where other railwaymen's work is not continuous, there is not sometimes good reason to suppose that it is because their grades are overstaffed.

This is not to deny that many railwaymen are underpaid—or that there will never be good railways without good pay and conditions. But it is to assert that very few of them are likely to be underpaid to the exact extent suggested by this committee. Some of them may even now be being offered less than, by the logical test of the market, they should be offered. But others, when they get what Guillebaud suggests, will quite frankly be swinging the lead on whoever it is that is going to pay the bill; and, inevitably, this will nourish continued overstaffing in some of the grades where employment needs to be sharply reduced to get a railway system of "a size and pattern suited to modern conditions and prospects."

The truth is that railway economics are far too serious a matter to be left to statisticians. Will the politicians now, in fact, do any better? It is not just a question of footing the new wage bill while the railways themselves are bankrupt, or even of them devising the means of getting them out of Carey Street: this is the cart before the horse anyhow. It is not just a matter of grasping the quite simple, but fundamental, proposition that the only railway system which can pay the wages that railwaymen "ought to have" is a system which users will want to use and will pay properly for using. There are also all the grave implications for the economy of this new gimmick of comparative fair wage-fixing, with the prospect of an endless belt of Guillebauds for everybody (and the busmen next).

The new Tories, however, no longer believe in inflation. They are like the old Turks who, it used to be said, were always taken by surprise by the coming of winter. In the press and political speeches they are rampageously pressing the Chancellor of the Exchequer, with his Budget only three weeks away, to go easy with taxpayers and borrowers, whatever the likely balance in the coming year between the nation's total demands and its available resources. Better risk nine surgical stitches in an apoplectic economy at a later crisis operation, they are really shouting, than take a stitch in time now to check inflation and keep the vigorous growth going—which is the nation's (and, incidentally, the railways') greatest need. Do they really grasp what the Prime Minister ought to mean when he says that, though "the life and trade of the nation require a railway system, it must not be allowed to become an intolerable burden on the national economy"? It has, of course, already become such a burden.

The Tsar and the General

Mr Khrushchev is going on reconnaissance in France

MR KHRUSHCHEV travels to Paris to open the summit season on Tuesday. By his journey he fulfils the third capital condition that General de Gaulle, on November 10th, placed on his own attendance at a summit conference. The other two have already been satisfied, after a fashion. The détente between East and West has not been noticeably improved since November, but, such as it is, it persists; and Mr Khrushchev has done his share (if no more) in supporting it. The western leaders obediently met at General de Gaulle's behest in December: Mr Macmillan's visit to Rambouillet this weekend and General de Gaulle's own journey to Washington on April 22nd will continue the allied consultations. These and other voyages (including Dr Adenauer's stopover in Washington on Tuesday) may technically satisfy the general's further requirement that the western leaders should see each other again in the early spring. All in all, the summit on May 16th will be one of the most publicly prepared of modern conferences. The general's insistence first made this exercise unavoidable: his own ideas on nuclear weapons, disarmament and Germany's future have since made it necessary as well. What the preparations will ultimately produce is another matter.

Mr Khrushchev is not going to Paris simply to be obliging. He, too, has his preparations to make for May, and the France of General de Gaulle can hardly fail to figure in them. Soviet policy did not forget the general even in his years of retreat at Colombey. The Soviet ambassador, Mr Vinogradov, dutifully paid court to Cincinnatus, a diplomatic reinsurance that his Anglo-American colleagues did not copy. The subsequent signs of presidential respect for Mr Vinogradov were remarked in Paris; both he and the general may have had a common interest last autumn in securing Mr Khrushchev's agreement to visit France. The actual invitation crowned months of hard work by Mr Vinogradov in which a Franco-Russian rapprochement had become steadily more apparent.

General de Gaulle returned to power in 1958 against communist opposition at home and warnings from Moscow of the fascist menace. When he showed no immediate hankering after ties with Moscow, Anglo-Saxon anxiety sensibly diminished. His success in the September referendum first seems to have decided the Soviet authorities to alter course; and M. Thorez, not for the first, or last, time, thereupon followed suit. The general's ideas on reconstructing Nato, sent to Washington and London in the same month, suggested future divisions. But still Moscow was distrustful and the early signs of the Paris-Bonn axis increased that distrust.

Then, on March 25th last year, the general put himself in a new light by indicating to his press conference that he regarded the Oder-Neisse line as the proper eastern frontier of a reunited Germany. This was followed by heightened Soviet interest in the independent line the general had been pursuing toward Nato. Mr Khrushchev had already earned marks for good behaviour in Paris by refusing to support the efforts of his Chinese allies to intervene in the Algerian conflict. When, on September 16th, General de Gaulle offered the Algerians eventual self-determination, Mr Khrushchev even grew discreetly enthusiastic about the French mission in North Africa. He told the Supreme Soviet that the general's offer

> may play an important part in the settlement of the Algerian question. It will play this part if it does not remain a mere decision but is supported by realistic steps.

It was hopefully construed in Paris that Mr Khrushchev, for one, even approved of a future Franco-Algerian association, for he had added:

> It is known that historically formed close bonds exist between Algeria and France.

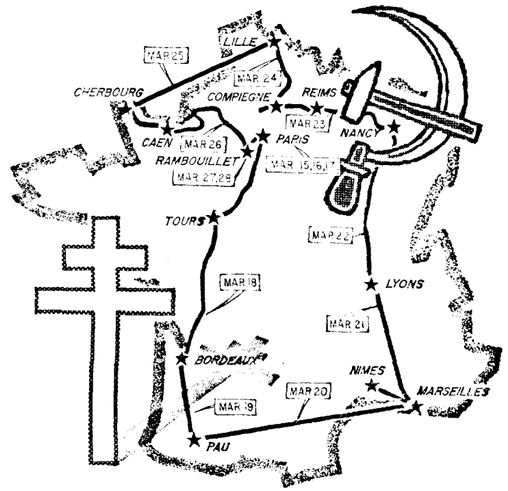
BY this time General de Gaulle's invitation had arrived (it reached Moscow on October 22nd). Mr Khrushchev has since done nothing to jeopardise his friendly reception at the Elysée. Although Soviet propaganda beamed to Africa has consistently represented the French bomb tests at Reggane as a crime against the African peoples, Mr Khrushchev himself took a remarkably equable line. He regretted the explosion, he said in Delhi, but

> I believe France and the people of France and General de Gaulle also want a détente and relaxation of international tensions.

Despite the more critical stance adopted by *L'Humanité* since the insurrection in Algiers in January—a stance that has curiously seemed to voice the party's doubts of Mr Khrushchev's wisdom in visiting the Fifth Republic—Soviet policy continues to recognise the general as the one Frenchman with whom it wants to do business. Now that Mr. Khrushchev is arriving, *L'Humanité* is beating the big drum again without, naturally enough, showing any knowledge of what Mr Khrushchev's business really is; it is too far-fetched, even for the comrades, to revert to the old alliance of 1892 and 1935.

Mr Khrushchev probably has no illusions about General de Gaulle's interest in the Dual Alliance. In fact, for Mr Khrushchev, it may be better to have General de Gaulle as a dissident inside Nato than a nationalist outside it. The tactics that Mr. Khrushchev follows in Paris may give some indication of what he wants to get out of the summit. For there to be a Berlin settlement, and (as the article on the next page emphasises) for the first steps towards disarmament to be taken at Geneva, a unified western position is essential; if Mr Khrushchev were to encourage the general unduly in his independent stand, the outcome might not be entirely to his own advantage. But if Mr Khrushchev merely sees the summit, and President Eisenhower's visit in June, as a step towards a major confrontation after the United States elections in November, he may not be averse to sapping the western front still further.

If any western influence is to remain in North Africa, Soviet policy would undoubtedly prefer it to be French, not American. Mr Khrushchev has no reason to want the Algerian war to drive France out of Africa at this stage. His refusal to recognise the Algerian rebel government (as the Chinese have done), or to send arms to it, is likely to continue. As long as the war persists the French army is out of Europe; this, after all, is a more substantial advantage to the Soviet Union than having the French army back in France, even if it is then withdrawn from Nato. Franco-Russian understanding on Algeria is already in tacit existence; but whether, as the



French authorities still seem to hope, it will be cemented by a quick Khrushchev visit to Hassi Messaoud just now is very dubious. Mr Khrushchev has to play up to African opinion, and any new pronouncement by the Algerian rebels (particularly on the breakdown of the latest truce talks with Paris) must influence his words and deeds as General de Gaulle's guest.

Mr Khrushchev may believe that Nato is withering on the branch anyway. His concern is with the Paris-Bonn axis, which is to him an unnatural alliance underpinning Dr Adenauer's German policy. He said on August 5th, when he announced his visit to the United States:

> The marriage between Paris and Bonn is not a love match, and since this is so it will break up.

It is difficult to see what inducements he could give General de Gaulle to secure such a reversal in French policy, and it is likely to be on this rock that the frail barque of Franco-Russian understanding will come to grief in the next fortnight. Mr Khrushchev has asked to visit Verdun and Douaumont; this indicates a train of thought that may still strike some chords. But General de Gaulle's vision of Europe (and he may be flattered to autograph a copy of *Le Salut* for his guest) depends

on the integration of at least western Germany in the French sphere. Even if he is readier than most other European statesmen to recognise that Russia, too, belongs to Europe, he is not likely to be dissuaded from his new ambition. His idea of a continent on which west and east Europeans can co-exist requires the political liberation of the eastern European satellites whose fate at Teheran, Yalta and Potsdam he has constantly quoted as evidence of what happens when France is not consulted at the summit.

The spectres and delusions of earlier Franco-Russian relationships will accompany Mr Khrushchev within the portals of the Elysée. History itself is hoarse with warnings at his advent. But a subtle man may achieve a good deal in France in the next fortnight, not in raising the political prospects of M. Thorez, but in securing what may be the half-hopeful ear of the general. Stalin was not such a man when General de Gaulle went to Moscow. Mr Khrushchev may still consider the attempt worth his while.

Disunited Disarmers

A public airing of the very real differences of interest that block the road to disarmament is not disastrous but timely

IT is only natural that, as next week's disarmament talks at Geneva draw nearer, the western governments should seek to give the impression that their differences on the subject are being narrowed down. It is equally natural for the public to wonder how deep this new-found unity goes. Quite apart from the question whether this week's brief encounter of the western disarmament specialists in Paris can be expected to close the rifts that a longer discussion in Washington had left wide open, United States Senators have just been competing in lamentation over the continuing untogetherness of the various parts of the American government concerned with disarmament. When told that at any rate the Americans, the British, the Canadians and the Italians are broadly agreed on a plan to present to Russia, the cautious citizen may well ask: how many Americans ?

But the point should be grasped that there is nothing catastrophic about this more or less public airing of differences. Indeed, since the differences exist, they are better aired—at this moment, particularly, for a reason that is in itself encouraging. If the Geneva talks with the Russians were plainly doomed to be no more than another fruitless propaganda battle, the western governments would of course be wise to concentrate on keeping their ranks closed, for in those circumstances the important thing would be their public posture. But, for once, it cannot be said that the talks are doomed. They offer the first opportunity of serious negotiation on disarmament for more than thirty months: thirty months during which impatience with the arms race has mounted in step with the mounting bill for it, while the nuclear powers have become increasingly alive to the perils both of their own relationships and of the advance of the "near-nuclear club."

One cannot be altogether sure how far the Soviet government shares the western sensitivity to these forces. It affects to feel no great urgency. The two-year hiatus in disarmament negotiations has been caused, primarily, by the Russian withdrawal from the United Nations sub-committee in 1957, and the subsequent Russian refusal to talk except on a "parity" basis: a point that has now been conceded—Czechs, Poles, Bulgars and Rumanians are to swell the Soviet voice at Geneva next week. The three-power talks on nuclear tests, which opened in Geneva in October, 1958, and which from next week on will have to surrender some of their positions in the Palais des Nations to the new ten-power conference, were slowed down by the wearisome need to gouge the Russians, inch by inch, out of initial positions of a grotesque rigidity. Mr Khrushchev's eye-catching appeal for total disarmament at the last UN assembly was itself accompanied by ingeniously obstructive qualifications, so well hidden in the fine print that even some Soviet diplomats seem unaware of them.

But it is surely safe to assume that Mr Khrushchev himself cannot now be blind to the costs and risks of the evolving situation. Timely reminders are plentiful: France's Sahara test; the German-Spanish affair and its revelation of the possibility of west German evasion of the limits accepted under the 1954 Paris agreements; even this week's "Chinese bomb" scare, which, however ill-founded, serves to emphasise the undoubted fact that China and perhaps a dozen other nations, too, may already be classed as "near-nuclear" powers.

BECAUSE the participants in the new Geneva talks have such evident incentives to create a disarmament system, public postures are not the only thing for them to worry about. On the contrary, outward unity is now less important than a searching analysis of the real differences that block the road to disarmament. The well-publicised French dissent from the position generally adopted by the four other western governments may serve a necessary purpose if it forces the Geneva conference to get down to bedrock.

France's position is distinct in two main respects. France is the only one of the powers concerned that is actually involved in fighting a war with conventional weapons; hence its resistance to the lowering of ceilings on armed manpower. It alone has got to the stage of having developed a nuclear weapon while lacking either a stockpile of such weapons or a means of delivering it at long range; hence its insistence that any ban on tests of nuclear arms, or cut-off of their production, must be directly linked to the surrender and destruction of stockpiles, since to have one without the other would leave the present nuclear club intact in its privileged position, while France would barely have a toe across the threshold. Hence, too, France's emphasis on the international control of means of delivery.

These are logical arguments to which the other Geneva participants must find answers that they can give, not only to France, but also to other near-nuclear and non-nuclear states. Frenchmen who see their national position as being close to Russia's, in that both stress total nuclear disarmament, and play with the idea of acting as arbiter at Geneva, are being less logical. In reality the French and Russian positions, as known at present, are poles apart. The French would give nuclear disarmament top priority; the Russians, according to their programme presented at the UN assembly, would postpone it to the last stage of all, not even cutting off nuclear production until conventional forces had been totally abolished. Mr Khrushchev clearly wants to get his badly needed manpower out of uniform; President de Gaulle wants to be able to keep his under arms, in Algeria. Mr Khrushchev, having the best rockets, asks hopefully for an agreement which, at a crucial stage, would leave nothing but rockets in the world; France, having none, wants them promptly abandoned so that other powers would be cut down to size.

Any reconciliation of these two opposed positions must bring the disputants nearer to the general concept of balance at all stages in the elimination of nuclear and conventional armaments. This is the concept that underlies the British proposals presented to the UN assembly in September and the main western position of today. And it is fairly safe to assume that if Russia were to move towards the idea of balance France alone could hardly hold out against an agreement. Is this such an inconceivable prospect? Already there have been one or two forecasts that if Mr Khrushchev really wants progress on disarmament, he may have to abandon the classical Soviet tactic of trying to divide the western powers, and seek instead to help them to agree among themselves. Perhaps the moment has arrived.

The House's Servants

A brief account of the clerks who man "the Table" in the House of Commons and of those who work even less conspicuously behind the scenes.

LAST month's exchanges between Mr Gaitskell, Mr Butler and the Chair about the duties of the Table (i.e. the House of Commons' own expert Secretariat) threw a momentary beam of light on Parliament's own servants. They also produced the first authentic *bon mot* of Sir Harry Hylton-Foster's Speakership: "I think the principle is roughly that a refusal by a Minister to answer a question counts as an answer." It is this kind of conundrum that has regularly to be interpreted in a dispassionate frame of mind by the four clerks of the Table Office, which is itself one of five branches into which the Clerk's department is divided.

The ultimate authority on matters of parliamentary procedure is, of course, the Speaker. But, especially when he is new to the office, as he now is, he leans heavily on the lifelong experience of the Clerk, at present Sir Edward Fellowes, seated with his two senior deputies, the Clerk Assistant and the Second Clerk Assistant, at the massive, tome-covered table which stretches from the foot of the Speaker's dais. Twenty-eight other senior and junior clerks operate within their five offices, between which they are regularly rotated. Their skill is made available not only to the Speaker but to all members of the House equally in the field of procedure.

The Table Office houses the four clerks who receive members' draft motions and questions, check whether they are in order, and, if they are not, try to be helpful in making them so. If the Table Office and the member cannot agree, the decision on whether or not disputed wording can appear on the order paper is made by the Second Clerk Assistant; but a persistent member can resort to an appeal to the Speaker.

The main argument usually arises over questions. The overriding consideration is that there must be governmental responsibility for the subject-matter of the question; further, an answer must not already have been given to it in the same session or refused. There is, therefore, as the Speaker was wryly pointing out last week, a little-suspected paradox: while question time is always cited as the one great remaining opportunity for the legislature to put the Government on the spot, it turns out on closer inspection that even this is accomplished only by Ministers' grace and favour. If the Minister will not answer, as occasionally happens, there is no way of making him do so; and his refusal will be used as a precedent for disallowing similar questions in the future. However, in political reality, the House would be unlikely to tolerate arbitrary refusals to answer.

The clerks' operating principle is to rescue as many questions as possible for the order paper. It is for example out of order to ask the Foreign Secretary bluntly his opinion about events in a foreign country, over which he has no direct control. But he can be asked what "representation" he has made on an aspect of the news which affects British interests directly, and what steps have been taken within an international organisation of which Britain is a member; once the question has been allowed the member will try to get away with wider matters in the supplementary. A favourite trick in raising a domestic matter that has come up through some unofficial channel is to write a letter to a minister and then ask him what action he proposes to take on the case, "details of which have been sent to him."

But, while a clerk can impart these wrinkles, he has to tell some members firmly that the wording of their questions cannot be rescued. In doing so he is guided by the definitions of ministerial responsibility established by the statutes, by answers given in the same session, and by the precedents set by past answers or refusals to answer. These may cover not merely a specific aspect but a whole category of questions. Thus, there may well be a danger that an accumulation of precedents may progressively narrow the area of questioning. Sometimes the system works the other way: a ministerial answer, perhaps an unwary one, will open up new interrogatory possibilities and a clerk, as the servant of the otherwise unaided backbencher, will not hesitate to point this out to interested members.

The present friction has arisen over the admissibility of questions about the nationalised industries. It has proved difficult to draw a hard and fast line between what is and what is not day-to-day administration into which members should not pry. The Select Committee on Nationalised Industries, for example, reported last year that the air corporations "tacitly allow powers to the Minister which the statutes do not. These

unofficial powers comprise a formidable collection." The clerks' rulings are bound to be an uneasy amalgam of the statutes and what ministers have said in the past. Although the clerks may enlist the department's assistance in establishing ministerial responsibility the final decision must be their own. Their task will not be made any easier by the vagueness of Mr Butler's latest statement that Ministers may be questioned about their "general policy" towards the nationalised industries. How can the greater freedom which members will suppose they have been promised come to be tested unless the clerks get much more specific guidance on what hitherto invalid questions to allow on the order paper? Understandably the Opposition has suggested that questions which a Minister is likely to refuse should pass the Table so that he can be made to face the music when he gets up to refuse them. But this could lead to an appalling waste of time.

Outside the Table Office, Sir Edward Fellowes's department consists of the Public Bill Office, which supplies the clerks to the standing committees and is responsible for advising on intricate points of procedure that arise during the consideration of public bills and for seeing bills physically on their way through and out of the House; the Journal Office, which handles the Daily Votes and Proceedings and other technical compilations; the Private Bill office, which supplies the staff, including the Examiner, to handle the complicated processes by which private legislation qualifies for consideration and is then considered (as described in *The Economist* of October 24, 1959); and the Committee Office, which staffs the Committee of Public Accounts and the Select Committees on Estimates, on Nationalised Industries, and so on.

The Economist

MARCH 10, 1860

UNSPECIALISED VOLUNTEERS

The Volunteer Movement has this week received a kind of recognition from the throne, which will, we trust, tend much to ensure its permanence. . . . It is a great thing for the mass of Englishmen to feel that they personally contribute something to the safety and independence of the nation at large. It is a great thing in a political point of view. There is a great danger, especially to a commercial nation, that, as civilisation advances, what we call national spirit may decline. There is danger of the different sections of the nation becoming isolated ;—of that "division of labour,"—on which civilisation is apt to pique itself too much,—tending to destroy the sense of national unity ;—leaving politicians to transact the politics, merchants to look after the commerce, professional men to attend to the working of the law and the health of the community, and soldiers and sailors to guard it from attack. All the progress of science, all the rapid growth of the arts, all the various complexity of modern life, tends to augment this danger. Not only are there artisans who are employed all their lives entirely in manufacturing pins' heads, but there are plenty of highly cultivated men who devote all their lives to intellectual pin-points,—who bring all their skill and zeal to bear on the minutest subjects, and scarcely meddle with anything at all outside these subjects. It is clear that, in the face of all these tendencies, there is not a little danger of the nation ceasing to realise its nationality, —ceasing to recognise the real unity which binds together its most widely separated parts. And what can tend to restore this feeling more powerfully than such a movement as this volunteer movement, in which every man gives up something of private gain, or selfish enjoyment, in order to contribute to the safety and well-being of the whole,—in which the artisan and the shopkeeper, the lawyer, the merchant, the literary man, all unite for the same purpose, and are conscious that they are contributing equally, and not more than equally, [illegible]

While the Committee of Public Accounts has the guidance on substantive matters of the Comptroller and Auditor General and his large staff, the clerks supply the chairmen of the Select Committees on Estimates and Nationalised Industries with their only assistance. It is the clerk who, on the direction of the chairman, prepares the outline of the inquiry, makes a thorough study of the subject including all published material, keeps in regular contact with the liaison officer appointed by the Treasury and the departments, lines up witnesses and draws up the first draft of the chairman's report.

During the proceedings of the Select Committee on House of Commons Accommodation in 1954 Mr Albu complained at the frequent rotation of the clerks to Estimates' sub-committees and their consequent lack of expertise in the investigation of government departments. This provoked a somewhat tart rejoinder from the then Principal Clerk of Committees to the effect that clerks were primarily procedural experts, although beyond that they would give what assistance they could within their lay competence. Some members, particularly Sir Toby Low, have continued to agitate for more expert assistance, especially in the recently instituted Select Committee for the Nationalised Industries. But in a special report last year this Select Committee rejected with horror the idea of having its own Comptroller and Auditor General for fear of creating "a great machine" that would conduct "a grand inquisition" into the nationalised industries. It wobbled badly in its last paragraph, giving little positive guidance to the House to help it decide whether to employ any extra staff assistance and, if so, from what source. The main case against such expert advice is that it might lead to the production of a bureaucratic report, making as little sense to the members it is supposed to enlighten as do the Minister's own departmental briefs. Nevertheless there remains a powerful case for the discreet use of the expert; he could help lay out the plan of campaign and brief the committee's members on the most probing questions to ask.

How does one become a clerk? By three stages: a first or second class degree at a university; a satisfactory interview with Sir Edward Fellowes; and a high place in the civil service examination. The Civil Service Commissioners reserve the right to give a board to a likely candidate who has missed the screening interview. The key appointment, which is that of Second Clerk Assistant, is made by the Speaker on the Clerk's advice. Barring accidents it is customary to move at the Table to Clerk Assistant and to Clerk. A new clerk has only one chance in five of getting an eventual foothold on that golden ladder. But he has a very reasonable prospect of ending up as the Principal Clerk in charge of one of the five Offices.

Clerks are not servants of the executive but of Parliament —although their pay is now tied to that of the administrative grade of the civil service. They display an interesting variety of outside talent—one translates Polish poetry, another writes detective stories, a third has published a well-received life of Lord Randolph Churchill, and several have brought out popular or more technical works on procedure. Taken together they display a remarkable spirit of zealous and totally non-partisan dedication to the service and smooth working of the House of Commons.

NOTES OF THE WEEK

FRANCE

Bridges to Mend

Mr Macmillan's arrival in Paris three days before Mr Khrushchev is purely coincidental, or so it is said in London. Most of General de Gaulle's time in London on the state visit next month will inevitably (but why *inevitably*?) be taken up with pomp and circumstance. Conversations in Downing Street were being squeezed out of the programme (and would the general have been altogether at his ease, anyway, in the room where he and Sir Winston had their set-tos nearly twenty years ago?). This weekend is the only convenient time for the serious side of the Franco-British get-together, and, as it happens, the idea of a quiet day and a half's talk at Rambouillet looks highly opportune. Mr Macmillan may not be averse to passing on his experience of General de Gaulle's next house guest, although the general himself, who has recalled with much equanimity how he faced up to Stalin, may have fewer qualms than most about a *tête-à-tête* with Mr Khrushchev. It is conceivable, too, that mutual impressions of Africa may provide table-talk at least.

Mr Macmillan seems to want the weekend to be as informal as possible: by the look of things, nobody from the Foreign Office is going to put a foot inside Rambouillet if he can help it. The central advantage of this exercise is that Franco-British problems can be mulled over at leisure, something that has not been possible since General de Gaulle returned to power. The forty-minute meetings at the western summit in Paris in December were not the most effective means of putting western policy into some sort of order before the major confrontation with Mr Khrushchev in May. The Rambouillet weekend could do more to jolly things along than the foreign ministers' meeting in Washington in mid-April.

No set agenda is likely this weekend, but it is certain that General de Gaulle will want to talk about the nuclear club (which he will take up again in Washington), and Mr Macmillan will want to see what can be made of the general's ideas on Nato, disarmament and the future of west Berlin. Some Franco-British bridges can still be mended in time for the summit. To repair them is more urgent, if not more important, than giving the go-ahead to the Channel tunnel.

Algerian Kalends

Once again, different forms of French are being spoken on the opposite shores of the Mediterranean. For months General de Gaulle had been assuring the French public that the prospect of peace in Algeria had some reality to it. Last week, during a tour of French military posts in Algeria (apparently he did not set foot in Algiers itself), he told the officers exactly the opposite. From the reports of the one authorised correspondent who was with him, he repeatedly told them that they had a long task ahead and that the essential thing was to obtain victory by the force of arms. Heated argument has followed in Paris about whether his statements are in keeping, in spirit or letter, with his own statement last September offering Algeria self-determination; but this is beside the point. The important fact is that the Moslem insurgents are now given only one choice: to surrender, or to fight. General de Gaulle told his officers that either the rebels must give up their arms (a prospect he thought most unlikely), or the army would hunt them and take their arms away. He made no mention of negotiation.

The switch of emphasis is more than can be decently explained away by the Algerian air, or by the substitution of a military for a civilian audience. Secret negotiations with the FLN (the Moslem rebels) had apparently been going on in Rabat, but it is believed in Paris that the prospect of any negotiated settlement was actually precluded by pledges given by General de Gaulle to his own fighting men. History may take a very different view of the January episode of the barricades in Algiers from the contemporary version, so flattering to General de Gaulle. A few disobedient officers have been removed from their jobs, and MM. Lagaillarde and de Sérigny are in jail. But the army may well have obtained, as the price of obedience, the assurance that the FLN would be offered little better than unconditional surrender.

Whatever its reasons, the change of tune is abrupt and striking. To dispel the bad impression, the French authorities issued on Monday a restatement of official policy for Algeria. In this new version, the Algerians will still be offered three choices in the distant referendum. But General de Gaulle has made it clear that the full integration of Algeria into France (which he now deprecates as "direct domination practised since the conquest") is not possible, while a "detestable" vote for independence would lead inexorably to the partition of the country. His own preference goes to the intermediate solution of home rule, "an Algerian Algeria linked with France." The army would have preferred *Algérie française*, but it will swallow the new formula for the time being, provided that it is allowed to get on with the war.

GERMANY AND GUINEA

Bonn's Diplomatic Cross

Once more the Bonn government has been impaled on the painful logic of its own doctrine that it cannot maintain diplomatic relations with states that recognise the government in east Berlin. In October, 1957, it felt obliged to break off relations with Yugoslavia when Marshal Tito sent an ambassador to east Germany, a gesture that got him no thanks or satisfaction there. Now, according to an east German report, the young African republic of Guinea has done the same. To deter a whole series of African and Asian countries, of which Ghana might well be the first, from following suit, Bonn faces having to withdraw its new ambassador from Conakry—provided, that is, the east German reports are true.

Doubt was cast over them on Monday when the west German ambassador in Conakry reported home that the president of Guinea, M. Sekou Touré, had told him that the whole incident was news to him. If the east German government has in fact tried to push Guinea further than it is prepared to go, or if Bonn's anger has in fact caused M. Sekou Touré to think again, the federal government may not after all feel compelled to withdraw its ambassador. But the first reports from east Berlin were pretty circumstantial and were accompanied by television pictures of the new ambassador supposedly presenting his credentials to President Pieck. It can hardly be that nothing has been going on.

A break with Guinea would cause much less heart-searching in Bonn than the break with Yugoslavia did. The federal government evidently got a shock from the news from east Berlin. The red carpet was laid down for M. Sekou Touré when he visited Bonn three months ago, and he was offered aid—well-intentioned gestures made despite the risk of displeasure in Paris. Now Guinea has both accused west Germany of complicity in France's atomic bomb, and offended against the Hallstein doctrine. There is some disposition in Bonn now to write Guinea off as communist and cut it off without a penny.

To the outside observer these reactions seem somewhat extreme. M. Sekou Touré is not tied by the treaty obligations of the western powers; he does not have to be a communist to find it convenient, and indeed reasonable, to have relations with east Berlin. All the same, it is true that com-

munist states—like east Germany and Czechoslovakia—have been quick to establish economic and political footholds in Guinea. The drawback of a west German decision to break with Conakry is that it would not hinder communist penetration in Africa, but would help it.

LABOUR'S CONSTITUTION

After the Glossy, the Gloss

THERE is every reason to believe that Mr Crosland let the authentic cat out of the bag when he said on *Panorama* that Mr Gaitskell's New Testament revealing what the Labour party really means to say might be added to rather than substituted for the Webbs' Old Testament about "common ownership," of all, for all, by all. It evidently came as a surprise to Mr Gaitskell that quite so many of his colleagues, who had caught socialism as a religion in their youth, regarded tampering with the forty-year-old covenant as that sort of progress which was anathematised by Pio Nono in the *Syllabus*. Among the political members of the National Executive, even Mr James Callaghan, whose stout-heartedness against any whiff of anti-Gaitskell intrigue almost carried him into drumming Messrs Driberg and Crossman out of the party in a speech at Oxford, has told his leader that new words there may be but the old Commandments must stay.

The strong reaction of some powerful union leaders against signs of disloyalty to Mr Gaitskell might have tempted him to stick to his original path by holding out the prospect of a one or two vote majority on the executive for scrapping Clause 4 of the party constitution. But he must have seen that this would have entangled him in an endless row that would have permanently damaged his authority in parliamentary debate. Hence the word is that clause 4, undefiled, will be "entombed" or "embalmed" within the sarcophagus of Mr Gaitskell's prose. At next Wednesday's special session of the National Executive, oddly timed for the very eve of the psychologically vital by-election in ultra-marginal Brighouse and Spenborough, this operation will be attempted. Of course, even if it succeeds, the patient may die. Most of the press will inevitably interpret the survival of the Webbs' words as a climb-down for Mr Gaitskell and certain public relations firms will already have alerted their specialists in textual criticism.

DEFENCE

Much Groping

THE defence debate last week, evidently exhausted members of parliament, and the service ministers had a scandalously easy time in the debates on the estimates. In the air debate, Mr Driberg effectively queried the efficacy and reliability of the missile warning system (at Fylingdales or anywhere else), inadvertently giving impetus to the growing movement to stick to aircraft for the mounting of Britain's deterrent; the debate added to the growing signs that not only are the V-bombers to be kept going as long as possible to carry families of stand-off bombs, but that a new dual-purpose aircraft, able either to carry troops or to circle around with a Sky Bolt nuclear missile at the ready, is seriously contemplated. Nobody asked how, or how soon, the accuracy of such missiles could be achieved, just as nobody asked, when Mr Ward said that, "at worst," the missile warning time would be four, though more likely fifteen, minutes, what was the purpose of "the defence of the deterrent," by Bloodhound rockets or Lightning fighters. What is clear is that the men in blue intend to stay in the air.

The only effective comment on all this came from Admiral Hughes-Hallett, in one of the few worthwhile contributions to the naval debate; his point was that ships or submarines are better (and more accurately navigable) launching platforms for nuclear missiles, since a four-minute alert will not imperil their retaliatory capacity. Admiral Hughes-Hallett put up a thoughtful case for a cheap, stripped-down navy, concentrating its resources to provide more ships for police actions and to mount the deterrent. He rightly pressed the importance of sea-air missiles for the destroyers.

Mr Wigg was again at the top of his form in mathematically predicting too small an army from current recruiting trends (and Mr Soames implicitly agreed) but nobody has begun to talk of the remedy—selective service. The disquieting feeling emerges from these debates that the type of war outside Europe in which British conventional forces can intervene is conveniently getting smaller to suit the fewer men and shrinking bases available. But will the allies in Seato and Cento be reassured by the thought that the reinforcements they can expect at need, though quickly available, may be of little more than token size?

Norstad's Commandos

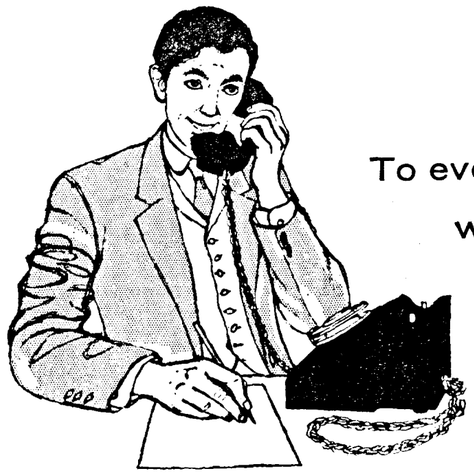
THE question of the uses of the small, highly mobile forces that everyone is calling for has been raised in a different context with General Norstad's announcement on March 2nd that he was organising a Nato airborne force. This is to consist of three battalions, contributed by France, Britain and the United States respectively (as the standing group powers), to be kept in a high condition of readiness to be flown to any threatened spot within the Nato area. Since the German front is fairly closely patrolled, the most likely places for the use of the new force are presumably thought of as places on Nato's periphery—in Greece, Turkey or Scandinavia—unless Berlin itself is thought of as a possible place for reinforcement. Clearly, the three battalions of "Gale force" could not do much, unless the incident were minor. The real value of the force would be to put, immediately a clash occurred, elements of the entire alliance into the front line. Thus it is a device to ensure that an aggression against one is visibly an aggression against all—a desirable purpose in the present condition of Nato's morale. In due course it would be a good thing to do some exercises on that basis (a three-power version of, say, the current British airborne exercise to Libya). The plan is not, of course, new: but presumably greater supplies of aircraft and air-transportable equipment have made it practicable. The force also has obvious relevance to the way in which, if "escalation" (use of tactical atomic weapons when and if conventional defence cracks) should ever be forced on Saceur, Nato might bring its nuclear tactical weapons (many of which are now air-transportable) to bear.

UNITED ARAB REPUBLIC

Slowly Spinning

ALTHOUGH long pauses separate each move, President Nasser has never quite dropped the idea that it would be agreeable to graft some of the appurtenances of parliamentary democracy on to his regime. Last week, rounding off a successful tour of his Syrian region with a mass rally in Damascus, he allowed a quick glimpse of constitutional experiment. He announced that some time soon the National Union (the non-party popular front organisation that was introduced into Egypt three years ago, but has done singularly little since) would hold a series of congresses; first Syria, then Egypt, then the two together. Finally, and to clinch the union, President Nasser is to select the members of a single National Assembly that will represent both the Syrian and Egyptian regions. His Syrian audience, sensing the eclipse of Damascus as even a local forum, may not have been entirely cheered up by the promise that National Union members will have the right to argue and "even to oppose until convinced."

The formation of the United Arab Republic in February, 1958, put an abrupt end to Syrian politics and also to the rather timid experiments that were then being carried out in Cairo. The new constitution specified an assembly, but in terms so confused that even Egyptian lawyers quail at the thought of interpretation. The first sign of movement on this front was last summer, when both regions elected village committees of the National Union; these committees were then supposed to elect provincial councils, which in turn were to elect a general congress. But this pyramid has been slow in building. President Nasser puts the blame for delay on the Syrian "opportunists and individualists"—



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meaning, no doubt, the Ba'athists, now (temporarily, at least) out of the way.

The idea of weaving, from the outer edge inward, a spider's web of committees reaching to Cairo at the centre could be attractive and even useful. It is an experiment roughly similar to that being tried out by General Ayub Khan in Pakistan; it has the advantage of keeping the government in touch with the villages, and deserves serious attention from other under-developed countries feeling their way towards individual forms of representative government. The trouble in the UAR is that little gets done, and even less is understood by the people concerned. Thus the villages, called upon to vote, voted for the same families who have always been dominant, and the web breaks off long before it reaches the centre.

ARABS AND ISRAEL

Keeping up with the Migs

MR BEN-GURION'S private visit to the United States this week is being translated by the Arab press as an arms-shopping mission. Cairo has protested lustily, and on Monday ten Arab ambassadors called on Mr Christian Herter to express their concern. The top notes will be hit, no doubt, when Mr Eisenhower receives the Israeli prime minister. But whatever Mr Ben-Gurion brings back from the United States in the way of understandings or oral agreements, he is unlikely either to ask for American weapons, or to get them. The United States has always fought shy of military aid to Israel and only a few weeks ago Mr Eisenhower reiterated his view that the Israelis were doing well enough already with the arms they were getting from France and Britain. Washington's caution has not, in the past, done it much good in an Arab world that prefers to count the dollars that come to Israel for other purposes; all the same, a reversal of policy at this stage would certainly cause a commotion.

In any case, Israel's trouble is not in finding a country willing to sell it modern weapons but in finding the cash to buy them with. The United Arab Republic has forged ahead with aircraft and tanks bought from the Soviet block on much easier terms than France, in all friendliness, can offer Israel. The Israelis have been forced to the calculation that Egyptian equipment is always a step more modern than their own. They console themselves with the thought that competent soldiers count for more than the machines they use. But as spanking up-to-the-minute equipment flows into the UAR —and into Iraq—the Israelis are finding it hard not to lose ground further; meanwhile, their lead in competence may be growing shorter.

When Mr Selwyn Lloyd brought up the tripartite declaration in the House of Commons last month, he made a particular point of the clause governing the balanced supply of arms into the Middle East. This may foreshadow a decision to supply Israel with more military hardware. After a long freeze-up in arms deliveries, the ice was broken in 1958, when Britain sold Israel two submarines. Since then there have been no sales. But until such time as the Soviet Union can be brought into the tripartite policy and so slow down an alarming arms race, it is probably in the interest of a peaceful Middle East to see that Israel does not fall too far behind.

TRADE UNIONS

Busmen's Ban

ALTHOUGH the railwaymen now hold the centre of the labour stage, several other groups of workers are protesting vigorously on the side-lines. Not unexpectedly, chief among these are the London busmen. The busmen's grievances go back much further than the London Transport Executive's refusal two months ago to grant them a wage increase of £1 a week; nor are they a left-over from the unsuccessful strike in 1958. The busmen's militancy is rather a thing of two decades and more; in 1932 and again in 1937 a busmen's rank and file movement was already to be found challenging the formidable leadership of Ernest Bevin in the Transport and General Workers Union. The busmen and the dockers have always been the most troublesome of the T & GW's many trade groups, a tradition which, in the busmen's case, has not been softened by the decline of their earnings relatively to those of so many other workers since the war.

The present bargaining position on the buses has been complicated by the appearance, since the rejection of the busmen's claim, of the Guillebaud report. Underground motormen (mostly members of the NUR) have already had their wages increased by the interim 5 per cent, and expect more to follow. Busdrivers' wages have traditionally been linked to those of motormen (both are in any case employees of London Transport) and the inference that the busmen draw is that the Guillebaud award should be stretched to cover their case too. But at this point equity and economics meet head on. If the Guillebaud award is to do the railwaymen any lasting good, it must not be applied to the wages of all other workers; once it has seeped through from railwaymen to busmen (via London Transport) or from railwaymen to engineers (via the railway workshops), the railwaymen fall behind again. This is the issue behind the busmen's ban on overtime.

GHANA

President Nkrumah

THE scheme for Ghana's republican constitution has been drawn up with skill, and every propriety observed in announcing it. All the same, it crystallises round a basic principle: that the Head of State and chief executive should be the same man, whose powers should include all, perhaps more than all, those wielded by an American president and a British prime minister put together—nearly as many as General de Gaulle has. The checks and balances of the American written constitution (the Montesquieu-derived division of executive, legislative and judicial powers) are omitted. The Ghanaian parliament's powers will be like the British, "unlimited" in a unitary state: but the president, as automatically the chosen leader of the majority party, will clearly be the master of parliament. As chairman of the cabinet, commander-in-chief, fount of honours, appointer of the judiciary, controller of civil service promotion, and residuary legatee of the Crown's power to veto legislation, he will be power personified. The first president will be elected as part of the constitution by plebiscite to assume these powers. No one doubts that he will be the Rt. Hon. Dr Kwame Nkrumah, PC.

There is an orderly arrangement for the succession. The president will hold office for five years, and will be elected or re-elected by popular vote; in choosing the majority party, the electorate will almost automatically endorse that party's choice of president. If in the course of his term the president loses his parliamentary majority (in which case parliament might exercise its vestigial prerogative of refusing to pass a money bill, leaving him without supply) he will dissolve it, and resubmit himself and his party to the popular ballot. Thus there is provision for an opposition that could in theory win enough votes to nominate the president and take over government. Whether this could happen in practice will be much discussed but not, at least for some time, put to the test. If the Ghana Republic is tailored to fit the African personality, then what Africans crave and trust is a boss in name and reality, little fettered by Anglo-American designed political restraints.

Republican Ghana proposes, so far, to stay in the Commonwealth; this could mean that two heads of state who are also chief executives (Ghana and Pakistan) might come to Commonwealth prime ministers' meetings; or they might send delegates, in either event modifying that arrangement. The constitution also provides for Ghana to unite with other African states; the new set-up will make amalgamation in some form easier with the French African succession states, dominated by single parties, than with the British—so long as these obstinately follow the Westminster road.

BRITISH GUIANA

Opening Bids

THREE points of view were expressed by the Guianese delegates at the opening of the British Guiana constitutional conference this week in Lancaster House: but they add up to one main point—the 1953

crisis and the alleged plot to turn British Guiana into a communist toehold in Latin America must be forgotten, and the colony must now move to a timetable for independence. Mr Jagan, speaking for the People's Progressive Party, wants a new constitution giving immediate full self-government with a single chamber elected on adult franchise. He is willing to concede something like the powers exercised in Singapore by the British government, at least for a period—though he will expect fairly massive financial aid if he does—and he is pledged to campaign for the accession of British Guiana to the Federation of the West Indies when the federation composes its internal quarrels and moves to full dominion status.

But there are voices both to the right and left of Dr Jagan. Mr Burnham, who represents today the feelings of the negro larger half of the population, wants a good many more safeguards—a bicameral parliament, and a period, if short, of reserved powers for the Governor. Above all, he thinks his community best served by proportional representation; he broke away from the multiracial front presented by the PPP in 1953. There has also lately arisen the Guiana Independence Movement, whose views were stated uncompromisingly by Mr Jai Narine Singh: they call British Guiana to follow the Burmese and Sudanese examples and cut all links, instantly, with the Crown and Commonwealth. Mr Singh points to the near-independence achieved by Dutch Guiana, and aspires to a federation of all the Guianas which shall far outshine the West Indies (he would regard a link with them as a millstone round Guiana's neck).

There can be little doubt that self-government well beyond the model of the constitution that was suspended in 1953 will have to be conceded. The dangers of one-party Communist rule in the Latin American enclave have, in the changed world strategic situation, diminished; Guiana's need for foreign money has grown. Though small, it is not too small to stand on its own, though it will be a petty state if it does; the wisest settlement will leave the door open to affiliation to a wider Caribbean entity. Hopes of this have been dimmed by West Indian disunity, parochialism and inept leadership.

CUBA

Wild Marksmanship

SEÑOR FIDEL CASTRO has uttered wild charges before; his broad insinuation that the United States engineered the explosion in Havana harbour caps the lot. A French freighter carrying ammunition from Antwerp blew up on March 4th, killing the dockers who were unloading it, members of the crew and passers-by. The next day, Señor Castro declared that the "sabotage" was the work of those "who do not wish us to receive arms" and went on to describe American efforts to prevent the Belgians selling munitions to Cuba.

The Cuban accusation, which drew a stunned protest from the State Department, is a cruelly unfair extension of resentment against American attempts to enforce an arms embargo (somewhat belatedly, Washington has announced that military aid for the Dominican Republic as well as for Cuba is to cease this year). The Cuban inclination to blame all explosions on the Americans is, of course, strengthened by the failure of Washington to prevent private aircraft taking off from Florida to drop incendiary bombs on Cuban sugar fields and other targets. One suspicion of sabotage leads easily to another.

The State Department has made considerable efforts to keep American policy towards Cuba on the rails, while for his part, Señor Castro had lately grown a shade milder in his tone. The two governments were trying to arrange a meeting to thrash out their differences, but had reached a deadlock because of Washington's reasonable refusal to commit itself in advance over the Cuban sugar quota. The new bitterness has wrecked any hope of early discussion. But in looking for a solution, the United States has the incentive of knowing that the quarrel is not insulated from the rest of Latin America; whether or not Señor Castro is worthy, to many Latin Americans he has become a champion.

POLAND

The Tighter Belt

ONCE more conditions in Polish industry are not entirely untroubled. Mr Gomulka, in a speech made on March 2nd and published last week by *Trybuna Ludu*, admitted that the total wage fund this year will not exceed last year's, in spite of the expectation of a substantial increase in output. To carry out this squeeze it has been necessary to reduce piece rates and make other changes in norms of production. As a result of these measures, introduced in the fourth quarter of last year, many workers brought home smaller packets in December and January than in previous months—particularly in some branches of engineering and in the chemical and optical industries.

The tightening of the belt is the direct consequence of wages policy decisions taken last October. Indirectly, it is the outcome of the way in which wages were allowed to get out of hand in the optimistic mood following Mr Gomulka's return to power in 1956. The supply of consumer goods did not keep pace. Inflationary pressure reached its peak with the meat shortage following last summer's drought. Decisions were then taken to increase certain prices, to tighten the discipline of wages, and to bring rewards into closer relation with productivity.

Mr Gomulka's speech cannot have been easy to make. He did praise the "understanding of the working class as a whole," but he admitted that there were discontented people in every factory. There are reports of unrest and sporadic strikes in various parts of the country, including Poznan. It was at Poznan, it will be recalled, that a cut in wages in 1956 provoked first a strike, then a riot, and in the end a national upheaval which changed the regime and brought Mr Gomulka to power. The political situation does not look so explosive now, but both the government and the workers have a hard year of adjustment before them.

THE NOISE BILL

Uproar and Brass

IT is possible to sympathise with the objects of Mr Speir's private Noise Abatement Bill, which received quite a welcome in the House of Commons at its second reading last Friday, while remaining very sceptical about its direct usefulness. The Bill amends the Public Health Act of 1936 so as to make "excessive or unreasonable or unnecessary noise which is prejudicial to health or a nuisance or an annoyance" a statutory nuisance under that Act, susceptible to the existing local authority procedure for abating nuisances. The catalogue of racket enumerated by successive MPs—from jet aircraft, through motorcycles, steam hammers, cement mixers, pneumatic drills, burglar alarms and itinerant loud-speakers, to the rattling of milk bottles—forms a twentieth-century counterpart to Smollett's stomach-turning list of eighteenth-century stenches. The stenches have been tamed, though at the often heavy expense of the stench-producers; it is arguable that, even at the cost of some corresponding expense and inconvenience, the uproar-producers should be tamed in turn—though when whistling enters the argument, it is clear that crankery is really creeping in.

But legislation is useless and often harmful without enforcement: and there is not much reason to suppose that young males in the courting season who sabotage the silencers of their motor-cycles to draw feminine interest will be more effectively prosecuted under the amended Public Health Act of 1936 than under the notoriously dead-letter regulations that already make ineffective silencers an offence. The kind of industrial racket that results from the conviction that where there's uproar there's brass may seem a promising field; a factory must stay put and answer for its noise as for its smoke. A few prosecutions, in cases where the noise is proved irrelevant to the brass, might make for pleasanter neighbourhoods—and the same holds good for people who leave burglar alarms ringing through an entire weekend. The Bill does not, however, touch the noisiest people of all, the airlines. Behind the protection of the Air Navigation Act of 1947 and the Civil Aviation Act of 1949, they have the public at their mercy.

Limited scope and enforcement difficulties will therefore circumscribe the bill's

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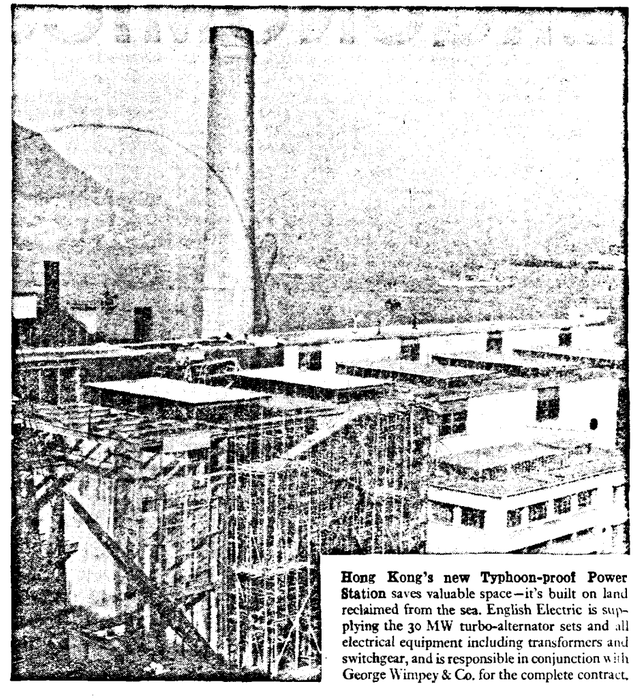

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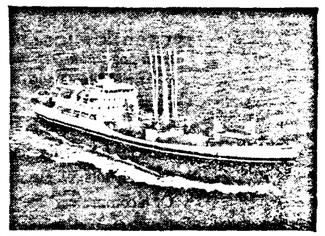

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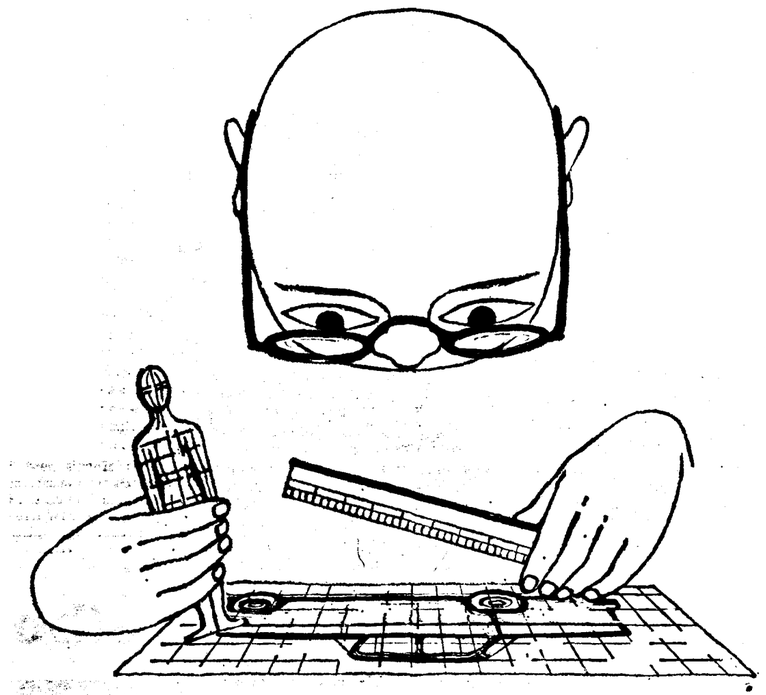

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effect, and may result in singling out minor groups of noise-producers, who will resent the unfairness. But the very fact that the bill has been well received suggests that a growing proportion of the public is finding modern noise reaching the limits of the bearable. The public must, however, realise that greater quiet may have to be heavily paid for in the reduction of such other conveniences as speed, cheap goods and services.

DENTISTS' EARNINGS

Filling their Time

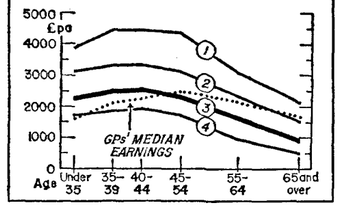
Is there any substance in the dentists' grumbles about the Pilkington commission's refusal to grant them an immediate increase in fees? The report showed, on the basis of its survey for 1955-56, that until they were about forty years old dentists in general practice could earn more, in most cases substantially more, than members of any other profession surveyed by the commission. But from the age of about 45-50 dentists' earnings fell off quite sharply, so that their total career earnings over the age-span 30-65 were only £79,000 —the same as those of general medical practitioners, but less than those of consultants, actuaries, barristers, English solicitors and graduates in industry. The commission recommended that from 1960 dentists' career earnings should be £96,000; but it did not recommend any increase in fees for items of treatment because since 1957, when the commission was appointed, dentists' earnings have increased markedly. The British Dental Association claimed that the higher earnings were mainly the result of longer working hours, but the commission, from its own investigations, found that the number of hours worked was not significantly higher than in 1952-53. There are now fewer dentists, but they have carried out more courses of treatment, and therefore earned more, mainly as a result of improvements in technique and tools.

THE SPREAD OF DENTISTS' EARNINGS, 1955-56

The graphs (1) to (4) show the incomes of dentists at different ages such that:

(1) 10% of dentists earn more and 90% less
(2) 25% " " " " 75% "
(3) *50% " " " " 50% "
(4) 75% " " " " 25% "

* Median.



This conclusion led the commission to interesting, if complicated, proposals for fixing dentists' health service fees in the future. The average dentist, working from 2,050 to 2,200 hours a year—which means roughly 2,000 at the chair—should be paid fees that would bring his earnings from the general dental service to £2,500 net (roughly what he is earning now); his private practice earnings (included in the earnings shown in the chart) would be additional. These fees would be fixed by a dental rates study group, which would be continually ascertaining both the average number of hours worked and the average time taken for each dental operation. If the proposed "review body," with the task of advising the Government on doctors' and dentists' pay, were to suggest an increase in the average earnings of dentists for a specified working year, the study group, on the basis of its up-to-date list of timings and ascertainment of hours, would propose new fees that would bring the new remuneration into effect. Thus, dentists' earnings would not, as now, be linked to the number of treatments carried out but to the number of hours worked.

The dentists can perhaps legitimately cavil at the length of the average working hours envisaged by the commission—a 40-hour week at the mouth and a fortnight's holiday without pay—but they should reflect that their proposed average earnings would still be higher than the £2,425 proposed for doctors in general practice.

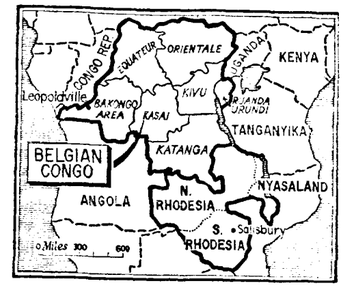
CENTRAL AFRICA

More Secession Talk

Sir Roy Welensky's casual reference to the desire of certain people in the Katanga province of the Belgian Congo to federate that province with Rhodesia and Nyasaland after Congolese independence has provoked a Belgian diplomatic protest and a parliamentary growl from Brussels, but it has not excited the Belgian public. The idea is very old hat. For some months Southern Rhodesians have talked in Salisbury bars about extracting the Katanga from the wreck of the Belgian Congo. But only the few white copper workers in the Katanga would want to join the Central African Federation as it is today; and they are powerless. The Katanga Africans, who may have no love for Leopoldville, would join with Northern Rhodesia only if it were cut away from Southern Rhodesia and became an independent state.

But the Belgian public's lack of interest in a canard that would, if the boot had been on the other foot (as yet it may be), have aroused the *Daily Express* to a high pitch of British indignation, helps to explain why the Belgian government has been able so quickly to cut its losses in the Congo. Once the royal family had decided that "the inheritance" was lost, it remained only to patch up an arrangement with the Africans that would leave the business men reasonably happy. Whether this will produce a viable African-run Congo remains to be seen; for at the other end of the territory plots are evidently being pressed on to hive off a separate Bakongo state. But in either event Congolese nationalism will continue to heat up the Federation cauldron.

There, Sir Roy Welensky has been busy dealing with his own white and black secessionists. With Sir Edgar Whitehead's



threats, he has, after a stunned silence, hurriedly agreed, on the ground that *if* African nationalism took over the two northern protectorates, Southern Rhodesia would have to secede, *therefore* this could not be allowed to happen, and so the Federation will go on much as now. On the same ground, he has fought shoulder to shoulder with Sir Robert Armitage, Governor of Nyasaland, against the release of Dr Banda to start the constitutional ball rolling in Nyasaland when the Monckton commission arrives there. He is probably telling Mr Macmillan that if Dr Banda comes out, red riot follows and back come the Rhodesian troops. Lord Home has returned mumchance. This has put Mr Macmillan and Mr Macleod in a cleft stick for the moment. But the proceedings of the investigation into the demonstration that attended Mr Macmillan's own visit to Blantyre may incline him to risk Dr Banda's release.

CONTEMPT OF COURT

Liberal Reform

The Government's Administration of Justice Bill, laid before the House of Lords on Tuesday, has allayed the fears aroused that it would water down the provisions of Lord Shawcross's Contempt of Court Bill, which it supersedes. In fact it goes a good deal further. A general right of appeal in all cases of criminal contempt is given to the defendant, with an ultimate appeal to the House of Lords. The prosecu-

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tor may also appeal from the refusal of an application for committal or attachment.

Civil contempt will no longer be committed by publication of information relating to proceedings before a court sitting in private, unless they fall within certain specified categories. Even in these excepted cases publication of the order made by the court will not be contempt unless it has been expressly prohibited. An entirely new defence of innocent dissemination is provided for those accused of contempt by publishing or distributing matter calculated to interfere with the course of justice in proceedings which are pending or imminent. The publisher must show that—having taken all reasonable care—he did not know and had no reason to suspect that proceedings were pending, or in the case of the distributor, that the publication contained prejudicial matter. A shortcoming of the Bill is that it lays down no maximum penalties for contempt.

A further important change is the transfer of leave to appeal to the House of Lords in all criminal cases from the Attorney General to the courts themselves. Leave may be given by either the House of Lords or the Court of Criminal Appeal. A point of law "of general public importance" must be involved, a change from the "exceptional public importance" of the 1907 Act.

In *habeas corpus* proceedings an appeal will be provided against an order for release, as well as against the refusal of such an order, except where the order has been made by a single judge in a criminal proceeding. Thus in criminal cases either side will be able to appeal from the decision of a divisional court. Only a divisional court will be able to refuse an application for release in criminal proceedings. The Bill includes a number of other reforms, and is a complicated document, but there is no doubt of its liberalising effect, and it should be given a warm welcome.

TV AND POLITICS

Trials of Politicians

WHILE most politicians were breathing again with relief that the cameras were not to intrude into their chamber, catching them at their off moments, a group headed by Mr George Brown and Mr Gordon Walker has gone over to the attack against one of the ways in which public issues are presented in the studio. All that need be said now about Mr Macmillan's decision not to proceed further with the question of televising Parliament is that it is a pity that the whole, admittedly difficult, matter could not have been treated less casually. The BBC was perfectly willing to try experiments on a closed circuit, so that MPs could see for themselves whether the camera's (and hence the electorate's) presence would put them too much off their stride, and whether any fair system of editing was feasible.

But the exclusion of the mass public from Westminster makes the substitutes devised by the BBC and ITV the more significant and worthy of critical scrutiny. Increasingly these programmes are themselves making political news which has to be carried by the next day's newspapers. The gist of the Labour MPs' complaint in *The Times* is that Mr Foulkes of the ETU and others have been subjected to unfair "trial by television," amounting to McCarthyism, by members of the new inquisitorial profession of TV interviewer. In the ensuing controversy the inquisitors have argued that television reporting is on a par with journalism, that the charge of McCarthyism is absurd because the late Senator had the right to subpœna his victims whereas theirs go voluntarily to the studio, and that Mr Foulkes at any rate was asked honest though tough questions of a kind he must have been answering for months.

All this is true—and Mr Foulkes's case was perhaps a bad one to have picked on. But there is need for vigilance. People may sometimes discount press reports, but will never believe that a man has been misrepresented when they have seen him "with their own eyes," as he was speaking. Yet television film can easily be edited, and the rigid limitations of time (in contrast to the usual press interview) often make it impracticable for the victim to expose an unspoken premise in his interrogator's loaded question. There is a heavy responsibility on interviewers and producers.

INDONESIA

The Guide Alone

IT really is no surprise that President Sukarno has suspended the Indonesian parliament. Once he had decreed a return to the "guided democracy" constitution of 1945 and assumed near-dictatorial powers, it was unlikely that he would tolerate much longer the presence of legislators elected in 1955. To send the deputies packing within days of Mr Khrushchev's departure from Indonesia was probably no more than bad public relations; the two events are doubtless unconnected. A likely explanation of the timing lies in the fact that the 1960 budget was before parliament, which was expected to reject it.

The most striking item in the budget is the estimated revenue of 44 billion rupiahs; as this figure exceeds last year's revenue by nearly 16 billion rupiahs, there are grounds for regarding it as optimistic. If expectations were fulfilled, this year's deficit would be only 1.9 billion rupiahs, but even the prime minister, Dr Djuanda, has admitted that it will in fact be much more. Last year's actual deficit was somewhere between 12 billion and 20 billion, according to which official figures one uses.

The suspension of parliament leaves President Sukarno freer than ever, on paper, to go on governing his republic the way he thinks fit. He will not, at all events, be hampered by an elected body until the partly elected People's Congress is created under the 1945 constitution, at a date that remains unannounced. It would be rash, however, to attempt to predict the final constitutional pattern in this country of scattered islands. A few weeks ago, the various anti-Sukarno groups in Indonesia proclaimed a "Union of Indonesian States," which postulates a federal structure, as opposed to the unitary state of 1945.

OXFORD ELECTION

Vote Early and Vote Often

MR MACMILLAN has won again. By the relatively narrow majority of 279 votes in a total poll of 3,673, the Prime Minister was elected last Saturday to be the next Chancellor of Oxford. Both the canvassing and voting in this election were sufficiently packed with incident to make the political observer regret once again the passing of the University seats. Each side scoured the country for the concentrated blobs of its supporters. The Franksites did well in the provincial universities and the Macmillanites in those Tory strongholds, the Church and the City. Large meals for visitors were laid on by the interested colleges, while quiet bargaining of lectures in exchange for votes looks like involving a few of the more committed dons in some extensive touring later in the year. But this is all within the rules and both sides were agreed in the end that this had been a fair, if hectic, fight.

The pattern of voting was as expected. University opinion favoured Sir Oliver and, after the first day, he had secured a substantial lead. But on Saturday the queues of non-academic MAs first began to, and finally did, tip the scales. The uncertain clapping that greeted the announcement of the result in Latin swelled to a cheer when it was followed by an English translation. The traditionalists had won.

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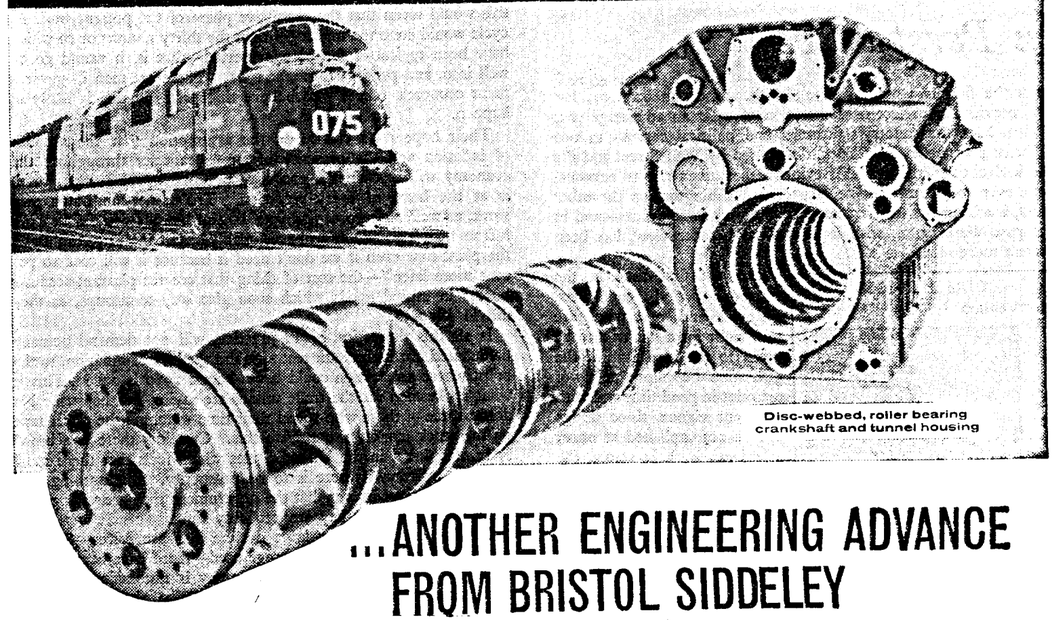

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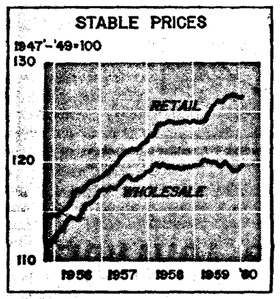
AMERICAN SURVEY

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

Prosperity in Perspective

WASHINGTON, DC

In the first two months of 1960 the American economy has provided a perfect demonstration of what an advantage it is to have the country's financial and political capitals in two different places. In New York, dominated by Wall Street and the Stock Exchange, the available evidence has given rise to nervousness, even to gloom in some quarters. Washington, on the other hand, has been positively pleased by the very same events—and in the past Washington, with its somewhat broader view, has been correct more often.



For the first time in the postwar period conditions, financial and otherwise, are now right for a fair trial to be given to the idea that, if the government applies a policy of restraint in good time and with sufficient vigour, three things can be accomplished at once; prices can be kept stable, the expansive phase of the business cycle can be lengthened and by means of both these achievements, the long-run rate of economic growth can be accelerated. American officials—especially the economic authorities in the present Administration—have never accepted the idea that there is a conflict between policies for encouraging growth and policies for keeping prices stable. Nothing in the American experience of 1955-57 or the British experience of 1956-58 has persuaded them that restraint during periods of expansion retards growth, except in the very short run and then helpfully.

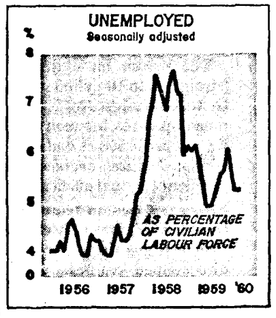
As they look about them now, the authorities are satisfied by what they see. Prices are steady up and down the line, from commodity markets to retail shops. The worst speculative excesses of the stock market are being liquidated—to the great pain of Wall Street. Both private individuals and institutions are buying bonds again and interest rates have come down a little. The budget is in good shape, with an excellent prospect of a healthy surplus, regardless of anything that Congress is likely to do. There is evidence that wages rose noticeably less last year than the average for the postwar period as a whole, or even the average of the last decade, and, as long as prices are under control, there is a good chance of containing the rise in the future.

True, there remains a disconcertingly high level of unemployment, but in their innermost hearts the men responsible for government policy are not displeased by this so long as the situation is getting better rather than worse—as it is. As in Britain, so in the United States, a level of unemployment higher than has been typical for the past 15 years is probably needed if prices are to be kept stable. The liquidity of banks has been reduced to a point where restraint can be exercised more effectively through monetary means than was possible earlier. In short, nearly all the conditions appear propitious for what the Administration has always talked about—"sustainable" prosperity. In practical terms this would mean that the expansive phase of the present business cycle would continue for longer than the thirty months or so which have been typical of the postwar period—that is, it would go on well into, and perhaps through, 1961. There are men in government economic offices who believe that precisely this is likely to happen.

Their hope rests chiefly on the assumption that the absence of inflation and the presence of ample capacity throughout the economy will restrain the excessive building up of stocks, which is at the heart of every recession. The same conditions may work, as well, to keep capital spending in bounds without keeping it from growing. There will presumably be less incentive to "build the plant now even if we don't need it because it will cost 10 per cent more later"—the sort of thing that creates pleasant-seeming booms in capital goods which soon give way to slumps, as they did in 1957-58.

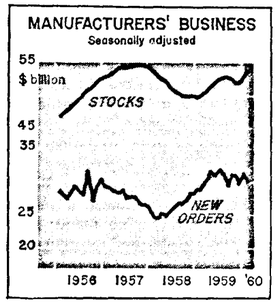
Is all this theoretical? In practice, will not demand actually be deflated, through credit restraint and the lack of inflation, to the point where a recession could begin before 1960 is out? This is what spokesmen for the trade unions are saying will happen. No doubt some of those who spend their time watching the ticker tape on the stock market also believe this. Certainly there is a broad body of opinion in the United States which feels that there must be some inflation if there is to be prosperity. But nothing that has happened yet proves that the government men are wrong, and there are signs that they are probably right.

Leaving aside the very large decline in share prices—8 to 10 per cent, depending on the average used—there have been several other bits of evidence that the economy is not maintaining the exuberance which was forecast earlier. The shortage of steel resulting from the strike appears to have been overcome much sooner than was expected, with the consequence that there has already been a small decline in steel operations and that a more noticeable drop is expected in the next few weeks. Until the last ten days of February, which were excellent, sales of automobiles had been disappointing, though they have been well ahead of last year; as a result there were scattered declines in output (though the "compact" cars, already responsible for 25 per cent of total production, continue to sell and to be produced faster than ever). The number of new houses started, already below the earlier peaks by the end of 1959, fell slightly more in January. Retail sales have not shown boom strength. And finally, the value of new orders placed with manufacturers in January fell by $1 million, partly because of special post-strike developments in the steel and automobile industries. Needless to say, no matter how much all of this may have confirmed the worst fears of Wall Street, it has



caused little distress in Washington. It is, of course, accepted there that the first half of the year will not be as booming as was once expected but, since this means mainly that there will be less accumulation of stocks, the change is regarded as all to the good.

For the rest of the year much seems to depend on housing and fixed investment by businessmen. The next survey of their plans for capital spending is being awaited with unusual eagerness; it is likely to be encouraging and to show a somewhat greater increase over last year than had been indicated earlier, in spite of the alleged impact of the decline in the stock market on business confidence. If there is any validity in the theory that credit conditions should be eased by the expected surplus in the Budget, building will not suffer nearly as much this year from "tight money" as had once been thought, and already some of the more pessimistic projections for housing starts are being revised upwards. If all goes well, housing and capital investment should provide in the second half of the year the stimulus that accumulation of business stocks is providing in the first half, with the influence of government expenditures remaining roughly neutral throughout 1960.

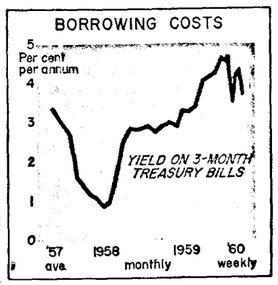


This is to forecast a rather gentle rise in activity, but still a rise. This forecast is wholly compatible with a prospect of corporate profits and practically everything else breaking all past records—but by lesser margins than was once prophesied. Hence it is also compatible with the falling off in the stock market. The highly reassuring orderliness with which Wall Street has taken its beating is evidence that there is little panic in New York. In Washington there is quite the opposite—quiet confidence.

View from the Fed

A correspondent in New York discusses the central bank's approach to the economic situation described above.

MARCH normally sees the beginning of an upsurge in the demands of corporations for credit—to meet tax payments and to carry business stocks—and therefore a tightening of the money market. But this year Wall Street is convinced that the Federal Reserve Board plans soon to relax the controls on the supply of money which it has maintained fairly steadily since mid-1958; this conviction has been reflected in a jump in the prices of Treasury securities and a drop in their yields. The money managers have given no definite signs that a change is coming, but anonymous officials of the central bank, abandoning their traditional reticence, have observed that the threat of inflation has faded substantially and that forecasts of a big rise in business activity appear to have been exaggerated. This week the chairman actually admitted publicly that the demand for credit had not been quite as strong as had been expected.



The easing of credit which Wall Street is anticipating may not be what the Federal Reserve has in mind. For while the monetary authorities are indicating that they are no longer concerned about a runaway boom, they are by no means expecting a recession. This suggests that, while they see no need to continue to tighten credit, their moves toward relaxation will be very moderate and cautious until the economic outlook is clearer. Thus it is doubtful whether any overt move towards ease—such as a decline in the discount rate—is under consideration. At the most the Fed will probably supply the banks with whatever reserves are necessary to meet demands for credit until the date in March when taxes fall due; after that, if business activity is sluggish, the Fed will refrain from sopping up the extra reserves.

This would mean some expansion in the supply of money but would not necessarily bring a significant reduction in interest rates. However, to banks and mortgage institutions which have been severely pinched for well over a year any relief is welcome. There would be some additional funds for the hard pressed housing industry and state and local government spending would be stimulated. Business outlays on new plant and equipment are not likely to be influenced much by monetary policy, since most companies will be generating funds internally; yet any easing would help here as well. In fact the Federal Reserve seems able to relax a bit now because it was so vigilant earlier. Wall Street may be premature in hoping for a substantial change in credit policy, but its suspicion that a shift is under way seems well founded.

Kennedy Melts the Ice

NEW HAMPSHIRE

In spite of another fall of snow on Monday night, the voters of northerly New Hampshire turned out in large numbers on Tuesday for the opening round of the 1960 election. Theirs was the first of the primary elections which give party members in sixteen states a chance to influence the choice of presidential candidates. At the end of the day the hand clutching the banner marked "Excelsior!" was clearly that of Senator Kennedy, the Democrat from neighbouring Massachusetts. Mr Kennedy found that 43,000 people in New Hampshire want him to be the Democratic nominee. There were fewer than 7,000 votes for his only official competitor, a Chicago man who makes ball-point pens and wants to abolish the income tax for most people; none of the Senator's serious rivals thought it wise to challenge him in New Hampshire. Senator Kennedy got twice as many votes as Senator Kefauver was given in New Hampshire in 1956.

In the Republican half of the poll Vice President Nixon—unopposed save for any names which voters cared to write in on the ballot—also did well; he got 65,000 votes, more than President Eisenhower received four years ago. But Senator Kennedy's success is shown best by comparing this year's results with those of 1952, the last time so many people turned out to vote in the New Hampshire primary. In this heavily Republican state—one of the only three in the country that have resisted the Democratic tide which has been running since 1956 and have refused to elect a Democrat as either Governor or member of Congress—the Senator proved popular enough to raise the Democrats' share of the poll from 27 to 41 per cent. This is not necessarily an omen of what will happen later this year. If Mr Kennedy is not exactly a local boy at least he is the neighbour's lad; and New Hampshire contains a good many Roman Catholics, both French Canadians who have come in from the north and Massachusetts Irish who have come in from the south, for whom his religion may have been the deciding factor.

At the eleventh hour, the Governor of the state—a right-wing Republican who was supposed to be organising Mr Nixon's campaign—accused Senator Kennedy of being "soft on communism" and found himself being contradicted by his own candidate as well

as by Mr Kennedy. The incident almost certainly gained votes for the Senator. It also shows how difficult it is going to be for the Vice President to satisfy both the right-wingers in his own party and the liberal-minded independents whose support he needs if he is to be elected—a difficulty which is being exploited by Senator Kennedy. Perhaps the first fruit of Mr Nixon's need to be all things to all men is detectable in the latest Gallup Poll; this shows that the Vice President has lost the lead over every Democrat which he has enjoyed since last summer and is now running exactly neck-and-neck with Mr Kennedy.

Latin Test

For the third time in seven months, President Eisenhower has arrived back in Washington with the cheers of millions still ringing in his ears. On his nine-day trip to Brazil, Argentina, Chile and Uruguay the President seems, indeed, to have done a great deal to renew the Good Neighbour policy inaugurated by Roosevelt, which had been allowed to slip into such disrepair that the Vice President was stoned two years ago in South America. Mr Eisenhower concentrated on themes that his hosts wanted to hear: on the importance of the Latin American countries to the United States; on its interest in their economic development and its determination to do all it can to help; on the strict policy of the United States not to interfere in internal matters and its dislike of all dictators, whether of the right or left. Tactfully, Mr Eisenhower let it be known that he was consulting his hosts to obtain their views before he meets Mr Khrushchev at the summit. But the most important change of emphasis was that where Mr Dulles used to talk of the need to fight communism, the President spoke of the fight against poverty.

The home-truths were left to Mr Dillon, the Under Secretary of State, to deliver at a meeting in Puerto Rico of the Caribbean Assembly, an offshoot of the American Assembly which Mr Eisenhower helped to establish when he was President of Columbia University. After adding up all the different forms of government aid to Latin America, to a total of $3.5 billion in the past decade, Mr Dillon went on to defend stoutly the part played by private capital in developing Latin American resources and increasing wealth. He concluded with a frank reminder to the Latin Americans of all the things which they can do for themselves to ease the way for economic growth, such as revising their inequitable tax systems, paring their unproductive bureaucracies, improving education, encouraging business and fighting inflation.

Mr Eisenhower was careful not to promise any specific increase in economic aid, and indeed none is likely in the ten months of his term of office which remain, for the foreign aid programme has already been sent to Congress. There is some fear, however, that all the good will and warmth which Mr Eisenhower has aroused may turn to bitterness if his successor does not provide more help, both in capital for development and in lower trade barriers for Latin American goods. But for Mr Eisenhower the immediate problem is how to apply the good neighbourly principles which he has been expounding to one of America's nearest and most provoking neighbours, Cuba. The patience which the United States has shown to Dr Castro paid good dividends on the President's trip and until last week it seemed likely to bring about a reconciliation between the two countries. But the Administration may find it difficult to restrain Congress from cutting Cuba's sugar quota now that Dr Castro has accused the United States of being implicated in the explosion of a munitions ship.

Filibuster Still Untamed?

The vote in the Senate to limit debate—and thus to dam the flow of southern speeches which is holding up consideration of a civil rights Bill for Negroes—is to take place while *The Economist* is in the press. But if the northern liberals fail, as it seems virtually certain that they will, to secure the two-thirds majority of Senators present and voting which is necessary to stem the longest filibuster in history, this does not mean that the South's brilliant rearguard action has won the battle against a civil rights Bill this year. More than two-thirds of the Senators are prepared to silence the South, and force a Bill through, if only they can agree on how far it should go. But the civil rights forces are split. The zealots, a coalition of 20 or so Republicans and Democrats from the industrialised northern states where the Negro vote is large, want something more drastic than the Administration's Bill, sponsored by Senator Dirksen; they petitioned for a vote to shut off debate, even though they knew it was unlikely to succeed, because in an election year they must have at least one chance to put their devotion to Negro rights on the record.

On the other hand, moderate Democrats from the border and western states and some conservative rural Republicans are reluctant to vote for closure until they know what kind of a Bill is likely to be adopted. Once debate has been limited, a simple majority vote is enough to pass any provision, no matter how obnoxious to the South. The moderates are prepared to strengthen Negro voting rights but they are not willing to ram down the South's throat the other provisions of the Dirksen Bill which deal with racial segregation in the schools. Finally there is a group of Republicans who support the Administration's Bill, but are prepared, if necessary, to moderate some of its sections. Sixteen Senators from these groups, voting with the eighteen Southerners, are enough to defeat any motion to limit debate.

Senator Johnson, the majority leader, opposed the motion for closure, in the firm belief that a civil rights Bill acceptable to two-thirds of the Senate must be worked out first, behind the scenes. As a Southerner himself he must hope that if this is accomplished it will not be necessary to rub southern noses in the dust by actually voting for closure. The rules of the House, which began debate this week on its own civil rights measure, do not permit a filibuster, and it is likely to pass a Bill next week. If this concentrates on voting rights, and does not offend the moderates, it may sail through a Senate thankful to end its ordeal of sleepless nights.

Non-shooting Stars

Film actors are such faithful trade unionists that there is no danger of them trying to break the strike, the first ever called by the Screen Actors Guild, which has halted all shooting of pictures by the seven leading American film companies. Although denied the thrill of seeing their favourite stars on the picket line, fans will still find them on the screen, until next autumn, at least. For the strike had been in preparation for some time and the companies had speeded up production in order to collect a backlog of new pictures. One important firm, the Universal-International Pictures Company, which had few finished films in reserve, has settled with the guild and is now shooting hard. So have some of the independent producers, many of whom—Mr Frank Sinatra, for example—are film actors themselves; this group, of increasing importance in the industry, produced 152 pictures in 1959, including some of the most successful, while only 37 came from the big companies last year.

These independent productions are often shot in studios rented from the big companies; they are distributed by United Artists, which went out of the production end of the business long ago and has found the change very profitable. Some of the other big companies will be encouraged to follow this example if the strike continues for any length of time, as it is expected to do. Now that so many pictures fail to show a profit, it is being argued that to make money film companies should leave artistic matters to the independents and should concentrate on the business side of the industry, financing pictures and selling or leasing studios and other



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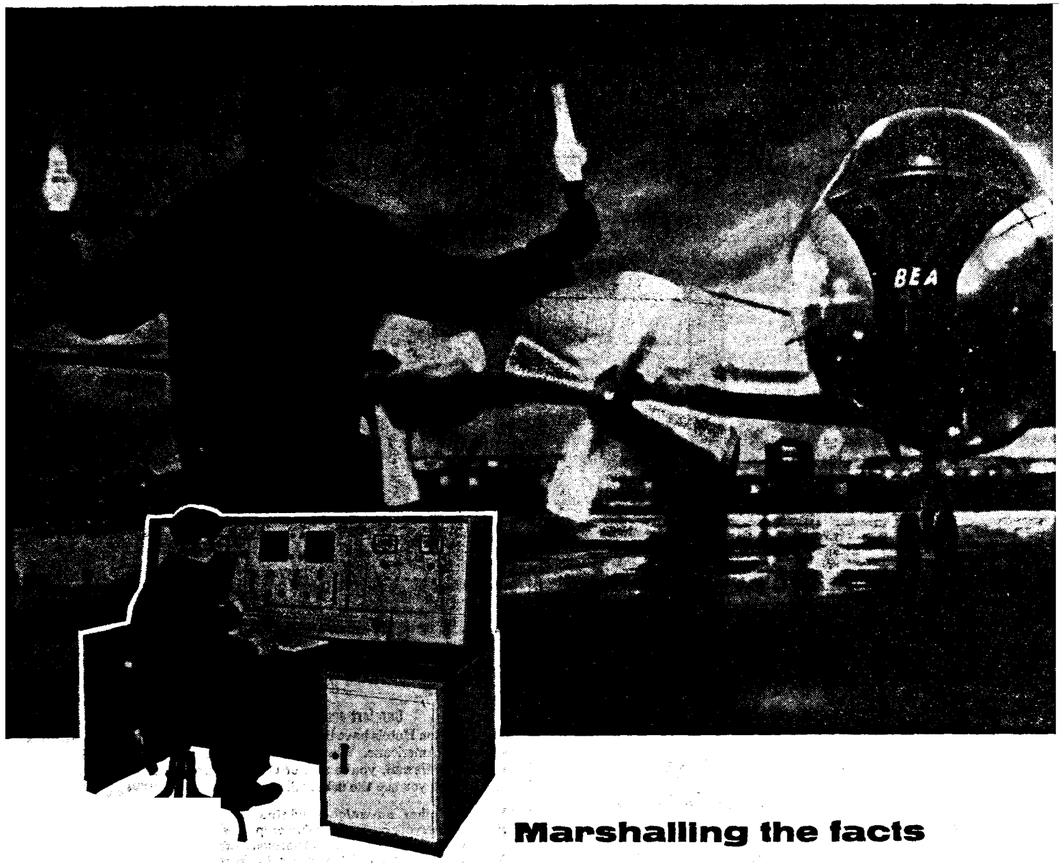

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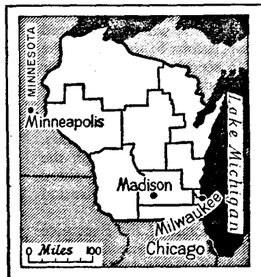
assets. Of these assets probably the most valuable are old films—and these are what the strike is about.

So far, no arrangements have been fixed for showing on television the 2,500 films made since 1948 and such a development would certainly be opposed by the cinema owners; but it is estimated that it would earn the companies at least $300,000,000 and sooner or later something of the sort seems sure to be done. And when it is, the script writers, who went on strike in January, and the film actors, who have now joined them, insist that they must both have a share in the profits. The settlement with Universal gives the actors about 3½ per cent and the writers just over 1 per cent of any income from televising post-1948 films and provides for a contribution by the company of 5 per cent of each actor's pay to a pension and welfare fund. The other companies refuse to consider such a solution, contending that it amounts to paying a second time for work already done; they also fear—and the stage hands are now justifying this fear—that other unions will demand a share in television earnings. The strikers reply that to show cinema films on television screens would endanger their livelihood, but that they are ready to settle for a promise that no post-1948 films will be sold or leased to television companies.

Wisconsin's Badgered State

FROM A CORRESPONDENT IN MADISON

THIS is the season when presidential candidates beat their way over the icy roads of Wisconsin to hale mechanics from the grease pit, to shake hands with *schafskopf* players in the back rooms of taverns, and to greet factory workers at 5 o'clock in the morning when they arrive for the first shift. On April 5th voters in the Democratic presidential primary will decide whether Senator Kennedy, of far-off Massachusetts, or Senator Humphrey, from neighbouring Minnesota, is to be the favourite of the Badger State's delegation at the Democratic national convention. These two will spend most of the time before the election campaigning in Wisconsin. Vice President Nixon, who is unopposed on the Republican ballot, need make few appearances.



Next month voters in Wisconsin's primary election will be able to choose between delegates pledged to support Mr Nixon, the unopposed Republican presidential candidate, and those pledged to one or other of two Democratic candidates. The method of determining how Wisconsin will cast its 31 votes at the Democratic convention was changed recently in spite of protests from Senator Kennedy. Each of the ten congressional districts on the map will elect five delegates, who will cast 2½ votes between them at the convention instead of 2, as in the past, while only 5 convention votes, instead of the expected 10, will go to the candidate who wins a majority of the Democratic votes throughout the state. One convention vote is divided between two party officials; one supports Senator Kennedy and one supports Senator Humphrey. Thus the candidate who is most popular with the voters will not necessarily win a majority of the votes which the state will cast at the convention.

It has become fashionable to say that only a handful of convention votes are at stake (31 out of the 761 which a candidate needs to be successful), that the outcome has little effect on the national convention, and that in the past no winner of the Wisconsin primary has ever been elected President. Few have even won the nomination. It is being argued that the primary is unrepresentative, that voting is sure to be light, that the real issues are not debated there, that money determines the result, and that the kind of campaigning which is needed to win is exhausting and demeaning. Yet no other event before the actual convention is likely to be as decisive.

A solid victory for Mr Kennedy would bring him tangible, as well as psychological, benefits; party leaders in six other states with large delegations are reported to be ready to support him if he can win in Wisconsin. If Mr Kennedy also shows that he can carry Protestant districts as well as those which share his Roman Catholicism, the effect could be overwhelming. Mr Humphrey, on the other hand, must win if he is to be regarded as a serious presidential contender. One of his handicaps in the Wisconsin primary is the widespread impression that he has no real chance of being nominated. There have been five professional polls of opinion in Wisconsin so far, as well as dozens of less scientific samplings. Where the results have been revealed, these tests have shown Mr Kennedy to be the favourite.

There are no serious ideological conflicts between the two Democrats. Both are liberal, although Mr Humphrey is considered slightly more so. But as a Senator from nearby Minnesota Mr Humphrey's votes in the Senate have been more in line with the sectional and economic interests of Wisconsin than those of Mr Kennedy. Senator Humphrey's supporters are trying to rally farmers by recalling that in 1956 Senator Kennedy voted against rigid price supports for wheat and that on an earlier occasion he also voted against an increased appropriation for rural electrification. Mr Kennedy, a shrewd tactician, heads off such criticism by recalling these errors with remorse and points out that in more recent votes he has supported the farmers' interests.

Other factors are likely to be more important than such fine points: religious attitudes, the influence of trade union leaders, the question of the Republican vote, and the personalities of the candidates. Mr Kennedy's Roman Catholicism is thought to be, on balance, an asset; the state is one of the most Catholic in the country. But most of the trade union leaders are backing Senator Humphrey. The election may turn on whether a factory worker on Milwaukee's south side, for example, votes on April 5th as a member of St Stanislaus's Roman Catholic church or as a member of the automobile workers' union. The Democratic organisation in Wisconsin is split, with slightly more of its leaders rallying to Mr Humphrey. But the Governor, Mr Nelson, has remained neutral in an effort to keep the party organisation united.

WISCONSIN'S primary laws are unique; it is the only state, among the 16 that conduct presidential primaries, which permits people to vote in the primary of either party. A voter is handed the ballots of both parties, marks one and throws the other away, and no one knows which he has chosen. Since most voters in Wisconsin regard themselves as political independents, even if they vote Republican regularly, many of them choose whichever party primary offers a contest. This means the Republican voters may determine the Democratic winner next month; if they do, he will be Mr Kennedy, whom they regard as the more moderate candidate of the two. On the other hand, many Democrats who remain devoted to Mr Stevenson are likely to vote for Senator Humphrey, on the theory that Senator Kennedy's drive for the nomination must be stopped if Mr Stevenson is to have a chance of being considered.

When issues are relatively unimportant personalities come to the fore. Here Senator Kennedy has the best of it. Tall, assured, poised, with a flashing smile that breaks through his accustomed gravity, he is a handsome and appealing figure. He inspires confidence and his personal wealth is no handicap. But under his charm

there lie a toughness and a ruthless determination that have earned him the half-critical name "Jack the Knife" among reporters. Many Democrats, however, regard these as desirable qualities in a man who may have to compete with the tough, ruthless Mr Nixon.

Mr Humphrey is a warmer person. His ideas pour out; he clings to each audience as though it were his last on earth and he must tell all before he goes. He is capable of arousing a crowd, particularly a partisan one, as Mr Kennedy is not, but his very exuberance leaves a misleading impression of instability. Those who know Senator Humphrey well admire him intensely, but his public appearances are unconvincing. Moreover, the Senator from Massachusetts is a celebrity, while the Senator from Minnesota seems to be a politician. Recent experience indicates that American voters prefer celebrities as political leaders.

The *Milwaukee Journal*, the state's largest newspaper, has likened the contest to a football game between "the Kennedys and the Minnesotas." Energetic Kennedy brothers, sisters, cousins and in-laws are everywhere. Mr Humphrey's wife campaigns as doggedly and effectively, but most of his work is done by the dozens of Minnesotan Democrats who pour in over the border each week. Mechanically, the Kennedy organisation functions better.

Newspapers Strike Back

FROM A CORRESPONDENT IN OREGON

THE strike against Portland's two daily newspapers began, like a growing number of disputes between management and trade unions, over working rules and the use of labour-saving machinery. What makes it unique in the history of modern American journalism is that the two publications, the *Oregonian* and the *Oregon Journal*, have continued to appear, as a combined newspaper, every day since the strike began on November 10th. Unfortunately this has caused tensions which have erupted in acts of violence more characteristic of the ugly strikes in the nineteen-thirties than of those in the prosperous nineteen-sixties.

When the 54 members of the Portland branch of the International Union of Stereotypers broke off negotiations with the publishers of the newspapers and put pickets around the two plants, all the other employees who were trade unionists—printers, machinists, engravers, lorry-drivers, warehousemen, paper-handlers and journalists, about 900 in all—chose to respect the picket lines. Nevertheless the two papers decided to try to continue publication with the aid of supervisory and non-union workers. After the first day or two they had the help of craftsmen lent by publishers in other states or recruited through nationwide advertisements.

The strikers, finding that they were unable to keep the newspapers from appearing, concentrated on trying to persuade readers to cancel their subscriptions for the duration of the strike. (Direct subscriptions are much more important in the United States than they are in Great Britain.) Readers are offered, as an alternative, a weekly tabloid newspaper published under union auspices and the promise of a daily one, also sponsored by the trade unions, to appear sometime in the future. The unions claim that their campaign has cost the newspapers about 160,000 customers, out of daily circulations which stood, before the strike, at 242,035 for the *Oregonian* and 188,677 for the *Journal*—a reduction of about a third. Spokesmen for the publishers say that the cancellations amount to less than half of this. Audited figures will not be available until next month.

The three issues which precipitated the strike had nothing directly to do with wages and hours (the stereotypers were being paid $3.61 an hour for a 35-hour week); they were the result of the managements' attempt to change working conditions in the stereotype department. The publishers sought to end what they considered the unjustified payment of overtime rates to substitute workers; to free the foreman from being compelled to join the union; and to modify the rule in the union contract which specifies that a stereotype plate-casting machine must be operated by four men. The *Oregonian* proposed to buy one made in Germany which is said to require only one operator and, in fact, it will be installed about April 1st.

THE Stereotypers' Union refused to give ground on any of these points, but the original issues were soon obscured by new controversies. As the newspapers brought in craftsmen from other parts of the country the unions protested against "imported strike-breakers" and union publications also charged that the strike was "incited" by the owner of the *Oregonian*, Mr Newhouse of New York, who owns other newspapers and magazines, in order to gain control of the *Oregon Journal*. Both the managements have denied this and recently they announced that they plan to return to separate independent daily publication about April 1st.

Violence has been intermittent. Pickets and non-striking employees have come to blows several times and five men were arrested for defying the order against mass picketing issued by the Mayor. On the night of January 31st a series of dynamite blasts wrecked ten newspaper lorries; fortunately no one was injured. Of the five men arrested for this crime, one is Mr Levi McDonald, a member of the negotiating committee of the Stereotypers' Union. The other four said that he had paid them $100 each to blow up the lorries. Mr McDonald denies steadfastly the accusations against him.

The two parties to the dispute appear to be farther apart than they were on the day the strike began. About 40 of the 900 employees who left their jobs have returned; most of them are members of the American Newspaper Guild, the journalists' organisation. They have been re-employed without prejudice. But the publishers have notified the members of one union, the web pressmen, that they are regarded no longer as employees of the papers and the managements insist that they will not agree to any settlement which gives members of the unions precedence over workers hired since the strike began. Nor will they consider requiring such workers to join a union to keep their jobs. The leaders of the unions have made it clear that these conditions are unacceptable and the prospect is that the strike may never be settled formally.

Meanwhile the publishers are trying to eliminate the "feather-bedding" or make-work practices which are traditional in the contracts between newspapers and trade unions. This would enable the newspapers to operate more efficiently with smaller staffs. Already a thing of the past in the composing room is the setting of so-called "bogus type" which simply duplicates electro-plated advertising copy and is destroyed automatically once it has served its purpose of protecting the jobs of members of the trade unions.

Laying McCarthy's Ghost

FROM A SPECIAL CORRESPONDENT

AN era of national hysteria over the threat of communism at home appears to be passing into history in Hollywood, in the colleges, and for workers employed by private firms which do secret work for the government. Recently the President took a hesitant step toward providing certain safeguards—the right to confront an accuser and to cross-examine him—for such workers, who must be cleared for security before they are given access to defence secrets. Last June the Supreme Court, in the Greene case, invalidated the existing industrial security regulations of the Defence Department, holding that, in the absence of legislation or a directive from the President, the department lacked the authority to omit the traditional safeguards. The House of Representatives, prodded by Mr Walter, the indefatigable head of the Un-American Activities Committee, hastily passed a Bill to restore the old system, but this is expected to die in the Senate now that the President has acted.

The Executive Order issued last month distinguishes between intelligence agents, whose identity is still to be protected, and casual informants, such as neighbours, fellow-employees and landladies, who must be made available for cross-examination except when there is "good and sufficient" cause to keep them hidden. The order provides that, when an applicant for clearance is not permitted to cross-examine someone who has given information against him, the application can be denied only after the head of the department concerned has reviewed the case personally. It also requires that adverse decisions contain written findings on each of the allegations against the applicant. The order affects not only the Defence Department but also other departments whose contracts with private industry involve defence secrets.

The issue is perhaps the most difficult in the entire field of personnel security. Government officials charged with responsibility for the protection of official secrets insist that they must have absolute authority to determine who may share those secrets. Yet so many firms are engaged on defence contracts that millions of people require security clearances to keep their jobs. Such firms prefer to have all or substantially all of their employees "cleared" for secret work, so that if some one is needed unexpectedly to do a job, the project will not be delayed for months while he waits for clearance. In the last five years some 3,500,000 persons in private industry have received clearances under the programme. Of this number, some 300 a year become "cases," in the sense that they are referred to the central screening board in the Department of Defence, with a recommendation by the military department concerned that the clearance be denied or withdrawn. In 1958 fewer than 100 applicants were denied clearance after hearings, or withdrew their applications after receiving statements of the charges against them.

THE provision in the new Executive Order for exceptional cases, which permits heads of departments (in effect, officers of Cabinet level) to deny or revoke clearances without affording a hearing and without stating their reasons, is causing less concern among Washington lawyers than the risk that department heads (or their representatives) may abuse their power to excuse witnesses for "good and sufficient" cause. Pressure to apply this exception may be exerted by the investigating agencies, and particularly by the Federal Bureau of Investigation, which has been extremely vocal about the importance of concealing the identity of all its informants, both professional and casual.

Even assuming that confrontation will be the rule from now on in proceedings involving industrial security, it is doubtful whether this will affect the result in any significant number of instances. There have been dramatic incidents in which the unmasking of confidential informants by extraordinary diligence or luck has avoided gross miscarriages of justice, not infrequently revealing that the informant was misunderstood or misquoted by the investigator who took down the information. But substantial disputes about the facts are rare. The problem is more usually one of deciding whether admitted activities or associations in the past make the individual a security risk today. For example, the defendant in the Greene case admitted that his former wife had had suspect associations, but he had been divorced from her for some ten years. Similarly, in the Oppenheimer case, the question was whether, on the admitted facts, Dr Oppenheimer could be trusted with atomic secrets.

The chief significance of the Executive Order is that it reflects a somewhat more balanced outlook on internal security on the part of the Administration. But it is ironical that new safeguards for individual rights have been imposed on a programme which has been administered with more political sophistication and more solicitude for these rights than the other federal security programmes—those for civilian employees of the government, for military personnel, and for American employees of international organisations. These programmes continue to operate under regulations promulgated during the McCarthy era, although the way these rules are applied may be softened by the change in the general climate of opinion. Such screening is now confined almost entirely to entrants into the federal service; those already in it have been thoroughly combed over by two Administrations.

Prickly Issue

FROM A CORRESPONDENT IN COLORADO

IS peyote a harmful narcotic drug or an essential element of a religious sacrament? The Supreme Court may have to settle this question, as well as a legal dispute over whether an Indian nation can prevent the use of peyote. It comes from a dwarf cactus in the south-west and, when eaten, produces "technicolour visions" and hallucinatory reveries. But it seems to have no lasting effects, is not habit-forming and is not classified as a harmful narcotic under American laws or regulations. As far as is known, there is no problem of addiction. Mexican and American Indians have used peyote for years and it has an honoured place in the rituals of the Native American Church, whose creed is a compound of Christianity and of tribal tradition.

Nevertheless, the Navajo tribal council, which governs America's largest Indian nation, has forbidden the use of peyote, and an agent of the council raided a suspected house, seized the supply of peyote and arrested its owner, who was fined $100 under the tribal ordinance. The Native American Church appealed against this action to the New Mexican and federal courts, claiming that the ordinance violated its rights under the First Amendment, which protects religious freedom.

Recently the Circuit Court of Appeals in Denver upheld the tribal council. It did not pass directly upon the issue of freedom of religion, but found simply that the council, "as something more than a state," has the unquestioned right to regulate the affairs of its own people. The Native American Church is to ask the Supreme Court to rule on the case.

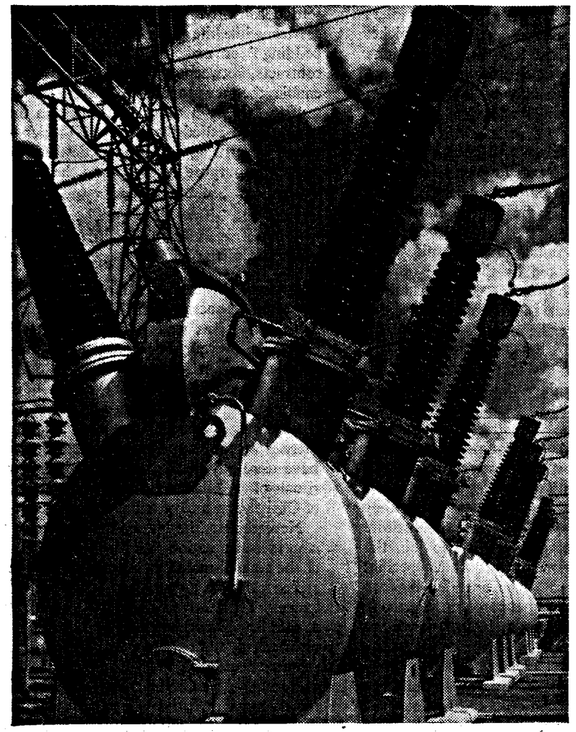
SHORTER NOTES

The resignation of Mr Otto Nelson from the chairmanship of the commission set up by the Republican Legislature of New York State to report on the Democratic government of New York City was hailed as a victory by the Democrats who had been criticised in the commission's first and admittedly somewhat hurried, report. But Mr Nelson, a man of integrity and ability, was largely the victim of political rivalries between city and state; the commission, after being reorganised, will go on with its work. That it is needed has been tacitly admitted by the Mayor. Mr Wagner, who is now speeding up the long-postponed task of revising the city charter so that the proposals can be presented to the voters next November.

* * *

The last narrow gauge—3 feet 8 inches—railway in Colorado is being sold to a private trust which will operate it daily during the summer as a monument to the railway pioneers. Narrow lines, like this 45-mile track between Durango and Silverton, were once popular because they could be constructed along mountain ledges. But recently the railway has been losing money.

AUSTRALIA/country, continent . . . a world of opportunity



A skyline of circuit breakers symbolises the rapid growth in Australia's power supply. Below: Construction work on one of the huge concrete dams in the £A400 million Snowy Mountain Hydro-Electric Scheme.

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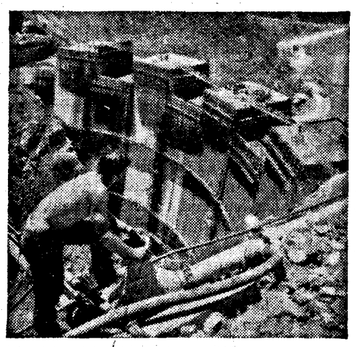
This year 750,000 kW will have been added to Australia's installed generating capacity, bringing the total to 5,350 megawatts. Of seven hydro-power projects now in hand, one—the Snowy Scheme—is among the greatest engineering feats ever undertaken by man. With a capacity of some three million kW, it will generate electricity in 11 power stations, while feeding irrigation water to open up new farmland equal to the whole of Dorset in area.

Much of the special equipment needed is being made in Australia, and some (like the Hifar Atomic Reactor at Lucas Heights) is being built for Australia in other countries. Those overseas companies already located in Australia are confident of the potential of this vigorous developing nation. Australia welcomes them and welcomes their contribution to the continuing growth and stability of the Australian economy.

Representatives of the Australian Governments in the United Kingdom will be glad to provide information about trade, investment and immigration. Further information can be obtained at Australia House, and at the Offices of the Agents General for the Australian States.



THE WORLD OVERSEAS

Torero in Search of a Plaza

FROM OUR BONN CORRESPONDENT

HERR FRANZ-JOSEF STRAUSS, the Federal Republic's expansive defence minister, must be tired of seeing himself figuring in the cartoons as a Spanish bullfighter getting the worst of it. But he was in amiable fettle when he met foreign correspondents in Bonn this week to answer, and sometimes parry, their questions. With the air of Sir Galahad—because his heart was pure—Herr Strauss let it be known that he intended to explain in detail to the Nato defence ministers assembling in Paris at the end of the month exactly what sort of bases and training areas the Bundeswehr requires abroad, how many, how big, and why. He would not, he rubbed in, do anything so unseemly as to stipulate where the bases and training areas should be. That would be for Nato to decide. And, as everybody knew, or ought to know by now, the Bundeswehr was Nato's most obedient servant.

The supply bases alone are no small matter. It is agreed among Nato planners that it is proper for the Bundeswehr to hold stocks for ninety days. In view of the fact that the distance from the Thuringian salient to the Rhine is only 100 miles, it is agreed further that it would be provident to hold enough for thirty days east of the Rhine, and to store the remaining sixty days' supplies

MANOEUVRES ON THE SOUTH COL



Guide Ike: "Take it easy, boys, they're only training"
E. M. Lang in the *Süddeutsche Zeitung*

west of it. Since the Bundeswehr's total requirements in war are calculated at 30,000 tons daily, storage space is wanted somewhere west of the Rhine for 1,800,000 tons of material of one sort or another, much of it bulky. The thesis is that it cannot be found in the confined and difficult terrain between the west bank and the frontier.

Of the three west German army corps now at Nato's disposal, that in the north could, in theory if not in practice, have its rear echelons in Holland and Belgium. The two in the centre and the south could, again in theory, maintain depots in France. Negotiations to obtain such depots have dragged on for over a year, largely inconclusively. Herr Strauss has not publicly disclosed why so little has been accomplished. There is good reason for supposing that on one side the French have been trying to drive too hard a bargain; that on the other the Germans have become chary of making commitments on French soil since they have seen United States aircraft and nuclear equipment edged off it. Whatever the causes of the delay, Herr Strauss feels that his responsibilities leave him no choice but to press for a quick solution to the problem.

Naturally the Salisbury Plains and Canwells needed abroad by the still expanding Bundeswehr take up much more space, on Herr Strauss's dream map of western Europe, than the supply bases. The requirements are genuine. According to a recent Nato appreciation, the Bundeswehr has only forty per cent of the training areas it needs. As Herr Strauss put it to foreign correspondents this week, the total area available to the Bundeswehr is only a quarter of that at the disposal of the east German People's Army.

With hand on heart, Herr Strauss declares that he would prefer to see the Bundeswehr's needs satisfied by bases and training areas operated under some kind of Nato control. There is no reason to disbelieve him. The British army's training areas in Germany are now all available for use by the forces of other Nato countries, the allotments of training time being made strictly in accordance with the varying national strengths. Most of the American training areas in Germany are similarly organised, and the French are beginning to follow suit. Some of the training areas that straddle the western frontier are occupied on the one side by German forces and on the other by French, Belgian, or Dutch. Herr Strauss, by his own account, would be content with arrangements of this kind if they could be made on a sufficient scale. But he does not intend to wait for ever. Several senior Nato officers are of the opinion that there would be much less likelihood of the German armed forces ever "going it alone" if they were dependent to a large extent on collectively controlled bases abroad. Herr Strauss is willing. Could some such arrangement be devised, if necessary, in Spain?

A Reluctant Friendship

FROM OUR ATHENS CORRESPONDENT

AN unusually blunt warning was addressed by a Greek official spokesman to Herr Strauss a few days before his arrival in Athens:—

> In the most improbable event that Mr Strauss raised the issue [of German military facilities in Greece], the Greek government would most definitely refuse to discuss it for a number of reasons, mostly of a psychological nature.

Herr Strauss is paying an official visit to Greece from March 10th to 16th—time enough to ponder the significance of this statement, perhaps while inspecting the Greek munitions factory where some £5 million worth of rifle ammunition and bazookas are being manufactured for the Bundeswehr. Herr Strauss may very well not have intended to broach the subject of military storage or training facilities in Greece; however, the Greek warning not to do so may be regarded as a symptom—the first sign of an official Greek reaction to the manner in which Germany wields its economic influence in this country.

This influence has grown since 1952 as steadily as, for the first few years of that period, Greek tobacco exports to Germany grew. West Germany today tops the list both as a client for Greek products and as a supplier of the Greek market. Tobacco has been the key to German economic penetration in Greece. The capacity to absorb large quantities of this product, which cannot easily find new markets and which accounts for more than a third of the value of Greek exports, gave the Germans powerful political strings to pull. Bonn did not hesitate to pull these strings to obtain quick political returns. German war criminals were released from Greek prisons, and the prosecution of 840 Nazis wanted for war crimes was suspended, for the sake of better trade with Germany. Despite these Greek gestures, tobacco sales to Germany declined from 25,000 tons in 1957, to 16,000 tons in 1959. When the Greek deputy premier visited Bonn in January he drew attention delicately to this disparity. The Germans, however, rejoined that Greece was not buying much coal from Germany either—a harsh argument to use to a country that buys Polish coal in exchange, again, for Greek tobacco.

In their approach to Greece, the Germans have not displayed much psychological insight, but have applied without refinement the same tactics that may have succeeded in other under-developed countries with no wartime experience of German occupation. The Greeks seem to resent the fact that the Germans chose to forget the war sooner than they do themselves.

GREECE'S difficulty in obtaining foreign loans while still in default on prewar debts afforded the Germans another opportunity to expand their economic predominance in this country. German credits and advice went to build an oil refinery and to exploit Greek mineral wealth. More loans and credits, up to 600 million marks, were made available to Greece late in 1958. The absence of rational advance planning caused these funds to remain largely unused until here, too, the Germans obliged by supplying technical assistance; German consultants are preparing blueprints for twelve projects of the Greek five-year plan. Orders were also promised to Greek firms for 650,000 uniforms for the German army.

Greece's thirst for foreign capital encouraged the Germans to demand special treatment for their firms wishing to invest in Greece. Protracted negotiations are in progress in Bonn for a treaty of establishment to facilitate the influx of private German capital into Greece. However, the terms proposed seemed to Greek officials and financial interests to be so onerous and exacting that they reacted vehemently. One of the German demands was that German firms should enjoy equal freedom with Greeks to establish businesses, while their German personnel should be exempt from the restrictions and controls to which aliens working in Greece are customarily subject. Greek businessmen fear that imported—and cheaper—German capital, together with German technical skill, equipment and organisation, will gradually bring the whole of Greek industry under some form of German control; and that the process will be accelerated by Greece's prospective link with the European common market.

Whatever the Greek reactions, however, the Germans are well aware how dependent the Greek economy is on collaboration, and in their view economic interest will ultimately prevail over what they regard as obsolete national susceptibilities. West Germany is the preponderant weight in the common market of the Six, whose members absorbed over two-fifths of all Greek exports in 1958—compared with only 13 per cent purchased by the members of the European Free Trade Association. Greece cannot afford to remain outside the large economic communities now forming in Europe, however reluctant the Six may be to give the required long-term guarantees for the country's agricultural exports. Outside the sheepfold, the Communist wolf is lurking with enticing proposals and, attached to them, political strings of another nature.

France's Angry Farmers

FROM OUR PARIS CORRESPONDENT

FARMERS, dispersed and individualistic, are less given to collective action than industrial workers. The fact that more than 300,000 farmers have taken part in protest meetings held throughout France in the past two months is a measure of their discontent. The bloody clash with the police at Amiens last month was a reminder that the absence of parliamentary safety-valves means fewer safeguards against explosions. Threatened with direct action by the peasants, the government has been compelled to take a second look at its agricultural policy, and earlier this week it even seemed uncertain whether it could prevent the recall of parliament.

Peasant unrest is now particularly acute because current worries about prices and revenue have been superimposed on a structural crisis—the contracting share of agriculture in an expanding industrial economy. To protect themselves the farmers obtained in 1957 an automatic sliding scale linking farm prices to the industrial price level. But this system was abolished in December, 1958, in the general offensive against *indexation*, the inflationary method of automatic price and wage increases. The farmers complain that, as a result, farm prices are at least five per cent lower than they would have been. In addition, they have been hit by this summer's drought. Their union argues that the financial recovery of France has been achieved at the expense of its farming community. "Peasants, too, are fully fledged Frenchmen"—an allusion to the theoretical equality of Algerian Moslems—was a poster to be seen at all recent meetings.

The roots of the trouble lie deeper. It is well known that the industrial revolution in France did not culminate in the nineteenth century in a reduction of the agricultural population comparable to that in England. A tariff wall and internal protection slowed the process down. Even now over a fifth of the French population derives its income from farming (the figure was 9.6 million, or about 23 per cent, at the last census in 1954). It is less well known that the migration has continued; it has been slowed down but not arrested. Between 1921 and 1954 the number of people employed in agriculture went down by 30 per cent; the movement was continuous, apart from a natural break during the war years. During the last decade the decline in agricultural population has averaged about 85,000, or 1.5 per cent, a year.

Such shifts complicate the assessment of changes in living conditions in the countryside. The farmers' union claims that in the last ten years, despite an increase in agricultural output of 25 per cent, the total net income of farming has scarcely risen (by about 4 per cent). Taking into account the contraction of the farming population, income per head must have risen by about one-fifth. Despite difficulties of calculation, however, the fact remains that the average standard of living in the countryside is much lower than in the towns and that the gap has widened in the last decade.

It is idle to stick to averages and to take the farming community as a whole. The 1954 census revealed that out of 5.1 million people engaged in agriculture 1.2 million were farm labourers and 2.1 million worked on the family farm. There remained 1.9 million people who declared themselves as self-employed, but only 410,000 out of them run their farms with hired labour. The owners of the large, modern estates in Normandy and the Nord cannot be equated with the smallholders of Brittany or the peasants eking out their living on the poor mountain slopes.

Emphasis on common interests explains the strength and scale of the current movement of protest. A relative fall in farm prices, which might precipitate the exodus of marginal peasants so far surviving on the subsistence level, would also decrease the Ricardian rent of more privileged producers. Furthermore, medium farmers,

Soviet Population, 1959

THE census of January 15, 1959, may well provide a mine of information on Soviet society. Preliminary results, published last May, revealed that at the beginning of 1959 the Soviet Union had 208.8 million inhabitants. There were only 94 million men compared with 114.8 million women, but the whole of the difference was accounted for by the age-groups over 31; this reflects the terrible losses Russia must have suffered during the second world war. At the start of last year, 52 per cent of the Soviet people were still living in the countryside, but—with an urban population of 100 million—the balance was nearly reached (the growth of Soviet towns was described on page 1169 of *The Economist* of June 27, 1959). The Soviet central statistical office has now published new data derived from the census—about nationalities, education and the age structure of the population.

Nationalities: Not only is Russia the dominant republic, but Russians have also spread throughout the Soviet Union. The "conquest of virgin lands" has speeded up this process and Russians now outnumber Kazakhs in the Kazakh republic; they are an important minority in most other republics as well.

Provision was made in the census forms for both nationality and mother tongue. The two did not necessarily coincide. 114.6 million people declared themselves as Russian, but 124.6 million gave Russian as their language. On the other hand, 2,268,000 people claimed Jewish nationality, though only a fifth of them gave Yiddish as their language. The total figure for Jews is yet another illustration of the Jewish disaster of the nineteen-forties. There were some 3,500,000 Jews in the Soviet Union before the war. The number was greatly increased by the occupation of parts of Poland, Rumania and the Baltic states as well as the influx of refugees. The survivors are nearly evenly divided between Russia, the Ukraine and Byelorussia.

Soviet Population by Republics

(million)

1	**Russian Republic**		117.5
	of which: Russians	97.8	
	Tartars	4.1	
2	**Ukrainian Republic**		41.9
	of which: Ukrainians	31.9	
	Russians	7.4	
3	**Kazakh Republic**		9.3
	of which: Russians	4.0	
	Kazakhs	2.8	
	Ukrainians	0.8	
4	**Byelorussian Republic**		8.1
	of which: Byelorussians	6.4	
	Russians	0.7	
5	**Uzbek Republic**		8.1
	of which: Uzbeks	5.0	
	Russians	1.1	
6	**Georgian Republic**		4.0
	of which: Georgians	2.6	
	Russians	0.4	
	Armenians	0.4	
7	**Azerbaidjan Republic**		3.7
	of which: Azerbaidjani	2.5	
	Russians	0.5	
8	**Moldavian Republic**		2.9
	of which: Moldavians	1.9	
	Ukrainians	0.4	
9	**Lithuanian Republic**		2.7
	of which: Lithuanians	2.2	
10	**Latvian Republic**		2.1
	of which: Latvians	1.3	
	Russians	0.6	
11	**Kirghiz Republic**		2.1
	of which: Kirghiz	0.8	
	Russians	0.6	
12	**Tadjik Republic**		2.0
	of which: Tadjiks	1.1	
13	**Armenian Republic**		1.8
	of which: Armenians	1.6	
14	**Turkmen Republic**		1.5
	of which: Turkmen	0.9	
	Russians	0.3	
15	**Estonian Republic**		1.2
	of which: Estonians	0.9	
	Russians	0.3	
	Grand Total		208.8

Soviet Population by Nationalities

(million)

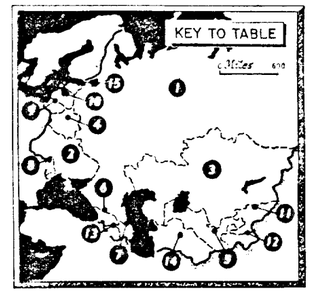
Russians	114.6	Armenians	2.8
Ukrainians	37.0	Georgians	2.7
Byelorussians	7.8	Lithuanians	2.3
Uzbeks	6.0	Jews	2.3
Tartars	5.0	Moldavians	2.2
Kazakhs	3.6	Other (over 100)	19.7
Azerbaidjani	2.9		
		Total	208.8

Education: The spread of learning is the great pride of the Soviet regime. It is claimed that in 1959, in the age groups 9 to 49, the percentage of illiterates was only 1.5, compared with nearly half in 1926 and close to three-quarters in the Tsarist census of 1897. The Russia of illiterate peasants is dead.

By 1959 there were apparently in the Soviet Union 3.8 million graduates; 1.7 million people with unfinished university education; 7.9 million with "specialised secondary education" (emerging from technical schools, teachers' training colleges and so on); 9.9 million people with matriculation and 35.4 who had been to school for seven years or more (but did not complete the ten years necessary for matriculation).

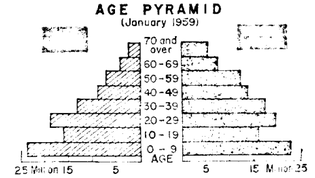
The number of graduates had thus risen from 1.2 million in 1939 to 3.8 million at the beginning of last year, and the number of others with at least seven years' education from 14.7 million to 54.9 million. At the census date 2.2 million were studying in higher educational establishments and 1.9 million in technical or training colleges. This spread of education provides a key to Russia's evolution since Stalin's death.

Women have caught up with men, but the countryside is still lagging behind the towns. Out of a thousand town dwellers, 32 are graduates; in rural areas there are less than six out of a thousand. The corresponding figures of people with secondary education (between 7 and 10 years) are respectively 344 and 188. But the gap between town and country is also narrowing.



Structure: In 1959 there were in the Soviet Union 52.3 million women aged 32 or more, compared with only 31.3 million men in the same age group. Among the younger people the balance was almost even, with 62.7 million males and 62.5 million females The discrepancy in the older generation must be essentially a consequence of the war, and it will continue to have its impact on the labour force. But the population is once again increasing rapidly. It is claimed that the mortality rate was reduced from 17 a thousand before the war to 7.2 a thousand in 1959 (and to 11.8 a thousand for children under five). The pyramid of ages is thus, temporarily, getting heavier at both ends. The average life expectation has risen to 68 years, and there are 25.5 million people over the normal retirement age. The number of children is also growing fast. The Soviet annual marriage rate is apparently a world record (12 a thousand inhabitants, compared with 8.3 in the United States and 7.6 in the United Kingdom). Mr Khrushchev revealed to the Supreme Soviet that the Soviet population increased by 3,660,000 during 1959. At the beginning of this year it must, therefore, have amounted to 212.5 million. If the present annual rate of growth (1.75 per cent) is maintained, the population of the Soviet Union should top the 250 million mark by 1970.

AGE PYRAMID
(January 1959)



151 million Soviet citizens, or nearly ¾ of the population, were born after the October 1917 revolution.

particularly young ones, have in recent years invested heavily in machinery and equipment in order to resist the pressure of concentration ; they are now in debt, badly hit by price movements and among the loudest spokesmen of peasant discontent.

The farmers' united front has made its impact. The government has thought fit to make concessions. To please Breton farmers—though not OEEC partners—it has decided to exclude onions and poultry from recent measures of trade liberalisation. It has endorsed the farmers' union plan for the improvement of the meat market (the high cost of distribution, in general, is an important additional strain on farming). What was more important, the government agreed in principle to take into account the cost of labour and agricultural equipment in the annual fixing of farm prices. But ministers were divided on the extent to which cost factors should automatically determine the change in prices and how much should be left at the government's discretion. The minister of agriculture, perturbed by peasant unrest, and the minister of finance, worried by the impact of higher food prices on wages and the general stability of the franc, were naturally at odds on this subject.

The compromise reached within the government last week did not go far enough to satisfy the farmers' union. Its leaders, conscious of the peasants' electoral pull, asked the deputies to sign a petition for the recall of parliament for a special session devoted to agriculture. According to the constitution a special session can be convened if demanded by more than half the deputies (that is to say, if the petition is backed by 277 signatures). But M. Debré warned the peasant leaders that even if the prescribed number were reached President de Gaulle, who must sign the decree, would refuse to do so. Parliament, which in any case can do very little, thus discovers yet another limit to its action. Some deputies apparently still have illusions about the part they can play in the Fifth Republic.

Whatever the outcome of this latest skirmish between General de Gaulle and the powerless deputies, the modernisation process—with its shift to meat and dairy farming—will continue. Migration from country to town will also go on, at a slower or faster pace. It would, therefore, seem rational to invest money in technical schools in the countryside so that young peasants coming to town would not be reduced to unskilled jobs. Such long-term problems, however, are neglected in the heat of battle. But the farmers' exceptionally tough stand has already proved one point: that social problems will not vanish because of the reduction of the parliamentary platform for their expression. Peasants, like small craftsmen or traders, who feel the squeeze of concentration will try to resist. For all the change in its institutions, France cannot escape the social and political consequences of its continuing industrial revolution.

Kenyan Party Games

FROM OUR CORRESPONDENT IN EAST AFRICA

AFTER the first impact of the returning delegates from the London conference, Kenya is still in political confusion. But pointers to possible new lines of political action and groupings can be discerned. African political reactions are generally elated at the clear statement of Kenya's objectives: "a democratic march to independence" and "victory" at the London conference are the phrases used. But many voices are still raised to cry: "Not fast enough."

Differences of opinion, or emphasis, in the ranks of the African leaders may now become visible splits as local influences begin to take increasing effect, and as the overriding need for African unity at the London talks disappears. Thus Mr Oginga Odinga, at meetings in Kisumu (the Luo centre), has been hitting indirectly at Mr. Tom Mboya and "personality politics." Mr Muliro is looking round at the possibility of resurrecting the Kenya National party, which divided him from Messrs Mboya, Kiano and Odinga, and examining, in the new situation, the chances of compromise and co-operation with the New Kenya party led by Mr Michael Blundell. But now that he is back on his home ground Mr Mboya is growing politically stronger, notwithstanding the skilled use made in his absence by his bitter personal opponent in Nairobi, Mr Argwings-Kodhek, of the slogan "Africa for the Africans." Mr Mboya's crowds are enthusiastic ; he had 10,000 to hear him in the Central Province and 25,000 at Nairobi.

Mr Mboya is representing the new constitution as the proper means for speeding up the pace of the march towards undiluted democracy and, through experience of responsible government, to actual independence. (He made no secret of this view before he left London.) He has now increased the support for himself by announcing his complete willingness to accept Jomo Kenyatta as the first African prime minister of Kenya. He is about to embark on a campaign in other areas which will test the strength of the movement behind him ; if this proves great enough, it may cause Mr Muliro and his followers to think again.

THE returning leaders of the New Kenya party are unpopular with the European community, but Mr Blundell himself has strengthened his prestige with Africans of the Muliro group. Mr Khamisi, for example, paid tribute to Mr Blundell at a meeting at Mombasa, and Africans applauded. At that meeting, Mr Ngala, who led the African delegation in London, spoke forthrightly on education and land, two points on which the New Kenya party demanded entrenched racial rights. Still, there are signs that Mr Blundell built up an understanding with some of the African-elected members in London, and if his party backs him in trying to meet the African members' requests half-way, he could now emerge as a co-operator with the African leaders of the future. Thus he may yet play a large part in shaping Kenya in the next few years—with some further sacrifice, temporarily, of European support ; but he might thus serve real European interests well in the longer term.

Mr Ibrahim Nathoo, the unofficial Moslem leader who broke away from the New Kenya group in London for a short time in order to make his outright statement in favour of conceding an African majority without elaborate safeguards, seems to have reasonable support for his stand among Moslems and Indians, but the New Kenya group is still sore. Some of the party would like to force his resignation. If they succeed, it will be a blunder that will make African leaders suspicious.

The United party, led by Group-Captain Briggs, which claims to represent the Europeans and repudiated the results of the London conference, probably has the majority following among Europeans at the moment. Nevertheless, there is a liberal white minority which may prove strong. At a meeting at Thika 250 Europeans passed a resolution supporting the New Kenya group with a majority of 63 votes to none, mainly as the result of a speech by Mr C. W. P. Harries, who attended the London conference as a substitute for Sir Charles Markham. Mr Harries was previously thought to be well to the right of Mr Blundell's ideas, but joined the New Kenya group in London after being brought "to face the reality" of British colonial policy.

The resignation of Sir Ferdinand Cavendish-Bentinck, speaker of the Legislative Council, in protest at the outcome of the London conference may give the United party a fresh fillip. "C.B." has decided not to join the United party, but he will be the rallying point of the Briggsites all the same. He is respected as an honest, sincere and astute fighter and his name would carry great weight with the Europeans, though it is certainly most unlikely to command support among the non-Europeans. If the United party is unable to force through its policy of getting the European-elected members of the New Kenya group to resign and submit their record at London to the white electorate in the



All clear in Ceylon

Ceylon delights the eye with its shoreline fringe of dreamily-waving coconut palms—palms that are more than decorative. These slender graceful trees provide food and drink, coir fibre, copra, acetic acid, oils, timber and thatch for building. But they are also the target for rhinoceros beetles (*Oryctes rhinoceros*), winged pests which, from refuse-dump breeding grounds, fly into the plantations and there bore into the crowns of the palms, attacking the young leaf shoots and growing points. Other organisms may enter into the bore holes and cause still further damage. Keeping the plantation areas clear of decaying vegetable matter helps—but is not enough. An effective pesticide is also needed—one able to kill the beetle weeks after application. Dieldrin has proved ideal. Applied to the crown of the tree as a dilute emulsion it runs down and collects in the leaf axils, there protecting the palm's most vulnerable part from its flying marauders. For the coconut growers of Ceylon, dieldrin has sounded the "all clear".

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PRIDE OF COGNAC

REMY MARTIN

near future, Sir Ferdinand may plan to capture the racial primaries for reserved seats at the 1961 elections. He would thereby make sure that European representation in the legislature would be made up of right-wingers.

Thus the conditions of the primary elections may determine whether the Europeans who can co-operate with the Africans are present to play a part in the legislature and in the council of ministers. Those conditions have not yet been made clear. Safeguards that European children can continue to be educated in exclusively white schools, and the maintenance of farm land values, are the two chief European worries.

The African-elected members seem prepared to send three of their number into the Governor's present ministerial council. The question is, which three? (Mr Mboya is said to have been offered the Labour portfolio.) Rivals for the future leadership do not wish to handicap themselves by serving in a government where they would suffer the dual disadvantage of being in a minority, yet having to accept collective responsibility.

The next few weeks may, therefore, be critical in Kenya, especially for the Europeans. If, by a resolute stand, Mr Blundell wins, even with fewer white followers, the chances of co-operation with the Africans will greatly improve, and by 1961 the habit of inter-racial collaboration could even be established. If this does not happen, the European community may find itself more and more isolated as the fight within its ranks inevitably prompts statements that make co-operation with other races difficult, if not impossible, for some time to come. But if the Europeans come to realise that safeguards eventually rest on the good will of the majority—and that means meeting African wishes to a great extent—then, after a short interregnum of struggle on constitutional lines, Kenya may be on the road to political peace on the racial issue.

Norwegians Think Again

FROM OUR SPECIAL CORRESPONDENT

A NORWEGIAN minister, asked in the spring of 1958 what he would do if the talks on a European free trade area broke down, is said to have replied: "Go to the Commonwealth conference at Montreal." Though it was a joke, it does rub home one of the basic principles of Norwegian policy. Norway has large economic interests in the Six as well as the Seven. Some 14 per cent of Norwegian exports went to west Germany in 1958 and another 13 per cent to the rest of the Six. But Norway's interests in the Seven are even larger, with 19 per cent of exports going to Britain and 18 per cent to the other partners. And war memories and innumerable other traditional ties between the two seafaring nations mean that in politics and sentiment Norway looks to Britain.

Norway's affinities with the Seven, however, do not mean that it has followed the same reluctant attitude to Europe as Britain in the post-war years. In the early years of the Organisation for European Economic Co-operation, Norway backed the idea of a co-ordinated investment plan for Europe—an idea which got nowhere because of British opposition. Together with Sweden and the Benelux countries it pressed for tariff cuts in OEEC at a time when the work of the Spaak committee was still in embryo, and the Six had not set out on their own. That project, too, met a British rejection. Today Norway would still like, ideally, to see the nations of western Europe trade freely and co-operate together in the framework of a developed and strengthened OEEC, but not an OEEC that does nothing at all.

Norway also regards the agreement of the Seven as no more than a starting-point which must lead on to concerted action in a great many fields, a view not shared by all the other members. In both the Paris negotiations for a big free trade area and the Stockholm talks on the little one the Norwegians pressed, for example, for strong rules against private cartel agreements, as in the treaty of Rome. But in both talks the move was blocked by the British, Swedes and Swiss. All three were presumably unwilling to take this political commitment; the Swiss unashamedly hold that cartels are a good thing.

CARTELS are not the only field in which the Norwegians want to see the framework of the convention filled out with the flesh and blood of common action. They feel more should be done in agriculture and in fishing, and they recognise that in the long run there must be a gradual harmonisation of economic and taxation policies. They would like the group to have a strong secretariat to devise and create policy. In substance, if not in words, that conception is not so very far removed from the role of the European Commission in the community of Six.

Norway, it seems clear, will not offer resistance if the Seven have to move nearer to the conception of the Six in pursuit of an agreement with them. To achieve that agreement Norway is ready to harmonise tariffs as well as accept more integration. One thing a small country like Norway does like about the free trade association is that, in those of its arrangements where majority voting applies, each country has one vote; whereas in the common market the voting is weighted to take some account of the size of member states. But in general the Norwegians are well aware that the organisation of the free trade association, as it stands, does not go far enough. Since the Paris talks broke down there has, indeed, been something of a reappraisal of policy in Oslo. It is recognised that Britain and its friends made a mistake in failing to take the Six seriously and go in with them from the start; it is appreciated that a European solution now may require a greater political commitment by the Seven than they have yet been prepared to accept.

Norway is not without its special predilections and difficulties. Thus, no Norwegian government would find it easy to cut tariffs on a most-favoured-nation basis without any reciprocal concessions from America, so long as the United States continues to subsidise its shipping as it does today. This home of full employment, which has had a rather poor record in trade liberalisation in the post-war years, may have some difficulty in adjusting itself to free trade from any quarter.

But the difficulties do not seem fundamental. Norway, after all, shared with most of continental Europe the experience of German occupation and the realisation which it brought of the weakness of the small nation on its own. The Norwegians do not have quite the ingrained nationalist streak of the Swedes or British. Economically, their textile and engineering industries may well do better when exposed to competition than some Jeremiahs fear. When the plans for a Nordic customs union were put forward, great alarm was expressed for these industries; but it may have been prompted less by economic analyses than by the suspicion Norwegians have had of Sweden ever since they gained their independence in 1905. In the free trade association, where there is no fear of Swedish dominance, the economic fears have been quietly put aside.

Having extracted substantial concessions from the British for its fishing industry, the Norwegian government is now disposed to be receptive to suggestions for co-operation between the British and Norwegian industries—provided that the British government or industry puts the suggestions up. British trawlers have in the past been prevented from landing fish in Norway by Norwegian landing laws and by the laws on the right of establishment. Today the Norwegian government, anxious to make use of unused freezing capacity in northern Norway, would be willing to look at those laws afresh. Pressure from Norwegian coastal fishermen, and the past history of torn nets and disputes over inshore waters which

have made both sides bitter at times, might make it rather difficult for the Norwegian government to take an initiative itself. But a Norwegian minister told your correspondent that the government would give a friendly reception to proposals that could lead to British trawlers landing their catches in Norway for freezing.

Obviously, it would be easier to develop such a partnership once agreement had been reached on the vexed issue of fishing limits. On the whole the Norwegians are not daunted by the British statement, made after the Stockholm convention was signed, reserving the right to raise the fish issue again if fishing limits change. They will still go to the Geneva conference on the law of the sea next week supporting the Canadian proposal for twelve-mile fishing limits.

More broadly, the British have found the Seven plain sailing so long as the main problem was merely to draft a treaty. A look at Britain's most loyal friend in the group suggests that diplomatic skill may well be put to bigger tests when the time comes to give the association flesh and blood, and to prove that Britain is both sincere and flexible in its search for agreement with the Six.

Mr Menzies Warns the Wantons

FROM OUR CORRESPONDENT IN CANBERRA

IT is hard on the new leader of the Labour opposition in the Federal Parliament, Mr Arthur Calwell, that the government should steal his clothes by announcing its intention to consider legislation against monopolies and restrictive practices. He can hardly oppose that. But otherwise the Australian scene now presents the curious spectacle of the Labour party echoing the manufacturers' complaints about the freeing of imports while a government devoted to free enterprise, but determined to fight inflation, is firm with its natural supporters, the industrialists. In this connection the prime minister, Mr Menzies, last week used his best forensic powers, and the occasion of an international conference on management, to put people right about the Australian economic situation—with particular messages for certain people.

One message was addressed to the nation at large—a homily on the evils of inflation. That may sound startlingly unoriginal, but it almost has news value in Australia, where there is a tacit conspiracy to pretend that inflation does not matter in this protected economy, where almost everyone does quite well out of it. Even the economists, or most of them, rationalise the general satisfaction by pronouncing inflation inseparable from growth. This time ministers seem to have needed no persuading, and were no doubt relieved that nothing more unpopular was intended than a further reduction of the banks' liquidity by the central bank, a vow to avoid budget deficits after this year's, and the removal of nearly all import restrictions. The public in general has yet to care.

A second message was directed at the arbitration commission, which, by two recent judgments, prepared such a very fine soup in which to dunk the economy. The 28 per cent rise in the margin for skill, which it awarded in November to the metal trades, has spread to other occupations just as rapidly as the pessimists (see *The Economist* of December 26, 1959) had feared. And now this same commission is in operation again, hearing an application from the Australian Council of Trade Unions for yet another increase in the basic wage, this time of 22s. a week, and the restoration of automatic cost-of-living adjustments.

The government hastily briefed counsel to state its case before the commission. But the prime minister went further. He said that Australia for everybody's sake needed a period of quiet on the wages front so that recent wage increases of £A165 million a year could be digested, a statement which, so far, the unions have taken calmly. Those who, weary of the stoppages that occur when collective bargainers fail to strike a bargain, yearn for wage-fixing by some all-wise court, should consider the oddities of the working of the arbitration commission in Australia, with its consequence that the government's policy may stand or fall by the lawyer's skill in mastering that brief and his eloquence in arguing it.

To abolish or drastically modify the system, however, would not be politically possible in Australia ; and Mr Menzies, while remarking ruefully that the government's anti-inflationary powers were severely restricted by the court's independence, averred that this independence was "a very good thing." He contented himself with merely telling the court how it should decide.

Another message was to those in industry, both employers and employed, whom he urged to avert, by greater efficiency, the impact of wage rises on costs. British readers, after years of experience, will have no faith in production by exhortation. But for some of the manufacturers there is a greater spur to efficiency than exhortation. There is the competition of newly freed imports. This fills them with indignation lest they should have to bear the whole brunt of the wage increases out of profits, and they are already talking of new applications to the Tariff Board. The board, another independent or practically independent body, could thwart the government's purpose in freeing imports if it listened too sympathetically to the manufacturers' tales of woe. But in any case it is only a fairly small part of Australian manufacturing that is threatened by competing imports ; and those industries, such as textiles, that would be killed stone dead by unlimited Japanese imports are still protected by licences and quotas and voluntary limitation by the Japanese.

As the prime minister said: "We are not dealing with a crisis but we are called upon to take sensible steps to prevent one from arising." In the twelve months ending in June there will certainly be no crisis. Imports will roughly balance exports at around £A930 million and the deficit on invisible items will almost certainly be covered by the capital inflow from overseas. (This has been a record year for Australian borrowing.) In the following couple of years the reserves will be drawn down. But they can stand it. They are now about £A540 million and to this can be added £A150 million, which is Australia's present quota with the International Monetary Fund. Meanwhile the extra imports could have a wholesome deflationary effect. But will Australia use the breathing space to let other countries' costs catch up ?

If the tariff board is undiscriminatingly kind, if manufacturers on the one hand and unions on the other are relentless in pursuit of temporary gains, if industrial tribunals are swayed by short-term indices of prosperity and muddled by pleas about national productivity and justice—then Australia will face the future gravely handicapped. If, meanwhile, the long run of good seasons had diminished, and if export returns lagged far behind the import needs of a growing population—then, as the Australians would say, that *would* be a crisis, my word.

RUBBER TRENDS

The *March* issue of this quarterly publication for producers, manufacturers and dealers contains the following *special reports*

THE MALAYAN RUBBER INDUSTRY
PRODUCTION AND CONSUMPTION OF SYNTHETIC RUBBER IN WEST EUROPE
THE WORLD BALANCE—a regular feature assessing the outlook for demand and prices

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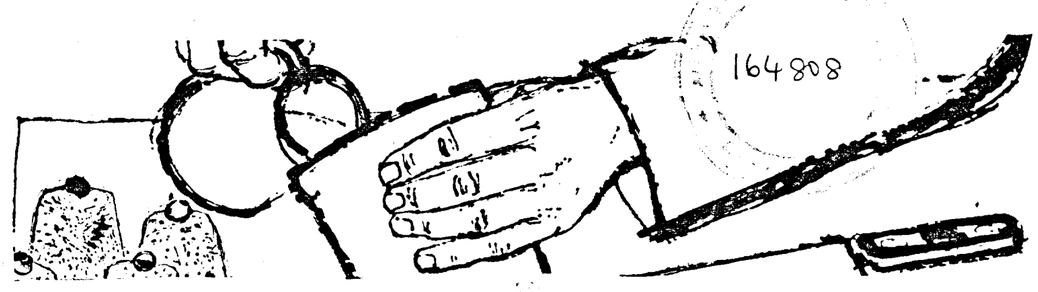

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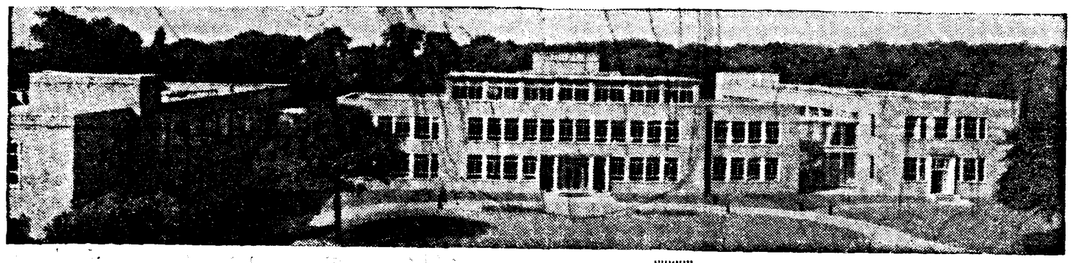

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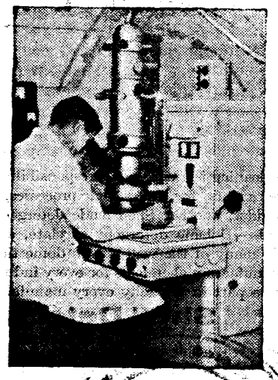

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US 153

LETTERS

Horticulture

SIR—I hope it was not my fault that the last time I visited the monkey house the gorilla, with considerable dignity, vomited forth his previous meal.

I was reminded of this by your comment on my views on the Horticulture Bill. The alleged purpose of the bill is to improve the quality and market presentation of British produce—not, please note, the quantity, not all of which even now can find a market. Already, in the main producing areas, glass-house acreage has fallen by over 400 in five years. The bill won't stop that trend—and may intensify it unless some seasonal quantitative restriction is imposed upon tomato imports from Holland.

With your comments about spreading the aid—if we have to give it at all—too thinly, and the shortage of trained National Agricultural Advisory Services staff I entirely agree, and said as much on second and third readings of the bill. I hope, however, you will agree with me that to pump in aid from the public purse, whilst doing nothing to rectify what caused the lack of capital in the industry, is, if not the economics of a lunatic asylum, at least extraordinarily lacking in a sense of public accountability.

I hope, too, you will one day distinguish between "inveterate protectionism" and "preferential discrimination." The greatest sin of the General Agreement on Tariffs and Trade is its failure to recognise changes in the Commonwealth since the Ottawa agreements of 1932, which it perpetuates. I hope you will not accuse me of wishing the *status quo* to continue.—Yours faithfully, H. LEGGE BOURKE

House of Commons

The Co-operatives

SIR—With reference to your note on nationalisation and co-operatives, it is most unfortunate that retail co-operatives should have such a close alliance with a political party whose socialist principles include the nationalisation of the very activity for which the co-operatives are endeavouring to cater. It is regrettable that the publicity which this alliance receives influences less well-informed people against being co-operators in societies which are not so affiliated.

The co-operative movement as a whole is also suffering from the disadvantage inherent in its present trading practices, which give its members freedom to co-operate or not at will on a daily basis. This means in practice that co-operative societies cannot take advantage of the power that comes from co-operation because their members (customers), having little or no loyalty, buy from their society in accordance with normal shopping habits and impulses.

In agriculture there is beginning to be an appreciation that once a person has taken the voluntary decision to co-operate for a particular purpose, he must, for a definite period at any rate, continue to co-operate to the exclusion of other methods of trading. —Yours faithfully, ANGRUM EVANS

London, SW1

★

SIR—I feel your article has not adequately informed its readers in this country of the very clear division between its consumer and producer-owned branches. Moreover, your reference to the "frowsty stagnation of the Co-operative movement" can scarcely be considered encouraging to those of us engaged in promoting agricultural co-operation in England—or indeed true when it is realised that its turnover now stands at six times its postwar figure.

Agricultural co-operation has been as ready as its rivals to command and pay for first-class managerial ability and, in addition, has been recognised by all parties as having no political affiliations whatsoever. —Yours faithfully, J. A. E. MORLEY

Agricultural Central Co-operative Association, London, SW1

Oxford's Election

SIR—Your special correspondent's report from Oxford provides two interesting examples of the methods of present day journalism which would have done credit to the late Dr Goebbels.

First, he makes much of the unhappy precedent that the only Prime Minister in office to have been installed as Chancellor of Oxford was Lord North. Why, we may ask, this emphasis on installation? Why not election which is after all the subject of the moment? The answer may surprise the uninformed reader (though not your correspondent). It is that Lord North was not by eighty years the last Prime Minister in office to be *elected* Chancellor—that was Lord Derby in 1852. But by limiting the precedents to the dates of installation Lord Derby's case can conveniently be suppressed.

Secondly, your correspondent confidently reports the presence at university gatherings in the last two weeks of "exhausted Christ Church clergymen." Again, we may ask, what gatherings, which clergy and what is the significance of their alleged presence in Oxford? The statement is so silly that it defies rational analysis. But if it is intended to suggest that the 80-odd persons in Christ Church livings will be dragooned to the vote, then as a theory it suffers from one significant fault—the great majority of them are not qualified to do so.

It is, then, plain that as the truth has not suited your correspondent's arguments he has preferred either to suppress it or else to invent what Dr Goebells called "poetic truth" to replace it.—Yours faithfully,

Christ Church, Oxford C. H. STUART

The French

SIR—I was very disappointed in your article "Gallocentricity and Nationalism." It is misleading and malicious and serves no useful purpose. It does not illustrate conditions as they are in France and your correspondent is obviously biased and bitter.

It would be very easy to write a similar story about practically any country, including yours, and I wonder how your writer would feel, if he read an article in a French paper of your standing dealing with conditions in this country in a similarly unfair way.

Such an article would start by picking out certain newspaper stories, radio and TV announcements, public speeches and commercial advertisements and then proceed to create a contrast by pointing to the various areas where this country appears to be behind many other western countries, such as: railways, roads, airports (London North), comfort in houses (lack of heating), class and language differences, labour disputes, hospital service, money, weight and measurement systems, the British "Sunday," public house restrictions, British food, etc., etc.

There is certainly a vast difference in customs and spirit between France and Great Britain, but these are much more fairly and amusingly described in the "Major Thompson" books and I would recommend that your correspondent read these books and try to recover his sense of humour and British ideas of fair play. I am neither French nor British, but I have had a lot to do with both countries and admire them both—though, perhaps, for different reasons.—Yours faithfully,

Long Ditton, Surrey. A. MORR

★

SIR—Your correspondent in south-west France seems to have set out to be beastly to the French merely because they have national pride. Of course they indulge in these little boastful quirks, and perhaps the greatest and saddest of them is the national illusion that they are a military race. It may be some kind of a reaction to the Anglo-Saxon world's idea that they are only comic Froggies.

But do not let us get the picture out of focus. All nations indulge in this kind of morale boosting, and the British are guilty of it more than most. Probably our own worst sin is our boasting *ad nauseam* about our modesty, but we also just as often claim

the original inspiration of innovations introduced from overseas several years after they have become common currency there.

I remember how in boys' adventure stories when I was young the brave Englishman always fought, back to the wall, against hordes of dirty Dagoes. It came as an eye-opener to find that in Spanish literature the brave Spaniard fights nobly, back to the wall, against the beastly Gringoes.

Didn't someone say something about casting out the mote in one's own eye . . .? —Yours faithfully,

New Barnet REGINALD E. DUNSTAN

Women in the Church

SIR—Your note on "No Priestesses" may be a little misleading in so far as it refers to the Methodist Church. The Wesleyan Conference which you mention ceased to exist as such in 1932, when it was merged into the Methodist Church, thus participating in a union with the Primitive and United Methodist Churches. Women are not ordained into the Methodist ministry, though a committee is now examining the issue and will report in due course. Methodists have women lay preachers and there are deaconesses, but so far their entry into the full ministry has not been possible.—Yours faithfully, THOMAS GOODALL

Methodist Church Press,
London, EC1

★

SIR—If you concede that engineering has a higher status than that of a mere occupation you must surely add mining engineering to the two English professions closed to women, to which you refer in the article on priestesses in your recent issue.

The Mines and Quarries Act, 1954, says baldly: "No female shall be employed below ground at a mine." This might be regarded as leaving the females on top, but we can be sure that this measure, originally represented as one of the great humanitarian advances of the last century, will soon be recognised as a typical reactionary piece of masculine entrenchment—should we even say, "apartheid."

Nevertheless, as there is yet little pressure from females wishing to hide their lights under this particular bushel while there remain promising fields of display to conquer, I venture to predict that the mining engineer will still be found doing a man's job, confidently holding the last ditch, long after the priests and stockbrokers have been submerged.—Yours faithfully,

London, EC2 G. J. MORTIMER

Fair Wages for Inflation?

SIR—Is it the railwaymen who are on national assistance? Or is it we, who use the railways at fares which, high as they seem, are apparently insufficient to pay decent wages?

Your test of when a grade of worker is underpaid seems to me inhuman—the kind of political economy on which Ruskin poured his scorn in "Unto This Last." The logic of it would be not merely to refuse increases but actually to keep on reducing wages till the point is reached at which the workers *are* unobtainable.

Rigid application of your principle would mean that nobody ever stayed in a job for longer than was necessary to find a better-paid one; and that anyone who for any reason could not or did not want to move to some other work could be forced down to barest subsistence-standard or below.

Is this really what you want, and in an industry for which we all have some direct responsibility? Are we such slaves of a financial machine that there is no other way of avoiding inflation than this?—Yours faithfully, REG. A. SMITH

Albury Heath, Surrey

The All Blacks

SIR—I cannot agree with your report on January 16th that a majority of New Zealanders were uninformed of, or so surprised at, the New Zealand Rugby Union's decision against the inclusion of Maoris in the All Black team to tour South Africa. The precedents of the 1919 Army team and of the 1928 and 1949 All Black teams, all of which toured South Africa and from whose ranks Maoris were excluded, was known to the majority of the population. It was hardly to be expected that in view of the greater tensions now existing in the Union that the New Zealand Rugby Union would add flame and petrol to the situation.

Ironically, in the year in which the greatest fuss over their exclusion is being made, there are no Maori players with any claim to selection on grounds of ability. The crop has never been poorer. Half a dozen Maori players, no more, would have been among the 75 chosen for the pre-tour trials. Perhaps one would have been finally selected for the tour. The New Zealand Rugby Union might have adopted the machiavellian policy of making no official pronouncement on the Maoris and leaving them in the hands of the national selectors. Rightly, of course, the Union made its decision known as clearly and quickly as possible, and as a result it has gained considerable prestige.

The Maori people are not unanimous on the issue. The chairman of the Maori Rugby Advisory Board, Mr Ralph Love, has agreed with the Rugby Union decision. Other Maori leaders have publicly deplored the involvement of their race in a controversy of this kind. It should not pass unmentioned that all-Maori teams have toured the Pacific Islands and Australia. The latter country was visited by an all-Maori team in 1958, and Tonga and Fiji will be toured this year. These tours give Maori players of lesser ability than their white fellows opportunities that the white player of the same standing will never have.—Yours faithfully, P. B. DALY

New Plymouth, New Zealand

El Salvador

SIR—In your Note on pages 701-3 of your issue of February 20, 1960, I regret that there is a mistake in the fourth line from the end.

Unfortunately the new Pacific port of Acajutla in El Salvador is being built by a German firm. I am, however, happy to say that the designs were reported upon and the construction is being supervised by this firm.—Yours faithfully,

London, EC2 ANDREW HENDERSON
(Livesey & Henderson)

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By John Connell.
Cassell. 999 pages. 35s.

To write history whilst the majority of those who guided its course are still living is a notoriously delicate task, but General Playfair and his group of experts, who compiled the third volume of the official history of the war in the Mediterranean and Middle East, have faced it with courage. Praise has been accorded and blame apportioned, while the detailed account of air, sea and land operations from the formation of the 8th Army until Rommel was halted at El Alamein has been made into a readable book.

There are some faults of emphasis, and although it is entirely natural that this history should be largely concerned with the course of the fighting in the Western Desert and the efforts of the Royal Navy to relieve Malta and keep the Mediterranean open, it has not perhaps sufficiently emphasised another responsibility of GHQ, MEF—the northern front. It was the three hundred mile frontier between his command and Turkey that was a constant nagging anxiety to General Auchinleck—as he was then—whose personality dominates the official history as it naturally does John Connell's biography. General Auchinleck was warned by General Dill, then CIGS, that though the Turks "were more inclined to accept British advice since Wavell's victories," there was always a danger that the Germans would invade Turkey, as they had done the Balkan states. The Turks had virtually no defence forces, and the British Government had planned to send them help if they were invaded.

General Auchinleck, even while fighting most vital battles in the Western Desert, was always worried about the threat to his flank from a German attack through Anatolia and the Caucasus with armies made available when the Russian front crumbled, as—his intelligence services repeatedly warned him—crumble it would. It is perhaps inevitable that in an official history our Russian allies are in other respects dealt with tenderly. In the all too short account of the Persia and Iraq Command, given in Appendix 6, it is stated that it was fortunate that the Russians continued to resist the German attacks and it was not therefore necessary to send a British force to the Russian zone in the north of Persia "because the Russians were not at all helpful." That is a masterly understatement.

But that threat did not develop, and it is in its account of the ebb and flow of battle across the desert between September 1941 and September 1942, from the Crusader operation and the advance to the borders of Tripolitania to the withdrawal to Alamein, that the official history is mainly, and fascinatingly, concerned. It is particularly interesting to read the Auchinleck biography—immensely and unnecessarily long though it is—along with the official history, for both cover the same ground: it is a tribute to the biographer and the historians that their facts accord so well. But to the almost clinically stated facts of the history Mr Connell has added the flesh and blood of what he rightly describes as "a critical but not impartial biography"—with the emphasis definitely on partiality.

Field-Marshal Sir Claude Auchinleck was one of the great but unlucky figures of the second world war. Although after the war he played an important part in India, particularly at the time of partition, it is on his part in the Western Desert campaign that his fame, and the controversy which has surrounded him, rest. The British forces in the Middle East had won striking victories and suffered sad reverses under Wavell—another badly under-estimated general—when "the Auk" was sent to take command. Right from the beginning he came under fire from Winston Churchill who, determined on a victory in the one real fighting front of the time, bombarded him with signals, telegrams and letters ordering him to attack. General Auchinleck resisted for a time but eventually attacked, against his better judgment, with inferior forces who were insufficiently trained in desert fighting. Despite that, he did drive Rommel, and his Afrika Korps and his Italian divisions, out of Cyrenaica. But he paid the price. For, with the thin British force stretched to its uttermost and operating at the end of impossibly long lines of communication—and badly commanded at that—Rommel struck back and sent the Allied armies pell-mell to the Egyptian frontier, to the Mersa Matruh line, and finally to El Alamein; the Tobruk fortress, to which Churchill gave exaggerated political, military and psychological importance, was lost in the process. That he had inflicted such heavy losses on the Afrika Korps that, by the time the Alam el Halfa and Alamein battles had been fought, Rommel was in no condition to advance further, and that the task of Auchinleck's successor in driving him out of north Africa once the British counter-attack was staged had been enormously facilitated, has rarely been fully appreciated.

General Auchinleck, Mr Connell's book shows up clearly, was a poor judge of men. How otherwise could he have insisted, as he did, on giving the desert command to General Cunningham? How could he, once Cunningham had failed, maintain General Neil Ritchie at the head of the 8th Army when he had so obviously and disastrously failed to carry out his orders? It was only General Auchinleck's action in flying up to the desert and taking over the operational command himself that saved the 8th Army: had he done so earlier, many months, many lives and a vast amount of equipment might have been saved.

One can, however, only admire Field-Marshal Auchinleck's reticence, his flat refusal to be drawn into controversy: he did his job and that is that.

A Lesson Forgotten?

The Communist Subversion of Czechoslovakia 1938-1948
By Josef Korbel.
Princeton University Press. London: *Oxford University Press.* 270 pages. 32s. 6d.

MR KORBEL'S sub-title is "The Failure of Co-existence." His main purpose is to tell, by way of warning, how the Czechoslovak communists progressed to power, from fumbling steps after the first world war, through confident strides after the second, to the final romp home in 1948. It is a narrative, Mr Korbel sadly remarks, of "dreary and seemingly inexorable events." Mostly it is; yet it has its moments of excitement and its occasional glimpses of nobility. Mr Korbel was at one time Czechoslovakia's representative at the United Nations. He has assembled his facts with scholarly care, and presents them effectively.

Mr Korbel was in Prague in January, 1948. He had a long talk with President Benes on January 12th, some six weeks before the communist-packed action committees began to take over in towns and villages throughout the country. "Don't be worried," the President said. "The danger of a communist *Putsch* has passed."

It is tempting to look for scapegoats: the ailing Benes, the compromising bourgeois politicians and civil servants. But many were to blame. Mr Korbel does not spare Czechoslovakia's traditional western allies. "For twenty years, since its birth," he writes,

> the Czechoslovak Republic had adhered faithfully to the ideals of democracy, to the League of Nations, to the alliance with France, and to her friendship with Great Britain. These were her convictions, her tradition, her way of life. Then, in September 1938 at Munich, all this was destroyed by the hands of her allies and friends. The Czechoslovak people have never recovered from the blow. A wound was opened that would never heal, a wound that was to be a willing host to communist infection.

By their conduct in Czechoslovakia, the communists dispelled any remaining doubts about the lengths to which they were ready to go to attain their ends, or about the unscrupulousness with which they would exploit the institutions of free men. Consequently it was not difficult, in May 1948, to rally the resources of the free world to save beleaguered Berlin. But Mr Korbel seems to fear that the lesson of Czechoslovakia may now have been forgotten.

Getting to the Top

British Industrialists: *Steel and Hosiery, 1850-1950*

By Charlotte Erickson.

Cambridge University Press. 297 pages. 40s.

THE "rags to riches" tradition has made American historians very conscious of the importance of studying the social origins of their business men, but not until now has there been any systematic approach to this question in Britain. In this book Mrs Erickson discusses the backgrounds of industrialists in steel and hosiery—their social position, business experience, education, age and so on. The steel investigation confirms one's worst fears, for the pattern that emerges is one of extraordinary rigidity and narrowness. Up to 1925 90 per cent of the industry's leaders came from the top social class, yet fewer than 10 per cent had any scientific training and the figure is only a little higher now. In the last thirty-five years the monopoly of the well-born has been seriously undermined; possibly depression caused some dynastic heirs to spurn the industry, while the public company has certainly given better opportunities to the sons of clerical and manual workers. Curiously enough, however, despite the sweeping changes since 1902, the proportion of steel industrialists educated in public schools has risen steadily and still only one in three has a degree.

In hosiery the structure is socially far less rigid, although family firms remain much more important and promotion to the top is more frequently achieved from within particular firms. Technical training for management up to recent times has been as poor as in steel, but few have followed steel's public school/Oxbridge pattern or enjoyed the same social prestige through marriage. None of this should cause much surprise, for the industries are so different in every way—they were in fact chosen partly for that reason—but it would be useful to have a comparison of industries more similar from a technical and financial point of view.

The most fascinating part of the book for historians concerns the major periods of innovation in the two industries, and it is certainly disheartening to find that, even during periods of marked technical change, humble men have had little opportunity of reaching the top in steel though they did rather better in hosiery. Mrs Erickson certainly has a flair for finding information on the basis of slender clues and a rare ability to present statistics clearly. Only here and there does the analysis seem a little slack. She does not make sufficient distinction between experience in large and small steel firms, and it is a pity that the book is almost allowed to peter out, for a work of its nature cries out for the threads to be drawn together at the end.

Even so, it is a bold and welcome effort, and it is to be hoped that someone will make use of similar methods to discover if the leaders of the shipping industry are really as fossilised as PEP would have us believe.

Constructively Argumentative Uproar

The Allocation of Economic Resources: *Essays in honor of Bernard Francis Haley*

By Moses Abramovitz and others.

Stanford University Press. London: *Oxford University Press.* 244 pages. 40s.

COLLECTIONS of essays in honour of distinguished teachers and academic leaders by those who gratefully acknowledge their influence sometimes reflect the recognisable characteristics of a school of thought; a concern with a particular set of topics, mastery of a particular set of jointly designed or modified intellectual tools, a particular social attitude. They may, however, while exhibiting none of these uniformities, embody something more general; a standard of rigour or of expository elegance, a disposition to question accepted concepts, a humane or a mathematical slant, or something no more specific than a peculiar liveliness of mind.

"The Allocation of Economic Resources" is about as little unitary as possible. Its subject matter is practically conterminous with that of economics itself. Topics range from "The Welfare Interpretation of Secular Trends in National Income and Product" (Dr Moses Abramovitz) through "The Theory of Tax Incidence Applied to the Gains of Labour Unions" (Dr George W. Hilton) to "The Scope and Limits of Futures Trading" (Professor H. S. Houthakker). Every kind of approach from the mathematical to the near-popular is represented. Political attitudes range from the sternly Marxist (Dr Paul A. Baran, whose "Reflections on Underconsumption" are at once an acrobatic exercise recommended to all connoisseurs of triple-think and a genuinely illuminating comment on affluence) to the neutralism generally associated with right-wing views (Dr E. S. Shaw, demonstrating the incapacity of monetary management to manage).

All these papers have, however, a highest common factor which, for all its positive nature, it is easiest to describe negatively. Their authors are not interested in mere refinement or embroidery, in intellectually amusing special cases, in either virtuosity or beaver-like industry for their own sakes. However abstract their method, these essays have a brass-tacks quality about them; however minutely particularised their theme, it is always related to, or illuminates, something fundamental—and that something has been, each time, thought through afresh. "Professor Haley's skills"—so one contributor begins—"in inciting his seminars to constructively argumentative uproar are the envy of colleagues." Reading this *Festschrift*, one can well believe it.

The Village

English Rural Life

By H. E. Bracey.

Routledge. 286 pages. 30s.

THIS is a strictly unsentimental account of village activities, organisations and institutions. Dr Bracey, a member of the staff of Bristol University, is professionally engaged in the study of rural problems. He has, however, taken great pains to obtain firsthand evidence of the practical nature of country life, by personal observation and experience, and by submitting his manuscript to a large number of informed people. The result is a factual, balanced survey of such various but pertinent subjects as farm employment, crafts and non-agricultural occupations, the drift from the land, local government, planning, statutory and voluntary services, education, the arts, religious institutions—in fact, every influence of importance affecting the nature and substance of rural life today.

The book is not difficult to read, though some may be put off by the title. The individual sections are relatively short and the historical background is fairly summarised. The author has some extremely interesting comments to make about labour nowadays, notably about its mobility and about the commuter. He makes the point that, within limits, country people can and do travel daily to work in a town, but still retain their attachment to the village and all it stands for—in contrast to most commuters, whose home is primarily a dormitory.

Perhaps Dr Bracey tries too hard to avoid the charge of sentimentality. Indeed to write sentimentally about the countryside is to do it a great disservice, for ultimately rural life, and all that goes with it, will stand or fall on economic grounds. Unless there is enough remunerative work on farms, in workshops, small factories and similar places, in the countryside proper, the framework of rural society will collapse. Without work within a reasonable distance of a man's home, no one is going to stay, and the drift will become a gallop. Yet it would be wrong to overlook entirely the *mystique* of country life, unacknowledged though it may be by most people. It is compounded of tradition, a sense of nature, and above all the need for intimacy, as expressed in the small unit—the village, the hamlet, and ultimately the family itself.

Bradshaw for Diplomacy

Disengagement

By Eugène Hinterhoff.

Stevens, Atlantic Books. 457 pages. 45s.

"DISENGAGEMENT" is a word that has haunted the despatches of diplomatic correspondents for over a decade. It has been proposed by many different people—Walter Lippmann and Hugh Gaitskell, Senator Knowland and Nikita Khrushchev—at different times for different reasons. The idea of withdrawing Nato forces from the German Federal Republic in return for a withdrawal of Soviet forces from East Germany, Poland, Czechoslovakia, and perhaps the other satellites, and of creating a block of uncommitted states in the centre of Europe, has been conceived as a form of disarmament, as a means of lowering east-west tension, or more commonly as a means of achieving the unification of Germany.

Captain Hinterhoff's compendious book is an examination of all these proposals. It is a valuable correlation of a very large bibliography, and not the least useful part of it for the historian and the scholar is the remarkable 28-page appendix, in which he lists every proposal of this kind that has been made since 1946. It would be a mistake, however, to assume that it is an impartial assessment of the case for and against disengagement, for the author is a passionate advocate of the idea, and the contemporary student of Europe can legitimately complain that he has stacked the piles of cards in favour of it. A number of trivial writers on the subject are given more than their due weight, while analyses of the political problems to which disengagement would give rise—as contained, for instance, in Mr Michael Howard's book of the same title—are only cursorily mentioned.

Despite the industry that has gone into this book, it does not make great headway towards overcoming the fundamental objections to disengagement, any more than to present Sir Brian Robertson with a copy of Bradshaw would enable him to make British Railways run at a profit. One objection is the irrelevancy, from the military point of view, of any troop withdrawal in Central Europe to a strategic equation that will become increasingly dependent on missile bases outside that area, at sea, in Eastern Russia or in Western Europe. The other and more profound difficulty lies in the unwillingness of both the Soviet Union and the western powers to exchange the interlocking position of today, unsatisfactory though it is, for one that would separate them by a belt of neutral countries, including a re-united Germany, that have a long and unhappy record of instability as fully sovereign states. Captain Hinterhoff is a former Polish officer, who has served his country with gallantry: he clearly thinks that a free and autonomous Poland is worth a price that the other European powers should be prepared to pay. One can admire his tenacity without accepting all his arguments or sharing his optimism.

Far Eastern Crisis

Documents on British Foreign Policy, 1919-1939: *Second Series, Vol. VIII: Chinese Questions, 1929-31*

Edited by Rohan Butler and J. P. T. Bury. *Her Majesty's Stationery Office.* 1,120 pages. 80s.

THIS latest volume of documents deals with Chinese questions in the years 1929, 1930 and 1931. These questions fall into two categories. The first are those involved in the Anglo-Chinese negotiations for the surrender by Great Britain of the leased territory of Weihaiwei and of British extra-territorial rights in China. They had a long and complex history, which is admirably summarised in the first document in the book: a twenty-six page Foreign Office memorandum on British policy in China, written in January, 1930. Negotiation was further complicated by the chaos that reigned in China and by the instability of the National Government of the Republic of China; and it stopped altogether when the Japanese occupation of Mukden in September, 1931, inaugurated the Far Eastern crisis.

The second set of questions concerns the origins of this crisis and its development up to the decision of the Council of the League of Nations in December, 1931, to appoint a commission of inquiry. This crisis, too, had a long and complex previous history and a good deal of valuable light is thrown on this by the two appendices: a long despatch of July, 1930, on the Sino-Russian dispute over the Chinese Eastern Railway and a memorandum of October, 1931, on the development of the Manchurian problem since 1894. The situation in Manchuria and Korea between June and December, 1931, is dealt with in great detail in the last 400 pages of the book. There are no startling revelations concerning developments in Manchuria, Korea or China proper during these years, but the volume constitutes the fullest account of them that has yet appeared in print and is a valuable addition to information on British foreign policy between the two wars.

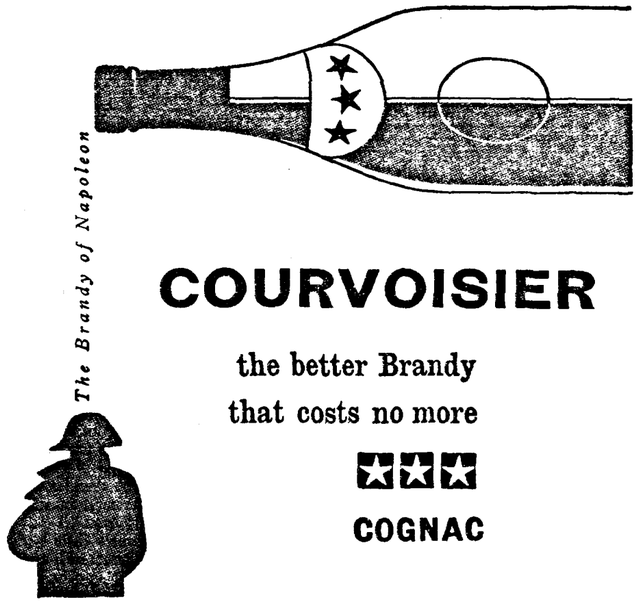
The Watchful Goddess

Government, Law and Courts in the Soviet Union and Eastern Europe: *Vols. 1 and 2*

Edited by V. Gsovski and K. Grzybowski. *Stevens.* 2114 pages. £8 8s.

JUSTICE in a communist state is no blind goddess: she has to keep her eyes wide open, and she tends to be busier than her colleagues elsewhere. A variety of tasks have been added to her provenance; of these, the protection of the state is the most important. This view was neatly summed up by Professor Malitsky, in his commentary on the Soviet civil code. The capitalist law, he says,

places the individual at the centre of the



world . . . the proletarian state sets the limits not to itself but to its citizens. A collective body called the state, rather than the individual citizen, is at the centre of the proletarian law.

Hegel would have applauded such a statement. It was written in 1927, before Stalin began to drive the individual into a still tighter corner; it has not been revised. The second task of communist justice is the protection of the "proletarian society." Class discrimination in the administration of justice was going strong until the middle thirties in the Soviet Union, and it is still frequently employed in eastern Europe; it mellows as the new class replaces the old ones.

These two volumes describe an involved process that began in Russia in 1918 and in eastern Europe in 1944: the displacement of the old legal systems, most of them rooted in Roman law and containing strong admixtures of the Napoleonic code, by the law-giving of the one-party states. The editors have collected studies by men who had practised law in the countries dealt with in these volumes; they have produced a unique and detailed work of reference. On the whole, the contributions are at their best when dealing with the criminal code and its application; at their weakest as a comparative study of law. The reader needs more frequent cross-references, incorporated into the text; there is also a certain lack of historical perspective and comparison in the studies that should have contained them. In the index, for instance, there are only two references to Roman law; and although a section deals with the continuity of law in these territories, it does so only in the strictly legal sense, without attempting to compare the present situation with the conditions obtaining before the communist revolutions. Nevertheless, the editors were faced with a formidable task: they should be congratulated for collating such useful information.

A New Approach to Industrial Democracy

By H. A. CLEGG

At the turn of the century, theories of industrial democracy—i.e. the doctrine that workers should run their own industrial undertakings, or at least share in the management of them—inspired sections of the Labour Movement in many countries. This essay reviews these ideas, the attempt to put them into practice after 1918, and the experiments since 1945. 18s. 6d. net

The Journal of Industrial Economics

Vol. XIII, No. 1, is a special number discussing American antitrust cases and British restrictive practices legislation.
Contents include:
Arthur H. Kahn: Discriminatory Pricing as a Barrier to Entry: the Spark Plug Litigation.
Almarin Phillips: A Critique of United States Experience with Price-Fixing Agreements and the *Per Se* Rule.
Alister Sutherland: The Restrictive Practices Court and Cotton Spinning. 13s. 6d.

The Future of the Sterling Area

Vol 21, No. 3, of *the Bulletin of the Oxford University Institute of Statistics* is a special issue in which economists not only in this country but also in many other member countries consider the problem as it appears to them. 10s. 6d.

BASIL BLACKWELL

Coastal Command

Birds and Fishes

By Philip Joubert de la Ferté.
Hutchinson. 224 pages. 25s.

A HISTORY of the origin, growth, tribulations and ultimate triumphs of Coastal Command of the Royal Air Force should make a fascinating story; and Sir Philip Joubert, its Commander-in-Chief during two critical periods, should be well qualified to produce it. Unfortunately he does not seem to have been at all clear about what sort of book he was setting out to write, and the result is something of a hotchpotch of autobiography, anecdotes and historical narrative. Moreover the whole book is so highly subjective that the reader very quickly becomes sceptical regarding the validity of the author's judgments. To give one example: near the beginning he takes a hefty swipe at the attitude of Jellicoe and the senior officers of the Grand Fleet towards the early RN Air Service, and seeks to prove his point by declaring that the seaplane carrier *Campania* "was forgotten" when the fleet sailed on the night before the battle of Jutland. No doubt there was excessive conservatism about aviation in some (though by no means all) high naval circles at that time; but the fairy tale about the *Campania* was dispelled nearly forty years ago when Sir Julian Corbett printed ("Naval Operations," Vol. III) extracts from her log giving the times when she received her orders to prepare for sea. Sir Philip is, of course, entitled to his opinion that by handing back the Fleet Air Arm to the Navy in 1937 "a breach was made in the unity of the Royal Air Force"; but a less biased view would surely have taken due account of what the reconstituted Fleet Air Arm accomplished a few years later.

The author several times declares his mistrust of figures and statistics; but he does not seem to have studied those, compiled after very careful research into British and German records, covering the U-boat campaigns, and many that he himself quotes are undoubtedly wide of the mark. For instance, no one U-boat sinking can be definitely attributed to air attacks in the 1914-18 war; the number of U-boats at sea on the declaration of war in 1939 was not 8 but 39; and shore-based aircraft did not sink half the total of 99 enemies which he claims for Coastal Command in the period May, 1941-November, 1942.

Sir Philip throws little new light on a point of particular interest regarding which he must be fully informed—namely, the failure to send out relief air patrols on the night of the break up-Channel by the German Brest Squadron in 1942—a matter on which the Bucknill committee criticised Coastal Command; and he is oddly resentful of his own relief as Commander-in-Chief in 1943. And in connection with the latter what, one may ask, does he mean by saying that "it was interesting for him [Sir John Slessor, his successor] to see the war from the point of view of an operational command"? Sir John Slessor came from No. 5 Group of Bomber Command, which he had led brilliantly since May, 1941; and Sir Philip's statement leaves behind it a whiff of innuendo which, even if unintentional, is surely regrettable.

Any Reason Why?

Crimean Blunder

By Peter Gibbs.
Muller. 297 pages. 25s.

THE sub-title of this book is "The Story of War with Russia a hundred years ago." The reader does not therefore expect any new revelation from it. He expects readability and he gets it, and he may even welcome Mr Gibbs's astringent tone. He also expects a reasonably complete narrative of the war. Kinglake's eight volumes on the invasion of the Crimea ended with the death of Lord Raglan. Mr Gibbs's text runs for 290 pages. Of these, 282 pages take the reader up to the death of Lord Raglan. In the remaining eight are crowded the battle of Tchernaya, the French success at the Malakoff, the British failure at the Redan, the fall of Sebastopol and the Treaty of Paris. Are these events any less interesting than the Alma, Inkerman and Balaclava? Is there any reason why, apart from the obvious one of a lack of adequate source books at Mr Gibbs's elbow, the narrative should be so suddenly compressed?

OTHER BOOKS

CAN INFLATION BE CONTROLLED? By Harold G. Moulton. *Allen and Unwin.* 316 pages. 21s.
The American edition of this book was reviewed in *The Economist* on February 7, 1959.

THE REPORTER'S TRADE. By Joseph and Stewart Alsop. *Bodley Head.* 378 pages. 25s.
The American edition of this book was reviewed in *The Economist* on February 28, 1959.

MAN EXPLORES THE SEA. By James Dugan. *Penguin.* 416 pages. 6s.
This book was reviewed in *The Economist* on January 5, 1957.

MERCHANTS AND PLANTERS. By Richard Pares. *Cambridge University Press* for *Economic History Society.* 91 pages. 10s. 6d.

LIVERPOOL RAW COTTON ANNUAL, 1959. *Liverpool Cotton Association.* 370 pages. 13s. 6d.

FACTORY LAW. Supplement to 6th edition. By H. Samuels. *Stevens.* 78 pages. 12s. 6d.

CONTINENTAL HOLIDAY. *American Travel Guide to Europe, New York.* Distributors: *Publishers Services, Dartford.* 640 pages. 15s.

YEAR BOOK OF LABOUR STATISTICS, 1959. *International Labour Office.* 556 pages. 30s.

YEAR BOOK AND GUIDE TO EAST AFRICA, 1960. Union-Castle Line. *Hale.* 504 pages. 8s. 6d.

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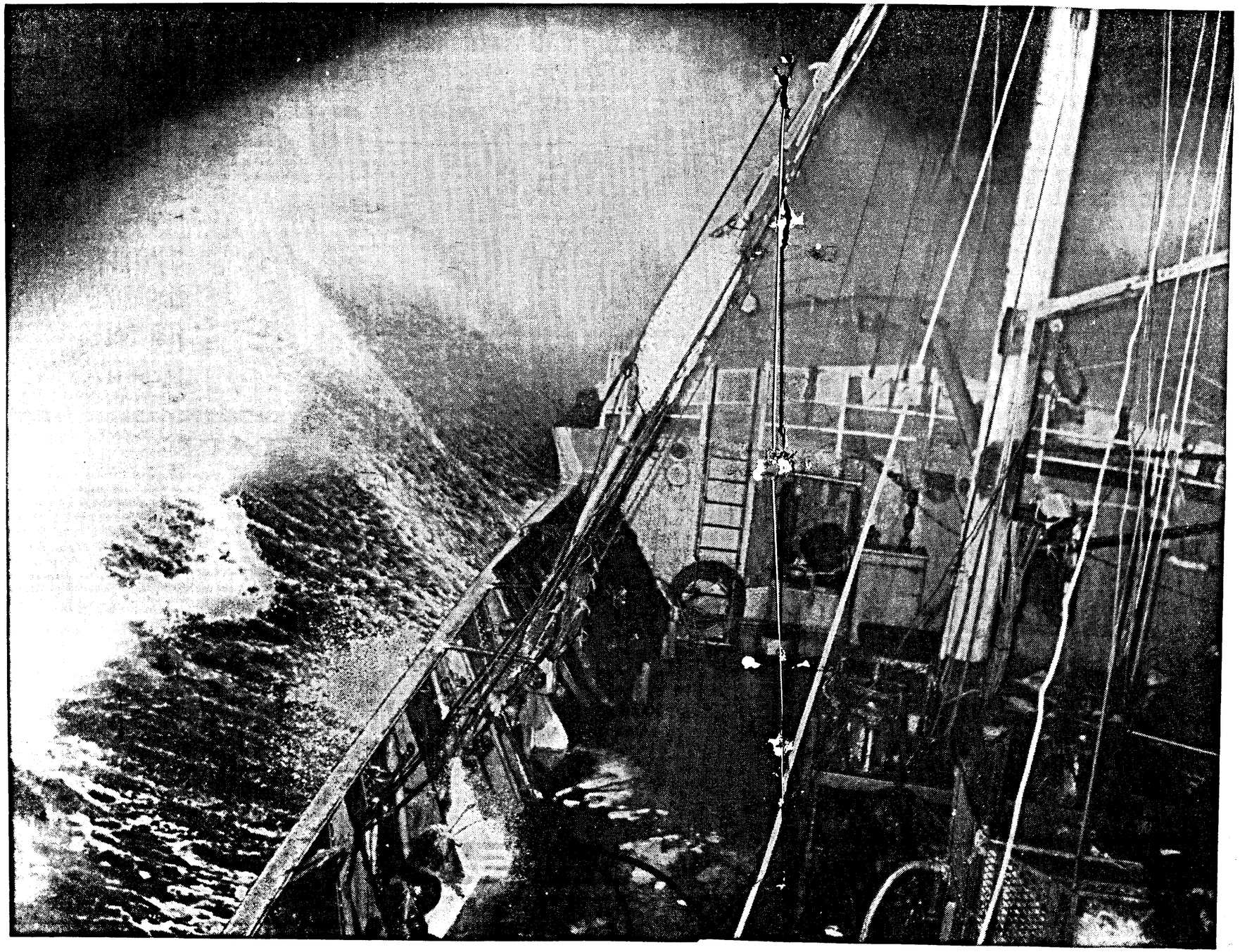

BRITISH TRAWLERS WITHDRAW FROM THE WATERS OFF ICELAND

AT 24.00 HOURS on the night of Monday, March 14th, the vessels of the British Trawlers' Federation will withdraw from the fishing grounds around Iceland for the period of the Geneva Law-of-the-Sea Conference. On the 1st September, 1958, Iceland unilaterally extended her fishery limits to twelve miles. H.M. Government did not recognise this action and stood firm on its declaration that " It would be our duty to prevent any unlawful attempt to interfere with British fishing vessels on the high seas ". Since then British trawlers have been fishing off Iceland under protection provided by the Royal Navy.

This decision to withdraw has been made by the British Trawlers' Federation as a gesture of goodwill, while the whole problem of international fishery limits is under consideration at the forthcoming Law-of-the-Sea Conference, which opens in Geneva on March 17th.

The Federation has taken this decision in the full knowledge of the sacrifices involved, as the period of the Conference coincides with the prolific spring fishing season in the waters around Iceland, and there are no known alternative areas from which supplies can be replaced in either quality or quantity.

Nevertheless, the Federation believes this decision, which is part of its policy of pursuing every reasonable means of achieving a fair, negotiated settlement, is one which must meet with universal approval.

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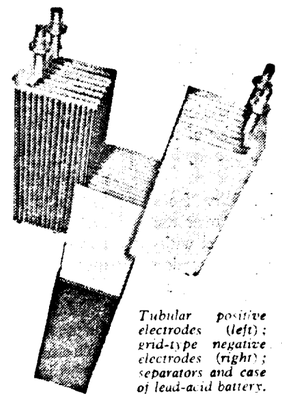
THE BUSINESS WORLD

THE STORAGE OF ELECTRICITY—II

Accumulators or Fuel Cells?

ELECTRIC power cannot be stored in large amounts, and is not easily produced cheaply in small quantities. Any generating system has to produce power for as many consumers as choose to flick their switches on at any time: a reliable cheap power supply requires enough large-scale equipment to be kept in being to meet the maximum demand that consumers may ever impose. An efficient means of storing electricity, or a device that could produce it economically in small quantities on call, would bring electricity into use in many applications—particularly transport—which it cannot serve today: it would have the further advantage that the reserve capacity which a generating system needs to hold could be cut down. These two problems have consumed vast amounts of painstaking research in the century since electricity entered on the scene, but neither seems close to solution.

Electrical storage today is confined to the two basic types of conventional battery: primary "dry" cells, in which the active chemical material is gradually used up and must be replaced or the cell discarded, and secondary cells, also known as accumulators, which can be recharged by applying an external current to them. Neither is particularly efficient, or can store much power economically. Dry batteries have been improved in power-weight ratio, but offer little room for further progress. The most important changes in lead-acid accumulators have been in design of the lead electrodes. Many attempts have been made to substitute a lighter metal for lead; magnesium and copper electroplated with a thin layer of lead have been tried but without success. Considerable reduction of space and weight has been achieved by replacing the grid-type positive electrodes formerly used with a series of tubes containing the active material in paste form (as shown in the photograph); the latest designs of traction battery use woven "Terylene" gauntlets in place of ebonite tubes, and claim savings of a third in space over previous types. Most negative electrodes are still of the grid type; but at least one design also uses negative tubular electrodes and by arranging the two tubes one inside the other has achieved further savings in weight. While the major battery companies are well aware of this principle, none is yet experimenting with it. Polyvinyl chloride has replaced wood for insulation, and various plastics have been used in place of metal or hard rubber for cases. But the durability required in traction batteries, which are expected to last up to five years, makes it difficult to save much weight here.



Tubular positive electrodes (left); grid-type negative electrodes (right); separators and case of lead-acid battery.

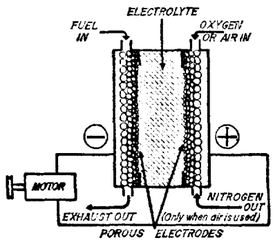
Virtually the only present alternative to lead-acid batteries is the alkaline-electrolyte type, using electrodes of nickel and cadmium, nickel and iron or silver and zinc. Alkaline batteries have been in limited use since the beginning of this century; they have become much more efficient through the development within the last twenty years of sintered-plate electrodes. Nickel-cadmium cells have been developed primarily in Europe, while nickel-iron systems have received more attention in the United States.

NICKEL batteries in general offer little if any advantage over lead-acid ones in terms of capacity for given weight and size. Their engine starting capacity—the ability to provide large amounts of current for short periods—is as good as that of lead-acid cells, and they can be recharged more quickly. Their principal advantage is a long service life, and consequently low annual depreciation: nickel-cadmium batteries have given over 20 years' service in some stationary installations (though the best lead-acid accumulators claim to do as well). In addition their maintenance is much simpler; they can be sealed, eliminating refilling and the risk of spilling. Against this they now cost between two and three times as much as a comparable lead-acid battery, and sintered-plate types cost even more—as much as ten times the cost of lead-acid in some cases.

Nickel-iron batteries are slightly lighter than nickel-cadmium ones, and also somewhat cheaper; they cost more to maintain, however, and are not suitable for delayed use

after charging, owing to their higher internal resistance. The third type of alkaline accumulator, which uses silver and zinc for electrodes, has a much higher capacity—about six times that of a lead battery—for a given size and weight. It is even more expensive than nickel-cadmium, however, and since its service life is very limited so is its use. While alkaline accumulators now offer improved performance in certain fields, therefore, they are not feasible replacements either economically or technically for lead-acid accumulators at present. And even if their cost can be lowered by developments in design and production, their storage capacity for a given size and weight is still quite low. Conventional accumulators, of whatever kind, still fall well short of providing an economically portable form of power. The problem of rapid recharging is even farther from being solved.

Transport and mobile uses offer the biggest potential field for new power storage devices ; but a really large and efficient battery could certainly be used in stationary employment. The demand for electricity fluctuates widely—daily, weekly, and seasonally. Considerable reserve generating capacity is therefore needed to deal with peak loads: British generating



HOW A FUEL CELL WORKS: chemical fuel and oxygen or air are introduced into the cell through porous electrodes; the reaction between them causes current to flow in an external circuit.

capacity was used last year for no more than 48.2 per cent of its maximum capacity, on the average. The problem of load factor will be heightened by the high capital costs of nuclear power. If large and efficient power storage could be introduced into the public supply system, it could be charged during off-peak hours and drawn on during peak hours ; the system load factor could thus be improved—to perhaps 80-85 per cent—and the capital cost of electricity correspondingly reduced.

The Generating Board holds little hope of obtaining batteries efficient enough for this purpose: its experiments in this direction are for "pumped storage" which is well established in several countries with large hydro-electric resources. The Board is now building a 300 mW experimental station at Blaenau Ffestiniog in North Wales ; but the economics of this system in a country with few favourable sites for hydro-electricity are none too encouraging.

Various forms of direct generation of electricity from primary fuels have been the subject of experiment over the years. These aim either at generating power from fuel without interposing the vast kettle-plus-turbine of a power station or, alternatively, at using electricity to bring about a chemical change—e.g., producing hydrogen by electrolysis of water —that can later be reversed to deliver the electricity efficiently and cheaply. Many forms are being studied ; but the most widely publicised of these—and so far probably the most advanced—is the fuel cell, which can boast a lineage of unsuccessful ancestors leading back at least a hundred years, and a distant kinship with both the modern dry cell battery and the primary cell first developed by Volta in 1800. In a fuel cell the reaction is not reversible: chemical fuels are fed into the cell and the resulting reaction, which generates electric current, changes the substances so that they must be replaced. The theoretical efficiency of fuel cells is very high—in the range of 80-85 per cent, compared with limits inherent in all heat engines.

Two different kinds of fuel cell are now being developed in Britain. The first (fully described in *The Economist* of August 22, 1959) was invented by Mr F. T. Bacon, who has been working at Cambridge under a contract from the National Research Development Corporation ; it was publicly —and somewhat prematurely—shown last year in the hope of securing commercial sponsorship for the project when the NRDC contract runs out at the end of this year. The Bacon cell combines hydrogen and oxygen, working at a pressure of 400-600 lb per square inch and a temperature of 200 degrees centigrade ; up to 5 kilowatts of power —enough to drive a fork-lift truck—have been obtained from a 40 cell pack. Hydrogen and oxygen are supplied from external tanks ; these gases could be produced from water by electrolysis using off-peak electric power which it would be thus possible to "store." Mr Bacon believes that his cell would be ideally suited to use in transport, though it could be either portable or stationary.

A second British cell is also being sponsored by NRDC, along with Shell Research and the Ministry of Fuel and Power ; work is being carried out at the Ministry's research laboratories at the Sondes Place Research Institute in Surrey. It differs from the Bacon cell in that it is designed to operate—at about atmospheric pressure and temperatures of 500-700 degrees centigrade—on carbon monoxide or on virtually any liquid or gaseous hydrocarbon instead of on hydrogen produced externally and introduced into the cell as a gas. The overall efficiency of this device appears to be slightly lower than that of the Bacon cell, but it offers a greater possibility of "direct generation" of power from oil. Other cells have been designed to use coal.

It is known that the Russians have done considerable work on fuel cells, though little is known of the results. In the United States perhaps as many as twenty companies are now spending large sums on fuel cell research, among them Lockheed Aircraft, Shell, Esso, Ford Motor, Chrysler, Allis-Chalmers, General Electric, Dow Chemical, and National Carbon. Allis-Chalmers recently demonstrated a fuel cell capable of powering a farm tractor, and one or two motor manufacturers have wistfully designed cars specially for this form of power, which produces no noise and no exhaust except carbon dioxide and water. But apart from Shell Research and—to a much smaller degree—Exide, it is believed that there is now little commercial interest in fuel cells in Britain. The main commercial support for the Bacon cell, which if still far from being an economic proposition is still probably the most technologically advanced project in Britain, has come from an American company, Universal Winding Co.—which is also interested in the Sondes Place research and is backed by a contract from the United States government.

Some Fiscal Reforms ▸ *A TORY TRACT*

A CORRESPONDENT has passed to The Economist *the result of his musings on a question voiced here after the election: "What sort of Tory men, what kind of Tory measures, are going to guide the country's political and economic life in the next four years?" He sees important ways of furthering the Prime Minister's concept of "one nation" by giving attention to some matters of fiscal privilege and amending one source of fiscal inequity. He sees, too, in the personal qualities of the Lord Chancellor and the Chancellor of the Exchequer, the acumen and courage that reform in these fields will demand. To anyone whose conception of fiscal justice is to do away with surtax or, at the other extreme, to contrive a shilling off the standard rate by disallowing all business expenses, our correspondent's discussion may seem a little remote. But most people know about what Mr Harold Wilson has called "the golden handshake"; more ought to know about the* Gourley *case; and before long some of the tax privileges under "top hat" pensions will be attracting a lot of public attention. If all this sounds dangerously subversive of good Tory thinking, it should be known that our correspondent is an unmitigated Conservative and enjoys a professional reputation in the field of taxation. And like many other observers, he sees the more reason why the Chancellor should seize all good occasions for fiscal reform on April 4th if, as is now supposed, he will have little enough scope for being generous towards the taxpayer.*

COMPENSATION FOR LOSS OF OFFICE

I TAKE as my starting point (says our correspondent) some observations by Mr E. H. C. Leather, MP in the House of Commons on October 28th last year:

> There is a fair case for compensation for anyone who loses his job, whether he is an officer or other rank in the services, a coal miner, or a company director. If, because of some reorganisation, a man loses his job, he is entitled to compensation, but nobody is entitled to the ridiculous amounts of compensation that have been paid on occasion in recent years. They are an abuse of the principle and we all know it.

Mr Leather then went on to declare that this abuse could be put right by a clause in the Finance Bill. It is, indeed, far more difficult than that, although his statement seems to me more realistic than the conclusions of the report of the Royal Commission on the Taxation of Profits and Income (paras 242-246). Both the Royal Commission and Mr Leather recognise that a principle is involved in these payments ; but the Royal Commission's despairing solution (in politer language) was: "This has become a 'racket' ; let us recommend that such compensation be taxed as income."

The problem has become most prominent in connection with take-over bids. It is arranged that X should go, to make room for the more acceptable Y. In law X is entitled to say: "If I am to go and lose this office, I shall want compensation." Sections 191-194 of the Companies Act deal with this matter strictly from the point of company law in relation to disclosure and shareholders' approval. So far as X is concerned, he can claim, with all the authority of decided cases, that the negotiated sum he gets as compensation (if suitably documented) is a capital receipt, not liable to tax in his hands. If the shareholders decide that X should be paid, say, £100,000 for loss of office, it is doubtful indeed whether, on the decided cases, the Inland Revenue could successfully seek to have that receipt in his hands scaled down to some lower figure. It matters not that X held the office for a few years only (or even one year) or that his emoluments were, say, no more than £10,000 a year ; it makes no difference in law if X had no fixed security of tenure and even if his appalling loss was mitigated within a week by an appointment to some other office.

There are, I think, good legal reasons for reform that lead to a solution different from the Royal Commission's simple and defeatist answer. Compensation for loss of office is a matter of Schedule E as it affects the recipient, and of Schedule D as it affects the payer. In legal principle, it is a capital receipt, irrespective of its size, in mitigation of the loss of a capital asset (to wit, an office which is a source from which income flows and which income is taxed). The only qualifications of importance on the principle of non-taxability of these sums are two: first, there must be a genuine "deprivation" for which compensation is paid ; secondly, any such compensation that has been pre-determined under a contract of service is treated as taxable income.

On the side of the payer (that is, the shareholders) a very odd position seems to have arisen, no doubt regarded by the Inland Revenue as totally unjust—that is, a sum free of tax "at both ends." It is not easy to put this in non-technical terms (as Lord Reid remarked in the House of Lords at the end of 1958, "Income tax is a highly technical subject"). The Revenue have found it difficult to object to the deduction of compensation from the company's profits on the "capital" ground because of the reasoning and decision in the thirty-year old case of *B. W. Noble Ltd. v Mitchell*. But in the case of take-over bids they have found comfort in *Bassett Enterprise Ltd. v Petty* where, on somewhat special facts, it was decided that sums paid by way of compensation fell to be disallowed because they were "part of the share purchase transaction." The Revenue could not object in law, however, that a payment is not deductible on the ground that they thought it unreasonable in amount, and their attempts to do this on occasion have been answered in plain terms by Lord Wright, in *Craddock v Zevo Finance Co. Ltd.*:

> If the Revenue are to have power to exercise a general supervisory jurisdiction under Schedule D on the reasonableness of contracts or transactions, they must be invested with that power by legislation.

Short of such special powers, the Revenue now have to square their old stand-by of *Bassett Enterprise v Petty* with a group of cases decided by the Appeal Court in Scotland three years ago arising out of payments in respect of the termination of services of managing directors by reason of a take-over bid by the House of Fraser Ltd. (*CIR v Patrick Thomson Ltd.*) It was there held on the authority of two House of Lords cases that the relevant consideration was whether the sum was expended in the interests of the company's trade, and not whether it was necessarily in the interests of any particular shareholders for the time being.

If, as it therefore appears on the present case law, the Revenue cannot effectively intervene either in the size of these payments or of their tax free quality to both payer and receiver, what reforms in the law are desirable to meet the demands of realism and social justice? It should, I think, continue to be recognised that true compensation for loss of office (or employment) involving depriva-

tion is a capital receipt for the loss of a source of income. The next question is what would be a realistic view of the value of the loser's tenure of office or employment; this is not strictly determined by the unexpired term of any contract of service, for in the best regulated companies such contracts were largely unknown before the 1947 legislation on "top hat" pensions and any existing contract might on the facts have been extended. But in the light of the vast sums that have been paid free of tax it is not unreasonable to demand that any replacement of the lost source of income within, say, the following twelve months should be taken into account in assessing the capital loss that the deprived office-holder has truly suffered. Some provision that took these two factors into account so as to import reasonableness at the recipient's end would, I believe, go a long way to meet the demand for reform in this field.

As for the paying company's end, whether or not the recent Scottish cases be as important as I suggest above, there is no justification for seeking to alter by legislation the general settled principles of law. I conclude, therefore, that payment of compensation for loss of office should continue to be allowed to take its chance, so far as schedule D is concerned—subject perhaps to the proviso, after the remarks of Lord Wright, that it should not be deductible beyond an amount calculated in accordance with the criteria I have indicated for its treatment in the hands of the receiver. Any such proviso should be most carefully scrutinised and treated as a special exception to Lord Wright's general rule.

It seems to me, however, that no clear cut reform in this field is possible until the doubts created by the *Gourley* case have been resolved. To these I now turn.

THE GOURLEY CASE

THE case of *British Transport Commission v Gourley* (1956 A.C., 185) was decided in the House of Lords on December 8, 1955. Mr Gourley was the senior partner in a firm of civil engineers. His source of income was a Schedule D source, namely his profits under his partnership deed. In 1951, he was gravely injured in the Harrow railway disaster, although he made a remarkable recovery. In 1952, a variation was made in his partnership agreement by which his earnings were much reduced; but his income was still large, and in his action against the British Transport Commission damages were assessed on the basis that it would probably continue so for several years.

The action was tried in March, 1954, and £37,720 was awarded in respect of loss of earnings, actual and prospective, on the basis that the Judge had no regard to the fact that, had Mr Gourley earned that sum, he would have had to pay income tax and surtax. The Judge made an alternative assessment of £6,695, representing the sum he would have awarded if he had taken that hypothetical tax liability into account. The Commission appealed unsuccessfully to the Court of Appeal, and thence to the House of Lords, who decided by six voices to one that the correct figure was £6,695, i.e. taking the tax liability into account.

Counsel on both sides agreed that Mr Gourley would incur no tax liability on the £37,720 or the alternative award of £6,695. Counsel for the Commission argued:

> It is clear that payments of this sort are not subject to tax. That has been laid down in cases of compensation for loss of office.

Their Lordships noted (and acted upon) the agreement between counsel that no tax liability would attach to the damages; but they gave no reasons, and it is possible to doubt whether the argument of counsel for the Commission based on compensation for loss of office (which as we have seen is a capital receipt in compensation for the total loss of a Schedule E source of income) is right, although the result may be the same. Mr Gourley's Schedule D source of income arose from his partnership deed, and that source continued, though diminished in value. If the right approach was through decided tax cases, consideration might have been given to such Schedule D cases as *Short Brothers Ltd. v CIR*, where the compensation for loss of profits was treated as a taxable receipt from a continuing source, or the contrasting case of *Van den Berghs Ltd. v Clark*, where the receipt was held to be capital, on the ground that the substratum of the source had gone. In the *Gourley* case, the tax position of a sum received as damages rested on agreement or assumption between counsel on both sides. Nor was the 1947 precedent in *Riches v Westminster Bank Ltd.* followed when counsel for the Board of Inland Revenue was invited to attend at the House of Lords hearing, and did attend and state the Revenue's position.

IN view of the repercussions of the *Gourley* case, one may suggest that the assumption resting on the agreement between counsel was rightly made, on the ground that lump sum damages for personal injuries are not the subject-matter of taxation liability. But the essential point is that the *Gourley* case was concerned with the correct basis on which to reckon damages. As Lord Goddard remarked:

> The question is whether taxation is or is not too remote to be taken into account.

Lord Jowitt and Lord Reid speak of loss of earnings, actual and prospective. Lord Goddard deals with the question under the heads of special damage (up to the date of trial) and general damage. Under the first head (special damage), he refers to loss of earnings. Under the second (general damage), he speaks of earning capacity. Lord Keith, who dissented, said:

> But if an award of damages for loss of earnings is not subject to tax, to deduct tax before assessing damages seems to me singularly like exercising taxing powers in an indirect way.

The majority of six disagreed about the scope of the decision. Lord Jowitt said:

> There may well be a difference between actions for personal injuries and actions for wrongful dismissal in regard to the obligation of the plaintiff to pay tax on the amount of damages received, and cases on the one topic may therefore be a dangerous guide to follow on the other.

Lord Goddard, on the other hand, said:

> In this opinion, I am dealing solely with damages in personal injury and wrongful dismissal cases.

Lord Radcliffe and Lord Somervell agreed with Lord Goddard.

The *Gourley* case has been considered and usually applied in over half a dozen reported cases since, including cases of wrongful dismissal, trespass, salvage awards and proof in a liquidation for loss of pension rights. The decision has caused disquiet and marked differences of opinion. In the House of Lords on January 29, 1959, the Lord Chancellor declared that he did not favour changing the law, but he promised to consider any new matter in the ensuing six or twelve months, and that it would be constantly considered in his Department.

THE Royal Commission, in reaching their recommendation to treat compensation for loss of office as taxable income, made a significant distinction in paragraph 246:

> Though on a larger scale, it is comparable with a payment in lieu of notice, a receipt which should certainly be regarded as taxable, it seems to us much more comparable with that kind of payment than with a payment that is intended as compensation for a person's permanent loss or impairment of earning power.

The debate in the House of Lords referred to the Reports of the English Law Reform Committee and the Scottish Law Reform Committee. (The heading of the English committee's report (Cmd. 501) is "Effect of Tax Liability on Damages"; the motion of Lord Douglas of Barloch in the House of Lords calling for the

"repeal" of *Gourley* is headed "Damages for Loss of Earning Capacity"). The Report of the English Committee reveals that the Institute of Chartered Accountants of Scotland, the Society of Solicitors in the Supreme Court of Scotland and the General Council of the Scottish Trades Union Congress all favoured a change in the law.

The interest of Trade Unions is clear, since as matters stand *Gourley* must hang over them in any workman's claim involving loss of earnings, or even loss of earning capacity. To them, as to the recipient of damages for loss of office or employment, it must seem a somewhat fine distinction to be told that the sum in respect of loss of earnings, or loss of earning capacity, is not being taxed but merely abated by the estimated amount of speculative taxation.

The English Law Reform Committee was hopelessly divided. Three members wanted *Gourley* "repealed," on the ground that damages should represent compensation for loss of earning capacity and thus be treated as capital. Three others agreed that *Gourley* should be "repealed," but added that damages should be taxable in the plaintiff's hands. The other nine members, along with the first three, were vehemently against taxing capital. The nine recommended that the decision should stand, as did the Scottish committee, but both committees recommended that it should be kept under review.

SHORTLY, it now appears that if a claim for wrongful dismissal, or personal injuries, is settled without recourse to the Courts, the claimant receives his compensation as capital, or as a non-taxable sum, accepted as such by the Revenue; but if the claim goes to Court, the very fact of the non-taxable character of the damages, as between the claimant and the Revenue, justifies—indeed calls for—a reduction in the amount awarded by taking taxation into account.

It would be generally more comprehensible if *Gourley* were "repealed" and that any sum viewed as giving rise to a tax liability be dealt with, if need be, by tax legislation. To the extent that damages are awarded for the loss or major impairment of a capital asset, their diminution by reference to tax means that the claimant suffers in plain fact a tax on capital, however that arises in law. (It also means that a defendant will frequently be relieved of paying a sizeable part of the damages commensurate with the civil wrong he has done.) If the tax law relating to compensation for loss of office is to be altered, it would seem to be a necessary first step to "repeal" *Gourley*, or at least to limit its operation, for example by restricting its application to loss of earnings, under the heading of special damage.

There is one last alarming thought. The result of applying the *Gourley* decision does not bind the Revenue, unless it attends and agrees to be bound as in *Riches v Westminster Bank Ltd.* There remains the possibility in any other case that its underlying assumptions about the tax position may be wrong. Certainly in default of such agreement the Inland Revenue is not bound by the result and may not accept it.

PENSIONS AND THE MIDDLE CLASSES

"TOP HAT" pension schemes, which have blossomed under Socialist anti-avoidance legislation and Revenue approval, create a position of privilege for one section of the nation. As D-Day under the National Insurance Act draws nearer (April, 1961), many employed called upon to pay the new rates of contribution may complain bitterly that they are not in a position to contract-out or be contracted-out. They will naturally be scrutinising the position of those more fortunate in their retirement arrangements. It is here that the development of "top hat" pension schemes may come in for some criticism. These have grown to great dimensions under what, ironically enough, began as Socialist legislation against tax avoidance, which started as Sections 19 to 23 of the Finance Act, 1947, and now form Chapter II of Part XVII of the Income Tax Act, 1952. The retirement provisions for directors and employees require the approval of the Board of Inland Revenue, on conditions set out in Section 388. The only really serious obstacle to the creation of the most lavish pension provisions has been paragraph (f) of that sub-section, which treats "controlling-directors" of companies as pariahs. Another condition of approval, in paragraph (d), is that the aggregate value of the benefits should be reasonably comparable to the aggregate value of the benefits usually afforded by statutory superannuation schemes. The arrangements for Civil Service pensions allow for the payment of part of the retirement benefit in the form of non-taxable lump sums. So it has become the practice to approve very large pensions (except for pariahs) where the ratio in relation to remuneration is observed and years of service support it, and also to provide for a right to commute 25 per cent in cash, tax free.

When the report of the Tucker Committee on the Taxation of Provisions of Retirement was published in 1954 (Cmd. 9063), it appeared from paragraph 161 that Civil Servants could then get as much as £8,000 free of tax (although in the majority of cases it was much less); with the substantial rise in the emoluments of senior Civil Servants, the top figure is now presumably much greater than £8,000. It cannot, however, be anywhere near £40,000, which is the tax-free lump sum in a "top hat" scheme mentioned in the same paragraph. The Tucker Committee thought this was altogether too much of a good thing, and the Royal Commission took an even more drastic view. In paragraph 73 of their report, the Royal Commission proposed a £10,000 maximum for existing schemes (which if implemented would provoke an outcry about retrospective legislation and not without some justification, since these schemes have obtained Revenue approval) and £2,000 for new entrants. This proposal should be read with paragraph 252, which provides for the alleviation of a spreading basis.

As for the treatment of controlling directors like pariahs, this was put right to a limited extent by Mr Macmillan, as Chancellor of the Exchequer, under Part III of the Finance Act, 1956, which introduced retirement benefits for the self-employed (and non-pensionable directors were included). But these provisions exclude any kind of commutation and (unlike the provisions for "top hat" schemes) are rigidly limited in the amount of premium allowed as a deduction for tax. Also, the premium has to be provided by the "beneficiary" himself.

MR STOKES once said the professional middle class was the backbone of the nation, and that, so far as he knew, it was not the policy of the Labour Party to exterminate it. Yet the erosion in the standard of living of the older middle class since the war is shown by the gross earned incomes required today by a married man with two children under 12 to equal, after deduction of tax, the purchasing power of gross earned incomes in 1938 of £2,000 and £3,000; they are about £8,950 and £20,750 respectively. Professional post-1938 incomes have not begun to close that gap and never can. But the "organisation men" in their top hats have gone a long way, with Socialist help, to close it for themselves. And for their part, the wage earners have been assiduous in their wage claims to counteract, until the last year or two, the falling value of the pound, and they have also received very large remissions in personal taxation. If Mr Macmillan's "one nation" no longer contains "classes" it still contains "grades" in the field of taxation. There are opportunities here for reform that the Chancellor of the Exchequer ought to welcome all the more since the government's financial policy has left him with so little scope for an open-handed Budget in April. There can be reform even if there has to be little in the way of remission.

BUSINESS NOTES

IN THE MARKETS

Ten per Cent Down

EQUITY prices in London have now fallen on average by the 10 per cent since the beginning of the year that some people thought at the time would be the limit of the predictable reaction to the long market upsurge. The question now is whether the institutions that have been holding off the equity market in the hope of lower prices will step in and buy or whether they will wait in expectation of say a further 5 per cent drop before or immediately after the budget. Few investment managers have lost their underlying faith in equities, and some of them are still confident that the *Financial Times* ordinary index, down from its peak of 343 to 308 (it recovered by 1.8 on Thursday), will be over 350 in the summer. Certainly the fall in equities is still very modest after the doubling in prices since the beginning of 1958; the indices are still above their levels in early December, so that it is only the gains marked up in the speculative Christmas boomlet that have been lost.

The market is under two clouds. The first of these is Wall Street, where the fall in prices is looking more serious. In 1959 London could afford to ignore Wall Street, and some observers can be heard arguing that it should ignore it now. But there are significant differences. Last year British equities had important historical and political reasons for bounding upward alone. By the beginning of this year they had caught up. That itself was added reason for looking across the Atlantic again. And now everyone recognises that Britain's economy has troubles of its own.

The markets were late to wake up to the inflationary implications of the Government's handling of the rail dispute but they are now universally nervous—less of the effects of inflation than of government action to put it down. In these circumstances a firm budget might possibly encourage the markets, if they read that as ruling out the need for more disruptive measures. Nothing was more effective in administering a check to market buoyancy than the authorities' action in the gilt-edged market two weeks ago, when bank selling was allowed to depress gilt-edged prices by one point. Since then, equity prices have dropped steadily while gilt-edged have been quiet. This conjuncture is precisely in line with official policy of restraint. It is to be hoped that the lesson will be remembered the next time the Bank of England feels the market is getting out of hand.

HOW PRICES HAVE FALLEN*

	Jan. 1, 1959	Jan. 1, 1960	Mar. 10, 1960
Barclays	44/-	66/3	55/3
Midland Bank	60/6	90/-	84/6
UDT	115/-	210/-	157/6
Prudential "A"	11⁹/₁₆	17¹³/₁₆	15⁹/₁₆
London County	16/6	28/-	24/9
Guest Keen	57/9	92/4½	87/6
Stewarts & Lloyds	28/6	60/6	50/-
Vickers	35/7½	39/-	32/7½
Unilever	87/9	140/9	137/-
Assoc. Portland	43/7½	73/9	68/(1½
EMI	35/3	54/4½	51/6
ICI	37/10½	61/3	59/9
British Motor	10/7½	23/6¾	19/9
P & O	35/9	53/9	40/9
Shell Transport	150/6	165/9	141/-
GUS "A"	30/10½	53/4½	46/10½
Courtaulds	34/3	65/9	61/4½
Lancs Cotton	40/1½	66/6	60/4½

* Adjusted for scrip issues and rights issues.

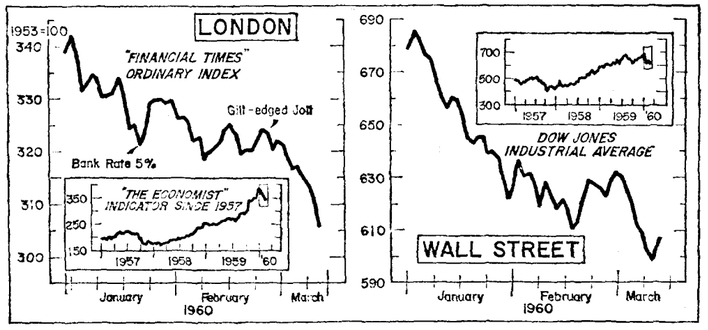
Reappraisal on Wall Street

Our correspondent cables:

EQUITY prices on Wall Street fell for seven successive trading sessions before rallying by 8 points on Wednesday. At Tuesday's close the Dow Jones industrials average dropped below the 600 mark to its lowest point in over twelve months. In addition the Dow railroad average penetrated its previous low point of last November—which according to the devotees of the Dow theory "confirmed" the similar trend in the industrials average and signalled an official bear market. The long established Dow theory has few followers today, partly because railway stocks are now relatively unimportant. But enough people believe in the psychological influence of the theory for it to be held responsible for this week's decline.

Institutional investors with a new respect for yields are continuing to put the larger part of their new funds into fixed income securities. They have bought equities sparingly and selectively, concentrating on the shares of telephone companies and public utilities and on some electronics issues. But automobile shares sagged when it was learned that some manufacturers planned to lay off workers—even though output of cars in the first quarter of the year is likely to be second only to the record 1955 figure. Similarly, although the steel mills are operating at over 90 per cent of capacity and running up handsome profits, the fear that future production will suffer has led to widespread selling of steel shares.

The 13 per cent decline in equity prices since the beginning of the year cannot now be dismissed as a mere technical correction. The stock market has certainly reflected general disappointment—or rather surprise—that the economy is not straining hard at the leash. Much significance is now being attached to the tentative reappraisal being made by the Federal Reserve (discussed on page 985); in these circumstances the prospect of a budget surplus looks deflationary. But while there are pessimists around who have already renamed this decade the sinking sixties, opinion on Wall Street remains fairly confident that the market will regain its balance, if not its old peaks.



STEEL

Close to Capacity

WITH output in February exceeding a rate equivalent to 25 million ingot tons a year for the first time in history, Britain's steel industry is now operating at about 95-98 per cent of furnace capacity; allowing for lower output in months affected by holidays, the steelmakers are now fully confident of producing slightly over 24 million tons during 1960. Finishing capacity in the industry remains rather less evenly loaded. Plants that produce railway goods and steel used in coalmining are still short of orders, and so are the forges. Demand from the shipbuilders and from the oil industry remains depressed, too: even so, there has been a marked increase in general demand for plates, and the section mills are also busy again.

STEEL CONSUMPTION AND STOCKS
(Quarterly: '000 tons)

	Consumption Actual	Consumption Seasonally corrected	Per cent change from previous year	Consumers' stocks (end of quarter)
1957—				
I	3,492	3,370	− 2·9	3,980
II	3,427	3,330	− 3·2	4,000
III	3,153	3,470	+ 3·6	4,000
IV	3,554	3,460	+ 4·8	4,120
Total	13,626			
1958—				
I	3,524	3,400	+ 0·9	4,220
II	3,395	3,300	− 0·9	4,130
III	2,924	3,220	− 7·2	3,880
IV	3,080	3,000	−13·3	3,570
Total	12,923			
1959—				
I	3,123	3,010	−11·5	3,410
II	3,375	3,280	− 0·6	3,240
III (p)	2,974	3,270	+ 1·6	3,124
IV (p)	3,456	3,360	+12·0	3,118
Total	12,928			

Although steel consumption, according to the estimates of the Iron and Steel Board, was 12 per cent up by the end of the year over consumption twelve months before, it now seems that a substantial proportion of the extra steel being bought is going into the rebuilding of stocks. The board now reckons that stocks held by private industrial consumers rose in the fourth quarter of the year, though this was offset by a continued reduction in the stocks held by nationalised industries and other public organisations. Recent months have offered a reminder of the relative importance in total steel consumption, as well as in stocks, of this public sector. During the last half of 1959 production in most private "metal-using" industries was probably 5-10 per cent higher than during the previous peak of 1957. Yet total steel consumption, according to the board's estimates, was nearly 5 per cent lower. With the railways and mines buying much less than usual, that is to say, the pattern of industrial output, in the industry's own jargon, had become markedly less "steel-intensive."

STERLING

Funds to London

STERLING has been very firm this week. It rose to $2.80½-⅝ on Wednesday, and would have appreciated more sharply against dollars and Continental currencies had it not been for some offtake of exchange by the Exchange Equalisation Account. The market has been unusually active. There has been a considerable two-way demand for sterling and foreign currencies. Commercial demand for sterling is now running at a high seasonal level mainly on account of payments for sterling area raw materials. On the other hand, the recent level of imports into the United Kingdom has been steadily expanding and a corresponding increase in the commercial demand for dollars and other foreign currencies has been noted in the market. The seasonal demand for sterling is still being somewhat delayed and extended as a result of the tendency of foreign bankers and merchants to finance part of their immediate needs through sterling acceptance and cash credits. As these mature greater difficulty is being experienced in getting them renewed but the total amount of these foreign credits outstanding is still appreciably above normal.

An additional support for sterling in the market this week has come from an inflow of short term foreign money. This movement follows the sharp decline by half a point in the United States Treasury bill rate. Part of the money that has come to London is being left here without forward cover though some of it is the result of carefully calculated and covered interest arbitrage. At current Treasury bill rates, 4.46 per cent can be earned in London and 3.62 in New York, giving London an advantage of 0.84 per cent. With the three months' dollar at a 20 cents premium on sterling, this still leaves a net advantage (allowing for this cost as a percentage of the spot rate on an annual basis) of 0.55 per cent in favour of London. The fact that the premium on forward dollars remains below its interest parity is an indication of confidence that sterling will strengthen further. Some German banking funds have been withdrawn from New York and redeposited in London without forward cover on the view that seasonal factors are almost certain to carry the sterling-dollar rate above its present level over the next three months.

OIL HEATERS

Establishing the Danger

THIS week's official report on the scientific investigation into the fire risk of oil heaters seems to justify fully the description of "alarming" that was given to it in *The Economist* of January 23rd. The published report is concerned exclusively with the effect of draughts on radiant oil heaters, 3 million of which have been sold compared with perhaps 9 million of the safer convector type of oil heater; but it also refers specifically to "other dangers . . . outside the scope of this report." The fire research station of the Department of Scientific and Industrial Research had noticed an increase in fires caused by oil heaters long before the tragedy at Ware last November made the safety of these heaters a matter of urgent public concern. The number of these fires had risen from 1,202 in 1956 to 4,464 in 1958; about 23 per cent appeared to be due either to overheating or flaring of the appliance. These figures seem to question the manufacturers' aggrieved complaint that the DSIR's tests were overharsh and the conditions under which they were carried out unrealistic. Radiant oil heaters do overheat, their flames do flare beyond their guards, and the fire records prove it. The only question is: Why? The DSIR was already preparing to find out when the Ware tragedy occurred and five children died within minutes.

The DSIR tested 34 of the 35 radiant heaters on the market (the last was eliminated because its fuel tank stood upright below the burner, instead of upside down beside it, and was therefore perfectly safe. As was explained in an earlier issue of *The Economist* it is the closeness of the burner to an inverted fuel tank that presents the source of danger). When the 34 heaters under test were put in a draught, 32 of them burst into flames in seconds. The wind used to get these results was equivalent to 3.3 miles an hour, slower than most people walk. The industry says that this is unrealistic. But the DSIR built an experimental room, comparable to the ground floor of a council house, and showed that in a high wind an open back or front door or window could create the sort of draught that cooled the radiant top of the heater, blew the flame downwards on to the trough of heated paraffin that was feeding it, and upset the pressure inside an already hot fuel tank so that it forced its way through the valves spreading rapidly burning paraffin all round the floor. The whole sequence takes less than a minute and can produce an inferno within 90 seconds.

What is to be Done?

IT is only the fact that really high winds are relatively infrequent that has protected most of the 3 million owners of radiant heaters from this kind of danger—which has been described not only in the DSIR's report, but in an equally careful test carried out by the British Standards Institution's Consumer Advisory Council and has long been suspected by the oil companies. Of the 22 heaters tested by the BSI (not all of the drip-feed type), 19 caught fire in a draught equivalent to 4 miles an hour. The DSIR said that radiant heaters could quite easily be made draught-proof from the outset, and the BSI found that one manufacturer, Tallent, had already gone to the trouble of doing this. But what is going to happen to the rest of the industry, to the large number of radiant heaters on retailers' shelves (sales dropped sharply after the Ware fire) and to the 3 million heaters in use?

Nothing can be done about those already in homes; they cannot be modified to make them safe and householders will have to use them with the utmost care. The Home Secretary has hinted that he is prepared to take action about those heaters which had not been sold; no decision about the future of heaters now in the shops was taken at the first of what is likely to be a long series

of meetings between government departments and the industry, which was held on Thursday afternoon, but there was agreement to test all new designs along lines laid down by DSIR. The British Standards Institution has been considering the revision of the now-obsolete standard for paraffin heaters (of all kinds) for several months; progress has been slow and had come almost to a standstill waiting for the DSIR's verdict. Its new standard should cover precautions against draught, as agreed at this week's meeting, and also the likelihood of overheating, overturning and fumes. Corrosion caused by the paraffin's water content is a potential danger but one that needs more research; this is likely to be the DSIR's next job.

Under normal circumstances, manufacturers are free to use or reject BSI standards as they wish. The BSI has already announced that it intends to extend its Kite Mark scheme to oil heaters once the new safety standard has been agreed—probably in May. This means that heaters licensed to use this mark would be submitted to BSI for test, and periodic check tests would be carried out on heaters bought over the counter at random. But most people have the impression that in spite of the undertaking given by the industry to use the BSI standard the Home Secretary will introduce or accept a Bill to ban the sale of any heaters not conforming to it.

BANK ADVANCES

Where They Went

The detailed classification of bank advances in the three months to mid-February shows that the rise was going on at almost exactly the same rate and in almost the same directions as a year before. Advances of all banks in Britain rose by £241 million in the quarter, to £3,243 million, compared with an increase of £245 million in the quarter ending February, 1959. The personal and professional group took a further £57 million, and at £638 million its total advances were very nearly double their level two years before. The main industrial groups took another £103 million (almost exactly the same increase as a year before).

BRITISH BANKERS' ASSOCIATION
Changes in Advances
(£ million)

	Nov., '58 to Feb., '59	Nov., '59 to Feb., '60	Feb. '59 to Feb., '60
Personal & professional	+ 53	+ 57	+201
Hire purchase.....	+ 19	+ 12	+ 67
Retail trade.....	+ 34	+ 36	+103
Industry & other trade	+102	+103	+301
"Other financial"....	+ 23	+ 36	+ 96
Total.....	+245	+241	+776

The expansion in advances to hire purchase companies has at last begun to slacken, with an increase of £12 million to £126 million—but that is nearly five times as large as the figure eighteen months before. Bank money has also been financing hire purchase through retail trade; with another increase of £36 million, to £338 million, advances to this group too now stand at double the level two years before. Hire purchase may be the first to feel the pinch of the tighter liquidity pressures that are now restraining the bankers. Another candidate for scrutiny perhaps will be the amorphous "other financial" group, which is 50 per cent up on the year at £300 million. Besides the big finance corporations such as FCI and ICFC this group includes property companies and other financial concerns that in the past two years have carried a good deal of their not always unspeculative expansion in the past two years on bank money.

BRITISH DRUG HOUSES

Overstepping the Mark

On February 27th, a letter from Dr Eleanor Mears appeared in *The Lancet* describing three hormone drugs to be used in small-scale clinical trials to see if they would prevent conception. Dr Mears concluded with a cautionary sentence: "It seems at present that they are not what we are all looking for: something much simpler, much less expensive and preferably with a chemical, and not a hormonal action, would be preferable. . . ." The pills being tested as contraceptives have all been evolved from drugs used to correct hormone disturbances of one kind or another and one made by British Drug Houses is used (in very different doses) for the treatment of certain illnesses. BDH had in its laboratory, however, a development of this preparation which the company expected to prove much more effective in preventing conception than the one mentioned by Dr Mears, and the scientific director of BDH wrote to *The Lancet* to point out this fact.

There is nothing here that offends against the principle that makers of drugs should not make claims for products until they have clinical proof of their efficacy. But British Drug Houses proceeded last week to hold a press conference to announce its new preparation and has sent a copy of a press statement to every shareholder. All this was connected with the take-over bid made by Fisons (which was withdrawn on Wednesday this week). Shareholders, who cannot be expected to be as well versed in the niceties of medical investigations as the readers of *The Lancet*, were given this information to encourage them to repel the boarders. It will not be their fault if they assume that their company has a revolutionary, and presumably highly profitable, new product about to go on the market.

How much can BDH in fact claim for its new pill? The Family Planning Association, whose medical secretary is Dr Mears, is organising a small trial in Birmingham using a hormone pill that has had four years' controlled trials in the United States; the Association would need a great deal more information about the BDH drug, which the company will not be in a position to give it for at least three months, before deciding whether to include a limited number of trials of BDH pills. And until clinical trials have been held, no one can say whether a new drug will succeed or not. It could be fifteen months before the answer is known. This fact is well appreciated by doctors, and the lay public should not be encouraged to think otherwise. These are considerations that should have been kept quite apart from the company's ownership.

BIDS AND DEALS

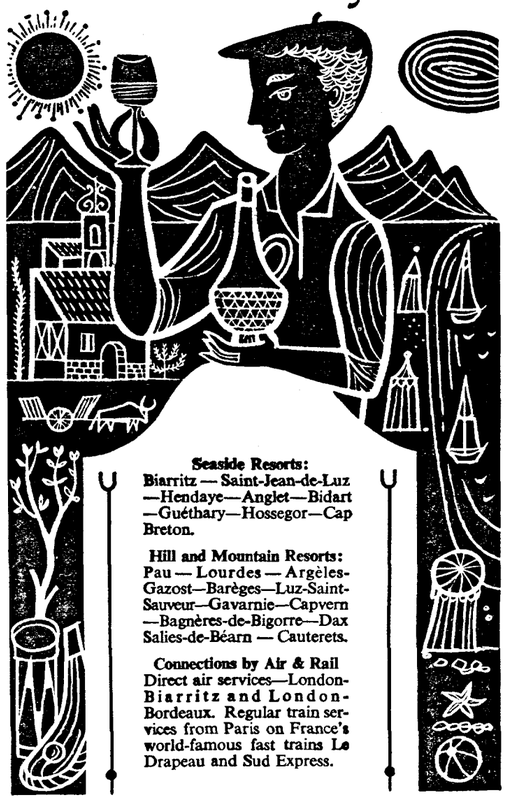
Two Passes

For the second time in recent months both Electric and Musical Industries and Fisons have had to admit defeat in take-over battles. EMI withdrew its offer for Henry Simon (Holdings) on the news that agreement had been reached for a complete merger between Henry Simon and Simon-Carves. The terms of the merger will not be known until the 1959 results of both companies are announced at the end of this month but shareholders are promised a more liberal dividend policy. Fisons claims that a substantial number of acceptances were received for its offer for British Drug Houses, but not enough to give it control. The fact that Fisons did not consider it worth extending its offer suggests that acceptances fell short of 50 per cent. On Thursday BDH fell by 9d. to 25s. 9d., while Fisons rose by 1s. 4½d. to 48s. 7½d.

But the stream of take-over and merger proposals has by no means dried up, and existing proposals are being embellished by favourable new forecasts from various bidders of future profits and dividends.

1. Watney Mann, in making its offer for Phipps Northampton Brewery, disclosed a substantial increase in profits for the first five months of its trading year and said that additional profits from the rent of the Stag site will be realised sooner than expected. The ordinary dividend is to be raised from the equivalent of 15 per cent to not less than 17 per cent. Watney is offering 107 £1 shares for every 100 Phipps £1 shares and 110 5¼ per cent preference shares for 100 Phipps 5½ per cent preference. Watney £1 shares now stand at 75s. 9d. to make the offer worth about 81s., in line with the current price of Phipps, which shows a rise of 8s. 9d. since the news of a possible merger was first announced.
2. Smiths Potato Crisps forecasts a dividend for the current year of 50 per cent against the equivalent of 34 per cent. This forecast was made in connection with the acquisition of Tudor Food products for approximately £1 million. The deal involves the issue to the controlling shareholder in Tudor Food of 259,351 Smiths 5s. shares, of which he will retain 30,000 and place the remainder with institutional

BASQUE
holidays



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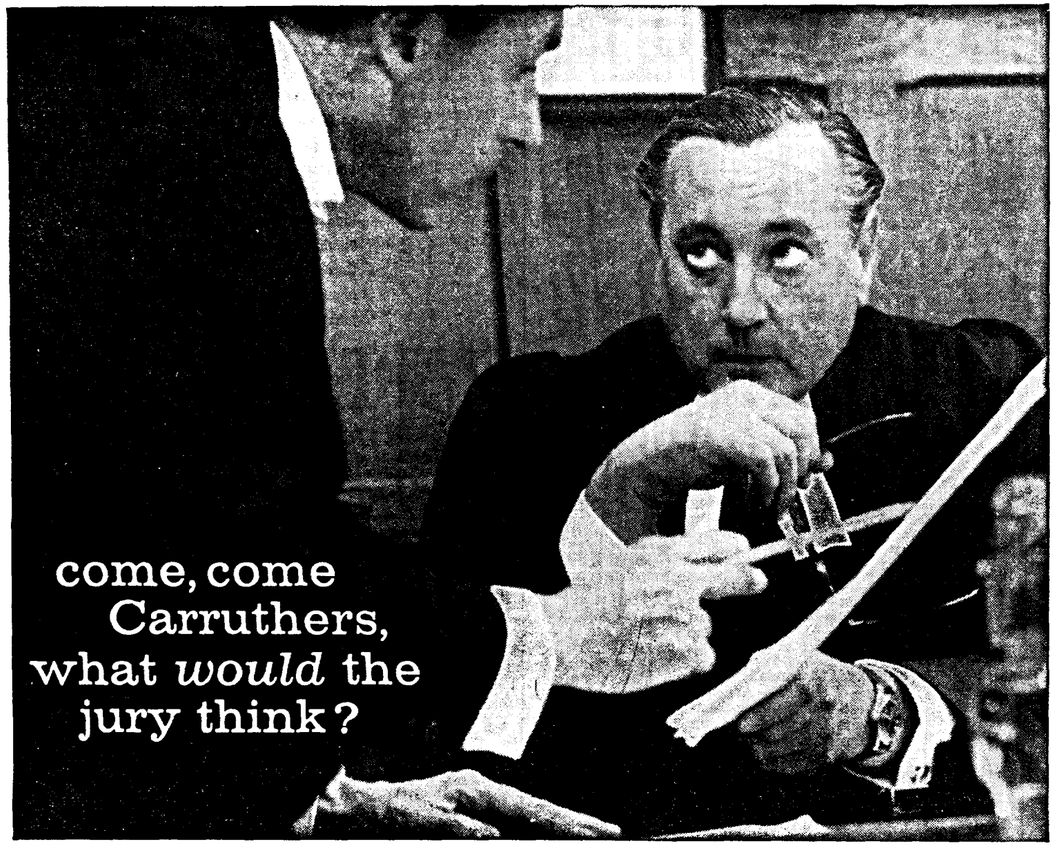

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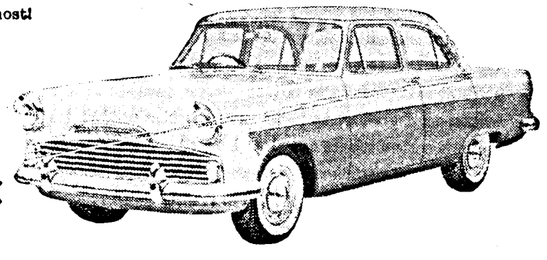

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investors. Smiths is optimistic about the future of its new acquisition—which also makes potato crisps—and expects Tudor's 1959 output to be quadrupled when a new factory is opened shortly.

3. Hovis-McDougall intends to raise its ordinary dividend from 20 per cent to the equivalent of 22 per cent following a 100 per cent scrip issue. An offer has been made of 240 5s. shares for every 100 5s. shares in E. Marriage and Son, flour millers, and 11 5½ per cent preference (raised from 5 per cent) for every 10 Marriage preference. The equity in E. Marriage is privately held.

4. The terms of a proposed merger between Charles Roberts and Birmingham Railway Carriage and Wagon have been announced. The plan is to form a holding company which would offer three 5s. shares for each Birmingham £1 share and one 5s. share for each 5s. share in Charles Roberts. The Birmingham Railway directors are to make no recommendations on the terms until an up-to-date valuation of assets has been made. Charles Roberts 5s. shares are currently quoted at 15s. and Birmingham Railway £1 shares at 41s. 6d.

HIRE PURCHASE

To Market for £12 Million

SHARES in hire purchase finance houses, not surprisingly, have been especially vulnerable to the new uncertainties in the equity market. They face not only the possibility of a reimposition of official controls but the probability of a tightening of sources of finance. As the banks become less forthcoming, the finance houses may have to make more demands on the market. United Dominions Trust is apparently anxious to lose no time in doing so. It intends, subject to favourable market opportunities, to make a rights issue to raise £12 million. Shareholders will be offered one new £1 share at 120s. for every two shares held at March 7th. At the beginning of the year the market price of UDT shares was 210s., but by Wednesday a combination of general influences and leaks about the new issue had brought the price down to 160s.; on Thursday, after the news had been officially confirmed, they closed at 157s. 6d., at which the rights are worth 12s. 6d. The new shares will not participate in the final dividend for the year to June 30th. The Barclays group will take up its full allotment, at a cost of £3 million. The issue will raise UDT's resources in ordinary capital and reserves from £11½ million to £23½ million; its loans and hire purchase advances in mid-1959 stood at about £100 million.

HIRE PURCHASE DEBT

Household goods shops and finance houses
Monthly averages or calendar months

	Growth of HP debt	New credit extended	Repayments
	£ million		
1959—1st half	25	77	52
3rd quarter .	25	78	53
4th quarter .	24	80	56
1960—January	16	74	58*

* All estimates are tentative and this figure is particularly tentative.

Total hire purchase credit has expanded a good deal since then, but the growth in net outstandings is now being curtailed by the mounting volume of repayments. The effect of this is shown in a new division of new credit and repayments made on a tentative basis by the Board of Trade.

MOTORS

Non-Europeans at Geneva

Geneva

SWITZERLAND, as a market for cars, serves the foreign manufacturer as a small-scale "test market"—with a fastidious clientele, no domestic industry to favour, complete freedom from import quotas, low tariffs, and the full wind of international competition blowing. It is for this reason that the Geneva *Salon de l'Automobile* is the most international of all motor shows. It displays lorries, utility vehicles and motor cycles as well as the passenger cars; eleven countries are represented this year with 80 different passenger models on show. Britain leads with 24 different models, followed by the United States with 18, Germany with 15, Italy and France with 8 and 6 models respectively; there are also four from the Soviet Union.

Swiss motorists bought 70,000 cars last year, 10,000 more than in 1958. Half of the total came from Germany, though the German share of this market is declining: Volkswagen continue to supply just under half the German models. The second largest supplier is France with 17,000 cars; Italy sold 6,700 and Britain 5,900 cars. Of the 10,000 extra cars sold in 1959, Germany had only 3,000; 5,000 came from France, and Great Britain did well, selling 1,000 more than in 1958. Half of this increase was scored by the British Motor Corporation, which with its Farina-style models introduced last year has at last managed to appeal to the Continental taste in design.

Standard-Triumph, too, has realised that design and service facilities are needed here to back a sales effort. The company had made little impression on the Swiss market until it introduced its Triumph Herald with a flourish last September: the results have been encouraging, with a 2½-times increase in sales. Standard-Triumph was one of the few companies with a new model to show at the Geneva *Salon;* most European makers are marking time, displaying fewer models on smaller stands and concentrating on cars that have proved their popularity.

Stronger efforts are being made by the two non-European groups, the American and the Russians, who are both introducing new products for the first time to the European market. Detroit sold only 2,000 cars to the Swiss market last year, 500 less than the year before, but hopes to stop this decline by the introduction of its compact cars. These may compete with the Opel Kapitän, the big Mercedes, the larger European Ford models and the big Vauxhall; but the publicity for the compact car is a free gift to the European manufacturers who already make smaller cars. The American models are still large by European standards and the European buyer has a different interpretation of the concept "compact." The Valiant, Falcon and Corvair cars have only just been introduced here and no experience as to their sales appeal has yet been made. As for the Russian exhibits—four different types of passenger cars—few visitors seem so far to be penetrating beyond the curtain of curiosity.

The Price of Fresh Air

THE Triumph Herald convertible that was introduced at the Geneva Show this week adds to the few open bodies now available to the British motorist. This soft-top version costs £766 (including £216 purchase tax) against £730 for the hard-top coupe. This addition to the price is much less than a convertible body adds to the price of a Hillman Minx or a Ford Consul, presumably because the chassis construction used in the Herald obviates the strengthening of the body that is necessary when a folding head is fitted to a chassisless, integrally constructed car. With the Herald the difference in cost is simply that of producing and fitting a metal-framed fabric cover as against the fixed hard-top pressing. Standard-Triumph is, however, charging the customer something for his fresh air; motorists cannot forget that in the Morris Minor one gets the alternative for nothing. But the availability of the Herald as a convertible (and Standard-Triumph might also think of a roll-back sunshine roof for the saloon, which looks particularly well suited to one) may help to consolidate the position of this model as a small car that is different enough from its competitors to possess some snob appeal.

COMMON MARKET

List G Tariffs

COMMON external tariffs for most items on List G of the Rome Treaty were settled by the European Economic Community last week. These tariffs had to be negotiated for items that largely comprise materials bought by individual members from countries outside the community. As their dependence on outside supplies varies, the desire for protection varies among the members. In lead and zinc, for example, there is a clash between the high protection mining and smelting industries of France and Italy, and the low tariff industries of Belgium and Germany (with Holland having no mine production at all). Recognising the conflict of interest, the treaty also provides for the introduction of

. . . tariff quotas at a reduced rate of duty or duty free, where a change in sources of

supply or a shortage of supplies within the community is of such a nature as to entail harmful consequences for the processing industries of the member state concerned. Such quotas may not exceed the limits beyond which the transfer of activities to the detriment of other member states is to be feared.

Though full details have not yet been published, it is clear that this facility has been widely used.

On lead and zinc a specific duty of 0.6 (US) cents a lb (£4 16s. a ton) has been negotiated, but Holland can import 40,000 tons of lead and 10,000 tons of zinc a year (virtually all of its requirements) duty-free; Belgium will import a fifth of its requirements of lead duty-free, and Germany a fifth of its requirements of both metals. There are no duties on concentrates, of which the community imports about half of its supplies. Italy managed to contract out of the common external tariff for six years while it grapples with the problem of its hard core of high-cost mines. On aluminium there is to be an *ad valorem* duty of 10 per cent, but apparently Germany and Belgium can import their requirements duty-free, and the duty of 6 per cent on pulp for papermaking seems to apply only to France. Negotiations on tariffs for petroleum products, in which the French interest is paramount, were shelved. Exporters of lead, zinc and aluminium to the community are unlikely to suffer much from the present arrangement, which is tantamount to a free trade area. And if the proposals for speeding up the common market are accepted, the external tariff will take effect on July 1st, but the duties just fixed will be cut by a fifth. In the long run, the extent of tariff discrimination on these metals will depend on the wider negotiations in Gatt, which in turn will be influenced by the success of the French drive to consolidate the metal industries.

BUILDING SOCIETIES

Warning on Rates

HARD on the heels of the impressive figures of the Halifax Building Society comes a warning from Mr C. J. Dunham, president of the Co-operative Building Society, that mortgage rates might have to be raised this year—though he does not expect an early change. Thus begins what this month's *Building Societies Gazette* refers to as the pantomime or comic opera called "Interest Rates" which will certainly run until well after the budget. Building societies are still arguing about last summer's decision by the Association to cut its recommended rates, to 5½ per cent on mortgages and to 3¼ per cent tax paid on investment shares. About 88 per cent of the members have adopted the recommended mortgage rate but only 55 per cent have cut their investment rate. Thus it is estimated that about 140 member societies are still paying at least 3¼ per cent on their shares, some at the expense of sharing their margin for reserves.

Of those societies that followed the Association's recommendations, the Co-operative Permanent has not been alone in suffering a considerable drop in the inflow of money. Faced with the need to show reserve ratios of at least 2½ per cent by the end of this year in order to qualify for trustee status and Government loans for

Selling to East Germans

Leipzig.

VISITORS to Leipzig's spring trade fair, a thousand-year-old European institution that with the tacit consent of East and West has survived upheaval and social revolution, are always tempted to invest it with political significance. Last year the sudden arrival of Mr Khrushchev, immediately after Mr Macmillan had visited Moscow, lent it a note of drama: this year there has been some pre-Summit buoyancy of mood.

For British exhibitors, however, the significance of 1960's Fair was that it marked a year's practical working of the trading arrangements concluded in 1959 between the East German *Kammer für Aussenhandel* (Chamber of Foreign Trade) and the Federation of British Industries. Physically this was reflected in a larger participation by British exhibitors, with a British pavilion for once in keeping with the country's industrial importance. Commercially, it has been generally agreed that this first year's agreement, though necessarily empirical in conception, has worked reasonably well. This trading arrangement is a formula that skates round delicate questions of recognition in order to achieve a tentative pattern of Anglo-East German trade: it provides for £3 million of trade in each direction. (This is apart from any special purchases which can be made outside the 1960 arrangements, such as East German purchases of semi-processed materials, or sales of potash to the UK which reached about £1¼ on open general licence last year). The East German *Kammer für Aussenhandel* has opened a trading office in London; the prospect of new harbour installations at Rostock may ease deliveries, also. But the lessons of the Leipzig Fair make it necessary to qualify the possible optimism of would-be exporters.

Britain's chances of selling in East Germany are in the first place somewhat overshadowed by the preponderance of West German competition. In spite of political bitterness, West Germans regard Eastern Germany as an extension of their home market, and West Germany's exports there reach about £70 million a year. There is a constant technical favouring of the West German product, not only on grounds of sentiment, but, as in all East European countries, because of technical familiarity. Political and currency factors in the East, however, may lead the East German state buying agencies deliberately to lessen this West German trading preponderance, in our favour.

BUSINESS secured at Leipzig by British firms appeared to be reasonably satisfactory. But the growing industrial strength of the Soviet Bloc countries, assisted increasingly by Comecon rationalisation, was evident not only in the growing volume of inter-bloc trade (Poland booked large orders for steelworks plants and chemical equipment from Eastern Germany under a new trade agreement), but in the clear tendency of East German purchasing to become more selective.

Thus the firms benefiting at Leipzig are either those supplying materials in short supply, such as rolled products (GKN, Richard Thomas and Baldwin and other steel firms did good business) or those supplying complete plants (Humphreys and Glasgow) or highly specialised equipment beyond the present capacity of branches of local manufacture (for example, English Electric, Taylor Hobson and Peco Machinery). Consumer goods presented a much less hopeful picture (although Rootes are believed to have secured a good order).

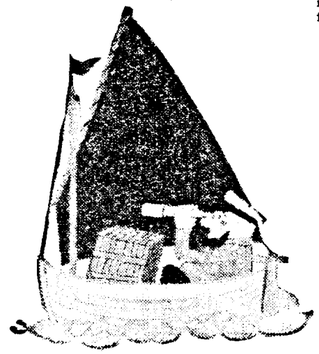
UK TRADE WITH EASTERN GERMANY

(£ million)

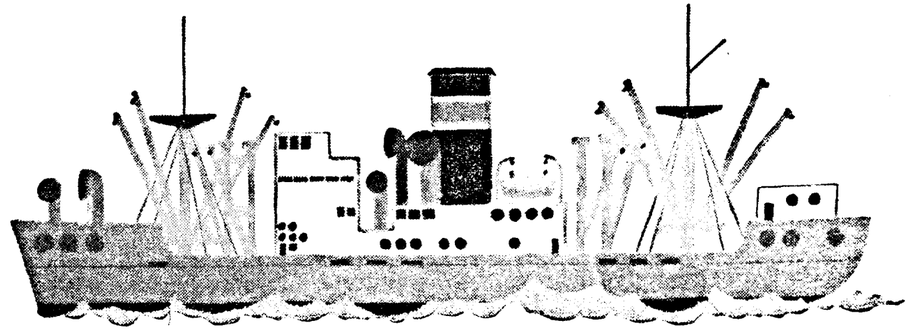
	UK imports from Eastern Germany	UK exports to Eastern Germany	UK re-exports to Eastern Germany
1955	2·5	0·7	0·3
1956	2·4	1·0	0·5
1957	2·8	1·4	1·4
1958	3·4	2·3	0·4
1959	4·6	3·5	0·7

Selling in Eastern Germany is a long and trying process; old hands among UK exhibitors at Leipzig, some of whom are now seeing their years of patient attendance rewarded in some part in this year's fair, would be the first to warn potential exhibitors against any venture into the market that was purely opportunist and did not envisage a year or so of assiduous preparation. To the specialised producer, with confidence that his product can meet all comers, Leipzig offers an opportunity of meeting not only potential purchasers behind the Iron Curtain, but also the potential operators of the actual machines or equipment. He would be well advised, however, not to expect vast orders on his first sally into the market. As in all East European markets, he must learn to adapt his marketing to "the Plan."

SMALL EXPORTERS In the first three years of his ECGD policy, a manufacturer of insecticides built up one market from £200 to £5,500, raised his total export turnover from £2,500 to £15,000.



LARGE EXPORTERS In ten years of exporting under ECGD cover, a famous firm of tool makers raised its annual export turnover from £35,000 to £589,000.



Going up! In today's fiercely competitive export markets, business done under the security of ECGD cover is increasing. Total shipments of ECGD policy-holders increased by over 20% during 1959—at a time when uninsured exports rose by only 1%. With payments guaranteed, ECGD exporters are in the position to grant competitive credit terms and are filling their books with fresh orders. They're the men most likely to succeed. *Have a talk with your ECGD man.*

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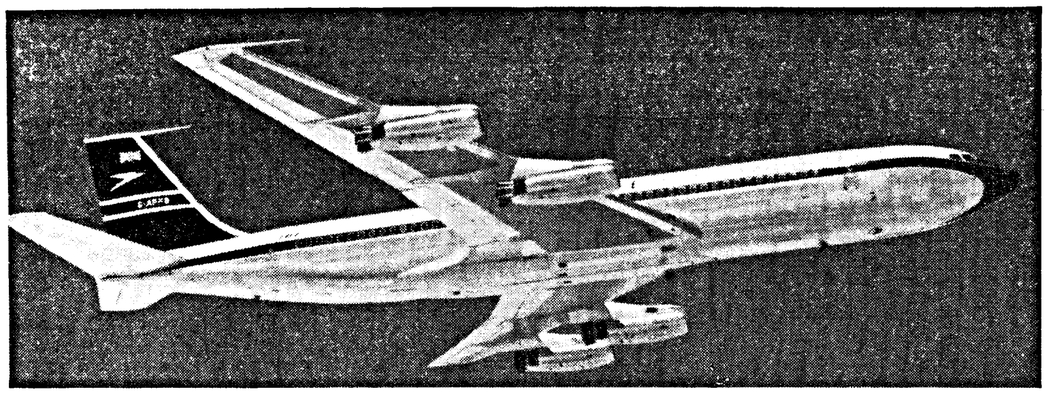

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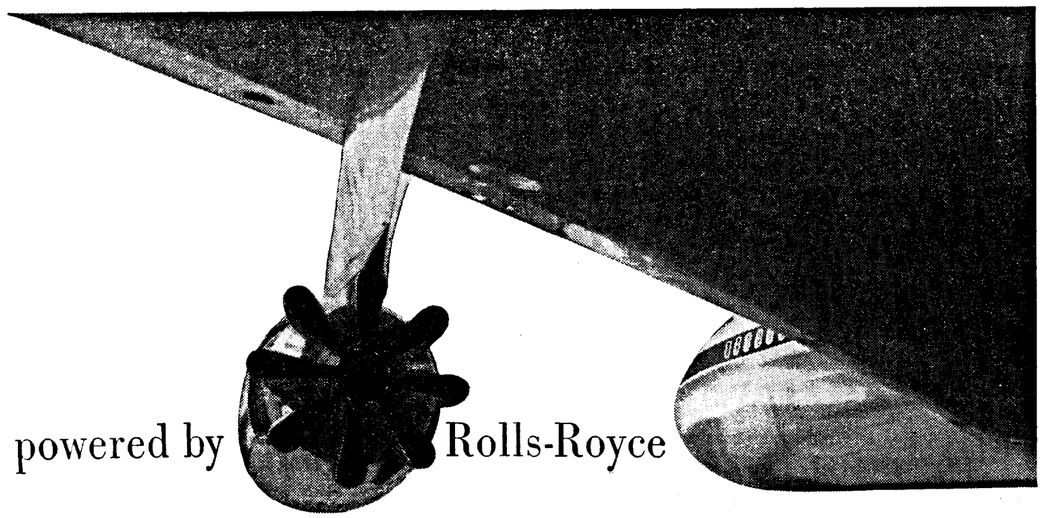

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BOEING 707 Intercontinental

older houses, some societies have been forced to tighten or even ration their mortgage advances. The first quarter's figures will reveal how far the increase in Bank rate has further diminished the flow of money into the societies; by April also the budget will be known. It is clear however that the demand for mortgages still far exceeds demand at present rates and that unless the Association's rates are raised more borrowers will turn to mushroom societies.

ATOMIC ENERGY

Broken Engagement

THE merger arranged between Atomic Power Constructions and the General Electric-Simon Carves atomic energy group will not now take place and the number of major atomic design teams in the country reverts from three back to four—with a host of resultant complications. Atomic Power Constructions was formed in December, 1956, two years after the four pioneer atomic design groups had come into being. Its founders were Crompton Parkinson, International Combustion (Holdings), Richardsons Westgarth, Fairey Aviation and an atomic civil engineering group formed by Trollope and Colls in partnership with Holland and Hannen and Cubitts. The new company was a victim of the decision to slow down the rate of nuclear power construction, the CEGB invited no tenders for new nuclear power stations between mid-1957, when English Electric started work on the Hinkley Point power station, and last summer when APC was awarded the contract to build the Trawsfynnyd nuclear power station. A few months later it was announced that the group had decided to merge with the consortium headed by GEC.

Negotiations have not gone smoothly and they broke down finally last week. GEC has complained that the company found itself having to deal separately with each of the five member companies of APC, and not with a single group; APC has referred to the difficulty of dealing with a company like GEC whose interests extend well beyond the building of nuclear power stations. The main stumbling block could well have been failure to agree on how to divide research, for GEC, with a big and expensive atomic energy research division which it is finding hard to keep usefully employed, considers itself the senior partner and expected the lion's share of the research.

OVERSEAS TRADE FAIRS

Sales—and Prestige

AN engagement to speak to the Incorporated Advertising Managers Association last week was an appropriate occasion for Mr F. J. Erroll, the Minister of State, to give an extensive account of the Board of Trade's slowly evolving policy on overseas trade fairs and the manner in which it is prepared to lend them support. Apart from collecting and publishing information, the Board is also still prepared to provide some financial backing "in ways that will encourage private enterprise to spend its money to the best advantage." This is reasonable enough, but as Mr Erroll was careful to add: "Fairs are things on which—unless one is careful—it is very easy to spend a lot of money to very little advantage."

The Minister of State spelled out in some detail the way in which this statement of broad principle will apply to the four types of trade fairs the Board is, in general, willing to back:

1. At the all-British fair the Government "can best show something that would not otherwise get shown so as to heighten interest . . . and attract visitors." Thus at Lisbon and Helsinki it put on a comprehensive display of consumer goods and it intends to emphasise British scientific invention and research at New York in June.

2. The specialised trade fairs, devoted to one or a group of industries, are where most real business is done. Since their emphasis is on goods rather than on display, they are fairly cheap to participate in. If a trade association comes forward with at least a dozen members willing to take part in one of these fairs for the first time, the Government will rent space and put up stands.

3. Outside Europe and north America, fairs organised on national lines—the easiest way for organisers of new fairs to try to get started—are likely to grow in number. Where it is worthwhile having a British pavilion at all, the Government will foot part of the bill, manage it, and try to ensure a high standard.

4. Prestige exhibits raise the vexing question of how far industrial prestige helps to sell goods. The Government will heavily restrict the number of prestige stands that it erects, but when it decides on one it is prepared to spend enough to make sure it is worth while.

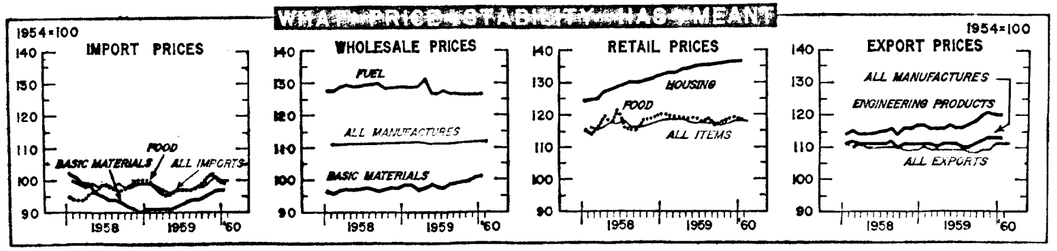
The Board of Trade appears to have arrived finally at a fairly sensible policy, and it has also been finding a surer touch when it does occasionally go in for the prestigious. But in terms of tangible return for effort made the specialised trade fairs are still the best propositions. It is arguable whether the national pavilions and prestige stands that the Government does take on absorb too much of the £170,000 or so a year it devotes to overseas fairs. A single national pavilion, properly done, can easily cost a third of that annual outlay.

TIN MARKET

Prices Too Steady?

TIN prices remain in a narrow range. World consumption is buoyant—whatever may happen in the United States later this year—and supplies are closely controlled. Consumers are happy because the manager of the international buffer stock can keep prices steady at a level that no one could call high. This month the manager appears to have sold metal to prevent tin rising to £800 a ton, the level at which the "benevolent neutrality" of the United States towards the tin scheme becomes strained. Producers as a whole are still prepared to forgo a higher price for the sake of stability, but many dealers and merchants are not happy. They argue that with the market kept in such a narrow range their job is scarcely worth the candle.

At its meeting in London this week the tin council decided to raise export quotas in the second quarter by 1,500 tons to 37,500 tons, though it expects actual exports to be only about 35,300 tons. It has acted under the provisions of paragraph eight of article VII of the agreement, which allows quotas to be increased when the council believes that any producing country is unlikely to fulfil its quota. The council does not identify the laggard, but it presumably has in mind Bolivia, whose industry is in decline. Export quotas in the current quarter were sharply increased, but the quantity of



Bolivian metal available to consumers has not increased, mainly no doubt because of Bolivia's deliveries to the United States stockpile, and the council's action indicates that no improvement is expected in the second quarter. Malaya in particular can take full advantage of the further increase in quotas; it is not certain that Indonesia can. The council also announced that the Italian government is to sell 2,500 tons of tin over a period, starting in August. Tin prices showed little change after the meeting, cash metal closing on Thursday at £786 a ton.

BUILDING

Another Record Quarter

CONSTRUCTIONAL work by contractors reached a new record level in the last quarter of last year, and a high output appears to have been maintained so far this year. The value of output of work carried out by contractors in the fourth quarter totalled £509 million: though only £2 million more than the total for the previous three months, this is still a record for any quarter to date. The total value of work done during 1959 has been provisionally estimated by the Ministry of Works at £1,976 million. Because the basis of compiling these figures was changed at the beginning of last year, no direct comparison is possible with 1958; the Ministry estimates, however, that after allowing for the change in accounting methods and for changes in prices, output in 1959 was about six per cent higher than it had been in 1958. The annual rise in output for the building industry has only exceeded this once since the end of the war—between 1952 and 1953, when a seven per cent increase was achieved.

Of the total of £390 million of new work in the fourth quarter, the public sector accounted for £176 million; private housebuilding showed the largest rise, from £84 million in the third quarter to £88 million in the last quarter. Private industrial building fell by £2 million, to £69 million. A total of 249,381 permanent houses was completed in England and Wales during 1959, against 241,525 in 1958; private builders accounted for about 59 per cent of these, compared with 51 per cent in the preceding year.

New orders obtained by contractors in the fourth quarter totalled £420 million, against £371 million in the preceding three months; housing accounted for £171 million, private industrial orders for £68 million. Building activity still appears to be running at a high level, and in some places there may now be slight shortages of building labour.

RUSSIAN PATENTS

Worth Trying?

ANY would-be patentee of inventions in Russia receives a guide to practice and to the treatment he may meet in a report on "Soviet Patent and Trade Mark Law" prepared by the Patent Office delegation that visited Moscow last December and published by the Stationery Office this week. Patents as we know them are a rarity in Russia. An inventor can obtain a certificate of authorship, or an "attestation" for an improvement to existing technology, which is classified as a "rationalisation proposal." Even scientists who establish new objective laws, properties or phenomena of the material world can get a diploma to certify their discovery; and all three entitle their holder to rewards from the state in proportion to the value that it sets upon the invention or discovery. A Russian can take out a patent if he wishes; but if he does, he loses the right to a reward, has to pay fees, no longer gets the first 10,000 roubles of payment for any certificate of authorship tax-free, and has in effect to negotiate with the state for royalties. Not surprisingly, virtually no patents are taken out by Russians; foreigners account for the 100 or so a year that are still granted.

A Russian patent is superficially similar to one abroad; but the patentee can negotiate for its use and his royalties only with state concerns. He obtains the right to prevent others using the invention in Russia without a licence from him, and to stop others importing goods covered by the patent. But the government has the power to issue a compulsory licence, and to fix the royalties to be paid under it. Remedies for infringement seem to exist more in theory than in practice: there is a body of lawyers who can act for foreign clients, and infringement actions can be brought in the civil courts, but none has in fact ever been heard. The cost of maintaining a patent rises progressively through its life, totalling £1,550 over its 15 years of validity; so most foreign patentees, unless they plan to sell their patented product in Russia, are likely to see little value in the exercise, even though the Patent Office report suggests that they have nothing to lose but their fees.

Those who wish to see what Russian patents are like can now obtain in addition to the existing translation services, a translation of the Russian journal of patents and certificates of authorship—corresponding to the British Patent Abstracts—which is published by Pergamon Press at a subscription of £50 a year. The first issue contains the official report of an epic battle by an inventor named E. S. Roskin for a certificate of authorship on a method of producing a polyacrylonitrile fibre, which has been finally rejected, after a five-year struggle, on the grounds that it had first been developed abroad. This may tell more about the working of the patent system than much study of the law itself could do.

OVERSEAS BANKS

"Infantile Competition"

THE chairmen of three leading overseas banks whose statements have recently been published—the Bank of London and South America, the Chartered Bank and National and Grindlays—devote much space to discussing aid to under-developed countries. Sir George Bolton, chairman of the Bank of London and South America, again contributes an individual emphasis. He is sensibly sceptical of the "infantile competition" between the west and Russia to provide capital to "certain countries supposed to be politically important." More debatably, he still sees grounds to fear world deflation—though at the same time he expects a continued world-wide capital shortage. In his long and informative general survey, Sir George reports favourably on the measures against inflation taken by Argentina and Chile—Brazil is still a sorry exception.

The assets of the Bank of London and South America have jumped from £158 million to £205 million. The increase in business has not all stemmed from its traditional spheres; while in terms of earnings Argentina remains the most important area, it is now followed by London and Europe, then the United States, with Brazil in fourth place. A considerable expansion in the business of the London branch is reflected in the increase in short-term deposits with banks and financial institutions, from £22 million to £50 million. In sharp contrast to the experience of domestic banks, advances rose by only £2 million to £22 million, while holdings in gilt-edged rose from £19 million to £27 million.

Sir George reports that the Bank of London and Montreal is now firmly established and that its branches, serving the Caribbean area, have been increased from 13 to 21. Earnings from branches transferred to the new bank were excluded from the accounts of the Bank of London and South America for the first time in 1959, but nonetheless disclosed profits rose from £649,150 to £747,452. The dividend is kept at 10 per cent, but this year the interim as well as the final dividend was paid on the capital as increased by the rights issue made in November, 1958. On this dividend the £1 ordinary shares at 44s. 9d. yield 4½ per cent.

Deposits at the Chartered Bank rose by £27 million to £286 million, largely in the form of fixed deposits. Advances rose by 21¾ per cent, from £106 million to £129 million. Disclosed profits were slightly higher at £1,014,696 compared with £993,590; the dividend is again held at 15 per cent to yield 5.2 per cent at the current price of 58s. 3d. for the £1 stock units.

National and Grindlays Bank has often been rumoured as a likely take-over prospect (and again denied on Thursday). Total deposits rose in 1959 by £10.8 million to £153 million while advances rose by £11 million to £81 million. Disclosed profits were £404,708 (against £371,707) and the dividend of 12½ per cent is equivalent to the 15 per cent paid on the smaller capital for 1958. During the year the bank acquired interests in hire purchase companies in East Africa and in Ceylon, where it now has a 15 per cent interest in a sub-



The man behind an international star

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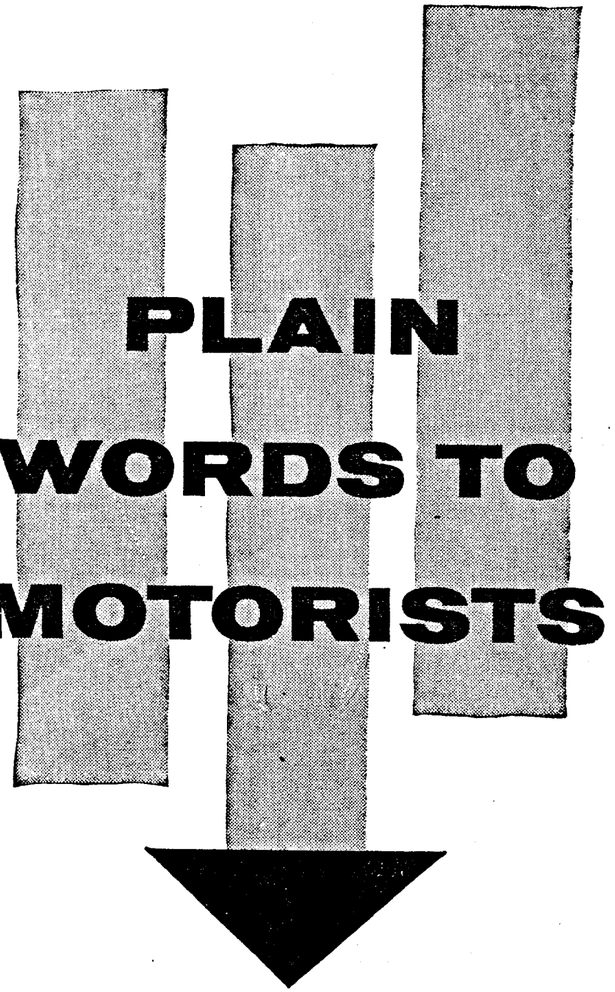

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sidiary of Mercantile Credit. The chairman is moderately optimistic about the prospects for the current year. At 42s. 6d. the 15s. shares yield nearly 4½ per cent—somewhat below the return offered on the shares of similar banks.

WHEAT MARKET

Soft Wheats Soften

STABILITY is not something that the world wheat market hankers after: it has it. The International Wheat Agreement provides the framework, but not the stability that nowadays prevails between its floor and ceiling prices. The price-fixing policies of government agencies in the main exporting countries see to that. Total supplies this season remain excessive, but the distribution of the surplus has changed slightly. The United States, Australia and France have more wheat for sale, but Canada and Argentina have less. The crops harvested in Australia and Argentina have proved bigger than expected, though not as big as last season's. World exports may be nearly as large as in 1958-59, when 1,260 million bushels were sold abroad, the second highest on record. Though European demand has declined because of good harvests last year, some Latin America countries and others need more wheat this year. The decline in American sales to traditional markets is now expected to be offset by bigger sales of wheat on concessional terms to under-developed countries, and the official forecast of American exports has now been raised to 440 million bushels, which would be as high as last year.

This season, as last, changes in shipment prices have been small. The second grade of Northern Manitoba wheat, at £27 10s. a ton cif UK, is about 10s. dearer than a year ago, and American hard winter wheat is a little cheaper at £26 a ton. But prices of soft wheat have recently been depressed by cheap offerings from the United States. American "garlicky" wheat has dropped by £1 to about £22 a ton, and 2 red winter (the same wheat but without the garlic) is over £1 lower at about £22 5s. a ton. Both grades are much cheaper than the soft wheats offered by Argentina and Australia, the other major suppliers, and also undercut the prices asked by smaller suppliers like East Germany and Russia.

SHIPBUILDING

Feeling the Pinch

BRITAIN'S shipbuilders now have a total order book of just over four million gross tons; at their present rate of output, this should provide an average of between two and three years' work. But the average conceals some wide variations, and it has been known for some time that many firms were accepting any work they could get, on unprofitable terms or even at a loss, simply to keep their yards employed. Now one shipyard has admitted this: the Sunderland firm of Barton and Sons announced last week that it has booked contracts for two ships, in the face of intense competition, at prices so low that they will probably be built at a loss. One of the contracts is for a 9,000 ton cargo liner, the other for a 12,600 ton closed shelter deck cargo motor ship. In addition, the firm revealed that three other ships have been brought forward on its order book as a result of cancellations.

It is likely that this situation is being felt to some degree by shipbuilders in other countries as well; despite the fact that there are now nearly six million tons of shipping laid up throughout the world, total shipbuilding capacity continues to increase, and it has been estimated that there is now enough capacity to replace the world's merchant fleet completely in ten to twelve years—roughly half its estimated life. The problem of over-capacity has been increased for many firms by the recent trend to larger ships, particularly tankers; some yards have had to undertake substantial modifications in order to build bigger vessels, and either

Storm in a Coffee Cup

ABOUT eighty new brands of instant coffee have appeared during the past fifteen months, many of them since October. They have arrived because the companies that dominate the market—Nestlé and A. Bird & Sons (Maxwell House) have sold not wisely but too well. Nestlé built up the taste for instant coffee after the war: retailers were given a higher-than-average margin, with a profit of up to 9d. on every 3s. 6d. tin. The tins contain 2 oz. of "soluble solids of pure coffee"—not simply coffee ground down very fine, but coffee percolated and then evaporated to leave a fine powder. It would on the face of it represent coffee at about 28s. per lb.; but makers claim that it takes three pounds of coffee beans to make a pound of instant coffee. Bird (which is a subsidiary of General Foods of America) started buying its way in with special offers of Maxwell House about five years ago, and this widened effective margins even further.

With a regular price known to every customer, an easily identifiable, fast-selling, nationally known product and good margins, instant coffee was a natural choice for the early price cutters. The price dropped by degrees to 3s., against Nestlé's resistance, which crumbled following the general weakening of price maintenance and Maxwell House's willingness to have its coffee sold at any price. Instant coffee became the nation's most celebrated loss leader: the price fell to cost and below in some stores. Competition kept it there and retailers found themselves in a trap. They were doing a wonderful business for Nestlé and Maxwell House, without any profit to themselves.

Retailers are escaping by marketing their own private brands of instant coffee, which can be sold for a few pennies above 2s. a tin (one private brand is sold at 1s. 11d.), with a profit to the retailer. Nestlé and Maxwell House cut their recommended prices, and effective prices fell with them: 2s. 6d. is a frequent tag. Chain stores and multiples rely on the prestige of their own names for new labels (Sainsbury's is one); other retailers have invented new names, although the supply must be running out.

Nestlé still refuses to pack coffee for other people's private labels, but Maxwell House packs for Woolworths and Littlewoods (among others); Lyons, which introduced its own proprietary brand last October, decided to pack for the Spar and Unigro voluntary chains, and undercut itself with a junior brand called Horniman. Much private-label coffee comes from the Sol Café Manufacturing Company which puts into tins in Derbyshire what it produces in New York—a process made possible when restrictions on the importation of coffee powder from America were lifted last June. Another American, Tenco, deals through its German subsidiary, Ibenco, which packs in Hampshire. Small quantities come from Israeli firms (one is associated with Sol Café) and other West German companies.

In spite of the proliferation of new brands, Nestlé retains about 70 per cent of the market for instant coffee, in which most of the growth in coffee sales has taken place. About £40 million worth of coffee was sold in Britain in 1959, 62 per cent of it instant, 13 per cent of it ground or as beans, and the rest in liquid essence form. The whole market is growing, but the liquid essences are losing ground within it. (Tea and cocoa sales per head were slightly lower last year than in 1958, but the companies blame it on the hot summer.) About a quarter of the instant coffee market is held by Maxwell House, and all the other brands share the five or six per cent that is left.

Nestlé is sure that brand loyalty will keep their sales growing: they see private labels hitting their competitors and liquid essences first. All companies are looking at prices, for the price of the raw coffee most used in instants fell by about a third in 1959, and there is talk in the trade that Nestlé and Maxwell House are making the customers pay for the rapidly growing advertising budgets designed to keep them.

cancellation or completion of one of these accounts for a bigger part of the firm's order book than the smaller types built a few years ago.

This competition has naturally had its effect on prices, and it is no longer possible to include "escalator clauses" in contracts to provide for possible future increases in labour or material costs. In addition to the unwelcome burden of providing for this contingency, shipbuilders are also being faced with a demand that competitive tendering, which was the normal practice before the war, should replace the present negotiated-price contracts. It was announced in Parliament this week that the Admiralty would in future return to competitive tendering for warships; in making the announcement, Mr Orr-Ewing added rather gratuitously that the Admiralty was "confident that the shipbuilders will respond to the challenge that this healthy competition will provide."

WOOL AND WOOL TEXTILES

The Market Rallies

Wool prices have rallied. Crossbred wools are now about five per cent dearer than three weeks ago; merinos have not gained quite as much, though they continued to edge higher this week while crossbreds held steady. The rally seems to be mainly attributable to a sharp bout of buying in Bradford. In the last week of February prices of tops in Bradford were so cheap that spinners (and their customers) decided to buy heavily, and some topmakers sold about one month's output in three days. Topmakers, in turn, covered their sales by purchases of raw wool, and though they may have obtained less wool than they wanted, their bidding helped to strengthen prices in Commonwealth markets. Another encouraging item is that the decline in activity in the British wool industry was checked in January, when the rate of consumption of raw wool was about three per cent higher than in December.

British exporters of wool fabrics to the United States have one crumb of comfort for the virtual closing of that market for the rest of this year. The report of the US Tariff Commission on the protection of the wool textile industry has been sent to the President, and is understood to find that no increase in the existing tariff is justified. Hence there is no obstacle in the way of re-negotiating the wool tariff quota, whereby imports of wool fabrics at the 25 per cent *ad valorem* duty are restricted to an amount equal to five per cent of domestic production, currently 13½ million lb a year, imports in excess of this quantity paying the penal duty of 45 per cent. The news from Washington came shortly after this year's quota had been filled. The exporting "season" to the United States has shortened progressively since the quota was introduced late in 1956; in 1957 the quota was filled on July 25th, in the following year on July 2nd and last year on May 19th. For the British industry, whose business is in fabrics for the spring and autumn seasons, this form of protection is utterly disruptive, and all the more maddening because it works to the advantage of Japan and Italy, which sell non-seasonal lines. The British industry is now pressing for an early start to the negotiations, and raising alarm lest they should not be completed before the end of the year.

THE JASPER CASE

An Alleged Forgery

At a further hearing of the charges against Mr Jasper, Mr Grunwald and Mr Murray at the City of London Court on Friday of last week, Mr Alfred Double, a joint manager of Lloyds Bank City Office, gave evidence of loans made to Mr Grunwald. He said that on August 18th last, Mr Grunwald requested the loan of £1 million in connection with the Lintang acquisition for which Mr Grunwald said that 88 per cent acceptances had been received. Mr Grunwald offered as security 1½ million Lintang shares, one million shares in Reliable Property and 100,000 shares in Palmerston Investments. Mr Double said that his bank agreed to lend £500,000 against half the securities offered, and on August 27th Mr Grunwald was given a draft for that amount. Next day, following a visit from Mr Tobin, solicitor to Mr Maxwell Joseph, the bank agreed to lend a further £250,000 to Mr Grunwald against Mr Tobin's guarantee and a further one million Lintang shares deposited by Mr Grunwald. Five days later arrangements were made for this loan to be taken over by Mr Tobin and Mr Joseph.

On August 31st, Mr Double said, Mr Grunwald again visited the bank and asked for another £500,000. He brought with him a letter that appeared to be signed by Mr Murray of the State Building Society. Mr John Mathew, the prosecuting counsel, said that the letter stated that the society would be prepared to lend on February 1st £1¾ million on the securities of all properties belonging to R. E. Jones Ltd. The letter set out 11 properties, all hotels, and enclosed the society's balance sheet, showing assets of £10.5 million and mentioning that assets were then £16 million and rapidly growing. Mr Grunwald was told that the bank could not agree to lend him any further money. In reply to Mr Michael Havers, for Mr Murray, Mr Double said that the letter had no reference number on it and appeared to be signed by Mr Murray. Mr Havers said: "It will be my evidence at a later stage that this letter is a forgery." When Mr Double later produced the original letter together with a copy of his reply, he said that the reply made it clear that he was referring to the letter handed to him by Mr Grunwald and he had no reason to think that the reply had not been delivered. He had not received any denial or acknowledgment of any kind. He said: "I was not looking for any acknowledgment. My letter was an acknowledgment."

The hearing will be continued on Wednesday.

SHORTER NOTES

Situations Vacant: The largest tanker ever to enter the Thames, the 65,000-ton *Olympic Challenger* owned by Mr Aristotle Onassis, recently left Tilbury and is now stated to be en route to the Mediterranean, at half-speed, "awaiting orders." The tanker last week discharged a part-cargo of 45,000 tons of crude oil at Thames Haven, for Shell; it has now no guaranteed employment in view, and may have to be laid up. Completed last June, it was unemployed until January; its sister ship, the *Olympic Champion*, is at present laid up at Kiel.

★

British Petroleum has signed an agreement to supply a company in the Japanese Ishibashi group with liquified petroleum gases from Kuwait, beginning in 1961; this will involve the construction of a liquefaction plant in Kuwait and possibly the building of a large LPG tanker specially for this contract. These gases—propane and butane—can be transported liquid in pressure tanks more simply than the methane which the Gas Council and other interests are now experimentally transporting in refrigerated tankers, but the Middle East producers would be equally glad to sell methane once the technique and economics of shipping it are established: Aramco has been offering natural gas since last year to anyone who is prepared to come, buy, and take it away.

★

Trading profits of Relay Exchanges, the radio relay and television rental firm, rose by 43 per cent last year from £2,317,155 to £3,330,704 and net earnings rose by £677,325 to £1,068,701. The directors forecast a final ordinary dividend of 10 per cent on the larger capital as increased by last year's rights issue and 50 per cent scrip issue.

COMPANY AFFAIRS
Comments on pages 1050 and 1051 on

P & O	Army and Navy Stores
Asquith	Frederick Gorringe
Hoover	Amalgamated Cotton Mills
Morphy-Richards	British Tyre and Rubber
	Wagon Finance

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1052 and 1053

LONDON STOCK EXCHANGE
The week's movements reported on page 1051

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1054

SAVE AND PROSPER WITH CROSBY UNIT TRUST

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It is only by investing in profitable and growing companies that you can be sure of sharing directly in the prosperity of Britain, the Commonwealth and the U.S.A.

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It will be obvious that the skill and experience of the management of a unit trust are all-important. The Crosby Unit Trust enjoys exceptional advantages in this respect. Founded by the well-known investment banking firm of Robert Fleming, it has now merged with the Save-and-Prosper Group of Unit Trusts, the largest in the U.K., with total invested funds of over £75 million. The directors of the management company (Crosby Trust Management Ltd.) are:

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Sir Arthur fforde
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Lewis G. Whyte, F.F.A.
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Please send me without any obligation details of the Crosby Unit Trust and its Save-and-Prosper Plan for investing regular savings.

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3/60 63

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I hereby apply for .....(minimum 10) Crosby-Units at the price ruling at the time this application is received. I undertake to pay the amount due in respect of the application upon receipt of a contract note. I declare that I am not resident outside the United Kingdom (or the other scheduled territories) and that I am not acquiring the above-mentioned units as the nominee of any person resident outside those territories.

B.S.L.

BLOCK CAPITALS
SIGNATURE DATE
SURNAME FULL CHRISTIAN NAMES
(Insert Mr., Mrs., Miss or Title)
ADDRESS
OCCUPATION
3/60 63

Purchase price 13/9½d Commencing gross yield £2-10s-4d per cent. Date 8.3.60

COMPANY MEETINGS

THE CHARTERED BANK

CONTINUED EXPANSION OF BUSINESS

ACCOUNTS REVEAL HIGH DEGREE OF LIQUIDITY

LARGER PROFITS DESPITE INCREASING COSTS

IMPORTANCE OF RAISING ASIAN LIVING STANDARDS

MR V. A. GRANTHAM'S STATEMENT

The One Hundred and Sixth Annual General Meeting of The Chartered Bank will be held on March 30th at 38 Bishopsgate, London, EC2.

The following is an extract from the statement by the Chairman, Mr V. A. Grantham, which has been circulated with the report and accounts for the year 1959:

THE BANK'S BALANCE SHEET

The accounts indicate the continued expansion of the Bank's business and reveal a high degree of liquidity. The total of our own balance sheet at £270,390,101 is the highest we have ever recorded being £27,271,915 up on last year's figure which was itself a record.

Our Consolidated Balance Sheet shows a total of £317,021,709, which is £31,591,207 up on that of last year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The net profits for the year at £1,014,696 are higher by £21,106 than last year, in spite of continually increasing working costs in all parts of the world, and may be considered very satisfactory.

We paid an interim dividend in September last of 7½ per cent, less income tax, absorbing £229,688 and it is now proposed that out of the balance available a final dividend of 7½ per cent, less income tax, be paid, costing £229,687. We have repeated the allocations made last year of £250,000 to Bank Premises and Furniture and £125,000 and £20,000 respectively to the Pension Fund and Widows' and Orphans' Fund. £150,000 has been transferred to Reserves for Contingencies and the increased balance carried forward is £491,994.

THE IRANO BRITISH BANK

Our joint venture in Iran has now completed its first working year and I am pleased to report that good and steady progress has been made, and this is reflected in the figures of the first balance sheet. These good results have been achieved mainly through the industry and application of the staff, both European and Persian, and it is particularly gratifying to find a feeling of loyalty amongst the bank's national employees and the promise that many of them will, with more training, be able to fill key positions in the expanding organisation.

This expansion so far has led, in addition to the head office in Tehran and the original branch in Khorramshahr, to the opening of a bazaar branch in Tehran and a branch at Abadan. A further branch is shortly to be opened at Ahwaz. All this has been achieved in the face of a general shortage of local funds, increasing competition from new banks and perhaps a less helpful officialdom than we were led to expect.

Outwardly, at least, the country gives an impression of stability although the Bank Melli is having to take steps to conserve foreign exchange. Without being critical of the present arrangements, I believe that it would facilitate trade and be in the country's interests were the Bank Melli to deal freely in foreign exchange, both ready and forward, with the commercial banks at special rates in a manner similar to the operations of central banks in other countries.

The great need is, of course, for exports in addition to oil.

OVERSEA SURVEY

As a bank primarily engaged in financing oversea trade, we were vitally interested in the findings of the Radcliffe Committee, for in 1957 when it was appointed, there was widespread anxiety that internal inflation might jeopardise the hard won progress which had been made in rehabilitating and modernising British industry and there was considerable doubt, both at home and abroad, whether it would prove possible to maintain sufficient confidence in sterling to assure its status as a major international medium of exchange.

In the light of the steps taken by the government in the interim to deal effectively with both those problems it is interesting to note that the report, which was published in August, gives tacit approval to the working of the monetary system and I hope we shall hear no more from the politicians and economists who would restrict the use of sterling in international trade. The Chartered, and all other British banks trading overseas, welcome the continuance of conditions which allow us to handle worldwide trade and to contribute thereby to the United Kingdom's invisible earnings.

Last year I mentioned the European Economic Community and the fears that existed in Asian countries that any addition to the six countries of EEC might mean surrounding Europe with tariff barriers. There was, in fact, no such addition but in any case fears were, to some extent, allayed by figures produced at the recent meeting of GATT in Tokyo showing increased trade between the EEC area, and in particular the undeveloped countries. This helps to confirm my own views that an integrated free trade area for the whole of Europe must ultimately result in an expansion of the trade of the Asian countries in which this Bank has branches, and I trust that Her Majesty's ministers and officials will, in the not too distant future, see a successful outcome to the patient and difficult negotiations in which they have played such a prominent part.

CYPRUS

Cyprus commences its independent career with a very substantial trade deficit and, although the government finances have recently benefited from the cessation of the emergency and from the increased yield of import duties, it is clear that the new state will be in need of assistance from abroad for some years to come. The British government has already indicated that it will be giving financial support and this, with expenditure in respect of British forces based on the island, will continue to be a material factor in sustaining employment and trade.

LEBANON

By the end of 1959 the Lebanon seemed to have recovered almost completely from the disturbances of 1958. Present indications are that the country, given tranquillity, should have a good future.

IRAQ

There were signs during 1959 of a gradual return to more normal business conditions. This was helped by a rise in oil exports, which totalled thirty-nine million tons. This was unfortunately offset to some extent by poor harvests and it was necessary for the government to prohibit the export of barley and to arrange for the import of fairly large quantities of wheat.

Import policy was liberalised in the second half of the year, but the resultant improvement in business conditions was offset by the steep rise in overhead charges. The country is still in a state of transition and it is too early yet to say how the new pattern of trade relations will work out. It is clear, however, that, given peaceful conditions, the country will go forward with its development schemes and will for many years be a buyer of both capital and consumer goods.

PERSIAN GULF

New "Gulf rupee" currency notes were brought into circulation during the year by arrangement between the government of India and the Rulers. The great increase in the commercial importance of the area during the past twenty years has made the continued use of ordinary Indian rupee notes as customary tender an embarrassment to the Exchange Control authorities in India. The distinctive "Gulf" notes preserve the link with India but ensure that control can be maintained.

Bahrain. Bahrain is still dependent for its development on its oil revenue which shows little change. Business has continued satisfactorily, but with three banks in competition and a fourth likely to open soon there is a temptation for merchants to over-trade and the bazaar to become over-stocked.

Doha. Doha has had another uneventful year, with development continuing. Oil royalties are buoyant and off-shore drilling has been resumed.

Sharjah. Business has shown some signs of improvement. Various development projects are in hand at the neighbouring port of Dubai.

HADHRAMAUT

Mukalla. Business shows a distinct improvement but is still on a very small scale. So far no oil has been found in the area though prospecting continues.

ADEN

Following the first elections under the new constitution last January a measure of self-government has been introduced into Aden Colony and it appears to be working effectively.

The fall in the year's trade figures from those for 1958 can be attributed to strikes in the oil bunkering establishments, which were particularly serious for a port dependent upon an entrepot trade. In the Western Protectorate the cotton producers had a poor year, but there is confidence that the crop for the coming season will be better and, meanwhile, irrigation facilities are being extended to expand substantially the area under cultivation. Politically, more stability was given to the Western Protectorate by the formation last February of a federation of six states.

INDIA

Thanks to generous assistance from abroad the shortage of foreign exchange which threatened to retard India's development last year was overcome, and it appears that most of the production targets will be reached in the second five-year-plan which is approaching its final year. India is now at the stage when it should begin to reap the benefit of the vast expenditure which has been made under the two five-year plans although there has been criticism, much of it well founded, of the various priorities under the plans and also of the methods by which they have been financed. This criticism, however, should not be allowed to obscure or minimise the very real progress which has been made in many sectors of the national economy. The completion of the three new steel plants and the expansion of the two existing ones should assist in the further development of the many lighter industries in the private sector, which have been established during the last few years and are now going into full production. In order to finance this development on a national scale it has been necessary to resort to the potentially inflationary expedient of deficit financing, and it says much for the manner in which the Indian authorities handled the country's internal finances that there has been no major inflation. In fact, the price level has risen less in recent years than in many highly industrialised countries with stronger economies than India's.

In the banking field the expansion in deposits, to which I referred last year, has continued and the liquidity of the banking system has increased. There would seem little point, therefore, in the prevalent practice of quoting high deposit rates in order to attract funds for which profitable employment is lacking. It was reassuring to have an official government statement in the Lok Sabha that the Planning Commission had come to the conclusion that the nationalisation of banks was not a desirable step.

PAKISTAN

A year ago it seemed that the situation in Pakistan was rather more hopeful than for some years past and in the event the country has made satisfactory progress during 1959. In recent years governmental instability and lack of leadership have cost Pakistan dear, and for this reason the population has responded well to the military regime which at present controls its affairs. Stern measures were required to eradicate the corruption and inefficiency which had previously been such a feature of the country's adminstration and it is to the credit of the present regime that, although it has dictatorial powers, it has used them with moderation and with justice.

More settled conditions have been reflected in a noticeable improvement in Pakistan's trading and payments position and the augmented foreign exchange holdings have permitted a more liberal import programme, which will be of benefit to the country's new manufacturing industries.

It is encouraging that the government has effected an improvement in the agricultural sector of the economy in the relatively short time since it assumed power and, once again, Pakistan's prospects for the coming year appear reasonably favourable, particularly if the improved relations with India lead to a settlement of some of the outstanding disputes between the two countries.

CEYLON

Politically the past year in Ceylon has been a difficult one. The assassination of the Prime Minister, Mr S. W. R. D. Bandaranaike, brought to a head the instability which has been apparent for so long and the difficulties experienced by his successor in holding the government together led to the dissolution of parliament in December. A general election is due to take place in March and, unless the country obtains a government with a working majority sufficient to cope successfully with the many problems which have accumulated and require resolute action, the future outlook is poor indeed.

In the economic field a basic trouble has been the labour disputes, which have been allowed to develop and continue to the extent of jeopardising the country's production and trade and the living standards of the population. In the circumstances it is satisfactory to be able to note the extent to which the producing and mercantile communities, by adopting a "business as usual" policy, have been able to maintain the trade of Ceylon despite the handicap of strikes and political unrest and to raise tea production once again to a record level.

BURMA

Under the able leadership of General Ne Win, the "caretaker government" which has been in office for just over a year, has brought about a steady and appreciable improvement in conditions in Burma. The drive by the government against terrorists has been singularly successful and law and order in all but a few outlying and isolated areas has now been restored.

The attainment of greater internal stability has, notwithstanding the restrictive effects of excessive state interference in commerce, resulted in improved trading conditions. A direct outcome was that exports have increased in value although a secondary factor contributing to this was an example of a more liberal policy, that by which the State Agricultural Marketing Board helped to expand rice shipments to oversea markets. Quite rightly, the government regards it of the greatest importance to expand agricultural production but the emphasis has been on more intensive cultivation of the rice crop and improved facilities for milling and storage rather than on extending the acreage under tillage.

SINGAPORE

The first elections under Singapore's new constitution were held last May and the new government, which was voted into office by an overwhelming majority, has acted soundly and responsibly. Great care has been taken to avoid any official action which might have effects prejudicial to trade and industry, and in particular to the island state's traditional entrepot business. The government clearly recognises that the living standards of the expanding population can only be assured and improved if the national income grows at the same rate and conditions in Singapore remain attractive to capital and enterprise from abroad. By the imposition of strict economies the gap between revenue and expenditure has been bridged and the current financial position of the state appears sound.

Singapore's prosperity is likely to be based for a very long time to come on trade and it is, therefore, satisfactory that last year trade turnover increased. This was largely because of the high prices of rubber and tin and the increased export quotas of the latter commodity.

FEDERATION OF MALAYA

Under the wise leadership of Tengku Abdul Rahman the Federation of Malaya has had an encouraging start as an independent state and, now that the Alliance Party has secured a decisive majority in the general elections held last August, the country should again be assured of stable government for the next few years. One of the most satisfactory features of the period since independence has been the virtual ending of the emergency. Most of the country has now been declared "white," and the population can go about its business unhindered by security restrictions.

Last year was a favourable one for oversea trade and the improvement in business conditions in the United States was an important factor in stimulating demand for the Federation's staple commodities, rubber and tin. This led to a substantial increase in the total value of exports and, with imports remaining at much the same level as in 1958, a larger trade surplus is in prospect. An interesting development since the close of the year is that, as the result of a recent meeting of the Currency Board in Kuala Lumpur, it has been decided that the common currency, i.e., the Malayan dollar, is to continue in the Malayan and Borneo territories and remain linked to sterling at the 2s. 4d. parity. However, the Board is now to be permitted to invest up to about twenty-five per cent of its assets in locally issued securities instead of wholly in sterling securities as at present.

NORTH BORNEO

Once again North Borneo's trade turnover last year reached record levels and the modest surplus achieved in 1958 was substantially exceeded. The country should undoubtedly have a great future provided its inhabitants of differing races live and work in harmony with one

another and avoid the errors which have contributed to the misunderstandings that have arisen in nearby territories in South East Asia.

BRUNEI

Economically the territory still depends almost entirely on the oilfield although production has begun to fall off. It is estimated, however, that oil reserves will be adequate for at least twenty years and there is always a possibility that further fields will be discovered off-shore. In the circumstances it would seem worthwhile to encourage the development of a more broadly based economy. The sound financial position of Brunei State enabled the authorisation of a further loan of M$100 million to the Federation of Malaya.

SARAWAK

While there were hopes a year ago that 1959 would prove a more prosperous period for Sarawak than the previous year, there was little expectation that it would turn out to be the best trading year since the Korean war boom. The high prices ruling in international markets for the territory's principal exports, namely rubber, pepper and timber, plus the record illipe nut crop exported early in the year, substantially raised the aggregate trade turnover. As a result, notwithstanding an increase in imports and disregarding the oil transit trade, Sarawak has for the first time for four years enjoyed a favourable balance of trade.

INDONESIA

Sympathy must be felt for Indonesia, where galloping inflation dominates everything including politics. The daily depreciation of the internal value of the rupiah is the outcome of progressive deficit budgeting, aggravated by heavy expenditure on the armed forces for security measures, and it seems that, without a drastic change of policy, little can be done to halt government expenditure and the consequent rise in the note circulation.

After the President's Cabinet was formed in July ministers made commendable attempts to economise in such things as the use of transport, the collection of monies owing to government and action to revitalise and prune government departments and embassies abroad. For one reason or another these efforts were nullified, but the biggest setback came when the drastic measures taken in August to reform the currency failed.

On the other hand, it is encouraging that although the monetary situation is deteriorating the external trading position shows improvement. This is due partly to severe restrictions of imports but also to exports having been substantially higher in value than in 1958. Potentially the richest country in South East Asia, there can be little doubt that economic recovery would be swift if effective steps were taken to curb inflation, especially now that the principal export commodities are fetching good prices in the world market.

THAILAND

Thailand continues to enjoy the benefits of a stable regime.

Again last year the country had an adverse balance of trade but, in spite of this, the exchange reserves have actually increased thanks to the extent of American aid. The authorities are naturally concerned at the trade deficit and it is to be hoped that their exhortations to curb the import of luxury goods will have the desired effect. The alternative would be to impose import restrictions and it would be particularly unfortunate if this were to prove necessary, for Thailand's return to a free economy a few years ago was not only almost unique in Asia, but also a particularly courageous experiment which has, so far, abundantly justified itself.

VIETNAM

The firm rule of the government of President Ngo Dinh Diem, despite sporadic incidents, continues to provide the country with the law and order necessary if the damage of the long years of war is to be repaired and the national economy rehabilitated. The economic task which confronts the country is indeed formidable, for Vietnam is still dependent on American aid for approximately seventy per cent of its imports. The obvious remedy for this situation is to increase sales abroad of the country's staple exports; this has become more than ever necessary now that the United States, in view of its own balance of payment difficulties has indicated that a reduction in aid is to be made during the coming year.

CAMBODIA

The latest figures available indicate that the trade deficit last year was substantially lower than in 1958, mainly by reason of a contraction in imports. Export figures rose as a result of increased rubber production and a higher level of prices for this commodity. Rice shipments on the other hand have been lower.

Cambodia, apart from the cost of maintaining its armed forces, which is financed by American aid, is in the happy position of being able to pay for its own imports. The government is well aware, however, of the need to stimulate the development of agriculture, which is and will remain the mainstay of the national economy. Efforts have also been made to encourage the establishment of light industries and in this field foreign investment can play a useful part.

THE PHILIPPINES

The stabilisation programme which, as I mentioned last year, had been approved by the Monetary Board on the initiative of Governor Cuaderno of the Central Bank, has been instrumental in effecting an improvement in the economic situation of the Philippines during the past year. The disinflationary measures introduced early in the year were later supplemented by the controversial foreign exchange margin tax, which came into effect in July and has brought about a significant contraction in imports. For the first time since the war the country has enjoyed a favourable balance of trade and there has been an increase in the international reserve. The oversea trade surplus owes much to the industrial recovery in the United States, which stimulated demand for Philippine primary products, and to the high prices in international markets obtainable for copra and coconut products.

HONG KONG

Very little complaint, if any, has been heard from any section of Hong Kong's industry about business conditions in 1959 and some of the major industries are at present enjoying boom conditions. During the year the value of total exports showed a ten per cent. rise, nearly all of which is accounted for by increased shipments to the United States, and it was particularly fortunate that the restriction of textile exports to the United Kingdom has been more than counterbalanced by expanding markets elsewhere. Despite this general picture of prosperity it cannot be said that 1960 opens too propitiously for the Colony, for the increasing tendency for countries to apply trading restrictions against Hong Kong's products is disconcerting, especially as Hong Kong is now heavily dependent upon the marketing of its manufactured goods to sustain its economy and avoid large scale unemployment. Private building continued apace last year both in Hong Kong and Kowloon and there are still no signs of a slackening of activity in this direction. Even to the frequent visitor the rapidity with which the skyline changes is a thing to be wondered at, and perhaps nothing has done this more effectively than the completion of our own eighteen storeyed building, which is universally acclaimed as both imposing and attractive. Our next venture in this line is to be a new branch in Kowloon, which we expect to open towards the end of 1960.

CHINA

It is unfortunate that prospects for an increase of trade with the United Kingdom recently suffered a setback when the British government, in the process of administrative adjustments in its foreign trade policy, unfortunately conveyed the impression that it was increasing restrictions on Sino-British trade instead of relaxing them. It is to be hoped that the consequence will not be reduced sales of British goods to China, which would penalise those sections of British trade and industry whose enterprise in the last few years has gained a footing in the China market.

Our Shanghai office continues to do useful business, particularly in connection with the financing of China's export trade.

JAPAN

The steady recovery in the Japanese economy which had begun in 1958, and to which I referred in my last report, continued throughout the early months of the year and led to a new phase of industrial expansion. The results so far have been very satisfactory and exports have reached a record level, largely by increased shipments to the American market. As was to be expected with an expanding demand for industrial raw materials, imports have also risen, but the record rice crop which was harvested last year in spite of the damage done by disastrous typhoons holds out the possibility of Japan attaining self-sufficiency in this essential foodstuff within a few years, thus effecting a significant saving in foreign exchange.

With the trade deficit at its lowest since the war Japan's external reserves have increased steadily over the year, despite the fact that war reparations are being paid to four countries. It is evident that Japan is now reaping the benefit of the extensive modernisation and development of the country's industries which have been put in hand in recent years and as a result of which Japanese products embodying the latest advances in industrial technique, including automation and electronics, are competing successfully in markets throughout the world.

NEW YORK

In the banking field the most noticeable feature during the latter part of the year has been the rise in short-term interest rates; a rise accentuated by congressional reluctance to raise the legal limit on interest rates relating to government borrowing for periods exceeding five years. On the initiative of the New York Clearing House Association efforts are being made to revise the state banking law to permit, with certain safeguards, foreign banks in New York state to accept local deposits. A draft bill to this effect is to be considered by the state legislature early in 1960. We appreciate having had an opportunity of putting forward, in common with the other British banks concerned, our views on the proposed legislation and we will continue to follow closely the progress of the bill.

HAMBURG

Thanks largely to a stable government 1959 was for Western Germany another prosperous year and the economic activities were such that the authorities finally felt constrained to raise interest rates to check over-expansion. Possibly the only danger to continued prosperity is the inflationary pressure arising from the growing strength of the trade union movement and its demands on industry.

Our Hamburg agency continues to function as an active link between our branches in the East and trade and industry in West Germany. In co-operation with The Eastern Bank and The Irano British Bank our agency is gaining an increasing share of the financing of German trade with the Middle East.

WEST END, LONDON

Last autumn our branch in the West End of London was transferred to more modern and conveniently situated premises at 2, Regent Street. The design and décor of the new office have been commended in the technical press and a coloured illustration of a section of the public space appears in this report.

CONCLUSION

The importance of raising Asian living standards is now generally accepted and the highly industrialised nations have recognised that they have a responsibility for assisting in the process. This assistance will, for the most part, be in some form of aid, either direct from country to country or through one of the international funds. Those exporting the capital or making the grants, and the United Kingdom is one of the countries likely to be increasingly involved, will want to be sure that their contributions are genuinely devoted to the development of the receiving country and the benefit of its people. The tremendous national pride of the young countries will not allow them to accept aid with terms attached and yet, as some of these countries are run today, aid will not put them on their feet and give them viable economies.

The problem then is to find a formula which gives to these countries, with their consent, a control-free administration which would eliminate opportunities for bribery and corruption and a unit of currency having the same internal and external value, thus eliminating the rewards of smuggling and the other forms of currency evasion which run down the country's external assets—possibly in far greater sums than the aid received.

It is not uncommon these days for leaders of new nations to state that democracy does not work with them, but what is not said is that their inexperienced politicians and civil servants often find it beyond their powers to run restricted and controlled economies. Cannot, therefore, those advisers of the World Bank and the International Monetary Fund, and those negotiating direct loans with these countries, advocate with more persuasiveness the freeing of rates of exchange, the concentration of trade in private hands, with the elimination of that increasing economic menace, state trading, and the ceasing of discrimination against the nationals and the trading of those highly-taxed countries whose peoples are bearing the cost of the aid?

MO OCH DOMSJÖ AKTIEBOLAG

Örnsköldsvik, Sweden

NEW CAPACITY ADDED TO THE CELLULOSE AND CHEMICAL DIVISIONS

For a financial year generally characterised by weakening demand and declining prices for cellulose and other forest products the management of Mo och Domsjö AB was able to report a substantial increase in the output of nearly all the company's divisions. This is the substance of the report issued to the stockholders at the Annual General Meeting held in Stockholm on January 12th. An extract of the annual report is given as follows:

PRODUCTION

The company operates a number of plants in northern Sweden turning out wood pulp, paper, board, sawn timber, and chemicals. Pulp is still the largest item, but the chemical side of the business is increasing every year and the output exceeded 100,000 tons during the financial year, as shown by the following figures:

	1958/59 tons	1957/58 tons	1954 tons
Wood pulp....	353,000	342,000	237,000
Paper.....	16,000	16,000	9,000
Wall board....	50,000	63,000	39,000
Chemicals.....	102,000	98,000	67,000

The decline in the output of board was due to a fire in a board mill, the present capacity of which is 65,000 tons. The capacity of the pulp mills has been expanded substantially in recent years. New facilities have been added to the two sulphite mills whereby their combined capacity has been raised to 175,000 tons. Work in progress will give the sulphate mill at Husum a potential output of 250,000 tons in 1960. The mill is the largest pulp mill in Sweden. Technological improvements in pulp processing now permit the use of pine and deciduous trees for the production of sulphite as well as sulphate pulps, whereby the raw material supply position of the company has been greatly improved.

The chemical division is principally engaged in the production of chlorine and alkali for use in pulp processing and of organic chemicals. The organic side using alcohol as a base for synthesising has prospered satisfactorily, and the sale of glycol, butanol, octanol, industrial solvents, and synthetic detergents now exceeds in value the combined trade in sawn timber, wallboard and paper. The chemical division will be further expanded in the early sixties.

RESEARCH

The company's long term policy of subjecting the output to further processing in order thereby to raise the value of the end products, in addition to recovering valuable by-products, requires considerable investments in research. The company now maintains a research and development laboratory with some 100 employees, in addition to the plant laboratories. It is expected that the laboratory capacity will be further expanded within the next few years.

INVESTMENTS

During the last five years the company has invested Kr 160 million, of which Kr 47 million in the last financial year. This year a similar amount is foreseen. Aside from plant investments aimed at rationalising, the Domsjö sulphite mill and the octanol facilities will be considerably expanded during the year.

The power developments at Harrsele and Fällforsen, which have been in progress since 1952 and in which the company has a 47 per cent share, were completed last year. The company took delivery of 405 MWh from the new hydroelectric plant, in addition to 84 MWh by its own hydroelectric power plants and back pressure turbines.

TIMBER HOLDINGS

The productive timber tracts wholly owned by the company constitute 376,000 hectares. According to a recently approved forest conservation plan, the annual cut will normally amount to 20 million cu. ft., equivalent to 70 per cent of the annual growth. Last year the company's mills processed 75 million cu. ft., inclusive outside deliveries amounting to 55 million cu. ft. Forest maintenance now requires about Kr 4 million per annum.

PERSONNEL

The average number of industrial workers employed during the financial year was 3,440; technical and clerical staff numbered 927. The average number of full-time forest workers was 2,100.

MARKET

During the first half of the financial year the timber market was depressed, but an improvement accompanied by stabilised prices set in during the second half and the entire output was placed.

The pulp market, however, continued to suffer from world-wide conditions of oversupply. The Scandinavian producers agreed to reduce the output of all qualities save bleached sulphate. However, despite the generally depressed market, the company succeeded in increasing its sale of pulps.

The chemical end of the business enjoyed satisfactory sales, although competition from petrochemical producers abroad drove down prices on the domestic market.

CAPITAL AND RESULTS

During the financial year the share capital was increased from Kr 66 million to Kr 110 million through a stock issue. Two subsidiary timber companies were merged into the parent company.

Total trading income amounted to Kr 358.1 million (Kr 364.7 million) and the net profit to Kr 9 million (Kr 9.0 million), which together with Kr 15.6 million carried forward from the previous year made Kr 24.6 million available for distribution.

On the recommendation of the Board, Kr 1.5 million was transferred to the Debt Regulation Fund and Kr 14.3 million was carried forward. The balance, or Kr 8.8 million, was distributed as an 8 per cent dividend to the shareholders.

The report and accounts were adopted.

NATIONAL AND GRINDLAYS BANK LIMITED

IMPROVED RESULT DUE TO MORE FAVOURABLE CONDITIONS

MR J. K. MICHIE'S MODERATE OPTIMISM ABOUT THE FUTURE

The Annual General Meeting of National and Grindlays Bank Limited will be held on April 5th at the Bank's premises, 24 Bishopsgate, London, E.C.

The following is the statement by the chairman, Mr J. K. Michie, which has been circulated with the report and accounts for the year ended December 31, 1959:

Since the last Annual General Meeting the capital structure of the company has been altered by paying up out of reserves 2s. 6d. per share and by making the 4,562,500 shares outstanding fully paid at 15s. per share. The results in figures appear in the balance sheet. As was expected and intended this step has made our shares more popular with the investing public and at December 31st last we had 4,158 shareholders against 3,699 a year earlier. We welcome this more widely spread interest in the Bank, a trend which still continues.

BOARD AND EXECUTIVES

In June last the Right Honourable Lord Twining, GCMG, MBE, joined the Board. It is his intention to spend part of each year in East Africa and his wide knowledge of these territories will be of great assistance to our Management there as well as to the Board. His appointment falls to be confirmed at the Annual General Meeting and I confidently recommend him to you.

As you will have seen in the report of the Directors Mr Lely is not seeking re-election to the Board. He joined us in 1942 and I can truthfully say we could not have had an abler member or one more wishful to further the interests of the Bank. We shall miss his wide experience, his ability and his tactful personality and I am very sorry to see him go.

Mr William Kerr retired from the position of chief executive of the Bank on December 31st after over forty years' distinguished service culminating in three years as General Manager. He carries with him our sincere good wishes.

In his place Mr G. T. Gillespie has been appointed General Manager and in turn Mr H. D. Cayley succeeds him as Deputy General Manager. They have the full confidence of the Board

This year the total of our Balance Sheet at £163,035,588 shows an increase of £11,544,109 and our net profit of £404,708 is £33,001 higher than for 1958: but here I must point out that the profit figure is still considerably under that for the year 1957 and in consequence as I forecast last year, and as was confirmed by the Board when our capital alterations were announced in April last, we have not found it possible to increase the amount distributed to the shareholders. Two interim dividends each of 6¼ per cent have been declared making 12½ per cent for the year—the equivalent of the payment of 15 per cent per annum on the previous capital.

Although competition in all our territories has increased rather than diminished, in certain of them—London, India and Pakistan—conditions for banking as a whole became somewhat more favourable—or less difficult—as the year progressed, hence the improvement we have been able to show.

It is foolish to object to or become upset by the entry of newcomers in the field or of new types of competition for deposits although sometimes the efforts made to attract business—and I presume to justify themselves to themselves—are hard to bear. In such circumstances our only consolation—if indeed it is one—is that many besides ourselves are affected. What we must continue to rely upon is the quality of the service we offer and the elasticity and initiative we show in meeting new developments and changing conditions. Success depends largely on our staff and in this respect we are fortunate.

BANK'S SERVICES

One of the services we now offer is the management of personal investments. This activity initiated a few years ago operates from the Trustee Department, 13 St James's Square, London, S.W.1, and can be contacted through the Head Office or any branch of the Bank. With the steady widening of interest in the investment of savings through Stock Exchanges it is opportune to draw the attention of our shareholders and customers to this development of our business.

Our other ancillary services, our Trustee and Travel Departments now based entirely on 13 St James's Square and our Income Tax Department which functions both at 54 Parliament Street and at St James's Square, all made progress last year and as they become more widely known I am sure their development will continue. A Trustee Department is also available at our main branch in Nairobi, Kenya.

At the last Annual General Meeting I was asked if we had any capital interest in Hire Purchase. I am now able to report that we last year invested £50,000 in acquiring 20 per cent of the capital of the Credit Finance Corporation Ltd., a company registered in Nairobi and which operates in Kenya and Uganda. Conditions in 1959 were not particularly propitious but the company by eschewing speculative risks is doing a satisfactory business and we shall receive a dividend during this financial year.

We have also recently bought a small interest amounting to slightly less than 15 per cent of the capital of the Mercantile Credit Ltd., Colombo. The company has an issued capital of Rs. 1,500,000 and Lombard Banking Ltd. holds a somewhat similar share. The secretaries are our friends Vavasseur Trading Co. Ltd. and the company is making good progress.

Other possibilities of the same nature are under examination but at the moment I am unable to say more than that.

NATIONAL AND GRINDLAYS FINANCE AND DEVELOPMENT CORPORATION LIMITED

The net profit of the Corporation last year was £14,355 and a dividend of £10,000 has been declared.

In July, 1959, the Corporation declared a dividend of £50,000 ex previously accumulated profit and the balance now carried forward is £18,122.

INDIA

The picture of easing financial tension which I described a year ago has been more than justified by events since then, one reflection of this being a rise of Rs. 23 crores in her external reserves. Encouraging progress has been made in developing both industry and agriculture while traditional major exports of tea and jute manufacturers have found good markets at higher prices. Just as important, her cotton milling industry, like Lancashire's, has recovered from the doldrums of a year ago and is now pretty fully employed for both internal and external markets. In the export trade, however, Indian mills have to meet keen competition from Japan and China. The showpiece of India's industrial growth is the three new steel plants which it is expected will come into full production some time in 1961. It must also not be overlooked that both The Tata Iron and Steel Co. Ltd. and the Indian Iron and Steel Company Ltd. have undertaken large expansions to their plants and the total eventual output is estimated at 6 million tons of steel ingots against present needs of 3½ million. How exactly the extra capacity is to be absorbed in the time available is not yet clear.

So far as agriculture is concerned no rate of expansion can be too rapid to meet the needs of the growing population, particularly if a higher standard of living is to be achieved.

Coming to our own business the published results of indigenous banks clearly show that banking conditions were by no means easy in 1959 and this applied particularly in the earlier part of the year when call money in Calcutta fetched as high as 4½ per cent, a rate bordering on the unprofitable. During the second half of the year money became more plentiful and cheaper although the end-of-the-year demand brought the rate up to 3½ per cent and temporarily even higher. Banking advances were at a higher level than in December, 1958, but constituted a smaller percentage of total deposits which had grown considerably. Stock Exchanges and the capital market both reflect greater confidence than they have done for some years. The Reserve Bank rate remained at 4 per cent throughout the year.

To their wellwishers one of the most encouraging features of the year has been the getting together of the Governments of India and Pakistan over mutually outstanding problems. Certain border demarcations have recently been agreed and others are being discussed; the division of the head waters of the six rivers seems with the assistance of the World Bank in a fair way to being resolved while the most important subject of pre-partition debts is now being tackled. These steps are a tribute to the good sense and good will of both countries and no actions could contribute more to their mutual benefit and to the re-development of the natural flow of trade between them.

DEVELOPMENT PLANS

The progress and scope of the development plans of India and Pakistan are exciting the special interest of the World Bank and under its aegis a three-man mission of international bankers consisting of Sir Oliver Franks, Chairman of Lloyds Bank, Mr Allan Sproul, formerly Governor of the Federal Reserve Bank of New York, and Dr Hermann Abs, head of the Deutsche Bank, Frankfurt, is now in the East to study not only the problem of these two countries but how best donors and receivers of development loans can co-operate in sharing the burden and in making the best use of the money. It is well known for instance that this country is losing business and receiving countries are in some instances paying much higher capital costs for plant and machinery because the UK are unwilling or unable to grant sufficiently long-term credit. I suggest this is a question which should exercise the minds of the Export Credit Guarantee Department.

Apropos the subject of aid Mr Khrushchev has just paid a visit to India during which he signed an agreement providing India with a loan of £134 million to finance expansion in a number of industrial projects. He followed this up—and this is my only excuse for mentioning the matter—by imputing to countries other than the USSR ulterior motives when giving aid to India and others for their development plans.

It is somewhat difficult to follow the distinction Mr Khrushchev draws but we can safely leave receiving countries to put his remarks in proper perspective.

But would it not be infinitely preferable if instead of questioning the motives of others Mr Khrushchev would be willing that the USSR joined hands with the World Bank and contributed to the general pool on the basis of her claimed status as a world economic power. It would then be possible to redispose of world resources without economic or political strings being either attached or imputed. It would also be a positive move towards world peace through economics—or if you like "enlightened self interest" on a grand scale.

PAKISTAN

Under President Field Marshal Ayub's dynamic direction the face of Pakistan has been radically changed for the better since he succeeded to the Presidency in October, 1958. Taxes have been paid, labour relations have improved and confidence has been restored; and the results, a greatly improved balance of payments situation and a general upsurge of activity in all fields including the most important one of food production where at last incentives are being offered to the cultivator and security to the consumer.

What the President is aiming at is what he describes as "basic democracy"; he intends to start at village level—as indeed our own and America's democracies began—and his plans for a new constitution doubtless will be built on that foundation. However much we admire—as we rightly do—our own democracy and its development, it is becoming obvious that every new national field is not necessarily ready for the transplanting of the fully grown tree. It is also sound silviculture to transplant at a very early stage of growth.

With the increase in external reserves it has been possible to liberalise imports and this again acts as an incentive to the consuming public. Industrial development is steadily progressing and the second Five-Year Plan (1960-65) will accelerate this.

Inter alia the stated aims of the plan are:

- to increase the national income by 20 per cent,
- to increase the production of food grains by at least 20 per cent,
- to increase large-scale industrial production by 50 per cent, and
- to increase the *per capita* income of the people by 10 per cent.

The State Bank rate has remained at 4 per cent since mid-January, 1959.

The removal of the Federal Capital from Karachi to the rarer atmosphere of Rawalpindi is now under way.

CEYLON

Politics not to mention labour troubles continued to bedevil this otherwise fortunate island throughout 1959 and a crisis was reached, which in a sense still continues, when the late Premier Mr Bandaranaike was murdered in September last. The present situation may be described as an uneasily balanced truce pending the holding of an election. When held it is hoped the air will be cleared and concomitantly the way to a firm economic policy. As it is, despite good prices for tea and rubber Ceylon's external reserves have fallen steadily and in the twelve months ending December 31st last had dropped by Rs 193.7 million to Rs 689.6 million.

A rise of ½ per cent in the Central Bank rate to 3 per cent announced on December 17th was a fleeting gesture as it was rescinded on Christmas Day. Other countries other methods; but one cannot but think that a restriction of imports and a higher Bank rate will yet be inevitable parts of a firmer economic policy.

Ceylon has just entered into a new Rubber-Rice agreement with China which covers 160,000 tons of rice and 17,000 tons of rubber.

BURMA

After a period of sixteen months during which General Ne Win had acted as Prime Minister at the head of a semi-army administration, a general election was held on February 6th which has resulted in a sweeping victory for the "clean" AFPFL party headed by U Nu over "the rest" including the "stable" section of the AFPFL. It is now to be hoped that with such a mandate the Prime Minister will continue the cleansing operations initiated by General Ne Win, also the greater attractions offered to the cultivator. Last year exports of rice and rice products rose to a postwar high of 1,800,000 tons, and the new crop surplus for export is expected to top 2 million tons though prices may be a shade lower. Nevertheless these figures are a reflection of the progress that can be expected from a peasantry which gets encouragement and physical security. It is expected that over 60 per cent of the crop will be exported under Government to Government contracts.

A very recent decree issued by the outgoing Government will, if not reversed, gravely affect the businesses of many foreign firms and individuals in Burma including our own. It is to the effect that no imports of goods under agency agreements will be allowed after June 1st unless to Nationals of Burma. The exact implications and how the proposal is to be or can be implemented are now being awaited, but the effects obviously could be both widespread and harsh.

During last year Burma's foreign exchange reserves rose from £37 million to over £44 million and remittances of profits, etc., have been somewhat easier to obtain. The policy of restricting overdrafts to foreign controlled firms and companies has continued.

EAST AFRICA

The general picture of the three principal territories has recently been dominated by constitutional questions.

In Tanganyika agreement on a new Constitution has been reached. A conference held in London on the future form of Government in Kenya has just ended, and the issue of a White Paper by Her Majesty's Government on the conclusions reached is imminent. Following on the Wild Report the Governor of Uganda has outlined the British Government's proposals for constitutional advance and the reactions to these are awaited. Until these various and varying situations are resolved and stabilised it is inevitable that there will be uncertainty and reactions of an economic nature. For instance neither the Government of Kenya nor the Corporation of Nairobi has yet been able to raise the long hoped for loans in the London market and monetary conditions have been tight throughout the area.

KENYA

Despite the fall in other qualities of coffee Kenya's high-grade Arabica strain has up till now held its price and a crop of nearly 24,000 tons is expected to be marketed. Production of tea continues to expand and increasing quantities are being offered at the Nairobi auctions including growths from neighbouring territories. Grain crops were fairly satisfactory; pyrethrum is being more widely grown as a useful cash crop.

With the bringing into production of the factory at Athi river near Nairobi the immediate cement requirements of the East African territories are fully catered for.

UGANDA

The general trade of the Protectorate was considerably upset last year by the boycott of Indian-owned shops and stores in Buganda and later by tax riots in the Northern Province of Bukedi. The 1958/59 cotton crop at 400,000 bales did not quite come up to expectations although prices for export have been better. The crop now being marketed is expected to yield 335,000 bales while the yield of the 1959/60 coffee crop is expected to be maintained at around 80,000 tons. World prices for the Robusta grade produced have been falling steeply and are now around £150 per ton as against £210 per ton a year ago.

There is, of course, a guaranteed price to the growers but that means a drain on the reserve fund which is not a bottomless pocket.

TANGANYIKA

Tanganyika has been fortunate in that two of her staple crops, cotton and sisal, have done exceptionally well. Her cotton farmers in the Lake Province belied expectations by producing another record yield of over 180,000 bales, a

remarkable achievement considering that in 1951 the production was only 41,000 bales.

Sisal prices have climbed steadily and as I write top grades are quoted at £103 compared with £79 a year ago.

Coffee, her third main cash crop, has naturally shared the general experience of lower prices in so far as her production of Robusta grade is concerned.

ZANZIBAR

A much increased demand for cloves from the USA has in some degree come to the aid of the Clove Growers' Association, the exports to that market having exceeded the aggregate of the previous three years. Indonesia, however, continues to be the main outlet and is not a very reliable one. In consequence there has been little improvement in the heavily overstocked position. Other exports of coconut and copra have been fairly well maintained.

ADEN

A strike of oil bunkering employees at the end of the year interfered somewhat with the trade of the port which otherwise was fairly well maintained although its entrepot trade in coffee, etc., has naturally declined in value. The cotton crop grown in the Abyan and Lahej States is expected to yield 35,000 bales in 1960.

In October last we opened a sub-branch of the Bank at Khormaksar to serve the Royal Air Force units stationed there. This makes our fourth branch in the area.

A new capital of the Six Federated States is shortly to be established at Alittihad, twelve miles from Aden.

SOMALILAND PROTECTORATE

Good rains resulted in an appreciable increase in the export of livestock in the last quarter of the year.

Two oil drilling parties are in the territory, but oil or gas in commercial quantities has yet to be struck.

FEDERATION OF RHODESIA AND NYASALAND

The continued rise in copper prices, an increased tonnage and a record return from the 1959 tobacco crop have radically altered the economic scene and a favourable trade balance of well over £40 million is expected. Import restrictions have been lifted except on a few classes of dollar goods and there have been relaxations in the regulations governing hire purchase of industrial mining and agricultural machinery and certain domestic articles.

The Kariba power scheme is now well under way. A certain amount of power will be available this year and full production next year. The benefits to its economic supply area will be very great and should help materially in the development of industry in the Rhodesias.

The Bank rate remained at 4½ per cent throughout the year.

As you know, a Royal Commission under the Chairmanship of Lord Monckton has been appointed to make recommendations regarding the future of the Federation, a review of which falls to be made in 1961. The Commission will begin its hearings in the near future and its findings will be awaited with great interest.

GENERAL

The improvement in the financial affairs and status of this country which was well under way a year ago has continued and it cannot be gainsaid that the result of the Election last October gave a distinct fillip to this welcome progress. None the less we have recently been reminded by the raising of the Bank rate from 4 per cent to 5 per cent that expansion still requires the rein of financial control and that inflation is continuously lying in wait for the over-optimistic. Dearer money conditions in other countries, notably the USA, Canada and Germany, contributed to the arguments for a higher Bank rate.

In these circumstances it is hardly to be expected that the Budget will be a "soft" one although we can, I hope, look for some alleviation of our tax burdens.

About our own prospects for 1960 I am moderately optimistic. We have made an encouraging start, and in so far as our fortunes are in our own control there is no reason why we should not continue on the same plane of progress.

I have already referred to the quality of our staff to whom I wish to extend our thanks for most excellent work in a difficult period. From Directors and members of the General Management who have made comprehensive tours of our branches during the past twelve months I have had excellent reports of the morale and ability of our overseas staff, and needless to say the same is due to be said of the staff in Head Office and our branches in London.

LINGGI PLANTATIONS, LIMITED

SIR JOHN HAY'S STATEMENT

The sixty-fourth Annual General Meeting of Linggi Plantations, Limited will be held on Wednesday, March 30th, at 19 Fenchurch Street, London EC3.

The following is the statement by the Chairman, Sir John Hay, which has been circulated to Stockholders:

The substantially increased profits disclosed in the accounts now presented are due to an unusual combination of favourable factors. Our rubber crop exceeded our estimate and reached nearly 10½ million lb., a record in the long history of the company, and was harvested at a lesser cost, a notable achievement. At the higher level of prices prevailing throughout the greater part of the last financial year, the proceeds of this harvest exceeded the figure for last year by over £280,000. The first beneficiaries of our improved fortunes are the taxing authorities. Malayan export tax and cesses show a net increase for the year of £86,000, whilst income and profits tax are higher by £55,000. The net charges under these headings total £338,000 which represents 53 per cent of our trading profit.

Mindful of the need to provide adequately for the improvement of our estates, we have transferred from the remaining profit to replanting provision the sum of £75,000. I am hopeful that in future years our normal yearly charge will come near to meeting our requirements and that it will not be necessary to make again such a liberal transfer. After such provision, however, we are able to recommend an increased dividend at the rate of 6d. per 2s. share, free of tax, and to carry forward a larger sum.

Many years have elapsed since I made my first visit to the company's estates and their frequency has increased in the postwar years. The intimate knowledge I have gained of our properties in their varying stages of development and growth has proved invaluable to me in my direction of your company, whilst the constant renewal of personal contact with those who manage and administer the company's estates in the East has contributed to the development of a mutual understanding and confidence which could hardly be otherwise attained. My last visit was made little more than a month ago and I noted with satisfaction the progress that was being made in replanting, an operation that must continue even in a company such as this which has passed the stage of dependence on inferior seedling rubber. Our biggest operation in replanting now occurs on Sembrong estate, which was originally planted in the late 1920s. It was our first large-scale endeavour in the planting of selected stock and was for many years our highest producer. Here we propose not only to replace with more modern stock but also to extend. We have been successful in acquiring on reasonable terms 1,100 acres of adjoining jungle land. Our programme provides for planting this up over the next two years. As one of the oldest plantation enterprises, we are naturally numbered amongst the pioneers in replanting. On the occasion of my visit my attention was again drawn to an area on Rantau division which carries its third generation of trees, coming into tapping this year. Although this area has been under cultivation for over half a century the present stand of trees are well grown and give promise of high yields. The average output for the whole of our properties in tapping was over 1,000 lb. per acre. This policy of renewal and improvement is not limited to planting. Renewal and improvement in housing and equipment goes steadily on in accordance with a carefully devised programme. We have reaped considerable benefit from our latex installations, built in recent years. The demand for rubber in this form continues. In the short time that we have been engaged in the processing of this special form of natural rubber we have gained a high reputation for stability in quality and last year the group of which this company is a member achieved the distinction of being the biggest exporter from Malaya of concentrated latex.

TEA

In an interim statement issued under the date of January 18th we informed stockholders that after my examination of such tea planting as had been done on Mantin Estate I was forced to the conclusion that the prospects of success were not such as to justify further expenditure on this project. Although rubber of vigorous and strong stature had been successfully grown on Mantin, it became evident after persistent trial that the soil was not of the physical texture to sustain in healthy growth, in a variable climate subject to unseasonable droughts, an intensively

planted culture such as tea. Our experience in this matter demonstrates the risks inherent in pioneering in a new product in a strange environment. Such expenditure as has been incurred on this item has been written off and there are no further liabilities to be accounted for. The intention is to revert to rubber and much of the expenditure preparatory to planting already incurred will serve to that purpose.

OIL PALMS

Happily, our much larger interest in our other alternative crop is proving highly profitable. In Oil Palms of Malaya, Limited, with an issued capital of £1 million, we hold 466,666 shares of £1 each. A summary of that company's accounts is included in our report. It will be observed that that company's profits show a significant increase over the preceding year and that a dividend at the rate of 20 per cent is recommended This very satisfactory return on our investment may well be improved upon as the latest plantings of high yielding stock reach an advanced stage in production over the next few years.

THE OUTLOOK

That the demand for natural rubber should continue at a level sufficient to absorb all production, at a time when ample supplies of the synthetic substitute are available at a lower and more stable price, is significant and encouraging. We believe that demand over 1960 will continue at a high level and that releases from UK and USA stockpiles at the present moderate rate will serve only to replenish trade stocks which have fallen below what might well be regarded as the normal in relation to current consumption. It is difficult to know what significance should be attached to the Russian declaration of intent to liquidate stock. It would not be surprising if the true intent is merely to release some of the stock to Satellite countries for the requirements for which the original purchases were made.

STAFF

I should not conclude this statement without an acknowledgement of the services of the officers engaged in the management and administration of our estates and of all those who assist and work under them.

CABLE AND WIRELESS (HOLDING)

(Investment Trust Company)

ANOTHER YEAR OF PROGRESS



The thirty-first annual general meeting of Cable and Wireless (Holding) Limited was held on March 4th in London.

Sir Edward Wilshaw, KCMG, DL, JP, LLD, FCIS (the Governor), presided and, in the course of his speech, said:

I am able to report yet another satisfactory year in the Company's history.

Our earnings have increased by about £105,000 and the market value of our securities is twenty-two million pounds more than their book value.

Last year I gave you a full resumé of our achievements as an investment trust company during the decade then ended. I think you will agree that the accounts show very clearly that our rate of progress has been more than maintained in the first year of the second decade. Our gross income is £138,009 greater at £1,868,868, and our expenses slightly less than last year. Provision has been made for the payment of a total dividend of sixpence for each 5s. unit of stock.

Last year I was able to tell you that if you had purchased £100 stock in 1950 at a cost of £96 and had paid a further £35 in order to take up, from time to time, the additional shares to which that original holding entitled you (a total investment of £131) you would have possessed stock then worth no less than £392. Now I am able to point out that, without further cost, your investment of £131 in the Company is worth, in the market, £655, which is an appreciation of 400 per cent. We are now proposing to issue to you further free shares on a basis of one free share for each five units you already hold and to give you an opportunity to buy for 10s., shares in the proportion of one new share for each eight units held which at the time of preparing this speech were calculated to be worth about 17s.

ENCOURAGING THE SMALL INVESTOR

During the past year we have seen a stupendous upsurge of interest on the part of the small investor to seek suitable securities in which to place his savings. As you know, we in this Company have done much to encourage this class of investor by paying our dividends quarterly and providing for our Stock to be transferable in units of 5s.

It will be generally agreed that it is to the advantage of the country that encouragement should be given to savings and particularly to investment by the small investor. It is disappointing that, so far, the Banks have not made arrangements to sell recognised stocks over the counter, and, rightly or wrongly, there are constant references to the fact that stockbrokers wish to discourage the small investor because the business is not remunerative. It must not be overlooked that the small investor today may be the large investor of tomorrow, and it would be a pity if large companies were forced to sell their own stock direct to the public, and particularly to the small investor, with consequent ultimate loss to the bankers and stockbrokers. The report was adopted and at the subsequent extraordinary general meeting the capitalisation proposals were sanctioned.

CO-OPERATIVE PERMANENT BUILDING SOCIETY

The Annual General Meeting of the Co-operative Permanent Building Society was held on March 5th in London. In the course of his speech, Mr C. J. Dunham, the president, said:

The year 1959 was notable for a record amount of money advanced on mortgage by building societies. The total amount loaned on mortgage by all societies amounted to well over £500 million.

The year, too, was notable for a reduction in building society interest rates after a whole decade of rising rates in which the mortgage rate had risen from 4 per cent to 6 per cent, and the share rate from 2½ per cent to 3½ per cent (income tax paid). I think it is now accepted that it is more realistic to expect the lending rate to vary between 5 per cent and 6 per cent.

The increased flow of money in the early months of 1959 enabled the Building Societies Association to recommend to its members in May last that rates be reduced, and we reduced our lending rate by ½ per cent and our share and deposit rates by ¼ per cent. We do not contemplate an early variation of rates.

The accounts show another year of good progress. The shareholders' and depositors' balances increased by £13 million to a total of £209 million.

Mortgage advances at £33 million were at a record level. The balance outstanding on mortgage increased from £168 million to £182 million. The total of the general reserve and the balance carried forward was £6,418,000—a net increase on the year of £755,000.

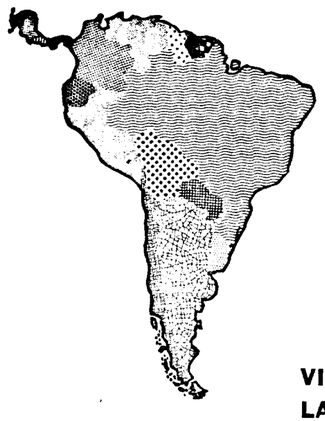
Cash and investment holdings at the end of the year amounted to £35,164,000 (a liquidity equal to 15.9 per cent of total assets), of which £9,225,000 was held in cash and Treasury Bills.

Of our total lending of £33,384,000 during the year more than £29 million was advanced to owner-occupiers. Of this sum over £3 million was advanced under the House Purchase and Housing Act, of which sum the Government have reimbursed the Society up to December 31, 1959, to the extent of £2,750,000. The Society continues to make advances under this scheme.

The demand for dwellings shows no sign of abatement. Yet there are certain misgivings which spring from the present position. There is the acute scarcity of land available for building in the places where buyers want to live, and the cost per plot is undoubtedly driving up house prices. Although actual building costs have remained stable over the past year or 18 months, the prices of newly built houses have risen, according to the Society's index, by some 6 per cent in 1959. This we attribute in the main to the cost of land. The scarcity of land is also leading to intensive redevelopment on the sites of older houses in the inner suburbs. It is in this direction that a good deal of future development in our large cities will trend, but this kind of development is being done piecemeal and not always in the most satisfactory way.

It is in these inner areas, too, that there may well be scope for building to let by private developers. Advocates though we may be of house purchase, building societies must recognise that not every family chooses to buy when there is a free choice between buying and renting.

The report and accounts were adopted.



"CAPACITY TO IMPORT"

VITAL FACTOR IN LATIN AMERICAN GROWTH

Sir George Bolton's views

Last year I referred to the increasing importance of the maintenance of the international flow of capital, and it is now becoming widely recognised as the most immediate and difficult problem in the political and financial field.

Before the first world war, European countries and particularly the United Kingdom, were the principal suppliers of development capital to Latin America; in the inter-war years this role was taken over by the U.S.A. In the first few years after the second world war, there was a large scale repatriation of British and other capital from Latin America, while U.S. investment grew rapidly. More recently, Latin America has once more become a net importer of long-term capital from Europe, though, with the exception of petroleum investments in Venezuela, the movement has not reached significant proportions. An important development has been the co-operation in 1959 for the first time of British and European banks in the provision of a stabilisation credit to the Argentine.

It is impossible to avoid the conclusion that most Latin American countries will make little progress in raising incomes per head over the next decade without substantial amounts of both private direct investment and official loan capital. The most critical factor in Latin American growth is still the capacity to import; this in the first decade after the war was augmented by the expenditure of wartime accumulations of foreign exchange, favourable terms of trade since vanished, and also by the inflow of capital. Since prospects do not appear favourable for the increase of export income, the maintenance of economic growth depends on attracting foreign capital, both in the form of money and industrial plant.

The industrialised countries' capacity to generate capital has increased, but the world-wide demand for capital is rising even more rapidly. Governments everywhere are committed to maintenance of high levels of employment and the improvement of standards of living while the world population is growing at an explosive rate.

Although Governments can encourage the flow of private capital to certain areas and themselves supplement it by official loans and through their contributions to international agencies, it is on their own ability to attract private capital that the underdeveloped countries must principally rely for a large part of their requirements. Private investors will be guided chiefly by the normal commercial considerations of risk and return on capital, and in this connection it is impossible to overstress the importance of the measures that are now being taken in a number of Latin American countries, to remove controls and to eradicate inflation, thereby encouraging the optimum use of domestic resources.

These are extracts from the review by the Chairman of the Bank of London & South America Limited, Sir George Bolton, K.C.M.G., for the year ended December 31, 1959.

The full text of the review and a copy of the Directors' Report and Statement of Accounts can be obtained from the Secretary, Section D,

40-66, QUEEN VICTORIA STREET, LONDON, E.C.4.

BANK OF LONDON & SOUTH AMERICA LIMITED

BRITANNIC ASSURANCE COMPANY LIMITED

RECORD NEW BUSINESS FIGURES

£3,446,000 FOR POLICYHOLDERS' BONUSES

MR FREDK. A. POWELL'S STATEMENT

The ninety-fourth annual general meeting of the Britannic Assurance Company Limited will be held on April 1, 1960. The following statement by the chairman, Mr Fredk. A. Powell, FCA, has been circulated with the accounts.

The most significant feature of 1959 was the big improvement in the market values of our stock exchange securities, particularly in our substantial holdings of ordinary stocks and shares. Two years ago we had to provide against heavy depreciation and wrote off no less than £1,850,000 and made transfers to our investment reserve funds of £1,250,000, these provisions being far in excess of our usual transfers. This year we make no transfers to investment reserve funds, but this does not indicate a change from our long-standing policy of building up our investment reserve funds as the life assurance funds increase. We feel, however, that the favourable movement in prices since 1957 has resulted in the investment reserve funds of £9,125,000, plus the large margin between book and market values, becoming more than adequate in relation to our present funds.

GENERAL PROGRESS

The company made good progress in 1959 and record new business figures were again written in both life branches. The company's total income increased by £1,263,000 and amounted for the first time to over £20 million. Premium income in the life branches rose by £681,000 to £14,571,000. Gross interest income at £6,273,000 increased by £594,000. Policies in force in the life branches assured, with bonuses, over £256 million at annual premiums of over £14,900,000. The company's total funds held as security for policyholders amounted to £120,504,000, an increase of over £7,900,000 in the year.

ORDINARY BRANCH

The new business in 1959 was again at a record level, the new sums assured being £11,373,000 compared with £10,155,000 in 1958. New annual premiums for life assurance and deferred annuities amounted to £543,000 and single premiums and annuity consideration amounted to £110,000. The total premium income rose by £240,000 to £4,756,000. Our business consists almost entirely of individual contracts, as distinct from group schemes, and is transacted directly with the public through our full-time agents and officials. The business is of a thrift character, providing a safe means of saving to the individual with protection for dependants in the event of premature death.

Gross interest rose by £221,000 to £2,353,000 and showed a gross yield of £5 18s. 4d. per cent —a rise of 4s. in the year. The net yield was £4 5s. 6d. per cent. Deaths, maturities and surrenders were all less than in 1958 and expenses at 12.94 per cent were only slightly higher despite the extra new business. The funds increased during the year by £2,898,000 to £41,987,000.

INDUSTRIAL BRANCH

Results in this branch were again satisfactory. Sums assured under new policies amounted to £16,385,000—an increase of £732,000. Premium income increased by £440,000 to £9,814,000 and the funds by £4,975,000 to £67,936,000. Gross interest rose by £368,000 to £3,870,000 and showed a gross yield of £6 1s. 2d. per cent—a rise of 4s. in the year. The net rate of interest was £5 15s. 0d. per cent. There was a small increase in death claims of £34,000 to £1,800,000, while maturity claims at £2,831,000 were down by £377,000. The expense rate was virtually unchanged at 27.99 per cent.

During 1959 new premiums under endowment tables were over 91 per cent of the total new premiums. Much of this money would not be saved at all but for regular calls by our agents at the policyholders' homes. The average weekly or monthly premium paid by the individual policyholder is so small that it could not be invested effectively, but when aggregated with the amounts regularly paid by millions of other policyholders large sums become available for profitable investment in a variety of securities, including industrial securities. In this way policyholders share in the growing prosperity of industry, the effect of which is seen in the considerably larger bonuses declared for 1959.

VALUATION OF LIABILITIES

No changes have been made in the valuation bases this year. In the Ordinary Branch the surplus disclosed, inclusive of £455,761 brought forward from 1958 was £2,000,405. Out of this surplus £1,326,381 has been allocated to policyholders. A reversionary bonus of 46s. per £100 sum assured under with-profits policies has been declared, against a rate of 44s. a year ago. On with-profits deferred annuities, including approved retirement annuities, a bonus of 40s. per cent on the amount of the annuity payable at retirement has been declared, against one of 35s. per cent for 1958.

In the Industrial Branch the surplus disclosed, inclusive of £1,651,245 brought forward from 1958 was £4,523,910. Out of this surplus £2,100,000 has been allocated to Britannic policyholders. A reversionary bonus has been declared at the rate of 38s. per £100 sum assured on premium-paying policies on which premiums have been paid for at least one year. This rate represents a substantial rise on the rate of 30s. declared for similar policies a year ago. In addition, special bonuses have been declared on policies issued earlier than 1919 at the rate of 20s. per £100 sum assured for each year of duration at the policy anniversary in 1919. The development in our bonus scheme since 1947 has been remarkable, as every premium-paying policy now in force on which at least a year's premiums have been paid, will now have shared in profits for each year of its duration.

INVESTMENTS

During 1959 the beneficial influence of the abolition of the credit squeeze became increasingly apparent in a quickening tempo of activity in trade and industry. This favourable trend was reinforced by a reduction in the burden of taxation and by the resolution of some at least of the political and economic uncertainties which previously prevailed. There was in fact a very real revival of confidence, justifying the expectation of continuing and increasing prosperity.

In these circumstances the main emphasis in our investment operations has been placed on ordinary shares which have increased during the year by £5,066,000 to £25,466,000. We continue to favour investment in equities as a long-term policy, but we feel that caution is now needed in view of the high price levels reached by many shares which may, in some cases, overestimate the future growth of profits and dividends.

The other main changes in our assets, as shown in the balance sheet, consist of increases of £1,329,000 in mortgages, £1,074,000 in municipal and county securities and £1,668,000 in debenture stocks, and a decrease of £1,075,000 in British Government and British Government guaranteed securities.

HOUSE PURCHASE SCHEME

During the year we made 1,842 advances to owner-occupiers, for a total amount of £2,963,000. After allowing for repayments the loans outstanding increased by £1,329,000. Since we commenced to operate our scheme in 1907 we have advanced nearly £43 million to our policyholders for the purpose of purchasing their homes, of which £23 million is still outstanding.

FIRE & ACCIDENT BRANCH

We have again received much help from the British General Insurance Company, with whom the whole of our fire and accident business is reinsured. It is always a pleasure to work with them and we thank them most sincerely for looking after this branch of our business so well.

The premium income shows a modest increase of £21,000 at £1,120,000, and the gross profit rose from £27,976 to £37,828. Our claims experience in the motor-car and motor-cycle section, in common with that of other insurers was again unsatisfactory, notwithstanding the higher rates of premium which were introduced in July, 1957.

NEW CHIEF OFFICE

For many years the directors have had under consideration the building of a new chief office. The present building has served us well for 55 years. It has been a happy home but as so often is the case the family has outgrown the home. The possibility of rebuilding on the present site has been ruled out because of the replanning of the Birmingham city centre, and the directors have seen many advantages in establishing a new chief office on part of our recreation grounds at Moor Green, Moseley—some three miles from the city centre. Work on the site commenced in June last. The building is due to be completed in December, 1961, and is progressing well.

STAFF

Once again it is my privilege to express your thanks to the staff for an excellent year's work. The good name of the Britannic is very largely in their hands and the fact that it stands so high

is a tribute to them. I am happy to say that the spirit of mutual respect and understanding between management and staff which has always been a feature of this company, and one which we value greatly, was fully maintained.

We are increasing the transfer to the staff pension fund by £15,000 to £290,000, which I know will have your full support.

BRITISH INDUSTRIAL PLASTICS

FINANCE FOR EXPANSION

The annual general meeting of British Industrial Plastics Limited was held on March 10th in London.

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

For the Company's year ended September 30, 1959, the Net Profit of the Group, after depreciation but before taxation, amounted to £802,916, an increase of £104,302 over the comparable figure for the previous year of £698,614. This profit figure is again a record in the history of the Group.

During the year the total capital expenditure of the Group amounted to approximately £588,000, as compared with a figure of £492,000 in the previous year. It is satisfactory that, despite this large expenditure, the aggregate Bank balances of the Group have only been reduced by some £45,000.

At an Extraordinary General Meeting Resolutions will be proposed to increase the authorised capital of the Company from £1,500,000 to £4 million, and for a part of the Company's reserves to be capitalised and applied in paying up in full 14,768,123 Ordinary Shares of 2s. each of the Company. These Shares will be distributed, credited as fully paid, in the proportion of one new Ordinary Share for every Ordinary Share held.

Except as mentioned above, it is not at present the intention of your Directors to issue any of the increased authorised capital. However, the expansion of the Group's activities, and the Group's policy of using the most modern and advanced types of plant and machinery available, will necessitate considerable capital expenditure in the future.

Your Directors have under review a number of projects, and should these be adopted, and when the plans for their implementation are complete, it may be necessary to issue additional capital.

OVERSEAS INTERESTS

SOUTH AFRICA.—British Industrial Plastics, SA (Pty) Limited's factory for the manufacture of resins for the South African Paint Industry, referred to last year, has just been completed and operations started.

Considerable interest in this venture has been expressed by the Paint Industry there, and your Directors are confident that products produced will be well received in an expanding market.

HOLLAND.—The negotiations with the prominent Dutch concern, Algemene Kunstzijde Unie NV, referred to last year, were duly completed.

Owing, however, to uncertainties in respect of the economics of this project, arising in turn from uncertainties as to the future political and economic structure of Western Europe as a whole, it was mutually agreed that the proposal for a joint venture should be put in suspense.

GERMANY.—The Chairman's Statement last year advised our intention to establish a small wholly owned subsidiary Company in Western Germany for the assembly, sale and servicing of the products manufactured by BIP Engineering Limited and BIP Tools Limited.

This has now been put into effect, and this new subsidiary under title BIPEL Maschinen, GmbH. was formed just before the International Plastics Exhibition was held in Dusseldorf in October last, when products representative of all the Group's activities were displayed.

This new Company should prove to be well sited to serve potential customers in Common Market countries.

PROGRESS REVIEW

During the first six months of the past Financial Year turnover was lagging a little behind comparable figures for the preceding year, and with some reduction in profit margins the overall results were not encouraging. In the latter half of the year the situation changed completely and this resulted in such increased demand for our products, both chemical and engineering as has taxed our manufacturing resources to the limit. This phase is continuing in the current year.

Based on quality, price and technical service, there is an expanding export market for all products of the Group, which will supplement the increasing demand on the home market.

THE STERLING TRUST, LIMITED

INCREASED GROSS REVENUE

The forty-third annual general meeting of The Sterling Trust, Limited, was held on March 8th, in London, Mr M. F. Berry (the chairman) presiding.

The following is an extract from his circulated statement:

The results for the year 1959 reflect for the first time a full year's income on the fresh ordinary capital issued in July, 1958. Partly owing to the use of this fresh capital, and partly owing to various increases of dividend on our investments, the total gross income of the company has risen from £495,447 to £555,482. This gives a figure earned on the ordinary capital of 23.79 per cent, the corresponding figure for 1958 being 20.95 per cent. Your Board have decided to recommend for the year 1959 a total dividend of 17½ per cent which represents a distribution of approximately 80 per cent of the total net reventue.

Once again the valuation of the investment funds of the company has shown a very substantial increase, the appreciation at December 31, 1959, being 141 per cent against a figure of 85½ per cent a year earlier. This appreciation is significant as reflecting the confidence of investors that dividends will be increased on many ordinary shares, thereby raising the dividend yield from a very low figure to a more normal basis, and it is much to be hoped that these dividend increases will materialise.

The report was adopted.

THE SCOTTISH PROVIDENT INSTITUTION

MUTUAL LIFE ASSURANCE

REVIEW BY THE CHAIRMAN, LORD CLYDESMUIR, MBE, TD, DL

RECORD NEW BUSINESS

In moving the adoption of the Report and Accounts at the one hundred and twenty-second Annual General Meeting held in Edinburgh on March 8, 1960, Lord Clydesmuir referred to the unfailing regularity with which record new business figures had been reported for many years and to the fact that the year 1959 was no exception. Net new sums assured under ordinary policies amounted to over £11¼ million and to over £15¾ million including new sums assured under group life and pension business. Net new annual premiums at over £778,000 had increased by 12½ per cent over the previous year, and single premiums, including consideration for annuities, exceeded £1½ million compared with under £½ million in 1958. Total premium income was nearly £5 million. Total interest income, which had risen by almost 13 per cent in the year, represented yields of £6 10s. per cent gross or £5 2s. 6d. after deduction of income tax, but the difficulty of maintaining these yields on growing funds would be appreciated and their continuance should not be taken for granted.

FUNDS DOUBLED IN TEN YEARS

Claims by death were unusually small in 1959 and the increase in other items of outgo had only kept pace with the growing business; the Total Funds, now over £53 million, had practically doubled in the past ten years. Moreover, the amount by which the market values of the assets exceeded the figures at which they appeared in the Balance Sheet was larger than ever before. The Directors had the securities comprising the assets under constant review and policyholders could rest assured that the money was safely and profitably invested.

Inflation, said Lord Clydesmuir, was the principal danger to our modern economic system, but it was to the credit of all classes of society that the danger was becoming better understood. Its prevention lay in more saving and less spending; and life assurance, the best and surest way of saving, benefited the nation by helping to curb inflation just as surely as it benefited the policyholder.

SAVE AS YOU EARN

In an endeavour to make the benefits of ordinary life assurance more widely known among weekly wage earners, a "Save as you earn" plan had been devised under which premiums can be deducted weekly from employees' wages and the total remitted to us monthly in one sum by the employer. A wide variety of types of contract is available: in one instance an employer is contributing sums dependent on the Company's profits. This combination of profit sharing with a scheme of saving and life assurance cover had received widespread approval, and the Institution would be glad to give full details to any employer contemplating a provident scheme.

The Report and Accounts were adopted.

HOOVER LIMITED

TURNOVER 50 PER CENT HIGHER

The Annual General Meeting of Hoover Limited will be held on March 30th at Perivale. Mr S. Roberts, the managing director, is to preside.

The following is an extract from the "Annual Review":

The year which has just ended has been favoured with an economic climate better than we have experienced for some time.

The inflationary pressure which cast such a threatening shadow over the economy for so many years had, by the middle of 1958, been subdued and the Government was able to introduce policy measures which freed the economy from a number of restraining influences and allowed it to expand without the fear that adverse consequences would immediately follow.

Thus the favourable economic outlook, supported by the absence of official controls on spending, has encouraged a high level of personal expenditure, particularly on durable goods.

These conditions at home, coupled with the more favourable economic trends abroad which have enabled us to expand our export trade, have resulted in an unprecedented year, with turnover 50 per cent higher than in 1958 and profits at £11,135,225, the highest in the Company's history.

VOLUME AND PROFIT STRUCTURE

Although our turnover was up by 50 per cent, profit showed a much greater proportional increase and vividly illustrates the importance of volume in the profit structure.

As in all industrial companies, a large proportion of manufacturing costs are incurred irrespective of the volume of output, and it is this relative inflexibility which has such a major effect on profits when demand is harshly curtailed by Government controls.

The frequent changes in controls and restrictions which the Government has imposed upon the purchase of domestic appliances since the war, have resulted in widely varying production levels, periods of peak production being followed by sharp declines, so that the benefits which could have been derived from continuous large scale production have never been fully realised.

The rapid and sustained expansion of demand for domestic products which followed the removal of credit restrictions, created conditions in 1959 which enabled all the advantages of continuous high volume production to be attained.

This continuous high volume production has enabled us to make considerable price reductions in many of our models on the home market and thus support the Chancellor's appeal to industry to lower prices. But, more important still, it has provided us with the opportunity to lower our prices in the highly competitive markets abroad, permitting us to exploit these areas to better advantage. Our export business has, in consequence, shown a material increase on the previous year.

It is probable that the upsurge in sales resulting from the removal of hire purchase controls at the end of 1958, would have slowed down had not the Government seen the need for further expansionist measures.

Once the Budget proposals had been announced, the hesitation which had begun to develop in retail sales was swept aside and sales have since been maintained at a high level.

The favourable conditions for selling domestic appliances in 1959 was not the only factor creating this most successful year in our history. It is very significant that we achieved an increased share of this very competitive market.

The new Junior Cleaner, introduced in the autumn of last year, has created a unique place for itself in the market and sales have attained a very high level.

We launched a new Major Cleaner, Model 652, in April last. We believe this is the finest all-round Cleaner we have ever produced, from both design and functional standpoints, and sales have been well up to our optimistic forecasts.

In October a redesigned Constellation Cleaner, with many added refinements, was introduced to the market and, at the same time, a substantial reduction was made in the price. The combination of high quality and low price has had a very favourable effect on sales.

During the autumn we made considerable price reductions in both our Hand and Power Wringer Washing Machines, which have stimulated even greater sales for both these products.

We have thus continued our policy of constantly improving the design and styling of our products, in the certain belief that this, coupled with the price reductions we have made on many of our products, will ensure an even greater share of the available market.

The general recovery of trade overseas is reflected in the increased business we have obtained this year and our total export turnover is up by 18 per cent.

It is worthy of note that trade with the dollar countries has recovered from the down-trend evident in 1958, and earnings in this field increased to $3,062,450 compared with $2,216,236 last year.

With a network of subsidiaries and distributors established in many countries throughout the world, we are in a position to take full advantage of improving conditions as they occur. With this in mind, we intend to strengthen our links overseas still further.

DIVIDENDS AND SCRIP ISSUE

Your Board recommends a final dividend of 80 per cent less tax on each Ordinary and "A" Ordinary Share, making a total of 90 per cent for the year.

The increased profits have enabled your Board to propose this higher dividend without deviating from the policy of ploughing back substantial profits each year.

At the Extraordinary General Meeting convened to follow the Annual General Meeting, it is proposed to capitalise £2,450,000 of the unappropriated balance on the Profit and Loss Account and to issue 9,800,000 "A" Ordinary Shares to the Ordinary and "A" Ordinary shareholders on a one-for-one basis.

The year just ended has witnessed a tremendous increase in demand for domestic appliances in the home market. The reasons for this are exceptional, and we do not believe that the rate at which sales have climbed in 1959 will be repeated in 1960.

Competition is becoming more intense in both our home and export markets and in the home market imports from overseas have increased at a significant rate and have added their weight to the pressure of home competition. All this can only mean keener prices and lower profit margins. Nevertheless, we look forward to another satisfactory year although not at the same level as 1959.

GHANA MAIN REEF

MR C. J. BURNS'S STATEMENT

The Twenty-sixth Annual General Meeting of Ghana Main Reef Limited, was held on March 7th, at The Chartered Insurance Institute, London, E.C. Mr C. J. Burns, Chairman, presiding.

The following is an extract from his circulated statement for the year ended June 30, 1959:

The confidence expressed in my last review has been justified by the year's results. No further dividend for the year under review can be recommended, since an interim dividend of 7½ per cent and a bonus of 2½ per cent have already been distributed. For the current year your Board have declared an interim dividend of 7½ per cent, less income tax, payable on March 11th, 1960.

Two main factors highlight the operations for the year. The installation of a single-drum hoist capable of hoisting waste rock through the sinking compartment in Tuappim Internal Shaft from No. 20 Level to No. 8 Level, was nearly completed, and should be in operation very shortly. The persistent pattern of the main ore shoots has convinced your Board that an exploration programme to depth to prospect the fissured areas between and beyond the known ore shoots is absolutely necessary. Already promising values are being found, giving great encouragement for the future of this phase of development. We have every hope that the mine grade will be increased once the developments at depth have reached a stage which will allow the hoisting of the richer grade ore from the deep levels of the Tuappim section.

CHAIRMAN'S ADDITIONAL REMARKS

In the course of his speech to stockholders, the chairman said that in the Tuappim section the summary of the payable developments exposed to date during the current financial year amounted to 520 feet averaging 9.4 dwts over 57.3 inches on Nos. 17, 18 and 19 Levels. This is most encouraging and would prove not only a satisfactory addition to ore reserves but a sound indication that the reef was persisting to depth. Before the end of the year it was confidently expected to expose part of the 20 Level. In the Main Shaft section the summary of payable development for the same period amounts to 165 feet averaging 11.1 dwts over 43.9 inches on Nos. 13, 18 and 21 Levels. The No. 18 Level drive north and No. 19 drive north and south would be fully exposed before the end of the financial year.

The chairman reiterated his confidence in the future of Ghana and dwelt upon the need for immediate development of opportunities for suitably trained Ghanaians to enter the mining industry.

Mr C. W. Tachie-Menson, CBE, an eminent Ghanaian, had accepted a seat on the Board, and it was hoped he would join them in a few months.

The report was adopted.

FALCON MINES

MR F. L. WIGLEY'S STATEMENT

The fiftieth annual general meeting of Falcon Mines Limited will be held on March 31st in Bulawayo.

The following is an extract from the Statement of the Chairman Mr F. L. Wigley, circulated with the report and accounts for the year ended September 30, 1959:

The reasons which prompted your Board's decision to increase the Issued Capital by a further 181,561 shares of 5s. each are fully stated in the Circular to Members dated February 4, 1960, and I need only add that it will be an advantage to have funds available for accelerating an exploratory development programme as initial results may justify.

The Net Profit for the year was £151,236. The sum of £75,929 has been appropriated for expenditure on Fixed Assets and Mine Stores. After providing for Dividends Nos. 11 and 12 totalling 10½d. per share (17½ per cent), which absorbed £79,433, and bringing to account an over-provision for taxation in previous years of £971, there remained a balance unappropriated of £9,446 compared with £12,601 brought forward from last year.

At the Dalny Mine, I am pleased to report that the fresh series of metallurgical tests referred to in my Review last year resulted in a most satisfactory improvement in gold extraction. Total residues for the year averaged 0.72 dwts per ton but the average for the last six months of the year was only 0.59 dwts and there has been a further reduction during the current year.

Working costs were reduced by 6d. per ton milled compared with the previous year in spite of a substantial increase in development expenditure. The proposal to raise the electricity tariff by 15 per cent was successfully opposed by the Southern Rhodesia Mining Industry and a revision to an increase of 5 per cent, pending a further investigation into the whole tariff structure, was obtained. The higher charges came into effect in February, 1960.

The estimated ore reserve at September 30, 1959, was 672,000 tons valued at 4.90 dwts per ton over a width of 107 inches.

On the Pixy section a shaft was sunk to a depth of 380 feet and a level (No. 4) was established. A crosscut from the shaft intersected the reef in the vicinity of the No. 2 borehole mentioned in last year's Review and driving had exposed 105 feet of payable reef by the end of the year. Since the close of the year work on this level has continued to yield encouraging results and, in addition, the drive of the Pixy reef commenced from the Dalny 7 level crosscut has intersected values at this lower horizon in the shaft area. Work is now in hand to effect a holing between this level and 5 level to which the Pixy shaft was sunk during January and February, 1960.

At the western end of the strike, the dewatering and reclamation of old shafts in the Arlandzer area has reached the stage where development in fresh rock below the oxide zone worked in former years can commence.

The Tribute Agreement over the M'tuga Copper Claims was extended to August 31, 1960. Royalties totalling £13,276 were received from the Tributors during the year.

SAXONE, LILLEY & SKINNER (HOLDINGS)

RECORD HOME AND EXPORT SALES

LEEDS PROJECT COMPLETED

BENEFITS OF WIDESPREAD REPRESENTATION

MR J. S. ABBOTT'S CONFIDENCE IN FUTURE PROSPECTS

The Annual General Meeting of Saxone, Lilley & Skinner (Holdings) Limited will be held on March 31st at Kilmarnock.

The following is the review by Mr J. S. Abbott, the Chairman, which has been circulated with the report and accounts:

Before proceeding with this review of your Company's past year's trading, I would refer to the great loss your Board sustained by the sudden death last November of Mr Thomas Lilley. Mr Lilley had been Chairman of the Company since the formation of our present group of Saxone, Lilley & Skinner (Holdings) Ltd. in January, 1957. On all sides tribute has already been paid to his great ability and charming personality. His wise counsel and the benefit of his long experience in the industry will be sadly missed by us all.

Your Board has honoured me by inviting me to succeed Mr Thomas Lilley as Chairman and I am very glad to tell shareholders that Mr James Lilley has been appointed Deputy Chairman.

PROFITS AND APPROPRIATIONS

Last year was a good year for most shoe manufacturers and retailers and your Company was no exception. Home and export sales again reached record figures and profits before tax have increased by £166,551. It has always been the policy of your Board to maintain as high a rate of turnover of stock as possible by depreciating slow moving stock as soon as the need to do so arises. The continuation of this policy has enabled us again to begin the year with clean stocks conservatively valued.

Profits, after tax, show an improvement of £120,714 and provisions for tax no longer required of over £59,000 have been added to the profits available for appropriations. These over-provisions arise largely because of a reduction in the rate of income tax which became effective in April, 1959 after the accounts had been distributed to shareholders.

Two other items in the profit and loss account call for comment. When our South African subsidiary was sold in 1958 it was agreed that the purchase price would be payable over 10 years, free of interest. During 1959 we arranged to discount the 10 instalments for an immediate payment and this discount, together with one or two minor adjustments in connection with the disposal of the Australian subsidiary, accounts for the provision for the realisation of these overseas investments of £35,147.

On more than one occasion we have stressed the importance to our business of ensuring that our shop interiors are well equipped and comfortable and our shop fronts modern and attractive. The cost of doing so is high and we have, therefore, thought it advisable to add a further £70,000 to the provisions for renewals and rebuilding.

After adding £250,000 to the general reserve, your Directors recommend a final dividend of 8 per cent on the Ordinary Stock, as increased by the one for one bonus issue to which I refer later. When that issue was announced we said that we expected to be in a position to pay a final dividend at the rate of 8 per cent, which is equivalent to an increase of 1 per cent on the old stock. The profits for the year have fully justified this increase. It is worth noting that the cover for the Ordinary Dividend has increased steadily since the amalgamation of Saxone, Lilley & Skinner and Benefit Footwear in 1957 and the increased dividend this year is approximately twice covered.

GROUP'S NEW WAREHOUSE

Perhaps the most interesting development during the year was the completion and occupation at Leeds of new headquarters for Benefit and Cable Shoes and a new central warehouse for the Group. This project has been mentioned in former Statements, and I hope stockholders will find interesting the booklet describing these new buildings which accompanies the accounts. The Group now has two warehouses, at Leeds and London, and the closely integrated system of warehousing and distribution, based on these warehouses, should benefit customer and Company alike.

The author of the booklet mentions the aptitude shown by the staff at Leeds in learning and practising the procedures applicable to a fully mechanised warehouse. The whole operation of moving stock and staff to Leeds has imposed a considerable strain on many departments of the business, and it is a tribute to them that the transfer has been carried out with so little dislocation of service to the retail shops. Indeed, the goodwill and enthusiasm shown by the staff and employees in all companies have been a great encouragement to us in carrying out further plans for co-ordinating the work of the various departments of the business. These plans include more centralised buying, further development of the Lilley & Skinner Sales Company, which was formed last year, and which has made a successful start in 1959, and a comprehensive programme of shopfitting to continually improve the high standard of comfort and service which we offer our customers.

OUTSTANDING OXFORD STREET STORE

Stockholders were told last year of the modernising of Lilley & Skinner's Oxford Street store and of the almost immediate increase in sales which the alterations brought about. I am happy to say that this high level of sales has been maintained and that this outstanding store achieved record sales in 1959.

The balance sheet includes for the first time under the heading of Loan Capital the loan of £2 million secured by a mortgage on certain of the Group's properties. The proceeds of this mortgage were used mainly to pay for the cost of the new Leeds warehouse and offices and to replace temporary borrowings. Fixed assets, also, show an increase of almost £350,000 after depreciation, while net current assets have increased by £1,912,000.

CAPITAL CHANGES

As a preliminary to raising this loan, all the Group's properties were transferred to the Parent Company where that had not already been done. Apart from the fact that some of these properties secure the loan it is a considerable administrative convenience to have all the properties owned or leased by one company.

Another step taken during the year to streamline the administration of the Group was the acquisition of all the Benefit Preference capital held by outside shareholders. Benefit Footwear, which is one of the three principal trading companies in the Group, is now, therefore, a direct and wholly owned subsidiary of Saxone, Lilley & Skinner (Holdings) Limited. This acquisition has, of course, had the effect of increasing the issued Preference capital and the cost of shares in subsidiary companies has increased by a like amount.

Finally, the authorised share capital has been increased by £2 million and the issued Ordinary stock been doubled by the one for one bonus issue announced in November.

The sharp expansion in industrial investment which followed the dropping of controls and the lowering of interest rates in 1958, and which grew in momentum throughout 1959, continues still and we share in the prosperity which stems from it. But ours in not primarily an industry which influences the economy and we are to some extent dependent on the fortunes of the basic industries. On the other hand, we are well represented in most of the towns and areas where these industries flourish and your Directors are very conscious of the importance of maintaining this position. I believe that there will be no slackening of the national prosperity in 1960 and no lessening of our share in it.

BTR INDUSTRIES LIMITED

GROUP'S STRONGER COMPETITIVE POSITION

The thirty-sixth annual general meeting of BTR Industries Limited will be held on March 29th in London.

The following is an extract from the circulated statement of the Chairman, Sir Graham Hayman:

The results of the past financial year are disappointing. The adverse trend indicated in my Statement last year and at the subsequent Annual General Meeting, continued well into the second half of the year now under review and, in the event, the difficulties proved greater than anticipated.

Since the beginning of the present financial year, however, we have received an increasing number of inquiries from the capital equipment industries, and our forward position has been strengthened by orders received. I must, however, stress the point that so far business from these sources still lacks real momentum.

In the conditions of business it was impossible to maintain our overall profit position, although improved methods of manufacture to some extent cushioned the effect of low selling prices. Since the end of the financial year under review, however, there has been some improvement in our trading results and the outlook is more favourable.

Our acquisition of Microcell Limited and its associated companies, Glass Yarns and Deeside Fabrics Limited, and Artrite Resins Limited, has provided some set-off to the decline in the profits of the company.

THE YEAR'S RESULTS

The Group trading profit at £1,014,348 compares with £1,003,052 for the previous year. Depreciation is higher, the appropriate figures for the Microcell Group of Companies having been included and the full annual charges arising from the Group's heavy capital expenditure now brought into account. Interest on investments is substantially lower, our investments having been progressively realised during the past two years, first to finance the capital programme of the company, and also to provide part of the funds for the development of the recently acquired subsidiary companies. Profit for the year, before taxation, accordingly amounts to £579,135 against £749,394 last year. The amount required for taxation is £250,182.

With regard to dividend, the trading outlook is improving and in all the circumstances your Directors recommend a final payment of 10 per cent, which, with the interim of 2½ per cent, makes a total distribution of 12½ per cent for the year.

I am glad to report that, in spite of the further decline in selling prices, we substantially maintained the turnover of the company, and, after including that of subsidiary companies, total sales were increased by approximately 5 per cent.

The reorganisation of our activities under Divisions commenced towards the end of 1958, and became progressively operative during 1959. Changes of this character inevitably take time to complete to avoid disturbance of normal routine. Consequently, it was not until the latter part of 1959 that the benefits began to be felt.

The chairman then reviewed in detail the Group's divisional activities under the headings of Belting, Hose, General Mechanicals, Linings and Coverings, Footwear, Aero Products and the Microcell Group and concluded: With regard to future prospects, despite the serious set-back on our profit, it can be said that the immediate results of our heavy reconstruction and expansion programme have placed the Group in a stronger position to meet the competitive conditions which must be expected in future. If present trade trends continue, there should be improved earnings from our traditional or established activities, and some of the newer developments may be expected to contribute usefully to the Group profit. The immediate outlook is not without its difficulties, but there are good grounds for confidence in the Group's future.

THE UNIVERSAL ASBESTOS MANUFACTURING COMPANY

HIGHLY SATISFACTORY RESULT

The 23rd Annual General Meeting of The Universal Asbestos Manufacturing Company Limited will be held on March 31st in London.

The following is an extract from the circulated statement by the chairman, Mr Frank W. R. Douglas:

The financial results for the year have reflected the very high rate of building activity experienced throughout. As I reported to you a year ago, orders at that time were being received at a rate which exceeded our then manufacturing capacity. In consequence of the increased demand for our products a financial result has been achieved which I think you will regard as highly satisfactory, the profit subject only to tax, having increased to £533,265, which compares with £335,237 for the previous year.

IMPROVED DESIGNS

Whilst a large part of our increased turnover arises from the higher overall level of constructional work in this country, it would be ungrateful not to refer to the considerable advance which our technical staff have made in improved designs of asbestos products.

The technical developments have been supported by a carefully devised advertising programme, and by the dissemination of information concerning, not only asbestos cement, but our other products through the UAM Group Advisory Service.

Chancery Installations Limited is a new wholly-owned subsidiary company purchased towards the end of our financial year. We acquired this as we were of opinion that it filled a gap in our otherwise comprehensive insulation service.

The Directors recommend a final dividend on the Ordinary Shares of 1s. 1½d. per share which makes a total distribution for the year of 1s. 6d. per share less Income Tax as compared with 1s. per share in respect of the previous year.

THE CURRENT YEAR

I am happy to say that at present business conditions remain good, even showing an improvement, as compared with those of last year. The whole turnover of the Group has grown, and profits, so far, are higher than that of the corresponding period of last financial year.

Fundamentally, given good management which I believe we have, the prosperity and progress of our Company must be largely dependent on industrial construction, the amount of which is in itself entirely dependent on the general state of trade and the degree of confidence in the business world.

At the present time with a wise and resourceful Government, who seem determined to encourage efficient industry, and hence prosperity, while at the same time having the courage to take whatever steps may be necessary to prevent uncontrolled inflation, some small degree of optimism may be justified. I am, therefore, expecting this time next year to produce a financial result no less satisfactory than the one which I have had the pleasure of presenting to you now.

TEMPERANCE PERMANENT BUILDING SOCIETY

SIR CYRIL BLACK'S REVIEW OF 1959

The one hundred and sixth Annual Meeting of the Temperance Permanent Building Society was held on Friday, March 4th, at the Caxton Hall, London.

Sir Cyril Black, JP, MP, Chairman of the Society, in the course of his speech, said:

Following a period of several years during which the emphasis was in the main upon consolidation there has been, in the more favourable conditions prevailing in 1959, a notable increase in our activities. The Accounts, while revealing that the strong financial position has been fully maintained, indicate that further records have been achieved. The amount standing to the credit of Shareholders and Depositors at the end of the year amounted to the record sum of £41,473,000 an increase of over £4 million. Mortgage advances amounted to £8,113,000. The total amount invested by Shareholders and Depositors was £9,215,000, while the total assets increased by £4,228,000 to £44,421,000. Reserves now stand at £2,382,000, representing 5.74 per cent of aggregate share and deposit capital. Cash and Trustee Securities held at the end of the year amount to £8,042,000, equivalent to 18.1 per cent of total assets.

TRUSTEE STATUS

The year was notable by reason of the granting of Trustee Status to our deposits. The Society had no difficulty in so qualifying, as in all respects our position is greatly superior to the minimum statutory requirements.

RESERVE STRENGTH

The General Reserve Account has now reached the very impressive total of £2,335,000. It has always been considered of the highest importance to maintain a strong reserve position, and our ratio of about 5¾ per cent is considerably in excess of the average of leading Building Societies. The Directors are firmly resolved to promote the further progress of the Society but they will never do so at the cost of weakening our impregnable position. Security is more important than size, and for the sake of the achievement of big figures they will never depart from their long-established rules of prudent finance.

CURRENT SITUATION

During the past year there has been widespread criticism regarding certain activities of a small minority of Building Societies. It is clear that the Government intends in the near future to introduce legislation designed to meet some of these criticisms. No well-managed Building Society such as the Temperance Permanent will do other than welcome any reasonable legislation to secure this objective.

I am convinced that investors would be well advised to investigate carefully invitations to make Building Society investments at rates of interest in excess of those offered by the leading Societies. The current rates recommended by the Building Societies Association, to which the Temperance Permanent loyally adheres, are 3½ per cent on shares and 3 per cent on deposits, income tax paid in each case.

Serious criticism has been levelled against some Societies on the ground that they have been investing a substantial proportion of their funds in mortgages on large blocks of investment properties. It cannot be too strongly emphasised that this is not normal Building Society business. The task of Building Societies is to facilitate home-ownership and the great bulk of their funds ought to be utilised to this end. The Directors have continued this policy of almost entirely confining advances to houses acquired for owner-occupation, no less than 97½ per cent having been advanced on the security of such properties.

Given a continuation of existing conditions, we anticipate that 1960 will be another year of satisfactory progress for our Society. More and more families in the improved economic conditions of the day are keenly anxious to purchase their own homes. It is for us to help them to the utmost to achieve this most worthy object and in so doing I have no doubt that we shall be rendering a vitally important national service.

The Report and Statement of Accounts were adopted.

STEEP ROCK IRON MINES LIMITED

THE COMPANY'S ANNUAL GENERAL MEETING WAS HELD IN CANADA ON MARCH 11.

For 1959, Steep Rock Iron Mines Limited reports net profits after all charges of $9,049,000, equivalent to $1.12 per share.

The Company owns the Steep Rock range with a group of mines both directly-operated and leased. The range is on the Canadian side of Lake Superior. Chairman of the Steep Rock board is Cyrus Eaton, Canadian-born Cleveland industrialist.

Shipments of high grade iron ore totalled 2,746,849 tons, second highest in the company's history and materially more than double the 1958 figure.

Operating profits, according to the annual report, were $12,102,000 before charges and depreciation. After applying $1,700,000 to bond retirement in 1959 and providing a further $1,700,000 for 1960 bond retirement, working capital stood at $10,385,000 on December 31st last, up $6,364,000 from year-end 1958.

Expenditures on the continuing expansion programme were $2,907,000 compared with $8,200,000 in the year preceding. A total of $2,723,000 is the estimated cost of the 1960 programme.

The president, Mr M. S. Fotheringham, in his statement with the Report and Accounts, says of one of the additional iron ore properties which Steep Rock has recently acquired that "the property appears capable of annual production of three million tons of pellets" and adds that important royalty income could be realised for the company "without the necessity of making any large capital expenditures."

Quoting industry sources as predicting 1960 steel production in the United States of 130 million tons, President Fotheringham says that demand for high grade iron ore is again on the upswing. Annual ore consumption is expected to pass the 160 million tons mark by 1965 and to be nearing 200 million tons by 1975. The Steep Rock range, he points out, with deposits which go to great depth and an estimated potential of 300 million tons per thousand feet of depth, is well prepared to meet growing demand.

Royalty income from the Caland Mine will commence this year when this property, leased to Inland Steel's wholly-owned Canadian subsidiary, goes into production. Starting with indicated output of 750,000 tons in 1960, Caland's shipments are expected to increase progressively to 3 million tons annually. In 1961, it is also reported, the third of Steep Rock's own open pit mines will begin shipping.

Mr Fotheringham states that Steep Rock's research programme has been emphasising product and market development. Direct-shipping ores can now be classified by size to customer specifications.

LEICESTER PERMANENT BUILDING SOCIETY

ASSETS NOW EXCEED £60,330,000

ANOTHER YEAR OF GOOD PROGRESS

The Annual General Meeting of the Leicester Permanent Building Society was held on March 9th in Leicester.

Mr A. D. Carmichael, CBE (Chairman), presided and, in the course of his speech, said:

The total assets of the Society are £60,333,245 and show an increase of £9,380,211 on 1958. Mortgage advances reached the all time record figure of £15,476,670 representing 9,902 individual loans.

This growth in assets exceeds any previous annual increase and to a large extent is the fulfilment of a deliberate policy launched nearly a decade ago. In 1951 we decided to expand our activities on a national scale and to open offices in many of the leading cities and towns of the country. This development proceeded steadily and we have now 29 well situated and well established Branch Offices.

TRUSTEE STATUS AND LIQUIDITY

Deposits in the Society have been granted Trustee Status, both our Reserves and Liquid Funds greatly exceeding the requirements of the Act. After providing for the market depreciation of Government Securities, Reserves stand at £3,326,521 and Liquid Funds at £6,952,722.

We would, however, like to see a stricter definition of Liquid Funds. In our opinion it should be cash or assets immediately convertible into cash.

We believe that Dated Government Stocks which can be sold freely and immediately in the open market provide real Liquidity. We regard loans to Local Authorities for a fixed period of years as a sound investment but not necessarily very liquid.

We see no merit in building up an unduly large percentage of so-called liquid assets when the money can be more properly employed in loans to owner-occupiers which after all is the main function of a Building Society.

BANK RATE AND INTEREST RATES

In the early part of 1959, when interest rates showed a downward trend, we were one of the

first Building Societies to announce a reduction to 5½ per cent in the rates charged on new mortgages to owner-occupiers and we have granted interest rebates as from July 1st, 1959, to existing owner-occupiers who were then paying more than 5½ per cent.

We have retained our Paid-up Share rate at 3½ per cent to enable us to meet more adequately the heavy demand for mortgages, and the results of the year amply justify our decision.

In January, 1960, the Bank Rate was raised again but so far this move does not appear to have affected long term rates. Compared with the rates charged by other lending institutions, the present lending rate of 5½ per cent is moderate, especially for the facilities offered by a Building Society.

In this small island it is necessary that the best possible use of land should be made. There are encouraging signs that better use is being made of existing built-up areas and out of date houses are being replaced by maisonettes and flats. The Society does from time to time grant loans to owner-occupiers buying this type of property.

The first two months of 1960 have maintained the excellent trend of 1959 and we look forward to another year of good progress.

The Report and Accounts were adopted.

MTD (MANGULA) LIMITED

(Incorporated in Southern Rhodesia)

A SATISFACTORY YEAR

PLANNED RATE OF PRODUCTION ATTAINED

COMMANDER H. F. P. GRENFELL ON NEAR AND LONG TERM PROSPECTS

The thirteenth Annual General Meeting of stockholders of MTD (Mangula) Limited was held on March 9th in Salisbury, Southern Rhodesia.

Commander H. F. P. Grenfell, DSC, RN (Ret'd) (the Chairman), presided and, in the course of his speech, said:

The most important feature of the year was the installation of the second Aerofall Mill unit, as this enabled us to raise production to our planned rate of 3,000 short tons of ore per day.

The new mill was commissioned in April, but full production was not reached until July, so that the accounts before you only include the last three months of the year at the higher output. Nevertheless the net profit for the year was £394,224, as compared with £3,740 the year before. Out of this a maiden dividend of 5 per cent—£225,000—was declared in November. I think you will agree that this was a satisfactory result for the second year's operations.

At September 30, 1959, there was still a large sum outstanding on Loan Account with the Parent Company, and your Directors decided to raise funds to discharge this indebtedness by offering to Members the 2 million shares held in reserve at 9s. 6d. per share in the proportion of one new share for every nine stock units held. The offer was subscribed to the extent of 99.31 per cent.

As a result, the Parent Company's loan has now been entirely repaid, and a saving in interest charges of nearly £70,000 a year has been achieved.

THE YEAR'S OPERATIONS

Turning now to the Report by the Consulting Engineers—a summary of which is given with the Accounts—you will see that the tonnage milled was 736,400 short tons of ore, and that 16,384 short tons of concentrates containing 7,486 long tons of copper were produced.

With the higher output, operating costs fell from 27s. 8d. to 25s. 3d. per short ton of ore treated, and now that full production has been reached, a further substantial reduction can be expected.

Credit is due to Mr Wilson and all his staff and employees for these results. A measure of their efficiency is indicated by the fact that productivity per employee was nearly double that of last year.

ORE RESERVES

You will no doubt have noted that after allowing for the year's production, the total of ore reserves, which covers the Molly Section only, shows a reduction of some 500,000 tons as compared with last year. We have deliberately made this reduction as a precautionary measure pending further clarification by development, of certain ore zones where diamond drilling has shown the general structure to be particularly complicated.

As we progress the geological picture will become clearer and we shall be able to determine with much greater accuracy the position and shape of the ore bodies and hence the extent of the ore reserves.

For example it now looks as if we may have to modify our original conception of a series of tabular ore bodies in favour of an elongated layer of ore of irregular thickness and shape, with the possibility of a second layer lying below the main layer and following its contours.

Recent drilling results on the lower levels where we have made a number of entirely new intersections of ore, the best of which assayed 2.49 per cent copper over a width of 53 feet, support this theory of a second and hitherto unknown layer.

However, the picture is still far from clear, and although I am optimistic as to the results of further exploration on the lower levels, I am sure it is wise to await these results before coming to any definite conclusions.

Development is also continuing in the Norah area. In the vicinity of the Brian Shaft some 230,000 tons of sulphide ore of better than average grade have already been proved, and production on a small scale is planned concurrently with further exploration.

Last year I mentioned the likelihood of discovering further ore bodies of a similar nature to the north of the Brian Shaft. It now appears that there is a possibility of at least 1 million tons of ore of economic grade in this area, and the Harry Shaft is being sunk for the purpose of carrying out further development and underground drilling.

In addition to this work we are busy reclaiming one of the old shafts at the Silverside workings, 13½ miles to the south-east of the Molly section, with a view to a re-examination of this prospect, and are also actively engaged in geochemical and geophysical exploration of various other parts of the property.

Mangula has now been officially gazetted as a township and once the roads are tarred, work on which will begin as soon as the rains are over, I believe it will develop into a model settlement where people can live and work under the happiest conditions.

THE OUTLOOK

As to the future, I am no crystal gazer, but I cannot help feeling that the near term prospects for our industry are reasonably good. The prolonged strikes of the past year have surely reduced supplies in the pipelines to a low level which it will take some time to restore to normal. Business in the United States has resumed its upward trend and the demand for copper should grow with it.

It is true that at present there is an excess of productive capacity, but it seems to me that this is only a temporary state of affairs, and that in the long run, nothing can stop the consumption of copper rising with the demands of an increasing world population whose standard of living is improving year by year.

For these reasons, I take an optimistic view of the long term prospects of the copper industry and therefore of your Company's future, while I have little doubt—barring unforeseen circumstances—that our results for the current year will be a good deal better than those presented to you today.

The report and accounts were adopted.

APPOINTMENTS

CENTRAL OFFICE OF INFORMATION require an INFORMATION OFFICER (unestablished) to prepare memoranda and to answer enquiries on the economic affairs of the United Kingdom and other Commonwealth countries, and those world economic affairs which affect the Commonwealth. Essential qualifications are an ability to marshal facts from source material and to present results clearly and concisely in written form. A sound background of basic economic reading—preferably at a University—and interest in current affairs are desirable. Salary £1,150 to £1,330 (men); £1,126 to £1,306 (women).—Write, giving age, full details of experience and qualifications to Manager (P.E. [illegible]), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, E.C.4.

For further appointments and other classified advertisements see pages 1062 and 1063

THE UNIVERSITY OF MANCHESTER

EXTRA-MURAL DEPARTMENT

Applications are invited for the post of STAFF TUTOR for North-Western Derbyshire with the salary and status of either Lecturer or Assistant Lecturer in the University. Applicants should hold a good Honours degree in one of the following subjects: History, Geography, Social Studies, Philosophy, Politics. Salary scales per annum: Lecturer, £900 to £1,650; Assistant Lecturer, £700 to £850. Membership of F.S.S.U. and Children's Allowance Scheme. Initial salary and status according to qualifications and experience. Applications should be sent not later than April 2, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF SYDNEY

Applications are invited for the following positions in the Faculty of Economics:

(1) SENIOR LECTURESHIP IN COMMERCIAL AND INDUSTRIAL LAW;

(2) LECTURESHIP IN ACCOUNTING.

The salary for a Senior Lecturer is within the range £A2,200 x £A80 — £A2,600 per annum; for a Lecturer within the range £A1,500 x £A90 — £A2,100 per annum. In each case cost of living adjustments will be allowed. The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

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

Applications close, in Australia and London, on April 22, 1960.

COMPANY AFFAIRS

P & O

PERHAPS the most significant point in P & O's full accounts is that the unchanged 11 per cent dividend was covered only by reason of favourable tax treatment. Trading profits in 1958-59 fell sharply, from £10.1 million to £4.6 million, and this included a surplus of £318,000 on the sale of Government securities (which shows that it can be done). The cost of the total dividend distribution amounted to £2,671,000; but the group's net profit of £2.9 million (against £6.6 million) benefited from investment allowances of £1.3 million. Presumably the group's substantial cash flow of £11.2 million helped the directors to feel justified in maintaining the 1958-59 dividend.

Freight rates are now about 10-15 per cent above the lowest levels of 1958-59; but as Sir William Currie, the chairman, pointed out this week, the recovery is not very firmly based; it is attributable largely to an unexpected increase in grain cargoes following Europe's dry summer. The small improvement in freights has been checked by laid-up shipping coming out of surplus; and as the rate of scrapping falls short of the rate of the new ships coming into operation the surplus of shipping capacity continues to grow.

Although the outlook for freight rates is uncertain, it seems likely that P & O's operating surplus in 1959-60 will show some improvement. Five new tankers are now in service and four more are due in September, all chartered at profitable rates; indeed P & O's entire tanker fleet of 14 ships has been chartered at profitable rates for at least the next five years.

At a press conference this week Sir Donald Anderson denied recent rumours about a merger between P & O and Cunard. But he did reveal that P & O had approached Cunard in 1946-47 to discover whether some form of co-operation on the North Atlantic run could be arranged. After discussions the idea was dropped, but P & O again approached Cunard last year when it became known that Cunard was seeking Government help in financing the replacement of the two "Queens." Cunard rejected P & O's proposals on the ground that a ship suitable for the North Atlantic run could not be suitable for other trades. Following the full report P & O deferred fell 6d. to 44s. 6d. to yield 5 per cent on the forecast 11 per cent dividend.

Asquith Machine Tool

REVIVAL in the machine tool trades continues to be patchy. Following a fairly optimistic report from Alfred Herbert the annual report and accounts of the Asquith Machine Tool Corporation make gloomy reading. The chairman, Mr Robert W. Asquith, says that with practically six months of the current financial year now over, the picture is still not encouraging. Most of the orders received last year were for heavy and special machines, on which profit margins tend to be relatively slender, and there appears to be no revival yet in the demand for the standard-type machines made by the group. Even the group's subsidiary, Drummond Bros, which supplies the car makers, failed to benefit from the motor boom and its output in 1958-59 fell below the previous year's level. And for the first time the United States subsidiary, Associated Machine Tool Corporation, made a loss.

Earnings in 1958-59 fell by some 31 per cent from £815,105 to £563,475. Mr Asquith attributes this not only to the slack demand at home but also to the virtual closure of some of the group's traditional export markets like India. At the same time development costs have been unexpectedly high, partly as a result of the increased orders for special machines, and the contribution to earnings from the newly acquired subsidiary, Kitchen and Wade, was disappointing. In the light of last year's trading experience and the apparent lack of any evidence of a turn for the better, the directors' decision not to pay an ordinary interim dividend for the current year is not surprising. The balance sheet for end-September reveals some strain. Liquid balances fell short of the bank overdraft by £161,143 and capital commitments have increased from £487,000 to £732,000. The 5s. shares have slipped from a peak of 21s. earlier this year to 14s.

Hoover: Morphy-Richards

MR H. W. HOOVER'S statement with the full accounts of Hoover aims to put last year's trading results into proper perspective. In 1959 Hoover's trading profits almost doubled, from £5.8 million to £11.1 million, turnover increased by 50 per cent and the ordinary dividend is to be raised from 60 per cent to 90 per cent; a 100 per cent scrip issue is also proposed. But Mr Hoover is not expecting another record year in 1960. Sales can hardly go on increasing at the same rate; if they showed signs of doing so the authorities this year might take positive steps to check them.

Even so, it would be unrealistic to paint a black picture. In a year when the home market was becoming increasingly competitive, Hoover was able to increase its share of the total market. It supplied no less than 80 per cent of all the washing machines exported from Britain and its trade with dollar countries showed a marked increase. Competition in foreign markets is now as intense as at home and the group has so far held its own with big price-cuts in some of its main products; the emphasis this year will probably be on new designs, sales promotion, and investment to reduce production costs. All this involves the expenditure of large sums, says Mr Hoover; it also points to the necessity of retaining a large proportion of profits. For the long term, the directors are confident not only that the home market is far from exhausted but also that many world markets are virtually untapped. The increased ordinary dividend is covered four times by earnings and the 5s. shares at 105s. yield 4.4 per cent.

The interim report of Morphy-Richards for the six months to December 31, 1959, also reflects boom conditions: turnover reached £6.5 million, an increase of about 25 per cent over the same period in 1958, and pre-tax profits rose by 39 per cent to £650,000. The improvement in profit margins is attributed by the chairman, Mr F. P. Bishop, to expansion, diversification and economies in production. Like Mr Hoover, Mr Bishop sounds a note of caution about future prospects. Sales continue to go well, but there are too many uncertainties for Mr Bishop to give any forecast of the final results. The ordinary interim dividend is to be raised from the equivalent of 5 per cent to 8 per cent on the capital as increased by the proposed 100 per cent scrip issue.

Department Store Profits

IN a year of excellent results from both chain stores and department stores the increase in the profits of the Army and Navy Stores is outstanding. In the year to January 31st the trading profits of this Victoria Street store and its various provincial subsidiaries soared by 38 per cent, from £281,026 to £387,617. After tax of £178,080 (against £139,291) net profits were £65,767 higher at £209,537. Shareholders participate fully in this increase, for the ordinary dividend is raised from 11¼ per cent to 15 per cent. The group has certainly taken full advantage of the boom conditions in retail trading; and the conversion of the Artillery Mansions Hotel to offices and service flatlets has in turn resulted in an increase in profits. The 10s. shares were marked up by 1s. 6d. on the news, but this gain has not been held; at 32s. 6d. the shares yield 4¼ per cent.

Its near neighbour, Frederick Gorringe of Buckingham Palace Road reports a much smaller increase in profits, from £54,021 to £57,645. A lower tax charge of £25,546 (against £28,882) leaves net profits 28 per cent higher at £32,099. The directors have raised the ordinary dividend from 10 per cent, which has been paid in the last two years, to the former level of 12½ per cent. Unchanged at 70s. 9d. the £1 ordinary shares yield only 3½ per cent on the increased dividend. Both this company and the Army and Navy Stores have been the subject of takeover rumours; an abortive bid was made last July for Gorringe participating preference shares, which have equal voting rights with the ordinary shares.

Amalgamated Cotton Mills

SHAREHOLDERS in Amalgamated Cotton Mills Trust can surely expect some increase in dividend in the current year. The chairman, Mr W. Pickles, says that he is confident of higher earnings for 1959-60 and for this reason, the directors, "ever aware of the claims of equity holders" have proposed a 100 per cent scrip issue. Trading profits for the year to September 27th last amounted to £548,352, a rise of £90,000; but £173,417 was contributed by British Van Heusen, representing nine months' trading since the take over. The group's results cover six or seven months of the worst period of the recession in the cotton industry; Mr Pickles reports a considerable improvement recently both in sales and in profit margins.

Under the Government redundancy scheme the company has registered 573,600 looms for scrapping; compensation together with the proceeds from the sale of the closed down mills should at least cover the balance sheet net asset value of £209,076. This should strengthen further the company's cash resources, which at the end of September, 1959, totalled £1,106,477. Since then however the search for diversification has brought the acquisition of Anchor Investment, a hire purchase finance company, and Ingham and Tipping, millers and manufacturers of animal foods. Shareholders however have been given no indication either of the sums involved in these transactions or of the trading records of these companies, which are simply described as "valuable additions to the earning capacity of the group." The market responded to the chairman's confident tone and the 5s. shares were marked up by 1s. to 23s. 3d. to yield just under 5½ per cent on the maintained 25 per cent dividend.

BTR

BRITISH TYRE AND RUBBER makes heavy rubber products for the heavy industries and is closely dependent on their prosperity. The steady decline in the group's earnings over the past four years reflects the recession in the capital goods trades and in the coal industry; even now, as Sir Graham Hayman, the chairman of BTR points out, signs of revival in some quarters are slow to show themselves. But, since the end of the financial year there has been an increasing number of enquiries from some of the group's customers and some increase in orders received. Whether this means the corner has been turned remains to be seen.

Although the group's turnover in 1958-59 went up by about 5 per cent, trading profits fell from £749,394 to £579,135; evidently profit margins have suffered considerably from the further decline in selling prices. Sir Graham says that the fall in earnings was to some extent cushioned by the inclusion of nine months' earnings of the group's new subsidiary Microcell and its two associated companies, which were acquired early in 1959 as part of the directors' diversification policies. Last June the directors halved the ordinary interim dividend from 5 per cent to 2½ per cent but the final distribution has been maintained; the total ordinary dividend of 12½ per cent is just covered by earnings and the yield of 5 per cent on the 5s. units at 12s. 3d. suggests that some investors are confident that the 1959-60 dividend will be restored to 15 per cent.

Wagon Finance

IN the hire purchase boom of 1959 the 13 per cent rise in the gross profits of Wagon Finance (from £533,948 to £602,758) was rightly judged as disappointing. It may not be accidental that Wagon Finance is one of the few quoted finance companies not directly associated with a clearing bank. The balance sheet now shows an increase over the year in hire purchase business, net of unearned finance charges, from £5,885,840 to £6,982,970. Unearned finance charges have risen by 39 per cent from £820,517 to £1,142,608 and this should ensure a further increase in profits over the next two years as these charges are collected. Mr C. W. Cooper follows the lead of the chairmen of other hire purchase finance companies in deploring the present trend of low initial deposits and very long repayment periods particularly for second hand cars. Mr Cooper infers that he would not object to the return of some hire purchase controls and says it is the board's intention to maintain a selective policy in its business. It would appear unlikely from the chairman's remarks that Wagon Finance has suffered to any extent from recent car frauds. Since the results were first known the £1 shares have fallen sharply from 127s. 6d. to 90s. and on the dividend of 21¼ per cent they yield 4¾ per cent—notably higher than yields on shares of other finance companies.

De Beers Consolidated Mines

THE record diamond sales for 1959 announced by De Beers in January led to a strong demand for the 5s. shares, which rose to 200s. The 1959 results are well up to expectations for net profits have jumped from £9,654,255 to £12,423,351 after a tax charge of £1,550,000, which has more than doubled from £690,000. Last September the interim dividend was increased from 80 per cent to 100 per cent and the final dividend is now stepped up from 120 per cent to 150 per cent, raising the year's total from 200 per cent to 250 per cent. Even this increase did not satisfy the optimists and the 5s. shares fell by 6s. 3d. to 173s. 9d. to yield just over 6 per cent on the increased dividend. The shares are a favourite with American investors and they have suffered a sharp fall in recent weeks under the influence of Wall Street.

London Stock Exchange

FIRST DEALINGS:	Feb. 22	Mar. 7	Mar. 21
LAST DEALINGS:	Mar. 4	Mar. 18	April 1
ACCOUNT DAY:	Mar. 15	Mar. 29	April 12

ALL sections of the equity market lost further ground throughout the week to Wednesday. Selling was not heavy but the persistent trickle of small sales unmatched by any appreciable buying induced jobbers to mark down prices fairly heavily. Uncertainty caused by the authorities' recent actions in the gilt-edged market, gloomy prognostication about the April budget and the continued setback on Wall Street, where prices on Tuesday reached their lowest levels for over a year, all made for quiet and cautious trading. Business steadily contracted and the number of bargains marked on Wednesday was 13,292.

Gilt-edged stocks had a dull but relatively steady week with no appreciable bank selling reported; there was a fair amount of two-way business and jobbers reported that some substantial switching operations took place, both from equities and among the Funds. Over the week to the close on Wednesday 3½ per cent War Loan improved by ⅛ to 62⅛. The shorts benefited from switching operations, particularly on Wednesday, and typically, 4½ per cent Conversion 1964 put on ⅜ to 98⅝ on the week. Medium and long-dated stocks at first showed some improvement but by Wednesday showed little change on the week. Home Corporation loans tended to drift lower, 5½ per cent LCC 1977-81 closing ½ a point down at 100. The main feature in foreign bonds was the steady decline in Greek issues.

In the industrial market, Tuesday's relapse on Wall Street had its effect on Wednesday, when the *Financial Times* index of ordinary shares fell 5.1 points to 306.1; over the week *The Economist* indicator fell by 11.3 points to 342.9. Steel shares fell away, with United Steel showing one of the biggest falls of 3s. 9d. to 75s. on the week; Steel of Wales lost 2s. to 43s. and John Summers 9d. to 70s. Heavy engineering shares also lost ground: Davy-United dropped 3s. 6d. to 107s. 6d., Guest Keen 6d. to 86s. and C. A. Parsons 3s. to 46s. Some of the biggest falls were again suffered by American favourites: EMI lost 3d. to 49s. 9d., Philips Lamp 1s. 7½d. to 146s. 6d., and Unilever 5s. to 133s. 6d.; but the NV shares put on 3d. to 169s. Fisons came in for some heavy buying before it was known that their bid for British Drug Houses had failed, and gained 6d. to 49s. 9d. ICI was down 1s. 3½d. to 59s. 3d. on the week. Hire purchase shares took some of the worst knocks, with UDT down 1⅞ points to 8 and Mercantile Credit 4s. 9d. to 21s. 7½d. Machine tool shares were weak following the full report from Asquith, whose shares fell back 2s. 3d. to 50s.; Alfred Herbert fell in sympathy 2s. 3d. to 50s.

Oil shares drifted lower in conjunction with Wall Street, Shell falling 3s. 6d. to 141s., Burmah 1s. to 45s. and BP the same amount to 53s.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 2, 1960	Price, Mar. 9, 1960	Net Yield, Mar. 9, 1960 §	Gross Yield, Mar. 9, 1960
					£ s. d.	£ s. d.
98 17/32	97 1/4	Funding 2½% 1956–61	97 13/16	98 1/8	3 2 10	4 0 9†
100 25/32	99 1/32	Conversion 4½% 1962	99 1/32	99 1/2	2 19 3	4 15 6
96 1/8	94 3/8	Exchequer 3% 1962–63	94 7/8	94 13/16	3 7 11	4 13 9
93 1/16	92	Exchequer 2½% 1963–64	92 1/32	92 3/16	3 9 6	4 11 6†
101 3/32	99 3/32	Conversion 4½% 1963	99 3/32	99 15/16	2 15 8	4 15 3
99 1/32	98 1/16	Conversion 4½% 1964	98 1/16	98 1/2	2 19 11	4 18 0
99 1/16	98 1/32	Conversion 4½% 'A' 1964	98 1/16	98 1/2	3 1 10	4 18 0
92 13/16	90 13/16	Savings Bonds 3% 1955–65	91	90 13/16	3 15 0	4 19 11†
85 7/16	81 13/16	Funding 3% 1959–69	83 1/4	81 13/16	4 4 11	5 10 8†
93 1/2	91 7/8	Funding 4% 1960–90	92	92	2 17 10	4 11 7†
82 7/8	80 1/8	Savings Bonds 3% 1960–70	80 1/8	80 1/4	4 3 10	5 10 4†
85 11/16	83 11/16	Savings Bonds 2½% 1964–67	83 1/4	83 11/16	4 6 0	5 8 10†
77	74	Savings Bonds 3% 1965–75	74	74 1/8	4 2 8	5 10 9†
104 13/16	101	Exchequer 5½% 1966	101*	101 13/16*	3 2 10	5 5 0
66 1/16	62 1/4	Redemption 3% 1986–96	62 1/8*	62 1/4*	3 13 10	5 5 11†
97 1/4	92 7/16	Treasury 5% 1986–89	94 3/4	92 7/16*	3 9 2	5 9 9†
71 3/4	68 1/4	Funding 3½% 1999–2004	68 1/8	69	3 11 1	5 7 6†
73 1/16	70 1/8	Consols 4% ..... after Feb. 1957	70 1/2	71	3 9 3	5 13 4†
65 3/8	62 1/8	War Loan 3½% ..... after 1952	62 1/16	63	3 8 8	5 12 10†
65 1/2	61 5/8	Conv. 3½% ..... after Apr. 1961	61 11/16*	61 15/16*	3 9 1	5 12 8†
56 3/4	53	Treasury 3% ..... after Apr. 1966	53 1/8*	53 3/8*	3 8 8	5 12 0†
49 1/4	47 1/8	Consols 2½%	47 1/4*	47 5/16*	3 4 7	5 5 4†
		Treasury 2½% ..after Apr. 1975	45 3/8*	45 3/4*	3 6 10	5 8 11†
97 1/2	93 3/4	British Electric 4½% 1967–69	93 5/8	93 3/4	3 11 9	5 8 6†
79 11/16	76 1/4	British Electric 3½% 1968–73	76 7/16*	76 7/16*	4 3 9	5 10 10†
76 1/8	72 1/8	British Electric 3% 1974–77	72 5/8*	72 5/8*	4 1 2	5 9 4†
90 1/2	86 1/8	British Electric 4½% 1974–79	86 1/8*	86 1/8*	3 11 9	5 7 10†
79 1/2	77 1/4	British Electric 3½% 1976–79	77 1/4	77 3/8	3 16 10	5 9 9†
90 5/8	87 1/4	British Gas 4% 1969–72	87 1/4	87 1/4	3 15 4	5 9 4†
86 7/8	83 3/8	British Gas 3½% 1969–71	83 3/8	83 3/8	3 19 2	5 9 4†
67 3/16	65	British Gas 3% 1990–95	65 1/16	65 1/8	3 12 9	5 5 1†
79 9/16	76 1/4	British Transport 3% 1968–73	76 1/4*	76 7/16*	4 3 9	5 10 10†
86 1/2	84	British Transport 4% 1972–77	84 3/8	84 5/8	3 14 8	5 9 3†
67 3/8	64 7/8	British Transport 3% 1978–88	65 1/16	65	3 18 4	5 9 10†

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Mar. 2, 1960	Price, Mar. 9, 1960	Yield, Mar. 9, 1960
					£ s. d.
83	81 1/4	Australia 3½% 1965–69	81 1/2	81 3/4	5 16 0†
107 1/2	105 1/2	Australia 6% 1974–76	105 3/4	106	5 12 0‡
73 3/4	71 1/2	Ceylon 4% 1973–75	71 1/2	71 1/2	7 1 2
107 5/8	103 1/2	New Zealand 6% 1976–80	103 3/4	104	5 12 0‡
96 1/4	95	Rhodesia and Nyasaland 6% 1978–81	95 1/4	95 1/2	6 6 0†
85 3/4	84 1/2	South Africa 3½% 1965–67	84 1/2	85	6 6 0†
80 1/2	76	Southern Rhodesia 4½% 1987–92	76	76	6 5 0†
101 1/8	99 1/2	Agricultural Mortgage 5½% 1980–85	99 1/2	100	5 10 4†
92 3/4	91	Birmingham 4½% 1967–70	91	91	5 9 0†
99 1/4	97 3/8	Bristol 5% 1971–73	98 1/4	98	5 6 0†
100	99 1/4	Corporation of London 5½% 1976–79	99 1/4	99 1/2	5 8 0†
53 3/4	51 3/8	L.C.C. 3% ..... after 1920	52	52	5 14 0†
97 1/4	93 1/2	L.C.C. 5% 1980–83	93 1/2*	93 1/2*	5 9 0†
100	97 1/2	Middlesex 5½% 1980	97 3/4*	97 1/2	5 9 0†

NEW YORK PRICES AND INDICES

	Mar. 2 $	Mar. 9 $		Mar. 2 $	Mar. 9 $		Mar. 2 $	Mar. 9 $
Ath. Topeka	243 1/4	233 1/8	Boeing	27 5/8	25 1/2	Inter. Nickel	102 5/8	98
Can. Pacific	25 1/8	24 1/2	Celanese	27 7/8	27 1/4	Inter. Paper	111 5/8	111 1/4
Pennsylvania	14 3/4	14	Chrysler	56 3/4	54	Kennecott	82 1/8	79
Union Pacific	29 1/8*	28 1/4	Col. Palmolive	39 3/8	36 5/8	Monsanto	43 1/2	42 1/8
Amer. Electric	50 3/8	49 1/4	Crown Zeller	46 1/2	44 5/8	Nat. Distillers	31 3/8	29 5/8
Am. Tel. & Tel.	89 3/8	86 1/2	Distillers Seag.	31 3/8	30	Pan-American	18	17 1/8
Cons. Edison	62 1/4	61 7/8	Douglas	39 1/4	37	Procter Gamble	94 1/4	94 1/2
Int. Tel. & Tel.	35 5/8	35 1/4	Du Pont	228	225	Radio Corpn.	67 1/8	65 3/4*
Standard Gas	41 1/2	41 1/2	East. Kodak	103 1/2*	98 1/8	Sears Roebuck	48 1/4	46 1/2
United Corpn.	7 1/4	7 1/4	Ford Motor	77 3/8	73	Shell Oil	34 1/2*	31 1/4
Western Union	49 1/8	48 3/4	Gen. Electric	89 1/2	86 3/4	Socony-Mobil	37 7/8	37 1/8
Alcoa	87 7/8	83 7/8	General Foods	102	103	Stand. Oil Ind.	40 1/8	39 1/2
Aluminium	31 7/8	30	General Motors	45 7/8	44 1/2	Stand. Oil N.J.	45	43 7/8
Amer. Can.	40 1/8	40	Goodyear	40 3/8	39	20th Cent. Fox	34	31 1/8
Am. Smelting	43 1/4	42 3/4	Gulf Oil	29	28 5/8	Union Carbide	131 1/8	128 1/4
Am. Viscose	34 1/2	33 3/8	Heinz	84 3/4	83 1/2	U.S. Steel	86	82 1/4
Anaconda	54 1/8*	52 1/4	Int. Bus. Mach.	419 3/4	414 3/4	West. Electric	50 1/8	49
Beth. Steel	47 1/8	47 3/8	Int. Harvester	46 1/2	45 5/8	Woolworth	63 1/8	60 1/8

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Feb. 10	59 25	3 28	32-58	5-34	44 32	4 05	86-24	4-25
,, 17	58 71	3 32	32-16	5-41	44 36	4 04	86-75	4-20
,, 24	59 54	3 27	32-56	5-34	44 40	4 01	86-55	4-22
Mar. 2	59 38	3 28	31 31	5-53	44 90	4 02	85-84	4-29
,, 9	57 67	3 38	30-30	5-77	43 85	4 11	87-46	4-13

425 Industrials :—High, 65·02 (Jan. 5); Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c)		Price, Mar. 2, 1960	Price, Mar. 9, 1960	Yield, Mar. 9, 1960
			%	%			
42/3	37/–	**BANKS, DISCOUNT & HP** Alexanders £1	2½ a	7½ b	39/3	37/9	5·30
53/–	46/3	Bank of London & S. Amer. £1	4 a	6 b	46/3*	45/3	4·42
39¼	36½	Bank of New South Wales £20	9 c	9 c	37¼	36½	3·95g
66/3	54/–	Barclays £1	5 a	5 b	54/3	54/–	3·70
49/6	42/3	Barclays D.C.O. £1	4 a	5 b	45/3	42/3	4·26
64/–	59/3	Chartered £1	7½ a	7½ b	61/3	59/3*	5·06
83 7/16	70/–	Discount £1	8½ a	7 b	71/6	70/–	4·00**
38/6	34/3	English, Scottish & Australn. £1	4 a	5 b	34/6	34/3	5·26
69	61½	Hongkong & Shanghai $125	22/6 a	37/6 b	£66½*	£65¾	4·56
70/6	60/–	Lloyds £1	5 a	7 b	61/6	60/–	4·00
23/4½	17/4½	Martins 5/–	8 a	8 b	17/7½	17/7½	3·69**
95/–	85/–	Midland £1	7½ a	9½ b	87/3	85/–	4·00
57/–	50/6	Nat. Comm. Bk. Scot. 10/–	5½ a	5½ b	55/6	52/6	2·86**
59/9	49/–	National Discount 'B' £1	6¼ a	8¾ b	50/6	49/–	6·12
92/–	75/–	National Provincial £1	5 a	7 b	77/–	75/–	3·73**
95/6	84/9	Royal Bank of Scotland £1	8 a	9 b	85/3	84/9	4·01
51/6	41/9	Standard Bank South Africa £1	9 b	5 a	42/3	45/–	6·22
62/3	50/–	Union Discount £1	6¼ a	6¼ b	50/–	51/6	4·85
63/3	55/3	Westminster 'B' £1	5 a	5⅝ b	55/6	55/3	3·92
£213/8	£181/16	Bank of Montreal $10	£1·65c	$1·85c	£191/8	£181/16	3·84
£31 1/16	£25 7/16	Royal Bank of Canada $10	$2·25c	$2·32½c	£27⅜	£25 7/16	3·43
31/6	22/10½	Bowmaker 5/–	5 a	13½ b	25/11½‖	22/10½‖	4·01
39/3	30/–	Lombard Banking 5/–	8½ a	9½ b	33/9	30/–	3·00
29/3	21/7½	Mercantile Credit 5/–	5 a	10 b	24/4½	21/7½	3·47
10½	8	United Dominions Trust £1	21 b	4 a	9⅝	8	3·13
27/10½	22/3	**BREWERIES, Etc.** Bass 5/–	10 a	47½ b	23/–‡‡	22/3	4·49**
39/6	33/3	Distillers 10/–	12½ c	5 a	34/9	33/3	3·76
27/4½	24/–	Flowers 5/–	6 a	12 b	27/1½	26/3	3·43
70/–	64/–	Guinness 10/–	10 a	18 b	67/–	66/–	4·24
20/4½	19/3	Ind Coope 5/–	4 a	11½ b	20/–	19/4½	4·00
37/6	34/6	Teacher (Distillers) 10/–	5 a	7½ b	35/–	35/–	3·57
79/–	70/–	Watney Mann £1	3¾ a	11¼ b	76/9m	76/6	3·92
135/6	121/10½	Whitbread 'A' £1	17 b	8 a	122/6	123/11½	4·06
81/6	67/6	**BUILDING, PAINT, Etc.** Associated Portland £1	10 c	4 b	69/3	67/6	2·84
28/6	24/7½	British Plaster Board 10/–	6¾ b	4 a	24/9	24/7½	4·06
96/3	83/9	Richard Costain £1	10 b	5 a	86/3	83/9	3·58
16/11½	14/10½	Crittall Manufacturing 5/–	5 a	10 b	15/7½	14/10½	5·04
17/4½	13/3	International Paints 4/–	14 b	6 a	15/6	13/3	6·04
104/6	96/3	London Brick £1	6 a	14 b	98/6*	96/3	3·53
52/9	44/–	Rugby Portland £1	25 a	25 a	46/–	44/–	2·84
36/–	30/3	Taylor Woodrow 5/–	12½ b	7½ a	33/6	34/–	2·94
132/6	122/6	Wall Paper Defd. £1	5 a	15 b	131/3	131/3	3·05
29/9	26/6	**CHEMICAL** Albright & Wilson 5/–	4·8 a	13·2 b	28/6	28/3*	3·24
22/4½	17/–	Borax Defd. 5/–	21½a	7½b	17/6	17/–	2·94
54/9	47/3	Fisons £1	4 a	6 b	49/3	47/3	4·23
62/–	56/10½	I.C.I. £1	3½ b	3¾ a	60/7½	59/3	3·07
27/7½	23/7½	Monsanto 5/–	5 a	10 b	24/9	24/–*	3·13
		DRAPERY AND STORES Montague Burton 10/–			48/3	48/–	4·17
		Debenhams 10/–			42/7½	41/4½	4·03
		G.U.S. 'A' 5/–			47/7½	46/7½	3·75
		House of Fraser 5/–			43/9	42/6	4·71
		Lewis's Investment Trust 4/–			23/6	23/6	2·89
		Marks & Spencer 'A' 5/–			69/6	69/6	2·40
		United Drapery 5/–			50/6	49/3	3·55
		Woolworth 5/–			62/9	61/4½	3·67
66/6	55/–	**ELECTRICAL & RADIO** A.E.I. £1	7½ b	7½ a	58/–	55/–	5·45
61/–	50/–	B.I.C. 5/–	9½ b	4 a	53/3	53/–	5·09
15/–	13/11½	Crompton Parkinson 5/–	4 a	7½ b	13/11½	13/11½	4·27
56/10½	50/10½	Decca Record 10/–	20 c	3½ a	53/3	50/10½	3·93
58/9	46/–	E.M.I. 10/–	20 c	5 a	52/9	49/9*	2·81**
53/–	40/–	English Electric £1	3 a	7 b	42/–*	40/–	5·00
47/6	37/6	General Electric £1	7 b	3 a	38/9*	37/6	5·33
59/–	46/–	C. A. Parsons £1	4¾ b	4¾ a	49/3	46/–	3·80
19/–	16/4½	Pye 5/–	12½ c	12½ c	17/3	16/4½	3·82
104/6	91/–	A. Reyrolle £1	11 b	6½ a	98/6	91/–	3·85
55/7½	44/3	Thorn Electrical 5/–	17½ c	20 c	46/–	44/3	2·26
48/9	40/9	**ENGINEERING** Babcock & Wilcox £1	7 b	4½ a	42/3	40/9	5·64
54/–	40/3	John Brown £1	6 b	4 a	42/3	40/3	4·97
10/6	8/11½	Cammell Laird 5/–	11 b	3 a	8/4½	8/11½	8·62
46/9	28/9	International Combustion ..5/–	20 b	10 a	30/9*	28/9	5·22
14/9	12/–	Richardsons Westgarth ...10/–	5 b	3½ a	12/9	12/–	6·94
39/9	35/3	Swan Hunter £1	7½ b	2½ a	37/3	35/3	5·67
25/9	19/10½	John Thompson 5/–	15 b	7½ a	20/4½	19/10½	5·66
32/6	21/6	Vickers £1	7½ b	2½ a	34/–	32/6	6·15
29/3	21/6	Coventry Gauge 10/–	12½ a	14½ a	26/–	21/6	4·76
59/6	48/–	Alfred Herbert £1	12 a	15 b	52/3	50/–*	4·57
71/3	65/9	Allied Ironfounders £1	8¾ b	7½ a	68/9	66/–	4·92
101/6	92/–	Averys £1	10 b	5 a	92/–	92/6	3·24
19/–	14/6	George Cohen 5/–	7½ b	4½ a	16/6	14/6*	4·14
117/3	105/–	Davy-United £1	10 c	15 c	111/–	107/6	2·79
95/7½	85/6	Guest Keen £1	9 b	5 a	86/6	86/–	3·26
31/6	22/6	Head Wrightson 5/–	10 b	4 a	22/6	22/6	3·11
75/–	65/–	Metal Box £1	5½ b	4 a	66/6	65/–	2·87
27/3	24/9	Ransome & Marles 5/–	12½ b	6 a	25/9	24/9*	3·74
63/3	54/9	Renold Chains £1	9½ b	3 a	61/9	62/–	4·03
40/–	27/9	Ruston & Hornsby £1	9 b	8 c	30/–	27/9	5·77
82/3¾	65/3	Tube Investments £1	7½ a	12½ a	69/7½¶	66/9¶	3·75**
168/9	152/6	Ward (Thos. W.) £1	20 b	5 a	156/3	153/9	3·25
44/–	42/–	Woodall-Duckham 5/–	25 c	5 a	43/9	43/3	2·89

* Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Ex capital distribution.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c)		Price, Mar. 2, 1960	Price, Mar. 9, 1960	Yield, Mar. 9, 1960
			%	%			
41/3	37/11½	**FOOD AND TOBACCO** Assoc. British Foods 5/–	18 c	6 a	39/9	37/11½	2 42
105/–	95/10½	Bovril Deferred £1	20 c	5 a	102/6	101/3	3·95
15/7½	14/3	Brooke Bond 'B' 5/–	†21½a	†14½b	15/–	14/6	3·52
30/7½	25/10½	Home & Colonial 10/–	10 c	10 c	27 7½	25 10½	3·86
13/8¼	11/6	International Tea 5/–	7½ b	2½ a	12/3	11/9	4·26
85/6	71/9	J. Lyons 'A' £1	9½ b	5 a	71/9	71 10½	3·94
28/3	25/9	Ranks 10/–	7½ b	2½ a	26/3	25/9	4·85
47/11½	42/6	Spillers £1	8 b	2½ a	45/–	44/9	4·11**
62/–	58/9	Tate & Lyle £1	3 a	9 b	60 3	58/9	4·09
17/–	15/3	Unigate 5/–	...	5	15/6	15/3	3·28**
72/6	65/9	British Amer. Tobacco 10/–	£20 c	£5½ a	67/6*	65/9	4·97
41/3	37/6	Gallaher 10/–	13½ b	3½ a	40/3	40/–	4·17
77/6	69/6	Imperial Tobacco £1	8½ a	14 b	71/–*	69/9	6·45
54/6	42/9	**MISCELLANEOUS** Assoc. Brit. Picture 5/–	40 b	20 a	44/6	43/3	6 94
40/41½	34/11½	Assoc. Television 'A' 5/–	30 b	20 a	35/41½	34 11½	7·33
50/–	40/3	Beecham Group 5/–	10 b	16 a	41/–	40 3	3·23
32/3	27/9	Boots Pure Drug 5/–	16 c	6 a	30/9	30/6*	2·62
43/9	39/9	British Match £1	5 b	3½ a	41/3	40/9	4·17
93/9	79/6	British Oxygen £1	4 a	10 b	90/6	89/3	3·14
11/6	10/6	British Ropes 2/6	18 c	6 a	11/4½	11/4½	3·96
73/6	67/–	De La Rue 10/–	15 b	5 a	71/9	67/–	2·99
39/3	36/9	Gestetner 'A' 5/–	14 b	6 a	38/9	38/3	2·61
63/9	57/–	Glaxo 10/–	15 b	5 a	61/–	57/–	2·45
62/6	54/–	Harrisons & Cros. Defd. £1	3 a	9 b	55/6	54/–	4·44
109/–	92/–	Hoover 'A' 5/–	10 a	80 b	103/3	92/–*	4·89
33/6	25/–	Ilford 5/–	5 a	12½ b	26/3	25/–	3·50
78/6	62/9	Inter. Computers & Tab. £1	4 a	6 b	65/3	62/9	3·19
58/–	51/3	National Canning £1	10 c	11¼ c	54/–	51/3	4·39
29/6	26/9	Powell Duffryn 10/–	10 b	6 a	27/3	26/9	5·98
32 10½	22/6	Radio Rentals 5/–	5 a	10 b	26/3	22 6	3·33
14 10½	12/9	Scan Research 5/–	5 a	10 b	2/9	13/–	3·85
34/–	26/6	Schweppes 5/–	12½ b	5 a	31/9	31/6	3·17**
30/–	26/6	Sears 'A' 5/–	18 c	20 c	29/3	29/3	3·42
21 4½	19/–	Thomas Tilling 4/–	6·3 b	7½ a	20/–	20/9	2·62
114 10½	104/3	Turner & Newall £1	5 a	15 b	111/11½	110/6	3·62
147/6	129/–	Unilever £1	10 a	14 7 b	135/6	133/6	3·40
13/7½	11/9	United Glass 5/–	10 4 c	3½ a	13/–	13/3	3·92
50 10½	43/3	United Molasses 10/–	105s b	34½ a	44/6	45/3	3·66
195/–	181/3	**INSURANCE** Britannic 5/–	†45 a	†50 b	191/3	181/3*	4·28
68/6	54/3	Commercial Union 5/–	21½ b	20 a	56/9	54/3	3·84
111½	91/16	Employer's Liability £1	15 b	12½ a	101/6	101	3·91**
141½	121/16	Equity & Law Life 8/6	†32·35c	†41·17c	129½	121¼	2·37
82/–	70/3	General Accident 5/–	17½ b	15 a	73/3	70/3	2·85**
104/41½	91/–	Guardian 5/–	30 b	30 a	95/–	91/–	3·30
183¼	168	Legal & General 5/–	60 b	40 a	171	168	1·50
145/–	95/–	Northern £1	5 a	10 b	97/6	97/6	3·79**
172/6	156/6	Pearl 5/–	50 b	20 a	141/3	132/6	4·32
17 15/16	15 15/16	Prudential 'A' 4/–	†14 7½c	†16 2½c	16/8	15 9/16	3·41
115/–	94/9	Royal Exchange £1	10 b	8 a	98/–	94/9	3·38**
67/11½	61/9	**MOTORS & AIRCRAFT** B.S.A. £1	3 a	9½ b	63/6	61/9	4·05
24/03¼	19/38¼	British Motor 5/–	82½a	12½ b	20/4½	19/33¼	4·72
113/9	97/–	Ford Motor £1	9½ b	5 a	100/–	97/–	2·78
85/–	76/–	Leyland Motor £1	12½ c	15 c	80/9	80/–	3·75
17/6	13/6	Rootes Motors 4/–	8 c	12 c	14/3	13/6	3·56
11 10½	10/9	Standard-Triumph 5/–	12 c	12 c	11/11½	11/–	4·09**
17/3	13 11½	Vickers 10/–	31½a	6½ b	13/4½	13/11½	7·62
33/11½	27/–	De Havilland £1	Nil	Nil	32/3	31/–	...
58/3	49/9	Dowty Group 10/–	†6 a	†6 a	55/–*	54/9	3·73
33/6	29/–	Hawker Siddeley £1	3 a	7 b	32/6	31 11½	6·43
48 7½	45/6	Rolls-Royce £1	7½ a	2½ a	47/6	47/–	4·26
28/–	22/3	Bamfords 10/–	3½ a	9½ b	24/6	22/3	5·84
74/6	72/11½	Dunlop Rubber 10/–	2½ a	10 b	74/–	73/6	3·40
45/11½	39/–	Joseph Lucas £1	2½ a	10 b	39/6	39/–	3·40
118/11½	90/–	Pressed Steel 5/–	17½ b	9 a	116/10½	117/3	2·56
		Triplex Holdings 10/–	20 c	30 c			
15/63¼	13/–	**PAPER & NEWSPAPERS** Daily Mirror 'A' 5/–	7½ b	5 a	13/3	13/–	4·81
37/–	34/9	Odhams Press 10/–	5½ b	5 a	35/9	35/6	4·93
66/–	57/6	W. H. Smith & Son £1	8 b	4 a	58/–	57/6	4·17
77 1/2	66/9	Bowater Paper £1	12½ c	5 a	72/6	66/9	3·75
53/–	37/9	Albert E. Reed £1	9 b	5 a	57/9	58/–	4·83
33/–	29/9	Spicers £1	5 b	2 a	30/3	29/9	5·38
80/6	75/–	Wiggins Teape £1	12½ b	5 a	77/3	75/–	4·67
52/–	40/–	**SHIPPING** Brit. & Commwealth. 10/–	13½ b	6½ a	41/6	40/–	5 00
33/9	27/–	Cunard £1	5 b	Nil a	22/6	22/–	7 27
27/6	27/–	France Fenwick £1	10 c	Nil a	27/6	27/–	....
50/9	42/–	Furness Withy £1	10 c	10 c	43/6	42/–	4·76
20/–	18/9	London & Overseas 5/–	10 b	10 a	20/–	18/9	5·33
55/–	41/6	P & O Defd. £1	3 a	8 b	46/3	42/–*	5·24
33/–	25/6	Reardon Smith 10/–	2½ c	2½ c	26/6	15/–*	1·67
31/–	25/6	Royal Mail £1	7½ c	8 c	27/–	25/6	6 27
82/6	72/3	**STEEL** Colvilles £1	6 a	8 b	74/3	72/9	3 85
56 10½	42/9	Dorman Long £1	22½a	5½ b	45 3⅞	43 3	4 62
54/9	45/–	Lancashire Steel £1	2½ a	6 b	47/3	45 3	3 76
60 7½	45/–	South Durham £1	4 a	8 b	47/–	45 –	5 33
55/9	43/–	Steel Co. of Wales £1	3¾ a	6¼ b	45/6	43/–	4 65
63/–	48/3	Stewarts & Lloyds £1	3 a	8 b	51/3	49/–	4 49
76 7½	68/–	John Summers £1	4 a	8½ b	70/9	70/–	3 57
86 4½	74/9	United Steel £1	4 a	11 b	78/9	75/–	4 00
118/5	105 7½	Whitehead £1	10 a	15 b	113/–	109 6*	4 57
64/–	55/–	**TEXTILES** Calico Printers £1	22½c	22½c	56/6	55/–	8 18
36 7½	32/6	J. & P. Coats £1	7½ b	2½ a	34 11½	35 1½	5 69
34/–	28 11½	Fine Spinners £1	5 b	5 a	29/–	28 11½	7 11
66 6	59 6	Lancashire Cotton £1	12½ b	5 a	61/6	60/–	5 83
33 6	27/–	Tootal £1	7½ c	7½ c	27/3	27 3

Money and Exchanges

EXCHEQUER RETURNS

For the week ended March 7 1960, there was an "above-the" surplus (after allowing for sinking funds) of £48,263,000 compared with a surplus of £34,566,000 in the previous week and a surplus of £46,593,000 in the corresponding period of last year. There was a net exchequer "below-line" of £23,401,000 leaving a total cumulative deficit to date of £275,886,000 compared with £104,823,000 a year ago.

£ 000	Estimate 1959-60	April 1, 1958, to Mar. 7, 1959	April 1, 1959, to Mar. 5, 1960	Week ended Mar. 7, 1959	Week ended Mar. 5, 1960
Ord. Revenue					
Income Tax	2147,000	2091,423	2001,925	100124	95,546
Surtax	171,000	148,100	159,300	7,900	9,000
Death Duties	195,000	173,200	203,500	4,200	5,000
Stamps	68,000	60,100	90,100	1,200	1,900
Profits tax, EPT and EPL	274,000	262,100	244,000	3,600	4,400
Other Inland Revenue Duties	1,000	450	360	...	...
Total Inland Revenue	2856,000	2725,373	2699,185	116924	115846
Customs	1285,500	1186,049	1274,201	22,636	23,433
Excise	864,500	905,605	885,730	15,365	12,265
Total Customs and Excise	2150,000	2091,654	2159,931	38,001	35,698
Motor Duties	104,000	105,020	106,602	1,329	1,769
PO (Net Receipts)	...	5,100	5,300	3,600	4,700
Broadcast Licences	35,000	30,800	33,300	...	...
Sundry Loans	30,000	26,686	33,489	18	17
Miscellaneous	150,000	90,500	146,241	192	572
Total	5325,000	5075,133	5184,048	140064	158602
Ord. Expenditure					
Debt Interest	600,000	656,284	602,432	31,669	29,908
Payments to Northern Ireland Exchequer	79,000	72,102	75,605	3,947	4,018
Other Consolidated Funds	10,000	7,946	8,386	16	2
Supply Services	4523,546	3866,202	4070,089	73,400	70,809
Total	5212,546	4602,534	4756,512	109032	104737
Sinking Funds	39,000	36,185	37,410	4,449	5,600
"Above-line" Surplus or Deficit	+ 436,414	+ 398,126	+ 46,583	+ 48,265	
"Below-line" Net Expenditure	541,237	666,012	14,634	23,401	
Total Surplus or Deficit	104,823	275,886	31,949	24,864	
Net receipts from:					
Tax Reserve Certificates	44,721	(-) 40,083	2,392	5,793	
Savings Certificates	126,600	66,300	1,900	1,600	
Defence Bonds	99,685	138,093	2,311	2,937	
Premium Savings Bonds	64,455	40,660	710	710	
Total	334,961	204,970	7,313	11,040	

* Net receipt of the Civil Contingencies Fund of nil in 1959-60 compared with a net expenditure of £9 million in 1958-59.

FLOATING DEBT

(£ million)

	Treasury Bill: Tender	Treasury Bill: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Mar. 9	3,950·0	1,939·9	213·7	...	5,163·6
Nov. 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
,, 12	3,690·0	1,934·9	210·9	1·3	5,807·0
,, 19	3,690·0	2,004·0	228·2	1·5	5,893·7
,, 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4
,, 23	3,500·0	1,948·1	270·9	1·8	5,720·9
,, 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
,, 13	3,330·0	1,677·2	214·6	...	5,221·8
,, 20	3,350·0	1,803·4	252·7	...	5,406·2
,, 27	3,330·0	1,816·9	193·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4

THE MONEY MARKET

THE discount market changed its bid for the first time in six weeks at last Friday's Treasury bill tender—raising it by 1d. to £98 17s. 4d. It tendered at £98 17s. 3d. for the 92-day bills arising from the incidence of Whit Monday and received a full allotment at that rate. The average rate of discount fell about 4d. to £4 10s. 9.34d. and the syndicate received a total allotment of 59 per cent compared with 55 per cent the week before. Total applications rose sharply by £81 million to £483 million for the £290 million bills that were offered and allotted.

Last week's further rise in United States Treasury bill rates has been sharply reversed; the rate on three months bills fell from 4.278 per cent to 3.641 per cent and that on six months bills from 4.458 per cent to 4.024 per cent.

Money was very short in Lombard Street in the week to Wednesday and on each day the authorities gave assistance, in varying amounts. On Thursday of last week and again on Wednesday one or two houses were forced to borrow a very small amount at Bank rate. The rate for overnight money rarely fell below 4 per cent and the ruling rate throughout the week was 4⅜ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	**Discount rates:** (maximum):	
Deposit rates (maximum):		Bank bills:	
Banks	3	60 days	4 21/32–4 23/32
Discount houses	3–3⅜	3 months	4 21/32–4 23/32
		4 months	4 21/32–4 23/32
		6 months	4 23/32–4¾
Money:		Fine trade bills:	
Day-to-Day	3⅜–4½	3 months	5¼–6
		4 months	5¼–6
		6 months	5½–6¼

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** February 27	4·278
		March 7	3·641

BANK OF ENGLAND RETURNS

(£ million)	Mar. 11, 1959	Mar. 2, 1960	Mar. 9, 1960
Issue Department:			
Notes in circulation	2,027·3	2,118·8	2,123·0
Notes in banking dept.	23·0	31·5	27·3
*Govt. debt and securities**	2,046·5	2,147·1	2,147·3
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	11·5	13·6	13·1
Bankers	237·2	255·0	254·7
Others	62·8	63·9	64·5
Total	311·4	332·5	332·3
Securities:			
Government	269·8	269·7	278·2
Discounts and advances	13·7	28·4	23·7
Other	22·6	20·3	20·6
Total	306·0	319·9	322·5
Banking department reserve	23·8	32·5	28·2
"Proportion"	% 7·6	% 9·5	% 8·5

* Government debt is £11,015,100, capital £14,553,030. Fiduciary issue increased by £25 million to £2,150 million on February 10th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months Bills: Average Rate of Allotment	Allotted at Max. Rate*
1959 Mar. 6	*91 day* 230·0	370·4	s. d. 66 0·14	% 57
Dec. 4	*91 day* 230·0	*63 day* 60·0	408·1	70 7·23	54
,, 11	290·0	...	452·8	71 6·91	48
,, 18	240·0	50·0	403·9	72 10·50	54
,, 24	*91 day* 290·0		407·8	73 8·82	66
1960					
Jan. 1	280·0		422·4	74 6·24	50
,, 8	270·0		396·6	74 11·06	56
,, 15	270·0		406·0	75 7·79	52
,, 22	270·0		378·5	91 1·19	67
,, 29	250·0†		436·8	90 9·18	17
Feb. 5	250·0†		410·2	90 10·88	28
,, 12	250·0		413·0	90 11·30	37
,, 19	260·0		415·3	90 10·65	41
,, 26	260·0		402·2	91 1·07	55
Mar. 4	290·0		483·5	90 9·34	55

* On March 4th tenders for 91 day bills at £98 17s. 4d. secured 55 per cent, higher tenders being allotted in full. This offer for this week was for £290 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits March 9	Market Rates: Spot March 3	March 4	March 5	March 7	March 8	March 9
United States $	2·78–2·82*	2·80 3/8–1/2	2·80 3/8–1/2	2·80 3/8–1/2	2·80 3/8–1/2	2·80 7/16–5/16	2·80 1/2–5/8
Canadian $	...	2·66 3/8–1/2	2·66 3/8–1/2	2·66 3/16–5/16	2·66 3/8–1/2	2·66 7/16–5/16	2·66 1/2–11/16
French Fr.	13·622–14·027	13·75 7/8–76 1/8	13·75 7/8–76 1/8	13·75 7/8–76 1/8	13·75 7/8–76	13·76 1/4–1/2	13·76 1/4–7/8
Swiss Fr.	11·94–12·54 7/8	12·16–16 1/4	12·15 7/8–16 1/8	12·16–16 1/4	12·16 1/8–3/8	12·16 3/8–5/8	12·16 1/2–3/4
Belgian Fr.	137·96–142·05	139·77 1/2–82 1/2	139·77 1/2–82 1/2	139·77 1/2–82 1/2	139·80–85	139·85–90	139·87 1/2–92 1/2
Dutch Gld.	10·48–10·80	10·57 1/8–3/8	10·57 1/8–3/8	10·57–57 1/4	10·57 1/8–3/8	10·57 3/8–7/8	10·57 7/8–58 1/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·69 1/4–3/4	11·69 1/4–3/4	11·69 1/4–1/2	11·69 1/4–1/2	11·69 1/2–3/4	11·69 1/4–70
Portug. Esc.	79·00 3/4–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1741 1/8–3/8	1741 1/8–3/8	1741 1/8–3/8	1741 1/8–3/8	1742–42 1/4	1742 1/2–3/4
Swedish Kr.	14·27 1/2–14·70	14·51 1/2–3/4	14·51 1/2–3/4	14·51 1/2–3/4	14·52 1/8–3/8	14·52 3/8–53 1/8	14·53–53 1/4
Danish Kr.	19·06 1/2–19·62	19·34 1/8–3/8	19·33 7/8–34 1/8	19·34–34 1/4	19·33 7/8–34 1/8	19·34 3/8–5/8	19·34 3/4–35
Norwegian Kr.	19·71–20·30 1/2	20·03 1/2–3/4	20·03 1/2–3/4	20·03 1/2–3/4	20·03 1/2–3/4	20·03 1/2–3/4	20·03 1/2–3/4
	* Official Limits	**One Month Forward Rates**					
United States $		1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par
Canadian $		Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis
French Fr.		1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	Par–1/4c. dis
Swiss Fr.		11/2–11/4c. pm	15/8–13/8c. pm	15/8–13/8c. pm	11/2–11/4c. pm	11/2–11/4c. pm	11/2–11/4c. pm
Belgian Fr.		2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	Par–5c. dis
Dutch Gld.		5/8–3/4c. pm	5/8–3/4c. pm	5/8–3/4c. pm	3/4–7/8c. pm	1/8–7/8c. pm	1/8–7/8c. pm
W. German D-Mk.		1/4pf. pm–par	1/2–1/4pf. pm	1/2–1/4pf. pm	3/8–1/4pf. pm	3/8–1/4pf. pm	3/8–1/4pf. pm
		Three Months Forward Rates					
United States $		3/16–1/8c. pm	3/16–1/8c. pm	3/16–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/16–1/4c. dis	1/8–1/4c. dis
Swiss Fr.		3 3/4–3 1/2c. pm	4–3 3/4c. pm	4–3 3/4c. pm	3 7/8–3 5/8c. pm	3 3/4–3 1/2c. pm	3 3/4–3 1/2c. pm
W. German D-Mk.		3/8–1/8pf. pm	3/4–1/2pf. pm	3/4–1/2pf. pm	1/2–1/4pf. pm	5/8–3/8pf. pm	1/2–1/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/3	250/3	...	250/3	250/2 3/4	250/1 1/2

The United States

Monthly averages or calendar months except where annual rates are shown.

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

BRITISH

Prices and Wages	Feb. 27th	External Trade	Mar. 5th
Manpower and Output	Feb. 20th	Industrial Profits	Jan. 23rd.

OVERSEAS

Western Europe	Feb. 13th	United States	This week

PRICES AND WAGES

	Wholesale prices: All commodities	Wholesale prices: Farm products	Consumer prices: All items	Consumer prices: Food	Consumer prices: Clothing	Consumer prices: Housing	External prices: Import	External prices: Export	External prices: Terms of trade	Stock prices Composite index	Average weekly earnings in manufacturing: At current prices	Average weekly earnings in manufacturing: At 1959 prices
	1947–49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	30·07
1958	119·2	94·9	123·5	120·3	107·0	127·7	118	110	107	340·9	83·50	84·26
1959	119·5	89·1	124·6	118·3	107·9	129·2	117	...	...	420·2	89·47	89·47
1959, October	119·1	86·5	125·5	118·4	109·4	130·1	118	111	106	416·4	89·06	88·44
,, November	118·9	85·4	125·6	117·9	109·4	130·4	119	111	107	416·6	88·98	88·27
,, December	118·9	85·9	125·5	117·8	109·2	130·4	118	...	...	429·2	91·94	91·30
1960, January	119·3	86·5	125·4	117·6	107·9	130·7	...	...	...	419·0	92·52	...

PRODUCTION AND MANPOWER

	Gross national product: Seasonally adjusted annual rate	Total industrial production	Manufacturing production: Durable goods: Total	Durable goods: Metals	Durable goods: Vehicles, etc.	Non-durable goods: Total	Non-durable goods: Textiles, clothing	Non-durable goods: Chemicals and petroleum products	Building: New construction; seasonally adjusted annual rates	Civilian employment: Total labour force	Civilian employment: Total employment	Civilian employment: Unemployed as per cent. of labour force; seasonally adjusted
	$ billion	1957=100; seasonally adjusted							$ billion	thousands		
1939	91·1	38	30	n.a.	n.a.	46	n.a.	n.a.	8·2	55,230	45,750	17·2
1958	441·7	93	87	78	84	100	99	99	48·9	68,647	63,966	6·8
1959	479·5	105	102	90	98	110	115	113	54·3	69,394	65,581	5·5
1959, September	478·67	103	97	45	98	113	116	117	53·1	69,577	66,347	5·6
,, October	483·5	102	95	43	98	111	115	114	51·8	70,103	66,831	6·0
,, November		102	95	77	79	111	116	114	50·7	69,310	65,640	5·6
,, December		109	106	109	93	113	118	115	51·9	69,276	65,699	5·2
1960, January	...	112	112	118	107	113	117	116	54·9	68,168	64,020	5·2

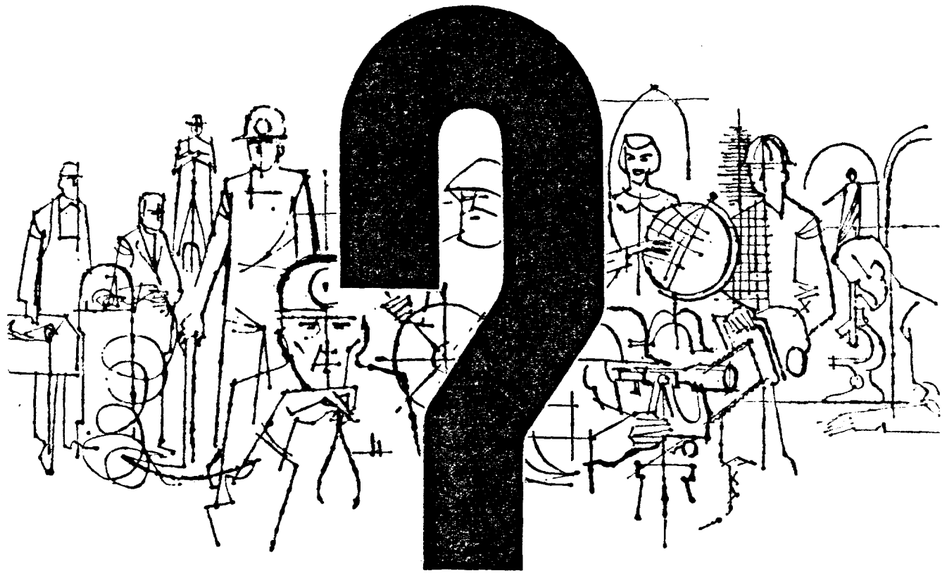
TRADE

	Personal consumption Annual rates	All business: Sales	All business: Stocks	Total retail: Sales	Total retail: Stocks	Imports for US consumption: Total	Imports for US consumption: Crude materials	Imports for US consumption: Semi-manuf'res.	Exports of US merchandise: Total	Exports of US merchandise: Finished goods	Volume of trade: Imports	Volume of trade: Exports
	$ billion; seasonally adjusted					$ million					1948=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1958	293·0	54·0	85·1	16·7	24·0	1,066	230	220	1,475	908	152	130
1959	311·6	60·0	89·2	18·0	24·2	1,250	258	275	1,448	873	182	...
1959, August	313·37	59·6	89·5	18·1	24·8	1,191	252	254	1,384	829	174	122
,, September		60·1	89·2	17·8	24·8	1,349	265	274	1,464	835	198	129
,, October		59·7	88·7	18·3	24·7	1,215	267	257	1,461	877	178	128
,, November	317·0	59·1	88·4	17·8	24·2	1,263	253	300	1,462	825	180	128
,, December		61·1	89·2	17·5e	24·2	1,432	283	323	1,659	935	207	...

PURCHASING POWER AND FINANCE

	Personal income: Total	Personal income: Labour income	Personal income: Farm income	Consumer credit: Total	Consumer credit: Instalment	Banking statistics: Investments	Banking statistics: Loans	Budget expenditure: Total	Budget expenditure: Surplus or deficit	Bond yields: 3-month Treasury bills	Bond yields: Taxable Govt. bonds	Bond yields: Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1958	359·0	248·7	14·2	45·59	34·08	87·0	98·2	71·9	— 2·8	1·839	3·43	3·79
1959	380·1	267·8	11·8	52·05	39·48	79·0	112·0	80·7	— 12·4	3·405	4·08	4·38
1959, October	382·6	269·4	10·5	49·87	38·42	80·2	108·2	6·9	— 3·8	4·117	4·11	4·57
,, November	387·0	271·4	11·6	50·38	38·72	78·7	109·5	6·6	— 0·7	4·209	4·12	4·56
,, December	392·1	275·7	12·6	52·05	39·48	79·0	112·0	6·8	+ 0·7	4·572	4·27	4·58
1960, January	393·3	278·0	12·6	51·36	39·36	77·9	109·5	6·2	— 1·3	4·436	4·37	4·61

(1) 1939 figures calculated on the basis of a smaller sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at end of period. (3) All commercial banks. (4) Annual figures are total for the fiscal year ended June 30th. (5) Bonds due or callable from 10 to 20 years. (6) Revised series from 1957 onwards. (7) Average for third quarter. (8) January, 17·8. (9) Industrial production series are revised throughout. 1939 figures not strictly comparable.



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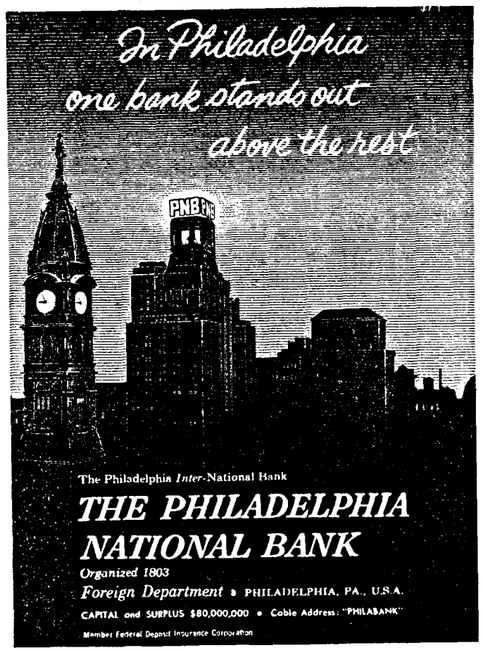

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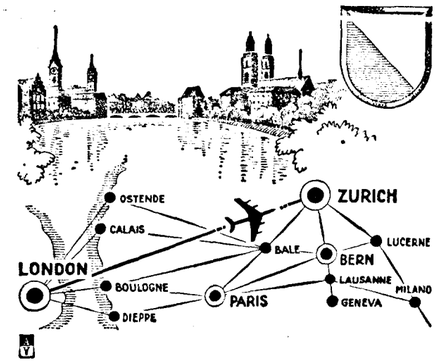

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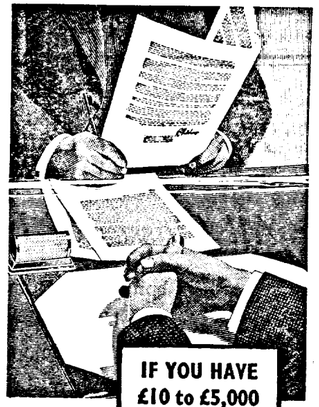

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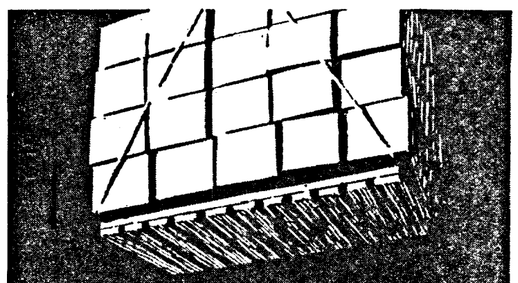

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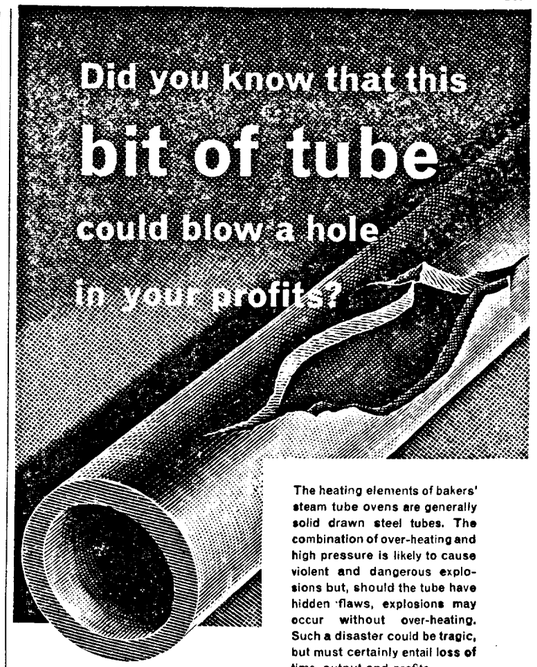

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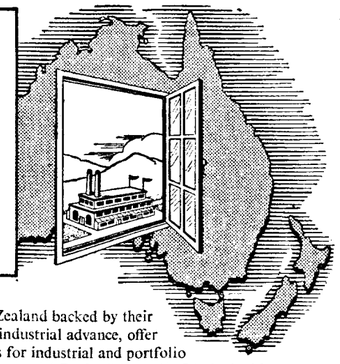

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The pensionable stipend of a University Assistant Lecturer is £800 a year, rising by annual increments of £50 to £1,000 a year.

Further particulars may be obtained from the Secretary of the Appointments Committee of the Faculty of Economics and Politics, The Marshall Library, Downing Street, Cambridge, to whom applications should be sent so as to reach him not later than April 16, 1960. Eight copies of each application should be sent and, if so desired, one or more copies of any published work or unpublished writings. Testimonials are not required, but a candidate should give the names of two persons to whom reference can be made.

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For other appointments see page 1049

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Applications, which should include the names and addresses of three persons to whom reference may be made, should be submitted not later than April 9, 1960, to the Registrar of King's College, from whom further particulars may be obtained.

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A person selected from outside the service will be on probation for a period which may be as long as three years but may be shorter, depending upon the officer's performance. The post is pensionable.

Applications should be completed in triplicate on the prescribed form obtainable from the Office of the Commissioner for the Western Region of Nigeria, 178-202 Great Portland Street, London, W.1, and submitted through the Official Secretary (Recruitment Branch), to reach him by March 15, 1960.

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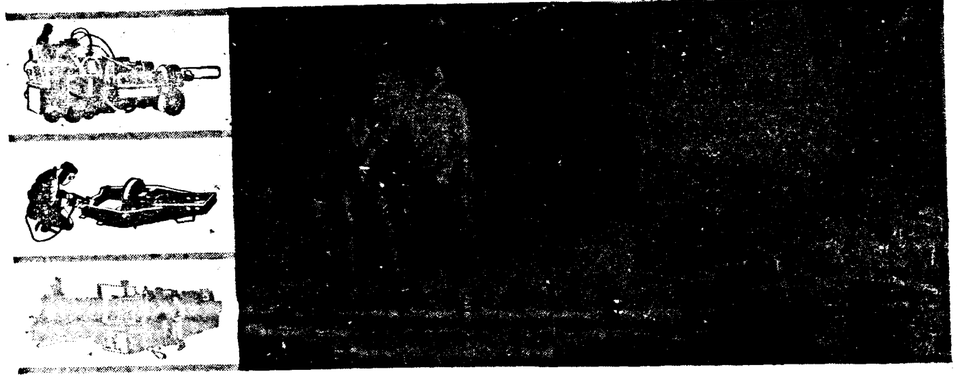

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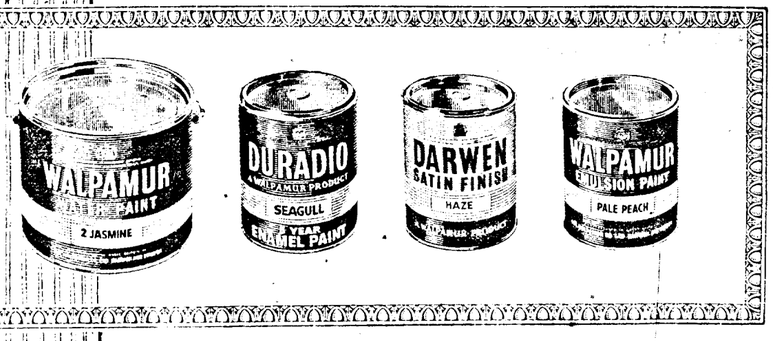

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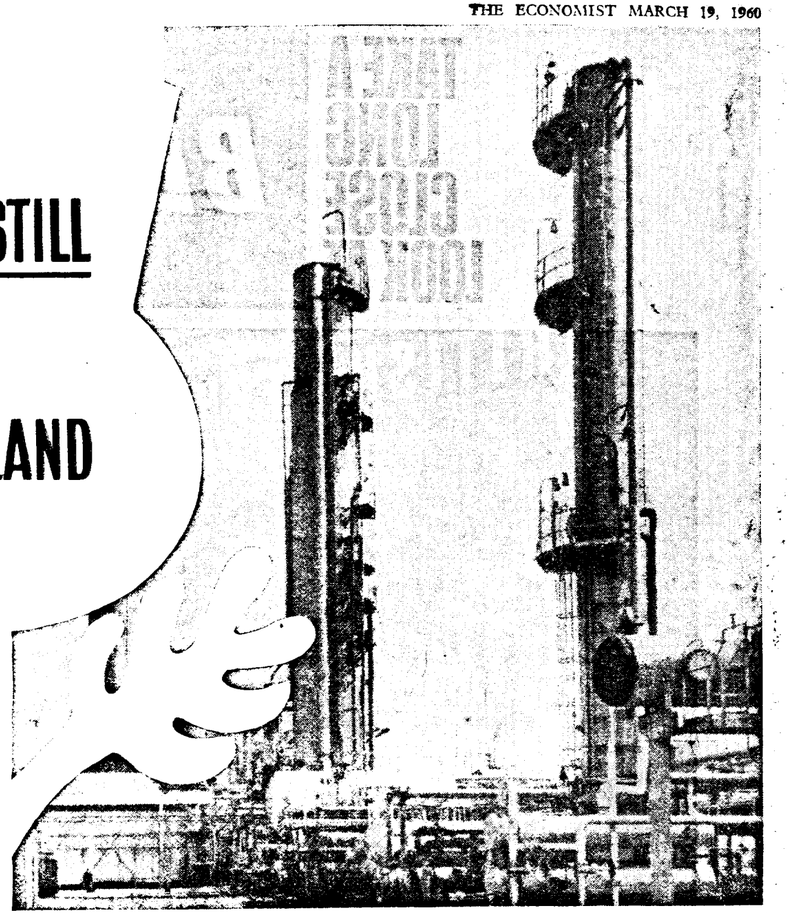

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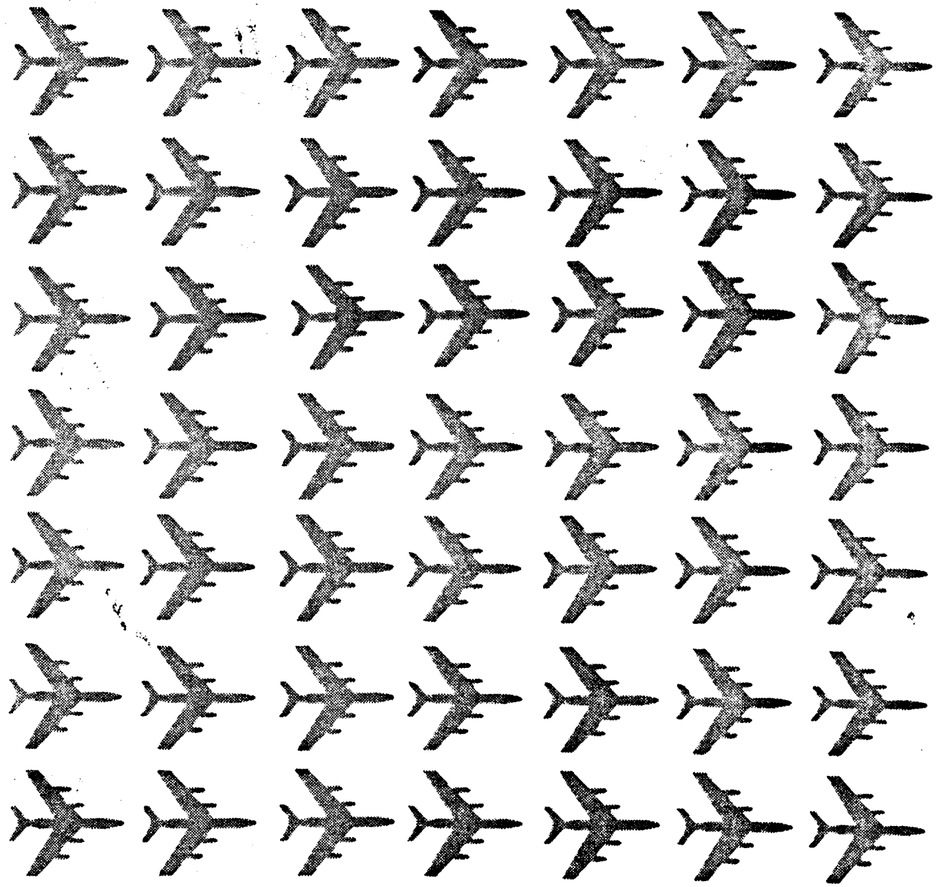

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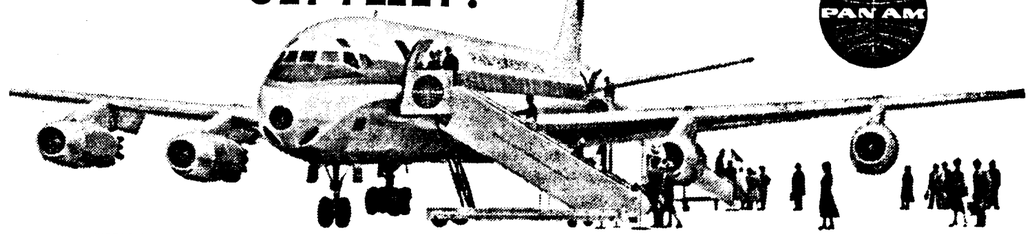

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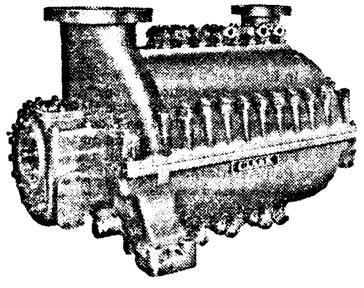

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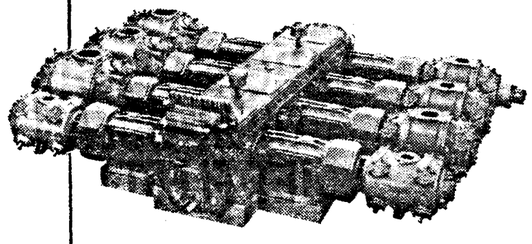

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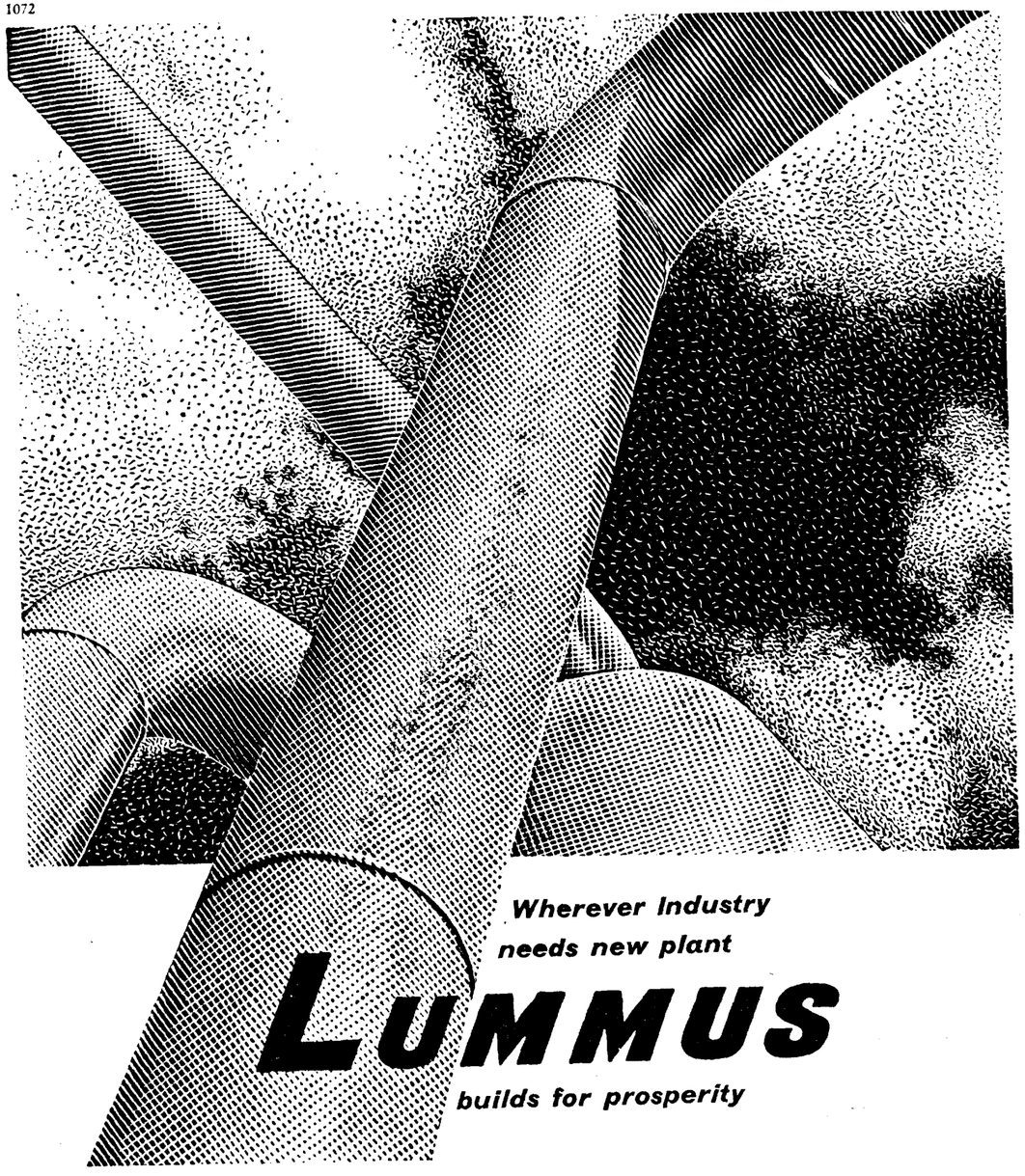

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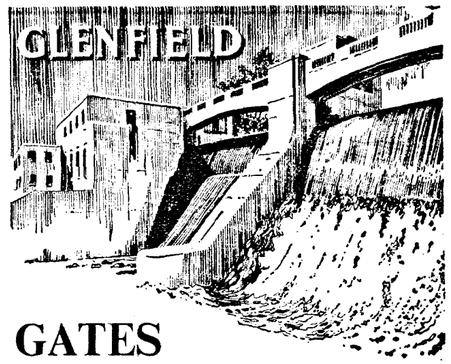

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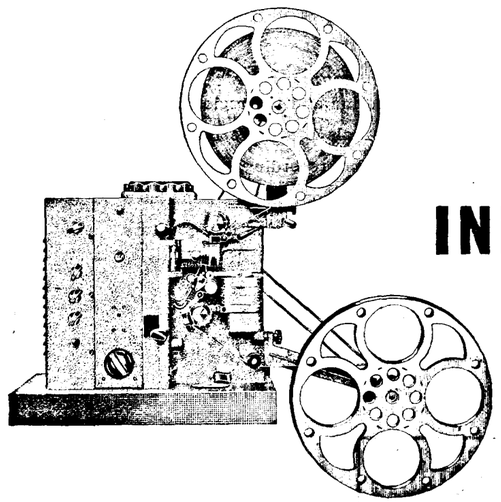

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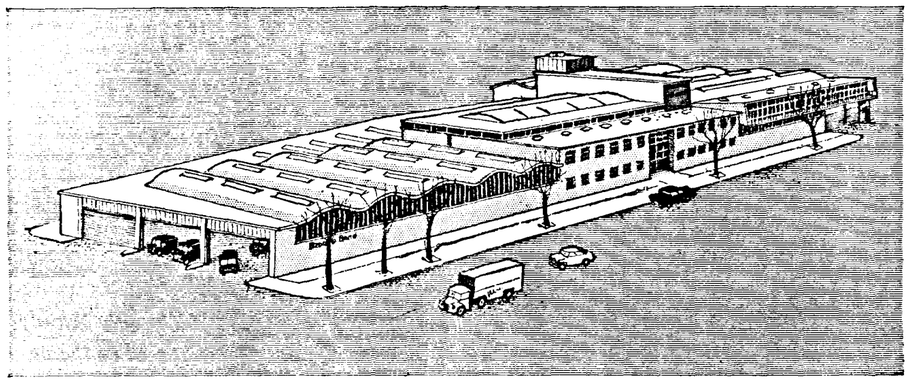

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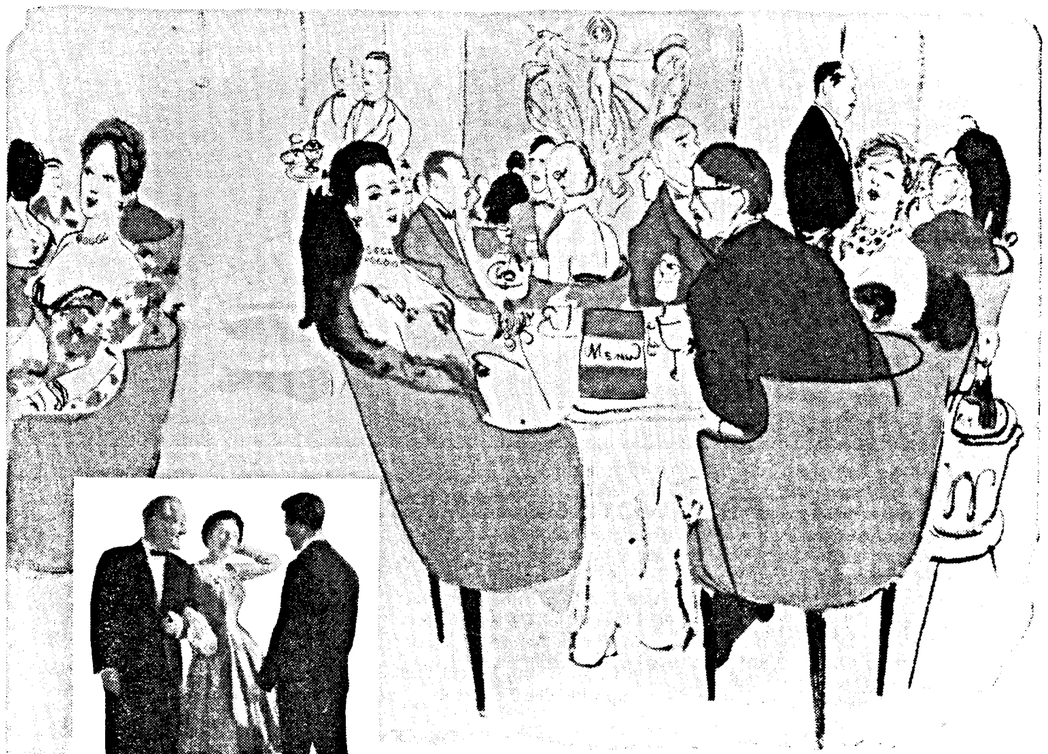

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The Economist

MARCH 19, 1960

After the Theology 1079
Calling on Mr Kishi 1081
The Anxious Ally 1082
Buying at a Discount 1083

NOTES OF THE WEEK 1085

France and Britain; . . . and Russia; . . . and Africa; Labour Party; By-Elections; Europe; Italy; Brighouse Before Philippi; Central Africa; South Africa; Farm Prices; Wages; Electrical Trades Union; South Korea; Cyprus; Caravans; Administration; Political Justice; Wales; Libraries; Soviet Union.

LETTERS 1096

BOOKS

Giant of Endeavour 1097

AMERICAN SURVEY

Dead Centre on Civil Rights 1103

Spring Survey; Draw Over Berlin; No Sugar Stick?; Western Approaches; Leasing for Profits; Caesar's In-Laws.

THE WORLD OVERSEAS

Back to the Old Green Table 1111

Libya's Oil Boom; Prophetic Warning for Canadians; Trials of Benelux; Sarawak Catches Up; Israel's Afro-Asian Bridge.

THE BUSINESS WORLD

Verdict on Money 1123
Agenda for the Railways 1125

BUSINESS NOTES 1127

Liners; In the Markets; The Economy; Ford Motor; Local Authority Bills; Air Fares; Aid on Paper; Overseas Trade; Trade Associations; Bank Advances; Plans for Parking; Oil Heaters; Fuel; Bids and Deals; Bank Notes; Gilt-edged Serial; Atomic Energy; Polypropylene; Insurance Funds; Euratom; Soft Drinks; The Jasper Case; Shorter Notes.

COMPANY AFFAIRS 1163

Associated Electrical Industries; Jaguar Cars; Swan, Hunter; British Nylon Spinners; Calico Printers; Bradford Dyers; Hongkong and Shanghai Banking; International Nickel; Canadian Pacific; N.V. Philips; United States Steel.

London and New York Stocks 1166
Money and Exchanges 1168
Manpower and Output 1169

Annual Postal Subscription by ordinary mail £4 10s.; overseas £5; by air see page 1095.

VOLUME CXCIX - NUMBER 6082

After the Theology

"This is what the Church is said to want, not party men, but sensible, temperate, sober, well-judging persons to guide it through the channel of no-meaning, between the Scylla and Charybdis of Aye and No."

Newman: *History of My Religious Opinions from 1839 to 1841.*

NEITHER Mr Gaitskell's original intention to abolish Clause Four of Labour's constitution, nor Wednesday's "compromise" agreement to retain it while explaining that it does not mean what it says, will affect the policy of any next Labour government by a tittle. But the latest act of tragi-comedy is bound to heighten discussion about whether there will ever be another Labour government at all. An increasing number of experienced political observers, at home and even more abroad, are now inclined to assume (or hope?) that the skids are under British socialism for our time. It is said that the two million or so middle of the road voters who decide British elections now immutably recognise that Labour's policies are many years out of date; that class loyalty to Labour is dying; that the party is regarded by the public as a body of ferocious (if sometimes thwarted) nationalisers; that its internal quarrels and contradictions are gradually making it impossible for its leaders to hope to work out coherent policies; and (though by all experience this would seem very unlikely) that the party may soon begin to break up into separate pieces. In a week when Labour leaders have admittedly shown their lemming-like capacity for political suicide in the vividest relief, it is worth examining these propositions to see how far they bear any relation to facts.

The first three of them almost certainly exaggerate Labour's plight. Only two years ago this week, when the Torrington by-election was in progress, it was the Tories who were in the mire; if a general election had been held at that time, a Labour government would have been returned with a majority of probably over 150 in the House. The policies proffered by the Labour party today are not noticeably more old-fashioned or irrelevant than those of the Labour government that would have been elected then; the main thing that has happened in the meanwhile is that the Tories have grown more popular as the economy has turned from recession to boom. Again, class loyalty to Labour is by the nature of growth a diminishing asset, but its death from natural causes is more likely to be lingering than speedy; the residual feeling that the "party stands for the workers" means that Labour would require heavier blows to knock it permanently out of its position as second party in the state than the Liberals did in the twenties and thirties. The prevalence in the public mind of the bogy of wholesale nationalisation has been overestimated by both Mr Gaitskell and the Institute of Directors; the public knew long before Mr Gaitskell's Clause Four speeches honestly began to explain it to them that his party are not wholesale nationalisers but hypocrites.

It is the other two disabilities of the Labour party that are much more worrying. They do hold out some threat of a process of self-strangulation that could saddle the country with a long period of weak and divided opposition during a generation of Tory rule. The first of these dangers is that the habit of compromise and internally diplomatic doubletalk is becoming so ingrained in the Labour movement that it may soon no longer provide a forum in which able and intelligent men can see any real hope of working out new and relevant ideas. Labour politics are becoming the art of impossible verbal contortionism.

Mr Gaitskell's experience with his own new testament, which he started to write as a brave and thoughtful challenge for a new world, is the present case in point.

Eleven of the twelve points that he originally submitted to the executive on Wednesday were expressions of high flown sentiments with which almost everybody could agree, chiefly because most of them have no relevance to possible state action ; nobody is going to vote against " the brotherhood of man," but no government decree is going to bring it about either. Even the parts of these eleven points that do pretend to affect future state policy would be accepted by most people, though the advantage of writing them into a party constitution is obscure. But the immediate attention of the country is inevitably being concentrated on the twelfth point—on the new testament's wording about nationalisation. As the clause has finally been amended by the executive, Mr Gaitskell has been constrained to say that he:

> is convinced that all these social and economic objectives can be achieved only through the extension of common ownership substantial enough to give the community power over the commanding heights of the economy, including State-owned industries and firms, Producer and Consumer Co-operation, Municipal Ownership, and public participation in private concerns. In recognising that both public and private enterprise have a place in the economy, [Labour] believes that further extensions of common ownership should be decided from time to time in the light of these objectives. . . .

If Mr Gaitskell really believed enthusiastically that a " substantial " dose of all these dog-biscuity doctrines was the only way to achieve his social and economic objectives, there would be room for interesting debate with him. But everybody knows that he does not believe this ; he believes wearily that proclaiming them is the only way of appeasing his militants. And this must raise the question of how long this intelligent man, and the intelligent coterie around him, can bear to put up with the intellectual indignities of their present position—however pleased he may temporarily feel that he achieved a " compromise " on Wednesday.

THE second main danger before the Labour party is that men may be increasingly driven away from it because they feel as great a derision for its bitter battle of personalities as they do for the vacuum in its policies. In a sense, of course, a real split in the party now might be its quickest and healthiest way back to power. If Mr Foot, Mr Mikardo and the other genuine fundamentalists were in fact to hive themselves off into a separate organisation, they would get as tiny a vote from the British public in election fights against official Labour candidates as Mr Zilliacus and his supporters did when they were hived off as " independent socialists " in 1950. But the last few months have shown that Mr Gaitskell's senior colleagues will not help him to draw a clear and commonsense line of policy that would deliberately compel a small band of fundamentalist zealots to trim themselves off unheeded in this way ; instead they have nearly all been angling their speeches (as on Wednesday they angled their votes) to attract as much approval as possible from the zealots, while not quite obliging Mr Gaitskell himself to resign. The reason is that the Labour High Command, having been starved of governmental responsibility for nine years, has ceased to be an executive body that is at all interested in putting any particular policy into effect ; it has become much more like some mediæval royal court, in which a small band of favourites, a rather larger band of potential rebels, and a clique of trade union barons are largely intent upon a personal struggle for power, while publicly protesting that they are doing no such thing.

Is this struggle bound to go on, until the party has torn itself to pieces ? There is one thing that could very quickly stop it. The source of Mr Gaitskell's control over his party and most of its policy during the last Parliament was that he was regarded as a prospective source of patronage ; he was believed to be a probable future Prime Minister, who would one day have ministerial offices to hand out. The main source of his difficulties today is that he is no longer really regarded in this light, because many of his immediate lieutenants have caught from the professional commentators the disease of excess pessimism about their prospects. The first by-elections of this Parliament were taking place on Thursday, and the results will be known by the time this issue of *The Economist* is in readers' hands ; as we write it is impossible to forecast whether the divisions in the party will have much effect upon the voting, but it is easy to guess the effect that the voting will have on the divisions in the party. If the tide of public opinion proves to have turned mysteriously back to Labour, because satisfaction with the Tories has fallen off, then most of the present factionalism and inspired anti-Gaitskellism in the Labour party will magically disappear. But if the tide of opinion is still running the other way, if Brighouse has gone securely Tory and if the Liberal alternative to Labour has made striking headway at West Harrow, then the process of demoralisation in and about the Labour party is very likely indeed to acquire a new and dangerous momentum of its own.

NOBODY can tell what would happen then. The real trouble with Labour today is not the obstinately anachronistic principles of some of its minor zealots, but the spineless expediency—the words are not harsh enough—of some of its leading men. They have now willingly made their leader and their party a laughing stock rather than risk losing any of their personal intra-party prestige or risk facing a row at their annual union conferences. Of course, it is part of Labour's credo that men can be changed. One day, any true socialist must believe, the present Labour High Command might suddenly and magically become a community " recognising that . . . anarchy and the struggle for power . . . must lead to universal destruction," determined that everybody's " effort, skill and creative energy be contributed to the common good," rejecting " selfish, acquisitive canons," standing for a society " with natural, friendly relations between the individuals who compose it, uninhibited by . . . false values," resolved to " resist all forms of collective intolerance and prejudice," " subordinating all concentration of power to the interests of the community as a whole."

These are all ideals that Mr Gaitskell, in his original draft of a new constitution, said that he sought to see suffused throughout a Labour Britain. This winter's sad story of intrigue and blocked reform suggests that he had better concentrate on seeing them suffused through Labour's national executive room instead.

Calling on Mr Kishi

East and West are bidding for Japanese favours

THE trip to Tokyo is beginning to bulk large in the diplomatic brochures. Dr Adenauer is arriving on Friday: President Eisenhower will call on his way back from Moscow in June. (Is it conceivable that Mr Macmillan has never thought of booking his ticket ?) When Mr Khrushchev was in South East Asia last month he had Japanese policy very much on his mind, launching a diatribe before the Indonesian parliament (one of the last appearances that hapless body had to make) against the revised Japanese-American security treaty:

> Can it be that the ruling circles of Japan . . . seriously think that the peoples have forgotten the aggressive actions of the Japanese militarists who but recently tried to enslave the peoples of East Asia ?

Two Soviet memoranda to Mr Kishi's government, on January 27th and February 24th, have made the same accusation that the treaty has offensive aims.

But what Mr Khrushchev did not trouble to tell his Indonesian audience was that, while he spoke, Mr Zorin and the Soviet trade delegation in Tokyo were comfortably putting the finishing touches to a three-year agreement, the largest the Soviet Union has reached with the Japanese ruling circles. Under the agreement, which was formally signed on March 2nd, Japan will export to the Soviet Union some $210 million worth of steel products, equipment for the chemical industry, mining installations and other goods, mostly destined for industrial plant in Siberia. In return, Japan will import crude oil, lumber and industrial raw materials to the same value from the Soviet Union. This Soviet double-play was meant to touch Japanese opinion on its two most sensitive and exposed nerves: while Mr Khrushchev urged on the growing agitation against ratifying the security treaty, Mr Zorin drew before Japanese eyes the prospect of ever-expanding markets on the Asian mainland. Mr Kishi had to break off his efforts to get a foothold in the Chinese market in 1958. Now the Soviet bid is going up.

IF the Japanese needed any reassurance of their visible return to the international set, the anxiety of the United States to have them included in the nine-nation Development Assistance Group, which has just finished its first meeting in Washington, should be flattering enough. The United States has bowed to the Japanese desire to restrict the military implications of the security treaty to a minimum. But the Americans plainly foresee that Japan, the one major non-communist industrial power in Asia (whose rate of economic growth is something Peking's statisticians never mention), can play an essential part in future economic assistance programmes.

The Japanese are already members of the Colombo plan. They provide capital and equipment to Indonesia, Burma, Vietnam and the Philippines through reparations agreements. They have now produced their own scheme to underwrite trade between the rice-surplus and deficit countries of South East Asia. They have also been evolving technical aid plans for the Middle East. Peking, stung by evidence of growing Japanese investment in Malaya and Singapore, has been complaining bitterly of economic aggression ; one of Mr Khrushchev's purposes in Jakarta seems to have been to try to block the Japanese advance there. What Washington may have in mind now is the general co-ordination of aid projects by an Asian regional organisation which, if given a suitable framework, would allow the Japanese to extend their interests without arousing old fears that they would eventually boss the show.

Dr Adenauer is not the man to draw false comparisons on his arrival, and he will be at pains to deny the communist insinuations of a Bonn-Tokyo axis ; yet certain of Mr Kishi's trials and worries are not unfamiliar to him. Mr Kishi does not have a reunification problem (although Sakhalin, the Kuriles and Okinawa are territories to be redeemed) ; he has no worries about African or any other recognition. But the Japanese, although to many of them General MacArthur's airy vision of an Asian Switzerland was not unattractive, have learned now that they are too important for either East or West to leave them out of the world balance. Mr Kishi has deliberately tied his country, and his own career, to the American alliance. He has drawn down communist attacks for steadily building up the Japanese armed forces (even though they are behind schedule). He is constantly aware of the economic temptations that communist policy is putting in the way of both the Japanese left-wing parties and the industrialists and nationalists. And he knows perfectly well that breaking down the strong and continuing reservations felt in the West about having Japan as an equal partner at all will be a slow process. It is a hard row to hoe.

It will become harder still in the next few weeks as the security treaty comes up for ratification in the Japanese Diet. (Its progress in the United States Senate, where it was introduced on March 10th, has been held up to see whether the Diet debate compels revisions.) The noise of opposition is deafening. Peking fired its first big gun on November 19, 1958, when the talks on the security treaty were just beginning. The Chinese foreign minister, Marshal Chen Yi, advised the Japanese to get rid of American military bases and to join in " a collective Pacific security pact " ; if this were done he saw no harm in Japan having forces for self-defence. Peking has since invited a steady stream of visitors, ranging from a multitude of left-wing and trade union delegations to two considerable figures in the Liberal-Democratic party who are personally opposed to Mr Kishi: the former prime minister, Mr Ishibashi, and a former education minister, Mr Matsamura. The Chinese did not get much change out of either of these gentlemen, although the statements after they had left were enthusiastically written up.

Since last autumn Peking has been able to rejoice in the heady agitation inside Japan against the security treaty, drummed up by such bodies as the All-Japan Liaison Council Against Military Bases, the Japanese National Peace Committee and the Japan Council for Prohibiting Atomic and Hydrogen Bombs. These efforts have produced mass demonstrations and the collection of millions of signatures protesting

against Mr Kishi's policy. Among the Japanese political parties the Socialists are openly supporting the campaign against ratification, and they advocate the restoration of diplomatic relations with Peking. Some of their fears of the treaty are said to be over the likelihood of an

> influx of American capital and the dumping of American commodities in Japan at the expense of the Japanese economy.

Mr Ishibashi, who has kept in touch with the Sohyo trade union leaders, has now come out for settling relations with the Soviet Union and China after the security treaty has been approved; he favours an invitation to the Chinese to visit Tokyo later this year. Mr Matsamura has issued a solemn warning that, if the security treaty is "rammed through" the Diet at present, it will make the improvement of Sino-Japanese relations impossible.

To all this Mr Kishi has replied that he stands by the treaty, and by his policy of wait-and-see toward the Chinese. His strength is in the knowledge that in last year's Diet elections the support for the government was, to a considerable extent, a demonstration of the electorate's wish to retain the American link, however unsentimental his countrymen may be about it. The American market is Japan's greatest prop and stay; without it the economy must be severely damaged, whatever Moscow and Peking could offer. The odds are on Mr Kishi and ratification, but it will be an unrelenting fight.

If the western countries feel the need to have Japan as a partner, as they do, there are some steps that they must consider to give that partnership full meaning to the Japanese. At present the United States allows the Japanese most-favoured-nation treatment under Gatt, although gentlemen's agreements keep American imports of the most sensitive products within bounds. But Britain and most west European countries—west Germany is an exception—refuse the Japanese most-favoured-nation treatment; and they have been reluctant to include Japan in the Development Assistance Group for fear that the Japanese might then demand their rights under Gatt. Yet, just as British opinion has now to face up to its responsibilities in accepting west Germany as an ally, sooner rather than later it must recognise what it ought properly to do for the Japanese. One issue that the new aid group must tackle early on is a common programme for lifting trade restrictions on the products of young and developing industrial countries. There is a strong self-interest in this for the West; and there is a strong self-interest, too, in getting on terms with the Japanese as an ally in the development and aid competition among the under-developed countries of Asia.

The Anxious Ally

Our special correspondent, revisiting west Germany, reports on the anxieties and sense of isolation which are troubling German opinion

WHEN Dr Adenauer went to Washington this week, he had the support of a virtually unanimous German opinion on one subject—Berlin. All sections of west German opinion share his view that Mr Khrushchev's threat to west Berlin was in part a test of strength, and many share his fear that the West may make concessions that could put west Berlin on the slippery slope that leads to absorption in east Germany. A recent article in *Die Welt*, a newspaper not noted for its support of Dr Adenauer, voiced a widespread fear when it raised the memory of Munich in connection with Britain's search for what it called a "cheap relaxation" today.

A British visitor to Germany has therefore to spend a good deal of time in reassuring his hosts that the British are not going to abandon Berlin, and even more in finding out why German fears are so profound about even an interim agreement on the status of the city. The basic reason seems to be that the German assessment of Russian motives in Europe and Berlin differs profoundly from the American and British. While the Anglo-Saxon powers see the Berlin issue as one small facet of a world-wide problem, a hot spot which should have priority for a douche of cold water in the general effort for détente, the west Germans believe that Mr Khrushchev has chosen to heat up the Berlin issue expressly to undermine and divide the West, and that the only answer is to stand firm.

Since Mr Khrushchev visited President Eisenhower in the United States, it is true, even the Bonn government has begun to recognise that a gradual easing in east-west relations, and a more liberal evolution inside Russia, may be on the way. But Berlin, the Germans believe, where the West is vulnerable and weak, is the one place where there is no room to talk at all. A great deal of legal nonsense is talked in Germany about Berlin, but behind this smoke-screen lies a simple and real fear.

West Berlin, left high and dry by the accidents of 1945, is highly vulnerable. Its freedom rests on the presence of allied troops, guaranteeing the intervention of the western powers if it is interfered with, and on the confidence of its people that it will stay free. The Germans recognise that mild modifications of the *status quo*, like the small reduction in allied troops suggested at the Geneva conference of foreign ministers last year, would make no material difference to the city's position; what they fear is that any interim arrangements would undermine confidence, and would then be followed inexorably by Russian demands for more. Even suggestions for new guarantees of access to the city are looked at sceptically. What more, they ask, could these offer than the promises to "facilitate traffic between Berlin and the zones," made in the Paris agreements of 1949 which ended the blockade, and evidently regarded by the east Germans as far from sacrosanct?

The same scepticism about communist intentions lies behind all the opposition to any recognition of, or dealings with, the east German government—an attitude shared by all but a small left-wing minority of Social Democrats and some Free Democrats. A good many people in all the main political parties, as well as in the Bonn foreign office, have recognised that a rigid application of the Hallstein doctrine, which inhibits Bonn from getting on terms even with Poland, does more harm than good. And despite the bold front the west German government has been putting up, it has begun to sink in at Bonn that Mr Khrushchev is in a position to

effect his threat to sign a separate peace treaty with east Berlin whenever he likes. Few Germans seem yet to have faced the question of what the West does if the Russians simply hand over certain executive responsibilities on the routes to Berlin to the east Germans, as they could, in ways that present no conceivable *casus belli*. It is this sort of practical consideration that makes it hard to see how the pristine purity of the west German doctrine that the east German state does not exist can be maintained.

But accepting the fact of its existence for certain practical purposes is a very different matter from sending ambassadors to east Berlin. To the west Germans the east German government is still a quisling government and fanatical to boot—an impossible negotiating partner. To them a diplomatic recognition of the east Berlin regime would mean writing off German unity indefinitely. Such a step would have profound implications for the Berlin question, because isolated west Berlin lives on the hope that the unity of Germany will one day be restored—and because its future can only be made secure if Germany can in fact be reunited.

Yet, whereas Dr Adenauer has made his own the firm Berlin policy of the Social Democrat, Herr Brandt, the city's governing mayor, he has certainly not adopted the Social Democratic corollary: that in pursuit of German unity the West should be more flexible about the general problem of central Europe. On Berlin, Dr Adenauer has German opinion wholly behind him; on these broader issues, its backing is a good deal less than unanimous.

RECENT German visitors to Britain, like Herr Brandt and Dr Krone, the Christian Democrat parliamentary leader, have returned home reassured about the British Government's stand on Berlin. The general feeling seems to be that the British are over-optimistic about Mr Khrushchev's intentions, but will stand fast in a pinch. But the deep sense of unease in western Germany about British intentions flows not only from misgivings about government policy. The frightened feeling that the British, secure in their island dug-out, and unaware of the ceaseless communist purpose which the Germans observe in the front line, are being lulled into another Munich may seem exaggerated in London. It is, however, nourished by the recurrent attacks on Germany in a part of the British press; the feeling that harsher standards are applied to the young democracy in western Germany than to the police state run from east Berlin cuts deep.

It has been difficult to separate emotion from real issues in the almost incessant bickering between Britain and west Germany that has marked the past eighteen months. On each of the matters of contention—east-west relations, swastika-smearing, bases in Spain—there has been a real issue at stake. But each burst of inflated criticism from the anti-German press in Britain, duly reported home, leaves a sediment of bewildered distrust in German minds which grows steadily and has now reached a dangerous level. Some Germans imagine that British hostility is economic, the jealousy of a competitor. Among politicians and officials in Bonn the belief still persists that the British are out to kill the common market. Perhaps most disquieting of all, Britain's natural friends in Germany, people who want to root out the last vestiges of nazism, and who regard Herr Strauss's plans for Spain as a clumsy folly, are beginning to get tired of the constant recrimination from across the North Sea. The fund of potential goodwill towards Britain that still exists in Germany, a belief that Britain still offers political and moral examples worth studying, these cannot survive indefinitely if the British persist in looking at the Germany of 1960 with the eyes of 1940.

For all that, the ordinary German gets small comfort from the French alliance on which his government sets such store. He sees France's future as uncertain and its friendship as a hothouse plant. And, in Bonn, the feeling that American policy is blowing hither and thither in the winds of departmental argument as the summit approaches causes disquiet, too. The sense of isolation—which perhaps lies behind Dr Adenauer's curious outbursts against what he labels as communist attempts to isolate west Germany—is not confined to him alone. If it continues to develop as it is doing, it could have unpredictable and perhaps perilous consequences when the long Adenauer era at last draws to an end.

Buying at a Discount

A glance at a growing form of cut-price trading

COMPETITION in the retail trade takes many forms. At its most obvious, it is transforming the average suburban high street from a straggle of small independent shops into a stream of professionally managed self-service stores and supermarkets. Less obvious, but increasingly well documented, are the straight price reductions now offered by many of the traditional shops which have cut their costs by joining a retail buying chain. But another major variety of price reduction has remained—almost by its very nature—largely hidden. This is *discount trading*, whose benefits are now reaped, on one estimate, by as many as one quarter of the country's shoppers. Its advantages, in contrast to those of ordinary cuts in prices, are not yet available to all.

Traditionally, the discount is a special rebate given by the retailer or the manufacturer to a favoured customer—which here normally means a large or a well-organised one. Obvious examples of such customers would be big firms, trade associations, trade unions, professional groups or clubs. People in all of these organisations may be able to obtain substantial reductions in the prices of a wide range of the goods that they buy; indeed, the possibility of doing this may well be one of the main attractions of joining the group. This is true, for instance, of many gardening and sports clubs. It could be true of certain white-collar unions. The discounts offered to these people are sometimes simply the result of their greater bargaining power as a group of customers; or, by arrangement with such giant concerns as Imperial Chemical Industries, Unilever, British European Airways, and various insurance companies, discounts may be given in return for the retailing and distributive job done by the clubs the firms support.

More generally, three distinct types of discount trading can be sorted out. The first is the cheap rate at which an employee of a company, or a member of a profession, is able to purchase the company's or the profession's own products. Car workers, for instance, can get cut-price cars, soap workers cut-price soap, insurance workers cut-price insurance, bank employees free banking services, professional photographers cheap films, musicians cheap music, and doctors and medical auxiliaries cheap chemists' goods. More significantly—because of the wider range of products which they handle—workers in the retail and wholesale trade are usually allowed special terms on all the purchases they make from their own employers. Salesmen also do particularly well. Apart from their own samples, which need not by any means all be distributed and which can be bartered for the samples of other firms, many of them get a virtually free car, a free supply of any special offers their firm may be making and various other free items such as razor blades ("to remove window bills"), brief cases, writing materials and hats.

The second type of discount, which again may cut 5 to 15 per cent—and occasionally 20 per cent—off the purchase price, is a more arbitrary one. Certain firms, clubs and unions of employees pass on to their members the chance to buy, at a trade discount, a small range of goods which they do not themselves make but with which they have trading connections. BEA employees, for example, can get a discount not only on air travel but also on certain general lines of goods stocked by the company; many Unilever employees can get cheap flower bulbs; estate agents can get cheap wine, journalists cheap books, doctors cheap life insurance, and civil servants cheap mortgages and hire purchase. The possibility of securing discounts on this rather random selection of goods—all of which have in common a normally high margin of retail profit—depends primarily on the pushfulness of the buying group involved; the discounts are widely available to people who know where to get them. Some employers, on the other hand, make no effort at all to secure these (very real) advantages for their staff; the more diehard even object to discount trading on principle. Others get the advantages but keep the fact as quiet as possible because they fear retaliation from the better organised sections of the trade. But, broadly speaking, this type of discount is most often available to members of large organisations and to the white-collar workers in them.

THE third type of discount is the comprehensive one offered by a variety of retailers to all members of a particular group. Most notably, these concessions are offered to associations of civil servants, teachers, local government officers and bank officers, and employees of some big firms (and their friends) in great profusion; they are also offered, on a much more modest scale, to members of smaller firms and certain manual unions such as the Transport and General Workers' Union. A glance at a few of the union magazines—one, but not the only, way of letting members know about possible discounts—confirms this. *State Service*, the organ of the Institution of Professional Civil Servants, contains regular offers of a discount of 20 per cent on rings, watches, jewellery, clocks and cutlery, of 15 per cent on carpets, of 12½ per cent on washers, refrigerators, tape recorders, radios, TV sets, etc., and "reduced" rates on other items like holidays and motor insurance. Since the arrangements are mostly made with the staff side of the appropriate Whitley council all that is needed to get the discounts is a union card. Nor are the advantages confined to civil servants. The *Bank Officer* (organ of the National Union of Bank Employees) contains a similar list of offers and others—such as for 7½ per cent off wines and 5 per cent off clothes—as well. In contrast, the T & GWU *Record* contains only a very few offers, though they are useful ones; recently a 10 per cent discount to T & GWU members was offered on furniture, bedding, carpets, etc., and, like the railwaymen, they seem to be favourite targets for offers of bargain holidays.

It is the rapid growth of this third and pervasive type of discount—and the news that Antony Jackson Ltd. is planning to start a discount house in Manchester open to the general public—that is causing the small shopkeeper most concern. Not only is the new form of trading doing him out of business directly; it is also encouraging normally conservative people to write around to try to get discounts for themselves. The National Chamber of Trade, the country's main spokesman for the small shopkeeper, has been holding up to ridicule two recent circulars, one from the Poole branch of the National Union of Teachers and another from the staff side of the Winfrith Heath Atomic Energy Establishment, asking shops for discounts for their none too numerous members. But if these people's special patronage is not thought worthwhile by the retailer, doubtless the discounts will not be conceded. This is no argument against any group trying to use this simple expedient to lower its members' cost of living.

ON the contrary, an effort by any group of consumers to concentrate their buying on a few firms that can afford to give a discount is likely both to increase retailing efficiency and to lower costs. It is often found, for instance, that these firms offering discounts give little service; they are really wholesale warehouses selling on a "cost plus 10 per cent" basis, from which the individual customer can buy the goods he wants. He can always pay for service at a modish store if he wishes, but by buying at a discount the British buyer—like the American one—is able to do his retailing himself. The (often artificial) distinction between "the trade" and the individual consumer is thus removed. The investigations by the Consumers' Association (publishers of *Which?*) into the quality of goods sold on discount showed that they were anything but shoddy; many of the association's "best buys" were freely available. There seems no reason why such do-it-yourself retailing schemes should not spread.

If they do, the one disadvantage of discount trading would be removed. Its drawback at present is that the discounts are available only to certain classes of people—and primarily to those who are doing quite well already. What is needed is for the public generally to be given the opportunity to buy cheaply from a warehouse if it wishes. One measure that would help would be the abolition of a manufacturer's power to enforce resale price maintenance, which in turn would enable a discount house to advertise its bargains in the national press. At present a general discount house has to devise ways of getting round this problem. Messrs Antony Jackson's will have to insist on customers becoming "members" because of the resale price control on many consumer durables.

NOTES OF THE WEEK

FRANCE AND BRITAIN

Le Weekend

PRESIDENT and prime minister merged into the sylvan scene at Rambouillet on Sunday, while their ladies surveyed the sheep farm and dallied in the dairy. From this and all other available evidence it has been readily assumed that the talks were informal, exploratory, wide-ranging and probably adequate. Mr Khrushchev's health would be an unexpected topic: for the rest, the agenda is reliably understood to have been at Sixes and Sevens for at least part of the time. Nothing that passed could be called a negotiation.

Both sides have let it be known that Franco-British relations are the better for the day and a half's conversation; it is something that an exchange of this kind has taken place at last. There has been a sense of relative détente between Paris and London since Christmas, which the acceleration of the Common Market has not visibly disrupted. This is all to the good, provided the amicable enthusiasm aroused by General de Gaulle's state visit next month is not taken as a substitute for hard talking and thinking about the partnership in the coming months.

. . . AND RUSSIA

Tsar or Commissar?

MR KHRUSHCHEV'S bout of 'flu happened to coincide with a last-minute Franco-Russian row over the arrangements for his visit; one or other was enough to postpone his arrival in Paris from the 15th to the 23rd. The row seems to have been about whether Mr Khrushchev meant to travel as head of state or commissar. The French were reluctant to allow either him or M. Thorez the political capital of a visit to the Mur des Fédérés (where the last *communards* perished in 1871) or a jovial celebration with the Franco-Soviet Association.

Perhaps rather more seriously, General de Gaulle seems to have been disturbed by the possibility of Mr Khrushchev speaking his mind anywhere in the Strasbourg or Verdun country. The French comrades are now saying that since Mr Eisenhower was allowed to make a public speech at the Hôtel de Ville in Paris last September, Mr Khrushchev, too, should have his turn. For his part, Mr Khrushchev is thought to have opposed a trip to the Hassi Messaoud oilfield and to French military installations. It may be thought a sign of grace on his part that he has agreed to stay on past March 31st, when such desperate characters as Herr Strauss and Mr Watkinson will be loose in Paris for the Nato defence ministers' meeting.

General de Gaulle is no novice in these gambits: Mr Molotov will probably never forget how he walked out on Stalin in Moscow in 1944. Connoisseurs of the art will judge the victor in the present ploy by the final itinerary agreed on for Mr Khrushchev. Since the tour is to be shortened, it should be easy enough to cut out what he has objected to; but will he get all the additions he wants? It may be a measure of the importance Mr Khrushchev attaches to these matters that no one in Moscow apparently dared to negotiate with the French while he was away in south-east Asia.

. . . AND AFRICA

Algerian Stalemate

A CHAPTER in gaullist history has ended with a statement by the Algerian government-in-exile in Tunis which puts a stop to illusions about the imminence of a negotiated settlement of the war. After General de Gaulle's tour of Algeria and his reassurances to French officers, it was expected that the insurgents would proclaim the futility of further discussion; and this is what they did on Monday, in unequivocal terms. The Tunis statement accuses General de Gaulle of having emptied the idea of self-determination of all its meaning, of seeking to perpetuate colonial domination, and of leaving the Algerian people with no choice but "to pursue the war of liberation until independence."

In the forthcoming months attention will no longer be focused on the political positions of the French government and the insurgents, and on the extent to which they approach each other or diverge. It will be centred on the war and its international consequences. The Algerian government-in-exile will set about restoring its diplomatic position, temporarily shaken in the past year by General de Gaulle's offer of an apparently liberal solution. M. Ferhat Abbas and his colleagues are now likely to turn to Washington with the argument that their conciliatory efforts have been fruitless, and that it is now up to the Americans to put pressure on the French government. Such a diplomatic offensive would have Afro-Asian support, and might be coupled with hints of an "agonising reappraisal" which could force the insurgents to resort to the "Chinese alternative."

International pressure, however, will not be the only problem General de Gaulle has to reckon with. There is also the undoubted disappointment at home. The general's popular strength has rested largely on the belief that, unlike his predecessors, he could bring the war to an end. The pained reactions after his Algerian tour of men as faithful to the general as M. Mollet and M. Mauriac are symptomatic. Naturally, France can carry on the Algerian war and live. The Fourth Republic proved it for quite a time; but that is not a very encouraging precedent. It is in the general's interest that the new, gloomy chapter that has opened should not be a long one.

LABOUR PARTY

Patched Up

LORD HAILSHAM may get away with criticising the National Anthem; but Mr Gaitskell must not desecrate Clause 4. Once some of the big union leaders had made this clear to the party leader, and he had totted up the block votes they wield at Labour conferences, the battle was essentially over. The much heralded special meeting of the National Executive was a planned anticlimax, with the vice-chairman, Mr Crossman, fresh from being publicly ordered to the back benches by Mr Gaitskell, contributing small points of drafting as cheerfully as the rest of them—and rather more effectively than most.

Long before the meeting it was plain that, in so far as Mr Gaitskell may really have thought that he could split off and isolate the minority of fundamentalists, this battle was lost. The political members of the National Executive would give their leader no real support; and Mr Gaitskell must in fact have known in his heart that they would not—otherwise he would surely have lined them up on his side before making his Blackpool speech. From then on Mr Gaitskell had a maximum and a minimum aim: the first being to bludgeon through the replacement of Clause 4 by mobilising union support and by hinting at his own possible resignation; the second being to get his own draft of the party's aims accepted alongside Clause 4. The maximum aim was soon ruled out because the union leaders reported that they would not carry their annual conferences on any such change; and because, one by one, some brusquely in public, some sorrowfully in private, the political members of the Execu-

tive warned Mr Gaitskell that a threat of resignation would not work. But since practically no one on the union or political side wants a change of leadership at this moment, there were plenty of willing hands to assist Mr Gaitskell in achieving his minimum aim. "Unity" was thereby restored in the party, at the expense of still failing to lay to rest its old Marxian ghost.

Exit Mr Crossman

AFTER two days of seeing his photograph alongside his leader's on all the front pages, Mr Crossman retires to the obscurity of the back benches, from which he will doubtless periodically contrive to sparkle. The experiment which Mr Gaitskell undertook of attempting to introduce this exceptionally talented man of ideas into the policy-making ranges of the parliamentary party was a worthwhile one, though it ended in grief. For a host of reasons, most of them temperamental but some having to do with the inherent difficulty of combining the roles of doer and commentator, Mr Crossman has managed over the years to antagonise substantial sections of his parliamentary colleagues, particularly the trade unionists. For his hard work on pensions he finally began to earn the respect of many who had mistrusted him, and Mr Gaitskell's use during the election of his experience as a former professional propagandist brought him for the first time into a temporary position of direct party influence.

But Mr Gaitskell's unreadiness to adopt his proposal immediately after the election for an appointed Shadow Cabinet (which could incidentally be expected to include Mr Crossman himself), and Mr Crossman's own failure to get elected to the present Shadow Cabinet despite the leading role he had played in the general election, left him in an anomalous position. It is easy to understand that a man with his restless preoccupation with ideas—a rare enough distinction, after all, among politicians—should hardly be content to accept full "Shadow Cabinet discipline" in return for an occasional appearance on the front bench to handle questions and debates on pensions.

In practical terms, Mr Gaitskell felt he had to take action because the discipline of his Shadow Cabinet seemed liable to break down if he did not. But while it may be a far-sighted training policy to give front bench duties to backbenchers at a time when the Opposition is many years separated from memories of ministerial experience, Mr Crossman has a point when he asks whether it is wise to shut off the cream of the backbenchers from independent public discussion of issues for which they have not been made individually or collectively responsible. Mr Gaitskell seeks to avoid this by basing his action on Mr Crossman's unwillingness to promise not to campaign against the Labour party's defence policy in the future. But there is obviously a difficult line to draw, which ought always to err in the direction of free speech.

BY-ELECTIONS

The First Tests

THE first two by-elections of this Parliament were taking place on Thursday, in Labour's very marginal Yorkshire seat of Brighouse-Spenborough (majority only 47 last October) and in the Conservatives' very safe London suburban seat of West Harrow (majority 18,000). The latest public opinion polls suggest little change in the major parties' standing since October; but the general trend in recent local council by-elections seems to have been a sizeable and apathetic fall in the Labour vote, a smaller (but also quite noticeable) fall in the Conservative vote, and a rise in support for most Liberals and some independents. It remains to be seen whether this is any guide to what will happen amid the greater excitement of parliamentary by-elections. For what the precedent is worth, the first marginal by-election in the 1955-59 Parliament—at Greenock—showed a 3 per cent swing to Labour. After the shock of general election defeat, some Labour supporters who might have stayed away in elections for safer seats turned out in a high poll at that Greenock by-election, presumably to show that they did not want Labour to be given yet another well-publicised buffet off the political stage.

In the West Harrow constituency, which stretches northwards as far as true blue Pinner and Hatch End, the late Sir Albert Braithwaite won 70.9 per cent of the vote to Labour's 29.1 per cent in a straight fight last October. This time the election has been four-cornered. A Liberal has been fighting with the express (and pretty tough) aim of beating Labour for second place. It will not be surprising if a number of former Tory supporters have deserted to him to try to help to rub Mr Gaitskell's nose in the dust, but the interesting thing will be to see if he has attracted many of Labour's former faithful as well. On Thursday almost everybody seemed to expect an apathetic turnout. The fourth candidate has been a right wing independent ("prosecute wildcat strikers," "cut government expenditure") who will presumably have drawn any votes he has secured away from the Tories and Liberals. But he was expected to save part of either the Liberals' or Labour's face by filling the embarrassing bottom place in the poll.

EUROPE

The Seven in Vienna

FACED with the prospect of an accelerating common market, the ministers of the European Free Trade Association, meeting in Vienna last weekend, approached the question of reciprocal tariffs cuts with the Six on July 1st in a reasonably generous spirit. On that date the individual members of the Seven are due to cut tariffs in each other's favour by 20 per cent; they seem to have agreed in principle to extend these advantages to the Six as well if the Six give them a fair return.

The group was wise not to formulate its proposals in rigid terms, for it has been clear for some time that the Six will not reciprocate by giving the Seven advantages identical in form to those the Seven offer them. To do that would be to continue to operate the common market as a free trade area, which the French are not prepared to accept. Backed by the Americans, they want rapid progress towards the single common tariff, which has symbolic importance for them. The European commission was trying to soften the impact when it recommended on March 3rd that the new common tariff should be 20 per cent lower than the average which would result from a straight application of the Treaty of Rome. The proposal has the disadvantage for British industries that they will in fact begin to suffer from discrimination in their established markets in west Germany and Benelux. But though a reduction of the common market tariff will not assuage all the pains of discrimination for the outsiders, it is obviously better than nothing at all.

If the short-term gains that the Seven would get from the commission's plan prove smaller in value than the 20 per cent cut in individual national tariffs that the Seven are offering in return, there may be pressure to hold back. If such a move is successful it seems important that the weight of such reductions as are in fact made falls in the right place. The right place is on the high tariffs in the group—the British, and to a lesser extent the Austrian and Portuguese—not just because high tariffs are bad for the economies protected by them, but because a levelling down would help towards the harmonising of European tariffs generally—and that seems a precondition of a more permanent agreement later on.

ITALY

Opening to the Left?

THE latest Italian cabinet crisis, which is as usual both protracted and tortuous, is also proving unusually interesting. Signor Segni resigned on February 24th, after the Liberals had withdrawn their support, because he did not wish his parliamentary majority to depend on the extreme right alone. Exactly two weeks later, on March 9th, President Gronchi, having unsuccessfully asked Signor Piccioni to try his hand, turned once again to Signor Segni. And last Monday, the central direction of the Christian Democrat party agreed that Signor Segni should this time look to the left and try to form a centre-left coalition of the Christian Democrats, the Social Democrats and the Republicans. At the time of going to press, he is still trying.

Signor Segni's decision to look leftward must have caused some surprise in Rome, where by the end of last week the possibility of such a move, although it had been much discussed, was believed to be dead. Signor Segni, however, may have decided that an opening to the Left must be seriously explored if only to demonstrate that, although it would correspond to the present trend in Italian political thinking, it would not be politically practicable.

It may, indeed, not be. Assuming that the Christian Democrats, the Social Democrats and the Republicans can agree among themselves on a programme, they would still need to pick up a few outside votes to command even a precarious majority. If, however, their coalition could count at least on the benevolent abstention of the Nenni Socialists, it would enjoy a comfortable majority. This, then, is the crux. Signor Nenni himself would be willing to support a centre-left government, provided its programme was one that he could, at least passively, accept. Among several tricky points in Signor Segni's present attempt, the trickiest is likely to be the anti-communist declaration that he will feel bound to make in some form or another. Yet it is essential that Signor Segni and Signor Nenni should agree on as definite and clear-cut a programme as possible, or the partnership will not work.

But even if Signor Segni does manage to reach an understanding with the Socialists, can he sell this to his party without splitting it? Already there have been angry mutterings from the Christian Democrat right wing and from the Church at the possibility of a centre-left government. Perhaps Signor Segni's greatest asset—if he really wants this solution—is his own reputation as a moderate conservative; if he cannot lead his party leftward, it is hard to see who can.

CENTRAL AFRICA

Mr Macleod's Programme

IN last Tuesday's debate in the Commons the Labour party gave Mr Macleod a remarkably friendly send-off for his mission to Nyasaland next week; when Mr Callaghan refers to Sir Roy Welensky as one "who would genuinely like to see a partnership" it is almost possible to talk of a bipartisan approach. The reason for this greater cordiality over African policy is easy to find. Mr Macleod's Kenya policy has given the Labour party a real token of his liberalism; and the Labour party has taken note of the risk that he is running by it. This week's regrettable *volte face* by the African leaders in Kenya—they are refusing to fulfil their promise to enter an interim

Brighouse Before Philippi

Our special correspondent who has been covering this week's marginal by-election writes:

THERE is, of course, no such place as Brighouse and Spenborough. The marriage was made in an Electoral Commissioners' limbo; and whereas one unwilling partner, the smallish industrial town of Brighouse, exists the other, Spenborough, does not. All that exists is a Spenborough Borough Council, which collects rates from the fiercely parochial residents of a collection of what are called "villages" but are in fact pocket industrial towns without a trace of rusticity about them. Although Cleckheaton, the principal Spenborough "village," is only five minutes' drive by car from Brighouse anyone would think, to hear local people talk, that they were on opposite sides of the moon. Despite the increase in car ownership, the natural lines of communication for most people are still the bus routes. As a consequence, Brighouse looks to Huddersfield and Halifax; the Spenborough villages to Bradford and Dewsbury.

THE area which now makes up Brighouse and Spenborough has never been safe for Labour despite its heavily industrial character. For this there are doubtless many historic reasons. Probably the most significant is the survival, in bewilderingly large numbers, of prosperous small firms, making a great variety of goods, from brandy snaps to tinned metal skewers, from electro-plating and surgical equipment to shoulder pads and horseradish sauce. There is "brass" behind many of these mucky walls. The people are proud and fiercely independent, with many of them avowing a passionate loyalty to the Liberal principles of free trade.

It is not altogether clear how the free traders of Spen Valley could have stuck with Sir John Simon. But the United Liberal and Conservative candidate, Mr Martin Shaw, defends his title on the ground that Mr Macmillan's is by and large a free trade government. He can also claim a legitimate line of descent because in 1950, when he was chairman of the local young conservatives, he was instrumental in fixing up a formal merger between the Conservative Association and the official Liberal Association (presided over by his future father-in-law).

LAST October the late Mr John Edwards retained Brighouse for Labour by 47 votes, which is not a majority but an accident. What factors might influence the tiny shift in the votes which could make all the difference this time? In favour of Mr Colin Jackson, the able and articulate itinerant lecturer and globe-trotter who was the local Labour party's choice (rather a surprising one in view of the Yorkshireman's traditional distaste for "comers-in"), it can be said that his combination of easy knowledgeability and folksy manners have made an excellent impression on those who have been exposed to it; that the Labour party organisation has been greatly improved since Mr Edwards's death, which would not have been difficult since it scarcely existed before; and that the professionally skilful use of publicity by Mr Jackson and an efficient operator from Transport House may have shaken just a few people about Mr Shaw's double-decked credentials as a "Liberal and Conservative." Mr Jackson has also laboured away at making an issue of the Fylingdales early warning system, which would "make a Hiroshima out of Brighouse," besides not being any good.

On the other side, Mr Shaw's assets are more obvious and numerous. He is a local man, a personable candidate and a fairly good speaker; he has been fighting the election as if it were an incumbent's battle, calling for "a constructive policy of backing Mr Macmillan and his government." The Conservatives' local organisation has remained superior to Labour's; the recent general election gave it a chance to pinpoint its marginal faults, and party workers are in good heart because the 47-vote margin is a tremendous incentive to "give one last heave." The daily news of Labour splits cannot have helped Mr Jackson, especially as it was widely considered that some Labour voters whose sympathies had been inclining rightwards had put off making the shift last October because of respect for the late Mr Edwards. It is also recalled that in 1950, when by strange coincidence the identical situation occurred of a Labour member dying shortly after a general election, the Tory vote went up by 90 in the by-election and the Labour vote went down by 1,500.

IT must be confessed that the Yorkshire voters show little overt sign of political interest. The visitor to Brighouse hears a great deal about the Yorkshireman's dour temperament, which does not give away a thing before strangers. Maybe he does not before individual strangers, but once put a microphone or a television camera before him and he becomes, like other supposedly apathetic people, a raging political partisan. To judge from the stormy broadcast meeting in Brighouse, which was utterly unlike any other meeting during the campaign, we shall soon become a nation of apathetic watchers of television shows portraying constituency after constituency as seething with political conflict and interest.

multiracial ministry—is one sign of these risks; the recent murderous attacks on Asians in Kenya are another. In the Federation itself Sir Edgar Whitehead, Prime Minister of Southern Rhodesia, is replacing Sir Roy Welensky as Labour's bad boy; when Sir Edgar (under the pressure of his own local opposition led by Mr Harper, an avowed secessionist) begins to talk of taking Southern Rhodesia out of a federation which is liable to be dominated by African nationalists in Nyasaland and Northern Rhodesia, the British Labour party is bound to think that there must be something to be said for federation after all.

Mr Macleod (having meanwhile disposed of Dr Jagan and the Guianese nationalists) will face his hardest test in Nyasaland. The Governor, Sir Robert Armitage, remains firmly opposed to letting Dr Banda and his supporters out of jail before the Monckton Commission arrives in Blantyre; he is influenced by reports from the security authorities which have evidently worried even Mr Macleod. Sir Roy Welensky has obviously indicated that if public disorder follows Dr Banda's release he will have to put Federal troops back into Nyasaland. This would take the Government straight back to the troubles which led to the Devlin commission.

There seems little doubt that Mr Macleod's aim now must be to take out with him to Nyasaland the draft of a liberal new territorial constitution (i.e. one for African majority rule of Nyasaland but within the Federation); and that he must try to persuade Dr Banda to help work this interim constitution and to promise to keep the peace until the London conference next autumn or winter reviews the whole future of the Federation in the light of the Monckton report. But Mr Macleod knows that the offer of any such constitution will set Southern Rhodesia in a fever, put Sir Roy Welensky in a still more difficult position, and probably cause Sir Edgar Whitehead to lose the impending Southern Rhodesian elections to Mr Harper. To keep the possibility of a federation alive amid these bitter racial cross-currents is a laborious task.

SOUTH AFRICA

Dr Verwoerd Replies

To listen to Dr Verwoerd's reproaches to Mr Macmillan for criticising one of the Queen's kingdoms, it might be thought that the reduction of the monarchy to a shadow of a shadow in South Africa had never occurred and that "God Save the Queen" was sung there as often and lustily as in 1910. Mr Macmillan's cautious frankness, however, is not the reason why Van Riebeck now appears on the stamps, or why the Queen's image no longer appears on the coins of the Union. Nor did Mr Macmillan precipitate the bill, now going through the South African parliament, for a plebiscite on finally replacing the crown by a presidential top hat. Dr Verwoerd, in fact, was giving rein to an Afrikaner sense of humour.

There was nothing humorous, however, in his despairing cry to the colonial powers not to recall their legions from Africa, or in his foreboding that if the plain duty of white men everywhere to stand by the white man in Africa was repudiated, even Afrikanerdom was ultimately doomed to sink beneath the tide of black nationalism, or, as Dr Verwoerd sees it, barbarism. In short, Dr Verwoerd feels uncomfortable; and the growing signs that the winds of change have reached the Portuguese territories which flank the Union on either side may be an important contributory cause. All this should help his campaign for the republic, which will be represented as the fort into which the white man in Africa (including Rhodesian, Kenyan, Belgian and perhaps Portuguese settlers) must retreat to stand siege. If votes do not win him this republic Dr Verwoerd now threatens "harsher" methods; so much for the white heritage of the rule of laws. Indeed, of positive reasons why the West should change its policies in Africa to preserve baaskap, Dr Verwoerd advanced not one. And in his doctrinaire assertion that Africans were too inferior as human beings to conduct civilised countries he offered a sound reason for diplomatic dissociation from the Union. Dr Verwoerd simply does not know how embarrassing his manners can be in the multiracial, polyglot gathering which the West has become nowadays.

FARM PRICES

A Firm Stand

For the second time in the history of the annual farm price reviews the Government has "imposed" a settlement on the National Farmers' Union, instead of reaching agreement with it. The disagreement between the Government and the union turned on a question of interpretation, in which Mr Hare has rightly come down on the taxpayers' side. In the past year agricultural production has risen sharply; so, helped by favourable weather, have farmers' total earnings, and so too has the taxpayers' subsidy bill which has risen from £241 to £259 million. Weather apart, however, the general trend in the real value of farm earnings is slightly downward, and the farmers' complaint is that they are getting rather less for producing much more. The Government, *per contra*, has viewed the rise in production as a warning that the subsidies will cost still more unless prices are cut.

The Government has not in fact cut the guarantees as sharply as it could have done under the terms of the "long-term assurances" to which the union agreed. Instead of making a cut of £32 million (the maximum possible) it has made one of £22 million; after allowing for reimbursement of farmers' increased costs, this means an actual reduction in the value of the guarantees of only £9 million. Guaranteed prices for eggs, milk, sheep, cereals, and sugar-beet have been slightly reduced; prices for pigs and potatoes have been increased. The increase in the price for pigs is the one dangerous element. Doubtless it is meant to reassure producers that they will not be "abandoned" to the rising pressure of Danish competition, but the truth is that they ought to be abandoned unless they can compete more efficiently. This is a strange time to add further to a subsidy which is about to go up as the Danish tariff comes down; if there must be more aid for pigs it would be much better to give it in specific grants for technical development.

Pigs apart, the Government's agricultural policy continues to move in the right direction. The union's displeasure is becoming less effective through being voiced too often, and because the public is increasingly recognising that there is no real alternative to cutting the guarantees while the subsidy bill remains so high.

WAGES

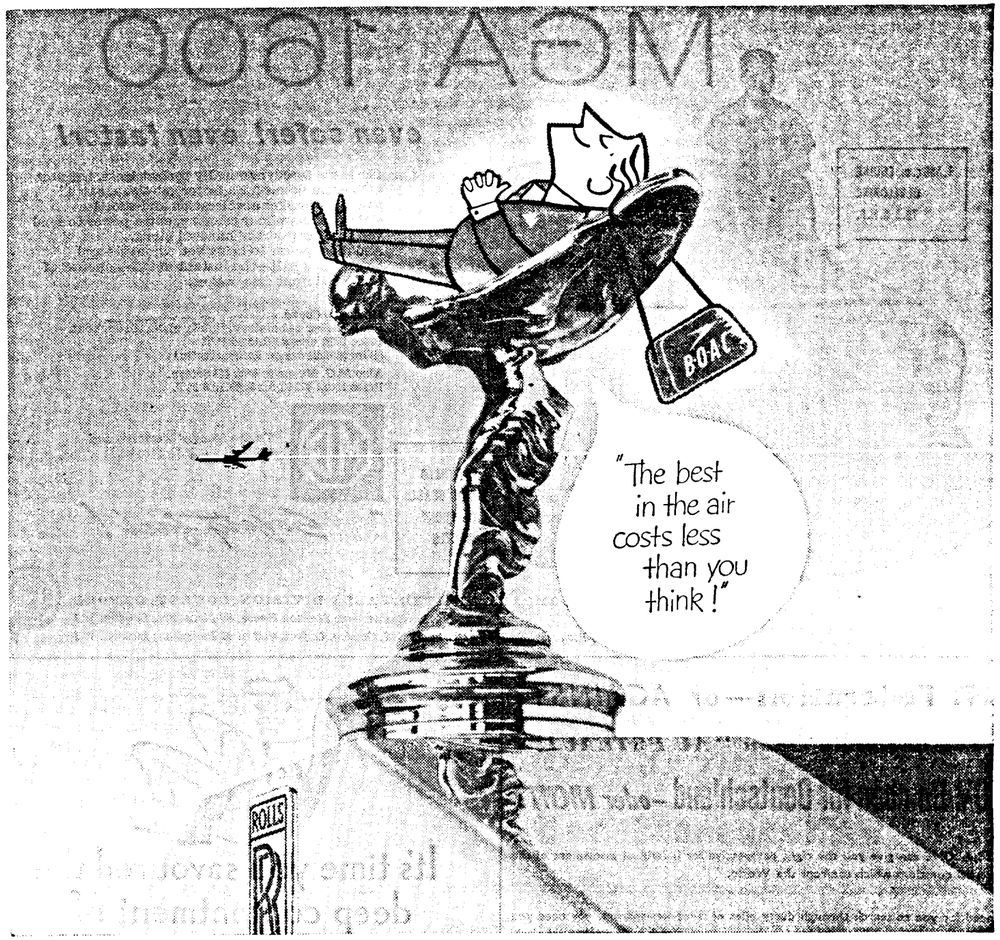
Not So Exceptional

"I THINK that the House, the trade unions and the country have accepted that the railways are in a rather exceptional position. None of us, after all we have gained from the stability of prices, wants to set off something that will lead to a wage price spiral again." So said Mr Macmillan in his statement about the railways last week. Events have immediately proved him wrong. Within the week the wages of all London busmen and railway shopmen have been raised by 5 per cent, and those of municipal busmen by rather more. None of these increases would have been granted in this form but for the railway surrender. All of them will have wide repercussions, first among the 100,000 employees of provincial bus companies, then among municipal workers generally, and finally among engineers both inside and outside the railway workshops. The spread in this last direction could be potentially the most inflationary of all.

ELECTRICAL TRADES UNION

Next Step

The Trades Union Congress's request this week for an inquiry by an outside legal expert into the Electrical Trades Union was clearly the right step. The ETU has refused it, but has apparently suggested that it might accept a one-man inquiry by another trade unionist, provided he is someone whom they regard as being free from anti-communist bias. The danger



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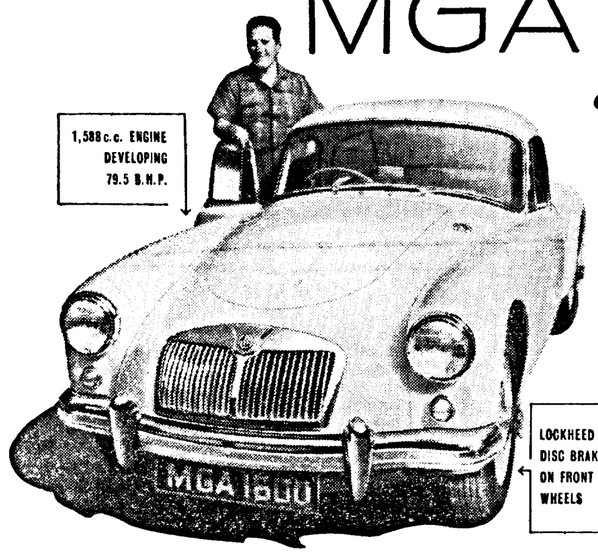

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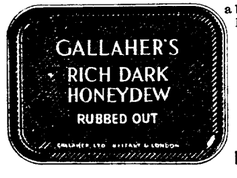

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is that the ETU might get away with this, through being cunning enough to suggest some trade unionist who himself has a respected name. There are three important reasons why it is essential that a lawyer should be the choice. Being an outsider, he would not be under the same pressures as an isolated leader (however respected) of a left wing union could be ; he would have the training to sift the evidence quickly and to parry the powerful dialectic of Mr Haxell ; and, when he made his report, it would—if it acquitted the ETU—have a much greater impact on public opinion than an internal inquiry. If malpractice was proven, however, the effect of the inquiry would be much the same in either case. The TUC should therefore not be side-tracked. It should insist on an inquiry by a lawyer ; if this is again refused, it should draw the obvious conclusions and proceed to its next disciplinary step.

SOUTH KOREA

Dr Rhee's One-upmanship

THAT durable octogenarian, Dr Syngman Rhee, is now one up on his western competitor, Dr Adenauer, having been elected this week to his fourth term of office as President of the Republic of (south) Korea. Following a macabre precedent established four years ago, Dr Rhee's presidential rival, Dr Chough Pyun Ok, died before polling day, and the only question was whether Dr Chough, whose name remained on the lists, would collect a sizeable "memorial" vote from disappointed Democrat supporters. In 1956, the late Mr Henry Shinicky polled 1,600,000 votes posthumously.

There is no suggestion that these deaths were due to unnatural causes. But it may be questioned whether President Rhee, who had already weighted the scales on the side of his ruling Liberal party, really deserved the luck of an uncontested election. Since the last presidential election, the Progressive party—which proposed that only peaceful means should be used to reunite south Korea with its communist northern half—has been outlawed, and its leader, Cho Bong Am, executed. During the present campaign, two Democrat campaigners met violent ends and others were impeded in various ways. In addition, public money was used on a lavish scale to print and distribute Liberal posters. Under such conditions, it is small wonder that the Democrat vice-president, Dr Chang Myun, lost his job to Dr Rhee's nominee, Mr Lee Ki Pong. In south Korea, as in south Vietnam, opposition is a hazardous undertaking.

CYPRUS

Tough Bargaining

IT is now more than three weeks since Mr Julian Amery returned to Cyprus and began what it was hoped would prove the final round of talks on the transfer of power in Cyprus. Optimism has waxed and waned, but the going has been consistently tough and by Thursday afternoon almost the only matter of any substance on which the negotiators had announced agreement (on February 29th) was the size of the training areas for British troops outside the two sovereign bases.

No serious bargaining, it is believed, has taken place over the major stumbling block—the size of the sovereign areas themselves. The British have preferred to concentrate on trying to get the less important matters out of the way, so that Archbishop Makarios cannot revert to them—as has apparently sometimes been his custom—in order to confuse the major issue. But the archbishop (or his advisers) have been as ready to quibble over a minor point as to dig in their toes over a major one ; this week the negotiators have been bogged down in intricate haggling over the question of Naafi status and facilities, which was at last settled on Wednesday. Last week no agreement was reached either on the amount of British economic aid to the new republic, or on two important points concerning the sovereign base areas. The British, who have already agreed to hand over the civil administration of these areas to the Cypriots and to ensure their economic integration with the rest of the island, propose to spell out these concessions in a "declaration of policy." The Cypriots, on the other hand, want a declaration of a different sort, which would be legally binding ; but the British, as might be expected, maintain that if they give away the right to resume full control in an emergency, they will be making nonsense of the retention of soveignty. There has also been much argument over the archbishop's contention that if Britain should ever decide to relinquish the bases, they should automatically be returned to the Cyprus republic and not, as the British feel they might want, be leased to Nato or any other international organisation.

Mr Amery has other calls on his time and cannot stay in Cyprus for ever. It is much to be hoped that he will even yet be able to complete his task before he goes. Archbishop Makarios, who has plenty of nationalist critics breathing down his neck, is naturally anxious to secure the best possible bargain. But the continued uncertainty and the protracted and often petty bargaining are bound to poison the atmosphere in which the new republic must begin its career.

CARAVANS

An Unsolved Problem

THE Government's Bill for the control of caravan sites seeks to tackle only one half of a problem, and it is therefore likely to be a flop. Its main provisions, which follow the lines of Sir Arton Wilson's earlier report, are directed towards preventing slum conditions in residential caravanning, a way of life which is assumed by implication to be on the decline. Accordingly—and no one can cavil about some of these suggestions—public health regulations over caravans are to be tightened up, planning controls made less easy to evade and fines for their infringement made much stiffer. The Bill also gives local authorities the right to insist on proper fire precautions, better lay-out and reasonable landscaping of sites for which they issue a licence, and rightly insists that the authorities should

The Economist

MARCH 17, 1860

THE UNPOPULARITY OF FREE TRADE

¶ The common mass of Frenchmen who maintain and support the present Government are almost to a man opposed to free trade : and it is not wonderful that it should be so. Free trade is very rarely a popular doctrine anywhere ; it requires a great deal of careful consideration and matured economical experience to have a faith in it. In all the early states of industrial progress the popular sympathies are opposed to it. In all but very cultivated countries it is the *producer* who regulates the course of public opinion as to the article he produces. He is all day long occupied with it ; he is believed to understand it ; if he does not understand it, no one else does. He speaks with the authority of personal experience as to the course of his trade ; he has the statistics and the details of it ready to his hand. In consequence he has an indefinite influence on the minds of those to whom he speaks ; and the producer is everywhere and always *inclined* to oppose free trade. We have seen in the recent debates on cork and silk, and, indeed, in almost every other free-trade debate from the time of Mr Huskisson until now, how those even who admit the general doctrine strive to except from its application their own article. There is always a modifying circumstance to which they would direct our attention ; and from this we can judge what would be their feeling in a country where the doctrine of free trade was unpopular, and where only a few speculative persons believe in its truth. . . . Free trade is intended to benefit "the consumer", but he can hardly be got to attend to the matter, to be convinced that he is benefited. A small cheapening of price is a heavy burden on the producer, and he is eager to oppose, for he bears the whole of it ; it seems very little to each individual consumer, for the aggregate benefit has to be indefinitely divided among a large number of persons. The general community in almost all countries care little for commercial freedom, and the producing classes are opposed to it. In France it is so. The general doctrine is, that free trade is all very well for England, which has "ships, colonies, and commerce," but that it will not suit less advanced countries.

in turn allow operators longer-running licences in order to make the capital expenditure required worth while. A few exceptions to these rules are allowed, as in the case of showmen and boy scouts. But by and large, the aim is to restrict residential caravanning to its present proportions—indeed, even to reduce it a bit by cutting out some of the considerable fringe of unlicensed site operators who flourish under the present law.

In this aim, the Bill is not likely to be successful. The demand for residential caravanning already far exceeds the supply of caravan sites. That demand is growing, not declining, and the Government's reason for thinking the reverse—that most caravanners told Sir Arton Wilson that they would prefer to live in a council house—is groundless so long as no houses are built in areas where caravanners want to live. Often they cannot be. Unlicensed caravanning is most persistent in areas like Surrey where the number of jobs is increasing but the county council refuses, because of its green belt policy, to build any more houses.

The consequences of the present Bill, if passed, look like being three. First, many of the sites that are unlicensed at present, as well as all those that are, will in the end get a licence (if only because of the physical difficulty of rehousing their occupants); secondly, a few sharks will be forced out of business; and thirdly, starting from the present base, a new fringe of unlicensed operators will spring up, against whom the local authority will have more legal powers than in the past. But, in the last resort, authority will still be able to act only by turning people on to the streets. This is so unpleasant a proceeding that the councils will hesitate to use their powers—as they do now. What the Bill needs is more emphasis on measures to help expand the supply of decent caravan sites, and less on trying to suppress the demand for them.

ADMINISTRATION

Servants of Africa

THE recent conference in the Colonial Office on the creation of locally-based civil services got none of the publicity which has centred on more exciting recent conferences at Lancaster House, but it was the concomitant of the forced march of African territories to independence. The facts are that the various plans, such as the "special list scheme" to keep white bureaucrats working under black masters, are not retaining enough senior administrators; while the rapid promotion of junior Africans is leading to yawning gaps in the lower ranks. In every territory a crash programme is needed to bring in, and to train, public servants—at every level from native and district administrative officers to permanent secretaries. More should have been done earlier; even so, British territories are rather better off than French or Belgian. The shape of things to come is indicated in Guinea, where United Nations officials are helping out. No independent African territory has yet taken the full strain of sustaining the apparatus of a modern state with African administrators alone.

The urgent and familiar need is the expansion of Africa's secondary and higher education. The main obstacle in its way is not now shortage of money, goodwill from colonial governments, or buildings: it is teachers. The scheme proposed by the Ministry of Education last month to make it worth while for British teachers to serve in Africa is, therefore, vital to any plans to speed up the training of African bureaucrats. But it comes late, and nobody knows if even the 400 British teachers asked for will come forward.

POLITICAL JUSTICE

Pots and Kettles

IN the pre-summit season, something of an effort is evidently being made by communist governments to exploit the feelings aroused in Britain by swastika-smearing and the Spanish bases episode. That, at any rate, seems a natural conclusion to draw from the stream of propaganda about ex-nazis in high places which has been landing on the desks of journalists in the last few months, or from the curious press conference given by the Czech ambassador on March 10th on a German matter. The ambassador announced that evidence of war crimes against thirty-seven west German judges and public prosecutors was going to be submitted to the west German ministry of justice by an unofficial Czech body, the Union of Anti-fascist Fighters.

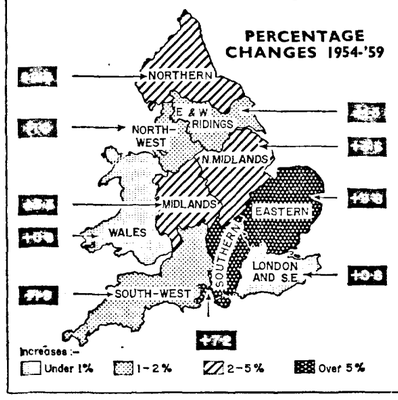
The Foreign Office, not unreasonably, has rebuked Mr Galuska for this use of a diplomatic mission to conduct propaganda against a friendly state. The ambassador himself made no secret of the fact that the timing of his conference was inspired in part by the fact that public opinion in Britain was already aroused against Germany. Nor did he hesitate to link the cases he put forward with the total economic, political and social set-up of the west German state.

To say that the meeting was a propaganda exercise does not mean that everything that was said was untrue. In one case, that of a judge in the west German Federal High Court, the Czechs seem to have mixed up the names and picked on the wrong man. But there are judges in west German courts with a murky past, who do not seem to be ideally chosen to administer the rule of law. Under pressure from international and domestic opinion the west German government has recently begun to look again at the records of some of its judges and has agreed to examine evidence from east Germany against them. It must be hoped that this is seriously done; and the examination might well include the Czech evidence—regardless of the motives which have caused it to be put forward. May 8th is apparently the last date on which charges of manslaughter arising from the period of the last war can be brought under west German law.

All the same, if the gloves are off, it is worth while to point out what an excellent thing it would be if the evidence about judges who have inflicted brutal sentences in eastern Europe in the past twelve years were treated seriously as well. Czechoslovakia is distinguished among Communist countries as the one that has not revised the wicked trials of the last years of Stalinism, or rehabilitated the victims of those trials—let alone dealt with the judges.

Population Shifts

England and Wales



The populations of the home counties, other than Middlesex, continue to rise as people move in from other parts of the country and especially out of London. Last year, there were 114,000 fewer people living in Greater London than in 1954. The new towns have helped considerably in the dispersal.

TOWN v. COUNTRY

	Population in 1959 (millions)	Percentage change since 1954
Conurbations	16·8	−0·3
Urban areas with populations—		
100,000 and over	5·9	+0·1
50,000 to 99,999	3·5	+2·8
Under 50,000	10·2	+7·0
Rural districts	9·0	+4·6
England and Wales	45·4	+2·5



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WALES

The Condition of Wales

THE present implicit attitude of most Westminster politicians towards Wales is that it is less than a nation in the full sense (*pace* the Nationalists), but a great deal more than a mere geographical region ; and that this fact gives a particular colour to its regional problems—outlying area, awkward internal geography, heavy reliance on threatened primary production, agricultural fragmentation. For better or worse, the "viability" of Wales as a social entity therefore matters more than the similar "viability" of, say, Cornwall. An accelerated draining away of Welsh people, capital, economic enterprise and general initiative towards the Midlands or London would cause greater local social distress and thus, probably rightly, greater national political fuss.

Seen from this angle, the annual report of the Minister of Welsh Affairs (Cmnd 961) is a reasonably cheerful document. Unemployment in Wales is still uncomfortably higher (3.3 per cent) than in Great Britain (1.9 per cent), but the improvement through 1959, although unevenly spread through the Principality, kept pace with that in the United Kingdom. So did the growth of new industrial development, encouraged by the Distribution of Industry (Industrial Finance) Act and by the restoring of assistance available under the earlier Act of 1945. Current recovery and future prospects in Welsh anthracite mining show more brightly than in the British coal industry as a whole. Welsh farmers have responded "in a veritable flood" to the small farmers' scheme ; and forestry is expanding in remote areas where many holdings are outside the scheme's scope.

It is not, however, the report's business to estimate how far the public money spent on these various forms of aid—whether specific or general—can be regarded as economically rational help in the tiding-over of an awkward transition ; or, alternatively, as the provision of a set of props, due to be continually reinforced at increasing expense, for areas and enterprises for which no rational future exists. Such props may be provided either for humanitarian reasons or to pacify a politically awkward bunch of outliers. The latter motive is unlikely to be acknowledged ; the former may be better served if disentangled from economic wishful thinking. It would be nice to have evidence that someone is keeping a critically appraising eye, with these distinctions in mind, on the developments recorded in this report.

LIBRARIES

A Penny for the Author?

THERE ought to be enough authors among members of parliament to ensure serious consideration for Sir Alan Herbert's projected bill to obtain some remuneration to authors and publishers out of the use of their books by public and circulating libraries. It is an old grievance of authors that a book which is lent out 200 times (about as much as its physical life will usually stand) nets them no more than the royalty on a single copy sold to a private buyer—while publishers have to stand the cost of the provision that public libraries can buy at a ten per cent discount. By contrast, authors and composers of gramophone records, have long been protected (perhaps over-protected) by being allowed to charge for a "public performing right" under the Copyright Acts.

Sir Alan wants a somewhat similar "public lending right" to be reserved by Parliament to authors of books in copyright. Under the various formulae which Sir Alan sets out, this device might bring in about £1 million a year on the 400 million books issued by library authorities yearly (not, of course, all of them books in copyright) ; the exact method of distribution to authors would be left to the discretion of a "Lending Right Association."

The commercial circulating libraries would presumably raise the money required by putting up their subscription charges ; under Sir Alan's scheme the public libraries' share would have to come out of either the rates or a state subsidy. There is some illogicality in this. Why not a nominal charge on the borrower for each book issued ? There might be certain administrative difficulties, but the system of a direct charge is used by the "Tuppenny Libraries." There would be strong objections from some librarians, on the grounds that the whole principle of the Public Libraries Act of 1892 was to provide free books. But the money the authors are claiming under Sir Alan's bill could be met by a charge of ½d. or perhaps 1d. a book issued. Whose principles would be offended by that ?

SOVIET UNION

Making Friends ...

MR KHRUSHCHEV, on his Indonesian tour, revealed that a university with the impressive title "friendship of the people" would soon be opened in Moscow. The new university will cater for foreign students, chiefly from Asia, Africa and Latin America. Scholarships and paid passages will be provided for all the students. This is not for a distant future : 500 students are expected this year, and the eventual target is about 4,000.

At the present moment there are some 3,000 foreign students, most of them Chinese, in Soviet universities. About half of them are concentrated in Moscow. There is no question of shifting all the foreign students to the new university, which is described by the Russians as an addition to their aid for the backward countries.

The project marks, in fact, a return to a Leninist precedent. In the early days of the communist regime Moscow had its Universities of the West and of the East, as well as a Chinese University named after Sun Yat-sen and presided over at one time by Karl Radek. Stalin abolished these institutions as hotbeds of opposition and Trotskyism. Their abolition marked the high-water line of Soviet isolationism. The present return to a more international approach is, however, made with a difference. The new university will not exist officially for the training of communist politicians, but for the production of engineers, doctors, technicians and other useful people. But it will have a political impact.

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LETTERS

British Drug Houses

SIR—I find it difficult to understand the criticisms implicit in your note about British Drug Houses' work on the oral contraceptive and the takeover bid under the heading, "Overstepping the Mark."

Your note would seem to convey to anyone who did not know the facts that BDH had encouraged shareholders to assume that it had a new product about to go on the market and had not warned them that there would be a delay—which could be fifteen months—before it would be known whether the new drug would succeed. In fact, such a warning was clearly given in my letter to shareholders of March 4th, from which I quote:

> Only the use of these substances by women under medical supervision can confirm that they are as effective and as free from harmful effects as the animal tests have indicated. Such tests must necessarily take some time to carry out, and we cannot expect the results to be available before mid-1961.

Furthermore, the letter concluded:

> Normally I would not have thought it appropriate to inform you about this matter—with its many uncertainties as well as its hopes—until our Annual General Meeting; for we are by nature a cautious board. But in the present circumstances I felt that I must place the facts before you so that you can have them in mind when considering Fisons' offer.

In view of this, I cannot see any justification for your remark: "It will not be their [the shareholders'] fault if they assume that their company has a revolutionary, and presumably highly profitable, new product about to go on the market." The press statements issued on our behalf at the press conference on March 3rd, which were much more detailed than my letter to shareholders, also emphasised that conclusions from tests on humans could not be reached in less than about fifteen months from now.

More puzzling than the inaccuracies of your note is the implication that, in telling shareholders of their company's discovery, the board did something that it should not have done. I disagree. I consider that we should have been failing in our duty had we not given them this information. Surely it is incumbent on a Board of Directors, when the company they serve is the object of a takeover bid, to put their shareholders in possession of all the relevant facts?—Yours faithfully,

GEOFFREY ELEY

British Drug Houses, London, N1

The French

SIR—I cannot entirely agree with the view Mr Mork expresses on your article "Gallocentricity and Nationalism" in his letter published in your paper. I do not consider your article misleading and malicious, but Mr Mork may be right in saying that it serves no useful purpose, if he means by this that it does not help to promote friendly feelings between the two peoples. But one might ask then how far the description given in an article of this kind should go. There are always occasions when it is not expedient to say the full truth.

It may be true that it would be easy to write a similar story about practically any country, including Britain, but the story would then not be unfair merely because it states conditions as they are. As far as the conditions described in your article are concerned I do not think that your correspondent has made a good assessment. This is not only my opinion but also that of a few Frenchmen to whom I have shown it. There were, of course, others who were furious but this, too, seems to be a characteristic of French mentality, i.e., that they do not easily support criticism when it is unfavourable to them. The French, certainly, have many virtues but it is difficult to discover those of modesty and readiness to accept fair criticism, especially when it is directed against their outmoded ideas of grandeur and gloire.—Yours faithfully,

Amiens (Somme) HANS BERBEN

*

SIR—I must challenge Mr Mork's assertion that my article "does not illustrate conditions as they are in France." I fear that Mr Mork cannot have followed the French press very closely or attended many public meetings, or even private gatherings where current affairs are discussed, in France these last two years.

But I am appalled to learn that Mr Mork and Mr Duncan credit me with unfriendliness towards the French. In my defence I could cite many articles in *The Economist* and elsewhere praising French achievements (e.g., in the realms of aviation, education and solar energy) and the French way of doing certain things. I have frequently sought light relief at the expense of British cooking, primary education and other island horrors; and I assure Mr Mork that Britain's lack of a civilised road and railway system is well up on my list of subjects for deserving sideswipes.

I admit to disliking nationalism, having seen too many countries ravaged by it and too many promising reformist governments diverted and corrupted by it; and if Mr Mork and Mr Duncan feel anything like my affection for France and the French I cannot believe that they are really indifferent to the rape of the French intelligence that is now being conducted by official propagandists and conformist editors who appear to hold this great people in the same sort of contempt as their Egyptian opposite numbers hold the peoples of the United Arab Republic. Every effort is being made by the official radio and TV, and by the nationalist press, to anaesthetise public opinion and discourage rational discussion.

When politics are debased to this level, democracy cannot survive for long. Two years ago the Ministry of the Interior estimated that ten per cent of the French civil population would vote for overtly fascist candidates, if given the opportunity, and that another fifteen to twenty per cent could fairly easily be swayed by fascist propaganda. Today these percentages are higher outside the six biggest towns (where the communists are gaining support). If the present conditioning continues for another two or three years, and liberals continue to be denied access to the radio and TV, democratically-minded Frenchmen may find themselves in a minority.

It is no service to France to suppress or gloss over this trend. On the contrary, prestige-conscious governments and editors are often far more responsive to foreign than to domestic comment. American and continental criticism helped to bring British governments to their senses on three famous occasions—Palestine, Suez and Cyprus. The State Department is healthily sensitive to foreign criticism of the segregationists' misdeeds in the Deep South. A liberal French editor told me that he didn't think my article would do much good, though, because it was too mild.—Yours faithfully,

YOUR CORRESPONDENT IN SOUTH-WEST FRANCE

Electricity

SIR—Mr Victor Cavendish-Bentinck suggested in a letter to you that the Electricity Boards could greatly increase the amount of off-peak power sold by giving householders the same terms for the use of storage heaters during off-peak hours as are granted to business premises.

Two issues are involved in this suggestion, namely, the availability of favourable tariffs for electricity consumed off-peak and the availability of suitable thermal-storage equipment to take advantage of them. Favourable tariffs are available to householders and, as a result, Electricity Boards have been very successful in selling off-peak electricity for floor-warming in new domestic dwellings—particularly for multi-storey flats.

For existing domestic premises, however, no heaters with comparable thermal-storage characteristics are available as manufacturers are discouraged from developing a market because of the purchase tax liability of domestic appliances. (Thermal-storage block heaters designed for business premises are purchase tax free.) A thermal-storage heater costs more to produce than the direct electric radiator and the purchase tax liability is also correspondingly greater. It may thus be priced out of the market in competition both with the electrical alternative and with non-electrical central-heating systems which are purchase tax free.—Yours faithfully,

G. MORLEY DAVIES

The Electricity Council
London, SW1

British Council

SIR—We were interested to read that some people in England consider the British Council as a society for the protection of depressed madrigal makers. As an organisation which has amongst its objects the promotion of madrigal singing in Bombay, we were very amused to read this, especially as we think that the British Council is doing an excellent job in promoting things British in this country. Recently we had the privilege of sponsoring performances by the Oxford Playhouse Company in Bombay under their auspices which were very enthusiastically received by our audiences. One is therefore surprised to read from time to time that the British public does not appreciate the value of the work the British Council is doing in these fields. We trust that in the course of time this work will be as much appreciated by the people who pay for it, as it is by us. While I must hasten to add that we are by no means "depressed," I can only say that such visits by British dramatists, professors, etc., to this country are too rare.—Yours faithfully,

M. H. MODY

Bombay Madrigal Singers' Organisation

Magic Numbers?

SIR—Upon the Chancellorship of Oxford University, much that is weighty has been said and written. I venture to draw your attention and your readers' to one fact that does not appear so far to have been noticed. The total votes recorded as cast for the two candidates were made up of the same four figures, namely 1, 6, 7 and 9—though in different arrangement. The fact is at least remarkable. I do not for myself suggest any significance in the fact, either sinister or mystical; but it may be that some of your readers can do better.—Yours faithfully,

EVERSHED

Royal Courts of Justice,
London, WC2

Interest Rates

SIR—In your issue of March 12th you attribute to us views on interest rates which were, in fact, expressed by a correspondent, Mr Vaughan Dale, manager of the Hinckley and Country Building Society.

We are an independent journal whose columns are open to anyone who we feel has a useful contribution to make to the discussion of building society affairs. In this instance we specifically stated that the views expressed in Mr Dale's article "were his own personal views and did not necessarily represent those of his own society or of any other body."—Yours faithfully,

J. G. T. FORBES

The Building Societies Gazette

BOOKS

Giant of Endeavour

The Life and Times of Ernest Bevin: *Vol. I, Trade Union Leader 1881-1940*

By Alan Bullock.

Heinemann. 685 pages. 50s.

ERNEST BEVIN is now agreed to have been one of the outstanding Englishmen of his generation. He is one of the few men who stand in the same class as that other giant of endeavour, Sir Winston Churchill; and his life history, from agricultural labourer in the west country to Foreign Secretary in the postwar Labour government, epitomises two of the greatest social changes of this century: the rising power of organised labour and the growth of socialist ideals. The steps by which he reached the top, through the Bristol branch of the dockers' union, the Transport Workers' Federation, his own Transport and General Workers' Union and the Trades Union Congress, have an epic ring—although behind the epic lies a story of hard work (up to seventeen hours a day seven days a week) and negotiating activity that few could attempt, let alone sustain. A great book, which would supplement Mr Francis Williams's lively biography, was needed to tell this. Mr Bullock has certainly written it.

The book's first merit is its enthusiasm. Mr Bullock clearly admires Bevin enormously and has written in a style that portrays vividly much of both Bevin himself and the trade union activities that dominated most of his life. Trade unionism, as seen through Bevin's eyes, is made here a vital matter of helping down-trodden and underprivileged people, not the dreary procedural rigmarole which it often appears. Along with this enthusiasm, Mr Bullock has brought to his task both the patience to sort through and assess a mass of official documents and the understanding to draw a convincing social picture from them. It is the sort of book that Bevin himself would have liked.

First and foremost, Bevin emerges from these pages as a trade unionist and an organiser. He had the energy to be constantly enrolling new members into his union, the sympathy to find out what their grievances were, the skill to bargain over these grievances with employers and the personality to get his members to accept the bargain he had struck. His chapel training had also made him a forceful, if ungrammatical, speaker. Such ability is in demand at any time, but never more so than by the weak and divided trade union movement before the first world war. Bevin found in his job as union organiser enormous scope for his managerial talents. He created new branches, negotiated scores of new agreements for the men, formed the huge Transport and General Workers' Union, and, in a decade, succeeded in turning the transport workers and dockers, from being some of the most ragged unionists in the country, into a spearhead of industrial attack.

Attack is the word. For most of his life, Bevin was an outspoken opponent of anything and everything capitalist. He despised the profit motive and felt that a society built upon it was always bound to exploit the working class. With certain exceptions (such as in the flour milling industry) Bevin also had a beefy distrust of many of the employers he came across. His attitude towards them was that, given half a chance, they would delight in cutting wages to the bone. But, although his militancy made him in the twenties one of the most hated men in the country, airy talk of revolution had no appeal for his practical mind. He wanted nationalisation, a higher share of profit for labour and, above all, a system for decasualising the docks; but communism and even the vagaries of intellectual socialists remained to the end one of the banes of his life.

This first phase of his life ended with the failure of the general strike in 1926. This convincingly showed the limits of industrial action and turned Bevin's thoughts to a wider field. The breadth of his imagination was now shown for the first time. He began to seize every chance of putting forward labour's "voice" in what he thought were important places, such as in the Mond-Turner talks and the Macmillan Committee on finance and industry. He devoted much energy to the *Daily Herald* and even started up an unsuccessful labour weekly. His analysis of the 1929 crash and the consequent unemployment stands up as well as anybody's to the verdict of history; so do his consistent and forceful condemnations of Nazism. By the end of the thirties his interest, first in international labour problems and then in general problems of foreign affairs, had begun to pave the way to his appointment as Foreign Secretary after the war.

It is the fault of Mr Bullock's otherwise admirable biography that out of this welter of history the vigorous, uncouth, fist-shaking, tough, even domineering character of Bevin only emerges in part. In so far as the unions' history is Bevin's history, he is safe. But the trouble is that Mr Bullock is too kind to Bevin as a man. Bevin, as he says, had a tremendous sense of loyalty to group decisions; but he had very little time for those who disagreed with him in the first place about what these decisions should

be. For, like all self-made men, Bevin was no angel. He had fought his way up in the roughest school of all and was on occasions (such as with Tillett in the Transport and General Workers' Union or Lansbury in the Labour party) as hard as nails. But these incidents do no more than qualify his great achievements. Of these Mr Bullock's next volume should provide a richer proof yet.

Prison of the Future?

Anatomy of Prison

By Hugh J. Klare.
Hutchinson. 160 pages. 18s.

THE Victorians thought large, and invested their ideas about social welfare in the huge institutions that their heirs have come to hate but cannot afford to abolish altogether. The orphanages have been replaced by cottage homes and nurseries, and the large workhouses are being broken up into old people's homes. But the mental hospitals containing over 2,000 patients are still part of our social capital, and so too are the prisons, many of them housing anything from 500 to 1,000 offenders—as Mr Klare says, if these prisons were people, they would be "huge, surly brutes, in threadbare clothes, with a look of fanatical puritanism in their eyes."

As secretary of the Howard League for Penal Reform, he knows the daunting effect such buildings can have both on prisoner and gaoler. But he also knows, and this is what is refreshing about his approach, that the physical side of prison life—the cells, the yards and the lavatories—are not the sole, or even the most important, aspect of it. It is personal relations that make or mar a prison. Where they are good, where the prison officers can be relaxed with the prisoners, can welcome without resentment the non-security staff such as the psychologist and the social worker, and are on terms of mutual trust with the governor and assistant governors, a prison has an atmosphere totally different from one where the tension can be sensed from the gates.

A large part of Mr Klare's book is devoted to this aspect of prison life; he shows how, even when a progressive penal policy has been accepted, the artificial nature of prison life can often thwart it. But the importance of good relations between the various groups that make up a prison community has been fully accepted by the prison commissioners. The novel part of Mr Klare's book is his suggestion that the commissioners' policy of segregating the first offenders and prisoners of good personality in training and open prisons should perhaps be modified. Mr Klare would like to see built a small experimental prison for 150 prisoners, who would consist of a balanced mixture of the good, the weak and the bad—though not the hopeless. These would eventually be divided for their working day into small groups, similarly composed, and part of each group's day would be devoted, under trained staff, to group discussion or even group therapy. The purpose of this group method, which is well established in mental hospitals, is to enable the prisoners to gain insight into themselves and their behaviour, and the purpose of mixing the good personalities with the bad is that the good ones can underpin the group and give the staff something to build on.

Mr Klare is so convinced of the benefits of "groups" that he seems to have ignored the danger of one or two strong but bad personalities dominating their group. But there is truth in his observation that by segregating the best prisoners in open prisons we are winning too easy victories; the real test of a prison system is whether it reclaims any recidivists. Mr Klare asks, modestly and undogmatically, that his proposal should be given a trial. With the fortunate conjuncture of progressive prison commissioners and a progressive Home Secretary that now obtains, there is a good chance that it may be.

Gaullist France

The Fifth Republic

By Nicholas Wahl.
Random House. 130 pages. 95 cents.

The French Constitution

By William Pickles.
Stevens. 52 pages. 6s. 6d.

THE institutions of the French state have been so drastically remodelled by its new masters that any account of their present condition must be welcomed; Mr Wahl gives a lucid and intelligent one. He covers all the ground well, and is especially convincing in his detailed demonstration of the supreme technical importance of the presidency. One of the major differences between the Fourth and Fifth Republics is that now policy-making, not cabinet-making, has become the centre of political interest, and Mr Wahl discusses this very sensibly, though it may be felt that he underrates the importance of policy issues under the Fourth. He makes the excellent point that the gaullists "have rejected the alternative of true mixed government in which the executive and the legislative are honestly balanced" and that this is their Achilles heel. The book also contains a complete text of the constitution.

Unfortunately, it has some conspicuous defects. Mr Wahl tends to write as an apologist for the regime (he has talked to General de Gaulle and M. Debré, but not, it appears, to M. Mendès-France) so that he gives his own, very sensible, criticisms less weight than they deserve. Surprisingly, for a citizen of the United States, he consistently over-estimates the soundness of gaullist arguments in favour of an overwhelmingly strong executive *vis-à-vis* the Assembly, and his representation of dissenting views is half-hearted, to say the least. Those who believe that the cause of France's various maladies lies deeper than the clash between its "administrative" and "representative" traditions of government will find him superficial and, in his faith in paper solutions, complacent.

This work, primarily a descriptive one, is also disfigured by attempts at historical analysis of the origins of the Fifth Republic, which are tendentious and unnecessary.

Mr Pickles's textual analysis of the Fifth Republic's constitution is a useful piece of work. The translation has been done with care, and the elucidation of difficult concepts for the Anglo-Saxon mind (particularly when enshrined in General de Gaulle's own prose) has not been shirked. The attention paid to the organic laws supplementing the constitution is particularly valuable. The inherent defects of the gaullist idea of government need no further comment: the pity is Mr Pickles's fears are coming true.

Cash, Credit and Coinage

British Monetary Experiments 1650-1710

By J. K. Horsefield.
G. Bell. 363 pages. 45s.

THE second half of the seventeenth century witnessed the birth of various monetary problems that were to be the subject of controversy right through the eighteenth and nineteenth centuries, and even into the twentieth with the deliberations of the Cunliffe Committee. Mr Horsefield's study throws a great deal of new light on such questions as the devaluation controversy in 1691, the early history of the Bank of England and of the first experiments in commercial banking including the Lombard banks and the land banks.

When recoinage of the debased silver coinage was being contemplated, there was a protracted controversy among the pamphleteers, including Locke and Lowndes, on whether the currency should be devalued at the same time. As the advocates on both sides assumed that devaluation would have as big an effect in the one direction as the other, they overlooked the essential point that the proposed devaluation was actually smaller than the deterioration of the currency already existing. In analysing the intricacies of this problem the author makes impressive use of modern monetary theory and penetrates the pamphleteers' excessive verbiage to test the validity of their arguments. An interesting by-product of the controversy was what is probably the earliest complete statement of the self-balancing mechanism in international payments.

The account of the Bank of England's early years is taken as an opportunity for considering how far an institution formed to solve the problems of government finance consciously developed into a central bank. In the pamphleteers' arguments about the Bank's policy and the rate of interest in 1694-95, we may detect the first signs of concern over the appropriate discount rate. And in the first decade of the eighteenth century we may note that the Bank's Court may have already accepted in practice what for another hundred and fifty years it denied in theory—an obligation to hold more cash than other financial institutions.

The period covered by this study was noteworthy for the number and variety of the schemes for increasing purchasing power by new forms of credit institutions. They may be divided into four types: Lumbard banks, which sought to base credit on goods; plans to capitalise Government revenues; banks based on commercial obligations; and banks on the security of land. But apart from the Bank of England and the Bank of Scotland, all failed—even the Government Land Bank of 1696—for they were prevented by the extreme shortage of currency created by the recoinage from acquiring sufficient liquid resources to inspire confidence in their operations.

Mr Horsefield has produced a scholarly work of merit; it is a rare combination of skilful theoretical analysis and meticulous use of sources.

Failure of Vision

The Arabs in Israel

By Walter Schwarz.
Faber. 172 pages. 21s.

"THE messianic vision that has lighted up our path for thousands of years . . . has imposed upon us the duty of becoming a model people and building a model state." This standard, set by the Israeli prime minister (Mr Ben-Gurion) himself, invites judgment of the same stringency. Does Israel's treatment of its 220,000 Arabs, one-tenth of the total population, provide an example for other countries with minority problems? Mr Walter Schwarz, who has plunged boldly into Israel's least tranquil waters, finds that by their own high moral standards the Jews in Israel have failed; although their Arab minority is materially fairly well-off, it has no sense of loyalty or equality.

The Israelis are justifiably proud of the way in which they have improved the living conditions of most of their Arab population. The Arabs in Israel have shared some of the fruits of a planned, expanding welfare state; they have been admitted into the framework of Israel's parliamentary democracy; their children have a good chance of education. But, as Mr Schwarz reports, these very real achievements crumble to pieces against the background of military government, curtailed freedom, individual injustices and the firm relegation of minority interests to second place. At a pinch, the Israelis see their minority in terms of a security problem, and since Israel's defences must necessarily be in a continual state of alertness, security takes pride of place.

Most minority problems nowadays concern the rights of settlers when the indigenous population has taken over. In Israel it is the other way round. The Arabs were farming or trading in Palestine when the Jewish settlers took control; in the confusion of the Arab-Israeli war, most of

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the Palestinians lucklessly fled and the 200,000 who, by accident or good sense, remained, have never accepted their change of status. Their deep disaffection towards the Jewish state is kept alight by the propaganda continually pumped into their ears from the neighbouring Arab states. This is inevitable. For so long as the Arabs outside Israel are talking of eliminating the Jewish state, the Arabs who are left in the country will not come to terms with the existing state of affairs.

But Mr Schwarz, who travelled about Israel for eighteen months questioning, listening and thinking about these questions in order to produce at the end an admirably objective and exceedingly well-written account, comes ineluctably to the conclusion that the Israelis themselves do less than they might to change the minds of their disaffected minority. The Arabs have lists of specific grievances; these include the displaced villagers who, in their own words, received less than the price of a tablecloth as compensation for each square yard of confiscated land, and now have the added pain of watching Jewish settlements prosper on the site of their former lands. But over and above these special resentments, Mr Schwarz finds a general failure of comprehension; most Israelis know very little, and care less, about their Arab population. This is all the sadder because only in Israel do Arabs and Israelis have the opportunity of meeting one another peacefully; the Arab minority might have the pilot plant for Israel's deep-rooted ambition to bring social progress to the Middle East.

Changing Law

Law in a Changing Society

By W. Friedmann.
Sweet & Maxwell. 548 pages. £2 10s.

Judicial Review of Administrative Action

By S. A. de Smith.
Oceana Publications, New York. London: *Stevens.* 533 pages. 70s.

Like his earlier volume, "Law and Social Change in Contemporary Britain," Professor Friedmann's latest work is inspired by the theme that law must respond to social change if it is to fulfil its principal function as an instrument of social engineering. American law schools, and consequently American lawyers, have long recognised the close connection between law and the social sciences, but English lawyers have been traditionally reluctant to analyse the effects of social changes on contemporary law. English judges, Lord Justice Denning always excepted, are still enmeshed in the fiction that they do not make but declare law, and the most gifted of our academic lawyers have concentrated on applying the analytical methods of linguistic philosophy to legal concepts, rather than relating the law to social studies. The Cambridge Institute of Criminology is a unique exception.

Despite this general hostility, English law, Professor Friedmann shows, has been influenced by the new disciplines, and has had to modify itself to accord with changed social conditions. Thus judges have had to abandon the classic concept of contract as a bargain freely entered into by equal parties, and recognise that it is no longer relevant in a world where standardised contracts are common form, and statutory conditions are increasingly imposed by the legislature. Professor Friedmann's brilliant analysis of the shift in the law of tort from fault to strict liability and of the modification of the idea of negligence, under the impact of public and private insurance, is particularly illuminating. English law has been slower to respond to changes in the philosophy of punishment, perhaps because only liberty instead of property is at stake here. A chapter on the need for law in the developing international community, and on acute analysis of the meaning of the rule of law today, complete a notable work of comparative jurisprudence, which draws freely on United States, Commonwealth, and foreign legal systems, as well as on English law, to illustrate its themes.

Dr de Smith's book is directed to a rather more specialised audience and is more restricted in scope. It describes the part played by English courts in reviewing the orders and decisions of the ever-multiplying administrative authorities and special statutory tribunals. Administrative law has long been the Cinderella of English jurisprudence, partly because of prejudices going back to the days of the prerogative courts, and partly because of the influence of Dicey and his argument that administrative law violated the rule of law. This book, while of primary use to the practitioner, is a valuable addition to the growing body of work on English administrative law, which will eventually ensure that the subject is adequately taught in the universities.

Under Restraint

The Pane of Glass

By J. B. Martin.
Gollancz. 397 pages. 30s.

Most books about mental hospitals have been written by former patients, and they suffer from this subjectivity. Mr Martin's book gives an exceptionally detailed and dispassionate account of the structure, organisation, economics, staff and patients of what he asserts is an average State mental hospital in the United States caring for 2,700 patients.

He evidently spent weeks in the hospital, going round with the doctors, attending case conferences, watching in various kinds of wards how the attendants managed their patients, and his straightforward description of what he saw is studded with illustrative case histories. The account rings true and its coolness adds more than any whitehot protest could to an indictment that is severe but seems only half intended. The indictment is not made up of brutalities but of too few trained doctors and too few attendants (none with adequate training) trying to look after too many patients in the repressive and restrictive conditions that, in Britain and elsewhere, have been shown to be mainly responsible for the turbulent and degraded behaviour of patients in "the back wards."

Mr Martin's visits were unfortunately made as long ago as 1955, but in a final chapter he brings his account up to the middle of 1958. Despite the intense interest in mental hospitals, and the money poured into them, in the interval, he found little essential change. There were more doctors and staff; disturbed behaviour had diminished because of the new drugs; but there were still no unlocked wards and some patients were still physically restrained.

It seems safe to say, at the risk of sounding smug, that few of the conditions described in this book exist in any mental hospital in Britain today, and they have not done so for many years. There are several reasons for this. Since the days of the reformers of the eighteenth century British hospitals have always had a tradition of non-restraint, though it has worn thin at times; the Commissioners of the Board of Control, so soon to disappear, have taken care that the practices of the best hospitals are spread over the country; the nurses are well trained though there have never been enough of them; voluntary admission has been so far encouraged that some hospitals admit 19 out of 20 patients without formality; some hospitals find it possible to have all or almost all of their wards open and unlocked; physical restraint is virtually unknown and the isolation of a disturbed patient most uncommon; many kinds of therapy, quite apart from the successful physical and drug treatments, are tried out; and an atmosphere of hope, enthusiasm and stimulating controversy has replaced the stench and apathy of thirty years ago. All this has been achieved despite a severe degree of overcrowding, which is fortunately at last diminishing.

In this country, moreover, the health service spares us the thought of the patients described in this book, who may wait seven weeks in hospital till their relatives can or will provide the cost of the new drugs to treat them; of others who relapse after leaving hospital because they cannot afford the drugs necessary for continuing their treatment; and of doctors who cannot run follow-up clinics for discharged patients because the local practitioners accuse them of practising socialised medicine and of taking away their livelihood.

Mr Martin presumably spent his time between 1955 and 1958 in visiting psychiatric hospitals of other types and in collecting material for his short and masterly survey of the dimensions of psychiatric illness in the United States today and the resources applied to it, including research into causes and treatment. This information is not available elsewhere except in scattered publications; it is an additional reason why everyone working in psychiatry should read this excellent book.

A Camera's Eye

A Regional Geography of Western Europe

By F. J. Monkhouse.
Longmans. 746 pages. 50s.

The "western Europe" of the title is not the broad grouping of states commonly defined as western Europe today. This book is part of a series, and by editorial decree is confined to France and the Benelux states only. It is further limited in scope by the writer's quite explicit views on the aims of regional geography, these being, as quoted from the late Professor Ogilvie, "to describe the regions of a country as they are and to discover the causes that made them what they are." There can be no dispute about the achievement of at least the first of these aims; geographically speaking, Professor Monkhouse is a camera. With immense patience and industry he has recognised what must be hundreds of regions of one size or another, and to a length of 700 pages described in detail their physique and the more immediately visual aspects of their human geography. All geographers will be indebted to him for the assembling of this rich quarry of geographical material within a single volume.

It may, however, be argued that a regional division deliberately and explicitly based on physical geography neglects the differentiating effect of human groupings and associations, in which an old country like western Europe is so rich. The most important geographical division in Belgium, for example, is almost certainly the boundary between Flemish and Walloon-French speech, which cuts right across Professor Monkhouse's physical divisions. It is impossible to make any meaningful contrast between industrial or urban development in the Flemish and Walloon districts without first investigating their differing rates of population growth.

On a larger scale, the various states themselves, by their differing policies, bring about immense geographical variations. Without reference to such human factors, which may have scant relationship to physical geography, any regional division is incomplete. Professor Monkhouse has amply provided the underlying framework for the total regional geography of western Europe that has yet to be produced; is it too much to hope that he will one day write it?

Societies in Change

Social Mobility in Industrial Society

By S. M. Lipset and R. Bendix.
Heinemann. 330 pages. 30s.

The subject of this American study—social stratification and social mobility—is one that is increasingly attracting attention outside the *cénacle* of professional sociologists. Indeed, there are political observers who attribute the result of the recent, and indeed, the preceding, general election to deep-seated changes in society, which are making this country more like America in terms of living-standards and class-structure.

It is one of the purposes of the authors of this book to submit this type of generalisation about contemporary society to the test of empirical evidence. This evidence consists in large measure of secondary analyses from varied sources both American and international—contemporary surveys, official statistics and miscellaneous material of an historical character (the latter manipulated with considerable ingenuity)—and one primary source, the Oakland Labour Mobility Survey conducted by the Institute of Industrial Relations. Although the purist in survey-methodology may rightly argue that some of the conclusions are drawn from slender evidence and that the data are often discontinuous and incomplete, the book is nevertheless a courageous attempt to validate the substance of much of today's political thought by means of quantitative comparisons relating to many countries and stretching over the whole modern era.

The authors provide support, from their evidence, for Professor Schumpeter's famous dictum about class and mobility—"... for the duration of its collective life, or the time during which its identity may be assumed, each class resembles a hotel or an omnibus, always full but always of different people." They are also particularly struck by certain common features, the products of industrialisation, that afflict both an egalitarian meritocracy like the American and one established on the Soviet pattern. This certainly points the need for a socially understanding, as well as a mechanistic, approach to the development problems of the backward areas.

The canvas of this work is vast and ambitious in theme, clime and time; it will accordingly arouse controversy about some of its findings. But if it succeeds in stimulating some of the further empirical studies which it advocates, it will not be wasted.

OTHER BOOKS

A Textbook of Money. By S. Kortweg and F. A. G. Keesing. *Longmans.* 328 pages. 35s.

This is a good, solid, highly professional job carried out by authors having practical as well as academic experience of their subject. It is primarily institutional; a brief introduction and a concluding survey of theories buttress a main structure in which (although the authors are always ready to use schemata and abstractions when necessary) description and history constitute the chief elements. It has had a long run of success in its country of origin—the original Dutch edition was published in 1945—and one can easily see why.

Whether it was worth translating the latest revision into English is another matter. Ten or even five years ago, yes: but today "A Textbook of Money" has a certain air of having missed the bus. It is not precisely out of date, having been scrupulously revised to 1959. But the amount of space devoted to the pathology, as it were, of money and monetary policy—fifty pages on "Money in a War Economy" and "International Payments Restrictions" as compared with less than forty on the whole of monetary and interest theory—is, one may devoutly hope, much less well suited to the conditions of the sixties than to those of the forties and fifties. Nor is this lopsidedness compensated by any outstanding merits of presentation. The authors' style is dully pedestrian; they have no knack of vivid presentation: and they are not even particularly clear. For the English reader, the advantages of "A Textbook of Money" are marginal. It may be a useful change to approach monetary institutions from a European rather than an English or American angle; and the process by which these institutions have returned in recent years to a more nearly normal working condition is more fully described here than in any other textbook of comparable general appeal. As a standard introduction, however, it is unlikely to repeat its original success.

Annual Abstract of Statistics. No. 96, 1959. Central Statistical Office. *Her Majesty's Stationery Office.* 329 pages. 21s.

At an unchanged price, this volume is once again remarkably good value, providing a mass of statistical information in a convenient well-printed form. There are no outstanding changes in content from the previous edition.

Year Book and Guide to Southern Africa, 1960. Union-Castle Line. *Hale.* 956 pages. 10s. 6d.

Income Tax Principles. 4th edition. By H. A. R. J. Wilson and K. S. Carmichael. *H.F.L. (Publishers).* 189 pages. 12s. 6d.

Year Book on Human Rights for 1956. *United Nations.* 324 pages. $4.00, 28s.

Year Book of the United Nations, 1958. *United Nations.* 622 pages. $12.50, £4 10s.

Everyman's United Nations. 6th edition. *United Nations.* 620 pages. $3.50, 25s.

Whitaker's Almanack, 1960. *J. Whitaker and Sons.* 1,219 pages. 21s.

The Hospitals Year Book, 1960. *Institute of Hospital Administrators.* 1,166 pages. 59s. 6d.

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AMERICAN SURVEY

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

Dead Centre on Civil Rights

WASHINGTON, DC, *Wednesday night*

IF there is one lesson to be learned from this year's attempt to better the lot of Negroes in the South, it is that the middle of the road is not necessarily the place where progress is fastest. In the month-long debate in Congress the two Democratic leaders, Senator Johnson and Mr Rayburn, have floated to a position midway between the northern liberals and the southern segregationists as precisely as if they were bubbles in a spirit-level. The resulting legislation, although its final details have yet to be decided, seems fated to be only the most modest step forward. The hope that the new law would bring Congress to the rescue of the courts in their painfully slow struggle to end racial discrimination in the schools is apparently going to be frustrated. The one important consequence of a month's talking looks like being a provision to help Negroes to register and vote, and even this is subject to a couple of qualifications. In the form in which it will probably emerge from Congress, the new machinery to aid voting is complicated and may also prove to be unconstitutional; and, in any case, it is only another attempt to do what the last civil rights Act of three years ago was meant, but has failed, to do.

This being so, the observer is entitled to ask whether the battle has been quite as hard-fought as the cries of the contenders have suggested. Since February 15th, when Mr Johnson brought up the subject of civil rights in the Senate in fulfilment of a promise he made last year, there has been something faintly unreal about the drama. The Senate, that tortoise of the debating world, has crawled through four weeks of argument, including a record 83 hours in continuous session, only to sit down at the last moment and munch buttercups while the House of Representatives, which did not start moving until a week ago, flashed hare-like past it. It is true that the time was not wasted entirely. The Southerners stuck commendably to the subject—though the Senate's rules did not oblige them to—and made two or three criticisms of the Administration's proposed Bill which won general assent. But the debate was oddly passionless; some of the Washingtonians who visited the Senate Gallery as an alternative to the late, late show on television had to be reminded that, unlike the Senators, they were not allowed to fall asleep.

The fact is that, about half-way through the Senate's deliberations, an unspoken understanding developed between everyone, except the liberals, on two points. The first point was that it would be best to delay a decision until the House of Representatives, where the rules limit the length of debate, produced a Bill this week. The second was that the Senate would probably pass this Bill as it stood, if it dealt only with voting, plus a few "fringe benefits," and kept off the subject of the schools. It seemed that the Southerners would settle for something like this, and abandon their filibuster, when Senator Russell hinted that they found the voting provisions the least offensive part of the Administration's proposals. It became obvious that the majority of Republicans, together with Senator Johnson and the loyal squad of Democrats—mostly from the West—who follow him wherever he goes, were thinking of the same thing last Thursday when they stopped the northern liberals of both parties from getting the two-thirds majority needed to close the debate. In principle, anyone who wanted any kind of Bill could have voted for closure and settled its provisions afterwards. But the middle-of-the-road alliance between Mr Johnson's followers and those of Senator Dirksen, the Republican leader, obviously preferred to hold back their votes until they were sure that the unwanted parts of the Bill would be chopped off.

This week the House of Representatives has done what Mr Johnson and Mr Dirksen hoped it would do. On Monday it refused once again to go on record in support of the Supreme Court's ruling in 1954 that racial segregation in the tax-supported schools is unconstitutional; it has also declined to help compliant school boards in the South to end segregation by paying part of the cost. The plan to let the Attorney General go to court on behalf of Negroes in any case involving official discrimination (and not merely as he can now, in cases affecting their right to vote) was rejected by the Senate last week, although Senator Douglas said that to go to court privately costs, on the average, about $19,000. An attempt to reinforce equality of opportunity for Negroes at work has also been defeated.

All that Congress seems likely to pass, apart from the provisions about voting, is a minor clause designed to discourage fanatics from planting bombs and another to provide education for servicemen's children if the schools which they attend shut down rather than admit young Negroes. It may also be made a federal crime to obstruct a court order by violence or threats. Last Friday, in a particularly neat piece of parliamentary judo, the northern Senators from industrial states were twisted into the position of voting against this item because it had been extended to include court orders directed at trade unions; but they may yet be able to unravel their principles.

THUS the value of the measure Congress passes this year depends almost entirely on the effectiveness of the plan to help Negroes to vote. It may not be effective at all. The centrist block, which has the last word in both Houses, seems content to adopt some version of the Administration's scheme under which federal courts would be empowered to appoint voting referees. These could register Negro applicants as qualified to vote if it was proved that local registrars had discriminated against them. But Senator Hennings, probably the most able lawyer in Congress, suggests that this may be unconstitutional because it requires the court to find that there has been a "pattern or practice" of discrimination; Article III of the Constitution seems to prohibit a court from making any judgment beyond that involved in the individual case before it.

The liberals also claim that the Administration's plan is unnecessarily complex. Not only, they say, would the Negro have to wait until a court decided that he had been the victim of a pattern of discrimination, and then to show a court-appointed referee that he was entitled to vote; he would also have to wait until the court had, first, given its blessing to the referee's decision and, secondly, ordered the state voting officials to comply with it. At each stage it would be possible for segregationists to delay the matter by appealing. Senator Hennings wants to eliminate some

of these obstacles by empowering the President to appoint enrolment officers as soon as a single case of discrimination is proved. This would remove the necessity of finding a "pattern"; and the decisions of enrolment officers appointed by the President would not need to be confirmed at each stage by the court. But the middle-of-the-roaders appear to be ignoring his recommendations. The House has stuck to the referee plan and even looks like modifying it to increase the segregationists' opportunities for delay.

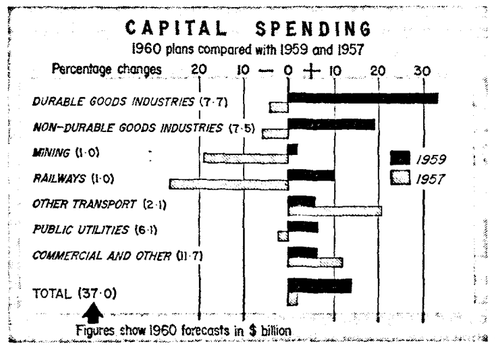
It seems clear that the "moderate" position adopted by Senator Johnson and his allies in this debate is moderate only in the sense that it stands in the mathematical middle of the rival forces. The failure of Congress—unless it has a last-minute change of heart—to help the courts to end segregation in schools has to be measured against the fact that in the last four years the courts have managed to get only 752 Negro children into white schools where there is strong local resistance. The voting provisions have to be judged in the light of the fact that the 1957 Act, which was also meant to help Negroes to vote, has enabled the Attorney General to come to their assistance in no more than four cases, only two of which have been brought so far to a successful conclusion. Racial discrimination in the South, enforced by the sporadic terrorisation of Negroes, is still almost as strong as ever. Congress hopes that, if the Negroes can be got to the polls in sufficient numbers, other forms of equality will follow in the course of time and need not be insisted on now. But if the voting provision turns out to be ineffective this year's measure will have accomplished virtually nothing.

Spring Survey

THE economy's springtime spring upward, awaited with extra eagerness this year after the disappointment of the winter, was given a bright start by the government's latest survey of businessmen's plans for investing in new plant and equipment. The 1960 forecast is for capital outlays of $37 billion, slightly more than in the record year of 1957 and well above last year's $32.5 billion. Moreover, the survey shows a stronger upward trend than had been prophesied earlier and one that continues throughout the year. Already there has been a good beginning, with capital spending in the first quarter running higher than was expected last autumn—but this is mainly because it fell off at the end of 1959 as a result of the steel strike.

The survey was conducted in January and early February, after the sharp fall in the stock market had begun, but as this has gone on businessmen may have had second, less optimistic, thoughts. It has also been pointed out that so far their plans have not been supported by the solid evidence of a substantial rise in contracts for new construction or in orders for new machine tools. The two industries which intend, according to the survey, to step up their spending most notably—steel (67 per cent over 1959) and motor vehicles (59 per cent)—are both doing less well than they had expected in January. On the other hand they have both spent heavily in recent years on expansion and improvement and have no shortage of capacity; the steel companies, at least, must be feeling poor after the long stoppage in their plants. That even so they were planning to spend more reinforces the view that at present most capital spending is inspired by a desire to reduce costs of production and will not necessarily be curtailed just because a firm is doing badly. New technological developments encourage outlay on new plant and equipment; so does competition from foreign companies in markets both at home and abroad. This is said to be one of the reasons why the steel industry wants to increase its capital spending this year.

If this surveys proves accurate—and past experience suggests that it will—the mounting rate of capital spending will offset the depressing effect of the decline in the rate at which businessmen are building up reserve stocks; the stimulus to this type of investment which came with the ending of the steel strike has slackened off sooner than expected. But this stimulus had exaggerated the



rise in industrial output in January and there is therefore little significance in the fact that it fell off slightly in February from this unusually high level. In addition the February figures for unemployment, a record for the second month in succession, are *heartening; there were 65.4 million people at work and only 3.9* million out of it, a fall of 218,000 from January at a season when unemployment does not normally decline. On the other hand, there was a drop in the number of hours being worked in factories, as a result of cutbacks in automobile production, and the number out of work for long periods remains obstinately high.

Draw Over Berlin

WASHINGTON, DC

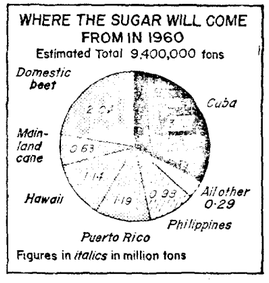
THE talks this week between Dr Adenauer and President Eisenhower have resulted pretty much in a draw, with a slight edge to the Chancellor. The Americans still insist on discussing the status of West Berlin with the Russians at the summit and on trying to reach an agreement if possible. Dr Adenauer told a group of American journalists in New York on Monday that he is opposed to any negotiations on Berlin, but it seems probable that he had abandoned any hope of converting the Americans to this view even before he arrived. The Administration is reliably reported to have expressed some irritation recently at the rigidity of Dr Adenauer and it would have been unwise for him to have tried to use his supposed "veto" over western policy. However, he did obtain a statement setting out the limits beyond which negotiations will not go.

Apart from the unexceptionable proposition that the freedom of the Berliners must be preserved, there is clearly some divergence of view in the National Security Council, which lays down the lines of American policy. For example, at his press conference on Wednesday the President hinted that the present legal status of the West in Berlin, which is based on occupation rights, cannot be changed. But the State Department is playing down this attitude and saying that, if the Russians were to offer an agreement acceptable in other respects, a new legal basis for the western presence in Berlin might still be negotiated in exchange for occupation rights. Dr Adenauer's position is that the western powers should not agree to do more than reinterpret what is entailed by occupation rights.

There is an interesting emphasis in the communiqué on self-determination for Berliners. The Americans put this in simply to embarrass Mr Khrushchev, who has been talking a great deal about self-determination while he has been in Asia. But Dr Adenauer seems to be taking up the idea as a way of limiting any concessions over Berlin at the summit. Hence his suggestion that the people of Berlin should vote on whether they like the present state of affairs. There will still be negotiations on Berlin, but only within a narrow area of manœuvre, and they will be limited to the possibility of an interim agreement embracing minor changes in the western garrison and so forth. The State Department is less hopeful than it was last autumn that the Russians will accept this and work is therefore continuing on plans for what the West will do if they turn it down.

No Sugar Stick?

LATE last month, when Cuba offered to renew negotiations with the United States—chiefly over compensation for the seizure of American property and the activities of Cuban exiles on the mainland—it tried, unsuccessfully, to exact a condition: that nothing would be done, during the negotiations, to damage the Cuban economy, that is, to cut the Cuban sugar quota. Cuba supplies the United States with about a third of its sugar, at a price of over 5 cents a pound, which is 2 cents more than the world price; these sales, in turn, provide Cuba with over half of its foreign exchange. Yet only Cuba will be to blame if the quota is cut. After Cuba had signed an agreement to sell sugar to the Soviet Union at the world price, Major Guevara, the President of the National Bank, denounced the American premium price as "economic enslavement" (because it discourages economic diversification) and Señor Castro himself, after accusing the American government of blowing up a French munitions ship, with the loss of 75 lives, is now condemning the United States as Cuba's greatest enemy.



Even if it wished to, the Administration could not guarantee that Congress will not alter the quota. The President cannot even drum up much enthusiasm for his own scheme, which he has sent to Congress this week, after a long search for someone to sponsor it. The Administration would like the Sugar Act, which expires in December, to be extended for four years without any change in the complicated formula governing the quotas, but with the President given the power to alter them if he sees fit. However, Mr Cooley, the chairman of the House Agriculture Committee, and a number of his colleagues, hate to share the quota-setting power with the Administration; they argue that an extension of the present system for only one year would be a sufficient warning to Señor Castro to watch his step. Even the mainland producers of beet and cane sugar are not pressing as hard as might be expected for a reduction in Cuba's privileges. They enjoy a nice cosy monopoly of the domestic supply and fear that this might be disrupted if new producers had to enter the industry; moreover, they suspect that any reduction in the Cuban quota would be only temporary, since it would cause such havoc in that island.

All this is not to say that Congress may not take the bit between its teeth when the Sugar Act reaches the floor. But the Americans know that one reprisal provokes another; Cuba could seize not only the big American naval base at Guantanamo, but also nearly $800 million of American investments on the island; only about $6 million worth have been expropriated so far. Finally, exasperating as it is for the hand that keeps Cuba afloat to be bitten quite so regularly, no one wants to make the Cuban people suffer for the wildness of their leaders.

Western Approaches

I—California's Not Browned Off

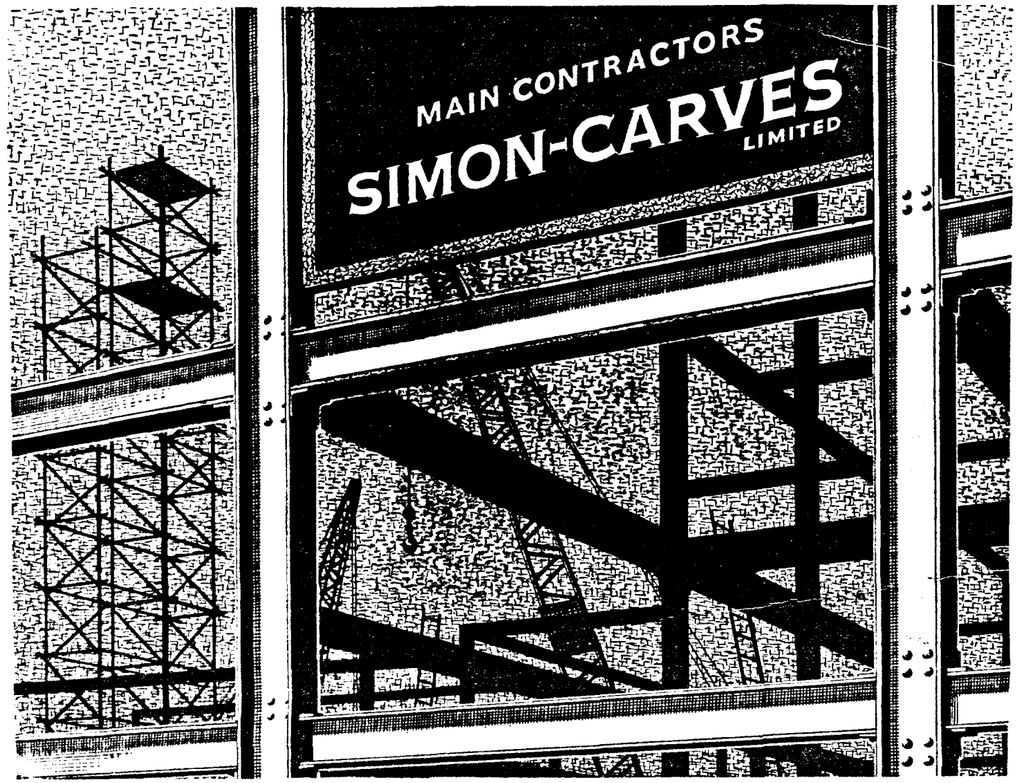
FROM A CORRESPONDENT IN SAN FRANCISCO

LAST week, as had been expected, the Californian State Legislature refused, for the eighth time in the last 27 years, to abolish capital punishment. The refusal was a rebuff not only to Mr Caryl Chessman, whose death sentence had brought the issue up at this time, but also to Governor Brown, who had tried to shift the responsibility for reprieving Mr Chessman on to the State Legislature. There is now little or no hope for Mr Chessman, whose execution is fixed, for the ninth time, for May 2nd but there is still plenty of hope for Mr Brown.

He embarrassed and angered his Democratic supporters in the Legislature by involving them, in an election year, in a controversy which cuts across party lines and moves voters deeply. But his readiness to act in a way so politically unwise has given him a quixotic appeal for the young liberals who are an important element in California's Democratic party. And the Democratic legislators whom he put on the spot by bringing up the issue of capital punishment still seem to be behind the rest of his programme. If, with their help, he can defeat Republican efforts to reduce taxes and can push through important Bills affecting the state's system of higher education, he will emerge from the present legislative session with little, if any, damage to his reputation as California's first effective Democratic Governor in this century.

Such a success would also confirm his influence over California's huge delegation—162 members with half a vote each, second in size only to New York's—when the Democrats meet to choose their presidential nominee in Los Angeles next July. Nominally, these delegates will be pledged to support Mr Brown, as California's favourite son, until he releases them. But he has made it clear that he will do this as soon as they have served his strategic bargaining purposes during the early ballots. Once the delegates are released they are unlikely to vote as a unit, since the group is a representative cross-section of the diverse elements in the Californian party. Senator Kennedy claims that two-thirds of them will support him and that this is why he decided not to enter his own list of delegates in opposition to the Governor's, even though public opinion polls had shown that the Senator might easily have won. Most observers think his claims exaggerated, but by staying out he has certainly won sympathy among the professional politicians who still dominate Democratic affairs in the state. A contest would have cost money which they would prefer to save for the election campaign itself and might have split the party, thus perhaps losing for the Democrats both California's presidential vote and their control of the State Legislature.

What happens in April, when Wisconsin voters will show what they think of Senator Kennedy and Senator Humphrey as potential Democratic presidential nominees, will have an important impact on Californian Democrats. For the liberal Mr Humphrey has a modest but enthusiastic following among the young intellectuals who have had so much to do with the revival of the party in the state. But if the Wisconsin result shows that he has no chance of the nomination his admirers will turn to Mr Kennedy, or perhaps



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to Mr Stevenson, who remains a favourite in the state and already has substantial support among its delegates to the Democratic convention. However, Senator Symington is popular with some of the more conservative delegates, although so far few of them have shown any interest in Senator Johnson.

II—Oregon's Free-for-all

FROM A CORRESPONDENT IN PORTLAND

Of the several states holding presidential primaries this spring, only Oregon will give the voter an opportunity, on May 20th, to show whom he prefers among virtually all the candidates who are conceded a chance of winning the presidential nomination of either party. The only name on the Republican ballot will be that of Mr Nixon but there will be six Democrats, all of them members of the Senate: the majority leader, Mr Lyndon Johnson, Mr Kennedy, Mr Humphrey and Mr Symington, who are serious contenders, and Mr Kefauver and Mr Wayne Morse of Oregon, who are not. Senator Morse, who would like to be Oregon's "favourite son" may well find that his fortunes will be adversely affected by the wave of popular feeling for the state's other Senator, Mr Neuberger, who died last week at the early age of 47. The two men had been engaged for several years in an intra-party feud, which continued to simmer during Mr Neuberger's last illness. The Governor has appointed a successor to serve for the rest of Senator Neuberger's term but Mrs Neuberger, who has been active in politics in her own right and as part of a famous husband-and-wife team, will be the Democratic candidate in November for her husband's seat.

Oregon's unique test of popular sentiment on the presidential candidates was arranged deliberately by the State Legislature, which last year gave Oregon's Secretary of State, Mr Appling, authority to determine which presidential candidates are "generally advocated and recognised in national news media throughout the United States" and to enter their names on the ballots. A few days before the deadline for filing on March 11th Mr Appling announced

Leasing for Profits

FROM A SPECIAL CORRESPONDENT

While some business men still consider it daring for a firm's directors to buy equipment on credit instead of for cash, others are already asking: "Why buy it at all?" and are plunging into an even more heterodox form of financing. They are expanding their operations without additional fixed investment in capital equipment by renting items as various as delivery trucks, jet aircraft engines, office furniture, electronic machinery, shop fixtures and tugboats. Tirelessly promoted by a number of professional leasing companies, all of them founded in the past seven years, equipment leasing reached a record volume of $2 billion in 1959, compared with about $450 million in 1953, and there is no obvious reason why the pace should not become even faster.

The system itself is not new. In some special cases, particularly that of machinery protected by patents, it has been common practice for many years. But now, generalised into "a new concept in business philosophy," it is offered as a tool for management almost as fundamental as double-entry bookkeeping. The mechanics are simple: the desired equipment is ordered from a manufacturer who is immediately paid in full by the professional leasing company by means of a bank loan. The leasing company is then the legal owner to whom the user of the equipment pays a graduated annual rent sufficient to cover repayment of the loan, costs of administration and a leasing fee. Leases usually run for from seven to ten years, covering about 70 to 85 per cent of the useful life of the equipment. Cost of maintenance and insurance is borne by the lessee, who may terminate the lease after an initial period, renew it at a much-reduced rental after its expiration, purchase the equipment or return it to the owner.

The immediate disadvantage of rented equipment is that it costs the lessee from 8 to 36 per cent (depending on the term of the lease) more than its purchase price and is not an asset which can be re-sold or borrowed against. On the other hand, unlike hire purchase, the manufacturer's usual discount for cash is available and there is no large initial down payment. But the basic case for leasing equipment is that it frees a company's capital, cash and credit resources; instead of being locked up in machinery, they can be concentrated on producing more goods, selling more, advertising more. The argument of the professional leasing companies is that "profits are made through the use, not the ownership, of equipment," a truth they regard as undeniable except by those in whom hopelessly outmoded feelings of "pride of ownership" still linger.

There are also a number of specific advantages offered by renting equipment. Probably most important is that it provides a hedge against obsolescence, notably in such new and fast-changing industries as electronics manufacturing, while in businesses with heavy office expenses, such as insurance companies, the savings in labour costs that can be made by automation, and the high price of such equipment, is encouraging the practice. A company may also find it impossible or undesirable to raise new capital for expansion. The enormous cost of conversion to jet aircraft, for instance, has led American Airlines to rent $67 million worth of jet engines from three manufacturers. One of these—the General Motors Corporation—has recognised leasing as an aid to selling and has set up its own subsidiary to handle the leasing of jet engines.

Equipment leasing also offers flexibility to managements which are restricted in various ways. A construction company, for instance, must by law maintain a certain financial reserve in relation to its fixed assets, but it can keep certain assets from being "fixed" by renting instead of purchasing them. Such public institutions as hospitals and schools, whose use of tax money and endowments is often arbitrarily regulated as regards the division between operating costs and capital expenses, find leases enable them to manoeuvre more freely between the two. Firms that are concerned about the ratios on their balance-sheets of their long-term commitments can conceal lease arrangements as current obligations, while outright purchase of the same equipment might involve a "long-term" debt.

Such "flexibility" has of course drawn the scrutiny of tax officials; in fact, they have been so vigilant that leasing is one of the few new management practices that does not offer any substantial tax advantage. Accelerated amortisation of equipment costs, which may provide tax benefits, is one feature that makes holders of government contracts favour the renting of equipment since all the costs can then be charged against the contract.

In spite of its continued growth, the leasing fad has not yet passed its first practical test—whether the professional leasing companies themselves can make a profit. Few of the leases have expired as yet and it remains to be seen whether the companies can succeed in disposing of the enormous quantity of equipment they have bought. So far they have made very little money. Therefore they must either sell their rented equipment profitably or raise their leasing fees sharply—a move which would make their services less overwhelmingly attractive to potential customers.

that he would enter the names of two Republicans, Governor Rockefeller of New York and Vice President Nixon, and of six Democrats, Senators Johnson, Kennedy, Humphrey, Symington, and Kefauver, and Mr Stevenson.

Mr Rockefeller, Mr Kefauver and Mr Stevenson promptly exercised their right to withdraw, by filing an affidavit saying, in each case: "I am not now and do not intend to become a candidate for the office of President or Vice President in the forthcoming election." Thus Governor Rockefeller gave the first concrete reaffirmation of his earlier announcement that he had withdrawn from the presidential stakes. But Senator Kefauver's disclaimer did not fulfil the legal requirements, so his name will stay in, although he will not campaign for votes. Although he has twice sought the Democratic presidential nomination, the Senator is not considered to be a serious contender this year, and the presence of his name on Mr Appling's list was a surprise.

SENATOR MORSE'S name will appear on the Democratic ballot because 5,000 of his supporters signed petitions to put it there; Mr Appling, did not consider him a "generally advocated" candidate. (Senator Morse himself said recently that if his own "bid" for the nomination failed, he would support Senator Symington, because he thinks that Mr Stevenson, his first choice, is telling the truth when he says he does not want the nomination.) For many years, Oregon has permitted candidates to be entered on the petition of 1,000 or more qualified voters, and when this is the case the candidate may not withdraw. Since this action by his supporters, which he has said was against his will, Senator Morse has announced that he will make a determined campaign to win the Democratic primary. And he has taken so much heart that he has entered voluntarily the primaries in the District of Columbia and Maryland. He is a sort of "favourite son" in both. In addition to representing Oregon in the Senate, he lives most of the year in Maryland, where he has a farm; and he has served for a long time on the Senate District of Columbia Committee.

Two of the serious Democratic contenders, Senator Johnson and Senator Symington, will not campaign actively in Oregon or elsewhere. But the Oregon primary is the only one in which their names will appear as candidates. And it is worth noting that, by refusing to file the categorical denial of candidacy provided by Oregon law, both of them have acknowledged, for the first time, that they are seeking the Democratic nomination. Senator Johnson and Senator Symington are not expected to win more than a few hundred votes each. Mr Johnson is especially weak in Oregon, where he is regarded as a member of the southern block, not the western one with which he has sought to be identified; this prejudices his case in a state which has led the way in adopting legislation to ensure fair employment practices towards minorities and to ban racial discrimination in public places.

The real contest will be among Senators Morse, Kennedy and Humphrey, with Senator Humphrey expected to come third. This is partly because Senator Morse is popular with the trade unionists who, if he were not standing, would probably vote for Senator Humphrey. Either of the outsiders, if he does badly, can blame this on the unexpected intervention of a well-known local figure who has been re-elected to the Senate twice, with big majorities. But Senator Morse himself may be running some risk; although no prominent local Democrat has opposed his candidacy in public, leaders of the party in Oregon are actively supporting his major opponents in the primary. Representative Edith Green of Portland is chairman of the Kennedy campaign in the state, and her Democratic colleague in the House of Representatives, Mr Porter of Eugene, has publicly endorsed the candidacy of Senator Humphrey. Senator Morse will have to defend his Senate seat in 1962, probably against Mr Hatfield, the popular Republican who is now Governor, and some Democratic leaders believe that Senator Morse is taking a political chance by pitting himself this year against such national figures as Senators Kennedy and Humphrey.

Caesar's In-Laws

THE latest development in the television scandals has reinforced the Democrats' contention—of which much will be heard before next November's election—that there has been just as much mess in Washington under the Republican Administration as under its Democratic predecessor. In February Mr John Doerfer, the Republican chairman of the Federal Communications Commission, unwisely accepted hospitality on a Florida businessman's yacht for six days, with a free flight to and from the holiday, although the businessman owned several broadcasting stations whose licences will shortly come up for review by the FCC, and although Mr Doerfer had been in exactly the same sort of trouble before. After being attacked from all sides and being interviewed by President Eisenhower he resigned, still protesting that his friendships had never affected his impartiality. The Democratic attack is now concentrating on Mr James Durfee, head of the Civil Aeronautics Board, who has been nominated for a federal judgeship by the President. Like Mr Doerfer, he is from Wisconsin, and like him, or so Senator Proxmire, his chief assailant, alleges, Mr Durfee has not been able to resist free travel, even when it was given to him by the airlines that he was supposed to supervise.

As in the case of that frailest of Caesar's wives, Mr Sherman Adams, public and congressional opinion is worried about the unexpectedly low level of ethics or common sense in officials chosen by Mr Eisenhower, and by the apparent failure of the federal regulatory agencies to carry out their duties effectively. The FCC, for example, was one of the two independent agencies singled out by the Attorney General as responsible, because of its inefficiency and indolence, for the growth of venality in television; the other was the Federal Trade Commission. It was also the commission from which Mr Richard Mack resigned in 1958, after being charged with financial indiscretions.



To get rid of these and other abuses, various Bills have been put before Congress and hearings on some of them were to begin in the House this week. They are of two types, moderate and radical. The moderate ones, which would lay down stringent codes of conduct for government employees and those having dealings with them, seek to do no more than to remedy the present situation and to stimulate the agencies to take a firmer line in the future. The radical Bills, on the other hand, which have little chance of passage, for the present at least, aim at reconstructing the agencies from top to bottom, on the ground that, in their present shapes, they will never be effective. But many people argue that what is really needed is not new legislation, but the appointment of better men as commissioners and the allocation of more funds for their work.

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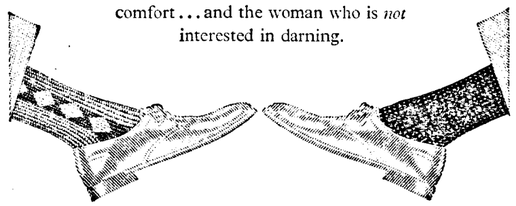

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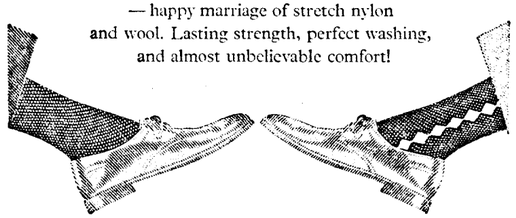

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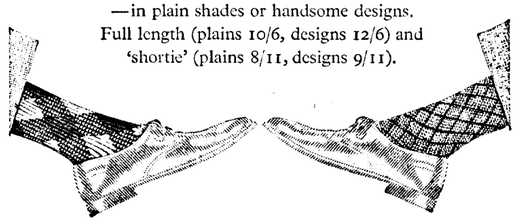

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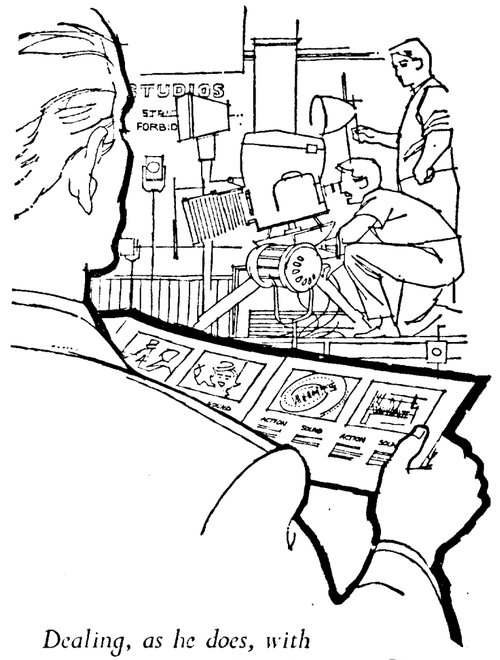

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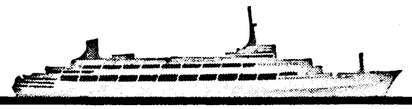

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THE WORLD OVERSEAS

Back to the Old Green Table

FROM OUR SPECIAL CORRESPONDENT AT GENEVA

As the Disarmament Conference began on Tuesday, a Soviet official source declared that there was no room for depression. To echo Queen Victoria's staunch sixty-year-old wartime maxim was apt. The omens were mainly favourable and the participants mainly affable and eager to emphasise their readiness to consider the suggestions of others. The unexpected sunshine streamed through five tall windows as the ten delegations sat down at the battered old tables, hastily covered with properly symbolic green baize, that had served the disarmament negotiators of the thirties.

The veterans of prewar Geneva were all the more nostalgic because this conference, unlike the usual United Nations gatherings, with their colourful and lively Asian and African elements, is very much a European occasion touched by Gallic logic, Polish courtesy and even fluent Bulgarian French. But the veterans naturally wondered if the new wine would flow this time through old bottlenecks. Most delegates expect a long, long session, some are seeking Swiss schools for their children. At the first formal meeting some of those who have been here negotiating about nuclear tests for nearly eighteen months sat in with a visible air of conscious seniority, and the newcomers duly took note.

In both spirit and detail, this conference presents much that is familiar to such senior disarmers as M. Moch. Two plans, both suitably obscure, now confront each other. The West's is laboriously complex, full of compromises, and painfully if honestly lacking in propaganda value. The Soviet one, though in fact even more obscure, achieves a superb simplicity by firmly passing right over even those difficulties whose existence has been admitted by Mr Khrushchev himself. Delegates seem sufficiently aware of the gaps that still yawn to hesitate before passing any final judgments on each other's proposals. On Tuesday some superficial Soviet block criticisms of the western plan stirred Mr Ormsby-Gore to quote Mr Khrushchev's recent warning against over-hasty verdicts, and on Wednesday Mr Zorin publicly acknowledged this point and held his fire.

The Soviet plan remains exactly as it was presented to the United Nations Assembly on September 18th. Mr Zorin's clarifications on Wednesday merely indicated how the three stages might fit into the four-year period. While claiming that the Soviet programme is "now known to the entire world," he is still so coy about the key points that even his own colleagues on the Soviet delegation seem left in confusion. One such point is that at the end of the second Soviet stage, the nuclear powers will still have all their nuclear weapons and rockets while the other nations will have been totally disarmed. A direct question to Mr Zorin got a very indirect answer—but even that confirmed that the point is as stated. It is curious that, though the non-nuclear countries would seem unlikely to be enthusiastic about this aspect of the Soviet plan, Mr Zorin claimed the strong support of the Indian and other Asian governments.

It is this total lack of balance between nuclear and conventional disarmament that most sharply differentiates the Soviet plan from the western one. On controls, more probing will be needed to determine how far the latest western terms satisfy Soviet insistence that at each stage only those control procedures that are appropriate should be applied. The western plan, as it has developed from Mr Selwyn Lloyd's proposals at the United Nations Assembly on September 17th, seeks ingeniously to begin with measures of both disarmament and control that are relatively painless, success with which could create some initial confidence. Its subsequent progress to complete disarmament is marked throughout by the way the balance is kept at each stage between nuclear and conventional disarmament, and by the corresponding development both of the proposed International Disarmament Organisation and of an even more portentous, but much more shadowy, peace-keeping organisation—an element highly repugnant to the Russians.

Both plans have their odd features. Some of the unclear points in the western one are explained by its modification to meet some, though not all, of the French arguments: thus manpower figures are offered only for America and Russia. Some Paris reports that the plan had been completely reshaped at France's behest remain, however, inexplicable; it is still essentially on the old Lloyd lines. As to timetables, while it would seem unnecessary to take Mr Khrushchev's four years too literally, it is strange that the West cannot even suggest target dates conditional on fair progress. However, the Swiss government this week finally managed to approve a definition of *café crême* after twenty-four years of effort, so it is doubtless wise not to underestimate the time required for a delicate negotiation.

Among the things that the Russian plan blandly ignores are Mr Khrushchev's own repeated admissions that there is no sure way of detecting all the existing stocks of nuclear weapons. M. Moch took up this point in his own opening speech, a brilliantly brief résumé of the terrible logic of our age. Nuclear disarmament said M. Moch, is what the peoples of the world expect from the negotiators here and it would be a betrayal of their hopes not to concentrate on it. Since the stocks could not now be totally eliminated, he went on, the problem had to be tackled by controlling nuclear vehicles—rockets, satellites, aircraft, submarines—and by quickly and drastically reconverting to peaceful use those stocks whose existence could be determined: merely to cut off production of nuclear weapons would mean consecrating the power and privilege of the nuclear powers.

The western delegates remain unhappy about the Soviet idea of what forces could be kept by governments to maintain internal order. Theoretically, as Engels once wrote, a communist state should need no such forces. Mr Zorin, pressed on this point on Wednesday, was less definite: the size of these forces, he said, would be negotiated "taking into account the peculiarities of each state." He insisted that they would be "insignificant" but one wonders whether insignificant forces could maintain order in, say, Tibet or Algeria, or even in Nyasaland.

As for a peace-keeping organisation powerful enough to protect the weak in a disarmed world, Mr Zorin simply brushes the whole question aside as being an attempt to divert attention from disarmament plans: the Russians remain strongly opposed to any

idea of an international peace-keeping force, and insist that after complete disarmament even the smallest state will enjoy automatic security. This may seem utopian, but the West's ideas on the subject are also still far too cloudy to be termed realistic. Western delegates argue that it is useless to define the shape of the peace-keeping organisation or its relationship to the United Nations until Russia has said "yes" or "no" to the plan as a whole. But clarification might help the Russians to make up their minds; it would be welcomed by many others here who at present have little idea what is contemplated; and it would also be welcomed by the United Nations staff, who do not yet know if the western plan means a shot in the arm for the United Nations or a kick in the pants.

It is easy to be cynical about utopianism when the air is so thick with huge, cloudy shapes. But this conference's terms of reference are utopian; and Mr Zorin makes a fair point when he says that total disarmament could avoid some of the difficulties that have baffled all plans for partial disarmament. Anyway, the right choice of partial measures must largely depend on clearer ideas of the ultimate goals. The task for all parties here is to peer deeper not only into others' intentions, but also into their own somewhat schizoid minds. A good deal more probing has to be done before the fate of this conference can be forecast. Most of the cards on the green table are still lying face downwards.

Libya's Oil Boom

FROM OUR SPECIAL CORRESPONDENT IN THE MIDDLE EAST

FOR Libyans, the present period is like waiting for a rich uncle to die. On the one hand there is a feeling that the expected inheritance must be wisely invested for the future; on the other, the temptation to have a fling after long years of austerity.

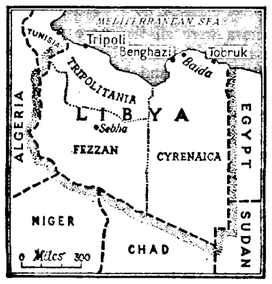
The map of Libya most frequently posted in local business and government offices is no ordinary one. It shows the gerrymandered outlines of the 84 oil concessions granted so far by the federal government to seventeen companies. There has never been anything like it in the history of Middle East oil. Eighteen months ago there was still some question whether the country would ever produce enough oil for export. There is no doubt now. Estimates of the reserves beneath Libyan sands depend at present largely on the estimator's enthusiasm. Some say that there is enough to put Venezuela, Kuwait, Saudi Arabia, Iraq and Persia out of business; others, more cautious and more realistic, merely claim that it is another Kirkuk, possibly another Kuwait. To find the answer, 26 drilling rigs, more than have ever operated at one time in any Middle Eastern country, are at work.

The oil companies are not only trying to find more oil, they are hoping to discover where in any one concession area it lies. The Libyan petroleum law requires that within five years from the date of a concession a quarter of its area must be relinquished. Many of the concessions will be five years old late this year or early in 1961. The question that everybody asks, and nobody dares answer, is when Libyan oil will be exported. The profit to the government on 200,000 barrels a day for a full year would amount to about £15 million, equal to the federal budget for 1958-59.

Since it became independent (on Christmas Eve, 1951) Libya has survived on foreign aid. When the newly elected parliament met recently at Tripoli there was much bold talk of dispensing with such help; but this cannot be done safely until that unspecified date when the oil revenues begin to come in. There are shadowy plans for 70 per cent of the oil income to be put into a development fund, the provincial and federal governments getting 15 per cent each for general purposes. The Libyans have before them examples of the sometimes unhappy experiences of the other oil-bearing Arab countries. They are not likely to repeat in detail the engineer's dream that once was Iraq, the plushy welfare state that is Kuwait, or the profligacy of Saudi Arabia.

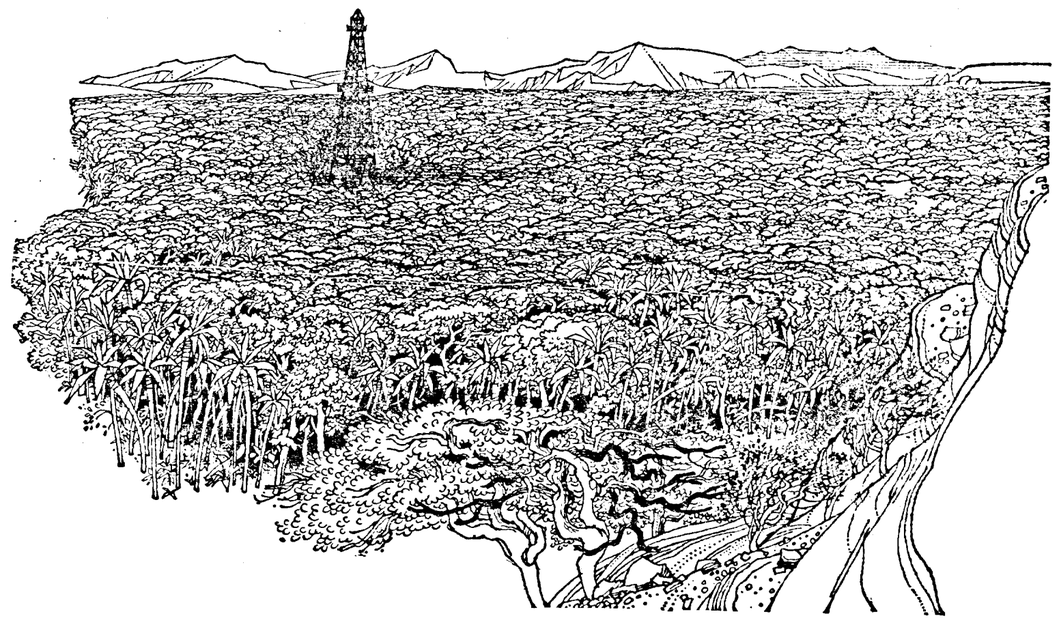
The United Kingdom of Libya is not as united as it might be. There are two capitals, neither of them particularly Libyan in character. Tripoli is provincial Italian; Benghazi is provincial Egyptian. In November the federal government moved across the desert from Benghazi to Tripoli with all its clerks and filing cabinets. The king does not tarry long in either capital. He prefers the quietness and solitude of the village of Tobruk, far away towards the Egyptian border. The country's chief problem is that Tripolitanians and Cyrenaicans are jealous of each other. The third province, the Fezzan, is sparsely populated and run as a feudal barony by the Saif al-Nasser family. Companies that work in one province cannot easily shift personnel to another, and foreigners cannot move from one to another without having their passports checked.

On the whole, the Libyans have made good use of the money they have received from the United States, Britain and the United Nations. The main roads, an inheritance from Italian imperial dreams, have been kept in good repair; much attention is being given to the improvement of agriculture; and the machinery of government works more smoothly than in some of the neighbouring countries. There has been mistakes, such as the construction of the ill-fated new federal capital city at Baida, high in the green mountains of Cyrenaica; the costly road from Tripoli to Sebha, the capital of the Fezzan; and the road from Tobruk to a religious school deep in the desert. These mistakes reflect a weakness in the government: those who can convince the king that a project is worthy are liable to get their way whether it fits in with the country's general needs or not.



Trained men are scarce; so is money. The oil companies compete with each other and with the government for the services of the few well-qualified Libyans—the better pay offered by the companies usually proves more attractive than government service. At the moment, those who leave the government cannot be replaced, but 300 Libyan students now studying abroad will soon begin to fill the vacant positions. Those students who get government grants are put under an obligation to work for the government for twice the length of their foreign schooling. Many government officials are going into business for themselves and are resigning from the government to do so—and not, as in some Mediterranean countries, trying to keep a foot in both doors. From Lebanon, Saudi Arabia and Kuwait, men already rich are gathering in Tripoli or have sent their agents there in hopes of sharing the impending wealth. Most of them have plenty of money to invest, but they are discovering, as others found when they rushed off to Kuwait and Saudi Arabia a decade ago, that the local business men also can drive a hard bargain.

Those who are most concerned about Libya's future economic progress await anxiously the publication of the report completed last year by a survey mission from the World Bank on the entire Libyan economy. It is there that they hope to find a plan for economic development so attractive that the Libyan parliament will give it prompt approval. The government bankers and the commercial bankers differ about the nature of the boom which is now only beginning. The government does not want a wild inflation; the commercial bankers are anxious to extend credit against the day



'Fill her up...'

Every motorist knows this phrase. You yourself probably use it hundreds of times. But have you ever thought where the petrol that flows into your tank *begins*, and what happens to it before you get it?

It begins, most likely, in some outlandish spot. Nature unkindly deposits the largest supplies of oil in the most difficult places. To find oil, you must penetrate jungles, explore deserts and even delve under the ocean bed. And you may be unlucky. More than a million exploratory wells have been drilled over the last 90 years and only a fraction has yielded oil.

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YOU CAN BE SURE OF SHELL

when the big money begins to come in. It does seem possible that the poverty that Libya has known all its short independent life has made the government unduly cautious ; an expanding economy cannot be dubbed inflationary merely because there are a few more people in the country willing, and able, to pay more for better goods and services.

Pictures of President Nasser adorn shops and public places all over Libya ; but almost always the Egyptian president shares the place of honour with Libya's own king and crown prince. The influence of Egypt is naturally great. Arab politicians are apt to find, however, as the businessmen have, that the Libyans, though they may be among the least sophisticated of Arab nations, know what is best for themselves.

Prophetic Warning for Canadians

FROM OUR OTTAWA CORRESPONDENT

ALTHOUGH Mr Diefenbaker wears the mantle and employs the oratory of Canada's prophet, a more truly prophetic voice has now been heard from a figure little known to the public. Mr J. E. Coyne, governor of the Bank of Canada, has written a preface to his annual report, published this week, which is in the proper tradition of prophets because it says unpopular things, in direct challenge to the prevailing comfortable assumptions, and calls for a change of heart. It is also simple, as prophetic utterances should be. His message, in colloquial modern terms, is that Canada has been on a binge for too long and had better sober up quickly before somebody takes the bottle away. In more dignified Old Testament terms, he is attacking the golden calves, which Canadians have set up for worship. One calf is called the " rate of expansion " and the other the " rising standard of living."

In the past those solitary voices that have given warnings against the continuing heavy reliance on foreign capital have been confuted with the reply that any reduction of capital inflow would reduce the rate of expansion and the standard of living. Mr Coyne has launched his attack directly on these false idols. He says " the attempt to accomplish too much too fast "—which embraces both excessive consumer spending and capital works—

> has given rise to huge deficits in our international balance of payments, to a large and growing volume of foreign debt by governments and businesses which do not have foreign operations to support that debt, and has gone hand in hand with a growing degree of foreign predominance in Canadian business.

He could cite details of the 1959 balance-of-payments deficit, which was a record at $1,460 million. Of this sum $1,074 million resulted from " invisible " transactions, of which at least $600 million was related to the service of foreign capital. The deficit on merchandise trade at least fluctuates. It has ranged between $730 million at the height of the 1956 boom to $170 million in the 1958 recession. But the invisible account, dominated by debt service, dividends and payments for business services, leaps up remorselessly year by year, each year's deficit adding to the payments of future years. Even if Canadians wanted to go on in this way, says Mr Coyne, the supply of foreign capital will not continue indefinitely. " We must in the end learn to live within our means." He adds that " it would in my view be the path of realism to move firmly in that direction on a broad front without delay."

It is yet to be seen whether Canada is in the mood to stone the prophet or to heed his warning. In some respects Mr Coyne's timing may be favourable. There is much evidence that the business world is more concerned about present tendencies than it has been for many years. The public has been both puzzled and distressed that unemployment should remain high even with the economic cycle on the upswing. It is now plain for all to see that the capital investment boom of 1955-57 left many important Canadian industries with a capacity exceeding the available market. And the 5 per cent premium on the Canadian dollar, which results from the capital inflow, is a constant irritation both to exporters and to domestic manufacturers struggling against import competition.

From the government there has so far come little indication that the fundamental problems are either recognised or understood. Mr Gordon Churchill, who succeeded Mr Howe as minister of trade and commerce, has been outhoweing Howe in cheerful assurances. But the key man is Mr Donald Fleming, the finance minister. He has acknowledged the damage resulting from the anomaly of a high exchange rate, and with the budget due in a few weeks' time it lies primarily in his hands to cope with the situation. If he follows Mr Coyne's advice, his budget aims will be, first, to avoid excess in spending and borrowing by all sectors of the economy ; second, to induce a " more moderate approach to economic development " ; and third, to promote a " greater diversification of Canadian production " leading to a more balanced and stable industrial structure. The measures required to achieve these ends have not been specified, but Mr Coyne says the problems can all be tackled once Canadians resolve to " cast aside easy-going illusions and stand on their own feet." It would certainly be quite a change.

Trials of Benelux

FROM A CORRESPONDENT IN HOLLAND

WHEN on September 5, 1944, the Belgian, Luxemburg and Dutch governments in London signed an agreement for a customs union (the name Benelux came later), the ministers certainly did not expect that fifteen or sixteen years from that date the economic union that was intended to follow it would still be waiting for ratification, or that meanwhile a bigger European integration, the common market, would have come up close upon the heels of Benelux. What prompted the Benelux ministers, at the end of the second world war, to seek economic integration ? Mainly, the conviction that the war would be followed by a regrouping of power in the world and the fear lest in these regrouping operations the interests of the small powers would be pushed into a corner.

The Benelux pioneers appear to have underrated the difficulties. Admittedly, to bring the customs union into force on January 1, 1948, and to break down many intra-Benelux trade barriers, was not too big a job. But the complete liberalisation of the three countries' economic, financial and fiscal structures proved an extremely difficult task, the more so since this is a voluntary economic coalition without any supra-national structure. Since 1948 there have been sharp fluctuations in Benelux " temperature." There were times when all seemed too good to be true, and others when the outlook was bleak and seemingly hopeless ; times of affectionate embrace between the Benelux ministers and times of acrimony.

Looking back over the fifteen years, here is what, in the main, has been achieved. All industrial products, except nitrogen fertilisers and rough diamonds, are fully liberalised in intra-Benelux trade. Customs duties have disappeared. Benelux has a common outer tariff. Only about two per cent of all Benelux goods traffic can still be made subject to quotas and special regulations. There is an almost complete co-ordination of Benelux trade policy: nearly every trade pact is now concluded in the name of Benelux. Benelux workers are free to settle in any of the three countries. In the sphere of capital movement there is a large measure of

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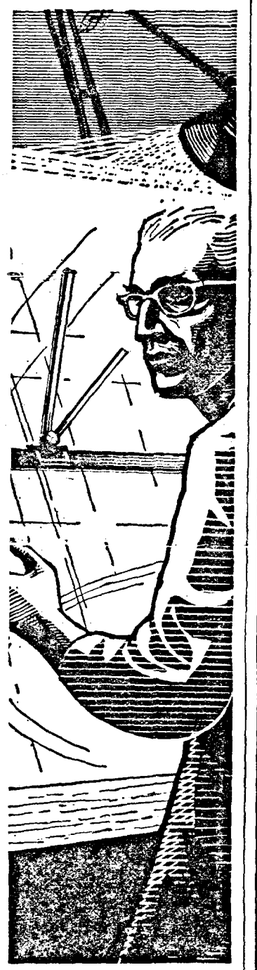

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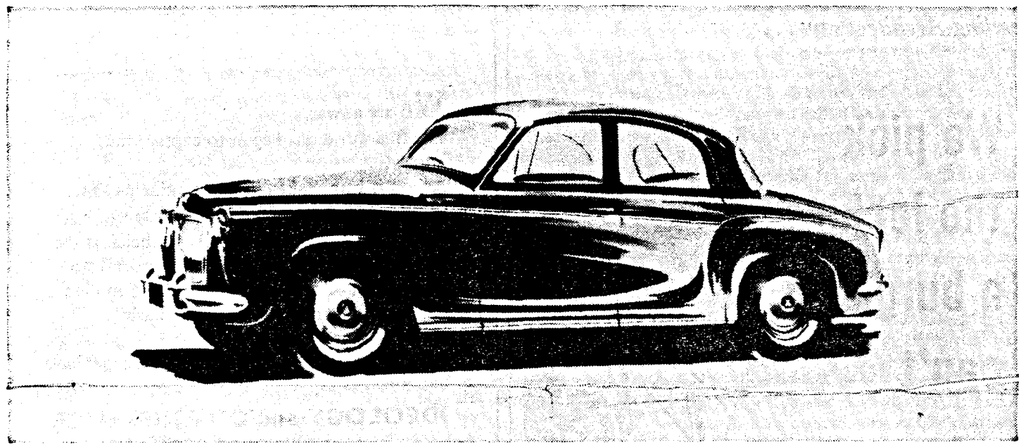

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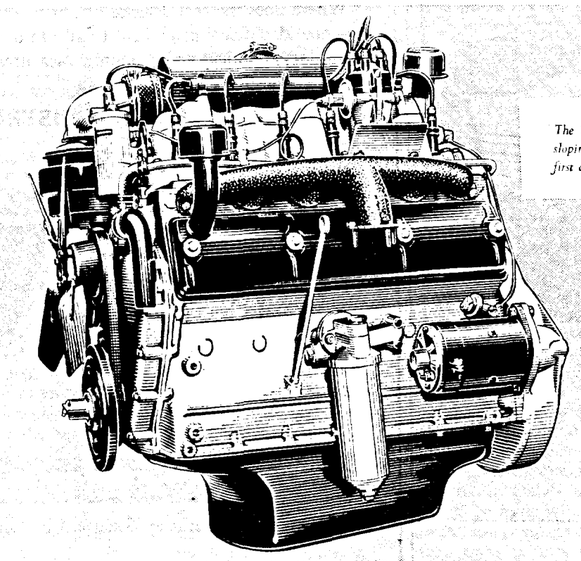

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freedom. A Benelux passport union is to be established this year.

But: there is still no harmonisation, let alone unification, in the financial and fiscal sectors, and there is no monetary union (admittedly, none was intended). Nor is there as yet any sign of harmonisation in the legal and social spheres. All these shortcomings and defects, however, would have been no stumbling block to economic union if there were not the problems of the Scheldt-Rhine link and, above all, the agricultural problem. Belgium's and Holland's agriculture (and horticulture) are very different. The Dutch farmer mostly applies highly modern methods, but all the same receives government subsidies, while wages and costs in Holland are still far below the Belgian. That is why the Belgian government, under constant pressure of the farmers' union, has reserved the right to close the frontier to certain Dutch agrarian products, unless prices are levelled up by means of a duty on these Dutch products.

Here was a source of much dissension. And when, by the Dutch account, the Belgians were unduly stubborn, the Dutch

Sarawak Catches Up

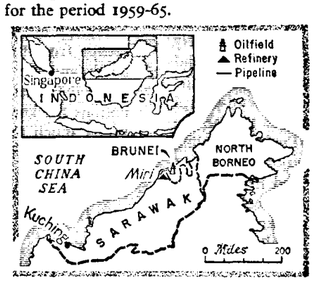
BY A CORRESPONDENT

Sharpen the bayonets, sharpen the bayonets
At night I bring you for sentry duty;
If anyone dares to attack us,
You shall pierce his dog's heart and bowel.

IT was for teaching this sort of song to Chinese children that two Chinese were deported from Sarawak last October. The familiar crudities of communist propaganda have recently become one more disturbing factor in a country which till now has been conspicuously out of step with the times. Sarawak was given to the Brooke family by the Sultan of Brunei in 1841, and was ruled as an English country gentleman's estate until the second world war. In 1946, it was the Colonial Office's last acquisition, and it is still said to be one of the colonial places where coloured people are glad to see an Englishman. But this old world atmosphere is rapidly disappearing; against a background of a shaky economy and curtailed development schemes, racial divisions are intensifying and communism has for the first time become an issue.

In 1958, of the estimated population of 655,000, 250,000 were Dyaks, 200,000 Chinese, and 160,000 Malays. Once headhunters, the Dyaks live by primitive farming in the interior. The Malays farm more scientifically, though without enthusiasm. They were favoured by the Brookes, and they still staff much of the civil service; after Sir Charles Brooke had ceded Sarawak to Britain in 1946, in an atmosphere of ungracious haste and family mistrust, Malay groups for several years supported his nephew's claims (it was a Malay who assassinated the second governor in 1949). The Chinese are found as traders everywhere, but about 70 per cent of them are urban. The middlemen of South East Asia, they resemble European Jews of the Middle Ages: hostility to them is proportional to their own ambition and ability. Their success breeds on itself; rich Chinese endow Chinese schools, which educate more Chinese, to make more money and endow more schools, and so on. In Sarawak in 1958 there were seven times as many Chinese in secondary schools as Malays and Dyaks combined. The Chinese are comparatively recent immigrants; their links with China lead to accusations of divided loyalty, their dominant socio-economic position to allegations that they want to set up a Chinese based apartheid.

Sarawak's economic statistics are dominated by oil; this is imported crude from Brunei, refined, and re-exported. Sarawak's own oilfield at Miri, which was the first in Borneo, is small and on the way to exhaustion. Apart from oil, rubber and pepper are the main exports. The first is increasingly undermined by synthetic products; pepper prices, after a boom in 1950-52 which encouraged enormous expansion in Sarawak, have only just started to recover from a steady decline since 1956. Not counting Brunei oil, Sarawak had trade deficits in 1956, 1957 and 1958. The ambitious 1955-60 development plan has had to be modified for the period 1959-65.



Politically, Sarawak has long been underdeveloped. The placid rule of the Colonial Office (there have been only two operative governors in thirteen years) largely continued the benevolent but decentralised government of the Brookes. Outside influences have not been strong. Rich Malay Brunei has been discouraged by Sarawak's poverty from seeking any sort of union: closer relations with China have been opposed by public opinion as well as by policy: until the air age, jungle or sea has cut off the rest of Indonesia. Routine political advance has been represented by the 1957 constitutional amendment, which gave a majority to the elected members of the legislative council. But recently more radical ideas seem to have gained currency. In addition to frequent complaints of communist teaching in Chinese schools and elsewhere, Chinese political activity in Singapore, under Mr Lee Kuan Yew, is providing an up-to-date model—as well as expert instructors. The communist theme has provided a new focus for anti-Chinese feeling; today, in the light of recent expropriations of Chinese in Indonesia, such feeling has a new significance.

There was thus probably a combination of ambition and self defence behind the formation in Kuching, last June, of the Sarawak United People's Party; its multi-racial front only thinly conceals Chinese initiative and organisation. Despite its founders' claims of multi-racial dedication to economic and political advance and racial harmony, its opponents fear it as a strictly Chinese weapon, and have mobilised all the traditional mistrust of the Chinese. (Their retaliatory importation of their own expert from Singapore alarmed and outraged the SUPP.) Dyak leaders strongly opposed what they considered a Chinese party which would inveigle naive Dyaks into making demands they neither needed nor understood. The governor in a broadcast expressed the widely-felt fear that party politics would lead only to dangerous racial divisions. The SUPP was anonymously threatened with the foundation of "a native revolutionary party to finish the lot of you." In general, the new party was greeted with a confused hubbub of approval for things as they are. However, in the Kuching municipal elections last autumn, candidates known to be sympathetic to the SUPP were overwhelmingly successful.

Such activity seems likely to intensify existing divisions. The Chinese inevitably dominate politics; their only potential rivals, the educated Malays, are largely disqualified from active participation as being civil servants. The Malays have been reduced to vague talk of "Pan-Islamism"; the Dyaks to even vaguer threats and memories of the past. In socially-unbalanced Sarawak, whose unfavourable economic position is enhanced by lack of coherent relations with its neighbours, premature independence could lead to chaos. It is not entirely paradoxical that here where colonial rule arrived so late there seems to be a practical case for its continuance.

lower house at the end of last year adjourned the debates on the bill for ratification of the treaty of economic union which had been signed in 1957. This put the cat among the pigeons. Where was the much boasted "Benelux spirit"? To be candid, in all these fifteen years a Benelux spirit has never got a real foothold. There is a lukewarm approval in certain sectors that are doing well out of Benelux; no more.

This indifference towards the Benelux union, especially in some Belgian quarters, has increased as the European common market has begun to come into being. Not only do many Belgians appear to feel happier in closer contact with their French than with their Dutch neighbours, but both in Belgium and in Holland people began to ask why the Benelux union was still necessary if it was so soon to be absorbed in the much bigger European Community. The signs of this indifference towards Benelux have alarmed the Benelux authorities, and the gradual coming into effect of the European market seems to have helped to drive the Dutch and Belgian ministers closer together again, reminding them of the watchword of their 1945 predecessors: "Small powers, close your ranks, lest you will be trampled down by your bigger brethren!"

At the Benelux ministers' conference, held near Brussels on February 20th, both sides seem to have made such concessions that the ratification of the economic union treaty by the Dutch parliament is now almost assured. The Dutch have consented to reopen the talks on a Scheldt-Rhine canal crossing the Netherlands. The Belgians have agreed to keep their frontiers open to Dutch vegetables and fruit, even if, under the common market regulations, the common market frontiers might be closed to these goods; though the condition is made that Holland will prevent pressure on Belgian prices. This does not mean that all is well. A Benelux spirit has certainly not been created out of the blue. But the Benelux governments have become aware that the union is essential to safeguard the interests of the three small countries within the bigger common market. They need to co-ordinate their policies and their voting if they are to have their share of influence on common market policy.

THE Benelux countries are convinced free traders. They sincerely deplore the division of western Europe into the Six and the Seven, they dislike French protectionism, and they want the lowest possible "outer tariff" on raw materials and semi-manufactures. They are not willing in any circumstances to lose the important British and Scandinavian markets. As Professor Collin, chairman of the Belgian Benelux Committee, has said, they do not want to be the victims of the rift between France and Britain.

What is now needed is an early ratification of the Benelux treaty of economic union, and the firm pursuit of a joint Benelux policy within the larger European community. But this last requires more than a wish, however sincere; it requires the solution of the conflicts of (mainly agricultural) interest between Belgium and the Netherlands. Sacrifices are necessary from groups in each of the three countries. A common Benelux policy also assumes that the Belgians will not go on falling in with the wishes of their big common market brothers in order to get their votes for the establishment of the European Community's seat in Brussels. Last, but not least, a better understanding is needed of the necessity of Benelux among the industrial, agrarian and trading interests in the three countries and among the populations generally. There is serious danger in delay now that the formation of the common market is being accelerated.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 1173/4 and 1175

Israel's Afro-Asian Bridge

BY A CORRESPONDENT

THE Arab League's economic and diplomatic warfare against Israel seems to do better on the European front than in what might be thought of as its own territory—the countries of the Afro-Asian block. The Israelis have leapt the Arab land barrier nimbly and are working patches in the aspiring, but under-developed, gardens of new independence all the way from Lagos to Rangoon.

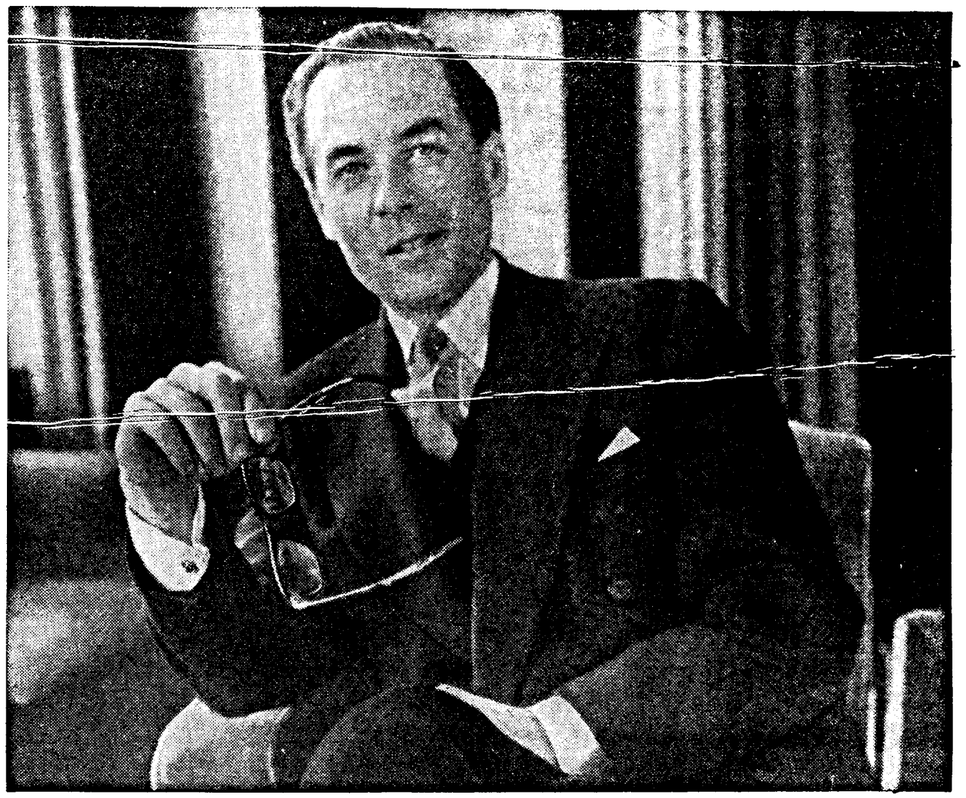
Nowadays in the Miami-like lobby of the Dan Hotel at Tel Aviv or the more sober halls of the King David at Jerusalem, as like as not you will run into the prime minister of Chad, a group of high officials from Burma or Nigeria, a member of the Ghanaian government, or perhaps a trade union delegation from Guinea. In a remote communal settlement on the northern frontier of Israel a group of Burmese army officers, with their families, have been living with the settlers. They have been studying Israel's strategic agricultural settlements with the object of introducing a similar system along their own insecure northern frontier.

The largest building and contracting firm in Israel, Solel Boneh (literally "to build and to pave"), which is owned by the federation of trade unions (Histadrut) and has a yearly turnover exceeding £45 million, has recently concluded a partnership agreement with the East Nigerian development corporation, which will be under government control but Solel Boneh general management. Solel Boneh is also working with the Ghanaian national construction corporation, and has important contracts in Burma. Another Israeli group is carrying out road-building and general construction work in Liberia. The Haifa navigation company, Zim, helped to launch Ghana's ambitious seafaring project, the Black Star Line, although it recently decided to sell its 40 per cent share to the Ghanaian government.

These developments may not represent very large sums in terms of dollar, sterling or rouble world investment. But they mean a great deal to Israel, economically, politically and psychologically. They represent a substitute for the closed Arab markets, and an escape from the Asian and African isolation that the Arabs have tried (and are still trying) to impose on Israel. They also give Israel the satisfaction of placing at the disposal of under-developed nations the knowledge that the Israelis acquired while overcoming pretty much the same problems as those facing many of the new nations of Africa and Asia. The trade figures are not exciting yet, but they may become so. Israeli exports to Afro-Asian countries account for about 7 per cent of all Israeli exports; they rose from about £3.5 million in 1958 to nearly £4.5 million last year.

Politically, and as a means of countering Arab League propaganda and pressure within the block, the scientific, educational and technological tutoring of some Afro-Asian countries by Israel is of particular importance. The visitor to Burma can hardly fail to run up against Israeli engineers, soil-conservation experts and health specialists. When the Duke of Edinburgh was in Ghana he called in at the government's nautical school and talked with the two men in command; both were Israeli naval officers. There are 15 Israeli instructors attached to Ghana's national school of aviation. Israeli teachers and health service experts are at work in Ethiopia; others in Chad; soil and water experts in half a dozen African countries as well as in Burma.

The economic relationship between Israel and Japan is growing warmer. The Japanese have been considering investment in a railway from the Dead Sea to Eilat, on the Gulf of Aqaba. A Japanese-Israeli tunny-fishing corporation has been set up. Small though most of these things are in themselves, they are steadily adding up to a significant total.



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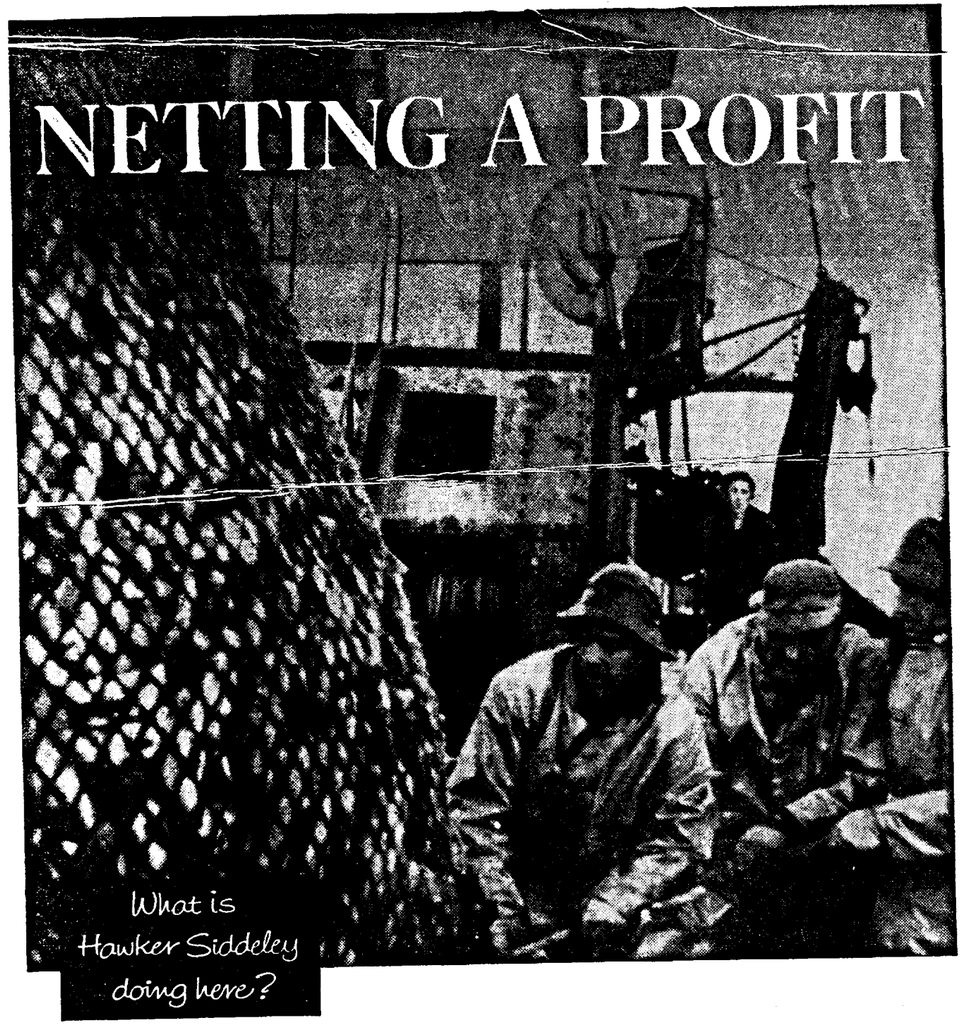

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THE BUSINESS WORLD

Verdict on Money

THE Radcliffe report on the monetary system has had a rough passage since it was published last August. Now it is possible to read it in perspective, with the evidence put before the committee—one volume of nearly a thousand foolscap pages of oral evidence, and three of written memoranda, which at £13 10s. the set give a mammoth if necessarily untidy encyclopædia of the principles of economic management in Britain and of recent economic events at a reasonable price. Here for the first time since the Macmillan inquiry, into the different world of thirty years ago, officials of the Treasury and the Bank of England explain in formal papers and under searching cross-examination the working of their monetary instruments, which hitherto has been partly hidden, and their general way of thinking. The same treatment is applied to the often equally reluctant commercial bankers and to the big City institutions; while views on the working of the monetary system have piled in from the anything but reluctant academic economists and monetary thinkers. Directors of great British companies and nationalised industries say how they plan their investment decisions, and central bankers abroad explain their relations with their governments and give their views of monetary techniques—presenting, as it were, miniature Radcliffe reports of their own.

All these views and facts will take a long time to absorb. But a first look at the evidence throws important new light on the report itself (as well as confirming the preponderant role in the committee played by Professor Sayers and Professor Cairncross, and the strong chairmanship of Lord Radcliffe). The full documentation that is now available, together with many important assessments of the report by outside observers and critics in the past six months,* call for a second look at the exercise as a whole to see where the principles and practice of monetary affairs now stand. The accompanying section on liquidity is a good example of how ideas none too well explained in the report have become clearer on reflection. We hope next week to comment on the new light thrown on such specific subjects as gilt-edged policy, special deposits and the Bank of England.

"They believe in monetary policy, but they do not believe in it very much." Lord Robbins's justifiable taunt turns out to be no less applicable to the monetary authorities than to the committee to which they gave evidence. "The burden of papers we have had from the Treasury," Professor Sayers burst out during the proceedings, "has been again and again to indicate a disbelief that any useful consequence of any degree of weight would emerge from moving interest rates." Nor was any greater faith displayed by the Bank of England. In a note written in June, 1957, on monetary experience during the preceding five years the Governor put the main emphasis on impediments to monetary policy: the effect of taxation, the growth of the public sector, the great weight of public debt, the fact of inflation. To cope with these new difficulties, the Bank of England maintained, Bank rate had to be strongly supported from the government side; hence the reliance on the "package deal" combining a rise in interest rates with restrictive or rationing measures of a non-market kind. The sceptic was left to infer that whatever virtues monetary policy could claim in the past, it was inadequate to cope with the problems of a modern economy.

Yet three months later the authorities showed by their dramatic action that it could cope. In the cold print of the Radcliffe record, some of it taken before September, 1957, and all of it coloured by the years of pre-1957 experience, the Bank of England often appears faint-hearted and irresolute about monetary control: at one point it provokes a mind as clear as Lord Radcliffe's to complain: "It is the argument I cannot get hold of." Yet it is an old experience that the Bank, and indeed the City generally, never does itself justice at inquiries of this kind. It finds an innate difficulty in rationalising and explaining the motives for its actions. The deputy Governor, Mr H. C. B. Mynors, in effect recognised this:

> I am not sure that we do not speak a little with two voices, if I may make a confession. Sometimes we say that, if we were to go up [with Bank rate] in isolation, nobody would pay any attention; and sometimes we say that we could not go up in isolation because that would scare people frightfully. (Q. 2231)

Certainly faith in the efficacy of monetary action has increased in the past two years. First, the example of 1957 has played a big part, under-emphasised in the Radcliffe report but

From the Evidence

Q.3348 *Professor Sayers:* When you guess at what the Bank rate is going to be on each of the 13 Thursdays ahead, how do you go about the guess?—*Mr Trinder* (Union Discount company): We read *The Economist!*

Q.3351 *Mr Woodcock:* Have you a staff of experts who read *The Economist* for you?

* Three outstanding contributions, if an arbitrary selection may be made, are those by Mr Robert V. Roosa in *Lloyds Bank Review* of October last; Lord Robbins in his maiden speech in the House of Lords on November 11th; and Sir Dennis Robertson in the December issue of *The Banker*. Nor is *The Economist* ashamed of its own first appraisals on August 22nd and 29th last year.

apparent at many points in the evidence. Secondly, the Treasury to-day is headed by Sir Frank Lee, who displayed a notably greater faith in Bank rate to the committee than did the Treasury representatives of the time. Thirdly, excess liquidity is no longer such a problem as it was in earlier post-war years. Fourthly, the sensitivity of the banks to official control has been greatly increased by the great rise in their advances and fall in their investments; this movement is of an order that the bankers dismissed in their evidence only two years ago as being "in the realms of theory." The authorities' treatment of the present boom already shows marked and healthy differences from their measures in 1954-55—which both the Governor and officials in Whitehall now openly admit were too hesitant and too late. The increase in Bank rate from 4 to 5 per cent in January came before it was generally expected, and with the one exception of the abortive ½ per cent in January, 1955, it is the first increase since the war independent of stiffer regulations, controls or taxes.

JANUARY'S Bank rate move has lately been followed by a sharp jolt to the gilt-edged market, which has been especially successful in its damping effect on business and stock market exuberance. It is unfortunately by no means clear how far the wider effects of this move were intended; the Chancellor this week evaded the question and repeated the intimation that the Bank of England simply let the market feel the effect of heavy selling by the banks. The issue whether the authorities should play an active role in influencing long-term rates of interest and in pressing their funding sales of bonds is thrashed out at length, and not without passion, in the Radcliffe evidence. Mr Cobbold, on the whole, stands firm on the impracticability of any direct policy of this kind, and uses some strong words about the damage that would be done to "Government credit." At one or two places the Governor, and Treasury officials questioned on the same point, seem to concede that there may be theoretical argument on the other side; but they still do not seem to realise that this issue is central to the part that monetary policy can play.

Surely one of the reasons why the postwar conjuncture looked so formidable to the monetary authorities is that they could never bring themselves to believe that they could get debt management truly under control. Even when the funding of short-term debt became firm policy in 1955, the exercise was limited to what the market would take without being pressed; thus the authorities were relinquishing not only influence on long-term interest rates but control of the supply of money itself. In a world in which the volume of public debt is so important, and must be expected to remain important, active debt management is as crucial an instrument of monetary policy as Bank rate alone was in the old days. The insistence of the Bank of England that for it to take the initiative in the long-term market would be disastrous in practice could not be ignored by the Radcliffe committee, and played its part in the belittling of the role of monetary policy in some sections of the report.

What is the balance-sheet of the whole Radcliffe inquiry? The report carried some dangerous suggestions. There was a general partiality for the soft centre, for the "open mind" between direct controls or market instruments—epitomised in a leading question by Sir Oliver Franks (1525). There was an odd academic impatience with any arrangement not logically tidy, even if it worked tolerably. Instead of being thankful that the Bank and Treasury manage to work reasonably together despite the confused nationalisation Act, or that changes in Bank rate have psychological effects on business-men, the committee felt impelled to engineer some other mechanisms which looked more logical but would have been unworkable. As it happened, the government of the day took all the right decisions on these recommendations, and rejected them. Most of what is left is to the good, and it is important.

First, by bringing the monetary authorities of both ends of the town under public examination the committee did much more than satisfy the curiosity of observers and historians; it has forced the authorities themselves to do some hard thinking about their real aims, and by all the signs such thinking is needed. Secondly, the committee has already secured the publication and collection of considerably more financial information, and here too the authorities themselves will benefit by the exercise. And thirdly, and somewhat paradoxically in a document that in many ways plays down the role of monetary policy, the report brings out the key place within that policy of the rate of interest. Little importance is attached to the short-term influence of interest rates on investment decisions—a controversial conclusion that appears to be drawn from an over-simple reading of the evidence. But the interest rate is seen as the effective regulator of the "single market" for credit, in which, as is explained opposite, financial institutions other than commercial banks can quickly expand their business if the banks' credit alone is being squeezed.

Nothing so deters any lender as the falling capital values associated with a rise in interest rates. Thus the argument comes back to official tactics in gilt-edged. It is not only the volume of funding sales, affecting the volume of money, that is important but also the terms on which they are made, affecting people's liquidity and expectations. The rate of interest, in contrast to a Capital Issues Committee or a request to commercial bankers or calls for special deposits, is an instrument that strikes directly at the general willingness to lend, rather than damming up artificially certain sources of lending. This is the real lesson of Radcliffe. Will it be learned?

New Light on Liquidity

ON the principles of policy, the Radcliffe committee's main conclusion was that the "centre-piece" of monetary action—the thing the monetary authorities should seek to influence—should be the "liquidity of the economy as a whole," or the "whole structure of interest rates," rather than the quantity of money. Central though this proposition was in the committee's thinking, it was not clearly explained: it has caused more general bewilderment than any other aspect of the report. And a first selective glance suggests that no full explanation emerges even from the evidence. In these past six months, however, a number of economists and other commentators have been worrying away at this concept, and seem to have uncovered what the committee had in mind. It proves to be a useful contribution to the analysis of how monetary measures work.

If variations brought about in the amount of money are to be the means of influencing total demand upon the economy, it has to be shown that there is a reasonably dependable relationship between these two quantities. But all experience has shown the relationship to be highly variable, depending upon money-using habits. An unchanged amount of money could support an increased volume of demand and of national income if it was used more intensively. That is to say, the effective supply of money, as classical theory would put it, depends not only on its physical amount but on its velocity of circulation. The Radcliffe Committee appears to be saying that velocity—though it prefers not to use that term—is the more important variable and the extent to which it may vary in practice will be influenced by the amount of substitutes for money that become available from time to time.

Velocity of money will be increased—so that an existing amount of money will support a bigger demand for goods and services—if money that is temporarily held "idle" is transferred by its holder to somebody who will immediately spend it (returning it to the banking system at another point). The holder who relinquishes it will do so only if he receives in return an asset which, though less liquid than money, can be regarded as a reasonable substitute for his purpose, and in addition offers him an interest payment corresponding to his sacrifice of liquidity. This proposition is strictly in line with classical analysis: the new feature, exposed by the Radcliffe committee, is the large part played nowadays by money substitutes, and financial intermediaries, in promoting this process of speeding up velocity. Especially is this function performed by institutions such as building societies and hire-purchase finance companies.

When a bank depositor decides to switch part of his balance into a deposit with a building society or a hire-purchase finance house, he is expanding the effective supply of money. His hitherto "idle" balance finances an increase in house-building or in the output of motor-cars or washing machines: the money moves from his bank account, and after a number of intervening moves, comes more or less temporarily to rest again in the bank accounts of shareholders or employees or suppliers of the builders or the makers of cars or washing machines. Few bank depositors would have been prepared, however, to make this switch into building or hire-purchase finance if there had been no intermediary financier. The IOU of the buyer would not have been a good enough "substitute" for money to make the transfer acceptable, except to a few adventurous operators—and then only in return for a high interest rate. The existence of efficient intermediaries enjoying public confidence, however, can attract large numbers of people thus to activate their bank balances—because the deposits in these institutions are, for their purpose, reasonable money substitutes. Thus in these circumstances the switch may be made, and velocity increased, without the stimulation of any large rise in interest rates.

Because of this, the Radcliffe committee appears to be saying, these facilities have a great elasticity that may much more than outweigh the effects of changes in the amount of money. Therefore, instead of focusing its attention mainly upon control of the money supply, monetary policy should seek to influence the operations of these intermediaries, these suppliers of "near-money" assets. This could be done by imposing liquidity controls on the whole range of financial institutions—an awesome prospect; but the committee recognises that a much more direct and simple method is to influence the whole pattern of interest rates.

Agenda for the Railways

Just how "radical" will the Government be in its re-appraisal of Britain's railways? The Prime Minister last week did not give much to go on

So the railways are to be subjected to yet another "radical review" of their size, structure, and finance. The long drawn-out strategic withdrawal of the railways in the face of competition from other, newer forms of transport has seen this kind of exercise many times before. Is the one now in prospect likely to do the job any better than its predecessors? Will it really produce the outlines of a railway system with a "size and pattern suited to modern conditions and prospects"—to which one should add, with the kind of relations with governments and the public—that will hold out a genuine chance of its being able to act like any normal commercial, competitive organisation with a sensible hope of earning some money?

The hope, even after last week, is still a faint, sceptical one. Admittedly, now that the size of the bill for a plenitude of railway services can be more plainly seen, there is a better chance that a realistic reassessment can now be made of the kind of railway service the British economy needs and is prepared to pay for. Never, since the debut of road transport after World War I, have the railways appeared likely to return to the prosperity they enjoyed early this century. The four compulsorily-amalgamated companies of the two inter-war decades were never able to earn the "standard net revenue" that the 1921 Act was supposed to have provided for their shareholders. And only for a fleeting period, in the very early fifties, did the nationalised railway system get anywhere near covering its "share" of the Transport Commission's central administrative and interest charges.

The vain hope of stemming the ebb of the railway tide as the flood of road services rose has been compounded by more positive acts of public interference with a transport system that found that it had to compete. Too few of its "public service" obligations were lifted, too late; it was denied the full opportunity to keep its charges abreast of the inflation of its costs; both full ordinary maintenance and large-scale modernisation were delayed, first for reasons of wartime necessity and then according to more arbitrary post-war "priorities." Lately the weaknesses this negligence left undisturbed have begun to be more fully exposed. The cost of servicing the railways' new, belated investment as well as their existing fixed-interest capital—some of this still capable of earning revenue, some of it representing redundant assets—happened to coincide with a period of recession in industry generally and a much longer malaise in the railways' principal major customer for freight, the coal industry. A sound railway system ought to have been able to cope with both.

Up to 1955 British Railways incurred net annual losses (after being charged a proportionate share of the Transport Commission's central charges) averaging about £15 million a year for the eight years. In 1956 the overall loss, on the commission's own published calculations, shot up to £58 million, in 1957 to £75 million, and in 1958 to £105

million; last year it almost certainly was even higher. The recession in railway traffic and the continued inflation of railway costs and charges can hardly have accounted, in the last two years, for more than £50 million annually of this sudden, alarming deterioration. Nor are the railways as they stand likely to be able to cope much better in the immediate, and nationally more prosperous, future with the new imposition of another £40-£50 million a year of "fair and reasonable" wages for railwaymen by the Guillebaud formula. In the light of these figures, it hardly seems important financially whether the commission's other activities, London Transport, British Road Services, the Tilling and Scottish bus groups, and so on, are "hived off" or not. Their combined overall surplus in the last eleven years has not varied greatly from an average of £5 million or so a year.

How does one cut this mounting bill to a more tolerable size? The Prime Minister has proposed that a "special planning board" be set up, "as a mattter of urgency," to work something out. Why the cabinet committee, the Ministry of Transport, or the Transport Commission itself, all of whom have all the facts and figures they could desire and the closest familiarity with the problem, cannot produce proposals as acceptable as those to be sought from an "impartial," outside committee is difficult to understand. Much can be said for sober, deliberate outside inspections of these public industries in general (and the Select Committee on the Nationalised Industries, which has just got round to the railways, may take well over a year to do so). But past experience does not suggest that the Government will easily find a handful of *di ex machina* able and willing to do the inspired spadework for the legislation it hopes to introduce as early as next autumn.

Mr Macmillan did give some inkling of the trend of some of the Government's own ideas. The most specific one was that the proposed reorganisation should include "decentralisation of management, so that individual undertakings, including the regions of British Railways, should as far as practicable, be made fully self-accounting and responsible for the management of their affairs." There is much to be said for continuing the decentralisation begun by the 1953 Act so far as it is practical and worthwhile to do so, especially perhaps in making the relations between the commission and its non-railway undertakings resemble more closely those of a holding company with near-autonomous subsidiaries, each subsidiary company having its own realistically valued capital structure. But whether the same is worth doing for the railway regions is very much less clear (another expert committee, already at work, is looking into the question of whether it can be done).

There has already been a considerable degree of decentralisation to the regions and further, to line and division management, in the detailed way in which the railways' commercial and operating policies are carried out; and the rapid strides the commission has been making in railway costing methods should be of increasing help here to management. But so long as the policy reins on modernisation, investment, finance, and above all on wages are held at the centre, regional accounting does not appear to have much point and it might have commercial disadvantages. Who, it must be asked, will make the Scottish region viable? The most helpful element of further decentralisation would lie in shifting wage negotiations from the centre, but now that the idea of having the same railway wage rates for, say, Cornwall and Birmingham, has been embalmed in the Guillebaud report the unions are unlikely to be prised out of this position of advantage.

But decentralisation, whether it stems from the nature of the business or whether it is imposed by politicians for the gratification of party dogma, is not likely to make much of an impact on railway finances. If reorganisation is to earn money, it will mean a ruthless cutting down of services that cannot pay and the removal of all unreasonable impediments to commercial freedom. Mr Macmillan has stated that the railwaymen must accept this, as the only way "fair and reasonable" wages can be afforded, and that the public must accept the sacrifices of convenience and the raising of fares and charges (particularly on commuters' rail services) that this means. But its full implications also have to be impressed on the minds of the commission and the Government itself.

What is needed is a more rapid closing down of services, stations and lines than the commission appears as yet to have in mind for the next three years. The habit of cross-subsidisation and the inevitably arbitrary way in which the railways seek to recoup their overhead costs from traffic that manages to cover its direct costs has led the commission to wait until a service is earning well below even its direct costs before setting in motion the ponderous machinery for closing it down. Though branch lines serve to collect long-distance traffic, too many services, including most passenger services, are failing to make a reasonable contribution to overheads, and this makes it difficult for the commission to use its new flexibility in freight charges and cut charges to win more traffic and a larger net revenue. The remedy must be to raise fares, to abandon the service, or to ask a specific subsidy for, say, any line that the Government wishes to be kept open for reasons of defence or (occasionally) social policy.

The power to remove outdated restrictions and obligations from the railways lies primarily in the Government's own hands. Most of the major handicaps, first imposed when the railways had a monopoly of inland transport, were lifted by the 1953 Act. The remainder, still in the statute book or stemming from the commission's self-imposed ideas of its public duties, do not add up to much individually, but together they constitute an appreciable burden. Through an oversight in the drafting of the 1947 Act, for example, the commission is powerless to make full commercial use of the valuable sites it owns in cities—such as property development over stations, depots and the track itself. But much the most onerous handicap, in practice, is the power of ministers to interfere. Conservative administrations since 1951 have a sorry record of overthrowing decisions that the commission had secured from the Transport Tribunal for increases in fares or from the Transport Consultative Committee for the retrenchment of uneconomic services. Much of the commission's cumulative loss up to 1956 could be ascribed to delays or refusals in securing higher charges to cover rising costs. After the coming major bout of reorganisation the Government should promise itself, and the public, to lay off.

Answers to the two most critical, and final, questions about this reorganisation—how much of the money that has been put into the railways must be written off as a complete loss and whether in some revamped form the railways can make themselves viable in the future—depends largely upon just how much dead and dying wood this latest reappraisal manages to lop off. The commission's present capital obligations consist of Transport Stock, which by 1955 had mounted to £1,444 million, and since then of Treasury advances to modernise the railways and to finance their deficits, to the tune of more than £400 million by the end of 1958. Last year probably another £200 million or so more was taken in advances, making over £2,000 million in accrued obligations for an organisation that now does about £750 million worth of business a year and, on its own reckoning last year, hopes to make a working surplus in 1963 of £20-£70 million on its railways and of £30-£35 million on its other undertakings, before interest charges (and before Guillebaud). By 1963 these charges will reach £85 million (£62 million for the railways); but by then the deferred interest on the modernisation and deficit advances will start falling on current revenue, adding a further £5 million in 1963 and up to £34 million extra in 1965. In addition, the first repayment of these advances is due in 1963.

These charges will still have to be paid whether or not they are formally entered into the commission's accounts. The proposal for the Government to assume the costs of railway track, which have been estimated at about £120 million a year, most of it in wages and other maintenance expenditure, and charging the commission a fixed annual rent (say, £40 million?) at least has the merit of tying down any public subsidy to something specific. But, for various reasons, the suggested analogy with road investment does not hold up, and one also wonders whether a "fixed" subsidy of this kind without any other changes in financial arrangements, would not have to be raised before many years are out. At some time, the upshot is bound to be what many self-respecting private railway companies in a similar state of shrinking activity would do, and often have done. That is to go into liquidation, write down their capital, and get the shareholders to accept the capital loss. The fact that the shareholders in British Railways are the nation as a whole makes this way no more escapable and commercially no less desirable. But capital manipulations and dramatic transfers from one public account to another will not solve the problem of making current ends meet. If the public purse takes over responsibility for financing a large part of the railway's track costs, it will still be a subsidy. It has for some time been paying out the guaranteed interest on Transport Stock that the commission has not earned, and perhaps never will. The choice is not between subsidy and no subsidy, but to find a form of subsidy that offers the minimum invitation to railway workers or users to seek benefits for themselves at public expense and one that would keep the financial control over the railways as taut as can ever be possible while they are mendicants of the State.

BUSINESS NOTES

LINERS

Specification for a Trade

Both P & O's *Canberra*, launched this week, and the Orient Line's *Oriana*, launched in November, are being built to the same basic specification, which was dictated by the economics of liner operation on the Australian and Far Eastern trades during a period of rapidly rising shipbuilding costs; but to meet that specification these two companies in the P & O group chose two sharply differing designs. The *Oriana* is to have its engines amidships, following the established layout of most major passenger liners, and will use geared turbines. But the *Canberra*, following Shaw Savill's initiative with the *Southern Cross*, adopts a layout with engines and funnels at the rear, and will use turbo-electric propulsion.

When these companies began building new liners for the Australian trade after the war, they decided on 22-knot vessels such as the *Himalaya*, *Orcades* and *Chusan* (of up to 28,000 tons gross) to supplement the pre-war 18½ knot 24,000-tonners already operating. In 1954-55, considering further liners for this trade, the group decided that 22-knot 28,000-tonners, because of rapid inflation in building costs, would cost too much by the time they could be delivered to operate as an economic proposition. The most economic way to deal with the higher building costs seemed a faster, larger ship, which would cost more initially but could spread this cost over a much greater annual carrying capacity. The next practicable step upward in speed was to 27 knots (which would cut another day off the longest leg of the voyage), which meant a longer and larger ship of the order of 40,000-50,000 tons: *Oriana* will be 40,000 tons and *Canberra* 45,000 tons gross, carrying 2,100 and 2,250 passengers respectively. Each vessel will cost about £15 million: uncomfortably for P & O the investment that seemed to them most likely to prove economic happened also to involve the largest investment per unit.

Economic operation of two such vessels along with the group's existing fleet (which from next year will have vessels capable of reaching Australia in five, four, and now three weeks) depends upon development of the service as well as the tonnage. The Australia trade is sharply seasonal and carries much one-way traffic because of migration; in 1954 the Orient Line began to extend it with voyages across to the West Coast of North America, and P & O joined in in 1958. When the two new vessels are in operation next year, the group will offer on these "Orient and Pacific" services voyages linking North America, the Philippines, Hongkong, Japan, and Australia linked with its Australian trade, plus cruises—what P & O calls "six trades in one."

Design for a Ship

Both of these liners incorporate novel technical developments, such as the use of all-welded aluminium superstructures to reduce weight and increase accommodation; but *Canberra's* designers have put a particular accent on innovation. The unconventional layout, with engines aft and officers and crew accommodation forward, leaves an "hotel block" free amidships for passenger accommodation; to avoid the cargo trunks that normally cut through these passenger decks to the holds below, two of the ship's three cargo holds will be loaded sideways, using a special conveyor system. An automatic lift and conveyor system, again, will move baggage preselectively between cabin decks. Lifeboats, all of glass fibre, are located, not on the top deck, but three decks down, flush with the side of the ship. Plastics are used extensively in the cabins, both for structural units such as showers and for finish; the use of pvc and melamine surfaces will mean that no painting will be needed in cabins throughout the ship's life. The ship will be fully air-conditioned, which can be noisy, and incorporates 17 lifts, plus large amounts

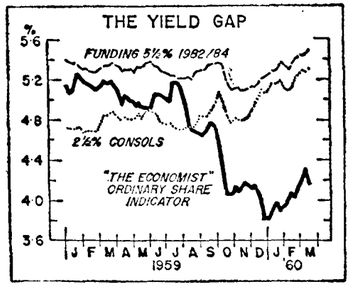
of other powered equipment ; against these, and against the equally irritating noises that passengers inflict upon each other, bulkheads have been specially designed to be sound-proof.

The *Oriana*, built by Vickers-Armstrongs, may come into service by the end of this year ; the *Canberra*, built by Harland & Wolff, early next spring. The group has 16 liners already operating on these services in the P & O and Orient fleets, which are now to be integrated in administration as well as in operation ; the two new vessels will add a third class of size and speed. They will not, however, be tied to a regular round-the-year service ; they have been designed to be shifted between the different linked trades, to avoid the seasonal slackness on particular routes, and to fill in between with short cruises. The group is placing great importance upon developing custom from American and Canadian travellers in the still developing "Orient and Pacific" trade. Although protective American maritime regulations preclude British liners from picking up and delivering passengers between certain logical ports, such as San Francisco and Honolulu, all the extra tonnage coming on to the Pacific in recent years has been British. With the five liners now taking part in this service, "O & P" has gained the bulk of the increased ocean traffic, at the expense of the subsidised American President and Matson lines ; the two new ones, the group hopes, will bring it fresh gains.

IN THE MARKETS

Resistance Point

HAVING fallen by 10 per cent from its New Year peak of 343 to 306, the *Financial Times* ordinary index had recovered to 320.4 by the close on Thursday. In the week to Wednesday *The Economist* indicator rose by 14.5 points to 357.4. Resistance to a further fall in equity prices has in fact come at a point where many observers had predicted it would. A somewhat vague notion of a floor to the industrial market at the 300 mark may be present in some investors' minds, but this week's recovery was also based on more tangible reasons. First, the amount of stock that the market had to absorb from sellers was small and many of those that sold were weak holders. Secondly, the slightly better tone on Wall Street has made the British market just that little more confident. Thirdly, past decisions to buy equities at low dividend yields are now visibly justified by a string of encouraging profit and dividend statements.



The assumption, however, that some brokers are now making that equities, having suffered their shake-out, will move steadily forward again is subject to certain qualifications. First, the amount of buying of equities that has occurred has not been exceptional so far. There has been, it is true, some institutional buying of such stocks as Tube Investments in ex-rights form, mainly for the pension funds. The life funds are still being attracted by the high running yields on fixed interest stocks. The narrowing of the yield gap, as shown in the accompanying chart, has been too slight to make them alter that view. Secondly, the London market could not remain unaffected by another fall in Wall Street—not least because, when allowance is made for double tax relief, some American equities would then offer attractive yields compared with British equities. Thirdly, if the dividend statements to be issued in the next few weeks by many industrial giants should fail to match expectations, the market could suffer a psychological jolt.

There is thus plenty of reason for caution in a period before a Budget to which investors are looking more with trepidation than hope. One symptom of this caution is to be found in the record application last Friday of over £500 million for Treasury bills. Part of the increase in applications came no doubt from abroad, as a consequence of the falling bill rate in New York (which this week dropped to 3.44 per cent, more than a point below London). But another and perhaps more significant part of the outside demand for bills was from investors wanting to stay liquid and industrial companies preferring the security of Treasury bills to the market for short dated bonds, which has to absorb stock sold by the banks: there have been further sales this week.

THE ECONOMY

Worse Confounded?

VARIOUS official figures now being published are filling in some of the gaps in the statistical account of what went on in the British economy in 1959; in a week or two, with the Economic Survey, the Treasury will be offering its official gloss on these preliminary figures of national income and expenditure. The latest batch —which fill in some of the last quarter's data on fixed capital expenditure and most of the evidence about investment in stocks and work in progress—does not seem likely to make the official economist's exercise in reconciling national income and national expenditure last year any easier. The statistical discrepancy between estimates of the gross domestic product based upon measuring the various elements in demand and estimates based upon what happened to production and imports may now, if anything, yawn wider.

At the turn of the year, with much the same amount of incomplete data available up to the third quarter of 1959 as is now available up to the fourth quarter, most analysts reckoned that the discrepancy implied a much greater increase in stocks throughout the economy than the direct evidence was tending to show: otherwise, where were all the resources produced and imported going ? The knowing coined a new conceit for the jargon—"unidentified stocks." (Stocks that people do not know they possess are not necessarily just a flight of fancy, as in recent years British Railways have discovered.) But all one can say to this is that the latest evidence about changes in stocks during the last quarter of the year may leave a good deal more unidentified. It implies an increase in stocks in manufacturing and distribution, which account for about three-quarters of total stocks in the economy, of no more than £155 million during 1959, or £110 million at constant 1954 prices, against stockbuilding of £50 million (at 1954 prices) in these sectors of the economy during 1958. There were certainly major increases in coalmining stocks last year; but were stocks held in other sectors outside manufacturing and distribution, such as agriculture and forestry, the public utilities, and the Government's own stocks, rising very sharply ?

The Board of Trade's latest estimates of fixed capital expenditure in manufacturing, construction, road passenger transport, distribution and other services (which again account for the vast majority of "private sector" investment other than private housebuilding) in the last quarter of 1959 suggest that this was about 2½ per cent higher than in the same period of 1958, fixed investment in manufacturing industry being down by 8 per cent in value and that in the other industries and services up by 17 per cent. In volume, for the whole year, this would suggest that investment in manufacturing was 9 per cent lower than in 1958 (the industrialists' had forecast that it would be 10 per cent. down) and that fixed investment in all these industries and services was virtually unchanged from the year before. Most guesses to date would have implied quite a significant increase.

FORD MOTOR

A Good Dividend

IT is hard to please some people. The £1 ordinary shares of Ford Motor enjoyed a good market in advance of the dividend statement, climbing from 97s. to 105s. 3d. within a week. Yet on an excellent dividend of 17½ per cent the shares have fallen back

to 103s. 6d. The 1959 dividend compares with 12 per cent in the previous year and is up to best expectations in the stock market. It is covered more than four times by earnings, so that Ford shares offer a dividend yield of 3½ per cent and an earnings yield of about 15 per cent. One reason given for the marking down of the shares on Thursday in the face of such welcome news was also advanced a year ago : the absence of a scrip issue.

SALES AND INCOME

(£'000's)

Six months ended	June 30, 1958	Dec. 31, 1958	June 30, 1959	Dec. 31, 1959
Sales	110,200	96,400	117,200	116,000
Trading profit	12,631	12,061	16,161	16,031*
Net income	6,894	6,426	9,311	10,470
Vehicles sold	*228,773*	*192,799*	*238,982*	*233,875*
Trading profit per vehicle	*£61¾*	*£63*	*£67½*	*£68½*
Trading profit/ sales	*11½%*	*12½%*	*13¾%*	*13¾%*

* Including tax provision of £1,225,000 made in the first half of year and now no longer required.

Another was that, though over the full calendar year Ford's gross profits had risen by 30 per cent (from £24.7 million to £32.2 million) and its net income by as much as 48½ per cent (from £13.3 million to £19.8 million), results in the second half of the year were a little disappointing in comparison with those of the first six months. It is true that after allowing for the tax write-back the gross profit margin has fallen by about one per cent. But those margins and profits earned per vehicle are still running at a high level. Moreover, shareholders had been given ample warning that the building up of production of new models and the running in of new plant would add to costs in the last months of 1959. These additional costs are now presumably in the past and there is every indication that the "Anglia" has been particularly successful in the market for new models.

LOCAL AUTHORITY BILLS

Treasury Officiousness

THERE are 17 private bills before Parliament promoted by local authorities which include clauses to take powers for the investment of a proportion of their superannuation funds in industrial securities. As many authorities already have these powers, usually to put up to half their funds into industrial ordinary and fixed interest stocks. The bill to widen the powers of investment for all trustees, which has been promised "early next session," will extend these powers generally to all local authorities, who will then have no need to promote their own legislation for the purpose.

It seems that the Treasury has taken the view that the seventeen bills should not be allowed to go forward with the investment clauses in them where they are general bills or should be withdrawn if they are one clause bills for this specific purpose. What the reasoning may be is not at all clear, for no Treasury spokesman has explained it to either House. The Parliamentary Secretary to the Ministry of Housing and Local Government has said that because of the general legislation next session "the Government feel that they must oppose these provisions in these Bills." And on Tuesday the Lord Chairman of Committees disclosed that motions might be tabled in the House of Lords for the rejection of the Derbyshire and Northampton County Councils' bills—which could only be Government motions, based presumably on this objection.

This has become a silly affair, with deputations and mutterings of defiance from the county hall Hampdens. But it is entirely the Treasury's fault for taking an absurd and oppressive line. The fact that all authorities will some day have these powers under the general act should not be prayed in aid to prevent those who are prepared to go to the trouble and expense of obtaining them now. It is not beyond tion between existing powers and the the wit of man to secure a tidy accommodageneral legislation—when eventually that gets on the Statute Book.

AIR FARES

£57 to New York

IT is comforting to find even one form of transport that is cutting rather than putting up, its prices. The airlines have agreed after three weeks' discussion in Paris to changes that amount to extending the third class fares introduced on the North Atlantic to virtually all parts of the world, and to dropping the old second class tourist service entirely. They have sanctioned, for

Aid on Paper

THE one visible result so far of the Washington meeting of western creditor nations and Japan—now styled the Development Assistance Group—is a mass of conflicting figures. In the inevitable statistical game of showing how much one's own country is doing already, a surprising number of countries appear to have won. The most impressive performance, certainly in public relations, is that of France, whose figures apparently convinced the State department early this year that it was providing three times as much aid to under-developed countries in relation to national resources as was the United States, and four times as much as Britain. Apparently this calculation is now regarded as unreliable ; sceptics have been heard to ask whether the French figure includes the Sahara bomb. Then there have been some differences about Germany's contribution, where estimates range from 0.005 per cent of national income on a British calculation to 1.2 per cent on the generous basis the Germans themselves use.

Now that everyone has had his fling, the obvious course is to turn the job over to an international organisation. A questionnaire has already been sent out by the Organisation for European Economic Co-operation, whose efforts to make such comparisons in the past have been suppressed by member governments who would come badly out of it. The threat of extinction is now hanging over OEEC, but this is just the sort of task that would justify its continued existence. Its officials should be quite clear of the figures they want and should expose any governments that do not supply them. There is no single measure. Private investment abroad cannot be excluded, even if it should not be counted on the same basis as grants from the public purse. The great thing is to get comparable figures under the main heads ; this should certainly be done before the next meeting of the Assistance Group in Bonn in the summer.

A good example has been set by the British Government this week in a white paper giving full details of its own contribution (Cmnd 974). The table shows the composition in the past three years of direct government assistance to under-developed countries, nearly all in the Commonwealth. It will be seen that total government aid has risen by 70 per cent between 1957-58 and 1959-60, to £138 million, largely on account of the more liberal attitude after the Montreal conference of 1958 to applications for direct Treasury loans under the Export Guarantees Act. These loans are tied to the purchase of British goods, but not in most cases to particular items. Private investment to the less developed countries adds another £100 million or so (twice as much as that is invested in Canada, Australia and other "developed" countries). Thus some £240 million or about 1¼ per cent of Britain's national income "goes to benefit the less developed countries."

UK GOVERNMENT AID TO POORER COUNTRIES

(£ million)

	Years to March 31st 1957–1958	1958–1959	1959–1960 (est.)
Grants	35·0	33·3	39·6
Loans	10·9	36·7	60·4
Technical assitance	4·1	4·4	5·2
Emergency assitance*	13·3	11·7	12·5
Total bilateral aid	63·3	86·1	117·7
Disbursements through World Bank	16·0	21·1	18·0
Subscriptions to UN aid agencies	2·1	2·3	2·7
Total economic aid	81·4	109·5	138·4

* To Malaya, Kenya and Cyprus, excluding military expenditures.

the first time on a main trunk route, the principle of a fare discount for old aeroplanes, and have agreed to experiment, again for the first time, with fares that undercut those charged by the shipping companies.

The decision to streamline fares on the North Atlantic was described in *The Economist* two weeks ago; the number of classes provided has been reduced from four (de luxe, first, tourist and economy) to two, a first and second class, with discounts for propeller-driven aircraft of all kinds, including the Britannia, of 6 to 7 per cent according to season. This "propeller" discount is at present being allowed on the North Atlantic only, and it is on this route too that the airlines have decided to offer a 17-day excursion ticket during off-season (winter) months costing as little as £114 on propeller-driven aircraft and £125 on jets. This offers a journey from London to New York at £57 compared with something over £60 by sea, and it is about 34 per cent lower than the cheaper of the two basic air fares. Whether it is aimed against the growing volume of charter flying (operated by scheduled airlines as well as charter companies) or merely against sea traffic, this new fare is regarded by many as the most important innovation to emerge from the Paris conference, and by travel agents as a considerable incentive to business flying.

Fares to the Far East (other than first class fares which go up, have been cut by 10 per cent for the whole journey, and by rather less for flights that do not go the whole distance. Fares to Africa—again excluding first class fares—have been cut by an average of 10 per cent, but in a few cases by as much as 16 per cent. European fares were reduced, jig-saw puzzle fashion, at a conference held last autumn. That conference should also have settled these newly announced fares, but it failed to reach agreement on the extent of the cuts to be made and on the fate of the tourist service. The decision to eliminate tourist flights on the North Atlantic, and in effect to replace them on other routes by cheaper flights (to the standard of North Atlantic third class) will be regretted by few airlines other than BOAC; but three levels of fare suited the corporation's custom and it did in fact carry a fair volume of tourist traffic on the North Atlantic long after other airlines had ceased to do so. The fare cuts to the Far East will presumably now make it unnecessary for BOAC to go it alone and reduce fares to British territories in the Far East, as the Minister of Aviation had threatened the corporation might do if the Paris talks failed. The breaches in IATA's ranks appear to have closed.

OVERSEAS TRADE

The Gap Widens

BRITISH exports are still rising fast, but imports are rising faster. The provisional customs returns for February, seasonally adjusted by the Board of Trade, show that exports in the months December, January and February were 4½ per cent more than in the previous three months and 9 per cent above the average for the year 1959: imports were 5 per cent more in December-February than in September-November and 12 per cent above the average for 1959. Actual imports for January and February together, at £731 million, were £111 million higher than for January and February, 1959; exports were £91 million up at £612 million.

UNITED KINGDOM TRADE

(Recorded values: £ million per month)

	Exports f.o.b.	Imports c.i.f.	Re-exports f.o.b.
1959.....	277·1	332·5	10·9
1959—			
1st qtr.	263·4	313·6	11·1
2nd "	281·8	327·8	10·7
3rd "	263·2	327·9	9·9
4th "	300·2	360·7	11·7
September .	246·5	330·1	11·2
October ...	306·0	360·2	14·6
November .	298·3	356·9	9·5
December..	296·6	371·9	10·7
1960—			
January	316·3	367·0	12·0
February...	295·8	364·4	9·4

The crude "trade gap," after crediting re-exports, has thus widened to £59 million. It was £39 million in January, averaged £49 million in the fourth quarter of 1959, and £43½ million in the whole of 1959. The accelerated increase in imports may be partly due to a rebuilding of stocks of raw materials (some of which are costing more) by industry. Although sterling continues strong in the market, there is little room for a decline in the current surplus, and if the trend continues to be adverse the authorities will see further reason for restraining home demand. But the evidence so far is well short of alarming.

TRADE ASSOCIATIONS

Information from BEAMA

UNLIKE many trade associations, the British Electrical and Allied Manufacturers' Association is not itself a party to any trade agreements, and thus is in no way directly concerned with the Restrictive Trade Practices Act. BEAMA, however, represents all sectors of the electrical industry, from the heaviest equipment to domestic electric appliances; and within several of its subsidiary sections restrictive agreements relating to prices or conditions of supply do exist between individual firms. The association's latest annual report, published this week, notes that BEAMA members account for at least 80 per cent of the total output of Britain's electrical manufacturing industry; thus, the report adds, the association "has a responsibility for aiding the progress and prosperity of the Industry as a whole."

It is now proposed that BEAMA should establish a comprehensive statistical and information service for all its members, providing not only statistics of output and sales but more detailed commercial intelligence—perhaps even details of the terms of past contracts, notification of orders and enquiries, and the full circulation of price lists—to "provide facilities and the organisation through which (BEAMA) members can co-operate in their mutual interest. . . . One of the chief causes of price warfare is the lack of information about turnover, price levels and costs. Without unity in the industry and a frank interchange of information, there is always a danger that uninformed and even irresponsible price competition may develop to such an extent as to imperil the long-term stability of the industry."

Last July BEAMA took over publication of statistics of sales of domestic electric appliances, at the request of the Board of Trade, which had previously collected them. These statistics are now more complete than those formerly supplied by the Board; even non-members contribute to them, the figures being prepared by independent accountants. It is not proposed to increase the information interchanged about domestic appliances. But information relating to the manufacture of heavy electrical equipment may include not only aggregated data but individual figures for "inter-firm comparisons." To the extent that BEAMA's services enable its members to run their businesses more efficiently, this development can hardly be criticised. But even if this information should be used to prevent "uninformed and irresponsible competition" by, say, makers of transformers—whose agreement has already been referred to the Restrictive Practices Court—the exchange of prices and information of this sort, either by disinterested parties like BEAMA or by manufacturers, is completely outside the scope of the present Restrictive Practices Act.

BANK ADVANCES

New Figures

BETWEEN a quarter and a third of all bank advances made to personal and professional borrowers are recognised to be for house purchase. These figures from the evidence to the Radcliffe committee submitted by the London clearing banks are surprisingly high: it is not so long since banks denied that they ever lent for this purpose at all. The figures show a jump of 20 per cent in the six months to February,

ADVANCES FOR HOUSE PURCHASE

(£ million)

	1951	1953	1955	1957	1958	1959
Feb.....	121·2	115·1	121·1	104·9	104·4	132·3
May	122·8	113·5	122·2	105·0	104·8	...
August.....	127·8	113·9	124·1	106·3	109·4	...
Nov.	130·5	113·6	118·9	104·8	120·7	...
Total personal & professional	Feb. 430·7	Feb. 370·5	Feb. 393·4	Feb. 324·1	Feb. 319·7	Feb. 436·5

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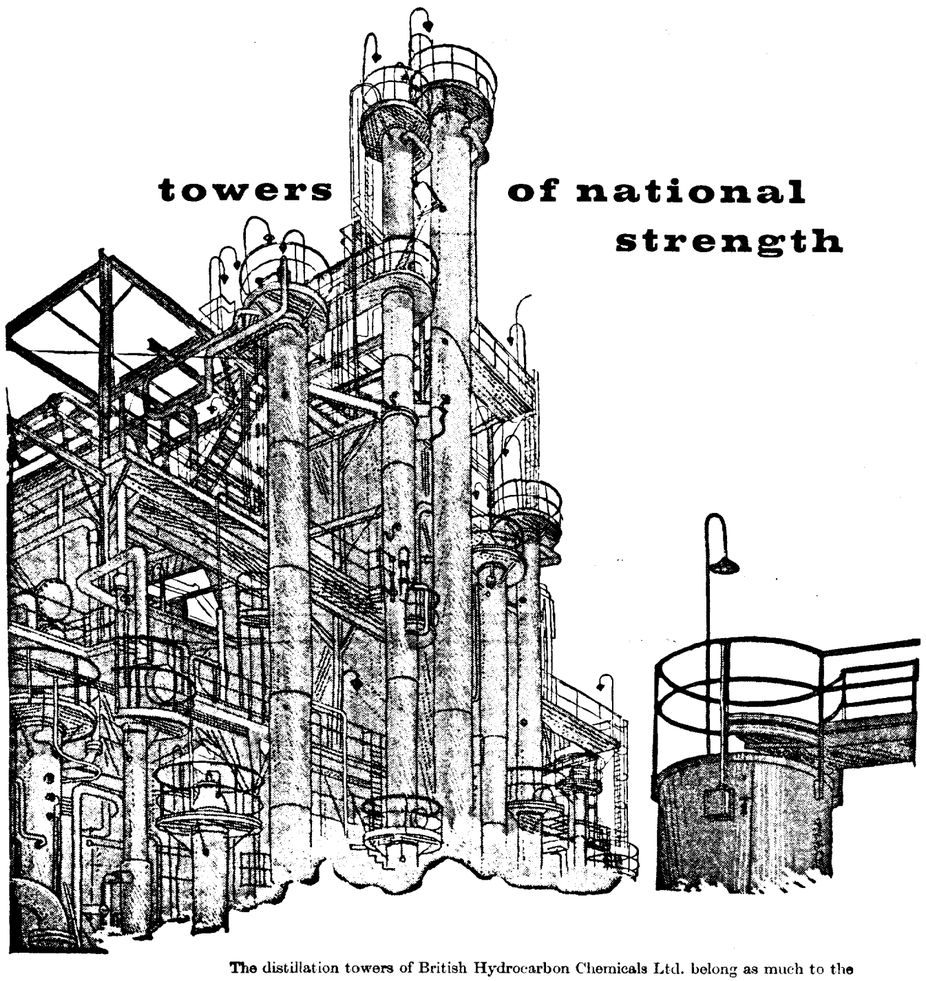

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1959—but they were then only just above their total in November, 1951. These advances are normally on ordinary overdraft or loan, technically repayable on demand ; but in practice there is an agreed though usually flexible basis of repayment, which may sometimes stretch to ten or even fifteen years. For anyone who need not or cannot seek a longer term of repayment from a building society or insurance company, the bank overdraft with interest continually adjusted to the amount outstanding is an attractive proposition. The banks will presumably publish these figures regularly —as they might have done already.

Another interesting table revealed by the Radcliffe inquiry is on distribution of advances by size. One third by amount in

DISTRIBUTION OF ADVANCES

(by London Clearing Banks, June, 1958)

	Per cent of borrowers	Per cent of advances outstanding
Size of account :		
Less than £10,000	98·073	33·2
£10,000– £99,999	1·747	22·9
£100,000–£999,999	·165	23·0
£1 million & over	·015	20·8

mid-1958 were for under £10,000, and one fifth for £1 million and over (these to a total of around £400 million). Presumably the smaller advances have now become more important.

OIL HEATERS

Standards and Modifications

EVENTS have moved rapidly since the publication of the Government's report on the fire risk of the radiant type of oil heater. By Monday evening work on the revised standard for these was complete in its main outlines, incorporating tests for draughts of up to 18 miles an hour, tests for overturning, new arrangements for permanent instructions to be fastened on to the heater itself, and regulations for making the fuel tanks out of materials that cannot be corroded by paraffin. The industry had already undertaken to design all new heaters to these standards, but this is a voluntary undertaking which binds only those manufacturers now taking part in talks with the Government—and then not necessarily for all time.

The private bill introduced by Mr Gerald Nabarro which had its first reading on Tuesday, would close this last loophole by requiring all oil-burning appliances to conform to minimum safety standards—although Mr Nabarro was tactful enough to say that it was mainly imported heaters that he had in mind. There remains the question of heaters already built, both on retailers' shelves and in 3 million-odd households. The Home Secretary told Parliament that manufacturers were now willing to take these back and modify them to make them draught-proof wherever this could be done ; "I am assured that the charges . . . will be as low as practicable." Scientists who tested the heaters originally were pessimistic about the chances of modifying heaters already built ; some, they felt, could be modified by fitting a sleeve over the burner, but "unfortunately the majority of heaters do not lend themselves to such modifications." But they had in mind changes that could be made by a local ironmonger ; more elaborate modifications might be possible in the maker's own factory.

FUEL

Selling Coal Harder

ONE belated but still sensible move in the British fuel market during the last year or so has been the recruiting of quite a large force of technical sales representatives by the National Coal Board; whenever the board's marketing department learns that any business customer may

Plans for Parking

INTEREST in parking garages is slowly but surely increasing: while there does not appear to have been any formal assurance given to prospective investors that kerbside parking will be limited in the area of proposed garages, the spread of parking meters and the retention of a modified "pink zone" may have been partly responsible for the number of proposals for new garages put forward in recent weeks. An exhibition of car parking systems sponsored by the British Road Federation, which opened in London this week, contains plans and models of nearly two hundred garages of all types, from Britain, the United States and the Continent; these include eight proposed for or being built in London, and a dozen from provincial cities in Britain. Just how serious some of the schemes proposed really are is another matter—some have not yet been approved by local authorities. And even less is known about their economics.

Though most of the models shown use ramps up which cars are driven either by the motorist or an attendant, a few make use of lifts and mechanical "dollies." Such methods, their sponsors argue, in most cases allow a sufficient increase in usable space—up to two-thirds of the volume of the building for a garage using ramps—to offset the added cost of machinery. But while they also require fewer attendants, mechanical systems are considerably slower in operation than those using ramps, which may limit their suitability in commercial areas where a majority of the customers may arrive and depart at about the same time. The "Motopark" mechanical system demonstrated in London this week, for example, can park or retrieve a car in about one minute, depending on the height of the building. But some ramp garages, by using several entrances and exits, can be cleared at the rate of ten or twelve vehicles a minute.

ESTIMATES of capital cost for the schemes shown at the exhibition vary widely—from £400 up to £790 per car space, not including the value of the land. In most locations in the City and West End of London, it is thought that the capital cost of land will be at least equal to that of a ten storey ramp-type building.

A 366-car garage to be built in Audley Square for the Westminster City Council is to cost £1,100 a car space: £790 for the building and £310 for the land—a site of 17,700 sq. ft. bought by the Council for £112,500.

It is possible to calculate the rates which these garages, if built, will have to charge if they are to be profitable at various average rates of occupancy. But if, in spite of the prohibition of parking at the kerb in most places and charging for it where it is allowed, the rates are high enough to stop motorists driving in to work, many garages may find it impossible to operate at a profit. Most of the garages now in operation in London charge about 7s. 6d. per car for an eight-hour day. But the owner of a mechanical system installed in two floors of the basement of an office building in Cheapside stated last week that the economic price for a 50-car, single-storey garage in that district would be about 11s. per day and that without the saving of space made possible by mechanisation, the charge would be 15s. a day.

By contrast the 256-car, eight-storey mechanical garage being built on the site of the old Empire Theatre in Woolwich, which will be operated for the Borough of Woolwich by a private company, will charge 2s. 6d. for a twelve-hour day. The total capital cost of this garage is about £500 per car space, of which £400 is accounted for by the building and machinery. The garage will be leased to Shell-Mex and BP, who will sublease it to an operator. Woolwich, as a contribution to parking space for City commuters, would rank as a peripheral garage: but it is perfectly reasonable that the difference between the price there and the price of all-day parking on a meter or in an off-street garage in the centre should give the motoring commuter an idea of what it really costs to bring his car into the city.

be considering a switch to oil, these experts descend upon it to marshal the arguments why not. Up to the end of last year, they had neither stemmed the increase in industry's use of oil nor stopped the decline in its purchases of coal; but the adverse trend might conceivably have been worse without them. One does not hear much of their shading prices to keep customers; the board is generally selling through at least one intermediary in a trade where price competition is not exactly fervid, and many of the dealers who sell coal in large quantities handle fuel oil as well.

In the domestic market, too, the Coal Board is stirring itself to publicise the easy terms upon which consumers can obtain central heating equipment to use solid fuels. This week it announced a scheme under which domestic consumers and small businesses can obtain loans from Forward Trust, the Midland Bank subsidiary, for the purchase of such equipment (superseding an earlier scheme sponsored by the Coal Utilisation Council). Like the schemes sponsored by oil companies, the new one for coal is a personal loan scheme rather than one of straight hire purchase (no doubt because a central heating system can hardly be classed as a recoverable asset). There will be no deposit and repayment in five years for loans of more than £50, with the interest rate of 5 per cent on the original sums borrowed; sums between £20 and £50 must be repaid within two years at a fixed charge for interest of £5. These are somewhat more favourable terms than those sponsored by the oil companies, which usually carry interest rates of 6 or 6½ per cent.

Central heating systems fired with solid fuel usually cost less to instal than oil-burning systems, particularly in existing buildings; when gravity-fed stoves are used, their running costs are also generally lower, considering the price at which oil companies will supply the domestic consumer. But investment in central heating, for the householder buying it for an existing home, marks a major once-for-all improvement in standards of convenience as well as of heating. Unfortunately this advantage in cost for solid fuel, at this point in time, is not in all cases able to offset the attractions of the further convenience that other fuels offer—of not having to shovel the stuff.

BIDS AND DEALS

Sport and Print

Two companies with fluctuating profit records have figured prominently in take-over and merger proposals this week.

1. Purnell and Sons, the Bristol printers, has made an offer for the preferred ordinary and deferred ordinary shares in Waterlow and Sons, printers of the *Radio Times* and *The Listener*, of banknotes and railway tickets. The terms are £3 of 6½ per cent unsecured convertible loan stock in Purnell plus ten Purnell 5s. ordinary shares for every five £1 deferred ordinary shares in Waterlow. For 20 Waterlow preferred ordinary, Purnell offers £22 of 6½ per cent unsecured convertible stock. The offer is being made through Henry Ansbacher and Company, which is willing to buy the loan stock at par. On this basis the offer for the preferred ordinary is worth 22s. (against a price of 18s. 6d. before the offer) and with Purnell ordinary at 16s. 1½d. the offer for Waterlow deferred ordinary is worth 44s. 3d., against a price of 41s. before the offer. Waterlow shares have been above 45s. this year and the offer may not seem particularly generous. The market is obviously anticipating a better bid for on the news the shares rose to 40s. 9d. Much will depend on Waterlow's forecast of future earnings—in the year to September 30, 1959, the company made a net loss of £296,633—and how far it has been able in recent months to reorganise its own affairs.
2. Associated Rediffusion has made a cash offer of 15s. 9d. for Wembley Stadium deferred shares and of 35s. for the 7½ per cent participating preference shares. Both offers are recommended by the directors of Wembley Stadium, who have substantial shareholdings. Wembley Stadium covers over 72 acres and Associated Rediffusion say that it will be its policy to intensify the use both of the Stadium and of the Wembley Pool, and that it is expected to earn a return of about seven per cent on its investment. The rights of the BBC to broadcast and televise sporting events such as the Cup Final will not be affected by this deal.
3. Another take-over deal in the sporting world involves A. G. Spalding, makers of sports goods. BTR industries is selling this subsidiary back to its former American owners of the same name. The proceeds will be used by the directors of BTR Industries in fields more closely connected with the group's industrial activities. Spalding will continue to manufacture in this country.

GILT-EDGED SERIAL

On Not Explaining

Two elementary lessons in the art of public relations should have been driven home to the Treasury and the Bank of England this week. On Tuesday the serial story of What Happened in the Gilt-edged Market on February 24th was carried at last into the House of Commons, where Mr Heathcoat Amory parried questions less

BANK NOTES

Unexciting

The new £1 note, the first in a new series of bank notes which have been under preparation for a number of years and are the first Bank of England notes to bear the portrait of the reigning monarch, is rather disappointing. An effort has clearly been made to move to contemporary form, but the design is unexciting and in places confusing. What is it that prevents Britain from having notes of distinction and coins of taste and convenience? Possibly the fault lies less with the Bank and the Mint than with the host of committees and authorities through which every innovation has to pass, so that in the result any touch of imagination is lost in compromise. Certainly the Comptroller of the Mint made some radical and sensible suggestions for new coins last summer: nothing has been heard from the Treasury about these.

On one aspect of the new series of notes the Bank of England deserves commendation. It has now agreed that to avoid confusion, especially for the blind, the new 10s., £1, £5 and £10 notes will each be a different size. The new £1 note is the same length as the present note but about half an inch narrower; the new 10s. note will be slightly smaller in both dimensions. It will be introduced towards the end of next year, and the £5 and £10 notes as soon as possible after that. The notes will have a continuous rather than a wavy-line watermark; this will permit use of advanced production machinery that prints the notes on continuous paper instead of separate sheets.

The notes retain the quaint promise by the chief cashier to present the Bearer on Demand with another note in exchange.



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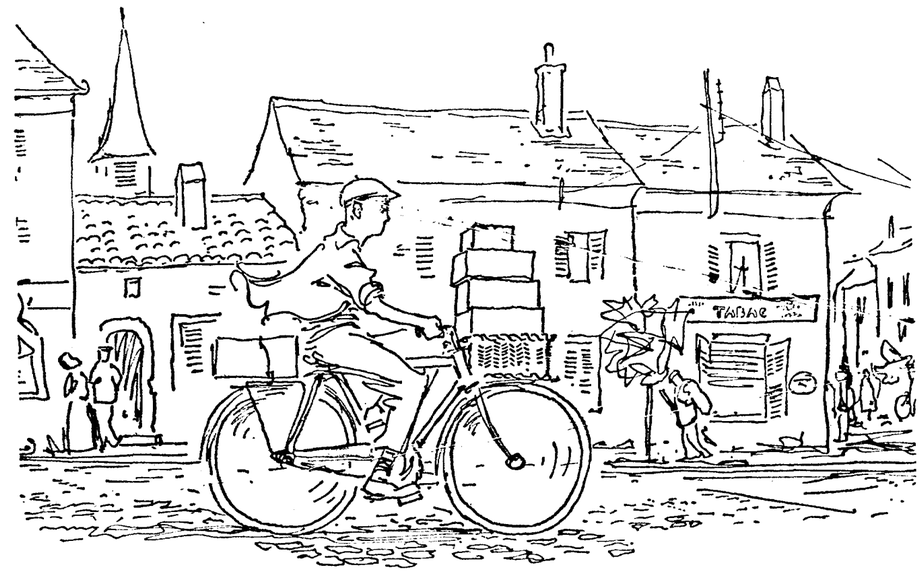

New packs for Jacques (and Giovanni)

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Bowater Europe will, in fact, be developed with the same power, direction and foresight that have characterised the Corporation's expansion programmes in Canada, the United States and the United Kingdom.

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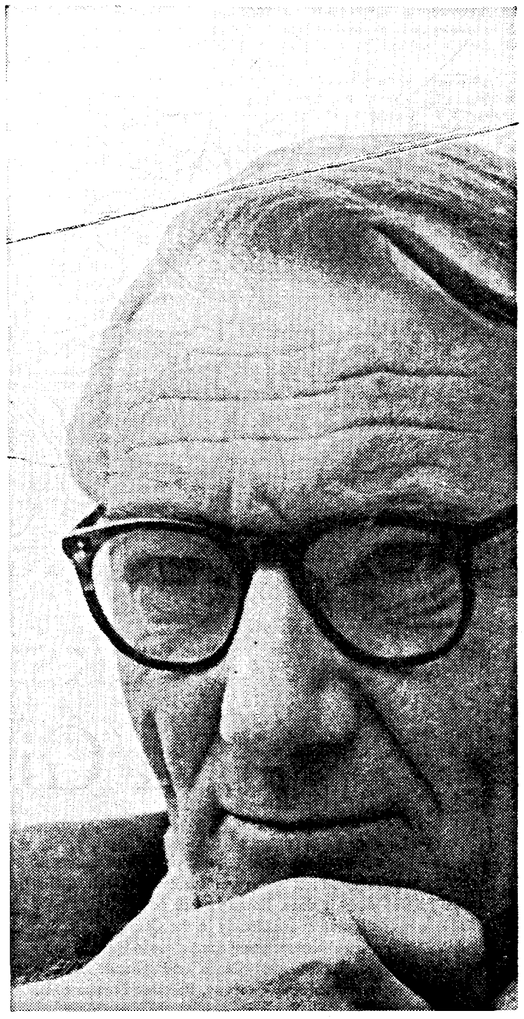

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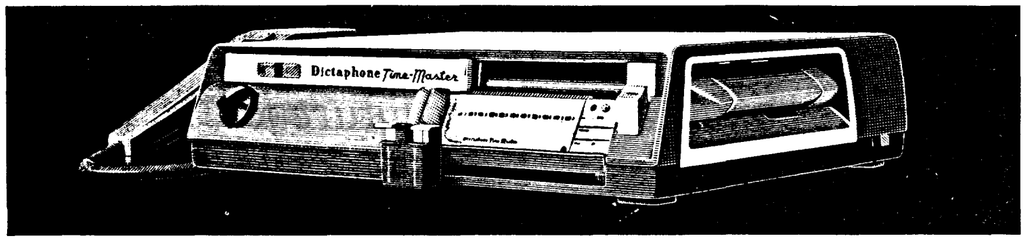

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clumsily, but still not much more informatively, than the Earl of Dundee had done in the two preceding weeks in the House of Lords. For all the protestations that the Bank marked down its prices only under the weight of selling by the banks, the investor has little regard for such nice distinctions —a point of some significance in the argument about whether it is "unethical" for the Bank to lead the market.

The irony of this whole episode is that the Bank of England has from the start tried to play it down (whether wisely or not is another matter). But once the newspapers had made their splash on the morning after, as they could have been expected to do with the stock market reeling and bewildered after a one-point drop in the government broker's support prices, the authorities naturally found it hard to backpedal. As Sir Oliver Franks remarked to the Governor of the Bank during the Radcliffe investigation: "There is a sense in which subsequent statements never catch up; that is a law of journalism." There is no substitute for a clear statement, or official guidance, at the time things happen.

The other lesson, equally rich in irony, concerns information about the magnitude of official sales and purchases of gilt-edged. For long the Bank of England maintained that publication of these data would embarrass its operations. Under pressure from the Radcliffe committee it agreed to release back figures. It is safe to say that the figures made a better showing than most people had expected. But the authorities still keep them under wraps for a minimum of seven months; the latest official figures go no further than June 30th last. Private enterprise has now stepped in: a firm of London stockbrokers has circulated estimates of its own for the most recent period, and they put a very poor light on the gilt-edged market since the summer. Any calculation without access to full information of Exchequer financing must be hazardous, and it happens that there is one large observable miscalculation in the estimates that have been circulated, which would tend to exaggerate official purchases and understate official sales. But people are bound to make the best private guesses they can on matters that are important to them, and the chances are that if they do not know the facts they will assume the worst. That surely is an operational argument in favour of earlier publication of the figures about the Government's dealings in its own stocks.

ATOMIC ENERGY

Nuclear Power for India?

At the end of this month, the managing director of the General Electric Company's atomic energy group will leave for India to discuss the possibility of tendering for a nuclear power station of 250 or 300 megawatts. His will not be the first British team to visit India on such a mission. Discussions with various atomic energy groups in Britain have been going on intermittently during the past eighteen months, but in a slight aura of unreality because it was uncertain where India would find the £30 million needed to pay for such a station. The Indian argument for atomic power has been based on the vast distance across which coal would have to be hauled or coalfield-generated power transmitted to certain of the main industrial centres, and the capital expenditure on railways and rolling stock that would be needed to carry this coal. But although the Indian government has been able to raise loans abroad to pay for a good many ambitious capital schemes under the first and second of its five-year development plans, it has never yet been able to persuade foreign lenders, and in particular the World Bank, to finance the construction of nuclear power stations.

Now, however, the Indians appear to be a good deal more confident that they will be able to raise the money for a sizeable nuclear power station to supply base load power to the rapidly industrialising regions around Bombay—which are some considerable distance from the new Indian coalfields. The most economic proposal would be a 250 megawatt station drawing its power from a single reactor, but as a precaution against breakdown in base load supplies, the Indian Atomic Energy Commission may insist on the more expensive course of building a twin-reactor station with a total electrical output of 300 megawatts. Whether nuclear power would be economic under Indian conditions when it is plainly uneconomic in most other countries depends on the Atomic Energy Commission's own calculations about the cost of bringing in coal to the area. The sudden improvement in India's prospects of convincing foreign lenders that the proposal is economic is not due to an improvement in the performance that reactor engineers can offer, but to the recent signing of an atomic energy agreement with the Soviet Union under which Soviet scientists have not only offered to give India all help in building the power station—but even hinted that Russia might be prepared to provide the station for nothing. The American and British governments profess that they will not be put off by this kind of bidding, but there are bound to be misgivings about the size of the bill.

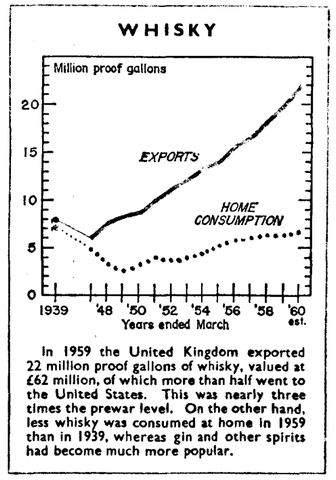
POLYPROPYLENE

Not Convertible

Both of the two newest thermoplastics, high-density polythene and polypropylene, have superior properties to conventional low-pressure polythene, which now accounts for almost all the polyolefin production in Britain, in the United States and on the Continent. Both new plastics are made by the Ziegler method, using a catalytic process and similar plant; high-density polythene (but not polypropylene) can also be made by the Phillips process, used in this country by British Hydrocarbon Chemicals. Of the two new materials, it is widely thought that polypropylene may have the greater potential market. Considerable research therefore, is now being done in hope of finding a way to convert existing plant for making conventional low-density polythene to the manufacture of polypropylene.

It was recently rumoured that the German firm of Badische Anilin had developed such a process, which would drastically cut the capital cost of making polypropylene for many firms. Most other attempts to make polypropylene by the same method as conventional polythene have resulted in nothing more than an oily liquid. The rumour has not been confirmed; but it is always dangerous to state categorically that something cannot be done in this industry, and it is known that Badische Anilin in Germany, DuPont and Union Carbide in the United States, and Imperial Chemical Industries are at present working on the problem.

ICI has good cause to wish for a way to make the new product in conventional polytheme plant, of which it now has a total capacity of 90-100,000 tons a year. The group is also building polypropylene plant with a capacity of 10-20,000 tons a year, which will be on stream at the beginning of next year. The only other producer of polypropylene in Britain is Shell Chemicals, which is building olefin plant of 30,000 tons a year capacity at Carrington, due on stream in 1962. Half of Shell's plant will make conventional polythene; the other half will make either polypropylene or high-density polythene, or both—the company has not announced the amount of each material which will be produced. In the United States some high-density Ziegler polythene plant has already been converted to making polypropylene, and dual-purpose plant may



In 1959 the United Kingdom exported 22 million proof gallons of whisky, valued at £62 million, of which more than half went to the United States. This was nearly three times the prewar level. On the other hand, less whisky was consumed at home in 1959 than in 1939, whereas gin and other spirits had become much more popular.

not be impossible. By contrast ICI's polypropylene plant will not be capable of making high-density polythene, which for some uses—moulded containers, for example—is superior to both conventional polythene and polypropylene.

INSURANCE FUNDS

The Underwriters

In its evidence to the Radcliffe committee, the British Insurance Association says that insurance companies underwrite about 50 per cent of new public issues. The figures are given in the table. They act individually; there is no question of the industry as a body dictating terms or attempting to dominate the market. With their large resources insurance companies are able to retain heavy allotments when an issue is poorly subscribed. Underwriters may at times be left with a very awkward commitment, as with the Vickers issue arranged on the eve of the 7 per cent Bank rate in September, 1957. More often they have to retain parts of issues where the price

UNDERWRITING OF NEW ISSUES IN UK
By members of the British Insurance Association

	1956		1957	
	Life Funds	General Funds	Life Funds	General Funds
Commonwealth govt., provincial and municipal securities	6·8	0·8	4·1	0·9
Debentures	44·7	5·7	66·8	23·6
Preference shares	1·0	0·1	1·2	0·8
Ordinary shares	32·0	5·3	51·6	13·2
Home corporations	12·0	1·9	8·1	4·6
Other investments	0·1	...	0·2	0·2
Totals	96·6	13·8	132·0	43·3
	110·4		175·3	
Total of new capital issues (excl. UK Govt. securities)	296·0		383·4	

Sources: Radcliffe memoranda of evidence, Vol. II; Midland Bank compilation of new issues.

has been pitched a little too finely. In return they get their underwriting commission. No figures are given of the actual amounts left with the insurance companies as underwriters. Total amounts subscribed by insurance companies to new issues are shown as £108 million in 1956 and £102 million in 1957, but these exclude certain offers and sales that were underwritten and include subscription to issues not underwritten.

Other figures submitted by the British Insurance Association showed the continuing trend in 1956 and 1957 away from investment in British Government stocks, though new figures of cash transactions show that even in 1957 the insurance companies bought more gilt-edged than they sold (whereas the book valuation fell). Gilt-edged are still as important, absolutely, in the portfolios as in 1938; other fixed interest stocks have declined, and equities and property bulk much larger. In a paper delivered to the Royal Institution of Chartered Surveyors last week Mr G. W. Bridge, deputy chairman of Legal and General, stated that his company alone owns property with a book value of more than £100 million (plus mortgages on another £80 million of property). The book value of investment in real property by all companies was £494 million at the end of 1958; and probably about half of this was attributable to four companies. Mr Bridge calculates that capital appreciation and dividend income has been about the same for both property and ordinary shares since 1945. His company has not found the problem of management an insurmountable obstacle; it has shown a preference for rack rented property and shop developments bought and leased back.

RUBBER TRENDS

The *March* issue of this quarterly publication for producers, manufacturers and dealers contains the following *special reports*

THE MALAYAN RUBBER INDUSTRY

PRODUCTION AND CONSUMPTION OF SYNTHETIC RUBBER IN WEST EUROPE

THE WORLD BALANCE—a regular feature assessing the outlook for demand and prices

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EURATOM

Second Thoughts

The Euratom Commission in Brussels is exercising great tact in negotiations with the US government and the US Atomic Energy Commission that must be causing almost as much embarrassment in Washington as they are in Brussels. In the middle of 1958, a US-Euratom agreement was signed under which a chain of American-designed nuclear power stations was to be built in Euratom's six-member countries. Their construction was to be backed by an intensive research programme on both sides of the Atlantic, the cost of which, estimated at $100 million for each of the 5-year periods covered by the agreement, would be borne equally by Euratom and the United States.

The power programme has not materialised. In spite of a considerable element of subsidy from the US government, public utilities have jibbed at the cost of nuclear plant. The only proposal going ahead now is in Southern Italy, and this is financed by the World Bank as its one and only venture into nuclear power. Two other projects which are eligible in the sense that they could be built within the time limits required (i.e., by 1963) are bogged down in Germany over finance and on the Franco-Belgian border over what the Commission calls "administrative and institutional difficulties." These difficulties may be overcome, but the obvious reluctance of electricity undertakings even to put forward proposals for consideration under the joint programme is a warning to Euratom, if any warning were needed, that nuclear power on the present American pattern will not be accepted in Western Europe. The horse refuses to drink.

In Washington Congress is debating proposals to extend the time limits under which European bids would qualify for the joint power programme; Euratom is trying to rid itself of the obligation to carry out research into reactor types which it considers obsolete and so to avoid waste of scientific effort. It has told the US government that "the Commission does not think that the research programme should be too closely tied to the programme for nuclear power construction proposed for after 1963." Lest these mild words be misunderstood, Euratom has coupled them with an ultimatum that unless the US agrees to such a change, it will cease to invite further bids for nuclear power stations under the US-Euratom agreement. Euratom knows well the importance that American industry attaches to this joint power programme, which would offer it a proving ground for nuclear plant that does not exist at home because other forms of energy are so cheap in the United States. The first reaction of the US Atomic Energy Commission has been to offer even more favourable terms to European utilities willing to buy American nuclear plant.

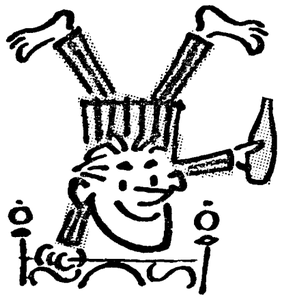
SOFT DRINKS

Blocks and Sachets

Two new types of fruit drink will be introduced to the British market next week. J. Lyons will sell a frozen orange juice called Motto—which stands for "more orange than two oranges"—and Unilever a fruit squash called Spree that will be sold in plastic sachets, like hair shampoo. Frozen orange juice has proved popular in America; Lyons hopes that it can persuade the British *en masse* to adopt the habit of drinking orange juice as an appetiser, which so far the makers of tinned juice and the greengrocers have failed to do. Motto costs 9d.—7d. as an "introductory offer"—for a 2 ounce carton, which Lyons recommends should be diluted to give 8 ounces of "orange aperitif"; if the strength is comparable to that of tinned orange juice, the price will be comparable too. Distribution at first will be through frozen food sellers in the area covered by London ITV; later dairies will deliver it with the milk on a national basis. The orange juice is imported from Spain, then concentrated and frozen by "a secret process" to give the final product. Secret or not, frozen fruit juices have been selling in the United States for a long time.

Spree is a normal squash, orange- or

Perrier
NATURAL SPARKLING WATER



Bubble, bubble
Tummy trouble
How ill it can betide you,
But 'mornings after'
Turn to laughter
With Perrier beside you.

Perrier makes you SPARKLE



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TYPE S C
WITH SEALED BALL BEARINGS
Used for moderate loadings on shafts ¾" to 2¾" diameter. There are 30 bore sizes available in 1/16th inch steps.
RUGGED · STREAMLINED
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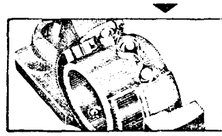

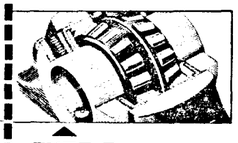

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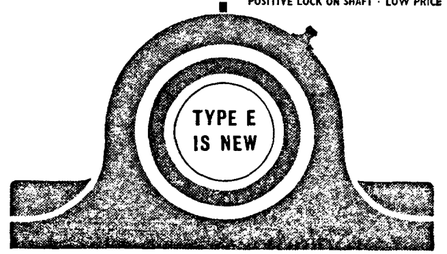
RUGGED · HIGH SPEED SUITABILITY
POSITIVE LOCK ON SHAFT · LOW PRICE



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Shippers of the famous
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Balkan Sobranie
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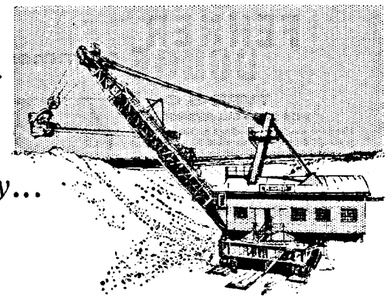

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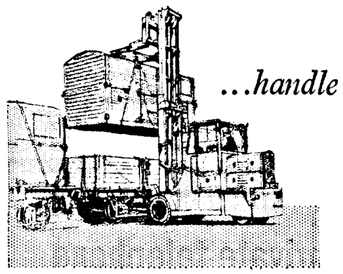
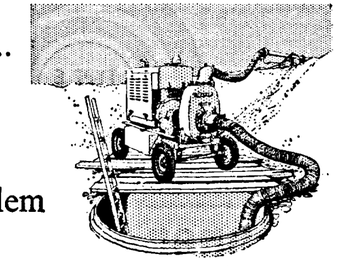


...handle goods more efficiently

pump water at less cost...



...in fact they match new ideas with know-how—
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lemon-flavoured; the attraction of the sachet pack to the maker is that it overcomes the distribution problems that exist with bottled drinks, which it is said to be uneconomic to sell more than thirty miles from a bottling plant. Unilever will make Spree only at Leeds, and sell it through grocers, confectioners and chemists throughout the country. At 4d. for a sachet to make one glass of squash it costs more than twice as much as bottled squashes; Unilever hopes that it will be bought to save carrying bottles or that children will buy it with their pocket money. This is another case of asking the consumer to pay more for some sort of convenience; here most of the convenience, however, would seem to accrue to the manufacturer.

THE JASPER CASE

Letter for Examination

When the hearing of the charges against Mr Grunwald, Mr Jasper and Mr Murray was continued at the City of London Court on Wednesday, Sir David Scott Cairns QC, counsel for Mr Grunwald, recalled that at the previous hearing Mr Havers, counsel for Mr Murray, had indicated that his evidence would be that a letter produced by the joint manager of the Lloyds Bank City Office and signed by Mr Murray was in fact a forgery. Sir David said that it made it appear that it might be a forgery by Mr Grunwald and he asked that this letter and five other documents should be examined by handwriting experts. The Magistrate, Alderman Sir Cullum Welch, gave permission for this to be done.

Mr Harry Kanter, a solicitor and a partner with Mr Grunwald in Harewood and Company, said that when the partnership started in March, 1954, one of Mr Grunwald's accounts was H. Jasper and Company, and that since 1957 this company had made various take-over bids. Mr Kanter said that Mr Grunwald consulted him only on legal aspects of these deals and that Harewood and Company acted for the State Building Society when they were granting mortgages for clients of the solicitors. He said that Mr Grunwald was the connecting link between the society and Harewood and Company and spent an hour or two at the State office daily. He said that there had been no files in the office relating to mortgages to Lintang Investments. Mr Kanter said that on September 21st last year he had found two letters in Mr Grunwald's room; Mr John Mathew, for the prosecution, said that the two letters were from the State Building Society and were signed by Mr Murray approving advances made in respect of Dolphin Square and Hyde Park North Estate.

Continuing his evidence, Mr Kanter said that his partner told him that he had to go to Cardiff on September 13th to complete the Ely Brewery take-over and that he thought he would take his wife with him and stay there for a few days. On September 14th he learned that Mr Grunwald was in Israel. On the morning of that day Mr Rose and Mr Jasper had telephoned him from Cardiff about difficulties in completing the take-over and he said that in a later telephone conversation he had told one of them that they should be quite tough about it. Mr Kanter said that a day or so later Mr Murray had told him when they were on their way to a meeting that he should say nothing about the £3½ million belonging to the State Building Society being used to purchase Lintang shares. Mr Murray said that if this was disclosed it would make the whole funding of the operation impossible. Mr Kanter said that he asked Mr Murray whether the State had any reports on title relating to these alleged Lingtang transactions. Mr Murray told him that he (Mr Kanter) had signed them. Mr Kanter commented: "I was rather surprised but I had signed about 300-odd letters a night for quite 18 months. Naturally I would rely upon responsible staff and I thought I might have signed reports on title in that way."

The hearing was continued on Friday.

SHORTER NOTES

It was erroneously stated in last week's issue of *The Economist* that the Sondes Place Research Institute is a Ministry of Power research laboratory; in fact it is a completely independent organisation doing sponsored research in chemistry, chemical engineering and mechanical engineering. Research on fuel cells has been carried out there on a contract from the Ministry of Power, with occasional support from the Central Electricity Authority and Shell Research; when the present contract expires in March this work will continue under the sponsorship of the National Research and Development Corporation.

★

The economic committee of the Arab League, at its meeting which concluded in Cairo this week, decided on a preliminary survey of the route for the proposed "Arab pipeline" from the Persian Gulf to the Mediterranean. It approved in principle but sent back for further study, however, the controversial proposal that companies exploring for oil in Algeria should be boycotted in the Middle East. Few of the majors have allowed themselves to be deterred by these recent rumblings from seeking concessions in the Sahara.

★

The North British Locomotive company suffered a group loss of £1,349,566 in 1959, £440,000 more than in 1958. A debit of £1,207,382 has been carried forward after a transfer of £100,000 from reserves. Revaluation of the holding company's assets has shown an excess of £1,457,918 over book values, which has been placed to capital reserve. Assets should now cover the ordinary capital of £1,250,000; though the loss in the second half of 1959, £363,000, was little more than half that in the first half of the year, shareholders may feel that this is small comfort after the several years of attempted reorganisation.

★

Iraq is continuing its policy of diversifying its external reserves. In December the central bank's holdings of sterling fell by a further £10 million, to less than £40 million; holdings of gold and currencies other than sterling rose to £66 million. A year ago Iraq held £84 million in sterling and only £19 million in gold and other foreign currencies.

★

Total revenue of Shell Oil Company in the United States in 1959 reached a new record of $1,819,954,000, against $1,674,132,000, and net income rose from $128,583,000 to $147,418,000. Earnings represented $2.43 a share and compared with $2.12 a share in 1958, as based on the 60,573,368 shares outstanding following the two-for-one split last December. Dividend payments were the equivalent of 25 cents a share for each of the first three quarters, but the last quarter's rate was raised to 27½ cents a share. Production of crude oil rose by 5½ per cent from 347,000 to 366,000 barrels a day, largely as a result of increased production from Louisiana and Texas wells. Output at the company's six refineries went up by 5.6 per cent, to 178,760,000 barrels; combined sales of automotive and aviation gasoline rose by 4.4 per cent; and sales of chemical products reached a new peak. Capital expenditures also went up, rising from $223,082,000 to $280,073,000.

★

The Austrian Bank rate has been raised from 4½ to 5 per cent, the rate from which it was reduced last April.

COMPANY AFFAIRS
Comments on pages 1163, 1164 and 1165 on
Jaguar Cars, Swan, Hunter, Calico Printers, N. V. Philips, U.S. Steel, Assoc. Elect. Industries, International Nickel, Canadian Pacific Railway, Bradford Dyers, British Nylon Spinners, Hongkong and Shanhai Banking

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1166 and 1167

LONDON STOCK EXCHANGE
The week's movements reported on page 1165

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1168

COMPANY MEETINGS

THE HONGKONG AND SHANGHAI BANKING CORPORATION

CONSIDERABLE EXPANSION OF INTERESTS

ACQUISITION OF THE BRITISH BANK OF THE MIDDLE EAST

GROUP'S ACTIVITIES NOW EXTEND FROM THE PACIFIC TO THE MEDITERRANEAN

ENHANCED ECONOMIC STRENGTH OF WESTERN EUROPE AND THE UNITED STATES

INCREASING AWARENESS OF NEED FOR CO-ORDINATING AID TO LESS-DEVELOPED COUNTRIES

MR MICHAEL W. TURNER ON ASIA'S GROWING POPULATION PROBLEM

The Ordinary Yearly General Meeting of The Hongkong and Shanghai Banking Corporation was held on March 11th at the Head Office, 1, Queen's Road Central, Hong Kong.

Mr Michael W. Turner, CBE, the Chairman, who presided, said:

The hour for which this Meeting was called having now passed, I will read the Notice convening the Meeting.

Having read the Notice convening the Meeting, and a representative of the auditors having read their report, the Chairman continued:

Ladies and Gentlemen,

You will see that the Accounts before you have this year been drawn up in a somewhat different form from that which we have previously adopted. In view of the fact that we now own the entire share capital of Mercantile Bank Limited, we have decided to follow normal present day practice and to include, with the Balance Sheet and Profit and Loss Account of the Bank, a Consolidated Balance Sheet and Profit and Loss Account showing the overall position of the Bank and all its Subsidiary Companies. A list of the main Subsidiary Companies is shown in the booklet in your hands.

The profit for the year amounts to $28,134,959 which is an increase of $4,600,000 over last year's figure. This profit includes the dividend declared by Mercantile Bank Limited and, in accordance with normal banking practice, the profit has been arrived at after making transfers to the credit of our inner reserves, out of which full provision has been made for all known doubtful debts and contingencies.

It is proposed that a sum of $4,000,000 should again be written off Bank Premises. After allowing for this transfer and the interim dividend of £1 2s. 6d. per share, the directors recommend the payment of a final dividend of £1 17s. 6d. per share which, on the shares outstanding on December 31, 1959, amounts to $15,017,302, leaving a balance of $2,116,714 to be carried forward to next year.

It is proposed that the final dividend on the new shares issued since December 31, 1959, in connection with our offer to the shareholders of The British Bank of the Middle East, should be provided and paid out of the inner reserves of the bank. No dividend has yet been received from The British Bank of the Middle East and the payment of a final dividend on these shares is in effect part of the purchase consideration.



MR MICHAEL W. TURNER, CBE
Chairman and Chief Manager.

BALANCE SHEET FEATURES

Turning to the Balance Sheet of the Bank, the total shows an increase of $400,000,000 over the figure for 1958. The Issued Share Capital has increased by $12,311,375, representing the par value of the shares issued to former shareholders of Mercantile Bank Limited. The Reserve Fund has increased during the year by an amount of $47,186,643. This amount represents the share premium arising from the difference between the par value of the new shares and their equivalent cash value under the terms of the offer, less the excess of the cost of the investment in Mercantile Bank Limited over the total of the Capital, Published Reserves and Profit balance of that bank at December 31, 1958.

Hong Kong currency notes in circulation increased by $64,000,000 due to a rise in the Excess Note Issue and this increase is reflected on the other side of the Balance Sheet by a similar increase in Hong Kong Government Certificates of Indebtednesses. Current, Deposit and Other Accounts show a rise of $163,000,000, while Amounts due to Subsidiary Companies at approximately $97,000,000, mainly represent funds placed at our disposal by Mercantile Bank Limited.

When we turn to the Assets side of the Balance Sheet we find Advances rose by $213,000,000 and Trade Bills Discounted by $127,000,000. Cash in Hand and Balances with other Banks and Money at Call and Short Notice show falls of $17,000,000 and $67,000,000 respectively. British and Other Government Treasury Bills are lower by $207,000,000 which is, in part, reflected by an increase in our Investments of $162,000,000 and loans granted on a short term basis to Local Authorities and first class Finance Houses in the United Kingdom. These loans amounted to $56,000,000 and are included under Advances to customers.

It is satisfying that last year's fall in both Trade Bills and Advances has more than been made good, which is a sign of the increasing economic activity in this area, particularly here in Hong Kong.

THE BRITISH BANK OF THE MIDDLE EAST

The offer to the shareholders of The British Bank of the Middle East was extended until the date of the closing of our books for the payment of the proposed final dividend and at that date we held over 99 per cent of the share capital of that bank. This has necessitated the issue of 133,307 shares of $125 each and our Issued Share Capital now amounts to $78,974,750. The British Bank of the Middle East is constituted under a Royal Charter and therefore it is not possible to acquire compulsorily the remaining shares under the provisions of the United Kingdom Companies Act. We are, however, in touch with the few remaining shareholders and we hope that we will be able to acquire their shares in due course. The original offer included payment of the final dividend for 1959 but, as it is no longer possible to offer shares which rank for this dividend, we propose to submit a new offer to the remaining shareholders, which will provide them with the same number of our shares as they would have received previously but with a cash payment in lieu of this final dividend.

The British Bank of the Middle East have in the past closed their accounts on March 31st but arrangements have been made for their year to end on December 31st in future and next year their figures will be included in our Group Accounts. Their last published Balance Sheet showed a total of £93,000,000 and when these figures are added to the total of our Consolidated Balance Sheet, which you will see is approximately £316,000,000, the total of the Group should exceed £400,000,000.

The changes in the Board of Directors during the year are shown in the Report which is in your hands and I shall make no further comment on them.

Sir Kenneth Mealing, Chairman of Mercantile Bank Limited, and Sir Cyril Jones, one of their Deputy Chairmen, joined our London Committee during the year. Sir Dallas Bernard, Chairman of The British Bank of the Middle East, and Sir Alec Kirkbride, a Director of that bank, have also recently accepted invitations to join.

In view of the development which is taking place in the New Territories in Hong Kong we have decided that the time has come to extend our banking services to that area. On February 1st this year we opened small offices, providing current account and savings bank facilities, in the premises of China Light & Power Co. Ltd. in Sheung Shui and Tai Po. Our new office in Tsuen Wan, which will provide a full banking service, is expected to be opened on April 18th. We have also acquired a site in Un Long where we shall erect a new building and negotiations are in progress to acquire other sites. I feel sure that these new offices will play their part in the growth of these rapidly expanding areas.

Before I close I should like to take this opportunity to express our thanks to the Branch Managers and the Staff of all nationalities for their continued loyalty and efficient service. With the expansion of our interests we will, I am sure, be faced with a number of problems, many of which may be somewhat different from those we have had to overcome in the past. I am, however, confident that these recent developments are in the best interests of the Bank and we must be prepared to meet any challenge with which the future may confront us.

Ladies and Gentlemen,

The Report and Statement of Accounts having been in your hands for the required period I will now formally propose their adoption as presented.

After the proposal has been seconded I shall be pleased to answer to the best of my ability any questions on the motion before you which shareholders may wish to ask.

The resolution having been seconded the Report and Accounts were adopted.

CHAIRMAN'S STATEMENT

The following is the statement by the Chairman:

The diversification of our interests has been a problem to which we have given considerable thought ever since conditions in the Far East virtually closed to us one of the countries in which a major part of our activities was previously centred. Progress at first was slow and was mainly confined to the setting up of our Californian subsidiary but in the last two years we have been fortunate in concluding satisfactory negotiations with two old established British banks. This has considerably widened our interests and has given us a stake in a number of territories in which we were not previously represented, Mercantile Bank Limited provided a number of additional offices in countries in which we operate, as well as in Pakistan and Mauritius, while our recent successful offer to the shareholders of The British Bank of the Middle East has given us an association with an entirely different part of the world. As a result our group now covers a wide area stretching from the Pacific to the Mediterranean and the alliance of all these interests will not only achieve a greater degree of solidarity but will also result in each component part being in a better position than before to serve its own particular territory.

The British Bank of the Middle East has for many years been well respected in the area from which it has taken its name and it has a staff experienced in the type of business which is carried on there. We would not wish to interfere with the management of this bank and it will accordingly continue to be run as an entirely separate entity, directed by its own Board operating in London in accordance with the Royal Charter. The friends and customers of this bank may, therefore, rest assured that their interests will continue to be looked after by the same organisation as in the past with the added advantage that their bank has now behind it the considerable resources of the whole group.

GENERAL

The end of the decade showed a distinct thaw in the climate of the cold war which, during the last ten years, has been the major influence in international relations. The past year in particular has been noticeable for the number of meetings between leaders of both sides and, with the summit finally fixed for May, there is hope that this will lead to a workable solution of some of the outstanding problems being reached. While the outlook in the West is better than for some time past there has unfortunately been little comparable sign of relaxed atmosphere in Asia. In fact a year, which saw the stern repression of an uprising in Tibet and border trouble in Laos, ended with China's relations with both India and Indonesia at a low ebb and the Bandung concept of co-existence between Asian nations receiving a severe set-back.

In the economic sphere the most noticeable event has been the growing strength of Western Europe. Not only has industrial production shown a steady improvement, but the balance of payments has suffered relatively little strain making it possible to relax exchange control restrictions and, to a large extent, abolish discrimination against dollar imports. The expansion has been well spread and, with the exception of coal and shipping, practically every form of industrial activity has been able to show rapid progress. Consumer demand has been particularly active while the rise in stock exchange prices is evidence of the feeling of confidence that exists in the public mind. In the United Kingdom the return of the Conservative Government, with an increased majority, laid to rest any immediate fears of nationalisation of the steel industry and sterling has shown considerable strength, notwithstanding the repayment of outstanding obligations and the subscriptions towards the increased capital of the International Monetary Fund.

The United States economy has also forged ahead and now that a settlement has been reached in the steel dispute there are hopes for further expansion in 1960. The continuing deficit in external account, however, has given cause for concern and has led to a growing demand by American spokesmen for other industrial countries to bear a larger share of the burden of assisting the under-developed areas, the major part of which the United States has so generously shouldered in recent years. The visit of Mr Dillon to European capitals in January this year had the dual purpose of presenting the American view on the provision of such assistance and of conveying her concern at the implications of the formation of two separate trading blocs in Europe. Although no firm conclusions were reached on these two points it was agreed, at the Atlantic Economic conference held in Paris, to explore the possibilities of enlarging the Organisation for European Economic Co-operation, to include the United States and Canada, and of co-ordinating aid to the less-developed countries. The necessity for such assistance can be readily understood when we compare the progress in Western Europe with that in Asia during the past year. It is true that the recent rise in prices of certain primary commodities has benefited the countries concerned while others have shown increased industrial production, but the overall growth is still small. Few Asian countries have reached the stage where they are able to expand rapidly under their own momentum and, while some of them may be passing through what a contemporary economist describes as the "take-off period," many are still only at the transitional stage.

A great deal of thought has been given to the problem of speeding up this development and to finding ways and means of augmenting the available resources to assist in this task. In Washington last September the setting-up of an affiliate of the International Bank, the International Development Association, which was proposed by the United States government, was accepted in principle. This new institution would, in the words of the American spokesman, provide funds contributed by governments "which can be lent on flexible terms including repayment in whole or in part in the currency of the borrower." In addition it was hoped that part of the local currencies which have been accumulated by the United States government from sales of surplus farm products could be used for development either locally or in neighbouring countries. The articles of agreement for this new organisation have been drawn up by the executive directors of the International Bank and have been sent to member governments which makes it premature at this stage to offer any detailed comment. Meanwhile the Colombo Plan has continued to provide assistance and technical co-operation to many of the countries in our area, and it is encouraging to see that this successful essay in mutual aid is being extended until 1966.

HONG KONG

Looking back on the year that is past, it is impossible not to express a feeling of satisfaction at the progress that has been achieved. Trade and industry have both made remarkable strides, development has continued at an increasing pace and Hong Kong products have found new markets and are expanding those already held.

While I do not wish to say anything that will mar this happy picture, it would be wrong if I did not express a word of warning to those who may be tempted to think that the present expansion must inevitably continue. Hong Kong is very dependent for its prosperity on selling its manufactured products in the markets of the world and of necessity it is those countries with the higher standards of living which are likely to be the best customers. It is therefore inevitable that, where those markets are, higher wage structures are to be found and many of the products from Hong Kong offer serious competition to domestic industries. This has resulted in pressure being experienced for voluntary quotas or outright tariffs to limit the volume.

While it can be argued that countries which are industrialised have a duty to allow reasonable markets to those embarking on this process, it is obvious that they will only do so to a limited extent and certainly not to the stage at which

their local industries will be put out of business. Most governments today are deeply concerned at the prospect of possible unemployment and are unlikely to sit by and see this develop without making some attempt to stop it. I am mentioning these facts, not with any intention of getting involved in the controversy that has arisen over the proposed quota on imports of cotton goods into the United States, but because I feel that the dangers which are inherent in the present situation may not be sufficiently appreciated in Hong Kong. On the other hand, I should like our friends abroad to remember that Hong Kong is a small manufacturing unit which can only survive and find employment for its growing population if it is enabled to market its goods, which even now account for only a small proportion of the total consumption of any importing country. I hope that some compromise will be arrived at which will give the more advanced countries time to make the necessary adjustments but will permit Hong Kong to continue to maintain a reasonable growth.

The working party which was set up by the government to frame a constitution for the proposed Hong Kong Federation of Industries is nearing the end of its labours and there are indications that it has achieved some success in reconciling divergent views. Although there is considerable room for a greater degree of diversification of Hong Kong industry, which is still too dependent on textiles, a certain amount of progress has already been made. Shipbreaking, for example, has now become a major industry and a large volume of tonnage from all over the world is turned into scrap in the Colony for export and local use. Other enterprises, completed or under construction, cover the manufacture of air-conditioning units, precision instruments and transistor radios, while the plastic industry has shown considerable expansion. An encouraging development in the textile industry has been the opening of the new factory by Jardine Dyeing and Finishing Co. Ltd. at Shatin, which has been equipped with the latest machinery for producing textiles of the highest grade.

It has been estimated that by 1967 the male working population of the Colony will have doubled and the government have decided in consequence that the New Territories should be further developed to provide opportunities for industrial expansion and employment with the minimum of disturbance to agriculture. Five major reclamation schemes are under consideration, each of which, together with the provision of roads, water supplies, electrical services, transport and workers' accommodation, represents a large and expensive undertaking and indicates the magnitude of this problem in the years ahead. It is to be hoped, however, that in its drive to reclaim land for further expansion the government will not forget the needs of those industries which require direct access to the sea.

The re-housing of the vast number of squatters continues and the hundredth block in the government's resettlement programme was opened at the end of November. Over 300,000 people have now been re-housed, at the expense of the Hong Kong taxpayer, but the need for more housing of this type remains as great as ever. On the other hand, there appears to be no dearth of private funds for new commercial construction of all kinds and the acquisition by the government of a large area of the Naval Dockyard should stimulate further development.

The Commission which enquired into the working of the electricity supply in the Colony found little fault with the technical achievements of the two companies concerned or with the way in which the demand for electricity had been met, but was critical of the manner in which charges were levied. The Commission's proposals that the undertakings should be acquired by a statutory authority and that the shareholders should be compensated by an issue of government stock are questionable in their application to conditions in Hong Kong. There is no reason to suppose that the proposed authority would be more efficient, or would be able to charge lower rates, than the companies which it would replace and the acceptance of this recommendation would be a complete break with the Colony's traditional method of leaving public utilities to private enterprise under conditions imposed by the government. It would also be difficult for the shareholders of the companies to dispose of their government stock, except at a discount, due to the known dislike of the Hong Kong investor for fixed interest securities. I hope that a compromise will be found which will give both consumers and shareholders the protection they should have but will leave the undertakings under their present management.

HONG KONG'S TRADE

The total volume of trade in 1959 was about 8½ per cent higher than the previous year, imports increasing by about 7½ per cent and exports by 9½ per cent. The total value amounted to HK$8,230 million, of which imports were HK$4,950 million and exports HK$3,280 million. Imports from China decreased by about one-quarter, although they still remain substantial, but imports from a number of other countries showed increases, particularly Japan, Pakistan, the United States and the United Kingdom. Exports to the United States, Japan and the United Kingdom were substantially higher, the United States replacing the United Kingdom as the largest market, but exports to Indonesia, Thailand and China declined.

The value of exports of Hong Kong products was HK$2,282 million, an increase of about 80 per cent compared with 1958, of which clothing accounted for about 35 per cent of the total and textiles 18 per cent.

The volume of business transacted on the Stock Exchange last year was the highest ever recorded, extremely active conditions being experienced in the latter part of the year and there were appreciable increases in the prices of nearly all shares quoted in the official list. In November some of the banks increased the rates of interest charged on certain categories of advances with the intention of curbing unhealthy speculation in shares. This had only a limited effect as new money from abroad continued to seek investment.

The demand for land in the urban areas of Hong Kong and Kowloon became more active in the latter part of the year while factory sites in the New Territories are fetching substantially higher prices.

Over 138,000 tourists visited the Colony in 1959, nearly 35 per cent more than the previous year, and while an estimate of their total spending is not yet available, it must have made a significant contribution to our balance of payments.

FINANCES OF HONG KONG

In his address, presenting the budget to the Legislative Council last month, the Financial Secretary expressed the view that the Colony had come to a turning point in its financial history. After twelve successive years of surpluses there will be a deficit for the current financial year and an even larger one is expected in the year ahead. Although revenue continues to exceed estimates, both the Governor and the Financial Secretary referred to the ever mounting cost of public works, both recurrent and non-recurrent, which the requirements of the growing population of Hong Kong and the expansion of industry have made necessary.

For the financial year 1960/61, revenue is expected to rise by about 5 per cent but estimated expenditure is expected to increase by 30 per cent to over HK$935 million, leaving a prospective estimated deficit of no less than HK$267 million. Expenditure on non-recurrent public works is expected to amount to HK$290 million and includes over HK$100 million on hospitals, the city hall, reservoirs and the airport while HK$40 million is earmarked for re-housing squatters. In reaching a decision to increase taxation on petrol and tobacco, to meet part of the estimated deficit, the Financial Secretary recommended that 20 per cent of the cost of non-recurrent public works should be met from revenue, leaving 80 per cent to be found from surplus balances. These funds are not inexhaustible and, although the Financial Secretary seemed to think that the revenue estimates were somewhat conservative, it is evident that the problem of financing future capital expenditure is causing the government considerable concern.

CHINA

The improvement in international relations in the west inevitably invites a re-examination of China's attitude towards other Asian countries. Disputes with India and Indonesia and events in Tibet would seem to indicate a more aggressive policy but this is not borne out by the lack of activity in other areas of possible conflict. On the whole, it seems more likely that her main preoccupation during the past year has been not with foreign policy, but with her internal affairs. The speed with which China is planning to increase her industrial potential is bound to result in stresses and strains, but any modifications in policy or practice introduced to relieve these should be viewed as temporary expedients and not in any sense as a weakening in intention to drive forward or a change in the broad direction of the advance. It is, however, evident that "the great leap forward" of 1958 left behind a number of pressing problems which have had a considerable influence on recent developments and almost certainly account for such slowing down as has taken place.

Reports from various sources in the early part of the year spoke of a growing shortage of staple foodstuffs in the cities. This was clearly due in part to transport difficulties but the extent of the malaise seemed to indicate a more deep rooted cause which naturally led to doubts as to whether the previous year's bumper production claims were justified. A communique issued in August confirmed that yields claimed in 1958 had been exaggerated, both agricultural and industrial, while the targets for the coming year were scaled down. Further evidence that all was not well in the agricultural sector was not difficult to find. The village iron foundries and other small industrial units were to a large extent closed down to free labour for agriculture and other purposes, permission, and indeed encouragement, was given to members of the communes to use their spare time to raise livestock and to grow vegetables on private plots, while the communes themselves have undergone some changes.

The weather played its part in adding to the difficulties as some areas suffered from consider-

THE HONGKONG AND SHANGHAI BANKING CORPORATION

(Incorporated in Hong Kong with Limited Liability)

REPORT OF THE DIRECTORS PRESENTED TO THE MEMBERS AT THE ORDINARY YEARLY GENERAL MEETING HELD AT THE HEAD OFFICE, HONG KONG ON FRIDAY, 11th MARCH, 1960

The Directors have pleasure in submitting the Balance Sheet of the Bank at 31st December, 1959, together with the Profit and Loss Account for the year ended at that date. A Consolidated Balance Sheet and a Consolidated Profit and Loss Account of the Group are also annexed.

		Hong Kong Dollars
The Profit of the Bank for the year, after providing for taxation on profits earned to date and after making transfers to the credit of inner reserves out of which provision for diminution in value of assets has been made, amounts to		$28,134,959
To this must be added the undistributed profit brought forward from the previous year		2,085,475
		$30,220,434
An Interim Dividend of £1 2s. 6d. per share on 498,491 shares was paid on 10th August, 1959, amounting to £560,802 7s. 6d. at 1.2 13.16		9,086,418
leaving a balance available for distribution of		21,134,016
This balance the Directors recommend be appropriated as follows:—		
Amount to be written off Bank Premises	$4,000,000	
A Final Dividend of £1 17s. 6d. per share on 498,491 shares, £934,670 12s. 6d. at 1.2 15.16	15,017,302	
		19,017,302
Leaving a balance to be carried forward to next year of		$2,116,714

Since 31st December, 1959, 133,307 shares have been issued in connection with our offer to acquire the entire share capital of The British Bank of the Middle East. In accordance with the terms of this offer these new shares rank for the final dividend for the year ended 31st December, 1959. As no income has yet been received from The British Bank of the Middle East, the final dividend on these 133,307 shares, amounting to £249,951 equivalent at 1.2 15.16 to $4,015,943, has been provided for and will, subject to the approval of the members in general meeting, be paid out of inner reserves.

The above recommendations have been incorporated in the accounts.

The Authorised Share Capital of the Bank has been increased by 400,000 shares of HK$125 each in accordance with the resolution passed at the Extraordinary General Meeting held on 18th February, 1959, and now totals HK$100,000,000.

During the year the Bank completed the acquisition of the whole of the issued share capital of Mercantile Bank Limited, partly for cash and partly in exchange for fully paid shares of the Bank. As a result of this operation the Issued Share Capital has been increased by 98,491 shares of HK$125 each and at 31st December, 1959, amounted to HK$62,311,375.

The Reserve Fund has been increased by a net amount of HK$47,186,643 representing the premium arising on the issue of the above shares less the excess of the cost of the investment in Mercantile Bank Limited over the total of the Issued Share Capital, Published Reserve and Undistributed Profits of that Bank at 31st December, 1958.

DIRECTORS.—During the year Mr. L. B. Stone, Mr. R. J. Sheppard and Mr. B. T. Flanagan, Deputy Chairman, resigned their seats and Mr. C. A. Wright and Mr. G. T. Tagg joined the Board. The Hon. H. D. M. Barton, M.B.E., was elected Deputy Chairman.

Mr. G. M. Goldsack, Mr. W. C. G. Knowles and Mr. L. Kadoorie retire by rotation, but, being eligible, offer themselves for re-election.

AUDITORS.—The Accounts have been audited by Messrs. Lowe, Bingham & Matthews and Messrs. Peat, Marwick, Mitchell & Co., who are eligible for re-appointment.

By Order of the Board,
MICHAEL W. TURNER, Chairman.

Hong Kong, 29th February, 1960.

BALANCE SHEET AT 31st DECEMBER, 1959

	Hong Kong Dollars	Sterling Equivalent		Hong Kong Dollars	Sterling Equivalent
SHARE CAPITAL:			CASH IN HAND AND BALANCES WITH OTHER BANKS	$253,117,020	£15,819,814
Authorised: 800,000 Shares of HK$125 each	$100,000,000	£6,250,000	MONEY AT CALL AND SHORT NOTICE	197,465,056	12,341,566
Issued: 498,491 Shares of HK$125 each, fully paid	$62,311,375	£3,894,461	BRITISH AND OTHER GOVERNMENT TREASURY BILLS	225,146,297	14,071,643
RESERVE FUND (including Share Premium Account $47,186,643)	175,186,643	10,949,165	TRADE BILLS DISCOUNTED	538,242,121	33,640,133
PROFIT AND LOSS ACCOUNT	2,116,714	132,295	HONG KONG GOVERNMENT CERTIFICATES OF INDEBTEDNESS	741,883,047	46,367,690
	$239,614,732	£14,975,921	INVESTMENTS, at under market values:		
HONG KONG CURRENCY NOTES IN CIRCULATION:			British and Other Government Securities:		
Authorised Note Issue	$30,000,000		Quoted in Great Britain	$393,127,642	
Excess Note Issue	741,742,000	771,742,000	Quoted outside Great Britain	144,294,813	
CURRENT, DEPOSIT AND OTHER ACCOUNTS, including Inner Reserves and Provisions	2,857,756,784		Other Investments:		
AMOUNTS DUE TO SUBSIDIARY COMPANIES	96,998,964		Quoted in Great Britain	26,729,410	
ACCEPTANCES ON BEHALF OF CUSTOMERS	30,043,593		Quoted outside Great Britain	6,368,940	570,520,805	35,657,550
PROPOSED FINAL DIVIDEND:			ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS	1,308,103,248	81,756,453
On Shares issued at 31st December, 1959	$15,017,302		AMOUNTS DUE BY SUBSIDIARY COMPANIES	24,180,939	1,511,309
On Shares issued subsequently	4,015,943	19,033,245	BALANCE OF REMITTANCES, DRAFTS, ETC., IN TRANSIT BETWEEN OFFICES	9,635,481	602,217
		$3,003,832,586	LIABILITIES OF CUSTOMERS FOR ACCEPTANCES	30,043,593	1,877,725
		£187,739,536	FIXED ASSETS:		
			Investments in Subsidiary Companies:		
			Mercantile Bank Ltd., at cost, less amount written off	$85,942,512	
			The Hongkong and Shanghai Banking Corporation of California, at cost	10,714,286	
			Trustee and Nominee Companies, at cost	2,138,712	
			Investments in Associated Companies, at cost	3,421,339	
			Bank Premises, at cost, less amounts written off	14,634,862	116,851,711	7,303,232
MICHAEL W. TURNER, Chief Manager.	$4,015,189,318	£250,949,332	H. D. M. BARTON, J. F. MACGREGOR, W. C. G. KNOWLES } Directors.	$4,015,189,318	£250,949,332
P. F. HUTTON, Chief Accountant.					

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959

			Hong Kong Dollars
PROFIT, after providing for taxation on profits earned to date and after making transfers to the credit of inner reserves, out of which provision for diminution in value of assets has been made			$28,134,959
Add BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			2,085,475
			$30,220,434
Deduct: AMOUNT TO BE WRITTEN OFF BANK PREMISES		$ 4,000,000	
DIVIDENDS:			
INTERIM DIVIDEND of £1 2s. 6d. per share on 498,491 shares paid 10th August, 1959, £560,802 7s. 6d. at 1.2 13.16		9,086,418	
PROPOSED FINAL DIVIDEND of £1 17s. 6d. per share on 498,491 shares, £934,670 12s. 0d. at 1.2 15.16		15,017,302	
			28,103,720
(*The aggregate amount of the Proposed Final Dividend in respect of the year ended 31st December, 1959, is HK$19,033,245 of which HK$4,015,943* has been dealt with as set out in Note No. 10.)			
BALANCE CARRIED FORWARD			$2,116,714

THE HONGKONG AND SHANGHAI BANKING CORPORATION—*continued*

GROUP CONSOLIDATED BALANCE SHEET AT 31st DECEMBER, 1959

			Hong Kong Dollars	Sterling Equivalent
SHARE CAPITAL:				
Authorised: 800,000 Shares of HK$125 each			$100,000,000	£6,250,000
Issued: 498,491 Shares of HK$125 each, fully paid			$62,311,375	£3,894,461
RESERVE FUND (including Share Premium Account $47,186,643)			175,186,643	10,949,165
CONSOLIDATED PROFIT AND LOSS ACCOUNT			2,818,798	176,175
			$240,316,816	£15,019,801
HONG KONG CURRENCY NOTES IN CIRCULATION			775,459,056	48,466,191
CURRENT, DEPOSIT AND OTHER ACCOUNTS, including Inner Reserves and Provisions		$3,982,065,346		
ACCEPTANCES ON BEHALF OF CUSTOMERS		37,204,498		
PROPOSED FINAL DIVIDEND:				
On Shares issued at 31st December, 1959	$15,017,302			
On Shares issued subsequently	4,015,943	19,033,245	4,038,303,089	252,393,943
			$5,054,078,961	£315,879,935

		Hong Kong Dollars	Sterling Equivalent
CASH IN HAND AND BALANCES WITH OTHER BANKS		$347,465,449	£21,716,591
MONEY AT CALL AND SHORT NOTICE		245,140,368	15,321,273
BRITISH AND OTHER GOVERNMENT TREASURY BILLS		259,295,707	16,205,982
TRADE BILLS DISCOUNTED		740,221,491	46,263,843
HONG KONG GOVERNMENT CERTIFICATES OF INDEBTEDNESS		741,883,047	46,367,690
INVESTMENTS, at under market values:			
British and Other Government Securities:			
Quoted in Great Britain	$527,049,420		
Quoted outside Great Britain	235,619,149		
Other Investments:			
Quoted in Great Britain	26,729,410		
Quoted outside Great Britain	8,956,268	798,354,247	49,897,140
ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS		1,838,139,406	114,883,713
BALANCE OF REMITTANCES, DRAFTS, ETC., IN TRANSIT BETWEEN OFFICES		17,604,971	1,100,311
LIABILITIES OF CUSTOMERS FOR ACCEPTANCES		37,204,498	2,325,281
FIXED ASSETS:			
Investments in Associated Companies, at cost	$3,421,339		
Bank Premises, at cost *less* amounts written off	25,348,438	28,769,777	1,798,111
		$5,054,078,961	£315,879,935

MICHAEL W. TURNER, Chief Manager.
P. F. HUTTON, Chief Accountant.

H. D. M. BARTON, J. F. MACGREGOR, W. C. G. KNOWLES — Directors.

GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959

		Hong Kong Dollars
COMBINED NET PROFIT of The Hongkong and Shanghai Banking Corporation and its Subsidiaries after providing for taxation on profits earned to date and after making transfers to the credit of inner reserves out of which provision for diminution in value of assets has been made.		$29,402,502
Add: BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		2,720,016
		$32,122,518
Deduct: AMOUNT TO BE WRITTEN OFF BANK PREMISES:		
Parent Company	$4,000,000	
Subsidiary Company	1,200,000	
DIVIDENDS:		
Interim Dividend of £1 2s. 6d. per share on 498,491 shares paid 10th August, 1959, £560,802 7s. 6d. at 1/2 13/16	9,086,418	
Proposed Final Dividend of £1 17s. 6d. per share on 498,491 shares, £934,670 12s. 6d. at 1/2 15/16	15,017,302	29,303,720
(The aggregate amount of the Proposed Final Dividend in respect of the year ended 31st December, 1959, is HK$19,033,245 of which HK$4,015,943 has been dealt with as set out in Note No. 10.)		
BALANCE CARRIED FORWARD		$ 2,818,798

NOTES ON THE ACCOUNTS

1. Confirmed Credits, Guarantees and Endorsements outstanding amounted in the case of the Bank to HK$498,599,005, (HK$391,975,858) and in the case of the Group to HK$805,898,556 (HK$401,298,240). In addition there were commitments in respect of outstanding Forward Exchange Contracts.
2. Foreign Currency Balances have been converted into Hong Kong Dollars at approximately the rates ruling at 31st December, 1959. The Sterling equivalents of the figures shown in the Accounts have been converted at the rate of HK$1=1/3d.
3. The Hong Kong Currency Notes in circulation are secured partly by the deposit of funds in respect of which the Hong Kong Government Certificates of Indebtedness have been issued and partly by the deposit with the Crown Agents of investments having a market value in the case of the Bank of HK$32,155,504 (HK$32,659,904) and in the case of the Group of HK$37,265,504 (HK$32,659,904).
4. Government Securities included in the Group Accounts having a par value of HK$6,228,571 (HK$6,628,571) were pledged as security for the deposit of public funds.
5. Investments and Cash included in the Group Accounts amounting to HK$550,176 (HK$315,792) were deposited with the Authorities in certain territories under the provisions of the Trustee Ordinances of those territories. *No account has been taken of assets held or liabilities incurred by the Trustee Companies as Executors or Trustees in the course of their business.*
6. Directors' Fees, London Committee Fees, Chief Manager's Remuneration and Special Administration Expenses of the Bank amounted to HK$1,095,165 (HK$1,099,536).
7. Contracts for outstanding Capital Expenditure amounted in the case of the Bank to HK$3,428,000 and in the case of the Group to HK$7,986,176.
8. There are contingent liabilities for uncalled capital in respect of certain of the Investments and Subsidiary Companies of the Bank amounting to approximately HK$27,000,000.
9. Mercantile Bank Limited became a Subsidiary Company during the year and the Accounts of that Bank and its Subsidiaries are not included in the comparative figures in the Group Accounts.
10. Pursuant to an offer which became unconditional after 31st December, 1959, the Bank has acquired over 99% of the issued share capital of The British Bank of the Middle East represented by 1,982,854 shares of £1 each, fully paid. The consideration has been satisfied by the allotment, subsequent to the date of the Balance Sheet, of 133,307 new Bank shares credited as *fully paid up and by the payment of £451,705 in cash. In accordance with the terms of the offer the said 133,307 new Bank shares rank for the final dividend for* the year ended 31st December, 1959. The amount of such dividend, viz., HK$4,015,943, has been provided for out of inner reserves, no income from The British Bank of the Middle East having been received by the Bank up to 31st December, 1959.

MERCANTILE BANK LIMITED

BALANCE SHEET AT 31st DECEMBER, 1959

	£	£
CAPITAL AUTHORISED:		
4,000,000 Ordinary Shares of £1 each	£4,000,000	
CAPITAL ISSUED:		
2,940,000 Ordinary Shares of £1 each, fully paid		2,940,000
RESERVE FUND		2,200,000
PROFIT AND LOSS ACCOUNT		231,879
		5,371,879
NOTES IN CIRCULATION		232,316
CURRENT, DEPOSIT AND OTHER ACCOUNTS, including Reserves and Provisions for Contingencies and Taxation	64,882,480	
AMOUNTS DUE TO SUBSIDIARY COMPANIES	40,535	
ACCEPTANCES ON BEHALF OF CUSTOMERS	443,904	
PROPOSED FINAL DIVIDEND in respect of the year ended 31st December, 1959	112,547	
		65,479,466
		£71,083,661

NOTES—

1. Confirmed Credits, Guarantees and Endorsements amount to £18,617,338 (£10,663,658) in addition to which there are commitments in respect of outstanding Forward Exchange Contracts.
2. Foreign Currency Balances have been converted into Sterling at approximately the rates ruling at 31st December, 1959.
3. Investments having a market value of £819,875 (£230,400) are deposited with the Crown Agents to cover the liability in respect of the Authorised Note Issue.
4. Group Accounts are not prepared as the Directors consider they would be of no real value to members in view of the insignificant amounts involved in the accounts of the Subsidiary Companies.
5. Contracts for outstanding capital expenditure, £284,886 (£88,203).
6. Uncalled Capital amounting to £54,965 (£54,965) in respect of partly paid shares in Subsidiary Companies.

	£	£
CURRENT ASSETS:		
CASH IN HAND AND BALANCES WITH OTHER BANKS		4,932,049
MONEY AT CALL AND SHORT NOTICE		2,979,707
BALANCES WITH PARENT COMPANY ON CURRENT AND DEPOSIT ACCOUNT		4,979,841
TREASURY BILLS OF OVERSEAS GOVERNMENTS		112,500
TRADE BILLS DISCOUNTED		12,291,772
HONG KONG GOVERNMENT CERTIFICATES OF INDEBTEDNESS deposited against Note Issue		—
INVESTMENTS, at under Market Values:		
BRITISH, COLONIAL AND OTHER GOVERNMENT SECURITIES:		
Quoted in Great Britain	8,261,980	
Quoted outside Great Britain	5,251,780	
OTHER INVESTMENTS:		
Quoted outside Great Britain	161,708	
		13,675,468
ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS, *less* provision for Bad and Doubtful Debts		30,674,816
BALANCES OF REMITTANCES, DRAFTS, ETC., IN TRANSIT between Head Office, Branches and Agencies		330,927
LIABILITY OF CUSTOMERS FOR ACCEPTANCES, per contra		443,904
		70,420,984
FIXED ASSETS:		
Investments in Subsidiary Companies, at cost		55,492
Bank Premises, at cost, *less* amounts written off		607,185
		£71,083,661

THE HONGKONG AND SHANGHAI BANKING CORPORATION OF CALIFORNIA

(Incorporated in the State of California with Limited Liability)

BALANCE SHEET AT 31st DECEMBER, 1959

CAPITAL AND SURPLUS:		
Capital Stock par value $100 per share, authorised and issued, 15,000 shares		US$1,500,000
Surplus paid in by stockholders		375,000
Undivided Profits as at 31st December, 1958	US$43,089	
Profit for the year 1959	6,172	49,261
		US$1,924,261
DEPOSITS:		
Demand, commercial and due to Banks	8,463,940	
Time and Savings	5,704,520	
Public funds	700,000	
	14,868,460	
The Hongkong and Shanghai Banking Corporation	793,875	15,662,335
ACCRUED TAXES AND SUNDRY PAYABLES		208,805
LETTERS OF CREDIT AND ACCEPTANCES ON BEHALF OF CUSTOMERS		1,659,662
		US$19,455,063

CASH ON HAND AND BALANCES WITH OTHER BANKS		US$2,[illegible]
BILLS AND ACCEPTANCES RECEIVABLE:		
U.S. Government Treasury Bills	US$5,[illegible]47	
Trade Bills and Acceptances	929,428	6,590,575
ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS		7,[illegible]548
UNITED STATES GOVERNMENT SECURITIES (of which $1,090,000 par value pledged as security for deposit of public funds), at approximate market value		1,269,216
LIABILITIES OF CUSTOMERS FOR LETTERS OF CREDIT AND ACCEPTANCES, *per contra*		1,659,662
FIXED ASSETS:		
Bank Property at cost, *less* accumulated depreciation		173,659
		US$19,455,063

REPORT OF THE AUDITORS TO THE MEMBERS OF THE HONGKONG AND SHANGHAI BANKING CORPORATION

We have examined the annexed Balance Sheet with the books of the Corporation kept in Hong Kong, with the audited Accounts of the London Office and with the Returns received from the other Offices. We have obtained all the information and explanations we have required for the purposes of our examination. In our opinion the said Balance Sheet with the annexed Notes gives the information required by the United Kingdom Companies Act, 1948, in the manner so required for a banking company and on the basis authorised thereby is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs at 31st December, 1959, according to the best of our information and the explanations given to us and as shown by the books kept in Hong Kong and the Returns received from the other Offices.

We have also examined the annexed Consolidated Balance Sheet of the Bank and its Subsidiary Companies with the audited Accounts of those Companies, certain of which have been audited by other firms. In our opinion the said Consolidated Balance Sheet with the annexed Notes gives the information required by the United Kingdom Companies Act, 1948, in the manner authorised for a banking company and on that basis gives a true and fair view of the state of affairs of the Group at 31st December, 1959.

Hong Kong, 29th February, 1960.

LOWE, BINGHAM & MATTHEWS, PEAT, MARWICK, MITCHELL & CO., *Chartered Accountants, Auditors.*

able flooding while in others there was a severe drought. Notwithstanding these calamities, the grain harvest has been stated to be 270 million tons, 8 per cent higher than the previous year's revised estimate but well below the original claim of 375 million tons for 1958. Further evidence of strain can be found from a recent article by one of the chief planners which states that "a new contradiction has appeared with increasing sharpness." This refers to the growing shortage of labour in the countryside which is expected to get worse. To solve this problem it is necessary "to speed up the carrying out of the technical transformation and the mechanisation and electrification of agriculture." Other writers strike the same note and it seems likely that a larger share of the country's resources in the future will be devoted to this purpose.

The difficulties which I mentioned above have lead to a renewal of the discussion as to how effective the "mass movement" can be. Progress in 1958 was achieved by large numbers being allocated to specific tasks which resulted in other important work often being left undone. Would it not be better, it is argued, to strive for a more balanced growth with less emphasis on too many large undertakings which require an undue preponderance of scarce resources? This is a criticism which I think could be levelled at planning in other parts of Asia, but it has not found favour in China where the holders of such views are classified as "right opportunists." The communes have also come under fire, on the one hand that they were premature and on the other that, as they still allow socialist collective ownership, they do not differ greatly from the agricultural producers' co-operatives which they replaced. Articles from official sources have recently appeared to rebut these charges and claim that "the people's commune movement is a great mass movement that meets the needs of the Chinese peasants to develop the rural economy rapidly." The advantage of being able to deploy "more rationally" the large amount of manpower in the communes is also stressed, as is the saving of labour power due to the community dining rooms and kindergartens. While it is admitted that ownership in the communes is still basically socialist collective ownership, the communal goal is there and the area of communal ownership is expected to expand steadily. Meanwhile, it is clear that the Government is undeterred by the confusion that attended the introduction of the communes and is determined to base its rural and agricultural policy on this system.

There is, however, little doubt that industrial production has shown a marked increase during the past year and considerable attention has been devoted to improving the transport system. The stability in recent years of the internal purchasing value of the currency has been one of the most successful achievements of the present government, but of late there have been signs that the supply of money has outrun the quantity of goods available for purchase and efforts have been made to combat this by raising the price of what are considered unessential commodities and by an active drive for savings. This excess of purchasing power will certainly require watching and the speed with which it is absorbed will depend to a large extent on the success which attends the government's efforts to increase the availability of consumer goods, particularly foodstuffs, and also to improve the distributive system. Unless some measure of success in solving this problem can be achieved there may be a greater tendency, in the words of one of their own periodicals, "to wonder why each person in our country gains so little in spite of the enormous increases achieved in the production of some products."

JAPAN

The signing of the Japan-United States Security Treaty in Washington on January 19th, after fifteen months of negotiations, has opened up a new phase in relations between the two countries. It is true that the interpretation of certain clauses in the notes attached to the treaty has aroused considerable controversy in left wing circles in Japan but it is doubtful whether there is any strong basis of public objection and the government has a sufficient majority in the legislature to ensure ratification. There has been no evident improvement in relations with China, despite the desire of Japanese industry for a resumption of trade, and it is difficult to see how this impasse can be resolved so long as China insists on official political recognition as a pre-requisite, unless there is a major change of policy on the part of the Japanese government.

In my address last year I mentioned that there were signs that the economy was recovering from the balance of payments difficulties of 1957. This proved more rapid than appeared probable at that time and the foreign exchange reserves have risen by $US461 million to a total of $US1,322 million and are now higher than at any time since 1952, while the year has been one of the most prosperous in the post-war period. The volume of foreign trade has expanded considerably and an appreciable rise in the index of industrial production has been recorded. Japan has continued to make an energetic drive to increase her export markets and has achieved a considerable measure of success. Of particular interest has been the heavy industry sector where there has been an increase in exports of iron and steel, heavy machinery and various manufactured goods to the United States and to some western European countries. The textile industry, which is sustained by steady and increasing domestic consumption, has continued to expand and exports have held up well in spite of restrictions in a number of countries. Shipping is going through a difficult time, due to a reduction in overseas earnings and to cancelled orders for ship construction, and there is considerable depression in the coal mining industry caused by increasing surplus stocks for which there is at present no demand. The improvement in Japan's balance of payments position has resulted in repeated requests for relaxation of foreign exchange and import restrictions to which some attention is now being paid. Certain changes have been made permitting exchange rates to be quoted in a more flexible manner while the announcement made in January this year indicates that the government now seems to be committed to a gradual liberalisation of the elaborate import restrictions.

It is expected that this year's rice crop will be the largest ever recorded, despite the typhoon in September which caused such heavy damage and tragic loss of life. There has been continuing progress in rice growing techniques, which is steadily reducing dependence on imports, and it is being predicted that in the not too distant

future Japan will be self-sufficient in rice production.

The expansion in foreign trade has been accompanied by increasing industrial investment, particularly in the steel industry, and Japan now claims to be the fifth highest producer in the world. This, together with the rising demand for bank loans and a 16 per cent increase in the note issue, has not passed unnoticed by the monetary authorities who are apprehensive of any indications of the development of an investment boom, which has caused so much damage to the balance of payments in the past. As a precautionary measure the Bank of Japan raised the discount rate in December and has been restricting its facilities to the banks, which have, since September, been obliged to keep a small percentage of their demand and fixed deposits as a reserve with the Bank of Japan, and this percentage can be increased up to 10 per cent should it be considered necessary.

With the ratification of a reparations agreement with South Vietnam, Japan has completed her obligations under the San Francisco Peace Treaty. Reparations agreements have already been signed with Burma, the Philippine Islands and Indonesia, the other signatories to the Peace Treaty having renounced their claims. The total burden of these reparations agreements amounts to the considerable sum of about £367 million, payable over varying periods of up to twenty years, but most of this will be in the form of goods and services and should lead to an enlargement of Japan's trading opportunities in these countries. Present trends appear to indicate that the improvement in the Japanese economy will continue and that the outlook for 1960 is promising.

PHILIPPINES

The agreement reached with the United States over American bases in the islands and the settlement of some of the outstanding financial matters under dispute have done much to restore more cordial relations between the two countries. Economic ties with the United States still remain close, but the volume of their trade with the Philippines has declined in recent years and a trade mission is to visit the islands this month. There are, however, indications of the desire of the administration to establish closer relations with other Asian territories and to increase trade with western Europe. Relations with Taiwan have been somewhat strained due to a dispute over the repatriation of a number of Chinese from the Philippines.

There has been a marked improvement in the economy during the year with the achievement of self-sufficiency in corn and rice, an excellent sugar crop and a reported favourable balance of trade for the first time since the war. Progress has also been achieved to a limited extent in halting the inflationary pressures, as a result of higher taxation and the imposition of the 25 per cent margin fee on sales of foreign exchange. These measures, however, contribute to higher prices and there is very little sign that government expenditure is being seriously reduced, without which any sustained reduction in the money supply seems unlikely.

The budget shows a surplus of income over expenditure of Ps. 13 million. No increases in taxation are proposed which results in the estimate being based on existing sources of revenue and not being dependent, as has been the case in the past, on congressional approval for new measures.

In his annual statement of the nation address the President recommended an amendment to the constitution to enable national and local elections to be held at the same time every four years. He also urged the abolition of the capital gains tax, which acted as a deterrent to expansion, and the setting up of a congressional committee to study the possibility of a gradual system of elimination of controls. In general, the President seems satisfied with the present state of the economy and, even if there are still a number of disturbing features, the outlook seems more promising than for some time past.

VIETNAM

The internal political situation in Vietnam continues to be stable and the elections to the National Assembly at the end of August, in which the National Revolutionary Movement supporting President Ngo Dinh Diem was again successful, passed off quietly. Relations with Thailand and Cambodia have improved, the latter having finally abandoned all territorial claims on South Vietnam.

There have been encouraging signs of expansion in the economy during the year. Progress has been maintained in agricultural development which continues to receive the active support of the government. The area under cultivation of which 80 per cent is devoted to the production of rice, increased by about 10 per cent and now covers one-fifth of the country. Government loans to rubber planters have enabled replanting to be resumed for the first time since 1945. Industrial development has proceeded at a slower pace, but a start has been made on a number of light industrial projects aimed at conserving foreign exchange which, when in operation, will go some way towards rectifying the present unfavourable balance of payments. The improvement in road and rail communications during the year will benefit internal trade while the reparations agreement with Japan will enable such schemes as the hydro-electric project in the Dalat area to be undertaken.

Exports to the French Community, the principal market, which were suspended in January last year, were resumed in May following agreement that payment should be made in transferable francs. Exports of rice were appreciably higher than in the previous year and almost all the exportable surplus for 1959 amounting to 250,000 tons has been sold although somewhat lower prices had to be accepted towards the end of the year. A bumper rice crop for 1960 is forecast which is expected to provide even better results. Increased exports of rice and rubber and decreased imports have reduced the deficit in the balance of trade to a lower level than in recent years. If this improvement can be maintained an increasing amount of the available resources, including United States aid which is still substantial, can be devoted to development projects with a consequent benefit to the economy as a whole.

CAMBODIA

Events in Laos and the increased communist activities within the country have been matters of considerable concern to the government. In a speech made last month the Prime Minister expressed his anxiety over recent developments but reiterated his conviction that neutrality should still be the policy to be followed.

There has been a welcome increase of 8 per cent in the value of exports compared with the previous year and total imports are about 6 per cent lower, thus reducing the trade deficit to Riels 404 million. This, however, was more than covered by the value of foreign aid which amounted to Riels 550 million. A five year development plan has been drawn up in which the principal objectives are the diversification and improvement of agricultural production and a modest programme of industrialisation which is intended to reduce the country's dependence on foreign aid. The economy will benefit from the recently completed highway between Phnom-Penh and the new port of Sihanoukville giving Cambodian produce direct access to the sea.

THAILAND

The country continues to be governed under the interim constitution promulgated at the beginning of last year which, in form, is similar to other administrations in the past. No indication has as yet been given as to when a new constitution will be announced. The government appear to be devoting considerable attention to strengthening the economy and to improving and modernising the financial system. A new inland revenue code has been introduced, import duties have been increased and the tariff revised, while tax collection has been more efficient. The anti-inflationary measures, which have been introduced, have had some success and the official cost of living index is down to the level of 1957 but with an adverse effect on revenue as many of the price cuts imposed were suffered by government monopolies. In his end-of-the-year message the prime minister announced that the government had repaid all its debt to the Bank of Thailand and that expenditure had been kept within budget allocations.

Increased exports of rubber, tin and maize have offset the disappointing exports of rice, which were 4 per cent less than the previous year and the trade deficit was less than in 1958. This year's rice harvest is expected to be a good one with an exportable surplus of 1.3 million tons but, in view of the difficulty experienced in disposing of the 1959 surplus and the increasing competition, in world markets, a further reduction in prices may be necessary. In consequence the continued high level of imports has given cause for concern and merchants have been warned that action would be taken to curb imports if the present trend persists.

The setting up of a national council for economic development and an industrial finance corporation, in which we and Mercantile Bank Limited have agreed to participate by subscribing towards the initial capital, is indicative of the continued efforts being made to encourage industrial development. During the year a mission from the International Monetary Fund and a team, appointed by the United States government to study the investment climate from the point of view of the private investor, completed their investigations. Both groups have submitted generally favourable reports on the economy although the latter had some criticism to make regarding the complicated procedure involved in obtaining approval for investment projects.

FEDERATION OF MALAYA

The final stage of Malaya's transition to full parliamentary government was reached during the year when elections were held for all the seats in state councils and in the lower house of the legislature. The Alliance Party won overall majorities in nine states but lost heavily to the Pan-Malayan Islamic Party in the two east coast states of Kelantan and Trengganu, while in the national elections the Alliance won 74

out of the 104 seats. Tengku Abdul Rahman, who had resigned earlier in the year to devote all his time to organise the Alliance Party's campaign in both state and national elections, was re-appointed Prime Minister. He has made some alterations in his cabinet and re-grouped certain ministries, the most important innovation being the creation of a new Ministry of Rural Development under the deputy Prime Minister. This new ministry will co-ordinate and expedite the government's plans to open up the large undeveloped areas in the country to provide a livelihood and employment for the growing population and also to improve the lot of the people now dwelling in the rural areas. It should also result in more rapid agreement being reached with state governments over such matters as the alienation of land. A loan of US$10 million from the United States Development Loan Fund granted during the year, together with other Malayan dollar funds which have been made available, will provide the necessary finance.

Malaya continues to pursue an independent foreign policy and adheres to her intention of avoiding formal commitments, but an indication for the future may perhaps be found in the proposal for a South East Asia friendship and economic treaty made by Tengku Abdul Rahman during his visit to the Philippines. The remaining communist terrorists are now mainly confined to areas along the border with Thailand where their activities are much restricted. So long as this main body holds out, Malaya may have to accept this situation as a continuing border problem unless a combined operation with Thai forces can be launched against them. Communist subversion inside the country continues to engage the attention of the government but the emergency regulations have been lifted from some four-fifths of the country although these can be re-imposed should the need arise.

The fortuitous increase in the price of rubber during the year has enabled the estimated deficit of M$114 million for 1959 to be covered from increased revenue from this source instead of having to be met from the reserves. The 1960 budget envisages ordinary expenditure of M$888 million exceeding revenue by M$14 million and in framing his proposals the Finance Minister prudently based his revenue estimates on a rubber price only slightly higher than in the previous budget and well below current prices. Although there is a welcome decrease of M$37 million in the cost of the emergency, expenditure on social services and development continues to increase while public debt charges will be 20 per cent higher than in 1959. In keeping with the government's desire to avoid deficits on current expenditure, further taxation has been imposed which includes a reduction in the rates of personal allowances coupled with increases in the standard rates of income tax and higher customs duties on a wide range of imports. The progress of Malaya's first five year development plan was retarded in its early years by lack of funds but the improved financial position, together with a further instalment of the Brunei government loan, loans from the United States Development Loan Fund and assistance from the United Kingdom, will enable the government to undertake the expenditure of some M$250 million during 1960, with the result that the plan will be implemented to a greater extent than seemed likely two years ago.

The increased world demand for rubber and tin has benefited all sections of the Malayan economy. The gross amount of Malayan currency in circulation at the end of January this year, including Singapore and the Borneo territories, at M$1,125 million is the highest ever recorded, while private bank deposits, and savings accounts at the end of the year were 28 per cent higher than in 1958. The first certificates under the Pioneer Industries Ordinance were awarded during the year and a number of new industrial enterprises, both Malayan and foreign, have been set up while plans for others, including two oil installations, have been announced. To assist the private sector of industry an industrial finance company, Malayan Industrial Development Finance Limited, is to be established, the issued capital for which is being provided by the government, leading banks and insurance companies. The policies of the Alliance government are aimed at encouraging private enterprise and the development of trade and industry in all fields and the prospects of a further expansion of the economy are favourable.

TIN AND RUBBER

Increasing industrial demand for tin during the year has enabled the International Tin Council to authorise a progressive increase of export quotas for producing countries from 20,000 tons for the first quarter of 1959 to 36,000 tons for the first quarter of 1960, while the Tin Buffer Stock Manager has been able to reduce his holdings from 23,325 tons at the end of 1958 to about 10,000 tons at the end of 1959. Malaya's quota is now over 90 per cent of actual exports before restriction was introduced in December 1957 and this will enable all mines which closed since that date to resume operations if they so wish. The trend of consumption in the future appears to be favourable and the settlement of the steel strike in the United States is expected to strengthen demand still further.

The International Tin agreement expires next year and it would seem desirable in the interests of producers that an early decision should be reached regarding the future of the Tin Buffer Stock as, under the terms of the present agreement, it must be liquidated before 1961 unless it is incorporated in any new agreement which may be reached.

The rise in the price of natural rubber during the year, which was stimulated by heavy purchases by Russia, has emphasised the increasing demand for rubber of all types and the shortage of supplies of natural rubber. Earlier in the year it was announced that 570,000 tons would be released from the United States and United Kingdom stockpiles over a number of years but assurances were given that sales would be made without disturbing the market. Subsequent disposals of relatively small tonnages from these sources, which did not include high grade rubber, have had no appreciable effect on prices. These have averaged 101¼ Malayan cents per pound during 1959 compared with an average price of 80¼ Malayan cents per pound during 1958. The higher price for natural rubber, although beneficial to government revenue, is not in the best long term interests of the industry as a whole since it tends to discourage replanting with high yielding trees, particularly among smallholders, and also makes synthetic rubber with its steadier and lower price attractive to consumers.

During the last twelve years over 1,200,000 acres on estates and small-holdings have been planted with high-yielding rubber with potential annual yields of 1,500 pounds to 2,000 pounds per acre compared with an average yield of 500 pounds per acre for old rubber. This replanting and new planting is a continuing process and the Malayan rubber industry is well placed to meet the increasing demand for the consumption of natural rubber which is forecast for the future. Pan-Malayan exports of rubber for the year totalled 1,201,000 tons, an increase of 11 per cent over 1958, the highest ever recorded, of which Malayan production was 696,000 tons, 5 per cent higher than in the previous year.

SINGAPORE

The new constitution came into force on June 3rd last year when Singapore became a self-governing state within the Commonwealth, the United Kingdom retaining only responsibility for defence, foreign affairs and the right to maintain bases on the island. During the first six months of the new regime the duties of the Head of State were discharged by the United Kingdom High Commissioner in the person of the last Governor of Singapore but in December, Inche Yusof Bin Ishak, brother of the Minister of Agriculture in the Federation of Malaya, was appointed Head of State.

In the elections which preceded the new constitution the People's Action Party gained a decisive victory, winning 43 out of the 51 seats in the fully elected single chamber legislature and some 54 per cent of the total votes cast. The new government, composed of energetic young men, has a well disciplined party behind it and will, it is hoped, be able to give Singapore the firm, vigorous government that will be needed in dealing with the many problems likely to arise during the first years of the new state's evolution.

The new government inherited an estimated ordinary revenue deficit of M$14 million in the 1959 budget. Soon after assuming office, action was taken to eliminate this deficit by the immediate reduction in the emoluments of government servants and by reducing budgeted expenditure, while in September higher duties were imposed on cigarettes, petrol and foreign films. Further economies were expected to result from the abolition of the City Council and the integration of its various functions with several government departments. Also announced was the setting up of an Economic Development Board to replace the Industrial Promotions Board, a scheme to develop Singapore harbour facilities and a costly and ambitious housing plan. The new government also tackled the perennial problem of secret societies and has extended the Preservation of Public Security Ordinance for a further period of five years. These and other measures, together with assurances given regarding the treatment of foreign capital, have helped to create a more hopeful atmosphere than existed at the time the elections were held.

In his speech introducing the budget for 1960 the Finance Minister revealed that the measures taken by the government earlier in the year had had the desired effect and the actual results for 1959 are expected to show a small surplus. No further tax increases, other than the imposition of modest port dues, are proposed for the 1960 budget which shows an estimated deficit of M$6 million. The government's request that the United Kingdom should bear the cost of local defence will be considered in the context of aid for Singapore's overall development plan for the the next five years which will be discussed by the Finance Minister in London this year.

Trading conditions generally were quiet during the first half of 1959, due largely to uncertainties as to the effect of the impending constitutional changes, but the sharp rise in the price of rubber brought increased business

during the second half of the year. There has been a decline in the entrepot trade, exports to Indonesia in particular were over 60 per cent lower than the previous year, due mainly to restrictions imposed by the Indonesian government, but imports, chiefly of rubber, showed a substantial increase. Pan-Malayan trade showed an overall increase of about 9 per cent with a favourable balance of M$259 million compared with an adverse balance of M$369 million in 1958.

It seems clear that, notwithstanding the hopes expressed for rapid industrialisation in Singapore, commerce is likely to be the mainstay of the economy, both to provide employment and to produce the revenue, for some years to come. However, in its endeavours to meet the demands of the growing population for employment, the government is faced with the necessity of striking a balance between the retention of the free port status for the benefit of the entrepot trade and the desire to impose tariffs to protect newly established industries. Manufacturing is hampered by the fact that Singapore itself is a relatively small market, labour costs are high compared with Hongkong and Japan, and any locally made goods available for export are subject to tariffs in many countries including the Federation of Malaya. The proposals made by the Finance Minister in his budget speech regarding the creation of a common market and an integrated industrialisation programme for Singapore and the Federation would be of great benefit to the former but it remains to be seen whether they will be found acceptable by the Federation government whose problems are not exactly similar.

NORTH BORNEO

Amendments to the North Borneo constitution were announced in January this year whereby there would be a majority of nominated unofficial members on the Legislative Council which will enable the various communities and interests in the Colony to be more widely represented in the government. This modest constitutional advance is similar to that which has been introduced into other dependent territories in the Commonwealth in the past.

The continuing demand for the colony's principal exports of timber and rubber has resulted in North Borneo having another satisfactory year, with the combined value of imports and exports over 28 per cent higher than in 1958 and a favourable trade balance of about M$22 million. The revised estimates for 1959 show a revenue surplus and no further taxation is proposed in the 1960 budget which is expected to balance after providing M$5 million as a contribution towards development. There has been no appreciable increase in taxation since 1956, but a note of warning was sounded by the Financial Secretary in his budget speech when he drew attention to the fact that, while revenue had increased by just over 25 per cent between 1955 and 1958, recurrent expenditure had increased by over 56 per cent during the same period. A development programme has been drawn up for the next five years involving expenditure of M$70 million. The main emphasis will be on roads, harbours and airfields while finance will be provided from colonial development and welfare funds of over M$25 million and contributions from the revenue and locally raised loans. Agricultural development continues to show promising results and large areas of rich soil have been found in the Lubuk Valley which will be a valuable addition to the known resources available for exploitation in the future. The first shipments of cocoa to the London market have been well received while the reports of growth in the first oil palm plantations are encouraging. A further circumstance which seems likely to result in a certain amount of development has been the choice of the Kota Belud area as a new army training ground and this has already been described as the "Salisbury Plain of the Far East."

BRUNEI

The new constitution came into force on September 29th under which the post of British Resident, whose responsibilities included the general administration of the State has been abolished. His duties are now being discharged by a Mentri Besar, appointed by His Highness the Sultan, assisted by a State Secretary and other officials on the Malayan model. Ties with Sarawak have been severed and a High Commissioner, resident in Brunei, appointed by Her Majesty the Queen, will directly represent the United Kingdom Government which continues to be responsible for external affairs and defence.

The revenues of the State are still largely dependent on the oil industry and the comfortable surplus of income over expenditure continues. The government is, however, anxious to lessen its dependence on this source and is giving urgent attention to the development of agriculture, particularly rubber planting, and is encouraging the setting up of new industries.

SARAWAK

Trading conditions showed a great improvement compared with 1958, both the value and volume of exports being the highest since the boom years of 1950 to 1952. Increased prices for rubber, pepper and timber and a bumper illipe nut crop benefited the revenue considerably and this has enabled a deficit of some M$6 million in the Development Fund to be liquidated and a further sum made available for capital expenditure this year.

A revised M$115 million development plan covering the years 1959 to 1963 has been approved in which a number of uncompleted schemes in the previous plan are carried forward. The main emphasis in the new plan is on communications, agriculture and education and particular stress is laid on the need to accelerate the rubber replanting scheme.

Our office in Sibu was opened in August and has made very satisfactory progress. There is every indication that the demand for Sarawak's products will continue during 1960 and an increasing volume of bauxite exports is a valuable addition to the economy.

INDONESIA

Internal security conditions in Indonesia have shown little change during the past year and although the government has achieved a number of successes against the rebels there still remain appreciable areas where their control is far from effective. Using his powers under the state of emergency President Sukarno dissolved the Constituent Assembly in July and announced a return to the 1945 Constitution, which assures the new government a five year term of office and enables legislation to be promulgated by presidential decree. In January this year all political parties were brought under government supervision, while the military authorities continued to exercise a considerable measure of control over the administration.

Economic conditions have steadily deteriorated and severe inflation continues to be caused by heavy military expenditure which has been met by deficit financing. In an attempt to combat inflation drastic monetary measures were imposed at the end of August. These included a fourfold devaluation of the rupiah, the reduction by 90 per cent of the value of the higher denomination bank notes and the conversion of 90 per cent of bank balances of over Rp. 25,000 into government loans. These measures had the immediate effect of reducing substantially the amount of currency in circulation and the advances by the Bank Indonesia to the government but, at the same time, they almost brought the economy of the country to a standstill. Banks in particular suffered severe losses as no exception was made to cover notes held in the till. It should have been obvious, I think, that such a draconian measure could not, in itself, be expected to effect a cure, unless it were to be followed up by a reduction in government expenditure, and of this there has been no sign. Thus at the end of the year, the value of notes in circulation was again higher than at the end of August. The cost of living continued steadily upwards and by January it had in fact risen to such an extent that the government announced measures to impose price controls. It is hardly surprising that under such conditions our office in Djakarta has had a difficult year, and the recent directive that all foreign trade should come under direct government control will undoubtedly add to the disabilities under which we operate.

A dual nationality treaty was signed during the Bandung conference in 1955 under which the Chinese minority were to be given an opportunity of becoming Indonesian citizens and renouncing Chinese nationality. The treaty did not come into force and a large number of Chinese have been affected by the enforcement of a ban on all alien traders in rural areas. This has been the cause of an acrimonious dispute with China which has now been partially settled by the exchange of ratification documents relating to the treaty, but it is not yet clear how this will affect the problem of the displaced Chinese.

INDIA

The border dispute with China, which has cast its shadow over Asia, has not been without its influence on the Indian political scene. Dissatisfaction with the ruling Congress party's socialist policies had already become more vocal and the new Swatantra party, which was formed in August with a right-wing bias, gained many members, although it has found little support in West Bengal. When the news of the border incidents became known, strong condemnation of China's attitude was expressed in many quarters and a number of supporters of the Congress party were to be found amongst those who criticised Mr Nehru for not taking a more determined stand. While it is difficult to see at the moment any alternative party being in a position seriously to challenge Congress at the next elections, the differences within that party, which are becoming more pronounced, are likely to have their effect on its general policy. Relations with Pakistan, on the other hand, have shown a welcome improvement. The complex problem of the Indus waters seems likely to be settled and agreements on outstanding disputes along their frontiers have been signed.

In Kerala the central government felt compelled in July to take over the administration of the state and elections held last month resulted in an alliance of the Congress party, Praja Socialists and the Muslim League gaining a substantial success over the Communists in terms of seats in the legislature. It is noteworthy, however, that the Communists polled nearly one million more votes than they obtained in 1957 which raises doubts as to the validity of the claim that the party has lost popular support due to events on the Chinese border.

The economy showed general signs of improvement as the capital investment of the past few years is beginning to bear fruit. Industrial production, which has recently been somewhat stagnant, began to move forward and it seems likely that the targets set under the second five year plan will be achieved. While exports showed an upward trend imports were also considerably higher and the short-fall for the year is expected to be at least the equivalent of £150 million. As a result of arrangements sponsored by the International Bank aid seems certain to be provided for the rest of the present plan, but the total of foreign reserves, although showing an improvement, is still only about the level of last year's trade deficit. This gives some idea of the difficulties that will be encountered in drawing up the third five year plan and the unlikelihood of there being any major relaxation of the stringent import controls. While the Finance Minister on his return from his world tour expressed his appreciation of the interest shown in India's development, he went on to point out "that our foreign exchange needs for the third plan will be quite large and that the assistance required will have to be on a fairly long-term repayment basis." Meanwhile a visit paid to both India and Pakistan by three leading bankers with wide international experience, namely Dr Abs, Sir Oliver Franks and Mr Sproul, will enable a personal study of the economic situation on the spot to be made.

As a result of the favourable monsoon in 1958, the total output of food grains showed a substantial increase although it is doubtful whether the current crop will be maintained at the same level. Unfortunately this rise in production had little effect on food prices which increased sharply and the discontent became so vociferous that the Food and Agriculture Minister resigned in August. Much of the criticism was levelled at state trading which was considered to have aggravated the shortages and it seems likely that there will be less emphasis on this method in future. A report by an agricultural production team sponsored by the Ford Foundation focused attention on the magnitude of the task India faces in her effort to achieve self-sufficiency in food and, although some of the findings may be controversial, the problem seems likely to grow in intensity. A fourth agreement was reached with the United States to obtain agricultural commodities against payment in rupees.

The commissioning of the first blast furnace at the British built steel works at Durgapur by the President in December brings the three state-owned factories into operation. When full production is achieved in these plants and in the extensions to the private sector, it seems likely that India will be self-sufficient in steel. This should result in any surplus being available for export but there is some doubt as to whether the price will be competitive.

PAKISTAN

The military government under President Ayub Khan, which took charge at the end of 1958, has wrought a remarkable change in the political and economic condition of the country. The whole administrative machine has received a severe overhaul and holders of public office, who were found guilty of misconduct, have been dismissed. This has resulted in a more vigorous and forward-looking attitude permeating throughout the public service which has given the mass of the people a sense of purpose which has been lacking in the past. Land reform, which was found to be beyond the powers of previous governments, has been successfully tackled and considerable progress has been made in housing refugees. The first anniversary of the revolution was held in Rawalpindi, where the new seat of government has been established, and the President was able to look back with satisfaction on the achievements of the past year. Nevertheless, he stressed that they had a long way to go before the standards in Pakistan were brought up to those of the contemporary world.

The economic position of the country has also benefited from the better administration. The collection of overdue taxes has helped the revenue, inflation has been checked and the balance of payments has shown a steady improvement, so much so in fact that it has been found possible to cancel the standby credit provided by the International Monetary Fund. Exports have recently shown an encouraging improvement due to the new incentive scheme, although the exportable surplus of cotton continues to fall due to static production and increased consumption. The import licensing system has been thoroughly overhauled and, although consumer goods still remain in short supply, the more liberal availability of licences for raw materials has played its part in the rise in industrial production by about one-third. More encouragement is being given to investment from abroad and agreement has been reached on the establishment of an oil refinery in Karachi by a consortium composed of British and American oil companies, while a carbon black factory is being built in Baluchistan with foreign participation. The newly established Water and Power Development Authority has already made progress in utilising reserves of natural gas and extending and co-ordinating the various irrigation schemes in West Pakistan. Grain procurement by the government has been more successful than in previous years while rice production in East Pakistan has been improved by adopting methods in use in Japan but substantial quantities still have to be imported.

Notwithstanding the progress that has been made, many problems still remain to be solved and the country continues to be dependent to an almost unhealthy extent on substantial contributions of foreign aid, while self-sufficiency in food production will take some time to achieve. It is encouraging to note that last month President Ayub Khan announced the appointment of a committee to draft a new constitution.

BURMA

Internal conditions have continued to improve under the caretaker government led by General Ne Win and operations against the insurgents have been undertaken with more vigour, which has resulted in there now being a greater degree of security in the countryside than for many years. This enabled general elections to be held in February this year in which the "clean" faction of the Anti-Fascist People's Freedom League, led by the former Prime Minister, U Nu, gained a large overall majority. This was considerably greater than was expected, and the absence of any worthwhile opposition may not be in the best interests of the country.

The government has continued its measures to control prices of consumer goods, but the increase in import duties imposed in October and the shortages caused by severe import restrictions earlier in the year have caused prices and the cost of living to edge upwards. Steps have been taken to remedy this trend by a more generous issue of import licences in the second half of the year. Improved exports of rice, which were about 300,000 tons more than in 1958, and of timber, have resulted in a trade surplus of kyats 45 million for the fiscal year ended September 30, 1959, compared with a deficit of kyats 208 million in the previous year while the foreign exchange reserves increased by about kyats 100 million. The entry of quasi-government bodies into commerce in all its aspects has been a feature of business conditions in Burma for some time past. During the year a further development has been the increased participation of the army, which has turned its attention to a number of trading activities including a bank and a shipping line. The position of foreign trading companies will in fact be made almost untenable if, following the introduction of the export incentive scheme for indigenous exporters, the order that import licences would only be issued to Burmese nationals comes into force in June. Under these circumstances, it is doubtful whether the Foreign Investment Act, designed to offer attractive terms to foreign investors, or the proposed Industrial Development Bank, will have a great deal of appeal unless private enterprise is accorded more consideration than it has had hitherto.

The government continues to follow a policy of neutrality and non-alignment, but there have been signs of disenchantment with Soviet bloc countries particularly over matters connected with trade and aid. Relations with China have improved and one of General Ne Win's last acts as Prime Minister has been to sign a ten year treaty of friendship and non-aggression in Peking and also a boundary agreement under which both China and Burma surrendered tracts of territory now occupied by them.

CEYLON

Ceylon has been passing through an unhappy phase and for five months of the year the country was placed under a state of emergency. The position of the coalition government, weakened by the defection of a number of its supporters in parliament and by the resignation of the marxist members from the cabinet, became increasingly precarious and legislation was only passed by slender majorities. At the end of September the country was shocked by the assassination of the Prime Minister, Mr Bandaranaike, and this precipitated a further period of political unrest. Although the government remained in office under the new Prime Minister, Mr Dahanayake, it continued to lose support and, after narrowly surviving two no-confidence motions, parliament was dissolved in December and general elections are to be held on March 19th.

The budget for the next financial year shows a deficit of nearly Rps 400 million, the majority of which it is proposed to finance by local borrowing and foreign aid. In his budget speech the Finance Minister indicated that the Inland Revenue Department were having difficulty in applying and collecting taxes which in view of the complicated structure, including the wealth and expenditure taxes, is hardly surprising. The tax on debits to current accounts gives little encouragement to the public to develop the banking habit and has resulted in an unnecessary increase in currency notes in circulation, particularly of higher denominations.

In view of the disturbed political situation it is not surprising that there has been some deterioration in the economy and that little attention has been paid to the ten year development plan which was published during the year. External assets have fallen to the lowest level since 1954, the trade deficit amounted to Rps. 253 million compared with a deficit of Rps. 6 million for 1958 and the amount of treasury bills outstanding increased by Rps. 250 million. Fortunately the production and export of tea, which contributes over 60 per cent of export income, has continued at a high level and better prices for all grades were obtained during the second half of the year.

MAURITIUS

The first general elections under the new constitution were held in March when 90 per cent of the electors cast their votes. The Labour Party gained a clear majority by winning 24 out of the 40 constituencies and the new government continues to retain the support of the majority of the population.

Weather conditions during the year were on the whole satisfactory, and the sugar crop produced was an all time record at 580,000 metric tons representing an increase of about 10 per cent over the previous year. In terms of the Commonwealth Sugar Agreement the United Kingdom Ministry of Food purchased 343,375 tons at £45 2s. 0d. per ton, and the balance was sold in other markets at prevailing world prices.

The Commonwealth Sugar Agreement has been extended for a further year, that is up to and including 1967. The negotiated price for 1960 has been fixed at £44 8s. 0d. while the quantity which the Ministry of Food has agreed to purchase has been increased by 3 per cent to 353,425 tons representing a net gain in value.

The five year development programme, which was approved in 1958, is now gathering momentum and imports of machinery and building material show a steady increase. Textile imports on the other hand, have been lower as the market is dull and over-stocked.

Since the beginning of this year the island has had the misfortune to be struck by two cyclones. The second one, at the end of last month, has caused some loss of life and heavy damage, the full extent of which has yet to be ascertained.

CONCLUSION

I have now come to the end of my survey of the countries in which we and Mercantile Bank Limited operate and on the whole satisfactory progress has been made during the past year. The main problem which these countries have to face, is the necessity of increasing their national wealth to meet the needs of their growing populations. This fact is of course well known, but the extent of the increase in population may not be so generally realised. In view of the importance of this subject, I propose to conclude with a few figures from a comprehensive study, which has recently been published by the United Nations, Economic Commission for Asia and the Far East, on population trends in this area.

The main cause of the population increase has been the rapid fall in mortality "while fertility, on the contrary has generally remained constant." This has resulted in the population of the region rising from 934 million in 1920 to 1,462 million in 1956, and accounts for more than half of the increase in the world population during the period which rose from 1,800 million to 2,700 million. It is estimated that China has now a population of over 600 million with India just under 400 million, from which it can be seen that one person in every three in the world today belongs to one or other of these two countries.

The annual number of births per 1,000 population varies in different countries in this area from forty to fifty, a rate similar to that in Latin America, but more than twice the rate in the industrial countries in the West. While the birth rate remains relatively stable, mortality during the last ten years has steadily declined. India, for example, which had a mortality rate of 43 per 1,000 at the beginning of the century has reduced this to 30 or a little less. As a result, the annual natural increase in the region in recent years is an average of 1½ per cent nearly twice that of Europe, with Hong Kong, Singapore and the Federation of Malaya at least 3 per cent, China, Ceylon, the Philippine Islands, Pakistan and the countries bordering the Mekong River over 2 per cent, and India, Japan and the rest slightly below this. On the average 40 per cent of the population in the region is under fifteen years of age which is almost double the percentage in France and the United Kingdom.

I think these figures speak for themselves and I shall not labour the point by dealing with future trends except to add that the study estimates that by 1980 many of these countries will have doubled their present population. This is certainly a sobering thought and further explanation is unnecessary to show why the pace of development should not be retarded.

SOCIÉTÉ GÉNÉRALE DE BELGIQUE

The Annual General Meeting of shareholders of the Société Générale de Belgique was held in Brussels on February 23, 1960. The Governor, M. Paul Gillet, presided.

The Company's chief asset is its holding shares in financial, industrial and mining companies in Belgium, the Congo, Canada and other countries. The portfolio is shown in the Balance Sheet at the conservative valuation of 4,034 million Belgian francs (about £28.8 million sterling).

The investment revenue in 1959, consisting in the main of dividends paid to the Company from the 1958 profits of the firms concerned, inevitably reflects the 1958 business recession. Investment revenue was B.frs.529,931,114 (against frs.616 million in 1958), but the loss was partly offset by an increase of frs.18 million in the other earnings, which rose to frs.77,690,148.

After again providing frs.50 million for contingencies and frs.40 million for depreciation, and meeting other outgoings, the net profits for 1959, amounting to frs.469,303,450, were lower by only about 8 per cent than in 1958.

The General Meeting approved the appropriation to the Reserve Fund of a further frs.46.95 million, and the payment of a dividend of frs.510 per share (*Parts de Reserve*). The dividend compares with a distribution of frs.550 per share in respect of 1958.

The following are extracts from the Report of the Directors to the Annual General Meeting, giving a brief summary of the activities of some of the associated companies:

The resources of the *Banque de la Société Générale de Belgique* were increased by a further capital increase, and deposits rose by 10 per cent. A dividend of frs.85 (unchanged) was paid for the year 1958.

The *Compagnie Maritime Belge*, despite a decrease of 20 per cent in the 1958 profits, maintained its policy of fleet modernisation.

The *Société de Traction et Electricité* distributed a dividend of frs.162.50 for 1958, as compared with frs.160 for 1957. During 1959, the technical bureaux of the company took charge of the building and initial operation of several 120 mW thermal monoblock re-superheated power stations and participated in the planning of various projects in the nuclear energy field. They also continued their activity abroad as consulting engineers, notably in Columbia and Iraq. As a member of the Abelinga Association, Traction et Electricité is taking part in the planning work for hydro-electric development on the river Congo at Inga.

In 1959, *Papeteries de Belgique* participated with the Bowater Scott Corporation Ltd., of London, in the formation of *Bowater Scott Continental Company*. The object of the new company is the production of all cellulose products.

The *Société Belgonucléaire* further extended its field of activity. The company sold to a leading Swedish firm its rights in a 124,000 kW nuclear project worked out in conjunction with General Nuclear Engineering Corporation. The sale is evidence of the value attaching to this work.

Cockerill-Ougrée which, last September, opened a new steelmaking plant of 1½ million tons capacity, has adopted a five-year programme for investment expenditure of frs.7,000 million.

At *Forges de la Providence*, an investment programme of frs.4,000 million was completed and a further programme of more than frs.3,000 million put in hand.

The erection, near Liège, of *Tolmatil's* highly specialised plant, which is to be used entirely for the manufacture of magnetic plates, was completed in 1959 according to schedule. Manufacture on the industrial scale was put in hand about the end of the year.

The dividend paid for 1958 by the *Société Générale Métallurgique de Hoboken* was frs.525 net per share against frs.475 in 1957. The copper refinery, the uranium division, and the cobalt workshops worked at full capacity in 1959. New technical improvements, concerned mainly with semi-conducting metals, were perfected during the year. Merchant quantities of monocrystalline germanium, electronically pure selenium, pure oxides of tantalum and niobium are produced. In 1959 the company participated in the formation of *Génie Métallurgique et Chimique* (Méchim). The object of Méchim is to make available its own technical information and processing knowledge in connection with

the manufacture of sulphuric acid and related chemical products.

Despite the recession, *Ateliers de Constructions Electriques de Charleroi* (ACEC) paid a dividend of frs.45 (unchanged) for the year 1958. After July, 1959, the level of orders returned to normal. The company is now able to make the biggest components of generating and transforming gear; and in 1959 it also opened a new micro-motor factory at Ruysbroeck, near Brussels, took a number of steps to enhance its standing in the electronic field, and manufactured the apparatus for the first locomotive equipped with cilicium rectifiers. An increased volume of business is expected in the years ahead.

In 1959, *Petrochim*, in association with the Union Carbide Corporation of New York, participated in the formation of *Cobenam*. This new company will produce polyethylene.

The results of *Carbochimique* for 1958 enabled a net dividend of frs.50 per share to be paid, as compared with frs.75 for the previous year. A urea production plant, with a capacity of 50,000 tons per annum, was brought into operation at the end of 1959, and will be in full production during 1960.

Despite the political position of the Congo, new companies were created in 1959, and the investments made by the chief companies associated with Société Générale de Belgique amounted to frs. 3,500 million (£25 million sterling).

In association with the *Compagnie du Katanga*, a Dutch and a German group, the *Compagnie du Congo pour le Commerce et l'Industrie* (CCCI) took part in the formation of *Entreprises Agricoles et Industrielles de l'Equateur* (Agriqateur). CCCI also participated to the creation of *Syndicat pour la Recherche du Pétrole dans le Bas Congo*. A dividend of frs.260 per share was paid by CCCI for 1958, as compared with frs.300 for the previous year.

On January 4, 1960, the *Société de Recherches et d'Exploitations des Bauxites du Congo* (Bauxicongo) was formed by the *Société Forminière* and the members of the *Syndicat de Recherches Minières du Bas et Moyen Congo* (Bamaco).

The diamond concessionary *Société Minière du Bécéka* produced 16,090,034 carats in 1958, or nearly a million carats more than in the preceding year. A dividend of frs.220 was paid. In 1959 the company opened a central washing and concentration plant for diamond-bearing gravels, in which new procedures are applied for the automatic control of all operations.

Union Minière du Haut-Katanga will shortly bring into operation the first unit of the new copper-cobalt electrolytic plant at Luilu. Each unit will have a capacity of 50,000 t., and the plant will be completely automatised. Production of copper in 1959 rose to the record level of 280,000 tons. Production of cobalt was raised to 8,350 t. compared with 6,501 t. in 1958. The net dividend for 1958 was frs.1,500 per whole share (unchanged), involving a distribution of frs.1,863 million.

The Consolidated Profit and Loss Account of *Sogemines Limited* showed a profit of Can. $401,940 in 1958. This is 18 per cent higher than in 1957. *Iroquois Glass Company* was formed in July, 1958, and the first of the two glass furnaces was lit in April, 1959. A new chemical company, *Brockville Chemical Limited*, was formed in August, 1959. The factory is expected to come into production in the early months of 1961.

SCOTTISH EQUITABLE
LIFE ASSURANCE SOCIETY

1959 A VERY SUCCESSFUL YEAR

NEW BUSINESS REACHES RECORD LEVEL

Mr R. K. Cuthbertson, W.S., Chairman of the Board of Directors, presided at the One Hundred and Twenty-Ninth Meeting held on March 17th in Edinburgh. In the course of his remarks Mr Cuthbertson said:

We have had another very successful year. Our new business figures show a substantial increase over our record total of last year. Net new sums assured for 1959 amounted to £10,276,126. At the Annual Meeting in March 1958 Mr Watson, the then Chairman, drew attention to the fact that our new business had exceeded £6 million for the first time—in fact the total was over £6,600,000—and it is very gratifying to note an advance of more than 50 per cent over the last two years. The 1959 total is made up of sums assured of over £7,800,000 in policies on individual lives and of over £2,450,000 in policies on groups of lives in connection with staff schemes. Both these figures are greater than anything we have previously achieved while the increase of nearly £1,900,000 over the 1958 total is some £170,000 greater than the corresponding increase reported last year which was at that time a record.

High Interest Yield

Our premium income has increased by £240,000 and is now approaching the two and a half million level. The gross interest income has also risen substantially and exceeds £1,500,000 in the Life Assurance Fund. The increase arises partly from the growth in our funds and partly from enhanced dividends on ordinary stocks. The actual gross rate of interest earned is £6 10s. 4d. per cent, an increase of no less than 4s. per cent on the 1958 figure. This rate is eminently satisfactory and is the highest in our history but I think it well that I should issue a note of warning. In February of this year the Chancellor of the Exchequer made a further appeal that the benefits of higher productivity should not be absorbed entirely by increases in either wages or profits but should be shared with the consumer. Price reductions would do far more to consolidate our present prosperity than higher profit margins and dividends. It is likely that we shall see in the near future a trend towards reduced profit margins and we cannot anticipate the same rate of advancement in dividends as we have hitherto experienced. On the other side of the Account claims by death have risen by £100,000. As a result of the year's operations the Life Assurance Fund has increased by the sum of £1,720,000.

The total assets now stand in the balance sheet at over £26,000,000.

Increased Intermediate Bonus Rates

The Society's rates of intermediate bonus for 1958 and 1959 have been 46s. per cent per annum compound in the case of ordinary fully participating assurance policies and 42s. per cent per annum compound for ordinary fully participating deferred annuities. These rates were fixed at the Quinquennial Investigation as at December 31, 1957, the date of our last declaration of bonus. In view of the progress and prosperity of the Society the Directors decided that the position should be reconsidered although only two years of the present Quinquennium have elapsed. Full investigations have been made and the results I am pleased to say have shown a very strong and healthy position. The Directors have accordingly decided to recommend that the rates of intermediate bonus be increased in respect of premiums payable after December 31, 1959, to 50s. per cent in the case of ordinary fully participating assurance policies and 46s. per cent in the case of ordinary fully participating deferred annuities. These rates, as I have mentioned, are on the compound principle, i.e., the bonuses are calculated on the sum assured (or annuity) plus the bonuses already added to these benefits.

With-Profit Pension Scheme

The passing of the National Insurance Act 1959 focused attention on employers' pension problems and gave rise to increased activity in the market for assured pension schemes. In particular, growing interest has been shown in schemes arranged on a with-profit basis and in order to meet all requirements the Society has introduced a with-profit pension scheme. Those employers who assure their employees' pensions with the Scottish Equitable now have the opportunity of participating in the profits and general prosperity of the Society. The new plan offers immediate participation by the use of current premiums which are adjusted from time to time in light of conditions then ruling and further participation by quinquennial bonus allocated after the experience of the Society for each Quinquennium becomes known. The quinquennial bonuses which are related to the amount of the premiums paid are declared as a cash deduction from the ensuing five years' premiums. Employers who are considering the introduction of a pension scheme for their employees will be well advised to examine this attractive new contract which incorporates the latest and best developments in pension practice.

The Report and Accounts were unanimously adopted.

Copies of the Annual Report and Accounts available on request.

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LONDON OFFICE: 13,14 CORNHILL, LONDON, E.C.3.

PHILIPS' INCANDESCENT LAMP WORKS HOLDING COMPANY

EINDHOVEN

The Annual Report and Accounts of the above-named company and of the Operating Company, Philips' Incandescent Lamp Works, will shortly be available in their English translation. The Holding Company owns fl.618,739,000 Ordinary shares of the Company out of a total of fl.619,030,000 and fl.143,622,000 Preference shares out of the fl.144,000,000 in issue. Below are given the Balance Sheet and Profit and Loss Account of the Operating Company as at 31st December, 1959.

BALANCE SHEET AS AT 31st DECEMBER, 1959

ASSETS			LIABILITIES		
Property, plant and equipment :			**Share capital and reserves :**		
Replacement value	795,299,000		Ordinary share capital	619,030,000	
Depreciation	385,188,000	410,111,000	6% cum. part. pref. share capital	144,000,000	
Intangible assets		—	Share premium account	154,037,000	
Investments in and amounts due from subsidiary and associated companies		1,743,533,000	**Retained profit**	859,387,000	
Sundry non-current assets		7,095,000		1,776,454,000	
Stocks :			Revaluation	356,536,000	2,132,990,000
Factory stocks	198,996,000		**Sundry provisions :**		
Commercial stocks	86,463,000	285,459,000	Long-term provisions	68,966,000	
Debtors :			Short-term provisions	45,142,000	114,108,000
Trade and other debtors	93,112,000		**Long-term Liabilities :**		
Prepaid expenses	17,447,000	110,559,000	3½% 25-year debentures (unsecured)	48,750,000	
Liquid Assets :			3½% 20-year dollar debentures (unsecured)	19,000,000	
Marketable securities	5,678,000		4¾% 25-year dollar debentures (unsecured)	76,000,000	
Cash at bank and in hand	412,691,000	418,369,000	Other long-term liabilities	224,919,000	368,669,000
			Current Liabilities :		
			Bank overdrafts	6,469,000	
			Creditors, including provision for taxation	189,569,000	
			Accrued expenses	29,834,000	225,872,000
			Profit for distribution		133,487,000
		2,975,126,000			2,975,126,000

(All amounts in guilders)

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1959

Profit, including profits attributable to subsidiaries and trade investments, after foreign taxation and before deduction of the following items		539,295,000
Depreciation of property, plant and equipment	49,368,000	
Interest paid	17,423,000	
		66,791,000
Profit before taxation		472,504,000
Provision for Netherlands tax on profits		144,100,000
Net profit for the year		328,404,000
Distribution of profit :		
Shareholders' dividends at the rate of 8 per cent. per annum on the Cumulative Participating Preference Shares and 16 per cent. on the Ordinary Shares		110,564,800
Board of Directors and Board of Management		10,754,645
Personnel interests		12,167,465
		133,486,910

The development of the Philips Group as a whole over recent years is shown in a table published in the Annual Report, from which the following figures have been extracted.

	1959	1958	1957	1956	1955
	In millions of guilders				
Sales	4,182	3,595	3,177	2,686	2,280
Increase on the preceding year	16%	13%	18%	18%	18%
Trading profit	740	557	442	337	292
As percentage of sales	17·7%	15·5%	13·9%	12·5%	12·8%
Net profit	351	244	187	158	148
Increase on the preceding year	44%	30%	18%	7%	24%
Retained profit	217	142	92	64	77
As percentage of net profit	62%	58%	49%	40%	52%
Dividend on Ordinary Shares	16%	14%	14%	14%	14%
Scrip issue	5%	5%	—	—	—
Dividend on Preference Shares	8%	7·6%	7·6%	7·6%	7·6%
Scrip issue in Ordinary Shares	1%	1%	—	—	—
Net worth	2,266	1,922	1,665	1,535	1,426
Long-term liabilities and provisions	933	951	896	631	473
Short-term liabilities and provisions	1,497	1,305	1,105	1,005	803
Current assets	3,107	2,748	2,354	2,079	1,862
Ratio of current assets to short-term liabilities and provisions	2·1	2·1	2·1	2·1	2·3
Additions to property, plant and equipment	279	259	275	293	239
Depreciation of property, plant and equipment	158	140	118	100	82
Number of employees	189,000	174,000	160,000	152,000	143,000

Copies of the above Accounts will be obtainable from the Company's British Fiscal Agents,

PHILIP HILL, HIGGINSON, ERLANGERS LIMITED

34, MOORGATE, LONDON, E.C.2.

THE PRESTIGE GROUP LIMITED

Mr. Arthur Keating reports on a record year

HIGHER TURNOVER AND PROFITS: INCREASED DIVIDEND: ACQUISITION OF O-CEDAR LIMITED

The following are extracts from the Statement by the Chairman, Mr. Arthur Keating, and the Managing Director, Mr. T. O. Rauworth, which has been circulated with the Report and Accounts for the year ended 31st December, 1959.

● It is indeed a pleasure to begin this report by telling you that the results for the year 1959 represent all-time records for your Company in terms of both turnover and profit. Group sales totalled £5,260,758 and profit before tax amounted to £881,164 compared with £805,233 in 1958. Provision of £450,500 has been made for taxation on these earnings, leaving the profit for the year after taxation at £430,664. To this figure should be added £30,000 previously set aside for taxation but not now required, leaving the available net profit of the Group for the year at £460,664 compared with £435,019 in 1958.

● The balance of £1,519,116 on Profit and Loss Account brought forward from 1958 was reduced by the amount of £688,904 applied towards the capitalisation issue of Ordinary Shares made in April 1959, leaving £830,212. After transferring the sum of £41,000 from Revenue Reserve and adding the available Group net profit of £460,664, there is a total of £1,331,876 available for dividends, reserve or carry forward. In accordance with the terms of issue, £11,149 has been set aside for the redemption of Preference Shares in 1960. Dividends paid and recommended for payment will require £212,588 leaving a balance of £1,108,139 to be carried forward. The amount of the profit for the year retained in the business will be £236,927.

● At an Extraordinary General Meeting of the Company held on 2nd April 1959 resolutions for the increase of the capital to £2,500,000 and for a 3 for 2 capitalisation issue to Ordinary shareholders were approved.

Your Directors recommend the payment of a final dividend of 21 per cent on the Ordinary Shares, making a total dividend of 25 per cent for the year, compared with an equivalent total of 20 per cent in the previous year.

● The Consolidated Balance Sheet at 31st December 1959 showed a strong financial position. Fixed assets at cost, less depreciation, amounted to £1,033,039, a net increase of £27,105 on the previous year. Current assets totalled £3,658,144 of which £1,664,087 was represented by cash and short term investments. Stock-in-trade amounted to £1,278,354 compared with £1,165,852 at the end of 1958. Working capital amounted to £2,329,503 compared with £2,031,480 at the previous year end.

● Increased sales in the home market were again achieved. The most striking feature of the year's selling effort, however, was the additional business secured in export markets. In 1959 export sales accounted for more than a quarter of the Group's total turnover. This success was obtained by an export division whose representatives are travelling to all parts of the world throughout the year, and by means of sales companies operating in Belgium, Holland, Italy and Germany. We were especially successful in increasing sales of our goods throughout Europe. Every effort will be made to maintain and increase the Group's export sales throughout the world in 1960.

Home sales, operated under two separate divisions, "Prestige" and "Sky-line", are backed by wide-spread advertising in the national and trade press, magazines, cinemas and television. It is significant that the linking of the brand name "Sky-line" with that of "Prestige" is succeeding in giving this lower-priced range of our products almost as much prominence and public support as that of "Prestige".

● Sales of aluminium foil containers and baking tins for the baking industry were substantially increased during 1959. Prestige "Foilpak" containers are now widely used by bakers, frozen food manufacturers, airline companies and many others who are concerned with the pre-packaging of food. Similarly, the quality of our baking tins and the pan-glazing service offered to bakers have produced sales over a third higher than last year. New equipment is being installed which will enable us to offer to the commercial baking industry products representing the latest developments in the field.

● We are glad to report that your Company's offer to acquire O-Cedar Limited for £225,000 was accepted by holders of over 90% of the Ordinary Shares in February 1960 and that it is now a subsidiary of your Company. Plans are being made for the expansion of this business. Prestige has already been very successful with its household mops and the acquisition of O-Cedar Limited will now permit the Group to widen its activity in household cleaning aids. The company has a leasehold factory at Slough.

● The year has opened satisfactorily and every effort will be made to maintain the progress achieved in 1959. If further opportunities occur for expansion by the acquisition of other companies, they will be taken. Your Directors give a great deal of time to the study of such acquisitions and this will continue. The possibility of manufacture of our products in countries outside the United Kingdom is also kept under constant review, particularly with regard to the Common Market countries and our larger export markets.

If favourable domestic and world-wide economic trends continue, we can look forward to further expansion of the Prestige Group since it is by nature and by inclination a growth company.

THREE YEAR SUMMARY

	1957 £	1958 £	1959 £
Sales	4,207,947	4,988,379	5,260,758
Group Profit before Taxation	601,668	805,233	881,164
Available Group Net Profit after Taxation	284,668	435,019	460,664
Net Dividends	148,058	162,664	212,588
Other Appropriations	24,392	10,601	11,149
Group Profit Retained	112,218	261,754	236,927
	284,668	435,019	460,664
Total Net Assets	2,791,341	3,146,997	3,362,542
Issued Ordinary Shares (5s.)	£520,000	£520,000	£1,300,000
Issued Preference Shares (£1)	£464,190	£452,590	£441,640
Ordinary Dividends (adjusted for Capitalisation issue)	18%	20%	25%

If you are interested in obtaining a copy of the Report and Accounts containing the full Statement, please write to the Secretary, The Prestige Group Limited, Prestige House, 14-18, Holborn, London, E.C.1.

Prestige • Sky-line • O-Cedar

MASSEY-FERGUSON LIMITED

A BUSY AND EVENTFUL YEAR

The annual Meeting of shareholders of Massey-Ferguson Ltd. was held on March 10th in Toronto.

The following are excerpts from the address by Colonel W. E. Phillips, Chairman and Chief Executive Officer:

The Annual Report reveals an encouraging upward trend in sales and earnings and a significant increase in the margins earned.

1959 has been a busy, indeed an eventful year for us. It has seen the realisation of many of our earlier hopes for a much greater integration of our manufacturing facilities throughout the world, with a consequent marked reduction in our dependence upon outside suppliers.

The acquisition of the Banner Lane tractor plant and of the new facilities in France provides us with modern manufacturing capacity for some 125,000 tractor units per year. Together with previously existing facilities our total annual capacity for tractors and tractor components is now some 200,000.

We have spent in 1959 some $52 million for the establishment of production facilities in the United Kingdom and France. These plants are well equipped, admirably located in low production cost areas and well placed in relation to our customers in those markets.

We have now come to the point where the so-called reorganisation generally spoken of in the early days of 1956, is now largely complete. The task from now on is to make this new organisation work to produce a more reasonable level of earnings. That is the task to which we are now all dedicated. Your Company is now in a vastly improved position and better equipped to maintain and improve its position in every competitive market. As we now view our world market of 1960, a small but not significant improvement in total sales volume, would seem possible.

PRESIDENT'S ADDRESS

The following are extracts from the address of Mr A. A. Thornbrough, President:—

I shall first report the sales and operating results for the first quarter of 1960, and then indicate our prospects for 1960.

World-wide net sales, excluding French and German turnover taxes, for the three months beginning November 1, 1959, were $87,889,000 as compared with $82,505,000 in this period a year ago—an increase of 6.5 per cent. Approximately 17 per cent of annual sales of Massey-Ferguson, on the average, are achieved in the first quarter and it is also customarily the lowest quarter in net income.

Profit before income taxes for the first quarter of 1960 was $2,285,000 as compared with $3,747,000 last year. Net income for 1960 was $1,031.000 compared with $2,680,000, but after a larger proportionate income tax in 1960.

Sales prospects world-wide for the year still continue to indicate mixed situations. If projected sales programmes are achieved in the less favourable situations, there should be some increase in sales in 1960. Net income after taxes could reach, under favourable circumstances, approximately that of 1959. On the whole, however, 1960 requires very careful management attention and control.

ALDFORD HOUSE (PARK LANE) LIMITED

At the twenty-fifth annual general meeting held on March 11th in London, Lt-Col J. D. George, OBE, TD, FCA, the chairman, said: The Accounts deal with a period of nine months only instead of a full year. The reason for this change is that negotiations have been proceeding with a view to acquiring a very large addition to our property investments and it had been hoped to place Shareholders in possession of our proposals before today's meeting. This was, in fact, not possible and your Directors continue to apply themselves to this substantial transaction, which has reached an advanced stage. Completion will add very materially to the magnitude and stature of the Company and is likely to require a major change in its Capital structure.

Commenting on a professional revaluation of existing properties brought into account on September 29th last and which was reflected in an increase of Capital Reserve by £546,569 to a total of more than £650,000, the chairman said: It is intended, at the appropriate time, to take steps to make a substantial proportion of our Reserves available to Shareholders by the normal procedure of a Capitalisation Issue, and to increase our Share Capital so as to provide the shares necessary to satisfy the consideration payable for the new properties.

The report was adopted and a final dividend of 18¾ per cent (actual), equivalent to 25 per cent for a full period of twelve months was approved.

THE BAJOE KIDOEL RUBBER & PRODUCE COMPANY

The forty-eighth Annual General Meeting of the Company will be held in London on March 31, 1960. The following is an extract from Mr J. A. Clubb's circulated statement:

The combined net rupiah profits of the two subsidiary companies, after taxation of Rp.8,750,000, were higher at Rp.8.095,381 (Rp.4,559,300). Dividends totalling Rp.1,356,202 were declared and remitted under permit to London by the subsidiary companies. Of the £18,008 received, £6,706 are credited in the accounts for 1958-59 and the balance of £11,302 received between April and November, 1959, will appear in the accounts for the current year.

The parent company's net profit is £7,603. An interim dividend costing £3,579 net was paid on January 14, 1959. The balance available, £35,346, represents an increase of £4,865 over the amount brought in and the directors feel justified in recommending a final dividend of 15 per cent less income tax, making with the interim dividend 25 per cent in all. The cash assets of the parent company reflect the capital repayment to members of 1s. per 2s. share in June, 1958, namely £62,240.

In the current year rubber crops have so far been below those in the comparable period of last year owing to a period of extreme drought. The coffee harvest on the other hand has been a bumper one in East Java, but regrettably much of the Celebes coffee has again been stolen from the bushes by bandit-controlled workers. The results in rupiah seem likely to at least equal last year's.

DONALD MACPHERSON & COMPANY LIMITED

IMPROVED TRADING CONDITIONS

INCREASED PROFIT AND TURNOVER

MR R. P. CHESTER'S STATEMENT

The sixty-fifth annual general meeting of Donald Macpherson and Company, Limited, was held on March 17th at Winchester House, Old Broad Street, London, EC, Mr R. P. Chester, CBE, JP, chairman and managing director, presiding.

The secretary (Mr W. M. Lowe, MA, ACA) read the notice convening the meeting and the report of the auditors.

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

I have pleasure in presenting the Report of the Directors and Accounts for the year ended October 31, 1959.

CHANGES IN DIRECTORATE

At the end of the financial year Mr W. A. Lowe retired after 40 years with the Company, and I should like to thank him for his loyal and valuable service during that time.

GENERAL

At the time of the Annual Meeting last year it was felt that the emphasis was on expansion and increase in business activity, following a year in which national measures had been taken to reduce consumption. It is well known that the efforts which were made to bring about this expansion were successful, and your Company has benefited from the improvement in trading conditions. This improvement in the economic climate did not make itself felt in your Company until the last quarter of our financial year. Efforts were made during the year to increase the overall sales of the Group and I am pleased to say that these have borne fruit. Capital Expenditure has again been on a lower level, but your Directors are constantly searching for improved methods of manufacture as well as the handling and packaging of materials.

Development work continues in our laboratories, and a new Industrial Development Laboratory has been opened at Bury. This will enable your Company to maintain and improve its position at the forefront of the paint industry.

Two of your Directors have recently been to the United States to visit a number of paint manufacturing concerns, and as a result of this visit we now have a very friendly association with one of the largest and most progressive manufacturers in the United States.

You will be pleased to learn that our Subsidiary Companies are progressing satisfactorily and are making a valuable contribution to the Group activities.

ACCOUNTS

The Net Profit of the Group before taxation amounts to £417,712, an increase of £37,083 as compared with last year. This increased profit can be attributed both to a reduction in overhead expenses and to an increase in turnover. The taxation provision amounts to £182,892, a reduction of £14,298 compared with last year. Owing principally to the change in the standard rate of Income Tax at the last Budget, there was an over-provision for taxation last year amounting to £23,960. The amount available for appropriation including £28,382 brought forward from last year is therefore £287,162.

APPROPRIATIONS

You will recall that our Interim Dividend paid in August was increased by 1 per cent to 8 per cent, and your Directors now recommend that the Final Dividend be increased by 2 per cent, making the total Dividend for the year 28 per cent. They also recommend that £100,000 be transferred to General Reserve and £5,000 to the Pension Fund.

Despite the halt in inflationary tendencies in the economy, they feel that the changes in technique in all aspects of paint manufacture which have occurred over the past few years are likely to continue, thus rendering present equipment obsolete more rapidly. They therefore consider it advisable that a further appropriation of £20,000 for Additional Depreciation of Plant and Machinery be made.

FINANCIAL POSITION

The Consolidated Balance Sheet again shows a strong financial position, with Current Assets exceeding Current Liabilities by £1,080,213. After the appropriation of £100,000 mentioned above, General Reserve stands at £650,000. Fixed Assets amount to £713,268 after normal depreciation and the £20,000 Additional Depreciation have been deducted. The total Nett Assets of the Group now amount to £1,568,177.

PROSPECTS

The past year has been a satisfactory one, one in which your Company shared in the increasing prosperity of the country.

With regard to the current financial year, it is reasonable to assume that the favourable tendencies which appeared in the last quarter of last year will continue. This is borne out by the fact that sales for the current year are better than last year. It must, however, be remembered that competition in the paint industry continues to increase. As I have mentioned earlier, your Company will continue to look for methods for the better utilisation of its resources. I feel, therefore, that we can look forward to another satisfactory report next year.

TRIBUTE TO STAFF

In conclusion, may I express on your behalf and on behalf of my colleagues on the Board, our sincere thanks to all employees of the Group for their efforts to promote the prosperity of the Company.

The report and accounts were unanimously adopted; the proposed dividend was approved; the retiring directors, Mr W. N. Gilbert-Harris and Mr J. M. Morris, were re-elected and the remuneration of the auditors, Messrs Marshall, Gibbon & Co., was fixed.

BANCA NAZIONALE DEL LAVORO

ROME, ITALY

CONDENSED STATEMENT OF CONDITION 31st DECEMBER, 1959

LIABILITIES	31st December, 1958 Lire	31st December, 1959 Lire
Capital	1,150,000,000	20,000,000,000
Ordinary reserve	11,660,000,000	10,000,000,000
	12,810,000,000	30,000,000,000
Staff retirement fund	19,944,886,302	22,511,897,866
Deposit and Current Accounts	823,526,492,169	960,397,378,333
Cheques in circulation	25,519,707,076	28,106,776,619
Bills for collection	35,758,212,759	49,871,959,884
Guarantees, Acceptances and irrevocable or confirmed Credits for a/c of customers	117,873,595,495	129,544,306,909
Sundry accounts	71,865,453,515	86,473,724,237
Unearned discount and other unearned income	4,139,564,173	5,972,976,685
Net profit	1,074,509,345	1,605,853,983
	1,112,512,420,834	1,314,484,874,516
Depositors of securities	329,647,444,460	419,224,952,459
Bank's securities guaranteeing Staff Retirement Fund	20,286,203,900	23,368,633,900
	1,462,446,069,194	1,757,078,460,875

ASSETS	31st December, 1958 Lire	31st December, 1959 Lire
Cash, Balances with Banks and Money at call	255,042,264,647	208,512,679,558
Investments—Govt. & Govt.-guaranteed Securities and Treasury bills	186,952,902,593	295,628,737,122
Other securities	18,704,606,766	19,469,451,023
Contango, Advances on Securities and Loans	309,973,759,435	383,966,534,907
Bills receivable	219,094,845,776	261,888,484,653
Sundry accounts	4,870,446,119	6,309,741,609
Due from capital subscribers		9,164,938,732
Participations in Annexed Sections	1	1
Sundry participations	1	1
Premises, Furniture and Equipment	1	1
Customers' liability for Guarantees, Acceptances and irrevocable or confirmed Credits	117,873,595,495	129,544,306,909
	1,112,512,420,834	1,314,484,874,516
Securities deposited by third parties	329,647,444,460	419,224,952,459
Staff Retirement Fund—Securities deposited by the Bank as guarantee	20,286,203,900	23,368,633,900
	1,462,446,069,194	1,757,078,460,875

PROGRESS OF BANCA NAZIONALE DEL LAVORO DURING 1959

CAPITAL was increased in 1959 from Lit.1,150 million to Lit.20,000 million (£gs.11,527,400), of which Lit.10,835,061,268 (£gs.6,244,992) is already paid-up. The remaining balance will be paid-up by June 30, 1962, in three yearly instalments.

DEPOSITS rose from Lit.823,526 million to Lit.960,397 million (£gs.553,542,900).

PROFIT rose from Lit.1,075 million to Lit.1,606 million (£gs.925,600).

RESERVES, which totalled Lit.13,000 million after the adoption of the 1958 Balance Sheet, were reduced to Lit.10,000 million during 1959 as a result of a partial allocation to capital. After the 1959 Balance Sheet had been adopted they were increased to Lit.11,000 million (£gs.6,340,100).

STAFF RETIREMENT FUND rose from Lit.19,945 million to Lit.22,512 million (£gs.12,975,200).

PREMISES, ETC., figure at one Lira after Lit.869 million (£gs.501,000) had been written off during 1959. Real estate produced rents of Lit.949 million (£gs.547,000). Lit.490 million (£gs.282,400) spent on the installation, reconstruction and organisation of the Bank's premises and Branch offices last year, was also written off.

PARTICIPATIONS in the Special Sections and Sundry Participations stand at one Lira in the Balance Sheet after Lit.578 million (£gs.333,100) had been written off during 1959. Dividends therefrom amounted to Lit. 68 million (£gs.39,200).

TAXES paid in 1959 amounted to Lit.3,980 million (£gs.2,293,900).

RECOVERIES in 1959 amounted to Lit.277 million (£gs.159,700).

THE TOTAL OF THE BALANCE SHEET, exclusive of "Contra Accounts," rose from Lit.1,112,512 million to Lit.1,314,485 million (£gs.757,628,300).

SPECIAL SECTIONS

BANCA NAZIONALE DEL LAVORO also operates in various specific fields of activity through the intermediary of the following Special Sections, the annual accounts of which are shown separately:

— Section for Mortgage Credit
— Section for Hotel & Tourist Credit
— Section for Motion Picture Credit
— Section for Credit to Co-operatives
— Section for Credit to Medium-sized and Small Industries
— Section for the financing of public utility works and installations

The importance of these Sections, and the extent of their activity in their respective spheres during 1959 will appear from the following:

TOTAL CAPITAL FUNDS of the Sections rose from Lit.6,387 million to Lit.8,387 million (£gs.4,834,000).

TOTAL RESERVES of the Sections rose from Lit.3,797 million to Lit.4,737 million (£gs.2,730,300), after approval of the Balance Sheet as at 31st December, 1959.

ADVANCES AND LOANS (including half-yearly payments due), which on December 31, 1958 amounted to Lit.118,046 million, reached a total of Lit.149,249 million (£gs.86,022,500) at the close of 1959.

PROFIT of the Sections rose from Lit.905 million to Lit.1,091 million (£gs.628,900).

THE TOTAL OF THE BALANCE SHEETS OF THE SECTIONS, exclusive of the "Contra Accounts," rose from Lit.132,030 million to Lit.169,284 million (£gs.97,570,100).

THE COMBINED CAPITAL AND RESERVES OF BANCA NAZIONALE DEL LAVORO AND ITS SPECIAL SECTIONS AFTER THE ADOPTION OF THE BALANCE SHEET AS AT 31st DECEMBER, 1959, AMOUNT TO Lit.49,918,676,270 (£gs.28,771,571).

ENGLISH CHINA CLAYS, LIMITED

RECORD SALES AND INCREASED PROFITS

CAPITALISATION OF RESERVES

SIR JOHN KEAY'S STATEMENT

The forty-first annual general meeting of English China Clays, Limited, was held on March 16th at Hyde Park Hotel, Knightsbridge, London, SW, Sir John Keay, FCA (chairman and managing director), presiding.

The secretary (Mr R. L. Gale, ACIS) read the notice convening the meeting and the report of the auditors.

The following is the chairman's statement which had been circulated with the report and accounts and was taken as read:

The profits of the Group for the year to September 30, 1959, after providing £1,563,362 for taxation, amount to £1,720,932, an increase of £475,389 when compared with last year. To the profit of £1,720,932 has been added £102,098, being largely the amount over-provided last year for United Kingdom Taxation, consequent upon a welcome reduction in the Income Tax rate for 1959-60, which makes a total credit to the Consolidated Profit and Loss Account for the year of £1,823,030. This increase in the profits compared with those of last year is partly attributable to the inclusion of the profits earned by the Croft Granite, Brick & Concrete Company Limited, since its acquisition in the year under review, and to a full year's profits from the Devon Quarry Group. The Taxation Equalisation Reserve has been increased by £116,000 and now stands at £301,406, and £1 million is transferred to General Reserve, bringing this reserve to £4 million. Your Directors have pleasure in recommending a Final Dividend of 6¼ per cent tax free which, with the interim payment of 2½ per cent makes a total Ordinary Dividend for the year of 8¼ per cent tax free. The balance on Profit and Loss Account carried forward is £756,451, an increase of £103,142 compared with the balance at September 30, 1958.

The Consolidated Balance Sheet as at September 30, 1959, shows the Issued Capital and Reserves at £13,110,176, of which £11,058,502 represents Fixed Assets. The balance of £2,051,674 equals the surplus of Current Assets over Current and Deferred Liabilities—an increase of £773,988 over the corresponding figure last year.

A notice convening an Extraordinary General Meeting, to follow the Annual General Meeting, accompanies the Statement of Accounts and Directors' Report. The meeting is called for the purpose of considering a Resolution to capitalise the sum of £1,141,997 out of the reserves, by way of the issue, in the proportion of one new share for every five shares held, of 1,141,997 Ordinary Shares of £1 each fully paid, to all Ordinary Shareholders registered in the books of the Company at the close of business on March 2, 1960

The Directors are of the opinion that, provided unforeseen circumstances do not arise, they should be in a position next year to recommend that the present rate of dividend should be maintained on the Ordinary Capital, as increased by the proposed free scrip issue.

REVIEW OF CHINA CLAY SALES

In the year under review the level of sales has exceeded the 1957 figure, which was the previous highest, by approximately 7 per cent, to establish a new china clay sales record for the Clay Division. Once again it has been on the speciality grades that the greatest impact has fallen, and it is gratifying to see that the quality of English china clays is continuing to be a telling factor in markets which have become extremely competitive and quality conscious.

Despite the diversification of our activities in recent years, the maintenance of our china clay exports is a highly important feature of our prosperity, since approximately two-thirds of our china clay production is sold in overseas markets. It is pleasing to report that our exports have been increased during the year under review, due, to a certain extent, to easier sea freights, a factor upon which the effectiveness of our ability to compete depends.

The advent of the European Common Market and the Free Trade Area has had no effect so far on the level of deliveries to the Continent and Scandinavia, but we regard this as only a temporary position. We are watching the progress of the negotiations between the Outer Seven and the European Common Market with great interest, and it is to be hoped that these negotiations will be carried to a successful conclusion for the benefit of European Industry as a whole.

Deliveries to the Home Market have shown a welcome upturn, and it is encouraging to note that the major consuming industries are currently calling for larger supplies of our china clay.

CHINA CLAY PRODUCTION

Three additional drying plants came into production during the year to September 30, 1959. Currently a further two are under construction, both of which should be commissioned by September, and another, which was only recently completed, has just come into the production line. Modernisation of pit and surface refining plants has made good progress, whilst further extensions to the pipeline system and wet and dry storage capacity have been installed. A major construction programme is nearing completion, which will provide four additional berths and improved cargo handling plant at the Company's harbour at Par. The latter development will greatly improve the Home Trade and Continental shipping position by increasing the "turnround" rate of vessels using the harbour.

The very dry summer with its concurrent water shortages created a problem, the solution of which reflected great credit on the production team. The subsidiary company responsible for dealing with the removal of overburden and the excavating requirements of the Group has had a very busy year, and, favoured by a dry summer, has made a valuable contribution to the success of the year's trading in speeding up production.

The research facilities of the Group have been fully extended during the year and a number of developments, which are being evaluated on a pilot plant scale are showing promise.

An opportunity has arisen, since the conclusion of the year under review, to acquire the freehold of a large area of china clay-bearing land previously under lease to the Company. The effect of this purchase has been to reduce the area now leased to the Company to a relatively nominal acreage, and will render the operations of the Clay Division more flexible.

MINERAL AND CONCRETE PRODUCTS

The Mineral and Concrete Products Division has had a much improved year, and continued interest is being shown in Cornish Units for housing, and units for agricultural and industrial buildings. There are also interesting possibilities in the field of heavy weight precision concrete castings. Graded sands and aggregates for building and engineering work continue to do well and sales of Muscovite mica have been increased.

MOLOCHITE

Deliveries of Molochite for the year under review did not reach the anticipated level. Exports, however, show an encouraging increase and orders received during the current year indicate a substantial improvement in the total volume of demand.

BUILDING

The Building Division has had a busy year, which has resulted in a larger contribution to the profits of the Group. The volume of work undertaken for Public Authorities has increased, but it must be remembered that this activity is always subject to changes in Government policy. Private enterprise and building estate developments are making steady headway, though sufficiently large and attractive sites are becoming increasingly difficult to acquire as the acreage of land allocated in County Development Plans is taken up. The position would appear to call for a more flexible policy of land allocation for private development.

Reformite stone, with its natural appearance and varied shades, is proving very popular and sales were almost doubled during the year.

QUARRIES

The acquisition of the Croft Granite, Brick & Concrete Company Limited, which was approved by the shareholders on March 19, 1959, has extended the operations of the Quarry Division into South Lancashire, the Midlands, London and the Channel Islands.

After the conclusion of the financial year under review the Croft Company acquired the whole of the shares of the Patent Victoria Stone Co. Ltd., and the Erith Construction Co. Ltd. Both these companies manufacture concrete products, have well sited wharves on the River Thames, and constitute a valuable addition to the Group as a whole.

The Quarry Division generally, after a poor start due to the heavy rains of the winter of 1958/1959, has had a satisfactory year, which was mainly attributable to the exceptionally dry summer which followed. During this latter period the demand for quarry products, including agricultural lime, reached a very high level

Schemes are in hand to modernise plants, increase production capacity and to ensure that the quality of products is kept to the highest possible standard. It is most encouraging to see that serious attention is now being given to the country's road system; we are taking every possible step to be prepared and capable of offering a reliable service in respect of the road improvement programme. It is anticipated that the acquisitions, to which I have referred, should add to the efficiency of this service.

TRANSPORT

The Transport Division, with its two modern fleets for short and long distance haulage, has had a successful year's trading and has improved upon its results of last year.

CONCLUSION

Finally, I feel sure that you will wish to join my colleagues and myself in thanking the workpeople, staff and executives of the Group, at home and overseas, for their unremitting endeavour, loyalty and enthusiasm in contributing to the satisfactory results which I have reported to you. The understanding and relations which exist between the management and the operatives are of the highest order and a significant factor in the success of the Group.

On a personal note, I feel that the time has come to hand over certain of my executive duties and I shall accordingly be retiring, on March 31 next, from my executive appointment as Managing Director of English Clays Lovering Pochin & Co. Ltd., the china clay producing subsidiary. In so doing, I should like to express my very great appreciation and gratitude to my colleagues, and to the staff and operatives of the Clay Division, for the assistance and support which I have received during my twenty-three years' term of office. My association with the Group will, however, be continuing as I am retaining the Chairmanship of English Clays Lovering Pochin & Co. Ltd., and my other appointments in the Group, including those of Chairman and Managing Director of English China Clays Ltd. The executive duties which I am relinquishing will be assumed by Mr A. N. G. Dalton, the Administrative Director of English Clays Lovering Pochin & Co. Ltd., who has been appointed to the newly-created office of General Manager of that Company.

The report and accounts were unanimously adopted and the dividend, as recommended, was approved.

The retiring directors, The Right Honourable Lord Aberconway, Mr A. E. Grieve, Mr W. R. Northcott and Mr F. H. Simon, were re-elected; and the remuneration of the auditors, Messrs Allan, Charlesworth & Co., and Messrs Bourner, Bullock & Co., was fixed.

At a subsequent extraordinary general meeting of the company the proposed capitalisation of reserves was approved.

THE RAFIDAIN BANK

(Incorporated in Iraq with limited liability)

STATE BANK OF IRAQ

HEAD OFFICE: BAGHDAD, IRAQ

BALANCE SHEET AS AT 31st MARCH, 1959

LIABILITIES	I.D.	I.D.	ASSETS	I.D.	I.D.
Authorised Capital	5,000,000		Cash in Hand, at Call and at Banks		9,187,499
Paid Up Capital	4,399,500		Gold Bullion (for Trading) at or under Cost		1,143,008
Reserve Fund	1,030,000		Iraq Government and Other Securities		413,064
Profit and Loss Account: As per Profit and Loss Appropriation Account	6,536	5,436,036	Bills Discounted, Advances, etc. (*less* provision for Doubtful Debts): — Bills Discounted	9,806,556	
Current, Deposit and Other Accounts	26,755,992		Advances, etc.	15,970,040	25,776,596
Sundry Credit Accounts (including I.D. 4,200,000 Long-Term Liability)	5,357,091		Sundry Debit Accounts		394,119
Provision for Income Tax	296,500	32,409,583	Lands, Buildings, Furniture and Fittings (at Cost—*less* Depreciation)		708,513
Credits and Guarantees on Account of Customers—excluding Bills for Collection and Deposits for Safe Custody		10,421,542	Officials' Housing Scheme: Net cost of Land and Buildings, *less* Instalments received		222,820
			Customers' Liability for Credits and Guarantees—per Contra—excluding Bills for Collection and Deposits for Safe Custody		10,421,542
		48,267,161			48,267,161

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1959

	I.D.		I.D.
Total Charges, including Depreciation	560,061	Total Income	1,207,454
Net Profit for the year ended 31st March, 1959, carried down	647,393		
	1,207,454		1,207,454

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1959

	I.D.		I.D.
Provision for Income Tax on results for the year ended 31st March, 1959	262,840	Balance brought forward as at 1st April, 1958	8,121
Transferred to Paid Up Capital	96,138	Net Profit for the year brought down	647,393
Transferred to Reserve Fund	290,000		
Balance carried forward as per Balance Sheet	6,536		
	655,514		655,514

I.D. 1=£1 Sterling.

LONDON OFFICE: 13 & 14 KING STREET, E.C.2

Telephone: MONarch 7437. Telegrams: RAFIDBANKO

Branches throughout Iraq and in Syria, the Lebanon and Jordan.

VOLTAS LIMITED, BOMBAY

The Fifth Annual General Meeting of Voltas Limited (Managing Director and General Manager, Mr S. K. Handoo), was held on March 14th in Bombay.

According to the Directors' Report, the accounts for the year ended August 31, 1959, after providing for taxation, show a profit of Rs 46,31,409 compared to Rs 28,75,396 last year. The Directors recommend a dividend of 13 per cent, subject to deduction of tax at source, which will leave in the hands of the shareholders a net amount slightly higher than 9 per cent free of tax distributed last year.

The following is an extract from the Statement of the Chairman, Mr J. D. Choksi:

As from September 1, 1958, Section 23A of the Indian Income-Tax Act no longer applies to the Company. This permits a higher appropriation to Reserves the strengthening of which I consider of major importance for financing future expansion plans. A decision has been taken to set up our own Manufacturing Unit and negotiations for the acquisition of suitable land for the purpose are in progress. We are in negotiation with a number of manufacturers of repute abroad for the indigenous manufacture of diverse products in the mechanical, electrical and air-conditioning/refrigeration fields.

While it is expected that local manufacture will, in years to come, form an important part of the Company's overall business, I wish to emphasise the Company's role in the field of imports. An importing house of our standing is a necessity for the proper functioning of the country's economy and will always have its justification in view of the part it plays in the implementation of the country's Development Plans. The confidence reposed in us by both the Public and Private Sectors of industry as one of the largest importers in the country makes it essential for us to cultivate this branch of our business with assiduity and enthusiasm.

We have once again succeeded in securing supplies from various overseas sources under deferred terms of payment and in arranging with the assistance of suppliers abroad for finance to be provided by foreign Banks in the first instance pending remittances over a period of three to five years.

Roche Products Private Limited, in which your Company is interested as a shareholder and main distributor, has made satisfactory progress during the year in the manufacture of pharmaceutical specialities and Vitamin A. Merck Sharp and Dohme of India Private Limited, in which Tatas and your Company are shareholders, has commenced production.

We are not a single industry, nor a commercial house tied to a particular type of product. We are entrepreneurs in the widest sense. We are always in perpetual motion, for in movement there is progress. Our aim and pride is to find new products and to make, build and sell them. I cannot promise you an ever-increasing prosperity. But I do promise you ever-widening horizons and increasing activities. Voltas is a name which stands for all this and which, in a short space of time, has become a household word. Shareholders may, therefore, be assured that our growth and diversification will continue and we may look forward to the future with well-founded confidence.

ARUSHA INDUSTRIES LIMITED

CHAIRMAN'S ANSWERS TO QUESTIONS

NET ASSETS POSITION OF NEARLY £2½ MILLION

At the conclusion of the Extraordinary General Meeting of Arusha Industries Limited, which followed the Annual General Meeting at the Connaught Rooms, London, WC2, on March 7th, Mr Lindsay Carstairs, the Chairman, declared the meeting open for questions.

Dealing with a question put by a shareholder, who had asked the Chairman if he would say something to explain the rather derisive comments in certain newspapers on his calculation of 20 per cent estimated dividend as being equivalent to the 75 per cent he had mentioned a year ago, the Chairman referred to the Statement in The Rights Letter which was then read out by the Secretary as follows:

Your Directors intend, provided that the estimated profits set out in this letter are realised, to recommend a final dividend in respect of the period to September 30, 1959, of 25 per cent less tax on both existing shares and the shares now being issued. This dividend will be payable in or about January, 1960.

Your Directors also intend, provided that the profits of the Group justify such a course, to recommend dividends for the year ending September 30, 1960, aggregating not less than 75 per cent, less tax.

The Chairman continued: What in effect happened was that instead of 25 per cent we declared a final dividend of 35 per cent. That was a very substantial increase, I may say. Also, so far as the comparison is concerned, you will notice that it clearly states—and that was my intention in making the comparison—that 75 per cent was forecast on the then capital as increased by that Rights Letter which was £203,000. Therefore, if we had maintained this anticipated declaration, we would have paid roughly £150,000 for the year 1959/1960. When I made my statement, I related it back to what was said in the Rights Letter.

The Chairman then called upon the Secretary to read the relevant statement in the Chairman's Review, as follows:

It will be remembered that in a letter to Shareholders dated 27th April 1959, it was stated that provided the profits of the Group justified such a course "dividends for the year ended September 30, 1960, aggregating not less than 75 per cent less tax would be recommended."

At that time the Capital of your Company as increased by the Rights Issue then proposed amounted to £203,634. Proportionately, that forecast represents a dividend of just over 20 per cent on the capital of £725,000 as now increased by these proposals.

The Chairman continued: The Press, quite properly, has said, "That isn't quite good enough, Mr Chairman. In fact, after this Rights Letter you bought something and issued for it £80,000 worth of shares, so that now your capital is £291,000. Therefore, if you are going to relate 75 per cent from the old to the new it is more equivalent to 30 per cent than to your phrase 'just over 20 per cent.'"

The Chairman added: I quite agree with that. I was relating it back to the Rights Letter. I did, however, use the phrase that I anticipated that the dividend would be substantially more than 20 per cent. Of course, if we had not consolidated these shares at this stage this confusion would not have arisen because I would have been in the very happy position of being able to announce that we would be paying in all probability (if the business affairs of the Company continued at their present rate) more than 75 per cent. What I was saying was quite proper. I was relating the whole thing back to the Rights Letter, which was in fact the prospectus and I said that my promise there was equivalent to a little over 20 per cent on the new capital of £725,000.

I feel that your Group is at such a stage and there are so many very substantial and old-established businesses—one or two of them are really basic industries in the country and one I think has been established for 360 years—that you would expect the Chairman of your Board to be a little conservative in what he says.

SATISFACTORY ACHIEVEMENT

One has to bear in mind at this period of time that your Company has paid out in cash almost £3½ million for the acquisition of businesses. Do not confuse that with the issue of shares. At the end of the day we are only left owing the bank on a loan account some £1,137,000—I think that is the figure—which is a pretty satisfactory achievement for any Board, any Company or any group of individuals in England today. We have paid back £2½ million and it has all been done within seven months, not the fifteen-month period which you are considering in these accounts. That is one factor.

Another factor is that we have also bought businesses for shares. I venture to suggest that where we have bought businesses for shares, so far as the issued capital of your Company is concerned it has been negligible to the value of the businesses we have bought. In our accounts it has shown up a capital profit in a share premium account of over £2 million.

The Chairman then reminded shareholders that the consolidation approved at the Meeting was no mere writing up of the shares as some people rather loosely referred to it. The extra 2s. of the 4s. shares now in their possession had had to be provided out of reserves—in this case the Share Premium Account. If the Company had not done the good business transactions which had created that reserve, the capitalisation could not have been done as it had been.

He continued: There is indeed gain in the sense that everyone is going to have five 4s. shares for every four 2s. shares which they held before. That is a pretty satisfactory arrangement out of your Share Premium Account.

The Chairman added that still another factor to be borne in mind, was that the net asset position of the Company 15 months ago, or indeed just prior to the Rights Letter, was something like £160,000. Now the net asset position was nearly £2½ million and even if one looked at the £900,000 goodwill contained in it, that was no fanciful figure. There were all kinds of ways of writing it off. They could do it by revaluing the assets which, he ventured to suggest, on anybody's guess, would be 60 per cent up on what they were in the books.

There is another factor, though, the Chairman continued. When you take the £900,000 goodwill off you are still left with a very substantial capital profit in such a short space of time. Someone may say, "Yes, but look at the current liabilities against the current assets."

TRADING IN MILLIONS

If we look at the current liability side against the other, there is an excess of £200,000 or £300,000. I ask you, what is £200,000 or £300,000 in a well-constructed Group like this? You are trading in millions of pounds a year. Any time you draw a balance-sheet all that might be different: it all depends when you draw it. This one was drawn up on September 30, 1959.

Continuing, the Chairman said he would like to deal with one more point. He knew this had gone beyond the question but it had given him the opportunity to clear the air a bit at least with shareholders.

It has been said, "Why don't you tell us what these companies would have earned if they had been in your possession for twelve months instead of these broken periods? Surely, it is quite simple. If you have a broken period of six months and you earned £100,000 all you do for a year is to double it. That is a notional figure. We will be quite satisfied with that." The Chairman added: If I fell in with that suggestion you would not like me very much. Being on the inside is always a little different from being on the outside and let us face it, shareholders are on the outside because they have placed their confidence in the Board. They are not in possession of all the information.

Let us look at what would happen if we did that. The Chairman then referred to the shipping port at Mostyn on the Mersey, a valuable asset to the Company. There weather conditions, shipping and loading arrangements entered into it; ships came from all over the world and there may be a lot of traffic in one six months. Was it safe to treat those receipts as if they were going to be the same for the other six months?

He also instanced a manufacturing concern which by the nature of its production may be tooling up for three or four months. When it got into flow production, in that six months' period it would have a wonderful return, but if the six months before that was taken, the return would not be so good. That was one of the reasons why it was not satisfactory to give a short-term indication of future results.

I would like to say another thing about that, the Chairman continued. Someone might say, "We agree with you, there are a lot of non-recurrent items. Let us say that you don't really know what the figure would have been. Forget taking off and adding on and issue your warning." Let me tell you the danger of that. I can give you some figures but they will be full of qualifications and it will probably be this time next year before we are taking account again and in the interim the figures may have varied. The profits may be up. Certainly we are trading satisfactorily at the moment. However, people do forget warnings. They like bold figures. You earn so-and-so, the net is so-and-so, but they forget the warning. Standing here officially with my Board, I do not think they would sanction me in doing that sort of calculation in this sort of business.

What I sought to do in those accounts was to tell you honestly what we earned.

Proposing a vote of "grateful appreciation for the Chairman and the Board," a shareholder said that rumour had not altered the belief of the genuine stockholder in the Company's affairs, and he felt that the Company would go on from strength to strength.

The proposition was carried unanimously with acclamation.

THE CARDINAL INVESTMENT TRUST LIMITED

ENCOURAGING PROSPECTS

The fifty-third Annual General Meeting of The Cardinal Investment Trust Limited was held on March 10th in London, Mr R. G. Mills (the chairman) presiding.

The following is his Review which was circulated with the Report and Accounts for the year ended December 31, 1959:

The Director's Report which covers the audited accounts for the financial year ended December 31st last draws the attention of Shareholders to all items of importance.

The final dividend of 10 per cent less Tax which is recommended by the Board will be paid on the increased Deferred capital as against 8½ per cent which was forecast in the Board's circular in June last when subscriptions were invited for additional Deferred Shares.

The analysis of investments at valuation shows that the policy of investing mainly in equities has been continued throughout the year.

The record of the growth of the Company over the past ten years given in the report shows *inter alia* that over that period £373,650 has accrued to the Treasury by way of taxation whereas the amount distributed to Deferred Shareholders in dividends has been £280,476, that is £93,000 less. It is to be hoped that over this decade the level of taxation will be reduced so that this proportion will be reversed.

With regard to the outlook, having regard to the many imponderables which can so quickly have their impact on share prices and dividends, it is always hazardous to forecast the future. You may recollect that at this time last year there was a growing uncertainty amongst investors in the face of the coming General Election. During the current year there is a Presidential Election due to be held in the United States of America, and what may happen in Wall Street can have a very considerable influence on our stock markets here. In so far as your Company is concerned the estimated revenue for the current year is encouraging and I feel that the accounts to be presented to you in a year's time should not be a disappointment.

The report and accounts were adopted.

SCOTTISH WIDOWS' FUND & LIFE ASSURANCE SOCIETY

IMPRESSIVE GROWTH OF NEW BUSINESS

SPECIAL BONUS BENEFITS

MR ALASTAIR C. BLAIR ON SOCIETY'S "OUTSTANDING VALUE FOR MONEY"

The 146th Stated Annual Meeting of the Society was held in the North British Station Hotel, Princes Street, Edinburgh, on Tuesday, March 15, 1960, Mr Alastair C. Blair (Chairman of the Ordinary Court of Directors) presiding.

In moving the adoption of the report and accounts, which were taken as read, the Chairman said:

1959 saw a reduction in the burden of taxation on the individual, and growing prosperity of industry. Both these factors affected favourably the total life assurance business completed by British offices which again reached a record level. The Society shared fully in this and indeed was able to show a relatively greater increase than most other offices. Again we completed a larger amount of new business than ever before and from the results given in the report you will see that the annual premiums under new ordinary life assurance business were practically £700,000 which is more than half as much again as the figure in 1958. The corresponding sums assured at over £22½ million were 40 per cent higher than in the previous year. To get the full picture on the life assurance side, we have to add the insurances under new Group Schemes and these together account for further new annual premiums of over £140,000 and for new sums assured of over £21½ million, making the impressive totals of more than £840,000 of new annual premiums and over £44 million of new sums assured. This figure of £44 million compares with under £17 million only five years ago, which gives some indication of the rate of expansion in recent times The total new annual premiums for annuities amounted to over £1,460,000, so that in the aggregate the new annual premiums under all the business we completed last year were more than £2,300,000 against £1,700,000 in the previous year—an increase exceeding one-third.

Much time has been devoted by our specialist pension staff to advising those concerned with existing pension schemes who will wish to decide by April 1, 1961, whether to come under the new State graduated scheme or whether to contract out of that scheme if their present pension arrangements enable them to do so. Nevertheless, this specialist staff found it possible at the same time to complete a record amount of new pensions business.

Our annual premium income last year was more than £12½ million, an increase of more than £1½ million over the figure of the previous year, but on the other side of the account commission and expenses of management were also higher which reflected not only the inevitable expenses of higher business but also the increase in costs in general. Nevertheless, the total expenses and commission related to our premium income was a little lower at 10.8 per cent as compared with 10.9 per cent in the previous year, and your Directors regard this as most satisfactory in the circumstances.

The main item in our Revenue Account is the transfer of £5½ million from reserves to the life assurance and annuity funds and that brings me to our decision to allow a special additional intermediate bonus although we had a quinquennial valuation and distribution of surplus as recently as the end of 1958. You will remember that we did much the same thing for with-profit policies in force at December 31, 1955.

Your Directors have decided once again to allow a special additional intermediate bonus, this time in respect of claims and surrenders arising on or after January 1, 1960, under with-profit policies which were in force at December 31, 1959, the bonus to be calculated at the rate of 1 per cent of the sum assured and existing vested bonuses in respect of each year's premium due on the participating scale on or before December 31, 1959 with a maximum of 5 per cent. It is the present intention of your Directors to replace this special intermediate bonus by a corresponding vested bonus to policies concerned which are still in force at the next investigation at the end of 1963. At the same time the Directors intend to allot to with-profit group pension policies which are then in full force a special bonus equal to 6 per cent on the reserves at the scheme anniversary immediately preceding January 1, 1960. The cost of these special bonuses—both intermediate and eventually vested—will be about £5½ million and we have transferred that sum now from reserves to the life assurance and annuity funds.

One might regard this decision as completing the action taken in 1955 now that the values of ordinary shares have come fully into line with the inflationary rise in prices in general which has taken place since the end of the War and it must give much satisfaction to the holders of with-profits policies that during a long period of inflation the Society took appropriate action on the investment side and allowed them special benefits which form some offset to the eroding effects of that inflation. Rates of intermediate bonus are naturally subject to reconsideration from time to time but, as on the previous occasion at the end of 1955, the Directors would not propose to make any reduction in the special intermediate bonus unless there were some unforeseen and catastrophic change in circumstances.

In view of the transfer of £5½ million from reserves, we have shown the rate of interest on our funds on two separate bases: first, assuming that no transfer at all had been made from reserves, in which case the gross rate of interest would have been the very satisfactory one of £6 11s. per cent compared with £6 4s. 10d. per cent in the previous year, and, secondly, assuming that the transfer from reserves had been made a year ago, in which case the rate of interest would have been £6 5s. 2d. per cent compared with the £6 4s. 10d. in the previous year.

BALANCE SHEET CHANGES

In the balance sheet you will note that the main changes are increases of about £8 million in British Government Securities, £2 million in each of the items, Debenture Stocks and Preference Stocks, and an increase of just over £6 million in Ordinary Stocks.

Our new money in the past year was invested in the main in fixed interest stocks, which were giving such handsome yields, and the increase in Ordinary Stocks is accounted for largely by the transfer from reserves as the value of Ordinary Stocks is shown in the balance sheet at £5½ million more than would otherwise have been the case.

In spite of our having brought in this £5½ million to the funds from reserves to provide for the special bonuses, our ordinary contingent intermediate bonus remains at the rate of 50s. per cent per annum compound—the highest rate of ordinary compound bonus ever allowed by the Society—and I would reaffirm our belief, in words used from this Chair last year, that "whatever may be the changing economic and financial conditions of the future the Society will continue to give outstanding value for money to its members and maintain its leading position as a with-profits life assurance office."

The Directors' report and the accounts as audited were adopted unanimously.

THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY, LIMITED

(Incorporated in the Union of South Africa)

A DECADE OF RAPID EXPANSION

COMMANDER H. F. P. GRENFELL ON NEAR AND LONG-TERM PROSPECTS

The Tenth Annual General Meeting of Stockholders of The Messina (Transvaal) Development Company, Limited, was held on March 16th in Johannesburg, Commander H. F. P. Grenfell, DSC, RN (Retired) presided.

In the course of his address to the Meeting, the Chairman said:

Before giving you my usual review of the year's operations, it may be of value if I recapitulate for you what has happened in the copper market since our last meeting, as it is mainly in that context that you should consider our results.

Viewing the past twelve months in retrospect it is apparent that from beginning to end the copper market was entirely dominated by strikes. During the first half of the year consumers had to evaluate the threat of a possible shutdown in June of nearly the whole of the mining and refining industry in the United States, and in the second half they had to cope with the effects of this stoppage which actually began in August and has only just ended.

The market situation was further complicated in July by the announcement of cuts in production by two large producers, the view being held at that time that production was running well ahead of consumption, and that perhaps, after all, there would be no major crisis in the industry.

In the event, however, the US steel industry was paralysed by a strike which began on July 15th and lasted until the beginning of January this year, and by the end of August there was a complete shutdown by the three main American copper producers.

As if this was not enough there was also a stoppage of work at the Braden Mine in Chile during nearly the whole of October, and in the same month a strike in the New York docks which lasted until the beginning of December.

It was inevitable that under these conditions there should be continual and at times considerable fluctuations in the price of copper, which made things difficult for consumers and producers alike throughout the year. One can only hope that with the settlement of the various disputes more stable conditions will obtain within the industry during the current year.

THE OUTLOOK

With the return to normal working in the steel industry there are indications that business activity in the United States may reach a record level during 1960. If this proves to be the case the near term prospects are for a reasonably steady market in copper, particularly as the prolonged strikes of the past year have left supplies in the pipelines at low levels.

Once these have been restored to normal one would expect the market to be influenced by the fact that at present world production is potentially running ahead of world consumption. However, as I said at our Annual General Meeting in 1957, with an increasing world population, the trend towards higher standards of living in all countries and the consequent continual expansion of industry, I feel that this is likely to be a temporary state of affairs and that the long term outlook is favourable for a substantial increase in world consumption.

Applying all these thoughts to our own fortunes I am confident that our results for the current year will be better than those presented to you today, and I continue to take an optimistic view of our long-term prospects.

As a result of the substantial allocations to Reserves made over the years and the addition of share premiums which accrued to the Company on the exercise of the options in July last year, the Balance Sheet shows a strong position with Capital Reserves and Surplus standing at over £8 million as compared with the Issued Capital of £492,500.

CAPITAL PROPOSALS

As you will have seen from the Special Notice accompanying the Report, your Directors propose to capitalise £1,970,000 of the Share Premium Account and issue a scrip bonus in the ratio of four new shares for every unit of stock held. You will be asked to vote on this proposal at the Extraordinary Meeting which will be held immediately after this meeting.

There is one other matter to which I should draw your attention before leaving the accounts and that is the recent issue of reserve capital by the Board of MTD (Mangula) Limited. The purpose of the issue was to raise sufficient funds to repay your Company the balance outstanding on loan account. I am pleased to tell you that the issue which was made last month at a price of 9s. 6d. per share was fully subscribed, and as a result your Company has been repaid in full, while Mangula is now free of all indebtedness.

Messina had already a substantial holding in Mangula, and as it subscribed for its full quota of the new issue, the result from the cash point of view will be a net influx of £360,000. This money will be nearly sufficient to meet the capital expense of bringing the Alaska Mine into production, leaving the balance to be provided from the Company's resources.

Looking back over the past ten years it will be seen that total assets of the Group (as it now is) have increased from £1,400,000 in 1950 to over £13 million today, and that the expansion that has been brought about—rapid though it has been—has in no way been achieved at the expense of our financial position.

Messina's ore reserves now stand at over 6 million tons with a copper content of more than 100,000 long tons. When I first became associated with the Company twenty-five years ago, they stood at 1,218,000 tons containing 29,100 long tons of copper.

Operating costs last year (including all overheads) were reduced to 31s. 11d. per long ton of ore produced. The equivalent figure per long ton of recoverable copper based on the smelter output, which was less than last year, is £124. On a short tonnage basis the comparative figures are 28s. 6d. and £111.

VERY SATISFACTORY PROGRESS

At Mangula where progress may again be considered as very satisfactory, despite the fact that the benefits of production at the increased rate of 3,000 tons of ore per day were only effective during the last quarter of the Company's year, profits improved from approximately £4,000 to nearly £400,000.

Operating costs were reduced from the previous year's figure of 27s. 8d. to 25s. 3d. per short ton of ore treated, and I confidently expect a further substantial reduction during the current year.

Development was continued in the Norah area where we have already proved the existence of approximately 230,000 tons of ore of better than average grade. A new prospect shaft is being sunk 2,000 feet north of the original Brian shaft.

At Alaska, the work of preparing the mine for production is proceeding according to plan, and the construction of the new smelter is actually ahead of schedule. I have every reason to believe that both these projects will reach the operational stage by the end of the current financial year.

Finally I come to Sanyati where we are actively engaged in a programme of underground development from the Bradfield Shaft.

Comprehensive metallurgical tests have indicated that there should be no difficulty in treating the ore, although the precise method to be adopted has still to be decided. I hope to be in a position within the next twelve months to present you with plans for the exploitation of this property.

The Directors' Report and Balance Sheet and Accounts for the year ended September 30, 1959, were adopted.

The retiring Director, Mr R. P. Grenfell, was re-elected and the remuneration of the Auditors for the past year's audit was fixed.

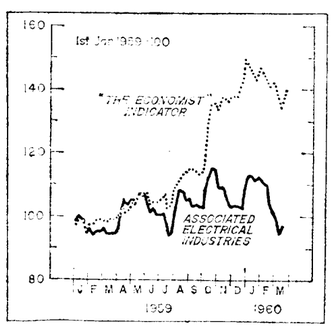
At the subsequent Extraordinary General Meeting, the capitalisation and scrip issue proposals were approved.

COMPANY AFFAIRS

Associated Electrical Industries

LAST week's figures from Associated Electrical Industries were as good as could have been expected. Trading profits in 1959 were slightly lower at £15,371,000 (against £15,510,000); the latest figure excludes a profit on the sale of investments and other assets of £1,742,000 compared with £351,000 in 1958. A lower tax charge of £4,608,000 (against £5,968,000) helped to offset the increase in depreciation from £4,791,000 to £6,016,000 so that net earnings rose by about 27 per cent, from £5,101,000 to £6,490,000. The ordinary dividend has been left unchanged at 15 per cent, but the total cost of the distribution has gone up from £3,294,000 to £3,795,000, reflecting the issue of new shares in connection with acquisitions. Earnings now cover the ordinary dividend 1.1 times, compared with 1.4 times in 1958.

AEI faced many difficulties last year, not least the steady contraction in profit margins suffered by all manufacturers of heavy electrical equipment. Earnings from telecommunications equipment were hit by the run-down in the GPO's capital expenditure programme, but this should have been offset to some extent by the demand from British railways for diesel electric and signalling equipment. Some measure of the share of the loss which the group may have to bear on the completion of the £40 million Berkeley Nuclear Power Station is indicated by the setting aside of £750,000 against this contingency. Last year Lord Chandos, the chairman, said that 25 per cent of the expected loss had already been written off. AEI's stake in the consumer goods market last year accounted for about 10 per cent of its total sales and it is almost certain that AEI's earnings from consumer durables rose last year. But this is small compensation for the group for the difficulties that it has experienced in the capital goods market. The chart shows that, in common with other heavy electrical equities, AEI's £1 ordinary shares have consistently lagged behind the general run of industrial equities; pre-election buying last September lifted them a little but they had fallen back to their previous level by December. The recovery in January was equally short-lived and now AEI's shares at 56s. (to yield 5.4 per cent) are lower than they were at the beginning of 1959.



Jaguar Cars

AT 63s. 9d. xd Jaguar's 5s. shares yield only 1.6 per cent on the 1958-59 dividend of 20 per cent—the lowest return offered by a motor equity. This reflects the fact that the dividend is covered as much as ten times but it is also a measure of investors' confidence in the prospects of the group. Sir William Lyon's statement accompanying the full accounts should do nothing to shake it. Capital expenditure over the past five years has amounted to over £2½ million and last year some £1,854,000 was spent on fixed assets and tools, including the acquisition of the group's new factory at Coventry. In the year ended July 31st, production reached a record figure of over 20,000 units; trading profits jumped by 70 per cent from £1.6 million to £2.8 million; and net earnings more than doubled, from £624,337 to £1,385,059. Sir William says that demand for Jaguar's models is still growing.

The fluctuations in the market price of the voting and non-voting stock last year suggest that what on the surface appeared to be an attempt to wrest control from the present board of directors was countered only with difficulty. Real security of tenure might be best secured by a more liberal dividend policy. The earnings cover and the fact that liquid resources now amount to £4.7 million (against £3.6 million) suggest that something more generous than last year's decision to make a 200 per cent scrip issue and then effectively to double the dividend would be possible.

Swan, Hunter

TRADING profits of Swan, Hunter and Wigham Richardson, the shipbuilders, fell last year from £3,401,942 to £2,956,030; after a lower tax charge of £945,498 (against £1,270,624) net earnings have fallen by £236,810 to £1,255,475. The ordinary dividend remains unchanged at 10 per cent, after allowing for last year's 100 per cent scrip issue. With the flow of new orders to British shipyards drying up the relatively modest fall in earnings suggests that the group was still steadily working through its long order book. Even so, the market was disappointed with the preliminary statement and the £1 units were immediately marked down 1s. 10½d. to 34s. 7½d., to yield 5.8 per cent.

British Nylon Spinners

AFTER a 42½ per cent fall in trading profits to £6,298,545 in 1958, British Nylon Spinners has announced a 94 per cent increase in its 1959 profits to £12,216,402. Net profits are more than double at £5,665,899 after tax of £4,888,760 (against £2,700,000). The dividend on the £1 shares, which are held jointly by Imperial Chemical Industries and Courtaulds, has been raised from 18 per cent to 20 per cent. The 1958 fall in profits was a result of marked increases in costs, particularly of raw materials, during the initial period of gearing up for expanded production. In the early part of 1959 this preparatory phase was completed and was followed soon afterwards by a general improvement in textile sales. There was also a growth of further end-uses for nylon. This is why there has been such a substantial recovery in profits. Sales so far this year have continued to run at a satisfactory level, though conditions are still competitive.

The new factory at Gloucester will begin production in July. The cost of completing this factory is reflected in the sum of £3,610,000 outstanding for capital commitments on December 31st. The balance sheet shows that fixed assets have risen from £22,792,040 to £23,873,310. Stocks are slightly lower at £8,452,037 but debtors have risen from £2,342,122 to £3,588,042. Following the reinforcement of revenue and future taxation reserves, total liquid resources have risen from £7,351,954 to £12,019,243, of which an unchanged £4,603,500 is on loan, free of interest, to ICI and Courtaulds.

Nearly £3½ million has been added to revenue reserves, which now total £13,011,363. Of this sum £6 million is to be capitalised and the resultant one for three scrip issue will raise the issued ordinary capital from £18 million to £24 million. On this encouraging news from BNS, Courtaulds' £1 shares rose by 2s. 6d. to 64s. 9d. The £1 shares of ICI, which had risen by 1s. on the previous day on the statement from Calico Printers, gained another 10½d to 61s. 1½d. At that price they yield a bare 2½ per cent on the 1958 dividend of 8 per cent. The sights are certainly set high for the profits and final dividend statement, which is due next week.

Calico Printers

THE gloom shed by last year's full report of Calico Printers has been replaced by cheerful optimism in the stock market, where after the publication the £1 ordinary shares jumped by 11s. 6d. to 71s. In their interim report, the directors announced that royalty earnings on the "Terylene" patents for the first half of the current year amounted to £765,000, only a little short of receipts of £816,000 in the full year to June 30th last. Bigger sales at home by Imperial Chemical Industries contributed materially to this improvement. But over 60 per cent of CPA's royalty income comes from sub-licensees abroad, where the patents will continue for varying periods after the British patents expire in July, 1963.

The news here, too, is more encouraging, for both the commission printing and the merchanting sections of the business are enjoying a successful year and the directors are able to forecast a substantial advance in trading profits in the current financial year. In the light of the improvement in prospects the directors have declared an interim dividend of 12½ per cent, which compares with last year's single payment of 22½ per cent. This, however, included a bonus of 15 per cent, which reflected simply the increase in royalty income. Something better than 22½ per cent is indicated by this interim and the market has already set its sights at a total dividend of not less than 30 per cent for the year to June 30th next.

Bradford Dyers

THE £1 ordinary shares of Bradford Dyers have enjoyed strong support recently on hopes that compensation will soon be paid to the company in respect of its Egyptian claims. That prospect certainly seems more hopeful than it did a year ago, for the group's bank deposits in Egypt have now been released from sequestration and the sum of just over £1 million will be transferred to this country as soon as permission is granted by the UAR exchange control authorities. Moreover, an interim payment of £97,224 has been received in respect of Bradford Dyers' holding in the shares in Beida Dyers SAE. The value of these shares has been assessed at £1,774,470.

The British Government now has in its hands £27½ million in compensation moneys under the Anglo-Egyptian financial agreement and the directors of Bradford Dyers say they look to the Government for a further substantial and prompt distribution in respect of their claims. They reiterate their belief that the £27½ million will be far from adequate to meet claims in full.

Last year, the profit of the parent and the British subsidiaries again fell, shrinking from £380,978 to £246,385, and this was entirely responsible for the fall from £549,669 to £428,677 in the trading profits of the group as a whole. In fact, profits of overseas subsidiaries advanced from £168,691 to £182,292; there was also a rise in investment income, from £149,550 to £154,157. These increases were not sufficient to prevent the group making a loss after depreciation but before tax of £2,665, compared with a profit before tax of £70,102 in 1958. These results are rightly described by the directors as meagre, but in view of the group's adequate reserves, the directors have declared a final ordinary dividend at 3 per cent. No payment was made for 1958, but a special profits tax interim of 3 per cent was declared in respect of 1959. The directors say that there is some sign of recovery in the trade of the dyeing and finishing branches in this country. But the current price of 19s. 3d. for the £1 ordinary shares largely reflects hopes about a capital payment in the not too distant future rather than any about an improvement in trading.

Hongkong and Shanghai Banking

FROM the Pacific to the Mediterranean is the proud claim made by Mr Michael Turner, the chairman, of the extent of the interests of the Hongkong and Shanghai Banking Corporation. Last year both the Mercantile Bank and the British Bank of the Middle East were taken over and these acquisitions have gone a long way to filling the gap created by the bank's virtual exclusion from China. While the acquisition of the Mercantile Bank primarily reinforced the Hongkong's interests in countries where it already operated, the acquisition of the BBME has brought the Hongkong into an entirely new geographical sphere of operations. Mr Turner says that with these acquisitions total assets now exceed £400 million.

The balance sheet reflects a year of increased economic activity, advances by the parent bank rising by 20½ per cent, from £68 million to £82 million, and trade bills from £27 million to £34 million. Disclosed profits of the group were HK$29.4 million (against HK$23.5 million); but these figures do not include any profits from the BBME. The dividend is kept at £3 per share but the payment of the final dividend of £1 17s. 6d. per share to old BBME shareholders will be paid out of inner reserves, since it in effect represented part of the purchase price.

In his review Mr Turner contrasts the progress made in Western Europe over the past year with that made in Asia, pointing out that, although some Asian countries have benefited from the rise in commodity prices, economic growth is still small. He also gives those in Hong Kong, who think that the present rate of expansion both in trade and in industry will inevitably continue, a timely warning. The total volume of trade there in 1959 was about 8½ per cent higher than in the previous year while the value of exports of Hong Kong products actually rose by as much as 80 per cent. Now Mr Turner foresees increasing resistance to the colony's products from the more industrialised countries. Meanwhile, the bank's own HK$125 shares can still be put in the growth category; at £64⅛ they yield nearly 4¾ per cent.

International Nickel

IN 1959 this giant of the nickel world enjoyed one of the sharpest and swiftest recoveries in its history. The year before a world surplus of nickel forced the group for the first time in nearly ten years to work at less than capacity. The market last year turned full circle, with the result that net earnings jumped from $39.6 million to $85.2 million and shareholders received a dividend of $3.00 a share (compared with $2.60). Deliveries of nickel ran at a record level of 317,040,000 pounds (against 205,800,000 pounds) and copper deliveries rose from 210,570,000 pounds to 252,450,000 pounds. Deliveries of platinum metals which slumped to a postwar low in 1958 of 145,400 ounces climbed back to 384,600 ounces; the average published price of platinum which stood at $52 per troy ounce at the beginning of 1959 recovered to $77 later in the year, and in the first two months of 1960 it reached $82.

	1958 $ 000	1959 $ 000
Consolidated earnings :—		
Net sales	322,038	457,750
Other income	4,295	3,708
Net earnings	39,665	85,157
Net earnings per common share	$2·71	$5·83
Dividend per common share	$2·60	$3·00
Dividends paid	37,919	43,760
Consolid. balance sheet :—		
Liquic funds	125,283	126,690
Stocks	127,592	138,412
Net fixed assets	253,848	306,135
Current liabilities	24,262	33,130
Common shares	60·767	61·321
Reserves	381,159	423,556

Capital expenditure in 1959 amounted to $66,902,000 and more than two-thirds of this amount was spent on the group's nickel project in Manitoba; in 1960 capital spending is expected to run at $70 million, a large proportion again being earmarked for the completion of the Manitoba scheme which is expected to add 75 million pounds of nickel a year to total output.

Consumption of nickel in the free world touched a new peak last year of 420 million pounds, compared with the previous record in 1957 of 215 million pounds—and demand is still growing. Threatened political troubles in Cuba have encouraged many manufacturers to step up their stock-piling programmes and in the first two months of this year nickel deliveries by International Nickel outstripped production. In 1961 the directors expect world production of nickel to meet world demand, with the increase in production from the Manitoba mine and the running down of United States strategic stockpile more than offsetting any curtailment of supplies from Cuba. All present indications suggest the chairman, Dr John F. Thompson says, that the group will be working to full capacity throughout this year.

Canadian Pacific

ALTHOUGH Canadian Pacific's railway revenue rose by two per cent last year, expenses were up by three per cent, so that net railway earnings fell from $36.5 million to $36 million. That the railways did not participate more fully in the recovery of the Canadian economy is attributed by the directors to a fall in freight income as a result of the strikes in the United States steel industry and in the forestry industry in British Columbia. The company's net income from other sources was also lower at $12.7 million (against $13.4 million). Here an improvement in profits from the operation of steamships and hotels was more than offset by lower profits from airlines and by a further fall in oil revenues.

Last year Canadian Pacific's earnings provided a return of only 2.7 per cent on the net investment in railway property. The president, Mr N. R. Crump, arguing that the revenue received on the fixed statutory rates for grain falls far short of a fair return,

	1958 $ 000	1959 $ 000
Income Account :—		
Railway revenue	467·411	477·806
Railway expenses	430·919	441·760
Net earnings	36·492	36·046
Other income	13·409	12·678
Total earnings	48·724	49·901
Fixed charges	16·988	17·435
Net income	32·903	31·289
Preference dividend	3·069	3·029
Ordinary dividend	21·218	21·498
Retained earnings	8·617	6·762

says that a scheme has been submitted to the Royal Commission on Transportation which would maintain present freight rates for grain growers but which would also give some compensation to the railways. The unchanged dividend on the ordinary shares of $1.50 is paid out of earnings which have fallen from $2.09 to $1.97 per share and at $ (London) 45 the shares yield 6⅓ per cent. Any sturdy advance in earnings does not seem likely—and if and when there is one, it can really come only from Canpac's interests outside the railways.

N.V. Philips

LAST year's boom in the consumer goods markets was confidently expected to give N.V. Philips of Eindhoven one of its best trading years ever. And that indeed is what has happened. Sales have gone up by 16 per cent, from 3,595 million guilders to 4,182 million guilders; and trading profits have risen to a new record level of 740 million guilders, compared with 557 million guilders in 1958. Net earnings advanced by no less than 44 per cent, from 244 million guilders to 351 million guilders. Profit margins were higher, with net earnings as a percentage of turnover going up from 6.8 per cent to 8.4 per cent and the return on the net capital employed in the business improving from 13.6 per cent to 16.7 per cent. The ordinary dividend has been raised from the equivalent of 13⅓ per cent, allowing for the 5 per cent scrip issue, to 16 per cent and the holders of the cumulative participating preference shares will receive 8 per cent (against the equivalent of 7.52 per cent after allowing for last year's one per cent scrip issue). Exactly similar scrip issues are to be made again this year.

The rapid growth of this international giant over the past decade has on occasions led to some suggestions that the need for new capital must sooner or later become pressing. Once again, however, the full accounts refute any thought that Philips is in present need of new money. Earnings ploughed back last year amounted to 217 million guilders—or 62 per cent of the group's net earnings. The balance sheet shows that liquid funds have risen by 162 million guilders to 657,636,000 guilders. This reflects in part the low level of stocks carried last year and in part cash payments received from the conversion of convertible debentures. The big cash flow, which amounted to 266,568,000 guilders last year, should help to alleviate any strain that the expansion and modernisation programme will put on resources this year. The fl. 10 shares have now become equities that no portfolio of international stocks can be without, but the yield of 2 per cent offered by them at 150s. 7½d. put a big discount on growth.

United States Steel

IN spite of the 116-day steel strike last year the United States Steel Corporation was able to expand its ingot and castings production from 23.8 million tons in 1958 to 24.4 million tons and to step up shipments of steel products from 17.0 million tons to 18.1 million tons. But its share of the total output of the American steel industry actually fell slightly, from 28.4 per cent to 28.2 per cent. This was accompanied by a decline in profits, with net earnings falling from $301.5 million to $254.5 million. This represented a decline in earnings from $5.13 to $4.25 per common share, and earnings expressed as a percentage return on sales fell from 8.7 per cent to 7.0 per cent. The steel strike meant that for the second year running US Steel worked to less than 60 per cent of rated capacity and costs per hour were at a higher level than at any other time in the company's history. The explanation of the relatively high level of output lies in stock-piling by consumers in anticipation of the strike, at a time when "normal" demand was rising as the United States economy climbed out of the 1958 recession.

US Steel's gross capital investment in 1959 amounted to $366.1 million, compared with $448.1 million in 1958, and the decline reflects the dislocation and disruptions to construction caused by the strike. Capital spending authorised during the year dropped from $513 million to $331 million. At the current price in London of $151¼ the yield is 3½ per cent on the unchanged dividend of $3 a share.

London Stock Exchange

FIRST DEALINGS	Mar. 7	Mar. 21	April 4
LAST DEALINGS	Mar. 18	April 1	April 22
ACCOUNT DAY	Mar. 29	April 12	May 3

MARKETS continued to be cautious until Tuesday when the rally on Wall Street and the continued flow of good company news helped industrial equities to recoup all of last week's losses. On Wednesday the improvement continued and by the close gains were evenly scattered; the biggest rises were seen in those shares which had suffered the sharpest falls in the past fortnight's setback. Buying was small but persistent, selling dried up and the continued shortage of stock helped prices to rise further than the volume of business seemed to warrant: the number of bargains marked on Wednesday was 14,143—only a slight increase over the previous Wednesday. In contrast to equities, gilt-edged stocks failed to join the rally and tended to drift lower throughout the week to Wednesday. A small amount of bank selling was reported but this was to some extent offset earlier in the week by a fair amount of switching operations from equities: 3½ per cent War Loan lost 7/16 to 62 9/16 and in the shorts 4½ per cent Conversion 1964 dropped 1/32 to 98 15/32. Medium dated stocks held up well with 4¼ per cent British Electricity gaining 9/16 to 85 11/16. Home Corporation loans were dull but reasonably firm: typically, 5½ per cent LCC 1977-81 closed unchanged at 100.

On Wednesday, gains in the industrial market were more widespread than on Tuesday and rises of 1s. were common in most of the groups. Over the week to the close on Wednesday *The Economist* indicator gained 14.5 points to 357.4. With London taking its lead from Wall Street it is not surprising that some of the biggest gains were recorded by American favourites: Unilever Ltd. rose 6s. 6d. to 139s., the NV shares gained 3s. to 172s., and EMI closed 4s. 3d. up at 54s. Fisons jumped 4s. 6d. to 52s. and Philips Lamps gained 4s. 1½d. to 150s. 7½d. following the excellent profit figures. Steel shares were in the forefront of this week's rally and Steel of Wales gained 3s. to 46s., John Summers 2s. to 72s. and United Steel 2s. 3d. to 77s. 3d. Heavy engineering shares, however, still appeared to be unpopular and most closed virtually unchanged over the week: Davy United were unchanged at 107s 6d., Power-Gas fell 3d. to 91s. and Henry Simons dropped 2s. 6d. to 49s. Simon-Carves gained 3s. 3d. at 48s. 9d. Heavy electrical shares gained ground over the week. AEI improved 1s. 3d. to 56s. 3d., English Electric 2s. to 42s. and General Electric closed 1s. better at 38s. 6d.

In textiles the good results from British Nylon Spinners helped Courtaulds to put on 3s. 9d. to 64s. 9d. (and ICI gained 1s. 10½d. to 61s. 1½d.). The payment of an interim dividend by Calico Printers prompted a jump of 13s. in its shares to 68s.

LONDON AND NEW YORK

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 9, 1960	Price, Mar. 16, 1960	Net Yield, Mar. 16, 1960 § £ s. d.	Gross Yield, Mar. 16, 1960 £ s. d.
98 17/32	97 3/4	Funding 2½%	1956–61	98⅜	98 11/32 3 3 8	4 1 10
100 5/32	99 13/32	Conversion 4½%	1962	99½	99 15/32 2 19 3	4 15 10
96⅛	94⅞	Exchequer 3%	1962–63	94 5/16	94 11/32 3 8 2	4 14 2
93 1/16	92	Exchequer 2½%	1963–64	92 3/16	92 5/16 3 9 7	4 11 8
101 5/32	99⅞	Conversion 4¾%	1963	99 15/16	99⅞ 2 15 10	4 15 8
99 7/32	98 1/16	Conversion 4½%	1964	98½	98 11/32 2 19 11	4 18 2
99 5/16	98 15/32	Conversion 4½% 'A'	1964	98½	98 11/32 3 1 10	4 18 2
92 15/16	90⅜	Savings Bonds 3%	1955–65	90 13/16	90⅜ 3 16 1	5 1 2
85 7/16	81 1/16	Funding 3%	1959–69	81 3/16	81 3/16 * 4 7 0	5 12 11
93¼	91¾	Funding 4½%	1960–90	92	91¾ 2 18 2	4 12 11
82⅞	79⅞	Savings Bonds 3%	1960–70	80¼	79⅞ 4 5 0	5 11 8
85 11/16	83¼	Savings Bonds 2½%	1964–67	83 11/16	83¼ 4 7 10	5 10 10
77	73¾	Savings Bonds 3%	1965–75	74⅛	73¾ 4 3 7	5 11 9
104 13/16	100⅞	Exchequer 5½%	1966	101 13/16 *	100⅞ 3 4 2	5 6 8
85 7/16	82 1/16	Funding 3½%	1966–68	83 1/16	82 7/16 4 3 10	5 14 6
96¼	94⅝	Victory 4%	1920–76	94¼	94⅝ 3 3 10	4 16 3‡
89 3/16	85¼	Conversion 3½%	1969	85⅜	85¼ 4 2 10	5 12 10
98	96 1/2	Conversion 5%	1971	96 13/16	96½ 3 9 4	5 9 5
101 7/16	99⅛	Conversion 5½%	1974	99⅛	99⅛ 3 7 4	5 9 6
78 3/16	76¼	Treasury 3½%	1977–80	76⅝	76¼ 3 17 9	5 10 9
78⅛	75	Treasury 3½%	1979–81	75⅜	75 3 18 5	5 11 3
103 1/2	101¼	Conversion 5½%	1982–84	101 11/16	101¼ 3 6 6	5 9 6
66 1/4	62⅛	Redemption 3%	1986–96	62 7/8 °	62⅝ 3 14 3	5 6 6
97¼	92¼	Treasury 5%	1986–89	92 15/16 *	92¼ 3 9 5	5 10 2
71¾	68¼	Funding 3½%	1999–2004	69	68¾ 3 11 5	5 8 0
73 1/4	70⅛	Consols 4%	after Feb. 1957	71	70⅜ 3 9 8	5 14 1
65⅜	62½	War Loan 3½%	after 1952	63	62⅝ 3 9 2	5 13 8
65 1/2	61 15/16	Conv. 3½%	after Apr. 1961	61 15/16 *	61 15/16 * 3 9 1	5 12 7
56¾	53	Treasury 3%	after Apr. 1966	53 3/8 †	53⅛ † 3 9 1	5 6 1
49¾	47	Consols 2½%		47 3/16 *	47 * 3 5 1	5 6 1
48½	45⅜	Treasury 2½%	after Apr. 1975	45¼ *	45⅜ * 3 7 5	5 10 0
97½	93⅜	British Electric 4½%	1967–69	93⅝	93⅜ 3 13 3	5 11 10
79 5/16	76⅛	British Electric 3%	1968–73	76 1/16 *	76⅛ * 4 4 8	5 11 10
76⅛	72½	British Electric 3%	1974–77	72⅞ *	72½ 4 2 0	5 10 4
90½	85 11/16	British Electric 4½%	1974–79	86⅛ *	85¾ * 3 12 5	5 8 8
79¼	77	British Electric 3½%	1976–79	77	77 3 17 7	5 10 8
90⅝	86¼	British Gas 4%	1969–72	87¼	86¾ 3 16 7	5 10 10
86⅞	83	British Gas 3½%	1969–71	83¾	83 4 0 2	5 10 6
67 5/16	64¾	British Gas 3½%	1990–95	65	64¾ 3 13 4	5 10 1
79 1/16	76⅛	British Transport 3%	1968–73	76 1/16 *	76⅛ * 3 4 4	5 11 10
86½	84	British Transport 4%	1972–77	84⅝	84 3 14 9	5 11 8
67⅜	64⅝	British Transport 3%	1978–88	65	64⅝ 3 18 11	5 10 8

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Mar. 9 1960	Price, Mar. 16, 1960	Yield, Mar. 16, 1960 £ s. d.
83	81¼	Australia 3¼%	1965–69	81¾	81¼ 5 17 0
107½	103½	Australia 6%	1973–75	106	103½ * 5 11 0
73¾	71½	Ceylon 4%	1973–75	71½	71½ 7 1 0
107⅜	103½	New Zealand 6%	1976–80	104	104 5 12 0
96¼	95	Rhodesia and Nyasaland 6%	1978–81	95½	95½ 6 9 0
85¾	83¼	South Africa 3½%	1965–67	85	83¼ * 6 7 0
80½	75¼	Southern Rhodesia 4½%	1987–92	76	75¼ 6 6 0
101⅛	99½	Agricultural Mortgage 5½%	1980–85	100	100¼ 5 11 1
92¾	91	Birmingham 4¼%	1967–70	91	91 5 9 0
99¼	97¾	Bristol 5%	1971–73	98	97¾ 5 6 0
100	99¼	Corporation of London 5¼%	1976–79	99½	99½ 5 8 0
53¾	51¾	L.C.C. 3%	after 1920	52	51¾ 5 15 0
97¼	93⅜	L.C.C. 5%	1980–83	93½ *	93⅜ * 5 9 0
100	97½	Middlesex 5¼%	1980	97½	97½ 5 9 0

NEW YORK PRICES AND INDICES

	Mar. 9 $	Mar. 16 $		Mar. 9 $	Mar. 16 $		Mar. 9	Mar. 16
Ath. Topeka	23¼	25⅛	Boeing	25½	26½	Inter. Nickel	98	100¾
Can. Pacific	24½	25	Celanese	27¾	28¾	Inter. Paper	111¼	113
Pennsylvania	14	14¼	Chrysler	54	53⅞	Kennecott	79	78⅞
Union Pacific	28¼	28⅛	Col. Palmolive	36⅝	38⅛	Monsanto	42⅛	45¼
Amer. Electric	49¾	50⅜	Crown Zeller	44⅝	44½	Nat. Distillers	29⅝	30½
Am. Tel. & Tel.	86⅛	86¾	Distillers Seag.	30	29⅞	Pan-American	17⅜	19¼
Cons. Edison	61⅞	63⅛	Douglas	37	37⅛	Procter Gamble	94½	96
Int. Tel. & Tel.	35⅛	35¾	Du Pont	225	225¼	Radio Corpn.	65⅜ *	66⅞
Standard Gas	4½	4½	East. Kodak	98⅜	101½	Sears Roebuck	46½	48½
United Corpn.	7¼	7⅜	Ford Motor	73	76⅜	Shell Oil	31¼	33⅜
Western Union	48¾	50½	Gen. Electric	86¾	87⅞	Socony-Mobil	37⅛	37
Alcoa	83⅞	87⅛	General Foods	103	100	Stand. Oil Ind.	39½	40⅛
Aluminium	30	30⅞	General Motors	44½	45½	Stand. Oil N.J.	43⅞	44⅞
Amer. Can	40	40½	Goodyear	39	37⅞	20th Cent. Fox	31⅛	34½
Am. Smelting	42¾	42¾	Gulf Oil	28⅜	28⅝	Union Carbide	128½	133¾
Am. Viscose	33⅜	35¼	Heinz	63¾	65¼	U.S. Steel	83¾	84¾
Anaconda	52¼	54¼	Int. Bus. Mach.	414½	426	West. Electric	49	49⅞
Beth. Steel	47⅜	47⅞	Int. Harvester	45⅝	45	Woolworth	60⅛	63½

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Feb. 17	58·71	3·32	32·16	5·41	44·36	4·04	86·75	4·20
24	59·54	3·27	32·56	5·34	44·40	4·01	86·55	4·22
Mar. 2	59·38	3·28	31·31	5·53	44·90	4·02	85·84	4·29
" 9	57·67	3·38	30·30	5·77	43·85	4·11	87·46	4·13
" 16	58·78	3·31	31·36	5·57	44·28	4·07	88·08	4·07

425 Industrials :—High, 65·02 (Jan. 5); Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 9, 1960	Price, Mar. 16, 1960	Yield, Mar. 16, 1960
		%	%	**BANKS, DISCOUNT & HP**			
42/3	37/–	4 a	7½ b	Alexanders	37/9	38/9	5·16
53/–	44/3	4 a	6 b	Bank of London & S. Amer. £1	45/3	45/9	4·37
39¾	36¼	9 c	9 c	Bank of New South Wales £20	36½	36¼	3·97 g
66/3	54/–	5 a	5 b	Barclays £1	54/–	60/–	3·33
49/6	41/6	4 a	5 b	Barclays D.C.O. £1	42/3	41/6	4·34
64/–	57/9	7½ a	7½ b	Chartered £1	59/3 °	57/9	5·19
83/7½	70/–	8½ a	7 b	District £1	70/–	71/–	3·94 **
38/6	33/6	4 a	5 b	English, Scottish & Austral'n. £1	34/3	34/–	5·29
69	61½	22/6 a	37/6 b	Hongkong & Shanghai... $125	£65¾	£64½	4·65
70/6	60/–	5 a	7 b	Lloyds £1	60/–	63/9	3·76
23/4½	17/4½	8 a	8 b	Martins 5/–	17/7½	18/6	3·51 **
95/–	84/3	7½ a	9½ b	Midland £1	85/–	86/6	3·93
57/–	50/6			Nat. Comm. Bk. Scot. 10/–	52/6	53/3	2·82 **
59/9	49/–	6¼ a	8¾ b	National Discount 'B' £1	49/–	50/6	5·94
92/–	75/–	5 a	7 b	National Provincial £1	75/–	79/6	3·52 **
95/6	84/9	8 a	9 b	Royal Bank of Scotland £1	84/9	86/6	3·93
51/6	41/9	9 b	5 a	Standard Bank South Africa £1	45/–	43/–	6·51
62/3	50/–	6¼ a	6¼ b	Union Discount £1	51/6	53/6	4·67
63/3	55/3	5 a	5¾ b	Westminster 'B' £1	55/3	57/6	3·77
£213/8	£183/16	$1·65c	$1·85c	Bank of Montreal $10	£183/16	£191/8	3·63
$2·25c	£25/16	$2·25c	$2·32½c	Royal Bank of Canada $10	£25/16	£25 5/16	3·36
59/9	49/–	5 a	9 b	Bowmaker 5/–	22 10/21 ‖	25/3 ‖	3·63
50/–	40/3	10 b	8½ b	Commercial Banking 5/–	30/–	32/7½	2·76
46/9	28/3	10 a	20 b	Mercantile Credit 5/–	21/7½	24/–	3·13
8 27/32	7 11/32	21 b	4 a	United Dominions Trust £1	7 11/32 *	7 3/8 §	3·39
				BREWERIES, Etc.			
27/10½	22/3	10 a	47½ b	Bass 5/–	22/3	23/6	4·26 **
39/6	33/3	12½ c	5 a	Distillers 10/–	33/3	35/4½	3·53
27/4½	24/–	6 a	12 b	Flowers 5/–	26/3	26/7½	3·68
20/–	16/–	10 a	18 b	Guinness 10/–	16/–	16/6	4·27
30/4½	19/–	4 a	11½ b	Ind Coope 5/–	19/4½	20/11½	3·85
37/6	34/6	5 a	7½ b	Teachers (Distillers) 10/–	35/–	36/6	3·42
79/–	70/–	33¼ a	11¼ b	Watney Mann £1	76/6	78/–	3·85
135/6	121/10½	17 b	8 a	Whitbread 'A' £1	123/11½	124/4½	4·02
				BUILDING, PAINT, Etc.			
81/6	67/6	10 c	4 b	Associated Portland £1	67/6	74/–	2·59
28/6	24/7½	6¾ b	4 a	British Plaster Board 10/–	24/7½	25/4½	3·94
96/3	83/11½	10 b	5 a	Bristol Cement £1	83/9	85/–	3·53
16/11½	14/10½	5 a	10 b	Crittall Manufacturing 5/–	14/10½	15/11½	4·96
17/4½	13/3	14 b	6 a	International Paints 4/–	13/3	14/–	5·71
104/6	96/3	6 a	14 b	London Brick £1	96/3	100/6	3·38
52/9	44/–	25 c	25 c	Rugby Portland 5/–	44/–	47/–	2·66
36/–	30/3	12½ b	7½ a	Taylor Woodrow 5/–	30/–	33/6	2·99
134/4½	122/6	5 a	15 b	Wall Paper Defd. £1	131/3	134/4½	2·98
				CHEMICAL			
29/9	26/6	4·8 a	13½ b	Albright & Wilson 5/–	28/3*	29/9*	3·08
22/4½	17/–	21½ a	7½ b	Borax Defd. 5/–	17/–	18/3	2·74
54/9	47/3	4 a	6 b	Fisons £1	47/3	52/–	3·85
62/–	56/10½	5½ b	3¾ a	I.C.I. £1	59/3	61/11½	2·97
27/7½	23/7½	5 a	10 b	Monsanto 5/–	24/– *	24/6 *	3·06
				DRAPERY AND STORES			
50/–	46/–	5 a	15 b	Montague Burton 10/–	48/–	48/–	4·17
46/3	41/3	5 a	11½ b	Debenhams 10/–	41/4½	44/3	3·76
55/4½	46/7½	27½ b	7½ a	G.U.S. 'A' 5/–	46/7½	49/11½	3·56
47/6	42/4½	40 c	15 a	House of Fraser 5/–	42/6	44/11½	4·53
25/7½	21/–	6 a	11 b	Lewis's Investment Trust 4/–	23/6	23/3	2·92
77/6	68/9	20·83b	12½ a	Marks & Spencer 'A' 5/–	69/6	72/4½	2·30
54/3	49/3	22½ b	12½ a	United Drapery 5/–	49/3	52/10½	3·31
68/9	61/4½	13¾ a	31½ b	Woolworth 5/–	61/4½	64/4½	3·50
				ELECTRICAL & RADIO			
66/6	55/–	7½ a	7½ b	A.E.I. £1	55/–	56/3	5·33
61/–	50/–	9½ b	4 a	B.I.C.C. £1	53/–	55/3	4·89
15/–	13/11½	4 a	7½ b	Crompton Parkinson 5/–	13/11½	13/11½	4·27
56/10½	49/4½	20 c	3½ a	Decca Record 10/–	50/10½	50/11½	3·99
58/9	46/–	20 c	5 a	E.M.I. 10/–	49/9 *	54/– *	2·59 *
50/–	40/–	3 a	7 b	English Electric £1	40/–	42/–	4·76
47/6	37/6	7 b	3 a	General Electric £1	37/6	38/6	5·19
59/–	46/–	4¾ b	4¾ a	C. A. Parsons £1	46/–	47/–	3·72
19/–	16/4½	12½ c	12½ c	Pye 5/–	16/4½	17/3¾	3·59
104/6	90/–	11 b	6½ a	A. Reyrolle £1	91/–	90/–	3·89
55/7½	44/3	17½ c	20 c	Thorn Electrical 5/–	44/3	46/9	2·14
				ENGINEERING			
48/9	40/9	7 b	4½ a	Babcock & Wilcox £1	40/9	42/3	5·44
54/–	40/3	6 b	4 a	John Brown £1	40/3	43/6	4·60
10/6	8/–	11 b	3 a	Cammell Laird 5/–	8/11½	8/9	8·00
46/9	28/3	10 a	20 b	International Combustion 5/–	28/9	29/–	5·17
14/9	12/–	5 b	3½ a	Richardsons Westgarth 10/–	12/–	12/11½	6·87
39/9	35/–	2½ a	7½ b	Swan Hunter £1	35/3	35/–	5·71
25/9	19/4½	15 b	7½ a	John Thompson 5/–	19/10½	19/4½	5·81
39/–	32/6	7½ b	2½ a	Vickers £1	32/6	34/9	5·76
29/3	21/6	11 a	14½ b	Coventry Gauge 10/–	21/6	21/6	4·76
59/6	48/–	12 a	15 b	Alfred Herbert £1	48/–	56/9 *	4·50
71/3	65/3	8½ b	7½ a	Allied Ironfounders £1	66/–	68/–	4·78
101/6	92/–	10 b	5 a	Averys £1	92/6	93/–	3·23
19/–	14/6	7½ b	4½ a	George Cohen 5/–	14/6	15/9 *	3·81
117/3	105/–	10 c	15 c	Davy-United £1	107/6	107/6	2·79
95/7½	85/6	9 b	5 a	Guest Keen £1	86/–	89/9	3·12
31/6	22/6	10 b	4 a	Head Wrightson 5/–	22/6	22/6	3·11
75/–	65/–	5½ b	4 a	Metal Box £1	65/–	68/9	2·71
27/3	24/9	12½ b	6 a	Ransome & Marles 5/–	24/9 †	25/– *	3·70
63/3	54/9	9½ b	3 a	Renold Chain £1	62/–	62/6	4·00
40/–	27/9	9 c	8 c	Ruston & Hornsby £1	27/9	29/–	5·52
82/3¾	65/3	7½ a	12½ b	Tube Investments £1	66/9¶	74/9¶	3·34 †
168/9	148/9	20 b	5 a	Ward (Thos. W.) £1	153/9	150/–	3·33
44/–	42/–	25 c	5 a	Woodall-Duckham 5/–	43/3	43/3	2·89

† Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (m) Ex capital distribution.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 9, 1960	Price, Mar. 16, 1960	Yield, Mar. 16, 1960
		%	%	**FOOD AND TOBACCO**			
41/3	37/11½	18 c	6 a	Assoc. British Foods 5/–	37/11½	38/6	2·34
105/–	95/10½	20 c	5 a	Bovril Deferred £1	101/3	101/3	3·95
15/7½	14/3	†14½ a	†4½ b	Brooke Bond 'B' 5/–	14/6	15/–	3·40
30/7½	25/10½	10 c	10 c	Home & Colonial 10/–	25 10½	26/6	3·77
13/8½	11/6	7½ b	2½ a	International Tea 5/–	11/9	11/9	4·26
85/6	71/9	9½ b	5 a	J. Lyons 'A' £1	71 10½	76/3	3·72
28/3	25/9	5 a	7½ b	Ranks 10/–	25/9	26/4½	4·74
48/–	42/6	8 b	2½ a	Spillers £1	44/9	47/6	2·87 °
62/–	58/9	3 a	9 b	Tate & Lyle £1	58/9	60/3	3·98
17/–	15/3		5 a	Unigate 5/–	15/3	15/6	3·23 °
72/6	65/11½	†20 c	†55 a	British Amer. Tobacco 10/–	65/9	67/11½	4·86
41/3	37/6	13½ b	3½ a	Gallaher 10/–	40/–	40/6	4·11
77/6	69/–	8½ a	14 b	Imperial Tobacco £1	69/9	71/3	6·32
				MISCELLANEOUS			
54/6	41/9	40 b	20 a	Assoc. Brit. Picture 5/–	43/3	42/–	7·14
40/4½	34/11½	30 b	20 a	Assoc. Television 'A' 5/–	34/11½	36/3	6·90
50/–	40/3	10 b	16 a	Beecham Group 5/–	40/3	42/9	3·04
32/3	27/9	16 c	6 a	Boots Pure Drug 5/–	30/6 *	30/9 *	2·60
43/9	39/9	5 b	3½ a	British Match 5/–	40/–	40/9	4·09
93/9	79/6	4 a	10 b	British Oxygen £1	89/3	93/6	2·99
11/6	10/6	18 c	6 a	British Ropes 2/6	11/4½	11/6	3·91
73/6	66/6	15 b	5 a	De La Rue 10/–	67/–	69/–	2·90
39/3	36/9	14 b	6 a	Gestetner 'A' 5/–	38/3	38/3	2·61
63/9	57/–	5½ a	8½ b	Glaxo 10/–	57/–	61/3	2·29
62/6	53/6	3 a	9 b	Harrisons & Cros. Defd. £1	54/–	54/–	4·44
109/–	92/–	10 a	80 b	Hoover 'A' 5/–	92/– *	98/9 *	4·56
33/6	25/–	5 a	12½ b	Ilford 5/–	25/–	26/–	3·37
78/6	62/3	4 a	6 b	Imp. Computers & Tab. £1	62/9	64/3	3·11
58/–	51/3	10 c	11¼ c	National Canning £1	51/3	51/3	4·39
29/6	26/6	10 b	6 a	Powell Duffryn 10/–	26/9	26/6	6·04
32 10½	22/6	5 a	10 b	Radio Rentals 5/–	22/6	27/3	2·75
14 10½	12/9	5 c	10 c	Rank Organisation 5/–	13/–	13/–	3·85
34/–	29/6	12½ b	5 a	Schweppes 5/–	31/6	32/3	3·10 **
30/7½	26/6	18 c	20 c	Sears 'A' 5/–	29/3	30 4½	3·29
21/4½	18/–	6 a	3 b	Thomas Tilling 4/–	20/9	21/–	2·58
114 10½	104/3	5 a	15 b	Turner & Newall £1	110/6	110/6	3·62
147/6	129/–	8 a	14·7 b	Unilever £1	133/6	139/–	3·27
15/3½	11/9	10·4 c	3½ a	United Glass 5/–	13/3	13/3	3·92
50 10½	42/10½	†10¾ b	†4½ a	United Molasses 10/–	43/3	42/10½	5·71
				INSURANCE			
195/–	181/3	†45 a	†50 b	Britannic 5/–	181/3*	187/6	4·14
68/6	54/3	21½ b	20 a	Commercial Union 5/–	54/3	61/3	3·40
11½	9 11/16	15 b	12½ a	Employers' Liability £1	10⅛	11	3·60 °
14¼	12⅛	†32·35c	†41·17c	Equity & Law Life 8/6	12⅛	12 9/16	2·27
82/–	70/3	17½ b	15 a	General Accident 5/–	70/3	77/6	2·58 **
104/4½	91/–	30 b	30 a	Guardian 5/–	91/–	96/–	3·13
18¾	16⅜	60 b	40 a	Legal & General 5/–	16⅜	17¼	1·45
145/–	95/–	10 b	5 a	Northern £1	95/6	105/–	3·52 **
172/6	132/6	†50 b	†20 a	Pearl 5/–	132/6	150/–	3·82
17 15/16	15 9/16	†147½ c	†162½ c	Prudential 'A' 4/–	15 9/16	16⅜	3·19
115/–	94/9	10 b	8 a	Royal Exchange £1	94/9	97/6	3·28
				MOTORS & AIRCRAFT			
67/11½	61/6	3 a	9½ b	B.S.A. £1	61/9	61/7½	4·06
24/0¾	19/3¾	5¾ a	12½ b	British Motor 5/–	19/3¾	21/4½	4·27
113/9	97/–	5 a	12½ b	Ford Motor £1	97/–	105/3	3·33
71/3	57/6	17½ c	20 c	Jaguar Car 5/–	58/9 *	62/6 *	1·60
85/–	76/–	12½ c	15 c	Leyland Motor £1	80/–	81/–	3·70
17/6	13/6	8 c	12 c	Rootes Motors 4/–	13/6	14/–	3·43
11/10½	10/9	12 c	12 c	Standard-Triumph 5/–	11/–	11/6	3·91 **
17/3	13/11½	3½ a	6½ b	Bristol Aeroplane 10/–	13/11½	13/6	7·41
33/11½	27/–	7½ c	Nil	De Havilland £1	31/–	32/–	…
58/3	49/9	†6½ b	†6 a	Dowty Group 10/–	54/9	56/6	3·61
33/6	29/–	3 a	7 b	Hawker Siddeley £1	31 11½	32/–	6·25
49/–	45/6	7½ b	2½ a	Rolls-Royce £1	47/–	49/–	4·08
28/–	22/3	3½ a	9½ b	Dunlop Rubber 10/–	22/3	24/10½	5·23
74/6	72/11½	2½ a	10 b	Joseph Lucas £1	73/6	74 11½	3·37
45/11½	38/6	17½ b	9 a	Pressed Steel 5/–	39/–	40/3	3·29
118/11½	90/–	20 c	30 c	Triplex Holdings 10/–	117/3	118/–	2·54
				PAPER & NEWSPAPERS			
15/6¾	13/–	7½ b	5 a	Daily Mirror 'A' 5/–	13/–	14/3	4·39
37/–	34/9	12½ b	5 a	Odhams Press 10/–	35/6	35/–	5·00
66/–	56/6	8 b	4 a	W. H. Smith & Son £1	57/6	56/6	4·25
77/11½	66/3	12½ c	5 a	Bowater Paper £1	66/9	70/–	3·57
63/–	56/9	9 b	5 a	Albert E. Reed £1	58/–	56/9	4·93
33/–	29/9	5 b	3 a	Spicers £1	29/9	30/3	5·29
80/6	72/6	12½ b	5 a	Wiggins Teape £1	75/–	73/6	4·76
				SHIPPING			
13½ b		6½ a		Brit. & Com'wealth. 10/–	40/–	40/6	4·94
8 c		Nil a		Cunard £1	22/–	21/6	7·44
10 c		Nil a		France Fenwick £1	27/–	27/–	…
10 c		10 c		Furness Withy £1	42/–	42/3	4·73
10 b		10 a		London & Overseas 5/–	18/9	19/6	5·13
3 a		8 b		P & O Defd. £1	42/–*	42/3*	5·21
2½ c		2½ c		Scandinavian Smith 10/–	15/–*	14/6*	1·72
7½ c		8 c		Royal Mail £1	25/6	25/6	6·27
				STEEL			
6 a		8 b		Colvilles £1	72 9	75/–	3·73
22½ a		5½ b		Dorman Long £1	43/3	47/9	4·19 **
2½ a		6 b		Lancashire Steel £1	45/3	49/3	3·45
4 a		8 b		South Durham £1	45/–	49/3	4·87
3¾ a		6¼ b		Steel Co. of Wales £1	43/–	46/–	4·35
3 a		8 b		Stewarts & Lloyds £1	49/–	51/9	4·25
4 a		8½ b		John Summers £1	70/–	72/–	3·47
4 a		11 b		United Steel £1	75/–	77/3	3·88
10 a		15 b		Whitehead £1	109/6*	112/6*	4·44
				TEXTILES			
22½ c		12½ a		Calico Printers £1	55/–	68/–	6·62
7½ b		2½ a		J. & P. Coats £1	35/11½	34 10½	5·73
5 b		5 a		Fine Spinners £1	28/11½	30/9	6·50
12½ b		5 a		Lancashire Cotton £1	60/–	62/3	5·62
7½ c		7½ c		Tootal £1	27/3	27/3	5·50
3 c		3 c		Bradford Dyers £1	20/3	19/6	3·08
6 a		14 b		Illingworth Morris 4/–	12 10½	13/1½	6·10
16 c		5 a		Patons & Baldwins £1	60/6	59/3	5·40
10 b		8 a		West Riding Worsted £1	68/9	69/–	5·22
21 a		7½ b		Woolcombers £1	35/–*	35 6*	5·63 **
6½ b		5 a		Courtaulds £1	61/–	64·9	3·86
4 a		16 b		Jute Industries 10/–	22/3	22,6	8·89
				TRUSTS, LAND & PROPERTY			
12½ a		21½ b		Alliance Trust 5/–	57/6	58/9	2·89
25 b		10 a		B.E.T.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended March 12, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £28,349,000 compared with a surplus of £48,265,000 in the previous week and a surplus of £40,756,000 in the corresponding period of last year. There was a net expenditure "below-line" of £9,488,000 leaving a total cumulative deficit to date of £257,025,000 compared with £76,394,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Mar. 14, 1959	April 1, 1959, to Mar. 12, 1960	Week ended Mar. 14, 1959	Week Mar. 12, 1960
Ord. Revenue					
Income Tax	2147,000	2142.727	2064,389	61,304	62,464
Surtax	171,000	155,100	166,300	7,000	7,000
Death Duties	195,000	178,000	208,100	4,800	4,600
Stamps	68,000	62,000	92,300	1,900	2,200
Profits tax, EPT and EPL	274,000	265,200	247,200	3,100	3,200
Other Inland Revenue Duties	1,000	450	360	...	...
Total Inland Revenue	2856,000	2803,477	2778,649	78,104	79,464
Customs	1285,500	1211,220	1300,192	25,171	25,991
Excise	864,500	910,745	891,535	5,140	5,805
Total Customs and Excise	2150,000	2121,965	2191,727	30,311	31,796
Motor Duties	104,000	105,789	107,237	769	635
PO (Net Receipts)	...	8,600	8,500	3,500	3,200
Broadcast Licences	35,000	30,800	33,300	...	...
Sundry Loans	30,000	26,686	33,489	...	...
Miscellaneous	150,000	98,627	146,402	8,127	161
Total	5325,000	5195,944	5299,304	120811	115256
Ord. Expenditure					
Debt Interest	600,000	661,079	609,768	4,795	7,336
Payments to Northern Ireland Exchequer	79,000	72,102	75,605	...	...
Other Consolidated Funds	10,000	8,106	8,417	160	31
Supply Services	4523,546	3940,302	4149,289	74,100	79,200
Total	5212,546	4681,589	4843,079	79,055	86,567
Sinking Funds	39,000	37,185	37,750	1,000	340
"Above-line" Surplus or Deficit		+ 477,170	+ 418,475	+ 40,756	+ 28,349
"Below-line" Net Expenditure*		553,564	675,473	12,327	9,461
Total Surplus or Deficit		76,394	256,998	28,429	18,888
Net receipts from:					
Tax Reserve Certificates		41,668	−43,693	−2553	−3610
Savings Certificates		129,900	67,000	3,300	700
Defence Bonds		103,152	140,088	3,467	1,995
Premium Savings Bonds		65,305	41,060	850	400
Total		340,025	204,455	5,064	−515

* Net receipts of the Civil Contingencies Fund nil in 1959–60 compared with a net expenditure of £19 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1959					
Mar. 14	2,920·0	1,997·9	225·1	...	5,143·1
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
„ 12	3,660·0	1,934·9	210·9	1·3	5,807·0
„ 19	3,660·0	2,004·0	228·2	1·5	5,893·7
„ 31		5,686·8	253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
„ 16	3,540·0	1,987·0	263·3	...	5,790·4
„ 23	3,500·0	1,948·1	270·9	1·8	5,720·9
„ 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
„ 13	3,330·0	1,677·2	214·6	...	5,221·8
„ 20	3,350·0	1,803·4	252·7	...	5,406·2
„ 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
„ 12	3,430·0	1,750·4	213·2	...	5,393·7

THE MONEY MARKET

APPLICATIONS at last Friday's Treasury bill tender for the £290 million of bills offered rose by £32 million to a new peak of £516 million. The discount market lowered its bid by 4d. to £98 17s., and its allotment rate fell from 59 per cent to only 27 per cent. The average rate of discount rose by about 11d. to £4 11s. 8.32d. its highest for 21 months.

In New York, by contrast, bill rates are at their lowest level since August. The rate on three months bills fell from 3.641 per cent to 3.451 per cent and that on six months bills even more sharply, from 4.024 per cent to 3.619 per cent. A further £290 million bills was offered at this week's tender against maturities of £240 million.

In Lombard Street there has been some slight improvement in the supply of money this week and on Wednesday, for the first time in two weeks no official help was given. Rates for overnight money have been kept up to $4\frac{3}{8}$ per cent but on Tuesday and Wednesday a few closing balances were taken down to the basic minimum of $3\frac{3}{8}$ per cent. There has been only small business in bills. June and end May maturities have been sold at $4\frac{17}{32}$ per cent since last week's tender.

MONEY RATES

LONDON

	%
Bank rate (from 4%, 21/1/60)	5
Deposit rates (maximum):	
Banks	3
Discount houses	$3–3\frac{3}{8}$
Money: Day-to-Day	$3\frac{3}{8}–4\frac{1}{2}$

Discount rates:	%
Bank bills:	
60 days	$4\frac{23}{32}–4\frac{25}{32}$
3 months	$4\frac{23}{32}–4\frac{25}{32}$
4 months	$4\frac{23}{32}–4\frac{25}{32}$
6 months	$4\frac{23}{32}–4\frac{25}{32}$
Fine trade bills:	
3 months	$4\frac{23}{32}–13\frac{1}{16}$
4 months	$5\frac{1}{4}–6$
6 months	$5\frac{1}{4}–6$
	$5\frac{1}{2}–6\frac{1}{4}$

NEW YORK

	%
Official discount rate: (from $3\frac{1}{2}$%, 10/9/59)	4

Treasury Bills:	%
March 7	3·641
„ 14	3·451

BANK OF ENGLAND RETURNS

(£ million)	Mar. 18, 1959	Mar. 9, 1960	Mar. 16 1960
Issue Department:			
Notes in circulation	2,033·2	2,123·0	2,127·1
Notes in banking dept.	17·1	27·3	23·2
Govt. debt and securities*	2,046·5	2,147·3	2,147·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	14·8	13·1	10·8
Bankers	246·4	254·7	264·0
Others	64·0	64·5	65·5
Total	325·3	332·3	340·4
Securities:			
Government	296·3	278·2	299·1
Discounts and advances	7·3	23·7	15·2
Other	22·2	20·6	20·4
Total	325·8	322·5	334·7
Banking department reserve	17·9	28·2	24·1
"Proportion"	% 5·5	% 8·5	% 7·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £25 million to £2,150 million on February 10th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1959	*91 day*		s. d.	%
Mar. 13	230·0	374·1	65 11·05	43
	91 day | *63 day*			
Dec. 11	290·0 | ...	452·8	71 6·91	48
„ 18	240·0 | 50·0	403·9	72 10·50	54
	91 day			
„ 24	290·0	407·8	73 8·82	66
1960				
Jan. 1	280·0	422·4	74 6·24	50
„ 8	270·0	396·6	74 11·06	56
„ 15	270·0	406·0	75 7·79	52
„ 22	270·0	378·5	91 1·19	67
„ 29	250·0†	436·8	90 9·18	17
Feb. 5	250·0†	410·2	90 10·88	28
„ 12	250·0	413·0	90 11·30	37
„ 19	260·0	415·3	90 10·65	41
„ 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·24	55
„ 11	290·0	515·9	91 8·30	27

* On March 11th tenders for 91 day bills at £98 17s. 0d. secured 27 per cent, higher tenders being allotted in full. The offer for this week was for £290 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits March 16	Market Rates: Spot March 10	March 11	March 12	March 14	March 15	March 16
United States $	2·78–2·82*	$2·80\frac{1}{2}–\frac{5}{8}$	$2·80\frac{1}{2}–\frac{5}{8}$	$2·80\frac{1}{2}–\frac{5}{8}$	$2·80^{9}/_{16}–11/16$	$2·80\frac{5}{8}–\frac{3}{4}$	$2·80\frac{5}{8}–\frac{3}{4}$
Canadian $	...	$2·66\frac{1}{2}–\frac{5}{8}$	$2·66^{9}/_{16}–11/8$	$2·66\frac{5}{8}–\frac{3}{4}$	$2·66^{9}/_{16}–11/16$	$2·66^{9}/_{16}–11/16$	$2·66^{9}/_{16}–11/16$
French Fr.	13·622–14·027	13·763–77	13·763–77	13·76⅝–⅞	13·76⅝–77⅛	13·77¼–½	13·77–77¼
Swiss Fr.	11·94–12·54⅞	12·16½–¾	12·16½–¾	12·16½–¾	12·16½–¾	12·17¼–½	12·16⅞–17⅛
Belgian Fr.	137·96–142·05	139·87½–92½	139·87½–92½	139·87½–92½	139·90–95	135·95–140·00	139·95–140·00
Dutch Gld.	10·48–10·80	10·58–58⅛	10·58–58⅛	10·58–58⅛	10·58⅝–5⅞	10·58⅞–59⅛	10·58⅞–59⅛
W. Ger. D-Mk.	11·59¼–11·92¾	11·69¼–70	11·69¼–70	11·69¼–70	11·70–70¼	11·70½–¾	11·70½–¾
Portug. Esc.	79·00¾–82·00½	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17417⅛–42⅛	1742–42¼	1742¼–½	17423⅛–⅝	1743–43¼	17427⅛–43⅛
Swedish Kr.	14·27½–14·70	14·53⅛–⅜	14·53–53¼	14·53⅛–⅜	14·53⅞–⅝	14·53¾–54	14·53¾–54
Danish Kr.	19·01½–19·62	19·34¾–35	19·34¾–35	19·34¾–35	19·34¾–35	19·34¾–35	19·34⅝–⅞
Norwegian Kr.	19·71–20·30½	20·03⅜–⅝	20·03⅜–⅝	20·03⅜–⅝	20·03⅜–⅝	20·03½–¾	20·03½–¾
	* Official Limits	**One Month Forward Rates**					
United States $		¼c. pm–par	¼c. pm–par	¼c. pm–par	¼c. pm–par	$^{3}/_{16}$–¼c. pm	$^{3}/_{16}$–¼c. pm
Canadian $		Par–¼c. dis	Par–¼c. dis	Par–¼c. dis	Par–¼c. dis	$^{1}/_{16}$c. pm–¼c.dis	$^{1}/_{16}$c.pm–¼c.dis
French Fr.		⅛–⅜c. dis	Par–¼c. dis	Par–¼c. dis	Par–¼c. dis	¼c. pm–par	$^{1}/_{16}$c.pm–⅛c.dis
Swiss Fr.		1½–1¼c. pm	1½–1¼c. pm	1½–1¼c. pm	1⅝–1¾c. pm	1⅜–1¾c. pm	1⅜–1¾c. pm
Belgian Fr.		Par–5c. dis	Par–5c. dis	Par–5c. dis	Par–5c. dis	5c. pm–par	2c. pm–3c. dis
Dutch Gld.		1¼–1c. pm	1¼–¾c. pm	1¼–¾c. pm	1¼–1¼c. pm	1½–1¾c. pm	5⅛–1⅜c. pm
W. German D-Mk.		⅜–⅛pf. pm	½–¼pf. pm	½–¼pf. pm	½–¼pf. pm	⅝–⅜pf. pm	½–¼pf. pm
		Three Months Forward Rates					
United States $		¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	$^{5}/_{16}$–⅛c. pm	$^{3}/_{16}$–¼c. pm	$^{3}/_{16}$–¼c. pm
Canadian $		⅛–¼c. dis	⅛–¼c. dis	⅛–¼c. dis	⅛–¼c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis
Swiss Fr.		3⅜–3¼c. pm	3⅞–3⅝c. pm	3⅞–3⅝c. pm	4–3¾c. pm	3½–3¼c. pm	3⅝–3⅜c. pm
W. German D-Mk.		½–¼pf. pm	¾–½pf. pm	¾–½pf. pm	¾–½pf. pm	¾–¼pf. pm	1–¾pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/11¼	250/13¼	...	250/13¼	250/03¼	250/01¼

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Feb. 27th	External Trade	Mar. 5th
Manpower and Output	This week	Industrial Profits	Jan. 23rd

OVERSEAS

Western Europe	Feb. 13th	United States	Mar. 12th

	Unit	Mid-year or averages 1957	1958	1959	1958 Dec.	1959 Jan.	1959 Feb.	1959 Oct.	1959 Nov.	1959 Dec.	1960 Jan.	1960 Feb.
TOTAL MANPOWER(10)		**June figures**										
Working population:												
Total	'000s	24,188	24,070	23,968	24,106	24,113	23,903	24,373	24,385	24,272	24,284	...
Men	„	16,225	16,160	16,063	16,175	16,186	16,087	16,230	16,203	16,181	16,182	...
Women	„	7,963	7,910	7,905	7,931	7,927	7,816	8,153	8,182	8,091	8,102	...
Armed Forces	„	702	614	565	590	585	583	547	540	536	532	...
Civil Employment:												
Total	„	23,245	23,080	23,020	22,990	22,968	22,797	23,412	23,432	23,300	23,313	...
Manufacturing industries (old basis)	„	9,271	9,147	9,110	9,106	9,063	9,056	9,355	9,396	9,382	...	...
Manufacturing industries (new basis)(11)	„	...	...	...	...	...	...	...	*8,697*	*8,685*	*8,722*	...
Employees:												
in engineering (1)	„	3,966	3,970	3,951	3,957	3,942	3,945	4,058	4,082	4,094	...	...
in consumer goods industries (2)	„	3,376	3,275	3,265	3,257	3,241	3,230	3,343	3,349	3,325	...	...
UNEMPLOYMENT		**Monthly averages**										
By duration:												
All durations—total	„	312·5	457·4	475·2	531·7	620·8	608·6	419·0	430·5	420·9	460·6	450·0
Temporary or under 2 weeks	„	95·7	141·0	120·8	141·6	197·2	154·4	105·1	97·5	89·2	114·2	99·5
Over 8 weeks	„	129·3	197·7	243·4	248·3	286·8	301·7	208·0	218·4	222·0	239·8	237·4
By Regions (3):												
Great Britain	„	1·4	2·1	2·2	2·4	2·8	2·8	1·9	2·0	1·9	2·1	2·0
London and South Eastern	„	1·0	1·3	1·3	1·4	1·7	1·7	1·1	1·1	1·1	1·2	1·2
Eastern	„	1·3	1·7	1·5	1·7	2·2	2·1	1·4	1·4	1·4	1·6	1·6
Southern (4)	„	1·3	1·6		1·8	2·0	2·0					
South Western (4)	„	1·8	2·2	2·2	2·6	2·9	2·9	2·0	2·3	2·2	2·4	2·2
Midland	„	1·3	1·6	1·5	1·8	2·2	2·1	1·1	1·0	1·0	1·0	1·0
North Midland	„	1·0	1·6	1·5	1·8	2·1	2·0	1·2	1·3	1·3	1·4	1·4
East and West Ridings	„	0·9	1·9	1·9	2·3	2·7	2·5	1·6	1·5	1·5	1·6	1·5
North Western	„	1·6	2·7	2·8	3·3	3·6	3·5	2·3	2·3	2·2	2·5	2·4
Northern	„	1·7	2·4	3·3	3·2	3·9	3·8	3·1	3·4	3·3	3·7	3·5
Scotland	„	2·6	3·8	4·4	4·4	5·4	5·4	4·0	4·3	4·3	4·5	4·7
Wales	„	2·6	3·8	3·8	4·1	4·6	4·7	3·4	3·4	3·3	3·5	3·3
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	„	276	198	224	163	156	154	246	245	251	245	257
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	107	106	112	107	107	110	122	124	116	119–120*	...
„ „ *seasonally adjusted*	„	...	...	...	*107*	*107*	*107*	*117*	*117*	*117*	*118–119**	...
Mining and quarrying	„	99	94	92	94	93	99	97	98	88	...	...
Construction	„	106	105	111	108*	...	106*	...	115*	...	...	...
Gas, electricity and water	„	112	117	120	136	147	141	120	137	143	...	...
Manufacturing, total	„	108	107	114	106	107	110	126	127	117	...	...
„ „ *seasonally adjusted*	„	...	...	...	*108*	*107*	*107*	*120*	*119*	*119*	...	...
Engineering and electrical goods	„	111	111	118	119	108	114	130	131	128	...	...
Shipbuilding	„	108	109	101	109	108	108	99	98	97	...	...
Vehicles	„	115	118	131	126	124	118	142	147	141	...	...
Chemical trades	„	115	115	...	116	123	129	135	138	...	...	...
Textiles, leather and clothing	„	99	91	97	82	92	100	112	110	92	...	...
BASIC MATERIALS		**M/W averages**										
Production of:												
Coal (5) (7)	W	'000 tons	4,301	4,150	3,963	4,142	4,340	4,373	4,130	4,181	3,719	4,074	4,095
Pig iron	W	„	275	245	242	223	229	222	270	277	280	298	302
Steel, ingots and castings	W	„	417	369	388	313	357	347	441	459	433	471	482
Sulphuric acid	M	„	194·7	186·8	202·3	203·1	214·3	188·6	219·5	217·5	218·5	...	...
Newsprint	W	„	12·55	11·81	12·87	10·53	13·12	13·00	13·13	14·50	13·33	...	...
Electricity (5)	M	mn. kwh	7,581	8,209	8,764	10,186	11,079	9,522	9,050	10,226	11,175	11,738	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·85	14·77	14·58	12·74	14·38	14·51	16·26	15·96	14·14	15·39	...
Worsted yarn	M	„	19·48	17·18	19·34	18·26	19·03	18·26	22·43	21·40	19·93	21·00	...
Rayon and synthetic fibres	M	„	41·32	35·18	42·89	40·20	46·11	40·28	47·25	47·30	50·86	50·80	...
Cotton cloth, woven	W	mn. yds.	31·4	27·0	25·7	21·7	25·2	25·4	28·8	28·6	24·8	26·9	...
Wool fabrics, woven	M	mn. sq. yds.	32·8	29·1	30·4	29·1	31·3	28·3	34·6	32·9	31·5	31·9	...
Engineering production:												
Passenger cars and chassis	W	'000s	16·56	19·84	22·88	17·98	19·03	19·88	27·59	29·33	26·98	29·57	...
Commercial vehicles and chassis	W	„	5·54	5·90	7·12	5·93	6·58	6·03	8·36	8·20	7·84	8·80	...
Internal combustion engines	M	'000 BHP	406	378	...	407	385	395	550	524	...	...	...
Metal-working machine tools	M	£'000	7,936	6,993	...	6,838	6,250	5,765	7,122	6,691	...	...	...
BUILDING ACTIVITY (5)												
Permanent houses completed:												
Total	M	'000s	25·09	22·81	23·06	23·25	18·29	18·75	26·30	25·14	26·44	20·75	...
By private builders	M	„	10·54	10·68	12·56	11·35	9·33	9·51	15·18	13·95	14·17	11·17	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for fourth quarter. (9) Average for first quarter. (10) Figures for January (manufacturing industries and employees only), February and June, 1959, have not yet been revised in the light of the May, 1959 count of insurance cards. (11) 1958 Standard Industrial Classification.

TEMPERANCE PERMANENT



have the answer to your questions on SECURITY—

Says the Thrift Family

1 Deposits in this Society are Trustee Investments.

2 Cash and Trustee Securities amount to over £8 million which equals over 18% of total Assets.

3 Over 97% of advances in 1959 was on owner-occupied property.

4 Investments accepted—Shares 3½%—Deposits 3%—Savings Shares 3½% (including ½% bonus for regular subscriptions). *Income Tax in all cases paid by the Society.*

Assets £44,421,000 Reserves £2,382,000

Please send for "Savings" Booklet ref. R6

TEMPERANCE PERMANENT BUILDING SOCIETY

(Member of the Building Societies Association)

223-227, REGENT STREET, LONDON, W.1. PHONE: REGENT 7282

Branches throughout the country

Bangkok Bank Ltd.

Head Office:

9 Plapplachai, Bangkok, Thailand

CABLE ADDRESS: "Bankokbank"

Codes used: Peterson International 3rd & 4th Edition Private

COMPARATIVE BALANCE SHEET

ASSETS	December 31, 1958	December 31, 1959
Cash in Hand and Due from Banks	81,734,635.99	178,275,855.83
Money at Call	6,184,500.00	37,508,500.00
Thai Government Securities	76,831,349.18	85,000,000.00
Foreign Government Securities	6,787,062.39	10,006,016.12
Other Thai Securities	4,425,000.00	4,275,000.00
Bills Receivable	347,321,222.69	461,593,529.12
Loans and Advances	287,362,700.25	400,664,709.16
Mortgages	58,954,761.31	55,435,048.84
Bank's Premises and Equipments	24,304,518.84	28,598,544.44
Other Assets	26,419,914.53	24,186,535.25
BAHT	920,325,665.18	1,285,544,038.76
CAPITAL AND LIABILITIES		
Deposits	579,998,057.06	715,303,135.99
Balances Due to Foreign Correspondents	44,404,295.14	61,930,302.08
Drafts and Remittances Payable	9,641,604.49	10,193,402.67
Bills Re-discounted	153,713,082.04	346,075,498.98
Other Liabilities	50,418,626.45	64,791,699.04
Capital and Reserves		
Capital	50,000,000.00	50,000,000.00
Reserves	29,200,000.00	34,300,000.00
Undivided Profits	2,950,000.00	2,950,000.00
BAHT	920,325,665.18	1,285,544,038.76
Liabilities on Acceptances and Guarantees	722,045,405.74	253,783,175.92

OVERSEAS BRANCHES

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The good professional man acts with a sense of responsibility illuminated by intelligence. His reputation and his business rise or fall on the shrewdness of his advice.

For investment he will often advise a good Building Society and he will count the Burnley among the very best. The Burnley offers the investor complete peace of mind. At the same time he enjoys a good rate of interest—3¼% tax paid, and the knowledge that his savings are freely available when he needs them. *Deposits in the Society are Trustee Investments.*

For full details please apply to:
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HAMBROS BANK OFFER UNIQUE, SIX-POINT SERVICE FOR BRITISH EXPORTERS

NEW markets to conquer! New trade to win! For thousands of British businessmen the newly formed 'Outer Seven' brings important new export prospects. Many will be especially interested in the rich potential of Norway, Denmark and Sweden. Hambros Bank can help them plan their friendly invasion. And this service includes Finland, although she is not a member of the Outer Seven.

Established in Copenhagen in the nineteenth century, Hambros have been closely linked with Scandinavia ever since. Now they have drawn upon their unique knowledge to formulate a special, six-point service for British exporters—a service already being used by hundreds of British firms.

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If you want to start selling in Scandinavia, or if you plan to expand your business there, write for further details to:

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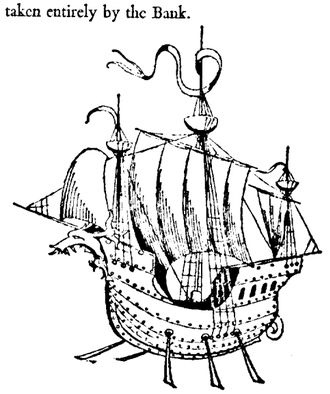

*DEPOSITS IN THE SOCIETY ARE TRUSTEE INVESTMENTS

assets EXCEED £60,300,000

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With branches in all parts of Switzerland and also at 25 Pine Street, *New York*, and with correspondents throughout the world the *Swiss Credit Bank*, one of the oldest and largest in Switzerland, provides an efficient service for all kinds of banking transactions.

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Robert J. Keller
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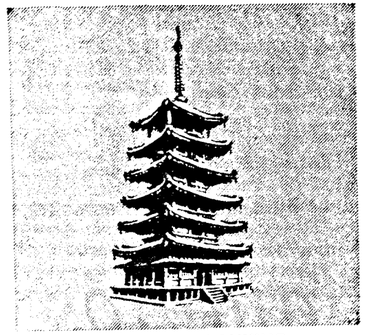

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APPOINTMENTS

MANAGER—MARKET RESEARCH DEPARTMENT

The DIRECTORS of J. & J. COLMAN LTD. invite applications for the position of Market Research Manager. The appointment involves residence in Norwich where the factory is situated and duties are primarily concerned with foodstuffs of all kinds. Candidates should have previous experience of Management of a Market Research Department. The nature of the work involves fairly regular London contacts and offers good opportunities in Market Research itself and in commercial work generally. Wide experience in practical field work and a sound education (preferably to University degree standard), essential.—Apply confidentially, stating age, qualifications, detailed experience and salary required, to Secretary, J. & J. Colman Ltd., Carrow Works, Norwich, Norfolk.

LIL

LAPORTE INDUSTRIES LIMITED

ORGANISATION & METHODS DEPARTMENT

A Senior Assistant, to be based on Luton, is required by the Group Chief Accountant to augment the Organisation and Methods Department.

The fundamental qualification for the post is several years' experience in Industry, and preferably some experience of Organisation and Methods work. Equally essential is a sound appreciation of this aid to Management efficiency, whilst a knowledge of industrial accountancy procedures would be helpful.

The salary offered is attractive and prospects for a capable man are good. Age limits are between 28 and 35.

Applications, giving full details of age, qualifications and experience, should be made to The Group Personnel Manager, LAPORTE INDUSTRIES LIMITED, Hanover House, 14 Hanover Square, London, W.1, quoting ref. LIL/E1/18.

CENTRAL OFFICE OF INFORMATION require male ASSISTANT INFORMATION OFFICERS (unestablished) to assist with planning tours for officially sponsored parties of visitors from overseas, and escorting work in London and the Home Counties. Applicants should have a good educational background, an appreciation of current affairs in the U.K. and overseas, and a high standard of general knowledge. Details of any language qualification and of primary and secondary interests should be mentioned. Work involves irregular hours including Saturday and Sunday duties but hours are adjusted where possible to average 42 weekly. Salary according to experience and qualifications rising to a maximum of £1,085. —Write, giving age, full details of experience and qualifications, to Manager (P.E.981), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

BRITISH TRANSPORT COMMISSION invite applications for a post in the Economics Section. Candidates should have experience in the application of economic and statistical analysis to practical problems. Know and understand the content, meaning and reliability of national statistics of finance, trade and industry; have the ability to write briefly and clearly in non-economic language. Good honours degree or equivalent professional qualification desirable. Starting salary will be not less than £1,100 p.a.

Superannuation scheme; certain travel facilities; medical examination.—Write, stating age, education and experience, to Director of Establishment, British Transport Commission, 222 Marylebone Road, London, N.W.1, within 14 days. Addressed envelope for acknowledgment.

JOURNALIST required with view to appointment as Assistant Editor of monthly magazine covering some of the more progressive and stimulating aspects of business management.—Write Box 1299.

P.D. LEAKE RESEARCH FELLOWSHIPS

APPLICATIONS are INVITED from QUALIFIED MEMBERS of the ACCOUNTANCY PROFESSION for APPOINTMENT to a P. D. LEAKE RESEARCH FELLOWSHIP financed by the P. D. Leake Trust. The term of the Fellowship will be for the year commencing October 1, 1960, and it may be held in the University of Birmingham, the University of London, or the University of Oxford, the location of the appointment being determined by the three universities concerned in consultation, after consideration of candidates' preference and research interests.

The object of the Fellowship is to provide university facilities for an experienced accountant to carry out research in subjects with which the accountancy profession is directly concerned and within the charitable object of the P. D. Leake Trust, namely "to benefit and advance the sciences of accountancy and of political economy, including the subject of public finance and taxation." Only accountants who are members of United Kingdom accountancy bodies which are recognised for the purpose of United Kingdom company law are eligible.

The emoluments of the Fellowship will be £2,000, out of which the Fellow will be required to meet any consequential expenses of his appointment.

Further particulars may be obtained from the Registrar, University of Birmingham, Birmingham, 15, with whom applications must be lodged by April 30, 1960.

NORTHERN IRELAND DEVELOPMENT COUNCIL

Applications are invited for the post of Press and Publicity Officer to the Council.

The duties of the post, which is London-based, are to carry out advertising and press relations, under the Council's supervision, to inform British industry of the facilities for expansion available in Northern Ireland.

Experience in information and publicity work is essential, and a good general knowledge of industry is desirable.

Salary will be between £1,500 and £2,200, according to qualifications. Applicants should send full particulars, by March 31st, to the Secretary, Northern Ireland Development Council, 13 Lower Regent Street, London, S.W.1.

CENTRAL ELECTRICITY GENERATING BOARD

SOUTH WALES DIVISION

Vacancy No. 68/EC/60

Applications invited for superannuable N.J.C. appointment of ASSISTANT in the STATISTICS SECTION, GENERATION DEPARTMENT, DIVISIONAL HEADQUARTERS.

Salary Grade 3, £720 to £930 per annum.

Successful applicant would be required to assist in the analysis and presentation of technical statistics.

Possession of a Degree in Statistics, Mathematics or an equivalent qualification would be an advantage.

Special application forms obtainable from Secretary, South Wales Division, Central Electricity Generating Board, Twyn-y-Fedwen Road, Gabalfa, Cardiff, to be returned by April 1, 1960.

SURREY EDUCATION COMMITTEE

GUILDFORD COUNTY TECHNICAL COLLEGE, STOKE PARK, GUILDFORD

DEPARTMENT OF COMMERCE AND GENERAL EDUCATION

Applications are invited for the following additional posts commencing September 1, 1960.

Assistant Grade B to teach Economic History at Advanced Level, G.C.E. to full-time day students and some subjects which are required in the syllabuses of the various Accountancy and related professional Institutions to part-time day and evening students. Applicants should be graduates with sound academic qualifications in Economics.

Assistant Grade B to teach Commercial Subjects including Book-keeping, General Principles of Law and Commerce. Applicants should be graduates in Commerce or Economics preferably with membership of a professional Institute.

Burnham Scale salary payable.

Grade B (Men), £700 x £27 10s/£37 10s. — £1,150; (Women), £660 x £22/£26 — £920, plus appropriate equal pay addition.

Further particulars and forms of application obtainable upon request with stamped addressed foolscap envelope from the Principal.

INVESTMENT RESEARCH: vacancy on staff of Investment Trust Company in London for FEMALE ASSISTANT, aged 21-25 interested in the subject and preferably with some knowledge of Economics or Economic History.—Write Box J.E.874, c/o 191 Gresham House, E.C.2.

INFORMATION OFFICER

International business organisation concerned with international trade policy invites applications for post of Information Officer in its office in Paris.

The Information Officer is responsible for developing the organisation's long-term information programme. This includes editing monthly news sheets and technical publications; maintaining relations with the Press and organising press conferences.

Qualifications required are degree in Economics, journalistic ability and some years' experience of financial journalism or similar work. Some French an advantage. Age early thirties.

Salary by arrangement. Applications with full details to Box 1301.

NUFFIELD COLLEGE

GWILYM GIBBON RESEARCH FELLOWSHIP

Applications are invited from men or women who wish to conduct research in the field of government and administration. Preference will be given to candidates with experience in public service. The Fellowship will be for one year in the first instance. Further particulars and application forms can be obtained from the Warden. Applications should reach him by May 10, 1960.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

One Research Officer and one Research Assistant are required to work on a follow-up study, sponsored by the Department of Scientific and Industrial Research, of attitudes and vocational attainment of young men, which is expected to last two to three years. Applicants should have good degrees, preferably in Sociology or Psychology, and experience with survey work and interviewing. Salary scales: Research Officer within the range £900 x £30 — £1,500 a year plus £60 a year London Allowance; Research Assistant £600 x £25 — £675 a year. In assessing the starting salary consideration will be given to age, experience and qualifications.

Applications, indicating the position for which the candidates wish to be considered, and with the names of two referees, should be received not later than April 4, 1960, by the Secretary, The London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, from whom further particulars may be obtained.

UNIVERSITY OF KHARTOUM

CHAIR OF ECONOMICS

Applications are invited for the Chair of Economics.

Salary: £S.2,700 per annum.

Cost of living allowance approximately £S.180 per annum at present. Outfit allowance £S.50. Family allowances: Wife, £S.60 p.a.; first child £S.90 p.a.; second and third child, £S.30 p.a. each (£S.1=£1 0s. 6d. sterling). Passages for appointee and family on appointment, termination and annual leave. Superannuation Scheme. Appointment on contract for five years with possibility of renewal. Unfurnished accommodation provided at 7½ per cent. of salary.

Applications (10 copies) detailing qualifications and experience and naming three referees, by April 20, 1960, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

CENTRAL OFFICE OF INFORMATION require a SENIOR INFORMATION OFFICER (unestablished) to control the production of a group of documentary, television and advertising films. Candidates should possess experience of sponsored film production, a good publicity sense and a favourable grasp of public affairs. Some experience of television advertising and/or of overseas information work would be an advantage. Salary £1,395 to £1,650 (men); £1,370 to £1,650 (women).—Write, giving age, full details of experience and qualifications, to Manager (P.E.1018), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

LLOYDS BANK

Economic Adviser's Department of Lloyds Bank

has a vacancy for a woman graduate. The work will be largely statistical. A knowledge of elementary statistical methods is essential and some practical experience is desirable. Preferred age up to 26. Selection will follow an interview at which full details concerning salary, etc., will be given. Applicants are requested to write in the first instance to The Women Recruitment Officer,

LLOYDS BANK LIMITED
POST OFFICE COURT,
10 LOMBARD STREET,
LONDON, E.C.3.

THE COLLEGE OF AERONAUTICS

Applications are invited for the appointment of LECTURER in STATISTICAL METHODS and OPERATIONAL RESEARCH in the DEPARTMENT OF ECONOMICS and PRODUCTION. Candidates should be graduates with a minimum of three years' industrial experience in statistical or operational research. A knowledge of computer, work study and some consultancy experience would also be an advantage. The successful candidate will have the opportunity of participating in a full programme of research in a well-equipped operational research laboratory now under construction. Salary in scale £900 x £40 to £1,260 p.a., £58 to £1,650 p.a., with superannuation under F.S.S.U. and family allowance, commencing salary depending upon age, qualifications and experience. Consideration given to housing requirements. Applications giving full particulars and quoting the names of three referees to the Recorder, The College of Aeronautics, Cranfield, Bletchley, Bucks. Further particulars available.

GRADUATE in LANGUAGES, ECONOMICS, or SCIENCE, aged 23-27, required by Borax Consolidated Limited as assistant in Sales Department. Some commercial experience desirable, either home or export. Work covers correspondence and eventually visits home and overseas, pricing, supply, agents, buyers, trade associations. Good mixer desirable, hard worker and quick learner essential. Good salary and progress for right man. Non-contributory pension scheme. Apply in confidence, giving full details, to Staff Manager, Borax House, Carlisle Place, S.W.1.

UNIVERSITY OF ST. ANDREWS

Applications are invited for a Lectureship in Economics in Queen's College, Dundee, with special reference to Industrial Economics. Salary scale, subject to upward revision, £900 x £50 to £1,350 x £75 to £1,650 (efficiency bar £1,350). It is hoped to appoint at a stage below the efficiency bar. F.S.S.U.; Family Allowance. Grant towards removal expenses. Applications (six copies) containing the names of three referees, to the undersigned, not later than April 9, 1960.

PATRICK CUMMING,
Joint Clerk to the University Court,
March, 1960. Queen's College, Dundee.

UNIVERSITY OF KHARTOUM

SENIOR LECTURESHIP OR LECTURESHIP IN POLITICAL SCIENCE

Applications are invited for a Senior Lecturer or Lecturer in Political Science.

Salary Scale:

Senior Lecturer: £S.2,052 x £S.75 — £S.3,127 p.a.

Lecturer: £S.1,077 x £S.75 — £S.1,927 p.a.

Cost of living allowance approximately £S.180 per annum at present. Outfit allowance £S.50. Family allowances: Wife, £S.60 p.a.; first child, £S.90 p.a.; second and third child, £S.30 p.a. each (£S.1=£1 0s. 6d. sterling). Passages for appointee and family on appointment, termination and annual leave. Superannuation Scheme. Appointment on contract for five years with possibility of renewal. Unfurnished accommodation provided at rent up to 7½ per cent. of salary.

Applications (10 copies) detailing qualifications and experience and naming three referees, by April 20, 1960, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

Research Assistant

The WHITE FISH AUTHORITY invite applications for a Junior Executive appointment as Research Assistant in the Economics and Statistics Department. The duties of the post will be primarily concerned with the Authority's current programme of research into earnings, costs and productivity of various sections of the white fish industry.

Applicants should have a good degree in Economics, preferably with Industry and Trade or Statistics as a special subject. Some commercial experience in statistical work would be an advantage.

Salary scale £850 x £50 — £1,100. A contributory pension scheme is in operation, and luncheon vouchers and a five-day week are among other conditions of service.

Applications, giving names of two referees, should be sent to the Secretary/Solicitor, White Fish Authority, Lincoln's Inn Chambers, 2-3 Cursitor Street, London, E.C.4, so as to reach him not later than Thursday, March 31st.

CAREER IN CONSULTANCY

MANAGEMENT ACCOUNTANT

An interesting opportunity exists for a Chartered or Cost Accountant, aged 35-45, in a London based firm of Management Consultants. Wide experience of Management Accounting is essential and should include the installation and operation of standard cost of budgetary control systems. Further training in other aspects of Management Consultancy would be given to enable the successful applicant to widen his general experience. Starting salary would be in the £1,500 —£2,000 a year range.

Applications should give fullest details of education, background, previous jobs and salaries earned. Replies, which will be treated in the strictest confidence, should be sent to Box L.159, LPE, Romano House, 399-401 Strand, London, W.C.2.

H.M. INSPECTORS OF SCHOOLS, MINISTRY OF EDUCATION. Non-contributory pensionable posts in England for men and women, preferably under 45, with good educational qualifications. Experience in any aspect of Primary, Secondary or Further Education or in Teacher Training but especially in Mathematics, Science, English (including Drama), Physical Education (Women), Handicraft, Housecraft, Provision of Meals, Special Educational Treatment, Music, Art, non-vocational Further Education.

Men's starting salary (London), £1,565 — £2,520. Appointments may be made above the minimum. Higher posts filled by promotion, also some with £140 allowance.

Application form from the Secretary (Inspectors' Section), Ministry of Education, Curzon Street, London, W.1. Closing date May 6th.

MANAGEMENT ANALYSTS

A Major Oil Company in the Middle East has vacancies for experienced Management Analysts who possess a University degree or equivalent and who have had some years' broad experience of industrial engineering in major industrial concerns or with Management Consultants. Applicants must be familiar with the principles of organisation, manpower, materials and equipment utilisation. Age 30-45. Salary not less than £3,000 per annum after tax will be offered to men with requisite qualifications and experience. Two-year tours of duty followed by paid home leave. Married accommodation and free family passages available. Those qualified and interested should apply for further information, giving age and brief details of relevant experience, in the first instance, to Box TL.865, c/o 191 Gresham House, E.C.2.

ASSISTANT EDITOR required on management journal. Salary £1,000 a year. Applicant must write good English, and must be methodical and meticulously accurate. Editorial experience essential. Degree in Sociology or Economics desirable but not essential. Pension Scheme.—Please reply to the Editor, The Manager, 80 Fetter Lane, London E.C.4.

CITY OF BIRMINGHAM EDUCATION COMMITTEE

CITY OF BIRMINGHAM COLLEGE OF COMMERCE

Applications are invited for the following post, the duties of which begin on September 1, 1960:

ASSISTANT, GRADE "B," IN ADMINISTRATION.

Applicants should hold a good Honours degree, preferably with practical experience in Government or the Nationalised Industries, and be able to lecture up to Final Degree standard.

SALARY—in accordance with the Burnham Scale for Teachers in Establishments for Further Education:

Men: £700 x £27 10s. — £1,150 per annum;

Women: £630 x £22 — £920 per annum, plus Equal Pay Increments,

together with graduate and training allowances and increments for approved professional experience where appropriate.

APPLICATIONS: Full details of the post and form of application (to be returned within 14 days of the appearance of this advertisement) may be obtained by sending a stamped addressed foolscap envelope to the Principal, City of Birmingham College of Commerce, Broad Street, Birmingham, 1.

E. L. RUSSELL,
Chief Education Officer.

UNIVERSITY OF MELBOURNE

LECTURER IN ECONOMICS

Applications are invited for the above-mentioned position. The salary range is £A1,500 to £A2,100 per annum. Initial salary will be determined according to qualifications and experience. Superannuation similar to F.S.S.U. in Great Britain will be provided.

Conditions of appointment may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on May 31, 1960.

SENIOR COMMERCIAL GENERAL MANAGER

(Electronics)

A company occupying a leading position in the electronics industry needs a successor in its Head Office in London for the present Head of its Division dealing with the Industrial and Government markets. Applications are invited, in the first instance, for the post of Deputy to the Head of the Division, with the expectation of taking over the Division within the next two years.

The Head of the Division carries full responsibility for all the Division's work. He is responsible for surveying the market, forecasting sales, planning manufacture (in co-ordination with the production units), marketing and customer servicing, initiating development programmes, and the co-ordination of all these functions into a Division.

Some years' successful experience of responsibility for combining marketing with planning and production in an engineering field is essential—preferably, but not necessarily, in an electrical or electronics field. The position also requires a high order of intelligence, facility in grasping essentials quickly, and particularly, the ability to take and delegate responsibility.

The Company has a large and expanding share of a growing market. The successful applicant will be expected to make a major contribution to furthering this expansion.

Preferred age 36-44. Starting salary £3,000 plus the usual benefits. There is a contributory pension scheme. Prospects both immediately and longer term are very good. Government security clearance will be required.

Apply by March 28th, giving brief particulars, to the *Secretary, The Tavistock Institute, 3 Devonshire Street, W.1*, who are advising the Company on this appointment. Applicants' particulars will not be given to the Company without their consent.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

DYESTUFFS DIVISION

have vacancies in their Work Study Departments

AT DIVISION HEADQUARTERS, BLACKLEY, MANCHESTER, AND AT THEIR FACTORIES THERE AND IN HUDDERSFIELD, BILLINGHAM AND WILTON

The posts would be of interest to YOUNG MEN

(a) who are qualified in Science or Engineering,
(b) who hold a degree in Arts, Economics, Commerce or Industrial Administration, preferably with mathematics to subsidiary or degree standard,
(c) who have had training in Engineering,
(d) with experience in Work Study.

The posts carry progressive salaries with good opportunities for promotion. The Company has a Pensions Fund and an Employees Profit Sharing Scheme; a five-day week is in operation.

Application forms may be obtained from the **Staff Manager, Hexagon House, Blackley, Manchester, 9.**

UNIVERSITY OF NOTTINGHAM

DEPARTMENT OF AGRICULTURAL ECONOMICS

Applications are invited for the appointment of an ASSISTANT TO THE HORTICULTURAL LIAISON OFFICER in the above Department at the School of Agriculture, Sutton Bonington, near Loughborough. Candidates should possess a degree in Agriculture, Horticulture or Economics. The appointment will be made in the grade of Assistant Lecturer, salary scale £700 x £50 to £850 with Superannuation Benefits and children's allowances. Conditions of Appointment and Form of Application, to be returned by April 9th, from the Registrar, The University, Nottingham.

THE DURHAM COLLEGES in the University of Durham

Applications are invited from graduates in Sociology, Economics or other appropriate subjects for the post of LECTURER IN SOCIAL ADMINISTRATION in the Department of Social Studies from October 1, 1960, or such earlier date as may be arranged. The person appointed will have special responsibility for tutorial instruction in problems of social policy. The salary attaching to the appointment will be £900-£1,650 a year.

Applications (three copies), together with the names of three referees, should be sent not later than April 22, 1960, to the Secretary, 38 North Bailey, Durham, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of Temporary LECTURER IN THE HISTORY OF ECONOMIC THOUGHT. The appointment will be made for a period extending from October 1, 1960, to January 31, 1961. The salary will be on a scale £900 to £1,650 per annum, according to qualifications and experience, with membership of the Children's Allowance Scheme. Applications should be sent not later than April 2, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

OXFORD UNIVERSITY

DEPARTMENT OF SOCIAL AND ADMINISTRATIVE STUDIES

It is proposed to appoint a Tutor in Public and Social Administration (man or woman), the appointment to begin on October 1, 1960: candidate should have high academic qualifications and experience of the working of the social services would be an advantage; stipend on scale £900 by £50 to £1,350 by £75 to £1,650 with superannuation, the point of entry depending on qualifications and experience.

Applications, with names of three referees and an account of the applicant's qualifications, experience and academic career, should be sent by April 30th to the Secretary, 40 Wellington Square, Oxford, from whom further particulars of the post can be obtained

CHIEF ACCOUNTANT

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63 Portland Place, London, W.1.

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CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability).—NOTICE TO SHAREHOLDERS.—The Seventy-ninth Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the fourth day of May next, at the principal office of the company, at Montreal, at twelve o'clock noon (daylight saving time, if operative). The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, New York and London, at 3.30 p.m. on Tuesday, the twelfth day of April, 1960. The preference Stock books will be closed in London at the same time. All books will be re-opened on Thursday, the fifth day of May, 1960.—By order of the Board, T. F. TURNER, Secretary. Montreal, March 14, 1960.

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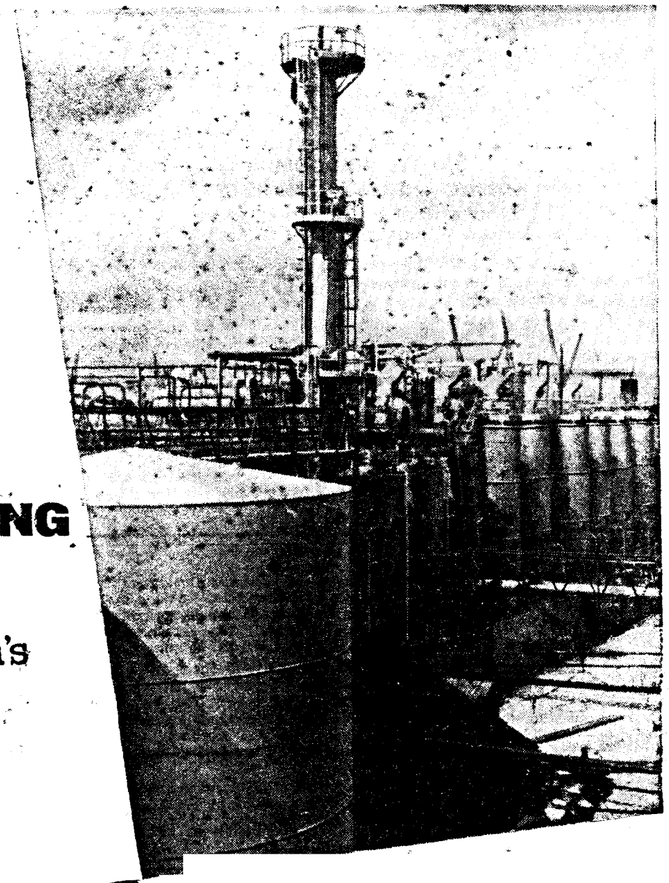

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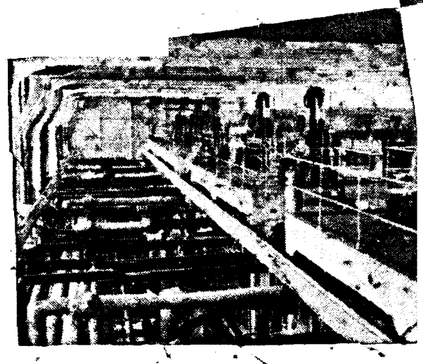

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A Risky Budget?

(page 11)

Looking at 1960
The Economic Survey this year is confident —on conditions (page 67)

Ishra's Task Now
The Government is riding two horses in the steel industry (page 70)

The Exchequer Results
How the last Budget turned out (page 71)

The Pekinese Turns
How can Parliament control expenditure? (page 18)

After the Tests

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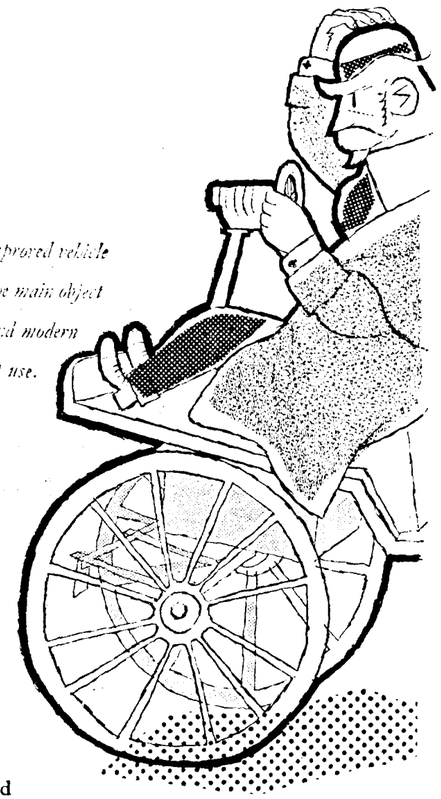
and stop . . . .



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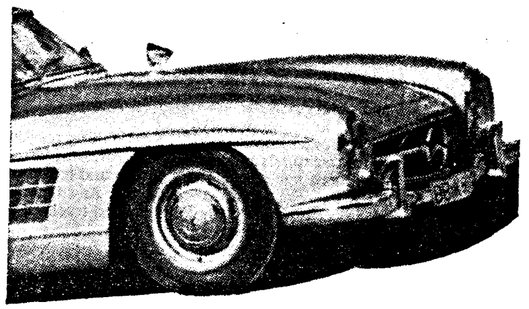

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AP 335

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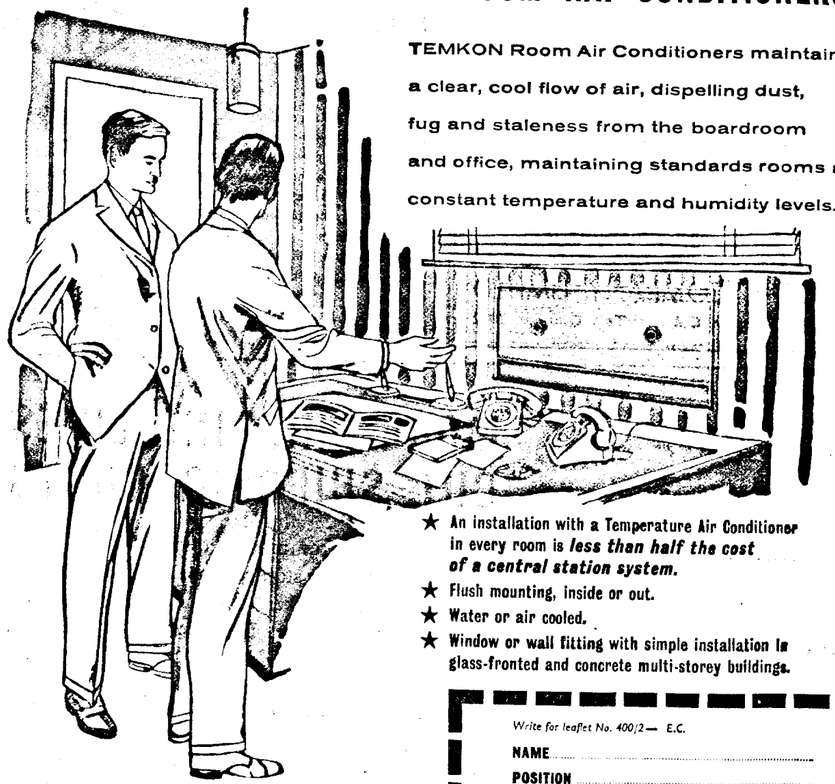

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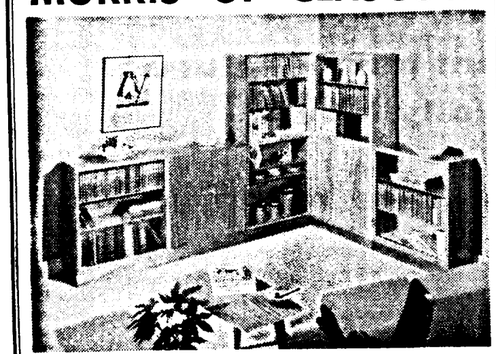

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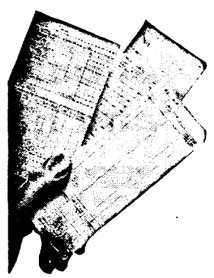

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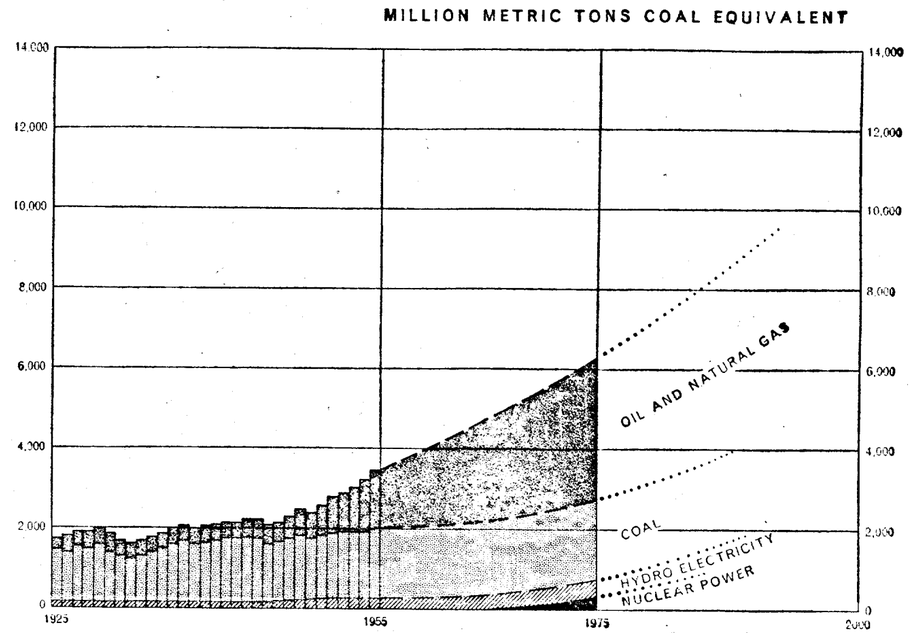

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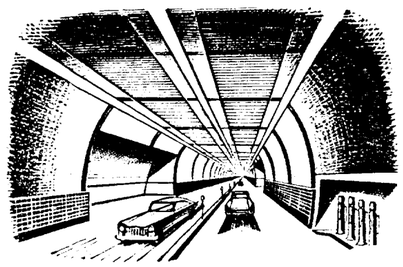

The Mont Blanc tunnel will take three years to complete and will cost an estimated £11,700,000. About four miles of the tunnel are being driven from the Italian side and the contractors, Società Italiana per Condotte d'Acqua, are using Atlas Copco equipment exclusively. Atlas Copco compressors, rock drills and Sandvik Coromant drill steels have been chosen for this project, regarded as a major contribution towards the unity of Western Europe.

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The Economist

APRIL 2, 1960

A Risky Budget? 11
After the Tests 12
Urgent Africa 11-18
The Pekinese Turns 18

NOTES OF THE WEEK 20

Budget; Europe; Spain; Germany and Japan; Trades Union Congress; Strikes; Nasser's Travels; Iraq; Argentina; Adoption of Children; Press and Local Authorities; Education for Management; Matrimonial Proceedings; Rutland; Nato and WEU.

LETTERS 28

Spring Books

Pages 29-45

AMERICAN SURVEY

Shaken by Rumbles 47

Symington Smoked Out; Civil Rights and Civil War; Banks Branch Out; No Transports; Prejudice in Reverse?; Cotton Upon the Waters; Getting Older.

THE WORLD OVERSEAS

Britain and the Continental System 59

Mr K's Tour de France; Tambroni Takes Time; Sitting on the Iraqi Lid; Canadian Defence Policy in Trouble; A Letter from Germany.

THE BUSINESS WORLD

Looking at 1960 67
Ishra's Task 70

BUSINESS NOTES 71

Budget Out-turn; In the Markets; "Shell" Transport; Aircraft Industry; Post Office; Wall Street; Cotton Industry; Manpower; Air Transport; Hard Times for the Revenue; Building Societies Reform; The Banks' Cartel; The Jasper Case; Insuring East-West Trade; Montagu and Wood Hall; Lead and Zinc; Lubricating Oil; Balance of Payments; Tea Prices; Gilt-Edged Encyclopaedia; Pottery; Petroleum Gas; Shorter Notes.

COMPANY AFFAIRS 101

Ford Looks Ahead; British American Tobacco; Waterlow and Sons; Aluminium Ltd.; North British Locomotive; Mining Finance Dividends; Lombard Banking; Associated Electrical Industries; C. A. Parsons; Department Stores; Times Furnishing.

London and New York Stocks 104
Money and Exchanges 106
UK External Trade 107

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VOLUME CXCV - NUMBER 6034

A Risky Budget?

THE Economic Survey for 1960 is an unexpectedly cheering document for those who do not want the Chancellor to impose large increases in taxation next week: by the same token, it is a slightly unnerving one for those who think that the Chancellor's main resolve now should be to avoid taking risks with the economy. It leaves the balance of likelihood still in favour of a budget that should take slightly more away from the taxpayer than it gives back to him, but not of a budget as stern as economic rectitude might demand.

The survey includes—somewhere, in some guarded form—most of the right Keynesian phrases for a period of threatened inflation. "The Government's responsibility," it proclaims, "is to ensure that total claims on the economy do not exceed the total likely to be available from production." The urgent need to sell more goods overseas this year, it agrees, will be fulfilled "only if home demand does not hold back exports." We must get "the right balance between total demand and productive resources." But, when the document turns to prod tentatively at an assessment of how much restraint will be needed to achieve that balance, there is an unmistakable bias towards looking for things that might go right rather than for things that may go wrong. Parts of this survey have the uncomfortable ring of an essay in interpretative optimism.

The survey's first half-dozen pages are devoted to a study of why demand may not rise by quite as much in 1960 as some people have feared, and why production might rise by more than most people have hitherto assumed; its next dozen pages, incidentally, are devoted to an explanation of why its own *ex-post* figures about how much demand did rise in 1959 are very probably wrong. For the coming year, the survey's authors admit that Government current expenditure is scheduled to rise by 4½ per cent (compared with 2½ per cent last year), and that "total fixed investment may rise by as much as in 1959" (this follows a survey of business intentions which suggests that it might rise by considerably more); but it is argued that consumption may not rise by as much as it did in 1959 (i.e., that last year's record rate of personal savings may be further increased) and on the most uncertain variable of all—namely, stockbuilding—the Government sees reason to hope that the rate of accumulation will decline. The survey trusts that industrial output per head should rise by more this year than the average of 3 per cent attained in recent years, and it forecasts some increase in the labour force through the attraction of more married women into jobs and a still further decline in unemployment (which is already well under 2 per cent). It seizes eagerly on the hopeful point that "increased demand for plant and machinery should fall on industries which have not yet shared fully in the expansion and which still have some unused capacity." It agrees that, in the booming industrial cities, "the labour force, especially the skilled part of it, is already fully engaged," and that "as the year proceeds, it may become increasingly difficult to increase employment, particularly of skilled labour, in some areas." "This," concludes the survey in a magnificently insouciant mixing of long-term needs and short-term problems, "underlines the need to train more skilled people."

The dominant tone that seems to emerge from this document is a gentle soothing whistle, which could be designed to keep the Chancellor's political courage down. This is not to say that the Chancellor will necessarily heed this seductive sound and introduce none of the types of tax increases that were

tentatively, and with reluctant distaste, recommended in these columns last week; some further speculation on possible particular tax changes appears in a Note of the Week on page 20, and the survey itself is more extensively analysed on page 67. But if the survey's apparent recipe for mildness is followed on Monday, the British public should be very clear what that mildness will mean.

Nobody can possibly say that a mild budget this year will irrevocably lead to economic crisis and disaster. The pseudo-science of quantitative economic forecasting is subject to far too wide a margin of error, in any one year, for anybody to dare to say that. There are fortunately bound to be some years when everything that might go right will do so, and when none of the things that could go wrong will in fact materialise: when trusting to luck will turn out, very luckily, to be the most successful policy. But what should be frankly recognised is that, if the Conservatives introduce anything other than a stern budget on Monday, they will be making a complete reversal of the policy that they have followed for the last three or four years; if they do not increase taxes by something like £100-£150 million net a year, they will be relying on the recipe of hoping for the best, where hitherto since 1955 they have deliberately played for safety.

DURING the years of industrial pause (e.g., 1958) it sometimes seemed that the British Government could have introduced more re-energising budgets, that Chancellors could legitimately have reposed greater hopes in the sorts of succour (an above-average increase in output per man; the attraction of more married women back into the labour force) in which this year's survey so blithely confides. The odd thing, economically, is that the Government seems to have become reconciled to these hopes at a period of straining boom, when the chances of their materialising are so obviously reduced; the odd thing, politically, is that it should feel obliged to re-embrace them so early in a Parliament, when the general election is a full four years off. Why should the Government be reconverted in 1960, of all years, to the doctrine that it is better to run some risks of inflation than to incur the odium of restraining consumption?

In part, the explanation seems to lie in a changing *zeitgeist* in the Treasury. When re-expansionary policies have been successful for a while the apostles of risk-taking for expansion tend to acquire a new prestige; just as, during the years when cautious policies had been proceeding successfully for a while, the doctrine of excessive caution tended to acquire its own momentum. Logically, of course, a Chancellor's judgments should veer precisely the other way round. In still larger part, however, the explanation seems to be that there is a greater political barrier in the way of cautious budgeting at a time when caution implies an actual increase in tax rates (i.e. during a boom) than when it merely influences a Chancellor towards making a smaller reduction in tax rates during a recession than the more enthusiastic proponents of reflation might then advocate. This unfortunately also means that caution falls out of fashion when total demand is high, and comes back to favour when it is low—psychologically understandable perhaps, but economically perverse.

The apparent switch in the background emphasis of policy-making in this year's survey may represent less a reconversion of the Treasury to the old tenets of pre-1956 Butlerian expansionism than the adoption, by people who do not like the meticulous regarding of depressing economic balance sheets, of the philosophy of Rupert Brooke's fish:

> This life cannot be all, they swear.
> For how unpleasant if it were!

That seems to be the rationale behind some of the unexpectedly optimistic implications of this week's economic survey. If it also proves to be the main determinant behind the actions in next week's budget, it will be a shaky guiding star by which to steer the immediate economic destiny of a great trading nation. The outcome rests upon the quiet good sense of Mr Amory himself.

After the Tests

Mr Eisenhower's decision on the terms for halting nuclear tests opens a door; but the door opens on to a long, hard road

JUBILANT headlines in Wednesday morning's papers hailed the Camp David communiqué as one of the best bits of good cheer the postwar world has known. The excitement may have been overdone; but the new western move on nuclear tests is unquestionably wise and full of promise. Inevitably, there will be further speculation about the exact interplay between the departmental dispute in Washington and Mr Macmillan's spectacular dash to America. It seems clear that Mr Herter had carried the day and that Mr Eisenhower had ordered his opponents into line before the Prime Minister arrived last Saturday—but after his trip had been announced only two days earlier. This is encouraging evidence of the American Administration's ability to close ranks even after its internal differences have had a public airing—and even in a president's last year in office. But the fascinating business of analysing exactly what happened in what order ought not to preoccupy too many thoughts. Plenty of attention will be needed for the question: what happens now?

The immediate next steps are themselves likely to be pretty intricate. Just as the Russians, on March 19th, offered only a conditional acceptance of the American terms of February 11th, so now the Anglo-American acceptance of the Russian proposal is a conditional one. One of the conditions—the launching of joint research into methods of identifying minor seismic phenomena—should not present much difficulty, as it has already been accepted in principle by the Russians. The others concern the duration of the voluntary abstention

from "sub-Hiroshima" weapon test explosions underground; allowance for nuclear detonations of a purely peaceful nature; the international inspectorate's right to send out an adequate number of field teams to investigate suspicious evidence of explosions "on site"; and the issues still outstanding in the Geneva talks over the composition of the inspectorate and the voting balance in the commission that controls it. Unmentioned in the joint declaration, but apparently very much alive in official minds in Washington, is the question of on-site inspections of suspicious events below the "Hiroshima" level (that is, registering less than 4.75 on seismic instruments).

Reasonable though the conditions may be, they provide a necessary reminder of the complexities that still have to be unravelled. Technical advances may quite soon make the problem of the permissible number of on-site inspections easier to solve, and may even dispose of the specific matter of inspections of "below-threshold" phenomena before it has been formally raised in negotiation. The summit conference in May might provide the heads of government with an adequate incentive to settle the questions of composition and voting; there has already been a notable narrowing of the gap in this sector.

OF the immediate issues, the trickiest is the duration of the voluntary moratorium. This is supposed to be related to the time needed for the joint research programme, but political rather than scientific factors would seem to have been the determining factors—both in the Soviet demand for four or five years and in Mr Eisenhower's announcement on Wednesday that he can only offer until next January.

Whoever is President of the United States after January 20th, it will not be Mr Eisenhower. He can see no way of weaving into the mantle that will fall on to his successor's shoulders a pledge to abstain from underground sub-threshold weapon tests. This is essentially a matter for the head of the Administration; for the pledge, as now conceived, will take the shape of a unilateral declaration by the head of each government concerned, not of a treaty, which, once ratified by the Senate, would retain binding force for a new American Administration. However, the present movement of opinion in the United States indicates that every presidential candidate will have to take a public stand on the moratorium issue during this year's campaign; and that a favourable stand will win favour with the voters, provided that the Russians show a co-operative spirit over the joint research programme. The proposed treaty to prohibit all other types of nuclear weapon tests involves a separate problem of timing. However quickly it may now be concluded, it can scarcely hope for ratification by the Senate until after the November elections. The elections can, however, have only a modest effect on the present composition of the Senate, and virtually none on the occupants of the chairs of the key committees.

To give fair warning of the snags that still lie immediately ahead is not to underestimate the significance of what has just been done. The President's decision amounts to a real victory for the advocates of a policy of taking a cautious chance on Soviet dependability. A flat decision the other way would have slammed a whole lot of doors. This one, shrewdly though it is surrounded with conditions, keeps them open. Its effects will be more than atmospheric. Apart from its impact on the summit meeting, it is linked in several very direct ways with the broader negotiations for disarmament that are now under way in Geneva.

In British thinking, one of the principal facets of an agreement to halt tests is that it could provide a working model of international inspection, which might have great value in solving the problems of general disarmament. Whether or not Soviet fears of foreign visitations were modified by the experience of having a few hundred test inspectors on Soviet soil, the other nations would at least gain useful experience of the problems likely to be encountered in any wider inspection programme. From this point of view, there is much to be said for pressing the Russians a little harder to accept a larger participation by "neutrals" from uncommitted countries in the nuclear test inspectorate.

IN French minds there is an even more direct connection between the halting of tests and the progress of general disarmament; President de Gaulle and M. Moch have held firmly to the argument that France cannot bow to an agreement that in effect "freezes" the privileged membership of the nuclear club. Here France, despite the special position of which its Sahara test explosions serve as a resounding reminder, is only saying out loud what other "near-nuclear" powers prefer to be discreet about. The long-term effectiveness of any agreements to check the diffusion of nuclear arms among the nations must depend on the speed with which the nuclear powers can begin to strip themselves of their privileges.

That speed, however, should be no subject for illusions. The brisk pace of the negotiations on tests in recent weeks ought not to breed any forgetfulness of the fact that these negotiations have lasted for seventeen months; or that, in the earlier stages, Mr Tsarapkin was holding out for a parody of international inspection that amounted to self-inspection by each nation. This week at Geneva, Mr Zorin has been exhibiting a similar talent for slow-motion hedging in the ten-nation conference that began on March 15th and bids fair to run for many months. In this and in other ways, the mere negotiations on tests have provided some enlightening experience of the problems still likely to be encountered in hammering out a general disarmament programme.

The good news from Camp David does indeed represent the opening of a door; but the door opens on to a rough terrain full of pitfalls, and the urgent need now is for the charting of a course through it which will have to be doggedly pursued, whatever the setbacks, for a period, not of months, but of years.

Budget and Economic Survey

Other aspects of next week's Budget and this week's Economic Survey are discussed in "Looking at 1960" on page 67, in a Note of the Week on page 20, and in Business Notes on pages 71 to 82.

An article "The Pekinese Turns" on page 18 discusses parliamentary control of government expenditure.

Urgent Africa

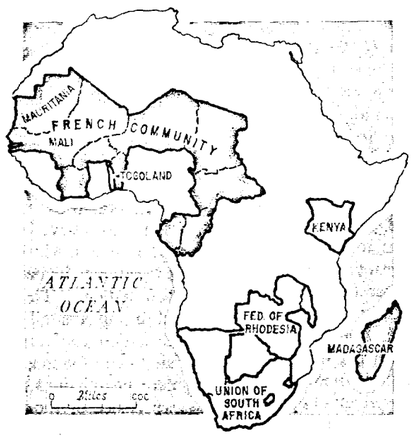
The crowding events of "the African year," this week mainly in southern and central Africa, are discussed in this special section

How Tough Can You Get?

White South Africa's chosen course has made its isolation complete, and is making its subjects ungovernable

MOST observers of the African scene have assumed that however fast and far the tide of African nationalism may roll, creating one independent black state after another in its course, it would be halted, at least for a long time, at the gates of South Africa. This is still the most realistic prognosis. But it is clear that in 1960 African nationalism will challenge white supremacy in the Union as never before: a challenge which comes simultaneously from within the Union, from the north and from the wider world of diplomacy beyond—including the councils of the Commonwealth and the forum of the United Nations.

How effective is this squeeze from all fronts likely to be? The immediate result of the Sharpeville blood-letting has been to cause the South African government to suspend the pass laws temporarily; and this has been followed by a bonfire of passbooks among Africans, together with other acts of incendiarism, which will make it hard to reimpose them. But the rushing through the South African parliament of yet another repressive measure— this time to outlaw the African Nationalist Congress and the more anti-white Pan-African Congress—and the arrest of two hundred liberals and "agitators" of all colours under cover of a state of emergency, indicate that Dr Verwoerd is not going to yield the keys of *baasskap apartheid* without a determined struggle.



The pass laws, which regulate what Africans shall be in what areas, reserves or locations at any time, are the lynch-pin of police control over the African population, as our South African correspondent explains in his dispatch on the next page. Dr Verwoerd's present tactics should therefore be clear enough. They are based on his belief, or pretended belief, that the mass of Africans are happy under apartheid, and are misled into revolt only by agitators. He is evidently trying to lock up the "agitators," white and black, as a preliminary to restoring full police control, on the assumption that the masses will then be too leaderless to resist.

The basic nature of South Africa's racial struggle is revealed in this pattern of reactions. For the Nationalists, the prime objective is to deprive the helot races of any power to organise; for organisation added to their superior numbers would enable the non-whites at last to challenge the superior fire power and mobility of the white forces. In the long run, the whole apparatus of apartheid is directed to this end, particularly through the destruction of African education by means of the Bantu Education Act. In the short run, the problem of law and order is to stifle organisation and leadership by educated men—"trained agitators"—so long as the masses are still capable of responding to it.

The critical question therefore is whether the non-white masses in South Africa can achieve or maintain an organised resistance (in which, of course, as elsewhere, intimidation will play its inevitable part). If they can, situations will inevitably arise one after another in which the Government will either have to abdicate or to shoot —with all the repercussions of shooting, at home and abroad. Of these, the events of the past fortnight are a sample.

SHOOTING is, of course a well tried form of government which has proved temptingly successful. But will it work in South Africa? There is no need to doubt that the white men are ready to fight for their lives; their solidarity in a tight corner has been shown by Sir De Villiers Graaff's prompt support for the government (though not necessarily for Dr Verwoerd himself). But governments that keep their serfs down by force prefer to hide it from the world, and the paradox of South Africa is that it is in many ways still an open society. The press is not yet under censorship, and foreign correspondents are free to report and to photograph. This means that South Africa must face (as Russia has not had to do) the full heat of informed world disapproval.

How influential is this on South Africa? The picture has been built up of stern, messianic Afrikaners indifferent to the strictures of a liberalistic and communist world. There is much truth in it; but there are signs that even Afrikaners find it hard to ride through world disapprobation. Clearly a proportion of the police dislikes the prospect of more Sharpevilles. More important, a substantial part of the Nationalist party is becoming confirmed by tragedies like these in the belief that Dr Verwoerd is leading them into disaster. Whether the events of this week alone will split Dr Verwoerd's party remains to be seen; he controls the powerful party machine. But the prospect is that, even if the present emergency can be weathered, new ones lie ahead. It is tolerably clear that on every fresh occasion there will be an outburst of world indignation, which in itself will encourage Africans to fresh resistance, with or without the instigation of "agitators."

Diplomatically, South Africa's isolation is almost complete. Britain has felt unable to oppose a debate in the Security Council on apartheid, which now formally becomes an international concern and no longer a purely South African domestic affair. In effect, the British Government has had to accept the American distinction between states whose policies promote racial discrimination and those that try to overcome it. It has had to face the fact that as the number of votes of independent African states in the United Nations grows (and half a dozen will be added this year) the cost, in terms of day-to-day diplomatic bargaining, of shielding South Africa becomes disproportionate. Even the Commonwealth prime ministers can hardly remain uninvolved if Dr Verwoerd attends the conference in May, and if New Zealand persists in its proposal that apartheid should be discussed formally then; it is, of course, certain to be discussed informally in any event. South Africa may then have to choose between leaving the club and facing an informal court of inquiry. In the diplomatic world at large South Africa finds itself increasingly shunned, playing no part in world or African affairs.

There are South Africans who would almost welcome this isolation, convinced that a chosen people must go its own dedicated way. They are unlikely to waken from their insular dreams until the cracking of the Portuguese territories opens their actual frontiers to infiltration. But, as our correspondent indicates, the number of South Africans, including many in the Nationalist camp, who see that they are in a cul-de-sac is growing. The Liberal and Progressive parties have grown bolder and are openly canvassing multi-racial solutions for South Africa which repudiate apartheid along with the pass laws, and are nibbling at the holy doctrine of white supremacy. Big business interests are ranging themselves behind them, as Mr Harry Oppenheimer has shown in his article in the latest issue of *Optima*, the organ of the Anglo-American Corporation. The dissenters are a minority, but their message to South Africa is more and more obviously the voice of common sense: that the hazards of the road back from apartheid are, however great, less than the disaster that lies in wait on the road ahead.

The Union's Moment of Truth

FROM OUR CORRESPONDENT IN SOUTH AFRICA

SOUTH AFRICA is reeling under the impact of a succession of events that have dazed, bewildered and frightened the people and landed the country in its worst crisis since the Anglo-Boer war. Overnight, as it were, the situation has changed from surface calm to near revolt and open rebellion. The killing of more than sixty African men, women and children on March 21st triggered off a chain of events without parallel in the Union.

The crisis really began, however, eight weeks ago, when Mr Macmillan made his "winds of change" speech in Capetown. This was followed by a period of shock and bewilderment which progressed through self-analysis and anger; the violence at Sharpeville was the climax. There is, too, a sudden realisation of the extent of South African isolation. While the whites are overcome by a sense of friendlessness, the non-whites are delighted, as well as a little astonished, that there is so much *sympathy* for them and their cause in the outside world. Early this week they were awaiting the debate on South African affairs in the United Nations Security Council with an optimistic feeling that the world was on their side.

TO the African people the pass system has become a mark of slavery. They have now reached the stage where they demand its unconditional abolition as a precondition of any move for political rights, a minimum wage and trade union privileges. It is surprising that the government should have been so completely caught out by the strength and vigour of the anti-pass campaign waged by the uncompromising Pan-African Congress. The authorities have known of the existence of the pan-Africanists for more than a year, but they have concentrated their attention on the more moderate African National Congress. The inevitable result has been that each organisation has sought to outbid the other; this explains why the ex-chief, Albert Luthuli, felt compelled to the gesture of burning his pass after the initial success of the pan-Africanists' campaign. The government is in a real dilemma over the pass system, for the apartheid structure is so largely based on passes, and the control that they make possible, that when pass law arrests were suspended last Saturday the whole apartheid structure was dealt a shattering blow. It is difficult to see how the pass system can ever be fully restored without inviting further turmoil.

Last week's concession, less to African demands than to the reality of a menacing situation, finds three million Europeans more sorely divided than at any time since the Union was founded. Although there is a broad area of agreement on colour between the two main parties and the two language groups generally, feelings over the republican issue are running high. Were it not for this fresh division brought about by Dr Verwoerd's announcement of a referendum for a republic, the current talk of a coalition or national government to show a united white front might have become a reality before now. Not only has such a suggestion been made by the expelled Nationalist party MP, Mr Basson—he suggests the former chief justice, Mr H. A. Fagan, as a compromise prime minister—but influential individuals in the two major parties would readily be found to support a coalition administration.



Dr Verwoerd

Meanwhile, the demands, which also come from the more thoughtful Nationalists, for a drastic reappraisal of the government's attitude towards the poor and rootless proletariat of nearly three million urbanised Africans become increasingly urgent. Apartheid has no plan for these people, beyond a minimum of housing and transport, and after nearly twelve years the consequences of this policy hiatus suddenly become terrifyingly and tragically clear. Public opinion in all parties is demanding a policy adjustment immediately in three fields: the permanent relaxation of the pass laws, particularly for "evolved" Africans; a fairly drastic modification of the liquor laws, which produce constant police clashes; and a greater say for the Africans in their own affairs, as well as some voice at a national level. Today the government has no real contact with urban Africans. The boiling pot has no outlet.

The government itself, however, has shown no sign of being prepared to consult urban African opinion. While the United party pleads for some representation of Africans in parliament, and the Progressives stand openly for a shared government on a civilised basis, the Nationalists remain adamant that political rights for the Africans must be confined to their own areas. That is why the minister of justice complains that the pan-Africanists "want our country." To the government, both the African congresses are "enemies" to be fought, not allies to be consulted. Afrikaners will rather die than give in, said a senior Nationalist MP this week, and by "giving in" he meant sharing political power with non-whites. Yet only the most bigoted and purblind Nationalists still really believe that the situation can be held by

force, or that South Africa can survive if violence becomes endemic. Where precisely the prime minister stands is not clear; his public utterances since the crisis broke suggest that he believes the only hope lies in still more separation, together with compulsion when necessary.

Thus, while the whites put their trust in the police and defence forces, and the Africans remain leaderless because of the banning and arrests of the past week, the initiative for the time being has passed out of the government's hands. But until they master the technique of protest without violence, the Africans are bound to be beaten by superior force. They are learning this lesson rapidly, as they appear to have learnt other organisational lessons without overmuch tuition in recent years. Lack of discipline, and a large criminal element which is determined to exploit the trouble for its own ends, and is exercising a reign of terror over thousands of peaceful, law-abiding people, are complicating the problem and losing the Africans' cause much sympathy.

But men of all races and all political persuasions appear to realise that an era has ended. At last it seems that South Africa's ruling race has been brought face to face with the question it has steadfastly ignored or refused to answer realistically: is the country going forward to democracy, and to a shared government in which all races will have a reasonable part? Or is it going backward into Nationalism's white laager, there to prepare for a *Götterdammerung* of Gothic design?

Gale in the Markets

SINCE Mr Macmillan's speech the capitalised market value of shares quoted on the Johannesburg Stock Exchange has fallen by nearly as much as £500 million. Last week alone market values of quoted companies fell by about £125 million, and they have fallen even more since then. The table shows how sharp the individual declines have been, not merely in gold shares, but in all South African industrial shares, in the stocks of the Union and Federation of Rhodesia governments, and in the shares of the copper and diamond producers.

Even without the riots and this week's declaration of a state of emergency, some reaction in Kaffir shares from their early January peaks had seemed likely. Investors must now decide whether prices, after the very considerable falls, discount not only what has happened politically but also what might happen. In the market it is pointed that the falls have usually been quite out of proportion to the amount of business done: what has

	Prices			
	Jan. 1, 1960	March 1, 1960	March 18, 1960	March 31, 1960
South Africa 3½% 1965/67	85¾	84½	83½	82
Southern Rhodesia 4½% 1987/92	80½	76	75¼	72½
Anglo-American	107s	101/4	95/16	83/32
Consolidated Gold Fields	98/3	84/3	79/6	65/-
Daggafontein	25/10½	22/1½	22/7½	20/9
Free State Geduld	191/-	163/9	152/6	137/6
President Brand	79/7½	70/7½	68/4½	57/6
Western Holdings	176/3	163/9	153/9	136/3
Rhodesian Anglo-American	92/6	80/7½	79/4½	71/6
Roan Antelope	8/7½	7/9	7/4½	6/10½
De Beers	192/6	187/6	177/6	145/-
Associated Manganese	41/9	42/9	42/-	31/3
O K Bazaars "B"	62/9	61/6	57/6	45/7½
South African Breweries	32/-	28/9	26/-	21/3

happened is that jobbers, understandably reluctant to take more South African shares (or South African government stock) on their books, have widened their dealing margins. Selling from the continent has, however, been fairly large, particularly from countries such as Belgium, which through its own colonial links is especially sensitive to the "winds of change" in Africa. Only rarely have South African investors joined in the selling, and indeed buying orders in Johannesburg have led to partial and temporary rallies. This has been reflected in the daily see-saw movements in Kaffirs. There has, moreover, been a very large call option business in mining issues—a sign that investors are looking for (and are prepared to stake a certain amount on) a recovery from present levels. Whatever the political discomfort, there is the economic comfort that the recently developed gold mines are moving into the prosperous stage of production.

Federal Fears

UP to Thursday, at least, a courageously itinerant Mr Macleod had given no hint of his intentions for Nyasaland, and only an indirect indication that Northern Rhodesia's territorial constitution will come up for review at or after the eventual London conference on the Federation itself. But he has been left in no doubt of African feelings, in Lusaka by demonstrators, and in Nyasaland by a freezing silence which has unfortunately been successfully extended under Malawi party auspices to the Monckton commission also. It is clear that unless Mr Macleod can find some basis on which to get Dr Banda out of jail, he will not have fruitful talks with Mr Orton Chirwa and the Malawi Congress party about a new territorial constitution; the object of that constitution must be to get Africans to collaborate in governing Nyasaland, as an interim measure until the London conference completes its task.

So far, the difficulty about releasing Dr Banda has been the opposition of the Governor, Sir Robert Armitage, who fears riots, and of the Federal prime minister, Sir Roy Welensky, who increasingly fears the mood of the white secessionists in Southern Rhodesia itself. Their voice has steadily grown and now threatens to bring Sir Roy's United Federal party to the ground with a thump, on the argument that it is too liberal. But, paradoxically, the events in South Africa may strengthen both Sir Roy and the British Government, just as they seemed to be losing control of events. Neither Sir Edgar Whitehead, the prime minister of Southern Rhodesia, nor his right-wing rival, Mr Harper, can be so sure as they were a few weeks ago that Southern Rhodesia could go it alone with South African support, much less that there is any future for Southern Rhodesia as part of the Union. The tragedy of Sharpeville must have forced some Southern Rhodesian settlers back to the view that federation is after all by far their best bet; therefore this should be the moment to persuade them that only a liberalised federation, in which a Banda, a Kaunda and a Whitehead can co-exist, offers them a chance of a stable future.

Caretakers in Kenya

AS they had promised at Lancaster House, African-elected members are now entering the present Kenya council of ministers, in the interim until the new Macleod constitution can come into force. But the circumstances of their entry are grimly different from what was envisaged by the London conference. A new Kenya-wide African party has been set up, called the Kenya African National Union; and Mr Tom Mboya is not in charge of it. On the contrary, Mr Mboya has had a most difficult time in keeping his political feet in the past week, and has only just managed to shoulder his way on to the committee of the new party. Mr Gichuru, a prominent associate of Jomo Kenyatta's who has been released from restriction, has won the chairmanship. Those who feared that Mr Mboya would suffer for his courage in getting some sort of an agreement in London have been vindicated, and the diehard European belief that nothing more extreme than Mr Mboya was to be feared is now confounded by the emergence of Mr Gichuru, behind whom looms the figure of Kenyatta himself.

The Africans have, however, patched up an agreement with Sir Patrick Renison, the Governor, and have put three ministers and an assistant minister at his disposal; they have also agreed to allow Mr Musa Amalemba to continue in his post as Minister of Housing, though as a member of the New Kenya party they regard him as a renegade. Mr Blundell, who leads the New Kenya party, has acclaimed this happy ending. But Sir Ferdinand Cavendish-Bentinck is now coming to full flower as a racial politician, and is busy consolidating a new European party; he has bitterly denounced the new "caretaker ministry." Caretakers until what? To Africans this phrase inevitably implies that the next government alone can take important decisions, and that government is to be a truly African-controlled one. It is difficult to see what Sir Ferdinand's diatribes can do, except harden African determination to move from multiracial government to African government with as brief a transition as possible.

Africa in London

"AFTER all Moses was no damn fool when he lay down the injunction of an eye for an eye." Thus a recent issue of *African Voice*, the official organ of the African League; it supports the League's aim of driving out the last "imperialist butchers" from a continent which knew civilisation when Europe was "still a mass of filth." It is published in Burslem Street, London, E.1, and it circulates mainly to Africans in Britain. Like Paris, London has become one of the capitals of Africa. From the basements and garrets which a hundred years ago hatched the anxious schemes of the European radical exiles, there now comes a stream of fighting talk from men who will one day be cabinet ministers, premiers—with luck even opposition leaders—in independent Africa.

It is impossible to count the total number of African organisations in London; little groups overlap, merge, subdivide, and fade away. But the best place for the exploring journalist to start is probably with a relatively new co-ordinating body, the Committee of African Organisations. The CAO is not, as it anxiously points out, a political party, but its aim is to place itself at the apex of a federal structure of other African organisations in Britain and to co-ordinate the African attitude on events anywhere. It rents a tiny basement office at 200 Gower Street below the surgery of Dr Pitt (a West Indian who contested Hampstead for Labour last October); full-dress occasions often overflow into Dr Pitt's consulting-room. The CAO distributes a stream of hand-outs, pamphlets and press releases on behalf of Africans here and in Africa. It helped to launch the South African boycott movement (which is still rather uncomfortably operating from the CAO's premises). It does not confine its championship to British Africa, but promotes the cause of Mozambique, Kenya, the Cameroons equally; it sends out on behalf of Dr Felix Moumie his attacks on the French government ("*et son poulain Ahidjo*"). It recently sponsored the foundation of a new group, the Southern Rhodesian Congress Committee Abroad (to rouse British opinion and policy against Sir Edgar Whitehead's activities in Southern Rhodesia). The first rumblings have come from a hitherto undisturbed corner of Africa: it was naturally the CAO which distributed in London a protest from the Revolutionary Front for National Independence of Portuguese Colonies.



200 *Gower St.*

London is now the base of a number of important exiled professional politicians from Africa, who serve here as permanent contact-men for temporary visitors from their homeland. Among them are Mr Joseph Murumbe and Mr Peter Koinange, respectively public relations officer and bone of contention during the Kenya Conference; Mr Joshua Nkomo, president of the proscribed Congress party in Southern Rhodesia, and now the chairman of the new Congress Committee Abroad; and Mr Kenyama Chiume of the Nyasaland Congress, recently preaching Dr Banda's cause in Iceland. Some of these exiled politicians work for other Africans in London—i.e., for independent embassies; some take odd jobs; a few lucky ones get partial support from agencies such as Christian Action. They recruit their lieutenants from the articulate minority of African students in London. There are now 10,000 Africans studying at British Universities, polytechnics and other institutions. The politicians among them include those who are simply keeping their hand in during the years till they qualify, and those who prefer to operate here (there are "students" who have long since qualified, who have abandoned their courses, whose bar finals have been indefinitely postponed, staying on for the sheer pleasure of expatriate politics).

IT would be idle to pretend that "liberal Britons" make a very successful impact on the minds of African visitors while they are here. Bodies like the missionary societies, devoted though they are to the Africans "best interests," are considered too cautious and too non-political by most of the students. Other multi-racial groups, like the Africa Bureau or Christian Action, are more committed to African causes for their own sake. The Africa Bureau, whose leading figure is the Rev. Michael Scott, has upheld Tshekedi Khama and the Kabaka of Buganda, and has fought federation and the treason trials in South Africa; it lobbies, sponsors meetings and deals with extremists and moderates alike. But there is always the feeling that these groups stop short of true Africanism.

Behind the unified facade of the CAO, the politicians work in endless ramifications. Social and political functions mingle; nationalist loyalties merge into partisan alignments. A students' union meets for general business; but at the end each member has only to change his individual role for the gathering to become the relevant branch in London of the local African Congress. The Tanganyika Students Association follows the line of the TANU at home; it excludes all non-Africans from membership, despite their protests. The grandiloquently-named National Association of Socialist Students' Organisations is the English branch of Dr Nkrumah's Convention People's Party; it is tactful to recognise the difference between it and the Ghana Students Unit, a non-partisan administrative and welfare body. Some Ghanaian students, even in London, complain that it is unwise to talk too big about the mistakes of some of Dr Nkrumah's policies except in very reliable company.

WHAT are all these African organisations doing? They meet, discuss and pass resolutions, and sometimes send them home. The African League claims that it has a wide propaganda appeal to "all Africans"—that is, those in the United States and Caribbean as well as those in Africa and Britain—and the *African Voice* is backed up with many speeches in Hyde Park. But the league's membership is uncertain, and its elaborate constitution—which provides against lateness and flippancy—is concerned more with details of administration than with objectives. The CAO is much more sophisticated. Its supporters hope that it can create, here in London, some unity out of the confused pattern of inter-African politics; its leaders think there is too much argumentation by young Africans and would like to see an autonomous CAO out of reach of the sniping by the student bodies in particular. Its opponents say either that since Africans do not really understand each other's problems—and it is true that in London Kenyans do not know many Nigerians, and so on—any agreement will be quite superficial; or that the CAO's supporters are bargaining from weakness, because they have no political backing at home and do not represent significant African opinion. The conflict seems to be, as so often in Africa, between optimism and realism.

But one must try to avoid the British superiority complex of taking radical organisations—especially those run by the young—too lightly. The diversity of London African groups is the diversity of Africa itself; and some members of these groups are going, some day, to play a very important part in world history indeed.

French Africa's New Look

THE French Community is quickly shedding its colonial skin. Constitutional negotiations with President Tsiranana of Madagascar were only begun in Paris in February, and now the date of the island's independence has been fixed for next Tuesday. Madagascar is therefore the first of the twelve African states in the community to apply the principle, which General de Gaulle accepted for Mali last December, that overseas territories might become independent and yet remain within the community; this constitutes a break with the 1958 constitution, which specifically laid down that this development was out of the question. The control of finance, defence and foreign policy, hitherto reserved to the central authority of the community, will be transferred to the island, and it will apply to join the United Nations under its new name, Malagasy. However, the nature and degree of Malagasy's independence remain to be seen in practice: close economic and defence co-operation with France will continue, and it will stay in the franc zone.

Meanwhile talks have gone on with the Federation of Mali, which comprises the former territories of Senegal and Soudan. These negotiations have proved tricky, but their success is crucial for General de Gaulle's new African policy and it is expected that independence will be arranged for this year. Mauritania has already declared its intention of becoming independent in 1961. The political leaders of Chad, Gabon, the Congo Republic and the Central African Republic have agreed to begin negotiations in July with the object of uniting to form an independent equatorial state within the community; though Gabon, the richest of the four, appears at present reluctant to take the plunge.

The new French style seems, as it develops, to follow the general lines of the Commonwealth, with—at least in principle—a voluntary association of sovereign states. The preference of the Ivory Coast leader, M. Houphouet-Boigny, supported by Niger, Volta and Dahomey, for an Afro-French federation controlled from Paris, is outmoded, and they may soon adjust their policies accordingly. No one of the member states of the community is at the moment even thinking of emulating Guinea's sudden dash for freedom.

The Pekinese Turns

Are there any practical means of improving Parliament's performance in controlling government expenditure?

"The House of Lords was described as Mr Balfour's poodle. It seems to me that the House of Commons is in great danger of becoming the administration's Pekinese, able maybe to snarl and snap a bit after the event but never possessed of that current knowledge which is so essential if we are to have any chance of performing the function of watchdog."—Mr John Peyton, Conservative MP for Yeovil.

THERE must be something which Parliament is fit for. Until the last three weeks' extremely refreshing outbursts from both backbenches, on the subject of government expenditure, one had begun to doubt it. The mechanism (hereinafter known as "the System") for depriving Parliament of any function except that of running a Punch and Judy show on the front lawn to divert the people from looking through the windows of their government seemed so devilishly perfect. It starts with a superb confidence trick. MPs are persuaded that their very special quality is that they are laymen, without expert knowledge and uncontaminated by the company of experts whose presence would only generate work (*à la* Parkinson) and cause legislators to interfere with the execution of policy, which would be unconstitutional—even though Britain, to its everlasting glory, has no constitution.

Since, by definition, MPs are ill-informed, their comments cannot be expected to contribute anything of value either to the preparation of legislation or to the scrutiny of administration. The first is, therefore, expertly accomplished by the spending departments, dealing in the manner of the corporative state with "the interests involved"; and the second by the Treasury. The struggle between Crown and Parliament over the power of the purse has been ossified in ceremonial: the Crown's defeat is symbolised by the slamming of the door three times on Black Rod, Parliament's defeat by the passage of huge appropriations "on the nod." The Cabinet and the bureaucracy have superseded them both, and pinched their names into the bargain. Ministers call themselves "Crown" when they want to prove that it would be unconstitutional for MPs to say or, even worse, know anything, before policy has jelled and irrevocable decisions and commitments have been made. They call themselves "Parliament" when they want to demonstrate, as did the Minister of Power in last week's debate on the bill to provide fixed interest capital from public funds to iron and steel firms, that although MPs might not be able to ask him questions about the way public money was being spent there would still be parliamentary control because questions could be asked of the companies by the Minister.

To round off the System there is one further enormously subtle confidence trick. Expert practitioners like Mr Butler repeat periodically that the main purpose of Parliament is to conduct a political struggle between the parties. This sounds virile, and so creates the illusion that there is always something going on. Press stories can be guaranteed to deal very little with the substance of debate, but mostly with its implications for the unending election campaign. Thus when the Opposition recently provided for an unusually interesting defence debate, a general loss of conviction in the Government's doctrines on both sides could be represented as the ignominious collapse of the Opposition. This saves the Government from having to give more than a perfunctory explanation of its objectives.

On the face of it, permanent Tory rule would seem the ideal situation for the System. Parliament's historic role in resisting the encroachment of the Crown has now fallen on a regularly defeatable Opposition. When that Opposition is the Labour party, the role of curbing bureaucracy and scrutinising expenditure goes to politicians who are committed by conviction to multiplying the functions of government and spending more public money than the incumbents. Yet it is just now that the System is having to face a challenge over the control of expenditure. Because the Opposition, having continually missed its turn to bat, has begun to lose interest in the game,

Parliament, tiring of the monotony, has begun to look round for something more useful to do. This is the meaning of the recent expenditure "revolt."

THERE is, of course, already some detailed study of what the departments have told Parliament they would do, and whether they are doing it efficiently, by means of spot checks by the Committee of Public Accounts and the Select Committee on Estimates. But the System has contained their dangerous potentialities by a device of staggering simplicity. Their reports are simply not debated. There is also in existence an elaborate procedure whereby the estimates are examined by the Committee on Supply. The System also works here—the committee is far too large (consisting of the whole House) to make its job feasible. So the job is not attempted and all the committee's time is handed over to the Opposition front bench, to give its members a sporting chance of hitting Ministers over the head with their general policies.

One would have thought that the reports of the two genuinely investigatory committees would be very pertinent to this purpose. But it is an unspoken premise of these committees' "non-party" spirit that the party battle should for the most part ignore their concrete evidence. Should there be any temptation to violate this rule retribution is almost automatic: no matter how long the Tory party stays in office, every policy involving large financial commitments appears to have been so many years in the works that each uncovered blunder can still be shown to have its roots in the time of the Labour government.

What the Tory economisers are now demanding of their own (as they see it) prodigal front bench is not primarily a more detailed and complete raking through of the individual estimates. This was tried thirty years ago on the last occasion of a Tory campaign to restrain expenditure by, again, a (largely) Tory government. As a result of that campaign the estimates were sent experimentally to a standing committee, which achieved one memorable triumph: it eliminated plans for a second bathroom in the Lord Chancellor's residence.

Now, in 1960, a far more fundamental challenge is being made to the System. It is being suggested that Parliament should try to inject its opinions into the decision-making process before the estimates are *faits accomplis*. One idea is that a general debate might be held in October or November each year, in advance of the Treasury's crucial decisions on the estimates in December and January; and that in this debate MPs could air their own views about how the next year's expenditure by the Government should be cut or increased. In his typically elliptical reply to this suggestion two weeks ago, Mr Butler seemed to indicate that he was ready to try something of this sort—provided the party battle was scratched for the day of the expenditure debate, and that MPs were willing to behave in it like a "grand jury of the nation."

This could be an important constitutional innovation. But would it be likely to work in the way that the Tory economisers hope, or in precisely the opposite one? The possible practical disadvantages are two. First, the House could hardly break fully into the hidden chain of decision within the governmental machine without knowing what the departmental estimates are before they are chopped down by the Treasury in January. Yet to make public these "asking bids" by the departments could well wreck the Treasury's efforts to exercise control; it might stimulate vested interests to build up a head of pressure in favour of the departments' full requests. Secondly, however, if this autumnal debate were to be held without the benefit of any figures to guide the House at all, the main speakers would probably be Labour MPs who want to increase every form of expenditure at once, and Tory MPs who are in favour of economies in general terms but in favour of more spending on their own favourite projects.

THERE might be one way in which this—in principle, useful—idea of an autumn debate on expenditure could be rescued from these disadvantages. Shortly after he resigned from the Treasury in 1958, Mr Enoch Powell suggested that the Government, besides presenting its final expenditure estimates for the year ahead each budget-time, should draw up provisional "five-year budget estimates," drawing attention to the effect on future expenditure of existing long-term commitments. For example, we already know roughly how many old-age pensioners and schoolchildren there are likely to be, not merely in 1960-61, but well on into the mid-1960s; we can, therefore, tell what the real level of expenditure on services for them would be likely to be by then, if no policy decisions were taken meanwhile to increase pension rates or to improve school facilities per child. Similarly, some of the capital expenditure decisions already taken, especially on defence contracts and social investment, carry implications not only for spending in 1960-61, but for later years as well.

By the end of each summer recess, it ought to be possible for the government to cite very rough provisional estimates of what next year's total expenditure might be *on the basis of existing policies*. The government would then, in effect, be saying, "If present policies remained unchanged, it looks as if expenditure next year will rise by £x million"; the minister introducing the debate could then discuss briefly the sorts of policy changes that had been recommended by advisory committees and commissions in the preceding months (including wage and salary increases recommended in various public services), and ask MPs for their views on which might be the right priorities and where compensatory cuts might be made. In the nature of things, in an expanding economy, these "provisional expenditure estimates on the basis of existing policies" would be more likely to show a rise than a fall from year to year; with these figures before them, there would, therefore, be some pressure even on Labour MPs to suggest compensatory cuts, instead of merely pressing for more money for their pet projects in open-ended profusion.

A second and quite separate device would be the allocation of two parliamentary days each session to the chairmen of the Estimates and Public Accounts Committees; these days would be devoted to examining the reasons for past mistakes in government expenditure, with a view to helping avert such mistakes in the future.

These, then, are two ways, in which the Pekinese could turn and bark like a watchdog, if it really has the desire to do so. But has it? Unless the would-be reformers sustain their would-be-toughness with their front bench over a much longer course than Tories usually manage, the System will sooner or later reduce to nothing the current effort to make sense of Parliament.

NOTES OF THE WEEK

BUDGET

How to Tax?

THE two budget remissions that might normally seem most tempting to Mr Amory this year are a reduction in the standard rate of income tax from 7s. 9d. to a "rounded" 7s. 6d., and a more generous release of postwar credits in cases of hardship. There may be a case for the latter relief; the hardship test for postwar creditors last year was admittedly somewhat roughly and readily compiled. But it is still extraordinarily difficult to see how the Chancellor can prudently trim the income tax, unless he makes more than countervailing increases in indirect taxes (possibly in this event, he should even consider raising profits tax as well). There is some political support in the Conservative party for putting some other taxes up, if it enabled a token reduction in income tax to be made; but, in general, Tory backbenchers, citing misleading figures of the above-line budget surplus, regard proposals for increases in any taxes as emanating from long-haired theoretical spoilsports who need to be suppressed.

If, nevertheless, the Chancellor does introduce some net new restrictions in his budget—and in his heart he should know that that way prudence lies—higher indirect taxes or, possibly, regionally-differentiated taxes would surely be the best weapons to use. Some of the more "defensible possibilities" for increases in indirect taxation were listed in *The Economist* last week; we also tentatively mooted the case for a regional payroll tax (i.e., a surcharge on employers' national insurance contributions for workers in especially fully-employed areas) or a selective regional rerating of industry. It should be noted, incidentally, that this week's Economic Survey regards the fully-employed areas of the country as not merely London and the Midlands, but also the whole of southern and eastern England and the East and West Ridings of Yorkshire; the areas it regards as underemployed are Scotland, northern England, Wales and north-western England.

The survey also signals out the expansion of the health service as one of the "main" reasons for the new year's rise in government expenditure; the case for increasing the weekly health service contribution to the insurance stamp, or else for increasing specific health charges, is obviously reinforced by this year's figures. One thing that the Chancellor will be widely expected to do on Monday is to re-furbish Inland Revenue practice against illegal tax evasion, following upon the nonsensical situation revealed by the recent Hinchy case. A budget which cannot—or at any rate should not—be an immediately pleasing occasion in many other ways should at least be made into an engine of continuing administrative fiscal reform.

EUROPE

Threats or Cajolery?

WHILE the twenty-nation trade committee, meeting in Paris to discuss European and world trade, has done no more than postpone the issues, Mr Macmillan has been making a more spectacular contribution to the European problem. According to reports from Washington he has warned the United States that if the common market makes no concessions to the Seven, Britain may be forced to reintroduce discrimination against dollar goods and withdraw more of its forces from Germany. The second point bears out rumours of a similar warning uttered when Dr Adenauer visited London last November.

If such threats were made they are more likely to aggravate than to alleviate Britain's European problem. Attempts to put pressure on the common market have yielded none but adverse results so far; thus there was the warning of "defensive measures" in December, 1958, which gave the common market a flying start. Last autumn the threat was put into effect with the creation of the Free Trade Association; the result has been the acceleration plan now causing dismay in London.

When the free trade area negotiations were going on, the more extreme French accusations that the scheme was designed to torpedo the common market were hard to credit. The threats and pressures that have followed have rallied a good many other Europeans to that view. If it is true that Mr Macmillan indeed threatened Dr Adenauer with a withdrawal of military support, the deepening bitterness one encounters in Bonn becomes easier to explain. There are moments when British policy seems designed to help those people on the Continent who are working to exclude Britain, and to frustrate those who want it in.

SPAIN

Courtship

THE secret meeting on March 29th between General Franco and Don Juan, pretender to the Spanish throne, is one more stage in the apparently endless series of exchanges and wary manœuvres with which the two men have sought to reach a common position on the succession. General Franco long ago accepted the principle of a royalist restoration, but he wants the revived monarchy to have a permanent political complexion, the complexion of the present regime. Don Juan does not agree; he sees the restored monarchy as independent and above party—a guarantor of order and liberty, as he would put it. The difference has found expression in the dispute over who the new king is to be—Don Juan, or his son, Don Juan Carlos, whom General Franco hopes he can make into a more willing tool. If reports that General Franco has been in poor health are true, the pressure on him to settle the succession may grow. Don Juan is reported to have taken a stronger line than in the past at the latest encounter near the Portuguese frontier.

If a peaceful evolution inside Spain away from Falangism were possible it would obviously be in the interest of the western countries which have been progressively admitting Spain into the circle of their economic organisations in the last few years. Indeed, there have even been reports suggesting that a satisfactory solution of the succession was one of the conditions laid down when Spain was admitted to the Organisation for European Economic Co-operation last year.

The Spanish government still hopes for the full western badge, membership of Nato; and there was much disappointment in Madrid when the fuss over the plan for German bases set this hope back. In the United States the visiting Spanish foreign minister, Sr Castiella, has been putting the Spanish case. Against the argument that the admission of Spain would discredit the West and give legitimacy to the present (after all) Fascist regime, those who favour the move suggest that the western powers would be in a better position to guide Spain when Franco goes if Spain were fully in the alliance. But would they? The very numerous Spaniards who hate the regime might by then have identified Nato with it; and the search for change might cause them to look elsewhere.

Sr Castiella hardly allayed the doubts of the Nato countries he is courting when he spoke at Georgetown University on Spain's role in the last war. He himself, he explained, had fought beside the Germans against the Russians in the Spanish Blue Division. The Spaniards had been in the struggle against communism from the start. The same sort of talk caused irritation and embarrassment in west Berlin recently when a group of visiting Spaniards explained how loyally they would fight for its "liberty," as they had in 1943.

GERMANY AND JAPAN

Bygones and Reconciliation

AS Dr Adenauer's aircraft was about to land in Tokyo, a group of right-wing demonstrators unfurled a banner reading "Welcome to Adenauer," flanked with two swastikas. An indignant official of the German embassy tried to pull it down, but was held back by a Japanese diplomat. The swastikas were then discreetly veiled.

The tale is evocative, for the first visit by a postwar German chancellor to Japan inevitably calls up memories of a more unsavoury alliance, of which communist propaganda has made good use. And while these emotions provide no direct guide to the present status of the two countries, the defeated Axis powers have problems in common that arise from the past. Both west Germany and Japan have enjoyed a remarkable economic recovery since the war; both feel threatened by communism from a front line position, and have become, willy-nilly, allies of the democracies which defeated and occupied them. Both have a difficult task in gaining acceptance by and reconciliation with these former enemies.

For Japan these political difficulties are aggravated by a special economic problem. War and the West's experience of Japanese competition in the thirties have left Japan something of an outcast in world trade. It needs outlets for its exports in western countries, and it still does not play the valuable part in regional development schemes in South East Asia which it could play. Something of the common market spirit might usefully be applied to that part of the world. Both needs, however, are far from fully acknowledged by western countries, and west Germany might play a useful part in helping Japan to gain acceptance. Unlike Britain, it already gives Japan most-favoured-nation treatment under the General Agreement on Tariffs and Trade, and Dr Adenauer has evidently promised to do what he can to see that the European Economic Community, too, treats Japan liberally. In the new nine-nation group of industrial countries which is trying to develop a joint aid effort, Japan and west Germany are the two nations with the greatest untapped resources. That may give them a new importance in the western effort to help the uncommitted world.

TRADES UNION CONGRESS

The General Secretary

NEXT September Sir Vincent Tewson is to retire from his post as general secretary of the Trades Union Congress. His retirement comes at an important moment in trade union history. For several years now the unions have needed a controversial leading spokesman to conduct their public affairs. They have needed someone who would occasionally infuriate his member unions by speaking out in vernacular terms against particular trade union *sottises*; who would no doubt equally often infuriate the general public by some doughty utterances in support of official strikes; but who would be generally regarded as an Ernest Bevinish sort of figure, a secretly admired controversialist, a trying but respected John Bull.

This combination of specialist, publicist and national imp is not easily to be found anywhere, perhaps least of all among the sort of trade unionists who have been coming to the fore in recent years. It was certainly not found in Sir Vincent. He has never regarded this sort of thing as his job. He could keep the administrative machine at Congress House humming—though even here the blame for the low salaries that were offered and consequent high turnover of staff must be laid partly at his door. But, under his leadership, the TUC never shook off its tendency to shy away from controversial subjects, with the excuse that "we are, after all, only the employees of our members." Yet the doctrine that employees must never criticise their employers is not, one should have thought, an essential feature of trade union lore.

For some time now it has been assumed that Sir Vincent's successor will be one of his two principal lieutenants at Congress House, Mr George Woodcock or Mr Feather. Mr Woodcock is now the strong favourite. Does he have it in him to change, gradually but firmly, the whole character of the general secretary's job? He is of higher intellectual calibre than many other members of the general council; he is already something of a minor television and broadcasting personality (which Sir Vincent never became); those who know him say that he is probably not without ambition (but possibly, like Macbeth, without the illness should attend it?). His main handicap, which would apply also to Mr Feather, is that he has spent so many of his working years as a bureaucrat in Congress House; this is bound to make it even harder for him than it would be for an outsider to launch the TUC into a new orbit.

STRIKES

Just Gas?

IT is difficult to know how seriously to take the warning issued by one trade union leader last Tuesday that a shop stewards' plot had been set afoot to disrupt first the gas industry; then the electricity, port and motor industries; and to bring about major unofficial stoppages by or about the middle of next week. It is no doubt true that like-minded (which too often can mean bloody-minded) little groups of shop stewards have got together in these industries; when they got together, it would be in their nature to hatch "plots" for militant action, which they would not necessarily have the power to implement. But the union leaders are naturally worried by the mere fact that these stewards should be meeting each other, trying to form a horizontal structure of power that would cut across the vertical flow of union authority. And in the gas industry the "plot" seems to have been fairly far advanced. A timetable for strikes was apparently laid, and 260 maintenance men at gasworks in North London were called out on unofficial strike on Monday.

For the moment, however, the situation looks reasonably under control. Monday's stoppage had negligible results; another guerilla gas strike which had been planned for later this week was called off, because it seemed unlikely that all the rank and file would join it, once Mr Matthews had courageously drawn publicity to the "plot." The Amalgamated Engineering Union, which—as so often—is the union most troubled by the unofficial action, has firmly told its members to continue working. But should matters get worse, a further remedy is at hand in the public utility industries. By the Conspiracy and Protection of Property Act of 1875, strike action in gas or water undertakings was made illegal provided that it was done "wilfully and maliciously and in the knowledge that the action would deprive the consumer of supply." This clause was extended in 1919 to cover electricity power stations as well. One would like to see an end to the conspiracy of silence that at present surrounds this fact. Both the nationalised industries concerned and the trade union leaders seem to regard it as provocative to mention it.

NASSER'S TRAVELS

Old and New Friends

AMONG the criss-cross flights of migratory statesmen, President Nasser's visit to India, which started on Tuesday, has a welcome directness. The two countries have much in common and this goodwill tour was planned some time ago, although, coming now, it fits in well with other pre-summit manœuvres. Mr Nehru's calm neutralism has been President Nasser's lodestar as he stumbled over the perilous slopes between East and West; now, having gained a certain equilibrium, he will have been able to compare notes with Mr Nehru on the changing landscape—and what this may mean for the uncommitted. In these days of wide-ranging diplomacy, President Nasser has often appeared isolated within the walls of his own propaganda factory. Mr Nehru, who is fresh from discussions with Mr Eisenhower and Mr Khrushchev, and about to meet Mr Macmillan, the other Commonwealth premiers, and Mr Chou En-lai (with whom the United Arab Republic as well as India has recently been having trouble), will be able to put President Nasser into a broader picture than is visible from Cairo.

After his discussions with Mr Nehru, President Nasser moved on for a ten-day tour of development projects. This has become one of the accepted ways of filling out state visits, but for President Nasser it is more than a breathing space between talks. Since India and Egypt share the problem of an economy that has to thrust its way through a stifling blanket of over-population, this part of the tour could be genuinely instructive.

On April 10th, President Nasser moves on to Pakistan, which, as a member of the Central Treaty Organisation (successor to the Baghdad pact), is a less natural habitat for him than neutral-coloured India. But his visit marks the success of the diplomatic spadework that for some time has been preparing the way for a more cordial relationship between the two Moslem states (although, in an interview with a group of American journalists, he played down the religious link and reaffirmed his rejection of all pacts, religious or otherwise). Last month it was agreed to exchange Egyptian cement for Pakistan jute; the amounts were small but the deal was important as the first of its kind. In this warmer atmosphere, President Nasser may find a good deal in common with President Ayub Khan, in addition to their military backgrounds. For one thing, as Pakistan's new representative institutions are developing on roughly similar lines to those that President Nasser is seeking to introduce in the UAR, the delegation will have a chance to see their rather misty principles being tried out in practice.

IRAQ

Bold Clemency

HAVING survived in the last twelve months many gloomy prognostications, one serious revolt and an attempt on his life, General Qasim is now showing signs of a relative confidence. The eight men whom he reprieved last weekend had been under sentence of death for so long that it seemed unlikely that they would be executed, but the public act of clemency entailed a political risk that until now he has not felt safe to run. After the Mosul revolt of a year ago, the communists, who saw everything going their way, took the opportunity to press for the immediate execution of death sentences, whether the victims were representatives of the old regime or anti-communist nationalists who had helped to overthrow it. In the event, there has been no wholesale slaughter of political prisoners, although things looked grim last September when seventeen prisoners, including Brigadier Tabaqchali and Sayyid Said el-Qazzaz, were executed for treason.

The eight whose sentences have now been commuted to various terms of imprisonment are all prominent members of the pre-revolutionary regime; they include such well-known names as Dr Fadhil el-Jamali, who has been sentenced to ten years' imprisonment. Leaders who, because of their Baathist or pro-Egyptian sympathies, have fallen foul of the regime since the revolution have not yet felt the benefit of the reprieving spirit. This fact has not been missed in Cairo, where General Qasim is accused of making it up with supporters of the Baghdad pact while keeping "heroes of the revolution," such as Colonel Aref and Rashid Ali el-Gailani, in the death cells.

Although Colonel Mahdawi's grisly trials still go on and produce more death sentences (this time for the attempted murder of General Qasim) the last word is now more obviously with General Qasim himself. Our Middle East correspondent sets out on page 61 evidence for supposing that his is now the controlling hand. One additional sign of this new authority is the enforcement of regulations about carrying firearms in the streets. But basically there has been no big change in the situation; although General Qasim may be feeling more secure, and is certainly acting more boldly, it is still early days to conclude that his hold on power is sure.

ARGENTINA

Without Perón's Mantle

DR FRONDIZI was elected president in 1958 because a quarter of the electorate were led to believe that he would fashion himself on General Perón. When he disillusioned them, he abruptly lost their allegiance. This was forcibly demonstrated last Sunday, when Argentina held elections for half the seats in the chamber of deputies. Although Dr Frondizi still has a narrow majority in the chamber, his Intransigent Radical party polled less than a quarter of the total vote and came a poor third to the People's Radical party and to the peronista blank ballot, each of which accounted for 2 million votes.

Two years ago, the left-of-centre People's Radicals, led by Sr Balbín, were tipped to win over Dr Frondizi's left-wing party. But at the 1958 elections Sr Balbín won only 2½ million votes and Dr Frondizi 4 million —because, at the last minute, he got peronista support. Now the arithmetic has been turned upside down; Dr Frondizi has lost, as he could hardly fail to do, the two million who still look only for a Perón; they have returned to their blank ballot papers.

It is depressing to see the shallowness of Argentina's unpopular revolution so plainly shown up. The revolution in Cuba boiled up inside the country until the army crumbled. But in Argentina, General Perón was removed by the armed services, and the "shirtless ones" only remember that he gave them a higher standard of living than they enjoyed before or since; they forget, or never knew, the recklessness with which he used up Argentina's wealth to give it them. To outside eyes, President Frondizi's policies have been along the only line that could put the economy together again. He has welcomed foreign investment, provided incentives for industry, and been firm with the trade unions; in order to get American aid, he has introduced austerity. But his policies sent the cost of living up. The workers who have turned against him are not just being cussed; their poverty is real. Without losing sight of his long term goals, Dr Frondizi may, after this setback, feel compelled to remember some of the promises he made at that election two years ago.

ADOPTION OF CHILDREN

Cases in the Courts

TWO adoption cases heard in the High Court last week showed the pitfalls that may trap children's officers acting in what they believe is the best interests of a child. In the first case, a father asked the court for leave, which was granted, to appeal out of time against an adoption order that had been made in respect of one of his children. He was in prison, and his consent to the adoption order was dispensed with, apparently on the ground that he had persistently failed to discharge the obligations of a parent —a new ground allowed by the Adoption Act of 1958 in accordance with the recommendations of the Hurst Committee. In the second case, the prospective adopters appealed against the refusal of a magistrates' court to make an adoption order in respect of a child they were already caring for, whose parents had given consent but had later withdrawn it.

In both cases it would seem to the layman, and indeed it seemed to the magistrates, that if the welfare of the child were the sole consideration, it would be better served by adoption. In the second case, however, the justices refused to make an order because they could not find that the parents were withholding their consent unreasonably or that they had persistently failed to discharge their parental obligations. But in both cases the justices acted wrongly, according to the High Court judge, in reading, before they came to their decision, a secret report from the children's officer purporting to show why the parents' consent could be dispensed with. In the second case, they did not consider the report strong

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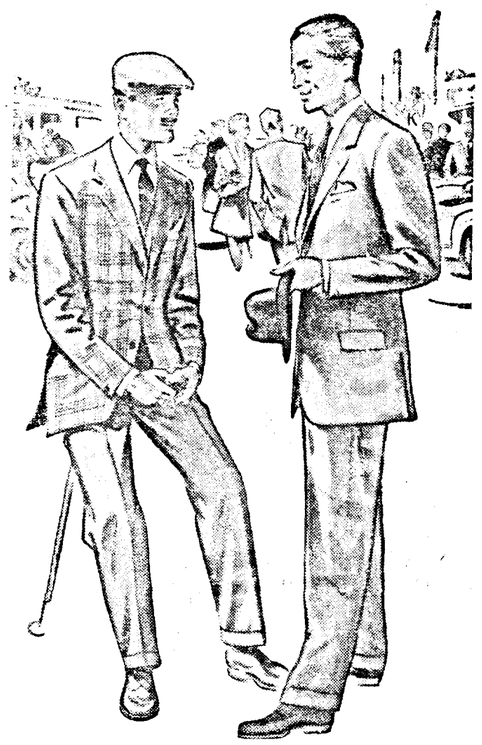

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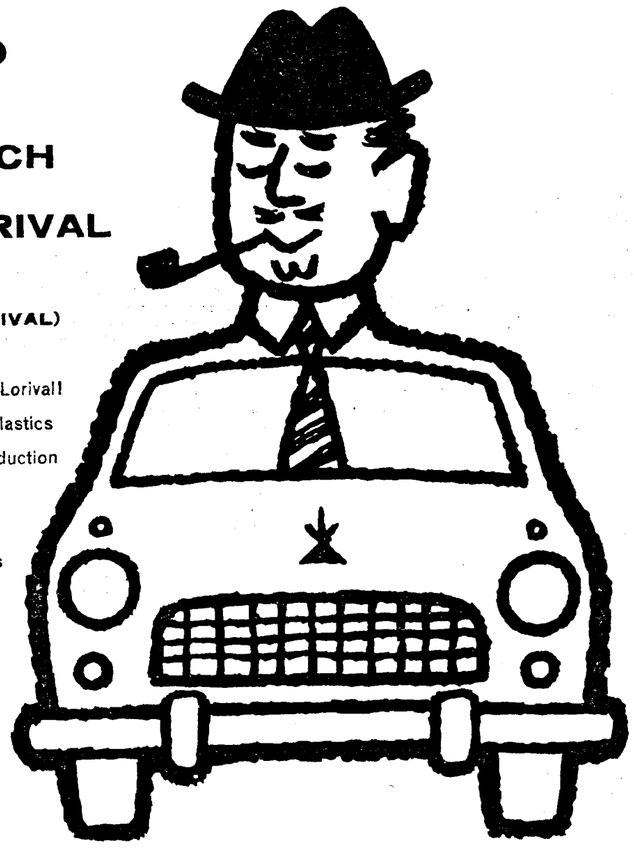

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enough to justify dispensing with consent, but they used it as evidence, which, according to the judge, it was not ; and they read it out after the parents' evidence had been closed so that the parents could not reply to it.

The way before children's officers and magistrates is thus clear. Confidential reports should only be used to satisfy magistrates that adoption would benefit the child. They should presumably therefore be restricted to such things as the child's history and whether he is happy with his prospective adopters ; they must not be used to prejudice the magistrates against the parents. The magistrates for their part cannot dispense with the parents' consent because of what they have read in a secret report, but only on evidence, admissible in a court of law, that the parents' actions or behaviour come within the grounds laid down in the Adoption Act.

PRESS AND LOCAL AUTHORITIES

Secret Councils

MRS THATCHER'S Bill to give the press a right of attendance at meetings of local authorities and other public bodies has now reached the committee stage in the Commons, where amendments are being moved which need careful watching. Her Bill is both right in principle and necessary in practice, which is why some local authorities want to whittle it down. In the main, it merely returns to the press rights that were given to it by Parliament in the Local Authorities (*Admission* of the Press to Meetings) Act of 1908 ; these rights were quite unintentionally removed by the Local Government Act of 1933, which empowered local authorities to transact most of their business in committees to which the 1908 Act did not apply. During last summer's printing strike some Labour-controlled councils therefore voted to put their full council meetings into committee, in order spitefully to exclude reporters from local newspapers that were defying the strike.

An important additional clause in Mrs Thatcher's Bill provides that the press may obtain advance notice of meetings' agenda ; this should help to subject controversial proposals to public discussion. The Labour party, among others, has suggested that a voluntary code of conduct rather than a statutory obligation would be sufficient to protect the press's rights ; but such a code already exists in the 1908 Act, and it has been flagrantly abused—especially by some Labour councils. Other critics have suggested that exclusion of the press sometimes confers freedom on council members to deviate from the party line, which the risk of publicity would reduce ; the tight control already exercised by political caucuses on many councils makes this argument unrealistic. A more cogent objection is that on occasion the presence of reporters might inhibit the work of some committees and sub-committees, dealing with such personal matters as the salary and discipline of council employees, or the government of schools and institutions. Individuals who had applied, say, for council houses might also suffer by having intimate details of their private lives revealed in the local press. But Mrs Thatcher's Bill already provides a safeguard that the press may be excluded by resolution whenever publicity would be prejudicial to the public interest, or the business under discussion is confidential, or for other special reasons stated in the resolution and arising from the nature of the business or of the proceedings. If anything, this clause requires tightening rather than loosening. It also seems probable that the Bill does not apply to sub-committees. On this and other points the Bill's wording could certainly be improved since its meaning is often hard to follow. A major omission is that no right of attendance is given to the public, but only to the press. Mrs Thatcher herself tried to rectify this anomaly, but her amendment was narrowly defeated. It should be moved again in the House of Lords.

EDUCATION FOR MANAGEMENT

Vague Advance

IN the expansion of both university and "sub-university" education during the next decade, management studies ought to play an important part. The scheme for such studies at technical and other colleges, which was instituted after the Urwick report of 1945, has never worked very smoothly. Last year, somewhat belatedly, the Ministry of Education appointed a working party of business men and educationists to suggest improvements. Their report has now appeared (economically in mimeographed form) and Sir David Eccles has broadly accepted their proposals. These are that the course leading to a diploma in management studies should be open only to those who have already taken a first degree or equivalent professional qualification, but that there should be ordinary and national certificates in business studies for which anybody with adequate educational standards (these are left vague) can study and sit.

The diploma, like the certificates, can be taken after part-time study (160 hours of "coursework") or whole-time study (a year at a residential college). At the moment, some 700 students are taking the present intermediate course in management, as an aid to self help in business; but very few take the newer course for a national certificate in commerce. These two courses are therefore, wisely, to be amalgamated.

But the new schemes, though useful enough, do not go very far. The suggested syllabuses are painfully vague (the mention of export techniques in particular is absurdly casual). There is little to inspire even the reddest of redbrick universities to have another look at this unabashedly vocational field of study. Neither the working party nor Sir David has made any effective recommendations for tackling the main problem in management studies—the lack of suitable teachers, whether whole or part time. At present, management studies are uninspiring because they are put over uninspiredly; anybody who knows anything about management in this country can make much more money practising it than teaching it. The American business schools,

The Economist

MARCH 31, 1860

FRANCE AND BRITAIN

¶ It is to be hoped that we shall profit by the warning we have received as to the consequences of strict *personal intimacies* —exclusive alliances with foreign Sovereigns. THE ECONOMIST has never ceased to point out the mischiefs and the dangers of such intermixture of public and private relations. In the case of the Emperor of the French, this confusion of what ought to be kept most strictly separate has been singularly noxious;—*it has done us* much harm, led us into much danger, and *brought upon us much discredit.* It is not easy to doubt the familiar and convivial assurances, half jocularly given as if it was impossible you could be serious in asking them, of a boon companion or an intimate friend, with whom you hunt, smoke, play at billiards, and *attend bals masqués.* It is still less easy to tell such a man *that you believe he is playing you false.* In these hours of gaiety and unreserve, too, feelings are easily betrayed and secrets easily surprised; and they always, therefore, turn to the advantage of the party who is least sincere and least confiding;—and this party *never is the English-*man. . . . If the people *and the rulers of Great* Britain are at length fully alive to the character *and designs*, and probable designs of the French Emperor, and will permit themselves to be lulled into security again by *no* anodyne which he may offer; if they will quietly exchange the exclusive and exceptional intimacy which they have hitherto cultivated *with him alone*, for a mere ordinary alliance with France and a cordial understanding with the other Powers of awakened Europe; if they will at once—or as speedily as possible—withdraw from all *joint action* with the French forces, like that which so unluckily hampers us in China; and if, without the expression of any anger or mistrust, they will simply proceed at home exactly as they would if they looked only to what he has *done* and is *doing*, and had never heard anything he ever *said*: if, in a word, they would use their eyes more and their ears less, and think for themselves instead of asking him what they are to think,—then our worst fears will be allayed and our worst dangers will be ended.

though they vary from the dreadful to the brilliant, are far ahead.

Sir David and his new advisory council should re-read what the Anglo-American productivity committees said on this subject; and think hard about the fact that Britain's university population is going to be raised to comprise the 170,000 ablest young people in the country—all dedicated to the British university tradition that business studies carry no academic prestige ?

MATRIMONIAL PROCEEDINGS

Husbands' Charter

During 1958 24,000 applications for separation and maintenance orders, 7,000 applications under the Guardianship of Infants Acts, and more than 4,000 applications under the Affiliation Proceedings Acts were dealt with by magistrates' courts in this country. The Matrimonial Proceedings Bill, which, having been through the Lords, received a second reading in the House of Commons last week, consolidates and brings up to date the jurisdiction and powers of magistrates in these matrimonial cases. It also seeks to implement a minor social revolution.

For the first time the courts are to be given power to order a wife to maintain her husband. To obtain such an order the husband will have to show that his earning capacity has been impaired through age, illness or disability. A wife will be under no such obligation ; only her actual means will be assessed, so that the sexes are not yet made quite equal. When there are no young children a wife is often able to earn as much as her husband, and it seems inequitable to penalise a husband if the wife chooses not to go out to work. The Bill would be improved if it contained a direction to the courts to take into account not only the means but also the earning capacities of both parties. The Bill might also have put right another anomaly, the inability of a person named as an adulterer in matrimonial proceedings in a magistrate's court to intervene to rebut the charge. No reconciliation machinery is set up by the Bill, a function which must continue to be inadequately although valiantly discharged by the overworked probation officers.

Under the Bill, maximum maintenance allowances are raised from £5 to £7 10s. per week for a spouse, and from £1 10s. to £2 10s. for each child. The courts are also given wider powers over children who come within their jurisdiction, and in exceptional circumstances may commit a child to the care of the local authority.

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RUTLAND

Ritual Sacrifice?

Rutland might be admired for its spirited fight to avoid amalgamation with neighbouring Leicestershire. Should it also be supported ? Sentiment apart, this tiny county (population 23,000) has one real and unusual asset—genuine contact with its own citizens. This no doubt is why a county with such obvious drawbacks can supply tolerable services (partly under contract from its neighbours), while yet charging lowish rates to its householders. The question that non-sentimentalists must ask is whether its disappearance would make any essential contribution to a worthwhile scheme of local government reform in the Midlands.

The answer to that question is gradually becoming clear. There is no worthwhile scheme of reform in prospect. The more closely one examines the Local Government Boundary Commission's recent proposals for the Midlands, the worse they appear—both in themselves and as precedents for other regions. The commission apparently decided that urban units approaching 100,000 population (like Cambridge and Solihull) have a right to county borough status, without bothering its head much about the effect on the counties—except where a county (like Rutland itself, or the Soke of Peterborough) undeniably looks very weak. This approach has two grave drawbacks. First, given the Government's parallel intention to delegate more powers to the larger urban districts, it threatens to increase the rural emphasis in county administration—which would not be good for county services, or for sensible planning, or for urban-rural relations. Secondly it threatens to turn the heavily built-up areas into blocks of independent county boroughs, with no provision for meeting common needs over police, water supply, higher education, or town planning. (Why in any case make Solihull with 90,000 people a county borough when the Government's minimum for conurbations was 125,000 ?)

Worst of all the commission seems to have no notion where it is going ; the arguments it has put forward for its Midlands proposals are thin and unsubstantiated. Rutland's case must be judged in this context. Its disappearance as part of a worthwhile reform should be supported by realists. But if it is just to be slaughtered sacrificially—there the case is different.

NATO AND WEU

Those Bases Again

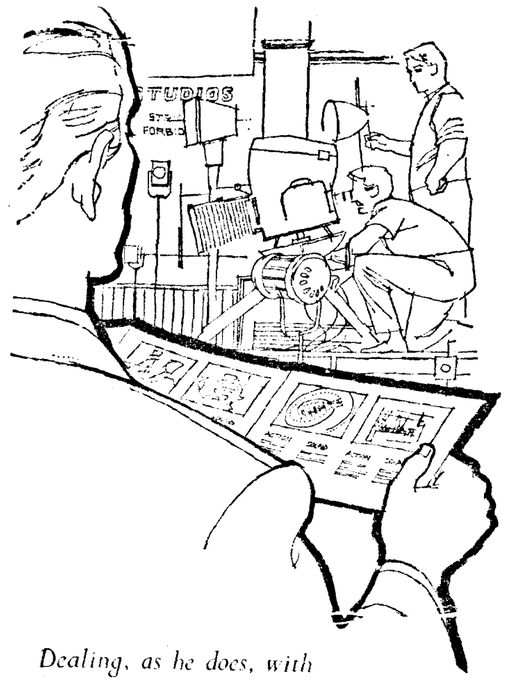
The German military arguments for bases in Spain have at last come before the Nato defence ministers. If west Germany is to fulfil the military targets laid down for it by Nato, it needs more bases than it has. Herr Strauss has been putting forward three possible solutions: an integrated Nato supply system ; German bases in other Nato countries ; bases in Spain.

Nato solidarity has not so far evolved that integration has any chance of success yet. The hope must be that the second solution will be adopted and that France, Britain and the rest will give the Germans facilities to meet their reasonable needs. The Bundeswehr's difficulties would be eased, but not removed, by the British suggestion that Nato should stock up, not for a 90-day land war, as it does today, but for a campaign of no more than 30 days.

The legal position of German bases in Spain was discussed at a press reception given by Western European Union last week in London. It is agreed that, under the treaty, bases set up by a member country in a foreign country "on the mainland of Europe" would have to be inspected like bases at home. But how could a right of inspection be assured effectively in a host country that was not a member ?

One encouraging piece of news was that the inspection system, covering the bases, forces and arms factories of the member countries on the Continent, actually works, with a staff of some 200 inspectors on the job. A big loophole in the inspection system is, however, that because of the need to protect patents, surprise visits cannot be made to private factories, as they can to government arsenals and bases. The owners have to be notified in advance. Until recently, a convention for the judicial treatment of complaints arising out of visits, which was annexed to the Paris and London agreements, had not been ratified by any of the seven signatories (not just the Germans, as some press reports suggested). The British, the one power not subject to inspection, have now ratified—five years late—and the Germans have begun the legislative process.

A little-known power of WEU seems bound to hit the headlines in the next few months. The Council of Ministers must approve by majority vote the size of any stocks of atomic weapons manufactured and held by the Continental members. When France at last moves from the experimental phase to manufacture of atomic weapons, President de Gaulle can hardly be expected to like a provision which applies to France and not to Britain. The row that is likely to follow may well rub in the necessity for an effective, joint political control over nuclear weapons, a plan still cherished by a good many people active in WEU.



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LETTERS

The Budget

SIR—The theme of your leading article "Higher Taxes, but Where?" touches me with a deep nostalgia. One suspects, with alarm, that your distinguished editor has surrendered his chair to one of a number of retired Treasury officials whose theme has for years been, "Of course direct taxation should be reduced, but *not* this year." One knows the sorry tale by heart, and your version lacks even the virtue of originality.

On page 1191 you state, "the precedent which Mr Amory must at all costs avoid is that of the popular tax-relieving budget of 1955. . . ." I have always had a sneaking suspicion that the 1955 budget had nothing whatever to do with the subsequent inflationary troubles. Is it not a fact that those troubles were almost entirely the result of an investment-boom beyond the economy's capacity to digest; that nearly all the big investment decisions were taken months before the Budget; that the delivery situation in heavy industry was far too extended five and six months before; that there is no statistical evidence whatsoever to show that the graph of inflationary pressure took an upward twist *after* the Budget? Is it not a fact that there is no statistical evidence whatsoever to support the theory that the income tax reduction in 1955 added one iota to the subsequent inflationary problem?

—Yours faithfully, TED LEATHER

House of Commons

Industry in Scotland

SIR—Your leading article "Higher Taxes but Where?" contains an interesting reference to the possibility of checking overemployment in some parts of the country, without increasing unemployment in areas where it is already excessive. You mention that regionally differentiated taxes have to your knowledge been suggested only in *The Economist,* which has "tentatively floated" the proposal on a previous occasion. Floating a proposal perhaps implies a more dignified launching ceremony than we of the Scottish Council could aspire to, but we have at least flown a kite on the subject, some little time ago.

In July, 1958, and in April, 1959, the Scottish Council prepared and published reports on "Employment in Scotland," which briefly analysed the situation and prospects as they then appeared. The second of these reports showed that a reasonable and necessary goal for employment expansion in Scotland is the annual creation of 12,000 new jobs, net, in manufacturing industry, as compared with the figure achieved over recent years of 4,000. In considering means of helping industry to close this gap, the council recommended among other measures that producers should be allowed tax relief, additional to the normal capital allowances on plant, in the form of an investment allowance similar to that which was in force for a short time after 1955, and which was reintroduced last year. We proposed, however, that this allowance should be confined to designated areas where economic stimulus was needed. In making this suggestion, we also had in mind the geographically blunt nature of the conventional methods of controlling consumer spending.

The submission of these reports to the Secretary of State for Scotland led to discussions with Ministers which resulted in the appointment by the Council of a Committee of Enquiry into the Scottish Economy, under the Chairmanship of Mr J. N. Toothill. This committee is making a searching examination of the factors controlling the growth and location of industry, and it is our hope that it will define much more sharply than has hitherto been possible the nature and size of some of the influences which are at work. In considering the means which may be necessary to offset unfavourable conditions, the committee will take account of regional tax differentiation. The council therefore shares your interest in the stimulation of public discussion of this possibility.—Yours faithfully,

The Scottish Council (Development and Industry), Edinburgh, 2 POLWARTH

Urban Transport

SIR—I should like to take issue with some of the assumptions which seem to underlie your recent editorial comments on the Guillebaud committee's conclusions, and your comments upon the London bus strike of 1958. These assumptions are particularly alarming because they could easily lead to an eventual attrition of urban and inter-urban public transport in Britain. In the United States we are only now awakening to the enormous social costs which we shall have to bear because we have destroyed our public transport system. We allowed the system to decay because we made the same assumptions you seem to be making.

You assume that the pricing policy and the output policy of a state corporation must be called "irrational" or "uneconomic" when the corporation's revenue does not cover its full costs. Strict economic logic does not support this assumption; frequently the public interest is better served by deficit pricing, combined with subsidies. For numerous reasons the railway industry and urban transport are especially likely candidates for this treatment, though for rather different reasons in each case. I am aware that British law requires the railway system in general to cover its costs out of its revenues. But this fact is a legal constraint, not an economic argument. The state has congenitally ignored the law, and obviously the law could be changed.

In the case for subsidisation there are three main strands: the "marginal costs" argument, the "elasticity" argument, and the "external diseconomies" argument. Combined, they suggest that a self-sustaining rail system may be both impossible and undesirable. If additional service can be provided at a trivial additional cost, the price of the service should be trivial. Over a substantial part of the British inter-city rail network this criterion would imply lower charges, especially for passenger service. If the demand for railway service is highly sensitive to price, lower prices may actually increase gross revenue—though they need not suffice to push the railways into the black. Obviously, this argument cannot apply to the urban operations of London Transport. But in cities we can see most clearly the social costs of an expensive and infrequent public transport system. When people and things are diverted from rail or bus to car or lorry, the community eventually faces a sharp increase in its outlays—for highways, parking lots, urban reconstruction, police services, and so on. Since these costs are not charged against the passenger or shipper, when he switches to road transport, it is incorrect to say that the public has decided that these expenditures are desirable. The use of resources is distorted, in fact, because the market prices do not correctly represent the social costs.—Yours faithfully,

IAN M. DRUMMOND

Yale University, Connecticut

Falkland Islands

SIR—With reference to your interesting article on the Falkland Islands, you state that the islands are grazed by 800,000 Merino sheep. It is, of course, true that the Falklands' one economic activity is sheep breeding, so much so that mutton is known as "365" because it is eaten every day of the year, but the sheep are not merino. The wool is sold regularly in London and is fine cross-bred quality. Many breeds have gone into the existing Falkland, including Romney, Cheviot and more recently Corriedale, but there has been very little Merino blood introduced. The wool is excellent, but anyone who has handled it would agree that it has very few merino qualities.—Yours faithfully, K. G. PONT

Samuel Salter & Co. Ltd., Trowbridge.

SPRING BOOKS

The Birth of a Book

MR A. has at last had a novel accepted: 95,000 words written round the curious love life of King John. In a letter dated January 1, 1960, his publishers tell him they are so taken by its possibilities that they promise to try to bring the book out in November, to catch the Christmas trade. Mr A. is a bit dashed by this. He started writing King John in 1958, and it took a year to find a publisher. It will be 1961 before he knows if it has gone down well enough to justify finishing the second novel of the trilogy (the love life of Stephen Langton) or if he should turn to thrillers.

Mr B., his friend, is not a creative writer: but he has just finished an important book on the problems of the Belgian Congo. He too sent the typescript to the same publishers (who had already agreed to bring it out) on January 1st, pointing out that events were moving so fast that it was urgent to get the book out before a Belgian withdrawal from that territory converted it into a historical study. The publishers reply that it will certainly be "rushed": they might get it out by the end of October, but they still think that the best date for publication would be January or February, 1961. When, a few weeks later, Mr B. suggests that they should get it out to coincide with Congolese independence in June, 1960, he is told, regretfully but firmly, that this is "out of the question."

Why is it? Mr B. knows, if Mr A. does not, that an issue of *The Economist* contains 50,000 words, 75 per cent of which are written between Monday and Thursday midday, and they are all ready in print, with coloured charts and pages of figures, on Friday morning. Of course, he knows that hard cover books are a bit different—but need the difference be so great?

The answer is that the differences in the method and process of publishing books and periodicals are so great that it is usually impossible to bring out even the most urgent books on current affairs in less than six or seven months from delivery of manuscript, except when this is rushed through as a magazine operation, regardless of expense, of standards of production, or of marketing requirements. "Penguin specials" can be rushed through, at a pinch, in five to six weeks; a biography of Mr Antony Armstrong-Jones is being published by Anthony Blond Ltd. in May; the late Walter Hutchinson is credited with having once produced a bound book in a week from delivery of manuscript—to show it *could* be done. In fact, "up-to-date" or topical books are a relative term. Books, by their nature, cannot but be well behind events. The only question is whether it would be possible—and economic—to carve two months or six weeks off the present normal period of gestation, which is between nine months and a year—even two years for works of elaborately foot-noted scholarship.



But the author finds it hard to understand how the time is used during the ten months; for he knows the actual printing processes take at most a fifth of this time. It may help therefore to confront him with a normal publisher's schedule for a serious book of 350 pages. It runs like this:

Jan. 1	Typescript to printer for estimate of cost.
Feb. 2	Typescript back with estimate. Editorial reading begins. Queries to author begin. Typography and house styling, etc. Paper ordered.
Mar. 1	Typescript to printer for setting and galley-proofs.
Apr. 15.	First galleys to author.
May 31.	Last galleys back to printer with author's and publishers' marks via publishers' editorial department.
July 10.	Author gets page proofs, makes index, and index to printer.
Aug. 15.	Book passed for press.
Sept. 15.	Printed sheets to binders.
Oct. 15	Bound copies to publishers. Review copies out.
Nov. 15.	(Earliest) Date of publication.

Total time: 10½ months, provided all concerned keep rigidly to schedule. If Mr B. does some extensive rewriting at the galley stage to deal with the Brussels conference, which took place in January, and again on his page proofs in June to squeeze in the events of independence day, the chances are that proof-correcting will be so extensive (and expensive, so that the author will exceed the 10-15 per cent allowance of setting cost and have to pay for the excess) that time will be lost, and perhaps the book's place in the queues (a) for machining and (b) for binding may be lost. Then the book will appear in February (which secretly the publisher, who likes off-seasons for serious works, prefers to November—the right time to sell the love life of King John).

The reason for this is that every book is an individual product, unlike the successive issues of a periodical. Paper has usually to be ordered and made specially. Production is carried on in five places: the author's residence, the publisher's office, the printers, the jacket artist's studio and the binders. It shuttles between all these in the process, along with all the other books of the publisher, and his rivals, placed with this printer, which are in the pipeline too. The publisher rigidly allocates the time of his editorial staff (editor, readers, contact girls, production manager, art editors, publicity department, and so on). They work on each of his books in turn—and each book must join the queue at each desk. On each book his profit is quite small—perhaps only a few hundred pounds—so he cannot keep a large staff hanging about to rush one book through—nor can he afford always to pay for highly efficient staff.

Spring Books

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CAMBRIDGE UNIVERSITY PRESS

The printers of books have one basic interest: to keep their machines and men busy. They, too, will not hang about—if the Belgian Congo does not turn up, or is delayed, they will push on with King John. And they will set the printing schedule to make sure that they have full continuity, which means a slow schedule in periodical publishing terms. Any variation means pushing up costs to a point that swallows the small profit. It is the advertisement revenue of periodicals that makes rapid, priority printing possible.

But this is not all. A book must be sold: and this is not a matter of bookstalls and sending out subscription copies. It is a matter of a traveller visiting hundreds of individual, and individualistic, booksellers, and proving that they should stock both the Belgian Congo and King John, in the teeth of the claims of the other two hundred titles published that week. It takes even a large publisher's travellers over a month to get round the London bookshops, which insist on seeing completed, jacketed copies. But, in the provinces, the travellers visit the bookshops only twice a year. Yet it is vital to have the book in as many bookshops as possible on publication day; it is the main part of the publishers' selling effort to have the book generally available. Some publishers reckon that it takes two to three months after they receive the bound copies to achieve this, which is the foundation of sales and success, except for the one-in-a-thousand best-seller. Of course, publicity is planned much earlier in the book's gestation, indeed from the receipt of a manuscript. But all must be dovetailed into the publisher's work on his other books: the traveller cannot go round with one book at a time.

The paperback publishers can cut out a little of this schedule—reprints need no queries to author, and marketing is done on a brand-name basis, more like the selling of a periodical. There is more standardisation, and less interest in reviews. Nevertheless, an original "Pelican" work may take nearly as long to bring out as a hard-backed new book.

Could the time-schedule be shaved? If authors were angels (and their typescripts as immaculate), publishers as efficient as hydroelectric scheme contractors on a penalty contract, printers likewise, and books standardised mercilessly in length, layout and typography, it could certainly be done. At any rate, one big publisher, Victor Gollancz, by skilled standardising (and reducing the jacket to a simple printed paper wrapper) does achieve it: his time for a topical book is six months (a reduction that is partly achieved by dispensing with autumn and spring catalogues). But even when one checks the normal ten-month schedule against a printer's timetable on the best suppositions, one is told that the printer needs five to seven months from the day he receives the typescript for estimating to the day he or his binder delivers bound copies to the publisher. It follows that for most publishers, using most book printers, eight to nine months is the bare minimum. To beat this, they must either push up costs or cut printing and marketing standards or both—which means taking bigger risks.

The author whose book does no more than keep the schedule given here should not grumble unduly. An author whose book exceeds these limits should first ask himself: is it my fault? If it is not (and if he is not demanding a sheet of collotype reproductions) he can start asking if his publisher knows his business and if the printers are falling down on the job. And a publisher with a topical book can notice that if he can shave three or four days a month from the schedule, he can get the book out at least six weeks earlier. A great deal can happen in the Belgian Congo in six weeks.

A Great Liberal

Gilbert Murray: *An Unfinished Autobiography*

Edited by Jean Smith and Arnold Toynbee. *Allen and Unwin.* 225 pages. 25s.

GILBERT MURRAY, we are told, disliked writing about himself, and he cut short the autobiography he had been persuaded to write when he found himself the central figure; he had reached the point where he graduated, got a professorship and married. What we have is a picture of life in Australia as he saw it in his first decade, a member of a spirited and intelligent family, and, a little more briefly, his education in England in the seventies and eighties. It is charming, interesting and necessarily slight. It is the greatest pity that he was not persuaded to go on to the more important years.



The other half of the book starts with a short sketch of the rest of his life (a little difficult to follow for those who do not already know the background) and for the rest is composed of studies of Gilbert Murray's more important activities by various of his friends. All are good, but much the most entertaining is an affectionate and slightly sardonic essay by Salvador de Madariaga on Lord Robert Cecil and Gilbert Murray as two British "civic monks" who seek to make the world a better place, but find to their dismay that it contains "a rather large proportion of small dark Latin nations and so on" (Murray's words, which come splendidly from the pen of a hellenist) who have their own ideas about how they should be governed and by whom.

This book does not pretend to be a full-dress biography; but it is a worthy tribute to a great man.

A Study in Nihilism

The House Built on Sand: *The Conflicts of German Policy in Russia, 1939-45*

By Gerald Reitlinger. *Weidenfeld and Nicolson.* 459 pages. 36s.

VERY few English-speaking people ever had much idea what went on in German-occupied Russia (or, indeed, any part of Russia) between 1941 and 1944, except that it was nasty. Soviet-held Russia suffered huge and swift losses of territory, troops and population. The rate of loss became more uneven, slowed down, and stopped; after Stalingrad (November, 1942) the tide began to roll back, though it took two more years for the Soviet Army to approach the frontiers of East Prussia. These vast movements were registered in the West on maps, but there was never anything like the mass of news that came from German-occupied France, Belgium, Holland or Norway, where, relatively speaking, military order and administrative system continued to reign. Yet the Germans must have tried to do something with the huge territories they conquered. What was it?

Mr Reitlinger has devoted great labour and long study to the task of explaining both what the German intentions were, and what actually happened. To say that he has made it all clear would be too much; at the end, watching the muck and the debris float to the surface as the whirlpool dies away, we are left with the impression of a vast interlude of nihilism, in which actions that were willed and things that happened are hardly to be distinguished from one another. Still, this may not be far out; Mr Reitlinger has illumined and documented much of the detail, and if his total picture is dizzy with movement and emotion, this is hard neither to explain nor to justify.

Hitler himself does not seem to have troubled to think out any ideas for the political treatment of occupied Russia beyond the destruction of the system of government that existed and the men, from top to bottom, who carried it on, together with the extraction of whatever Germany could get out of the place to support its own economy. He thought, or Rosenberg thought for him, that large areas of eastern Europe might be reserved for German rule and western colonisation, while others—White Russia, the Caucasus, the Cossack country, perhaps the Ukraine, and probably a rump Muscovy—might be allowed to exist as feeble separate states run by "a primitive socialist intelligentsia," to be chosen from among the survivors after a systematic slaughter of all capable of governing seriously.

But Hitler also thought that the Soviet Union would fall apart after one brief summer campaign. When this failed to happen, the urgency went out of the first frantic efforts to make a *tabula rasa;* and the execution of the design was thereafter left a good deal to chance and the conflicts of will of the various satraps. While the army did its best to get on with the war, the SS "action groups" roamed about exterminating racial enemies and creating general chaos; at the same time, earnest fellows from Rosenberg's Ministry for Eastern Questions began to turn up with half-baked political schemes for the "nationalities," which had at least, on occasion, the advantage that they required someone to be left alive. Various kinds of Quisling troops were scraped together. Party dug-outs like Erich Koch, assigned huge tracts of territory with little directive to guide them and no ideas of their own, obstructed the Rosenberg Ministry and brought in their personal quacks and time-servers. In the end, the returning Soviet army took the political decisions, still unresolved, out of German hands.

It is not necessary to romanticise Stalin, or the Soviet system, in order to find in this book much that explains why the Russian and eastern European attitudes to many questions, including the German question, are so different from the attitudes that appear self-evidently right to western statesmen. Mr Reitlinger's book contains another little lesson, not unrelated. The *dramatis personæ* of the German occupation of Russia, given in one of his appendices, indicates a partial continuity of personnel between Rosenberg's Eastern Ministry on the one hand, and on the other Professor Oberländer's Ministry of Refugees and the eastern department of the foreign ministry at Bonn today. Clearly some of the men who figured in the German occupation of Russia do make some contribution today to the formation of the policy of the Nato powers towards Communist Europe: how important a contribution is hard to say.

Very Old Lady

Servant of this House

By H. G. de Fraine. *Constable.* 210 pages. 25s.

EVEN in these modern days of high efficiency, the Bank of England retains a strong odour of past traditions and well-tried methods. The bottles are new, but the old wine survives. Those who delight to sniff its bouquet will welcome any account of the way in which the wine matured. Mr de Fraine provides an extraordinary link with the past. He died recently, nearly ninety years old, just after finishing this book, in which he demonstrates almost total recall; and he entered the Bank as a clerk in 1886. Most of the book is concerned with the Bank and London life in his earliest days, with recollections (for he is a natural antiquarian) of yet earlier generations. It is rambling, gossipy and rather shapeless, but written with charm and style.

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COLLINS

were more of the eighteenth than of the late nineteenth century. Mr de Fraine's account of these halcyon days is delightful. What he hardly explains is how a quill-pen system, with slowness and small scale as its backbone, was compatible with the commercial vigour of those times. Anyway, this paradise could not last. Mr de Fraine makes an interesting comment, that some of the worst abuses of a male world were almost automatically checked when female staff was introduced.

Then came the terrifying and now half-forgotten figure of Lord Cunliffe, who, by the most brutal methods, introduced needed reforms. Mr de Fraine, like many intelligent antiquarians, was a reformer and got on well with Lord Cunliffe. He suffered from it. One gets glimpses of the feuds and lasting resentments that are the curse of a closed society. But he won through, and spent the last twenty years of his life in charge of the Bank's great printing works at St Luke's, which he himself had founded.

The Kirk's Trumpeter

Plain Mr Knox

By Elizabeth Whitley.
Skeffington. 223 pages. 25s.

THE precepts of John Knox are now honoured in Scotland more in the breach than the observance, or so they say in the manses. The fourth centenary of the Scottish Reformation, being celebrated by the Kirk this year (and apparently nettling 'pisky dignitaries more than papist ones), is a proper time for cogitation on such matters. There are no two ways about Knox. It says something for Mrs Whitley, writing from the manse of St Giles, that she comes out, plump and plain, that "Edinburgh and perhaps even his own congregation of the High Kirk of St Giles' are as ashamed today as they were four hundred years ago of his views on equality and his belief in the common man." It is just a pity that she has not been impelled (with due deference to the General Assembly, naturally) to take this a little further. There is a place for a modern estimate of the real force the Knoxian tradition still has in the Kirk. Can we see something of a dividing line in the controversy over Nyasaland?

But this is not the book Mrs Whitley has written this time. She has produced a vivid and friendly life, with the good sense to let Knox give the best parts of the story in his own words. They simply cannot be bettered. But Mrs Whitley is not above a telling aside (at the expense of episcopacy) when she writes of the 1560s: "It is good to read of those days, when the Anglican communion was freely open to the Scots: and when ordination by the laudable form and rite of the Reformed Church of Scotland was freely accepted by them." Knox would have appreciated that.

Repression in Tibet

The Revolt in Tibet

By Frank Moraes.
The Macmillan Company, New York. 223 pages. 10s. 6d.

The Flight of the Dalai Lama

By Noel Barber.
Hodder and Stoughton. 160 pages. 16s.

THE escape of Tibet's god-king, the Dalai Lama, to India in March, 1959, dramatised an insurrectionary situation that had been gathering strength for several years without much publicity. For a few weeks, the fate of this remote theocratic community commanded universal attention, as had the fate of Hungary late in 1956, and for the same reasons. In both instances, outside intervention was impossible, though in Tibet's case an additional obstacle was that Tibet, though the home of a distinct people with a distinctive religion, was not even recognised as a nation.

That the Tibetans consider themselves a nation is, however, plain enough both from their history and from the story of their revolt against communist Chinese rule. Of the two accounts of the revolt now available—both by journalists—the one by Mr Frank Moraes is by far the more comprehensive. Mr Noel Barber, who also wrote a book about the Hungarian uprising, has produced another lively "I was there" account, easy enough to read and reasonably informative, but inadequate for the serious student. It is only fair to add that it was clearly not intended for the serious student. Mr Moraes delves a good deal deeper, exposing lucidly and in detail the Chinese communist techniques of colonisation and the "reforms" that provoked the revolt of the martial Khambas against odds which they knew to be overwhelming.

The most counter-productive of these changes was the campaign against the Lamas, who were labelled "oppressors of the masses"; in fact, as Mr Moraes points out, the real aim was the destruction of the Buddhist religion, and the Tibetans saw through the Chinese slogans. A more effective, though long-term, weapon has been the swamping of Tibet by Chinese immigrants.

Both writers are severe in their condemnation of Mr Nehru, both for failing to speak up in defence of Tibet's autonomy and for his equivocal attitude towards Chinese aggression, both in 1950 and in 1959. Mr Barber accuses him of "hypocritically and falsely misrepresenting the entire Chinese-Tibet case"; Mr Moraes, who is Mr Nehru's biographer, is only slightly more restrained, and quotes with approval a remark by the former Praja Socialist leader, Mr Jayaprakash Narayan:

> It is true that we could not have prevented the Chinese from annexing Tibet. But we could have saved ourselves from being party to a wrong.

It is lamentable that neither book has an index, but Mr Barber's is well illustrated and has a useful chronology.

Peer's Daughters

Hons and Rebels

By Jessica Mitford.
Gollancz. 222 pages. 18s.

IT is all too easy to judge this book by its first third. That must be a delight to all admirers of Nancy Mitford's "Love in a Cold Climate" and "The Pursuit of Love," an autobiographical confirmation of so many of those fancies too wildly gay, surely, to be fact and yet too improbable to have been imagined. The chub fuddler is missing and where are dear Lord Merlin and darling Cedric? But most of the others are there. "Farve" is gloriously Uncle Matthew and "Muv" identifiably Aunt Sadie, "her hair strangely fluffy and her clothes strangely dowdy," with her seven children, six girls and one boy, and economising on the laundry bill by going without napkins (which recalls the economies on different kinds of paper made by Uncle Matthew). It was Jessica, aged nine, who told her dancing class the embroidered facts of life and scared them almost to death; it is Linda aged twelve in "The Pursuit" who plays this sweet prank.

So we have in this first section something of a "recap" by Jessica of Nancy's delights, and most enjoyable it is. These talented, wild and in some ways tragic girls were left to "Muv's" odd notions of education, feeding and medical care, with a succession of governesses, most of them promptly driven mad; Miss Bunting was the most successful for she taught shop lifting—"a little jiggery-pokery" round Oxford shops.

Jessica Mitford went off with Esmond Romilly to the Spanish Civil War, contributing as magnificent a quota of scandal as sister Unity did in her flight to Hitler. "Whenever I see the words 'Peer's Daughter' in a headline," Lady Redesdale once commented sadly, "I know it's going to be something about one of you children." From Spain, back to England and thence to America, with no clear purpose, no political convictions save the arrogant party line of the time, and with none too high a standard of common honesty. The reader now has to put up with portentous chapters that start "That spring the news from Europe was unrelievedly bad." Nothing seems to have happened since to modify the sharp blacks and whites of Miss Mitford's conception of the history of the late thirties. That is a boring achievement for such a lively mind.

It is interesting to speculate on the reasons why the Mitfords should have spent so much of themselves in girlhood—Unity, the admirer of Hitler; Diana married *en deuxième noces* to Sir Oswald Mosley; Deborah who was set on becoming a duchess and made it; Jessica with such warmth and yet taking so limited a view of the world through the political spectacles she first put on in the schoolroom. To these Nancy stands out as the glorious exception, a person in her own right and sharing her talents. The Redesdale coat of arms bore the self-assured motto: "God careth for us." It must have been a hard task.

Up the Apples

Up the Apples

A Dictionary of Rhyming Slang

By Julian Franklyn.
Routledge. 187 pages. 21s.

UP the apples to uncle and Bo-peep: or, to you and me, up the stairs (apples and pears) to bed (Uncle Ned) and sleep.

The example shows one rhyming-slang term in full and two in their truncated form, such shortening being a common feature of this sort of slang. Rhyming slang has, in Britain, always been predominantly Cockney: and it was partly Cockney in its origin, which dates from somewhere about 1830. In this book, Mr Julian Franklyn advances a new and largely convincing theory of its origin and early development; but perhaps he has not sufficiently allowed for the part played by the underworld throughout the history of this very odd branch of English, for certain rhyming terms are still being coined by crooks, and in the United States it is only the criminal world and its hangers-on who use it at all.

That rhyming slang is current in America will come as news to many. Part of it went to New York from England, but most of it from Australia (especially Sydney) to California during the latter half of the great gold rush and soon after. It had emigrated to Australia from England during the 1840s and 1850s, with a few additions later; now—indeed, since as early as 1890 or so—Australia has a rhyming slang of its own, and a few Australian terms are still being exported to America *via* (one surmises) the brilliant "con men" from the southern continent.

Before the first world war, British rhyming slang was confined to London, to such large provincial cities as Liverpool and Manchester, and to Dublin and perhaps Belfast. But that war and its successor did much to widen its distribution. Nowadays, it can be heard not only in the public houses, among transport men and construction men, and among true Cockneys in general, but elsewhere as well. For it is often used by people who are unaware that it is rhyming slang at all, as in "get down to *brass tacks*" (hard facts), or who, at best, are ignorant of the full term and its connotations, as in "Not on your *Nellie!*"—not on your *Nellie Duff,* not on your *puff,* not on your life.

Mr Franklyn has done a good job, both in the glossary and in the partly historical, partly analytical introduction, the list of meanings and the specimen passages. The result is as entertaining as instructive.



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HEINEMANN

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METHUEN

Good Companion

Literature and Western Man

By J. B. Priestley.

Heinemann. 522 pages. 42s.

MR PRIESTLEY has written a brisk guide to five hundred years of western literature. It is presumably intended for young people as the level of information is kept rudimentary: "John Keats was the youngest of these great romantic poets, but he was the first to die, in 1821 at the age of twenty-six." But it also engages more complex problems in a lucid and unpretentious manner.

Mr Priestley begins his survey with the dissemination of the printed book. He rightly argues that the notion of "modern" literature is inseparable from the fact of large-scale distribution. Although the work runs to nearly five hundred pages, Mr Priestley has reached the 1850s by page 200. This again represents a deliberate point of view. What we have here is a guide to contemporary literary consciousness and to its roots in the second half of the nineteenth century. In writing such a guide, Mr Priestley has done a valuable service. Younger readers have long had available to them adequate surveys of classic and Renaissance literary history. Mr Priestley has now furnished them with a sound introduction to the world of Galsworthy, H. G. Wells, Anatole France and Gorky.

Not surprisingly, Mr Priestley is best on those writers from whom he himself has drawn inspiration and whom he resembles in spirit. His "great tradition" would include Cervantes, Fielding, Manzoni and Dickens. He is excellent on the difference between Dickens and Thackeray: "Dickens possesses in full measure that fiercely creative will in which Thackeray, a big but slack and rather soft man, is deficient." He can illuminate in one perceptive flash the principal defect of Browning: "But his obscurity does not come from any great depth and subtlety of thought, but from technical whimsicalities and a rushing eagerness of temperament."

Elsewhere Mr Priestley's touch is less secure. His view of Stendhal as a grossly overrated novelist will find little acceptance and only a critic to whom German is altogether a foreign tongue could have lumped Rilke, Stefan George and Hofmannsthal together, declaring that "from the standpoint of world literature they are not great poets." And one can only wonder how Mr Priestley arrives at his conclusion that Jung's thought is "bolder and more subtle" than that of the classic Freudians.

But before so vast a canvas there is not much interest in quibbling at this or that detail. Mr Priestley roams over the entire compass of western literature with an easy gait. He communicates much of his own enjoyment of good books and refuses to be parochial. The slackness of his style is no doubt meant to make the going easier for the beginner. To someone just emerging into the immense world of personal literary adventure this book will be a heartening companion. May one hope that a future edition will include not only the little biographical notices of great writers but also a time-chart?

Decline From Radicalism

Robert Southey and His Age

By Geoffrey Carnall.

Oxford University Press. 245 pages. 30s.

SOUTHEY'S predecessor as poet laureate was the nonentity Pye, for whom he felt a justifiable contempt; but, ironically, the grandiose poetical effusions of the friend of Wordsworth and Coleridge are now scarcely more highly regarded than Pye's lamentable efforts: there can be few who read "The Curse of Kehama" or "Thalaba" in quest of pleasure. We remember Southey because Byron so brilliantly and cruelly immortalised him in "A Vision of Judgment," but who recalls that Southey himself wrote a poem of that title, which provoked the satire? Even the verses about the Battle of Blenheim and little Wilhelmine, which used to figure in every school anthology, have become derisory.

But if Southey's reputation as a poet is now abysmally low, his prose still commands respect. The "Life of Nelson" holds its place among nobly written English biographies; and recently the Clarendon Press published the "Journals" of his residence in Portugal and of his visit to France in 1838. These may have aroused sufficient interest in Southey's personality to warrant another publication from the same press, a study of the man against the political background of his age, which has for its sub-title "The Development of a Conservative Mind."

Southey was an active journalist, and in his correspondence too there is ample material for constructing a full and coherent picture of his political development. This Mr Carnall has done, tracing his progress —or decline—from the position of a Godwinian Radical and a Jacobin to that of an anti-reformist advocate of repression. The book is a sober and sympathetic account of how this rather nervous and easily discouraged man took fright and allied himself with the forces of reaction. Although he misread the signs of the times, there was plenty to scare him.

The trouble is that Southey, for all his personal kindliness and capacity for hard work, was not a man distinguished by much acuteness of judgment or humour or wit. He consequently makes a rather dull central figure for a book that undoubtedly does throw light on the political strains and stresses of that period of English history which literary critics know as the Romantic Age.



Writer and Reader

The Truest Poetry

By Laurence Lerner.

Hamish Hamilton. 231 pages. 18s.

A VAST deal of appreciation and evaluation of poetry and prose is nowadays undertaken even by sixth-formers and undergraduates; sometimes, unfortunately, with ulterior motives, since examiners have cottoned on to the importance of testing literary discrimination. Mr Lerner, who teaches at the Queen's University of Belfast, is not merely interested in how a specific poem works; he examines how literature itself works. He suggests what it may mean to the writer, as a mode of expression, and what it may mean to the reader, as enrichment of his experience. In order to pursue his investigations, Mr Lerner draws extensively on the theories of Collingwood, Dewey and Richards, and in illustration of his points he uses a splendidly variegated assembly of passages from Dickens and Empson and Penn Warren and Coleridge and Tennyson and dozens of others. His attitude is always alert and challenging, without being aggressive; and the number of interesting points he manages to raise within so small a compass suggests that the book might be rewarding material for a discussion group.

Mr Lerner pays due attention to the Romantic theory that poetry exists primarily for the sake of the poet himself, but he does not want it to grow too rarified and esoteric, "an aesthetic construct of great beauty addressed only to fellow initiates." Rather, he takes his stand on those older, but still vigorously championed, theories of literature which lay stress on its communicative power and connect it with other activities that widen our knowledge of the human condition.

Just how far and in what way and with what practical consequences the reading of a poem may affect us is the question at the very heart of the book, and it is unfortunate that one of the two poems which Mr Lerner selects as a sort of touchstone is Hopkins's "terrible sonnet" *I wake to feel the fell of dark, not day,* for in his interpretation of it he equates a sense of dereliction with the despair of disbelief. "Ten thousand difficulties do not make one doubt," said Newman; and in the emotional sphere it may be contended that repeated nights of anguish do not necessarily represent the loss of faith, but the loss of consolation, which is a very different thing.

It is only because a good many paragraphs of argument depend upon Mr Lerner's reading of the sonnet as a possible incitement to disbelief that the matter is worth remarking here. The texture of his book is close, which is a merit; and if it contains a good many contentious passages, they give the whole of the study a refreshingly lively and thought-provoking tang.

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Hommes de Lettres of the Third Republic

Pretexts

By André Gide.
Secker & Warburg. 352 pages. 35s.

Journal of a Man of Letters

By Paul Léautaud.
Chatto & Windus. 259 pages. 25s.

IT is a pleasant chance that brings these two books to publication at the same time, for they complement and mutually illuminate one another in a way which, for the English-speaking reader without special previous knowledge of the French literary scene of forty or fifty years ago, valuably dispels what would otherwise be a discouraging obscurity.

There is, of course, nothing obscure about Gide. Few French novelists of this century are better known to the British public, whether in translation or otherwise. As a critic, however—a critic of life and of letters—he has not hitherto "travelled"; and it is perhaps rather late for the "travelling" to begin. When he writes on Proust, on Stendhal, on Wilde, on Greek mythology, on the nature of literary influence—on enduring names and enduring topics—the lapse of thirty, forty or fifty-odd years is unimportant. And had he written, in the last decade or so of his life, reminiscences, for the benefit of a later generation, of Barrés, Maurras, Jammes, Gourmont, Huysman, Appollinaire, and the *Dadaistes*, he would no doubt have brought them vividly alive.

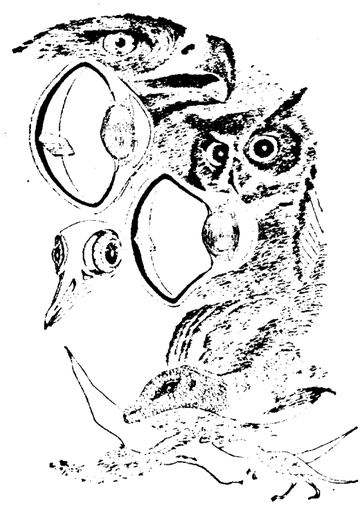
As things are, however, too many of the essays here reproduced require an editorial gloss longer than themselves. They give the effect of an overheard telephone conversation on an unfamiliar topic. The speaker, in this instance, is clearly intelligent, witty, serious, and, on the evidence of what one can hear, worth listening to; but as the other party to the conversation is only a name and quite inaudible, and the conversation itself concerns yet other almost entirely unknown individuals and almost entirely unfamiliar matters, the listener is left with very little to catch hold of.

With the very greatest art this may not matter. One can revel in *The Dunciad* without expert knowledge of the Augustan literary rat-race, though such knowledge must make appreciation exquisitely keener. But these notes, lectures, reviews and sketches are not, and do not pretend to be, great art. They display a critical faculty at once catholic in its appreciations and fastidious in its distinctions; a lively and far-ranging mind; a certain acerbity; a deep, and typically French, sense of the value and responsibility of literature. There they stop. Nothing of Gide's intimate self—the self revealed in "Si le grain ne meurt," in the "Journals," and in "Et nunc manet in te"—emerges here. A rather narrow public will find "Pretexts" fascinating; but does not a capacity to do so almost certainly presuppose the capacity to read it in its very lucid original French?

Paul Léautaud was an almost exact contemporary of Gide's, an occasional contributor to the *Nouvelle Revue Française* under Gide's editorship, and a frequenter, during the early years of the century, of the same literary circles. But while Gide went on, in the inter-war years, to fame and influence, Léautaud disappeared entirely from the public eye—to be disinterred in his eighties, a grubby and misanthropic hermit surrounded by stray dogs and cats, and to spend his last years as a much-appreciated radio eccentric. His "Journal" was begun in 1893 and continued until within a week of his death; this volume covers (in abridgment) the years 1898-1907.

It is an extraordinary record; the portrait of a most unendearing, indeed pathological, egotist who nevertheless is totally honest, with none of the usual egotist's self-pity, self-justification, wishful remembering and narcissistic self-admiration. The reader is confronted alternately with the subtlety of a Proust and the hilarious naïveté of a Pooter. One thinks of Pepys, of Boswell, of Havelock Ellis, and of Miss Pamela Hansford-Johnson's Unspeakable Skipton. It is undoubtedly Léautaud's fascinatingly unpleasant personality that is the prime attraction of his "Journal"; but it is also a vivid picture of the current literary scene and its characters. Names which, in Gide's essays, stand only for certain opinions, a certain style, an *œuvre*, here attach themselves to sharply thumbnail-sketched individuals.

Léautaud's translator, Mr Geoffrey Sainsbury, has pulled off the difficult feat of preserving an entirely believable and personal tone of voice. It is eminently the same voice as, some fifty years later, uttered Léautaud's last words, reported by Mr Alan Pryce-Jones in his Preface: "Maintenant, foutez-moi la paix."



The Seeing Eye

The Story of Eyes

By S. Sutton-Vane. Illustrated by Anthony Ravielli.
Phoenix House. 169 pages. 12s. 6d.

"I SEE." Everybody says it, yet no one stops to think that in two words he is proclaiming the most important connection in his system—that between eye and brain. This excellent small book about the asset of sight is a splendid corrective to careless talk, for "eyes alone are as useless without a brain as a telescope in a locked drawer with the key lost."

Mr Sutton-Vane is a layman who was one night struck, in the course of conversation, with the immensity of his ignorance about eyes. He set out to remedy it by means of the huge literature that exists on subjects ranging from embryology and optics to the new demands of the space-age. His hunt for information was so rewarding that he now passes on his discoveries, with the great advantage, for the ordinary reader, that he remembers what he did not know and also which commonplaces surprised him most.

On a subject that is largely technical, he has done well enough to keep at bay that bogy the professional critic—whether zoologist or ophthalmologist. (If one lunge is allowable, he ought to have said, on page 122, that he is describing the retina of the right eye; in the left, all is the other way about.) Yet he writes so readably that he holds the attention even of readers who may not in the ordinary course be interested in details about the emergence of animal life.

How do fish manage without eyelids? Why are your eyes brown and mine blue? Do birds judge distance? Why did Nero watch the games in his emerald? Has our baby got a squint? Do plants see? If you know the answers, this is not your book; if you want to know them, it is value for money. Its text is greatly helped by the illustrations, one of which is reproduced here; they are good artistically as well as technically. A footnote for hypochondriacs: this is not a book about eye diseases. It is about eyes in working order and its sensible recipe for those with complications is: "Go at once to a physician." Mr Sutton-Vane takes no chances; nor should his readers.

Amateur in Diplomacy

Lord Lothian (Philip Kerr) 1882-1904

By J. R. M. Butler.
Macmillan. 400 pages. 42s.

THIS is not strictly a biography, but a collection of essays on various aspects of one man's career. By avoiding the biographical form, Sir James Butler avoids the need to provide answers to some of the questions that must occur to his readers: such as why a man who contemplated becoming a Roman Catholic priest became an ardent Christian Scientist, or why one who had seen the innermost workings of British politics yet "never looked upon himself as a party man." The author says enough of Lothian's personality to make clear what an engaging and attractive character he had; to bring out also his quizzical, almost chameleonlike changes of line in conversation, and his readiness to discuss any and every idea.

Probably the most interesting and most important years of Philip Kerr's life were his four and a half years as private secretary to the prime minister, from 1916 to 1921. David Lloyd George enjoyed by-passing established channels, and notoriously ran a foreign policy of his own, with his own staff, which sometimes went against the aims of the diplomatic hierarchy on the other side of Downing Street. Of Kerr's part in this, which was large, Sir James can unfortunately tell us next to nothing; and informative chapters on *The Round Table* and the Rhodes Trust, though useful in their way, are no sort of substitute. After Lothian had succeeded to his cousin's marquessate in 1930 and served as Hoare's under-secretary at the India Office for an uneasy year in 1931-32, he became involved in Anglo-German relations; and the two chapters on his dealings with the Nazi leaders are much more valuable. They are buttressed by over thirty pages of contemporary documents, which do much to make plain both the barefaced disregard for truth of the Nazi chieftains, and the earnest willingness to arrive at a fair settlement that marked Lothian's phase as an appeaser.

The author is able to show that this phase was over before Lothian went to Washington as ambassador in 1939. Three concluding chapters display Lothian's intelligence, sobriety and warm human sympathies at work at last in a field worthy of his skills. Angry young men in England assumed at the time that Lothian, as a member of that amorphous coterie "the Cliveden set," would be preaching defeatism quietly in America; they were quite wrong. There is no evidence to suggest that Lothian wavered for a moment, when it came to the sticking point, about fighting Germany; and his great achievement was to convince the Americans that the British were fighting in an honest cause. The extraordinary crisis of 1940 called out an extraordinary effort from him—he secured fifty old but vital American destroyers, in exchange for bases in the West Indies; but the effort killed him.

Pre-James

Watch and Ward

By Henry James.
Hart-Davis. 238 pages. 16s.

THE Henry James industry must be running out of raw material. Otherwise it is difficult to understand why anyone should wish to publish a modern edition of "Watch and Ward." It is the master's first novel (1871) and he was later anxious to exclude it from the canon. Mr Leon Edel argues that the book may be compared to "Stephen Hero" and to "Jean Santeuil" in that it offers intimations of future greatness. But it is nearly impossible to sustain such a comparison. Both Joyce's early sketch for "The Portrait of the Artist" and Proust's preliminary essay in remembrance are in themselves of great quality. And they do cast a direct light on the later masterpieces. Neither is true of "Watch and Ward." It is a very bad novel and, with the exception of a few fortuitous touches, has little relation with anything in James's mature work.

Mr Edel rightly suggests that James was trying to do an American Balzac, but he fails to notice which novel by Balzac James most probably had in mind. It is "La Rabouilleuse," just about the nastiest of Balzac's fictions. Something of that nastiness passed into James's pale story. Mr Edel speaks of "peculiar sexuality" and invokes "Lolita" (a reference which may account for the decision to unearth "Watch and Ward"). The theme is plain enough: a bachelor rescues a young girl in melodramatic circumstances and decides to train for himself a future wife. After a number of interventions from without, Nora returns to her benefactor's bosom. What is disturbing is the elaborate manner in which James plays on the ambiguity of the relationship. "Are you, after all, related to me—my cousin, my brother?" asks the young lady. The older man only strokes her hair and evades the issue. Like Balzac, James seeks to communicate the subtle, hot-house eroticism that underlies the situation. The attempt leads him to an extraordinary passage on "a little precursory love-making." The young girl is seen as a flower whose petals might be "playfully forced apart."

Even these few words show how far removed the book is from James's responsible art. It is a mere piece of apprenticeship interesting, if at all, only in the light it throws on the distance James travelled between 1871 and the publication of "The American" in 1877. By not wanting "Watch and Ward" reprinted, James gave proof of sounder judgment than his modern editors.



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Prince of Printers

Christopher Plantin

By Colin Clair.

Cassell. 317 pages. 63s.

To British bibliographers and book collectors Christopher Plantin is known as one of the finest, as well as (with the Elzevirs) the most prolific, of printers and publishers of the sixteenth century, with over 2,000 books bearing his own imprint and scores more that must also have come from his presses. To the typographer he is a household word both for the beauty of his books and of the many initials and cartouches cut by his artists, and for the sturdy type face which bears his name, but which was probably cut for him by Garamond in Paris or Granjon in the Netherlands. It is the type (noted for its blackness when unleaded owing to its generous "x-height") in which *The Economist* is printed, and which was the inspiration for the type designed by Mr Stanley Morison for *The Times* in 1932. But with perfect appropriateness Mr Colin Clair has decreed that this handsomely produced biography of "the prince of printers," as Plantin was called in his lifetime, should be printed in the type designed earlier by Garamond, like Plantin a Frenchman, who supplied so many of his types, both latin and exotics.

Plantin's personal story, however, has been curiously neglected in Britain, and this scholarly and readable biography now comes to fill the gap. Plantin the printer was a counter-reformation figure of the greatest interest, and his life vividly illustrates what it was like to be a publisher between the fires of the churches militant in the debated ground of the Low Countries. What the Inquisition left, Alva's Spanish soldiery usually destroyed. Plantin, however, survived everything—the Church, the Spanish fury, the revolt of the Netherlands, famine, plague and rapine—and left sons, daughters and sons-in-law to carry on the house which he founded, and which (with its wooden presses and its unexampled collection of early punches and matrices) can still be visited in Antwerp.

How he did so is an enthralling tale if, even when Mr Clair has told it, still something of a mystery. There is no doubt that Plantin printed heretical books before the arrival of Alva; in fact, there is no doubt that he was heretical himself, a follower successively of the mystic Henrik Niclaes, and his sect "the Family of Love," and later of Henrick Jansen Barrefelt, another kind of Anabaptist, both of whose writings Plantin printed. Yet his great patron, notably in the production of the famous polyglot bible, was Philip II of Spain; and when Alva crushed protestantism in the southern Netherlands in 1587, Plantin both became the licenser of all other printers, and himself printed the Index of prohibited books. He got into, and got out of, trouble with the Inquisition more than



once; the whole chapter of his relations with religious intolerance strangely suggests a modern communist inadvertently running into bouts of deviationism.

For this reason Plantin has been described as a trimmer: a man who, to keep his big business going (he had at the peak of his fortunes 21 presses and 160 employees, an unheard-of number) played ball with whoever was in authority. But such an interpretation is inconsistent with the high regard in which Plantin was held by the renaissance scholars with whom he worked—not just as a printer or publisher (though he was all that and a bookseller and a haberdasher as well), but also as one who gave erudition to the world through the new medium of printing. Plantin, in fact, innately believed that he could be both a loyal member of the Church and a mystic; like most mystics, this made him tolerant if not worse—unconsciously an indifferentist. It is clear that he drew his great power of objectivity, his passionless passion to produce and, through production, to worship, from his mysticism rather than from the dogmas which caused men around him to be slain, cities razed and economies destroyed. He was in spirit closest to the artists of the time. To one of them—Rubens—we owe a portrait of this versatile renaissance man: craftsman, artist, businessman, political adept and philosopher.

Close Run

Waterloo

By John Naylor.

Batsford. 208 pages. 21s.

On such a well worn theme as the battle of Waterloo, one demands clarity rather than originality from an author. Modestly, Mr Naylor admits that his book has negligible claims to scholarship and none to original research, and he openly acknowledges his debt to Major-General Fuller's brilliant analysis of the campaign. His target then must be clarity. He clips

the bull, successfully combining retrospective comment with contemporary accounts of what it was like to fight in the smoke and roar of that day in June. Mr Naylor emphasises the bad and wrong decisions made by Napoleon, Ney, Wellington and Blucher. Perhaps a shade too strongly; it is almost as if in his anxiety to emphasise the perfectly rational and correct interpretation that Waterloo was Napoleon's failure rather than Wellington's victory, Mr Naylor momentarily loses sight of the fact that Waterloo was no different from most other battles in being a compound of errors. But this is excusable, for few errors have been quite so decisive. The desire to show what went wrong may also explain why on occasions the analysis of the important manœuvres seems a little repetitive.

The book is well illustrated, as were its predecessors in this "Battle Series," and it is pleasant to find within the compass of two hundred pages a full and careful study of the campaign and to be reminded how close a run thing it was. It has another incidental advantage: it reminds one how well some of Wellington's subordinates could write and may send the reader scurrying to find a copy, say, of Mercer's journals.

The Kara Sea

Siberian Arctic: *The Story of the Siberian Company*

By Jonas Lied.

Methuen. 217 pages. 30s.

In the year 1910 Mr Alfred Derry of Derry and Toms was obsessed with what seemed to him, but to few others, an idea of tremendous commercial promise. Far from High Street, Kensington, lay the Kara Sea, to the north of Siberia and east of Novaya Zemlya, providing the link between the North Atlantic and the great rivers Ob and Yenisey, whose upper reaches traversed the rich, fertile, but then quite undeveloped Siberian plain. What an opportunity to bring food to Europe, manufactures to Siberia. It was the Hudson Bay Company over again, in some ways even better. Once this idea was mentioned to Mr Jonas Lied, a young Norwegian of great energy, there was no holding him, and the Siberian Company was born. Initial failure was followed by growing success, until, in 1918, Lenin put an end to it just when the prospects seemed really dazzling. Mr Lied might at once have directed his energy elsewhere, but, apart from an understandable unwillingness to abandon everything, he was also by now a Russian citizen. Dark years followed, ending in release and a new career for him, but no such happy outcome for the company.

In most of this the author was directly involved, and it makes good reading. There follow some chapters on what has happened to the Kara Sea route in Soviet times. To some readers, this may perhaps be the most interesting part; not only for the facts (which are correct, but for some misleading statements about the war years), but also for the attitude of an imaginative and adventurous entrepreneur towards large scale state enterprise. The route has a future, as Mr Lied says—between 50 and 100 ships use it each summer now—but whether that future lies precisely in the directions he suggests is not so certain.

Dedicated to Power

Doctor Goebbels

By Roger Manvell and Heinrich Fraenkel.

Heinemann. 342 pages. 30s.

Influenced by devout Catholic parents and a Rhineland upbringing, Joseph Goebbels toyed at one time with the idea of becoming a priest. One of his many landladies, a well-to-do political patroness, said he reminded her of Savonarola, "so ascetic, so dedicated." But that was when, at the age of twenty-eight, he had just been appointed Gauleiter of Berlin and was already resolutely launched on his adventurous career as showman-in-chief for Hitler, the Nazi party, and the Third Reich. Hitler had given the Berlin appointment much thought. He chose Goebbels because, he said, "he had the two attributes without which no one could master the conditions in Berlin: intelligence and the gift of oratory." Did Hitler ever believe in Goebbels's sincerity?

It has been remarked that it was chiefly Goebbels who won the capital for the Nazi movement. He knew clearly how he intended to set about it: "to go for the street . . . our only road to political power." So he confided in a diary not meant for publication. Wit and cunning, stagecraft and guts, were his special personal contribution to the campaign. It is characteristic of the authors' thoroughness that they have consulted contemporary posters and handbills. In reply to one Berlin newspaper's charge that the Nazis were bandits, Goebbels assumed the title of *Ober-Bandit* in his next street proclamation. With his superb voice and shrewd showmanship, the lame little Gauleiter could fill the Sportpalast whenever he wanted to, and charm the huge audience out of their senses. He delighted in doing so. Just before it was his turn to speak, he would conspicuously change out of his ordinary jacket into one of black alpaca. He would weigh himself after a particularly strenuous performance, and claim he was two or three pounds lighter as a result.

The authors have obviously gone to immense trouble in piecing together the facts of Goebbels's life and death. They have consulted all the major surviving eyewitnesses, and probably all the documents (some may be in Russia). They have assembled some interesting photographs. And they have identified and discarded much legend. It is a dramatic, terrible and mystifying tale of a highly gifted man in quest of recognition and power. They tell it skilfully, and with dignity.

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By Stanley Unwin.
Allen and Unwin. 455 pages. 25s.

As raw material for autobiography, the dappled memories of youth are better stuff than the crowded engagement-books of middle age. One has ruthlessly to prune the latter, or they clog the narrative. Sir Stanley Unwin, in spite of years of experience with mountains of manuscript, has not been ruthless enough. Therefore his account of the years before he became "an adult free man," which were lean years slaving for a shipbroker and for his parsimonious uncle T. Fisher Unwin, is the best part of his book.

The rest is jaunty, and overflows with zest and acumen, but is more of a personal addendum to his "The Truth about Publishing" than a portrait of his times and friends. Having bought a firm of his own and saved it from shipwreck in the first war, he was in the swim of exciting liberal-to-left political and literary thought. The names of thoughtful, sociable and often delightful people fill his pages, but are seldom given human dimensions. Graham Wallas and Gilbert Murray, Bernard Shaw and Bertrand Russell, Arthur Waley, Thomas Masaryk, Rabinadrath Tagore all pass by, but are noted rather than described. Only readers who knew or know them will get an image out of such phrases as Sir Stanley's bare "a fascinating person to talk to" (Beatrice Webb); it is not possible to share his satisfaction at his "courage to publish" a book of which he says only that it unmasked "certain irregularities."

The great exception to this stricture is his self-portrait. It is that of a highly contented man living at grips with the world, envying no one, and forever stretching himself not only in mind, but also in body and soul. He does battle for cause after cause. Railway companies are reprimanded, Lord Curzon put in his place; British book sales are boosted abroad, New Zealand mountain passes tramped at seventy with so much equipment that "constant falling was exhausting; nevertheless it was huge fun." No wrong that he can put right is left untackled; seldom, if ever, is he sick at heart. Few men have so happy a record of militancy, but then few are so confident that the breastplate of righteousness is a good fit.

Twenty Years Before

The Mind of an Assassin

By Isaac Don Levine.
Weidenfeld and Nicolson. 253 pages. 21s.

Later this year the Mexican prison authorities are due to release a middle-aged Spaniard, calling himself Jaques Mornard, who will then have completed a twenty-year sentence for a political killing on the outskirts of Mexico City on August 20, 1940. The fate of Trotsky's murderer, when he sets foot in the outside world again, is highly doubtful. He was refused normal parole (although an exemplary prisoner) in 1953. This year the Mexican police are expected to charge him with illegal entry (he used a Canadian passport in the improbable name of Frank Jacson), which should mean a further two-year sentence. After that, no one knows.

Through the years Jacques Mornard (or, rightly, Ramon Mercader) has held his tongue, not only about himself but also about the organisation that sent him into Mexico to contrive Trotsky's death. Mr Levine, after studying Mexican psychiatric reports, details produced by Soviet defectors, and new material he helped to dig up himself in Spain, has now produced some, at least, of the answers. His account of Mercader's life is consistent and coherent, with a few gaps, and the influence of the mother is suitably emphasised. This incredible woman, Caridad Mercader, a Cuban who fought in the Spanish war, visited Mexico herself to set the stage, followed her MVD paramour to a disillusioning stay in Moscow and now lives in seclusion in Paris, is by far the more interesting character. We do not give enough attention to regicides' parents.

At the end, Mr Levine still seems slightly baffled about the inner mind of the assassin, and is rather given to such banalities as: "Beneath the mask of the prisoner in Mexico lurks the Kremlin's happy robot of the future." The story of the plotting and of Trotsky's last days makes a highly readable police dossier. But is Mercader simply a zombie? He has kept silent chiefly to protect his mother, if not perhaps to steer himself to any small felicity in a world that can hold little for him. (After all is Mr Khrushchev going to greet one of Stalin's thugs with open arms? The Trotsky affair is a very sensitive one for him.) We may still have to wait some time to see exactly what Mercader's welcome will be.

A History of Sanitation

Clean and Decent

By Lawrence Wright.
Routledge. 294 pages. 30s.

Popular essays upon domestic sanitation are a more frequent publishing venture than the casual reader might imagine; Mr Wright acknowledges four in England since 1939. His own, a potted social history of the bathroom and water closet, arose almost by accident. Having agreed to organise and design an exhibit for a recent Building Exhibition illustrating "The History of the Bathroom," he found the necessary research acquiring a certain fascination of its own. A publisher suggested that the material might make a book; this judgment was strongly supported by

> the several journalists, amateur and professional, who saw the Olympia exhibit and its descriptive booklet, and had all—by coincidence—been just about to write this very book themselves. They only asked for the free loan of my notes, library lists, books, drawings and photographs. I hope that my refusals were gracious.



Mr Wright's own approach is a shade more technical than his would-be borrowers' might have been (he is an architectural painter with some experience of writing for architectural magazines). He is more interested in specific detail than in broad generalisations about shifting social habits; the one, in any case, so often tends to puncture the other. It is true enough, for example, that after the break-up of the Roman Empire "the taps were being turned off all over Europe; they would not be turned on again for a thousand years." But Mr Wright finds that the evidence is divided on the attitude of the Early Church towards sanitation: one can quote prohibitions of bathing, yet some of the monasteries, for example, anticipated the public health campaigns of today in their placing of the rere-dorter and laver. The public baths of mediæval times certainly disappeared, to be reintroduced as a novelty in the seventeenth century; yet the picture of Merrie England declining into dirty ways as the towns grew does not hold too much water, if that is the right phrase. The history of sanitation, certainly, displays no orderly progress; inventions arrived long before they made any impression on social attitudes and habits, and the attitudes, in particular towards bathing, fluctuated wildly and widely in comparatively short periods.

Mr Wright's discussion is easy, sophisticated and amused without being arch; but for many readers the main attraction of the book will lie in its illustrations of the plumber's achievements over the centuries. These achievements were sometimes enormities in every sense of the word; but others, in detail equally comic to our eyes, may make the modern bather wonder why he is so simply and crudely served in comparison with his grandfather. The shower (let alone that deeply un-English contrivance, the bidet) has now become a rarity; the washdown water closet, some 360 years after Sir John Harington's Ajax, would be reasonably efficient if it had a 3-gallon flush against the 2-gallon limit that most Water Boards in practice specify, but generally remains resounding; the standard bath seems if anything to get smaller, but most taps remain located for humans with prehensile feet. The Englishman's ideas about whether to take a bath, why, and what to take it in, as Mr Wright points out, have differed sharply in the first and second halves of both the eighteenth and the nineteenth centuries. It might be a good thing if, as he thinks possible, they do so again in this one.

A Galway Entertainment

The Anger of Achilles

Homer's Iliad translated by Robert Graves.
Cassell. 391 pages. 30s.

Here is another of Mr Graves's personal classics. In his introduction he sets out his views on the origin of the Homeric poems, stating them as facts, without argument. The Iliad was based on a prose story, whose prime purpose was entertainment: it (and the Odyssey, to which we may hope he will now turn his attention) "deserve to be rescued from the classroom curse which has lain heavily upon them throughout the past twenty-six centuries, and become entertainment once more; which is what I have attempted here." And, of course, Mr Graves has succeeded brilliantly in doing exactly what he has set out to do. It is a rapid, rattling, exciting tale, written in an admirable prose; the run of the battle scenes have probably never been better done; the savagery of the story is brought out to the full; but . . . but . . . at the risk of being written down a schoolroom pedant, one must record that something is missing.

First of all there are the many passages which Mr Graves admits to be poetical. In the original they tie in without break with the narrative portion; but not so in Mr Graves's version. He follows what (he tells us) is the example of the story-tellers of Western Ireland, who recite in prose but, when the spirit moves them, suddenly break into verse. So does Mr Graves, but, from a master, what odd verse: short lines, abrupt, rather dull, maybe what they sing in Galway, but most unlike Homer. Second, and more serious, Mr Graves deliberately distorts the translation whenever he can in the direction of the prosaic and the ludicrous. Take one example. Here is Hawtrey's translation of two famous lines:

> They long since in Earth's soft arms were reposing, There, in their own dear land, their Fatherland, Lacedaemon.

And here is Mr Graves's more workmanlike version:—

> The truth was that both her brothers were long since dead and buried in their native country.

How is the Greekless innocent to guess that Hawtrey's is practically a literal translation and that Mr Graves's is not?

All the nobility and most of the poetry have gone in this translation; and quite right too, Mr Graves would say, since that is an interpolation by Homer or the Homeridae. Very good: as an entertainment it is unbeatable; Mr Graves has put *Homer's Stories Simply Told* out of business; but, as Bentley said of Pope, "You must not call it Homer."

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Clothes-wearing Man

The Dandy

By Ellen Moers.
Secker and Warburg. 372 pages. 36s.

THIS delightful book traces the history of the dandy from his Regency origin to his last decline at the end of the nineteenth century. It needed to be written: the concept of the dandy, to the ordinary reader of today, is a vague and undefined one to which different writers attach different meanings; but disentangle its lines of development—interacting but distinct—in England and France, and the pattern shows up with surprising clarity (given its essentially secondary nature) in the literature of the time.



The original dandy is a Regency product, and almost the personal creation of one man of repulsive genius, Beau Brummell, who created a persona which he managed to impose, without any advantages of birth or position, on the most exclusive of societies. The dandy is built round his clothes and his manners: perfectly dressed, unostentatious, reserved, self-loving, the master of *ton*, despising all values but those of a narrow and superficial society. It is not surprising that, when George IV died and the Reform Act broke down the dominance of the exclusives, there was a strong reaction against the more repulsive values with which the concept of the dandy was associated; the extraordinary thing is that so much of it, greatly changed, survived as something to be hated or imitated. Partly, no doubt, its survival was due to the mere strength of the reaction, which ensured that it should not pass into indifference: to us, the Regency means a period of graceful architecture and decoration; a hundred years ago it meant (with equal truth) a period of profound corruption in public life and high society.

Partly, moreover, dandyism owed its survival to the interactions between England and France; the French tradition, which started with the *anglomanie* of the Restoration and advanced, intellectualised out of all recognition, through Barbey d'Aurevilly and Baudelaire, was different from the English tradition both in kind and in phase.

Mrs Moers writes with great charm and skill. After 1830 the story is mainly literary, but clothes remain essential and she gives them their proper place. She ends with an epilogue on Max Beerbohm, the last of the dandies, who went back to "the oldest form of the tradition, the dandyism of pose and poise and a hedge against the world." One regrets only that, by confining herself to England and France, she excludes Lermontov, the noblest example, both in his life and in his great novel, of the tragic inner conflict between dandyism and feeling.



A Victorian Bombinator

The Dust of Combat: *A Life of Charles Kingsley*

By R. B. Martin.
Faber. 308 pages. 25s.

CHARLES KINGSLEY made a great deal of stir in his day. He did well at Cambridge, though not quite well enough to secure a fellowship; he took orders, and made a sensation as a young man by associating with Chartists. He adopted their ideas with enthusiasm rather than understanding, and was prominent for a time among the Christian Socialists who gathered round the great F. D. Maurice; but his anger at the iniquities of the early Victorian social system evaporated as he grew older, and he died a respected country parson, a royal favourite and a canon of Westminster. He was an earnest amateur scientist, collecting botanical specimens and wielding a geologist's hammer, without leaving any mark on botany or geology. He mastered a bad stammer enough to become an inspiring lecturer; Lord Palmerston made him regius professor of history at Cambridge, where undergraduates crowded his lectures and dons disputed whether he knew little or nothing of his subject. The queen and the prince consort thought highly of his sermons, for he was a strong protestant; no one else thought him a theologian. He wrote a savage anti-papist novel that has survived as a boys' adventure story—"Westward Ho!" He once said of himself, "I can write better poetry than any Englishman living"; twelve lines of his are in the "Oxford Book of English Verse." Indeed, his principal literary achievement was to provoke Newman into writing the "Apologia."

Kingsley had the misfortune, in short, to try to live in the intellectual stratosphere of a century ago without the necessary intellectual equipment: energy, kindliness and zeal alone do not make a thinker. The famous quarrel with Newman is well handled by his latest biographer, Mr R. B. Martin, who has used the extensive collection of Kingsley papers at Princeton, where he teaches English. He has not always been lucky in the aspects of English life he has chosen to discuss; in the spring of 1848, for instance, when London was filled with troops and marines, he says that "The merchant marines, however, were to be kept under close watch by the Thames police, for they were suspected of sympathy with the Chartists." But he has captured something of the flavour of the Kingsley household, which was joyous and lively; and he has at least appreciated two elements in Kingsley for which the canon would have been glad to be remembered: vigour and masculinity. A superb portrait photograph is the best thing in the book.

Bushmen Again

Kalahari

By Jens Bjerre.
Michael Joseph. 227 pages. 30s.

THERE is getting to be quite a library of descriptive books about the Bushmen of South-West Africa. This latest addition from Denmark is often interesting and sympathetic but is marred, unfortunately, by the author's evident wish to follow the example of Mr Thor Heyerdahl in combining "popular prehistory" with "curious travel." For this Mr Bjerre does not have the necessary equipment. He splashes around in the Pluvials without coming to much harm (except to give his otherwise lively book a lamentably dull beginning). Yet he should never have allowed the round assertion—under a useful photograph of the celebrated White Lady of the Brandberg—that the lady was a "4,000 year-old Cretan princess." The text does a little better than this by adding a cautious hint that the lady may possibly represent a fairly recent African; but a hint is not really good enough.

More serious is Mr Bjerre's evident lack of any serious knowledge of Iron Age prehistory in southern Africa. It is rather unforgivable, at this time of day, to throw off a reference to Monomotapa as being a country mentioned by Joao Baros [*sic*] as having "flourished in this part of the world between the ninth and fourteenth centuries." Even Joao de Barros, though writing from far away, knew that Monomotapa was situated in the plateau of what is now Rhodesia and not in the Kalahari.

But when Mr Bjerre gets down to describing his own travels he becomes a lively and intelligent observer. His writing is vivid and effective. He saw a good deal of Kalahari Bushmen and illustrates his book with excellent photographs in monochrome and some not-so-good photographs in colour.

Three in One

Emma Hamilton and Sir William

By Oliver Warner.
Chatto & Windus. 223 pages. 25s.

"THREE joined in one" was Emma's flippant adaptation of the motto of the Order of the Bath, with which both her husband and lover were decorated. Even the readers of the Sunday newspapers are familiar with this celebrated *ménage à trois*, but the first thing to be said about this book is that Nelson's Emma only occupies a quarter of it. The second thing to be thankful for is that justice is done to Sir William, who, far from being a senile cuckold, was a most intelligent and cultivated person. As the leading connoisseur of the day, he had an enormous influence on the taste of this country. He made the reputation of Pompeii; he inspired Wedgwood's Etruscan ware; and his collection (which included the Portland Vase) formed

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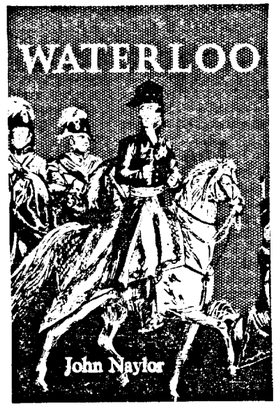

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the basis of the department of classical antiquities at the British Museum.

He married Emma (after living with her for five years) with his eyes open, fully realising that having acquired "a piece of modernity" he must soon be "superannuated." Casanova's comment on meeting the pair was typical: "It is always a mistake to marry, but when a man's physical and mental forces are declining, it is a calamity." But, as Mr Warner says, what Sir William could not have foreseen was how much he would admire the man who supplanted him.

Although we are grateful for this sympathetic treatment of a man whose reputation has been overshadowed by the flamboyancy of others, it is by no means certain that the same treatment should be extended to Emma. Mr Warner takes the line that hers were the "faults of circumstance, not heart." But even he is forced to admit in a postscript that her treatment of Lady Nelson was heartless to a degree, and by skating over the disgusting histrionics of her association with Nelson he leads the reader to think better of her than she deserves. But much must be forgiven a girl who was seduced by a naval officer at the age of 16, and passed from hand to hand until Greville unloaded her (aged 20) on to his uncle (aged 62). To have been the most radiant and admired young woman in society and then to die of drink and dropsy in poverty abroad is surely as tragic a fate as befell anyone. It is well that three such extraordinary persons should have found so tactful a biographer as Mr Warner, who has portrayed them in an admirably composed triptych.

More Organisation Men

Life in the "Crystal Palace"

By Alan Harrington.
Cape. 223 pages. 18s.

Men at the Top

By Osborn Elliott.
Weidenfeld and Nicolson. 256 pages. 18s.

HERE are two more views of the American corporative state: one a friendly study of the present-day tycoons by an experienced journalist; the other a shriek of protest from a novelist and former public relations man, who sees people being seduced and anæsthetised by the boring paradise of the welfare company. Mr Harrington is concerned with the men and women who dare not smash their ways out of the "Crystal Palace" because of the pension at the end of thirty years of service; to him the company's very regard for human dignity is somehow dehumanising, although he has had enough experience of the jungle outside to appreciate kindliness. Mr Harrington's complaint is not only against the gentle, all-pervasive inefficient paternalism of the "Crystal Palace"; he also objects to the way Americans load themselves down with insurance policies, instalment payments, mortgages, families—all prison bars against adventure and joy when people are still young enough to relish them.

At one corner these books overlap, when Mr Elliott's men at the top stop to worry about the monstrous size of corporations, the over-centralisation and the tendency of Americans today to imagine that the affluent society will continue to pour forth its rewards without any one taking any particular trouble. But in the main his book is concerned with those who get up at five, or even four, for the sheer joy of being able to spend a few more hours thinking about their business before their families are awake, who work not for money (the tax collector takes too much) but for prestige and excitement. For them life has become more complicated and more challenging as the size of corporations has grown and responsibilities to the community have come to be accepted as part of the executive's job. Mr Elliott's readable survey contains a wealth of apt anecdotes and interesting chapters on business and politics, on business schools and on the recruitment of executives, but Mr Harrington's philosophical problems are outside his brief.

OTHER SPRING BOOKS

WILLIAM PENN. By Catherine Owens Peare. *Dobson.* 448 pages. 42s.

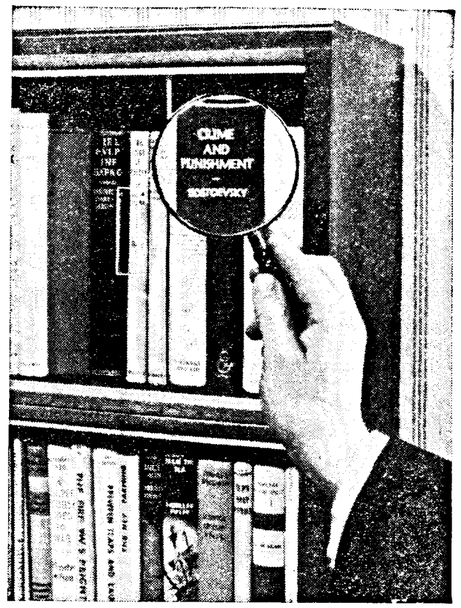
This is a sober and scholarly biography of a man who, as the American author says, "speaks to the condition of our times." Penn is not only an important figure in the history of the Society of Friends, both here and in America, but also the man who put into currency those ideas of European federation and religious toleration that are pertinent today. He was an exceptional Quaker because his birth and legal training gave him a position at court that enabled him to alleviate the sufferings of many of his humbler brethren. He was their spokesman in courts of law, in missionary journeys and innumerable tracts. Even if his city of Philadelphia did not live up to the name he gave it, the administrative skill and large vision with which he founded Pennsylvania deserve our admiration. This book, with its ample quotations and reliable narrative, portrays a man of great intelligence and good will.

A ROUND OF GOLF WITH TOMMY ARMOUR. By Tommy Armour. *Hodder and Stoughton.* 143 pages. 15s.

This belongs to the conversational rather than the ultra-scientific school of golfing books, with a certain charm and shrewdness but not so concentrated (as some are) that it is in any danger of driving the weekend golfer out of his mind with advice. It is all good basic stuff of the kind that every player is certain he knows already, is so prone to let slip from his mind and is always glad to rediscover from a master's writings and the drawing of a clever artist.

A REGIONAL HISTORY OF THE RAILWAYS OF GREAT BRITAIN. Vol. I, The West Country. By David St John Thomas. *Phoenix House.* 209 pages. 30s.

This is the first of a series of histories on the railway system of Britain region by region. For all lovers of railways, including those who lament the appearance of Swindon's last steam locomotive recently, it is a book that can be warmly recommended. It steers an attractive course between the standard histories of the Great Western and Southern railways and the popular kind of railway book, where the facts and dates are unreliable, combining attention to scholarship with an easy flow of narrative. The other regions will be lucky if they are as well served as the West Country has been by Mr St John Thomas.



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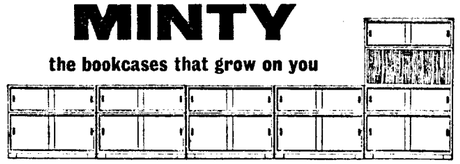

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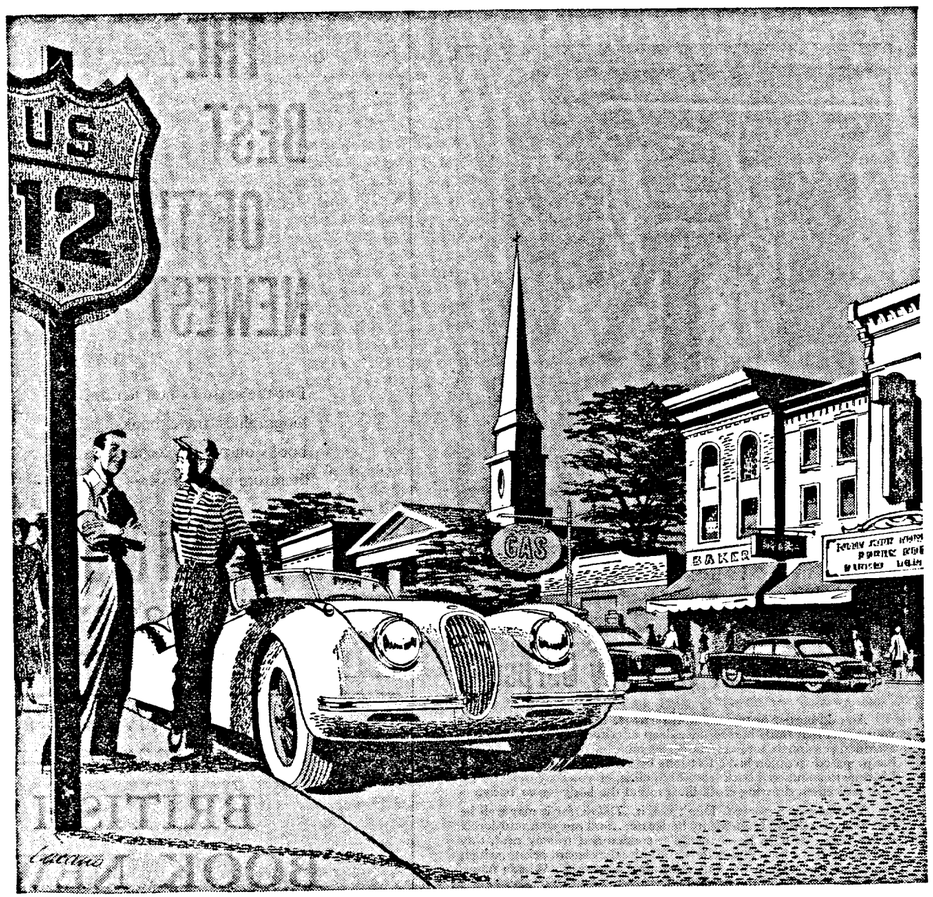

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AMERICAN SURVEY

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

Shaken by Rumbles



WASHINGTON, DC

NEARLY 7,000 well-meaning Americans have been filling Washington this week with the conviction that, while youth may be a stuff that will not endure, its problems are certain to. They are delegates to a White House conference called by President Eisenhower to help young people "to realise their full potential for a creative life in freedom and dignity." The conference, having been told by Mr Eisenhower on Sunday of his unshakable faith in the wholesomeness of most young Americans, is spending the rest of the week discussing a collection of papers written by distinguished teachers, sociologists and psychologists. Not all of them share the President's optimism. The subject at the back of everybody's mind—and the one thing Mr Eisenhower specifically mentioned in his opening address—was the frightening increase in the number of crimes committed by adolescents.

In 1958, the last year for which figures are available, 600,000 children aged between ten and seventeen were hauled before the juvenile courts. The figure has been rising steadily for a decade and is now nearly three times as big as it was in 1948, although the number of children in this age group has increased by little more than a third. One offence out of every eight can now be laid at a juvenile's door, compared with one out of twenty-four a decade ago. The statistician, gulping slightly, gets an even better idea of the problem when he realises that roughly one boy out of every five (the male of the species is considerably more troublesome than the female, at any rate in America) is involved in a court case at least once during his adolescence. But it is also estimated that for every child who winds up eventually in a juvenile court two others are picked up by the police for misbehaviour without actually being arrested. It is at this point that the statistician locks his door and puts his sons out of the window.

These figures suggest that the "rumbles" or gang fights which periodically stir public alarm—four children were killed in New York within a fortnight at the end of last summer—are only the visible tip of the iceberg; the vastly greater bulk of juvenile delinquency lies below the level of the headlines. It is true that some of the offences for which young people are arrested today would probably have been punished by parents, or dismissed as pranks, a generation ago. In addition, traffic offences are involved in a third of all court cases and breaking the less important traffic rules is almost an outdoor sport in America. But arrests of juveniles for assault have multiplied sevenfold in the last decade, and those for theft eightfold. There are signs that people whose job it is to worry about juvenile delinquency are shaken by these developments, and are beginning humbly to think anew about the whole problem.

One of the first beliefs to be abandoned is the fond idea that all the trouble has a single root. In particular, the theory that most delinquents need a psychiatrist is losing ground. Among 500 young troublemakers studied in Cambridge, Massachusetts, only seven per cent had psychopathic disorders; although individual killers are often unbalanced, the children who murder and commit other crimes in gangs are usually not. The same fate seems to be overtaking the belief that this is principally a problem bred of the slums, and of poverty. The grim statistics roll in from the respectable suburbs and the small towns as well, and a survey of three middle-class counties in New Jersey has shown much the same percentage increase as in the country as a whole.

If any single diagnosis is gaining favour it is that the growth in delinquency has coincided with the simultaneous decline of all three institutions—school, church and home—which used to imbue the young with a sense of responsibility to other people. Nothing is so dismaying about the average adolescent criminal as the absence of any real motive for the things he does and his almost total lack of shame. The "permissive" theory of upbringing which was so popular until recently weakened the ability of either parents or teachers to impose standards of decent conduct upon him at the very time when America's prosperity was making him more independent. This interpretation of what has happened has bred the horrible jargon of "sociopathic disorder." But it is also producing a welcome revival of the idea that, if the problem is to be solved, somebody will have to impose some restraints upon the young. One authority in New York, for instance, has coined the happy phrase that it is necessary to "modify their self-centredness."

A SENATE subcommittee led by Senator Hennings of Missouri, which has recently been investigating the subject, has found evidence which seems to support this idea. The very structure of the juvenile gangs, with its emphasis on authority, perhaps suggests what the members feel that they lack. In some cities social workers who attach themselves to such groups have discovered that they are often looked to for advice and guidance. In New York alone it is believed that these workers have prevented over four hundred "rumbles" and 192 possible killings either by calming the gangs down or by calling in the police before the fight began. And yet even in New York, probably the city which is best organised against delinquency, there are fifty or sixty bands of Stompers, Lovers, Royal Dukes and so on with whom social workers have no contact. This is not altogether surprising; these brave and devoted men are paid less than most unskilled factory workers.

Senator Hennings's committee has unearthed some other facts which will be useful in finding the right remedies. There is a close relation between the gangs and the problem of narcotics. In one community up to three-quarters of the members of gangs were found to take drugs; and it is significant that New York and Los Angeles—the two cities in opposite corners of America where so much violence and unpleasantness seem to flourish—are the places with the worst records of addiction among adolescents. It is also plain from the committee's inquiries that most juvenile courts, which were set up at the beginning of the century with the noble aim of giving special attention to young offenders, are hopelessly overworked and understaffed.

So far, most Americans have been circling gingerly around the problem of delinquency as if it were an infernal device discovered ticking one morning on the front lawn. One of the next questions to be answered is the extent to which the federal government has

a responsibility for taking it to pieces. Most of the legislation hitherto passed by Congress (except for the Acts prescribing how youths who break federal laws should be treated) consists of fairly minor provisions regulating the sale of drugs, weapons and obscene literature. A Bill to provide a modest allocation of $5 million a year for research into methods of controlling juvenile delinquency and for training staff has been passed by the Senate, but it is stuck in the House of Representatives.

Those who say that Washington should proceed cautiously are entitled to point out that, under America's federal system of government, the chief responsibility for dealing with delinquents is bound to remain with the states and local authorities. But Senator Hennings's committee thinks that no level of government has yet shown itself equal to the task. Very few communities take any action until they find a gang murder reported in their newspapers. One idea that the Senator's staff is mulling over is that an "ideal" anti-delinquency programme should be set up in the capital, of which Congress has direct charge. From the lessons taught by this model, other communities could learn ; and if the necessary measures turned out to be beyond their means, Congress might then be willing to reach into its pocket to help them.

Symington Smoked Out

SENATOR SYMINGTON of Missouri, who threw his hat in the presidential ring last week, is one of the three leading Democratic possibilities who have been happy to play a waiting game, confident that neither of the two declared Democratic contenders, Senator Humphrey and Senator Kennedy, could carry off the nomination. But by last week Senator Kennedy was beginning to look so irresistible that both of his undeclared rivals in the Senate—Mr Lyndon Johnson and Mr Symington—were revising their strategy. Mr Johnson let it be known that he would probably come out into the open earlier than expected, perhaps in June, and Senator Symington, who lacks Mr Johnson's bag full of southern delegates and his responsibility for leading the Senate, decided to take the plunge at once. To be "everybody's second choice" will not be much consolation to Mr Symington if Senator Kennedy walks off with the nomination on an early ballot.

This is what Mr Paul Butler, chairman of the Democratic National Committee, expects to happen if Senator Kennedy runs well ahead of Senator Humphrey next week, as most observers think he will, when Democrats in Wisconsin show which of the two men they would prefer as their candidate. In a characteristically indiscreet off-the-record talk with reporters (which soon got out, to the fury of supporters of Senators Johnson and Humphrey and Mr Stevenson, all of whom Mr Butler virtually wrote off) the supposedly neutral chairman added that the nomination would be clinched for Mr Kennedy if he could cap Wisconsin with another victory over Senator Humphrey in West Virginia on May 10th. This would show that the Roman Catholic Senator from Massachusetts can carry a predominantly Protestant state as well as one like Wisconsin where his co-religionists make up a third of the population.

This impression that these primary elections will be decisive is one which the Kennedy forces have been propagating industriously. Senator Symington, who is putting himself forward as the focus of a stop-Kennedy movement and who has chosen not to risk his political skin in any primary, takes the opposite view ; he is making a virtue of his prudence by declaring the few contested primaries (there are only five) to be quite unrepresentative. He has the support of many Democratic political bosses and of Mr Truman, although the ex-President's blessing was not much help to Mr Harriman in 1956. But Mr Symington's speeches have been stale and uninspiring. Mr Stevenson's seldom are, and those which he is scheduled to make in the near future, although they are billed as unpolitical, might revive his fading chances of supplanting Senator Kennedy. Mr Stevenson's supporters are pointing happily to a new survey which, unlike the latest Gallup public opinion poll, suggests that, although he lost twice to President Eisenhower, Mr Stevenson could beat Mr Nixon, the virtually certain Republican candidate this year, by a handsome margin.

Civil Rights and Civil War

THE Senate has at last abandoned its own comprehensive civil rights Bill and is now debating the much narrower Bill which the House of Representatives managed to pass last week without any serious difficulty. The heart of this Bill provides for the appointment of federal referees to register Negro voters in places where state officials interfere with their voting rights. While Negroes are more often kept away from the polls by intimidation than by inability to register and while many people prefer alternative proposals for dealing with the registration difficulty, the House Bill is generally accepted by moderates on both sides of the controversy as being not only a measure which the South can "live with" but also a step forward. Even if it is only a short one it is the longest that is likely to be taken this year.

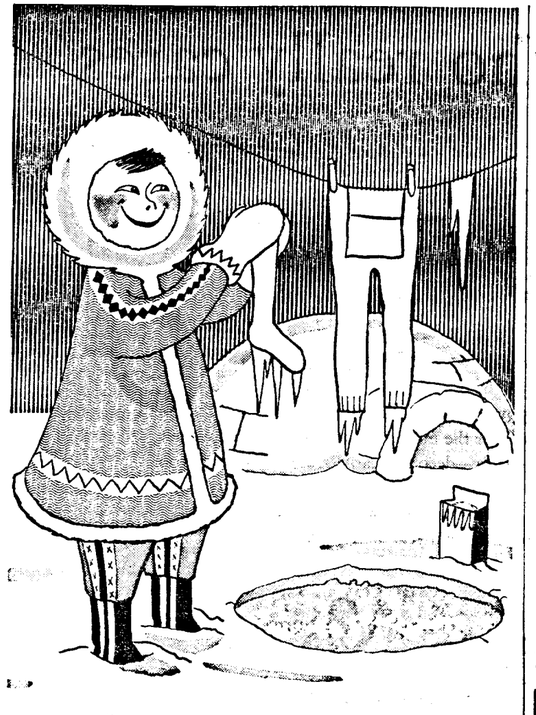
But if it is to be taken at all it is almost essential that the Senate make no changes in the Bill. If it does the measure must go through the House Rules Committee again and there it would probably be smothered by the reactionary southern chairman. For this reason the Administration is giving up two sections to which the Attorney General and many other people attach great importance: the provision of federal help for schools which are integrating their classes and the setting-up of a permanent commission to prevent discrimination against Negroes in employment. But these proposals may be revived if any attempt to amend the Bill in the Senate looks like succeeding. However Senator Johnson, the Democrat who drives his majority down the middle of the road, has no intention of allowing any changes—and so far almost everything about this year's civil rights Bill has gone almost exactly according to his plan. Even if the Southerners renew their filibuster, Senator Johnson is confident that with this comparatively innocuous Bill he can secure the two-thirds majority needed to close the debate. So it seems that everything, even most of the shouting, may be over as far as civil rights are concerned—in Washington for this year.

Elsewhere the uproar is just beginning, as Democrats from fourteen mid-western states made clear when they met last weekend in Detroit, the most progressive of the party's bases. They drafted an extremely liberal and solid plank on civil rights for Negroes and insisted that it must be included in the Democratic election platform next summer. And in an attempt, which may do more harm than good, to shatter the inevitable southern reaction before it crystallises, the national chairman of the party, Mr Paul Butler, never one to pamper the South, attacked Democrats there who are planning a wait-and-see policy at the nominating convention. He warned southern delgates that unless they arrive pledged to support loyally the party's presidential candidate and platform they will not be seated. Threats of civil war are nowadays an inevitable part of preparations for a Democratic convention but this year they are earlier and more bitter than usual.

Banks Branch Out

FROM A CORRESPONDENT IN NEW YORK

NEW YORK CITY's big banks, whose branches have been confined by law to the five boroughs, won a long sought victory last week when the State Legislature approved a new banking Bill permitting them to extend their operations beyond the city's borders. The vote was a surprise, for opponents of the measure



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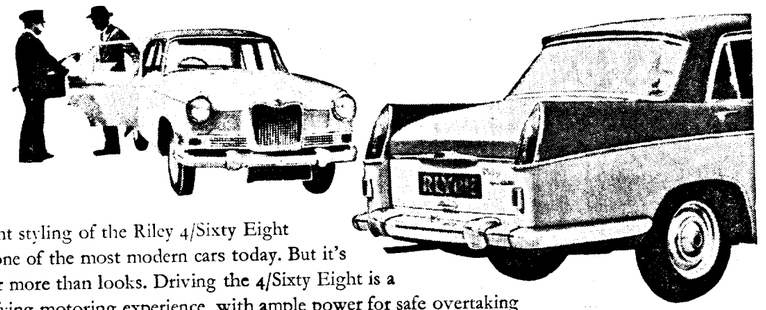

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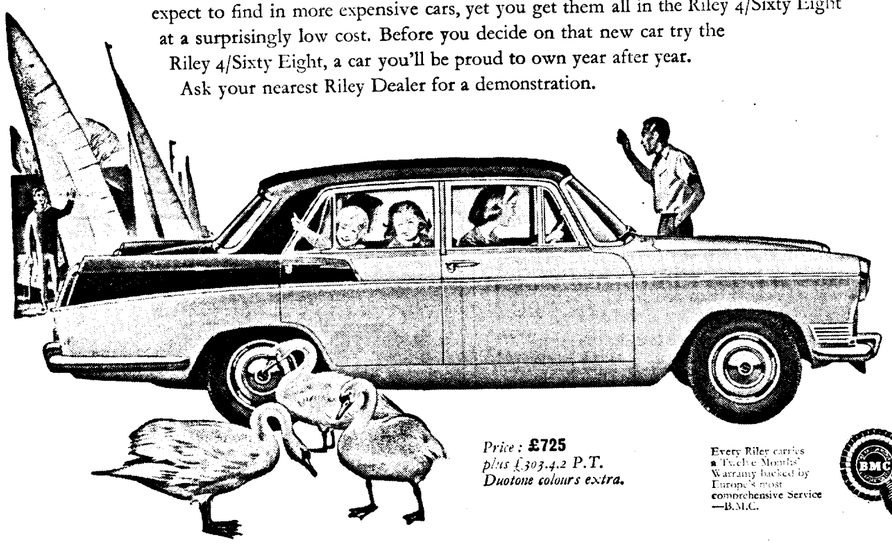

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had been confident that the coalition of suburban Republicans and New York City Democrats, who had defeated it in the past, would remain intact. Instead, the Democratic leaders suddenly gave up their opposition and allowed members of the party to vote for the Bill. This last-minute reversal has led to charges of a deal between Governor Rockefeller and the Democrats, who are seeking additional state aid for the city, and even to accusations that Mr Rockefeller railroaded the Bill through because of his family's holdings in the Chase-Manhattan Bank, the biggest commercial bank in New York and second largest in the country. Mr Rockefeller's Superintendent of Banks was an active champion of the measure, but the Governor himself played a very circumspect role; after signing the Bill, however, he explained that he had considered it to be emergency legislation only because a law forbidding the creation of new bank holding companies was about to expire.

The fact is that banking legislation has been under consideration for many years, and the failure of the Legislature to take any action until now has tarnished New York's reputation for progressive leadership in this field. The district lines drawn up to restrict branch banking kept the big city banks in a strait-jacket at the same time as they encouraged the growth of many small independent banks, which have enjoyed the absence of spirited competition. Faced with a loss of deposits to institutions outside the city, banks in it have been stimulated to merge. But real expansion depends on being able to break out of the legal boundaries. It is true that the new law provides for only a limited extension of branch banking, but its supporters see this as the necessary first step towards a state-wide system. The law's significance, moreover, is not confined to the state; it will almost certainly set off changes in other states which have been watching to see what New York would do.

UNDER the provisions of the new Act, which goes into effect on July 1st, the city's banks will be permitted to operate branches only in the adjoining suburban counties of Westchester and Nassau, territories which are already served by a host of banks, some with branch systems of considerable size. Furthermore, New York City banks will not be able to set up new branches in towns where other banks have their head offices or in towns with less than 30,000 people already served by a bank. This means that there is little likelihood that the metropolitan banks will be able to establish many new branches in the suburbs; if they are to extend their operations it will have to be either by a merger with existing banks—the method favoured by the Chase-Manhattan—or by setting up a holding company to acquire existing banks, something the First National City Bank, Chase's main rival, has tried in the past, only to be thwarted by the Federal Reserve Board. The new law allows the formation of holding companies, which will be permitted to operate banks throughout the state; many who sought to retain the restrictions on branch banking, favoured this type of expansion, on the grounds that individual banks operated by a holding company normally retain their local associations, including managements and boards of directors. Bank holding companies, however, are penalised by a special federal tax of 2 per cent which may serve as a deterrent to some.

The New York City banks may proceed cautiously both because the price of bank shares has shot up and because of uncertainty about the attitude of the regulatory authorities, but they are certain to invade the suburbs. Their percentage of the country's bank deposits has been decreasing steadily and, while most of their losses have been to banks outside the state, there is no doubt that suburban institutions have been benefiting from the exodus of city dwellers. Because suburban deposits are now often idle, they are particularly attractive to the big banks, which are much more sensitive to the Federal Reserve Board's restrictions on credit than their suburban cousins because they use their reserves much more fully. These deposits are the big prize that the suburbs offer; in return, the large commercial banks can provide potential customers with a wider variety of services, as well as much broader credit facilities, than small banks can command.

Many suburban banks are more afraid of an invasion by mutual savings banks and savings and loan associations than of one by New York City's commercial banks. For the new law permits thrift institutions in New York City to open two branches in the suburbs (savings banks outside the metropolitan area are allowed one branch). Many commercial banks outside the city have been paying low rates of interest on savings deposits and they are threatened now with competition from mutual savings banks which offer much higher rates on such deposits and which are willing to provide loans on mortgages at rates below those which the commercial banks have been charging.

The public should benefit from this increased competition. The sacrosanct position of the local unit bank, which has had a traditional monopoly in the United States, has not always been to the advantage of the public and it is coming to an end. The development of mass retail banking is incompatible with the independent unit bank and, although the law has been slow to recognise the fact, the building up of local branch systems has done so. In breaching the district lines, New York may well be signalling an even bigger breakthrough.

No Transports

THE seventy-eight recommendations of a new study of transport policy by the Department of Commerce seem likely to join the five-year-old proposals of the Weeks report on the shelf. The most that can be hoped for is that Congress will take down a few of them as it pursues its own leisurely study of the complicated, controversial, frustrating tangle of government regulation of transport. The President, who asked for the study over a year ago, has sent it to Congress without either comment or endorsement. Mr Mueller, the Secretary of Commerce, has said himself that there is no urgent need for action on the twenty or so proposals which require legislation. Because the report is clearest and most detailed on what should be done to help the railways, the "unsubsidised sick man" of transport, the road hauliers and the spokesmen for the waterways are up in arms against it, as they were, for much the same reason, over the Weeks proposals.

The present document, which is both broader and more thoughtful than its predecessor, has two main themes: that government regulation should be reduced (except where it is needed to prevent cut-throat price wars or the abuses of monopoly) in order to give free play to competition; and that carriers in the air, on the waterways and on the roads which, unlike the railways, use facilities provided by the government, should be taxed to pay for them. Naturally this idea does not appeal to these carriers. But they are even more alarmed by any prospect of more freedom for the railways to set their own rates. There is a bitter fight going on already between the railways on the one hand and the motor and water carriers on the other over cuts in rail charges which might drive the railways' competitors out of business—so they say. Yet all these common carriers suffer, as the report points out, from competition on the part of private carriers who are exempt from government regulation; if the transport system is not to become even more distorted, competition should become more, not less, general.

Other recommendations for the railways are that it should be made even easier for them to merge and to drop unprofitable passenger services, and that the federal government should give up its war-time excise tax on passenger fares as soon as the budgetary outlook allows this. Unfortunately all that the study could do

about the tax policies of state and local governments—which are a far greater source of financial headaches for the railways—is to recommend a new study of them. But the only industry which has given the report a really rousing welcome is the merchant marine; this is because its authors, in an attempt to see their way to the reduction of shipping subsidies, have embraced the protectionist line that the bulk of American surplus commodities (instead of 50 per cent) should be carried in American vessels.

Prejudice in Reverse?

FORGETTING past differences in order to further the battle for racial equality—or so they declare—Mr Hulan Jack, the Negro President of the Borough of Manhattan, and Representative Adam Clayton Powell, the coloured Congressman from Harlem, the great Negro district in that borough, have formed a " united Democratic leadership team." Among the team's detailed objectives are more political jobs for Negroes and the winning of municipal judgeships for two of their friends at this autumn's election. The alliance is sensational because Mr Powell has long been under attack from Tammany Hall, the Democratic party organisation in New York, and Mr Jack was the only survivor of a purge of Tammany candidates with which his new friend retaliated in Harlem.

Since then they have been bitter enemies, but now Mr Jack has fallen out with Mr De Sapio, the Tammany boss, and so needs Mr Powell's help. For his part Mr Powell also needs to consolidate his control of Harlem before he runs for re-election later this year. Mr Powell and Mr Jack are both in trouble at the moment because they have more in common than their pigmentation and their political skill: both are involved as defendants in separate cases concerning financial malpractices and both, by accusing their accusers of racial prejudice, are trying in effect to influence the outcome of their trials through Negro political pressure.

When he was first charged in January with violating the City Charter Mr Jack suspended himself from his duties until " such time as a final determination of my case is made." Nevertheless he seized the opportunity to return to office when a judge dismissed the charges against him as being defectively phrased, although the District Attorney has appealed against this ruling. Such insensitivity to the political decencies has raised a clamour for Governor Rockefeller to dismiss him, without waiting for the outcome of the case. Mr Powell was charged several years ago with evading the payment of taxes on his own and his wife's large incomes, but the case has only just been brought to trial. It has even been suggested that this postponement was Mr Powell's reward for supporting President Eisenhower in 1956. But Mr Powell remained an official Democrat ; under the congressional rule of seniority and in spite of his unpopularity everywhere but in Harlem, he is likely to be the next chairman of the House Committee on Education and Labour, unless he is sent to prison or defeated in the coming election ; the latter, at least, is unlikely.

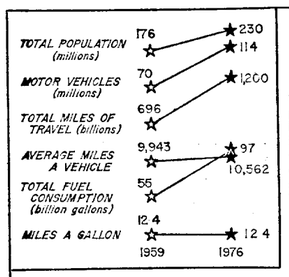
Cotton Upon the Waters

ONE of the grievances of the manufacturers of cotton textiles is that the export subsidy for raw cotton, which was instituted five years ago to offset the high domestic support price and to make raw American cotton saleable abroad, enables foreign manufacturers to buy American cotton more cheaply than their American competitors can and therefore to undersell them on their own market. Imports of cotton textiles have, in fact, more than tripled since 1954 as Hongkong, Formosa and Pakistan have joined Japan as suppliers of cheap textiles to the United States.

The Department of Agriculture is supporting the imposition of a fee, equal to the subsidy, on imports of cotton textiles on the ground that its programme to export more cotton is injured when that same cotton comes back to the United States in the form of textiles. This is alleged to prevent sales of raw cotton to American manufacturers which would otherwise have taken place. At the moment exports of raw cotton are going great guns—they are expected to be more than twice as large this year as they were last year—and they are thought to be responsible, in large part, for the present recovery in American exports.

The State Department, on the other hand, opposes anything which will make it harder for the under-developed countries to sell their textiles. Meanwhile Japan, which is America's second best customer, and buys much more cotton from America than it re-sells to it in the form of textiles, is threatening to suspend the " voluntary " quotas which it has imposed upon its textile exports to the United States and perhaps to switch to other fibres if the fee is imposed. The ideal solution, of course, would be to end the high support prices for cotton. There is some ground for encouragement, therefore, in the news that cotton growers seem to be opting in larger numbers for the lower support prices which give them freedom to plant more.

The domestic textile industry is by no means content with the proposal for an equalisation fee (even though, for practical reasons, this would be applied to all imports, whether they were made of American cotton or not). It wants country-by-country quotas based on total imports in 1954. But with the industry more prosperous than it has been for eight years, the Tariff Commission is not likely to recommend a quota, and if it did the President would probably not approve it. Indeed Mr Kearns, the Assistant Secretary of Commerce for International Affairs, recently read the industry a sharp lecture, declaring that American manufacturers, instead of making a scapegoat of imports, should concentrate on developing their exports (which also benefit from the subsidy). Soon after this, however, Mr Kearns, a strong advocate of liberal trade, sent in his resignation ; he denies that he did so under pressure, but the textile interests can muster a formidable roster of congressional sympathisers, both from the South and from New England.

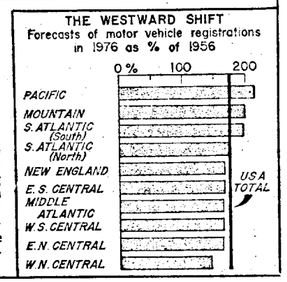


AMERICANS ROLL ALONG

By 1976, according to official forecasts, there will be 95,000,000 passenger cars (and 19,000,000 lorries and buses) in the United States. This means that there will be three automobiles to every four persons of driving age, that is, between 15 and 74. The average vehicle is expected to use 855 gallons of petrol a year but the study was made before the new compact cars were put on the market.

The heaviest increases, in population, number of vehicles and distances travelled are expected in the West, particularly in California, New Mexico and Arizona, and in Florida, the other great tourist centre.

These forecasts predict a flow of traffic in 1976 14 per cent greater than was estimated in 1955 when the new interstate highway system was being planned. They have been compiled by the US Bureau of Public Roads from statistics prepared by the 48 states before Alaska and Hawaii were admitted to the Union.



(Getting Older—page 54)



MEN AT WORK on Consett's new 4-high Plate Mill

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Getting Older

FROM A SPECIAL CORRESPONDENT

THE United States, like a woman who has just taken a good look at herself in the mirror, is realising that it is no longer as young as it used to be. The result has been a feeling of shock, followed by an earnest search for remedies to the creeping problems of age. The number of Americans over 65 is increasing fast; while about 4 per cent of the population was in this age bracket at the turn of the century, today the 16 million senior citizens—as they are euphemistically called—are 9 per cent of the population. And if any considerable progress is made in the control of cancer and the circulatory diseases, the growth in the proportion of old people will be speeded up.

Perhaps because of its traditional accent on youth, the United States has reacted slowly to the implications of this minor population explosion. But now this attitude is changing. The press and the big magazines have tumbled to the fact that America's ageing population presents a problem of national dimensions—and a growing market for all kinds of specialised products—and that the subject is not too distasteful for either the public or the advertisers to swallow. And Washington has grown very much alive in the past few months to the immediate political implications of the growth of a block of older voters: in this year's election, more than 20 per cent of the eligible voters will be 60 or over and this figure will rise to about 25 per cent by 1970.

A few weeks ago a Senate subcommittee under the chairmanship of a Democrat, Senator Pat McNamara of Michigan, reporting after a year of intensive study all over the country, recommended that the highest priority should be given to expanding the social security system to include medical insurance for those eligible for government pensions. It also proposed an immediate increase in social security benefits; additional federal help for the construction of housing for the aged; and more opportunities for those able and willing to work beyond the normal age of retirement, including possibly legal provisions against refusing a job to an applicant solely because he was too old.

There is little doubt that illness and disability strike older people more frequently and more expensively than they do younger members of the population, and at a time when many of these older persons are living on fixed incomes. More comprehensive health care is therefore probably one of the greatest needs of America's old folk today; it is also a hotly-debated political issue. The debate centres on a Bill, first introduced in 1957 by Representative Aime Forand, a Democrat, which proposes that the social security Act be amended to provide insurance against the costs of hospital, nursing and surgical services for all people eligible for benefits under the Act. This insurance would be financed by raising the present social security tax, paid on wages by both employer and employee, by a quarter of one per cent, to 3¼ per cent each. The Bill would in fact introduce federal health insurance to the United States, on a limited scale.

As could be expected, the American Medical Association was violently opposed from the start to this form of "socialised medicine" and is urging its members to step into the political arena in their local communities to fight the proposed legislation. A number of other organisations, mostly associated with the drug and insurance industries, condemn the Bill, while the big trade union group, the American Federation of Labour and Congress of Industrial Organisations, has long backed it strongly. The AMA argues that private insurance for the elderly—which is growing by leaps and bounds—can easily cope with the situation, and claims that 60 per cent of the aged who need and want private coverage will have it by the end of this year, and 75 per cent by 1965. The answer of those who support the Bill is that the private insurance being offered to the aged is inadequate and too expensive for the pockets of those needing it.

Whatever happens to the Forand Bill, which has become a major topic of letters addresed to Congressmen by their constituents, medical care for the aged now seems certain to be a lively issue in the coming election campaign. The leading Democratic contender for the Presidency, Senator Kennedy, has already climbed on to the bandwagon with his own version of a national health insurance Bill. Backed, it is believed, by Vice President Nixon, who seems assured of the Republican presidential nomination, Mr Arthur Flemming, the Secretary of Health, Education and Welfare, has been urging the President to produce some constructive Republican alternative, such as government financial support for an expanded system of voluntary health insurance for old people. But Mr Eisenhower insists on waiting until the Administration has studied the problem further—a delaying tactic which is being much criticised by liberals within as well as without his party.

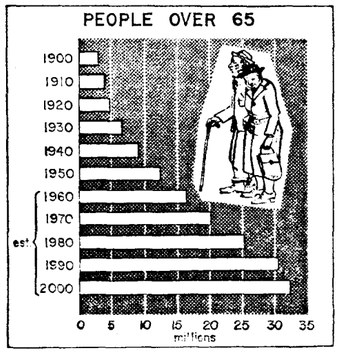
THE problem of the ageing is a complex, nagging one. The United States has lagged behind certain European countries in meeting the needs of the elderly, particularly in housing and medical care. The three-generation home is fast disappearing from the urban landscape of modern America, and loneliness has become a great scourge to many old people who are separated from their families. As men and women live longer, healthier and more active lives, the generally accepted practice of compulsory retirement at 65 is being re-examined. Mr Flemming recently called mandatory retirement at 65 "a lazy man's device for dealing with a difficult problem." Work is still the centre of the average American's existence, and doctors are reporting a growing number of mental breakdowns among retired persons who feel cut off from their "meaningful environment."

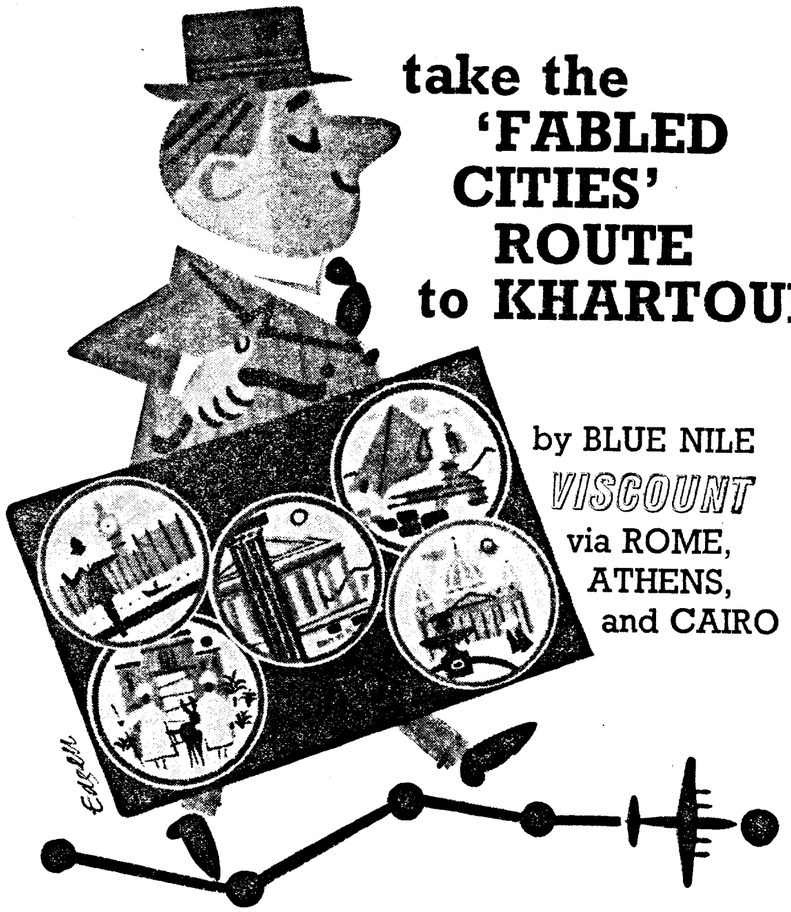
As human science prolongs human life, there will be mounting pressure for changes not only from the aged—who are not yet organized as a political force nationally, although they have already shown their strength in some state elections—but also from younger American families with a clearly defined personal interest in greater economic independence for their parents.

Some of the most disquieting evidence turned up by the McNamara subcommittee concerned the financial situation of the aged, showing that millions of them lacked the means to provide the "decent necessities of life." Almost 60 per cent of all old people —including wives and other dependants of income receivers—had less than $1,000 in cash income in 1958, while another 20 to 25 per cent received only between $1,000 and $2,000; the median annual income of aged men (including those working all the year round and full time) was $1,488.

The social security system, introduced in the ninteen-thirties, provides basic financial protection for the elderly. Congress has liberalised its benefits regularly and extended its coverage so that today six out of every ten old people receive monthly cheques. The average benefit for all persons on the rolls stands at about $72 a month, or $864 a year; the average benefit for retired couples is $120 a month, or $1,440 a year. The least favoured are the widows, one third of whom receive $50 or less each month. Company pensions also provide financial protection for the elderly, but they are a comparatively recent innovation on the industrial scene.

Eventually the Forand Bill or some similar type of legislation may become law, but this is not likely to happen in 1960. There is still a deep-rooted objection to federal health insurance in the minds of too many Senators and Congressmen. What seems more likely during this session of Congress is that the social security Act will be modified in some other, minor way for the benefit of older people. This has become an election year custom and there is no reason to suppose that 1960 will be an exception.





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THE WORLD OVERSEAS

Britain and the Continental System

FROM OUR SPECIAL CORRESPONDENT

SOME of the British members of the Anglo-German conference, held last weekend at Königswinter on the Rhine, were reminded of a British naval disaster of 1782 by the name of the aircraft that took them on to Berlin and eventually back to London, *Sir Richard Kempenfelt.* "His sword was in its sheath; his fingers held the pen, when Kempenfelt went down with twice four hundred men." The bottom did not fall out of their craft as it is believed to have done (though the Admiralty never admitted it) out of the *Royal George.* They had, however, had to live through several days of dogged argument under the nasty suspicion of actually preferring the pen to the sword: a reproach that nobody would have thought of directing at Kempenfelt.

To be fair, the German side in the eleventh Königswinter talks did not maintain that the aspects of the German problem that came under discussion (Berlin; German unity; the German eastern frontiers) could be settled with Mr Khrushchev by the sword. They did, however, maintain, and with an unprecedented unanimity, that negotiation on these questions at present contained great possibilities of doing harm and virtually none of doing good. Confronted with such an argument, the British are apt to ask a little wearily what alternative course is suggested; and they get no answer. Both sides (British and German, that is) are roughly agreed that neither the division of Germany, nor the Berlin question, can be settled in a time that can be foreseen. The Germans are emphatic that the division of Germany is fundamentally intolerable, and that the subject must not, therefore, be allowed to rest. Thus the question between the two boils down to this: in a matter that cannot be settled and cannot be left alone, what ought the West to do in the high season of summit diplomacy that is opening? Discuss marginal concessions and offer reassurances of a kind that might persuade Mr Khrushchev not to upset the Berlin applecart? Or, acting on the assumption that no negotiation can produce any change except for the worse, stop talking about concessions, close the ranks, and allow the Russians to learn for themselves that the free use of one's elbows does not pay?

In previous years at Königswinter the line dividing the opinions has fluctuated and shifted as the talks went on, and in any event it has not been a line between the British and the Germans but between different kinds of people of either nationality. This year, for the first time, opinions divided plainly into British and German. This eleventh conference was also the first on which no consensus of opinion emerged on any major subject; what was said on the first day, and what was said by the same people on the third, were the same. As always, the personal tone of the talks was excellent; many of these people by now know each other fairly well, and there is an established Königswinter convention that it is possible to be tough in debate without giving or taking offence. The talks were useful; though they provided no solutions, they taught the two sides something about each other and about themselves. But it is necessary to speak of two "sides."

What has brought this change about? Among the Germans, the Christian Democrats had certainly not moved an inch; they are the government party, and nothing new is going to be said unless Dr Adenauer says it first. It was the Social Democrats, once the bitter opponents of Dr Adenauer's policy on the German question and its surrounding complex, who had moved. Their German plan has been buried; save for a reservation about possibilities of regional disarmament, their thoughts of disengagement are put away. Not only are the Bonn Social Democrats firmly backing up their governing mayor in Berlin, Herr Willy Brandt (as they should); for the first time, they have managed to get well over on his right, as a conversation with him on Tuesday showed. Part of this change is no doubt because the party is buckling and harnessing itself for next year's general elections. For the rest of it, the credit must go to Mr Khrushchev; his threat to Berlin has closed the German ranks—and the Social Democrats are, after all, the majority party in the west Berlin government. Whatever the reasons, it was several times necessary when a Social Democrat was speaking at Königswinter to peer at the name on his lapel, to make sure that he was not of Dr Adenauer's party.

AMONG the British parliamentarians something of an opposite process has taken place: with Mr Macmillan's commitment to summit policy, British Conservatives have become more inclined to explore possibilities of east-west negotiation on German, as on other, questions. However, there was another fact pressing the British to close their ranks; this was that they, as British, were under attack. Some of the German expositions of the German question, or of European Community policy, or of east-west relations, were directed to the subject itself; but not a little was directed to bringing out the inadequacy of Britain as an ally. To sense this did not take long; and the British, even those who had arrived in a mood to apologise for the excesses of anti-German propagandists in Britain, began to defend themselves.

This, so far as the Anglo-German relationship is concerned, may well be the heart of the matter. One was left with the impression that the search for disagreement on concrete questions (the phrase is not merely facetious; for once, the study group on "Anglo-German misunderstandings" was the best-attended and, oddly, the most fruitful) drew much more solid nourishment from German suspicions of Britain in general than it did from differences of substance about specific aspects of policy. Britain was insufficiently firm about Berlin; Britain was preparing to recognise the German Democratic Republic; Britain had not enough loyalty to agree that the Oder-Neisse frontier could never be accepted; Britain withdrew troops from Nato; when the Hungarians rose against Communism, where were the British? At Port Said, shooting Egyptians. Britain, too, had betrayed the movement for European union by putting its national identity first. The curious thing is that to the extent that these charges are true, almost all of them could be levelled with at least equal force against France. But they are not; and indeed the German partners in the Königswinter talks actually put them forward as the justification of the close harnessing of west German policy to France.

It is true that successive British governments have supplied Britain's European critics with a quite unnecessary amount of fuel on several of these grounds. As a result, no one can say with

any certainty which of the critics, who now represent the highest orthodoxy at Bonn, voice their complaints in the hope of getting them put right, and which use them as pretexts to justify the pursuit of a policy that aims at excluding British influence from Europe. Many men in the past have sought the exclusion of Britain from Europe in the honest belief that it was European union that they were after. This is a tradition that the Third Reich did not need to invent, but only to resurrect, since it was common to Imperial Germany and to Napoleon's Continental System alike. Is it dead? The question was put at Königswinter, but no answer was offered.

Mr K's Tour de France

FROM OUR PARIS CORRESPONDENT

THE slogan "Workers of all lands, unite" does not fit easily into diplomatic protocol. The dilemma of a revolutionary movement gaining power in a country and having, thereafter, to deal with other established states is neither new nor specifically Russian. But Mr Khrushchev's ambiguous dual position as Russian ruler and leader of international communism had less relevance to his British and American tours than to his visit to France, where the Communist party remains a political force. That is why many French conservatives, while resigned to the idea of the summit and to the need for negotiations with the Russians, were against Mr Khrushchev's tour of France, which they described as a communist publicity stunt.

Paris is worth a mass. Those who feared—and those who hoped—that Mr Khrushchev would indulge in revolutionary propaganda proved wrong. Both in Paris and in the provinces, although he did not recant his faith, he behaved like a nationalist statesman and not like a communist spokesman. It is difficult to guess the reasons for this "good behaviour." General de Gaulle's reaction to Mr Khrushchev's first speeches was not likely to encourage the Soviet leader's hopes of inserting a wedge into the Franco-German alliance. He may have thought that his presence alone in many French towns would give a sufficient boost to communist morale or, alternatively, that his moderate behaviour would weaken the idea of the Soviet "red peril" and, therefore, help the French Communists to move out of their political isolation. More probably, bred in a good Stalinist tradition, he did not bother much about the local Communists, but decided that to gain the good graces of his host would make his task easier at the summit; it might also bring future rewards because of French differences with Nato and the general's ambitions in Europe.

Whatever the reasons, Mr Khrushchev went out of his way to pay tribute to the general and to stick to his programme, although it was full of official visits and banquets and left almost no room for contacts with the population. His behaviour was exemplary from the very start. During the afternoon of his second day in Paris (March 24th) the square facing the Hôtel de Ville was packed with people. It was at this place full of revolutionary memories that President Eisenhower had addressed the Parisians on his last visit, and last week the Communists and their sympathisers, chanting slogans and waving flags, hoped to hear Comrade Khrushchev. But only the privileged ones in front saw his back as he climbed the stairs of the Hôtel de Ville. The crowd remained for another hour, adding "*libérez Khrushchev*" to its repertory, while he remained inside. Their reward was one quick wave of the hand as he was whisked away to the Chamber of Commerce.

Traduttore, traditore? Mr Khrushchev gave another proof of his moderation when facing the press at a luncheon. He was not in particularly good form; it is when faced with a hostile audience, as in Washington, that he seems to be at his best. Here he was all smiles. Asked what he thought of General de Gaulle, he replied that as a Russian patriot he appreciated the French patriotism of General de Gaulle. This tribute to the general's patriotism—hardly in the Leninist tradition—must have made awkward reading for M. Thorez and other French communist leaders.

Another awkward question at the luncheon dealt with Algeria. Mr Khrushchev parried it by repeating the Soviet approval for the policy outlined by General de Gaulle on September 16th. His emphasis on the fact that this approval was given to the policy as then outlined was generally taken as implying reservations about subsequent developments. Actually, in his original Russian, the Soviet leader described the general's programme as offering "independence" to Algeria. His interpreter immediately substituted "self-determination"—not betraying the thought, but correcting the line. *Pravda*, too, corrected Mr Khrushchev's Freudian slip. This was not the moment for jarring notes in the official Franco-Russian chorus.

Red Flag on the Marseilles Bourse. The gilded statue of Notre Dame de la Garde, dominating the town of Marseilles, had never before seen a red flag with hammer and sickle floating above the Stock Exchange. Opposite the Bourse, a tablet commemorates the spot where 26 years ago the last head of state to visit Marseilles, King Alexander of Jugoslavia, was assassinated. As if to remind the security men that the gangster reputation of Marseilles once vied with that of Chicago, a Communist sticking up posters was knifed to death by right-wing opponents on the eve of Mr Khrushchev's visit. The police were out in force and decidedly nervous. Indeed, if this trip has revealed nothing else, it has shown observers that the French state has even more policemen at its disposal than they thought.

It rained in Marseilles throughout Sunday. This did not prevent the crowds from gathering in a town which is one of the Communists' strongholds (since the war they have polled, on an average, more than a third of the votes in Marseilles). The faithful mingled with the curious on the Canebière and in the narrow, elegant street leading to the prefecture. The square facing the official building was filled well in advance. The crowd, for a Mediterranean crowd, was surprisingly quiet and patient, but it came to vociferous life when the guest finally arrived. Its political colouring could easily be gathered from flags, slogans and songs. The Marseillaise was quickly followed by the Internationale. For three-quarters of an hour the chanting crowd urged Mr Khrushchev on to the balcony. Finally, the light was switched on in the prefecture; Mr Khrushchev appeared on the balcony waving his hat and ending with a boxer's salute.

Missing Canon. Dijon, the former capital of Burgundy, is a quiet, old, middle-class town. Its mayor, Canon Kir, is not the French equivalent of the Red Dean. At 84, he is the oldest deputy in the National Assembly, where he belongs to the conservative group. But the canon, who fought in the first war and joined the Resistance in the second, remembers the Russians as his allies. Stalingrad, moreover, is the sister town of Dijon. Canon Kir firmly intended to meet Mr Khrushchev. But at the last moment, on orders (it is said) from Rome, he had to give up his plans and disappear from the scene.

The Roman Catholic church wages its anti-communist crusade on all fronts. Its orders to the French clergy to boycott the visit were quite natural. The Kir affair, however, has been bad publicity for the Church. The charges usually made against Communists—that they are subservient to a foreign power—are now thrown at the Catholics. Mr Khrushchev, speaking in the town hall, was adroitly temperate, referring all the time to the absent mayor, "who is with us in spirit." Outside, the crowd, which had come to greet the Soviet leader, hailed the canon and damned the bishop. Thoughtful French Catholics regret that the anti-clericals should thus have been provided with ammunition at a time when the schools act has made the relations between state and church a raw issue. But *Roma locuta, causa finita.*

Delayed Speech. The refrain in all Mr Khrushchev's brief pronouncements was disarmament, peace and the German threat. The fields of Verdun, with their tragic memories, provided an ideal setting for weaving these themes into a major speech. On Tuesday morning Mr Khrushchev did not seize this opportunity. In the afternoon, however, the tone of his reply to official greetings at Rheims was stronger than usual. He reproached Dr Adenauer with putting forward pretensions that Germany is the predestined "saviour of Europe." He told his listeners that the Soviet Union was a legitimate child of history, which western intervention did not prevent from developing Herculean strength. The rest was a repetition of the now classical Soviet thesis that, if no agreement is reached on Germany, the Soviet Union will sign a separate treaty.

Back to Paris. Through industrial Lille and agricultural Normandy Mr Khrushchev returned to Paris on Thursday. This weekend is largely taken up by political conversations between the two leaders. Mr Khrushchev will see whether his restraint has paid dividends and whether he can now expect the general not to toe the Adenauer line at the summit. The Soviet leader's press conference and broadcast should give an indication of his mood. The domestic question is whether the Communists have benefited more from the visit of their friend or the general from the polite tributes of his guest. Time alone can tell who was the winner in Mr Khrushchev's Tour de France.

Tambroni Takes Time

FROM OUR ROME CORRESPONDENT

SIGNOR TAMBRONI, who formed a minority Christian Democrat government on March 25th, has asked the political parties to suspend judgment on it until they have heard his investiture speech on Monday. It is assumed—but no one would swear to it—that he will present his team, in which all the Christian Democrat factions, but not all the party notables, are represented, as an emergency administration with no political platform and no ambition except to get the departmental estimates approved within the time prescribed by the constitution (June 30th). Signor Tambroni has denied that there is any need to talk about a general election after that, and it is clear that he is not thinking in terms of a temporary mandate. Partly for this reason, and partly because no government, however carefully balanced, can be entirely neutral, the other parties and pressure groups are now calculating their chances of drawing Signor Tambroni to their side; as a preliminary to this, each is trying to discover what lies behind the prime minister's sphinx-like exterior.

As usual, the most cynical are the Communists and the neo-fascist MSI, both of whom—the MSI more explicitly than the Communists—"threaten" this government with their support. Should Signor Tambroni find no backing (beyond his 272 Christian Democrat votes) except from one or other of these two parties, his position would be untenable. But if both should support him, then the national parliament would begin to look very like the Sicilian Assembly at the time of Signor Milazzo's discredited experiment.

Only one other party, the Socialist, is tempted—at least its leader, Signor Nenni is—to give Signor Tambroni the benefit of the doubt. Signor Nenni evidently believes that Signor Tambroni will try to keep the door open until negotiations for a left-centre coalition can be resumed at the point where Signor Segni very recently broke them off. This view is not shared by the Socialist party's right-wing nor by its rank and file. And Signor Riccardo Lombardi has pledged the party not to support the new government unless the prime minister accepts precise commitments on the three points which were in discussion during the recent negotiations: school reform, extension of regional autonomy, and the nationalisation of electric power.

This attitude is partly dictated by the desire to stand by Signor Saragat, for the two socialist parties have drawn much nearer to each other and the Socialist right-wingers wish to repay Signor Saragat for his loyalty to them during the negotiations. For his part, Signor Saragat is very justifiably incensed at the way in which those negotiations were broken off in consequence of outside pressures, and although Signor Segni had known from the outset that the whole purpose of the operation was to break down the taboo which keeps the Socialist party outside the sphere of government action.

There is no doubt that, as soon as circumstances permit, the secretary of the Christian Democrat party, Signor Aldo Moro, and Signor Fanfani will pick up the threads of a negotiation to bring about a left-centre coalition of Christian Democrats, Social Democrats and Republicans, with the Nenni Socialists in tow. Twice this operation has been interrupted more or less violently and with the open or suspected intervention of industrial and ecclesiastical pressure groups. But the question cannot be indefinitely shelved. During the recent negotiations Signor Moro told his party that it had three months—six at the outside—in which to make up its mind. Once and for all the Christian Democrats must decide whether they can work with the Socialists or whether they refuse to co-operate at any price. A decision either way may lose the party some of its support, perhaps even cause it to split. But to make no decision at all leaves the party in the condition of Buridan's ass; and the next election could easily show how quickly a big party can lose its electorate. The Christian Democrats are vulnerable, for they count ten votes to every registered member. Very soon the party will find itself back at the fence it refused to take under Signor Segni. The question is who is to lead it over—Moro, Fanfani or Tambroni?

Sitting on the Iraqi Lid

FROM OUR MIDDLE EAST CORRESPONDENT

GENERAL QASIM'S policy towards the unpredictable forces that his revolution brought to the surface has entered a third phase. Whether the change of course was deliberately conceived or forced by pressure of circumstances must remain in doubt. Doubt, indeed, obscures most assessments of the general's aims. For although he often speaks in public, his meaning is elusive and sometimes quite escapes understanding.

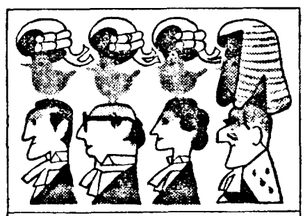
The most obtrusive sign of the change, which set in early this year, is the frustration and anxiety felt among the Iraqi Communists and the growing confidence of their opponents. There have been anti-communist demonstrations in the streets of Baghdad. Dr Faisal Samir, the minister of guidance, who is credited with communist leanings, was shouted down while delivering a message from General Qasim to the Society of Islamic Ethics. The Communists are being attacked by name in the non-communist press in tones of mounting insult.

To take one recent example: a leading National Democrat newspaper accused the so-called Ittihad esh Shaab group (the majority communist faction that has been refused a party licence) of sabotage, preaching imported ideologies, shaking hands with Jewry, barbaric crimes and instigating civil war. After listing these peccadilloes, the newspaper called for the suppression of the Ittihad esh Shaab, the arrest of its leaders and confiscation of their property. Six months ago, such an attack would never have passed the censor; and if by some accident it had, the newspaper offices would have been closed, either by government action or by mob assault.

Most close observers of the Iraqi scene agree that when General



Nature Watching in SCHWEPPSHIRE



Typical bird lovers are represented in the picture by A., an expert in the display flight of albino passerines: B. once wrote to Peter Scott: C. bought a book called "Thoro' Bush Thoro' Briar, our Friends of the Hedgerows": D. usually raises an imaginary gun and says "Bang bang".

NO. 2 TOWN WATCHING. Nature is where you find it: and you find it just as much in the most exceptionally built-up areas as anywhere, perhaps more so. Familiar urban sights which please us are the "shredded lace" effect of the back-garden cabbage leaf after attacks from the pretty caterpillar of the Cabbage White. Observe the ant manoeuvre pattern swarming on the faucets and disposal exits of the ordinary kitchen sink; and the delicate "dust and ashes" trail left by the common moth on the common best suit.

The great thing to do is to observe. In the picture we see typical barristers of the High Court of Rolls Mastership and Improvident Tenure, typically pausing in their work to observe the first spring appearance of the Little Stink (Odor odor odor), half of a pair proved to have been breeding behind the immersion heater of No. 122 Fish Row, though this fact is kept a secret, and it is important that the birds should not be disturbed, nor, if possible, looked at, except by members of the Federation of Prevention of Not Taking Any Notice. The "Little" is easily distinguished from the "Medium" Stink by a slight pinkness of the left eye and a tendency of the inner wing coverts to turn from beige to biscuit colour near the tip, though this is, typically, only revealed when the bird is flying fast and at 800 ft. It is interesting, too, that the contents of the crop of the London variety tends to vary towards an admixture, with the common wire worm, of the common slip-on paper clip. *Song*, a quick "blimp-blimp-blimp-Chah". *Alarm note*, a deeper "brrrp brrrp". *Invitation movement*, a kick backwards with the left foot. *Eggs*, secret.

Remember, we want you to use your eyes for yourselves. We tell you where to look.

Written by Stephen Potter, designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

Qasim emerged from the obscurity of the army to oust the Hashemites, he had in mind a homogeneous national movement in support of his aims. Hence his frequent references to the "indissoluble unity of the army and the whole people." But as soon as the revolutionary leaders had time to take a good look at their revolution, the dream faded. For the forces that supported it were simply not homogeneous. At one extreme stood the Communists, at the other the pan-Arab Baath movement. In between were Kurdish Democrats, National Democrats and the Istiqlal (Independence) Party, not to mention sundry splinter groups and divisive religious and regional tendencies.

As soon as this truth sank in, those close to General Qasim began talking of a "balance of forces." The general would accept the loyal support of all movements, provided no one of them tried to secure a dominant position in the state. This policy was killed by the precipitancy of the Baath, which resented the general's coolness towards President Nasser. Its various thrusts culminated in the revolt of Colonel Shawaf, after which it received a savage mauling in which the Communists gleefully joined. More blows fell on it after the attempted assassination of General Qasim last September. Its leaders are now in exile, in prison or in the grave. The Istiqlal had been decapitated in passing by the arrest of its veteran leader, Rashid Ali el-Gailani, who, after years of exile in Cairo, had links with President Nasser and had spoken out of turn on the subject of possible successors to General Qasim.

But the disappearance of the Baath and Istiqlal movements confronted General Qasim with new difficulties. In effect the "balance of forces" had been destroyed—by himself. With only the army and the National Democrats, he faced the cock-a-hoop Communists and their Kurdish allies. He can probably convince himself of the loyalty of the army, though the actions of Colonel Shawaf, Brigadier Tabaqchali and other senior officers must give him frequent food for thought, if not for nightmares. The National Democrats are certainly loyal, but, though rich in able personalities, they are weak in organisation.

DURING most of last year, General Qasim steered a zig-zag course *vis-à-vis* the Communists, yielding a point here, standing firm there. During these patient manœuvres, the third stage of his policy gradually emerged. His aim was no longer to achieve a balance of forces, but to check the growth of forces—except of those on which he could unconditionally rely. Paradoxically, this tendency was accompanied by reiterated promises that party activity would be resumed in January.

The general kept his promise. Party activity has been resumed. But, by common consent, it has proved a farce. Licences have been granted only to those parties whose programmes accord in full with the general's own views; and, except in the case of the National Democrats, the government seems to have been at pains to grant licences to the most insignificant groups. In fact, the general is sitting on the lid.

This emerges most clearly from the government's treatment of the Communists' applications for licences. One was put forward by Daud Sayegh, the leader of a small splinter group, the other by Abdul Qadir Ismail Bustani on behalf of the dominant Ittihad esh Shaab faction, which has set the pace and direction of communism in Iraq since the revolution. The first application was promptly granted; the second was then blandly rejected because "it was impossible to have two parties with the same name." When the Ittihad esh Shaab group applied again, under a different name, they were again rejected because "it was impossible to have two parties with a similar programme." By licensing the Sayegh group, which is entirely dependent on his favour, General Qasim has virtually captured the official Communist party of Iraq; and the majority group is left wondering what next to do.

What of the international angle? Iraqi relations with the West have got no worse in the past year; there are signs of positive improvement. One may take comfort from the fact that the Iraqi press has been allowed to say that imports from Britain are likely to reach a record level this year "owing to their excellent quality and competitive prices." As for the Russians, it is being argued that they would be embarrassed rather than helped by a communist take-over in Iraq, or even the threat of one. Such a development would certainly harden western attitudes at the summit, and might well evoke comparison, in the uncommitted nations, with Chinese actions in Tibet and Ladakh. Though the future of Iraq is still clouded, the acute and immediate fears felt last year have proved at least premature.

Canadian Defence Policy in Trouble

FROM OUR OTTAWA CORRESPONDENT

ON top of its economic and financial problems, which Mr Donald Fleming must face in his budget speech soon after this issue of *The Economist* has gone to press, the Canadian government is having a rough time with its defence policy. Mr George Pearkes started his career as defence minister by precipitating Canada into participation in the "joint" North American air defence command known as Norad, with a Canadian air marshal as deputy commander. The first result of Canada's participation in Norad was its acceptance of the elaborate American air force plan for "integrating" the Canadian air defence system into its new semi-automatic ground equipment and equipping the crucial sector between the Great Lakes and Quebec city with the ground-to-air guided missile called Bomarc. This was announced about the time that Avro's ultra-modern supersonic Arrow fighter was condemned.

The public—always fascinated by what flies through the air with the greatest of ease—latched on to the Bomarc missile as a symbol of the new defence era and as an American substitute for the Canadian manned interceptor. Canadians were puzzled. If the Arrow fighter was obsolete because Russia was putting its potential for nuclear attack into ICBMs, what was the need for all the semi-automatic equipment on the ground—computers, heavy radars, small gap-fillers, and instantaneous connections with the Norad command at Colorado Springs, all of them designed solely to intercept manned bombers? Above all, they fastened their attention on the Bomarc missile. Canada, they were told, was to get an improved version called Bomarc B, which would have a range of 400 miles compared with only 200 for the Bomarc A already installed in some of the United States SAGE sectors.

While the public for the most part neither understood the strategic thinking behind the air force's plans nor fully realised that the United States was paying for the new equipment (leaving Canada with only the cost of radar improvements, communications and construction amounting in all to about $125 million) it remained obviously sceptical. Suspicions might have been allayed if Mr Pearkes had been more skilful in advocacy than he was. Instead, Canadians received a series of reports that the Bomarc B missile had failed on its fifth, sixth and seventh tests, and each time Mr Pearkes reaffirmed his confidence in it. Finally the chief of staff of the United States air force went before a congressional committee last week to confess that the priority of long-range missiles made it necessary to prune defences against manned bombers. The chief victim, of course, was Bomarc B.

In the usual Washington manner, this news leaked out of a supposedly secret session of a congressional committee. Mr Pearkes, questioned about newspaper reports, characteristically refused to confirm them, explaining later it would not have been "honourable." Immediately afterwards Washington decided that

it must announce its new policy, and Canada's defence minister read the American statement to the House of Commons at the supper adjournment. A furore then broke out in the press and in public comment. Wrongly, it was proclaimed that Canada was sticking to the Bomarc missile which the United States was abandoning. In fact, the United States air force is keener than anybody in Canada to fill the gap which northern Ontario and eastern Quebec offer to any Russian bombers that might try to fly by the obvious route across Hudson Bay and James Bay towards the "industrial heartland" of the eastern United States. Cutting back anti-bomber defences around most of the United States, this was one sector where the Pentagon wanted to keep its best. But the fact that the Pentagon in Washington and Norad command in Colorado Springs had true responsibility for the installation in the Canadian sector, rather than the Canadian government, was not one that Mr Pearkes could proclaim with any pride of conviction to the Canadian House of Commons.

On Monday Mr Lester Pearson, as opposition leader, moved the adjournment of the house "to discuss a definite matter of urgent public importance," and, to the opposition's surprise, the Prime Minister asked the Speaker to accept the motion. Mr Pearkes described at length the consultations he had had with the American defence authorities, claiming that he was completely informed about their new plans. Yet in striving to establish the valid point that the American air force has not completely abandoned Bomarc B, he said that twelve American Bomarc bases would be kept besides two Canadian ones. In fact, the United States proposes to reduce its Bomarc bases from sixteen to eight. Fairly or unfairly, this error has seriously shaken confidence about the consultations with Washington.

There could not have been a better time for Mr James M. Minifie, the veteran Canadian correspondent in Washington, to publish his book pleading the case for Canada to adopt neutrality between the United States and the Soviet Union. The appeal of this line of thought can only gain from the present sense of confusion about defence policy.

A Letter from Germany

The following letter was written by a young German teacher at Munich university to an English friend who asked for his views on the political and social background behind the recent outbreak of swastika-smearing. It gives a vivid, balanced picture of the problems which democratic-minded young Germans have to face.

Dear ——,

I expect you know that I am a "non-political" person, that is, that I can't arouse myself to take an active part in political things; perhaps that is "typically German"—I don't know. But I have tried the whole time to follow the ugly manifestations of the new anti-semitism and neo-nazism both in the German press and in the English. I have not reached any solution or final judgment, but I will write down a few comments for you.

As far as the universities are concerned, there is practically no nazism or anti-semitism in Munich. It is perhaps not uninteresting that 2,000 students came to the memorial service for the Scholl brother and sister*. But if there is no nazism to be seen, with a few vanishing exceptions, one does notice on the other hand a frightening helplessness in the face of Marxist teachings. Here there is much ground to make up, yet I fear that nobody will run the risk of trying to make an "apology for democracy"; the economic miracle always seems to most people to be the best defence of democracy.

It seems bad that so many nazi professors are teaching again. When I say nazi professors I don't mean the extreme party members—these have really been for the most part pushed out—but the endless half-active people who never put up any opposition and swam willingly with the tide. Nowadays these people don't have the courage to take up a position on any question and personal success is usually more important for them than general problems. These men present a not unimportant danger because they are passive—and would at any time swear a new oath to any new government—including a communist one. A not unimportant number of young dons does, it is true, take a different stand, but it will still be many years before these people reach the top. (And may it not then be too late?)

Influence from the east is certainly at work. Unfortunately, however, the Bonn government is at pains to label all criticism which is levelled, say, at atomic arms as communist and to harry it where possible. The Bundeswehr plays a lively part in this. There is all too much inclination to rout out the pacifists (with harmless democratic means, naturally, like dismissing them from their jobs!). My brother, who is a primary school teacher and a former active officer, has already had occasional difficulties with his parents and superiors because of his now wholly pacifist point of view. I myself have more freedom in the university, but I observe the possible limitations on freedom of thought with concern.

The foreign press and, unhappily, a large part of the English press, reports on German affairs in a very clumsy way. Partly it is straightforward propaganda. The articles are not always perfectly informed (I was able to test that in several places) and often a barely concealed hatred of Germany rises to the surface, which does not make a good impression here; England loses moral prestige as a result and in the end people say "Who do these people think they are? . . . Suez, etc." It really is ridiculous and primitive when contacts are made with eastern Germany, because (presumably) there are no Nazis there and all the good Germans are there while all the bad ones are over here. The right conclusion would be: put west Germany under Soviet rule, shoot a few thousand Nazis in west Germany, and then all the Germans will be good! Really, the English press ought not to write such nonsense.

One little thing which is, however, typical of the reporting. In the last *New Statesman* it was reported that two people turned up in SS uniform at a *Fasching** ball (so the news must be about Munich—though I hadn't heard about it). "They were turned away. Fancy dress, they were told was obligatory" (end of the article). What does this mean? Should one have laughed at these people and accepted the uniform as fancy dress? Firstly, there is a law that in *Fasching* all uniforms are banned. Secondly, if there are people who have such a sense of "humour" as to appear in uniform, one really can do nothing else but send them home. In addition, if my memory serves me right, some similar SS people also appeared at an earlier Munich *Fasching*, and turned out in the end to be Americans who wanted to be especially funny! As far as I know, an American soldier was involved in the swastika-smearing, too, and pushed himself particularly to the fore. So, please, an effort should be made to see that no nonsense is reported. I would like particularly to emphasise that the *Guardian*, for instance, reports very fairly about Germany; nothing is concealed, but one hears the positive side too.

I can give no recipe for the measures that should be undertaken to "educate" Germany to better ways even faster. But I believe that objectivity must bring results in these matters in Germany too, and that lack of it only makes the different attitudes even harder, which we all really want to avoid. So much then for high politics for today—unfortunately only the point of view of a young university teacher in a faculty where one is never very up to date.

* Two Munich students who were beheaded by the Nazis in 1943 for disseminating anti-nazi leaflets and ideas.

* Munich's annual carnival.



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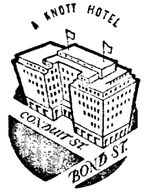

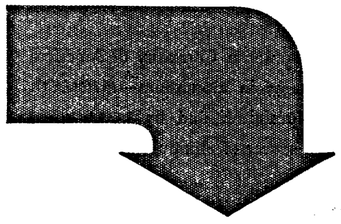

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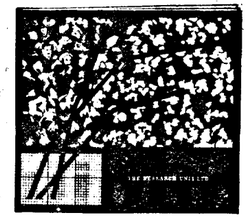

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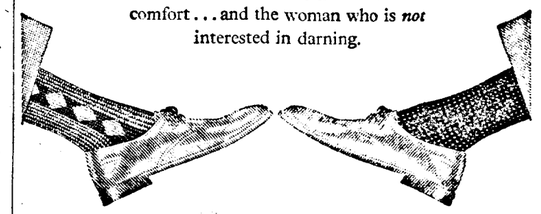

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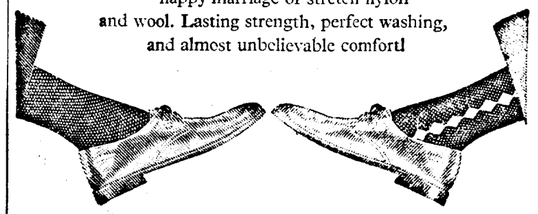

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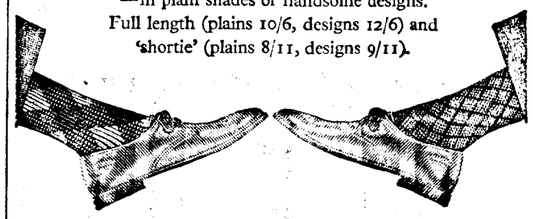

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THE BUSINESS WORLD

Looking at 1960

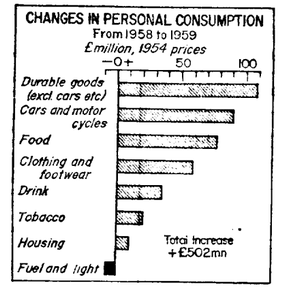
Of course, the Surveys also reflect to some extent the views of the Government of the day ; at any rate, the adjectives do.
Sir Robert Hall, to the Radcliffe Committee.

FOR 1960, perhaps, the relevant adjectives are "further steady"—defining the kind of increase in investment and production that the Government aims at achieving "without damage to price stability or to the balance of payments." And it aims at that kind of increase, one might sense from the balance of the language of this year's Economic Survey, not without confidence. "Maintenance of the right balance between total demand and productive resources, vigilance about costs and prices and the securing of favourable circumstances for our export trade—given these conditions the country can look forward to a year of continuing progress."

Read along rather than between the lines, this survey of 1960 is notable among recent editions for being what it says: that is, primarily an appraisal of the year that it is published in, rather than a laboured recapitulation of the year before. It returns to the pattern of the 1954 and 1955 surveys in devoting about six pages to this year's prospect, rather than the page or two given to forecasting in the years between ; and it harks back to even earlier models in doing the looking forward first. Its account of 1959 is summary, with fewer details, as given the swelling flow of current statistics it should be ; one need not regret the particularising appendices that have disappeared (though should not the fuller details of public investment that appeared for the first time last year and have now been dropped be converted into an annual white paper ?). The fact that the hindsight in the survey is concerned mainly with what happened during 1959, rather than with comparisons between 1958 and 1959 (the comparisons here being focused on the fourth quarters of each year) is perhaps another acknowledgment of the fact that nowadays statistics are published more quickly and with seasonal corrections. So, perhaps, is the large amount of amendment of the figuring, back well into 1958, in this survey.

This year the surveyors are readier than of late to set down their guesses (with even a figure or two) about home demand in 1960:

Current expenditure by Government and public authorities, they reckon, is likely to rise 4½ per cent, against 2½ per cent in 1959, the biggest rise being in defence. (The estimates would suggest a rise of 5 per cent this year, but some of this is a rise in the pay of the Forces, which goes into personal consumption.)



Fixed investment is likely to rise "at least as much as in 1959—i.e., not less than 4½ per cent." This guess is built up from an increase of 6 per cent expected in public investment (against 6½ per cent in 1959); forecasts of increases of 14 per cent in manufacturing and 20 per cent in distribution and other services (against a fall of 9 per cent and an increase of 17 per cent, respectively, in these sectors in 1959) ; and a continued rise expected in private housebuilding (which rose by about a quarter last year). Would these add up to a rise in total fixed investment of only "as much as" in 1959?

Personal consumption, the surveyors expect, may rise by rather less than the 4 per cent by which it rose in 1959. Their main reason for this view is that credit is now tighter (unless they assume something else in the Budget). Against this is the huge cushion of personal savings that consumers could dip into.

Stocks, which the survey suggests rose last year by £235 million are expected to go on rising, but **the rate of investment in adding to stocks,** which is what is relevant to changes in demand upon the economy from year to year, is not expected to rise above the rate of 1959.

"Investment in stocks," said a Treasury paper presented to the Radcliffe Committee, "is extremely volatile and difficult to forecast." That was never truer than last year, when it was difficult enough to trust what evidence one could get after the event. Any predictions about changes in real demand and supply during 1960, as the authors of the survey frankly acknowledge, begins with the difficulty that one cannot be sure which elements in demand mopped up a large part of the extra resources that appear to have been supplied in 1959. There is a much larger unexplained discrepancy than usual between the evidence of growth in the economy from figures of income and output and the evidence from figures of expenditure (the first two showing an increase in the gross domestic product of 4 per cent (or more) between 1958 and 1959, and the third one of only 3 per cent). The Treasury says that "it is not possible at present to resolve the conflict ; the truth probably lies somewhere between the two alternative estimates." It provides its figures of national income in terms of the 3 per cent increase shown by estimates of expenditure—but adds, honestly, that considering the inherent quality of the data it tends to prefer the higher estimate. This is a difficulty arising from the collection of raw statistics (often on a sample basis), rather than in their interpretation ; the discrepancy is not new, but the extent of it appears to be widening.

Looking forward abroad, the surveyors consider the world prospect "reasonably

Focus On 1959

All figures £ million

TOTAL NATIONAL INCOME AND EXPENDITURE

	1957	1958	1959
Shares in the gross national product (factor incomes) :—			
Income from employment	12,913	13,390	13,864
Income from self-employment	1,774	1,799	1,907
Gross trading profits of companies	3,220	3,062	3,370
Gross trading surpluses of public corporations	321	339	391
Gross profits of other public enterprises	127	152	153
Rent	872	1,031	1,080
Residual error	− 31	122	− 110
Less stock appreciation	− 100	10	− 50
Gross domestic product at factor cost	19,096	19,905	20,605
Net income from abroad	217	244	226
Gross national product at factor cost	19,313	20,149	20,831

	1957	1958	1959
Expenditure at current prices :—			
Consumers' expenditure	14,250	14,973	15,570
Public authorities' current expenditure on goods and services	3,599	3,726	3,964
Gross fixed capital formation at home	3,400	3,518	3,636
Value of physical increase in stocks and work in progress	290	135	235
Exports of goods and services	4,645	4,439	4,541
Total final expenditure at market prices	26,184	26,791	27,946
Less imports of goods and services	− 4,544	− 4,248	− 4,526
Less taxes on expenditure	− 2,956	− 3,035	− 3,195
Subsidies	412	397	380
Gross domestic product at factor cost	19,096	19,905	20,605

CHANGES IN EXPENDITURE AND SUPPLIES BETWEEN 1958 AND 1959

1954 prices	1958 and 1959
Expenditure :—	
Personal consumption	+502
Public consumption	+ 79
Gross fixed investment	+138
Investment in stocks	+ 85
Exports of goods and services	+101
Total final expenditure	+905
Supplies :—	
Gross domestic product (4% up)	750
Imports of goods and services	+321
Total Supplies	1,071
Statistical discrepancy	*165*

GROSS FIXED INVESTMENT

at 1954 prices

	1957	1958	1959
By industry group :—			
Agriculture, forestry and fishing	104	118	123
Mining and quarrying	87	87	93
Manufacturing	767	729	663
Construction	49	48	50
Gas, electricity and water	313	332	370
Transport and communication*	381	377	393
Distribution and other services†	440	477	499
Dwellings	539	508	576
Social services	150	151	163
Other public services	94	111	140
Legal fees, stamp duties, etc.**	38	41	47
Total	2,962	2,979	3,117
By type of asset :—			
Vehicles, ships and aircraft	463	489	520
Plant and machinery	1,099	1,095	1,071
Dwellings	539	508	576
Other new buildings and work††	861	887	950
Total	2,962	2,979	3,117
By sector :—			
Public sector, *less housing*	1,008	1,020	1,102
Private sector, *less housing*	1,415	1,451	1,439
Housing : *public*	286	239	241
private	253	269	335
Total	2,962	2,979	3,117

* Excludes road goods transport. † Includes road goods transport. ** Legal fees, stamp duties, *less* insurance compensation for buildings destroyed. †† Including legal fees, etc.

PERSONAL INCOME AND EXPENDITURE

	1957	1958	1959
Wages and salaries	11,730	12,070	12,490
Income from self-employment	1,774	1,799	1,907
Rent dividends and interest	1,974	2,173	2,316
Other personal income*	2,435	2,804	3,010
Total personal income	17,913	18,846	19,723
Less tax payments, national insurance contributions, etc.	− 2,343	− 2,613	− 2,704
Total disposable income	15,570	16,233	17,019
Consumers' expenditure	14,250	14,973	15,570
Balance : Personal saving	1,320	1,260	1,449

* Forces pay, employers' contribution to national insurance, superannuation schemes, etc., and grants from public authorities.

BALANCE OF PAYMENTS

	Rest of sterling area		Non-sterling areas		All areas	
	1958	1959	1958	1959	1958	1959
Trade and services :—		Provisional		Provisional		Provisional
Imports	1,280	1,378	2,050	2,227	3,330	3,605
Exports	1,431	1,361	1,997	2,186	3,428	3,547
Visible balance	+151	− 17	− 53	− 41	+ 98	− 58
Government (net)	−161	−171	− 55	− 57	−216	−228
Other invisibles	+437	+407	+ 30	+ 24	+467	+431
Current balance	+427	+219	− 78	− 74	+349	+145
Long-term investment :—						
Inter-government transactions	− 30	− 52	− 15	− 66	− 45	−118
IMF and European Fund	...	...	...	−236	...	−236
Private capital	−224	−164	+ 10	− 30	−214	−194
Total long-term investment	−254	−216	− 5	−332	−259	−548
Monetary movements :—						
Change in sterling holdings*	− 89	+184	+169	− 39	+ 80	+145
Change in gold reserves	...	...	...	...	+284	−119†

* Excludes holdings of international organisations. † After special government payments of £218 million.

CAPITAL ACCOUNT, PERSONAL SECTOR

	1957	1958	1959
Net increase in assets :—			
Households and non-profit making bodies—			
Net increase, non-financial assets :—			
Investment in stocks and fixed assets by unincorporated businesses	351	399	454
New dwellings	287	308	376
Net investment in certain financial assets :—			
London clearing banks : net personal deposits, after deducting advances	153	38	52
Building societies : shares and deposits	171	193	265
National Savings	70	198	394
Less net increase in certain types of debt :—			
Hire purchase debt	− 60	− 96	− 243
Building societies : net advances	− 154	− 146	− 225
Local authorities : loans for house purchase	− 35	− 20	− 25
Net increase in other assets	− 194	− 404	− 498
Total net increase in assets of households, etc.	589	470	550
Life insurance, superannuation funds, etc. :—			
Total net increase in assets	573	632	703
Capital transfer payments (net) and stock appreciation	158	158	196
Saving (including tax reserves)	1,320	1,260	1,449

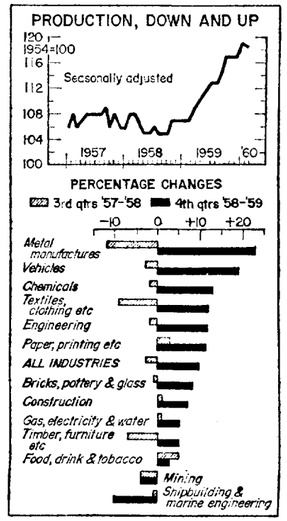
favourable for the United Kingdom"; demand for exports should continue to rise. The volume of imports, also, must be expected to rise "at least as fast" as the 6½ per cent by which it rose in 1959 and there may be a slight deterioration in the terms of trade. Exports therefore need to rise by more than the 5 per cent increase of 1959. But overseas loans and grants are likely to rise further this year, and so is private overseas investment. The Treasury is prepared—and even seems satisfied—to predict another deficit on Britain's combined current and capital account of the balance of payments this year, as in 1959, though the size of the deficit will depend on the current balance.

This sounds a far cry from the need to find the resources for "a surplus on current account averaging about £450 million a year in the early 1960s," of which the Treasury was telling the Radcliffe Committee no more than a year ago, to allow a substantial increase in Government lending and private investment, leaving "a substantial margin for reducing short-term liabilities and building up the reserves." In 1960 that substantial margin is apparently, as in 1959, to be negative.

On the Treasury's arithmetic, so far as one can infer it from these glosses, it may appear that total real demand in the economy will not rise as much in 1960 as it did in 1959. Against this, on the supply side, apart from the increase in imports, the survey postulates a small increase in the labour force this year, partly from an increase in the number of married women taking jobs, and partly from a further decrease in numbers unemployed (down from 1.6 per cent ?). It notes the reserves of labour in "unemployment districts" and assumes—somewhat in advance ?—that Government pressure to move industrialists around the country will marry up employment opportunities and people out of work in these places. Some of the increase in investment demand this year, it fairly points out, will be on engineering industries still operating below capacity (order books have hardly yet lengthened in these industries to the extent that the business forecasts about investment might have suggested they would). It relies upon a larger increase in labour productivity this year than the average over the past decade, though not as marked a rise as it rejoices took place in 1959 (which after all, it should be noted, merely offered some belated return on industrial investment since 1954-55).

OBSERVERS outside Whitehall may feel that the prospective increase in total demand has been somewhat under-called in this survey, and the extent to which production of the kinds required can be increased without strain on resources somewhat overcalled. The National Institute of Economic and Social Research, for example, in its latest *Economic Review* (published on the same day as the Economic Survey) is now inclined to reckon that "the increase in real demand will be as large as [from the beginning to the end of] last year—about 5 per cent—while the increase in money demand will be larger." It feels that the remaining reserve of labour to be drawn upon this year is smaller than was earlier forecast (on the basis of employment figures that the Ministry of Labour has revised upwards by 270,000 people): "the rise in demand cannot suddenly be orientated in these directions [i.e. industries and areas with spare capacity and labour] and the pressure on other industries and on labour in other areas may grow considerably." It reaches somewhat similar expectations about the balance of payments to those of the official surveyors, but is (O what a change was here. . . .) inclined to be more concerned about them. It is also more specific, and less sanguine, than the official survey about what it thinks may happen to costs and prices this year.

Fairly enough, the Economic Survey says that this year "The outlook for costs is uncertain." Fewer workers gained smaller proportionate increases in wage rates last year; but earnings rose 5 per cent, and the winter's increases in rates might raise hourly rates of pay by 5-7 per cent this year in the industries concerned. The Guillebaud award on railway pay is bound to have some spreading influence; and there are some signs, as the National Institute points out, that the salariat, who are better served with this kind of award than manual workers, may now be setting the pace in cost inflation. The official survey has an unhappily mealy-mouthed paragraph of gentle admonition, supported by a later exercise in befuddling the figures on factors in costs and prices, about the profit element in prices; profits per unit of output rose last year. The National Institute is not inclined to cry inflation too hard; but if profit margins do not change, it thinks a rise in prices of 1 or 2 per cent is likely. The institute, indeed, suggests some direct attention to prices on the part of the Government—by reducing tariffs to give our manufactured goods more competition from imports, by the banning of resale price maintenance, and possibly by cuts in administered prices such as steel.



Between this official reading of the signs for 1960 and the rather less optimistic readings that the National Institute, among other observers, would now offer, there are little more than differences of economic emphasis (though in political overtones, as a leading article on page 11 points out, the optimistic adjectives of this survey may have greater significance). The survey gives the impression that the rise in Bank rate in January, followed by the Bank's gesture in the gilt-edged market, may have exerted enough restraint for now; others feel it ought now to be reinforced in the budget. The National Institute, fearing that the motor industry may once again prove a generator of excess demand, would be inclined to damp down this industry's latest expansion plans somewhat before they are put into practice, by a rise in purchase tax (adding, with a sophistry worthy of any Chancellor, that this "would not directly influence the retail price index; it does not include new cars").

Nobody would suggest that Britain is yet approaching any

roaring inflation; the difference of opinion is simply about how soon and how much one may need to retard the pace of advance, particularly in consumption and the industries serving it, to avoid inflation without losing the underlying momentum of the economy. To quote Sir Robert Hall once more, "The Government should have, and in fact, I think, has, the best statistics available," plus unequalled experience in trying to interpret them. But again, "... in the end, it is one's own judgment from the feeling of the thing about how things will go."

ISHRA's Task

"THE hope of the Government is that, within the lifetime of the present Parliament, the (Iron and Steel Holding and Realisation) Agency will complete its duty of substantially returning the industry to private enterprise. We are very hopeful that conditions will be such that the Agency will be able to make significant progress during the course of this year."

The Economic Secretary to the Treasury: March 22nd.

OTHERS besides Mr Nabarro have been perplexed about the current oddities of finance for the steel industry. The Government has landed itself in a circus act, and the ringmaster from Kidderminster has been having an enjoyable time flicking his whip at this spectacle of two horses being ridden in opposite directions. To be committed to the denationalisation of steel and committed also to the provision of £120 million of public money for the erection of new steel plants to be under private control suggests certain equestrian dangers.

Mr Nabarro was in some difficulty too: "We want," he said on Monday, "some of the money invested, but we do not want all of it invested." Which then raises the question: How much? The Government is committed by agreements barely a year old to provide £50 million for a new steel strip mill at Colvilles and £70 million (this apart from other money to be raised from ISHRA) for the new steel works and strip mill of Richard Thomas and Baldwins at Newport. Colvilles intend now to use as little of their loan as possible. RTB, on the evidence of Mr Geoffrey Eley's statement last month, will be a short-term borrower, for the company expects to repay it by 1971 and "without difficulty to pay a proper return on our capital" and carry out further expansion and improvements.

So this horse of an odd colour may not be too troublesome to manage in the end, and Mr Nabarro may get his wish. It will still have the result, for a time at least, that the public stake in steel will get bigger, which is an odd kind of denationalisation. What is the other horse carrying? Too much weight, alas, to be a very good goer. It has only one equity issue of any importance—RTB's ordinary capital standing in the books at £21 million. It has £132 million of prior charge obligations and £33 million preference capital of companies whose ordinary shares have been resold to investors. (These are together entered in the agency's books at the lower total of £125 million.) And it has £20 million of miscellaneous smaller holdings, of which Staveley forms a third. Beyond this, it has promised at least £30 million to RTB and £40 million to Steel Company of Wales. ISHRA's interests in steel, now and in prospect, are therefore around £240 million, while the Government is committed to finding up to £120 million. So the public stake can be put at a maximum of £360 million. When ISHRA was set up in July, 1953, it took over securities valued at £252 million—so that a hard man might say that it has not made much progress.

ISHRA sold the ordinary capital of nine of the ten major companies it acquired in July, 1953, in less than four years, along with about forty smaller ones. These companies were responsible at that time for about five-sixths of the industry's employment and output of crude steel. Since March, 1957, the agency has sold virtually nothing. That is not exactly its fault. For most of 1957 and all of 1958 dispute continued over the laying down of further capacity to produce steel strip—and in this argument the largest company still owned by the state, Richard Thomas and Baldwins, was directly involved.

By the time compromise solutions had been found late in 1958, the shadow of the general election put any further selling out of the question. Since the election buried the danger of renationalisation, steel shares have risen about 90 per cent in value. (It is worth remembering how long some of them stood at a biggish discount after they were re-sold a few years back.) But the agency did not take advantage of this post-election euphoria to sell off RTB; it may have felt some scruples about taking precipitate advantage of a roaring market and it must have felt some uncertainty about policy for further disposals. Now the Government, putting the finishing touches to its loans to Colvilles and RTB, leaves no doubt of its continued intention to denationalise—with the hope of "significant progress this year" as Mr Anthony Barber has said.

The task remains formidable in size and complexity—with the complexity stemming both from real marketing problems and also from public relations. Take RTB's ordinary capital first: £10,829,000 nominal, standing at £21,076,000 in ISHRA's books. RTB has spent over £33 million on development in the last five years, and its net tangible assets come to £58 million. Last year's earnings on issued capital were equivalent to over 60 per cent, and on assets employed over 10 per cent. It is clear that the agency ought to have a good chance of selling this ordinary holding for about £40 million—that is £4 a share at present issued and a profit for ISHRA of around £20 million. This would be consistent with earnings yields on existing shares now ranging up to 15 per cent and dividend yields up to 5 per cent. The problem here is not merit, but size; the agency has to repeat an operation on the scale of the Steel of Wales offer, which was a difficult one. To adapt the words used recently by the Governor of the Bank of England, a lot of money would have to chase this addition to the supply of good class equities to lift it off the market.

CAN denationalisation be regarded as complete after this is done? Politically perhaps, but not in the broadest sense so long as ISHRA holds £132 million nominal of debentures and £33 million of preference shares. The debentures range from 4½ to 5¾ per cent, so that the current value of the stocks (taking a 6 per cent market rate) would range from 75 to 96. These prior charges, ISHRA might argue, represent pound for pound the money that the agency has put into the industry and it would not do to sell them for less. This is the public relations point—to avoid the accusation of selling them off cheap. But there is another side to this argument. There is outstanding £233 million of Treasury 3½ per cent stock, 1979-81, originally issued as compensation, also standing around 75. These two different prices balance, and anything that the agency sold for 75 it could match by a redeeming purchase of steel stock for the same figure. ISHRA would, in effect, be all square and the only losers would be the original holders of steel stock.

This is so simple that it may defy Treasury ingenuity to bring it about. But the prospects would not be too bright for a series of big debenture issues, with Steel of Wales's £65 million of 5½ and 5¾ per cent debentures as the biggest lumps. Has any consideration been given to tap issues of these and other stocks, through a merchant banking house or for that matter through the Government broker? Is there no possibility of selling some part of them by tender? The first necessity is no doubt to sell RTB ordinary. But in the remaining term of this Government the opportunity should be pressed to dispose of blocks of prior charges, without serious regard to the argument about selling too cheaply if, as is most likely, they have to go at a sizeable discount. During that time the steel industry itself would be making calls on the market and ISHRA's operations would have to be timed accordingly. But the denationalised section of the industry last year was enjoying a cash flow of £60 million towards an investment programme of about £100 million, and it is certain to be far bigger this year.

The difficulties, as usual, argue themselves. Yet they are not of an impossible kind if they can be met with ingenuity and more freely ranging techniques than the agency has so far mustered. It is time for it to get into business for the last stage of its operations.

BUSINESS NOTES

BUDGET OUT-TURN

The Accounting Figures

As expected, the Exchequer figures released on Thursday night show a much larger ordinary budget surplus in the fiscal year that has just ended and a much smaller net deficit after debiting capital items than Mr Amory expected last April. But this improvement (in the conventional sense of the term) in the budget accounts denotes no commensurate improvement in Budget prospects next Monday. If there is any correlation nowadays between the performance of the Exchequer accounts and the appropriate policy decisions in the ensuing budget it is a negative correlation. The reason why last year's tax cuts left ordinary revenue considerably up on the year is that, partly as a result of the budget stimulus, taxable incomes grew faster than expected. The fact that they grew faster, and that at their buoyant level they are sure to provide another built-in increase in revenue in 1960-61, is not a source for tax cuts, which stimulate demand, but evidence of the need for restraining demand.

The final surplus above-line comes out at £387 million; that compares with a budgeted surplus of only £102 million, and is actually a little bigger than the surplus in 1958-59. Ordinary expenditure was broadly on target; but ordinary revenue, expected to fall by £155 million, actually rose by £151 million. Net capital expenditures "below line"—largely for nationalised industries—fell short of expectations, and the "overall" deficit was £314 million, compared with a budgeted £721 million. In comparisons with figures in earlier years, it should be remembered that before the 1956 budget nationalised industries other than the Coal Board did not draw their finance directly from the Exchequer (though they did indirectly); on the other hand, the Exchequer then bore the brunt of borrowings by local authorities, which in autumn, 1955, were shifted to the market.

1959-60: OUT-TURN AND ESTIMATES

	£ million	Change on 1958-59	
	Out-turn	Actual	Original budgeted change
Inland revenue	3,010	− 6	−160
Customs & Excise	2,282	+ 91	− 41
Total ord. revenue	5,631	+151	−155
Supply expenditure	4,502	+185	+178
Consolidated fund	742	− 43	− 58
Total ordinary expenditure	5244	+141	+120
Above-line surplus	+387	+ 10	−275*
Net spending below-line	−700	−141†	−264†
Overall deficit	−314	−132†	−539†

* Fall in surplus. † Rise in deficit.

BUDGET ACCOUNTS SINCE 1948

(£ million)

Years to Mar. 31	Ordinary revenue	Ordinary expenditure	Above-line surplus	Net payments below-line*	Overall budget surplus or deficit*
1948-49	4,007	3,176	831	479	+ 352
1949-50	3,924	3,375	549	487	+ 62
1950-51	3,978	3,258	720	473	+ 247
1951-52	4,433	4,053	380	529	− 149
1952-53	4,439	4,351	88	524	− 436
1953-54	4,368	4,274	94	391	− 297
1954-55	4,738	4,305	433	501	− 68
1955-56	4,893	4,496	397	538	− 141
1956-57	5,158	4,868	290	621	− 331
1957-58	5,343	4,920	423	635	− 212
1958-59	5,480	5,103	377	559	− 182
1959-60	5,631	5,244	387	700	− 314

* Accounts before 1956-57 excluded capital advances to main nationalised industries.

IN THE MARKETS

Budget and Africa

PRE-BUDGET week has passed quietly in the London stock markets, as many people expected it to. A year ago there were big tax reliefs to discount; this year the optimists are hoping for "no change." If Mr Amory's proposals turn out to be mild, the removal of uncertainty could give some renewed fillip to equities. If he is plainly too mild, the fillip might possibly be strengthened in the first instance but subsequently undermined by fears of the need for new restraints in the summer; if, surprisingly, the Chancellor presents a tough budget of substantial tax increases, gilt-edged should stand to gain.

Price movements and the volume of business this week have been small both in gilt-edged and in most industrial shares—with the notable exception of shares of companies with substantial interests in South Africa. The sharp fall in this section is reported on page 16; by mid-week it was casting a shadow over the markets as a whole. In the week to Wednesday *The*

Economist indicator was little changed, at 361, compared with 343 three weeks before and the peak of 378 on January 6th. In the gilt-edged market there have been some further sales from the banks, but these have not pressed on the market.

"SHELL" TRANSPORT

Shell's Good Dividend

STOCK EXCHANGE dealers, who had cautiously expected "Shell" Transport to do no more than to adjust the tax-free ordinary dividend for last year's reduction in the standard rate by raising the payment from 18¾ to 20 per cent were taken completely—and very pleasantly—by surprise when on Thursday Shell announced a total tax-free dividend for 1959 of 4s. 9d. per share (that is 23¾ per cent). The £1 shares were immediately marked up in after hours dealings by 5s. 1½d. to 155s. 7½d., to yield almost exactly 5 per cent. This is yet another in the succession of good blue chip dividends this year. As a result, equity yields in comparison with gilt-edged yields are looking more reasonable than, say, three months ago.

The figures from the Royal Dutch/Shell group continue the strong trends in recent quarterly reports. Progress quarter by quarter is shown in the accompanying table. It shows considerable stability in gross margins over the last eighteen months, though there has been a slight fall in the last quarter of 1959. These gross margins are now strictly comparable as regards tax; the last two quarters, however, include the earnings of Canadian Eagle which the group absorbed completely last year. For the year as a whole the group has scored advances in output, sales and profits with the level of prices substantially unaltered. Strength in surplus as well as in scarcity has been demonstrated by this international giant. Its gross production of oil (including quantities received under special supply contracts) rose by 11 per cent, to average 2,465,000 barrels a day, and sales of crude oil and oil products, averaging 2,495,000 barrels a day, rose by 8 per cent. Refinery runs were also 8 per cent higher, at 2,369,000 barrels a day. In value, total sales and other income rose by over 9½ per cent, from £2,352 million to £2,579 million.

The group has continued to trim costs, as the other oil companies have done, and as a result its earnings before tax and depreciation were some 11 per cent higher at £522 million. After higher charges for tax and depreciation, the net income of the group was also 11 per cent higher at £175½ million, against nearly £159 million in 1958. From this income dividends amounting to £58 million, against £46 million, have been declared to the parent companies and shareholders cannot complain that they have been forgotten.

AIRCRAFT INDUSTRY

A Bunch of Carrots

THE aircraft industry has now been told in more detail of the terms on which the Ministry of Aviation is prepared to subsidise new civil aircraft; in the Minister's own phrase, it "is sniffing the carrot and I am waiting to get its reactions." This time the Government has no intention of signing a blank cheque; whatever phase of development Mr Sandys agrees to support, be it preliminary research, or design, or tooling for production, the Government's contribution will be limited to its agreed share of the original estimated cost, and if the estimate is exceeded, the company alone will have to find the extra money. This is the intention. Whether the Ministry will be as stony-hearted when put to the test has yet to be seen.

Among the candidates for Government support, the Ministry has already agreed to provide a share of the £8 million judged necessary to complete the development of the Rotodyne; it is expected to provide something towards the development of the de Havilland 121 jet airliner now being built for British European Airways and to do the same for Vickers-Armstrongs's competing VC 11 jet if Vickers can produce some customers. It may conceivably contribute towards aircraft already in production; the industry will certainly ask it to do so. Two projects falling into this category are Hawker-Siddeley's small Avro 748 transport, and Vickers-Armstrongs's big VC 10 jet, both in the form in which it is being built for BOAC and in its "stretched" version.

Government support for the VC 10 could be important to Vickers, since the new British Aircraft Corporation formed by Vickers, English Electric and Bristol Aeroplane is not assuming financial responsibility for aircraft such as the VC 10 which were already in hand when the corporation

ROYAL DUTCH SHELL SALES AND INCOME

(£ million)

Quarter	1958 First	1958 Second	1958 Third	1958 Fourth†	1959 First	1959 Second	1959 Third	1959 Fourth†
Sales :—								
Including duties	565·3	579·9	606·9	599·8	591·8	601·9	664·6	720·7
Excluding duties	437·9	431·0	445·3	457·5	458·3	445·1	479·7	525·4
Gross income	72·0	70·4	78·9	82·7	84·0	84·2	84·8	89·4
Net income	36·8	34·6	34·3	53·1	37·1	45·6	44·2	48·7
*Gross income/sales**	*16·9*	*16·0*	*18·1*	*18·1*	*18·1*	*18·9*	*18·0*	*17·0*
*Net income/sales**	*8·4*	*8·0*	*7·7*	*11·6*	*8·1*	*10·2*	*9·2*	*9·3*

* After deducting sales taxes, excise duties, etc., from turnover. † Estimated figures.

was formed. The first members of the new board—but not the chairman—will be announced next week. The resignation of Mr Peter Masefield as managing director of the Bristol Aircraft Company strengthens the presumption that Vickers-Armstrongs will become responsible for aircraft production and English Electric for missiles.

But the biggest candidate for Government support is the supersonic airliner; both aircraft groups are due to submit their thoughts on this to the Minister during April. Hawker-Siddeley is proposing an airliner flying at something above 2,000 miles an hour, or three times the speed of sound. Because its skin temperature would reach 350°C, such an aircraft would have to be built of steel. The British Aircraft Corporation, impressed by the difficulties met by Bristol Aircraft in attempting to build a stainless steel research aircraft due to fly this summer, has pitched its sights lower, to speeds of about 1,500 miles an hour where skin temperatures remain at 175°C, well within the tolerance of existing light alloys.

POST OFFICE

A Step Towards Freedom . . .

AMONG Britain's nationalised industries the Post Office is the eldest by close on a century but, until the changes that were announced this week, it has been denied many of the advantages enjoyed by its younger sisters. Technically and commercially it has been going through a minor revolution in the last few years; now its organisation, too, is to be partly modernised. The telephone service, which provides most of its profit and absorbs most of its new investment, is progressively being developed towards a state of almost complete mechanisation, with a genuine prospect of considerable savings in operating costs and a much simplified, and more sensible, structure of charges. Two swingeing tariff increases, in 1955 and 1957, went far to put all its potentially remunerative activities on a sound economic basis. And, for the last five years, the Government has re-applied in a modified form the proposals of the Bridgeman Committee in 1932 to give the Post Office the appearance of "self-contained" financial status as the only government department that indulges extensively in trade—currently to the tune of more than £400 million a year (not counting the "banking" facilities that it provides, which involve handling more than £5,000 million annually).

Thus a clear limit has been set upon the use of the Post Office as a source of general revenue for the Exchequer: a fixed annual contribution, set at £5 million a year in 1955, was to be paid to the Treasury as a rough commutation of the taxes it would expect to have to pay as a fully commercial, trading organisation. But it was still subjected to the 170-year-old rule that

all moneys the Government receives must be paid into the Consolidated Fund and that all payments must have specific parliamentary and Treasury approval. It was still treated, not as a self-contained business, but like any other department disbursing the proceeds of taxation.

The further changes the Postmaster General announced this week, which will require legislation—promised for the next session of Parliament—will take this logical step forward when the present five-year trial period expires in March, 1961. The current finances of the Post Office, including provision for depreciation at current replacement cost, will be contained in a new statutory trading fund, completely severed from the Exchequer and freed of "meticulous" Treasury control. The confusing alternative set of cash accounts will disappear; so will the provision for Post Office self-balancing revenue and expenditure in the budget. An ampler report and accounts, on a normal commercial basis, are to be produced each year, and the responsibility of the Post Office since 1955 to balance its income and expenditure "taking one year with another" is to be made statutory.

. . . as Far as the Reins Allow

THESE changes in the status of the Post Office are intended to give it "greater commercial freedom . . . under the direct control of the Postmaster General, subject to his obligations as a member of the government and to parliament." But as spelled out in this week's white paper (Cmnd. 989) these obligations are likely to give him as much—or as little—real independence as before. Naturally, one could hardly expect the Treasury to give up the same control as for other public industries over investment policy and over capital borrowings needed to finance investment not provided for by depreciation (now rather less than half), as well as the annual payment in lieu of taxes: or Parliament to relinquish its right to receive full reports, to ask questions about routine matters as well as general policy, and to scrutinise the accounts through the Comptroller and Auditor General and the public accounts committee.

But three further obligations, two of them new, could invite too much interference. Treasury control of the pay of Post Office staff, who will remain civil servants, may be an inevitable part of the logic of continuing to run the Post Office as a government department. But Parliament has been provided with two additional, and questionable, means of control. The Postmaster General's power to draw on his trading fund will lapse annually unless it is renewed by an affirmative resolution of the House of Commons; and in future all, instead of some, Post Office tariffs are to be subject to Parliamentary approval. No doubt these proposals arise from some idea of providing parliamentary accountability of a nationalised industry that has no competitor and will have to provide some "social" services that are unremunerative. But no nationalised industry has previously been asked to seek the sanction of MPs for all its price changes or been made liable to a possible annual withdrawal of its working capital as if it were a suspect standing army. These two new proposed powers will need careful examination. They could become fashionable.

WALL STREET

What Institutions Hold

NO one knows just how big the role of institutions is in the London stock market, but on Wall Street the New York stock exchange provides the figures. At the end of 1959, all institutions together held $51 billion of listed common stocks (i.e. excluding bonds) out of a total of $308 billion, at market values. In ten years the market value of the institutions' holdings has risen fivefold; yet the share of the total is still no more than 16.6 per cent. The private investor is still a much weightier influence on Wall Street than he is in London. The fastest growing institutional investors in America are pension funds (up from $0.5 billion to $10.8 billion since 1949) and open-end investment companies (from $1.4 billion to $12.8 billion). It is intriguing to see that college and university endowments are as large as the funds of life insurance companies.

HOLDINGS OF LISTED STOCKS BY FINANCIAL INSTITUTIONS

($ billion, at year-end)

Type of Institution	1949	1957	1958	1959*
Insurance Companies :				
Life	1·1	2·2	2·8	3·1
Non-life	1·7	4·1	5·6	6·0
Investment Companies :				
Open-end	1·4	6·6	10·3	12·8
Closed-end	1·6	3·5	4·4	5·2
Non-profit Institutions :				
College & University endowments	1·1	2·1	2·9	3·1
Foundations	1·1	2·7	3·7	3·9
Other	1·0	2·8	4·0	4·4
Non-insured Corporate Pension Funds	0·5	5·6	8·8	10·8
Common Trust Funds	—	1·0	1·3	1·4
Mutual Savings Banks	—	0·2	0·3	0·3
Total	$9·5	$30·9	$44·1	$51·0
Market value of all listed Stocks	76·3	195·6	276·7	307·7
Proportion held by Institutions	12·4%	15·8%	16·0%	16·6%

* Preliminary estimate.

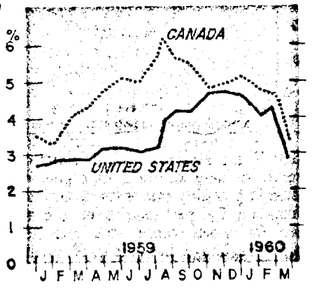
COTTON INDUSTRY

The Wreckers Depart

THE wreckers downed hammers in Lancashire's mills last Thursday—the deadline for scrapping nearly half the spindles (12.4 million out of 25.3 million) and two-fifths of the looms (105,000 out of 259,000) put into the Government's reorganisation scheme. Because business is good most firms put off scrapping as long as they dared, but only a few—accounting for three per cent of both the spindles and looms to be scrapped—have been granted an extension of time. The loss of capacity is gradually being offset by more shift-working. About two million spindles are now working two shifts, compared with only one million last June, and a few firms have introduced a third night shift as well. The number of looms on two shifts rose by 2,000 to about 28,000 between June and January, and those on three shifts rose sharply by 4,500 to 12,500; more looms have been put on to shifts since then. An extreme measure of the gain in output per head is given by comparing output and the labour force last January and in January 1959, when short-time working was widespread. Output of yarn and cloth rose by about seven per cent during this period, and the labour force fell by about eight per cent, from 206,940 to 191,100; employees in spinning dropped by 10,500 to 75,000, and in weaving by 5,770 to 91,920; doubling, exceptionally, showed a small increase in workers (and a big increase in output).

This surgical operation has proved less painful than Lancashire feared. There are signs that the shortage of textiles is beginning to ease: though spinners' order books are still exceptionally long (nearly six months on average), they are not quite as long as they were, and weavers' order books have probably shortened a little too. Unemployment in the north-west region as a whole in March was in fact lower than a year ago. Though there is hardship in some districts, many mills are still short of labour. Many old mule spinners have not found other jobs, but their younger colleagues evidently have, in ring mills or other industries, and some of the married women have gone back into the home. It will be some time before employment

SEE SAW IN BILL RATES



This year, as last, money rates have been moving in opposite directions in London and North America. But now it is London that is going up and New York and Canada where rates are falling, from the peak levels of last summer. The upshot is that whereas in the second half of 1959 bill rate in London, exceptionally, was below New York, it is now 1¾ per cent above it, and 1¼ per cent above the Canadian rate.

settles down, and before the industry knows how much it has paid in compensation to displaced workers. The spinners' current guess is about £2½ million, and the weavers' is £2-£2½ million. Spinning firms that have not closed down are likely to pay out, in compensation to employees and for the scrapping of other firms' machinery, about as much as they are receiving in compensation for scrapping their own. The remaining weaving firms will pay out more than they get back, because the proportion of firms closing down completely is much higher than in spinning. It will be longer still before the response to the Government's re-equipment subsidy becomes clear.

AIR TRANSPORT

BEA Breaks the Sound Barrier

On Friday, British European Airways closed its most successful financial year yet, and opened its first jet services to Europe, flying Comets to Athens and Moscow. The corporation also made history by becoming the first airline to be allowed to fly jets by night into and out of London airport, a concession that caused sharp questions to be asked in the House of Commons on Monday. It is possible to argue that BEA's Comet 4s, having smaller wings and carrying considerably less fuel than those of BOAC or the even bigger jets of American airlines, can get off the ground sooner, climb away faster than heavier machines, and thus cause much less nuisance. But there is not much doubt that this is the thin end of the wedge; the Ministry believes that anyone who can sleep through the take-off of a piston-engined aircraft can sleep equally soundly when a jet goes overhead, and may cautiously extend the concession to other small jets and ultimately even to the big ones.

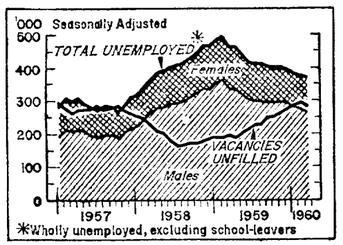
BEA is introducing jet services roughly a year behind its main European competitors; later this summer it faces the difficult task of introducing a second new aircraft, the Vanguard. The cost of route proving with the Comet has probably eaten fairly heavily into the corporation's profit, and although it ended the calendar year 1959 with a net profit of £2 million, it is likely to end its financial year with a rather smaller balance, perhaps £1.5 million. This is still a very creditable achievement, since BEA's route network is made up almost entirely of the kind of short journeys which most airlines have to subsidise out of profits earned on their longer routes. But conditions in 1960-61 may be more difficult, not because traffic is falling below expectations, but because the corporation is introducing two new aircraft types, which inevitably increases engineering costs. BEA has already noted an alarming tendency for these costs to rise of their own accord since the move to its mammoth new engineering base. This rise could be accelerated by the introduction of the Vanguard, if not also by the Comet, because airworthiness requirements demand much more frequent overhauls of new aircraft types when they first enter service. With the Vanguard, however, much of the cost of route proving before it goes into service may be paid by the Ministry of Aviation, in accordance with a promise made by Mr Sandys to the corporations to take some of the sting out of his new Air Licensing Bill.

MANPOWER

Unemployment In and Out of Season

For some years the Ministry of Labour has calculated for its own use seasonally adjusted figures of unemployment and of unfilled vacancies. These were zealously guarded until Mr Macleod gave them some publicity last year. An article in the current issue of the Ministry's *Gazette* has now outlined the methods used and the estimated extent of the normal seasonal movements. But the Ministry still fights shy of offering an actual series of adjusted figures: it offers the reader the wherewithal to do his own arithmetic but seems to add, "Be it on your own head if you do."

The assumption behind such estimates are that the normal seasonal movements are independent of the level of unemployment



—that is, the Ministry adds or subtracts an absolute number rather than a percentage. Although probably rather less accurate than adjustment by percentages of the totals, especially when there are considerable short-term changes in the level of unemployment, this simpler method makes it easier to interpret monthly changes and to combine together unemployment in different industries.

A major complication in interpreting trends in unemployment and vacancies statistics is the effect on them of the number of school-leavers and the relation between the dates on which counts are taken and the ends of school terms. Accordingly the Ministry has excluded school-leavers from its exercise on seasonality in unemployment; but it cannot do likewise for vacancies. In future, the Ministry will publish monthly figures of "wholly unemployed persons excluding school-leavers."

The new calculations can be used in two ways: they can be applied to the original unemployment figures so as to eliminate seasonal factors as far as possible (as is done in the accompanying chart) or they may be used to show the expected normal change from one month to the next. Thus, the table shows that when this month's figures appear, a seasonal drop of about 23,000 may be expected in the numbers wholly unemployed (other than school-leavers) and a rise of about the same order in the number of vacant jobs. Unemployment normally goes on falling until July and the total seasonal decline from the January peak is about 100,000.

Seasonal movements may vary from year to year (the Ministry of Labour's calculations are based on an average for the period 1949-58). Moreover, adjustments for them will remove neither random fluctuations nor the effect of such abnormalities as extreme weather conditions. Too much, therefore, should never be read into a single month's count. Nevertheless, in spite of all the snags, some attempt at assessing seasonal changes must be made to understand these labour statistics. It is a welcome move that the Ministry of Labour has at last disclosed its hand, even if rather cautiously, and so relieved private estimators of tackling the job without the full information.

MONTHLY SEASONAL CHANGES

(Great Britain: Thousands)

	Wholly unemployed other than school-leavers	Unfilled vacancies
December–January ..	+38·2	−12·4
January–February ...	− 2·8	+ 0·2
February–March	−13·8	+22·2*
March–April.....	−23·4	+22·6*
April–May.....	−12·6	− 1·9*
May–June	−34·3	+24·9*
June–July.....	−14·0	+17·1
July–August	+ 6·5	−14·1
August–September ..	+15·2	−28·4
September–October .	+27·4	−13·7
October–November .	+15·2	−11·4
November–December	− 1·6	− 5·1

* These estimates are less reliable when Easter is in March or after mid-April.

HARD TIMES FOR THE REVENUE

The Duple Case

Things are not going well for the Revenue this Hilary Term. Hard on the heels of the case of the second-hand suit come the Court of Appeal decisions in favour of car body builders and medical consultants. In both, the taxpayer will sense a commonsense reasonableness in the views of the judiciary: in both he may wonder whether the scales were not balanced precariously and doubt whether anything is final in the fiscal world until the Lords have had their say.

The Duple Motor Bodies case concerned the proper basis of valuing work in progress. The company did not add on-cost and had

Building Societies Reform

The opportunity has been taken in the new building societies bill to give all the law relating to building societies a modern look. The need for reform—in particular the need to protect investors from misrepresentation—was pressing, and the bill now puts in legal language most of the reforms that have long been urged, including the suggestions in our issue of January 30th.

Limits on Advances

The primacy of mortgage advances to owner-occupiers, leaving a reasonable opportunity for advances on commercial buildings, property development and big mortgages is secured without involving nice legal distinctions between owner-occupiers and other borrowers. The bill simply prohibits any established society from lending more than 10 per cent of its total advances in any one year on so-called "special advances." Special advances include:

(a) Advances of any amount to a corporate body.

(b) Advances of more than £5,000 to any person.

(c) Advances that would raise the mortgagor's personal debt to more than £5,000.

Mushroom societies that have been lending money for property speculation and development are dealt with in additional clauses designed to restrict future business of this kind to a bare minimum. If at the end of any year, special advances already amount to between 10 and 25 per cent of total advances, new special advances in the following year will be limited to 2½ per cent. If they are more than 25 per cent, no further advances can be made in the following year. The Chief Registrar of Building Societies will be empowered to raise these limits at the request of an individual society if he is satisfied that the special advances will go to building houses or flats to let. He will have the ultimate sanction of presenting a winding-up petition to the courts for any society that does not comply.

The bill also tries to ensure arm's length mortgage business by prohibiting any director, manager and secretary of a society or anyone with a financial interest in a property from making valuations. A director with a direct or indirect interest in a contract (such as a shareholding in a company to which an advance is made) must declare it to his fellow directors and the society must give details of such advances (including particulars of the shareholding) in an annual return made to the registrar.

Investments

At the moment societies can invest surplus funds only in the present range of trustee stocks. The bill provides that in future these funds should either be placed with an authorised bank or invested in a scheduled list of securities prescribed by the registrar with the consent of the Treasury. This extension will apply to the purchase of any new securities only; the list will be published when the bill becomes law and it is to be hoped that equities will not be included.

New Societies

It is now possible for four people, paying a fee of £20, to start a new society. The bill requires at least ten, each of them to subscribe £500 in cash in taking up the society's shares and to hold them for five years. To prevent evasion of this provision through the resurrection of moribund societies, the bill gives the registrar power to require similar shareholding qualifications for directors of a society with assets of less than £100,000 if it has changed its shape or character. The registrar will be able to prohibit a new society from using a name which he considers undesirable.

Advertising

The new bill provides that:

(a) No new society shall advertise without first securing the registrar's permission.

(b) The registrar shall have power to make general regulations governing the manner and form of advertisements for new money.

(c) For any individual society, he shall have power to ban the issue of any advertisement, require its withdrawal, or give directions as to its manner or form.

The Registrar's Powers

In addition to specific powers of control, the bill gives the registrar wide-reaching powers to act quickly in several matters:

(a) On 14 days' notice, he can require the production of books, documents and information to facilitate investigations.

(b) At his own volition and unhampered by any qualifying clauses, he can, at 14 days' notice, set an investigation in train.

(c) Whereas, under present legislation, he can order only a "stop order" on advertising, he will be able to prohibit the receipt of any new money on shares or deposits where he "considers it expedient so to do in the interests" of investors or potential investors.

(d) If, after issuing such an order, he is not satisfied that a proper proportion of the funds is being used to repay old investors he can petition the courts for a winding-up order.

Rights of Members

The bill, in effect, imposes a model set of rules on societies in which the rights of members are defined much as the rights of shareholders were defined in the 1948 Companies Act. It requires the societies:

(a) To keep proper books of accounts.

(b) To present to an annual general meeting a report and accounts in a form prescribed by the registrar. These will have to be signed by properly qualified auditors as giving, *inter alia*, a true and fair view of the society's affairs.

(c) To give every new investor a copy of its latest accounts.

(d) To send each year a copy of the annual report and accounts to any member who owns more than £25 in shares.

(e) To send a copy of the accounts to any shareholder or depositor who asks for it.

(f) To file with the registrar an annual return, framed in accordance with the registrar's requirements, which would include details that would not necessarily appear in the annual accounts.

(g) At the request of any shareholder or depositor to send him a copy of the annual return.

(h) To give every member entitled to vote the right to demand a poll and to vote by proxy.

(i) To compile a register of members (entering names and addresses only) and to open that register to inspection by members so long as their application to do so is not considered "frivolous."

Mutual Protection

The bill would make it possible (as it has not been hitherto) for societies to aid each other:

(a) A society can, with the registrar's consent, lend money to another which is in "financial difficulties." (This seems to echo the Scottish Amicable affair.)

(b) The societies can establish a mutual guarantee fund.

(c) The societies can insure their funds to protect investors against the possibility of loss.

(d) Unless they secure special dispensation from the registrar, any societies proposing to merge will be required to send to their members detailed particulars of the state of their finances and the terms of the merger, including any compensation to be paid to directors. (This seems to echo the Sheerness and Gillingham affair.)

Thus the new bill governs every aspect of the affairs of a building society. It has been welcomed by the Building Societies Association—as well it might, for the association must have had a big hand in framing its contents. It offers a measure of protection to investors in building societies enjoyed by few, if any, other investors. It confirms a prime distinction on the title of building society. Once it comes into force—as it seems likely to do without substantial amendment—the societies will be able to pursue the job of lending to owner-occupiers and borrowing from the saving public on terms that are better secured and should be free and competitive. The bill represents a departure from the old friendly society basis of the building society towards an organisational form much better tuned to modern needs.

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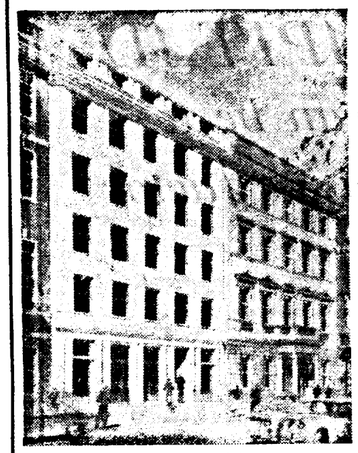

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FREEHOLD WITH POSSESSION

THE JASPER CASE

New Charges

ON Wednesday the prosecution concluded its evidence at the City of London Court on the charges against Mr Grunwald, Mr Jasper and Mr Murray. All three were sent for trial at the Old Bailey. They all pleaded not guilty and reserved their defence and were allowed bail of £40,000 each. The proceedings had lasted for two months, and at the last of the sixteen hearings four further charges were made against Mr Grunwald and one against Mr Murray. All three are defending the charges listed in *The Economist* of January 16, 1960, except that the charge of false pretences against Mr Jasper in an alleged transaction with Mr Lazarus Nidditch of Ely Brewery on September 14, 1959, has been replaced by one of making a reckless statement. New charges against Mr Grunwald are that he fraudulently converted to his own use £150,000 entrusted to him by the State Building Society (Mr Murray is charged with aiding and abetting in this alleged fraudulent conversion); that he fraudulently applied £100,000 while a director of R. E. Jones and Company; that similarly he fraudulently applied another £40,000 while a director of that company; and that while a director of Rubens Rembrandt Associated Hotels he fraudulently applied £10,000.

The final witness for the prosecution was Mr Davis Leigh, an official of the Registrar of Friendly Societies, who said that he conducted an investigation into the State Building Society in September and October last year. At that time, £4,489,100 of the society's assets had been advanced to the Jasper group of companies and so far as he could ascertain only £100,000 or £200,000 had been repaid.

At the conclusion of the case, Mr Morris Finer for Mr Jasper said that if anybody asked what the "Jasper Case" was about, the answer would be the alleged conversion of £3,250,000 from the State Building Society. Mr Finer said: "I wish to make it plain on Mr Jasper's behalf that it has never at any time been suggested, let alone charged against him, that he, by so much as an inkling, has been concerned in that matter." Mr Finer added: "In our submission no one from today onwards is entitled to call this case the Jasper Case."

MONTAGU AND WOOD HALL

Merger with a Difference

THE new is to be linked with the old in a somewhat complicated deal arranged between Samuel Montagu, pre-eminent as bullion and foreign exchange dealers for over a century, and Mr Michael Richards, chairman of Wood Hall Trust, which, since its reconstitution in 1952, has grown rapidly as an industrial holding company. Samuel Montagu has acquired from Mr Richards 360,000 5s. ordinary shares in Wood Hall Trust at 35s. each, slightly below Wednesday's market price of 35s. 9d. This represents 12 per cent of the issued capital and the major part of Mr Richards' holding. It has also bought the 100 Wood Hall management shares at 140s. each; these shares

Insuring East-West Trade

FROM A CORRESPONDENT IN VIENNA

WHEN the occupation troops pulled out of Vienna in 1955 there was considerable speculation about the future possible role in the international field of the superannuated Hapsburg capital, in size and structure so obviously disproportionate to the reduced administrative needs of modern Austria. Some of the city's former eminence has since been restored by an influx of world atomic officials. And there are now signs that Vienna, officially neutral and ideally situated, is developing into an *entrepot* of trade between East and West.

One manifestation of this is provided by the "Garant" insurance company, set up in 1958 on Soviet initiative as an Austrian company with a paid-up share capital of Sch. 6,000,000 (£80,000) and a mixed Austrian and Soviet supervisory board. The avowed object of the new company was to plug the gaps in credit insurance in East-West trade; its management aspires to stimulate this trade by offering forms of cover not normally obtainable from established underwriters. For this reason recently published details of Garant's first full year of operation may make interesting reading for the intending British exporter to Soviet block countries and China. Garant certainly cannot be dismissed out of hand, as it has been by the Vienna correspondent of a national newspaper, as a Soviet political manœuvre.

Undoubtedly the most attractive aspect of the facilities offered, particularly for extended credits, is the complete cover available against the risk of non-payment. Countries within the Soviet block are in fact looked upon by credit insurance organisations in the West as prompt and scrupulous payers: the commercial risk is much smaller than in the United States. It is the political risk alone that excludes such countries from top status accorded by organisations such as the Export Credits Guarantee Department and Germany's Hermes. Garant's policy not only covers the political risk at a low premium but, adducing the company's neutral domicile as an added advantage, the management offers a 100 per cent cover. Western institutions, where they cover the identical risks, prescribe an acceptance by the client of his own liability for 5 to 15 per cent of the total cover. Moreover, because of its especial position, Garant claims that its policies facilitate clearing business, a regular feature of trade with some Soviet block countries.

TOTAL premiums on insurance and reinsurance business transacted by Garant in its first year amounted to about 30 million Austrian schillings (over £400,000). Cover is also currently offered for transport insurance of every description, with attendant risks (e.g., civil commotion, confiscation, strikes, etc.); machinery breakdown, with guarantee; assembly of machinery; and insurance for trial runs. Cover for non-payment is subject to the sole exclusion of rejection of goods by virtue of "rejection of quality," this being a matter of fact determinable by the contracting parties. Rates of premium do not compare unfavourably with ECGD, and Garant is prepared to negotiate special rates where large capital goods contracts are involved. Such contracts are likely to predominate in Britain's exports to the Soviet block and Chinese markets for the foreseeable future. Garant reports that apart from numerous small contracts it has already covered "a whole range of larger risks, where cover reached a sum of Sch. 100 million and beyond."

Granted the apparent commercial seriousness of Garant's initiative, which has clearly awakened considerable interest in Western Europe (particularly in Western Germany), there are still two drawbacks in the way of the British manufacturer considering the use of Garant facilities. The minor drawback is that Garant cover is available only to those who place their marine and transport insurance with it. The major drawback is that the manufacturer has to obtain finance from his own banks, which usually require an unconditional guarantee of payment from ECGD in the event of default by the customer. At present it is very doubtful whether banks in Britain would accept as an alternative a guarantee by a company based abroad with a substantial Soviet interest. However, on the Continent, particularly in Western Germany, it is understood that an increasing number of manufacturers are finding it possible to get credit on the basis of a Garant guarantee, and to take full advantage of what appear to be commercially reasonable terms.

carry one-third of the total voting rights, but it is a condition of the sale that these special voting rights should be surrendered. In exchange, Samuel Montagu would be given a three-year option to buy up to one million shares at 40s. in the first year, with the price rising by 2s. each year. If this option were exercised, Samuel Montagu would then hold just over one-third of the ordinary capital and would thus have virtual control. With the proceeds of the sale Mr Richards will acquire an unspecified holding in Samuel Montagu and become a managing director.

The interests of Wood Hall Trust range over the wine and spirits field through David Sandeman to the estate and property business through Davis Estates. It also controls Hart, Son and Company, merchant bankers. This concern is to be sold separately to Samuel Montagu for £600,000—having cost Wood Hall Trust £75,000 five years ago. In addition, before the purchase is completed, Hart, Son and Company will pay to Wood Hall a tax free dividend of £100,000, reflecting about nine months' profits in the current year. Thus Samuel Montagu will be brought not only into the industrial field but through Hart, Son and Company will participate for the first time in active new issue business.

For shareholders of Wood Hall Trust the advantages are not so immediately obvious. They are not to receive a bid for their shares since it is considered that in the long term they will receive greater benefit from retaining their holding. That may well be so since Wood Hall Trust will now have Montagu's substantial backing, though it will have, presumably, less concentrated attention from Mr Richards. Full details of the deal and current information on the company's trading will be sent to shareholders shortly, on which they will be asked to give their approval.

LEAD AND ZINC

According to Plan?

The recent recovery in lead and zinc prices tends to confirm the forecasts of the United Nations conference last January. The conference found that lead would still be in surplus, despite the expected rise in world consumption this year. It therefore suggested that sales should continue to be restricted at least for the first nine months, and the cuts offered by producers reduced the apparent excess to a rate of only about 50,000 tons a year. In zinc, the conference found that even with supplies unrestricted this year there would be a deficit of roughly 75,000 tons which could be made good mainly from commercial stocks (which are excessive only in the United States) and by sales from the British Government's stock. Subsequently both metals weakened in the London market, lead mainly because of the indifferent outlook, and zinc mainly because of the delivery of surplus American metal here. In the last few weeks forward zinc has almost fully recovered, closing on Thursday at about £91 a ton, and prompt metal again commands a premium. As supplies do not yet seem to have returned fully to normal, zinc might move higher for a time, provided no more American metal comes on the market. In the United States itself producers' stocks of zinc fell in February for the fifth consecutive month, neatly illustrating the conference's point. Lead is evidently responding to the rise in consumption and the restrictions on sales. Forward metal has risen by £2 15s. to about £76 a ton, which is £7 dearer than a year ago, and prompt metal commands a small premium. Producers are no doubt delighted by the recovery, but with most of 1960 before them they may be reluctant to trust the most carefully framed forecasts too far.

BALANCE OF PAYMENTS

Sterling Area Recovers

The Economic Survey and a separate white paper on the balance of payments* confirm that the whole of last year's decline in Britain's current surplus was attributable to a fall in the surplus with the other sterling countries, from £427 million to £219 million. The deficit with non-sterling countries declined a little further, to the low level of £74 million. With North America there was a surplus of £143 million, after crediting net invisible payments of £154 million. The surplus on invisible payments as a whole declined from £251 million to £203 million; the main cause was a drop in current overseas earnings of the oil industry, reflected in the drop in "other (net)" from £380 million to £316 million. As the balance of visible trade swung from the exceptional 1958 surplus of £98 million to a deficit of £58 million, the current surplus as a whole dropped from £349 million to £145 million.

The overseas sterling countries improved their balance with non-sterling countries as well as with Britain. The rise in their exports was not yet reflected in a rise in import spending, and their current deficit with non-sterling countries dropped from £445 million to £179 million, while their receipts of capital from non-sterling sources, a record £392 million in 1958, still reached £306 million last year. The sterling countries were thus able to raise their London balances by £184 million, to £2,703 million at end-1959. Holdings of non-sterling countries fell, but only as a result of special transactions by the German government, without which there was a rise of about £20 million.

The balance of payments paper provides interesting figures (which should surely form part of the regular series) of the division of sterling balances in official and other hands. These show that between end-1957 and end-1959 holdings of central banks and other official funds remained more or less unchanged, at around £2,500 million. But private balances in London rose sharply, from £764 million at end-1957 to £961 million a year later and £1,008 million at the end of last year. The sharpest increase in these balances has been in the balances of residents outside the sterling area, though the private balances held by sterling area residents are still the higher in total. Details of the form in which overseas-owned balances in London were held in 1957 and 1958 are given in an appendix to the memoranda of evidence to the Radcliffe committee (Vol. 2, page 218).

* Cmnd 977.

OVERSEAS STERLING HOLDINGS
Classification by Area and Class of Holder

	31st December, 1957			31st December, 1958			31st December, 1959		
	Total	Central Bank etc	Other funds	Total	Central Bank etc	Other funds	Total	Central Bank etc	Other funds
U K Colonies	883	699	184	880	686	194	873	686	187
Other sterling area countries	1,725	1,427	298	1,639	1,307	332	1,830	1,479	351
Total sterling area countries	2,608	2,126	482	2,519	1,993	526	2,703	2,165	538
Total non-sterling countries	665	383	282	834	399	435	795	325	470
Total all countries	3,273	2,509	764	3,353	2,392	961	3,498	2,490	1,008
Non-territorial organisations	645	645	—	623	623	—	705	705	—
Total holdings	3,918	3,154	764	3,976	3,015	961	4,203	3,195	1,008

LUBRICATING OIL

Competition in the Sump

The new oils introduced in the last week by Regent and Shell are a sign of the efforts that the petrol companies are making to obtain a larger share of the market for motor lubricating oil. This is apparently one of the more profitable sides to the oil business—the motorist buys in small quantities, and shows little awareness of the price that he pays. It is still dominated in Britain by Castrol, much to the irritation of the major oil companies that sell Wakefield some of its base oils and see most of its sales made through the garages that they control. Castrol claims that it still has about half of the retail oil sales, the same proportion as it had before the petrol companies began their campaign for exclusive selling amongst the garages—though some rivals maintain that its share has fallen and is now less than half. Shell is believed to be the second best selling oil, with perhaps a fifth of the market, followed closely by BP, and then by Esso with about a tenth of the market; Mobiloil has about a twentieth and Regent rather less.

Total deliveries of lubricating oil to the home market, 925,200 tons last year, have not risen as fast as the number of vehicles on the road; they went up by under 3 per cent between 1956 and 1959. About two-thirds of the total is sold in the retail motor market. Modern cars have smaller sump capacities than old ones, need the oil changing less frequently, and burn less of it. Castrol seems to gain the strength of its position from the appeal of its XL grade to the owners of older cars; XL forms some 70 per cent of its sales. The petrol companies' oils, with their emphasis on such qualities as detergency which may be undesirable in an old car, seem to be aimed more at new cars, for whose needs they compete with Castrolite. Regent's new Havoline oil, for example, is claimed to be the most detergent of any on the British market, as well as having additives that are claimed to reduce sludge formation and wear. The Shell oil has additives claimed to leave no ash if burnt in the combustion chamber, as the normal metallic additives would: this could be a most useful property in a high-compression engine.

The companies that have suffered most from the oil companies' exclusive dealing practices are the smallest, which can no longer sell their products through most garages, and Mobiloil. This is seldom sold by other petrol companies' sites, which are obliged by demand to tolerate Castrol; from being the second best seller a decade ago, Mobiloil fell to the back of the field, though it is recovering ground as it opens more petrol stations. This gives Castrol some reason to fear a similar fate. But supplies of base oil can be obtained from independent oil companies on the Continent or from the United States—such as Ashland, the American company that makes Valvoline lubricating oil and has just begun marketing through garages in Britain. And competition with the major oil companies still seems a little easier in lubricating oil than in petrol.

TEA PRICES

Check to the Fall

The sharp decline in tea prices, especially of plain tea, was checked this week. At Wednesday's auctions in London plain tea held steady at the lower prices reached on Monday, and higher quality teas were often slightly dearer than on Monday. For the week as a whole plain tea sold at 3s. to 3s. 6d. a lb., which is about 10d. below the high prices prevailing at the end of last year. The trade is far from unanimous about the reasons for the decline: some argue that it is largely attributable to a decline in quality, which is in any case indifferent at this time: others say that quality has not deteriorated further.

But clearly buyers must have thought recently that their stocks were high enough,

Gilt-edged Encyclopaedia

A leading firm of stockbrokers in the gilt-edged market has issued a further supplement to its *chef d'œuvre* "British Government Securities in the Twentieth Century." This remarkable piece of research includes a full analysis of the national debt in each year this century, a full history of each individual stock, and an interesting series of charts showing the fluctuation of prices and yields of each stock within each period between changes in Bank rate. This year the compilation also includes two revealing tables published in the evidence to the Radcliffe committee, showing for the first time the portfolio of the Bank of England Issue department, though the latest of them run to March 31, 1957.

DISTRIBUTION OF NATIONAL DEBT

March 31, 1957	Treasury Bills £ mn.	%	Gilt-edged Securities £ mn.	%
Nat. Debt Commissioners	25	1	2,864	15
Bank of England Issue Department	1,071	25	926	5
	1,096	26	3,790	20
Bank of England Banking Department	174	4	164	1
Exchange Account and other public depts.	277	7	469	3
Nationalised Industries	*		85	—
Local authorities	*		250	1
London Clearing Banks	915	22	1,907	10
Discount Market	300	7	402	2
Scottish Banks	13	—	344	2
Insurance, Public Companies, Provident Socs.	*		2,200	12
Overseas Official	905	22	1,635	9
Other (including residual errors)	515	12	7,384	40
Total	4,195	100	18,630	100

* Not known.

At that date the portfolio of about £2,000 million of the Issue Department was split fairly evenly between bills and gilt-edged securities. Its gilt-edged holdings, together with those of the National Debt Commissioners, amounted to 20 per cent of the nominal total valuation, and other public departments and the Banking Department held another 4 per cent. Holdings other than in the main financial institutions are believed to have been about 40 per cent of the total. Official holdings of Treasury bills are proportionately more important, at 37 per cent, but all but the great bulk of these holdings is in "tap" bills supplied only to the departments. Holdings of the commercial banks and discount houses form a larger portion of outstanding Treasury bills than of market securities, but the Radcliffe figures confirm that "outside" holdings of bills have been rising in recent years.

In its introductory survey, the firm of stockbrokers refers to the general fashion of decrying gilt-edged. But it offers a telling footnote to the recent agitation for the Government to alter the terms of 3½ per cent War Loan; in all but one of the first seventeen years of the stock's life the price was well above par. The survey also refers to one singular advantage of gilt-edged over other investments, their mobility: "one large fund has calculated that the switching profits from its gilt-edged portfolio outweighed in the past year the increases in dividend from an equity portfolio of comparable size".

GILT-EDGED HOLDINGS

	£ million nominal at March 31 1935	1952	1957	1958
OFFICIAL HOLDINGS (National Debt Commissioners and Bank of England Issue Department)				
Up to 5 years	28	704	858	658
5 to 15 years	43	348	740	1,031
Over 15 years (inc. undated)	208	1,936	2,194	2,180
	289	2,988	3,792	3,869
OTHER HOLDINGS				
Up to 5 years	142	2,891	3,719	3,115
5 to 15 years	594	2,049	3,997	4,467
Over 15 years (inc. undated)	4,483	8,308	7,122	7,127
	5,219	13,248	14,838	14,709
TOTAL				
Up to 5 years	180	3,595	4,577	3,773
5 to 15 years	637	2,397	4,737	5,498
Over 15 years (inc. undated)	4,691	10,244	9,316	9,307
	5,508	16,236	18,630	18,578

Some new information on recent movements in gilt-edged appears in the Economic Survey, with a time lag notably less than the seven months on which the authorities have insisted hitherto. Over 1959 as a whole, the authorities purchased a "substantial" net quantity of stock. Sales were not pressed on the market; but the reason given by the Treasury is that it was thought undesirable to check business recovery—not that to press sales at any time is impracticable.

and that they could afford to sit back in the hope that prices would fall. Now that prices have fallen, they are buying more freely. The increase in the quantities offered in the London auctions (largely owing to a seasonal rise in arrivals from Africa) probably contributed to the weakness of the market, and there has also been a sharp increase in arrivals of low-priced tea from Formosa and Japan, the bulk of which is sold direct, not through the auctions. Buyers may also have been influenced by the apparent decline in British consumption so far this year. Producers of plain tea in North India will hope that prices will soon improve. Few of them can sell tea in London at a profit at current prices.

POTTERY

Down the Drain

ONE of the secret worries of the pottery industry seems to be keeping the colours on its plates in face of modern methods of washing up. Some of the best decoration is done by putting the colours on top of the glaze and then firing them; "on-glaze" decoration therefore tends to be used for the more expensive products. But it is also liable, under certain conditions, to wash off in the sink, in spite of all the research done by manufacturers to find more durable colours. The current issue of the *Pottery Gazette* shows that soap is, surprisingly enough, the worst offender; it gives a clean bill of health to about thirteen of the synthetic detergents on the market (the Consumers' Association considers most of these fairly harmless to on-glaze decorations).

But as the *Pottery Gazette* shows, in its illustrations of plates stripped of every fragment of colour after a few hours' immersion in washing-up water, the damage is done not by the detergent alone, but by a combination of detergents and high temperatures. And the most dangerous temperatures, from 140°F to 180°F, happen to be within the range recommended for use in four separate dish-washing machines now on the market. Under the circumstances it is probably small comfort to housewives to know that on-glaze decoration under this kind of rough treatment stays on china, which is fired at high temperatures, rather longer than it does on earthenware.

PETROLEUM GAS

Pressure on Price

LIQUEFIED petroleum gases—butane and propane and mixtures of the two—do not sell as well in Britain as they do on the Continent and in the United States because they cost too much. United Kingdom consumption last year was in the region of 125,000 tons, compared with an estimated 820,000 tons in France, 600,000 tons in Italy and 320,000 tons in western Germany. But sales have recently been increasing rapidly (only 90,000 tons were sold in 1958) and one of the largest distributing companies, Calor Gas, is hoping to quicken the pace of expansion by finding new uses and by selling more cheaply on long-term contracts to industry. About 600,000 tons of liquefied petroleum gases are available as a waste product of United Kingdom refineries every year, but high distribution costs have so far ensured that most of it is wasted: until a greater quantity is transported in pressure tanks by rail, costs will remain high.

This means that the price per therm for domestic users (and industrial users in small quantities) is today around 46d, compared with, say, 33d. for electricity; 22d. for town gas; and 11½d. for paraffin (15d. for supergrade). There are some things that butane and propane can do better than other fuels, however, and in these fields sales have gone ahead smoothly. They are better for caravan heating and lighting, for some kinds of internal combustion engines (costs are saved when LPG is used in fork-lift trucks), and for industrial processes requiring a high steady flame and great cleanliness, the mass brooding of chickens, or the manufacture of special qualities of glass. But the balance of sales is expected to swing from domestic and commercial use to wider use in industry, including more sales to regional gas boards which use liquefied petroleum gas to enrich supplies in their grids. Factories that do not use gas might also provide a potential market. To help LPG compete in these markets, new contracts are being negotiated at more competitive prices—the result of pressure on an industry which has reached the end of the road of specialised sales at high prices.

SHORTER NOTES

Letters from the Underworld: Imperial Chemical Industries, which operates Britain's only salt mine, announced a reduction in the price of rock salt this week, from 68s. to 63s. a ton. The mine, at Winsford in Cheshire, is to be modernised, and output is to be increased from 150,000 to 300,000 tons a year. Most of this output is bought by local authorities, who use it to keep roads clear in the winter.

*

British films brought in nearly £5 million in overseas currencies in 1959, just slightly less than in 1958. Dollar receipts, at £1.2 million, were rather higher. These figures comprise, mostly, sums actually remitted to this country, not total earnings, and they also exclude the earnings of television films. A further £2.2 million (against £2.6 million) was received from blocked sterling accounts for the production or purchase of British films. At home, the decline in cinema going appears to be slowing down.

*

The National Council of the Passenger Vehicle Operators' Association has announced that it intends to form a trade association for self-drive car hire firms, of which there are now over 500 operating in Britain. Some of the proposed association's stated aims are admirable, such as ethical advertising and clearly stated tariffs; some are grandiose but rather unnecessary (e.g., a Seal of Quality and Integrity, and the regulation of insurance on hired cars, which is covered by existing law). Others, such as the elimination of price cutting and of credit cards, and the control of entry into the business, sound downright reprehensible. These last aims ("the benefits that only co-operative action can bring") are, however, outside the scope of the present Restrictive Trade Practices Act, which does not cover the provision of services.

*

The full monthly statement of the London clearing banks shows that in the four weeks to March 16th, net deposits fell by £127.2 million to £6,559.3 million. In that period "true" advances to borrowers other than the State boards rose by over £63 million, somewhat less rapidly than suggested by the individual statements discussed in these columns last week.

*

Holders of the ninth issue of national savings certificates, issued between 1951 and 1956, will be able to keep them beyond their original term of ten years; they will increase in value by 9d. a year, with an additional bonus of 6d. at the end of the seventh year. The yield of £3 12s. 8d. tax free over seven years compares with over £4 4s. on the current issue of certificates, but the switch is not worthwhile to people who may not keep their holdings for a full seven year term.

*

The World Bank has granted three loans totalling the equivalent of $40 million to the Belgian Congo to develop African agriculture and improve transport facilities. The loans are for terms of ten and twelve years and bear interest at 6 per cent; they are guaranteed by the Kingdom of Belgium. Private institutions in Belgium and other countries are participating in the loan to the extent of $5.7 million.

COMPANY AFFAIRS
Comments on pages 101, 102 and 103 on
Ford Motor, Aluminium Ltd., Anglo-American, Waterlow and Sons, Lombard Banking, North British Locomotive, C. A. Parsons, Union Corporation, Bentalls, Associated Electrical, Lewis's, Times Furnishing, British American Tobacco

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 104 and 105

LONDON STOCK EXCHANGE
The week's movements reported on page 103

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 106

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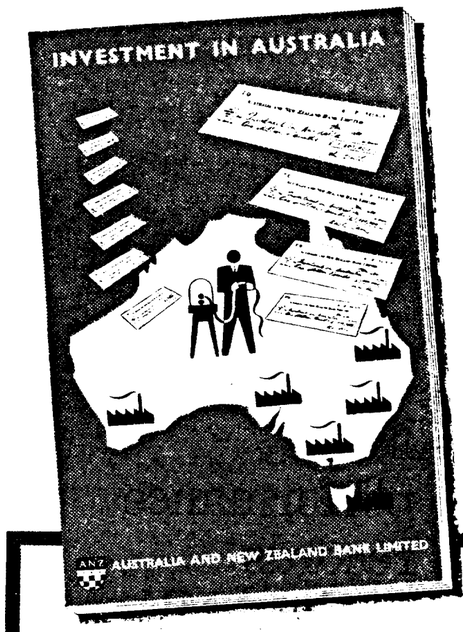

INVESTMENT in AUSTRALIA

Great interest is being shown in the United Kingdom at the present time in the possibilities of portfolio investment in Australia. To give authoritative information on this subject, *A.N.Z. Bank* has just published a new 68-page booklet "*Investment in Australia*", which covers in some detail such matters as

- ★ **Avenues of Investment**
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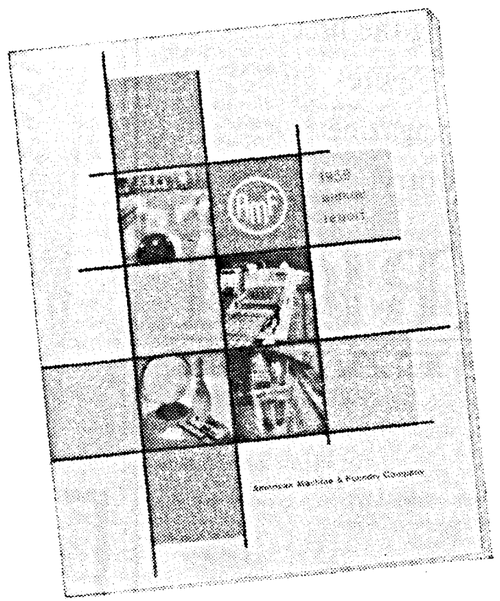

In 1959, American Machine & Foundry Company enjoyed the most successful year in its history. AMF's 26,077 stockholders and 13,475 employees can well be proud of this achievement. Furthermore, successes recorded in 1959 promise even healthier revenues and profits for 1960—AMF's 60th anniversary year.

A few of the highlights of 1959:

New Records — AMF sales and rentals totalled $283,754,000—an increase of 23% over the year before.

Net Income Up 67% — AMF net income increased 67%—$19,043,000 in 1959 compared with $11,423,000 for 1958.

1959 Stock Split and Dividend Increase — AMF common stock was split two for one on October 16, 1959, and a dividend of 32½¢ per share on the new shares was paid in the fourth quarter—the equivalent of 65¢ per share on the old shares... a 30% increase. 1959 marked AMF's 33rd consecutive dividend year.

Backlog & Future Rentals Rise — AMF ended the year with a record backlog of $158,372,000, which does not include future rentals from leased machinery.

Best Bowling Year — AMF Pinspotter installations far exceeded expectations.

R & D Expansion — AMF research and development facilities were expanded and the program broadened.

Record International Sales — AMF international sales volume increased 84% over the 1958 high.

All of these accomplishments, plus many more, are detailed in the 1959 AMF Annual Report. We will be pleased to send you a copy.

Morehead Patterson

MOREHEAD PATTERSON
CHAIRMAN OF THE BOARD

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COMPANY MEETINGS

THE BRITISH OIL AND CAKE MILLS LIMITED

MR ESMOND ROBINSON'S SURVEY OF WIDESPREAD ACTIVITIES

The Annual General Meeting of The British Oil and Cake Mills Limited will be held on April 21st at Unilever House, Blackfriars, London, EC4.

The following is the Review by the Chairman, Mr Esmond Robinson, OBE, MC, which has been circulated with the report and accounts for the year ended December 31, 1959:

I should like to begin my first Chairman's Report by paying a very warm tribute to the invaluable services rendered by my predecessor, Mr Guy Chipperfield, who retired at the end of May. His Chairmanship, which began in 1948, covered the difficult transitional period during which oils, fats and feedingstuffs passed out of Government control, and his able and inspiring leadership which at all times pervaded not only the management, but all members of the Company—in the field, in the offices and in the factories—has brought added strength and prosperity to the Company, particularly in the development of its compound cake business. He has done invaluable work, too, for the National Seed Crushers' Association and for the International Association of Seed Crushers, the Presidency of which he still holds.

I have to record with deep regret the death of two former Chairmen of the Company—Mr John Westall Pearson and Mr Wilfrid Ward Cooper—since the last Annual General Meeting.

Mr Pearson was Chairman from 1910 to 1940. He was for many years the leading figure in the Seed Crushing industry and had a great influence for good on its industrial relations, being Joint Chairman of the Seed Crushing Joint Industrial Council from its formation in 1921 until his retirement. He was mainly responsible for the inauguration of the International Association of Seed Crushers and was its first President, an office which he held until 1951.

Mr Cooper was Chairman of the Company from 1946 to 1948. Although his term of office was hemmed in by postwar restrictions, he carried the Company through a most difficult period with great ability and determination.

It is also my very sad duty to record the sudden death in September of Mr Edward Campbell. He was appointed Director in charge of our operations in Scotland and Northern Ireland only last March, and his loss at the age of 50 is a grievous blow to the Company. Mr Kenneth Spreckley has been appointed to succeed him.

SEED CRUSHING AND EDIBLE AND TECHNICAL OILS

The tonnage of seed handled by our mills during 1959 showed a welcome increase over that of the previous year, and our share of the national total, which itself also was bigger, has been fully maintained. There was, however, a change in the pattern of seeds handled, this being largely due to the fact that supplies of copra and palm kernels continued to be inadequate. Soya beans, however, were in plentiful supply, and the larger quantity of oil and meal produced from these was readily consumed. It has, in fact, been encouraging to see soya oil used to an increasing extent both for edible and technical purposes. While developing countries expand their crushing plants and handle more home-grown oilseeds such as groundnuts, copra and palm kernels, rapid agricultural advances in North America and China have led to a much greater production of soya beans and during the years ahead we can expect that these will play an ever increasing part in the Seed Crushing industry in this country.

PRICES OF OILS AND FATS

It is, I think, of interest to record again the prices ruling throughout the year of some of the principal oils in which we are interested. You will observe that, generally speaking, 1959 was a year of rising prices, but, except for occasional and short-lived periods of marked price movements, the tenor of prices has been fairly even. The absence of any serious international crisis has obviously contributed to a more stable market and has allowed the economic factors of supply and demand to play their normal roles.

PRICES OF CRUDE/RAW OILS
(Per ton, naked, ex mill)

	Dec. 31, 1958 £	Mar. 31, 1959 £	June 30, 1959 £	Sept. 30, 1959 £	Dec. 31, 1959 £
Liquid Oils					
Groundnut oil.....	100	116	118	112	123
Cotton oil (washed)	100	110	114	109	114
Soya Bean oil	88	94	99	87	92
Consistent Oils					
Palm kernel oil ...	123	130	128	135	132
Coconut oil	130	135	136	139	137
Drying Oils					
Linseed oil.....	99	99	95	113	108

PRICES OF IMPORTED CRUDE OILS AND FATS
(Per ton, c.i.f./ex Ship)

	Dec. 31, 1958 £	Mar. 31, 1959 £	June 30, 1959 £	Sept. 30, 1959 £	Dec. 31, 1959 £
Palm oil	83	89	93	82	85
Whale oil.....	78	76	79	78	78
Lard.....	90	84	78	71	71

The increase in the price of groundnut oil at the end of the year reflects a considerable reduction in the estimate of the Nigerian Groundnut crop for the 1959-60 season. The prices of palm kernel and coconut oils naturally ran closely together and they may perhaps remain relatively high until world supplies of copra are restored to the level obtaining before the severe drought in the Philippines at the end of 1957.

Although national consumption of margarine throughout 1959 was greater than that for the previous year, largely because of high butter prices, our deliveries of oils and fats to margarine manufacturers declined. This was due chiefly to abundant supplies of cheap lard which seem likely to continue to be available for some time. Trade with biscuit manufacturers was also adversely affected by these plentiful supplies of lard and by the high level of price of the lauric oils. With other trades our business was reasonably well maintained, and increased export business to our associated and third party customers, coupled with increased sales of technical oils, enabled our 1959 deliveries in total to match those of previous years.

Our mills crushed more linseed than in the previous year and, although for long periods imported oil from the Argentine provided competition at prices uneconomic to the home crusher, our business in linseed oil showed some improvement. An increase in the supply of castor seed available to this country enabled us to make preparations to restart our castor mill in Hull at the turn of the year.

COMPOUND ANIMAL FEEDINGSTUFFS

Our sales of compounds increased substantially during the year, reaching a level considerably above that recorded in 1958. The increase was most marked in dairy foods, closely followed by that in poultry foods.

DAIRY INDUSTRY

During the last two years dairy farmers have had to contend with two extremes of weather, both inimical to milk production—the wet summer of 1958 and the prolonged summer drought of 1959. During the winter of 1958 a high level of concentrate feeding was needed in order to redress the poor quality of grass products made in a wet summer. Even so, by the end of the winter a marked change in the supply of liquid milk had taken place. The surplus of 1958 had almost vanished and a serious decline in the milk available for manufacture had come about. The size of the national herd had also declined and, at the beginning of 1959, the number of cows in milk was 120,000 less than the year before. There were naturally fears that the dry summer which followed would make it difficult to meet the demands of the liquid market itself, but in the event all these demands were met. Farmers were able to maintain their yields in spite of burnt-up pastures by turning over to winter rations much earlier than they would do in a normal season. This produced a strong demand for our dairy foods in the late summer and early autumn which was maintained until the end of the year.

These two seasons, with their completely contrasting weather conditions, have shown clearly the vital place which compounds play in milk production. Whatever may happen to other forms of fodder, compound dairy food provides a standard ration of constant quality capable of maintaining milk yields under all conditions. A significant sequel to the early feeding of dairy concentrates referred to above has been that in the last two months of the year the total milk output has begun to rise again despite the reduction in the size of the national herd.

MILK YIELD COMPETITION

Our 21st annual Milk Yield Competition was held in 1959 and at the annual Luncheon we were very glad to welcome Lady Netherthorpe, who presented the prizes and Lord Netherthorpe, who replied to the toast of the British Dairy Farmer.

A record number of 244 dairy farmers entered their herds which, with an average of just over 1,000 gallons per animal, produced between them 8,330,000 gallons of milk over 12 months. The economic significance of high yields of this nature may be judged by a comparison with the officially estimated national herd average of 720 gallons per cow. Thus, the 8,328 animals in the Competition delivered over 2¼ million gallons of

milk more than a corresponding number in the national herd, the value of this extra milk being £370,000. Another way of looking at it is that on the national herd average it would require 11,750 cows and heifers to produce a yield equivalent to that of the 8,328 entered in the Competition.

Looking back over the years since the Competition started in 1927, it is interesting to recall that there are now 23,000 nationally recorded herds compared with only 5,000 then, and that the average of those recorded herds is today 850 gallons per animal compared with 524. It is, I think, impossible to over-estimate the benefits which the growth of recording has brought, not only as a guide to the feeding, breeding and management of the herd, but also to the culling of its inefficient members.

BEEF PRODUCTION

The Company has continued to play its part in the expansion of beef production in the UK. Our work on testing bulls of the Aberdeen Angus and Beef Shorthorn Breeds for daily liveweight gain and economic feed conversion has proved of great and general interest, and this work which was inaugurated as a service to our dairy farmers is being continued in current tests with the Beef Shorthorn. We are glad to acknowledge the co-operation of the West of Scotland College of Agriculture, Durham County Council, Durham University, Askham Bryan (West Riding County Council) and Shuttleworth College in testing the progeny of these bulls.

POULTRY

Sales of poultry foods were maintained at a high level throughout the year, with the demand for our Hen Battery/Deep Litter Foods in particular showing substantial increases. During the year returns to commercial egg producers showed some decline due to the inability of the market to absorb the number of eggs coming forward at peak periods. The consumption of eggs at home is, however, below that of some other countries, notably the United States and Canada, and there is every reason to suppose that with enlightened marketing consumption can be raised.

The production of table chicken continued to expand during the year, and this was reflected in an increasing demand for our broiler foods. The Hi-Gain Rations which we introduced towards the end of 1958 have produced some outstanding performance figures. We have extended our facilities at Stoke Mandeville, where exhaustive tests are being conducted into all aspects of broiler nutrition.

During the year we have started to publish certain details of egg quality, taken from data relative to our "500-Day" Random Sample Laying Trials. Similar facts are commonplace in America, but none have previously been reported in this country. They show that breeders must pay greater attention to the subject of internal quality if they are to lower the incidence of blood and meat spots, adverse features to which housewives strongly object. At the present BOCM Hen Battery Laying Trials (1959-60) every egg laid in Section I is being examined daily for its internal qualities.

PIGS

The pig industry suffered some setback during the year due to a big decline in the breeding herd and the low returns being paid to bacon producers. The market for pork and manufacturing pigs, however, which takes two-thirds of all the pigs slaughtered at home, remains strong, and there has been an increasing tendency for producers to switch their pigs to those markets which offer better returns. Nevertheless, with lower pig numbers, the demand for pig foods in general suffered particularly during the latter part of the year, when the full effect of the decline in the breeding herd began to make itself felt.

Pigs intended for both pork and bacon must put on weight rapidly at an economic cost. Our Research Establishment, which has been working for some years on the nutritional implications of this problem, completed its work during the year and we were able to introduce two new high-performance pig foods which incorporated the important results of this research. These foods should enable rapidly growing pigs to put on weight faster, whilst consuming less total food. Although these two foods were only introduced in the autumn, promising reports on their performance are already being received from commercial producers.

In our Barlby testing work we are re-introducing a pork section, as we believe it is important to obtain more information concerning the production of a meat that has grown so much in popularity.

In our boar performance testing conducted at Stoke Mandeville the capacity has been increased so that we can now test one hundred boars a year. Even so, the demand from farmers for places by far exceeds this number. We believe that the speed and economy of this form of testing gives it certain advantages over progeny testing. However, at this particular stage, performance testing should not be regarded as a replacement for progeny testing, but rather as a pre-screening that will ensure that only boars which have indicated good breeding qualities should go forward to the Progeny Testing Stations.

SHEEP

The higher level of prices paid to sheep farmers for both meat and wool has led to an increased interest in the correct use of concentrates for sheep and lambs, and our sale of Sheep Foods has made satisfactory progress. During the year we have conducted a number of experiments to assess the economics of early weaning systems when applied to ewes and lambs, and work along these lines will continue during the coming year.

FARMERS' VISITS

"Come and see them made" has been a Company slogan for many years, and over 8,500 farmers have visited our Mills during the last 12 months. In addition, our four farms have welcomed over 14,000 visitors this year, of which number 3,500 came from all parts of Great Britain—many parties in special trains—to Barlby for the two Spring Open Days, which have now become an annual feature at this farm.

A welcome and mutually beneficial feature of the farm visits has been the steady growth of interest on the part of scientific bodies, including members of the veterinary profession. This year, for example, we had the opportunity of holding a special Open Day at Barlby Farm for the Agricultural Section of the British Association for the Advancement of Science on the occasion of its Annual Congress at York.

FILM PRODUCTION

Since the production of our first advisory film, in 1948, our library has grown to 24 films on almost every aspect of cattle, pig and poultry husbandry. This year, in a film on Winter Milk Production, we were fortunate enough to secure the co-operation of Mr Kenneth Russell, Principal of Shuttleworth College and a leading authority on dairy husbandry, and the film has already been shown to over 15,000 farmers throughout the United Kingdom. It is confidently expected that, despite the attractions of television this nation-wide audience will have grown to 40,000 by the end of April, when the Company's nine film exhibition units close their nightly activities until next October, when a new season begins.

AGRICULTURAL ECONOMICS

Farmers are examining more and more closely the management and organisation of their business in an endeavour to bring about improvements in any of their individual enterprises and thereby an improvement in profits. With this in mind, the Company has this year added a new section—Agricultural Economics—to its other advisory operations. This section has started by looking primarily into feed economy on the dairy farm as its first investigation, and a survey has already begun on a number of farms in the South and West of England. Other livestock enterprises will be investigated as time goes on.

COMPOUND RAW MATERIALS

Cereal prices maintained a fairly constant level through the year, the outstanding feature being the record crop of home-grown barley. Before the War the home crop was about 1 million tons, of which hardly a ton went into compounds. In 1959 the crop was about 4 million tons, of which the biggest single user was the Compound industry. Our Company did its full share in taking supplies from the farms during the harvest glut and has continued to do so since, when deliveries have been more evenly spread, and we have been able to meet our requirements of barley entirely from the home-grown crop. This year's excellent quality has of course helped considerably and there are signs that the farmer, with improved drying and storage facilities, may be more prepared to sell forward, which is essential if we are to keep the quantity of our home-grown purchases at a maximum.

High-protein cakes and meals met a rising demand largely because of the dry weather both at home and on the Continent. Prices hardened substantially during the year—the difference between the lowest and highest figures being as much as £8 10s. 0d. per ton. Animal proteins, due to a world scarcity in the early part of the year, also showed higher levels, but values tended downwards towards the end of the year.

COMPOUND PRICES

At a time when there is so much talk about prices in every field of industry, it is interesting to find that the prices of our main lines of compound feeds are still appreciably lower than they were at the end of Control, although their quality and productive efficiency is far higher now than it was then. Dairy foods are about £2 lower, while our pig and poultry foods are between £4 and £6 per ton lower than they were in August, 1953. The fall in the price of many of our principal raw materials has naturally contributed to this, because raw materials account for such a large proportion of their total cost. At the same time we have been greatly helped in keeping our prices down by the fact that since August, 1953, our manufacturing and marketing costs have increased by only 18 per cent notwithstanding an increase of about 36 per cent both in our basic

wages and clerical salaries, and corresponding increases in the costs of fuel, power and other services.

ACCOUNTS

As will be seen, the trading profit rose from £4,905,379 for 1958 to £6,176,655. The increase of £1,271,276 was due partly to the expansion in the sales of animal feeding stuffs, to which I have already referred, and partly to improved results from our trade in edible and technical oils. Although our sales of edible oils were lower than in 1958 there was some improvement in the margins we obtained and profits were made from the movements in market prices recorded on page 8. Our technical oil business had a better year to which the increased throughput of linseed contributed. Notwithstanding the improvement in 1959, profits from our oil trade still do not show an adequate return on the capital employed in it.

The profit of the year after providing for taxation was £3,288,527 and after including released provisions for taxation of previous years of £221,810, which arose mainly from a lower liability to income tax on the profits of 1958 as a consequence of the reduction in the standard rate of income tax to 7s. 9d. in the £, the net profit was £3,510,337. Dividends on the preference and preferred ordinary stock absorb £247,768 and it is proposed to distribute the balance of £3,262,569 to our Parent Company, which holds all our ordinary capital.

Turning to the Balance Sheet, capital expenditure in 1959 amounted to £1,815,000 compared with £1,370,000 in 1958. The investment in stocks and debtors rose from £16,525,455 at December 31, 1958, to £19,869,671 at December 31, 1959, the increase of £3,344,216 being largely due to the additional finance required for our animal feeding stuffs business because of increased sales, higher prices and an abnormally large holding of home-grown grain at December 31, 1959.

PRODUCTION CAPACITY

To meet the increased demand for animal feeding stuffs plans have been made for augmenting production capacity in London, Avonmouth and Manchester. Work has gone forward on the mill in Northern Ireland for Associated Feed Manufacturers Limited, in which we have an interest, and its completion will relieve some of the demand on our Renfrew factory. Our Leith Compound Mill closed down in April and Scottish manufacture is now concentrated at Renfrew. Comprehensive arrangements have been made for the storage and delivery of compounds to be maintained at Leith. All the new and modernised plants have been working to full capacity. Provision has also been made in all areas for more raw material warehousing and for improved facilities for storing and delivering finished products which will help to meet the growing need for special purpose rations of all kinds.

The rate of capital expenditure on increased capacity is expected to diminish, but capital is still required to permit further development in the quality of our products, particularly of specialised lines. Improvements in our oilseed crushing plant have included a new and faster operating intake system for oilseeds at Greenock. In the Northern Area technical oil refining has, for reasons of economy, been concentrated in the remodelled plant at Hull and work is in hand on a new packing and delivery warehouse for edible and technical oils at Avonmouth.

The excellent accident prevention record of 1958 was maintained in 1959 with an accident frequency rate of less than 2 based on the calculation of the Royal Society for the Prevention of Accidents.

TRIBUTE TO MANAGEMENT AND STAFF

I should like to conclude this review by paying a very high tribute to the work of all members of the Company at every level, which has contributed so much to the results recorded in this Report and which has enabled new production records to be established at so many of the Company's factories

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BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

SALES INCREASE MAINTAINED

The fifty-seventh Annual General Meeting was held on March 24th in London. Sir Duncan Oppenheim in the course of his speech said:

There was a moderate increase in the total volume of sales compared with the previous year but the pattern was not a consistent one throughout the Group. Competition in the industry continues to increase and whilst, in some countries, substantial gains have been made against competition, in others sales have been lost. Moreover, where competition is active, increased sales are not necessarily reflected in increased profits, since substantial expenditure must be incurred on advertising and in launching new brands to meet competition. However, your Company has the resources to meet the prospect of increasing competition with confidence.

A more serious factor is the effect of increasing taxation on tobacco products. In certain countries where our proportion of the market has been maintained, the volume of sales has been lower, the total consumption having been reduced as a result of heavy increases in tobacco taxation. I think it fair to say that the burden of taxation on the tobacco industry is one of the main reasons why world consumption of tobacco products is not increasing at a faster rate.

There has been a welcome reduction in the charge for United Kingdom taxation, after taking into account double taxation relief, due in part to a reduction in the standard rate of income tax in last year's Budget, but in the main to the reduced charge for United Kingdom Profits Tax, the flat rate of 10 per cent applying to the full year compared with six months of the year to September 30, 1958.

TRADING RESULTS

Allowing for a change in the method of conversion of foreign currencies, the Group Net Profit for the year shows an increase of £2,648,000, of which £1,268,000 is applicable to the proportion, including dividends from Subsidiaries, dealt with in the Holding Company's Accounts. Dividends from Subsidiaries include dividends paid by Brown and Williamson Tobacco Corporation. At the Annual General Meeting in 1952, the Chairman referred to the US dollar loan owing by Brown and Williamson which originated during the War and was refinanced in 1946 on conditions which restricted the Company's right to pay dividends. In view of the continued expansion of Brown and Williamson's business, it was subsequently found necessary to increase the amount of loan finance of that Company and at the same time to extend the period over which repayment is to be made, so that the final repayment instalment does not now fall due until 1979. Under the terms of this refinancing, Brown and Williamson was enabled to pay dividends subject to some reasonable restrictions and has been doing so for some years past.

With regard to the future: there has been little change in the Group's trading position since last year and the rate of increase in total sales has been maintained. I do not look for any startling developments during the rest of the year. Subject, therefore, to any changes in taxation of Company profits in the coming Budget, I would expect the share of the Group Net Profit dealt with in the Accounts of the Holding Company to be no less than for the year to September 30, 1959, and I believe that it will be possible to maintain a total distribution of 2s. free of income tax per 10s. of Ordinary Stock. The increase in the first interim to 7d. free of income tax had no significance other than a step towards evening out the total dividend payments over the year.

The Report was adopted.

THE LUTON WATER COMPANY

INCREASED REVENUE

The Ordinary General Meeting of The Luton Water Company was held on March 24th at Luton, Mr A. F. Plummer, MC, AIEE, chairman, presiding.

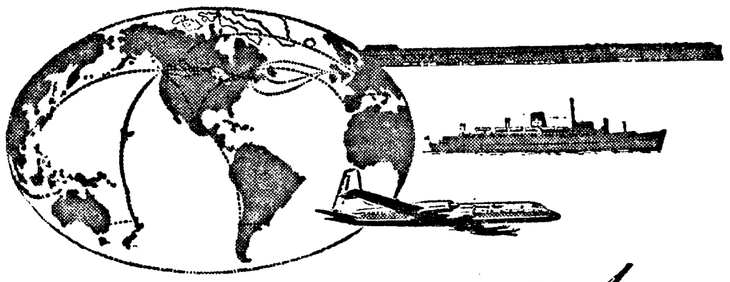
The following is an extract from his circulated statement for the year 1959:

The Revenue from all sources shows an increase of £13,605 over the corresponding figure for 1958. After transferring £9,000 to Contingency Fund, providing for Taxation and paying Dividends, there will be a balance of £32,228 to be carried forward as compared with £28,009 brought in at the beginning of the year. Your Company supplied an estimated population of 126,450 (an increase of 3,116 in a year) within its statutory area with a daily average of 53.1 gallons per head, for all purposes.

With future long-term requirements in mind, your Company, in conjunction with other Water Undertakers, have been actively engaged in investigating the potentialities of the River Great Ouse as a source of supply. As a result, it is probable that a Bill will be jointly promoted in the Parliamentary Session 1960-61. The Bill, if successful, should enable all demands to be met in your Company's area of supply and any enlargements thereof for something like 40 years. Further, your Company will seek authority to abstract water from other sources.

Demands during the hot summer of last year were met without serious difficulty. The quantity pumped in the week ending July 11, 1959, averaged 9¼ million gallons per day—the highest output in the history of your Company.

The report and accounts were adopted, and at a subsequent Extraordinary General Meeting the acquisition of the Dunstable Water Undertaking was approved.



Canadian Pacific 79TH Annual Report RAILWAY COMPANY

Extracts from the report of the Directors to the Shareholders:

During 1959 your Company continued to improve and adjust its properties and services to meet changing requirements and to achieve increased efficiency. The dieselization program was brought close to completion, plans were advanced for new freight marshalling yards, centralized traffic control signal systems were installed in new areas, piggyback services were extended, and the new service integrating the handling of merchandise traffic was introduced in British Columbia. Also during the year the 17-storey, 400-room addition to the Royal York Hotel was opened, a daily domestic transcontinental service was inaugurated by your Air Lines, development of your oil and gas interests was actively pressed, and your Telex and microwave services were extended.

In May a Royal Commission was appointed to inquire into problems relating to railway transportation in Canada, and the possibility of removing or alleviating inequities in the freight rate structure. Your Company considers that the only serious inequity is that arising from fixed statutory rates on grain and grain products. The revenues received by your Company at these rates now fall far short of just and reasonable remuneration for the handling of this traffic. Accordingly, your Company has submitted to the Commission a plan which will maintain for Western grain growers the present level of freight charges on grain and grain products moving to export positions in Western Canada and at the same time provide the railways with compensation based on just and reasonable rates. Under this plan the difference is to be assumed by the Government of Canada as necessary assistance from the people of Canada to Western grain growers.

Competition from automobile travel has made it necessary over the past several years to adjust your railway passenger services. Passenger trains have been eliminated on some branch lines and reduced on certain main lines, and economies have been derived from the wide use of rail diesel cars. Continuing effort is being directed toward curtailing expenses in accordance with the reduction in railway passenger business.

Although 1959 witnessed a resumption in the upward trend of Canadian business activity which had been interrupted during the previous two years of recession, your railway did not participate fully in this recovery. Freight revenue was adversely affected by strikes in the steel industry in the United States and in the forest industry in British Columbia.

Railway revenue increased 2% over 1958, largely as a result of higher freight rates, while expenses increased 3% chiefly owing to increased labour costs. Net earnings were therefore slightly below those of 1958, and provided a return of only 2.7% on your net investment in railway property.

In view of the "freeze" on freight rates imposed by the Government last March, hearings were deferred on the application before the Board of Transport Commissioners for such increase as would permit attainment of the permissive level of rail earnings established by the Board for your Company. No clear indication has been given by the Government as to when it will be possible to proceed with the application. The results of operation of your steamships and hotels showed considerable improvement but a heavier loss in the operation of your Air Lines and the transfer of certain mineral rights to your wholly-owned subsidiary, Canadian Pacific Oil and Gas Limited, resulted in a decrease of 5% in Other Income as compared with the previous year.

Net Income, after fixed charges, totalled $31.3 million. After providing for dividends of 4% on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $28.3 million. This was equal to $1.97 per share on 14,332,006 shares of Ordinary Stock outstanding at the end of the year, compared with $2.09 per share on 14,211,783 shares outstanding at the end of 1958. Dividends on Ordinary Stock totalling $1.50 per share were declared, the same as in the previous year, and payment was made of 75¢ on August 1, 1959, and 75¢ on February 29, 1960.

Capital expenditures were $109 million. Of this, $67 million was expended on railway plant and equipment, $20 million on aircraft leased to your Air Lines, $12 million on steamships, and the remainder on communications, hotels, and other properties.

The Income Account of your Company shows the following results for the year ended December 31, 1959, with comparative figures for 1958:

(*next page please*)

Canadian Pacific

RAILWAYS • STEAMSHIPS • AIRLINES • HOTELS • EXPRESS • COMMUNICATIONS

Canadian Pacific

INCOME ACCOUNT

	1959	1958
Railway Revenue.....	$477,805,874	$467,410,853
Railway Expenses.....	441,759,581	430,919,006
Net Earnings....	$ 36,046,293	$ 36,491,847
Other Income....	12,677,751	13,408,712
	$ 48,724,044	$ 49,900,559
Fixed Charges...	17,435,113	16,997,521
Net Income.....	$ 31,288,931	$ 32,903,038
Dividends:		
Preference Stock	$ 3,029,053	$ 3,068,538
Ordinary Stock..	21,497,897	21,217,963
	$ 24,526,950	$ 24,286,501
Balance transferred to Retained Income Account	$ 6,761,981	$ 8,616,537

HIGHLIGHTS

Year-end Position		
Working Capital.	$ 89,960,458	$ 82,197,504
Investments....	156,967,926	163,197,279
Properties.....	2,349,479,762	2,278,665,735
Funded Debt....	186,463,477	192,471,000
Traffic		
Tons of Revenue Freight Carried	57,878,732	54,367,279
Revenue Passengers Carried.....	7,739,503	7,745,860
Revenue per Ton Mile of Freight	1.57c	1.47c
Revenue per Passenger Mile	2.99c	3.08c
Employees		
Employees, All Services..	79,882	82,853
Total Payroll...	$ 321,985,962	$ 316,116,884
Average Annual Wage.....	$ 4,031	$ 3,815
Tax Accruals		
Income Taxes..	$ 27,260,000	$ 23,640,000
Property and Other Taxes..	11,715,342	10,909,292

Canadian Pacific

• TRUCKING • PIGGYBACK

ASQUITH MACHINE TOOL CORPORATION

MR ROBERT W. ASQUITH'S REVIEW

The thirty-ninth annual general meeting of Asquith Machine Tool Corporation, Ltd., was held on March 28th at Halifax, Mr Robert W. Asquith, MIPE (chairman), presiding. The following are extracts from the chairman's review circulated with the report and accounts for the year ended September 30, 1959:

As already announced, the trading profit of the Group for the year to September 30, 1959, before taxation, is £563,475, compared with £815,105 for the previous year. The net profit, after providing for taxation, attributable to the shareholders of the Corporation is £282,447, as compared with £369,017 for the previous year.

You will recollect that in my last year's review I gave an indication that it was not to be expected that the result for the year now under review would be as good as the previous year, and although I intimated that the company would pay 15 per cent dividend on the increased capital, as now recommended, the fact still remains that the results for the year are disappointing.

SUBSIDIARY COMPANIES

I report on all your subsidiary companies individually, but, broadly speaking, the Group, as a whole, has had a reduced turnover, resulting in an upward trend in fixed overheads. In addition, all your subsidiaries absorbed in their costs the engineering wage awards granted in October, 1958. Other reasons will be evident from the individual reports.

William Asquith Limited: The improvement in the order book for standard machines for this company which we had hoped for last year, did not materialise, and the orders received were, as forecast, for special and heavy machines.

It is generally acknowledged that technical development is one of the first essentials in the machine tool industry and is very expensive. The development which we have undertaken for the newly designed heavy and special machinery has been more costly than anticipated, and apart from the direct cost involved has had a detrimental effect on the Company's turnover.

Drummond Brothers Limited: It had been hoped that the prosperity in the automobile trade would reflect on the operation of this Company, but in fact it is only at the time of writing that these hopes show signs of being fulfilled, and the output of this Company was less than for the previous year.

George Swift & Sons Limited and Swift-Summerskill Limited: These companies have had a satisfactory year, but they have only achieved this in fulfilling the backlog of orders outstanding at the commencement of the year, and which, during the course of the year, have not been replaced by new business.

Modern Foundries Limited: This Company had a satisfactory year in spite of the fact that to a large extent its prosperity is dependent on the demand of the machine tool manufacturing subsidiaries.

Rotadop Limited: This Company continues to operate at a profit.

Drummond-Asquith Limited: This organisation continues to play its part efficiently, and I am confident that what has been a disappointing year for the Group might have been even more disappointing but for the alertness and efficiency of this subsidiary.

Associated Machine Tool Corporation (USA): I regret to advise you that for the first time this Company has shown a small loss.

The Kitchen & Wade Group: As you will recollect, your Company made an offer to acquire the whole of the issued share capital of Kitchen & Wade Limited during the past year, and this was ultimately accepted by the shareholders in February, 1959.

FUTURE OUTLOOK

You will doubtless expect me to say something of the future. I regret to say that I do not feel in any position to forecast results which would justify maintaining the dividend paid this year, and it is not your Directors' intention to pay an interim dividend, but to await the final results for the year. At the time of writing, nearly half the financial year is behind us, and the picture, so far, is not encouraging. William Asquith Limited has inherited from the last financial year the problems I have referred to, and with the type of orders they are receiving at the moment, the delivery dates are such that they cannot in any way affect the current year's results.

As you will have gathered, those subsidiary companies which include amongst their production a proportion of standard machine tools, are not obtaining a volume of business sufficient to enable them to run their factories efficiently. I think I should say that one reason for this situation is because some of our traditional export markets are now closed to us, and basically, in the domestic market, the demand does not seem to be there for the same volume of orders as we previously enjoyed.

We can look forward to improvements in the results of those subsidiaries catering for the automobile trade.

Your Company has been and is involved in considerable capital expenditure for enlarging and improving facilities to enable us to cater for the type of machines which are required by the engineering industry to-day.

The fact that our order book is consisting more and more of machines of a special nature and of lengthy production times, necessitates a larger stock and work in progress with all the attendant costs involved, including finance.

During the course of the year, two of your subsidiary companies entered into agreements with American companies for the manufacture and sale of their machines in the United Kingdom, Europe and the sterling areas, and this policy is being actively pursued.

You will have noticed from the balance sheet that there is a trade investment of £25,527, which is our initial investment in a new Company called Warner Swasey Asquith Limited, which has been established in Halifax for the production of Chucking Automatics, and is owned equally by The Warner and Swasey Company, of Cleveland, Ohio, USA, and your Company.

Your Directors are confident that this investment will be a profitable one in the years to come. The report and accounts were adopted.

FULL SCALE FLAG DISCRIMINATION MUST RESULT IN

One way full—one way *empty*

P & O Chairman Warns Consumers The World Over

"THE most serious problem facing British shipping today," Sir William Currie told P & O stockholders, "is that of flag discrimination, in fact I should say not only our own shipping, but also the shipping of other maritime countries. Since the war ended several countries have decided that they should possess a Merchant Navy."

THE HELPFUL EFFECT OF INVESTMENT ALLOWANCES

"The investment allowance," Sir William explained, "is a deduction from our taxable profits and is over and above the wear and tear based on the historic cost of our fleets and it is a much greater incentive to build new ships than was the initial allowance which it replaced in 1954. The initial allowance was originally introduced in 1946 and was merely a large slice of the cost of a new ship allowed as a deduction from taxable profits in the first year of a ship's life. The allowance had the disadvantage, however, that normal wear and tear on the cost of a ship came to an end after perhaps only twelve or fifteen years.

"The initial allowance merely postponed a shipowner's liability to tax, but the investment allowance is very much more helpful as it gives permanent remission of liability. It is of no help at all, however, unless profits are being earned and there must be many shipowners who cannot accumulate sufficient money out of taxed profits to build the ship that will entitle them to an investment allowance.

"It is very well known that shipping profits are liable to wide fluctuations, and we have had an example of that in our own Group in the last five years. What many shipowners would like to see is some extension of the present arrangements so that they can accumulate profits free of tax in good times to help them along when profits are non-existent.

"The taxation of profits is by no means the whole problem, however; it is becoming increasingly difficult to earn any profits at all and when there are no profits to tax, relief from taxation does not improve the position.

"But let us not look a gift horse in the mouth. When we do start to make profits again these increased allowances will form a most useful cushion and will enable the various constituent members of the Group to place profits to reserve free of tax, which is exactly what shipowners ought to be able to do. It is for this reason that I regard the maintenance of the investment allowance as essential to the well-being of the country's shipping industry.

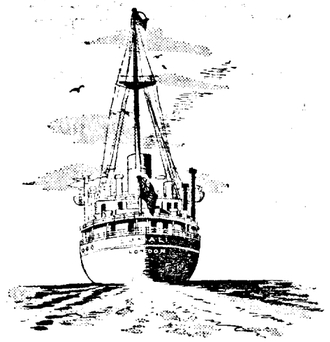
"The result of flag discrimination, brought to its logical conclusion, is one way traffic—one way full and one way empty—thus increasing the cost to the consumer of his goods, for a ballast voyage must be paid for. The low percentage of retail cost which freight rates represent in competitive conditions clearly demonstrates the soundness of such a system.

"One of the most heartening aspects is the increased interest in shipping and recognition of its value to the Nation now being shown by the Press, by the public, and, most important, in the House of Commons."

THE COMMONWEALTH LINK

"The fortunes of British shipping," said Sir William, "were founded on the conquest and colonisation of Empire, and the complete reliance of this country and its economy on overseas trade.

"I joined Mackinnons at a time when the building of Empire was virtually complete. The reign of the late King George V saw the commencement of an era in which we have led all the peoples of the Empire towards self-determination. This phase in our history is nearly over. Few of the old responsibilities remain. Today we face the world as a Commonwealth of associated free peoples.



"Shipping as the link between the furthermost parts of Empire and Commonwealth has been intimately connected with every stage of their development. The political 'ups and downs' of progress towards self-determination have been reflected in the success or fortune of our operations.

"So it is with an intimate personal knowledge of much of that which has been achieved and a deep sense of conviction that I say what our country has done in the last fifty years represents the greatest contribution to mankind of any nation in the world's history. Great Britain has established English as the foremost language, it has helped countless millions to freedom and democracy, and still we remain friends with the world. No other Empire can claim such a record.

"Now Great Britain embarks on a difficult future, as the independent ideas that we have encouraged and often created, turn to narrow nationalism. Shipping is one of the first to suffer, as each of these new nations seeks to establish their own Mercantile Marine. We welcome their action if the new lines are established in full and free competition, but political attempts to discriminate unfairly against us, we must resist in every way we can.

"We have become victims of a situation which we have indirectly helped to create. We shall do what we can to maintain our position, but must also look to the Government of the day to recognise that our difficulties are very much political and so directly linked to the problems of our nation as a whole.

"I am not downhearted, however. The gradual increase in the standard of living must bring with it increased demand for goods and services which will be required of shipping. I leave this Chair more firmly convinced than ever that we shall continue to adapt circumstances to our own interests, and be justified in our faith in the future of our shipping."

P&O

This is an extract *from the Chairman's address, copies of which, together with the Annual Report, can be obtained from the Secretary of the Peninsular and Oriental Steam Navigation Company,* 122 *Leadenhall Street, London, EC3.*

FREIGHT RATES AND THE COST OF LIVING

Pennies go a long way—12,000 miles!

Commodity	Rate of Freight per lb.	Approximate Price per lb.
	pence	pence
RUBBER	1.26	33
TEA	2.44	84
CHEESE	2.25	42

ALUMINIUM LIMITED

ALCAN

MR NATHANAEL V. DAVIS ON COMPANY'S CONFIDENCE AND STRENGTH

The *thirty*-second annual meeting of Aluminium Limited will be held on April 28th in Montreal.

In the course of his general review of the Company's affairs in 1959, Mr Nathanael V. Davis, the President, stated:

Over the past two years, Aluminium Limited has passed through a period of reduced demand for its main product—primary aluminium—and difficult and changing competitive conditions. While the results have been trying to shareholders, employees and management, the Company has unquestionably gained strength, ability and confidence to meet the conditions which lie ahead.

Over this period the basic facilities needed for long-term expansion of primary aluminium production have been carried through to completion, the Company's markets have been materially diversified, and sales to independent and affiliated fabricators have increased in amounts more than offsetting the diminished sales to other producers.

Perhaps of greater potential importance, the Company's personnel have been realigned into a more tightly knit and widespread international organisation placed to serve customers most effectively and to unearth opportunities which show promise of enhancing the Company's position.

It is pertinent that the Company, oriented to meet changing competitive conditions, has continually looked with confidence to a return to improving markets for primary aluminium. While it is foolhardy to assume that the expected long-range growth in consumption will not be interrupted frequently and sometimes painfully, a turning point was reached in mid 1959.

The consumption of aluminium in the free world, which had declined slightly in 1957 and 1958, once again showed substantial growth during 1959 and particularly in the latter half of the year. In the early months of the year, Aluminium Limited's sales of primary aluminium and its smelter production in Canada were at reduced levels and earnings were low but, as the year progressed, sales and production rates increased and earnings improved.

THE YEAR'S RESULTS

For the year as a whole Aluminium Limited's net income, after all charges, including dividends on preferred shares of subsidiary companies, was $24,090,720 or 79 cents per share on the 30,357,552 shares outstanding at the year end. These earnings were a modest improvement over the previous year's net income of $22,464,510 or 74 cents per share on the 30,283,289 shares outstanding at the end of 1958.

Consolidated sales of aluminium in all forms were 643,328 tons compared with 581,195 tons in 1958. The progressive increase in sales during the year is vividly emphasised by a record 200,000 tons of sales during the fourth quarter. The Company believes, however, that this level of sales reflects some inventory buying in anticipation of a price rise which occurred on December 15, 1959.

In 1959 sales of semi-fabricated products by the Company's subsidiaries were at an all-time high, with dollar value about equal to dollar value of ingot sales.

Sales and operating revenues in 1959 amounted to $448,691,506 compared with $422,884,184 the previous year. Cost of sales and operating expenses were $292,380,796 compared with $276,724,241.

The year's earnings were somewhat above those in 1958 despite the increase in depreciation and interest charges associated with expanded but idle facilities. The earnings were also affected by a lower average realisation per pound of aluminium sold, reflecting the price reduction in 1958, although in the closing weeks of 1959 prices firmed with improving demand. The Company again experienced a loss on its shipping activities with, however, some improvement in the latter part of the year.

Cash generation in 1959, comprising net income, depreciation and reserves for future income taxes was $78 million or $2.58 per share. This compares with $71 million in 1958.

During 1959 quarterly dividend payments, in US currency, were at the rate of 17½ cents per share in the first quarter and 12½ cents per share in the succeeding three quarters. Total dividend disbursements were the equivalent of $15,994,535 in Canadian funds compared with $22,038,072 in 1958. In January 1960, in response to the improved volume of sales, the directors increased the quarterly dividend to 15 cents per share.

According to preliminary estimates, the consumption of aluminium in the free world in both primary and secondary forms reached a level of about 4,200,000 tons in 1959—an increase of about 20 per cent over the previous record level in 1956.

The growth was well distributed in all geographic areas but was particularly noticeable in Western Europe, the United Kingdom and Asia. Consumption in Canada and the United States also showed impressive gains. The more important categories of increased use of aluminium were in the fields of transportation, construction and packaging in a variety of forms.

While there was a welcome resurgence in demand during the year and the Company expects continuing growth in the years ahead, total free world demand at current levels is still below free world production capacity. It is of interest to note that while production facilities in North America were not fully utilised in 1959, producers in the rest of the free world have been operating substantially at capacity.

At the present time the total level of idle capacity in North America is believed to be about 500,000 tons per annum. The Company's Canadian smelters are currently operating at approximately 90 per cent of their rated capacity.

Aluminium Limited, being basically a producer of primary aluminium largely for international markets, is subject to greater fluctuations in demand than most other producers which are more fully integrated and largely organised to serve national markets.

During the year the Company's sales to other aluminium producers decreased by 45,000 tons as compared to 1958 but shipments to independent fabricators and to the Company's subsidiary and affiliated fabricating plants increased by more than 100,000 tons.

ORGANISATION STRENGTHENED IN ALL MARKETS

As a means of creating greater stability in the Company's position as a seller of primary aluminium, steps were taken during the year to strengthen its sales organisation in all markets and to expand its own fabricating activities in selected areas.

In Europe, Africa and the Far East the Company's sales and technical development forces have been expanded and new offices have been opened. It is expected that as a result of a realignment of its international marketing subsidiaries, the Company will be able to render greater sales, technical and promotional services throughout the world.

In the United States, the Company entered into an agreement with Apex Smelting Company, a leading secondary smelter, to acquire its assets, payment to be made in shares of Aluminium Limited stock. Acquisition of the Apex facilities should improve the Company's position in the United States market.

A new joint venture, Chryslum Limited, was also undertaken in 1959 with Chrysler Corporation of Canada to produce and supply aluminium alloys for Chrysler automobile plants in the United States and Canada.

During the year, expansion of the Company's existing fabricating facilities proceeded in thirteen countries, the largest single programme being undertaken in the United Kingdom where sheet facilities are being augmented through a programme involving a capital cost of the order of $25 million. Other fabricating projects—many of a pioneering nature—are either being undertaken or actively studied in twelve new areas.

During the year the Company expended $62 million on new plants and facilities—a decrease from capital expenditures of $103 million in 1958. Reduction in capital expenses reflects the near completion of the Company's new hydro-electric and raw material facilities which will provide a basis for easy and rapid expansion of smelter facilities in Canada from a present rated capacity of 750,000 tons to approximately 1 million tons per year.

As expenditures for these facilities were completed, larger outlays have been provided for the Company's expanding fabricating activities.

Aluminium Limited enters the new decade well equipped to participate in the growth that lies ahead. In the past ten years the Company has invested more than one billion dollars in new facilities to provide an economic base for larger production as demand develops.

FORD

A decade of opportunity ahead

EXTRACTS FROM THE STATEMENT BY SIR PATRICK HENNESSY, CHAIRMAN

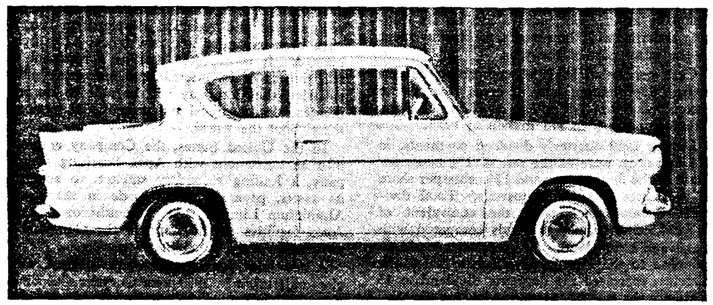
The 31st Annual General Meeting of Ford Motor Company Limited will be held on 22nd April in London.

The following is an extract from the statement by the Chairman, Sir Patrick Hennessy, circulated with the report and accounts for the year 1959 :—

In 1959 record results were again achieved by the Company. Sales at £233,180,965 were over 12% higher than in 1958, the previous best year, and trading income increased to £32,191,743. With income from investments, total income before tax amounted to £33,938,841. It is proposed to pay a final dividend on ordinary capital of 2s. 6d. per share which, with the interim payment of 1s. 0d. makes 3s. 6d. per share, less tax, for the year (excluding a special non-recurring interim dividend of 3% which was paid at the same time as the final dividend for 1958).



Figures at a glance	1959	1958
SALES	£233,180,965	£206,579,673
INCOME before taxation	£ 33,938,841	£ 26,390,558
TAXATION	£ 15,344,000	£ 13,070,000
CAPITAL EXPENDITURE	£12.75 million	£18.25 million
VEHICLES SOLD—Export	236,167	219,439
Home	236,690	202,133



The New Anglia, "the world's most exciting light car."

Capital expenditure in 1959 amounted to £12,748,948 and contracts for capital expenditure outstanding at the end of the year amounted to £5,144,000.

A YEAR OF MANY ACHIEVEMENTS

1959 was a year of many achievements. The most significant of these was the highly successful introduction in September of the New Anglia which has been enthusiastically acclaimed at home and overseas. By its outstanding qualities it has indeed merited the description of "the world's most exciting light car." Within three months, the New Anglia was being produced and sold at a higher rate than ever achieved by any other British car. Production now exceeds 950 a day and is steadily increasing to meet an even higher level of demand.

Demand for our medium and larger cars, the Consul, Zephyr and Zodiac models, has been fully maintained and they are being produced to the maximum of our capacity.

1959 also saw the successful introduction of the new Prefect and the new Popular, the latter, like its predecessor, being the lowest-priced family car on the British market.

The welcome removal of Purchase Tax on commercial vehicles in the 1959 Budget stimulated demand, and the sale of Thames trucks in the home market increased by almost 60% over 1958.

We again made more tractors than any other British manufacturer. Production of Fordson Majors and Fordson Dextas totalled 67,238 of which nearly 70% were exported.

Demand for our engines for marine purposes, agricultural machines, compressors and for numerous other industrial applications has greatly increased.

Altogether, sales of cars, vans, trucks and tractors in 1959 totalled 472,857 vehicles. Exports reached the record figure of 236,167 vehicles including over 53,000 exported to the U.S.A.

An average daily output of over 2,000 vehicles in the latter months of last year, is now 2,500.

HIGHLIGHTS OF 1959

- **The New Anglia, within three months of its introduction, was being sold at a higher rate than ever achieved by any other British car.**
- **Sales averaged almost £1,000,000 per working day.**
- ***With the completion of the* Dagenham assembly building, the post-war phase of expansion was brought into full operation.**
- **Zephyrs won the team prize in three major competitive events—Coronation Safari (East Africa), Tulip Rally and Alpine Rally—and a Zephyr was the outright winner in the R.A.C. Rally.**
- **Fordson tractors won the first three places in the World Ploughing Championship held in Northern Ireland—their sixth successive victory in that event.**

A DECADE OF OPPORTUNITY AHEAD

Our manufacturing facilities, engineering experience and financial resources place the Company in a strong position to take full advantage of what will be a decade of opportunity ahead for the motor industry.

The Company, which has recently completed its first major post-war phase of expansion, has been in consultation with H.M. Government concerning the location of further factories which are necessary for us to take our full share of the future growth of world markets. After exhaustive study of the relative merits of all areas affected by the problems of local unemployment, our economic requirements pointed to Merseyside, and there at Halewood we have chosen a site.

EXPANSION PLANS

At Halewood, we plan initially to produce 200,000 cars a year, with operations from metal stamping to final assembly—with engine, transmission and other components shipped direct—and subsequently to develop a fully integrated plant with increased capacity.

NEED FOR TRAFFIC ENGINEERING

The approach to universal car ownership in this country has caused apprehension as to the consequences, political, social and economic. Prevention or repression of growth is not a practicable policy. We must plan to live in comfort with the motor car as other countries with similar problems of traffic congestion have succeeded in doing. Only a comprehensive long-term plan involving central direction, and full use of modern traffic engineering techniques can solve these problems.

FORD MOTOR COMPANY LIMITED

Copies of the Report and Accounts, with Chairman's Statement, can be obtained on application to the Company at 88, *Regent Street, London, W.*1.

Habib Bank Limited

Established 1941

Head Office: KARACHI (PAKISTAN)

CONDENSED BALANCE SHEET as at 31st DECEMBER, 1959

LIABILITIES	Pak. Rs.	ASSETS	Pak. Rs.
Capital	20,000,000	Cash and Bank Balances	111,314,934
Reserve Funds	20,000,000	Government Securities and Bullion	469,342,638
Deposits	740,466,011	Loans and Advances	295,229,683
Amounts in Transit	111,255,233	Bills Lodged for Collection	42,063,278
Bills for Collection	42,063,278	Customers' Liability on Letters of Credit, etc.	282,577,586
Liability for Letters of Credit, etc.	282,577,586	Other Assets	15,833,989
TOTAL ... Pak. Rs.	1,216,362,108	TOTAL ... Pak. Rs.	1,216,362,108

93 BRANCHES THROUGHOUT EAST AND WEST PAKISTAN
FOREIGN BRANCH:
BOMBAY (INDIA)

Habib Bank (Overseas) Limited

Head Office: KARACHI (PAKISTAN)
BRANCHES: 1. ADEN 2. COLOMBO
3. MOMBASA 4. RANGOON

CLARKE, CHAPMAN & COMPANY LIMITED

DIVERSIFICATION OF PRODUCTION

The sixty-seventh annual general meeting of Clarke, Chapman & Company Limited, was held on March 24th at Gateshead.

The Chairman (Mr J. B. Woodeson), after reviewing the Accounts, said: Despite the sombre background presented by the present state of our principal markets, shipbuilding and power raising, I can report a satisfactory result for the year ended December 31, 1959.

In the present recession our interests are well diversified; the three principal fields being—on the marine side in the supply of ships' deck auxiliaries—on the steam generating side the manufacture and supply of conventional and nuclear power plant and thirdly, miscellaneous land sales.

This diversification of our products has been of great value throughout the long history of the Company, and it is only rarely that we have experienced the coincidence of shortage of orders in all fields at the same time.

There is no doubt that in the markets which are responsible for a large proportion of our output a recession exists, and I feel it is my duty to shareholders to make this position clear and try to assess the present situation as best I can.

In the past, when our Order Book stretched as far ahead as eighteen months and two years, it was comparatively easy for me to give a fairly precise forecast as to the future earning capacity of your Company. Now, of necessity, we are working on much shorter deliveries, especially on the marine side of our business.

The depression of freights and the nervousness in laying down of new tonnage has resulted in a lack of orders for our marine equipment. In addition to this we are feeling the effect of the economies exercised by the National Coal Board. I mentioned last year the difficulties concerning power station plant which, due to modern designs, have resulted in larger units and, in turn, a less number of orders being placed with those concerned with power station equipment.

The total result of all these factors, as far as one can see at the moment, is that there will be a slight contraction in the turnover this year which, if matters worsen, could affect the company's results.

MARINE DEPARTMENT

During the year we have have actively engaged in the standardisation of components used in the assembly of most of our marine products. While still meeting all our customers' special requirements, we have been able to reduce our costs in many cases and this has been a great help in meeting ever-increasing competition, especially from Overseas.

Our Marine Department, in conjunction with the Research and Development Department, has made considerable progress in the incorporation of the steam turbine for auxiliary machinery, and some important shipowners have adopted this method of drive for their main deck auxiliaries. I feel that these developments will grow and the benefit to your company will be increasingly felt.

During the year we have despatched a number of deck cranes. This has been a progressive department, and I am sure holds an expanding future for the company.

In the marine field I am quite certain that we are getting our full share of the orders that are available.

WATER TUBE BOILER DEPARTMENT

We have made good progress with our section of the nuclear power plant contract for Bradwell Nuclear Power Station now under construction. The many years we have spent on research and development in high-class welding is now certainly bearing fruit, and so far as our tube welding shop is concerned I estimate at least eighteen months' continuous work with what we have on order for Latina power station in Italy and other tube element orders.

As mentioned previously, orders for conventional steam raising plant are more difficult to obtain, especially now that few orders are obtainable from the Central Electricity Generating Board, which as you know, is an important customer. Certain rationalisation steps, however, are now pending and I feel that there is every chance of this situation improving.

So far as our industrial work is concerned, again I feel we are getting a fair proportion of the business.

The Research and Development department continues to play a vital part in the future of this Company, and without going into detail I feel that in the main aspects of our business this work is assuring our pre-eminent position as designers and manufacturers.

My thanks go to my colleagues, officials, staff and workpeople for their hard work and their contribution to the year's results.

I should like to say in conclusion that, notwithstanding my previous remarks regarding a shorter order book, I have every confidence in the future trading of your Company.

The report was adopted.

THE HALIFAX BUILDING SOCIETY

STATEMENT BY MR ALGERNON DENHAM

The one hundred and seventh Annual Meeting of the Halifax Building Society will be held in Halifax on April 4th, the President, Mr Algernon Denham, JP, presiding. The following are extracts from his statement:

During the year under review the Society has operated within the setting of a national economy which has been more favourable than for many years past. The Government are to be congratulated on their success in combining a greater measure of expansion with the maintenance of the strength of the pound sterling; this is a happy state of affairs compared with the recurring financial crises of former years.

The year will be remembered for the coming into effect of the House Purchase and Housing Act, 1959. Your Society has been accorded designation for the purposes of Part I of that Act, which means that our deposit department now has trustee status. The Act also provides for Government funds to be made available to building societies for the purpose of making advances on pre-1919 property. Your Board, however, have not thought it fit for the Society to participate in this arrangement, it being our view that the Society is already doing its fair share of this class of business out of its own resources and can look forward confidently to continuing to do so without Government aid. Briefly, we prefer to be lenders to, rather than borrowers from, the Exchequer. That this attitude is justified is, I think, amply proved by the facts. During the year, we advanced £13,502,607 to people seeking to buy pre-1919 property, a figure which continues to represent a substantial proportion of total building society lending in this category.

Throughout the earlier part of the year the pressure of mortgage demand remained extremely heavy and it was necessary to continue to impose restrictions. The additional investment inflow which came to the Society during the latter part of the year enabled these gradually to be eased until, towards the end of 1959, it was possible to remove them entirely.

During the year, 53,409 mortgages were granted, while re-advances were made on 9,356 existing accounts, mainly for the purpose of improving the borrower's property and therefore the Society's security, the total lending for the year being £81,650,000. These figures give some indication of the social benefit which the employment of our funds creates.

The assets of the Society have increased during the year by £50.8 million and now amount to £440.6 million, or some 15 per cent of the estimated assets of the Movement. This increase is a record for any one year, the previous highest annual increase being £46,713,355 in the year ended January 31, 1958.

The Society's liquid funds at January 31, 1960, amounting to £81,893,681 represented 18.6 per cent of total assets compared with 18.4 per cent in the preceding year. This figure is regarded by your Board as being adequate and, indeed, possibly more than adequate to meet the objects for which liquid funds in a building society are required.

The Society's reserves have been strengthened during the year by the surplus of £1,735,004 on our operations, making the total reserves at January 31, 1960, £15,960,667, equivalent to 3.62 per cent of our total assets compared with 3.65 per cent last year.

THE STEETLEY COMPANY LIMITED

(DOLOMITE AND REFRACTORIES)

The Annual General Meeting was held in Sheffield, on March 31, 1960

The accounts for the years ended December 31st, showed:

	1958	1959
	£	£
Trading Surplus	2,014,004	2,430,613
Taxation	1,057,504	1,179,994
Profit	956,500	1,250,619
Issued Ordinary Capital	4,251,561	4,251,561
Dividends	287,087	375,252
Undistributed Profits	669,413	875,367

The following is an extract from the statement to shareholders made by Mr N. M. Peech, Chairman:

The annual level of activity of our principal customers in 1959 differed little from that in the previous year, but we were able to maintain our growth in earnings for three reasons. First, we had the benefit of a full year's operation of the enlarged magnesia works at Hartlepool and were able to sell the output; second, we improved further the efficiency of our works with 80 per cent of the year's production being made in plant built since 1946; and third, the good summer weather facilitated sales of dolomite (magnesian limestone) for agriculture.

An assessment of the future requirements of refractories by the UK steel industry which is raising its capacity from 25 million to at least 30 million tons a year by 1965, has been undertaken. It appears that some of the new steelmaking processes and the greater production of electric arc steel, which together by 1965 may account for about a quarter of the total production against the present one-sixth, will use less refractories per ton of steel made, but they will continue to employ dolomite and magnesia materials.

A decision has therefore been taken to extend further the magnesia works at a cost of £3 million and to increase the production of basic bricks containing magnesia, which will cost £675,000. The Group sanctions for capital expenditure at this date amount to some £4,500,000, the highest in our history, but it is expected that this sum can be provided from current liquid resources and the cash flow that will arise under normal trading conditions over the next two years, so that it should not be necessary to seek further subscriptions from shareholders.

As to the prospects for this year, our order book is now much better than it was at this time last year, but it would be unwise to anticipate that our profits will rise in proportion to the output of our principal customer, namely, the steel industry, which is expecting to produce 24 million tons in 1960 compared with 20 million tons in 1959—an increase of 20 per cent. It must be borne in mind that, contrary to earlier expectations, last year we were able to employ the enlarged magnesia works at Hartlepool fully, thus there is little scope for increased profits arising in this important division of our business until the new extensions upon which we are now embarking are completed. Further, it is inevitable that full production from the new dolomite works at Whitwell, near Worksop cannot be obtained in the first few months of starting up, which is due to take place in the second quarter. We do, however, expect 1960 to be another satisfactory year.

REVERTEX LIMITED

TURNOVER AND PROFITS INCREASED

MR T. HARCOURT POWELL'S STATEMENT

The thirty-sixth annual general meeting of Revertex Limited was held on March 24th at 51-55, Strand, London, WC, Mr T. Harcourt Powell (chairman of the company) presiding.

The notice convening the meeting was taken as read.

The Secretary, Mr H. Wiltshire, read the report of the auditors.

The following is the statement by the chairman circulated with the report and accounts for the year ended September 30, 1959:

I am pleased to be able to tell you that your Company has had a good year and that both turnover and profits have shown an appreciable increase compared with the previous year.

The prospects for the present financial year are encouraging. Trading during the first four months has been satisfactory and the prospects for the remainder of the year are promising. We are exporting to over 50 countries and our products are being manufactured in a number of countries outside the United Kingdom. More than half of the total tonnage of all our products was used outside the United Kingdom. During the year our Sales and Technical representatives have travelled extensively and opened up new markets abroad. The laboratories have played an important part in developing a number of new products.

DIRECTORATE

You may have seen from the press announcements a few months ago that Mr A. F. Baillie retired as Managing Director of your Company at the end of last year. Mr Baillie became Managing Director over seventeen years ago and has rendered most valuable service. I am glad to say he has agreed to remain on the Board in a consultative capacity and I know you will join me in wishing him a long and happy retirement.

Mr H. K. Marsh and Mr C. J. Fitzgerald, who have both been associated with the Company for very many years, were appointed Managing Directors as from January 1st this year. We all wish them great success in their new responsibilities.

Dr Ian Kemp joined the Board of the Company in March last year and you will be asked to confirm this appointment later on in this meeting. Dr Kemp has been in the service of the Company for over twenty years, first as Chemist in charge of our research establishment in Malaya, and after the war as Chief Chemist to the Company on the home staff. Our business relies very much on its technical organisation and Dr Kemp's specialised knowledge is of great value to his colleagues on the Board.

PRODUCTS

Revertex (Concentrated rubber latex). With the passing of the emergency in Malaya we have embarked on a scheme to improve and re-equip our installations at Kluang, Central Johore. We have also augmented our European staff there and these factors are already helping us to meet with confidence the increasing demand for our latex products. The quality of our various established grades has been brought to a higher standard and we are now able to undertake the development of new and improved concentrates.

Deliveries of our Revertex grades have increased and it is likely that, resulting from negotiations now in progress, we may in the near future establish a new Revertex factory in another part of Malaya.

The year has seen a substantial rise in the market price for raw rubber. The high price of rubber and the increasing availability in this and other countries of synthetic latices are factors to be taken into account. We are confident that we can adapt ourselves to this situation and we believe that for many years to come natural and synthetic rubbers will be complementary in many branches of industry.

Emultex (Polyvinyl acetate emulsion). Our sales turnover of this material has increased, both at home and abroad, though the pressure of competition has caused some contraction in profit margins.

Alcotex (Polyvinyl Alcohol).—Further progress with the manufacture of this material has been made and the many technical problems which arise in producing particular grades of Alcotex for special applications are being surmounted. We hope that this branch of our activities will contribute increasingly to our general business.

Other Products.—During the year we have extended our factory premises at Harlow to accommodate the expansion of our compounding plant. The business in the numerous compounds manufactured by us, based on latex concentrates, Emultex and other new materials, has grown considerably during the year and arrangements have been made for compounds based on our products to be manufactured in a number of foreign countries.

South Africa.—I told you last year that our new subsidiary, Revertex (South Africa) (Proprietary) Ltd., had made an encouraging start. Our expectations for this venture have been more than fulfilled and the business in Emultex in Africa has made solid progress. In due time it is our intention to introduce other manufactures at the Durban factory in order to widen the range of business available to the South African Company.

ACCOUNTS

The profit of the year before tax amounted to £415,433 as compared with £397,373 for the previous year. This profit has been taxed at a lower figure than in previous years, and the net profit amounted to £223,333, which is £44,960 more than the figure of £178,373 for the previous year. This increase, with the figure of £27,000 of taxation overprovided in previous years, produced a total increase of £71,960, and is welcome, particularly during a period when overheads have tended to rise.

Dividend.—The Directors recommend the payment of a final dividend of 17½ per cent, less tax, making with the interim dividend of 10 per cent, less tax, paid last November, a total of 27½ per cent, less tax, for the year. The total dividend of 27½ per cent, less tax, will absorb the sum of £114,643, and the unappropriated profits, after allowing for the sum of £226,875 capitalised last year, will be increased by £135,690 to £598,227.

Staff.—Once again I must pay tribute to the zeal and enthusiasm of our staff. Many of them have played a great part in the building up of our Company and our thanks are due to them all.

The report and accounts were unanimously adopted; the proposed dividend was approved, the retiring directors, Mr T. Harcourt Powell, Dr I. Kemp and Mr S. Whyte, were re-elected: the directors were authorised to fix the remuneration of the auditors, Messrs Deloitte, Plender, Griffiths & Co., and a resolution was passed authorising the issue of share certificates bearing signatures applied by mechanical means.

BLUNDELL, SPENCE & CO.

(Manufacturers of "Pammastic")

OUTSTANDING SUCCESS AT HOME AND ABROAD

The seventy-first annual general meeting of Blundell, Spence & Company Limited was held on March 30th in London, Mr E. B. Calvert (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

The improvement in trading conditions towards the end of the last financial year to which I referred in my previous statement was maintained and the period covered by this report proved to be one of steadily growing confidence and rising demand. Your Company was able to take full advantage of these circumstances with the result that the year was one of considerable sales expansion. It was also a year of many records—home sales—export sales—group sales and group trading profits.

Further progress was made in the development of sales of the Company's products to the home markets; continuing to work in the closest co-operation with main distributors, our own sales force expanded successfully our already extensive trade business by means of increased specifications and possibly still more encouraging was the marked increase in retail outlets which occurred throughout the country.

The strong demand for the Company's products continued from export markets and notwithstanding keen competition our position as one of the largest exporters in the Paint Industry was fully maintained.

Your Company's claim that its leading product "PAMMASTIC" is "The World's Best Emulsion Paint" still remains unchallenged. Sales targets for both home and export markets were more than achieved and for this world famous product it was indeed a year of outstanding success.

The great interest in Pammastic shown by the Dunlop Rubber Company Limited remains unabated and once again, I acknowledge the benefit your Company derives from this association and Pammastic enjoys from having behind it the research facilities of the vast Dunlop organisation, in addition to our own technical resources.

After reviewing the substantial progress of the subsidiary companies at home and abroad, the statement continued:

The trading of the Group for the year ended October 31, 1959, has resulted in a profit of £517,755, compared with £331,142, and your Directors propose a final dividend of 14 per cent. The total distribution proposed for the year will thus be 18 per cent on the Capital as increased by a one-for-two scrip issue, which is equivalent to 27 per cent on the old Capital.

The Group has made a good start to the current year. During the first quarter, sales of the Parent Company, both decorative and industrial have expanded and whilst a modest increase in operating costs is expected, it is anticipated that gross profit margins will be maintained at a level adequate to ensure a satisfactory final trading result.

The Australian and Indian subsidiaries have continued to prosper during the first six months of their current years.

Summing up, with the knowledge which is available to me, I consider the prospects for the current year are encouraging. I feel that Members can look forward with confidence to another good year and, subject to no unforeseen circumstances arising, your Board anticipates no difficulty in maintaining the present level of distribution.

The report and accounts were adopted.

ASHANTI GOLDFIELDS CORPORATION

THIRD SUCCESSIVE RECORD YEAR

The 63rd annual general meeting of Ashanti Goldfields Corporation Limited was held on March 30th in London.

Major-General Sir Edward L. Spears, Bart, KBE, CB, MC, FInstD (Chairman and Managing Director), presided and, in the course of his speech, said:

For the third year in succession, new records have been achieved in tonnage milled and gold produced. In the current year, if expectations are fulfilled, results should again show an increase over previous records. Planned gold output is 346,000 ounces. Production in the first six months of the current year indicates that this figure should be reached and may be bettered. Development results continue to be excellent. We have every reason for confidence in the future prospects of the Mine.

The attitude of the Ghana authorities towards the Corporation is co-operative and helpful.

As I said, production was an all-time record for the Mine. 406,365 tons milled yielded 321,366 ounces of gold. This is 41,167 tons and 38,836 ounces more than last year's record. For the first five months of the current year 183,500 tons have been milled for a gold recovery of 150,400 ounces. This compares to 168,000 tons and 127,550 ounces of gold in the corresponding period last year.

The Ore Reserves were recalculated at September 30, 1959, and are 1,993,105 tons of an average grade of 17.2 dwts per ton. This compares with 1,586,300 tons averaging 19.0 dwts per ton in 1958.

For the current year it is planned to increase the milled tonnage from 406,000 to 425,000 tons thus maintaining the progressive expansion that has taken place since 1956.

Commenting on his visit to Ghana in January and February of this year the chairman said: Ghana is frequently and sensationally in the news, but a habitual visitor like myself sees nothing alarming in the spectacle of an exuberant community, confident in the future and bursting with vitality.

In the main, the attitude of the Ghanaian people, always friendly, is, it seems to me, friendlier than ever.

The report was adopted.

ALBRIGHT & WILSON

LIMITED

The following is a digest of information appearing in the Annual Report for 1959, posted to stockholders on 30th March. The Secretary will be glad to supply copies of the Report on request.

	1959 £	1958 £
Group Sales	**34,500,000**	*32,200,000*
Group Trading Profit	**7,390,000**	*5,845,000*
Depreciation	2,283,000	*2,059,000*
Interest	449,000	*457,000*
Taxation	2,225,000	*1,542,000*
Minority Interests	147,000	*71,000*
Net Profit	**2,286,000**	*1,716,000*
Dividends	863,000	*645,000*
Retained Profit	1,423,000	*1,071,000*
Total Capital Employed ...	**30,761,000**	*28,683,000*
Ordinary Dividend—rate ...	**18.3%**	*13.6%*
—times covered	**2.8**	*2.8*

The dividend rates shown above have been adjusted to relate them to the capital of £7,130,687 outstanding after the one-for-four issue of fully-paid stock in September, 1959.

TRADING.—The expansion shown in 1959 followed record results in 1958. Sales in 1959 rose in value by about 7% and in volume by rather more, since some selling-prices, particularly overseas, were lower. Additional sales, improved operating efficiencies, generally stable raw material prices and higher investment income, constituted the main reasons for the increase in Group profit. In spite of intensifying competition, the total value of our exports was increased. Direct exports from the U.K. and sales by our subsidiaries in Canada and Australia amounted to about 35% of total sales.

CAPITAL EXPENDITURE.—£2,500,000 was spent by the Group in 1959. In the U.K. £1,400,000 was spent on additions and improvements to many plants and on research and development projects, including laboratory and pilot plant facilities at Barry and laboratory extensions at Oldbury. A vessel of 10,000 tons is being built for the Group for the transport of phosphate rock, and is due to come into service at the end of 1960. £1,100,000 was spent overseas, mainly in Canada, where we acquired a superphosphate works adjacent to our new works at Port Maitland, which is expected to be in production at the end of 1960. At the end of 1959, there were projects authorised involving future expenditure in excess of £5 million. In 1960 we expect to spend considerably more than in 1959. Cash and short-term investments at the end of 1959 amounted to £4,700,000.

PROSPECTS FOR 1960.—In all the countries in which we operate there have been forecasts of expansion. Nevertheless, we do not expect a large increase in the volume of our sales. We expect competition to intensify and profit margins to narrow. Figures in 1960 will be affected by the inclusion of Boake Roberts. Apart from this, indications are that the value of sales and profits will not differ significantly from the comparable figures for 1959.

The sixty-eighth Annual General Meeting of Albright & Wilson Ltd. will be held at the Company's office at 1 Knightsbridge Green, London, S.W.1, on 27th April, 1960, at 12.15 p.m.



ALBRIGHT & WILSON

AND ASSOCIATED COMPANIES

chemicals

1 KNIGHTSBRIDGE GREEN
LONDON · S.W.1.

ALBRIGHT & WILSON (MFG) LTD.
ALBRIGHT & WILSON (AUSTRALIA) PTY. LTD.
ALBRIGHT & WILSON (IRELAND) LTD.
A. BOAKE, ROBERTS & COMPANY (HOLDING), LTD.
CLIFFORD CHRISTOPHERSON & COMPANY LTD.
ELECTRIC REDUCTION COMPANY OF CANADA LTD.
MARCHON PRODUCTS LTD.
MIDLAND SILICONES LTD.
PROBAN LTD.
SOLWAY CHEMICALS LTD.

LEWIS'S INVESTMENT TRUST LIMITED

Registered Office: 40, Ranelagh Street, Liverpool, 1.

Extract from the Balance Sheet and Accounts for the year ended 1st February, 1960, which will be considered at the Annual General Meeting to be held in Liverpool on Thursday, 21st April, 1960.

ISSUED CAPITAL

	£
7% Cumulative Preference Stock	1,334,075
5% Cumulative Second Preference Stock	692,315
Ordinary Stock (in 4/- Units)	8,931,217
	£10,957,607

(The issued Ordinary Capital was increased by £1,786,244 on 26th November, 1959, by the free scrip issue of 8,931,220 Ordinary 4/- units on the basis of one new unit for every four held. The new Stock ranks for the final dividend which it is proposed to pay on 26th May, 1960.)

CONSOLIDATED PROFIT

	This Year	Last Year
Trading Profit and other Income	£5,693,325	£5,236,694
Profit after Interest and Depreciation	£5,005,019	£4,581,383
Net Profit after Taxation	£2,758,848	£2,241,494
Net Profit attributable to Group	£2,481,531	£1,974,939

DIVIDENDS

	This Year	Last Year
Preference Dividends (net)	£78,400	£73,601
Ordinary Dividends (net)	£929,963	£657,337
	£1.008.363	£730,938
Effective Annual rate on Ordinary Capital at 1st February, 1960	17%	12.8%

(Copies of the Chairman's Statement to Stockholders are available on application to the Registrar, 40, Ranelagh Street, Liverpool, 1.)

LEWIS'S INVESTMENT TRUST LTD. controls:

LEWIS'S LTD. (with Department Stores at Liverpool, Manchester, Birmingham, Hanley, Leicester and Bristol).
SELFRIDGES LTD.—LEX SELFRIDGE GARAGE LTD.—PORTMAN (WHOLESALE & OVERSEAS) LTD.
LEWIS'S ROYAL POLYTECHNIC LTD. (Department Store at Glasgow).
LEWIS'S (LEEDS) LTD. (Department Store at Leeds).
S. REECE & SONS LTD. (Retail Food and Catering).
MERSEYSIDE DAIRIES LTD. (Milk Distributors).

ALLIANCE BUILDING SOCIETY

GROWTH OF FUNDS AND ASSETS

The ninety-seventh Annual Meeting of Members of the Alliance Building Society was held on March 25th at Brighton.

Mr Lewis C. Cohen, Chairman and Managing Director, in the course of his speech, said: The year 1959 was in various respects a momentous one for Building Societies—not the least important factor being the House Purchase and Housing Act 1959 which among other matters made it possible for certain societies to earn the distinction of Trustee Status for their deposit funds. I am proud to say that the Alliance Building Society was in the first list of those designated by the Chief Registrar of Friendly Societies as having Trustee Status.

During the year the total assets of the Society increased from £69,150,800 to £73,788,001. This growth was in the main due to Share Investors who placed £13,047,471 of fresh money with the Society. After withdrawals of £11,563,536 and crediting interest of £2,251,462 the total balance due to shareholders increased from £65,113,384 to £68,848,781. In the Trustee Department depositors' balances also grew from £1,528,077 to £1,762,313.

It may be recalled that last year's report referred to a considerable carry-over of liquid funds and a large amount of mortgage loans which had been agreed to but were not completed at December 31, 1958. This year's accounts reflect the position inasmuch as the total of new loans was £14,200,954, a figure which is over 50 per cent greater than 1958 and considerably in excess of any previous year.

The great bulk of this large amount was lent on the security of individual homes occupied by the borrowers themselves.

The demand for loans for house purchase continues to be very strong and tends still to outstrip the available resources. There seems to be every prospect of this state of demand continuing for a considerable time.

LIQUIDITY AND INVESTMENTS

For decades past the Building Societies generally have relied upon the Gilt-Edged market to provide suitable securities for liquidity—as indeed we ourselves did up to 1955. Our experience since then has shown such investments do not meet our requirements for liquidity purposes. Liquidity means 20s. in the pound when you want it—and not in say 15 or 20 years ahead. Since the "break" in the Gilt-Edged market in 1955 (which only reflected the fact that interest rates could not indefinitely be kept at artificially low levels) we have placed our Liquidity Reserves in Treasury Bills and in loans to Local Authorities repayable in full at short notice.

RESERVES

The year's results—which I have earlier stressed are really the outcome of many years of previous devoted effort—give us deep cause for satisfaction. Thousands of families have been enabled to buy their homes—the investors in the Society have enjoyed security and first-class service and we have strengthened our General Reserves by the impressive sum of £425,000 to a total figure of £2,245,000.

The report and accounts were adopted.

THE LINEN THREAD COMPANY

GRATIFYING IMPROVEMENT IN GROUP PROFITS

MR WILLIAM E. LUKE ON REORGANISATION AND DIVERSIFICATION

The sixty-third annual general meeting of The Linen Thread Company, Limited was held on March 24th in Glasgow, Mr William E. Luke (chairman and managing director) presiding.

The following is an extract from his circulated statement:

The financial year under review has not been an easy one for our management and therefore it is all the more comforting to be able to report fairly satisfactory Group results.

The consolidated trading profit in respect of the year to September 30, 1959, was £747,427 compared with a profit of £246,838 for the previous year, excluding the loss incurred during the previous year by the US Subsidiary which we sold in January, 1959. The increase in the trading profit on the more realistic basis was therefore £500,589.

The consolidated net profit for the year attributable to The Linen Thread Co., Ltd., was £419,538 compared with £136,221, excluding the US Subsidiary loss, an improvement of £283,317.

REORGANISATION

During the last financial year there has been a widening of the Company's activities which has necessitated a fairly significant management reorganisation. I have found it increasingly difficult, based in Glasgow, to co-ordinate and maintain personal contact with our various divisions in the United Kingdom and have opened a temporary office in London.

We have taken a long lease of Trevor House, in course of construction, opposite Harrods Ltd. in Brompton Road on terms which are considered to be favourable and where at the outset we shall occupy one floor only. This will be the Administrative Headquarters of the Group and it should be possible to move in around September of this year. The shops included in the leasehold will be let and also the part of the office accommodation surplus to our requirements.

In future the Company will be managed on a divisional basis, the four divisions at present being the Textile, Narrow Fabrics, Light Engineering and Canadian, each of which will have its own Managing Directors, my own position being that of Chairman. I shall continue in office as Chairman and Managing Director of the Holdings Company and maintain an overall interest in the divisions although their day-to-day management is the responsibility of others. For some time and for special reasons I propose to maintain personal liaison with certain overseas interests where our operations are carried out in partnership with others.

Having dealt with the company's activities at home and overseas the chairman continued:

DIVERSIFICATION

It is our intention to continue our policy of diversification and we are still looking for businesses which give scope for expansion and which can provide an adequate return on capital invested. The liquid resources of the Company are strong and as the loan notes owed to us by Indian Head Mills Inc., purchasers of our United States subsidiary, are redeemed, further cash will become available. This will be used in part to finance expansion within existing divisions and in part to buy new businesses which fit into our new status of an industrial holdings company. There may also be opportunities of developing from scratch a business in which we can enter a new field and in this connection I should like you to know that we have recently formed a company in Northern Ireland, called Beltico Ltd., for the purpose of manufacturing life-saving equipment, inflatable dinghies, pleasure craft and a variety of other articles, most of which will be made from fabrics produced within our own Group.

CHANGE OF NAME

At our last Annual General Meeting I was asked by a Stockholder whether the Board intended to change the Company's name. The question had been under consideration because it is realised that the name is no longer associated with many of the Company's activities. On the other hand, The Linen Thread Co., Ltd. has an excellent name and reputation in financial circles and with customers all over the world. Your Board feels, however, that if the name of the Parent Company should be changed the selling company within the Textile Division should continue to operate under the name of The Linen Thread Co., Ltd. The important matter of timing and the groundwork necessary to ensure the smooth introduction of any such change are being studied but it would be premature to put forward any proposals at this time.

COMMON MARKET

It is not easy to assess the possible effect on our various interests of the Customs Union that has been formed by the six countries in Europe. Belgium, France and Italy are all important manufacturers of flax yarns and unless an agreement is reached between the outer seven countries and the Common Market group, the gradual reduction of tariffs on linen yarn within the Common Market will, in due course, operate against the interests of linen yarn exporters in this country and might make it necessary for us to switch some of our export trade to one or other of the two factories which we operate in the Common Market area. Our export trade in the Light Engineering Division is not significant. We welcome the creation of a European Free Trade Area within the outer seven countries as a move towards freer trade throughout Europe and perhaps other parts of the world and as a means of enabling the Governments concerned to discuss more authoritatively the terms on which they might negotiate a broader European arrangement. Such a development would certainly be of benefit both to the Company and from an economic point of view to the nation as a whole. The political implications might, however, be somewhat hazardous.

PROSPECTS

Last year I told you that I looked to the future with confidence and optimism. On the short-term this forecast has been justified and I am more than ever convinced that the Company should do well in the future in all of its Divisions, not least the Textile Division, which is still the most important of them all.

The report and accounts were adopted.

HICKSON & WELCH (HOLDINGS)

FURTHER PROGRESS AND EXPANSION

The 8th annual general meeting of Hickson & Welch (Holdings) Limited was held on March 24th in London, Mr Bernard Hickson, MSc, FRIC (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

I am pleased to be able to report once more that there has been an increase in the trading profit. The total sales to customers of the products and services of the Group have also increased and are the highest the Group has so far attained. During the year under review we have made reductions in certain of our selling prices, but improvements in our technical efficiency and increased production have enabled us to obtain the increase in trading profit mentioned above.

We have acquired during the current year the whole of the share capital of Richardson & Starling Ltd., Winchester specialists in remedial treatment of building timbers and the preservation of stonework. The activities of that company are complementary to those of Hickson's Timber Impregnation Co. (G.B.) Ltd. and will enable the Group to provide an even more comprehensive service in this field.

Early in 1960 we purchased from the minority shareholders their shares in Hickson's Timber Impregnation Co. (Aust.) Pty. Ltd. and that company is now a wholly-owned subsidiary. We have every confidence in its further development.

Since the last meeting we have formed a small company in South Africa, known as Hickson's Chemical Co. (Pty.) Ltd., in which we hold a majority interest.

Hickson & Welch Ltd. have again increased their turnover and profit. Capital expenditure is higher than in the previous year.

Ronsheim & Moore Ltd. are still maintaining their position in supplying specialised products to the pharmaceutical and cosmetic trade.

Hickson & Dadajee Private Ltd. has completed the first stage of erection of its new factory and it is now in production. Trading conditions in India have improved and the company should progress.

Hickson's Timber Impregnation Co. (G.B.) Ltd. has again increased its sales of timber preservatives throughout the world.

Hickson's Timber Impregnation Co. (Aust.) Pty. Ltd. has consolidated its position and the number of contracts obtained with public authorities for the treatment of timber is encouraging.

Your associated company, Hickson's Timber Impregnation Co. (S.A.) Ltd., has made increased profits and these constitute a record for that company.

I am pleased to say that the companies in New Zealand and Malaya have increased their business.

The consolidated profit and loss account of the Group shows that, after deducting all expenses, £568,020 was earned before providing for taxation, compared with £547,223 for the previous year. The net profit attributable to the members of the Holdings company available for distribution amounts to £327,017.

I have before me details of the results of all the companies in the Group for the first four months of the current financial year. From these and orders in hand, together with the general climate of trade, I look forward to the results of next year showing an increase over the year now before you.

The report was adopted and a total distribution of 18½ per cent, including the special interim dividend of 2½ per cent paid in March, 1959, was approved.

THE UNITED STATES DEBENTURE CORPORATION LIMITED

The Annual Ordinary General Meeting of The United States Debenture Corporation, Limited, was held on March 30th in London, Mr Ion H. T. Garnett-Orme (the Chairman) presiding.

The following is an extract from the Directors' Report:

Once again the Revenue Account shows an increase in our income. Despite the fact that the change in the standard rate of Income Tax resulted in the estimated Double Taxation Relief receivable being reduced from £142,000 to £128,000, total investment income for the year has risen from £762,738 to £794,565, and net income available for distribution to the Ordinary Stockholders from £319,728 to £369,250.

The proportion of our permanent funds at market invested in North America has fallen from 47 per cent to 39 per cent. This does not indicate any basic change in policy and is due to the substantial increase in the market value of our sterling holdings. Although this year there has been a slight decline in the capital value of our dollar investments, the majority of these produce a stable and gradually increasing income, and many are in the Public Utility field which in this country is closed to investors. It is not our present intention to reduce the investment in this category.

Next year's income should show a farther increase, but this is subject to any change in investment policy in general and in particular to the possibility that the Board might decide to increase liquidity at the expense of income. Although it is proposed to increase the dividend from 9½ per cent to 10½ per cent, approximately the same percentage of net available revenue is being distributed as last year.

With the intention of making the Corporation's Ordinary Stock more readily marketable, it is proposed to apply to the Stock Exchanges concerned for permission to have the stock quoted in 5s. Units.

The report was adopted.

NATIONAL PROVIDENT INSTITUTION FOR MUTUAL LIFE ASSURANCE

PROSPERITY AND SAVING WITH-PROFIT PENSION SCHEMES

The Annual Meeting of the National Provident Institution will be held on April 26th in London.

The following are extracts from the address which will be submitted by the chairman, Mr Lawrence Emlyn Douglas Bevan:

During 1959 we witnessed a recovery of our economy which surpassed the expectations of most people; industrial production in this country displayed a marked expansion compared with 1958.

It is much easier to start saving in times of relative prosperity. It is also an opportunity for each of us to reconsider whether his own life assurance is adequate. Above all else it is the time to start a first policy if you have not one already. I believe there are many people in this country today enjoying a high degree of happiness and prosperity who have either no life assurance at all or perhaps only a modest amount resulting from weekly or monthly "collections." I strongly commend to them the rewarding results they can achieve by short and long term savings through life assurance, as well as the protection that it gives to the subsequent standard of living of their dependants.

NEW BUSINESS

I am sure you will have been pleased to learn that for the first time in our history the total new sums assured on individual assurances (after deducting reassurances) exceeded £10 million. The total net figure, including group life assurances of about £1.5 million, amounted to nearly £12.25 million. The expansion of our new business last year substantially exceeded the average for life offices generally.

For whole life assurances, both with and without profits, we have recently been able to reduce the normal rates of premium charged for women.

For endowment assurances, we have reduced the rates of premium in the without-profits class to an attractively low level. I would particularly draw your attention to the favourable terms that we now offer for without-profit policies generally. I have no need to remind you of our reputation as a leading office in the field of with-profit life assurance, but we realise that certain requirements are sometimes better met by non-participating policies. This often happens when a definite sum is required in connection with house purchase, provision for death duties, education or personal pensions. Moreover the most inexpensive way to give greatly increased protection for a growing family is to add family protection benefits to a basic whole life or endowment assurance, and these additions have become very popular with our members.

THE OBJECT OF LIFE ASSURANCE

We are so much aware today of the value of life assurance as an investment that we often forget its most important purpose, namely the protection of the family.

We particularly welcome young married men as members of the Institution, but we sometimes wonder whether it is always best in such circumstances to take out endowment assurance policies for a period of some 15 or 20 years. They already have certain family responsibilities, and probably more will follow. Their first care, therefore, should be to obtain as much life cover as possible. A young man of 25 prepared to pay a premium of £2 a month, can obtain from the Institution a with-profit endowment assurance for £334 for a term of 15 years. Allowing for bonuses such a policy will no doubt turn out to be a good investment, but how much better would be the protection for family in the event of his own unexpected death if he took a with-profit whole life policy for £1,137. He might go even further and make it a without-profit policy and increase the initial protection to £1,605.

It was with these thoughts in mind that I looked at our experience of 288 claims by death during 1959. The total claims due to unnatural causes came to over 15 per cent in amount of the total reported. The moral to be drawn from these figures needs no elaboration by me.

PENSIONS

Our new with-profit group pension scheme policy has been favourably received during its first year of operation. This contract brings together all the advantages of the alteration in the income tax law in 1956 for pension schemes approved under the Income Tax Act, 1952, section 379, as well as the benefit of sharing in the prosperity of the Institution. We believe it to be one of the most modern and profitable types of pension policy available in the market today and I can commend it to any employer who has not yet provided adequate pensions for his employees. Our pension department is ready at all times to give the benefit of our experience in arranging a scheme to suit individual requirements.

This leads me naturally to the subject of the new state graduated pensions. We welcome the facilities offered to satisfactory occupational schemes for contracting out of this part of the state scheme, and also the appointment in good time of the Registrar of Non-participating Employments. However, barely twelve months now remain for each employer to decide whether he should take advantage of the opportunity to contract out and I would urge any employer, who has not yet made up his mind, to tackle this problem as soon as possible. It will become increasingly difficult as we approach April, 1961, to give to every scheme the attention it needs.

MUTUAL BENEFIT

We are now in the third year of our triennium and the next valuation will take place on December 31, 1960. Naturally I am not in a position to forecast what rates of bonus we shall then be able to declare on our with-profit policies. What I can say with confidence is that we shall be able to show a position of undoubted strength. We face the future confident in our organisation and in the contracts we offer, and we can see no reason within our control which should prevent us from continuing to earn profits at a satisfactory level. The Institution has no shareholders and the whole of such profits are therefore reserved solely for the benefit of its policyholders. It is this mutual aspect of our business that I should like once again to stress because it means that our with-profit policyholders secure their contracts at what is virtually cost price.

THE CHARTERED BANK

106TH ANNUAL GENERAL MEETING

The one hundred and sixth annual general meeting of The Chartered Bank was held on March 30th at the Bank's Head Office, 38 Bishopsgate, London, E.C.2.

The Chairman of the Bank, Mr V. A. Grantham, presided.

Mr W. G. Pullen, Chief General Manager, read the notice convening the meeting and the report of the auditors. With the consent of the stockholders present, the report and accounts, which had been circulated previously, were taken as read.

The Chairman then moved that the report and accounts for the year 1959 be approved and that a final dividend of 7½ per cent, less income tax, be declared; an interim dividend of 7½ per cent, less income tax, having been paid in September, 1959.

The resolution was seconded by Sir John Tait and carried unanimously.

The retiring Directors, Mr Clifford Waite, CMG, Mr Ian Lilburn MacEwen, Sir Evan Meredith Jenkins, GCIE, KCSI and Mr William Ewing Eadie, CA, were re-elected Directors of the Bank.

Messrs Deloitte, Plender, Griffiths & Company and Messrs W. A. Browne & Company were re-appointed auditors, and their remuneration was fixed.

A vote of thanks to the Directors, General Managers, branch managers and the staff at home and abroad for their successful conduct of the affairs of the Bank was proposed by Sir John Woodhead, GCIE, KCSI and seconded by Mr Joseph Nissim.

BEAUMONT PROPERTY TRUST

SATISFACTORY PROGRESS

The twenty-sixth annual general meeting of The Beaumont Property Trust Limited was held on March 29th in London, Sir Cyril Black, JP, DL, MP, FRICS, FAI, chairman, presiding.

The following are the main features from his circulated statement:

The accounts for the year ended September 30th last will, I feel sure, be regarded as satisfactory, indicating as they do, satisfactory progress in the profitable development of this Group.

Property and General Revenue: This has risen from £273,437 to £324,826 and the profit for the year, after taxation, at £136,191, shows an increase of about £33,000.

Dividend: We have paid an interim of 3 per cent, less tax, on the Ordinary Share Capital, as increased by the bonus issue, and recommend a final dividend of 5 per cent, less tax.

Low Borrowing Ratio: The Freehold and Leasehold properties of the Group are subject to Secured loans consisting of Mortgage Debenture Stock and Mortgages amounting to only £1,355,850, i.e. 30 per cent of their Book Values. Your Directors will increase the borrowings to a reasonable extent as may be necessary to finance new purchases.

Important Sales: Since September 30th last, we have entered into contracts for important and profitable sales of further properties, in the main flat properties for sale prices totalling £1,037,500. We have arranged for the purchase of a number of first-class business properties let at moderate rents.

Further Capital: Your Directors have under consideration a proposal to increase the authorised Preference Capital to £1 million. We intend also to recommend that the Ordinary Capital, which consists of Shares of £1 each, be converted into Shares of 5s. each.

The report and accounts were adopted.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

The Meeting of Shareholders of the Banque Française du Commerce Extérieur was held in Paris on March 16, 1960, under the chairmanship of Monsieur Belin, Chairman of the Board of Directors, assisted by Monsieur Assémat, Vice-Chairman and Managing Director.

The Chairman, on behalf of the Board, read the Report covering the financial year 1959.

As a result of expansion in business with foreign countries, particularly exports, the number and value of the transactions conducted by the Bank show an increase. The total appearing in the balance-sheet has increased by 18 per cent.

Despite this increase in business, however, the reduction of interest and commission rates has not enabled the net profit to be wholly maintained. This—after deduction of all charges, sums written off for depreciation and provisions—amounts to NF4,923,870.84 (492,387,084 francs) as against NF5,652,315.52 (565,231.552 francs) in 1958.

After having made provision for statutory allocations in favour of shareholders, staff and welfare services, the Board has appropriated NF1,700,000 (170 million francs) for the general reserve fund and placed at the disposal of the Meeting of Shareholders a balance of NF1,597,759.30 (159,775,930 francs).

The Meeting, after having heard the Report of the Auditors and taken note of the comments of the Welfare Committee, unanimously approved the accounts and, in particular, resolved to allocate to the shareholders an additional dividend of 5 per cent and to strengthen the general reserve fund by a further sum of NF400,000 (40 million francs).

The Bank's own funds, excluding provisions, will accordingly total in the aggregate NF36,840,000 (3,684 million francs).

APPOINTMENTS

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of Temporary LECTURER IN THE HISTORY OF ECONOMIC THOUGHT. The appointment will be made for a period extending from October 1, 1960, to January 31, 1961. The salary will be on a scale £900 to £1,650 per annum, according to qualifications and experience, with membership of the Children's Allowance Scheme. Applications should be sent not later than April 9, 1960, to the Registrar, the University Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN SOCIAL AND ECONOMIC RESEARCH

Applications are invited for an Assistantship in the Department of Social and Economic Research to assist with an enquiry into "fringe benefits" in the United Kingdom. Applicants should possess an honours degree in Economics or a related subject, but applications will be considered from persons due to graduate this year. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than April 30, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

For further appointments and other classified advertisements see pages 110 and 111

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	Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s.	—	Japan	£10 6s.	—
Canada	—	$25 or £9	Jordan	£7 15s.	—
Ceylon	£9 0s.	—	Lebanon	£7 15s.	—
China	£10 6s.	—	Malaya	£9 0s.	—
East Africa	£9 0s.	£7 10s.	N. Zealand	£10 6s.	—
Egypt	£7 15s.	—	Nigeria	£9 0s.	£6 10s.
Europe	£6 0s.	—	Pakistan	£9 0s.	—
Ghana	£9 0s.	£6 10s.	Philippines	£10 6s.	—
Gibraltar. Malta	£5 0s.	—	Rhodesia (N. & S.)	£9 0s.	—
Hongkong	—	£8 15s.	S. Africa	£9 0s.	£7 10s.
India	£9 0s.	£7 10s.	S. America	£9 0s.	—
Indonesia	£9 0s.	—	Sudan	£7 15s.	£6 15s.
Iran, Iraq	£7 15s.	—	USA	—	$25 or £9
Israel	£7 15s.	—	West Indies	£9 0s.	—

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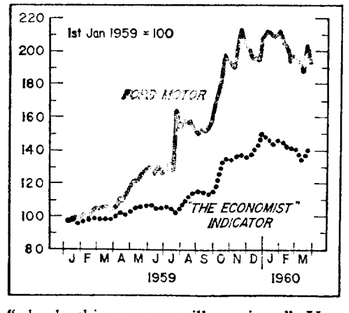
COMPANY AFFAIRS

Ford Looks Ahead

THROUGHOUT the bull market last year, as the chart shows, Ford Motor ordinary shares were moving ahead more rapidly than the general run of blue-chips. So too, it must be added, were other motor equities: a natural consequence of expansion within the industry and the big earnings cover on the dividends. Ford at 98s. 3d. yield 3½ per cent on the increased dividend of 17½ per cent, less than any other motor share except Jaguar whose dividend is covered nearly ten times by earnings. Ford's dividend is covered over four times but that is not the only reason why the shares enjoy so much favour among investors.

Last year vehicles sold at home rose from 202,133 to 236,690 (which included a 60 per cent increase in the sale of Thames trucks) and the number exported from 219,439 to 236,167; total sales rose from £206½ million to £233 million and the gross income before tax went up from £26.4 million to £33.9 million. All this was achieved in a year which saw an expansion from £85½ million to £100 million in the capital employed in the business.

Indications about the future are scattered throughout Sir Patrick Hennessy's statement. Speaking of a decade of opportunity ahead, in which he naturally urges the Government to do much more about Britain's roads and traffic congestion, Sir Patrick points out that there is one car for every three families in this country and that



"clearly this process will continue." Undoubtedly, he adds, there will be parallel increases in the car population throughout Western Europe and "substantial advances" elsewhere. Sir Patrick takes note of the expansion in capacity to meet what he describes as "the unprecedented demands of the growing world market" and he concludes that all the indications point to increasing competition in export markets.

For Ford to gain its full share in the growth of these markets, it has to expand its capacity further, and would have preferred to do so in the Thames estuary. But it is going to Merseyside, where initial production will be about 200,000 cars a year. So are other large manufacturers: Sir Patrick hopes that the Government's view that a shortage of labour will not develop in this area will prove to be right. Ford will also move production of commercial vehicles to Slough. These moves should relieve congestion at Dagenham. Holding British and American gilt-edged securities worth £67 million, Ford should have no difficulty in financing this further phase of development.

These developments are some way ahead. The immediate prospect for Ford cannot be seen as anything but good. Demand for its medium and larger cars has been fully maintained and they are being produced to the maximum of capacity. Within three months of its introduction the Anglia, Sir Patrick claims, was being produced and sold at a higher rate than that achieved by any other British car; production already exceeds 950 a day and is being increased further. Total daily output which ran at over 2,000 vehicles in the last months of 1959 has now been raised to over 2,500.

British American Tobacco

TWO main points of interest emerge from the statement made by Sir Duncan Oppenheim at the annual meeting of British American Tobacco. First, it had been generally thought that the United States subsidiary, Brown and Williamson, would not pay any dividends to the parent company until the dollar loan made to that company had been repaid. Sir Duncan now reveals however that the American subsidiary has been distributing dividends for some years. He also announced that because of the continued expansion of that business the loan had been increased and the period of repayments had been lengthened. The loan will not be finally repaid until 1979. BAT's income from Brown and Williamson does not therefore turn, as the market thought it did, on a maiden dividend but on the possibility that the dividend might be raised. For the bulls that cannot be quite so alluring a prospect as their first, mistaken assumption.

Secondly, the market had also hoped for a further increase in dividend this year following the raising of the first tax-free interim payment from 5 to 5⅝ per cent. But Sir Duncan says that the sole purpose of that increase was to even out the dividend payments and he goes no further than saying that he hopes to maintain the dividend at 20 per cent, tax free. He forecasts a further reduction in earnings from factories in this country but he hopes that this will be balanced by higher dividends from subsidiary companies abroad, in which production still goes on rising. The chairman's statement was followed by some selling, largely by small investors. The 10s. shares fell by 6s. 6d. to 63s. (to yield 5¼ per cent) while the £1 shares of Imperial Tobacco, which has a big holding in BAT, fell by 6s. 9d. to 67s.

Waterlow and Sons

THE directors of Waterlow are trying hard to fight off the bids made for the company's preferred and deferred ordinary shares by Purnell and Sons, the Bristol printers. This is very clear from the circular they have sent to shareholders together with the formal offer from Henry Ansbacher and Company on behalf of the bidders. Mr Philip A. Waterlow, the chairman, repeats the directors' earlier advice to shareholders not to accept the offers.

But the directors can scarcely hope to enlist full support unless they are willing to take shareholders more into their confidence. Their circular lacks concrete information—though it reveals that Sir Harold Gillett has been appointed to the board, a move which certain institutional investors had been urging. Sir Harold has agreed to become deputy chairman and also to make a report to shareholders on the state of the affairs of the company. Mr Waterlow also discloses that an offer for the purchase of an undisclosed property (believed to be its head office in Great Winchester Street) has been accepted. This will result in a capital profit but Mr Waterlow gives no figures, either of the price or of the profit.

He also says that turnover has increased substantially this year and that profits available for distribution should at least equal the income offered to shareholders by Purnell. This indicates a rapid recovery, for the company made net losses in the past two years. To match Purnell's promise, Waterlow would have to declare a dividend of not less than 12½ per cent, higher than any payment that it has ever made in the past. Shareholders would be able to assess the worth of their shares more accurately if they were told exactly what dividend the Waterlow directors have in mind and exactly how substantial are the tax losses which the company will be able to set off against future profits.

At 43s. Waterlow deferred are now 9d. below Purnell's offer price. With Purnell ordinary at 15s. 9d., the offer of 10 of the 5s. shares and £3 of 6½ per cent convertible loan stock for every 5 shares is worth 43s. 9d. Unless more concrete evidence on both profits and asset values is forthcoming from Waterlow—and here much would seem to depend on Sir Harold Gillett's report—some deferred shareholders may be tempted to sell through the market. The offer of £22 of 6½ per cent loan stock for every 20 Waterlow preferred ordinary is equivalent to 22s., as the stock can be sold to Henry Ansbacher at par, and is one which many shareholders may find too attractive to resist. These shares count for 30 per cent of the total votes.

Aluminium Ltd

UNLIKE the integrated producers in the United States, Aluminium Limited does not consume the bulk of its output of raw metal in its own fabricating plants. Recession is therefore apt to hit the company more severely than its rivals, and recovery to be correspondingly delayed. Consumption of aluminium in the free world reached a new peak of 3.6 million short tons last year, nearly 25 per cent higher than in 1958 and about 20 per cent above the previous best in 1956. Yet Aluminium Limited's results for the year broke no records. But by the fourth quarter total group sales had revived to a record 200,000 tons, though apparently buyers were tucking some metal into stock in anticipation of higher prices (wisely: prices went up last December, the company's price in Britain rising by £6 to £186 a ton delivered). And now, says the president, Mr Nathanael V. Davis, in his annual statement, the company's smelters in Canada are operating at about 90 per cent of capacity, compared with only 65 per cent at one period last year

Group sales of raw metal and semi-fabricated products rose from 581,200 short tons to 643,300 tons in 1959; operating revenues recovered from $422.9 million to $448.7 million, and the consolidated net profit showed a modest improvement, from $22.5 million to $24.1 million. Earnings per npv common share went up from 74 to 79 cents and the dividend was set at 55 cents. Since then, a quarterly interim of 15 cents has been declared for 1960. Cash generated in 1959—net income, depreciation and tax reserves—amounted to $78 million, compared with $71 million, and capital expenditure fell sharply from $103 million to $62 million, reflecting the near completion of the new hydro-electric and raw material facilities.

The company fared relatively better outside than inside its traditional markets—the United States, Britain and Canada—last year. Its total deliveries outside these three countries rose by a half; it accounted for over half of all imports into the European common market and for almost three-quarters of all imports into Japan. British consumption last year rose by 15 per cent, but the company's business in Britain did not benefit proportionately. This squeeze in Limited's share of the British market must be attributed to declining sales of raw metal following the link up between the American company, Reynolds Metals, and Tube Investments, which later bought control of British Aluminium, and the association of Aluminum Company of America and ICI.

North British Locomotive

NORTH BRITISH LOCOMOTIVE has been in so parlous a state for so long that its shareholders might be excused for wondering whether it would ever again become profitable. The group's loss of £1,349,566 in 1959 included £462,306 provided for a loss on contracts (£250,000 of which relates to work carried out before 1959), £251,399 for elimination of administration expenses from work in progress, and a trading deficit in 1959 of £461,337. Shareholders may see some comfort in the decline in this deficit from £634,505 in 1958, but the trading loss was higher for North British Locomotive in the second half of 1959 than it had been in the first half: £242,940, against £190,827. These fluctuations in the trading loss seem largely to reflect changes in the rate of output.

The new chairman and chief executive, Mr T. Coughtrie, and the new vice-chairman, Lord Reith, began to reorganise the company last September; engine and transmission production, previously scattered, is being concentrated at one works. Mr Coughtrie regrets that what they set out to do in September has not had the speedy and satisfactory result required, saying that "things were more difficult than at first realised, and it may be that we did not move drastically enough." He does not explain whether this means that production remains unprofitable; but he does say that further reorganisation of production is under consideration.

Orders on hand at the end of 1959 were worth just over £11 million, £3 million less than a year earlier. No export orders have been received; all are from British Railways. Revaluation of the company's assets on a "going concern" basis has shown stockholders' funds to be equal to £2,325,536, of which £1,500,536 relates to the £1,250,000 of ordinary shares. This is at book value and shareholders may wonder what, if the worst came to the worst, would be attributable to their shares on liquidation. So far the government's decision to keep the company going by lending it £1,750,000 has not achieved much, if any, tangible return; nor has the company's decision to attempt the change-over from steam engines to diesels—from one technique to an entirely different one.

Mining Finance Dividends

IN the disturbed state of the Kaffir market the good increases both in profits and dividends announced by **Anglo American** and Union Corporation have largely been ignored. A good showing had been expected from Anglo American, for it had received higher dividends from the OFS gold producers and had benefited from the better results and dividends from the Rhodesian copper mines and the bigger interim declared last year by De Beers. Anglo American's net income, in fact, advanced from £5,900,367 to £6,950,000 and the directors have raised the ordinary dividend from 8s. to 9s. per 10s. share. At 162s. 6d. the 10s. shares are slightly lower than they were a year ago and yield 5½ per cent.

The directors of **Union Corporation** have raised the dividend from 3s. 6d. (including a bonus of 6d.) to 3s. 9d. per share. The rise in its income was very sharp, with net income (after tax of £830,119 against £700,241) advancing by 50 per cent from £1,903,957 to £2,856,915. From this the increased dividend absorbed £1,148,437. At 56s. 10½d. the shares yield 6¼ per cent. For the future much will turn on the outcome of Union Corporation's investments in the Kinross area in the Far East Rand, notably Winkelhaak Mines, where profits are now running at over £100,000 a month and the new Leslie and Bracken mines, where production should begin within the next four years—and of course on political influences.

Lombard Banking

FOLLOWING hard on the recent one-for-two rights issue by United Dominions Trust, Lombard Banking is raising almost £5 million in a similar fashion. Shareholders are offered one new share at 22s. 6d. for every two held. The preliminary profits statement published early in March showed a very sharp rise in gross profits in the year to December 31st from £1,383,363 to £2,380,918, and in net profits from £440,451 to £915,825. The full report, due to be published soon, is certain to show an impressive increase in loans and hire purchase advances. The directors have already said that at the end of last year net tangible assets attributable to preference and ordinary shareholders amounted to £5,850,405, compared with £2,628,143. They expect to raise the dividend on the increased capital from 18 per cent to 19 per cent. On this news the 5s shares rose by 1s. to 31s. 9d. to make the rights worth about 3s. 3d. In fact the new shares opened on Thursday at 4s. 10½d. premium, to yield 3.6 per cent on the forecast dividend. In view of the tightening of credit and of the reduction in the ratios of equity capital to total borrowings following on last year's HP boom, other HP finance houses may also come to the market in the next few months.

Associated Electrical Industries

SHAREHOLDERS in Associated Electrical Industries have to wait until the annual meeting to hear what Lord Chandos, the chairman, has to say about the group's trading experience last year and its immediate prospects. This year's directors' report contains a wealth of statistical information about the company over the past ten years. Perhaps the most significant point to emerge from these statistics is the steady contraction in profit margins. Last year sales rose by 14¼ per cent, from £181 million to £208 million, but trading profits rose by only 6 per cent, from £15.9 million to £16.9 million. Over the past ten years sales have risen almost fourfold from £57 million to £208 million; trading profits have risen little more than twofold. As a percentage of sales, trading profits have fallen from 15.3 per cent five years ago to 8.15 per cent. Orders received last year rose by about £14 million to £182 million; this figure excludes two major orders placed since the end of the year, one for the generating set of Canada's first nuclear power station, and the other, worth £2¼ million, for equipment for the South African railways.

The consolidated balance sheet shows a rise in bank overdrafts from £2,813,570 to £6,110,165 and a fall in quick assets from £7.6 million to £5.2 million: this results largely from a rise in stocks from £79.8 million to £83.3 million and in debtors from £52 million to £57 million. The £1 units at 55s. yield 5½ per cent on the 15 per cent dividend, covered 1.2 times by earnings.

C. A. Parsons

FOR a company engaged in the heavy electrical industry C. A. Parsons did reasonably well in 1959. Thanks mainly to the steady working through of a fairly long order book the group has been able to report an increase of £267,000 in its trading profits to £3,648,689; after a higher tax charge of £1,269,575 (against £1,240,454) net earnings have risen from £2,091,284 to £2,209,114. The ordinary dividend (which last year included a special interim of ⅜ per cent) has been effectively increased by 1¼ per cent to 9⅜ per cent. In January the directors announced that talks were taking place with A. Reyrolle and Company (which already owns 40 per cent of Parsons' equity) with a view to merging the two groups and the outcome of these negotiations is believed to be imminent. The £1 shares at 49s. 6d. yield 3.8 per cent.

Department Stores

MR R. A. L. COHEN, chairman of **Lewis's Investment Trust**, says in his statement to shareholders that most of the expansion in the group's trade, reflected in the rise in profits from £4,971,693 to £5,453,531, occurred between November, 1959, and the end of its financial year on January 31st. Trade has continued to expand since then. One important factor making for bigger earnings is that the £3 million Bristol store is now trading at a profit, although it is still only a modest one. This profit, because of investment allowances, bore no tax at all last year. These allowances also reduced Selfridges' tax liability, and together with the reduction in the standard rate they brought the total tax charge down slightly to £2,405,221, even though higher profits were earned.

Publication of the report brought the 4s. shares up by 1s. 3d. to 24s. 9d. This seems to have been based on the news of a further property revaluation within the group. The consolidated balance sheet at end-January shows a rise of over £4 million to £24 million in the value of net fixed assets primarily as a result of the revaluation of properties of the parent company. After this revaluation, a 25 per cent scrip issue was made last October. Now Mr Cohen reveals that Selfridges has acquired the remaining part of the Oxford Street freehold from the "Pru" and he expects the revaluation of "what must be among the most valuable areas in London" to throw up a substantial surplus over its present book value of £5,772,986. When this and other revaluations are completed, another scrip issue seems a distinct possibility, but this is heavily discounted in the present yield of only 2¾ per cent on the increased dividend of 17 per cent.

The consolidated balance sheet of **Bentalls** also reveals an increase in net fixed assets from £2,145,149 to £2,392,356. This reflects not only the completion of further extensions at the main store at Kingston but the acquisition of Mary Lee, a leading fashion store in Tunbridge Wells. Only six months trading from this new acquisition are included in the consolidated accounts, which show a rise in trading profits in the year to January 31st last from £665,075 to £729,651. Group sales exceeded £9 million, although the benefits of extra trade from the Kingston extension did not begin to accrue until the last months of the financial year. The ordinary dividend has been raised from the equivalent of 13⅓ per cent to 16⅔ per cent, but at 17s. 6d. xd the 2s. shares still yield only just over 1¾ per cent. Although the directors denied last November that they knew of any takeover bid, the present price and yield suggest that some investors have that possibility in mind.

Times Furnishing

THE boom in furniture sales, which as yet shows no signs of slackening, gave Times Furnishing a record year in 1959; and its tailoring subsidiary, Willerby's, should have done equally well. But because companies engaged as heavily as Times Furnishing is in hire purchase business do not take the full profit on such contracts into account until the last instalment is paid, the trading profits of the group actually show a slight fall, from £992,022 to £925,397. This figure, however, is struck after providing £580,165 (against £334,341) for unrealised profits on hire purchase contracts. Net earnings fell from £334,874 to £283,636 but the ordinary dividend has been raised from the equivalent of 11¼ per cent to 13¾ per cent on the capital as increased by last year's 100 per cent scrip issue. Hire purchase debts at the end of 1959 amounted to £5,309,148 and compare with £3,845,567 at the end of 1958. Times Furnishing can thus look forward to a reasonable rate of return this year. Investors are now used to "leads and lags" in the hire purchase earnings of companies and this is reflected in the yield of just under 4½ per cent offered by the 5s. ordinary shares of Times Furnishing, now standing at 15s. 7½d.

London Stock Exchange

FIRST DEALINGS:	Mar. 21	April 4	April 25
LAST DEALINGS:	April 1	April 22	May 6
ACCOUNT DAY:	April 12	May 3	May 17

NEXT week's budget and the news from South Africa overshadowed the London market for most of the week. Over the week to the close on Wednesday the *Financial Times* Gold Mines index lost 6.5 points to 70.2—its lowest level since February 13, 1958. The sharpest falls were on Wednesday when news of widescale arrests in South Africa and, later, of a declaration of emergency in some parts of the Union, induced heavy selling by Continental investors (who from the outset have been more nervous than British holders of South African issues). In gold shares, Free State Geduld slumped 22s. 6d. to 125s. on the week; Western Holdings lost 21s. 3d. to 126s. 3d. and President Brand 6s. 7½d. to 58s. 9d. Among finance houses, Anglo-American dropped 1½ points to 7¼. Diamond shares lost ground, too, with De Beers 27s. 9d. lower at 138s. 9d. Among South African industrial shares OK Bazaar fell 8s. 7½d. to 45s. 7½d. and South African Breweries 3s. to 21s. 6d. Losses were generally smaller in South African Government stocks; 3½ per cent South Africa 1965-67 fell 1 point to 82.

Gilt-edged stocks have been quiet over the week to Wednesday and price movements have been slight. Among irredeemable stocks 3½ per cent War Loan put on ⅛ to 62 13/16 and in the shorts 4½ per cent Conversion 1964 declined 3/16 to 98¼. Medium dated stocks were little changed over the week. Home Corporation loans were also quiet but firm with 5½ per cent LCC gaining ⅛ to 100½.

Business in the industrial equity market has been on a small scale but the undertone has remained reasonably firm, though on Wednesday the jolt in the South African section had wider effects. Over the week to Wednesday's close *The Economist* indicator fell 0.9 to 361.2. Steel shares came back slightly; Steel of Wales lost 1s. 3d. to 45s. 9d., United Steel 3d. to 81s. and John Summers 1s. 3d. to 75s. Heavy engineering shares were mixed, with Guest Keen closing unchanged at 90s. 3d. and Henry Simons also unchanged at 50s. Simon Carves, on the other hand, gained 6s. to 53s. Heavy electrical shares were firm, with AEI 9d. better at 55s. 6d., English Electric unchanged at 43s. 6d. and General Electric also unchanged at 39s. 9d. American favourites came back a little. Fisons dropped 6d. to 52s. 6d., Unilever 1s. 6d. to 142s. 6d.; Unilever NV dropped 2s. 7½d. to 174s. 7½d. Turner and Newall, which also has substantial interests in Africa, fell 6s. to 103s. 6d. Tobacco shares were weak on last week's rather gloomy statements from the chairmen of BATs: BATs lost 5s. 10½d. to 62s. 10½d. and IMPs lost 5s. 1½d. to 66s. 10½d. Oil shares were generally firmer ahead of the oil dividend season.

LONDON AND NEW YORK

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 23, 1960	Price, Mar. 30, 1960	Net Yield, Mar. 30, 1960 §	Gross Yield, Mar. 30, 1960
98 17/32	97 3/4	Funding 2½% 1956–61	98⅜	98⅜	£ s. d. 3 3 5	£ s. d. 4 2 4
100 25/32	99 15/32	Conversion 4½% 1962	99 9/16	99 7/16	2 18 11	4 16 4
96 1/8	94 27/32	Exchequer 3% 1962–63	94⅞	94 27/32	3 8 8	4 15 0
93 1/16	92	Exchequer 2½% 1963–64	92 1/16	92 5/32	3 9 11	4 12 3
101 5/32	99 13/16	Conversion 4½% 1963	99⅞	99 13/16	2 15 9	4 16 2
99 17/32	98 5/32	Conversion 4½% 1964	98 1/16	98 5/32	3 0 11	4 19 8
99 5/16	98 1/32	Conversion 4½% 'A' 1964	98 1/16	98 1/32	3 2 10	4 19 8
92 15/16	90 1/16	Savings Bonds 3% 1955–65	90 7/16	90 1/16	3 17 6	5 2 10
85 7/16	81⅛	Funding 3% 1959–69	81⅛	81⅛	4 7 2	5 13 3
93 1/2	90 5/16	Funding 4% 1960–90	91 3/4	90 5/16	2 18 6	4 11 6
82⅞	79 13/16	Savings Bonds 3% 1960–70	79 13/16	79 7/8	4 5 4	5 12 2
85 11/16	82 5/16	Savings Bonds 2½% 1964–67	83 3/16	82 5/16	4 9 5	5 10 9
77	73 11/16	Savings Bonds 3% 1965–75	73 1/2	73 11/16	4 3 8	5 12 0
104 13/16	100 11/16	Exchequer 5½% 1966	100 11/16	100 11/16	3 5 4	5 8 2
85 7/16	82 1/32	Funding 3% 1966–68	82 1/16	82 11/16	4 7 8	5 14 3
96 3/4	94⅜	Victory 4% 1920–76	94⅝	94⅝	3 4 2	4 16 10
89 3/16	85 1/16	Conversion 3½% 1969	85 1/16	85⅛	4 3 8	5 13 9
98	96 1/2	Conversion 5% 1971	96 1/2	96 5/16	3 9 6	5 9 3
101 7/16	99 1/16	Conversion 5½% 1974	99 1/16	99 1/16	3 7 8	5 10 1
78 9/16	76 1/4	Treasury 3½% 1977–80	76 1/4	76⅜	3 17 9	5 10 10
78 7/8	75	Treasury 3½% 1979–81	75 1/16	75⅜	3 18 3	5 11 2
103 1/2	101 1/4	Funding 5½% 1982–84	101 5/16	101 1/2	3 6 4	5 9 5
66 1/4	62 1/2	Redemption 3% 1986–96	62⅜	62 3/4	3 14 2	5 6 6
97 1/4	92	Treasury 5% 1986–89	92*	92*	3 9 10	5 10 10
71 3/4	68 3/4	Funding 3½% 1999–2004	68 13/16	69	3 11 3	5 7 10
73 1/16	70 1/8	Consols 4% ....after Feb. 1957	70⅝	70 3/4	3 9 8	5 14 2
65 3/8	62 1/2	War Loan 3½% ....after 1952	62 11/16	62⅞	3 9 0	5 13 5
65 1/2	61 9/16	Conv. 3½% ....after Apr. 1961	61 11/16*	61⅞	3 9 4	5 13 2
56 3/4	53	Treasury 3% ....after Apr. 1966	53 1/8*	53⅜*	3 8 10	5 12 4
49 3/4	46 15/16	Consols 2½%	47*	47⅛*	3 5 0	5 6 0
48 1/2	45⅜	Treasury 2½% ....after Apr. 1975	45 1/2*	45⅝*	3 7 1	5 9 7
97 1/2	93 1/16	British Electric 4½% 1967–69	93 1/16	93 1/16	3 13 9	5 10 11
79 7/16	76 1/8	British Electric 3½% 1968–73	76 1/8*	76⅛*	4 4 11	5 12 3
76 1/4	72 1/2	British Electric 3% 1974–77	72 1/2	72⅝	4 2 1	5 10 6
90 1/2	85 1/16	British Electric 4½% 1974–79	85 9/16*	85⅝	3 12 10	5 9 3
79 1/2	76⅜	British Electric 3½% 1976–79	77	77 3/16	3 17 6	5 10 8
90 5/8	86 1/4	British Gas 4% 1969–72	86 3/4	86 7/8	3 16 10	5 11 3
86 1/8	82 3/4	British Gas 3½% 1969–71	82 13/16	82 3/4	4 1 1	5 11 8
67 5/16	63 7/16	British Gas 3% 1990–95	64⅝	63⅝*	3 13 9	5 5 5
79 7/16	76 1/8	Transport 3½% 1968–73	76 1/8*	76⅛*	4 4 11	5 12 3
86 1/2	83⅜	British Transport 4% 1972–77	83⅞	83⅞	3 15 2	5 10 9
67 3/8	64 1/2	British Transport 3½% 1978–88	64 7/16	64 3/4	3 18 11	5 10 8

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Mar. 23, 1960	Price, Mar. 30, 1960	Yield, Mar. 30, 1960 §
83	80 3/4	Australia 3¼% 1965–69	81⅛	80¾	£ s. d. 5 19 0
107 1/2	103	Australia 6% 1974–76	103¼	103	5 12 0
73 3/4	71	Ceylon 4% 1973–75	71½	71	7 3 0
107 5/8	103 1/4	New Zealand 6% 1976–80	103½	103¼	5 14 0
96 1/4	93	Rhodesia and Nyasaland 6% 1978–81	94¾	93	6 13 0
85 3/4	82	South Africa 3½% 1965–67	83*	82*	6 12 0
80 1/2	73	Southern Rhodesia 4½% 1987–92	74½	73	6 10 0
101 1/8	99 1/2	Agricultural Mortgage 5½% 1980–85	100	100	5 12 5
92 3/4	90 1/2	Birmingham 4½% 1967–70	91	90½	5 11 0
99 1/4	97 3/4	Bristol 5% 1971–73	97¾	97¾	5 6 0
100	99 1/4	Corporation of London 5½% 1976–79	99¾	99¾	5 7 0
53 3/4	51 3/4	L.C.C. 3% ....after 1920	51¾	51¾	5 15 0
97 1/4	93 1/4	L.C.C. 5% 1980–83	93¼	93¼	5 10 0
100	97 1/2	Middlesex 5½% 1980	98	98¼	5 8 0

NEW YORK PRICES AND INDICES

	Mar. 23 $	Mar. 30 $		Mar. 23 $	Mar. 30 $		Mar. 23 $	Mar. 30 $
Atch. Topeka	24	24	Boeing	25⅛	24⅛	Inter. Nickel	103½	105½
Can. Pacific	24⅞	25¼	Celanese	28⅛	28⅜	Inter. Paper	114	112¼
Pennsylvania	13⅞	13⅝	Chrysler	52¼	52	Kennecott	78	76½
Union Pacific	28⅛	27¾	Col. Palmolive	37⅜	37⅛	Monsanto	44½	42¼
Amer. Electric	51	51⅜	Crown Zeller	44¾	44	Nat. Distillers	30⅜	30½
Am. Tel. & Tel.	88½	88¼	Distillers Seag.	29¾	30¼	Pan-American	18¼	17⅜
Cons. Edison	62½	63	Douglas	35⅜	33⅞	Procter Gamble	98½	95½
Int. Tel. & Tel.	37	38¾	Du Pont	226¼	226	Radio Corpn.	68⅝	69⅝
Standard Gas	41½	41½	East. Kodak	105⅛	108½	Sears Roebuck	50	50⅛
United Corpn.	7⅜	7⅜	Ford Motor	74½	71⅞	Shell Oil	37¼	36⅜
Western Union	51⅝	51¾	Gen. Electric	90⅛	89⅜	Socony-Mobil	38⅜	37⅛
Alcoa	91¾	91	General Foods	101½	103½	Stand. Oil Ind.	41¼	41
Aluminium	31½	32	General Motors	45⅞	45⅛	Stand. Oil N.J.	45¼	44
Amer. Can	40½	40¾	Goodyear	36¾	36⅛	20th Cent. Fox	35	34⅝
Am. Smelting	44⅝	44½	Gulf Oil	31⅛	32	Union Carbide	134	134½
Am. Viscose	34¼	34	Heinz	86	86½	U.S. Steel	83¼	81⅜
Anaconda	52⅛	50	Int. Bus. Mach.	436	444½	West. Electric	50⅜	51
Bath. Steel	46¼	46⅜	Int. Harvester	44⅝	45	Woolworth	64⅝	64½

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Mar. 2	59·38	3·28	31·31	5·53	44·90	4·02	85·84	4·29
,, 9	57·67	3·38	30·30	5·77	43·85	4·11	87·46	4·13
,, 16	58·79	3·31	31·36	5·57	44·28	4·07	88·08	4·07
,, 23	59·55	3·27	31·31	5·58	44·87	4·02	88·59	4·02
,, 30	59·38	3·28	31·00	5·64	45·40	3·97	87·46	4·13

425 Industrials :—High, 65·02 (Jan. 5) ; Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 23, 1960	Price, Mar. 30 1960	Yield, Mar. 30 1960	Cover
		%	%					
42/3	37/–	21/2 a	7½ b	BANKS, DISCOUNT & HP Alexanders £1	40/–	40/–	5·00	...
53/–	44/3	4 a	6 b	Bk. Lond. & S. Amer. .£1	48/–	49/9	4·02	...
39¾	35¾	9 c	9 c	Bk. New S. Wales ...£20	36	36	4·00g	...
66/3	54/–	5 a	5 b	Barclays £1	59/9	58/9	3·40	...
49/6	39/9	4 a	5 b	Barclays D.C.O. £1	41/3	39/9	4·53	...
64/–	57/9	7½ a	7½ b	Chartered £1	59/3	60/–	5·00	...
83/7½	70/–	8½ a	7 b	District £1	71/–	71/–	3·94**	...
38/6	33/6	4 a	5 b	Eng., Scott. & Aust. ...£1	33/6	34/–	5·29	...
69	61½	22/6 a	37/6 b	Hong'g. & Shang. .$125	£63½	£62¾	4·78	...
70/6	60/–	5 a	7 b	Lloyds £1	64/9	64/–	3·75	...
23/4½	17/4½	8 a	8 b	Martins 5/–	18/7½	18/4½	3·54**	...
95/–	84/3	7½ a	9½ b	Midland £1	87/3	87/9	3·87	...
57/–	50/6	...	...	Nat. Com. Bk. Scot. 10/–	54/3	55/–	2·73**	...
59/9	49/–	6¼ a	8¾ b	Nat. Discount 'B' £1	52/6	51/3	5·85	...
92/–	75/–	5 a	7 b	Nat. Provincial £1	82/9	83/3	3·36**	...
95/6	84/9	8 a	9 b	Royal Bk. of Scotland £1	87/3	87/6	3·89	...
51/6	39/9	9 b	5 a	Stand. S. Africa £1	41/6	39/9	7·04	...
62/3	50/–	6¼ a	6¼ b	Union Discount £1	54/3	53/3	4·69	...
63/3	55/3	5 a	5⅝ b	Westminster 'B' £1	58/6	58/3	3·72	...
£21⅜	£18 1/16	$1·65c	$1·85c	Bank of Montreal ...$10	£19 1/16	£19 1/8	3·61	...
30 1/16	24 7/16	$2·25c	$2·32½c	Royal Bk. Canada ...$10	£25 13/16*	£27 1/8¶	3·20	...
31/6	22/10½	5 a	13½ b	Bowmaker 5/–	24/4½	24/7½	3·72	1½
39/3	30/–	8½ a	9½ b	Lombard Banking ...5/–	31/–	32/3	2·79	3
29/3	21/7½	5 a	10 b	Mercantile Credit ...5/–	23/–	22/9	3·30	2¼
82 3/32	71 1/32	21 b	4 a	United Domins. Tst. ..£1	73¾	73¾	3·28	2¼
48/9	40/3	7 b	4½ a	BREWERIES, Etc. Bass 5/–	23/6	23/9	4·21**	2
39/6	33/3	12½ c	5 a	Distillers 10/–	36/9	37/6	3·33	2·4
12/3¾	11/6	5 c	12 b	Flowers 5/–	27/7½	28/–	3·26	2·4
70/–	64/–	10 a	12 b	Guinness 10/–	66/6	67/6	4·15	1·3
20/7½	19/–	4 a	11½ b	Ind Coope 5/–	20/6	20/6	3·78	1·3
37/6	34/6	5 a	7½ b	Teacher (Distillers) .10/–	36/–	36/–	3·47	3·4
81/6	70/–	39¼ a	11¼ b	Watney Mann £1	80/–	81/3	3·69	2
135/6	121/10½	17 b	8 a	Whitbread 'A' £1	126/3	133/11½	3·76	1·4
81/6	67/6	10 c	4 b	BUILDING, PAINT, Etc. Associated Portland ...£1	73/6	75/6	2·54	3·4
28/6	24/7½	6¼ a	5 a	British Plaster Bd. ..10/–	26/3	27/6	3·70	2·2
96/3	83/11½	10 b	5 a	Richard Costain £1	85/–	89/4½	3·36	3
16/11½	14/10½	5 a	10 b	Crittall Mfg. 5/–	15/4½	15/11½	4·96	2·2
17/4½	13/3	14 b	6 a	International Paints .4/–	14/3	15/9	5·08	1·2
104/6	96/3	6 a	14 b	London Brick £1	102/6	103/3	3·29	2
52/9	44/–	25 c	12½ b	Rugby Portland 5/–	47/9	49/3	2·54	2
36/–	30/3	7½ a	12½ b	Taylor Woodrow 5/–	33/6	33/–	3·03	2·4
135/7½	122/6	5 a	15 b	Wall Paper Defd. £1	133/9	135/7½	2·95	3·2
31/9	26/6	4·8 a	13½ b	CHEMICAL Albright & Wilson ..5/–	31/–	31/9	2·88	2·4
22/4½	17/–	2½ 2d	7½ b	Borax Defd. 5/–	18/6	18/7½	2·68	2·4
49/–	47/3	4 a	6 b	Fisons £1	53/–	52/6	3·81	2
64/11½	54/10½	13¾ a	7½ b	Imp. Ch. Ind. £1	61/9	62/–	3·64	2·2
27/7½	23/7½	5 a	10 b	Monsanto 5/–	25/6	25/–	3·00	3
51/–	46/–	5 a	15 b	DRAPERY & STORES Montague Burton...10/–	50/9	50/10½	3·93	2
46/4½	41/3	5 a	12½ b	Debenhams 10/–	45/–	45/11¼	3·63	1·3
55/4½	46/7½	27½ b	7½ a	G.U.S. 'A' 5/–	49/9	49/7½	3·53	2·4
47/6	42/4½	40 c	15 a	House of Fraser 5/–	45/–	45/–	4·44	1
25/7½	21/–	6 a	11 b	Lewis's Invest. Tst. ..4/–	23/6	24/10½	2·73	2·3
97/6	68/9	20·83⅓	12½ a	Marks & Spencer 'A' .5/–	71/9	72/–	2·31	3·3
55/4½	49/3	22½ b	12½ a	United Drapery 5/–	54 10½	54/7½	3·20	2
68/9	61/4½	13½ a	31¼ b	Woolworth 5/–	64/9	65/11¾	3·41	1·2
66/6	54/6	7½ a	7½ b	ELECTRICAL & RADIO A.E.I. £1	54/9*	55/6*	5·41	1·3
61/–	50/–	9½ b	4 a	B.I.C.C. £1	56/–	58/–	4·66	2·4
15/–	13/11½	4 a	7½ b	Crompton Parkinson 5/–	13/3	13/4½	4·19	2·4
56/10½	49/4½	20 c	3½ a	Decca Record 10/–	51/1½	52/7½	3·80	1·3
58/9	46/–	20 c	5 a	E.M.I. 10/–	54/3	55/9	2·51**	3·2
53/–	40/–	3 a	7 b	English Electric £1	43/6	43/6	4·60	2
47/6	37/6	7 b	3 a	General Electric £1	39/9	39/9	5·03	1·2
59/–	46/–	4¾ a	5 b	C. A. Parsons £1	49/6	50/3	3·73	4·2
19/–	16/4½	12½ c	12½ c	Pye 5/–	17/3	17/3	3·62	2·2
104/6	90/–	11 b	6½ a	A. Reyrolle 5/–	91/–	93/–	3·76	3
55/7½	44/3	17½ c	20 c	Thorn Electrical 5/–	49/3	47/6	2·11	4·1
48/9	40/3	7 b	4½ a	ENGINEERING Babcock & Wilcox...£1	42/6	40/3	5·71	2·4
54/–	40/3	6 b	4 a	John Brown £1	44/–	43/6	4·60	2
10/6	8/–	11 b	3 a	Cammell Laird 5/–	9/6	9/–	7·78	1·2
46/9	28/3	10 a	20 b	Internat. Combust. .5/–	29/6	28/6	5·26	2·2
14/9	11/3	5 b	3½ a	Rich'ds'ns, Westgth. 10/–	12/–	11/3	7·40	2
39/9	34/–	21½ a	7½ b	Swan Hunter £1	34/6	34/–	5·88	2·5
25/9	18/10½	15 b	7½ a	John Thompson 5/–	19/7½	18/10½	5·96	1·3
39/–	32/6	7½ b	2½ a	Vickers £1	34/6	34/–	5·88	2
29/3	21/6	1½ a	14¾ b	Cockerill Sough. ..10/–	22/4½	22/1½	4·57	2
59/6	48/–	2 a	5 b	Alfred Herbert £1	52/3	53/9	4·25	1·3
72/–	65/3	8¾ b	7½ a	Allied Ironfounders..£1	71/6	72/–	4·51	1·3
101/6	92/–	10 b	5 a	Averys £1	93/6	93/–	3·23	3·4
19/–	14/6	7½ b	4½ a	George Cohen 5/–	16/–	16/–	3·75	2·2
117/3	105/–	10 c	15 c	Davy-United £1	106/6	107/6	2·79	3·4
95/7½	85/6	9 b	5 a	Guest Keen £1	90/3	90/3	3·10	3·2
31/6	22/6	10 b	4 a	Head Wrightson.....5/–	24/6	25/–	2·80	4
75/–	65/–	5½ b	4 a	Metal Box £1	70/3	72/6	2·57	3·4
27/3	24/9	12½ b	6 a	Ransome & Marles ..5/–	25/–	25/–	3·70	2·2
63/9	54/9	9½ b	3 a	Renold Chain £1	63/–	63/9	3·92	1·3
40/–	27/9	9 c	8 c	Ruston & Hornsby ...£1	29/9	29/6	5·42	1·3
82/3¾	65/3	7½ a	12½ a	Tube Investments £1	76/6*	76/9¶	3·26**	2·4
168/9	148/9	20 b	5 a	Ward (Thos. W.) £1	152/–*	154/6*	3·24	3·2
44/–	42/–	25 c	5 a	Woodall-Duckham ..5/–	43/6	43/6	2·87	4·4

* Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (m) Ex capital distribution.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 23, 1960	Price, Mar. 30, 1960	Yield, Mar. 30, 1960	Cover
		%	%					
41/3	37/11½	18 c	6 a	FOOD & TOBACCO Assoc. British Foods.5/–	39/–	39/–	2·31	2½
105/–	95 10½	20 c	5 a	Bovril Defd. £1	101 10½	101¾	3·95	2¾
15/7½	14/3	‡21 2/3 a	‡4 c b	Brooke Bond 'B' 5/–	14/10½	14/7½	3·49	4
30/7½	25 10½	10 c	10 c	Home & Colonial ..10/–	26/6	27/9	3·60	2½
13/8¼	11/6	7½ b	2½ a	International Tea 5/–	12/–	12/3	4·08	1¾
85/6	71/9	9¼ b	5 a	J. Lyons 'A' £1	78/3	79/–	3·59	1½
28/3	25/9	5 a	7½ b	Ranks 10/–	26/9	26 6	4·72	2·4
48/–	43/6	8 b	2½ a	Spillers £1	46 9	46 9	3·94**	3¼
62/–	58/9	3 a	9 b	Tate & Lyle £1	60/9	60 3	3·98	2¼
17/3	15/3	...	5 a	Unigate 5/–	16/3	17/3	2·90**	...
72/6	62 10½	‡20 c	‡5¾ a	Brit. Amer. Tobac. 10/–	68 9	62 10½	5·19	2¾
41/3	37/6	13½ b	3½ a	Gallaher 10/–	40 4½	39/–	4·27	2¼
77/6	66 10½	8½ a	14 b	Imperial Tobacco £1	72/–	66 10½	6·73	1·4
195/–	181/3	‡45 a	‡50 b	INSURANCE Britannic 5/–	190/–	190/–	4·08	...
68/6	54/3	21½ b	20 a	Commercial Union .5/–	60/9	59 3	3·52	...
11½	9 1/16	1½ a	1½ a	Employers' Liability ...£1	11	11	3·60**	...
14¼	12 1/16	‡32·35c	‡41·17c	Equity & Law Life...8/6	12 13/16	13 5/16	2·15	...
82/–	70/3	17½ b	15 a	General Accident...5/–	78/–	78/–	2·56**	...
104/4½	91/–	30 b	30 a	Guardian 5/–	97/–	98/–	3·06	...
183/4	165/9	40 b	150 b	Legal & General 5/–	18	183/4	2·61	...
145/–	95/–	10 b	5 a	Northern £1	107 6	107 6	3·44**	...
172/6	132/6	‡50 b	‡20 a	Pearl 5/–	155/–	161/3	3·55	...
17 15/16	15 5/16	‡162½ c	‡183½ c	Prudential 'A' 4/–	16¼	17	3·52	...
115/–	94/9	10 b	8 a	Royal Exchange £1	99/3	101/9	3·14**	...
67/11½	60/9	3 a	9½ b	MOTORS & AIRCRAFT B.S.A. £1	61/–	60/9	4·12	2½
24/03⅛	19/33¼	5¾ a	12½ b	British Motor 5/–	21/9	21/5¼	4·26	1½
113/9	97/–	5 a	12½ b	Ford Motor £1	100/3*	98 9*	3·54	4½
47/9	38/–	17½ c	20 c	Jaguar Cars 'A' 5/–	45/–	45 10½	2·18	9½
85/–	76/–	12½ c	15 c	Leyland Motors 'A' ..£1	80/6	82 6	3·64	3
12/3¾	8/–	1 c	12 c	Rootes Motors 'A' ...4/–	10/–	10 9	4·42	5
11/11¼	10/9	12 c	12 c	Standard-Triumph ..5/–	11/7½	11 10½	3·79**	3½
17/3	13/11½	6½ b	3½ a	Bristol Aeroplane..10/–	14/9	15/11½	6·61	1½
33/11½	27/–	7½ c	Nil	De Havilland £1	31/6	32 3	—	...
38/–	29 10½	‡3·9b	‡3·6a	Dowty Group 10/–	34/6‖	36 6‖	3·35	3½
33/6	29/–	3 a	7 b	Hawker Siddeley £1	31/6	32 4½	6·18	2
49/4½	45/6	7½ b	2½ a	Rolls-Royce £1	49/3	48 10½	4·09	1¾
28/–	22/3	9 2/3 b	3½ a	Dunlop Rubber 10/–	24/11½	23 10½	5·45	2
74/6	72/11½	2½ a	10 b	Joseph Lucas £1	74/–	73/6	3·40	3
45/11½	38/6	17½ b	9 a	Pressed Steel 5/–	42/11½	41/9	3·17	3·4
125/–	90/–	20	30 c	Triplex Holdings ...10/–	130/–	125/–	2·40	3·4
119/6	80/7½	10 a	30 b	MINES Anglo-American 10/–	80/7½	77/6	2·82	1·3
93/9	72/6	37½ b	20 a	Rhod. Anglo-Amer. 10/–	76/3*	72/6•2	7·93h	1½
16/4½	12/6	4¼ a	11¼ b	Rhod. Selection Tst..5/–	13/11½	12/6	6·17h	2
8/10½	6/10½	3 2/3 2d	7 3/4 b	Roan Antelope 5/–	7/3	6/10½	7·58h	1¾
48/3	34/–	15 a	22½ b	Tanganyika Cons...10/–	37/6	35/3	10·64	1
68/6	60/–	10 b	6¼ a	Consolidated Zinc ...£1	70/3	77/6	4·19	1¾
200/–	138/9	100 a	150 b	De Beers Defd. Reg. 5/–	165/–*	138/9*	9·01	2
$201½	$175½	$2·60c	$3·00c	Internat. Nickel ..n.p.v.	$185	$188	2·84	2
11/9	10/7½	5 a	20 b	London Tin 4/–	11/4½	11/11½	8·99	1
51/–	39/9	26 c	20 c	Rio Tinto 10/–	40/–	38/9	5·16	1¾
31/6	26/3	43½ c	25 e	Tronoh 5/–	31/6	31/3	6·93	1
67/6	52/–	18¾ c	13½ a	OIL British Petroleum £1	57/–	55/3	5·17	3½
59/6	44/3	14¾ b	12½ a	Burmah Oil £1	48/3	47/3	4·75	1¼
£17¼	£14¾	17½ b	7½ a	Royal Dutch .....20 fl.	£15 3/4	£15 3/8	3·07	2¼
168/9	139/–	‡133⅓ b	5 a	Shell Transport £1	148/9	150 6	4·07	3½
64/–	45/–	...	...	Ultramar 10/–	50/6	46/3	— d	...
60/–	51/9	15 b	7½ a	Wakefield C.C. 10/–	54/9	57/6	3·91	2¾
15/6¾	13/–	7½ b	5 a	PAPER & NEWSPAPERS Daily Mirror 'A' 5/–	14/4½	14/3	4·39	2¾
37/–	34/6	12½ b	5 a	Odhams Press 10/–	34/9	34/6	5·07	3
66/–	56/6	8 b	4 a	W. H. Smith & Son A'£1	57/6	58/–	4·14	3
77/11½	66/3	12½ c	5 a	Bowater Paper £1	70/6	72/3	3·46	3·4
63/–	54/9	9 b	5 a	Albert E. Reed £1	57/–	55/3	5·07	1½
33/9	29/9	5 b	3 a	Sricers £1	33/–	33/–	4·85	1
80/6	72/6	12½ b	5 a	Wiggins Teape £1	75/3	77/3	4·53	1¾

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 23, 1960	Price, Mar. 30, 1960	Yield, Mar. 30, 1960	Cover
		%	%					
54/6	41/9	40 b	20 a	MISCELLANEOUS Assoc. British Picture 5/–	41/9	41 9	7 19	2½
40 4½	34 1½	30 b	20 a	Assoc. Television 'A' 5/–	35·9	35 6	7 04	2
50/–	40 3	10 b	16 a	Beecham Group 5/–	44/–	45 –	2·89	2
32/3	27·9	16 c	6 a	Boots Pure Drug 5/–	30 9	32 3	2·48	2
43/9	39 9	5 b	3½ a	British Match £1	41 9	41 9	3·99	2¼
94/3	79·6	4 a	10 b	British Oxygen £1	93, 9	94 –	2·98	2
11/9	10/6	18 c	6 a	British Ropes 2/6	11/9	11 7½	3·87	2·2
73/6	66 6	15 b	5 a	De La Rue 10/–	67 6	67 6	2·96	3
39/3

Money and Exchanges

EXCHEQUER RETURNS

For the week ended March 26, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £15,980,000 compared with a surplus of £2,818,000 in the previous week and a surplus of £70,245,000 in the corresponding period of last year. There was a net receipt "below-line" of £30,775,000 leaving a total cumulative deficit to date of £269,117,000 compared with £42,781,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1959, to Mar. 28, 1959	April 1, 1959, to Mar. 26, 1960	Week ended Mar. 28, 1959	Week ended Mar. 26, 1960
Ord. Revenue					
Income Tax	2147,000	2317,005	2176,822	103503	66,385
Surtax	171,000	166,600	178,100	5,500	5,800
Death Duties	195,000	186,900	224,100	3,900	6,900
Stamps	68,000	65,400	96,000	2,700	1,900
Profits tax, EPT and EPL	274,000	274,800	259,500	6,500	6,800
Other Inland Revenue Duties	1,000	550	560	100	200
Total Inland Revenue	2856,000	3011,255	2935,082	122203	87,985
Customs	1285,500	1259,357	1349,883	23,142	23,157
Excise	864,500	924,075	903,971	8,665	8,281
Total Customs and Excise	2150,000	2183,432	2253,854	31,807	31,438
Motor Duties	104,000	106,751	107,237	962	—
PO (Net Receipts)	...	150	5,900	Dr. 10,150	Dr. 4,300
Broadcast Licences	35,000	33,700	33,300	2,900	...
Sundry Loans	30,000	27,167	33,923	...	434
Miscellaneous	150,000	104,608	151,525	806	914
Total	5325,000	5467,063	5520,821	148528	116471
Ord. Expenditure					
Debt Interest	600,000	662,677	628,273	Cr. 9,431	Cr. 5,481
Payments to Northern Ireland Exchequer	79,000	76,498	80,202	4,396	4,597
Other Consolidated Funds	10,000	8,222	8,422	116	3
Supply Services	4597,446	4175,629	4359,952	83,118	121981
Total	5286,446	4923,026	5076,849	78,199	132042
Sinking Funds	39,000	38,134	38,659	84	389
"Above-line" Surplus or Deficit	+ 505,903	+ 405,313	+ 70,245	+ 15,980	
"Below-line" Net Expenditure*	548,684	674,430	25,150	Cr. 30,775	
Total Surplus or Deficit	— 42,781	— 269,117	+ 45,095	+ 14,795	
Net receipts from:					
Tax Reserve Certificates	42,203	— 48,682	1,227	— 2126	
Savings Certificates	131,900	66,900	500	— 700	
Defence Bonds	107,944	143,814	1,609	1,392	
Premium Savings Bonds	66,495	41,030	800	— 130	
Total	348,542	203,062	4,136	— 1564	

* Net expenditure of the Civil Contingencies Fund of £5 million in 1959–60 compared with £44 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Mar. 28	2,920·0	2,000·7	229·7	...	5,150·4
Dec. 19	3,660·0	2,004·0	228·2	1·5	5,893·7
,, 31	5,686·8		253·6	0·3	5,940·7
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4
,, 23	3,500·0	1,948·1	270·9	1·8	5,720·9
,, 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
,, 13	3,330·0	1,677·2	214·6	...	5,221·8
,, 20	3,350·0	1,803·4	252·7	...	5,406·2
,, 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9

THE MONEY MARKET

THE discount market maintained its bid at £98 16s. 11d. at last Friday's Treasury bill tender, but its allotment improved further from 49 per cent to 54 per cent. Total applications fell again, from £449 million to £439 million, and the average rate of discount rose by 1½d. to £4 12s. 5.03d. At this week's tender the offer was reduced to £280 million of bills against a similar amount of maturities.

For the first time in 10 months the United States Treasury bill rate fell below 3 per cent this week to 2.792 per cent on three months bills. By contrast, the rate on six months bills was fractionally higher at 3.187 per cent.

Money was in short supply in Lombard Street up to the week-end. The position was accentuated by the absence of bill maturities caused by the Christmas holidays. On Friday and Saturday a small amount of official help was given and with the use of full privilege facilities the market was able to avoid borrowing at the Bank. This week has seen somewhat easier credit conditions, but except on Tuesday rates for overnight money have not fallen much below 4¼ and 4⅛ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	Discount rates:	
		Bank bills:	
Deposit rates (maximum):		60 days	4¾–4 15/16
Banks	3	3 months	4¾–4 13/16
Discount houses	3–3⅛	4 months	4¾–4 13/16
		6 months	4¾–4 27/32
		Fine trade bills:	
Money:		3 months	5¼–6
Day-to-Day	3⅜–5	4 months	5¼–6
		6 months	5⅛–6¼

NEW YORK

	%		%
Official discount rate:		**Treasury Bills:**	
(from 3½%, 10/9/59)	4	March 21	3·033
		,, 28	2·792

BANK OF ENGLAND RETURNS

(£ million)	April 1, 1959	Mar. 23, 1960	Mar. 30, 1960
Issue Department:			
Notes in circulation	2,072·8	2,145·3	2,152·8
Notes in banking dept.	28·3	55·1	47·5
Govt. debt and securities*	2,096·5	2,197·2	2,197·3
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·9	2·9
Banking Department			
Deposits:			
Public accounts	18·4	13·1	10·6
Bankers	238·0	262·9	253·8
Others	64·9	65·4	69·9
Total	321·3	341·4	334·2
Securities:			
Government	270·1	260·5	262·5
Discounts and advances	18·8	23·0	21·1
Other	21·8	20·4	20·7
Total	310·7	303·9	304·3
Banking department reserve	29·1	56·0	48·4
"Proportion"	% 9·0	% 16·4	% 14·4

* Government debt is £11,015,100, capital £14,553,000 Fiduciary issue increased by £25 million to £2,150 million on February 10th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
1959	*91 day*		s. d.	%
Mar. 26	260·0	378·8	66 0·10	58
Dec. 24	290·0	407·8	73 8·82	66
1960				
Jan. 1	280·0	422·4	74 6·24	50
,, 8	270·0	396·6	74 11·06	56
,, 15	270·0	406·5	75 7·96	52
,, 22	270·0	378·5	91 1·19	67
,, 29	250·0†	436·8	90 9·19	17
Feb. 5	250·0†	410·2	90 10·88	28
,, 12	250·0	413·8	90 11·30	37
,, 19	260·0	415·3	90 10·65	41
,, 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54

* On March 25th tenders for 91 day bills at £98 16s. 11d. secured 54 per cent, higher tenders being allotted in full. The offer for this week was for £290 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: March 30	Market Rates: Spot: March 24	March 25	March 26	March 28	March 29	March 30
United States $	2·78–2·82*	2·80 11/16–13/16	2·80 11/16–13/16	2·80⅜–¾	2·80⅜–¾	2·80 11/16–13/16	2·80 11/16–13/16
Canadian $	...	2·66 11/16–13/16	2·66¼–⅜	2·66¼–⅜	2·67–67⅛	2·67⅛–¼	2·67¼–⅜
French Fr.	13·622–14·027	13·77⅜–⅝	13·77⅛–⅜	13·77–77¼	13·77–77¼	13·77¼–½	13·77–77¼
Swiss Fr.	11·94–12·54⅞	12·17¼–½	12·17⅛–⅜	12·17–17¼	12·17–17¼	12·17½–¾	12·17⅝–⅞
Belgian Fr.	137·96–...	139·97½–140·02½	139·95–140·00	139·92½–97½	139·95–140·00	139·95–140·00	139·95–140·00
Dutch Gld.	10·48–10·80	10·58⅞–59⅛	10·58⅝–⅞	10·58⅝–¾	10·58¼–59	10·59–59¼	10·58⅞–59⅛
W. Ger. D-Mk.	11·59¼–11·92¾	11·70½–¾	11·70⅜–⅝	11·70¼–½	11·70⅜–⅝	11·70⅝–⅞	11·70⅝–⅞
Portug. Esc.	79·00³⁄₄–82·00½	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lira	1725–1775	17421/2–¾	1742–42¼	1741⅞–42⅛	1741⅞–42⅛	17423/8–⅝	1742–42¼
Swedish Kr.	14·27½–14·70	14·51¾–52	14·51¾–52	14·51¾–52	14·51¾–52	14·52–52½	14·51⅞–52⅛
Danish Kr.	19·06½–19·62	19·34⅛–34½	19·34–34¼	19·34–34¼	19·33⅝–⅞	19·33⅝–⅞	19·33⅞–34⅛
Norwegian Kr.	19·71–20·30½	20·02¼–½	20·01⅞–02⅛	20·01⅜–⅝	20·01–01¼	20·01–01¼	20·00¾–01½
	* Official Limits	**One Month Forward Rates**					
United States $		¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm
Canadian $		⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	3/16–⅛c. pm
French Fr.		Par–1⅛c. dis	Par–1⅛c. dis	Par–1⅛c. dis	⅛c. dis	⅛–⅜c. dis	⅛–⅜c. dis
Swiss Fr.		1⅞–1¾c. pm	1⅛–⅞c. pm	1⅛–⅞c. pm	1⅛–⅞c. pm	½–1¼c. pm	½–1¼c. pm
Belgian Fr.		3c. pm–2c. dis	3c. pm–2c. dis	3c. pm–2c. dis	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.		1½–1¼c. pm	1½–1¼c. pm	1½–1¼c. pm	1⅜–1¼c. pm	1⅜–1⅝c. pm	1⅝–1⅞c. pm
W. German D-Mk.		½–¼pf. pm	⅝–⅜pf. pm	⅝–⅜pf. pm	⅞–⅝pf. pm	1–¾pf. pm	⅞–⅝pf. pm
		Three Months Forward Rates					
United States $		9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm
Canadian $		⅜c. pm–par	⅜c. pm–par	⅜c. pm–par	3/16–⅛c. pm	3/16–⅛c. pm	¼–⅛c. pm
Swiss Fr.		3⅜–3⅛c. pm	3⅜–2⅞c. pm	3⅜–2⅞c. pm	3⅜–2⅞c. pm	4–3¾c. pm	4–3¾c. pm
W. German D-Mk.		1⅛–⅝pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¾–1⅛pf. pm	2–1⅜pf. pm	1⅞–1⅝pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)	249/11¾	249/11¾	...	250/1	250/1	250/0¾	

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages	Mar. 26th	External Trade	This week
Manpower and Output	Mar. 19th	Industrial Profits	Jan. 23rd

OVERSEAS

Western Europe	Feb. 13th	United States	Mar. 12th

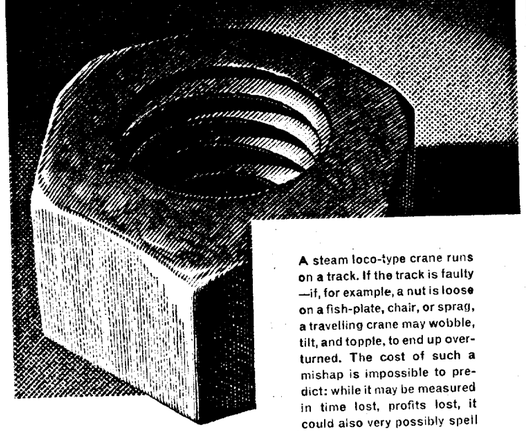
	Unit	Monthly averages: 1957	1958	1959	1958: Dec.	1959: Jan.	1959: Feb.	1959: Oct.	1959: Nov.	1959: Dec.	1960: Jan.	1960: Feb.
VALUE												
Imports:												
Total	£ million	337·0	312·3	332·5	352·1	328·6	291·8	360·2	356·9	371·9	367·0	364·4
Food, drink and tobacco	,,	123·3	124·2	126·8	147·2	137·0	120·9	141·9	134·5	138·8	129·0	122·8
Basic materials	,,	95·8	74·1	77·6	78·1	73·8	63·9	82·7	84·8	89·4	87·7	84·5
Fuels	,,	38·8	36·6	39·0	43·7	40·3	36·3	36·4	36·5	41·3	38·2	45·1
Manufactures	,,	77·9	76·2	87·8	81·2	75·8	69·6	97·9	99·8	100·5	110·4	110·8
Exports of UK produce:												
Total	,,	274·6	264·7	277·1	265·6	270·0	250·3	306·0	298·3	296·6	316·3	295·8
Manufactures—Total	,,	228·2	222·5	234·1	218·5	228·6	209·8	255·1	251·0	245·8	264·5	250·4
,, Metals	,,	39·7	36·0	37·5	39·1	36·5	34·8	43·3	39·5	42·4	41·5	39·1
,, Engineering products	,,	112·2	115·6	122·3	111·0	119·7	107·3	128·8	132·3	122·1	144·1	131·9
,, Textiles(2)	,,	25·0	21·2	20·7	19·3	20·8	19·8	22·4	21·2	22·9	22·6	22·8
Re-exports	,,	10·8	11·8	10·9	9·3	9·5	11·1	14·6	9·5	10·7	12·0	9·4
Balance of trade (exports less imports)	,,	−51·6	−35·8	−44·5	−77·3	−49·1	−30·4	−39·7	−49·1	−64·6	−38·7	−59·2
VOLUME(4)												
Imports:												
Total	1954=100	114	114	122	120⁴	...	117⁵	...	130⁴	...	132	131
Food, drink and tobacco	,,	113	119	118	126⁴	...	122⁵	...	123⁴	...	...	...
Basic materials	,,	106	94	100	97⁴	...	93⁵	...	107⁴	...	...	...
Fuels	,,	114	124	143	137⁴	...	134⁵	...	142⁴	...	...	...
Manufactures	,,	130	132	152	136⁴	...	132⁵	...	172⁴	...	...	...
Exports:												
Total	,,	116	111	116	115⁴	...	110⁵	...	125⁴	...	131	121
Manufactures	,,	118	113	117	115⁴	...	112⁵	...	124⁴	...	...	...
BY AREA												
Imports:												
USA	£ million	40·1	29·2	30·9	39·3	31·6	25·2	45·6	38·4	40·9	38·8	38·8
Canada	,,	26·7	25·7	26·0	32·2	22·3	21·8	28·4	29·3	31·6	25·0	27·4
Latin America	,,	28·8	24·6	26·7	25·0	25·7	22·0	29·0	22·1	22·2	23·0	28·7
West'n. Europe—Common Market	,,	40·9	44·4	46·6	49·4	42·1	45·2	50·6	52·5	49·2	54·2	62·9
Free Trade Association	,,	33·1	30·5	32·7	33·7	29·2	28·4	35·8	35·7	35·6	34·8	36·3
Soviet Eastern Europe	,,	9·1	8·5	9·7	9·0	7·8	6·6	12·7	11·6	9·8	9·2	9·9
Other Non-Sterling	,,	32·1	36·5	39·4	43·6	40·5	32·5	40·3	43·8	46·1	44·5	31·2
Sterling area	,,	126·0	112·8	120·4	119·9	129·4	110·1	117·4	123·5	136·5	137·5	123·7
Exports of UK produce:												
USA	,,	20·3	22·6	30·0	27·0	27·7	23·7	32·3	29·7	30·5	32·0	31·3
Canada	,,	16·3	15·7	17·3	15·4	13·4	12·3	19·3	23·0	16·1	18·3	16·7
Latin America	,,	13·7	12·6	12·8	13·4	14·8	10·8	13·0	13·3	13·8	15·0	15·7
West'n. Europe—Common Market	,,	38·2	34·8	38·5	34·7	36·4	41·5	43·5	38·9	40·7	47·0	46·7
Free Trade Association	,,	28·3	26·5	28·8	29·2	30·3	25·5	32·9	31·8	32·2	35·8	30·9
Soviet Eastern Europe	,,	4·7	3·8	5·1	5·5	5·4	4·3	6·7	5·4	6·1	8·9	5·4
Other Non-Sterling	,,	33·1	32·4	32·9	30·3	33·8	28·9	32·6	31·7	36·9	36·7	27·7
Sterling area	,,	119·7	116·0	111·7	110·1	108·3	103·3	125·5	124·5	120·3	122·6	119·8
TRADE IN SELECTED COMMODITIES(3)												
Imports:												
Wheat	'000 tons	377·5	376·4	356·5	372·7	388·3	446·0	344·1	260·2	304·5	279·7	276·1
Meat	,,	74·2	69·4	67·6	69·2	76·7	53·0	70·0	68·5	53·5	68·6	56·8
Sugar, unrefined	,,	235·0	219·3	209·2	235·0	186·8	179·8	202·2	178·6	198·4	164·9	126·9
Raw cotton(1)	,,	30·6	21·5	22·7	20·1	19·8	15·5	18·5	29·7	28·3	25·1	34·7
Raw wool, sheep's and lambs'(1)	mn. lb.	51·6	51·1	58·7	80·6	81·8	54·8	45·5	61·0	63·9	75·6	46·8
Rubber, natural and synthetic(1)	'000 tons	22·7	17·0	17·1	17·3	18·8	19·7	11·4	17·1	19·0	14·5	18·1
Softwood(2)	'000 stds.	119·8	106·4	121·8	135·4	74·7	63·6	159·2	139·1	122·7	88·3	67·0
Woodpulp	'000 tons	178·2	175·4	185·7	194·2	188·2	175·3	220·6	185·6	229·0	217·7	233·7
Crude petroleum	mn. galls.	604	728	851	871	839	825	814	844	880	842	1,016
Exports of UK produce:												
Coal, including bunkers	'000 tons	666	403	343	380	332	380	449	414	384	581	503
Woven piece-goods—cotton(2)	mn. sq. yds.	38	32	29	28	28	27	32	30	34	30	29
,, ,, ,, wool(2)	'000 sq. yds.	9,029	7,893	8,527	7,640	9,469	8,124	8,856	8,349	8,522	9,071	10,243
Passenger cars and chassis	number	35,360	40,323	47,404	36,253	41,848	35,791	49,892	56,860	49,555	62,260	57,231
Commercial vehicles and chassis	,,	10,216	9,303	10,622	7,054	10,154	9,783	12,663	11,226	12,300	11,858	11,897
Agricultural tractors	,,	9,411	8,709	9,475	6,451	7,844	9,064	10,473	9,317	8,769	13,088	10,760
Machinery—electrical	£'000	5,612	5,818	5,720	6,043	5,743	5,412	6,656	5,817	5,725	5,797	5,559
,, other	,,	42,211	42,773	47,195	43,297	46,638	41,246	51,314	50,571	50,128	56,814	50,094
Chemicals, elements and compounds	,,	5,219	5,027	5,861	4,766	5,325	5,187	6,249	6,048	6,031	6,137	5,998

(1) Retained imports. (2) Owing to changes in classification 1959 figures are not strictly comparable with those for earlier years. (3) 1957 figures in *italics* include trade with the Channel Islands, now excluded from the value figures. (4) Average for fourth quarter. (5) Average for first quarter. (6) In 1959 indices for total imports and exports, but not for the classes, are adjusted to include trade with the Channel Islands.

Did you know that

this nut

could buckle your business?



A steam loco-type crane runs on a track. If the track is faulty—if, for example, a nut is loose on a fish-plate, chair, or sprag, a travelling crane may wobble, tilt, and topple, to end up overturned. The cost of such a mishap is impossible to predict: while it may be measured in time lost, profits lost, it could also very possibly spell a life lost.

Vulcan know

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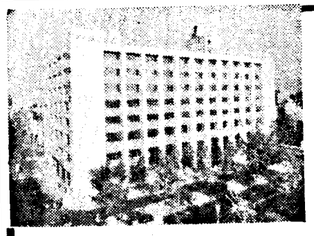

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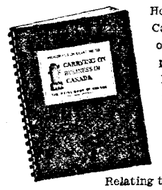

How is a company incorporated in Canada? What about income and other business taxes? Are there provincial as well as federal taxes? For answers to these and other questions vital to businessmen planning to set up operations in Canada, write or phone either of our London offices for a recently revised copy of our 'Memorandum Relating to Carrying on Business in Canada'.

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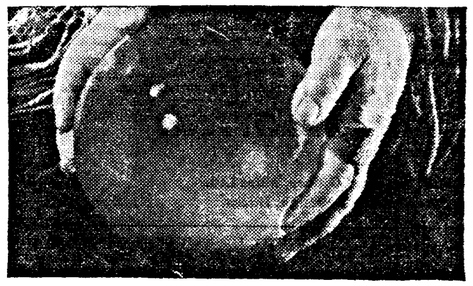

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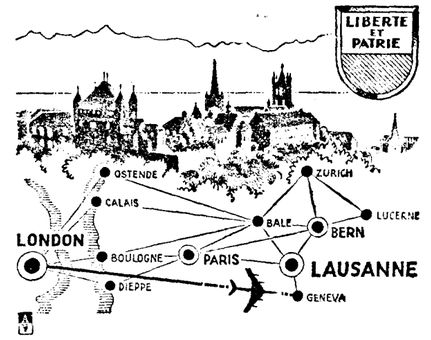

beautifully situated on the lovely Lake of Geneva. Formerly the Roman Oppidum *Lousonna*, Lausanne is today internationally known for its University, its many educational establishments, as an important holiday resort, and as a centre of commerce.

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when there, to contact the Lausanne Branch of the **Union Bank of Switzerland,** whose services are entirely at your disposal. Needless to say, Travellers' Cheques and Travellers' Letters of Credit can also be negotiated there.

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We want young men to join us on the marketing side of our business. They will be taught the art of large scale marketing and will be given every encouragement to progress to senior management.

The work calls for intelligence and imagination of a high order, coupled with energy to drive projects through to successful completion. Candidates should preferably be under 26 and with previous experience of retail selling or advertising agency work. University degree an asset but not essential.

Salary will be within the range £800-£1,400 dependent upon experience and qualifications.

Detailed application to: Personnel Manager at Devonshire Works, Birmingham, 12.

ALFRED BIRD & SONS LIMITED

EDITORIAL ASSISTANT required on Management Journal. Starting salary £750. Applicant must have good English and be methodical and meticulously accurate. Degree in Sociology or Economics an advantage.—Please reply to Box 1308.

BICC

MARKET RESEARCH OPERATOR

Applications are invited from candidates with qualifications in economics or market research, to assist the Market Research Manager in economic forecasting, surveys in the field of capital goods and other similar work. The preferable age group is 25/30 years and salary will be paid according to age, qualifications and experience, full particulars of which should be forwarded to the

PERSONNEL OFFICE,
BRITISH INSULATED CALLENDER'S CABLES LIMITED,
SURREY HOUSE, TEMPLE PLACE,
LONDON, W.C.2.

OXFORD UNIVERSITY INVESTMENT SECRETARY

The Curators of the Oxford University Chest propose to appoint an

INVESTMENT SECRETARY

to be responsible under the Secretary of the Chest (the chief financial officer of the University) for the handling of all investment business. The University's portfolio *amounts* to some £10 million, including gilt-edged stocks and a wide range of equities, in the management of which the Curators are advised by an expert Investment Committee and a firm of Stockbrokers. A university degree, a professional qualification and experience of investment business are all desirable but not essential and the Curators are prepared to send the successful candidate for a period to a financial house to gain experience before taking up his duties in Oxford. Candidates should be between 30 and 45 years of age. Salary according to age, experience and qualifications within the range *£1,600 to £2,100, together* with children's allowances and pension rights under the Federated Superannuation System for Universities. Appointment to be taken up not later than October 1, 1960. Applications together with the names of two referees, to be sent not later than May 14th to

The Secretary,
THE UNIVERSITY CHEST,
OXFORD.

ENGINEERING Distributors, London based, seek EXECUTIVE of first-class capacity with wide engineering knowledge *to join in formulation* and execution of expansion policies. Remuneration and status commensurate with size of job.—State experience and current salary to Box 1309.

For other appointments see page 100

UNIVERSITY OF GLASGOW

LECTURESHIP IN ECONOMETRICS

Applications are invited for a Lectureship in Econometrics in the Department of Social and Economic Research. This is primarily a research post and the successful applicant will be expected to act as a consultant to the Department's existing research projects in addition to conducting his own research. The *research facilities* include a DEUCE computer. Salary scale: £900-£1,650 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (8 copies) should be lodged, not later than May 14, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

Pfizer

NIGERIAN ACCOUNTANT

The Pfizer International Organization has recently set up a marketing company in Nigeria. It now wishes to appoint a Nigerian as Accountant to the Company.

Applicants should already be qualified accountants, or nearing the completion of their professional studies. They must be available for interview in Great Britain but ready to return to Africa. They will be joining a progressive company whose products should find a ready market in Africa.

Details of salary and conditions of employment will be discussed at interview, and in the first place applicants are asked to send details of age, qualifications and experience to the:

Chief Personnel Officer,
Pfizer Ltd.,
Richborough, Sandwich, Kent,
quoting reference J0703

THE PFIZER GROUP

MARKET RESEARCH OFFICER

(CONSUMER RESEARCH)

Mars Limited, the well-known confectionery manufacturers, invite applications for the post of MARKET RESEARCH OFFICER (CONSUMER RESEARCH). The successful applicant will be responsible to the Market Research Manager for research into all aspects of consumer behaviour and attitude connected with the Company's existing and development products; and he will be expected to have both technical qualifications and the ability to initiate and interpret research in terms of marketing decisions.

This is a position to which the Company attaches considerable importance. It occurs in the context of a department which maintains a large field force and considerable data processing resources, and which is engaged in measurements and investigations of markets at every level. A wide methodology is used and encouraged, and there is a very full scope for experimental work and the development of technique.

Applicants should be between 25 and 30 years of age, possess a degree in economics or psychology, and have spent two to three years in the Market Research Department of a manufacturing company or an advertising agency, with particular experience of research into consumer attitudes and preferences. The salary range is between £1,450 and £1,830 per annum; there is also a particularly generous non-contributory social security scheme which covers pension, life insurance and sickness.

Please write giving full details to the

Chief Personnel Officer, Mars Ltd.,
Dundee Road, Slough, Bucks.

UNIVERSITY OF NOTTINGHAM

DEPARTMENT OF EXTRA-MURAL STUDIES

Applications are invited from graduates for appointment as (a) TUTOR IN INDUSTRIAL RELATIONS in the grade of Lecturer. Preference will be given to candidates with *qualifications* in Sociology or in some other appropriate field of Social Science. Salary scale: £900 x £50 to £1,350 x £75 to £1,650.

(b) ASSISTANT TUTOR IN ECONOMICS in the grade of Assistant Lecturer. Salary scale: £700 x £50 to £850.

Both appointments carry family allowance (£50 p.a. for each child) and Superannuation *benefits*. Both Tutors will be expected to teach in Day Release and other special courses for Industrial Workers, as well as in normal Extra-Mural courses. Conditions of appointment and form of application, which must be returned by Wednesday, April 27, 1960, from the Registrar, The University, Nottingham.

SALZBURG SEMINAR IN AMERICAN STUDIES

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THE AMERICAN ECONOMY:
July 17th to August 13, 1960.

POLITICS IN AMERICA:
August 21st to September 17, 1960.

Lectures and Seminars at the post-graduate level. Admission is granted for evidence of ability and accomplishment. General age range 25 to 40.

For further information and application forms, please write promptly to: Salzburg Seminar, 38 Upper Brook Street, London, W.1.

COUNTY BOROUGH OF BRIGHTON EDUCATION COMMITTEE

BRIGHTON TECHNICAL COLLEGE

Required as soon as possible:—
ASSISTANT LECTURER (Grade B) to assist in development of LIBERAL STUDIES, particularly English, in technological courses. Salary scale: £700 x £27 10s.(15) and £37 10s.(1) to £1,150 (men) plus graduate and training allowances if appropriate, and with increments for approved research, professional or industrial experience. Further particulars and forms of application from the undersigned to be returned to the Principal, Brighton Technical College, Brighton, 7, by April 13th.

W. G. STONE,
Director of Education.

54 Old Steine,
BRIGHTON.

UNIVERSITY OF LEICESTER

Applications are invited for a SENIOR LECTURESHIP IN ECONOMICS. Salary scale £1,650-£1,900. Further particulars from the Registrar, to whom applications should be sent by April 30th.

UNIVERSITY OF KING'S COLLEGE

HALIFAX, NOVA SCOTIA, CANADA

DEPARTMENT OF ECONOMICS

Applications are invited from suitably qualified persons for a teaching position at a rank and salary ranging from Lecturer to Associate Professor, depending upon the qualifications *of the applicant.*

Salary scale: $4,000 to $7,500. Tenable September 15, 1960. Assistance will be given for travel expenses.

Further information may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon-square, London, W.C.1.

Applications close, *in* Canada and London, on May 13, 1960.

RESEARCH ASSISTANTS: FOREIGN OFFICE RESEARCH DEPARTMENT. Ten posts (1 in Grade I, 4 in Grade II, 5 in Grade III) for men or women at least 28 (Grades I or II) or 23 (Grade III) on April 1, 1960 for research on historical background and current developments in foreign countries. Qualifications: normally at least 2nd class honours degree. For some posts, sound reading knowledge of Arabic, Chinese, or a Slavonic language essential. Knowledge of other languages and peoples desirable. Final year students may apply for Grade III posts. London salary scales (men): Grade I, £1,780-£2,000; Grade II, £1,150-£1,660; Grade III, £610 (23) to £675 (25 or over) rising to £1,085. These salaries are under review. Write Civil Service Commission, Burlington Gardens, London, W.1, *for application form*, quoting S121/60/7. Closing date April 26, 1960.

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Further particulars and application forms from the undersigned. Completed forms to be returned to the Principal, Brighton Technical College, Richmond Terrace, Brighton, by *April 23rd.*

W. G. STONE,
Director of Education.

OPPORTUNITIES FOR WOMEN GRADUATES

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The work involves interviewing members of the public on Consumer Surveys, which are especially concerned with problems in the new and interesting field of synthetic fibres and clothing. Retail Surveys are also made. Investigators are based in London and about three quarters of their time is spent interviewing in London and the provinces.

After training, those appointed will be able to collaborate *in all stages of the research and there are* good opportunities to progress. Working conditions are excellent and include first-class hotel accommodation when away from London and three weeks' annual holiday.

Apply in writing to
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UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN POLITICAL ECONOMY

Applications are invited for an *Assistantship in Political Economy.* Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than May 2, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

AUSTRALIAN NATIONAL UNIVERSITY

RESEARCH SCHOOL OF SOCIAL SCIENCES

Applications are invited for appointment to a FELLOWSHIP in the DEPARTMENT OF POLITICAL SCIENCE. This Department conducts or contemplates research into political parties and party systems, Parliamentary government, the relationship between social groups and the State, comparative politics, political communications and political theory.

The salary limits are £A1,832-£A2,602 per annum. Appointment is to age sixty-five, subject to confirmation after five years. A Fellow is entitled to one year's study leave on full pay, plus a contribution towards travel and other expenses, in every seven years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid and assistance with housing is provided.

Further details should be obtained from the Secretary, *Associations of Universities of the British* Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on May 2, 1960.

NATIONAL COLLEGE FOR THE TRAINING OF YOUTH LEADERS

Appointment of Principal

Applications are *invited from men and women* with appropriate qualifications and experience for appointment as PRINCIPAL OF A NATIONAL COLLEGE for the Training of Youth Leaders. The college is being established at Leicester as part of the Government's plan for the expansion of the Youth Service. The appointment will be made to take effect as soon as possible, and in any case not later than September 1, 1960.

The main purpose of the college will be to provide a one-year course of training for mature people who wish to take up paid full-time youth leadership as a career. Approximately 90 students (men and women) will be admitted in the first year, starting in January, 1961, and thereafter approximately 140 students will be admitted annually during the life of the college, which is expected to be five years. Most of the students will be accommodated in the college or in a hostel associated with it.

Salary: £2,050 x £50-£2,250 (non-residential).

Forms of application, which must be returned by April 19th, and further details may be obtained from the Secretary, Ministry of Education, Youth and Adult Services and General Branch, Curzon Street, London, W.1.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for (A) LECTURESHIP or (B) ASSISTANT LECTURESHIP IN ECONOMICS. Salary scales: *(A) Grade I, £1,600 x £50-£1,900 p.a., Grade II,* £1,350 x £50-£1,600 p.a.; (B) £1,260 x £50-£1,350 p.a., entry point determined by qualifications and experience. Passages to Salisbury for appointee, wife and dependent children on appointment, with allowance for transport of effects. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent. of salary. Assistance given for triennial visits overseas. Detailed applications (6 copies) naming 3 referees, by May 10, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY COLLEGE OF WALES, ABERYSTWYTH

Applications are invited for the post of Lecturer or Assistant Lecturer in the Department of Agricultural Economics, to take up duties on October 1, 1960. Applications, with the names of two referees, should reach the undersigned, from whom further particulars may be obtained, by April 25, 1960.

T. MAELGWYN DAVIES,
Registrar.

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Applications are invited for a full-time appointment as Grade B TEACHER, duties to commence on September 1st next, to teach Accounting, Economics or Law as main subject to final B.Sc.(Econ.) and final professional level and preferably one of the other two as a subsidiary subject.

The salary scale for a graduate rises to £1,240 per annum, plus London Allowance of £38 or £51. Additional allowances are payable for a good honours degree and training where appropriate. The commencing salary will depend upon qualifications and experience and may include up to twelve increments in respect of industrial experience. The post is subject to superannuation and some concession in this respect may be made for previous industrial employment.

Application form, to be returned by April 22nd, may be obtained by sending a stamped addressed foolscap envelope to the undersigned.

J. E. RICHARDSON,
DIRECTOR OF EDUCATION.

D.S.I.R. requires a PRINCIPAL SCIENTIFIC OFFICER (Economist) in Economics Section, London, S.W.1, Headquarters, to take a leading part in planning and executing studies of the research and development needs of industries or sectors of the national economy. 1st or 2nd Class Hons. degree in Economics required with experience either in *industry or in research in industrial economics.* A lively interest in technological development is desirable. Superannuation under F.S.S.U. Scheme. Salary (men) in the range £1,500-£2,120. Application forms from Manager (P.E.1205), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date April 12, 1960.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN SOCIAL AND ECONOMIC RESEARCH

Applications are invited for an Assistantship in the Department of Social and Economic Research to assist in the research of the Department. Applicants should possess an honours degree in Economics or a related subject, but applica*tions will be considered from persons due to graduate this* year. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than April 30, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

For other appointments see page 100

UNIVERSITY OF ST. ANDREWS

Applications are invited for the post of LECTURER in POLITICAL ECONOMY in St. Salvator's College, St. Andrews. *Preference will be given to a candidate able to* teach economic doctrine and the theory and practice of money and banking. Salary scale (subject to upward revision) £900 to £1,650, starting salary according to qualifications and experience. F.S.S.U.; family allowance; grant towards removal expenses. SIX copies of applications, along with the names of three referees, should be lodged not later than April 30, 1960, with the Joint Clerk to the University Court, College Gate, St. Andrews, from whom further particulars may be obtained.

UNIVERSITY OF BIRMINGHAM

Applications are invited for a Lloyd-Muirhead FELLOWSHIP in SOCIAL PHILOSOPHY, tenable from October 1, 1960 for two years (and renewable for a third year) at a salary within the range £700-£800 p.a.

Applications (four copies), including the names of two or three academic referees, must reach, by May 14, 1960, the Assistant Registrar, The University, Edmund Street, Birmingham, 3, from whom further particulars can be obtained.

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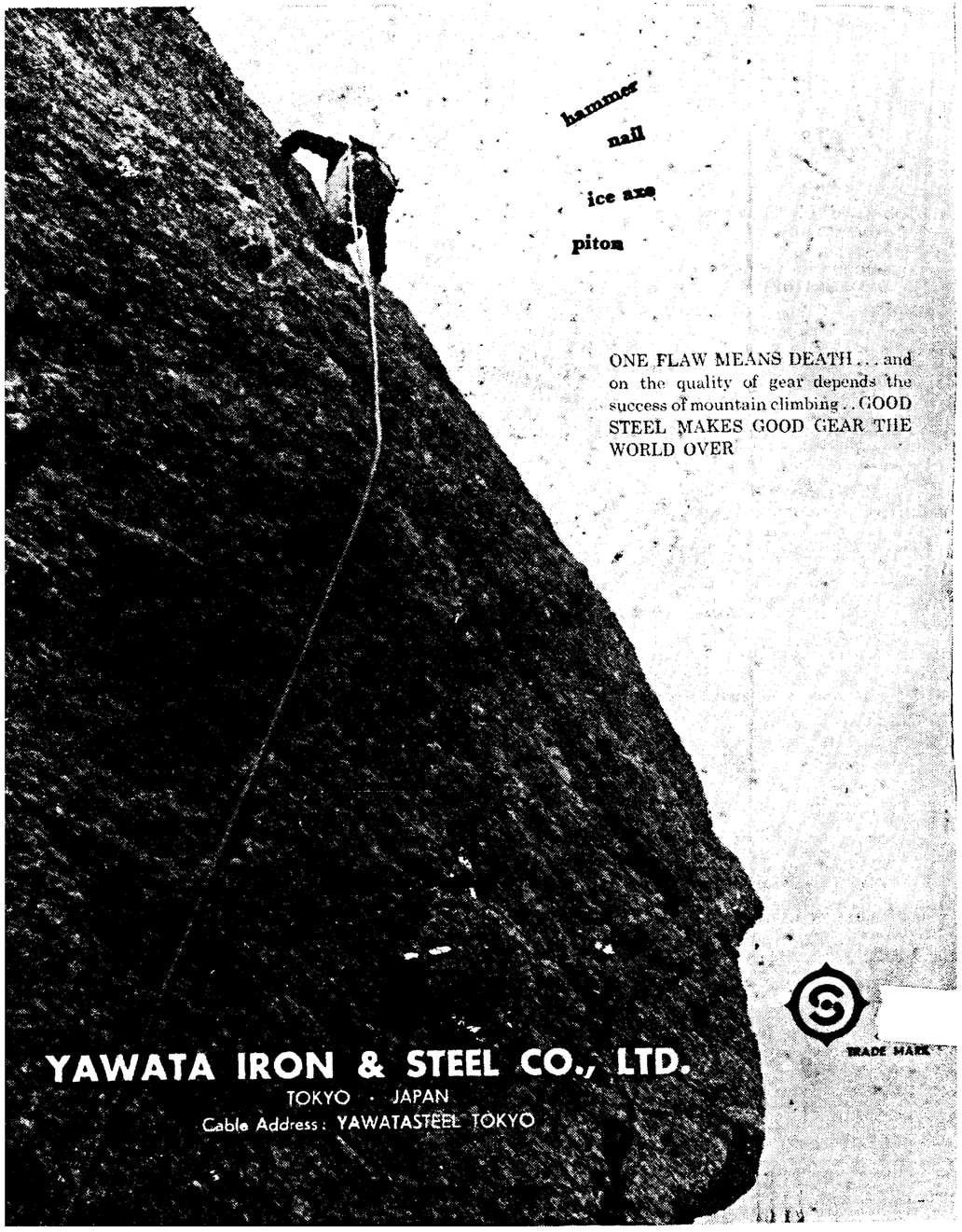

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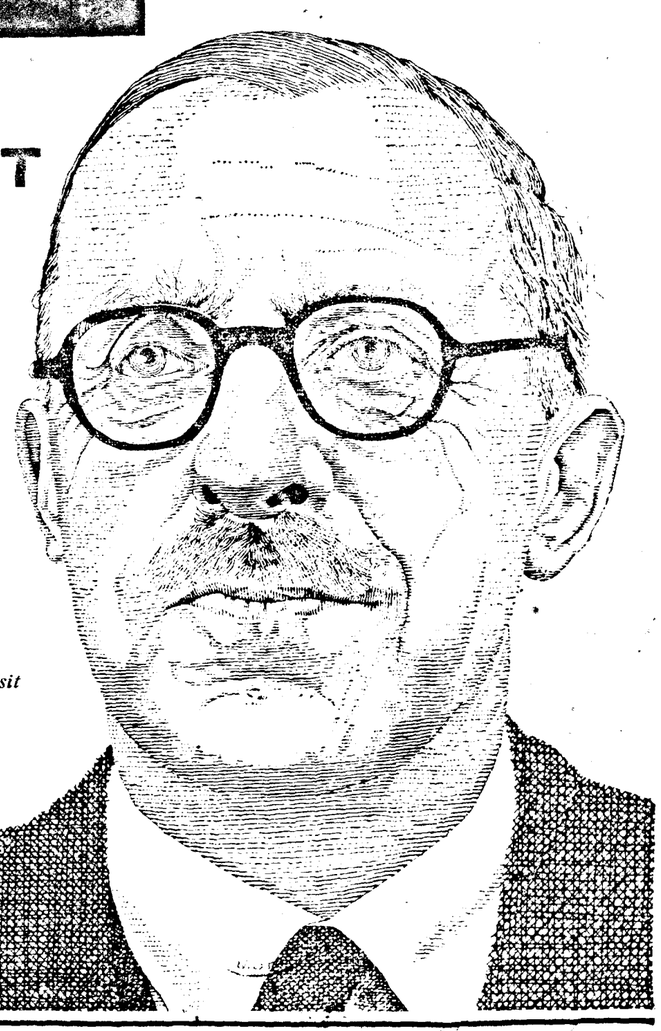

THE BUDGET

Mr Amory's Psychic Bid (page 127)

Moderation the Aim
(pages 173-179)

The Economic Portents · The Tax Changes · Measures of Reform

Kaffirs in their Place (page 180)

Britain and the Europeans

Search for Time Past: General de Gaulle's Visit
(page 129)

Mr Macmillan's Map of Europe
(page 130)

World Politics and Business

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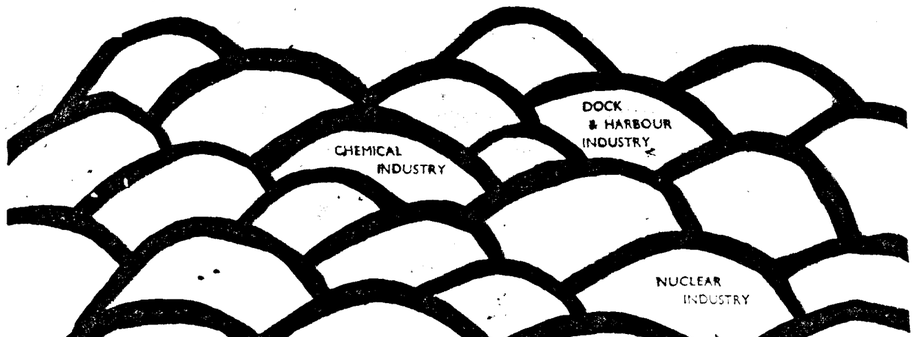

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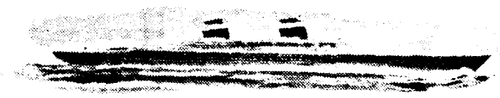

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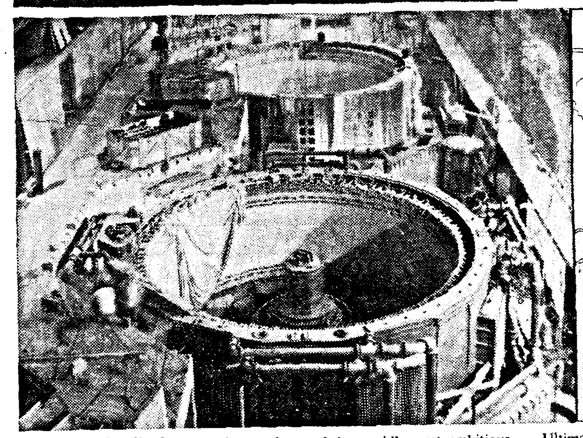
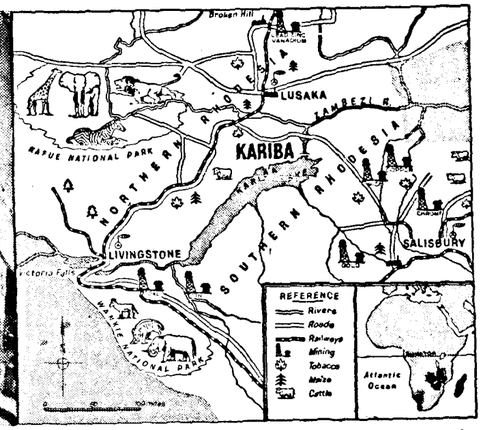
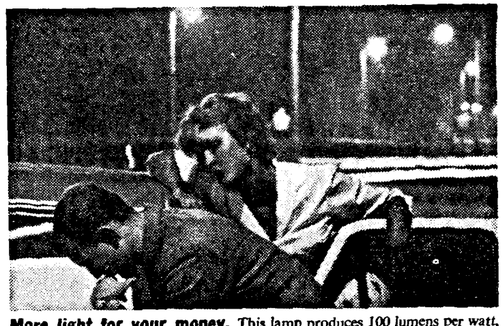
WORLD ELECTRICAL NEWS IN PICTURES-1





Heart of Kariba! At the heart of one of the world's most ambitious engineering projects—the great new Kariba power station on the Zambesi in Central Africa—stand six 100 MW waterwheel generators, which are being supplied by AEI. Behind the dam will be the world's largest man-made lake. Its construction has entailed moving 50,000 people and many thousands of animals. Ultimately Kariba will feed about 1½ million kilowatts of power to the growing industries of Rhodesia and Nyasaland, and especially to the great copper mines of the north. AEI is also supplying twenty-five 330 kV oil circuit breakers and 50 miles of cable—the total order being worth some £4½ million. Merz and McLellan are the mechanical and electrical consulting engineers to the Federal Power Board for this project.



More light for your money. This lamp produces 100 lumens per watt, which is 25% better than any other commercially available lamp. It is the new Mazda Sodium Linear lamp developed solely by AEI. For the standard of light required it can be mounted higher and so spread its light further and more evenly, which means fewer columns, and lower costs to install maintain and run.



A million times larger than life. The AEI electron microscope, with AEI's new image intensifier, allows us to 'see' (without photography) parts of body cells or viruses, magnified up to 2 million times. Magnify this sheet of paper that much and it would blanket half of Britain. The AEI electron microscope and intensifier featured on BBC TV's recent "Science International" programmes when viewers saw, for the first time, fine detail of cell structure (as in the famous Upjohn model above).

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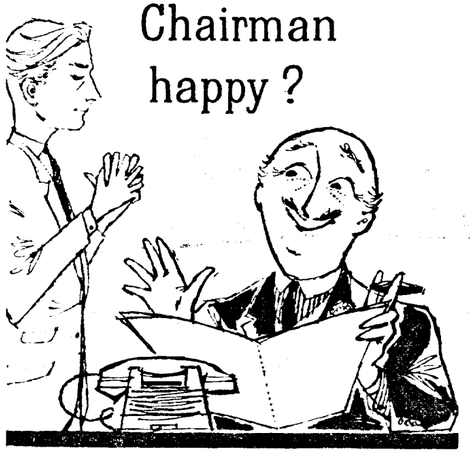

A Specialist firm took over our catering last month and the food in the Directors' Room has been every bit as good as you'd find in the most recherche restaurant.

This, of course, has had its mellowing effect. But what has made *all* the difference to our Chairman is that the "ordinary" canteen food has improved so much that productivity's actually gone up!

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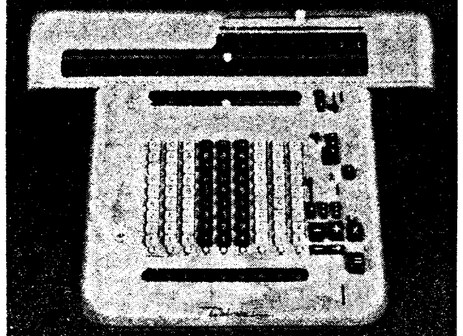

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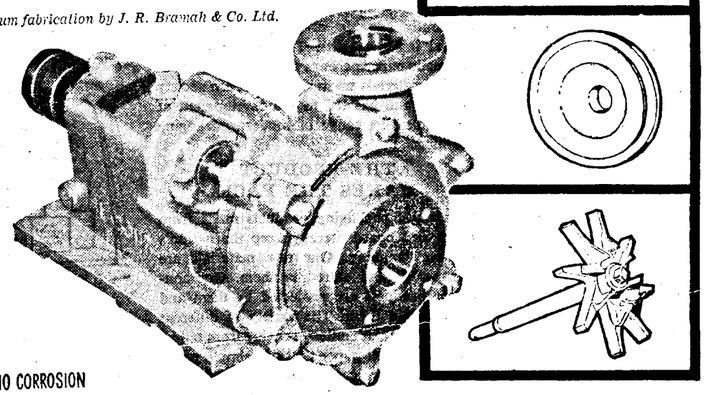

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Where is paper's greatest future in packaging—



protection or display?

Altogether no less than 42½ per cent of Britain's total output of paper and paperboard products is used for packaging the nation's consumer goods and the materials needed by industry and agriculture.

Where does paper's greatest future in packaging lie? As a functional material or as window-dressing?

This article sets out to answer this question and to discuss the opportunities of Britain's paper industry in this continuing 'Packaging Revolution'.

PAPER'S SUPREME ASSET

An observer gazing into a modern supermarket, with its bewildering diversity of colourful product packs, might be forgiven for supposing that paper owes its supremacy as a packaging material mainly to its display and merchandising qualities.

There is indeed some justification for this viewpoint. But as will be discussed in detail later, sheer merchandising ability is only one of the many natural advantages which paper and paperboard products possess. Undoubtedly, their supreme asset is that they are inherently capable of progressive technological improvements. This, above all else, has made paper perhaps the most versatile of all the materials upon which modern society depends and has led to the development of the whole vast range of modern packaging products.

THE PRODUCT MAKES THE PACK

Nowadays, packaging products made from paper and board literally keep the nation's economy moving. Our raw materials are transported and stored in them. Our consumer products are protected by them and marketed in them. The variety of different types of 'pack' is endless, ranging from tailor-made multiwall paper sacks to simple paper bags, from intricately designed corrugated cases to ingenious folding cartons.

In fact, it is true to say that there are as many packs as there are products, since each product needs a pack that combines, in the correct degree, functional properties of protection, convenience and hygiene.

Just what are the advantages which have made paper and board ideal for modern packaging? They are hygienic. They provide strength and protection without being costly.



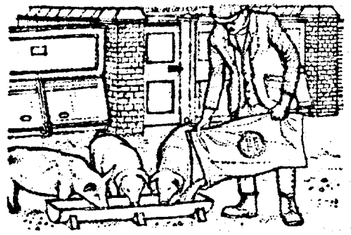
They can be readily 'made-up' in a wide variety of shapes, strengths and sizes. They are easily transportable and easily disposable after use. They are particularly suitable for printing, including colour printing. Furthermore, they lend themselves well to use with other modern materials such as plastics and resins.

Due to the successful technical exploitation of all these qualities, a veritable 'Packaging Revolution' has taken place. Reed statistics show that, over the last ten years, the market for paper and board packaging products has increased by as much as 100 per cent. It is confidently predicted that this expansion will continue.

PAPER GETS THE SACK

Perhaps the most striking of the many developments which have taken place has been in bulk packaging. Here specialised paper products have become the standard containers for a vast range of products.

Multiwall paper sacks, for example, have largely replaced conventional sacks for the



bulk packaging of many free-flowing products. These include cement, fertilisers, chemicals and animal foods; also human foods such as sugar and salt.

Perhaps the most important reasons why so many industries today prefer these low-cost containers are the strength, hygiene and protection achieved by their multi-ply structure. Tailor-made qualities, such as 'wet strength', can easily be built in by incorporating specialised papers to suit customer's requirements. Paper sacks are also very easy to fill, highly suitable for mechanical handling, and possess exceptional stacking properties.

AN EXPANDING MARKET

The marketing of paper sacks was pioneered in Britain by a Reed Paper Group Company, Medway Paper Sacks Limited, who have also originated many successive technical improvements in their production.

The market is still expanding rapidly, both in existing and new product categories. It includes many goods which formerly could only be sold seasonally but now, because of their greater storage life in paper sacks, can be stockpiled and marketed all the year round.

SPECIALISED PROTECTION AT LOW COST

Multiwall paper sacks, of course, are only one instance of the adaptability of paper in modern bulk packaging. No less impressive has been the technical development of the corrugated cases which today are used as 'outers' for packaging so many canned foods, bottled goods and other manufactured products. Also as individual packs for articles such as household goods, TV tubes, and fragile instruments. They have many of the same virtues as paper sacks. But their low-cost, tailor-made protection is due to structural design and the internal cushioning achieved by the corrugating process.

The market for these versatile, non-returnable containers is still expanding. A major recent success has been their widespread adoption for the bulk transit of eggs.

Parallel with the development of corrugated cases, there has been that of solid fibreboard cases. These strong yet inexpensive containers are widely used for bulk packaging various somewhat heavier goods, particularly those which do not demand the specialised cushioning effect of corrugated cases.

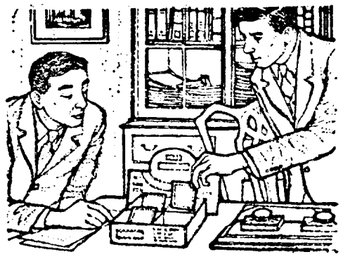
SELLING THROUGH 'EYE-APPEAL'

So far then, packaging seems to be far from mere window-dressing! But what of the many forms of retail packaging with which the housewife is so familiar? The vast array of gaily competing cartons. The paper tubes, the waxed bread wrappers. The colourful wrapping papers and carrier bags. The many attractive coated or 'glossy' packs, incorporating plastics or foil laminates, which have developed so greatly since the war.

With most of these, without question, packaging's sheer 'eye-appeal' qualities prominently hold the stage. They are likely, and are intended, to influence the woman in her choice between one competing product and another. But they are not window-dressing alone. Primarily today's packaging is hygienic, protective and convenient—as well as being glamorous—and it is this combination of qualities which today's housewife recognizes and welcomes.

WHO DOES THE DRESSING?

The truth then is that the merchandising qualities of paper packaging products, however important, are literally superimposed on their functional merits. They are put there not by the retailer, who turns them to advantage in his shop. Not by the wholesaler, who acts mainly as a link in distribution. But by the manufacturer, who nowadays has assumed the main responsibility for breaking down goods from bulk. It is he who, because of increased competition in the retail trade, must 'dress' his products with the ever better,



more attractive packaging which modern housewives demand.

PLANNING YOUR FUTURE NEEDS

Which factor will contribute most to the future development of Britain's paper packaging products? Their functional merit or their merchandising ability? Without question, *both* these assets have unlimited potential for meeting the nation's growing and changing packaging needs.

To achieve this, the Reed Paper Group, which offers a complete nation-wide Packaging Service, is laying maximum emphasis on realistic forward thinking. Experts of the Group's Packaging Division are carrying out constant, intensive technical and marketing research. Not only to meet the immediate and future needs of customers. But to devise the new, even better and more economic packaging that will be required for new products, new manufacturing methods and new conditions in the retail trade.

This same flexible thinking characterises all the Group's activities at every level—product marketing, machine and production planning, management selection and personnel training. The ultimate aim is kept always in view. To plan the *right* packaging for the product so that it reaches you, the consumer, in the best possible condition.

A further article in this series will appear in The Economist on June 25th.

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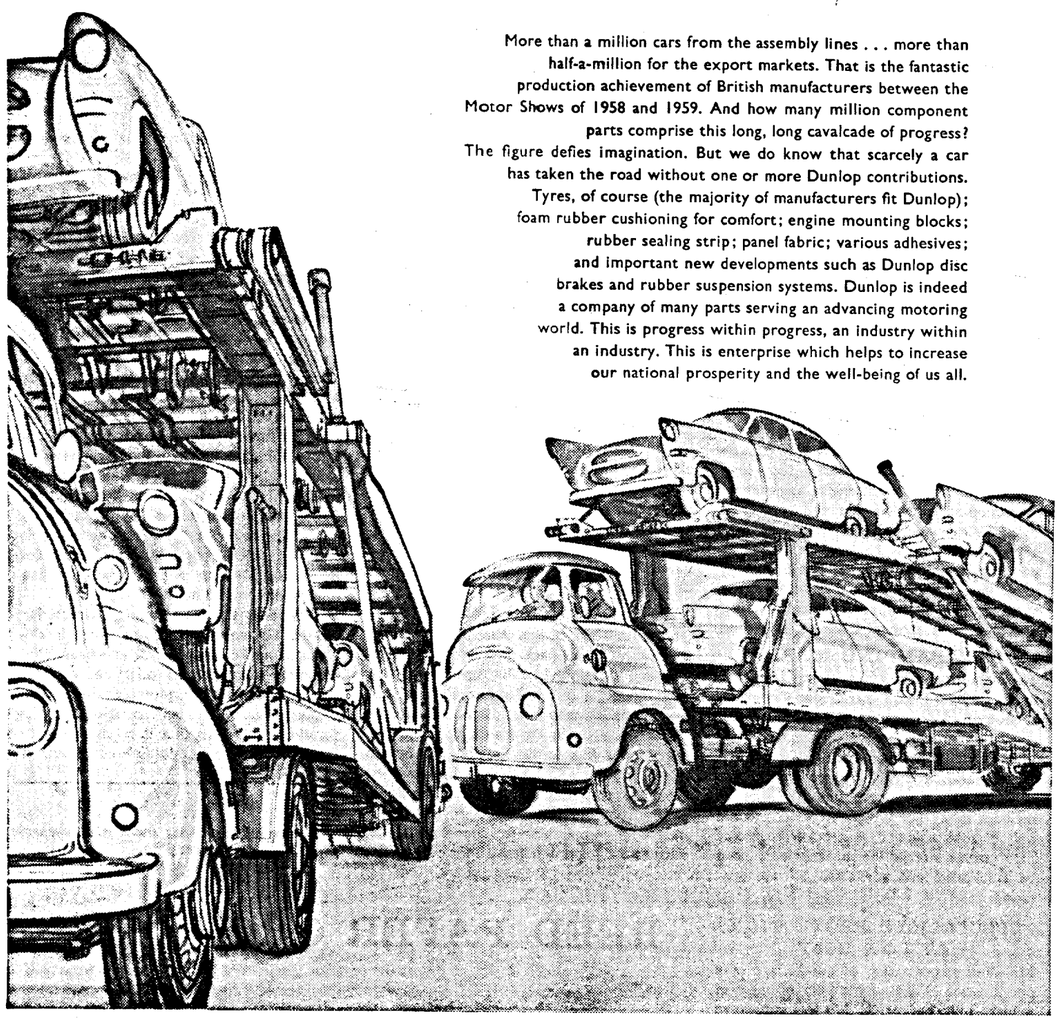

More than a million cars from the assembly lines . . . more than half-a-million for the export markets. That is the fantastic production achievement of British manufacturers between the Motor Shows of 1958 and 1959. And how many million component parts comprise this long, long cavalcade of progress? The figure defies imagination. But we do know that scarcely a car has taken the road without one or more Dunlop contributions. Tyres, of course (the majority of manufacturers fit Dunlop); foam rubber cushioning for comfort; engine mounting blocks; rubber sealing strip; panel fabric; various adhesives; and important new developments such as Dunlop disc brakes and rubber suspension systems. Dunlop is indeed a company of many parts serving an advancing motoring world. This is progress within progress, an industry within an industry. This is enterprise which helps to increase our national prosperity and the well-being of us all.

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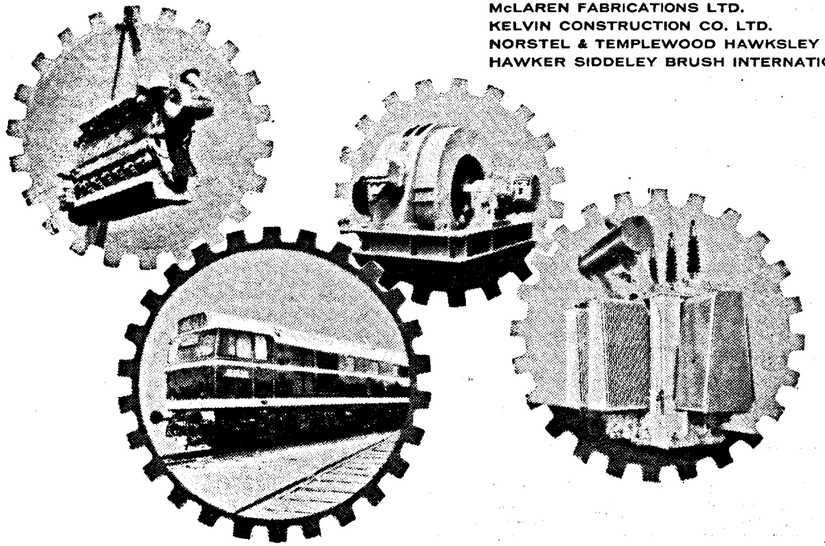

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The Economist
APRIL 9, 1960

Psychic Bid 127
Search for Time Past 129
Mr Macmillan's Map of Europe 130
Dogs in Clover 132

NOTES OF THE WEEK 133
South Africa; Budget Debate; Europe; Russia and Germany; Dr Banda's Release; Parking Offences; Cyprus; Disarmament; Ceylon; Commons' Accommodation; Education; Law of the Sea; China; British Guiana; The Press.

LETTERS 143

BOOKS
Policy and Strategy 144

AMERICAN SURVEY
Labour's Love Regained 151
Wisconsin: Delphic Oracle; Surprise from the Treasury; Stepping on the Gas; Counter Pressure; Date with Some Dates; Rockefeller's Mixed Bag; Pension Phenomenon; Speeding the Missiles; Shorter Notes.

THE WORLD OVERSEAS
East Germany's Farm Revolution 165
Mr Khrushchev Shows His Colours; Nato, Germany and Spain; Junkers and Samurai; Tunisia Goes to Work; Channel Crosscurrents.

THE BUSINESS WORLD
Moderation the Aim 173-179
Kaffirs in their Place 180

BUSINESS NOTES 184
Budget Markets; Railways; British Petroleum; Gold Reserves; Air Fares; Hire Purchase; Motors; Small Saving is Expensive Borrowing; Camp Bird; Diamonds; Coal; Big Jets, Small Sky; The Channel; State Building Society; The Exchanges; Stock Exchange; Legislating for Traffic; Frozen Food; Raw Sugar; Shorter Notes.

COMPANY AFFAIRS 201
Vauxhall Expands; Lombard Banking; Waterlow & Sons; Whitbread; Glaxo; Unilever in Prosperity; Murphy Radio; The Charterhouse Group; Esso Petroleum.

London and New York Stocks 204
Money and Exchanges 206

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VOLUME CXCV - NUMBER 6085

Psychic Bid

WHEN Mr Amory rose to present his budget last Monday, the main question was presumed to be whether he would make a sufficiently large increase in taxes to satisfy purist economists, or whether he would refrain from doing so in order to avoid annoying his Conservative backbenchers. When he sat down he had made only a miniscule net increase in taxes for the coming year, but he had done so in a way that seemed deliberately designed to annoy his Conservative backbenchers as much as possible. This was a very odd budget, and it is having odd consequences in public discussion. The cross-bench debate in Parliament this week has been between those who have congratulated and those who have castigated Mr Amory for being austere, when in fact by all past standards he has been lenient.

In his budget speech the Chancellor recognised that he had to expect certain increases in demand in 1960 (an increase in consumption "of the order of 4 per cent," in Government current expenditure by "about 4½ per cent," private fixed investment by "at least 10 per cent," public investment by "about 6 per cent"). Together these would add up to between £900 and £1,000 million. This prospective increase in demand is almost certainly larger than the record increase in real gross national product that was achieved last year; last year's increase is at present estimated (admittedly, probably underestimated) by the official statisticians to have been only some £700 million, although the economy was then starting from a position where it had some unused resources to re-employ. Even when every allowance is made for the smaller scale of the problem between the two financial years (1959-60 and 1960-61) as distinct from between the two calendar years (to which the above figures relate) and for the head start given by high production in the first three months of this calendar year, there is still a clear gap between expected demand and probable supply for 1960. According to the tenets of orthodox Keynesian finance that gap should be covered by tax increases. Some stern purists estimate the gap at over £200 million, others at perhaps between £100 and £150 million, but nobody can argue with a straight face that the "just the right level" of restraint is likely to be the £12 to £13 million of net tax increases which this budget has in fact imposed.

Mr Amory has forborne to raise taxes by more than this, presumably for one or all of three reasons: either because he regards such action as "politically impossible" (even although the next general election is a full four years off); or because he accepts the thesis that increases in taxation tend to be inflationary because of their effect on wage demands (and prices); or because he regards these annual forecasts of the probable increases in demand as so shaky that stern action cannot sensibly be based upon them. One must have every sympathy with any sceptical view of statistical prognostications. But to say that official forecasts of demand are often wrong is not the same thing as to say that one can confidently trust that they are overestimates; as a matter of hard fact, they have more usually (as last year) been underestimates. That is why there must be some concern that Mr Amory has chosen this year of threatened inflation to tilt the balance further from statistical budgeting to psychological budgeting. Fiscal policy, the new Treasury philosophy appears to say, should give up the absurd pretence that it can try to be a neat regulator of total demand; budgets should now be recognised as important mainly for their impact on men's, especially

business men's minds. That is the only pattern one can discern behind this year's tax changes.

In order to offset £27 million a year worth of minor reliefs —such as the greater releases of postwar credits to hardship cases, the abolition of the cinema tax, and the higher income tax allowances to widows and elderly dependants—Mr Amory has increased the tobacco tax by £39 million a year (equivalent to 2d. on a packet of twenty cigarettes); the £12 million net which he thus acquires is utterly insignificant as a force to reduce demand, but the Chancellor obviously regards it as psychologically important to be able to say that he has taken something net back. Secondly, he has announced an increase in profits tax by 2½ per cent, which will bring in virtually no new revenue this year and which even next year is unlikely greatly to cut demand; profits tax is less effective as an anti-inflationary weapon than almost any other tax, because relatively (repeat, relatively) less of it is paid by money withdrawn from spending and relatively more may come out of corporate saving. But once again the Chancellor apparently regarded it as psychologically important to make businessmen feel that he stood ready to impose "just a touch of the brake" on their ebullience, even although he is not immediately going to restrain their markets. The third main feature of the budget—the Chancellor's assault upon tax avoidance (discussed on page 178)—has some of the same objectives, though its purpose (as distinct from some of the methods chosen) is much more easily defensible than the increase in profits tax. But, *pace* popular mythology, the real resources that can be saved here are tiny; even the Chancellor's fairly draconian measures are not expected to have any appreciable effect on the revenue in any one year, and Mr Wilson's proposed measures would not do so either.

It is quite obvious that Mr Amory has had a political fight, within the Cabinet and elsewhere, to be allowed to show even this degree of seeming sternness in his budget; and two arguments can be proffered in support of his tactic of making this mouse of a budget a surprisingly pink mouse, designed to frighten capitalists only. Part of this year's threatened upsurge in demand arises from the sudden rise in spending decisions taken by businessmen last October, in delighted response to the Conservatives' election victory; if a doubt can be instilled whether all businessmen under a Conservative government will always and inevitably have it so good, perhaps some of these spending decisions might just conceivably be cut back. In this unwonted role of trying to look like an ogre while not actually reducing order books, Mr Amory's most valuable allies this week have been his right wing Conservative critics; if the Lord had not created Mr Nabarro, the Chancellor might have been well advised to essay the improbable task of inventing him. Secondly, the Chancellor is presumably hoping that trade union leaders may be induced to greater restraint later in the year, when they remember what anti-capitalist things he has done. But there are potent reasons to doubt whether this procedure of scowling at profit-makers, and marginally increasing the tax on smokers, will be enough to contain inflation.

The first of these reasons is that Mr Amory himself clearly does not really believe that it will. In each of his two previous budget speeches, he had intimated that he stood ready to expand demand further later in the year if circumstances showed that he had not re-energised the economy enough. This time he said on Monday that it was "likely" that he would have to "take other steps to restrain further expansion of private credit"—clearly because he suspects that the economy may soon be re-energising itself too much.

As for hopes that beastliness to capitalists can have any effect in inducing trade union wage restraint, the answer to that was given—in almost comic relief—to ten million televiewers on Monday evening. "Although," said Mr Cousins in a television interview, "this is the first time, so far as I can remember, that a Conservative Chancellor has increased the profits tax. . . ." In fact, in four of the last ten Conservative budgets Conservative Chancellors have increased the profits tax; they have used it as their first weapon whenever there has been a whiff of inflation in the air; and after each of these occasions, politicians have eagerly and privately explained to the Press that this sort of action makes a much greater psychological impact on trade union leaders than outside cynics suppose. At the end of this protracted essay in impact-making, the biggest of trade union leaders, transparently honestly, does not remember that these exercises designed to impress him have ever been undertaken at all.

So much for the psychological economics of Mr Amory's pink mouse. It is reasonable to suspect that its pinkness has a political objective as well. The idea is that since a budget that does not shower tax reliefs is bound to be unpopular, it had better be made unpopular in a way that marginal voters will not regard as redolent of traditional right wing Tory vice. This is a political tactic that Mr Macmillan has seemed to favour before (it is astonishing how closely the details of this budget repeat those of the single and very unsuccessful budget of Mr Macmillan's own chancellorship in 1956). But the simple fact about the politics of this (or any other) budget is that they will prove successful only to the extent that its economics do not prove to be inadequate.

If economic expansion continues without inflation throughout the coming year, then the fact that this budget gave no tax reliefs will be forgotten by the British public almost as quickly as it will be forgotten by Mr Nabarro; if inflation intervenes, and expansion has to be checked by whatever means are available, then the fact that this was a profits-taxing budget will be forgotten by the indignant marginal voter almost as quickly as past essays in taxing profits have already been forgotten by Mr Cousins. The immediate future of British politics and the British economy will depend wholly on whether Mr Amory's calculated risk with the unclosed inflationary gap comes off.

It may, indeed, come off. This budget leaves the British economy still advancing at very high speed down the middle of the road, with Mr Amory waving his hand over the brake but still forbearing actually to touch it. It may be that none of the impediments that could lie in the middle of the road just round the next dangerous corner will actually appear there. Even if they do appear—if a one or two per cent inflation of prices is now suffered, or if a balance of payments deficit recurs—it may be that the rot can be stopped there, without interfering with expansion, by the credit controls that Mr Amory has very clearly proclaimed to be the next, and possibly early, defences.

If these credit controls take the form of action to thump gilt-edged prices down in the market and to raise Bank rate, then the Government will be relying on the sort of economic policy that *The Economist* itself has long advocated in general principle; it will be laying relatively greater reliance on high interest rates, and relatively smaller reliance on high taxes. It could be wished that this experiment were being started at a less difficult and unpropitious time, when there was less danger that it might have to work directly against a general expectation of increases in prices, which the railway wage surrender of last February may now be setting in momentum. If the credit controls that Mr Amory has in mind are, less desirably, Bank of England special deposits, hire purchase controls or (much less likely) compulsory liquidity ratios for the commercial banks, then one must be even less sanguine that these will suffice by themselves to turn any powerful engine of inflation into reverse. By greatly increasing expenditure (which was the original sin) and then refraining from raising taxes to pay for it, the Chancellor has laid a heavy burden on the broad shoulders of credit controllers; it is a burden that a more neutral fiscal policy could have made less onerous for them in 1960.

Search for Time Past

General de Gaulle's visit should now encourage Britain and France to see their differences for what they are

London's cheers are still in General de Gaulle's ears. He may wonder what exactly they mean. London has given two welcomes this week: to the Queen on her first appearance since the birth of Prince Andrew, and to the General de Gaulle whom it has not seen since the Normandy landing fifteen years ago. How many cheers there were for the President of France and the *entente* is harder to guess at. The English are a sentimental people: never more so than in the ineffable presence of their own past. They were even ready to believe on Tuesday that the general's khaki uniform was really the same one he wore when he arrived in that ominous June of 1940: perhaps he even thought he was the same man.

Memories have been jogged this week by the state drive, by the lustrous group on the palace balcony, and by General de Gaulle's very presence, of what Britain and France once were to the world and to themselves. For two peoples now preoccupied with their dwindling influence and status some things are infinitely precious. For Frenchmen the uninterrupted greatness of France depends on General de Gaulle's action when his country was "struck down in the vanguard of the battle." For Britain that time of mortal peril was the last when it appeared as an independently great power. This week the general and the people of London alike have indulged in an affectionate, nostalgic and understandable recollection of days that are done.

Has anything else happened? In an emotional experience minds and manners can change with a rapidity that baffles the intellect. Impulses are given voice, ideas become clear that were only half-clear before, and a new shape of things falls into place. For General de Gaulle, as *Le Monde* has pointed out, Britain has been many things already: refuge, school, ally, rival and model. It is too early to know what idea of this country he has taken away this time. He will have sensed, it may be hoped, the deep but very rarely expressed sympathy for France that has survived the conscious and unconscious offences against the alliance committed by each side. Since the *entente* came into being after King Edward VII's state visit to Paris nearly fifty years ago it has been plagued by blunders and blindness, by the pride of two powers aware of how precarious their greatness was becoming, by their weakness in refusing to acknowledge their faults to each other, and by their very reliance on the displays of friendship that pomp and circumstance provide both to express their formal unity and to hide the wide, and often legitimate, divergences of their everyday policies.

General de Gaulle is himself the personification of the psychological strength and weakness of the Anglo-French relationship. His respect for this country has endured despite his frequent and bitter objections to its behaviour. He has felt drawn to British sympathy, even when most estranged by the manifestations of British selfishness and superiority. He had his diplomatic training in the cabinet room in Downing Street. From the Churchillian presence, and from his whole wartime experience, he emerged, as he has declared in the last volume of his memoirs,* with two inflexible principles of conduct. These have been to obey the iron rule of nations: "to give nothing for nothing," and to identify in alliances, however cordial, the "hallowed egotisms" of their principal members. It is no wonder, then, that Anglo-French relations have come so often close to the rocks.

It is possible to take issue with the historical interpretation that General de Gaulle has put on British conduct towards him. Even so, it has seemed that if ever the circle of misunderstanding and mistrust were to be broken, some minor truths would first have to be spoken and some small gestures, however contrary to the iron rule of nations, made. General de Gaulle paid in Buckingham Palace the generous tribute to British resistance in 1940 that Britain has somehow wanted to hear and that some Frenchmen, however understandably, have seemed reluctant to make. Have we now, at long last, got 1940 off our chests? Has General de Gaulle at length recognised, in the marks of official and unofficial attention this week, a British willingness to treat him as an equal?

Many things still divide us: let us say so in future. When they are perverse, nonsensical, xenophobic naggings on each side, such as a correspondent reports on page 170, it is neces-

* "Salvation, 1944-46." Weidenfeld and Nicolson. 298 pages. 30s.

sary to bring them into the light for what they are. When they are important questions of policy it is all the more urgent to tackle them in their own context: not to see them as a deliberate continuation of the Hundred Years War.

The chief difference between Britain and France at this time is analysed in the article that follows. It must be said frankly that the opinion has grown up in this country that, in the last resort, General de Gaulle would not welcome British adherence to the common market, any more than M. Schuman, in his heart of hearts, wanted British membership of the coal and steel community ten years ago. If this is so, let it, too, be said ; there are political reasons for such an attitude that are perfectly explicable to British opinion. What Britain cannot swallow is the fact that the French continental system seems to be deliberately aimed at this country's interests. There are more voices to be heard in Britain today than ever before lamenting the opportunity that this country missed in its European policy after 1945. But that is not to say that Britain can make the decisive gesture to improve these relations at this stage. Only a word from General de Gaulle, when he has finally made up his mind about the form of Anglo-French relationship he wants, would alleviate the fears that must otherwise fester at each successive development of the common market's plans.

BRITAIN'S psychological attitude towards France has already been influenced by the general's advent. There are continuing and not wholly groundless fears of General de Gaulle's policies. He is assured of British, and American, sympathy whenever he seeks to secure a political settlement in Algeria. But that does not mean that France's allies are not entitled to criticise his apparent failure to end the feudal relationship between Paris and the French army in Algiers. It ought not to be taken as a slight when those who question the wisdom of Britain's nuclear armoury apply their arguments to the general's vision of an independent French striking force. When there is a difference of opinion over summit policy it is worth while expressing it; the news always get out anyway and is distorted by secrecy. All these feelings are still present in Britain after General de Gaulle's visit. But some strange and surprising portents have been visible too.

After all, it is not every day of the week that a foreign statesman of General de Gaulle's pretensions is treated with respect by such tribunes of the people as Mr Muggeridge and Mr Crossman. No other visitor, known to be at such loggerheads with British policy, could have received as sympathetic a welcome as General de Gaulle has done in the streets of London. It may simply be a tribute to a great, if fallible, man. It may, perhaps, be something more ; it is too soon to tell.

To suppose that anything concrete has transpired in General de Gaulle's intermittent conversations with Mr Macmillan this week is difficult ; after all, there seems to have been no attempt at serious negotiation during their lengthy talks at Rambouillet last month. The general's real demands from the Anglo-Saxon powers can only be satisfied in Washington in a fortnight's time. There were signs in his speech at the palace that he regards Britain, for all its necessary and inevitable concern with continental Europe, as still primarily an Atlantic power. If this is so, it may be supposed that his willingness to restrict and cushion the common market's influence on British economic interests will depend on how he sees the development of the wider western relationship. Even so, he must be aware that British understanding is still necessary to his ideas for Europe. His visit may have re-kindled some of the necessary sympathy. Something for something: the exchange this week has been about equal in sentiment and cordiality. But it remains to put it all to the test of reality.

Mr Macmillan's Map of Europe

A common hostility to Britain makes a bad cement for the European house ; it is a pity for British Governments to encourage it.

TWO days after the reports reached Europe of what Mr Macmillan said about the European Community in Washington last week, the European Parliament (the assembly of the common market) at Strasbourg expressed its support of Professor Hallstein's acceleration plan with only one dissentient. The European Parliament had not been untroubled by doubts of the wisdom of the Hallstein proposals, as the first day of debate, March 30th, had shown. However, it seemed enough for a British statesman to launch a serious attack on the community of the Six in its political aspects, for the parliamentarians of the community to put aside their economic and social doubts and rally to their political slogan.

A typical comment, though more mildly worded than many, was that of the *Frankfurter Allgemeine Zeitung*. The British Prime Minister was reported, accurately as it seems, as having recalled to the under-Secretary of State, Mr Dillon, Britain's struggle against Napoleon and his Continental System ; and also (though this the Foreign Office has denied) as having expressed misgivings lest the pan-European pretensions of the Third Reich might reappear. The newspaper retorted that this kind of European power-policy talk was unreal and out of date. It added that there was a real need for European union in Napoleon's day, and in Hitler's ; if the need had not existed, Napoleon and Hitler would not have been able to misuse it.

Paying to British statesmanship the accustomed compliment of assuming that it knows what it is doing, most of the European parliamentarians and commentators take it for granted not only that Mr Macmillan said what he was said to have said, but that he said it intending that it should be passed on, as a direct challenge to the European integrationists and a frontal attack on their political designs. This, remarked the *Süddeutsche Zeitung* in one of the very few articles that have urged the German public to consider the British misgivings seriously, was not a shot across the bows of Community Europe but a shot straight into them. Something about Mr Macmillan's conduct of diplomacy causes German journalists to dig out their naval metaphors : "Britain seeks to torpedo the European Economic Community" was the headline of the *Deutsche Zeitung*. But if this is naval warfare, neither side has a monopoly of torpedoes ; it is Mr Macmillan who has lumbered into the hostile periscopes this time.

Mr Macmillan is, of course, right to fear that if free Europe goes on organising itself into separate inner and outer groups, the resultant division will not be confined to its trading life but will tend to disrupt it politically. He has only to look at the trade figures, at the map, at the British strategic commitment on the Continent, and at the reasons for it (as compelling as ever they were) to see that in that event, British interests will not be unaffected. The fact that the biggest of the Six, France and Germany, harbour divergent aspirations and barely concealed suspicions of each other can be no comfort to Britain. The very paucity of common positive aspirations between themselves tends to make Frenchmen and Germans, or their governments, rely on a common distrust and jealousy of Britain to hold them together. Nobody can benefit, unless it is that jolly, thriving wooer in the background, Mr Khrushchev. Anti-British feeling will make a poor cement for the European house ; but how liberally the material for it is offered, and how readily snapped up.

AT least there is this to be said for Mr Macmillan's remarks in Washington, that they have brought the dangers and the fears out into the open where they belong. But what can be done to remove them ? To judge by the Foreign Office statement issued on March 31st, the day of Mr Macmillan's return from Washington, although the British Government has begun to grasp the nature of the danger, it still believes the choice of remedies to be wider than it really is. The statement attributed to Mr Macmillan the fear of

> a grave economic split reaching proportions that would inevitably threaten the political unity of Europe too .... The Prime Minister was pleading for the reduction of the economic gap to the minimum.

But the split is not just economic, and economic means alone will not close it. Professor Hallstein's plan to hasten the birth of the common market is a deplorable thing to those (including *The Economist*) who hoped that at least an effort could be made to use the remaining time, before the common market became finally differentiated from the rest of Europe, to effect either a merger or a reconciliation. But it was not devised purely from a whim. The Hallstein plan flows from a belief that the European Economic Community is a political organism in which the economic aims, though important, are subordinate; this is a quite different kind of thing from the European Free Trade Association, a traders' mutual defence society, whose political characteristics, if any, will be incidental.

The authors of the Hallstein plan do not want the two organisms to be brought closer together and made to resemble each other, because they do not believe that this could be done without diluting the character of their community. On the contrary, they are seeking to differentiate the common market from the free trade association as sharply and as quickly as they can ; to their mind, until their group is distinct from the rest, it will not have begun to be a union. Their attitude may be tiresome, and its realism can be doubted ; but to expect to overcome it only by a negotiation about trade arrangements is less realistic still. If Mr Macmillan wants to prevent the political division of free Europe which he fears, he will need a political weapon.

It is hard to see what weapon he can possibly expect to find so long as the British Government is not prepared, on some terms or other or in some manner or other, to enter the European Economic Community itself. The threat of a British isolationism is quite useless. As things stand, the Six have a watertight defence against all attempts to prise their relationship open. As they argue, it is not they who are dividing Europe ; what they are doing is to form a European union ; if any dividing is being done, it is by those Europeans who, while they will not join, object to the Six having a relationship among themselves different from their relationship with others. One may question whether some of the exponents of this attitude are entirely without mental reservations when they express pious regret that Britain will not come in—though one cannot question the sincerity of them all. But Britain's tactical position is equally hopeless whether they are sincere or whether they are not, unless Britain can make up its mind that to have stayed outside was a mistake that ought, at the first opportunity, to be put right. Short of that, the opponents of British influence in Europe have the whip hand.

Plainly there are big obstacles to such a course. The supposed weighty reasons why Britain can do no such thing have been so doggedly canvassed that they are now widely believed on the Continent, and the sincerity of a British change of policy would be questioned ; those Europeans now busy sighting British torpedoes would be up on the battlements in a twinkling, giving warning of a British trojan horse. The fact that the European Free Trade Association has actually been formed, under British leadership, has put Britain under obligations which cannot simply be discarded. The British would find it difficult to explain a change of policy to the Six, to their associates in EFTA, and to themselves ; but now that the dangers of the present course have been painted on the wall by Mr Macmillan, they ought not to find it impossible. The best place to start would be at home.

ALL this would take time ; and the danger is obvious that during that time, British relations with the Six will be going from bad to worse. What is needed is a period of peaceful co-existence within free Europe. But the "Europeans" will be pressing on with their acceleration measures ; the British might run into payments difficulties—perhaps more the result of domestic events, or of a general trade fluctuation, than of any foreign discrimination—and might be tempted to go in for restrictive trade measures themselves, as the Prime Minister hinted to Mr Dillon.

But a restrictive British trade policy would tend to make the common market more restrictive in turn, and the atmosphere would get worse instead of better. Liberal tariff policies, the avoidance of quota restrictions, and a readiness erring on the side of quixotry to extend to the Six and the United States as many as possible of the trade concessions which Britain is preparing to make to EFTA, would bring political dividends and, economically, would do more good than harm in the end. This, of course, assumes a firm hand in internal economic policy. It would, however, be the only way of strengthening the hand of the considerable groups within the common market

countries that want the trade policies of the Six to be liberal; broadly speaking, these are also the groups that dislike the European split and would be glad to see Britain in. In that way the gap between the Six and the Seven could be kept down to a manageable size while the search for a political settlement went on.

Trade policy alone would not do the trick. There would have to be other positive signs of a British desire to draw closer. The pooling of control over nuclear arms would be one field where that desire could be shown, and it could have special importance in clearing up the relationship with General de Gaulle. Success cannot be guaranteed for such a policy; but it does contain a possibility of success, which a policy of isolation and retaliation does not.

Dogs in Clover

Britain's dog population is declining quite sharply, but it is becoming much more select



NOBODY needs telling that Britain is a nation of dog lovers. The canine kaleidoscope that can be seen taking exercise every Sunday afternoon, the several thousands of dog shows a year, the national network of dog clubs and even two fans' weeklies, *Our Dogs* and *The Dog World*, speak for themselves. But British dogs are at present caught in a whirl of social change: they are going down quite sharply in total numbers, although they are going up in pedigree quality.

The movement of upper-class families from country houses to urban flats, the drift from the countryside into suburbia, and the spread of surburbia into the countryside have not been favourable to dogs. The number of dog licences taken out each year has fallen from 3.1 million in 1950 to 2½ million today. No doubt there are also many unlicensed dogs; but since the cost of the licence has remained at 7s. 6d. a year, while the value of money has fallen, there is no reason to suppose that there is now a greater proportion of canine tax-dodgers than there was in 1950. Meanwhile, the dog's main competitor in towns, the budgerigar, has gone ahead by leaps and bounds; its numbers doubled between 1954 and 1956 alone. In spite of the strong class element in dog ownership—it was shown by a recent market survey to be much more an upper- and middle-class animal than the budgie—it seems that the pull of keeping up with the Jones's status-symbolic dog has not generally been enough to offset the effects of urban life.

But within this smaller number of dogs there has been a change well in accord with the tenets of an affluent society. Pedigree dogs are now eagerly in demand, while mongrels are almost totally neglected (a source of concern, incidentally, to the RSPCA, since mongrels continue to be born). Thus, while the total dog population has fallen by 20 per cent in a decade, the number of pedigree dogs registered each year with the Kennel Club has more than doubled since 1940, and is now running at the rate of 127,000 a year. Pedigree dogs are preferred for many reasons. Their temperament can be accurately gauged while they are still puppies—an important consideration for those who are going to share limited flat-space with their dog for some years to come. They are also, say the breeders, more civilised and are certainly more helpful to the prestige of the owner. The limiting case, when dogs become merely a canine appendage of fashion, is shown by the overdressed poodles and pekinese which trot uncomfortably to and fro in Kensington between chi-chi flats and dog beauty parlours. But, in general, the trends in dog popularity have a more logical basis than that.

As the table shows, poodles are now the outstandingly popular breed of dogs; they are preferred because they are

ORDER OF POPULARITY OF PEDIGREE DOGS

	1959	1956	1938
Miniature poodles	1	1	47
Welsh corgis	2	2	18
Alsatians	3	4	8
Boxers	4	3	70
Toy poodles	5	*	*
Cocker spaniels	6	5	1
Labrador retrievers	7	7	6
Pekinese	8	6	4
Dachshunds	9	8	7
Cairn terriers	11	9	5
Wire-haired fox terriers	13	10	2
Scottish terriers	19	17	3

* Not recognised as separate breed until 1957.
Source—Kennel Club Registrations.

good and intelligent town dogs and because, like pekinese, they appeal to women. (Women easily outnumber men in all fields of dog activity and their whims account for a considerable part of the dramatic changes in canine popularity). Corgis have done well ever since the Queen began owning them. The unchanging position of Alsatians and retrievers suggests a constant basis of male promotion and support. On the decline are spaniels, who headed the Kennel Club's league from the middle thirties until the late forties, and all sorts of terriers. Terriers have a bad public image; they are thought of as rat-catchers—and, say detractors, "are no more suited to modern living than an old lady to a sports car." But the real reason for their decline goes deeper, and raises fundamental questions for and about the modern dog-breeding industry.

FOR dogs, like any other commodities that are bought and sold, are a business as well as a pleasure. Commercial breeding is largely a woman's occupation, and one of very small-scale enterprise. There is the average breeder who sells her puppies at 10 to 15 guineas each, the owner of a fine pedigree who hires her dog for stud at between 3 and 10 guineas a time, the expert who sells mature champions to Americans at £150 apiece, the kennel owner who boards dogs for 5s. or 6s. a day, and the beautician who charges thirty shillings for a poodle's fancy "clip, bath and nail-cut." Some of these people depend for their entire livelihood on dogs, but it is rarely a very good livelihood and many of their competitors work part-time.

For dog-breeding is an occupation for enthusiasts. There are no limited liability companies in the business. Profit margins are narrow or non-existent, even on the unduly low costings usually adopted. The optimistic woman who, having made some pin money out of two bitches breeding in the back garden, tries to make a living out of twenty, housed in more elaborate kennels, very often comes a cropper. The end effect of many dog-raising ventures is to transfer income inexorably from husband to wife.

As long as the men do not object, however, the women's enthusiasm is unbounded. They tour the country with their elegant dogs, exhibiting at many of the 3,500 shows a year held under Kennel Club auspices, and possibly at others as well. These shows, attended by energetic country women in the inevitable horsey tweeds, are not only typical of one slice of British life (like amateur societies in the suburbs, dog shows are a meeting place for people who form the backbone of the middle-classes); they are also the profession's shop-window. With pet shops falling into increasing disfavour, the market place for dogs has shifted from the normal shop window to the dog show—and, from contacts made there, outwards through direct advertisement in the dog breeders' press. The export market, which last year took over 4,500 British dogs, is also tapped through the big shows, especially Crufts. Crufts had a record entry of 7,209 top dogs this February. It is from out-right winners in this event that the real money-spinning animals—like the pekinese for which an American recently offered £10,000—emerge.

But this show business has its dangers, for breeders and public alike. It puts a premium on the breeds of physically perfect dogs in a way that can, and often does, virtually destroy the animal's real character. Terriers were the first dogs which, in the interest of show-points, had their lively intelligence bred right out of them; over the years these bright and energetic dogs became smaller, prettier and more delicate until they were little more than a drawing-room show-piece. Bulldogs, originally fighting dogs but now more often asthmatic waddlers, have suffered the same fate. Poodles, once little-known hunting dogs, are moving fast in the same direction.



It is this inbreeding for physical perfection, and the consequent degeneration of stock, which perhaps above all else has been responsible for the constantly changing pattern of dog popularity. It is only dogs too big to be bred as indoor pets (such as mastiffs and Great Danes) or with a real job still to do in the country (such as Labradors and beagles) that have escaped this debilitating process. Here, as elsewhere, show-business has its snags.

NOTES OF THE WEEK

SOUTH AFRICA

Panic Within—

TOO deeply committed to go back, too panicky to stand still, the South African Nationalists plunge on down the path to disaster. Perhaps they never saw a choice. Their tactical retreat over the pass laws proved only temporary; in any case the emergency regulations enable a man to be locked up or beaten up without the excuse of a faulty pass-book. In the course of the debate on the bill banning the two African congresses Mr Erasmus, the minister of justice, declared that he would use all the powers at his disposal to break "the unprecedented reign of terror." The terror is now in the hearts of his shaken followers; by these desperate measures, effective though they may be in the short term, they are creating, not breaking, a reign of terror.

Because of the confusion and unreadiness of the great body of Africans, the government should not find it hard to outdo in intimidation the Africans who have been trying to enforce the stay-at-home. When it comes to threatening or bashing people into submission, the police still have the edge in experience and weapons over any African organisation, especially one whose leaders and spokesmen have been swept away into arrest. The methodical beating up of Africans in the Capetown streets and houses at the beginning of the week is only new in its scale and its publicity; the police have in the past doled out the same sort of repugnant treatment to the more independent minded African districts, such as Sophiatown, in order to show who is master.

Meanwhile the net of arrests has been spread wider than ever before, as has been shown up by the flight of Dr Reeves, the bishop of Johannesburg, to safety in Swaziland. The net includes the responsible and the irresponsible alike; there is now probably nobody left at liberty with whom the government could negotiate the end of this civil war into which it is thrusting the country.

How long can the South African government run things this way? Ultimately, the Africans will become less easy to intimidate. Members of the Pan-Africanist congress, led by Mr Sobukwe, have shown a new and much bolder face by courting arrest and refusing to defend themselves in court. Others will follow their lead. The only glimmer of hope in days that are dark with shadows is that the government's panic measures may jolt the Afrikaners rather than the Africans, into revolt. Many intellectuals have long been going through a painful re-appraisal; an article from South Africa records on page 180 the growing desire of the Afrikaans business section for liberal changes. On Wednesday, a group of industrial leaders urgently requested a meeting with Dr Verwoerd to propose, among other things, immediate consultation with moderate African leaders. In the end, it may be a crack in the White ranks that transforms the situation.

—Revulsion Without

OF all the many loads that have been cast on Mr Hammarskjöld's shoulders, the most unwieldy was the Security Council's instruction to him last week to make arrangements for reducing the threat that the South African situation poses to international peace and security. The council's resolution, which called upon the Union to abandon apartheid, gave its members (except for Britain and France, who abstained) a chance to express their repugnance at the Union's repressive

policies. But the marginal effect that this may have on the South African government probably does not compensate for the discredit the Security Council does itself when it passes resolutions for rhetorical effect.

Outside South Africa individuals can criticise the Union government with as much breath as they have in their bodies or ink in their pens. The more difficult question is what can usefully be done from outside at national or international level. Respect by one government for the privacy of the internal affairs of another is a good general rule. The reverse can, and often does, result in trouble all round. But by general accord there are exceptions to this rule; and the fear of creating precedents for the dragging of other skeletons out into the light should not prevent their recognition. It is now no more to a government's credit to be mealy-mouthed about South Africa's repression of its majority than it was once to turn a blind eye to Hitler's treatment of his Jewish minority.

On the other hand, the least valuable reaction for outsiders is to relieve their consciences, collective or otherwise, by blowing off steam. Probably the most salutary reproof can come from those who South Africa thinks are its friends; the critical resolution in the Dutch parliament this week may have been to many Afrikaners an even more telling blow than Mr Macmillan's speech at Capetown. On another tack, the Africa Bureau in London has suggested that the Security Council vigorously take up the question of United Nations trusteeship over South West Africa (which has always been denied by the Union) and so work towards establishing a UN "presence" in South Africa. This would be a path strewn with diplomatic hazards, but it is not less, and may be a little more, realistic than the council's resolution last week. The growth and spread of world revulsion cannot fail to make an impact even on the Union's hard skin—above all, through the minds of those Whites who already feel their government is sadly off course.

BUDGET DEBATE

Ranks of Tuscany

At the beginning of his budget speech, although nobody remembers this now, the Chancellor faced a restless Opposition side of the House. Question time had gone badly for some Labour members; Mr Boyd-Carpenter had baulked them, and Miss Hornsby-Smith annoyed them, with a string of smooth answers to a badly prepared budget day propaganda campaign on the pensions front. Mr Amory's necessarily dull opening statistical summary was interrupted by constant Labour muttering, as when he cited how unemployment figures have gone down ("Ah, but they're going up now," murmured one Labour MP, which they aren't). The implications of Mr Amory's surprisingly inflationary estimates of the probable rise in demand in 1960 seemed to pass over every member's head. The first chortles of delighted anger came from the Opposition as he made it clear that he would have no net reliefs to give away.

But, as so often, a joke completely restored the good humour of the House. "My first budget proposal relates to hackney carriages," said Mr Amory solemnly; two minutes later, as "inspired by reforming zeal, and moving on from one bold action to another," he proposed "a small alteration in the scope and administration of the duty on mechanical lighters," a now laughing House was his. It was at this stage, after dispensing his two doses of sweetness and light about heavy wines and cinema duty, that he turned round to hit his own side in the solar plexus, and for a time seemed to be recruiting the Opposition as his fans.

The most dramatic passages in the budget speech were the twenty minutes that he devoted to blocking tax evasion. As Mr Amory leant over the dispatch box, rolling out the word "retroactive" as he clawed back some tax money from colliery companies and attacking tax-loss farmers, he was cheered on almost solely by an Opposition from whom he was stealing some popular underclothes. His increases in the tobacco tax and in profits tax were imposed at full speechmaking gallop, but the increase in profits tax was still nearest to most members' minds when he sat down. As he did so, a sea of waving order papers greeted him from the other side, while behind him a few Conservative members were prodding their neighbours to suggest that perhaps they too ought to cheer. But on the Chancellor's right the Nabarro group of rebels were arranging their abstention on the tobacco vote.

Tory Revolt

So far, the Tory leaders feel that they can take the rumblings of budget revolt in their party with equanimity. Mr John Peyton, the member for Yeovil, is reckoned a more considerable personality than most of the other protesters; and some eyebrows have been raised at the abstention of so solid a citizen as his next-door neighbour in Honiton, Mr Robert Mathew. But in general the baker's dozen or so of malcontents tend to be written off as "publicity seekers" (such as Mr Nabarro), or "former Suez groupers" (like Lord Hinchingbroke) whose lack of enthusiasm for the present Government has already been discounted. Those with their ears to the constituencies' ground claim that there has been no evidence of a general outcry against the budget among members of the Tory party in the country. The possibility has not been overlooked however that the publicity given, particularly in the *Daily Telegraph*, the beloved bible of Tory colonels and country ladies, to Mr Nabarro's unbridled comments may in itself stir up trouble later on. Mr Thorneycroft's intervention on Wednesday, which was directed to demanding cuts in expenditure rather than in revenue, is regarded more uneasily. His strictures come much closer than Mr Nabarro's to pricking Mr Amory's conscience.

It is not the Chancellor's intention to have any truck with Mr Nabarro during the committee stages of the bill. Certainly he will not make any concessions that will involve giving revenue away, for he knows quite well that the real doubt about his budget is whether it has been too soft, not too tough. The personal terms of Mr Nabarro's attack upon Mr Amory have apparently been deeply resented by some of the Chancellor's colleagues. The one real storm over the Finance Bill is likely to centre on the discretion asked for by the Treasury to deal with tax avoiders in the City. The Government had originally thought (and perhaps still thinks) that it should be able to ride over this one—if necessary, by asking Tory members individually whether they want to find themselves in the same political corner as "some of the worst sharks in the business." This attitude ignores what the fuss will be about. The proposed changes in the income tax code are Labour-like measures that have been drawn up by Tory ministers (which gives them teeth without spite), but they will be operated by Inland Revenue inspectors (whose job should be to administer the law, never to create it). There are some important constitutional points here about controlling our bureaucrats as well as effectively thwarting our tax dodgers, and it is not only right wing MPs who will want to watch them.

EUROPE

Dr Erhard's Rearguard Action

Just when British pressure appeared to be giving the plan to speed up the common market an unlooked-for impetus, the internal opposition to the plan in western Germany has made itself felt with some modest effect. On Tuesday the Bonn cabinet welcomed the plan in principle but put off the decisions about its execution pending a report from the four ministers most closely concerned—Herr von Brentano, the Foreign Minister, Herr Etzel, the Minister of Finance, Dr Erhard, the Minister of Economics, and Herr Schwarz, the Minister of Agriculture.

Dr Erhard's opposition deserves some of the credit for this postponement, so welcome to the British. But Dr Adenauer may have been strongly influenced, too, by the objections of his Minister of Agriculture and of the powerful farmers' union. The farmers' hostility owes nothing to any wish to keep the common market open to the outside world. It expresses the simple protectionist desire to stave off as long as possible the competition from the rest of the community—particularly, in agricultural produce, Holland—which will make itself felt when the barriers fall.

It may be that the European Commission, in the person of Professor Hallstein, will now counter-attack and urge Dr Adenauer to expedite the plan. But there are strong technical arguments for delay, of which Dr Erhard will no doubt make good use. Legally, it is held in the Bonn Ministry of Economics that the acceleration plan needs approval by the Bundestag. This objection may well be overcome, but the technical difficulty of working out and preparing the application of the new tariff may still rule out July 1st as a starting date.

If the deadline is put off for three or six months, a little more time will have been gained for talks between the Six and Seven. But it would obviously be wrong to place much hope in these talks, so long as the fundamental division remains. It may be possible to alleviate some of the problems of the outsiders by postponing particular tariff charges, or applying tariff quotas in Benelux and Germany. But concessions of this nature might increase the reluctance of the French to apply their part of the bargain—the reduction by 20 per cent of the common tariff as it might have been. In the end the crunch of discrimination seems bound to come.

RUSSIA AND GERMANY

A to K?

Dr Adenauer is now the only one of the four leading western heads of government who has not had a private encounter with Mr Khrushchev this year or last. So it is hardly surprising that the idea of such a meeting should be mooted about. Dr Adenauer seemed to send up a kite in a speech in Los Angeles last month. Despite Soviet attacks on himself, he declared, such a meeting was not ruled out. Questioned at a press conference in Paris, Mr Khrushchev explained that he, too, considered meetings of this type to be valuable.

There are obvious reasons why Mr Khrushchev, for all the hard words he has been using about Dr Adenauer, might be interested in meeting him again. If serious negotiations on Berlin are in fact to be postponed until next spring, he might well find it convenient to break the long pause between two summit meetings by a talk with the German Chancellor which would show that negotiations were still alive. From Bonn's point of view, such a meeting would at least provide a demonstration to west Germany's allies that the Chancellor was not opposed to all talk with the communist powers.

Whether it would achieve anything else is another question. Dr Adenauer's last visit to Moscow, in September, 1955, resulted in the bringing home of the German prisoners in Russia and the opening of diplomatic relations between west Germany and Russia. The Germans, however, have made singularly little use of these channels, even though Dr Adenauer and Mr Khrushchev have corresponded at length from time to time, not always in friendly vein. A meeting between the two men might also bring only negative results. But it is just possible that both might feel obliged to emerge from the meeting with something positive to show their peoples.

DR BANDA'S RELEASE

The Miraculous Mr Macleod

After all the emotion spilled over Dr Banda's imprisonment it must have seemed astonishing to some people that his release should create scarcely a ripple in Westminster, as well as no riots in Nyasaland, and—so far—no apoplexy in Salisbury. The calmness at Westminster could have been foreseen. Dr Banda had never acquired the status of a "devil figure" of Tory mythology of the dimensions of Archbishop Makarios, Mr Kenyatta or even Mr Mboya—and many members on the Government's benches had felt uncomfortable about his continued detention beyond the publication of the Devlin report. In any case, Mr Macleod, whose timing both over Kenya and over Central Africa has so far been impeccable, ensured almost total immunity from domestic criticism by taking his most liberal actions in Central Africa just as the British press was full of outrage at what was happening in the Union.

The same factor must have helped him in Salisbury. Whatever local consequences Sharpeville may have for Mr Verwoerd's policies, its impact outside South Africa has certainly widened the Colonial Secretary's area for manœuvre in both of the plural societies on which he is at present concentrating. Now that Rhodesia's settlers have been brought face to face with a demonstration of what the South African alternative is really like, extremism there is temporarily hushed and the voice of conciliation can be more clearly heard. Dr Banda's dignified actions since his release have been perfectly directed to fit in with this mood. Although a cover of secrecy is being kept over the substance of his talks with Mr Macleod, it is quite evident what the aim of British policy is now: it is that Nyasaland should have Dr Banda as its African prime minister, but that it should maintain the closest possible ties (especially economic ties) with the other two members of the Central African Federation.

Nobody can tell whether Mr Macleod will manage to achieve this aim. But the critics of the Government's African policies on the left are increasingly finding themselves in the same remarkable position in relation to Mr Macleod as they do, over Algeria, in relation to General de Gaulle. After all the talk about both situations, once two master tacticians have appeared personalities are shown to matter far more than policy debates. All that anyone can do now is to cross his fingers and hope that each of these two contrasting prestidigitators somehow comes up with his rabbit in the end.

PARKING OFFENCES

Ticket Fines

Some fears have been expressed that the Government's new Road Traffic and Roads Improvement Bill, which Mr Marples hopes to get into force on September 1st this year, might impede the proper administration of justice. Its chief innovation, the ticket system of "post-in-your-own (flat rate)-fines" for certain motoring offences, was criticised by the Magistrates' Association some time ago for its exclusion of any opportunity to take previous convictions or individual income into account. These criticisms are unimportant so long as the system is confined to minor offences, breaches of mere administrative regulations which cause inconvenience but do not endanger the lives of the public. Two of the three offences to which the bill applies, obstructing the highway by parking or other means, and failure to pay the appropriate parking meter charge, clearly come within this category. But the third offence, of using a vehicle on the roads without lights or reflectors, is, potentially at least, much more serious, since it may well lead to loss of life. It has been suggested that cynical calculators might prefer to pay the fixed penalty, normally £2, rather than undertake the necessary but more expensive repairs. It is true that the individual constable will have the option of taking flagrant cases of violation to court—the motorist will not have any automatic right to a ticket—but the constable will not usually know the individual's past record. The motorist, of course, will still be allowed to fight each case in the courts if he wants to; if he has not chosen to post in his fine within the period set by the ticket, which will be not less than fourteen days, normal court action will be set afoot.

The bill's second major provision, the empowering of police authorities to appoint traffic wardens, is to be welcomed as a help to the police, who will be able to concentrate on more important duties; the ticket system will bring relief to the police's time, too. But suspicions exist that a new tribe of officials, armed with sweeping powers, are about to be unleashed to plague the public. The bill does something to allay these fears, since it emphasises the subsidiary role of the wardens as parking attendants and school crossing patrols; their duties, it is understood, will be at first restricted to stationary vehicles. Their powers are to be defined by ministerial regulations and will not be exercisable unless the wardens are wearing the prescribed uniform. But the real safeguard will be public opinion. These two innovations mean that after next September any parker who blatantly obstructs the highway will be much more certain than he is now to be caught and fined. So he should be. But if tickets fall on

merely technical offenders like autumn leaves, there will be a loud outcry from harried motorists ; and, on past experience, use of the new powers will then be informally eased.

The bill also makes some new attempts to tackle some of the pressing traffic problems of London and other congested areas ; these are discussed on page 193.

CYPRUS

Risky Poker Game

CYPRUS'S chance of a good start is being gambled away for a few miles of real estate ; a situation that depends above all on goodwill has already been soured, whatever may be decided in the end about the size of the British bases. Archbishop Makarios, Dr Kutchuk and Mr Julian Amery are meeting again in Nicosia to fish for the magic figure. At the beginning of the week Dr Kutchuk stepped in with a suggestion of 100 square miles—half-way between British demand and the archbishop's offer. The British have been giving the Turkish compromise "active consideration"; but the archbishop, fighting more for prestige than for land, has rejected it.

The Zurich and London agreements provided an escape from a disastrous situation, not a safe road for the future. The main reason for believing that the solution might work lay in the joint determination of Archbishop Makarios and Dr Kutchuk that it should. Now, after the exasperation of two postponements of independence, the confidence between the Greek and Turkish leaders, on which the agreements rested, has been badly knocked about. When the horse-trading over the British bases began, Dr Kutchuk was inclined to support the archbishop. Now he has veered towards the British side—which in the circumstances should cause no delight. At an anniversary celebration of Eoka on April 1st, the archbishop carried his brinkmanship a stage further by threatening a campaign of civil disobedience unless the talks were quickly concluded ; although he still spoke of setting up a constitution in accordance with the Zurich and London agreements, Turkish Cypriots have been interpreting his words as a reawakening of enosis.

Reactions to the archbishop's speech emphasised the degree of his isolation. The Greek government, plagued by its own troubles, and anxious only to have the Cyprus affair over and done with, dissociated itself from the archibishop's threats. Even the Greek Cypriots, though they were never enthusiastic about an agreement that diverged so far from their original aspirations, are less than solid behind him. The economic effects of this long transition period, during which unemployment has gone up daily, have given fuel to the left-wing opposition. Unfortunately, as the archbishop's position is weakened, the odds against the agreements working successfully grow.

DISARMAMENT

April Showers

"IN *my* country" said Kim, when his heated antagonist paused for breath, "we call that the beginning of love-talk". Perhaps the ten-power disarmament talks at Geneva have now reached a correspondingly intimate stage. Taken out of context, the words used by the delegates during the past week would seem to indicate that the conference has already reached deadlock. In reality, however, both sides are evidently digging in.

Last Friday Mr Eaton, the chief American delegate, said that the Soviet proposals would not meet the declared objective of complete and controlled disarmament, while the western plan would. On Monday Mr Zorin rejected the western plan even as a basis for discussion. On Tuesday Mr Eaton and M. Moch reciprocated, and drew a fresh burst of Mr Zorin's fire. Mr Zorin devoted a long press conference to demonstrating the rigidity of his position. But, at the end, he suddenly remarked that the conference had already yielded a certain rapprochement, and that there was no cause for despair. Meanwhile Mr Eaton had announced that his delegation meant "to sit here patiently and work out measures leading towards the goal of general and complete disarmament under effective international control. We came with this intention, we remain with this intention."

The apparent storm at Geneva seems, then, no more than an April shower. Will it bring forth sweet May flowers when summit time begins? That is more doubtful. Disarmament is a complex problem, and the heads of government will scarcely have the time, however strong their inclination, to get down to its real intricacies, though they may be able to cut one or two of the last knots in the tangle over nuclear tests. Mr Khrushchev, in particular, remains reluctant to face the essential difficulties. On his return to Moscow from Paris he announced that his views on disarmament agreed with those of General de Gaulle, and added:

> It was worth going to France simply to clarify the two governments' positions on this question. That is why I can claim that the journey was a success.

If the Soviet leader was in earnest, this curious episode shows what unhappy misunderstandings can arise in personal encounters at the highest levels.

CEYLON

Rallying the Centre

ONE cannot yet safely predict who will represent Ceylon at the Commonwealth talks in London three weeks from now. The new prime minister, Mr Dudley Senanayake, is so placed that he has already had to suppress the distaste for political bargaining which he voiced during the election campaign last month. His United National party has regained its leading position, not by a great electoral swing—it got less than 30 per cent of the vote—but as a result of the break-up of the heterogeneous alliance against it that the late Mr Bandaranaike forged in 1956; and it needs at least a couple of dozen friends in parliament to give it a majority there. The new premier's programme cannot be debated until after the Sinhalese New Year, and it will be two weeks before any decisive vote is taken. His main strength lies in the public's impatience for stable government after months of tortuous and sometimes terrifying confusion. His main task is to show that the resurgent UNP is now a party, not of privilege, but of the centre.

Ceylon has unquestionably voted for the centre. The communists got only 4 per cent of the votes. An equally small number went to the new right-wing party formed by Mr Dahanayake, whose brief premiership had revealed him as a would-be authoritarian. Dr Perera's Marxist group, which at one stage seemed a real challenger, got only 10 per cent; Mr Philip Gunawardena's did no better, despite its bid for Buddhist clerical support—an unnatural marriage between rival dogmas at which a shrewd electorate looked askance. A third of all votes cast went to independent candidates, mostly moderates, and to the moderate rump of the Bandaranaike alliance, whose appeal, though hard to define, seemed all the stronger after the breaking away of the Dahanayake and Gunawardena groups from its two extremities.

Thus, while stability is not yet triumphant, moderation is. After the alarums and excursions of the Dahanayake interlude, Ceylon is relieved at the mere fact that the elections were duly held, and there is little desire for any more tub-thumping. The immediate situation, with its tricky parliamentary mathematics, may help the Tamil minority ; Mr Senanayake's promise to provide constitutional guarantees for minorities is of more significance than the now customary promise to proclaim a republic. Taking the longer view, Ceylon may now be nearer than any other Asian country to settling down to a steady pendulum-swing alternation between moderate left and moderate right.

COMMONS' ACCOMMODATION

The House Is Not a Home

TWO facts emerged from the House of Commons debate on its domestic arrangements. The first, according to the testimony of all, was that the Marquess of Cholmondley was charming. As Lord Great Chamberlain by hereditary right and landlord of the Palace of Westminster he walks backwards with the Earl Marshal in front of the Queen at the State Opening. The second fact was that in a certain unlikely set

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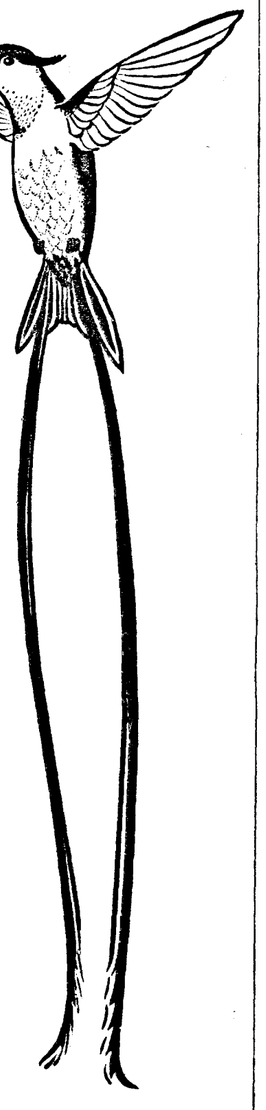

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of circumstances Major Legge-Bourke might become the next Lord Great Chamberlain.

This court official's status in Westminster has persisted since "time immemorial," a precise legal concept meaning that it was going strong at the coronation of Richard I. Mrs Barbara Castle, being the red-headed revolutionary that she is, wants to put a stop to it. Looking round for something to nationalise which will not cost the Labour party votes, she has lighted upon the Houses of Parliament, doubtless on the principle that the electorate will not resent anything being nationalised that it assumed was nationalised already. Moreover, the Marquess of Cholmondley is unlikely to rur an advertising campaign in the press.

Opening last week's debate, in an extraordinarily dim speech which sounded like one of the unhappier exercises in script improvisation by the "Method" school of acting, the Minister of Works, Lord John Hope, was understood to have promised MPs three hundred new desks under the roof in three years at the exorbitant cost of a quarter of a million pounds. He also suggested vaguely that if in the long run members really wanted an office block—which he doubted—they might have one on the opposite side of Bridge Street, where the site was due to be scheduled for use by the Government. This led some members to predict that the offices would be empty because their occupants would be "rubbing shoulders" in the House, and others to complain that shoulders would be unrubbed because the offices would be occupied. There were also inconclusive exchanges about the merits and demerits of having a telephone.

The first priority surely ought to be proper research facilities for MPs in a greatly expanded Library. Next, but only next, anyone who wants an office and a personal secretary ought to have one; those who still prefer to use Ashworths'—the specially privileged typing pool which is given space in the House already—ought to be able to do so in more comfortable conditions. This must involve extra building in the future, but in the meantime something could be done by dislodging some of the traditional wasters of precious space whose barnacle-like characteristics were vividly described in the all-party Stokes Reports of 1953-54. Since noble Lords and Mr Speaker himself are involved, the happiest solution might be that ingeniously suggested by Mr Wedgwood Benn—that of nationalising the Lord Great Chamberlain himself rather than his function. A political office-holder with such a title would surely carry more weight than a mere Minister of Works (a jumped-up First Commissioner at that, as those with quite short constitutional memories do not hesitate to recall).

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EDUCATION

Plea for the Primaries

THE passing of the bulge through the primary into the secondary schools, and the publicity given to the discussions of post primary education by the Crowther and other reports, have left the primary schools teachers feeling rather neglected and flat; after all, they were the heroes of the postwar educational crisis. But they also, by weight of numbers, dominate the counsels of the National Union of Teachers, and it is not surprising that the union has therefore seen fit to bring forward this week (just before the union's annual conference at Easter) a reasoned complaint about the state of primary education.*

In a pamphlet, *Fair Play for Our Primary Schools*, the NUT assembles the evidence collected by an extensive questionnaire on the state of the primary schools, and there is no need to doubt the conclusion that far too many of them are over-age, overcrowded, and scandalously neglected in such elementary matters as sanitation; or, indeed, that there is even an elementary famine of pens, paper and textbooks in some of them. The responsibility for this lies partly with the central government, partly with the local authorities. The central government inevitably tends to concentrate almost entirely on getting new schools up to house the growing number of children—above all in new urban centres where no schools existed previously; sometimes the emphasis has been on showiness to impress voters, which has involved skimping on equipment and even lavatories in schools as a whole. But the defects of many of the older so-called "slum schools" can be met, or at least improved, by expenditures of £20,000 and less under the "minor works" heading of local council expenditure, and here the ratepayers and their guardians must take the blame (especially in certain Tory county councils).

But this pamphlet is not merely designed to show up bad schools. It has another thesis which is familiar: primary teachers must be paid more, must be given "equal status" with secondary teachers (largely by access to many more special allowances), and the maximum size of primary classes must be not 40, but 30 as in secondary schools. A quarter of primary classes have over 40 children now and will not be all reduced till 1968-70; to reduce the maximum to 30 would require another 50,000 teachers—on top of everything promised by Sir David Eccles in the debate on the Crowther report. This part of the pamphlet is eyewash. The primary teachers have a case; but there is no sense in asking for the moon.

* Fair Play for Our Primary Schools. The Schoolmaster Publishing Co., London, W.C.1, 2s. 6d.

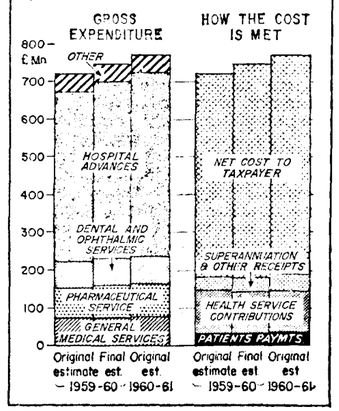
LAW OF THE SEA

Commonwealth Compromise?

HOPES of a compromise on historic fishing rights at the law of the sea conference at Geneva now rest, as expected, with the Afro-Asian powers. After three weeks' exchanges the conference has duly reached the point where the marriage of the Canadian and American proposals must be brought about, or all else fails. The United States, as in 1958, has proposed a six-mile territorial sea, with a further six-mile fishing limit; states whose vessels had fished in those waters for five years would still be free to fish in the outer six miles. The Canadians suggested, again as in 1958, a

INCOMPLETE BILL OF HEALTH

The Chancellor announced no increase in charges to patients or in health service contributions in his Budget, so the taxpayer is to meet the whole of the higher cost estimated for 1960–61. That the bill presented for the new financial year is incomplete is clear from the fact that no allowance is made for the rises in doctors' pay and retrospective payments proposed by the Pilkington Commission. Nor does the chart show local health authority expenditure; for last year and this, Exchequer grants for these services have been excluded from the health service estimates as they are now wrapped up in the general Exchequer grants to local authorities.



six-and-six plan in which historic rights would not be respected. But the Canadians have all along recommended that bilateral agreements should soften the blow to the major fishing powers, as they intend to do for American fishermen in their waters.

The chief issue to be decided is how long a period can be offered to the fishing powers before they lose their historic rights inside the twelve-mile limit. Most of the Afro-Asian countries would probably prefer to close down on them at once ; but the fishing powers can muster enough votes to block a two-thirds majority. A strong Commonwealth push has now developed in which Pakistan, Ghana and Ceylon have all spoken up against wiping out prescriptive rights at one blow. Pakistan has suggested a rundown period of five to ten years ; Ghana favours seven. Their ideas are certainly rather less than the British trawler owners would like to consider. It takes appreciably longer—fifteen to twenty years—to get one's money back on a modern trawler built for existing fishing grounds. The question they may have to face is whether to accept this or be left with no recourse but the Admiralty's gunboats.

CHINA

Looping the Leap

China's Mr Amory, Mr Li Hsien-nien, minister of finance, has submitted the draft budget for 1960 to the National People's Congress. This body, which is communist China's underworked parliament, has been hearing from Mr Li a tale of economic optimism which, in some respects, is not unlike the Chancellor's account at Westminster. He described 1959 as "a year of economic prosperity, with increased financial resources, stable commodity prices and growing stockpiling." With a less bourgeois turn of phrase, he added that this prosperity was a result of last year's big leap forward and would pave the way for a continued leap forward this year.

The Chinese deputies had had ample time to study the official statement on economic progress in 1959, published on January 21st. According to the statement, last year's steel production reached 13.35 million tons. Even allowing for the sobering shock of last year's statistical climbdown, this figure seems too high not to include at least some iron; last August, it was officially admitted that only 8 million tons of steel were produced in 1958, instead of the 11 million tons previously claimed. The 1959 grain figure of 270 million tons sounds more realistic, but may also be exaggerated; the 1958 figure was marked down from 375 million to 250 million tons. As Mr Li admitted in his speech, last year brought drought and flood, which together affected 30 per cent of the total sown area. If the 1958 figure was indeed surpassed, the achievement was remarkable; Mr Li claimed that it was, and attributed the success to "the great superiority of the new form of social organisation, that is, the people's commune."

Mr Li's estimates of expenditure for 1960 are dazzling: 33.4 per cent more than last year on economic construction, 47.1 per cent more on social services and education, and 40.5 per cent more on "aid to foreign countries." Perhaps more interesting is the provision that spending on defence will be the same as last year (and therefore a much smaller percentage of a greatly increased budget). For what it is worth, this would suggest that the Chinese communists are not in the thick of a nuclear bomb programme ; though such expenditure can easily be disguised under other budget figures.

BRITISH GUIANA

Hard Bargaining

With Mr Macleod away in Africa, the final negotiations under Lord Perth's chairmanship for a new constitution for British Guiana were not an unqualified success. Though Dr Jagan was lured back into the talks for the last day, March 31st, after his mid-week walkout, he has left for home (via the United Nations, Cuba, and Venezuela) eloquently disgusted with the idea of negotiation and expressly pledged to more direct action in the future.

He has been fighting hard for a constitution like that of Singapore—independence in internal government, plus a treaty with Britain to control foreign relations, defence, and possible future links with the West Indies Federation. He insists that Guiana must have responsible government with a Guianese prime minister and cabinet. The proposals drafted by the London Conference do not meet his requirements. Thus, he considers that the office of premier will be an empty one—especially since the Governor will still be free to make decrees by order-in-council if he cannot have his way in the legislature. More important to Dr Jagan, the Governor is to retain control of the police. Dr Jagan wants a Guianese premier to have operational control of them, with a police commission to deal with promotion and recruitment. The crisis is largely one of confidence. Dr Jagan has implied that a recurrence of the 1953 troubles is impossible; he must feel that the British government's continued hedging against that possibility indicates doubt either of his word or of his political competence. Though divided on many things the Guianese delegation as a whole held that their political maturity entitled them to more than they got from this conference. Hard bargaining, with displays of brinkmanship, seems likely to continue.

THE PRESS

Missing the Beat

If any anti-apartheid move could make the South African Nationalists smile, it would have been Dr Nkrumah's decision to ban the distribution in Ghana of *Drum*, a magazine printed in the Union. *Drum* is a popular monthly, written and read by Africans, and in South Africa it has sailed as close to the wind as it dared. In search of material, its reporters have gone to forced labour camps, to farms where Africans were beaten to death, and to prison. The ban on racial grounds is so patently absurd that other reasons inevitably spring to mind. The special West African editions were doing well, and competitors would have been glad to have it out of the way. Its outspokenness may have annoyed Accra. Just possibly, like peaches and pineapples, the magazine was known to the Ghana authorities only as a South African product. In fact it belongs to a class of its own.

The Economist

APRIL 7, 1860

"THE SITUATION"

In our last week's impression we expressed a belief that the annexation of Savoy, the mode in which it had been effected, and the assurances and denials by which its consummation had been preceded, might—if the warning were duly interpreted and laid to heart—prove an indirect source of safety and tranquillity for Europe. But we should be sorry to lull our countrymen into fallacious or unwarranted security. Forewarned is forearmed; and without becoming alarmists we think it most desirable that all men—merchants as well as politicians—should carefully consider all the features presented by the present aspect of the Continent and all the rocks ahead which a dispassionate observation can discover and lay bare. It is foolish to pretend a comfort or tranquillity which we are far from feeling; to shut our eyes to obvious dangers, or to "cry 'Peace, Peace' when there is no peace"—nor, as far as we can discern, much prospect of peace for some time to come. We do not fear immediate rupture, nor any definite scheme of hostility; but we cannot disguise from ourselves that the position of affairs abroad is becoming singularly complicated, embarrassing, and uneasy, and calls for a more than ordinary amount of sagacity, vigilance, and resolution on the part of the British Government and the British people. A simple and obvious peril may be met and averted—and it would not become a great nation to manifest extreme anxiety in the face of such; but the *perplexities* arising from a variety of opposite and crossing contingencies all imminent and all grave, constitute a very different difficulty to deal with—and it is precisely this *perplexity* which is to our minds the peculiar feature of "the Situation."

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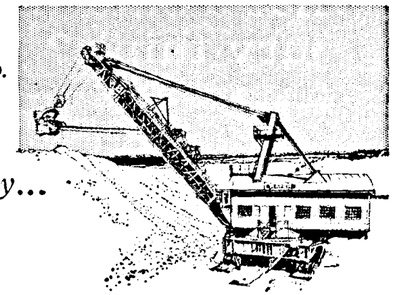

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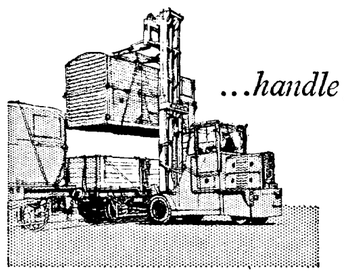

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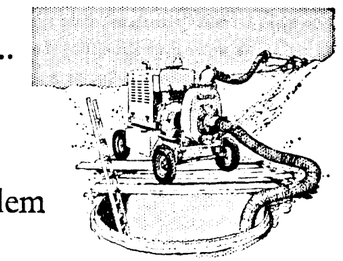

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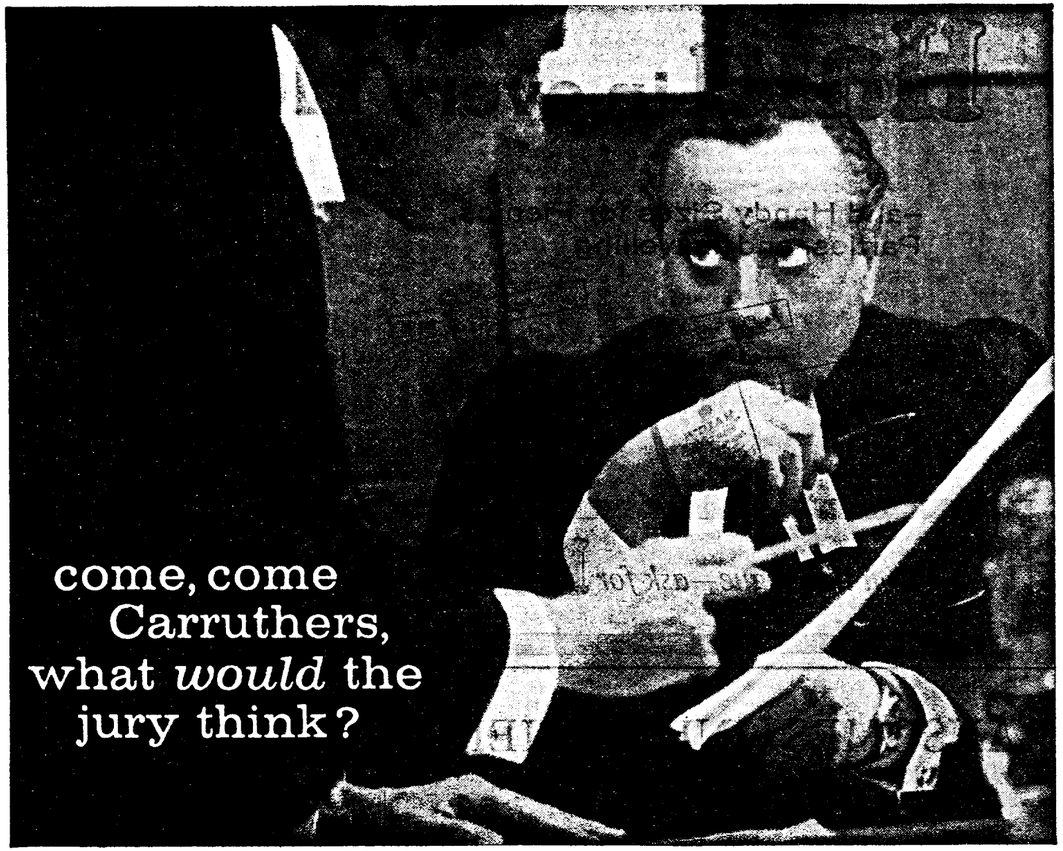

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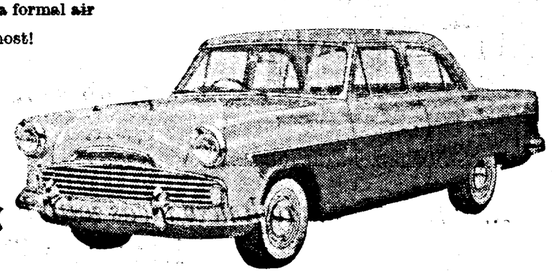

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LETTERS

Africa in London

SIR—Your article last week made a reference to Christian Action. As chairman of that organisation I write to try to dispel two misleading impressions to which this reference might easily give rise.

I have the greatest possible respect for the work of the Africa Bureau. But it was, in fact, Christian Action and not the Bureau which initiated a nation-wide concern in this country over the treason trial arrests in South Africa in 1956. And it was Christian Action which immediately established the Treason Trial Fund for the legal defence of the accused and the provision of aid for their families and dependants who would otherwise have been left destitute. Since December, 1956, more than £70,000 has been sent from our fund to the Treason Trial Committee in Johannesburg. Twelve months ago, our terms of reference were changed to include all similar cases of mass arrests, and other cases of victimisation on racial grounds in Southern Africa; and the title was altered to The Defence and Aid Fund.

In the light of the greatly increased needs resulting from the present distressing situation in South Africa we are now engaged in the task of trying to raise a further £150,000. Towards this total we have, to date, raised approximately £25,000. But this is only a drop in the bucket of need.—Yours faithfully, L. JOHN COLLINS.

2 Amen Court, EC4

South Africa

SIR—In the article "Dr Verwoerd Replies" you make the following curious statement:

"If votes do not win him this republic, Dr Verwoerd now threatens 'harsher' methods; so much for the white heritage of the rule of laws."

This sentence is directly misleading. As you are aware, it is the intention of the South African prime minister to hold a referendum on the republican issue. The "harsher methods" to which you refer imply nothing more than Dr Verwoerd's announced intention of allowing Parliament to decide the issue by majority vote at a later date, should the result of the referendum be negative.

You will perhaps recall that, in 1939, South Africa entered the war on your side as a result of a simple majority vote in Parliament. No referendum was held, although it was known that feeling was far from unanimous on the point. Was this then regarded by you as in some sense an abrogation of the rule of laws? If so, I can only say that you kept your feelings on the subject remarkably quiet until you no longer needed the assistance of South African troops to fight your battles; so much for the British heritage of fair play.—Yours faithfully, GUSTOF NORDSTRÖM

Stockholm

Senator McCarthy

SIR—Your review of Richard Rovere's book about Senator McCarthy contained the comment that the author had passed too lightly over the role of the press. I agree with that, and think that this would be a good subject for another complete study.

My point in writing, however, was to offer a comment on McCarthy's preoccupation with the press and its handling of his charges. His decline, I believe, resulted from the fact that most American newspapers strongly supported President Eisenhower and relegated McCarthy to the back pages or the wastepaper basket when his attacks turned to the administration.

I covered many of his activities for *The Milwaukee Journal*, which opposed him editorially. He invariably treated me with fulsome friendliness even after attacking my paper, but hesitated to attempt to talk directly with me and other *Journal* reporters. In 1955, however, he sent a query to me through an Associated Press man with whom he was friendly, asking a strange question which I believe provides an insight into his personality (and substantiating Mr Rovere's basic point about him). It was: Would it be news if he were to make a speech denouncing the practices in which he had engaged, defending the right to dissent, etc., and quoting Thomas Jefferson on these points. (He said he had been reading Jefferson thoroughly in the last two weeks.)

I told the intermediary that I thought this would be news, indeed, whereupon McCarthy prepared and gave such a speech, adding, however, that he did not think any newspaper would print it. I wrote a story about it, but it did not appear in the paper; I never knew why. Perhaps the editors suspected a hoax; possibly they were right. I thought it was quite a story, and I rather regretted that nothing was published; at the least, I was sorry to see McCarthy proved right in his judgment of the press handling. As far as I know, he never made that kind of a speech again.—Yours faithfully,

EDWIN R. BAYLEY

Governor's Office, Madison, Wis.

Libyan Oil

SIR—I would like to draw attention to one point in your article on Libya's oil boom which is not entirely correct. That is your statement that the oil concessions have been granted by the Federal Government.

It was my privilege to develop, in association with the authorities concerned, the draft petroleum law which was subsequently enacted by the Federal Government of Libya after consultation with the major international oil companies. A fundamental difficulty in preparing this legislation was the provisions of Article 38 of the constitution, which states that sub-soil wealth and prospecting and mining are a matter in respect of which legislative power is within the competence of the Federal Government, while "executive power in connection with the implementation of that legislation shall be within the competence of the provinces acting under the supervision of the Federal Government."

In order to comply with these somewhat complex arrangements, a "public autonomous juridical Petroleum Commission" was set up which "in the name of each and every province" is responsible for the implementation of the Petroleum Law under the supervision of the appropriate Minister. It is this Commission which, under Article 9 of the law, grants the concession, and not the Federal Government. This distinction is, of course, a matter of some significance to the provincial governments.

The remarkable degree of activity which has followed the enactment of the Libyan Petroleum Law is a very considerable tribute to the co-operative spirit in which the Libyan authorities have applied it, and provides a shining example to other emergent nations of the rewards which follow a welcome to foreign capital.—Yours faithfully, C. J. P. ANDREWS

London, W8

Manchester

SIR—In a note on the extension of the power of local authorities to invest pension funds in equities you suggest that we have changed our policy in Manchester in that we have just put £1 million of new money into gilts instead of equities.

This seems to be a widespread misunderstanding; we have certainly switched a further £1 million from pension fund investments in our own loans fund into long-term, high-yielding gilts, but at the same time we have spent a further £½ million of new money on equities, bringing our total to £3½ million.

When we bought our first equities in 1958, we also at the same time switched over £5 million from our loans fund to gilts, prices being then particularly low. What we have now done—prices of gilts being again very low—is entirely in line with our previous practice of spreading our investment portfolio over long-term, high yielding gilts, and equities.—Yours faithfully,

HARRY LLOYD
Deputy Chairman
Finance Committee

Manchester

[Our note said in reference to the eighteen local authorities who have powers to invest their superannuation funds in equities: "And the most successful among them, Manchester, has recently decided to put £1 million of new money, not into equities, but into gilt-edged."]

Sarawak

SIR—I wonder if I might add a postscript to the article that appeared in your issue of March 19. As a result of buoyant revenues during 1959 and the current year it is proving possible to expand the development plan for the years 1959-1963 (not 1965 as stated in your article). An announcement to this effect was made in the Governor's speech to Council Negri (the Legislature) on March 23rd. Details of the expansion are not yet available.

Sarawak, which was ceded to the Crown on July 1, 1946, was not the Colonial Office's last acquisition. North Borneo became a Crown Colony two weeks later. —Yours faithfully,

A. R. C. MORRISON
Information Office, Sarawak

Rutland

SIR—May I supply a few facts which I trust will confirm the doubts expressed in your note in your last issue, and convince you and your readers that Rutland should not only be admired but supported in its fight for survival?

First of all, if it could be proved that any vital national interest demanded that the county should be sacrificed, there would be little more to be said. This has never even been suggested.

As you say, the contact between ratepayers on the one hand, and councillors and officials on the other, is close. This is why Rutland pays a county rate of 13s. 3d. compared with 16s. 3d. in Kesteven, 19s. 3d. in Cambridgeshire, and 14s. in Leicestershire. And yet the ratepayers enjoy services, not merely (as you suggest) "*tolerable*" but in many cases better and more "human" than in other larger counties. For instance, in the provision of secondary modern schools Rutland led the whole country; and its programme was completed years ahead of most other countries. In each of them children can take GCE (O): while 22 per cent qualified for and obtained grammar school places, compared with a national average of 18 per cent. For the aged, beds are provided on a scale 50 per cent above that laid down by the Minister. Care of children, dentistry, chiropody, immunisation and all the countless other services are provided efficiently and economically. For some time every single village has had a piped water supply—to the envy of the inhabitants of many "large" counties.

Services provided under contract from neighbouring authorities (in some cases on a reciprocal basis) amount (excluding the police which is under an autonomous body) to only 3 per cent of the county's expenditure.

The Boundary Commission were charged to have regard, *inter alia*, to the wishes of the inhabitants, and community of interests. They do not appear to have done so. The people of Rutland, who, after all, have to pay for it, like their present county administration as it is. It does no one else any harm. Its continued existence thwarts no worthwhile reorganisation scheme.—Yours faithfully,

Preston, Rutland W. M. CODRINGTON

Argentina

SIR—In one of your notes you stated that "the import of Argentine beef, even canned, is prohibited in America on the ground of possible foot-and-mouth infection."

In fact, in 1958 the United States imported 61,000 tons of Argentine carcase beef and 34,000 tons of corned beef. These quantities represented 14 per cent and 36 per cent respectively of Argentina's total exports, and in each case the United States was second only to the United Kingdom as an outlet for Argentina's exports.—Yours faithfully,

K. RICHARDS
London, N6

BOOKS

Policy and Strategy

Defence: *Policy and Strategy*
By E. J. Kingston-McCloughry.
Stevens, Atlantic Books. 288 pages. 25s.

Nato in the 1960's
By Alastair Buchan.
Weidenfeld and Nicolson. 143 pages. 12s. 6d.

BRITAIN is in many ways fortunate in its poverty. In the United States the arduous and urgent problems of national defence are studied in a score of semi-academic institutions and by a hundred able and articulate civilian authorities, who enjoy a status and prestige quite distinct from the equally numerous journalists and the innumerable service experts who also concern themselves in such matters. Their publications are both informative and stimulating, and if the total effect is bewildering the fault lies in the subject and, probably, in the reader rather than in their exponents. Yet it is doubtful whether any have really written more concise sense about defence, or made it so easily readable, as have the authors of these two books. A journalist and a staff officer respectively by profession, Mr Buchan and Air Vice-Marshal Kingston-McCloughry have established themselves during the last ten years as leading authorities on defence questions; it is hard, indeed, to name more than half a dozen others—and they are very complementary figures. With their backgrounds of, on the one hand, political and, on the other, service administrative expertise, with their wide knowledge of technological development, they converge to illuminate an area that is, for the layman, still a very murky one indeed.

"Defence" is a careful analysis of the organisation that that word presupposes, carried out in the solid and authoritative manner of a man who not only knows what he is talking about but knows also that his work is likely to become a standard textbook in staff colleges. It is a professional work: it refuses to consider war to be impossible or even unlikely, and doggedly considers how it should be fought, in whatever form it may come. Mr Buchan's book is of a very different type. He writes, not of war in the abstract, but of the immediate politico-strategic problem facing the West: and his work, as a result, is likely to be at once of greater immediate interest and, once this problem has been left behind, more quickly forgotten. This is a pity; for his book is the first of a series to be produced by the Institute of Strategic Studies, and as such should perhaps have had a more marmoreal and less evanescent character. The distinguished membership of the study group that helped to give it birth does indeed raise hopes, which are not entirely fulfilled; of a more leisurely and magisterial survey of the problems of western defence in all its aspects. In fact, this is very much Mr Buchan's own book, as he insists; so much so that Professor Blackett, as a member of the Council of the Institute, finds it necessary to dissociate himself very firmly from at least one of its conclusions; and as such it has an urgency about it, as well as a brilliant command of technical data, which makes it hard to regret its failure to be more "institutional."

Mr Buchan's main thesis is well known: it was considered in the editorial columns of *The Economist* of February 27th. Since Nato was founded, one of its main foundations, American nuclear supremacy, has been almost totally eroded; one of its principal underpinnings, the presumed superiority of tactical nuclear weapons in defence, is now entirely discredited; and the alliance is showing signs of developing into a collection of inefficient nuclear powers, striving for a nuclear self-sufficiency none of them can afford at the expense both of genuine interdependence and of conventional forces adequate to enable them to deal with probable emergencies. It is this thesis that has been expounded from many quarters and of whose validity Whitehall has at last become aware—as indeed has everyone with the possible exception of Messrs Gaitskell and George Brown; and if events have to some extent overtaken Mr Buchan, it is largely because he has acted as their unwearying and skilful coach. There is hardly a proposal in this book that has not already, since it was first circulated in draft six months ago, received an echo of approval at Shape, if not in London. The need for

greater mobility in Nato forces; the desirability of a mobile Nato reserve—now formed; the concentration on improvement of conventional weapons rather than on the further refinement of nuclear ones; the development of a Nato missile system, in which the British and French should be merged—such ideas are now rapidly becoming almost orthodox.

"Nato in the 1960s" was evidently devised as an urgent cry for reform in an age over which there still brooded the figures of Dulles and Sandys. Had it appeared a year ago, it might have been recommended as required reading for Ministry of Defence officials and members of Parliament, to expose the blindness of official doctrine; now it is required reading rather for the general public to show the way in which the official mind is at last beginning to move.

The vital question is: how far is public opinion prepared to follow this movement? Mr Buchan calls for two things that will certainly be unpopular: an increased contribution to Nato from European powers (including ourselves) in both money and manpower, both of which we can well afford if we try; and a far greater pooling of national sovereignty in a genuinely effective alliance. The Sandys policy offered sovereignty on the cheap in return for increasing the risk of nuclear annihilation. Mr Buchan offers nothing on the cheap—his proposals demand sacrifices of national pride, personal comfort and individual wealth—but they offer the best hope that we have of security, not only against our adversaries, but also against the dangers that indiscriminately beset all mankind.

Growing Pains

Economic Development
By Benjamin Higgins.
W. W. Norton, New York. London: *Constable.* 821 pages. 60s.

Six Lectures on Economic Growth
By Simon Kuznets.
Free Press of Glencoe, Illinois. London: *Frank Cass.* 122 pages. 28s.

PROFESSOR HIGGINS'S massive volume is in part a textbook in the oldest sense; it presents, expounds and compares the text. Like Messrs Gerald Meier and Robert Baldwin's "Economic Development, Theory, History and Policy," it offers an account of general growth theories from the classics onwards; but this account is much more tightly organised, critical and logically unified—and it comes down to the present day, with due attention to such moderns as Dr Harvey Liebenstein and Professor W. W. Rostow. In turning from general to particular themes (population; industrial evolution; instability; fiscal policy; foreign trade; international aid), Professor Higgins similarly introduces his readers to the state of the debate, expounding, comparing and assessing. But "Economic Development" is not only a report on past and current controversy; it is also a statement of its author's own conclusions, fortified by practical experience of missions to the underdeveloped countries and by much study of factual evidence, of which a generous amount, both descriptive and statistical, is provided. The result is a splendidly solid, well-built and comprehensive job—but, despite its firm internal articulation, a rather unwieldy one.

To apply to underdeveloped countries, unchanged, the economic theory evolved in advanced economies is (*pace* Messrs Bauer, Yamey, Frankel and others) to skate over just those questions which, in this context, most need an answer. As well—Professor Higgins sometimes seems to be saying—try to explain the mechanics of launching by the theory of navigation. Discontinuities, which are economic *curiosa* in the advanced economy, are critically important to the underdeveloped; the relations between rapidly and less rapidly advancing or actually stagnant sectors (notably peasant agriculture) present to underdeveloped nations a problem so different a degree as to be different in kind from the residual "dualism" of the advanced; it is not possible, in the economics of development, to treat as independent data such elements as population changes, technical innovations, and the supply of business ability. More generally, Professor Higgins agrees with Professor Myrdal that the notion of equilibrium is an almost useless tool in the development situation—where what requires to be understood is the nature of cumulative movements (in vicious or virtuous circles) away from equilibrium—"Development is a matter of feedback mechanisms, not equilibrating adjustments." He also agrees that decisions should rest on calculations of group rather than individual advantage. "What may be bad policy for each one of a thousand entrepreneurs may be good policy for the thousand entrepreneurs together"—owing to the crucial importance of discontinuities. All this implies, apart from a "big push" attitude to policy or to the role of the advanced countries in furthering it, the need for a major development in development theory itself. Professor Higgins concludes with a formidable programme of research, largely social and technological; even more than equilibrium theory, development theory consists all too evidently of a stack of empty economic boxes.

In format and style, few books could contrast more strikingly with "Economic Development" than does Professor Kuznets's "*Economic Growth*," consisting of six compact and austere lectures delivered in Mexico in 1958. As might be expected, Professor Kuznets's works from, and with, statistical magnitudes and time series: income sizes and distribution, rates of capital formation, occupational structure, terms of trade. This approach—at once less ambitious and more exacting—yields few specific and positive policy conclusions; but the wide variety of possible relationships and trends disclosed by the evidence con-

Have you discovered Feiffer?

A SHORT TIME ago Pendennis in *The Observer* examined the strip-cartoon characters in other newspapers (Colonel Pewter, the Gambols, the Bumsteads, Andy Capp, etc. . . .) with a kindly interest in their besetting sins (Pride, Envy, Sloth, etc. . . .). He made no mention of *The Observer's* own weekly cartoon strip by Jules Feiffer, for Feiffer's cartoons are not devoted to the adventures of any particular set of characters, or to any particular indulgences. But if you are beset by Doubt, Feiffer is your man . . .

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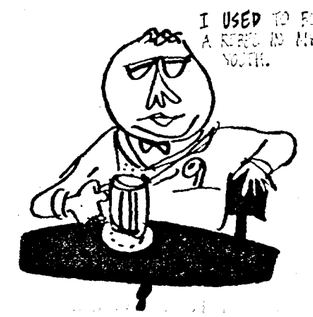

eloquent drawings: long, block-lettered dialogues or thinkings aloud, with emphatic words in black: no stock characters, no square frames, no balloons, no winks, no nudges and not a damn thing explained. And, strangest of all, a deep, wry seriousness behind the comedy—so that, depending upon mood and matter, a Feiffer-addict may respond to a Feiffer cartoon by shouting for joy or by going away quietly to weep and wonder.

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Jules Feiffer is young, unmarried, hip, an Eastern American with inherited puritanism, a citizen of Greenwich Village with a pass to every other Bohemia. Of his readers in *The Observer*, a majority says nothing, while two minorities applaud and hiss. It's a test of something . . . and not merely of cleverness. It's liable to grow on you. Have you discovered where you stand?

J.B.L.

AD/1

stitutes an effective warning against extrapolating or dogmatically generalising from the experience of a single period of history or a single nation. It is, says Professor Kuznets, "the whole climate in which basic decisions are made," rather than the predictive ability of economists in particular situations, that benefits from the kind of historical perspective imparted by these studies. In this final manifesto, Professor Kuznets effectively joins hands with Mr Higgins.

The Kaiser's Navy

Regierte der Kaiser? *Kriegstagebücher, Aufzeichnungen und Briefe des Chef des Marine-Kabinetts Admiral Georg Alexander von Müller 1914-18*

Edited by Walter Görlitz.
Musterschmidt-Verlag, Göttingen. 455 pages. DM 24.60.

ADMIRAL VON MÜLLER saw the rise and fall of the German navy from a unique position. He became the Kaiser's liaison officer with the navy in the autumn of 1908, and he remained in this post until the end of the Great War. He was not a Junker and he represented, at the court, an arm that the traditionally land-bound ruling class distrusted. On the other hand, although he was usually well-informed about matters of high naval strategy and policy, the admiral's influence on their formulation was negligible. He had much to say in questions of high-level appointments; but, even as a kingmaker, he exercised no control over the subsequent activities of his successful protégés. These limitations, however frustrating to von Müller personally, should have given him the detachment necessary for a chronicler; occasionally, they did.

Most of the entries in von Müller's diary consist of a record of a dull, daily routine. Nevertheless a number of passages—notably those concerning the adoption of unrestricted submarine warfare, the resignation in the summer of 1917 of Bethmann Hollweg, and the last days of Imperial Germany, when red flags flew in Berlin and von Müller was issued an army pistol for his personal protection—are of genuine interest in that they illuminate hitherto obscure events. But the editor must have thought that they contained weightier information: in the title of the book itself, he asks "Did the Kaiser Rule?" It is neither a clear question nor a good title; nor does von Müller answer it.

The Eighteen Hundreds

Nineteenth Century Britain

By Anthony Wood.
Longmans. 487 pages. 21s.

DESPITE the mass of material available on the nineteenth century, few good books spanning the whole period have been written. Perhaps this is because "the nineteenth century" is a convenient but misleading abstraction: the 1820s have little in common with the 1860s, or the sixties with the nineties. And when does "the nineteenth century" end? Certainly not in 1900, and there are numerous alternatives for Mr Wood's choice of 1914: 1870 perhaps, or 1906, or some year in the 1880s when the Victorian synthesis was visibly disintegrating, and some Tories might even select 1867 with the passing of the second Reform Act. Mr Wood is fully aware of the different epochs in the nineteenth century, but his five divisions will not commend themselves to all. His choice of 1901 as a watershed, while understandable in view of the Queen's death, is somewhat arbitrary since, apart from this, the year marks no especially important social or political development.

A mild dissension with certain of Mr Wood's judgments must also be registered. Should Lord Liverpool's abilities be rated quite so highly? The statement that the upper and middle classes opposed Chartist violence but not Chartist aims is highly questionable, and is contradicted by the pessimism evoked by the passing of the 1867 Reform. To call Peel's Bank Act of 1844, the absurdities of which were so mercilessly exposed in *The Economist* by both Wilson and Bagehot, "an essential element in Britain's economic supremacy in the 19th century," verges on the ridiculous. Mr Wood's list of significant results of the Crimean War omits the encouragement it afforded to isolationist policies. To write that Bagehot left the civil service unmentioned in the 1867 edition of "The English Constitution" is a little curious in view of his discussion and criticism of it in Part VI, *Changes of Ministry*. Nevertheless, throughout its considerable length the book on the whole maintains high standards of scholarship and readability, fills a gap by providing a broad survey of the whole century, and has the all too rare merit these days of being reasonably priced.

Employment and All That

Problems of Full Employment

By D. J. Iles and C. J. Tucker.
Routledge. 275 pages. 20s.

HERE is a good idea disappointingly carried out. "Problems of Full Employment" is written for "the layman, and more particularly the voting layman." Its aim is to draw together into a single exposition all the relevant elements—institutional, social, historic, theoretical—at as simple a level as possible, so as to explain the causes that determine the volume, distribution and nature of unemployment, the policies by which it can be controlled, and the obstacles and problems confronted by such policies. Its scope is extremely wide, ranging from macroeconomics to case-studies of particular unemployed groups and taking in descriptive accounts of institutions from the International Monetary Fund to the Development Corporations of the new towns. There is plenty of statistical material.

This sounds like the response to a felt want; nothing quite like it has been attempted before. Unfortunately the authors are simply not up to their task, having neither the necessary intellectual grasp to tackle the subject at all nor the necessary knack of presentation to make it manageable for the "voting layman." On some topics—notably the crucial topic of wage policy—the argument never gets near the heart of the matter; on others it is positively misleading, as where inflation is described as a threat to the balance of payments without any hint that it is relative and not absolute national price levels that are important in this context. (Nowhere will the reader find any indication that inflation has other disadvantages and dangers than this; or, for that matter, any coherent account of the processes that set it in train.) Large chunks of necessary preparation are omitted—as when an account of the foreign exchanges is offered to readers innocent of any acquaintance with monetary theory or the banking mechanism. Generalisations appear in one chapter, supporting evidence (or, occasionally, quite contradictory evidence) is withheld until several chapters later. Apart from a single, easily-missed and casual reference, no distinction is drawn between the balance of trade and the balance of payments; the untutored reader is left to make what he can of the apparently contradictory statistical tables relating to each. No principle seems to govern the amount of detail allotted to institutions of different degrees of importance.

These are almost random criticisms; they could be multiplied to such an extent that one wonders who passed this book for publication. At least someone might have told the authors to verify what is surely the most hackneyed of quotations from Adam Smith instead of mangling it from memory.

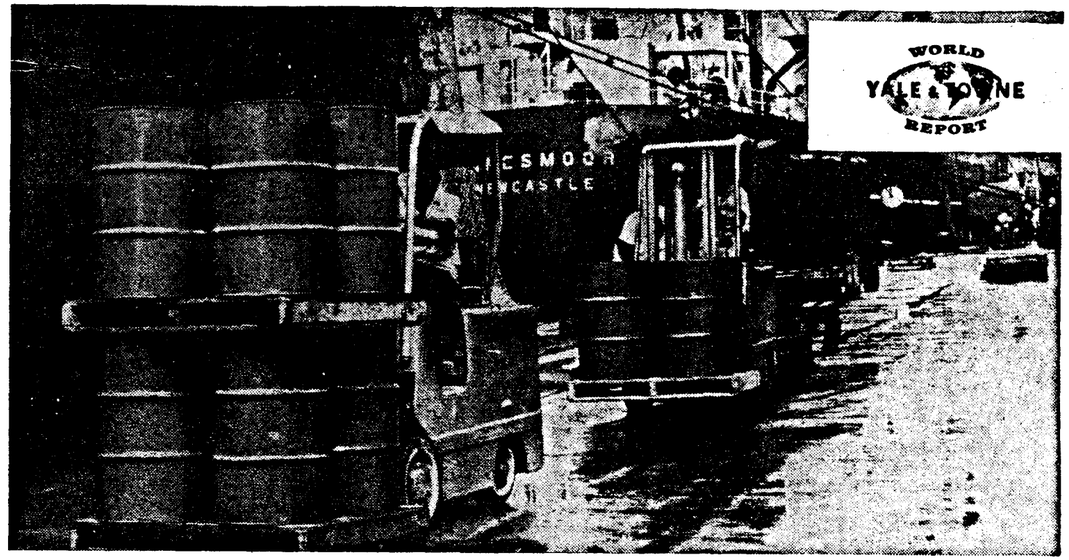
A Rebel and Europe

Europe Will Not Wait

By Anthony Nutting.
Hollis and Carter. 122 pages. 12s. 6d. net.

MR ANTHONY NUTTING, who resigned from the Foreign Office in 1956 in protest against the Suez expedition, has since become something of a professional diplomatic heretic in print. In his new book on British policy in Europe he takes the gloves off, setting out, at times vividly, the failure of fifteen years of British policy towards the movement for European unity. The one sneaking doubt about the book is that it is not the first time that pro-European views have been expressed by public figures out of office. But so far none of them has managed to put them into practice when in power.

Unlike so many of the turgid works that have been written on the institutions and arrangements for co-operation that clutter Europe, this one has the great advantage of brevity. It describes in simple clear language, not the endless institutional elaborations of the European idea, but the sad tale



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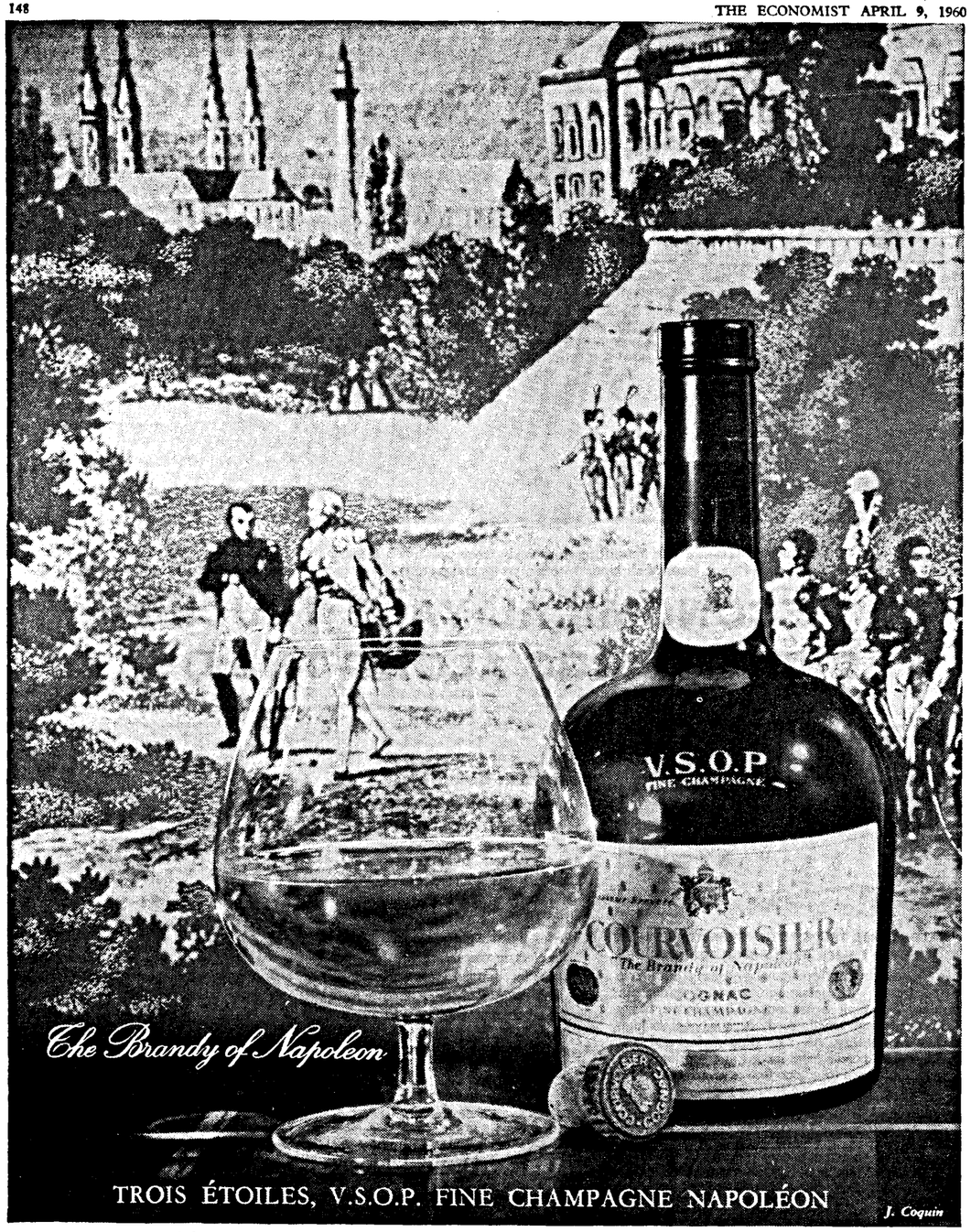

Entrevue de l'Empereur Napoléon et du Grand Duc dans les jardins du Palais de Wurtzbourg - 2 octobre 1806

of British policy towards them and the critical wrong turnings that were taken. Perhaps the best part of the book is the account of the failure of the negotiations on the European army, in which Mr Nutting worked closely with Sir Anthony Eden. He brings out dramatically how the concessions Britain eventually made to preserve German rearmament within the half-baked Western European Union would have saved the European army if they had been made a few months before. The story has a painful topicality today when the implications of German rearmament on a national basis are beginning to come home. The account of the free trade area negotiations, on the other hand, though adequate, is not the definitive, sophisticated tale that ought some day to be written about this abortive, complex but at times dramatic piece of diplomatic history. By the time these negotiations were under way Mr Nutting had left the seat of power. Nevertheless, taken as a whole, his book is the best straightforward indictment of British post-war European policy that has yet appeared.

His advice for the future, however, is not so convincing as his judgments on the past. Mr Nutting admits that he is not very certain of the answer himself. He goes on to say that Britain cannot join the common market now, since France would not have it in; but he then swings round to suggest a "merger between the common market and the commonwealth." The two propositions, which seem somewhat contradictory, require critical scrutiny. It is true, as he suggests, that "anyone in the Quai d'Orsay" will admit that France will look for a way to keep Britain out. M. Raymond Aron, reviewing Mr Nutting's book in *The Observer* on April 3rd, elaborated the theme that since 1950 French governments have made it as difficult as possible for Britain to come in—a view with which he seems to sympathise. But it is also true that there still are powerful forces on the Continent that want Britain in Europe. The tragedy is that British policy has never given them a chance, but has, by its half-measures, played into the hands of those who want Britain kept out.

At this late stage, however, it is highly doubtful whether those people on the Continent who feel Britain is a part of Europe could win the day, if Britain merely offered preferential economic advantages in the Commonwealth on the lines Mr Nutting suggests. All the signs suggest that what is needed is a new political approach. That means, in all probability, that Britain will have to be prepared to accept both the political approach embodied in joining the European Community and the close relationship between the Commonwealth and Europe which follows logically from that approach. Even given this fundamental change, time is short.

OTHER BOOKS

THE STAGES OF ECONOMIC GROWTH: *A Non-Communist Manifesto.* By W. W. Rostow. *Cambridge University Press.* 179 pages. 21s.

The substance of this important book will already be well known to readers of *The Economist.* An abridged version of the lectures was given in the issue of August 15 and August 22, 1959. An editorial comment appeared on August 22nd. Letters to the editor were published on September 5th, and on November 7th we published extracts from Mr Zhukov's reply to Professor Rostow, which appeared in *Pravda* on October 19th. Further reactions to "Rostow on Growth" were published in our issue of February 6, 1960; this also contained a shortened version of his reply to *Pravda*, which so far as we know was never published.

APPRENTICESHIP. By Kate Liepmann. *Routledge.* 214 pages. 23s.

Craft apprenticeship, as Gertrude Williams's book (brought out by the same publishers in 1958) has already shown, is a thoroughly outdated form of industrial training. It is often used by employers as a way of getting cheap labour and by unions as a way of restricting entry into their craft. More skilled men are needed in Britain today, but as the Government is becoming increasingly aware, the traditional methods may be far from the best way of obtaining them. Dr Liepmann's book confirms this. Both her excellent analysis of the background to apprenticeship and her examination of its current effect in particular cases (largely in the Bristol area) make a cast-iron case for reform.

A NEW APPROACH TO INDUSTRIAL DEMOCRACY. By H. A. Clegg. *Blackwell.* 145 pages. 18s. 6d.

This book presents a thumbnail sketch of some twentieth century ideas about workers' participation in industry, and a brief survey of how far they have been carried out in different countries. Experience has not been encouraging, to the visionaries at least. The extreme ideas of workers' control advocated in the early 1920s have been abandoned and even more cautious efforts in postwar Germany and Jugoslavia have not fared well. But slow progress there has been, as the Vienna Conference for Cultural Freedom, from whose debates the book originated, was generally agreed.

FRINGE BENEFITS AND THEIR FEDERAL TAX TREATMENT. By Hugh Holleman Macaulay, Jr. *Columbia University Press.* London: *Oxford University Press.* 254 pages. 52s.

This is a very useful and well thought-out analysis of the rapidly growing number of non-cash benefits provided by American industry for its employees. Company retirement benefits, life insurance, unemployment and health benefits and payments in kind are all examined. Both Mr Macaulay's conclusion that many fringe benefits at present tax-exempt or taxfree are so only because of muddled legal thinking, and his recipe for reform, will command widespread liberal support.

HOME AT GRASMERE. Edited by Colette Clark. *Penguin.* 326 pages. 5s.

Miss Clark here presents extracts from Dorothy Wordsworth's journal and intersperses them with a selection of Wordsworth's poems. This arrangement shows the general reader how close the link was between the journal and the poems and how often Dorothy Wordsworth was the inspiration and the source of William's best poetry.

LAW IN A CHANGING SOCIETY. By W. Friedmann. £2 10s.

This book, which was reviewed in our issue of March 19th, is published by *Stevens*, not *Sweet and Maxwell.*

INVESTING AND LICENSING CONDITIONS IN 34 COUNTRIES. *Business International, New York.* 108 pages. $60.00.

INVENTORY OF ECONOMIC STUDIES CONCERNING AFRICA SOUTH OF THE SAHARA. *Commission for Technical Co-operation in Africa South of the Sahara.* 312 pages. No price given.

The Stages of Economic Growth

W. W. ROSTOW

Economist readers will know something of Professor Rostow's views from the lively articles he contributed last year. These attracted worldwide attention, and even provoked a tirade from *Pravda*. This book, the basis of his articles, presents a comprehensive and realistic alternative to Marx's theory of how societies evolve; it considers today's problems against this background, and the hopes of prosperity and peace. *Cloth bound, 21s. net*
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AMERICAN SURVEY

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

Labour's Love Regained

WASHINGTON, DC

In the spring of every other year, as an election comes in sight, a trade unionist's fancy lightly turns to thoughts of the Democratic party. The blossoms which are just appearing on the magnolias in Washington are no fuller than the hearts of the Democrats as they realise that the unions will probably be faithful to them, after their fashion, once again this year. For it looks as if Mr George Meany, the head of the American Federation of Labour and Congress of Industrial Organisations, has suppressed the temptation which came over that trade union group a few months ago to stay neutral in the election of President Eisenhower's successor next November. Almost certainly the AFL-CIO will support anyone the Democrats nominate, with the possible exception of Senator Johnson of Texas, and it is now in a better position to help its friends than ever before.

This help cannot be claimed by the Democrats as of right. The leaders of the AFL-CIO, sitting in the mural-bedecked splendours of their headquarters just across the park from the White House, have no official link with the much humbler office of the Democratic party a few blocks away. Until about thirty years ago a substantial majority of organised workers, beguiled by the promise of a chicken in every pot, regularly voted for the Republicans. Last year a number of developments suggested that they might return some of the way to their old allegiance. Many trade unionists, having exaggerated the significance of the Democratic victory in the elections of 1958, were exaggeratedly disappointed by the performance of the Congress which was then sent to Washington. In particular, the movement was disgruntled because many of the legislators it had supposed to be sympathetic to it voted for the Landrum-Griffin Bill, a conservative measure restricting the unions' freedom of action, when they found after a long debate that they could not defeat it. Last January, into the gap thus blown in labour's loyalty to the Democrats, there stepped the Republican Vice President, Mr Nixon, bearing gifts in the shape of a settlement of the steel strike on terms distinctly favourable to the steel workers.

The result was dramatic. At the beginning of the year Mr George Harrison, the president of the railway clerks, let it be known that in his opinion the AFL-CIO should retire Achilles-like into its tent for the duration of the presidential campaign; and the leaders of two or three other unions, including Mr Al Hayes of the powerful machinists, gave questioning reporters the impression that they seconded the proposal. The searchers after straws in the wind, noting that Mr Harrison was the Democrats' adviser on labour matters, were more impressed by this incipient rebellion than they would have been if they had remembered that in America the railwaymen are among the most conservative of trade unionists.

But now soberer counsels have prevailed. Achilles has been dragged back out of his tent by his vulnerable heel, which is simply a reminder that for the unions to be neutral would increase the likelihood of a Republican President. The idea that the unionists might try to achieve a state of peaceful coexistence with Mr Nixon was punctured almost immediately after the steel settlement, when a steel workers' meeting booed a polite mention of his name by their leader. It has been further deflated, since the AFL-CIO is nothing if not a practical body, by the Gallup Poll's recent hints that Mr Nixon is no longer as likely to be the next President as people thought a few months ago.

At the same time, the unions' hostility to the Democrats has been mollified by other developments. The pundits within the AFL-CIO, who realised in 1958 (only nobody listened to them) that they could count on fewer than half of the members of the House of Representatives, are now pointing out that the Republicans in the House, with their vigorous new leader, are at least partly to blame for the present conservatism of Congress. Above all, the prophets who said that the end of the world was at hand when the Landrum-Griffin Act was passed now find life going on embarrassingly as usual. No trade union has yet found itself hamstrung by the new law.

This newly recovered enthusiasm for the Democrats is not evenly spread. It is doubtful whether the unions could swallow the gnat of Senator Johnson's nomination, even if this refusal subsequently obliged them to digest the camel of Mr Nixon's Presidency. Apart from the fact that the Senator's Texan upbringing makes it hard for him to understand the problems of workers in big industrial cities, the reasons for the unions' dislike of him are largely esoteric. Last autumn it was discovered that Mr Johnson had written a letter to a number of his more conservative supporters reminding them of his obliging votes in their favour on a number of labour issues. But the unions did not mind the votes as much as they did the relish with which Mr Johnson seemed to recall them.

Each of the other Democratic candidates has his admirers in the AFL-CIO. Most of the federation's leaders, in their hearts, would like Senator Humphrey to be the next President; but, since his chances of winning are becoming increasingly remote, they are unlikely to declare their heart's desire. As a second choice Senator Kennedy is thought to be the preference of Mr Walter Reuther of the automobile workers, and Mr Adlai Stevenson that of the steel workers. Mr David McDonald, the leader of the electricians and Mr Harrison, the erstwhile neutral from the railways, have already plumped for Senator Symington of Missouri as their idea of the best man for the office. On the flank of the movement Mr James Hoffa of the expelled lorry-drivers is blazing away at everyone in sight except Senator Morse of Oregon.

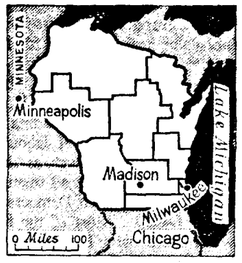
If Senator Kennedy turns out to be the Democratic nominee there will still be some qualms. It was he who introduced into Congress the labour reform Bill which the conservative alliance in the House of Representatives made more restrictive than he wished; although his efforts to temper this work were only partly successful he voted, like almost every other Senator, for the final version of the measure. But these qualms will be suppressed if the Kennedy bandwagon's wheels rumble loudly enough and whoever gets the AFL-CIO's support will have the help of a better organised body than the one which endorsed Mr Stevenson in 1956. Then the two halves of the federation, which had merged at the top only a year earlier, were united in fewer than half the states; by the coming autumn, when the rival groups in New Jersey will have been driven to the altar by Mr Meany's shotgun, the process of amalgamation will be complete. Although the steel strike has depleted the unions' funds, they will probably spend at least as

much as the $1.8 million which they laid out for the 1956 election. Even the lorry-drivers, who abandoned their plan for a vast election fund to be disbursed by Mr Hoffa at the same time as they lost their faith in all the Democratic aspirants for the Presidency, are likely to give substantial help to local candidates for Congress.

The remaining question is whether the unions can deliver votes as well as money. It has long been suspected that trade unionists are getting less Democratic as they move out of the cities into middle-class suburbanity. Some people have found evidence for this in a survey by Mr Louis Bean, the polling expert, which suggested that workers' support for Mr Stevenson declined more sharply between 1952 and 1956 than that of the population as a whole did. But this was probably due more to their ill-concealed dislike of Mr Stevenson's intellectualism than to a nascent liking for Republicans. Several inquiries suggest that many unionists (and more particularly their wives) who voted for President Eisenhower are unlikely to transfer their affection to Mr Nixon; a team of *Wall Street Journal* reporters who visited Wisconsin recently found a marked antipathy to the Vice President.

Senator Kennedy has particular reason to hope that this newly floating vote will turn to him. The trade unions contain a higher proportion of Roman Catholics than does the population as a whole, because the more recent immigrants from Catholic countries have not yet climbed into the middle class. Thus a Catholic candidate, especially a youthful one in a country where youth is still a major electoral asset, is likely to arouse more enthusiasm among the labour rank and file than any other nominee.

Wisconsin: Delphic Oracle



IF Wisconsin had gone to the polls a few weeks ago to show which Democratic presidential candidate it preferred, Senator Kennedy's victory over Senator Humphrey, his rival from neighbouring Minnesota, would probably have been hailed as a triumph; the Senator from Massachusetts won 106,000 more votes than Senator Humphrey—more than any other primary candidate in Wisconsin's history—and carried off 20½ of the 31 votes which Wisconsin will cast at the Democratic nominating convention in July. But both Senator Kennedy's friends and his enemies had become so convinced that his bandwagon was gathering speed hour by hour that the result came as an anti-climax.

Certainly he has not secured the important psychological lift which would have been his with a "knockout" victory acclaimed in the headlines—even though the convention votes which were at stake are so few. Senator Humphrey won 372,000 votes to Mr Kennedy's 478,000 and carried, as well as the three farming districts adjoining Minnesota, the district containing Madison, the state capital, and the state university where Mr Stevenson's supporters turned to him in an effort to stop Senator Kennedy's drive. Both Senator Kennedy and Senator Humphrey will soon move on to prepare the ground for their next clash, in West Virginia, early next month.

There are two additional reasons why Senator Kennedy's victory is not being taken at its face value. One is that he is a Roman Catholic, and the population of Wisconsin is about 32 per cent Catholic compared with 23 per cent for the country as a whole. The other is that under Wisconsin's unique law Republicans were free to vote in the Democratic primary if they chose. Senator Kennedy drew most of his margin of victory from three districts which are heavily weighted with his co-religionists, including the two into which Milwaukee, the state's largest city, is divided. But the men who matter—the professional politicians who will decide whether big uncommitted states such as New York swing behind Mr Kennedy—will view this as an asset unless many Protestants prove to have been alienated by his religion. Most of the big cities in such states have many Roman Catholic voters who in recent years have tended to vote Republican; to reclaim them would be a great advantage. West Virginia, which has hardly any Catholics, should help the professionals to make up their minds whether Senator Kennedy, as a presidential candidate, would lose more Protestant votes than he would gain in Catholic ones.

Mr Nixon's relatively poor showing on the Republican ballot—he won only 341,000 votes—was not unexpected since he was unopposed and did not campaign; he can take comfort from the erratic history of the Wisconsin primary, where Mr Truman did infinitely worse in 1948, yet went on to carry the state—and the country—in November. Less easy to disregard is the most recent Gallup poll, which shows Senator Kennedy forging ahead of the Vice President for the first time since Mr Nixon returned from his popular sparring match with Mr Khrushchev last summer.

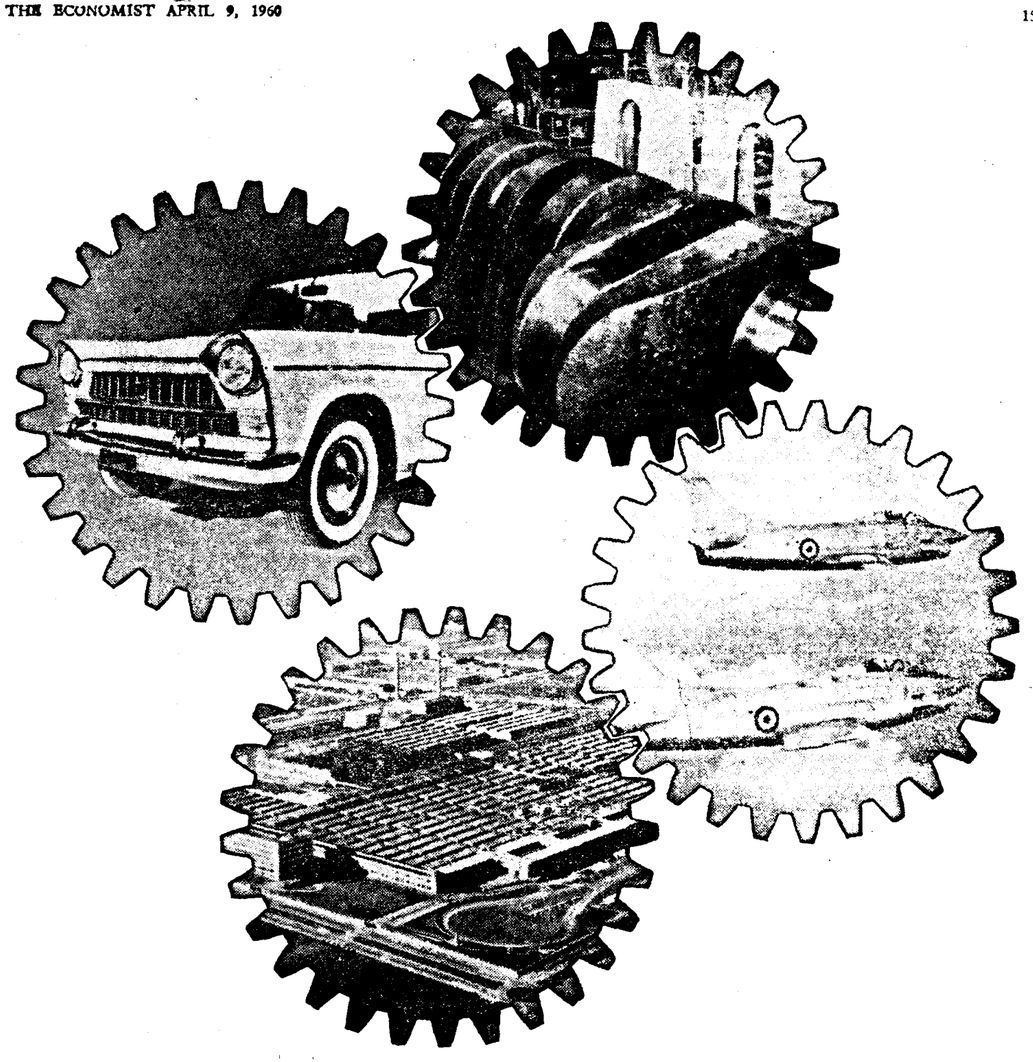
Surprise from the Treasury

NEW YORK

THE Treasury created a stir this week both on Wall Street and in Washington by including a bond running for 25 years in its operation to raise the cash needed by the government between now and June 30th, when the 1960 financial year ends. For almost twelve months the Treasury has been excluded from the long-term money market because it is forbidden by law to sell long-term obligations paying interest of more than 4¼ per cent; with outstanding issues selling above this ceiling the Treasury has had to borrow exclusively in the short-term market. The recent easing in interest rates has been most marked in that market but it has had some repercussion on the capital market. Thus the effective rates on outstanding long-term government bonds have fallen fractionally below the ceiling and the Treasury has not hesitated to underline the new situation by offering a 25-year bond, callable in 15 years, at 4¼ per cent. The amount was left open, although limited to a maximum of $1.5 billion, and the rest of the government's cash requirements are being raised by the sale of $2 billion-worth of 2-year, 1 month notes at 4 per cent.

The Treasury's move is a bold one since it is very unlikely to help it in the battle which it is waging with Congress for the removal of the ceiling on long-term interest rates. Liberal Democrats, who are determined to keep government borrowing in its strait-jacket, feel that the Treasury has now proved that they were right to resist its request. Admittedly they can no longer accuse the Treasury of not trying to market a long-term bond when circumstances allow but they do feel that they have saved taxpayers millions of dollars in interest charges by not giving in in the meantime. The chances are now against the removal of the ceiling at this session of Congress, but the Treasury has no intention of giving up the struggle; interest rates, it feels, can rise as suddenly as they can fall.

The new callable bonds are not expected to go to a premium but there are some long-term investors—principally pension funds—who find them attractive. Government dealers expect that about $500 million worth will be sold; this is not a big amount but only a few weeks ago the Treasury could not have sold any at all. The changed situation owes a great deal to the Federal Reserve Board's recent relaxation of its restrictions on credit and to expectations in the money market that even greater ease is on the way. Just how far the central bank will go is not yet clear but with the Treasury



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President Eisenhower's call for the creation of bi-racial committees will not make much difference; the southern moderates think he should have issued it years ago and the southern segregationists are turning their usual deaf ear. But it was a different matter when Governor Collins of Florida appointed such a committee and said that, while owners of shops have a legal right to exclude customers,

> I think that if a business includes several departments and the general public is invited in to trade, it is morally wrong for the management to discriminate against Negro customers, denying them the services of one department.

His example made easier the task of negotiators working behind the scenes in many cities.

But it was not popular with members of the Florida Legislature or with other southern politicians such as Governor Vandiver of Georgia, who said that he did not see that any moral issue was involved. In the southern states the impoverished, static, agricultural economy inherited from the nineteenth century is giving way to an industrial economy based on rising consumption and the mobility of labour. But the political system, which has been characterised by a limited electorate, over-representation of rural areas, and demogogic attitudes on race, has not changed. Now, however, it is beginning to crack under the new economic pressure in some states such as Virginia and all are feeling the strain.

Rockefeller's Mixed Bag

GOVERNOR ROCKEFELLER of New York State and Mayor Wagner of New York City can both feel pleased with themselves. Their recent agreement on the amount of financial aid for education and welfare that the city will receive from the state in the coming year puts an end to a dispute that has dragged on for six years, largely because a Democratic administration in the city has had to seek largesse from a Republican State Legislature. Now, instead of having his grant cut by $7 million, as was at first threatened, Mayor Wagner has secured an increase of $41 million, with the hope of another $40 million if Congress disappoints President Eisenhower by relinquishing the federal tax of 10 per cent on the cost of local telephone calls.

Another part of the agreement concerns revision of the city charter, which has been a lively political issue since a state commission alleged that financial wastefulness and general inefficiency were endemic in the city government as it is now constituted. Mr Wagner, who was not himself attacked by the commission, has been trying, not very hard, for two years to secure permission

Concluded on p. 160

Date with Some Dates

FROM A CORRESPONDENT IN CALIFORNIA



EVERY February Indio, a Californian desert town on the main highway between Los Angeles and Phoenix, Arizona, celebrates the National Date Festival by transforming itself into the ancient city of Baghdad. Farmers, shopkeepers and other businessmen walk the streets in middle eastern costumes; a pretty girl is elected Queen Scheherazade; there are camel and ostrich races as well as western riding contests on the local fairground; and on its stage, which has a permanent backdrop of domes and minarets, an Arabian Nights Pageant is presented each evening.

All this is because Indio bills itself as the date capital of the United States. It does in fact produce about 95 per cent of the American crop; most of the rest comes from Arizona. In 1959, some 40 million pounds of dates were grown, with a market value of about $7 million. The date industry was established in Indio some forty years ago by pioneers who noticed the similarity between conditions there and in the traditional date raising regions in North Africa and the Middle East. To begin with deep wells had to be drilled to simulate oasis conditions, since the roots of date palms must be immersed in water practically continuously. But there has been an almost unlimited supply of water available since 1948 when the Coachella branch of the All-American Canal from the Colorado River was completed. Today some 3,200 acres, about one-third of the cultivated acreage in the bowl-shaped Coachella Valley, are devoted to date palms.



There are now a number of large, efficiently run, streamlined, expertly publicised date gardens in the Indio area; some are individual enterprises, others are co-operatives. They are visited by hundreds of thousands of tourists annually, with a peak of about 200,000 at the time of the Date Festival. At one date garden, a film, *The Romance and Sex Life of the Date*, is shown continuously, demonstrating that Nature has made dates as helpless and hapless as people. There is no heredity pattern for dates grown from seed and so they must be propagated by offshoots from the parents. It takes five to ten years for these young sprigs to develop enough onion-like roots to be ready for transplantation to a separate existence and about another eight to fifteen years for the youngster to grow to maturity.

In California, one male date is set out with 48 female palms on an acre. But the birds and the bees pay no attention to the female flower unless it has already been pollinated by the male and the wind is not a very satisfactory pollen-carrier. So man has to play a part if a good crop is to be obtained. In the gardens at Indio each spring pollen from cut male blooms is shaken by hand on to miniature powder puffs about half the size of a walnut, and laboriously dusted on to each individual female flower.

BECAUSE of this and other fussy jobs which must be done if dates are to be cultivated—each cluster must be covered with a waterproof paper bag to prevent damage by rain during the harvesting season in the autumn—it costs from $4,000 to $6,000 to bring an acre of palms into full bearing in California. However, the result is a premium product, selling at from 25 cents to $1.50 or more a pound, according to grade. As well as fresh dates, the Indio producers offer bread dates, fruit dried on the palm (the staple food of the Bedouins); a chopped-up blending of this, called date crystals, for cooking; and a ground-up version, date sugar, for sweetening.

Indio has cornered the market for high-quality dates in the United States and ships its products by post all over the world. This international demand is growing now that restrictions on dollars are being abolished everywhere. However, the industry complains that it is being strangled by its high costs of production, especially those of specialized manual labour. Already some growers are digging up mature gardens and others may do the same as the value of land for building purposes booms in the desert hinterland of Los Angeles and as industry invades the Coachella Valley.





Protective Measures

In the citrus groves of California, plump and colourful fruits ripen in the sunlight that pours upon them—fruit from trees free from the attack of *Tylenchulus semipenetrans*, a pest found wherever citrus is grown. Where the citrus nematode is uncontrolled it restricts root and shoot growth, weakens trees and reduces the size and yield of fruit—damage often referred to as "slow decline". Replanting does not help, for *it is the soil itself that is infested.*

Consequently, California fruit-growers have given a ready welcome to Nemagon, the Shell soil fumigant that can be used after planting as well as before. Applied at low dosage rates around the roots of bearing trees, Nemagon has effectively controlled the citrus nematode and increased fruit yields by up to 20 per cent.

This story has been repeated in other parts of the world on grape, strawberry, olive, peach, walnut, fig, banana, pineapple and many ornamental crops, all of which have benefited from Nemagon. Ask your Shell Company for full details of this and the other Shell pesticides including aldrin, endrin, D-D and Phosdrin.

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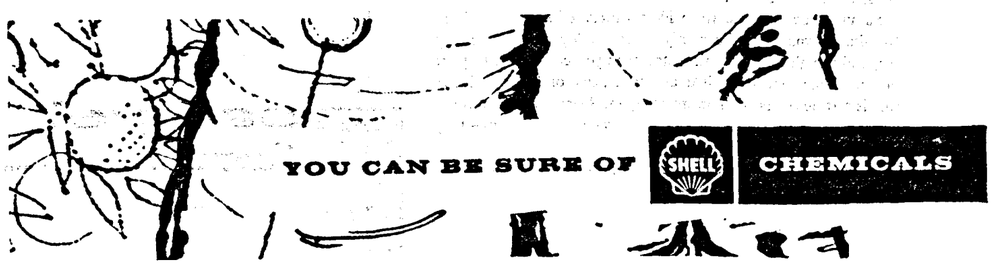
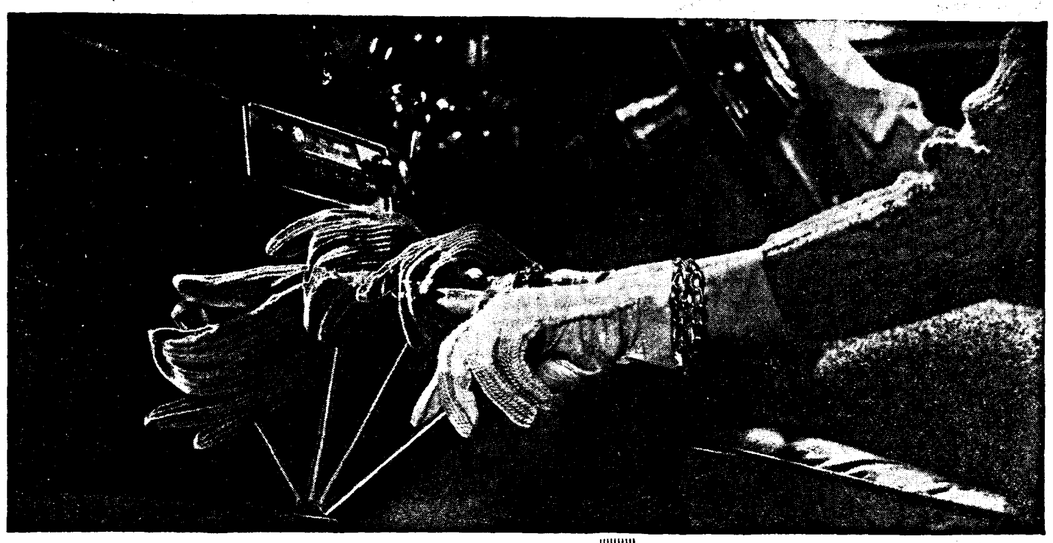


US gets its teeth into motoring



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US 154

Pension Phenomenon

NEW YORK

THE outstanding development on Wall Street since the war has been the dominance of the stock market by the large institutional investors. But while the rapid rise of the mutual funds (or unit trusts) has attracted wide interest and increasing regulation by the government much less attention has been paid to the fastest growing, and in some ways the strangest, of these new financial giants—the company pension trusts. These trusts have quadrupled in the last decade, and now hold assets of $40 billion compared with $16 billion for mutual funds; and the probability is that they will double again by 1965. Having attained this impressive size, with plenty of growth still to come, corporate pension trusts are receiving some belated attention.*

Even in the nineteen-thirties, pension plans were still the exception rather than the rule, and they were confined, in the main, to executives and white-collar workers. During and immediately after the war, however, circumstances propelled both employers and trade unions in the direction of pensions for the rank and file. Faced with taxes that creamed off all but a fraction of their profits, employers found that they could set up a pension scheme (and take the credit) at little real cost to themselves; the Internal Revenue Service regards pension contributions as a legitimate business expense. At the same time the unions, which were debarred during the war from seeking direct wage increases, concentrated on obtaining and improving so-called "fringe benefits." The higher level of postwar wages (and of taxes paid on them) has made "deferred" remuneration even more desirable. Private pensions are taxable, but few employees have incomes in their declining years big enough to attract much tax. Indeed, the growth of private pension schemes is due, in large measure, to the fact that the taxpayer, in one way or another, foots a big share of the bill.

Today, one in every four employees is covered by a company pension plan. Schemes have been introduced in most industries where the unions are strong and the individual firms are large. The main groups excluded are the self-employed; farm workers; many (but not all) of the service trades; industries in which unions are more interested in raising low wages than in pressing for fringe benefits; and the great mass of small firms which cannot easily support a pension scheme. Sometimes, however, the unions have succeeded—as they have in the garment trade—in welding small employers into an industry-wide scheme.

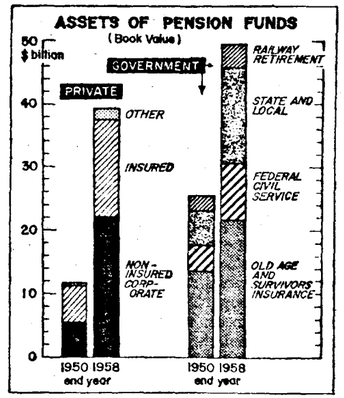
The requirements that an employee must satisfy, and the size of his ultimate pension, vary considerably from scheme to scheme. The average plan grants him, after some 25 years of employment in the firm, a pension of between 20 and 45 per cent of his average wages. At present few schemes allow an employee to take his nest-egg with him if he leaves the company before he retires. This is a very costly privilege for companies to grant, but the desire of both employers and the trade unions to keep the labour force adequately mobile is encouraging a more liberal approach to this and other pension provisions.

Company pension plans are not, of course, the sole source of income for the American who has turned 65. In 1935, the federal government set up the Old Age and Survivors Insurance scheme which is financed by a tax on pay-rolls borne equally by employers and workers. The recipient can earn up to $1,200 a year, and can receive a private pension and unlimited unearned income without jeopardising any of his government pension. Today these average—on an annual basis—just under $900, with an additional $570 for a married man.

The trade unions regard pensions quite simply as "deferred wages." Employers, who in most cases foot the entire bill, seldom will go this far, though some concede that pensions have been "earned" to some extent. When the question of an employee's legal "right" to his pension has been brought before the courts, the law has usually sided with the employer. The beneficiaries of pension schemes are, in fact, more dependent on the solvency and good will of their firms than most of them realise, for nearly all contracts provide the employer with an escape-clause. The real testing point has yet to come. American business has had no major recessions to contend with since the war. And, since most of the schemes are very young, the number of pensionable people is small as yet in relation to the number of active workers.

THE ability to meet pension promises depends not only on the solvency of the company, but also on the efficient handling of the funds themselves. Most of the earlier plans were managed by insurance companies, but in the last few years employers have tended to set up their own trusts. This is because insurance companies are subject to some taxation and their investments in equities are strictly limited by law; a pension fund, on the other hand, is tax-exempt and can, if it wishes, put all its money into equities. However, few companies retain full responsibility for handling their own pension trusts; the banks act as trustees for three-quarters of the assets of these "non-insured" funds.

The portfolios of the "non-insured" pension trusts are weighted heavily in favour of corporate bonds; over half of their assets were thus invested at the end of 1958. Government securities, on the other hand, have been neglected almost entirely in the last few years in favour of the stock market; indeed, pension trusts have been investing nearly half of the fresh cash available to them in equities. Being essentially cautious in their investment policies, they have stuck mainly to "blue chip" securities. Nevertheless, pension funds are today putting more money into the stock market than any other group of institutional investors.



Individual pension trusts are growing to enormous size; the largest, that of the American Telegraph and Telephone Company, is approaching $3 billion. And with receipts to cover future liabilities exceeding current payments by some $4.5 billion a year pension funds are the largest single source of new capital in the economy—and will continue to be so for some time to come. This enormous buying power makes some observers wonder whether pension trusts will gain control of their parent companies, or alternatively of outside companies. Judged by their present practices, the answer on both counts appears to be in the negative. As a matter of prudence, most funds specifically prohibit investments in the parent company, or limit such purchases to a small percentage of the total portfolio. (An outstanding exception is the pension fund of Sears, Roebuck and Company, the giant mail order house, which owns 26 per cent of the company's ordinary shares. The voting rights have been passed on to the employees, who, if they chose to speak with one voice, would have a controlling interest.)

Similarly, the banks, in their role as trustees, have usually insisted on restricting the interest of a pension trust in any one company, and have refused to co-operate with employers who have tried to use the resources of pension funds to gain control of other companies. The banks have every reason to be cautious. The pension business, most of which is divided among a handful of the larger New York banks, is both expanding and profitable, and they do not wish to invite governmental interference. But even if the pension funds stick to a policy of spreading their favours thinly, they remain nevertheless stockholders of consequence.

* See, for example, *Pension Funds and Economic Power*. By Paul Harbrecht, S.J. The Twentieth Century Fund. New York, 319 pages, $5.00.

Continued from page 156

to revise the charter, but he has been blocked by the State Legislature. Now the Governor has promised to support his efforts, provided that the Mayor ceases to attack the commission as partisan. This is a small price to pay for such an ally.

The conservatives in his own party, which controls the Legislature, have been much harder for the Governor to handle. In the closing hours of the session last week State Senator Mahoney, a disappointed rival of Mr Rockefeller for the Republican nomination for Governor, managed to defeat four major parts of his legislative programme, including a Bill to outlaw racial bias in private housing and commercial premises, the encouragement of private shelters against atomic fall-out, and a scheme to give local communities more taxing powers to raise money for schools.

Mr Mahoney might not have been so inflexible if the Governor had agreed to cut taxes—something which the Republican legislators feel would help them in their campaigns for re-election this autumn. But Mr Rockefeller is particularly proud of the fact that this is the first year for a long time that the state has not had to borrow any money or to raid its reserve funds. Coupled with a general increase in aid to education, better insurance benefits and the first state-wide minimum wage law, this achievement enhances Mr Rockefeller's reputation as a responsible liberal, even if he did not have the political finesse to out-manœuvre Mr Mahoney. Many influential Republicans continue to feel that he would be a great asset as the party's candidate for Vice President, particularly now that Mr Nixon's stock seems to be slipping. But Mr Rockefeller, who cherishes presidential ambitions of his own, is unlikely to be tempted.

Speeding the Missiles

EARLIER this year when many Democrats and even some Republicans criticised the defence budget as inadequate and the President as pennywise, they were told tartly to mind their own business by Mr Eisenhower, who insisted that he knew more about defence than anyone else. What troubles many members of Congress is that in the next two or three years the Soviet Union will, admittedly, have more intercontinental missiles than the United States. Now, however, the President has approved moves by the Defence Department to speed up the production of missiles in this critical period and thus to blunt Democratic criticism. The room for manœuvre is not very great since the Administration has no intention, it appears, of increasing the total for defence spending significantly. More for missiles means less for something else.

The victims, which are to lose about $500 million next year, are the Bomarc air-to-ground missile and the electronic spotting network which goes by the name of SAGE (for semi-automatic ground environment system), both of which were designed to intercept enemy aircraft and which were not expected to be completely ready for several years. By that time the threat will be from missiles, not from bombers. As one Congressman pointed out unkindly, this might have been foreseen late last year when the defence budget for the coming fiscal year was being drawn up. But it takes time to persuade all the people concerned in such a decision. The Air Force hopes to spend the money which it is saving on 18 more Atlas intercontinental missiles, on the solid-fuelled Minuteman missile which should begin to come off the production lines in 1962 and on the Midas satellite. If this works as is hoped, it will give 30 minutes warning of the launching of any missile.

The Navy has also reached into its own pocket for $52 million more to speed up the building of the last 7 of the 12 Polaris-carrying nuclear submarines which have been authorised by Congress. The test-firings which it is conducting in both the Atlantic and the Pacific oceans have, however, struck a bigger target. They have so impressed the Secretary of Defence that more of these missiles and the submarines to carry them are to be built. So far, most of the tests have been successful, but a full-scale underwater firing of a fuelled missile is not to be attempted until next summer. Even so, the Navy is confident that it will have the first Polaris submarine on patrol before the end of the year.

SHORTER NOTE

Eighty-five per cent of American Foreign Service officers can now speak a foreign language. This compares with less than fifty per cent in March, 1958. Congress then allocated more funds for training at eight special language schools in the United States and abroad. Proficiency in German and Spanish is now such that two of these schools—in Frankfurt and Mexico City—are to be closed. But there are still more officers speaking a Scandinavian language than all Asian languages together (except Chinese), while by 1965 ten times as many will speak Finnish (20) as Swahili (2), a leading language of Africa.

* * *

It took New York's taxi-drivers just a year to defeat the City Council's effort to impose a tax of 10 cents on each trip in a cab. The unpopular levy is to lapse on July 1st.

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Protective Measures

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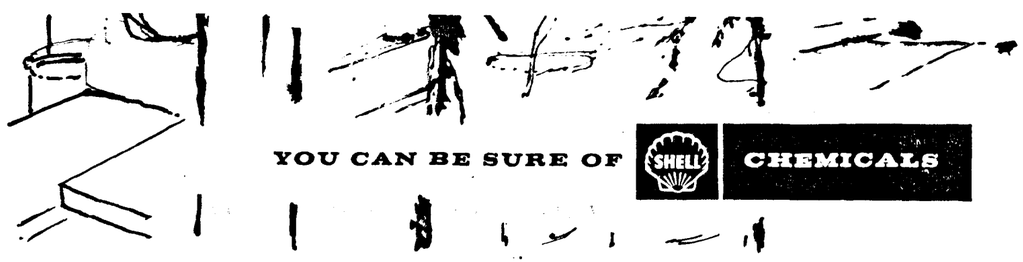

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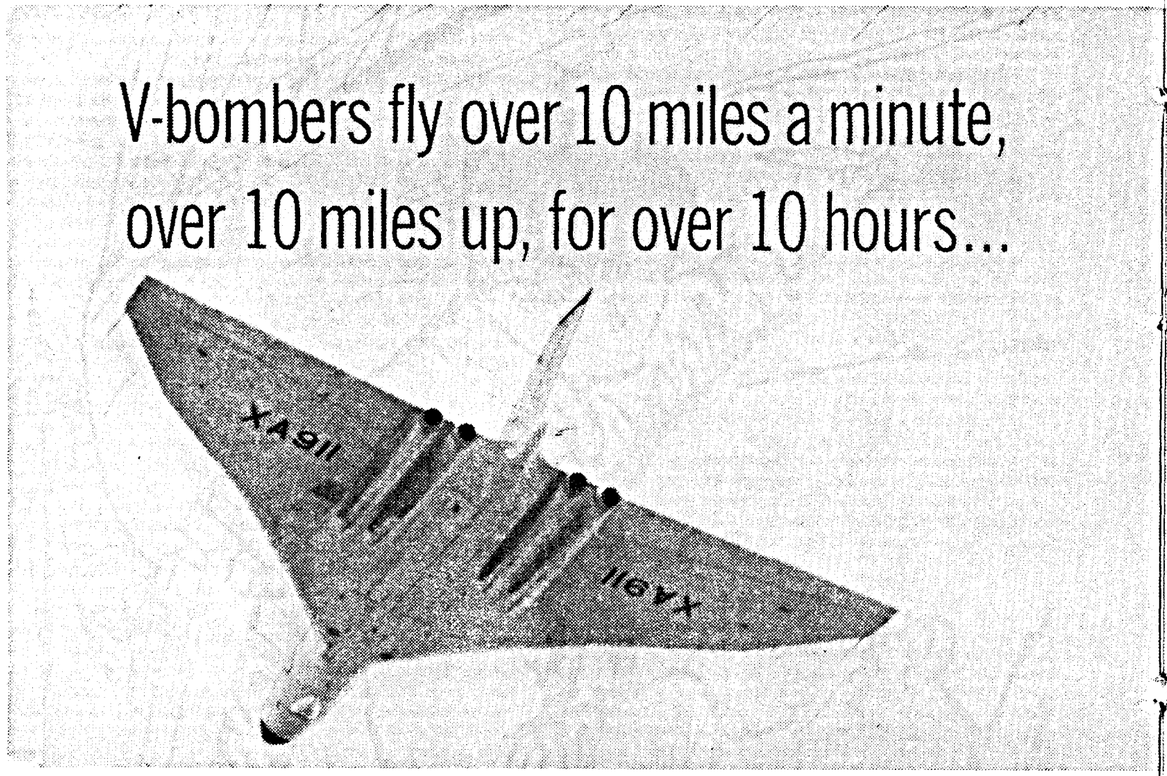

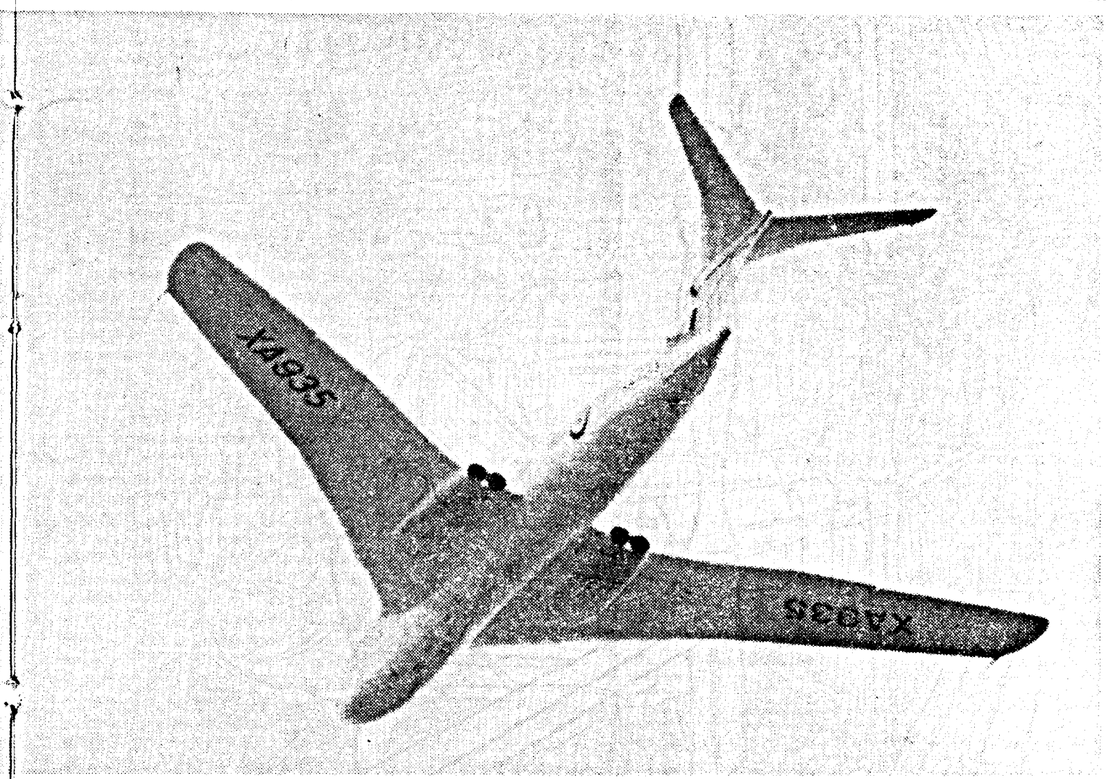

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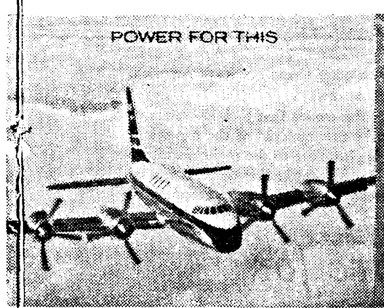

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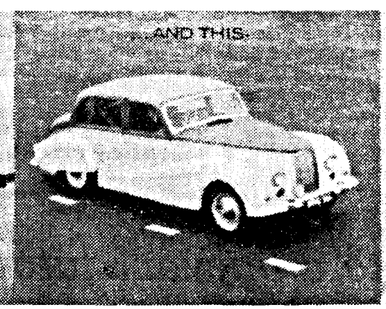

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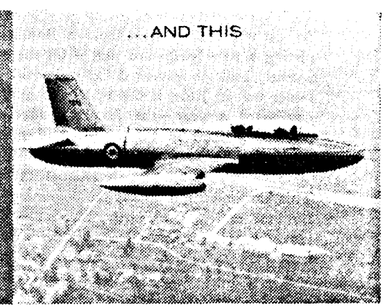

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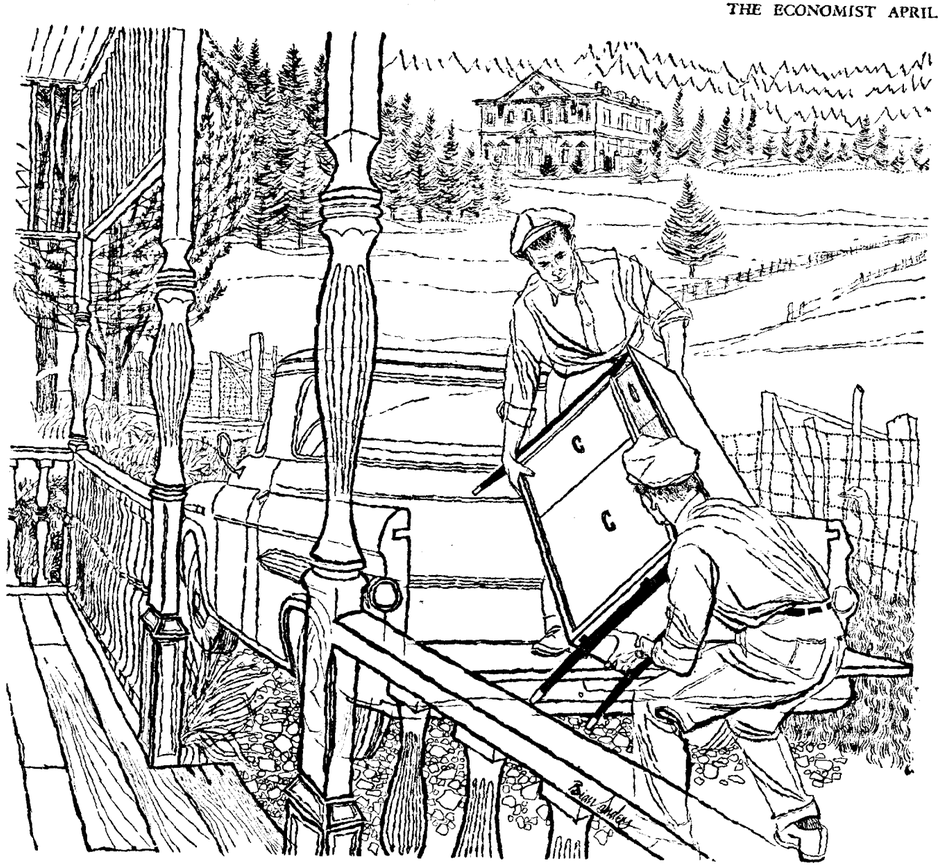

New boarders in Carolina

AT CATAWBA IN SOUTH CAROLINA Bowaters are now completing a new hardboard mill – on the same site as their recently built 38 million dollar pulp mill. Scheduled to get under way in June, it will make 160 million square feet of hardboard a year – the fastest production cycle of any hardboard plant in the world. And that is not its only distinction.

NEW PRODUCTS

This hardboard mill marks the beginning of a new phase in Bowater activity in North America – diversification. In Europe, Bowaters have developed beyond the basic paper industry – into packaging, tissues, building boards, even drainpipes. Now the pattern takes shape in North America.

NEW MARKETS

It was not only the call of the woods that took Bowaters to Catawba. Surrounded by the raw material of the paper and board industry, Catawba is also close to the major furniture producing centre of the United States. For them, a special board. For Bowaters, a steady market. For the economy of the South, benefit.

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THE WORLD OVERSEAS

East Germany's Farm Revolution

FROM OUR BONN CORRESPONDENT

ONE remarkable consequence of the Ulbricht regime's final assault on the last independent farmers in east Germany—there were still some 340,000 of them at the beginning of the year—is the surprise that it seems to have caused, not only in the onlooking Federal Republic, but also among the affected farmers themselves. Herr Ulbricht is known to be as orthodox a communist as any in the business, totally dedicated to a political philosophy of which common ownership of the land is an essential extension.

True, he held back for tactical reasons for five years. That was while the adolescent state was itself digesting a third of the estates and farms of 250 acres or more that it had appropriated in the summer of 1945, and distributing the remainder in mostly twenty-acre parcels to some 220,000 landless farm workers and farmers who had been driven from their holdings in the east. But ever since the second Socialist Unity Party conference in 1952, Herr Ulbricht has never left it a moment in doubt that full collectivisation was his aim. Pressure on the individual east German farmer to join the intermediate-stage producers' co-operatives—by withholding machines and fertiliser, for example—has been constantly exerted. But until this spring there was an understandable reluctance to risk dislocating the still inadequate harvests by impetuous and unqualified meddling.

Last week Herr Ulbricht gave the party central committee one of the reasons why he decided a month ago that the time had come to take greater risks and push more purposefully ahead. The advance was "a necessary political act in view of the summit conference." In other words, Herr Ulbricht is resolved to present the discomfited west with still more compelling evidence of the existence of a separate German state east of the Elbe, diverging increasingly, and seemingly irrevocably, in character and practice from the legitimately established Federal Republic. The surprise and indignation that are being voiced in west Germany at what is happening on the east German farms are mainly the outward manifestations of deeper anxiety about its ultimate significance for Germany as a whole. The Federal Government is compiling a white paper on the subject. In the Bundestag on Wednesday, Professor Carlo Schmid, the Socialist vice-president, speaking in the name of all four parties, protested against the further destruction of independence in east Germany—"the death of an important branch of the national tree."

There have been less happy utterances; thus Dr Franz Thiedeck, state secretary at the ministry for all-German affairs and a regular broadcaster to the Democratic Republic, told listeners to West Berlin's RIAS programme on March 26th that the east German farmers were being "degraded to daily wage earners." Excited newspaper commentators have been asking why the federal government and the West in general do not "do something." They do not propose what.

Immediate political advantage to the east German regime apart, it was decided at a conference of Soviet block agricultural experts in Moscow at the end of January to press on with collectivisation, in order to strengthen eastern European economic planning as a whole. The east German authorities rehearsed their tactics carefully during February and went briskly into action at the beginning of March. By the end of the month, without having had recourse to law or decree, or paid a penny in compensation, they announced that so many farmers had voluntarily joined the producers' co-operatives that 80 per cent of the arable land in the Democratic Republic was now socialised. The process is continuing so swiftly that several of the west German experts who estimated that it would not be completed until the end of the year, now surmise that Herr Ulbricht may be planning to celebrate its virtual fulfilment on May Day.

The 966 farmers who fled westwards during March all have much the same story to tell of the browbeating stratagems employed by visiting teams of activists to persuade the individual to forego the self-indulgence of private ownership, or. . . . It is not a pretty story. The hopes and the pride, and probably the pockets, of many have been hurt. Resisters have been noisily pilloried as warmongers. Protestant pastors have reported 38 suicides. Undoubtedly there would have been more refugees had not the authorities taken such precautions as to instruct the country banks to report any unusually large withdrawals, and the police to take off Berlin-bound trains anyone described on his identity card as a farmer or agricultural worker. All this is repugnant and distressing. Yet, to keep the matter in proportion, it is necessary to remember with what brutality the collectivisation of land has been carried out elsewhere during the present century. If they are compared with what Stalin did to the Russian countryside in the nineteen-thirties, the east German methods, relentless as they are, look mild.

EAST GERMAN AGRICULTURE
Progress of collectivisation up to end of 1959

	Number of producers' co-operatives	Number of members	Percentage of cultivable land
1952	1,906	37,000	3·3
1953	4,691	128,000	11·6
1954	5,120	158,456	14·3
1955	6,047	196,946	19·7
1956	6,281	219,599	23·2
1957	6,691	229,026	25·2
1958	9,637	352,938	37·0
1959	10,465	448,239	45·1

The character of the co-operatives into which, for better or worse, all the east German farmers are thus being dragooned, has increasingly resembled the model Soviet kolchose, as the years have gone by. Herr Ulbricht confirmed this trend in his address to the central committee, which was publicised to the extent of sixty columns in the April 1st issue of *Neues Deutschland*, the party's leading daily newspaper. The multitude of privately-owned holdings now being given up, he said, would be amalgamated with the land already socialised to form units of between 3,000 and 5,000 acres each. He anticipated that in consequence of the increased efficiency that would result, the Democratic Republic would, by 1963, be producing all the meat, butter, milk and eggs required for home consumption. By 1965 there should be surpluses for export. And, looking into the more distant future, Herr Ulbricht spoke of the agricultural towns that would come into being, with processing factories, storage plant, housing estates and recreational centres for the communities deriving their living in one way or another from the surrounding land. It is a brave picture. When the west Germans have recovered from their understandable indignation they might even find the proximity of such an experiment stimulating.

Mr Khrushchev Shows His Colours

FROM OUR PARIS CORRESPONDENT

For ten days Mr Khrushchev presented throughout France the studied, jovial figure of a national statesman, head of a powerful, peaceful nation. On the eleventh, and last, he proclaimed on French radio and television that his country was strong and would get stronger and richer because it was communist. The French anti-communist papers which, for days, had peered anxiously at the sheep's clothing could finally confirm in print that they had been right in crying "red wolf" from the start.

Mr Khrushchev was probably not spurred to his propagandist action either by the second French atomic explosion on April 1st, or by the failure to agree on any major issue with General de Gaulle. The gap separating their foreign policies is plain to see in the final communiqué. The agreement on the development of trade relations and closer co-operation in the fields of culture, science and—a novelty—the peaceful uses of atomic energy cannot hide the fact that on the key questions of disarmament and Germany the two protagonists have remained far apart.

Logic, however, rather than disappointment, explains Mr Khrushchev's final intervention. Last Saturday, the eve of his departure, he had his first opportunity to address the French public. He told them how much he liked their country and its people, and how necessary for peace were negotiations between heads of state. Then he turned to the achievements of his own country. Intended for foreign consumption, the picture had to be without blemishes (Stalin and the vagaries of his reign were not even mentioned). It was the story of success, of rising production, spreading education and improved social services. There was also a vision of the near future when hours of work would be sharply reduced and American standards of life exceeded.

How was it all being done? Here Mr Khrushchev made his declaration of communist faith. It was all possible because the Soviet Union has a superior social system, because "mankind's secular dream"—communism—dimly perceived by nineteenth-century French visionaries, was being turned in Russia into reality.

It is difficult to see what the subsequent French fuss has been about. Any communist leader could have made this speech. Mr Khrushchev has said it all before and will say it again. It is possible to question his facts, point out his omissions, and reject his interpretations. But it is strange to be astonished that the ruler of the Soviet state is a communist. On the contrary, the speech and the press conference, added to his previous behaviour on tour, give a more accurate idea of the man who will be returning to Paris in six weeks for the summit meeting.

The strongest impression he left is one of self-confidence. His insistent pleas for peace were made without apologetics or suggestion of timidity. Each reference to the German threat was coupled with a reminder that Russia could crush its opponents. As he told a questioner, Mr Khrushchev is an optimist by nature. This disposition of his is not limited to military matters. He seems genuinely convinced that, sooner or later, in ten years or twenty, Russia will win the economic race; that the Afro-Asian countries will go over to the communist block; that "western capitalism" is doomed, and a Soviet Union with high standards of living will soon be the new pole of attraction.

"Peaceful co-existence" suits him not only because of the horrors of nuclear war, but also because he is convinced of ultimate victory. Why run terrible risks when you expect to win without them? Disarmament has also for him the dual advantage of eliminating the risks of dangerous incidents and accelerating Russia's economic march.

Confidence does not necessarily breed concessions. The Soviet leader, with an air of sweet reason, admitted that, if progress were achieved on disarmament, the Berlin question could wait a while. He reiterated that Moscow would agree to certain international guarantees for a free city of Berlin. But he also repeated his threat that, in case of deadlock, a separate Soviet treaty with east Germany would render all previous allied arrangements void. The western heads of government will be faced in Paris with a hard bargainer who is convinced that time is his ally.

General de Gaulle kept to the background, leaving the centre of the stage to his guest. The only indications of his views are negative; they can possibly be guessed at from what did not get into the final communiqué. But the view, always held here, seems to have been confirmed that however awkward the general may prove as a partner in Nato, no agonising reappraisal will lead him to reverse alliances. It is even doubtful whether his position on Germany has become any more flexible as a result of Mr Khrushchev's visit. Even so, the Soviet leader has gone home professing the greatest satisfaction with his tour of France.

Nato, Germany and Spain

FROM OUR PARIS CORRESPONDENT

Integration is a magic word recurring in all Nato debates. In December, at the full meeting of the Nato council, it was the invocation used, unavailingly, against the French obstructions to General Norstad's plans; the debate started a major row. Although the issue was then passed on to experts and committees, nobody seemed to worry about France last weekend, when the Nato defence ministers met in Paris. The official explanation for this omission is that a compromise solution is now in sight, particularly on the integration of air defences, and everything can, therefore, be left to the experts to negotiate. The magic word, however, did reappear *in a new guise:* "integration of logistics" was the euphemistic head chosen for the discussions on German bases in Spain.

With curious discretion, Spain was apparently not mentioned even once at the meeting. But the German search for bases dominated the discussions. It was not only at the heart of the paper *on a unified supply system presented by Herr Strauss.* It was also involved in the British plan to revise Nato strategy by putting the emphasis on preparations for the early phase of a future conflict. The gist of Mr Watkinson's proposal was that, since it seems impossible to provide all the equipment and supplies necessary for a 90 days' struggle—Nato's *official military aim—priority should* be given to supplies for those "combat-ready" troops who would be involved in the opening stages. The premise implicit in this argument, and one indirectly questioned by Herr Strauss, is that a limited war in Europe lasting for some months can practically be ruled out.

Mr Watkinson's plan, naturally enough, fits in with the evolution of the British forces towards a professional army, small but ready for prompt action. But if it is accepted by Britain's partners, who are to study it over the next three months, Germany's demands for depots and other facilities outside its frontiers could, as a result, be scaled down from their present size.

Herr Strauss, for his part, argued that, on the central European front at least, a unified command should be coupled with a unified supply system. The German quest for bases would thus be turned into a Nato problem and not a specifically German one. However, most of the other ministers of defence, including the American and the British, and General Norstad himself, while paying lip-service to the desirable aim of the German proposal, dismissed it as impracticable. The obstacles to it are not only political. In military

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ANALYSIS OF RECEIPTS BY BUSINESS OR PRODUCT GROUP
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Business or Product Group	British Railways (including vans)	London Transport Road and Rail	Provincial Buses (England and Wales)	Scottish Buses	British Road Service Vans	Total
	£	£	£	£	£	£
Auctioneers & Estate Agents	42,642	8,198	268	—	—	51,108
Builders Materials and Services	34,843	49,605	15,601	2,421	274	102,744
Confectionery	17,583	46,056	5,986	1,694	1,876	73,195
Drinks—Alcoholic:						
Beer	65,854	106,294	42,738	8,238	1,328	224,452
Spirits	10,635	74,583	9,006	10,198	—	104,422
Wines	3,413	17,806	2,435	2,307	—	25,961
Total	79,902	198,683	54,179	20,743	1,328	354,835
Drinks—Soft	5,679	53,200	9,816	2,483	42	71,220
Engineering	11,222	4,036	920	—	—	16,178
Entertainments (including Cinemas & Theatres)	84,469	196,424	5,515	208	774	287,390
Foods & Food Beverages	21,180	181,123	66,887	19,520	2,071	290,781
Football Pools	763	66,140	21,763	7,955	—	96,621
Footwear	1,300	9,188	2,173	78	—	12,739
Furniture	7,078	24,656	7,078	32	198	39,042
Heating & Lighting	8,694	17,895	4,395	315	2	31,301
Hotels, Restaurants & Cafes	9,645	2,920	1,608	290	73	14,536
Household Equipment	8,589	25,392	5,078	1,512	996	41,567
Insurance Companies & Building Societies	44,734	62,125	11,671	253	—	118,783
Jewellery	4,685	5,674	834	—	—	11,193
Medical (including Patent Medicines)	6,541	43,943	2,081	5,762	57	58,384
Men's Wear	5,057	25,700	4,153	72	7	34,989
Motors, Cycles & Accessories	37,155	77,095	36,856	4,158	783	156,047
Newspapers & Publications	54,220	116,819	4,998	3,577	677	180,291
Office Equipment	3,894	12,844	372	—	—	17,110
Petrol & Oil	14,318	43,870	36,032	12,006	42	106,268
Photography	5,261	34,485	6,663	2,476	32	48,917
Radio & Television	6,655	34,178	9,047	161	400	50,441
Stores & Drapery	29,024	71,136	15,967	3,619	747	120,493
Textiles	1,792	27,439	138	24	—	29,393
Tobacco & Cigarettes	18,271	56,249	23,619	7,504	4,240	109,883
Toilet Accessories & Hairdressing	13,903	62,260	803	72	46	77,084
Travel & Holiday Resorts	13,418	18,385	911	359	97	33,170
Tyres	13,593	53,076	1,411	627	63	68,770
Women's Wear	2,416	44,588	3,940	94	21	51,059

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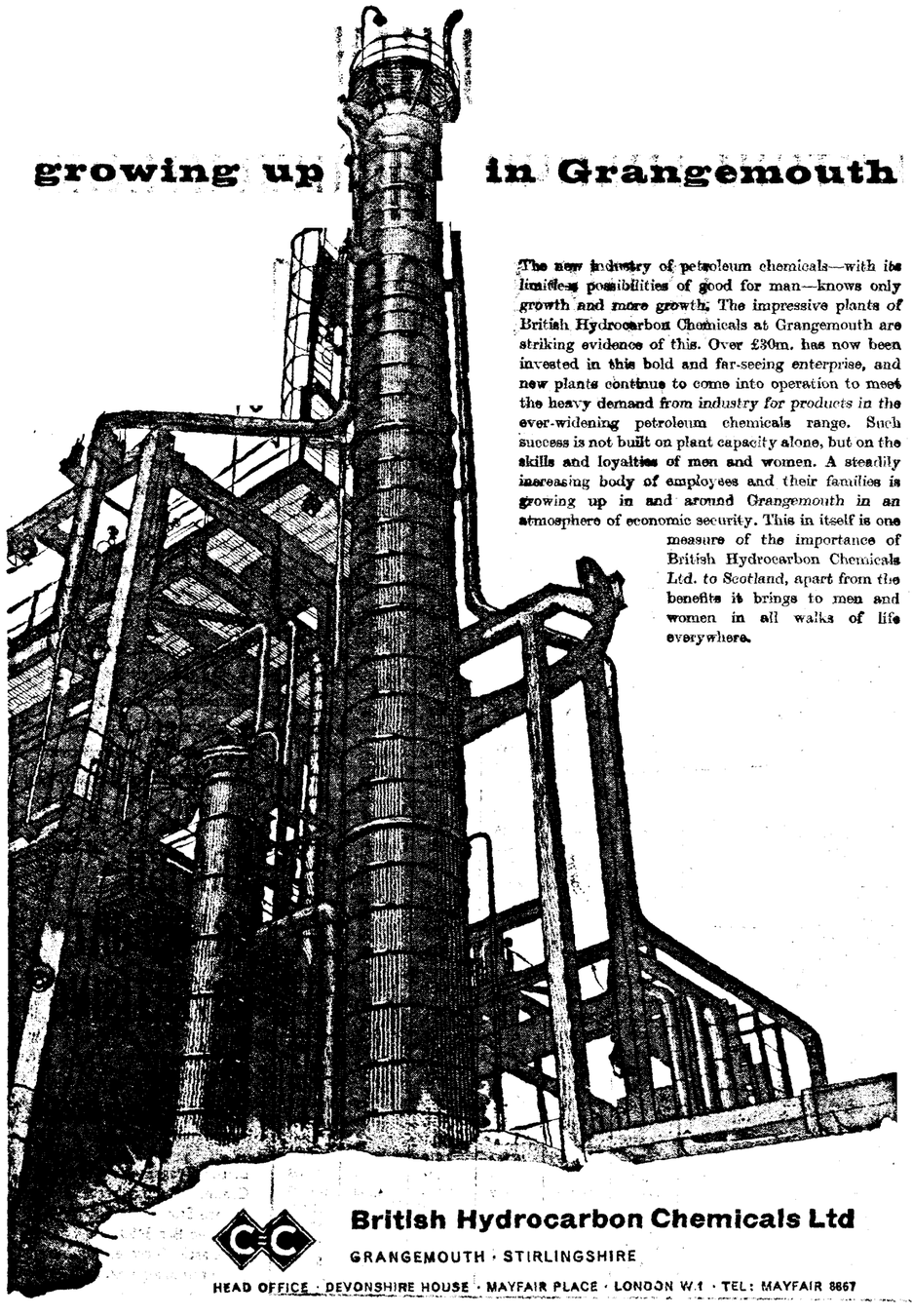
growing up in Grangemouth



The new industry of petroleum chemicals—with its limitless possibilities of good for man—knows only growth and more growth. The impressive plants of British Hydrocarbon Chemicals at Grangemouth are striking evidence of this. Over £30m. has now been invested in this bold and far-seeing enterprise, and new plants continue to come into operation to meet the heavy demand from industry for products in the ever-widening petroleum chemicals range. Such success is not built on plant capacity alone, but on the skills and loyalties of men and women. A steadily increasing body of employees and their families is growing up in and around Grangemouth in an atmosphere of economic security. This in itself is one measure of the importance of British Hydrocarbon Chemicals Ltd. to Scotland, apart from the benefits it brings to men and women in all walks of life everywhere.

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terms, the degree of standardisation of weapons, transport and other equipment is not sufficient to admit a unified and integrated system of supply.

It was, therefore, decided to try to solve the difficulty by bilateral deals, with Nato acting as a clearing house. It is reported that many member countries (Greece, France, Belgium and Holland) have already offered space for German depots or training facilities for German pilots. It is now up to General Norstad to relate the supply of facilities to the demand. He is to report within two months; a month later, the Germans are to say whether they are satisfied with the arrangements. It is no coincidence that the report on the Watkinson plan will also be handed in before July 1st.

Two conflicting opinions were held in Paris at the end of the talks. The official view was that Germany's natural demand for bases would be rapidly met within the allied framework and within Nato territory. The soldiers—and the sceptics—judged this much too optimistic. Indeed, there were rumours that it was all a vast piece of make-believe, with Herr Strauss merely agreeing to three months' apparent self-abnegation. At the end of that period, according to this theory, it would be regretfully announced that a solution could not be found within the frontiers of Nato; the Germans would be reduced, with regret, to seeking General Franco's hospitality, but this time with Nato's official blessing. In three months' time we should know who is right—and see whether the Spanish skeleton has vanished from the Nato cupboard or is merely to be paraded in a new guise.

Junkers and Samurai

FROM OUR CORRESPONDENT IN TOKYO

ALMOST certainly, Dr Adenauer did not come to Japan just to drink seaweed soup with Mr Kishi at an inn called the Palace of the Dragon King, overlooking pretty Lake Ashinoko. That the eight-day visit had political significance was the reasoning of both the Japanese ultra-nationalists and the Japanese communists, and therefore both turned up at Tokyo airport to greet the chancellor after their own fashion. The rightists unfurled German flags decorated with black swastikas, and distributed handbills obscurely declaring: "We are not Nazis, but, like Hitler, we are fighting for freedom." The communists carried placards that said: "Go home, Adenauer!"

Nor was Dr Adenauer himself particularly concerned to deny the political import of the first visit ever made to Japan by the head of a German government. As Mr Khrushchev wandered about France denouncing Adenauer, so did Adenauer devote many of his public utterances in Japan to denunciations of Khrushchev: simultaneous global performances whose humorous side was not lost on many Japanese, whatever the French may have thought of them. Dr Adenauer also developed a fondness for relating, even in the course of Kyoto *geisha* parties, his Pushtoon parable: if—he would argue, champagne glass in hand—it was all right for Mr Khrushchev to support self-determination for Pushtoon (his favourite tribal area, between Pakistan and Afghanistan), then a much more numerous and more significant people like the Germans were assuredly entitled to "the sacred right of self-determination."

Unfortunately, relatively few Japanese, and hardly any *geisha*, have the faintest notion where or what Pushtoon is. But the Japanese would of course like to recover lost territory—the Kuriles from the Russians and the Ryukyus and the Bonins from the Americans—and the chancellor made it quite clear that, in his opinion, Germany and Japan have or ought to have an identity of interests. Receiving an honorary doctorate from Keio University, he declared:

> We have both suffered heavy blows from fate, but we both begin to recover through our industriousness, we complement each other excellently—what more obvious than that we should draw much nearer in trade and in politics?

Yet it was the politics rather than the trade that chiefly interested him. The Japanese finance minister, Mr Sato, and the trade minister, Mr Ikeda, spent an entire afternoon trying, in the relaxing atmosphere of the rose gardens belonging to the former prime minister, Mr Yoshida, at Oiso near Tokyo, to get from the chancellor some reasonably specific promise of a relaxation of German restrictions on Japanese textiles and ceramics: they *did not* succeed. But, collecting an honorary fellowship from Sophia University the very next day, Dr Adenauer approvingly singled out Japan as "the only country in Asia where an intimate meeting with the tradition of the West has freely taken place." He then declared that

> from like-minded people, a common effort in defending the values that *give* meaning to our existence is demanded. . . . At the coming summit, the West will find itself facing a partner who has no regard for those values.

It is, perhaps, scarcely surprising that later the same day when the chancellor went to address the Diet, the Japanese Socialists blocked the proposed playing of the German and Japanese national anthems, on the ground that the performance would seem too much like a new Berlin-Tokyo declaration of war on bolshevism. But Dr Adenauer's self-confidence remained quite unimpaired. "The link between us was broken for a time," he cheerily told the Diet members, "but the hard times are behind us, and we can learn from each other."

Dr Adenauer, whose vigour amazed everyone, worked hard to put over his viewpoint. The eighteen German correspondents accompanying him worked no less hard. The public relations indeed were powerful, not to say overpowering. The German propaganda machine—in describing the visit, a temporary reversion to old-fashioned phrases somehow does not seem out of place—churned out masses of glossy photographs, speeches in three languages, official biographies handsomely bound, maps of divided Germany, and well-printed pamphlets ranging from historical surveys of German-Japanese relations to the Berlin problem.

How impressed were the Japanese? Hardly anything was left undone that might be expected to flatter them. At one reception, Dr Adenauer unexpectedly raised both arms in the air and commenced hearty *banzais* for the Emperor; at another, he untiringly shook hands with many of the 800 guests, as the champagne corks popped. The Japanese government responded amiably, by seeing to it that bystanders, especially school-children, had free paper German flags to wave wherever the chancellor went, including Tokyo's Kabuki theatre. Yet somehow the visit's Junker-like tread seems to have been too heavy for many Japanese. They have become in many ways a pragmatical people, and while they are anxious to sell more textiles to Germany, it is highly doubtful if they ardently wish to take the place that Dr Adenauer has offered them at Germany's side, as a near-western nation defending western values against the curse of communism.

The hard truth is that Mr Nehru, who totally lacked anything resembling a propaganda machine, got a much more genuinely

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warm reception when he visited Japan three years ago. And the Japanese foreign office's free handouts of paper German flags were witheringly described by at least one Japanese as "an attempt, which failed, to create an Adenauer 'boom' to rival the Nehru 'boom.'"

Tunisia Goes to Work

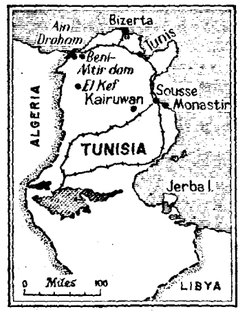
FROM A CORRESPONDENT LATELY IN TUNIS

TUNISIA is the most stable of the north African states; for this it can thank the closely knit organisation of the neo-Destour party, now backed by the authority of the state. It was in the neo-Destour that President Bourguiba put his trust in the struggle for independence, and the party is still the special object of his care. Each provincial capital now has a little information centre, designed to keep the people in touch with the activities and aims of their government. Photographs of Tunisian ambassadors abroad (for example) are displayed against a map of the world which indicates to which country each diplomat is accredited. The hour-long radio talks which the President gives every Thursday are intended to serve the same purpose. Only his occasional references to Bizerta, the Algerian war, or the possibility of seeking economic aid from the communists attract attention in the world press. But, in fact, for some weeks past these matters have only occupied a very small part of his talks, which have been almost entirely devoted to the struggle for economic improvement and the need for investment, for hard work by everyone, and, of course, for more aid from America.

The reason is obvious. The economic situation and the multitude of unemployed are Tunisia's points of weakness. It is true that the dinar maintains its value, prices have remained stable for some months past, and the foreign trade position has improved. But Tunisia remains at the mercy of the climate. A rainless season can dry up the supply of oil, change a big surplus of wheat for export into an equally important deficit, and reduce the animal population by half. Industrial development hangs fire; local capital has not been forthcoming; the mills to process esparto grass locally, instead of exporting it as raw material, are still not established, though they were planned before the end of the protectorate. On the other hand, the expenses of defence and of a foreign service have successfully been met; the adverse trade balance has been reduced by the diminution of imports (as well as by a certain increase of exports) which principally served the needs of foreign residents, whose numbers have now been reduced by half.

The position is that independent Tunisia has not so far been able to eliminate the threat of economic stress which it inherited from the preceding regime—and in case of a real crisis it now has to rely entirely on its own efforts. No Tunisian would conceivably wish to go back to the former state of affairs, but there is a certain undercurrent of grumbling among the under-employed and under-nourished masses; and this is not entirely removed by work schemes which provide a minimum of nourishment and financial aid. It is perhaps heightened by a feeling that police control is strict. The elimination of the numerous goats in the interests of afforestation, though a measure which will have the approval of all agricultural experts, creates difficulties for a group of people who have little margin for making even the smallest sacrifice.

Some elements of the population have undoubtedly been shocked by the President's insistence that maintaining the standards of work must take precedence over the religious duty of fasting in Ramadan—and his personal exegesis of the Moslem tradition did not soften the blow. This does not mean that anything in the nature of organised opposition exists, and still less that any sympathy at all remains, at least in the north and centre of the country, for the rebel Salah ben Youssef. What exists is a mood, which successful government action may well overcome. It is this that has provoked the extraordinary emphasis placed by President Bourguiba on the economic battle.



A journey round the country fully bears out the President's claim that Tunisia is a country where people are truly at work. Around Ain Draham in the north and at El Kef the amount of work that has been put into terracing and tree planting is astonishing. Indeed one wonders whether there will not be a new problem in the disposal of all the cherries, pears, nuts, and other fruits which will soon be available if only half the young trees continue to grow as well as they are doing at present. Monastir, the President's birthplace on the east coast, was always a well-kept native town; now it is being rapidly transformed into a pleasant modern coastal resort. One new hotel is already open, and a restaurant situated on a promontory facing the highly picturesque town is nearing completion. A new stadium, public gardens, and an industrial school have been built. A little way out of town a colony of small, ultra-modern villas and a block of offices are almost ready to serve as summer quarters for the government. A large new tourist hotel is under construction by the sea. Communications are being improved by a new direct road to Kairuwan and by a small airport. Tourist hotels are also going up in Jerba and elsewhere and a substantial tourist traffic (largely from Scandinavia) has already begun. Many villages are also displaying a laudable, if occasionally oddly directed, activity in road building, street widening, and the laying out of little gardens.

The coming of independence in Tunisia has diverted into constructive channels some of the enthusiasm and energy that were previously devoted to the political struggle. The merit of this is not removed by occasional actions of doubtful taste, such as taking over part of the summer residence of the French ambassador to complete a town planning scheme drawn up, it is said, by a British architect; there does not seem to have been any immediate need for this. There has been some criticism, too, of the conversion of churches, whose existence is no longer justified by the number of foreign residents, for lay purposes—as for example, to house a much-needed public library at Kairuwan. There is, however, nothing deliberately anti-Christian about this; the government information centre at Sousse is located in the former sanctuary of a Moslem saint. Entirely praiseworthy is the conversion of the villas originally built to house the staff building the Beni-Mtir barrage into an orphanage. This institution not only houses and educates some of the waifs who used to haunt the streets of Tunis and other towns but also serves as a centre where boys of the neighbourhood can benefit from education, medical assistance and sporting facilities.

Channel Crosscurrents

FROM A CORRESPONDENT IN SOUTH-WEST FRANCE

SOON after the proclamation of the Fifth Republic, M. Edouard Depreux, one of the founders of the Independent Socialist Party, reminded his compatriots of the two constants that run through the policies of any right-wing regime in France: Anglophobia, and a bias in favour of religious education. His warning was soon justified in both respects. M. Michel Debré told a television audience early in his premiership: "The *Entente Cordiale* is dead"—and the official radio, television and news-agency monopoly (so closely controlled that in the first half of March alone the minister of information personally vetoed three television programmes) took its cue.

M. Debré's statement was a somewhat wishful exaggeration; but the *Entente Cordiale* is undoubtedly ailing. In recent years water has flowed to the mills of Anglo-French mistrust and misunderstanding from three principal sources: the British left-wing press, the French right-wing press (seconded since 1958 by the official propaganda machine) and Whitehall. The British left-wing press is the least important, and Frenchmen who read or hear of its comments on Algeria would be less irritated by its apparent hypocrisy and self-righteousness if they knew that it criticises British colonial blunders also. Since the main task of the BBC's excellent French service is to persuade the French that Britain is a liberal democracy and not a Dickensian slum ruled by a cloddish aristocracy, it would do well to include rather more anti-government material of this kind in its press reviews.

The French Right, militantly Catholic, anti-parliamentarian and anti-liberal, dislikes British and American institutions for both religious and political reasons, and strives to maintain a *cordon sanitaire* of misrepresentation to keep out "Anglo-Saxon" viruses. (Rightwingers still like to repeat the old *Action Française* dictum that "the British, having failed to subdue us by military means, took their revenge by exporting to us their poisonous parliamentary democracy."*) One important section of the Right—far more important than the innocent British ever realised—has never forgiven Britain for continuing the war in 1940 and thus wrecking the "divine surprise"; another, which includes many Gaullists, has never reconciled itself to the fact that France's liberation should have depended in so "humiliating" a measure on the heretical, unmilitary "Anglo-Saxons."*

Except in *Rivarol*, ex-Vichyites rarely reveal their real grudge against the "Anglo-Saxons," but by attacking Britain and the United States at every opportunity they seek to justify their wartime conduct; similarly, some Gaullist publicists were first spurred to tilt at the "Anglo-Saxons" by lingering Vichyite taunts (which grieved General de Gaulle in particular and explain certain aspects of his wartime *raideur*) that they were British or American stooges.

Thus an apparent miscarriage of justice in the United States, a nitwitted debate in the House of Lords, and racist hooliganism in London or Little Rock will be reported at length by right-wing organs while news items indicative of the efficient working of Anglo-American democracy are truncated or suppressed. During last year's general election in Britain, the *Agence France Presse* coverage carried by leading provincial papers played down political issues and stressed the "strong chances of success" of the Sinn Fein candidates—who would not, however, be allowed to occupy their seats in parliament. When, in the summer of 1959, the number of unemployed in Britain dropped from 600,000 to 480,000, the RTF reported that it had risen to 800,000.

Most papers are so dependent on official channels for their foreign news and diplomatic comment, and the "conditioning" campaign is so contagious, that even the more enlightened editors are occasionally ensnared. In 1958, under the Fourth Republic, *Le Monde* stressed the effectiveness of the opposition in the British parliamentary system; in November, 1959, under the Fifth, it reported that the opposition in the House of Commons is of no more account than that in the present National Assembly.

The *Canard Enchaîné*, on which a high percentage of French schoolteachers depend for their understanding of current affairs, has taken to competing with the "*ultra*" press in the fabrication of falsehoods intended to discredit the "Anglo-Saxons" and parliamentary democracy.

Typical *Canard* canards: the "*ultra*" uprising in Algiers was inspired by British petroleum interests; Mr Robert Murphy has been appointed American Ambassador to Bonn so as to plot the disruption of the Paris-Bonn axis; the principal obstacles to peace in Algeria are the Esso and Shell companies; the editorial policies of the British press are directed by Whitehall; Sir Gladwyn Jebb and "certain British services" are intriguing against France in West Africa; the constitutional conference on Nigeria was in reality a meeting of anti-French plotters. . . . *Le Monde*, too, has credited Britain with anti-French designs in Africa—without, of course, offering evidence that might even remotely justify its charges. (One of *Le Monde's* more entertaining discoveries of recent years: that Israel's tortuous frontiers were traced by "*le crayon grotesque de Winston Churchill*"!)

This pathetic nonsense (mild beside the outpourings of the further right) cannot just be shrugged off. Something like it is part of the mental picture millions of Frenchmen now have of Britain and British diplomacy. A current joke has it that when the Channel Tunnel is built Britain's share of the work will be its traditional *travail de sape*.

This picture is in part a legacy of wartime and prewar fascist propaganda, but Whitehall added several impressive brushstrokes in the immediate postwar period when one of its chief aims seemed to be to disillusion the majority of Frenchmen who were then pro-British. First, there was the Foreign Office's disastrous obsession with the Arab League—its apparent fondness for picturesque doomed pashas in preference to prosaic up-and-coming Europeans. The British propensity for taking friends for granted has never appealed to Frenchmen, and it struck them as sinister as well as insulting that British information services should devote so much more energy to chasing Levantine will-o'-the-wisps than to consolidating the *Entente Cordiale*. Then there were those ringing British exhortations to Western Europe to unite—followed by furious backpedalling whenever Britain was invited to join in. Frenchmen would be less than human if they failed to grin now that the British, hoist with their own petard, look like paying dearly for their self-exclusion from the new European community.

M. Debré and the present right-wing controllers of the RTF-AFP monopoly will not always be there, but the moderates who (one trusts) will succeed them will be only slightly less Anglophobic if French opinion as a whole is not better informed about Britain. The BBC's French service needs more time and more audible wavelengths. Provincial university towns would appreciate proof that there are still British orchestras and theatrical and ballet companies of international class. A cheap middlebrow publication dedicated to Anglo-French understanding is required. (At present the only publication in French reaching a significant cross-section of French journalists, officials and educators which gives a consistently friendly account of British institutions and policy, in so far as these impinge on the Near East and Africa, is the French edition of the *Jewish Observer and Middle East Review*. It is by such signs that the French will judge whether Britain is at last taking them seriously; and their deepest desire is to be taken seriously.

*A history textbook used in many primary schools recounts General de Gaulle's wartime adventures without even mentioning that Britain, too, was at war with Germany.

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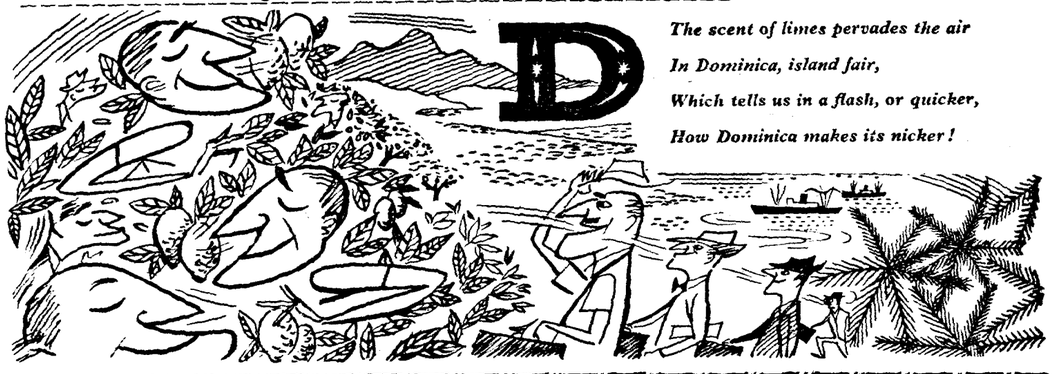
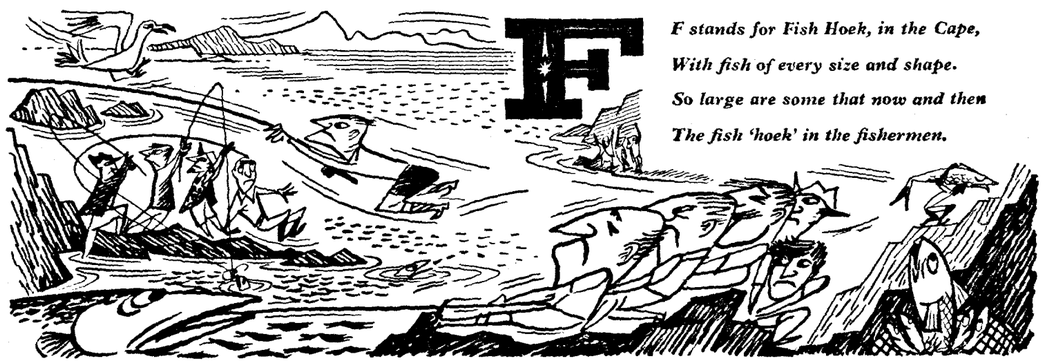


The scent of limes pervades the air
In Dominica, island fair,
Which tells us in a flash, or quicker,
How Dominica makes its nicker!



'Excelsior' the poem, as you know,
Tells of a sticky end
'midst ice and snow'.
The one we deal with shuns such
crude excess,
And thrives serenely in the O.F.S.



F stands for Fish Hoek, in the Cape,
With fish of every size and shape.
So large are some that now and then
The fish 'hoek' in the fishermen.

The lines above, though piquant, do not show
The many other useful facts we know.

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THE BUSINESS WORLD

Moderation the Aim

MR HEATHCOAT AMORY'S third budget is, as expected, in marked contrast to the reflationary budget of record tax reliefs that he introduced twelve months ago. This year, for the first time since 1956, the budget is intended to exert some disinflationary restraint upon the economy—by drawing back through tax increases somewhat more spending power than it releases through tax reductions and other reliefs. The net amount the Chancellor expects to withdraw is, however, very small, certainly much smaller than many people had thought might be necessary. The tax changes are estimated to bring in an additional £21¾ million this year, £46 million in 1961-62, and £72 million in their first full year; and this year's net intake by the Exchequer is reduced to a mere £13 million when allowance is made for new concessions that will accelerate the repayment of post-war credits.

Yet the Chancellor's diagnosis did not seem to differ much from that made here and elsewhere. He conceded that the reserves of labour and capacity, which justified the 1958-59 drive for reflation, have now been taken up "to a great extent." He emphasised the close connection between the pressure of demand in the home economy and pressure on the balance of payments and pointed to the deterioration in the external balance towards the end of 1959 as a sign of "incipient overstrain." Looking ahead, he expected every major category of demand, with the possible but not certain exception of stock-building, to go on expanding. The rate of growth during the year is indeed likely to slacken, especially in consumers' expenditure, because of the rising rate of repayments under hire purchase contracts. Even so, on the Chancellor's own hypotheses, as the account of the economy on page 175 makes plain, the total additional load of demand looks formidable. On the other side of the account, the existence of unused resources in some industries may enable production to grow at a "somewhat faster rate than we could hope to maintain year in, year out." Here the Chancellor made no quantitative forecast, but he thought it likely that the rise in demand would "fully absorb, and might even involve a danger of outrunning" the additional output.

This reckoning, supplemented by warnings of the importance of setting limits to demands that would compete with exports or productive investment ("It is my duty to see that these limits are not exceeded") might have been expected to form the framework for really firm, if not tough, budgeting. Instead, the Chancellor concluded that what was needed was a "moderate degree of restraint" by a "modest" net increase in taxation—and then proposed an increase that represents the merest fraction of the margin for error that is inherent in any calculation about the state of the economy.

But it is not to his fiscal measures alone that Mr Amory looks to guard against the danger of overstrain. Just as monetary and credit policy played a large part in last year's reflation, so may it play a significant part now the brakes are to be gently applied. The Government has "no wish" to take drastic action that might reverse the revival of private industrial investment; but "we have reached the stage where we should be cautious about further extension of credit." It must not be allowed to prejudice the stability either of the domestic economy or of the balance of payments. The "first steps" to change the climate for private lending were taken by the increase in Bank rate in January and the more recent shift in tactics in the gilt-edged market. But now there is a blunt warning of probable further steps:

> I must tell the Committee I think it likely that the time may soon arrive when it would be right that we should take other steps to restrain further expansion of private credit; and we stand ready to do so.

The Chancellor underlined this warning again at the end of his speech, leaving no doubt that these unspecified credit weapons are expected to stand guard in case his neutral budgeting should prove insufficient, and with the evident hope that the mere threat of using them may exert a useful restraint.

IT is, no doubt, good tactics to make the threat in such unspecific terms. They presumably embrace three possible groups of measures—control of hire purchase, Bank rate and "open-market" operations, and direct action upon bank liquidity or bank advances—the latter including the new weapon of special deposits, devised when the credit squeeze was ended in mid-1958 but yet to be used. Upon the banks, and possibly upon the stock market too, the psychological impact of the threat may be intensified precisely because they cannot know its exact shape. But scare tactics cannot be influential for long. If they have to be reinforced, it can only be by giving them shape; and the view in banking circles is that the shape will be the special deposit device of curtailing bank liquidity by requiring the banks to transfer to the Bank of England a given percentage of their deposit liabilities, the funds thus deposited at the Bank to be excluded from their liquid assets.

It may be that the principal force of this device lies, not in the precise mechanics by which it might operate, but in its coercive possibilities: within limits, the threat of using it might enable the authorities to "persuade" the banks to respond to informal requests—to put a brake on the rise in advances,

or to refrain from pressing sales of gilt-edged. If the scare is made that bit more specific, it might be effective a little longer. But the reasoning of the Radcliffe Committee has proved conclusively that discriminatory direct controls of this kind, like "directives" over bank advances, are appropriate only for short-lived emergencies. Over any long period, they will be evaded, or their intent will be frustrated by the diversion of business to other lenders—in the absence of suitable action on the rate of interest that plays upon the "single market" for credit and influences all types of operators in some degree. If, therefore, the Chancellor really is looking to credit policy to underpin his budget in the year 1960-61—surely no period of short-term emergency—he would do better to look to the precedent of February 24th in the gilt-edged market, and perhaps also to the Bank rate, than to repose his confidence in direct action of an untried and highly debatable kind.

There are forces already working on the Chancellor's side. Bank rate and the jolt to the gilt-edged market have had a noticeable effect. All the banks have tightened their scrutiny of advances. One big bank sent warning circulars to branch managers four weeks ago. So far the banks are naturally anxious to avoid discriminating against the personal borrower, after working hard to regain his custom in the last two years. There is no question of any general curb on new personal loans or personal overdrafts, let alone any question of a stern drive for reductions. Sensibly, the banks are turning first to large advances, especially those for "Mayfair finance"—some of which have gone beyond strict banking prudence. Some banks hope that the effect of their recent tightening may already be seen in the April figures, despite the cushion provided by unused overdraft limits. The Chancellor's threat has provided a further reason for restraint; tighter liquidity and the uncertain gilt-edged market are the real curbs.

The Budget Arithmetic

THANKS to the pace at which the economy has been expanding in the past fifteen months, the Chancellor was able to count upon an unusually large increase in the yield from existing taxes. In spite of the fact that last year's tax concessions will cost an additional £65 million this year, the budget assumed that the total tax yield would rise by £373 million, including an additional £242 million, nearly 11 per cent, from income tax and £98 million from customs and excise. Although non-tax receipts are expected to drop rather sharply, the net increase in prospective total ordinary revenue fell only a little short of the estimated rise in expenditure. Total above line expenditure, including an additional £25 million for debt service, was put at £5,586 million, or £342 million more than was actually spent last year. These estimates take no account of the substantial further addition to the costs of the National Health Service that will result from the Pilkington report.

On this basis the prospective above line surplus was only £14 million below the realised surplus of 1959-60, at £372 million. This surplus was then reduced to £282 million by the realistic decision to charge against the above line account—explicitly as a subsidy—the provision for financing the current deficit of the British Transport Commission, hitherto treated as a repayable loan from the Exchequer to the Commission and, as such, accounted below the line. The £90 million debited for this purpose (compared with £85 million advanced in 1959-60) takes account of the recent interim award to the railwaymen but makes no provision for the further addition to the rail deficit that is to be expected from the full implementation of the Guillebaud proposals. The remaining below line expenditure, gross, was expected to rise from £1,001 million to £1,045 million, after providing an additional £8 million for loans to nationalised industries (at £482 million) other than coal, and allowing for a reduction of £62 million in the net demands of the coal industry. Total net below line expenditure was estimated at £613 million, leaving a prospective "overall" deficit, before the proposed tax changes, of £331 million, compared with last year's realised deficit of £314 million.

The net effect of the budget, as already noted, will be to bring in an additional £21¾ million of tax revenue in 1960-61, thus raising the prospective above-line surplus to £304 million. The proposals for additional release of postwar credits will, however, raise the expected net total below line expenditure by £9 million, to £622 million. Hence the expected deficit on the Exchequer account as a whole is £318 million, which is almost the same as the deficit actually incurred in 1959-60, though it stands in marked contrast to the corresponding estimate made twelve months ago—when the deficit was put at £721 million.

1959-60 OUTTURN AND 1960-61 ESTIMATES

(£ million)

ABOVE THE LINE

Revenue	1959-60 Estimate	1959-60 Outturn	1960-61 Estimate
Income Tax	2,147	2,243	2,478
Surtax	171	181	190
Death Duties	195	227	239
Stamps	68	97	110
Profits tax, EPT & EPL	274	262	256
Other Inland Revenue	1	1	—
Total Inland Revenue	**2,856**	**3,010**	**3,273**
Customs and Excise	2,150	2,282	2,409
Motor Duties	104	108	113
Total Tax Revenue	**5,110**	**5,400**	**5,795**
Broadcast Licences	35	36	39
Sundry Loans	30	34	32
Miscellaneous	150	160	114
Total Revenue	**5,325**	**5,630**	**5,980**

Expenditure	1959-60 Estimate	1959-60 Outturn	1960-61 Estimate
Interest on Debt	600	615	640
Sinking Funds	39	39	40
Northern Ireland	79	80	81
Miscellaneous	10	8	8
Total Cons. Fund	**728**	**742**	**769**
Supply:—			
Defence	1,533	1,504	1,608
Civil (incl. Tax Collection)	2,962	2,998	3,209
Provision for deficit of Brit. Transport Comm.	—	—	90
Total Supply	4,495	4,502	4,907
Total Expenditure	**5,223**	**5,244**	**5,676**
Surplus	**102**	**386**	**304**

BELOW THE LINE

Receipts				Payments			
Interest outside Budget	240	243	275	Interest outside Budget	240	243	275
Export Guarantees Acts—Repayments	7	6	3	Loans under Export Guarantees Acts	50	38	35
Housing receipts from Votes	8	8	8	Post-war Credits	89	64	27
Local Authorities—Repayments	55	55	56	War Damage	18	13	11
New Towns—Repayments	1	1	1	Scottish Special Housing	6	4	4
Post Office capital repayments from Votes	10	10	12	Armed Forces—Housing	2	1	5
Colonial Development Corporation—Repayments	1	8	1	Loans for New Towns Development	31	24	27
Sugar Board—Repayments (net)	8	2	5	Loans for House Purchase	25	13	40
Nationalised Industries (other than NCB)—Repayments	47	47	67	P.O. capital expenditure	41	44	44
Other repayments	5	6	4	Loans to—Colonial Development Corporation	10	11	5
				Colonial Governments	20	8	29
				Nat. Coal Board (net)	90	112	50
				Other Nat'lised Ind'sts.	490	424	482
				Transport (Rly. Finances) Loans	88	85	—
				Loans to Iron and Steel Companies	—	—	18
				Other payments	5	2	2
Total Receipts	**382**	**386**	**432**				
Below-line deficit	**823**	**700**	**622**				
"Overall" deficit	**721**	**314**	**318**	**Total Payments**	**1,205**	**1,086**	**1,054**

The Tax Changes

Profits Tax and Dividends

BY raising the flat rate of profits tax from 10 to 12½ per cent, the Chancellor has increased the total weight of tax on corporate profits from 48¾ to 51¼ per cent. The arithmetic, in fact, has been reversed: what was payable in tax last year becomes the amount available for distribution this year and what was available for distribution now becomes the amount payable in tax—threepence either side of 10s. Corporate profits before tax went up by 10 per cent last year and dividends, following the introduction of a flat rate of profits tax two years ago and the reduction in the standard rate of income tax last year, went up at a slightly faster rate. Profits, the Chancellor said, will continue to run at a high level this year and his decision to impose a higher tax on them had been widely expected after the rather critical words used about profits in the Economic Survey.

To add 6d. in the £ on the taxes paid by companies cannot be described as a swingeing impost. The Chancellor seems to view it as one modest influence making for restraint. He was not willing, he implied, to clamp down on capital investment (which in many industries has only just begun to pick up again) and he left alone the investment allowances reintroduced last year. His hope seems to be that the increase in profits tax will apply a gentle curb on dividends:

> In view of the sharply rising trend of dividends I am satisfied that this increase shou'd not hold back sound schemes of re-equipment or expansion but is likely not to be without its influence on consumption expenditure.

Here Mr Amory may be relying more on psychological effects upon the attitude of directors towards self-financing than upon any immediate effect that the extra import would have upon a company's cash balances. The tax is chargeable against currently earned profits but payable in the following year. Thus it will bring in only £1 million this year, £40 million in 1961-62 and £65 million in a full year.

How effective will it be as an instrument making for restraint? If a company were distributing its earnings right up to the hilt—very few companies do—then the dividend would have to be reduced, as this notional example shows:

Old rate		New rate	
Gross profit	100	Gross profit	100
Income tax at 7s. 9d. in £	38 75	Income tax at 7s. 9d. in £	38 75
Profits tax at 10 per cent	10 00	Profits tax at 12½ per cent	12 50
Net income	51 25	Net income	48 75
Maximum net dividend	51 25	Maximum net dividend	48 75

If a company wishes to maintain its dividend and its profits remain unchanged it will do so under the new rates at the expense of the sums it ploughs back. Two examples based on dividends covered twice and three times show the change:

	Old rate	New rate	Old rate	New rate
Gross profit	100	100	100	100
Income tax	38·75	38·75	38·75	38·75
Profits tax	10·00	12·50	10·00	12·50
Net income	51·25	48·75	51·25	48·75
Net dividend	25·625	25·625	17·083	17·083
Retained earnings	25·625	23·125	34·167	31·667
Dividend cover	Twice	1·9	Thrice	2·85

The Economic Portents

My own judgment is that the prospective increase in demand arising from the factors I have mentioned is likely at least fully to absorb, and might even involve a danger of outrunning, the increase in production which can be expected.

IN setting out the view of the British economy in 1960 against which his budget and any forthcoming "other steps" must be assessed, the Chancellor this week was arithmetically more explicit than the Economic Survey last week. Wherever he could, he put figures to the changes he expected in demand between 1959 and 1960, from which one can draw inferences about the increase in supplies required to meet them. Often, as the survey had done, he compared also the changes he expected during 1960 with those that took place during 1959; with quarterly national income and expenditure figures now regularly established, it is possible to measure (though not with certainty) the balance of the economy over a shorter time-span.

Comparing 1960 as a whole with 1959 as a whole, the Chancellor expects a growth in consumers' expenditure of the order of 4 per cent, which at 1959 prices would imply an increase of say £450-500 million (net of taxes) in real demand. An increase of 6 per cent in fixed investment in the public sector would mean another £90-£100 million; the increase in private investment, which the Chancellor put at "at least 10 per cent," might add £210 million. The 4½ per cent increase in the current expenditure of public authorities would mean another £175 million or so. These elements in home demand would together add up to say £950 million, less something on account of stocks, which the Chancellor does not expect to rise as much this year as in 1959. He offered no guess at how much the rise in exports he hopes for may turn out to be, but in recent months exports have been 14 per cent higher than a year before. A lower rate of stockbuilding should exert some moderating effect on imports; so it may be convenient in this crude arithmetic to set the increase in demand on resources represented by any improvement in the current balance of payments against the decrease that is expected in the rate of stockbuilding. If the two should balance, it would leave the £950 million of extra home demand to be found entirely from home resources; if the balance of payments improves more than stocks fall, the demand on home production will be so much the greater.

The resultant increase—of the order of 4½ per cent on the gross domestic product—would be of a large order indeed; and if it could not be met, one might expect internal inflation and/or a deterioration in the balance of payments. It is true that with industrial production now 10-11 per cent above early 1959, the economy has begun the year with a substantial lead in output. If industrial production did no better this year than remain at its January-February level of 118-119 (1954=100) it would still offer an increase of 5-6 per cent over the 1959 average of 112. Any comparison of averages between this year—which begins at a high level and may increase at a moderating pace—and last year—which began much lower and rose sharply in its second half—may at first sight tend to exaggerate the increase required in the later months of 1960 and into the first quarter of 1961.

THE Chancellor's emphasis upon his expectation that during the later part of this year consumption and public investment may not be rising as fast as just recently, while the rate of stockbuilding may be dipping further below the level of late 1959, reflects this new Treasury focus upon the shorter-run balance of the economy. Demand as sketched above in averages for the whole year looks almost certain to outrun what can be supplied; but what might be called the shape of the comparison suggests that the strain upon the economy should develop more slowly from now on than during the past six months. This at least is what the Chancellor seems to expect; he hopes to have the opportunity to use monetary measures to adjust the head of steam in the boom more flexibly and in adequate time.

The effect of the new rate of profits tax is to reduce the earnings cover on all dividends by approximately one twentieth, as is shown in the accompanying table of companies that have recently announced their results:

	Div. %	Old cover times	New cover times		Div. %	Old cover times	New cover times
ICI	11¼	2·2	2·1	United Steel	13	3·0	2·9
Unilever	22·7	3·8	3·6	Lancs. Steel	8½	4·5	4·3
Ford Motor	17½	4·4	4·2	Tnr. & Nwll.	20	2·4	2·3
Hoover	45	3·9	3·7	Ind Coope..	15½	1·7	1·6
Imp. Tob.	22½	1·7	1·6	B'mont Pty..	8	1·2	1·1

On this sort of reckoning, the effect on dividend payments can be only marginal, even if profits remain unchanged. But profits are going to advance again this year and, as the next table demonstrates, they will have to rise before tax by little more than 5 per cent to leave a company's net income unchanged:

	Old rates	New rates
Gross profit	100	105·13
Income tax	38·75	40·74
Profits tax	10·00	13·14
Net income	51·25	51·25

Thus, given only a moderate buoyancy in gross profits, the influence of the increased profits tax upon dividends seems likely to be modest indeed. Where profits are falling, as they are for example in the shipbuilding industry, it may reinforce caution. But in most of British industry, how directors decide to adjust the balance between the claims of shareholders and the possibility that new capital, whether self-generated or raised from outside, will be less easy to find seems more likely to be influenced by the effect of any squeeze the Chancellor decides to impose upon credit than by his decision to raise profits tax. That can be said equally of the market in industrial equities.

Income Tax

Dependants and Housekeepers

IN Mr Amory's mixed bag of small reliefs the most important concession this year, costing £5 million, is the increase from £60 to £75 in the allowance for dependant relatives. The same increase is made in the allowance for single people looking after children, or any widower, employing a housekeeper. Mr Amory is also introducing a new allowance of £40 for widows and widowers looking after children who have no resident housekeeper.

Graduated Pensions

The proposed allowance of a flat rate of £15 to all adult employees for their graduated insurance contributions under the new state scheme beginning in a year's time, estimated to cost £11 million in a full year, seems an unjustified administrative convenience. It means that wage earners towards the higher end of the £9-£15 a week range, who will already be subsidising those at the lower range, will not be able to offset the whole of their excessive contributions against their taxable income, thus putting them at a double disadvantage. Employees at the lower end of the scale will get tax relief on a larger sum than they pay in contributions. If it is not possible to adjust this difference through PAYE, it should certainly be adjusted by later assessment.

Postwar Credits

Last year's concessions on postwar credits affected far fewer people than the Treasury estimated—payments reached £64 million, compared with an expected £89 million. Now the Chancellor proposes immediate payment, involving an additional £9 million and total payments this year of £27 million, to people who have been ill or unemployed for a continuous period of 26 weeks, to disabled people and to widows with credits in their own right. This introduction of social purpose is said to be more dubious than last year's once for all injection of purchasing power into the economy, and play is being made of the incentives opened up to people who have been away from work for 25 weeks. But if the citizen has an asset, should the state refuse to honour it and insist on paying him insurance or assistance? If the Chancellor can make concessions in future he might choose a straight reduction in the qualifying ages (at present 63 for men and 58 for women).

ESTIMATED EFFECT OF FISCAL CHANGES

(£ million)

	Estimate for 1960–61	Estimate for a full year
INLAND REVENUE		
Income Tax :—		
Increase in the housekeeper allowance from £60 to £75	– 0·5	– 0·75
Increase in the dependent relative allowance from £60 to £75	– 5·0	– 6·0
Introduction of an allowance of £40 for widows and widowers	– 1·5	– 2·0
Allowing a flat rate of £15 to all adult employees for their graduated contributions to National Insurance	Nil	–11·0
Income Tax and Profits Tax :—		
Allowing management expenses of unit trusts and making them liable to profits tax	†	– 0·5
Profits Tax :—		
Increase in rate from 10 to 12½ per cent	+ 1·0	+65·0*
Estate Duty :—		
Graduated relief for gifts made more than two, three or four years before death of 15 per cent, 30 per cent and 60 per cent, respectively	– 1·0	– 2·0
Total Inland Revenue	– 7·8	+42·75
CUSTOMS AND EXCISE		
Tobacco	+39·07	+40·0
Wine	– 3·75	– 4·0
Playing cards	– 0·04	– 0·06
Cinema duty	– 6·5	– 7·0
Total Customs and Excise	+28·78	+28·94
Total Tax Changes	+21·78	+71·69
POSTWAR CREDITS		
Repayments to widows, disabled, etc.	– 9·0	– 0·5
All Fiscal Changes	+12·78	+71·19

* £40·0 million in 1961–62. † Negligible.

Estate Duty

Valuation of private companies

A MOST surprising feature of the technical side of the budget which will delight owners of private companies (and may disappoint takeover bidders) is Mr Amory's promise to modify the provisions relating to the valuation of company assets under Section 55 of the Finance Act 1940, when Parliament was more preoccupied with Dunkirk than with the Finance Bill. The section provides that the shares in a private company which pass on the death of a shareholder who has had control of the company at any time during the five years preceding his death shall be valued on the break-up value of the assets. Such a valuation may well be considerably higher than the going concern value of a company that is only modestly profitable.

For deaths after April 4, 1960, the going-concern value will apply. This may not mean that the negotiations with the Estate Duty office (where seven years is a typical span for a case) will be any easier. The "dim world peopled by the indeterminate spirits of fictitious or unborn sales," to quote Mr Justice Danckwerts in the Holt case, will be increasingly explored. But in most cases the values ultimately agreed should be lower.

Five-Year Rule

An important concession is proposed on the five-year rule, by which gifts made within the five years preceding the donor's death have been treated as part of his estate. In future they will be liable to full duty only if made within two years of death. There will be a rebate of 15 per cent for gifts in the third year before death, of 30 per cent in the fourth year and of 60 per cent in the fifth. The concession is expected to cost no more than £2 million in a full year which suggests that the five-year rule, despite hard cases, does not work out harshly for everybody. Indeed, actuaries declare that the expectation of life even at 80 exceeds five years.

In 1960-61 estate duties are expected to bring in £239 million, compared with £187 million two years before—which was much the same as ten years before that. The graduation in the duty will greatly reduce the arbitrary effect of the precise date of

death, and is welcome on that score. It remains to be seen whether it will discourage gifts designed to avoid death duties or stimulate more of them.

Concession for Unit Trusts

THE Lords and Commons of the trust world have now been put on an equal footing as regards tax. For a long time, unit trusts and their supporters have been urging that management expenses should be a charge against income tax. Up to this budget only investment trusts have enjoyed this concession and unit trusts have had to meet their costs out of taxed income. This made quite large inroads into distributions to unit holders. Representations by the unit trusts on this matter have been made to the Chancellor more than once. But in granting the unit trusts this relief the Chancellor said:

> I did not feel able to adopt this suggestion by itself since unit trusts enjoyed more favourable treatment than investment trusts in the matter of profits tax. Those now concerned have now told me that they would be content if their position in both these respects were assimilated to that of investment trust companies.

Therefore while he will now allow unit trusts to set management expenses against tax he has made them liable to pay profits tax.

These changes have been favourably received by the movement and the gain in yield to unit holders is likely to amount to perhaps one quarter of one per cent, no small increase on the current low level of yields. The incidence of profits tax is not likely to lie heavily on most unit trusts for most of their income is franked, coming in the form of dividends from companies which have already paid profits tax. The principal worry for the unit trusts will now be one of administration in claiming double tax relief on dividends from abroad. Since the final settlement of these claims can sometimes take years, it adds a certain complication to the accurate calculation of prices and yields.

Dearer Smoking

THE increase in the tobacco duty—equivalent to about twopence on a packet of twenty cigarettes and 2½d. to 3d. on an ounce of pipe tobacco—is the only tax change that will bring in much more revenue this year. The Chancellor reckons that the increase of 3s. 4d. a lb in the basic rate of duty—to 64s. 6d. a lb on foreign tobacco and to 62s. 11½d. a lb on tobacco from the Commonwealth that obtains the preferential rate—should produce an extra £39 million this year and £40 million in a full year. But unlike Mr Macmillan, his predecessor four years ago, when the tobacco duties were last raised (by 3s. a lb) Mr Amory has been much more cautious about the possible damping effects of his increase upon the growth of smoking. He expects that total receipts from these duties will rise from £788.7 million last year to £829 million this year, an increase of only £40.3 million, barely more than he expects from the increase in duty alone.

Will the amount of smoking in Britain now level off—at least for a while? For the last ten years tobacco consumption has been growing steadily at about two per cent a year, dipping only slightly and briefly below this average, and Mr Macmillan's expectations, following the last duty increase four years ago. At nearly 265 million lbs last year, consumption had at last made good the ground it lost in the late forties when tobacco duties were raised by the equivalent of 1s. 2d. on twenty cigarettes in two successive April budgets. But the present increase puts the price of the most popular brands of cigarettes, those that had been selling at 3s. 11d. for twenty, above the four shilling mark, which hitherto had been thought to have acted as some kind of point of resistance for the majority of smokers who buy in single packs at a time (and, more certainly, sets an immediate problem for cigarette machine vendors). Moreover, since 1956 a growing number of smokers, largely for economy reasons, have been switching to filter brands, which now account for about 13 per cent of the total cigarette market and, cigarette for cigarette, take a little less tobacco. Filter brands, at least, should be able to count on a boost in sales as a result of the budget.

Cheaper Wine Drinking

TWO minor reductions in duty that Mr Amory would not have chosen to make on this particular occasion, but felt he must, should go down well with the drinking public. He felt he had to cut the duty on imported heavy wines by a further 12s. a gallon—or 2s. a bottle—(the same amount as in 1958) in view of complaints about the level of this duty made by the Portuguese during the negotiations that led to the formation of the European Free Trade Association. He also considered the level of this duty "unsatisfactory both for the trade and for the revenue"; sherry sales have risen considerably in recent years, but sales of port have come down. A corresponding cut of 2s. is made in the Excise duty on British heavy wines.

The discriminating palate benefits further incidentally from the protests of Portugal; what the Chancellor has done for sherry and port would bring the duty on imported heavy wines below that on light wines imported in bottle, and he has felt obliged to cut these also by 12s. a gallon. This will benefit chateau-bottled French vintages by reducing the tax on light wines imported in bottle to within a few pence of that on wines imported in bulk; more notably, it may benefit sales of German and Italian wines, of which all grades are normally shipped in bottle. These reductions in Customs duties on wine will cost the revenue about £3.7 million this year; the cuts in Excise duty on British wines cost another £90,000.

Easier on the Eye

IN 1946, when the British cinema trade had its best year ever, entertainments duty brought the Exchequer more than £42 million out of the £118 million paid at the box office. By 1957-58, with gross takings down to about £90 million as the big screen steadily lost patrons to television, the duty was down to £26½ million; then Mr Amory, in his first budget, cut the rates of duty by roughly half. Last year, with a continued fall in admissions and a small further relief (excusing the first £20 a week of duty for each cinema), entertainments duty raised only £7,415,000 from takings of about £70 million. This week the Chancellor abolished entertainments duty on cinemas altogether; it had been lifted from all forms of "live" entertainment by Mr Thorneycroft in 1957.

"The steep decline in attendances has continued during the past year," said Mr Amory, "and many more cinemas have closed; and it seems that this process is not yet at an end. While no doubt this decline is mainly attributable to other factors, I have come to the conclusion that the continuation of the duty in present circumstances is no longer justified."

Since 1954, the number of cinemas in business in Britain has come down from 4,300 to 3,450. This final abolition of the duty is a relief primarily for the larger houses; earlier adjustments of the duty scale, culminating in last year's gesture during the passage of the Finance Act, had already effectively reduced the number of cinemas paying duty to only 1,300.

From the £7 million extra of box-office takings left in the hands of those exhibitors who have been paying duty, film rentals might ordinarily be expected to channel about £2 million to the distributors, and of this £1¼ million might flow back to the producers of films shown in Britain. Perhaps £400,000 extra might go to the producers who make films in Britain; this increase in their normal share of the box-office receipts does not appear, so far, to affect their right to the extra £3¼ million a year that is channelled off direct from the box-office in the form of a statutory levy on attendances.

The exhibitors have disclaimed any intention of passing on the benefit to abolishing the duty to the public via cheaper seats. They believe, no doubt logically, that the downward trend in attendances has little to do with seat prices; a seat in the cinema is certainly far cheaper than at most live entertainment, though infinitely more expensive than "free" television viewing. To cut prices without arresting the decline would simply lose the trade the relief that the Chancellor has given. Sir Tom O'Brien, equally, disclaimed any intention of leaving the exhibitors to enjoy their share of this relief alone; it should form a convenient basis, he thinks, for a substantial wage claim by cinema and film employees.

Mr Amory's Reforms

A CORRESPONDENT outlined in The Economist *of March 12th some possible reforms that Mr Amory might introduce in a year when the opportunity for tax reliefs seemed to be limited. He drew attention to three matters: compensation for loss of office; the "repeal" of the Gourley decision; and the moderation of tax-free commuted benefits under top hat insurance schemes. Until the Finance Bill appears, it will not be possible to say for certain that he hit the jackpot. But on a reasonable construction of Mr Amory's budget speech, he seems to have scored three out of three, and the Chancellor has thrown one or two other reforms in for good measure. But there are grave doubts whether he has not spoiled much of his effect by a proposal that would strike at the root of the principle that the taxing authority should define what it intends to tax and not make up the law as it goes along.*

FAREWELLS WITH TEARS

IT is easy to import prejudice into fiscal discussion through a catchphrase; the "golden handshake" is the perfect example. Distinction between the loss of a source of income and the loss of the income itself lay at the root of the proposals of our correspondent for reform in this field. The Chancellor proposes to bring within the tax charge voluntary payments at the end of employment and all payments described as compensation for loss of office—but to exclude reasonable lump sums in the nature of superannuation benefits. He also proposes to exclude payments arising from physical injury, certain payments made by the Government or local authorities, and redundancy payments of limited amount.

He gave no clear indication of the future procedure for taxing these sums. "Following the Royal Commission" was the phrase that the Chancellor used to outline his proposals. But our correspondent pointed out four weeks ago some good legal reasons that led to a solution different from the Royal Commission's "simple and defeatist" answer. One must await the Finance Bill to discover precisely what is in the Chancellor's mind, and in the minds of the Law Officers of the Crown; but the legal distinction that our correspondent drew between the end of the source and the end of the income seems to be relevant here—as is the question of replacement of one source of income by another.

A good deal depends (as our correspondent showed) on whether the Gourley principle is to be "repealed." On this the presumption is that it will be, although it cannot be said, on the Chancellor's words, to be certain. It must be hoped that the occasion will be taken to clear up these two analogous questions at the same time, for satisfactory law about compensation for loss of office can hardly exist contemporaneously with unsatisfactory law about compensation for injury.

On the commutation of retirement provisions, the Royal Commission suggested that the tax free cash sums to be paid under existing arrangements (all of them, incidentally, approved long since by the Revenue) should be limited to £10,000 and to £2,000 for new entrants. The difficulty here is the objection to retrospective legislation—a particularly touchy point in this connection, simple because prior Revenue approval has been secured for all these schemes. The clauses on these matters in the Finance Bill are likely to be among the most complicated that have ever baffled the legal, let alone the lay, mind.

THE UNCOMMERCIAL FARMER

AFTER the Comptroller and Auditor General's acid comments on hobby farming it is not surprising that Mr Amory should have decided to attack it. A majority of the loss claims each year are based on farming losses; yet the picture of the wealthy businessman making a fortune during the week and contriving astronomical losses at the weekend can be exaggerated. Spare-time farmers are a composite class—country landowners, cattle dealers, butchers, blacksmiths, agricultural merchants, as well as rich playboy ploughboys, and their losses may, in part at least, stem from the need to employ labour since their own time is largely occupied in other more remunerative fields. A large part of the apparent lack of profitability of the farming community as a whole is due to the size of new investment in recent years and to the generous, if not extravagant, capital allowances which Parliament has given to encourage it.

These and similar considerations led the Royal Commission to recommend that the law should be strengthened by adding to the definition of husbandry the words "carried on on a commercial basis and with a view to the realisation of profits." Mr Amory on Monday spoke of "a commercial basis and with a reasonable expectation of profit," which is not the same thing. The Ways and Means resolution omits the word "reasonable"—which is wise, for any attempt to settle what is reasonable in a taxing act is full of difficulty. It is difficult, incidentally, to see how this test could possibly be made to apply to forestry.

It will be unfortunate if the new provisions were to discourage pioneering or stop work on marginal land in areas of low employment. It will be equally wrong in principle if the Revenue were to skip its obligation to take the rough with the smooth. As the chartered accountants said in a memorandum to the Chancellor in 1957, there would be "a serious risk that, in the administration of such a provision a profit would become the sign of a taxable activity and a loss the sign of a hobby."

THE OFFSETTING OF LOSSES

AN individual who sustains a loss in one trade should be allowed to set it against the profits of another and pay tax only on the net balance. It is wrong that he should be able to use the same loss for two or three years running for the same purpose. Basically, therefore, there are no grounds for criticising the Chancellor's decision to repeal Section 142 of the Income Tax Act, which makes multiple relief possible, especially since the British system for allowing losses has become the most comprehensive in the world.

But it is fair to remind Mr Amory why abuse has been possible: in his own words, "because of the special rules for assessment in the early years it is possible for a loss incurred at the outset of a new business to be set against the profits of another business two, or nearly three, times over." But this is so simply because artificial commencement and cessation provisions produce artificial results in assessments. They are not always abuses of the Revenue: it is equally possible for a taxpayer to be assessed over his whole business life to a total which exceeds his aggregate profits. If the Chancellor would accept the advice to assess profits on an actual year basis such inequities would disappear.

POST-CESSATION RECEIPTS

ONE of the most puzzling of fiscal doctrines is that there can be no assessment on income unless there is a source: if the tree has been cut down there can be no fruit. The late Mr Leslie Howard and the late Mr Peter Cheyney carried on professions, as actor and author respectively, which were the source of their incomes. After their death royalties from their work continued to flow and the courts held that these were capital in the hands of their executors.

There are many cases where a profession ceases for reasons other than death—where, for example, a professional person enters into the relation of servant to a company; and if he owns the company it is fair to describe the situation, as Mr Amory described it, as being exploited by some taxpayers to secure freedom from taxation on their earnings.

The Royal Commission thought that such post-cessation receipts ought to be taxed; but they were also firm in their opinion that any change in the law should depend on two other changes—the acceptance of the right of self-employed persons to provide out of their gross income for retirement and the spreading of fluctuating incomes over a number of years. Retirement benefits were looked after in 1956, but relief for fluctuating incomes is still awaited. The Chancellor this week gave no indication of the machinery for charging these post-cessation receipts, though he surely cannot intend to bunch them in a single year.

MAKING UP THE LAW

THE Chancellor introduced his next proposal in proper words: "I come now to a particularly serious matter." But the ordinary man will regard what the Chancellor went on to say as serious for a totally different reason. He confessed, in effect, that all the efforts of his skilled advisers had proved quite unavailing against operators who were "manipulating stocks and shares with the object of depriving the revenue of its proper tax." Experience had taught him, understandably enough, that any provision that is limited in its application is carefully studied in order to find a new way of cheating the Inland Revenue. And he concluded that he must take wide general powers to check this practice.

It is possible to have much sympathy with the Chancellor in his predicament and no sympathy at all with the solution that he proposes. This is to introduce for the first time in the Income Tax code (although there is a shadowy precedent in the Profits Tax) a general provision against avoidance by transactions in stocks, shares and securities, by which an Inspector of Taxes who apprehends that transactions have been "arranged with the object of securing an income tax or surtax advantage" can nullify the advantage by direction, leaving the taxpayer with the mere right of appeal to the Special Commissioners, but not to any higher authority save on a question of law.

All the right words were used on this startling proposal. "I shall, of course, provide for the exclusion of *bona fide* commercial transactions not entered into with the object of securing a tax benefit." How does one square the two separate propositions in that sentence? If the taxing machine is defeated by schemes of fiendish ingenuity is that an argument for setting aside the immensely important constitutional principle that taxing statutes should be precisely defined? Is it acceptable that the Revenue authorities shall be able to make up the law for themselves as they go along, when their draftsmen have so far egregiously failed? Mr Amory hoped that this proposal would commend itself to the great body of fair-minded and honourable businessmen. They will be wiser to await the relevant clauses in the Finance Bill and to oppose as forcefully as they can any proposal that takes tax arrangements out of the statutes and puts them in the hands of the executive—whose existing powers of arbitrary decision already give enough cause for concern.

On the Chancellor's proposal to knock down the consequences that would flow from the Whitworth Park Coal case, even by retrospective legislation, it is possible to take a more charitable view. The essence of the matter here is that payments to former colliery companies were paid after deduction of tax and expected by all concerned to be so paid. The House of Lords decision in this case would lead to an adventitious advantage that nobody had foreseen or expected. Retrospection here will reverse a state of affairs that cannot be called meritorious, and save much time and cost. It is not usually possible to approve so clearly of what in general is an objectionable principle.

REVISION OF PENALTIES

STUNG, perhaps, by Lord Radcliffe's sharp comments in the Hinchy case, the Chancellor has moved smartly to reform the penalty provisions in the income tax code. In that case, the Court of Appeal had done their best to find some more generous and less ridiculous construction of the phrase "treble the tax which he ought to be charged under the Income Tax Act, 1952" and the Lords of Appeal in Ordinary themselves sought hard to find arguments in the same sense before they decided that there could be no ambiguity in the words.

The need for revision has long been evident, for the penalty clauses stem from rules laid down as early as the Napoleonic wars when taxes were low and the penalties not ostensibly oppressive. Indeed, on one reading of the law, it seems that Parliament in 1923 imposed an obligation on the executive to exact the full treble tax penalty even on innocent, though negligent, offenders. That requirement, if it exists, has never been strictly observed by the Revenue, no doubt because they have never had complete confidence in the strength of their own position. Settlements between the Revenue and negligent or guilty offenders have usually been based on a prolonged negotiation in which the inquiry branch of the Inland Revenue has not been reluctant to use the strongest pressure, in some cases stopping little short of blackmail. If the penalty provisions "have worked satisfactorily in the past," it is only because the Revenue, though exploiting pressure and threats, has shown much readiness to settle on its own terms rather than go to the Courts. Reform is long overdue.

REFORMS STILL NEEDED

IN a quiet year, so far as big issues go, the Chancellor put great emphasis on the stopping of gaps. There is little public sympathy for the tycoon who retires with a golden handshake to the hobby farm, where he enjoys himself stripping his dividends, washing his bonds, collecting the odd post-cessation receipt, executing the scissors movement and all the time keeping his boots clean.

But this lack of sympathy should not hide the fact that overzealous stopping of gaps can in turn cause injustice or indeed that the gaps themselves are there very often because the law needs reforming. In his third budget as in his second, Mr Amory shows little sign of having any heart for the way of basic tax reform as plotted by the Royal Commission: the actual year basis of assessment, the levelling out of fluctuating incomes, the assessments to surtax of the profits of private companies, improvements in the legislation governing overseas trading corporations, the basis of valuation of stock, the reform of the whole system of retirement benefits and, one could add, the recasting of surtax to fit the facts of modern incomes. And it is certainly time for a thoroughgoing look at estate duty and at the methods of working at the Estate Duty Office.

Kaffirs in their Place

Leaders of the South African business community are urgently seeking an interview with Dr Verwoerd to protest against his racial policies. This account from South Africa shows that the biggest element in business now is politics.

SOUTH AFRICA is now a fully fledged though not yet efficient police state, and that fact must be counted in any assessment of investment in this country. Two things hitherto differentiated the country from copy book police states: judges knew no fear and the press was outspoken. The *Habeas Corpus* Act is now suspended and the press is beginning to be muzzled by the Emergency Regulations. The police and the military now enter all parts of the country's economic life. The army has ringed the African townships in the Cape where people are on strike and in effect has blockaded the inhabitants; striking is illegal for natives. Police have been interrogating journalists; it is long since reporting the share markets justified thoughts of danger money.

The stock market has fallen fairly heavily since the shootings at Sharpeville. The *Financial Mail's* index of Orange Free State gold shares stood at 152.5 (1958=100) at the beginning of the year; it had dropped to 128.1 just before Sharpeville; last week's figure was 119.5. On the same three dates the industrial share index stood at 118.1, 116.0 and 111.2—a much more limited fall. Sales on the market have been heavy. Much of the selling appeared to come from London, but probably a good deal of it was on Continental account. Local investors have been selling, too. But the Americans have remained regular small buyers. This phenomenon tends to be overplayed in South Africa. A small number of Americans are taking a small hedge against their own currency. In Johannesburg's rather narrow market they look bigger than they really are.

Swiss, French and other Continental institutions have sold, including it is believed a big French domiciled finance company that has already burnt its fingers in Africa once. Local semi-speculative investors have been shaken out. The mining finance houses have no intention of playing King Canute to that audience. They have bought exactly where it suited them to buy, without any intention of holding the market. The fall would have been much greater had it not been for two buyers: Sanlam and SA Mutual, the two biggest mutual insurance offices. They have a special problem of investment. The 1959 budget taxed mutual offices for the first time on their income from interest, but not on that from dividends. So it became important to increase the proportion of equities (and of urban properties) in insurance portfolios. At the same time, private investors in farm mortgages have had most unfortunate experiences of default, and the Land Bank, a public body, is in effect taking the big private investors out of a proportion of their farm mortgage holdings, releasing money for investment elsewhere. The big mutual funds have several million pounds for investment, and if they do not acquire shares in a falling market, they may find it difficult to get them at all.

A fall in the market, it is fair to point out, seemed to be on the way before either the Sharpeville business or the state of emergency. London—and London passes on a large part of Western Europe's business—had been selling heavily all last year; something in the region of £20 million worth of South African securities were repatriated. Foreign selling gathered speed after the announcement of the proposed referendum on the Republic and after Mr Macmillan's "winds of change" speech in February. Local investors took what London sold, and it has never been obvious to whom those local investors could eventually sell. (With gold shares, technical progress in the industry can also be a bear factor in the market; record rates of shaft sinking mean record rates of capital expenditure at the cost either of capital dilution or of near-term dividends or both.)

ONE extraordinary feature of the market in these last odious days has been its sudden rallies. Rumour after rumour has broken the fall. The rises have invariably coincided with a rumour adverse to the Government. Dr Verwoerd was about to resign; thirty Nationalist MPs were about to cross the floor of the House; Dr. Dönges had been seen drinking coffee with Sir de Villiers Graaff.

All has been false. The significance is that whatever sounds bad for the Prime Minister puts the market up. He is the symbol of unbending stupidity to the business community almost as much as he is the symbol of oppression to the African. The market assumes that any change that removes him must be for the better. And it is general knowledge

THE MARKET REACTION

	June 30, 1957	Jan. 1, 1960	March 30, 1960	April 7, 1960
Anglo American	6⁹/₁₆	10⅞	7¾	7⅞
Consolidated Gold Fields	46/10½	98/3	62/6	67/9
Free State Geduld	78/11½	191/–	125/–	135/–
President Brand	53/11½	79/7½	58/9	56/3
Western Holdings	73/6	176/3	126/3	132/6
Roan Antelope	6/3*	8/7½	6/10½	6/10½
De Beers	111/10½	192/6	138/9	145/–
Associated Manganese	39/6	41/9	31/10½	35/–
OK Bazaars "B"	47/9	62/9	45/7½	49/6
South African Breweries	23/4½*	28/9	21/6	24/–
South Africa 3½% 1965/67	84¾	85¾	82	78
Sthn. Rhodesia 4½% 1987/92	86½	80½	73	69

* Adjusted for scrip issues.

that the Afrikaans business section and a great many thinking Afrikaners besides would like a moderate change. What Dr Verwoerd has produced is not just bad government but the absence of government. Too many white South Africans are armed. The business outlook is bleak. No one but a mad man would buy South African shares now, though mad men sometimes make money.

The real problem concerns direct investment. Right across the field of South African industry, overseas investment is firmly entrenched in subsidiary companies, partnerships, and minority shareholdings though, in mining finance and banking, portfolio investment is more important. The United Kingdom is by far the biggest foreign investor. The latest detailed figures of the Reserve Bank are for end-1956. At that date, as the table shows, the total UK stake in industry and mining was nearly £500 million; there was £125 million in banking and insurance, and with investments in trade and

New 'Long House' for the Wanapum Indians



Building the Priest Rapids power station of Grant County Public Utility District No. 2 of Ephrata, Washington State, U.S.A. Inside the barrage will be ten 131,000 h.p. water-turbine generating sets which, together with transformers, are all being supplied by English Electric.

One of the turbine runners being lowered into position at Priest Rapids. These runners are the largest so far built in Britain and are among the biggest in the world.

When the great Priest Rapids hydro-electric project was begun in Washington State, it meant, as so often happens, disturbing many historic sites and remains of the local Indians, the Wanapums.

However, cordial co-operation with local authorities has removed most of the relics to museums and provided a new site for the Long House, which the Wanapums use for tribal feasts and religious rites. Now a very different Long House is reaching across the Columbia River, a massive barrier of steel and concrete. And the throbbing heart of this power-house will be the ten huge generating sets made in Britain by The English Electric Company.

Every six weeks another English Electric turbine and generator set, with its massive forgings machined to smooth perfection and its myriad windings, is added to the impressive rank of machines in the Priest Rapids power-house. As it goes on line, still more power pulses into the electrical system of busy Washington State. When all ten are installed, over 1,200,000 h.p. will be at work in the "Long House."

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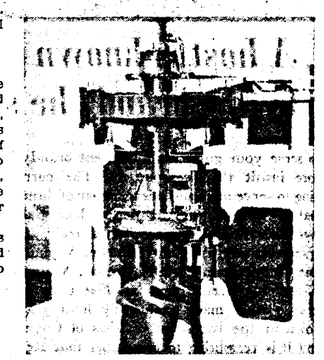
Electric power leads to prosperity, both for us in Britain and for those other countries served by English Electric whose needs are often so much greater than ours.



Sectional model of one of the water-turbine generating sets for Priest Rapids. The feathering propeller turbine is rotated by water pressure and flow, driving the generator above it. The electrical power generated is led away to transformers for distribution to industry and the home.

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miscellaneous services Britain's total stake was £866 million. The American stake was £170 million, and has risen since. Investments of all foreign countries totalled £1,396 million. Control of mining finance has been shifting gradually to South Africa over years and the process will doubtless continue. In manufacturing industry very little of the investment is of the portfolio type, and it cannot be sold at the drop of a hat.

That explains why pressure on the exchanges has so far been slight. There can obviously be no thought of further relaxation of the exchange controls, which prevent South African citizens from moving their money out; but it should be possible unless matters get much worse to continue to allow non-residents free movement of their capital—a policy to which South Africa is firmly pledged. Most of the remaining foreign capital, however, is not in readily movable form.

FOREIGN STAKE IN SOUTH AFRICA

(£ million)

	Mining		Manufacturing		Banking, Insurance, etc.		Totals	
	Direct investment	Portfolio, etc.	Direct investment	Portfolio, etc.	Direct investment	Portfolio, etc.	Direct investment	Portfolio, etc.
United Kingdom	164·0	121·9	186·6	26·4	64·5	80·5	556·1	309·5
Other sterling	4·4	10·8	6·8	4·2	14·4	14·7	32·8	37·0
United States	54·0	22·0	36·2	2·8	1·8	1·5	126·3	44·8
OEEC countries	18·5	55·1	27·3	3·4	7·7	37·5	77·6	123·1
Total	242·5	211·0	265·7	37·5	89·6	136·2	809·0	587·4
(Gold mining only)	(189·5)	(118·4)						

At the beginning of the year a modest industrial revival was expected. Commodity prices had mostly been rising. The excessive stocks imported in 1958 had been sold and wholesalers and retailers were expected to rebuild stocks. Gold production looked certain to go on rising, more than enough probably to mask the fact that uranium would be a weak market in a few years' time. Now plans for industrial development by industry have naturally been held back. People no longer look for industrial revival. They count instead the cost of an effective strike in and around Cape Town and of more modest interruptions of production elsewhere.

IN South Africa business prospects must always be assessed partly in terms of politics. Today they depend wholly on politics—on when, rather than whether, there will be a different Government. The differences, for example, between Dr Dönges, finance minister and leader of the Cape Nationalists, and Mr Mitchell, leader of the United Party in Natal, are minimal; they represent different nationalisms, both antinative. And all sections of opinion outside Parliament except the over-enfranchised Afrikaans farmers would welcome some sort of rearrangement. A get-together of the right wing of the United Party and the left wing of the Nationalists would get a good reception from the business community. Any new government would have that. It might also release some of the immediate tension on the urban natives. It would be unlikely to solve South Africa's problems.

Through the Federated Chamber of Industries, business leaders have approached Dr Verwoerd. South Africans remember that the crisis brought about by the bus boycott in 1956 came to an end only after the Johannesburg Chamber of Commerce took on itself the task of acting as mediator between the African leaders and the Government. This time, Dr J. H. Moolman, head of the Wool Board, gave the lead, in a speech made ten days ago. He is respected by the Nationalists, as is any of their own number who achieves international standing. Whether industry will find a single voice is more doubtful. Many of its leaders know what ought to be said:

1. Raise the native wages. A very high proportion of the urban natives are below the subsistence level. They are denied trade unions, their strikes are illegal, their two political organisations are being suppressed. Unless their physical welfare improves, the repression will not hold them down long.

2. Back-peddle the whole distance on job reservation. This ingenious device for ensuring that all the burden of any unemployment falls on the natives is proving extremely inconvenient for employers too. If a "determination" does force the employer to replace blacks with coloured or with whites his wage rates rise, and since this is likely to happen when trade is slack it means that the impact of trade recession is not to reduce costs but to raise them. Moreover, job reservation deprives the employer of the mobility of his labour, since the determinations are different in different areas.

3. Industry ought also to tell the Government urgently to reconsider the Pass Laws. Those laws, not voting rights, are the nub of the Africans' discontent, as the Progressive party has realised. It is intensely humiliating for Africans of the small but growing middle class to be constantly grabbed by barely literate policemen and ordered to "show your pass, kaffir." It is intensely cruel that an African workman who has left his pass in his jacket and gone across the street in his overalls should be grabbed and thrown into prison or even sent to forced labour on a farm. It is because of these humiliations that the present resistance has sprung up.

But even if industry did find a common voice and say those things to the Prime Minister it might as well talk to the moon. "Kaffer op sy plek" (Kaffir in his place) is the attitude of the farming community that put Dr Verwoerd in power.

The immediate resistance may soon be suppressed. African wages leave no margin for a prolonged struggle. But such an uneasy peace will not give external investors the reassurance they need. They will be more impressed with the evidence of long-term malaise. In this potentially rich country, there has been a steady fall in labour productivity since 1954. Last year national income per head in real terms again showed a small decline.

If there were a get-together at the centre, some of the immediate strain might be released. There might also be a little less nonsense talked about a republic "within the Commonwealth as long as it suits us" and a little more realisation that it takes two to make a bargain. The sugar industry in Natal would be ruined by the loss of its Commonwealth quotas, and the canned fruit industry would scarcely be happy.

The ultimate potentialities of South Africa are enormous. It has the mineral weath, the communications, and the labour force, better educated and despite its poverty still better paid than in most parts of the African continent. It has a wide range of industry, well established. But the release of these human and material assets will not be achieved by suppression of the African organisations, arrest of the leaders and of all those whites who have shown friendship towards Africans.

BUSINESS NOTES

BUDGET MARKETS

Credit Cloud

DELIBERATELY, the Chancellor of the Exchequer injected uncertainty into the financial outlook in his budget speech, through his reference to the possibility of new credit restraints in the near future. By the test of the stock market, which had been looking to the budget to remove uncertainty, the threat has had its intended effect. Without it, prices of ordinary shares would very probably be rising steadily, as the net fiscal imposition is milder than most City people expected. The course of equity prices can be an important element in fomenting boom psychology, as well as being a reflection of it, and the authorities must be pleased with the check they have administered without actually doing anything. But to keep the effect they will surely have to act soon.

Gilt-edged, naturally, felt the first impact of the credit threat. No large selling has been reported this week, but the stream of small and medium sized buying orders from institutions that has been coming forward quietly in recent weeks has dried up. The banks appear to have made no large sales since late February, when they tightened their scrutiny of applications for large advances.

With the gilt-edged market uncertain as to quite where a floor will be established, dealers and financial advisers are finding it none too easy to decide on what terms new fixed interest stocks should be introduced to the market. Now that the budget is out of the way, the queue of new gilt-edged and corporation issues should move forward. Moreover, the Government seems to be anxious not merely to sell the ordinary shares of Richard Thomas and Baldwins back to the public but to sell off some steel prior charges as well. The Chancellor's comments on credit have naturally caused a temporary set-back in plans for new issues. It had, for instance, been hoped to bring forward a local authority issue between the budget and Easter; it is now not likely to come until after the holiday. To gain acceptance it may have to be offered at a yield of $5\frac{5}{8}$-$5\frac{3}{4}$ per cent.

Sponsors of new industrial debentures could clearly not get away with a coupon of $5\frac{1}{2}$ per cent as Tate and Lyle did in the second week of February. The rate would more likely have to be in the region of $5\frac{3}{4}$ per cent, with possibly 6 per cent on a really sizeable issue. Thus if it is decided to begin the sale of steel prior charges by offering a debenture in RTB as well as its equity—as some in the market now believe is possible—it will have to be offered on good terms. With the RTB issue not very far off, steel shares have weakened. Another element of uncertainty was injected into this market by a report that Mr Charles Clore and his associates had put a scheme before the Treasury for handling the denationalisation of RTB. Mr Clore has said that no such scheme has in fact been put before the Treasury and that there are no negotiations or discussions pending in relation to RTB. But, he added, he would naturally be interested if there was an opportunity to acquire a substantial holding in that company. It is the prospective weight of new issues, made up of rights issues of ordinary shares as well as fixed interest stocks, that the stock market has to take into its calculations.

NET GILT EDGED PRICES

	Jan. 22	April 1	April 4	April 5	April 7
Exchequer 3% 1962/63	95 13/32	94 13/16	94 13/16	94 25/32	94 7/16
Savings 3% 1965/75	74 25/32	73 11/32	73 11/32	73 3/16	72 25/32
Conversion 5% 1971	...	95 13/16	95 13/16	95 21/32	95 3/8
Conversion 5½% 1974	99 13/32	97 3/8	97 3/8	97 5/32	97 3/32
Treasury 5% 1986/89	94 11/32	92 1/8	92 1/8	92	91 23/32
Funding 5½% 1982/84	101 31/32	100 9/32	100 1/4	100 3/16	99 27/32
Funding 3½% 1999/04	70	68 11/32	68 3/8	68 1/4	68 7/32
Consols 2½%	47 31/32	47	47 1/16	46 7/8	46 17/32
War Loan 3½%	62 23/32	61 21/32	61 23/32	61 13/32	61 1/8

Cautious Reappraisal

THESE calculations and the possibility that the screws will be tightened on credit have made the industrial equity market notably cautious. No one expects a sudden, sharp fall. But equally no one expects a sharp rise. On budget day itself, a stream of small buying orders found the jobbers naturally reluctant to take a view and go short on their books. As a result prices jumped. The *Financial Times* ordinary index gained 7 points to 331.2. In the next three days it shed 4.2 points, to stand at 327.0 on Thursday. Over the week to Wednesday, *The Economist* indicator, partly reflecting the gains made in oil stocks following the announcement of the "Shell" Transport dividend, gained 4.7 points to 365.9. After the budget, a few readjustments had to be made: tobacco shares were marked down and so were those equities with a very low earnings cover, while cinema and wine shares went up. The specific budget proposals, however, cast no shadow across the market as a whole. It was not what had been done to taxes but what might be done to credit that created an atmosphere of uncertainty. Banking and hire purchase shares were amongst those that lost ground.

The economy and profits are buoyant. But equity prices already reflect that fact; that is a reason for holding on to stocks, but it is not a reason for going on buying them. The institutions are not in the market with the same force as they were, say, a year ago. Good property developments (which have an equity element in them) and local authority mortgages continue to attract them. Moreover, it is to the institutions that the appeals for new money will be primarily directed. They can afford to be selective and to wait until a particular stock looks cheap. Then, as they did with Tube Investments after the rights issue and ICI at the time of the dividend announcement, they will buy. But this is a different kind of buying from orders placed last year which were designed to raise the proportion of equities held in their portfolios. The course of prices seems to turn more than it once did on the decisions of private investors.

EQUITY PRICES

	Jan.	April 4	April 5	April 6	April 7
Assoc. British Picture	54/6	41/9	42/3	44/-	43/10½
Rank Organisation	14/6	13/6	14/9	14/-	13/9
Carreras 'B'	5/11½	4/3	4/3	4/11½	4/11½
Gallaher	41/3	39/4½	38/9	39/6	39/10½
Imperial Tobacco	74/4½	68/9	68/9	68/3	67/6
City Lnd. Real Prop.	82/3	79/-	80/3	79/9	79/-
London County F'hold	28/-	24/9	25/-	24/9	23/10½
John Harvey	30/6	34/-	35/6	36/-	36/-
AEI	66/6	54/7½*	54/10½	54/11½	53/6
Assoc. Portland Cem.	77/-	76/-	78/3	78/3	75/7½
British Motor	24/11½	21/3	22/3	22/7½	22/6
ICI	61/6	61/3	60/10½*	60/4½*	60/11½
Marks & Spencer 'A'	75/9	73/-	74/9	74/6	74/-
"Shell" Transport	166/-	156/-	152/9*	150/6	151/3
Tube Investments	82/3†	79/-	82/-	81/-	80/11½
Unilever Ltd.	143/3	144/-	145/9*	146/6*	149/3
FT Ordinary index	342·9	324·2	331·2	329·8	327·0

* Ex dividend. † Adjusted for rights issue.

RAILWAYS

A Committee Too Many

THE Chancellor of the Exchequer has done the obviously right thing in putting the railways' deficit advances "above the line" in the budget: since the Transport Commission has no hope of paying them back, these advances are properly being treated formally as subsidies and counted as current expenditure in the budget. The advance for 1960-61 has been put at £90 million, but this estimate does not allow for the cost of the final Guillebaud settlement, net of any gain in revenue from higher rail charges.

Since the Government is paying such large sums simply to keep the railways going, it has every right to set in motion a complete review of "the structure, finance and working of the organisations at present controlled by the commission." But it is hardly going about this the right way. It has turned over to a group of four varied businessmen the task of working out how best the Government's own conclusions can be put into effect. And these conclusions, as far as they were unveiled by Mr Marples on Wednesday and by the Prime Minister a month ago, do not appear to be very clearly formulated, beyond the expression of a wish for some kind of further practical decentralisation and the realisation that there must be some reconstitution of the commission's financial status—which Sir Brian Robertson himself asked for last summer.

Furthermore, this new "planning board" has been given only a few months in which to conduct this exercise. Two of its members are by training scientists, one is a chartered accountant, and the chairman is an engineer. Their views (are they to be published?) will no doubt be valuable, so long as they begin from the principle that a public transport organisation is a totally different animal from manufacturing industry. The board, moreover, is not yet complete: members have still to be appointed from the Treasury and the Ministry of Transport. After saying last week that the Transport Commission would be represented on the board, the Government has now decided that it shall not be. All in all, this exercise increasingly takes on the appearance of further pin-pricking for the Transport Commission who know something about how to run a railway and who need, above all, less interference from outside rather than more.

BRITISH PETROLEUM

Bigger Sales, Lower Profits

THE stock market had every reason to be pleased with the "Shell" dividend and results. After them, the British Petroleum dividend and results have come as something of an anti-climax. On Thursday the shares fell slightly from 58s. to 57s. 4½d. The tax free dividend is higher but not as high as some optimists had thought it would be. For 1959 it has been set at 2s. 2d., tax free, per £1 share (or 10⅞ per cent) and compares with 1s. 9d., tax free (or 8¾ per cent) paid for 1958. Grossed up at 7s. 9d. in the £, the dividend has gone up from 14.29 to 17.69 per cent. The results backing up this dividend show how much BP has had to bear the effect of lower prices in European markets.

SALES AND PROFITS

(£ million)

Six months ended	June 30, 1958	Dec. 31, 1958	June 30, 1959	Dec. 31, 1959
Gross sales	404·2	425·1	410·5	449·5
Net sales	295·1	303·2	293·8	318·3
Gross profit	57·9	62·5	57·7	57·9
Net income	25·9	37·0	23·5	39·9
Gross profit/net sales	*%* 19·6	*%* 20·6	*%* 19·6	*%* 18·1
Net income/net sales	8·8	12·2	8·0	12·5

Last year it sold 65 million tons of oil and oil products, 3 million tons more than in 1958, and the value of its sales, net of sales taxes and excise duties, went up from £598.3 million to £612.1 million. Its gross profit before tax, however, fell from £120.4 million to £115.6 million and the income it received from dividends and other income declined from £17.6 million to £15.4 million. After tax, its net income rose from £62.9 million to £63.4 million. But this is more than accounted for by the fact that credit given in respect of British tax relief in computing the tax charge has gone up from £10.4 million to £15.0 million. Credit for this tax relief is taken only in the second half of the year and this explains why net margins in the accompanying table are so much higher in the last halves of the financial years. It is the trend in gross profit margins which is of greater significance for investors in BP. In the second half of the year they will note that while BP pushed up the volume of its sales (which at 34 million tons were 3 million tons higher than sales in each of the three preceding half-yearly periods) expansion was achieved at the expense of some sacrifice in margins.

GOLD RESERVES

Inflow of Funds

STERLING responded well to the budget. Foreign opinion seemed impressed with Mr Amory's firmness in resisting pleas for tax cuts and, still more, by his declared readiness to act quickly with credit weapons. Against the US dollar, sterling rose on Tuesday to $2.80\frac{15}{16}$, its best since immediately after the election. Sterling also rose against Continental currencies, to $12.18\frac{5}{8}$ against Zurich and $11.71\frac{1}{2}$ against Frankfurt. The exchange markets were favourably impressed with the gold figures for March, which showed a rise of £21 million, or $59 million, after payment of the monthly instalment of £5 million on the drawing from the International Monetary Fund. This was the best result since April last year. Seasonal influences should be bringing gold into the reserves at this time, and exports of averseas sterling area countries are buoyant. But part of the gold inflow is attributable to the re-attraction of short term funds. In the last few weeks the Treasury bill rate in London has been 1½ per cent and more above the New York rate, and the cost of securing exchange cover against the forward risk has offset only a small part of the margin. And commercial borrowing is no longer so much easier and cheaper in London.

GOLD RESERVES INFLOW OF FUNDS

	Change in reserves	Adjusted for special influences	Reserves at end of period	
	$ mn.	$ mn.	$ mn.	£ mn.
1959— I..	+ 70	+257	3,139	1,121
II..	+ 34	+207	3,172	1,133
III..	+112	+164	3,284	1,173
IV..	−548	− 94	2,736	977
1960—Jan..	− 50	− 16	2,685	959
Feb.	+ 36	+ 50	2,721	972
Mar.	+ 59	+ 73	2,780	993
I..	+ 45	+107	2,780	993

AIR FARES

The Price of Peace

FOR the best part of a year, the Government refused to say yea or nay to the request of several independent airlines to operate half-price flights to British territories overseas. Last autumn, the Minister of Aviation hinted plainly that if cut-price services were permitted at all, the nationalised air corporations as well as the independents would be allowed to run them. The hint was taken: this week details were announced of the settlement reached between the independent airlines that had made the applications and the corporations which had opposed them.

International second class fares are already going to be cut by between 10 and 16 per cent from next October on all routes other than the North Atlantic. But British airlines (corporations and independents) will run an additional, third-class service to British territories in Africa, the Far East and the West Indies at prices another 14 to 16 per cent lower than these new tourist fares. This represents a cut of 30 per cent on the fares now being charged (the change to be made in October when the new tariff comes into force). That is less than the 50 per cent cut for which the independents had asked (to the consternation of their accountants) but more than the 20 per cent cut that would have satisfied BOAC. It is not clear yet how these new third-class services are to be operated, or with what aircraft; but passengers will have to pay for the packaged meals which they may buy during the flight. And there is one significant omission from the list of places to which these cuts will reduce the fares. This was Malta: the cheapest air trip there, at a midweek night rate of £33 13s., is unchanged in price, though an independent airline had applied to operate a service for as little as £19.

The terms of the settlement reached between corporations and independents quash any old-fashioned ideas of genuine competition between them, but the independents, cramped and constricted by years of restriction, are not in a state to offer much in the way of competition to anyone. Nevertheless, the corporations have been obliged to make quite substantial concessions to them, BOAC more than BEA because more of its routes terminate in British territories abroad. The concessions take the form of a working partnership in which traffic will be pooled and the proceeds divided between the two partners with BOAC taking 70 per cent and its independent partner, 30 per cent. This share-out will take place regardless of how much or how little traffic either partner actually carries. Where several airlines are involved in the pool, as they are in Central and East Africa, the independent airlines probably come out of the deal much worse than these figures suggest. But it is still a great improvement

on the old arrangement that restricted them, when they could fly at all, to providing a given number of seats and a certain class of service. They are now guaranteed an income, and with it a breathing space in which to re-organise and re-equip their businesses—a prospect that has brought some cheer to the aircraft factories.

HIRE PURCHASE

The Offsetting Factor

AGAINST the general buoyancy in consumers' expenditure this year with which the Chancellor had to reckon in his budget statement, he counted "one offsetting factor"—the increase in the amount of income which has to be set aside for the repayment of hire purchase debt. "It is unlikely," he said, "that the net increase in this debt will be nearly so large this year as last and this will damp down the rise in total consumer demand." This effect of the surge in hire-purchase buying after restrictions were removed late in 1958 has been expected by other observers for several months past; in fact, repayment periods were so generally lengthened last year that the higher amount of credit being advanced took a long time to increase the total call of repayments on consumers' incomes. It was only in the last couple of months of the year that the net increase in the debt outstanding began to fall below the levels of a year before.

This process is continuing. New hire purchase contracts in January were 8 per cent higher in total value than a year before, and in February 18 per cent higher; and in March the number of contracts made for the hire purchase of motor vehicles was 41 per cent higher than in March, 1958. New business, therefore, was continuing to grow (though in the first quarter of 1959 hire purchase business was perhaps not as large as it would have been had not more people than usual expected cuts in purchase tax in the budget). But repayments were weighing heavier on the other side of the balance; the net debt outstanding grew by £16 million in February, as in January, as against increases averaging £19 million in January-February, 1959. The total debt at the end of February amounted to £889 million.

MOTORS

Expansion Begins

SOME further information about the plans of Ford and Vauxhall to expand their output and manufacturing capacity has become available during the past week. Ford mentioned in its annual statement that it will move the assembly of Thames lorries and 10-15 cwt vans from Dagenham to Slough, where last autumn it bought from Hawker Siddeley a factory of which it was already renting part for use as a store for spare parts. Lorry cabs and van bodies are made at the Ford factory in Southampton, so the site for assembly will in fact reduce the distance that these need to be transported; but engines, transmissions and other machined parts will have to be brought from Dagenham. Engines for the Popular and the 5 cwt van are already made at Slough, where at present about a thousand people are employed; when commercial vehicles are assembled there 2,000 will be needed.

Ford's existing assembly building for commercial vehicles at Dagenham will be re-equipped to add to engine production and machining facilities—as happened with its old car assembly building. Its output will eventually go to meet the needs of the Halewood plant near Liverpool. The cost of re-equipping this plant will presumably form part of the £25 million that Ford will spend apart from Merseyside, but expenditure at Slough falls under the previous £75 million expansion plan. More space for assembly at Dagenham is being obtained by transferring assembly of the Popular and 5 cwt van to Doncaster. But the company still reports that limits of capacity on engine production prevent it raising production of the Anglia beyond 1,000 a day at present,

Small Saving is Expensive Borrowing

THE Exchequer's overall deficit of £314 million in 1959-60 was entirely covered by net receipts from "small" savings through the National Savings Movement. Operations in gilt-edged, Mr Amory revealed in his budget speech (carrying the story forward three months beyond last week's Economic Survey and six months beyond the latest official figures) resulted in a net outpayment by the Government over the year, as sales of stock to the public did not match official purchases from banks and repayments on maturity.

So there was a "substantial rise" in the amount of market Treasury bills, though the bulk of the addition bypassed the clearing banks, much of it going into the higher overseas holdings. Such experience makes the national savings movement look a more certain source of long-term funds than the gilt-edged market; and Mr Amory has done his best to keep up the contribution by extending the limits of holdings of the attractive series of national savings certificates and defence bonds (less than a year ago he was hinting that he might have to offer a less attractive series) and by re-modelling the premium bonds scheme and increasing the interest allowance for it.

Lord Macintosh will be pleased (even if the building societies, meeting this Friday to consider their interest rate policy, are not) and the Government ought to be able to get the money this way. But it will do so at a stiff price. National savings certificates held for over seven years yield nearly 4½ per cent free of tax. For people paying tax at the standard rate that is equivalent to a true cost to the Government of 6⅞ per cent; for the £4,000-£5,000 a year man paying surtax at 4s. 6d. the effective rate is nearly 11 per cent. Premium bonds will offer an average yield of even more.

AT such true yields, it needs to be pointed out, the Government could sell quite a lot of stock on the gilt-edged market. And it can be sure that investors in high tax brackets will be prominent among the new buyers of savings securities, and that much of the inflow will not represent new savings but a switch from securities less attractive to them, including Government securities. An analysis made for the Radcliffe committee showed that at end-1957 there were 10 million "live" holdings of national savings certificates, of an average value of £189. But 42 per cent of the total amount was in holdings of more than 1,000 units (£750).

The maximum holding of the current issue of certificates, introduced in 1956, is being increased on Monday from £750 to £900. The terms of defence bonds are being kept the same, at 5 per cent coupon (subject to tax) plus a tax free redemption payment of 3 per cent after seven years, giving an equivalent gross yield to taxpayers at the standard rate of 5⅝ per cent. But a new issue is being brought out in June with a maximum holding as high as £5,000—and this is additional to the limit of £2,000 on the present issue.

For premium bonds the Chancellor is not only raising the maximum holding, from £500 to £800, but making the scheme more attractive, presumably as a result of the recent market survey—and correspondingly more expensive to the Treasury. The waiting period before bonds enter the prize draw is to be cut from six to three months. The rate of interest on which the prize fund is based is to be increased from 4 to 4½ per cent; more prizes are to be offered and there will be a few prizes of £5,000. Lastly, each bond will contribute one month's interest into the draw whether it is going in for the first time or not. The odds will thereby be stabilised, instead of lengthening slightly as hitherto. These changes will apply from the draw of November next, and will cover existing holdings.

despite heavy demand; delivery delays of 8 months for the de luxe model and 4 months for the standard are now being quoted in London.

Vauxhall has already begun work on the expansion of its Dunstable factory, where it is adding a second storey to one building and this providing an extra 380,000 square feet of space for machining. This is needed at present chiefly for commercial vehicle production, but when the new factory at Ellesmere Port is completed it will be used for car parts. With this addition to the Dunstable plant Vauxhall now seems likely to have capacity for well over 300,000 cars when its commercial vehicles are transferred to Ellesmere Port, as against its present output of 200,000 cars a year. Standard-Triumph International has also begun work on its expansion plans; last week building of the extension to its plant on Merseyside was started.

No details have yet been announced of the Government aid that Ford, S-TI or Vauxhall are to get. But if it resembles that given to BMC, which received the cost of its factory buildings in unemployment areas in the form of a loan, the total of Government aid could exceed £30 million, without counting whatever Rootes may get to aid as yet unsettled plans for a Scottish plant. But it is clear that the assembly of commercial vehicles, which has never been as concentrated into special areas as car output, will become even more scattered—stretching from Bathgate in the north to Slough and Southall in the south.

CAMP BIRD

Change Round

SHAREHOLDERS in Camp Bird must examine with the utmost care the proposals by its directors to change the status of the company. Camp Bird has been a finance company, paying tax on all its income, whether derived from dividends or the sale of investments. It had accumulated tax losses which could be offset against the tax charge. These losses have now been exhausted and profits from the sale of investments would be in the future exposed to the full tax charge. The directors therefore propose to turn the company into an investment holding company, which would pay tax only on its dividend income. Capital gains on the sale of investments would not then apparently be taxable but equally those gains could not be distributed by way of dividends. In the past the directors say the annual dividends of 20 per cent have been found mainly from profits on the sale of investments. They will not be paying an interim dividend this financial year but they seem to hope to be able to pay a total of 10 per cent.

A number of questions arise from the proposals:

(1) What will the attitude of the Inland Revenue be to the proposed change in status?

(2) When will the company's "two major developments"—the Camp Bird Mine in Colorado and the Cold Forging process—begin to pay dividends? And at what sort of rate?

(3) What is the net earning capacity of the group as an investment holding company? In their circular the directors say that "profits from the sale of investments" amounted to £656,269 in 1958-59, and "other income" amounted to £401,949 (including £143,750 attributable to a company which has since been sold). They estimate that profits from the sale of investments in the first six months of the current financial year amounted to £167,930 (and to £361,861 in the year to date) and other income to £241,470. The crux of the matter is: at what point is this "other income" struck? The consolidated profit and loss account for 1958-59 showed a gross profit of £666,709 but a note to the accounts said that this was struck after taking into account a profit on the sale of investments of £656,269 and after charges for depreciation, interest, directors' remuneration and auditors' remuneration. Thus figures for "other income" would appear to include trading profits of subsidiaries shown gross before various charges. The directors say in the circular that "other income" has been "ploughed back almost completely into the development of operating companies." The figure of £241,470 must surely be on a comparable basis with that of £401,949 in 1958-59 and presumably therefore it is again a gross figure.

(5) On what terms will the directors reduce the Camp Bird holding in Hartley Baird from 85 to 40 per cent by means of an issue, possibly by way of rights, later this year?

DIAMONDS

Decline in Sales

DE BEERS did not expect sales of diamonds to be as high in the first quarter as they were a year ago, and it has not been disappointed. The company announced this week that sales through the central selling organisation amounted to £20.4 million, a decline of £3.2 million from the peak reached in the first quarter of 1959. The sales do not yet include Russian diamonds, for which the organisation recently obtained exclusive selling rights in the western world. Sales of gem stones fell by £1.84 million, compared with the first quarter of 1959, to £14 million, and sales of industrial stones fell by £1.35 million to £6.4 million.

SALES BY THE CENTRAL SELLING ORGANISATION

	Gem	Industrial	Total
		£ million	
1959:—			
1st qtr.	15·9	7·7	23·6
2nd ,, ...	14·8	6·8	21·6
3rd ,, ...	16·9	6·3	23·2
4th ,, ...	15·5	7·3	22·7
1960:—			
1st qtr.	14·0	6·4	20·4

The decline in industrial sales must have seemed comfortingly modest. In the first quarter of last year American industry was rebuilding stocks after the recession, purchases for the United States stockpile had not yet ceased, and production—and presumably the sale—of synthetic boart in the United States was smaller than it is now. De Beers is trying to develop wider markets for industrial stones; it has also produced synthetic boart, and will make it in commercial quantities if this seems desirable.

COAL

A Small Matter of Mining

LAST year the 600 small mines that the National Coal Board licenses to private operators produced 2.6 million tons of coal. A small mine is defined as one where employment is "not likely greatly to exceed 30 people"; the board was empowered in the original nationalisation Act of 1946 to lease the operation of these under licence to private operators, and it actually left about 440 of them in the hands of the small concerns running them already. Some have gone out of production since, but in the years of high demand for coal the Board licensed many more. It began with temporary licences, but gave the operators "substantive" 10-year licences from 1950 onwards. Many of these small mining licences, therefore, came up for renewal last week; and the operators' complaints about the terms on which they had to renew, with an entirely different climate in the coal market from that of 1950, rumbled this week as far as the House of Commons.

The Federation of Small Mines of Great Britain, of which the South Wales association has been the most vociferous in complaint, argued that various points in the terms on which the Coal Board was prepared to renew these licences were onerous, and put an unfair share of coal's problems on to them:

> The royalties that they have to pay the Board on every ton sold—which took the place of the similar royalties they had to pay the former Coal Commission, and the adjusting payments between districts under the former Coal Charges Account—have been raised from 9d.-1s. a ton to 4s.-6s. a ton.
>
> Most important, the licensing agreements now set a limit on the basic annual tonnage per mine to be sold in the early sixties, and require each licensed mine to reduce its sales down towards this figure fairly quickly. The original proposals would have cut total sales to 1.5 million tons by 1962; modified proposals, which the federation felt obliged to recommend to its members at the end of March, will bring it down to 1.8 million tons by 1962.

The operators of small mines argue that this represents a cut of a third from the 1958 output (2.5 million tons) for their mines, against a planned cut of only 12½ per cent in the Board's own output from 1958 to 1960.

Landlord and Colliery

THE Coal Board has some answers to make. It says that as a landlord, owning the coal in the ground, it has merely adjusted its royalty charges, or rent, to changed circumstances—coal sells today for about 85s. a ton at the pit, against 47s. 9d. a ton when the earlier contracts were made in 1950. As to the cuts in output, it is prepared to quibble, though not much, about the small mine operators' slightly specious arithmetic. Its peak output was in 1957; from that year to 1960, it will have cut its opencast output by half and its deep-mined output by just over 10 per cent. About 600,000 tons of the private output is opencast, and this is coming down by some 300,000 tons during the period; the rest of the small mines' output will go down from, say, 2 million tons in 1957 to 1.5 million in 1962, or by about a quarter. Some part of the cut in the small mines' output will happen anyway by the exhaustion of certain small mines, so those left in business should not need to contract as sharply as the total figures suggest. Moreover, its divisions will be able to suspend any limits on the sales of anthracite, of which there remains a shortage.

How one sees the rights and wrongs of this depends partly upon which end of the telescope one happens to be looking through. Economically, however, it is not easy to see how the board can justify forcing down the sales of coal

Big Jets, Small Sky

BY OUR SPECIAL CORRESPONDENT

FROM the Palace of Westminster to the Acropolis of Athens, separated 1,700 miles in distance and 24 centuries in time, takes less than four hours as the Comet flies. But when people talk loosely about the way the jets have shrunk Europe to a very small place indeed, do they realise that this applies to the sky also? And do they realise what this means?

It was brought home sharply to your correspondent last weekend that there is a world of difference between flying a big jet placidly across the North Atlantic, or even to Moscow, and leap-frogging it across Europe from London to Rome to Athens to Istanbul and on to the Middle East, landing on average every hour and a half to two hours. The aircraft is then at the mercy of the ground staff at every airport that it visits, and especially of the traffic controllers who guide it along the air lanes and bring it in and out of the airports. Their level of competence falls as the aircraft travels east, sometimes because the controllers are not properly trained, but more usually because their equipment is poor. And this, if it is not to create a downright dangerous situation, is liable to mean delays with aircraft held up waiting for clearance, either to land or take off. The faster the aircraft, and the more often it lands, the more havoc these delays can cause to its timetable and the more fractious its passengers become.

The 86-passenger Comet 4 of British European Airways is the biggest and fastest jet to be used so far on this kind of short-range passenger operation, where the economics depend on intensive utilisation for eight hours a day, and split-second turn round on the ground. This makes it particularly susceptible to small delays, due to weather, to ground handling and the difficulty of marshalling this large number of passengers, or to the niggling mechanical faults that bedevil every new aircraft. The delays snowball along the route until they upset schedules for days ahead.

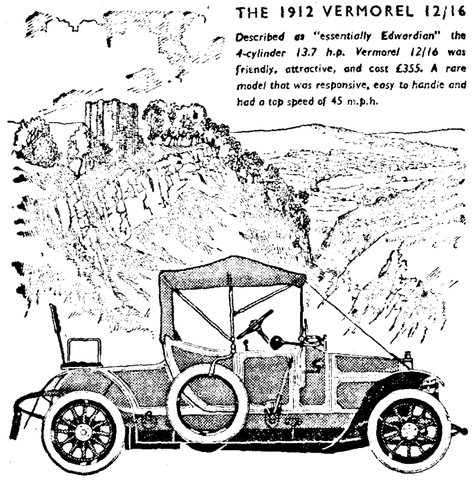
The arrival in service of these big, fast machines, cutting the east-west journey from London to Athens by two hours to approximately four-and-a-half hours, is looked on by countries in eastern Europe much as the early railways must have been—a means of opening up inaccessible regions. Mr Onassis, the Top People's Billy Butlin, is credited (probably apocryphally) with having bought the failing Olympic Airways and equipped it with Comet 4s largely to carry tourists to his new holiday camps on the Greek islands. On the mainland, the Greek government is enthusiastically spending at the rate of more than £4 million a year on new beaches, hotels and coast roads of breath-taking beauty (and unprotected hair-pin bends) for the new tourists whom it expects to arrive by air. Last year's tourist income was about £15 million. In this way Greece hopes to draw off those holidaymakers who are being priced out of the French and Italian Rivieras, which have much the same climate, but lack the puritanical beauty of the Acropolis flood-lit above the neon lights of modern Athens. By that sleight-of-hand practised by airlines and travel agents, it appears possible to spend 15 days in Athens for £89, including the Comet fare, although the cheapest return air ticket shown on the timetable costs £84.

BUT more passengers mean greater congestion along the airways. The biggest menace in Western Europe is from military aircraft. The captain of your correspondent's Comet last weekend complained forcefully to the traffic controllers over France when his aircraft was recently "buzzed" by a French fighter which flew so close "that the passengers heard it." After a specially serious incident like this, military aircraft usually keep well away from the air lanes for some days, but airline crews know it is only a matter of time before they will reappear.

Ground controllers along air routes across France, Germany, Scandinavia and in particular Switzerland, are usually well-trained and well-equipped; their main difficulty is the number of aircraft with which they are dealing. Towards Italy conditions begin to deteriorate, largely because air traffic control is carried out by the Air Force; airline crews suspect that Italian traffic controllers are merely serving on a temporary tour of duty that forms part of their wider military training. It is perhaps not surprising that the less experienced among them have a reputation among the aircrews for getting flustered. Apart from this, the standard of radio equipment along the Italian air lanes is lower than in other parts of Western Europe. Aircraft flying in these lanes can lose contact with the ground for long periods—a serious matter when so many are flying together in the same zone.

LACK of equipment becomes more noticeable the further east an aircraft travels. The airport at Athens has perfect visibility nearly all the year round, a good approach over the sea and a long, strong runway. But its radio is nothing like as powerful as it should be for jet operations; nor are there enough separate radio beacons at the approaches to the airport to make it possible for several aircraft to converge on Athens together. The result is rather like trying to serve a busy railway terminal with a single railway track, and the effect will be intensified as airlines begin to make increasing use of Athens as a junction between routes to the east, west and south.

This is a fault common to many airports besides Athens. Authorities concentrate on runways and passenger buildings and forget that it is at least as important to see that the airport has enough aerial entrances and exits to prevent traffic jams in the air. It is this short-sightedness, and reluctance to spend money on equipment that yields invisible returns (in the form of punctual arrivals), that is largely responsible for what pilots describe as the shambles in the air over Western Europe—a shambles of which most passengers pass their journey in happy ignorance.



THE 1912 VERMOREL 12/16

Described as "essentially Edwardian" the 4-cylinder 13.7 h.p. Vermorel 12/16 was friendly, attractive, and cost £355. A rare model that was responsive, easy to handle and had a top speed of 45 m.p.h.

... the year of Lloyd George's Health Insurance Act ... and a year when no doubt some Vermorel owners visited Peveril Castle in Derbyshire ... Peveril Castle, which then, as now, proudly guarded beautiful Hope Valley ... Hope Valley, the weekend destination of thousands of motorists who find that the Bamford depot of the Kenning Motor Group — one of many in a country-wide organisation — gives them full and enthusiastic service.

EST. 1678

The forecourt of Kenning's depot at Bamford, Derbyshire

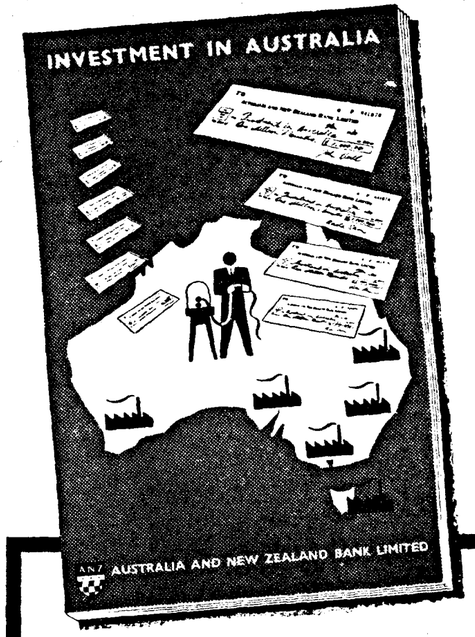


THE Kenning MOTOR GROUP

Head Office: Gladstone Buildings, Clay Cross, Derbyshire

KSP/2

DEPOTS THROUGHOUT THE COUNTRY



INVESTMENT in AUSTRALIA

Great interest is being shown in the United Kingdom at the present time in the possibilities of portfolio investment in Australia. To give authoritative information on this subject, *A.N.Z. Bank* has just published a new 68-page booklet "*Investment in Australia*", which covers in some detail such matters as

- ★ Avenues of investment
- ★ Securities for Portfolios
- ★ Trade or direct investment
- ★ Investment intelligence
- ★ Brokerage, duty, taxation and exchange control
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Copies are available free on request.

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that anyone can sell at a profit while it is continuing to operate many of its own mines at a loss. Politically, moreover, it should know by now that one of the facts of life for nationalised industries is that one should not only not behave oppressively to small people but should never, in any way, seem to do so (unless one is in the electricity business, where, amid tremendous apologies about amenity, one usually gets permission to slap down the power station or transmission line anyway). The board might well ask whether any big private business in difficulties about selling its own output would be likely to lease odd small machines to individuals to let them add to its competition and undercut its prices. It has to behave better, that is to say, than a private monopolist might. But when one remembers the original arguments about nationalisation (are there any believers in public ownership of the means of production, distribution and exchange in the House?) was not that assumed to be one of the objects of the exercise?

THE CHANNEL

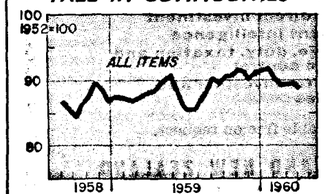
At Cross Purposes

ANY serious comparison of the various proposals for new direct physical links between Britain and the Continent must await the full publication of the report that the Channel Tunnel Study Group has presented to the Cabinet. The tunnellers themselves are divided between those who favour a straightforward hole in the ground and those who prefer a pre-cast concrete tube, laid in a trench on the sea bed and covered with sand, emerging at both ends like the holidaymaker who digs into the beach and leaves only his head and toes visible.

The *Compagnie Française d'Enterprises*, in association with Dorman Long (Bridge and Engineering) and the Merritt-Chapman and Scott Corporation of America, has presented the Study Group with a proposal for a bridge from Dover to Calais which would carry cars and trains, cyclists and scooter-riders, 242 feet above high-water level. This would enable the travellers to look down on the Hovercraft which, according to a paper read to the Royal Society of Arts by Christopher Cockerell this week, could do the job faster and better than ferries and more cheaply than aeroplanes.

Questions about capital costs, and about the possible return on whatever might have to be invested have not yet been answered satisfactorily by the proponents of any scheme; so far, the main thing that can be said for the bridge project is that, from the publicity point of view, it has gone swimmingly. The Study Group has the distinction of having spent more than two years examining probable capital and running costs and potential traffic in the future from the point of view of a tunnel: no other scheme bears this weight of research behind it. Only when its estimates about future traffic are published will it be worth while to speculate which way of getting across the channel is to get the traffic likely to be offered across most quickly, conveniently and cheaply. Then, perhaps, will be time to ponder the choice of claustrophobia and the fear of suffocation in 25 miles of undersea tube against one's confidence in being able to keep a car from being blown off a high, swaying bridge 21 miles long by gusts of wind that the Meteorological Office says may quite often reach force 9-10 on the Beaufort Scale.

FALL IN COMMODITIES



* Primary producers are enjoying expanding markets—but not higher prices. Since January *The Economist* commodity indicator has dropped by three per cent, owing mainly to declines in copra, tea, cocoa and copper.

STATE BUILDING SOCIETY

Salvage Operations

IN the High Court a week ago dealings in 3,199,871 shares of Lintang Investments were frozen by Mr Justice Cross on the application of the State Building Society. The society was granted injunctions restraining any transfer of these shares or any entries in the company's share register pending the hearing of an action to decide who were the beneficial owners of the shares. No opposition to this order came from the respondents, who numbered sixteen and included Mr Grunwald and Mr Jasper as well as Mr Maxwell Joseph, who claimed 1,100,000 shares, Barclays Nominees (Branches) Limited, which claimed 1,300,000 shares, and Lloyds Bank City Office Nominees Limited, the claimants of 750,000 shares. Mr John Arnold QC, for the State Building Society, said that in the action the society would contend that the major part of the purchase money for these shares belonged to the society.

On the previous day at the annual general meeting of the State Building Society, Lord Reith, the new chairman, told 600 shareholders that proceedings had been started to recover the £3¼ million which had been obtained from the society. He regretted that the society would not be able to pay interest to members on July 1st but he said that the directors (who now include Mr James H. Robertson, a former general manager of the Abbey National Building Society) would keep constantly in mind the desirability of raising the limit on withdrawals. Lord Reith told the meeting that the directors would do everything possible to put the affairs of the society into a proper shape. He said: "We regard our responsibility not as undertakers to bury the society as quickly as possible but rather more as a team of salvage men coming to save what can be saved."

THE EXCHANGES

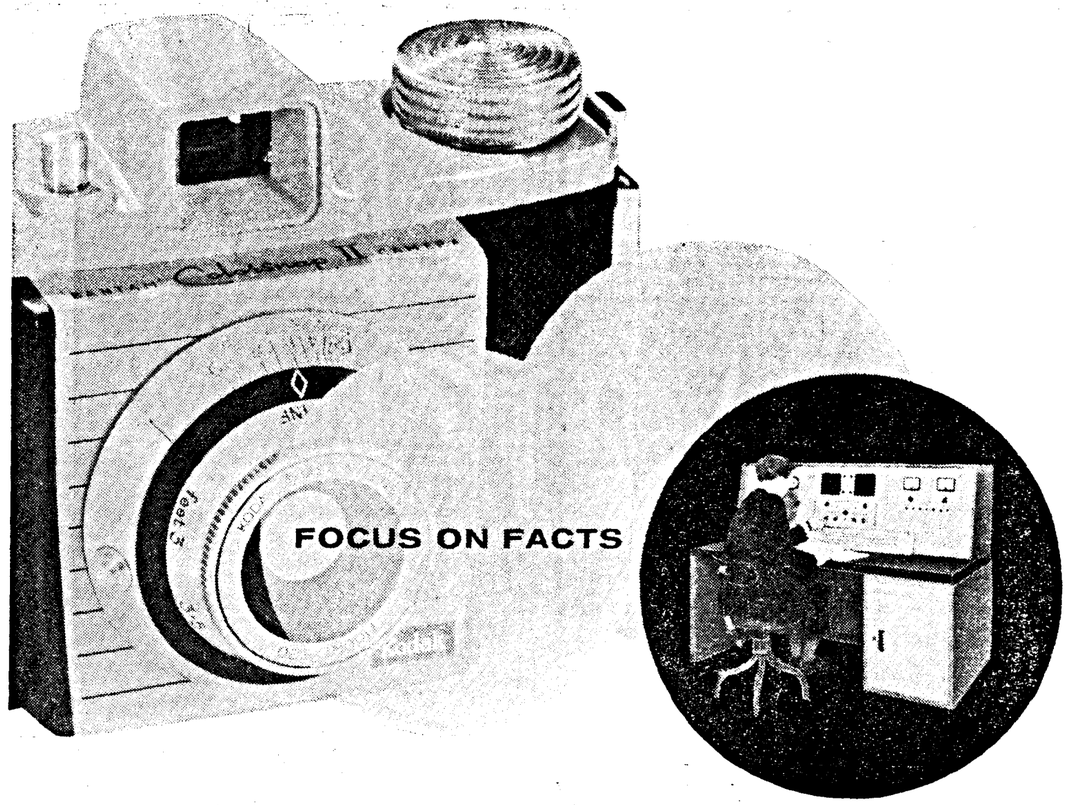
Market in "Euro-dollars"

WITHIN the last few months an active and growing market in dollar deposits has sprung up in London. It is a European market, but London is handling the vast bulk of the business. The currency in question is generally referred to as the "Euro-dollar," but it is in fact the plain United States dollar. The supply of Euro-dollars is provided by the working balances and accumulations of current dollars that have accrued with European merchants and banks during recent months as a result of the outflow from the United States to Europe and of the gradual disappearance of exchange control in Europe.

Until recently these dollars would have been compulsorily handed over to the central banks of the countries concerned; now they remain at the disposal of these private institutions. These funds are not left on deposit with American banks because of the official restrictions placed on the rate these banks can pay for such deposits—2½ to 3 per cent in New York. Now, moreover, there is no attraction in employing such dollars in US Treasury bills. There is, however, a persistent demand for dollar credits from banks and merchants in certain countries of Europe, such as Italy, and to a less extent France. In some of these countries the bulk of external trade is financed in foreign currencies. The dollars required for such finance are not readily or cheaply found in New York. The prime borrowing rate in New York is between 5 and 5¼ per cent and the borrower normally has to maintain a non-interest bearing deposit with the lending bank. The total cost of borrowing is thus usually over 6 per cent.

Merchant banks and other institutions in London have thus been able to operate well within the very broad margin set between New York deposit and lending rates. London banks have been prepared to take dollar deposits at rates varying according to the period of the deposit from 4 to 4½ per cent; at the same time they have been prepared to make dollars available to approved firms in Europe at rates well below the effective New York lending rate, still providing themselves with an adequate margin of profit. London is thus acting as a clearing house for Euro-dollars and a substantial business is being transacted.

An interesting variation of this dollar deposit business is that in some cases the London banks have converted the dollars into sterling, covered themselves by an



KODAK CHOOSE EMIDEC

Everyone knows Kodak, and the wide range of photographic goods they produce. It is not difficult to imagine the problem involved in maintaining an efficient production and distribution organisation.

To keep pace with an ever-growing demand, Kodak has now ordered an EMIDEC 1100 electronic computer.

Designed and manufactured by E.M.I. Electronics Ltd., the EMIDEC 1100 is a high-speed computer, using transistor and magnetic core techniques.

Kodak will use the computer to maintain up-to-date records of stocks held at its nine wholesale branches throughout Great Britain. The EMIDEC will also print out invoices and maintain personal accounts and statistics for each of the organisation's 30,000 customers and trade outlets.

EMIDEC computers have been selected by many other large organisations and Government departments including:

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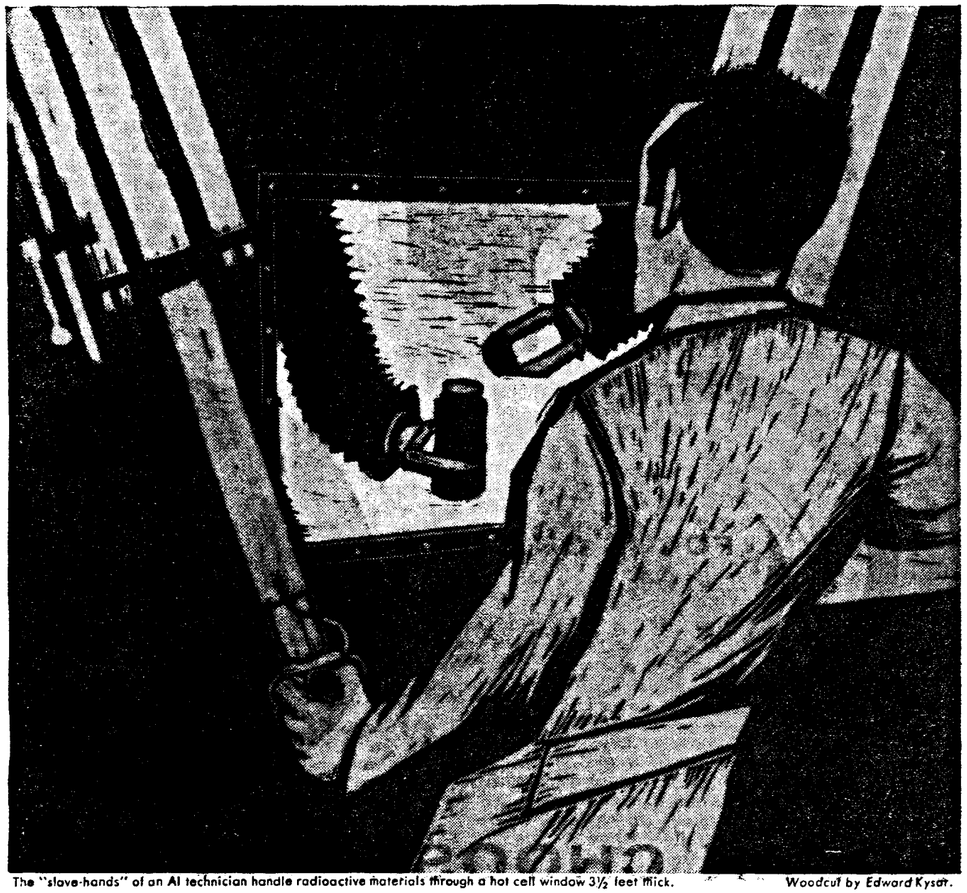

The "slave-hands" of an AI technician handle radioactive materials through a hot cell window 3½ feet thick. Woodcut by Edward Kysar.

Let A.I.'s experience guide your Nuclear Power Program

The largest privately-owned facility in the world for remote handling of radioactive materials is located at Atomics International's 290-acre field laboratory near Los Angeles. Here the men who pioneered the creative peacetime uses of atomic energy are applying their 14 years of experience to developing advanced nuclear reactors and associated equipment.

Much of AI's work has been on projects for the U.S. Atomic Energy Commission. This includes the Organic Moderated Reactor Experiment at the National Reactor Testing Station in Idaho and the Sodium Reactor Experiment in California. AI has also built and is operating SNAP II, a 100-kilogram prototype reactor designed to produce 3 KW of electricity for space vehicles.

With some of the most sophisticated facilities in the world at their disposal, the men at AI are now conducting studies for large power station reactors in the United States and Europe. Two reactors are now actually under construction under AEC programs—an Organic Moderated Reactor in Piqua, Ohio, and a Sodium Graphite Reactor in Hallam, Nebraska. Smaller research reactors have been built by Atomics International for Denmark, Germany, Italy, Japan, Puerto Rico and several sites in the USA.

For details contact: ATOMICS INTERNATIONAL, Canoga Park, California, USA. Cable address: ATOMICS.

ATOMICS INTERNATIONAL
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PIONEERS IN THE CREATIVE USE OF THE ATOM

appropriate forward sale of sterling and employed the sterling by making loans to local authorities, hire purchase finance companies and other borrowers prepared to pay rates that more than cover the cost of borrowing the dollars and of meeting the forward exchange operation. Such domestic lending of dollar deposits amounts to a minor part of the total business, which runs into the equivalent of some hundreds of millions of pounds. Three institutions that specialise in such business are reputed to have on their books dollar and other foreign currency deposits equivalent to about £200 million. The bulk of this is re-lent to other European bankers and merchants.

STOCK EXCHANGE

Boom Statistics

THE annual computation of "Interest and Dividends upon Securities quoted on the Stock Exchange, London," provides some measure of the size and shape of the London stock market without adding much knowledge of what happened on the floor of the house during the year. The latest edition puts the total market value of stocks and shares quoted on the London exchange on December 31st at £37,670 million. This is £6,994 million higher than it was at the end of 1958 and £6,683 million higher than at the end of last June. Almost all this increase is due to last year's boom in equity prices, especially after the election; the market value of ordinary shares rose by £6,782 million to £18,992 million over the calendar year.

SECURITIES QUOTED IN LONDON

(£ million)

	Mid-1957	Mid-1958	Mid-1959
Nominal capital :—*			
Loan capital	21,563	21,946	21,701
Preference capital	1,250	1,235	1,252
Ordinary capital	3,793	4,075	4,625
Total	**26,605**	**27,256**	**27,578**
Market value :—*			
Loan capital	16,531	17,114	17,413
Preference capital	1,032	1,055	1,056
Ordinary capital	10,880	9,441	13,518
Total	**28,443**	**27,610**	**31,987**
Gross interest and dividends† :—			
Loan capital	694	705	756
Preference capital	71	71	71
Ordinary capital	603	630	716
Total	**1,369**	**1,406**	**1,543**

* At June 30th. † In calendar year.

The total of gross interest and dividends paid out last year rose by 9.7 per cent from £1,406 million to £1,543 million. Equity shares accounted for a large part of this increase, with ordinary dividends going up by £86 million to £716 million. Interest payments on loan capital rose by £51 million to £756 million, reflecting the maturing of Government stocks with low coupons and their replacement by stocks bearing higher rates. The compilers of the statistics estimate that of the gross interest of £1,543 million not more than £595 million net flowed into the pool of personal disposable income. They also estimate that the loan

Legislating for Traffic

ONE crucial difference between the traffic problems of London and those of most other large British cities is that responsibility for doing something to cope with traffic in the capital and power actually to do it is split up among too many bodies. For nearly forty years the Minister of Transport has been the nominal traffic authority for the London area. In practice, he can do little to discharge that duty without the co-operation of the many individual local authorities, who understandably tend to be guided by the more parochial needs of their own bailiwicks. But even before that stage is reached, the Minister is often obliged to go through the motions of consulting with the London and Home Counties Traffic Advisory, a 45-strong body representing an even greater number of interests.

Any permanent reform, drawing together these powers and duties, must presumably now await the report of the Royal Commission on London Government. The Ministry of Transport, in its own evidence to the Commission, argued strongly for a central traffic authority, with the power to follow through its own traffic regulations and ensure that the concomitant street works are in fact provided. This new body would not have planning and construction powers, nor would it be set up to control the provision of public transport. In short, it would do the job of the Traffic Department of many American cities.

LAST December, the present Minister of Transport, Mr Marples, successfully flew a kite in a House of Commons debate about such a unit being set up, experimentally, before the Commission reported. He envisaged the Ministry concentrating upon "a manageable area (of London)... for a limited period, say a couple of years or so," making some impact upon it, and thus by example hoping to stimulate similar ideas and action in other cities. He has since established in the Ministry a "London Traffic Management Unit," with Dr Charlesworth from the Road Research Laboratory installed as its head. In the Road Traffic and Roads Improvement Bill, published last Friday, Mr Marples offers proposals for enhancing the Ministry's, and thus the unit's, powers of executive action.

The "manageable area" of London turns out to be the whole of the London traffic area and the "limited period" will in fact be five years. But no one need complain about that: neither limit would be realistic if it were set much lower. Nor is there much room for criticising the principal extra powers being sought. The first would relieve the Minister of the compulsory obligation to consult the London and Home Traffic Advisory Committee both before issuing traffic regulations and before authorising a local authority to introduce a parking meter scheme. The second would strengthen his hand in getting local authorities to fall in with his particular schemes for controlling traffic. He would be able to invite them to carry out certain street works and improvements and, if they failed, to do the work himself and charge the cost to the council.

The Minister of Transport, moreover, would be able to introduce parking meter schemes in London wherever he thinks they are needed, and not just for the purpose of experiment or demonstration, if local authorities fail to take the initiative. He would also be empowered to arrange for temporary off-street parking to be provided, and charged for, for special occasions (such as Christmas shopping and the Motor Show). Provision is also made for pedestrians to be included in London's traffic regulations (and fined for offences) and for certain vehicles—doctors' cars?—to be excluded from waiting bans when they carry an appropriate identification ticket.

ONE rather surprising provision in the bill's proposals that will apply both to London and elsewhere (and permanently, not just for five years) is the power to introduce "parking disc" type schemes. A parking disc is a device a driver himself displays on his vehicle to show the time he arrived or the time he ought to leave a parking area, or both times. As Parisians have quickly learnt, these schemes are not easy or cheap to enforce. Something that may be less to the liking of the motoring lobbies is the repairing of the weakness in the 1956 Act that concerned the power to levy a charge for towing away vehicles that are causing an obstruction, are illegally parked, or appear to be abandoned. These charges will now be based upon a prescribed scale (rather than upon cost which has been found hard to ascertain and prove) and, furthermore, abandoned vehicles will now be sold off (after a suitable interval). Finally—and this will apply only for five years—an attempt is made to improve the commercial prospects of garages that local authorities provide by permitting them to let off other parts of the building for other purposes, lease the parking floors to a garage operator, and provide or arrange for petrol, oil and similar supply facilities to be installed. These changes all seem sensible. They are expected to come into force, mostly, next September.

stock holdings of institutions (excluding investment trusts) are of the order of £7,000 million and that their holdings of quoted shares are not less than £360 million (which they admit may be an under-estimate).

FROZEN FOOD

Birds Eye View

SALES of frozen food last year amounted to £36 million, twice as much as in 1957, and it is believed that nearly three-quarters of the business was done by the Unilever subsidiary, Birds Eye. This company, which has invested £10 million in the industry over the past six years and plans to spend another £7 million over the next three, has good reason to believe that it will be able to hold on to its share of this very fast-growing market: its selling methods have ensured that its displays dominate about two-thirds of the frozen food cabinets in the 65,000 shops which now have them.

Although the number and the average size of the cabinets installed are both increasing rapidly (there should be 85,000 cabinets by 1962), the fight for space inside them is intensifying. A Swedish firm, Findus, is holding its own with five leading domestic producers, but all come a very bad second to Birds Eye. Distribution of Birds Eye Foods is carried out through S.P.D., another Unilever subsidiary. Other market leaders have turned, or are turning, to direct distribution, but the large producers using wholesalers for distribution have exclusive dealing arrangements with them, and any newcomer would have to set up his own national marketing system or buy over an already committed wholesaler—both expensive processes.

The scale of Birds Eye's production should give it another natural advantage, the ability to keep prices down. The company has not been slow to do this in the past. Findus has the dual advantage of cheaper Continental raw materials and the Outer Seven agreement. But the whole market seems likely to keep up its present tremendous rate of growth for some time, both in its traditional fields of peas and fish fingers to housewives and in the new, mushrooming, fields of catering packs, pre-packed whole "convenience" meals, and new and more exotic kinds of delicacy.

RAW SUGAR

Quotas Unchanged

TO the surprise of many traders, the International Sugar Council resisted pressure for an increase in export quotas at its meeting in London last week. It took the sensible view that as prices were still well below the optimum range in the sugar scheme, quotas should be kept at 85 per cent of the basic export tonnages. Less surprisingly, the council was not enthusiastic about Cuba's ploy to have its sales to Russia of one million tons a year excluded from the scheme. Had Cuba gained this point, it would in effect have obtained a unilateral increase of a million tons in its quota. But Cuba did not come away empty-handed. Its desire for bigger exports was satisfied—for the time being at least—by the council's decision, ahead of time, to reallocate to Cuba and others about 750,000 tons of sugar that it believes some exporters will not be able to supply this year. Thus the effective supply was increased without increasing quotas, and Cuba can export an extra 400,000 tons.

The substantial increase in demand for sugar on the "free" world market this year is reflected in the council's latest estimates. Russia, an exporting member, now appears as a net importer of 800,000 tons and east Germany, another exporter (but not a member), as a net importer of 40,000 tons. These increases are partly offset by reductions elsewhere, so that total net requirements are raised by 515,000 tons to 6,365,000 tons. With exports from participants currently restricted to about 5,630,000 tons, plus likely exports from non-participants, the exportable supply becomes 5,985,000 tons, leaving an apparent deficit of about 380,000 tons.

The market was impressed by the council's firmness, as it was also impressed by the fixing of the remaining 425,000 tons of Cuban sugar bought by Russia this year at a price of 3.06 cents a lb, and the spot prices recovered to 3.10 cents. But late this week prices fell back, partly because the Cuban government, contrary to previous statements, has now increased the quantity of sugar to be produced this year by 200,000 to 5.7 million tons. However sensible this decision may be in Cuba, it sapped the market's confidence just when sugar seemed to be looking up.

SHORTER NOTES

New net savings through life assurance rose by 15 per cent in 1959 to the record level of £423 million. Of this total £36 million (against £32 million) came from overseas business. Total invested funds held by life offices amounted at the end of last year to almost £5,000 million.

★

In future when a company applies for a stock exchange quotation for the first time it will be required by the Stock Exchange Council, if it carries on two or more activities, to indicate the relative importance of each activity. This information will be required in cases where the activities are material in terms of either profits or assets employed.

★

An exhibition of business archives has been held in London by the National Book League, and it is hoped that it will later tour the provinces. The exhibits suggest that so far industry has shown little interest in the historical records that it may possess; destruction has been the normal fate at the hands of tidy-minded office staffs. This exhibition may help industry to realise that its records can be of historical interest, and not just for the preparation of the standard, brightly dreary, company history.

★

Imperial Chemical Industries has announced that the second stage of its Severnside development scheme will involve the installation of plant for the manufacture of ammonia and ammonia products at a cost of over £10 million. The plant will use oil as raw material, but the source of supply has not yet been announced. The plant will have a capacity of 100,000 tons a year, and will come into operation in 1963; following the plant opened at Shellhaven a year ago, it will add considerably to British production of nitrogenous fertilisers. ICI is also expanding the capacity of its methanol plant at Heysham by 45,000 tons by 1962.

★

Sharply increased profits have been announced by two leading industrial holding companies. In 1959 the trading profits of **Sears Holdings** rose from £8,239,428 to £10,163,558 and the ordinary dividend is raised from the equivalent of 20 per cent to 25 per cent. A further 20 per cent. scrip issue is to be made and the directors forecast that the present rate of dividend will be maintained on the increased capital. **Thomas Tilling** has reported a rise in its gross profits from £2,607,723 to £3,706,258 and the dividend has been raised from the equivalent of 12.05 per cent to 17 per cent. There is to be a 10 per cent scrip issue and the directors hope to be able to pay dividends on the increased capital rates not lower than those for 1959.

COMPANY AFFAIRS
Comments on pages 201, 202 and 203 on
Unilever, Lombard Banking, Whitbread, Murphy Radio, Vauxhall Motors, Waterlow and Sons, Glaxo, Charterhouse Group, Esso Petroleum

LONDON AND NEW YORK
Stocks, prices, times covered, yields and security indices on pages 204 and 205

LONDON STOCK EXCHANGE
The week's movements reported on page 203

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 206

COMPANY MEETINGS

BANK OF SCOTLAND

GENERAL EXPANSION OF BUSINESS

LORD BILSLAND ON THE RADCLIFFE COMMITTEE'S REPORT

The Annual General Meeting of the Proprietors of the Bank of Scotland will be held on April 19th in Edinburgh.

The following is an extract from the circulated statement by the Governor of the Bank, The Right Honourable Lord Bilsland, KT, MC, DL, LLD:

Conditions in banking have been favourable during the past year. The freedom to lend, which was restored to the banks in July, 1958, has continued and the level of bank credit throughout the country has increased considerably to the accompaniment of an expanding activity in trade and industry. In order to meet this demand for bank credit, the banks have realised substantial holdings of Government securities during the year. A satisfactory feature of the expansion has been that it has not caused any increase in commodity prices and the inflationary influences which have been so prominent in recent years appear, at any rate for the present, to have been held in check. Nevertheless, it has become apparent that a continuance of these trends towards expansion at their recent pace might, if not restrained, lead to difficulty in the future and, as a moderating measure, an increase in Bank Rate of one per cent to its present level of five per cent was made in January of this year. This has been followed by warnings from official quarters against over-optimism and more recently by a withdrawal of support from the gilt-edged market, which has had the effect of making further sales of these stocks by the banks for the provision of funds for lending purposes less attractive. It remains to be seen whether these measures, which appear to have been timeous, will in fact have the desired effect. It is to be hoped that they may render unnecessary more stringent financial discipline. One must, however, view with some concern the effect of the additional strains to be put on the economy by pending wage increases and the increase of £340 million in the estimates of national expenditure for the new financial year.

The publication of the Radcliffe Committee's Report on the Working of the Monetary System and the recent issue of the evidence on which the Report is based have brought to public notice an exhaustive survey of all aspects of the country's financial system. Sufficient time has not yet elapsed for the lengthy evidence to be fully studied, but the Report in its references to banking makes certain comments of considerable importance to the banks.

Not unnaturally, our chief interest in the Report is centred on its review of Scottish banking conditions and we find satisfaction in the fact that the Committee have no criticisms to offer of the system as it now operates. The right of the Scottish banks to issue their own notes is re-affirmed and a wider understanding of the difference which exists between the financial structure of banks in Scotland, as compared with those in England, has emerged. This may be of particular importance should measures to restrain bank lending require to be re-introduced. The findings of the Committee would appear to show that measures of restraint which might apply in England might not be suitable for application in Scotland without some modification.

The Report stresses the desirability of the banks as a whole being willing to lend for a certain section of their advances on a long-term basis. At the same time it points out that the Scottish banks have been more ready to acknowledge "the existence and propriety" of some of their long-term lending than appears to have been the case in England. Recognition of the fact that certain advances are essentially of a long-term nature is no new concept in this Bank and to the extent that such advances have been made, this practice has proved beneficial both to our customers and to the Bank. The Report also refers to the need for the banks to establish a system for the handling of payments by means otherwise than by the use of cheques. This matter is at the present time receiving close study and will have an important part to play when the payment of wages by cheque, or by transfer to the wage-earner's account, becomes more universal. The large-scale adoption of this system of payment of wages is bound to have repercussions of considerable importance to the banks in their staffing arrangements and hours of business, a matter which the banks are actively considering.

BALANCE SHEET

The Bank has experienced a general expansion of business during the past year and the consolidated net profit earned of £914,700 shows an increase of approximately £210,000. The subsidiary Company, North West Securities Ltd., has made an important contribution to these improved results.

In September, 1959, resolutions to increase the Capital of the Bank were approved as a result of which £900,000 of the Reserve Fund was capitalised and distributed as a bonus of £1 of Stock for every £5 Stock held. At the same time, an issue of a further £900,000 of Stock was made to Proprietors at £2 10s. per £1 Stock. These issues were made in order to bring the paid-up Capital into better relationship with the increased liabilities of the Bank and to provide additional resources for future development. As a consequence, the number of the Bank's proprietors has increased by approximately nine hundred to a total of over eleven thousand five hundred, of whom over eighty per cent own holdings of less than £600 of Stock. The Bank has announced that from and after April 4, 1960 the fee for registration of transfers and all other notifications of change of ownership has been abolished.

The Capital now increased to £6,300,000 ranks for the final dividend of eight per cent actual, now recommended—the same rate as the interim dividend paid on the smaller Capital of £4,500,000. This dividend requires, after deduction of income tax, £308,700—the interim dividend having absorbed £220,500—and there has been applied to Reserve Fund £150,000, to Reserve for Contingencies £150,000 and to Pension Fund £80,000, leaving a surplus of £5,500 to be added to the balance carried forward, which amounts to £262,792.

In accordance with the Directors' intentions, announced when the new issues of Capital were made, £900,000 has been transferred from Contingency Reserve to the Reserve Fund to replenish the sum capitalised. In addition there has been transferred to Reserve Fund the premium of £1,350,000 on Stock issued and after the transfer of £150,000 from the year's profits the Reserve Fund amounts to £6 million.

A further increase in Deposits of over £9 million took place last year, the total recorded in the Consolidated Balance Sheet being £183,443,930. The great bulk of this increase is well distributed throughout the branches of the Bank and is partly accounted for by an increase of approximately four and one half per cent in the number of active account-holders during the year. Note Circulation is greater by some £400,000 and a large increase in Acceptances, Guarantees, etc. on behalf of customers has brought the total for this item up to £31 million, nearly double its level a year ago.

Advances have also risen during the year, banking advances being over £5 million higher and hire purchase advances nearly £2 million up, the total of these two items amounting to £61,735,934. Investments, which as customary appear in the Balance Sheet at less than market value, are £1,200,000 greater than last year and the Bank's strong liquidity position is fully maintained, the holdings of Cash, balances with other Banks, Money at Call, etc. being together £82,912,921.

HIRE PURCHASE SUBSIDIARY

The past year is the first complete year of ownership of the Bank's hire purchase subsidiary company, North West Securities Limited. Important progress has been achieved in the extension of the company's branch system the full benefits of which have yet to be forthcoming. The outlook continues to be promising in spite of increasing competition in the industry and your Directors feel amply confirmed in their decision to extend the Bank's services into the hire purchase field by ownership of this company.

PERSONAL LOANS

The adoption by the Bank of a scheme for personal loans was intimated last year. The Bank's experience of this scheme has been favourable. There is now evidence which shows that by this scheme the Bank is fulfilling a need for financial assistance to a section of the community which might not otherwise have been able to obtain it and is thereby acquiring many new customers. There is a constant and steady demand for these loans, but as they are repayable in monthly instalments, the total outstanding is not important in relation to the total advances of the Bank.

CENTRALISED ACCOUNTING

The announcement a year ago that the Bank had installed an electronic centralised accounting system evoked great interest. A year's experience of the operation of the system has confirmed its efficiency and economy. The scope of the system is being gradually enlarged and the transactions of nine offices are now being recorded by the installation.

JAGUAR CARS LIMITED

ANOTHER RECORD YEAR

SIR WILLIAM LYONS' STATEMENT

The Twenty-sixth Annual General Meeting of Jaguar Cars Limited was held on March 31st at the registered office, Browns Lane, Coventry.

Before opening the meeting, Sir William Lyons said: I would like to refer to the sad loss which our Company has sustained by the untimely death of our Director of Home Sales, Miss A. Fenton. For over 35 years Miss Fenton served me, personally, and our Company, with such single-minded loyalty and devotion to duty that I find it difficult to pay tribute to her in adequate terms.

I feel sure that you will wish to join me in offering sincere condolences to her relatives, and will agree that our deep regret at the loss of a loyal colleague be recorded in these proceedings.

In his speech, which was circulated with the Accounts, Sir William Lyons, the Chairman, said:

The trading profit shows a substantial increase compared with last year, and the turnover is a record in the history of the Company. The reduction in the rate of income tax, and the re-introduction of Investment Allowances on plant and machinery have resulted in a proportionately lower charge for taxation than that of last year. Heavy expenditure on plant and buildings has increased the Depreciation Charge but the Net Distributable Revenue after these charges is more than doubled.

It is our intention to recommend a dividend of 20 per cent on the Ordinary Shares. This compares with a final dividend of 17½ per cent and a special interim dividend of 12½ per cent which, together, made a total of 30 per cent paid last year, but the effective rate will now be double that of last year as it is payable on Ordinary Capital increased by the scrip issue of two for one.

STRONG FINANCIAL POSITION

Our Credit Bank Balance and Tax Reserve Certificates show a healthy increase, but I should warn that trading in the Motor Industry has a momentum which can fluctuate appreciably. It will be noted that our financial position is a strong one; this I must stress is essential to our future prosperity for, in spite of successful existing models, it is necessary constantly to plan and introduce new models requiring extremely heavy expenditure on tooling and new plant. Further, we have plans for expansion, as indeed we must have if we are to maintain a competitive position in the markets of the world.

During the year we have purchased the factory we occupy at Coventry and which is one of the finest and most modern in the country, being situated on some 78 acres including 10 acres of Recreation Park and having a covered floor area exceeding one million square feet.

The re-introduction of Investment Allowances was welcomed for its effect on our tax liability and as a sign that the Government recognise the need for Capital Expenditure on the latest equipment in order that we may maintain our competitive position in the world's markets. It is interesting to note that our Capital Expenditure in the last five years has totalled over 2½ million pounds.

NORTH AMERICAN DEVELOPMENTS

Our Subsidiary Company in North America, Jaguar Cars Inc., has had a profitable year, and is now deriving considerable benefit from the organisation it has built up, and I am pleased to report that its sales record continues to be very satisfactory.

During the year a new Subsidiary of our North American Company was formed, Leyland Motors (USA) Inc., following an agreement with Leyland Motors Ltd., England, for our American organisation to market Leyland commercial transport vehicles, which represent the highest standard of British Engineering, throughout the States. We look forward to successful results from this association.

Since entering the Mexican market where excellent facilities for local assembly have been established our exports to that country have been considerably increased.

I reported last year that, notwithstanding the establishment of the European Common Market, I could see no indication at that time of any recession in the demand for our cars. That confidence has been more than justified for, during the 1959 season, our exports to Europe as a whole rose substantially, and in the Common Market area alone sales were increased by 10 per cent in the face of increased competition resulting from the Common Market agreement.

We have welcomed the formation of the Outer Seven Group consisting of Norway, Sweden, Denmark, Portugal, Switzerland, Austria and the United Kingdom, and we view optimistically the expansion of our sales within this group where the progress made has been encouraging. It is to be hoped that the time is not too far distant when there will be a unification of the Common Market and Outer Seven groups which will lead to a further expansion of trade.

Unfortunately, the South African Government have reinstated their policy of fixing ceiling prices, and this has had the effect of eliminating the entry of all our models with the exception of the 2.4 litre. New Zealand remained a dull market during the 1959 season, but the position, I am glad to say, is improving.

Australia has continued its demand to the maximum which their licensing system has permitted and has proved a valuable market, but we remain hopeful that a more liberal policy of import licensing will come into operation in the near future.

During the year the Purchase Tax on cars was reduced. It is the hope of our Industry, indeed it is regarded as essential to its continued prosperity, that further reductions will be made in order that eventually we may be placed on equal terms with our competitors in other countries.

FUTURE OUTLOOK

I ended my remarks last year on the hopeful note that we could look forward to the future with confidence. The increasing demand for our cars throughout the world justifies continued optimism, but I cannot help but feel that the failure of Trade Unions—with whom we have every desire to co-operate—to discipline their members in the observance of National Agreements, is a most serious threat to future prosperity. If our competitive ability in the world's markets is lost, I believe this will be the reason for it. It has been said that Management is at fault in their labour relations. Whoever is at fault, differences should be resolved through the procedure of honest negotiations with goodwill on both sides. I do not, however, question the right of workers to withdraw their labour after proper negotiations through the agreed channels have failed to resolve differences.

I must express appreciation to all staff and workpeople for again achieving record production, and I also wish to place on record appreciation of the co-operation given by our Distributors and Dealers and our Suppliers.

The retiring Director, Mr W. M. Heynes, was re-elected.

The report and accounts were adopted.

TAIPING RUBBER PLANTATIONS

HIGHER PROFIT AND DIVIDEND

The forty-ninth annual general meeting of Taiping Rubber Plantations Limited was held on April 4th in London, Mr W. Anderson (the chairman) presiding.

The following is an extract from his circulated statement:

The profit earned during the year 1958/59 was the best since the Korean War boom year of 1950/51. Accounting for this were the higher average price of rubber, the larger crop harvested and the increased income from tin mining tribute. The net average price realised for sales of all grades of rubber was 3½d. per pound above the corresponding figure for 1957/58 but, despite higher wage rates following the rise in the price of rubber and heavier charges for export duty, the cost of production per pound of crop benefited by the increased productivity and averaged out at about the same level as the preceding year.

From our point of view as rubber growers the most satisfactory aspect of the year's working was the progressive increase in the crop of rubber harvested—1,795,000 lb against 1,466,000 lb in 1957/58 and 1,344,000 lb in 1956/57. The Board is adhering to the programme of rejuvenation which was laid down several years ago and thus in the present financial year we plan to replant 169 acres of old rubber followed by 116 acres in 1961, which will give us a total of 1,600 acres of young pedigree rubber, of which by then some 900 acres should be mature and giving a good return.

In arriving at a decision to recommend payment of a dividend of 15 per cent, the highest for the past 33 years, your Directors were not unmindful of the work still to be done to bring the property into first-class condition but there has been no encroachment on the Company's liquid resources. It was felt moreover that the shareholders should have the largest slice of the cake possible after the rather modest returns of recent years. Results for the current year so far are encouraging, both from the point of view of price and output of rubber. If this position is maintained your Board hopes to be able to consider the payment of an interim dividend in August or September next.

The report was adopted.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

OUTSTANDING FIGURES FOR NEW BUSINESS

BUOYANT PREMIUM REVENUE

The One Hundred and Thirty-fourth Annual General Meeting of the members of the Scottish Amicable Life Assurance Society was held in the Merchants' House, Glasgow, on April 6th, Mr J. B. Findlay, CBE, DL (Chairman of the Ordinary Directors) presiding.

In moving the adoption of the Report and Accounts, the Chairman said that new individual assurances had been issued for record net sums assured of £15,500,000—a figure which exceeded that for the previous year by £2 million. He welcomed this evidence that the excellent value offered by the Society to its members for personal life assurance was more widely appreciated every year. In addition, 54 new group pension and life assurance schemes had been arranged, providing sums assured of more than £8,500,000 and pension benefits exceeding £1,700,000 per annum. Schemes for works employees had been quite a feature of the Society's group pension and life assurance activities in the last year or two, and considerable experience had been acquired in handling such schemes for very large industrial concerns. These outstanding figures for new business (both ordinary and group) were reflected in the Society's premium income, which had risen by more than £1,500,000 for the second successive year and now approached £11,500,000.

Claims by death showed very little change from the figures for the previous year—and, once again, the mortality experience had been very favourable. The Society's funds had increased last year by almost exactly £9 million to rather more than £74 million. It was notable that, during the first four years of this quinquennium, the funds had increased by no less than £30 million—and that during this same period interest earnings had risen by fully 10s. per cent. The quinquennial distribution of divisible surplus to with-profit policyholders would fall due at the close of this year. The first four years of the quinquennium had provided a very high level of profit—so much so that, at July 1st last year, the General Board decided to increase the rate of interim bonus from 45s. per cent to 50s. per cent per annum. This record level of interim bonus augured well for the forthcoming bonus declaration.

STATE PENSION SCHEME

While the graduated State pensions introduced by the National Insurance Act, 1959, would not come into force until April, 1961, the option to contract out of the provisions of the Act, so far as these graduated benefits were concerned, was a matter requiring the immediate attention of employers. One thing that might easily be overlooked in the mass of detail surrounding this subject was the relatively small size of the sums involved. Most employers would find that, on the new graduated scale, their National Insurance contributions were increased by less than 1 per cent of salaries, while the graduated pensions would be very small for many years ahead. These considerations had led many employers with existing pension schemes to accept the new graduated scheme as another small addition to the basic national pension. Employers who took this view would no doubt continue their own pension schemes side by side with the State Scheme and would thus retain their freedom to adapt or develop their schemes according to their own policy and the needs of their employees. The introduction of State graduated pensions proved to employers who had no pension scheme of their own that pensions related to earnings must be regarded as part of our way of life. The relatively low level of benefits in the State Scheme left plenty of scope for supplement above the subsistence level. Those employers who felt that the time had come to set up a pension scheme complementary to the State Scheme would find the technical knowledge and wide experience of the Society's Pensions Department readily available to them.

AUSTRALIAN VENTURE

Turning to what might well prove to be a maior event in the Society's long history—the decision to transact business in Australia—it had been felt for some time that Australia, with its rapidly expanding economy and increasing population, might provide a fruitful field for development. Accordingly, a year ago, two officials had gone to Australia to investigate the matter. On their return they had reported favourably and enthusiastically on the project, and the Directors had decided that the Society should begin operations there as soon as was practicable. Offices had already been opened in Melbourne and Sydney where business had been transacted since the beginning of this year. This new venture had excellent prospects and over the years it should result in increased prosperity for the Society.

The Report and Accounts were adopted.

THE CHARTERHOUSE GROUP

PROSPECTUS PROFIT AND DIVIDEND FORECAST EXCEEDED

"1959 was a great year for Charterhouse"—says Sir Nutcombe Hume, K.B.E., M.C. (the Chairman) in his Review to Shareholders "it saw the fulfilment of plans to rearrange and enlarge the Group and to float it as a Public Company amongst investors; and whilst it might be presumptuous to claim that its shares can yet be described as a 'Blue Chip' we hope and believe that they will be so regarded in due course."

"The public offer for sale of ordinary shares in May 1959 has resulted in a spread of the capital of the Charterhouse Group amongst over ten thousand investors." Sir Nutcombe added that it therefore gave the Directors particular pleasure to submit the first accounts since that event, which when adjusted to the basis used in the offer for sale, revealed a profit before taxation in excess of the estimate given in the prospectus. In consequence they felt able to recommend a dividend of 8 per cent by comparison with that of 7½ per cent then envisaged. He continued: "In these days no Board likes to suggest an increased dividend except when they can feel reasonably confident that it can at least be maintained. As your Directors see the future, the current year's profits should again be higher, unless of course some happenings beyond their control should supervene."

"There is so much activity in the field of amalgamation and so-called 'take-over bids' that the prices at which the control of whole businesses change hands have in many cases become quite unrealistic," commented Sir Nutcombe. "We shall continue to exercise the same care as always in buying or subscribing share capital of industrial companies and cannot therefore expect much in the way of the acquisition of new subsidiaries whilst values are at their present level. Because our Group already contains a number of successful and relatively large companies which can form the nuclei of growth by amalgamation our best growth prospects lie in that direction."

Reviewing developments during the year, Sir Nutcombe said that since the offer for sale they had added a Hire Purchase Company to the Group. During 1959 their wholly-owned subsidiary S. Japhet & Co. bought 62 per cent of the ordinary share capital of Noble Lowndes Finance—the name of which had been changed to Charterhouse Credit Company.

Commenting on Charterhouse Canada, the Chairman said that Company had last year again done better in circumstances which were by no means easy, and he added: "I think we can look forward with quiet optimism to its continued growth."

After paying a tribute to the outstanding work of the management "team," Sir Nutcombe concluded: "Given a climate in which the business of this country can develop and prosper, I am confident that our Company will participate in it."

Charterhouse Finance Corporation Limited
Charterhouse Industrial Development Company Limited
Charterhouse Industrial Holdings Limited
S. Japhet & Co. Limited
Charterhouse Credit Company Limited
Industrial & Mercantile Credit Insurance Ltd.
Charterhouse Canada Limited

CHARTERHOUSE
backs good management

THE PATALING RUBBER ESTATES LIMITED

MR H. B. E. HAKE'S STATEMENT

The Fortieth Annual General Meeting of The Pataling Rubber Estates Limited will be held on April 25th in London.

The following is an extract from the circulated statement by the chairman, Mr H. B. E. Hake, CBE, for the year ended October 31, 1959:

Our annual meeting is later than has been customary in past years: this year we publish the Strathisla accounts with our own and as a result of our recent acquisition of Jugra Land & Carey Limited, to which I refer later, group accounts will also be required in future years. No dividend has to be considered at this meeting as a second interim of 40 per cent in lieu of a final for 1958/59 was paid in January 1960 making 55 per cent against a total of 35 per cent previously.

ACQUISITIONS

Shareholders were advised on December 17, 1959, of our offer to acquire the issued capital of Jugra not already held by us. We now hold over 90 per cent of Jugra's issued capital and are taking steps to acquire the remainder. The acquisition of Jugra brings the total group planted acreage to roughly 45,000 acres, including 6,500 acres of coconuts and 900 acres of tea, and plans for extensive oil palm development on Jugra have already been formulated. Your Board considers Jugra a valuable acquisition and with further development of its jungle reserves offers prospects of highly profitable working.

The Strathisla Company, the entire issued capital of which was acquired for cash during 1959, went into voluntary liquidation in November 1959. That Company's estate and other assets have been transferred to Pataling. Strathisla's accounts cover the 16 months to October 31, 1959. Rubber production of 1,721,112 lb. for that period was sold as crepe, RSS and in latex form.

ESTATES

At all the Company's estates field conditions have been maintained at the usual high standard; particular attention has been given to the development of our valuable immature areas which at October 31st last amounted to 8,300 acres or about a third of total rubber planted.

Chuo, an isolated division of North Labis estate in Johore, unpopular with labour and unattractive as a replanting proposition, comprising some 1,500 acres of mainly old rubber, was sold in September, 1959, for approximately £126,000 (net) and has gone towards restoring cash resources used in purchasing Strathisla.

Our 1959 plantings of 1,300 acres include over 400 acres of new extensions. Having now replanted all our poorest-yielding old rubber, we are able to reduce Pataling's yearly programme to 800 acres. Our remaining areas of unselected rubber are, for their class, high-yielding, and with judicious exploitation of their bark reserves will continue to produce economic crops until finally replaced by modern material.

ACCOUNTS

The rubber crop for the year of 14,517,712 lb. (12,139.915 lb.) does not include that produced at Strathisla, but it includes the crop for a full year from Kuala Kubu and for ten months from Chuo.

Profit before taxation was some £330,000 more than in 1957-8, but taxation having taken an extra £110,000 the net profit at £538,000 is up by about £220,000. Appropriations to Capital and Replacement reserves total £260,000 and after allowing for dividends totalling 55 per cent absorbing £250,000 the amount carried forward is £176,000.

FUTURE PROSPECTS

For the current year the Company's rubber production including Strathisla's should top the 16 million lb. mark while Jugra's rubber crop should be about 6 million lb. A small proportion of Pataling's crop has been sold forward at satisfactory prices. Rubber outputs will continue to increase and it is expected that by 1965 group production will be approaching an annual rate in the region of 30 million lb. by which time the first oil palm areas planned for Jugra should be in production to augment group profits. Given the expanding consumption of rubber which the experts have forecast for the next few years and natural rubber maintaining its share, there should be a promising return on the Company's capital.

GENERAL INVESTORS AND TRUSTEES

HIGHER REVENUE AND DIVIDEND

The fifty-third annual general meeting of General Investors and Trustees, Limited was held on March 31st in London, Mr R. G. Mills (the chairman) presiding.

The following is an extract from his circulated statement:

The revenue for the year is better than was expected at the date of my last statement and you will observe the substantial appreciation in the value of our investments. These results are most satisfactory, but I suggest less significance should be attached to a valuation made on any particular date than to a steady annual growth in income. We recommend an increase in the total dividend for the year of 3 per cent.

Calculations have been made to ascertain the experience as regards income and capital value of anyone who invested £1,000 in the Company's Ordinary Shares in March, 1951, on the basis that he retained the free issues made in 1954 and 1956 and sold sufficient of the rights to new Ordinary Shares offered in 1952, 1955 and 1956 to take up the balance, thereby maintaining his own cash investment at £1,000. Income over the ten year period has multiplied 3.97 times and the value of the original £1,000 is now £4,940.

The estimate of income for the current year indicates that there should be a further improvement in revenue but not on the scale shown in the accounts under review.

Addressing the Meeting The Chairman stated that the Board had under consideration a Rights Issue to the Ordinary Shareholders the terms of which will be notified to them in due course.

The report was adopted.

THE NATIONAL MUTUAL LIFE ASSURANCE SOCIETY

ANOTHER RECORD YEAR

SUMMARY OF MR KENNETH MOORE'S STATEMENT

The Annual General Meeting of The National Mutual Life Assurance Society was held on April 5th at the head office of the Society, 39 King Street, London, E.C.2, Mr Kenneth A. E. Moore, FCA, the chairman, presiding.

In a statement which had already been circulated to the members of the Society together with the annual report and accounts for 1959, Mr Kenneth Moore said that the members would find the modernised form of the accounts more intelligible than the semi-statutory form hitherto followed.

The accounts showed that the Society's securities amounting to £14,755,630 at middle market prices were divided between equities at £5,677,242 and fixed interest stocks at £9,078,388. During the past year, appreciation and realised profits amounted to the exceptionally large figure of £1,682,037, so bringing the reserve fund up to £3,182,037. The directors had thought it prudent to regard £1 million of this in effect as a general reserve and to earmark the balance of £2,182,037 as a specific reserve against future fluctuations in market values. This investment reserve represents nearly 15 per cent of the total marketable securities or rather more than 38 per cent of the figure for equities.

Interest earnings are now shown on the more generally employed and more realistic basis of a percentage on the life assurance fund (excluding reversions) and not, as hitherto, on a figure including the reserve fund. On the new basis the rate for 1959 was £5 19s. 6d. per cent before deduction of income tax and £4 16s. 0d. per cent net.

NEW BUSINESS

The new business for 1959 at £5,674,000 gross less £1,700,000 reassured was the highest in the Society's history.

The next valuation is not due until the end of the current year but the usual interim internal valuation at the end of 1959 indicated trading profits at a satisfactory level. Interim bonuses continue to be paid at 52s. 6d. per cent per annum compound on whole life assurances, 47s. 6d. per cent per annum compound on endowment assurances and 20s. per cent per annum compound on the low-premium series.

Mr Moore concluded his statement by placing on record the thanks of the directors to Mr M. H. Oram the actuary and manager, and to the officials and staff throughout the organisation for their contribution to the satisfactory results achieved.

The report and accounts were unanimously adopted.

Immediately following the close of this meeting an Extraordinary General Meeting was held and special resolutions were passed effecting a number of amendments in the Memorandum and Articles of Association; it had been felt that certain amendments were desirable for the efficient conduct of the Society's business.

BAKELITE LIMITED

ALL PREVIOUS RECORDS SURPASSED

MR STANLEY ADAMS ON HIGH LEVEL OF TRADING

The following is a summary of the Chairman's statement circulated with the 1959 Report and Accounts prior to the thirty-fourth Annual General Meeting of Bakelite Limited, which will be held in London on April 28, 1960:

The sales and gross profit for the year under review constituted an all-time record. The trading profit for 1959 before taxation was £1,250,554 (£538,458) and after providing for Debenture Stock interest and taxation there remained a balance of £613,842 (£239,330). The proposed final dividend of 11½ per cent, together with the interim dividend of 6 per cent already paid, makes a total of 17½ per cent for the year, as compared with 15 per cent for the previous year.

TRADE REVIEW

The high level of trading activity which was maintained throughout 1959 resulted in an appreciably higher turnover both by weight and value than in 1958 or, in fact, any other year.

The heavy demands for our established products were maintained and there was a marked increase in the sales of our newer thermoplastics materials. In the polyethylene field our position was further improved and we are well placed to participate in the growing markets for this material. Sales of our VYBAK pvc materials had also expanded in spite of highly competitive conditions.

There are already signs of an improved position in the sales of our polyester resins which had previously been restricted by a worldwide shortage of one of the basic chemicals used in their manufacture. Our position in the phenolic moulding material field was maintained and there was every indication that the demand for these products would continue at a fairly high level.

Industrial laminated materials enjoyed a good year and it was confidently expected that this state would be maintained during 1960. The demand for WARERITE decorative laminates continued to grow and the new patterns introduced towards the end of the year are being very well received. WARERITE wallboard had also proved a very useful addition to our range and its end uses were becoming more numerous.

RESEARCH AND DEVELOPMENT

Considerable progress was made in improving and modifying our products, where necessary, to meet new applications. A number of our new materials have been successfully launched and it was expected that these would make an effective contribution to our future sales and profits.

OVERSEAS TRADING

Our overseas trading position had improved during the year and a determined approach was being made to expand the volume of our business in the world markets. Of particular interest was the completion of some large orders received from USSR. Close attention was being paid to the trading position in both the Common Market countries and the "Outer Seven."

Both our subsidiary and associated companies in India enjoyed a successful trading year and plans for further expanding their scale of operations are at present being progressed.

UCC

We continued to work closely with our American Associates, Union Carbide Corporation, and we welcome the periodic visits made by their executives.

PERSONNEL

There was no change in our directorate during the year, and the customary good relations continued between the Company and its employees. Management were mindful of the additional work which had been placed upon the employees in achieving the good results reported and wished to thank them for the way in which they had responded to these demands.

Mr Adams terminated his statement as follows: "We rejoice at our success, and we now go forward to face a new year which will certainly present its own problems, but which is one of promise and which we enter upon with considerable confidence."

FALCON MINES

The Fiftieth Annual General Meeting of Falcon Mines, Limited, was held on March 31st at Bulawayo.

Mr F. L. Wigley, Chairman, presiding, said: The Directors' Report and Accounts together with my Review of the Company's activities, which have been in your hands for some time, give full details of the operations of your Company for the year ended September 30, 1959, and I now propose to give you a brief account of the work done and the results obtained since the close of the financial year.

The tonnage milled at the Dalny Mine for the five months ended February 29, 1960, was 102,000 tons, which yielded 19,460 ounces fine of gold, equal to a recovery of 3.816 dwts per ton milled. The working profit at the mine for that period, based on a selling price of gold of 245s. 6d. per ounce was £61,408. In addition, £2,998 accrued from sales of gold at prices above 245s. 6d. per ounce in respect of gold produced during the three months ended December 31, 1959.

Regarding development, the total footage advanced during the same period was 4,519, of which 2,085 feet were sampled and 805 feet, equal to 38.6 per cent were payable, averaging 5.5 dwts per ton over a width of 66 inches.

At the Sunace and Bay Horse Mines the estimated working profits for the five months were £1,843 and £570 respectively.

The working profit for the three mines for the period was thus £65,819, excluding additional revenue which will accrue from the sales of gold at prices in excess of 245s. per ounce for the months of January and February, 1960.

On March 11th Dividend No. 13 of 6d. per share, equivalent to 10 per cent, was declared payable to Shareholders registered on March 31, 1960. This represents an increase of 2½ per cent (1½d.) per share compared with the dividend declared in March, 1959. Dividend warrants will be posted on or about May 9th.

The Report and Accounts were adopted.

ANGLO-SWISS SCREW COMPANY LIMITED

(Precision Turned Parts and Cash Tills)

MR FREY'S REVIEW

The forty-first Annual General Meeting of Anglo-Swiss Screw Company Limited was held on April 5th at West Drayton, Mr Oscar Frey, Chairman and Managing Director, presiding.

The following is an extract from the Chairman's circulated and spoken statements:

Sales in 1959 were a record but conditions remained very competitive.

Consolidated net profits were £108,000 before tax, an increase of 16 per cent.

Cash flow at £94,000 was 23 per cent up on last year. With 33⅓ per cent increase in sales stocks rose only 15 per cent, achieved largely by close purchase and stock control and also by suppliers quoting and maintaining reasonable delivery dates, although today steel supplies in particular are scarce and erratic.

In view of the strong financial position your Directors propose an increase in the final dividend to 7d. a share, less tax, making an effective total of 10d. a share for the year compared with 8½d. for 1958.

Resulting from the sale of certain investments there was also a realised capital profit of £26,980 and your Directors propose to make a special tax-free distribution of 6d. a share, absorbing £25,800.

If, as recommended, £35,000 is added to General Reserve, this becomes £155,000 and the Consolidated Capital and Revenue Reserves excluding Tax Reserve become £371,000.

Record output meant much hard work while in addition many problems arose from the acquisition of Aircraft General Supplies & Petronic Ltd. (AGS).

By the end of the year we had completed the transfer of AGS, including the production of the PETCO Cash Till, to our West Drayton works. With rationalisation and under more economical conditions a small profit was made by AGS in 1959.

The PETCO Cash Till at £18 is the lowest priced ticket issuing till on the market. While obviously very suitable for the smaller shop, it is instructive to note that a multiple organisation with a couple of hundred branches has recently ordered several tills for each shop. A great saving of time and effort is being achieved by installing the till at a number of strategic points throughout each store, so eliminating the need for a central cash desk.

Our Associate Company, British Engraving and Nameplate Manufacturing Co. (London) Ltd. is now in full production at Brighton and the Finchley Works have been closed. An extension is already being built and equipped, and although the year's results were good the liquid position remains very tight so that, as I forecast last year, we have foregone any ordinary dividend additional to our Participating Debenture interest.

Our order book is a record and sales are at a high level. Active trading can be expected for some time ahead, but if the Chancellor, to use the words of his Budget speech, takes "steps to restrain further expansion of private credit," there may be a reduced demand from some of the industries we serve.

I thank all employees and my colleagues for

the good results achieved, and I welcome the AGS employees who have joined us and thank them also.

The Reports and Accounts were adopted and an Ordinary Resolution was passed ratifying and confirming three Supplemental Service Agreements between the Company and the three Directors.

THE PREMIER INVESTMENT COMPANY

REMARKABLE INCREASE IN VALUE OF INVESTMENTS

MR P. L. FLEMING ON BOARD'S DIVIDEND POLICY

The sixty-eighth annual general meeting of The Premier Investment Company Limited was held on April 4th in London.

Mr P. L. Fleming (managing director), who presided, said:

You will have seen from the Accounts that the income was £435,000 against £385,000 in the previous year, so that we earned about 1 per cent more on equity capital 10 per cent larger than a year ago. This is so much a repetition of the improvement in your company's fortunes to which you must by now have become accustomed that it is hardly necessary to offer any comment on the Profit and Loss Account.

The Balance Sheet also looks much the same as a year ago, with the conspicuous exception of the value of our investments. This has risen from £6¾ million, which was an appreciation of 66 per cent on the book cost, to £94 million, which is an appreciation of 120 per cent. Even if we allow for a fall of about 5 per cent since the end of January this is a remarkable increase.

STOCK EXCHANGE PRICES

Owing to an oddity in the drafting of the 1948 Companies' Act an Investment Trust is obliged, alone among companies to publish a valuation of its Fixed Assets, which are its investments. If other companies were obliged to present an annual appraisement of their land and buildings, plant and machinery, ships or mines, shareholders would come to the natural and sensible conclusion that the whole process was a waste of time, because the value of these things should obviously be based on the profits they were capable of earning. That used to be the case with investments. When share prices were geared to income, or the expectation of income, it was reasonable to treat the Stock Exchange as a prophetic weathercock which indicated the wind of change, and to assume that high prices today meant high dividends tomorrow. But now that the new poor are chasing capital profits and the new rich are queuing up for the shares of famous companies regardless of yield it looks as if the factors that influence prices on the Stock Exchange are beginning to resemble the factors, whatever they may be, that influence prices at Sotheby's. The view of your Directors is that we shall do better this year than last year. In fact we feel pretty confident about that; but the very fact that we are maintaining the dividend at 14 per cent, instead of recommending an increase, indicates that we do not expect the rise in our income to be anything like as meteoric as that in the value of our investments.

STABLE DIVIDEND PREFERRED

You will appreciate that this habitual caution about paying dividends gives us just that little bit of elbow room without which we could not offer you these opportunities to subscribe for new shares at par; and we think that a stable dividend and an issue now and then is more to the taste of the average shareholder than a dividend which fluctuates. And we must obviously be getting near the time when we shall see fluctuations in our income. The fact that we in this country are raising our standard of living does not mean that we do not still have to earn our living; and there may be times when we have to spend less effort on selling to ourselves for deferred payment in pound notes and more effort on selling to foreigners for immediate payment in food; and that will have an unsettling effect on some industries. Hence the fluctuations. Fluctuations can only be got rid of in a planned economy; but the trouble about a planned economy is that foreigners may decide not to follow our plan—besides which people in this country have sufficient instinct for self-preservation to distrust planners, however inspired the planners themselves may imagine themselves to be, and however hard they may try to give a new look to Clause Four.

Hence, as I say, the fluctuations. But you can take it that there would have to be quite a serious, prolonged and (I may add) unexpected downward fluctuation in our income before we had even to begin to think about any reduction in your dividend.

The report and accounts were adopted and a resolution increasing the capital of the Company to £3 million by the creation of 2 million shares of 5s. each was approved.

JOHN EMSLEY LIMITED

IMPROVED TRADING RESULTS

The Thirteenth Annual General Meeting of John Emsley Limited was held on April 1st in Bradford, Mr Harold Jacques, FSAA (Chairman and Managing Director), presiding.

The following is an extract from his circulated review:

The trading result of the Group for the year ended November 30th last resulted in a profit of £66,186 (1958 Loss £148,770), after providing for Directors' Fees and Emoluments, Depreciation and Taxation, thereby increasing the balance of the Profit and Loss Account by £35,526, making a total on this account of £235,574 to be carried forward to next year.

The Directors recommend that, as two interim dividends on the Ordinary Shares have been paid, a final dividend be paid on the Ordinary Shares at the rate of 10 per cent actual, less tax, making a total of 25 per cent for the year.

The early part of the year was more or less difficult with the reducing values in wool, but as values became more constant, the position was somewhat improved, and today the problem is to give delivery as required by the customer. This is rendered difficult on account of the shortage of labour throughout the trade thereby causing delays in all branches. In regard to future trade there is a fair demand and margins are slightly better despite the intense competition; the export trade being still hampered with quotas and tariffs. The orders on the books show 30 per cent increase over the corresponding date of last year, and we should continue to get our share of the business available.

The report was adopted.

ERICSSON TELEPHONES

The Fifty-seventh Annual General Meeting of Ericsson Telephones Limited was held on April 1st in London.

Sir Harold A. Wernher, Bart, GCVO, TD (Chairman), in the course of his speech, said: The twelve months ended December 31st last was in many respects a difficult year. Labour costs increased considerably following the wage award granted in the engineering industry towards the end of 1958. The year's operations were also adversely affected by the Treasury cut in Post Office capital expenditure several years ago. The latter position is being progressively restored and during the next 2½ years it is planned to spend £270 million.

Our total sales were approximately the same as in 1958 but the profit margins on export sales were lower due to rather severe competition overseas. This set-back in our profit is a temporary phase and there are already signs of an improvement. We have a long way to go before we approach saturation point in the world's telephone needs and ancillary devices are constantly augmenting the demand.

The Trading Profit is £653,160, which compares with £1,002,396 in 1958. A considerable reduction in tax liability cushioned this recession and the net profit is £483,689 as compared with £466,020 in 1958. Fortunately the position has considerably improved during the past few months and with a good order book, allied to the present high level of world trade and full employment at home, I feel fully justified in ending on a note of confidence.

The report was adopted and the borrowing powers increased from £1,600,000 to £2,500,000.

APPOINTMENTS

UNIVERSITY OF GLASGOW

SENIOR RESEARCH SCHOLARSHIPS
RESEARCH GRANTS

The University of Glasgow has undertaken a programme of research on the International Relations of Scotland, i.e. on the influence which Scotland and Scotsmen have had on the cultural, political, economic, or military life of other nations, and the influences from other nations which have affected the life of Scotland.

Applications are invited for a Senior Research Studentship of the value of between £800 and £1,200 per annum, tenable for one year in the first instance but renewable for two further years. The holder will be expected to pursue his researches in archives and libraries abroad. Preference will be given to a suitably qualified candidate who proposes to work in the field of Scots-Canadian relations, but, failing such, candidates offering other programmes of work will be considered.

Applications (three copies) should be lodged, not later than May 1, 1960, with the undersigned.

Applications are also invited for Research Grants to enable suitably qualified graduates to pursue vacation research work on Scottish relations in European countries.

ROBT. T. HUTCHISON,
Secretary of University Court.

UNIVERSITY OF SYDNEY

LECTURESHIP IN SOCIAL ADMINISTRATION.

Applications are invited for the above-mentioned position. Applicants should have training and experience in the Social Science field, preferably Economic History with Sociology or Political Science.

The salary for a Lecturer is within the range £A1,500 x £A90 — £A2,100 per annum, plus cost of living adjustments (at present, £A34 p.a.), and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

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

Applications close, in Australia and London, on MAY 21, 1960.

THE UNIVERSITY OF MANCHESTER

EXTRA-MURAL DEPARTMENT

Applications are invited for the post of STAFF TUTOR for North-Western Derbyshire with the salary and status of either Lecturer or Assistant Lecturer in the University. Applicants should hold a good Honours degree in one of the following subjects: History, Geography, Social Studies, Philosophy, Politics. Salary scales per annum: Lecturer, £900 to £1,650; Assistant Lecturer, £700 to £850. Membership of F.S.S.U. and Children's Allowance Scheme. Initial salary and status according to qualifications and experience. Applications should be sent not later than April 2, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

For further appointments and other classified advertisements see pages 209, 210 and 211

COMPANY AFFAIRS

Vauxhall Expands

LAST year Vauxhall began to profit from its expansion programme. Profits before tax of £13,481,680 were more than twelve times those of 1958 and the highest that the company has ever earned; but profits after tax at £6,427,892 were still lower than those earned in 1954 and 1955. Net profits as a percentage of gross assets employed was much smaller: in 1954 it was 38 per cent, in 1955 24 per cent, and in 1959 10 per cent. This broadly represents the difference between running a plant largely built before the war well above its nominal capacity and operating a new plant at about its nominal capacity. Last year 246,085 vehicles were made in a plant designed to produce 250,000; this year, by installing extra machinery, engaging more workers and working overtime, 300,000 should be made. Sales in 1959 were worth £130.1 million, £35 million more than in 1958. The gross profit margin on sales was 10.4 per cent, compared with 1.1 per cent in 1958. This is smaller, it may be noted, than the margin of 13.7 per cent earned by Ford Motor in the same calendar year. Mr Copelin, the chairman of Vauxhall, complains that nearly half the company's sheet steel had to be imported from the USA and the continent, involving higher costs. The body design of current Vauxhall cars because of its complexity may also add to production costs.

Relatively, Vauxhall concentrates more on the production of commercial vehicles than the other big motor manufacturers do: they represented in volume about 36 per cent of total output last year, when the abolition of purchase tax stimulated sales, and represent about a third now. In value commercial vehicles represented nearly half of total sales last year. In the future Vauxhall will tilt production rather more towards cars. Its new expansion programme looks forward to only a small increase in commercial vehicle capacity but to one of about two-thirds in capacity for cars. At the moment Vauxhall cars are easier to obtain on the home market than those of Ford or BMC, which have put an emphasis on small cars—though Vauxhalls do sell well abroad, especially in Canada, where they outsold all other imported models last year. So big an increase in production as Vauxhall has in mind suggests that the addition of smaller—or at least cheaper—cars to its range may yet come about.

Last year, General Motors received a dividend of £2,450,000 from Vauxhall as well as being repaid loans of £2,680,800. The company does not hold the same position in the British motor industry that General Motors' German company, Opel, has there, but its future plans suggest that it hopes to expand its share of the British market substantially. With competition becoming more intense as each manufacturer seeks to do the same, that aim may be difficult to achieve.

Lombard Banking

IN a year of exceptional growth among the hire purchase finance houses Lombard Banking has done better than most. Gross profits in the year to December 31st jumped sharply from £1,383,363 to £2,380,918 and for the second year in succession the balance sheet shows that total assets have nearly doubled, rising this time from £51 million to £101 million. A major part of this increase stems from debtors and bills receivable which jumped from £42 million to £86 million; this figure is shown before deducting deferred charges which more than doubled from just over £3 million to £7½ million. This gives some indication of the profits likely to accrue to Lombard Banking in the next year or so. This substantial increase in hire purchase business has been financed in three ways: by bank loans, which have risen by £20 million to £24½ million, by deposits from the public, which rose by £18½ million to over £51 million, and by new capital, where last year's rights issue in preference and ordinary shares brought in over £3 million. Another £5 million in new capital will be injected this year from the rights issue of ordinary shares made last week. The directors have already forecast an increase in the ordinary dividend from 18 per cent to 19 per cent on the capital after this issue and once the financial year is completed they may find it possible to improve on this forecast—just as they were able to do last year. At an "ex-all" price of 27s the 5s. shares yield 3½ per cent on the forecast dividend.

Waterlow & Sons

IN his second circular to shareholders within a week Mr Philip A. Waterlow, the chairman of Waterlow, fills in some of the gaps left in his earlier statement. He confirms that the property offer is for the head office at Great Winchester Street and amounts to £500,000. Talks on the sale of this office began a year ago. Mr Waterlow reveals that the proceeds from the sales of this and other properties will amount to £1,280,000, which will produce a capital profit of not less than £450,000. The total proceeds are almost equivalent to the last balance sheet figure for all properties but these (including those which have been or are about to be sold) have now been revalued at £3,266,000. On this basis, excluding a large element for goodwill, the net asset value of each Waterlow deferred share is about 103s. This is more than double the worth of the Purnell offer of 45s. Waterlow deferred have risen by 11s. 7½d. to 54s. 10½d. since this statement.

Shareholders may wonder why equity earnings on these valuable assets have been so low: over ten years the return averages about 2½ per cent gross. Perhaps the fact that an interim dividend of 10 per cent is promised to shareholders once the half yearly accounts are completed is an indication that a higher return on assets can be looked for in the future. Sir Harold Gillett will no doubt pay particular attention to the earnings capacity of Waterlow in his report to shareholders. On these new figures the Purnell offer to deferred shareholders has certainly lost much of its attraction (limited as it was). There is now, for instance, the possibility of a capital distribution from the profit of the property sales. But to the preferred shareholders the situation is unchanged and their 30 per cent voting strength may be decisive.

Whitbread

WHITBREAD'S trading results for 1959 were disappointing and jobbers lost little time in marking the £1 "A" shares down 9s. to 126s. Gross profits, excluding special credits, fell from £2,754,712 to £2,594,629, but thanks to a lower tax charge of £1,217,812 (against £1,432,732) net earnings went up by £101,117 at £1,470,483. The ordinary dividend, covered 1.8 times by earnings, is unchanged at 25 per cent and the "A" shares now offer a yield of 4 per cent. In his statement last year Mr W. H. Whitbread, the chairman, said that what would do the company "more good than anything" would be a fine summer like that of 1955. Doubtless shareholders will now be anxious to know why last year's summer—to say nothing of the reduction in beer duty—apparently failed to do so. Whitbread was a pioneer in the postwar period in modernising its public houses and in rationalising production and distribution. More recently the other big breweries have successfully carried through similar policies. Has Whitbread lost any sales to them?

Glaxo

COMPARING like with like, Glaxo Laboratories' interim report shows that trading profits in the six months to end-December rose by 31 per cent, from £2,418,000 to £3,181,000, while turnover rose by 14 per cent. Net earnings attributable to the parent advanced from £1,305,000 to £1,668,000 and the interim dividend has been raised from 5½ to 7 per cent. The directors say that demand for the group's products remains unchanged but

Continued on page 203

Unilever in Prosperity

EACH year the economists at Unilever have a shot at what has happened to industrial production in the free world: their guess for last year was that it was ten per cent higher, having fallen by three per cent in 1958. Such an all-embracing statistic cannot be more than a general pointer. But it is a reminder that Unilever's sales and profits depend on the expansion of incomes throughout the world.

Last year combined sales rose from £1,728 million to £1,787 million, of which sales to third parties went up from £1,259 million to £1,329 million. Combined profits before tax advanced from £91¼ million to £113½ million and, after tax, from £47.3 million to £60.1 million. Expansion was not achieved at the expense of profit margins, even though the average cost of raw materials used by the group seems to have been slightly higher than it was in 1958. Indeed, the ratios of net profits (after tax but before loan interest) to turnover rose from 2.7 to 3.3 per cent and to capital employed from 9.0 per cent to the record figure of 10.3 per cent.

Unilever's managers speak of the rise of £14 million in stocks and debtors as a "small increase"—as well they might for the total was £368 million at the end of last December. The group's cash flow from depreciation and surplus profits was more than sufficient to finance that increase in inventories and also fixed capital expenditure, which at £41 million was "less than was planned". This year's capital expenditure will be more than this (possibly £10 million higher), but the directors are in no doubt that financial resources will be sufficient to meet requirements in 1960. This is self-financing on the grand scale.

There are parochial problems too—particular areas and individual products. In this country Unilever with different commercial approaches does not lean much, if at all, on resale price maintenance; in the Netherlands it is rigorously enforced. Shareholders in Unilever, which include most investors with any interest in a first class portfolio, will be familiar with the attention which the directors give to individual brands in particular markets: "In the Netherlands, Vita is doing well. . . . The Birds Eye business in New Zealand is going through a difficult time. . . . In the United Kingdom Persil, improved in quality, got back all the tonnage lost in 1958." And so on in great detail, though never sufficient to be of much use to trading rivals.

From this flow of information, shareholders can see when the balance of trade is tilting. Last year, it tilted more in favour of Limited than NV; Limited's trading profits went up from £41 million to £55 million while NV's rose from £50¼ million to £58¼ million. The principal factors making for these advances were:

(a) An improvement in profit margins in margarine and edible fats, when shorter supplies of butter helped sales of premium brands. This had a notable effect in this country and hence on Limited's earnings.

(b) While sales of soaps and detergents advanced almost everywhere, the increase occurred largely in the higher quality brands sold at better margins. Here Britain is the biggest market and thus Limited the principal beneficiary.

(c) A considerable rise in profits from toilet preparations sold in the United States accruing to NV account.

(d) The hot dry summer led to an increase in profits and sales on animal feeding stuffs. Again, Britain is the biggest market.

(e) So too is Britain the biggest consumer of Unilever's ice cream, which showed a substantial rise in sales and profits.

(f) Sales in the United Africa Group (under Limited) rose and bigger profits resulted from the steps taken to combat rises in costs and to improve margins.

FROM remarks scattered throughout the directors' report shareholders can judge where Unilever is likely to concentrate its efforts. In recent years the emphasis has been more on food products than on edible fats and soap, as is shown in the list of capital expenditures sanctioned by the directors. And in UAG, the keynote is increasingly merchandising and manufacturing, rather than trading and produce as the African market develops.

The direction of this international group with its apportioned markets depends on backing men, giving managers experience outside their own fields of specialisation, having trouble-shooters on call, and depending on much local responsibility and autonomy. A loosely knit structure of management works because the group's trade itself is loosely knit. The temptation always to be resisted is to think of Unilever as a domain in its own right, self-perpetuating in management and self-financing in capital. On the evidence of the dividend decision of 22.7 per cent for Limited and 20 per cent for NV this year it is being resisted admirably. But the generosity is limited to the final payment, with the interim regarded simply as a progress payment on account and not to be taken as an indication of the final payment. Because the total payment was higher last year, the interim payment this year should go up and the final will then be determined on the outcome of the year's trade. It would take a disastrous slump in trade to warrant a cut and the worst that investors really have to look for is that the final will be maintained at the previous year's rate. This in itself means a bigger total payment and the policy as a whole implies a reasonably steady upward progression in payments. That is a point to be borne in mind in looking at the yields of 3⅛ per cent offered by Limited at 149s. 3d. and 2½ per cent offered by NV at 185s.

PROFITS AND ASSETS
(£'000s)

	Unilever Limited		Unilever NV		Combined	
	1958	1959	1958	1959	1958	1959
Profits and Dividends :—						
Trading surplus	*53,740*	*68,986*	*61,433*	*70,437*	*115,173*	*139,423*
Depreciation	12,352	13,451	10,627	12,031	22,979	25,482
Trading profit	41,083	55,196	50,675	58,262	91,758	113,458
Investment income	*1,512*	*1,632*	*808*	*589*	*2,320*	*2,221*
Loan interest	934	918	594	521	1,528	1,439
Taxation	20,996	26,540	25,093	29,265	46,059	55,805
Profit after tax	*20,695*	*29,370*	*25,796*	*29,065*	*46,491*	*58,435*
Net income	20,554	33,405	26,735	26,720	47,289	60,125
Preference dividends	2,500	2,663	1,104	1,104	3,604	3,767
Ordinary dividends	3,233	4,654	6,631	9,038	9,864	13,692
Retained profits	14,821	26,088	19,000	16,578	33,821	42,666
Assets and Liabilities :—						
Preference capital	56,294	56,294	20,289	20,289	76,583	76,583
Ordinary capital	33,433	33,433	44,519	44,965	77,952	78,398
Retained profits	169,306	195,951	100,969	120,774	270,275	316,725
Minority interests	14,231	14,317	9,764	9,951	23,995	24,268
Loan capital	23,341	23,197	15,698	15,906	39,039	39,103
Future tax	26,400	31,000	11,936	10,996	38,336	41,996
Capital employed	**313,106**	**343,559**	**213,074**	**233,514**	**526,180**	**577,073**
Land, buildings, equipment, etc.	142,010	154,735	99,646	109,242	241,656	263,977
Net fixed assets	*149,496*	*163,132*	*107,977*	*117,816*	*257,473*	*280,948*
Stocks	142,096	140,694	92,375	100,313	234,471	241,007
Debtors	73,719	76,744	45,983	50,374	119,702	127,118
Investments	17,060	31,876	12,784	18,341	29,844	50,217
Cash	16,644	22,885	29,760	30,574	46,404	53,459
Creditors	47,026	51,780	43,905	48,272	90,931	100,052
Short term borrowings	14,617	14,037	6,298	8,401	20,915	22,438
Taxation	21,106	21,197	21,583	20,649	42,689	41,846
Dividends	3,160	4,758	4,019	6,582	7,179	11,340
Net current assets	*163,610*	*180,427*	*105,097*	*115,698*	*268,707*	*296,125*
Total	**313,106**	**343,559**	**213,074**	**233,514**	**526,180**	**577,073**

Continued from page 201

that in some sections of the business severe competition is squeezing profit margins. They add that profits in the second half of the financial year will not be markedly different from those earned in the six months to December 31st. The recovery in earnings which got under way in the second half of 1959 (in the first half trading profits fell by 9 per cent and turnover by 3 per cent) looks as if it will be well maintained. Fiercer competition among pharmaceutical manufacturers especially in export markets, seems to have affected earnings, but this has been more than offset by the expanding sales of most of the group's food products. It is this factor which appears to be responsible for the improvement in margins.

The market is now plumping for a final payment of 9 per cent (against 8½ per cent). That would make the total ordinary dividend equal to 16 per cent (against 14 per cent). On that assumption the 10s. shares at 64s. 3d. would yield 2.4 per cent.

Murphy Radio

THE hire purchase boom and last year's reduction in purchase tax on radio and television sets are faithfully reflected in Murphy Radio's trading results for 1959. Its trading profits rose by nearly 50 per cent, from £451,400 to £668,085, and after a higher tax charge of £326,935 (against £250,448) net profits advanced by £150,718 to £358,442. For the first time in five years the ordinary dividend is to be raised, going up from 20 per cent to 22½ per cent. On this dividend the 5s. shares at 20s. yield just over 5½ per cent. In 1958 the group's earnings fell by some 25 per cent in the face of the hire purchase restrictions then in force. The rapid recovery is not, therefore, all that surprising and with the high level of retailers' stocks and the possibility that credit restrictions may be imposed this year, it seems open to question whether Murphy's sales and profits will remain quite so buoyant.

The Charterhouse Group

THE Charterhouse Group, as opposed to Charterhouse Investment Trust, became a public company last May. Shareholders in it now number 10,000 and they will be pleased with the results that the company recently published. The forecasts made in the offer for sale by the chairman, Sir Nutcombe Hume, have been exceeded both in profits and dividend. The ordinary dividend has been set at 8 per cent and compares with the estimate of 7½ per cent. Consolidated profits for the year to November 11th rose from £1,144,306 to £1,481,443, after charging £96,979 (against £238,481) for interest on bank overdrafts. These have since been repaid. These figures exclude the profits of the banking subsidiary, S. Japhet and Company, whose earnings after transfers to contingencies reserve were virtually unchanged at £88,995. The net income of the group, including Japhet's, rose from £488,931 to £666,097.

Unlike some other industrial holding companies, Charterhouse gives in its report a comprehensive breakdown of the group's activities. Thus from the profit and loss account it is clear that almost all the advance in profits came from its commercial and industrial investments in associated companies, which at book value account for about half the total assets. These are spread over 92 companies with textiles representing 18.9 per cent, general engineering 17.2 per cent, electrical 9.9 per cent and timber 9.8 per cent of the total book value. Profits of the nine industrial companies controlled by Charterhouse Industrial reported only a modest increase in profits, but several of these companies are linked with the oil and shipping industries and have been affected by a reduction in orders from these sources.

The range of the group's activities has been widened through the acquisition by S. Japhet of a 62 per cent interest in the hire purchase business of Nobel Lowndes, now renamed Charterhouse Credit. This was almost the sum total of new acquisitions last year, but negotiations for further acquisitions are now taking place. Sir Nutcombe Hume points to the unrealistic prices which have been paid for businesses in the present very active period of takeover bids and tells shareholders that they cannot expect much in the way of the acquisition of new subsidiaries while values remain at their present—and in his view, apparently, inflated—level. Shareholders can look forward, however, to a further increase in profits and they may not be over-optimistic in hoping for a higher dividend. The present payment is covered almost twice by earnings and the £1 shares at 39s. 1d yield just over 4 per cent.

Esso Petroleum

SALES of Esso Petroleum, the wholly-owned British subsidiary of the Standard Oil Company of New Jersey, rose by 16 per cent last year, from £259.4 million to £291.8 million. Net earnings advanced from £7.33 million to £10.35 million. The biggest increase in sales was in fuel oil; petrol sales were higher; aviation fuels also did well, helped by the expanding jet traffic over the Atlantic and "a valuable contract" from BEA; the increasing popularity of oil-fired central heating also boosted sales. About £28 million was spent on capital account in 1959 and among the more important developments of the group's expansion programme was the new refinery at Milford Haven which is now near completion. It is hoped that the first tanker load of crude oil will arrive there this summer; the initial capacity of the new refinery will be 4½ million tons. The dividend has been raised to 2s. per £1 share on the £80 million of capital as increased by last year's rights issue compared with 1s. on the £60 million of capital—involving a total payment of £4.9 million, against £1.7 million.

London Stock Exchange

FIRST DEALINGS:	Mar. 21	April 4	April 25
LAST DEALINGS:	April 1	April 22	May 6
ACCOUNT DAY:	April 12	May 3	May 17

AFTER the budget and the Chancellor's reference to the possibility of credit restrictions the stock markets were cautious. On Monday selling dried up and small buying was enough to push the *Financial Times* ordinary share index up 7 points to 331.2. Jobbers had the busiest day since January 25th and the number of bargains marked reached 20,359. Following the budget demand slackened on Tuesday, the number of bargains marked fell to 15,790 and the *Financial Times* index dropped 1.4 points. On Wednesday, too, prices went down with the expected stream of new issues now that the budget is out of the way, helping to dampen demand all round. Some of the worst knocks were taken by steel shares. Over the week to the close on Wednesday gilt-edged stocks have been generally quiet and prices fell. In undated stocks 3½ per cent War Loan fell ⅝ to 62¾. Medium-dated stocks lost further ground; typically, 4½ per cent British Electricity 1974-79 closed ⅞ down at 85⅛. Home Corporation loans moved lower in sympathy, with 5½ per cent LCC 1977-81 losing ½ at 100.

Industrial equities at Wednesday's close were mixed and in many cases the losses made after the Budget did not wipe out Monday's gains. Over the week to Wednesday *The Economist* indicator rose 4.7 points to 365.9. Steel shares over the week were little down on balance despite Wednesday's falls of about 1s. in most cases. Steel of Wales closed on Wednesday at 45s. 6d. after touching 47s. earlier, John Summers reached 74s. 9d. on Tuesday but came back on Wednesday to 73s. 3d.—a net loss over the week of 6d. In heavy engineering, Guest Keen made a net gain of 2s. 9d. to 93s. after touching 94s. at one time, Simon Carves one of 1s. 9d. to 54s. 9d. and Henry Simons one of 2s. 6d. to 52s. 6d. Davy-United gained 1s. 6d. to 109s. and Power Gas 2s. to 93s. Heavy electrical shares lost ground with AEI falling 2s. 1½d. to 53s. 4½d. and English Electric 1s. 1½d. to 42s. 1½d. American favourites did well with Philips Lamps jumping 15s. 1½d. to 178s. 7½d., Unilever Limited 6s. to 148s. 6d. and Unilever NV 10s. 4½d. to 185s. Among the shares specifically affected by the budget cinema shares gained ground with ABC 3s. 3d. up at 44s. and Granada "A" 1s. 7½d. better at 11s. 3d. Tobacco shares came back after the budget but over the week, thanks to substantial rises on Friday and Monday, many tobacco shares were able to show net gains. "Imps," for example scored a net gain of 9d. to 67s. 7½d. and BAT one of 10½d. to 63s. 9d.

Cape buying and bargain-hunting by London and Continental investors helped the gold share market to pick up a little. The *Financial Times* gold share index rose 0.8 to 71 over the week. Free State Geduld gained 10s. 3d. to 135s. 3d., and Western Holdings 7s. 6d. to 133s. 9d.; but President Brand dropped 3s. to 55s. 9d.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 31 1960	Price, April 6 1960	Net Yield, April 6, 1960 £ s. d.	Gross Yield, April 6, 1960 £ s. d.	Cover
98 17/32	97 3/4	Funding 2½% 1956–61	98⅞	98¼	3 6 3	4 5 6	
100 15/32	99 1/16	Conversion 4½% 1962	99⅞	99 3/16	3 2 1	4 19 2	
96 1/8	94 1/2	Exchequer 3% 1962–63	94 27/32	94 9/16	3 10 8	4 17 2	
93 1/16	92	Exchequer 2½% 1963–64	92⅝	92	3 13 6	4 13 4	
101 5/32	99 1/2	Conversion 4½% 1963	99 13/16	99 1/2	3 7 7	4 10 4	
99 17/32	97 11/16	Conversion 4% 1964	98 3/32	97 5/8	3 7 2	4 5 1	
92 15/16	90 1/8	Savings Bonds 3% 1955–65	90 7/16	90 3/16	3 18 11	5 4 4	
85 7/16	80 1/8	Funding 3% 1959–69	81 1/4	80 15/16	4 8 4	5 14 6	
93 1/2	90	Funding 4% 1960–90	90 3/4	90 1/16	4 2 8	4 12 0	
82 7/8	79 7/16	Savings Bonds 3% 1960–70	79 7/8	79 7/16	4 6 9	5 13 8	
85 11/16	81 3/4	Savings Bonds 2½% 1964–67	82 3/16	81 13/16	4 11 4	5 12 9	
77	73 3/8	Savings Bonds 3% 1965–75	73 5/16	73 1/8	4 4 9	5 13 3	
104 13/16	100 1/4	Exchequer 5½% 1966	100 1/16	100	3 6 9	5 9 10	
85 7/16	82 3/32	Funding 3% 1966–68	82 1/16	82 3/16	4 8 3	5 15 0	
96 3/4	94 1/8	Victory 4% 1920–76	94 5/8	94 3/8	4 5 2	4 17 11	
89 3/16	84 11/16	Conversion 3½% 1969	85 1/8	84 11/16	4 15 2	5 15 6	
98	96 3/16	Conversion 5½% 1971	96 7/16	96 3/16	5 10 8	5 10 11	
101 7/16	98 3/4	Conversion 5½% 1974	99 1/16	98 1/4	3 8 4	5 10 11	
78 3/4	76	Treasury 3½% 1977–80	76 3/8	76	3 18 6	5 11 9	
78 7/8	74 7/8	Treasury 3½% 1979–81	75 3/16	74 7/8	3 18 11	5 12 0	
103 1/2	101 1/8	Funding 5½% 1982–84	101 1/2	101 3/16	3 6 10	5 10 1	
66 1/4	62 1/2	Redemption 3% 1986–96	62 3/4	62 3/4	3 14 3	5 6 7	
97 1/2	94 9/16	Treasury 5% 1986–89	92*	91 5/8*	3 10 4	5 11 6	
71 3/4	68 3/4	Funding 3½% 1999–2004	69	68 3/4	3 11 7	5 8 4	
73 1/16	70 1/4	Consols 4% after Feb. 1957	70 3/4	70 1/4	3 10 2	5 15 1	
65 3/8	62 3/8	War Loan 3½% after 1952	62 7/8	62 3/8	3 9 7	5 14 6	
65 1/2	61 1/4	Conv. 3½% after Apr. 1961	61 7/8	61 3/8	3 9 11	5 14 2	
56 3/4	52 7/8	Treasury 3% after Apr. 1966	53 1/8*	52 7/8	3 9 6	5 13 6	
49 3/4	46 1/2	Consols 2½%	47 1/8*	46 5/8	3 5 8	5 7 3	
48 1/2	45 1/4	Treasury 2½% after Apr. 1975	45 5/8*	45 1/4	3 7 9	5 10 7	
97 1/2	92 5/8	British Electric 4½% 1967–69	93 1/16	92 5/8	3 15 1	5 12 6	
79 1/16	75 5/8	British Electric 3% 1968–73	76 1/8	75 5/8	4 6 3	5 13 9	
76 1/8	72 1/8	British Electric 3% 1974–77	72 3/4	72 1/4	4 12 10	5 13 11	
90 1/2	85 1/8	British Electric 4½% 1974–79	85 3/8	85 1/4	5 3 6	5 10 1	
79 1/2	76 3/4	British Electric 3½% 1976–79	77 5/16	76 7/8	3 18 1	5 11 5	
90 5/8	86 3/8	British Gas 4% 1969–72	86 3/4	86 3/8	3 17 10	5 12 5	
86 1/8	82 3/8	British Gas 3½% 1969–71	82 3/4	82 3/8	4 2 2	5 12 11	
67 3/4	63 1/8	British Gas 3% 1990–95	63 5/8	63 1/8*	3 14 6	5 6 5	
79 7/16	75 5/8	British Transport 3% 1968–73	76 1/8	75 5/8	4 6 3	5 13 9	
86 1/8	83 1/2	British Transport 4% 1972–77	83 7/8	83 1/2	3 15 11	5 11 6	
67 3/8	64 7/16	British Transport 3% 1978–88	64 3/4	64 3/8	3 19 7	5 11 6	

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Mar. 30, 1960	Price, Apr. 6, 1960	Yield, Apr. 6, 1960 £ s. d.
83	80 3/8	Australia 3½% 1955–69	80¾	80⅜	6 1 0
107 1/2	103	Australia 4½% 1974–76	103	103	5 6 11
73 3/4	70 1/2	Ceylon 4% 1973–75	71	70½	7 5 0
107 5/8	103 1/4	New Zealand 6% 1976–80	103¼	103¼	5 14 9
96 1/4	93 1/8	Rhodesia and Nyasaland 6% 1978–81	93	93½	6 19 0
85 1/2	80	South Africa 3½% 1965–67	82*	80	6 19 0
80 1/2	71	Southern Rhodesia 4½% 1987–92	73	71	6 14 0
101 1/16	99 1/4	Agricultural Mortgage 5½% 1980–85	100	99¾	5 12 3
92 3/4	89 3/4	Birmingham 4½% 1967–70	90½	89¾	5 13 0
99 1/4	97 1/4	Bristol 5% 1971–73	97¾	97¼	5 8 0
100	99 1/4	Corporation of London 5¼% 1976–79	99¾	99½	5 8 0
53 3/4	51 1/2	L.C.C. 3% after 1920	51¾	51½	5 16 0
97 1/4	92 7/8	L.C.C. 5% 1980–83	93¼	92⅞	5 10 0
100	97 1/2	Middlesex 5½% 1980	98¼	98⅛	5 8 0

NEW YORK PRICES AND INDICES

	Mar. 30 $	Apr. 6 $		Mar. 30 $	Apr. 6 $		Mar. 30	Apr. 6
Atch. Topeka	24	24¼	Boeing	24⅛	24	Inter. Nickel	105½	106
Can. Pacific	25¼	25⅝	Celanese	28⅜	27⅜	Inter. Paper	112¼	117
Pennsylvania	13⅞	14	Chrysler	52	55¼	Kennecott	76½	78½
Union Pacific	27¾	27½	Col. Palmolive	37⅛	38⅞	Monsanto	42¼	44
Amer. Electric	51⅛	50⅜	Crown Zeller	44	44½	Nat. Distillers	30½	30⅞
Am. Tel. & Tel.	88¼	89⅝	Distillers Seag.	30¼	31¼	Pan-American	17⅜	17⅝
Cons. Edison	43	44⅜	Douglas	33⅜	32¾	Procter Gamble	95½	94½
Int. Tel. & Tel.	38⅜	39⅛	Du Pont	226	225	Rad. Corpn.	69⅝	71½
Standard Gas	41/2	41/2	East. Kodak	108½	110¾	Sears Roebuck	50⅛	50
United Corpn.	7⅜	7⅜	Ford Motor	71⅝	74⅜	Shell Oil	36⅜	36¼
Western Union	51¾	48⅞	Gen. Electric	89⅜	94⅛	Socony-Mobil	37⅛	38
Alcoa	91	94½	General Foods	103½	105⅜	Stand. Oil Ind.	41	41½
Aluminium	32	32	General Motors	45⅛	47½	Stand. Oil N.J.	44	44⅝
Amer. Can	40¾	41¼	Goodyear	36⅛	37½	20th Cent. Fox	34⅝	37
Am. Smelting	44½	44½	Gulf Oil	32	31	Union Carbide	134½	134⅝
Am. Viscose	34	35⅛	Heinz	86½	86½	U.S. Steel	81⅜	85
Anaconda	50	51¾	Int. Bus. Mach.	444½	461¼	West. Electric	51	52½
Beth. Steel	46⅜	46¾	Int. Harvester	45	45	Woolworth	64½	64¼

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	90 Utilities	Yield %	Govt. Bonds	Yield %
Mar. 9	57·67	3·38	30·30	5·77	43·85	4·11	87·46	4·13
„ 16	58·79	3·31	31·36	5·57	44·28	4·07	88·08	4·09
„ 23	59·55	3·27	31·31	5·58	44·87	4·02	88·59	4·02
„ 30	59·38	3·28	31·08	5·64	45·40	3·97	87·46	4·13
Apr. 6	60·38	3·22	30·54	5·65	45·62	3·93	87·98	4·08

425 Industrials: High, 65·02 (Jan. 5); Low, 57·00 (Mar. 8).

* Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 30 1960	Price, Apr. 6, 1960	Yield, Apr. 6, 1960	Cover
		%	%					
42/3	37/-	2½ a	7½ b	BANKS, DISCOUNT & HP Alexanders £1	40/-	39/9	5·03	...
53/-	44/3	4 a	6 b	Bk. Lond. & S. Amer. £1	49/9	51/9	3·86	...
39⅜	35⅜	9 c	9 c	Bk. New S. Wales £20	36	36	4·00g	...
66/3	54/-	5 a	5 b	Barclays £1	58/9	58/6	3·42	...
49/6	39/-	4 a	5 b	Barclays D.C.O. £1	39/9	41/-	4·39	...
64/-	57/9	7½ a	7½ b	Chartered £1	60/-	60/-	5·00	...
83/7½	70/-	8½ a	7 b	District £1	71/-	70/6	3·97‡‡	...
38/6	33/6	4 a	5 b	Eng., Scott. & Aust. £1	34/-	34/-	5·29	...
69	61½	12½ a	37/6 b	Hongk'g. & Shang. $125	£62¾	£64¼	4·67	...
60/-	54/-	5 a	7 b	Lloyds £1	64/-	63/3	3·79	...
8 a	8 b			Martins 5/-	18/4½	18/11½	3·59‡‡	...
71½ a	91½ b			Midland £1	87/9	89/3	3·81	...
				Nat. Com. Bk. Scot. 10/-	55/-	55/6	2·70‡‡	...
67¼ a	82¾ b			Nat. Discount £1	51/3	51/3	5·83	...
5 a	7 b			Nat. Provincial £1	83/3	83/-	3·37‡‡	...
8 a	9 b			Royal Bk. of Scotland £1	87/6	87/-	3·91	...
9 b	3 a			Stand. Bk. S. Africa £1	39/9	40/9	6·87	...
61¼ a	61¼ b			Union Discount £1	53/3	52/6	4·76	...
5 a	5½ b			Westminster 'B' £1	58/3	57/6	3·77	...
£1·65c	£1·85c			Bank of Montreal $10	£19⅛	£18 13/16	3·66	...
$2·25c	$2·32½ c			Royal Bk. Canada $10	£27⅛	£26 1/16	3·28	...
5 a	13½ b			Bowmaker 5/-	24/7½	25/4½	3·61	11/2
8½ a	9½ b			Lombard Banking 5/-	29/-¶	27/9¶	3·42‡‡	3¼
10 b	5 a			Mercantile Credit 5/-	22/9	22/-	3·13	2¼
21 b	4 a			United Domins. Tst. £1	73⅜	77/6	3·17	2¼
10 a	47½ b			BREWERIES, Etc. Bass 5/-	23/9	23/7½	4·23‡‡	2
12½ c	5 a			Distillers 10/-	37/6	37/-	3·31	2¼
6 a	12 b			Flowers 5/-	27/7½	27/7½	3·26	2¼
10 a	18 b			Gaymers 10/-	67/6	67/6	4·15	1¾
4 a	11½ b			Ind Coope 5/-	20/6	20/9	3·73	1¾
5 a	7½ b			Teacher (Distillers) 10/-	36/-	35/6	3·52	3¼
7½ a	11½ b			Watney Mann £1	61/3	61/-	3·72	2
8 a	17 b			Whitbread 'A' £1	133/11½	126/3	3·96	1¾
10 a	4½ b			BUILDING, PAINT, Etc. Associated Portland £1	75/6	76/3	2·52	3¼
25 c	25 c			Rugby Portland 5/-	49/3	49/3	2·54	3
7½ a	12½ b			Taylor Woodrow 10/-	33/-	34/-	2·94	2¼
5 a	15 b			Wall Paper Defd. £1	135/7½	138/11½	2·90	3½
6·8 a	13½ b			CHEMICAL Albright & Wilson 5/-	31/9	29/3	2·13	2¾
2½ a	7 b			Borax Defd. 5/-	18/7½	17/10½	2·80	2¾
4 a	6 b			Fisons £1	52/6	53/3	3·76	2
33¼ a	71½ b			I.C.I. £1	61/9	60/3‡	3·72	2¼
5 a	10 b			Monsanto 5/-	25/-	26/-	2·88	3
5 a	15 b			DRAPERY & STORES Montague Burton 10/-	50/10½	50/11½	3·99	2
5 a	12½ b			Debenhams 10/-	45/11¼	47/-	3·54	1¾
12½ a	15 a			House of Fraser £1	45/-	46/3	4·32	1
20·83b	12½ a			Lewis's Invest. Tst. 5/-	24/10½	24/4½	2·79	2¾
12½ a	12½ a			Marks & Spencer 'A' 5/-	72/-	74/-	2·23	3
22½ b	12½ a			United Drapery 5/-	54/7½	54/9	3·20	2
13½ a	31½ b			Woolworth 5/-	65/11¼	66/9	3·37	1½
7½ a	7½ b			ELECTRICAL & RADIO A.E.I. £1	55/6*	53/4½	5·62	1¼
4 a	9½ b			B.I.C.C. £1	58/-	58/-	4·66	2¼
7½ b	13/4½			Crompton Parkinson 5/-	13/4½	13/4½	4·19	2¼
30 c	31½ a			Decca Record 10/-	52/7½	52/10½	3·78	1¾
20 c	5 a			E.M.I. 5/-	55/9	55/6	2·55‡‡	3½
3 a	7 b			English Electric £1	43/6	42/11½	4·75	2
7 b	3 a			General Electric £1	39/9	40/9	4·91	1½
5 b	6¼ a			G. A. Parsons £1	50/3	48/3	3·89	4½
12½ c	12½ c			Pye 5/-	17/3	17/3	3·62	2¾
11 b	6½ a			A. Reyrolle £1	93/-	90/3	3·88	2½
20 c	17½ c			Thorn Electrical 5/-	47/6	47/-	2·13	4½
7 b	4½ a			ENGINEERING Babcock & Wilcox £1	40/3	40/3	5·71	2¼
6 b	4 a			John Brown £1	43/6	43/3	4·62	2½
11 b	3 a			Cammell Laird 5/-	9/-	8/10½	7·89	1½
19 a	20 b			Internat. Combust. 5/-	28/6	27/9	5·41	2½
5 b	3½ a			Rich'ds'ns. Westgth. 10/-	11/3	11/7½	7·17	2
2½ a	7½ b			Swan Hunter £1	34/-	32/9*	6·11	2½
15 b	7½ a			John Thompson 5/-	18/10½	19/-	5·92	1½
2½ a	7½ b			Vickers £1	34/-	34/9	5·76	2
117a a	149 b			Coventry Gauge 10/-	22/11½	22/4½	4·57	2
12 a	15 b			Alfred Herbert £1	53/9	55/3	4·14	1¾
8 a	7½ a			Allied Ironfounders £1	72/-	75/6	4·30	1½
10 b	5 a			Averys £1	93/-	93/6	3·21	3½
7½ a	11½ b			George Cohen 5/-	15/6	15/6	3·87	3¼
10 c	15 c			Davy-United £1	107/6	109/-	2·75	3¼
6 a	14 b			London Brick 10/-	103/3	106/6	3·19	2
25 c	25 c			Rugby Portland 5/-	49/3	49/3	2·54	3
12½ b	12½ b			Taylor Woodrow 10/-	33/-	34/-	2·94	2¼
5 a	15 b			Wall Paper Defd. £1	135/7½	138/11½	2·90	3½
6 a	12 b			CHEMICAL Albright & Wilson 5/-	31/9	29/3	2·13	2¾
7½ a	7½ b			Borax Defd. 5/-	18/7½	17/10½	2·80	2¾
4 a	6 b			Fisons £1	52/6	53/3	3·76	2
7½ a	7½ b			I.C.I. £1	61/9	60/3‡	3·72	2¼
5 a	10 b			Monsanto 5/-	25/-	26/-	2·88	3
15 b	5 a			DRAPERY & STORES Montague Burton 10/-	50/10½	50/11½	3·99	2
12½ b	5 a			Debenhams 10/-	45/11¼	47/-	3·54	1¾
7½ a	12½ a			House of Fraser £1	45/-	46/3	4·32	1
12½ b	7½ a			Lewis's Invest. Tst. 5/-	24/10½	24/4½	2·79	2¾
12½ a	12½ a			Marks & Spencer 'A' 5/-	72/-	74/-	2·23	3
12½ a	12½ a			United Drapery 5/-	54/7½	54/9	3·20	2
13½ a	31½ b			Woolworth 5/-	65/11¼	66/9	3·37	1½
3 a	7½ b			ELECTRICAL & RADIO A.E.I. £1	55/6*	53/4½	5·62	1¼
4 a	9½ b			B.I.C.C. £1	58/-	58/-	4·66	2¼
7½ b	13/4½			Crompton Parkinson 5/-	13/4½	13/4½	4·19	2¼
30 c	31½ a			Decca Record 10/-	52/7½	52/10½	3·78	1¾
20 c	5 a			E.M.I. 5/-	55/9	55/6	2·55‡‡	3½
3 a	7 b			English Electric £1	43/6	42/11½	4·75	2
7 b	3 a			General Electric £1	39/9	40/9	4·91	1½
5 b	6¼ a			G. A. Parsons £1	50/3	48/3	3·89	4½
12½ c	12½ c			Pye 5/-	17/3	17/3	3·62	2¾
11 b	6½ a			A. Reyrolle £1	93/-	90/3	3·88	2½
20 c	17½ c			Thorn Electrical 5/-	47/6	47/-	2·13	4½
7 b	4½ a			ENGINEERING Babcock & Wilcox £1	40/3	40/3	5·71	2¼
6 b	4 a			John Brown £1	43/6	43/3	4·62	2½
11 b	3 a			Cammell Laird 5/-	9/-	8/10½	7·89	1½
19 a	20 b			Internat. Combust. 5/-	28/6	27/9	5·41	2½
5 b	3½ a			Rich'ds'ns. Westgth. 10/-	11/3	11/7½	7·17	2
2½ a	7½ b			Swan Hunter £1	34/-	32/9*	6·11	2½
15 b	7½ a			John Thompson 5/-	18/10½	19/-	5·92	1½
2½ a	7½ b			Vickers £1	34/-	34/9	5·76	2
11 7a a	14 9 b			Coventry Gauge 10/-	22/11½	22/4½	4·57	2
12 a	15 b			Alfred Herbert £1	53/9	55/3	4·14	1¾
8 a	7½ a			Allied Ironfounders £1	72/-	75/6	4·30	1½
10 b	5 a			Averys £1	93/-	93/6	3·21	3½
7½ a	11½ b			George Cohen 5/-	15/6	15/6	3·87	3¼
10 c	15 c			Davy-United £1	107/6	109/-	2·75	3¼
5 a	9 b			Guest Keen £1	90/3	93/-	3·01	2½
10 b	4 a			Head Wrightson 5/-	25/-	25/6	3·75	2½
4 a	5½ b			Metal Box £1	72/6	73/3	2·55	3¼
6 a	12½ b			Rentokil & Marles 5/-	25/-	25/-	3·70	2¾
3 a	9½ b			Renold Chains £1	63/9	64/9	3·86	1¼
9 c	8 c			Ruston & Hornsby £1	29/6	30/-	5·33	1¾
7½ a	12½ b			Tube Investments £1	76/9¶	80/-	3·13‡‡	2½
5 a	20 b			Ward (Thos. W.) £1	154/6*	151/-	3·31	3½
5 a	5 a			Woodall-Duckham 5/-	43/6	44/6	2·81	4½

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 30, 1960	Price, Apr. 6, 1960	Yield, Apr. 6, 1960	Cover
		%	%					
41/3	37/11½	18 c	12 a	FOOD & TOBACCO Assoc. British Foods 5/-	39/-	39/9	2·26	2½
105/-	95/10½	20 c	5 a	Bovril Defd. £1	101/3	102/6	3·90	2¾
15/7½	14/3	12½ a	14½ b	Brooke Bond 'B' 5/-	14/7½	14/9	3·46	4
30/7½	25/10½	10 c	10 c	Home & Colonial 10/-	27/9	28/10½	3·46	2½
13/8¼	11/6	7½ b	2½ a	International Tea 5/-	12/3	12/3	4·08	1¾
85/6	71/9	9½ b	5 a	J. Lyons 'A' £1	79/-	79/6	3·56	1½
28/3	25/9	5 a	7½ b	Ranks 10/-	26/6	26/9	4·67	2¼
48/9	42/6	8 b	2½ a	Spillers £1	46/9	48/6	3·79‡‡	3¼
62/-	58/9	3 a	9 b	Tate & Lyle £1	60/3	60/3	3·98	2¼
17/3	15/3	...	5 a	Unigate 5/-	17/3	17/-	2·94‡‡	...
72/6	62/10½	†20 c	†55c a	Brit. Amer. Tobac. 10/-	62/10½	63/9	5·12	2¾
41/3	37/6	13½ b	3½ a	Gallaher 10/-	39/-	39/6	4·22	2¼
77/6	66/10½	8½ a	14 b	Imperial Tobacco £1	66/10½	67/7½	6·65	1¾
195/-	181/3	†45 a	†50 b	INSURANCE Britannic 5/-	190/-	185/-	4·19	...
68/6	54/3	2½ b	20 a	Commercial Union 5/-	59/3	62/-	3·36	...
11½	9 11/16	15 b	12½ a	Employers' Liability £1	11	11	3·60‡‡	...
14¼	12 1/16	†32·35c	†41·17c	Equity & Law Life 8/6	13⅝	13 15/16	2·05	...
82/-	70/3	17½ b	15 a	General Accident 5/-	78/-	81/-	2·47‡‡	...
104/4½	91/-	30 b	30 a	Guardian 5/-	98/-	101/10½	2·94	...
19	16½	40	150 b	Legal & General 5/-	18 1/16	19	2·50	...
145/-	95/-	10 b	5 a	Northern £1	107/10½	105/-	3·52‡‡	...
172/6	132/6	†20 a	†60 b	Pearl 5/-	161/3	155/-*	4·21	...
171 5/16	159 1/16	†162½ c	†183½ c	Prudential 'A' 4/-	17	16 15/16*	3·53	...
115/-	94/9	10 b	8 a	Royal Exchange £1	101/9	102/6	3·12‡‡	...
67 11/16	60/8	3 a	9½ b	MOTORS & AIRCRAFT B.S.A. £1	60/9	61/3	4·08	2½
24 7/32	19 7/32	5½ a	12½ b	British Motor 5/-	19/5¼	22/6	4·06	1½
13/9	9 7/-	5 a	12½ b	Ford Motor £1	98/9*	100/3	3·49	4½
48/-	38/-	17½ c	20 c	Jaguar Cars 'A' 5/-	45/10½	46/7½	3·14	9½
85/-	76/-	12½ c	15 c	Leyland Motors £1	82/6	83/9	3·58	3
12 3/32	9/3	8 c	12 c	Rootes Motors 'A' 4/-	10/10½	11/-	4·36	5
12 1/32	10/9	12 c	12 c	Standard-Triumph 5/-	11/10½	12/3	3·57‡‡	3½
17/3	13/11½	6½ b	3½ a	Bristol Aeroplane 10/-	15/11½	15/3	6·56	1½
33/9	27/-	7½ c	Nil	De Havilland £1	32/3	32/6	...	...
38/-	29/10½	13·9b	13·6a	Dowty Group 10/-	36/6‖	36/-‖	3·40	3½
34/-	29/-	3 a	7 b	Hawker Siddeley £1	32 4½	32/9	6·11	2
49 7/16	45/6	7½ b	3½ a	Rolls-Royce £1	48 1/16	49/3	4·06	1¾
28/-	22/3	9½ b	3½ a	Dunlop Rubber 10/-	23 1/16	26/6	4·91	2
74/6	72/11½	10 b	2½ a	Joseph Lucas 5/-	73/6	73/3*	3·41	3
45/1½	38/6	17½ b	9 a	Pressed Steel 5/-	41/9	42/6	3·12	3¼
48/6	30/-	4½ c	10 c	Triplex Holdings 10/-	41/7½‖	48/11½‖	2·08	3¼
113/8	73/4	20 a	70 b	MINES Anglo-American 10/-	77/6	73 13/16*	5·76	1¾
99/3	61/3	6 a	18½ b	Cons'd. Gold Fields £1	62/6	66/3	2·72	2
145/-	88/9	20 b	10 a	General Mining £1	88/9	92/6	6·49	2
87/9	53/9	40 a	110 b	Union Corporation 2/6	53/9	55/9	6·73	2½
25 10½	20/4½	50 b	45 a	Daggafontein 5/-	21/10½	20/4½	23·31	1¼
191/3	125/-	90 b	70 a	Free State Geduld 5/-	125/-	135/-*	5·93	1½
68/3	56/3	60 b	55 a	Hartebeestfontein 10/-	59/3	62/6	13·33	2
80 4/9	56/3	60 b	50 a	President Brand 5/-	58/9	56 3/8*	9·78	2
187/6	126/3	100 b	80 a	Western Holdings 5/-	126/3	133/9*	6·73	1¾
26/9	20/-	...	...	Winkelhaak 10/-	20/-	21/6	...	...
119/6	79/6	10 a	30 b	Chartered 15/-	80 7/8	81 10½	7·33	2
59/6	44/3	10 a	10 a	Rhod. Anglo-American 10/-	47/6*	47/6	4·53	1¾
£171¼	£143¾	7½ a	18½ b	Rhod. Selection Tst. 5/-	18½	£15⅞	3·28	3
168/9	139/-	15 a	18½ b	Shell Transport £1	150/6	151/3	5·13	3
64/-	45/-	...	...	Ultramar 10/-	46/3	50/3	...	...
60/-	51/9	15 b	7½ a	Wakefield C.C. 10/-	57/6	57/3	3·93	2¾
66/6	53/4½	7½ a	4½ a	PAPER & NEWSPAPERS Daily Mirror 'A' 5/-	14/3	14/11½	4·42	2¾
37/-	34/3	12½ b	3 a	Odhams Press 10/-	34/6	34/9	5·04	3
66/-	56/6	8 b	4 a	W. H. Smith & Son 'A' £1	58/-	59/6	4·03	3
77/11½	66/3	12½ c	5 a	Bowater Paper £1	72/3	75/6	3·31	3¼
63/-	54/6	9 b	5 a	Albert E. Reed £1	55/3	55/-	5·09	1½
33/9	29/9	5 b	3 a	Spicers £1	33/-	32/9	4·89	1
80/6	72/6	12½ b	5 a	Wiggins Teape £1	77/3	77/-	4·55	1¾

| Prices, 1960 High | Prices, 1960 Low | Last Two Dividends (a) (b) (c) | | ORDINARY STOCKS | Price, Mar. 30,

Money and Exchanges

EXCHEQUER RETURNS

For the 5 days ended March 31, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £18,696,000 compared with a deficit of £15,980,000 in the previous week and a deficit of £128,707,000 in the corresponding period of last year. There was a net expenditure "below-line" of £25,778,000 leaving a total cumulative deficit to date of £313,591,000 compared with £181,807,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Mar. 31, 1959	April 1, 1959, to Mar. 31, 1960	3 days ended Mar. 31, 1959	5 days ended Mar. 31, 1960
Ord. Revenue					
Income Tax	2147,000	2321,773	2242,602	4,768	65,780
Surtax	171,000	166,600	181,300	...	3,200
Death Duties	195,000	186,900	226,500	...	2,400
Stamps	68,000	65,400	97,300	...	1,300
Profits tax, EPT and EPL	274,000	274,800	261,800	...	2,300
Other Inland Revenue Duties	1,000	550	560	...	...
Total Inland Revenue	2856,000	3016,023	3010,062	4,768	74,980
Customs	1285,500	1261,536	1373,305	2,179	23,422
Excise	864,500	929,775	908,585	5,700	4,614
Total Customs and Excise	2150,000	2191,311	2281,890	7,879	28,036
Motor Duties	104,000	106,751	108,409	...	1,172
PO (Net Receipts)	...	150	8,430	...	2,530
Broadcast Licences	35,000	33,700	36,100	...	2,800
Sundry Loans	30,000	27,167	33,923	...	...
Miscellaneous	150,000	104,607	151,715	Dr. 1	190
Total	5325,000	5479,709	5630,529	12,646	109708
Ord. Expenditure					Cr.
Debt Interest	600,000	662,677	614,736	...	73537
Payments to Northern Ireland Exchequer	79,000	76,498	80,202	...	...
Other Consolidated Funds	10,000	8,222	8,461	...	39
Supply Services	4597,446	4316,982	4501,789	141353	141837
Total	5286,446	5064,379	5205,188	141353	128339
Sinking Funds	39,000	38,134	38,724	...	65
"Above-line" Surplus or Deficit	+ 377,196	+ 386,617	+ 128707	18,696	
"Below-line" Net Expenditure*	559,003	700,208	10,319	25,778	
Total Surplus or Deficit	181,807	313,591	139026	44,474	
Net receipts from:					
Tax Reserve Certificates	43,643	34,360	1,440	14,322	
Savings Certificates	131,900	66,900	...	...	
Defence Bonds	107,944	143,814	...	...	
Premium Savings Bonds	66,495	41,030	...	...	
Total	349,982	217,348	1,440	14,322	

* Net expenditure of the Civil Contingencies Fund, nil in 1959–60 compared with £46 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959 Mar. 31	4,898·1		336·5	4·3	5,238·9
Dec. 31	5,686·8		253·6	0·3	5,940·7
1960 Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4
,, 23	3,500·0	1,948·1	270·9	1·8	5,720·9
,, 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
,, 13	3,330·0	1,677·2	214·6	...	5,221·8
,, 20	3,350·0	1,803·4	252·7	...	5,406·2
,, 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31	5,202·1		246·0	...	5,448·1

THE MONEY MARKET

THE Chancellor's reference to possible monetary action has caused much discussion in the market and attention is focused on the results of this week's Treasury bill tender. At the first Treasury bill tender of the new financial year last Friday only £260 million of the £280 million bills on offer were allotted. The discount market maintained its bid at £98 16s. 11d. and the average rate of discount came out virtually unchanged at £4 12s. 5.05d. Total applications rose from £439 million to £449 million and the market's allotment fell from 54 per cent to 41 per cent.

In New York the United States Treasury bill rate fell further from 2.792 per cent to 2.731 per cent on three months bills. The rate on six months bills, which had risen slightly last week, also fell below 3 per cent for the first time in fifteen months to 2.927 per cent.

On Thursday of last week, large tax payments and end-quarter influences led to a shortage of credit in Lombard Street and the authorities gave a very large amount of help. Since then, however, there has been a full supply of credit.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	**Discount rates:** Bank bills:	
Deposit rates (maximum):		60 days	$4\frac{3}{4}$–$4\frac{13}{16}$
Banks	3	3 months	$4\frac{3}{4}$–$4\frac{13}{16}$
Discount houses	3–$3\frac{1}{8}$	4 months	$4\frac{3}{4}$–$4\frac{13}{16}$
		6 months	$4\frac{3}{4}$–$4\frac{27}{32}$
		Fine trade bills:	
		3 months	$5\frac{1}{4}$–6
Money:		4 months	$5\frac{1}{4}$–6
Day-to-Day	3–$4\frac{1}{8}$	6 months	$5\frac{1}{2}$–$6\frac{1}{4}$

NEW YORK

	%		%
Official discount rate: (from $3\frac{1}{2}$%, 10/9/59)	4	**Treasury Bills:** March 28	2·792
		April 4	2·731

BANK OF ENGLAND RETURNS

(£ million)	April 8, 1959	Mar. 30, 1960	April 6, 1960
Issue Department:			
Notes in circulation	2,068·5	2,152·8	2,167·2
Notes in banking dept.	31·9	47·5	33·2
Govt. debt and securities*	2,096·5	2,197·3	2,197·2
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	10·4	10·6	10·8
Bankers	225·5	253·8	248·0
Others	63·4	69·9	64·4
Total	299·3	334·2	323·2
Securities:			
Government	242·4	262·5	263·2
Discounts and advances	21·4	21·1	25·0
Other	20·6	20·7	18·7
Total	284·4	304·3	306·8
Banking department reserve	32·7	48·4	34·1
"Proportion"	10·9 %	14·4 %	10·5 %

* Government debt is £11,015,100, capital £14,533,000. Fiduciary issue increased by £25 million to £2,200 million on March 24th.

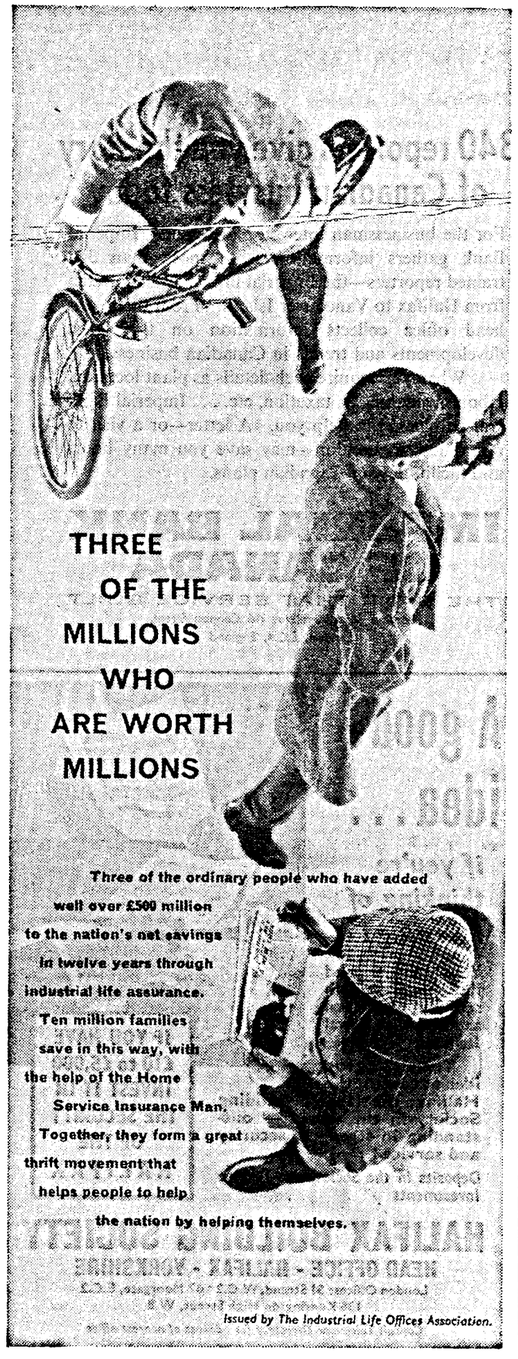
TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate
	91 day		s. d.	%
1959 Apr. 4	250·0	381·0	65 11·42	50
1960 Jan. 1	280·0	422·4	74 6·24	50
,, 8	270·0	396·6	74 11·06	56
,, 15	270·0	406·0	75 7·79	52
,, 22	270·0	378·5	91 1·19	67
,, 29	250·0†	436·8	90 9·18	17
Feb. 5	250·0†	410·2	90 10·88	28
,, 12	250·0	413·0	90 11·30	37
,, 19	260·0	415·3	90 10·65	41
,, 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41

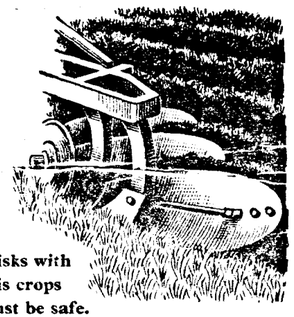
* On April 1st tenders for 91 day bills at £98 16s. 11d. secured 41 per cent, higher tenders being allotted in full. The offer for this week was for £260 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits April 6	Market Rates: Spot March 31	April 1	April 2	April 4	April 5	April 6
United States $	2·78–2·82*	2·80$\frac{11}{16}$–$\frac{13}{16}$	2·80$\frac{3}{4}$–$\frac{7}{8}$	2·80$\frac{3}{4}$–$\frac{7}{8}$	2·80$\frac{13}{16}$–$\frac{15}{16}$	2·80$\frac{7}{8}$–81	2·80$\frac{15}{16}$–81$\frac{1}{16}$
Canadian $	...	2·68$\frac{9}{16}$–$\frac{11}{16}$	2·68$\frac{3}{8}$–$\frac{1}{2}$	2·68$\frac{9}{16}$–$\frac{11}{16}$	2·68$\frac{9}{16}$–$\frac{11}{16}$	2·68$\frac{7}{8}$–69	2·69$\frac{7}{16}$–$\frac{1}{2}$
French Fr.	13·622–14·027	13·77$\frac{1}{8}$–$\frac{3}{8}$	13·77$\frac{1}{4}$–$\frac{1}{2}$	13·77$\frac{1}{4}$–$\frac{1}{2}$	13·77$\frac{1}{2}$–$\frac{3}{4}$	13·78–78$\frac{1}{4}$	13·78$\frac{1}{8}$–$\frac{3}{8}$
Swiss Fr.	11·94–12·54$\frac{7}{8}$	12·18–18$\frac{1}{4}$	12·18$\frac{1}{2}$–$\frac{3}{4}$	12·18$\frac{3}{8}$–$\frac{5}{8}$	12·18$\frac{3}{8}$–$\frac{5}{8}$	12·18$\frac{1}{2}$–$\frac{3}{4}$	12·18$\frac{3}{8}$–$\frac{7}{8}$
Belgian Fr.	137·96–142·05	139·90–95	139·85–90	139·82$\frac{1}{2}$–87$\frac{1}{2}$	139·87$\frac{1}{2}$–92$\frac{1}{2}$	139·92$\frac{1}{2}$–97$\frac{1}{2}$	139·95–140·00
Dutch Gld.	10·48–10·80	10·59–59$\frac{1}{4}$	10·59–59$\frac{1}{4}$	10·59$\frac{1}{8}$–$\frac{3}{8}$	10·59$\frac{1}{8}$–$\frac{3}{8}$	10·59$\frac{3}{8}$–$\frac{5}{8}$	10·59$\frac{5}{8}$–$\frac{7}{8}$
W. Ger. D-Mk.	11·59$\frac{1}{4}$–11·92$\frac{3}{4}$	11·70$\frac{5}{8}$–$\frac{7}{8}$	11·70$\frac{3}{4}$–71	11·70$\frac{3}{4}$–71	11·70$\frac{7}{8}$–71$\frac{1}{8}$	11·71$\frac{3}{8}$–$\frac{5}{8}$	11·71$\frac{5}{8}$–$\frac{7}{8}$
Portug. Esc.	79·00$\frac{3}{4}$–82·00$\frac{1}{2}$	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17421$\frac{1}{8}$–$\frac{3}{8}$	17423$\frac{1}{8}$–$\frac{3}{8}$	17423$\frac{1}{8}$–$\frac{3}{8}$	17423$\frac{1}{4}$–1743	17423$\frac{1}{8}$–$\frac{3}{8}$	17431$\frac{1}{4}$–44
Swedish Kr.	14·27$\frac{1}{2}$–14·70	14·52–52$\frac{1}{2}$	14·52$\frac{1}{2}$–$\frac{3}{4}$	14·52$\frac{1}{2}$–$\frac{3}{4}$	14·52$\frac{5}{8}$–$\frac{7}{8}$	14·52$\frac{5}{8}$–$\frac{7}{8}$	14·52$\frac{5}{8}$–$\frac{7}{8}$
Danish Kr.	19·06$\frac{1}{2}$–19·62	19·33$\frac{7}{8}$–34$\frac{1}{8}$	19·34–34$\frac{1}{4}$	19·34$\frac{1}{8}$–$\frac{3}{8}$	19·35$\frac{1}{8}$–$\frac{3}{8}$	19·35$\frac{3}{8}$–$\frac{5}{8}$	19·35$\frac{3}{8}$–$\frac{7}{8}$
Norwegian Kr.	19·71–20·30$\frac{1}{2}$	20·00$\frac{1}{2}$–$\frac{3}{4}$	20·00$\frac{7}{8}$–01$\frac{1}{8}$	20·00$\frac{7}{8}$–01$\frac{1}{8}$	20·01$\frac{3}{8}$–$\frac{5}{8}$	20·01$\frac{1}{2}$–$\frac{3}{4}$	20·01$\frac{3}{8}$–$\frac{5}{8}$
* Official Limits		**One Month Forward Rates**					
United States $		$\frac{1}{4}$–1c. pm	$\frac{1}{4}$–$\frac{3}{8}$c. pm	$\frac{1}{4}$–$\frac{3}{8}$c. pm	$\frac{1}{4}$–$\frac{3}{8}$c. pm	$\frac{5}{16}$–$\frac{3}{8}$c. pm	$\frac{5}{16}$–$\frac{3}{8}$c. pm
Canadian $		$\frac{3}{16}$–$\frac{1}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{1}{4}$c. pm–par
French Fr.		$\frac{1}{8}$–$\frac{3}{8}$c. dis	$\frac{1}{4}$–$\frac{1}{2}$c. dis	$\frac{1}{4}$–$\frac{1}{2}$c. dis	$\frac{1}{8}$–$\frac{3}{8}$c. dis	$\frac{3}{8}$c. pm–$\frac{1}{8}$c. dis	$\frac{1}{8}$–$\frac{3}{8}$c. pm
Swiss Fr.		$\frac{15}{8}$–$\frac{13}{8}$c. pm	$\frac{15}{8}$–$\frac{13}{8}$c. pm	$\frac{15}{8}$–$\frac{13}{8}$c. pm	$\frac{15}{8}$–$\frac{13}{8}$c. pm	$\frac{15}{8}$–$\frac{13}{8}$c. pm	$\frac{15}{8}$–$\frac{13}{8}$c. pm
Belgian Fr.		5c. pm–par	3c. pm–2c. dis	par–5c. dis	3c. pm–2c. dis	5c. pm–par	10–5c. pm
Dutch Gld.		$1\frac{1}{2}$–$1\frac{1}{4}$c. pm	$1\frac{1}{2}$–$1\frac{1}{4}$c. pm	$1\frac{1}{2}$–$1\frac{1}{4}$c. pm	$1\frac{5}{8}$–$1\frac{3}{8}$c. pm	$1\frac{5}{8}$–$1\frac{3}{8}$c. pm	$1\frac{5}{8}$–$1\frac{3}{8}$c. pm
W. German D-Mk.		$\frac{3}{4}$–$1\frac{1}{2}$pf. pm	$\frac{7}{8}$–$\frac{5}{8}$pf. pm	$\frac{3}{4}$–$1\frac{1}{2}$pf. pm	$1\frac{1}{4}$–$\frac{3}{4}$pf. pm	$1\frac{1}{4}$–$\frac{3}{4}$pf. pm	$1\frac{1}{4}$–$\frac{3}{4}$pf. pm
		Three Months Forward Rates					
United States $		$\frac{9}{16}$–$\frac{7}{16}$c. pm	$\frac{9}{16}$–$\frac{7}{16}$c. pm	$\frac{9}{16}$–$\frac{7}{16}$c. pm	$\frac{9}{16}$–$\frac{7}{16}$c. pm	$\frac{5}{8}$–$\frac{1}{2}$c. pm	$\frac{5}{8}$–$\frac{1}{2}$c. pm
Canadian $		$\frac{1}{4}$–$\frac{3}{8}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{3}{8}$–$\frac{1}{4}$c. pm	$\frac{3}{8}$–$\frac{1}{4}$c. pm	$\frac{3}{8}$–$\frac{1}{4}$c. pm
Swiss Fr.		$4\frac{1}{8}$–$3\frac{7}{8}$c. pm	$4\frac{1}{4}$–4c. pm	$4\frac{1}{4}$–4c. pm	$4\frac{1}{4}$–4c. pm	$4\frac{3}{8}$–$4\frac{1}{8}$c. pm	$4\frac{1}{4}$–4c. pm
W. German D-Mk.		$1\frac{3}{4}$–$1\frac{1}{2}$pf. pm	$1\frac{7}{8}$–$1\frac{5}{8}$pf. pm	$1\frac{7}{8}$–$1\frac{3}{8}$pf. pm	2–$1\frac{3}{4}$pf. pm	2–$1\frac{3}{4}$pf. pm	2–$1\frac{3}{4}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/2$\frac{1}{2}$	250/2$\frac{1}{4}$	—	250/0$\frac{1}{2}$	250/–	249/11



In the Country



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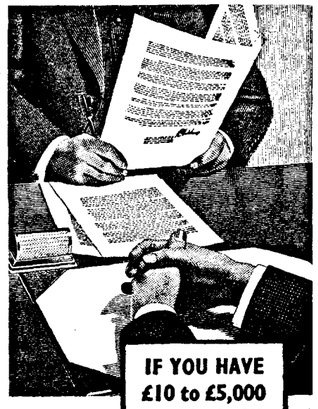

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The work entails imaginative and detailed study of trends in the motor industry, home and overseas; the preparation of short and long term sales forecasts together with an analysis of the markets for the Company's products.

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Write giving details of experience and qualifications to Personnel Manager, Girling Limited, Kings Road, Tyseley, Birmingham, 11.

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Roman House, Cripplegate Buildings, London, E.C.2.

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Invites applications for the appointment of Director.

Applicants should be graduates under 45 years of age experienced in industrial administration. Knowledge of Trade Association work and experience of negotiation with Government Departments and Trade Unions would be an advantage.

Salary on appointment £2,500 with pension provision.

Applications in writing giving full details should be addressed, marked "Confidential," to

The President
BRITISH FOOTWEAR MANUFACTURERS FEDERATION,
22, Gilbert Street, London, W.1.

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Engineering or Science Graduates under 35 are required for training as

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Salary range £1,200-£2,400 plus expenses.
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(b) ASSISTANT Grade B to teach GENERAL PRINCIPLES of LAW, COMMERCIAL LAW and CONSTITUTIONAL LAW.

Salaries in accordance with Burnham Further Education Report, 1959. Lecturers, men, £1,370 by £35 to £1,550; women, £1,190 by £28 to £1,240 plus equal pay increments. Assistants Grade B, men, £700 by £27 10s. to £1,150; women, £630 by £22 to £920, plus equal pay increments. For Assistants graduate and training allowances are added where appropriate. Starting salary according to previous experience.

Forms and particulars (stamped addressed envelope) from Chief Education Officer, P.O. Box 440, Manchester, 3, returnable by April 18, 1960.

THE INSTITUTE OF PUBLIC ADMINISTRATION

invites applications for the post of Director of its Education and Training Unit which will shortly be established. A good knowledge of the theory and practice of public administration and of modern staff training methods, is essential; familiarity with Irish conditions and a good University degree or its equivalent are desirable.

The appointment will be for one year, subject to extension. Appointment on a secondment or part-time basis would be considered. Salary for a full-time appointment £1,500-£2,000 per year, according to experience and qualifications.

Full particulars to be supplied not later than Friday, April 22, 1960, on application forms obtainable at 42 DAWSON STREET, DUBLIN.

LONDON COUNTY COUNCIL

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94-100, LEIGHAM COURT ROAD, S.W.16.

APPLICATIONS are INVITED from MEN OR WOMEN for a SENIOR LECTURESHIP and a LECTURESHIP to organise a main course in Commerce commencing in September, 1960.

Applicants for the Senior Lecturer post should hold good Honours Degree in Economics or Commerce or another appropriate subject. It is desirable that they should be trained teachers and have teaching experience. Business experience would be an additional qualification.

Applicants for the Lecturer post should preferably be trained teachers and should be prepared to offer commercial subjects and one other general academic subject. Good business experience is desirable.

Salary will be in accordance with the Pelham Scales for training college staff, i.e.

SENIOR LECTURER: £1,370 x £35 — £1,600 (men); £1,271 x £35 — £1,501 (women).

LECTURER: £930 x £32 10s. — £1,370 (men); £930 x £32 10s. — £1,220 (women); plus London allowance of £35 or £31 (according to age and experience) increments within the scale for appropriate qualifications and experience and, for women, equal pay increments. Appointment will be to the Council's service with assignment to this college.

FURTHER PARTICULARS and APPLICATION FORMS (stamped addressed envelope) obtainable from the PRINCIPAL TO WHOM APPLICATIONS should be RETURNED by WEDNESDAY, MAY 4, 1960. Applicants should state for which post they wish to be considered. (793.)

BRITISH EGG MARKETING BOARD

requires at head office a qualified statistician, preferably with an interest in Agricultural Economics, to act as Assistant to the Chief Statistician. Duties will include the design and analysis of experiments; the estimating and forecasting of supplies, prices and costs; the maintenance of a statistical reference centre and the issuing of statistical bulletins. Commencing salary in accordance with age and experience. Superannuation scheme. Apply with full particulars to the General Secretary (S.13), Wingate House, 93-107, Shaftesbury Avenue, London, W.1.

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Graduates with degrees in Economics with Statistics as the special subject, or Statisticians with equivalent qualifications, are offered a post in the Components Group Commercial Department. This is an excellent opportunity for a man aged about 30, who has had experience in the collection and preparation of statistical data and industrial market surveys. Some knowledge of electronics would be an advantage.

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COMMERCIAL TECHNOLOGIST

required by the

UNITED KINGDOM ATOMIC ENERGY AUTHORITY, PRODUCTION GROUP,

for the Economics Section, Commercial Directorate, to assist the section leader responsible for the economic analysis of gas cooled reactor fuel cycles, and the formulation of commercial policy in the supply and repurchase of nuclear fuels. The duties also include the preparation of forward cost estimates of reactor operation, the assessment of commercial soundness of capital expenditure proposals, and the analysis of the economic and commercial implications of plant operation in nuclear reactors and diffusion plants.

QUALIFICATIONS: Applicants must possess an honours degree or equivalent in Physics or be corporate members of the Institute of Physics preferably with a knowledge of costing procedure and commercial practice.

SALARY: £1,370 — £1,825 p.a. according to qualifications and experience. Contributory superannuation. Staff housing scheme.

Send postcard for application form, quoting reference P.142/120, to Staff Officer, United Kingdom Atomic Energy Authority, Production Group Headquarters, Risley, Warrington, Lancashire.

Closing date: April 25, 1960.

A FEMALE STATISTICIAN, aged between 24 and 30, is required for the Market Research Department of an International Company's Head Office in the City of London. Statistics part I essential. Commercial experience an advantage. The duties will include analysing survey results, desk research of published data, sample design and analysis, and collecting and maintaining statistical data. Salary £750- £850, according to age and experience, plus luncheon vouchers 15s. a week. Hours are 9-5.30 no Saturdays. 1960 holiday arrangements honoured. Write, stating present salary to Box 1411.

STATISTICIAN

required by

AN FORAS TAIUNTAIS (The Agricultural Institute of Ireland) for dynamics and survey statistical work. Salary and rating according to qualifications and experience. ESSENTIAL:— A Degree in Statistics and/or Mathematics or in Science, Engineering or Agricultural Science. DESIRABLE:— Experience of modern statistical techniques. Applications will be considered from candidates with Essential Qualification only who would be prepared to undergo a period of training.

Further particulars from— Director, An Foras Taiuntais, 34 Merrion Road, Dublin. Latest date for receipt of Applications (with names of three Referees and curriculum vitae) May 2nd, 1960.

MSL *have been retained to advise on the appointment of a*

COMMERCIAL DIRECTOR

for a British company in a group which has an unusually impressive record of progress over the past ten years and which includes among its interests the manufacture and marketing of a wide range of electrical products and appliances for the consumer market. Turnover in this field alone is about £20 million.

The Commercial Director will be responsible for co-ordinating the activities of four product divisions, each with its own manager and sales organisation. He will also be responsible for the formulation of marketing policy and the co-ordination and direction of sales and marketing activities, including planning the product ranges and forecasting annual production requirements.

This appointment is of such importance to the company that salary is a secondary consideration and will be arranged by personal discussion with the Chairman.

Candidates must have a sales background and be able to provide evidence of success in a similar or slightly subordinate position in a big company manufacturing consumer durables, preferably in the electrical field. Probable age 40-50.

Please send brief details in confidence, quoting reference S.2273, to P. J. H. Fryer. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED, 17, Stratton Street, London, W.1

MSL *have been retained to advise on the appointment of a*

DEPUTY TO CHIEF PURCHASING AGENT

for a large international group of manufacturing companies with H.Q. in London. The Purchasing Agent controls the buying function at home and abroad and is responsible for the procurement of all materials used by the group. His deputy will assist in the administration of the department; in long-term planning of a wide range of supplies; in negotiations; in representing the company on various committees; and later in visiting overseas associates and suppliers which will involve up to three months abroad each year.

Candidates, about 35, must have a good education and will preferably be economics graduates. They will be executives in supply work or marketing in a large company where long-term planning and the weighing of complex market factors is involved. Experience of commercial negotiations would be a useful asset and a broad interest in world affairs is essential.

Initial salary will probably be between £2,500-£3,000; prospects are very good; pension scheme.

Please send brief details in confidence, quoting reference S.2278, to D. M. Sidney. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED, 17, Stratton Street, London, W.1

MSL *have been retained to advise on the appointment of a*

YOUNG MARKETING EXECUTIVE

Age 29-33, and preferably a graduate with a sound practical knowledge of modern marketing techniques and experience in advertising branded consumer products, preferably foods. He must have worked in conjunction with advertising agents in the preparation of national campaigns and have the potential to progress from a starting salary of not less than £1,500 a year to a senior position in this export minded company, where exports already exceed several millions.

He will be based at the head office in London and will, under the Overseas Marketing Manager, eventually assume responsibility for marketing the company's world famous branded food products throughout the Commonwealth and certain foreign countries. This will offer opportunities for occasional overseas travel, visiting agents and studying markets to enable him to control, from London, a very substantial overseas advertising appropriation.

Please send brief details in confidence, quoting reference S.2296, to P. J. H. Fryer. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a *confidential* interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED, 17, Stratton Street, London, W.1

THE UNIVERSITY OF BIRMINGHAM

The University will offer a number of Scholarships, value £270-£340, to graduates and to those expected to graduate this summer who wish to *read for higher degrees* in the Faculty of Commerce and Social Science. There will be opportunities for advanced study and training in research in all the main departments of the Faculty and also in subjects common to more than one department.

Further particulars may be obtained from the Registrar, The University, Birmingham, 15, to whom applications should be sent before June 11, 1960.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of TEMPORARY ASSISTANT LECTURER IN GOVERNMENT (with special reference either to Western Europe excluding the United Kingdom, or to an "under-developed" area outside Europe) for a period of two years from September 1, 1960. Salary scale £700-£850 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than Monday, May 9, 1960, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE TANGANYIKA GOVERNMENT invites applications from those who are interested in financing the extension and improvement of the present road network. The estimated cost of these works over a period of years will amount to an annual expenditure of the order of £400,000. The Tanganyika Government proposes that it should make annual payments 4 years in arrear from the beginning of the work, equivalent to the value of work done in successive years, less any payments made at the time (which may amount to up to 20 per cent of the value of work done). A prerequisite of any acceptable arrangement is that the finance should emanate from a source from which the Government does not normally raise loans. In forwarding particulars of the terms under which finance could be made available, applicants should state the source and amount of the funds available, the currency, the rates of interest and exchange, and whether their offer would be limited to any particular firm or firms of contractors, or if they would be agreeable to financing projects where competitive tenders are invited from registered Public Works contractors. Applications should be addressed to:—

The Permanent Secretary,
Ministry of Urban Local Government and Works,
Private Bag,
DAR ES SALAAM, TANGANYIKA

BRITISH IRON AND STEEL FEDERATION

The British Iron and Steel Federation invites applications from men aged 30 or thereabouts for a post in its Secretarial Department. This Department is engaged in servicing the main policy-making Committees of the Federation as well as in general secretarial duties. The post might be of interest to a barrister who is considering opportunities outside the Bar—although it does not itself involve legal duties—or to a University graduate with a good degree and some subsequent industrial or administrative experience. The salary will be commensurate with the experience of the successful applicant. Applications should be addressed to The Secretary, British Iron and Steel Federation, Steel House, Tothill Street, S.W.1, to arrive on or before April 22, 1960.

For other appointments see pages 200 and 209

THE GLACIER METAL CO., LTD.

OPERATIONS RESEARCH

There is a vacancy in the Operations Research Department of the Glacier Metal Co. Ltd., for a young man experienced in, or wishing to acquire experience in, operations research. The major projects undertaken by the Department at present are in the field of pricing, costing and general financial control techniques. Many other projects are undertaken from time to time in both technical and administrative fields. The kind of person most suitable for the position would be an applied scientist, an economist, or an accountant. Starting salary in the range £950-£1,300 per annum. Age range 23-30.

Apply
PERSONNEL MANAGER (REF. 2762),
THE GLACIER METAL CO. LTD.,
EALING ROAD, ALPERTON, WEMBLEY, MIDDLESEX.

EAST MIDLANDS GAS BOARD

ASSISTANT STATISTICIAN

A vacancy occurs in the Commercial Manager's Department of the Board at their Headquarters in Leicester for an Assistant Statistician. The post is open to graduates in economics or persons with statistical qualifications. Preference will be given to those who have knowledge or experience of market research.

The commencing salary will be within Grades A.P.T. 6 (£664-£927) of the National Salary Scales according to qualifications and experience.

The position is pensionable and the successful candidate will be required to pass a medical examination.

Applications stating age, experience, qualifications, present appointment and salary, together with the names of two referees, should be sent to the Secretary of the Board, Beverley House, University-road, Leicester, not later than two weeks from the appearance of this announcement.

THE AUSTRALIAN NATIONAL UNIVERSITY

CANBERRA

Research Scholarships

Applications are invited from post-graduate students with capacity for research for scholarships in Anthropology and Sociology (including Oceanic Linguistics), Demography, Economics (including Economic History and Economic Statistics), Geography (most branches, but not at present with any emphasis on soil geography and climatology), Modern History (particularly in the fields of Australia and the British Commonwealth), Far Eastern History (China and Japan)*, Pacific History, International Relations, Law, Political Science (including Public Administration), Philosophy, Political and Social Philosophy and Statistics (including Mathematical Statistics).

The scholarships are tenable for an initial period of two years and may be extended for a third year. Scholars are expected to enrol for a Ph.D. degree.

The present value of a scholarship is £A925 per annum. Married scholars with dependent children may be granted an additional allowance of £A265 per annum in respect of the first child and a further £A80 per annum for each other child.

A grant will be made towards a scholar's fares to and from Canberra at the commencement and expiration of scholarship.

Application forms and further information may be obtained from the undersigned**, to whom applications should be submitted, or from the Secretary, the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. The University regularly considers applications in June and November, but special consideration will be given to applications at other times. Scholarships may be taken up at any time after award, including vacation periods.

**R. A. HOHNEN,
Registrar

Box 4, G.P.O.,
CANBERRA, A.C.T.

* A substantial knowledge of the relevant language is prerequisite.

LLOYD'S REGISTER OF SHIPPING

requires a

GRADUATE STATISTICIAN ECONOMIST

capable of investigating problems and producing data relevant to World Shipping, Ship Building and related subjects.

This appointment offers ample scope to the right man in the 35 age group and will attract salary commensurate with qualifications and experience.

Applications marked "Confidential," stating age, qualifications, present position and salary to The Secretary, Lloyd's Register of Shipping, 71 Fenchurch Street, E.C.3.

GOVERNMENT OF NORTHERN IRELAND

CHIEF AGRICULTURAL ECONOMIST

Applications invited for pensionable post in Ministry of Agriculture. Qualifications: degree in Economics or Agriculture and extensive experience of work in Agricultural Economics. Successful candidate may be required to undertake lecturing duties in Agricultural Faculty of Queen's University, Belfast. Salary scale: £1,400 — £2,070. A candidate with special qualifications, training or experience may enter above minimum. Preference for ex-Servicemen. Application forms, obtainable from Secretary, Civil Service Commission, Stormont, Belfast, 4, must be returned, together with copies of three recent testimonials, by April 26, 1960.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT

DIRECTING GRADE ARCHITECT

There is a vacancy for a Directing Grade Architect who on appointment will be responsible to the Chief Architect for the organisation and supervision of the professional side of a newly created Development Group. The work of this Group, which will form part of the Ministry's architectural advisory service, will include research into the design, construction and costs of housing and of other types of local government buildings. It will be concerned in the preparation of advisory bulletins and studies as well as the carrying out of selected development projects in the housing field. The post carries a salary (men, London) of £3,000 per annum.

Candidates must be registered architects and hold professional qualifications in architecture. They should have had wide building and contract experience, including experience of new constructional techniques, combined with design ability of a high order.

Application forms may be obtained from the Secretary, Civil Service Commission, 17 North Audley Street, London, W.1 (quoting S 5124 [illegible]) and should be returned to him by April 26, 1960.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

Applications are invited for the post of Lecturer or Assistant Lecturer in Social Science. Further particulars may be obtained from the Registrar, University College, Cathays Park, Cardiff, to whom six copies of application should be sent not later than May 13, 1960.

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OTTOMAN BANK

INCORPORATED IN TURKEY WITH LIMITED LIABILITY

NOTICE is hereby given that in accordance with Article 2[illegible] of the Statutes, the ANNUAL GENERAL MEETING of Shareholders will be held on Wednesday the 27th April, 1960, at Winchester House, Old Broad Street, London, E.C.2, at 12.30 p.m., to receive a Report from the Committee with accounts for the year ending 31st December, 1959, to approve Dividend, and to elect Members of the General Committee. By the 27th Article of the Statutes the General Meeting is composed of Shareholders possessing at least [illegible] shares. [illegible] to be entitled to form part of the Meeting must deposit their shares at the chief office of the Company, [illegible] Istanbul, or at any of the several branches or agencies abroad (in London at 18-22 Abchurch Lane, E.C.4), [illegible] Members, [illegible] days at least before the day fixed for the Meeting.

J. VASSALL ADAMS
Secretary to the Committee.

5th April, 1960.

WOOLWICH POLYTECHNIC, LONDON, S.E.18

Applications invited from Honours Graduates for the following posts:—

Lecturers in

(i) Economic Statistics to Final Degree standard, and
(ii) Government subjects to Final Degree standard.

Assistant Grade B in

(i) Accounting and allied subjects to Final Professional standard, and
(ii) Geography to Final Degree standard and Economics to G.C.E. A.L. and
(iii) Economics (Theoretical and Applied) to Final Degree standard.

Preference will be given to candidates who have had teaching and/or research experience.

Salary:—Lecturer £1,370 — £1,550, plus London Allowance £38 — £51. Grade B within £965 — £1,420 according to qualifications and experience.

Particulars and application form from Clerk to Governors, to be returned by April 27, 1960.

ESSEX

MID-ESSEX TECHNICAL COLLEGE
MARKET ROAD, CHELMSFORD.

DEPARTMENT OF COMMERCE AND MANAGEMENT

Required from September, 1960, ASSISTANT GRADE B—For ECONOMICS and FRENCH. Applicants should have a degree in Economics, which is the major requirement, and preference will be given to candidates who can assist with the teaching of French to G.C.E. "O" Level.

Salary in accordance with the Burnham Further Education Report, 1959.

Details and forms (stamped addressed foolscap envelope) from the Clerk to the Governors.

For other appointments see pages 200 and 209

ORGANISATION and Methods. British Nylon Spinners Ltd., have two important vacancies in their O & M organisation. (a) A Senior Investigator is required to take charge of the O & M Section at the Company's Doncaster factory after suitable preliminary training at the Head Office near Pontypool. Candidates, aged 26-40, must have at least two years' experience of investigational work, preferably in industry, and previous supervisory experience would be an advantage. (b) A Data Processing specialist is required for the Punched Card Section which is located at the Head Office. Applicants must have previous experience of this type of work with equipment at least as advanced as electronic calculators, preferably of IBM Manufacture. These posts offer attractive salaries and excellent prospects in an expanding organisation and married men will be given substantial assistance in re-housing their families. Please write to the Personnel Manager at Pontypool, Mon., quoting reference O 27.

LONDON COUNTY COUNCIL

BALHAM AND TOOTING COLLEGE OF COMMERCE, TOOTING BROADWAY, S.W.17.

As soon as possible: Lecturer in Trade and International [illegible] should hold University or professional qualifications, [illegible] with related industrial and educational experience. College provides full and part-time day and evening courses for professional, University entrance and similar examinations, also courses in business, trade and [illegible] studies. Consultancy, research, and work [illegible] by staff encouraged. Salary scale £1,370 [illegible] plus London allowance £38 or £51. Possible entry above minimum if justified by experience and [illegible]. Application forms from Secretary at College to be returned by April 20th.

AUSTRALIAN NATIONAL UNIVERSITY

RESEARCH SCHOOL OF SOCIAL SCIENCES

Applications are invited for appointment to a RESEARCH FELLOWSHIP, in the DEPARTMENT OF POLITICAL SCIENCE.

The Department conducts or contemplates research into [illegible] parties and party systems, Parliamentary [illegible], the relationship between social groups and the State, comparative politics, political communications and [illegible].

The salary will be within the range £A1,[illegible] per annum. Appointment will be for three years, with a possible extension to a maximum of five years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid and assistance with housing is provided.

Further details should be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on MAY 25, 1960.

TRAVEL

HOLIDAY

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METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

SECRETARIAL TRAINING, especially for university graduates and older students, six-month and intensive 14-week courses. Write Organising Secretary, Davies's, 2a Holland Park Avenue, W.11. PARk 4[illegible].

B.SC.(ECON.) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or [illegible] government or municipal posts. Prospectus giving details of U.C.C. Courses for other London Degrees, G.C.E., Law Exams, etc., from Registrar, 60 Burlington House, Cambridge.

WOOLWICH POLYTECHNIC

PRINCIPAL; Harold Heywood, D.Sc.Eng.(Lond.), Ph.D., A.C.G.I., Wh.Sch., M.I.Mech.E., M.I.Chem.E.

DEPARTMENT OF COMMERCE AND MANAGEMENT STUDIES

FULL-TIME B.Sc.(Econ.) DEGREE COURSE

A *three year* full-time Course for the London University External B.Sc.(Econ.) Degree will commence in September, 1960.

Students who are eligible for admission to this course under University Regulations or who may qualify at the Summer G.C.E.—Advanced Level Examinations should *write NOW* for application form and further details to:—

THE SECRETARY,
Woolwich Polytechnic, London, S.E.18.

N.B. Students who require to complete University Entrance requirements may apply for a *four-year* Course to include a preliminary year in the Department's *University Entrance Course* which provides tuition for the G.C.E.—Advanced Level Examinations in:—

British Constitution	*Economic History*	*English Literature*	*History, Political,*
Economics	*Geography*	*French*	*Latin*

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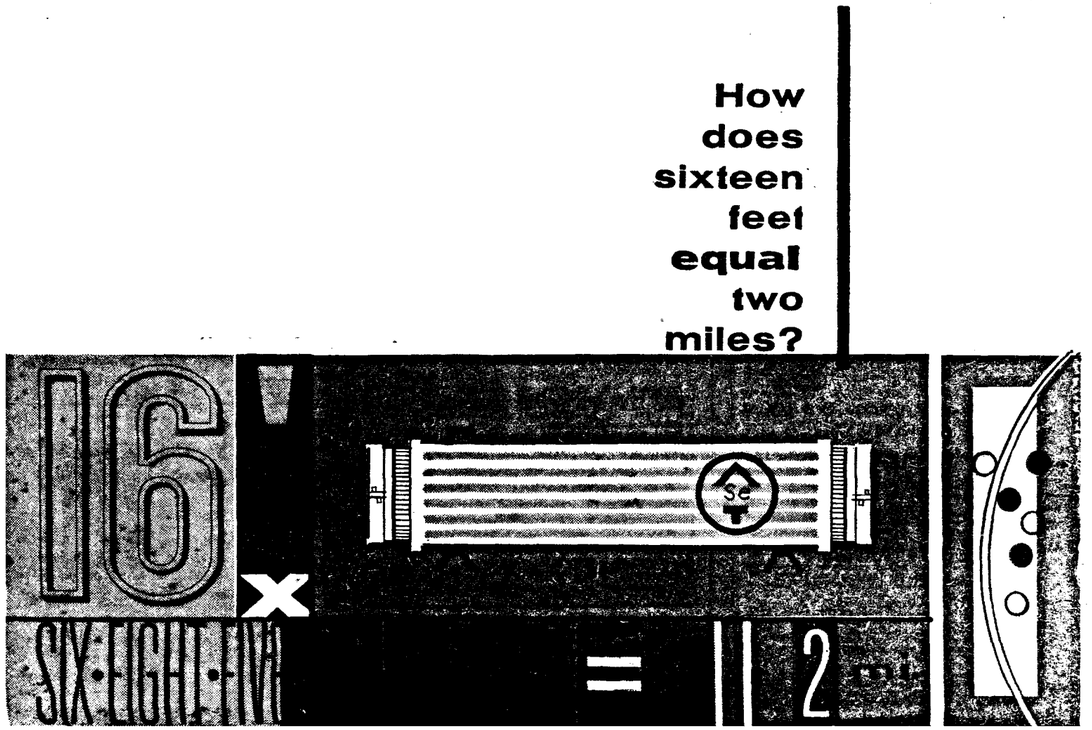

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The Economist

APRIL 16, 1960

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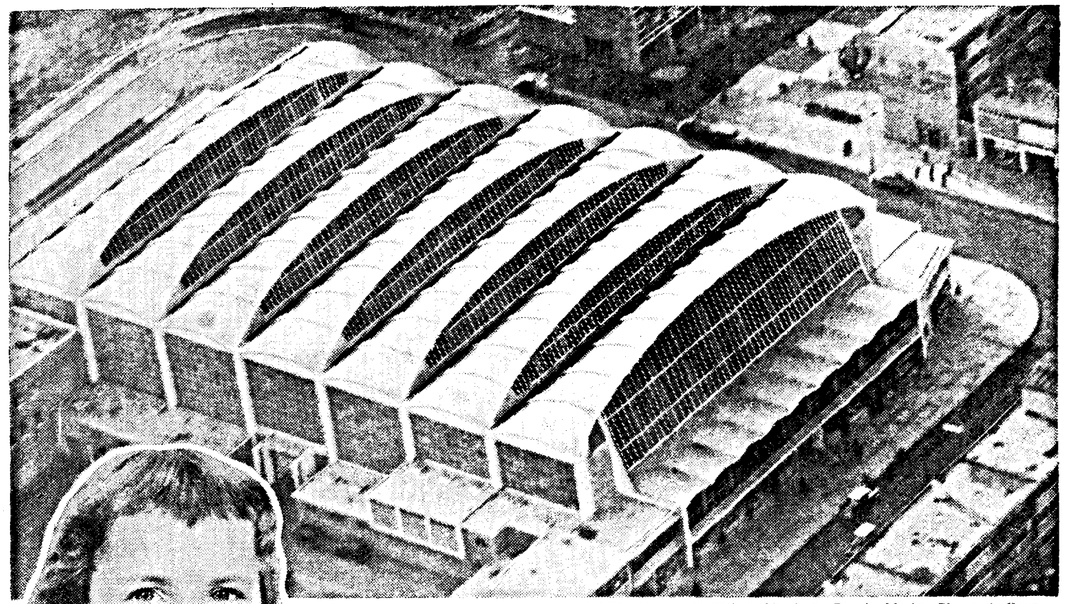

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"Somebody calls a copper I expect."

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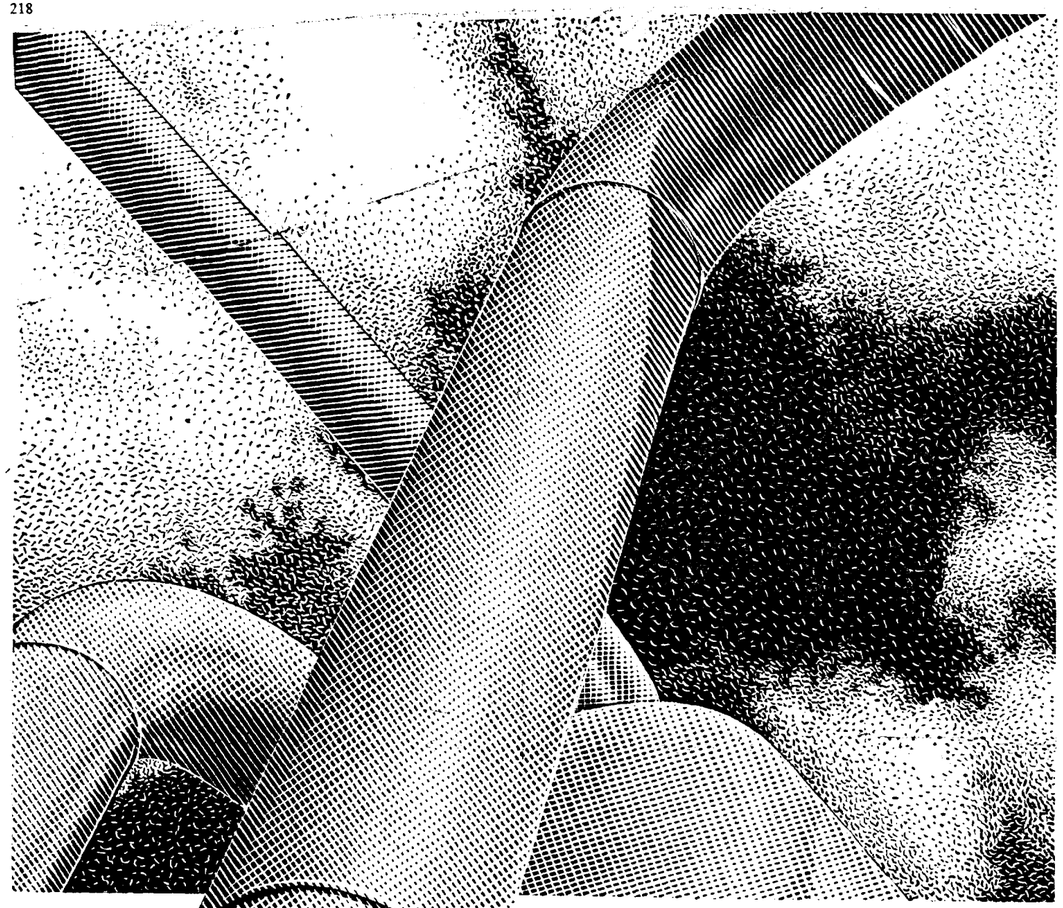

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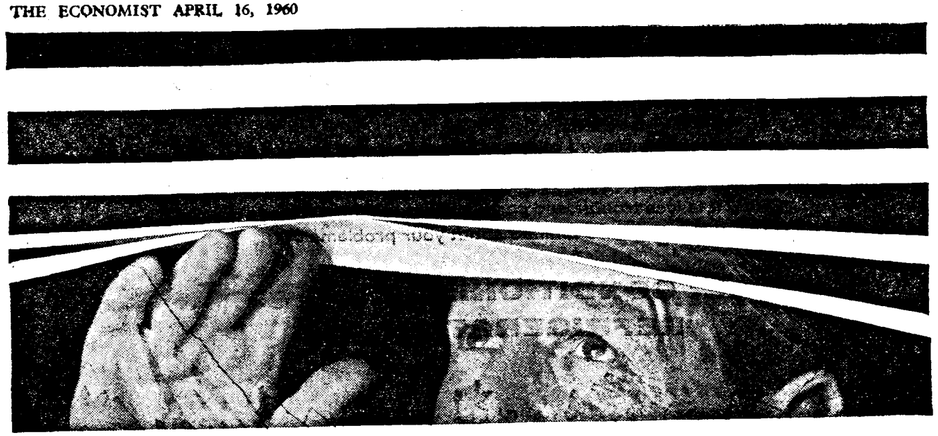

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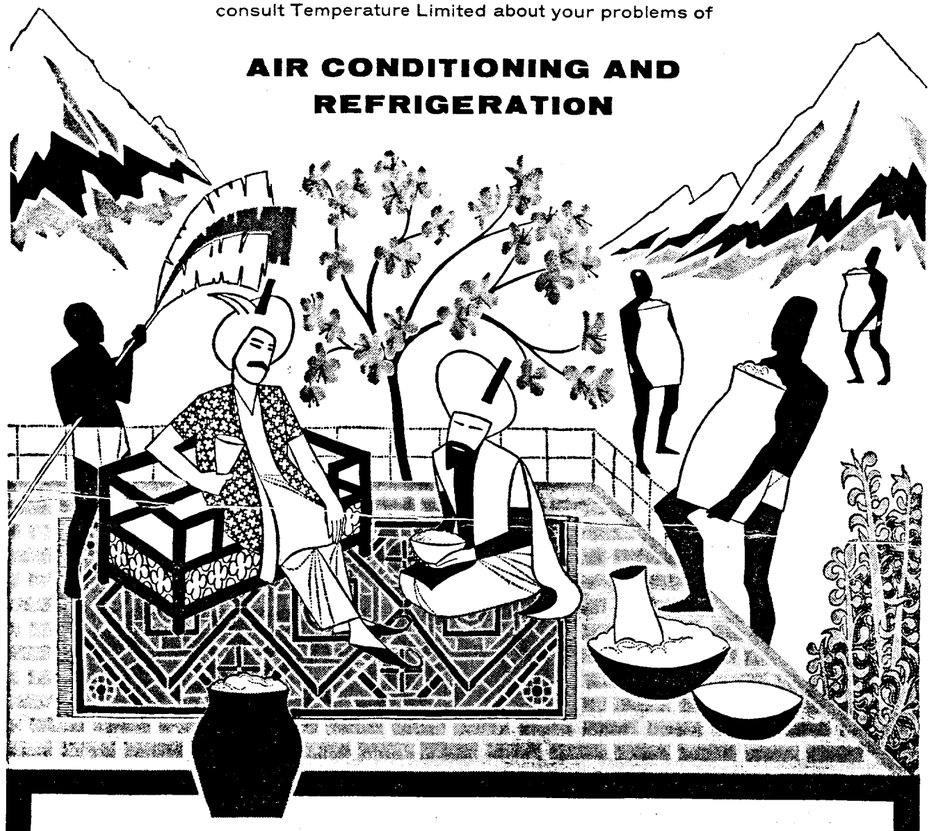

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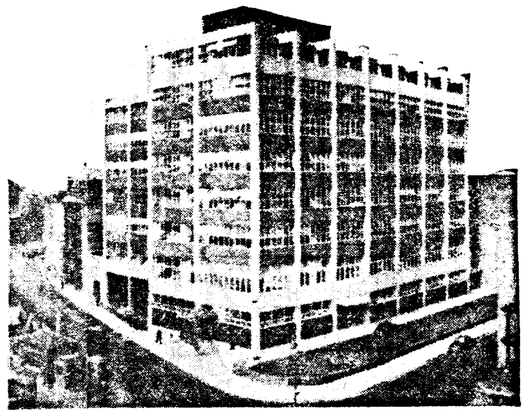

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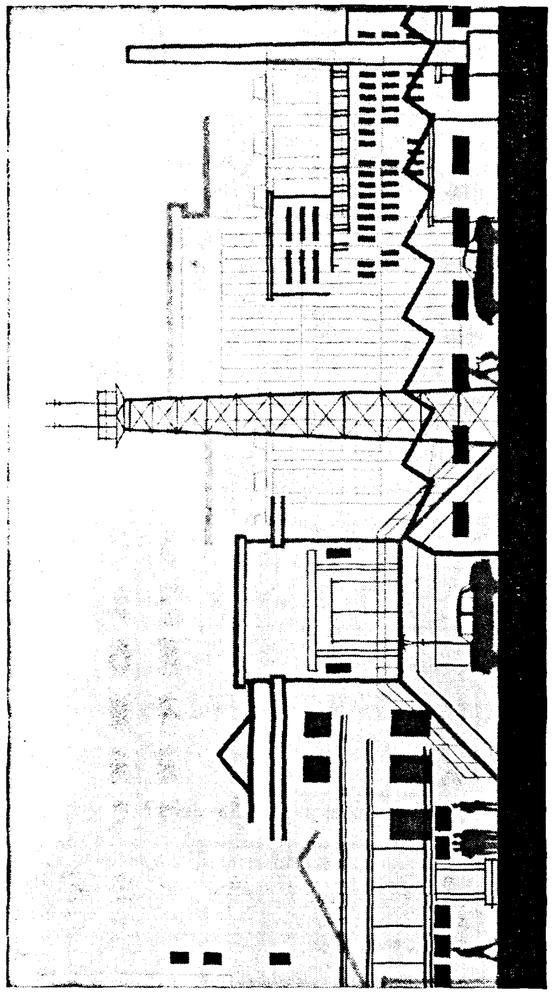

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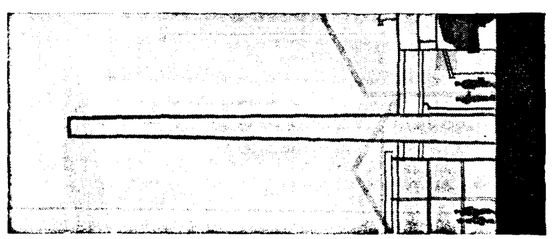

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APRIL 16, 1960

Commonwealth in Convoy 223
Macmillan Pink 225
Middle Eastern Targets 226
Buried Treasurers 228

NOTES OF THE WEEK 229
Wage Claims; Nyasaland; Italy; South Africa; Parliamentary Control; Ombudsman; Germany; Angola; Germany and Guinea; Relief of Poverty; France; Disarmament; Cattle Breeding; Iraq; Sierra Leone.

BOOKS
Evolving Man 241

AMERICAN SURVEY
A Catholic in the White House? 247
On Record for Negro Rights; False Spring in Detroit?; All Set on the Set: Freedom for Nixon; Floods Forever; Madison Avenue Looks at Britain.

THE WORLD OVERSEAS
The Unquiet Congo 256
Byzantine Tactics in Cyprus; Turkey's Electoral Temptations; Mao Heeds Moscow; A South African's Anguish; Indonesian Prospects—I: Learning the Hard Way.

THE BUSINESS WORLD
Plain or Filter? 265
Restrictions Off the Register 267

BUSINESS NOTES 271
In the Markets; Growth Versus Income; Research and Development; Steel; Building Societies; Bullion Market; Used Cars at Easter; Investment Reappraisal; Formula One in the Ditch; The Press; World Finance; Motor Vehicle Production, 1950-1959; Motors; Measuring Efficiency; Smokeless Fuels; Shorter Notes.

COMPANY AFFAIRS 287
Bowater Paper; BICC; Rio Tinto; Thomson Newspapers; British Motor and Pressed Steel; Simon-Carves and Henry Simon; Timothy Whites and Taylors; Hudson's Bay; Alfred Herbert; American Metal Climax; David Brown.

London and New York Stocks 289
Money and Exchanges 290
Manpower and Output 291

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Commonwealth in Convoy

SOUTH AFRICA looms darkly over the conference of Commonwealth heads of government that is due to open in London in two weeks' time. Already it seems ironic to recall how much perturbation has been caused in the past by the Nationalist government's declared intention of proclaiming the Union a republic ; if it were now to withdraw from the Commonwealth altogether, the economic consequences might well be gladly accepted for the sake of the political relief that Britain and other member nations would obtain. One does not necessarily expect just yet to see estate agents' advertisements for the sale of an imposing, but rather inconveniently exposed, building in Trafalgar Square (" Suitable for Embassy," as they say in the trade). But it is certainly high time for a searching look at the prospects for South Africa's continued membership.

Commonwealth ties, in general, do not snap, because they are never tight. No strictly formulated rules of conduct hamper the member nations: which is why they stay on in this comfortably easy-going club. The South African government's supporters make a quite proper point when they complain that it is being accused of violating a book of rules which has never been written—and which many of the accusers would not have accepted if it had been written. They may also contend, though with less logic, that condemnation of the Union's policies amounts to a kind of disloyalty to the Commonwealth. But the answer to both these points is that the member nations as a whole must be more concerned with the interests of the Commonwealth as a whole than with those of any one member—even, let it be added, if the one member concerned in any particular episode were to be Britain.

During the Suez conflict in 1956, scandalised British Tories could be heard plaintively asking: " What's the good of having a Commonwealth if it doesn't back you up?" They were a good thirty years behind the times in their information about the most fascinating of all the world's international institutions. It was the Imperial Conference of 1926 that approved the " Balfour formula," which declared the nations " freely associated as members of the British Commonwealth " to be " equal in status, in no way subordinate one to the other in any aspect of their domestic or external affairs "; and this declaration merely spelt out in trenchant words a state of things that had been a reality since the end of the first world war.

It is not difficult to understand why outdated conceptions of the Commonwealth persist. For the most part, the system has evolved so gradually, with so few moments of high drama, that the evolution has not fully sunk into the public mind. This has in fact been of immense psychological value. It has shielded the British from the bruising shocks of disimperialism ; it has enabled the emergent nations, from Canada to Malaya, to get the benefits of association without feeling humiliated. But it has meant that change has crept up on people.

Certainly, few of the seven hundred million inhabitants of the Commonwealth appreciate the riotous diversity of its constitutional forms. Some wild genius for inventive improvisation has, in this field, overpowered the more familiar British habit of cautious adherence to precedent. The family of ten sovereign sister nations that acknowledges Queen Elizabeth II to be its Head includes not merely two republics, and three states contemplating republicanism (one of which has rather civilly allowed the timetable for its intended break with the monarchy to

be partly determined by the recent royal birth). It also includes the twentieth century's nearest approach to the Holy Roman Empire—the elective monarchy of Malaya, an institution of which we have just been reminded, in sad circumstances, by the untimely death of its first King. And the other member nations have rubbed along tolerably well for a year and a half now with a military regime, in Pakistan, whose treatment of dissenting politicians has been a good deal firmer than anything Dr Nkrumah has yet done in Ghana; and whose president, by deciding to attend the London talks in person, has finished off the established description of these gatherings as conferences of the Commonwealth prime ministers, and set some nice new problems for the protocol experts who have to deal with visiting heads of state.

Just outside the circle of the present Commonwealth Ten, things get even more fantastical. Seniority in fantasy goes to the Irish Republic, which since 1949 has enjoyed the distinction of being formally outside the Commonwealth without being treated as a foreign country. In the Federation of the West Indies, while some politicians make much of the hardy legend that only a stubborn Whitehall blocks their road to sovereignty, the real obstacle is the islanders' inability to agree on such matters as a common postal system, let alone a definitive constitution. Tireless inventiveness, once again defying all precedent, has devised for Singapore a status of semi-levitation which can best be described as that of an independent dependency.

ONE can sympathise with those who feel that the whole thing is going too far, and who view with alarm the possibility of the appearance at future London conferences of an archiepiscopal president of Cyprus and an Italian-speaking president of a united Somali republic. Even if these portents can be averted, the prospect still looms of the arrival at the conference table of prime ministers (or presidents) not only from Nigeria and the West Indies but also from Tanganyika, Sierra Leone and other African entities, from Western Samoa, Fiji, Mauritius, Guiana and, in the fullness of time, enough other far-flung sisters to leave little elbow room either at the Buckingham Palace dinner table or even in the United Nations assembly hall.

Of course, Commonwealth membership may not really be fated to grow in such swift geometrical progression. Marriages may yet be arranged between small new states, particularly in Africa, where common sense also dictates some reunions between territories that have landed up on opposite sides of the Anglo-French language barrier. (Canadian advice might be useful here.) But this glance at the far horizon is not irrelevant to the problems of the immediate present. The course to be charted at the May conference must depend on where the sister nations want to land up towards the end of the twentieth century, not on nostalgic memories of doldrum days that are gone; and today the winds of change are bellying out their sails.

The Commonwealth premiers will meet with their minds preoccupied not only by the present turbulence in southern Africa but also by the imminent independence of tropical Africa's greatest state, the Federation of Nigeria. The final transfer of sovereignty to this realm of 35 million people will halve, at one blow, the population of the whole dependent empire. The emergence of a new nation equal in resources and population to all the oversea states of the French community together must powerfully affect the gravitational pattern in Africa. It will also carry the Commonwealth past yet another milestone, for after October a majority of the eleven sovereign members will be Asian or African.

This is the way the winds are blowing, and the sailing sisters must shape course accordingly. The question is not whether another course is possible, but whether the convoy can hold together on the one that the winds indicate. It has long been clear that the most important role of the Commonwealth in the world of today is to provide the kind of easy, equal relationship between western, Asian and African nations that they all need, but which is so hard to come by. The whole world has an interest in the maintenance and development of these links. Their strength has been painfully tested by such past events as the Suez conflict, the Kashmir dispute, the divergence between the allied and the uncommitted. Now, in Africa, the cohesion of the Commonwealth faces what may prove the most severe test of all.

NO less than seven of the Commonwealth Ten were involved in the UN Security Council's debate on South Africa: the Union itself; Britain, as a permanent Council member; Ceylon, as a temporary one; India and Ghana, which the Council admitted to its debate; Pakistan and Malaya, which were among the nations that called for the special session. As the grim news from South Africa has poured in, there has been talk among Indians and others of a choice between getting the Union expelled from the Commonwealth and withdrawing themselves. The latter part of this is not to be taken too seriously, except as evidence of the intensity of feeling. The Asian and African nations are too clearly aware of the mutual benefits of the family relationship to have any desire to break it up, especially at a moment when Britain's own policy in Africa is being vigorously transformed in a direction that gives them great satisfaction. But the question whether South African membership of the club is any longer to be reconciled with the common purpose of the other members is more serious. Unmistakably the feeling is spreading that even diversity must have its limits.

True, there is absolutely no precedent for a request to a member to leave. But, as has been noted above, the Commonwealth has in practice been the one sphere in which British addiction to precedent has been joyously cast aside. Again, expulsion, like admission, might be assumed to require unanimity among all the other members of the club; and, unanimous as the members may be in their abhorrence of the sjambok state, there are obviously wide differences in the degree of the embarrassment they feel about any move to drive out the offender. But that is not a divergence that can be taken for granted for much longer. Unless there is a dramatic reversal of the present policies of the South African government, it seems only a question of time before the requisite unanimity on this point will be reached. The sailing sisterhood is not one of those convoys whose speed is dictated by that of the slowest. Far less is it able to keep company with a wayward vessel whose engines seem to have got jammed at full speed astern.

Macmillan Pink

The political colour of this strengthened Conservative Government is now becoming apparent, not least to some of its own backbenchers

THE budget and the beginning of the Easter recess mark the end of the first lap of this Conservative Government with a hundred majority, and provide an occasion for first reflections about where it seems to want to go. The direction that Mr Macmillan has chosen is neither of those that most people talked about last October. At that time there was wide debate whether the Tories would "veer right" or "be liberal." In the event a strengthened Mr Macmillan has proved to be neither a conservative Conservative nor a liberal Conservative, but what some of his own faithful now blasphemously call a socialist Conservative instead.

The term requires some explanation. Mr Macmillan is no more a socialist in the strict sense than . . . one almost said than Mr Gaitskell is. The new Macmillanism, as it has emerged in these last five months, is a perfectly logical policy for historically-minded Conservatives to take up. A conservative is somebody who accepts present society and seeks to fit in with the forces that rule or sway it A liberal or radical is somebody who seeks always to probe to the roots of present society and to propound experiments whenever he thinks that these might do good. A socialist is now somebody who is fighting bitter mock battles to change a society that is past. It was natural that the first and third of these philosophies should look—and be—rather similar once Conservatives were no longer influenced by atavism but by the pragmatism which Mr Macmillan represents.

The old sort of traditional Conservative, who represented mainly the squire and the vicar and village worthies who knew their place, was killed in the 1945 flood. The waters are now rising even over the next generation of traditionalists: over the still sizeable but increasingly impotent block of Tory MPs who feel that the forces which ought to matter in society are small and protectionist businessmen with their livelihoods to make, the widow who inherited War Loan and has misguidedly held on to it, gentlefolk who have refused to nationalise their doctor but would still like to get free drugs, the Suez buglers, the imperial ideal, "our own folk" in Southern Rhodesia, and (on sufferance) the antimacassar section of the working class. Your more modern Conservative, the sort whom the Prime Minister favours, is on the side of the big battalions; a Macmillanite is one who believes that the forces which do matter in society are large and dynamic businessmen and salesmen who want their production to expand, trade unions, Gallup polls, Africa's teeming blacks (not its handful of whites), bureaucrats and committeemen and royal commission members with large spending plans, working people who are opposed to "profits" as an emotional concept but not as a practical fact, the ITV's audience rather than the BBC's, and national insurance pensioners rather than retired gentlefolk.

By thrusting his Government further forward to recognise these forces of today, pinching his opponents' clothes and jarring some of his own backbenchers' instincts in the process, Mr Macmillan can claim to be continuing the steady modernisation of the Conservative party; but he cannot claim to be moving it to the liberal left, for his object is to accept the society which these forces shape, not to probe or change it. In some fields of policy the new trend of Toryism is leading the Government in the direction that thoughtful liberals would wish: as in Africa. In some fields, the new trend is one that few thoughtful persons should approve: as in the spendthrift attitude to some public expenditure, and in the budget decision to compensate for this by imposing a popular tax on businessmen's profits instead of an unpopular squeeze on their markets. Sometimes the effect of Macmillanism is to repeat in a new setting the old conservatism's failing, that of failing to see that there are some establishment forces towards which the public's attitude is changing much faster than ministers think: as in the case of Mr Heath's policy of avoiding any annoyance to the trade unions. One of the most significant incidents of the past five months was when a group of Conservative backbenchers put down a motion proposing certain changes in trade union law, some of them admittedly reactionary changes but others designed to propound the sort of Company Act for trade unions which all liberals should support; immediately, other Conservative backbenchers were alerted by the Government to amend the motion to read that all these matters should be discussed between employers and trade union leaders instead. One's apprehension is that this desire to avoid any really controversial measures, to refrain from rocking any awkward boat, may now hold up Mr Butler's intended drive towards social (and especially penal) reforms as well.

BUT Macmillanism's most enervating effect is on party politics, both in the country and the House. Poor Mr Gaitskell is in a sad way for battle issues, because the Prime Minister has been depriving him of all his catchphrases. This is exactly what the Prime Minister has wanted to happen. What is the long-term effect of this no-party system likely to be? Some people assume that it provides a fine recipe for perpetual Conservative Government and an unhappy recipe for perpetually ineffective opposition. In fact, for two reasons, it is exceedingly unlikely to do so.

The first reason is that opposition of some sort is a popular pastime, as well as an inherent necessity, in a mass democracy. If the official Opposition does not provide it, somebody else will. There are three sources from which opposition to Macmillanism can come—from the more old-fashioned conservatives, from the liberals (with a small or big L), and from the Gaitskellites when they recover their feet. One excludes the Labour left wing from this list of contestants, because their actions are no longer relevant to the mood of the mass electorate, only to the process of internal maladjustment within the unhappy Labour party itself.

So long as Macmillanism remains in the ascendant, the three sorts of opposition that have emerged to it in the last few months will presumably continue, and on occasions oddly overlap. Liberals should find themselves allied to the right

wing Tory rebels on matters concerning general government expenditure and the trade unions. Labour will (or should) be allied to liberals on various questions of Home Office reform. The Tory right is likely to line up with Labour in calls for protectionism for various vested interests. Instances of odd alliances of this kind are likely to get great publicity in the press, with excited talk of party splits. Sometimes, where the criticism pricks particular ministerial consciences, they may have some marginal influence on policy; it is probable that the recent "revolt" against high expenditure will have some effect on next year's estimates, perhaps especially in the unpopular field of defence. But in the broad direction of policy there is no reason why pressure from any of these sources should change Cabinet attitudes by one jot—so long as the Government's popularity with more than half of the electorate persists.

But the second force that should save or shift us from permanent and unopposed Macmillanism is that it is highly unlikely that the popularity of the Government will persist. Some time every government runs into a bad patch, either through its own failings (this Government's Achilles heel may be its insufficient deterrence of inflation) or more often through sheer bad luck. When the swing of opinion sets in against this Government, a most interesting moment in British political history will have arrived. The first queston then will be which opposition—Labour, Liberal or even right wing Independent—catches the swing on the rebound. By all the odds of possession, which is nine points of our political law, Mr Gaitskell's Labour party ought to do so, but it has already shown itself almost unprecedentedly adept at muffing its chance. Scarcely less interesting, if present fissions widen, would be the effect of any temporary breeze of unpopularity on the hierarchy of the Conservative party itself.

For the duration of the fair weather season, however, the course of Macmillanism seems to be set. The last few months provide a useful guide to anybody who seeks to gauge what the Government's reaction will be to any problem that arises. Whatever is both expedient and popular with the mass electorate will be done; whatever is inexpedient and disruptive will not be done; the influences to watch are not the mutterings of Conservative backbenchers or Tory colonels in the constituency parties, but a master empiricist's judgment of what will seem most fair-minded and least controversial to the man on the Clapham omnibus.

Middle Eastern Targets

Will the Middle East come up for discussion at the summit? If the four powers could decide on a common policy of self-restraint, they would not have done badly

THE Middle East was the bad fairy of the 1955 summit. Passed over in the discussions then, it soon proved its powers to wreck the infant hopes that were nurtured there; before the year was out, the Soviet arms deal with Egypt signalised the opening of a new and dangerous phase in Middle Eastern affairs. By that stroke the Russians asserted their claim to become once more a power in the Middle East and now, five years later, the claim can no longer possibly be ignored. No new summit conference or chain of conferences can get far in making the world a safer place unless it tries sooner or later to establish some form of accord about a turbulent area that regularly sets the great powers by the ears.

High hopes are unrealistic. The throes of Arab nationalism and the nervy tension of the Arab-Israeli conflict, together the causes of turbulence, cannot effectively be quietened at the summit. At this stage there is no question of the major powers "settling" the Middle East in the sense of trying to solve its problems. All they can hope to do at an early summit is to settle some of their own attitudes in the face of the continuing unsettlement inside the region; thus they might, at the least, get some insight into each other's probable reactions when the next crisis comes along. If they cannot pacify the area, they can take steps to ensure that they neither aggravate its bellicose fevers, nor become infected by them themselves.

Mr Eisenhower and Mr Khrushchev have a common starting point in their mutual desire to avoid war. The Iraqi revolution in 1958, which could have caused a head-on collision between the powers, showed, when the sparks died down, the glimmerings of second thoughts and self-restraint. The Americans and British had hardly landed their troops in Lebanon and Jordan before they began asking themselves how they could get them away again; while, for their part, the Russians quickly converted their exclamations of horror and disgust at the Anglo-Saxon intervention into a reasonably pitched proposal for a conference. Here were the undertones of a common interest that the summit could, perhaps, affirm.

The classic approach would be to divide a contentious area into spheres of influence. But in present circumstances such an idea is a non-starter. It runs against the diplomatic current, makes no modern military sense, and pays no heed to the Arab unitary movement. This being so, the powers, to get anywhere at all, will have to think about the alternative course (perhaps less attractive) of setting limits, and visible limits at that, to their own freedom of action in the face of local rebuffs. Sooner or later there are bound again to be developments that either Russia or the West will think unfortunate. The question is, are they willing at this stage to limit their field of manœuvre by a tacit agreement not to intervene with force? For there are only two practicable alternatives: either Russia and the West both agree to eschew the show of force if things go wrong, or both sides, recognising the risk involved, reserve the right to use powerful means of persuasion or dissuasion. In short, either the Anglo-Americans and the Russians agree to tie their hands in advance or they risk getting their fingers, and more, painfully burnt.

Any acceptance of political and strategic limits would mean a much tougher sacrifice for the West than for the Soviet Union. The Russians would probably only be called upon to postpone opportunities, while the Anglo-Saxons might find tangible advantages and existing alliances crumbling. The fact that Moscow was content for nearly ten years after the war to leave the area substantially alone suggests that none

of its interests is so vital as to be unnegotiable. Historically Russia has set its sights on effective control of the eastern Mediterranean and the head of the Persian Gulf, aims that may be presumed never to have died. But the Russians of the present day, since their return to the Middle East in 1955, have given priority to preventing local states from joining the pro-western group and to purging the area of American and British military power.

There is no basis for supposing that these efforts to dislodge the West will be called off because of any summit talks; all that can be reasonably hoped is that they are not pursued into their more dangerous depths. In other words, in the post-summit calm, Moscow will go on tickling for trout, but it may think twice before lashing the stream for salmon. By dint of identifying themselves emotionally and financially with the prevailing mood of anti-western Arab nationalism, the Russians have won fairly deep footholds in the United Arab Republic and Iraq. Naturally they would be bitterly reluctant to abandon these positions, but the wrench of losing them would be less painful than the wrench of losing its particular position in, say, Persia or Saudi Arabia would be to the United States. Russia has no alliance with any Middle Eastern country; the West will go to the summit fresh from a Nato ministerial meeting in Istanbul on May 2nd, and at the end of April the foreign ministers of the Central Treaty Organisation are meeting in Teheran.

Because they are more deeply entrenched, the British and Americans are bound to be on the defensive in any summit horse-trading over Middle Eastern positions. Their interests are less disputable and far less disguised. Britain is still heavily dependent on Middle East oil, although the sequel to 1956 showed that this dependence was not such a life-or-death matter as had been supposed. The strategic interests, too, are visible on the surface: the Middle East terrain is an essential part of the western policies of containment, and also provides the United States with an extra dispersal area for its striking force in case of real war. There is no suggestion that the West should abandon any of its trenches—only that it should not risk war by defending them if the surrounding area grows less friendly. The Russians, being less well dug in, and having fewer tangible advantages, can more easily take the initiative of committing themselves to this sort of inaction.

A TACIT agreement to remain militarily inactive in the face of local reverses is a modest ambition. It would not end the area's turmoils, only avoid their spreading. Even so, it may well be too high a target for the British Government, which could find itself the odd man out by insisting on special reservations to protect its interests and commitments in the Persian Gulf territories. Any formula of agreement would almost certainly have to be restricted now to internal upheavals; it is early days in the détente for the great powers to agree on a common stance should the armies of a Middle Eastern state cross the frontiers of a neighbour—although that might have to come.

This leads directly to the question of Israel and the continuing dangers of the undeclared war between it and the Arabs. Moscow has long ago been able to bury the awkwardness of its early recognition of the Jewish state with attacks on the "imperialist stooges" who, on the Soviet thesis, run Israel. This attitude has served the Soviet Union well in its relations with the Arabs, and Mr Khrushchev is likely to be most gingerly in his movements towards any suggestions for cooling the conflict. And, if the United States, Britain and France can find no way of guaranteeing Israel's territorial integrity beyond the really rather discredited tripartite declaration, it would be a lot to expect the Soviet Union—which here has the more to lose—to commit itself more openly.

There is, however, another more limited field for a possible accord. The temperature of the Arab-Israeli dispute is at least partly controlled from outside by the supply of arms. The tripartite declaration stated, somewhat ambiguously, the western intention of ensuring that neither Israel nor the Arab states obtained arms in excess of what they needed for defence; by this principle a rough balance of weapons was maintained until the Soviet Union's re-entry on the scene shot the principle to pieces. Since then the arms race between Israel and the Arabs has bundled along at dangerously high pressure, with Egypt and the Soviet Union setting the pace. If the right mood were created at the summit, it ought not to be altogether impossible for the four powers to decide at least to refrain from heating a cold war into a hot one by giving one side or the other a provocative military advantage.

Whether these discussions get anywhere—or, indeed, whether they take place at all—will depend on the prevailing mood at the summit. If all has gone well elsewhere, the Soviet and American leaders may be prepared to make explicit their resolution not to allow Middle Eastern quarrels to embroil the great powers with each other. But the four statesmen can decide only what not to do. And as the great powers draw in their horns, the field of decision of the Arabs and their neighbours necessarily widens.

The Economist

APRIL 14, 1860

THE CAUSES OF STRIKES

We have before informed our readers that a Committee of the Social Science Association has been for some months vigorously at work on . . . the practical causes and effects of Strikes. . . . But while the Committee have found their inquiry much easier and smoother than they expected with regard to the men,—they have certainly found it much more embarrassed and difficult than they expected with regard to the employers. Here,—with many honourable and praiseworthy exceptions,—secret diplomacy has been perhaps the rule. . . . But the questions at issue between the employers of labour, and the combinations of labour, are questions of principle,—questions as widely canvassed, as eagerly debated, as passionately contested as ever. . . . There is no peace, as yet,—there is only truce between capital and labour in this great country. All true men must wish this uncertain and inconstant calm to be exchanged for a durable and well-founded peace. What better method can be adopted than to forward in any way the inquiries of such a Committee as that to which we have drawn attention? It belongs to neither party. It contains representatives of both parties, and many who belong to neither, and simply desire to attain the truth. It sincerely desires to bring to light the secret of the chronic strife between those whose interests, moral and material, are really identical. And when the inquiries of such a body are stopped with the traditional answer, "Least said soonest mended," one inference, and but one, will be drawn by the public at large. They will say with some justice, that there is most real uneasiness where there is most secrecy. It is because we sincerely believe that Trades Unions may be really taught to accept wider and juster views of the relations between capital and labour by a frank policy, that we urge this policy so warmly. Now is the time to prove that English capitalists sincerely consult the interests of their *employés*, and are anxious for a cordial understanding with them. If the Unionists are met with rebuffs at a time when they are eager to come to frank explanations on the neutral ground of the Social Science Association, an opportunity is lost which may never recur.

Buried Treasurers

The Liberal party has tried to reform its organisation in a way that some people recommended that Labour should do. But it has run into personal problems as a result

In both the Labour and Liberal parties the office of Treasurer, the only departmental head directly elected by the full membership of the annual conferences, could have provided a key to the current efforts to renovate the party structure. In both the chance has been missed. Except for the two years during which the Treasurership was occupied by Mr Gaitskell little attention was paid to its potentialities by the postwar Labour party. For years it was a sentimental resting place for the late Arthur Greenwood; Mr Aneurin Bevan disappointed those who hoped he would exploit it fully; and now, faced with a fight between two vigorous candidates in their prime, Mr Harold Wilson and Mr George Brown, the party looks like ducking out again. Once before, for the sake of a quiet life, Labour drafted its faithful Welsh wheelhorse Mr James Griffiths to the Deputy Leadership; now for the same reason it is planning to draft him as Treasurer.

In the Liberal party the experiment of having an active, practically full time Treasurer—whose proper interest in consolidating the financial relationship between constituencies, regional federations and national headquarters would give him a firm grip on organisation—has ended ingloriously with the resignation, with a public explosion of resentment, of Colonel Patrick Lort-Phillips.

The war of the two Liberal colonels—Frank Byers, Field Marshal Montgomery's staff officer turned mining company director, and Lort-Phillips, the radical regular Guards officer turned gentleman farmer—had long been working up to this flash point. Colonel Byers, who would have been the bright young leader of the postwar Liberal party had he not lost his seat by 97 votes in 1950, accepted the next political meteor to appear during his political eclipse, Mr Jo Grimond, but not the one after that—Colonel Lort-Phillips. Mr Grimond, after all, did get into the House; Colonel Lort-Phillips's suddenly soaring prestige came from a moral victory only, when he came bottom (but not very badly bottom) at the Gloucester by-election in 1957.

Suddenly, after Gloucester, the new Liberal colonel seemed to be doing everything—agricultural expert, official spokesman on foreign affairs at the Torquay Assembly, Treasurer of the party. When he abandoned the rustic fastnesses of Pembrokeshire to take up semi-permanent residence in the Guards' Club, so as to come to the aid of the party, he must have thought himself a Liberal insider. But he found that he was not. Once Torquay was over, Colonel Lort-Phillips's views were no longer sought on foreign affairs, and he was soon replaced as chairman of the committee on agricultural policy by Mr Mark Bonham Carter, who had actually won a rural seat at Torrington in 1958 and needed a policy with which to defend it. Once the serious business of campaigning for the general election began Colonel Byers, who was still the hero of the immediately postwar generation of Liberals, popped up for a politician's holiday out of the Rio Tinto mines and formed a dyarchy with Mr Grimond—the colonel concentrating on the mainland of Britain, the Liberal leader on the islands of Orkney and Shetland.

Since the election the dyarchy has been institutionalised. Mr Grimond carries around Liberal policy in his hat—or he would, if he wore a hat. Colonel Byers runs everything else—except when he is down his mines, when Mr Bonham Carter runs it for him. The Liberal party has in fact brought off two things which some of the leaders of the Labour party thought of doing in the first flush of defeat but failed to bring off. Mr Crossman's notion of making permanent the small *ad hoc* campaign committee (headed by Mr Crossman) was accomplished by Colonel Byers, in whose favour the Liberal National Executive delegated most of its responsibilities. The abortive plots to dispose of the Labour party's "paid public figure," Mr Morgan Phillips, ended with his promotion to greater public prominence while retaining his grip on the organisation; the more ruthless Byers committee dumped Mr Herbert Harris, who had been given a similarly misconceived status. A young man of promise was put in command of the Liberal party staff under the political Byers committee, while the Labour party still faces the task of finding a first-class administrator who will be willing to serve in the new co-ordinating post in Transport House as a subordinate to the bureaucrat-in-chief.

All these are Liberal accomplishments. And Messrs Byers and Bonham Carter can point also with pride to the new Liberal research department, which has been adequately endowed and waits only on the shortly impending choice of a suitable director; and to the Liberals' new full-time local government officer, who has been following up the scattered successes of Liberal candidates in local council elections, running training courses, and stimulating more systematic candidacies. The new and compact Liberal set-up with two members of the five-man Byers committee, Mr Holt and Mr Thorpe, overlapping with the parliamentary party, and with a wieldy "Shadow Cabinet" consisting of these two bodies plus Lady Violet Bonham Carter, Lord Rea and a few other co-opted members and party officials has quickened the party's public reactions to new developments.

But Colonel Lort-Phillips brings against these advantages a twofold indictment. In the first place, he himself has been squeezed out of any effective influence. Secondly, the system is too authoritarian for Liberals. There are, as it happens, some differences on policy between Colonel Lort-Phillips and Mr Grimond. They are related to the Liberals' ambiguous relationship to the nuclear bomb. Mr Grimond has for a long time been advancing a technical case, which has now become fashionable in military circles, for turning the independent British deterrent into a Nato deterrent. Somehow or other this message has been transmuted down the line into a moral gesture against the bomb, indistinguishable in the case of some forty Liberal candidates in the last election from the highly emotional approach of the unilateral disarmers.

Colonel Lort-Phillips's personal position is somewhat different from both, but near to the disarmers. In his pamphlet "The Logic of Defence," which was originally circulated privately as a memorandum for discussion within the Liberal party, he puts the case for small supra-national conventional forces to police local outbreaks of violence. He is against Europe participating in the deterrent either strategically or tactically.

The colonel's disillusionment with the present leadership began when he discovered that there was no way in which his memorandum could be discussed. Rightly or wrongly he has come to the conclusion that, at a time when new recruits are being attracted to the Liberal party as a party of ideas, new thoughts only get anywhere if they happen to interest the Bonham Carters. He resents the way Mr Harris was sacked without any consultation with such elected officers as himself. Having raised extra money for headquarters by selling to the constituency associations his scheme for an annual pledge of £100 a year (with the first £1,000 in a region going to that region's federation) he objects to finding himself without any organising function.

Colonel Lort-Phillips's status has been complicated throughout by the fact that, in line with historic Liberal practice, there were two other titular Treasurers, of whom one was mortally ill and the other of whom, Lord Grantchester, was a relic of the old days when the Treasurer's title was distributed among prominent Liberals who either were rich men themselves or knew rich men well enough to pull in the "old boys'" cheques. On the death of the former the vacancy was filled by Miss Heather Harvey. Despite Colonel Lort-Phillips's seniority, she was chosen by the National Executive to represent the three Treasurers on the Byers committee. Colonel Byers, moreover, is said to be temperamentally disinclined to occupy time in consulting committees, while Colonel Lort-Phillips, as an elected officer, objected to being disciplined as "an unruly backbencher."

The two colonels were at one in setting out to avoid a repetition of the horrible fiasco of the Torquay Assembly, when an elderly and inaudible party president recalled the warning he had addressed to the Government against raiding the Road Fund during the one year in the 'twenties when he had served in Parliament and undertook not to "exacerbate the situation in the Formosa Strait," while the last Liberal Assistant Postmaster General shuffled ceaselessly to and from his all too prominent place on the front of the platform.

Colonel Byers's approach, with the aid of two or three vigorous young men like Mr Thorpe, has been to barnstorm his limper colleagues on the forty-man executive, heavily overloaded as it is with superannuated vice-presidents, into letting him short-circuit the present chain of command. Colonel Lort-Phillips wanted the alteration of the chain itself on democratic lines, so that the younger members of the party who are willing to do something should have policy-making roles. He wanted more officers directly elected to be heads of departments, in place of vice-presidents like Sir Andrew McFadyean, who miraculously clings to the chairmanship of the party's foreign affairs committee despite the overwhelming rejection of his right-wing views at each annual assembly. Above all, Colonel Lort-Phillips has been advocating the election of a policy panel, whose members should organise policy-discussing sub-committees of a revitalised executive.

By deciding to resign now and take his case against his brother officer to the public, Colonel Lort-Phillips has opened himself to the reproach of not having the patience to wait until June 12th, when the Byers committee will expire in any case unless the executive decides to renew the experiment. But the last straw was the evident pleasure he thought he detected at party headquarters at his decision not to accept renomination for election to a Treasurership at this year's Assembly. His next move will be to seek a constituency at a by-election. If he can repeat or improve upon his performance at Gloucester, he is confident of coming to the Assembly with the prestige to challenge the present dispensation.

NOTES OF THE WEEK

WAGE CLAIMS

What Time Lag?

The season of union conferences will open in earnest this Easter weekend, and continue well into July. It looks like being an even more crucial season than usual for the British economy. The pattern of wage advances for 1960 now seems fairly clear. Far in the front come the prospective Guillebaud increases of between 8 and 18 per cent to railwaymen. Other awards have been less inflationary. The engineers, with their two hour reduction on the working week without loss of pay, got an effective increase that can be variously estimated between 4½ and 6 per cent, according to the amount of overtime to be expected; other smaller unions have done less well. It seems fair to assume that the workers who have still to get wage advances—rather less than half the total—will follow the same general precedents. The net result could well be an advance of between 4½ and 5 per cent in labour costs throughout British industry by the summer, compared with a year ago.

As output per man hour is unlikely to increase by more than about 3½ per cent during the year, this increase would be inflationary unless there is a gap of, say, fifteen to eighteen months between this round of wage settlements and the next one. The time lag is the key factor. If the unions decide in the next few months to follow the hoary precedent of putting in one claim as soon as the last is over, and fighting resolutely and immediately for it, the wage-price spiral will start again. Of course, wage claims of some sort always are tabled at annual union conferences. But in a calm year, with the help of good stage management, the extremists who want an immediate showdown in industry are usually defeated; the conferences are then confined to passing windy resolutions on the necessity of industrial action which do not bind the executives to any cut-and-dried bargaining timetables.

On the face of it, this should be a calm year; the complete lack of support from rank and file workers for some recent strikes called by the National Committee of Shop Stewards, and the union leaders' prompt condemnation of these attempts at unofficial action, suggest that passions in the movement are hardly at boiling point.

But conference debates are often swayed by accidents of the agenda and of personalities, and all sorts of unpredictable oddities of union mood can determine whether or not the executives emerge with a sense of militant urgency in pursuing their next claims. It is for these accidents and indications of mood that this year's conferences will be watched.

NYASALAND

Long Way to Go

MR MACLEOD admitted last weekend that he does not think the London conference on Nyasaland in midsummer will be a success "unless there is a considerable move away from the positions taken up by the different parties concerned." That is also the impression that emerged from Dr Banda's televised interviews in London last week. The Nyasaland leader has come out from detention very ready to bury the hatchet with the British Government, but still excitedly waving it at Sir Roy Welensky.

Mr Macleod has clearly had a three point plan in mind for Nyasaland. The first need was to establish personal *rapport* with Dr Banda. He has succeeded in that; the doctor is now full of praise for Mr Macleod as "a Christian gentleman." The second need is to get Dr Banda used to the idea of thinking like a chief minister rather than a perpetual opposition leader; that will presumably be the object of the midsummer conference on Nyasaland. The third aim is to get Dr Banda, in this new mood, and presumably also Mr Kaunda, the African nationalist leader in Northern Rhodesia, to sit round the table at the post-Monckton Commission conference (next October) on the future of the Federation of the Rhodesias and Nyasaland. The aim there must be to replace the present Federation by some much looser form of association, largely economic in character. The trouble is that Dr Banda is still loudly proclaiming that at no negotiations this year will he agree to accept any continuing form of association with Southern Rhodesia at all.

What should Britain's attitude be? The case for wanting to see some continuing form of association is overwhelming. Even if Dr Banda were to lead an independent Nyasaland out of the Federation tomorrow, wage-seeking Nyasalanders would still go to work in the Rhodesias, and only through some continuing form of association can the Nyasaland government hope to influence their labour conditions when they get there. An association is the best way that Dr Banda can hope to help the black Africans in Southern Rhodesia too. Politically and internationally, a complete break between the territories comprising the present Federation would make the Zambesi the bitter dividing line between black Africa and white-dominated Africa—the most dangerous frontier to peace in the world. The aim must still be to make Central Africa a buffer zone, in which one black government (Nyasaland), one very temporarily colonial government (Northern Rhodesia) and one government that is bound to be white-dominated for a while (Southern Rhodesia) work together in some degree of economic association and commonsense.

There are two obstacles in the way of that solution: the remaining racial arrogance of some white Southern Rhodesians who do not realise that the world is changing, and the remaining inferiority complex of Dr Banda who does not realise how much political forces have changed. The first obstacle should have received a battering from the world's reaction to events in South Africa; it is going to be no less necessary during this year to keep up an intelligent assault against the second obstacle too.

ITALY

An Expedient Fails

WITH the resignation on Monday of Signor Tambroni after a weekend in office, Italy entered its eighth week without an effective government. Signor Tambroni, a Christian Democrat, had presented his minority administration as one of "ordinary business," which at least might get the budget passed and assure that Italy had authoritative representation in foreign affairs during the summit times ahead. He squeezed through the vote of confidence in the chamber of deputies on April 8th with a majority of seven.

But his government was tarred by its dependence upon the 24 neo-fascists—the circumstance which had led Signor Segni to leave office on February 24th, his other right-wing support having been withdrawn. Several of Signor Tambroni's ministers promptly resigned. With his ministry tumbling about his ears, Signor Tambroni reluctantly submitted to the insistence of his party executive that he should abandon his forlorn enterprise; though the remnants of the cabinet continue to supervise day-to-day business, and Signor Segni has represented Italy in Washington at the meetings of the western foreign ministers to prepare for the summit conference.

It appears likely that the Christian Democrats will now give up their pursuit of a single-party administration; they will probably try to form a coalition with the other moderate democratic groups—the Social Democrats, the Republicans, the Liberals, and possibly the Monarchists. This is the old De Gasperi formula; and it would obviate the need for allies further to the left or right, which in recent weeks has threatened to split the party asunder. But such negotiations could prove extremely tricky. Questions of domestic social reform, and the possibility of a more flexible policy towards Russia, lately uppermost in Italian politics, have served to bring out the division between conservatives and progressives among the centre politicians. It will not be easy to find a programme on which they will all agree. The Social Democrats especially are now on better terms with the Nenni Socialists, and they may not have despaired of the Christian Democrats making a move to the left—a step which President Gronchi is believed to support. If the negotiations founder, then the President may yet resort to early dissolution of Parliament.

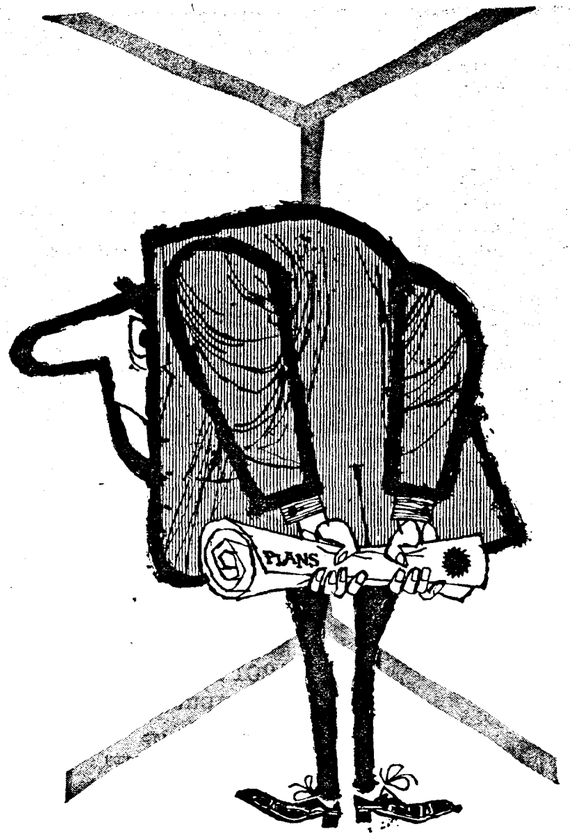
SOUTH AFRICA

State of Siege

FREAKISH and irrelevant to the main issue, the attempt by a white farmer on the life of Dr Verwoerd on April 9th is yet the product of the same senseless immoderation that engulfs South Africa. The month-long crisis was artificially engendered out of largely irrational fears, the result of wearing blinkers for too long. A few minutes before he was wounded the prime minister, the light of crusade in his eyes and the reasonableness of his tone clashing with the melodrama of his words, was telling a farming audience of South Africa's fight for very existence. At what windmills was he tilting? The government ranges against itself a ghost army of communists, intimidators and terrorists. The emergency regulations that have been clapped on to a third of the Union would be called in many countries a "state of siege." The Nationalists, appalled by the evidence both of their isolation and of the fact that the Africans, too, can organise and discipline themselves, speak and act with the logic of siege.

In this atmosphere, the attack on Dr Verwoerd may at first close the ranks of his supporters. That it has not been thought necessary to appoint an understudy while the prime minister is out of action points to a period of suspended animation. The Africans, with their leaders skimmed off, are unlikely to force a situation that cannot be dealt with in familiar ways. The United party, already demoralised by its own half-heartedness, will find it harder than ever to make itself heard through the English-Afrikaner tensions released by Mr David Pratt, the assailant, from the Union's pandora's box of racial complexes. The Dutch church is entering a struggle of its own with the World Council of Churches. There remains the influential group of business men who had been on the point of approaching Dr Verwoerd with their suggestions. It is doubtful whether the prime minister would have been deflected from his crusade by concern for business; his shadow government may be more impressionable.

At the best, the government may make some minor changes to take the sting out of outside criticism. Above all, its aim is to restore stability. But South Africa will never be the same place again. The means used by the government first to create and now to dispel the crisis were new in degree, not in kind. But in the course of the crisis there have been three changes. The world



Cornered?

This-a-way and that-a-way have gone all your pretty dreams. Not even the excavators are on the site yet!
And that on top of the delay over planning permission ... draft plans ... second thoughts—and third! Tight corner you are in, Sir. Listen. *Next time, contact Costain first.* A straight line from your office—or your adviser's—to ours is the shortest distance between those building problems and their solution. Our skills, experience and resources are unmatched.

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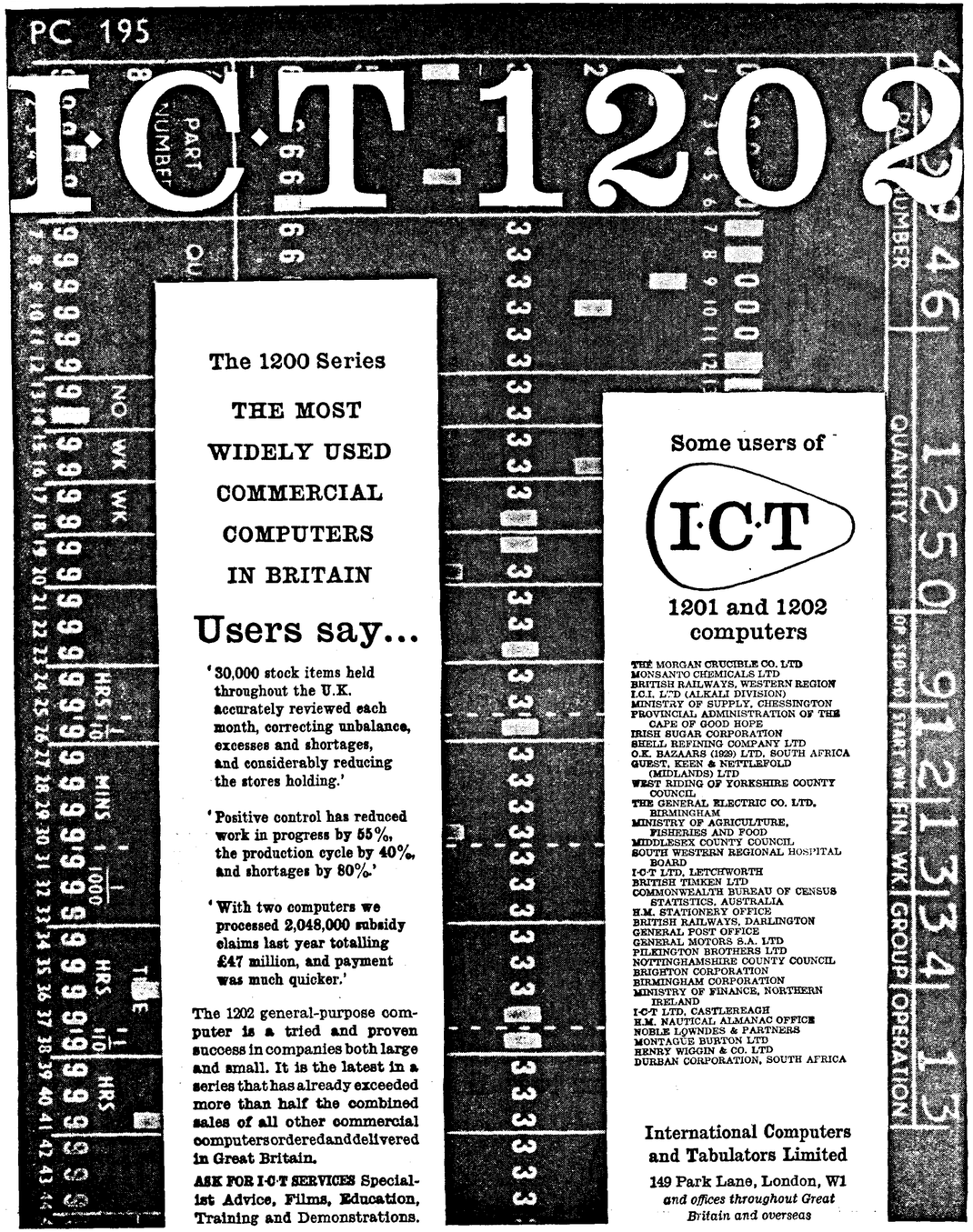


has had its eyes opened. The Europeans in the Union have begun to perceive their isolation (a letter on page 261 throws light on the process). The Africans have begun to discover their own strength in passive resistance.

PARLIAMENTARY CONTROL

New Winds of Inquisition

IT now seems likely that the Government is ready to risk quite an important constitutional innovation in its attempt to meet Tory complaints about lack of parliamentary control over expenditure. While Ministers normally have to cope only with the easy ritual of question time, where the rules are heavily weighted in their favour, senior civil servants have been known to tremble at the approaching rigours of cross-examination by the MPs on the Public Accounts Committee. The Government is now thinking of exposing both its Ministers and their senior advisers to such an ordeal before either a new Committee on National Expenditure or an expanded and reinforced Select Committee on Estimates.

This apparently is what Mr Butler had in mind when he made his curious reference to "administrative policy" as a legitimate new field for MPs' enquiry. Ministers are theoretically supposed to decide policy, and civil servants to conduct administration. But in fact there is a large zone in which their responsibilities intersect—and it is frequently in this zone in which the practical decisions are made about the distribution between the different departmental functions of money voted by Parliament. Priorities were once said by Mr Bevan to be the religion of socialism—implicitly or explicitly they are the theology of all bureaucracies. It should aid the cause of parliamentary control if some of them were dragged out into the open air and the evidence of Ministers and their advisers were tested against each other.

To judge from Mr Butler's intervention in the recent debate on control of expenditure launched by the scion of Sandwich, he intends this new type of committee enquiry to be linked to one or more debates on national expenditure. It is not clear how far Mr Butler himself has worked out the implications for the parliamentary calendar. But one scheme that is being discussed would allot six days altogether to this purpose. An increase in the number of Supply Days (which are normally the Opposition's time) from twenty six to twenty nine would provide for half the extra time being supplied by the Government and half by the Opposition.

Two of the six days would provide a debate in the autumn on the Consolidated Fund Appropriation Bill, for which the select committee's investigation would be expected to provide information on the general trends of Government expenditure as revealed by administrative decisions that have long-term financial implications. Two more would make a full-dress debate possible on one of the Consolidated Fund Bills in the spring just before the budget. The estimates, which the autumn debate would be supposed to influence, would be out by then—and much fuller investigations would have taken place in the select committee. The final two days would be controlled by the chairman of the Public Accounts and Estimates Committees and would deal with their reports.

There are some obvious questions that spring to mind. Would the new Select Committee, or the old Estimates Committee writ large, have time to do anything useful before the first (autumn) debate? If not, should it be a standing rather than a sessional committee (like the present Public Accounts Committee but unlike the Estimates Committee), and should it work during the recess? If on the other hand there is no accurate information until the March debate, will it not then be too late for the Government to be ready to accept corrections to its proposed estimates from "the grand jury of the nation"?

OMBUDSMAN

No Kafka in Elsinore

IT is excellent news that "Justice," the unofficial all-party group of lawyers headed by Lord Shawcross, has managed to obtain the services of Sir John Whyatt, the former Chief Justice of Singapore, to look into the chances of adapting the Scandinavian institution of Ombudsman for British use. In the two years since Professor Stephan Hurwitz, the Danish Parliamentary Commissioner, delivered his first lecture in London about his job, the evidence has piled up of the need for some British equivalent of the "grievance man" to whom a citizen can turn if he feels he has not had his due from those in authority. Despite the presence in Britain of the Citizens' Advice Bureau, which Denmark does not have and which the Danes are eager to investigate, a further weapon is clearly needed against Bumbledom here.

When Dr Hurwitz, who is over in London again this week to broadcast for the BBC's Third Programme, dealt impressively with questions from the press, he laid the highest stress on the element of mental hygiene in his work. Of the thousand complainants against authority that he and his five assistants deal with in a year, between 50 and 70 per cent are generally told straightaway, within one hour, that there is nothing to be done; in only 10 per cent of the cases can the Ombudsman ultimately discover a remedy. But Dr Hurwitz tries to see every applicant personally, if only to explain to him why he has no leg to stand on. The whole principle behind his conception of his office is that there must be a top man whom every citizen knows that he has access to in case of need. He regards himself as applying therapy to the Kafkaesque sense of being passed endlessly from one office to another.

For this reason Dr Hurwitz, while recognising that a system that is appropriate to a nation of five million Danes will need some modification to fit the circumstances of a population ten times as large, rejected emphatically a suggestion made recently in *The Economist*: that a British Ombudsman should select only those cases to investigate which were likely to raise points of general application. After listening to Dr Hurwitz arguing his case, it is easy to be convinced by him that a major principle is involved in giving the citizen confidence that, however esoteric his problem, he can count on having it taken up.

Therefore the problem still remains of how to cope with the much larger number of cases that are likely to arise in Britain without running the risk of bureaucratising the new institution. Dr Hurwitz's own tentative solution was that there might be regional Ombudsmen who would handle the great majority of straightforward cases, leaving the top man in London to follow up the tough ones. An alternative and perhaps preferable solution would be to have a separate man to handle each major type of complaint—one for complaints against local government authorities, one for those against organs of the central government, perhaps a special one for property cases, and so on.

GERMANY

Exit Dr Oberländer

ON April 8th the news leaked out in Bonn that Dr Adenauer had bowed to the growing pressure of international and domestic opinion and agreed to get rid of Dr Oberländer, his Minister for Refugees. It is a move long overdue; Dr Oberländer is the most conspicuous of the men in high places in Bonn who were closely identified with Nazi policies. No clear verdict has yet been given on the charges of war crimes that have been made against him—particularly, that he had a part in a massacre at Lwow (Lemberg) in June, 1941. But whether Dr Oberländer was innocent or guilty in this matter, he was active in Rosenberg's Eastern Ministry in the war. He was a prominent theorist of the "German mission" in eastern Europe; he advocated the wholesale shifting of populations to fulfil it; in sum, he was involved in wicked and disastrous policies. He has never seemed suitable to sit in the cabinet in Bonn.

For some time, indeed, the minister has been a growing political embarrassment to Dr Adenauer, offering a sitting target for communist propaganda. And in the past few months a campaign has been mounted against him, as part of the general communist attempt to make the most of the differences between west Germany and its allies on the eve of the summit conference. Until last week most of the alleged evidence of Dr Oberländer's war crimes emanated

from east Berlin. But last week Russia itself chimed in. A commission, adorned by such unexpected figures as Professor Lysenko, the biologist, and Metropolitan Nikolai of the Orthodox Church, found the minister guilty both of participating in the Lwow massacre and of other crimes in the Caucasus. The east Germans, not to be outdone, summoned Dr Oberländer to appear for "trial" by them.

Dr Adenauer has defended Dr Oberländer out of anxiety not to appear to give way to communist pressure. Yet when the pressure was not there, no urgent need to act was recognised. Now, at last, the Chancellor appears to have taken the plunge. The pressure of events had last month persuaded the Christian Democrats to set up a "court of honour" to investigate Dr Oberländer's past. Last week the Social Democrats put forward a motion in the Bundestag, calling for a parliamentary inquiry. Anxious to avoid discrediting his government while the summit season was on, Dr Adenauer appears to have arranged for Dr Oberländer to go on leave before Easter and resign by May 5th.

Eastern Ambitions

ONE reason for delaying Dr Oberländer's resignation is to enable him to claim the pension of a former minister, which he can do early in May. The chancellor's aim now is, plainly enough, to get Dr Oberländer out with the minimum of fuss. Dr Oberländer after all has rebuilt his political career since the war by making himself a leader of the refugees expelled from the east, and making himself a spokesman of their claim to return. Dr Adenauer has always held that the sting of this irredentist group could best be drawn by having its representatives in the cabinet.

Although the refugee leaders have not become less vocal, their political strength has been whittled away in the seven years since Dr Oberländer entered the government. When Dr Oberländer was elected to the Bundestag in 1953—to become at once a member of the federal government—he was a representative of the refugees' own party. A year later, after an internal struggle, he became leader of the party, but this did not last long. In 1955 the refugee party went into opposition; Dr Oberländer preferred to stay in office and became a member of Dr Adenauer's Christian Democratic Union. Shorn of its leaders, the refugee party lost electoral support and is now all but extinct. Time, and the chancellor's divisive efforts, have successfully destroyed the grouping as an independent political force.

Whether Dr Adenauer's judgment was right or wrong in 1953, there is not much doubt now that the men whose political profession it is to keep German eastern ambitions alive do more harm in office than out of it. Herr Seebohm, the minister of transport, is another example; on April 3rd he spoke, not for the first time, of the right of the Sudeten Germans to return home and decide their own political future. At the same meeting Herr Wenzel Jaksch, the Sudeten German Social Democrat, suggested that the Sudetens, Czechs, and Slovaks should form a sort of Benelux, with each group enjoying equal and partially autonomous political rights.

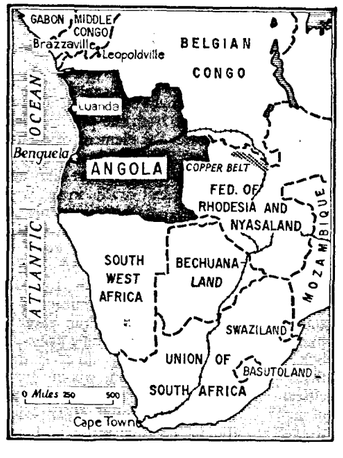
Such remarks are not in quite the same class as the outrageous suggestion made the same weekend by Herr Schneider, leader of the Free Democrats in the Saar, that the Munich settlement, which gave the Sudetenland to Germany, still had legal force. Still, one must wonder whether the political encouragement the federal government gives and has given to the refugees—the financial help to their organisations, the benevolent ministerial appearances at their rallies, the ambivalent talk of a German right to the territories they come from—has not made them more determined to change the status quo in central Europe, instead of helping them to settle down.

ANGOLA

Portuguese Buffers

REPORTS recently filtering out of Angola suggest that the Portuguese have not successfully isolated this west African territory from the political fevers raging among its neighbours to the north. The Portuguese authorities have denied persistent rumours of fighting between government troops and organised bands of African rebels. But the situation appears to be disturbed, though not yet eruptive: warships are being sent to patrol the thousand miles of Angolan coastline, garrisons near the Belgian Congo have been reinforced, and a large batch of people, white and black, have been arraigned on charges of treason connected with the outbreaks of disorder in Angola last year.

The official policy of Dr Salazar's regime is to assimilate all inhabitants of the overseas territories as equal citizens of Portugal, regardless of colour. And in 1955 these territories were incorporated as provinces of metropolitan Portugal—a move which has also conveniently kept the United Nations from demanding that they be reported on like other non-self-governing areas. In fact less than one per cent of the four million native population in Angola have acquired citizenship. The rest are legally "indigenas"—natives; and they are subject to an elaborate complex of administrative controls, including the hated forced labour laws. There is probably less discrimination simply on grounds of colour than elsewhere in Africa, and miscegenation has never bothered the Portuguese as it has other colonising powers. But the large influx of white mainland immigrants in recent years has emphasised the racial and economic distinctions, while also absorbing much of the increased investment by the government.



Organisations like the Angola People's Union and the Popular Movement for the Liberation of Angola have for some time given a subversive coherence to native discontent. They were represented at the All-African People's congress at Tunis in January, and it is said that the Algerians then offered to train the Angolans in guerrilla warfare. Certain of the anti-Salazar politicians have also dabbled with the native revolutionaries. The critical time will come when the Belgian Congo achieves its independence on June 30th. Many Angolans, including four of those accused of treason, have fled to Leopoldville. The young Congo state will hardly restrain them from preaching freedom across the border; however, they may find the Portuguese a tougher nut to crack than the Belgians. The Portuguese have made a mystique of their missionary and civilising role in Africa. As in Goa, they will try to sit out any more troubles that arise, ill-equipped as they are to deal with a full scale rebellion. The South Africans, who see Angola and the Portuguese east African province of Mozambique as buffer states against black nationalism, will be wishing them luck.

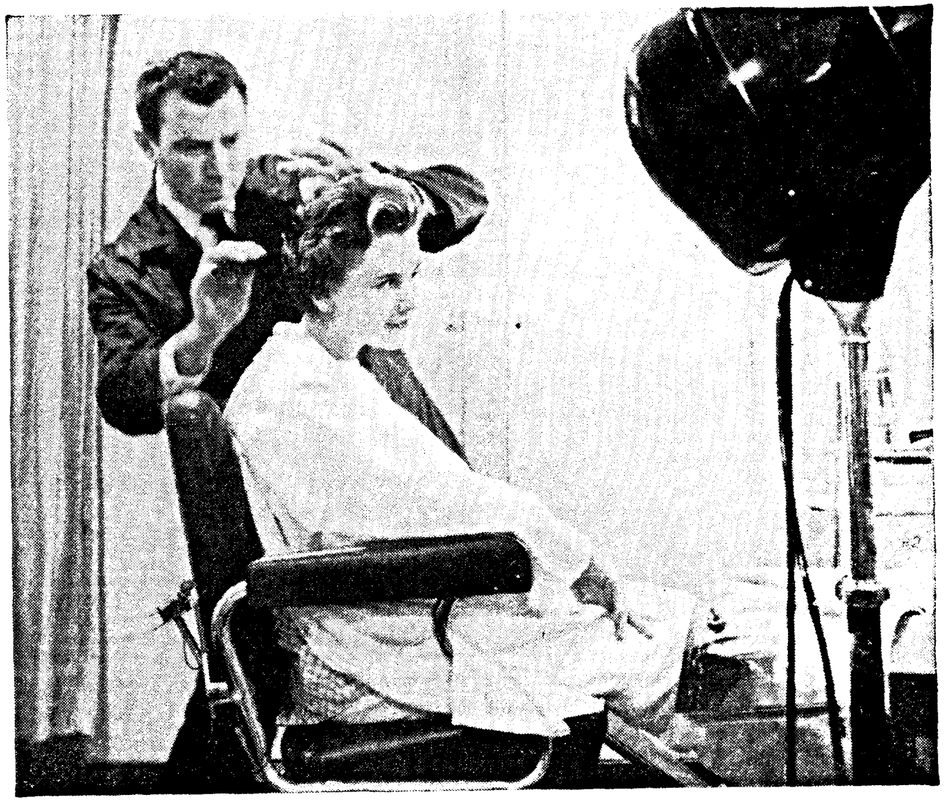
GERMANY AND GUINEA

An Incident Closed

CONFRONTED with the righteous wrath of Bonn, M. Sekou Touré has decided that the young state of Guinea is not, after all, in diplomatic relations with east Berlin. Nobody has explained how M. Touré's ambassador to Moscow, M. Seydou Conte, came to be seen on the east German television early in March in the act of handing his credentials to the aged east German president, Herr Pieck; and probably nobody will, the west Germans having expressed their satisfaction with a disclaimer put out in Conakry, and their intention to let the matter drop.

For the moment, therefore, Bonn's superior prestige and (no doubt) Bonn's stronger economic pull have prevailed over east Berlin. M. Sekou Touré would obviously have preferred to be in diplomatic

There's a dance on deck tonight . . .



Well, it's in the Lounge really. But, for cooling breezes, doors and windows are wide open to the deck, where the scrubbed boards are smooth to the light fantastic toe and where, from the rails, a girl and her partner can see the Southern Cross above them.

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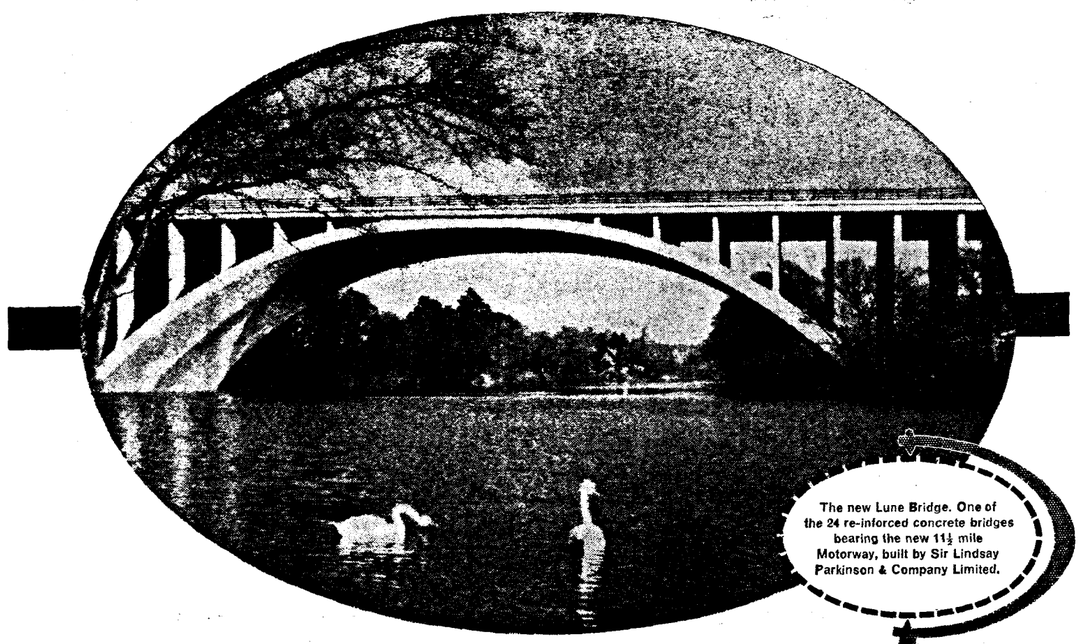

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relations with both German states, but since he was forced to choose, he has chosen Bonn, which showed him marked friendliness when he was there during the winter, and which can no doubt offer him even more in economic aid. No doubt the effect will be in practice that his capital will have two German missions, one nominally an embassy, the other nominally perhaps a trade mission, perhaps a consulate-general, as in Cairo ; and, as west Germans drily remark, if a German calls a taxi to drive to the German embassy he will be asked, as he is in Cairo, "Which one?" But the letter of the Hallstein doctrine is respected. East Berlin, if it has lost prestige as a result, has been at pains to acquire goodwill by scrupulously not making a fuss.

The last major incident of this kind was with Jugoslavia in 1957 ; and it ended in the closing of the west German embassy in Belgrade. In exchange, Marshal Tito got an east German diplomatic mission—a bad bargain both for the west Germans and for the Jugoslavs, whose relations with east Berlin have since been consistently bad. Other incidents of the same kind have been only narrowly averted, as in Cairo ; in order to hold the line in the Arab countries generally, Bonn has held in reserve a card of its own, the threat to exchange ambassadors with Israel if the Arabs recognise east Berlin. So far, this has sufficed.

The whole exercise of preventing recognition of east Berlin is, however, an artificial one in uncommitted African and Asian countries whose people cannot be expected to see much difference between one German and another. As time goes on, the price of securing compliance is likely to rise. A curious and in a way unexpected part of the price on this occasion has been a marked irritation with Dr Adenauer's government on the part of General de Gaulle, who has not forgiven the Guineans for leaving the French Community, and who regards the west German eagerness to "appease" Guinea as pusillanimous and naive.

RELIEF OF POVERTY

Irresponsible in Which Sense?

LABOUR intellectuals are increasingly looking to Professor Richard Titmuss as the socialist thinker most likely to provide their party with something to rouse their conscience and give them new injustices to campaign against. It would be a pity to dismiss his latest pamphlet "The Irresponsible Society"* as a piece of alarmist wrong-headedness—even if he does devote part of it to excoriating *The Economist*. He makes some good points. One is that, with the general increase of affluence, a dangerous amount of steam has gone out of Britain's once powerful social conscience. A complacent society has lost much of the impetus needed to clear up slums, slum hospitals, slums *tout court*. At debating society (or Parliamentary) level, one can no doubt make this proposition. At any other level, of this proposition. deplorable fall-off in spcan recognise a the Quaker sense) with a concern (in unlucky minority who are fate of the reason or another unrescued from for one

It is also possible—even while the esh refuses actually to creep at Mr Titmuss's picture of the sinister and irresponsible power now wielded by the big insurance companies—to accept the case for imposing on these companies at least those legal obligations of publicity carried by their counterparts in the United States. One need not be a socialist, either, to be worried by the arbitrary standards of selection and rejection to which would-be clients of private pension schemes are subjected, and by the immobilising effect of "company welfare" on its beneficiaries. All these questions need ventilating, and it is good that Mr Titmuss should ventilate them.

His main argument exhibits, however, a confusion only too characteristic of most thinking about the welfare state: the confusion between the elements of prudence and of social solidarity. Prudence demands provision against contingencies and an averaging-out of income over the earning and non-earning phases of life ; it has hitherto been a virtue that only the middle class could afford, but Britain is moving into a much more generally middle class society now. Solidarity demands that the strong aid the weak, permitting none to fall below an acceptable standard. These aims are distinct. There is no reason in logic, ethics, or practical convenience why insurance schemes as such should conform to a special equalitarian imperative: why, specifically, the pension element in a company's bargain with its staff should come in for more opprobrium ("welfare for the better off") than the salary element. To unravel this muddle would be a useful preliminary to the exercise of that "social inventiveness" in relieving distress for which Mr Titmuss so rightly pleads. The effect of Mr Titmuss's pamphlet is deliberately to tangle it further.

*"The Irresponsible Society." By Richard M. Titmuss. Fabian Society. 20 pages. 2s. 6d.

FRANCE

Algeria Again

BACK in Paris, with the French press still registering surprise that he was so warmly received in London, General de Gaulle is preparing to leave on Tuesday for Washington. He has had much to take up his attention in the brief interlude between foreign visits—particularly the Algerian question, which, once again, shows signs of becoming dangerously international.

The Algerian insurgent government in Tunis anounced on Monday its willingness to enrol volunteers "without distinction of origin," giving merely a priority to technicians. The threat of Chinese "volunteers" is now, therefore, more alive than ever. In Paris, there are rumours that the insurgents intend to intensify the struggle by throwing into battle the 10,000 or so men now held safely in reserve behind the Tunisian border. The persistence of these rumours, coupled as they are with hints that French troops would have to pursue the enemy across the border, has given rise to a recurrence of the Tunisians' fears that France intends to invade their territory. President Bourguiba has now declared publicly that the hopes he had pinned on General de Gaulle were misplaced and that it is high time to resort to international "good offices" again.

All this is strangely reminiscent of the last days of the Fourth Republic. The last thing General de Gaulle would wish is foreign interference. But what is he going to do to settle the conflict on his own? Local elections are to be held in Algeria at the end of May and there is talk of negotiating a statute with the newly elected representatives. The insurgents, however, have made it plain in advance that they will treat these men as French puppets. Something more spectacular than these elections will be needed to get some possibility of manœuvre back into a situation which the general has admitted to be deadlocked. He goes to Washington in search not of memories but of concessions ; he may be asked questions about Algeria in reply.

DISARMAMENT

Till May is Out

HARDLY anybody can have expected the ten-power disarmament talks at Geneva to make quick headway. The agreement to adjourn throughout the month of May is neither startling nor disconcerting. Before the summit conference (May 16th), the Geneva delegations will have to ponder such evidence as they have obtained about each other's views and the possibilities of progress, and prepare reports for the heads of government. After the summit meeting, they may have to digest its results (if any). A sceptic might deduce that the main effect of the summit will be to impose new delays ; but then nobody at Geneva seems particularly in a hurry.

Certainly the Russians are not to be hurried. In four weeks of debate, Mr Zorin has steadily refused to get down to brass tacks. He fluffed rather badly on April 8th by announcing a "new" formula which proved to be, in M. Moch's words, "the same salad with more Russian dressing." He has stripped the Soviet proposals made last September of what little specific content they had. It turns out that Mr Khrushchev's "four-year" timetable will in reality last a good deal longer than four years ; that priority is not after all to be given to conventional disarmament ; that, if the conference were to accept the Russian terms tomorrow, no immediate measures of

disarmament would follow; and that the Russians have not yet really begun to think about the problem of determining the size of the armed forces that they would still leave in existence after "general and complete" disarmament.

Yawning though the gaps in the western plan are, the five western delegations have at least tried to discuss concrete steps to be taken. Their frustrated suspicions that Mr Zorin is merely marking time are understandable. But no provocation can quite account for Mr Herter's lapse when he told his Friday press conference that he found the Russian desire for a longish adjournment "puzzling." The decision to close down for the whole of May was a common one. The American delegation and the State Department were left red-faced by this evidence of faulty liaison between Washington and its men in Geneva.

CATTLE BREEDING

Unfair to Bulls?

THE Milk Marketing Board's proposal for the establishment of a more scientifically concentrated artificial insemination stud for dairy cows has run into fierce opposition from the cattle-breeding societies. One spokesman of the Friesian Cattle Society has called it "a plan to nationalise more than two-thirds of the nation's cattle without compensation. The Milk Marketing Board's pilot scheme now in operation affects only the North of England; but the board plans to extend it eventually until all the (approximately) two million dairy cows of Britain are served by no more than two hundred "proven" bulls. The breeding societies' own objection to the scheme is obvious: it would, if carried through on a national scale, enormously reduce the demand for bulls—producing, indeed, a classical case of technological redundancy.

Anybody who believes in efficiency need not worry overmuch about that sort of complaint. Among other objections to the scheme, only a geneticist could pronounce either on the reliability of the bull "proving" process, or, more important, on the danger of inbreeding; the marketing board, after taking the best expert advice from all over the world, has no misgivings. But there is one danger that might be overlooked.

The breeding societies themselves have often been under fire for encouraging—in an inappropriately aesthetic spirit—breeding for points of show-ring conformation very shakily, if at all, related to function. In the marketing board scheme, function will come first, as it should. But there is a danger—the danger besetting all technical specialists—of defining function the wrong way. A high yield of milk per cow is not an all-transcending aim in itself; it is simply one way of getting down cost per gallon. It would be only too possible in a remote

NOTES OF THE W[illegible] by selecting artificial insemination sc[illegible]elds regardless of stamina and sturdin[illegible] of bovine prima donnas: demandin[illegible]nousing and veterinary and general [illegible] which would make them as uneconc[illegible] an equal number of scrub cattle. The [illegible]oard's administrators will need to g[illegible]d against falling under the spell of [illegible]cientists interested in statistical gamesmanship about record yields. They should keep in the closest touch with the men who milk the cows—and who live on the payoff.

IRAQ

Winds from the West

MR MIKOYAN, Russia's peripatetic deputy prime minister, has been spending this week in Iraq. Few visitors to Baghdad particularly enjoy themselves, and Mr Mikoyan, despite the warm welcome he received in the streets and the bounty he has on offer, was probably no exception. The contrary winds that now blow over Iraq are not all favourable to Moscow. The decisive split in the Iraqi Communist party has left the larger, orthodox faction out in the cold, and Russian newspapers have sourly disowned the party that has got the government licence. So far, Moscow has not had to make the choice in Iraq that it had to make in the United Arab Republic between Arab nationalism and the local communists. But, at any rate for the time being, its policy of working through the Iraqi Communist party has come to grief. General Qasim, no less than President Nasser, is going through the motions of wanting to be master in his own house.

Mr Mikoyan's main concern is to give body to the Soviet-Iraqi economic and technical agreement signed in Moscow a year ago. Of the many development projects that were then proposed, few have actually been started; the Iraqis have even been showing an inclination to buy British. But it is not the Soviet practice to allow short-term rebuffs to upset long-term economic arrangements. On the contrary, Russian aid to Syria has recently been extended and, to keep a balance, the same may be done for Iraq.

A few months ago, one of Mr Mikoyan's principal hosts would have been Dr Ibrahim Kubba, who, as minister of economics, signed the aid agreement. But Dr Kubba, whose views were far to the left, was sacked from the government in February. His last post had been the ministry of agrarian reform, and his departure has meant immediate changes in land policy. Dr Kubba was trying to push through some form of collective farming based on peasants' associations, but his ideas hung fire, and the land was allowed to run to waste. Most of the landlords, waiting to see what would happen, did not bother to cultivate their fields, and the peasants grew only enough for their own food. The new minister has dropped all idea of collectivisation and is searching, with active help from Danish, Dutch and British experts, for a new formula on co-operative lines. Although Mr Mikoyan will not allow these west winds to chill his philanthropy, he may well conclude that in Iraq, as well as in the UAR, Arab nationalism is a more dynamic, though less predictable, revolutionary force than communism. He might even advise his government to modify its policy accordingly.

SIERRA LEONE

Diamond State

SIERRA LEONE'S constitutional demands have never been extreme, and the conference which opens at Lancaster House next week is likely to deal with matters of detail rather than of principle. Certain problems do not arise in a country whose population of 2,260,000 includes only 2,000 Europeans and Asians combined. But details can be troublesome. The "United National Front," in which all parties are at least temporarily together in working for independence under the premier, Sir Milton Margai, is brand new and untested in action; and if Mr Macleod agrees to the recent suggestion of December 7th (Sir Milton's birthday) this year as independence day, there will be little time to spare.

Questions still unsettled include the constitutional position of the chiefs (twelve, elected on a tribal basis, sit in the House of Representatives), and the relationship between the Creoles (descendants of freed slaves and immigrant Africans) and the indigenous Africans. The Creoles resent what they regard as the swamping of their vote by general enfranchisements, but so far have declined to take an active part in politics. But these are probably internal matters to be settled after independence. More urgent is finance. An independent Sierra Leone will have to rely heavily on iron and diamond mining; in recent years, illicit (untaxed) exports of diamonds have been at least four times the value of taxed exports. Moreover, the riots of January last year showed that the unofficial diggers can be a threat to the much better worked preserves of the licensed Selection Trust. If Sierra Leone is to be economically viable, any government will have to get this matter under control.

But, in any case, in the short term Sierra Leone is likely to be short of money. The premier has shown himself in the past to be both realistic and moderate. Independence cannot be far off for any sizeable West African country; but it is to be hoped that Sir Milton will be able to keep his brand-new coalition together without letting political considerations drive economic sense out of the window.

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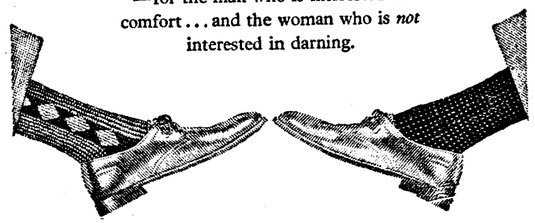

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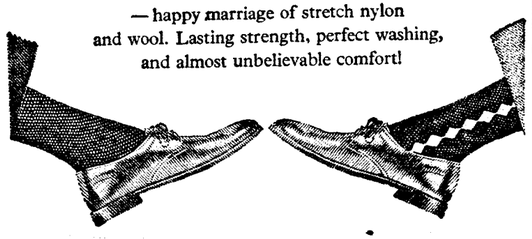

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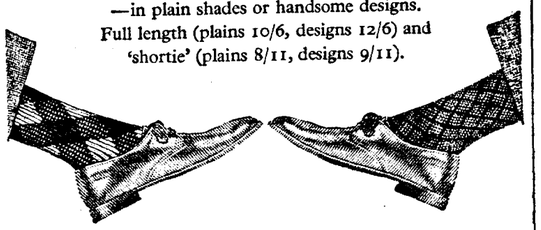

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BOOKS

Evolving Man

The Future of Man: *The Reith Lectures 1959*
By P. B. Medawar.
Methuen. 128 pages. 10s. 6d.

NOT for the first time, the Reith Lectures come out better in print than over the air. This is no reflection on lecturer or producer: it derives from the very conception of the Reith Lectures. They are supposed to provide the very best statement, by the very best authority on each year's chosen theme, for listeners who are assumed to be intelligent but—and this is the crucial point—non-expert; who must, therefore, not only follow an intrinsically exacting exposition but also acquaint themselves as they go with an unfamiliar vocabulary and set of working concepts. This is precisely the situation in which the spoken word is most inferior to the written, since it permits no turning back to recall or clarify and no variation of tempo to fit the varying receptiveness of individual listeners to the different stages of an argument or to different expository techniques. And yet—would Professor Medawar's intelligent lay public have otherwise read his book? Even apart from the fact that books cost money while listening is free? Probably not. The lectures are an essential part of a two-stage process; and if they were not unsatisfying as well as stimulating, if they did not tantalisingly overstretch their listeners' abilities, they would not do their job.

That job is no less important because it is rather the nature of the evidence concerning the future of man than that future itself which Professor Medawar has realistically elected to handle. He plays himself in, gently, on the techniques of demographic prediction; then he turns from quantity to quality. Genetically, man remains a "wild" species; it would take millennia of specialised tyranny to make any human strain breed true, and it is probable that the qualities that deliberate breeding might seek are essentially those of hybrids and therefore unstable. On the other hand, the environment against which genetic variety is tried out is increasingly and accelerat-ingly under human control. Professor Medawar does not predict the consequences of this control, but he offers, illuminatingly, an account of the still incomplete data on which even the most general assessment must be based.

To anyone brought up on the hard doctrine that humanitarianism and eugenics are hopelessly incompatible, this account, while not justifying total complacency, is decidedly reassuring. The chapter on the relationship of intelligence to fertility is a case in point. If (which remains doubtful: the latest evidence is as encouraging as the theoretical inference from earlier evidence is discouraging) the national level of intelligence is declining under the influence of differential fertility, that decline is neither unlimited nor irreversible, but most probably "a short-lived episode marking the slow transition from free reproduction accompanied by high mortality to restricted reproduction accompanied by low mortality." Rather less reassurance is to be derived from the ensuing discussion of "fitness" in general. Biologically, "fitness" is fitness to survive and procreate *in the given environment*: in the setting of modern civilisation the tougher environments of earlier centuries are irrelevant to the "fitness" of those to whom they would have proved lethal. "Fitness" in the normal sense implies much more than this: it implies not merely some reserve of resilient toughness in hand but also a variety of traits desirable in themselves, from physical and mental vigour and harmony to a capacity for parental devotion and social co-operation. The progressive separation, through environmental change, of biological "fitness" from the desirable traits once linked with it is surely a graver matter, with bigger ethical (and economic) implications, than one would gather from an argument concerned entirely with certain rare and contingently remediable genetic defects.

But the key to this and other social problems on the fringe of genetics is offered in Professor Medawar's last chapter, which deals with "breeding" in the older sense of the term. Tradition and education transmit characteristics from generation to generation in what is essentially a biological but non-genetic heredity; the evolution that occurs along this channel is a Lamarckian evolution—and, consequently, in our own hands. "Nature" (which emphatically does not "know best") has no overriding power to shape or veto social change. Judgments to the contrary, says Professor Medawar with all the weight of his authority, are "bad judgments based on bad biology."

Expatriates

A Family of Friends
By Robert Allerton Parker.
Museum Press. 232 pages. 27s. 6d.

ROBERT PEARSALL SMITH was a well-to-do American Quaker, who was caught up in the stream of revivalist religion and came over to England in the seventies, where he had a brief success as a preacher in the best society. His success was not lasting and there was a breath of scandal: he returned to America, resumed his business and abandoned religion. But England had left its mark, and twelve years later he and his family settled down there for good, after a few peaceful years in which he had rather surprisingly become a close friend of Walt Whitman. This was the origin of what became a very well-known English household. Mrs Pearsall Smith became an inspirational writer of religious books with a large circulation in America, and the dominating head of a talented family; her son was Logan Pearsall Smith, whose life was spent reacting to her influence: her daughters married Bertrand Russell (as his first wife) and Bernard Berenson.

Mr Parker has written a chatty, rather superficial book about the family. He is more at home in the religious background of America (about which he has written before) than in the intellectual life of England. The book covers too many people and events to go deep into any of them, and suffers because some of them have been dealt with so much more thoroughly by others. But it is entirely readable and none of his subjects is a bore.

Oriental Renaissance

The Face of the Ancient Orient
By S. Moscati.
Routledge. 344 pages. 30s.

THE profound transformation that is at present taking place in our knowledge of the ancient Near East is aptly described by Professor Moscati as an Oriental Renaissance. Recent discoveries have not only thrown fresh light on the remarkable character and achievements of its civilisations; they are also demonstrating to an increasing extent the debt owed to the Orient by Greece and Rome. Such developments clearly have an importance and interest extending far beyond specialist circles, and this account of the pre-classical civilisations of the Near East, by the Professor of Semitic Philology in Rome University, is primarily intended for the layman.

The author has not attempted a detailed exposition; instead he has given a comparative study of those features which, in his view, are essential and characteristic. Thus he has dealt "not with history, but with historical outlines; not with religion, but with religious structure; not with literature, but with the literary genres; not with art, but with artistic types." Source material is used selectively, original texts being quoted or monuments described to typify ideas or styles of art. This is an excellent method of approach in that the reader is not burdened with a mass of detail but is presented with a clearly defined picture of each civilisation and can assess the extent to which its characteristics are peculiar to it, or are derived from or shared with other Oriental peoples. The weakness of this schematic treatment is that it tends to oversimplify what is, in fact, a very complex subject.

The most informative and illuminating

sections of this book are those dealing with literature and religion. The treatment of art and archaeology is less satisfactory and betrays an imperfect acquaintance with the source material. For example, in discussing the derivation of Assyrian art, Professor Moscati fails to note the important influence exercised by the Hurrians; similarly, the debt of Achaemenid art to Anatolia and Greece is scarcely mentioned, while the Egyptian influence is exaggerated. It is also startling to read that the art of ivory-working was "brought to its greatest perfection by the Assyrians." The great bulk of the ivories found in Assyria, including all those described by the author, are of Phoenician or Syrian workmanship. It is true that an Assyrian school existed, but it is quite different in style and technically and artistically inferior to that of the West. Within the limits of this review it is not possible to draw attention to every error, but in general it must be said that descriptions of archaeological material are often inaccurate and that the origins of artistic motifs are sometimes wrongly attributed.

Modern German

Langenscheidt's Concise Dictionary: *German-English*

By Heinz Messinger.
Berlin: *Langenscheidt.* London: *Methuen.* 672 pages. 17s. 6d.

SHORTER and handier than the classical Muret-Sanders to which it owes a debt, bigger and fuller than the pocket Langenscheidt, Herr Messinger's new dictionary is excellent value for money; students of German will find that it meets their ordinary needs. The German language has gone through many changes in the last thirty years or so: first, the fall from grace of Latin, French, English and other exotic or hybrid words under the Nazis; then, with the war, a proliferation of new military, technical, and even social terms; and after the war a new and unexampled receptivity to foreign usages, accompanied by the fairly general dropping of the Gothic letter.

Herr Messinger is self-consciously receptive to new words and connotations, in German and English. This is not always a help. *Telly* is becoming an established English word and he was right to put it in; but we could have done without *hubby* (*Ehemann*) and *Little Mary* (*Magen*). *Baby*, a word not seldom on the lips of modern German ladies, is not there by itself, but four compounds of it are—and all, from the look of them, taken from trade catalogues; what on earth is a *baskinette* (the English word offered for *Babykörbchen*)?

Manager is not to be found among the German words, though *Managerkrankheit* is; what a pity to have to render this interesting social-medical phenomenon merely by *stress disease*, a term from which the board meetings, the orange juice and caffein-free coffee, the long hours on the autobahn, and the strenuous little excursions with Rosemarie can hardly be inferred. *Knockout* is there, and *Plexiglas*, *Toto*, and *Traveller-Scheck* (why not *Reisescheck*, for goodness sake? But, to be fair, that is there, too). So are *Kobaltbombe* and *verdünnte Zone* (but not *Disengagement*). Communist east Germany is allowed here and there to make its not very stimulating impression on the language with words like *volkseigen* and *Aktivist;* but the first traces of a linguistic fissure between west and east German are perhaps to be detected in the absence, say, of *Kombinat* or the failure to offer a more convincing translation for *HO* than *Trade Organisation* (a *HO* being, in common speech in east Germany, a kind of shop).

Then there are the common neologisms that serve the journalist, the commentator, and the public relations man as daily ammunition (*Public Relations*, by the way, is not admitted to Mr Messinger's German vocabulary; nor is *Teenager* or *Drink*, though *Mixer*—barman—is). Our German colleagues are daily grasping *heissen Eisen*, standing *im Zeichen* of this or that; in an hotel you show yourself *anspruchsvoll*, you are charged in revenge *pauschal* for things you may not have had, and in a few go-ahead towns you are fairly lucky if you do not get *schikaniert*. For the lexicographer, there is always plenty going on.

Science for the Million

Satellites and Scientific Research

By Desmond King-Hele.
Routledge. 192 pages. 21s.

Man in Space

Edited by Kenneth F. Gantz.
Hollis and Carter. 318 pages. 30s.

Science as History

By Heinz Gartmann.
Hodder and Stoughton. 365 pages. 25s.

Science

Edited by J. Bronowski and others.
Macdonald. 367 pages. 45s.

OF these four books, two belong to the old and two to the new school of popular science writing. Head and shoulders above the rest stands Mr King-Hele's book on space research, written by a member of the Royal Aircraft Establishment at Farnborough, who has already used satellites to make substantial scientific discoveries of his own, and published at a time when the Government is, and public opinion should be, forming a decision on whether to commit this country to the expense of an independent space research programme. Most authors of books on space are obsessed with the mechanics of getting there, and do not seem to care much about the work to be done on arrival, so that the lay reader can be forgiven for wondering whether the game is worth the candle. Mr King-Hele has a better sense of proportion. He treats rockets merely as vehicles for carrying instruments up into space and what matters to him—and it matters passionately—is the behaviour of the sputnik once it has gone into orbit. This is scientific curiosity fired with a genuine liking for the object studied, the kind of personal relationship established by a bird watcher, or by an explorer for the living creature he is trailing. Mr King-Hele spent night after night watching for a glimpse of the rocket of Sputnik 3, and the sputnik rewarded his patience by showing him how to make his most important calculations about the varying density of the atmosphere.

"Man in Space" is concerned with space research of a different kind. It is a series of essays, written by the men involved in the American Air Force programme aimed at flying a man into orbit round the earth and back again. Although the turgid verbosity of most of them drives an English reader to near distraction, the importance of what they are saying forces its way through until it grips first the attention, then the imagination, then the emotions. Here is space flying with the lid off, the appalling engineering difficulties, the medical problems, the psychological strain leading to hallucinations, and the occasional moments of wonder. No one who reads this book will ever again make jokes about space travel or feel anything but respect amounting to awe for the men preparing to risk their lives on the venture.

Both these books are written for the layman without scientific training, but the important difference between them and the old school of popular science writing is that they do assume that the reader, however non-technical his background, is prepared to give them as much concentration as he would, say, to a political biography. Herr Gartmann makes no such assumption. In "Science as History" he jollies his readers along with anecdotes and touches of local colour, contemporary illustrations and chapter headings like "Wings for Adam." The whole thing slips down as painlessly as a sugared pill, and all that remains is the taste of sugar: science has somehow got lost on the way.

The Macdonald Illustrated Library's Science, by contrast, is the old, didactic school of science writing at its best, which can be very good indeed. With the simple object of giving information, it throws in every trick known to publishers: an editorial board of unimpeachable scientific repute and great respect for clear concise English; beautiful printing; lavish illustration with photographs, diagrams, drawings, in black and white and colour, factual or impressionistic—whichever helps best to put a technical idea across. Whose inspiration was it to use Seurat's pictures to illustrate the science of colour? This is described as the first volume of a "library of modern knowledge for young readers and their parents." Some of it may be a bit elementary for the children, but it is just right for their parents.



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Visual Discoveries

Art and Illusion

By E. H. Gombrich.
Phaidon. 497 pages. 70s.

Tiepolo Drawings in the Victoria and Albert Museum

By George Knox.
Her Majesty's Stationery Office. 122 pages. 63s.

PROFESSOR GOMBRICH has written a challenging book, a fit companion to his earlier volume "The Story of Art." In his stylish and richly informed way, with the mind both of an art historian and a scientist, he re-examines the basic problems in the theory of the visual arts and makes us both look at and see afresh what is involved in accepting an image as a likeness.

Surrounded today as never before by the visual image, in advertising, on the screen, in the press, we inevitably look upon the representation of nature as something commonplace. As this book traces how this attitude has come about, we are asked to realise how much of what we call "seeing" is conditioned by habits and expectations and what a distinction there is between what we really see and what we infer through the intellect. What the onlooker reads into the shapes on a painting, it is argued, depends on his capacity to recognise in them images stored in his own mind; he can never really separate what he sees from what he knows.

The two-dimensional representation of nature is necessarily incomplete; the medium which the artist chooses sets its own limitations; there can never, therefore, be an unambiguous naturalistic art. After all, the theory of perspective is no more than a scientific convention. This is, Professor Gombrich contends, the very reason why art has a history: the inventions of representation have been a bigger factor in the development of picture-making than changes in the artist's powers of observation. "Making comes before matching" is how he expresses it, agreeing with Malraux that the artist is more dependent upon art than nature.

This book is based on the Mellon Lectures delivered in Washington in 1956 and although these have been much expanded, the informality of a discourse survives. And if the analysis sometimes strays from the main thesis, it is none the less rewarding for that. The text is supported by some three hundred excellent well-chosen plates, many of which are uncommon examples. "Art and Illusion" is exploratory in the finest sense of the word and if at the end we are still left with many questions to ask, it is surely with a better informed curiosity. Although a new visual classification may be needed to understand abstract painting, one finds it easier to believe in such a classification after having read these pages. The aim of the action painter, we are told, is to make us "read his brushmarks as traces of his gestures and actions."

On more familiar ground, Professor Gombrich reminds us how skilfully light and space can be indicated in black and white by reference to one of Tiepolo's prints. This is exemplified over and over again in the pages of the fully illustrated and annotated catalogue of the collection in the Victoria and Albert Museum of the drawings of this great decorative painter of the eighteenth century. The draughtsmanship and the jauntiness of some of these drawings are a delight and many people will think that some of these experimental studies are preferable to the completed work.

Churches Inside and Out

Fashions in Church Furnishings, 1840-1940

By Peter F. Anson
The Faith Press. 383 pages. £2 10s.

Liturgy and Architecture

By Peter Hammond.
Barrie and Rockliff. 206 pages. 37s. 6d.

IN his fascinating and unique book Mr Peter Anson has chronicled the activities of church adorners from the years of the Oxford movement down to the liturgical revival of our own time. Its wealth of detail will heighten the Easter joy of ecclesiologists, who will be further delighted by the book's carefully chosen illustrations and the author's own line drawings, which embellish the text.

Mr Anson has not attempted to write a definitive history of Church art for his chosen period, but, like Ronald Knox in "Enthusiasm," has traced a pattern of changing taste from specimens that he has collected over a lifetime. Fashions in church furnishings do not move lineally but cyclically, outlining an arc from opulence to austerity, so that today we seem to have reached the furthest point from Tractarian sumptuousness and are entering a period of what has been called "spiritual nudity." The churches Mr Anson describes are all English, and Anglican rather than Roman, since Establishment churches in a study limited to England afford the art historian more scope. The comprehensiveness of Anglicanism leads to an endless variety of *décor* in its public worship, while the rigidity of English Roman Catholicism is reflected in the greater standardisation of its church ornaments.

In attempting to identify Victorian craftsmen, Mr Anson is rueful over the lack of co-operation from clergymen and church officials; many of them seemed ashamed of their treasures, and opined that the sooner this bric-à-brac was swept away, the sooner would ecclesiastical art revive in England. Their astringency is fully shared by Mr Peter Hammond in his timely, well written, and profusely illustrated book, to be published on April 25th. He explains the deplorable failure of the Church of England to create a living architecture in recent decades on theological rather than aesthetic grounds. The Church has failed to think out afresh its own function and that of the *domus ecclesiae* in a post-Christian society, and has thus given architects no adequate guidance. Hence we have had to put up with revivals of fossilised architectural forms, which confirm the impression that Christianity and the Church belong to the dead past. The tragedy of missed opportunity is all the greater since today churches are the only Christian symbols that can easily be seen by all. The remedy lies, not in the superficial modernism about which Mr Hammond is equally scathing, but in linking church design to the theological insight, biblical scholarship and liturgical practice of the present generation. Mr Hammond's book is a notable contribution towards the achievement of this end.

OTHER BOOKS

REFUGEES 1960: A report in words and drawings. By Kaye Webb and Ronald Searle. *Penguin.* 48 pages. 2s. 6d.

It is not easy to imagine what life in a refugee camp is like. Mr Ronald Searle and his wife, Miss Kaye Webb, who visited several camps in Austria, Greece and Italy, have done a service in producing this little sketchbook. They show the buildings, ranging from a huddle of huts to stark disused barracks, the rooms that are sometimes barer than a hospital cubicle, sometimes lace-curtained and even homely. But their main purpose is to show the people, and by sketches and short case histories describe the kind of person, and child, who has got caught in the void of refugee life. The lasting impression from their report is the blankness in the eyes of a group of people who have stopped believing that they can do anything for themselves—and have dwindling faith in others. All proceeds from the sale of the book are to go to the United Kingdom committee of the World Refugee Year.

SOUTH FROM TOULOUSE. By Andrew Shirley. *Chatto and Windus.* 252 pages. 25s.

"South from Cahors" would be a better title for this book, which describes the region south and south-east of the river Lot as far as the Pyrenees and the Mediterranean. It is a region unfamiliar to the general run of tourists, though unfortunately books like this and Miss Freda White's "Three Rivers of France" (the Dordogne, the Lot and the Tarn) published by *Faber* some years ago will stimulate increasing numbers of people to visit it. Mr Shirley is most successful at describing the historical treasures of the region. At other times he tends to be arch, especially in retelling his conversations with the locals. His account of Conques is so full and will attract so many of his readers that it is a pity that on his sketch map it is put completely in the wrong place.

BOSTON—A TOPOGRAPHICAL HISTORY. By Walter Muir Whitehill. *Harvard University Press.* London: *Oxford University Press.* 244 pages. 40s.

THE SILENT TRAVELLER IN BOSTON. By Chiang Yee. *Methuen.* 287 pages. 30s.

Those who know Boston well will find much of interest in the minutiae of Mr Whitchill's book, with its many charming prints and illustrations of Boston down the ages. On the other hand no one need have visited Boston at all to derive pleasure and a good deal of understanding, both of New England and of China, from Mr Yee, who, as a "Silent Traveller," sketchbook in hand, has now added Boston to his earlier journeys to Dublin, Edinburgh, New York, Paris and Oxford.

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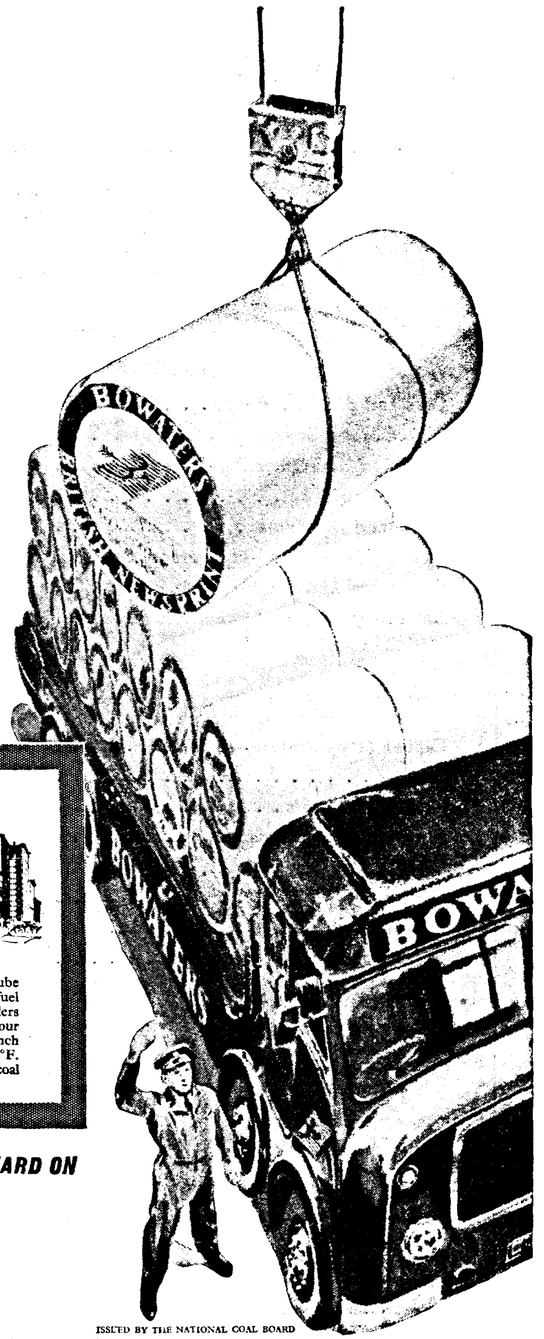
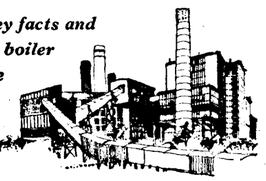


Here are some key facts and figures about the boiler installation in the Bowater paper mills at Kemsley



Boilers:	10 water-tube
Method of firing:	Chain grate stokers and pulverized fuel
Boiler efficiency:	80% old boilers, 88% new boilers
Maximum steam rating:	940,000 lbs per hour
Maximum steam pressure:	1,500 lbs per sq. inch
Maximum steam temperature:	915°F.
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Accrued Interest and Other Resources	3,371,101
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Deposits	483,444,173
Acceptances	11,303,389
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A Catholic in the White House?

WASHINGTON, DC

SENATOR KENNEDY'S victory in the Wisconsin primary, where voters had a chance to show which presidential candidate they would prefer, has been discounted considerably because it was achieved in large part through block voting by his fellow Roman Catholics. But it has called attention once again to the importance of religious loyalties in politics and, more specifically, to the massive power of Catholics in the Democratic party. By normal standards, Mr Kennedy's triumph over Senator Humphrey was decisive and impressive. But the outcome was much less important for its own sake than as a test of how religious affiliations would affect voting if a Roman Catholic were a candidate for the Presidency. On this crucial point, the results were at best inconclusive.

As the first Catholic to become a serious contender for the Presidency since Al Smith ran unsuccessfully for the Democrats in 1928, Senator Kennedy was naturally expected to attract unusually strong support in predominantly Catholic neighbourhoods. If Wisconsin was to enhance his chances of winning the Democratic nomination, however, he would have had to demonstrate that he could make a good showing in Protestant areas and particularly in the small towns and farming districts. There he did fairly well, but not well enough. Three of the ten congressional districts provided Mr Kennedy's margin of victory. All three are heavily Catholic and two are normally Republican. The returns in these districts tended to confirm the view that many Republican Catholics "crossed over" and voted in the Democratic primary for Mr Kennedy instead of participating in their own primary where Vice President Nixon was unopposed. Such cross-overs would be much less likely to occur in a presidential election.

Mr Kennedy carried the fourth district, a Catholic, industrial one in Milwaukee, by 89,000 votes to Mr Humphrey's 42,000. He won the neighbouring fifth district by 68,000 to 53,000, and the eighth, which is in heavily Catholic Green Bay, by 59,000 to 23,000. He won two heterogeneous districts by smaller margins. Of the four predominantly agricultural ones, he lost three. He also failed to carry the second district which includes Madison, the state capital which is the home of the State University, where many intellectuals who actually prefer Mr Adlai Stevenson voted for Mr Humphrey in order to prevent a Kennedy sweep. The Kennedy supporters retort that in communities such as Sheboygan, Janesville and La Crosse, where Protestants are overwhelmingly predominant, Mr Kennedy won easily. But there was too much evidence of religious solidarity in the pattern of voting to make this rebuttal persuasive. In the town of Little Chute, for example, which is Catholic and Democratic, the vote was Kennedy 1,170, Humphrey 48. Several Protestant towns swung sharply to Senator Humphrey.

It is necessary to bear in mind the events of the Smith campaign of 1928 to understand why politicians and journalists carry their analysis of these voting patterns to Proustian extremes. Smith was not only defeated; his candidacy also provoked an explosion of anti-Catholic bigotry. The antagonisms aroused in the campaign appalled the country and destroyed for a generation any chance that either party would risk nominating a Catholic for President. But the steady increase since then in the number of Catholic office-holders at all levels below the Presidency has made it inevitable that eventually one of them would attempt to succeed where Smith failed. There are 37 million Roman Catholics in the country, which suggests that there are approximately 14 million Catholic voters. Most of them lean toward the Democrats, but with increasing prosperity some have turned to the Republicans. Catholics are concentrated in the states of the eastern seaboard, the industrialised Middle West, the mountain states, and California. There are relatively few of them in the South and in the agricultural regions of the Middle West. The states with a high proportion of Catholics are the heavily-populated ones which cast a big electoral vote and are pivotal in determining who wins the Presidency. They include New York, Massachusetts, Pennsylvania, Ohio, Michigan, Illinois and Wisconsin.

The great lure of the Kennedy candidacy from his party's point of view is that he would attract an abnormally large vote in these key states. The great risk is that, if his candidacy aroused latent Protestant fears and antagonisms, he might lose the party more votes among Protestants than he gained among Catholics. Senator Kennedy's contention, in effect, is that he can get a "bonus" of Catholic votes without an offsetting loss among Protestants. In Wisconsin, he demonstrated his strength among Catholics but he did not show quite enough strength among Protestants to quell all doubts.

MR KENNEDY'S candidacy marks a new stage in the rise of Roman Catholics in American politics. The Catholic immigrants, spearheaded by the Irish, who began to come to the United States in great numbers after 1840, won the political control of New York, Boston and some smaller cities in the last quarter of the nineteenth century. Some Catholic Mayors and members of Congress were elected, but not until 1918, when Smith was first elected Governor of New York, did the immigrant Catholic community produce a national figure. At the time he ran for President ten years later, Catholics in high offices were still rare and his career was the exception, not the rule, for Catholic politicians.

In the thirty years since Smith, the Catholics have broken through to win Governorships and Senate seats in almost every state outside the South. This is a result of their increased voting strength and of a more tolerant spirit in the country. Massachusetts elected its first Catholic Governor in 1913 and did not elect its second until 1934, but since that time five of the state's eight Governors have been Catholic. Two years ago, Catholic Governors were elected for the first time in Pennsylvania, Ohio and California.

Paradoxically enough, these high-ranking Catholic office-holders are not, in most instances, friendly to Senator Kennedy's candidacy. Their states are only about one-quarter to one-third Catholic, and they fear that a Catholic in the White House, coming on top of a Catholic Governor and Catholics in many lesser offices, might strain the tolerance of the Protestant majority and provoke

a reaction that would injure their own political futures. Major Catholic office-holders also often have local problems which they fear would be aggravated if the Democrats nominate a Catholic for the Presidency. Governor Lawrence of Pennsylvania, for example, is eager to win control of the upper house of his State Legislature in this autumn's election. Since the marginal seats lie in Protestant rural districts, he fears that a presidential campaign which aroused religious feeling and caused Protestant voters to swing to the Republican party would destroy his hopes for a legislative majority. Governor Lawrence, in spite of intensive wooing by Mr Kennedy, has kind words only for Senator Symington and Mr Stevenson among the potential presidential nominees.

Mr Kennedy's strongest source of support comes from the rank-and-file of Catholic voters to whom this handsome, wealthy, talented young man is a hero. The sentiments of these voters are known to the local and county leaders of the Democratic party and are often shared by them. The result is that, while state and national grandees like Governor Lawrence and Mr Carmine DeSapio of New York talk airily of Mr Symington, many less well-known but powerful local bosses, such as Mr Charles Buckley in the Bronx and Mr William Green in Philadelphia, are leaning to Senator Kennedy. These members of the party organisation have great influence over the selection of delegates to the nominating convention and over the manœuvring at that convention.

The Catholics, while taking possession in recent years of many high public offices, have not relinquished their traditional hold over the party organisation which they began to develop seventy-five years ago. Mr Paul Butler, the Catholic chairman of the Democratic National Committee, is openly a partisan of Senator Kennedy. Sixty of the sixty-four county chairmen in New York State are Catholics and most of them are for Mr Kennedy. Catholics make up the majority of city and county committeemen in Chicago and other key cities. The intensity of pro-Kennedy feeling within the lower ranks of the party organisation in Ohio had a great deal to do with the decision of Governor DiSalle to support Mr Kennedy, toward whom the Governor had previously been cool. Senator Kennedy disavows any hope that people will vote for him on religious grounds, but his chances of winning the nomination nevertheless depend to a considerable extent upon the solidarity of his co-religionists and upon their pivotal positions in the party machines. In spite of the ambiguity of the Wisconsin results, only a marked upsurge of anti-Catholic feeling in the remaining primary elections would convert his religion from a net political asset to a debit.

On Record for Negro Rights

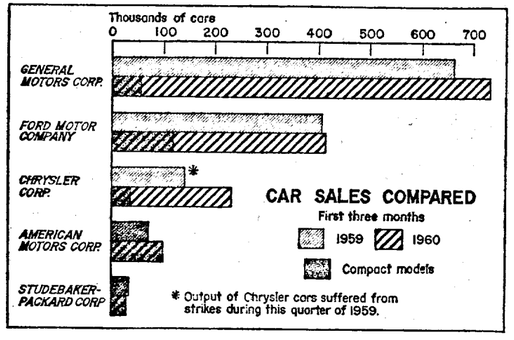
A NEW Act to protect Negro rights, only the second one ever passed and one to which both parties will point with pride in the coming election campaign, now seems assured. Last week the Senate passed the House Bill, almost unchanged, by the massive vote of 71 to 18; only the handful of Southerners (including Senator Fulbright, who has an insecure seat in Arkansas) stuck to their over-run guns. The Republicans, who in the past have often traded favours with the South, voted to a man with the northern and western Democrats. The Senate leaders are now confident that the House will accept promptly the few alterations made in the Bill and the President has promised to sign it. Such striking unanimity is a tribute both to the march of human rights and to the anxiety of both parties to court the powerful Negro vote in northern cities by showing solicitude for the underprivileged Negroes in the South.

Senator Dirksen, the Republican leader, worked hand in glove with Senator Johnson, the Democratic leader, to herd the willing majority toward an agreed compromise which, after eight weary weeks of argument, most members of Congress were only too anxious to put behind them. This bipartisan steam-roller frustrated the Democratic liberals at every turn when they sought to broaden and strengthen the Bill; they feel cheated and embittered. Senator Johnson has shown once more that he can build a bridge between the North and the South, but the Bill may not be strong enough to attract the northern support he needs if he is to win the democratic presidential nomination. However, that he did not have to invoke closure suggests that the measure has not endangered the South's support for him at the nominating convention.

The price of this achievement is a Bill stripped down to the matter of voting rights and one, moreover, which men from such different ends of the political spectrum as Senator Eastland of Mississippi and Mr Wilkins, of the National Association for the Advancement of Coloured People, suspect will make little difference in the South. The Attorney General, who will have to bring the court cases which will start the complicated new machinery moving, disagrees. But even if the scheme (which he devised) for enabling federal courts to register Negroes to vote works as he hopes, Negroes will still have to brave threats of violence and economic pressure to use it. At least the Southerners failed in their attempts to limit the voting provisions to congressional elections and to exempt the all-important (in the South) contests where candidates are chosen. In addition the Bill ensures the preservation of voting records and prescribes penalties for obstructing a court order and for fleeing across state lines to escape prosecution for blowing up buildings.

False Spring in Detroit?

IN the middle of March the number of new cars in automobile dealers' showrooms passed the million mark for the first time. Under today's conditions this is not as disturbing as it sounds: with customers shopping for cars as they do for groceries in a supermarket and going elsewhere if the exact style and colour which they want is not waiting to be driven away, dealers are glad to carry far larger stocks than they used to do. Nevertheless, manufacturers have already started sales contests among their dealers, a stimulating device which is not normally used until nearer the end of the model year. These contests are probably one reason why sales improved sharply toward the end of March; another is the abnormally discouraging weather during the earlier part of the month. Comparisons with 1959 mean little, since last year was a poor one for the industry, and it is still too soon to judge whether the March rise in sales is a true spring upturn. There is certainly



Morgan Guaranty Trust Company

OF NEW YORK

Statement of Condition March 31, 1960

ASSETS

Cash and due from banks	$1,021,263,377
U. S. Government obligations	289,795,215
State, municipal and public securities	174,367,677
Other securities	14,709,053
Loans	2,196,153,907
Accrued interest, accounts receivable, etc.	122,317,445
Customers' acceptance liability	57,101,144
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	8,320,495
Bank premises	24,701,248
	$3,921,483,066

LIABILITIES

Deposits	$3,187,373,033
Reserve for expenses and taxes	34,283,380
Liability on acceptances	61,265,676
Dividend payable April 15, 1960	6,032,000
Other liabilities	106,499,270
Capital—7,540,000 shares—$25 par	$188,500,000
Surplus	236,500,000
Undivided profits	101,029,002
Total capital funds	526,029,002
	$3,921,483,066

Assets carried at $336,247,817 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member of the Federal Reserve System and the Federal Deposit Insurance Corporation

Incorporated with limited liability in the State of New York, U.S.A.

140 Broadway, New York 15
23 Wall Street, New York 8

LONDON *33 Lombard St., E. C. 3* PARIS *14, Place Vendôme* BRUSSELS *27, Avenue des Arts*

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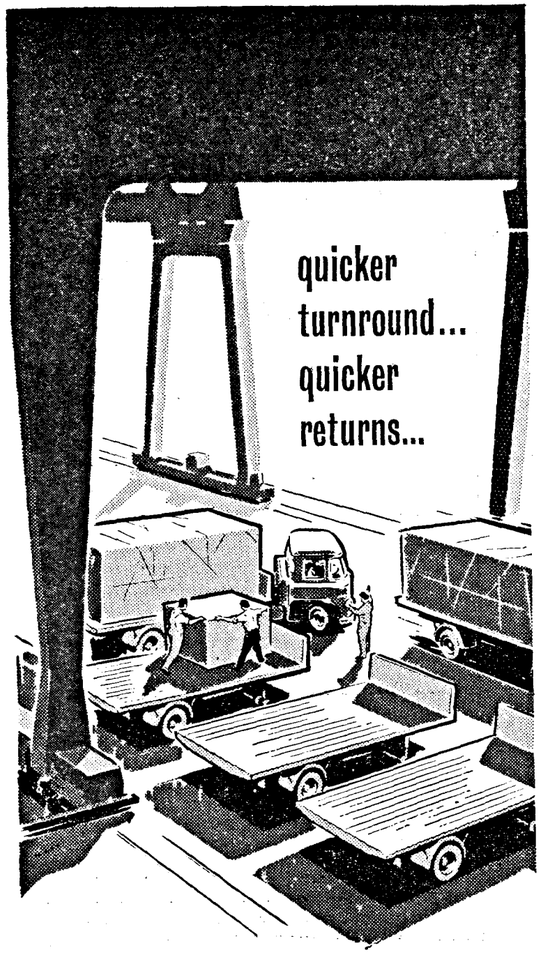

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Boden—leading British Company in this specialised field design and manufacture superlative semi-trailers incorporating the latest advances in road vehicle engineering.

BODEN superlative semi-trailers
BODEN TRAILERS LTD.
ROYTON, OLDHAM, LANCS.
Telephone: MAIN 5204-5-6

little reason to think that it heralds an old-fashioned spring boom or a record production year.

For these to develop there would have to be a resurgence of demand for the standard cars which are still responsible for about 75 per cent of total output ; yet the only real enthusiasm this year has been for the new compacts of which over 42,000, the highest number ever, were produced during the last week of March. Total output of all cars during the first quarter was just over 2 million, almost a record for the period, but not up to the 2,250,000 which had been forecast by the optimistic ; in the second quarter output seems sure to be substantially lower, even if sales do maintain their present high rate.

At least the manufacturers can comfort themselves with evidence that compact models are doing as much harm to imported cars as they are to the traditional American product. Except in December, sales of imported cars have fallen ever since last June although nearly 5,000 more—40,420 in all—were still sold in January (the last month for which figures are available) than in January, 1959. The chief sufferers have naturally been those which compete most directly in size and price with the compacts ; these are the British Austins, Hillmans, Morrises. Imported luxury and sports cars have no domestic rivals nor, for the present, have the cheap—to buy and to run—Volkswagens and Renaults ; these two, and Opels, were the only imported makes to gain in sales in January. But it is reported that the demand for foreign, as well as domestic, cars improved during March.

All Set on the Set

After contradictions, recriminations and unnecessary delays, all typical of the film industry, Hollywood's movie actors are once again working on the sets of the seven major companies. While the strike went on for a month, it probably did not go on long enough to drive any of the remaining companies out of the production side of the business altogether. The three-year settlement provides for increases in minimum pay for all classes of film actors, for future contributions by the companies of 5 per cent of the actors' wages into pension, health and welfare funds and for immediate contributions, amounting to $2,625,000 to be paid in instalments, to establish these funds ; they have not existed for film actors until now. This last concession, in effect a payment for past services, meets part of the actors' demand, the basic issue in the strike, for a share in any income from television showings of films made since 1948. Under the settlement the actors are also to receive 6 per cent of television receipts from films begun since the end of January.

The emphasis on television showings, long recognised as the industry's only way of recouping its past losses, reflects the opportunities offered in this field by the recent revival of experiments with subscription, or pay, television as an alternative to programmes financed by advertising. The Zenith Radio Corporation is seeking permission to start a three-year test in Hartford, Connecticut, along lines which the Federal Communications Commission is expected to approve, of a system of broadcasting scrambled signals over regular television channels ; these become clear when decoders are fixed to the recipient's television set and he pays either with a coin in a slot or by a monthly bill. Already in operation in a suburb of Toronto and expected for various good reasons to be more successful than a similar experiment two years ago in Oklahoma is the Telemeter system, which brings television into subscribers' houses on a special wire ; the great advantage of this system is that it can offer a choice of three programmes simultaneously.

The Telemeter firm is a subsidiary of Paramount Pictures Corporation, one of the film companies which have been involved in the strike, and the Toronto subscribers have been seeing the latest films from all the companies on their screens ; residents of Hartford are promised similar opportunities if Zenith is allowed to operate there and Telemeter hopes to set up its system in several American suburbs before the end of the year. The theory is that this type of television appeals particularly to young couples who cannot afford the parking and baby sitting charges, as well as the price of seats, which are involved in a visit to the cinema. If the opposition of the broadcasting networks and of the cinema theatre owners does not succeed in choking off these latest enterprises, as it has managed to do with similar projects in the past, then the film producers, and the film actors, see a guaranteed and profitable new market opening up before them. It is still very much needed even though cinema attendances have shown a marked improvement since last summer.

Freedom for Nixon

The Vice President received two political gifts from the White House last month. The first was Mr Eisenhower's blessing on the man who seems sure to be the Republican nominee for the Presidency this year and the President's offer to campaign for him. This was welcome, but Mr Nixon may have valued more Mr Eisenhower's assurance that the Vice President is free to develop his own political programme. In any case, he has lost no time in taking advantage of it. Last week he told a group of editors of Protestant publications that the United States should provide information on birth control to countries asking for it—a stand which Mr Eisenhower opposes strongly and which may embarrass Senator Kennedy, the Roman Catholic Democrat whom, the Gallup public opinion polls claim, could beat Mr Nixon today. This bold initiative does not bear out the commentators who have been saying that the Vice President might be at a loss now that he has been given his head.

There is every sign, indeed, that he is anxious to associate himself with more forward-looking social policies than the present budget-minded Administration will accept. Mr Nixon knows—and indeed has said—that the Republican candidate and his party will have to make the fight of their lives to win in November. This is because the Republicans are the minority party and Mr Nixon lacks the unique personal appeal of Mr Eisenhower to independents and Democrats. According to the Gallup poll, 47 per cent of the voters are Democrats, 30 per cent Republicans, and 23 per cent are independents. Mr Nixon himself said recently that the party is weaker than it has been since 1936. If Mr Nixon is to be elected he must develop issues to attract the independent voter. This is why he has been pressing the Administration (apparently with success) to submit its own programme for providing medical care for old people instead of letting the Democrats walk off with the whole issue. He may also succeed with education ; farm policy will be a tougher nut to crack, and defence—the President's speciality—is probably best left alone.

The Vice President is too old a campaigner to panic at an unfavourable poll ; he is holding to his belief that his place now is in Washington and that, in any case, it is best to reserve all his strength for a big push after the conventions. Then, he promises the most vigorous and searching campaign ever conducted. Some Republicans who are less stoic (or not wholeheartedly in Mr Nixon's camp) have seized this opportunity to revive talk of Governor Rockefeller of New York—a liberal who would have no difficulty in dissociating himself from the Administration's record—as the Republican candidate. But even Mr Rockefeller, who hinted last week that he was still available and who has so far failed to join the Nixon team, admits that such a draft is unlikely—unless Mr Nixon's popularity continues to wane. At least, however, such talk keeps interest in the Republican nomination from dying out altogether.

Floods Forever

FROM A CORRESPONDENT IN COLORADO

THIS spring's serious flooding in eight mid-western states, as a result of last winter's exceptionally heavy snow and rain storms, underlines the contention of a group of geographers at the University of Chicago that in the United States great floods, overwhelming all protective works, are inevitable from time to time. Furthermore, according to the group's report, which was financed by the Ford Foundation through Resources for the Future, Inc., the damage done is going to be incalculably greater than it has been in the past, largely because of the constricting and damming effect of building houses, roads, etc., on the plains which were originally made by the floods themselves along the banks of America's huge rivers. These construction works pile up the water higher than it would go otherwise and mean that there are far more valuable properties for it to destroy than when the flood plains were left comparatively undeveloped. In fact, these geographers say, much of the country's huge and expensive programme for controlling floods, believed by the public to be going well, is being vitiated by complaisant local politicians, public authorities and land developers, who allow intensive and costly building on the flood plains in and near major towns, under the assumption that major floods have been controlled out of existence—an assumption which has just, once again, been proved untrue.

Between 1903 and 1959, according to the geographers, floods did about $10 billion worth of damage (in 1957 dollars). The cost of such damage averaged $105 million a year between 1903 and 1936, when the Army Engineers took over the central responsibility for controlling floods; since then losses have averaged $329 million annually, partly because of the great floods of 1951 and 1955, each of which did more than $1 billion worth of damage. But, generally speaking, these figures reflect only tangible losses, largely in towns, and the Department of Agriculture figures that if damage to crops, soil and watersheds were added the amounts would be doubled. Also, before the latest disaster, the Red Cross had spent more than $100 million since 1936 on direct flood relief and the Federal Bureau of Roads a like sum on repairing flood-damaged federal highways and bridges, without accounting for similar expenditures for state and local roads. Nor does this exhaust the amounts which government organisations have had to spend on relief and rehabilitation after flood disasters.

Since 1936, meanwhile, the Army Engineers have finished work on some $4 billion worth of floor-control projects, with $3 billion worth still under way, and have a backlog of projects which will cost another $20 billion; the latter, however, are largely the result of the efforts of members of Congress to get as many projects as possible promised for their own districts and many of them will never be built. Moreover, the above figures are not the complete current costs of controlling floods. The Tennessee Valley Authority and the US Bureau of Reclamation each have flood-control programmes; the TVA's scheme, as successful as everything that agency undertakes, has already repaid nearly three-fourths of the original outlay in savings from loss by flood. And nearly one hundred projects are in hand under the 1954 Watershed Protection and Flood Control Act, which offers grants-in-aid to local agencies.

Yet the geographers say that the danger and expense of floods may continue to mount all over the country as long as towns continue to expand at their present rate and as long as present patterns of land use prevail. The remedy is to keep the people away from the water rather than to strive fruitlessly to keep the water away from the people, to regulate the use of the plains so that the valleys are left empty to accommodate the inevitable floods. The recommendations of these experts are all aimed at slowing down the congestion on flood-plains by such means as ceasing to build roads which both encourage development there and create new obstructions behind which floods build up. But it is virtually useless to talk about such remedies in the face of popular and official indifference and of pressures from speculators and promoters, backed by local chambers of commerce and by local administrators anxious for more taxable properties.

Madison Avenue Looks at Britain



By courtesy of British Railways.

NEW YORK

THE image of Britain that emerges from the advertising pages of American magazines is of distinctly prewar vintage. No nonsense about the rise of the welfare state or the demise of the servant class has, for the most part, disturbed the traditional theme—that Britain is the country of class distinction, timbered cottages and quiet good taste. This advertising, with its great fondness for ancient buildings and the ubiquitous "bobby" is as much the creation of Madison Avenue as are the advertisements for domestic goods.

Practically all British products being promoted in the American market are in the hands of an American advertising agency. The British manufacturer retains, as a rule, a say over the character of the advertising; so, sometimes, do the American importer and such third parties as automobile dealers or (for beverages) bottling plants in the United States. But in general it is true to say that the style of this advertising reflects Madison Avenue's view of the average American's view of Britain. It is drawn from what are believed to be the most common associations with Britain and, in turn, it reinforces these associations. As one advertiser remarked: "If the English did their own advertising it wouldn't be 'British' enough."

Apart from Scotch whisky, which has attained the status of a domestic staple, few British products attempt the very costly business of cracking the mass market. Instead they concentrate their advertising in a small group of "prestige" magazines of which the *New Yorker* is the outstanding example. Indeed, over a fifth of the *New Yorker's* advertising is now foreign, and over half of this is British.

The advertising agent is aiming at people who believe that they have superior tastes and certainly have superior incomes. His favourite line of approach when handling a British product lies through subdued snob-appeal. Thus the Humber is presented as the car "given to beautiful under-statement. . . . Elegance without excess." And the Vauxhall, despite the fact that its marketing is in the hands of the General Motors Corporation, is invariably displayed against a backcloth of old-world charm with owners dressed in riding breeches or suitable tweeds, and a few fox-hounds thrown in for good measure. At a jauntier level, one immaculately-rain-coated Englishman confides in another: "Wouldn't it be *ghastly* if everyone owned a Burberry?" Or "Don't wait to inherit Spode."



By courtesy of Rodex.

While to English eyes the "snob-appeal approach" is sometimes offensive and often unimpressive, American advertisers rate it highly for the promotion of British goods. A more serious criticism of British advertising is that too much of it is inoffensively dreary. And the rather desperate emphasis on its country of origin seems to say: "We know this product is not competitive in price or design, but it *is* British-made and we've been making it for a *very* long time." In a different field, the illustrations in advertisements for Cunard look old-fashioned beside their good slogan "Getting there is half the fun," while those for British Railways are guaranteed to make any Englishman blush.

What is considered by Americans to be good advertising for a British product may well be greeted with raised eyebrows across the Atlantic. A striking example of this is the campaign of the British Travel Association. To persuade the American tourist to brave the climate and go to Britain, the BTA, with the aid of a government grant, has exposed him for several years to stunning photographs of the old world charm that he expects to find in Britain—thatched cottages and hollyhocks, Cotswold villages and rolling farmland, castles and ghosts. This "corny" presentation of Britain has come in for a good deal of criticism at home. In particular, objections have been raised about the accompanying text which is rarely an example of that British understatement lauded in other advertisements. And when the BTA sets out to extol the virtues of English food, native critics feel distinctly uneasy; it is true that the pictures are mainly of such uncooked delicacies as Stilton cheese and strawberries and cream, but where would the tourist find that exquisite rare roast beef?



By courtesy of Schweppes, Ltd.

Among the American advertising fraternity, the BTA campaign is rated a considerable success. More important, there is every indication that it claims the attention and the approval of those at whom it is aimed. The number of American visitors to Britain has quadrupled since 1949. The agency which handles this advertising is, as it happens, headed by a Briton, Mr David Ogilvie, who has to his credit such successful advertising characters as the bearded Commander Whitehead of Schweppervescent fame and the eye-patched man in the Hathaway shirt. He defends the deliberate "one-sidedness" of the campaign on the grounds that its aim is to attract Americans to Britain—not to please the British "who are there already."

While the advertising for British goods is largely American-inspired, its shortcomings cannot, in the main, be blamed on Madison Avenue. Few British firms have felt inclined to embark on advertising campaigns large enough to interest the more enterprising agencies or to warrant a great deal of attention. And even fewer have been prepared to invest enough money and legwork in establishing a distributive network to back up their advertising. As one advertiser remarked: "British manufacturers are afraid of the American market—they wish it would go away."

Some of the larger agencies do not undertake accounts with billings of less than $300,000 a year—and many British ones are in the $20,000 class or even less. Moreover, the handling of a foreign product involves the agency in serving several masters—which can be tiresome; there are the added difficulties of co-ordinating advertising with deliveries and model changeovers (this is an area in which British firms do not have a good record); and many British goods are handled by small importing firms with little expertise in marketing a "prestige" product. Thus British accounts, with a few notable exceptions, rarely get the best that Madison Avenue has to offer.

Group advertising offers one solution to the problem of size. But although the woollen manufacturers have co-operated with some success, British firms do not take naturally to "togetherness." It is generally agreed that sales of British china in the American market would have benefited enormously from a joint advertising campaign to keep alive the reputation of bone china, but the exporters have failed repeatedly to agree on a programme.

British advertising has not been without its star turns. The Rolls-Royce advertisements have received top honours, as has also the Schweppes campaign. Jaguar's four-colour advertisements, which give a stunning impression of elegance and "British craftsmanship" (against an American background) are examples of British advertising at its best. Rose's Lime Juice is making a large bid to get a foot in the American market; it is said to be spending $250,000 this year on what is a very sophisticated (and completely "un-British") advertising campaign.

Recently many British firms have been prodded into bigger and better advertising by their European competitors. In the past, except for the various airlines and tourist agencies, there has been little direct advertising for other foreign products. But the picture is changing rapidly. Spending on advertising for foreign cars jumped from $2.7 million in 1958 to $7.5 million last year, with much of it coming from the continent, and even from Japan. This year the Renault company alone is putting $5 million into its American advertising budget—the firm says it is thinking in terms of the next hundred years.

Most of this advertising is being handled by first-class American agencies and is of very high quality. The Renault campaign, which takes full advantage of the language barrier ("Le Car Hot"), is the envy of most advertisers. And the Volkswagen advertisements, with the accent on efficiency ("Repair 'em? I've got enough parts to build 'em"), are equally arresting. When handling a French product, the American mind runs to gaiety and colour, while a German product gets the "efficiency" treatment—and in neither case is the country of origin given much play. Can well-worn oak-beamed cottages and subdued snob-appeal compete, or should Madison Avenue restyle its image of Britain?



By courtesy of the British Travel and Holidays Association.

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LIFE INTERNATIONAL

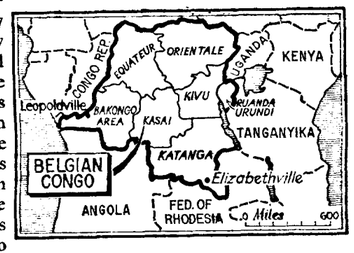
THE WORLD OVERSEAS

The Unquiet Congo

FROM A CORRESPONDENT IN LEOPOLDVILLE

ANXIETY is widespread among the European community in the Congo, with Congolese independence less than three months away. Everyone is aware of the hasty improvisation going on. If all parties appeared to be in agreement at the Brussels conference, it was because the Belgians no longer had any choice. The Congolese themselves were astonished at having won so easy a victory in what they had expected to be a difficult struggle. It seems that they are now beginning to understand the extent and seriousness of their responsibilities.

The European anxiety is shown in a very considerable increase in capital sent back to Belgium. The financial haemorrhage has been put at a milliard and a half Belgian francs (over £10 million) between December 15th and January 31st. It is going on at the rate of about a milliard a month. M. Scheyven, the Belgian minister for economic and financial affairs, who has just undertaken a tour through the Congo, has urged the large firms to set an example of calm and confidence. But the smaller companies and individuals are repatriating their money as fast as the law allows: five thousand francs a day. The verbal assurances given to European interests by the future Congolese leaders since their return from Brussels are considered valueless because those who gave them could not speak with any precision.



The authorities have kept quiet about this situation. Some make out it has been stabilised, but a Belgian expert has explained that this optimism is caused by the fact that "a deficit exists which is thought to be normal only because it is chronic."

The political situation is not improving: quite the reverse. There is apprehension over how, and by whom, the Congo will be governed. Now that the nationalist fight is over, the political struggles for power have begun. They may well bring bloodshed. The latest clashes in the Katanga, which ended with seven dead and 158 wounded, have increased the general pessimism. In fact, nothing is settled. The *Mouvement National Congolais* (MNC) remains divided into two wings, led by MM. Lumumba and Kalonji, both fierce rivals. The Abako, the party of the Bakongo, has just split as a result of the personal quarrel between MM. Kasavubu and Kanza. The savage and cruel war between the Baluba and the Lulua, in the Kasai, is far from being finally put down. For a year now, these emergencies have become common form. It can be said that, on the eve of independence, the Congolese political parties remain, with the possible exception of M. Lumumba's wing of the MNC and the European-inspired *Parti National du Progrès*, the political expressions of antagonistic racial groups whose traditional outlook, formed for centuries by tribal custom, has still not been changed by any mixing. Finally, it cannot be substantiated that the secessionary spirit that prevailed among the Katanga tribes, in reaction to that of the Bakongo (in the Léopoldville province), has been definitely extinguished.

In financial affairs it seems that the point is rapidly being reached of complete incompatibility between the Belgian and Congolese viewpoints. The Europeans want the full exercise of the rights given them under the colonial regime: the free repatriation of their capital and the free transfer of their profits. They are well aware that they furnish much the greatest part of the Congo budget and think that this justifies the normal guarantees that ought to be given them. But the Congolese, too, want guarantees at the forthcoming economic conference. They want most of the eleven to twelve milliard francs that leave the Congo each year as dividends, savings and floating capital to remain there. M. Nguvulu, president of the *Parti du Peuple*, denounced at a recent press conference "the system of the highest profit in the shortest time." He demanded the control of all national property and major national enterprises by the state, the reinvestment in the Congo of profits secured by the exploitation of national resources, and the raising of the general standard of living.

It is true that this crisis could be delayed if, in fact, as certain Congolese circles assert, most of the principal Congo leaders have been "bought" in Brussels by the major concerns, the *Société Générale*, the *Groupe Empain* and *Brufina*, which control the entire economy of the country.

UP to now, the measures considered by the Belgian government seem altogether inclined in favour of the Europeans. The effort is being made in Brussels to continue the free movement of capital for as long as possible. An agreement between the National Bank of Belgium and that of the Congo envisages aid by the former to the latter with, in return, financial guarantees (the blocking of the Congolese reserve deposits as a guarantee of the Belgian francs loaned) and also political ones (the repayment of the Congolese reserves in gold and dollars will not be carried out until after the repayment of credits in Belgian francs has been honoured).

These measures simply mean putting the Congo treasury under the complete control of the Belgian bank and, as a result, the subjection of the future Congo state to Belgium. Already some Congolese have been roused and have begun to denounce "the dirty little game in which Belgium wants to entangle the Congo."

Belgium is considering undertaking loans in the name of the Congo government: one, short-term, from the United States for $20 million, the other, long-term, for $40 million from the International Bank for Reconstruction and Development. But the Belgian parliamentary commission for finance has specified that both the repayment of these loans and the servicing of the interest (which would considerably increase an already very heavy public debt) should be entirely at the charge of the Congo treasury.

Finally, the Belgian government also envisages the anticipated payment of royalties and dividends owed to the Congo treasury—which some observers think is a matter of spending one's money before one has it.

Officially, the total of public and private aid to the Congo will thus be raised to five milliards (in francs and dollars) between now and June 30th. But it must be emphasised that the deficit on the ordinary budget will reach two and a half milliard francs for 1959, and that the budget stabilisation fund is totally extinguished. These new measures thus consist of digging one hole to fill in another.

Is it possible to increase Congolese taxes to remedy this financial deterioration? It seems not. The proportion of existing taxes and duties to the national income is already 24 per cent. It all means that the Congo, an underdeveloped country, has the unhappy privilege of entering independence with a financial burden four times greater than that of India and Pakistan, and as heavy as those of European states.

The newspaper *Notre Congo*, the organ of the Abako (the Bakongo party) has declared in an editorial: "This economic aid is, at bottom, only a disguised form of paternalist colonialism." The paper's comments have added importance because M. Kasavubu, the Abako leader, is a member of the present executive council, charged with financial and economic affairs. The editorial issues a warning that the round-table talks on finance promise to be much more dangerous than the earlier political discussions.

Byzantine Tactics in Cyprus

FROM OUR CORRESPONDENT IN NICOSIA

CYPRUS is emerging from a bout of All Fool's Day madness. Archbishop Makarios's speech on April 1st threatening a campaign of civil disobedience if the island's independence were not soon proclaimed, followed by Dr Kutchuk's broadside a few hours later with its wild talk of civil war, seemed to set the clock back two whole years, and overshadowed the tortuous negotiations on the bases at Government House—which are now entering their eighth week. In the process people have ceased to talk about when independence will take place, but rather whether independence will take place; although this pessimism is almost certainly unwarranted.

It has perhaps not been sufficiently understood that the archbishop's controversial speech was essentially designed for home consumption. The occasion was Eoka Day, the anniversary of the start of Eoka's campaign against the British five years ago. Thousands of excited supporters were thronging the archbishopric, and cadres of Eoka men were on parade in their guerrilla uniform. For months Archbishop Makarios had been goaded, sniped at, and reviled by an irresponsible and malevolent political opposition—both extreme right and extreme left wing—for his alleged "pusillanimity" towards British "imperialism." Obviously he felt this was the time to show his mettle and hit back at the critics by twisting the British lion's tail. (The Greek government, however, thought differently and a significant absentee during Archbishop Makarios's performance was the Greek consul-general in Nicosia, Mr Christopoulos.)

The archbishop, as Greeks so often do, failed to take into account the susceptibilities of the Turks. Far more important, from the long-term standpoint, than threats of the unilateral implementation of the Zurich agreement (which no one so far has taken very seriously) or of a civil disobedience campaign (which has been a damp squib as far as Government House is concerned) were the unhappily worded earlier parts of his speech which prompted the inevitable explosion from Ataturk Square. When Archbishop Makarios used phrases like "continuing the struggle with a view to consummating the victory" he almost certainly did not have *enosis* in mind—and indeed it is the ultimate in the island's illogicality to accuse him of scheming for *enosis* when at the same time he is alleged to be "plotting" to put into effect on his own the very agreement which rules out *enosis* for ever. But among the Turks his figurative phrases stirred the old phobia, and the damage was done: damage which, in its long-term implications, is much more serious than the temporary furore over the bases dispute. In the ensuing days the leaders on each side have wisely kept their heads and tension has subsided; but the whole episode has been none the less an unhappy revelation of the almost pathological distrust that still prevails between the two communities.

Amid these alarms, it is perhaps a matter for congratulation that the talks at Government House have plodded on, relatively undisturbed and unquickened in atmosphere or tempo. The British Government's handling of the affair has been as paradoxical as the very island itself. The table-thumping days of January and February when Britain, at regular intervals, kept on telling the world that it had made its final offer and that it would stand no more nonsense, seem to belong to another era. Take it or leave it tactics, Whitehall now appears to realise, never work with the Cypriots. They neither take it nor leave it, but somehow always manage to keep on talking. Thus, paradoxically, Mr Amery, who appeared to the Cypriots to be proud and peremptory, with very little provocation, in the early stages of the dispute, has emerged, sun-tanned and regarded almost as a resident of the island, as a paragon of patience in the face of what has looked like provocation from the other side, illustrated most ludicrously in the marathon haggling over facilities for the Naafi.

The general bouleversement caused by the Eoka Day events was not, of course, the most propitious background for Dr Kutchuk's latest compromise gimmick of 100 square miles for the size of the two bases. Greek rejection was almost inevitable, if only for the fact that in the past two weeks Dr Kutchuk, now apparently exasperated by what he regards as the unnecessary haggling over details by the Greek side, has almost openly begun to side with the British. This is a significant, and in a sense regrettable, twist in the whole tortuous affair; for up to now the only happy by-product had been that the Greeks and Turks were, publicly at least, standing shoulder to shoulder.

The general Greek reaction to the various proposals is almost comically illogical. If one converses in generalisations with any intelligent Greek Cypriot, one will almost inevitably be told with great emphasis that it does not matter one iota whether the size of the bases is thirty, sixty, eighty, one hundred or one hundred and twenty square miles—the whole affair must be seen *sub specie aeternitatis*. And no sensible Greek is going to haggle over a few square miles. If one then asks whether Dr Kutchuk's one hundred miles should not therefore be accepted, one's informant, rearing like a frightened filly, immediately explodes: "But that is quite impossible."

WHETHER some face-saving figure near one hundred is possible is, however, now the subject of acute speculation. Despite the blanket of secrecy about the exact stage of the negotiations, it seems clear that a figure in the nineties is under the political microscope both in London and Nicosia. But it hardly seems likely that the extent of the bases will be settled in isolation, and local diplomatic sources believe that some sort of package deal will eventually emerge, in which Britain makes some minor concessions or adjustments on the other two outstanding issues, the arrangements for the civil administration of the bases by Cypriots and the question of Britain's financial aid to the future Cyprus Republic. For weeks now each side has shown a curious, almost other-worldly disinterest in this latter question, which contrasts oddly with its past record and known proclivities. One is almost given the impression that in the warm glow of the intimate *tête-à-têtes* at Government House, both sides are too gentlemanly to mention such a subject as money. The day is not far off when they will. In brass tacks, if the British taxpayer forks out a few more million pounds in aid, then the final stages of the negotiation may well run on oiled wheels.

Amid all this intrigue and speculation one or two harsh realities

remain unmistakably clear. If the situation is not soon resolved, the island's affairs will certainly drift from bad to worse. This may or may not mean a campaign of civil disobedience (many Britons here believe that Archbishop Makarios is bluffing, many Cypriots close to him say he is not). But it would certainly mean that the Greeks would suspect the British of deliberately trying to hold on to the island indefinitely, that the Turks would suspect the Greeks of "plotting" in some mysterious, circuitous fashion to bring about *enosis*, and perhaps most serious of all, that the island's grave economic plight would worsen and thereby greatly strengthen the hand of the astute communist-controlled left wing. Both Archbishop Makarios and Dr Kutchuk are now alive to the dangers. Despite all the haggling and alleged "filibustering" of recent weeks, despite even the Eoka Day speech, nothing has happened to dispel the basic impression that the archbishop has always wanted to settle the affair in the end. There are signs that he is near the point where he feels he can do so and present himself to his people as an untarnished patriot.

Turkey's Electoral Temptations

FROM OUR CORRESPONDENT IN ANKARA

WHEN Turkey holds its next general elections—possibly before the end of this year—it will provide an interesting test of how far, in an under-developed country striving for quick material progress, the principles of economic stability can be reconciled with the political requirements of a fierce electoral struggle. The country has greatly benefited from twenty months of the "stabilisation programme" recommended by western monetary experts in August, 1958. Exports have risen; inflation has been held at bay. But general elections seem likely to be held before they are constitutionally due in October, 1961; and if all the manifold promises now being made by Turkish statesmen to their electors are translated into fact, Turkey can hardly fail to have a relapse into its recent painful maladies.

"Stabilisation" in Turkey's case consisted primarily of a *de facto* devaluation of the currency, a sharp limitation of the previous deluge of bank credit, and the removal of some direct controls over the economy. This medicine was alleviated by a congenial draught of $376 million paid by the West into Turkish coffers. The effects have been salutary. Exports in 1959 were 30 per cent higher than in 1958, and most Turkish staple products, except chrome (which is in a bad way), have been selling well. The circulation of banknotes is down, the black market is little heard of, gold and real estate prices have declined, shortages have vanished in a profusion of goods on the market, and a general health and normality is temporarily suffusing the Turkish economy. The Turks have so far repaid their foreign debts on the nail. The most serious fly in the ointment is the constant rise in the cost of living—about 40 per cent since August 1958.

The Turkish leaders, who swallowed western advice with reluctance in 1958, though not the financial assistance that went with it, have now realised the advantages of a programme which restores both internal health and external confidence. But "stabilisation" is a poor election slogan, especially for a prime minister like Mr Menderes, whose aim has been to achieve as much material progress as possible in the shortest possible time. There are already signs that the ruling Democrat party is feeling strongly tempted to cast stabilisation to the winds, at least until—as it hopes—its lease of power has been renewed.

The 1960 budget, which is 22.3 per cent higher than last year's with no visible increase in real revenue, can hardly have been balanced, despite statements to the contrary by the minister of finance. Speeches by Mr Menderes in various parts of Turkey have promised the electors a large number of material blessings—water systems, electric light, roads, dams, and sugar factories—some of which can with difficulty be reconciled with the programme which Turkey engaged itself to carry out. Just lately meetings between the prime minister and business circles in Istanbul have inspired reports that credit ceilings, a key feature of the stabilisation programme, may shortly be relaxed.

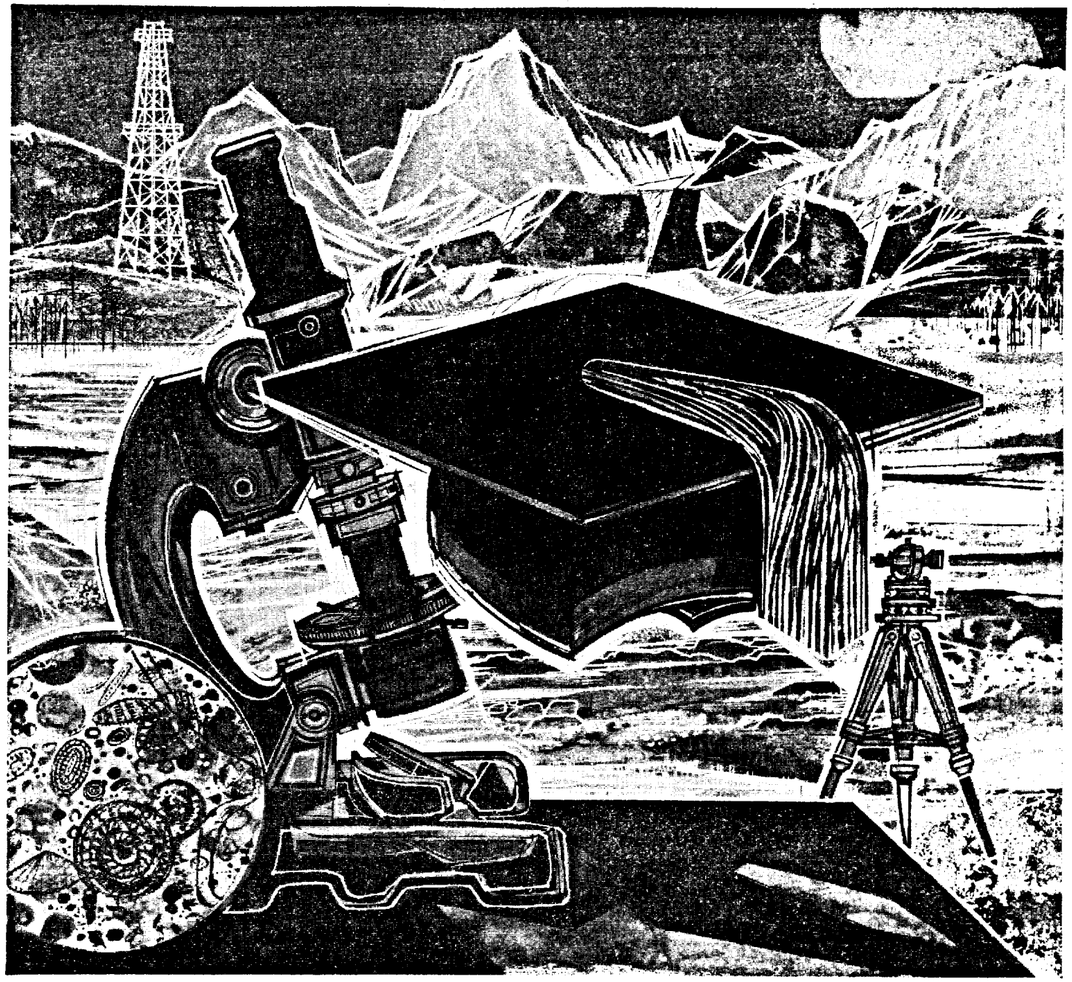
To be fair, some experts now feel that some easing of the extreme tightness of money in the Turkish economy, especially in the private sector, would be beneficial and compatible with economic stability. What really worry the international experts are the vast plans for development in all directions which the Turkish leaders seem determined to pursue. The Turkish government's reluctance to commit itself to any kind of rational programme of priority investments is perhaps endemic in the Turkish character. But it is gratifying to note that two distinguished Dutch economists, Professor Tinbergen, of Rotterdam, and Dr Koopman, of The Hague, have arrived in Ankara, by private arrangement with the Turkish government (which will be their employers), to advise on a long-term programme for Turkish development.

Some of the Turkish projects may be merely electoral, though there is no particular reason for thinking so. The new road bridge over the Bosphorus will cost about $50 million; Turkey's first shipyard near Istanbul, probably to be built by the Japanese, $20 million. A second steel industry to reinforce the existing one at Karabuk is to be set up on the Black Sea coast at Eregli; it will cost $200 million. The Turks are going ahead with television, tourism, city planning, electrification, irrigation, afforestation, water systems, and a hundred other things, including more shadowy projects such as a cadastral air survey of Turkey ($50 million) or the extension of Turkey's domestic airlines to the international field.

For a country of limited resources, some of these projects are more desirable than others. It is clearly Turkey's need to produce for export in order to try to balance its trade at a level of imports sufficient to cope with a rapidly increasing population; it is for the planners to decide which projects should have priority to achieve that end. To do all these things at once, as the Turks appear to intend, will require as many billions of dollars as there are stars in the Great Spiral Nebula of Andromeda. Yet if the Turks insist on a bridge over the Bosphorus or a television network in Turkey, who is to say them nay? And what person who has seen the poverty of Anatolia can challenge Mr Menderes's principle of "Water in every village"?

WHEN President Eisenhower visited Turkey last December he promised that American aid would continue. But a mere $80 million each year of economic aid, plus $40 million of agricultural surpluses, will scarcely suffice. The Development Loan Fund may contribute handsomely towards the new steel industry. The Turks have their eyes on a possible loan from the common market, of which they expect to become members. Italy last year gave them a bilateral credit of $60 million, mainly for tourism, transport and electric power, and there is now talk of a second. Meanwhile west Germany has just accorded Turkey a 50 million dollar credit which has all the appearance of being bilateral, despite previous German statements that multilateral credits for Turkey were more desirable. The Turks want bilateral credits; they have little use for multilateral arrangements for aid, which usually involve some sort of conditions.

Though the stabilisation programme has caused a welcome lessening of Turkish trade with the Communist bloc, the Russians are constantly at Turkey's elbow with offers of large long-term credits at low rates of interest. So far, not much has come of this, though the Turks, not unjustifiably perhaps, make powerful play with the Russian offers *pour encourager les autres*. Up to now,



Mortar boards, a shortage of

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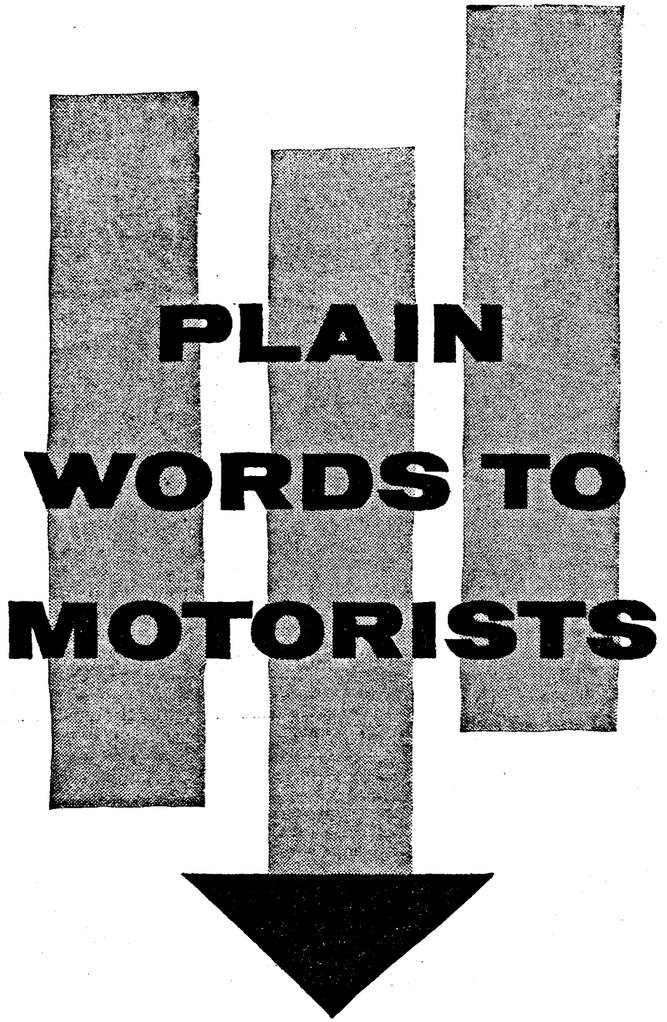

Motorists expect to be free to choose the quality and brand of the products they require. Over the years, by exercising this right, motorists have shown their overwhelming preference for the brands of lubricating oil manufactured by the independent oil companies.

This right of free choice is now being restricted by the major petrol companies. Tenants of many filling stations are forbidden to stock and sell oils made by the "independents". At other filling stations an attempt is being made to enforce a ban on the sale of "independent" oils on the forecourt and from the equipment in the service bay.

To protect your right to freedom of choice, you should always order the make of oil you require by name. This insistence will support British motor traders in the fight against monopoly.

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the Russians have provided a large sheet glass factory near Istanbul, and nearly $7 million worth of equipment for textile factories. They are reported to have offered to finance a vast water supply scheme for Ankara, at a cost of $50 million. The Russians may have something more up their sleeve for Mr Menderes when he visits Moscow in July.

The Turks seem to find it hard to realise both the limitations of their own resources and the fact that their prime need, with a population increasing at the annual rate of 3 per cent, is to improve their industrial and agricultural production. It is to be hoped that despite electoral temptations the Turkish government can settle down, with the beneficent advice of Professor Tinbergen and Dr Koopman, to work out a rational plan for doing first things first in Turkey.

Mao Heeds Moscow

FROM OUR CORRESPONDENT IN HONGKONG

In the casual and inadvertent fashion in which news is sometimes allowed to flutter out of communist China to Hongkong's frustrated bird-watchers, the interesting information has been released in the current issue of the authoritative party organ, *Planning and Statistics*, that Peking has accepted Soviet advice for a re-writing of China's second five-year-plan (1958-62).

Details of a basic re-drafting and consolidation of industrial and agricultural expansion during the remaining three years of the plan are directly attributed in a lengthy article to "reports by Soviet experts in Peking." It is instructive to note that this Soviet-directed overhaul of the Chinese economy represents a general application and nation-wide extension of the same principles that have governed the reorganisation of the communes. Briefly, bureaucratic excesses are being reformed, administration is streamlined and decentralised, techniques are to be improved and precipitate planning is curbed.

By implication, the Soviet experts pass severe criticism on the earlier Chinese methods. They advise a restriction on the authority of centralised organisations like the State Council and the National Planning Commission over "key industrial enterprises," and a systematic transfer of power over small and medium enterprises to local bodies—in the same way as centralised control of the communes has now been divided among "three levels": production brigades, the teams comprising those brigades and the original but now diffused central authority.

"Generally speaking," the Soviet experts submit, "the central authority should not try to control too wide a range (of the national economy) but should try to do a better job of managing key enterprises."

The joint report recommends also a nation-wide programme for the gradual mechanisation of farming, giving greater importance to steady continuity than to headlong leaps and bounds. "The nation's agricultural industry should be mechanised on a small scale over a four-year period, on a medium scale over seven years and on a big scale within 10 years."

The Soviet planners advise that capital construction should now be devoted to the expansion of industrial bases in central China (around Wuhan) and northern China (around Paotow in Inner Mongolia), the development of coalfields and hydro-electric power stations south of the Yangtse-kiang, and the opening up of oilfields with effective communications and transportation in the north-west. "In other words," they argue, "China, while strengthening existing key industrial bases in the north-eastern and eastern regions, must now spread heavy industry through the north-west and south-west."

A significant warning is added that China must begin to place less reliance on technical aid from the Soviet Union and fraternal countries in eastern Europe for the development of metallurgical, machine-building, fuel and electric power industries. "Stronger reserves of raw materials must be built up," the report continues. "Except for the local development of small and medium enterprises, construction of key industries must be preceded by geological surveys and efficient plans for specific accomplishment."

The customary comradely tributes are paid to the genius of Chairman Mao and the inspired leadership of the glorious Chinese Communist Party, but, in view of the Chinese party's internal criticism of the original excesses perpetrated under the communes, the Soviet experts are perhaps lacking in tact in quoting Lenin: "A balance which is regularly maintained indicates that it has been well planned."

A South African's Anguish

For South Africa to see peace, the impossible must happen: the whites must make up their minds to learn to live with the Africans. This governs any answer to the question: what is going to happen to the Union? On it also depends whether the three-weeks-old "revolution" has brought the country any nearer to a solution of its problems. There follow extracts from a letter written last week by a young graduate of a South African university, now taking a post-graduate course. They are highly evocative of an individual South African's feelings in the face of crisis. She wrote to a relative:

I ASSURE you that South African whites are not as blind as you appear to think. A lot of people now think seriously of emigrating—the Canadian diplomatic representative reports a wave of inquiries. I went and took passport photographs. . . . This country is as near to revolution as could be. And the worst of it is, now, that newspapers are so stringently censored, because of the emergency regulations, that we do not know what is happening. One hears rumours that half Alexandra township is burning, there is shooting in Meadowlands, a large crowd is prevented from marching on Marshall Square, big trouble is expected in Bloemfontein, in Durban.

And these rumours we cannot get confirmed or denied. We know, although newspapers say that things are returning to normal, that they are not, because the same issue will report that further units of the Active Citizens Force have been called up and more areas proclaimed as coming under the emergency regulations: I have heard rumours that news is not only being censored, but is actually being issued to the press by the police. I know from (a friend) that (an editor) was threatened with arrest, unless he gave the police some information. . . .

It is a peculiar feeling. We were having a lecture . . . and in the middle some of the blokes in the class had to leave because they're in the ACF and had been called to a meeting . . . a certain young gentleman of your acquaintance was, I know, thinking of going to the protectorates as well, to avoid being called up. . . .

The government are trying desperately to do something and one doesn't know exactly what, as we have almost no news about South Africa. . . . I'm scared. We're living in the middle of history and a damn awful feeling it is too. Where we go from here is anyone's guess. We'll just continue thinking twice before we go out at night, apply for a passport and pray that if an explosion comes we'll get out alive. . . .

The worst of all, of course, is the moral conflict. I don't know whether to be glad or sorry at the success of the African demonstration of strength and solidarity. And the feeling of "we're-all-white-men-together" is hard to escape when you know that, whatever your sympathies, your white skin brands you as an enemy.

Hongkong's bird-watchers, recording with rapture this rare passage of a genuine red-rumped Moscow stormy petrel through China, recall the indiscreet comment of Mr Ho Yin, head of the communist-biased chamber of commerce in Macao, and one of the strange company of Macao capitalists who retain strong and profitable affiliations with China. Mr Ho is reputed to have observed in relaxed conversation at the time of the politburo showdown over the communes: "What Peking really wants is the autocracy of a capitalist monster like Bedaux to organise China's manpower with efficiency as well as ruthlessness; combined with the craft and cunning of a traitor to the workers, like the American union leader Walter Reuther, to trick China's peasants and workers into the belief that their welfare comes ahead of the Chinese government's ambitions; and the corrupt services of half-a-dozen trained costing accountants from a sink of iniquity like Columbia University, to put the party's amateur industrial planning on a reactionary but professional basis."

INDONESIAN PROSPECTS—I

Learning the Hard Way

FROM A CORRESPONDENT LATELY IN INDONESIA

For more than two years the population of the entire Indonesian archipelago has been living under an officially proclaimed state of war. Actually, while armed rebels no longer control any large region, there are still important areas of insecurity in northern and southern Sumatra, western Java and central Celebes. The sporadic raids and occasional ambushes of military patrols that mark the rebel guerrilla operations in these areas are, however, generally discounted as the work of "bandits." Yet the suppression of banditry is a minor part of the tasks assigned the military. They issue regulations on railway, shipping and construction operations; they enforce fixed prices; they determine whom business men may, indeed must, employ; and they tell business men where and from whom to buy and where and to whom to sell. With such manifold responsibilities, the soldiers are numerous and conspicuous everywhere. The incessant outpouring of stern "do's" and "don'ts" by the military, whose word is law, has fostered an unwonted sense of repression and a furtive atmosphere. In these circumstances, the strafing of the presidential palaces on March 9th shocked an officialdom evidently already on tenterhooks and heightened popular awareness of the widespread opposition to the regime. Was this spectacular gesture of protest a portent of mass insubordination? Or did it signify only that for one member of the armed forces the prevailing tension had reached breaking point?

There are some indications that mass insubordination was the answer. Indonesia today seems far from the ideal of social transformation that animated the struggle for independence. The leaders of the struggle still speak of replacing self-interest by human brotherhood and primary responsibility to the community; but their performance has fallen short of their promise. Transforming society on a new model has been a disillusioning process. Indonesia has been learning, the hard way, some of the lessons taught elsewhere by long experience in responsible self-government.

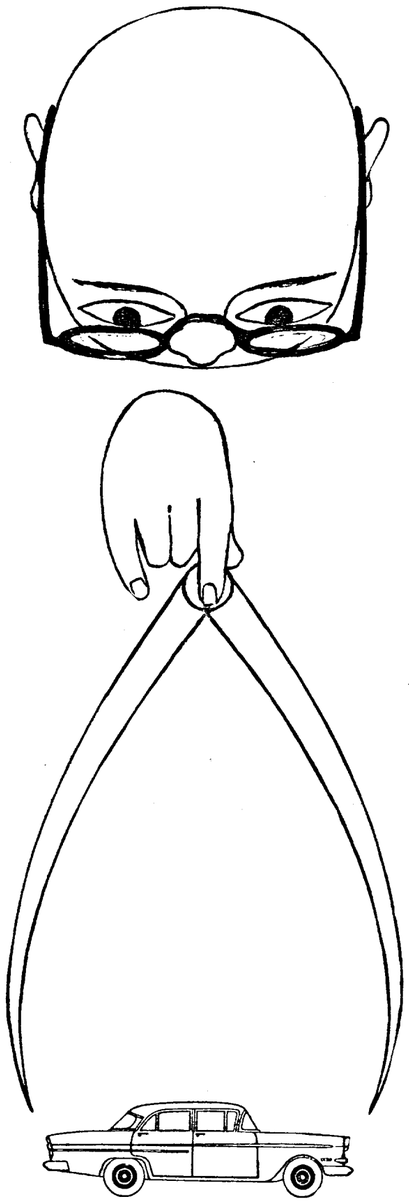
Again, it should not be overlooked that the present government consists preponderantly of "old guard revolutionaries." Fifteen years older than they were when they sparked the movement towards independence and social reform, they have inevitably lost much of the *élan* that carried them to their early victories. In effect, they have become partisans of the *status quo*. More and more their inclination is to keep down opposition, rather than to grapple imaginatively with emergent problems. Within the past few weeks, President Sukarno has even dissolved the elected parliament, the sole remaining source of independent criticism; and he has since replaced it by a largely nominated body and left Indonesia for a world tour. Newspapers that reported the plain truth of his arbitrary, self-serving action, were called up on the carpet. For the press is tightly muzzled, not only by direct editorial and news control but also by strict newsprint rationing. Radio is a mouthpiece of an administration that is preoccupied with phrase-making ("guided democracy"; "food and clothing for everyone") and the organisation of circuses (Mr Khrushchev's visit; the Pan-Asian games) rather than with mastering the arts of government. The impression spreads that, though there are in the top national councils a number of dedicated public servants, these are the exceptions.

The transformation of an enterprising, democratic revolutionary movement into a police state dominated by an "old guard" intent primarily on self-preservation does not mean that the programme of social reform has been abandoned. Nor does it mean that no progress in that direction has been achieved. In education, the accomplishments of the regime are outstanding. Since 1945 illiteracy has been reduced from an estimated 90 per cent to between 30 and 40 per cent. The number of primary schools has increased ten-fold and of attending pupils, five-fold. Four teachers' institutes have been established; and the two national universities (one of which, Gadja Mada, was founded by the revolutionary government) are respectable institutions of higher learning as well of professional training. Lately, however, the rate of progress in education has perceptibly slowed down. Moreover, the advances have been quantitative, rather than qualitative, although a promising experiment, which began before the war, has been the creation of schools embodying the traditional peasant principles of neighbourhood solidarity and mutual help. These schools, organised on a voluntary basis, have helped to develop a moral foundation for democracy and local arts and crafts. Though the movement is not government-sponsored, the authorities encouraged it.

A migration programme from over-populated Java to other islands, notably Borneo, that are in need of population, was formulated many years ago. In its application, however, the results have been negligible. Some 5,000 to 15,000 Javanese have been transferred annually to outlying islands, but because of the excess of births over deaths in Java, the balance may even have been negative. The congestion in Jakarta, mainly because of Parkinson's Law run wild, is more and more appalling. The four- to five-fold estimated increase in the capital's population since independence has not been accompanied by a corresponding growth of housing or public utilities. Inadequate water supply and sewage disposal have caused distress. The road leading to the Pan-Asian games stadium, now under construction on the outskirts of the city, is lined with straw-matting hovels, usually tin-can roofed, lacking pure water or sanitation. In these respects, the big hotels in the major cities of Java are scarcely better off. These establishments, formerly Dutch-owned, have been taken over, like all other Dutch property, by a government syndicate. The most important of these syndicates is known as BAPPIT. Under government management, the plumbing has been neglected. For example, the biggest hotel in Semarang recently had no running water, either for lavatory taps or for water closets. In the latter respect one of the two principal hotels in Jakarta was no better off, though the wash basin taps did function there—at certain times. On a motor trip the length of Java, the only hotel with plumbing facilities in working order was in Jakarta. Similarly, the fine system of arterial highways left by the Dutch has fallen into disrepair over many long stretches, especially in central Java. This neglect, however, is now tardily being remedied.

(To be concluded.)

PARKONOMICS*



* **PARKONOMICS,** *a branch of* ERGONOMICS: *the science of designing objects with particular reference to the needs and physical characteristics of their users:* **'human engineering'.**

"... over there in that space."

You try it forwards and the back sticks out. There's a gale of horns, and half the cars in town stream by. You try it backwards. The wheel feels like lead ... you can't see your own tail ... back a bit, sir, back (how long *is* the car anyway?) ... *c-r-rump* (that'll take a bit of straightening). This is a common case of Parkomania, a malady which afflicts both sexes.

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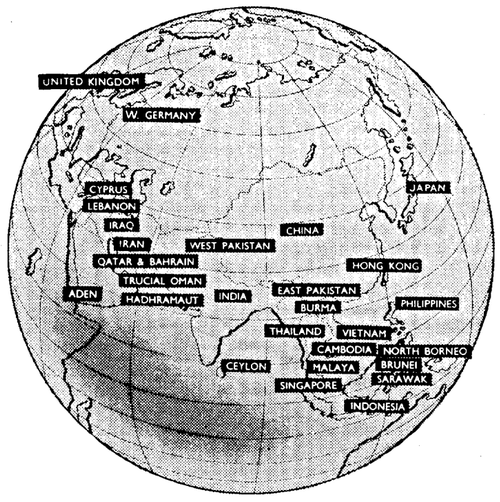

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THE BUSINESS WORLD

Plain or Filter?

DUTY on tobacco in Britain is now equivalent to a purchase tax of 425 per cent. Successive increases in that duty may have limited the growth of smoking here in comparison with smoking in some other countries, but they have not so far put a stop to growth. Since 1942 the basic rate of duty has been raised twelve times, from 8s. 2d. a lb to 64s. 6d. a lb. But in only two of those 36 years has retail spending on all types of tobacco goods failed to go on up: from the £108 million spent in 1924 it has risen tenfold, to £1,061 million in 1959. In only eight of those years did the amount of smoking done, as measured by the weight of tobacco sold over the counter, falter—and six of those years were during or just after the last war when punitive increases in duty were accompanied by import restrictions.

Will there ever come a time when the Chancellor finds that he has finally wounded this golden goose, which now produces for him the equivalent of a third of the revenue he gets from income tax? Before the budget, the tobacco industry was looking forward to another increase of perhaps one or two per cent in the amount of tobacco smoked this year, about as much as it has been getting year in, year out in the last decade. The budget has now made smoking five per cent dearer. But in 1956, when the duty was last raised, and by roughly the same amount, smokers were prepared to pay about six per cent more to enjoy just over one per cent more smoking. And in 1958, after manufacturers had put up most of their prices by the equivalent of a penny for twenty cigarettes, smokers paid out about five per cent more for just under two per cent more tobacco. Mr Amory's own calculations appear, on closer examination, to reckon on some further rise this year. He counts on earning £39 million in the present fiscal year from the increase in duty alone and expects in all £40.3 million more than last year from smoking. But duty is levied when leaf is cleared from bond and, since there were more working days last year than in this, he must be bargaining for an increase of perhaps one per cent in smoking during 1960.

A more certain prediction is that higher prices will intensify competition. So far, the tobacco manufacturers have not been engaged in a "tobacco war" approaching the bitterness of the one in the early thirties. Even so, for the last five years the market for tobacco goods in Britain has been in a greater state of flux than since 1934. At the beginning of 1955, as soon as manufacturers were assured of adequate quantities of the leaf they needed for the particular blends that British smokers prefer, supplies of the leading brands were freed of restriction by quota for the first time in fifteen years. The smoker was thus able to buy what he wanted instead of merely what he could get. Since then, sales of the many "less popular" brands, which had been bolstered by the system of control, have virtually melted away; at the other end of the trade, the handful of leading brands have been locked in a tight race for supremacy. But at the same time many smokers have shown increasing interest in the economy that filter and roll-your-own cigarettes offer.

This search for economy has been largely confined to cigarettes, which including tobacco for hand-rolling now account for about 92 per cent of all the tobacco products bought in Britain. The long downward trend in pipe smoking has gone on uninterrupted. Nor does it seem likely to be arrested in the immediate future: pipe smoking has become more and more an older man's habit and, at 5s. to 5s. 9d. an ounce now, is not a cheap indulgence either. Cigar smoking, however, has enjoyed a remarkable boom: consumption, in weight of tobacco, has risen by more than 50 per cent in the last five years. But cigars and snuff, which still retains some popularity, account for less than one per cent of tobacco consumption.

AMONG cigarettes, over the five years of freedom, filter brands have absorbed more than the whole of the increase in total cigarette sales, cutting into the market for plain brands as sales of the "less popular" brands have fallen. In absolute terms, sales of the leading plain brands were about the same in aggregate last year as in 1955. Filter sales have grown from about two per cent of the total to about twelve per cent, a sixfold increase. Sales of hand-rolling tobacco have risen less spectacularly, by about 16 per cent.

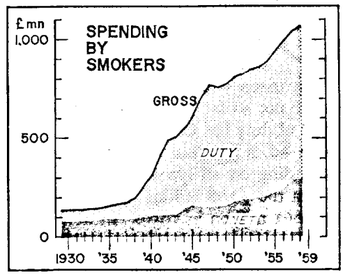
Even so, the rise in sales of filter cigarettes in Britain has not yet been so rapid, or gone so far, as in some other countries. In the United States filter sales rose from less than one per cent of the total in 1951 to about twelve per cent in 1954; assisted by such inducements as menthol flavours and now also rum, maple and vanilla (which, as ingredients, may not be added to tobacco in this country), they rose to just about half of the market last year. But these comparisons can be misleading. The American market for filter cigarettes has been dominated almost entirely by concern about the possible effects of smoking on health: some American filter brands cost more than the plain equivalent and all are king-size. In Britain this pattern is reversed. Reports of statistical correlations between lung cancer and heavy smoking seem hardly to perturb the British smoker. The much higher cost of tobacco, after duty has been added, enables manufacturers in this country

to retail filter brands, which take on average about a fifth less tobacco at much lower prices. But the absence of a price advantage appears to have set, so far, a limit on the market for king-size cigarettes in Britain. Though sales are rising steeply (mostly among young smokers), they still account for not much more than one per cent of the total cigarette market.

THE upshot of all these competing developments has been to reduce perceptibly the degree of concentration in this industry. In total, sales of cigarettes by the near autonomous and strongly competing branches of Imperial Tobacco have fallen both relatively and in absolute volume. In the early fifties, when quotas were still on, the company had about four-fifths of the market; today it probably has something like two-thirds. This is mainly the result of the great success Gallaher has made of "Senior Service" and possibly also of "Park Drive." This company's turnover doubled between 1953 and 1955 and doubled again by 1958.

The reduction in Imperial Tobacco's share of the market also reflects the fact that it has not so far been able to become so dominant in the filter market as in the trade for plain cigarettes. Even so, it still has probably a little over half of all filter sales. But Carreras/Rothmans ("Guards," "Rothmans King Size," and "Stuyvesant") and Wix ("Kensitas," heavily promoted by coupon trading) each have bigger shares of filter sales than they have of plain. Gallaher has now introduced "Nelson," the filter equivalent of "Senior Service" in the middle price band of 3s. 3d. to 3s. 10d., where over half of all filter sales are made. "Nelson" may become a strong competitor in this crucial part of the filter market, where previously Gallaher had not made much of an impact and where the branches of Imperial Tobacco have made most of theirs.

But concentration in tobacco is still a good deal greater than in most other industries. With Imperial Tobacco retaining about two-thirds of the cigarette trade and Gallaher accounting now for perhaps another quarter, there is not much left for the other firms—perhaps six per cent or so. Carreras/Rothmans and Wix, in that order, have nearly all of that; Godfrey Phillips and the few other firms still in business are fighting to retain even a finger-hold. Among brands, too, a few leading sellers dominate the trade. The three most popular, "Woodbine," "Player's," and "Senior Service," in close order, account for 60-65 per cent of all sales, plain and filter, with "Weights," "Park Drive," and "Capstan" (more successful in the north than in the south) taking perhaps another fifth. "Bachelor" and "Kensitas" probably have nearly half of the filter-tipped trade. Over 85 per cent of the whole market is shared by the eight top brands, out of up to 200 now on sale.



Immediate prospects for Imperial Tobacco and Gallaher hinge primarily upon the fight for supremacy in the 4s. 1d. class of plain cigarettes between "Player's" and "Senior Service"; and, in the middle priced filter market, between "Bachelor" and perhaps "Bristol" on the Imperial side, "Nelson" on Gallaher's, and "Kensitas" from Wix, plus some of the new brands that are now being got ready. Much will depend upon the future trend of business in filter cigarettes generally. The budget price increase may act as a further boost. But if sales of filters over the whole country rose eventually to 20-25 per cent of all sales, their level now in London and the South, the prizes would be glittering.

BUT the race is expensive both in promotion costs and in the investment needed to hold unit manufacturing costs down. The biggest element in cost, duty apart, is the tobacco itself. Leaf prices are not likely to fall so long as the United States Government supports its tobacco farmers. Problems of finance can also be complicated by actions of the British Government. The tobacco industry earns about £770 million a year for the Exchequer and about £290 million for its own trade. As duty is paid before manufacture and retailers pay their accounts after sale, seven to nine weeks later, manufacturers have about £125 million continuously "on loan," interest free, to the Government, and another substantial, though smaller, sum on loan to the trade. An increase in the tobacco duty raises the amount "on loan" to the Government, while the abolition of individual resale price maintenance, if the Government were so to decree, could create problems in the collection of trade debts. The manufacturers dislike this possibility; but they also argue that the element of duty in retail prices is so high that the opportunity for competitive price-cutting would be limited.

The forthcoming report of the Monopolies Commission on the tobacco industry may throw some light on this and on the way that trade discounts are given. What it can hardly aver, even given all Imperial Tobacco's power, is that competition is lacking. Its report may reveal for the first time quite how much of a holding Imperial Tobacco has in Gallaher, and exactly how those shares are held. Imperial Tobacco and Gallaher compete in every sense, and so brands owned by the same group, such as those sold by John Player and Sons and W. D. and H. O. Wills certainly compete for public custom. Rivalry between the big manufacturers and attempts by the smaller ones to establish a niche in the filter cigarette market does not point to a rapid growth in the profits of the industry as a whole. In an industry which depends on a small margin of profit on a massive volume of turnover, one company can only add greatly to its profits at the expense of another. That Gallaher in recent years has done. But clearly Imperial Tobacco, spending heavily on promotion and installing more up-to-date machinery, is fighting back. Heavyweights may move slowly but they can pack quite a punch. And in the bantamweight class, Carreras/Rothmans, especially since it concentrated production at the modern factory at Basildon, and Wix are sturdy contenders. If the shares of trade were to become stabilised at their present levels—and here much depends on the efforts exerted by Imperial Tobacco in the next two or three years—investors might have to reconsider their preferences, which at the moment put a higher yield on "Imps" than on the other leading manufacturers.

TOBACCO EARNINGS AND YIELDS

GALLAHER, whose financial year ends on December 31st, has just published its preliminary results. In the accompanying table, they are compared with those of Imperial Tobacco and Carreras. It shows that Gallaher's gross profits, having risen by 18 per cent in 1958, went up by another 22½ per cent last year. The profits of Imps on the other hand fell in 1958-59 by 11 per cent, having risen by nearly 9 per cent the year before. In the same period, Carreras's profits on an annual basis fell by 15 per cent, having risen by 5 per cent the year before, but in the eight months to October 31st it has to be noted that Carreras was in the throes of a reorganisation.

Year to	Gallaher December 31		Imp. Tobacco October 31		Carreras October 31	
	1958	1959	1958	1959	1958	1959*
Gross profit	7,754	9,518	24,293	21,685	1,215	684
Dividend income	n.a.	n.a.	5,493	6,046	240	172
Total profit	7,754	9,518	29,786	27,731	1,455	856
Tax	3,844	4,513	15,460	12,804	755	420
Net profit	3,910	5,004	14,326	14,927	700	436
Ordinary dividend	1,664	2,527	7,257	8,283	257	182
Retained profits	2,060	2,053	6,577	6,121	338	45
Ordinary dividend (per cent)	16⅔†	20	21	22½	6	4
Price	39/3		64/9		4/–‡	
Yield, per cent	5·1		6·9		3·6	

* For eight months to June 30. † Equivalent rate on present capital. ‡ On 'B' shares, yield calculated on an annual dividend of 6 per cent.

Restrictions Off the Register

TWO years ago this month the Restrictive Trade Practices Court held its first session. It was not an auspicious beginning: the respondents had already abandoned their agreements before coming to court; the Court declined to declare that they had been contrary to the public interest, and adjourned the hearing after having decided nothing. Perplexed observers—including this newspaper—were left to wonder if "No defence" was to be the best defence under the 1956 Act. Much has happened since then, leaving little room for doubt. Eight cases have been heard in full by the Court, and in seven of these the agreements in question have been declared contrary to the public interest and terminated; in the latest case, involving an agreement between producers of phenol, judgment to this effect came this week. The impact of the adverse judgments on other agreements has on the face of it been considerable: of the 2,240 agreements on the Register of Restrictive Trading Agreements on January 1st, 770 had apparently been abandoned or modified so as to remove their objectionable provisions. Businessmen and lawyers now have some idea of the Court's views on both economics and law, and a few precedents have been set. Two questions must now be asked: First, how much progress has really been made under the Act toward a more competitive economy, and how far have the implicit goals of the Act—lower prices and increased economic efficiency—been realised? Secondly, how effective is Britain's second major enactment in this field (the first having created the Monopolies Commission) likely to be in the future, now that businessmen have gained some experience of the way that the Act affects their collective agreements?

No one is officially empowered to investigate the economic consequences of this Act, but one of the few academic economists studying these problems, Mr J. B. Heath, of Manchester University, has recently produced some extremely interesting analyses of its effects*. Mr Heath has concluded that the effect of the Act on the general level of prices has so far been very small. Of the 437 agreements abandoned by June 30, 1959, he was able to analyse 380 that involved the setting or recommending of minimum, maximum or standard prices: these covered perhaps seven per cent of the value of manufacturing output and perhaps three per cent of gross domestic product. Agreements between distributors (covering £350 million worth of sales), and in textiles (£348 million), and food, drink and tobacco (£281 million) predominate by value of sales; in terms of the factory value of output the groups most affected were engineering, shipbuilding and electrical goods, closely followed by textiles.

Whether prices have actually fallen in these groups is another matter. Many of the agreements were undoubtedly moribund when abandoned, and others have been replaced by new market patterns such as price leadership; Mr Heath has estimated, however, that over half of the agreements involved were effective, and that their removal has increased competition. But if prices of the consumer goods de-restricted had fallen by the generous margin of ten per cent, the index of retail prices would have been reduced by 0.6 per cent, to date, at most. To date, the visible effect of the Act on retail prices to date has been almost nil; and against this must be set the Act's strengthening of individual price maintenance, and the Court's favourable decision on the agreement about water-tube boiler making.

THERE are, however, many operative agreements on the Register, and it is reasonable to assume that since these have not been abandoned they may be of a more effective variety than those given up. Important arrangements still exist in the motor trade, steel, light engineering and electrical equipment: some of these will certainly be defended, and the impact of these cases—one way or the other—on Britain's economy may be as great as that of the Lancashire judgment. But another recent development is distinctly ominous; this is the "open-price" or "price information" agreement and it could completely frustrate the present Act's attempts to control price-fixing, since it is not even necessary to register it.

It has often been cynically said that enough company lawyers, given the chance, can always find a way around legal barriers; "open-price" agreements, in fact, drive an enormous hole straight through the present Act, and it is rather surprising that they have not appeared sooner. They are well known on the Continent (e.g., in the European Coal and Steel Community), and they first reached the Supreme Court in

* "Freer Prices—What Progress?" in *The Broker*, February, 1960; "The Restrictive Practices Court on Competition and Price Restriction," *The Manchester School*, January, 1960; and an address given in Leeds on March 27th, on "Open-Price" Agreements.

the United States in 1921. It is thought that there are now about 150 of these agreements in operation or planned in Britain; some trade associations have modified previously registered agreements, while others more wisely have let existing arrangements lapse completely and formed " open-price " agreements to replace them, thus avoiding the tiresome task of registration entirely. A large number are being planned by the British Electrical and Allied Manufacturers' Association—which itself was never a party to restrictive arrangements—on behalf of member firms in various branches of the electrical industry.

Under " open-price " agreements, members notify a central agency, usually a trade association, of their prices, and perhaps of the terms and conditions of sale, costs, the state of demand, orders or the level of output ; these figures are compiled and then disseminated by the association among the trade. The names of sellers (and sometimes of buyers) are generally divulged ; in some cases information for " inter-firm comparisons " between members is provided. In " bid filing " systems, firms may notify the central agency of the prices they have put in on tenders—after a contract has been placed—and these prices are then distributed without identification to all members, whether they tendered or not. The Federation of British Industries has recently given this type of agreement its blessing ; the British Institute of Management certainly approves of " inter-firm comparison "; and the Board of Trade, which would like trade associations to take over the job of collecting many statistics, seems indirectly to have approved these agreements.

None of these new agreements involves an explicit restriction of any kind ; no action is required or even recommended to be taken on receipt of the information, and firms may do as they please. A minimum-price agreement may be replaced by an agreement to exchange actual prices ; a quota scheme by a notification of turnover or of the volume of sales ; a contract allocation scheme by a bid filing system ; a collective price-maintenance agreement by an exchange of price lists. They do not even imply connivance, and BEAMA, for instance, is insisting that no indication of possible future action is to be provided by firms. But it is too early to say what the economic consequences will be in Britain ; as usual, American experience provides little guidance.

WHAT is more important is that no means exist for finding about " open-price " schemes or their effects. To the extent that they are replacing restrictive arrangements previously subject to the Act, suspicion attaches to them: but they are not registerable or open to control. As the law now stands, the best restrictive agreement may be no restrictive agreement at all. Certainly collusion is facilitated, if not encouraged, by the exchange of information, and one authority has described such data as " signals for concerted action." Agreements to exchange costs can easily become implicit agreements about prices (through what the Americans call " conspicuous parallelism "), and any collusion which does occur will be much more difficult to detect. It would seem quixotic for businessmen to go to the trouble and expense of collecting and disseminating such statistics simply in the public interest, or to please economists and journalists.

Some modification of the existing law would be needed to take in agreements such as these. The Restrictive Practices Court has so far shown itself to be fairly stringent in using the seven possible justifications of restrictive agreements under the 1956 Act in deciding whether any agreement is against the public interest (though it seemed more lenient in applying the argument about damaging chances to export in the water-tube boiler makers' decision than in other cases). The present British mixture of three judges and four lay specialists compares favourably both with the unjudicial procedures of the US Federal Trade Commission and with the ignorance of economics displayed by some American judges. The Court would seem perfectly capable of judging whether a given " open-price " scheme was being operated in a manner contrary to the public interest. But " open-price " agreements are not subject to registration, and it would be difficult indeed to assess them under the provisions of the present Act. It would probably be unfair, indeed, to presume that they are against the public interest until they are proved otherwise, as one does with the agreements registered as restrictive under this Act.

IT would seem more promising to give the Registrar wider discretionary powers than he now has ; something similar is now done in Sweden and west Germany. At present he must bring all registered agreements before the Court. An alternative would be to require all collective trade agreements of any kind to be registered, but to allow the Registrar discretion to bring before the Court only those agreements which he thought appeared to be operated against the public interest. Explicitly restrictive agreements—of which 1,400 or so still remain active on the register—could continue to make their mandatory appearance in court, but the Registrar might be given powers, in addition, to put any others—including " open-price " schemes—to the same test. He might, indeed, possibly devise some model and acceptable form of " open-price " agreement—specifying, for instance, that certain information, if collected, should be made public or that collection is done by an independent agency.

This would mean giving the Registrar a bigger staff (at present about 110) and more money (£192,000 this year) as well as a freer hand ; he may need these anyway, to police the abandonment of agreements now on the register after they are declared illegal. Compulsory registration of all types of trade agreements, and wider discretion in evaluating the more sophisticated types, might eventually establish a more neutral position—and hence perhaps one more acceptable to industry —for a " Registrar of Trading Agreements " (less of a public trade prosecutor than of a Registrar of Friendly Companies, perhaps?). He could investigate and control all co-operative business agreements, and discourage restrictive ones from being formed, without necessarily being an official opponent of businessmen, as he is today. (The Government, if it were to accept any such course, might match this watch on business behaviour with an equally vigilant and powerful Registrar of Trades Unions.) There is a case for waiting until the effect of " open-price " agreements is more fully known, before moving to control them ; there is perhaps a better case for bringing them more clearly into the light of day before they have become widespread.

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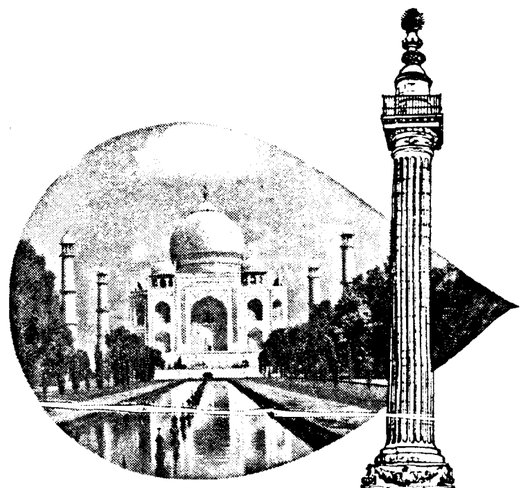

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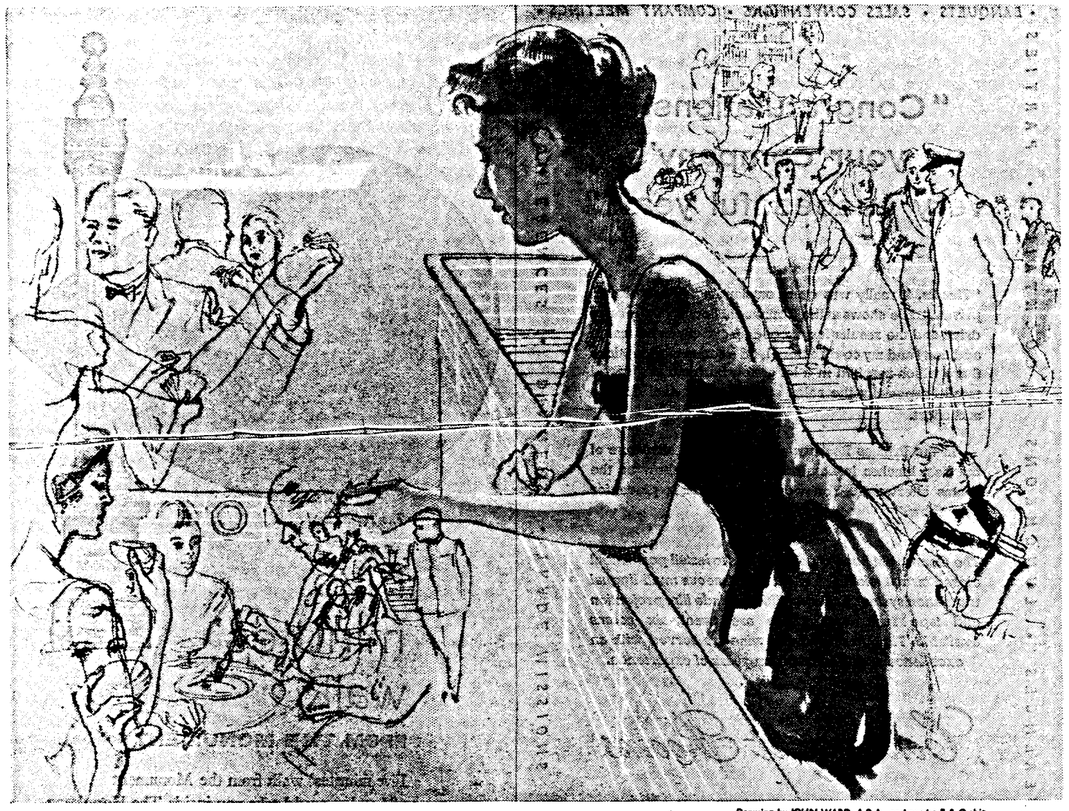

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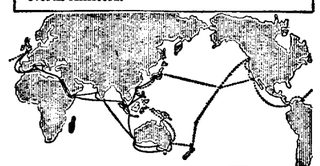

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BUSINESS NOTES

IN THE MARKETS

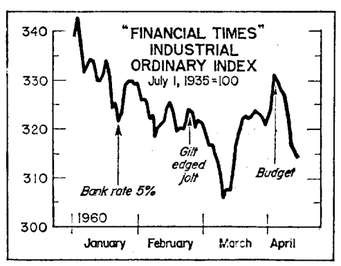
Hazards of Witchcraft

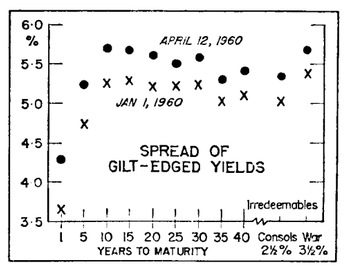
MONETARY policy, Professor Galbraith regretted in *The Affluent Society*, is unfortunately weakened because it can have no resort to witchcraft. Since the beginning of last week it has almost looked as if it can. A budget milder in its net fiscal imposition than most experts had forecast has sent share prices slithering down 5 per cent in eight days; by Tuesday night *The Economist* ordinary indicator at 351.4, was within 8½ points of its previous 1960 low point on March 1st. All this has been the effect of the Chancellor's short and sharp warning of the likelihood of new credit restrictions soon. The market's agony of uncertainty has grown worse day by day; on Tuesday afternoon, following a 5.9 drop in the *Financial Times* index on Monday, strong rumours circulated of the "imminence" of restrictions on hire purchase and of special deposits.

Gilt-edged, meanwhile, enjoyed notable support either side of the week-end. The reminder by Mr W. F. Andrews of Unilever of the strong pull exerted by high yields was a contributory factor, though it should be remembered that ever since the election downward movements in gilt-edged have quickly met a resistance point. Equally significantly, and not unpredictably, influences that in former days would have affected gilt-edged much more strongly than equities, such as the rise in Bank rate, tougher open market operations and the threat of credit restrictions, have in the new circumstances hit equities the harder. On Tuesday gilt-edged and sterling were adverseley affected by the sudden leap in the American Treasury bill rate—from 2.7 to 3.6 per cent. This is still a full point below London, and the margin is not wholly offset by the cost of forward exchange cover, but London has suddenly lost the special attraction for short-term funds that has been bringing foreign money in during recent weeks.

The aim of the current official exercise is to restrain businessmen's optimism. At the moment, Throgmorton Street is doing that, and while it continues to do so, the authorities may feel the less pressure to implement their threat. Indeed, there is the distinct danger that the inhibiting effect of the action when taken may be offset by the relief of the ending of the uncertainty (if uncertainty is thereby ended). Witchcraft is no child's game.

There is a particular danger that a relaxed mood might follow from the imposition of either of the restrictions that the authorities are said to have in mind—hire purchase controls and special deposits from the banks to the Bank of England. Hire purchase demand, as Whitehall has predicted, is likely to rise less this year than last, as repayments mount; mild statutory controls on new contracts would make little sense, especially now that the finance houses have been forced by hard experience to tighten up for their own good. Special deposits could presumably be used to keep bank advances in check, but they would have little effect on the market for credit as a whole, which is the important thing. The great re-expansion of bank advances since mid-1958 has made the banks especially vulnerable to liquidity pressures exerted through the gilt-edged market. Scrutiny of advances was tightened after the drop in gilt-edged prices in February, and it is because of this that some bankers think there is a chance of seeing some slackening in the mid-April figures of advances.





GROWTH VERSUS INCOME

In Favour of Gilt-edged

IMMEDIATELY after the election, and the opening of a wide gap between yields on fixed interest securities and the attenuated dividend yields on equity shares, it was clear that investment in equities represented a choice of future growth at the sacrifice of immediate income. Before the yield curves "crossed," and money placed in equities yielded more than in fixed-interest securities, a general faith in the equity principle was sufficient argument in their favour. For the past six months, this general faith has had to be supported by calculation. The big institutions have been doing their calculations, on various notional assumptions of future growth in equity income (on the lines used in these columns last October and November). The gross funds in particular—which do not pay tax on income and are therefore especially interested in it—have been drawn to the attractions of fixed-interest stocks at current yields. They have been buying in a quiet way for many months; the effect in the market has been offset by the big sales by the banks, which have led to a marked hump in yields of short-medium dated securities.

Last week Mr W. F. Andrews, who manages the pension funds of Unilever—now at the impressive figure of £121 million—spelled out these considerations in public, and caught investors' attention by saying that War Loan at its present price, to yield nearly 5¼ per cent gross, was "ideal" for pension funds. Subsequently, commentators in a number of places turned some quick somersaults and decided that present yields might make gilt-edged attractive after all. Mr Andrews, who was speaking in a personal capacity, pointed out that:

> the power of compound interest is so potent that the interest margin that can be earned on fixed interest securities over and above the normal pension requirements should, I believe, more than take care of an inflation rate of 2 to 3 per cent per annum.

Mr Andrews does not personally regard equities as "the universal 100 per cent panacea" for inflation, and he is not enthusiastic about them for a pension fund when yields on top grade shares are 3-3½ per cent and even less while good debentures and preference shares are yielding 5¼ to 6¼ per cent. At this time of high yields, he suggests, it would not be unreasonable to aim at placing current money as follows:

15-20 per cent in gilt-edged
35-40 per cent in debentures.
5-10 per cent in preference shares
30-35 per cent in equities.

The industrial prior charge stocks offer a useful margin above gilt-edged yields, but under the weight of institutional buying this has narrowed considerably in the past year; to this extent gilt-edged are now relatively more attractive.

Another reappraisal that favours gilt-edged has come recently from a leading firm of stockbrokers. They have brought up to date some calculations on the course of an investment in equities in 1919,

which, with income reinvested, would now be worth ten times as much as an investment in 2½ per cent Consols. But they go on to show from the same figures that in sixteen out of the forty-one years gilt-edged appreciated more or depreciated less than equities; and that anyone who switched from Consols into equities in January, 1929, would have had to wait 23 years before overtaking the capital value of the gilt-edged fund. Moreover, when, as now, the dividend yield on equities is considerably below that assured by Consols, any setback in equities would greatly increase the time needed to make up for lost income.

RESEARCH AND DEVELOPMENT

Industry Spends More

BETWEEN 1955 and 1958 the amount of expenditure on research and development for which British manufacturing industry paid out of its own pocket approximately doubled, according to an estimate published by the Department of Scientific and Industrial Research this week. The department reckons that in all, manufacturing industry was responsible for the spending of perhaps £300 million on research and development during 1958, against a figure of roughly £190 million in 1955. In 1955, it thinks, nearly two-thirds of this expenditure was paid for by the government through defence contracts. By 1958 this proportion had probably come down to less than half; so the remaining expenditure on "civil" research and development in manufacturing industry may have increased from some £60-£80 million to perhaps rather more than £150 million.

Those figures indicate orders of magnitude, no more; the estimates of total expenditure in the two years were made in rather different ways, both admitting considerable "imperfections in the statistics," and the estimates of how much government and private business paid for may be shakier. The department made its estimate for last year by applying figures of expenditure per qualified scientist or engineer concerned in this work in different industries, which it obtained from a small survey, to figures of qualified employment on such work obtained by the Ministry of Labour from a much bigger sample. Annual expenditure on research and development per qualified person appeared to average nearly £11,000 right across manufacturing industries in 1958 (£31,000 a year in aircraft, and just under £8,000 a year in all other industries); and the Ministry of Labour reckons that there were 26,225 qualified people on research and development in these industries. The Ministry obtained information about the proportion of this work done under defence contracts from some of the companies replying; it published an estimate that about a quarter of the qualified people working on research and development in industry and government research establishments, in 1958, were on defence work, against about 40 per cent three years before.

If one sets total expenditure in this field against the net output of manufacturing industry, it amounts to 4.2 per cent for 1958, having been 3.1 per cent in 1955 (manufacturing output rose less than one per cent between the two years). A more logical comparison, perhaps, might be with capital investment, since research is a form of pre-investment. In 1955 research and development expenditure may have equalled perhaps 15 per cent of privately financed fixed investment in manufacturing industries other than aircraft (inclusion of which would distort the figuring). By 1958 their investment in industrial research equalled perhaps a quarter of the amount these industries invested in fixed capital assets.

STEEL

Should Prices be Cut?

ONLY a few steel products have been affected by the variations in prices announced last week by the Iron and Steel Board; these included both increases and decreases, and on balance had no appreciable affect upon the general level of steel prices. In stainless steel, black bars go up, on the average of the whole tonnage concerned, by £13 a ton; plates come down £13 a ton; and cold rolled strip comes down by £13 (though the thinnest and most expensive variety concerned comes down from £1,574 a ton to £1,083 a ton). There are a few changes in alloy steels and in cold rolled carbon steel strip; and extras have been revised for non-alloy bright bars and for heavy rails.

This small change in prices happens to be the first since the National Institute of Economic and Social Research suggested that steel ought to give a lead in the reduction of manufacturing prices across the economy. Steel prices are "administered." In practice, that means that the Iron and Steel Board has been deputed by the Ministry of Power to set maximum prices for steel products; using a formula approved by the board, the industry's trade "conferences" recommend that these maxima shall be the prices actually charged—and they are. In discharging this task (which is not one of its automatic statutory duties, but one the Government has chosen to give it) the board inherited the philosophy that has informed price fixing in steel these many years, not only in Britain but in some other countries—that stability suits both producers and customers better than constant fluctuation. Its own extremely refined pricing formula bases the prices for each product upon estimates of the costs of making it at a wholly up-to-date plant, with depreciation and profit margins reckoned on current replacement costs for such a plant as well as running costs. If steel has to be sold at an administered price instead of according to the market, such a basis is logically unassailable; it offers producers the incentive to keep up with the best modern techniques, and should also find them the money to invest in these.

There are perhaps only two chinks in this internal logic of the industry which might admit the argument of the National Institute—which was put forward as a matter of convenience, in the context of the whole economy. One is that theoretical estimates of the costs obtainable at a modern plant for any product always seem to come down when experience of operating one actually becomes available (as experience at Shepcote Lane may have affected some of the prices for stainless steel changed last week); mainly, perhaps, because in practice capacity nearly always turns out to be larger than in theory. The second is that in the current and curious circumstances of a denationalised steel industry with so large and growing a public stake of capital, prices that ensure the capital for modernisation may not seem to be quite so necessary. It is true that most of the modernisation of existing plants has to be provided from the retained profits of the steel companies or from the new capital that their profit and dividend records make it possible for them to attract. But if there is a reasonable presumption nowadays that for any really large-scale new plants—which contribute to modernisation as well as to sheer expansion—the money can be found from the Government, need quite so much of this possible development be covered in current prices?

BUILDING SOCIETIES

Higher Rates in Prospect

THERE is little doubt that in a month's time the Building Societies Association will recommend its members to raise their rates. Since the middle of last year, some societies have followed the association's recommendation and paid 3½ per cent, net, on shares while others have left their rate unchanged at 3½ per cent, net. They now all seem likely to fall in line, at 3½ per cent, net. The reasons why the doubts recently expressed by many societies on the wisdom of reducing rates last summer have turned into a positive desire for an increase are:

1. The net inflow of funds tailed away in March.
2. The budget made national savings and unit trusts more competitive.
3. The increase in profits tax, which the societies much to their dislike have to pay, will reduce margins.
4. As the average holding of shares and deposits seems to have been increasing, it is likely that the composite rate of income tax paid by the societies will go up, from 5s. 1½d. in the £ to possibly 5s. 4½d. in the £. This, too, will reduce margins.
5. Management expenses are rising and the implementation of the new act will push them up a little more.

THE MOVEMENT'S GROWTH
(£ millions)

	1957	1958	1959
Mortgage assets	2,026	2,176	2,400
Investments (book value)	304	351	400
Cash	59	68	70
Others	19	22	30
Total	**2,408**	**2,617**	**2,900**
Shares	2,079	2,265	2,520
Deposits	189	198	220
Reserves	108	117	130
Others	32	37	30
Advanced on Mortgage	371	374	510
Mortgages repaid	335	357	420
Shares subscribed	391	434	540
Shares withdrawn	285	327	360

Source:—1957 and 1958 Chief Registrar's report; 1959 estimates.

As several important societies are anxious to bolster reserves so as to preserve trustee status, they are arguing that a deliberate attempt should be made to widen margins. If they are persuasive enough the mortgage rate is likely to go up to 6¼ per cent: if not, it will be 6 per cent. At whatever point the rate is fixed, there now seems to be a general desire among members of the association to conform to the recommended rate.

The tendency towards conformity within the movement has been reinforced by the provisions of the new bill. It had its second reading in the House of Lords this week, when it was revealed that the Government intends to confine the new investment of the liquid balances of societies to short-dated gilt-edged stocks and local authority mortgages and not to extend the list to include equities. This provision in the bill will bring to an end the statutory connection between the two types of investment powers, those of the societies and those of trustees. The decision not to give building societies the power to invest in equities is a wise one and, during the debate, Lord Hailsham said that a number of leading figures in the movement had indicated that they, like the Government, did not consider equities as suitable for short-term investment.

In general, the bill has been welcomed by those societies that really are mutual funds. The mushroom societies are not pleased, but their spokesmen have kept quiet. Some criticisms of the bill have, however, been made. Mr Algernon Denham, the chairman of the Halifax, has made it clear that he is not altogether happy about the drafting of the clauses restricting loans to corporate bodies and, like others in the movement, he has wondered whether there should be some machinery for appeal against decisions taken by the Chief Registrar. Some of the small societies are not pleased that directors under the new bill are prohibited from making valuations for mortgage purposes and some big as well as small societies are wondering whether the right to inspect the register of members should be more tightly defined.

BULLION MARKET

More Gold for London

LAST year's turnover in the London gold market is estimated by Samuel Montagu & Co. in its latest Bullion Review to have increased by 50 per cent over that for 1958. This growth of business was helped by the move to external convertibility of sterling, which prevented Continental bankers any longer from using cheap sterling to quote slightly better prices than London. On level terms London has shown that it can win the great bulk of the business.

Turnover was also increased by the flow of funds from the United States to Europe. This supplied European central banks with dollars which they appear to have preferred to convert into gold through the London market even when this meant paying a somewhat higher price than if the conversion had been done through a direct deal with the US Treasury. Samuel Montagu points out that the US Treasury's effective selling price to other central banks is $35.08½ per fine ounce, but that "even when the London price has been above this, certain European official buyers have preferred to take gold in London instead of New York, doubtless having in mind the eventual transfer of the metal to their own vaults and also the fact that in the event of their wishing to resell the gold they can usually do so in the London market on more favourable terms than if the gold is held in New York."

The greater part of the offtake from the London gold market last year consisted of purchases by central banks. Indeed the striking feature of the gold markets in the last few years has been the decline in the importance of the private operator compared to official institutions. Demand for gold from the Middle East last year was appreciably lower than in 1958, mainly because of the more effective action taken by the Government of India to prevent smuggling of gold from the Persian Gulf ports. Hoarding demand in Europe has been considerably reduced as a result of improved political and economic conditions, and the vivid evidence from the stock exchanges that there are more lucrative ways of investing money than holding it in gold bars and coins. The demand for coins, however, persists and at the close of the year the premium on coins over their bullion value was 13 per cent for old sovereigns, 13½ per cent for the new Queen Elizabeth II sovereigns, and as much as 39¼ per cent for the old 20 mark pieces.

Used Cars at Easter

USED car prices have risen less this spring than they did a year ago. More new cars have come on to the market throughout the winter, which has meant a corresponding increase in the supply of used cars to the market; so prices have kept down in spite of the high level of demand. Following the seasonal fall last autumn there was little further decline in prices during the winter. In February a seasonal recovery began.

Southern Counties Car Auctions Ltd. reports that the prices of older cars have fallen considerably during the winter. Most cars over ten years old now fetch little, unless they are in exceptionally good condition, and cars five years old or over have also fallen in price proportionately more than newer ones. This is to be expected as new cars become freely available and easier hire purchase has encouraged buyers to take more expensive cars. The new small cars—especially the Ford Anglia—still fetch list price or more as a corollary of delivery delays for them, but most other new cars are now freely available.

Future trends in the market are at present dominated by the possibility that the Government might re-impose hire purchase controls. If it does not, some downward tendency might still be expected as the supply of new cars goes on rising, though the public continues to spend more on motoring.

This table, based on figures supplied by Wm. Glass, Ltd. shows the average price obtainable for a year-old car during the past 12 months, expressed as percentage of its original cost including purchase tax.

	1959				1960	Latest list price
	March	June	Sept.	Dec.	March	
	%	%	%	%	%	£
Austin A 35	87·4	91·5	85·0	85·4	91·5	568
Ford Popular (old model)	90·0	87·6	85·3	81·2	83·5	419
" Prefect (old model)	85·9	90·0	80·3	80·4	87·6	622
" Consul II	91·0	94·4	88·4	88·6	93·8	773
" Zephyr II	83·5	89·6	83·6	83·2	85·7	865
Hillman Minx	88·7	93·2	85·5	85·0	89·5	765
Morris Minor 1000	87·9	91·8	84·9	85·0	91·8	659
" Oxford	89·3	91·8	87·7	84·1	94·2	844
Standard 8	80·5	82·8	76·0	75·4	80·3	610
" Vanguard	77·9	78·6	74·4	71·0	82·7	986
Vauxhall Victor	85·8	85·8	80·5	79·8	89·8	752
" Cresta	85·6	89·7	82·3	79·9	85·3	1,014

INVESTMENT REAPPRAISAL

Money Out of Africa

THE year of change in Africa is bound to have important effects in world investment markets, and the first of these are already in evidence. When a major section of the share markets comes under a permanent cloud, the whole market feels the effect. At first the effect may be a depressing one, but ultimately it is likely to be the opposite: however much investors may lose in their African investments, repatriation of any proceeds for alternative investment adds to demand for other shares. In London this secondary effect is likely to be less important than it has been in Brussels, where Congo securities have provided a big share of investment outlets. But one would guess that over the next year a good deal of money may come back into London from Africa.

No figures are available, and banks so far have seen relatively few abnormal transfers of funds. A substantial volume of selling of South African shares by investors in Britain and on the Continent has taken place in the past three weeks. This has been absorbed mainly by South African institutions, especially insurance funds, which have no alternative to investment within the Union. It is believed that some of the proceeds of foreign sales may have been left on deposit in South African banks, and sales in the London stock exchange account that began on the day of the Sharpeville shootings became due for settlement only last Monday. Even so, gold and external assets of the South African Reserve Bank dropped by £8 million in the last week of March.

The South African authorities have little cause for immediate concern. The bulk of foreign investment in the Union, as was pointed out in these columns last week, is not in liquid form, and presumably the deterrent to sales of the portfolio assets becomes progressively greater as prices fall. South Africa's external reserves, now standing at £152 million, are almost twice as large as they were two years ago; and the country's quota of $150 million with the International Monetary Fund is untouched.

LONDON CREDIT RATING

The third column shows, very roughly, the London market's comparative confidence in these Commonwealth governments, confidence being inversely expressed in the yield.

	Price Jan. 1, 1960	Price April 12, 1960	Gross redemption yield per cent April 12 £ s. d.
Nigeria 3% 1975-77	63½	59½	7 6 0
Ceylon 4% 1973-75.....	73¾	70½	7 5 0
S. Africa 3½% 1965-67 ..	85¾	79	7 4 0
Federation of Rhodesia 6% 1978-81	96¼xd	88	7 3 0
Kenya 5% 1978-82.....	86	77	7 1 0
Trinidad 3% 1967-71	74	69½	6 19 0
Tanganyika 5¼% 1978-82	96	87	6 17 0
New Zealand 6% 1976-80	107⅝	103¼	5 14 0
Australia 6% 1974-76 ...	107½	103	5 12 0
UK Funding 5½% 1982-84	103½xd	101 3/8	5 9 6

Political developments in Africa this year have gravely impaired the London market for Commonwealth loans, and in particular have ended the former special favour enjoyed by the white administrations of southern Africa. In February last year, just before the Nyasaland riots, it was still possible to come to the London market with a loan for the Rhodesian Federation. This now stands at 88, eleven points below its issue price. Investors' confidence in Kenya has also fallen sharply since the London conference two months ago; some money has been pulled out of the country, but here even more than in South Africa assets are tied up in real estate.

Formula One in the Ditch

THE ultimatum presented by British firms interested in motor racing to the governing body of the sport in Paris concerning next year's *Grand Prix* race Formula was the climax to a long period of unpalatable decisions made by the old gentlemen of the *Federation International d'Automobile* (which controls world motor competitions), headed by their aged president M. Perouse. The pronouncements of the federation's *Commission Sportive International* have proved unsatisfactory alike to drivers, promoters of races and manufacturers of racing cars. The ban on British participation in *Grand Prix* racing in 1961, announced through the Society of Motor Manufacturers and Traders, was in the nature of a protest against muddled thinking and the stubborn enforcement of rules that the objectors consider stupid.

This commission of the FIA has never recovered from the freak accident at Le Mans five years ago, when some 80 spectators and a French driver were killed. Ever since it has been seeking to introduce measures to ensure safer motor racing. Unfortunately it is so out of touch with modern motor racing that the changes it has proposed are likely, in the view of many British experts, to have the reverse effect. When it announced the 1961 Formula last autumn it called for a maximum engine size of 1,500 cc, a minimum weight of 1,100 lb and electric starters on the cars. Undoubtedly it considered the existing 2,500 cc *Grand Prix* racing cars too fast: this new ruling was intended to produce slower, safer cars which, if a driver stalled at the start, would not require mechanics on the track to restart it or get it off the course.

British objections have come in the first place from drivers such as Moss and Brooks, who say that such underpowered cars will increase the dangers they face, because adequate power is needed to get a driver out of awkward predicaments and safely past slower cars. They also regard the presence of batteries on a racing car as certain to increase the risk of fire in the event of any accident. British companies used to sponsoring racing cars and race-promoters are against the 1961 Formula for more commercial reasons. The makers object to the prohibitive cost of building teams of cars completely different from those they have raced for the past seven seasons, because Britain has no ready-to-use 1,500 cc racing engine likely to give the power of engines available to other nations. Promoters of races argue that the public will only turn up if fast and powerful cars are to be seen. As far as safety is concerned they feel adequate steps have already been taken to ensure the security of spectators since the Le Mans disaster.

THE idea of racing *Grand Prix* cars to a mechanical formula laid down by a ruling body governing the sport originated in 1906; at first the formula was changed annually to encourage initiative in design. Later, as the cost of building teams of racing cars of the highest class became astronomical, the formula was changed only every three years or after even longer intervals. The existing formula dates from 1955. What the leading supporters of *Grand Prix* racing in this country, such as the leading petrol and oil interests and the few British manufacturers concerned, want is that the existing ruling remain in force, modified only to the extent that grades of fuel obtainable from the ordinary pump should be specified. Those who are behind the ultimatum fear less interesting and more dangerous racing under the 1961 formula.

The FIA is not under fire on the *Grand Prix* issue alone. In seeking to reduce the speed of sports racing cars it has introduced a rule calling for high windscreens, which the foremost racing drivers have called suicidal, since oil mist and rubber dust defeat the efforts of the wipers to clean the glass. There is an added vexation on the part of those affected by the FIA rulings because countries which no longer promote motor races are permitted to vote on such decisions.

It remains to be seen what the reaction to the stand Britain has made against the new *Grand Prix* formula will be. If the FIA refuses to capitulate, Britain, now the most influential motor racing nation, will undoubtedly run its own 2,500 cc races. The FIA events could become moribund; Ferrari is not in favour of the 1,500 cc minimum weight ruling though it may accept the formula, and the only concern likely to support it seriously may be Porsche. The axis of motor racing politics may shift from Paris for the first time in its long history.

THE PRESS

Colourful Estate

JUST as Hollywood attempted to answer the challenge of television's small screen by expanding through more Technicolor and the CinemaScope lens, Fleet Street is now hoping to keep on withstanding the same adversary with an electronic bulwark called the insetter, which will enable national newspapers to carry full colour pictures — and advertisements — this autumn. The colour pages are printed, by the gravure process, on reels of newsprint which are then carefully rewound by the specialist printers who have to do the job. The reels can then be fed, together with blank newsprint, into the ordinary rotary presses of the newspaper plant for the normal letterpress printing of the day's edition.

It is the insetter device that has the job of correcting paper tension and high-speed "wobble" so that the colour pictures are held in register with the black and white matter being printed over them. The same electronic eye can also accurately insert whole pre-printed pages at the folding stage, so that a bigger issue can be produced. It has already been used for this second, less sophisticated job, by the *Bristol Evening Post*. First used for colour on the Continent by the *Paris-Journal*, *Le Dauphine* and the Axel Springer works in Hamburg, it successfully produced a colour issue of *Sporting Life* at the end of March.

Only two British firms make the insetter, and therein lies the first obstacle in the race between the nationals for high-quality gravure colour. Multi-colour letterpress printing is already used by the Liverpool *Daily Echo* and *Evening Post*—which have ordered insetters—and by *Reynolds News*. The Liverpool and Bristol orders went to Strachan and Henshaw, of Bristol, but most of the insetter business is probably being done by J. Crosfield, of London. Odhams Press has produced specimens of the *Daily Herald*, with colour spreads, on insetters provided by each of the two firms, but it is understood that their order for £150,000 worth of insetters for 36 machines has gone to Crosfields. Sun Printers and Bemrose of Liverpool have pre-printed rolls for the *Daily Express* and it is thought in Fleet Street that the Scottish *Daily Express* will be the first paper to come out in colour. All the national newspapers have some colour plans: Crosfields seem to have acquired the headache of deciding who is going to get delivery of the complex equipment first.

The Price of A Page

PRINTING trade unions will want special pay for work with colour, and the companies concerned keep saying that negotiations have come to an end or are going smoothly. Since this is the printing industry it seems a safe bet that negotiations will be prolonged. This makes costing difficult, but although the process is expensive it should be covered by the expected advertisement charges: the *Daily Express* is expected to charge £12,000 for a full page in colour. That would be more than twice the price of a black-and-white page, but American market surveys have suggested that a colour advertisement has more than twice the "pulling power" of its colourless counterpart. Britain's unique mass-circulation national newspapers should make this argument even more effective.

All this will probably happen only about a dozen times a year in each newspaper. That is because there are only four or five gravure printing houses able to produce the colour reels and, because of the shortage of retouching artists and the pressure of demand from women's magazines, they may take a month to six weeks to deliver enough for one issue. Odhams is said to be expanding its own gravure capacity to meet this, and the *Daily Express* is ordering reels from two gravure houses (Bemrose and Sun), but the net result is unlikely to offer very many colour issues of any one paper in a year. Those who breakfast behind newsprint will probably not be ungrateful.

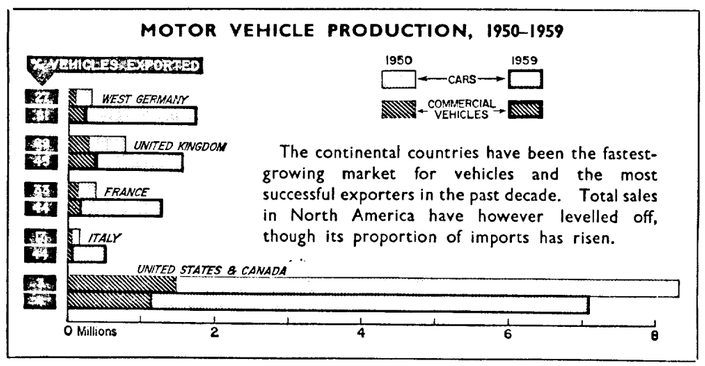
WORLD FINANCE

Working Well

IN his annual address to the Economic and Social Council of the United Nations Dr Per Jacobsson, managing director of the International Monetary Fund, this year sounds a cheerful note. In a number of countries, increases in the cost of living have been moderate for well over a year; other countries, notably in Latin America, have introduced stabilisation programmes. Dr Jacobsson points in particular to the progress achieved by Argentina, Chile, Colombia and Peru. The IMF has played its part through granting credits and stand-by facilities—which, as Dr Jacobsson notes, "acts in many ways as a form of [international] credit creation." The increase in quotas for the Fund has gone through smoothly and some countries have recently been given special increases. Venezuela, which has received a stand-by credit of $100 million, will be able to use this in full when it has authorised an increase in its quota from $15 million (based on the pre-oil economy) to $150 million; Australia has increased its quota from $300 million to $400 million.

Dr Jacobsson emphasises that the move to external convertibility by fourteen European countries at the end of 1958 has turned out to be much more significant than some people thought at the time. "It created a feeling, which soon spread, that the steps taken would not be reversed," and it led naturally to a widespread dismantling of discriminatory trade restrictions. All this was helped by the outflow of funds from the United States, which Dr Jacobsson appropriately describes as "a useful redistribution" of the world's monetary reserves. He reminds his audience that the United States still has a surplus of exports over imports and that this has been increasing in recent months.

At the Fund's annual meeting last September Dr Jacobsson caused a stir by saying that in all likelihood world inflation was over. He now has no hesitation in repeating the contention, pointing to the limited extent of the rise in raw material prices in the recent world business upturn, to the fall in food prices, to the increasing competition in supply of manufactured as well as primary goods and to the efforts made by many countries to reduce budget deficits. In these circumstances, he says, inflation in one country entails special risks —which itself is a reason why such inflation may be checked. "To learn to live without inflation" has become one of the most important tasks in economic life.



MOTORS

Pressed Steel Follows Suit

THE Pressed Steel Company has been the first of the motor industry's big suppliers to announce its own expansion plans to keep up with the needs of its expanding customers. As a manufacturer of car bodies and body pressings, the company works in close collaboration with the car assemblers and adjusts its capacity in direct proportion to that of its customers.

Its present plans will add more than a third to the factory space available for car body production, and probably rather more than this to the company's capacity to build bodies.

About 3 million square feet of factory space is now used for car body production; 1¼ million will be added. Of the extra facilities, 250,000 square feet will be built at the Linwood factory, near Paisley in Lanarkshire, which Pressed Steel has leased from the Ministry of Supply since 1947. The company bought this to make railway wagons, but with the rundown in demand for rolling stock another 500,000 square feet more was bought in 1958 and converted for car body production. By 1961, the total area used at Linwood for body output will be 750,000 square feet, though so far only bodies for the Swedish Volvo car have begun to be built at Linwood. Pressed Steel decided last autumn that it would transfer some work from its existing factories at Oxford and Swindon to Scotland, and carry the finished bodies or pressings down to the midlands for final assembly. Truck cabs will also be made at Linwood—if all goes well, for the BMC factory at Bathgate, construction of which is now planned to begin in May. If Rootes goes ahead with its plans to build a car factory near Linwood and orders bodies from Pressed Steel, Linwood would have to be enlarged further. The Swindon factory will be enlarged by 800,000-900,000 square feet, though detailed plans have not been settled; and a tool shop will be built at Jarrow, to make press tools for Pressed Steel's own factories and for sale to other companies. This will begin with a floor area of 100,000 square feet, which it is later

MEASURING EFFICIENCY

Productivity or Progress?

WHEN people or governments talk about productivity and vaunt the achievements they can measure by it, as has often been pointed out, they usually mean labour productivity—output per man-year or per man-hour. For comparisons between nations, such a measurement in terms of one factor of production alone may simply reflect differing relative prices for the various factors such as man-hours and machine-hours; it may still be economical to use the cheaper factors "less efficiently." Though most American industries, for example, can show far higher productivity per worker than most European ones, the high cost of labour there, relative to that of machines, often means that they cannot compete on final price. Equally, within a nation, a spectacular increase in labour productivity might in some cases imply merely a wasteful investment of a more expensive factor, capital. And when figures of productivity are bandied about in wage bargaining it is stupid to imply that increases in efficiency derive simply from labour—from which less and less actual effort may be demanded.

In the current *Economic Journal* Messrs. W. B. Reddaway and A. D. Smith present a new assessment of productivity in British manufacturing industry that takes account not only of the labour but of the capital put in. Indices of output and of employment are easily come by: not so one of capital employed. Messrs. Reddaway and Smith, however, have constructed figures of the changes in capital employed from 1948 to 1954, as distinct from its absolute level, by working from the annual figures of gross capital formation. They weight the contribution of labour and capital to the net output of manufacturing industry in accordance with the wage bill and an assumed rate of return on new capital introduced into the business (taken as 15 per cent gross of tax but excluding depreciation on written-down fixed capital at replacement costs, plus stocks).

Their first results (the study is being continued in greater detail) are shown in the table. This shows changes in labour productivity from 1948 to 1954 in the 14 "industrial orders" of manufacturing, in capital productivity, and in "progress"—a measure of the improvement of output after allowing for the extra labour and capital put in. This is a measure of additional efficiency in using the factors employed, subsuming improvements in technique, organisation, management (which may occur whether or not more labour is being taken on or more capital is being invested). In spite of the reservations with which such figuring must be employed, this first attempt at an assessment of "total productivity" does offer some interesting implications.

It suggests, first, that while productivity per unit of capital rises much less than productivity per man, in most industries it has at least not fallen: the capital-output ratio seems to have remained relatively stable, though one is tending to use more of this factor and less of labour in the production processes. Allowance for extra capital put in, moreover, does not wipe out the gain measured by labour productivity, though for all manufacturing industries, over the six years, "progress" shows a rise of 13.2 per cent as against an increase of 18.3 per cent in labour productivity. (From this figuring, incidentally, labour productivity emerges as still a fairly good measure of relative efficiency as between industries.) Efficiency in using both labour and capital, looks to have improved fairly rapidly during the reconversion from war to peace, from 1948 to 1951; much less rapidly since, at about 1 per cent annually, which the authors think a better guide to what could be expected as a long-term trend. Finally, as other measurements have, these figures suggest that high (or low) changes in efficiency tend to be associated with high (or low) changes in output: and a contraction in output in a particular industry seems likely to be accompanied by a fall in efficiency in some "real sense."

LABOUR PRODUCTIVITY, CAPITAL PRODUCTIVITY AND PROGRESS

	Net output	Labour	Net fixed capital and stocks	Labour productivity	Capital productivity	Per cent "progress"* over the period: Total 1948–1954	Annual compound rates: 1948–1954	1948–1951	1951–1954
	Index numbers for 1954: 1948=100								
Bricks, glass, etc.	122·3	108·4	151·1	112·9	80·9	5·7	0·9	1·5	0·5
Chemicals	167·7	117·9	155·7	142·2	107·7	22·2	3·4	4·6	2·8
Metals	122·0	102·4	141·7	119·2	86·1	5·3	0·9	1·0	0·7
Engineering	140·8	116·7	129·1	120·7	109·0	16·3	2·5	5·4	0·3
Vehicles	156·2	126·4	128·8	123·6	121·3	17·7	2·8	4·3	1·9
Metal goods, n.e.s.	110·2	102·6	128·9	107·4	85·5	3·0	0·5	2·8	− 1·7
Instruments, etc.	123·3	111·0	120·8	111·1	102·1	6·7	1·1	0·3	1·9
Textiles	116·2	106·9	108·1	108·8	107·5	7·5	1·2	3·0	− 0·6
Leather	95·1	94·5	112·9	100·6	84·3	− 3·8	− 0·7	− 1·1	− 0·2
Clothing	114·0	103·8	111·1	109·8	102·6	8·7	1·4	1·2	1·5
Food, drink and tobacco	116·6	110·5	129·2	105·5	90·2	1·7	0·3	− 1·3	1·9
Wood and Cork	145·3	103·4	132·9	140·5	109·3	34·4	5·0	6·3	3·9
Paper and printing	157·5	121·1	116·1	130·1	135·7	30·9	4·6	7·9	1·8
Other manufacturing	139·7	110·6	123·0	126·3	113·6	23·7	3·6	4·5	3·0
All manufacturing	133·2	112·6	128·0	118·3	104·0	13·2	2·1	3·3	1·1

* "Progress in British Manufacturing Industries, 1948-54."

* The increase in actual output over and above the increase that could have been expected from extra capital and labour put into the processes of production.

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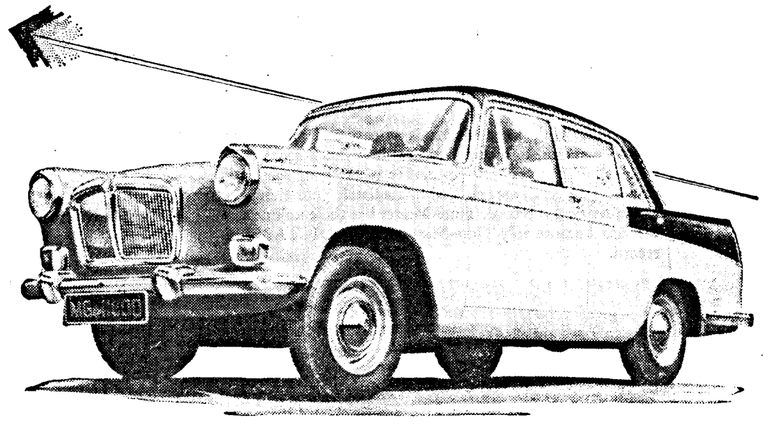

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COMPANY MEETINGS

CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY

MUTUALIZATION PROJECT OUTLINED

NEW BUSINESS AGAIN A RECORD

INTRODUCTION OF EXCEPTIONALLY ATTRACTIVE POLICIES

The One Hundred and Thirty-sixth Annual General Meeting of the Clerical, Medical and General Life Assurance Society was held on April 13th at the Society's Chief Office, 15 St James's Square, London, S.W.1.

Sir John Hathorn Hall, GCMG, DSO, OBE, MC, the chairman, presided and, in moving the adoption of the report and accounts, said:

Since the last Annual General Meeting the Board has been joined by Lord Hazlerigg, the Chairman of The Lands Improvement Company, the company through which the Society provides loan capital for agricultural development. Lord Hazlerigg's knowledge of agriculture and landed property and his general business experience cannot fail to be a source of strength to the Board.

PROJECTED MUTUALIZATION

As a consequence of the proposed merger, announced in the Press, between Northern Assurance Company Limited and The Employers' Liability Assurance Corporation Limited (the proprietors of the whole of the Society's paid-up capital), it is the intention that the Society should separate from the Employers' Group and become a wholly independent Mutual Society, with all profits accruing to its policyholders. This project, which has the concurrence of the Proprietors, is dependent upon the passage of special legislation authorising the Society to acquire and cancel its own shares, at present in the beneficial ownership of Employers, and thereafter to operate as a mutual life office. The contemplated financial settlement with Employers governing the acquisition of the Society's shares is based upon an independent valuation of the shareholders' interest carried out by two actuaries specially appointed for that purpose by the President of the Institute of Actuaries.

The legislative and constitutional processes affecting the future of the Society have already been put in train and a further and fuller announcement will be made for the information of policyholders as soon as practicable. Meanwhile it can be said that, whereas the proposed mutualization of the Society, if approved by Parliament, may be expected to operate to the advantage of policyholders, there can be few members of the Management and Staff who will not regret on all personal grounds the ending of the Society's forty years of friendly and fruitful association with Employers.

NEW BUSINESS

The Society took full advantage of the improved economic and financial conditions prevailing in 1959 and the general increase of business activity to achieve yet another record figure of new business. New sums assured in 1959, after deduction of reassurances, amounted to £13,300,000, representing an increase of £2,300,000 over 1958. Additional deferred annuities of £660,000, as against the previous year's figure of £490,000, were underwritten by means of pension contracts, which thus resumed their upward curve, which had been checked in 1958 owing to public uncertainty as to the Government's precise intentions regarding State Pensions. New annual and single premiums increased from £613,000 to £849,000. All these figures speak eloquently for themselves.

INVESTMENTS

Our earlier investments in ordinary shares are producing very satisfactory additions to our income—the feature which, for investors such as Life Offices, is the most important. New investments in equities now show only a modest initial dividend yield, and it is clear that current market prices are based, in part, on the assumption of considerable future increases in dividends. We believe that, for carefully selected equities, the prospects of such increases are not exaggerated, and we have continued to add to our equity portfolio, and also to that of property investments with an equity element. The appreciation in the capital value of existing holdings is, of course, very substantial but, as I have said, we are primarily concerned with present and future yields. In 1959, the gross yield on our Life Assurance Fund increased from £6 6s. 4d. per cent to £6 15s. 10d. per cent and the net yield from £4 12s. 7d. per cent to £4 19s. 8d. per cent.

BONUS PROSPECTS

Our next quinquennial valuation is due to be made as at December 31st next. During 1959 we raised our Intermediate Bonus rate by 10 per cent, and the hopes of the Directors which were reflected in that increase are in no way diminished. There seems indeed every prospect that the Board will be in a position to declare an excellent rate of bonus next year.

PROGRESS OF FUNDS

There was an increase of £3,114,000 in the combined Life Assurance and Annuity Funds, from £32,431,000 to £35,545,000. We regard this increase of nearly 10 per cent as probably the best single measure of the Society's progress.

NEW FORMS OF POLICY

Towards the end of 1959, we altered the form of two classes of policy and started to write business under a third, and we are now able to offer exceptionally attractive terms for all three. Obviously I cannot give full details here, but the main features can be briefly stated and will, I think, be of interest.

For new Term Assurances, we have reduced the premiums for policies of more than £1,000 and introduced, for most policies where the original term of assurance is six years or more, an option of conversion to Whole Life or Endowment Assurances.

We have developed our Supplementary Units Scheme which consisted, essentially, of a Convertible Term Assurance issued in conjunction with a Basic Policy, by simplifying the contract for new proposals, with substantial reductions in premiums. This "Family Capital Cover" policy forms a most attractive and elastic means for carrying out a progressive assurance programme as income increases.

Finally, we have started to write Family Income Cover, at highly competitive rates.

These three policies should, between them, meet almost all cases where substantial cover from the outset, and maximum elasticity for later development, are the main requirements.

The report and accounts were adopted.

JEYES' SANITARY COMPOUNDS COMPANY

(Manufacturers of Ibcol, Jeyes Fluid, Jeypine, Jeyes Toilet Papers, Sanilav, Miraglo, etc.)

MR T. BLUNDELL BROWN ON A SATISFACTORY TRADING ACHIEVEMENT

The seventy-fifth Annual General Meeting of Jeyes' Sanitary Compounds Company Limited was held on April 7th in London, Mr T. Blundell Brown, the Chairman, presiding.

In the course of his statement circulated with the Report and Accounts Mr Blundell Brown said that he was able to report a year's satisfactory trading.

The Trading Profit at £345,525 showed an increase of £92,618 over that of 1958, representing an increase of no less than 36 per cent and this satisfactory achievement was due to three main factors, viz:—increased sales, improved operating efficiency and buying advantages.

The liquid position on December 31, 1958, showed an excess of current assets over current liabilities of £607,746 and this figure at the end of 1959 had increased to £705,447 despite net capital expenditure during the year of £85,000. Estimated capital expenditure during the current year on buildings and plant is likely to be about £180,000 which it will be possible to finance out of our liquid resources.

Arising from the re-valuation of fixed assets and the issue of shares at a premium the Capital Reserves of the Company were increased from £202,933 to £281,471. It was proposed to capitalise £218,500 of these reserves by the issue of 874,000 new Ordinary Shares of 5s. each credited as fully paid in the proportion of one Ordinary Share for every two Ordinary Shares of 5s. held. It was also intended to raise the authorised capital to £800,000 by the creation of 800,000 additional Ordinary Shares of 5s. each.

Mr Blundell Brown commented on the closer link which had been formed by an inter-change of shares with Peter Dixon & Son Limited who had for many years been one of the Company's principal suppliers of paper, and also drew attention to the Company's vigorous development programme exemplified by the new, fully medicated, foil-wrapped TRUST toilet roll which had already made a big impact on the public. Other products were also being developed, and he therefore looked forward to the future with confidence.

The Report and the Accounts were adopted and at a subsequent Extraordinary General Meeting the proposed scrip issue was approved.

ALFRED HERBERT LIMITED

(Manufacturers and Distributors of Machine Tools)

IMPROVED ORDER POSITION

Conflict of Interests in Europe

Colonel C. W. Clark answers Machine Tool Industry's Critics

The sixty-seventh Annual General Meeting of Alfred Herbert Limited will be held on 9th May in Coventry.

The following are extracts from the circulated statement by the Chairman, Colonel C. W. Clark, DSO, OBE, MC:

In my statement to the Shareholders a year ago I referred to the reduced turnover of the Company and also to the modest improvement in new orders which was already apparent. As the year advanced the intake of orders accelerated and for the last few months has been at a very satisfactory level. It is gratifying to note that this increased business comes from most countries of the free world in addition to our large home market.

In all the circumstances the results justify the dividend of 5 per cent free of tax, which, with the interim dividend of 2 per cent paid on 10th September, 1959, makes 7 per cent free of tax, for the year against 6 per cent free of tax, for the previous year.

In deciding on this increase the Directors had in mind the substantial reserves already provided from the profits of earlier years, and, of course, the improved order position.

Stocks are now much less and there is a growing backlog of orders for certain types and sizes of machine tools.

Quality Comes First

There is plenty of keen competition in our industry and I am in no doubt that the success which our products and those of the companies associated with us are achieving in so many markets is due principally to the policy of maintaining the highest standard of design and workmanship. This involves considerable expense, but machine tools should rightly be regarded, not as end products in themselves, but rather as the means of producing an immense variety of goods whose manufacturing cost will be affected adversely if the machines used are unreliable or wasteful of labour.

As machine tool makers, we are in the position of using large numbers of machine tools of our own manufacture or made by the companies for whom we act as distributors, which means that our manufacturing plants constitute most valuable testing grounds. We use more than 3,000 machine tools in our various works.

Ill-Conceived Criticism

There has, in recent months, been a certain amount of criticism of our industry, and I need therefore make no apology for saying something more in explanation of what machine tools are and how diverse their nature.

Critics in the Press and the House of Commons show little real knowledge of the complexity of production technique covered by the term "machine tools," which embraces more than 1,000 types and sizes of machines for the cutting, abrading, or forming of a wide variety of materials.

The many different processes performed by these machines, which can weigh anything from a hundred pounds to several hundred tons, make the term "machine tool" no more descriptive than, say, the word "vehicle," which can cover anything from a Centurion tank to a baby's pram.

Much of this criticism stems from those erstwhile nationalisers who miss no opportunity of denigrating the British Machine Tool Industry in the hope of reviving some interest in their discredited projects for public ownership.

The Industry need not fear a fair assessment of its contribution to our national prosperity and safety. The deep-rooted skill and ingenuity are still there, as is evidenced by the success achieved in overseas markets, where our British machines must meet the full blast of foreign competition.

Rising Costs.—There is, however, a very serious threat to the improved demand for our products in the continually increasing cost of labour. Already price offsets technical superiority in some of our important markets and it should surely be apparent to workers and their leaders alike that unjustifiable wage demands can lead to distress and disappointment in the future.

I am whole-heartedly in favour of a constantly improving standard of living for all our people, but how few seem to realise that this can only be achieved if higher earnings are balanced by increased availability of the goods and services resulting from our efforts.

Research.—The extension of our Research and Development Section is under construction at the present time, and when fully equipped will be quite exceptional in the scope of its activities.

In the past the Company has pioneered many fundamental improvements which have since been adopted by makers of similar machines in a number of countries. The increased facilities which will shortly be available should ensure that we maintain our leading position.

Manufacturing Agreements.—We have entered into an arrangement with the Pratt & Whitney Company of Hartford, Connecticut, U.S.A., for the manufacture of the Keller Diesinking Machine. A joint Company, Pratt Whitney and Herbert Limited, has been formed to facilitate this important development. The first machine weighing approximately 22 tons will shortly be completed in our Lutterworth Works.

An additional model of the very successful DeVlieg Jigmils is also nearing completion, while the well-known Landis Tangential Dieheads will go into production in the near future.

Subsidiary Companies.—The Holbrook Machine Tool Company Limited is now enjoying an improved demand for the high precision lathes which have a well established reputation in the world markets, and profits are deemed satisfactory.

The last year was a difficult one for The Sigma Instrument Company Limited, due principally to the high cost of certain contracts for inspection equipment of revolutionary design, which, while unprofitable to the Company, solved some very awkward problems for the ultimate users.

Future prospects are considered to be much brighter.

The "Six" and the "Seven"

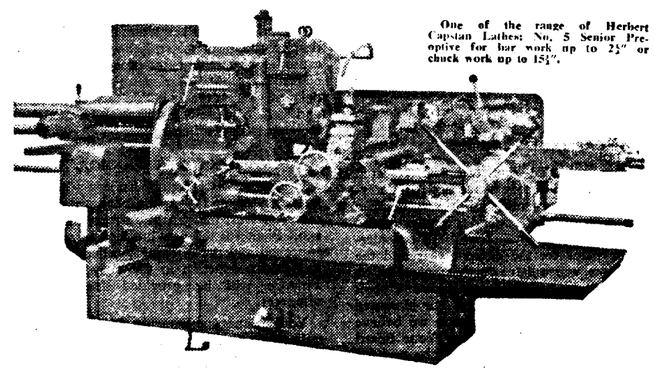
The conflict of interests of the European Economic Community (Common Market) on the one hand and the European Free Trade Area on the other has naturally caused us some concern in view of our substantial trade with all the free countries of Europe. Unless some way can be found of enabling the two groups to work together for the furtherance of mutual trading, it seems inevitable that some form of political schism will develop which could have far reaching effects on the prosperity and even the safety of Europe.

There are no signs that our Company's trade with the Common Market countries is in any immediate danger, but we shall watch developments carefully and may if necessary consider the advisability of extending manufacture, possibly in France, where our Associate Company has for many years been building machines on a modest scale.

In the meantime, Great Britain's part in the European Free Trade Area is an effective safeguard to our trade with the other countries in that group.

Continual Developments

The past year has seen several newly designed machines added to our range of manufactures and I am pleased to record that they have met with immediate success. We are constantly looking for opportunities for broadening our manufacturing and trading activities by acquiring new interests and selling agencies. Shareholders will be aware that we have ample resources for such developments.



One of the range of Herbert Capstan Lathes: No. 5 Senior Preoptive for bar work up to 2½" or chuck work up to 15½".

POLLARD BALL AND ROLLER BEARING CO

EXPANSION IN ALL DEPARTMENTS CONTINUES

SCRIP ISSUE APPROVED

The annual general meeting of Pollard Ball and Roller Bearing Company Limited was held on April 12th in London, Mr F. C. T. Lane, FCA (the chairman), presiding.

The following is an extract from his circulated statement:

The profit for the financial year 1959 again marks the continuing growth of our Company and shows a substantial improvement over that of the previous year. This trend was indicated by the issue to you of the interim report in respect of the six months' trading to the end of June, and the second half of the year lived up to the experience of the earlier period. The result for the year is a net profit subject to taxation of £514,950 (after making provision for all charges including depreciation) as compared with £371,121 for the year 1958.

It has been the practice hitherto to indicate the progress of the gross volume of trade by means of a comparative index table of sales and as it seems to have met with approval it is proposed to continue this form of information. Taking 1953 as equal to a unit of £100 the corresponding figures for the succeeding years are:

1954	£131
1955	£198
1956	£222
1957	£300
1958	£392
1959	£461

EXPORT SALES DOUBLED

Last year, I referred to our resolve to make an intensive effort to stimulate our trade in the export markets, to which end our sales manager and others made extensive tours abroad. I am pleased to record that our direct export sales have approximately doubled for 1959 and the continuing enquiries from those markets give us encouragement for the years ahead. In order to regulate our growing trade in France, we have formed a subsidiary company, Société Anonyme Pollard-Roulements, with offices and warehouse in Paris.

The home trade has shown a satisfactory increase; the sales for the months so far expired of the year now current being in excess of those of the corresponding period of last year and our daily intake is lending encouraging support. Your Board anticipate that this trend will continue.

CAPITAL EXPENDITURE

We have extended our technical research facilities, office and factory space both at Ferrybridge and Northampton, and it will be seen from our accounts that expenditure of a capital nature during the past year has been considerable. Our plans for the current year and the year to follow will call for further spending on capital account for building extensions and plant in order that we may take care of our increased production and to budget for what we believe will be our needs for the future. Your Board feels that this expenditure may well be met for the time being from our internal resources and bank facilities.

Canadian Pollard Bearings Ltd., has made good progress during the year, having substantially increased its sales and the number of its customers. We have opened a branch office and warehouse in Montreal to facilitate its overall trade. A small profit has been earned and we retain our confidence in a satisfactory future for this unit of our organisation.

The manufacture and distribution of "Philidas" self-locking nuts have continued to expand satisfactorily and this Division is making a substantial contribution to the profit of the group which we confidently expect to go on increasing.

THE FUTURE

Now a word as to the future. Our trade continues to show healthy signs of technical development and expansion in all departments and we are continuing our policy of securing, as far as may be, the best machines for our purposes and look forward with confidence to ensuring that the names "Pollard" and "Philidas" are synonymous with quality products and service. The year 1960 has opened well and appears favourable to our Company. It is hoped that no untoward events, over which we have no control, will mar the outlook.

On your behalf I would again like to pay a tribute to our management, staff and all employees at home and abroad for their excellent efforts during the past year and especially to record our appreciation of the happy and cordial relations that exist between them.

The report and accounts were adopted and a final dividend of 20 per cent declared, making with the interim already paid a dividend of 25 per cent less tax for the year. At the subsequent extraordinary general meeting the proposed 1 for 4 scrip issue and alteration to the Articles of Association were approved.

A. & S. HENRY & COMPANY LIMITED

(Manufacturers and Merchants)

PROGRESS ACHIEVED UNDER DIVERSIFICATION POLICY

STATEMENT BY THE CHAIRMAN, MR FRANK STOCKDALE, ON THE AFFAIRS OF THE COMPANY

The seventy-first Annual General Meeting of A. & S. Henry & Company, Limited, was held on April 13th in Manchester. The following is the statement made by the Chairman, Mr Frank Stockdale, as circulated to the stockholders with the Report and Accounts for the year ended December 31, 1959:

Trading profit has increased from £727,693 to £898,800 which your Directors consider satisfactory.

Turnover of the Group has been well maintained although costs have again increased. Extra production and increased sales are essential to the expansion of our profits. As I have previously mentioned, dealing with a wide range of raw materials, we have to meet changing conditions both at home and abroad and we endeavour to meet them as they come.

The new acquisitions obtained over a period of years have undoubtedly done much to implement the profits of the group. Our Mail Order interests have well maintained their position despite the printers' strike, which last autumn caused considerable extra expense and some loss of trading profit. Our seasonal catalogues were delayed. Great credit is due to the management and staffs of these Subsidiaries who met the dislocation with great energy.

FACTORY EXPANSION

Our Paper Sack factory has again had a satisfactory year and your Board have decided to carry on with the expansion forecast some time ago. Plans for the new building have now been approved and the machinery ordered. We hope to be in production in the early part of 1961. Finance will be provided from our own resources.

Your Managing Director, Mr Frank S. Winterbottom, visited India during the year, where trade was more favourable and profits improved. I visited South Africa where the factory in Durban, in spite of great competition, has increased its earnings. Our labour relations there remain excellent.

Profits have been achieved without spectacular progress and are the result of the diversification of our group interests. I look forward to continued progress under this policy.

Your Directors regret to report the death of Mr E. Ronald Crammond who has been a member of the Board for almost 11 years. Mr Crammond resigned as Deputy Chairman in May, 1959 and Mr Frank S. Winterbottom, our Managing Director, took over additionally the post of Deputy Chairman. The Board have appointed Mr G. O. Shelmerdine, who has long been associated with Lancashire trade, to fill the vacancy and his appointment will come up for confirmation at the Annual General Meeting.

INCREASED DIVIDENDS AND RESERVES

In view of the excellent results your Board recommend a final dividend of 21 per cent, making, with the interim dividend of 4 per cent already paid, 25 per cent for the year. After allowing for the above dividend the Group Revenue Reserves will stand at £2,125,943, an increase of £190,135.

Your Board have also decided to recommend a Tax Free dividend of 5 per cent (absorbing £90,000) out of a capital profit of £94,000 as a result of the sale of some small part of our property which we considered redundant. Our Capital Reserve now becomes £177,294.

On behalf of Stockholders, my colleagues and myself I pay special tribute to the excellent service rendered by all who work for the Company. Our prosperity largely depends on good team work. The full time working Directors and Managers, ably led by our Deputy Chairman and Managing Director, Mr Frank S. Winterbottom are, I know, fully cognizant of this. The good results are a great tribute to them.

The Report and Accounts were adopted.

Mr G. O. Shelmerdine, having been appointed to the Board during the year was re-elected a director. Mr Frank Stockdale and Mr Leonard C. Keary who retired by rotation were also re-elected directors. The auditors, Messrs Peat, Marwick, Mitchell & Co., Chartered Accountants, continue in office in accordance with the provisions of the Companies Act, 1948.

THE EAST ASIATIC COMPANY LIMITED

(Aktieselskabet Det Ostasiatiske Kompagni)

COPENHAGEN, DENMARK

The following is a summary of the Annual Report for the financial year 1959, presented by the Board of The East Asiatic Company Limited at the Company's Annual General Meeting in Copenhagen on April 2nd, 1960:

The turnover in commodities and the price development in 1959 favoured the industrialised countries, while prices of most raw materials stagnated. Despite great deflections in the various territories the curve of the standard of living is distinctly rising all over the world, which is reflected in an increasing demand both for consumer goods and for material for the building up of industry, and the attendant demand for carrying capacity both by land and by sea, and the development of power resources is expanding.

The East Asiatic Company has since the war taken up new fields of activity within commerce and industry.

Shipping Department: An improvement in the freight market for dry cargo tonnage set in towards the end of the year, while the market for tanker tonnage is still uncertain. On the routes served by the Company's ships the rates for cargoes influenced by tramprates could be increased somewhat, and the demand for tonnage was satisfactory in the circumstances.

Trading Departments: The world trade presented a rather complex picture during the past year, as the economic conditions in several European countries and on the North American continent were approaching a boom in striking contrast to the difficulties experienced in other countries.

Through an expansion of fields of operation and intensified efforts both in the home and overseas territories the trading departments of the Head Office—import, export and wood departments—made progress both in respect of turnover and earnings.

The Company's Overseas Branches and Associated Companies: Detailed summaries of the Company's multifarious activities have from time to time been made available to the shareholders, and with reference to these summaries it may be briefly stated that the past year can be characterised as having fulfilled all reasonable expectations.

Participation in other Companies: With the addition of new investments these interests are entered in the Balance Sheet at kr.90,710,992.42, against which there is a Security Fund amounting to kr.6,361,175.22.

The participation in Nordic Tankships I/S (Partnership) amounts to kr.25,040,551.01.

RESULTS

The total result of the year under review is as follows:

	Kr.	Kr.
From Shipping		39,237,787.85
From Trade		11,675,885.89
Overseas Branches		55,495,318.60
Dividends from Investments in other Companies including profits from participation in Nordic Tankships I/S (Partnership)		10,170,435.65
		116,579,427.99
Less Interest and Financing Expenses		5,256,220.24
		111,323,207.75
From which is to be deducted: Administration Expenses at Head Office and Overseas Branches	57,316,737.21	
Allocation for Taxes	7,352,251.03	
		64,668,988.24
		46,654,219.51
Less Depreciation		25,573,255.69
		21,080,963.82
Balance brought forward from last year		8,594,892.64
At disposal		Kr.29,675,856.46

which it is proposed to apply in accordance with the appended accounts as follows: to pay to the shareholders a dividend of 15 per cent, to distribute an amount of kr.4,087,812.04 to the Board, Managing Directors and Employees as bonus, to allocate kr.3,000,000.00 to the Extra Reserve Fund, kr.3,000,000.00 to the Pension Fund, kr.1,000,000.00 to the Insurance Fund, kr.1,000,000.00 to the Extra Depreciation Fund for Buildings and Furniture, besides kr.500,000.00 to the Benevolent Fund, leaving kr.9,588,044.42 to be carried forward to next year.

THE BRADFORD DYERS' ASSOCIATION LIMITED

FUTURE OF LANCASHIRE TEXTILE INDUSTRY

NEED FOR RATIONALISATION

MR JAMES EWING'S VIEWS

The sixty-second Annual General Meeting of The Bradford Dyers' Association Limited was held at the Midland Hotel, Bradford, on April 11th.

Mr James Ewing (Chairman), who presided, in the course of his speech, said: In the statement, which accompanied the audited Balance Sheet and Accounts and the Report of the Directors, I dealt with the accounts of the Parent Company and with the progress of the Subsidiary Companies. I know only too well that the results of the past two years have not been as satisfactory as your Board would wish, nor does it afford me any gratification to tell you that this depression is shared by many other Companies in the Finishing section. At no time in our history have we given better service to the textile industry than we are doing now, and but for the ploughing back of a substantial part of our profits in the past decade we should not have been able to meet the ever changing demands arising because of the increasing proportion of man-made fibres and because of the new processes applicable to Cotton, now a fashion fabric.

TECHNICAL PROGRESS

Our technical progress has kept pace with these new developments and we can claim with complete confidence that BDA finishes are equal to the best produced anywhere. With our widespread interests abroad we are able to draw upon the latest foreign as well as home information in keeping abreast of modern needs. Nearly 60 per cent of our capital is invested in Commission Dyeing and Finishing and Printing in the United Kingdom. As the figures I have quoted in my statement clearly indicate, supply in these service industries is very much in excess of demand and as a consequence we are having to face severe competition with excessive debasement of prices.

The volume shown in the Cotton Board returns of cotton and man-made fibre fabrics available to the Piece Dyeing section of the industry has shown a downward trend since 1951, which was the peak postwar year. Taking the yardage in 1951 as an index figure of 100, the 1959 yardage was 76, a drop of 24 per cent. In the same period the volume for the machine printing section fell from 100 to 56 and the volume for the Bleaching section from 100 to 80. Total cloth production in this period has fallen from 100 to 65, a decrease of 35 per cent. Imports have been increasing meanwhile, particularly in the past four years.

INVESTMENT POLICY

Faced with this situation, your Board has been progressively offsetting the deteriorating situation in textiles by concentrating its domestic producing units and by outside investments both in textiles and in other industries.

During the past ten years the Association, from its own resources without the assistance of additional funds from the public in the shape of new issues or loan stock, has financed investments in subsidiary companies to the extent of £1,067,000 and in trade investments £1,282,000, a total of £2,349,000. A substantial amount of the First Mortgage Debenture Stock has also been redeemed. That has been the deliberate policy of your Board to counteract the inevitable reduction in British textiles. The soundness of such a policy is amply confirmed by the trade figures.

Of the total of £2,349,000, £1,473,000 represents investments in the textile industries of Australia and Canada. The return from the Australian investment down to date has been quite satisfactory. In Canada we had to face minor losses in the early stages until we consolidated our activities. These losses have all been wiped out and now the investment is showing a satisfactory return on the capital invested.

But for the unfortunate incidents in 1956, our Egyptian investment would have been giving us a handsome return from an enterprise which was initiated by us. The cause of the setback there was obviously something over which we had no control.

Our enterprises outside textiles in the United Kingdom have not yet reached the stage of making any real contribution to the profits of the

Association. As we recognised from the beginning, they are in growth industries and require further development, and before long the policy of the Board will be more than justified by results. That was the only policy to pursue, having regard to the general trends in the British textile industry in which most of our capital was originally employed.

In the same period nearly £4 million has been expended on new plant and buildings to keep the Association abreast of technical developments and to ensure efficiency.

NEED FOR COMPACT AND EFFICIENT UNITS

Having said this, what other steps must be taken to bring the Finishing Industry back to a healthy and profitable state? Our sectional interest is closely bound up with the Spinning, Weaving and Merchanting sections, and there must be some integration of the production and merchanting functions. This will involve serious consideration of the future structure of the Lancashire textile industry, which has been built on horizontalism. The first requirement undoubtedly is to create, sectionally, compact and efficient production units by cutting out excess capacity which has resulted from a continuing contraction of demand due to increasing imports and serious losses of exports. The first step has been taken by the passing of the Cotton Industry Act, 1959, for the reorganisation of the cotton and man-made fibres industry with Government financial aid by means of schemes for the elimination of redundant plant and for re-equipment.

I share fully the views expressed by the President (Mr Philip Lees) of the Federation of Master Cotton Spinners Limited in his recent address. The Government's financial contribution to the industry, under the Cotton Industry Act, 1959, "will be wasted unless arrangements to limit duty-free Commonwealth imports are continued." The British cotton and man-made fibres industry is unique in operating against a background of international surplus capacity. It is exposed to competition from any direction, and it is vital that this should be recognised by the Government before it is too late.

BRIGHTER FUTURE ENVISAGED

It would appear from the trend of the past few years that we shall have to be content with a textile industry producing 80 per cent of the United Kingdom's domestic requirements. Exports will be increasingly confined to high quality goods, in which this country can be supreme. But we must be armed with some background of protection in our home market. It is against the national interest to allow conditions in the domestic textile industry to continue to deteriorate.

In conclusion I would like to repeat what I said last year, that the United Kingdom textile industry had reached bottom and that, if those engaged in the industry and the Government would play their parts in re-creating an industry of the size required to produce efficiently the reduced volume, the future was not gloomy. The Manufacturing sections have now, with Government aid, reduced their excess capacity and the trading results of those sections, as I predicted, are improving. The Finishing sections should follow a similar pattern as soon as Government sanction to their proposals is forthcoming. Then if the industry as a whole will face rationalisation as well as reorganisation, its future will be brighter than it has been for years.

The Report and Accounts were adopted.

SWAN, HUNTER & WIGHAM RICHARDSON, LIMITED

MAINTAINING COMPANY'S POSITION IN VANGUARD OF WORLD SHIPBUILDERS

MR JOHN HUNTER ON ENCOURAGING BENEFITS FROM NEW PLANT

The fifty-seventh Annual General Meeting of Swan, Hunter & Wigham Richardson, Limited will be held on May 4th at the Royal Station Hotel, Newcastle upon Tyne.

In his address, which has been circulated with the report and accounts, the Chairman, Mr John Hunter, BSc, JP, after reviewing the financial results for the year, continued:

Capital expenditure of the Group during the year is reflected in a net addition to fixed assets of £2,034,107, making the total cost £19,791,106. After deducting depreciation, the fixed assets appear in the consolidated balance sheet at £12,681,458. Our expenditure since 1946 on modernisation and re-equipment of our Tyne and Clyde establishments total approximately £13 million to the end of 1959.

Apart from our Wallsend Shipyard, the major part of our schemes of reorganisation as envisaged at present are almost complete. At Wallsend Shipyard, however, the No. 1 berth remains to be modernised. This berth is not served by large capacity cranes and consequently it is not possible to use it for the construction of ships by up-to-date, competitive methods.

It is interesting to note that it was from this berth that the famous "Mauretania" was launched in 1906 and the berth was in fact constructed specially for this purpose. In the light of our commitments both actual and prospective and in order to widen the scope and flexibility of our activities, your directors have decided to proceed with the reconstruction of this berth, and of an extension to our plate preparation facilities.

An order for two 60-ton cranes to service the berth has been placed. The work of providing the necessary crane track and piling to the berth will be carried out pending delivery of the cranes. By so doing it will become possible to build on No. 1 berth a ship approximating to an 80,000 ton tanker while a ship to the order of a 65,000 ton tanker could be built simultaneously on No. 2 berth and vice versa.

We will also be able, by combining Nos. 1 and 2 berths, to build, should occasion arise, passenger ships as large as any afloat to-day or tankers of up to 100,000 ton deadweight or over.

The estimated cost of this work is approximately £1 million which will be incurred over the next two years. With the completion of this scheme the shipyards, engine works and ship-repairing facilities throughout the Group will be fully up to date and your company in the vanguard of shipbuilders throughout the world.

It is, however, proper to observe that if we are to remain amongst the leaders in our particular field, further capital expenditure of a somewhat lesser nature will be necessary from time to time in future years.

During the year the parent company as a member of a consortium of shipbuilders, acquired one-sixth of the Ordinary share capital of Brown Brothers & Co. Ltd., the well-known manufacturers of stabilisers, steering gear, etc. The cost of these shares is included in trade investments.

Net current assets in the consolidated balance sheet amount to £7,646,403, including bank balances and cash in hand of £2,857,676. Group work in progress at December 31, 1959, amounted to £18,307,409, against which instalments of £19,389,676 had been received.

In view of the continued downward trend in the value of British Government securities, your directors decided during the year to realise a substantial part of the Group's holdings, and, under expert advice, the proceeds were invested in first-class equities.

It will be observed from the notes accompanying the accounts that quoted investments, other than British Government securities, costing £569,018 had a market value of £897,912 at December 31, 1959.

PRODUCTION

During 1959 the shipbuilding units of the Group launched two oil tankers, four cargo ships, one ore carrier, one frigate and the Fao-Amaya Jetty representing a total of 98,189 gross tons, which compares with the total for the previous year of 122,500 gross tons.

The output of the engine works of the Group declined slightly in 1959. In terms of indicated horse power the output of main engines, boilers, &c. for the year was 139,900 IHP as against 149,600 IHP for 1958. In 1959 there were supplied for land and marine work 317 oil burning installations as against 322 in 1958.

The dry docks departments of the Group during 1959 repaired in dry dock or afloat a total of 525 ships with an aggregate gross tonnage of 3,957,000 tons compared with 4,182,000 tons in the previous year.

Work continues on the construction of the cruiser "Lion" which is expected to be completed this year and we also have under construction a frigate and a guided missile ship for the Admiralty.

At our Neptune Works work in progress includes the 20,000-ton passenger liner under construction for Companhia Nacional de Navegacao, Lisbon.

The position of the Hopemount Shipping Co. Ltd. remains much the same as last year with its three ships continuing to trade but with earnings restricted by present low freight levels.

GENERAL

With the continuing recession in shipping freights during the past year and with a large, though reducing, volume of tonnage laid up throughout the world, conditions in the ship-repairing industry have been very difficult and it has only been possible to obtain a reduced volume of work at highly competitive prices and our earnings from this source have consequently been much reduced.

With the slight improvement in freights towards the end of last year the position at the present time shows some improvement though it is impossible to tell whether or not this will be maintained.

Our shipbuilding and marine engineering works have continued to operate at a high level of capacity and during the year we obtained contracts for 6 new cargo ships of about 62,000 tons total deadweight. Our present order book should enable activity at this level to continue up to the end of 1961 with a number of contracts for completion in following years.

While the demand for new ships continues at a very low ebb, it is still necessary to look to the future with caution but the results now being obtained from our new equipment are encouraging and at least three of the contracts obtained recently have been secured in direct competition with continental yards, though profit margins are necessarily lower than those which have obtained in recent years.

I have, however, no hesitation in repeating what I said last year, that your companies are well placed to obtain a good share of available contracts and when times improve they should benefit to the full.

During the past year our nuclear team has continued design studies on the propulsion of ships by nuclear power and is at present engaged in assisting the Nuclear Power Group (A.E.I.—John Thompson and The Nuclear Power Plant Company) in preparing the tender which they are submitting to the Ministry of Transport for a boiling water reactor propulsion unit for a merchant ship.

It is hoped that the experience so gained will ensure that we will be at no disadvantage in tendering for the building of such a vessel should such an enquiry be received.

WESLEYAN AND GENERAL ASSURANCE SOCIETY

RECORD PROGRESS

The 119th Annual General Meeting was held on April 5, 1960.

The Chairman, Mr A. H. Sayer, MC, JP, said: It is gratifying to me to be able to inform you that the Society has had a record year for new business.

The year 1959 was a year of prosperity for the people of this country and the margin for personal savings increased. It is clear that there is a resurgence of the old virtue of thrift and more people are recognising the great advantage of regular saving through life assurance, with the resultant relief of income tax and the material assistance to the widow or other dependants should the death of the policyholder occur. In a period of inflation ordinary shares have their attraction as an avenue for savings but share prices have their "downs" as well as "ups." Policyholders *know* what they will receive when their policies mature and, if their policies participate in profits, they will have substantial bonuses added. In the period during which insurance offices have been able to invest policyholders' money so advantageously, bonuses have been increasing year by year.

Ordinary Department.—The total New Sums Assured under policies issued in 1959 amounted to the record total of £6,024,604 compared with £4,900,861 in 1958. The number of policies issued increased by 8 per cent, a feature which may be taken to indicate a growing circle of members.

Industrial Department.—The number of policies issued in 1959 was 83,207 compared with 78,735 in 1958, and I may add for your information that there are in this Department alone no fewer than 2,088,000 policies in force. The total New Sums Assured amounted to the record total of £5,424,812 compared with £4,557,398, and the new premium income was £291,403 compared with £246,624.

Total Assets.—The Assets on December 31st last amounted to £38,491,000 compared with £36,546,000 a year previously.

£1,863,000 has been added to the holdings of Ordinary Shares, which now represent 12 per cent of the Assets. The effect of the higher dividends received and of the opportunity to invest advantageously in fixed interest securities, has been to increase the gross rate of interest earned on the Total Funds from £5 0s. 6d. per cent in 1958 to £5 4s. 10d. per cent in 1959.

Investments Reserve.—The market value of stock exchange securities exceeds the book value. Nevertheless the Directors are of opinion that it is a wise precaution to augment the Investments Reserve at a time when such a high proportion of new investments is in the form of Ordinary Shares. Accordingly £200,000 has been added to the Investments Reserve bringing it up to £2,750,000.

In the Ordinary Department the Directors have declared a Reversionary Bonus of 42s. per £100 sum assured, compared with 40s. last year. This is a modest increase under present conditions but the Directors are of opinion that there is every likelihood that for several years to come this rate of bonus will be maintained and perhaps increased.

In the Industrial Department £200,000 has been transferred for the benefit of the policyholders in this Department compared with £180,000 a year ago. The outlook is favourable and the Directors are optimistic that it will be possible greatly to improve bonuses on Industrial Department policies in the near future.

House Purchase.—The Society has a flourishing House Purchase Department equal in magnitude to a medium sized Building Society. Even last year £1,120,000 was advanced to House Purchasers, while since 1925 over 22,000 families have been assisted to buy their houses. Many W. & G. borrowers are today paying no more than 4 per cent or 4½ per cent interest.

Electronic Computer.—It may interest you to know that the Society is abreast of the times in the application of modern methods in the office. For nearly forty years punched-card machinery has been in use and now an order has been placed for an electronic computer of suitable scope and design. This opens up the possibility of great advances in accounting and actuarial work and generally in dealing with the two million policies on the books.

In conclusion may I say that the Society has had a successful year from all points of view and the outlook for the future is most promising. I fully expect to be able to report more progress in a year's time.

THE MONOTYPE CORPORATION LIMITED

EXPANDING ACTIVITY AT HOME AND OVERSEAS

The fifty-second Annual General Meeting of The Monotype Corporation Limited was held on April 12th in London.

Brigadier Sir George Harvie-Watt, Bart, TD, QC, the Chairman, presided and, in the course of his speech, said:

The result of the year's trading is satisfactory. The improved trend in profits reported last year has continued.

The increased turnover has resulted from expanding activity in both the Home and Export markets. This has been made possible by the excellence and reliability of our machines, and the enviable reputation which your Company enjoys in regard to after-sales service.

This year's taxation charge of £324,192 amounts to 51 per cent of the net profits and after deduction of the tax charge, and taking into account the tax written back, there remains a net balance available in the Parent Company accounts of £311,154 compared with £196,311 last year. In view of the good results, your Directors feel justified in proposing a Final dividend of 5 per cent making 9 per cent for the year compared with 8 per cent for the previous year. After appropriating £200,000 to General Reserve, there remains a balance of £114,280 in the Books of the Parent Company, which we propose be carried forward.

The liquid position of the Group remains strong, with net current assets amounting to £1,956,902, after taking into consideration provision for future Taxation and Minority Interests —an increase of £218,163 on the previous year.

During the year your Directors carried out a revaluation of the Fixed Assets of the Company in the United Kingdom. The resulting surplus amounted to £965,826 which sum has been placed to Capital Reserve.

We are now obtaining benefit from some of our improvements to well-established equipment and the growing commercial acceptance of our "Monophoto" Filmsetter. There is an increasing awareness of the usefulness of this machine. Users of our "Monophoto" Filmsetter have now available 35 series of type faces. Many other faces are in course of preparation.

In regard to the Home Market, business done during the year was satisfactory, in spite of the difficulties which confronted the trade as a result of the Printing Trade dispute which led to a stoppage of nearly seven weeks, and to wage increases, including the 3½ per cent increase in wages in the Engineering Industry.

So far as the Export Market is concerned, we have improved our position, particularly on the continent of Europe where the demand for our machines has increased both in the West and in the East. Business in other Export markets has remained firm and we improved on our turnover for the previous year. Our Export Trade continues to account for nearly 70 per cent of all business.

The improvement in trading this year so far has been maintained and, subject to there being no major upheavals in the economic and political world, the outlook for 1960 is encouraging. We feel that your Company, with its tradition of engineering skill and its ability to meet the particular requirements of its customers, can face the future with reasonable confidence.

The report and accounts were adopted.

FRANCIS SUMNER (HOLDINGS) LTD.

ENCOURAGING PROSPECTS

The fortieth Annual General Meeting of Francis Sumner (Holdings) Limited will be held on May 3rd in Manchester.

The following is an extract from the circulated review of the chairman, Mr C. L. Walker, FCA:

The year under review is the third year of the company in its new form as an Industrial Holding Company, and the results generally are satisfactory. After making all deductions, including taxation, the profit available for the Group is £203,143. The Directors recommend a final dividend of 12½ per cent on the increased capital which, together with the interim dividend of 7½ per cent already paid, absorbs £133,715.

With one exception all the major operating companies had a good year. The exception is Masteradio which incurred a loss of £54,477. Since the end of the year we have commenced negotiations, which are now well advanced, to sell the company.

Our principal manufacturing interests are the Louis Flower Group (making Ladies' Dressing Gowns and Housecoats), Marshall Weatherproof and M. Adler (making Gentlemen's and Ladies' Weatherproofs and Raincoats) and the Bender Group (making Ladies' Dresses). In each case the demand for our garments continues to increase, and the profits for the current year should exceed those for 1959.

During the year under review, we have increased our holding in Brough, Nicholson and Hall Ltd. so that we now own all the Ordinary Capital. The order book is in a healthy condition and we are confident that this improvement in their trading situation will be maintained and reflected in their profits for 1960.

The other major operating companies who were in the Group at January 1, 1959, are Fleet Electrics (Retail) Ltd. and View Rentals (City) Ltd. which companies operate a chain of shops selling and renting Radios, Televisions and Electrical Goods. The Rental Trade has become much more competitive in the last year, but our shops are well established and we confidently hope for an increase in profits in the current year.

Woodward & Co. (Whitefield) Ltd. and Mountain Mills Co. Ltd. both had successful years.

In February 1959 we increased our holding in Hide and Co. Ltd. and your directors are confident that this investment will prove to be a most valuable asset in future years.

After commenting on the acquisition during the year of Reliance T.V. Service Ltd., A. W. Hewetson Ltd. and Buttons Ltd., the chairman continued:

The Balance Sheet reveals a much stronger position which reflects the Board's policy that in further expansion regard must be had to building up a sound asset position in addition to high revenue producing investments. The Net Assets of the Group are now over two million pounds as compared with some £500,000 (excluding "Cost of Control") at December 31, 1958.

The prospects for the future are encouraging. Provided that there is no general recession in our national economy nor any dislocation arising from artificial controls, we anticipate that most of our operating companies will show increased profits. We shall continue our policy of widening our interests, as and when suitable opportunities occur, with a view of strengthening still further the Group's earning capacity as well as its asset position. Proposals will, therefore, be put before you for an increase in Capital so that we may be ready to give effect to our policy.

CALEDONIAN INSURANCE COMPANY

The One Hundred and Fifty-fifth Annual General Meeting of the Caledonian Insurance Company will be held in Edinburgh on May 10, 1960.

The following is an extract from the Statement by the Chairman, Mr W. H. McGregor:

Life Department.—I am very pleased to report another good year. After deducting Reassurances, new Sums Assured, including Group business, amounted to £8,268,865, a record for the Company, and Annuities for £510,379 per annum were issued as against Sums Assured of £6,888,819 and Annuities for £532,787 per annum a year ago.

Our income shows a very satisfactory increase. Life premium income increased by £109,688 to £1,367,710 and our Annuity premium income by £101,397 to £941,522. The interest income, after deduction of tax, at £820,496 increased by £118,778.

As regards outgo, claims by death and maturity at £844,843 were less by £89,405 than the amount paid in 1958 and surrenders at £210,056, were also less by £26,588. Annuities paid increased by £29,832 to £114,106 and expenses of management, including commission, for Life and Annuity business amounted to £291,437 as compared with £254,854 a year ago.

Our Life Assurance and Annuity Fund now stands at £17,677,866, an increase for the year of £1,565,897.

December 31, 1959, marked the end of another triennium. As has already been announced, Reversionary Bonuses have been declared for the three years ended December 31, 1959; ordinary participating Whole Life and Endowment Assurances receiving 63s. per cent per annum calculated on the Sum Assured—the highest Bonus ever declared in the history of the Company.

The Actuarial Valuation, the results of which are set out in the Report, discloses a sound financial position. After allocating £140,000 to additional reserves we are carrying forward £163,698 as against £146,208 when our last triennial Valuation was made as at December 31, 1956.

Fire Department.—The premium income for 1959 was £2,533,342, an increase of £182,589 on our 1958 figure.

The underwriting results in the Home Department were not quite so favourable as last year, but I am pleased to say that our results Overseas were very satisfactory on the whole.

We have been able to transfer a sum of £126,162 to the Profit and Loss Account.

Accident Department.—The premium income for 1959 was £5,116,814, a slight decrease compared with the 1958 figure, due principally to the cancellation of certain Overseas Motor business.

There was an improvement in the results of all sections of our Home business. The Overseas results in all Departments showed a considerable improvement over those for last year.

We have been able to make a transfer to the Profit and Loss Account of the sum of £76,389.

Marine Department.—The sum of £70,000 has been transferred from the Account to the Profit and Loss Account.

The Fund at £961,225 represents 163 per cent of the Premium Income.

Total Premium Income.—The total Premium Income for all Departments was £10,531,818 compared with £10,180,294 for 1958.

SUBSCRIPTIONS TO THE ECONOMIST *Annual Postal Subscription by ordinary mail £4 . 10 ; overseas £5* ***By air see below***

	Airmail	Air Freight*		Airmail	Air Freight*		Airmail	Air Freight*		Airmail	Air Freight*
Australia	£10 6s.	—	Ghana	£9 0s.	£6 10s.	Japan	£10 6s.	—	Philippines	£10 6s.	—
Canada	—	$25 or £9	Gibraltar, Malta	£5 0s.	—	Jordan	£7 15s.	—	Rhodesia(N.&S.)	£9 0s.	—
Ceylon	£9 0s.	—	Hongkong	—	£8 15s.	Lebanon	£7 15s.	—	South Africa	£9 0s.	£7 10s.
China	£10 6s.	—	India	£9 0s.	£7 10s.	Malaya	£9 0s.	—	South America	£9 0s.	—
East Africa	£9 0s.	£7 10s.	Indonesia	£9 0s.	—	New Zealand	£10 6s.	—	Sudan	£7 15s.	£6 15s.
Egypt	£7 15s.	—	Iran, Iraq	£7 15s.	—	Nigeria	£9 0s.	£6 10s.	USA	—	$25 or £9
Europe	£6 0s.	—	Israel	£7 15s.	—	Pakistan	£9 0s.	—	West Indies	£9 0s.	—

* *Normally 24/48 hours slower than Airmail.*

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COMPANY AFFAIRS

Bowater Paper

CONSUMPTION of newsprint and paper continued to improve in the second half of last year with the result that by the end of the year all the Bowater mills in North America had resumed normal operation. Bowater also brought the fourth newsprint machine at Tennessee into production during the year. Hence the gross profits of the North American subsidiary went up from $30.4 million to the record level of $33.8 million. The recovery in consumption in this country was not quite so rapid, but the volume and range of packaging papers continued to expand at a rate which, the Bowater directors say, offset the reduction in profit margins resulting from the intensive competition that has prevailed. In all, the trading profits of the Bowater group advanced from £18,145,000 to £20,070,000 and the net income of the parent company went up from £2,334,000 to £3,449,000. Moreover, in the last six months of 1959 the group earned a gross profit of £11 million, compared with £9 million in the first half of 1959 and £9·3 million in the second half of 1958.

The improvement in trading conditions, reflected in these results, has taken place at a more rapid pace than the directors had earlier anticipated it would, and though there is still some excess capacity in the industry, the directors say that they now consider prospects to be more favourable than has been the case in the past year or so. Accordingly, having earlier raised the interim dividend from 4½ to 5 per cent, they have raised the final payment from 8 to 10 per cent. In all, the ordinary dividend has gone up from 12½ to 15 per cent and, as the directors had indicated last December, there is to be a scrip issue. One new share will be issued as scrip for every five held. That in itself is modest enough to encourage some investors to hope that this year's dividend will go up. At 72s. the £1 shares yield 4¼ per cent on the 15 per cent dividend.

BICC

THE breaking up of price agreements in the cable industry last April led to a period of intense competition and a marked reduction in prices. Indeed, in his interim statement last November the chairman, Mr W. H. McFadzean said that prices for low voltage mains cables and general wiring cables were then unprofitable. These products however do not represent a substantial proportion of BICC's turnover and Mr McFadzean then indicated that there would be little change in the company's profits in 1959. The preliminary statement now shows that in the year to December 31st last BICC's consolidated trading profit rose from £8,808,610 to £9,011,003 while its sales rose by £18 million to £128 million. These figures, however, include the sales and profits of Telegraph Construction and Maintenance for the whole of 1959 and of Scottish Cables for nine months. Profit margins have declined, falling from 8.5 per cent in the last half of 1958 to 7.6 per cent in the first half of 1959 and to 6.5 per cent in the second half of that year. As expected the ordinary dividend has been left unchanged at 13½ per cent. It is covered almost 2¼ times, thanks in part to the sharp rise in investment income from £358,850 to £676,548. At 56s. 6d. the £1 shares yield 4¼ per cent, just as they did a year ago.

Rio Tinto

INVESTORS were confidently expecting Rio Tinto to report an advance in its gross profits, for they knew that in 1959 not only had higher dividends been received from the company's Rhodesian copper investments, but that the year's income included earnings from the Mary Kathleen mine in Australia, which came into production late in 1958. They have not been disappointed, for the consolidated gross profit has risen from £3,157,000 to £3,914,000. Of this, investment income contributed £2,086,000, against £1,455,000. In view of these results shareholders may be disappointed that the dividend is left effectively unchanged at 20 per cent, as the profits tax interim paid last June is best regarded as part of the total dividend paid for 1958. But there were big claims on profits other than those of the ordinary shareholders; minority interests have taken £732,000, against £284,000, and a new appropriation to development expenditure reserve and to capital reserve (for exchange losses) amounted to £648,000.

The group's share of the profits of Rio Tinto of Canada went up from £722,000 to £1,068,000, but of this sum £670,000 has been written off intangible assets. These profits are not in any case available for dividends until a substantial part of the prior charges, issued to finance the development of the uranium mines, has been paid off. The Canadian uranium industry received a sharp jolt last November, when it was agreed with the American government to spread out uranium deliveries until 1966 but no further. The adverse effects of this change in the prospects for uranium may be offset in part by the decision by Rio Tinto to amalgamate its four uranium producing companies and to take steps to try to diversify their operations still more. For the immediate future shareholders may gain some comfort from Sir Ronald Prain's recent comments on the outlook for copper producers and from the fact that the earnings of Rio Tinto's latest acquisition in Southern Rhodesia, Cam and Motor Gold Mining, will be included in the 1960 accounts. At 38s. 1½d. the 10s. shares yield about 5¼ per cent.

Thomson Newspapers

WHEN Mr Roy Thomson acquired Kemsley Newspapers and merged that company with Scottish Television to form Thomson Newspapers, he estimated that the gross profits of Scottish TV would be about £1½ million in 1959; on the assumption that Kemsley Newspapers' profits would be little changed the gross profits of the group would be about £3 million and net profits about £1½ million. In the event Thomson Newspapers did rather better than this. Net profit last year came to £2,156,571, but this included a surplus of £548,913 arising from the sale of investments and the maturity of sinking fund policies. Net profit from trading was £1,607,658, after tax of £1,495,568 so that gross profit amounted to £3,103,226. Of the net profit, £346,610 represents pre-acquisition profits of Scottish TV and is not available for distribution. In this period of development, as Mr Thomson has characterised it, the growth in profits is likely to come from commercial television. But, looking further ahead, what Mr Thomson does to the group newspapers and printing works will become increasingly important. He is not likely to be satisfied with the circulation and profits of some of the newspapers he already owns and he may be tempted to acquire others.

The public interest in this group, which Mr Thomson and his associates control through their holdings of deferred ordinary shares, is in the preferred ordinary shares. A final dividend of 15 per cent has duly been declared and a total payment of 30 per cent has already been promised this year. This dividend can only rise above this level after a non-cumulative dividend of 15 per cent has been paid on the deferred shares and then only to the extent of one-quarter of the surplus profit. The public's stake in the equity is thus limited and the size of the preferred dividend depends very much on Mr Thomson's attitude towards the deferred payment. The preferred are now quoted at 28s. 6d., to yield 4¼ per cent on a 30 per cent dividend. They can hardly be called growth stocks, though the company itself may grow.

British Motor and Pressed Steel

THE directors of British Motor have maintained the interim ordinary dividend at 7½ per cent but this time it is payable on the capital as increased by a 30 per cent scrip issue. Effectively, then, the dividend has been raised by just under 1¼ per

cent. The market had set its sights on a 10 per cent interim and after the payment was announced the shares were marked down by 2s. 1½d. to 20s. 4½d. Sir Leonard Lord, the chairman, has already forecast an increase in profits over the next two years and investors must now wonder what the final dividend will be. In the past, the interim dividend has usually been half the final dividend. On that basis the final dividend would be 15 per cent, making a total of 22½ per cent. That would be well within the scope of BMC even though the expansion programme, costing £49 million, is to be self-financed. On that assumption the 5s. shares would yield 5¼ per cent at 20s. 4½d.

One of BMC's major suppliers, Pressed Steel, has also raised its ordinary dividend from 25 to 30 per cent. Last year the gross profit from the sales of car bodies, refrigerators and other steel pressings, rose by 11 per cent, from £4,360,377 to £4,829,085, and net profits by 22 per cent from £2,017,598 to £2,461,598. Thus the increased dividend is covered over three times. Since the publication of the results the 5s. shares have fallen by 5s. 9d. to 36s. 9d., to yield 4.1 per cent. The fall in price occurred because Pressed Steel is to make a rights issue on terms to be announced later. The issue is to finance further expansion designed to meet the growing demands of the motor industry. Pressed Steel is to extend its plant at Swindon and is to set up a body plant in its Glasgow factory. Its plans also include the building of a factory at Jarrow, designed to add to its production of pressed tools.

Simon-Carves and Henry Simon

When the proposed merger between Simon-Carves and Henry Simon was announced last month the directors of the two companies said that in future their policy would be to distribute a higher proportion of the combined profits than either company had distributed separately in the past. The terms of the merger will be announced soon, but both companies have in a sense already implemented the agreement on dividends by substantially raising the payments for 1959. Simon-Carves has raised its ordinary dividend from 25 to 35 per cent but it is not repeating last year's special tax-free distribution of 7½ per cent. Its trading profits advanced last year from £1,461,814 to £1,607,202 and its net earnings rose from £686,301 to £826,357. The latest dividend is covered 2.4 times by earnings, compared with a cover of 3.2 times on the smaller dividend the year before.

The Henry Simon dividend has been raised from 20 to 35 per cent but last year's special distribution of 10 per cent from capital profits has not been repeated. Its trading profit went up from £1,206,321 to £1,274,935 and its net earnings rose from £571,999 to £666,987. The latest dividend is covered over twice by earnings, against three times in 1958.

One important feature of the merger agreement involves the distribution to shareholders of surplus cash held by the two companies. This accounts to some extent for the relatively low yield offered by the 5s. shares of both companies. At 48s. 9d. Simon-Carves 5s. shares return 3.6 per cent, and at 48s. 6d. the Henry Simon 5s. shares yield 3.6 per cent. These yields are well below those offered by shares in many other heavy engineering and electrical companies.

Timothy Whites and Taylors

The 5s. shares of Timothy Whites and Taylors have enjoyed a big rise in recent weeks in anticipation of the profit statement and of the results of the revaluation of its properties, which include 930 chemists and hardware stores. After the results were published the shares fell back by 2s. 3d. to 43s.—a reflection more perhaps of the uncertain tone of equities in general than of particular disappointment with the company's achievements.

Trading profits in the 54 weeks ended on January 16th rose from £1,859,573 to £2,073,351 and the net profits from £602,841 to £694,491. At the time of the interim dividend last October the directors forecast a total dividend of 25 per cent, against 20 per cent, but now they have set it at 27½ per cent. The revaluation of properties has thrown up a surplus of £4,183,431 over the book value of £5,593,369. Of this surplus £705,735 is to be used in writing off goodwill and a 100 per cent scrip issue is to be made as well. At the current level the 5s. shares yield about 3¼ per cent; that puts a discount on future growth but it compares with a yield of 2.3 per cent offered by Boots Pure Drug.

Hudson's Bay

An increase of only just over one per cent in Hudson's Bay's trading profits for the year to January 31st certainly came as something of a disappointment to shareholders, for the company did not appear to have gained much from the recovery in the Canadian economy. The full accounts show that although total sales reached the record level of £79.9 million only the Northern stores and furs (something of a misnomer since over 90 per cent of that business is in merchandise) reported an increase in profits. Higher wages and other costs ate into the profits of the retail stores; sales went up, but profits from this biggest section of the company's business fell from £3,185,000 to £3,140,000. This represented a cut in margins from 6.4 to just under 6.1 per cent. These profits are struck after charging depreciation of £1,040,000 (against £984,000) on buildings and equipment in retail stores. The bigger depreciation charge is the product of a continuing high rate of capital expenditure. Last year £2,102,000 was spent on buildings and sites, including the first half of the new Saskatoon store as well as two more "parkades" which have proved popular with Canadian shoppers. The extensive modernisation and expansion programme has left its mark in the balance sheet: cash and holdings of Treasury bills fell last year from £2,312,000 to £1,266,000 and bank overdrafts and short term loans rose from £2,494,000 to £4,355,000. Hudson's Bay, in fact, looks as if it is in need of new capital.

With production of crude oil in Canada at only about 50 per cent of capacity there was a further slight fall in royalties received by Hudson's Bay, from £469,000 to £451,000. A maiden dividend has still to be paid by Hudson's Bay Oil and Gas, in which Hudson's Bay has a 22.6 per cent interest. The net income of this oil and gas concern rose from $1,316,000 to $2,821,000 (equivalent to 16 cents per share) last year, largely as a result of sharply increased sales of natural gas following the opening of the pipe lines to Eastern Canada. With land sales nearly completed shareholders will have to look more and more to this company for the replacement of the income from the land account. With unchanged dividends of 24 per cent from trading and a tax free 5 per cent from land sales the £1 shares at £9 7/8 xd offer a gross yield of 3½ per cent; this is in line with the return on leading stores in this country. With Hudson's Bay Oil and Gas at $25 (London) "Bays" holding, however, is worth about 75s. per Hudson's Bay share.

Alfred Herbert

In 1958-59 Alfred Herbert's trading profits fell by 18½ per cent, from £2.9 million to £2.4 million. But because business took a distinct turn for the better in the latter months of the financial year the directors raised the tax-free ordinary dividend from 6 to 7 per cent. In his statement the chairman, Mr C. W. Clark, says that the improvement has been maintained. Stocks, he reports, have fallen and there is a growing backlog of orders for certain types of machine tools, especially for the heavier products. The group's balance sheet shows that liquid balances amount to about £8.8 million. Capital commitments amount to only £158,000.

Alfred Herbert, which now claims to be the biggest machine tool organisation in the world, seems to have benefited more than most other machine tool manufacturers from the recent revival in orders, which have been running, Mr Clark says, at a very satisfactory level in the last few months. On the 7 per cent tax-free dividend, which is covered 1½ times by earnings, its £1 shares at 55s. 3d. yield just over 4 per cent.

American Metal Climax

This company, offspring of the merger between American Metal and Climax Molybdenum in 1957, has its eggs in many baskets. In North America and Mexico it produces molybdenum, tungsten, uranium, potash, oil, lead and zinc and refines domestic and imported copper; farther afield, its chief interests are its controlling stake in Rhodesian Selection Trust, and a substantial holding in Roan Antelope (in the RST stable), Tsumeb Corporation and O'okiep Copper Company. The company's fortunes showed a striking recovery in 1959. Operating income almost doubled, from $19.1 million to $37.7 million, dividend income rose by a third, from $6.5 million to $8.6 million, and it made a net profit of $3.6 million from the sale of its holdings in British Aluminium and two other companies. Net income increased sharply by 70 per cent, from $18¼ million to $30.8 million, equivalent to $2.15 per common share; excluding capital gains, net income was equivalent to $1.94 per share, which compares with $1.27 in 1958 and $1.95 in 1957.

This improvement reflected higher earnings in nearly all divisions—and a bit of luck in two of them. The protracted strikes in United States copper mines and smelters had almost no effect on the company's domestic supply, and with more foreign copper available it was able to take advantage of the shortage (and higher prices) by selling a record tonnage. And the American steel strike was partly a blessing in disguise. Production of alloy steel (and therefore demand for molybdenum) suffered less than that of carbon steel, and when the strike was settled the company became virtually the sole supplier of molybdenum because production as a by-product of copper (the second largest source of molybdenum in the United States) was still restricted by the other strikes. For 1959 as a whole US production of alloy steel rose by a third, and with the substantial increase in foreign demand Amax sales of molybdenum rose by 55 per cent to $59.8 million.

David Brown

Anyone who thought that the recovery in the David Brown Corporation's earnings in 1958 meant that the group was back on the road of expansion were no doubt disappointed by last year's trading results. Gross profits (including a special receipt of £100,000 from a subsidiary) in 1959 slumped from £703,336 to £167,598; and after a substantially lower tax charge of £90,512 (against £469,002) net earnings declined from £234,334 to £77,086. In his statement with the full report and accounts the chairman, Mr David Brown, points out that earnings in 1959 were severely hit by the costly reorganisation and rationalisation of the tractor and agricultural machinery divisions. Just how the machine tool division fared is not made clear, but, although David Brown makes one of the widest range of machine tools in the country and is the biggest exporter of turbine gear machinery, if its earnings followed the same pattern as others in the machine tool industry they could hardly have been substantial.

Mr Brown is confident that the current year will be a better one. On the general engineering side the group's order book is particularly good and the value of orders on hand is £2 million more than at the same time a year ago; orders from the booming commercial vehicle makers are coming in at a fast rate and the foundry division is now working to full capacity. But the extent of any recovery made by David Brown will depend to no small measure on the success of its recent internal reorganisation policies and of the growth of its overseas interests.

London Stock Exchange

FIRST DEALINGS:	Mar. 21	April 4	April 25
LAST DEALINGS:	April 1	April 22	May 6
ACCOUNT DAY:	April 12	May 3	May 17

Uncertainty about impending credit restrictions continued to overshadow industrial equities. In contrast to the industrial market gilt-edged stocks enjoyed a good deal of two-way business, especially on Monday, and long, medium and undated stocks improved all round; but on Tuesday the sharp rise in the United States treasury bill rate put most gilt-edged prices back. Even so, over the four days of trading to Tuesday's close many gilt-edged stocks were able to show net gains. In undated stocks, for example, 3½ per cent War Loan put on ⅜ to 62⅞.

Industrial equities drifted lower and on Monday the *Financial Times* index dropped 5.9 points to 317.2 and then lost another 2.5 points on Tuesday. Over the four days' trading to Tuesday's close, *The Economist* indicator fell 14½ points to 351.4. In early dealings on Tuesday the sharp decline in the industrial equity market was arrested and a certain amount of selective demand gave the market a steadier appearance; but just before the close prices began to slide again. Steels staged a small rally on Tuesday but failed to recoup Monday's losses. Steel of Wales fell 2s. to 43s. 6d. and United Steel 3s. 3d. to 78s. 6d. Among American favourites Unilever Ltd. came back 2s. 6d. to 146s., the NV shares lost 3s. at 182s. and EMI closed 3s. down at 50s. 3d.

Gold shares were mixed and most of the leaders lost further ground after the weekend. Free State Geduld fell 1s. 9d. to 132s. 6d. and Western Holdings closed 5s. lower at 128s. 9d.

STOCK EXCHANGE PRICES AND INDICES

BRITISH FUNDS	Price, April 12	Gross Red. Yield %
Funding 2½%.....1956–61	98 32	4·27
Exchequer 3%.....1962–63	94 16	4·91
Exchequer 2½%.....1963–64	92 16	4·65
Conversion 4½%.....1964	97¼	5·12
Savings Bonds 3%.....1955–65	90 8	5·25
Savings Bonds 3%.....1965–75	73¼	5·68
Exchequer 5½%.....1966	100 32	5·51
Conversion 3½%.....1969	84 16	5·79
Conversion 5%.....1971	96 16	5·56
Conversion 5½%.....1974	98¾	5·55
Treasury 3½%.....1977–80	76	5·60
Funding 5½%.....1982–84	101 8	5·50
Treasury 5%.....1986–89	91 16*	5·59
Funding 3½%.....1999–2004	69 16	5·40
Consols 4%.....after February 1957	70 16	5·73
War Loan 3½%.....after 1952	62 16	5·68
Treasury 3%.....after April 1966	53⅜	5·63
Consols 2½%.....after April 1975	46⅞	5·34
Treasury 2½%.....after April 1975	45 16	5·48

Financial Times Indices

	Ordinary Index†	Ordinary Yield	Fixed Int.‡	Consols 2½% Yield	Bargains Marked
April 7....	327·0	3·97	91·40	5·38	12,856
„ 8....	323·1	4·02	91·35	5·36	13,355
„ 11....	317·2	4·10	91·43	5·33	15,745
„ 12....	314·7	4·13	91·35	5·33	12,612

† July 1, 1935=100. ‡ 1928=100.

The Economist Indicator

		Yield %
April 6.....	365·9	4·13
„ 12.....	351·4	4·34

1953=100.

ORDINARY STOCKS	Price, April 12	Yield %
A.E.I.....£1	51/–	5·88
Associated Portland Cement.....£1	69/–	3·78
Babcock & Wilcox.....£1	39/9	5·79
Beecham Group.....5/–	43/9	2·97
Boots Pure Drug.....5/–	34/–	2·35
Bowater Paper.....£1	72/3	4·15
B.A.T.....10/–	61/3	5·33
British Motor.....5/–	20/6	4·88
British Oxygen.....£1	88/7½	3·16
British Petroleum.....£1	55/6	6·37
Courtaulds.....£1	62/–	4·03
Distillers.....10/–	35/6	3·52
Dunlop Rubber.....10/–	25/3	5·15
E.M.I.....10/–	50/3	2·79
Ford Motor.....£1	98/7½	3·55
General Electric.....£1	39/–	5·13
G.U.S. 'A'.....5/–	47/–	3·72
Guest Keen.....£1	87/–	3·22
Hawker Siddeley.....£1	30/7½	6·53
I.C.I.....£1	57/9	3·90
Imperial Tobacco.....£1	65/3	6·90
Lancashire Cotton.....£1	63/10½	5·39
Lloyds Bank.....£1	58/9	4·09
Marks & Spencer 'A'.....5/–	70/11½	3·38
Midland Bank.....£1	87/9	3·87
Pearl Assurance.....5/–	147/6	4·43
Prudential 'A'.....4/–	17	3·52
P. & O. Def'd.....£1	39/9	5·53
Rolls-Royce.....£1	47/6	4·21
"Shell" Transport.....£1	150/3	5·16
Stewarts & Lloyds.....£1	47/9	4·61
Tube Investments.....£1	76/10½	3·25
United Dominions Trust.....£1	7½	3·33
Unilever.....£1	146/–	3·11
Vickers.....£1	32/7½	6·13
Woolworth.....5/–	62/4½	3·61

* Ex dividend.

Money and Exchanges

EXCHEQUER RETURNS

For the 9 days ended April 9, 1960, there was an "above line" deficit (after allowing for sinking funds) of £26,097,000 compared with a deficit of £18,696,000 in the previous 5 days and a surplus of £5,454,000 in the corresponding period of last year. There was a net expenditure "below-line" of £19,911,000, leaving a total cumulative deficit to date of £46,008,000 compared with £28,030,000 in 1958–59.

£'000	Estimate 1959–60	April 1, 1958, to Mar. 31, 1959	April 1, 1959, to Mar. 31, 1960	Apr. 1, 1959, to Apr. 11, 1959	Apr. 1, 1960, to Apr. 9, 1960
Ord. Revenue					
Income Tax	2147,000	2321,773	2242,602	73,771	32,562
Surtax	171,000	166,600	181,300	7,200	5,800
Death Duties	195,000	186,900	226,500	7,000	7,000
Stamps	68,000	65,400	97,300	2,500	2,900
Profits tax, EPT and EPL	274,000	274,800	261,800	8,500	6,100
Other Inland Revenue Duties	1,000	550	560	...	...
Total Inland Revenue	2856,000	3016,023	3010,062	98,971	54,362
Customs	1285,500	1261,536	1373,305	42,901	36,999
Excise	864,500	929,775	908,585	12,965	11,065
Total Customs and Excise	2150,000	2191,311	2281,890	55,866	48,064
Motor Duties	104,000	106,751	108,409	5,022	3,876
PO (Net Receipts)	...	150	8,430	...	...
Broadcast Licences	35,000	33,700	36,100	...	...
Sundry Loans	30,000	27,167	33,923	43	55
Miscellaneous	150,000	104,607	151,715	5,591	5,600
Total	5325,000	5479,709	5630,529	165493	111957
Ord. Expenditure					
Debt Interest	600,000	662,677	614,736	31,028	32,670
Payments to Northern Ireland Exchequer	79,000	76,498	80,202	2,631	2,678
Other Consolidated Funds	10,000	8,222	8,461	397	395
Supply Services	4597,446	4316,982	4501,789	125490	102000
Total	5286,446	5064,379	5205,188	159946	137743
Sinking Funds	39,000	38,134	38,724	493	311
"Above-line" Surplus or Deficit		+ 377,196	+ 386,617	+ 5,454	— 26,097
"Below-line" Net Expenditure*	559,003	700,208	33,484	19,911	
Total Surplus or Deficit	181,807	313,591	28,030	46,008	
Net receipts from:					
Tax Reserve Certificates	43,643	—34,360	9,521	6,975	
Savings Certificates	131,900	66,900	5,000	900	
Defence Bonds	107,944	143,814	4,525	3,880	
Premium Savings Bonds	66,495	41,030	2,100	590	
Total	349,982	217,348	21,146	12,345	

* Net receipt of the Civil Contingencies Fund of £10 in 1959–60 compared with £10 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Apr. 11	2,940·0	2,015·7	280·8	...	5,236·5
1960					
Jan. 9	3,610·0	1,982·4	273·6	3·0	5,869·0
,, 16	3,540·0	1,987·0	263·3	...	5,790·4
,, 23	3,500·0	1,948·1	270·9	1·8	5,720·9
,, 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
,, 13	3,330·0	1,677·2	214·6	...	5,221·8
,, 20	3,350·0	1,803·4	252·7	...	5,406·2
,, 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31	5,202·1		246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0

THE MONEY MARKET

At last Friday's Treasury bill tender the discount market cut its bid by only 2d. to £98 16s. 9d. and its allotment rose from 41 per cent to 42 per cent. The average rate of discount rose by just under 7d. to £4 12s. 11.83d. Total applications for the £260 million bills offered and allotted fell from £449 million to £422 million. This week's tender is for £280 million bills to replace maturities of £270 million.

In New York there has been a sharp rise in the United States Treasury bill rate following the poor reception last week of the Treasury's issue of 25-year 4¼ per cent bonds. The rate on three months bills rose from 2.731 per cent to 3.622 per cent and on six months bills from 2.927 per cent to 3.854 per cent.

Money has been in short supply in Lombard Street and the authorities have intervened each day to give varying amounts of help. This has been sufficient to keep houses from borrowing at the Bank, although full privilege facilities have been used. Rates for overnight money have generally held steady at 4⅛–4¼ per cent. Business in bills has been on a small scale.

MONEY RATES

LONDON

Bank rate (from 4%, 21/1/60)	5 %	Discount rates:	%
		Bank bills:	
		60 days	4 25/32–4 27/32
Deposit rates (maximum):		3 months	4 23/32–4 27/32
Banks	3	4 months	4 23/32–4 27/32
Discount houses	3–3⅛	6 months	4 23/32–4 29/32
		Fine trade bills:	
		3 months	5 1/4–6
Money:		4 months	5 1/4–6
Day-to-Day rates	3⅞–4	6 months	5 1/2–6 1/4

NEW YORK

Official discount rate: (from 3 1/2%, 10/9/59)	% 4	Treasury Bills: April 4	% 2·731
		,, 11	3·622

BANK OF ENGLAND RETURNS

(£ million)	April 8, 1959	Mar. 30, 1960	April 6, 1960
Issue Department:			
Notes in circulation	2,068·5	2,152·8	2,167·2
Notes in banking dept.	31·9	47·5	33·2
Govt. debt and securities*	2,096·5	2,197·3	2,197·2
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	10·4	10·6	10·8
Bankers	225·5	253·8	248·0
Others	63·4	69·9	64·4
Total	299·3	334·2	323·2
Securities:			
Government	242·4	262·5	263·2
Discounts and advances	21·4	21·1	25·0
Other	20·6	20·7	18·7
Total	284·4	304·3	306·8
Banking department reserve	32·7	48·4	34·1
"Proportion"	% 10·9	% 14·4	% 10·5

* Government debt is £11,015,100, capital £14,533,000. Fiduciary issue increased by £25 million to £2,200 million on March 24th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1959	*91 day*		s. d.	%
Apr. 10	260·0	433·9	64 0·89	65
1960				
Jan. 8	270·0	396·6	74 11·06	56
,, 15	270·0	406·0	75 7·79	52
,, 22	270·0	378·5	91 1·19	67
,, 29	250·0†	436·8	90 9·18	17
Feb. 5	250·0†	410·2	90 10·88	28
,, 12	250·0	413·0	90 11·30	37
,, 19	260·0	415·3	90 10·65	41
,, 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	48
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
,, 8	260·0	422·1	92 11·83	42

* On April 1st tenders for 91 day bills at £98 16s. 9d. secured 42 per cent, higher tenders being allotted in full. The offer for this week was for £280 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits April 12	Market Rates: Spot April 7	April 8	April 9	April 11	April 12
United States $	2·78–2·82*	2·81 1/8–1/4	2·81 1/8–1/4	2·81–81 1/8	2·80 15/16–81 1/16	2·80 13/16–15/16
Canadian $		2·70 1/4–3/8	2·70 5/16–7/16	2·70 13/16–15/16	2·71 3/8–1/2	2·71 3/8–1/2
French Fr.	13·622–14·027	13·78 3/4–79	13·79–79 1/4	13·78 1/8–5/8	13·78–78 1/4	13·77 3/8–5/8
Swiss Fr.	11·94–12·54 7/8	12·19–19 1/4	12·19 1/8–3/8	12·18 3/8–5/8	12·18 3/8–5/8	12·18 3/8–5/8
Belgian Fr.	137·96– 142·05	140·10– 15	140·10– 10	140·05– 10	140·00– 05	140·00–
Dutch Gld.	10·48–10·80	10·60 1/8–3/8	10·60 1/8–3/8	10·59 3/8–60	10·59 3/8–5/8	10·59 1/8–3/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·72 1/8–1/2	11·72 3/8–5/8	11·71 5/8–72 1/8	11·71 5/8–3/4	11·71 1/8–3/8
Portug. Esc.	79·00 3/4–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1744 1/4–1/2	1745–45 1/4	1744 1/8–3/8	1743 5/8–7/8	1743–43 1/4
Swedish Kr.	14·27 1/2–14·70	14·52 3/8–7/8	14·52 3/8–7/8	14·52 1/8–3/8	14·51 5/8–7/8	14·50 7/8–51 1/8
Danish Kr.	19·06 1/2–19·62	19·36 1/8–3/8	19·35 1/4–36	19·35 1/2–3/4	19·35 1/2–3/4	19·35 1/8–3/8
Norwegian Kr.	19·71–20·30 1/2	20·01 3/8–5/8	20·01 3/8–5/8	20·01 3/8–5/8	20·01 3/8–5/8	20·01 1/4–1/2
	* Official Limits	**One Month Forward Rates**				
United States $		5/16–3/16c. pm	5/16–3/16c. pm	1/4–3/8c. pm	1/4–3/8c. pm	1/4–3/8c. pm
Canadian $		5/16–3/16c. pm	3/8–1/4c. pm	5/16–1/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm
French Fr.		1/2c. pm–par	1/2–1/4c. pm	1/2–1/4c. pm	1/4c. pm–par	1/4c. pm–par
Swiss Fr.		13/8–11/2c. pm	17/8–15/8c. pm	15/8–11/2c. pm	15/8–13/8c. pm	11/2–11/4c. pm
Belgian Fr.		11–6c. pm	15–10c. pm	15–10c. pm	15–10c. pm	15–10c. pm
Dutch Gld.		15/8–13/8c. pm	11/2–11/4c. pm	11/2–11/4c. pm	11/2–11/4c. pm	11/2–11/4c. pm
W. German D-Mk.		1–3/4pf. pm	1–3/4pf. pm	1–3/4pf. pm	1–3/4pf. pm	7/8–5/8pf. pm
		Three Months Forward Rates				
United States $		11/16–9/16c. pm	3/4–5/8c. pm	5/8–1/2c. pm	11/16–9/16c. pm	5/8–1/2c. pm
Canadian $		1/2–3/8c. pm	9/16–7/16c. pm	9/16–7/16c. pm	5/8–1/2c. pm	9/16–7/16c. pm
Swiss Fr.		41/2–41/4c. pm	41/2–41/4c. pm	43/8–41/8c. pm	43/8–41/8c. pm	41/4–4c. pm
W. German D-Mk.		21/8–17/8pf. pm	21/4–2pf. pm	21/8–17/8pf. pm	21/8–17/8pf. pm	2–13/4pf. pm
		Gold Price at Fixing				
Price s. d. (per fine oz.)		249/10	249/9 1/2	—	249/10 1/4	250/–

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Mar. 26th	External Trade	April 2nd
Manpower and Output	This week	Industrial Profits	Jan. 23rd

OVERSEAS

Western Europe	Feb. 13th	United States	Mar. 12th

	Unit	Mid-year or averages 1957	1958	1959	1959 Jan.	Feb.	Mar.	1959 Nov	Dec.	1960 Jan.	Feb.	Mar.
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,188	24 070	24,145	24,113	24,079	24,057	24,385	24,272	24,288	24,284	...
Men	,,	16,225	16,160	16,137	16,186	16,161	16,143	16,203	16,181	16,186	16,175	...
Women	,,	7,963	7,910	8,008	7,927	7,918	7,914	8,182	8,091	8,102	8,109	...
Armed Forces	,,	702	614	565	585	583	579	540	536	532	529	...
Civil Employment:												
Total	,,	23,245	23,080	23,197	22,968	22,973	22,980	23,432	23,300	23,317	23,338	...
Manufacturing industries (1)	,,	...	...	8,477	...	...	...	8,697	8,685	8,722	8,744	...
Manufacturing industries (old basis) (1)	,,	*9,271*	*9,147*	*9,169*	*9,113*	*9,115*	*9,103*	9,396	*9,382*	...	...	...
Employees (1):												
in engineering (2)	,,	...	...	3,544	...	...	...	3,647	3,659	3,680	...	...
in consumer goods industries (3)	,,	...	...	3,102	...	...	...	3,167	3,143	3,150	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	312·5	457·4	475 2	620·8	608·6	550·5	430·5	420·9	460·6	450·0	413·0
Temporary or under 2 weeks	,,	95·7	141·0	120·8	197·2	154·4	139·5	97·4	89·2	114·2	99·5	87·5
Over 8 weeks	,,	129·3	197·7	243 4	286·8	301·7	286·4	218·4	222·0	239 8	237·4	231·6
By Regions (4):												
Great Britain	,,	1·4	2·1	2·2	2·8	2·8	2·5	2·0	1·9	2·1	2·0	1·9
London and South Eastern	,,	1·0	1·3	1·3	1·7	1·7	1·5	1·1	1·1	1·2	1·2	1·1
Eastern	,,	1·3	1·7	1·5	2·2	2·1	1·9	1·4	1·4	1·6	1·6	1·4
Southern (5)	,,	1·3	1·6		2·0	2·0	1·9					
South Western (5)	,,	1·8	2·2	2·2	2·9	2·9	2·6	2·3	2·2	2·4	2·2	2·0
Midland	,,	1·3	1·6	1·5	2·2	2·1	1·9	1·0	1·0	1·0	1·0	0·9
North Midland	,,	1·0	1·6	1·5	2·1	2·0	1·7	1·3	1·3	1·4	1·4	1·2
East and West Ridings	,,	0·9	1·9	1·9	2·7	2·5	2·2	1·5	1·5	1·6	1·5	1·4
North Western	,,	1·6	2·7	2·8	3·6	3·5	3·2	2·3	2·2	2·5	2·4	2·3
Northern	,,	1·7	2·4	3·3	3·9	3·8	3·6	3·4	3·3	3·7	3·5	3·3
Scotland	,,	2·6	3·8	4·4	5·4	5·4	4·8	4·3	4·3	4·5	4·7	4·3
Wales	,,	2·6	3·8	3·8	4·6	4·7	4·6	3·4	3·3	3·5	3·3	3·0
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	,,	276	198	224	156	154	181	245	251	245	257	267
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	107	106	112	107	110	109	124	116	119	122–123†	...
,, ,, *seasonally adjusted*	,,	...	...	...	*107*	*107*	*109*	*117*	*117*	*119*	*118–119†*	...
Mining and quarrying	,,	99	94	92	93	99	91	98	88	96	...	...
Construction	,,	106	105	111	...	106[10]	...	116[9]	...	...	...	...
Gas, electricity and water	,,	112	117	120	147	141	125	137	143	151	...	...
Manufacturing, total	,,	108	107	114	107	110	110	127	117	120	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*107*	*107*	*109*	*119*	*120*	*121*	...	...
Engineering and electrical goods	,,	111	111	118	108	114	115	133	129	124	...	...
Shipbuilding	,,	108	109	101	108	108	104	98	97	96	...	...
Vehicles	,,	115	118	131	124	118	141	146	141	150	...	...
Chemical trades	,,	115	115	128	123	129	125	138	130	...	...	...
Textiles, leather and clothing	,,	99	91	97	92	100	93	110	94	102	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (7) (8)	W	'000 tons	4,301	4,150	3,963	4,340	4,373	4,002	4,181	3,720	4,074	4,095	4,101
Pig iron	W	,,	275	245	242	229	222	221	277	280	298	302	...
Steel, ingots and castings	W	,,	417	369	388	357	347	363	459	433	471	482	...
Sulphuric acid	M	,,	194·7	186·8	202·3	214·3	188·6	208·7	217·5	218·5	225·7	...	...
Newsprint	W	,,	12·55	11·81	12·87	13·12	13·00	12·54	14·50	13·33	14·14	...	...
Electricity (7)	M	mn. kwh	7,581	8,209	8,764	11,079	9,522	9,124	10,226	11,175	11,738	10,991	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·85	14·77	14·58	14·38	14·51	13·55	15·96	14·14	15·39	...	...
Worsted yarn	M	,,	19·48	17·18	19·34	19·03	18·26	17·56	21·40	19·93	20·97	...	...
Rayon and synthetic fibres	M	,,	41·32	35·18	42·89	46·11	40·28	37·28	47·30	50·86	50·80	...	...
Cotton cloth, woven	W	mn. yds.	31·4	27·0	25·7	25·2	25·4	24·7	28·6	24·8	26·9	...	...
Wool fabrics, woven	M	mn. sq. yds.	32·8	29·1	30·4	31·3	28·3	27·8	32·9	31·5	31·9	...	...
Engineering production:												
Passenger cars and chassis	W	'000s	16·56	19·84	22·88	19·03	19·88	20·54	29·33	26·98	29·57	28·60	...
Commercial vehicles and chassis	W	,,	5·54	5·90	7·13	6·58	6·11	5·81	8·20	7·84	8·80	8·34	...
Internal combustion engines	M	'000 BHP	406	378	468	385	395	447	524	614	...	...	...
Metal-working machine tools	M	£'000	7,936	6,993	6,603	6,250	5,765	7,256	6,691	7,284	...	...	...
BUILDING ACTIVITY (7)												
Permanent houses completed:												
Total	M	'000s	25·09	22·81	23·06	18·29	18·75	20·69	25·14	26·44	20·75	20·77	...
By private builders	M	,,	10·54	10·68	12·56	9·33	9·51	11·07	13·95	14·17	11·17	11·28	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. Manufacturing employment for earlier dates and November and December, 1959, is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Provisional estimate. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for fourth quarter. (10) Average for first quarter.

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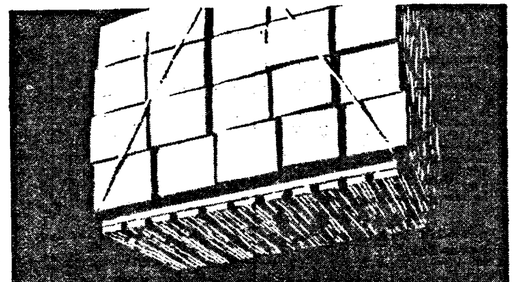

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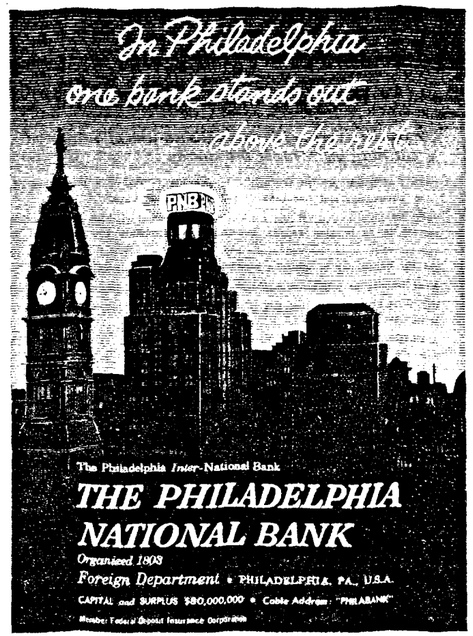

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ASSISTANT ESTIMATOR

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Duties will include the collection, and maintenance in a systematic and auditable form, of estimating data relating to fuel element manufacture and chemical plant operation and its application to flowsheets and production specifications in order to prepare estimates of works operating costs.

QUALIFICATIONS AND EXPERIENCE

Applicants must have served a recognised engineering apprenticeship and should have had several years' experience in estimating, buying, design, construction, maintenance or operation in the chemical engineering field.

Possession of a Higher National Certificate or equivalent and a knowledge of the procedures used for the preparation of operating costs may be an advantage.

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Applications are invited for the post of TEMPORARY ASSISTANT LECTURER IN GOVERNMENT (with special *reference either to Western Europe excluding the United* Kingdom, or to an "under-developed" area outside Europe) *for a period of two years from September 1, 1960.* Salary scale (at present under review) £700-£850 per annum. *Membership of F.S.S.U. and Children's Allowance Scheme.* Applications should be sent not later than Monday, May 9, 1960, to the Registrar, The *University*, Manchester, 13, from whom further particulars and forms of application may be obtained.

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Applications, stating age, education, qualifications, and giving details of present and previous appointments, with names of three referees, to Secretary of Board, 117 Chesterton Road, Cambridge. By April 30, 1960.

WORKERS' EDUCATIONAL ASSOCIATION—Yorkshire District (South). Applications are invited for the post of Organising-Tutor in North-West Lindsey in the County of Lincoln. Applicants should be Honours graduates with qualifications in the Social Sciences or in other relevant subjects appropriate to adult education. Salary scale £650 x £[illegible] to £1,200. Closing date May 2, 1960.—Application forms and further details from District Secretary, W.E.A., 26 Campo Lane, Sheffield, 1.

SEALE-HAYNE AGRICULTURAL COLLEGE, NEWTON ABBOT, intends shortly to introduce courses in Agricultural Work Study, and invites applications from suitably qualified persons for the post of SENIOR LECTURER IN WORK STUDY.
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Applicants must be graduates of a British University with training and practical experience of the application of Work Study. Agricultural experience is not essential, but a keen interest in Agricultural problems is very desirable.
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DEFENCE

The Moral of Blue Streak
(page 307)

DIPLOMACY

Generals at Camp David
(page 308)

DISARMAMENT

Up the World Government Path
(page 310)

Aircraft on the Never-Never
(page 347)

America's Leaden Start to the Golden Sixties
(page 329)

Not Enough Rubber
(page 349)

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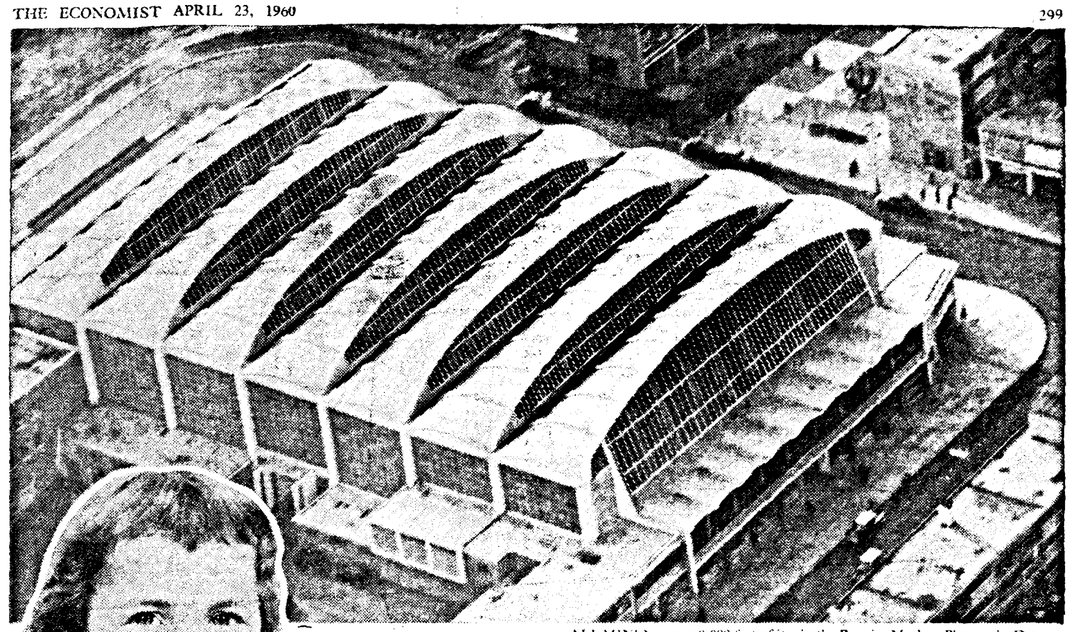

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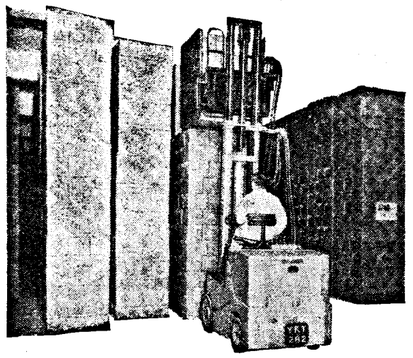

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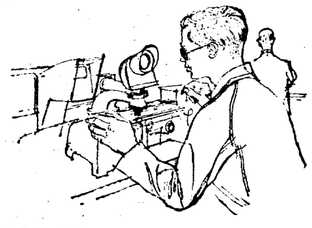

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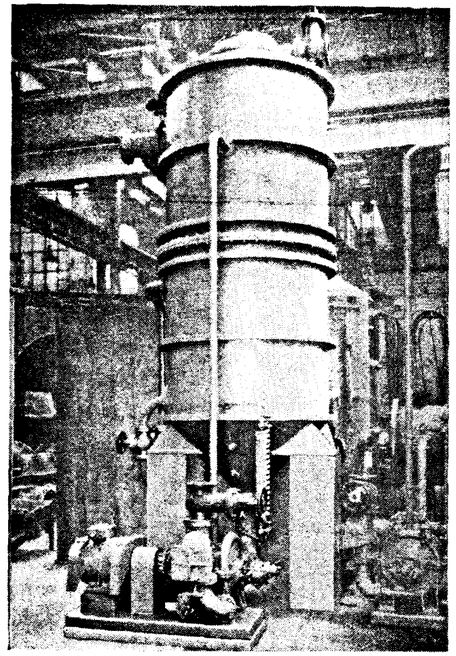

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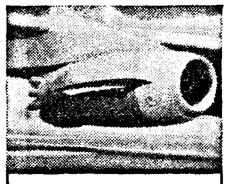

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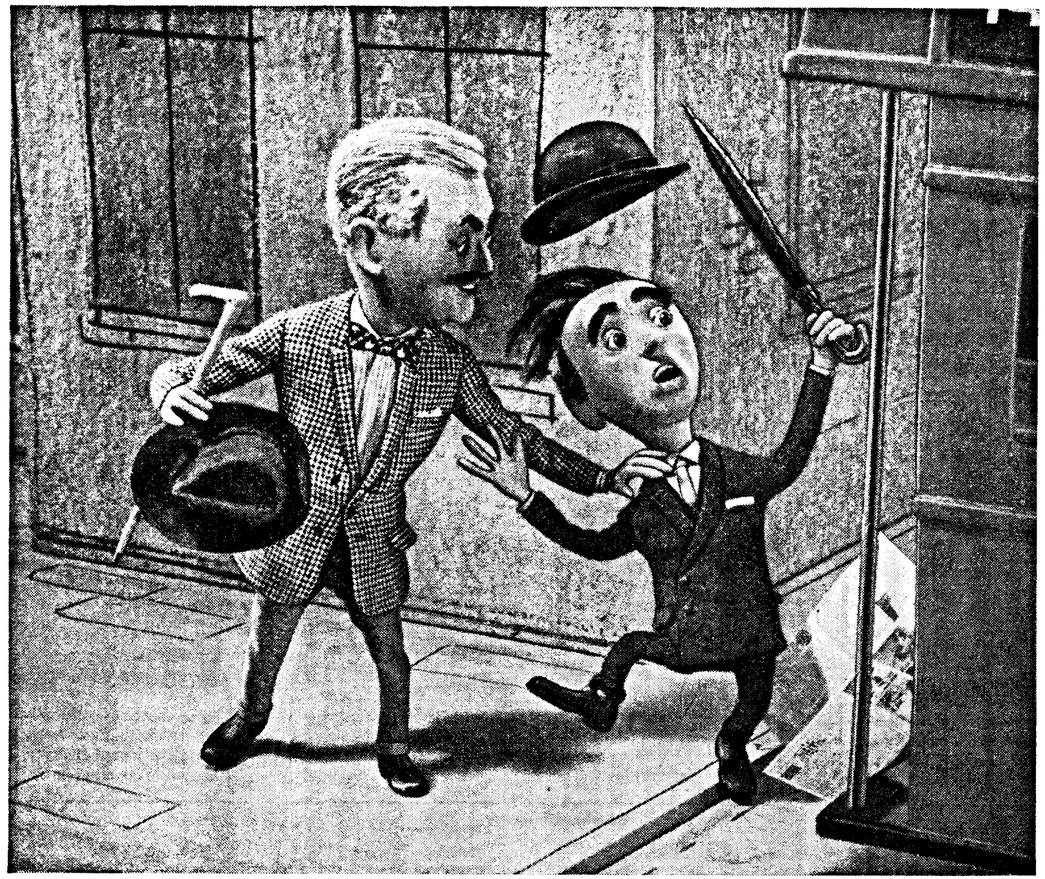

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The Moral of Blue Streak 307
Generals at Camp David 308
Up the World Government Path 310
Holes to Fill 311

NOTES OF THE WEEK 313
China and India; South Korea; Central Africa; South Africa; Universities; Education; India; Requiem for OEEC; Turkey; Shipping Boycotts; Soviet Union; Horse Racing; London Police; Malaya; Euratom; Philippines.

LETTERS 322

BOOKS
Comparative Democracy 324

AMERICAN SURVEY
Leaden Start for the Golden Sixties 329
Old Folks—New Issue; Model-Ts in Space; Hire-purchase American-style; Marching on Georgia; Minnesota's Beneficiation; Democratic Mountaineers; Shorter Notes.

THE WORLD OVERSEAS
In the Land of Old Gaul 339
One Month After Sharpeville; Christian Democrat Choice; Reflections on a Leader's Return; The Australian Scene; Indonesian Prospects—II; Blessings of Neutrality.

THE BUSINESS WORLD
Aircraft on the Never-Never 347
Not Enough Rubber 349

BUSINESS NOTES 350
In the Markets; Blue Streak; Industrial Dividends; AEI, Reyrolle, Parsons; Saharan Oil; Petrol; Government Expenditure; Railways; How Special Deposits Would Work; Air Navigation; Air Agreements; Steel; The Harvest of Profits; Cycles; Channel Tunnel; British Overseas Trade; Car Exports; Export Credits; Czech Bonds; World Bank; European Trade; Polypropylene; EMA; Oils and Fats; Shorter Notes.

COMPANY AFFAIRS 371
Dunlop Rubber; Wood Hall Trust; Waterlow & Sons; Insurance Results; Capital Intensity at ICI; British Drug Houses; Thomas Tilling.

London and New York Stocks 374
Industrial Profits 376-377
Money and Exchanges 378

Annual Postal Subscription by ordinary mail £4 10s.: overseas £5: by air see page 381.
VOLUME CXCV - NUMBER 6087

The Moral of Blue Streak

WHEN Members of Parliament debate next week the Government's decision to abandon the Blue Streak intermediate range ballistic missile, they ought to be quite clear what is the real issue which confronts the country. The real issue is not the one on which the motion before the House concentrates: whether the Government has wasted the £65 million so far spent on the missile, or whether the decision could and should have been made a year earlier. Probably the Government did persevere with the project for too long; if so, it deserved castigation in the past, but deserves some congratulation for belated wisdom in the present. The only issue that really matters now is whether Britain ought to continue to try to have an independent deterrent under its own control, now that Blue Streak has been abandoned. The Government does not welcome discussion of this issue because, at bottom, its only reason for still trying to cling to an independent British deterrent is that it does not trust the Americans and our other allies. But it is the subject that should have priority in debate.

How important it is to have basic policy thrashed out now is shown by the words in which Mr Watkinson made his announcement last week:

> Our strategic nuclear force is an effective and significant contribution to the deterrent power of the free world. The Government do not intend to give up this independent contribution, and, therefore, some other vehicle will be needed . . . to carry British manufactured warheads.

It is the logic, or rather the total lack of logic, in this statement which calls for criticism. Blue Streak is being abandoned because it is now known that the Russians are so accurate in their rocketry that they could destroy it before it could be got off its fixed launching pads. If the theory of the independent deterrent is that Britain should be in a position where it might sometimes be able to threaten to fire first, this would not matter; for firing first, Blue Streak would do. But it is now known that Blue Streak is not a weapon of a type that would enable us to threaten: "If you hit us, we will hit you back whether any ally fights beside us or not." What Mr Watkinson is saying, in basic English, therefore is: "Blue Streak will not give us an independent power of retaliation, there is nothing really to take its place, but we must have independence, so somehow or other we will buy or make something that will do the trick."

Does this make any sense whatever? That is what Parliament ought to try to find out. Neither of the developing American weapons which Mr Watkinson mentioned as available for Britain to buy looks any more promising than Blue Streak did when its development started (the costings and future of that missile are discussed in a Business Note on page 351). The Sky Bolt missile, which can be fired from V-bombers, would be useful only on the assumption that even by 1965 British airports will be less vulnerable to Russian rockets than fixed missile bases are now. Polaris, which can be fired from atomic submarines, would be more mobile. But the combination of atomic submarines and Polaris is hideously expensive; and long before we possessed that combination, technical advances on the Russian side might well render it as much a blue duck as Blue Streak. Before the Government sinks many more million pounds on these marginally more favoured missiles, it should be asked exactly what advantage we gain from this holy grail quest for an independent deterrent at all.

In what conceivable circumstances would independent British control of our

own missiles save us, where joint reliance with our allies on a collective deterrent would not? It seems entirely obvious that the only real reason why Britain would not be singled out for Pearl Harbour treatment by Russia is that we can say: "If you hit us, our big brothers Nato and the American strategic air command will hit you." This in fact is what our treaties do say. What deters the Russians is not the V-bombers or the British H-bomb alone, but the Nato framework in which they would, with many other weapons, be used. The Russians know perfectly well that since they could destroy Britain long before Britain could destroy Russia, we could not go it alone in a nuclear war; indeed the Suez episode showed that we could not go it alone even in conventional war, if the rest of western opinion did not march resolutely on our side. Without a shot fired, technology and the small size of this island have made Britain—on its own—defenceless.

This is not to say, as the anti-bomb campaigners say, that Britain should abandon its nuclear weapons altogether; since we know how to make H-bombs, there may well be a case for continuing to make them for a collective western stockpile. Nor is it to say that we can straight away cut down our defence bill. Effective interdependence with our allies would certainly be cheaper than effective independent deterrence (if that were possible, which it is not); but whether it would cost us a penny less than the £1,500 million a year that we have recently been spending on ineffective national defence and Nato is a much more open question. The answer can be determined only by the needs of true collective defence, and here technological advance may not work on our side.

There is an evident danger that if and when America can rely on the deterrent power of intercontinental missiles for its own immunity, it might become less ready to take risks for the safety of Europe than when it depends on European bases. This is something that British policy should seek to guard against at any cost. One obvious moral is that every possible measure to fortify the American alliance must be relentlessly pursued. But a second way to mitigate the danger would be to throw British technology behind the deterrent power of Europe as a strong military entity in itself. For some years past it has seemed an obvious course for Britain to co-operate with our allies in mounting the deterrent on the Continent—where it could be mobile and where the shorter range to Russia would make the use of existing missiles (or those that are near-certainties) far more practicable than present dreams about Polaris. As the article that follows indicates, the problem that Britain faces is exactly parallel with the problem with which General de Gaulle is now grappling at Camp David. If Britain does not at the eleventh hour take the lead in developing a collective deterrent on the Continent, it may come about anyhow—and then the day may come when Europe has a valid deterrent and America has a valid deterrent, and Britain enjoys splendid isolation with a fleet of ageing V-bombers and a wastepaper basketful of plans. This might delight the unilateral disarmers; but it would be an extraordinary denouement for Conservative defence policy.

At present, so important are British conventional forces and nuclear know-how to our allies that there is no reason why a British approach to Europe should be rebuffed. Even the firmest Continental believers in keeping Britain out of the Common Market consider Britain's contribution to collective defence indispensable. But the fact must be faced that a policy of basing our security entirely on our alliances, of which Nato is the heart, would have far-reaching political implications. Hitherto—except at one dramatic moment in 1940 when Mr Churchill proposed a full Anglo-French union—arguments of defence policy have usually been regarded as arguments against mixing up our politics too closely with those of foreigners. Let there be no mistake that, in the thermonuclear age, arguments of defence policy have swung right over to the other side; they now provide some of the most convincing propositions in favour of merging national sovereignty and advancing towards political integration.

Does the British Government recognise this? On the face of Mr Watkinson's statement last week, it does not. That statement must increase the apprehension that Britain is being drawn after the will o' wisp of nuclear sovereignty, as it once pursued the will o' wisp of independent power politics to the humiliations of Suez. The deduction seems to be that it trusts neither the Americans nor the other Nato allies to stand by Britain at need. In that case plans to acquire Sky Bolt or Polaris or anything else are just a counsel of despair.

Generals at Camp David

General de Gaulle's shopping list in the United States is a long one. Some of the goods are almost certainly out of stock

GENERAL DE GAULLE'S arrival in Washington opens the last major round of pre-summit conversations. But the summit may not even be the greatest of his, or General Eisenhower's, preoccupations at Camp David this weekend. If they wish, they can comfortably, and profitably, spend more time on France's nuclear and missile shopping list, the economic division of western Europe and, once again, Algeria. Three months ago this agenda of priorities would have seemed entirely fanciful. The summit was then being given pride of place in the natural order of things. Mr Khrushchev was still assumed to be in deadly earnest over Berlin; there was little or no talk then of concentrating on disarmament at the summit simply, as Mr Walter Lippmann has suggested, to provide a bone for famished diplomats to gnaw at.

Three months ago the West was still concerned to bring a semblance of coherence and agreement into its attitudes towards the Soviet Union. The question of a joint policy on Berlin, left unanswered in Paris in December, had to be resolved. General de Gaulle's desire to visit Washington encouraged the belief that this confrontation might be decisive in framing United States policy before the meeting with Mr Khrushchev at the conference table. The general's impending arrival, no less than Dr Adenauer's, gave comfort to the American advocates of a hard line towards the Russians. Now all is, or seems to be, transformed.

The four western foreign ministers, after meeting in Washington last week, dispersed with a sense of togetherness that brought a ring of surprised sincerity into their fraternal affirmations. Nothing was reduced to a half sheet of notepaper, but the impression was left that, while the British and Americans accepted the Franco-German starting point for the discussion of west Berlin at the summit, both General de Gaulle and Dr Adenauer are now readier than they were to agree to fall back on the final western offer to Mr Gromyko at the foreign ministers' conference at Geneva last summer. Presumably Mr Khrushchev will consider it in his interest to precipitate this western retreat as early as possible. It is at this point that the West may find itself in Paris in its familiar quandary over Berlin—and it is this danger that still needs to be discussed at Camp David.

DR ADENAUER, although agreeing with Mr Eisenhower that Berlin should be taken up at the summit, remains adamant that no western concessions at all can be considered. Until Mr Khrushchev arrived in Paris last month this was known to be General de Gaulle's opinion as well. Nothing that transpired at Rambouillet to alter the general's assessment of Mr Khrushchev's strategy has been made public. Even so, the impression has got abroad that Mr Khrushchev no longer accords the Berlin question the same priority that he did in November, 1958. This may be true in itself; there are sound reasons why Mr Khrushchev might prefer to discover the identity of Mr Eisenhower's successor before determining the exact form of coexistence that he considers it most profitable for the Soviet Union to pursue. But this is not the basis on which the West can safely conduct its Berlin policy until either time or Mr Khrushchev creates a new, and potentially more unfavourable, situation. It remains to be seen whether the effect of General de Gaulle's arguments at Camp David will be to encourage Mr Eisenhower to accept the present semblance of western unity and travel to Paris hoping that Mr Khrushchev will let him off lightly; or whether Mr Eisenhower is really determined to get to grips with the Berlin problem before his presidency expires.

General de Gaulle has already ruled out in Ottawa the possibility of serious negotiation about German unity at the summit. If, by playing down the German issue, he means to avoid discussion of an interim arrangement on Berlin, he is plainly at odds with Mr Dillon, who declared on Wednesday both that Germany was the key problem and that the United States was ready to negotiate a temporary Berlin settlement. This can be cleared up at Camp David.

The terms the general requires from Mr Khrushchev are the easing of tension and the lifting of any threat "in connection . . . with the problems of the German people." Mr Khrushchev may reply that since his talks at Camp David there has been, in fact, no overt Russian threat; what he now seems to be chiefly concerned about is not to be made a fool of. General de Gaulle can afford to take Mr Khrushchev at his word. If he has any doubts of the strength of the American stand on Berlin, his interest now is to get the United States committed at the summit in such a way that Mr Eisenhower will not be left too much room for manœuvre when he goes to Moscow in June.

For the rest, General de Gaulle wants a beginning to be made at the summit on nuclear disarmament, and he obviously means to evoke (as M. Edgar Faure did in 1955) the organisation of economic aid to underdeveloped countries. Neither of these will be plain sailing in Washington. It is not easy to conceive of the Americans (or the Russians either) agreeing to forego such political advantages as their direct allocation of economic aid now gives them, although some token international organisation, and equally token contributions to it, may eventually become possible. The general's ideas on nuclear disarmament, particularly the progressive elimination of the "nuclear vehicles" (missiles and aircraft), have already been canvassed by M. Moch without arousing manifest attention by either side in the present state of the detente. Although General de Gaulle is not without supporters (as our Ottawa correspondent reports on page 339) it seems too early to take up the idea of controlling airfields and missile sites. It has been difficult enough for the Eisenhower administration to make its collective way to the brink of banning tests, and Mr Khrushchev, too, may prefer some experience of the successful working of this type of control before submitting to the supervision of his nuclear striking force.

If the satisfactorily controlled suspension of nuclear tests fails at the summit, no bolder leap is likely to succeed. Since the general has insisted that France will not accede to such a ban—a statement that he has repeated in Westminster Hall and Ottawa—he is likely to win little response from either Mr Eisenhower or Mr Herter, who have committed their political reputations to the attempt to secure just such an arrangement with the Russians. Mr Khrushchev's complacency in the face of the two French tests so far this year does not suggest that General de Gaulle's isolation spells any immediate difficulty for anyone except himself. But the necessity of including France (and the French Community) and China in any monitoring system must be given increasingly higher priority in American calculations after the November elections. The discussions at Camp David now should at least survey the debatable land.

If United States policy comes to fear an incomplete monitoring system more than it does the sharing of nuclear secrets with France, General de Gaulle may hope to have his way in the end. The British abandonment of Blue Streak has encouraged those Americans who are opposed to giving any assistance to the general in building up his own independent deterrent. But if Mr Watkinson means to present a shopping list for missiles in Washington, how can General de Gaulle be turned away empty-handed? Whatever the British and European impulses towards building a joint European deterrent, the gap until such a missile system could be created can be bridged only by American help.

IT would be idle to contemplate a frank exchange between Mr Eisenhower and General de Gaulle that excluded at least some limited and veiled discussion of the future of Nato and Algeria alike. It is not clear whether the familiar records (which the interpreters, at least, should now know by heart) will be played again, or whether either side is anxious to inject some urgency this time. Mr Eisenhower has good reason to

inquire exactly what General de Gaulle's present plans for Algeria are, and somewhere in the State Department there must be a voluminous file on the means of internationalising the dispute if all else fails. For the present, the general may not worry unduly about this. Short of a disastrous worsening of the Algerian situation the Americans are likely to do nothing until after November, and the general may reflect that he is, after all, the first Frenchman to arrive in Washington since the end of the war with something in the bank. Even so, as long as Algeria remains unresolved there is always a short American answer to the general's plans for a three-power western directorate girdling the globe. On that, there is not much satisfaction that he can expect.

In London and Ottawa General de Gaulle has been at some pains to emphasise the essential unity of the western nations, without suggesting any particular urgency in negotiating on their outstanding problems. In Washington he may enjoy the personal success and recognition that Roosevelt denied him: it is no more than his due. But a journey to Washington that does not come down to the essentials of politics is not worth making. It is on the alleviation of the persistent and deep-seated discords that have bedevilled Franco-American relations that General de Gaulle's mission depends and must eventually be judged.

Up the World Government Path

Not many people have noticed how very far the Western disarmament proposals really go; and those who have noticed have, for interesting reasons, not drawn attention to it

IN the month of March of the year of grace nineteen hundred and sixty, the governments of the United States, the United Kingdom, Canada, France and Italy jointly proclaimed their readiness to abdicate their sovereign authority, and invited all other principalities and powers to join with them in accepting the rule of a universal world authority that should bring lasting peace to a troubled earth. (Reader, read on. This is not one of *The Economist's* occasional fantasy pieces. Just the facts.) It was understood that their proposals were generally approved by the governments of Australia, Belgium, Denmark, Greece, Holland, New Zealand, Norway, Portugal, Turkey, and quite a few others. The full text of these somewhat historic propositions was duly published by various newspapers and numerous commentaries were also printed. The net reaction of a public which is supposedly rather keen on lasting peace was resounding apathy.

Perhaps this is not so odd as it sounds. The five governments' shattering suggestion was made in the context of the long-drawn-out discussion about disarmament, which only a few persevering spirits have managed to follow through all its convolutions. And it was not, to put it mildly, spelt out very clearly for the lay reader's eye. But it nevertheless amounted to nothing short of a proposal for a world government.

In their joint disarmament plan of March 16th, the five powers proposed the creation not only of a new international disarmament organisation (IDO), whose task would be to watch over the process of general disarmament, but also (paragraph I.F.7) a separate "organisation, to be an organ of, or linked to, the United Nations," charged with "preventing aggression and preserving world peace and security, as national armaments are reduced." This peace-keeping organisation, which may as well be dubbed the PKO for short, would be initially established during the second phase of the five-power plan (paragraph II.J), and during the third and final phase its "build-up of international law enforcement capability to preserve world peace" would be completed.

It may be argued that this PKO would not constitute a world government, as its functions would be limited to those that the preservation of peace necessitates, and it would be given no powers to interfere in any other political field. Formally, that is correct. But form is not substance. In substantial fact, the PKO would inevitably find itself both involved in enforcing its own political decisions upon sovereign states, and (if the assumptions of the plan were realised) powerful enough to do so. Would that not make it a world government in all but name?

As regards its military power, there can be little room for dispute. If the PKO is to be equipped with enough military strength to enable it to prevent even the largest of national states from committing aggression, it must obviously be militarily stronger than any possible combination of nations. In the generally disarmed world under consideration, this would not necessarily mean that the PKO would have vast armies, air forces, fleets and nuclear armouries; it might require only a few quite small "conventional" establishments, distributed so that they could deal quickly with inflamed frontier disputes and so forth, and backed by a relatively modest —but unrivalled—nuclear striking power. But it would have to be irresistible, or it would fall short of its stated purpose.

The proposition that the PKO would inevitably be drawn into political controversies is only a little more complex. One need not postulate the capture of the PKO by some guileful group of megalomaniacs intent on setting up a world dictatorship. It might be controlled, under the most elaborate system of safeguards, by the most dedicated and cautious team of Hammarskjöld-figures imaginable, and still find itself getting involved in matters that at first sight had nothing to do with its formal functions.

FOR the plain fact is that keeping world peace is not just a simple matter of occasionally calling upon an aggressor to refrain from trespassing across one of the frontiers that slice with such misleading simplicity across the map of our world. Let it first be remembered that a United Nations committee has spent several years trying to agree on a definition of "aggression," and has given up in despair. Let it be further noted that indirect aggression is today (not for the first time) fashionable. It is not done to issue a blunt declaration of war and send in the army (or the gunboats). It is more usual to set up a puppet rival government in some corner of the victim state's territory over which its legal government has failed to

establish control, and then to respond to its appeal for aid; or to send in "volunteers"—properly organised, if need be, with tank divisions, lieutenant-generals, family allowances and periodical home leave, but not to be confused at any price with the regular army formations that simultaneously vanish from their home stations; or to declare that one is intervening in order to prevent somebody else endangering the peace; or to say that the other fellow's maps are wrong and that the place your troops have seized actually lies within your own frontiers; or to give enthusiastic but formally discreet support to a guerrilla rising just across the line.

If the PKO were to let such complications deter it from taking any action, it would not be doing its job. If it were not deterred, it would be forced to take a political decision each time. If it relied on the United Nations to hand decisions down for it, it would find itself just as hampered as the UN has been by voting procedures and delaying tactics. If it were organised to take quick decisions for itself, they would have to be based on some set of principles. That in turn means that the PKO would have to think out a political programme in advance of the crises that might come its way; and it would soon find itself assuming an openly governmental character.

Its foremost problem would be to decide whether it should automatically act to preserve the status quo through the world, regardless of circumstances. If so, it would in some cases be doing the job of the Holy Alliance far more effectively than anything Metternich ever conceived. It would, for instance, be obliged to help Herr Ulbricht to suppress any German rising against his regime, for it would be impossible to prove that such a rising was not encouraged from west Germany, whose mere existence is an encouragement to sedition in the Democratic Republic. It would have to force Tunisia to evict the Algerian rebel leaders and to stop providing their forces with lines of communication and supply. It would have to guarantee the Trujillo regime in the Dominican Republic against any form of action that Cuba or other Caribbean countries might take to bring about the downfall of that petty dictatorship. It would have to underwrite in perpetuity the existing bisection of Vietnam, Korea, Germany—and China. It would have to defend any African colonies—mainly, one imagines, Portugal's—that might still exist after it had got itself organised. It would have to stream like a thundercloud against the "wind of change."

The alternative, while less unthinkable, would be far more complicated. If the PKO took it upon itself to decide when and where the forces of change required the alteration of frontiers or regimes, it would be in the world government business with a vengeance. In Korea, for instance, it might find itself obliged to depose both governments and impose its own rule until the Koreans had established a sufficiently popular one to avert the threat of further conflict. Can one then visualise the same principle being applied to China?

IT is hardly surprising that the five powers have been reticent about this aspect of their new proposals. What is more surprising is that the Russians as yet have not concentrated their attack upon it—or not, at any rate, at Geneva; the Soviet press was not slow to point out to its readers that the western disarmament plan concealed an imperialist plot. Moscow must be aware that, in this age of nationalism, it could win support from many other governments if it came out as the sworn foe of any notion of world government—especially if this notion took the form of a guarantee of the status quo. But it hesitates to make this move. Can it be that, abhorrent though the whole thing seems to most of the politicians for whom it implies dethronement from their national dunghills, even the Russians suspect that among the masses of the world's peoples there may be a growing readiness to accept world government if that is the only real alternative to war?

Holes to Fill

The dental profession is in a bad way, and the nation's teeth in an even worse one



"EVEN the fact that Englishmen have bad teeth can tell one something about the realities of English life," wrote George Orwell in 1941. The realities in this case are harsh. Teeth are one of those things that decay as civilisations (and sugary diets) prosper. With the exception of New Zealanders, the modern Briton is believed to have the worst teeth in the world. As many as forty per cent of the population now wear dentures of some kind, and by the time the present generation of children has grown up the proportion is likely to be much higher. Research has shown that the average five-year-old today has twice as many decayed teeth as his counterpart ten years ago, and that not one child in a hundred now reaches the age of 11 with perfect teeth. A recent survey in Staffordshire reported that only half the children there even have a toothbrush. In a country which prides itself on the availability and excellence of its medical care, these figures are a national disgrace.

There are three main reasons why the British have such bad teeth, compared even with other prosperous countries. The first is the public's surprising indifference to dental care—indifference that the millions of pounds now spent on other beauty aids like deodorants, cosmetics, soaps and perfumes, seem to have done little to alter. The public, especially in the north of England, still tends to take the view that false teeth are a perfectly good substitute for real ones and that the best answer to bad toothache is to extract the lot and use dentures (the latter at a total cost of £8 10s. the set, but half of it paid by the state). Parents often resent having to take their children to the dentist at all; one father's reason for this, "that in his family there was a tradition of giving the children a set of false

teeth for their 21st birthday," is reported to be surprisingly typical. Attitudes towards dentists are not only regional (varying between the North, which shuns them, and the South, which tolerates them), but also depend on social class. While most boarding schools are able to insist on one, if not more, visits to the dentist a year and on frequent tooth cleaning, state schools have no such powers. It seems a fair assumption that nearly the whole of that tenth of children who never clean their teeth in any way are in the state education system.

The second factor making for bad teeth is the British diet. With its high content of sugar, biscuits, sweets and pulpy bread, it is notoriously liable to lead to tooth decay. In particular the close correlation between bad teeth and sweet-eating (a British speciality, average expenditure 1s. 10d. per head a week) is beyond doubt. During the war children's teeth became much healthier; they continued to be so until 1953, when the ending of sweet rationing started the present steady decline. Comparison over a longer period is even more painful. Of a sample of teeth of Neolithic Age men whose skulls have been dug up in Britain and examined by experts, 8 per cent have been found defective; of a sample of Bronze Age teeth 3½ per cent; of a sample of seventeenth century teeth (when sugar was still a luxury) about 20 per cent; and of a sample of postwar teeth 48½ per cent. Meanwhile, techniques like water fluoridation, which could offset the bad dental effects of the modern diet, have proceeded in England at only a snail's pace. In spite of convincing proof from America and elsewhere that a minute quantity of fluorine in water helps to protect children's teeth and has no harmful effect, the conservatism of some dentists—coupled with the vigorous campaigning of purist bodies like the Housewives' League—have stopped all large-scale fluoridation schemes here. Only three local authorities have so far tried them—all with success.

THE other main reason for the bad state of children's—and adults'—teeth is the chronic shortage of dentists. The British Dental Association, to which the majority of dentists belong, estimates that there are about 16,000 active and retired practitioners in this country, about 1 to every 3,270 of the population; in Canada the ratio is 1 to 2,790, in Norway 1 to 2,000 and in the United States (the world's most teeth-conscious country, where toothpaste consumption per person is double its level here) 1 to 1,667. In the near future British dental manpower is likely to decline further; the flow of newly qualified dentists into the profession is insufficient to offset the fact that a considerable number of dentists are now approaching retiring age. There seem to be two reasons for the shortage. The first is the extraordinarily low proportion of women dentists in this country—only 8½ per cent in England, according to the latest available figures, compared with 25 per cent in Sweden and 80 per cent in Finland. Yet dentistry is ideal work for women since it requires care and sympathy (especially for children), and can also profitably be done part-time.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 370, 381/2 and 383

The second factor is that young men appear to be deterred from becoming dentists by the pay. At first glance this is extremely surprising. The recent Royal Commission on Doctors' and Dentists' Pay showed that, at least in the early stage of his career, a dentist is the best paid of all professional men. Such is the shortage of qualified dental assistants that an able young man who is prepared to work long hours can expect to earn up to £2,000 a year in his first year after becoming qualified; median salaries of 30 to 35 year-old dentists, at £2,270, are still higher than doctors'; while the top ten per cent of dentists, who earn over £3,870 per annum at 30, do about one-third better than any other equivalent professional group. But then comes the rub. Dentists are paid by results, and the results fall off with age. Long hours of standing, combined with considerable concentration, take their toll. After the age of 42 dentists' earnings begin to fall steadily; at 60 they are only half of what they were twenty years earlier. There is thus an onset of professional discontent just when a dentist reaches the age when he helps his son to decide what career to take up. Recent sharp increases in dental productivity (as a result of faster drills) have only accentuated this curious pattern of earnings, which will remain so long as dentistry is paid as piecework.

THE blackest spot of British dentistry is the school dental service. Even before the war, the schools had far too few dentists; but when the health service started in 1948 dental earnings in general practice were so high that there was a mass emigration from the schools. The school dentists who remained, whose salary scale even now rises only to £1,700 a year, were underpaid both in relation to the rest of the profession and to the hours they worked. As a result, the service virtually broke down; preventive dentistry in schools almost disappeared; and some children, who were swamped among 30,000 other names on a single school dentist's list, were never seen at all. Things have improved slightly since the late forties, but school dentistry is still often makeshift. It is conducted predominantly by older men whose productivity is falling and who are thus attracted by the safe salary.

One thing that could improve the school dental service would be the recruitment of more women dentists; another, which is now being put on trial, is the training of ancillary workers who would be able to do routine work on children's teeth, after a shortened training course. Sixty such workers are now being trained under the supervision of the Ministry of Health and the General Dental Council. This is a small start, but no more than that. The dental profession is still rather bull-headedly opposed to any dilution of professional skill (dentists are always ready with a story of newly-qualified men from the Commonwealth making thousands of pounds a year by putting in bad fillings). With more reason, the profession feels that if extra Government money is to be spent on dentistry, a good deal of it should go towards providing more places in the dental colleges and on fundamental dental research. The MacNair committee on the recruitment of dentists accepted this view in its report in 1956, but as yet the Government has done little to put the committee's recommendations into practice. Its tardiness reflects the general disinclination to spend money on hospital building that has been one of the least satisfactory aspects of Government investment policy since the war.

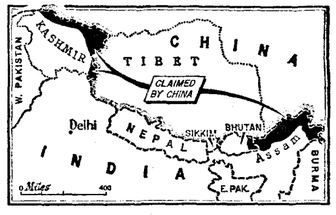
NOTES OF THE WEEK

CHINA AND INDIA

A Chill at Delhi

THE working part of Mr Chou En-lai's tour of south Asia began at Delhi on Tuesday. Before leaving Peking he had told the People's National Congress that "no matter what complex questions may have been left over from history," China and its neighbours could solve them by obeying the five principles of peaceful co-existence. His first stop, at Rangoon last weekend, gave him a further opportunity to proclaim China's peaceful intentions. There it was easy for him to be a good fellow—China and Burma patched up their border quarrels at Peking in February—but from the moment he set foot on Indian soil at Palam airport, it was clear that things were going to be different at Delhi.

Having put aside those fulsome phrases of welcome ordinarily required by oriental hospitality, Mr Nehru read a carefully prepared and stiffly worded statement in which he blamed the Chinese for the present state of tension between the two countries. He allowed it to be understood that the boundary problems which Mr Chou had come to settle were not even going to be dis-



cussed until good faith had been restored and the Chinese had returned to the observance of the five principles which they and the Indians had once signed together. The ten-mile route from the airport to Delhi was deserted, except for the 5,000 policemen who were posted along the way. There were signs that when Mr Chou unpacked his maps and documents he would have difficulty getting any Indians to look at them. The chilly reception he was getting from officials and the public alike might even lead him to wish he had brought along a few comforting books to read during the six days.

By now, the Indians have staked their national prestige on their own border claims. The kind of give and take that enabled General Ne Win to reach a preliminary settlement of Burma's frontier problems is denied to Mr Nehru, who insists that he intends to give nothing away. The only way out of the present deadlock is for Mr Chou to take the unlikely course of giving up all his claims. Failing this, the Chinese can only go away muttering about unreasonable Indians. Mr Nehru, having taken up the stance that public opinion at home expected of him, can only hope that China's other neighbours will applaud the unyielding position which the smaller countries cannot afford to take, while he, perhaps, can. But can he? Merely to rebuke the Chinese will leave him with a source of friction and uncertainty on his borders—wherever they may turn out to be. For his part, Mr Chou will surely be glad to move on northwards to Nepal on April 25th.

SOUTH KOREA

Embarrassing Allies

REPRESSION is no more acceptable from a home-grown government than under foreign rule. By ignoring this simple truth, President Syngman Rhee, of South Korea, has turned the clock back more than forty years. The thousands who braved the fire of his police and army in this week's riots are reported to have kept up their morale with shouts of "Remember the spirit of 1919." The tragic irony of this situation ought not to be lost on President Rhee, for he was the leader of the Korean revolt of 1919 against Japanese rule, which the Japanese suppressed with a ruthlessness that seems now to serve him as a model.

Yet he now confesses himself perplexed, grieved and incredulous at the behaviour of the Korean people. As though to dissociate himself from the actions of his own ministers, he has accepted the cabinet's resignation.

The present riots, which broke out simultaneously in Seoul and other cities and were probably, therefore, concerted, were in protest against "dictatorial government" and against the brutalities and unfair practices that marked the south Korean presidential elections last month. The character of President Rhee's regime has been known for many years; but memories of the Korean war, and awareness of south Korea's exposed position as the non-communist half of a divided country, have acted as a brake on comment. Now the American State Department and the Secretary of State himself have broken a long silence. In expressing his government's "profound and growing concern," Mr Herter has, in effect, served notice on the smaller allies of the United States that to enjoy American economic and military aid is not to be immune to criticism from Washington. There are suggestions now that President Eisenhower may not feel able to go through with his recently formed intention of visiting South Korea in June.

This is the second time in a month that the State Department has commented tartly on the domestic affairs of another country; the first was after the Sharpeville massacre. If this is the beginning of a new policy, the Dominican Republic may not have to wait its turn much longer.

CENTRAL AFRICA

Untimely Sir Edgar

SIR EDGAR WHITEHEAD, Prime Minister of Southern Rhodesia, is coming to London on Saturday on a singularly ill-timed mission. He will ask for the excision from his colony's constitution, which is embodied in the curiously named Southern Rhodesia Annexation (Order in Council) 1923, of those half-dozen clauses which reserve a power of veto to the imperial government if local legislation should be deemed discriminatory against African interests. Sir Edgar contends that as Southern Rhodesia was on the point of getting Dominion status when it entered the Federation, it has a moral right to the removal of these clauses. He claims that they cause ridiculous administrative hold-ups. In reality, his dislike of them has developed since he was stung by British criticism of the repressive legislation which he passed during and after the emergency declared in Southern Rhodesia at the time of last year's riots in Nyasaland. In the ferment of anti-British feeling in Southern Rhodesia he has now found it useful to threaten that, unless he gets what he wants, Southern Rhodesia will secede from the Federation.

The mainly emotional nature of this mission is shown by the fact that Britain has never made any use of its powers to veto Southern Rhodesian legislation. Much as some people here would like to use them, it would be impossible to dust off and use these powers without turning Southern Rhodesia upside down. The Land Apportionment Act, for example, is almost certainly a contravention of what the constitution lays down on native reserves; it is also the most potent stimulus to dangerous agrarian unrest in Southern Rhodesia, but Sir Edgar will not have noticed that.

What Sir Edgar should notice, however, is that in the present state of the African imbroglio, his threats to leave the Federation (which, incidentally, he has no legal right to implement) will not worry anyone in Britain. They are beside the point. What

he should be worrying about is whether any basis can be found on which the three states of Central Africa can in their own interests remain associated, and whether he can contribute personally to saving what little of Federation can now be preserved. His present line is making a break-up the more certain. But Dr Banda and Mr Kenneth Kaunda, the Nationalist leader from Northern Rhodesia, should soon be back from the United States. Would it not be a helpful (however difficult) thing if, in preparation for the Monckton Report and the constitutional review, Sir Edgar could essay some personal contact with them? Then his visit could be useful.

SOUTH AFRICA

Agreement to Parley

From the announcement by Mr Hammarskjöld that Mr Louw, the South African minister of external affairs, will discuss with him in London the Security Council's resolution expressing concern about South African policy, it appears that South African anxiety about the state of the Union's relations with the rest of the world is very real. The talks with Mr Hammarskjöld will follow the Commonwealth prime ministers' conference at which, formally or informally, South Africa's racial policy will also be raised. It is, therefore, all the more unfortunate that Dr Verwoerd will not be present in person to conduct the talks and measure the strength of world feeling about South Africa; as one of the most isolated and provincially minded members of his government, he might have benefited. It is not, however, easy to see what fruit can come of the talks, for in the past week it has been made abundantly plain that repression is to be the order of the day. The failure of the call for a strike among Africans will further convince the government that repression is the only policy—which proves that "it was all the work of agitators." In a much-discussed pronouncement, Mr Sauer, the minister of lands, has said that "set policy" will remain unchanged, but will be applied in a new way; how apartheid, under existing laws, can be applied kindly is a conundrum to be unravelled. The overriding fact is that not only the Africans but the press and white public opinion have been stifled, the law made a rubber stamp, and day-to-day government handed over to the police and the army. The question is how soon South Africa can emerge as some form of a political state again.

UNIVERSITIES

Split on Means Test?

It was generally expected that the Anderson committee's report on awards to universities and comparable institutions would appear this week. When it did not do so, it was rumoured that the committee could not agree on whether to abolish the means test, whereby anybody who wins a scholarship from the state or a local authority must produce a statement of his parents' income—and, if this exceeds a certain minimum, has his award trimmed accordingly. A split on this issue seems likely enough. The subject bristles with difficulties and anomalies.

Despite several recent amendments to the means test scheme, the present system still bears hardly on some parents: especially on the middle-class salary earner, who lacks capital, who has the inevitable overheads of keeping up the appearances that go with his salary, and has been unlucky enough to produce two or more clever children at regular intervals of two to three years. Unless there is a rich relative in the background, some middle-class award-winners have to accept the alternative of going into industry from school—often, nowadays, with a promise that the firm will pay to put them through the Dip.Tech. by a sandwich course at a College of Advanced Technology. In fact, they will then probably emerge better off than a young man with a second in history at Oxford. Such impoverished students are the guts of the rising CATs, but that does not dispose of a parental sense of injustice.

To abolish the means test would, however, cost over £3 million a year; and in principle, if means tests for other social services are right, the parental contribution should remain—unless one accepts the argument that these awards should be regarded as "earnings" by the young people themselves. On balance, the wisest course for the Anderson committee would be to make yet another—but this time, please, definitive—set of suggestions for adapting the means test more fairly to especially difficult circumstances.

EDUCATION

Curtain on Crowther

The Easter conferences of the teachers have been crowned by an important statement of educational policy—Sir David Eccles has thrown the Crowther report overboard. In his address to the National Union of Teachers he blithely cast away even the half-promises he gave to the House of Commons to press on with part-time further education and to reconsider the question of the school-leaving age in five years' time. Getting enough teachers to reduce class sizes is all that remains of his previous speech on the Crowther report—and he no longer conceals a robust Tory distaste for compulsory education beyond 15. This speech is the more remarkable in that it followed the endorsement by the conference, under the guidance of a wise and thoughtful speech by Sir Ronald Gould, of the Crowther report's insistence on a phased educational timetable geared to the raising of the leaving age. This disposes of the Government's excuse that "all the teachers" were against the Crowther report, although the National Association of Schoolmasters turned it down.

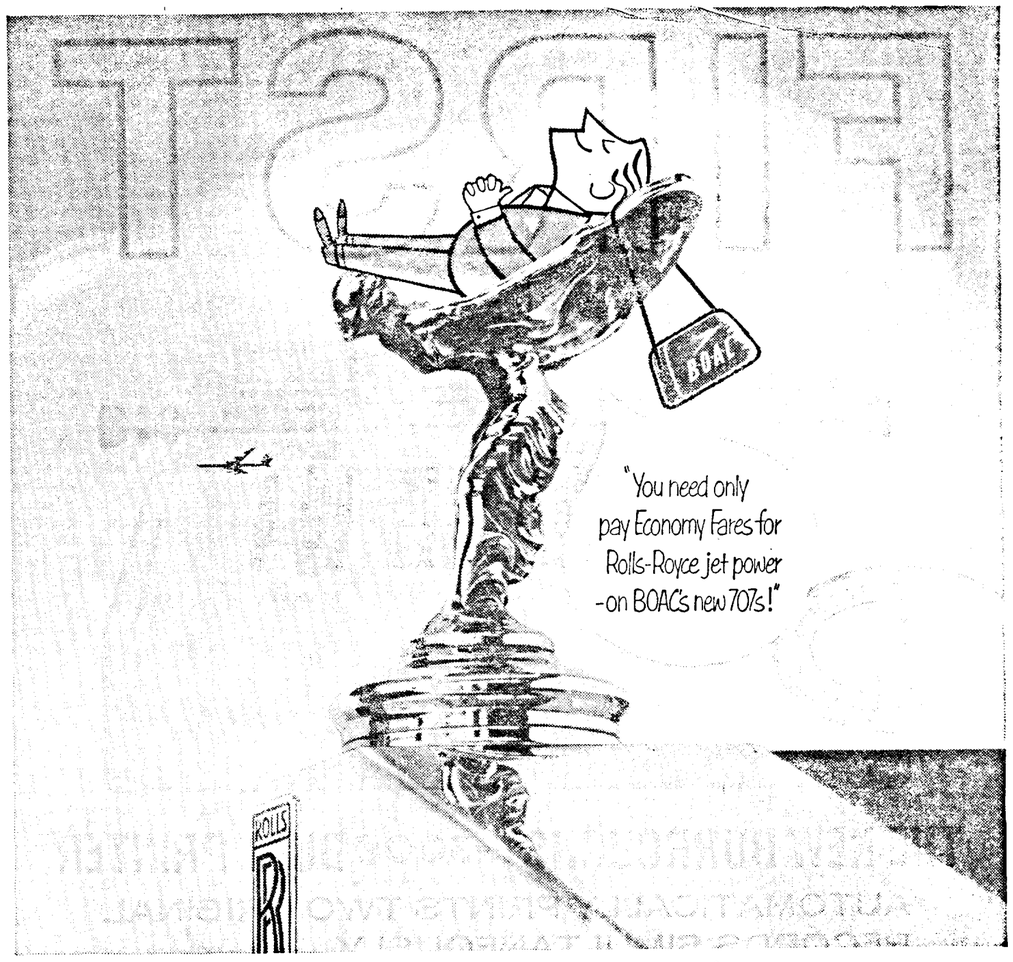
Sir David made good tactical use of the widespread feelings of teachers that the reduction of class sizes is very important to them; what they fail to appreciate is that, with the Crowther timetable out of the way, the Government may presently start to drag its feet on the reduction of class sizes. The teachers lay themselves open to this finessing by the single-minded way in which they see educational expansion as a royal road for raising the basic pay of women primary teachers and creating the unified professional closed shop which would further increase their bargaining power. As, however, the NAS's sentiments on raising primary school salaries appear to coincide now with the NUT line on the Burnham scale there seems reason to think that a marriage between these bodies may after all be arranged. Evidently the NAS recognises that unity in the profession is like peace in marriage life—doing what the woman wants. Easter has been a time of victory for the educational vested interests.

INDIA

Compassionate Bankers

It would be easy to dismiss the short trip to Pakistan and India undertaken by Herr Hermann Abs, Sir Oliver Franks and Mr Allan Sproul as a too general reconnoitring of familiar ground. Their letter to Mr Eugene Black, president of the World Bank, about the tasks of economic development in the two countries is not a formal report—a bundle of impressions is how they describe it, and most of their impressions have been impressed on less exalted visitors forcibly and frequently before. The capacity of senior officials and prominent businessmen is praised; the scarcity of managerial talent away from the centre is deplored. The rates of development that both countries are contemplating are seen to be the barest minimum—and yet the commitment of resources to achieve even these advances is sufficient to stagger any hard-faced banker.

The keynote of these bankers' conclusions is their broad acceptance, from their distinctly differing standpoints, of the view that outside aid must consist substantially of grants or loans not made on strictly commercial terms. That economists have long held this view should not minimise the importance of bankers being persuaded of it too. The totals of outside aid envisaged for Pakistan and India for their next five-year plan periods are put at £3,000 million, and the three bankers usefully draw attention to questions about the scale, character and organisation of such formidable assistance. First, this is an indefinite commitment and



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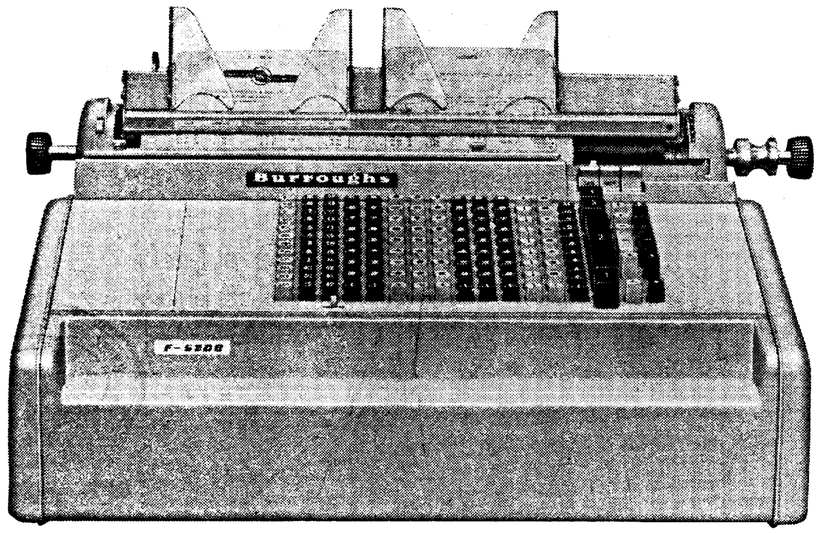

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NEW DIMENSIONS IN ELECTRONICS AND DATA PROCESSING SYSTEMS

no Marshall Plan concept for a fixed term. Secondly, much of the aid must be government to government assistance—with problems at both ends, since the providers have their own electorate to satisfy and the receivers must temper their ambitions and even their attitudes accordingly. The emphasis on improvements in agriculture and local food supplies, the reminder that low rates of interest do not march very sensibly with a high scarcity of capital, and the argument for encouraging more private investment are welcome footnotes to a compassionate and unbanker-like view of the problems of India and Pakistan.

TURKEY

The Muzzle

TURKISH political life has long been out of sorts, with increasingly violent bouts of fever. But on Monday Mr Menderes's government chose to administer a medicine more likely to prove an irritant than a sedative. A parliamentary commission, made up entirely of members of the ruling Democrat party, was appointed to investigate the allegedly "destructive, illegitimate and illegal activities" of the opposition People's Republican party. It has started by banning all party political activity for three months. It has also banned all press reporting of the, at times, very violent debate in the Assembly on Monday as well as of its own future proceedings. Copies of the opposition newspaper, *Ulus*, containing accounts of the speech made in the

Requiem for OEEC

WHEN the "Dillon committee" of 13 governments met in Paris in January to discuss the problems of European and world trade it was, not surprisingly, torn by the basic differences between the Six and Seven. On the one hand the members of the British-led Free Trade Association—the Seven—wanted to discuss the division within western Europe, and a European free trade area to close the split. On the other the European Community (the Six) wanted the European problem to be submerged in worldwide talks; and they were backed by the United States government, whose new acquaintance with balance-of-payments problems has given it a new interest in a broad freeing of world trade. The problems were handed on to a new committee of 20 governments with an ambiguous mandate embracing (again) the problems of both European and world trade; this has met once, with slim results.

The same problems and divergences also found reflection in a discussion on organisation and procedures. Since the birth of the Community of Six, the Organisation for European Economic Co-operation, which for ten years had been the principal organ of economic co-operation for all western Europe, has been left on the shelf. Its purpose has disappeared and its staff has become correspondingly discouraged as its main task, the expansion and freeing of trade in Europe, has been taken over by the Six and the Seven. At the Dillon meeting in January the Seven still hoped that this organ of "big Europe" could be restored and made the vehicle of a free trade area or "bridge" between the Six and Seven. The French, by contrast, were anxious to kill off this last symbol of a larger Europe so that their community could forge ahead free from obstruction by the slower European brethren.

HERE, once again, they were in part supported by the United States. America's commercial interest in broader world arrangements encouraged it to support, if not the abolition, then at least the enlargement of OEEC into a looser grouping which it could join itself. So a second committee was formed of four men, a Frenchman, an American, an Englishman, and a Greek. These four were to speak for themselves but would, in a sense, represent the views of four groups—the Six, the Seven, the United States and the remaining European countries. The task was to seek a common position on the vexed question: should OEEC be killed, cured, or enlarged?

These four men have now published their report. They deserve praise for the fact that they have indeed managed to find a certain amount of common ground. They have agreed that a reconstituted organisation shall be enlarged to include the United States and Canada, and they have even found certain jobs for it to do. They have established unanimity that economic policies should be co-ordinated to attain rapid economic growth. The need for a greater co-ordination of aid to the undeveloped countries is widely accepted. So these jobs are given priority. The four do not suggest that they should be carried too far. In the economic policy field, for example, they do not suggest anything more than a reinforcement of the process of consultation and recommendation followed by OEEC in the past. But there are some new ideas. The suggestion, put forward elsewhere by the Greek member, Mr Zolotas, for a joint system of export credit insurance, has a mention. And a proposal is made for bringing the new nine-power Development Assistance Group which met in Washington last month under the organisation's wing.

It is suggested, too, that certain of the unobtrusive functional arms of OEEC—the European Monetary Agreement (which succeeded the European Payments Union), the European Nuclear Energy Agency, and the quiet work on capital movements and services, should carry on.

THE plight of the four wise men is only exposed when they come to the crucial question, trade. It is true that the four were not asked to solve it. That task they confessedly leave to governments. But their careful euphemisms betray the basic differences that lie beneath, and which in fact mean that they are unable to make any suggestions of importance at all. In one pathetic piece of diplomatic language they submit that "one might be tempted" to drop all the rules and procedures for trade co-operation which OEEC has developed in its twelve years of life since "active co-operation in the field of trade, limited to the eighteen European members of OEEC, runs up against the well-known objections which led the governments to give us our task on January 14." (Those objections are presumably French and American.) The report, it is true, then goes on to water down this mournful notion and say that there should be further trade liberalisation and that OEEC's procedures have a part to play. But there is no specific talk of tariff reductions, and much talk of Gatt. Convertibility has made OEEC's liberalisation code out of date, it is pointed out; but it is not made clear what is to replace it. Only by tortuous implication does it emerge that the organisation might possibly be called on in the question of the Six and Seven.

THIS vagueness on a matter which was the lifeblood of OEEC—trade—is not the only way in which the new, as yet hypothetical, organisation seems diminished in stature. The new body, it is true, will not be purely consultative, as the Americans at first proposed; it will continue to have powers of decision. But these, it is thought, will be less used than in the past. In one matter the four actually hope to strengthen the organisation: the secretary-general should be made chairman of the council at official level and of the executive; these are the bodies that are to carry on the work of the organisation from day to day. But nothing demonstrates more plainly the change in the status of the organisation which the wise men are describing than the new suggested name: "Organisation for Economic Co-operation and Development." The new jobs for the organisation outside Europe may be important. It remains true that the dream of OEEC as the expression of a united free Europe has passed away.

The report has still to be accepted by governments. But it is difficult to see what alternative is open to even the most stalwart advocate of the old OEEC. The four have, after all, not attacked the idea of a larger Europe. They have merely passed it by. And in that they have done no more than recognise the French veto. The wise men have done their work in a constructive spirit. All the same we are witnessing one more act in the slow, dragging funeral that began when the free trade area talks broke down in 1958.

Assembly by Mr Inönü, the PRP leader, were seized by the police.

Political tension has been rising steadily in Turkey. In the short term this is largely because of persistent rumours that the government intended to hold elections this spring instead of next year. (These rumours are now superseded by reports that the government intends after all to wait until next year at least.) A political tour of Anatolia by Mr Inönü early this month, during which the government ordered army units to prevent him from reaching a party congress in Kayseri, greatly exacerbated feeling on both sides.

In the long term, however, the heat and extreme bitterness of Turkish politics in recent years is due partly to a natural Turkish inexperience of democratic ways, and partly to the Opposition's growing conviction that Mr Menderes does not intend to play the democratic game fairly. In these circumstances, the muzzling of the Opposition's legitimate activity, even temporarily, will simply confirm its worst fears and therefore its more violent tendencies. The fact that the government party, too, must wear a muzzle is unlikely to help much. Possibly the opposition has overstepped the mark. But if that is so there should be open and judicial ways of dealing with it ; the findings of a commission composed entirely of its political opponents and working in secret will not carry much weight, either inside or outside Turkey.

SHIPPING BOYCOTTS

Swinging on the Pendulum

A BOYCOTT is never a tidy weapon ; its blows fall even more at random when the process snowballs, and there is a boycott against a boycott against a boycott. At the base of this ladder of shipping boycotts is the Arab blacklist of ships that have traded with Israel and the Egyptian refusal to allow ships carrying Israeli goods through the Suez canal. About two weeks ago, Finnish and Swedish dockers anounced that, out of sympathy for the inconveniences suffered by Scandinavian seamen, they would refuse to handle the cargo of United Arab Republic ships. This, which by itself is a fairly abstract gesture—the UAR has only one shipping line, and that one calls seldom at Scandinavian ports—was followed by the decision of American dockers to boycott and picket the Egyptian passenger-cargo vessel, *Cleopatra,* at New York. In retaliation Syrian dockers are leading a boycott of American ships which, if it spreads, will cause a tangle of trade and shipping in the eastern Mediterranean.

For Israel, the hope in all this is that when the pyramid of boycotts subsides, the original blockade of the canal will be swept away with the others. The argument that, on the contrary, the publicity will make it all the more impossible for President Nasser to allow any concessions, makes very little impression on Israelis who have already waited without much faith but with some persistence to see whether it pays to lie low and leave it to Dag. Mr Hammarskjöld worked out a formula that President Nasser is believed to have accepted. But, possibly because of some failure of communications, the *Astypalea,* a Greek freighter that was sent to test the bargain, was detained at Port Said from last December until April 8th, when its cargo was finally unloaded and confiscated. Commenting on this, the secretary-general admitted to setbacks but not to discouragement ; the Israelis, who see their hopes of Asian trade drift away, are less optimistic and have become less patient.

Fresh attempts by the Arabs to promote the anti-Israeli campaign have done little more than show up the deep cracks in their own front. Proposals for a Palestine entity, the training of a Palestinian army, and the diversion of the Jordan are all painful to one or other of the Arab states. In contrast the boycott and blockade swing along by their own momentum and it needs a steady hand from outside to check the pendulum. Western governments, living with the ghosts of past blunders, are inhibited from attempting anything—and indeed diplomatic pressure probably would do no good. The economic pressure started by the American and Scandinavian unions is bound to knock into a lot of obstacles ; yet, just possibly, it might have some effect.

SOVIET UNION

Summit Preview

IN the week that precedes Mr Khrushchev's second journey to Paris—this time for the summit meeting—outsiders will get a useful preview of Russian intentions. The Supreme Soviet (the parliament of the Soviet Union) has been summoned for May 5th; the date indicates that, once again, the Supreme Soviet is to serve as a platform for one of Mr Khrushchev's major pronouncements on foreign policy. He will have plenty to talk about. A description of his Asian journey, a balance-sheet of the French tour and a progress report on the disarmament negotiations in Geneva will serve to introduce Mr Khrushchev's hopes and proposals for the impending meeting at the highest level.

The agenda of this special session has not yet been made known. The last meeting of the Supreme Soviet lasted only two days—the 14th and 15th of January—and was called specially to enable Mr Khrushchev to announce a cut in Soviet land forces. This time other items may be included. Officially, any reform or personal change in higher administration requires parliamentary approval. Further reshuffles at the top are not to be ruled out. Still, it is safe to assume that Mr Khrushchev will be the chief performer and that foreign affairs will be his main theme. What he expects by now from the summit conference is not at all clear; the statesmen's successive journeys, including his own, have not done much more than whittle down what can reasonably be expected.

HORSE RACING

Self Help

THE levy proposed by the Peppiatt Committee of between £1 million and £1,500,000 from the profits of off-course bookmakers, to aid British horse racing, has been approved by the spokesmen of the bookmakers themselves. The money would go to increasing breeders' prizes and races' prize-money, to improving racecourse amenities and reducing admission charges. At present, breeders are obliged to sell too many of their horses abroad, to the detriment of British bloodstock. Racehorse owners' costs have doubled since prewar days, and their numbers have been considerably reduced. The prizes they compete for are already much less valuable than in France or the United States and France has recently announced a 25 per cent increase in all prize-money. Racecourse owners cannot afford to improve their property ; of the country's seventy courses, only five have been rebuilt since the first world war. Trainers' fees and employees' wages are unduly low. Many people in the industry live largely by placing bets on the basis of their inside information.

This is essentially a scheme for self help. The Government enters into it only because legislation is required to make the levy compulsory (a voluntary scheme for on-course bookies has already been tried and found inadequate) and because the scheme has been made possible by the requirement of registration for all bookies laid down in the new Betting Bill, which will provide the necessary check. Administration will be by the industry itself. Bookies are to contribute according to their means.

The Stewards of the Jockey Club, although generally welcoming the scheme, claim that the industry needs a larger levy, of at least £3 million a year. Judgment on this claim should be reserved ; once the levy principle is established, it would be sensible to leave the actual amount subject to periodic review. The outside commentator need make only two points. First, the levy should not be allowed to stand in the way of any Exchequer scheme to extract more tax revenue from bookies ; now that they are to be registered it is feasible, as well as sensible, to impose a special tax upon them. Nor, secondly, should the levy be used to subsidise small, uneconomic and unnecessary courses which occupy valuable building land in urban areas. A rationalisation (which means a reduction) in the number of Britain's under-utilised racecourses is an obvious way in which horse-racing can help to put its finances in order.



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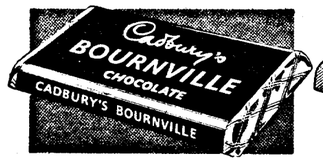

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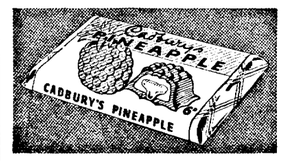

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A College for Constables

At present the vast majority of recruits to London's police enter it through a thirteen week course at Hendon, followed by a year and a half as probationary members of the force. The Commissioner of Metropolitan Police hopes that in future half of them may enter after a three year course at the police's own boarding college there, which cadets will be able to join between the ages of 16 and 18½—and at which they will also get ordinary education to GCE level. This new training scheme, which will make a modest beginning early in October, will, when fully in operation, turn out 500 trained policemen every year, half the annual recruitment to the force. Cadets under training will be paid a small salary, from which deductions will be made for board and lodging.

The scheme inevitably revives memories of Lord Trenchard's "police Sandhurst" of prewar years, also situated at Hendon, which closed down at the outbreak of war. In fact, the two have little in common. Lord Trenchard's scheme was designed to supply an officer élite: graduates started their professional careers as junior station inspectors, which aroused some rancour against these "college boys" among the ordinary flatfoots of the beat. The present scheme should avoid this; those who have passed through it will start off as constables at nineteen, and follow the normal line of promotion. An able man can expect to be a sergeant within five to eight years, and an inspector within nine to twelve. But the output of 500 a year means that nothing like all will attain officer rank.

In essence the scheme continues and expands the present cadet courses which have been in operation since 1951. The wastage rate of those trained under the present scheme is tiny compared with that of direct recruits, many of whom leave after one or two years. The ending of national service will ensure that the Force is no longer used as a bolt hole for shirkers. One has only one caveat: if London's police are to become increasingly a body of men who have been educated apart from the rest of the public, care must be taken to see that the education at Hendon is very liberal indeed.

MALAYA

End of the Emergency

Morally, the Federation of Malaya beat the communist insurgents some years ago, but the tenacity of the guerrillas kept fragments of the revolt going long after it had any value to either Russia or China; though no doubt it was looked on as good character training. But it has now been announced by the new Yang di-Pertuan Agong that the emergency is formally to end in July, the last areas in the Federation then becoming "white." Thus independence has, nearly three years later, been crowned by internal pacification. There is, however, no intention to rely wholly on normal processes of law to keep things that way. The constitution is to be amended to give the government the power of preventive detention without trial—and thus what was always supposed to be the most detested feature of colonial rule becomes a permanent institution of another independent Commonwealth state. It is a pity, but British liberals are getting hardened to it.

The scar of the communist insurrection in Malaya is, however, still fresh, the threat of communism in south-east Asia is not far off, and the language of the new provisions in the constitution is undoubtedly one that communists will understand. Malaya is a plural society, and the experiment under which the three races live together is still new. The Chinese community is getting stronger, and qualifying for the vote in ever larger numbers, while Malay progress is still slow. Tension between the races is therefore latent, and the government evidently feels that it cannot entirely disarm. What effect this will have on the appeal of communist propaganda remains to be seen.

Meanwhile the Federation intends to capitalise on its success and stand forward as an exponent of racial harmony in partnership with New Zealand; Tengku Abdul Rahman, the prime minister, intends to bring up South Africa's racial policy at the Commonwealth premiers' conference. He will be listened to with respect. The British in particular will have to remember the importance of the treaty with Malaya whereby a portion of the Commonwealth strategic reserve is stationed there. With the emergency formally ended, the importance of keeping on good terms with Malaya increases. This is yet another indication—which the South Africans should note—that South African internal policy can, in fact, clash with other Commonwealth interests, and, ironically enough, where these closely touch the struggle against communism.

EURATOM

Loophole to the East

When Mr Khrushchev returned home from Paris he left behind him an innocuous-looking agreement, which could have disruptive effects in the European household at Brussels. The French Commissariat for Atomic Energy and the Russian authority for the peaceful use of atomic energy (Glavatom) have agreed on a far-reaching co-operation, starting with the exchange of non-secret information and going on to an exchange of visits by scientists and joint research. In themselves these arrangements seem sensible enough. The snag is that under the Euratom treaty the commission of Euratom is supposed either to conclude, or to empower the member governments to conclude, all agreements with outside countries which affect either party's sovereign powers.

The Economist

APRIL 21, 1860

UNIVERSITIES AND POLITICS

No doubt the characteristic result of all University culture is to widen men's intellectual tastes and range of view, and, therefore, to sharpen their antagonism to any one-sided influence, whether intellectual or practical, which threatens an arbitrary limit to those tastes, or inculcates an intellectual obedience which they cannot endure. . . . But, apart from this universal influence of University culture, there is no doubt, as Mr Gladstone himself more than intimates, a special tendency in Universities identified with the Established Church to cherish a type of culture which, though not subservient to any kind of narrow intellectual despotism, is yet indifferent to the wants of the people and to the practical desire for popular self-government. Men of unpractical culture constantly spring up from our Universities who would resent any kind of attempt to impose intellectual servitude, and who yet cannot understand the passion for political liberty, because they do not themselves care in the least to influence the nation's actions and to share the public responsibilities of the State. Such men of culture our Universities,—all Universities,—produce in abundance; but they are in a special way the offspring of such Universities as Oxford and Cambridge, where certain fundamental dogmatic principles and assumptions are woven into the whole system of society, and, if canvassed at all, canvassed only by the exceptional sceptic,—not asserted and maintained with the earnest and anxious diligence of an unpopular sect, or of a party in conflict with large bodies of Englishmen. . . . Hence, we believe, it is that while Oxford and Cambridge have turned out minds more perfectly trained and disciplined than any Universities in Europe,—they have given birth to less political freedom, energy, and zeal than almost any Universities in Europe. In such a man as the late Sir Robert Peel, or as Mr Gladstone himself, where the highest culture of Oxford is engrafted on something of the indomitable energy and individuality of Lancashire, we have by no means typical specimens of the political results which the University training tends to produce. But, in general, we believe it will be found that while the older Universities are far more perfect as instruments of intellectual discipline,—the younger, both English and Scotch, contain . . . far more active and original political elements,—far more energetic interest in the principles of politics,—and, in short, far more independent political life. . . . It is on this account that we heartily rejoice in the intention of the Legislature to enfranchise these Universities by the Reform Bill.

Whether the Franco-Russian agreement breaks the letter of the treaty is a question for the lawyers. The French government merely informed the commission of its Russian contract without asking any sort of permission to negotiate. The French argue that Glavatom is in fact a private body, separate from the state. But whatever the precise legal position, the French action hardly seems to conform with the spirit of the treaty which sought to set up in the six countries a single atomic energy community, committed to act as one in external relations.

The incident brings out into the open what is perhaps the gravest weakness of Euratom. In 1956, when the twin European treaties for an atomic and an economic community were no more than paper plans, the French were interested in Euratom first and were prepared to accept the common market as the price for it. The French saw Euratom as a means of harnessing German energies and skills to their own atomic programme, and of making sure that Germany did not become a nuclear power in its own right. Time, however, has lessened this enthusiasm. Until now France has obeyed the letter of the Euratom treaty. But General de Gaulle's government has obviously been more interested in pushing forward France's national atomic efforts—military and civil—than in making Euratom a success.

With economic interest in nuclear power flagging and the French holding back, the Euratom commission has had an uphill task. The Franco-Russian agreement also suggests that it may have made mistakes. For some time M. Hirsch, Euratom's president, has been sympathetic towards the idea of direct contacts with Russia, to complement the close ties Euratom has with the United States and Britain. He has been held back, however, by people who hold more cautious views. The new French agreement with Russia rubs in the fact that the new European communities may soon have to look again at their relations with the eastern block; it may no longer be possible to act as if that other part of Europe were not there.

PHILIPPINES

Filipinos First and Last?

ECONOMIC independence is a goal that appeals to all former colonies. In the Philippines, it has given birth to the slogan "Filipino first," in whose name about half a dozen anti-alien bills have come before the Philippine Congress. Two of them are most likely to worry British business interests: a bill that would compel foreign insurance companies to double their deposits in the Philippines, and another that would increase the assets that must be held by foreign banks, and prevent them from accepting local deposits after five years.

The insurance bill, which has passed its second reading in the House of Representatives, is a curious measure; its "Filipino first" basis is that it would bring foreign insurance companies into line with Philippine ones to "afford better protection to policy-holders and creditors in the Philippines of foreign insurance companies." The objective sounds commendable, but is difficult to reconcile with the fact that no foreign insurance company is known to have defaulted, while several Philippine ones have. The banking bill, which is still before Congress, is in danger of being "improved" by provisions that Filipinos must provide two-thirds of the members of the boards of foreign banks and 60 per cent of their capital. This process, as one would expect, is called "Philippinisation." Other bills would, in effect, nationalise certain sectors of trade.

The Philippine aim is to break away from American economic domination. American interests are, however, safeguarded until 1974 under the Laurel-Langley agreements; and the Filipinos will not be serving their own interests if they discourage non-American sources of economic activity.

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LETTERS

The Commonwealth

SIR—To suggest that the Commonwealth is capable of sailing in convoy clearly presupposes a common destination. You, in fact, lay stress on this point by asking whether South African membership of the club is any longer to be "reconciled with the common purpose of the other members?" But nowhere do you state what this common purpose is; nor do I think you would find it possible to do so except in terms so vague as to be useless as a guide to any practical course of action.

An analysis of what the Commonwealth is and what it means would probably have to be treated as a special branch of modern metaphysics; its result could hardly be very rewarding. One is on safer ground when listing the Commonwealth's real achievements—you have mentioned some of the important ones—and pointing to its present capabilities. At the same time, one needs to be reminded of its limitations. However grand it may sound to say that the task of the Commonwealth is "to solve the problem" of racial disharmony (with particular reference to Africa), a brief examination of this proposition would suffice to show that it is impracticable.

The facts are that none of the Commonwealth African powers, Ghana, Britain or South Africa, is prepared to share ultimate responsibility in its particular sphere with other Commonwealth members. No machinery for this exists anyway. Nor would it be correct to say that the policy of these powers is influenced by the opinion of other Commonwealth members, except on grounds of expediency. This is surely because there is no common aim and no generally accepted set of standards; white nationalism is balanced by equally intransigent black nationalism. To some, the record of the British Empire and what it stood for is wholly good; to others, almost wholly bad. The word "democracy" means to some the rule of the majority regardless of its state of literacy; to others, it means the rule of the majority in some specially privileged sector of the population. And again to others, it means the rule of the majority in a homogeneous society. Some elevate "civilisation" and material welfare as a goal—others, "self-determination," whatever that may mean, and whatever the price.

You imply that South Africa's continued membership of the Commonwealth may cause its early disintegration. If so, it would be a great pity, though possibly only because it would destroy an institution which,

on its past results, has proved capable of mutual assistance and incapable of internal interference. On the other hand, to eject South Africa would pre-suppose a community of purpose which simply does not exist and any continuation of the Commonwealth on this false premise would be bound, in time, to lead to an even more painful disruption.

It is Britain's duty now to try to bring about a state of affairs in Africa from which racial harmony can emerge without violence, and without the major retreat of European civilisation which seems likely in the Congo. If we succeed, it could have a profound influence for good throughout Africa and anywhere else in the world where a racial problem exists. But before starting out, it is essential that we should make up our minds on our objectives and the standards we require before we can claim to have achieved them.

We cannot expect these objectives to be approved by all or any of the other Commonwealth members, each of which has a different and probably irreconcilable viewpoint. But we can be comforted that the very act of taking a firm line and guaranteeing justice to European, Asian and African alike will check the velocity of the wind of change, which could otherwise easily be encouraged to hurricane strength if we are irresponsible enough to run before it, whatever its direction.—Yours faithfully,
Cobham P. F. D. WALLIS

Kenya

SIR—May I be allowed to give certain results of what you describe as Mr Macleod's "miraculous timing" in handling African affairs, and at the same time put one very important question, the answer to which neither Mr Macleod nor you, Sir, have so far attempted to give.

Mr Macleod may well have timed the actions he has taken on Kenya most perfectly from the point of view of the British political scene, but the effects of it in the country for which he is responsible have been to slump local share values to an even greater degree than the South African stock market has been affected by the recent disasters. Moreover, his refusal to give any written safeguards or—far more important—financial ones, has virtually halted all farm development or investment in Kenya, on which the economy at present depends. It may be questioned if clever political timing in his own country justifies a colonial secretary in disregarding the effect on the colonies for which he is responsible. I am not qualified to speak on the wisdom of the release of Dr Banda; nevertheless the doctor's first action has been to express his determination to break the Central African Federation, which is generally thought to be the only economic hope for its peoples.

The question I would like to put to *The Economist* is this; it is apparently the general belief in England that powerful white minorities in East and Central Africa are unjust to the African majority, despite the inevitable restraints that their civilised background, and the fact that they are a minority, must impose upon them. How therefore can it be thought that an African Government drawing its support from a peasantry outnumbering the immigrant community by a hundred to one as in East Africa, and lacking both these restraints, would behave even reasonably to a small minority of another race? Incidentally the returning African delegates to Lancaster House have stressed that they do not recognise European land rights in Kenya.—Yours faithfully,
L. R. MACONOCHIE WELWOOD
Kipkabus, Kenya

Insurance Premiums

SIR—My insurance broker has recently tried to obtain for me from different British insurance companies proposals for a deferred annuity policy, with supplementary life cover during the period prior to the first payment of the annuity. Being a diabetic in my early forties, I had expected to pay an excess premium for the life cover but had also rather naively expected to be offered a larger than usual annuity payment.

However, after being medically examined, I find that, whilst I should have to pay a 30 per cent loading on the life insurance premium, the annuity payments to me after age 65 would be only those payable to a man with a normal, and presumably longer, expectation of life. It therefore follows that current mortality statistics on which British life insurance proposals are allegedly based must show diabetics to be in greater mortal danger than usual until they are 65 whereupon, probably owing to an excess of gratitude at having survived so long, their expectation of life instantly returns to normal. My broker tells me that this actuarial phenomenon is unquestionably accepted by all the major life assurance companies in Britain.

American insurance companies, however, must be more backward. In the USA, my life cover premium would only be loaded to the extent of 20 per cent and the annuity payments would be correspondingly increased. Unfortunately, for a British subject to take out a life policy in America can lead to the illegal transfer of capital and this the British Treasury will not permit.—Yours faithfully, W. A. TURNER
Royston

Higher Prices

SIR—The recent agreement introducing the 42-hour week in the engineering industry must have increased production costs, but was it not correct to assume that the final concession on the part of the employers represented what they could afford out of the return from a higher rate of output, without increasing selling prices?

Since the agreement many businessmen must have had my experience of circular letters giving notice of advances in price, sufficient not only to cover the effective increase in the wages bill, but to yield a margin either for unspecified reasons or for "other material price rises and increased rates."

Action of this kind flouts the Government's plea for price stability and shows no evidence of any attempt to offset the wage increase by past or future economies.

Furthermore, the success of firms in obtaining these increases in selling prices surely demonstrates the continued existence of strong monopolistic elements in the economy.—Yours faithfully,
Sutton Coldfield ALAN BENNETT

Discounts

SIR—Your article on this subject gives one cause to reflect on the little service that is rendered by the retail sellers of such goods as refrigerators, television sets and motor cars. These outlets do little if anything to sell such goods, most buyers deciding from advertisements and reputation. If manufacturers maintained communal showrooms then surely prices could be reduced by the elimination of wholesale and retail mark-ups? With the loss of such easily won profit margins retailers would become more interested in providing service facilities.—Yours faithfully, GEORGE NUGGLETON
Hurst Green, Surrey

Education for Management

SIR—There were one or two inaccuracies in your recent Note.

The working party was not set up last year, but in November, 1954. The National Certificate in Commerce is not newer than the intermediate certificate. It dates back to the 1930s. The qualifications for entry are English and at least two other subjects at GCE "O" level.—Yours faithfully, S. GAINSBOROUGH
Technical College, Bolton

Monetary Witchcraft

SIR—Your reference to Mr Amory's use of psychological economics in the recent Budget is most apt. Indeed, the chancellor's intentions are clearly designed to effect a frame of mind. In the same article, however, you advocate the use of monetary weapons. Here, too, psychological economics plays an integral role.

In times of intense economic activity the raising of Bank rate and government manipulation of the gilt-edged market are of little effect by themselves. Businessmen armed with confidence and assured of domestic markets will with difficulty be persuaded to cut back production plans. Conversely, in times of slump the lowering of interest rates will not stimulate activity, since it is confidence that is lacking. By its use of monetary weapons the government can indicate what course it desires to be followed but it cannot necessarily enforce it. More effective will be direct investment or disinvestment by the government itself.—Yours faithfully, BARRY AINLEY
London, SW5

BOOKS

Comparative Democracy

Elections Abroad
Edited by D. E. Butler.
Macmillan. 280 pages. 25s.

In his introduction to this valuable and instructive book Mr David Butler carries one stage further his agile transition from founding the Nuffield College school of election studies to becoming its most perceptive critic. Broadly speaking, the Nuffield formula in studying British elections consists of first debunking very impressively the value of what goes on during the actual campaign and then supplying descriptions of the rituals that have just been dismissed as unimportant. To do it justice Nuffield College has also been a pioneer in the use of statistics to analyse and quantify political change; but here again it soon came to a dead end in Britain because of the inadequacy for academic purposes of the British methods of vote-counting and tabulating results. Because results are not available at the level of a ward or polling station, Mr Butler could never, from the voting figures alone, make the equivalent discovery in Britain to that of his opposite number in Washington, Mr Richard Scammon: that the Negro voters in Baltimore moved as a block from the Democratic to the Republican camp when the Republican Governor of Maryland implemented the Supreme Court's decision against racial segregation in the schools.

The bulk of this book demonstrates successfully that the narrative method hitherto favoured by the Nuffield school can win itself a new lease of life by extension abroad; Mr Butler's introduction is, one hopes, a memorandum addressed to himself about the new methods he ought to be pioneering if Britain's contribution to election studies is not soon to seem sadly old-fashioned. The virtues of the narrative method are those of high-grade journalism, completed at leisure. Although it may not be very convincing about why there are particular changes in party strengths or even why particular individuals find themselves in Parliament, it supplies a great deal of interesting incidental information about the structure of parties, the ritual of campaigning and the general behaviour of a country in its political context. This information is less generally familiar about France, Poland, Ireland and South Africa, the four countries whose elections in 1957-58 are described by Mr Butler's authors, than it is about Britain. Anthropologists, after all, treat ritual seriously, and if Nuffield does no more than pile up studies of this sort from more and more countries it will at least have advanced the study of comparative political behaviour.

In a sense none of this book's four samples (chosen because the authors happened to be in these countries at election time) is a particularly brilliant advertisement for democracy at work. In three of the four countries—Poland, South Africa and France—elections were held under conditions of dictatorship or near-dictatorship. In all three the authoritarian regime was confirmed in office, while in Ireland, the only one of these cases in which a fully free election in the western sense took place, the proceedings leave the impression of being the most trivial of the four and the result, which caused a change of government, the least significant. Yet the idea of free elections must still be secretly cherished by the countries where they are a tradition—France, South Africa and Ireland—or otherwise it would be difficult to explain the large turnouts at the conclusion of apparently apathetic campaigns. Poland, the one country that has seldom had a genuinely free election, showed easily the most visible enthusiasm for a resemblance, however tentative, to the democratic experience of which it had been starved.

The name of Mr Philip Williams at the head of the veritable task force that chronicled the last French referendum and the Fifth Republic's first election guarantees the quality of the study. But the admiring reader cannot help a nagging doubt about whether French politics even in 1958 are so utterly devoid of intellectual content as Mr Williams's team, more perhaps by constant implication than direct assertion, makes out. Has not the Namierising of present-day politics been carried too far? Politicians and journalists ought to be able to look to the universities—especially to a worldly college like Nuffield—for serious research and thought about such apparently abstract topics as the relationship of ideas and personality in politics. Ideas have a life of their own and so does the force of logic. British political comment has now gone so far in the direction of cynicism that it tends to ignore all ideological considerations.

This is closely related to one of the major shortcomings of the present Nuffield approach. It is now fashionable to accept the view that the voter reacts to partisan claims according to a "blur image" of the party. But this really explains nothing. A "blur image" is presumably like a Rorschach blot—it looks a vague mess to the untrained eye but when precisely analysed yields precise explanations. We really still have only the most impressionistic notions of why people switch their support from one side to another or indeed, except where there are very obvious sociological factors, why so many more voters remain loyal to their party. Much more work is needed in adapting to electoral studies such instruments as motivational research.

Further, even at the level of personality, the conclusion that the actual campaign makes little difference ought surely to force the psephologist backwards in time to the selection of the candidates. Some small start in this direction is made in "Elections Abroad" by Mr Blondel and Mr Merlin Thomas, who contribute two detailed accounts of elections in the French provinces. But what is really needed is a blow-by-blow reconstruction, such as the *New Yorker* used occasionally to publish about political incidents, of the steps by which a constituency party came to select a candidate. Fortunately, Mr Butler shows himself aware of these needs and one can only hope that his strangely defeatist observation—that "each scholar must pursue the line of research for which he is best equipped and, if these studies follow the descriptive track, it is because of the stable in which they were foaled"—is not his or Nuffield College's last word.

Lowdown on Tories

Lord Derby: "King of Lancashire"

By Randolph S. Churchill.
Heinemann. 654 pages. 50s.

This book, like most political or official biographies these days, is much too big, but some of it is so vastly interesting, and so well told, that it was very well worth writing, and is very well worth reading. It is a string of sausages rather than a well-cooked dish, but there is a whole meal of fresh and savoury meat in some of the sausages.

The seventeenth Lord Derby, who was born in 1865 and died as recently as 1948, was really two men. He was the great local noble, who was called King of Lancashire, and to whom a presentation bearing more than 83,000 Lancastrian signatures was made on his seventieth birthday; "he loved Lancashire folk and they loved him in return." He was also—because he ruled over so many Lancastrian votes, and because it was his patrician and political duty, as he saw it, always to be at hand to mediate in the affairs of his fellow Tories (and so, of course, of the nation)—the would-be catalyst at every crisis (and there were plenty) in the Conservative party during the tremendous twelve years from 1912 to 1924.

Lord Derby was, essentially, a mixer and a fixer. But he was that rarest kind of fixer, an entirely honest and ungrasping one—if often a very ineffective one, who in the end bent to the wind he thought he was directing. He was at his best, perhaps, when ambassador in Paris; but in politics he was, at the pinch, not only a bluff, good, dutiful man, but also a bluffer.

Mr Churchill does all he can, with guide-book detail and rolling rhetoric, for the lordly broad-acred, busily lord-mayoral, popularly sporting and public-spirited King of Lancashire—without ever really getting inside the northern skin. But how fascinatingly and, for history, how valuably he has got inside the skins of the Tory politicians whose linen is so unfailingly washed, if not aired and dried, in the sheer prodigious spate of Lord Derby's forty letters a day for more than a generation. As a journalist, Mr Churchill's loudest boast is to have had the lowdown on what happened (and had to happen) behind the scenes when Mr Macmillan, and not Mr Butler, succeeded Sir Anthony Eden as Prime Minister. In this book he stakes out his claim, as a historian, to the same sort of territory.

Here is the lowdown on the Tories—when the Free Fooders fought and held the Tariff Reformers in 1912 (Lord Derby's only personal success, incidentally, in the political arena); during the shabby comings and goings of the politicians during the first world war (when Lord Derby, after his devoted work as recruiting sergeant, stoutly, and privately, backed the "brasshats" and then fell in behind the "frocks"); in the cloak-and-spectacles transactions with the Irish before the Settlement; and, above all, when the Tories went through those curious convulsions after the war which gave them, first, Bonar Law as leader again and then, in spite of feuds and plots that might make Mr Gaitskell's position now seem a bed of roses, settled the leadership in the end so firmly on Mr Baldwin. This is the stuff of political history and Lord Derby's life and letters are only the peg to hang it on.

This book, in fact, is political gossip raised by its author's flair for the practice and principles of politics, and by painstaking (too painstaking) documentation, to the rung of real history. It sprawls, is sometimes slipshod, and glitters a bit too much perhaps with idiosyncratic prejudices—how Mr Churchill, for instance, dislikes *The Time* whoever owns or edits it, and whether its leaders match its news dispatches (as they did, to what he calls the paper's "eternal infamy," during the Greek troubles in 1944-45) or whether they do not (as sometimes in the first world war and before the second). But Mr Churchill has staked out a high claim.

To what? Moving dimly in the wings of this political drama (often melodrama) is the biggest figure of all. Is it simply filial restraint that has kept back Winston Churchill (even when Lord Derby, who was as easily affronted as he could be mollified, clashed with him)? Or is room being left, with the claim now staked, for the biggest biography—and biggest lowdown—yet? It would be, as this book often is, in the Churchill tradition.

Cloth and Crisis

Commercial Crisis and Change in England, 1600-1642

By B. E. Supple.
Cambridge University Press. 308 pages. 42s.

"Divide our commodities into 10 parts and 9 arise from the sheep's back," said Sir Edward Coke in the parliament of 1621, expressing graphically the importance to the economy of the cloth trade, then suffering from a severe depression. In recent years there has been much detailed research into the problems of the cloth trade, which handled the bulk of English exports in the Tudor and early Stuart periods. Under the Tudors the industry experienced booms and slumps; under the early Stuarts it suffered crisis and contraction. Mr Supple, whose book is based upon a research thesis, has analysed in great detail the course of trade, the response of the government to depression and the controversies between contemporary economists. Detailed as Mr Supple's book is, it does not add to or alter existing views. "The overall decline in the traditional manufacture," he writes, "is now a commonplace of economic history"; and, as he admits, "any book such as the present one must lean heavily on an established body of secondary literature."

Professor Fisher has called the sixteenth and seventeenth centuries the "dark ages of English economic history." He himself has done most to illuminate the commercial scene in articles that demonstrate the correlation between economic troughs and government intervention, and which emphasise the importance of high production costs in accounting for the sales resistance met by English cloth exporters in the early Stuart period. Elsewhere the nefarious activities of Alderman Cockayne, whose attempts to capture the monopoly of export from the Merchant Adventurers helped to trigger off the depression of 1620 to 1624, have been fully, if laboriously, exposed. Mr Supple has carefully stitched together the recent work on these problems, together with additional *petit point* detail based on a close reading of the sources. In a full examination of the depression of 1621 he places the main emphasis on currency devaluation in Poland and Germany, which resulted in English cloth being priced out of the market. Here he follows closely the work of Mr Gould; and he also agrees with Mr Gould in linking the ideas of Mun, the economist, with the 1621 crisis.

Mr Supple carries his survey forward to the crisis of 1629, which made East Anglia a distressed area largely as a result of the dislocation of trade caused by the wars with France and Spain. The trade in white broadcloth declined, and success was enjoyed only by those dealing in the new high quality cloth made from imported Spanish merino wool and in the cheap new draperies, together with the beginnings of a re-export trade. Here Mr Supple fills out

The City – is it human?

The esoteric atmosphere surrounding the Square Mile of London E.C.—the idea that the City is run by businessmen, not by people—is a sort of self-protective smokescreen, formed only during the last hundred years or so.

Before the invention of words like "contango" (1853) and "stag" (1845), everybody knew how Business worked, with the traditional exception of small children, lunatics, scholars, rustics, soldiers, women and the landed gentry. Afterwards, the mists closed in, as banking, broking and financing became ever more holy and remote . . . and ever bigger.



But now the trend is changing once more. Big Business has become so big that we are all, consciously, a part of it, while it is increasingly aware of us. It is *our* custom that makes one product overtake another, *our* money that the City is anxious to invest. The very banks ply for hire, advertising in terms most human and appealing. And indeed the City itself is peopled by people whose aims and ambitions are discoverable if you know how to look for them.

This is where 'Mammon' comes in. Each week, in *The Observer*, he takes something important that is happening in British big business and shows what it means . . . Here is a new kind of business reporting, quite unlike the flat statements of the Chairman's Speech or the jargon of the City Column.

Mammon's subjects range far—from steel to hamburgers, from what you always wanted to know to what you may have been only vaguely aware of. Who are the people behind the Soup War? . . . the Toothpaste Derby? Is British Industry going American? Is it going anywhere at all? Mammon in *The Observer* is answering questions like these. Read him next week. **J.B.L.**

[ADVT.]

the details of an article by Professor Fisher. Mr Supple's book is a useful co-ordination of much specialist work ; but his pages are overloaded with economic jargon. The specialist reader, for whom the book is primarily intended, may well prefer the original articles, written with greater freshness.

D-Day Witness

The Longest Day

By Cornelius Ryan.
Gollancz. 256 pages. 21s.

It has become fashionable to apply the journalist's technique of the eye-witness story to an historical occasion. This form of historical reportage has obvious limitations. Memory can easily play false, making events blacker or whiter than they were, and the author denies himself the corrective of comment. Everything depends upon his skill as a cross-examiner of the witnesses, be these men or written records, and upon his ability to check and to re-check one story against another. In his account of D-Day Mr Ryan succeeds in this admirably, as much because of his impartiality as his diligence. But like others using this method he is tied to the material in his filing cabinet, and it is a fault of the technique rather than of Mr Ryan's narrative powers that his account of the near-disaster at the Omaha beach is so much fuller and more alive than his description of the recovery that occurred later in the day. It was what happened when they hit the beach that burnt itself into the combatants' memories and not what happened later.

The technique, too, is only really successful when it is applied to a coherent episode taking place over a short period of time—as, to take some recent examples, in the descriptions of the assassination of Lincoln, the sinking of the *Titanic* and the Appomattox campaign. D-Day, as Mr David Howarth, as well as Mr Ryan, has shown, fits the bill and it is a tribute to the manner with which they have both used their material to confess that after reading their books one wants to know what happened to all these men on D+1, D+2 and throughout the rest of the campaign in north-western Europe. Nevertheless, it is fragments of history that are being displayed, and brightly coloured though these are they do not make up a complete mosaic.

The prime merit of this technique is vividness and vitality. This Mr Ryan's evocation certainly has. He has not allowed the material he has so assiduously collected to become his absolute master ; he has, for example, been able to isolate and to clarify, without stepping outside his role as a recorder, the dilatory way in which the German High Command reacted to the landings. Rommel was on his way to spend his leave in Germany ; vital pieces of intelligence were not passed on at the right time to the right men ; Hitler was not awakened until ten o'clock ; and the order releasing the Panzer troops was not given until the afternoon. But the most moving quality of Mr Ryan's book is to reveal what it was like to be there on that day in June. In their own individual way men met danger. Many of the American paratroopers had their heads shaved, wearing a tuft of hair in the fashion of Iroquois Indians; the British paratroopers, no doubt, had a "short back and sides" cut, sergeant-major fashion. But, whatever their national or individual idiosyncrasies, they were alike in brave endeavour. To them this book is a handsome memorial.

The War Goes On

Why They Collaborated

By Eugene Kinkead.
Longmans. 223 pages. 21s.

"For you the war is over"—this classic greeting of guards to their captives used to epitomise the situation of prisoners of war, who in former times had patiently to await the conclusion of a conflict, subject of course, as in the last war, to the risk of physical atrocities. But war in a conflict with Communism does not end on the battlefield ; it can end only with the conquest of men's minds.

It is in the light of this change in the significance of captivity that we should read Mr Kinkead's account of how American POWs in Korea comported themselves in Communist hands. His book is not without blemish ; just because the studies on which it is based are unique, there are no comparable data from previous conflicts against which it can be set, and the evaluation, though relying on the meticulous analyses of the experience of returning prisoners, is filtered through the cliché-ridden reportage of sometimes anonymous army spokesmen. Nevertheless the results are sensational. To summarise, one-third of the American prisoners captured in Korea "collaborated," while 38 per cent died in captivity. Even more significant is Mr Kinkead's account of why this happened ; that popular bogy, "brainwashing," is not the answer. For the most part, prisoners found themselves "collaborating" simply because they allowed themselves to converse, however innocently, under interrogation ; while wholesale deaths were not in the main due to Communist atrocities, but to the breakdown of discipline among the prisoners themselves. In corroboration, the author notes that a corps d'élite, the US Marines, produced proportionately fewer prisoners than the US Army, with a statistically better record for non-collaboration and survival. Even more impressive was the record of British officers and senior NCOs and Turkish prisoners, of all ranks, among whom collaboration and, it would appear, casualties in prison were virtually non-existent.

Two significant and at first sight conventional conclusions are drawn: first, that a POW must obstinately withhold all information except name, rank and number ; second, that discipline with an appropriate relationship between officers and men is vital for an army. Yet we are bound to ask whether the disciplinary prescriptions reaffirmed by Mr Kinkead are enough. The fact that, in the last war, German prisoners in Russia collaborated points to a vital political factor—the need for faith in one's ideology, for, *pace* Cromwell, "we would rather have a plain russet-coated Captain that knows what he fights for and loves what he knows."

OTHER BOOKS

THE TRUTH ABOUT THE NAGY AFFAIR. Published for the Congress for Cultural Freedom by *Secker & Warburg.* 215 pages. 35s.

It is not yet—and perhaps never will be—possible to know the whole truth about Imre Nagy. This book, however, which has been produced by some of Mr Nagy's friends and former colleagues now living outside Hungary, attempts as far as it can to put straight a record that the Communists have grossly distorted. The bulk of the book is taken up with an extremely detailed analysis of the communiqué on the trial of Mr Nagy and his associates that was published by the Hungarian ministry of justice on June 17, 1958. This allows the authors to refute, point by point and, moreover, principally on the basis of communist, not western, material, the false version of the Hungarian October revolt that the Communists now try to propagate. No doubt the book will be largely read either by those who already accept its conclusions or by those whose mind is irrevocably closed against them. All the same, the authors' intentions deserve every respect and their meticulous and conscientious labours provide present and future students with a valuable source of material.

A HISTORY OF THE ASSOCIATION OF ENGINEERING AND SHIPBUILDING DRAUGHTSMEN. By J. E. Mortimer. *MacGibbon & Kee.* 500 pages. 37s. 6d.

This is a large and worthy book, and one of considerable interest to the specialist in trade union affairs. The AESD is a militant and successful white-collar union, which has grown in membership from 8,000 in 1923 to 57,000 today without any of that protection from government policy on which most "staff associations" depend. The union now organises three out of every four engineering draughtsmen and, even more significantly, is now one of the country's largest publishers of technological books. No one who reads these pages can doubt that over the last thirty years the union has served its members well—though it has been helped in this by a labour market in which good scientific draughtsmen have been all the while in exceptionally short supply.

THE UNIVERSITY TEACHING OF SOCIAL SCIENCES. By André Molitor. *UNESCO.* 192 pages. 14s.

Any satisfactory discussion of the teaching of a subject depends on some agreement about the exact nature of the subject and the purpose of education in general. This book suffers from indecision on both these points. Practitioners of the social sciences have not yet gained for all of their subjects the status they would wish. Despite its inclusion in the category, public administration is certainly not regarded universally as a "scientific" subject—particularly in Britain, where the development of administrative theory has been so largely pragmatic. The variety of its teaching reflects the uncertainty of its position. Thus at Cornell compulsory courses in public administration include personnel management, managerial economics, business law; at the London School of Economics, economic and social history since 1815, and political and social theory.

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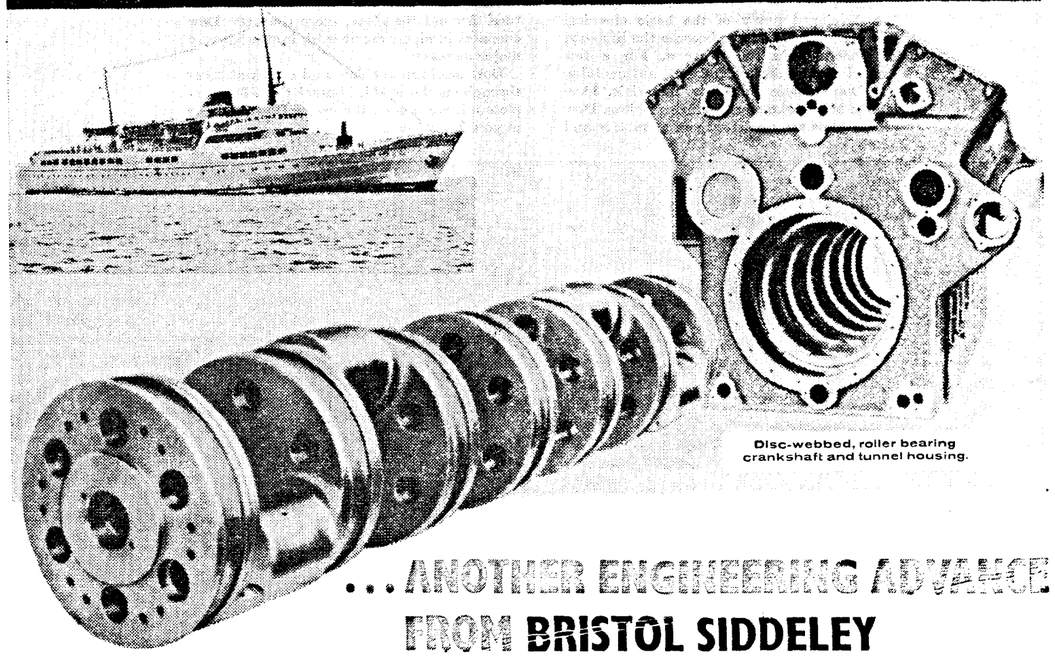

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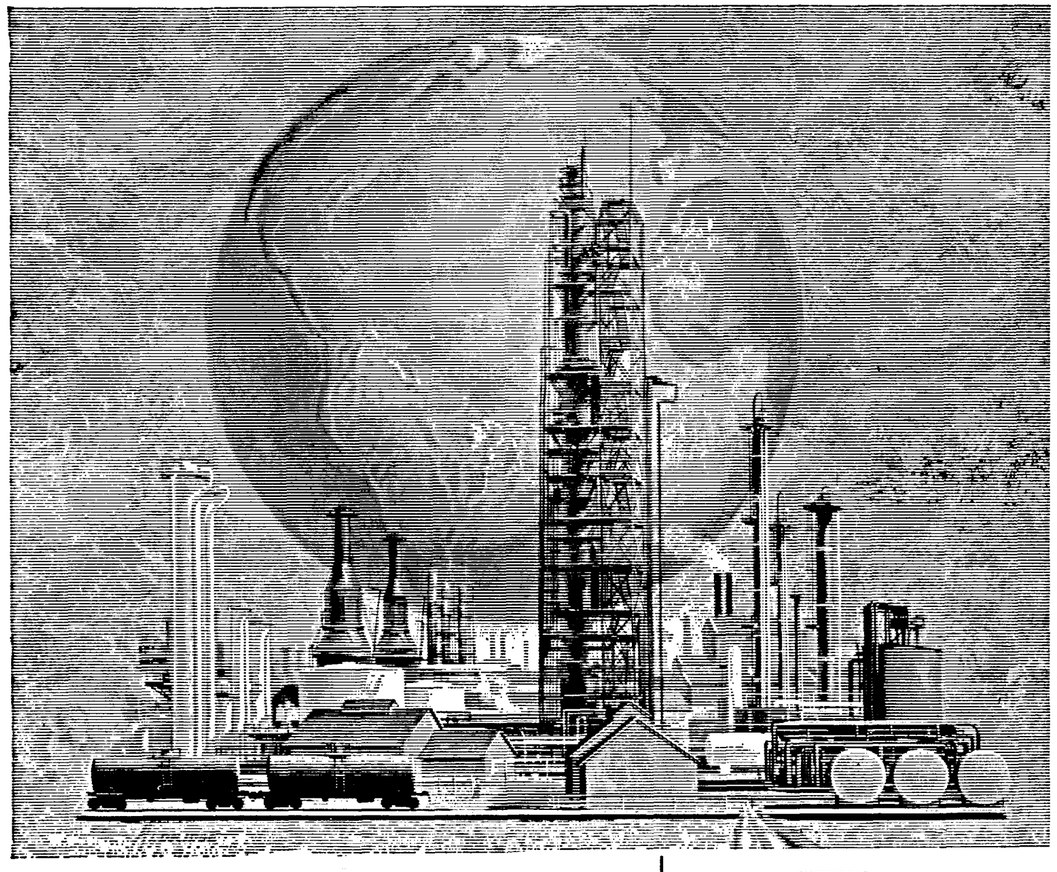

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Leaden Start for the Golden Sixties

WASHINGTON, DC

If anyone in booming Europe is interested, the United States has been going through some rather trying days economically. If a statistically-minded economist from Mars had arrived in mid-April and examined the figures for March, he would have concluded without hesitation that a recession had begun. He would have seen industrial production declining slightly for two successive months, unemployment up sharply, to 5.4 per cent of the labour force, personal incomes ceasing to rise, steel output dropping rather precipitously to less than 80 per cent of capacity, manufacturers' backlogs of orders declining, housing starts down 15 per cent from a year earlier. What else could he conclude ?

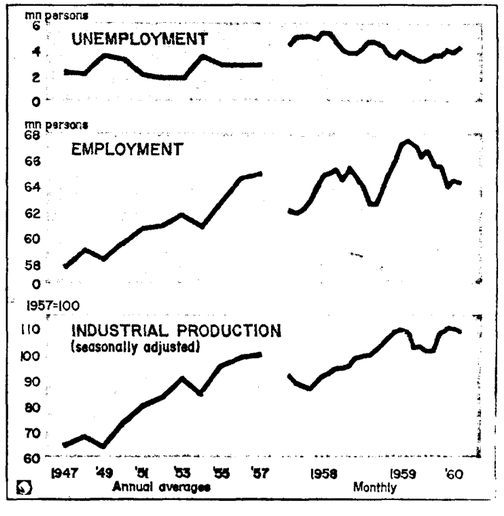
But our Martian, by definition, would not know two things. He would not have shivered through the worst March weather in 20 years (with the snow and cold at their peak in the week when the sample of employment was taken). Nor, even more important, would he know of the 116-day steel strike last year, which has given the experts wholly new insights into what a really prolonged shutdown in a basic industry can do. A wide range of otherwise revealing indicators—new orders, business stocks, steel operating rates, bank loans—have become almost impossible to interpret in normal terms because of this influence, which is only now perhaps beginning to wear off. Always before, a dip in the operating rate of the steel industry from 95 per cent of capacity to 79 per cent in six or seven weeks would have been a clear signal of recession ; this time there can be no such certainty because of the weirdly distorting effects of movements in steel stocks after the strike. To add to the general confusion, the government will shortly publish the glad tidings that the gross national product in the first quarter rose strikingly from the final quarter of 1959 to achieve, or nearly to achieve, the magic figure of a half-trillion dollars. The main reason, of course, was the tremendous pace at which stocks were built up after the steel strike ; these have now become a somewhat depressing influence, but the figure is still impressive. To have a recession begin in the same quarter as an unusually rapid advance in output would be unusual, to say the least.

The generally bewildering performance of the statistics has found its reflection in Wall Street, particularly in the money market. Government securities have gone through gyrations unequalled in memory ; the Treasury bill rate, for example, rose by nearly a full percentage point in a single week after having declined by two full percentage points since late December. The stock market has resolved the confusion by refusing to move at all, or nearly so ; despite the usual brave front of conviction, the professionals are in fact as confused as the economists, who are more frank in admitting it.

Oddly enough, out of the babble of voices there emerge almost none who believe that an actual recession has begun. Our Martian would be nearly alone in his conclusions, though he might find some sympathy in the board rooms of the steel companies. The explanation for the lack of outright pessimism is that there is every reason to expect an expansion of demand from some very important sources as the year proceeds.

One is personal consumption. Retail sales, in effect, have not kept up with purchasing power so far this year ; they have expanded less than the level of incomes would suggest that they should have done, even though incomes have been sluggish for the past few months. One of the causes is believed to be the bad weather in March and another the late Easter. The latest figures for sales of automobiles and in department stores, covering late March and early April, have shown what a little sunshine can do, and even the stock market took some heart. A second source of expanding demand is capital investment by businessmen. The latest official survey projects a record rate of spending by the final quarter of this year, with an uptrend throughout the year, and the rate of activity in many machinery plants is already showing a strength not shared by the consumer goods industries. Third, there is a reasonable prospect that house building will be moving upward as the year progresses, after its sharp slump beginning in January. The general change in tone—with the expectations of a boom reduced sharply—has produced a magic transformation in the mortgage market, and fears that there will be a dangerous shortage of credit have diminished greatly. Interest rates on mortgages are still high enough to price some marginal buyers out of the housing market, but at least money will be available.

On the opposite side is, of course, the fact that there will be little or no help from now on to be obtained from the building up of stocks. However, the ratios between stocks and sales are such that there seems little reason to expect any actual liquidation



of stocks. Also on the side of caution is the ever-present threat of a decline in the rate of expansion of hire-purchase credit. People might be spending up to their incomes, but if they did not go sufficiently into debt the effect would be the same as if their incomes had fallen.

Putting the pieces of the puzzle together, the men in the government have concluded hesitantly that the odds favour a very gentle advance in the economy for the rest of the year. Some of them are now ready to admit privately that the forecast of a gross national product of $510 billion for 1960 as a whole will probably not be achieved. It is quite plausible, for example, to project a very slow rise in GNP—in which services play a substantial part—accompanied by a completely flat performance from the industrial production index. (This projection, incidentally, would leave an uncomfortably high level of unemployment on election day.) A number of private forecasters have reached somewhat the same conclusion, while admitting that this is scarcely a time for certitude.

The big question, then, is what happens after 1960. Does the very gentleness of the advance that now seems likely for this year—and particularly the absence of a boom-oriented building up of stocks—help to guarantee the economy against a recession in 1961, when the next one would be due under the postwar time schedule? Or does it indicate quite the opposite—that in fact the American economy, with the age of inflation at last over, has entered a period where it will be more and more difficult to find the effective demand needed to achieve full employment? There are even beginning to be whispers of that once-popular, and since discredited, word "maturity." Those who are so minded can point out that each postwar recession has been a little worse than the one before and that each recovery has left the economy with a higher level of unemployment; that there appears to be a gradual widening of the margin between capacity and output in those industries for which measurements are made; that high and rising imports and the "export of jobs" through foreign investment are scarcely bullish for employment; in short, that the economy has, after all, been spurred by artificial stimulants for the last twenty years and that the real test is only now beginning. The typical conclusion of those who feel this way is that the solution is a big burst of federal spending which, they claim, is needed anyway on social and security grounds.

Perhaps the sunshine and a few months of good statistics will stop this kind of talk. Certainly there has been no convincing evidence yet that the conservatives now in power are wrong in their view that a boom moderated is a boom prolonged. The nineteen-sixties may yet be golden after all—but it would be nice if they would begin to look less like lead.

Old Folks—New Issue

With the Civil Rights Bill almost, and Easter entirely, behind it Congress is realising that it has only ten weeks in which to finish its year's work before the presidential nominating conventions in July. While there is little that must be done, apart from dealing with appropriations and a few tax matters, there is plenty that members want to do in order to have something to show to the voters in November. Since Mr Lyndon Johnson, the Democratic leader in the Senate, needs liberal support if he is to win the presidential nomination and since he is being backed by Mr Sam Rayburn, the Democratic leader in the House of Representatives, both these hard-driving men may give their liberal followers their heads on some of the Bills dealing with housing, depressed areas, social security and education which are coming up for consideration. In the past the Democratic leaders have usually concentrated on obtaining measures which the President could sign, arguing that even a compromise Bill looks better on the record than no legislation at all. This year, however, they may be almost as ready as are the progressives to court presidential vetoes, since these would be a particularly serious embarrassment to Mr Nixon, the presumed Republican nominee, who looks more favourably on liberal legislation than does the President.

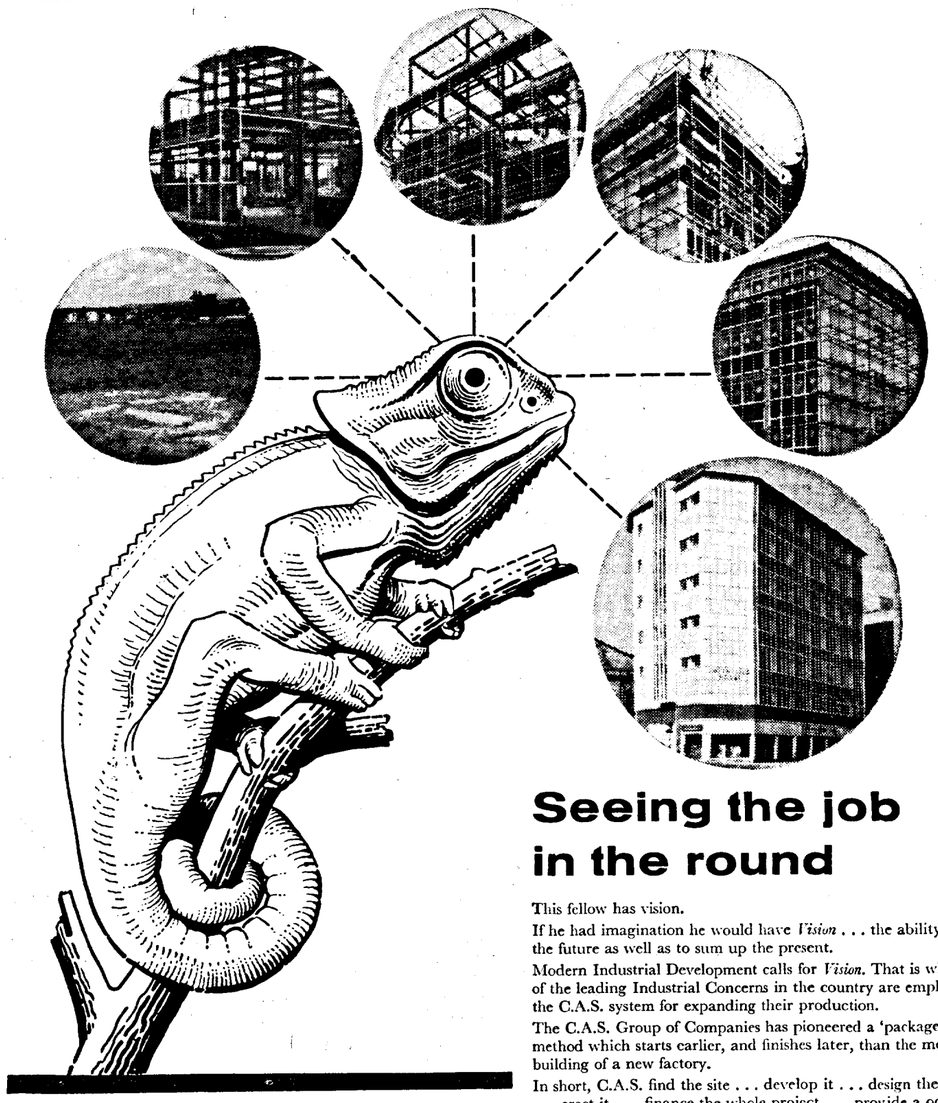
Efforts are, however, being made to work out an acceptable compromise on the provision of medical care for the aged, although so far all the Democratic proposals are for the compulsory system which the President rejects. The great economic hardship which illness brings to the rapidly-increasing number of old people with limited incomes has long been recognised, but in the past few weeks it has grown into such a burning political issue that it is no longer practical for Congress to avoid the question during the present session, as the leaders of both parties had hoped to do. This change is mainly the result of pressure from the elderly voters themselves, largely organised by the trade unions who are well aware of the inadequacies of both the government's pension scheme and of those which have been won from employers in recent years.

The flood of letters which has been pouring into Congressmen's trays has been on behalf of the Forand Bill, which would provide insurance against hospital and surgical expenses for all old age pensioners, financed by an increase in the social security tax. This Bill has already been rejected by the House Ways and Means Committee and the Democratic leaders are now working on a modified version. Meanwhile eight liberal Republican Senators have got in first with a Bill providing for voluntary health insurance through private companies, to be subsidised generously by grants from federal and state governments for those old people who cannot afford the premiums. This Bill is too extravagant for the Administration although these are the lines on which it too is at last working at top speed. The main question now is whether something will come out of all this which the President can bring himself to accept.

Model-Ts in Space

In recent weeks the American tortoise has been racing into space ahead of the Russian hare. Although the American successes began early in March with the Pioneer V which will, it is hoped, still be sending back signals when it is 50 million miles from the earth, the real triumphs have been not with the Cadillac-type publicity-gathering satellites in which the Russians specialise, but with Model-T specimens which bring space into daily life as the original Ford did the automobile. These are the Tiros—launched on April 1st, but with nothing foolish about it—which photographs the earth's cloud covering and which will mean greatly improved weather forecasting, and the Transit, last week's replacement for the stars as a navigational aid.

When the full Transit system becomes operational, in about two years' time, four of these satellites will be evenly spaced around the globe putting out wireless signals which will enable ships and aircraft to plot their courses more accurately than at present and in any kind of weather, day and night. Vessels of all countries on the sea or in the air will be able to use the system, but special instruments will make even more accurate calculations available only to the American Polaris-firing submarines which need to know their positions exactly if the missiles are to hit their targets. The final version of the Tiros, which will contain infra-red detectors, will also have a military use, for it will record atomic bomb explosions and ballistic missile launchings. The detail of its photographs is such that they may even provide information about defence and atomic installations in other countries, as well as about the hurricanes which so far they have specialised in discovering. Before long, satellites which can definitely provide this information seem certain to be put in orbit. So the era of spies in the sky



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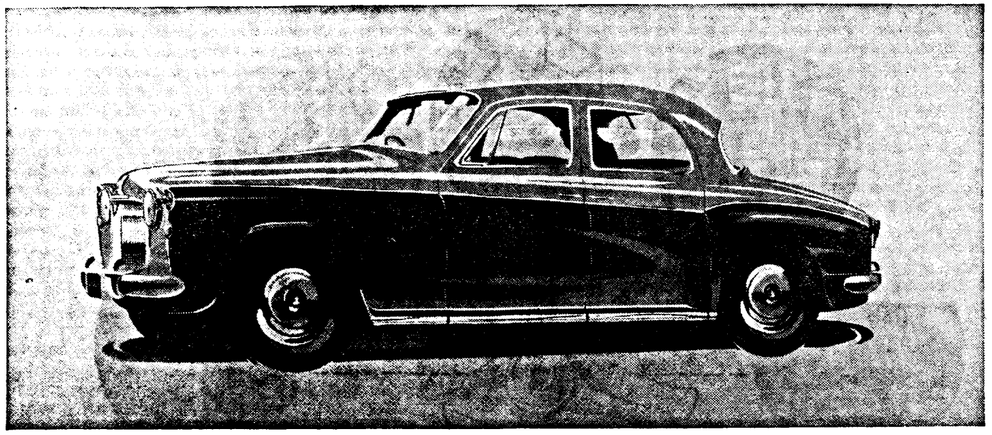

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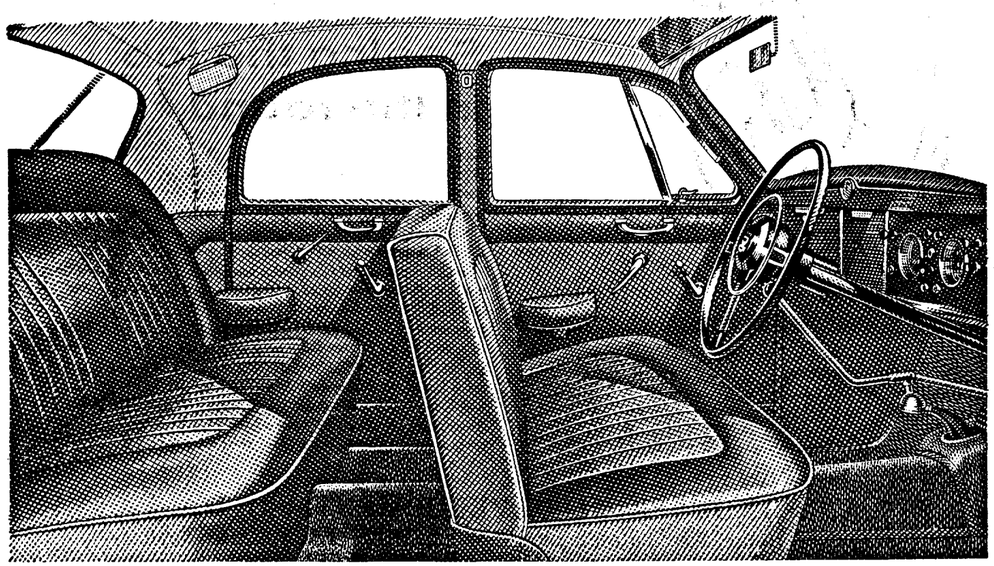

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is beginning and the question of international agreement on the control of outer space becomes urgent.

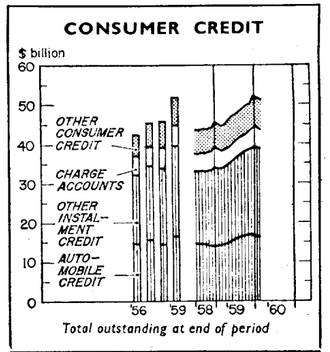
The civilian space agency's recent record of success was broken by the failure once again to recover the capsule ejected by the latest Discoverer satellite. This was not very encouraging for the men engaged in Project Mercury, who are supposed to be launched into space—and recovered by similar methods—before the year is out. Visionary as this plan may seem to the layman, it is surely much less so than Project Ozma, under which a radio telescope is being focused on two stars, believed to have planets capable of sustaining life, in the hope of picking up signals which will prove that there actually are intelligent beings there.

Hire-purchase American-style

NEW YORK

EUROPEANS who like to "buy now and pay later" will soon be able to enjoy the services of an American finance company, jointly owned by two giant concerns, the CIT Financial Corporation and the American Express Company, the travel agency so well known for its travellers' cheques. The new organisation will provide consumer and industrial credit abroad and will have an initial capital of $5 million, supplied equally by the two participants. The American Express already does banking business abroad which has taken it into the lending field, both to industries and to individuals. Moreover, its 400 foreign branches will give the new combine a valuable network of local financial contacts, and in some cases office space; however, it appears that their banking facilities are not to be used. The main responsibility for managing the new operation will be assumed by CIT.

With a net worth of $300 million, CIT is the largest "independent" finance company in the United States, outflanked only by the General Motors Corporation's own financial subsidiary. In the course of the last year, CIT's lending operations registered a record volume of nearly $5 billion, while the amount of loans outstanding at the end of the year approached $2 billion. In contrast to British practice, an American finance company cannot accept deposits, nor can banks be among its stockholders. For the money which it re-lends to others, CIT depends on long-term debt to the tune of some $900 million and short-term borrowings (at the end of 1959) of an additional $766 million. At the present time, CIT's only foreign operations are in Canada. In the nineteen-twenties the company established outposts in several foreign countries—the United Dominion Trust Ltd. in Britain, for example—largely for the purpose of financing sales of American cars abroad. But when the depression came, it withdrew behind its domestic frontiers.



Its decision to go exploring again reflects the general optimism that Americans feel about the "growth" prospects of western Europe. More particularly, this move is part of a general drive by the company to find new outlets for its massive lending operations. The financing of sales of motor cars, by buying purchasers' instalment contracts from dealers, which has been the backbone of CIT's business, does not offer the opportunities that it once did, now that commercial banks are taking an active part in this business. CIT still draws 40 per cent of its profits from automobile financing, but the company's share of the total has dropped, and the progressive reduction in profit margins has made some of its other activities look relatively more attractive. Moreover, the Ford Motor Company decided last summer to revive its own credit and financing organisation; with the General Motors Acceptance Corporation already doing the major share of the business and the possibility that the Chrysler Corporation may follow Ford's lead, CIT has to look to other fields if it wants to expand further.

CIT is already the largest factoring organisation in the United States, providing short-term financing for manufacturers of textiles, furniture, shoes, toys and plastics, and it is lending money on a growing scale for the purchase of industrial equipment, ranging from dentist's drills to farm and heavy road-building machinery. Moreover, the company has made an important break with tradition by branching out into direct loans to consumers—for home improvements, for education bills, for the purchase of caravans, boats and swimming pools. Other subsidiaries of CIT offer automobile, health and life insurance and in 1958 the firm became a leading manufacturer of X-ray equipment.

The new foreign company—as yet unnamed but to have headquarters in Switzerland—is expected to begin operations in Britain and Germany before the end of the year. Automobile financing will again be the backbone of the business, but loans for industrial equipment are likely to play a large part. CIT insists that there is not a wide gap between the interest rates charged in Britain and Germany on the one hand and the United States on the other, but it admits that in Germany, in particular, the rates can vary widely from one company to another. At home CIT does not lend sums that are smaller than $300 and on consumer goods the maximum length of the loan is three years. The rates at which it lends can vary from 6 to 12 per cent. The growing number of Americans with business interests in Europe is certainly one of the attractions of the venture, but the new company does not intend to specialise in its own nationals.

Marching on Georgia

FROM A CORRESPONDENT RECENTLY IN ATLANTA

Now that Virginia, the historic leader of the South, has given up the battle to keep Negro children completely out of its white schools, politicians still deeper in the South are being brought face to face with the same problem. Georgia is next in line. In 1959 the Atlanta School Board was ordered by a federal court to produce a plan for admitting Negro students to its tax-supported white schools; it complied last December. Under a Georgian law adopted to make resistance to such orders easier, state funds must be cut off from any white school which accepts coloured pupils. The federal judge therefore deferred setting a date for Atlanta to put its plan into effect, in order to give the Georgia Legislature time to change the law at this year's session.

The Legislature met and adjourned without doing so; it merely named a commission to take testimony all over the state and to report back by May 1st. Again the judge has announced that he will delay a decision, this time until the commission makes its report. Although Georgians in general are split about equally on the advisability of shutting the schools to avoid racial integration, Atlanta is overwhelmingly for keeping them open, judging from the commission's hearings.

The pressures on the Governor and on the State Legislature underline the unrepresentative nature of government in the southern states. Atlanta is the political capital of Georgia; it is also the economic and financial capital of the whole Southeast, in which the

number of industrial plants has increased by about a third since the war. This has raised income a head in the area from less than 60 to more than 70 per cent of the national average. The metropolitan area of Atlanta—a prime example of today's exploding cities—now contains more than a fifth of the total population of the state. Georgia's agricultural areas have been losing people steadily. But because Georgia's county unit method of calculating votes continues to give the rural districts power quite out of proportion to their population, Atlanta is probably the outstanding example of an urban centre which is under-represented grossly in the State Legislature. There, what Atlanta wants is of little political importance.

ATLANTA'S own government, on the other hand, shows the influences of two forces unusual in the South: big business and voting Negroes. The administration of Mayor Hartsfield, who is now 70 years old and has been in office for 23 of them, reflects the fact that, with 125,000 whites and 29,000 Negroes registered to vote, the minority wields real political power. In the midst of the Negro "sit-ins" at lunch counters the Mayor noted that in Atlanta the Negro has no need to march in protest—"he can walk, instead of march, right into the City Hall and talk over his problems with city officials." There is provision for inter-racial discussion of problems under both private and public auspices. The Atlanta newspapers, the *Journal* and the *Constitution*, are outstanding proponents of the moderate view on racial problems and the columns and leaders of Mr Ralph McGill are known all over the country.

Yet even in this relatively benign atmosphere there are tensions, partly as a result of the constant migration to Atlanta of white families from low-income rural counties. In the elections in 1957 Mayor Hartsfield carried the city's white districts by a narrower margin than he did in earlier years, and an anti-Negro Independent did well against him. There is much speculation about what will happen if he stands again in 1961.

The grievances of the Negro minority in Georgia and the South were set out recently in a full-page paid advertisement in both the Atlanta newspapers, under the heading "An Appeal for Human Rights," and over the signatures of office-holding Negro students from the student bodies of each of the six institutions of the Atlanta University Centre. The inequities of which they complained included those in education, jobs, housing, voting, hospitals, law

Minnesota's Beneficiation

FROM A CORRESPONDENT IN MINNEAPOLIS

WHEN last July Minnesota celebrated the 75th birthday of its iron ore industry, which has supplied 2,419 million tons of ores and concentrates to the steel mills of America, two shadows hung over the festivities: growing competition from foreign iron ore and the threatened exhaustion of the three great iron ore ranges of northern Minnesota. After the war high output of iron ore—the state's record of 78.5 million tons in 1951 was up to 80.1 million tons two years later—meant that Minnesota's direct-shipping ores were being depleted rapidly. Estimated reserves of these high-grade varieties, which are scooped out of the earth and sent directly by freighters to steel mills on the lower Great Lakes, declined steadily from 968 million tons in 1948 to 678 million in 1958. During the same period, as American steel producers developed new reserves abroad, imports of iron ore and concentrates increased from 6.4 per cent of United States consumption to 30 per cent.

The principal foreign sources of iron ore are Canada and Venezuela, with large reserves of high-grade ore also in Brazil, Peru, Chile and Liberia. The iron content of the Labrador-Quebec and Venezuelan reserves is estimated, respectively, at 54 and 58 per cent, compared with the average of 50 per cent of iron in direct-shipping ores from Minnesota's Mesabi Range. The foreign mines also appear to have the advantage of lower direct operating costs, but Minnesotan ores are closer to the blast furnaces. However, the opening of the St Lawrence Seaway is likely to bring more iron ore from Labrador and Venezuela into Minnesota's historic middle-western markets. Nevertheless, experts forecast that the Lake Superior mining region will remain the most important single source of iron ore for the ever-expanding American steel industry for many years.

HOW long this period will last in practice depends largely on the utilisation of taconite; it is estimated that there are 6 to 10 billion tons of this magnetic iron ore deposited in Minnesota with a potential yield of 2 or 3 billion tons of iron concentrate. In the early nineteen-forties representatives of mining districts, to forestall a string of ghost towns being left as the veins of high-grade iron ore were emptied, induced the State Legislature to provide tax incentives which encouraged research and capital investment into methods of processing taconite, hitherto unusable. As a result, ways were found of crushing the low-iron-content rock and moulding it into pellets containing 60 to 65 per cent of iron. A pair of mining corporations invested half a billion dollars in plants capable of producing more than 12 million tons of this concentrate annually and one of them is now planning to double its taconite capacity. In 1958 nearly 20 per cent of Minnesota's total shipments of iron ore—only 43 million tons in that recession year—were taconite concentrates.

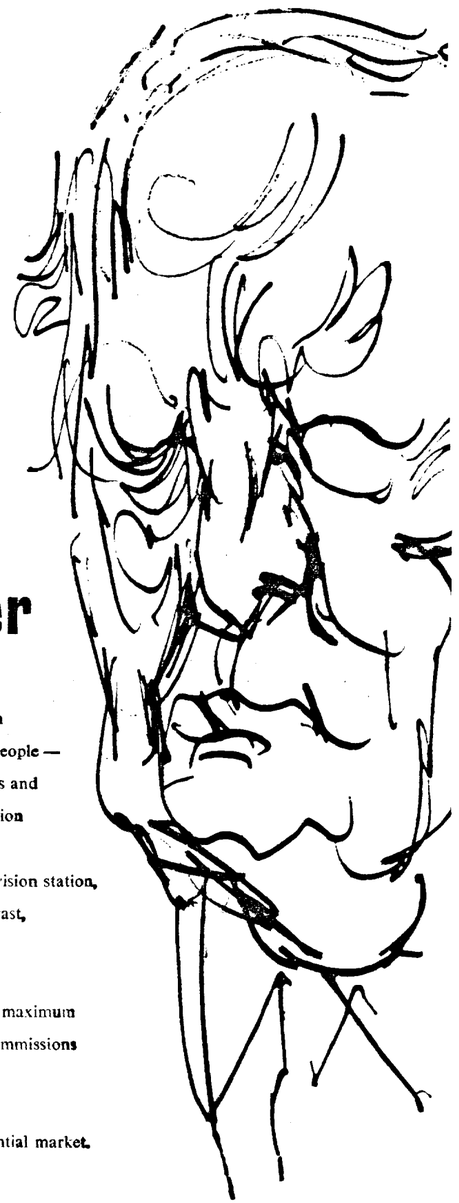
Taconite operations have had a very satisfactory effect on employment in Minnesota, since to process a ton of taconite requires more than double the man-hours that are needed for a ton of direct-shipping ore. And because taconite plants can be operated all the year round, with the pellets being stockpiled during the winter for shipment in the spring when the ice retreats from the Great Lakes, the seasonal variations in employment in mining have become much less severe.

In general, mining in Minnesota is increasingly a processing industry as well as an extractive one, as a result of the changing quality of ore reserves and of the growing resort to "beneficiation." This is any process intended to remove impurities or moisture from low-grade material in order to increase its iron content; taconite concentration is perhaps the best known process, but there are others. Minnesota's 80 beneficiation plants processed 55 per cent of the ore shipped in 1958. In 1959 the State Legislature granted tax incentives, similar to those which had been so successful for taconite, to encourage commercial utilisation of a powdery, non-magnetic, low-grade ore which overlies the Iron Ranges in billions of unmarketable tons. Researchers are seeking a cheap heating process which will magnetise this soft ore—euphemistically branded "semi-taconite"—and thus permit the use of existing magnetic equipment.





Air Power



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enforcement, and in admission to cinemas, concerts and restaurants. The petition ended:

> We must say in all candour that we plan to use every legal and non-violent means at our disposal to secure full citizenship rights as members of this great democracy of ours.

The appeals of the Negro minority are reinforced by powerful pressures from the managers of the modern business firms now operating in Georgia. They seek early and orderly compliance with the decision of the Supreme Court that racial segregation in the tax-supported schools is unconstitutional. They have a pressing incentive. Complex industrial processes can be carried on only with staffs of skilled specialists and management must be able to assure these men that the schools which their children attend will remain open. Such manpower is so scarce that firms are quite prepared to move elsewhere if this is necessary to keep it. The harm done to recruitment of such skilled men by the closing of schools has been made abundantly clear by experience at Little Rock in Arkansas. The managers of industry are determined "not to see Atlanta make a fool of herself in public."

Little by little, the part played by industrialists, railway executives and financiers in weaning Virginia away from a policy of massive resistance is becoming known. In Georgia similar groups of businessmen are trying, mostly in private, to secure a policy of local option, so that Atlanta can keep its schools open whatever the rest of the state decides to do. The eagerness of all the southern states to attract more industry gives the views of these men unusual political weight. As Mayor Hartsfield notes, "many southern politicians are now the prisoners of their own prior actions. All our educated politicians are out on a limb wondering how to get back." Unobtrusively, Atlanta's industrialists are providing a helping hand.

Democratic Mountaineers

THERE could be no less typical state than West Virginia whose Democratic voters, in deciding on May 10th whether they prefer Senator Kennedy or Senator Humphrey, are expected also to decide the presidential fate of one or the other of these potential Democratic nominees. Except in its industrial northern section the mountain state is almost entirely a depressed area, dependent on coal mines which employ only one-fifth as many people as they did a decade ago. With 10 per cent of the labour force out of work—twice the national average—and all of the industrial centres classified as areas of substantial labour surplus, West Virginia is ripe for another New Deal. While both the candidates are liberals Senator Humphrey is the more progressive in economic matters and, unlike Senator Kennedy, has practical experience of poverty which must make his approach more sympathetic. He has probably gained more from the well-publicised fact that lack of funds has forced him to halve his headquarters staff than has Senator Kennedy from the personal appearance on his platform of Mr Franklin D. Roosevelt, Jr.

Certainly Mr Humphrey has been helped by the news, leaked from the headquarters of the supposedly-neutral mineworkers' union, that Mr John L. Lewis, whose retirement has not lessened his influence over the coal miners, opposes Senator Kennedy because of his record on labour legislation. Mr Lewis, however, is not particularly fond of Mr Humphrey. Nor are many of the other prominent people who are backing him, such as Senator Robert Byrd, one of the state's leading Democrats. He openly favours the candidacy of Senator Lyndon Johnson and his only interest in Mr Humphrey is to "stop Kennedy" from getting the nomination. To do this he has called for a coalition in support of Mr Humphrey of all those favouring the other Democratic hopefuls who have not entered the West Virginian contest. There is little doubt that Mr Humphrey is indeed receiving a good deal of such support; it can be given to him safely at this point since whatever happens in West Virginia it is unlikely that he will be nominated by the national convention. It is not surprising that Senator Kennedy is becoming bitter about this "ganging up" against him.

He is also becoming bitter, perhaps because he is a little desperate, about the question of his Roman Catholicism as an issue in the election. It is he, and no one else, who has brought this into the open; Senator Humphrey is most anxious that no one should have any excuse for charging him with bigotry. But Mr Kennedy's private polls of West Virginian voters, only 5 per cent of whom are Catholic, have discovered a surprising number in the southern Bible Belt who are against him simply because of his religion; moreover, a number of ministers have been warning their congregations against him. He is applauded whenever he says that his religious beliefs are personal and nothing to do with his campaign. Nevertheless, it begins to look as if his effort to prove in West Virginia that he can appeal to Protestant as well as Catholic voters may be a failure

SHORTER NOTES

The Treasury sold only $370 million worth of its new 25-year, 4¼ per cent bond instead of at least $500 million worth as had been hoped; but it had the consolation that this effort, intended only to test the market, has proved wrong those members of Congress who contended that a substantial amount of long-term money could be borrowed at 4¼ per cent and that therefore there was no need to change the legislation which prevents the Treasury from issuing long-term obligations at a higher rate of interest.

* * *

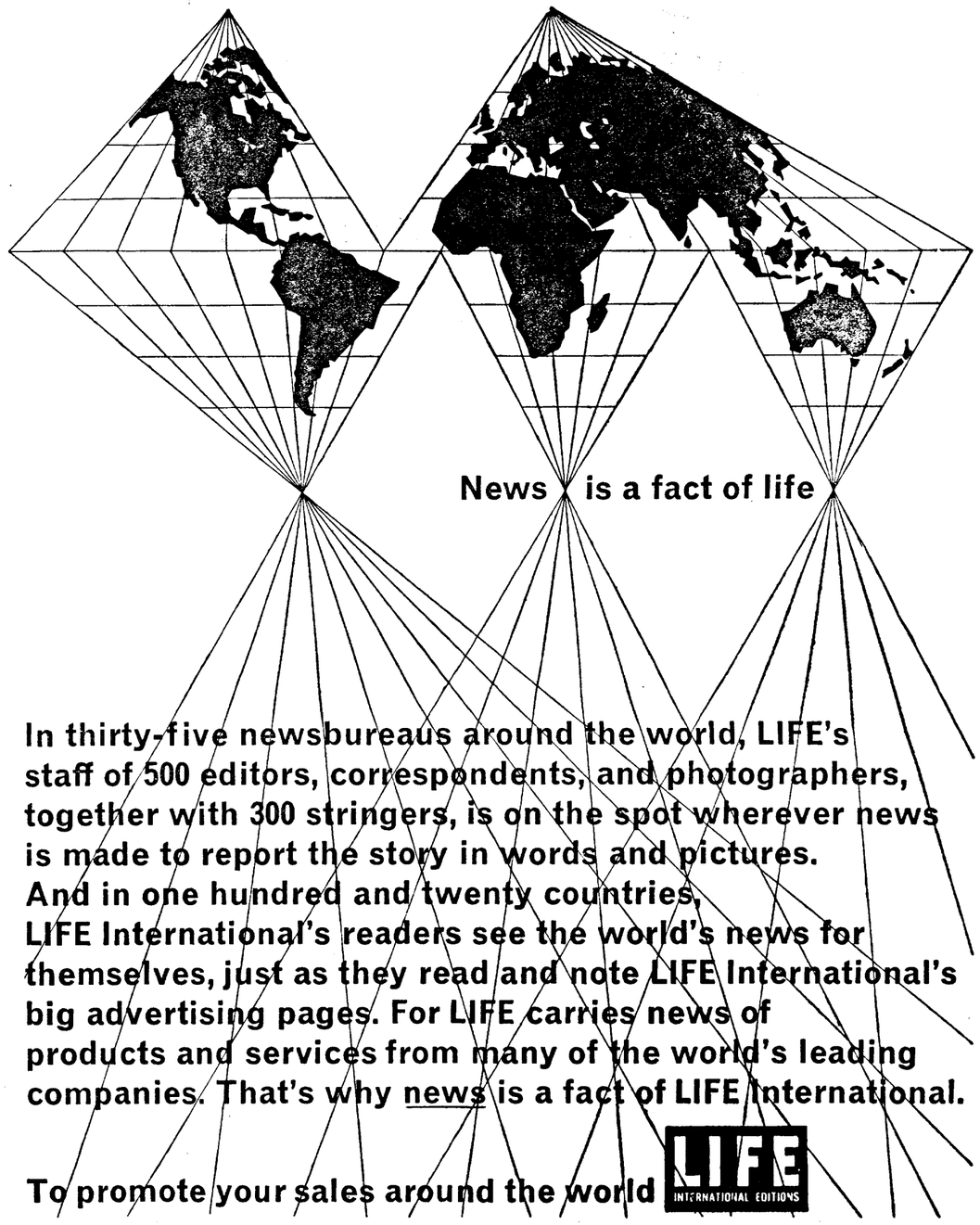
After pressure from State Department and foreign aid officials, the Chinese Nationalist government has banned the export of reprints of foreign language books from Formosa. Thus, it is hoped, it has stopped a growing trade which was depriving American publishers of their domestic market and American authors of their royalties. The Chinese pirates originally started these reprints, mainly of text-books by a photo off-set process, for the benefit of Formosan students, but they have built up a profitable undercover export business to the United States, mainly to university towns, since these editions often sell at as little as one-fifth of American prices. A full set of the "Encyclopaedia Britannica" was obtainable for $50 to $60, compared with $414.50 in the United States, and "Gray's Anatomy" for $2.50 instead of $17.50.

* * *

The attempt to repeal the Connally reservation this year has failed. This reservation is the condition exacted by the Senate for permitting the United States to use the World Court; the United States thus preserved the right to decide whether the Court has jurisdiction over cases involving it. The Foreign Relations Committee decided not to vote on the reservation in this election year when it became clear that, after all the isolationist sentiment which has been whipped up, the two-thirds vote needed in the Senate for repeal would not be forthcoming. The work of the Court has been hampered greatly because so many other countries follow the American example.

* * *

The New York State Legislature has passed a "four-drink Bill" to deal with the car driver who is not yet legally drunk—with 0.15 per cent or more of alcohol in his blood—but who drives while his "ability to operate is impaired by alcohol." Any driver now found with 0.10 per cent of alcohol in his blood will be guilty of a traffic violation and liable to have his licence suspended.



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THE WORLD OVERSEAS

In the Land of Old Gaul

FROM OUR CORRESPONDENT IN OTTAWA

THE conflict between sentiment and practical realism that so often has characterised Canada's relations with France was pleasantly absent from General de Gaulle's visit to Ottawa this week. In both public speeches and private talks the mutual understanding of the two countries' positions appeared more genuine and better based than it has usually been.

This marked contrast with General de Gaulle's last visit during the war is the result of important changes of outlook in both countries. Although Canada's close ties with France as its "second mother country" have always been a compulsory oratorical theme, the oratory has not always been true. It used to be said that the French-speaking third of the Canadian population, with its centre of gravity in the solid Frenchness of Quebec, bore its true allegiance to the French monarchs under whose banners the early French settlers came to Stadacona (now Quebec city) and Hochelaga (where nearly a century later French missionaries founded Ville Marie, later to be known as Mount Royal or Montreal). The corollary, it used to be said, was that they disapproved of everything that had happened in France since those days. France had become laicised, while Quebec remained under the dominance of its bishops and parish clergy. France had become republican, while Quebec retained its instinct for a monarch. Paradoxical as it sounds, Quebec at its most anti-English still retained a deeper respect for the crown than many English-speaking Canadians.

The sum of all these deep-seated traditions has not always been logical in terms of contemporary politics. It produced a strong Pétainist sentiment among the French-speaking people of Quebec. Their sense of the continuity of authority gave General de Gaulle in their eyes a certain revolutionary tinge, alien to the Quebec tradition. Of course, leaders like Mr St Laurent, Cardinal Villeneuve and General Vanier, whose catholicism was both more devoted and more understanding than that of the common people, warmly supported the cause of General de Gaulle and the Free French. But it was still true at the end of the war that highly intelligent Frenchmen would visit Quebec and Montreal and move on to Toronto to tell English-speaking Canadians that there was "*aucun rapport—mais, vous savez, aucun*" between Quebec and the new France.

A profound difference in attitude is now apparent in Quebec, partly because of major developments in its own thinking and partly because of the change in General de Gaulle's role. The Fourth Republic embodied almost every possible contrast to the disciplined hierarchical society which still lingers as the ideal of many influential Quebec leaders. In transforming it into the Fifth Republic the general has transformed their image of him. He now appears as the champion of legitimism, restoring the kind of society they can admire. While this factor may impress relatively limited circles, it corresponds to the shift in the popular outlook of Quebec, which, since the war, has become significantly more attuned to the modern world. It can now see General de Gaulle as the man who is leading France forward to achieve scientific and economic competence in the same way as Quebec itself now seeks to attain mastery of North American technology.

For the Canadian government at Ottawa the contrast with twenty years ago is rather different. Ottawa was always nearer to London than to Washington in its understanding of General de Gaulle's awkwardness and alleged arrogance. The sympathy of the general's references in his speeches in Ottawa to Mackenzie King shows his awareness of this. Moreover, neither the sentiment about the French part in early Canadian history, nor the frequent irritations felt by Canada at France's current role in European economic affairs, can submerge the ardent hope that French capability may be brought nearer to the strength that sentiment desires. The general is recognised as the sole pillar of this hope.

In recent dealings on world affairs Canada has rather surprisingly found France to be the closest of all the western powers to its own position on disarmament. This, together with the prospects for the summit meeting and attitudes to Soviet Russia, formed the substance of the first private talk between General de Gaulle and Mr Diefenbaker, and the two men appeared to get on very well with each other.

OTTAWA has never quite understood why it was so lightly forgiven for its vote in the United Nations against the first French atomic bomb test. But this stand, which the French delegation at the United Nations bitterly resented, never produced official representations from Paris, and disagreement is now submerged by the French readiness to accept any degree of nuclear disarmament accepted by the other great powers. By contrast, the subsequent Canadian vote supporting France on the Algerian question at the United Nations brought great good will. While the United States ambassador in Paris was summoned to be told of French displeasure at his abstention, official channels purred with French gratification at Canada's vote.

Along with this, Canadian observers have sensed a considerable growth in the importance which Paris now attaches to Canadian policy. This was implicit in General de Gaulle's statement about visiting Canada between London and Washington and thus completing the chain of western unity. It may result from a new appreciation that on certain matters Canada enjoys very close consultation with both London and Washington—sometimes even the sort of consultation which Paris felt itself to be denied. If this is a correct interpretation, it may augur well for Nato. The most obvious potential disagreement between Canada and France is about General de Gaulle's idea for a dominant committee of "great powers only" as against the Canadian insistence on the full consultation of all Nato's members. But the atmosphere during this week's visit has certainly tended to soften differences.

The visit here, like that to London, was essentially formal and ceremonial. But Canada manages a formal ceremony neither with the *éclat* and polish of London nor with the massive informality of Washington and New York. The charm of Canada's most imposing ceremonies is fidelity to the proper forms combined with a somewhat amateurish execution which makes them all the more natural, sincere and touching. General de Gaulle gave every sign of feeling this. His oratory was superb. He seemed to have infected his environment to such an extent that even Mr Diefenbaker's French, usually execrable, became fluent and conveyed a hint of real feeling.

One Month After Sharpeville

FROM OUR CORRESPONDENT IN SOUTH AFRICA

THE morning after the attempted assassination of Dr Verwoerd a minister of the Dutch Reformed Church told his congregation that every Afrikaner in the land, every man worthy of the designation white, had been wounded in that dastardly episode. He went on to call upon the Afrikaner people to go united into the laager and defend themselves against their enemies. In a leading Nationalist newspaper three days later, the political columnist wrote: "Dr Verwoerd's wounds were washed away in the tears of his people, and in their prayers his wounded body was carried to the Throne of Mercy." God had spared the prime minister's life, wrote one Nationalist commentator after another, because He had a plan for him in Africa.

South Africans had been living in a state of emergency for nearly a fortnight when the senseless and deplorable attempt was made on Dr Verwoerd's life, and their frayed nerves could take very little more. They were deeply thankful, therefore, that in the anxious days that followed Mr Paul Sauer, the senior cabinet minister, acted with judgment and restraint. Even so, the wilder spirits in the Nationalist party are blaming the English-language press for the calamities of recent weeks, and are calling for an internal press censorship and control over outgoing reports.

For weeks now police and Citizen Force units have been on day and night duty in and around the large urban areas, and there seems little prospect of these precautions being relaxed in the immediate future. For the mass of Africans in urban areas life in their townships is slowly returning to something like normal, with periodic large-scale police raids as reminders of the recent crisis. But with the leaders of the two proscribed African organisations either in jail or gone underground, and the bulk of the Africans uncommunicative or inarticulate, it is difficult to know what is going on in the minds of the African people.

The re-enforcement of the hated pass laws took place with tact and with more consideration for the individual than had seemed possible a fortnight ago, and the police are now being allowed considerable discretion in implementing the law. It is impossible to estimate how many passes or reference books were actually destroyed during the anti-pass campaign, but the number may not have been as large as the organisers had hoped. Although the government has said that the pass laws will not be changed radically, the whole cumbersome system is clearly being reviewed with a view to introducing modifications that will emphasise its positive rather than its negative aspect. The liquor laws, too, may possibly be amended. It is being realised that as long as the police are compelled to carry out regular liquor raids at all times of the day or night, tension between them and the Africans will remain high, and periodic outbursts of violence inevitable.

Although there is evidence of fresh and even agonised thinking on the colour issue in the Nationalist camp, the diehards who believe in inflexibility and in more and more separation are still dominant in the party. And as long as the prime minister is out of action, little change can reasonably be expected. Afrikaner intellectuals and some members of the Dutch Reformed Churches, however, are deeply disturbed and are agitating insistently for modifications of apartheid. On the same day as the Johannesburg parson called upon white men to unite, the acting moderator of the Dutch Reformed Church in the Transvaal asked a radio audience to face squarely the fact of world opprobrium, and to try to prove by deeds that non-whites would be dealt with fairly and tolerantly. And from the Afrikaans university of Stellenbosch a breeze of change is blowing which cannot fail to influence the climate of opinion in which Nationalist doctrine is shaped.

But talk of coalition has ceased entirely in the Nationalist camp since the attempt on the prime minister's life. Dr Verwoerd was known to be vigorously opposed to the idea—which came primarily from the Cape and certain Afrikaner business interests—and such doubts and murmurings as there undoubtedly were against him in the party because of the disastrous consequences of some aspects of his policy have been stilled. A move against the leader in the foreseeable future would be sacrilege; this is the measure of the effect of the attempted assassination on the political situation.

Significantly enough, however, the demand for some form of coalition or political realignment is now gathering momentum in the non-Nationalist camp and looks like growing more insistent. Businessmen and industrialists in particular and United party reactionaries are calling for a closing of the political ranks and a fresh approach to problems of colour. Since the Sharpeville shootings the value of mining and industrial shares on the Johannesburg Stock Exchange has fallen by £300 million—sufficient to have paid three times over for the complete implementation of the Tomlinson proposals for the development of the Reserves. And, of course, to this has to be added the effect on business generally, which has been considerable in some areas, as well as the direct cost of the emergency and the dislocation it is causing.

The United party has clearly begun to feel these pressures and its leader, Sir de Villiers Graaff, has been trying to ward them off (from inside as well as outside his own party) in the realisation that any compromise with Nationalism on colour would be no real contribution to the solution of the country's problems. He has therefore begun to edge forward cautiously to a slightly more realistic colour programme. He has proposed directly-elected senators to represent the African and Coloured peoples; but this suggestion is hardly calculated to catch the imagination of anyone to the left of the United party or to appeal to the reactionary element within the party itself. It would leave most non-whites cold.

The tragedy of the political situation remains what it was a month ago: the majority of white opinion, both Afrikaans and English, is incapable of realising the urgent necessity of acting with realism and courage while there is still time. If Dr Verwoerd held a general election tomorrow he would probably sweep the country. Certainly few of the Progressives, if any, would be returned, and not a few of the marginal seats held by the United party would be in danger.

As for the non-whites, it is inconceivable that when they can again put forward their demands they will aim any lower than they have been doing for years; that is, they will want a legitimate share in the government of the country as the essential preliminary to the eradication of all their present disabilities. Yet in the white camp only the Progressive party is prepared openly to advocate the abolition of the colour bar and the substitution of individual fitness as the test of a man's ability to share in government. And, as might be expected, a movement has now made its appearance in the African political camp which professes not to be interested in this kind of multi-racial democracy, but demands the lion's share for itself. So where do the two sides meet?

While outside observers are asking how much more evidence white South Africa needs before it realises how late it is, it remains true that the Union can never revert to the kind of "normality" it knew before the shootings at Sharpeville. The only hope is that economic realities, greater white flexibility, non-white pressure and unrelenting world opinion (provided it does not overplay its hand and drive all the whites into one camp) will between them produce more realism and a greater sense of urgency. The danger seems to be that the longer white South Africa waits to make concessions, the more difficult will it be to make them and the stiffer will be the demands.

Christian Democrat Choice

FROM OUR ROME CORRESPONDENT

BY the time this is published Signor Fanfani will probably know whether he can count on the united backing of the Christian Democrat party for a left-centre coalition government dependent on the good will of the Nenni Socialists. It is the most decisive week in Italian affairs since the general election of 1948. The country has reached a point—thanks mainly to new economic factors determined by the gradual awakening of the South—at which it seems to be faced with the choice between a form of democratic socialism, not necessarily doctrinaire but openly and sincerely professed, and a clerical variant of fascism. These alternatives have emerged with unexpected clarity from the last eight weeks of painful political travail.

When Signor Segni threw up the negotiations for a left-centre coalition for reasons that he was unable to make clear, the suspicion arose in all the other parties that the Christian Democrats were congenitally unable to take the leftward plunge. This doubt encouraged the neo-fascists to stake a claim on government. They blackmailed the Christian Democrats by threatening to withdraw from the twenty-eight important municipal councils (one of them at Rome) in which they are partners with the Christian Democrats, and from the regional government of Sicily, where they had helped the Christian Democrats to get rid of the Milazzo administration. Signor Tambroni was momentarily tempted to take the risk of leading a government dependent on fascist support, but the party jibbed; and within twenty-four hours the Tambroni cabinet fell apart. The party executive reaffirmed the declaration of faith made by the last congress, that the Christian Democrats are a popular democratic anti-fascist party, faithful to the ideals of the Resistance. After that there was virtually no alternative but to send for Signor Fanfani, the moral victor of the party congress last October.

That Signor Fanfani will succeed in giving Italy a relatively stable left-of-centre government is by no means a foregone conclusion. The pressure groups have been momentarily beaten, but the interests at stake are enormous and there is every reason to expect that the people concerned—a part of the country's big business, a part of its landowning class, a part of the ecclesiastical hierarchy—will fight back. Catholic Action has already begun a counter-attack. But Signor Fanfani's first battle is being fought this week inside his own party where he has to neutralise, or at least isolate, the opposition of the landowning interest represented by Signor Bonomi with his eighty deputies and four million votes, and of Signor Andreotti's right wing faction with its forty odd deputies. Much will depend on whether Signor Fanfani is able to obtain the support of his former antagonist, Signor Scelba, whose influence in the party is circumscribed but important. The chances of a reconciliation are good. Signor Scelba is above all things an anti-fascist. For his part Signor Fanfani has probably learned a good deal during the fourteen months in the wilderness when he had a chance to reassess the personal value of many friends and enemies.

The fascist challenge has a catalysing effect. It has brought the left-centre parties, notably the Socialists and Social Democrats, closer together. It is reuniting the Christian Democrat party's own left wing which was itself quite bitterly divided between Signor Fanfani's group, the extreme left, and the trade unionists. It is also affecting the Church hierarchy. That Signor Fanfani felt strong enough to accept the new charge is partly due to a change of attitude on the part of the Episcopal Conference. Much as the bishops dislike a socialist, or even a social democratic, solution to the crisis, they have taken fright at the prospect of the reactions that a fascist denouement was likely to provoke. The conference, which Pope John made responsible for the conduct of Church affairs in Italy (formerly handled directly by Pius XII), has ordered the clergy to tread warily and not to interfere in the citizen's freedom of choice.

If Signor Fanfani succeeds in getting over this first series of hurdles there is a sporting chance that the party will back him up against outside pressures, in which case Italy should be in for a period of relative calm during which the government and Parliament can get on with the urgent social and economic tasks that face them. But if he fails, the future is dim. Local elections are due in the early summer and an extraordinary general election is beginning to seem necessary if the present crisis of government goes on. But the great Catholic party is in no state to face either of these tests. Rumour has it that less than half of the Christian Democrat Party's 1,300,000 registered members have renewed their subscription cards this year. The proportion of voters in the party is ten to one subscribing member. There may be a great and unpredictable shift in the electorate should the party again refuse to make a choice.

Reflections on a Leader's Return

FROM A SPECIAL CORRESPONDENT IN CAIRO

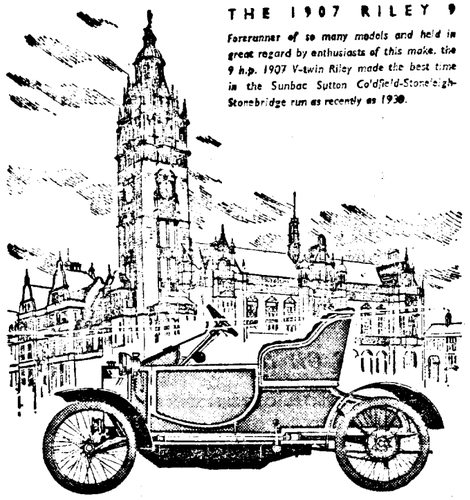
PRESIDENT NASSER returned to Cairo last Saturday in the torrid, dust-laden atmosphere of a "khamseen" day. Undeterred by its discomforts a multitude gathered along his route to chant with disciplined enthusiasm their greetings to their leader, while everywhere a looser, livelier throng milled about the place in gay preparation for the Easter and Shem el-Nessim holidays which kept Egypt noisily idle until Tuesday morning.

Being young and sound in wind and limb, the president sets a cracking pace in this political tour business that few of the world's peregrinating presidents can match. It seems that 30,000 miles of hill, dale and plain from the swelter of Madras to the high cool of Peshawar are as nothing to him; at least not when he has a message for his people. He came straight from his plane to spend another hour and a half in a car crawl through the mass of people and under triumphal arches and finished up with a speech to the nation. It was not so much a political speech as a *message*.

In the words of a distinguished Egyptian journalist, politics are dead in the Southern Region of the United Arab Republic. There are, of course, many columns of political articles and great speechifying; but there is a stultifying lack of dialectics in it all which relieves most common people of the duty of reading the newspapers. (Someone with misplaced devotion to the president makes sure his every word is preserved for print.) Nothing seems to be happening and the Egyptian is inclined to make great moan at this. It is not that he knows of anything better that he particularly wants; he just likes change now and again.

This is a psychological problem of some importance to President Nasser in trying to build the new Egypt. Lots of things have happened and are happening in the country. The returning Englishman or woman, if not too busy toasting absent friends or too warped by the wrestle of desequestration, can remark many changes, ranging from locally manufactured health salts to a fine new bridge. Well-trained statisticians chart with impressive figures progress in steel and cotton cloth, cultivated *feddans* and fertilisers, while economists for and against current economic policies argue passionately about the meaning one can or cannot really put on the figures. But there is a limit to the pleasure that the lay public can get from reports of progress. President Nasser needs to be inspiring, if only because the people cannot stay excited about a four per cent increase in the export of manufactured goods, no matter how important that might be.

His inspirational method is not that of a hot-gospeller sweeping souls to revolutionary salvation. Over the years he has unrelentingly hammered his purpose into the minds of the people:



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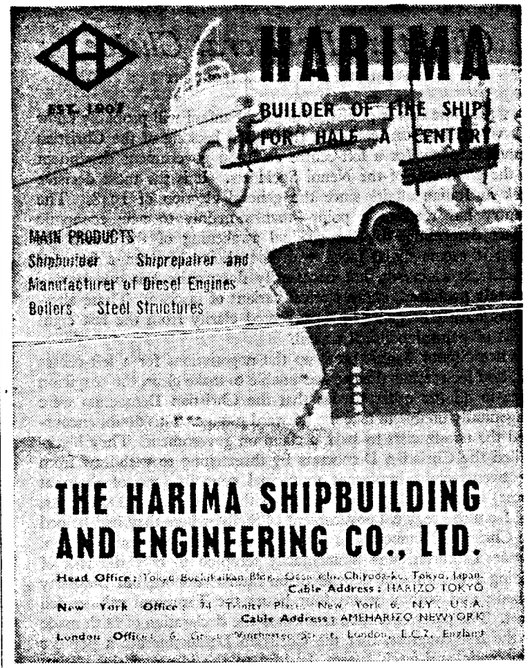

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LARGEST MAKERS OF V-BELT DRIVES IN THE COMMONWEALTH

Egypt must march boldly into the modern world. It is noticeable in little things that the message has got through. Everywhere in the towns young men are abandoning the *galabiya* in favour of European trousers and shirts, and the tarbush will soon date a man as irrevocably as a Victorian wing-collar. These are small things, but they reflect the will to change which is part of the dynamism of today's Egypt. There must, after all, be a mental as well as an economic period of take-off.

In the haunts of Cairo's high society the message is gloomily coloured by talk about the paving of the road to hell. The steady encroachment of public funds and control on private business has sometimes been encouraged less by the requirements of the state than by the ubiquitous interest of officials in enlarging their field of activity. There are, it is true, a lot of people now bustling about in commerce and industry who were not there before, but by and large the business community thinks it would be better all

The Australian Scene

FROM OUR CORRESPONDENT IN CANBERRA

A Domestic Matter

ONE man who is disappointed that the prime minister of South Africa is unable to come to London for the Commonwealth conference is the prime minister of Australia. In public Mr Menzies has not allowed one spark of moral indignation to appear in his utterances about events in South Africa. The most that he has said about apartheid is that

> we may as individuals, with the very limited information available to us, think those policies disputable.

But by this restraint he had hoped to be able to speak with more influence to Dr Verwoerd behind closed doors.

Mr Menzies took his stand on three arguments. The first was that it would be wrong to "encourage differences in the Commonwealth at a time when mutual understanding was never more important"; and moreover, to drive South Africa out of the Commonwealth might not be at all in the interests of Africans. Mr Menzies seems to feel that a moderation of policies, a change of government, may well be on the way in South Africa, and that it would be a pity to take any irrevocable step in the meantime.

Secondly, he argued that for Australia the well-worn doctrine that one should not interfere in the domestic affairs of another country—least of all a sister Commonwealth nation——has a particular significance. Any public and official judgment of South Africa's treatment of its natives would invite attempts by other countries to interfere in Australia's policies towards its aboriginal population and towards the peoples of Papua and New Guinea. (Not that Australia has a guilty conscience in this regard.) Thirdly, Mr Menzies said that one cannot know enough about circumstances and policies in South Africa to sit in judgment, and that he will be "vastly interested" to hear more about them when he gets to London.

These arguments would not have satisfied those, even in his own party, who believe that a policy enforceable only by bloodshed and violence cannot be right, and that the long-term interests of the Commonwealth would be better served by public disavowal than by stifling criticism for the sake of keeping South Africa in the club. But the Opposition foolishly worded its motion about South Africa in such a way that it aroused party loyalties; and Mr Menzies countered it very neatly with a resolution of his own which deplored without condemning, which sympathised with the bereaved without attacking the bereavers, which hoped for a restoration of law and order without hoping for a change in the laws—and which helped the time allotted for the debate to go by without a division.

Cold Comfort

This successful manœuvre was not achieved without a price. One or two South African papers interpreted it as support. There was probably some loss of the good will that Australia has been so carefully cultivating in south-east Asia. And the prime minister and his government certainly lost popularity at home.

This was one of the factors that contributed to the big swing against the government in the by-election held on April 9th at Latrobe, the Victorian seat which Mr R. G. Casey, the former minister for external affairs, resigned after the announcement that he was to become a peer. Some loss of votes was to be expected, this being a by-election, the electorate having increased its industrial population, and the former member having been a world figure. But a loss of 20 per cent in first preferences was more than had been feared, and on the first count the Liberal candidate was nearly a thousand votes behind the candidate of the Australian Labour party. What saved him was the redistribution of votes cast for the Democratic Labour party. As in the general election of 1958, this anti-communist, largely Roman Catholic, breakaway party asked its supporters to give their second preferences to the Liberal, and 87 per cent of them did so. In the final result, therefore, the Liberal had a majority of nearly 4,500 over his Labour opponent.

The DLP increased its percentage of the poll from 9.5 in 1958 to 12.5—just when some commentators were describing it as a spent force. It is true that the DLP is particularly strong in Victoria, where a left wing ALP executive nourishes it by tolerating "unity tickets" (now banned by the Federal Labour party), showing Labour and Communist candidates side by side on "how-to-vote" cards in trade union elections. But the Latrobe result certainly does not suggest that the DLP is petering out elsewhere. It is thus less disappointing for Mr Menzies than it is for the new leader of the Opposition, Mr Calwell who, as a Roman Catholic himself, hopes that while denouncing the DLP's policies he can somehow win away its votes.

A Foot on the Brake

One unalloyed satisfaction for the government is the refusal of the Commonwealth arbitration commission either to grant any increase in the basic wage, or to restore automatic quarterly adjustments in accordance with the cost of living.

This same commission had already endangered the economy by granting within the last eight months increases of 15s. in the basic wage and of 28 per cent in the margin for skill payable to metal workers —an increase which quickly spread throughout the economy. So this time the government in great alarm briefed counsel to plead the national interest in stability, and the prime minister publicly told the commission what it ought to do.

The commission had been half expected to demonstrate its independence by granting a small increase. It is a relief that it has not done so. But it certainly does not cut a very dignified figure, and faith that it settles wages according to some absolute justice and infallible wisdom is rather shaken. The Opposition accuses the government of interfering with its impartial processes—a charge that has deeply shocked the treasurer, Mr Holt. But the Australian Council of Trade Unions (the ACTU corresponds to the British TUC), led by a president, Mr Albert Monk, who understands what is at stake, has so far made no complaint, although it has called a meeting to discuss the decision.

Meanwhile a rising flow of imports has begun its counter-inflationary work. The March figure, at £88 million, reflects only the liberal granting of import licences that has been pursued for some time, and not, as yet, the almost complete abolition of licensing that took place in February. With the raising of Australia's quota in the IMF from $300 million to $400 million there is less reason than ever to fear a disastrous run on reserves.

round if they were free to bustle a bit more for their own profit. They would also like to spend some of their profits on pleasure in Europe. The Egyptian government might find it money well spent to waste a million of foreign earnings just to lift the feeling of claustrophobia ever so slightly from the well-to-do.

The reflection forced most strongly on the mind of the foreign observer when the president returned from eighteen days in the Indian sub-continent was the sense of establishment. Behind the stage management that went to his reception, mainly in the matter of truck loads of people brought in from the countryside, most Egyptians were glad to see him home. Egypt seems to doze while he is away, possibly because it is known that nothing important can happen until he gets back. It appears evident that he has so outlived the Egyptian desire for change that even critics of the regime do not expect it. The desire is now usually expressed as a hope for improvement within the existing order. Perhaps there is a slight analogy in the impatience which was shown by the British people at the Labour government's slowness in relaxing wartime controls. The Egyptian people appear to feel that their fidelity to the revolution is sufficiently proven to justify a relaxation of revolutionary controls.

One would like to think that the high moral tone of the president's home-coming speech will be reflected in policy now that he is down to business again. It had a pacific, Ghandi-like quality which, if translated into diplomacy and propaganda, could take the truculent temper out of Middle Eastern non-alignment. There was also a relaxed confidence in it which seemed appropriate to the mood required in domestic government. There is little doubt that the Egyptian people, who are by nature obedient but cannot do a mental goose-step, would like to see that mood burgeon in the first hot sun of this summer.

INDONESIAN PROSPECTS—II

Blessings of Neutrality

FROM A CORRESPONDENT LATELY IN INDONESIA

SCEPTICISM of the Indonesian government's competence to cope with its problems rests above all on the economic deterioration visible everywhere. The peasant economy, with its isolated local markets, is, of course, virtually immune to civil turbulence and bureaucratic blundering. But industry and commerce are more vulnerable. The unreliability of railways, shipping, and postal services is a growing handicap. Twice in 1959 train speeds had to be reduced because of the condition of the track and equipment. Last autumn congestion in the port of Djakarta reached such a pass that demurrage rules had to be radically revised and greater penalties imposed for failure to remove incoming shipments promptly. Even so, a huge volume of goods piled up unprotected on the wharves, causing heavy losses.

There is widespread and bitter criticism of the regime for failing to ensure a reasonably stable monetary and fiscal system and respect for property and employment. One ground for complaint is in the orders discharging Dutch and Chinese employees; it has been hard to find replacements, particularly of professional and technical staffs, and where replacements have been found, they have usually been inexperienced Indonesians. The virtual confiscation of all Dutch-owned property, in 1958 and earlier, is another cause of lack of confidence; a further cause has been the seizure of all assets of Nationalist Chinese (Formosan) nationals in 1958; and the prohibition of retail shopkeeping in rural areas by aliens—mainly Chinese—after December 31, 1959, has had a serious impact on business confidence and investment programmes. Many urban Chinese merchants, though born in Indonesia, as were their fathers and grandfathers before them, are the victims of a xenophobic campaign recalling the treatment of Jews in Nazi Germany.

An even greater factor in unsettling business confidence and disorganising trade has been monetary and fiscal irresponsibility. For years the government has been financing budgetary deficits through bank loans and "printing press" money. In an attempt to halt the inevitable currency depreciation, a decree of August 24, 1959, marked down the exchange value of the rupiah by about 19 per cent. The new official exchange rate (taking account of the 20 per cent tax imposed) was fixed at 36 to the United States dollar or approximately 100 to the pound sterling. The decree also cancelled 90 per cent of the face value of outstanding banknotes of the largest two denominations (Rp500 and Rp1,000) and required holders of bank deposits in excess of Rp25,000 to accept non-transferable government bonds in lieu of 90 per cent of their deposits. These operations reduced the money supply by half (from Rp32.2 billion to Rp16.0 billion). At the same time some taxes were increased, notably corporation and sales taxes. But the drastic depletion of working capital so hampered production and trade that the government was compelled to reverse its course. On the one hand, it authorised substantial increases in credit advances by the banks and, on the other, granted greatly increased subsidies to various lines of trade. Government spending, however, far from being cut, has consistently increased, and revenue has not increased enough to counterbalance these debits. Falling back on the printing press, the government was faced, by January 1, 1960, with a money supply that was back to the mid-August level, after doubling in a little more than four months. Since then, it has continued to rise, though more slowly.

The rigid price control system and vigorous campaign against "hoarding" instituted after the August decree, have kept prices within bounds. (This is the consensus of informed opinion; no adequate price index is available.) But the incompatibilities between wage regulations and raw material and product price regulations have made business management a nightmare. Chinese and other businessmen are withdrawing capital from Indonesia as fast as they can, by every device at hand. The stampede to get liquid funds out of the reach of the government has caused a free-for-all black market in exchange rates. So urgent is the demand for dollars, for example, that while the official exchange rate remains pegged at 36 to 1, eager bidders are paying as much as 400, or even 600, rupiahs per dollar. In the domestic market some things are unbelievably cheap, mostly the subsidised necessaries; others are outrageously high, mostly articles that emigrants or tourists might want to use or take out of the country.

Despite the trend towards endemic disinvestment the Indonesian keeps going by living on accumulated capital—the expropriated Dutch and Chinese capital—and by foreign aid. The first expedient cannot, however, last indefinitely. But in seeking foreign aid, the present administration has shown exceptional ingenuity. It is adept at "working both sides of the street." Since 1949 Indonesia has received from abroad grants or credits equivalent to some £300 million. Of this total, slightly more than two-thirds came from Nato countries; the Soviet Union contributed the bulk of the remaining 30 per cent. If the visible results of this foreign munificence are meagre, the government may well answer that, by preference, the funds have been deliberately used for investment in human resources. That could be a sound investment policy. But it may be doubted whether human resources have been wisely used. In any case, the Indonesian government has clearly profited handsomely from free world-communist block competition, however the Indonesian people may have fared. Hence adherence to the proclaimed neutrality policy seems certain. The question remains: how long can the regime's viability continue to be served by an ambiguous policy abroad and a confusion of cross-purposes in domestic affairs?

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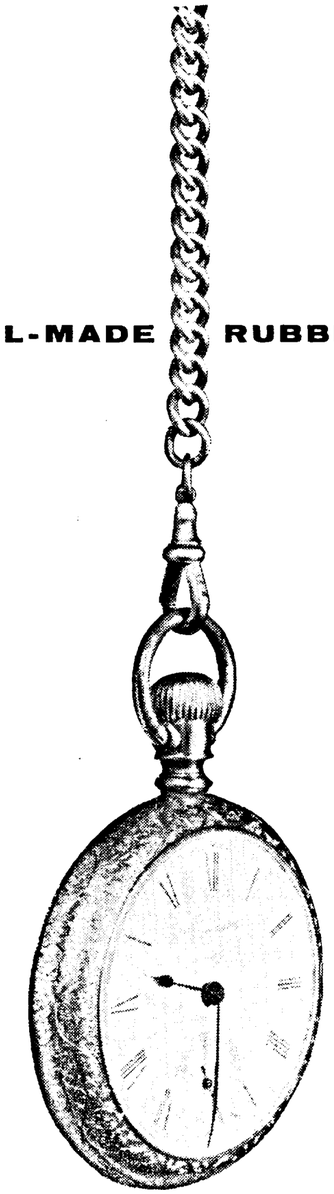

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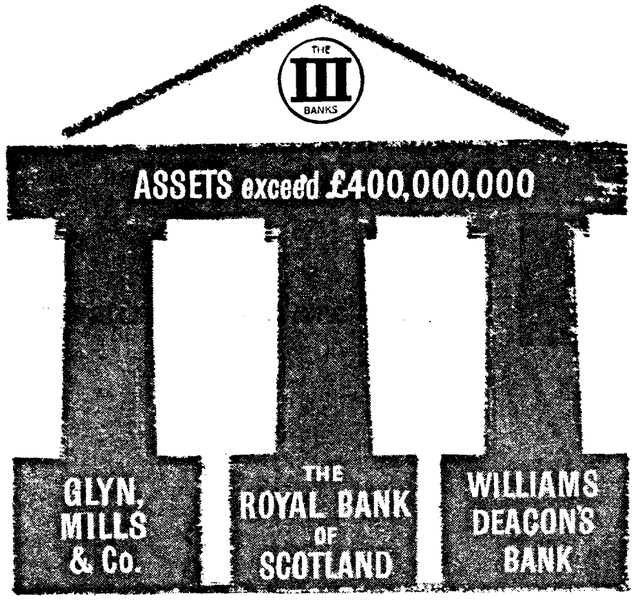

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THE BUSINESS WORLD

Aircraft on the Never-Never

SOME years ago, Vickers-Armstrongs made history as the first British aircraft manufacturer to break into the American civil market, by selling 60 Viscounts to Capital Airlines. Vickers is again making history—this time much against its will—by becoming the first aircraft manufacturer to foreclose a mortgage on one of its customers. Capital has paid about half the £24 million purchase price of its Viscount fleet. It began to fall behind with monthly repayments as long ago as mid-1958, but kept up some form of token contribution until February this year, when even these ceased. It is clear from the airline's cash resources that there is little chance of payments being resumed and Vickers (which has a mortgage not only on Capital's Viscounts but also on the whole of its flying equipment, including some DC-3s, DC-4s and old Constellations) has taken the first steps to get possession of this fleet. In the normal course, Vickers would then sell these aircraft for what they would fetch and return to the airline any balance above the £12 million owing jointly to itself and Rolls-Royce, which supplied the Viscount engines.

But there is not the least chance of this. Capital Airlines is the fifth largest domestic carrier in the United States, running a number of key trunk routes between Chicago, New York and Florida. It is improbable, to say the least, that these services would be allowed to come to an abrupt end while the airline's fleet was sold up. It would not even be necessary for the American licensing authority, the Civil Aeronautics Board, to intervene openly and stop the sale. The most likely course is that someone, probably a shareholder, will have Capital made bankrupt and get the bankruptcy court to appoint a trustee with instructions to put its business in order again. Vickers will not get its aeroplanes and it will not get its money either until the trustee can find some profits out of which to start payments again.

All that Vickers will have achieved is the removal of the airline's present management and its replacement by nominees of the bankruptcy court who—it must be hoped—will be able to get Capital into a better shape. The airline's troubles were brought to a head by its inability to raise money to finance a new series of aircraft purchases, in this case Lockheed Electras and small Convair 880 jets, to modernise its fleet further. The whole sorry story reveals the biggest difficulty in the buying and selling of civil aircraft—that most airlines need credit to buy new aircraft; if they cannot get this from their governments, the security they can offer, such as a chattel mortgage on machines bought, when put to the test is not worth the paper that it is written on.

Airlines need credit because the average rate of earnings in civil air transport is too low for them either to accumulate reserves or to attract the private investor. They get credit because aircraft manufacturers must sell to live. It is a poor airline that cannot find some manufacturer, somewhere, prepared to supply aircraft on terms that the airline can afford to offer. There are few big airlines that prefer to make their own arrangements for raising money. In the United States it has become notably easier for airlines to borrow money both from banks and insurance companies in the last year or so. Pan American, in particular, was able to finance its huge jet fleets by a revolving credit secured on very cheap terms. But the institutions do expect an airline to show a reasonable rate of earnings before they will lend; if it cannot do this, they will not deal, as Capital has recently found.

OUTSIDE the United States, institutional lenders take a much colder view of airline prospects. This drives the airline to ask the manufacturer for credit; and since this can be paid back only by earnings on the new aircraft, it has usually to be stretched out over the working life of the aircraft. Since a modern airliner may cost between £1 and £3 million, the manufacturers in their turn have had to go to the Export-Import Bank in the United States and the Export Credit Guarantees Department in this country. Rumours of a credit race between these two national institutions rarely seem to have much foundation; they work more closely together than manufacturers like to believe. The Ex-Im Bank has made loans to 24 different airlines to cover the purchase of American aircraft; under normal conditions it lends up to 60 per cent of the purchase price over a period of five years, expecting (but not insisting) that the customer will have paid 20 per cent at the time the aircraft is delivered, and that the manufacturer will lend the remaining 20 per cent himself. But when Air France wanted to buy Boeing jets, and asked the Ex-Im Bank for a loan, it was pointed out to the bank that an aircraft as big and expensive (£3 million) as this could not be written down over five years. The bank allowed itself to be persuaded that in the case of the Boeing and the equivalent Douglas DC-8 jet, credit terms could be extended to seven years. But it sets a term of five years for other aircraft, including the Lockheed turbo-prop Electra.

In Britain, ECGD has also become heavily committed in the aircraft business—and is currently anxious about what is

going to happen over Capital Airlines. It guarantees up to 90 per cent of the price outstanding at the time of delivery, which in practice means something between 60 and 80 per cent of the purchase price. Its terms, like those of the Ex-Im Bank, are for five years except in the case of big aircraft—that is, any British-built equivalents of aircraft that would get seven years' credit in the United States. Presumably ECGD would have its own curious rule-of-thumb system for deciding what aircraft meet this ambiguous definition: there are in fact no British-built equivalents for either of the big American jets. But buyers of Comets, Vickers VC-10s, de Havilland 121s and Britannias—though not Vanguards—may well find that they can get seven years' credit out of ECGD.

This credit can be costly, adding anything from 7 to 12 per cent to the purchase price of the aircraft. The ECGD charges, which include an insurance premium, sometimes work out more expensively than those offered by the Ex-Im Bank, but until recently ECGD would guarantee a bigger proportion of the price; so the cost worked out much the same in either country. Recently, however, the Ex-Im Bank has begun to lend a larger proportion of the purchase price. Small institutions, such as Air Finance, are more expensive still since they will not lend without an ECGD guarantee either.

There has never been an open refusal by ECGD to guarantee any aircraft sale; but the department has been able to insist on conditions that have put deals of this kind out of court. This has led several airlines to see whether barter deals might not provide a convenient alternative to credit. Such deals are considered perfectly respectable by ECGD, and it would be prepared to take part in them but negotiations have invariably broken down over the question of prices for the goods bartered. Cork, cotton and machine tools have all been discussed at one time or another; the difficulty is that brokers usually want a large discount which neither the airline, nor the aircraft manufacturer, nor the supplier of the goods will accept.

Recently, a new difficulty has appeared. Both the American and the British credit institutions assume that the airline will have paid a certain deposit by the time the aircraft are ready for delivery—anything from 20 per cent downwards, or as one maker puts it "anything we can get." And airlines have always relied in the past on raising the cash for this deposit through the sale of their old aircraft. Since the debut of the jets, the bottom has fallen out of the secondhand market, especially for the old propeller-driven aircraft that the jets replace. Prices for the most efficient piston-engined machines, such as the DC-4 and DC-6 series, remain fairly firm considering their age, but the bigger, and noticeably less efficient piston-engined airliners may be lucky to sell for scrap.

A few aircraft brokers are taking advantage of exceptionally low secondhand prices to buy and re-condition these aircraft for charter. What troubles the airlines, however, is that the lack of a developed secondhand aircraft market such as exists in the motor industry makes it impossible to guess what their fleets will realise until the time comes to sell them. This makes negotiations to buy new aircraft extraordinarily difficult. It has led to pressure on aircraft manufacturers to take these old fleets in part-exchange for new aircraft. The first manufacturer to offer trade-in terms was Lockheed, at a time when the company was concerned about the slow sales of its Electra. But the practice is no longer confined to weak sellers. United Airlines in America is reputed to have insisted on trade-in terms for 20 assorted Douglas aircraft before placing an order through Douglas for 20 French-built Caravelles. In this country, Vickers-Armstrongs is certainly prepared to accept old Viscounts from customers for new Vickers aircraft; this may be one way of solving its present troubles with Capital.

EVEN when an airline has been turned down as uncreditworthy by all the usual sources of finance, it is still possible for it to acquire new aircraft—though these may not necessarily be the aircraft of its first choice, since only the weak sellers of the industry may be prepared to co-operate. Some airlines may be short of cash, but have other saleable commodities at their disposal such, for example, as traffic rights. Middle East Airlines has recently completed a deal with the British Overseas Airways Corporation which, when stripped of its diplomatic wrappings, means quite simply that BOAC has agreed to supply Middle East Airlines with Comets in return for certain valuable traffic rights which MEA possesses by virtue of being based at one of the world's main air junctions. Other small airlines can sometimes find a manufacturer who is willing to finance the sale of a limited number of machines out of his own funds in order to keep a production line going. Certain Comet sales have been financed in this way entirely by de Havilland without the help of credit institutions. But the difficulty in all such cases is that even where the maker has a mortgage on the aircraft, this mortgage has little practical meaning since the chance of reclaiming the aircraft is slight. Because of this the leasing of aircraft is becoming increasingly popular, not only as a means of supplying machines to small airlines, but as a means of achieving major sales without recourse to borrowing.

Most airlines, if they are efficiently run, earn enough to pay substantial monthly rentals on their fleets, even if their earnings would never allow them to accumulate enough cash to buy these outright. The possibilities of leasing aircraft to them rather than making a direct sale first became apparent when American Airlines decided two years ago to lease the engines for its new fleet from Pratt and Whitney, the manufacturers, instead of buying them. In this way the airline by-passed the banks (which in turn became so alarmed at the prospect of losing business that when Pan American and other American airlines wanted to borrow to pay for their jets, they got much better terms than they had expected). Several small American airlines have since leased aircraft, sometimes at two or three removes from the factory. Northeast, as one example, has recently leased aircraft from Trans-World Airlines which leases them in turn from the Hughes Tool Company, which bought them from the makers. Eagle Aircraft in this country is operating Britannias leased from a Cuban airline that bought them from Bristol.

The present investment allowances make the leasing of aircraft particularly attractive to British manufacturers, and considerably more profitable than trying to sell aircraft on credit. It appears to give the manufacturer better legal protection than the now worthless chattel mortgage and it is less frightening to a small expanding airline than the heavy burden of debt incurred in buying a new, modern aircraft. As aircraft become more expensive, and move further out of the reach of even medium-sized operators, this type of agreement is likely to become common throughout the business.

Not Enough Rubber

There are two things wrong with natural rubber, an American tyre manufacturer said recently: its price is unstable, and there is not enough of it. Neither fault can be remedied soon

AT a time when commodity prices are not exactly booming, many rubber growers are quietly tapping a fortune from their trees. The threat of a burdensome surplus of natural rubber vanished long ago; nowadays consumers cannot get enough at a price they would consider competitive with the synthetic product. So far this year the price of top grade sheet rubber in London averages the princely sum of 33½d. a lb cif, showing a premium of about 1s. a lb over synthetic rubber. That average is 4d. a lb higher than the 1959 average of 29½d. a lb which was in turn 6d. a lb above the 1958 average. At anything like recent prices a moderately efficient estate in Malaya can make a decent living, and estates with a large proportion of mature high-yielding trees are on velvet.

Net profits of Linggi Plantations, one of the stars of the Guthrie group, soared from £161,000 to £304,000 in the year to October 31st, reflecting better returns not only from rubber but also from its big stake in Oil Palms of Malaya as well, and the tax-free dividend has been raised from 16⅔ to 25 per cent. When London Asiatic recently offered to buy Lanadron Rubber it revealed that its profits in the calendar year 1959, before tax but after providing £170,000 for replanting (as in 1958), were about £750,000, twice as high as in 1958. Lanadron's profits before tax, after providing £51,800 for replanting (against £67,600 before), were estimated at £240,000, 2½ times the 1958 profit.

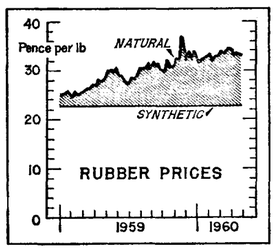
While rubber has gradually been losing its old "boom and bust" reputation, the newly independent Federation of Malaya has been acquiring a reputation for political stability. Prematurely—perhaps: but when management and investors now look around South-east Asia they feel that Malaya promises to be a better risk than the rest. These twin changes have brought a spate of bids and amalgamations, of which London Asiatic's bid for Lanadron is one of several recent examples. As estates have merged themselves into stronger groups, spreading costs of administration, their shares have become at once more marketable and more attractive to investors. The upshot is that the rubber share market, traditionally fair game for the speculator, now has more solid support, and yields have fallen accordingly.

Lately the stream of bidders has been joined by some wealthy Chinese in Singapore, anxious for a safer haven for their capital in the Federation. Rubber Estates of Malaya recently sold three divisions covering 2,753 planted acres (nearly half of it under seedling rubber trees over thirty years old) to Chinese buyers for £341,250, equal to £124 per planted acre. Shareholders have already received a dividend of 17½ per cent, 10 per cent more than in the previous year, and are now awaiting some return of capital. This explains why the shares, now standing at 46s. 3d., over three times their level of a year ago, yield less than the shares of far more up-to-date estates.

FEW people expected natural rubber prices to remain so high. The squeeze on supplies in the autumn has largely worked itself out. Consumers are switching to synthetic rubber as fast as they can, and over 100,000 tons of natural rubber have been sold from government stocks—mainly American and British—in the past six months. Yet forward rubber prices are still only about 2½d. a lb below last November's peak. Stocks in Malaya are still small, and with production now seasonally low there are no signs of a sharp break in the market.

But barring such unpredictable events as a sudden upsurge in Russian buying, rubber prices seem bound to fall later on. Total consumption of rubber in the free world will probably rise by about 100,000 tons to a new peak of 3,320,000 tons this year, and the cheaper synthetic rubber may capture the whole of that increase, and possibly more. Consumption of natural rubber may be no higher than (if as high) last year's figure of 1,672,000 tons, and could for the first time take second place to synthetic. The difference between free world consumption and total "consumption" of natural rubber depends on how much the Communist countries buy, particularly Russia and China. These countries altogether are reckoned to have imported 442,000 tons last year, not very far short of the 555,000 tons used in the United States.

At the turn of the year Russian buyers ostentatiously withdrew from the market, saying that prices were too high, and that their government too was going to release rubber from its reserves. Yet recently Russia has bought 6,000 to 7,000 tons from the British Government's stock, which hardly suggests that it has a lot of rubber to spare. China, despite its quarrels with Indonesia and Singapore, continues to buy from both. At a guess, the Communist countries may import at least 400,000 tons this year. If this reckoning proves right, con-



RUBBER COMPANY PROFITS AND DIVIDENDS

	CROPS 000's lb 1958	CROPS 000's lb 1959	AVERAGE NET SALE PRICE per lb 1958 s. d.	AVERAGE NET SALE PRICE per lb 1959 s. d.	NET PROFIT 1958 £000	NET PROFIT 1959 £000	DIVIDENDS 1958 %	DIVIDENDS 1959 %	Price, Apr. 20, 1959	Price, Apr. 20, 1960	Yield per cent
Pataling Rbr. Estates 2/- Year to Oct. 31	12,140	14,518	1 11¼	2 3½	317·8	538·6	35a	55	6/–	9/3	11·6
Linggi Plantations 2/- Year to Oct. 31	9,996	10,430	2 1	2 6½	161·5	304·4	16⅔†	25†	5/5¼	7/8¼	10·4
Padang Senang 2/- Year to Sept. 30	1,771	1,778	1 6¼	1 9½	16·0	31·4	15	25	2/7½	4/7½	10·8
Malaya General 2/- Year to Aug. 31	4,249	4,671	1 7	2 0½	27·7	72·2	25	30b	2/4½c	4/7½	9·3d
Ceylon (Para) 2/- Year to Dec. 31	1,475	1,385	1 4½	2 0	14·9	31·4	12½	20	2/7½	4/–	9·7
Rbr. Ests. of Malaya £1 Year to Sept. 30	2,423	2,730	1 10½	2 1¾	18·0	42·0	7½	17½	14/3	46/3	7·6

† Tax free. (a) Includes 25 per cent paid for "no specified period." (b) Paid on capital increased by approximately £150,000. (c) Adjusted price. (d) On 21½ per cent.

sumption of natural rubber in the free world this year, plus the Communist countries' imports, would amount to about 2,070,000 tons, virtually the same as last year's output. A fall in prices would probably reduce smallholders' output to some extent, but this might be largely offset by increasing production from estates.

With world production and consumption of natural rubber apparently in broad balance, most of the rubber being sold by governments can in effect be used to rebuild commercial stocks. The American and British governments have sensibly decided to regulate their sales according to price, Britain turning off the tap when prices drop below 25¼d. a lb, and selling without restriction at 30½d. or more. About 90,000 tons have already been sold for delivery this year, and even if sales are restricted later the total could reach 150,000 tons.

Over the next five years, at least, the natural rubber industry ought to make good money. Leaving aside world slump or political crisis, total consumption of rubber in the free world should grow, to perhaps four million tons in 1965, about 750,000 tons more than in 1959. In that time, world output of natural rubber can hardly rise by more than 250,000 tons to say 2.3 million tons—and the Communist countries will presumably want some of that. Consumers will not be able to supplement their supplies from the British stockpile for very long ; by 1961 the whole stock of 100,000 tons will have been sold. But the American government is believed to hold about 1¼ million tons, and though it has decided to sell only 470,000 tons, it may revise its ideas.

Whatever the gap in the free world's needs may prove to be, it will have to be filled by synthetic rubber. In the United States, where synthetic rubber already accounts for two-thirds of total consumption, manufacturers are planning to rely on synthetic rubber for over 70 per cent of their requirements by 1965, and the share of synthetic in the rest of the free world's consumption will have to rise even more sharply from the 1959 average of nearly 30 per cent.

The cost of building plants to produce synthetic rubber and the difficulties of switching to more synthetic in the manufacture of rubber products will keep competition within bounds. The new polyisoprene rubber now going into commercial production is claimed to be identical to the natural product, and thus it could break the monopoly that natural rubber holds in the manufacture of heavy duty tyres. But by the time polyisoprene is widely available, its price may be no cheaper than natural rubber. Unhappily for consumers in the United States and Europe, it does not follow that the price of natural rubber will necessarily become more stable as their dependence on it declines. The Communist and other less advanced countries whose purchases are apt to fluctuate sharply will then become more influential in the market.

Progressive estates in Malaya are trying to serve their short and long term interests at the same time. By vigorous programmes of replanting they are reducing their costs—which are well below those of synthetic rubber manufacturers—increasing the supply and increasing their profits. They know that high prices work against their future interest by stimulating the production of synthetic rubber. But expanding output in Malaya and in smaller producing countries can do little to relieve the shortage as long as output in Indonesia, still the biggest producer, marks time. Only an international marketing scheme could ration supplies to consumers at a stable price fully competitive with synthetic rubber, and no one could be wildly enthusiastic about that.

BUSINESS NOTES

IN THE MARKETS

Still Waiting

EQUITY prices continue their downward drift. On the eve of the holiday they marked up their first gains since the budget, but this week have fallen again, in narrow markets. Gilt-edged, meanwhile, continue to attract modest demand, especially for maturities at the shorter end of the medium range. Low coupon issues, such as Savings 2½ per cent 1964-67 have been especially popular. Yields on short-medium dated stocks had been humped up by the banks' sales; now the widespread expectation of special deposits has made further sales seem less likely. While no one knows just what effects special deposits are likely to have, almost everyone is agreed that they are likely to be used in such a way as to stop the banks selling gilt-edged. This is the logic that underlies the strange phenomenon of a firm gilt-edged market under the shadow of the Chancellor's threat of renewed credit restrictions. On Thursday the authorities felt able to bring forward a £10 million issue for Essex County Council; the terms —5½ per cent coupon at 98½ yielding £5 13s. 3d. to the final redemption date in 1977—were exactly in line with the market.

Gilt-edged are also benefiting from the stultifying effect of uncertainty on equities. The market has been uncertain so long now that official action when it comes may have to be really tough if it is to outweigh in its psychological impact the lifting of uncertainty. By no means everybody is convinced that a call of, say, 2 per cent to special deposits would come into that category of toughness. By now the markets have discounted quite a lot. It is by no means inconceivable that a gentle call of special deposits alone, which everyone expects would affect only bank advances and leave all the familiar credit loopholes open, would be followed by a recovery in both gilt-edged and equities. If the market resumed its buoyancy, the dampening effect of the official action would be lost, and the authorities might feel impelled to reach for weightier bludgeons such as controls on hire purchase. Such might be the Alice in Wonderland limit to which policy could be driven if the further use of interest rates and stock market correctives were abandoned.

Naturally bank shares and finance houses have lost their lustre ; but as the table on page 353 shows, while investors who bought at the end of 1959 have suffered substantial losses those who bought two years ago still have a book profit of near 100 per cent. On Tuesday this week sharp rises in Philips Lamp and Unilever NV took place in response to foreign buying, but these were largely lost on the following day. South African gold shares have been subdued.

Wall Street Jitters

A correspondent cables from Wall Street :

STOCK prices broke sharply at mid-week to interrupt the mild and intermittent raily which by Monday had carried Dow Jones average of industrials from below 600 in early March to 631 ; at Wednesday's close the index had dropped back to 619. Investors have for the most part been cold shouldering "cyclical" and blue-chip issues in favour of a fairly small group of stocks believed to be good for a rise irrespective of which way the market turns. This concentration of buying has brought sharp price advances to these issues. Nothing has developed within the economy to add substance to the bearish sentiments that abound—indeed better news on the pace of new car sales and encouraging reports from the department stores sparked a brief flurry of optimism last week. But while investors are maintaining a wait-and-see attitude towards business, many company reports for the first quarter of this year are underlining the fact that although sales were better than a year ago profits were slimmer.

To prevent a recurrence of the kind of unbridled and uninformed speculation that plagued the government bond market in 1958, the Treasury has asked the banks to see that purchasers of long term government issues put up a five per cent cash margin in addition to full collateral ; dealers and those buying short term issues can continue to make their purchases without this margin requirement. While purchasers of stocks are currently required to pay cash to the tune of 90 per cent no similar restriction has previously been in force for the purchase of bonds. Prices moved down somewhat on the announcement, but most dealers in "governments" thought the move would not have much impact. Meanwhile the market seems to be uncertain about both the economic outlook and the proper level of interest rates. The poor reception given to the Treasury's new 4¼ per cent bond has left little doubt that the slide in rates since the beginning of the year had gone too far—largely on the erroneous anticipation of easy money ahead. Interest rates have turned upward again, though the three months' Treasury bill rate has come back a little, to 3.3 per cent, after last week's leap to 3.6 per cent.

BLUE STREAK

Twixt Heaven and Hell

THE Blue Streak rocket, 70 ft. of eggshell thin metal wrapped around electronic intestines of indescribable complexity, hangs at this moment in a limbo between order and cancellation. Work on it as a military project has stopped; estimates are now being prepared to discover which would be the least wasteful course, outright cancellation of the rocket, or its adaptation to a different role.

The bill for Blue Streak is made up as follows: up to the present time, £65 million has been spent on developing the rocket, part-building several test missiles, establishing a £20 million rocket engine test site at the ironically named Spadeadam Waste in Cumberland and preparing Britain's share in the test range at Woomera and its associated tracking stations. To prove the rocket, and carry out the preliminary test firings planned for the turn of 1960-61, would have required another £45 million. From this point on, expenditure would have begun to mount astronomically. Another £500 million would probably have been needed to burrow out the underground launching sites, with all their associated services and fuel storage, to carry out live firing trials with warheads, and finally, when scientists handed over to the military, to train RAF crews with live rockets. Probably the biggest item of all would have been, not the development of the missile, but the construction of its launching sites. This cost must have done much to tip the balance against Blue Streak.

If all work stops now, the Government may have to pay up to £40 million to the contractors, de Havilland, Rolls-Royce, Sperry and their associates, in compensation for cancelled orders, bringing the total bill to more than £100 million. This might mean the same sum in money, though not the same expenditure of resources, as would be required to carry on the programme of work planned for the current financial year, which includes the completion of the first test rockets and their firing at Woomera.

The word "waste" is perhaps bandied about here a bit too loosely. Defence, during peacetime and an era of rapidly advancing competitive technology, must consist of a constant series of such apparent wastes—which are cheaper than getting unprepared into a war, and even possibly cheaper (German and Japanese papers please correct) than losing one.

Into Orbit?

THESE figures suggest an alternative to outright cancellation, and the writing off of £100 million to misdirected enthusiasm. This would be the continued development of Blue Streak not as a weapon, but in the much easier role of space rocket. Since a space rocket only goes up, not down, it escapes the perils of re-entering the atmosphere and saves the heavy development cost of trying to bring a nose cone down to earth more or less undamaged. The preliminary firing trials planned for the turn of the year plus a change in the guidance system might in fact be all that remains to complete the development of Blue Streak in this role. The rocket would then need the addition of two extra stages made up of the Black Knight rocket already used for preliminary trials, to give a composite space rocket capable of placing a half-ton satellite into orbit. The bill for doing this is tentatively estimated as the £65 million already spent on Blue Streak, plus a further £45 million needed to finish current work and carry out firing trials, plus about £25 million (scientists say £10 to £15 million but government departments have learnt from experience to double such figures) to complete the modification of Black Knight and put a satellite into orbit. In very round figures, this might mean the expenditure of £135 million for a space programme based on Blue Streak, as against a total bill of £100 million or so if all work is halted now—representing £65 million worth of work done, and up to £40 million in compensation that the contractors may find more commercial ways to invest. The Government has in fact asked for a detailed estimate from the contractors of how much a space programme of this kind, unbacked by military rocket building, might cost.

Is space exploration worth this expenditure—roughly double what has been spent already ? Many scientists would argue it is not, though history and political expediency could be against them. Space exploration by Britain might yield two forms of dividend. One is an increase in pure knowledge which is something no scientist can afford to despise. The other could be an increase in practical knowledge, using satellites for weather forecasting, for communications links and for military reconnaissance. Scientists would agree that it is necessary for Britain to know about such things, without accepting it as necessary for this country to build its own rockets to put satellites into orbit. But if the Ministry of Defence wishes to save its face, and avoid the accusation of having poured £100 million down the drain on Blue Streak with nothing but scrap metal to show at the end, it may twist the Treasury's tail into agreeing to a "modest" £135 million space programme in place of a £600 million Blue Streak missile programme. In such an event, compensation payments to contractors might not exceed £4 instead of £40 million. But much depends on the estimates they send in of the cost of a space—without a missile—programme.

INDUSTRIAL DIVIDENDS

Thursday's Three

ON Thursday three important dividend announcements were made by leading companies in this country. The most depressing of them came from **Babcock and Wilcox**, the boilermakers. The news from this company was even worse than expected although at the time the directors cut the interim ordinary dividend from 6 to 4½ per cent they said that profits were falling. The directors have now reduced the final dividend from 7 to 4½ per cent, cutting the total payment from 13 to 9 per cent. After all charges except tax, the consolidated trading profit slumped last year from £3,277,626 to £523,154. This must largely represent the

cost of designing, developing and manufacturing nuclear and large boiler plant; the effort and cost of doing so, the directors have already implicitly admitted, was greater than they had anticipated and it has affected and delayed production. On Thursday the £1 shares fell by 4s. 3d. to 36s. 10½d.

Following the dividend increases announced by "Shell" Transport and British Petroleum, **Burmah Oil** has raised its tax free dividend from the equivalent of 1s. 4½d. (or 6⅝ per cent) to 1s. 9d. (or 8¾ per cent). This was well up to market expectations. Trading profits for 1959 were only slightly higher at £6.9 million and the charge for depreciation rose sharply from £1.2 million to £2 million. This was more than offset, however, by a bigger investment income of £12.7 million (against £10.9 million), so that total profits before tax were £1.1 million higher at £17.6 million. The increase in income reflects Burmah's bigger holding in Shell and the higher BP dividend in 1958. The increased dividends recently announced by these companies will be taken into account by Burmah Oil this year. At 46s. 9d. the £1 shares, which fell by 1s. on this news, yield 6.1 per cent on the increased dividend.

As expected, **Vickers** has left its ordinary dividend unchanged at 10 per cent. Its results last year did not make a brave showing. Sales came down from £176,850,000 to £155,542,000 and gross profits, after a slightly higher charge for depreciation, fell from £15,150,634 to £14,050,798. The latter figure, however, includes an exceptional credit of £1,200,000 arising from contracts relating to earlier years. Against these profits £5 million, twice as much as in 1958, has been charged to aircraft development expenditure and though the tax provision has come down by nearly £2 million the net profit of the group has fallen from £6,592,257 to £4,933,865. There was a recovery in profits and in margins in the second half of last year but Vickers' orders on hand are still falling. At the end of 1958, they amounted to £312 million, in the middle of last year to £295 million and at the end of it to £288 million.

AEI, REYROLLE, PARSONS

Something Less than Kin

LAST year's agreement between the nuclear engineering consortium headed by Associated Electrical Industries and the Nuclear Power Plant Company, of which Parsons and Reyrolle are leading members, provided for co-operation all the way—joint research, design, tendering and construction of nuclear power stations, though contracts already under way are being completed by the separate consortiums. The discussions between Reyrolle and Parsons that have been going on since January equally envisaged a complete merger. The arrangement between the three companies that was announced last weekend amounts to a good deal less than either—but is apparently aimed at gaining some of the advantages of both.

The Reyrolle-Parsons merger is off; according to Mr H. H. Mullens, chairman of Reyrolle, financial complications attaching to Reyrolle's existing holding of 40 per cent of the Parsons equity made it impossible to reach an agreed formula. On the other hand, the two companies intend to become even more closely, if informally, associated, and Mr Mullens is to seal the friendship by becoming chairman of Parsons also. But half of Reyrolle's holding in Parsons is to be acquired by AEI on a share exchange basis—1,800,000 shares in Parsons for 1,525,000 ordinary shares, valued at just under £4 million, in AEI; Reyrolle thus receives (and intends to retain) a 3½ per cent interest in the AEI equity for 20 per cent in Parsons. And this financial link is to be complemented by a joint programme of research and the exchange of technical information and experience in the field of generating plant and associated equipment. But co-operation in research in this case is not to extend to design or tendering; the three companies, Lord Chandos has said, will continue to trade in competition. This straight exchange of shares will not need the approval of shareholders, though for Reyrolle it represents quite a substantial shift in its holdings; but the new AEI shares to be issued to Reyrolle will nearly exhaust the group's unissued capital, and shareholders will be asked to approve an increase of £3 million in its authorised capital.

Research in the heavy electrical industry needs to be on a large scale and is extremely costly: AEI alone is currently spending about £7½ million a year on it, and any chance to economise by cutting out duplicated studies will be welcome in view of the somewhat squeezed profit margins in this business. The companies agree, moreover, that there is a considerable area for background research in this field, particularly on turbine characteristics and behaviour, where joint study may offer results that can be of common value to different design teams, though each may make use of them in its own way. Some of the big electrical groups on the Continent, within the Common Market, are already working together in this and other ways.

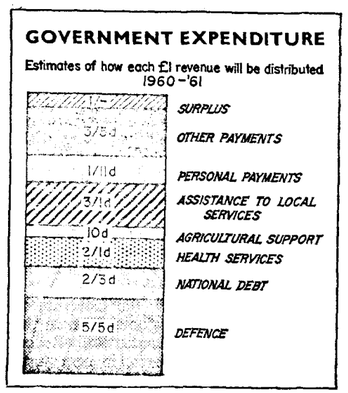
In the export market, where demand is still overwhelmingly for coal, oil or hydro-electric stations, Britain's recent concentration on the nuclear side of generation has to some extent left the running in operating conditions and performance of these "conventional" stations to be made abroad. At home, the concentration of heavy investment into ever fewer and bigger stations makes it increasingly questionable whether future demand can be neatly parcelled out to keep half a dozen turbine builders, let alone nine boilermakers fully employed. Inevitably it will be asked whether these latest arrangements between AEI, Reyrolle and Parsons may prove simply a transitional stage in the further concentration of the heavy electrical industry; be that as it may, managerial logic seems to emerge from them.

SAHARAN OIL

Nationalised Marketing

APPROVAL was finally announced this week by the French Government for the *Union Generale des Pétroles*, the nationalised company that is to transport, refine, and distribute Saharan oil in France—apart from such amounts of it as the Government obliges the other major oil companies to refine and distribute through their French subsidiaries. The new UGP will be owned by the *Regie Autonome des Pétroles*, the *SN Repal*, and other state-controlled companies concerned with oil in French Africa. It is to take a controlling interest in the transport, refining, and distributing assets Caltex owns in France; the proposal is that, theoretically at least, it shall compete commercially with the existing distributors of petroleum products without any discrimination in its favour.

The Government statement setting out the principles that UGP will be organised to serve recognises that "a sufficient share" of the French market must be left to the existing companies, which had equipped France with a modern refining and distribution system before oil was ever discovered in the French Sahara. But it adds that a reasonable share of France's supplies should be reserved "for each of the sectors of franc zone production" regardless of the pattern of traditional imports. Its acceptance of the fact that "franc zone petrol" must largely be consumed within that zone may suggest that France's hopes to gain Saharan oil a



preferential place not only in France but throughout the common market have at least abated (though significantly the question of tariffs on refined petroleum products was left out of the agreed "List G" schedules of the proposed external tariff). But the final emergence of UGP must give the oil business furiously to think. Is this the beginning of a French ENI—with the difference that unlike ENI it begins with the advantage of having actually found oil?

PETROL

A Price Cut

MAJOR oil companies distributing petroleum products in Britain last week announced cuts of a halfpenny a gallon in the price of super and premium grades of motor spirit, and of derv fuel (for diesel-engined road vehicles) and gas oil. This brings prices down to the lowest level for four years. Standard grades of petrol—though of late the market for these appears to have been much softer than the market for premium grades—have not been cut.

The companies explained the changes as being mainly the result of a further dip in tanker freights—the quarterly Average Freight Rate Assessment upon which the major companies reckon their own tanker accounting showed rates 7-9 per cent lower at the end of March than at the beginning of the year—and of some cuts in fob prices for products in sources of world exports such as the Caribbean. Britain imports little refined petrol (its imports being more significant in fuel oil, for which demand remains very strong and advertised prices at least are not being cut); but the level of product prices in the United States and the Caribbean retains much of its considerable effect upon the level of product prices in Europe. This is particularly true in European markets such as Britain, where no disorderly intruders have arrived to disturb the sedate "quality competition" of the majors. This price cut is also a reminder that the majors have no desire to encourage any.

RAILWAYS

What Kind of Inquiry?

IT is now quite clear that the Government changed its mind over the kind of outside review of the Transport Commission it wanted—or could expect in the time it set—between the Prime Minister's original statement last month and Mr Marples' announcement two weeks ago of the names of the persons who are to conduct it. This much was openly admitted by Mr John Hay, Parliamentary Secretary to the Ministry of Transport, just before the House of Commons rose for the Easter recess. But it still is not at all clear whether this change

How Special Deposits Would Work

WHATEVER the merits of the untried device of "special deposits," it is now widely believed that the authorities intend to use it quite soon—possibly after next week's publication of the April 20th bank statements. What would special deposits mean? The scheme was first made public at the time of the ending of the credit squeeze in July, 1958, when it was put forward by the Governor of the Bank of England in response to the Chancellor's invitation for a provisional alternative to the unpopular system of curbing advances through official "requests." But the special deposits scheme was not drawn up hastily; it was mentioned by the Bank to the Radcliffe committee in a memorandum in November, 1957.

The scheme was originally discussed with the clearing banks and the Scottish banks, though the Governor said that it might be "more widely applied" in the light of experience. Such wider application would be in line with the wishes of the Radcliffe committee, which stressed the "single market" for credit, but it would involve great administrative difficulties—and it might then no longer be possible to make the scheme technically a voluntary one, or even perhaps to operate it under the (never yet used) power of direction to "banks" given by the Bank of England Act, 1946.

The clearing banks and the Scottish banks would be treated as two separate groups; the call of special deposits would be the same for each bank within each group, but could differ between the two groups—and conceivably one group (Scotland in present circumstances?) could be exempted completely. Each bank would have to pay over, within a specified period, the stipulated percentage of its gross deposits at its last make-up date; and its special deposits would be adjusted in line with changes in its deposits at ensuing monthly make-ups. The special deposits would not rank as liquid assets of the banks, though the Bank of England might sanction a partial release for a short time to a bank under special pressure. The clearing banks would be expected to keep above the conventional (and now officially stamped) minimum of 30 per cent of deposits in liquid assets; special arrangements would have to be made for the Scottish banks, which do not work to any open liquidity convention. A general difficulty is that at present commercial bills rank as liquid assets, and the authorities might feel obliged to take steps to prevent a switch to such financing as an alternative to advances.

At a time when the average liquidity ratio was, say, at 33 per cent, a call of 2 per cent would reduce this to 31 per cent—and might bring individual banks below 30 per cent. These banks might then have to make immediate sales of bonds. At mid-March, which is normally the month when bank liquidity is at its tightest, the clearing banks showed an average ratio of 31.4 per cent, and one bank, the Midland, had a bare 30.1 per cent. But in general, the aim of the scheme would presumably be to discourage bank sales of gilt-edged, which have a damping effect in the market that the authorities for some reason regard as peculiarly undesirable. The only real argument for special deposits is that they could be used to coerce the banks to curb their advances, rather than induce them to do so by putting pressure on the gilt-edged market; for this reason, the device of special deposits suffers from the weakness that it exerts no general pressure on the market for credit as a whole.

A call of special deposits would reduce to the same extent the capacity of the banks to hold money market assets, but it does not follow that rates for Treasury bills and call money would rise accordingly. For the supply of Treasury bills to the market would presumably be reduced to the extent of the call, being replaced by an equivalent increase in Treasury bills held by the Bank of England. There would then be no net strain on the banks' cash. Bank earnings would not necessarily suffer from the exchange of call money and Treasury bills for special deposits, since these will earn interest at the current average tender rate on Treasury bills (adjusted weekly). Bank earnings would of course be hit by the check to advances—but possibly by less than would be the case if that check were imposed through tough action in the gilt-edged market.

BANK SHARES AFTER THE BOOM

	Eve of credit relaxation June 30, 1958 Price†	Market peak Dec. 30, 1959 Price	Bank rate 5 per cent Jan. 21 1960 Price	Thursday Apr. 21, 1960 Price	Yield per cent
Barclays	34/6	68/9	59/9*	53/9	3·7
Lloyds	30/9	71/9	66/-	58/10½	4·0
Midland	44/6	91/6	89/-*	87/4½	3·9
Nt. Provincial	42/-	94/-	91/9*	78/-	3·6
Westminster ('B' shares)	29/6	64/-	55/3*	53/3	4·0
Bank of Scotland	40/-	80/6	76/-	72/3*	4·1
Nat. Commercial, Scot.	...	54/3xr	52/-xr	49/-	3·1
Royal Bank of Scotland	40/9	96/-	97/6	82/6	4·1

* Ex dividend. † Adjusted for "rights" and scrip issues.

of mind involved anything more than the question of the membership. According to Mr Hay, the original intention was for a planning board, with a rather wider (and weightier ?) membership including representatives of the commission, to "carry out the planning of the future of the railways." Instead, the present advisory group of four industrialists will have the seemingly narrower task of working out how the general principles of reorganisation laid down by the Government can in practice be applied.

Presumably, these general principles still include, apart from the more technical question of how the Transport Commission ought best to be organised, other issues mentioned by Mr Macmillan. There was little mention in the Minister's or Mr Hay's speeches of the questions whether the railways should be relieved of their remaining public obligations and what should be done about unremunerative rail services and the commission's capital structure. Moreover, Mr Marples had revealed earlier on in the same debate that the advisory group's terms of reference might be broadened if it found them "inhibiting": he also announced that its report would not be published. Labour members had little difficulty in making a big point of the one crucial weakness in the idea of making parts of the railway system self-accounting: a revived clearing house system with a large staff would be needed to allocate charges and revenue and, even then, much of the allocation would have to be informed guesswork. The one piece of hard new information was given by Mr Hay. The commission has now borrowed from the Government £276 million to meet its deficits and £326 million for modernisation; this suggests that £85 million was advanced during 1959 for deficit financing and £113 million for capital investment.

AIR NAVIGATION

Defeat for Decca

FEW people can have been surprised when the International Civil Aviation Organisation—a body that rarely finds itself in the news—voted before Easter against the use of the elaborate Decca navigation aid and for the adoption of the much simpler VOR radio beacon as the standard international short-range navigation aid for the next fifteen years. The majority was two to one and followed a similar recommendation by ICAO's technical committee, which had gone into the matter some months earlier.

The decision cannot really be described as biased. The arguments for and against British Decca and American VOR have become so overlain by political issues that the main object of a standard radio aid gets pushed into the background. The real need is for a simple apparatus that best combines the airlines' need for efficient navigation with the countries' need for cheap installation, and in most parts of the world VOR is the best compromise. To some countries, notably Britain, VOR may look obsolete, but there are not enough of even these simple, primitive radio beacons on many air routes, even in so crowded a zone as Europe. And most pilots will agree that VOR, combined with some system for measuring distance of the aircraft from the beacon, is as good a method of navigation as they need most of the time.

Where such equipment becomes inadequate is in intensely crowded regions of air traffic, such as those found over Southern England, Western Europe and some parts of the North Atlantic. The Decca system, much more elaborate and much more expensive than VOR, is a considerable improvement in these crowded zones, allowing aircraft to fly closer together and cutting down traffic delays. There are some grounds for the British complaint that American tests of the Decca equipment under these conditions were not fairly carried out; but it is impossible to assert that in its present form Decca is the perfect answer to all navigation difficulties.

AIR AGREEMENTS

Pact with France

THE harsh realities of the aircraft market, military and civil, have forced the British and the French aircraft industries to drop their prickly mutual hostility and contemplate a degree of co-operation that would have been inconceivable a year ago. The Minister of Aviation seems to have had a much more cordial reception during his recent tour of France than he expected and to have come home feeling that there was a good chance of working together on some of the more expensive projects such as supersonic airliners, vertical take-off aircraft, automatic landing aids and ventures into space.

It is significant, however, that in none of the projects mentioned are the British and French industries directly in competition; as experience with the Caravelle has shown, Continental competition can cut heavily into potential British exports. There are already plans in hand in Europe's aircraft factories for a successor to the Caravelle to compete with the de Havilland 121 in the mid-1960s. The inspiration for this comes at the moment from Fiat, the only aircraft manufacturer on the Continent which is backed by really substantial resources. Fiat which is at present building tail sections of the Caravelle is trying to work out a common project with the nationalised French company, Sud Aviation, and with the reviving German manufacturers, which would take the form of a medium-range jet with extremely short take-off. This kind of performance would depend on fitting the aircraft with two main engines and two auxiliary "short-life" engines used only during take-off, both types to be supplied by Rolls-Royce. If the proposal seems unconventional, it is as well to remember that the Caravelle too once looked odd to British eyes.

STEEL

Integrated Expansion

TOGETHER with the £10 million programme of converting Steel Peech and Tozer's Templeborough works to electric steelmaking that was announced in December, the plans to increase Appleby-Frodingham's iron, steel, and rolling mill capacity and Samuel Fox's steel capacity announced this week—to cost another £32½ million—largely unfold United Steel's present intentions of reconstructing and expanding its massive steel business. The salient points of the new projects are:

At **Appleby-Frodingham,** to increase ore preparation capacity and blast furnace auxiliary plant to supply the sinter to raise production of pig iron at the four blast furnaces from 1,560,000 tons to 1,950,000 tons a year by the end of 1964; and to convert five more of the plant's open-hearth furnaces—making eight in all—to the company's own Ajax process, which uses large volumes of oxygen to smelt a charge consisting almost entirely of hot metal into steel with up to 60 per cent more output than openhearth furnaces provide; and to convert one further furnace into a hot metal mixer to feed the Ajaxes. The extra steel produced—say 400,000 tons a year—will be rolled down into 300,000 tons of finished steel products —mainly as the products of a new rod and bar mill.

In United Steel's **Ore mining branch,** extraction of home ore will be raised from 6,190,000 tons to 7,700,000 tons a year; and from its **Coke and Chemicals company** United Steel will increase capacity to deliver 320,000 tons more coke a year to Appleby-Frodingham's sinter plants.

At **Samuel Fox** in Sheffield, redevelopment of existing steel furnaces and rolling capacity will raise output from 400,000 tons to 500,000 tons of its alloy and stainless steel a year.

The integration of this advance on several fronts will include the transformation of Appleby-Frodingham from an ordinary open-hearth works, consuming large tonnages of scrap, to a hot metal works using very little; its own process scrap will now "circulate" to the electric furnaces to be installed at Steel Peech and Tozer, as perhaps the cheapest modern process for a cold metal shop. Extra coke oven gas supplies made available at United Steel's Brookhouse and Orgreave plants will be piped through existing pipelines to Steel Peech and Tozer and Samuel Fox. The whole reorganisation plan is scheduled to be completed by late 1964; while United Steel will be able to finance part of this £42½ million from retained profits, it says bluntly that in due course it will be coming to the market for additional finance.

The Harvest of Profits

THE majority of the 413 companies whose accounts appeared in the first quarter of this year closed their books at September 30th or December 31st. Their trading profits rose by £45¾ million to £587½ million, an increase of 8½ per cent compared with 3¾ per cent in the previous quarter and 4¼ per cent in the quarter before that. As the calendar year wore on and the effects of the 1958 recession wore off, the recovery in industrial earnings gathered way. The major influences in the past quarter's figures were the profits of the iron and steel companies (up by 4½ per cent), tobacco (down by 5 per cent, reflecting the experience of Imperial Tobacco), motors, cycles and aircraft (up by 18¾ per cent, largely reflecting the results of Ford Motor), shops and stores (up by 11¾ per cent, reflecting the better trading of the department stores) and shipping (down by 21½ per cent, almost entirely as a reflection of the experience of P and O).

Following the 9d. reduction in the standard rate of income tax a year ago, many companies made big tax write-backs last year, so that non-recurring credits rose by £10 million to £22¾ million. Including these credits, total income rose by about £57 million. The fall of £6 million in tax provisions, following the introduction in 1958 of a flat rate profits tax as well as last year's income tax reduction, helped partly to offset the increase of £13 million in depreciation, so that net equity earnings went up by £46¾ million to £241½ million. After deducting non-recurring credits, this represented a return of 9.8 per cent on net capital employed attributable to the ordinary shares and compares with a return of 8.5 per cent in the previous year. This improvement is partly, but not wholly, due to lower taxes. Net ordinary dividends rose by £27 million to £96 million, of which some part represents the payment of profits tax interims and the reduction in income tax, but the major part must stem from more generous dividend policies. For all the companies, greater generosity finds its mark in a slight reduction in the earnings cover for ordinary dividends from 2.5 to 2.3 times.

ADVANCES in profits have been well spread throughout the industrial groups and are accompanied by an improvement in the rate of return on capital employed. Apart from shipping and tobacco, the only group to report a fall in profits is cotton (down by 16¾ per cent), but this reflects a past from which the dismantling scheme was born and not the industry's current prosperity. These industries show a fall in the return on capital employed: tobacco, slightly down from 11.1 to 11.0 per cent; shipping, sharply down from 3.7 to 1.2 per cent, for many of the ships earning low freight rates were built in the 1950s at a very high cost; and cotton, down from 5.2 to 4.7 per cent. The cover on the ordinary dividends paid by these groups also fell: in tobacco from 2.7 to 2.2 times; in cotton from 1.7 to 1.4 times; and in shipping the fall was so great, from 1.7 times, that dividends were not covered by earnings.

The biggest increase in profits has been reported by the wool companies, where profits have risen by as much as 83 per cent and the return on capital has shot up from 3.9 to 9.3 per cent; this was accompanied by an improvement in dividend cover from 1.4 to 1.8 times. The other important groups that achieved a better than average increase in profits are shown in the accompanying table:—

Industrial group	Profit increase	Capital return previous year	Capital return latest year
	%	%	%
Rubber	57	6·2	10·8
Misc. manufacturing	33	8·2	11·8
Other textiles	24	2·3	3·8
Chemicals	23	7·9	11·2
Motors, etc.	18¾	11·4	14·5
Building	18	8·1	10·3
Clothing	16	6·4	9·1
Engineering	15½	8·8	9·4
Shops and stores	11¾	17·3	17·4
Breweries	11¼	7·6	8·7

In practically all of these groups the changes in the earnings cover, either up or down, were slight. The exception was motors, where the earnings cover came down from 4.7 to 3.2 times, reflecting the more liberal Ford dividend; but this cover is among the highest in all the industrial groups, equalling that shown by the food companies and falling not far short of the cover of 3.6 times shown by the iron and steel companies.

The most heartening aspect of these statistics for investors looking at a stock market overshadowed by fears of credit restrictions is that capital resources throughout most of British industry are now earning a higher return. Another rise in profits appears likely this year and the returns on capital should go up as well. Companies that found it possible to raise their 1959 dividends should not therefore be reluctant to raise them again in 1960. But that in itself is not enough to set equity prices galloping ahead again, for many are still carrying the handicap of low yields.

PROFITS, PROVISIONS AND DEPRECIATION (£'000)

	Reports Published January to March, 1960 — 413 Companies		Reports Published April, 1959 to March, 1960 — 2,307 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profit	541,265	587,470	2,275,323	2,355,073
Income from investments	23,545	24,271	119,304	129,487
Other current income	292	355	3,071	2,381
Non-recurring credits	12,497	22,875	55,860	75,450
Total Income	577,599	634,971	2,453,558	2,562,391
Depreciation	106,041	119,179	446,631	497,528
Income tax	174,183	170,703	750,201	716,414
Profits tax	37,889	35,962	168,123	147,126
Directors' emoluments	11,896	12,589	60,645	62,806
Administrative charges	4,980	4,668	19,532	19,170
Contingencies, provisions, etc.	5,948	8,855	52,220	53,949
Pensions	11,215	8,105	36,561	33,845
Minority interests	6,562	7,475	29,532	31,873
Loan interest	18,493	19,922	62,045	71,389
Preference dividends	5,572	6,072	32,520	33,807
Profits retained by subsidiaries	33,017	44,358	166,917	177,164
Ordinary dividends	69,404	96,007	302,517	367,356
Reserves (parent company)	65,119	74,293	270,516	298,754
Brought in (parent company)	106,875	134,155	463,102	518,700
Carried forward (parent company)	134,155	160,938	518,700	569,910

ANALYSIS OF BALANCE SHEETS Published January–March 1960 (£'000)

Capital Liabilities and Reserves	413 Companies Previous Year	413 Companies Latest Year	Assets	413 Companies Previous Year	413 Companies Latest Year
Capital			**Fixed Assets:—**		
Debenture	388,829	401,585	Land, property and plant	2,343,093	2,604,882
Preference	174,851	178,640	Less depreciation	723,429	819,775
Ordinary	764,049	841,198			
	1,327,729	1,421,423		1,619,664	1,785,107
Reserves and Surplus:—					
Capital reserves	402,195	433,708			
Revenue res. and carry forward	857,959	951,077	**Trade investments**	69,187	78,038
Total Capital, Reserves and Surplus	2,587,883	2,806,208			
			Intangible Assets	39,883	46,307
Outside Interests in subsidiaries	97,720	103,434			
Current Liabilities and Provisions:—					
Bank overdrafts and loans	145,332	176,363	**Current Assets:—**		
Creditors	466,006	505,620	Stocks	1,114,718	1,138,137
Other current liabilities	292,392	319,789	Debtors	607,393	691,533
Future taxation	234,586	239,160	Gilt-edged securities	90,410	108,145
Other provisions	46,053	49,170	Other marketable investments	21,922	22,316
	1,184,369	1,290,102	Cash	306,795	330,161
	3,869,972	4,199,744		2,141,238	2,290,292
				3,869,972	4,199,744

CYCLES

One Final Merger

RALEIGH INDUSTRIES appears to have done rather well out of the price that Tube Investments is prepared to pay for the 50-55 per cent of the declining British bicycle business that Raleigh probably still commands. The TI offer—one-third of a TI ordinary share plus 27s. 3d. in cash for every Raleigh ordinary—represented at the time of the offer, with TI standing at 79s. 3d., a price of about 53s. 8d. Raleigh shares, on persistent rumours of such a bid and in spite of Sir Ivan Stedeford's specific denial four months ago, had been marked up to 50s. 3¾d. by last weekend, but that was their highest price since the cycle recession set in during 1955-56. It is not surprising that the offer has been recommended by the Raleigh board to its shareholders; on full acceptance, TI would have to issue 1,351,130 new ordinary shares and pay over £5½ million in cash. The total price offered for Raleigh comes up to nearly £10.9 million.

Acceptance would probably give TI more than 80 per cent of bicycle production in Britain—in a merger of a kind that would almost certainly not be allowed in America under the anti-trust laws. The two firms together account for perhaps 90 per cent of British cycle exports and 70 per cent of home sales; they are the only makers of mopeds (power-assisted bicycles). This merger follows earlier decisions to work together in Ireland and South Africa and could be regarded as the final stage in concentration of a shrinking industry, in which total production last year was 45 per cent lower than in 1951. TI formed its British Cycle Corporation out of Hercules and three other subsidiaries in 1956; Raleigh bought the name and goodwill of BSA bicycles in 1957. There remains a fringe of specialist makers mainly supplying the enthusiastic end of the cycle market; sales of the expensive models that these make have indeed stood up better to recession in the cycle business than those of most of the cycles that TI or Raleigh make. Last year did see an encouraging turn in home sales from the very depressed levels of 1958, though cycle exports continued to decline; but it would take an optimist to forecast any expansive future for the industry. Sales of mopeds rose sharply (rescuing Raleigh's profits), and output reached 10,000 a month during last summer; but neither company expects this initial rate of increase to be sustained. Both Raleigh and the TI cycle factories are at present working well below capacity; the merger should allow some further rationalisation into fewer works, perhaps some savings in distribution costs, and some possible advantages from integration. It has also been interpreted in some quarters as a further outlet for TI's steel tubes; in fact, Raleigh seems already to have been buying its tubes from TI.

This dual role in the British cycle market is perhaps the underlying explanation of the TI bid. To the extent that the price offered Raleigh is generous, it cannot be considered much of a bargain for TI shareholders. But dominance of a shrinking market by a big competitor (also losing sales) who naturally bears the brunt of the decline would hold no attractions for TI either—as the second largest producer, and more particularly as the biggest supplier of materials to the whole business. The share of the market it now aspires to, and the relative insulation from competition of the few remaining specialist makers, means that any further decline in sales must be overwhelmingly at the merged group's expense; but equally TI may hope that in full control of the popular market it can better withstand or check that secular decline. This stakes a good deal on the ability of its management to take over yet further responsibilities—and it has to be remembered that, with its links with Reynolds Metals in British Aluminium, TI has now become a very big business indeed. The group will have to service as well as to manage a much enlarged capital; the bid follows a large rights issue, and presumably fresh capital will still be required for its new aluminium interests. This is a good deal to digest, even for experts in large-scale organisation; the market's reaction was to mark TI down 1s. 6d. to 74s. 4½d., reducing the price offered Raleigh to 48s. 9d. a share.

CHANNEL TUNNEL

Pie Under the Sea

Now it is out: a tunnel under the Channel can be had for about £110 million, less than twice the cost of not having a Blue Streak rocket—and there is every chance that the tunnel would take longer to become obsolete. The report published by the Channel Tunnel Study Group took 2½ years to prepare, and cost nearly half a million pounds. It concludes that for technical and economic reasons, the best current design for an undersea route from Britain to the Continent would be two one-way rail tunnels, 21 feet 4 inches in internal diameter, accompanied by a service tunnel half that size, bored through the gently sloping lower chalk from Sangatte to the area between Folkestone and Dover: a distance of 32 miles between portals, 23 of them under the sea.

This would cost less than a road tunnel (£129 million to £152 million) earn more, be free of ventilation problems, and carry more vehicles, goods and people across in a shorter time. They reject the idea of a bridge, at £181 million. By 1980, at a "conservative estimate," the study group reckons that the tunnel would carry 4.8 million passengers, 1.1 million accompanied vehicles and 1.6 million tons of goods across the Channel. In 1965 it would attract 90 per cent of total Channel traffic in vehicles and deprive shipowners of 60 per cent and air carriers of 16 per cent of their passengers, who would pay 32s. for the trip, 5 per cent less than the ferry charge in 1958. Accompanied cars would pay £5 16s. single (30 per cent less than the ferry charge) and goods would be charged 42s. per ton (half the ferry charge).

Such a system of tunnels would be designed to carry 1,800 vehicles and 4,200 passengers in each direction every hour. That is 70 per cent more than the peak volume of traffic forecast for 1980 and more than a road tunnel could manage. Nonstop trains could get from London to Paris in 4 hours and 20 minutes and the tunnelers hope that customs officials could be persuaded to go too. Three-quarters of the revenue would come from people and cars, the rest from general merchandise.

The Price of a Slice

It is this last figure which presents the first stumbling-block. The number of airplanes owned by an airline such as Silver City can be varied and ships not wanted in one part of the world may sometimes be diverted to another (though Channel ferries are not). The tunnel, and the capital invested in it, cannot miraculously be shrunk in the winter months when traffic will surely fall off sharply: this would be a means of transport with a big dug-in peak load problem.

Other stumbling-blocks are more serious. Of the £110 million estimated cost of the tunnel, £80 million would be for the actual holes under the sea. The railway installations between terminals, the terminals, and the rolling stock would be paid for by the British and French railways, please (that is to say, by their respective taxpayers). If interest (£14 million during the period of construction) and £6 million in working capital, issue expenses, compensation to the original Channel Tunnel companies and the expenses of the study group are added, there remains £100 million to be found. This would have to come from private sources—£20 million of equities and £80 million in bonds.

The study group thinks, indeed, that it might be forthcoming provided the British and French Governments would make a present of the concessions, agree to conditions of a right of purchase, exempt the company from French registration, turnover and profit taxes and all taxes on company profits in Great Britain, and insure the private financiers against the risk that the job might cost more than their own consultants estimate.

The two nationalised railway companies would operate the tunnel crossing, paying the owners tolls (on scales varying according to the amount of traffic but with a

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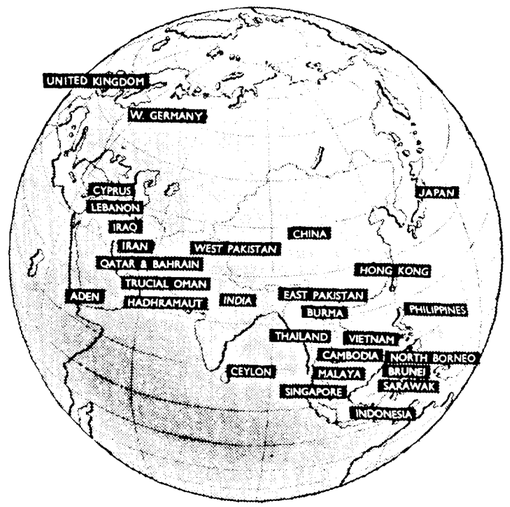

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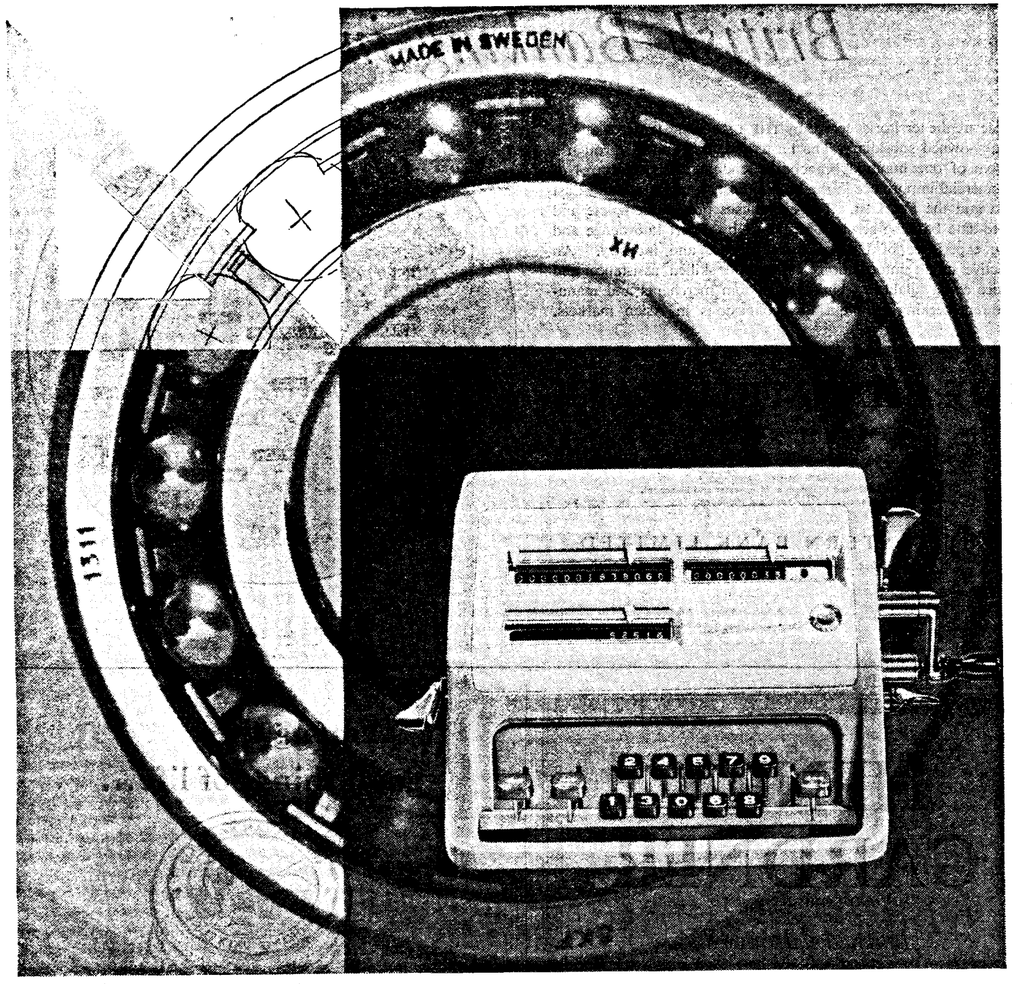

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minimum set to cover service of the bonds). The governments would be required to insure the company against acts of God or man preventing the tunnel from being completed or rendering it unusable. They would also have to find a way of making sure that American investors got a higher return on the company's bonds than European investors would get. Their only other duty would be to guarantee the railways' obligations, and interest on the £80 million of bonds. These factors apart, the tunnel can be described as purely a private enterprise proposition (of a kind that Colvilles or Cunard might envy).

It may well be worth while to seek a way of altering the unfortunate fact that, in the words of the study group, "the movement of persons and goods between the United Kingdom and the Continent has not increased as fast as the movement between the countries of the Continent, particularly in the postwar period." But the idea of a tunnel as the best way of doing so will be hotly argued.

BRITISH OVERSEAS TRADE

Better Than It Looks

HAPPILY, the British trade balance in March was not as bad as it looks. According to the recorded figures, exports rose by over £12 million to £308 million fob, and re-exports were £4½ million higher at £13.8 million. But these gains were outweighed by the rise in imports, which jumped by £29 million to a record £393½ million cif, and the apparent trade deficit deteriorated by £12½ million, to £71½ million in March. The seasonally adjusted figures, however, put this depressing picture in a moderately encouraging light. On this basis, the Board of Trade calculates that imports fell to £360 million in March, from £386 million in February. Exports also fell, though much less sharply, from £307 million to £298 million, and re-exports were £1 million higher at £10 million. On that reckoning the apparent deficit was only £52 million, or £18 million smaller than in February.

UNITED KINGDOM TRADE
(Recorded values, £ million per month)

	Exports f.o.b.	Imports c.i.f.	Re-exports f.o.b.
1959	277·1	332·5	10·9
1st qtr...	263·4	313·6	11·1
2nd " ..	281·8	327·8	10·7
3rd " ..	263·2	327·9	9·9
4th " ..	300·2	360·7	11·7
1960 1st qtr. .	306·7	375·0	11·7
January ..	316·3	367·0	12·0
February .	295·8	364·4	9·4
March ...	308·1	393·5	13·8

If one is to trust these seasonal corrections, the rise in imports appears to be slowing down. In the first three months the adjusted average value of imports was £372 million a month, three per cent more than the average for the fourth quarter of 1959, whereas between the third and fourth quarters imports rose by eight per cent. British exports, on the same basis, averaged £304 million a month in the first quarter, 3½ per cent more than in the fourth quarter of 1959, whereas between the third and fourth quarters they rose by 5½ per cent. This apparent slackening in the growth of exports as well could be taken as a sign of the pressure of home demand, though statisticians would no doubt say that a change of two percentage points could be explained by random fluctuations. How this month's figures are interpreted depends more than usually on one's visceral feelings about the British economy this year.

CAR EXPORTS

Ups and Downs

BRITISH car exports put up a mixed performance in the opening months of this year. Sales to the United States, Britain's biggest market, fell; those to the smaller, traditional markets in Europe and the Commonwealth tended to rise. This was the reverse of what happened during most of last year. In January and February British sales in the United States were in fact 9 per cent lower than a year before, and the British share of sales of imported cars in the United States was down from 30 to 25 per cent. Volkswagen sold 64 per cent more cars than in January and February, 1959, and Renault 27 per cent more: but sales of all other makes fell by 12 per cent.

In Canada, by contrast, British sales were 22 per cent up on a year before, and the British share of the whole Canadian market for cars rose from 10½ per cent to 13½ per cent. In South Africa, too, British sales rose by 33 per cent, giving British cars 40 per cent of this market compared with 35 per cent a year before. In Europe exports have also improved to some of the bigger markets; in Belgium they rose by 70 per cent in the first quarter compared with twelve months before.

Prospects for exports in the rest of the year are dominated by the situation in North America. It is now clear that the American "compact" cars do compete with imported cars. American dealers now hold stocks of imported cars estimated at 100,000, or over two months' supply; unless sales pick up soon, orders will fall and some of the importing agencies may begin to lose dealers. Dealers who sell cars resembling the "compacts" are suffering most; Simca and Hillman showed the biggest falls, though the offer of automatic transmission may help sales of the latter. In Canada stocks of cars have also been rising, apparently in anticipation of a good selling season this summer. Sales to other markets are unlikely to grow enough to offset any drop in North American sales. British firms will find it difficult to avoid becoming more dependent on the home market, though some, such as BMC, do not wish to sell more than half their output at home.

France exported nearly twice as many cars in January and February as it did a year before, and in February its exports exceeded the British total for the first time. New registrations in France, however, were down by 20 per cent over this period; with a softening home market, French manufacturers now find exports a matter of necessity. A large part of France's increased exports is now coming to Britain, whose total imports of cars in January and February were no less than five and a half times those a year before—totalling 13,566, equivalent to over 10 per cent of total deliveries to the home market during the two months. Renaults and Fiats account for most of the increase. Although easier delivery of British cars may soon hit sales of imported cars, imports now appear to form a larger proportion of the British market than they do of the American.

EXPORT CREDITS

Profit and Loss

THE Export Credits Guarantee Department increased its business further in the last financial year—the portion of United Kingdom exports insured with it rose from 16.0 to 18.4 per cent—and the department managed at the same time to increase its surplus (the word profit, apparently, is not quite the thing). Thanks to a fall in claims, the "revenue balance" on section 1 business rose from £2.5 million to £4.4 million, raising the cumulative reserve to £19.9 million. Even the section 2 "national interest" business finished up on the right side, with a surplus of £200,000 bringing the reserve to £3 million. Mr L. J. Menzies, the secretary of ECGD, points out in his annual statement that these reserves of £23 million are not excessive against the department's liabilities on medium term business, which in some individual markets exceeds £30 million.

The department's commitments on medium term credit at the end of March were £234.5 million, three times as large as five years before; short-term liabilities in the same period rose much less sharply, from £270.8 million to £356.4 million. ECGD is still at risk for £8½ million on Turkish business, though if Turkey adheres to the negotiated debt agreement there should be a steady flow of recoveries on the large claims already paid. The department's latest headache, probably involving something approaching £6 million, is the default by Capital Airlines on payments for its Viscount aircraft. It is established experience among credit insurers that for purely commercial risks the United States and Canada are among the worst markets, simply because so many more concerns go bankrupt

there ; but the Capital default is unusually large and is unlikely to help those who are constantly pressing ECGD to extend its terms for aircraft even beyond the exceptional seven years.

Further minor improvements are being offered in ECGD facilities. The most important of these is for engineering items, which in appropriate cases will be eligible for "whole turnover" cover (at lower rates than for specific cover) even when credits go beyond three years. The criterion will be simply that the business "shows in the course of a year a recurrent pattern of like exports over an appropriate range of markets and buyers." Improvements are also made in cover for external trade of UK merchants, for services rendered by British firms, for stocks and for processing. The department is also studying the problems of underwriting business in international consortiums—though it points out that it can never underwrite the UK participant in a loosely drawn agreement.

CZECH BONDS

A Poor Offer

CZECHOSLOVAKIA has now made a formal offer to purchase the three bond issues on which it defaulted at the end of last year. The offer is £75 per £100 nominal for the 1922 State Loan and the 1922 City of Prague Loan, and £55 per £100 nominal for the Skoda Works First Mortgage Debentures. About £200,000 was outstanding on the loans, and over £600,000 on the debentures. The Council of Foreign Bondholders has expressed its "deep regret" that Czechoslovakia has "wantonly destroyed its credit and inflicted injustifiable loss on its bondholders." An offer at artificially depressed prices is the oldest trick in the repertoire of defaulting governments.

Nevertheless, the British Government has negotiated a new three-year trade agreement with Czechoslovakia. It will issue licences for the import of Czech goods up to a value of £7.3 million a year, against £8 million previously. The reduction is said to reflect the recent liberalisation of imports. Czechoslovakia intends to buy about £5.3 million worth of British goods this year (against £5.5 million before), including machinery, chemicals, cars and textiles. Details of the quotas are published in the *Board of Trade Journal* this week.

WORLD BANK

Focus on Africa

INTERNATIONAL lending by the World Bank continues at a high rate ; in the nine months to end-March new loan commitments totalled $560 million. Not much short of one half of these loans went to African countries, and in his annual statement to the UN Economic and Social Council, Mr Eugene Black, president of the World Bank, recently gave an impressive account of the Bank's backing of a wide variety of projects. He points especially to the recent loans to the Congo, to which the Belgian government has given its guarantee despite the imminence of independence, and to loans in Southern Rhodesia to aid African agriculture. The Bank hitherto has concentrated on the large basic projects, but Mr Black says that he has more "grass roots" loans in mind. The Bank is also considering an irrigation project in the Sudan ; and Mr Black mentions the Volta river project in Ghana.

It is natural that the centre of gravity of the Bank's efforts should shift, and this movement must be expected to go further. It is clear, Mr Black says, that other sources of finance, particularly the private investment market, will reduce European demands on the Bank : is this a warning to Italy and Austria that they cannot expect much more ? Another facet of Europe's growing financial strength is that in 1959 it took over the role of the United States as market for the Bank's bond issues; in the past two years indeed the Bank's largest source of funds has been Germany.

Mr Black gives impressive evidence of the revival of private investment. Since the end of the war, no less than $3 billion of foreign bonds have been sold in world markets, excluding issues of Canada or of dependent territories in their metropolitan country. In January, 1946, eight European countries now belonging to the Bank (i.e. excluding iron curtain countries) were in default on their public bonds ; today there is only one, Greece. Even in Latin America, where there were eleven defaulters, there is only one small dispute outstanding today. But there are limits to what can be done by private lenders, or by a public lender operating on commercial lines, such as the Bank itself. In the three years 1956-58 the public debt of the Bank's member countries in Asia, the Middle East and Africa almost doubled. The resulting strain on their capacity for debt service underlines the need for the International Development Association, due to come into operation later this year, and for supplementary special aid from other sources.

EUROPEAN TRADE

FBI Accepts the Trade Split

THE fact of a trade rift in Europe must for the present be accepted by British industry, however much it may rue it. The common market is now hardly likely to delay starting to build its external tariff beyond this year, and the free trade area of the outer seven will become a reality this summer. Any agreement between the two can only come, basically, from political decisions; meanwhile, British industry would be best advised to get the free trade scheme into effective operation as quickly as possible, not only for its own merits, but also to improve the negotiating position of the seven with the six. Such were the central points of Mr W. H. McFadzean's presidential address to the Federation of British Industries last week.

The FBI's president may be optimistic about the value of the free trade area as a bargaining counter with the six, but his argument that the division of Europe into two trade blocs is for the time being inevitable is the only realistic view that can now be taken. Mr McFadzean reckons that the prospective tariff changes will worsen Britain's trading position for about 10 per cent of this country's total exports—largely in sales to Germany and the Benelux countries where tariffs will rise—and improve our chances slightly for some 14 per cent of our present exports—those to France, Italy, Austria and Scandinavia. This should be taken, he argues, as a spur to intensify our export efforts, to retain as much as we can of Britain's markets in the six and to expand those in the seven. Mr McFadzean would like to see, too, more smaller companies joining in the export effort.

POLYPROPYLENE

Elusive Fibre

POLYPROPYLENE fibre, one of the lightest of man-made yarns, has an uncertain future in Britain. It is being made and sold in Italy by a subsidiary of Montecatini, which organisation claims the patent for the process. It is expected that 300 to 400 million lb. of polypropylene a year will be manufactured in America by 1965, and that a quarter of this production will go to fibres. But some of the American producing companies have no licence from Montecatini, and claim that they have developed techniques which do not infringe the Italian company's patents. The whole patents position regarding this fibre looks like a paradise for the lawyers.

In Britain the plastic polymer, from which the fibre can be extruded, is made under licence from Montecatini by Shell and ICI. It is believed that these companies are negotiating for licences from Italy to produce the fibre. But Courtaulds has been making a polypropylene fibre for more than a year, and this company has no arrangements with Montecatini.

Courtaulds will not say where it gets the polymer it uses in this production, nor how much fibre is being extruded. But the company does say that it sees a future for polypropylene fibre in industrial rather than domestic textiles. This may be due to the difficulty of dyeing the material: both in Britain and Italy colour is introduced during the extrusion process.

OUTLOOK: EXCITING, PROSPEROUS, BOOMING TIMES AHEAD FOR THE WORLD'S CONSTRUCTION INDUSTRIES. FOR THE MAN SUPPLYING READY-MIXED CONCRETE, A THRIVING BUSINESS WITH JUST ONE MEDIUM-SIZED MILLARS' CONCRETE BATCHING PLANT AS SHOWN BELOW. A TRUCK OF ACCURATELY WEIGHED AND BATCHED MATERIAL EVERY 5 MINUTES - OR FASTER. MASSIVE QUANTITIES HANDLED WITH SPEED, ECONOMY AND COMPLETE ACCURACY BY HAND-OPERATED OR AUTOMATIC MACHINES. THIS MEDIUM-SIZED CONCRETE BATCHING PLANT IS FULLY DESCRIBED IN MILLARS' LATEST CATALOGUE.
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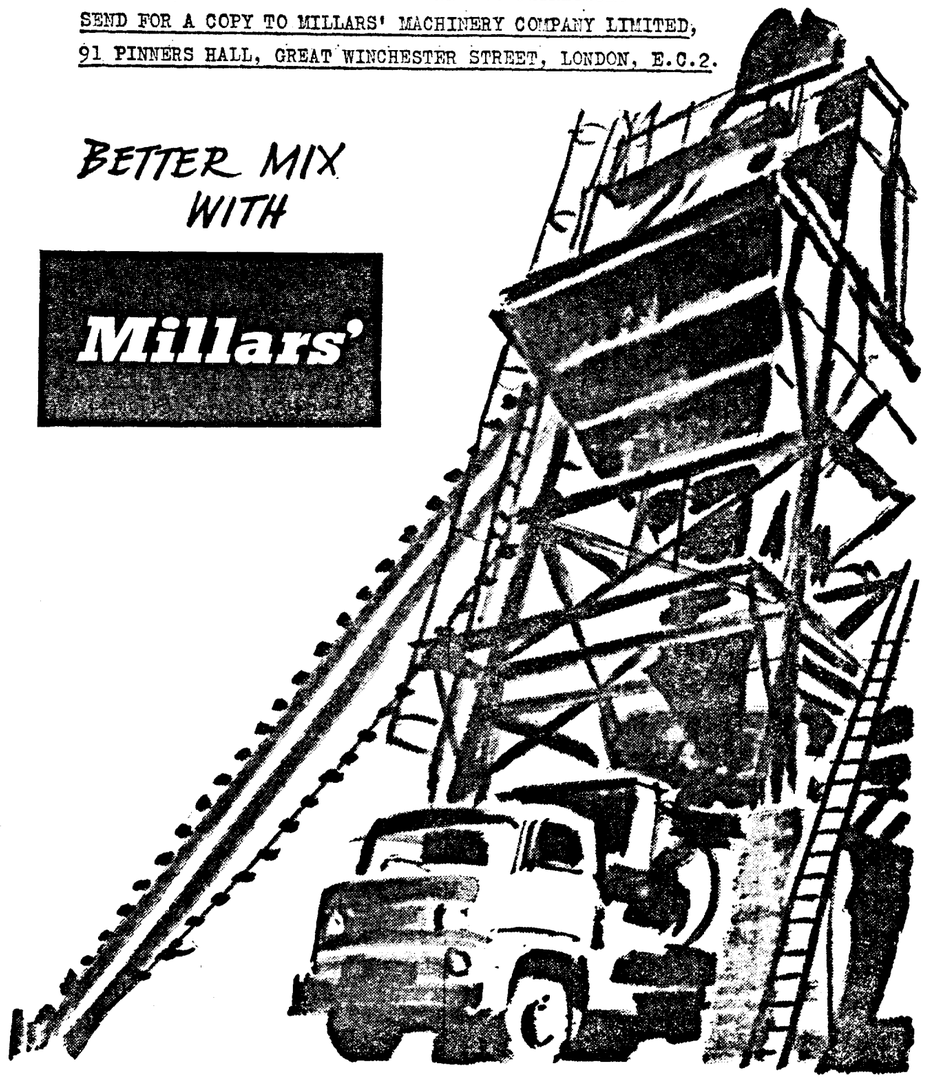

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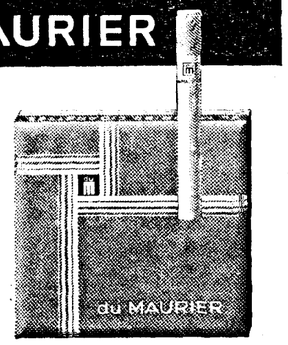

Who's who in foreign trade



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EMA

New Quotas

BECAUSE convertibility has worked so smoothly, the provisions for clearing and credit in the European Monetary Agreement have hardly been used. The agreement was reviewed following the move to convertibility in December, 1958, and two changes of substance have been made. The first is a revision of contributions, originally calculated in 1955. The United Kingdom's contribution is reduced from $86.6 million to $60.6 million; on the other hand, Italy's contribution has gone up from $15 million to $25 million and those of France and Germany each from $42 to $50 million. These sensible changes have been made to apply retrospectively and calls on contributions already made have been adjusted accordingly. An incidental result of this has been a repayment of £1 million in gold to the United Kingdom. The second change is the addition of a new article enabling the European Fund to obtain special credits from the contracting parties. The object is to enable the Fund to accept special means of finance contributed voluntarily by members rather than having to rely exclusively on existing assets and on calling up contributions under Article 4 of the Agreement.

Skill Devalued

COMPARISONS made by the Ministry of Labour last week in response to a Parliamentary question show, for four trades, how much the gap between wage-rates for skilled and unskilled work has narrowed since 1914, in spite of the recovery of differentials for skill during the interwar period. On one basis of comparison the engineering industry seems to have done badly: rates for its skilled workers are barely five times what they were in 1914 while in building and rail and road transport they are six times as high. The comparisons, however, relate only to standard time rates of pay and do not take into account any overtime or bonus payments.

NARROWING DIFFERENTIALS

	July 1914	Dec. 1920	Dec. 1930	April 1960
Engineering (weekly rates)—				
Patternmakers'	42/1d.	94/4d.	63/4d.	209/4d.
do. as per cent of labourers'	*184*	*133*	*150*	*133*
Fitters and turners'.	38/11d.	89/7d.	59/1d.	187/10d.
do. as per cent of labourers'	*170*	*127*	*140*	*119*
Building (hourly rates)—				
Bricklayers'	9·9d.	27·5d.	19·0d.	59·38d.
do. as per cent of labourers'	*150*	*115*	*134*	*114*
Railways (weekly rates)—				
Engine drivers' (max.)	40/6d.	106/0d.	90/0d.	240/6d.
do. as per cent of passenger porters'	*211*	*158*	*214*	*147*
Road passenger tr'sprt. (weekly rates)—				
Drivers'	31/1d.	73/11d.	60/4d.	194/1d.
do. as per cent of conductors'	*112*	*105*	*106*	*103*

OILS AND FATS

Copra Pays the Penalty

MANUFACTURERS of margarine and other fats have a variety of materials to choose from. Once it becomes clear that one oil or fat is likely to be short for some time they can substitute others, thus helping to stabilise their costs and—ultimately—to bring the wayward commodity back into line. Copra is now paying the penalty of becoming too dear. Philippines copra for prompt shipment has dropped by $55 to about $210 a ton cif in the last three months, or by 20 per cent, and copra already afloat is at a discount. Present prices are about $30 a ton cheaper than in December, before they rallied sharply on fears that production had suffered severely from the typhoons. The damage proved as usual to be exaggerated, and it is said that supplies will certainly be larger in the second half of this year than in the first half.

But consumers claim that copra is still dear, and so they continue to buy sparingly. They have increased usage before, only to find prices moving against them because copra again became short. Like the man from Missouri, they now "want to be shown" that supplies of copra really are plentiful before they start to use more. Meanwhile the exporting countries can perhaps take some comfort from the thought that the sale of coconut oil from the United States strategic stock, while not exactly helping their market, has not disrupted it. The American government has been a firm seller, refusing bids that it considered too low.

SHORTER NOTES

International Computers and Tabulators has signed an agreement with Siemag Feinmechanische Werke GmbH Eiserfeld involving an exchange of shares and an arrangement to manufacture ICT products in Germany. Object of the agreement is to give ICT a base inside the Common Market.

★

The London clearing banks have arranged, for the first time, a careers convention, at which they will explain to headmasters and careers masters from 60 schools the opportunities and scope available in a banking career.

★

For the second year in succession General Mining is raising its dividend. For 1959 the payment is raised from 30 per cent to 35 per cent. Net income for the year has risen from £1,726,825 to £1,916,008.

★

The merger offers to the shareholders of Northern Assurance and Employers' Liability Assurance have been accepted in respect of more than 90 per cent of the capital of each company. The offers will become effective when a quotation has been granted for the new shares of Northern and Employers Assurance, which are to be issued in exchange.

★

While the Home and Colonial Stores dividend is maintained at 10 per cent an additional 2½ per cent bonus is to be paid for the year ending January 2, 1960. Group profits increased from £3,701,919 to £4,041,405.

★

The profits for 1959 of Radiation soared from £1,020,912 to £2,822,624 and the ordinary dividend is effectively doubled from 6 per cent to 12 per cent, which includes a 2 per cent bonus.

★

Group trading profits of Spillers for the year to January 31, 1960, rose from £4,610,000 to £4,941,000. As forecast at the time of the 50 per cent scrip issue, the ordinary dividend is raised from the equivalent of 6⅔ per cent to 9⅛ per cent.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS
Imperial Chemical Industries is reviewed on page 372.

Comments on pages 371 and 373 on
Dunlop Rubber
Wood Hall Trust
Thomas Tilling
Legal and General
Waterlow
BDH
Prudential
London and Manchester

INDUSTRIAL PROFITS
Detailed tables of profits and balance sheets of 413 companies reporting January 1st–March 31st on pages 376 and 377

LONDON AND NEW YORK
Stocks, prices, yields, times covered and security indices on pages 374 and 375

LONDON STOCK EXCHANGE
The week's movements reported on page 373

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 378

COMPANY MEETINGS

CO-OPERATIVE INSURANCE SOCIETY LIMITED

MR S. LEONARD KASSELL'S REVIEW

Mr S. Leonard Kassell, Chairman, at the ninety-second Annual General Meeting held on April 20, 1960, said:

My duty as Chairman is to give to the Shareholders, and more particularly since we are a Co-operative organisation, to the policyholders, a general survey of the Society's progress during 1959, which could not be obtained from a study of the published accounts.

In an Insurance Society transacting all classes of business it is not to be expected that all Departments will be uniformly successful each year, but taking results as a whole, your Directors feel that they can be very well satisfied with the overall result of the past year's operations despite the marginal results in the Motor Department, to which I will refer in more detail later.

Our total premium income in 1959 was £51,855,863, an increase of £4,153,202 over that for 1958.

The premiums paid in Ordinary and Industrial Sections of the Life Department which totalled £37,037,730, were in respect of nearly 11 million premium paying life policies which were in force. These policies provide not only valuable life cover but in most cases also constitute an important form of saving which almost certainly would never be made if it were not for the need for paying premiums at regular intervals in which the policyholders are assisted by the regular calls of our full-time agency staff.

As is now well known, the CIS has for some years invested in Ordinary Shares so as to ensure that its policyholders have an interest in the capital assets of this country and a share in the profits of the many and various firms in which they earn their livings. We also invest large amounts in soundly constructed properties in first-class positions throughout the country. Some of these properties are occupied by Retail Co-operative Societies.

It will be understood from the preceding comments that the CIS gives an opportunity through life assurance for Co-operators to participate in investment in Ordinary shares and also to make capital available for the development of the Co-operative Movement, a proposal which has been under discussion in recent months.

From the institutional investor's point of view, by which I mean the point of view of the CIS Board as the custodian of the savings of our policyholders, the year 1959 was in general a profitable one since long-term rates of interest have remained high on fixed interest securities. Dividend rates on Ordinary Shares have been maintained or increased in practically all cases and this is one of the factors which has resulted in a substantial increase in the market value of our holdings of Ordinary Shares.

As I mentioned last year, it is not the desire of the Board to invest an undue proportion of the Society's funds in House Purchase Mortgages, particularly at a time when so many other attractive long-term investment opportunities exist. It was decided, therefore, to adopt more stringent methods of selection by increasing the amount of deposit which a borrower must make when purchasing a house. This has had the desired effect despite the fact that we followed the Building Societies Association by reducing the rate from 6 per cent to 5½ per cent for new mortgages granted after July 1, 1959. It is not the present intention of the Board to change its policy in respect of house purchase loans.

The total amount outstanding under house purchase loans at the year-end was £41,457,199 secured upon 44,855 properties. The average house purchase mortgage outstanding was £924.

Investments in British Government and British Government Guaranteed Securities amounted to £50,528,765 as at December 31, 1959, being 21.52 per cent of our total assets.

We have continued our policy of investing in fixed interest stocks and Ordinary shares of public companies and, as I have already indicated, the investment in ordinary shares has been of great advantage to our policyholders in general and more particularly to our Life policyholders.

Our investments in freehold and leasehold properties show a substantial further growth and many of these investments have been made on terms which ensure that the Society has a share in any subsequent improvement in the value of the properties. In this connection you will be interested to know that as one way of achieving this we have arranged to take up debenture stock in certain property companies together with a proportion of the equity capital.

ADMINISTRATION

In 1959 our overall commission and expense ratio was 24.24 per cent as against 24.21 per cent in 1958.

In the Industrial Section the expense and commission ratio was 27.31 per cent as against 27.44 per cent for 1958.

Whilst dealing with the matter of administration I am glad to be able to report that work on our new 25-floor, 365 ft high Head Office building in Manchester has commenced.

We are planning not only for the most advantageous use of the space but also for the utmost comfort and convenience of our staff and we believe that the completed building will provide amenities greatly in advance of those laid down in the Gowers Report or envisaged in the present Bill before Parliament.

LIFE DEPARTMENT

The new sums assured in the Life Department last year totalled £90,909,013, of which £41,562,657 was in the Ordinary Life Section and £49,346,356 in the Industrial Life Section.

The average sum assured in the Ordinary Section was £738. Over £28 million of the new sums assured in that Section was in respect of policies for sums assured of £1,000 or more.

I mentioned in my Report last year that we had reduced the rates of premium in the Ordinary Section for Temporary Decreasing Assurance and Family Income Benefits and I am glad to say that this has resulted in a considerable increase in this class of business which provides most valuable protection particularly for the family man.

Last year I announced an increase in the reversionary bonus in the Ordinary Section from 40s. per cent to 42s. per cent. This year I am glad to be able to announce a further increase from 42s. per cent to 44s. per cent.

In the Industrial Section the average sum assured was £59 15s. 0d., being £1 10s. 0d. greater than the average for 1958.

MARINE, AVIATION AND TRANSIT INSURANCE ACCOUNT

The account in respect of these classes of business, which was shown separately for the first time last year, has made satisfactory progress. The increase of £36,361 in premiums reflects mainly an expansion in the amount of Marine business although the increasing use of air travel has resulted in an additional volume of this class of business being written. Though the prescribed form of Revenue Accounts is such that each underwriting year's results can only be ascertained after the expiry of three years, there is every indication that this extension of service will prove a useful addition to our operations.

FIRE DEPARTMENT

The year 1959 was one in which fire wastage in the United Kingdom was greater than ever before but despite this general experience, which was reflected in our claims ratio, the Fire Account showed a surplus of £346,536, which whilst being £86,238 less than for the previous year, must be regarded in the circumstances as being very satisfactory.

Last year was also notable for the fact that for the first time the net premium income of the Department at £2,153,433 exceeded two million pounds. The net premium income has in fact doubled during the past ten years, which is a very encouraging rate of growth and one which we hope and expect will continue.

MOTOR DEPARTMENT

The premium income of the Motor Department continues to grow very rapidly and in 1959 it reached a figure of £8,870,831. When it is recalled that in the year 1956 the income was only £4,694,548 it will be seen that the income has nearly doubled in the short space of three years. It is gratifying to know that our policies are commending themselves to an increasing number of vehicle owners, but it needs no imagination to appreciate the problems such a rapid growth brings in its wake especially in a business in which difficulties are further increased by frequent revisions of premiums and changes in underwriting practices.

Unfortunately the difficulty of running this account at a profit does not diminish. Early in the year it became apparent that the premium concessions we were granting to a large body of policyholders could not be continued without the certainty of a substantial underwriting loss on the year and we had no alternative but to start cancelling all concessions as the policies became due for renewal. This would, however, have been an insufficient remedial measure for our large motor cycle account and we found it necessary to introduce higher premiums, especially for the larger machines, on 1st August last. Despite these measures the premium income by itself fell short of the claims and the cost of procuring and administering the business by the sum of £10,806.

Interest earnings on the funds amounted to £130,240, so that despite an underwriting loss we are able to show a small surplus of £119,434 on the account. In these days of widespread losses on Motor insurance, at home and abroad, we must be thankful to show a surplus, however small, but it does indicate quite clearly that further premium increases will be unavoidable.

The CIS alone was called upon to handle nearly 130,000 claims in 1959—nearly 500 each working day. Is it any wonder that, with claims arising faster than the numbers of vehicles for which premiums are paid, and with claims themselves becoming more costly to settle, premiums keep on rising?

ACCIDENT DEPARTMENT

The premium income for the Personal Accident Account was £180,994, an increase of £20,685 over that for the year 1958. The surplus was £47,664, which indicates that claims in 1959 were heavier than in the preceding year. Nevertheless, the surplus is satisfactory, £46,225 having been transferred to Profit and Loss Account, the balance of £1,439 being added to the fund's internal reserve.

In the General Insurance Account the premium income increased by £265,142, to £1,984,846. This increase included a substantial volume of long-term business, and it has been necessary to increase the reserves by £126,086. There remains a surplus of £398,350, which has been transferred to Profit and Loss Account.

In my report on the accounts for 1958 I mentioned that we were experiencing large increases in the cost of Burglary and Cash in Transit claims. I am sorry to have to record that 1959 produced even heavier claims than 1958 in relation to Co-operative Societies' risks. The premiums we receive for this section of our business are still insufficient to meet claims, and further adjustments will be required. On the other hand, the claims cost of Retail Co-operative Societies' Employers' Liability risks has fallen during the last year or two, and an examination of the 1959 results has indicated that we can reduce premiums in some cases. It is our intention that Retail Co-operative Societies in England, Scotland and Wales, holding Employers' (Common Law) Liability policies rated on their annual sales, shall receive the benefit of a reduction in premium rates in respect of sales on or after June 24, 1960. Whilst this adjustment is likely to reduce both the premium income and the surplus of the General Insurance Account, I am sure that this assistance to Co-operative Societies will be generally welcome.

PROFIT AND LOSS ACCOUNT

The sum of £800,000 has been transferred to the Profit and Loss Account from the Departmental Revenue Accounts, of which £200,000 has been added to the General Reserve Fund.

DISTRIBUTION OF PROFITS

After making this transfer and providing adequate reserves for contingencies we are able to distribute the sum of £8,981,974 as a result of our operations for the year 1959. The whole of this amount will be distributed for the benefit of the Society's policyholders; £8,356,412 will go to our Ordinary Life and Industrial Life policyholders and the balance of £625,562 will be payable to Co-operative Societies as a dividend on the Fire, Accident and Motor and Collective Life premiums paid to the CIS during the year. The rate of dividend on Fire and General premiums has been maintained at 3s. 6d. in £1 of premium and this should be ample evidence to the Societies and their members of the advantage of insuring with their own Insurance Society.

TAXATION

The amount of tax payable by the Society in respect of our transactions for the year was £1,578,862. Of this total £180,543 has been reserved for taxation on the profits of the Fire and General Departments; £101,703 charged to the Industrial Life Account and the balance was paid during the year by deduction from interest earnings.

CONCLUSION

The Report and Accounts which I have been reviewing are in effect a brief summary of the work carried on during 1959 by all grades of the staff and the Board realises that without their loyalty and support progress would not have been made. I wish to take this opportunity, therefore, of expressing our appreciation of the co-operation of the staff during 1959 and to express the hope and belief that it will continue to be forthcoming in 1960 and future years.

I also wish to thank the Retail Co-operative Societies for their loyal support which has been to our mutual advantage.

I look forward with confidence to another year of sound progress and I hope that the Report presented this time next year will be no less satisfactory than the one it has been my pleasure to submit to you in respect of the year 1959.

The Report and Accounts were adopted.

BANCA COMMERCIALE ITALIANA

HEAD OFFICE—MILAN

London Representative Office : 21, Birchin Lane, E.C.3

BALANCE SHEET AS AT DECEMBER 31, 1959

LIABILITIES			ASSETS		
Capital Stock	L.	20.000.000.000	Cash on Hand	L.	32.878.573.456
Surplus	,,	4,900,000,000	At Central Bank	,,	97.350.407,880
Undivided Profits	,,	885,350	Government Securities and Securities guaranteed by the State	,,	223,659,984,687
Deposits	,,	1,009.170,485,614	Bonds and Shares	,,	2.884,425,371
Cheques outstanding	,,	28,502,856,678	Participations in Affiliated Foreign Banks	,,	154.646,925
Liability on Acceptances	,,	5,076.746,893	Participation in Mediobanca—Banca di Credito Finanziario	,,	1,444.340,000
Liability on Letters of Credit	,,	35,570,427,122	Other Loans and Current Accounts	,,	525,062,331,905
Liability on Guarantees	,,	96,038,145,082	Bills Discounted	,,	207,684,438.684
Other Liabilities	,,	10,088,826,114	Due from Shareholders in Capital Account	,,	8,775,000,000
Bills for Collection	,,	31,439,731,712	Contango Loans	,,	7,421,462.817
Unearned Discount, Interest, etc.	,,	1.878,374,000	Customers' Liability for Acceptances	,,	5,076,746,893
Profits Brought Forward	,,	51,339.632	Customers' Liability for Letters of Credit	,,	35,570,427,122
Net Profits 1959	,,	1.443.449.626	Customers' Liability for Guarantees	,,	96,038,145,082
	L.	1,244,161.267.823	Bank Buildings and Other Real Estate	,,	160,337,000
			Furniture and Fixtures	,,	1
				L.	1,244,161,267,823
Depositors of Securities	,,	559,750,864,877	Securities on Deposit	,,	559,750.864,877
	L.	1,803,912,132,700		L.	1.803,912,132,700

LEGAL & GENERAL ASSURANCE SOCIETY LIMITED

A SUCCESSFUL TRIENNIUM

REVIEW OF OPERATIONS FOR THE YEAR 1959

VISCOUNT HARCOURT'S STATEMENT

The One Hundred and Twenty-third Annual General Meeting of Legal & General Assurance Society Limited will be held on May 11th at Aldwych House, Aldwych, in London.

The following is an extract from the circulated statement by the Right Honourable Viscount Harcourt, KCMG, OBE, DL, the chairman:

REPORT AND ACCOUNTS FOR 1959 AND TRIENNIAL VALUATION

Circulated with this statement will be found the directors' report and accounts for the year 1959 and a statement on the assets and liabilities, incorporating the valuation report of the Society's actuary. You may remember that, in my statement last year, I explained that it had been decided to carry out a full actuarial investigation of the life assurance and other long-term funds every three years instead of, as hitherto, every five years. The valuation report now submitted to you is the first relating to such a three-yearly period.

LIFE ASSURANCE AND ANNUITY FUND

For many years now the Society has been able to announce that it has written a record amount of new life assurance business. The year 1959 was no exception; when the total was £221,396,177 net of reassurances, an increase of £37,506,518 over 1958.

These figures include an increasing volume of life business written by our Southern African and Australian branches.

PENSION BUSINESS

In my review of our operations for the year 1958, I referred at some length to the problems which would be created for both employers and the Society in connection with its large pension business by the passing into law of the National Insurance Bill then before Parliament. The Bill has since been enacted as the National Insurance Act, 1959, and we now face a situation in which it is proposed to bring into effect, from April, 1961, the graduated benefits and contributions therein provided.

This already short time factor has been rendered even more onerous by the Act leaving a great deal to be laid down by regulations, and although the first of these appeared in draft form in August, 1959, they were not laid before Parliament until the middle of November. Others of considerable importance are still either in draft or only now before the National Insurance Advisory Committee. There is clearly too little time for employers and life assurance offices to cope with the immense amount of work in relation to insured schemes arising out of the Act.

RATE OF INTEREST

The gross rate of interest earned in 1959 on the life assurance and annuity fund, excluding the amount invested in the purchase of reversionary interests, was £5 10s. 1d. per cent or 6s. 2d. per cent more than the figure for 1958 of £5 3s. 11d. The increase in the net rate of interest was 13s. 6d. per cent (£5 3s. 10d. in 1959 compared with £4 10s. 4d. in 1958).

EXPENSES OF MANAGEMENT

It is the practice to quote in this statement each year the ratio which the expenses of management, including commission, of the Society's life assurance and annuity business bears to the premium income, excluding from the latter figure the considerations paid for immediate annuity contracts. This ratio for the worldwide business of the Society has increased from 11.77 per cent in 1958 to 12.29 per cent in 1959, although that relating to business within the United Kingdom has remained almost exactly the same, at just under 10 per cent.

FIRE INSURANCE ACCOUNT

In the Society's fire insurance account the premium income, net of reinsurances, increased by £136,500 to £2,885,266.

After provision for unexpired liabilities and the retention in the account of an amount of £465,150 additional to normal reserves, there was an underwriting surplus of £334,774 which has been transferred to the profit and loss account.

ACCIDENT INSURANCE ACCOUNT

In the Accident Insurance Account the net premium income increased by £466,127 to £2,953,448.

After provision for unexpired liabilities and the retention in the account of an amount of £268,758 additional to normal reserves, there was an underwriting surplus of £223,951 which has been transferred to the profit and loss account.

MARINE ACCOUNT

Marine underwriting continues to be difficult. The underwriting year 1956, now closed, has resulted in a loss of £21,929 and the 1957 account shows little evidence of improvement in the position. Premium income for 1959 was £802,265 compared with £813,631 in 1958 which indicates the continuance of the conservative underwriting policy mentioned last year.

In the circumstances it has been decided to continue to strengthen the fund and therefore no transfer from the account is being made this year.

ASSETS

The total assets of the Society increased during the year by £41,822,509 to a total at December 31, 1959, of £397,590,789.

In the life department balance-sheet it will be seen that the investment assets are represented as to £165,072,000 by Stock Exchange investments, as to £97,675,000 by freehold and leasehold properties, including ground rents and rent charges, and as to £89,971,000 by mortgages and other loans.

TRIENNIAL VALUATION

I have already drawn your attention to the separate statement dealing with the valuation of the Society's assets and liabilities which contains a valuation report by the actuary on the long-term business of the Society and a statement by your directors regarding the disposal of available surplus.

The surplus which emerges in the life and annuity account is £7,643,336, and out of this £1,656,368 has been earmarked for bonuses for with-profit policy-holders. The surplus in the sinking fund account is £253,222 and that in the permanent sickness account is £88,274.

The transfer from the life account to the profit and loss account is £2,100,000, and there are further transfers of £125,000 from the sinking fund account and £45,000 from the permanent sickness account.

BONUS DECLARATION

The rates of bonus which have been announced by the directors following the triennial valuation of the actuary must, I think, be considered satisfactory. In the case of the new series of participating individual policies in the United Kingdom, the rate of bonus has been increased from 45s. per cent declared three years ago to 50s. per cent per annum compound. Comparable increases are being declared for most other groups of participating policies.

PROFIT AND LOSS ACCOUNT

In the allocation of the surplus disclosed by the valuation, £2,270,000 has been transferred to the profit and loss account from the life and other long-term accounts. In addition £558,725 has been transferred from the fire and accident insurance accounts and interest and dividends totalling £378,613 have been credited.

The directors now have pleasure in recommending to shareholders the payment of a final dividend for the year 1959 of 7s. 6d. per share which, with the interim dividend of 2s. per share paid on January 1, 1960, makes a total of 9s. 6d. per share. This compares with a dividend of 5s. per share paid in each of the last three years.

At this point I should repeat that the cost of the bonuses recently declared is £1,656,368, in addition to the cost of providing the contractual benefits which accrue to with-profit group pension policyholders in the terms of their policies. Three years ago the cost of bonuses for the then recently introduced series of with-profit policies was only £219,961. This marked increase in the amount of surplus required to be allocated to policyholders leads me once more to draw the attention of shareholders to the fact that, whilst total surpluses disclosed at triennial valuations should tend to increase with the growth of the life funds, the provision of bonuses for a growing volume of with-profit business will absorb an increasing proportion of such surpluses, thus reducing the proportion available for future dividends.

In the light of the excellent results I have been able to report to you, I am sure the shareholders will wish to join with me in an expression of gratitude and thanks to Mr Cahill, our general manager, and to all his officials and staff, both at home and overseas. Their hard work and enthusiasm are the basis of the success of the Society.

Bentalls TEN YEARS' PROGRESS

Year to 31st January	TURNOVER: Amounts in £000s	TURNOVER: % of Trading Profit to Sales	TURNOVER: % of Gross Ordinary Dividend to Sales	PROFITS: Trading Profit Before Taxation £000s	PROFITS: Of which was taken in Taxation £000s	PROFITS: Ploughed back into the Business £000s	PROFITS: Distributed in Net Dividends £000s	CAPITAL EMPLOYED: Amounts in £000s	CAPITAL EMPLOYED: % of Trading Profit to Capital Employed	CAPITAL EMPLOYED: % of Gross Dividend to Ordinary Stockholders Capital & Reserves
1951	5,485	3·35	1·46	184	97	42	45	1,765	10·5	7·0
1952	5,600	3·50	1·43	196	127	24	45	1,877	10·5	7·0
1953	5,560	5·54	1·49	308	176	83	49	1,894	16·5	6·8
1954	5,846	5·83	1·71	341	201	82	58	1,929	17·9	7·9
1955	6,496	6·17	1·92	401	226	100	75	2,035	19·9	9·2
1956	7,264	5·92	1·86	430	221	127	82	2,305	18·9	9·1
1957	7,702	5·78	1·90	445	257	99	89	2,376	19·3	9·3
1958	8,016	6·13	1·82	491	262	120	89	2,581	19·6	8·7
1959	8,434	6·13	1·98	517	287	123	107	2,828	18·8	9·2
1960	9,311	5·99	2·23	558	256	169	133	3,458	16·9	10·7

BENTALLS LIMITED AND SUBSIDIARY COMPANIES

KINGSTON-UPON-THAMES—EALING BROADWAY—WORTHING, SUSSEX

JAS. WILLIAMSON & SON

A JOINT VENTURE IN ROTOVINYLS

LORD PEEL'S STATEMENT

The twenty-ninth annual general meeting of Jas. Williamson & Son Limited, was held on April 20th at Lune Mills, Lancaster, The Right Honourable The Earl Peel (Chairman of the Company) presiding.

The following is the statement by the chairman circulated with the report and accounts for the year ended December 24, 1959:

Last year I started by saying that 1958 might be considered to mark the end of a three-year period of relative recession and yet, as you will see from the Accounts for 1959, the net profit before taxation has fallen from £746,647 to £622,082. Four factors have mainly contributed to this: poor trading conditions during the first quarter of the year; severe price competition at the cheaper end of our trade; rising costs of manufacture; and the changing pattern of business on our coated fabrics side.

Business during the first three months of 1959 was extremely slack, particularly in the home market where the hold-up of orders by trade buyers unwilling to take in stocks before the Budget on which they might lose money if purchase tax were reduced was far greater than usual. We always expect to lose some business on this account, but our experience in 1959 was that its impact was between two and three times greater than it had been during each of the three preceding years. I regret that the Government does not seem to appreciate the effect upon industry of changes in purchase tax. Much is written about stock losses on the part of retailers, but the effect of the hold-up on productive industry is no less serious.

FLOORCOVERING TURNOVER AND SALES

Printed felt base floorcovering has been for many years and still is a substantial part of our business. We have maintained our turnover in 1959, but severe price competition at the lower end of the trade has made the business less remunerative.

In linoleum we have increased our sales despite competition from other forms of floorcovering. The rising cost of manufacture brought about by the increase in price of some of our raw materials and further wage increases during the year has, however, been absorbed by the industry in reduced profit margins in order to avoid raising prices to the consumer.

On the coated fabric side there has over the past few years been a decline in sales of table oilcloth due to the introduction of enamelled and other hard surfaces especially for kitchen use. We are, therefore, developing table and counter toppings on other lines. Table oilcloth still meets a large demand and our turnover is substantial, but it is no longer the predominant part of our coated fabric business that it once was. Our sales of leathercloth, wall-covering and other types of coated fabric have expanded successfully, and the quality of our Lionide leathercloth has enabled us to enter a number of new fields.

THE NEW VENTURE

You may have seen the announcements in the Press of our new joint venture with Sandura Company of America for the marketing of rotogravure printed vinyl products in this country, the British Commonwealth and Europe. Rotovinyls, as they are called for short, are little known as yet in this country. In America they have taken a large and rapidly growing share of the hard surface floor-covering industry during the past few years. Sandura Company were the first to introduce them, and their products Sandran and Crown Vinyl made by an exclusive process which provides new scope for colour and design, together with longer wear, are widely recognised for their styling and quality as leaders in the field.

At the end of the Accounts you will see that two pages have been devoted this year to a fuller description of our products which, in past years, have merely been listed.

RESULT OF YEAR'S WORKING

In the Accounts, it will be observed that, although our profits have been reduced, the sum available for appropriation is greater than in 1958. This is brought about as follows. Taxation, based on profits, totals £284,722 against £432,974 in the previous year, a fall of £148,252. Initial Tax Allowances on capital expenditure are reduced in the 1959 Finance Act when Investment Allowances are claimed, and as it has been our practice to place to reserve each year a sum equal to the Initial Tax Allowance this had the effect of releasing from the Initial Tax Reserve a sum of £8,000 in this year's Accounts compared with an addition to this Reserve in the previous year of £29,000. The provision for Income Tax in 1958 was calculated at the standard rate then operative of 8s. 6d. in the £, but, as a result of the reduction in the standard rate to 7s. 9d. in the £ after the Accounts had been prepared, this proved to be an over-provision of £36,754 (including other taxation adjustments).

One of our Subsidiary Companies, The Leather Cloth Company Limited, has not traded during the past three years. The Parent Company purchased all the shares in 1955, and later acquired all the assets and liabilities so that the Subsidiary's only asset was the amount owed to it by the Parent Company. In order to show the true position in the Parent Company's Balance Sheet of the investment in this wholly-owned subsidiary, the Directors have revalued the shares of The Leather Cloth Company Limited in a sum equivalent to the nominal value, namely £270,200. The surplus arising from this revaluation has been added to Capital Reserve, in accordance with Note 1 on page 10. The net dividend from a subsidiary of £13,096 shown in the Profit and Loss Account arises from the distribution of the remaining balance in this Subsidiary's Profit and Loss Account.

DIVIDEND RECOMMENDATION

The Net Profit available for appropriation thus becomes £459,820, against £381,389, from which is to be deducted the Special Interim Dividend paid in April and the Interim Dividend paid in October, leaving £372,317 for disposal and, after placing £195,000 to reserves, your Directors recommend the payment of a Final Dividend of 8 per cent on the £1,996,272 Ordinary and £665,424 "A" Ordinary Stock which, if approved by the Annual General Meeting, will be paid on April 30, 1960.

Once again we have maintained good labour relations during the year and I would like to thank all employees for the good work which they have done, and perhaps I might make special mention of the members of our Joint Consultative Committees who do so much to ensure the smooth running of the Factory.

We were particularly pleased this year when one of our Staff, Mr W. Osliffe, who had recently retired from the position of Manager in our Roller Cutting Department, was awarded the MBE in the New Year Honours for his services to Industry, and I am sure it would be your wish that I should congratulate him on behalf of all our members.

THE NEW ACCOUNTING PERIOD

We have been unfortunate in starting our new accounting period with a fire which destroyed the top floor of one of our buildings, affecting the production of our felt based materials. This is bound to have an adverse effect on our profits for the first quarter. The work of reconstruction is proceeding rapidly and we hope to resume our interrupted processes shortly. In the meantime, I would like to thank those Companies, some of which are our competitors, which have generously come to our aid by carrying out these processes for us in order that we might maintain our production.

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

The retiring directors, Mr G. G. Parkinson and Mr T. H. Bell, FCA, were re-elected, and the remuneration of the auditors, Messrs Viney, Price and Goodyear, having been fixed, the proceedings terminated.

Gestetner

LIMITED

TOTTENHAM, LONDON, N.17

The Company sells the world-famous Gestetner Duplicator and accessories, the electronic Gestefax and the Gestelith office offset duplicator. It has branches throughout the United Kingdom and subsidiary companies or representatives in all parts of the British Commonwealth, in the Americas, the Far East, and many countries in Europe. Extensive servicing facilities are available throughout the organisation.

SUMMARISED CONSOLIDATED ACCOUNTS AT 30th MARCH, 1960

Issued Capital	£2,771,100	Fixed Assets at cost less depreciation	£2,625,233
Capital Reserves	477,025	Interest in subsidiaries not consolidated	256,036
Revenue Reserves and Unappropriated Profits	3,539,273	Excess of Current Assets over Current Liabilities	4,825,879
Future Income Tax 1960/61	441,140		
4½% Debenture Stock 1975/80	478,610		
	£7,707,148		£7,707,148

Group Profit for the year after Taxation		£1,155,913
Dividends Net by Gestetner Limited:		
Preference	£20,778	
Ordinary	247,584	
		268,362
Retained in the Group		£887,551

Copies of the Accounts and Chairman's Statement may be obtained from the Secretary, Gestetner Limited, Tottenham, London, N.17.

BROWN BROTHERS LTD.

RECORD SALES ACHIEVED

The sixty-third Annual General Meeting of Brown Brothers Ltd. was held on April 13th, in London, Sir Richard Yeabsley, CBE, JP, FCA, the Chairman, presiding.

The following is an extract from his circulated statement:

I am pleased to report again that the sales of the Company and its Subsidiaries have exceeded those of the previous year. The trading profit of the Group for the year 1959 amounts to £1,173,313 (£1,136,397 for the previous year). The net profit of the Group after charging taxation is £453,755 (£397,791).

Of this Group net profit £50,884 has been retained in the Subsidiary Companies, leaving a net profit for the year of £402,871 (£333,287) to be dealt with in the Profit and Loss Appropriation account of the parent company.

It is recommended that £200,000 (£150,000) should be transferred to General Reserve.

The Directors propose a final payment of 13 per cent less tax on the issued Ordinary capital which, with the interim distribution of 4½ per cent less tax already made, makes a total of 17½ per cent less tax for the year (15 per cent less tax in respect of the year 1958).

The unappropriated profit carried forward is increased by £12,257 to £377,791.

TRADING CONDITIONS

I have already referred to the record sales of the year, but in this regard it must be remembered that we have been operating in a year remarkable for general expansion in the Home Market.

As the number of cars and commercial vehicles on our roads increases, so must we expect the demands on the service sections of the automotive industry to increase. It is our function to provide the replacements, the accessories, the tools and the equipment to the Motor Trader and Service Dealer throughout the country.

The tendency for the sale of cycles and cycle accessories to fall, so marked in 1958, has been checked, and a small improvement in turnover can be reported.

I am glad to say that during the whole of the year under review sales in our Radio departments have continued at record levels. In the field of Electrical domestic appliances also we have continued to enjoy a high level of turnover.

I am sure you will be pleased to know that sales in the first two months of 1960 have again been encouraging.

ADDITIONAL CAPITAL

The continuing expansion of our business requires Capital. As already announced, it is our intention to make an issue of 326,880 new Ordinary shares of £1 each and to offer these to shareholders at 45s. per share in the proportion of one new Ordinary share for each six Ordinary shares held. It is hoped that the appropriate documents in respect of this issue will be despatched to shareholders on April 22nd.

Provided there is no appreciable change in trading conditions, your Directors anticipate that the dividend for 1960, on the increased Capital, will be maintained at the 1959 rate.

The report was adopted.

VINE PRODUCTS

A SUCCESSFUL YEAR

The Thirty-fourth Annual General Meeting of Vine Products, Limited, will be held on May 5th at Surbiton, Surrey.

The following is an extract from the circulated statement by the Chairman, Sir Ronald Howe, CVO, MC:

First I must say how much I appreciate the confidence shown by your Board in appointing me Chairman of your Company, and I am very glad to report an increase in the net profits, before tax, in 1959 of £232,599, that is, over 38 per cent more than in 1958. In view of these excellent results, we propose to increase the dividend to 27½ per cent.

V.P. Group Wine Sales.—1959 was a successful year for all members of the group. Total British wine sales reached a postwar peak and you will, I know, be pleased to hear that your Company has more than maintained its predominant share of this total. In fact, a fifth of all wines consumed in this country are produced by your Company.

Sales under the "V.P." trade mark continued to be the largest of any individual brand of wine in the United Kingdom.

The Group's total figure was materially assisted by sales of "Cherry B," a special cherry wine in small bottles, launched by BritviC in the Spring of 1959: this line has had a remarkable success and is now well established.

British Wines sold by our Subsidiary Companies in 1959 showed an overall increase and sales by them of Commonwealth and Foreign wines and spirits continued to make progress.

The Parent Company has now added Cyprus Wines to its own Commonwealth range, which started in 1958, and we hope that the whole range will become a valuable asset to your Company's business.

BRITVIC—POSITION GREATLY STRENGTHENED

Last year BritviC Fruit Juices maintained their pre-eminent position in the trade. BritviC's position has been greatly strengthened by the success of "Cherry B." Sales this year indicate its increasing popularity and a sister product, "Blackcurrant B," has been introduced in February of this year. So far the signs are encouraging.

Canned Fruits.—The exclusive marketing of BritviC Canned Fruits has now been transferred to a well-known firm of city merchants, John Dorell & Company, and we no longer have a direct financial interest, but we have the benefit of keeping the name "BritviC" well to the fore.

Works Development.—To meet our growing production commitments, plans are in hand to increase our plant and to erect additional buildings beside our Winery.

The Revenue Reserves have increased by £251,229. The liquid position of your Company has benefited considerably by this increase in reserves, the balance of current assets over current liabilities having increased by £439,326.

Future Prospects.—As to the future, while we have every confidence in the continuing expansion of our trade and present indications so far this year are promising, I must emphasise that competition in the British Wine Trade, and in the Wine Trade as a whole, has intensified and this could well affect profit margins in the future.

"Our eggs are in many baskets—a protection from economic zigzags"

Record Profits Attained

Mr. W. Lionel Fraser's Review

The Sixty-Third Annual General Meeting of Thomas Tilling Limited will be held on 12th May, 1960, at the Washington Hotel, Curzon Street, London, W.1.

The following is an extract from the review by the Chairman, Mr. W. Lionel Fraser, C.M.G., which has been circulated with the Report and Accounts for 1959:—

A question often asked me is: "Is diversification a good thing?" Although many have followed our lead, I can only properly speak of our own case, where I say unhesitatingly that having our eggs in many baskets has proved itself to be an excellent thing. This dates back very many years, for let it be said we were an embryonic Family of Firms long before our transport assets were sold in 1948, possessing as we then did, considerable outside investments.

If our holdings are now even more varied, it is precisely because we believe thereby we shall protect ourselves from the zigzags that recur in the economy, and because, in all modesty, we consider ourselves well qualified to co-ordinate and fashion our different interests. We cannot expect, in the event of a general setback, to escape its effects altogether, but if we are careful in the selection of our member companies, as well as judicious in our supervision of them, we can surely hope that as our future unfolds, the zigs will not seriously unbalance the zags.

All my colleagues share my confidence in the future of Thomas Tilling Limited. We have had a good past year, and on present showing, 1960 looks like being no laggard. There should be better ones ahead. I believe the coming era will be a period of broadening prosperity for this country and the whole world, but it will mean buckling-to.

THOMAS TILLING LIMITED AND SUBSIDIARY COMPANIES
ELEVEN-YEAR RECORD—1949-1959

	Profits	Funds				Ratios		
	Profits before tax attributable to Thomas Tilling Limited (A)	Preference Capital	Ordinary Capital	Reserves (*excluding Tax Reserves*)	Total Funds (B)	Profits (A) to Funds (B)	"Earnings" on Ordinary Capital	Gross Rate of Ordinary Dividend
	Thousands of £'s					Percentages		
1949	570	300	4,120	2,271	6,691	8.52	9.5	5 (4.5)
1950	678	300	4,120	2,359	6,779	10.00	12.5	6 (5.5)
1951	844	300	4,120	2,459	6,879	12.27	14.5	6 (5.5)
1952	865	300	4,120	2,559	6,979	12.40	15.5	7½ (6.8)
1953	911	300	4,120	2,710	7,130	12.78	14.9	7½ (6.8)
1954	1,014	300	4,120	2,904	7,324	13.85	17.8	10 (9.1)
1955	1,521	2,500	4,200	3,155	9,855	15.43	25.2	10 (9.1)
1956	1,675	2,500	4,245	3,739	10,484	15.98	27.4	11¼ (10.2)
1957	1,984	2,500	4,593	4,147	11,240	17.65	28.3	13¼ (12.0)
1958	1,831	2,600	4,967	5,132	12,699	14.42	23.9	13¼ (12.0)
1959	2,573	2,600	5,464	5,555	13,619	18.89	37.3	17

NOTE: The "Earnings" percentages and the dividend rates shown in brackets take account of the one for ten capitalisation issue made in May, 1959, and are thus properly comparable with the rates for 1959.

If you are interested in obtaining a copy of the full Report and Accounts please write to: The Secretary, Thomas Tilling Limited, 19 Crewe House, Curzon Street, London, W.1.

THOMAS TILLING LIMITED

A FAMILY OF FIRMS

THE SCOTTISH UNION AND NATIONAL INSURANCE COMPANY

MOMENTOUS YEAR

PROGRESS IN LIFE, FIRE, ACCIDENT AND MARINE BUSINESS

MR JAMES A. LUMSDEN'S REVIEW

The following is a summary of the Statement by the Chairman, Mr James A. Lumsden, MBE, circulated with the Report and Accounts of the Scottish Union and National Insurance Company for the year 1959:

The year was a momentous one for the Company. Following an offer by the Norwich Union Fire Insurance Society Ltd. for the Company's shares, the Society has acquired more than 99 per cent of the issued share capital. To establish a close liaison at Board level Sir Robert Bignold, DL, President of the Norwich Union Insurance Societies, and Mr Basil Robarts, FIA, General Manager of the Norwich Union Life Society, were appointed Directors of the Company whilst Mr Lumsden and Mr P. J. Oliphant were appointed to the Board of the Norwich Union Fire Society Ltd. Sir Robert Bignold has also been appointed President of the Company.

The new life business completed (after deduction of reassurances) was £8,931,028, an increase of more than £500,000 compared with 1958. The rate of interim bonus payable on participating policies was increased during the year from 47s. per cent to 50s. per cent.

Referring to the new State Pensions Scheme Mr Lumsden stated that each private pension scheme insured with the Company was being examined to assist employers in reaching a decision on whether they should contract out of the State Scheme. A joint pension Consultant service with the Norwich Union has been formed.

The net premium income in the Fire Department totalled £5,664,196, an increase of £49,948 compared with 1958. Claims experience generally in the United Kingdom was much heavier than for many years, and this resulted in a greatly reduced underwriting profit from the home operations. Although there had again been underwriting losses in the USA and Canada there had been an improvement in these territories. In most other overseas countries the results were satisfactory. An underwriting profit of £12,370 was realised compared with a loss of £95,075 in 1958.

In the Accident and General Department, net premiums increased by £260,296 to £2,894,976, and the loss ratio was 56.13 per cent compared with 56.73 per cent in 1958. Motor business, except in Canada, was again unprofitable with a claims ratio of 60.81 per cent. The Accident Account as a whole, however, produced a trading profit of £84,822, but with the allocation of 50 per cent of the premiums to the provision for unexpired risks there was an underwriting loss of £45,392, which was met by a transfer from the Profit and Loss Account, compared with an underwriting loss of £82,248 in 1958.

The net premium income in the Marine department increased by £106,506 to £1,769,291 and, as claims paid increased by only £40,159 there was a slight improvement in the trading. Marine underwriting continued to be difficult but, with the general improvement in world trade resulting in an increase in the volume of business, the future seemed to hold out better prospects. No transfer was made to the Profit and Loss Account.

In the Profit and Loss Account gross interest, dividends and rents at £517,675 showed a gratifying increase over the previous year. After charging UK and Overseas taxes amounting to £52,430 there was a net group profit of £254,868. The dividend paid on February 10, 1960, after deduction of Income Tax, absorbed £147,000 and the balance of £758,614 which is carried forward is substantially greater than in 1958.

The Chairman concluded his Statement by thanking all members of local boards and agents for their support during the year, and also extended sincere thanks to the management, officials and staff for their excellent work.

NATION LIFE AND GENERAL ASSURANCE COMPANY

The thirty-fifth annual ordinary general meeting of Nation Life and General Assurance Company Limited was held on April 20th at Teddington, Mr H. Cox (the chairman) presiding.

The following is an extract from his circulated statement:

The Income of the Company has increased by £16,943, again, an increase above our average. The Life Funds have increased by £65,000 and the Assets have increased by £106,000.

The Company's Income for 1959 totalled over £365,000 and the Premium Income for our two Life Branches amounted to £304,000. The Interest Income, which shows an increase of some £6,400, amounted to £61,757, and the Interest Yield on the Industrial Assurance Fund was £5 9s. 10d. compared with £5 5s. 3d. last year.

Our sums assured in the Ordinary Branch show a substantial increase. We have succeeded in attracting the attention of Insurance Brokers, and this interest is continuing. A substantial business is being built up in our Ordinary Life Branch.

The Directors recommend a final Dividend of 6d. per 5s. Stock Unit, free of Tax, making a total Dividend of 10d. per 5s. Stock Unit, free of Tax for the year ended December 31, 1959. The Directors further recommend an Interim Dividend of 4d. per 5s. Stock Unit, free of Tax, for the year ending December 31, 1960, on the increased issued capital.

A Dividend of 2½ per cent has been declared by our Subsidiary, The Tabulating and Mechanical Accounting Service. I am satisfied that our Subsidiary Company will be of great benefit to our Stockholders.

The report was adopted.

In replying to a vote of thanks the Chairman, Mr H. Cox, stated that the recent Rights Issue was a great success, and announced that the new business to date for the Ordinary Branch had already exceeded the New Business received in that Branch for the whole of last year. He further announced that preliminary steps had been taken to commence Fire and General Departments.

HENEKEYS LIMITED

DIVIDEND CRITICS ANSWERED

The fortieth annual general meeting of Henekeys Limited was held on April 12th in London, Sir Bernard D. F. Docker, KBE, JP, (the chairman), presiding.

The following is an extract from his circulated statement:

I am pleased to report a profit before tax of £172,892, an increase of £13,800, which becomes £16,800 after tax largely due to the lower rates of Income Tax and Profits Tax. I consider this satisfactory.

We have not increased the Ordinary Dividend, and I have seen this commented on unfavourably in some quarters; I must remind anyone who may have forgotten that Shareholders received last year a free issue of £270,000 Second Preference Stock bearing 7 per cent interest, and this interest is equivalent to just over 5 per cent increase in the Ordinary Dividend.

Since the end of our financial year our takings show a further rise over 1958/59—this increase is largely in the "Off-sale" departments of our Head Office and Branches, and our policy of opening up Off-licences in all Branches where it is practicable is serving us well. Such Off-licences have been opened during or since the end of the year at Camberwell, Hastings and Wandsworth Branches.

We also extended our City Grill Room which continues as a popular luncheon room.

I am glad to tell you that we have secured on reasonable terms, the Freehold of our Twickenham Branch, the Lease of which was due to expire in 1972. We have also negotiated a further long Lease on our Hastings property.

The report was adopted.

APPOINTMENTS

UNIVERSITY OF OTAGO
Dunedin, New Zealand
SENIOR LECTURER OR LECTURER IN STATISTICS

Applications are invited for this position. Salary range: Senior Lecturer £1,750-£2,000; Lecturer £1,250-£1,700 per annum.
Further particulars are available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, or from the Registrar, University of Otago, Dunedin, New Zealand.
Applications close in New Zealand and London on *June* 15, 1960.

THE UNIVERSITY OF HULL

Applications are invited for the appointment of Research Assistant in the Department of Social Studies tenable from October 1, 1960. Candidates must have reached a good Honours standard in Sociology and should preferably have had some research experience. Salary scale £650 x £50—£900 p.a. with F.S.S.U. and children's allowances. Further particulars may be obtained from the undersigned to whom applications (five copies) should be sent not later than May 14, 1960.

W. D. CRAIG,
April 14, 1960. Registrar.

UNIVERSITY OF OTAGO
Dunedin, New Zealand
DONALD REID CHAIR OF ECONOMICS

Applications are invited for the Donald Reid Chair of Economics. The salary is £2,800 per annum.
Further particulars are available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, or from the Registrar, University of Otago, Dunedin, New Zealand.
Applications close in New Zealand and London on *June* 15, 1960.

For further appointments and other classified advertisements see pages 381, 382 and 383

UNIVERSITY OF HONG KONG
READERSHIP OR SENIOR LECTURESHIP IN STATISTICS

Applications are invited for the above-mentioned post. Applicants should have the appropriate qualifications and experience needed to take charge of the newly established Statistics Unit.
Annual salary (superannuable) is: Readership—£2,500 (man) or £1,900 (woman); Senior Lectureship—£2,000 x £75—£2,300 (man) or £1,500 x £60—£1,740 (woman). There is also an expatriation allowance of £300-£250 a year if applicable. The equivalent of income tax in the Colony is comparatively low.
Expatriate staff and their families are provided with furnished accommodation at a reasonable rental, and with first-class sea passages on first appointment and leaves.
Further particulars and information as to the method of application should be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
Applications close, in Hong Kong and London, on May 31, 1960.

COMPANY AFFAIRS

Dunlop Rubber

With its 1959 results Dunlop Rubber should have done much to erase investors' memories of 1956 when, with profits sharply down, the ordinary dividend was cut from 14 per cent to 10 per cent. The chairman's forecast with the interim statement last October must have led investors to expect only a slight increase in profits and probably an unchanged equivalent dividend after the one-for-four scrip issue. In the event, the group's trading profits last year rose by 14 per cent from £19,761,000 to £22,474,000 and the ordinary dividend has been stepped up from the equivalent of 13 per cent to 15 per cent. Partly as a result of the boom in the motor industry in this country Dunlop's sales continued to rise and in the last half of 1959 they were 5 per cent higher at £134 million than they were in the first half. Over the same half-yearly periods trading profits rose by 13 per cent, even though tyre prices were cut by 7½ per cent last August and the price of natural rubber continued to rise. There has thus been a significant improvement in profit margins from 8.3 to 8.9 per cent; for the full year the margin works out at 8.6 per cent, against

SALES AND PROFITS

(£ million)

Six months ended	June 30, 1958	Dec. 31, 1958	June 30, 1959	Dec. 31, 1959
Sales	120	123	127	134
Gross profit	9·63	10·13	10·52	11·95
Net profit	2·64	3·16	3·15	4·02
	%	%	%	%
Gross profit/sales	8·0	8·2	8·3	8·9
Net profit/sales	2·2	2·6	2·5	3·0

8.1 per cent in 1958. It is the trend of these statistics (rather than their height) which may give investors greater confidence, for in the past few years Dunlop's profits have failed to go up as quickly as sales.

Until the full report is published it can only be surmised that the greater part of this increase in profit came from Dunlop's overseas activities, which last year contributed something over two-thirds of total profits. In the United Kingdom there was certainly no let-up in the "increasing severe competition" to which the directors referred last year and which led to last August's cut in tyre prices. Clearly Dunlop's vigorous overseas expansion is paying off and it is from the factories in various parts of the world together with new products such as disc brakes and pneumatic suspension systems that further increases in profits seem likely to stem. At 25s. 7½d. the 10s. shares still yield almost 6 per cent—a far higher return than can be obtained from any other leading industrial company except Imperial Tobacco.

Wood Hall Trust

In his circular to shareholders on the link up between Wood Hall Trust and Samuel Montagu, Mr Michael Richards, the chairman of Wood Hall and the seller of 350,000 Wood Hall shares to Samuel Montagu, obviously tries to remove various doubts that shareholders have held (and may still hold) on the merits of this deal. Mr Richards estimates that group profits before tax in the year to June 30th should be not less than £800,000. This figure excludes profits from Hart Son and Company, the merchant bankers, which it is proposed to sell to Samuel Montagu for an independently agreed price of £600,000. A tax free dividend of £100,000 from this company is to be paid to Wood Hall before the sale is completed, and this will bring group profits up to not less than £963,265. This compares with a profit before tax for the previous year of £774,052, of which Hart Son and Company contributed £221,367. From the increased profit the directors hope to pay a tax free dividend of 20 per cent equivalent to 32½ per cent gross (against 25 per cent gross).

Mr Richards reveals that negotiations are in progress for the acquisition of further subsidiaries, which he says should more than offset the loss of Hart's profits. He also assures shareholders that, although he is to be appointed a managing director of Samuel Montagu, he will continue to give as much time and attention to the affairs of Wood Hall Trust as he has in the past. Since Mr Richards took over Wood Hall in 1952, it has made great strides and shareholders may well wonder if they are not being asked to pay rather a heavy price for Samuel Montagu's backing (considerable though its value is). Not only are they to lose Hart Son and Company but they will lose virtual as opposed to formal control of Wood Hall Trust if Samuel Montagu exercises the valuable options that are to be granted to it. Some dissenting voices may be heard before the necessary resolutions are passed on May 6th if shareholders are not attracted away by other matters on that day. The 5s. shares have had a good rise since the scheme was first announced and at 37s. 6d. yield 4¼ per cent, on the forecast dividend.

Waterlow & Sons

The last few days have been bewildering ones for Waterlow shareholders as moves and counter moves have taken place almost daily in Waterlow's hard fought struggle with Purnell. The last shots now seem to have been fired, for Purnell declared its offers unconditional and has extended those of the preferred and deferred ordinary shares to April 26th, which had already been set as the closing date for the preference offer. Purnell has not disclosed the size of its holdings in Waterlow except to say that they are substantial in each class. They are presumably sufficiently large to block Waterlow's capital reorganisation scheme. This was put forward by Mr P. A. Waterlow, the chairman, as a reply to Purnell's decision to include the 4 per cent preference shares in its bid. Waterlow proposed that the dividend rate on the preference shares (for which Purnell had offered 20s. in cash) should be raised from 4 per cent to 6 per cent and that 2s. 6d. should be added to the nominal value on repayment. Similarly an increase of from 6½ per cent to 7½ per cent was proposed for the preferred ordinary (for whom Purnell had made a bid equivalent to 22s. per share) with 3s. 6d. added to the nominal value on repayment. In addition it was proposed that both preference and preferred ordinary shareholders would receive one £1 deferred share for every 18 shares held. In return for these benefits these shareholders were asked to surrender their voting rights, which amounted to 1,080,000 of total votes of 1,770,000. Despite Purnell's declaration Mr Waterlow is going ahead with this scheme, since he believes that Purnell's "substantial holdings" are small in relation to total votes.

It seems likely however that the decisions of the deferred shareholders will still decide the day, for news of a prospective interim dividend of 10 per cent, a revaluation of the company's properties (which threw up a considerable surplus and gave each share a net asset value of 103s.) and a capital profit of £450,000 on sales of property has failed to hold the price of the deferred shares at a sufficiently high level to make the Purnell offer seem unattractive. In the last fortnight the shares have slumped by 9s. to 46s. to stand in line with the value of the Purnell offer. Throughout this struggle Purnell has held the initiative. Waterlow has been forced back on the defensive. Usually in past battles of this kind it has been the aggressor who has won, for the defenders are often open to criticism that if they can afford to be generous under pressure they could have treated shareholders more liberally in the past.

Insurance Results

In 1959 **Prudential Assurance** passed a new mile-stone, when its total assets passed beyond the £1,000 million mark. Over the year its assets rose from £965 million to £1,035 million. Three quarters of this increase was in ordinary shares (which rose from £208 million to £247 million) and in properties. As in 1958 a further £10 million has been invested in both fixed interest securities and mortgages. There was little change in Prudential's gilt-edged portfolio.

Total income last year fell only just short of £200 million, at a new peak of

Continued on page 373

Capital Intensity at ICI

As a producer of all kinds of chemicals in volume, Imperial Chemicals Industries is an enormous employer of capital; for every person ICI employs there are three who own some of its stock. Of 341,757 people who owned stock at the end of last year, 309,791 were ordinary stockholders (12,909 more than at the end of 1958). Of these 67.7 per cent owned £500 or less, their total holdings representing 16.5 per cent of the ordinary capital. Right at the other end of the scale, 15.4 per cent of the ordinary capital was held by 28 insurance companies, pensions funds and other institutions. For the small man as well as the big institution, ICI is an inevitable choice and once the stock is bought it is unlikely to be sold in a hurry. Thus in a year of stock exchange boom, when the price of ICI went up from 38s. to 60s. 6d., it is not all that surprising that the turnover in the stock was relatively small. Over the year, 91,907 transfers were received, representing a total nominal value of £22,715,108 or about 9 per cent of the ordinary capital.

Since the end of the year, the directors have reported a remarkable expansion in profits and have raised the ordinary dividend from 8 to 11¼ per cent. So far this year, the price of the ordinary stock has been as high as 62s. 6d. Now at 56s. 9d. xd, the stock offers a dividend yield of almost 4 per cent and an earnings yield 2.2 times as great at 8¾ per cent.

How quickly ICI's profits respond to working full out was revealed in last year's results. Sales rose by 10 per cent from £462¾ million to £508½ million. Included in these totals, exports rose by 19 per cent to the record total of £87½ million; here, the principal yeast was the export of plastics and "Terylene," and a subsidiary ingredient was the recovery in exports of alkali and dyestuffs. Profits after depreciation but before tax rose by no less than 55 per cent, from £51½ million to £79¾ million and the consolidated net income after tax went up by 77 per cent, from £23 million to £40¾ million. With some restraint, the directors describe this as a "welcome improvement" in which profits have "only resumed what may be regarded as a more appropriate relationship to capital in view of the heavy volume of capital investment in recent years." In 1958, the revaluation of fixed assets was the principal but not the only reason the rate of return on capital funds fell from 11 to 8 per cent. Last year the rate of return improved to 11.7 per cent, the highest since 1955. Over the last four completed half years the rate of profit return on sales has run: 10.5 per cent, 8.6 per cent, 13.9 per cent and 14.7 per cent.

These bigger margins were achieved in a year in which ICI reduced the prices of its main products on an average by 2½ per cent. The number of employees fell from 112,108 to 109,596, and the value of stocks rose by only £2 million to £115¾ million. The explanation is a more intensive and more efficient use of capital. The directors emphasise this in their report:

> The increase in the aggregate value of sales was because of higher volume, and not because of higher prices. The capital invested in the company is large in relation to its turnover, and an increase in general activity is quickly translated into lower costs of production, particularly where there are plants previously not working to capacity, as in 1958, which can be brought into full production. Furthermore, improved efficiency in the technical operation of plants was secured, and this was most marked in those recently built plants which are turning out some of the newer products.

Sales of "Terylene" polyester fibre were a record and the plant was operating to capacity, reflecting the more favourable conditions in the textile trade at home and the continued growth of exports; by the end of the year part of the extensions designed to increase capacity to 50 million pounds of "Terylene" had come into production. The paints division had another successful year and new machinery which came into production early in the year enabled an increasing demand for leathercloth products to be met. Sales of the major products of the plastics and metals divisions increased substantially. Indeed, the only division where there was much of a reduction in sales was the Nobel explosive division, which was affected by the decline in orders from the coal industry.

Last year's growth in sales and profits would have been impossible without heavy spending on capital account earlier on. The directors' report indicates that the rate of spending has recently been reduced and that there had been a change in the nature of that spending. Last year ICI spent £32.2 million on construction projects in this country, compared with £45.3 million in 1958 and £50.6 million in 1957. The directors sanctioned the spending of £22 million on new projects and the total of outstanding commitments was reduced from £49.8 million to £39.6 million. The rate of capital expenditure early this year will be less than it was in 1959, though the directors expect this trend to be reversed towards the close of the year. Capital expediture of this order can easily be financed by retained profits, which last year amounted to £52 million, including £10 million of tax reserves. In explaining the change in the nature of capital spending, the directors remind shareholders that the effort between 1945 and 1957 was directed towards installing new plants and enlarging older ones. Since the end of 1957, they add:

> The emphasis has been on increasing the capacity of existing plants by improving efficiencies, on carrying out modifications with a relatively low expenditure of capital, and on consolidating the expansion which had taken place over the previous twelve years, and of planning future increases in capacity so that the best can be made of the skills available within the organisation.

This policy of ICI has a double lesson for shareholders. First, ICI is unlikely to come to the market for new money—unless, for example, it develops a new product for a mass market that requires a big plant. Secondly, the ICI board can afford to be more generous with dividend payments. That is especially so if prices remain stable and they do not have to make each year bigger and bigger appropriations out of taxed profits to cover the cost of capital replacement. Thus if, before 1957, the payment of about a third of ICI's net income out in dividend was appropriate, the payment of about half that income would not be inappropriate now. The 1959 dividend was covered nearly 2¾ times by earnings and if ICI's profits rise this year—as rise they surely will though, because there is less slack to be taken up, less spectacularly than they did in 1959—there is no reason why the dividend should not keep pace.

INCOME AND ASSETS

(£'000s)

	1955	1956	1957	1958	1959
Sales	411,018	435,319	462,888	462,677	508,509
Trading profit	76,866	76,904	86,000	81,080	112,893
Depreciation	20,380	23,459	24,485	29,580	33,138
Employees' profit sharing	2,833	3,147	4,958	5,406	7,100
Income before tax	53,579	50,122	55,135	44,514	73,116
Taxation	23,900	23,765	26,328	20,659	31,531
Net income	29,679	26,357	28,807	23,855	41,585
Retained by subsidiaries	3,873	4,879	4,692	4,070	5,459
Retained by parent	14,840	10,099	11,221	5,751	15,353
Ordinary dividend	8,168	8,225	9,952	10,900	17,439
Ordinary dividend (per cent)	10	10	12	8*	11¼
Net fixed assets	324,996	358,786	398,259	492,380†	497,089
Net current assets	103,172	87,256	111,001	90,985	118,479
Total assets	460,226	479,396	545,219	618,469	660,221
Ordinary capital	142,046	143,045	144,233	236,953	246,209
Reserves	167,263	186,465	199,749	202,029	230,262
Preference capital	33,709	33,709	33,709	34,709	34,737
Minority interests	19,514	21,200	23,196	25,043	25,842
Future tax reserves	27,535	24,432	26,970	26,319	37,063
Debentures and loans	70,159	70,545	117,362	93,416	86,108
Total funds	460,226	479,396	545,219	618,469	660,221

* On capital as increased by 50 per cent scrip issue and loan stock conversions. † After revaluation.

Continued from page 371

£197 million. Of this sum investment income accounted for £55 million (against £49 million). Premium income in the ordinary branch rose from £61½ million to £66¼ million, of which £19 million came from overseas. The industrial branch operates only in this country and its premium income rose by £2¾ million to £57¾ million. Premiums from fire, accident and life assurance (including the unconsolidated American subsidiary) totalled £20½ million (against £18¾ million).

Shareholders in **Legal and General** are reminded by the chairman, Lord Harcourt, in his annual statement that while future triennial valuations should reveal larger surpluses with the growth of life funds an increasing proportion of these surpluses will be absorbed by bonuses to holders of with-profit policies rather than to shareholders. This statement reflects the growth of the with-profits business, which Legal and General entered much later than most other insurance companies. The 1959 valuation produced a surplus of £7,643,000 (against £3,140,000 in 1956); of this sum £2,100,000 (against £2,140,000) was allocated to the profit and loss account.

INSURANCE DIVIDENDS

	1958 %	1959 %	Price	Yield %
Britannic	80†	95†	184/3	4·1
Commercial Union	40	45	61/–	3·6
Equity & Law Life	32·4†	41·2†§	£13 13/16	2·1
General Accident	27½	45*	82/6	2·7
Guardian	60	70	106/3	3·3
Legal & General	100	190	£16 5/32	2·6
London & Lancashire	37½	37½*	46/9	4·0
Pearl	70†	80†	146/3	4·4
Prudential 'A'	162½†	183 1/3†	£17 1s	3·5
" 'B'	108 1/3†	150†	74/–	3·3
Royal	78 1/3	93 1/3	131/9	3·5

* On capital as increased by rights issues. † Tax free. § Similar dividend declared for 1960.

In Legal and General's continued expansion is the key to future dividends. In 1959 total assets rose by £42 million to £398 million. Legal and General has invested very heavily in property and at £107 million its property investments made up over one quarter of total assets. Its holdings of ordinary shares amounted to £40 million.

Many insurance companies have announced bigger dividends this year, as the accompanying table shows. Among them **London and Manchester** has raised its tax-free dividend from 4s. 1½d. to 4s. 9d. on its 5s. shares. In addition a 100 per cent scrip issue is to be made. The directors expect to have available for distribution in 1960 a similar amount as in 1959 plus the interest earned on the proposed additional capital. Thus, if interest is calculated at 6 per cent gross (or 4.16 per cent net) the indicated dividend is the equivalent of just over 99 per cent tax free, or 49.58 per cent on the doubled capital. In other words the dividend may be at least 2s. 6d. per share.

British Drug Houses

When the directors of British Drug Houses successfully fended off the take-over bid by Fisons last month, they forecast that consolidated profits for 1959 would show a rise from £551,597 to not less than £600,000. In fact the preliminary statement shows that they have risen by 17½ per cent to £647,495. The creation of its own wholesale department in the London area and the expansion of its chemical laboratories at Poole contributed to this advance in profits and the directors expect further increases in profits from these sources in the next few years. Earnings in 1959 cover the doubled dividend of 24 per cent 1¾ times. For the current year the directors hope to pay the equivalent rate on the capital as increased by the 50 per cent scrip issue and they hope to raise that payment for 1961. By then the results of the tests on the new oral contraceptive on which British Drug Houses has been working will be known. Laboratory tests on this contraceptive pill have fulfilled many hopes. Shareholders will no doubt hope that clinical tests will produce as favourable a result. In the last few weeks they have seen their shares fall from 30s. during the take over struggle to 25s. 6d. At this price they yield 4.8 per cent.

Thomas Tilling

In 1959 total income from the many and varied companies which make up Thomas Tilling's family of firms soared from £3,399,995 to £4,638,706, more than making good the 1958 setback in profits which had been its first since the company assumed its new form. New shareholders —and they are numerous following the splitting of the £1 shares into 4s. units— will be impressed by the wealth of information contained in the report. The proportion of the equity held in each company by the group is given, as well as the proportion of assets invested in each company and in particular trades. What shareholders might also like to know is the relative contribution to the total profits made by each of these companies.

Earnings from Cornhill Insurance, which represents 10.7 per cent of Tilling's assets, provide about 15 per cent of total income. Tilling's major investment in a single company is in James A. Jobling, makers of Pyrex glassware, which reported record profits last year following the substantial fall in 1958. In a group as wide and varied as Thomas Tilling not all its members flourish at the same time, and among others Heinemann, the publishers, has reported lower profits, largely as a result of the printing strike.

For the future Mr Lionel Fraser, the chairman, looks forward to further expansion and says that there is no lack of applicants to join the Tilling family. This year shareholders will receive a bigger dividend. A further one for ten scrip issue is proposed and the directors intend at least to maintain the current rate of dividend on the enlarged capital. A similar forecast was made at this time last year, but in fact the dividend for 1959 was raised from the equivalent of just over 12 per cent to 17 per cent. The market is hoping for something more than 17 per cent on the increased capital, for on that basis the 4s. units at 23s. 1½d. yield only 3¾ per cent.

London Stock Exchange

FIRST DEALINGS:	Mar. 21	April 4	April 25	
LAST DEALINGS:	April 1	April 22	May 6	
ACCOUNT DAY:	April 12	May 3	May 17	

The Chancellor's reference in his Budget speech to the possibility of credit restrictions continues to be the main factor restraining activity in the stock markets. This coupled with the Easter holiday has brought about a sharp drop in the number of bargains marked. On Thursday of last week, when some small buying and bear covering gave the *Financial Times* Index its only rise since the Budget, only 9,813 bargains were recorded, the lowest figure since Christmas Eve, 1958. In the four days' business to the close on Wednesday gilt-edged stocks have been generally quiet, but there has been some small investment buying mainly of the shorter medium-dated stocks. Conversion 3½ per cent 1969 rose from 84 11/16 per cent to 85¼ and Savings 2½ per cent 1964-67 gained ¼ to 82. Little interest has been shown in undated stocks and War Loan 3½ per cent was unchanged at 62 15/16 per cent.

Apart from last Thursday industrial equities have generally eased, but in a number of cases losses have not wiped out entirely Thursday's small gains. Thus over the week to Wednesday *The Economist* indicator rose fractionally from 351.2 to 351.4. Steel shares over the week were a little up on balance although the gains were not always held. Stewarts and Lloyds gained 9d. to 48s. 6d. after touching 49s. 3d. and United Steel gained 6d. to 77s. 6d., having touched 79s. 3d. before the holiday. Substantial gains on American and Continental favourites in Tuesday were not held later, but nevertheless over the four days' trading Unilever NV gained 8s. to 190s., having touched 195s. 7½d. on Tuesday. Philips Lamps, which on Tuesday jumped to a new peak of 182s. 6d., made a net gain over the period of 4s. 9d. to 178s. 9d. The revival of the rumours of a take over of Ford Motors by its American parent caused a sharp rise in the shares to 106s. 1½d. A denial from the United States after Easter left them still 3s. 1½d. higher on balance at 101s. 6d. On news of its take-over bid for Raleigh Tube Investments lost all but 3d. of last Thursday's gain and closed on Wednesday at 77s. Raleigh gained 6d. to 50s. 6d. Shipping shares made good advances on the reported comments of a better outlook for the industry, Peninsular and Oriental rose from 39s. 10½d. to 41s. 6d. while Furness Withy gained 9d. to 43s. 6d.

The gold share market has been helped by the lack of response to the strike call in South Africa and to news of consultations with the United Nations. In a restricted market Free State Geduld gained 2s. 6d. to 135s. while among finance houses General Mining rose from 92s. 6d. to 100s. on the increased dividend. With a large seller in the market Shell Transport have weakened further from 150s. to 146s. 9d., but there has been little change in the prices of other oil shares.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, April 13, 1960	Price, April 20, 1960	Net Yield, April 20, 1960 §	Gross Yield, April 20, 1960
					£ s. d.	£ s. d.
98 17/32	97 3/4	Funding 2½% 1956–61	98 1/32	98 1/16	3 5 6	4 5 6
100 25/32	99 1/16	Conversion 4½% 1962	99 1/16	99 1/4	4 18 8	3 0 0
96 1/8	94 3/8	Exchequer 3% 1962–63	94 13/32	94 7/16	3 11 7	4 18 6
93 1/16	92	Exchequer 2½% 1963–64	92 1/16	92 3/32	3 13 2	4 13 2
101 5/32	99 3/8	Conversion 4¾% 1963	99 13/32	99 7/16	2 17 6	4 18 9
99 17/32	97 11/16	Conversion 4½% 1964	97 3/4	97 27/32	3 7 1	5 1 10
92 15/16	90 1/8	Savings Bonds 3% 1955–65	90 1/8	90 1/8	3 19 9	5 5 6
85 7/16	80 7/8	Funding 3% 1959–69	81	81 5/16*	4 7 7	5 13 11
93 1/2	90	Funding 4% 1960–90	90*	90 1/16*	2 19 0	4 12 2
82 7/8	79 1/16	Savings Bonds 3% 1960–70	79 1/16	79 7/16	4 7 1	5 14 2
85 11/16	81 3/4	Savings Bonds 2½% 1964–67	81 3/4*	82*	4 10 11	5 12 6
77	73 1/4	Savings Bonds 3% 1965–75	73 1/4	73 5/16	4 5 2	5 13 9
104 13/16	100 1/4	Exchequer 5½% 1966	100 3/8	100 5/8	3 6 3	5 9 8
85 7/16	82 3/32	Funding 3% 1966–68	82 5/8	82 7/8	4 7 9	5 14 7
96 3/32	94 1/8	Victory 4% 1920–76	94 3/8	94 1/2	4 3 5	4 18 5¢
89 3/16	84 11/16	Conversion 3½% 1969	84 7/8	85 1/4	4 3 10	5 14 3
98	96 3/16	Conversion 5% 1971	96 3/16	96 3/16	3 10 9	5 11 5
101 7/16	98 11/16	Conversion 5½% 1974	98 3/4	98 13/16	3 8 6	5 11 3
78 3/4	75 7/8	Treasury 3½% 1977–80	76	76 1/16	3 18 7	5 12 0
78 7/8	74 3/4	Treasury 3½% 1979–81	74 7/8	74 15/16	3 19 0	5 12 2
103 1/2	101 1/8	Funding 5½% 1982–84	101 3/8	101 1/2	3 6 9	5 10 2
66 1/2	62 1/8	Redemption 3½% 1986–96	63 1/4	63 3/8	5 5 11	5 11 7
97 1/4	91 1/2	Treasury 5% 1986–89	91 1/2	91 9/16	3 10 7	5 11 11
71 3/4	68 3/4	Funding 3½% 1999–2004	69 1/8	69 1/8	3 11 3	5 7 11
73 1/16	70 1/4	Consols 4% ....after Feb. 1957	70 11/16	70 11/16	3 9 10	5 14 7
65 3/8	62 1/4	War Loan 3½% ....after 1952	62 15/16	62 15/16	3 9 1	5 13 8
65 1/2	61 3/16	Conv. 3½% ....after Apr. 1961	61 3/4	61 13/16	3 9 6	5 13 7
56 3/4	52 3/4	Treasury 3½% ....after Apr. 1966	53 3/8	53 7/16	3 9 10	5 12 9
49 3/4	46 7/16	Consols 2½% ....opened	46 7/8	46 7/8	3 5 5	5 6 11
48 1/2	45 1/4	Treasury 2½% ....after Apr. 1975	45 11/16	45 11/16	3 7 2	5 9 9
97 1/2	92 1/4	British Electric 4½% 1967–69	92 1/2	92 9/16	3 15 8	5 13 3
79 9/16	75 1/2	British Electric 3% 1968–73	75 1/2	75 9/16	4 6 8	5 14 4
76 1/8	72	British Electric 3% 1974–77	72	72 3/16	4 3 3	5 11 10
90 1/2	85 1/8	British Electric 4½% 1974–79	85 1/8	85 5/16	3 13 8	5 10 4
79 1/2	75 1/4	British Electric 3½% 1976–79	75 3/8*	75 3/8*	3 19 1	5 11 3
90 5/8	86 1/4	British Gas 4% 1969–72	86 1/4	86 1/4	3 18 5	5 13 2
86 7/8	82 1/4	British Gas 3½% 1969–71	82 1/4	82 5/16	4 2 8	5 13 7
67 5/16	63	British Gas 3% 1990–95	63 1/16*	63 11/16*	3 13 10	5 5 7
79 9/16	75 1/2	British Transport 3% 1968–73	75 1/2	75 9/16	4 6 8	5 14 4
86 1/2	83 5/16	British Transport 4% 1972–77	83 5/16	83 1/2	3 16 2	5 12 11
67 3/8	64 1/4	British Transport 3% 1978–88	64 3/4	64 3/4	3 19 2	5 11 11

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Apr. 13, 1960	Price, Apr. 20, 1960	Yield, Apr. 20, 1960
					£ s. d.
83	80 3/8	Australia 3½% 1965–69	80 5/8	80 3/4	6 0 0
107 1/2	103	Australia 6% 1974–76	103	103 1/4	5 12 0
73 3/4	70	Ceylon 4% 1973–75	70 1/2	70 1/2	7 5 0
107 5/8	103 1/4	New Zealand 6% 1976–80	103 1/4	103 5/8	5 14 0
96 1/4	88	Rhodesia and Nyasaland 6% 1978–81	88	88	7 3 0
85 3/4	79	South Africa 3½% 1965–67	79	79 1/2	7 2 0
80 1/2	69	Southern Rhodesia 4½% 1987–92	69	69	6 18 0
101 1/8	99 1/4	Agricultural Mortgage 5½% 1980–85	99 3/4	99 3/4	5 12 6
92 3/4	89 3/4	Birmingham 4¼% 1967–70	89 3/4	90	5 13 0
99 1/4	97 1/4	Bristol 5% 1971–73	97 1/2	97 1/2	5 9 0
100	99	Corporation of London 5¼% 1976–79	99 1/4	99 1/4	5 9 0
53 3/8	51 1/4	L.C.C. 3% ....after 1920	51 3/4	52	5 15 0
97 1/4	92 3/4	L.C.C. 5% 1980–83	92 7/8	92 7/8	5 10 0
100	97 1/2	Middlesex 5¼% 1980	98 1/8	98 1/8	5 8 0

NEW YORK PRICES AND INDICES

	Apr. 13 $	Apr. 20 $		Apr. 13 $	Apr. 20 $		Apr. 13 $	Apr. 20 $
Atch. Topeka	24 1/8	23 3/4	Boeing	23 7/8	23 1/8	Inter. Nickel	107	107 7/8
Can. Pacific	27	27	Celanese	26 5/8	24 7/8	Inter. Paper	115 1/2	108 1/2
Pennsylvania	14	13 3/4	Chrysler	52 3/4	51 3/4	Kennecott	76 1/4	75 1/4
Union Pacific	26 7/8	26 7/8	Col. Palmolive	38 1/2	38 3/4	Monsanto	41 7/8	41 1/4
Amer. Electric	49 3/4	49 7/8	Crown Zeller	43 3/4	43	Nat. Distillers	30 1/2	29 7/8
Am. Tel. & Tel.	92 1/4	90	Distillers Seag.	31 5/8	29 5/8	Pan-American	18 1/8	17 1/8
Cons. Edison	64 7/8	64 1/2	Douglas	33	30 3/8	Procter Gamble	97 1/4	96
Int. Tel. & Tel.	40 1/8	40 3/4	Du Pont	221	209 3/4	Radio Corpn.	74 3/4	73 1/4
Standard Gas	45 1/8	45 1/8	East. Kodak	112 7/8	110 7/8	Sears Roebuck	49 5/8	49 5/8
United Corpn.	7 1/2	7 5/8	Ford Motor	72 1/8	69	Shell Oil	35 3/4	36 1/4
Western Union	45 7/8	45 3/4	Gen. Electric	92 1/2	88	Socony-Mobil	38	37
Alcoa	96 1/4	92 1/4	General Foods	102 1/2	104 1/4	Stand. Oil Ind.	41 1/4	40 1/2
Aluminium	32 1/8	30	General Motors	45 1/8	45 1/8	Stand. Oil N.J.	44	42 3/4
Amer. Can	41 1/8	40 1/8	Goodyear	37 7/8	38 3/4	20th Cent. Fox	36 1/2	37 1/4
Am. Smelting	43 5/8	43 1/2	Gulf Oil	30 5/8	29 5/8	Union Carbide	135 1/2	136
Am. Viscose	35 3/8	34 1/2	Heinz	86 1/2	88 1/2	U.S. Steel	80 1/2	79 3/8
Anaconda	52 7/8	52	Int. Bus. Mach.	464	456 1/4	West. Electric	54	54
Beth. Steel	45 5/8	45	Int. Harvester	45 1/4	44 7/8	Woolworth	65	65 1/4

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Mar. 23	59·55	3·27	31·31	5·58	44·87	4·02	88·59	4·02
,, 30	59·38	3·28	31·00	5·64	45·40	3·97	87·46	4·13
Apr. 6	60·38	3·22	30·94	5·65	45·62	3·95	87·98	4·08
,, 13	60·13	3·24	30·79	5·67	45·65	3·95	86·85	4·19
,, 20	59·15	3·29	30·44	5·74	45·33	3·98	86·14	4·26

425 Industrials :—High, 650·2 (Jan. 5); Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Apr. 13, 1960	Price, Apr. 20, 1960	Yield, Apr. 20, 1960	Cover
		% %					
42/3	37/–	2½ a 7½ b	BANKS, DISCOUNT & HP Alexanders £1	39/3	38/3	5·23	...
53/–	44/3	4 a 6 b	Bk. Lond. & S. Amer..£1	51/3	50/3	3·98	...
99 c	96 c	9 c 9 c	Bk. New S. Wales...£20	353/4	351/2	4·06§	...
66/3	52/6	5 a 5 b	Barclays £1	54/9	52/6	3·81	...
49/6	39/–	4 a 5 b	Barclays D.C.O. £1	40/–	40/–	4·50	...
64/–	57/9	7½ a 7½ b	Chartered £1	59/–	58/9	5·11	...
83/7½	65/6	8½ a 7 b	District £1	66/3	66/–	4·24**§	...
38/6	33/6	5 b 4 a	Eng., Scott. & Aust. .£1	33/9	33/9	5·33	...
69	61½	22/6 a 37/6 b	Hongk'g. & Shang..$125	£63¾	£62¾	4·78	...
70/6	57/6	5 a 7 b	Lloyds.....£1	58/9	57/6	4·17	...
23/4½	16/4½	8 a 8 b	Martins.....5/–	17/4½	16/4½	3·97**§	...
87/–	84/3	7½ a 9½ b	Midland £1	87/9	86/6	3·93	...
57/–	49/3	... ...	Nat. Com. Bk. Scot. 10/–	50/9	49/3	3·05**§	...
59/9	49/–	6¼ a 8¾ b	Nat. Discount 'B'.....£1	50/6	49/6	6·06	...
92/–	75/–	5 a 7 b	Nat. Provincial £1	80/3	77/6	3·61**§	...
95/6	83/6	8 a 9 b	Royal Bk. of Scotland £1	84/6	83/6	4·07	...
51/6	39/3	9 b 5 a	Stand. Bk. S. Africa...£1	40/9	41/3	6·79	...
62/3	50/–	6¼ a 6¼ b	Union Discount £1	50/9	50/6	4·95	...
63/3	52/9	5 a 5½ b	Westminster 'B' £1	54/6	52/9	4·11	...
£21 3/8	£18 11/16	$1·65c $1·85c	Bank of Montreal...$10	£18 9/16	£18 5/8	3·66	...
30 1/16	24 7/16	$2·25c $2·32½ c	Royal Bk. Canada...$10	£26 1/8¶	£25 9/16¶	3·35	...
31/6	22/10½	5 a 13½ b	Bowmaker.....5/–	23/11½	23/4½	3·92	11½
33/7½	25/6	8½ a 9½ b	Lombard Banking.....	25/6¶	26/–¶	3·65**§	3½
29/3	21/6	10 b 5 a	Mercantile Credit...5/–	21/9	21/6	3·49	2¼
83 7/32	71 1/32	21 b 4 a	United Domins. Tst....£1	71½	71½	3·33	2¼
27/10½	22/3	10 a 47½ b	BREWERIES, Etc. Bass.....5/–	23/11½	23/6	4·26**§	2
39/6	33/3	12½ c 5 a	Distillers 10/–	35/4½	35/3	3·40	2¼
27/7½	24/–	6 a 12 b	Flowers 5/–	27/4½	27/1½	3·32	2¼
70/–	64/–	10 a 18 b	Guinness 10/–	65/6	64/6	4·34	1¾
20/9	19/–	4 a 11½ b	Ind Coope 5/–	20/–	20/–	3·88	1¾
37/6	34/–	5 a 7½ b	Teachers (Distillers) 10/	34/6	34/–	3·68	3¼
82/–	70/–	33½ a 47½ b	Watney Mann £1	79/–	80/–	3·75	2
135/6	119/4½	8 a 17 b	Whitbread 'A'.....£1	123/11½	119/4½	4·19	1¾
81/6	67/–	5¾ b 4 a	BUILDING, PAINT, Etc. Associated Portland ..£1	68/9	67/–	2·87	3¼
28/6	24/7½	6¾ b 4 a	British Plaster Bd. ..10/–	26/11½	25/10½	3·86	2¼
96/3	83/11½	10 b 5 a	Richard Costain £1	88/9	90/–	3·33	3
16/11½	14/10½	5 a 10 b	Crittall Mfg. 5/–	15/4½	15/6	4·84	2½
17/4½	13/3	14 b 6 a	International Paints .4/–	15/–	15/–	5·33	1¾
109/9	96/3	6 a 14 b	London Brick £1	109/3	109/3	3·66	1¾
52/9	44/–	25 c 25 c	Rugby Portland.....5/–	45/3	44/9	2·79	3
36/–	30/3	12½ b 7½ a	Taylor Woodrow ...5/–	32/–	31/3	3·20	2¼
138/11½	122/6	20 c 7½ a	Wall Paper Defd. £1	134/4½	132/6	3·02	3½
31/9	26/6	4·8 a 13½ b	CHEMICAL Albright & Wilson ..5/–	26/6	27/6	3·33	2¾
22/4½	17/–	2½ 13 a 7 13 b	Borax Defd.....5/–	17/7½	17/3	2·90	2¾
54/9	47/3	4 a 6 b	Fisons £1	50/–	50/6	3·96	2
63/11½	56/10½	3¾ a 7½ b	Imperial Chem. £1	58/–	57/6*	3·91	2¼
27/7½	23/7½	5 a 10 b	Monsanto 5/–	25/9	25/9	2·91	3
51/–	46/–	5 a 15 b	DRAPERY & STORES Montague Burton..10/–	48/4½	49/3	4·06	2
49/4½	41/3	11 2 3 b 5 6 a	Debenhams 10/–	48/3	48/7½	3·60	1¾
55/4½	46/7½	27½ b 7½ a	G.U.S. 'A' 5/–	47/6	47/6	3·68	2¼
47/6	42/4½	40 c 15 a	House of Fraser.....5/–	45/3	45/3	4·42	1
25/7½	21/–	6 a 11 b	Lewis's Invest. Tst. 4/–	23/6*	23/6*	2·89	2¾
77/6	68/9	20·83b 12½ a	Marks & Spencer 'A' 5/–	70/7½	71/7½	2·33	1¾
55/9	49/3	22½ b 12½ a	United Drapery 5/–	52/9	54/–	3·24	2
68/9	61/4½	13½ a 31¾ b	Woolworth 5/–	62/6	62/7½	3·59	1½
66/6	50/4½	7½ a 9½ b	ELECTRICAL & RADIO A.E.I. £1	50/4½	51/1½	5·87	1¼
61/–	50/–	4 a 9½ b	B.I.C.C. £1	55/3	55/9	4·84	2
15/–	12/6	4 a 7½ b	Crompton Parkinson 5/–	13/–	12/6	4·48	2¼
56/10½	49/4½	20 c 31¾ a	Decca Record 10/–	51/4½	50/4½	3·97	1¾
58/9	46/–	20 c 5 a	E.M.I. 5/–	51/3	50/–	2·80**§	1½
53/–	40/–	3 a 7 b	English Electric.....£1	39/10½	40/4½	4·95	2
47/6	37/6	7 b 3 a	General Electric.....£1	38/4½	38/4½	5·21	1½
59/–	44/–	4¾ a 5 b	C. A. Parsons.....£1	44/6	47/3	3·97	4
19/–	16/4½	12½ c 12½ c	Pye 5/–	17/–	16/10½	3·70	2¾
104/6	83/–	6½ a 11 b	A.C. Reyrolle £1	85/6*	83/–*	4·22	2¾
55/7½	44/3	17½ c 20 c	Thorn Electrical 5/–	45/3	45/7½	2·19	4½
48/9	40/3	4½ a 4½ b	ENGINEERING Babcock & Wilcox...£1	40/–	41/1½	4·38	2¼
54/–	40/3	6 b 4 a	John Brown.....£1	41/9	42/6	4·71	2½
10/6	8/–	11 b 3 a	Cammell Laird 5/–	8/3	8/4½	8·36	1½
46/9	27/3	10 a 20 b	Internat. Combust...5/–	27/3	27/3	5·50	2¾
14/9	11/–	5 b 3½ a	Rich'ds'ns, Westgth.10/–	11/6	11/–	7·57	2
39/9	31/6	2½ a 7½ b	Swan Hunter.....£1	32/–*	31/6*	6·35	2¾
25/9	18/–	15 b 7½ a	John Thompson.....5/–	18/–	18/3	6·16	1½
39/–	31/11½	7½ b 21½ a	Vickers.....£1	32/11½	31/11½	6·43	2
29/3	21/6	11½ a 14¾ b	Coventry Gauge ...10/–	22/7½	22/4½	4·57	2
59/6	48/–	12 a 15 b	Alfred Herbert.....£1	54/3	54/–	4·23	1¾
76/3	65/3	8¾ b 7½ a	Allied Ironfounders..£1	72/9	73/9	4·41	1½
101/6	92/–	10 b 5 a	Averys £1	93/–	95/–	3·16	3¼
19/–	14 11/16	7½ b 4½ a	George Cohen 5/–	14/4½	14/11½	4·25	2¼
117/3	105/–	10 c 15 c	Davy-United £1	108/–	107/–	2·80	3¼
95/7½	84/–	9 b 5 a	Guest Keen.....£1	87/3	85/–	3·29	3½
31/6	22/–	10 b 4 a	Head Wrightson.....5/–	22/–	22/6	3·11	4
75/–	64/9	5½ b 4 a	Metal Box £1	65/9	64/9	2·88	3¼
27/3	24/6	12½ b 6 a	Ransome & Marles ..5/–	24/9	24/6	3·78	2¾
64/9	54/9	9½ b 3 a	Renold Chains.....£1	64/–	63/6	3·94	1¼
40/–	27/9	9 c 8 c	Ruston & Hornsby £1	28/6	28/–	5·71	1¾
82/39¼	65/3	7½ a 12½ b	Tube Investments £1	77/–	77/–	3·25**§	2¼
168/9	145/3	20 b 5 a	Ward (Thos. W.).....£1	145/9	145/3	3·44	3½
44/6	42/–	25 c 5 a	Woodall-Duckham..5/–	44/6	43/9	2·86	4¼

* Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Apr. 13, 1960	Price, Apr. 20, 1960	Yield, Apr. 20, 1960	Cover
		% %					
41/3	37/–	18 c 12 a	FOOD & TOBACCO Assoc. British Foods 5/–	37/–	37/–	2·43	2½
105/–	95 10½	20 c 5 a	Bovril Defd. £1	101/3	100/–	4·00	2¾
15/7½	14/3	14½ b 12½ a	Brooke Bond 'B'.....5/–	14/7½	14/6	3·52	4
30/7½	25 10½	10 c 10 c	Home & Colonial..10/–	27 10½	27 10½	3·59	2½
13/8¾	11/3	7½ b 2½ a	International Tea 5/–	11/6	11/3	4·44	1¾
85/6	71/9	9½ b 5 a	J. Lyons 'A' £1	78/3	77/6	3·66	1½
28/3	25/9	5 a 7½ b	Ranks 10/–	26/4½	26/9	4·67	2¼
48/9.	42/6	12½ a 7½ b	Spillers.....£1	46/–	46/6	3·93	3¼
62/–	58/6	3 a 9 b	Tate & Lyle £1	58/6	58/6	4·10	2¼
17/3	...	5 a ...	Unigate 5/–	16 7½	16 7½	3·01**§	...
72/6	60/9	†20 c †55 c	Brit. Amer. Tobac. ..10/–	60/9	61 7½	5·30	2¾
41/3	37/6	13½ b 3½ a	Gallaher.....10/–	38 7½	39/3	4·24	2
77/6	63/6	8½ a 14 b	Imperial Tobacco £1	63/6	64/3	7·00	1¾
195/–	181/3	†45 a †50 b	INSURANCE Britannic 5/–	185/–	184/3	4·21	...
68/6	54/3	20 a 25 b	Commercial Union .5/–	60/–	61/–	3·69	...
11½	9 11/16	15 b 12½ a	Employers' Liability ...£1	10¾	10¾	3·68	...
14¼	12 1/16	†32·35c †41·17c	Equity & Law Life...8/6	13¾	13¾	2·08	...
82/6	70/3	15 a 30 b	General Accident...5/–	78/9	82/6	2·73	...
106/3	91/–	30 a 40 b	Guardian 5/–	103/11½	106/3	3·29	...
19	16⅞	40 a 150 b	Legal & General.....5/–	18 15/16	18	2·64	...
145/–	95/–	10 a 5 a	Northern.....£1	100/–	100/–	3·70	...
172/6	132/6	†20 a †60 a	Pearl 5/–	146/3	146/3	3·70	...
17 15/16	15 9/16	†162½ c †183½ c	Prudential 'A' 4/–	17*	17 1/8*	3·50	...
115/–	94/9	10 b 8 a	Royal Exchange £1	102/6	102/6	3·12**§	...
67/11½	58/9	3 a 9½ b	MOTORS & AIRCRAFT B.S.A. £1	59/6	58 9	4·26	2½
24/03¼	19/33¼	12½ b 7½ a	British Motor 5/–	20 4½	20 11½	4·97	1½
113/9	97/–	5 a 12½ b	Ford Motor.....£1	100/3	101 6	3·45	4½
54/–	38/–	17½ c 20 c	Jaguar Car 'A' 5/–	49/6	51/3	1·95	9½
85/–	76/–	12½ c 15 c	Leyland Motor £1	81/–	80/3	3·74	3
12/33¼	9/3	8 c 12 c	Rootes Motors 'A'....4/–	10/9	10 8¼	4·49	5
12/6	10/9	12 c 12 c	Standard-Triumph ..5/–	11 11¼	12/–	3·75**§	3½
17/3	13/11½	6½ b 3½ a	Bristol Aeroplane ..10/–	14/3	14 11½	7·08	1½
33/9	27/–	7½ c Nil	De Havilland.....£1	29/9	29/3	...	...
38/–	29 10½	13·9b †3·6a	Dowty Group 10/–	34/–‖	34/–‖	3·60	3½
34/–	29/–	3 a 7 b	Hawker Siddeley £1	30 1½	30/–	6·67	2
49/7½	45/6	7½ b 2½ a	Rolls-Royce £1	46 7½	45/9	4·37	1¾
28/–	22/3	3½ a 11½ b	Dunlop Rubber 10/–	25 5¼	25/9	5·83	2
74/6	72/11½	10 b 2½ a	Joseph Lucas £1	72/11½	72/6*	3·45	3
45/11½	36/–	9 a 21 b	Pressed Steel.....5/–	36/3	36/–	4·17	3
48/6	30/–	6¾ c 10 c	Triplex Holdings ..10/–	46/–‖	46/4½‖	2·16	3¼
115/8	71/2	20 a 70 b	MINES Anglo-American 10/–	73/*	77/*	5·71	1¾
99/3	61/3	6¼ a 18¾ b	Consolid. Gold Fields .£1	65/6	66/–	7·58	2
145/–	88/9	10 a 25 b	General Mining £1	92/6	100/–	7·00	2
87/9	53/9	40 a 110 b	Union Corporation .2/6	55/–	55/9	6·73	2½
25 10½	19/7½	50 b 45 a	Daggafontein.....5/–	19 10½	20/11½	23·60	1
191/3	125/–	90 b 70 a	Free State Geduld...5/–	132/6*	135/–*	5·93	1½
66/3	49/9	35 b 35 a	Hartebeestfontein..10/–	51/–	50/6	13·86	2
80/4½	52/6	60 b 50 a	President Brand 5/–	55/–*	55/–*	10·00	2
187/6	126/3	100 b 80 a	Western Holdings...5/–	127/6*	128/9*	6·99	1¾
26/9	20/–	... ...	Winkelhaak.....10/–	20/–	22/–	...	...
119/6	79/6	10 a 30 b	Chartered 15/–	79/6	79/9	7·52	2
93/9	68/9	37½ b 20 a	Rhod. Anglo-Amer. 10/–	69 4½	68/9	8·36h	1½
16/4½	12/3	4¼ a 11¼ b	Rhod. Selection Tst..5/–	12 10½	12/4½	6·23h	2
8 10½	6/9	3 24 0 7 24 b	Roan Antelope 5/–	7/–	7/–	7·44h	1¾
48/3	31/6	22½ b 15 a	Tanganyika Cons...10/–	32/–	32/3	11·63	1
78/6	68/6	10 b 6¼ a	Consolidated Zinc ...£1	75/–	75/9	4·29	2
200/–	135/–	100 a 150 b	De Beers Defd. Reg. 5/–	138/6	141 10½	8·81	2
$201½	$175½	$2·60c $3·00c	Internat. Nickel ...n.p.v.	$191	$194½	2·74	2
11/9	10/7½	5 a 20 b	London Tin 4/–	11/1½	10 10½	9·20	1
51/–	37/6	20 c 20 c	Rio Tinto.....10/–	37/6	38 1½	5·25	1¾
33/3	26/3	43½ c 37½ a	Tronoh.....5/–	32/9	33/3	6·52	1
67/6	52/–	†31½ a †71½ b	OIL British Petroleum....£1	56/–	55/–	6·43	2¾
59/6	44/3	†43½ b †21½ a	Burmah Oil £1	48/6	48/3	4·65	1¼
£17¼	£14⅜	7½ a 18¾ b	Royal Dutch .....20 fl.	£14 15/16	£14⅜	3·45	3
168/9	139/–	†5 a †18¾ b	Shell Transport.....£1	151/3	146/9	5·28	3
64/–	45/–	... ...	Ultramar 10/–	47/6	47/–	....d	...
60/–	51/9	15 b 7½ a	Wakefield C.C.....10/–	56/3	54/3	4·15	2¾
15/6¾	13/–	7½ b 5 a	PAPER & NEWSPAPERS Daily Mirror 'A'....5/–	13/9	13 10½	4·50	2¾
37/–	34/–	12½ b 5 a	Odhams Press 10/–	34/–	34/–	5·15	3
66/–	56/6	8 b 4 a	W. H. Smith & Son 'A'£1	59/–	59/6	4·03	3
77/11½	66/3	5 a 10 b	Bowater Paper £1	72/6	73/–	4·11	2¼
63/–	53/6	9 b 5 a	Albert E. Reed £1	53/9	55/6	5·05	1½
34/6	29/9	5 b 3 a	Spicers £1	33/3	34/–	4·71	1
80/6	72/6	12½ b 5 a	Wiggins Teape £1	75/6	75/3	4·65	1¾

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Apr. 13, 1960	Price, Apr. 20, 1960	Yield, Apr. 20, 1960	Cover
		% %					
54/6

Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 413 profit and loss accounts published January - March, 1960 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(17)		(24)		(22)		(7)		(3)		(21)		(53)		(22)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	10,349	11,510	5,550	6,442	24,770	25,469	35,147	39,313	94,777	89,953	7,263	8,568	23,988	27,688	127,343	133,176
Income from investments	1,039	1,136	100	82	389	354	672	468	8,339	9,530	63	61	765	688	3,210	3,288
Other current income	...	...	...	...	...	...	1	...	...	...	...	...	114	153	31	72
Non-recurring credits	80	517	116	268	1,126	1,124	606	1,487	...	13	259	303	1,267	1,174	4,654	5,690
Total Income	**11,468**	**13,163**	**5,766**	**6,792**	**26,285**	**26,947**	**36,426**	**41,268**	**103,116**	**99,496**	**7,585**	**8,932**	**26,134**	**29,703**	**135,238**	**142,186**
Depreciation	1,409	1,555	909	984	4,829	5,226	2,273	2,566	7,655	8,088	1,733	1,839	4,184	4,806	27,893	31,969
Income tax	3,774	3,630	1,766	1,896	8,484	7,721	14,028	14,603	36,669	34,123	2,128	2,386	8,411	8,663	36,481	31,780
Profits tax	1,003	993	468	476	1,880	1,678	3,389	3,598	6,600	4,592	510	545	2,036	2,074	7,845	6,918
Directors' emoluments	371	405	550	618	586	595	602	640	695	655	490	522	1,461	1,525	1,217	1,227
Administrative charges	108	149	45	35	212	266	7	9	2,135	1,353	83	91	158	142	1,399	1,860
Contingencies, provisions, etc.	69	115	204	149	721	569	122	81	153	1,450	24	59	419	1,217	464	82
Pensions	27	30	49	11	12	18	108	168	3,629	1,319	15	18	138	179	2,719	3,300
Minority interests	75	79	19	1	536	445	269	277	2,689	2,967	44	59	53	39	316	386
Loan interest	807	845	124	139	143	148	153	170	3,093	2,754	198	204	353	495	7,595	8,072
Preference dividends	306	393	144	175	330	349	280	296	827	876	100	105	164	178	1,186	1,237
Profits retained by subsidiaries	877	1,061	83	56	3,200	2,758	1,099	1,523	16,463	17,121	758	712	943	1,522	4,516	5,323
Ordinary dividends	1,382	1,999	856	1,128	2,618	4,170	9,039	12,472	14,855	18,675	936	1,276	3,260	4,649	11,428	13,719
Reserves (parent company)	1,616	1,771	585	921	2,453	2,196	2,497	2,665	6,650	5,745	639	944	3,651	4,965	30,252	32,668
Brought in (parent company)	2,151	1,795	1,699	1,663	3,027	3,310	6,048	8,608	2,987	3,990	1,420	1,347	5,444	6,347	24,912	26,739
Carried forward (parent company)	1,795	1,933	1,663	1,866	3,310	4,118	8,608	10,808	3,990	3,758	1,347	1,519	6,347	5,596	26,739	30,384

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(1)		(11)		(14)		(26)		(15)		(56)		(2)		(12)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	378	476	24,377	29,972	31,875	32,612	60,391	71,647	7,929	8,405	33,183	44,116	23,151	18,175	4,680	3,893
Income from investments	4	2	507	750	1,282	814	2,087	2,666	436	359	1,130	988	1,689	1,326	574	463
Other current income	...	...	...	...	...	...	130	102	2	...	2	2	...	...	...	...
Non-recurring credits	12	10	97	808	278	2,731	1,242	4,521	271	473	1,197	1,350	37	510	81	358
Total Income	**394**	**488**	**24,981**	**31,530**	**33,435**	**36,157**	**63,850**	**78,936**	**8,638**	**9,237**	**35,512**	**46,456**	**24,877**	**20,011**	**5,335**	**4,714**
Depreciation	71	76	8,257	9,238	8,794	10,519	10,961	12,884	1,494	1,579	7,222	7,936	11,486	11,844	554	561
Income tax	113	136	5,956	7,214	8,303	6,745	21,697	22,595	2,726	2,604	11,098	13,675	3,203	1,595	1,653	1,170
Profits tax	35	36	1,198	1,164	2,409	1,714	4,434	5,618	742	662	2,556	3,136	377	125	520	281
Directors' emoluments	26	32	466	478	472	517	1,064	1,201	443	463	1,381	1,480	140	145	287	289
Administrative charges	1	1	62	64	77	75	230	153	17	18	141	126	48	51	18	14
Contingencies, provisions, etc.	...	...	12	23	723	921	165	333	7	80	87	838	2,254	2,247	3	2
Pensions	26	17	611	609	15	17	3,105	1,696	29	28	430	378	50	94	...	...
Minority interests	...	...	924	1,471	Dr. 69	379	11	11	44	59	246	226	1,375	767	1	6
Loan interest	...	...	1,467	1,469	1,630	2,646	333	333	101	131	316	319	710	840	63	72
Preference dividends	5	5	186	197	244	277	205	394	178	192	431	463	103	110	44	47
Profits retained by subsidiaries	...	2	1,835	3,616	2,207	2,557	Dr.4,267	2,160	271	357	1,351	3,367	3,042	556	173	240
Ordinary dividends	64	76	2,436	3,548	5,278	6,476	4,327	9,037	1,116	1,508	4,918	6,771	1,743	1,906	1,239	1,380
Reserves (parent company)	50	...	1,088	1,603	3,044	3,671	3,477	5,554	1,533	1,764	3,257	4,649	400	...	883	669
Brought in (parent company)	98	101	2,672	3,155	4,004	4,312	27,155	45,163	1,148	1,175	14,060	16,138	399	345	2,681	2,578
Carried forward (parent company)	101	208	3,155	3,991	4,312	3,955	45,163	62,130	1,175	967	16,138	19,230	345	76	2,578	2,561

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(3)		(18)		(14)		(2)		(27)		(5)		(38)		413 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	1,465	1,457	5,569	10,192	3,389	4,209	297	316	1,177	1,849	514	520	13,703	17,512	541,265	587,470
Income from investments	41	52	334	286	244	249	7	8	183	190	30	25	420	486	23,545	24,271
Other current income	...	...	...	...	...	...	...	...	12	26	...	...	...	...	292	355
Non-recurring credits	10	52	314	335	191	203	1	6	181	131	46	5	431	846	12,997	22,875
Total Income	**1,516**	**1,561**	**6,217**	**10,813**	**3,824**	**4,661**	**305**	**330**	**1,553**	**2,196**	**590**	**550**	**14,554**	**18,844**	**577,599**	**634,971**
Depreciation	293	294	1,328	1,563	1,306	1,354	61	62	104	115	66	73	3,249	4,048	106,041	119,179
Income tax	556	398	1,730	3,121	777	981	88	83	382	641	223	223	3,937	4,720	174,183	170,703
Profits tax	115	95	502	778	219	222	24	20	46	14	12	4	969	1,219	37,889	35,962
Directors' emoluments	120	118	570	651	348	377	37	54	52	63	19	21	499	513	11,896	12,589
Administrative charges	5	5	30	34	21	15	8	5	58	77	17	16	100	109	4,980	4,668
Contingencies, provisions, etc.	...	7	13	199	43	31	...	...	214	227	2	2	249	218	5,948	8,855
Pensions	24	26	40	41	70	36	...	...	...	...	17	5	101	115	11,215	8,105
Minority interests	1	2	7	248	2	5	...	...	...	...	...	...	21	48	6,562	7,475
Loan interest	...	17	100	96	76	81	...	...	17	14	...	...	1,114	1,094	18,493	19,922
Preference dividends	16	17	200	209	237	252	...	...	12	13	8	6	266	281	5,572	6,072
Profits retained by subsidiaries	Dr. 13	3	Dr. 41	772	7	117	...	...	...	6	...	4	513	525	33,017	44,358
Ordinary dividends	211	239	957	1,936	431	662	42	55	477	865	160	134	1,631	3,326	69,404	96,007
Reserves (parent company)	269	303	508	1,006	266	424	36	50	152	163	65	64	1,648	2,498	65,119	74,293
Brought in (parent company)	257	176	2,293	2,466	1,342	1,363	38	47	140	179	102	103	2,798	3,055	104,875	134,155
Carried forward (parent company)	176	230	2,466	2,625	1,363	1,467	47	48	179	177	103	101	3,055	3,190	134,155	160,938

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Comparative analysis of 413 balance sheets published January - March, 1960 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(17)		(24)		(22)		(7)		(3)		(21)		(53)		(22)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	88,341	95,936	23,498	25,099	102,355	110,953	93,337	113,436	148,487	160,466	28,464	30,875	70,224	78,337	736,475	823,193
Trade investments	644	736	548	381	3,033	3,579	69	12	22,909	27,867	51	93	2,054	2,021	12,066	13,151
Stocks	14,509	15,484	14,438	15,198	44,235	53,490	24,762	27,361	352,493	353,264	11,978	12,353	62,505	63,247	177,126	164,236
Debtors	6,885	7,366	3,755	4,069	21,422	23,683	4,636	5,272	93,370	92,742	13,638	15,275	33,467	35,948	110,659	124,158
Net balances due to parent company	...	...	...	...	2	13	456	134	...	...	...	...	119	251	1,395	732
Gilt-edged	1,551	1,575	285	153	437	452	3,827	3,787	927	927	1	1	2,020	1,085	7,175	5,426
Cash	4,445	4,946	3,902	4,784	12,071	12,403	33,666	31,926	55,353	68,395	2,460	3,058	16,767	18,253	33,281	41,066
Other marketable investments	719	990	11	8	673	689	188	223	4,477	5,010	671	611	1,542	2,214	901	912
Intangible assets	3,133	3,102	382	667	11,620	12,745	3,357	4,016	10,232	10,401	1,149	1,128	2,064	4,112	1,455	1,511
Total Assets	**120,227**	**130,135**	**46,819**	**50,359**	**195,849**	**218,007**	**164,298**	**186,167**	**688,248**	**719,072**	**58,414**	**63,394**	**190,762**	**205,468**	**1,080,553**	**1,174,385**
Bank overdrafts and loans	783	1,128	1,646	1,928	10,907	16,225	136	383	31,038	26,258	1,700	1,830	7,275	4,886	27,118	46,344
Reserve for future income tax	4,431	4,232	1,741	1,876	9,664	9,074	13,733	14,344	17,748	13,757	2,211	2,415	8,712	8,993	76,924	79,864
Depreciation	17,910	19,162	6,353	6,973	29,088	33,049	13,255	14,648	57,057	63,037	10,833	12,288	29,319	30,174	188,077	215,751
Capital reserves	8,358	6,105	3,587	1,247	22,512	22,425	8,889	16,039	64,277	68,104	3,303	3,557	7,234	10,696	95,246	112,410
Other provisions	715	597	51	21	2,569	2,658	1,303	1,509	7,781	8,564	34	31	626	532	21,262	22,189
Creditors	7,949	8,288	4,524	3,841	19,677	22,758	13,932	14,809	66,229	70,903	7,981	8,664	29,987	30,321	79,042	90,150
Other current liabilities	9,311	9,780	3,478	3,439	12,953	14,087	20,428	22,191	38,084	39,175	4,172	3,810	13,324	13,495	60,791	51,414
Revenue reserves and carried forward	22,383	22,965	8,163	8,943	30,323	33,224	31,234	37,253	178,713	199,840	10,031	10,278	36,874	42,974	162,753	175,758
Net balances due to subsidiaries	...	...	...	...	...	125	13	13	...	...	...	...	9	...	2,298	157
Minority interests	2,301	1,818	459	17	9,369	9,113	5,705	5,681	25,215	27,401	280	335	1,017	850	3,748	5,045
Loan capital	19,984	21,443	2,800	5,117	3,200	3,274	3,678	4,521	70,556	70,483	3,554	3,873	9,183	11,982	155,744	150,839
Preference capital	11,753	12,505	4,344	5,006	10,440	10,798	8,013	8,007	23,408	23,408	2,843	2,843	5,800	6,004	38,022	38,022
Ordinary capital	14,349	22,114	9,673	12,351	35,147	41,197	43,979	46,769	108,142	108,142	11,472	13,470	41,402	44,561	169,528	186,442
Total Liabilities	**120,227**	**130,135**	**46,819**	**50,359**	**195,849**	**218,007**	**164,298**	**186,167**	**688,248**	**719,072**	**58,414**	**63,394**	**190,762**	**205,468**	**1,080,553**	**1,174,385**
Year's Free Scrip Issues	**470**	**7,174**	**249**	**2,752**	**84**	**4,556**	**1,479**	**2,790**	**—**	**—**	**294**	**1,875**	**3,518**	**1,489**	**50**	**14,525**

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(1)		(11)		(14)		(26)		(15)		(56)		(2)		(12)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	1,308	1,388	136,095	145,586	150,414	173,654	171,064	192,271	38,069	41,187	129,812	143,549	267,284	292,662	23,948	25,324
Trade investments	...	...	3,545	3,589	8,323	8,956	2,074	2,948	520	450	5,084	5,148	1,920	3,623	512	256
Stocks	1,012	1,253	24,058	24,161	146,585	150,483	97,260	101,513	10,166	10,174	52,882	55,442	82,505	63,247	177,126	164,236
Debtors	523	412	19,851	22,917	103,010	111,722	54,455	67,016	9,839	10,568	44,625	49,326	18,311	16,906	5,776	6,805
Net balances due to parent company	...	...	...	...	...	301	10	22	...	...	364	249	...	...	...	...
Gilt-edged	6	402	2,328	3,047	...	...	23,674	52,835	645	627	795	1,034	40,711	30,584	17	17
Cash	362	465	7,563	13,626	13,380	14,320	42,786	28,998	1,654	7,577	26,405	33,792	13,161	11,247	11,694	10,727
Other marketable investments	...	...	495	202	20	...	147	73	1,197	1,763	3,022	2,248	3,362	3,240	2,980	2,614
Intangible assets	...	...	1,457	1,470	13	3	272	267	1,489	1,507	2,261	2,692	...	...	171	194
Total Assets	**3,211**	**3,920**	**195,392**	**214,598**	**421,745**	**459,439**	**391,742**	**445,943**	**69,579**	**73,853**	**265,250**	**293,480**	**353,087**	**363,193**	**61,126**	**61,630**
Bank overdrafts and loans	...	...	2,437	3,011	28,063	26,327	3,567	4,371	1,058	1,710	10,117	8,682	3,280	546	131	192
Reserve for future income tax	116	140	8,148	9,232	10,903	10,711	22,278	25,498	3,201	3,032	12,680	15,434	32,908	29,411	1,614	1,127
Depreciation	744	815	41,452	48,741	59,745	71,647	62,416	74,207	13,484	14,694	42,190	48,622	99,110	107,683	8,869	9,446
Capital reserves	215	215	12,017	11,008	54,830	52,670	10,931	13,832	3,205	3,641	16,176	17,049	65,819	69,039	3,215	3,314
Other provisions	...	...	139	79	3,491	4,845	524	461	297	296	1,726	1,407	4,047	4,590	7	7
Creditors	509	526	12,666	15,071	68,571	70,613	74,270	81,286	4,062	4,272	31,966	35,574	19,266	19,051	2,526	3,395
Other current liabilities	332	820	9,692	11,688	11,552	11,985	35,443	42,509	3,627	3,632	17,422	21,158	12,814	13,897	3,975	2,814
Revenue reserves and carried forward	595	704	24,367	30,284	65,732	69,117	91,280	109,521	19,840	21,305	60,359	69,443	43,474	44,282	23,519	23,535
Net balances due to subsidiaries	...	...	...	...	24	...	434	238	60	60	300	430	...	...	...	...
Minority interests	...	...	14,320	15,383	5,420	5,443	335	337	1,136	1,090	3,453	3,225	24,319	22,622	9	25
Loan capital	...	...	27,916	27,437	43,467	48,943	5,636	5,762	2,200	2,192	5,397	5,410	15,784	19,806	1,866	1,939
Preference capital	140	140	6,271	6,269	8,560	9,239	9,125	9,263	5,430	5,600	13,414	13,376	3,597	3,597	1,484	1,752
Ordinary capital	560	560	35,967	37,395	61,387	77,899	75,503	78,658	11,929	12,329	50,050	53,670	28,669	28,669	13,911	14,084
Total Liabilities	**3,211**	**3,920**	**195,392**	**214,598**	**421,745**	**459,439**	**391,742**	**445,943**	**69,579**	**73,853**	**265,250**	**293,480**	**353,087**	**363,193**	**61,126**	**61,630**
Year's Free Scrip Issues	**—**	**—**	**1,679**	**1,426**	**—**	**11,290**	**900**	**2,268**	**233**	**570**	**2,861**	**2,727**	**—**	**—**	**—**	**250**

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(3)		(18)		(14)		(2)		(27)		(5)		(38)		413 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	5,024	5,257	27,833	31,458	29,044	29,631	780	859	7,452	7,924	3,004	3,051	60,781	72,786	2,343,093	2,604,882
Trade investments	47	47	1,659	636	1,520	1,752	2	10	548	589	13	9	2,026	2,185	69,187	78,038
Stocks	1,685	1,625	19,785	26,905	10,636	12,477	209	215	639	785	1,044	862	22,345	26,985	1,114,718	1,138,137
Debtors	1,139	1,385	10,130	11,922	7,418	8,425	329	398	356	348	191	227	41,259	72,862	605,044	689,752
Net balances due to parent company	...	...	...	79	...	...	...	...	...	...	...	...	...	...	2,349	1,781
Gilt-edged	119	119	2,245	2,625	1,071	1,101	...	...	...	...	...	...	...	...	90,410	108,145
Cash	1,589	1,584	3,646	4,926	3,021	2,519	277	292	1,359	1,680	412	434	11,541	13,143	306,795	330,161
Other marketable investments	...	...	115	79	134	160	...	...	119	102	65	67	1,084	1,111	21,922	22,316
Intangible assets	20	20	96	97	210	210	33	35	195	188	...	...	274	1,942	39,883	46,307
Total Assets	**9,623**	**10,037**	**65,509**	**78,727**	**53,054**	**56,275**	**1,630**	**1,809**	**11,543**	**12,461**	**4,891**	**4,760**	**140,849**	**192,407**	**4,593,401**	**5,019,519**
Bank overdrafts and loans	...	...	1,778	4,942	601	1,913	...	46	52	17	127	...	13,518	27,026	145,332	176,363
Reserve for future income tax	569	533	1,631	2,999	776	895	92	12	45	101	179	198	4,282	5,282	234,586	239,160
Depreciation	2,663	2,819	10,057	11,325	11,558	12,521	387	438	920	1,071	649	708	17,293	19,956	723,429	819,775
Capital reserves	4	4	3,731	3,463	3,772	3,657	118	4	1,250	1,326	787	817	12,719	13,086	402,195	433,708
Other provisions	...	...	408	434	168	139	...	...	338	229	50	42	517	540	46,053	49,170
Creditors	569	555	5,346	6,863	4,547	5,065	299	308	704	869	228	236	11,156	12,202	466,006	505,620
Other current liabilities	439	438	3,383	3,799	1,765	1,527	131	158	1,098	1,407	676	526	24,311	45,017	289,251	318,766
Revenue reserves and carried forward	3,355	3,662	17,226	17,716	9,880	10,612	310	349	1,559	1,615	864	902	15,125	16,795	857,959	951,077
Net balances due to subsidiaries	...	...	...	...	...	...	...	...	...	...	...	...	...	...	3,141	1,023
Minority interests	14	16	233	4,016	150	133	...	...	...	...	...	...	...	3	...	...
Loan capital	...	...	2,002	972	2,444	2,420	...	...	...	...	...	...	237	884	97,720	103,434
Preference capital	530	530	5,371	5,371	7,698	7,698	...	...	200	131	...	...	13,218	15,041	388,829	401,585
Ordinary capital	1,480	1,480	14,343	16,827	9,695	9,695	293	494	5,074	5,395	1,116	1,136	20,380	27,861	764,049	841,978
Total Liabilities	**9,623**	**10,037**	**65,509**	**78,727**	**53,054**	**56,275**	**1,630**	**1,809**	**11,543**	**12,461**	**4,891**	**4,760**	**140,849**	**192,407**	**4,593,401**	**5,019,519**
Year's Free Scrip Issues	**—**	**—**	**—**	**2,536**	**—**	**—**	**—**	**200**	**—**	**148**	**—**	**20**	**904**	**6,425**	**12,727**	**63,021**

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

EXCHEQUER RETURNS

For the week ended April 16, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £29,109,000 compared with a deficit of £26,097,000 in the previous 9 days and a deficit of £5,529,000 in the corresponding period of last year. There was a net expenditure "below-line", of £7,815,000 leaving a total cumulative deficit to date of £82,932,000 compared with £38,161,000 in 1959–60.

£'000	Estimate 1960–61	April 1, 1959, to April 18, 1959	April 1, 1960, to April 16, 1960	Week ended April 18, 1959	Week ended April 16, 1960
Ord. Revenue					
Income Tax	2478,000	96,394	54,331	22,623	21,769
Surtax	190,000	9,600	7,800	2,400	2,000
Death Duties	239,000	11,200	10,500	4,200	3,500
Stamps	110,000	4,300	3,500	1,800	600
Profits tax, EPT and EPL	256,000	11,900	8,600	3,400	2,500
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	133,394	84,731	34,423	30,369
Customs	1458,630	68,936	62,352	26,035	25,353
Excise	950,150	17,755	16,455	4,790	5,390
Total Customs and Excise	2408,780	86,691	78,807	30,825	30,743
Motor Duties	113,000	5,583	6,344	561	2,468
PO (Net Receipts)	4,000	...	...	...	...
Broadcast Licences	39,000	...	...	...	...
Sundry Loans	32,000	43	55	...	...
Miscellaneous	110,000	5,619	6,461	28	861
Total	5979,780	231,330	176,398	65,837	64,441
Ord. Expenditure					
Debt Interest	640,000	41,654	45,719	10,626	13,049
Payments to Northern Ireland Exchequer	81,000	2,631	2,678	...	...
Other Consolidated Funds	8,000	397	406	...	11
Supply Services	4907,161	185,790	182,200	60,300	80,200
Total	5636,161	230,472	231,003	70,926	93,260
Sinking Funds	40,000	933	601	440	290
"Above-line" Surplus or Deficit	—	75	55,286	5,529	29,109
"Below-line" Net Expenditure*	— 38,086	27,726	4,602	7,815	—
Total Surplus or Deficit	38,161	82,932	10,131	36,924	
Net receipts from:					
Tax Reserve Certificates	10,080	7,291	559	316	
Savings Certificates	7,100	1,700	2,100	800	
Defence Bonds	7,447	5,939	2,922	2,059	
Premium Savings Bonds	3,060	1,280	960	690	
Total	27,687	16,210	6,541	3,865	

* Net receipt of the Civil Contingencies Fund of £10 in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959 Apr. 18	2,940·0	2,007·5	297·7	...	5,245·2
1960					
Jan. 16	3,540·0	1,987·0	263·3	...	5,790·4
" 23	3,500·0	1,948·1	270·9	1·8	5,720·9
" 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
" 13	3,330·0	1,677·2	214·6	...	5,221·8
" 20	3,350·0	1,803·4	252·7	...	5,406·2
" 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
" 12	3,430·0	1,750·4	213·2	...	5,393·7
" 19	3,430·0	1,742·8	258·5	...	5,431·3
" 24	3,480·0	1,725·9	213·0	...	5,418·9
" 31	5,202·1		246·0	...	5,448·1
Apr. 9	3,450·0	1,845·7	215·3	...	5,521·0
" 16		1,861·7	244·9	4·8	5,561·4

Money and Exchanges

THE MONEY MARKET

THERE was no change in the discount market's bid of £98 16s. 9d. at the Treasury bill tender on the Thursday before Easter and its allotment was lowered slightly from 42 per cent to 41 per cent. The average discount rate rose by about 1½d. to £ 4 13s. 1.10d. For the £280 million of bills on offer applications rose by £32 million to £454 million, but only £260 million bills were eventually allotted.

In contrast to the steadiness of the bill rate in London, Treasury bill rates in New York (where tenderers outside the money market are much more important) have fallen back after last week's sharp rise. The rate on three months bills fell from 3.622 per cent to 3.306 per cent and on six months bills from 3.854 per cent to 3.705 per cent.

Money was in generally short supply in Lombard Street on Wednesday of last week and a small amount of help was given by the authorities. Subsequently conditions were more comfortable and rates on overnight money came down to the basic rate of 3½ per cent, with some balances unlent. On Wednesday this week, however, fresh funds were again scarce.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	Discount rates:	
		Bank bills:	
Deposit rates (maximum):		60 days	4 25/32–4 27/32
Banks	3	3 months	4 25/32–4 27/32
Discount houses	3–3⅛	4 months	4 25/32–4 27/32
		6 months	4 25/32–4 7/8
Money:		Fine trade bills:	
Day-to-Day	4–4½	3 months	5 1/4–6
		4 months	5 1/4–6
		6 months	5 1/2–6 1/4

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	Treasury Bills: April 11	3·622
		" 18	3·306

BANK OF ENGLAND RETURNS

(£ million)	Apr. 22, 1959	Apr. 13, 1960	Apr. 20, 1960
*Issue Department**:			
Notes in circulation	2,050·2	2,187·5	2,192·7
Notes in banking dept.	50·1	62·9	57·7
Govt. debt and securities*	2,096·5	2,247·3	2,247·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	12·6	9·2	13·0
Bankers	237·7	250·7	243·4
Others	63·7	64·6	65·7
Total	314·0	324·5	322·1
Securities:			
Government	231·3	229·4	234·9
Discounts and advances	29·0	30·9	27·8
Other	20·6	18·2	18·7
Total	280·9	278·5	281·4
Banking department reserve	50·9	63·7	58·7
"Proportion"	16·2	19·6	18·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
1959 Apr. 17	91 day 250·0†	386·6	£ s. d. 64 8·12	% 38
1960				
Jan. 15	270·0	406·0	75 7·79	52
" 22	270·0	378·5	91 1·19	67
" 29	250·0†	436·8	90 9·18	17
Feb. 5	250·0†	410·2	90 10·88	28
" 12	250·0	413·0	90 11·30	37
" 19	260·0	415·3	90 10·65	41
" 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
" 11	290·0	515·9	91 8·32	27
" 18	290·0	449·0	92 3·52	49
" 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
" 8	260·0	422·1	92 11·83	42
" 14	280·0†	454·5	93 1·10	41

* On April 14th tenders for 91 day bills at £98 16s. 9d. secured 41 per cent, higher tenders being allotted in full. The offer for this week was for £270 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: April 20	Market Rates: Spot: April 13	April 14	April 16	April 19	April 20
United States $	2·78–2·82*	2·80 7/8–81	2·80 15/16–81 1/16	2·80 15/16–81 1/16	2·81–81 1/8	2·81–81 1/8
Canadian $	—	2·71 3/8–1/2	2·70 7/8–71	2·70 1/2–5/8	2·71–71 1/8	2·71 1/4–3/8
French Fr.	13·422–14·027	13·78 1/2–7/8	13·78 1/2–3/4	13·78 1/2–7/8	13·78 3/8–7/8	13·78 3/8–7/8
Swiss Fr.	11·94–12·54 3/8	12·18 5/8–7/8	12·19–19 1/4	12·19–19 1/4	12·19 1/4–1/2	12·19 1/4–1/2
Belgian Fr.	137·96–142·05	140·02 1/2–07 1/2	140·05–10	140·02 1/2–10	140·02 1/2–07 1/2	140·05–10
Dutch Gld.	10·48–10·80	10·59 1/8–5/8	10·59 3/8–5/8	10·59 1/4–1/2	10·59 1/2–3/4	10·59 1/2–3/4
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·71 1/2–3/4	11·71 1/2–3/4	11·71 1/4–3/4	11·71 3/4–72	11·71 3/4–72
Portug. Esc.	79·00 3/4–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1743–43 1/4	1743 3/4–44	1743 3/4–44	1744 1/4–1/2	1744–41 1/4
Swedish Kr.	14·27 1/2–14·70	14·51 1/8–5/8	14·50 3/8–5/8	14·50 3/8–5/8	14·48 7/8–49	14·49 7/8–50 1/8
Danish Kr.	19·06 1/2–19·62	19·35 1/8–3/8	19·35 1/8–3/8	19·35 1/8–3/8	19·35 1/8–3/8	19·34 3/4–35
Norwegian Kr.	19·7[illegible]–20·30 1/2	20·01 1/4–1/2	20·01 1/4–1/2	20·01 1/4–1/2	20·01 3/8–5/8	20·01 3/8–5/8
	* Official Limits	**One Month Forward Rates**				
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	5/16–3/16c. pm
Canadian $		5/16–1/4c. pm	5/16–1/4c. pm	5/16–3/16c. pm	1/4c. pm–par	1/4c. pm–par
French Fr.		1/4c. pm–par	1/4c. pm–par	1/4c. pm–par	1/8–1/4c. pm	1/8–1/4c. pm
Swiss Fr.		1/8–1/4c. pm	1/8–1/4c. pm	1/8–1/4c. pm	15–10c. pm	15–10c. pm
Belgian Fr.		15–10c. pm	15–10c. pm	15–10c. pm	1/4–1/2c. pm	1/4–1/2c. pm
Dutch Gld.		1 1/2–1 1/4c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1–3/4pf. pm	1–3/4pf. pm
W. German D-Mk.		7/8–3/4pf. pm	1–3/4pf. pm	1–3/4pf. pm		
		Three Months Forward Rates				
United States $		5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	11/16–9/16c. pm
Canadian $		9/16–1/2c. pm	9/16–1/2c. pm	9/16–7/16c. pm	9/16–7/16c. pm	5/8–1/2c. pm
Swiss Fr.		4 1/2–4c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 1/4–4c. pm	4–3 3/4c. pm
W. German D-Mk.		2–1 3/4pf. pm	2–1 3/4pf. pm	2–1 3/4pf. pm	2 1/8–1 7/8pf. pm	2 1/8–1 7/8pf. pm
		Gold Price at Fixing				
Price (s. d. per fine oz.)		250/–	249/10 3/4	—	249/10 1/4	249/10 1/4

Abridged Particulars

E. Alec Colman Investments Limited

(Incorporated under the Companies Act, 1948)

SHARE CAPITAL

Authorised	Issued and Fully Paid
£1,000,000 in 5,000,000 Ordinary Shares of 4s. each	£400,000

ELECTRIC AND GENERAL INDUSTRIAL TRUSTS LIMITED

OFFER FOR SALE

500,000 Ordinary Shares of 4/- each fully paid at 12/- per Share payable in full on application

Lists will Open and Close on Tuesday, 26th April, 1960. The Offer for Sale shows (inter alia) that:—

1. The Company was incorporated in 1960 by E. Alec Colman with a view to consolidating some of his property interests and of acquiring additional property interests. The Company with its wholly owned subsidiaries owns freehold and leasehold properties in and around London, which are valued at £1,593,550, of which £964,700 is represented by freeholds and £628,850 by leaseholds.

2. In addition to Maisonettes, Shops and Offices, the Subsidiaries own 424 flats, the great majority of which are of modern construction; 9 per cent. are let on controlled tenancies; 17 per cent. have leases with less than 12 months to run; a further 49 per cent. have leases with less than 3 years to run; a further 20 per cent. have leases with less than 5 years to run, and the remaining 5 per cent. with over 5 years to run. It is estimated that the net income over the period of the next 3 years, when present tenancies fall in, will increase by at least £30,000 per annum.

3. On the basis of a net profit of £84,000, subject to taxation, it would be the Directors' intention to pay an interim dividend of 5 per cent. less tax in November, 1960, and to recommend a final dividend of 10 per cent. (15 per cent. in all) less tax in June, 1961, on the £400,000 issued Ordinary Share Capital in respect of the period ending 30th April, 1961, which would give a yield of 5 per cent. at the offer price of 12s. per share.

Copies of the full Offer for Sale (on the terms of which alone Applications will be considered) and Forms of Application can be obtained from:—

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Augustine House, Austin Friars, London, E.C.2.

SMITH, KEEN, BARNETT & SON
Prudential Buildings, St. Philip's Place, Birmingham, 3.

THE REGISTERED OFFICE OF THE COMPANY
5, Hyde Park Gate, London, S.W.7
or from

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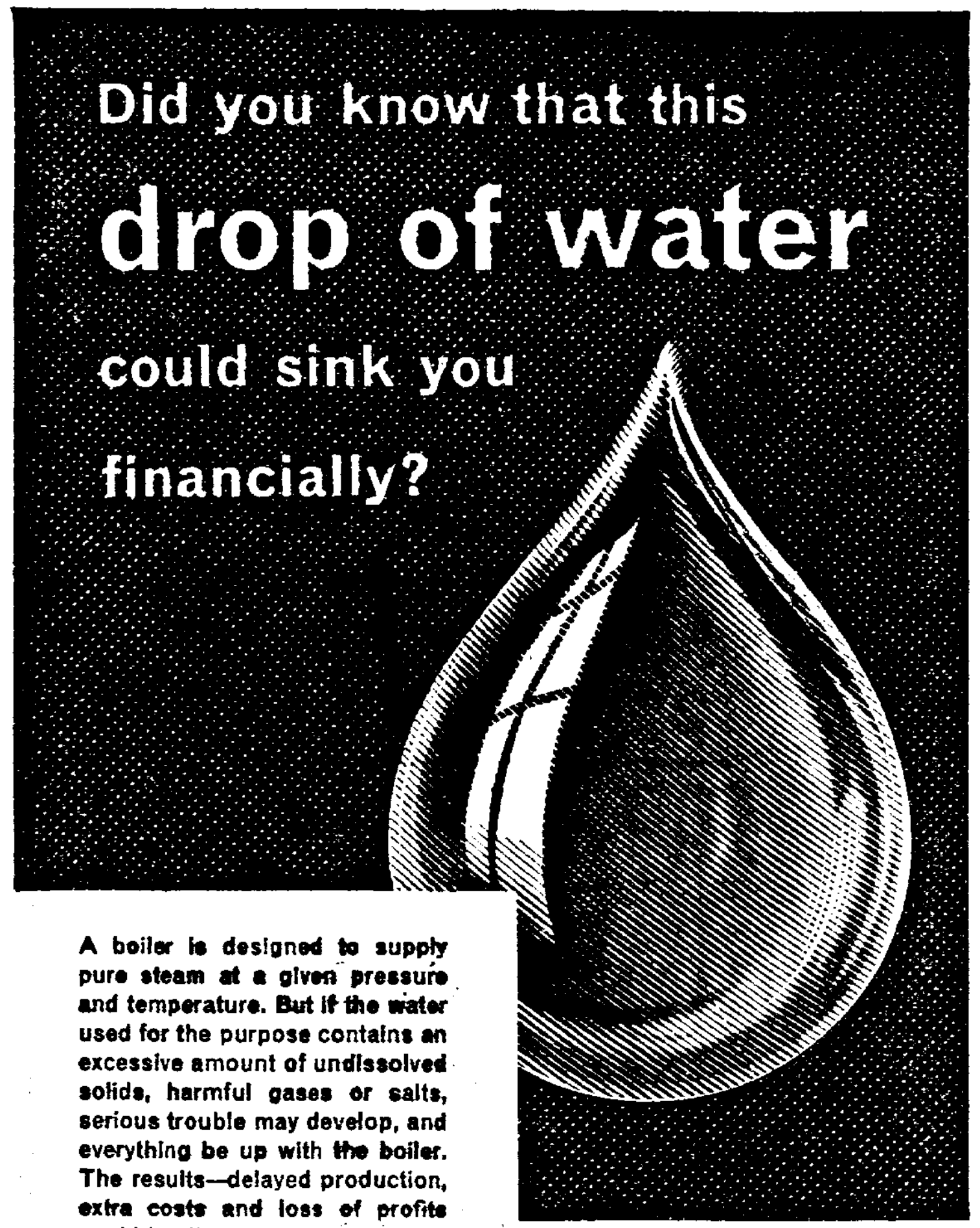

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Senior Research Officer.
Two Research Officers.

The salary range for the Senior Research Officer is from £2,000 to £2,250 per annum and the Research Officers from £1,500 to £1,750 according to qualifications and experience.

The Institute, which is independent and is financed by contributions from industrial and commercial organisations, was recently formed to conduct research into economic problems directly or indirectly affecting New Zealand.

Copies of the conditions of appointment and a brief summary of the proposed activities of the Institute may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in New Zealand and London, on June 30, 1960.

COMPUTER PROGRAMMER

The United Africa Co. Ltd. requires a Computer Programmer at its Head Office in London. Candidates must have had previous experience in programming work and a mathematical degree or accountancy qualification. Initial salary not less than £1,250 per annum and excellent prospects of advancement. Contributory pension scheme. Apply in writing to the Administrative Manager, United Africa House, P.O. Box 1, Blackfriars Road, S.E.1.

STOCKBROKERS have a vacancy in Research Department for a young man or woman aged 22-30, with Professional or Academic qualifications and/or informed interest in investment analysis and company accounts. Starting salary £600 to £1,200 according to age and experience, bonus and pension schemes. Five-day week, luncheon vouchers.—Williams de Broe & Co., Pinners Hall, Austin Friars, E.C.2.

GLAMORGAN EDUCATION COMMITTEE

GLAMORGAN COLLEGE OF TECHNOLOGY, TREFOREST

DEPARTMENT OF COMMERCE AND ADMINISTRATION

SANDWICH COURSE FOR THE DIPLOMA IN MANAGEMENT STUDIES

(British Institute of Management and Ministry of Education Scheme)

Applications are invited for the Sandwich Course commencing on 2nd May, 1960.

The Course consists of two periods of attendance at the College, each of twelve weeks' duration, separated by a period of approximately nine months in Commercial, and/or Managerial work.

Minimum age for entry—24 years.

Tuition fee—£8 for each period of attendance at the College.

Application forms and further particulars obtainable from Dr. D. P. Evans, Principal.

EMLYN STEPHENS,
Director of Education,
County Hall,
Cardiff.

UNIVERSITY OF DURHAM

KING'S COLLEGE, NEWCASTLE UPON TYNE, 1

DEPARTMENT OF SOCIAL STUDIES

The Council of King's College invite applications for the post of Lecturer in Social Studies. Candidates should be prepared to lecture in Social Economics and Social Administration.

The commencing salary will be determined at a suitable point on the scale £900 x £50—£1,350 (Bar) x £75—£1,650 in accordance with the qualifications and experience of the successful applicant. Family Allowance and F.S.S.U. benefits are also payable. The successful applicant will be expected to take up duty on October 1, 1960.

Twelve copies of application, together with the names and addresses of three persons to whom reference may be made, should be submitted not later than May 14, 1960, to the Registrar of King's College, from whom further particulars may be obtained.

INTERNATIONAL LABOUR OFFICE

The I.L.O. invites applications from STATISTICIANS for a twelve months' technical assistance assignment in the Philippines. Duties include advising Government on a labour statistics programme and lecturing at University on associated topics.

University training in statistics required, and several years' experience in statistical work, particularly labour statistics; good knowledge of sampling theory and practice; related teaching experience desirable.

Salary, $8,125 p.a. plus generous allowances (all tax-free). For further information and application forms write urgently to Ministry of Labour, 26/28 King Street, London, S.W.1, quoting L9 176 ILO PHI.

FACTORY MANAGEMENT EXECUTIVE

Gentleman trained and experienced in the maintenance of large Factories and Labour Control, will shortly be required as Assistant to Works Superintendent controlling Group of Factories in North of England City.

Candidates for this position, who should be in age group 33 to 40, are asked to include in their applications full details of training, past experience, also of positions held, and should at present be in receipt of not less than £1,500 per annum.

The position is superannuable.

Letters received will be treated with the utmost confidence. Write Box 1314.

NATIONAL SAVINGS COMMITTEE: DISTRICT COMMISSIONERS. 10 or more pensionable posts for men or women at least 21 on March 1, 1960, preferably with university education, organising ability, knowledge of economics, and experience of public speaking and with voluntary workers. Final year students may apply. Men's starting salary (London) from £528 to £680. Maximum £1,330. This scale is under review. Promotion prospects.—Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting 154/60/7. Closing date May 12, 1960.

GOVERNMENT OF WESTERN NIGERIA

VACANCY FOR

FARM ACCOUNTS OFFICER

Applications are invited from suitable candidates for the post of Farm Accounts Officer.

Qualifications: Candidates must possess a Degree in Agriculture or Agricultural Economics with some experience in the compiling of farm enterprise accounts or a recognised professional qualification in accounting followed by a minimum of two years' experience in dealing with Farm Accounts.

Duties: To be responsible to the Agricultural Economist for compiling commercial and enterprise accounts and records for various schemes run by the Ministry of Agriculture and for training junior staff in farm record accounting method.

Terms of Appointment: On contract terms for a minimum of one or two tours of 12-18 months each in the first instance. Salary is within the range of £1,212-£1,506 per annum, according to experience plus gratuity at the rate of £25-£37 10s. for each completed three months' service. Free first class passages for Officer and his family on first appointment, and when proceeding on leave; free medical treatment for Officer and his family. Accommodation is provided at low rentals.

Applications should be completed in triplicate on the prescribed form obtainable from the Official Secretary (Recruitment Branch), Office of the Commissioner for Western Nigeria, 178-202 Great Portland Street, London, W.1, from whom further particulars may also be obtained.

Closing Date: May 7th.

UNIVERSITY COLLEGE, IBADAN, NIGERIA

Applications are invited for Lectureship (Grade II) in Agricultural Economics. Previous training or experience in Farm Management Economics an advantage. Appointment commencing October, 1960. Salary scale (under review): £1,000 x £50—£1,300 per annum. Passages paid for appointee, wife and five children under 11 years, on appointment, annual overseas leave and termination. Children's, car and outfit allowances. F.S.S.U. Part-furnished accommodation at rent not exceeding 7.7 per cent of salary. Detailed applications (6 copies) naming 3 referees by 30th May, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail £4 . 10 ; overseas £5 — **By air see below**

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Australia	£10 6s	—
Canada	—	$25 or £9
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Philippines	£10 6s	—
Rhodesia (N. & S.)	£9 0s	—
South Africa	£9 0s	£7 10s
South America	£9 0s	—
Sudan	£7 15s	£6 15s
USA	—	$25 or £9
West Indies	£9 0s	—

* Normally 24-48 hours slower than Airmail

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney, New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, s/1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 10 Parsons Road, Fort, Colombo. DENMARK: Ejnar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: G. Avatis, 8 Ibrahim El Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Keskuskato, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Koln 1; H. E. Braumueller, Karlstrasse 34, Hamburg 22. GHANA: Travel Service, Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue du Stade, Athens. HOLLAND: Van Gelderen, Hoofdlantoor, N.Z. Voorburgwal, 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau Ltd., 701-706 Marina House. INDIA: Patrika Syndicate Private Ltd., Gole Market New Delhi 1, or 12/1A Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Yahma Street, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Weiss' Subscriptions, 22 Allenby Road, Tel Aviv. ITALY: Messaggerie Italiano, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard: P.O. Box 30080, Nairobi. LEBANON: Librairies Antoine, A. Naufal & Freres, Rue de l'Emir, Bechir, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon and Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labirjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115 Oslo. PAKISTAN: Pak American Commercial Inc., Elphinstone Street, P.O. Box 7359, Karachi, 3. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: A R S Polona, Krakowskie Przedmiescie 7, Warsaw. RHODESIA: Kingstons Ltd., P.O. Box 1498, Bulawayo Southern Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora Internacional, Duque de Sexto, 36, Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Stockholms Enskilda Bank, Stockholm 16. SWITZERLAND: Agence Acherhard, Case 123, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard: P.O. Box 1656, Kampala. UNITED STATES: British Publications Inc., 30 East 60th Street, New York 22, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guaicaipuro, Apartado, No. 2589, Caracas

NEWCASTLE UPON TYNE EDUCATION COMMITTEE

RUTHERFORD COLLEGE OF TECHNOLOGY

(Selected for development into a College of Advanced Technology)

DEPARTMENT OF INDUSTRIAL ADMINISTRATION AND GENERAL STUDIES

The Governors invite applications for the following posts, duties to commence September 1, 1960, or as soon after as possible, which arise in connection with the formation of this new department in a rapidly expanding College. The work of the Department will be concerned with courses leading to the new Diploma in Management Studies, with the management and liberal content of Diploma in Technology and Higher National Diploma courses and in providing special courses of an advanced nature for business and professional executives. The pursuit of research will be encouraged and every opportunity given to teaching staff to engage in such projects.

(i) HEAD OF DEPARTMENT, GRADE IV—Candidates should possess high academic and professional qualifications, have had good teaching with, preferably, some administrative experience and be capable of initiating and directing research in one or more aspects of management.

(ii) SENIOR LECTURER—The duties will be concerned wholly with Management Studies and candidates, who should be well qualified academically and professionally, will be expected to have had considerable personal experience of management functions as well as sound teaching experience.

(iii) LECTURERS (2 posts)—Candidates should possess good academic qualifications and some teaching experience and be prepared to undertake work concerned with one or more of the following: Communications, Finance, Costing and Management Accounting, Personnel Management and Human Relations, Marketing, Business Law, Applied Economics, Work Study.

(iv) ASSISTANT LECTURERS, GRADE B (2 posts)—Candidates should be academically qualified and have an interest in one or more of the subjects outlined in (iii) above.

Salary according to the Burnham Technical Report: Head of Department Grade IV £1,850 by £50 to £2,100; Senior Lecturer £1,550 by £50 to £1,750; Lecturer £1,370 by £35 (final £40) to £1,550; Assistant Lecturer Grade B £770 by £27 10s. 0d. (final £37 10s. 0d.) to £1,150 with appropriate allowances for graduate, training and industrial experience.

Further particulars and forms of application (returnable within 14 days) may be obtained from the Principal, Rutherford College of Technology, Northumberland Road, Newcastle upon Tyne, 1.

INDUSTRIAL MARKET RESEARCH

West London engineering company requires ECONOMIST to take control of established Market Investigation Department within a few months of the appointment. Work includes analysis of demand for the company's products in relation to trends in the national economy and export markets, as basis for short and long term sales forecasts. Applicants should preferably have first or upper second class honours degree, with statistics as subsidiary subject, and post-graduate experience of market research. Age 26 to 38 years. Write in full to Box No. 1313.

EAST KILBRIDE DEVELOPMENT CORPORATION

Industrial Development and Public Relations Officer

Applications are invited for appointment to the above post. Salary scale, £1,657-£1,885 per annum, with placing according to experience and qualifications. Medical examinations and superannuation agreement. Appointment subject to Corporation Conditions of Service. A house or flat will be made available as required.

The selected candidate will be required (a) to maintain contact with potential industrial, commercial and shopping interests; (b) to maintain advertising and press relations; (c) to undertake social relations work as necessary (d) to carry out administrative duties relative to each of the foregoing, including the writing of reports. Candidates might (but need not necessarily) be University graduates, preferably in economics, and should have substantial experience in at least one of the above fields. Qualifications and/or experience in town planning research work would be an advantage, though not essential.

Application forms may be obtained from the General Manager, Torrance House, East Kilbride, to whom completed forms should be returned not later than May 4, 1960.

Canvassing, directly or indirectly, of the Members of the Corporation will constitute an absolute disqualification.

THE UNIVERSITY OF HULL

A temporary Assistant Lecturer or Lecturer in Sociology or Social Anthropology is required with effect from October 1, 1960, for one year in the first instance, with the possibility of a permanent appointment thereafter. Salary scale: Assistant Lecturer £700 to £850 Lecturer £900 to £1,650 per annum; with F.S.S.U. and children's allowances. Further particulars may be obtained from the undersigned to whom applications (five copies) should be sent not later than May 14, 1960.

W. D. CRAIG,
Registrar.

April 14, 1960.

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited for an ASSISTANT LECTURESHIP (£700 x £50 to £850) or LECTURESHIP (£900 x £50 to £1,350 x £75 to £1,650) in STATISTICS, preferably from those who are interested in the application of statistical techniques in sociology (including demography). Present salaries are under review and are likely shortly to be increased. Duties to begin on October 1, 1960, or as soon thereafter as possible. Applications will be welcomed from mathematical statisticians whose main interest lies in the development of techniques for use in this field as well as from social scientists.

Applications (two copies), with the names of three referees, should be sent by May 7, 1960, to the Registrar, The University, Birmingham, 15, from whom further particulars can be obtained.

Bowaters

There is a vacancy within the new Common Market subsidiary, Bowater Europe S.A. for a **SENIOR ACCOUNTANT,** ultimately to take overall responsibility for accounting control in that group of Companies, and to be resident either in Brussels or Paris.

Applications are invited from Chartered Accountants, aged 30 to 40 years, with a sound knowledge of standard costing and budgetary control techniques, who are experienced in multi-unit operation. An ability to speak French fluently is essential, and a further European language would be an advantage.

Please write, in strict confidence, giving full details of education, qualifications and experience, present salary and age, to the Chief Personnel Officer, The Bowater Paper Corporation Limited, Bowater House, Knightsbridge, London, S.W.1.

GENERAL MANAGER (PLASTICS)

An expanding Plastics Company in the West Country, manufacturing a range of reinforced plastic products is seeking a General Manager. The man appointed will assume overall direction of the design, production and commercial/sales functions and will report direct to the Board. Candidates must have had senior executive experience in the plastics industry and should preferably have an engineering background. Terms of employment are excellent and a salary commensurate with the senior and developing nature of the post will be paid. Please apply to Box 1315.

ROYAL ARSENAL CO-OPERATIVE SOCIETY LIMITED

APPOINTMENT OF SECRETARY

For reasons of health the present Secretary will be retiring in October next. The General Committee of the Society invites applications for consideration when the selection of his successor is made.

The Society has 370,000 members. Share and loan capital, reserves and other funds, exceed £12,000,000. Re-invested capital is £6,000,000. Four subsidiaries, and two large housing estates, are owned and controlled by the Society. The Society employs over 9,000 in a great variety of retailing, wholesaling, manufacturing and service undertakings. The aggregate turnover is £28,000,000 per annum. Management is vested in a full-time General Committee, and the Secretary is an officer appointed by rule by a General Meeting of members on the recommendation of the Committee.

The office calls for personality and leadership and the ability to advise on constitutional and legal procedure and on financial policy. Candidates must be fully qualified and experienced in Accountancy, Taxation and Secretarial Practice. There is a large office staff at headquarters and in branch offices.

Trading departments are the responsibility of the General Manager.

The commencing salary will be £3,000 per annum, and the Secretary must be a contributing member of the Officers' Retirement Fund (The Superannuation transfer clause is not applicable).

Applications must be sent to the SECRETARY, ROYAL ARSENAL CO-OPERATIVE SOCIETY, LTD., 147 POWIS STREET, WOOLWICH, LONDON, S.E.18, before Saturday, May 7th. The envelope must be endorsed "Secretaryship."

Canvassing of members of the Committee in connection with this appointment will be a disqualification.

The application must contain full particulars of personal details, education and training, employment and appointments held. Any other relevant details of Co-operative background, public work or special undertaking, may be included.

Short listed candidates will be interviewed by the General Committee at Woolwich on Tuesday, May 17th, and the selected candidate will be recommended for appointment to the General Meeting on June 1st. The new Secretary will be required to assume his duties on August 2nd.

THE UNIVERSITY OF SHEFFIELD

Applications are invited from graduates of any University for two DOUGLAS KNOOP RESEARCH FELLOWSHIPS tenable from October 1, 1960. One Fellow will be required to undertake research in ECONOMICS, and the other in ECONOMIC HISTORY, in the University of Sheffield. The value of the Fellowships will be £675 a year and they will normally be tenable for three years. Applicants should be available for interview in Great Britain. Applicants who expect to graduate in 1960 will be considered. Applications (4 copies) indicating the line of research proposed and including the names and addresses of three referees should reach the Registrar (from whom further particulars may be obtained) by May 16, 1960.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for the position of Research Officer in the Research Techniques Division. Duties: to participate in studies of research methods in the social sciences. Qualifications: applicants should have studied in the social sciences, should have a knowledge of basic statistical methods and should hold an honours degree. Research experience desirable. Salary: £650-£900 a year plus £60 a year London Allowance, the starting point depending on ability and experience.—Applications, with the names of two referees, should be sent to the Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2.

LCC COLLEGE FOR DISTRIBUTIVE TRADES

HEAD OF DEPARTMENT OF ADVERTISING required, July 1st or as soon after as possible, with appropriate qualifications and experience; a new appointment in an expanding field with much scope for development; limited amount of consultancy work encouraged. Burnham (F.E.) Salary Scale (Grade II; men) £1,600 x £50 to £1,800 plus London allowance £38 or £51. Slightly lower scale for women until 1961.

Application forms from Secretary at College, 107 Charing Cross Road, W.C.2, to be returned by May 9th. (944.)

CITY OF PORTSMOUTH COLLEGE OF TECHNOLOGY

Principal: W. Davey, B.Sc., Ph.D., F.R.I.C.

Applications are invited for the following full-time appointments:—

(1) SENIOR LECTURER to take charge of professional courses in Financial and Cost Accountancy and to assist with the teaching of Accountancy and Business Administration to full-time degree and Diploma students. Burnham Scale:—

Men: £1,550 x £50—£1,750.
Women: £1,240 x £40—£1,400 (plus equal pay increment).

(2) LECTURER in Economics for Advanced and Final Degree Courses. Qualifications in International Economics, Monetary Theory or Transport are desirable. Burnham Scale:—

Men: £1,370 x £35—£1,550.
Women: £1,100 x £28—£1,240 plus equal pay increment).

Full details and form of application obtainable from the Registrar.

AGRICULTURAL ECONOMISTS, one main grade, one Assistant, one main grade *or* Assistant, in Ministry of Agriculture, Fisheries and Food. Pensionable posts in London for men and women. Age on April 1, 1960; at least 26 (main grade); at least 21 and normally under 28 (Assistant). 1st or 2nd Class honours degree in economics, agriculture, horticulture or closely related subject; or closely comparable qualification. At least three years' appropriate postgraduate or other experience essential for main grade. Knowledge of statistical methods or practical experience of agriculture or horticulture an advantage. Final year students may apply. Duties include investigation of changes in financial conditions of agriculture and factors affecting agricultural output, analysis of farm accounting data, and preparation of material for farm and horticultural management advisory work. Men's London salary scales: (main grade) £1,233-£1,460; (Assistant) £655-£1,150. Starting salary above minimum possible in both cases. Promotion prospects.—Write Civil Service Commission, Burlington Gardens, London, W.1, for application form quoting 5127/60. Closing date May 18, 1960.

BUSINESS AND PERSONAL

"WHICH?" The April issue includes reports on vacuum cleaners, carpet sweepers, and barrier creams. "Which?" reports are impartial and factual, based on independent tests. "Which?" is published monthly by the Consumers' Association, annual subscription only £1 to Box 333 High Holborn, London, W.C.1.

SHARE A FLAT LTD., 175 Piccadilly, HYD 2545, infinite care, right person or right flat.

PUBLIC LECTURE

A Lecture entitled: "Some Questions about the British Economy: A French View," will be given by M. Edmond Malinvaud of the French National Institute of Statistics, at the French Institute (15 Queensberry Place, London, S.W.7) on Wednesday, May 4th, at 6.15 p.m. Professor R. G. D. Allen will take the Chair. ADMISSION FREE AND WITHOUT TICKET.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 291

NOTICE IS HEREBY GIVEN that a DIVIDEND of 52½ cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and will be PAYABLE at the Bank and its branches on and after 1st June, 1960 to shareholders of record at the close of business 30th April, 1960. New shares not fully paid for by 30th April, 1960, will rank for the purpose of the said dividend to the extent of payments made on or before that date on the said shares.

By Order of the Board,
W. E. McLAUGHLIN,
General Manager.

April 20, 1960.

Top Level

SECRETARIES FOR DIRECTORS

obtainable through

THORNHILL AGENCY

35 Dover Street, W.1, HYD 1289 2284.

RAILLE GALLERY, Islington Green, N.1. 25 paintings by KEN MOORE. April 21st-May 14th.—Courtesy Albert Landry Gallery, New York.

SECOND-HAND BOOKS. The Economists' Bookshop, 11-12 Clements' Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Sciences, you may wish to sell (*periodicals excluded*).

ONLY THE LONELY—But who's lonely today, watching television by leaping firelight, with a glass of superb El Cid Amontillado Sherry to delight the fleeting hours.

THIS IS YOUR LIFE when you project your colour slides of your children with the Leitz Pradovit F with armchair control, £48 15s. 9d.—Wallace Heaton Ltd., The Camera People, 127 New Bond Street, London, W.1.

CANADIAN PACIFIC RAILWAY COMPANY. (Incorporated in Canada with Limited Liability). ONTARIO & QUEBEC RAILWAY COMPANY 5 PER CENT DEBENTURE STOCK 6 PER CENT COMMON STOCK. In preparation for the payment of the half-yearly interest payable on June 1st next, the Debenture Stock Transfer Books will be closed on May 2nd and will be reopened on June 2nd. The half-yearly interest on the Common Stock will be paid on June 1st to holders of record on May 2nd. R. F. TREMAYNE, Deputy Secretary, 8 Waterloo Place, Pall Mall, London, S.W.1. April 14, 1960.

EDUCATION AND COURSES

SECRETARIAL TRAINING, especially for university graduates and older students, six-month and intensive 14-week courses.—Write Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

UNIVERSITY OF LONDON: A lecture entitled "Leading Tendencies of American Economic Policy, 1776 to the Present Day" will be delivered by Professor W. Letwin (Massachusetts Institute of Technology) at 5 p.m. on April 28 at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2. ADMISSION FREE, WITHOUT TICKET. James Henderson, Academic Registrar.

EXPERT POSTAL TUITION

for Examinations—University, Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write to-day for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G92).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

CITY OF PORTSMOUTH

COLLEGE OF TECHNOLOGY

(Department of Commerce)

Applications are invited for 15 additional places in each of the following Full-Time Courses, commencing September, 1960:

B.Sc. (Econ.) Lond.

Three-year course for students wishing to offer Government, *or* Industry and Trade *or* Accountancy *or* International Economics as special subject.

B.A. (General) Lond.

Three-year course (Economics, Law and History). Candidates must have satisfied London University Faculty of Arts requirements.

Prospectus and forms of application may be obtained from **The Registrar, College of Technology, Portsmouth.** Please quote reference E.

KENT COUNTY COUNCIL PLANNING DEPARTMENT

Applications are invited for the following appointments:—

(a) SENIOR PLANNING ASSISTANTS and
(b) ARCHITECTURAL ASSISTANTS.

Salaries in Special Grade (£785-£1,070) or if appropriate Grade A.P.T. IV (£1,065-£1,290).

(c) PLANNING ASSISTANTS.

Salaries in Grade A.P.T. I-II (£610-£880) or A.P.T. I (£610-£765).

Commencing salaries will be fixed according to qualifications and experience and the posts are superannuable.

Qualifications required: posts (a) corporate membership of the Town Planning Institute; posts (b) corporate membership of the Royal Institute of British Architects; posts (c) University degree or diploma or a recognised intermediate professional examination related to any technical aspect of the work of a Planning Department.

The County Council is undertaking an extended programme in relation to the preparation of Town Maps and redevelopment of central areas in addition to the statutory review of its approved Development Plan, and several new posts are available in connection with this work.

The National Scheme of Conditions of Service applies and registered disabled persons will be considered. Five-day week.

Applications, with names of two referees, to County Planning Officer, County Hall, Maidstone, by May 9, 1960.

For other appointments see pages 370 and 381

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited for the newly established Chair of Political Science.

Applications (three copies), together with the names of three referees, should be sent not later than May 31, 1960, to the Registrar, The University, Edgbaston, Birmingham, 15, from whom further particulars may be obtained.

MORTGAGE LOANS

CITY OF ROCHESTER

5½% MORTGAGE LOANS
Trustee Security.
Minimum £100.

Apply: City Treasurer,
221 Maidstone Road,
Rochester, Kent.

LEND TO

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5½% for 3 to 10 years trustee security

Particulars from County Treasurer (L.22), County Hall, Taunton.

STOCKTON CORPORATION MORTGAGES

5½% paid on loans for 2-5 years

Apply: BOROUGH TREASURER (D),
Town Hall, Stockton-on-Tees. Tel. 67108.

LEND YOUR MONEY TO THE

CITY OF MANCHESTER

5½% Mortgage Loans of £50 and Trustee Security.
Upwards
for 3-10 Years

Leaflet from City Treasurer, Dept. (P), Town Hall, Manchester, 2. Tel.: CEN 3377, ext. 217.

BOROUGH OF SWINDON

TRUSTEE SECURITIES 3-15 YEARS 5½% REPAYMENT ON DEATH IF REQUIRED

Special terms for loans on short notice, or of £10,000 and over.
Details: Borough Treasurer (E), Civic Offices, Swindon, Wilts.

INVEST IN COUNTY BOROUGH OF IPSWICH

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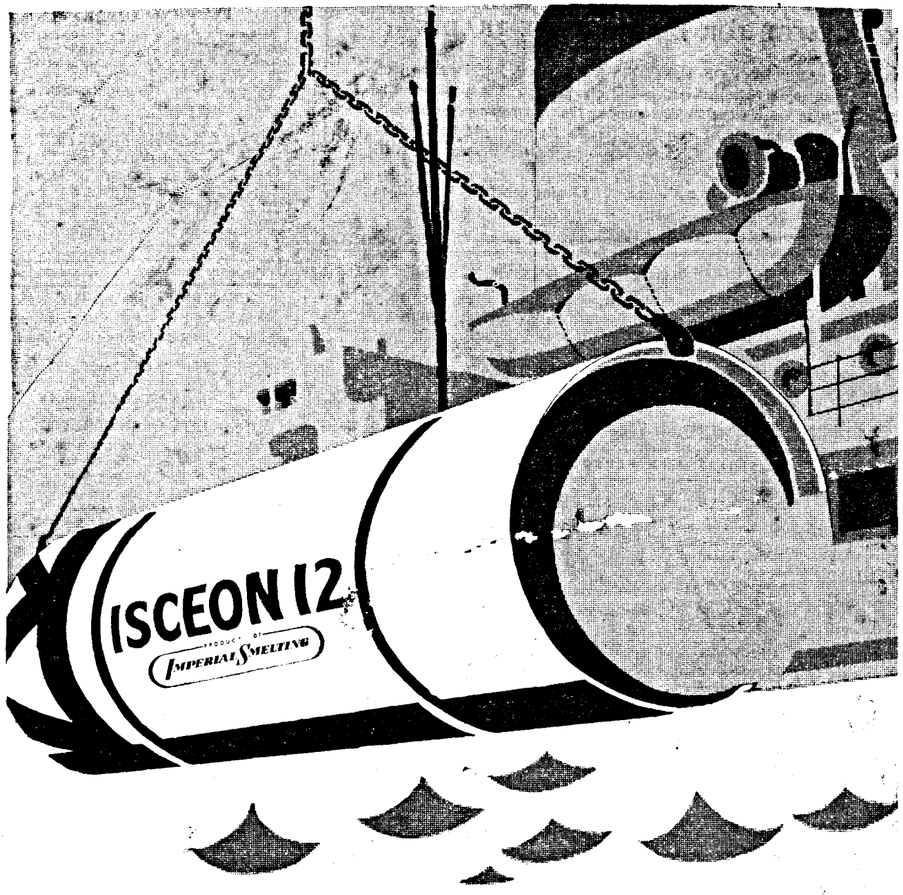

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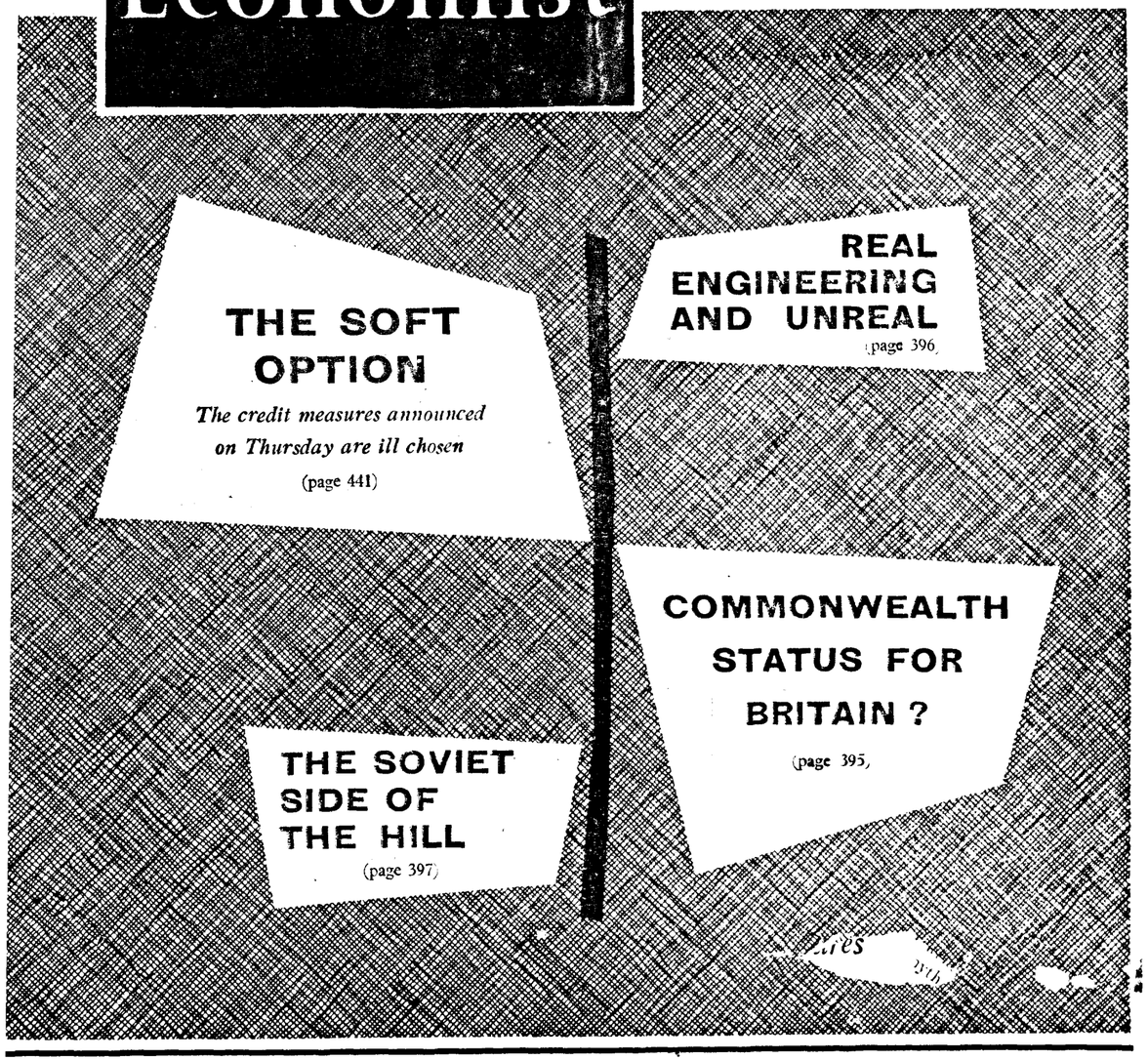

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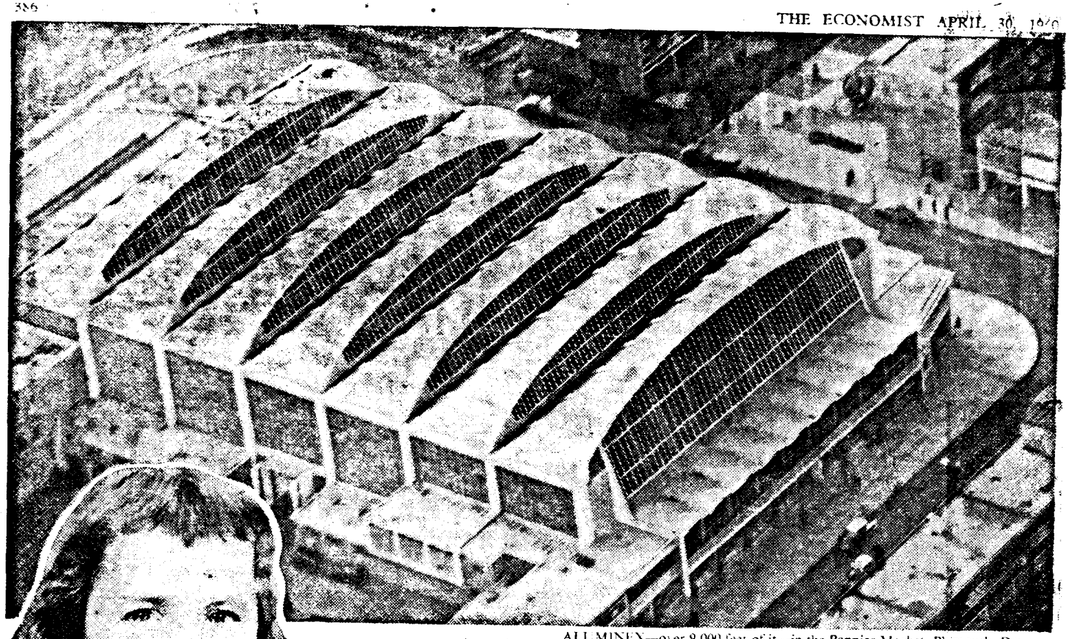

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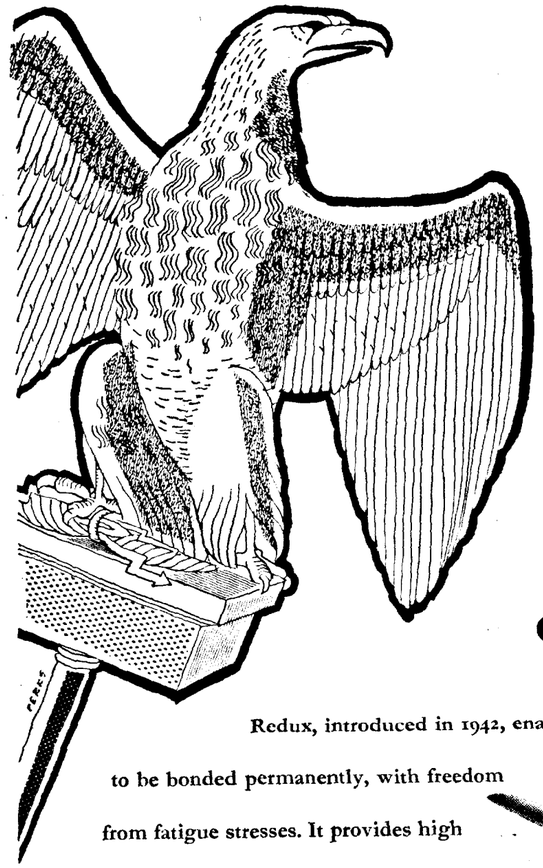

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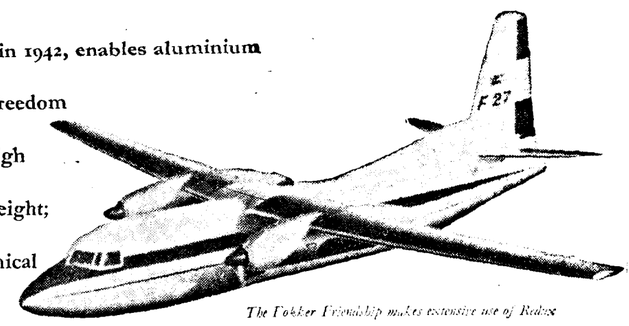

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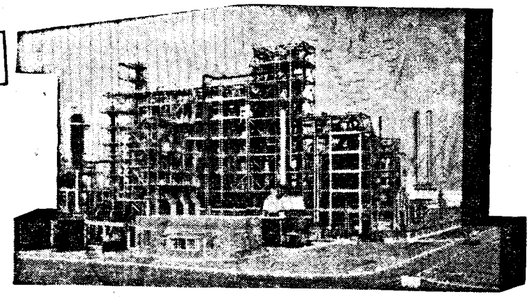

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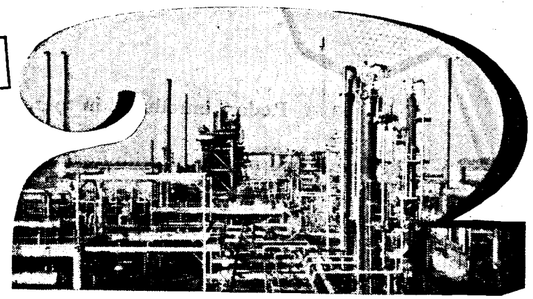

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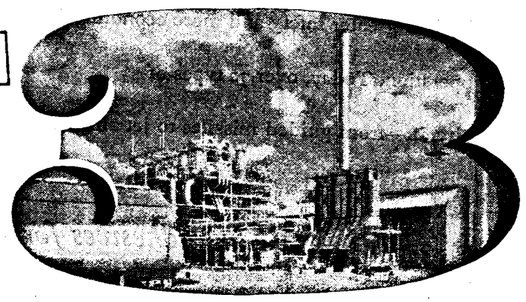

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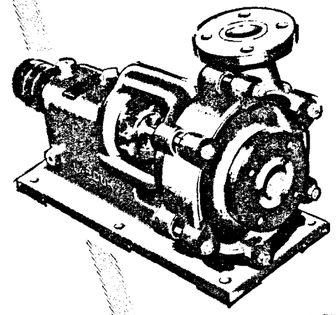

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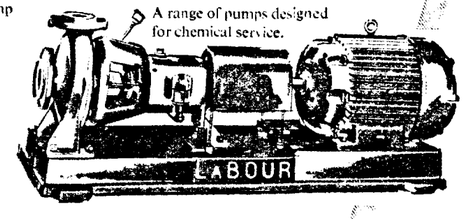

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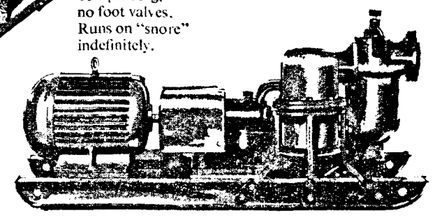

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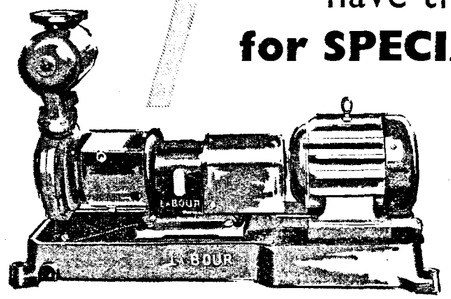

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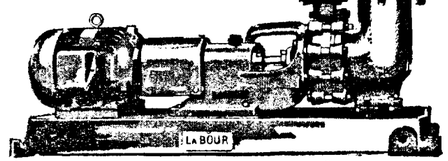

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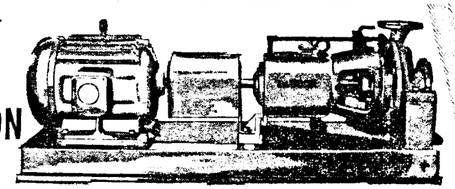

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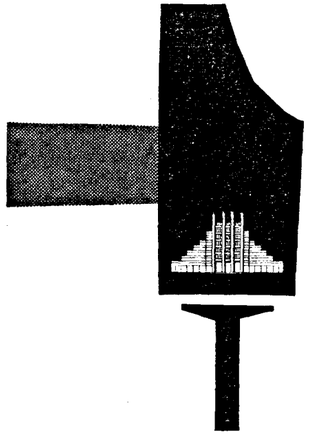

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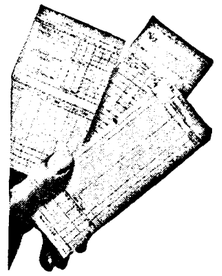

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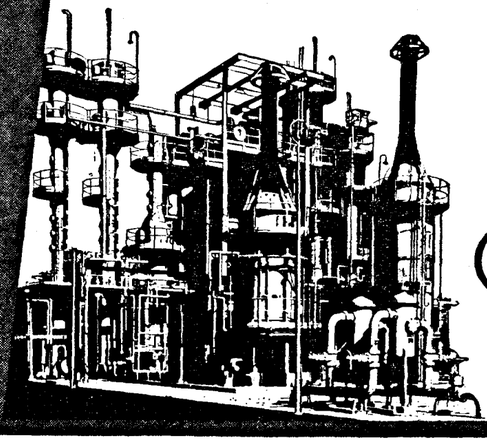

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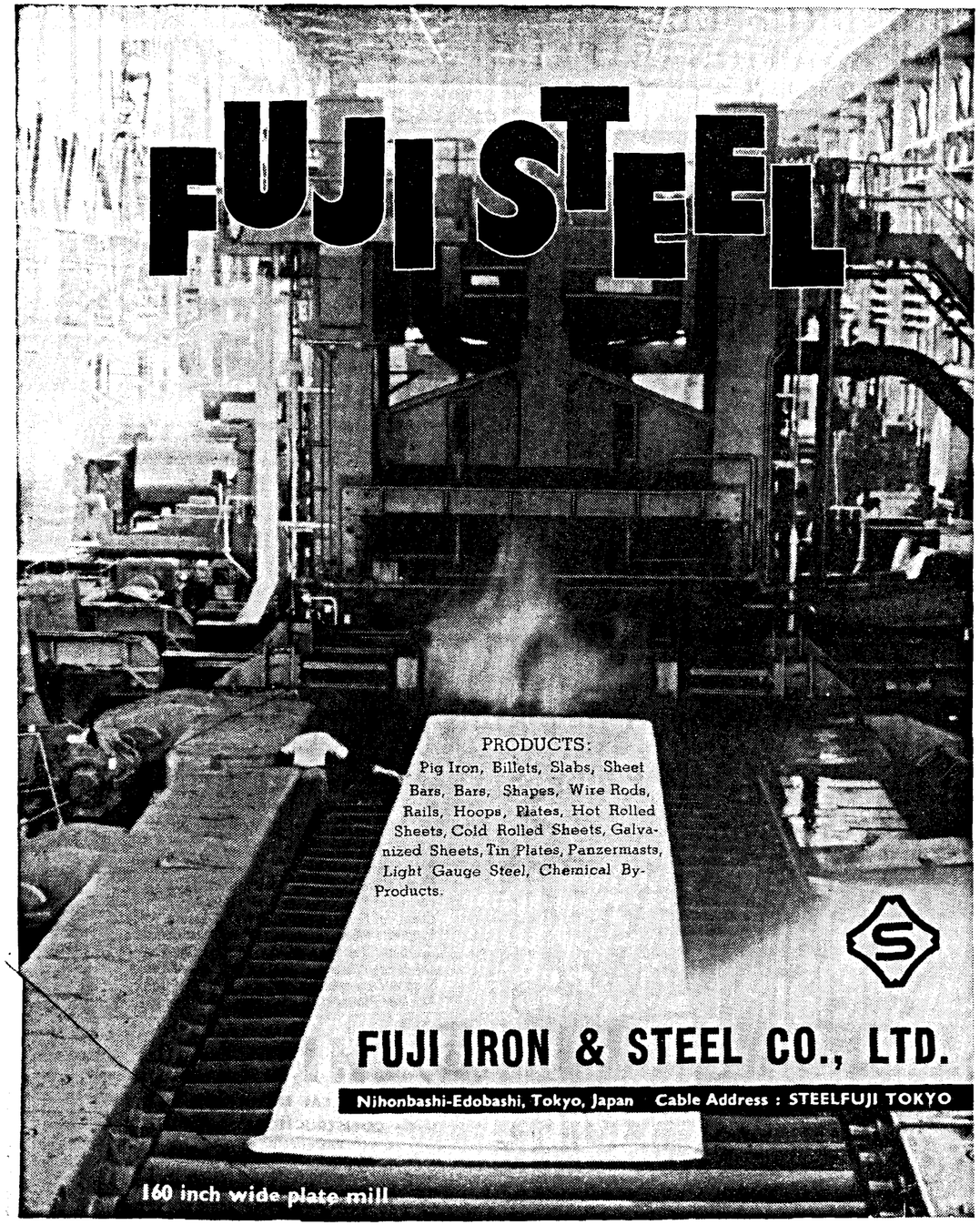

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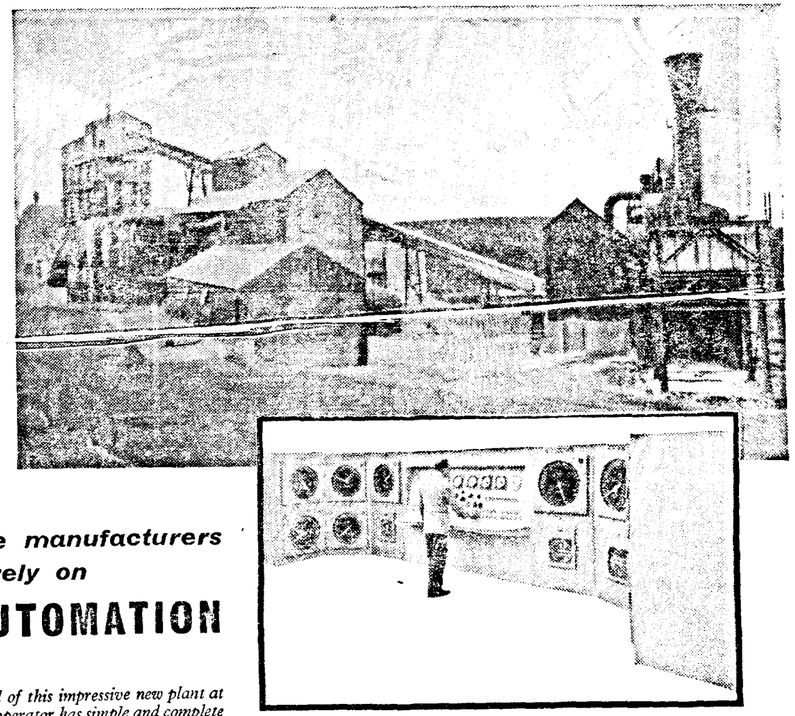

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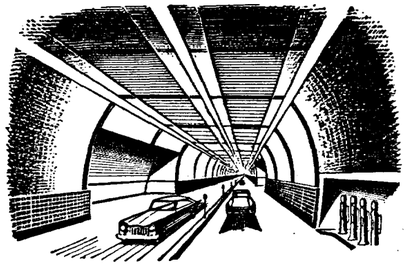

The Mont Blanc tunnel will take three years to complete and will cost an estimated £11,700,000. About four miles of the tunnel are being driven from the Italian side and the contractors, Società Italiana per Condotte d'Acqua, are using Atlas Copco equipment exclusively. Atlas Copco compressors, rock drills and Sandvik Coromant drill steels have been chosen for this project, regarded as a major contribution towards the unity of Western Europe.

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The Economist

APRIL 30, 1960

Commonwealth Status for Britain ? 395
Real Engineering and Unreal 396
The Soviet Side of the Hill 397
Italy's Blind Alley 399
The Party That Never Was 400
New Start for Korea 402

NOTES OF THE WEEK 403

Labour Party ; Defence Debate ; Law of the Sea ; India and China ; China ; Trade Unions ; The *New Daily* ; South Africa ; Kenya ; Sierra Leone ; Universities ; Parliamentary Questions ; Germany ; Education ; The Somali Time Bomb.

LETTERS 411

BOOKS

Sunday Observance 412

AMERICAN SURVEY

Patchwork at Foggy Bottom 417

Democrats at Disneyland ; Capital in a Spin ; No Flag for Panama ; Black Workers and Red Faces ; Movies Move Out ; Conserving America ; Business Undaunted ; Dancing Out of Step? ; Shorter Notes.

THE WORLD OVERSEAS

A Saudi Revo'ution 427

The Tunis Barometer Falls ; Finnish Parties Dig In ; Making Money from Postage Stamps ; Holland Warns the Seven ; Malayan Round-Up ; Novelties in Soviet Fiction ; Far Eastern Friends.

THE BUSINESS WORLD

The Soft Option 441
Surplus Oil and the Majors 443
Avoidance and Evasion 445

BUSINESS NOTES 446

Sterling Area ; Railway Fares ; Motors ; The Economy ; Airline Results ; Overseas Trade ; Merchant Banks ; Hire Purchase ; Radio Hazards ; Eating More Sugar ; Unilever ; Safety in the Home ; Trade in Manufactures ; Shipping ; Tyres ; Engineering Prices ; Share Indices ; London Copper ; Chemicals ; Shorter Notes.

COMPANY AFFAIRS 480

Dunlop Rubber ; Gallaher ; Rugby Portland Cement ; Associated Electrical Industries ; BP and Royal Dutch/Shell ; United Drapery ; United Molasses ; Shipping Profits ; Cammell Laird.

London and New York Stocks 482
Money and Exchanges 485
Prices and Wages 486

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VOLUME CXCV NUMBER 6088

Commonwealth Status for Britain?

THE ties between the Commonwealth and Europe are written in the blood of two wars. Yet, in peacetime, Britain's clinching argument for making no commitments in Europe has persistently been the Commonwealth. The meeting next week in London of nine Commonwealth heads of Government and ministers can either make history or be a calamity.

The triumph of the conference would be to evoke, first, the statement of a positive European policy for Britain from that noted European, the British Prime Minister ; and, secondly, from the other Commonwealth leaders, an equally positive and sympathetic understanding of the project. The danger this year, in spite of all the heaped feelings about South Africa, is not really that the conference will be acrimonious ; it is that it may be just anodyne.

The delegates will be for virtue: they will back Mr Macmillan's diplomacy of détente (Mr Nehru is learning that it takes two to be uncommitted) ; they will be all for the financing of economic growth. They will be against sin: there will be frank talk in private at any rate about South Africa's apartheid, and about the motes in other members' eyes in matters of racial policy and political freedom (Sir Roy Welensky, with others, will be edified by this). But there will be only muted talk yet about drastic or divisive steps ; the rule will formally be respected that all members' affairs are their own. Indeed the immediate question is whether this applies to Britain as well as to the rest.

For Britain the logic of twentieth century facts is now very plain. They point, in defence even more than in trade and economic policy, to one inescapable political conclusion: that is, the closest collective and permanent arrangements (within the indispensable transatlantic alliance) with the rest of western Europe. The politicians are still muddledly in two minds ; but more business men and industrialists and Britons at large than ever before see or sense the need to go forward as far as possible. The calamity will be if this Commonwealth meeting, coming at the high moment of indecision, gives again the old stale excuse for holding back from the attempt.

The truth is that the winds of change are blowing as hard in Europe as in Africa and Asia. What has to be asked is whether the Commonwealth is on history's side. It may seem a perverse question. The Commonwealth is history itself ; it has been made, and is still being made, by the movement of the old British dependencies into independence and into free and equal association, whatever the colour of their skins or system of rule ; all have room to grow as they will. All ? The question remains: is Britain itself free, as the rest are free, to make its new terms, politically, economically and militarily, with the twentieth-century world in which no country—and no Commonwealth—can stand alone or aloof from its neighbours ?

This conference can be a precious opportunity to find out directly from the responsible leaders of the Commonwealth what they frankly think about the new world symphony which British statesmen ought now to be composing and performing. All their countries, too, have to live and trade, increasingly, with Europe ; all share with Europe and with the United States the common interest in economic expansion and the protection of peace. For far too long the implied veto of the Commonwealth on a new European policy for Britain has been registered, not from the Commonwealth capitals, but in indirect speech by politicians and civil servants in London. What is wanted is the authentic Com-

monwealth voice. It is hard to believe that this voice would be anything like a negative veto—if anything like a positive British policy, whether for Europe or the wider Atlantic world, existed and could be proclaimed next week.

It would be ridiculous to pretend that the great practical difficulties of "triangulating" British, European and Commonwealth interests in an arrangement permitting Britain to be committedly, and politically, European can be dispelled by simple Commonwealth affirmation; the last word will be the Europeans' (theirs is the real veto). But it is the first step that counts; as always, the economic problems will never be solved until there is the political will to solve them. That is the challenge to this gathering in May.

Real Engineering and Unreal

Some challenge should be offered to the assumption that the way to stay a great power is to concentrate scientific resources on new things that will not pay

OFTEN in the fifties impious voices have suggested, as sometimes they did in the thirties, that if disarmament should ever actually arrive, the highly developed countries would find it something of an embarrassment to know what to do with a large slice of their economic resources and a huge slice of their technological effort. These voices have been roundly condemned, by all right-thinking men, as heresy. It is not, however, an exclusively anti-capitalistic heresy, if one can judge from a Soviet suggestion this week that the economic effects of disarming need study: Russia, with even more of its economic and technological resources concentrated on armaments than the West has, might find disarmament more embarrassing than we capitalists would. But, economically, the arguments are, at least in principle, not merely heretical but wrong. The subtraction of armament production from a highly industrialised economy would imply a substantial shift in its industrial and technological shape; but there is not the slightest reason to suppose that the resources freed could not readily be consumed within or outside these highly developed economies. Nor is it at all clear why the scientific effort made redundant should not be fully utilised by other sectors of industrial technique, less concentrated and less specialised in their demand than defence.

What makes these arguments politically important just now—in the West and particularly in Britain—is the tendency to behave as if they were true. Disarmament has not happened yet, and very likely will not soon. But shifts in defence policy, rendering obsolete some weapons and the industrial resources organised to supply them, are already beginning to multiply demands for the invention of "demands" that these resources, unaltered, can fill. The heretics' fantasies seldom got beyond the idea that disarmed countries might find it convenient to continue weapons production at full blast, secretly shipping the weapons off and throwing them in the sea. Britain (reserving the seabed for radioactive waste from uneconomic power stations) is on the verge of deciding to go on making the weapons and throwing them into space.

This and allied ideas are in part simply a matter of vested interests—political, industrial and, to single out the greatest vested interest built up in our time, scientific. The demand, crudely put, is that the resources assembled for one purpose, even though that purpose is no longer necessary, must be allowed to go on doing what they are doing—and that some purpose must be found or invented for doing it. These industrial and scientific interests are perhaps not the heaviest weights in British industry. But they are the heaviest weights in British research, through the sheer weight of expenditure that defence research still commands. Moreover, they are the sectors of British industry most closely married with the Government departments that dispense public money; and they are also the sectors of British industry most thickly bedecked with the laurels of glamour that science correspondents can bestow. More important still, the kind of appeal they can make is one that is perhaps particularly suited to the elements of unprincipled empiricism and hankering after national prestige that are so far the hallmarks of this particular Tory government.

Nobody would suggest that the problems of shifting the aims of industries whose earlier job is fading away, or of making good use of what are usually called "irreplaceable scientific teams" (i.e. groups of men who have done a lot of thinking about things that no longer matter), are simple. They are no simpler than the question of deciding where, in the civil field, the investment of extra research resources might pay the best dividends, or what is the scale of research and development that it may be worth while devoting to particular industries and sectors of the economy. This may well become the key question of our time; it is one that so far we have devised virtually no rational ways to answer. It is by no means certain that the pattern of decision by private enterprise upon which industry has largely been built up so far offers the ideal answer (since research, so far in history, has been more an appendage of defence and learning than of private industry). It is tempting, indeed, for the technocrats to argue that other patterns are necessary.

WHAT is alarming about the posing of this problem by shifts in defence technique is that in Britain it now seems to fit in with a national mood of prestigious irresponsibility. If one looks detachedly at the areas of technology in which Britain has been most proud of its progress since the war, it is easy to find the trail of this attitude at almost every point. The heady excitement of building our own atomic piles and our own bombs and developing our own deterrent leaves in its wake the commitment to vast expenditure and effort in building power stations which, even at prices on which contractors lose money, will produce very expensive

base load electricity. Production facilities for ever more complex metals are laid down for such developments, or for aircraft developed at public expense, which form an impressive figure on the export account until it is noticed that the purchasers do not actually pay. If the election commitment to Cunard cannot be accused of over-stress on technical advance, it is heavily loaded with the other element—prestige. In one week, the "important" industrial questions offered to the public may be whether Britain should cast away money with satellites into space, develop a Channel Tunnel that nobody suggests would pay as a private commercial enterprise, or go in with France to find the public money to develop a supersonic airliner.

It is usual to answer this by saying that Britain is a very rich society now; that its citizens have now enough income to make investment in space circuses as sensible a choice as the purchase of motor cars which are nice to polish but too dangerous actually to drive on the roads; and that vast incidental benefits to civil industry flow irresistibly from these ventures that must always be pushed just beyond the extremes of dry-as-dust profitability. *Is it? Are they?* It is unnecessary to adduce the usual arguments about benefits that could be gained by applying such resources to medical research, or in assistance to underdeveloped countries. More selfishly: the houses outside which the parked cars spawn are generally inconvenient, often smaller than one's grandfathers occupied, and aesthetically revolting.

And are these incidental benefits of extreme and unprofitable engineering so great? Over the fifties, have the most marked improvements in what one is tempted to call real engineering been achieved in the United States, Russia, and Britain? It seems very possible that they have come in countries less obsessed with prestige and less saddled with defence—from Germany and Switzerland, for example. The United States and Britain vie with each other in thinking up such gems as design studies for nuclear-powered submarines that could carry oil under the North Pole from Alaska, berthing no doubt in harbours excavated by hydrogen bombs. Little oil has been discovered in Alaska and far too much elsewhere; nuclear propulsion offers shipping mainly the power to travel endlessly without ever arriving, which may be happy but is the precise antithesis of transport as man needs it; it is not yet clear whether nuclear excavation would be murderous or just murderously expensive.

To the lobbyists, the publicists, and some of the politicians, none of this seems to matter. Meanwhile, in Sweden and Japan, men make themselves able to build ships about twice as fast as Britain can, at about half the building costs in American yards; Germany develops the most efficient and comprehensive machine tool industry in the world; Swiss engineers build tools and precision equipment that Britain would not think it worth trying to rival; Japan develops the high-quality cameras that Britain cannot quite manage. The very steelworks that Britain puts in the wrong place may rely on techniques developed in Austria. Real and major advances are steadily occurring, in large corners of British industry and small; but these get less of the publicity and none of the subsidies.

There is nothing automatic about staying rich. Cannot Britain, these days, take an interest in anything new that has a chance of paying?

The Soviet Side of the Hill

Mr Khrushchev has good reason to avoid a total deadlock at the summit

APART from a few headline writers, nearly everyone, including President Eisenhower, seems to be sensibly calm about Mr Khrushchev's speech at Baku on Monday. True, his speech could hardly be called an encouraging portent for the summit conference that opens in Paris on May 16th. He used a harder tone than in recent months when he once more gave warning that failure to agree on Berlin would lead Russia to withdraw, by the device of a separate peace treaty with the east German government, its recognition of western rights in the city; and he chose to attack Mr Herter by name. But a Damoclean sword has to be polished up to eye-catching brightness from time to time if it is not to be forgotten about altogether; and Mr Khrushchev may well have judged that this was one of the times, in view of the recent western tendency to assume that Berlin need hardly bother the summit conferers at all. (Our Washington correspondent's comments are on page 417.) His speeches have to be read against the record of his past policy and of the evolution of Soviet society, if one is to try to ascertain the real limits within which he is likely to operate at the Paris talks.

In general, the Soviet public has lately been given a very rosy picture of the international scene. It is told that Mr Khrushchev's strivings for "peaceful co-existence" were rewarded during his American journey by the birth of the "spirit of Camp David." Despite the efforts of the "warmongers"—the west Germans are presented as the main villains—this spirit is reported to be spreading. Even the French tour, for all its meagre results, is hailed as a major contribution to peace. Logically, the Russians are entitled to expect that all these preliminary successes of Mr Khrushchev's diplomacy ought to be crowned by triumph at the summit.

In addition to these psychological considerations, the Soviet leadership has more permanent reasons for seeking an agreement. The essence of Soviet co-existentialism (together with the aversion to nuclear war) is the belief in the inevitable victory of communism. The undeveloped countries are expected to fall one after another like ripe plums into the basket, tilting the balance to the communist side. The balance, Moscow believes, will be tilted anyway because of the superior rate of economic growth of the Soviet block. To such secular visions of the future must be added the practical needs of the day. The Soviet rulers now have to take the Soviet people into account. They are lavish with pledges. In 1959 Mr Khrushchev announced that the housing shortage, Russia's

biggest outstanding deficiency, would be eliminated in 10 to 12 years; now there is talk of achieving this in seven. To fulfill such promises, a slashing cut in the arms bill would be most useful. The Russian leaders have the feeling that they could gain on two fronts at once: by meeting the growing demands of the masses at home, they would make the Soviet Union more prosperous and, therefore, more attractive to the uncommitted outside world.

LAURELS from Paris could also be used to silence domestic critics. Mr Khrushchev has not inherited Stalin's omnipotence. Below the surface of undiluted praise, signs of dissatisfaction can be discerned. Army commanders, disturbed by the projected reduction of their vast land legions, together with the 250,000 officers who will be turned off in the process, are now swelling the ranks of the discontented—hitherto filled mainly by members of the stalinist establishment hostile to Mr Khrushchev's innovations. There are also men in Moscow, and in other communist capitals, who share Peking's scarcely concealed view that the Soviet leader is too soft in his dealings with the West. Nothing could do more to vindicate his policy and consolidate his position than an arrangement at the summit, enabling him to expand popular economic measures at home.

Mr Khrushchev's need to bring a spectacular agreement back from Paris should not, however, be exaggerated. The treatment of his talks with General de Gaulle shows that a mere stalemate can be presented as a triumph. A few minor deals at the summit, coupled with a general agreement to disagree but to go on discussing the major points of contention, can perfectly well be described by the Soviet press as a great victory earned by Mr Khrushchev's devotion to peace. Again, while the arms burden remains heavy, the general trend in military strategy has at least enabled the Soviet leadership to release some manpower for civilian use. The Soviet economy is apparently growing faster than planned. The Russian successes in space exploration have also cured Soviet leaders of any inferiority complexes. Mr Khrushchev could play a waiting game without undue fears.

Disarmament, of all the items on the summit agenda, should be the best test of the Soviet leader's intentions. If Mr Khrushchev is keen to get a quick, tangible achievement, he will make further concessions about control and inspection and urge the West to sign a disarmament agreement there and then. If he judges that the moment is not ripe, he can agree to send the matter back to the experts in Geneva with recommendations and a blessing. But he is likely to insist on a preliminary agreement to prohibit nuclear weapon tests. Last month, in Paris, he publicly expressed the hope that such a deal would be signed soon and that France, too, would abide by it. He implied that it was up to General de Gaulle's allies to overcome French objections.

Negotiations on Berlin will depend on the general mood of the conference. Should Mr Khrushchev consider that the western allies are hardening their position, then more may be heard of his threat of a separate treaty with the German Democratic Republic, which, in his contention, would render void all Russia's obligations to its former allies. But to use the threat is one thing, actually to carry it out is another, for that would destroy the climate of "co-existence." The indications are still that Mr Khrushchev would prefer to keep his threat in suspense. Given a degree of co-operation on other items and a certain amount of western flexibility on this one, he seems likely to try to patch up an interim agreement on Berlin, to reach a compromise which might respect the basic interests of the western powers.

Under the head of east-west relations the summit agenda will embrace such familiar topics as expansion of trade and cultural exchanges. But the western spokesmen are expected to try to concentrate the discussions on the negative aspects of co-existence—restraint of "subversive activities," non-interference or, at least, the limiting of intervention in the danger spots of the world. But the compilation of such an international code of good behaviour may prove more difficult than is assumed. What was implicitly accepted as true for the Middle East yesterday will have to be taken as valid in Africa today, and even in Latin America tomorrow: a club's rules are binding on members only. A request to the Russians to limit the supplies of arms to a given area, or to restrain their propaganda there, cannot be coupled with a denial of Soviet interest in that sphere.

YET, even if the western powers were to acknowledge Russia's obvious influence in the uncommitted third of the world, and even if they seriously tried to come to terms with Moscow, Mr Khrushchev would still be faced with internal pressures from the communist block. There is no doubt that, seen from Peking, his foreign policy looks a very pallid pink. He is plainly trying to exercise a restraining influence on the young giant by his side. Conscious as he is of the importance of the neutral camp, he will certainly go on damping Peking's nationalist fervour and, as Russia is the main supplier of the Chinese industrial revolution, his words will carry weight. Yet, if China shows its revolutionary zeal, whether in Algeria or elsewhere, Mr Khrushchev will not be able to oppose it publicly. Whatever his intentions, he is the prisoner of his bolshevik heritage, which he cannot disown. At most, the international code of conduct can be only a tacit or "gentlemen's" agreement, permanently under strain but perpetuated through a continuous process of give-and-take.

It would be unwise to expect much from the Paris summit. Most of the signs, however, seem to point to a temporary prolongation of the existing détente. Moscow's general strategy, based on the assumption that time is the ally of communism, coincides with tactical considerations. The Paris gathering need not be a meeting to end all meetings; and the senior partner of the western alliance, the President of the United States, will be paying a return visit to Russia in June. Mr Eisenhower's successor will not be in control before next year. Mr Khrushchev may now feel like a sturdy mountaineer, ready to clamber from summit to summit, and hoping that he, or his successors, will ultimately come out on the roof of the world. Next Thursday, before the Supreme Soviet, he may give some more clues about his present route to the top.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 479, 490 and 491

Italy's Blind Alley

Italy's prolonged political crisis has demonstrated how much the Christian Democrats need to strike out on a new path

LAST Monday Italy celebrated the fifteenth anniversary of its liberation from Fascism. For many thoughtful Italians, however, it must have been a hollow celebration. For over two months now the country has been without an effective government. On Friday last week Signor Fanfani, who had been trying to form a centre-left coalition, was forced to abandon what seems to be the most promising way out of the present impasse. The young republic which rose, surrounded by such sanguine hopes, from the ruins of Fascism, has run itself into a blind alley.

The crisis began on February 24th with Signor Segni's resignation; he had been deprived, suddenly and rather inexplicably, of the Liberals' support and did not wish to remain in office by courtesy of the extreme Right. But last Saturday President Gronchi proposed a solution that would also result in a cabinet dependent on the extreme Right. He rejected Signor Tambroni's resignation, offered nearly a fortnight before, and invited him to seek a vote of confidence in the senate. Signor Tambroni had been forced by his own party to throw in his hand when it became clear that he would have to depend on the 24 MSI (neo-fascist) votes in the chamber. Thus the wheel has come full circle; and it is an ironic comment on the present confusion and deadlock of Italian politics that a president noted for his strong left-of-centre views should now be congratulated by the neo-fascists for his "wise, democratic and constitutional decision."

But although the part to be played on the political stage by the extreme Right happens to have figured prominently in the present crisis, it is in fact only incidental. The real trouble is—and has been for some years—that the structure of Italian politics has become too rigid to provide the country with a government that is both stable and active in a progressive sense. Just twelve years ago, in the first elections to be held under Italy's new republican constitution, the Christian Democrats, under the leadership of De Gasperi, emerged as the dominant party. They have remained so ever since, although in the two subsequent elections they lost the absolute majority that they enjoyed in 1948.

Signor De Gasperi believed that Italian governments should remain poised in the centre between the two substantial groups of extremists on either wing, and in order to help strike this delicate balance he brought the three small centre lay parties into his government in order to counterbalance the clerical trends within his own party. The *quadripartito* worked with a fair, if varying, degree of success until the 1953 elections, a year before De Gasperi died. Since then, however, the Christian Democrats' attempts to give Italy strong and stable government, either by reproducing De Gasperi's centre formula, or by evolving new variations on it, or by going it alone, have had at best an undistinguished, and at worst an unhappy outcome.

Itself lacking unity of purpose, the Christian Democrat party has failed to impose it on its coalition partners, whether they looked slightly to the left or to the right. No outstanding leader has appeared to provide the cohesive force that De Gasperi's personality once gave; and the compulsion to close the ranks against the communist menace has grown weaker as the signs of international détente have multiplied. The fate of Italian governments depends far less on an adverse vote by the opposition in parliament than on the backstage manœuvres of the different factions within the dominant party. Their common Catholicism keeps the Christian Democrat politicians together in their huge, heterogenous party; it does not prevent them from stabbing each other in the back.

UNTIL now, the 270 Christian Democrats have always maintained that their freedom of manœuvre inside parliament is extremely limited, since nearly half the votes in a chamber of nearly 600 are either untouchable because they belong to the two extremes (140 Communists and 24 MSI), or highly dubious because they belong to parties contaminated by the extremes—that is, to the Nenni Socialists (84) or the Monarchists (25). Yet it has long been clear that if the Christian Democrats want to be an effective force in Italian politics (and if they want their country to play an effective role abroad), they cannot go on indefinitely devoting most of their energies to nice calculations about how far they must shift to the left or the right in order to stay in power. In effect this means that they must make up their minds to come to terms with the moderate left; it is in this direction that solutions of the country's social and economic problems that are acceptable to the greater part of the Italian people are most likely to be found.

The Economist

APRIL 28, 1860

THE HOUSE AND THE REFORM BILL

¶ The Reform Bill is not to be referred to a Select Committee. It remains a simple unbalanced lowering of the franchise, without a single security against the domination of numbers. It is *proceeding* to an unopposed second reading, and will then be passed on to what for such a subject may be called the mob of the Committee of the whole House. With *solid guarantees against* the overwhelming influence of numbers, it might have been made a sound and statesmanlike measure; without such guarantees, it is a concession to unsound *principles* of the most dangerous kind. . . . Meanwhile, the glorious inheritance we have received from our fathers, the wealth and strength of the *present*, the hopes of the future, are placed in jeopardy by a spontaneous and self-imposed sacrifice, which will transfer political power from its actual possessors to numerous and unknown classes. What, then, is to be done? First, and above all, to arouse the House of Commons to a determination to do its duty. Let us understand its true position, for its responsibility is very great. If, through faction or cowardice, without compulsion and in rebellion against its own conscience, *it suffers a national institution* for which the annals of the world offer no parallel, to be subverted,—if it makes the democratic principle of this Bill a turning-point which shall separate the England of the future from the England of the past,—history will point to the House of Commons of 1860 as composed of men who risked themselves and their country because they had not the manliness and energy to extricate themselves from conventional trammels. They will be associated with the *triflers* of Versailles, who thought only of the frivolities of a Court whilst the revolution was storming at its gates; but with this difference:—these poor courtiers knew no better; but members of Parliament are fully aware of the wants of the crisis and of the real import of the measure which they are asked to pass.

There is in fact a growing feeling among the Christian Democrats, and in the country as a whole, that sooner or later a shift to the Left—that is an understanding with the Nenni Socialists—is inevitable. Although the Christian Democrat congress at Florence last October rebuffed Signor Fanfani's bid to regain the party secretaryship, it emerged pretty clearly that the rank and file are more inclined to look leftwards than are many of the party leaders. Even the Roman Catholic hierarchy is no longer speaking with one voice about the dangers of having anything to do with the Left. Although Catholic Action, controlled by Cardinal Siri, has fulminated strongly against any co-operation with the Socialists, other influential dignitaries of the church are inclined to believe that the Fanfani experiment should be tried. The Pope himself is unwilling that the Vatican should become involved in Italian affairs ; this is so different from his predecessor's attitude that, if he could make his views really effective, there could be a notable increase in the flexibility of Christian Democrat politics.

Signor Nenni is clearly more prepared than ever before to come some way to meet the Christian Democrats, although it is not clear exactly how far his left wing would let him go. And in the present long-drawn out crisis the Christian Democrats have got closer than ever before to a centre-left government in which a coalition of Christian Democrats, Social Democrats, and Republicans could count at least on the benevolent abstention of the Nenni Socialists. The first attempt at such a government, made by Signor Segni, was abandoned for no very clear reason. Signor Fanfani also tried and also threw in his hand, not because of any difficulty with his prospective coalition partners or with Signor Nenni, but because he realised that a minority in his own party were determined to sabotage his experiment ; it is unlikely that he regards this setback as the end of the matter. Some of the motives which impel some Christian Democrats to oppose any step which might lead to Socialist participation in government are selfish and personal. But the fear that to co-operate with the Socialists will inevitably enable the Communists to place their foot in the door that leads to political power is real and legitimate. Since he broke his unity-of-action pact with the Communists in 1956, Signor Nenni has moved steadily away from them ; apparently, however, he has never been able (even if he himself wanted) to break the remaining links between the two parties.

BUT the best way of drawing the Socialists into the democratic camp is surely to make them feel they have a real stake there. The Communists at least seem to realise this ; at at any rate if they believed that Socialist co-operation with the Christian Democrats would eventually help them to get a grip on political power, it is curious that they should be so strongly and bitterly opposed to it. In fact (as the party congress in Rome last February clearly demonstrated) the Communists fear, above all, political isolation ; they fear that now, with Italy's new-found prosperity, the democratic parties might make real headway in removing the social and economic abuses and inequalities (above all in the South) which still cause about a quarter of the electorate to vote communist. One thing is certain ; a continuation of the present state of affairs will benefit nobody as much as them.

Yet the end of the present crisis in Rome is nowhere yet in sight. Even if Signor Tambroni wins the senate's approval (the vote had not been taken at the time of going to press) he may have to seek another vote of confidence in the chamber. And even if he gets over both these parliamentary hurdles and manages to retain a sufficient complement of ministers, this will largely be due to his pledge that his is only a caretaker interim cabinet. When the autumn comes, if not before, Signor Fanfani may get yet another chance.

The Party That Never Was

An analysis of the Co-operative Party whose recent conference resolution in favour of nuclear disarmament could embarrass Mr Gaitskell very gravely indeed

THE Co-operative party, whose annual conference at Easter plagued Mr Gaitskell with a resolution in favour of unilateral nuclear disarmament, is the largest and unquestionably the oddest British political party. It has no fewer than 10.6 million affiliated members (at ¼d. per member per year)—of whom, at a conservative estimate, 90 per cent are unaware of their membership.

Most of the "party members" are simply housewives who shop at the co-op to earn their divvy. Any co-operative society can affiliate all its registered customers to the party, without their having any option to contract out ; of the 847 societies (with a total membership of 11.7 million) 644 have in fact affiliated, although only 275 have got round to the minimum task of setting up local party organisations. The society with 500 members which, according to an indignant letter to the press, affiliated to the party in 1947 by a vote of fourteen members to four is not unrepresentative. The average attendance at business meetings has been calculated at 0.5 per cent of the membership—which opens the way to *coups d'état* such as that brought off by Huddersfield Conservatives in 1951 when they packed a meeting and took the society out of the Co-operative party (to which it returned in the following year).

The Leeds Co-operative Society, which is the largest one on the outside, has nearly always been vociferously run by the city's Tories. But, in general, the tiny tail of zealots which wags the party dog is very left wing. The size of this tail can perhaps best be gauged by looking at the individual, as opposed to the affiliated, membership of the party. There are only 25,000 individual dues-paying members of the Co-operative party (one quarter of one per cent of the total membership).

But its lopsided membership is not the only peculiarity of this party which is not a party. In the first place, its executive, the National Committee, is a committee of another organisation, the Co-operative Union, and is responsible to that organisation's executive and its annual congress rather than to its own. In the second place, its parliamentary candidates and MPs, of whom there are now sixteen, are subject to the discipline of another party, the Labour party. (Their relationships with the latter are lucidly outlined in a two-shilling pamphlet recently published by the Hansard Society.) These extraordinary constitutional provisions have been designed mainly to prevent the small left-wing group—which inevitably through its sheer assiduity gravitates to the top of the Co-operative party—from causing too much embarrassment to commercial co-operative trading and right-wing Labour politics. Whether these provisions will suffice to avoid acute embarrassment to Mr Gaitskell this year is a moot point, but the ground over which the battle will be fought can best be understood by compiling a "glossary of Co-operative organisations." There are six main organisations to be explained:

(1) **The Co-operative Union,** whose Congress at Whitsun will consider (and may still reverse) the party's views against the H-bomb, is, rather like the Trades Union Congress, a loose co-ordinating body of all the completely autonomous societies. The Leeds Tories and other political minorities are represented at its congress. Although, for the most part, the same organisations are represented at both party conference and union congress, the delegates tend to be different ; those at the congress are generally more interested in the trading aspects of co-operation and those at the party conference in the political aspects of it. This helps to make the union a slightly more right-wing body, and the principle of its being the master is emphasised by the extraordinary arrangement whereby the union elects 27 of the 35 members of the National Committee of the party.

A resolution passed by the party may not even be put to the Congress without the approval of the union's Central Executive Committee. There seems little doubt that the CEC will feel obliged to place the embarrassing resolution on unilateral disarmament on the agenda this Whitsun; but it may try to whip up votes against it. In the past the Co-operative Congress has only twice thrown out the party's views on a major topic—over the party's wish to join in the Popular Front before the war, and in 1957 over a new policy draft which, by encouraging municipal participation in business enterprises, appeared to threaten the societies' trading interests.

(2) **The Co-operative Parliamentary Group** consists of the sixteen Labour MPs who bear the "Labour and Co-operative" label. Under the Hastings Agreement of 1946 between Labour and the Co-ops, which superseded the Cheltenham Agreement of 1927, these MPs accept the Labour whip on all issues. This sometimes causes conflicts of loyalty. The chief such issue so far was German participation in Nato, which the Co-operative Parliamentary Group supported, despite condemnatory resolutions from both the party conference and the union congress. This led to much argument, which may well be repeated over the H-bomb this year.

(3) **The Co-operative Parliamentary Committee** is set up by the Co-operative Union to keep an eye on the details of legislation—on such matters as weights and measures, and particular clauses of the Finance Bill—which directly affect the Co-ops' trading activities. It works harmoniously with the Co-operative MPs as a research staff.

(4) **The National Council of Labour** is the policy-making body which is meant to bring together the three main wings of the Labour movement—the Parliamentary party, the TUC and the Co-operative Union. Argument at this summit level is avoided by a simple expedient. The council does not meet. Irritated delegates at this Easter's Co-operative party conference passed a resolution demanding that the National Council meet once a month, but it is unlikely to be obeyed.

(5) **The London Political Committee** is much the most powerful constituent body in the Co-operative party. Because it is financed by a levy of 2½ per cent of the London Co-operative Society's profits, it has an annual income of £50,000, which is double that of the national party to which it belongs. In contrast to the rudimentary organisation of most of the local co-operative political organisations, the London Committee has a full-time secretary (Mr Frank Beswick, the former Opposition Front Bench spokesman on civil aviation), three full-time organisers, an office staff and a monthly publication (*Pioneer*). It was Mr Beswick who moved the Llandudno resolution on unilateral disarmament, having got the support of branch meetings of the London Co-operative party in November.

(6) **The London Co-operative Society,** which is the largest retail organisation in Britain (although it is not the only co-operative system in the metropolitan area—there are also the Royal Arsenal and the Suburban Co-operative Societies) differs from most other co-ops in that it has a rudimentary party system—and party battle—of its own; it is at present in the throes of an election campaign. The London Co-operative Management Organisation at present has 14 of the 15 seats on the society's Management Committee, with the Communists holding the remaining one. The society holds an excessive number of elections—a third of the management and political committees and delegates to the union congress are elected at various times every year. About 8,000 of the 1.3 million eligible voters (i.e., 0.6 per cent of them) usually take part in the polls.

In the current management election five Communists are fighting, as usual, against the five retiring LCMO members; but, most unusually, an independent with a chance of success has appeared as well. Mr Donald Chesworth, a Labour member of the LCC, is fighting as an Independent in protest against the society's refusal to be bound by certain resolutions (which he himself proposed to specially requisitioned meetings) calling upon the society to ban South African goods from its counters. His other main plank is support for the sweeping reforms of the co-ops' outdated trading methods, which were proposed in 1958 by the independent commission headed by Mr Gaitskell—but which since then have been smothered by those with vested interests in the old ways of the movement.

THE 1958 agreement with the Labour party sealed the partial victory of the Co-operative party in a battle for survival. The Co-operative party is not affiliated to the Labour party at the national level—and the size of its block vote would make it a great embarrassment if it were. (The Royal Arsenal Society is, exceptionally, affiliated to both parties, but its membership of the Labour party is scaled down for voting purposes from 370,000 to 30,000 ; in return, it is guaranteed the seat on the Labour National Executive reserved for Co-operative and Socialist Societies and for some years past filled by Mr Arthur Skeffington.) What the Labour party wanted in 1958 was the affiliation of local co-ops with the constituency parties, as recommended by the Wilson Report on organisation. This would in effect have dismantled the Co-operative party's present separate structure.

Under the Cheltenham and Hastings agreements the Co-operative party had the right to its own panel of parliamentary candidates, members of which could be put up to Labour party management committees by the delegates from the local Co-operative party organisation. The Co-operative party reached the peak of its political strength with 23 MPs in the 1945 Parliament ; it fell to 19 in 1955 and 16 last October. However, the trade unions have continually complained that the Co-operative party's financial strength, and its willingness to finance a large portion of an election campaign as well as employ its own agents, enables it to carpet-bag safe seats that

should have been union pocket boroughs. Also the unions think that the co-ops nominate too many intellectuals.

The row between the unions and the co-ops came to a head in 1957 at the Wednesbury by-election when Mr John Stonehouse, a Co-operative lecturer, was chosen as Labour candidate instead of Mr Ray Gunter, president of the Transport and Salaried Staffs Association, for whom the seat had been intended by Transport House. Transport House abruptly denounced the national agreement with the Co-operative party on the eve of Mr Stonehouse's poll, and intimated that at the next general election the number of safe seats allotted to the Co-ops should be reduced to six and that these should be filled by senior directors of the movement. This suggestion was rejected out of hand by the Co-operative party.

Finally, in the face-saving agreement of 1958, the number of Co-operative party candidates in the forthcoming election was limited to thirty, the number which had already been adopted. Since it costs the Co-operative party £17,000 to run 30 candidates and maintain 20 MPs, there is not likely to be much pressure to exceed this limit. But in any case the agreement provides that the limit may be renegotiated after every election. The Co-operative party made two minor concessions for this virtual victory—its candidates' label was changed from "Co-operative and Labour" to "Labour and Co-operative," and in future local co-ops were to be represented as one unit on local Labour parties, some of which have a limit on the number of delegates from a single organisation.

Now the situation which the right-wing leadership of the Labour party had doubtless foreseen when it tried to suppress the Co-operative party's independent façade has occurred. By capturing what can still be called, though with tongue firmly planted in cheek, the largest political party in Britain, the unilateral disarmers have gained a much more embarrassing victory than if they had merely sufficiently infiltrated the co-operative movement to control a few more delegates within local Labour parties.

New Start for Korea

President Rhee's removal gives south Korea the chance of a saner policy

THE cheers and sighs of relief of the south Koreans must give way now to sober thoughts about the future. Dr Syngman Rhee's retirement to the House of Pear Blossoms and the macabre end of his vice-president, Mr Li Ki Poong, and his wife, have left a vacuum, but they have also created an opportunity. By assuming the powers of the presidency at the assembly's request, the foreign minister, Mr Huh Chung, has temporarily filled the vacuum; and his reference to the urgent need for a Korean-Japanese settlement showed at once that he is aware of the opportunity. One of the serious drawbacks of President Rhee's uncompromising attachment to the past was his refusal to normalise south Korea's relations with Japan. This refusal diminished, in the eyes of Americans, such advantages as they may have thought they gained by his equally uncompromising stand against communism at home and abroad.

Some outstanding causes of Korean-Japanese friction are material: these include south Korea's extended fishing limit, known as the "Rhee line," and Japan's exclusion—because Tokyo has no diplomatic relations with Seoul—from the encouragements offered to foreign investors under south Korea's new foreign investment law. Other causes of friction are sentimental: they include south Korea's refusal to accept the ashes of 20,000 Koreans who died in Japan's service during the war until Japan pays compensation to the dead men's kin. These, and the vexed problem of whether Korean nationals in Japan should be repatriated to north or south Korea, have been under discussion between the south Koreans and Japanese in Tokyo for some months; progress is likely to be faster on all issues now that Dr Rhee is out of office. If Mr Huh Chung makes some headway on the Japanese question, he will have done well. He told the press that he expected the new president and vice-president to be elected within three months, and although he has preserved his personal reputation in the debacle of the past fortnight, his association with Dr Rhee will probably keep him out of the next government.

The south Koreans who died under police fire will not have sacrificed themselves in vain if civil liberties and parliamentary legality are now attained. Mr Huh has already promised a reform of the police, and Dr Chang, the leader of the struggling Democratic opposition, has spoken optimistically of the new outlook. Various constitutional proposals are being aired in Seoul, but the one for which the strongest case exists is the restoration of the office of prime minister, which Dr Rhee had gradually reduced to insignificance and finally abolished. The new prime minister will need to cast fresh eyes on his country's problems as a whole.

The first of these is surely to achieve as large a measure of economic viability as is consistent with south Korea's readiness to resist any renewed aggression from the north. Over the past two years, south Korea's forces have been reduced, but at some 550,000 they are still monstrously large. With continued American and United Nations guarantees, it must seriously be wondered whether they cannot be reduced still further; President Rhee never abandoned his dream of reconquering north Korea and opposed reductions in his defence establishment. With modernised equipment, a smaller force may be sufficient to deter aggression from communist north Korea; even a much larger one would be insufficient if the Chinese decided to send fresh "volunteers." South Korea's crushing unemployment problem may act as a brake on demobilisation in the near future; Japanese investment, whatever unwelcome memories it may revive, would be one of the best ways of finding jobs for the workless.

One of the most hopeful aspects of the crisis has been the apparent absence of the "communists" whom Dr Rhee and his ambassador in Washington had blamed for the challenge to their regime. The Koreans overthrew it because it was a hated autocracy, not because the communists put them up to it. If the Korean communists fail to profit from President Rhee's downfall, south Korea will have shown itself basically more secure than many people have supposed.

NOTES OF THE WEEK

LABOUR PARTY

Shopping Labour?

THIS week the principles of British loyalty to Nato and of maintenance of any sort of western deterrent were condemned by a handful of socialist shop assistants, most of whom had virtually self-selected themselves as "representatives" of their fellow workers by their earnest willingness to spend part of their annual holiday discussing union and political affairs in Blackpool in April. In consequence, at this year's Labour party conference, the 320,000 votes of the shop-workers' union (the sixth largest union in the country) will be thrown in favour of any pacifist anti-H-bomb resolution that comes along.

At the Labour conference the shop-workers' views will almost certainly be supported by some 750,000 votes exercised by zealots in the constituency Labour parties, and by the million votes which the maverick Mr Cousins will cast in the name of his transport workers' union. (All this is quite apart from the effects of the pacifist motion passed by the Co-operative party—for that group's extraordinary constitution, see page 400.) The Labour movement is thus thrown back on the sort of torturing mathematical calculations which so often beset it at this time of the year. Briefly, if the annual conferences of any one of four big unions—the engineers, railwaymen, municipal and general workers, or the miners—go the same way as the shop-workers' conference did, there will appear to be a majority against the Nato alliance within the Labour party. Rather than bow to an anti-Nato motion at his party conference, Mr Gaitskell would certainly resign.

Of course, Labour leaders have often faced this kind of crisis before; and always they have wriggled away from it by some backstage manœuvre. But two points stand out. First, it is obviously only a question of time before, one year, such manœuvres fail to work; Labour's present demoralisation—and its growing (but surely mistaken) feeling that resignation of the present leader would not be unmitigated catastrophe—slightly increases that danger for 1960. Secondly, it is the necessity for this manœuvring before every annual conference that does most to prevent Labour from having a forward-looking policy; the sensible men in the movement are always having to run hard every year to prevent being pushed into accepting minority policies sponsored by chance groups of nationalising or pacifist stalwarts. If these chance groups even approximately mirrored the views of a majority of the twelve million Labour voters in the country, there would be a democratic justification for this strange system; but everybody knows that they do not. Why on earth, when he was trying to amend the constitution of the party, did Mr Gaitskell concentrate his energies on the utterly unimportant Clause Four, instead of fighting to the death to root out these all-important constitutional absurdities about conference voting powers and "conference's sovereignty in determining party policy"?

DEFENCE DEBATE

Lines of Retreat

IN its efforts to check the challenge from its nuclear pacifists this year Labour has one advantage: it can adopt the Liberals' (and *The Economist's*) policy of calling for reliance on a collective western deterrent instead of an independent British nuclear force, and can then shout loudly (but inaccurately) to its nuclear disarmers that this is a partly pacifist thing for it to do. An important feature of Wednesday's defence debate was that Mr George Brown, Labour's shadow defence minister and for long its stoutest advocate of an independent British deterrent, intimated that he was at last ready to countenance such a change of policy. In consequence Mr Harold Wilson, deputising as Labour's parliamentary leader for the first time (nominally because he is the senior privy councillor in the shadow cabinet during Mr Gaitskell's absence), was able to play the role which he likes and fills best: he cracked a few jokes, claimed that Labour was united, and successfully avoided making it clear whether he has any personal views at all.

The most important feature of Wednesday's debate, however, was that the Government, too, showed some signs of edging away from the policy of the independent deterrent. Mr Watkinson now talks of it as Britain's "independent contribution to the deterrent power of the West," which is not at all the same thing. He emphasised that the Government has "only recently settled a production programme for British-made nuclear warheads of advance design for some years ahead," but this programme could well continue as a perfectly sensible contribution to collective western defence. The real question is whether Britain is still going to squander money and resources in an attempt to keep under its private control a strictly independent means of launching these British-made warheads. Here Mr Sandys made the significant admission that the abandonment of Blue Streak will enable the Government to "wait a while" before deciding what new weapons they will adopt. By far the best speech in the debate was made by the Conservatives' former defence minister, Mr Head. He believed that what Britain would be able to afford in such missiles as Skybolt and Polaris would not, by the mid-sixties, be a significent addition to what would by then be a superfluity of deterrence by missiles; he feared that if the Government embarks on these very expensive projects like Polaris, the expenditure on them might push out what is required to make our conventional forces effective. It is becoming increasingly clear that Mr Head's voice is the voice of logic, and indicates the direction in which all parties will eventually find it wise to go.

LAW OF THE SEA

Shorn of Illusions

THE law of the sea conference has failed: we must not waste too many tears on it. The achievement of a two-thirds majority for the American-Canadian compromise would have been a considerable diplomatic achievement; even the majority that was produced was enough to show even more conclusively than in 1958 where the balance of world opinion lies. But would the attainment of the magic number of 55 have given the maritime powers more than an illusory triumph? The Soviet block would have denounced any arrangement that did not allow it a twelve-mile territorial sea. There would have been no question of enforcing the conference's decision against the Russians, any more than there was of physically upholding the three-mile limit in the past. With this example before them, Iceland and other coastal fishing states would have seen no reason to delay longer in reasserting their fishing claims as soon as their internal politics demanded it.

This is not to say that Mr Hare was at Geneva on a fool's errand. Britain's legal position in Faroese waters and even inside the Icelandic twelve-mile limit—if the British trawler owners meant to insist on their rights—would have been strengthened immeasurably. States like Norway, that have hesitated to extend their limits, would have been content with the ten-year phase-out under the American-Canadian resolution. But this has not happened. It seems a debatable point whether the maritime powers could just have carried the day by allowing a flat twelve-mile fishing limit, without any phase-out. In two years' time, if claims to the continental shelf go on, this may seem entirely realistic.

The immediate need is to try to reach local agreements in whatever areas these can be secured. The 54 nations who voted for the compromise can get together in a formal treaty, if they see fit. An arrangement between the Americans and Canadians on their own terms would set the pace for others. The British government must now look at the Faroes and Norway again. But Iceland is the rub, and the Icelanders' attitude is not encouraging just now. In the long run, agreement on joint freezing and marketing arrangements may help to do the trick: putting the fishery cruisers in again will not.

INDIA AND CHINA

The High Hills

MR CHOU EN-LAI's tour of south Asia has proved more educational than profitable. His six-day visit to Delhi, neatly sandwiched between three days at Rangoon and three at Katmandu, should have taught him that at least one of China's neighbours believes there is more to the five principles of peaceful co-existence than merely doing what Peking says.

In the days following his chilly reception at Delhi, he had discussions with so many high Indian government officials, notably the minister of defence, Mr Krishna Menon, that the public began to fear something was being given away behind the closed doors. There was no cause for worry. The Chinese prime minister was hardly off the ground on his way to Katmandu before Mr Nehru hastened to explain. At the airport, and later the same morning in parliament, he said that the discussions had led to some relaxation of tension but to no approach towards a settlement. Mr Chou, as expected, had offered to modify Peking's claims in the east only in exchange for Indian recognition of China's occupation of territory north and east of its new Aksai Chin mountain road in Kashmir. The two governments agreed to hold further discussions later this summer; but Mr Nehru made it clear that he had little hope of successful negotiations.

Mr Chou went to Katmandu to sign a treaty of peace and friendship. The details had been worked out when Mr Koirala, the Nepalese prime minister, visited Peking recently. The official greetings at Katmandu were warmer than those at Delhi, but there were demonstrators carrying banners protesting against China's claim to the whole of Mount Everest. The Nepalese government could hardly dispose of its share in this highest of all monuments without running into trouble at home. The Chinese, aware of this, may be able to turn some of their less spectacular claims into real estate in exchange for allowing the Nepalese to keep a share in the natural world's "summit." Any gains the Chinese may achieve at the expense of the Nepalese would not, however, make up for Mr Chou's failure to soften up the Indians. On the contrary, heavy-handed pressure on their small neighbours would remove any doubts the Indians may still have about the righteousness of their cause.

CHINA

Grabbing With Both Hands

MR KHRUSHCHEV has his homely proverbs, and China's leaders relieve the tedium of their interminable pronouncements with images like "the hundred flowers" or "the forward leap." The latest, attributed to Mr Mao Tse-tung in person, is "grab with both hands," a phrase that covers last November's exhortation to the nation to prepare for the exertions of 1960 while simultaneously overfulfilling the targets of 1959. The plan for 1960 is now available, at least in outline, and it is a help, when studying it, to jot down on any handy notepaper Mr Chou En-lai's fascinating graduated definition of the forward leap. As the Chinese premier puts it, in industrial production a "leap forward" is an increase of more than 20 per cent; a "big leap forward" is more than 25 per cent; and more than 30 per cent qualifies as an "exceptionally great leap forward." Less is expected of agriculture, which qualifies for the three varieties of leap with increases of only 10, 15 and 20 per cent respectively.

By these definitions, 1960 is to be a "big leap forward" in industry—though heavy industry is to register an "exceptionally great" one—and merely a "leap forward" in agriculture. Thus output of pig iron is to rise by 34 per cent, that of steel by 38 per cent to 18.4 million tons—a figure which, if reached, will exceed Japan's output and approach Britain's. Coal output is to rise by 22 per cent, electric power by 34 to 40 and cement by 30 per cent. More modest targets have been set for light industry, in accordance with normal communist practice.

As for agriculture, its gross product is scheduled to increase by 12.5, compared with last year's actual increase of 16.7 per cent. The cotton target—a 10 per cent increase—is particularly modest, since it barely meets Mr Chou's lowest category of leaps.

On the whole, the targets sound more realistic than those of previous years. This suggests a healthy reluctance to repeat the gross statistical errors of 1958.

TRADE UNIONS

Deakinism Revived?

IS the wind of change blowing through Congress House? On Wednesday the general council of the Trades Union Congress, with Mr Cousins and four other members dissenting, at last told the communist-dominated Electrical Trades Union that it must take steps before May 18th to lay its affairs open to judicial inquiry, or else be suspended from congress. This followed an even more important development on Monday: the stunning attack launched by Mr Bill Carron, president of the Amalgamated Engineering Union, on communist shop stewards in his union, whom he called "werewolves rushing madly towards industrial ruin and howling delightedly at the foam upon their muzzles which they accept as their guiding light." We have not heard language like that since Arthur Deakin's day, a fact which abhorrers of mixed metaphors may have welcomed, but which well-wishers of the British economy and of the trade union movement have had reason to rue.

Mr. Carron's address could be a real turning point. During the general election, trade union leaders were left in no doubt of the growing revulsion not only among the general public, but also among increasing numbers of their own members (and of their wives), against some of the methods of calling and enforcing wildcat strikes employed by some left wing groups of shop stewards. Nevertheless, until this week, most union leaders still seemed to accept the myth which has grown up in the movement since Deakin's death: that while communist influence in the unions could sometimes be stealthily aborted, it was tactless and "provocative" to speak out too openly against it. Two things may now have turned the tide back towards Arthur Deakin's way.

Seeds of Change

FIRST, the failure of last month's "near-general-strike" in public utilities, which had been planned by some elements in the national committee of shop stewards, may be having more important consequences than anybody foresaw at the time. This stewards' plot was always a quarter-baked affair; but the significant thing was that as soon as one right wing union leader (Mr Matthews of the General and Municipal Workers) "provocatively" revealed that it existed, the stewards gave up any hope of persuading the workers to obey their call. Secondly—and possibly even more important in influencing the AEU's leadership—the treatment of some subordinate union officials by some groups of stewards has become increasingly intolerable. Where, as in the motor industry, workers conscripted into a wildcat strike belong to a dozen or more different unions, the local committee of shop stewards has always been able to render powerless the peace-seeking intervention of a single union's area or branch official; but recently some of these stewards have gone further and have handed out to these officials the sort of treatment which they have hitherto reserved for humbler dissenters who have got in their way.

Head down into his own union's communist clique, and providing food for thought to those who say that lurid accounts of union malpractices are "uninformed,"

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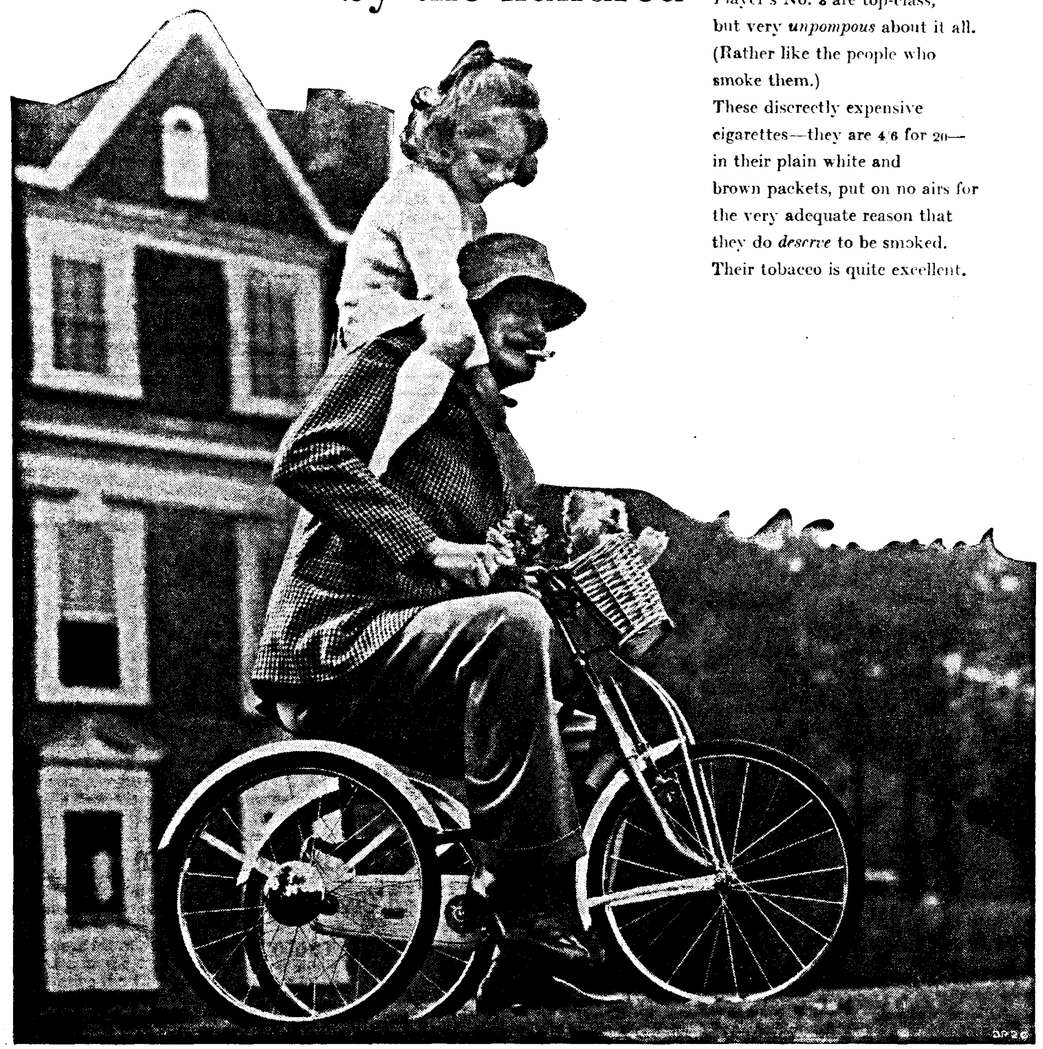


Player's No. 3 are top-class, but very *unpompous* about it all. (Rather like the people who smoke them.) These discreetly expensive cigarettes—they are 4/6 for 20—in their plain white and brown packets, put on no airs for the very adequate reason that they do *deserve* to be smoked. Their tobacco is quite excellent.

Mr Carron therefore proclaimed on Monday:

> We can do without thugism and anarchy. We must insist upon democratic election which is free from falsification or intimidation, and the right of an elected official to carry out his duties without lies or victimisation.

Once words like that have been spoken, it should be difficult for other union leaders to avoid rallying to the flag of one side or the other in what seems to be virtually a declaration of war. If Deakinism is revived, the right-wing reformers might find to their surprise that they eventually actually enjoy it: it would offer them the almost forgotten luxury of evincing a moral indignation which they really feel.

THE "NEW DAILY"

Shoestring Pioneer

HOLLOWAY seems an unlikely place to print a national daily newspaper; but the *New Daily*, which was launched this week, is an unlikely venture. There is every reason to wish that it could succeed. An important blow would be struck for the free development of minority ideas if it could disprove the assumption that a national daily requires many millions of pounds in initial capital, more than a million in initial circulation, and complete subservience to all the restrictive practices in the newspaper trade. The *New Daily* proclaims itself "independent of combines and trade unions"; it says that its 12,000 financial guarantors—though they are considered morally rather than legally bound—have promised sufficient to keep it going for three years, and that with a 50,000 circulation it would break even. So far its coverage, though brief, has been adequate; its reliance on the wire services for foreign news would not look strange to the readers of most American papers. It has managed to fill daily about seven of its sixteen small-size pages with paid advertising, some from little-known advertisers who presumably support its views, but much from nationally-known names.

The open union shop is no novelty even in newspaper printing. Mr Martell, the paper's founder, claims that by eliminating feather-bedding, and by working to capacity rather than to rule, he can pay more than union wage rates to his much-smaller-than-usual working force. He is unconcerned with the affiliations of any of the decidedly multi-national and multi-racial staff who produce the *New Daily's* grey pages—along with handbills, posters, and the publications of the People's League for the Defence of Freedom. So far, the printing unions, though cool and suspicious of Mr Martell's past record, have not really attempted to take positive action against him. The Newspaper Proprietors' Association—presumably one of his main targets—has declined to comment. The distributors, though slightly baffled by the initial fluctuations in demand and supply, have agreed to handle the *New Daily* in the normal way (nor does it seem likely that it can be kept off the newspaper trains, which are sometimes thought of as NPA carriers). If costing has been accurate (but has it?), and the guarantors' morals stand firm (but will they?), and advertisements continue to come in at their present apparent rate, the infant might survive.

The interesting thing about this shoestring venture is that it has been launched from the right wing of politics. Previously, people who have felt sufficiently strongly moved by minority views to risk their money in ventures of this kind have more usually come from the left. There is no doubt about the main emotion that has stirred most of the paper's twelve thousand by-no-means-wealthy guarantors. To about the same extent as left-wing papers are stridently anti-capitalist, the *New Daily* seems dominated by the sound of anti-union axe-grinding. The Left itself is to blame if more and more people find this an exciting noise.

SOUTH AFRICA

How Much Leverage?

THE insistence of several members of the South African government, in the debate on its referendum bill, that while they would abolish the monarchy, their policy was "to stay in the Commonwealth as long as humanly possible," is another indication that Afrikanerdom shrinks from facing the world alone. Shrewd exploitation of this fear of isolation may prove a means of inducing South Africa, even now, to think again about its racial policy. It would therefore be as mistaken to insist that South Africa cannot be asked to leave the Commonwealth as to demand that it should be thrown out at once without being given a chance to mend its ways. But in bringing pressure to bear, Britain cannot do more than force the pace. On Tuesday, Mr Macmillan reminded the House of Commons and the world at large that though by tradition the British prime minister presides at a Commonwealth meeting, the conference makes its own rules and decides its agenda. The Malayan prime minister, Tunku Abdul Rahman, has accepted the same basic fact of Commonwealth collaboration; while he intends to request that South Africa's racial policy be raised formally, he will accept a majority vote against this—and raise the subject informally instead.

Formally or informally, South Africa's racial policy will be discussed by the prime ministers. But quite apart from this, Mr Louw is bound to know that his country's conduct is a main preoccupation of the conference. Indeed, he may in fact be courting straight speaking; this is suggested by his readiness to face the international press. The crux is not merely to ensure that his ordeal is all that he is probably anticipating, but to make it as fruitful as possible in terms of the reports that he carries back to Dr Verwoerd. Commonwealth pressures might yet prove almost as flexible an instrument of correction as the sjambok; but they will need to be wielded with a steady hand to be effective.

KENYA

Brinkmanship

IF Mr Tom Mboya is not the out-and-out extremist which most Kenya settlers and government officials think him, he is certainly giving a convincing imitation of one. He has called, in his capacity as a trade union leader, for a civil disobedience campaign if Jomo Kenyatta is not released in three months. He must know that the British Government dare not bow to this threat. What then is he after? The simplest explanation is that he is outbidding all his rivals for mass (or mob) support. His object seems to be to create a situation which would force Mr Ngala and Dr Kiano out of office within a few months of their having taken it, under the bargain reached informally with Mr Macleod at the London conference in March. If he could do this, and especially if in so doing he put them in a bad light, he might be able to claim that he was still boss in Kenya. He would thus pay them back for allowing Mr Gichuru, instead of himself, to become president of the new Kenya African National Union.

The price of this would be to bring into the arena the still bigger boss, Jomo Kenyatta. How far the "cult of Kenyatta" as an African father-figure is Mr Mboya's own monster, how far it is spontaneous is a matter for guesswork; and so is an answer to the question of how widespread it is. But in trying to outshout the more violent voices that undoubtedly do still sound to the left of him, Mr Mboya risks bringing Kenya to the same condition of internal dissolution that threatens to make a mockery of the independence of the Belgian Congo.

Does he want this? Or the terror-ridden life of an impoverished Kenya riddled with some new kind of Mau Mau? It is not part of his character; he knows that he could never ride such a tiger. (Neither could Kenyatta for that matter.) But he is on explosive ground. Unemployment is rising in Nairobi as the Kikuyu (who are no longer held back by the emergency regulations) pour into it, and as the economy slows down because the European farmers are holding back their own development plans. Mr Mboya, and any Africans he is seeking to attract, ought to ask themselves which they want at the turn of the year: elections which will infallibly bring in an African government—or civil strife which will delay it and support the settler view that Kenya Africans are incapable of self-government?

SIERRA LEONE

Small Nation's Debut

By next week the constitutional conference on Sierra Leone's future should have ended with agreement, amity, and a date for independence. But three problems have emerged in these talks—and all of them have so far been approached slightly hamhandedly by Britain, perhaps because Sierra Leone is small and well behaved. The Sierra Leonians have (but carefully unofficially) asked that December 7 of this year should be their date for independence ; the British think this precipitate. So it is if the shortage of trained administrators in Sierra Leone is considered, and the fact that hardly a single Sierra Leonian is yet under training in any British Embassy as a diplomat. But African states have emerged notwithstanding such unpreparedness ; and one of the things that matters in fixing a date is that one of these states—Guinea—is Sierra Leone's vocal, left-wing and active neighbour. It would be absurd to insist on any considerable delay that would risk undermining Sierra Leone's present moderate and pro-Western leadership under Sir Milton Margai.

The second problem is defence. The RAF want a staging post at Lungi airport, which is half-way between Britain and South Africa. The Navy may not want to use Freetown's incomparable harbour, but they do not want to see it in unfriendly hands. So Britain is negotiating a defence treaty. A treaty, however, must be negotiated between equals, or in an atmosphere of equality, which requires more delicacy than was at first shown.

The third problem is economic support. Sierra Leone (like every African state, but even more than most) needs development capital—and it needs £3 million now. It cannot afford to lose Colonial Development and Welfare money ; it needs more technical aid ; it needs to be able to pay the salaries to keep its British officials on a new footing. But, as usual, the prospect of the end of Colonial Office tutelage has found the Commonwealth Relations Office with no ideas to offer, except for a plummy establishment for a United Kingdom High Commissioner. By its unreadiness to face the new situations that are regularly presented by the accession of new states like Sierra Leone, the CRO is not upholding the Commonwealth. It is undermining it. How many more times must this be said for Lord Home's department to do some rethinking?

UNIVERSITIES

After Norwich and York

It is good news that the Government has given a green light to the sponsoring committees for the proposed university colleges of Norwich and York. The University Grants Committee will now be able to use its general discretion to work out ways and means for appointing academic planning boards and principals to get work started in both cities. Nobody, however, should assume that these plans promise any very early alleviation of the bottleneck in university entrance. The University College of East Sussex now has a principal (Mr John Fulton), a registrar, an academic planning board, a site donated by the Brighton Council, and an architect—Mr Basil Spence (just promoted RA). It hopes to have its first students in hired accommodation in the autumn of 1961, the first of its own buildings ready by the autumn of 1962, and thinks that it may have a thousand students in residence by the mid-sixties. On this timetable, York and Norwich would still have only a few hundreds of students then —which means that the expansion of existing universities must make the major contribution to the planned increase in the university student population from 110,000 to 175,000 during this decade.

It would be wise to step on the accelerator a bit in new areas, and for the country to set itself a target: if all the plans now under contemplation went full speed ahead, by 1970 there could be six or more new universities with 10,000 students between them. The sponsoring committee for Gloucester-cum-Cheltenham has already approached the UGC, and committees for Kent (for a college at Canterbury) and Essex (for Chelmsford or Colchester) are being formed. The Government requires evidence of vigorous local initiative from the relevant local councils and businesses (the Rowntree Trust has pushed the York scheme), as well as a site of 200 or so acres before it will weigh in with the big money. It is the more important that other local areas should show their civic pride—which takes its highest form in a local university. The suggestion that Stevenage New Town should join the university movement is a bit far-fetched—it should provide itself with adequate schools first—but the spirit is the right one and should be saluted. A dozen new university colleges would not be too many.

PARLIAMENTARY QUESTIONS

Restrictive Practice

In the four days before Easter, eight written answers to Parliamentary Questions in the House of Commons recorded only that the questioner would be replied to in writing. Sometimes the reason for this practice is that the answer is not yet available or that it is of local interest only. But sometimes it is because the reply "involves a detailed tabular statement," which it is apparently felt that Hansard need not be bothered to print. Into this last category came important figures (not so very numerous) about wage differentials that had to be dug out and were summarised in last week's issue of *The Economist* (page 363). The press can usually get a copy of the minister's letter if it bothers to follow the matter up, but private researchers may not always have that advantage—and sometimes it is not clear whether figures will be important until one has seen them. There is here a growing practice of concealment, and it ought to be stopped.

GERMANY

"Brown" Study

Only by the skin of their teeth were the Christian Democrats able to open their annual party conference on Wednesday without having to include Herr Oberländer in the courtesies paid to the cabinet ministers present. The night before Dr Adenauer had at last persuaded his obstinate minister that for the country's and the party's sake he must go. Last week, in reply to a public observation by the Chancellor that his minister for refugees had been indeed "deep brown" even though he could not be suspected of having instigated or taken part in nazi atrocities in Poland, Herr Oberländer had tightened the grip of his prodigiously prehensile toes and let it be known that he would stay in office after all, pending parliamentary inquiry into his nazi past. If he persisted in this line, the Chancellor told him on Tuesday night, he must go at once, and without a pension. He resigned, and will get his pension.

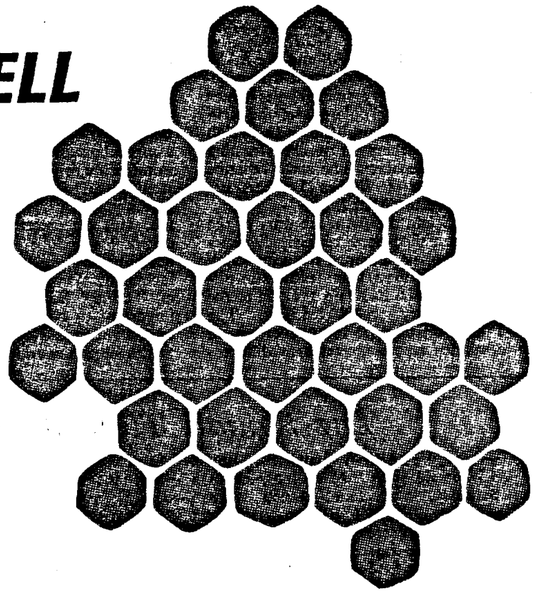
Herr Oberländer has been promised a parliamentary inquiry in accordance with his rights as a deputy. But he will first have to find fifteen other deputies to support his request for such an investigation. That may now be difficult. Never widely popular or respected, he has alienated most of his few remaining sympathisers by his desperate bid for whitewash and security. It would be too much to expect Dr Adenauer to admit that he is partly responsible for the affair, having made the appointment and set something of a fashion for thick skins and tenacity in office himself. Nor could the Christian Democratic Union's conference be expected to point this out to him. A cartoon in Wednesday's *Die Welt* entitled "Karlsruhe FC" depicted a football eleven posing for their photograph. All eleven players and manager had the same familiar face.

EDUCATION

A Unified Profession?

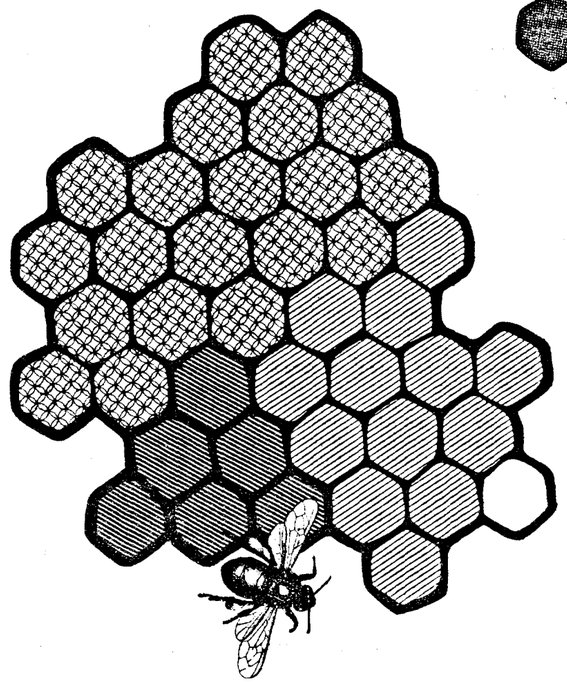
The National Union of Teachers is now actively engaged in pursuing what it calls "professional unity," and it is receiving some encouragement from the present Minister of Education. Its path has been smoothed by Sir David Eccles's refusal to give the National Association of Schoolmasters, an all-male association representing male primary and secondary modern teachers, a seat on the Burnham committee panel—although the Association of Assistant

The world of SHELL



THE MONEY THAT CAME IN

Proceeds from sales of oil and chemicals throughout the world, together with other receipts. £2,631 million



. . . AND WHERE IT WENT TO

Operating and other expenses, including oil purchases, royalties paid to producer countries, equipment, materials, salaries and wages. £1,307 million

Taxes to governments. £861 million

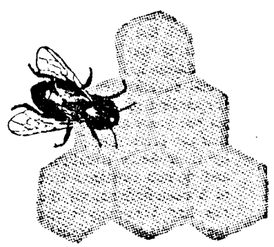
Capital expenditure and working capital. £396 million

Distributed as dividends to shareholders. £67 million

A YEAR'S FIGURES OF GREAT INDUSTRY The year 1959 was one of continued expansion of activity for the Royal Dutch/Shell Group of companies, which has upwards of half a million shareholders. Group net income for the year was £176 million, which represents a return of 9% on the £2,020 million total capital invested to earn this sum.

This is a summary, expressed in money terms, of the year's operations worldwide of the Royal Dutch/Shell Group of companies. Proceeds from sales of oil and chemicals throughout the world, together with other receipts, came to £2,631 million. About half, £1,307 million, was taken up by operating costs and other expenses, including oil purchases, royalties paid to producer countries, equipment, materials, salaries and wages. £861 million went in taxes to governments, wherever Group companies operate.

An amount of £396 million went to maintain the business and to provide the facilities to meet increasing demand. This is the measure of Group capital expenditure and working capital needs for the production, transport, manufacturing and marketing of oil and chemicals. Dividends distributed to shareholders amounted to £67 million.



. . . this was the world of SHELL in 1959

Masters, which represents grammar school teachers, has four. The NUT's objective is to swallow both the NAS and the AAM, but it has begun by opening take-over negotiations with the very small bodies which look after the special interests of the technical college teachers, the youth club leaders, the teachers in teacher training colleges and the like. The small separate National Union of Women Teachers has already agreed to disband.

The NAS and the AAM are wary of the NUT because the latter is very largely under the control of its feminine majority—and, in particular, of the women teachers in primary schools, who make up 110,000 of the 145,000 primary school teachers. The NUT therefore tends to favour increases in basic salaries before increases in differentials; and it specifically rejects the demand of the NAS that there should be family allowances for school teachers, as there are for university teachers.

The NAS will therefore be wary of any take-over. Should the public be wary too? Behind the NUT's plan lurks a demand for a profession as closed to the "untrained" as medicine or the law; in effect, the NUT would like to be not only the BMA of teaching, but its General Medical Council too, with the power to withdraw teachers' certificates and so their livelihood. The other bodies are also rather inclined to favour the closed shop and the proscription of "unqualified practitioners," so it is important to be quite firm in stating the opposition case.

Teaching is not doctoring, where life and health are at risk. It is something that almost all men and women can do to some extent, and to which gifted outsiders can sometimes contribute valuable pioneering ideas. It is a technique at most, not a "body of science and learning" in the traditional professional sense. Teachers should be trained, but the trained should not be the only people with a right to teach. Far too little is known about teacher "training" for specious comparisons with other professions to be made. The analogy is rather nearer, in fact, to journalism, management or art. Teaching should remain one of the "open" professions, even though—in the state system at least—those who have entered it through doors other than the official one are always likely to be only rare exceptions.

The Somali Time Bomb

EVEN by African standards, British Somaliland is pushing the pace. On Saturday, the four elected Somali ministers arrive in London to discuss with Mr Macleod just how quickly a dependent territory can catapult into independence. The Somalis have already made their own views plain. On April 6th, the protectorate's legislative council called for independence and union with Somalia when this Italian trust territory becomes independent on July 1st. A few days later in Mogadishu the two territories agreed on the formation of a new unitary state, the Somali republic, with president, national assembly and capital at Mogadishu. But first the protectorate will have to be independent, if only to allow the decision to unite to be taken by a sovereign parliament. Thus, if the date set by the Somalis is to be kept, the British will have to hand over within the next two months.

The protectorate is ill-prepared for independence. The four ministers are only now having their first taste of government; three years ago the legislative council did not even exist. If, as is bound to happen, most of the British expatriate officials decide to pack their bags, there are no trained Somalis to take their place.

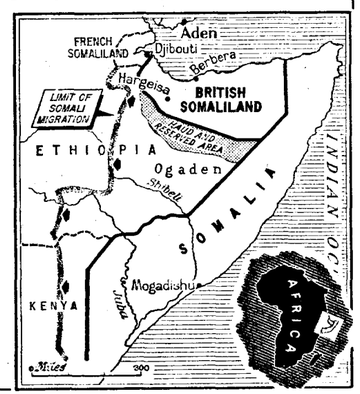
In the last couple of years the political timetable has jumped ahead and some foundation has been laid for economic and social advancement. But a firm date for the ending of the Italian trusteeship was set ten years ago. Misled by the illusion that the protectorate Somalis were isolated by their fierce tribalism and their bleak and nomad existence from the infections of African nationalism, the British authorities had resolutely turned deaf ears to the ticking of the Somali time bomb.

With Somalia exploding into independence next door, any thought of a prolonged delay for the protectorate is unrealistic. By default, it is now too late to prepare the ground. On the other hand the sheer hard work that will be needed if Somaliland is to keep the July deadline is enough to make Whitehall plead for a respite, however short. But the Somali leaders, committed to immediate independence, are unlikely to be moved by the physical obstacles in its way. A short delay would make the parting tidier, but that is all; probably, it is not worth the loss in goodwill.

The Mogadishu announcement has been taken badly by countries which see it as a serpentine first step towards Greater Somalia. Mr Macmillan may have dispelled suspicions of British motives when he stated in parliament on April 11th that the Government does not, and will not, encourage any Somali claims affecting the territorial integrity of French Somaliland, Ethiopia or Kenya. But on the eve of independence, it is up to the Somalis themselves to behave responsibly towards their neighbours. The protectorate, which depends on Ethiopia for its grazing, loses after independence the right to have British liaison officers accompanying the tribes in the Haud. It would at least be a step in the right direction if official contact between the two sides could be established by setting up an Ethiopian consulate at Hargeisa.

In this union of an Italian and British territory are the fruits of the problem sown by the European grabbers in the late nineteenth century scramble for Africa. The two parts of Somalia have been pulled in different directions; to join them will not be painless. What, for instance, will be the new Somalia's relation to the Commonwealth? Probably the Somalis would be wise to feel their way slowly until they see how the various benefits that each territory might have been entitled to separately—pensions from the British and Italian governments, imperial preferences, association with the common market—work out when the two are one. In February, the Government, looking ahead to the protectorate's independence, promised continued financial help within the limits of present aid (which, in all, came last year to rather under £1¼ million). If Somaliland could be certain that it would receive a reasonable sum from Britain for a guaranteed number of years, the teasing question of Commonwealth membership would probably be set on one side.

How long will the Somali republic need money from outside? The custom has been to think of the two Somalilands as unviable states dependent for as far as the eye could see on remittances. So far as the protectorate itself is concerned, this is probably true; for the trust territory it may be an exaggeration, encouraged perhaps by local interests. Above all, Somalia needs money and technical help to develop its water resources. It has two rivers: the Shibeli is being used to its limit by the banana planters; the Juba, with an average water supply five times as high (and about seven times as great as the Jordan) is still almost untouched. If the river were controlled, and to an unbiased eye there is no reason why it should not be, the future for a United Somalia would look less unrelievedly gloomy than the prophets have forecast.



LETTERS

South Africa

SIR—You have recently seemed to advocate, however obscurely, the ejection of the Union of South Africa from the Commonwealth. Such an emotion is a natural enough reaction to anything as cruel, crude and stupid as the Afrikaaner Nationalists' regime, but I believe it is an emotion which should be resisted. To allow extreme nationalist policies in the Union to affect Commonwealth history in this way would be a contradiction of the Commonwealth's past and an injury to its future.

Ejection implies that the Commonwealth is or ought to be an association of states observing certain rules of conduct. It is not in fact anything of the sort and the attempt to make it so would probably disrupt it. The only thing that all members of the Commonwealth share is the accident of having been at one time under British rule; the introduction of a criterion of good behaviour would create not a link but a strain, for it would invite complaints and disputes as one member or another came up for judgment by its fellows.

There is a second and equally important objection to your view. You would, as I understand you, cast out the Union because its minority government is vicious and so bad company. Let us purge our ranks, you say. But what about all the South Africans who are not rabid Nationalists? Is this the moment to expel them from our society of nations? One day the Union will have a different and better government than it has now. On that day it will require all the support that Commonwealth membership can give. The Commonwealth will irreparably maim its structure and its repute if meanwhile its contribution in this tragic act has been a gesture of pharisaical priggishness.—Yours faithfully,

Aspley Guise PETER CALVOCORESSI

Air Navigation

SIR—The vote at the International Civil Aviation Organisation was to make Distance Measuring Equipment (DME) a standard and so to extend the life of VOR (very-high frequency omni-range), and was approved by the narrow margin of one, a majority of two thirds being required.

It is not true that Decca is "much more expensive" than VOR/DME. A reference to the paper issued by the Ministry of Transport and Civil Aviation in 1959 shows a big saving in cost of both installation and maintenance of Decca over VOR/DME for the coverage of similar areas.

The intensely crowded regions of air traffic to which you refer presumably are just those areas that are of greatest concern to air operators. An area coverage system with pictorial presentation capable of laying down parallel tracks is considered by many to provide the only practical way of keeping the rapidly increasing weight of traffic, including jet operations in the upper air space, moving safely and efficiently.

Although Decca was not mentioned by name, it is the only such system available, even though it may not as you say "provide the perfect answer to all navigational difficulties." VOR/DME certainly does not.—Yours faithfully, E. R. LEWIS

Decca House, SE11

Corporal Punishment

SIR—The Home Secretary has asked his Advisory Council on the Treatment of Offenders, of which I am Chairman, to consider whether there are grounds for re-introducing any form of corporal punishment as a judicial penalty in respect of any categories of offences and of offenders. Much has been said and written about this controversial subject, but in order that we can ourselves consider the arguments which weigh with the public on one side of the controversy or the other the Council are anxious to hear directly from persons and organisations who have already formed their own views on it. We have already invited evidence from a number of the organisations likely to be most closely interested, but we think that there may be other organisations, as well as private individuals, whose views would be of some help to us in reaching our conclusions. If any of your readers would like to help the Council in this way, I should be grateful if they would send a brief statement of their views to the Secretary, Advisory Council on the Treatment of Offenders, Home Office, Whitehall, London, SW1.—Yours faithfully,

PATRICK BARRY

Royal Courts of Justice, WC2

The French Elections

SIR—In his sympathetic comment on "Elections Abroad," your reviewer wondered whether, in general, the "Namierising" of political discussion has not gone too far (I am inclined to agree); and whether, in this particular book, my co-authors of the French section and I have not underplayed, "more by constant implication than by direct assertion," the "ideological content" of the 1958 French election campaign.

May I therefore directly assert that, in our view, its ideological content was virtually nil. Nearly all parties and candidates did their best to blur what they stood for, and the more successfully they achieved this purpose, the better they fared at the polls.—Yours truly,

PHILIP WILLIAMS

Nuffield College, Oxford

Middle Eastern Targets

SIR—For all its judicious qualifications and sound scepticism, your recent article attaches too much importance to a possible four-power agreement on a common policy of self-restraint in the Middle East.

It could be argued that, at the present juncture, both the western powers and the Soviet Union have—for very different reasons—a common interest in avoiding a direct trial of strength in the Middle East. But does it follow that any genuine agreement could be based on this ephemeral coincidence? And assuming that some such agreement, tacit or otherwise, will be reached at the Summit—can there be any doubt that Russia will break it as soon as a volte-face becomes expedient?

It seems pretty clear that the so-called common interest of the great powers not to precipitate a Middle Eastern explosion does not depend on solemn undertakings but on the maintenance of the balance of mutual risks. So long as the Russians will have reasons to fear that in an explosion they too may get painfully burnt fingers, there is a chance of maintaining the present situation. (As it is, the salient feature of this situation is the uneven but steady gravitation of the Arab world towards Moscow.) In the circumstances, any agreement with Mr Khrushchev on a common policy in the Middle East is bound to be as reliable as the notorious agreements which Russia signed with the Baltic states shortly before invading them.

I am, of course, aware that this approach calls into question the whole concept of "self-enforcing agreements." Surely, when a certain state of affairs is determined by self-enforcing factors, then agreements are superfluous; where it is not so determined, agreements are pointless.

The Russians have certainly asserted their claim to become once more a power in the Middle East and, as your article suggests, this claim cannot be ignored. It is, however, somewhat unrealistic to imply that anything could be solved by acknowledging the validity of the Soviet claim or by pointing out to Mr. Khrushchev that there is some flimsy identity of interests between the great powers. Mr Khrushchev would be only too pleased to be presented with an opportunity to display gratuitous reasonableness at the summit and to sign declarations which mean but little. Why oblige?

I am not suggesting that the West should not take notice of Russia's attempts to have a say in Middle Eastern affairs, but the only effective way to deal with this claim is to countercheck Russia's influence and activities in every sphere by every possible means. After years of British blunders, misplaced sentimentalism and misdirected real-politik in the Arab world, this is not an easy task for the West, but at least it is preferable to the present trend of accepting almost fatalistically the logic of Russia's intervention in the Middle East.—Yours faithfully,

London, NW3 LIONEL BLOCH

BOOKS

Sunday Observance

The Observer and J. L. Garvin 1908-1914

By Alfred M. Gollin.
Oxford University Press. 458 pages. 45s.

THIS book by a Californian historian describes the first seven years as editor of *The Observer* of J. L. Garvin, who joined it when in Lord Northcliffe's phrase it was "derelict in the Fleet ditch," selling well under 5,000 copies every Sunday, and built it up into a principal organ of extreme conservatism, selling over 60,000 copies by the summer of 1911. As a lapsed Roman Catholic and a lapsed home ruler, Garvin had a full share of a convert's fervour for new creeds, and by furious pen-driving soon thrust himself into the position of a leading prophet for the opposition. He got on to good terms with Balfour, and so offered Northcliffe a chance of real political influence; and he attained a remarkable hold on Northcliffe himself. In fact, Dr Gollin claims,

> Nowhere in the history of journalism can one find a more clear-cut case of an editor first modifying and then controlling the attitude and outlook, not simply of his proprietor but of the entire newspaper system controlled by that proprietor.

Nor was Garvin a sycophant, as so many of Northcliffe's other employees were. He treated his owner as his equal, with a friendly manliness of tone suitable for one near-genius, Irish born and self-made, to use to another; it must have sounded unfamiliar at Carmelite House. No doubt his lack of malleability—he was always rather hammer than anvil—was among the reasons why Northcliffe chose Geoffrey Dawson instead to edit *The Times* in 1912. By this date, in any case, that variable peer had tired of *The Observer*; W. W. Astor had bought it from him the year before. Astor shared Garvin's theoretical enthusiasm for social reforms, though neither was able to promote any.

Yet Garvin was feverishly active; and his activities were not of a reforming kind. He was never one for hiding his light under a bushel: "I know more of foreign affairs as a whole than anybody in this country except Chirol," he once wrote, just at the moment when Eyre Crowe was preparing his masterly memorandum on the relations between England and Germany on which Garvin was shortly to exercise a comparatively inexpert influence. For among the editor's powerful friends was Admiral Fisher; and Fisher, to serve his own and the country's ends against Lord Charles Beresford and the cabinet at once, primed Garvin with data about the navy estimates of 1908 and 1909 for use in campaigns in *The Observer*. All this material was at least confidential; some of it was highly secret; but it suited Fisher to send it and Garvin to use it, and the result was the building of eight new *Dreadnoughts*. Garvin, of course, kept all Fisher's letters marked *Secret to be burnt*, so Dr Gollin has been able to recount this interesting intrigue.

Nothing else in the book is of comparable importance, though there are some new touches about the tariff reform campaign that nearly tore the ill-named unionist party asunder. Garvin's strong loyalty to Joseph Chamberlain and his son is brought out; when Austen renounced the conservative leadership, Garvin described it to Astor as "the saddest day I have known in politics." Throughout the bitter wrangles over the budget that the House of Lords rejected, and the Parliament Act that had to follow to curb their powers, and the equally unavoidable Irish Home Rule Bill, Garvin pursued a steady course of "no surrender," if any course pursued by so excitable an author can be called steady. In an age of passionate unreason in politics, here was a political writer worthy of his time.

He would have enjoyed this book, which quotes his articles seldom, but has evidently been affected by his manner of writing. *Punch* remarked of his style, "what others could say in one column—he swelled into five"; Dr Gollin follows him faithfully. The book is cram-full of needless details, among which the reader has to make for himself the judgments the author ought to have made for him about what is important and what can be skipped. It is beautifully produced and well illustrated; now and again the author turns a nice epigram, and his book would have been better reading at half its present length. Room might have been found for the discussion of some questions of wider interest, for newspaper history needs to be handled as a part of general history, as well as in its own right.

The special case of the naval scare apart, how important were newspapers in deciding policies? Did they matter as much as their editors thought, or were the decisions made in circles where their influence was small? Balfour notoriously never read them. Who in any case did read them, carefully enough to be affected by them? Could it even have been that neither the editors nor the politicians but the electorate decided how the country should be governed?

Self-Sketch

The Private Papers of Hore-Belisha

By R. J. Minney.
Collins. 320 pages. 30s.

MR MINNEY has made a brave attempt to put Hore-Belisha back on the map; but in spite of his finished handling of the papers and records, he still leaves us with a mystery and without an explanation of Hore-Belisha's complete eclipse. To a large extent, the author has succeeded in using Hore-Belisha's own diaries and letters to tell his story and to present his view of events during the critical years 1937-40. The diaries are almost entirely free from comment and any expression of feeling; and seem to have been written in much the same way as his speeches were prepared, each phrase carefully judged according to how it would sound and read. The result reads very well indeed, but it is important to remember that you are getting a sketch by the artist and not a photograph. Hore-Belisha had a singular capacity for presenting his own case in a favourable light; he rejected the inconvenient detail, whether fact or opinion, and it seems probable that he failed to realise the extent to which he was taking a partial view. This was all related to his passion for advantageous personal publicity, which he pursued with success but which reacted strongly against him later.

Hore-Belisha looked upon himself as a great reforming influence on the army. He rated himself highly, linking his own name with those of Haldane and Cardwell and there were others who encouraged this assessment of his position. His greatest contributions were, however, in securing those broad policy decisions which were necessary to adjust military planning to the continental threat and to enable the military machine to be geared into action before the emergency actually arose. The decisions were not his, nor was the planning. He did not create—he pushed things about and incidentally pushed a few people out.

This book, as it claims, provides a portrait of a brilliant and controversial figure in the background of one of the critical periods in our history. It adds little to what we know of the period or people, though it reminds us of some of the settings of the scenes by now almost forgotten. Few people will find much satisfaction in reviving memories of the prewar Sandys affair or feel very convinced that Hore-Belisha's fall was the simple result of counter-intrigue by the Blimps. This was accepted in many quarters at the time, as illustrations and quotations in the book clearly show, but Hore-Belisha himself behaved with great restraint and never directly indicated one single reason for his going or made accusations against the generals. Here again, at a critical stage, the "Private Papers" throw very little fresh light on what took place, and the reason is probably that Hore-Belisha was only vaguely aware of the extent of the resistance he had built up against himself. He had

a small intimate circle of devoted friends, and there were many others who were prepared to praise him as long as he kept in the limelight; but he did not inspire that loyalty which is essential for successful leadership. His methods, as many examples in the book indicate, were too frequently challenges to existing loyalties and brought no substantial support to him; and when the time came, there were few to rally round him. And now, in spite of his numerous monuments, few remember him.

Chinese Myth and Reality

The Economic Development of Communist China 1949-1958

By T. J. Hughes and D. E. T. Luard.
Published for Royal Institute of International Affairs by *Oxford University Press.* 231 pages. 22s. 6d.

A MAJOR difficulty in assessing the pace of economic development of Communist China arises through doubts about the accuracy of the official statistics. These doubts, as they affect current statistics, have not been dispelled by the corrections that the Government has felt obliged to make in the past, and they have recently been confirmed by the critical study to which the figures were subjected by Choh-Ming Li in his "Economic Development of Communist China." The present authors are obviously under no illusions. They provide an abundance of figures; but they confess that they have had no means of verifying them, and having presented some impressive evidence of progress, they are inclined to sweep it aside with a comment of devastating scepticism. For example, after quoting the official claims made for the Great Leap Forward in industrial production in 1958 (when the output of machine tools is said to have been three times, and that of coal and steel twice, the output of 1957), they add blandly:

> Many of these claims are extremely difficult to credit. There are, indeed, some signs that during 1958 the statistical procedures employed in China underwent a significant relaxation.

This book, however, contains more than a collection of statistical myths. The authors have provided an informative account of the various stages in the development of China's present economic system. All the chief aspects of policy and administration are described—the changing planning techniques, the treatment of private enterprise, the location of industry, the organisation of labour, Soviet aid, foreign trade and the reorganisation of agriculture. The chapters on this last topic are the most interesting in the book, for they bring out clearly the skill and ruthlessness with which the Government moved from a policy of fostering peasant proprietorship and of re-dividing the land in the interests of the poorer peasants, through various stages of co-operative organisation, to thoroughgoing agricultural collectivism. One of the chief impressions given of the regime is of its

The Observer
AND J. L. GARVIN
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W. W. ROSTOW The original text is reprinted without change, but certain articles have been added in which the author's ideas on some of the principal concepts have been further developed, and there is also an analysis of the interrelation between economic history and economic theory. *Second edition* 35s *net* **5 May**

THE PROPHET UNARMED: TROTSKY 1921-1929
ISAAC DEUTSCHER '. . . compulsory reading for anyone interested in the history of Soviet Russia and of international Communism.' A. J. P. Taylor in the *New Statesman* *Illustrated* 38s *net*
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HAROLD E. RAYNES A description of the principles and methods of the insurance market, and an account of personal insurances and compulsory social insurance. (*Home University Library*) 8s 6d *net*

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readiness to experiment, its willingness to shift from one expedient to another as circumstances dictate:

> It seems that . . . the Chinese Government, rather than determining their policies in order to conform with ideological precept, set up the new social forms in response to immediate practical requirements, and only later devised the ideological arguments to justify them.

The authors show that, despite all that has been done to bring order to a country that for forty years had suffered continuously from civil or foreign war, and despite the economic progress so far achieved, China has a long path to tread before it can escape from the miseries of Asian poverty. Its ambitious aim is to reach the present absolute level of British industrial production by 1973; this is the ideal prospect of a country with a population twelve times that of the United Kingdom and still growing at a formidable rate.

Guide to America's Elections

Polls Apart

By Denys Smith.
Cohen and West. 160 pages. 13s. 6d.

THE American and the British languages are sufficiently similar to trap the unwary, but it is generally acknowledged that the American political system is an almost insoluble mystery to the uninitiated. Mr Smith's brief and timely book has the great virtue for British readers that he compares American electoral ways at each stage with British parliamentary practice. It is also as lively as one would expect from a journalist as experienced as Mr Smith (he is the Washington correspondent of the *Daily Telegraph*). By not taking too narrow a view of electoral mechanics he manages to introduce a great deal of useful history and background, about the trade union movement for example. Inevitably some of this material has a rather potted air and some inaccuracies have crept in: Wilson was first elected President in 1912, not 1916, and it is not true that organised labour as a body does not endorse presidential candidates.

What is more serious is that in his efforts to be strictly non-partisan Mr Smith is sometimes misleadingly bland; the "modern Republicans" are hardly as influential as he suggests. Finally he exhibits a rather surprising insensitivity at times. All he can find to say about that great milestone of human rights—the Supreme Court's ruling on racial desegregation in the schools—is that it overturned judicial precedents of many years' standing, and restored emotionalism to the civil rights issue, from which it had been vanishing. The same objection can be taken to the cynical remark that "Fortunately for the rest of the world the United States vigorously puts colonial principles into practice. She has picked up 'the white man's burden' and rechristened it 'mutual aid.'"

Editorial Overmatter

Critic's London Diary

By Kingsley Martin.
Secker and Warburg. 325 pages. 30s.

THE envy of every weekly editor for a generation has been the sheer readability of the *New Statesman and Nation*; for this the personal pen and editorial blue pencil of Mr Kingsley Martin have been responsible. Critic's Diary, the oldest and best weekly column in the British press, has always been Mr Martin's "overflow" from the "didactic leading articles and editorial comments" in which, week in and week out for thirty years, he has so famously wrestled with himself, socialist against liberal, pacifist against militant radical—Kingsley against Martin (as someone once said)—to the great boon and success of his paper.

Mr Martin combines the two first gifts of a journalist—a wide and restless curiosity and the art of writing always with effect and simply—with a delight in thinking aloud on anything that comes his way. Here in this modest sample from the steady spate of readable words in Critic's Diary is a model for the columnists and gossips: how to seem always knowing without winking or nodding, preening or screaming; how to seem always civilised and fair without ever really waiving prejudice and without laying down the law (that was left for the didactic leaders). The only pity is that the sample has been arranged under subject headings; this makes the sentimental bits, for instance, and the marginal scribblings stick out too much. In real life Critic comes to us every week with a grasshopper's gait jumping from unlike to unlike with his own special sleight of pen.

Dearest of Wives

Mrs Fitzherbert

By Anita Leslie.
Hutchinson. 240 pages. 25s.

MRS FITZHERBERT glides in and out of the textbooks, little more than a romantic rumour brightening parliamentary discussion of the Prince of Wales's debts. Caroline of Brunswick gets more attention; for even the most innocent examinee has to learn that George made two parliamentary attempts to discard her. Yet Maria Fitzherbert put up with him, on and off, for twenty-four years; whereas his married life with Caroline began with his appeal for brandy when he first saw her, and ended, for practical purposes, with his alcoholic collapse on their wedding night.

Poor Caroline had no choice: she was detailed for a dynastic duty. But Mrs Fitzherbert's acceptance of George, described earlier by his tutor as likely to become the most polished gentleman or the most accomplished blackguard in Europe, is intelligible only in the light of her judgment many years later—"he liked to excite compassion . . . always wished everyone to think him dangerously ill, when little was the matter with him." She spoke from experience; for in 1784 she had agreed to a betrothal, solemnised with a ring borrowed from the irresponsible Georgiana Devonshire, only because he had stabbed himself, dramatically enough to draw blood; and although she fled abroad at once, relays of couriers pursued her with threats of further suicide. Convinced that he would never leave her in peace, and addressed in a forty-page love-letter as "dearest of wives," this attractive young widowed daughter of an ancient Roman Catholic family entered into a secret Anglican marriage—ecclesiastically valid for her, but prohibited for him by the Royal Marriage Act of 1772 and the anti-Catholic Act of Settlement of 1701.

But marriage calmed her conscience, though she maintained a separate establishment to satisfy convention: this, added to the magnificence of their joint entertainments and the Prince's exotic architectural experiments, greatly increased his debts. His attempt to get "public assistance" led to parliamentary debates in which Fox, misled by him, denied the marriage story but failed to win financial sympathy—and George had to restore confidence in his future by wedding a protestant princess and acquiring an heir. But after Princess Charlotte's birth in 1796, he curtly dismissed Caroline and returned to Maria, preceded by a warm front of lachrymose self-pity and a will in her favour as long as his love-letters and similar in tone.

Their reunion in 1800 was celebrated by a public wedding breakfast. The years that followed were undoubtedly happy—partly because she discouraged his excessive eating and drinking, though not his costly efforts to improve the look of Brighton. But her position was undermined by the jealous ambition of Lady Hertford, his mistress from 1808, and rendered untenable after 1810 by the attitude of the Ministers on whom as Regent he had to depend. Publicly slighted by him, she made, in a letter as plain spoken as it was dignified, "her final curtsey to the gentleman who had sworn to love her into eternity." They never spoke again; they cut each other in the grand manner when they unavoidably met in public.

Nevertheless occasional letters passed; she had difficulty in holding him to his financial undertakings. Her ward, Minney Seymour, remained a link; "Prinny's" feeling for her was almost paternal, and Miss Leslie thinks he may have been her father. She has little doubt that Maryanne Smythe, ostensibly Maria's niece, was their daughter. But Maria left few clues. Her bonfire of correspondence when she left George endangered her house; and on her death in 1837 her executors destroyed anything they thought compromising. Fortunately they missed a large box, inherited by Minney's daughter, Miss Leslie's great-grandmother; though even she mutilated its contents out of deference to Queen Victoria's distaste for the subject. But enough remained in that box and in others to test Miss Leslie's skill as a biographer; and she emerges triumphantly. So does Mrs Fitzherbert. She was a very much better partner than George deserved. Possibly, beneath his grossly self-indulgent egotism, he had always realised this; for he died with her last letter under his pillow and her miniature round his neck.

Following the Clue

English Genealogy

By Anthony Richard Wagner.
Oxford University Press. 397 pages. 55s.

THE trouble about genealogy is that it is hardly a subject. It is a passion and a technique. A large, and perhaps a growing, part of the educated world is at least ready to take hold of a twig or twinethread to uphold the past of their own family; and there are professional experts, among whom Dr Wagner, Richmond Herald, is among the foremost, and the most scholarly, to assist them. The technique is that of using records and other evidence to work out particular cases, and this particularity is the mark of the art. There are no professors of genealogy, since it is not a single discipline: genealogists are either amateurs like bird-watchers, at their best when following a single line, or students of history, sociology or eugenics, to whom it is a subsidiary technique, or professionals who have the merits and defects of that status, among which are a strong sense of competition, which keeps them on their toes, and a natural reluctance to disclose all the tricks of their trade.

Dr Wagner is a bold man to choose so vague, diverse and undulating a subject; his book is inevitably rather scrappy, but no one could make a better job of it. He starts with the origins of English families in the middle ages, a highly technical and difficult section. Then comes a section on the growth, decline and mobility of various classes, excellently done and illustrated from his own genealogical material, but depending for the most part on secondary sources. Then a section on the rise and fall of families and on immigrants into this country (Dr Wagner deals throughout with England in the strict sense: the Welsh and the Scots in England are immigrants) and emigrants from it. This section is mostly illustrative, and demonstrates one clear gap: no adequate work seems to have been done by statisticians or actuaries on the probability of names or families surviving. The last section is a most entertaining account of the development of genealogical technique; and here, on his home ground, Dr Wagner is at his best.

Those who regard this as a dry-as-dust subject will hardly be converted by Dr Wagner; but the many who see some glamour in it will find this an admirable bedside book.

Are We Persuaded?

Persuasion

By Herbert I. Abelson.
Crosby Lockwood. 127 pages. 27s.

IN little more than a hundred sparsely covered pages Dr Abelson has provided the British reader with a comprehensive, lucid and up-to-date account of the best of the research work carried out by American social psychologists into the determinants of effective persuasion in propaganda, politics and advertising. The five main chapters follow a constant form of presentation: a list of four or five questions; the answer to each question is then given; each answer is followed by the findings of relevant research studies; and each set of findings is rounded off with a discussion that brings together the implications of the research material and where appropriate indicates its weaknesses.

The questions asked go right to the heart of the matter. For example: Are more people persuaded by hearing both sides of an argument or one side only? Do you tell your audience what to think, or do you present the evidence but let them draw their own conclusions? How important are such groups as neighbours, family, fellow workers in moulding opinions? Does repeating a message make it more effective? Is opinion change at its highest point right after the persuasive communication has ended? What characteristics of people make them more easily influenced by propaganda? Does a man have to believe in the persuader before he believes in his message? Some of the research findings are likely to surprise those of our native propagandists who for so long have been content to accept as infallible the myths originated more than a generation ago by the practitioners of psychological warfare and by the colourful forerunners of contemporary advertising.

The final chapter discusses briefly, but with illumination, the increasingly familiar experience that experimental research (using para-laboratory methods) usually indicates larger and more clear-cut attitude and opinion changes than are found by the use of mass sample surveys.

Lastly, there is an excellent bibliography that includes references to the very useful journal articles by Hovland and James and their colleagues at Yale.

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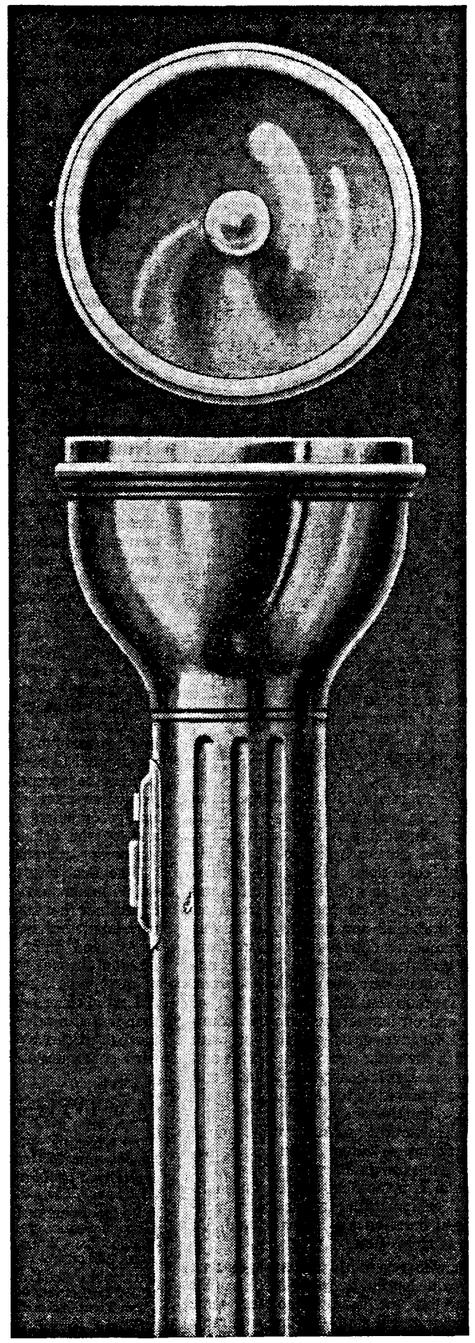

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AMERICAN SURVEY

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

Patchwork at Foggy Bottom

WASHINGTON, DC.

If the State Department wants a substitute for the too-aggressive eagles which Congressmen do not consider suitable for its new office building, the obvious alternative decoration is a statue of Sisyphus. But Sisyphus only had to roll his stone towards one summit; it now looks as if the department, which has spent the last half-year pushing its ideas on Berlin manfully uphill against the gravitational pull of Dr Adenauer, will have to go on doing so even after next month's conference in Paris. It is generally conceded in Washington that the most that is likely to happen on the Paris summit is that the question of Berlin will be dropped back into the laps of the foreign ministers, in the hope that some kind of agreement about the city's future can be signed on another summit next year. Thus the British aim of coming to a negotiated settlement quickly, and the German aim of not coming to one at all, have been reconciled in a manner typical of the State Department under Mr Christian Herter. The objective—an interim agreement defining western rights in Berlin—remains the same, but it now lies on top of the next range of mountains.

This does not necessarily imply any inconsistency on the Americans' part. The inhabitants of Foggy Bottom, the State Department's home, have always made it clear that the kind of interim agreement which they wanted was one in which the West would have to make only a minimal number of concessions. The widespread belief that Mr Khrushchev would go to some lengths to avoid having to sign a separate peace with the East Germans has encouraged the hope that he might eventually agree to swallow the meagre concessions at which Mr Gromyko sniffed so disdainfully last summer. But it is now acknowledged that there are risks in putting a man as impetuous as Mr Khrushchev into such a dilemma. He clearly went home from America in the autumn convinced that President Eisenhower had agreed to a compromise over Berlin. If he now concludes that the West is trying to evade this undertaking, he may invoke the clause agreed at Camp David which said that negotiations could not go on "indefinitely," call in his treaty draftsmen, and damn the consequences. After his speech at Baku on Monday, neither the State Department nor the experts on the Senate's Foreign Relations Committee seem to feel entirely easy about this possibility. It is fair to conclude that the Department's deep-freeze contains some extra tit-bits designed to make an interim agreement more appetising to Mr Khrushchev.

The same pattern can be detected in the Administration's current difficulties over a ban on nuclear tests. Once again, having set out to meet the Russians half-way, the State Department is under considerable pressure from those who want it to edge back to where it started from. Ever since Mr Macmillan persuaded the President to accept the idea of a temporary moratorium on small underground tests, even though the moratorium could not be policed, the critics—notably Mr Arthur Krock in the *New York Times*—have directed a brisk fire against the proposal. Last week the Joint Atomic Energy Committee of Congress summoned a procession of scientists to testify (in an awe-inspiring variety of accents) that big underground explosions, let alone little ones, could be muffled so successfully in artificial caverns that the Russians could, if they chose, cheat their way to nuclear superiority.

Fortunately for those who believe that the seismographers can find ways of discovering what is going on inside these caverns, and that the risk of the Russians' cheating is small enough to be acceptable, a treaty on nuclear testing will not have to be approved by the atomic energy group. It will go to the Senate by way of the Foreign Relations Committee, all but three or four of whose members are thought to be sympathetic to the State Department's policy. But the opposition of the nuclear experts in Congress will undoubtedly give new heart to the recalcitrants in the Administration who want either a fool-proof treaty or no treaty at all, and make it more difficult to win the majority of two-thirds in the Senate which is required for ratification.

These difficulties are easier to understand in the light of the very special problems which have faced Mr Herter in the year of office which he has just completed. He has had the task of supervising the major change in American foreign policy which Mr Eisenhower inaugurated last summer when he decided to negotiate with Mr Khrushchev. This task had to be shouldered under the coldly sceptical gaze of the dissidents, who included, in addition to Mr Dean Acheson and other Democratic survivors of the *ancien régime*, a major segment of the Administration and—to begin with, at any rate—part of Mr Herter's own department. To complicate matters further, the change in course was decided upon so suddenly and so late in the Administration's life that neither the President nor Mr Herter has had an opportunity to work out all its implications. The result is that American foreign policy is now a patchwork of old and new pieces, sometimes clashing in design and colour, the durability of which is not enhanced by the fingers which can be seen plucking at the stitches.

One of the most noticeable contrasts is the one between the two halves of policy towards Europe. It is odd to see the United States stretching out one hand towards a compromise with Mr Khrushchev while using the other hand to strengthen those powers which are most suspicious of such a compromise. The Americans' enthusiasm for marrying off France and Germany, which had its origin in the period when it was thought that the only way to deal with the Russians was to bare a united set of teeth in their face, remains as strong as ever even though a different approach to the Soviet Union is now being tried.

The part of best man to France and Germany involves other complications. It has led, paradoxically, to a weakening of the military links of the North Atlantic Treaty Organisation, the other great bequest that Mr Herter inherited from his predecessors. It also consorts oddly with the adventurous support for liberalism in Africa and Asia which is one of Mr Herter's most distinctive contributions to the new foreign policy, and which is currently making the Korean President Rhee look nostalgically at his mementoes of Mr Dulles. Dr Adenauer is unlikely to be any more enthusiastic about the present approach than was General de Gaulle when it led the Americans to withhold their support from his Algerian policy in the United Nations last year. To these observations, the State Department's gallant reply is that it prefers strong allies, even if they are sometimes strong in dissent, to feeble yes-men.

There is another inconsistency, to which Mr Joseph Alsop has perceptively drawn attention, between the State Department's response to social revolutions in Latin America and to similar phenomena in the Middle East. So far Mr Herter and his subordinate for inter-American affairs, Mr Roy Rubottom, have managed to resist the demands of those who want the United States to take punitive action against Dr Castro's regime in Cuba. But this is one of those fields in which pockets of embattled resistance to Mr Herter's policy can still be discerned within his own department; the price of his victory, which may not be a permanent one, is his toleration of a petty slanging-match with Dr Castro. All the charges which the United States has levelled recently against the Cuban government in public—its discouragement of newspaper criticism, its failure to hold elections, its rough and ready way with land reform—could equally well be levelled against Messrs Nasser or Qasim. In the Middle East, after some early misgivings, the Americans have steeled themselves to wait in silent forbearance for better days; towards Cuba they have adopted an ineffective mixture of the waiting without the silence.

This can be attributed in part to the influence in Congress of the great business corporations whose interests have been damaged in Cuba. But it also has its roots in the ancient idea, never quite removed by the "good neighbour" approach of the nineteen-thirties, that Latin America is somehow the private preserve of the United States. This strand of tradition, intertwined with the newer recognition that there is no part of the world free from the competition of communism, has produced a technique precisely the opposite of President Theodore Roosevelt's famous prescription: the United States is speaking loudly while sitting on the big stick. To judge from Mr Herter's performance, he would have sought to amend this in time. The pity is that probably he came to office too late to disentangle the old from the new and to renovate the whole fabric of his country's foreign policy.

Democrats at Disneyland

With the spring Democrats have been bursting out all over. Senators Kennedy and Humphrey are arguing hard for the favours of Democratic voters in West Virginia. Senator Symington, the third declared contender for the presidential nomination, is busy demonstrating that he is interested in social welfare and agriculture as well as in defence. Senator Lyndon Baines Johnson, who refuses to admit that he is a candidate for fear of weakening his grip on the Senate, has been touring the mountain states with the slogan "LBJ All the Way" and a retinue of Ladies for Lyndon in smart red-white-and-blue uniforms. Finally, another promising but undeclared candidate, Mr Adlai Stevenson, is back on the political stage with fresh impressiveness after his recent rustication in Latin America.

Senator Kennedy, however, has the advantage that plans for the nominating convention itself are being made along lines as favourable to him as can be managed by his friend, Mr Paul Butler, the chairman of the Democratic National Committee. Last week the arrangements sub-committee met in Los Angeles to study how to find beds for 7,000 delegates and reporters, and their friends and families, on July 11th, how to get them to the sports arena where the convention will be held and how to ensure that they will not be suffocated when they get there. The committee members can hardly be blamed for relaxing at Mr Walt Disney's amusement park even though they did not find enough time—or perhaps enough agreement—to appoint either the convention chairman or the keynote speaker.

However, the third key post, that of chairman of the platform committee, was filled with Representative Chester Bowles of Connecticut, Senator Kennedy's adviser on foreign affairs, a well-known, popular and constructive liberal. He is also the uncooperative presidential favourite of some influential Democrats. His chance of the nomination, almost non-existent at present, will not be hurt by the hearings which he will now be holding all over the country to determine what should go into the platform on which the Democratic nominee will, in theory, be fighting his presidential campaign. If that candidate is Senator Kennedy, then the platform may be one on which he really can fight; Mr Bowles will certainly do his best to see that it is.

In particular Mr Bowles's draft is likely to contain a fairly strong section on civil rights for Negroes and this may mean a bitter argument at the convention itself. This in turn almost certainly means that the credentials committee will be kept busy, which is perhaps why it is to have two chairmen for the first time. For the defence of reactionary southern states against the possibility of a liberal presidential candidate and a liberal platform is to send delegates to the convention who may refuse to support the choice of the Democratic majority when the election comes. Mr Butler has already invited loyal Democrats in states where this is done to send rival delegations to Los Angeles—and the credentials committee will have to choose between them.

Capital in a Spin

There is a tendency in Washington to lay part of the blame for the plight of Capital Airlines on the unprofitability of its fleet of Viscount aircraft and on the impatience of the Vickers-Armstrongs company to be paid for them. But no one doubts that bad management of the airline itself is the main trouble. To remedy this is the chief purpose of both the Civil Aeronautics Board and of Vickers; together they put Capital into its present slow, but possibly final, spin, the one by refusing to recommend an immediate subsidy, the other by opening foreclosure proceedings on the airline's equipment. Vickers wants an official receiver to run the airline; the CAB wants to decide, after what will certainly be lengthy hearings, whether Capital should be married to some other airline—but there will be no suitors under present conditions—whether its operations should be suspended wholly or partially, or whether some or all of its routes should be transferred to other operators.

Certainly there are other airlines which would like some of these routes. The fifth largest airline in the country, Capital has 7,000 miles of them connecting 77 cities, all in the east or midwest. But they are nearly all short, unconnected runs and cannot be served economically by the large, fast, jet aircraft which passengers now prefer and which competing airlines, with long-distance services as well, can offer between the most profitable cities on Capital's routes—Washington-Chicago, Chicago-New York, etc. This was why Capital bought Viscounts originally, but in recent months they have been flying only half full in spite of their small size. Most airlines have been doing poorly this winter, as the result of bad weather and worse crashes, but Capital lost $5.4 million in the first quarter of 1960. This finally frustrated the company's hopes both of carrying through a financial reorganisation and of buying up-to-date aircraft—and so Vickers went to court to collect its $33.8 million.

The managers of Capital claim that the fault is the CAB's, since it does not allow them to abandon money-losing services or to raise fares. The CAB replies that it was Capital which asked for these routes in the first place, that a few years ago it was expanding faster than other airlines—too fast, perhaps—and that then its return on its investment was also above average. Yet Capital is the only airline which is now pleading for a subsidy. It is suggested that the company's debt-carrying arrangements have been extravagant and its passenger relations poor. Particularly criticised is its

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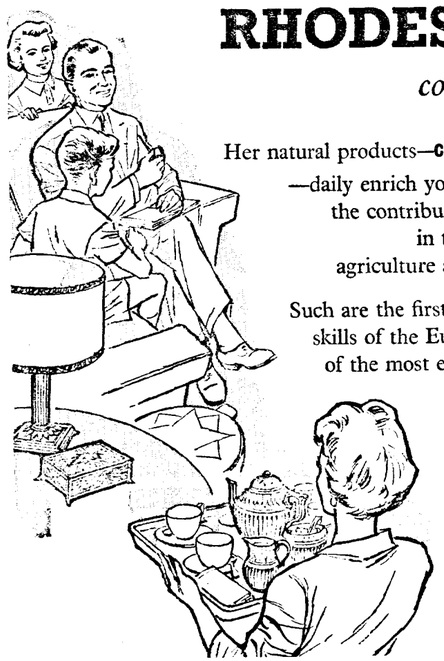

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refusal to provide more than a small proportion of the low-cost and very popular coach services. This certainly seems to be one reason why it failed to make money on the route into Florida from northern industrial cities which it was given in 1958 in answer to its plea for a profitable long haul. It is not surprising that the CAB feels that an investigation and probably a reorganisation must come before Congress can be asked to subsidise Capital.

No Flag for Panama

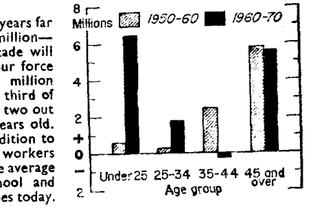
PRESIDENT EISENHOWER'S recent announcement of a programme for improving relations between the United States and Panama was presumably timed to check the anti-American demonstrations expected during the first week in May; this begins with Labour Day and ends with a hotly-contested presidential election and during it riot-prone students return to college. But it is doubtful whether the programme will halt what the Panamanian Ambassador has called the "crucial" deterioration in relations between the two countries. For it contains only economic benefits and what the Panamanians want is the purely psychological benefit of being allowed to fly their flag over the Canal Zone as a visible symbol of their titular sovereignty in an area which the United States controls by treaty.

Most of the President's new programme consists in fact of concessions which a modern welfare state could hardly deny to its employees: increases in pay and pensions and better houses for Panamanian workers in the zone and more opportunities for them to train for skilled trades, all of which will put them on a footing more nearly equal that of their prosperous American neighbours. More and cheaper water will also be provided for cities in the republic and American government agencies in the zone are being told to employ more Panamanians in jobs previously reserved for citizens of the United States. The American employees of these agencies, who have a strong lobby in Washington, will certainly object to this. Their objections also had to be overcome before other welcome concessions could be made recently to Panamanian businessmen. Under these the American authorities will no longer import luxury goods into the zone to sell to residents at duty-free prices and any essential goods imported from third countries will be bought through Panamanian suppliers.

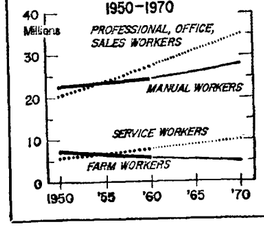
MANPOWER IN THE 1960s

During the coming ten years far more workers—13.5 million—than in any previous decade will enter the American labour force which will contain 87 million people by 1970. Over a third of these will be women and two out of five will be over 45 years old. But nearly half of the addition to the labour force will be workers under 25, even though the average youth will stay at school and college longer than he does today.

CHANGES IN THE NUMBER OF WORKERS IN EACH AGE GROUP



EMPLOYMENT BY OCCUPATION 1950–1970



This extra education will be needed because the biggest increases in opportunities for employment will be in professional and technical jobs; the demand for engineers and scientists will be particularly great. There will be openings for more skilled craftsmen in the manual occupations but there will be little change in the number of unskilled jobs.

These estimates are taken from "Manpower, Challenge of the 1960s" published by the US Department of Labour.

It is the Army, which runs the Canal Zone, which opposes any showing of the Panamanian flag, arguing that this would encourage Panamanians to try to take over altogether the canal which they regard, with justification, as their country's greatest asset. To an outsider—and to President Eisenhower too, to judge from his press conferences—such an argument seems petty. But it is taken seriously enough in Congress for legislators to have made it clear—by stipulating, for example, that Canal Zone funds may not be used for flagpoles for Panamanian flags—that they must be consulted before any such attempt is made to conciliate the nationalists in Panama.

Black Workers and Red Faces

FROM A SPECIAL CORRESPONDENT

NEXT month will be held the first meeting of a new national Negro labour council, to be headed by Mr Philip Randolph, the distinguished president of the Brotherhood of Sleeping Car Porters; this is one of the smallest unions affiliated to the American Federation of Labour and Congress of Industrial Organisations, the joint body set up in 1955 when the two main trade union groups amalgamated. Thus an attack from inside the federation is being joined to the one from outside which has been conducted for more than two years by the National Association for the Advancement of Coloured People. The precise objectives of the new Negro labour group are not yet clear, nor is it certain how it will function. But its purpose is to exert pressure upon the leaders of the AFL-CIO and its affiliates so that Negroes will be given a better standing. However, there are some fears within the Negro community that the council may fall into the hands of men who are more interested in making jobs for themselves than in the rights of Negroes.

The formation of the council is only the most recent sign of deterioration in what were once fairly cordial relationships between the trade unions and the Negro community. Even though, over a period of many years, almost all the unions have got rid of any official restrictions on the admission of Negro members, coloured workers are still unofficially excluded from some unions and segregated from white workers in others, either in separate branches or in separate jobs. This is more true of the old AFL craft unions than of the industrial unions which were affiliated with the CIO before the merger of the two groups, but discriminatory practices against Negroes are to be found also in CIO unions.

An attempt to settle the problem of the status of the Negro worker was made at the time of the merger by the establishment of a civil rights department. But because the unions affiliated with the AFL-CIO have a high degree of autonomy, the department's only authority was its right to recommend action to the executive council of the federation if an affiliated union refused to meet the standards set by the federation's constitution. Ultimately, the only effective sanction available to the council in such cases is to expel the offending union, and this drastic step is most unlikely to be taken at present.

The recent speeding up in the struggle of Negroes for what they believe to be their rights was quickly reflected within the AFL-CIO, often to the great discomfiture of those of its leaders who genuinely believed in equality and who were conducting what they thought was as rapid a transformation as was practical. The NAACP grew impatient with what it described as purely "public relations" gestures on the part of the AFL-CIO which responded by attacking the "demagoguery" of the NAACP officials. The NAACP has charged, for example, that Negroes are kept in segregated branches by the Brotherhood of Railway Clerks, whose president is a member of the committee which runs the civil rights department. The same charge, in varying degrees, has

been levelled against a dozen other unions in the federation, many of them either in the building trades or in the railway industry. The NAACP has demanded that the AFL-CIO abolish all segregated branches, eliminate the keeping of separate rosters of seniority for the two races, force the admission of Negroes to those unions which exclude them, whether formally or informally, and co-operate with state and municipal committees which try to establish fair practices and eliminate discrimination in employment. The bitterness between officials of the two organisations has been exacerbated by inflammatory articles in the Negro press and something of a climax was reached at the AFL-CIO convention last autumn, when Mr Meany, the president of the federation, engaged in a violent public exchange with Mr Randolph.

Since then the NAACP has prepared an analysis of the discrimination against Negroes in apprenticeship schemes for training craftsmen which has, it is alleged, resulted in Negroes being under-represented in 32 skilled occupations and in their being forced mainly into unskilled, dirty and arduous jobs. Although the NAACP blames both business managements and the government as well as the unions for this situation, its much-publicised report has been interpreted as another of its attacks upon the AFL-CIO. At a recent meeting attended by both white and Negro representatives from a number of unions, the issue was debated by the labour secretary of the NAACP and a spokesman of the federation. Whatever the merits of the arguments presented, the reactions of listeners depended upon whether their skins were black or white. This sharp division along colour lines was most disturbing to those white union leaders who believe that the federation is moving as quickly as it can towards opening all unions to Negroes.

Movies Move Out

FROM A CORRESPONDENT IN LOS ANGELES

THE first of May is the day of decision for Century City, the $500 million real estate development planned on the 260 acres now occupied by the film studios of the Twentieth Century-Fox Company in West Los Angeles. This is the day on which Mr William Zeckendorf, one of America's biggest property tycoons, is due to make the second payment of $3.2 million on the total purchase price of $56 million. If the deal goes forward—and he has given definite assurances that it will—there will be further payments of $7 million every two years for ten years.

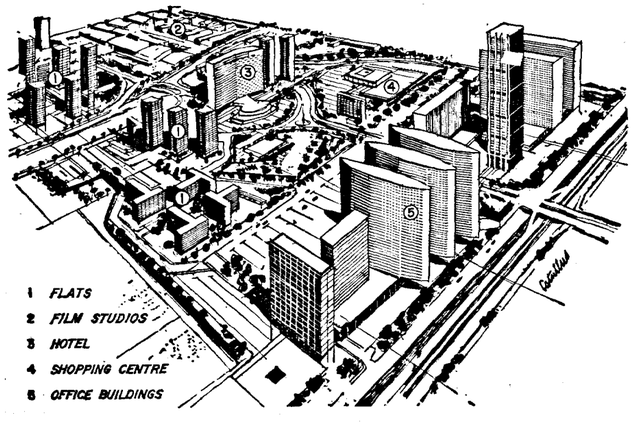
Twentieth Century-Fox must hope that no last minute hitch will develop since Century City would provide the company with a steady and substantial income over the next decade, apart from anything it may earn by making films. Moreover, its overhead costs will be greatly reduced by the sale of the property. The development will include a skyscraper hotel, office buildings, luxury flats, a shopping centre and 80 acres of film studios which Twentieth Century-Fox will rent back for its own use. Whatever happens the land seems sure to be developed in some such way before long because of its position hemmed in by the teeming suburbs of Los Angeles.

Twentieth Century-Fox is not the only company in Hollywood which now finds itself land-rich. When the moving-picture industry established itself in Los Angeles—to take advantage of the sunshine for outdoor filming—before and immediately after the first world war, it acquired property for studios in what were then rural areas. As the City of Los Angeles has expanded its limits, these properties have become priceless assets. Set in the middle of heavily built-up communities they are practically the only undeveloped land left, apart from a few golf courses and country clubs. Moreover, in this day of fewer movies, improved techniques for indoor filming and a preference for producing on location, film companies no longer need so much studio space. Beset by financial difficulties as a result of competition from television, rising costs and the legally enforced separation of film production and distribution, they are restoring their fortunes by making capital out of their land.

Some studio properties have been sold or leased to the rising television film producers. The Republic Pictures company, for example, no longer makes cinema films and its main activity is now in the real estate business. The Universal Pictures company sold its property in North Hollywood outright to the Music Corporation of America, the diversified giant of the American entertainment world, for $11.25 million and leased back enough studio space to continue making films there. Before these transactions, both Republic and Universal were losing money; since then they have been earning profits again.

Until recently, however, these transactions have all been within the entertainment business except where drilling rights have been granted to oil companies. Here again studio properties are practically the only accessible land for firms which want to try and tap new sources of petroleum within the city limits and some, at least, have actually yielded oil. Twentieth Century-Fox has been receiving royalties, amounting now to hundreds of thousands of dollars a year, on oil and natural gas production since 1955. Incidentally, oil and mineral rights are not included in the sale to Mr Zeckendorf's firm, Webb and Knapp, Inc.

When the deal for Century City was explained to the film company's shareholders, the management stated that its properties in West Los Angeles were "becoming too valuable to continue much longer to be used for motion picture studio purposes." For the time being, the company will go on making films on the 80 acres which it is leasing back but sooner or later it may pull right out, removing to the Fox ranch some miles north of Hollywood, and collecting another $5 million from Webb and Knapp to cover the cost. Undoubtedly, there is plenty of cheaper land suitable for film production to be found outside Hollywood, which in consequence may eventually find that the ghosts of old moving pictures are the only links it has left with the film industry.



It is still far too early to assess whether the new Negro labour council will in fact succeed in developing wider opportunities for Negro workers. Nevertheless its very existence will certainly make the AFL-CIO leaders even more aware of the pressing insistence of the Negroes on their full rights. Already, there are rumours of a shake-up within the civil rights department and Mr Meany announced a few weeks ago that, if the Washington branch of the electricians' union does not permit Negroes to do construction work in the capital, he himself will recruit non-union workers for the job. But he has not yet done so; nor has the government yet followed up the warning given recently to firms working on federal buildings that they would be violating the non-discrimination clause which is included in government contracts if they did not employ qualified Negroes, whether or not they were members of the building unions.

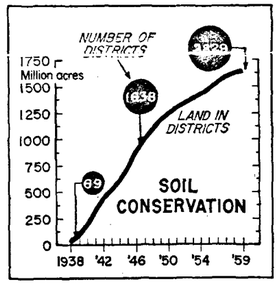
This situation in the national capital, where nearly half of the population is coloured, has become a symbol of the struggle between the two groups. The local electricians' union has thus far refused to permit Negroes to work on jobs in its jurisdiction; since it supplies the craftsmen in the Washington area, employers claim that they cannot employ Negroes for fear of a strike. Mr Meany and other officials of the AFL-CIO have done their best to get this attitude changed but without success and they have very little power to force the branch to admit Negroes. Their embarrassment became even greater when it was pointed out by the NAACP that only a handful of Negroes had worked on the building of the new AFL-CIO headquarters in Washington.

Conserving America

FROM A CORRESPONDENT IN COLORADO

WITH the end of April comes the twenty-fifth birthday of the Soil Conservation Service of the Department of Agriculture, one of those New Deal programmes which have knit themselves into the permanent fabric of American government and life. In the nineteen-thirties, depression, drought, dust storms and rivers clogged with rich topsoil moving inexorably out to sea, all combined to make Americans realise that farmers were mining and thus exhausting, instead of exploiting and developing, the resources on which so much of the country's past prosperity had depended. Thus conservation of the soil became a national policy and a legislative programme.

Now, although the task is far from finished, there are some 2,900 soil-conservation districts run under state law by the farmers who belong to them, with technical aid provided by the federal Soil Conservation Service. About 90 per cent of the country's privately-owned arable and forest land is covered by these districts which have some 2 million members—and a lively and aggressive national organisation of their own. About 1.3 million individual conservation plans have been prepared and are being applied to nearly 20 per cent of all these lands, but there are still many farms and woodlands which need such care and are not receiving it. Under the soil conservation programmes farmers are encouraged to plant trees and grass to prevent their topsoil blowing away in time of drought, to terrace the hillsides and to plough around (contour farming) instead of up and down them to keep the soil from being washed away by rain storms, to build drains and dams against floods, and to dig ponds and wells to improve water supplies.



All these individual schemes are in addition to other broader programmes, both those supervised by the SCS itself—for example, it has several hundred projects for flood control, water-storage and so on, covering small watersheds which may embrace from a few dozen to several thousand farms—and the special co-operative project for farmers and ranchers on the Great Plains. There, in the central belt between the mountains and the Mississippi River, the extraordinary climatic problems of high winds, extremes of heat and cold and long cycles of recurrent drought make farming especially risky. In 1956 when the last great drought ended, Congress authorised outlays of $150 million over a ten-year period to help farmers to "drought-proof" their land by following the usual conservation practices and especially by concentrating on grass, feed crops and livestock instead of wheat and "row-crops" which expose the soil to blowing. Then, too, the Forest Service, the Bureau of Land Management, the Bureau of Reclamation and other such federal agencies all have various programmes of their own all over the country. Finally, there are the Soil Bank and Conservation Reserve projects of the Department of Agriculture but these, although under the guise of conservation, have really been designed to take land out of production and so to reduce the agricultural surpluses.

It would seem that every acre of the United States must have been studied from a conservation angle by now, but this is far from being the case, partly because this mass of schemes is in some respects duplicatory, if not actually at cross purposes. One expert estimate is that another $20 billion would be required if America were to be completely conserved. And new problems keep cropping up—for example, the growing pollution of water by radioactive waste, pesticides and detergents. Two special Senate committees have been collecting for some time a formidable array of facts which make it clear that the task of cleaning up and conserving the natural resources of the continent has barely begun and that ever-increasing vigilance will be required if it is to be able to support the 100,000,000 additional Americans who will be wanting to live there by the year 2,000. Even by 1980, according to the SCS, another 250 million acres will be needed to meet the demand for farm products—at present yields an acre. Yields are, of course, constantly improving; nevertheless every acre will have to produce far more than at present and none must be allowed to wash or blow away if the coming millions are to be fed.

Business Undaunted

NEW YORK

BUSINESSMEN, it seems, are giving the American economy the benefit of the doubt. Undeterred by current misgivings as to its state of health, and the abrupt loss of confidence on Wall Street, they plan to spend this year a record $38 billion on new plant and equipment—a substantial increase, of 16 per cent, over the actual amount spent last year. These heartening facts were disclosed this week by the McGraw-Hill Department of Economics, which has been keeping tabs on plans for capital expenditure for the past thirteen years.

A part of this larger outlay represents, without doubt, a carry-forward from last year when the steel strike frustrated the intentions of some industrialists. This is clear from the fact that the iron and steel industry anticipates an increase of 58 per cent in capital spending this year and the motor industry one of 66 per cent against a figure of 26 per cent for manufacturing as a whole. At the same time it is interesting to note that, even with the steel strike, business spent slightly more in 1959 than it had planned to do—according to the finding of the McGraw-Hill survey of a

year ago. But while firms are contemplating a record level of capital investment, they are much more concerned with improving efficiency and with introducing new products than with expanding their facilities. While manufacturers intend to devote two-thirds of their total outlay to modernisation, they expect only a fairly modest increase—5 per cent—in plant capacity.

The McGraw-Hill survey was very timely this year and the results were awaited with considerable interest. Firms were asked their plans in late March and early April, when the disappointing performance of the economy in the first quarter of the year had had its full effect on business morale. Yet, instead of revising their 1960 plans downward, as might have been expected, businessmen were in a rather more expansive mood than they were last autumn when questioned on their intentions for this year. Moreover, the results of the latest McGraw-Hill survey compare favourably with those of a similar investigation conducted two months earlier by the Department of Commerce ; the former showed a 16 per cent increase for 1960 and the latter 14 per cent. In the past, these two surveys have not been strictly comparable, but this year the McGraw-Hill figures have undergone some changes to make this possible. Finally, past experience suggests that capital spending may well exceed stated intentions ; the surveys have tended to be conservative both on the upswing and on the downturn.

Dancing Out of Step?

In America when people think of dancing class they think of Mr Arthur Murray who has been teaching ballroom dancing for fifty years and has a weekly television programme so popular that other advertisers now sponsor it. Mr Murray and his wife own dance studios in New York and Miami Beach, with some 450 others licensed to use the Murray name and method in return for about 10 per cent of the receipts. This is said to bring Mr Murray about $45 million a year and the extent to which dancing has become big business is shown by the fact that some $2 million was spent on lessons last year in Washington, DC, alone. Admittedly few of the residents in the national capital live there permanently and a higher proportion than elsewhere are unmarried and/or lonely. They are therefore attracted particularly by a recreation which develops the personality and cultivates friends—according to the dancing salesmen—in addition to providing enjoyable exercise. It is interesting that nowadays there are more men than women taking dancing lessons ; in one Washington school 65 per cent of the pupils are male when not long ago 70 per cent were female.

But against this background and in such a competitive business—there are over 100 dance studios in the Washington area—various undesirable commercial practices seem to have developed. That, at least, is the contention of the Federal Trade Commission which is charging Mr Murray with allowing misleading and deceptive promotional schemes to be used throughout his organisation, in order to inveigle pupils on to the dance floor and then to keep them whirling so fast that they find themselves in the bankruptcy court before they recover their senses. Some have even, it seems, been giddy enough to sign up for more than one lifetime membership at $12,000 a time. Specifically the FTC alleges that people who come to collect free lessons which they have won by giving correct answers to telephone or television quizzes—called "decoy" or "bait" quizzes by the FTC—find that they are obliged to pay for several extra lessons, that the teacher spends the time pressing them to sign up for a whole course and that they are misled about the real cost of a course until they are committed to it. Mr Murray, while admitting that some of his affiliates may have stepped on an occasional toe in this way, maintains that the healthy state of his business, with 50 per cent of the new pupils recommended by the old ones, makes the FTC's accusations look ridiculous.

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SHORTER NOTES

Only 311 of the 2,319 American newspaper publishers who were questioned bothered to reply to a survey conducted by Mr Edward Bernays on their views about which is the best daily newspaper in the country. But those who did reply put the *New York Times* first, the *St Louis Post-Dispatch* second and the *Christian Science Monitor* third, as they had been placed by a similar survey in 1952. This year the *Washington Post* ranked fourth instead of eighth and the *New York Herald Tribune* tenth instead of sixth. It is a little surprising that the excellent *Wall Street Journal* is not mentioned.

* * *

In 1959 the income of the average American family went up by 4 per cent in terms of dollars, to $6,520 and by 3 per cent in terms of purchasing power. The average annual increase over the past twelve years has been only 1¾ per cent. Nevertheless, 14 per cent of the 55,600,000 families in the country still had annual incomes of less than $2,000.

* * *

For the birds: one-ounce battery-operated radios, emitting a steady cry, are to be fitted to ruffed grouse to determine the movements of these game birds. The experiment is being financed by the National Science Foundation. Meanwhile, in Washington, DC, the pigeon population has fallen since the regulations were changed, last November, to allow property owners to destroy such pests. One commercial firm is charging clients $25 to $300 a month for roof-top traps.

* * *

The New York State Legislature has approved a Bill to permit foreign banks to open fully-fledged branches in the state and to accept deposits at them. Up to now they have been able only to operate agencies, which were not allowed to accept deposits. But this new privilege, which was strongly supported by the State Department, is confined to the banks of countries which extend similar rights to American banks. This excludes Canada, although Canadian banks in New York lead other foreign institutions in terms of their resources and activities.

* * *

The last two regularly scheduled steam locomotives on a major American railway recently gave a farewell performance for the benefit of 2,500 saddened devotees. But, as with opera singers, one farewell leads to another ; so many more enthusiasts wanted a final ride that another trip had to be arranged.

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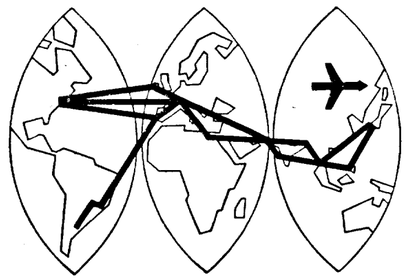

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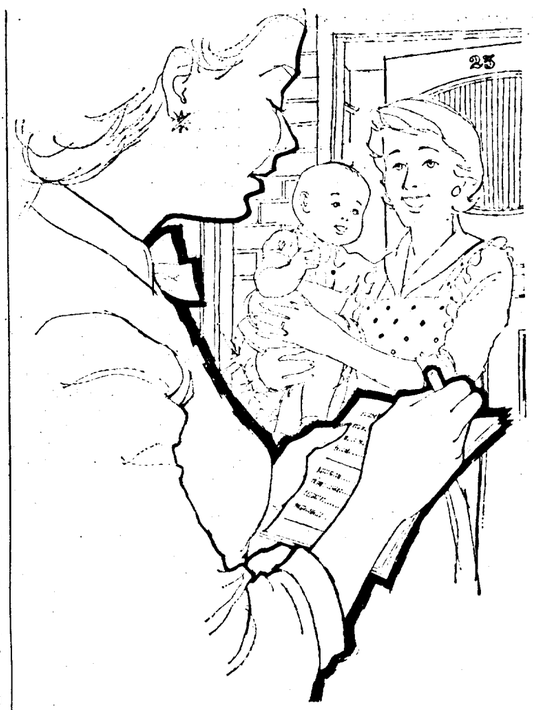

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THE WORLD OVERSEAS

A Saudi Revolution

BY OUR SPECIAL CORRESPONDENT



King Saud



Amir Faisal

KING SAUD of Saudi Arabia has chosen to join sides with the forces of revolution he feels he cannot beat. By doing so he is making a bid for the kind of popular support which the deposed monarchs of the Middle East never enjoyed and he is doing it against formidable opposition in his own family. His chief opponent is his brother, Amir Faisal, who is also his prime minister, foreign minister, minister of finance, minister of the interior, minister of commerce—and crown prince.

By the time old King Abd al-Aziz Ibn Saud died, in 1953, Saudis and foreigners alike had stopped asking what the tribes would do when the old man died. It was clear that the tribes were not in a position to do anything, but there was some question as to what Amir Faisal might be up to. He, too, did nothing and his supporters—the Hejazi merchants and those few Saudis who regarded themselves as liberals—said that he was biding his time. King Saud, they said, was sure to make a fool of himself sooner or later, and then Amir Faisal could take over and lead the country towards its rightful place among the nations of the world.

Two years ago King Saud obliged. He was caught trying to buy Syrian politicians who, after years of receiving Saudi money, ungratefully claimed that they were being hired to kill President Nasser and stop union with Egypt. Meanwhile the ample oil revenues of Saudi Arabia had been overspent on conspicuous waste. It was not true that all Saudis owned Cadillacs or that the government was years in debt to the oil company, but the treasury was empty and the country was headed for financial disaster.

More because King Saud had blackened their faces before the throne of Arab nationalism in Cairo than because of the financial crisis at home, a group of Saudi princelings then asked Amir Faisal to save the country and the family's position in it. At first he refused, but when he discovered they were proposing to elect one of themselves king in place of Saud he changed his mind and went to work. Since then the finances have been set straight—to the howls of the merchants—and the country has not been actively involved in the intricacies of Arab politics. From the beginning Amir Faisal has insisted—in public at least and perhaps too strongly for his own good—that King Saud was the real ruler of the country and that whatever happened was due to his wisdom and influence.

While the crown prince was tidying up the government's affairs at Riyadh, the king set out to win friends and influence the non-voting populace. The royal caravan trooped from one end of the country to the other handing out modest sums of money and a larger amount of good will. The distant oases were easily won over to the king, but the towns remained largely in Faisal's camp and, since the towns are far more important, there seemed little purpose to the king's efforts. Then, on January 23rd, press censorship was lifted by Amir Faisal. Saudis soon began to see in print the sort of things which formerly they hardly dared to speak about.

Among the first demands made in the free press was one for constitutional reform. It was suggested that the existing, powerless and appointed consultative council should be disbanded and a new one elected and given legislative powers "so the people may feel they are exercising their rights as other peoples do." Such a move, it was claimed, would promote stability in the country and increase the people's attachment to the throne. The sides were forming—these suggestions were coming from the king's men. Amir Faisal's supporters rushed to the defence of the old order. Elections, they said, would be premature and should not be held for at least ten years, when education and experience would have developed the necessary feelings of responsibility. It was easy enough for the other side to remind these conservatives that many African and Asian countries, some of them less advanced politically and socially than Saudi Arabia, already had elections, labour unions and other democratic institutions.

As things stand now, it is hard to believe that Saudi Arabia can ever get around to having a government with a cabinet responsible to an elected legislative body. It is hard to imagine a cabinet without princes as ministers, although the king is said to have agreed that this is what should eventually happen. In the struggle for power the king has struck a masterly blow by marshalling the forces of change on his side. Amir Faisal, manœuvred into the company of a few old reactionaries and bigoted religious leaders, cannot cry aloud for long against more popular sentiments. The whole herd of princelings, uncles, brothers and cousins is in complete confusion. One group, led by Amir Fahad ibn Abd al-Aziz, has cast its lot with Amir Faisal, another, led by Amir Talal ibn Abd el-Aziz, wavers from side to side in a desperate effort to save something from what it feels sure will be the ruins.

King Saud has managed to set the stage for change in Saudi Arabia. It remains to be seen how the drama develops. The greatest danger is that the movement will get out of hand. Once released, the forces of change may sweep everything before them and Saudi Arabia's revolution may become no more gradual than previous ones in the Arab world. If the king and those who are advising him can control it, then there is hope that it will continue to move smoothly towards a reasonable and attainable goal.

The Tunis Barometer Falls

FROM OUR PARIS CORRESPONDENT

PRESIDENT BOURGUIBA'S speeches are a good barometer of the Algerian political climate. When the weather is good and hopes of a peaceful settlement are high, the Tunisian president is full of praise for General de Gaulle and revives his old dream of a Maghreb federation linked with France. When the weather is foul and the needle settled on permanent war, he refers to threats of a French invasion of Tunisian territory and appeals for help to the outside world. To judge by President Bourguiba's pronouncement on Sunday the atmosphere must now be particularly stormy. Not only did he warn Paris that French settlers in Tunisia would be the first victims of a French military intrusion; he also concluded that the western world has proved incapable

of bringing the Algerian war to an end and that Tunisia must now revise its general policy to take this failure into account.

These words sound harsh coming from M. Bourguiba the "westerner." They must, however, be taken with a grain of salt. The warning to France was clearly intended to prevent frontier incidents. The warning to Washington was timed to coincide with General de Gaulle's visit in the hope that President Eisenhower would bring pressure to bear on him. Yet, when allowance is made for this and for oratorical emphasis, President Bourguiba has reason for his despondency.

No Tunisian leader can dissociate himself from the cause of the Algerian insurgents. This is not just because the Algerian troops on Tunisian soil—estimated at some 10,000—are said to be stronger than the Tunisian army. The real reason is that any Arab leader who now tries to disown the Algerian struggle would run the risk of being swept aside by the nationalist tide. M. Bourguiba could, and did, counsel moderation and advise the insurgents to come to terms with the French on the basis of self-determination. When General de Gaulle, however, told French officers in Algeria in February that the prospect was one of lasting war and that their main duty was to take away the arms the rebels had refused to lay down, the Tunisian leader had to change his line. He could not tell the insurgents to surrender.

SOME of the French officers in Algeria might be tempted to interpret the general's orders literally. There is no doubt that the Algerian insurgents do have weapons, camps and supply bases in Tunisia (as well as in Morocco). The electrified line on the French side of the frontier has made the crossing much more difficult; it has not stopped the Algerians altogether. To French officers, who deny the national and popular character of the rising and yet have proved unable to put it down in over five years of fighting, the existence of a sanctuary beyond their reach must look like the main cause of this failure. Not all of them share the notorious wish "to sleep in Bourguiba's bed with my boots on." Most of them, however, favour frequent and rapid attacks beyond the frontier. The French government has once again officially denied any intention of exercising the "right of pursuit." On the other hand, M. Messmer, the minister of defence, only recently invoked the "right of reprisals." Presumably there is a legal difference, but local military commanders are not always bothered by such niceties.

The leaders of the Algerian insurrection may well share the desire of French extremists to extend the conflict. Now that the chances of a negotiated solution seem to have vanished, their commanders must think in terms of military aid and the politicians must look for international backing. Earlier this month, the Algerian government-in-exile proclaimed that it welcomed volunteers, particularly technicians, whatever their country of origin. In the latest issue of *El Moudjahid* M. Ferhat Abbas writes ironically of American advice to the rebels "to get killed with western weapons rather than defend ourselves with eastern ones." A powerful Algerian delegation—headed by MM. Krim Belkacem, Boussouf and Ahmed Francis—will soon leave for Peking. Mr Khrushchev may hesitate to give help while he is still wooing France for other reasons. Mao Tse-tung would have no such scruples. And the uneasy way in which Mr Mikoyan answered questions on Algeria earlier this month in Baghdad suggests that Moscow could hardly veto any initiative Peking likes to take.

The time of illusions is over. President Bourguiba, like the Algerian moderates, must now admit that the pessimists were right and ponder anxiously over the consequences of continued war. If the Algerian struggle persists indefinitely the foundations of his foreign policy are likely to collapse. He had tied his fortune to the western block and opposed President Nasser's neutralism. Events may force him to change his tune. If the Algerians finally decide to play the Chinese card, it may then be too late to resort to American good offices. M. Bourguiba has uttered his warning because he fears this prospect. When the cheers for General de Gaulle die down, Washington will have to answer some pertinent, if awkward, questions about its North African policy. The State Department cannot run its gaullist and Arab horses in the same harness.

The prospect of a long war has consequences in France as well. The opponents of any negotiation with the Algerian rebels lay low for a time after the failure of the settlers' rising in Algiers in January. General de Gaulle armed himself with full powers from the Assembly. The government got rid of M. Soustelle, who had asked for indulgence toward the plotters. Then General de Gaulle made his trip to Algeria, hopes of negotiation dwindled, and the French extremists raised their heads again. On one point M. Soustelle agrees with the Moslem insurgents. He, too, believes that there is no alternative for Algeria but independence or integration into France (by which he means army rule). He considers that General de Gaulle's intermediate solution of home rule is, at best, an illusion and he has said so publicly in both France and America. The neo-gaullist UNR, after weeks of bargaining, has finally decided to exclude him from the party on the ground of disobedience to the general. The immediate effect will be the departure of a few deputies from the party, but more important is the fact that the supporters of "French Algeria" will now have a leader, should General de Gaulle try to take new steps towards a negotiated settlement. M. Soustelle is looking to the future—with one eye on the army.

One significant feature of the war has been that, despite communist strength, the national servicemen have gone to Algeria without much protest. After a brief period of troubles in 1956, the transfer of troops has worked smoothly. It seems, however, that in recent months the number of objectors has risen. Two weeklies—*L'Express* and *France Observateur*—that reported this phenomenon and tried to explain its causes were seized last week. An even greater threat to individual freedom is contained in a new decree extending the competence of military tribunals to all matters connected with Algerian affairs, going back to 1954. Journalists who have dared to raise such issues as torture will be under a permanent danger of military jurisdiction. The Algerian disease continues its infectious progress throughout the French political body.

Finnish Parties Dig In

FROM A CORRESPONDENT

WHEN the Finnish parliament met after the Easter holidays, most members foresaw a lengthy postponement of the negotiations between the governing Agrarian party and the Social Democrats that had been widely hoped for. On Easter Sunday the Social Democratic convention had re-elected as party chairman the 79-year-old Dr Väinö Tanner, whom the Russians continue to regard as their foremost enemy in Finland and who, together with Mr Väinö Leskinen—also re-elected to the party executive—was singled out in a celebrated speech by Mr Khrushchev last year.

The Agrarian party press had made the mistake of urging the Social Democrats not to re-elect Dr Tanner, saying publicly that the election of some other chairman could make a coalition possible. This naturally annoyed the delegates at the convention, and the Agrarians' hopes of a change in the party leadership were disappointed. But the veteran chairman's re-election also betrayed a dangerous degree of disunity within the party. He had



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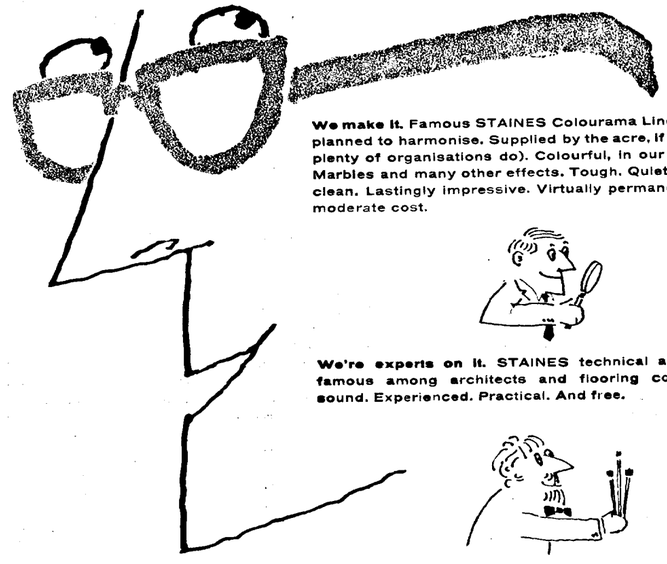

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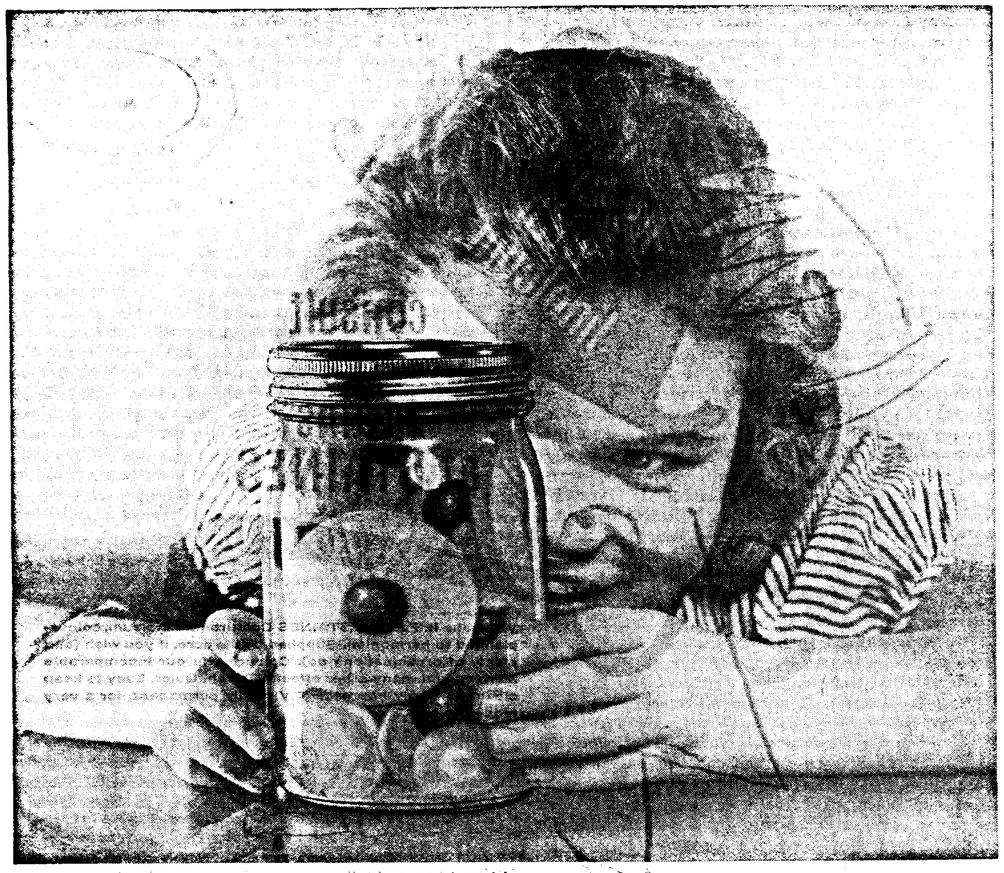

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announced in January that he meant to retire; but although it seemed high time for a younger man to fill the post, the convention, unable to agree on a successor, had to ask him to remain in office. The name of Mr Olavi Lindblom disappeared abruptly from the list of candidates, and in the end Dr Tanner's only public challenger was Mr Rafael Paasio, nominated by the small Swedish-speaking group in the party, which stuck to the instructions already given it at local meetings.

The present Agrarian minority government was regarded as a temporary one when it was formed in January, 1959. Its formation followed the crisis in Soviet-Finnish relations which ended with the resignation of the coalition headed by a Social Democrat, Mr Fagerholm. The new cabinet took as its task the regaining of the confidence of Finland's big, but sensitive, neighbour. Once this had been done, it was said, the broadening of the basis of the government could be discussed. But as soon as the inevitable difficult questions were brought forward, the parties preferred to withdraw from the conference room. Finally only the Agrarians and the Social Democrats were left, trying to surmount the insurmountable obstacles to co-operation raised by each in turn.

The Social Democrats openly resent the control of foreign policy, especially of relations with Russia, by the government party and in particular by President Kekkonen (who is himself an Agrarian), and the circle of those closest to him. It is equally obvious that the Agrarians are unwilling to form another coalition with the party led by Dr Tanner, fearing that the crisis of 1958-59 may be repeated whenever *Pravda* finds the activity of the present Social Democratic leaders irritating. Finland's need today is for political figures who can command widespread confidence both at home and abroad. The Social Democratic convention may have had this thought in mind when it elected as chairman of the party council—a post previously held by the party chairman—a 53-year-old lawyer, Dr Tauno Suontausta, of whom more may be heard in future. It also contributed to the growing debate about the next presidential election by expressing the view that the president of the republic should be directly elected, not chosen by 300 vote-

Making Money from Postage Stamps

BY A CORRESPONDENT

A NEW postage stamp normally takes slightly longer to produce than a baby, the process is nearly as complicated, and the cost about the same. But it is generally a more profitable investment. Stamps in fact are one of governments' best money spinners. This is true in all parts of the world, and nowhere truer than in the British Commonwealth.

A new issue of stamps starts life, of course, long before it reaches the printers, and there is often disagreement between the parents on family planning. Some parents like to have a new philatelic baby every year, to commemorate something or other, or simply to raise money. Others like to space their children on a more calculating and more conservative basis. The Colonial Office in particular exercises considerable restraint over its overseas territories in this respect in its efforts not to kill the goose that lays these golden eggs by over-production. Ghana has had almost as many new stamps in its three years of independence as the Gold Coast had in eighty years.

When a decision has been taken to have a new issue of stamps it still takes a long time to settle questions of motif and design. The designs of Colonial issues are in many cases done in London on the basis of ideas and photographs and sketches sent from abroad, but sometimes they are produced locally, by competitions or by the engagement of local artists. Nowadays colonial stamps are of varied and distinctive pictorial design, but this is a fairly recent development; up to the end of the reign of George V the majority used standard plates of the Sovereign's head. Such stereotyped issues were at least quick and cheap to produce. Cheapest and quickest of all, perhaps, was the first Gibraltar issue in 1885, when new stamps were run off from existing Bermuda plates and overprinted. These were on sale two weeks after they were ordered. The total cost was less than £50, and in six months the colony made a profit of £5,000.

New issues of stamps for colonial territories, and for many other countries as well, are handled by the Crown Agents, who usually put them out to tender among what are called "security printers"—firms that specialise in things like stamps and banknotes. The stamp business is very largely in the hands of four London firms: De la Rue and Company, Bradbury, Wilkinson and Company, Waterlow and Sons, and Harrison and Sons; the last-named started printing stamps only in 1928, and is thus a comparative newcomer.

Many methods have been used to print stamps in the last hundred years but nowadays they are mostly produced either by the recess or the photogravure process. The letterpress method is now rather passé, and less and less use is being made of lithography. Photogravure is by far the cheapest of these processes, and works out on an average at a capital cost of about £75 for each plate, or half the cost of the recess process. This covers the whole procedure of preparation from the bromides and trial drawings to the colour proofs and the plates from which the stamps are finally printed.

The cost of printing depends partly on the quantities required, partly on the number of colours used in the design. Average figures are 3s. 6d. a thousand for stamps of one colour to twice this amount for two colours, but they may vary from as little as ninepence a thousand where the numbers run into tens of millions to £2 a thousand for a small quantity of a multiple-coloured design. About 30 per cent has to be added to an average bill for the cost of the paper, and standard charges of 8d. a thousand are made for inspection and 5d. a thousand for numbering the sheets.

For a normal complete set of 12 to 14 values, the total cost of producing and printing an average first issue of (say) 15 million stamps is about £6,000. In the first year, even a medium-sized colony will reckon to sell about £100,000 worth of stamps, of which as much as a third may be taken by stamp dealers, who buy mainly direct from the Crown Agents in London. Thereafter sales to the trade and to philatelists tend to fall off and the revenue depends mainly on purchases of stamps for postal use.

As an example, the Gibraltar government has in six years made a net profit of well over £400,000 from its current issue of stamps. The initial outlay was less than £1,500, and the cost of the various printings has been about £10,000. Gibraltar is small, but it consumes as many postage stamps as colonial territories many hundred times its size.

Although the profit on stamps increases in a steep curve where the numbers sold run into tens and even hundreds of millions a year, as in Britain, it is in the very small islands of the colonial empire that it tends to play the largest part in the economy. Places like St Helena and the Seychelles probably depend as much on philatelists as on letter writers for their postal revenue, and in Tristan da Cunha a major part of the administration's budget comes from this source.

It can of course be overplayed. If a country produces too many stamps too often, even the voracious appetites of collectors and stamp dealers will become satiated and no one will buy them. But equally, as a source of revenue it can be underplayed, and there are people who think that in this respect the United Kingdom, by its refusal to issue pictorial stamps and more frequent commemorative sets, is the most negligent of all.

trading members of an electoral college. In Finland as elsewhere, presidential elections have come to affect political life for years before polling day. Although this will not come until 1962, some parties are expected to nominate their candidates this summer.

Dissolution of parliament and a fresh general election were also demanded by the Social Democratic delegates; but some observers doubt whether the party is itself really ready for the polls, while if both the communists and the conservatives gained seats in any early general elections, as seems likely, their consequently increased demands for more say in policy-making would merely heighten the present confusion. The Social Democrats now hold only 37 seats in a parliament of 200, and have no prospect of carrying through their own programme in the near future. Their wiser course for the months ahead might be to devote themselves to thinking out their future leadership, to encouraging the industrialisation that alone will win over thousands of small farmers who today vote either Agrarian or communist, and to wrestling with the problem of unity in the trade union movement, where the aligning of their left-wing dissidents with the communists presents them with their most dangerous and urgent problems.

Holland Warns the Seven

BY OUR SPECIAL CORRESPONDENT

WHEN things were going badly in the frustrating negotiations for a European free trade area, one of the standard comforts for British ministers was a talk with the Dutch. While no member of the European community of the Six has been so loyal to all the best things it stands for, none has been so consistently devoted to keeping it open to the outside world. Only the French have been as single-minded as the Dutch, but in an opposite sense. Many negotiations within the community have taken the form of a tussle between the two, with the Dutch struggling to preserve the vision of a larger Europe.

What the Dutch have to say today is, therefore, revealing; they are friends of the Seven speaking from the camp of the Six. It was because Holland is in a sense a bridgehead that the Dutch foreign minister, Mr Luns, was made chairman of the new twenty-nation committee set up in Paris in January to deal with the problems of European and world trade. Last week, in Paris, he had talks with ministers of the Seven, including Mr Maudling.

Mr Luns did not give them much good cheer. A year ago, in the period after the free trade area negotiations broke down, the Dutch were still anxious to persuade the British to join the common market. Since then they have had to lower their sights. Giving up, in a sense, the idea of a European solution which would merge the common market in something different and bigger, they have settled down to working within the common market and improving it as best they can. The Dutch still sympathise with the idea of British membership of the community as an ultimate objective, but they are not now looking that far ahead.

They have spent the winter battling over the common market's plan to speed up both its own internal tariff cuts and the establishment of the single common tariff on outside trade. As ardent supporters of Community Europe the Dutch could not oppose acceleration, just as in 1957 they could not reject the treaty of Rome itself; but they wanted to avoid all steps towards the common tariff that would raise tariffs against the outside world. By making use of the power of veto which the French have used so effectively in an opposite direction, they could extract a price for their acquiescence. That price was the commission's proposal to reduce the accelerated common tariff by 20 per cent.

The Dutch want some sort of negotiation with the Seven of the European Free Trade Association to start before the speed-up takes effect; they want the provisions for agriculture to be accelerated, too. But they attach most importance to this definite concession—the proposed 20 per cent cut in the outer tariff ring. For Holland, the main drawback of the common market was the rise which it meant in tariffs on trade from outside. This cut of a fifth—applied to raw materials and the controversial List "G" as well as to manufactures—would bring the common market tariff almost down to the level of the Benelux tariff as it is today.

The Dutch have therefore been trying to persuade the Seven not to do anything to jeopardise this precious concession. What they want from the Seven is not blanket proposals designed to slow down or prevent the speedy emergence of the common market, but a readiness to offer tariff concessions in order to help this to happen in a liberal way. The French have not accepted the proposed cut in the common outer tariff unconditionally; in their view, something must be offered in return by countries outside. The Dutch feel that M. Jeanneney, the French minister of industry, is a courageous liberal-minded man. But to push through the major slash in French tariffs which has been proposed he has to fight against officials and industrialists for whom any reduction in protection is anathema. Given an offer of a fair-sized cut in the high British industrial tariff, the Dutch feel that three things might be achieved: the proposed 20 per cent all-round cut could be consolidated; the application of some items in the common tariff—which involve tariff increases—might be delayed; and there might be special negotiations on further sensitive items. What they are afraid of is that the acceleration may take place in the end without any liberal mitigation at all.

The Dutch fears today are inspired by more than immediate tactical needs. By skilful manœuvre they have succeeded in moving the Six in a liberal direction. If the British respond, the Dutch feel that this movement can be carried on. Then if, one day, there is a broader European agreement—be it an enlarged common market or some other form of customs union—it can be a more liberal arrangement with low external tariffs. But if the process of competitive liberalisation does not go forward this year, any future arrangement for all free Europe, the Dutch say, would tend to be an unholy alliance between British and French industrial protectionism.

The Dutch have two objectives: to unite Europe closely politically and to keep it open to the outside world. They have two corresponding fears: that the Europe that eventually emerges will be protectionist and that its political nature will be shaped not by a spirit of unity but by an uneasy marriage of nationalisms.

Malayan Round-Up

BY A CORRESPONDENT LATELY IN MALAYA

NEXT week the prime minister of the Federation of Malaya, Tunku Abdul Rahman, is coming to London for the Commonwealth prime ministers' conference. It will be his first visit to Britain since 1957, when he persuaded the British Government that his country was ready for independence. His confidence seems to have been justified; today Malaya seems to be such a model of quiet and efficiency by comparison with the rest of that turbulent and politically unsettled region that foreign investors are clamouring to put their money into its industries.

On the international stage, Tunku Abdul Rahman has clearly shown that he believes the new federation has as much right to make itself heard as anyone else. He has announced his intention of speaking up plainly about South Africa's racial policies at the Commonwealth conference. He is a persistent advocate of a new regional grouping—the "South-east Asia Friendship and Economic Treaty"—but cannot as yet claim any enthusiastic response. Above all, Tunku Abdul Rahman has never minced his words

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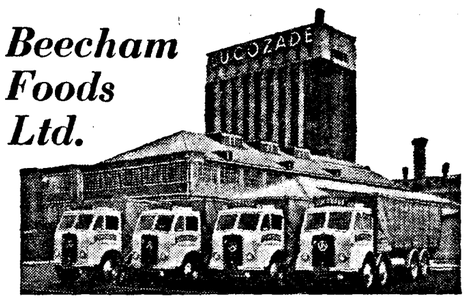

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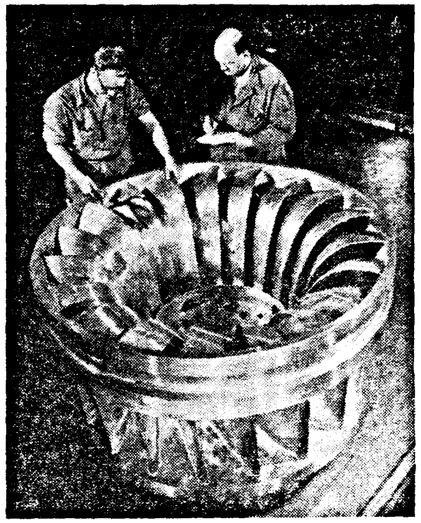

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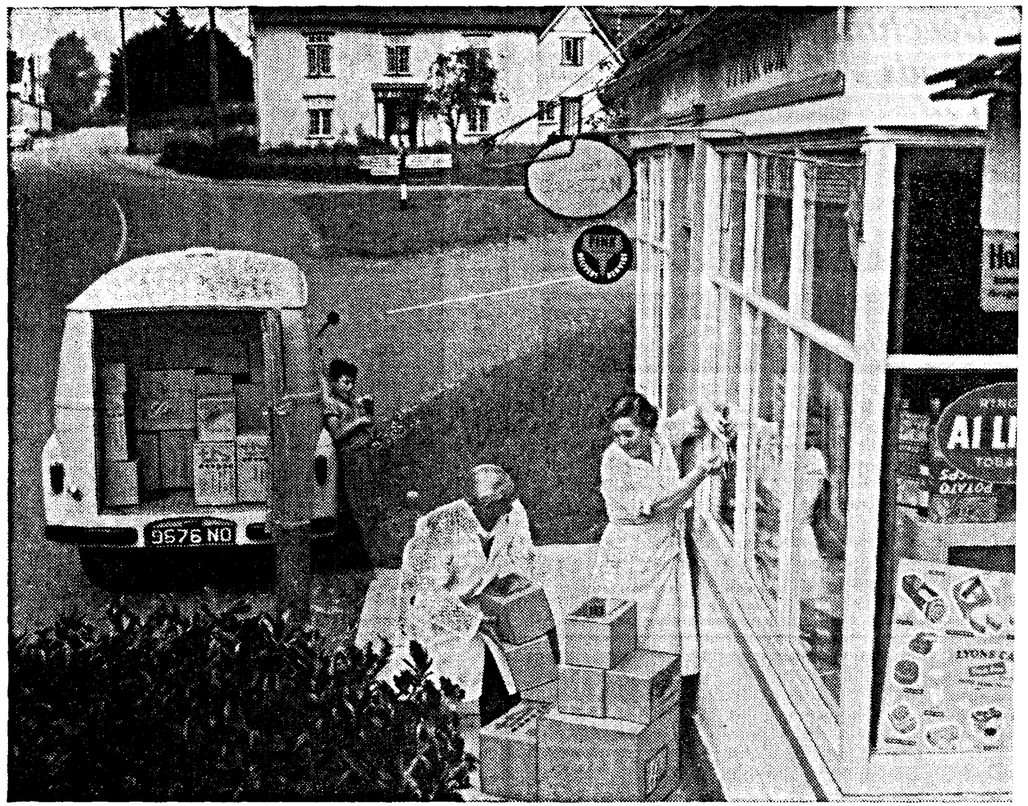

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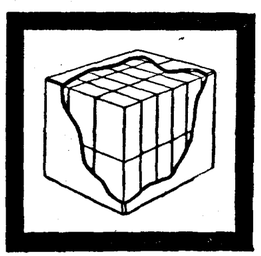

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towards his neighbour, Singapore, which has been frequently told that as far as the Malayan government is concerned a territorial union is not on the cards; to the Malayan government Singapore, with its mainly Chinese population, including a good many communists, does not appear a desirable partner.

Tunku Abdul Rahman's greatest achievement at home has probably been the defeat of the Malayan communists; earlier this month it was announced that the 12-year-old Emergency is to be officially ended next July. Ever since he became chief minister in 1955 he has insisted that the highest priority should be given to the defeat of the communist rebels. The relentless pursuit of communist groups in the jungle by Commonwealth and Malayan forces, together with energetic campaigns in towns and villages to prevent food from reaching the enemy, has led over the last three years to a rapid disintegration of the communist organisation. During 1958 and 1959 hundreds of communists, including many leaders, accepted the government's amnesty terms. Today fewer than 250 terrorists, out of a total force once estimated at 11,000, remain inside Malaya, near the northern frontier with Siam. The presence, however, of another 500 Malayan rebels across the frontier inside Siam may create a tricky border problem for Malaya. It is because of the threat of subversion from this and other sources that the government has introduced the preventive detention legislation now being hotly debated in parliament.

Although every effort has been made to inject a sense of "nationhood" into the people of Malaya, the danger of communal strife between Malays, Chinese and Indians still exists below the surface. Tunku Abdul Rahman has tried to remove one possible source of racial tension by appointing a high-level committee to review education policy, part of which is much disliked by the Chinese and the Indians on the grounds that it could lead to the disappearance of their respective languages and cultures.

Another possible source of racial dissension (and communist subversion) lies in the poverty and backwardness of the rural population. Tunku Abdul Rahman has set up a ministry of rural development, with himself at its head, and his deputy prime minister, the very able Tun Abdul Razak, in charge of the actual planning. Together with a new Land Development Authority, the new ministry is launching a massive campaign against rural poverty. It will co-ordinate the existing machinery and resources which have been going their own way or pulling against one another.

MALAYA's first five-year plan has not been as successful as was hoped, mainly because of the halt in capital investment caused by the world recession. There have, however, been some achievements. In particular, a gigantic rubber replanting programme is well under way; the output of rubber is rising steadily and producers are facing the competition from synthetic rubber with greater confidence. The control and direction of rubber research is being reorganised—a step that has long been advocated—and several million dollars are being spent on it. The production of tin is picking up again, although it may be some time before all mines and dredges are in full production. One depressing feature of the social and economic planning in Malaya today is the inadequacy of the medical and health services. Hospitals are outdated and lack modern equipment; there is a shortage of good doctors and nurses. Malnutrition is still responsible for the greatest number of diseases; according to one report, probably three-quarters of the children in the rural areas show symptoms of it.

With the end of the Emergency, millions of dollars can now be put to more progressive uses in the new five-year plan that is being drawn up. But one problem, incapable of quick solution, is bound to hamper economic planning and administration for years to come. Malayanisation has been carried out with such speed that there are not enough qualified and experienced Malayans to replace the departing British. Some of the most important government departments—agriculture, medicine, education, for instance—are gravely lacking in experienced staff. The cabinet has been considering the possibility of retaining British administrators on a contract basis, but for political reasons it seems unlikely that this solution will be adopted.

On the domestic political front, Tunku Abdul Rahman's Alliance party has to contend with the growing strength of the socialist groups; it is also anxious about the religious fanaticism which is encouraged by the Pan-Malayan Islamic party, and which showed itself to be a considerable force in the general elections last year. All the parties are working hard to capture the loyalty of the rural population. In this struggle the Alliance party government, with its rural development programme, is much better placed than any of its rivals. If it can carry out this programme successfully, it should have little need to worry over the results of the elections due in 1964.

Within his own party, Tunku Abdul Rahman is forced to keep a very firm grip on the reins linking the three communal organisations which form the "Alliance." The party is still torn by the political, economic, social, educational and cultural aspirations of each community and every so often troubles develop over such communal problems as citizenship, Chinese education and special privileges for the Malays. Only Tunku Abdul Rahman holds the three organisations together; he has shown trick horsemanship of superb quality in his firm and tactful handling of them.

Novelties in Soviet Fiction

"LAST year our magazines did not have a wealth of important works of prose devoted to current life, to descriptions of men living through this seven year plan, their work, conditions, thoughts and moods." In such terms Mr Tvardovsky, editor of the literary magazine *Novy Mir*, implicitly admitted in 1959 that, despite the writers' congress and Mr Khrushchev's encouragements, Russian novelists preferred to avoid Soviet reality, possibly from fear of being accused of a predilection for its less attractive aspects. He could repeat the same judgment during his recent visit to London. The admission is, in itself, an advance. There are other signs that writers, who had picked up some courage after Stalin's death only to be reminded of their party duties after the Hungarian insurrection, are once again venturing into formerly forbidden paths. Three recent novels show more concern for truth than for the party line.

"Stronger than the Atom," a novel published in the magazine *Znamya*, is by G. Berezko, who has written several books all with army life as their background. Until now the armed forces had to be shown as happy, heroic and glittering. Not so in this book, or at least in its first part. The barracks are grim. The sergeant is a typical stickler for discipline unable to understand the mood of the younger servicemen. The author shows a soldier frightened of parachute-jumping and, instead of attacking his cowardice, tries to explain his fear. The central figure in the novel is a hero of the last war, now general of a division. Traditionally, in Soviet writing, such figures had to be beyond reproach. The general, however, is shown as a martinet and a bully.

Officers' wives are not spared either. And there is an interesting description of the coffee-house in the garrison town, in which only officers are allowed. There are, naturally, civilian customers as well, including some shady characters throwing their money about.

M. Bubyennov's "The Steppe of the Eagle," serialised in *Oktyabr*, is set in the virgin lands. One learns that whole gangs of hooligans are working there and going from place to place. The chairman of the state farm was sent to these distant parts because he was no longer of any use in the town; he is a bungler as well as a bully. The young pioneers are faced with appallingly

hard conditions of life and work. It may be recalled that when two years ago another Soviet novelist, Mr Pogodin, tried to describe the unprepossessing human side of Mr Khrushchev's favourite scheme of land reclamation, he was violently attacked and had to stop writing for a time.

Another subject to which published works in Russia give little attention is the differences in standards of life between social groups, and particularly between industrial workers and the professional class. "August Again," a recent novel, shows the contrast between the relatively easy life of an intellectual, who has a telephone and can spare a separate room for his son, and the harder lot of a worker, who cannot marry for lack of anywhere to live.

These novels are not masterpieces; indeed, they have not here been considered on their literary merits. But they deal with subjects which once were taboo and they offer an improved mirror of Russian life. These innovations in the Soviet novel also raise the hope that the post-Stalinist thaw, interrupted for a couple of years, may be again at work.

Far Eastern Friends

THE south Korean crisis raises questions about the credentials and stability of other Far Eastern regimes linked with the western system of defensive alliances and arrangements. When Nuri es-Said's Iraq was overthrown in July, 1958, the Baghdad Pact lost is name and headquarters. How far do defence and security in the Far East depend on regimes that are either unpopular or inherently unstable for other reasons?

Britain is directly concerned with the security of the area because of its membership of the south-east Asia defence treaty (Seato), of which the Asian members are Pakistan, Siam and the Philippines; its association with United Nations resolutions concerning Korea; and the naval base at Singapore and the Anglo-Malayan defence agreement of 1958. Britain's co-chairmanship of the 1954 Geneva conference has left it with residual responsibility for seeing that the Indo-China agreements of that year are observed; and the Seato treaty specifically extends a pledge of protection to south Vietnam, Cambodia and Laos. Nor can Britain disinterest itself in its ally's allies, Japan and Formosa, with both of which the United States has security treaties.

The following is a brief guide to the stability of these allies and associates:

Japan, industrialised and literate, is unique among Asian countries. Its post-war governments, while based on free elections and respecting basic civil liberties, have been right-wing ones mainly because of strong traditional conservatism and the disunity of the left. Over-population, sporadic resurgence of jingo militarism, and reaction away from American influence and towards neutralism present long-term dangers.

Formosa, with its outposts on the "offshore islands," involves the most direct military risks, but there is no immediate threat to internal stability; land reform and the booming economy have made the Nationalist regime acceptable to most Formosans. Formosan separatist feelings, however, remain dormant only as long as President Chiang Kai-shek, now 73, can maintain the fiction of a future return to the Chinese mainland. Latent anti-American feeling erupted in riots in May, 1957, in which the United States embassy was burnt down. Marshal Chiang was re-elected for six years last month after the constitution had been amended by his tightly controlled legislature to permit him a third term.

The Philippines have taken their political institutions from the American model. Recent elections have been much more democratic than those of the early years after independence. The Hukbalahap (communist) rural insurrection of 1948 was extinguished by 1954, though communist subversion continues. Worse problems are political corruption and landlordism, though the latter is being tackled.

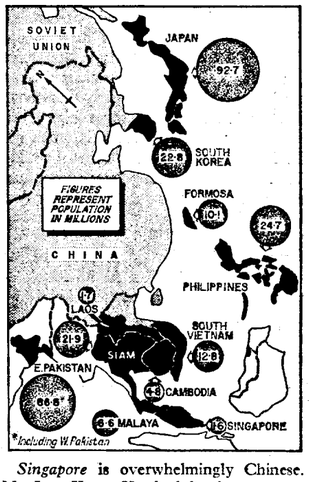
South Vietnam is also outwardly a republic based on the American model, but in practice opposition to the rule of President Diem (and his remarkable family) is effectively smothered. At elections last August all but two of the 123 seats in the assembly were duly won by parties supporting the president. He has successfully resettled a million refugees from the communist north, but the economy and the armed forces both depend heavily on American aid.

Laos is more directly under threat from communist north Vietnam, and its army and administration are wholly dependent on American aid. The right-wing victory in this week's elections may prove misleading, as communist terrorism is gaining ground, although the attention paid to this remote country by the United Nations since last summer's alarms mitigated the risk of an open military conflict.

Cambodia is now the most stable of the three non-communist parts of the former French Indo-China. Formally committed, like Laos, to a neutral policy, it has been more careful in observing it, and is not faced with armed communist dissidents on its own soil. It is dominated politically by the ex-king, Prince Sihanouk, whether he is in office or out (he is now out).

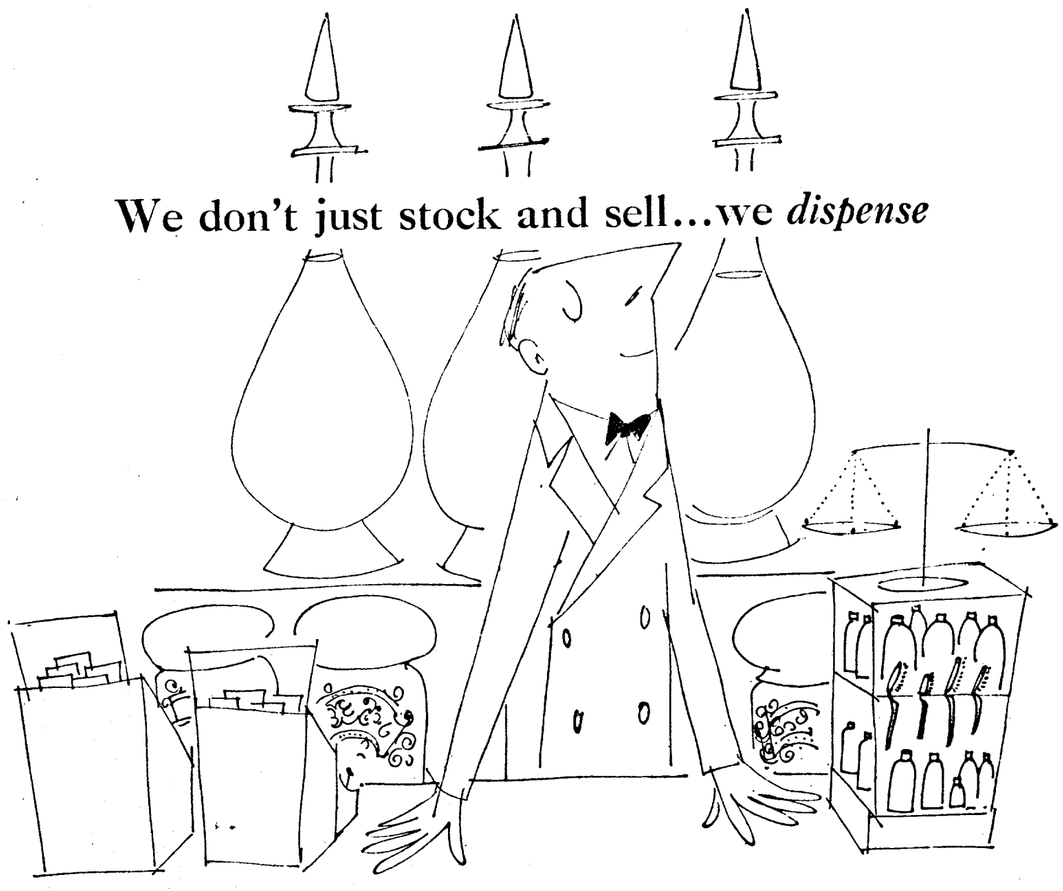
Siam, like Cambodia, has a traditional respect for royal authority—it is the only country in south-east Asia that was never a European colony—and a relative lack of interest in democracy that make it more stable than its successive coups d'état by rival generals would suggest. Under the present interim constitution, Marshal Sarit Thanarat, who seized power from another marshal in 1958, has absolute powers. A large Chinese minority and a submerged communist problem; but no land, food or over-population problems. Seato's headquarters are in Bangkok.

Malaya's Chinese are almost as numerous as, and generally more advanced than, the Malays themselves. The prime minister, Tunku Abdul Rahman, heads the Alliance party which, uniting Malays, Chinese and Indians, won the pre-independence elections and gained the glory of leading the federation to sovereignty in 1957. But the Chinese are still largely disenfranchised in an otherwise democratic system; and, though the communist guerrillas have been almost all disposed of, the pull of Peking is inevitably strong.



Singapore is overwhelmingly Chinese. Mr Lee Kuan Yew's left-wing government, elected last year, has discouraged western business interests. Mr Lee's problem is to maintain a viable state in conditions of near-independence; welfare legislation is the best way, but a costly one, of taking the wind out of communist sails.

Pakistan has been governed, with dictatorial powers, by President Ayub Khan and his fellow army officers since their coup d'état in October, 1958, overthrew a pseudo-parliamentary regime heavy with corruption, landlordism, and irresponsible place-seeking and never tested by fully democratic elections. The military government's vigorous cleaning up has won it much popular support. It bans all party politics, but has launched a programme of what is called "basic democracy" through local councils.



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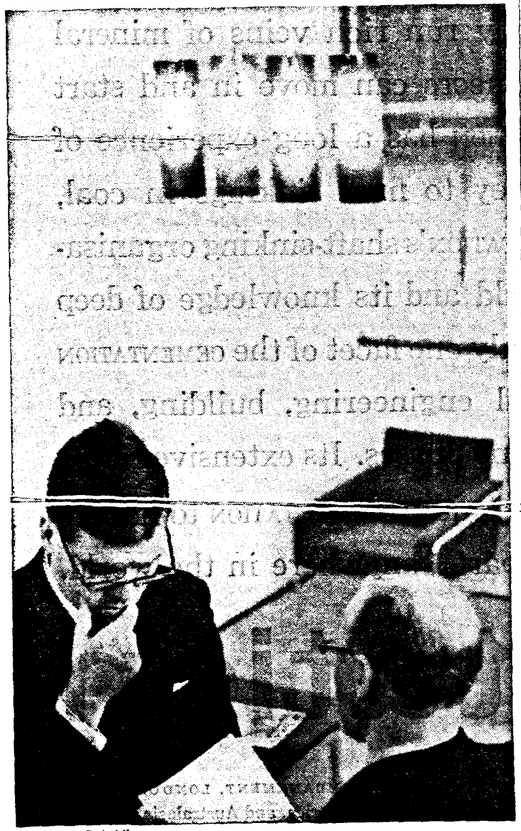

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THE BUSINESS WORLD

The Soft Option

On Thursday the Chancellor of the Exchequer and the Bank of England announced the further credit restraints with which the markets had been effectively threatened in the budget speech. From the Whitehall end, restrictions are being reintroduced on terms of hire purchase contracts. From Threadneedle Street, the first call is being made of special deposits, under the scheme announced in mid-1958 when official "requests" on bank advances were lifted.

The hire purchase controls come into effect immediately, under the regulations that lapsed but were not abolished eighteen months ago. Now minimum deposits of 20 per cent must be paid down on cars and most household equipment, and 10 per cent on furniture and miscellaneous other items. At the same time, the maximum period of repayment is generally being limited to two years, though four years is being allowed on one or two items of home equipment. To plug loopholes, supporting restrictions are being imposed on hiring agreements. (What of personal loans, now being offered by finance houses and by the Coal Board as well as banks?) Capital goods in general are excluded from control.

The finance houses undoubtedly abused their brief period of freedom, and the competitive easing of terms went irresponsibly far. But the Government has now gone further than simply imposing such minimum terms as prudent lenders would themselves regard as appropriate; and it has once again got involved in the pettifogging business of drawing lines between articles subject to different degrees of restriction. In general the restrictions are not severe, but the two-year limit on repayment could have a significant effect on the purchase of cars. The aim of the exercise is to ease the pressure on the booming industries of the Midlands and London. Was there no other way of doing so? Hire purchase is an easy control to put on; there is not much more to be said for it.

The call to special deposits is a very gentle one. The eleven clearing banks are being asked for 1 per cent of their gross deposits (excluding deposits at Indian branches of Lloyds and the Irish branches of the National) and Scottish banks for ½ per cent, the payments to be made by June 15th —the next clearing bank make-up but one. None of the banks should be unduly troubled. Scotland has received milder treatment partly in recognition of the slower pace of its economy (in this way at least it is lucky to have its own banks); apparently the authorities are satisfied that no difficulties will be caused by those banks' lack of any open liquidity conventions.

The Bank of England has quite deliberately inaugurated special deposits with hardly more than a nominal call. It has two considerations in mind. First, it feels that a new scheme needs to be run in gently. Secondly, it is conscious that the scheme is undertaken by the banks on a voluntary basis. It is too early to say whether special deposits are likely to be temporary; quite possibly they have become a permanent part of the British banking mechanism.

It is clear, moreover, that special deposits are now to be used in the soft rather than the tough way. The banks have not been told specifically that they should not sell gilt-edged. But they know that the object of the operation is to curb advances; and they may infer that if they attempted to "evade" the control by selling gilt-edged, the Bank would counter by a further call to special deposits. And in such a rat race, as it is called, there could be only one winner. At the same time, banks that were felt to be playing the game would find no serious obstacles to moderate sales of stock.

What emerges is this. Advances are to be held (the Bank is not thinking yet of forcing a reduction). Although the special deposits device is a general control in form, it is in fact being used as an advances control. At the same time, the gilt-edged market is to be protected as far as possible. For the time being, at least, the Bank appears to have ruled out the idea of using pressure on the gilt-edged market as an instrument of restraint; the jolt of February 24th, it is now reaffirmed, was not intended as a policy measure. Thus a cloud lifts from gilt-edged—and from equities, which since the beginning of the year have been highly vulnerable to gilt-edged yields. Yet one of the major objectives of policy

THE NEW HIRE PURCHASE RULES

Minimum deposit of 20 per cent:
radio and television, gramophones, space heating equipment, washing machines, vacuum cleaners, refrigerators, cameras, binoculars, cars and light vans, motor-cycles.

Minimum deposit of 10 per cent:
furniture, floor coverings, watches, jewellery, pedal cycles, caravans, cookers, wash-boilers and water-heaters.

Maximum period of repayment: 24 months on all items except cookers, wash boilers and waterheaters (48 months).

Hiring: advance payment of 3 months' charges now required on cars, light vans, and durable consumer goods.

since the beginning of the year (which until Thursday seemed to be very effectively fulfilled) has been to check overbuoyancy on the stock exchange, and thereby to squeeze out speculative ventures in building and other spheres. If equities now started rising again—and while the hire purchase restrictions may give them pause, special deposits as introduced are a trivial influence—the authorities would presumably have to take new action. If it became clear that banking business was being diverted to other channels, as it has been in the past, special liquidity controls might have to be extended to other credit institutions, which would need legislation.

Is this prospect really necessary? At a time when the economy was in roaring inflation, and crisis measures were necessary, one might understand the logic of a stiff call to special deposits combined with a rise in Bank rate. To-day there is no such crisis. On the contrary, the need is for flexible measures acting mainly on business psychology. If ever there were a situation capable of being handled through the normal working of the financial markets one would have thought this, at the moment, was it. Yet a Conservative government, advised by the Bank of England, has rejected that solution and preferred specific controls that happen not to be labelled socialist. The City, of course, welcomes the soft option ; it may regret it in the end.

The need of the economy now is still a modest and carefully controlled check. The foreign balance is still causing concern, but it seems that the outcome in the first quarter was better than expected. Unemployment is down to 1.7 per cent, but there are industrial as well as geographical patches of less than full employment.

Directly and indirectly, demand for motor vehicles must still be supplying most of the steam in Britain's somewhat uneven boom. In the first quarter of this year motor output was no less than 50 per cent higher than a year before (when hire purchase was already free, though the market was expecting the cuts in purchase tax). Motor demands upon sheet and other kinds of steel are a potent element in the increases of a quarter to a third in current output that the steel industry has recently been chalking up and radiate outward through widening circles of Britain's intermediate engineering. They are responsible for some of what is genuinely new in the steel industry's larger investment programme, such as extra capacity for the Steel Company of Wales, and for some of the very big schemes being hastened such as the new strip mills in Wales and Scotland. The motor industry's own plans for expansion must have generated most of the increase in orders upon the machine tool industry and some other manufacturers of capital goods.

The motor industry is not simply a supplier of durable consumption, since cars as well as commercial vehicles make up a substantial share of business investment, but both kinds of sales are sometimes financed by the same form of " consumer " credit. It is a very substantial exporter, too ; most recently, its sales overseas seem to have encountered difficulties, particularly in North America. With the rate of increase in hire purchase debt falling off, and the build-up of demand upon the capital goods industries taking some time to develop, the authorities have clearly been counting upon some easing of strain upon total resources in the economy as the year wears on.

Apart from the industries in or facing recession, such as coal and shipbuilding, there remains a considerable section of heavy engineering where business is perhaps better than a year ago but by no means booming. There are certain capital-intensive industries, huge capital spenders, such as oil and chemicals, no longer increasing their long-run rate of spending. The steel companies are, though their plant suppliers tend to write down much of the forecast 50 per cent increase in expenditure this year as the bunching of orders that the steelmakers had held up preceding the election. Builders of heavy plant could handle a good deal more orders than they have without much strain on their capacity, their suppliers of ancillaries, or their shortened delivery dates. Plainly there is no need for any measures that would reduce what impetus there is in the current investment planning of heavy industry.

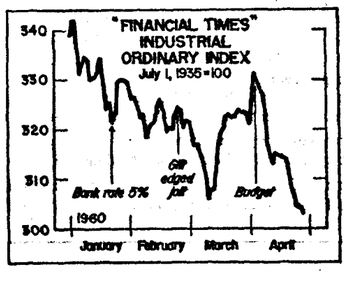
At last the City has been put out of its misery. Thursday's announcement came after the stock exchange close. The uncertainty induced by the Chancellor's budget statement had become progressively more unnerving ; by Monday the *Financial Times* ordinary index had dipped below its low point in early March. On the long-run chart the 1960 dip no longer looks so negligible. It remains to be seen whether the restraints now announced are effective. Psychologically,

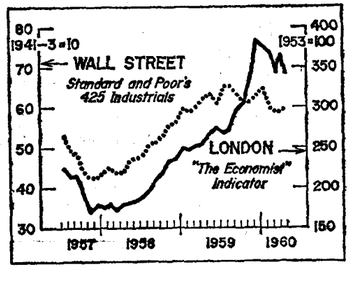
HOW PRICES HAVE REACTED

	Jan. 1, 1959	Jan. 1, 1960	April 4, 1960	April 28, 1960
Prudential 'A'	111/-	171 3/16	167/-	183/4
London County	16/6	28/-	25/-	21/4 1/2
Guest Keen ...	57/9	92/4 1/2	95/3	84/3
Stwts. & Lloyds	28/6	60/6	54/6	48/9
Vickers	35/7 1/2	39/-	35/11 1/2	30/3
AEI	58/-	64/-	54/10 1/2	52/9
Unilever	87/9	140/9	145/9	150/7 1/2
Assoc. Portland	43/7 1/2	73/9	78/3	67/4 1/2
EMI	35/3	54/4 1/2	55/9	48/3
ICI	37/10 1/2	61/3	60/10 1/2	56/4 1/4
British Motor.	10/7 1/2	23/6 3/4	22/3 3/4	19/3
P & O	35/9	53/9	42/3	40/3
Shell Transport	150/6	165/9	152/9	147/9
Gus 'A'	30/10 1/2	53/4 1/2	50/10 1/2	45/6
Courtaulds ...	34/3	65/9	67/3	60/10 1/2
Lancs Cotton .	40/11 1/2	66/6	66/9	62/4 1/2

	Jan. 1, 1959	Jan. 1, 1960	Apr. 4, 1960	Apr. 28, 1960
Gilt-edged				
Exchequer 3% 1962/63	94 15/32	96 1/8	94 13/16	94 1/4
Savings 3% 1965/75	74 1/16	75 13/16	73 11/32	72 1/4
Conv. 5% 1971	...	...	95 15/16	94 31/32
Conv. 5½% '74	98 5/16	101 3/16	97 3/8	96 17/32
Treasury 5% 1986/89	...	96 3/16	92 1/8	91 11/16
War Loan 3½%	67 25/32	65 1/32	61 23/32	61 1/2
Banks and HP				
Lloyds	43/9‡	69/9	63/9	58/6
Midland	60/6	90/-	88/3	87/6
Nat. Provincial	54/4 1/2‡	92/-	83/3	75/9
Bowmaker	11/1 1/2†	30/11 1/2‡	26/6 1/2	24/6
Lombard Bkg..	19/3‡	32/3‡	28/9	25/6
UDT	115/-	180/-	148/4 1/2	145/-

† Adjusted for scrip issues.
‡ Adjusted for " rights " issue.





they have to counter the feeling of relief that " we know where we are."

At first the gilt-edged market seemed unworried, and possibly relieved, by the prospect of special deposits. But this week, following the publication of the bank statements, nervousness spread to gilt-edged, and although there was little selling, the market was dull. No one was surprised on Wednesday when the Essex loan for £10 million was left 87 per cent with the underwriters ; its terms were altogether too finely drawn for success in what was bound to be a difficult week.

Advances of the eleven clearing banks on an unadjusted basis rose by £98 million in the five weeks to mid-April. Most banks showed a significant slowing down in the rate of increase, but the effect was offset by increases of £33.7 million by the National Provincial and £22.3 million by the Westminster. Both these banks tend to be particularly affected by specially volatile accounts of some big companies. The more accurate figure of advances, net of all transit items, rose by £88 million, and excluding State boards by £83 million. This represents much the same weekly rate of increase as in February-March. All the banks have certainly tightened their scrutiny of advances, though they are still concentrating mainly on the big accounts, on long-term projects, on hire purchase, and on semi-speculative finance rather than on the small borrower. Almost certainly, some borrowers were prompted by the very threat of tighter credit to make greater use of their existing overdraft limits. It would in fact have been surprising if the slight brake on advances policy applied by the banks two months ago had already shown up in the figures.

LONDON CLEARING BANKS

	April 20, 1960	Change on March 16, 1960	Change on April, 1959
	£ mn.	£ mn.	
Gross deposits	7,211	+ 164	+ 505
Net deposits*	6,631	+ 72	+ 352
	£ m. % †		
Cash	573 7·9	+ 5	+ 20
Call money	541 7·5	− 15	+ 62
Treasury bills	1,004 13·9	+ 63	+ 72
Commercial bills ..	144 2·0	− 8	+ 16
Liquid assets	2,262 31·4	+ 44	+ 170
Advances*	3,094 42·9	+ 88	+ 681
Investments	1,439 20·0	− 62	− 445

* Excluding all transit items. † Percentage of gross deposits.

The big rise in advances forced the banks to make further substantial liquidations of investments. These reached £61 million, which is rather higher than appeared from the gilt-edged market ; evidently the sales went smoothly. Despite these heavy sales of bonds, bank liquidity remained tight. The average ratio is 31.4 per cent. The National Provincial and the District are at a bare 30 per cent, and the Midland and Lloyds are below 31 per cent. But even these banks should have no great difficulties in finding 1 per cent by mid-June.

Surplus Oil and the Majors

At the end of last year, disregarding proposals from the major oil companies already marketing petroleum products in its country—Shell and Stanvac—the government of Thailand initialled the heads of an agreement with Standard of Indiana. Under this agreement the American " big independent " will build a refinery in Thailand, operate it at a guaranteed charge over a number of years with profits going to reimburse the original investment, and then hand it over to state ownership. In return, Standard of Indiana would be guaranteed, for ten years or possibly for longer, a monopoly for its oil in the Thai market. Established marketeers would be prohibited from importing any crude or products of their own into Thailand and would thus have to purchase all their supplies from the new refinery. Whatever oil might be found inside the country during the period, Standard of Indiana would be guaranteed the right to import 23,000 barrels a day—say 1,000,000 tons a year, over 80 per cent of the refinery's theoretical throughput—of the crude that it may be producing from, say, Iran or the Kuwait Neutral Zone by the time the refinery is built. Repatriation of the profits and the original investment (some $33 million) in this interesting venture into private-monopoly-cum-nationalisation would be guaranteed, according to this agreement, by the International Co-operation Administration of the United States Government.

As drafted, this deal would be peculiarly provoking to the major oil companies bound to be injured by it ; they can recall sourly that one purpose of the Mutual Security Act under which the ICA investment guarantee programme was authorised was stated to be " to foster private initiative and competition . . . and . . . to discourage monopolistic practices." But its wider significance is very likely symptomatic. It exemplifies the lengths to which some of the relative newcomers to the world oil business outside the United States are prepared to go in order to pre-empt marketing outlets for the oil for which they have abundant and still growing capacity to produce but practically no customers. Investment to elbow a way into markets may be largely confined to these Johnny-come-latelys ; investment to reinforce a grip on markets already held, regardless of the adequacy of direct return, is not. In annual statements this week (of which the financial implications are analysed on page 481), Shell said, ". . . substantial expenditure must be undertaken in order to safeguard existing outlets and trade " ; and BP noted that " the growing insistence of consuming markets to have local refineries is one factor involving large expenditure."

Emphasis on securing markets to dispose of one's crude—or, conversely, on developing local production in markets where one's position is secure—is the logical keynote of investment policy during a world surplus of oil. That surplus has been with us since shortly after the Suez incident. It is intensifying because the flurry of additional exploration undertaken after Suez, in order to reduce Western dependence on any one major source of oil, is now paying off—abundantly,

and more quickly than anyone foresaw ; because world demand for oil, though it goes on rising, is not rising at the rate it was up to few years ago ; and most of all because the world's largest consumer, the United States, is at present out of the market for extra supplies of crude from lower-cost foreign sources old or new—the new ones including some sources explored and brought towards production with the specific purpose of supplying what had been confidently forecast as its mounting needs to import during the sixties.

This partial insulation of American from world demand has concentrated the gravitational pressure of a surplus of oil on crude prices outside the United States. Venezuela, where America's " big independents " have a large excess capacity of newly productive wells shut in, has been losing in many markets to Middle East crudes carried in tankers at the current rock-bottom prices ; realised prices are well below posted levels, and with its heavy rate of taxes and recently hoisted labour costs producers there are cutting their operations back further. In the Middle East, again, discounts on posted prices today are of the same order as they were a year ago. Then, the companies cut posted prices to less artificial levels relative to the marginal prices they could realise on actual sales. Now, any such adjustment seems likely to be delayed longer ; royalties are usually set to give on posted prices, regardless of what the producing company actually gets for the oil and the majors cling to the principle of 50-50, however often in practice it may be breached by others nowadays. Any further cuts in the sheikhs' rates of income, at a time when it will be hard to offset these with increases in the offtake of oil, would provoke fresh difficulties. Companies such as BP hope that the increasing supplies from new sources will come into the supply pattern in a steady and not disruptive manner. Forced development can disregard the interests of established supply sources which continue to be needed for the fulfilment of the total requirements and for many of which the maintenance of oil revenue is essential for their social and economic development, itself indispensable for progress and stability. The sheikhs would no doubt agree with whatever they guess this means.

This downward pressure on crude prices intensifies the value of access to markets for petroleum products—particularly fairly secure markets where product prices are not too subject to erosion from the competition of distress selling. In Britain, there are no independent refineries and the majors have bought up all the storage facilities. The resultant stable structure of prices for most products—even though some are being sold at whacking discounts to secure individual business—presumably still offers respectable margins on refining and marketing. So far, prospective intruders such as Tidewater, Total and ENI are merely sniffing at this market (and breathing down the majors' necks), cogitating the large investment that any serious entry here would require. In West European markets such as Germany and Scandinavia, by contrast, independent competition is forcing down retail prices of gasoline along with the prices negotiated on other products ; margins on refining and marketing, in many cases, must be negative where they are related to posted price levels.

" There is a lot of oil around the world today," said a spokesman of one of our major oil companies this week, " and some of it is in rather desperate hands." There are two separate kinds of new hands in the world oil trade today. The big independents, firmly based in the American oil industry, have expended a considerable amount of capital on muscling into Venezuela and the Middle East, at a time when their ventures looked perfectly reasonable commercial propositions to help to supply a swelling flow of American imports. They have the oil now, and will have more in future ; being shut out of the market they had in mind, they are going to fight for others. The other newcomers—sharing with these a buccaneering zest which faintly shocks the majors in their dignified middle age but cannot frighten the consumer anything like as much as all that—are the nationalised oilmen.

Phenomena such as ENI followed by France's UGP, behind which the majors can see a motley rank of national companies gathering in oil producing and consuming nations, are nationalised industries which are not conveniently supine or pitiably insolvent. Nor do they stay within their own national confines. They can bring into play, moreover, powerful extra-economic weapons, such as the privileged position France is forcing the majors to concede to Saharan oil and the " national energy policies " in certain consuming countries. One other set of hands on oil—powerful, unrelenting, but for the present within its own terms not acting desperately—is the Russian, which is tipping oil into the West at an increasing rate, but for the moment seems less anxious to push prices yet lower than some of the new commercial competitors are.

UNDER growing pressure, and in circumstances of surplus which Shell, for example, reckons may last five or ten years, the major companies retain huge strength and great staying power. They are not prepared to be driven out of the markets they hold, where the weapons are financial ; their liquid resources—consider Shell's £400 million—are immense. Nor are they short of political weight, though they may seem temporarily unsure of the way to throw this about with new contenders and a new set of rules.

Elsewhere, the majors' capital investment is clearly being trimmed, except where particularly favourable returns offer themselves, or where particular effort is required to defend a market. This is not yet showing itself in the rates of spending, which in some cases still reflect the fervent plans projected after the fright of Suez. British Petroleum, for example, had to pay out £24 millions on tankers last year, more than the year before: Shell still has 1.8 million tons dw of tankers on order for delivery over the next few years. Their spread into petrochemicals—which in 1959 took more than a quarter of Shell's capital expenditure, accounted for little more than one per cent of processed tonnage, provided 9 per cent of its revenue and 5 per cent of its profits—requires expensive investment and takes time to render its returns ; but when it delivers it is profitable. Moreover, it does not depend on the price of oil. But the rate of increase in capital expenditures by the oil industry—which over the postwar period cannot have been an insignificant element in world economic growth—has clearly moderated ; in many regions, expenditure may begin to diminish. The established structure of the world oil industry, as well as the transient structure of oil prices, will continue to come under strain ; but so far as the strains remain commercial, it can call upon great reserves of resilience.

Avoidance and Evasion

ONE emerges from a study of the eighty pages of this year's Finance Bill with the feelings of a naked man who has wormed his way through a thick barbed wire entanglement. Here in one set piece is a major exercise by the Revenue to catch up with the taxpayer, with the Chancellor's minor tax changes lost in the first few pages. The House of Commons, which is the guardian of the taxpayer, is in for a heavy stint ; even so, a good part of this huge bill is only too likely to sweep through with the most cursory consideration. This is doubly undesirable because the keynote of this year's finance bill is the Revenue's campaign against tax avoidance. No taxation without parliamentary consent is a constitutional principle of the first importance ; the fact that it gives shelter to some who studiously arrange their affairs in order to avoid tax is not to be taken in any way as a qualification of the protection that it gives to all taxpayers. Social morality does not come into the argument. A man is either taxed under the law or he is not ; it is no part of his duty to pay a penny more than he need.

These propositions are surely self-evident, but the nature of this bill requires them to be kept always in mind. Because a hundred highly skilled avoiders have been making rings round the Revenue for several years, the general body of taxpayers has been paying somewhat more than it otherwise would, but that, too, raises no moral issue. But when an unknown but certainly far larger number of people conducting a cash business regularly dip their hands into the till, they also have the effect of making the ordinary taxpayer pay more ; but the difference is that they are guilty of a crime. There is a grave danger that well publicised cases of avoidance, which are as natural an object of jealousy as a take-over bid, will divert public attention from the widening area of tax evasion. Peculation at the expense of the public is an entirely different thing from a refusal to devote a bigger share of one's income to the public purse without the legal necessity first being made clear.

That said, it is something of a relief to disentangle Clause 26 of the bill and find it at any rate less unacceptable than might have been feared from the Chancellor's outline four weeks ago of his intentions to deal with " manipulating stocks and shares with the object of depriving the revenue of its proper tax." His predicament is familiar enough. Ever since 1955, efforts have been made to dislodge the inventors of new schemes of avoidance ; they have failed abysmally and have even provoked new ingenuity—there is talk of five arrangements having come to the attention of the Revenue in recent times involving losses running to some millions of pounds. So the Revenue and the Law Officers of the Crown have convinced themselves that a general power is the only way of circumventing the loss of revenue from this type of avoidance. It is aimed at transactions in securities from which a tax advantage is obtained but in circumstances of a limited kind. Thus the clause applies to a distribution of profits or assets to persons who (i) get an abnormal amount of dividend ; (ii) can obtain tax relief by setting off the fall in the value of securities after the dividend is paid against other income ; and (iii) get tax-free sums that emerge as assets instead of dividends. It applies also to all sales and purchases followed by corresponding purchases or sales which fall within i) and ii).

In these cases the Inland Revenue may give a direction to the taxpayer providing for a new or revised assessment, or the return of a tax repayment that has already been made to him, or the recomputation of the liability " as may be requisite for counteracting the tax advantage obtained." The taxpayer can appeal to the Special Commissioners on the ground that the section is being wrongly or excessively applied to him, and either side can take the case for re-hearing to a tribunal appointed by the Lord Chancellor. This is a welcome improvement in the range of appeal which shows that past budget criticism has made a distinct mark.

YET it is impossible, even given the limited drawing of the clause and the widened opportunities for appeal, to be wholly convinced about it. This implies no disrespect of the Lord Chancellor, or the members that he will appoint to the appeals tribunal ; but they will have a code of extraordinary complexity to administer and a feasible solution dealing fairly by both sides will depend on the quality of the three men who will serve. How tight is the exclusion of *bona fide* transactions not having " as their main object or one of their main objects " the obtaining of tax advantages ? The powers of direction are wide within the field that the clause defines, and they permit the undoing even of repayments already made. So the one that gets away can be recaught when the authorities have had the opportunity to mull over the file, perhaps long after the taxpayer thinks the case is closed. And what, again, is he to make of definitions of an " abnormal amount received by way of dividend " in terms that it " substantially " exceeds in the case of a dividend at a fixed rate what would have accrued from day to day while he held the securities or that it " substantially " exceeds a " normal " return on the price he paid for the securities ? There seems still much too much room for administrative discretion here, even after one gives full weight to the protestations of the Chancellor and his colleagues that only case-hardened avoiders are intended to be caught.

On Clauses 19 and 20 it is possible to take a different view. These are intended to catch both income dressed up as capital and the manufacture of artificial losses by dealings in the shares of companies dealing in securities, land or buildings (including building companies not carrying on trade) ; and they do it by the simple yet ingenious device of treating the substance of the business as trading stock ; if this is not so, the price received by the seller is income and taxable. One cannot raise any protest to this action against a kind of avoidance that has become notorious, particularly in the property market. But here it is done by legal definition and can be objectively considered before it passes into the statute, and so is totally different in essence from what clause 26 proposes.

Nor is it possible to quarrel at all seriously with the means that have been found to deal with compensation for loss of office, whether strictly so called or more often merely dressed up deferred remuneration, and with voluntary payments to an

employee after he has left employment, which now go tax free whatever their amount. Certain terminal payments will continue to be exempt: on death in service; to compensate for injury; lump sums under approved pension schemes; and grants to the armed forces. On other payments, the first £5,000 will go tax free (so sweeping in a large number of unobjectionable payments); and for voluntary payments an amount comparable with what would be paid under an approved pension scheme (so giving fair treatment for past service without fulsome treatment for loss of future prospects) will be allowed. And the taxpayer will be able to spread any excess over these tax-free payments in effect over six years or for an even longer period for which he is being literally compensated for loss of office. To avoid any suggestion of retrospective action, cases will be excluded where the office ended before April 6th, or are governed by a binding contract made before that date. The question mark about these new conditions, which must be generally welcomed, is how they affect the position of plaintiffs in compensation cases governed by the Gourley decision. This ought to be made quite explicit before the clause is passed.

A MODERN code for penalties was long overdue, as the Hinchy case showed last February. Part III of the bill gets rid of the harshness of the old system and of the unchallengeable element of administrative discretion that made it even tolerable. The High Court is to have the power to mitigate the penalties and these are not to be used as a means of exacting tax over six years old and therefore out of date. Negligence in making returns is liable to a maximum penalty of £50 plus the amount of any tax lost. Fraud invites a penalty of up to £50 plus twice the tax lost. With the new right of appeal by way of the special commissioners to the Courts, both on questions of law and on the amount of the penalty, the errant or fraudulent taxpayer will in future be treated with all the fairness that he deserves and the new system (as those with bad consciences may note) is to apply to past years.

In so broadly setting down the consequences of these important clauses in the bill, niceties of language have had to go overboard; this may offend the tax expert, but it is not intended to do violence to a bill which, apart from the remaining major question marks about clause 26, represents a reasonable attempt by the Revenue to get on level terms with some of their more awkward customers. There are plenty of other questions that a wet towel study of its 73 clauses and seven schedules will surely reveal. How, for instance, the restriction of relief for hobby farming can be achieved without doing some violence in hard cases, and not only in farming, is difficult to judge; how does one demonstrate, whether farmer or any other trader, that the trade "is being carried on at any time so as to afford a reasonable expectation of profit"? How long is a reasonable period of expectation, and does it differ for different trades? Again, the taxing of what are called post-cessation receipts (following the Howard and Cheney cases) appears to make no allowance for the smoothing out of fluctuating incomes under this heading.

But the general intention of the Revenue to do a major clearing up, although acceptable and indeed well performed, ought not to have been the end-all of the Chancellor's fiscal exercises this year. The sheer burden of detail is immense—for instance, there is a simple relief for capital allowances for certain machinery used in the insurance business and in estate management that occupies four pages and thirteen subclauses; such gritty chores all too easily distract Parliament and the taxpayer from the reforms of substance that are still untouched. A list of these overdue reforms was given at the foot of page 179 of *The Economist* of April 9th, and we propose to repeat it at least once a year until the Chancellor or his successors have taken notice. And no better way has yet been discovered of getting rid of inequities, anomalies, abuses, tricks and avoidance, fiddling and mountainous frauds than by reducing the impact of taxation on income. When that happens, finance bills will be much shorter and the tax system much the better.

BUSINESS NOTES

STERLING AREA

Commonwealth Economics

A FALL in sterling in the exchange market, from $2.81 against the dollar to $2.80⅛, provides a cautionary signal for Commonwealth economic talks being held in London. So far sterling has held up much better than Britain's current balance of payments; buoyant earnings of overseas sterling countries have been a welcome cushion. The movement this week has been due in part to the usual end of the month balancing operations, but these do not normally interrupt a market trend. Sentiment during the past week or so has been unfavourable to sterling, mainly because of the uncertainty caused by the threat of credit restriction in Britain. The measures should be a bull point for sterling, but the uncertainty created by reiterated warnings had apparently itself acquired a depressing effect.

The Commonwealth Prime Ministers do not normally spend much of their time on economic affairs and, during their coming meeting, they are only likely to broach two problems where economics impinge on political and diplomatic issues. They are aid for the underdeveloped countries and the United Kingdom's commercial relations with Europe. But the Prime Ministers' Conference this year is being preceded, coincidentally, by the annual meeting of the Commonwealth Economic Consultative Committee. This is attended by high officials from Commonwealth countries, and normally prepares the ground for the meeting of Commonwealth finance ministers held later in the year. The consultative committee has been going through the full agenda of a Commonwealth Economic Conference, discussing domestic policies, balances of payments and the new techniques that are now being evolved for collective assistance to underdeveloped countries.

Among the specific problems that have emerged while the committee has been meeting is that of the strain on South African reserves caused by recent withdrawals of capital from the Union. The main brunt of the one-sided selling of South African securities has so far been taken by South African sterling reserves; total external assets of the Reserve Bank fell by £14 million in the month following the Sharpeville riots on March 21st. The South African authorities apply exchange control on their own residents, and there is a limit of £10,000 to the amount of capital that a South African resident can withdraw from the country. Where there are free markets such as those in Johannesburg, London and New York, between which unhampered arbitrage is possible, it is however difficult to apply exchange control with the rigour the deteriorating situation may soon require.

RAILWAY FARES

Not Much Help

THE niggardly sum the railways expect to get from the new fares increases should surprise no one. It merely underlines just how little room for manœuvre they have nowadays in face of competition from road services. The Transport Commission reckons that higher passenger fares should fetch an additional £4½ million a year, higher charges for certain parcels and small goods consignments another £2 million a year, and the London Transport increases a further £2½ million a year: in all, about £9 million more revenue in a full year. This, however, will pay for less than half the 5 per cent interim wage award, let alone the full cost of the Guillebaud proposals which the commission and the unions are still discussing. It is true that the higher passenger fares introduced last November are bringing in about £8-9 million more a year, and the revival in freight traffic that began last summer is still going on. But all these improvements are adding pennies in comparison with what the commission is still losing.

Nevertheless, the changes are useful as far as they go: mostly they continue the process of bringing the structure of charges more into line with the structure of costs. The higher passenger fares will mean that the passenger services generally will be contributing a bit more towards their proper share of railway overheads, and thus provide a bit more room for competition in freight charges. These charges generally have been falling rather than rising: only the costly parcels and "smalls" services have been paying more. This time, however, the commission has not been quite so bold on the passenger side. The ordinary fare is to rise by ½d. a mile to 2½d. a mile, second class, and the increases in early morning and season fares are, on average, proportionately about the same. These commuter services provide about a fifth of total passenger revenue but a great deal more of the loss, though they are perhaps the one major service where railways still have something like a monopoly and where public pressures are most vocal. The spread of passenger fare charges between the highest and the lowest, per mile is, however, much narrower than it used to be. And at 2½d. a mile the new ordinary fare and the cheaper off-peak or seasonal rates are still exceedingly good value when it is remembered that the penny a mile fare of the "Parliamentary train" disappeared only just over four decades ago.

The "rationalisation" of fares policy has been carried another step further this time, too, by giving the regions some say in how the farthing increase in the ordinary fare shall be applied in their areas. This has nothing to do with the Stedeford committee. Last November the assistant general manager of the eastern region of British Railways remarked in an address to the Institute of Transport: "Increasingly, the local managers are being held responsible for the costs they incur and a logical next step would seem to be to give them the further responsibility of fixing (passenger) fares."

MOTORS

Apex of Expansion

OUTPUT of cars and commercial vehicles in March again reached new record levels. Car production was at a rate of 32,000 a week, which is 8 per cent above the previous record reached in January and 40 per cent higher than a year ago. Reasonable freedom from labour trouble and full production of the new models that have been introduced in the past year account for the high level of output—a year ago the introduction of new models, especially at BMC, was holding down current output.

But exports were 15 per cent lower than they had been in January—13,125 a week compared with 15,560. Part of this fall came in shipments to the United States and Canada, suggesting that the mounting stocks there are now restraining shipments to these markets. This fall in shipments left 18,900 cars a week for the home market, which explains why delivery delays have shortened. About a quarter of sales are made on hire purchase; the new restrictions will affect cars more than most other goods, because long repayment periods are most common with them. Continuance, or possibly an increase in this rate of delivery, combined with this slight but probably significant check to home demand, should mean that the home market may be over-supplied with new cars, except for a few models, for the first time since the war. True demand for cars may then be measured; some people, though none in the management of the motor industry, wonder whether this will prove to be as large as the industry's capacity to supply.

Commercial vehicle output rose nearly as much as that of cars compared with January; it was moreover 60 per cent higher than a year ago. Exports were 25 per cent higher, though they had fallen back by 20 per cent from their level in January and February. Most of this increase in output of commercial vehicles has gone onto the home market, which took 75 per cent more commercial vehicles than it did a year ago. Investment in road vehicles is clearly proceeding apace; the effects of abolishing purchase tax on commercial vehicles last year have been gathering strength. The hire purchase restrictions should check this expansion.

The optimism that this industry has been feeling about its future, at least up to now, was well illustrated by the remarks of Sir Patrick Hennessy, chairman of Ford, at the company's annual meeting last week. He disclosed that the current Ford expansion plan involves spending £70 million, not £50 million as previously announced. Nearly half of this will go on the new plant at Hailwood on Merseyside—which implies £30 million or more, against previous estimates of £25 million—and the rest will be spent in the south of England, at existing Ford plants. Capacity for small cars will be doubled, to meet demand for the Anglia and any other small cars that Ford may introduce, but details of the nature of this £35-£40 million investment, one presumes mainly around Dagenham, have not yet been released. Apart from these expansion plans—which involve spending as much in the next two or three years as in the last six—Sir Patrick revealed that Ford intends to spend another £70 million by 1963 on re-tooling for new models, a new office block and an engineering and research building. So large an expenditure suggests that the company may be planning to replace all its existing, older models than the Anglia by 1963, though Ford says none should be expected this year.

THE ECONOMY

Income Growth

LATEST official quarterly estimates of national income, published in the current issue of *Economic Trends*, are still dogged by an unexplained discrepancy (which is as wide as ever) between the evidence of growth from figures of income and that from figures of expenditure. The first method shows an increase in the gross domestic product of 6½ per cent between the first quarters of 1958 and 1959; the second one of only 5 per cent. These comparisons are in money terms; in real terms the alternative estimates of growth are about 6 and 4½ per cent.

INCOME ESTIMATES

(£ million; seasonally adjusted)

	Income from employment	Gross trading profits of companies	Gross trading surpluses of public enterprises	Income from rent and self employment	Total domestic incomes
1957 quarterly rate	3,228	805	112	662	4,807
1958—1st qtr.	3,318	772	125	696	4,911
2nd qtr.	3,333	750	132	708	4,923
3rd qtr.	3,347	761	116	710	4,934
4th qtr.	3,392	779	118	716	5,005
1959—1st qtr.	3,404	761	130	728	5,023
2nd qtr.	3,454	837	137	743	5,171
3rd qtr.	3,475	852	132	755	5,214
4th qtr.	3,531	920	145	761	5,357

The estimates from the income side are thought to be somewhat firmer than the others and the Central Statistical Office has given a better indication of their movements by providing them for the first time adjusted for seasonal variations. The total of domestic incomes shown in the table below differs only from the gross domestic product in that no provision is made for stock appreciation.

The table shows that company profits rose sharply in the second quarter of last year and likewise again in the last quarter by which time they were 13 per cent higher than a year earlier. The wage and salary bill went up 1½ per cent in the second quarter, at a slower rate in the third quarter, and then more substantially again in the closing months of the year. Allowing for seasonal variations, domestic incomes are estimated to have been 2½ per cent higher in the fourth quarter than they were in the third quarter, with wages and salaries 1½ per cent higher and gross profits and other trading incomes 5 per cent higher.

AIRLINE RESULTS

Much Better than Last Year

ONE after the other, the big international airlines have reported profits on their 1959 operations; now British European Airways announces a net profit for the financial year 1959-60 of roughly £2 million, a much bigger figure than seemed possible a few weeks ago. It is the biggest profit yet earned by the corporation during six years in which it has operated without a subsidy, and follows a year in which it managed to break even only by a hair's breadth margin of £200,000. The traffic figures produced by BEA show that the key to its good financial showing lies in a big increase in traffic, 17 per cent more passengers, nearly a third more freight, for a relatively small (6 per cent) increase in capacity.

This year the corporation is reversing the procedure. It is putting on as much as 26 per cent extra capacity and although traffic is expanding rapidly, it is still touch and go whether this will catch up with the number of extra aircraft that BEA is putting into service. Calculations about the rate of bookings is complicated by what appears to be a marked swing against the type of packaged holiday that has until recently formed the backbone of the summer tourist business by air out of this country. For this swing, BEA itself is no doubt partly responsible because it is now offering to ordinary passengers many of the fare concessions that were previously available only to travel agents prepared to wrap them up in packaged holidays.

Preliminary estimates for BOAC's results were expected to be published after this issue of *The Economist* went to press, but the indications were that the corporation's total deficit last year would be about a fifth of the whopping £5½ million above-the-line loss made in the previous year. This time the loss seems due wholly to the operations of the BOAC associate companies, the corporation has pulled itself up by its boot-straps and broken even on its own operations, which had previously shown substantial losses too. Until the full accounts appear later this summer, it will not be possible to say whether BOAC has also managed to solve the problem of its below-the-line deficit—i.e. the drastic writing down that had to take place last year in the value of its aircraft fleet.

OVERSEAS TRADE

Brisk Business with Europe

THE picture of British overseas trade in the first quarter of this year shows that imports remain too high, and exports not quite high enough, for comfort. British trade with Western Europe and North America continues to grow faster than trade with the sterling area, though exports to sterling markets are now catching up. Between the first quarters of 1959 and 1960 imports rose by as much as £61 million, or 20 per cent, to £375 million a month. More customs working days for imports in the latter quarter explains about four per cent of that increase, and higher prices another two per cent. In March alone import prices fell on average by one per cent, owing largely to a seasonal fall in food items, and with export prices unchanged the terms of trade moved in Britain's favour by one point to 89, the most favourable ratio for nine months.

UK TRADE IN FIRST QUARTER, 1960

£ million per month: per cent change on year ago in italics

	Imports	Exports
North America	68 +37	50 +26
Latin America	26 *n.c.*	15 *+19*
Western Europe	106 +29	87 +19
Common Market	57 *+33*	44 *+18*
Free Trade Association	37 +26	33 +20
Eastern Europe	9 +35	7 +43
Other non-sterling	32 + 9	28 + 6
Total non-sterling	240 +25	187 +19
Sterling area	134 +12	119 +12
Australia	19 — 8	21 +18
New Zealand	21 *+18*	8 *+12*
India	13 +19	13 + 5
South Africa	8 +22	14 *+15*
All countries	375 +20	307 +16

Industry's need of more materials, to support both higher output and higher stocks, again accounts for the bulk of the rise in imports; the bill for industrial materials went up by £42 million, or 36 per cent, to £159 million a month in the first quarter, and finished manufactures (capital and consumer goods) went up by £15 million, or by well over one-half, to £42 million. Imports of crude and refined oil rose in volume by 12 and 40 per cent respectively, but lower prices happily cushioned the bill, imports of crude oil going up by only two per cent in value to £27 million a month, and refined oil increasing by 27 per cent to £14 million. Arrivals of foods, beverages and tobacco, at £130 million, were barely higher than a year ago.

British exports, at £307 million a month in the first quarter, were £43 million, or 16 per cent, higher than in the first quarter of last year, before the recovery began. Western Europe and the sterling area contributed almost equally to the improvement. Shipments to members of the common market, whose tariffs at present discriminate only marginally against outsiders, increased by 18 per cent to £44 million, with shipments to Germany, Britain's second biggest foreign market, showing an outstanding rise of 26 per cent to £14 million a month. Shipments to Britain's partners in the Free Trade Association also rose sharply, by 20 per cent to £33 million, mainly owing to increases of roughly one quarter in shipments to Sweden and Norway. Exports to the sterling area, which in 1959 as a whole fell by four per cent, showed another recovery in the first quarter, rising to £119 million a month, which was £13 million, or 12 per cent, more than a year ago. Shipments to nearly all markets were up, particularly to Australia, South Africa, India and New Zealand.

MERCHANT BANKS

Coming to Market

ONE by one the City's established merchant banks are putting their shares on the market. Last year Schroder followed the lead given by Hambros, and now comes Brown Shipley. This house dates back to 1810 and has had a full share of blue City blood; Montagu Norman started (but did not particularly enjoy) his career there. Today the main emphasis in the business is still international. Brown Shipley retains close relations with Brown Brothers in the United States and has a big acceptance business. Its other speciality is foreign exchange; it provides the most important London market in foreign notes. The firm also runs an investment trust, through a separately incorporated company.

Under the arrangements for marketing, shares in the two companies are to be acquired by Brown Shipley Holdings Ltd. This has an issued paid-up ordinary capital of £1,600,000, and application has been made for quotation of the whole ordinary capital on the London Stock Exchange. At the same time, an offer for sale is being made of 292,800 ordinary shares of £1 each in the holding company, of which 230,000 are new shares and the remainder are shares purchased from existing holders under the terms of the reconstruction; Cazenove & Company are handling the offer and are purchasing the shares in the first instance. The offer price is 52s.

CAMPBELL DISCOUNT COMPANY LIMITED

MEMBERS:
FINANCE HOUSES ASSOCIATION

Directors:—
J. B. Campbell. J. W. W. Huntrods,
P. H. Russell Smith ACA, P. J. Cannon, G. Keighley.

Summarised Consolidated Balance Sheet as at 31st December, 1959

	£
Paid up Capital & Surplus	622,131
Reserve for Future Tax	48,618
	670,749
Deferred Finance Charges	407,475
	1,078,224
Deposits	1,386,217
Bank & Acceptance Credits	1,543,439
Other Liabilities	137,431
	£4,145,311

	£
Fixed Assets	35,107
Freehold and Leasehold Property at book value	9,675
	44,782
Subsidiary (Cost of Control)	97,322
	142,104
Cash & Treasury Bills	211,077
Hire Purchase Agreements less reserves	3,630,898
Bills, Loans & Advances	161,232
	£4,145,311

The Company invites substantial Deposits on terms as indicated below

Money at 1 month's call,
5% per annum, maximum £10,000
Money at 3 months' call,
5½% per annum, maximum £50,000
Money at 6 months' call,
6% per annum, maximum £100,000

Audited Accounts and Booklet No. EC 1860 will be forwarded on application to the Manager, Banking Department

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In New Zealand
he's a national institution...
and so are we!



Exports of New Zealand butter and cheese are responsible for something like one-quarter of the total export income of the entire country – which makes the dairy farmer a figure of truly national importance. It is not surprising therefore, that he should so often turn to us, the National Bank, for the banking service he requires. For we, too, are a national institution, both in name and character. We provide at more than 150 branches and agencies throughout the North and South Islands an expert and comprehensive banking service for all who live, trade or travel in New Zealand. It follows that, whenever you need information about New Zealand's national life, you should get in touch first with the *National* Bank of New Zealand.

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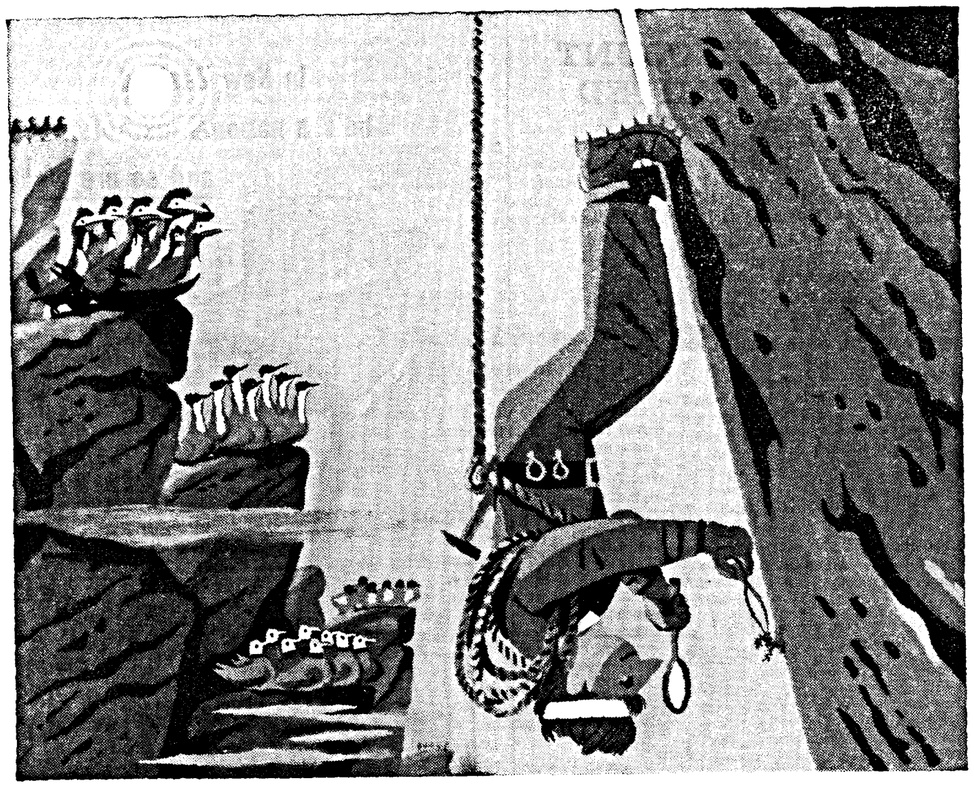
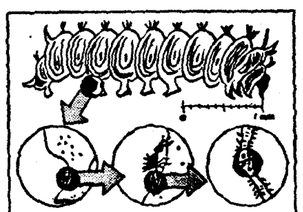
OF NEW ZEALAND LIMITED

Head Office: 8 Moorgate, London, E.C.2. (MONarch 6311)
West End Branch: 14 Charles II Street, London, W.1. (TRAfalgar 6791)



Nature Watching in SCHWEPPSHIRE



Notice the spotting effect typical of the "spot effect" of the spot, in the "granulated sugar" or unreproductive phase. These spots, of no distinctive colour, are not concentric round any one point, and their edges are "only very slightly raised" (Kipps and Kennedy).

No. 3 ECOLOGY WATCHING. It is a mistake to believe that naturalists do not like Nature, or appreciate the general scene. On the contrary general-scene study is part of the recognition of the plant-animal network, the factual evidence of the cross-relations between sub-soil and super-soil, the fauna of flora, and the counterbalance of interdependent ecological aggregates into one symbiotically definable affinity i.e. there is a link.

In this typical cliff-head community or "nasty drop" situation (seen here in the Outer Schwebrides) the naturalist realises from the typical bird-weed arrangement that what he is actually looking at will actually in fact be there. Except for the four birds simply standing on top (a-typical and not in fact supposed to be there), each species is definitely related to its niche; and just when we start unconsciously looking out for one of the trumpet noses there it is—a pigeon-breasted gullbeak, rare visitor from Nova Schwemlya, obviously very near the end of its range. All this is precisely where one would expect to find what in fact the Watcher is now watching: evidence of "baws" or joint rot on the false knee of the parasite which infests the fourth segment of the caterpillar of the Tingle Fern.

Written by Stephen Potter; designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

Net tangible assets of the group amounted to £1,800,463 at end-December. Profits before tax are given at £407,787 for 1959, somewhat below the levels of 1958 and 1957—but before then the best figure was £256,814, in 1956. Profits for the year ending March 31, 1961, are forecast at approximately £400,000 before tax. "In this event" the directors intend to pay an interim dividend of 4 per cent in December and a final of 6 per cent in June, 1961; this would give a yield of about 3⅜ per cent.

HIRE PURCHASE

International Competition

COMPETITION in hire purchase is spreading internationally. While finance houses in London are awaiting the opening of business by CIT and American Express—a formidable combination—two British finance houses have announced their own plans to acquire interests on the Continent. Bowmaker (in which Lloyds Bank has a 25 per cent interest) and Lloyds and Scottish Finance (owned jointly by Lloyds and the National Commercial Bank of Scotland) are to set up a joint holding company in Europe with an initial capital of about 24 million Swiss francs (about £2 million). The company will acquire interests in existing finance houses in the more highly developed European countries; plainly this is less hazardous than forming an entirely new company to compete on unfamiliar ground.

Many of the big United Kingdom hire purchase houses have interests in Commonwealth countries, and at the end of last year United Dominions Trust made arrangements with leading Continental finance houses to act as each other's correspondents for import and export business. But the Bowmaker-Lloyds and Scottish venture is the first plunge into direct competition in Europe—where the hire purchase habit has only recently started to grow. Banks as well as finance houses may be glad to note that the Bank of England has given exchange control permission in principle. It now appears that the test applied by the authorities to applications for overseas investment is simply that of financial soundness, though the investor may be required to use "switch" currency, at a very small premium.

RADIO HAZARDS

The New Death Rays

RADIO engineers have constantly been thwarted in their efforts to improve communications by the fact that, while the earth is round, concentrated radio beams move in a straight line. A radio signal transmitted from any one point will all too soon vanish over the horizon heading for outer space; round-the-world radio communication has been made possible only because a small part of these signals is deflected back to earth again by various layers of the upper atmosphere. To obtain the maximum range and strength for their signals, certain specialised types of transmitter, notably those for the new "forward scatter" Nato radio links and for long-range radar, send out a near-horizontal beam which skims the ground until the curvature of the earth causes the horizon to fall away beneath it. And in so doing they have introduced a new hazard that has much in common with the old idea of a death ray.

Such transmitters emit a signal of high field strength, powerful enough to cook any one or any animal in its path. This is similar to the radio-frequency heating used in some ovens and, in a milder form, by doctors giving radio-diathermy treatment; it heats the body right through and does not merely toast the outside. There has been a sharp difference of opinion between the Ministry of Defence and radio engineers about how far the danger extended in front of the transmitter. Just before Easter, the Post Office presented a recommendation to Parliament that the safe limit for exposure was one-hundredth of a watt per square centimetre, indicating a danger area of not much less than half a mile. This is closer to the figure suggested originally by radio engineers than to the 50 yards or so proposed by the Ministry of Defence. The hazard disappears, in the view of the Post Office, once the signal is more than ten feet above the ground—provided there are no houses, double-deck buses or aircraft in its path. The obvious alternative to a long, unsightly security fence straggling for a half-mile or so in front of these transmitters, covered with Danger and Keep Out notices, is to site these transmitters either on hills or facing out to sea. This is presumably why Mr Ward said tartly in the House of Commons on Wednesday that the area to be fenced around the stations now being built in this country would be no more than 100 yards in front of the transmitter.

Eating More Sugar

THE world's appetite for sugar is growing faster than that for all other foods. A weighty study* published by the International Sugar Council shows that in the ten years ending 1958, world consumption rose by about 16½ million metric tons—or 60 per cent—to about 44½ million tons, an average rate of increase of five per cent a year. Production has expanded so fast that it has comfortably offset the increase in population. During the same decade average consumption per head went up from 11.8 kilos (slightly below the prewar average) to 15½ kilos. Though the price of sugar varies enormously, owing mainly to government imposts of one kind and another, its "real" price has gone down in most countries.

Taking 50 countries that account for nearly three-quarters of world consumption, the price of sugar, relative to other foods, was 11 per cent cheaper on average in 1957 than in 1938—22 per cent cheaper in 38 countries, and 21 per cent dearer in eleven countries.

As demand for sugar responds to changes in income, especially in poorer countries, it is in those countries that the fastest growth in consumption has occurred. Before the war half the world's people ate only 10 per cent of its sugar, and four-fifths of the world ate only two-fifths of the total supply; by 1957 half the world's people were eating 14½ per cent of all the sugar consumed, and four-fifths of the people were eating half of it. In rich countries consumption per head rises slowly with increasing incomes, and may even decline; any increase is usually the result of eating more sugar-containing foods.

Clearly the world as a whole will go on eating more sugar, and the study bravely attempts to calculate how much more. Applying its calculated elasticities of demand to an annual rise in real income per head of 3.1 per cent (the average for 42 countries between 1951 and 1956), and assuming a rise in population of 1.45 per cent a year and no change in price, the study estimates that by 1965 world consumption will have grown to between 56 and 58 million tons.

**Trends and Forces in World Sugar Consumption*, by A. Viton and F. Pignalosa, of the Food & Agriculture Organisation.

WORLD OUTPUT AND CONSUMPTION

	1937/38–1938/39	1948/49–1949/50	1956/57–1957/58
World output, million tons	26·25	28·9	42·8
Population, millions	2,190	2,440	2,800
Consumption per head, kilos	12·0	11·8	15·5

DISTRIBUTION OF CONSUMPTION

Population as Percent of Total	Consumption as Percent of Total: Pre-war	1957
10	0·5	1·0
30	3·5	5·5
50	10·0	14·5
70	24·5	33·0
80	39·0	50·0
90	64·0	68·0

INCOME AND EXPENDITURE PER HEAD ON SUGAR IN 1956

Number of countries	Income groups	Income per head US $	Expenditure on sugar per head
10	50–150	81	2·6
9	150–250	220	4·6
10	250–350	285	5·4
9	350–750	517	7·9
11	Over 750	1,370	11·5

UNILEVER

Lord Heyworth on Growth

LORD HEYWORTH has taken his last bow as chairman of Unilever. He is very much a Unilever man. As the diarchy grew he moved up the ranks of management. He became chairman in the middle of the war and his term of office has been notable for the skill and manner in which he directed the massive postwar development and growth of the company. Happily and appropriately he chose capital investment as the theme of his last speech to shareholders: it is something he has had as much to do with as any man in British business. A summary of his speech, which, not unnaturally, contained some echoes of the evidence he gave to the Radcliffe committee, would not do it justice. Its pleasant flavour, though not all of its meat, can be tasted in some quotations:

Growth

> Even to hold our present position, we should have to grow by about 3 per cent a year. But it is not only going to be a bigger market but a different one. . . . Capital is the food of productive enterprise, and if you want a busi-

Safety in the Home

IT is a well-known fact that the average home compares in danger with a minefield; its occupants exposed day and night to the hazards of fire, electrocution, scalding, explosions, gassing, trip-wires, poison, tetanus, subsidence and falling downstairs and breaking their necks. The old scourges of the plague and the white death have given way to new, man-made dangers which take their regular toll of life each year; it is a matter of public concern that manufacturers should not add to the risk by making faulty new apparatus. The committee that was set up last summer under the chairmanship of Mr Justice Molony to examine the case for consumer protection in all its aspects was asked after the recent damning report on oil heaters whether it could make some quick, interim comments on safety. This week it did so.

The committee's main findings were that accidents at home happen mainly through carelessness and amateur botching of equipment; but that where design is genuinely at fault, as it was in the case of drip-feed radiant oil heaters, the government has insufficient powers to act quickly to prevent tragedy. Drip-feed radiant oil heaters of dangerous design can still be bought and sold freely; no-one has power to keep them off the market. The committee therefore suggested that some minister, probably the Home Secretary, ought to be given general powers to ban the sale of dangerous apparatus as soon as any danger comes to light. He could do this by issuing regulations which laid down requirements to which apparatus would conform before it could be marketed.

Probably because the report was a hurried one, the committee has been disappointingly vague about the exercise of these very considerable powers, or about the advice the Home Secretary should be able to consult as to when they ought to be used. The Home Secretary has a Poisons Board of experts from government departments and professional bodies to advise him when a compound should be put on the Poisons Register; it might not be so easy to constitute the equivalent Safety Board.

But the committee is obviously anxious to prevent a repetition of the clumsy pavane now being performed by Mr Nabarro, the Home Secretary, the British Standards Institution, the manufacturers of oil heaters and others in an effort to keep dangerous oil heaters off the market. This involves the BSI in drafting a standard for safe construction, Mr Nabarro in putting through a private member's bill saying that no heater shall be sold unless it conforms to the standard, and the Home Secretary in getting the industry to agree "voluntarily" to take back the large stocks of potentially dangerous heaters on retailers' shelves. Public opinion may not always feel so strongly about household dangers as it does about oil heaters now, in which case it might be difficult to get action taken at all.

Moreover, the committee does not seem to think that anyone has emerged with much credit from this business which was, after all, the first case in years of a dangerous design coming into widespread use before its risk was discovered. By the middle of 1957, so many fires were being reported that it should have been plain that something must be wrong with the basic design of at least some of the oil heaters on the market, yet no action was taken for a further two years. And now that the danger of draughts has been recognised, complacency seems to be setting in again; "we think that having come this far there may be a risk that it will be assumed that recent action has covered all the reasonably remediable hazards of the paraffin heater."

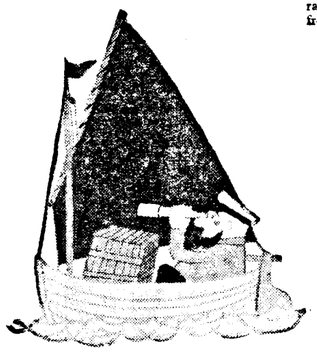
IT is this possibility of "future fresh hazards . . . in established goods or that new consumer goods may present unpredictable dangers" that has troubled the committee and caused it to demand such drastic powers for the Home Secretary. With the exception of the drip-feed radiant oil heaters, it found little evidence of dangerous goods in the shops. Of appliances that became dangerous with mis-use, there were plenty; the committee never even mentioned the fact that many household gadgets become dangerous with age. Electric wires on imported goods which used colours different from the established British colour code were a potential death trap even to the experienced amateur; some electrical equipment was said to be marketed with edges sharp enough to cut the insulation around their wires, but the committee said evidence on this was "imprecise."

The committee deplored the lack of standardisation among electric points which makes it necessary for the amateur to change plugs each time he changes house; the British Electrical and Allied Manufacturers' Association pointed out in its evidence to the committee that if more points were installed when houses were built, there would be less need for the long trailing flexes that are responsible for a number of accidents in the home. The committee was not happy about standards for fireguards, or for flame-resisting fabrics; its tone indicated that it may have some sharp things to say about BSI standards when it comes to submit its main report two years from now. It has contented itself in this interim report with drawing attention to the danger of lulling the public into a false sense of security; both fireguards and flame-resisting fabrics may prevent a terrible death, but not a nasty burn.

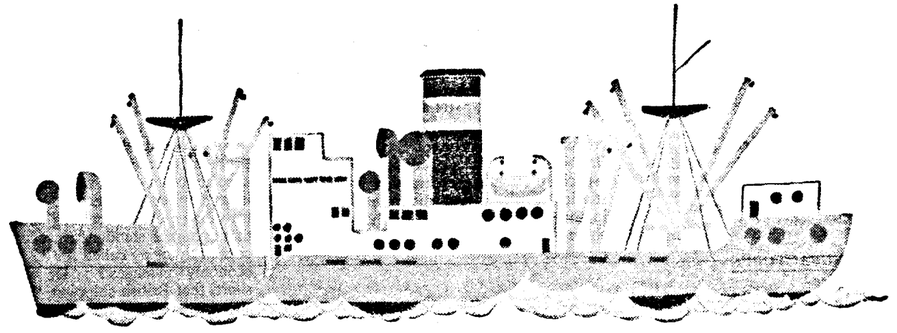
These are minor points compared with the committee's main recommendations. But they are enough to suggest that the main report—when it comes—is not necessarily going to please those who campaign most strongly for some highly organised, or nationalised, form of consumer protection. It rejects both seals of approval—"unregistered seals and symbols must be viewed with caution unless the standing of the issuing authority is unimpeachable"—and independent testing in advance as a means of protecting the public from dangerous goods. And if this interim report can be taken as a guide, its thinking would seem to lie in a diametrically opposite direction to the conclusions of the Political and Economic Planning* survey of present forms of consumer protection that few drastic changes are required in the law, but that "a national body concentrating on matters affecting consumers appears to be needed by common consent." The Molony committee seems to have come down on the side of the law, not of the do-gooders.

* *Consumer Protection and Enlightenment.* Political and Economic Planning. 3s. 6d.

SMALL EXPORTERS In the first three years of his ECGD policy, a manufacturer of insecticides built up one market from £200 to £5,500, raised his total export turnover from £2,500 to £15,000.



LARGE EXPORTERS In ten years of exporting under ECGD cover, a famous firm of tool makers raised its annual export turnover from £35,000 to £589,000.



Going up! In today's fiercely competitive export markets, business done under the security of ECGD cover is increasing. Total shipments of ECGD policy-holders increased by over 20% during 1959—at a time when uninsured exports rose by only 1%. With payments guaranteed, ECGD exporters are in the position to grant competitive credit terms and are filling their books with fresh orders. They're the men most likely to succeed. *Have a talk with your ECGD man.*

EXPORT AND EXPAND THROUGH E·C·G·D

ECGD is a Government Department set up to help exporters. Its services are fully explained in the booklet 'Payment Secured'. Write for a free copy.

EXPORT CREDITS GUARANTEE DEPARTMENT

HEAD OFFICE: 59 GRESHAM STREET, LONDON, E.C.2.
BRANCH OFFICES IN LONDON, BELFAST, BIRMINGHAM, BRADFORD, BRISTOL, EDINBURGH, GLASGOW, LEEDS, LIVERPOOL, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD. CRC 38

ness to grow, you must feed it. . . . Growth in business is like growth in nature: the word implies that you shed what you no longer need.

Investment

We invest money where we hope to make money. . . . Taking account of proper replacement of fixed assets, of our social responsibilities, and of our competitive power, our broad aim should be to keep the figure of return on capital employed rising rather than falling. . . . To keep this figure rising calls for a nice balance between initiative and control. Generally speaking it is for the central management of our business to set the broad pattern of development, and for our companies to grasp opportunities as they come along. . . . We are not an investment trust, concerned to find capital and leave management to others. . . . We don't always expect to see a quick return on our capital. We are in business for a long time, and where we go, we mean to stay. . . . Everything depends, in the last resort, on how accurately we foretell the future, and although our range of advisory and service departments is wide, we have no Crystal Ball Division. . . . Some decisions are more a matter of faith—of confidence in one's own judgment—than of rational calculation. . . . We are sometimes wrong.

Finance

We usually expect to live well within our income and finance new growth out of our profits. . . . If we go to the market for money, we must pay the market rate, and there may be times when that does not suit us. But with strong resources of our own we can choose for ourselves the moment that does suit us. . . . If we, as management, keep a large proportion of the shareholders' money, we must also deliver the goods. . . . So long as the business does grow, and so long as the dividend shows a steady rise, I doubt whether any shareholder in Unilever feels aggrieved by the amount of profit we put back into the business. If he were that sort of shareholder, he wouldn't be in our sort of Company.

Devaluation admittedly helps to explain the big increase, absolutely and relatively, in French exports last year. But Italy, Holland and Belgium, again starting from a much lower base, managed to increase their exports by upwards of $245 million, which

EXPORTS OF MANUFACTURES IN $ MILLION

Per cent. increase on previous year in brackets: per cent share of world exports in italics

	1955	1958	1959
World total	33,998	41,985	45,367
	(14·1)	(−1·6)	(8·1)
United States	8,321	9,772	9,660
	(11·5)	(−9·8)	(−1·1)
	24·5	*23·3*	*21·3*
West Germany	5,250	7,775	8,677
	(18·7)	(4·1)	(11·6)
	15·4	*18·5*	*19·1*
Britain	6,686	7,525	7,864
	(9·9)	(−2·4)	(4·5)
	19·7	*17·9*	*17·3*
France	3,158	3,617	4,175
	(16·7)	(6·0)	(15·4)
	9·3	*8·6*	*9·2*
Japan	1,744	2,510	3,032
	(25·9)	(−1·1)	(20·8)
	5·1	*6·0*	*6·7*
Belgium	2,212	2,486	2,730
	(20·5)	(−3·2)	(9·8)
	6·5	*5·9*	*6·0*
Italy	1,149	1,735	2,027
	(21·3)	(6·6)	(16·8)
	3·4	*4·1*	*4·5*
Holland	1,299	1,628	1,888
	(14·0)	(8·7)	(16·0)
	3·8	*3·9*	*4·2*

compares with a rise of $339 million in British exports. Britain, admittedly, suffered especially from the contraction in overseas sterling markets, and the recent recovery in those markets offers some hope that its share of world exports this year may increase.

TRADE IN MANUFACTURES

Britain's Share Drops

World trade in manufactures recovered strongly last year. Shipments from the main manufacturing countries, covering nine-tenths of the free world's exports, are put at a record of $45,367 million, eight per cent more than in 1958 and six per cent above the previous peak in 1957. Shipments by the United States, the biggest exporter, fell only slightly last year to $9,660 million, following a big fall in 1958. West Germany remained the second largest; its exports rose sharply by 11¼ per cent to $8,677 million and its share of trade increased from 18¼ to 19 per cent. Britain's exports of manufactures rose by 4½ per cent to $7,864 million, and its share declined further, from 17.9 to 17.3 per cent.

The Board of Trade Journal now leaves it to the reader to work out for himself the shares of individual countries, shown in italics in the table. It is right to direct first attention to the absolute increase in British exports, but the share of the market is still something to note when Britain's balance of payments could be much stronger and when ground is still being lost to European competitors.

SHIPPING

The Devil on the Deep

"Merchant adventurers in transport are fewer than they used to be, and the position of British shipping in their company is becoming somewhat lonely. The question is whether British shipping can continue as an adventurer"... in face of encroachments by (as yet other) governments. Sir Donald Anderson, chairman of P & O and erstwhile president of the Chamber of Shipping, has spoken on this refrain before. But in his address to this week's congress of the Institute of Transport he was able to expound his views on the problems of his industry, and some possible cures, rather more extensively.

Many of shipping's present difficulties, he readily grants, are due to the current slump—similar to many others the industry has seen, and weathered, before. Oil tankers are suffering almost entirely from a straightforward surplus of tonnage. His answer, which no one in principle would quarrel with, is equally simple: it is "to scupper about a quarter of them."

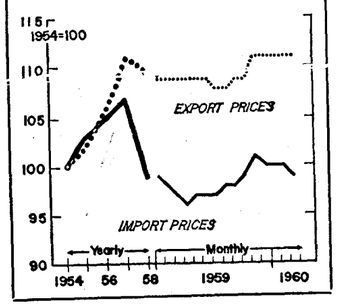
Tramps, which "are not much owned by the modern state because it believes that ships ought to have the air of a Rolls-Royce, or at least of an Austin Princess," are also beset largely by ordinary commercial factors. The growth of specialised freight carriers is one of these, with the result that there is less traffic for the more traditional, multi-purpose tramp. Another, and perhaps a more temporary factor, is the recent invasion of the grain trade by oil tankers, which lose less money that way than by staying laid-up.

Sir Donald's main concern, however, is for cargo and passenger liners. It is here that today's "merchant adventurer" is more directly plagued by the various kinds of Government interference, and these he thinks will last much longer than any slump. Flag discrimination is a more pernicious kind of state protection even than subsidies, both because it reduces the pool of cargo for which all ships can compete and because it is possibly more difficult to check or wipe out. Cargo liners, in addition, face growing active curiosity from governments (and why not?) about the conference system whereby freight rates are fixed. Passenger liners, for their part, have to meet subsidised competition not only at sea but from the air as well. But to say that "air can cash in on speed, its one outstanding asset, whilst it is enabled to contract out of cost, its one outstanding handicap," is perhaps a slight over-simplification.

Sir Donald allows that the first basic problem of the passenger line is how to keep its costs down when what it provides is largely personal service. But is all "the travelling public becoming so sophisticated that a higher standard (in ocean travel) is constantly being called for"? What about economy passages? He concludes, in short, that British shipping, "over a gradually increasing field, will be forced into choosing between the need for support from its own Government, together with the implications of that course, and a contraction

THE TERMS OF TRADE

Import prices fell in March because food was seasonally cheaper; since export prices did not change the terms of trade improved to the most favourable ratio since last June.



of its business." Such a choice may in fact exist. Whether the British taxpayer would voluntarily choose to get into this latest kind of direct, and no doubt endless, competition with other taxpayers is doubtful; but politicians will no doubt add it to their list.

TYRES

Charity or Competition?

The low-priced tyres that most manufacturers have announced this week in some sizes for cars that are no longer being made are described by their makers as a means of aiding the owner of the older car. While they certainly will do so by saving him 15 per cent of the cost of a new tyre, competition between tyre makers for the replacement market, and between them and the retreaders, seems to be the chief factors behind this price cut. Last August the tyre makers, led as this time by Dunlop, cut all their prices by 7½ per cent, but raised them by 2½ per cent in January. Competition from the smaller companies led up to this move: they had been increasing the discounts they gave to dealers to get a bigger share of the replacement market, which has traditionally been the chief source of the tyre maker's profits though it only takes about one-third of car tyre output. But half the home replacement market is held by the retreaders, and this would offer the tyre makers a chance of expanding their sales if they cut their prices enough to compete. Retreads sell for about 65 per cent of the price of a normal tyre; at 85 per cent of its price these new tyres way well become competitive.

A shortage of covers suitable for retreading in the most popular sizes, which are those available in the cheap price range, is given by the tyre makers as one reason for making these tyres—to aid the motorists unable to afford their standard product and unable to find retreads. This shortage has certainly given tyre makers an opportunity to increase their share of the replacement market; there is an unsatisfied demand for cheap tyres. Dunlop owns two big retreading companies, Regent and Tyresoles; it may feel that if these cannot satisfy demand it should step in itself and perhaps gain some advantage over its rivals in the process. But if replacement sales of new tyres do rise, they will eventually provide more covers for the tire retreaders and balance up the competitive position.

Tyre makers appear to be cutting their profit margins somewhat in introducing these tyres, which shows how anxious they are to increase their individual shares of the replacement market. Dunlop, the originator of this move, is making the tyres in the moulds of its old standard range of tyres, which are presumably fully depreciated, and several other companies are doing likewise. Reducing the quality of the rubber mix is probably the chief means of cutting costs, though it will shorten tread life; for companies such as Firestone that are making

the tyres in their standard moulds it is presumably the only way to cut costs. The new casings are the standard four-ply quality: motorists may indeed welcome the unusual circumstances that allow them to benefit from perceptible competition in the tyre business.

ENGINEERING PRICES

Creeping Up

Quite timidly, some engineering manufacturers are tugging at the sleeves of their customers and asking for more: those who can afford to are making demands. Since the beginning of this month about five per cent has been added to the prices asked for most iron castings, although producers of the heavier castings have been slowest to follow the general trend and are not sure that customers, in some fairly competitive areas, will fall for it. The 42-hour week has quickly been translated into an increase in overtime working and accounts, manufacturers say, for an increase in labour costs of the order of six per cent.

Where labour is a major factor in costs, this takes up about half the increases in prices. Light castings—rainwater goods produced by members of the British Ironfounders Association—are made with a high degree of mechanisation, and prices have been increased by about 2½ per cent. The cost of scrap iron has gone up slightly and is expected to increase further: for the rest manufacturers demonstrate their long memories and point to increases in costs absorbed last year and the year before. To be fair, BIA prices have not been increased since August, 1957.

The 42-hour week has affected the formula worked out by the British Electrical and Allied Manufacturers' Association as a basis for the rise and fall clause in long-term contracts. But BEAMA reports a slight fall across the range of prices of electrical engineering goods: transformer and switchgear manufacturers are in no position to ask for more, and few others have done so. The exception is in cables, other than mains cables, where British Insulated Callender's Cables put up prices by about five per cent on April 4th and, the system of price leadership working smoothly, the others followed suit in the same week. This may not be the last round of increases: it is part of the cable industry's recovery from the rock bottom reached by sharp price-cutting last year.

Aluminium products have cost more since the beginning of the year, because the price of virgin aluminium rose then. But steel is not getting any dearer, and manufacturers will have to rely on the Amalgamated Engineering Union to give them reason for the more general series of price increases that is rumoured in the near future.

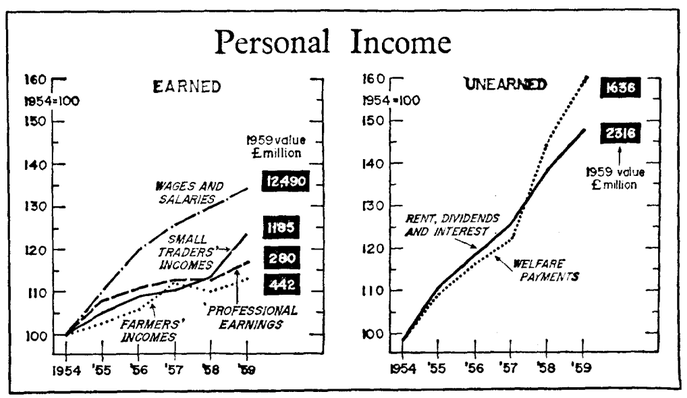
SHARE INDICES

A New Indicator

This week *The Times* introduced a new series of share price indicators, prepared with the help and advice of Professor M. G. Kendall, professor of statistics at the London School of Economics, and computed daily. A new daily index of ordinary share prices is welcome, serving as a check on others which have been established much longer and which may not give a full impression of the market's real movements. The detailed indices show movements in the prices of large companies, smaller companies, capital goods, consumer goods, commodity shares, gold mining shares and industrial prior charges.

Interest will centre on the industrial share index of 150 stocks, which combines the large and smaller companies' indices. The base date for the indices is July 2, 1959. The choice of a base date is always difficult; this one has the convenience of falling in the middle of the year but it also has the disadvantage of reflecting prices midway through a boom rather than of any decisive moment in that boom. Movements before

Personal Income



that date have not been published, so that it will be some time before useful comparisons emerge between *The Times* series and the *Financial Times* and *The Economist* indicators.

Technically, *The Times* indices are constructed in a similar way to the weekly indicator of *The Economist* covering active stocks. The choice of stocks in that indicator and in *The Times* large company index is not markedly different. Both use arithmetic averages and price-relatives; the *Financial Times* ordinary share index, first compiled in 1935, uses the then fashionable geometric mean. *The Economist* indicator, however, is unweighted and, indeed, because it is rebased every year the stocks are brought back to an equal weight annually. *The Times* indices are weighted by market capitalisation at the base date: thus ICI will have a bigger influence on the final result than, say, Babcock and Wilcox. Deliberately, precise continuity in *The Economist* indicator has been sacrified to keep its content abreast of current market interest and a small number of shares within it have been changed each year. The aim of *The Times* indices seems to be strictly continuous and thus, as it grows old, it may have to beware of falling a little behind the times.

LONDON COPPER

A Nervous Market

THE London copper market is nervous. Members of the Exchange who have its reputation at heart are feeling rather shame-faced about the sharp fluctuations in prices this week, and some speculators are ruefully licking burned fingers. On Monday, following a rise of £6 last week, copper for three months' delivery rose by another £4 to £254 10s. a ton, and the premium for cash metal widened by over £4 to nearly £25 a ton. Copper then cost about as much as the peak prices paid during the American copper strikes that largely ended over two months ago. On Tuesday the market dropped more sharply than it had risen, and by Thursday three months' metal closed at £245 a ton, with the premium for cash metal narrowing to only £11. It is not easy to asses the relative importance of the factors affecting the market, but the broad picture is clear.

Contrary to most expectations, supplies are still tight. Consumption is high; consumers here and on the Continent are having to supplement the supplies they obtain under long-term contracts by buying through the market, and Eastern European and other countries are also buying. Metal Exchange stocks are low; at the end of last week they dropped further to only 1,675 tons. Accentuating this general stringency are three other factors. The main one is technical: people here, on the Continent and in New York who sold short after the American strikes ended are having to cover their commitments—and paying a pretty price for their mistakes. Then there is the fear, varying in intensity with the news from Chile, of a strike in at least two mines there; and the fact that the American export regulations prevent American copper from being delivered on the London market. Surprising as it may seem, some speculators apparently overlooked this point.

CHEMICALS

The Lure of Europe

AMERICAN chemical companies have shown themselves peculiarly susceptible to the traditional appeal of Europe to the American—perhaps a sign of industrial maturity; two of them are now engaged in extending their European interests. The Oronite Chemical Corporation, a subsidiary of Standard Oil of California, is reported to be discussing with British Petroleum plans for building new plants in Britain and West Germany, while Dow Chemicals has recently announced plans for new plants in several European countries. The proposed BP-Oronite plant is believed to be for the manufacture of aromatic chemicals from oil; they are used in the production of synthetic detergents, plastics and fibres. Oronite is already linked with BP through its one-third interest in Grange Chemicals; British Hydrocarbon Chemicals, the other shareholder, is a joint subsidiary of BP and Distillers. BP itself has other petrochemical interests in West Germany; it has a half share in plants producing ethylene and related chemicals operated by the German company Ordölchemie GmbH.

Dow had interests in Britain before it decided to establish a subsidiary earlier this year to strengthen its position here. It has a 45 per cent interest with Distillers in the Distrene polystyrene plant in South Wales, for which it supplied know-how from its American experience, and it is in partnership with Rio Tinto for the production of thorium; it makes Lurex metallic yarn at its own factory at Windsor, and Dowpon weedkiller in Dow Agrochemical's factory at King's Lynn. Like most American companies, Dow wants to expand in the common market as well as in the free trade area; last week it announced that it and the Netherlands State coal mines are planning to form a company, in which they will each have equal interests, to produce phenol. The agreement requires parliamentary approval; if given, construction of the plant will begin this summer. Part of the output will be used by the state mines—which are chemical producers as well—to make caprolactam, which they supply to the Dutch nylon producer AKU; the rest will be marketed by Dow. Dow itself will build a styrene-butadiene—a synthetic rubber—plant at Rotterdam as well. In France it is building plant to make polystyrene and polyvinyl chloride with Péchiney; in Italy it has formed a wholly-owned subsidiary to produce polystyrene and other chemicals. Clearly Dow, like other American chemical companies, wants to share in the prosperity of the European chemical industries—and hopes that the common market will increase their rate of growth.

SHORTER NOTES

Nine of the leading British steel companies have joined the British Steel Corporation, one of the wholly-owned subsidiaries of the British Iron and Steel Federation which is concerned with the importing of the industry's raw materials on a collective basis, in the formation of British Ore Investments Overseas. This will have a share capital of £5 million, 20 per cent being held by the importing corporation and the rest divided among the ore-consuming companies. It will take over all BISC's interests in overseas-mining company ventures, such as the Conakry company that mines ores in Guinea and the MIFERMA group which is engaged in developing an orefield in Mauretania, French West Africa.

*

In a note on Henry Simon (Holdings) which appeared in the issue of April 16th it was wrongly stated that the special distribution of 10 per cent paid to shareholders in Henry Simon (Holdings) in 1958 was not repeated for the year ended December 31, 1959. In fact, Henry Simon paid a special capital distribution of 7½ per cent on March 31, 1959, and a similar capital distribution of 10 per cent on March 31, 1960.

*

Henry Ansbacher and Company claims to have received from Waterlow shareholders sufficient acceptances of the offer from Parnell and Sons to give Parnell control of Waterlow.

COMPANY AFFAIRS
Comments on pages 480, 481 and 484 on
Royal Dutch/Shell — British Petroleum
Dunlop Rubber — Gallaher
AEI — Rugby Portland Cement
United Molasses — United Drapery Stores
Cunard — Liner Holdings
Royal Mail — Cammell Laird

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 482 and 483

LONDON STOCK EXCHANGE
The week's movements reported on page 484

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 485



AUSTIN CROSSES EUROPE

FRITZ ZURBRUGG'S usual run is from Rotterdam to Zurich. That's 450 miles. 450 gruelling miles of highway . . . of bouncing, jolting cobblestones and long wide concrete autobahn. 450 miles of daylight and darkness, of morning fog and harsh afternoon sun. 450 miles of guiding his 7-ton Austin lorry and its trailer—a total gross load of around 20 tons— across Europe.

24 YEARS ON THE ROAD

Zurbrugg knows this journey well. He knows the customs men—Dutch, German, Swiss—who check his papers and his load at each frontier. He knows the German 'Gasthaus' where he can get a meal or some sleep along the route. And —after 24 years as a driver—he knows the road . . . his constant companion and, sometimes, his enemy.

A GEOGRAPHY OF EUROPE

This is a long-distance run that packs in half the geography of Europe. Plenty for Zurbrugg's eye to rest on as he drives along. The flat, green country of *Holland* where the electric trains run on wires alongside the broad concrete road and men are at work with scythes on the canal banks and grazing cattle stretch as far as the eye can see. The *German Ruhr* at night when the moon hangs over a bare landscape of towering chimneys and meadowland and the broad quiet barge-laden Rhine . . . and a factory made of glass glows from within like a vast luminous insect. The dark forests and rolling hills of *Central and Southern Germany* through which the great autobahn has been driven across huge bridges and flyovers. The first *Swiss* villages—with their 'overhang' roofs and elaborate timbering—alongside the Rhine, whose lead-coloured water steams with early morning mist as though it were boiling . . .

THE DEATH RUN

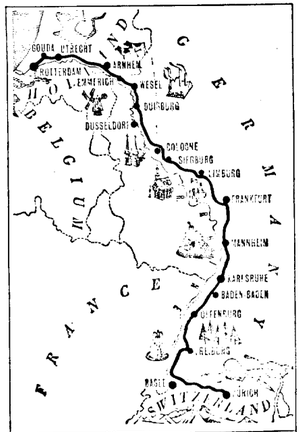
All this is familiar to Zurbrugg. More too. He knows the danger areas of the route. The long dangerous incline to the Wuppertal bridge, where the lorries that descend must travel even more slowly than those that climb. And the 'Todestrecke' or 'death run' between Frankfurt and Mannheim, where the road is so long and so straight that drivers fall asleep at the wheel . . .

A PLEASURE TO DRIVE

But Zurbrugg thinks he has an advantage over many other drivers. He drives an Austin. "I can handle this 7-tonner like a far smaller vehicle" he says. "It corners beautifully and it's a pleasure to drive. And it has a wonderful engine."

Fritz Zurbrugg's employers, Bischofberger A. G. of Zurich have 3 Austin trucks in operation at the moment. They are constantly in use on routes inside Switzerland and on trans-European routes. Recently one of them clocked 150,000 miles in a single year.

If you would like more information about the Austin 7-tonner—or any other vehicle in the wide Austin range—your Austin dealer will be happy to supply it.



THIS IS THE ROUTE followed by the Bischofberger lorries. Rotterdam . . . Arnhem . . . across the German frontier to Kleve and Moers . . . down the main southern autobahn past Frankfurt and Mannheim . . . to Baden-Baden . . .by-pass Basle and cross the Swiss frontier at Waldshut . . . and into Zurich.

AUSTIN

THE AUSTIN MOTOR COMPANY LIMITED · LONGBRIDGE · BIRMINGHAM

COMPANY MEETINGS

THE BRITISH PETROLEUM COMPANY LIMITED

1959 GROUP SALES TOTAL 65 MILLION TONS

TRADING MARGINS REFLECT STRONGLY COMPETITIVE MARKET CONDITIONS

LARGE SCALE CAPITAL EXPENDITURE AN ESSENTIAL FEATURE OF BUSINESS

SIR NEVILLE GASS ON ENCOURAGING LONG TERM PROSPECTS

The Fifty-first Annual General Meeting of The British Petroleum Company Limited will be held on May 19th at Britannic House, Finsbury Circus, London, E.C.

The following is the statement by Sir Neville Gass, KBE, MC, the chairman, which has been circulated to stockholders with the report and accounts for the year ended December 31, 1959:

Before commenting on the results, there are special features of the year 1959 to be mentioned.

The 50th Anniversary of the Company's formation was in April, 1959, when we were greatly honoured to receive a message of congratulations and good wishes from Her Majesty the Queen in reply to our loyal greetings. In September, when the Company's first 50,000 ton tanker, then the largest to be built in a British shipyard, was launched at the Clydebank yard of John Brown and Co., we were further honoured by Her Majesty Queen Elizabeth the Queen Mother, who graciously performed the ceremony and named the vessel *British Queen*.

Your Company owes its origin to Mr William Knox D'Arcy whose oil concession in Iran, obtained in 1901, led after seven years of arduous pioneering and repeated disappointments to oil being struck there in 1908. The development of this first discovery of Middle East oil was the Company's immediate task on its formation in 1909. D'Arcy devoted a personal fortune to the search for oil in Iran. As he had previously been for many years in Australia, where he was associated with a successful gold mining venture, the Company has a special historical link with Australia. We were therefore particularly glad that in June of our Jubilee Year Dame Pattie Menzies honoured us by launching and naming our tanker *British Trust* at Lithgow's yard, and that the Prime Minister of Australia was able to accompany her.

In April of last year I visited Iran. Later in the year I went to the USA, Canada and Trinidad, and early in 1960 to Libya, Algiers and the Sahara, and to a number of countries in West Africa. I am very glad to have had the opportunity of seeing the growth of the operations in which we are interested in all these territories and of meeting the people conducting them. In Nigeria, where we are joint participants in the search for oil, the considerable obstacles of working in a most difficult swampy terrain have been vigorously tackled and overcome to the great credit of the operating staff, and the long effort to discover oil has achieved a substantial success.

THE YEAR'S RESULTS

Our results for the year 1959 can be summarised by saying that the Group's sales of crude oil and refined products totalled 65 million tons, and the Group's net income was just over £63 million.

When referring in April last year to the prospects for 1959. I said to stockholders that in the prevailing difficult market conditions we were expecting only a slight increase in sales tonnage, but saw no grounds for anticipating an increase in trading margins. For the first six months of the year, as shown in the Group Income Statement for the half-year issued in September, the sales tonnage was practically the same as in the first six months of 1958. The year's increase of some 3 million tons was thus secured mainly in the second half-year. This is an encouraging feature, as also is the growth of nearly 10 per cent in the inland trade in products of our marketing associates, to which later reference is made.

The Group's income, before taxation, was £131 million. This was less by £7 million than in 1958, although the sales tonnage increased—a reflection of the depression in prices caused by the strongly competitive market conditions, which showed no improvement as the year progressed. Due to the reduction in the charge for taxation, the Group's net income, at £63 million, was practically the same as in 1958 and after allowing for the recommended dividend, there has been retained in the business a total of £97 million—£68 million from the revenue of the Consolidated Companies, £17 million from the non-Consolidated Companies, and £12 million in Capital Reserve.

ESSENTIAL CAPITAL EXPENDITURE

The total capital expenditure of our Group in 1959, including the expenditure by non-consolidated subsidiaries and our proportion of expenditure by our allied companies, amounted to £141 million, an increase of £3 million compared with the previous year. An analysis of the capital expenditure is contained in the Accounts and Finance section of this statement.

The expenditure on capital account in any year contains a large element in respect of schemes sanctioned in earlier years, since major projects require two or three years' construction effort apart from the preceding periods for assessment and detailed preparation. In present conditions the urgency of the need for new projects is being very carefully assessed and we have achieved some slowing down in the rate of expenditure by deferring schemes or by spreading the period for completion of previously authorised programmes. In the latter connection special reference should be made to the tanker building programme. The large number of ships ordered by tanker operators under the influence of the earlier high freight rates and over-optimism as to forward needs has resulted in a world surplus of tanker tonnage to an extent which will take some time to remedy. We have in consequence progressively extended the period of delivery of vessels on order for us and do not now expect our programme to be completed until 1966, and I wish to make special mention of the co-operation received from the shipbuilders concerned.

Capital expenditure on a major scale is an unavoidable feature of the business. The growing insistence of consuming markets to have local refineries is one factor involving large expenditure, even though in some of these schemes it has been possible to formulate joint projects with other concerns, in preference to the duplication of individual units. New developments, such as petroleum chemicals, new plant to meet the rising quality standards of products, and additions to equipment to keep pace with expanding consumption represent in the aggregate, for a business of our size, a very large amount of money.

We must, therefore, be prepared to continue to find large sums for capital expenditure, since to attempt to stand still would result in going backwards. This would be detrimental to our competitive position as a major British interest in the international oil industry, and also inconsistent with the development responsibilities inherent in the extent of the resources of crude oil to which we have entitlement.

The amounts retained in the business provide the major part of our requirements for capital expenditure. Some assistance is obtained locally from non-consolidated subsidiaries and associates. To supplement the Group central resources we secured early this year the availability of a further £12 million through the Clyde Charter Company Limited on arrangements similar to those made early in 1959, and negotiations are in progress for the issue in Switzerland of a further 60 million Swiss francs (£5 million) of Loan Stock; in both these cases we had, in making the original arrangement, expressed the desire that they should be followed by further similar amounts as they now are.

We are asking the Debenture stockholders to agree to amendments in the Trust Deeds constituting our Debenture Stocks as it has been found that provisions relative to UK incorporated subsidiaries could seriously hamper certain of our overseas operations, particularly in the cases of subsidiaries which are not wholly owned. If the amendments are agreed, a partly owned UK subsidiary which now can borrow from, or issue further share capital to, the parent company only, will not be subject to that restriction. Also, any wholly owned UK subsidiaries will be able to borrow from, or issue share capital to, another wholly owned UK subsidiary. These changes will permit greater flexibility and will be advantageous to the Company without being in any way detrimental to the interests of the Debenture holders.

In connection with our arrangements with Sinclair Oil Corporation of USA, the development of the business of Sinclair and BP Sales Inc. has been retarded by the restriction on imports into the USA, but that company has secured business with a number of import quota holders. Though on a relatively small scale, this marks the beginning of results from the association, which we are sure will prove of long-term benefit to Sinclair and ourselves. Sinclair and BP Explorations Inc. is undertaking exploration activities as mentioned in that section of the statement.

INDUSTRY'S GENERAL POSITION

Turning to the general position of the industry, 1959 showed an appreciable recovery in the rate of expansion of demand, but the industry is likely to have to face the difficulties due to the over-abundance of available supply for a further considerable period. Various factors are tending to concentrate the difficulties in the Eastern Hemisphere, where we are mainly concerned, rather than in the Western Hemisphere. Much of the oil shut out from the USA by the import restrictions there is in the hands of US concerns who had developed production in Venezuela and elsewhere for the specific purpose of supplementing US domestic resources for the US market. Being now left without that outlet they are looking for other outlets in competition with existing supplies from Eastern Hemisphere production. In South America, to which we and other Eastern Hemisphere producers have supplied very considerable quantities, greater activity to foster indigenous production has had the effect of reducing import needs.

The present year has witnessed the start of substantial exports of oil from the Sahara with the completion of the first pipeline to the Mediterranean, and the quantities will be further increased later in the year with the commissioning of the second pipeline. Pending experience of sustained production operations on a large scale in the Sahara there is not yet the same firm basis as in other areas for assessing future production potential but there is no doubt that from there, and later from Libya, very substantial quantities of oil will be available for export and being favourably placed in relation to the highly important European market, will find an outlet there which would otherwise have been supplied from other producing areas. There is the further factor of the growth of exports of oil from Russia, particularly into Western Europe and other near-by areas.

In all these circumstances it should not be expected that the growth of Middle East production will continue at the same high rate as during the last decade. With the increase in the number of sources from which oil is now available, it is inevitable that the previously developed sources will not continue to meet the same proportion of the total demand in those consuming areas which are most liable to be affected by supplies from new sources on geographical considerations. It is to be hoped that the increasing supplies from new sources will come into the supply pattern in a steady and not disruptive manner. Forced development can disregard the interests of established supply sources which continue to be needed for the fulfilment of the total requirements and for many of which the maintenance of oil revenue is essential for their social and economic development, itself indispensable for progress and stability.

In our case the total sums included in our 1959 Accounts for payment to the Middle East countries under fifty-fifty agreements amount to £115 million, and, as in 1958, these sums greatly exceed the Group's net profit for the year, £63 million.

In the year 1960 we are expecting an increase in our sales but, again, it would be imprudent, market conditions in the Eastern Hemisphere being what they are, to expect any material increase in the trading margins, though we are paying particular attention to economy in operation in all sides of the business in order to mitigate the effects of the depression in selling prices.

The difficulties of the present situation, though not likely to disappear in the immediate future, should not be allowed to obscure the encouraging longer term prospects of the oil industry. The growth of population, expansion in world economy, industrialisation and improvement in living standards, particularly in under-developed countries, will be accompanied by a continuing increase in the demand for energy in which oil has a major role to play. Thus the recently published report of the OEEC Energy Advisory Commission forecasts for Western Europe a 1965 demand for oil products equivalent to 200/240 million tons of crude oil compared with about 157 million tons in 1959. The total demand for oil in all countries of the free world in 1965 is currently estimated to increase above that in 1959 by more than 300 million tons, or, say 35 per cent. The oil industry, granted freedom of international trade, should therefore continue to enjoy confidence as a growth industry and we are well placed to participate in this growth.

ACCOUNTS AND FINANCE

The Accounts of the Company consist, as in recent years, of three sections:

(1) The Balance Sheet of The British Petroleum Company Limited and the Consolidated Balance Sheet and Profit and Loss Account of The British Petroleum Company Limited and Subsidiary Companies, excluding those referred to in note 12 on page 11.

(2) The Accounts of The Tanker Insurance Company Limited which are not incorporated in the Consolidated Accounts.

(3) A Group Income Statement showing the income of The British Petroleum Company Limited and all Subsidiary Companies (excluding The Tanker Insurance Company Limited).

The main Subsidiary and Allied Companies are listed on pages 16, 17 and 18.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Trading profit in the Consolidated Profit and Loss Account after provision for depreciation and amounts written off is £116,306,309 for 1959 compared with £123,822,128 for 1958. Depreciation and amounts written off total £30,694,068 compared with £33,139,526 for the year 1958.

The total taxation charge is £63,028,710, which compares with a figure for 1958 of £70,452,428. Due to the benefit of Investment Allowances and a recovery against this year's expenditure out of taxed income of other years not previously distributed to the Parent Company, the United Kingdom taxation position shows a credit of £15,044,979, whilst the overseas taxation liability is £78,073,689. Of the overseas taxation £76,306,020 arises in Iran, Iraq, Kuwait and Qatar, in which territories payments in the nature of royalties of £38,356,502 have also been made and are taken into account prior to arriving at the trading profit mentioned above. The total for the Middle East countries from the Group in 1959 is, therefore, £114,662,522, which compares with £118,783,215 in 1958.

The Consolidated net profit amounts to £62,149,090 compared with £61,922,563 for 1958 and of the Consolidated net profit £56,716,714 is dealt with in the Accounts of The British Petroleum Company Limited.

In the Accounts of The British Petroleum Company Limited your Directors have placed £1 million to Debenture Stock Reserve and allocated £30 million to General Reserve, leaving, with the £4,962,794 brought forward from last year, £30,477,417 available for distribution.

The Preference Dividends, net, amount to £666,174 and the Interim Dividend of 8d. per £1 Ordinary stock unit, free of income tax, was £7,008,161. Your Directors have recommended a Final Dividend on the Ordinary Stock of 1s. 6d. per £1 unit of stock, free of income tax, making a total for the year of 2s. 2d. per £1 unit of stock, free of income tax.

This leaves £7,034,721 of unappropriated income to be carried forward in the Accounts of The British Petroleum Company Limited which, together with the unappropriated income of Subsidiary Companies, makes a total carry forward of £26,271,221 compared with £19,256,549 in the previous year.

CONSOLIDATED BALANCE SHEET

The issued Ordinary Stock of The British Petroleum Company Limited was increased in August by 7,843,480 stock units of £1 each which were issued to the holders of £19,608,700 of the 6 per cent Convertible Debenture Stock 1976/80 who exercised their conversion rights. The premium of £11,765,220 on the Ordinary Stock issued has been credited to Share Premium Account.

The Capital Reserve has been increased by additions during the year of £11,772,800. These additions are made up of £2,500,000, being the third of 10 equal annual instalments received from the Government of Iran under the terms of the 1954 agreement, and £9,272,800, being sums payable by the companies with whom we are associated in the operations in Iran.

The Revenue Reserves have been increased this year by a total of £37,504,303. This increase consists of £30 million allocated to General Reserve in The British Petroleum Company Limited and £7,504,303 retained income in the Consolidated Companies. The General Reserve of BP Tanker Company Limited, £15 million, has been transferred, by way of inter company dividend, into the General Reserve of the Parent Company; this transfer does not affect the total Revenue Reserves.

The total capital expenditure of the Group during 1959, including non-Consolidated Sub-

sidiary Companies and our proportion of the expenditure by Allied Companies, was made up as follows:

	1959 £	1958 £
Exploration and production	34,750,000	39,000,000
Refineries	39,750,000	40,000,000
Tankers (before deducting sales under tanker finance arrangements)	24,000,000	23,750,000
Distribution and marketing facilities, etc.	42,250,000	34,750,000
	£140,750,000	£137,500,000

The amounts retained in the business to meet new capital expenditure and to provide working capital were:

	1959 £	1958 £
Consolidated Companies:		
Capital and revenue reserves	49,500,000	52,000,000
Depreciation and amounts written off	30,500,000	33,000,000
	80,000,000	85,000,000
Non-Consolidated Companies:		
Depreciation and profits retained	17,000,000	16,500,000
	£97,000,000	£101,500,000

During 1959 we received £21 million under tanker finance arrangements and £11 million from the Canadian and Swiss loans mentioned last year.

GROUP INCOME STATEMENT

The Group Income Statement for the year which appears on page 14 shows the summarised trading figures of The British Petroleum Company Limited and all Subsidiary Companies (excluding The Tanker Insurance Company Limited). The net income is £63,358,000 (compared with £62,952,000 for 1958) of which £62,149,000 is dealt with in the Consolidated Profit and Loss Account and £1,209,000 relates to the non-Consolidated Subsidiary Companies.

PRODUCTION AND EXPLORATION

The following table shows the BP Group's percentage shareholding in companies producing crude oil in various parts of the world and the total production by each company in 1959:

Company	BP Group share-holding Per cent	Total crude oil production 1959 Tons	1958 Tons
IRAN			
Iranian Oil Exploration and Producing Company (through Iranian Oil Participants Ltd.)	40	44,677,000	39,780,000
IRAQ			
Iraq Petroleum Company, Ltd.	23¾	27,330,000	22,633,000
Basrah Petroleum Company Ltd.	23¾	12,297,000	11,019,000
Mosul Petroleum Company Ltd.	23¾	1,271,000	1,280,000
KUWAIT			
Kuwait Oil Company Ltd.	50	68,437,000	69,117,000
QATAR			
Qatar Petroleum Company Ltd.	23¾	7,867,000	8,092,000
EGYPT			
The Anglo-Egyptian Oilfields Ltd.	31	510,000	*
TRINIDAD			
Trinidad Petroleum Development Company Ltd.	77	862,000	726,000
Trinidad Northern Areas Ltd.	33⅓	528,000	277,000
NIGERIA			
The Shell-BP Petroleum Development Company of Nigeria Ltd.	50	551,000	257,000
UNITED KINGDOM			
BP Exploration Company Ltd.	100	83,000	80,000
Scottish Oils Ltd. (Shale Oil)	100	60,000	63,000
CANADA			
Triad Oil Co. Ltd.	51½	123,000	104,000
GERMANY			
Gewerkschaft Norddeutschland	100	6,000	4,900
SICILY			
Compagnia Idrocarburi della Sicilia D'Arcy S.p.A.	100	155	4,300

* Under sequestration in 1958.

Middle East.—In Iran, following the completion of the pipeline from Gach Saran to Ganaveh, the twenty-two miles of underwater line between the mainland and the Persian Gulf island of Kharg was successfully pulled in December. This is the longest 30 inch pipeline to have been laid in this manner anywhere in the world. The new loading terminal on Kharg Island, to which the pipeline will be connected, is expected to be completed by mid-1960. During the year the exploration wells at Ahwar and Binak both found oil and production tests are in progress. Exploration wells were begun at Mand, some 50 miles south-east of Bushire, and early in 1960 at Suru in the Bandar Abbas area.

In Kuwait development of the Raudhatain field continued throughout the year and it was brought into production in March, 1960. At Minagish a further appraisal well is being drilled. In the latter part of the year a marine seismic survey was carried out in the area covered by the present agreement.

In southern Iraq the island loading terminal under construction is scheduled for completion in 1961. Production from the Bai Hassan field located west of the main Kirkuk field is due to begin shortly, and exploration work in other areas continues.

Production in Qatar proceeded satisfactorily during the year.

Abu Dhabi Marine Areas Limited, in which we have a two-thirds interest, has now completed three offshore wells. The results have not been uniform, but have been sufficiently encouraging for the preparation of facilities for regular production, and it is hoped this stage will be reached by about mid-1962.

United Kingdom.—During the year 83,000 tons of oil were produced in the United Kingdom. Part of this oil was drawn from several small new producing areas including Bothamsall in Nottinghamshire, Gainsborough and Corringham in Lincolnshire, and Kimmeridge in Dorset. The ultimate potential of these discoveries has still to be assessed. Our exploration activities have continued but no other significant oil or gas production has been proved. Likewise our work on behalf of the Gas Council has not resulted in any commercial gas discovery.

Shale oil production in Scotland at 60,000 tons was 3,000 tons lower than in 1958. The shale field operated throughout the year on the restricted basis referred to in my last year's statement. Considerable economies were thereby effected but losses continue to be incurred.

Europe.—In France, in association with French interests, further test drilling was continued in the Rhône Valley and a seismic survey was carried out in south-west France, but by the end of the year, owing to the disappointing results obtained, it was decided to suspend our exploration activities in continental France.

In Austria a first test well was completed as a dry hole in the joint venture with Austrian interests.

In Sicily the experimental production of the heavy asphaltic oil discovered at Vittoria led us to conclude that this field could not be developed profitably and our operations were consequently closed down and the venture abandoned.

In Malta the test well near Valletta was drilled to a depth of 9,736 feet. Results obtained did not encourage further exploration and we decided to terminate our concession.

In Switzerland seismic work was carried out in the Canton of Fribourg, and a test location has been selected for drilling in 1960.

West Africa.—In Nigeria development of the Bomu, Oloibiri and Afam fields continued and a new field at Ebubu was brought into production. With output increased to 551,000 tons, Nigeria can now be regarded as an established oil-producing country. On completion late last year of the Bomu-Afam pipeline, all four fields are now linked by pipeline with Port Harcourt from where all export shipments are made. The pipeline is being extended southwards to Bonny Island at the mouth of the Bonny River where an ocean terminal is being built. During the year 34 exploration wells were drilled, of which seven have produced oil on test. One of these successful exploration wells, at Ughelli, was the first significant oil discovery made in the Western Region of Nigeria.

In Senegal and Gambia drilling and geophysical surveys continued throughout the year in conjunction with French interests, but no oil or gas production was proved.

North Africa.—In the Algerian Sahara seismic and geological work continued in the permit areas held by our associated company, Société des Pétroles de Valence. These areas were extended during the year and now cover a total of 19,000 sq. kms. Drilling of the first deep test began in November, 1959, at El Arich el Megta, in the Djorf-el-Atfal permit.

In Libya the scale of our geological and geophysical operations was substantially increased towards the end of the year. A fourth test well is now drilling. Two further areas covering 63,000 sq. kms. were granted to us in Cyrenaica.

In Egypt the property of The Anglo-Egyptian Oilfields, Ltd., was desequestrated in April, 1959.

East Africa.—Shallow drilling for geological information, and further geological and geophysical survey work, continued in Kenya, Tanganyika and on the island of Pemba (Zanzibar Protectorate). A geophysical survey was carried out in British Somaliland.

Australasia.—In Papua two deviated holes were drilled from Puri No. 1, the well which on test flowed oil initially but shortly afterwards went to water. Inadequate reservoir conditions were found in the deviated holes, neither of which gave any significant flow of oil or gas. In September a deep test was started at Bwata, 15 miles to the north-west of Puri; a considerable flow of gas was obtained from it, but no crude oil was produced. The well eventually reached water-bearing limestones and was suspended early this year. Preparations are in hand for drilling a further structure at Iehi.

In Australia a test well at Innamincka in South Australia in which we participated through Frome-Broken Hill was carried to 12,637 feet, but without finding significant oil or gas production. A well was completed at Port Campbell in Victoria which on test yielded a small flow of gas; further seismic work is being undertaken before deciding whether to explore the extent of this gas accumulation by further drilling.

In the North Island of New Zealand the first well, in Taranaki, discovered wet gas at great depth. A second test well is being prepared in the Gisborne district.

Canada.—In Canada, Triad Oil Co. Ltd., in which we hold a 51.5 per cent interest, produced 123,000 tons of crude oil. The restrictions imposed on production continued to curtail offtakes from the producing wells. Both through our interest in Triad Oil and through wholly owned subsidiaries, we have continued to acquire interests in new areas and during 1959 a total of 25 wells was drilled, of which seven were completed as oil wells. While further progress has thus been made, the results so far obtained since we began our participation in the search for oil in Canada in 1954 have been on a relatively modest scale.

Alaska.—During the year the Company formed a wholly owned subsidiary, BP Exploration Co. (Alaska) Inc., to investigate the oil prospects of Alaska, and rights have been acquired in several areas of that State.

Caribbean.—In Trinidad, production once again showed an appreciable increase, both from the Trinidad Petroleum Development land areas and the Trinidad Northern Areas Soldado marine field. The first well drilled under a T.P.D. marine licence also proved oil and tests were in progress at the end of the year to evaluate its potential.

South and Central America.—In association with Sinclair prospects in Columbia were further investigated and work is continuing in the area. A geological survey has been carried out in British Honduras.

REFINING

The following table shows the BP Group's percentage shareholding in companies with refineries and the total throughput in each refinery in 1959 compared with the previous year:

Company	Refinery location	BP Group share-holding Per cent	Total throughput 1959 Tons	1958 Tons
UNITED KINGDOM				
BP Refinery (Kent) Ltd.	Isle of Grain	100	7,138,000	5,815,000
BP Refinery (Llandarcy) Ltd.	Llandarcy	100	2,824,000	2,782,000
BP Refinery (Grangemouth) Ltd.	Grangemouth	100	2,431,000	2,053,000
Scottish Oils Ltd.	Pumpherston	100	140,000	143,000
ADEN				
BP Refinery (Aden) Ltd.	Aden	100	4,121,000	3,758,000
AUSTRALIA				
BP Refinery (Kwinana) Ltd.	Kwinana	100	2,445,000	2,691,000
BELGIUM				
Société Industrielle Belge des Pétroles S.A.	Antwerp	50	3,517,000	3,588,000
Tankage et Transport S.A.	Antwerp	100	141,000	137,000
EIRE				
Irish Refining Co. Ltd. (through Shell-Mex and B.P. Ltd.)	Whitegate	16	680,000	—
FRANCE				
Société Française des Pétroles BP	Dunkirk	70	1,962,000	2,117,000
	Lavera	70	2,349,000	2,997,000
GERMANY				
BP Benzin und Petroleum A.G.	Hamburg	100	1,705,000	1,627,000
Oelwerke Julius Schindler G.m.b.H.	Hamburg	97	293,000	306,000
IRAN				
Iranian Oil Refining Company (through Iranian Oil Participants Ltd.)	Abadan	40	15,459,000	14,986,000
ITALY				
Industria Raffinazione Oli Minerali S.p.A.	Venice	49	1,633,000	1,385,000
KUWAIT				
Kuwait Oil Company Ltd.	Kuwait	50	7,055,000	5,939,000
LEBANON				
Iraq Petroleum Company, Ltd.	Tripoli	23¾	181,000	305,000

In 1959 the total quantity of crude oil refined for us in the above refineries, as well as that refined under certain processing arrangements, was just under 39 million tons.

Following the expansion of the Kent refinery there was an increase of over 1.3 million tons in throughput, and 160,000 tons of aviation gasoline were produced during the year. We now have under construction at Kent a plant for the production of a range of special boiling point spirits which is expected to be ready for commissioning towards the end of this year. An agreement was reached whereby the South Eastern Gas Board will be supplied with refinery gas later in 1960.

The construction of the pipeline from the new Angle Bay Terminal at Milford Haven to Llandarcy refinery has been completed. The jetty and tankage are expected to be ready in the autumn of this year, work having been delayed by unfavourable weather conditions.

The Irish Refining Co. Ltd.'s new plant at Whitegate in Eire was commissioned last May and during the year 129,000 tons of crude oil were processed on our behalf.

Construction of the new refinery at Dinslaken in the Ruhr has proceeded satisfactorily and it is expected that the refinery will be commissioned in the early part of the summer. A dewaxing unit is being installed at the Oelwerke Julius Schindler refinery at Hamburg. A plant is under construction at Lavera refinery for the treatment of cracked gasolines returned from the nearby petroleum chemical plant of Naphtachimie S.A. At the Venice refinery a new hydronner was successfully commissioned in August, and engineering work is being carried out on a new catalytic reformer which should be completed during 1961.

At the Kuwait refinery a small catalytic reformer for the production of high grade motor spirit for the local market has been in operation since June. At the Abadan refinery in Iran where our share of the throughput was 5,325,000 tons it has been decided to install a catalytic reformer for the production of high octane motor spirit with a capacity of 20,000 barrels per day. At Kwinana in Western Australia the new catalytic reformer, commissioned in February, has operated satisfactorily.

At our Aden refinery, operations which had proceeded well in 1959, ceased early in February last as the result of a strike which we hope will soon end. The resultant loss of refined products has been made good from other refineries.

We expect to commission the new refinery at Montreal during the second quarter of 1960.

We are participating in a refinery to be built in New Zealand. Following the development of production in Nigeria, the erection of a refinery there is under active consideration. In Turkey the new 3,200,000 tons per annum refinery in which we are interested along with other oil companies is now under construction. Sites have been chosen for other new refineries, in which we shall hold a part interest, at Algiers, Durban and Mombasa, and development work is proceeding in connection with these projects. We are considering participation in a refinery to be erected at Strasbourg and are also planning a refinery in Northern Ireland.

PETROLEUM CHEMICALS

The Group's operations in the petroleum chemical field were again appreciably increased in size and scope during 1959.

In the UK, BP is associated through British Hydrocarbon Chemicals with Forth Chemicals and Grange Chemicals at Grangemouth. All three companies operated satisfactorily during 1959, achieving in many cases production well in excess of design. Plants for the manufacture of high density polyethylene, cumene, phenol and acetone were brought on stream, thus adding to the growing list of chemicals produced by these companies. Good progress was made in the construction of the third ethylene plant and we hope to commission it in mid-1960. When this takes place, combined feedstock requirements of the three cracking plants at BHC will be nearly 1 million tons per annum.

In France Naphtachimie S.A., in which we have a substantial holding through our French associate, had a satisfactory year, chemical production and sales being a record. Construction of new plants progressed steadily throughout 1959. New plants for propylene oxide and

propylene glycols were successfully commissioned and it is expected that a new cracker and a second ethylene oxide plant will be commissioned in mid-1960.

In Germany, Erdölchemie G.m.b.H., in which we have a 50 per cent interest through our German associate, has completed the first stage of its construction. This includes plants for the manufacture of ethylene oxide, ethylene glycols and propylene oxide. Construction of the second stage plants, which will approximately treble the capacity for ethylene and ethylene derivatives, was almost completed during 1959.

SEA TRANSPORT

At the end of 1959 Group tankers totalled 144 ships of 2,644,000 d.w. tons compared with 157 ships of 2,600,000 d.w. tons at the end of 1958. Included as Group tankers are the fleets of the BP Tanker Company, the BP Clyde Tanker Company and Tanker Charter Company, the Clyde Charter Company and Société Maritime des Pétroles B.P.

During 1959, 25 older and smaller vessels of 340,000 d.w. tons were disposed of, mostly for scrapping, and 12 vessels of 384,000 d.w. tons were added including nine of 279,000 d.w. tons to the Tanker Charter and Clyde Tanker Companies.

We had at the end of the year 36 tankers ranging from 15,000 to 65,000 d.w. tons under construction or on order, and as mentioned earlier we have made arrangements with some shipbuilders, subsequent to those referred to last year, to spread deliveries still further in a number of cases. The number on order for Société Maritimes des Pétroles BP, not included in the latter figure, has been reduced from three to two.

Associated fleets (in which we have a 50 per cent interest) continue to give excellent service. Including new building programmes they comprise:—

The Lowland Tanker Co. Ltd.
- Ten 16,000 ton tankers in service.
- Five 19,000 ton tankers on order for delivery 1960/61.

Nordic Tankships I/S of Copenhagen.
- Two 35,000 ton tankers in service.

Warwick Tanker Co. Ltd.
- Two 35,000 ton tankers, for which the first is in commission and the second recently launched.

The Group also has about 2,800,000 d.w. tons of tanker shipping on charter which is slightly less than a year ago.

Since the last report world tanker tonnage has continued to exceed requirements and freight rates have remained depressed. We, like others, still have tonnage laid up and from time to time have slowed down or routed some of the larger vessels to and from the Persian Gulf via the Cape of Good Hope to meet seasonal fluctuations in requirements.

Of our Group total of 2,644,000 d.w. tons, 1,260,000 d.w. tons (48 per cent) consists of vessels of 28,000 tons or over and we are very satisfied with the economy of operation of these larger ships.

DISTRIBUTION AND SALES

Whilst our total sales of crude oil and finished products at approximately 65 million tons showed an increase of over 4 per cent compared with 1958 inland sales of products through our associated marketing companies increased by nearly 10 per cent, thus confirming the trend to cover a greater proportion of our total product sales through our own direct marketing organisations.

Throughout our marketing areas our position has in general been satisfactorily maintained. In the United Kingdom our associated marketing company, Shell-Mex and BP Limited, increased its trade by some 14 per cent compared with the previous year. In Australia, New Zealand and in the Southern and Eastern African territories good progress was made. Two events deserve special mention, the desequestration of our associated marketing company in Egypt in April, 1959, and the introduction of a full range of BP products in South Africa, Rhodesia and Portuguese East Africa through BP Southern Africa (Proprietary) Limited.

In those areas where we have only recently started marketing, progress has been satisfactory. In Canada our immediate objective to create an outlet for products from our new Montreal refinery is being pursued according to plan. In Italy we started to trade under the BP colours early in 1959, and the development of our retail network is proceeding well. In West Africa we have again had an active and encouraging year.

In Iraq, in accordance with the agreement made in 1951, the Khanaqin Oil Company ceased to operate the Government's refineries at Alwand and Basrah, and also to act as marketing agent for main products. Under the name of BP (Iraq Agencies) Ltd., the Company continues to market special products and to operate the Air BP organisation.

The difficult period through which the world shipping industry has been passing has had a depressing effect on the demand for bunkers, but our International Bunkering Service has, despite increased competition, generally maintained its position in this very important section of our business, and is now operating at 197 ports on world shipping trade routes.

We have continued to expand Air BP, extending our aviation services into Spain, Turkey and West Africa, and for the first time into the Western Hemisphere at Dorval Airport, Montreal. Air BP has made considerable efforts to cater for the rapidly growing market for jet fuels and has obtained a substantial share of that market.

In the field of lubricants we have had a successful year, and demand for our BP Energol Visco-Static motor oil has continued to grow. A new lubricant under the name of BP Energol Tractor Oil Universal, designed to meet the requirements of engines, hydraulic systems and transmissions of every major tractor manufacturer in Europe, has been developed and put on the market.

Our recently developed branded product for two-stroke engines, BP Zoom, has been introduced into new markets and has enjoyed a rapid growth in sales.

Prices in general have reacted to the increasing competition and particularly in those areas where products from the Soviet zone and independent European refineries have sought their principal outlet. The main impact of these forces has been felt in the fuel oil trade, resulting in our share of that trade in Scandinavia, Germany and Belgium suffering setbacks.

In today's highly competitive marketing conditions Sales Promotion activities are increasingly important. The BP Touring Service again met with a very good reception in 1959 and we are planning to improve and expand this scheme. BP's successes in the field of motor racing have again been numerous, and BP is proud to have supplied the fuel and lubricants used by Mr Donald Campbell in his boat 'Bluebird' when setting up a new world water speed record.

RESEARCH

During 1959 we have increased our research work at Sunbury and elsewhere including activity in the fields of petroleum chemicals and Operational Research. Satisfactory progress has been made in work designed to improve methods of exploration and crude oil production, to discover new refinery processes, and to enhance the qualities of products. The work being carried out in the technical centres attached to the Group's refineries both in this country and abroad continued to give encouraging results.

The use of Operational Research methods including linear programming techniques for the control of refineries has been further developed.

The large number of British and foreign patent applications filed during the past year is a measure of the progress made in the introduction of new processes and the improvement of product quality. Plants based on a process discovered and developed at the Sunbury Research Centre, for refining by-product gasoline from petroleum chemical plants, are now under construction in the UK, Germany and France.

Exploration Research has been particularly concerned with improvement in instruments both for seismic surveying and for the electrical logging of boreholes. Intensive studies continue on reservoir engineering, and on the latest methods of secondary recovery, particularly underground combustion and the injection of miscible fluids.

The facilities at the Research Centre have been increased by the addition of a new building to house the Technical Development Division. A new pilot plant laboratory is under construction.

A full scale boiler which will be entirely devoted to experimental work has been commissioned on a research site adjacent to our Kent refinery. This boiler has been designed to give the utmost flexibility of operation and represents the most advanced equipment available for the study of problems associated with the burning of fuel oils.

PERSONNEL

I conclude by paying a tribute to the staff of our Company and the fact that it is customary does not make the tribute less sincere, or less well earned. BP is an international concern and in the past few years I have been privileged to travel to many of our centres of operation and see our staff at work; I have always been most impressed by their enthusiasm and interest in the Company's progress.

Many of them have to work under very difficult physical conditions, but we try to do all that we reasonably can to ameliorate those conditions. There are, however, other and more subtle difficulties. There is, for instance, such a difference between working in the Persian Gulf, Alaska or Canada, Libya or West Africa that, in transferring people, considerable problems of psychological and social adjustment arise. It has been a source of great gratification to me, in my travels, to see how well and cheerfully our staff succeed in adapting themselves to these difficult circumstances.

It is not just a formality, therefore, that I should thank our employees all over the world, both ashore and afloat for their loyalty and support.

UNILEVER LIMITED

CAPITAL PROJECTS SHAPE THE FUTURE OF THINGS TO COME

PROCESS OF ADAPTATION AN ESSENTIAL PART OF GROWTH

COPING WITH A HEALTHY APPETITE

OVER £337M. EXPENDED IN PAST DECADE ON NEW DEVELOPMENT

LORD HEYWORTH ON ASPECTS OF A HIGHLY DIVERSIFIED BUSINESS

The Annual General Meeting of the Members of Unilever Limited was held on Tuesday, April 26th, at The Hall of the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2. Lord Heyworth presided. Addressing the Meeting the Chairman said:

CAPITAL INVESTMENT

The Past and the Future.—The Report and Accounts of our Company—or of any other Company, for that matter—are a record of the past. They tell you how much we have sold. They tell you how much profit we have made. They tell you what we own—our assets—which themselves represent decisions taken in the past about developing the various sides of the business.

Unless you are economic historians, news of our past is not likely to be all you want to know. What is likely to interest you far more is to get some idea of what our future is likely to be. That is what is going to decide the value of your investment in Unilever. And if the Report and Accounts convince you that we have done fairly well in the recent past, then there is some hope that we may do no worse in the immediate future.

But how about the more distant future? How is our business going to respond to the challenge of that? What kind of a business is it going to be in five or ten years' time? Amongst all the figures which we set before you, the most direct answer to those questions comes under the heading "Capital Projects." There you really can make out the shape of things to come.

GROWTH AND CHANGE

That is why I want to talk about Capital Expenditure this morning, because the investment of capital is what determines the physical shape and size of the business, and without capital investment the business cannot grow. By "growing," here, I don't mean simply getting bigger and bigger, though of course that comes into it, because the world's population is rising and becoming more prosperous, and a bigger market needs a bigger business to serve it properly. Even to hold our present position, we should have to grow by about 3 per cent a year. But it is not only going to be a bigger market, but a different one. The goods in it are going to be different: the people in it are going to live in a different way, and the businesses that wish to prosper in it are going to have to adapt themselves to its needs. This process of adaptation seems to me an essential part of growth, and I shall hope to bring it forcibly before your minds this morning. I want to give you some idea of how we are using our capital to make Unilever ready for tomorrow when it comes.

Capital is the food of productive enterprise, and if you want a business to grow, you must feed it. The things we list under Capital Projects show you the bill of fare which—we hope—is going to build the Unilever of the future—not of this year or of next year, but of 1965 and 1970. Capital Projects are chiefly buildings and equipment—the "fixed assets" of the business—and they are the larger part of the meal. But there is a sauce to this dish, and that costs a great deal of money, too. It is the working capital which we must have to make our fixed assets productive. Since 1950, we have fed Unilever with about £337 million for fixed assets and £176 million for working capital, and its appetite doesn't look like getting any smaller in the years to come.

THE PATTERN OF DEVELOPMENT

Let us see how this £337 million has been laid out, so that we shall see how the business has been developing over the last ten years. I have some charts here, and from the first of them you can see how our new investment has been spread about the world:

CHART I
UNILEVER CAPITAL EXPENDITURE BY AREAS, 1950-1959

United Kingdom	29 per cent
The Netherlands	5 " "
Other European countries	24 " "
Middle East, Australasia, Africa (except UAC)	13 " "
North and South America	13 " "
United Africa Group territories	12 " "
The Orient	4 " "
Total capital expenditure (£337 m.)	100 per cent

Geographically, you see, we have been concentrating heavily on developments in the United Kingdom and Western Europe, but we have not neglected the other Continents.

Now let me turn to the figures for the United Kingdom and the Netherlands over the same period. These are two of the places where we are in the habit of trying out new developments—new products, new business activities—on a large scale, and so capital expenditure here is a reasonably good guide to the kind of thing which we expect, eventually, to be important in our operations throughout the world. Here is my second chart:

CHART II
UNITED KINGDOM AND THE NETHERLANDS CAPITAL EXPENDITURE, 1950-59

Food	37 per cent
Oil Milling and Animal Feedingstuffs	28 " "
Washing products	20 " "
Edible fats	11 " "
Other activities	4 " "
Total (£113 million)	100 per cent

In looking at both these charts, you have to bear in mind that at the beginning of the period—the early 'fifties'—we were still making good wartime damage and neglect. That goes a long way to explain why so much capital has gone into oil milling, because many of our oil mills were in places that got badly bombed. But in the later years we had finished doing that and we have been able to concentrate on really new developments. You will notice how much we have been putting into food, which means mainly things like frozen foods, ice cream, soups, meat processing and so on.

The nature of capital development—the things we put money into—varies a lot from one side of the business to another. In making and marketing washing products, for example, 90 per cent of the value of the capital employed is committed to production: 10 per cent to distribution. In ice cream, on the other hand, which is growing in importance all over the world, production takes only 43 per cent and distribution takes 57. The reason will be clear to you if you recall how often you see Walls' vans on the roads and their cabinets in the shops.

These two charts give you some idea of how we are spreading our capital about the world and the products we are putting it into. Now let me try to give you an idea of the sort of reasoning that lies behind our policy.

RETURN ON CAPITAL

We invest money where we hope to make money. What this means is that in choosing between one possibility and another we look very carefully at the return we are likely to get on the money we lay out. To ignore that principle would be wasteful, and we require all our management to take account of it, but in practice it cannot always be applied simply and directly.

For one thing, we are to some extent prisoners of the past. What we shall do to-morrow is partly dictated by what we did last week, in the sense that our existing assets must be kept in good order, brought up to date and expanded, because it is only from what we have already that we can make the profits which will enable us to do what we want to do in the future. So that new possibilities, however exciting they may be, sometimes have to take second place.

Then again, we have our responsibilities to the people we employ. They need canteens, medical attention and welfare services generally. Things like these, if they are done properly, are a good investment, and that is how we look upon them. But in making provision for them, financial return on the capital employed is not our first consideration.

Most important of all, we must do our best never to fall behind our competitors. We must put money into research and into the development of new products and processes, even though we can't pick winners all the time and some of our capital will be lost. What we can do, and must do, is to give ourselves every chance to find better products to put into the shops, so that the eventual return on our total capital is safeguarded.

To get a proper return on our money, then, is the main thing, though not the only thing we have to look at in forming our investment policy. Taking account of proper replacement of fixed

assets, of our social responsibilities, and of our competitive power, our broad aim should be to keep the figure of return on capital employed rising rather than falling. That, as you can see from my third Chart, is what we generally managed to do during the nineteen-fifties:

CHART III

RETURN ON CAPITAL EMPLOYED 1950-1959

1950	1951	1952	1953	1954
per cent	per cent	per cent	per cent	per cent
7·4	5·5	5·3	7·5	8·2
1955	**1956**	**1957**	**1958**	**1959**
per cent	per cent	per cent	per cent	per cent
9·8	10·2	8·2	9·0	10·3

To keep this figure rising calls for a nice balance between initiative and control. Generally speaking, it is for the central management of our business to set the broad pattern of development, and for our companies to grasp opportunities as they come along. We welcome initiative from the operating companies. They can see what they would like to do: they are well placed to say whether they think they can do it. But it is up to the central management to balance one project against another and to make capital available for the likeliest.

THE LONG VIEW

We don't always expect to see a quick return on our capital. We are in business for a long time, and where we go, we mean to stay. If we have to spend a long time and a lot of money in building our enterprise up, we will do it, provided we are reasonably sure that the return, in the long run, will match the effort. An extreme example is our plantations business in the Belgian Congo. In 1913, Sir William Lever said of it: "we have got hold of something we can employ all our talents and energy upon for the next quarter of a century and still find plenty to do." His estimate was not far wrong, and we backed our faith in the Congo with many millions of pounds before any profit began to flow from it.

We shouldn't often go in for a project quite so long-drawn-out as that, although plantation work, even in the ordinary way of business, is not to be hurried. Depending on the crop, we need anything from three to seven years to bring a plantation into bearing, and after that there will be another five or six years before it is mature enough to show much return on our money. On other sides of our business, we do not expect to have to wait a dozen years for our profits, but periods of two or three years are common. It is what you have to expect if you want to do big things, and for a worthwhile project we are prepared to face it.

NEW INVESTMENT

In any place where we intend to venture considerable sums, we take a pretty close look at the general economic and social background first. Is the population going up? Is the general standard of living rising? Have any strong competitors dug themselves in before us? Can we get materials to build a factory, labour to work in it, transport to carry our goods away? Can we get materials to make products to our standard of quality? Is the Government fairly stable? What kind of a view does it take of foreign investors? Shall we be able to get our profits out if we want to (often we prefer to leave them there for the development of the business)?

These are a few of the questions which we ask when we are deciding whether or not to put money into, say, a soap factory in Ghana or Burma. It is very important that we should get the right answers, because once we have turned a million or more of money into bricks, mortar, and equipment we are committed pretty heavily to local circumstances. It is no good thinking you can get the capital out again if your business goes wrong—you can't. Fixed assets are what they say they are—fixed—and that is the beginning and end of it. Everything depends, in the last resort, on how accurately we foretell the future, and although our range of advisory and service departments is wide, we have no Crystal Ball Division.

Some decisions are more a matter of faith—of confidence in one's own judgment—than of rational calculation. Take Malaya, for example, where we have been investing capital since 1948. Conditions there, from one point of view, have promised well—a rising population, prosperity, plenty of labour, and so on—but who, 12 years ago, would have been prepared to bet on the political situation, with terrorists loose all over the place and no certainty that they would be suppressed? We took the risk, and since then we have put about £1,200,000 into factory plant and staff housing, which would certainly have been a total write-off if things had gone the wrong way. On that foundation, we are now proposing new plant for synthetic detergents, costing £175,000, and developments on the plantations side of our business which will run to about £1 million. When we started investing in Malaya, nobody could be sure that any of this would be possible. We might have been throwing money away. We could only weigh up the attractive marketing opportunity against the heavy political risk—and trust our forecast of the outcome.

More recently, we have taken a decision of the same sort in Morocco. We are going to put about half a million pounds into a detergent factory at Casablanca, which is a pretty substantial earnest of our faith in Morocco's future.

ADAPTABILITY

Now let me turn from the spread of our capital expenditure about the world to the way we spread it among different enterprises—in other words, "diversification." We hear a good deal about diversification and what a good thing it is, but we do not hear so much about how it is done. We have a highly diversified business ourselves, and we believe strongly that we are unlikely to survive, let alone grow, in a rapidly changing world, unless we take a pretty flexible view of the kind of activity we are prepared, from time to time, to engage in. But that is very far from saying that we take an unlimited view of our capabilities. We are not an investment trust, concerned to find capital and leave management to others. We normally go into businesses we can run ourselves, and there are many things we should never think of going into, just as there are others that we take to very readily. Our aim is to employ our existing resources more fully, or extend them along their natural lines of development.

Many of our existing resources are designed to promote the activity we are most skilled in, which is making and marketing consumer goods in everyday use in the households of the world, and especially goods sold retail through grocers' shops or their equivalent. That gives us a wide field of choice, but it is narrow enough to be manageable. It is not a principle which can be applied to every side of our business—our trade in chemicals is an obvious exception to it—but it is one that is likely to govern a good deal of our future expansion.

Not that we intend to be thrust into any kind of logical strait-jacket by this kind of reasoning. If we see profitable opportunities which do not fit it, we don't necessarily ignore them. Sometimes we have had to set up activities, such as our paper business in Germany or our chemical interests, to serve other operations of our own. They have turned out to be profitable undertakings in their own right, and we have developed them, even though they are far removed from our staple trade in consumer goods.

We can say with some confidence that we are unlikely to take on a new proposition unless we can see a pretty wide prospect ahead of it. This is because a new proposition, on anything like a large scale, usually needs a fairly formidable array of supporting services, either completely new or developed from what we have already. This is what our two headquarters companies are in business to provide, but unless services of this kind can be widely employed, they eat their heads off in upkeep. Take, for instance, our businesses in frozen foods and ice cream. To support them properly, we have had to develop our knowledge and experience of refrigeration, which we gained originally in the margarine business. But it would hardly have been worthwhile doing that unless there had been wide scope for ice cream and frozen food, and you will see from our list of capital projects that we are, in fact, developing them throughout the world.

Finally, before we go into anything new, we must be sure that we can back it with proper research. It is no use finding a good new product, away ahead of competition, if you cannot stay that way. That is why we have 3,500 people employed in research and development to-day against 2,250 in 1957, when I last spoke to you of these matters. Here again, the principle of using our resources as widely as possible applies. We have to keep up with the technology of any industry we take a hand in, but that is expensive, and unless the knowledge can be widely applied it is not worth our while to lay out the capital to acquire it.

As well as watching for new openings, we must always be ready to withdraw from activities which, for one reason or another, no longer fit into the pattern of our business, or which no longer give us an adequate return. Within the last few years, we have sold De-No-Fa in Norway and the Anglo-French Phosphates Company, and in the United Africa group we are changing over from a trading and produce-buyer concern to a merchandising and industrial business. Growth in business is like growth in nature: the word implies that you shed what you no longer need.

Bearing these considerations in mind, we think that in our main line of business—consumer goods—the future lies with things that save the housewife work and brighten the drabness of everyday life. This means different things in different places. In underdeveloped countries, it may mean washing powders rather than hard soap, but in Europe, where powders have long been familiar and women are giving up washing their things by hand, it may mean powders specially made to use in washing machines. On the food side of our business, we expect to develop along the lines of prepared and semi-prepared foods, all of which both save the housewife work and liven up her family's meals.

None of the newer products are cheap. Even in the United Kingdom and The Netherlands, a good many of them are still on the fringe of the luxury class. But they offer the prosperous housewife advantages which, we think, she will cheerfully pay for, and so we back them. We are sometimes wrong. We were not particularly clear-sighted, for example, in judging the possibilities of frozen foods in Australia. But the general rule remains sound, and we are always looking for products which give the housewife something extra to offer her family or which take work off her hands—or, if possible, do both—in the belief that she will usually pay for these services as readily as for the intrinsic quality of the product. We are offering to work for her in our factory—to do things she would otherwise have to do at home—it is, in fact, service as well as quality that we are selling her.

You will notice that our general approach to the picking of new products is made in an optimistic frame of mind. In societies like our own, we think people are likely to grow more prosperous rather than less. In societies at present less highly developed, we think things are likely to get better rather than worse. We are not at all ashamed of liking the prospect. Some people, who have spent years in castigating the evils of poverty, now seem disconcerted by prosperity, and they make very sour noises about it. We can't follow their logic. We like to see people well off, and, although we realise that mass prosperity brings new and unfamiliar problems, we would much rather face those than poverty's ancient curse.

FINDING THE MONEY

Passing now to the methods by which our growth is financed, I do not intend to give a general lecture on this subject, which has many aspects—fiscal, social and economic, with which I shall not attempt to deal. All I want to do at the moment is to state the reasons governing our choice and to discuss them in the light of your interest as shareholders in our business.

We usually expect to live well within our income and finance new growth out of our profits. During the "fifties" from year to year, we were paying out about twenty per cent of our net profits to the ordinary shareholders and altogether, since the War, much the greater part of our new capital has come from inside the business.

Are we right? Some people say we ought to rely far more heavily on the market for capital, and pay out more of our profits to the shareholders. That way, they say, we should have to look even more carefully at the return offered by new projects, because we should have to balance it against the cost of raising the money. At the same time, we should be giving the ordinary shareholders a more rapidly rising income, which is what they expect.

Is that what people expect when they invest in Unilever? If they have studied the Company's policy at all carefully, I suggest that they expect a management which is more concerned with the long run than with the short and which seeks to make to-day's prosperity a foundation for to-morrow's growth. So long as the business does grow, and so long as the dividend shows a steady rise, I doubt whether any shareholder in Unilever feels aggrieved by the amount of profit we put back into the business. If he were that sort of shareholder, he wouldn't be in our sort of Company.

But if we, as management, keep a large proportion of the shareholders' money, we must also deliver the goods. We must see that the business does grow and that the shareholders get the kind of return on their money which the Company's record gives them a right to expect. That does not mean that we shall always be able to show the return we are showing to-day—about ten per cent on capital employed. Profits in business generally may become harder to earn, and if that does happen Unilever is not likely to escape. But so long as our policy gives us a return on our capital employed which is not seriously out of line with the performance of business generally, then I do not think we can be said to be treating our shareholders badly.

Ever since the War, we have considered that we look after our shareholders best if we finance ourselves mostly from our own profits. For years, there was no argument about it. In England, the Capital Issues Committee, on the one hand, and taxation on distributed profits, on the other, made the prospect of raising capital on the market both difficult and unattractive. In the Netherlands, too, official permission was required in order to raise any worthwhile sum on the market, and for many years the rates of dividend were subject to statutory limitations. These things are behind us now, but there are two other good reasons for raising capital "inside" which are never likely to grow weaker, even though neither puts an absolute bar on the possibility of our going to the market.

The most obvious thing about our need for capital is that we need a great deal. That, in itself, is the first reason why we find so much ourselves. From 1950 to 1959 we were investing new capital, on an average, at a rate of about £30 million a year, and we should have been hard put to it to find anything like that from outside the business. And, as I said to start with, our appetite for money isn't likely to grow any smaller in the future.

Then, suppose we were forced into the money market at an awkward moment. Suppose, for instance, we had wanted to raise money in the United Kingdom during the credit squeeze. If we had been allowed to have it, look what we should have had to pay for it. Things are easier now, but the principle will always apply that if we go to the market for money, we must pay the market rate, and there may be times when that does not suit us. But with strong resources of our own, we can choose for ourselves the moment that does suit us, which was what we did about ten years ago, when we went to the market for debentures.

A good opportunity, of that sort, might arise again, and I certainly don't want to imply that we shall never want to look for money outside our own business. What I do say is that in the recent past the pressure to find money within the business has been overwhelming, and in the future it is likely to remain strong, at least for most of what we need. And I think there can be no question that, by using our own resources, we have built up strength and diversity. If there are shocks coming—and we can hardly hope that nothing will ever go wrong again—we ought to be able to withstand them. More than that, we ought to be able to risk large sums of money in exploiting new possibilities of growth. For this last purpose, we think it most important to have large funds of our own, because we cannot always be certain of being able to raise money on the market when opportunities present themselves.

However you look at it, I think we may claim that the resources which we have built up have helped to protect the long-term interest of Unilever and of everyone connected with it. The housewife, at her shopping, can buy goods which have been developed to meet her changing needs. The people who work for us have a good assurance of a stable livelihood, even if times turn rougher than they are at present. And those who put money into our shares have a pretty solid backing for their investment.

The Chairman concluded by moving the adoption of the Report and Accounts for the year 1959. Mr George Cole, Vice-Chairman, seconded the motion and it was carried unanimously.

The proposed final dividend of 2s. 11.3d. per £1 of Ordinary Stock and a dividend of 6 per cent on the Deferred Stock payable on May 10, 1960, were approved.

The retiring Directors, with the exception of Lord Heyworth who has reached retirement age, were re-appointed.

The remuneration of the Auditors, Messrs Cooper Brothers & Co and Messrs Price Waterhouse & Co, who had been re-appointed under the provisions of the Companies Act 1948, was fixed.

TRIBUTES TO LORD HEYWORTH ON HIS RETIREMENT

At the conclusion of the Annual General Meeting, tributes were paid to Lord Heyworth after forty-eight years with the business.

Mr W. Eyre, a Stockholder, said: Before we leave this Meeting, I think we must accord a hearty vote of thanks to Lord Heyworth and to the Board of Directors, the Managers and to the Staff.

Those of us who have read the Report cannot fail to have been impressed with the best record achieved in the Company's history. Although this report is a record of the past, it is, I am sure, a projection of the prosperity of the Company in the future.

I am sure it is with very mixed feelings that Lord Heyworth is retiring today, but I am also sure that he will look back on the wonderful record of the years that he has served the Company. To the new Chairman, Mr George Cole, I express our confidence that he will follow in the footsteps of Lord Heyworth.

Years ago, when dealing with investments, we asked ourselves: "Is the 'stable' of the Company good?" That is one of the first questions we asked. I think that in the management of Unilever we have a very good "stable" indeed. (Loud applause.)

MR GEORGE COLE'S REMARKS

Mr George Cole, the new Chairman, on behalf of the Board of Directors, said: Lord Heyworth retires from the service of the Company, which he entered forty-eight years ago, and from the Chairmanship of the Board, which he has held since 1942.

In the Directors' Report, his colleagues have recorded their appreciation of his leadership, and this, I assure you, is no mere polite formality, but a tribute from the heart. The admiration and affection which are felt for Lord Heyworth by those who have had the good fortune to work closely with him are echoed everywhere in the widespread world of Unilever. It is a remarkable achievement for one man so to have impressed his personality on a business of these dimensions, and this is particularly so when he is one who has never sought the limelight or ever indulged in the slightest degree of self-advertisement.

So far as the Stockholders are concerned, they have seen how under Lord Heyworth their business has steadily expanded and grown stronger, in much the way he has described in his speech this morning. But it is not just the Company's material prosperity which has grown under his leadership; its reputation over the world has grown too, and today Stockholders and Staff alike may well take pride in that reputation. For this, Lord Heyworth is, in a large measure, personally responsible.

With his characteristic modesty, he has often pointed out that the success of Unilever is not the success of one man, but the success of a team: that, of course, may be so, but a team's performance depends to a great extent upon the way the Captain leads it. We have been fortunate indeed to have had such a Captain as

Lord Heyworth, who has led us with wisdom, with firmness, with humanity and, thank heaven, with a sense of humour. But, perhaps, as a Board we all owe more than we can express to his remarkable rock-like quality when difficulties have broken upon us and, above all, to his courage. We thank him and we wish him well. (Loud applause.)

LORD HEYWORTH'S RESPONSE

Lord Heyworth, responding to the vote of thanks, said: The record of Unilever is something that I shall always treasure. I leave it at this stage without regret because it is the method in Unilever that the business is run by a full Executive Board and they are made to work pretty hard, and if they are not worn out by the time they reach 65, they ought to be. (Laughter.)

I would like to thank the Stockholders generally for the support I have always received at these Meetings. This is the nineteenth time I have been before you as Chairman, and although sometimes the fare we have had to present to you was not too good, never did we meet with hostility in this room.

I much appreciate the vote of thanks to the Directors, Staff and everyone concerned. Unilever is a team operation; there are many people all over the world who take pride in the figures that we present before you.

In your new Chairman, Mr Cole, you have a man who understands Unilever thoroughly; he has not spared himself going round to see what it is all about, and has the ability to stimulate people. The selection of Mr Cole to succeed myself was the unanimous choice of his colleagues on the Board. I know that he can rely on, just as I have done, and be helped by, the support which Stockholders traditionally give to the Chairman of Unilever Ltd. Thank you very much indeed. (Applause.)

Unilever N.V.—The Annual General Meeting of the Members of Unilever N.V. was held on Tuesday April 26th at Burgemeester s'Jacobplein, Rotterdam. Mr F. J. Tempel presided and made a speech in similar terms to that delivered by Lord Heyworth at the Annual General Meeting of Unilever Limited, reported above.

The Report and Accounts for the year 1959 were adopted. The proposed final dividend of 13 per cent on the Ordinary capital (being the equivalent of the final dividend for the same year to be paid by Unilever Limited on its Ordinary Stock, calculated in accordance with the provisions of the Equalisation Agreement) was approved; the retiring Directors, with the exception of Lord Heyworth, and the Auditors, Messrs Price Waterhouse & Co and Messrs Cooper Brothers & Co, were re-appointed.

ROYAL DUTCH PETROLEUM COMPANY

N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ

(FOUNDED IN 1890)

BALANCE SHEET, DECEMBER 31, 1959

	N.fl.	N.fl.
Investments in companies of the Royal Dutch/Shell Group		12,895,201,732
Current assets :—		
Receivable from companies of the Royal Dutch/Shell Group	258,214,895	
Other receivables	1,116,090	
Short-term government and other securities	13,946,934	
Cash at bankers and on deposit	69,107,512	
Total current assets	342,385,431	
Current liabilities :—		
Accounts payable and accrued liabilities	5,589,706	
Unclaimed dividends	4,260,783	
Proposed dividends, less interim dividends	271,468,414	
Total current liabilities	281,318,903	
Excess of current assets over current liabilities		61,066,528
Net assets		12,956,268,260
Share capital :—		
Ordinary shares	1,447,831,540	
Proposed share distribution	28,956,620	
	1,476,788,160	
4% cumulative preference shares	1,500,000	
		1,478,288,160
Capital reserves :—		
Share premiums		1,204,874,478
Investments		9,952,178,366
Other		197,773,715
Retained earnings		123,153,541
Total capital, reserves and retained earnings		12,956,268,260

STATEMENT OF INCOME, 1959

	N.fl.	N.fl.
Income from companies of the Royal Dutch/Shell Group :—		
Dividends	370,272,000	
Other income	—	
Interest and other income	3,455,313	
		373,727,313
Deduct :—		
Administrative and other expenses	4,623,140	
Share in profit at the disposal of the Board of Directors and of the Managing Directors	4,369,250	
		8,992,390
Net income for the year		364,734,923

STATEMENT OF RETAINED EARNINGS, 1959

	N.fl.	N.fl.
Retained earnings at beginning of year		138,317,927
Net income for the year		364,734,923
Unclaimed dividends forfeited		216,470
		503,269,320
Deduct :—		
Proposed cash dividends—		
Preference shares	60,000	
Ordinary shares	380,055,779	
		380,115,779
Retained earnings at end of year		123,153,541

The Hague, March, 1960.

The Board of Directors :

J. B. AUG. KESSLER, *Chairman*
H. BLOEMGARTEN
C. J. COLLOT D'ESCURY
E. A. C. GUEPIN
B. TH. W. VAN HASSELT
F. Q. DEN HOLLANDER
W. H. VAN LEEUWEN
W. H. DE MONCHY
M. P. L. STEENBERGHE
C. R. C. WUCKERHELD BISDOM
B. J. IJZERMAN

The Managing Directors :

J. H. LOUDON, *President*
L. SCHEPERS
L. E. J. BROUWER
A. HOFLAND

Copies of the full Report and Accounts can be obtained from

N. M. ROTHSCHILD & SONS, New Court, St. Swithin's Lane, London, E.C.4.

OTTOMAN BANK

REVIEW OF WIDESPREAD INTERESTS

LORD LATYMER'S SPEECH

The ninety-third annual general meeting of the Ottoman Bank was held on April 27th at Winchester House, Old Broad Street, London, E.C.2.

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

First of all there are two matters I think I should mention.

As regards the loss of our business in Egypt, following the Suez event, our claim was duly lodged with the Foreign Compensation Commission in accordance with the terms of the Anglo-Egyptian Agreement of 1959. I will not be in a position to give any information concerning this claim until the Commission has given its decision in the matter.

During the past year questions have been put to me concerning the circumstances in which your Committee decided to sell the Bank's holding in the Banque de Syrie et du Liban. The considerations which had to be taken into account were as follows:

Towards the end of 1956 our business in Egypt was placed under sequestration and was later Egyptianised by the Egyptian Authorities. We thus lost a business which was one of the most important sections of our undertaking.

To re-establish our business at a satisfactory level and find employment for valuable staff who thus became available through being no longer needed in Egypt, we sought a new field of activity and we have found it in East Africa and Rhodesia where, as you know, we have in just over two years established an important network of branches.

Such an extension naturally employed a considerable amount of money and we were assisted in finding this finance by the opportunity which occurred in 1958 of selling our shares in the Banque de Syrie et du Liban.

I mentioned in my speech last year that the shares of the Banque de Syrie et du Liban had been disposed of to some companies in the Banque de Paris et des Pays Bas group. In fact these shares were exchanged for shares of companies in that group.

The exchange was made on the basis of the market value of the shares at the time of the transaction.

We have since realised about a half of this holding and have benefited both from the rise in the market price during 1959 of the shares we had acquired and from a bonus issue which was made in the course of the year.

We consider that this operation has been a very favourable one for the Ottoman Bank.

TURKEY

In Turkey 1959 was a year of particular importance in view of the stabilisation measures introduced by the Government. Short-term commercial debts were the object of a consolidation agreement in May, 1959. The steps needed to carry this into effect were fixed by agreements reached with the creditor countries; the settlements provided therein are being regularly carried out. The system of foreign exchange premiums instituted on August 4, 1958, was modified, and exports have since attracted a general premium of Ltqs. 6.20 per dollar with the exception of exports of tobacco and opium for which a premium of Ltqs. 2.80 per dollar was applied. Very recently, however, steps have been taken to raise the premium for tobacco also to Ltqs. 6.20.

The Turkish Government has pursued a policy of gradually freeing imports from restrictions, and published in February and in August, 1959, its second and third Import Quota Lists. Recently, in February, 1960, it published a fourth List of Imports.

Steps for monetary stabilisation have in no way checked the rhythm of the country's economic development.

Turkey's foreign trade figures during the year are as follows, based upon the official rate excluding foreign exchange premiums: Imports Ltqs. 1,239,400,000 against Ltqs. 882,300,000 in 1958. Export Ltqs. 994,300,000 against Ltqs. 692,400,000 in 1958. The trade deficit has thus passed from Ltqs. 189,900,000 to 245,100,000.

The budget adopted by the Grand National Assembly for the year 1960-61 totals Ltqs. 4.638 million for ordinary expenses and Ltqs. 2.643 million for public works. The figures for the previous year were respectively Ltqs. 4.062 million and Ltqs. 1.918 million.

SUDAN

An occurrence of major importance for Sudan during the year was the Agreement which was reached with Egypt for division of the Nile Waters and for compensation payable in respect of Sudanese territory which would be inundated when the Aswan High Dam project is effected.

The trade figures showed a much healthier position than in 1958 when there was an adverse balance of £S.16 million. 1959 shows a favourable balance of £S.9,700,000. The exports totalled £S.66,800,000 and reflect the successful cotton sales, which, at competitive prices, disposed of not only the entire 1959 crop of 700,000 bales but of the unsold residue of the 1957 and 1958 crops amounting to some 250,000 bales. Prospects for the 1960 season are equally good.

The new Government-owned Bank of the Sudan, following the law promulgated last year, opened for business a few weeks ago and has assumed the duties of a Central Bank.

JORDAN

In spite of certain trade restrictions, including the prohibition of olive oil exports following a poor crop and the continued suspension of trade with Iraq, the imports and exports of Jordan showed increases in 1959 to JD.40,400,000 and JD.4,200,000 respectively; the 1958 totals were JD.33,900,000 and JD.3,600,000.

The returns from Jordan's only port—Akaba, on the Red Sea—are encouraging. 369 vessels called during the year and cargo handled amounted to nearly 600,000 tons. The port now enjoys adequate facilities for the volume of traffic using it.

The average total of currency, notes and coin, in circulation, showed during 1959 little change from the 1958 average figure of JD.16,500,000.

IRAQ

It has recently been announced in Iraq that a new four-year ID.400 million development plan is being considered.

The trade figures—which exclude oil exports—amounted to ID.11,500,000 for exports against ID.14,200,000 in 1958 and ID.116,500,000 for imports against ID.109,800,000 in 1958. Trade agreements were signed with several other countries including Italy, Eastern and Western Germany, and Denmark, during the year.

The Chairman then reviewed the Bank's interests in Cyprus and Qatar and continued:

I know that you will wish me to give you some news of our branches in East and Central Africa, territories in which we are newcomers. The extension of our sphere of activities in this direction is recent indeed: it is scarcely two years since we opened in Nairobi, Kenya. Since that day, however, development has been rapid.

In Kenya we now have branches at Nairobi and Mombasa, with offices at Eastleigh RAF Station and at Kahawa. In Tanganyika we are established at Dar-es-Salaam, Kigoma and Moshi and in Uganda we have, in this present year, opened a branch at Kampala. In Rhodesia our main office is at Salisbury and a branch at Bulawayo was opened to the public on June 29th, 1959.

I am able to report encouragingly about the progress of these various branches and I think I should say how much we owe to the Management and Staff there. I am glad to say a proportion of Africans have been locally recruited. The establishment of our business in the face of keen competition reflects great credit on all its members.

MOROCCO

In Morocco our Casablanca branch has worked well under conditions which may well be considered satisfactory.

LONDON AND PARIS, ETC.

During the year our Paris and London Offices as well as our Marseilles Office maintained their traditional activity. The business of our Geneva Branch showed favourable development.

BALANCE SHEET ITEMS

The total of the Balance Sheet is £101,037,419 compared with £95,642,976 at the end of 1958, an increase of over £5 million.

The position is again very liquid with Cash, Money at Call and Notice and Bills Receivable totalling more than 50 per cent of the Current, Deposit and Other Accounts. The proportion of Investments is almost unchanged at just below 16½ per cent, whilst the ratio of Advances to Deposits is up from 35½ per cent to 38½ per cent.

The total amount of profit available, including the balance of £30,333 brought forward, is £474,936, compared with £380,333 last year. After appropriating £200,000 to Reserve for Contingencies (against £150,000 last year), the balance remaining is £274,936 and the Committee proposes that the dividend be increased this year from 8s. to 10s. per share. This will absorb £250,000 and leave £24,936 to be carried forward to 1960.

The Report was adopted.

UNION CORPORATION, LIMITED

(Incorporated in the Union of South Africa.)

London Office: PRINCES HOUSE, 95, GRESHAM STREET, LONDON, E.C.2.

ABRIDGED REPORTS of Gold Mining Companies, each Incorporated in the Union of South Africa, for year ended 31st December, 1959

(Copies of the full Reports and Accounts can be obtained on application at the London Transfer Office, Princes House, 95, Gresham Street, E.C.2)

EAST GEDULD MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	6,177,378	74 9
Working Costs	2,847,741	34 6
Working Profit	3,329,637	40 3
Add: Income from Investments and Sundry Revenue	148,730	
Amount transferred from profits appropriated for expenditure on Fixed Assets	815	
		£3,479,182
Less: Provision for Government Taxes	1,763,574	
Directors' Fees and Sundry Expenditure	31,643	
		1,795,217
		1,683,965
Unappropriated profit brought forward from 1958		554,084
		2,238,049
Dividends Nos. 55 and 56 of 1s. 9d. and 1s. 11d. per unit of stock respectively		1,650,000
Unappropriated profit carried forward to 1960		£588,049

Tonnage milled increased from 1,547,000 tons to 1,633,000 tons but the average yield decreased from 6·15 dwt. to 5·98 dwt. Of the 1,330 ft. sampled on the Main Reef, 45% was payable, averaging 182 inch/dwt. Of the 2,385 ft. sampled on the Kimberley Reef, 37% was payable, averaging 174 inch/dwt. The ore reserve was re-estimated at the year-end and showed a decrease of 1,250,000 tons to 7,250,000 tons, assaying 5·9 dwt. over an estimated stoping width of 53 inches.

MARIEVALE CONSOLIDATED MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	3,477,390	61 3
Working Costs	2,100,693	37 0
Working Profit	1,376,697	24 3
Add: Sundry Revenue and Income from Investments	39,864	
		£1,416,561
Less: Provision for Government Taxes	640,399	
Directors' Fees and Sundry Expenditure	37,468	
Net Expenditure during year on Fixed Assets	27,219	
		705,086
		711,475
Unappropriated profit brought forward from 1958		225,723
		937,198
Dividends Nos. 38 and 39 of 1s. 4d. and 1s. 7d. per share respectively		656,250
Unappropriated profit carried forward to 1960		£280,948

Tonnage milled increased from 891,000 tons to 1,135,000 tons but the average yield decreased from 5·22 dwt. to 4·90 dwt. Of the 8,005 ft. sampled on the Kimberley Reef, 45% was payable, averaging 270 inch/dwt. Of the 11,380 ft. sampled on the Main Reef, 32% was payable, averaging 215 inch/dwt. The ore reserve was re-estimated at the year-end and showed an increase of 100,008 tons to 5,400,000 tons, assaying 5·1 dwt. over an estimated stoping width of 47 inches.

BRACKEN MINES, LIMITED

Extracted from the first Annual Report for the period from the incorporation of the Company to 31st December, 1959.

CAPITAL: Of the authorised capital of 14,000,000 shares of 10s. each, 12,520,000 shares had been issued by the end of the year, 1,520,000 being fully paid and 11,000,000 1s. paid. The balance of 1,480,000 shares were subscribed, fully paid, but were not allotted until 1960.

SHAFT SINKING: At 26th February, 1960, No. 1A Shaft had been sunk to a depth of 110 ft. and full scale shaft sinking was due to begin in April of this year. The concrete collar for No. 1 Shaft had been completed and a start made on initial sinking.

GENERAL: By the end of February, workshop accommodation for fitters, boilermakers and electricians had been provided and work on the stores buildings and offices was nearing completion. Change houses and shaft offices were under construction. One 40 drill compressor had been brought into commission and work on the erection of additional compressors was well advanced.

EXPENDITURE: Expenditure by the Company to 31st December, 1959, on property, shafts, plant and equipment and general expenditure was £706,822. Trade investments amounted to £194,091. The Company acquired one-third of the issued capital of Evander Township, Limited.

ST. HELENA GOLD MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	6,985,075	77 2
Working Costs	3,854,793	42 7
Working Profit	3,130,282	34 7
Add: Sundry Revenue and Income from Investments	46,445	
		£3,176,727
Less: Directors' Fees and Sundry Expenditure		87,102
		3,089,625
Unappropriated profit brought forward from 1958		831,222
		3,920,847
Net expenditure during year on Fixed Assets	1,282,834	
Transfer to Loan Redemption Reserve	195,001	
Dividends Nos. 7 and 8 of 1s. 3d. and 1s. 9d. per share respectively	1,443,750	
		2,921,585
Unappropriated profit carried forward to 1960		£999,262

Tonnage milled increased from 1,468,000 tons to 1,810,000 tons and the average yield from 5·85 dwt. to 6·17 dwt. Of the 21,770 ft. sampled on the Basal Reef, 58% was payable, averaging 769 inch/dwt. (250 inch/dwt. above the comparable figure for the previous year). The ore reserve was re-estimated at the year-end and showed an increase of 600,000 tons to 4,000,000 tons assaying 7·5 dwt. over an estimated stoping width of 55 inches. The No. 7 Shaft reached a depth of 3,247 ft. at the end of the year. Earlier in the year the No. 18 Level crosscut reached the shaft site at a depth of 4,013 ft. It is intended to sink the shaft past this point to an approximate depth of 5,500 ft.

GEDULD PROPRIETARY MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	2,079,228	47 4
Working Costs	1,734,291	39 6
Working Profit	344,937	7 10
Add: Income from Investments and Sundry Revenue	720,672	
		£1,065,609
Less: Provision for Government Taxes	133,116	
Directors' Fees and Sundry Expenditure	17,104	
		150,220
		915,389
Unappropriated profit brought forward from 1958		355,436
		1,270,825
Amounts transferred from:		
Capital Reserves—		
Profits appropriated for expenditure on Fixed Assets	1,370,906	
Other	14,000	
Revenue Reserves—		
General Reserve	73,590	
Township Reserve	128,619	
		1,587,115
		2,857,940
Amounts written off:		
Mine Development	189,962	
Shafts, Plant and Equipment	1,952,849	
		2,142,811
		715,129
Dividends Nos. 89 and 90 of 4s. 9d. and 5s. 0d. per share respectively		712,168
Unappropriated profit carried forward to 1960		£2,961

Tonnage milled decreased from 929,000 tons to 879,000 tons but the average yield increased from 3·31 dwt. to 3·77 dwt. Of the 7,030 ft. sampled on the Black Reef, 45% was payable averaging 401 inch/dwt. The ore reserve was re-estimated at the year-end and showed a decrease of 100,000 tons to 480,000 tons, assaying 3·8 dwt. over an estimated stoping width of 59 inches.

***Attention is drawn to the Circular to Members, enclosed with the Annual Report, the text of which is published below.**

In the case of each of the above Companies, discounts have been applied to development values to conform with adjustments necessary in estimating ore reserves.

UNION CORPORATION, LIMITED—*continued*

THE GROOTVLEI PROPRIETARY MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	6,730,432	52 8
Working Costs	3,946,627	30 11
Working Profit	2,783,805	21 9
Add: Sundry Revenue and Income from Investments	83,478	
		£2,867,283
Less: Provision for Government Taxes	1,431,912	
Directors' Fees and Sundry Expenditure	41,587	
		1,473,499
		1,393,784
Add: Amount transferred from profits appropriated for expenditure on Fixed Assets	43,788	
Unappropriated profit brought forward from 1958	677,463	
		721,251
		2,115,035
Dividends Nos. 41 and 42 of 1s. 1d. and 1s. 5d. per unit of stock respectively		1,429,852
Unappropriated profit carried forward to 1960		£685,183

Tonnage milled increased from 2,360,000 tons to 2,555,000 tons but the average yield decreased from 4·25 dwt. to 4·21 dwt. Of the 13,035 feet sampled on the Main Reef, 56% was payable, averaging 277 inch/dwt. Of the 7,390 feet sampled on the Kimberley Reef, 57% was payable, averaging 334 inch/dwt. The ore reserve was re-estimated at the year-end and showed a decrease of 1,000,000 tons to 12,500,000 tons, assaying 4·5 dwt. over an estimated stoping width of 48 inches.

VAN DYK CONSOLIDATED MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	2,087,419	46 10
Working Costs	1,763,387	39 7
Working Profit	324,032	7 3
Add: Sundry Revenue and Income from Investments	41,492	
		£365,524
Less: Directors' Fees and Sundry Expenditure	16,334	
Provision for Government Taxes	4,452	
		20,786
		344,738
Unappropriated profit brought forward from 1958		254,366
		599,104
Repayment of Capital of 1s. 3d. per share in August, 1959	345,750	
Less: Recoupment during year of Fixed Assets	10,719	
		335,031
Unappropriated profit carried forward to 1960		£264,073

Tonnage milled decreased from 913,000 tons to 891,000 tons but the average yield increased from 3·68 dwt. to 3·75 dwt. Of the 9,430 ft. sampled on the Main Reef 28% was payable, averaging 296 inch/dwt. Of the 2,775 ft. sampled on the Kimberley Reef, 2% was payable, averaging 307 inch/dwt. The ore reserve was re-estimated at the year-end and showed a decrease of 50,000 tons to 250,000 tons, assaying 3·9 dwt. over an estimated stoping width of 50 inches.

In terms of an Order of Court dated 16th June, 1959, the authorised and issued capital was reduced to £69,150, divided into 5,532,000 fully paid shares of 3d. each and the Directors were authorised to return capital up to an amount of 7s. 6d. to members in such instalments and at such times as they in their discretion may decide. An instalment of 1s. 3d. was returned to members in August, 1959.

WINKELHAAK MINES, LIMITED

	£	Per ton milled s. d.
Working Revenue	2,945,872	64 11
Working Costs	2,358,242	52 0
Working Profit	587,630	12 11
Add: Sundry Revenue and Income from Investments	9,232	
		£596,862
Less: Directors' Fees and Sundry Expenditure	9,516	
Interest on Loans	83,695	
		93,211
		503,651
Unappropriated profit brought forward from 1958	9,086	
Surplus on Sale of Investments	104,166	
		113,252
		616,903
Amount transferred to Reserve for expenditure on Fixed Assets	335,000	
Amount set aside for European Leave Pay	41,000	
Preliminary Expenses written off	32,350	
		408,350
Unappropriated profit carried forward to 1960		£208,553

During 1959, the first full year of production, 908,000 tons were milled, yielding 5·18 dwt. per ton. The development footage sampled in the lease area and lease extension area was 23,995 ft., of which 79% was payable averaging 517 inch dwt. The ore reserve as calculated at 31st December, 1959, was 1,600,000 tons, an increase of 400,000 tons over the previous year. The average value was 6·8 dwt. per ton with an estimated stoping width of 60 inches. A further 200,000 tons at approximately the same value and width have been disclosed in the lease extension area. Additions to the plant are in progress which will raise the milling capacity to 90,000 tons per month.

LESLIE GOLD MINES, LIMITED

Extracted from the first Annual Report for the period from the incorporation of the Company to 31st December, 1959.

CAPITAL: Of the authorised capital of 16,000,000 shares of 10s. each, 14,520,000 shares had been issued by the end of the year, 1,520,000 being fully paid and 13,000,000 1s. paid. The balance of 1,480,000 were subscribed, fully paid, but were not allotted until 1960.

SHAFT SINKING: At 26th February, 1960, No. 1A Shaft had been sunk to a depth of 108 ft. and full scale shaft sinking was due to begin in April of this year. Since the publication of the Prospectus it had been decided that No. 1A Shaft should be sunk to a depth of 2,050 ft. only and immediately equipped for rock hoisting thus enabling development from this shaft to be started earlier than had previously been envisaged.

GENERAL: By the end of February, workshop accommodation for fitters, boilermakers and electricians had been provided and work on the stores buildings and offices was nearing completion. Change houses and shaft offices were under construction. One 35 drill compressor had been brought into commission and work on the erection of additional compressors was proceeding.

EXPENDITURE: Expenditure by the Company to 31st December, 1959, on property, shafts, plant and equipment and general expenditure was £917,290. Trade investments amounted to £194,091. The Company acquired one-third of the issued capital of Evander Township, Limited.

In the case of each of the above Companies, discounts have been applied to development values to conform with adjustments necessary in estimating ore reserves.

GEDULD PROPRIETARY MINES, LIMITED

(Incorporated in the Union of South Africa)

CIRCULAR TO MEMBERS

You will be aware that the remaining profitable life of the Geduld Mine is now very short and that your Company's major asset is its shareholding in East Geduld Mines, which, at 3,308,425 units of stock, amounts to over two units for each share of your Company's issued capital. Moreover, while East Geduld Mines still has a substantial profitable life ahead of it, dividends from that source too will naturally decline over a period.

Your Company has, however, numerous other assets including the modest but long-standing holdings in The Grootvlei Proprietary Mines and South African Pulp and Paper Industries, together with a large area of freehold measuring nearly 13 square miles and adjoining the industrial town of Springs. Although a large part of this land is occupied by surface works and slimes dams of your own and adjoining mines, the property is of some potential value situated as it is astride the main railway line to Lourenco Marques, with power and water already available, and with the industrial undertakings of South African Pulp and Paper Industries (including that Company's Newsprint mill) and Union Corrugated Cases already established. Nevertheless it may not be possible for your Company to reap the full benefit of the freehold property for many years to come and it is clear that this and your Company's other assets could not be realised readily for the purpose of winding up.

Your Directors have for some time past examined the possibility of distributing to members portion of the current assets of the Company when mining ceases. However, they have come to the conclusion that the conflicting tax provisions of the three countries in which the bulk of the Company's members and holders of Share Warrants to Bearer reside, namely, South Africa, the United Kingdom and France, make this impossible without creating inequalities between members and causing a substantial number to suffer a heavy burden of taxation on their capital. The Directors have accordingly decided against recommending such a course and have instead been following a policy designed to consolidate the Company's future by adding to its investments when suitable opportunities occur. Members will recall that references have been made to this at recent Annual General Meetings.

In terms of this policy opportunities have been taken to acquire holdings in Winkelhaak Mines, Bracken Mines and Leslie Gold Mines in the Kinross area at favourable prices. The Company has also acquired holdings of shares in other Gold Mining and Finance Companies.

This policy will involve the investment, as suitable opportunities offer, of all the Company's surplus funds together with portion of its annual profits, and for this reason it is intended that, for the time being, your Company's dividend declarations shall be at a rate per share approximately equivalent to (and not less than) twice the dividend per unit of stock received from East Geduld Mines. For example, the distributions made by East Geduld Mines in respect of 1959 totalled 3s. 8d. per unit and accordingly the corresponding payment by Geduld would have been 7s. 4d. per share under the above plan as against 9s. 9d. per share actually declared. It should be realised, however, that dividends at the rate declared last year could not in any case be maintained after the closure of the Geduld mine itself, which contributed last year 3s. 6d. per share to net earnings.

Consideration will later be given to supplementing distributions out of the income from the new investments when the scale of such income is adequate.

per pro. UNION CORPORATION, LIMITED.
London Secretaries.
S. ATHERTON.

London Office:
Princes House, 95, Gresham Street,
London, E.C.2.
20th April, 1960.

ATLAS COPCO AB
(Compressed Air Engineers)

CONTINUANCE OF ECONOMIC RECOVERY

The Annual General Meeting of Atlas Copco AB was held on April 19th in Stockholm. Mr Marcus Wallenberg presided. The following is an extract from the circulated statement:

The disposable profit according to the consolidated balance sheet for the Atlas Copco Group of companies amounts to SwKr54,605.000 (£3,765,800). The economic recession which had been felt by the company during the latter part of 1957 reached its lowest point in 1958. However, before the end of that year there were definite signs of recovery. This improvement continued on an increased scale during 1959, which is shown in the financial results for the year. Trading conditions improved noticeably in practically all markets where the company is represented.

During the year metal prices were maintained at a higher average level than in 1958 and were above all more stable. These factors resulted in a substantial increase in the sales of mining equipment. Among contractors and industry generally the widespread economic expansion was responsible for an increased willingness to invest in new equipment which was reflected in our sales of both portable and stationary compressors and pneumatic tools.

EXPANSION OF ORDERS

In 1959 the total value of incoming orders amounted to SwKr203 million (£14 million) compared with SwKr152 million (£10,500.000) in 1958. Although it has not been possible to increase deliveries at the same pace, the figure for invoiced deliveries rose from SwKr150 million (£10,300,000) in 1958 to SwKr186 million (£12,800,000) in 1959.

Of course this has meant an increase in unfulfilled orders. Nearly 70 per cent of our total deliveries were for export. These figures refer to sales and deliveries from the parent company to subsidiaries and agents. The total value of invoiced sales by the Group in 1959 was SwKr380 million (£26,200,000) compared with SwKr334 million (£23 million) in 1958.

At the main Sickla Works production was 10 per cent higher than in 1958. The output of our other Swedish manufacturing companies has also been increasing. Simultaneously with the continued work on the development of light rock drills, increased efforts have been made in the design of heavy rock drills and ancillary rigs. A heavy stoper designed particularly for the export market has been successfully tested during the year, and double telescopic feeds have been introduced for delivery on both home and export markets.

The net profit of the parent company for the year was SwKr8,124,408 (£560,304). The Board recommends a dividend of SwKr2.50 per share (10 per cent, as last year) together with a bonus dividend of SwKr0.50 per share.

To bring the company's share capital into line with the size of its assets and operations and to retain accumulated earnings in the company, the Board of Directors and the Managing Director propose that an amount of SwKr14 million (£964,519) be transferred to share capital, which is thus increased from SwKr49 million (£3,375,818) to SwKr63 million (£4,340,337), by issuing for each seven old shares two new shares which will be entitled to dividends for the financial year 1960.

The report was adopted.

RUGBY PORTLAND CEMENT

RECORD GROUP PROFITS

SIR HALFORD REDDISH ON PUBLIC OWNERSHIP

The Annual General Meeting of The Rugby Portland Cement Co. Ltd. will be held on May 27th. The following are extracts from the speech of Sir Halford Reddish, the Chairman:

When I addressed you a year ago I said that 1958 had been in many ways an extraordinary year and might well prove to have been a turning-point in our post-war history. So indeed it was, for an even more remarkable year of progress in several directions followed: a year of high wages, virtually full employment, a stable price level and a strong £; of increasing production and rising exports; a year of lessening international tension thanks to the initiative of our own Prime Minister; and we had the defeat of the Socialist party in the General Election which did so much to restore confidence at home and abroad. As the economy responded to the expansion of credit and the reduction of taxation, 1959 became a year of boom conditions particularly for the consumer goods industries.

Although the effects of this more optimistic outlook did not spread to any noticeable extent to the capital goods industries until the latter part of the year, the cement industry nevertheless experienced a sustained demand in the home market, total deliveries for the year just exceeding those of the previous record year of 1956. Export demand was however substantially less than in 1956 with prices in many markets at an unremunerative level.

Our own figures in the home market followed the general pattern and our total Group deliveries also established a new high level. In the result, our Group profit is a record for the fourteenth successive year.

DIVIDEND AND SCRIP ISSUE

We propose that the dividend on the Ordinary shares shall be at the same rate as last year, namely 1s. 3d. a share. It will of course be paid on a larger capital, in view of the 'rights' issue of a year ago. We also propose that part of the share premium account shall be capitalised with a view to a scrip issue to the holders of the Ordinary shares of 1 million Ordinary shares in the ratio of one new share for each seven now held.

A dividend of 1s. 3d. a share on our Ordinary shares is in reality one of 5.4 per cent on the book value of the equity capital employed in the business. If the present value of the assets were substituted the real return would be about 3.1 per cent.

On the 'A' shares we propose a dividend of 2s. 0d. a share against 1s. 6d. a year ago. The amount now carried forward to the credit of the 'A' shares is £267,964 (gross) or rather more than 5s. 4d. a share. It is in the nature of a dividend equalisation reserve.

Our subsidiary companies at home and abroad have all played their part in securing the record results for 1959.

With the change of government in Western Australia a year ago there is a much more hopeful atmosphere in that State: and the present Government is making strenuous efforts to publicise the undoubted advantages which the State can offer to many manufacturing industries. I believe that as far as our own subsidiary company is concerned we shall be able to look forward to a steadily expanding market.

In Trinidad, home consumption again increased so that we were able to follow last year's price reduction (the equivalent of 4s. 0d. a ton) with a further reduction on January 1, 1960 of the equivalent of 5s. 0d. a ton, in spite of increasing costs.

PRICE REDUCTION

The cement industry in this country has a proud record for its price policy. There had been no change in the price of portland cement since July 1, 1957 until February 1, 1960, when prices throughout the country were reduced by 2s. 0d. a ton. In spite of increasing costs the cement industry felt confident at the beginning of the year that a higher demand in the home market in 1960 would enable such increases to be absorbed and still leave a margin available for a reduction in price to the consumer. I hope it will turn out to be a good guess. We in the industry are always striving for increasing efficiency, but as we are operating continuous process plants we are naturally much more dependent on capacity or near-capacity working for profitable results than are many other industries.

I do not apologise for profits. On the contrary I say that it is our clear duty to make profits—a duty to our shareholders to whom we have a definite obligation; a duty to all our employees, for profits are the bulwark behind all our wages and salaries and our continuity of employment; and a duty to the nation. After two world wars in one half-century, and in an era of unparalleled rapidity in expensive scientific progress, the nation—indeed the whole world—is hungry for capital. And capital can come only from a saving out of current production. There should be joy all round at the sight of a company increasing its profits and so adding to the national wealth—not to mention its contributions to the national exchequer.

I believe that we have in this country an era of great prosperity ahead of us if we have the common sense to realise that the projected doubled standard of living in a generation must be earned before it can be enjoyed and that inflation must be kept at bay. The Government has a primary responsibility to ensure that our national finances are soundly and economically managed. But the major job lies with our industries.

That the cement industry, and within it our Company, will continue to play its part, I have no doubt.

A copy of the full speech may be obtained on application to the Secretary, Crown House, Rugby.

GRAY'S CARPETS AND TEXTILES LIMITED

HIGHER PROFITS AND DIVIDEND

RIGHTS ISSUE

MR P. L. FLEMING ON FINANCE FOR EXPANSION

The thirteenth annual general meeting of Gray's Carpets and Textiles Limited, was held on April 20th at Winchester House, Old Broad Street, London, E.C.2, Mr P. L. Fleming (the chairman) presiding.

The following is an extract from his circulated statement:

We have made a trading profit in the year 1959 of £419,997, against £278,309 in 1958. After paying tax and bank and debenture interest, there is left for disposal £244,306 out of the profits of the year 1959 and £171,786 from previous years, or £416,092 in all. The way in which your Directors recommend that this shall be appropriated is set out in the Report, from which the Ordinary stockholders will be glad to see that we propose a dividend of 12½ per cent against 5 per cent last year.

CARPETS

Stockholders who have studied these Statements of mine over the last few years may have expected some such improvement, particularly if they were only thinking of carpets. Carpets are only about half of our business, and while our carpets did, as we expected, considerably better in the year under review, so did all our other companies—with the exception of Doris Spinning, to which I shall refer later.

It is difficult so early in the year to say what the prospects for carpets may be, but we see no reason why we should not do as well or better. Our joint venture in New Zealand is just starting production; there are one or two foreign markets to which our exports are increasing; and the verdict of the Restrictive Practices Court does not seem likely to upset the industry.

WOOLLEN MILLS

I ventured last year to express some optimism about our woollen business, John Fenton & David Bradley Mills. This company earned a good profit and has a fuller order book than for many years past. It looks as if profit margins will be slightly lower in 1960, but we can see ahead of us sufficient home and export business to ensure increased output and increased profit. This is a great credit to the Fenton management at a time when by no means all manufacturers are working to capacity, and we are glad to feel that the parent company will now be able to give Fentons the necessary financial support.

Our blanket company, Ratcliffe Brothers, also had a better year, mainly because it increased its production well above the average for this industry. Wages and raw materials are likely to cost us more in 1960, but for this company, also, we hope to be able to provide the money to finance a still greater production this year.

Norman Shaw, our woollen yarn spinners, have never known a year in which fine woollen spinning has been so quiet. That they have made a profit appreciably higher than last year is largely due to going into new fields, and it looks as if an extension in these fields should result in another satisfactory year.

SPINNING

As regards Doris Spinning, I told you last year how the adverse decision of the Restrictive Practices Court on the Yarn Spinners' Agreement had seriously affected the trade and started a price war. Following that came the Government's redundancy scheme for the cotton trade. The Condensor & Allied Spinners' & Manufacturers' Association, of which Doris is a very small unit, decided not to accept the scheme for the elimination of redundant capacity. The result was a complete disruption of the condensor spinning trade: the already marginal profits were turned into losses by short time working due to lack of orders, followed eventually by key labour moving to outside industries. In all these circumstances we decided to close the mill and are taking steps to sell it. Doris used to make a useful contribution to Group profits, but we have to move with the times. Fortunately we have not a large investment in this company.

Norman Scatchard have made a larger profit on their moquettes. We have had to accept the fact that the lower grade moquettes are landed from Belgium at a price, inclusive of duty, which is lower than our cost of production, but our high quality goods are now selling more profitably because of improvements we have made in the planning of our production.

The profits of the Victoria Weaving and Finishing Company showed a very considerable increase and we are confident of doing even better this year. We think that the extra money to which I refer below and which we hope to have available will be put to profitable use in this company.

THE FUTURE

This time last year I said that our expectations were based largely on the Government's policy of expanding consumer demand. This policy gave our customers some confidence, but in fact the spending spree has not really done very much for any branch of the textile industry. The improvement in your company's fortunes is mainly due to my executive colleagues and to those who have the day-to-day management of our subsidiary companies. The implied optimism about the future in these remarks is based largely on the hope that they will now, at last, have some money, so that instead of having to run our various activities on a shoe-string we shall have the means to expand our trade and to exploit new techniques which have hitherto been beyond our financial reach.

CHAIRMAN'S ADDITIONAL REMARKS

Addressing the Meeting the Chairman said:

Since the publication of my Statement I have two items of interest for you.

The first is that our profits for the first quarter of this year are more than 25 per cent higher than for the first quarter of last year. This is a completely unreliable guide to what may happen for the whole year but it does, I think, justify reasonable optimism.

The second point is that, as you may have seen in the Press, we have made arrangements to issue new capital. You will be receiving in the next day or two a provisional Allotment Letter which will entitle you to take up one new share at 7s. for every 5s. stock unit held by you on April 14th. This will raise nearly £800.000 and enable us, for the first time since the Company was formed, to plan ahead.

The report and accounts were adopted and at the subsequent extraordinary general meeting resolutions were passed increasing the authorised capital of the Company from £2 million to £3 million by the creation of 4 million shares of 5s. each; dividing the 117,600 unissued Ordinary Shares of £1 each into four shares of 5s. each, cancelling their designation as ordinary shares and cancelling the provision for the automatic conversion of such shares into stock; converting the 2,329,600 Ordinary Stock units of 5s. each into 2.329,600 Ordinary Shares of 5s. each and amending the Articles of Association.

TWINING CROSFIELD & CO.

COMPETITIVE TRADING CONDITIONS

The Forty-third Annual General Meeting of Twining Crosfield & Co. Limited was held on April 26th in London, Mr H. W. Backhouse (Chairman and Managing Director) presiding.

In the course of his circulated statement the Chairman referred to the two occasions during 1959 when the issued Ordinary capital was increased—(a) by way of a one-for-two scrip issue, and (b) by means of a Rights issue.

The Chairman continued: On February 1, 1959, we acquired the old established Red, White & Blue Coffee business and this has, so far, proved to be a useful addition to our trade.

Whilst overall world consumption in 1959 was fully maintained there was a noticeable fall in consumption in the UK and other European countries during the hot summer which provided the first real setback to the growth of the trade since the War and underlined the danger to tea from its many competitors in other beverages and cordials. It would appear that there is a real need for forceful "drink more Tea" propaganda in all consuming countries.

Raw Coffee prices generally have been easier for most grades during the year and this has made it possible for us to pursue our policy of reducing our prices to the consumer on more than one occasion.

The Group Profit before taxation amounted to £158,121 which compares with £138,860 for 1958. We propose a final dividend of 10 per cent on the Ordinary Shares which, with the interim of 4 per cent, is the equivalent of last year's distribution having regard to the alteration of the ordinary capital.

Competition remains as strong as ever and our net profit in 1960 will depend, as it always does, on the market price of tea and coffee. Nevertheless we look forward with reasonable optimism to 1960, particularly since the retail prices of the cheapest packets were quite justifiably increased in February, 1960.

The report was adopted.

INTERNATIONAL NICKEL COMPANY OF CANADA

A DECADE OF PROGRESS

The annual meeting of The International Nickel Company of Canada, Limited, was held on April 27th in Toronto.

Dr John F. Thompson, the Chairman, presided and, in the course of his speech, said:

Net earnings for the year 1959 were the fourth highest in the history of the Company, amounting to $85,100,000, an increase of $45,400,000 over 1958.

As a result of a world-wide rise in industrial activity, our deliveries of nickel in all forms last year reached a new peak at 317 million pounds, contrasted with 205,800,000 pounds in 1958.

The decade of the Fifties was one of progress for our Company. We are now on the threshold of a new decade with even greater promise. Our new nickel development in Manitoba, improvements in production procedures, including some quite radical in nature, reorganised marketing and distribution activities and more intensified research—both process and product—will all contribute to continued growth.

Our annual capacity for nickel production has been increased materially during the past 10 years. In addition, completion of the Thompson project in Manitoba in 1961 will provide the Company with initial capacity for a further 75 million pounds of nickel per year.

Deliveries of nickel increased from 209,300,000 pounds in 1949 to 317 million pounds, a new high, in 1959. Copper deliveries advanced from 221,100,000 pounds in 1949 to the postwar high of 280,800,000 in 1957. Annual deliveries of platinum metals in the decade averaged 315,000 ounces, with a high of 445,000 in 1955. Deliveries for the 10 years totalled 2,670,000,000 pounds of nickel, 2,450,000,000 pounds of copper and 3,150,000 ounces of platinum metals.

Annual earnings in the 10 years 1950-59 averaged $68,800,000, or about $4.70 per common share, and common dividend payments averaged $42,700,000, or over $2.90 a share, including year-end extra payments.

Over the 10-year period, the Company maintained its customary strong financial position and, looking to the future, returned to the business substantial amounts for exploration, plant expansion and modernisation and process improvements. Capital expenditure of $320 million was made in the 10 years chiefly to increase nickel production capacity and improve operations at our plants in Canada, the United Kingdom and the United States.

With the imminence of production from Manitoba, the Company during the latter years of the 1950s intensified its market development activities and market research throughout the world. These efforts are already producing gratifying results in the face of keen competition from other metals and materials. We believe this work will continue to assist in substantially increasing the demand for nickel in the current decade.

Net earnings for the first quarter of 1960 will be significantly higher than the $16,900,000 reported for the first quarter of 1959.

It is expected that demand for nickel during the remainder of 1960 will continue high. This demand can be more than satisfied by the industry's increased productive facilities and by the available nickel supplies.

The report and accounts were adopted.

NEWLY FORMED PRODUCT DIVISIONS ADD GREATLY TO COMPANY'S STRENGTH AND COMPETITIVE POWER

—says Lord Chandos

Difficult Spots Tackled with Vigour

Reviewing the financial results for the year 1959, Lord Chandos, Chairman at the Annual General Meeting of Associated Electrical Industries Limited, said:

Our trading profit for the year, before taxation, but after deduction of other charges, including depreciation and a full year's interest on the 6 per cent Debenture Stock, amounted to £11,098,000 compared with £11,069,000 in 1958.

The total capital employed in the business is £158,280,000. After deducting the amount of the Loan Capital and the Preference Capital, the equity capital employed in the Company is £127,495,000, against a nominal figure of £41,304,000. A 15 per cent Ordinary Dividend, therefore, gives a return on the equity capital of 4.86 per cent.

Electrical Industry—A Growth Industry

Lord Chandos continued: Looking at the electrical industry as a whole we see no reason to alter our view that during the next ten years it will be a growth industry, and that our share of that growth will increase with the increased capacity which we have now installed.

Your Directors are convinced that in this period of the century, the right policy is to be engaged in the manufacture of the whole range of electrical apparatus. This is true of your Group. We do make the whole range, from the smallest transistors to the largest generating plant, from domestic appliances to giant industrial machines. It is by having such a comprehensive range, we believe, that the huge sums which are necessary for research and development can be found, and only in this way is a company powerful enough to maintain and expand its position.

It is to be expected that in so wide a range, certain lines of our manufacture will be subdued, and others will be buoyant. Of course when the general market expands, we would expect to see all sections of the business in an active and profitable posture. This has not been true in 1959.

Lord Chandos then discussed those parts of their business which had been "giving trouble," namely, cables, telecommunications, lamps and lighting, and nuclear power stations, and added: These were the four difficult spots in 1959, and from what I have said, you will see that they have all been tackled with vigour; cables and lamps and lighting by rationalisation, telecommunications by cutting back the effort which we have devoted to them but not so far that we cannot cope with a revival of the business which we expect, and nuclear power by a combination with the Nuclear Power Plant Company. These four are quite a significant part of our total business.

The Chairman then reviewed the other sections of the business, and, continued: The order book in 1959 amounted to £182,282,000. This is slightly higher than that of the previous year.

Export conditions were difficult during 1959, but, despite all the problems, our exports overseas are maintained at a high percentage—round about 30 per cent—of our total business.

After reviewing overseas activities, Lord Chandos turned to matters of re-organisation, and said: As the Shareholders know, on the 1st January of this year the three main manufacturing companies were reorganised into Divisions. We have already enough experience of those Divisions which have been working to know that they are going to add greatly to the strength and competitive power of the Company. The main peak of our capital expenditure is now passed, and the prospects for 1960 would seem to show that our new capacity, even if it is not fully occupied, will be far more nearly so than it was in 1959. This is one of the principal reasons why the trading results for 1959 do not yet reflect the increased capacity which we have installed.

The Company's Liquid Position

The shareholders will notice that the Company has a satisfactory cash balance and is in a highly liquid position. Our cash balance amounts to £11,346,000; of the overdraft of £6,110,000, over £5m. is against the Berkeley Power Station contract and is self-liquidating.

I must mention the recent arrangements for co-operative research which have been reached with A. Reyroile and C. A. Parsons. This combination which still leaves the three Companies competitive in their own fields, is designed—as the circular says—to cover both capital and current expenditure.

In conclusion, prophets are without honour in their own country and sometimes with their own shareholders. It is dangerous to predict so early in the year what the trading results for 1960 are likely to be. I confine myself to saying that the demand for all our products has shown a notable increase, and we are budgeting for increased profits on our ordinary trading accounts. A statement like this must be received with reserve, for although we know of no untoward events that are likely to occur, we can never be certain.

AEI

Associated Electrical Industries Limited

JOHNSON GROUP CLEANERS LIMITED

(Formerly Johnson Brothers (Dyers) Limited)

EXPANSION AND DEVELOPMENT

MR DOUGLAS CROCKATT'S REVIEW

The Annual General Meeting will be held in Liverpool on May 19, 1960. In the course of his review, Mr Douglas Crockatt says:

Economic conditions improved during 1959, yet, after a good first quarter, it proved to be not an easy year for the dry-cleaning industry. Trading was adversely affected by the unusually hot summer weather, when lightweight washable garments were in use for long periods. Competition continued to grow in what has been for years past a highly competitive trade.



MR DOUGLAS CROCKATT, JP

Total turnover (excluding the figures of a business acquired during the year) again showed an increase. Every company in the Group traded at a profit.

After providing for taxation, net profit amounted to £299,000. Of this total £132,000 has been distributed as dividend, pre-acquisition profits amounted to £11,000 and £156,000 has been retained in the businesses. In addition, profits on the realisation of assets amounting to £19,500 were transferred directly to Capital Reserve.

The figures shown in the accounts are not truly comparable with those of the previous twelve months. This year, as was indicated in advance a year ago, contributions to our Non-Contributory Pension Fund, amounting to £30,000 have for the first time been charged as current expenses in the accounts of all the operating companies. The Fund was built up in earlier years by allocations from profits. The total of this Non-Contributory Fund is now £730,000 and of the Staff (Contributory) Pension Scheme £1,155,000. Both Funds (aggregating £1,885,000) are completely outside our accounts. They are vested in trustees and are actuarially solvent.

NEW ACQUISITION

Furthermore, on July 1st last the Company acquired the shares of Bird Ltd., of Newcastle-upon-Tyne, and the figures of that company are included in the consolidated accounts. Chiefly through its subsidiary, Harton Dyeworks Ltd., of South Shields, it operates 47 dyeing and cleaning branches in the North-East Coast area. Bird Ltd. also owns two laundries in Newcastle. The Company, whose members, staff and employees we welcome into the Johnson Group, trades profitably and enjoys a high degree of good will in its local area. An extension of the Harton Dyeworks will be one of the tasks of the next twelve months. Mr Leslie Bird, for many years Chairman and Managing Director of the Bird Group, has joined the Board of this company.

A number of properties owned by the Group have recently been professionally re-valued. The valuations received show surpluses over book values amounting to over £600,000. Accordingly the new higher values will be reflected in the next Balance Sheet. The surplus in each case has been carried to Capital Reserve. The Directors intend, as already announced, to recommend to an Extraordinary General Meeting following the Annual Meeting that a scrip issue of one share in ten be made to Ordinary and Employee shareholders, thus converting a portion of the enhanced Capital Reserve into share capital. In the absence of any unforeseen adverse circumstances it would be the intention to maintain the present dividend on the enlarged capital.

Freehold shop properties to a value of over £175,000 have recently been sold, subject to suitable lease-back arrangements.

CAPITAL EXPENDITURE

The annual capital expenditure of the Group is still substantial and is likely to continue so. A small freehold works has been acquired in the Plymouth area to serve branches in Devon and Cornwall. This plant will very shortly be in operation. A new factory building has been erected and brought into use at the Brighton works of Flinn & Son Ltd., and a portion of the Pullar works at Perth has been re-built. These three new plants have been equipped with the latest dry-cleaning machines fitted with automatic process control.

We express our thanks to our staff and employees in every district for their continued loyal service. The growing personal investments of so many of them in the Group, in Employees shares and in our Works Savings Banks, exemplify the spirit of confidence and partnership which, happily, has prevailed in the Group since its formation.

INSTITUTE OF TAXATION

BUDGET OMISSIONS AND COMMISSIONS

The Annual General Meeting of the Institute of Taxation was held in London on April 26, 1960.

The President, Mr. Frederick Bidston, FACCA, FCIS, FTII, said that the small taxation reliefs proposed by the Chancellor would be welcomed and in particular the scaling down of Estate Duty on gifts inter vivos as recommended by the Institute. The Budget proposals as a whole, however, could only be defined as dull and lacking in decision and positive direction. The Finance Bill was not available at the time, but having regard to what the Chancellor had said in the Commons it was perhaps inevitable that taxation practitioners would be disturbed at the new anti-avoidance proposals. Many uncertainties might result from the withdrawal of relief for losses given against total income or for certain capital expenditure on farm or forestry works unless the trade or profession was carried on "on a commercial basis and with a reasonable expectation of profit." The abuse of double allowance of losses in the early years of a business when set off against profits of another business carried on by the same person could easily be corrected without abolishing altogether what seemed to be an equitable relief.

Mr Bidston said that as from January 1, 1965 entry to membership of the Institute would be through the medium of the Institute's examinations coupled with requirements as to practical experience. As from that date the final examinations of certain other bodies would no longer be accepted in lieu of those of the Institute.

NATIONAL BANK OF PAKISTAN

ANOTHER YEAR OF PROGRESS

The Eleventh Annual General Meeting of the National Bank of Pakistan was held on April 15th at Dacca.

Mr Hoshang N. E. Dinshaw (the President) presided and, in the course of his speech, said:

It is with great pleasure that I present this report at the end of the first 10 years of this great national institution. The occasion is of special significance as the year 1959 is characterised by phenomenal progress in all spheres of national activity and a steady change in the economic prospects of the country.

From the Bank's Balance Sheet, Profit and Loss Account and the Annual Report of the Directors for 1959 you will notice that the Bank records another year of continued progress in all departments of its activities.

The economic activity in the free world showed marked trends to develop on established orthodox economic principles and to discard the artificial controls which had developed during the wars and thereafter.

The economy of Pakistan also showed the effects of more enlightened financial guidance in all spheres. Not only was the thorny problem of refugee resettlement successfully handled, but also the difficult food situation was brought under control, with the result that it has been possible to think of de-rationing wheat from May this year. This happy position is due to greater availability of the foodgrains owing to stoppage of smuggling as also to the increased supplies from USA. The greatest achievement of the new regime has been in restoring financial discipline in the country by following the policy of living within our own means. The new simplified tax policy, collection of income tax arrears, raising of the bank rate from 3 to 4 per cent, checking of black marketing, hoarding and smuggling, have all exercised wholesome influence on the internal economy, while in the external finance the surrendering of all illegal foreign assets, freezing of import licences against which no firm commitments were made, cut in Government's own imports and the Exports Bonus Scheme, have shown remarkable results.

OPERATIONS OF THE BANK

The Bank's total deposits touched the peak at Rs88.45 crores in 1959, registering a rise of 19.56 per cent over the highest figure of Rs73.98 crores last year. At the end of the year the Bank's deposits in Pakistan represented 25.66 per cent of the total scheduled bank deposits in the country as compared to 25.78 per cent in 1958 and 23.47 per cent in 1957. This increase in deposits speaks well for the progressive growth in the number of people we serve and for our rising share in the mobilisation of the country's resources.

The Bank's total advances reached the peak figure of Rs64.99 crores during 1959 as against the corresponding figure of Rs59.93 crores in 1958—an increase of 8.44 per cent. On December 31, 1959, advances stood at Rs55.44 crores.

The profit earned by the Bank totalled Rs1.02 crores, which shows an increase of 8 per cent over the record figure of Rs94.53 lakhs last year.

The report was adopted.

BIBBY & SONS

INCREASED TURNOVER

The forty-sixth annual general meeting of J. Bibby & Sons Limited was held on April 22nd at Liverpool, Mr H. P. Bibby, JP (Chairman), presiding.

The following are extracts from his review circulated with the report and accounts for the year 1959:

The Group profit after charging £200,000 for the replacement of fixed assets and providing £551,941 for income tax and profits tax was £644,057 compared with £574,180 for 1958. Turnover increased from £35 million to £38 million. Lower profit margins in our main division have militated against appreciable improvement. The directors have recommended a final dividend of 4½ per cent making a total of 7 per cent for the year.

Animal Feeds: There has again been an increase in sales in line with national sales but competition has been very keen and profit margins lower than in 1958. Our nutrition research and advisory department has grown steadily in reputation. Our constant aim is to develop new and improved animal feeds, so that we may play our full part in helping our farmer customers towards greater efficiency and profit in their livestock enterprises.

DEVELOPMENT OF "LUMINO"

Our search for an animal protein food of consistent as well as high nutritive quality and free from Salmonella infection led us to the product called "Lumino" and we have played no small part in its development. Lumino is an exceptionally rich source of animal protein factors and we have the sole rights for its use in animal feeds in Great Britain and Northern Ireland and it is now an important ingredient in all our pig and poultry feeds.

Oilseed Processing and Oil Refining: There was an increase in the size of the national "crush" of oilseeds in 1959 but we ourselves processed about the same as in 1958. We experienced a quite appreciable growth in profits which can be attributed mainly to world market prices moving in our favour. The general trend of prices of seeds, oils and cakes has been upwards.

COOKING FATS

Compound Cooking Fat and Lard: Our trade in cooking fats continues to be profitable and Trex remains a firm favourite. Sales of cooking fat for the industrial and catering trade were reduced and the profit margins absorbed by intense competition both from manufacturers in the United Kingdom and from low priced imported lard.

Twirl which was launched at the end of 1958 has made a promising start. Being a liquid oil Twirl is completely free from the suspicion of contributing to heart ailments.

All the above products with the exception of compound cooking fat for the industrial and catering trade reach the housewife directly or indirectly through the grocers and with the object of broadening the base of our grocery trade we have introduced an "instant" mashed potato in the form of a flake and we are selling this product in a limited area under the brand name Quip.

Agricultural Seeds. (Twyford Mill Limited. Conder Seeds Limited): Twyford Mill Limited has had a satisfactory year. Profits and the total value of sales have both increased appreciably in spite of the fact that the national demand for small seeds was considerably less in 1959 than in 1958.

Conder Seeds Limited has also had a satisfactory year.

Kraft Papers. (Henry Cooke and Co. (1932) Limited): The company has had a very successful year in spite of keen competition and both sales and profits have increased.

E. G. Clarke and Son Limited: Early in 1960 your company acquired for cash the whole of the Ordinary and Preference share capital of E. G. Clarke and Son Limited.

We face the future with confidence.

The report and accounts were adopted.

GEGR. 1869

BAYERISCHE VEREINSBANK

MUNICH NUREMBERG

Condensed Balance Sheet as at 31st December, 1959

ASSETS	in 1000 DM		LIABILITIES	in 1000 DM
Cash, Balances at Deutsche Bundesbank and on Postal Cheque Account	142.256		Deposits	1.333.631
Balances at Credit Institutions	101.613		thereof Savings Deposits 398.823	
Cheques, Bills, Treasury Bills, and Medium-Term Bonds and Notes	365.836		Funds borrowed at Short, Medium, and Long Term by the Banking Department	91.639
Securities and Holdings in Syndicates	236.200		Loans taken at Long Term by the Mortgage Department	66.423
Equalisation Claims and Covering Claims on the Public Authorities	114.773		Bonds in Circulation (Mortgage Bonds and Communal Bonds)	944.330
Short-, Medium-, and Long-Term Lendings of the Banking Department	639.218		Loans on a Trust Basis at Third Party Risk	11.439
Long-Term Lendings of the Mortgage Department (Mortgage Loans and Loans to Public Authorities)	1.008.895		Capital and Published Reserves Capital 70.000 Reserves 80.000	150.000
Loans on a Trust Basis at Third Party Risk	11.439		Pensions Reserves	25.317
Participations	33.763		Other Reserves for Special Purposes	37.274
Bank Premises and other Real Estate and Buildings	36.311		Other Liabilities	41.428
Other Assets	19.970		Net Profit	8.800
	2.710.281			2.710.281

Munich, March 1960

Board of Management: Wilhelm tom Dieck, Albin Harttig, Jürgen von Köller, Dr. Werner Premauer, Dr. German Schweiger, Dr. Franz Steffan, Dr. Werner Teichmann, Dr. Hans Christoph Freiherr von Tucher, Elmar Warning.

Board of Directors: Dr. Ludwig Mellinger, Chairman; Dr.-Ing. E. h. Karl Butzengeiger, Vice-Chairman.

Dividends:

1952	1953	1954	1955	1956	1957	1958	1959
6%	8%	9%	10%	11%	12%	14%	16%

THE LONDON & LANCASHIRE INSURANCE COMPANY, LIMITED

THE HONOURABLE R. M. PRESTON'S STATEMENT

The Annual General Meeting of the London & Lancashire Insurance Company, Limited, will be held on May 19th at 7 Chancery Lane, London, W.C.2.

The Chairman, The Honourable R. M. Preston, DSO, has issued a statement to Stockholders from which the following has been taken:

Nineteen fifty-nine was a year of mixed experience, and while an actual loss on the Underwriting Account had been avoided, the margin of profit was again disappointingly small. The net figures for the combined Fire, Accident and Marine departments were:

	1959 £	1958 £
Premium Income	35,492,101	34,495,074
Underwriting Profit	94,338	106,329
Ratio	0·27%	0·31%

The increase in premium income was encouraging, particularly as there had again been an appreciable amount of deliberate pruning where the business was of doubtful profitability.

Fire Department:

	1959 £	1958 £
Premium Income	13,287,429	13,163,608
Underwriting Profit	78,464	150,319
Ratio	0·59%	1·14%

Home Fire Losses in 1959 were at a record level; nevertheless, it was pleasing to record that the Home Fire Account had still shown a profit.

The General Foreign Field, i.e., excluding the North American Continent, was remarkable for the absence of any spectacular losses and did, in fact, produce a satisfactory profit in 1959.

In North America, the experience remained far from satisfactory.

Accident Department:

	1959 £	1958 £
Premium Income	17,280,194	16,564,057
Underwriting Loss	284,126	343,990
Ratio	1·64%	2·08%

Once again in a number of territories, but particularly in the United States, the trouble spot had been Motor business; and because Motor was the largest section of the Accident account adverse results in that section had a severe effect on the results of the account as a whole.

Marine Department:

	1959 £	1958 £
Premium Income—current year	4,924,478	4,767,409
Transfer to Profit and Loss Account	300,000	300,000
Balance of Underwriting Funds—all years	5,606,671	5,232,759
Ratio	113·85%	109·76%

The Marine Accounts were, as is usual, kept open for three years, so that the transfer to Profit and Loss Account related to 1957 and earlier years and should be viewed against the difficult trading conditions which were reported in that year.

In the difficult conditions which prevailed, it was gratifying to see that the income had increased somewhat and that the Account as a whole remained in such good shape.

Interest and Life Profits amounted to £1,242,831, an increase of £193,780 on the previous year.

As forecast in December last when the capital issue was proposed, a final dividend for 1959 of 1s. for each 5s. unit of stock was proposed which corresponded to last year's 4s. for each £1 unit of stock, and that would make the total dividend for 1959 the equivalent of that paid last year.

The Chairman concluded his statement with a word of thanks to the General Manager, Staff and Agents throughout the world.

PARKINSON COWAN LIMITED

MR HUGH P. BARKER'S REVIEW

The Annual General Meeting of Parkinson Cowan Limited was held on April 25th in London. The following is an extract from the statement by the Chairman, Mr Hugh P. Barker:

Our gross trading profit was £728,000 (£362,000 last year). Offsetting this we have had to increase our depreciation provision to £179,000 (£113,000 last year). The resulting profit before tax of £550,000 compares with £298,000 last year. Our tax bill is heavily increased at £269,000, which leaves a final net profit of £281,000 compared with £199,000 last year. Our earnings on Ordinary Stock calculated on a currently accepted basis show a return of 57 per cent. Your Board proposes to pay a final dividend of 10 per cent and a bonus of 2½ per cent which, together with the 5 per cent interim already paid, makes a total distribution of 17½ per cent for the year, costing £80,000. After allowing for Preference dividends already paid (£21,000) this leaves £180,000 to be distributed among the Reserves and Surpluses of the Group.

The high profits earned in 1959 were a direct result of the boom conditions in the domestic appliance market. We achieved a record output of cookers and increased our share of this market. The appliance business as a whole shows signs of tightening up, and I think it unlikely that 1960 will repeat the performance of 1959, though we expect to do well."

Our Meter and Instrument Divisions had a poor year though towards the end business improved and is now running at a very satisfactory level. We have a first-class range of gas meters, which we are selling on a world-wide basis. Our business in liquid meters is also improving rapidly. Our Industrial Products Division has done well and is steadily expanding; the business of the Division is industrial heating, both for buildings and for drying processes.

My views about the future of this Company have changed very little during these last years. We have a sound business, a good reputation and a catholic spread of interests. We have an excellent executive team, and many of our 3,000 employees have years of loyal service behind them. The pressure of commercial competition is nicely balanced by the pressure of opportunity. In this equilibrium your Directors hope to sustain the interests of our stockholders and employees alike. We expect to have a good year in 1960.

The Report and Accounts were adopted.

Copies of the Report and Accounts can be obtained on application to the Secretary at Terminal House, Grosvenor Gardens, London, S.W.1.

THE ASSOCIATION OF CERTIFIED AND CORPORATE ACCOUNTANTS

MR WILLIAM JACKSON'S ADDRESS

The Fifty-fifth Annual General Meeting of The Association of Certified and Corporate Accountants was held on April 26th in London, Mr William Jackson, FACCA, was in the chair and, in the course of his address, said:

MEMBERSHIP

The membership of the Association has shown a satisfactory increase during the year and now stands at more than 10,500 members. During 1959 432 new members were admitted, which shows a quite substantial increase over the previous year.

The number of new students admitted in 1959 is likewise noticeably higher than in the previous year. This is, I think, a notable achievement at a time when all the professions are faced with the general problem of recruitment. This increase is most welcome and we hope that it will be maintained.

COMMERCIAL EDUCATION

Commercial education here has been allowed to fall into a state in which it can scarcely bear comparison with that in most of the other countries in Europe, and moreover, that has been allowed to happen at a time when our future prosperity depends more than ever on commerce and industry. Extensive and expensive remedies are necessary, but it seems to me that perhaps the greatest single contribution which could be made would be a more general acceptance among employers of the principle of full-time day release to enable their staff to undertake specialised business studies. In the various technologies this principle has long been proved and accepted, in many cases by the very same undertakings as are reluctant to grant similar facilities to their commercial employees. However much facilities may be expanded they will be of little avail unless employers as a whole are ready to allow them to be used.

THE BUDGET

Generally speaking the Budget lacks colour. I appreciate that the Chancellor could not give any extensive relief in taxation but he could have taken the opportunity to simplify taxation and so made it easier for the ordinary taxpayer to grasp. The recommendations in the memoranda submitted by the Accountancy bodies are mainly made in this regard, and I am bound to say that it is disappointing to find that no apparent attention is paid to some of these recommendations.

Schedule 'A' Property Tax should have been considered. I am certain that if every house owner made a maintenance claim on his property no tax would be suffered, and it is wrong for the Chancellor to collect tax from house owners under such conditions.

On the other hand, it is particularly pleasing that the Chancellor has accepted the Association's suggestion of graduated rates of estate duty for gifts inter vivos which are caught by the five year rule; and there will be universal satisfaction at the decision to value a business for estate duty purposes on a "going concern" basis rather than on a "break-up" basis. This also was an earlier recommendation of the Association.

THE "SHELL" TRANSPORT & TRADING COMPANY, LIMITED

LARGER INCOME

The annual general meeting of this company will be held on May 19th in London.

The following is an extract from the circulated statement by the Chairman, The Right Honourable Lord Godber, for 1959:

The year 1959 recorded a rise in the net income of the Royal Dutch/Shell Group of Companies to £175,534,628 from £158,847,430 in 1958. The improvement in income of 11 per cent reflected an increase in sales of crude oil and oil products amounting in volume to 8 per cent, and a rise of 17 per cent in proceeds of sales of chemicals. During the year there was little change in trading conditions in the oil industry, and prices and freights remained depressed. The increase in net income can therefore be attributed to higher volume of sales, coupled with our efforts to keep down costs and expenses.

EXPANSION OF SALES

Sales and operating income at £2,579 million showed an increase of £227 million compared with 1958. Sales taxes, excise duties and similar levies, however, rose faster, to £670 million, an increase of £90 million over 1958. This disproportion was due to increased sales taxes in some countries, and the fact that sales of motor gasoline accounted for a larger percentage of sales proceeds than in the preceding year. After deducting these taxes, receipts from sales and other operating income, at £1,909 million, rose approximately in proportion to volume of sales. Of this sum, £178 million, or 9 per cent, was received from sales of chemicals.

Operating expenses, in which is included the cost of oil and chemical purchases, amounted to £1,403 million. Although these costs and expenses were higher than in 1958 because of the increase in size of operations, they did not rise as much as sales proceeds, amounting to 54 per cent of gross operating income in 1959, compared with 56 per cent in the previous year. This seems a small reduction, but its importance may be gauged from the fact that two percentage points represent about £50 million on gross earnings at their present level. The fall in the ratio is the result of the intensified scrutiny which companies throughout the Group have applied to costs and expenses in all phases of their business. These efforts to reduce costs and improve efficiency will continue to be vigorously pursued.

GENERAL OUTLOOK

Last year I mentioned that 1959 would be a year of economic recovery and renewed expansion. This expectation was fulfilled, except in some primary commodity producing areas. For 1960 general economic growth can be anticipated with confidence. Expansion continues in all the major industrial areas of the world, international trade has revived, and the prices of most primary commodities are firmer than they were a year ago. With a favourable economic outlook there is every prospect of continued growth in demand for oil in 1960, but no reason as yet to expect any moderation in the present intense competition.

The longer term outlook for the oil industry is also of continuing growth. In 1959, as in previous years, the Group has shown that its resources were such as to enable it to keep its place in the oil industry. The strength of our diverse resources, I believe, justifies us in facing the future with confidence.

F.T. PRODUCTS LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The twenty-fourth annual general meeting of F.T. Products Limited, was held on April 27th in London, Mr Eric B. Fernberg (the chairman) presiding.

The following is an extract from his circulated review:

During the year ended December 31, 1959, the growth of your Company's activities has continued as evidenced by the considerably increased Profit (before tax) of £170,892, as against £108,802 in 1958—an increase of £62,090. It should be mentioned that the Company's exports have increased during the year, that the royalties received from foreign licensees were a record and that negotiations for the grant of a licence to Agents in Australia are in an advanced stage.

Your Company's business is continually broadening into industries other than the motor industry and, although the latter still remains our biggest customer, sales to other industries are now very considerable in extent and value.

The published plans of the Motor Industry indicate expansion of production from approximately one and three-quarter million vehicles in 1959 to some three millions in 1962. Your Company is preparing to provide for this potential expansion as well as meeting the rapidly increasing demand from other industries.

With this in view your Board have completed preliminary negotiations with the Borough of Aylesbury in Buckinghamshire whereby a substantial area of land will be taken on long lease from them. The ground landlords will erect on part of such land a factory which will be available early in 1961. Further land will remain on which to expand as and when necessary.

It is recommended that a dividend at the rate of 35 per cent be paid for the year ended December 31, 1959, which will absorb £32,156. There are undistributed profits carried forward of £114,894.

Sales of the Company's products are still rising steadily and, indeed, can be expected to rise in the coming months; the order book is at an all-time high level.

The Directors see no reason (subject to no unforeseen circumstances arising) why the accounts for your Company's twenty-fifth year should disappoint you.

The report and accounts were adopted.

JOSIAH PARKES & SONS

(Manufacturers of Union Locks and Brassfoundry)

The Ordinary Annual General Meeting of Josiah Parkes & Sons Limited was held on April 25th at Willenhall, Mr C. W. Parkes, JP (chairman and joint managing director), presiding. The following is an extract from his circulated review:

Group profit before tax is 14 per cent higher than in 1958. This again reflects further increases in efficiency, for although turnover showed a satisfactory increase, wages and material costs rose, whilst average selling prices tended to fall.

The Board propose to capitalise part of the available reserves and make an issue of one new share for each two existing shares. This will have the effect of bringing the issued share capital more into line with the capital employed in the business.

Whilst we have started the year with very full order books and with the rate of intake still rising, I must sound a warning note. Costs of all kinds are rising steadily and profit margins are contracting despite increased output. Some rise in selling prices seems inevitable, but we have to trade in a competitive market, especially overseas, and it is certain that if our prices increase at a greater rate than our foreign and commonwealth competitors there will be grave danger of losing business to them.

The report was adopted and a final dividend of 14 per cent, making 20 per cent less tax for the year, was approved.

At a subsequent extraordinary general meeting the proposed scrip issue was also sanctioned.

ENGINEERING COMPONENTS LIMITED

The twenty-fifth annual general meeting of Engineering Components Limited was held on April 26th in London, Mr C. C. Griffith, MC (the chairman), presiding.

The following is an extract from his circulated statement: The increasing activity to which I referred in my half-yearly report gained momentum in the latter six months of the year, resulting in a record Group turnover. These figures do not include the sales of the Company we acquired earlier in the year. The substantial increase in turnover has in turn produced a record Group Profit.

After allocation of £6,000 to the Employees' Education and Welfare Fund the profits of the Group amount to £684,247, which, after deduction of taxation of £348,776, and £11,783, retained by the Subsidiary Companies, leaves £323,688, to be added to the balance brought forward from 1958, giving a total balance available of £498,350. Current Assets exceed Current Liabilities by some £1,852,000.

Our efforts in Export markets continue to bear fruit and sales last year showed an increase on the previous year.

Development. During the course of the year we have carried out a considerable amount of research into gaskets for diesel engines, air cleaners, and our products generally and these show much promise.

Prospects. The Motor Industry remains very buoyant, and as we are so closely associated with this we hope to share in their prosperity.

The report was adopted and a total dividend of 20 per cent (15 per cent) was approved.

THE RHODESIA BROKEN HILL DEVELOPMENT COMPANY LIMITED

(Incorporated in Northern Rhodesia)

FINANCE FOR EXPANSION PROJECT

FUTURE PROSPECTS VERY PROMISING

The Fiftieth Annual General Meeting of The Rhodesia Broken Hill Development Company Limited will be held on May 12th in Salisbury, Southern Rhodesia.

The following is from the review by Mr H. F. Oppenheimer, the chairman, which has been circulated with the annual report and accounts:

At this time last year the price of zinc had begun a steady upward movement because of increased demand, and I am happy to say that this improvement continued, so that the average price we received for our zinc in 1959 was some £15 a ton higher than the previous year. On the other hand, the lead market did not show the same buoyancy and the average price received by us during the year was some £5 a ton lower than during 1958.

The profit for the year 1959, after providing £343,000 for taxation, was £885,000, which is nearly £300,000 more than last year. This is very satisfactory as we have been able to appropriate an amount of £400,000 for capital expenditure mainly to meet amounts spent during the year on the expansion programme to which I will refer later, and at the same time we have been able to recommend a final dividend of 6d. which, together with the interim dividend of 3d., makes 9d. for the year. There has been a further welcome decrease in the volume and value of the stores at the mine and this released an amount of £88,000 which was used for financing ordinary capital works.

IMPERIAL SMELTING FURNACE

In January, 1960, you were advised that we had accepted the recommendation of the consulting engineers that an Imperial Smelting Furnace and the ancillary plant should be erected at the mine. Work has already started on clearing the site, and contracts for the erection of the plant are being placed.

The cost of the project is £4,350,000, including additional housing for the increased staff and the installation of a further generator at the Lunsemfwa Hydro Electric Station to provide for the required additional electric power. The station will then be equipped to make full use of the Mita Hills Dam storage capacity.

As I mentioned earlier, we were able to provide £400,000 from available resources for the investigation and preliminary work and the cost of the rights and designs for the process. As we still have a further amount of about £400,000 in hand by way of net current assets the amount to be found for the expansion project is reduced to £3,550,000. The arrangements for raising the sum of £3 million provide for half this amount to be raised by the issue of £1,500,000 of six and a half per cent unsecured redeemable notes in June, 1960; and for the noteholders to have the right to subscribe at 10s. per share for two Ordinary shares for every £1 of notes held in June, 1962. Anglo American Corporation of South Africa, Limited, has undertaken to underwrite both the issue of notes and the provision of £1,500,000 in June, 1962. It is, of course, very difficult to estimate exactly when the money will be spent, and for that reason we have arranged for loan facilities of £1,500,000 to be available to the Company up to June, 1962, when any amounts drawn will be repaid from the proceeds of the issue of the 3 million Ordinary shares to noteholders.

Provided no unforeseen circumstances arise and the prices for lead and zinc remain around the present levels, we expect to be able to retain from profits over the next few years the balance of £550,000 required to complete the project and also the money required for Ordinary capital expenditure at the mine. The new money to be raised, together with short-term loan facilities, will, we hope, make it possible so to gear the capital to be provided from profits that we shall be able to maintain dividends at the rate we have recommended for 1959 until the new plant comes into operation, after which we hope materially to increase distributions to stockholders.

PRODUCTION PLANS

The Imperial Smelting Furnace and ancillary plant is to be integrated with the existing plant and will produce lead and prime Western grade zinc. The leach plant will continue to produce electrolytic zinc. A treatment programme blending mine ore with dump material has been prepared so as to make the best use of both plants. It is planned to mine some 200,000 short tons of ore a year and to draw between 30,000 and 40,000 tons each year from the accumulated dumps of mixed fines tailings and other dump material. Zinc production will be of the order of 50,000 long tons per annum with some additional production in the early years from the zinc concentrate stockpile.

Lead production will be about 28,000 long tons per annum, but this will slowly decrease as ore is drawn from the lower levels of the mine where the percentage of lead in the ore is calculated to be less than is in the ore being currently mined.

ORE RESERVES

The calculation of the ore reserves at the year end was done on a revised basis because experience has shown that too great an allowance was made previously for cavities in the orebody. This factor, together with the inclusion of a new block of ore in the indicated reserves, brings the total ore reserves to 5,870,000 short tons, an increase of 725,000 short tons over last year's figure. The rate of mining contemplated when the Imperial Smelting Furnace is in operation would indicate a life of almost 30 years, but it is impossible to say how much of the ore reserves contained in safety pillars will ultimately be recovered, and for planning purposes, therefore, we propose at present to regard the life of the mine as about 25 years.

Underground exploration is being continued below the indicated ore reserve areas and work will also be carried out to establish whether any additional ore bodies exist in the vicinity of the present workings. On the surface several promising indications of ore have been found adjacent to the mining area and a small tonnage of low-grade zinc ore has been proved at one of them, but no extension of this has yet been found at any depth; exploratory work is continuing. Our Company also owns several properties which are potential sources of ore, and these are being re-examined. At the Star zinc property there is a body of high-grade zinc silicate and limestone deposit which was worked on a small scale many years ago. Diamond drilling to test this property will begin shortly, as it is thought that this ore and the limestone, if available in quantity, will be beneficial to the metallurgical processes.

The outlook for zinc in 1960 is encouraging and the present price of lead is satisfactory. A careful survey of the effects of introducing the new process indicates that there will be a reduction in the costs of production. The new process itself should nearly double the output without materially affecting the life of the mine, and the future prospects are therefore very promising.

Copies of the annual report and accounts may be obtained from the London office of the Company, 40, Holborn Viaduct, E.C.1.

LAMBETH BUILDING SOCIETY

The One Hundred and Eighth Annual General Meeting of Lambeth Building Society was held on April 26, 1960, in London. The following are extracts from the Chairman's Statement to Members:

During the year steady and solid progress has been achieved in all departments. The Total Assets of the Society have increased to the figure of £7,809,797, and the level of Reserves and Liquid Funds shows that the impressive financial strength and stability of the Society have been amply maintained.

The passing of the House Purchase and Housing Act, 1959, was a landmark in Building Society history. Under the provisions of this Act Deposits of up to £5,000 in certain approved Building Societies which have assets exceeding £500,000 and which conform to certain stringent standards of financial strength and conduct can be designated by the Registrar as a legally authorised Trustee Investment. The Act became operative on June 14, 1959, and two days afterwards your Society's name appeared on the first list of Societies to be designated under this Act. Your Society is, of course, a Member of the Building Societies Association.

The Government recently announced its intention of introducing a new Building Societies Bill, but only as this Statement was going to Press has a print of this Bill become available. The Bill will, of course, require most careful study, and any Act passed will necessarily be strictly observed by all building societies. I cannot pretend as yet to have mastered the contents of the Bill, but at first sight it seems that your Society's existing practice approximates very closely to the conditions laid down in the Bill. I can however, safely say that your Board welcomes this new legislation, designed as it is to secure from all Building Societies the high standard of conduct that has always been observed by reputable Societies such as your own.

The very substantial sum of £1,493,971 was received from Investors for the credit of Share and Deposit Accounts during the year, and the total sum held by Shareholders and Depositors

in the Society at the end of the financial year was £7,273,442, an increase of £672,291 over the balances at the close of the previous year.

Your Society advanced during the year the sum of £1,682,538 and over 99 per cent of the number of loans made were on the security of private dwellinghouses being purchased for owner-occupation. By the end of the financial year the total sum owing on mortgages had increased to £6,454,614 and of this sum approximately 98 per cent was secured on private dwellinghouses occupied by the Owners

The recommendation of the Building Societies Association is that each Member of the Association should aim to attain Reserves of at least 5 per cent of the current Total Assets. You will see from the Accounts that the Reserves and Unappropriated Surplus have increased to the figure of £481,821 which sum represents 6.17 per cent of the Society's Total Assets, 6.62 per cent of the total sum due to Shareholders and Depositors and 7.46 per cent of Mortgage Assets. The Reserves required for a Society to obtain Trustee status are 2½ per cent of the Total Assets, so you will see that your Society's Reserves are very appreciably in excess of the minimum required under the Act for such Trustee status.

The Liquid Funds at the close of the financial year amounted to the impressive figure of £1,309,418 representing 16.77 per cent of the Total Assets, and 18 per cent of the total amount due to Shareholders and Depositors.

The Report and Accounts were adopted.

THE RHEOSTATIC COMPANY

EXPANSION IN ALL MARKETS

The Twenty-third Annual General Meeting of The Rheostatic Company Limited was held on April 27th at Slough.

The following are extracts from Mr M. J. Gartside's circulated report to stockholders for the year ended September 30, 1959:

Expansion of the Company's business has taken place in all its markets and in practically all areas of operation and has resulted in a marked growth in the Company's earnings. The net profit was £178,157 (£105,763). Your board recommends a total dividend of 20 per cent for the year (12½ per cent).

Export business continues to represent a very substantial proportion of the Company's turnover. In Europe this business is obtained both from the members of the Outer Seven and from the countries in the European Common Market. Exports to the latter offer the greater potential and have increased substantially during the past year.

The general public are becoming familiar with the use and application of thermostats and temperature controls and with the trade name "SATCHWELL."

We are enjoying a wide spread of activity ranging from small thermostats to automatic control panels for large buildings. This range is spread over our home market, the markets of Europe, the Commonwealth countries and elsewhere.

The trend in the current financial year continues to be in the direction of increase of sales and production. The directors recommend a one for three scrip issue.

The report and accounts were adopted.

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

IMPROVED BONUSES IN ORDINARY AND INDUSTRIAL BRANCHES

The Ninety-ninth Annual General Meeting of the Royal London Mutual Insurance Society Limited was held on April 26th at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.

Mr E. H. Haynes, FIA, chairman and joint managing director, who presided, said:

The yield on the Society's funds in the year 1959 in the Ordinary Branch was £5 19s. 6d. per cent and in the Industrial Branch £6 7s. 11d. per cent before deducting income tax. The corresponding figures for 1958 were £5 12s. 8d. and £6 0s. 1d. respectively.

I would now like to refer in detail to the position of each of the Society's branches.

ORDINARY BRANCH

The premium income in the Ordinary Branch (including consideration for annuities granted) amounted to £4,559,000, an increase of £196,000 over the previous year. The Fund at the end of the year amounted to £41,585,000, an increase of £2,196,000. The rate of interest earned, after deduction of income tax, was £4 8s. 11d. per cent, an increase of 4s.

The amount paid by way of claims and surrenders during the year was £3,309,000.

The new business results in this Branch during 1959 have proved an inspiration to us all. Not only have they shown an increase for the sixth year in succession but the new sums assured written represent a leap forward in the progress of the Society. During the year 20,700 policies for the amount of £18,773,000 sum assured were issued, this being an increase of £4,499,000 over the figures for the previous year and by a substantial margin a record for the Society.

On with profit policies (other than those which were formerly in the Auxiliary Life Fund) becoming claims, etc., during the current year the Interim Bonus will be at the rate of Two Pounds per cent in respect of each of the years 1956 and 1957, Two Pounds Four Shillings per cent in respect of the year 1958 and Two Pounds Eight Shillings per cent in respect of each of the years 1959 and 1960.

INDUSTRIAL BRANCH

In the Industrial Branch the premium income for the year amounted to £11,014,000, an increase of £400,000 over the previous year. Claims and surrenders amounted to £6,193,000. The Fund at the end of the year amounted to £96,777,000, an increase during the year of £5,949,000. The rate of interest earned, after deduction of income tax was £5 12s. 2d. per cent, an increase of 4s. 1d.

The sum assured on new policies issued in the Industrial Branch has shown an increase for the ninth year in succession. In 1959 new sums assured increased by £1,126,000 to the figure of £24,151,000.

On this occasion I am happy to announce another step forward. Hitherto no bonus has been allotted in this Branch until a policy has been five years in force. In future all premium-paying policies under participating tables will share in profits after premiums have been paid for a full calendar year.

Policies will be allowed an Interim Bonus at the rate of One Pound Ten Shillings per cent per annum.

GENERAL BRANCH

The premium income for this Branch in 1959 was £1,017,000, an increase of £55,000.

The year 1959 has proved a year of increasing success for this Society. The total income of the Society during the year was £23,807,000, while benefits paid to policyholders amount to £9,503,000. The total payments to policyholders since the inception of the Society amount to more than £176 million.

The report and accounts were unanimously adopted.

GILBEYS LIMITED

(Wine Merchants and Distillers)

The annual general meeting of Gilbeys Limited was held on April 28th in London, Mr R. D. Gilbey (the chairman) presiding.

The following is an extract from his statement:

As will be seen from the accounts, the trading profit of the previous year has not been maintained. This was due to several factors and it has been an unfortunate coincidence that in almost every important market in which we operate something occurred to put a brake on the upward trend of profits.

As the amount of profit available is sufficient, the Board feel justified in recommending the same rate of dividend, namely 13½ per cent for the year, on the equity capital as increased in December, 1958.

The proceeds of the issue of Deferred Shares which we made at the end of 1958 have been used partly in reduction of our indebtedness to the Bank caused by our development during earlier years, and partly in further expansion through our subsidiary companies, especially in the acquisition of retail outlets, and also in implementing our policy of modernising and, where desirable, re-deploying our depots throughout England, Scotland and Wales. In particular, we acquired the old-established and highly-regarded business of Edward Rutland & Son, wholesale and retail wine and spirit merchants of Stourbridge. We look forward to substantial progress in Worcestershire and the adjacent counties.

Other plans to meet the changing pattern of trade in this country are under consideration.

In the United Kingdom, 1959 was a year of some difficulty for us, but at the same time of some success and of promise for the future.

The reduction in wine duties, just announced, may confidently be expected to increase consumption, particularly of port and sherry, with which this company is traditionally associated.

After commenting on the Company's overseas activities, the Chairman concluded:

Aided by the zeal and skill of our competent and loyal staff, we confidently look forward to further progress and prosperity.

The report was adopted.

THE BRITISH WAGON COMPANY LIMITED

A YEAR OF STEADY GROWTH

MR R. A. DYSON'S REVIEW

The Ninety-first Annual General Meeting of The British Wagon Company Limited was held on April 22nd in Rotherham, the Chairman, Mr R. A. Dyson, presiding. The profit of the Group after taxation for 1959 was £369,243 (1958 — £261,118) and at December 31, 1959, the Deferred Income amounted to £2,358,996 (1958 — £1,534,432). The following is a summary of Mr Dyson's statement:

This has been a year of steady growth and the satisfactory increase in business undertaken and profits earned is clearly shown. It is particularly noteworthy that once again there has been a substantial increase in Deferred Income, an important feature in considering future prospects.

In marked contrast to 1958 there was no change in the Bank Rate during 1959. Normally this would have made for stability in hire purchase charges, but competition was such that there was a tendency to depress rates. This is not in itself an unwelcome or unexpected development so long as hire-purchase companies insist on reasonable terms in regard to initial payments and length of Agreements.

The Bank Rate was increased in January, 1960, by 1 per cent, with a marked effect on the cost of borrowed money. This has only been partially offset by certain adjustments made in hire-purchase charges. As a result the Company is at present working on finer margins, but steps have been taken to increase the scale and diversity of your Company's activities. For instance, new Offices have been opened at Ayr, Croydon, Gloucester, Guildford, Portsmouth, Scunthorpe and Tunbridge Wells.

Your Banking partners, The Royal Bank of Scotland, Williams Deacon's Bank Limited and Glyn, Mills & Co., have been of great assistance during the year; not only have they been instrumental in providing new sources of business, but also have helped the Company in strengthening its liquid position, which is extremely healthy.

Mention should be made of the most useful work being done by Finance Houses Association on behalf of the national hire-purchase companies. The Association provides liaison with the Government and also affords protection to the public against exorbitant hire-purchase charges.

Recently your Company, in conjunction with The Royal Bank of Scotland, agreed to acquire a 40 per cent interest in Associated Securities Ltd., an Australian Company with headquarters in Sydney. This very well managed and successful hire-purchase company has been in existence for thirty-three years and carries on a business very similar to that of your Company. Your Directors are confident that this will prove a successful investment.

The Report and Accounts were adopted.

METAL CLOSURES LIMITED

MR KEITH D. ERSKINE ON MERGER WITH JOHN DALE LIMITED

The twenty-fourth annual general meeting of Metal Closures Limited will be held on May 19th in London.

The following is an extract from the circulated statement of the chairman, Mr Keith D. Erskine:

The most important event in your Company's affairs during 1959 was the merger with John Dale Limited. The trading activities of the two Companies are naturally complementary and after only six months it is already apparent that material benefits will stem from the integration of the two Companies.

The net profit of the whole Group, before the deduction of minority interests and before taxation, was £831,685. Of this amount Metal Closures Limited, as it existed before the merger, contributed approximately £440,000, an increase of some £30,000 on the record figure for 1958, while John Dale Limited contributed approximately £390,000. These profits, both in total and for each company separately, exceed those forecast at the time of the merger.

Taxation for 1959 amounted to £373,278 leaving a Group profit after taxation and after deduction of minority interest of £421,553.

At the time of the merger your Directors forecast a total dividend for the year of 22 per cent less tax which would have been equivalent to maintaining the dividend at the level to which it was increased last year. In view of the improvement in profits and the continued high level of activity in the first quarter of 1960, your Directors recommend a final dividend of 13 per cent less tax which, with the interim of 11 per cent less tax, brings the total distribution for the year to 24 per cent less tax.

As already announced you are being asked to approve share bonus and consolidation proposals which will result in a holder of an existing 4s. share becoming a holder of two shares of 5s. each.

After reviewing the trading in 1959 of Metal Closures Limited and John Dale Limited, the statement continued:

CAPITAL PROPOSALS

As recently announced, the Company proposes to issue £1 million Debenture Stock. Holders of the Metal Closures £200,000 5 per cent Loan Stock and holders of the 5½ per cent First Mortgage Debenture Stock of John Dale Limited will be given the opportunity to convert their holdings in exchange for the new Debenture Stock. The balance of the new Debenture issue not required for this purpose will be placed, and proceeds of approximately £500,000 will be available for capital improvements and for development. Furthermore, John Dale Preference Shareholders are being invited to exchange their shares for new Second Preference shares of this Company.

Current Outlook.—The trading results for the first quarter of this year are in excess of the 1959 rate of profit—they are substantially in excess of the profit for the first three months of 1959, which were low. Since the beginning of the year we have had to meet increases in raw materials and the reduction in the standard working week to 42 hours. On the other hand, we are continuously improving the efficiency of our operations and the high level of production we are now enjoying reduces the burden of overhead costs.

Unless present trends are upset by unforeseen events we look with confidence to the results for 1960.

APPOINTMENTS

LONDON COUNTY COUNCIL

CITY OF WESTMINSTER COLLEGE.
FRANCIS HOUSE, FRANCIS STREET, S.W.1.

Require, September 1:

1. Grade B assistant to teach MATHS up to A level G.C.E.; ability to teach STATISTICS desirable.

2. Part-time day lecturer (about 12 hours per week) for MATHS with ability to teach STATISTICS.

Grade B post, salary scale: £720 x £27 10s. to £1,150 plus London allowance £38 or £51; additions for qualifications and training; increments within scale for experience.

Application forms from Secretary of College to be returned within two weeks of advertisement date. (1607.)

For further appointments and other classified advertisements see pages 490 and 491

UNIVERSITY OF GLASGOW

SIR JOHN MACTAGGART FELLOWSHIP IN ECONOMICS OF HOUSING

Applications are invited for the above Research Fellowship—stipend £1,450 per annum tenable for a period of three years in the Department of Social and Economic Research. Applicants, who should be qualified in economics or a related subject, will be expected to pursue research into some selected aspect of the housing problem in Scotland under the general direction of the Head of the Department.

Applications should be made before June 4, 1960, to the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

UNIVERSITY OF GLASGOW

RESEARCH ASSISTANTSHIP IN ECONOMIC HISTORY.

Applications are invited for a Research Assistantship in Economic History. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than May 21, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

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COMPANY AFFAIRS

Dunlop Rubber

LAST year, Dunlop Rubber earned a better margin on sales and a higher return on capital employed—12¼ per cent, which is the highest for five years. In volume, sales rose by about 8 per cent and in value by about 7 per cent, from £243 million to £261 million. Trading profits advanced by 14 per cent, from £19,760,000 to £22,470,000, and the ordinary dividend was raised from 13 to 15 per cent. No one could argue that this was an unsatisfactory showing. Yet the 10s. shares at 25s. 3d. xd. yield 6 per cent on a dividend covered over twice by earnings. Perhaps investors are waiting for Dunlop to add to its share of the market, instead of simply holding on to what it has before they take a different view. But Dunlop's recent achievements are worth notice. Last year, the group had to bear the increased cost for natural rubber (the biggest item in its costs) and for wages and in some markets reduced prices. Yet profit margins were better. The directors refer to greater efficiency in the factories, reflecting the continuing programme of plant modernisation. Greater use, too, was made of the cheaper synthetic rubber, the proportion going up from 36 to 39 per cent of total consumption.

About 40 per cent of Dunlop's assets are in Britain and they earn about a third of its total profits. Sales in this market, where Dunlop is a big supplier of tyres for new cars directly to manufacturers at margins lower than can be obtained on replacement sales, went up by 7 per cent but profits were "only slightly higher." Moreover, it is in this country in which much of the cost of research and development is borne. Thus much of the advance in profits stemmed from the group's operations overseas. On the Continent and in the Commonwealth, Dunlop apparently finds competition less severe. It is upon overseas operations that Dunlop devotes the biggest proportion of its capital spending: £6½ million out of a total of £10½ million last year. Capital expenditure will run at much the same level this year and working capital commitments are again likely to increase. Last year's additions to stocks and debtors, reflecting increased output and higher raw material prices, were financed partly by an increase in bank loans from £9.4 million to £12.8 million. These are likely to go up again this year. But about 70 per cent of these loans are borrowed outside this country and there are no immediate plans to raise new capital.

Gallaher

OF all the tobacco companies Gallaher has made the biggest strides in recent years. In particular, "Senior Service" and possibly "Park Drive" have taken an increasing share in a slowly growing market, largely at the expense of Imperial Tobacco's leading brands. Imperial Tobacco has a big, though undisclosed, interest in the Gallaher equity, but competition between the two concerns is keen. So far, Gallaher has had the best of it. Imperial Tobacco's share of the market and its profits fell last year. By contrast, Gallaher last year increased its sales by 14 per cent from £244 million to £278 million, its gross profits by 22¼ per cent from £7,754,578 to £9,517,677 and its net profits by 28 per cent from £3,910,292 to £5,004,335. Stocks have jumped from £49 million to £57½ million (largely from bigger leaf purchases) and debtors from £24 million to £27 million. Working capital and the new plant and machinery more than absorbed last year's cash flow of about £3 million and nearly £9 million from the rights issue of ordinary shares and the group's bank overdraft went up from £6 million to nearly £8½ million.

Gallaher recently introduced "Nelson" in the competitive filter cigarette market. In the three months before the budget the group secured yet another increase in the sale of its leading brands. The chairman, Sir Edward de Stein, says it is too early to judge what effect the increase in tobacco duty will have upon consumption but he says that the "directors feel confident that the group's brands will retain, and they hope increase, their share of the trade." Leaf prices are higher; wages have gone up; promotion and advertising costs are rising. All tobacco manufacturers' margins will be down this year but, even so, the Gallaher directors "hope to be able to show as good, if not better, results for 1960." Gallaher shares at 37s. on the 20 per cent dividend (against an equivalent 16⅔ per cent) yield 5½ per cent while "Imps" at 61s. on the dividend increased from 21 to 22½ per cent yield 7.1 per cent. Such a wide differential cannot be accounted for simply by the slight difference in earnings cover. It can only reflect the assumption that Gallaher will go on growing at the expense of Imperial Tobacco. But if Imps is now fighting back more energetically, the standing of the shares is likely to gain.

Rugby Portland Cement

AT the end of last year, Rugby Portland Cement had 7,240 ordinary shareholders. Of these 6,824 individuals, averaging 575 shares each, owned 56 per cent of the issued capital. The remainder was held by institutions. On the scanty evidence available on institutional holdings, this seems a high proportion and it may help to explain why last year's turnover in the shares, at 10 per cent, was almost as low as that reported last week by ICI. As long term investors, the institutions cannot be displeased with their stake in Rugby Portland Cement. For the last fourteen years the group has consistently earned higher profits. It did so again last year, when the trading surplus went up from £1,500,585 to £1,876,965 and the net income from £851,383 to £970,704. The ordinary dividend was left unchanged at 25 per cent on the capital as increased by the rights issue. This disappointed the market but the size of the proposed scrip issue—one new share for every seven held—is such that 25 per cent on the enlarged capital is a distinct possibility. That would put the 5s. shares, standing at 42s. 9d. xd., on a yield of about 3 per cent.

The yield is low but last year's payment was covered nearly three times by earnings and RPC, having delivered more cement to the British market in 1959 than ever before, should continue to enjoy favourable trading conditions this year.

Associated Electrical Industries

LORD CHANDOS is distinctly optimistic about the long-term prospects and, perhaps even more significantly, about the immediate outlook for this giant of the heavy electrical industry. Over the next ten years the electrical industry, he said last week, would be a growth industry, and AEI's share of that growth would expand as the new capacity recently installed took advantage of the expected increase in demand. Moreover, Lord Chandos appears to be confident that this year will bring bigger profits if the improvement in demand for the group's products is maintained.

AEI's trading profits last year were as good as could have been expected: they fell slightly from £15,510,000 to £15,371,000. Lord Chandos pointed to the four divisions of the group which failed to make their full contribution to profits. First, the earnings of the cables division were affected by the price war. Now, however, there are signs that the war is cooling off. AEI's cable division has been rationalised, the number of plants having been reduced from six to four, and Lord Chandos predicts that before the beginning of 1961 there should be an adequate profit on the capital employed in cable making. Secondly the telecommunications division made a loss of about £722,000, largely because the post office suddenly cut its expenditure programme. Since then there has been some recovery in orders, and Lord Chandos looks for "modest profits" this year. Thirdly, earnings of the lamps and lighting division failed to reflect the rise in turnover—but a recent reorganisation may have put this division on a firmer footing. Lastly Lord Chandos confirms that a loss on the Berkeley nuclear power station is inevitable; the £750,000 put aside out of this year's trading profits to meet this loss will, he hopes, be adequate—but it may not be.

Continued on page 484

BP and Royal Dutch/Shell

TWO years or so ago, oil shares were all the rage. They are now out of fashion, in New York as much as London. The yields offered on them are high in comparison with the general run of industrial equities. Yet the giants of the oil world are still earning good profits and have raised their dividends. The average yield on industrial equities is 4½ per cent, one per cent less than that offered by old Consols. The yield on "Shell," at 147s. 9d. on the tax free dividend as increased from 18¾ to 23¾ per cent, is almost exactly on a par with that on old Consols. The yield on British Petroleum at 54s. 3d. xd on the tax free dividend as increased from 8¾ to 10⅝ per cent is more than a point higher, at 6½ per cent. The yield on Burmah Oil, which has holdings in "Shell" and BP, sits between them: its shares at 46s. 9d. yield 6 per cent on the tax free dividend as increased from the equivalent 6⅞ per cent to 8¼ per cent. Few would question the relative ranking of the shares: BP is a net seller of crude and Royal Dutch/Shell a net buyer; BP is far more dependent on the market in the Eastern Hemisphere, where competition has been particularly fierce; and Shell is firmly established in marketing in more countries. Last year Royal Dutch/Shell sold 8 per cent more in volume of oil and oil products and 17 per cent more in value of petrochemicals, with the result that its net income rose by 11 per cent (from £158.8 million to £175.5 million). BP, like Shell, tried to keep costs down, but it was more affected by the depressed level of prices and freights and though the volume of its sales of oil and oil products rose by 4 per cent its net income rose by only £400,000 to £63.4 million.

The arguments for not buying oil shares are well known. Oil is in surplus and will continue to be for the next few years though consumption is growing. There are too many tankers. In many markets oil is being sold below posted prices. The rate of return on new refineries and new marketing outlets is low—and in some areas negligible—and the oil companies have to maintain a high rate of capital spending to hold on to their share of the market. Immediately nothing will alter these facts. Margins have been shaved and the directors of Royal Dutch/Shell no doubt agree with the summing up of the chairman of BP, Sir Neville Gass, when he says:

> In the year 1960 we are expecting an increase in our sales but, again, it would be imprudent, market conditions in the Eastern Hemisphere being what they are, to expect any material increase in the trading margins, though we are paying particular attention to economy in operation in all sides of the business in order to mitigate the effects of the depression in selling prices.

Both groups are keeping a tight rein on operating costs and neither, it perhaps can be assumed, would be unhappy if it managed to sell more oil this year at the same margins as ruled late in 1959.

The arguments for buying oil shares at their present prices and yields are less definite. But they are not insubstantial. Can the giants, in the face of import quotas in the United States, the price-cutting tactics of the independent refineries and the sale of Russian oil hold on to their share of the market? That certainly is their aim. Sir Neville notes that while BP's total sales rose by 4 per cent in volume its sales through associated marketing companies rose by nearly 10 per cent. This, he argues, confirms the trend to cover a greater proportion of total product sales through the group's own direct marketing organisations. Control from the oil well to the filling station over a bigger proportion of total sales by the giants will certainly make it more difficult for the outsiders to elbow their way into the market. In oil both groups may hold their own. In petrochemicals they are adding to capacity; here margins are much higher than in selling oil, though, as Lord Godber, the chairman of "Shell," points out, competition can be expected to become more severe.

HOW far can they bring their capital programmes closer in line with market conditions? To preserve their markets, both have to continue to be big spenders. Last year BP spent £141 million, £3 million more than in 1958. Royal Dutch/Shell along with its associate companies spent £422 million, £35 million more than in 1958, but £30 million of this the directors say was "exceptional." Both have tanker building programmes to complete. Their completion will add to the tanker surplus and BP has now arranged with the shipyards to lengthen deliveries out until 1966. Both groups seem to be prepared to adjust and, if necessary, to trim their spending. Lord Godber says: "we are paying particular attention to projects aimed at reducing costs and improving efficiency . . . our aim is to hold capital expenditure at the minimum consistent with the needs of the business, and it is our intention to pursue this course as long as present conditions in the oil industry continue." Sir Neville says "in present conditions the urgency of the need for new projects is being very carefully assessed and we have achieved some slowing down in the rate of expenditure by deferring schemes or by spreading the period of completion of previously authorised programmes." The balance of spending may have to be altered too. Even a small cut in capital expenditure or a slight shift in its nature has its significance for shareholders, for it alters the claim on financial resources.

The oil giants seem prepared to economise—within limits. How then are they likely to view the claims of their shareholders? The impact of the rights issue by Royal Dutch/Shell was felt as much in New York and Rotterdam as in London. BP is going once again to Switzerland for new money. Indeed what Lord Godber says about Royal Dutch/Shell can be said in almost equal measure about BP:

> Access to the markets of both the old and new worlds creates a security of finance which has not previously been enjoyed by the Group. In addition, new sources of local firms have been opened up by our overseas companies in the countries in which they operate. We have also developed opportunities for financing tankers and other facilities from outside sources.

Lord Godber specifically related the greater availability of capital to the group's dividend policy, saying that it "has always been to distribute to shareholders the maximum compatible with the prudent administration of the business . . . we have, in fact, during the past decade raised dividends fairly steadily." In the future, the oil giants may not be so great eaters of capital as they were and they may look for new money rather more from the capital markets and rather less from self-generated income. They were not ungenerous with their 1959 dividends. Have oil shares been set on one side, as untouchables, for just a little too long? They are no longer the counters for a quick turn as they once were; but they should not be unattractive to the long term investor looking for income.

SALES AND PROFITS

(£ million)

	ROYAL DUTCH/SHELL						BRITISH PETROLEUM					
	Half years				Years		Half years				Years	
	1958		1959				1958		1959			
	I	II	I	II	1958	1959	I	II	I	II	1958	1959
Gross sales	1,145·2	1,206·8	1,193·7	1,385·3	2,352·0	2,579·0	404·2	425·1	410·5	449·5	829·3	860·0
Sales taxes, etc.	276·2	304·0	290·3	380·1	580·2	670·4	109·1	121·9	116·7	131·2	231·0	247·9
Net sales	869·0	902·8	903·4	1,005·2	1,771·8	1,908·6	295·1	303·2	293·8	318·3	598·3	612·1
Op. exps., etc.	650·6	671·0	653·5	749·6	1,321·6	1,403·1	211·8	211·6	210·4	233·8	423·4	444·2
Deprecn., etc.	85·5	80·1	90·6	89·1	165·6	179·7	22·6	25·9	22·6	24·0	48·5	46·6
Loan interest	3·8	3·8	3·9	3·8	7·6	7·7	2·8	3·2	3·1	2·6	6·0	5·7
Gross profit	142·5	134·4	155·3	162·7	276·9	318·0	57·9	62·5	57·8	57·8	120·4	115·6
Invest. income	13·4	13·9	12·9	11·6	27·3	24·5	8·3	9·3	7·2	8·2	17·6	15·4
Gross income	129·1	176·1	168·3	175·2	305·2	343·5	66·2	71·8	65·0	66·0	138·0	131·0
Taxation	64·7	65·0	76·1	71·5	129·7	147·6	40·1	34·7	41·4	26·1	74·8	67·5
Minor. interests	6·3	9·2	9·4	9·9	15·5	19·3	0·1	0·1	0·1	0·0	0·2	0·1
Net income	71·5	87·3	82·7	92·8	158·8	175·5	26·0	37·0	23·5	39·9	63·0	63·4
Gross profit as % of net sales	16·4	14·9	17·2	16·2	15·6	16·7	19·6	20·6	19·4	18·2	20·1	18·9
Net income as % of net sales	8·2	9·7	9·2	9·2	9·0	9·2	8·8	12·2	8·0	12·5	10·5	10·4

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, April 20, 1960	Price, April 27, 1960	Net Yield, April 27, 1960 § £ s. d.	Gross Yield, April 27, 1960 £ s. d.
98[17/32]	97[3/4]	Funding 2½% 1956–61	98[5/16]	98[11/32]	3 5 1	4 5 6†
100[3/32]	99[1/8]	Conversion 4½% 1962	99[1/4]	99[1/8]	3 1 1	5 0 3
96[1/8]	94[1/4]	Exchequer 3½% 1962–63	94[7/16]	94[1/4]	3 13 0	5 0 1†
93[1/16]	92	Exchequer 2½% 1963–64	92[3/32]	92[1/32]	3 13 7	4 13 8†
101[5/32]	99[1/4]	Conversion 4½% 1963	99[7/16]	99[1/4]	2 18 7	5 0 1
99[1/32]	97[1/2]	Conversion 4½% 1964	97[27/32]	97[1/2]	3 8 10	5 3 10
92[15/16]	89[7/8]	Savings Bonds 3% 1955–65	90[1/8]	89[7/8]	4 1 2	5 7 1†
85[7/16]	80[7/8]	Funding 3% 1959–69	81[3/16]	81[3/16]	4 8 3	5 14 7†
93[1/2]	89[1/8]	Funding 4% 1960–90	90[1/16]*	89[3/8]*	2 19 3	4 12 6†
82[7/8]	79[1/4]	Savings Bonds 3% 1960–70	79[7/16]	79[1/4]	4 7 9	5 15 0†
85[11/16]	81[3/4]	Conversion 2½% 1964–67	82*	81[7/8]*	4 11 8	5 13 4†
77	73	Savings Bonds 3% 1965–75	73[5/16]	73	4 5 11	5 14 8†
104[13/16]	100[1/4]	Exchequer 5½% 1966	100[9/16]	100[9/16]	3 6 6	5 10 1
85[7/16]	82[1/32]	Funding 3½% 1966–68	82[3/8]	82[3/8]	4 8 9	5 15 9†
96[3/4]	94[1/4]	Victory 4% 1920–76	94[3/8]	94[1/4]	3 5 11	4 19 2‡
89[7/16]	84[11/16]	Conversion 3½% 1969	85[1/4]	85[1/8]	4 4 5	5 14 11†
98	96	Conversion 5% 1971	96[3/16]	96	3 11 4	5 12 2
101[7/16]	98[1/2]	Conversion 5½% 1974	98[1/16]	98[1/2]	3 9 2	5 12 1
78[3/4]	75[3/4]	Treasury 3½% 1977–80	74[15/16]*	75[3/4]	3 19 3	5 12 9†
78[7/8]	74[9/16]	Treasury 3½% 1979–81	74[15/16]	74[5/8]	3 19 7	5 12 11†
103[1/2]	101[1/8]	Funding 5½% 1982–84	101[3/8]	101[1/4]	3 7 0	5 10 6e
66[1/4]	62[1/2]	Redemption 3% 1986–96	63[1/4]	62[7/8]	3 14 3	5 6 9†
97[1/4]	91[1/4]	Treasury 5% 1986–89	91[9/16]	91[1/4]	3 11 0	5 12 6†
71[3/4]	68[5/8]	Funding 3½% 1999–2004	69[1/8]	68[3/4]	3 11 9	5 8 8†
73[11/16]	70[1/4]	Consols 4% ..... after Feb. 1957	70[11/16]	70[3/8]	3 10 3	5 15 3†
65[3/8]	61[1/8]	War Loan 3½% ..... after 1952	62[15/16]	61[3/16]*	3 9 10	5 13 10†
65[1/2]	61[3/16]	Conv. 3½% ..... after Apr. 1961	61[13/16]	61[1/2]	3 9 11	5 13 4†
56[3/4]	52[3/4]	Treasury 3% ..... after Apr. 1966	53[3/8]	53[1/8]	3 9 4	5 13 4†
49[3/4]	46[7/16]	Consols 2½%	46[7/8]	46[1/2]	3 6 0	5 7 11†
48[1/2]	45[1/4]	Treasury 2½% ..... after Apr. 1975	45[11/16]	45[3/8]	3 7 8	5 10 8†
97[1/2]	92[1/8]	British Electric 4½% 1967–69	92[3/16]	92[1/4]	3 16 8	5 14 6†
79[7/16]	75[1/4]	British Electric 3% 1968–73	75[3/8]	75[3/8]	4 7 3	5 15 0†
76[1/8]	71[7/8]	British Electric 3% 1974–77	72[1/16]	72	4 3 8	5 12 5†
90[1/2]	85[1/8]	British Electric 4½% 1974–79	85[5/16]	85[1/8]	3 14 0	5 10 10†
79[1/2]	75[1/8]	British Electric 3½% 1976–79	75[3/8]*	75[1/8]*	3 19 7	5 11 11†
90[5/8]	86	British Gas 4% 1969–72	86[1/4]	86	3 19 2	5 14 0†
86[7/8]	82[3/16]	British Gas 3½% 1969–71	82[5/16]	82[1/4]	4 3 0	5 13 11†
67[1/4]	63	British Gas 3% 1990–95	63[1/16]*	63[1/4]*	3 14 6	5 6 6†
79[1/4]	75[1/4]	British Transport 3% 1968–73	75[9/16]	75[3/8]	4 7 3	5 15 0†
86[1/2]	83[1/4]	British Transport 4% 1972–77	83[1/2]	83[1/4]	3 16 8	5 12 9†
67[3/8]	64[1/4]	British Transport 3% 1978–88	64[3/4]	64[1/4]	4 0 0	5 12 2†

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Apr. 20, 1960	Price, Apr. 27, 1960	Yield, Apr. 27, 1960 £ s. d.
83	80[3/8]	Australia 3½% 1965–69	80[3/8]	80[1/2]	6 1 0†
107[1/2]	103	Australia 6% 1974–76	103[1/4]	103	5 13 0e
73[3/4]	70	Ceylon 4% 1973–75	70[1/2]	70[3/4]	7 5 0†
107[5/8]	103[1/4]	New Zealand 4% 1976–80	103[5/8]	103[1/4]	5 15 0e
96[1/4]	88	Rhodesia and Nyasaland 6% 1978–81	88	88	7 3 0†
85[3/4]	79	South Africa 3½% 1965–67	79[1/2]	79[1/2]	7 2 0†
80[1/2]	69	Southern Rhodesia 4½% 1980–85	69	69	6 18 0†
101[1/8]	99	Agricultural Mortgage 5½% 1980–85	99[3/4]	99	5 13 10†
92[3/4]	89[1/2]	Birmingham 4½% 1967–70	90	89[1/2]	5 15 0†
99[1/4]	96[3/4]	Bristol 5% 1971–73	97[1/2]	96[3/4]	5 10 0†
100	96[1/4]	Corporation of London 5½% 1976–79	99[1/4]	96[1/4]*	5 10 0†
53[3/4]	51[1/4]	L.C.C. 3% ..... after 1920	52	51[1/2]	5 16 0†
97[1/4]	92[1/4]	L.C.C. 5½% 1980–83	92[7/8]	92[1/4]	5 12 0†
100	97[1/4]	Middlesex 5½% 1980	98[1/8]	97[1/4]	5 10 0†

NEW YORK PRICES AND INDICES

	Apr. 20 $	Apr. 27 $		Apr. 20 $	Apr. 27 $		Apr. 20 $	Apr. 27 $
Atch. Topeka	23[3/4]	22[5/8]	Boeing	23[1/8]	24[3/4]	Inter. Nickel	107[7/8]	105[1/4]
Can. Pacific	27	26[1/4]	Celanese	24[7/8]	24[3/4]	Inter. Paper	108[1/2]	104[1/4]
Pennsylvania	13[3/4]	13[1/2]	Chrysler	51[3/4]	50[1/8]	Kennecott	75[1/4]	78[3/8]
Union Pacific	26[7/8]	26[1/2]	Col. Palmolive	38[3/4]	37[5/8]	Monsanto	41[1/4]	40[1/2]
Amer. Electric	49[7/8]	50	Crown Zeller	43	44[7/8]	Nat. Distillers	29[7/8]	30[1/2]
Am. Tel. & Tel.	90	89[1/4]	Distillers Seag.	29[5/8]	30[1/8]	Pan-American	17[1/8]	16[3/8]
Cons. Edison	64[1/2]	63[5/8]	Douglas	30[3/8]	29[3/4]	Procter Gamble	96	97[3/4]
Int. Tel. & Tel.	40[3/4]	40[3/8]	Du Pont	209[3/4]	205[3/4]	Radio Corpn.	73[1/4]	72[3/8]
Standard Gas	45[3/8]	45[3/8]	East. Kodak	110[7/8]	108[3/8]	Sears Roebuck	49[5/8]	49[1/4]
United Corpn.	7[5/8]	7[1/4]	Ford Motor	69	67[1/4]	Shell Oil	36[1/4]	32[1/2]
Western Union	45[3/4]	45	Gen. Electric	88	90[1/2]	Socony-Mobil	37	37[1/4]
Alcoa	92[1/4]	89[1/2]	General Foods	104[1/4]	104[1/8]	Stand. Oil Ind.	40[1/2]	40[1/4]
Aluminium	30	29[7/8]	General Motors	45[1/8]	44[1/2]	Stand. Oil N.J.	42[3/4]	42[1/2]
Amer. Can	40[1/8]	39[3/8]	Goodyear	38[3/4]	36[1/2]	20th Cent. Fox	37[1/4]	35[1/4]
Am. Smelting	43[1/2]	46[3/8]	Gulf Oil	29[3/8]	31[1/4]	Union Carbide	136	128[7/8]*
Am. Viscose	34[1/2]	34[1/8]	Heinz	88[1/2]	89[1/2]	U.S. Steel	79[3/8]	76[1/8]
Anaconda	52	51	Int. Bus. Mach.	456[1/4]	449	West. Electric	54	54[1/2]
Beth. Steel	45	44	Int. Harvester	44[7/8]	44[1/8]	Woolworth	65[1/4]	65[1/8]*

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Mar. 30	59·38	3·28	31·00	5·64	45·40	3·97	87·46	4·13
Apr. 6	60·38	3·22	30·94	5·65	45·62	3·95	87·98	4·08
" 13	60·13	3·24	30·79	5·67	45·65	3·95	86·85	4·19
" 20	59·15	3·29	30·44	5·74	45·33	3·98	86·14	4·26
" 27	58·63	3·32	30·16	5·79	45·62	3·95	86·55	4·22

425 Industrials :—High, 650·2 (Jan. 5) ; Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Apr. 20, 1960	Price, Apr. 27, 1960	Yield, Apr. 27, 1960	Cover
		% %	**BANKS, DISCOUNT & HP**				
42/3	37/–	21[3/4] a 7[1/2] b	Alexanders £1	38/3	39/–	5·13	...
5 a	4/3	4 a 6 b	Bk. Lond. & S. Amer. £1	50/3	48/–	4·17	...
39[1/2]	35[1/2]	9 c 9 c	Bk. New S. Wales ... £20	35[1/2]	35[1/2]	4·06 g	...
66/3	58/6	5 a 5 b	Barclays £1	52/6	53/3	3·76	...
49/6	39/–	4 a 5 b	Barclays D.C.O. £1	40/–	39/3	4·59	...
64/–	57/9	7[1/2] a 7[1/2] b	Chartered £1	58/9	58/3	5·15	...
83/7[1/2]	65/6	8[1/2] a 7 b	District £1	66/–	66/3	4·23 e*	...
38/6	33/3	5 b 4 a	Eng., Scott. & Aust. £1	33/9	33/9*	5·33	...
£59	£61[1/2]	22/6 a 37/6 b	Hong'k'g. & Shang..$125	£62[3/4]	£63[1/2]	4·72	...
70/6	57/6	5 a 7 b	Lloyds £1	57/6	57/9	4·16	...
23/4[1/2]	16/4[1/2]	8 a 8 b	Martins 5/–	16/4[1/2]	16/4[1/2]	3·97 e*	...
7[1/2] a	9[1/2] b	7[1/2] a 9[1/2] b	Midland £1	86/6	87/3	3·90	...
95/–	84/3	... ...	Nat. Com. Bk. Scot. 10/–	49/3	48/6	3·09 e*	...
57/–	48/6	... ...	Nat. Discount 'B' £1	49/6	48/3	6·22	...
61[1/4] a	53[1/2] b	6[1/4] a 8[3/4] b	Nat. Provincial £1	77/6	75/6	3·71 e*	...
92/–	75/–	5 a 7 b	Royal Bk. of Scotland £1	83/6	82/3	4·13	...
85/–	82/–	8 a 9 b	Stand. Bk. S. Africa ... £1	41/3	39/6	7·09	...
51/6	39/3	9 b 5 a	Westminster 'B' £1	50/6	49/–	5·10	...
61[1/4] a	51/6	6[1/4] b 6[1/4] b	Westminster 'B' £1	52/9	52/9	4·11	...
63/3	52/9	5 a 5[1/4] b					
£23[7/8]	£18[1/16]	$1·65c $1·85c	Bank of Montreal ... $10	£18[5/8]	£18[7/16]	3·71	...
£30[1/16]	£23[15/16]	$2·25c $2·32[1/2] c	Royal Bk. Canada ... $10	£25[3/16]*	£25	3·44	...
31/6	22/11[1/2]	5 a 13[1/2] b	Bowmaker 5/–	23/4[1/2]	22/7[1/2]	4·05	1[1/2]
33/7[1/2]	24/6	8[1/2] a 9[1/2] b	Lombard Banking ... 5/–	26/–*	24/6	3·88 e*	3[1/4]
29/3	20/6	10 b 5 a	Mercantile Credit ... 5/–	21/6	20/9*	3·61	2[1/4]
82[7/16]	71/6	21 b 4 a	United Domins. Tst. ... £1	71/–	71/4	3·45	2[1/2]
27/10[1/2]	22/3	10 a 47[1/2] b	**BREWERIES, Etc.**				
39/6	33/3	12[1/2] c 5 a	Bass 5/–	23/6	24/–	4·17 e*	2
27/7[1/2]	24/–	6 a 12 b	Distillers 10/–	36/3	35/9	3·50	2[1/4]
10 a	8 b	10 a 18 b	Flowers 5/–	27/11[1/2]	25/7[1/2]	3·51	2[1/4]
29/3	21/6	7[1/8] a 11[1/2] b	Guinness £1	81/10[1/2]	82/–	4·52	1[3/4]
7[1/8] a	4[3/8] b	7[1/2] a 11[1/2] b	Ind Coope 5/–	20/–	19/4[1/2]	4·00	1[3/4]
5 a	7[1/2] b	4 a 7[1/2] b	Teacher (Distillers) 10/–	34/–	33/6	3·73	3[1/4]
33/6	27/6	3 a 11[1/4] b	Watney Mann £1	80/–	73[1/2]	3·86	2
82/–	70/–	33[1/4] a 11[1/4] b	Whitbread 'A' £1	119/4[1/2]	116/10[1/2]	4·28	2[1/2]
135/6	116/10[1/2]	8 a 17 b					
81/6	66/–	53[1/2] b 4 a	**BUILDING, PAINT, Etc.**				
28/6	24/7[1/2]	6[3/4] b 4 a	Associated Portland ... £1	67/–	66/3	2·90	3[1/4]
96/3	83/11[1/2]	6 b 5 a	British Plaster Bd. ... 10/–	25/10[1/2]	26/–	3·85	2[1/4]
54/9	47/3	10 b 5 a	Richard Costain £1	90/–	86/3	3·48	3
63/11[1/2]	55/9	3[3/4] a 7[1/2] b	I.C.I. £1	57/6*	56/–	4·02	2[1/4]
27/7[1/2]	23/7[1/2]	5 a 10 b	Monsanto 5/–	25/9	24/–	3·13	3
51/–	46/–	5 a 15 b	**CHEMICAL**				
49/4[1/2]	41/3	11[1/2] b 55 a	Albright & Wilson ... 5/–	27/6	26/–	3·52	2[3/4]
55/4[1/2]	45/11[1/2]	27[1/2] b 71[1/2] a	Borax Defd. 5/–	17/3	17/11[1/2]	2·92	2[3/4]
47/6	42/4[1/2]	40 c 15 a	Fisons £1	50/6	48/9	4·10	2
25/7[1/2]	21/–	6 a 11 b	Imperial Chemical £1	32/6	32/–	3·51	2[1/4]
77/6	68/9	20·83[1/2] a 12[1/2] a	Marks & Spencer 'A' 5/–	71/7[1/2]	70/4[1/2]	2·37	1[3/4]
55/9	48/3	12[1/2] a 25 b	United Drapery 5/–	54/–	48/3	3·89	2
68/9	61/11[1/2]	13[1/2] a 31[1/4] b	Woolworth 5/–	62/7[1/2]	61/11[1/2]	3·68	11·
66/6	50/4[1/2]	7[1/2] a 7[1/2] b	**ELECTRICAL & RADIO**				
61/–	50/–	4 a 9[1/2] b	A.E.I. £1	51/11[1/2]	52/3	5·74	1[1/2]
15/–	11/9	4 a 7[1/2] b	B.I.C.C. 10/–	55/9	54/–*	5·00	2
56/10[1/2]	48/10[1/2]	20 c 31[1/2] a	Crompton Parkinson 5/–	12/6	11/9	4·77	2[1/4]
58/9	46/–	20 c 5 a	Decca Record 10/–	50/4[1/2]	49/–	4·08	1[3/4]
53/–	39/4[1/2]	3 a 7 b	E.M.I. 10/–	50/–	47/9	2·92 e*	3[1/2]
47/6	37/6	7 b 3 a	English Electric £1	40/4[1/2]	39/4[1/2]	5·08	2
59/–	44/–	4[3/8] a 5 b	General Electric £1	38/4[1/2]	37/6	5·33	1[1/2]
19/–	16/4[1/2]	12[1/2] c 12[1/2] c	Pye 5/–	16/10[1/2]	16/6	3·79	2[3/4]
104/6	78/–	6[1/2] a 11 b	A. Reyrolle £1	85/–*	78/6	4·46	2[3/4]
55/7[1/2]	44/3	17[1/2] c 20 c	Thorn Electrical ... 5/–	45/7[1/2]	46·10[1/2]	2·13	4[1/2]
48/9	33/6	4[1/2] a 4[1/2] b	**ENGINEERING**				
54/–	40/3	6 b 4 a	Babcock & Wilcox ... £1	41/11[1/2]	35/10[1/2]*	5·02	3[1/2]
10/6	7/3	3 a 4 b	John Brown £1	42/6	42/6	4·71	2[1/2]
46/9	26/–	10 a 20 b	Cammell Laird 5/–	8/4[1/2]	7/3	4·83 †	1[1/2]
			Internat. Combust. ... 5/–	27/3	26/9	5·61	2[1/2]
14/9	10/9	5 b 3[1/2] a	Rich'ds'ns. Westgth. 10/–	11/–	10/9	7·75	4
39/9	30/6	2[1/2] a 7[1/2] b	Swan Hunter £1	31/6*	32/6	6·15	2[3/4]
25/9	16/9	15 b 7[1/2] a	John Thompson 5/–	18/3	17/9	6·34	1[1/2]
39/–	30/4[1/2]	2[1/2] a 7[1/2] b	Vickers £1	31/11[1/2]	30/6	6·56	1[1/4]
29/3	21/6	7[1/8] a 13[3/8] b	Coventry Gauge ... 10/–	22/4[1/2]	22/7[1/2]	4·52	4
59/6	48/–	12 a 15 b	Alfred Herbert £1	54/–	52/9	4·33	1[1/2]
76/3	65/3	8[3/4] b 7[1/2] a	Allied Ironfounders .. £1	71/6	71/6	4·55	1[1/2]
101/6	92/–	10 b 5 a	Avery's £1	95/–	93/–	3·23	3[1/2]
19/–	13/7[1/2]	7[1/2] b 4[1/2] a	George Cohen 5/–	14/11[1/2]	13/7[1/2]	4·40	2[1/4]
117/3	104/6	10 c 15 c	Davy-United £1	107/–	104/6	2·87	3[1/4]
95/7[1/2]	83/6	9 b 5 a	Guest Keen £1	85/–	84/–	3·33	3[1/2]
31/6	22/–	10 b 4 a	Head Wrighson 5/–	22/6	23/6	2·98	4
75/–	62/3	5[1/2] b 4 a	Metal Box £1	64/9	62/3	3·00	3[1/4]
27/3	23/6	12[1/2] b 6 a	Ransome & Marles ... 5/–	24/6	23/6	3·94	2[3/4]
43/11[1/2]	36/6	6[1/2] b 2 a	Ranold Chains £1	42/4[1/2] ‖	39/–‖	5·13 e*	1[3/4]
40/–	25/9	9 c 8 c	Ruston & Hornsby ... £1	28/–	26/–	6·15	1[3/4]
82/33[1/4]	65/3	7[1/2] a 12[1/2] b	Tube Investments £1	77/–	75/6	3·31 e*	2[1/4]
168/9	143/3	20 b 5 a	Ward (Thos. W.) £1	145/3	145/3	3·44	3[1/2]
44/6	41/–	25 c 5 a	Woodall-Duckham ... 5/–	43/9	41/–	3·05	4[1/4]

* Ex dividend. † Tax free. ‡ Assumed average life 8½ years § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ° Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 21¾% tax free. (l) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Apr. 20, 1960	Price, Apr. 27, 1960	Yield, Apr. 27, 1960	Cover
		% %	**FOOD & TOBACCO**				
54/6	41/–	40 b 20 a	Assoc. British Foods 5/–	37/–	34/6*	2·61	2[1/2]
40/4[1/2]	32/6	30 b 20 a	Bovril Defd. £1	100/–	100/–	4·00	2[3/4]
50/–	40/3	10 a 16 a	Brooke Bond 'B' ... 5/–	14/6	13·10[1/2]	3·68	4
30/–	25/–	16 c 6 a	Home & Colonial ... 10/–	27·10[1/2]	25/7[1/2]*	3·90	2
43/9	39/9	5 b 3[1/2] a	International Tea ... 5/–	11/3	10/6	4·76	1[3/4]
97/6	79/6	4 a 10 b	J. Lyons 'A' £1	77/6	74/–	3·83	1[1/2]
11·10[1/2]	10/6	6 a 14 b	Ranks 10/–	26/9	26/3	4·76	2[1/4]
73/6	59/9	15 b 5 a	Spillers £1	46/6	43/6*	4·20	3[1/4]
39/3	33/9	14 b 6 a	Tate & Lyle £1	58/6	56/6	4·25	2[1/4]
64/9	57/–	8[1/2] b 7 a	Unigate 5/–	16/7[1/2]	16/11[1/2]	3·10 e*	...
62/6	53/6	9 b 3 a	Brit. Amer. Tobac. 10/–	61/7[1/2]	59/–*	5·53	2[3/4]
54/6	43/3	5 a 40 b	Gallaher 10/–	39/3	37/6*	4·44	2
33/6	23/3	5 a 12[1/2] b	Imperial Tobacco £1	64/3	62/10[1/2]	7·16	1[3/4]
78/6	61/10[1/2]	4 a 6 b					
58/–	48/6	10 c 11[1/4] c	**INSURANCE**				
29/6	25/6	10 b 6 a	Britannic 5/–	184/3	180/–	4·31	...
32·10[1/2]	22/6	5 a 10 b	Commercial Union .5/–	61/–	59/–*	3·81	...
14·10[1/2]	12/9	5 c 10 c	Equity & Law Life ... 8/6	13[3/4]	13[1/2]	2·12	...
12[1/2] b	5 a	5 a 10 c	General Accident ... 5/–	82/6	77/6*	2·90	...
34/3	29/6	12[1/2] b 5 a	Guardian 5/–	106/3	102/6*	3·41	...
33/3	26/6	20 c 25 c	Legal & General ... 10/–	34/–	32/6	3·07	...
23/6	19/–	7[1/4] a 9[3/4] b	Northern & Employers ...	—	60/–	3·00 e*	...
114·10[1/2]	101/9	5 a 15 b	Pearl 5/–	146/3	141/3	4·62	...
153/3	129/–	8 a 14·7 b	Prudential 'A' 4/–	171/8*	163/6	3·56	...
50·10[1/2]	41/3	†41[1/2] a †109[1/2] b	Royal Exchange £1	102/6	97/6	3·28	...
			MOTORS & AIRCRAFT				
52/–	39/–	13[1/2] b 6[1/2] a	B.S.A. £1	58/9	55/3	4·52	2[1/2]
25/6	20/9	8 c 8 c	British Motor 5/–	20/11[1/2]	19/3*	5·19	2[1/2]
33/9	25/–	10 c Nil a	Ford Motor £1	101/6	104/6	3·35	4[1/2]
50/9	41/9	10 c 10 c	Jaguar Cars 'A' 5/–	51/3	50/9	1·97	9[1/2]
30/6	17/9	10 b 10 a	Leyland Motor £1	80/3	77/6	3·87	3
8 c	12 c	8 c 10 a	Rootes Motors 'A' ... 4/–	10/8[1/4]	10/–	4·80	5
12 c	12 c	5 a 8 b	Standard-Triumph ... 5/–	12/–	11·4[1/2]	3·96 e*	3[1/2]
31[1/2] a	31[1/2] a	14·4[1/2] b 14·4[1/2] b	Bristol Aeroplane... 10/–	14/11[1/2]	14·4[1/2]	6·96	1[1/2]
Nil	13·6a	31/– 25/–	De Havilland £1	29/3	28/6	...	...
13·9b	13·6a	... ...	Dowty Group 10/–	34/–‖	31/9	3·86	3[1/2]
3 a	7 b	... ...	Hawker Siddeley £1	30/–	28/4[1/2]	7·05	2
7[1/2] a	21[1/2] a	... ...	Rolls-Royce £1	45/9	43/6	4·60	1[3/4]
11[1/2] b	25/9	... ...	Dunlop Rubber 10/–	25/9	24/6*	6·12	2[1/4]
10 b	21[1/2] a	... ...	Joseph Lucas £1	72/6*	72/–	3·47	3
21 b	10 c	... ...	Pressed Steel 5/–	36/–	33/9	4·44	3
6[3/4] c	10 c	... ...	Triplex Holdings ... 10/–	46/4[1/2] ‖	44/6	2·25	3[1/4]
20 a	70 b	10 a 20 b	**MINES**				
18[3/4] b	20 a	10 a 25 b	Anglo-American ... 10/–	77/8*	77/6	6·05	1[3/4]
6 a	14 b	10 a 14 b	Consolid. Gold Fields .£1	66/–	62/–	8·06	2
25 c	25 c	10 a 10 b	General Mining £1	100/–	91/3*	7·67	2
110 b	50 c	10 a 10 b	Union Corporation .2/6	55/9	50·10[1/2]	7·37	2[1/2]
50 b	45 a	10 a 10 b	Daggafontein 5/–	20/11[1/2]	20/3	23·46	1
90 b	70 a	10 a 10 b	Free State Geduld ... 5/–	135/–*	118/9	6·74	1[1/2]
60 b	50 a	10 a 10 b	President Brand 5/–	55/–*	52/6	10·48	2
100 b	80 a	10 a 10 b	Western Holdings ... 5/–	128/9*	116/3	7·74	1[3/4]
		... ...	Winkelhaak 10/–	22/–	20/–	...	...
10 a	30 b	10 a 14 b	Chartered 15/–	29/9	27/–	7·79	2
37[1/2] b	20 a	10 a 14 b	Rhod. Anglo-Amer. 10/–	68/9	68/11[1/2]	8·44 h	1[1/2]
41[1/2] a	11[1/4] b	5 b 8 a	Rhod. Selection Tst.. 5/–	12/4[1/2]	12/4[1/2]	6·23 h	2
77[3/4] b	15 a	10 a 10 b	Roan Antelope 5/–	7/–	7/–	7·44 h	1[3/4]
22[1/2] b	15 a	10 a 10 b	Tanganyika Cons.. 10/–	32/3	31/6*	11·90	1
10 b	61[1/4] a	10 a 10 b	Consolidated Zinc ... £1	75/9	75/9	4·29	1[3/4]
100 a	150 b	10 a 10 b	De Beers Defd. Reg. 5/–	141/10[1/2]	136/3	9·17	2
$2·00c	$3·00c	10 a 10 b	Internat. Nickel ..n.p.v.	$194[1/2]	$188	2·84	2
5 a	20 b	10 a 10 b	London Tin 4/–	10/10[1/2]	11/6	8·70	1
31/–	20 c	10 a 10 b	Rio Tinto 10/–	38/11[1/2]	36/3	5·52	1[3/4]
43[1/4] c	37[1/2] a	10 a 10 b	Tronoh 5/–	33/3	35/–*	6·19	1
			OIL				
67/6	52/–	†31[1/2] a †71[1/2] b	British Petroleum ... £1	55/–	55/–*	6·43	2[1/2]
59/6	44/3	†21[1/2] a †61[1/4] b	Burmah Oil £1	48/3	47/3*	6·05	1[1/4]
£17[1/4]	£14[3/8]	7[1/2] a 18[3/4] b	Royal Dutch ..... 20 fl.	£14[3/8]	£14[1/2]	3·42	3
168/9	139/–	15 a 18[3/4] b	Shell Transport £1	146/9	147/3	5·27	3
64/–	43/9	... ...	Ultramar 10/–	47/–	44/– ... d		
60/–	51/9	15 b 7[1/2] a	Wakefield C.C. 10/–	54/3	53/3	4·23	2[3/4]
			PAPER & NEWSPAPERS				
15/6[3/4]	12/9	7[1/2] b 5 a	Daily Mirror 'A' ... 5/

Continued from page 480

United Drapery

IN the year to January 30th last, the trading profits of United Drapery Stores rose by 14 per cent, from £7,912,927 to £9,024,834 and, not unexpectedly, the provision for unearned profit on hire purchase contracts also increased (from £553,832 to £685,984). Net profits were 18 per cent higher at £3,845,954 (against £3,252,973). In 1958-59 ordinary shareholders received a dividend of 32½ per cent plus a special interim of 2½ per cent. The total for 1959-60 has been set at 37½ per cent on the capital as increased by the one-for-ten rights issue. The payment is higher than the forecast of 35 per cent made at the time of the issue but the stock market was hoping for a scrip issue and after the announcement the 5s. units were marked down 4s. 3d. to 48s. 6d. They yield 3.9 per cent on the twice covered dividend.

Perhaps the most important point to emerge from the preliminary statement is that the pace of expansion seems to be slackening. The interim report in October showed that in the first half of the financial year trading profits rose by 16½ per cent compared with the first half of 1958-59; but in the second half of 1959-60 they rose by only 12 per cent compared with the second half of the previous year.

United Molasses

IN November the directors of United Molasses said that although profits in the first nine months of the financial year were running at a lower level than in the same period in 1958 earnings would be sufficient to cover an unchanged tax-free dividend of 15 per cent. In the event trading profits fell last year from £5,112,271 to £4,819,675. The demand for molasses may have again helped to offset the effect of the fall in freight rates on United Molasses' profits. The cover for the unchanged ordinary dividend has in fact risen slightly from 1.5 times to 1.6 times. Once again a special tax-free distribution of 3¾ per cent from capital reserves accompanies the trading dividend.

Shipping Profits

THE fall in the operating surplus of **Cunard Steam-Ship** last year, from £5,670,919 to £5,039,666, is not exceptionally large. Thanks to an investment allowance relief of £565,000 (against £493,400) the tax charge was only £149,896 (against £495,177), so that a net surplus of £899,577 compares with one of £1,392,047. Earnings covering the maintained ordinary dividend of 8 per cent thus come to just over 10 per cent. If there had been no relief in respect of investment allowances, earnings would have amounted to just over 3 per cent. Even if there is some recovery in profits the future dividend prospect is not a particularly bright one, for the company has a big replacement problem on its hands. The future will depend on the decision of the Government on the replacement of the "Queens" after it has received the recommendations of the Chandos committee. The yield of 7.4 per cent on the £1 shares at 21s. 6d. is some measure of the uncertainty.

Although freight rates were depressed, the profits of **Liner Holdings** fell only slightly last year, from £2.1 million to £1.9 million. Freight rates are now slightly firmer, and Mr A. C. Tod, the chairman, indicates in his statement that he expects a further improvement in rates on the West Africa, Burma and North American runs. Substantial liquid balances of about £18 million amply cover capital commitments of £7 million, while the unchanged dividend of 13 per cent is covered nearly four times by earnings. At 56s. the £1 shares yield 4.7 per cent.

The trading results for 1959 of **Royal Mail Lines**, which operates largely on the South American and West Indian runs, were not unsatisfactory. Meat shipments from Argentina and Uruguay have continued to fall and passenger traffic was again affected by the economic ills of Argentina and Brazil. Even so, Royal Mail's operating surplus fell by only £291,821 to £2,008,238. This figure, however, is struck after crediting £453,500 (against £445,000) from the contingency and deferred repairs account and after adding £276,879 from surplus on the sale of ships. In 1958 this surplus amounted to £165,087 and was credited directly to the fleet replacement fund. The unchanged dividend of 8 per cent is covered 1.8 times by earnings and at 25s. 9d. the £1 units yield 6.4 per cent.

Cammell Laird

IF any reminder were needed that the shipbuilding industry is facing hard times, it came this week from Cammell Laird. Since September, when the interim dividend was cut from 4 per cent to 3 per cent, the absence of any indication of a revival in shipbuilding orders coupled with the inter-union disputes which have beset Cammell Laird's yards have given little cause for hope. In the event the preliminary statement was gloomier than even the pessimists had expected. Trading profits slumped by no less than 60 per cent, from £1,388,464 to £571,557 and the ordinary dividend from trading has been effectively reduced from 15 per cent to 7 per cent. In addition, there is to be a special distribution of 2½ per cent. The only bright spot in the profit statement is the rise in investment income from £598,860 to £715,996—partly a reflection of the bigger dividend from Metropolitan Cammell Carriage which Cammell Laird owns jointly with Vickers. The 5s. ordinary now stand at 7s. 3d., to yield 4.9 per cent.

London Stock Exchange

FIRST DEALINGS	April 4	April 25	May 9
LAST DEALINGS	April 22	May 6	May 20
ACCOUNT DAY	May 3	May 17	May 31

UNCERTAINTY was still the order of the day in stock markets. Publication of the clearing banks' monthly figures of advances served to heighten fears of credit restrictions. Most investors have adopted a wait-and-see attitude and the amount of business done was small. Gilt-edged stocks were steady until Tuesday when, despite a fair amount of two-way business, they were marked down all round. Some prices improved on Wednesday as a few buyers came in to take advantage of the lower prices, but over the week to the close on Wednesday most of the Funds showed net losses. In undated stocks 3½ per cent War Loan fell ⅛ to 61⅛ and in short-dated stocks 4½ per cent Conversion 1964 closed ⅛ down at 97½. Medium-dated stocks also lost ground with British Electricity 4¼ per cent 1974-79 ⅞ down at 85⅛. Home Corporation loans moved lower in sympathy, 5 per cent LCC 1980-83 closing ⅝ lower at 92¼.

Industrial equities drifted lower over the week but on Wednesday afternoon steel and heavy engineering shares rallied as bargain-hunters came in. Even so, the small gains which ensued were not sufficient to recoup losses sustained earlier in the week. Over the week to Wednesday's close *The Economist* indicator fell 10.4 points to 341.0, its lowest point for the year so far. Steel shares came in for some of the worst knocks early in the week and over the week to the close on Wednesday Steel of Wales lost 3d. to 42s. 6d., John Summers were unchanged at 72s. while United Steel closed 1s. lower at 76s. 6d. American favourites tended to see-saw in line with the erratic mood of Wall Street. Unilever Ltd. dropped 1s. 6d. to 150s. 6d., but in contrast, the NV shares put on 5s. at 194s. 6d. Philips Lamps gained 2s. 3d. to 180s. 6d., and even in the face of the latest denial from Ford of America that a take-over of the English company was planned, Ford closed 3s. up at 104s. 6d., after touching 105s. 6d. Selective buying of heavy engineering shares on Wednesday still left most of these shares lower on the week. Vickers lost 7½d. to 30s. 6d., Guest Keen fell by 1s. to 84s. and Davy-United closed 3s. 6d. lower at 104s. 6d. Electrical shares were helped by the optimistic report from AEI whose shares put on 1s. 1½d. to 52s. 3d.; but English Electric closed 1s. down at 39s. 4½d. and General Electric lost 10½d. at 37s. 6d. Tobacco shares continued to slide with Imperial Tobacco slipping 1s. 6d. to 62s. 9d.

Oil shares were mixed. Late buying from New York on Tuesday helping Shell to gain 6d. to 147s. 3d. Burmah, on the other hand, lost 1s. at 47s. 3d. and BP closed unchanged at 55s. Sharp falls were seen in the gold share market on Tuesday and Wednesday when scattered selling from the Cape occurred. Free State Geduld fell 12s. to 116s. 3d. and Western Holdings closed 16s. 4½d. lower at 118s. 9d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended April 23, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £16,572,000 compared with a deficit of £29,109,000 in the previous week and a deficit of £23,981,000 in the corresponding period of last year. There was a net expenditure "below-line" of £7,283,000 leaving a total cumulative deficit to date of £106,787,000 compared with £40,239,000 in 1959-60.

£'000	Estimate 1960-61	April 1, 1959, to April 25, 1959	April 1, 1960, to April 23, 1960	Week ended April 25, 1959	Week ended April 23, 1960
Ord. Revenue					
Income Tax	2478,000	116,831	69,303	20,437	14,972
Surtax	190,000	11,500	9,500	1,900	1,700
Death Duties	239,000	16,800	14,200	5,600	3,700
Stamps	110,000	5,700	6,400	1,400	2,900
Profits tax, EPT and EPL	256,000	13,800	10,100	1,900	1,500
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	164,631	109,503	31,237	24,772
Customs	1458,630	95,097	87,686	26,161	25,334
Excise	950,150	22,625	21,390	4,870	4,935
Total Customs and Excise	2408,780	117,722	109,076	31,031	30,269
Motor Duties	113,000	5,583	6,554	...	210
PO (Net Receipts)	4,000	...	...	...	...
Broadcast Licences	39,000	...	...	...	...
Sundry Loans	32,000	43	55	...	...
Miscellaneous	110,000	6,945	6,892	1,326	431
Total	**5979,780**	**294,924**	**232,080**	**63,594**	**55,682**
Ord. Expenditure					
Debt Interest	640,000	46,351	52,900	4,697	7,181
Payments to Northern Ireland Exchequer	81,000	5,682	2,678	3,051	...
Other Consolidated Funds	8,000	397	409	...	3
Supply Services	4907,161	265,187	246,800	79,397	64,600
Total	**5636,161**	**317,617**	**302,787**	**87,145**	**71,784**
Sinking Funds	40,000	1,363	1,071	430	470
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure	24,056	71,778	23,981	16,572 Cr.	
	16,183	35,009	21,903	7,283	
Total Surplus or Deficit	**40,239**	**106,787**	**2,078**	**23,855**	
Net receipts from:					
Tax Reserve Certificates	11,257	8,044	1,177	753	
Savings Certificates	7,500	4,800	400	3,100	
Defence Bonds	11,302	7,052	3,855	1,113	
Premium Savings Bonds	4,430	2,050	1,370	770	
Total	**34,489**	**21,946**	**6,802**	**5,736**	

* Net receipt of the Civil Contingencies Fund of £10 in 1960-61 compared with £10 million in 1959-60.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Apr. 25	2,950·0	2,025·8	267·8	...	5,243·7
1960					
Jan. 23	3,500·0	1,948·1	270·9	1·8	5,720·9
,, 30	3,450·0	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
,, 13	3,330·0	1,677·2	214·6	...	5,221·8
,, 20	3,350·0	1,803·4	252·7	...	5,406·2
,, 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31	5,202·1		246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
,, 16	3,450·0	1,861·7	244·9	4·8	5,561·4
,, 23	3,440·0	1,859·9	286·6	...	5,586·5

THE MONEY MARKET

APPLICATIONS for last Friday's offer of £270 million of Treasury bills fell by nearly £29 million to just under £426 million. The discount market's concerted bid of £98 16s. 9d. was unchanged, tenderers receiving about 51 per cent of their applications against 41 per cent a week ago. The average rate of discount was £4 13s. 0.88d. against the previous week's rate of £4 13s. 1.10d.

Credit conditions in Lombard Street were comfortable throughout the first three days of this week; on Monday a surplus of credit emerged and the Bank of England sold a small amount of bills back to the market. Rates for overnight money have often been down to the clearing banks' minimum of 3½ per cent and even below. There has been a good demand for bills and July maturities have sold at 4$\frac{13}{16}$ per cent. Before the week-end, credit was very tight on Thursday, but a large amount of special help saved the market from recourse to the Bank at the penal rate.

In New York, Treasury bill rates are little changed, with three months' maturities at 3.317 per cent at this week's tender and the 26-week issue at 3.705 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4% 21/1/60)	5	**Discount rates:** Bank bills:	
		60 days	$4\frac{25}{32}$–$4\frac{27}{32}$
Deposit rates (maximum):		3 months	$4\frac{25}{32}$–$4\frac{27}{32}$
		4 months	$4\frac{25}{32}$–$4\frac{27}{32}$
Banks	3	6 months	$4\frac{25}{32}$–$4\frac{7}{8}$
Discount houses	3–$3\frac{3}{8}$	Fine trade bills:	
		3 months	$5\frac{1}{4}$–6
		4 months	$5\frac{1}{4}$–6
Money:		6 months	$5\frac{1}{2}$–$6\frac{1}{4}$
Day-to-Day	3–$4\frac{3}{8}$		

NEW YORK

	%		%
Official discount rate:		**Treasury Bills**	
(from 3½% 10.9.59)	4	April 18	3·306
		,, 25	3·317

BANK OF ENGLAND RETURNS

(£ million)	Apr. 29, 1959	Apr. 20, 1960	Apr. 27, 1960
Issue Department:			
Notes in circulation	2,054·5	2,192·7	2,187·7
Notes in banking dept.	45·9	57·7	62·6
Govt. debt and securities*	2,096·8	2,247·3	2,247·2
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	13·3	13·0	11·4
Bankers	232·6	243·4	255·3
Others	64·9	65·7	66·4
Total	310·8	322·1	333·2
Securities:			
Government	232·6	234·9	235·1
Discounts and advances	28·5	27·8	33·7
Other	20·7	18·7	18·7
Total	281·8	281·4	287·5
Banking department reserve	46·9	58·5	63·5
"Proportion"	15·0	18·1	19·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate†
1959	*91 day*		s. d.	%
Apr. 24	210·0	359·2	65 7·89	26
1960				
Jan. 22	270·0	378·5	91 1·19	67
,, 29	250·0†	436·8	90 9·18	17
Feb. 5	250·0†	410·2	90 10·88	28
,, 12	250·0	413·0	90 11·30	37
,, 19	260·0	415·2	90 10·65	41
,, 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
,, 8	260·0	422·1	92 11·83	42
,, 14	280·0†	454·5	93 1·10	41
,, 22	270·0	425·7	93 0·88	51

* On April 22nd tenders for 91 day bills at £98 16s. 9d. secured 51 per cent, higher tenders being allotted in full. The offer for this week was for £240 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits April 27	Market Rates: Spot April 21	April 22	April 23	April 25	April 26	April 27
United States $	2·78-2·82*	$2·81-81\frac{1}{8}$	$2·81-81\frac{1}{8}$	$2·80\frac{15}{16}-81\frac{1}{16}$	$2·80\frac{13}{16}-81\frac{1}{16}$	$2·80\frac{13}{16}-15\frac{1}{16}$	$2·80\frac{3}{4}-\frac{7}{8}$
Canadian $	...	$2·71\frac{13}{16}-\frac{15}{16}$	$2·71-71\frac{1}{8}$	$2·71-71\frac{1}{8}$	$2·70\frac{15}{16}-71\frac{1}{16}$	$2·70\frac{15}{16}-\frac{3}{4}$	$2·70\frac{13}{16}-\frac{15}{16}$
French Fr.	13·622–14·027	$13·78\frac{1}{2}-\frac{5}{8}$	$13·78\frac{1}{2}-\frac{5}{8}$	$13·78\frac{1}{2}-78\frac{1}{2}$	$13·78-78\frac{1}{4}$	$13·77\frac{1}{4}-\frac{1}{2}$	$1377-77\frac{1}{4}$
Swiss Fr.	11·94–12·54$\frac{7}{8}$	$12·19\frac{3}{8}-\frac{5}{8}$	$12·19\frac{3}{8}-\frac{5}{8}$	$12·19\frac{3}{8}-\frac{5}{8}$	$12·19\frac{3}{8}-\frac{5}{8}$	$12·18\frac{1}{4}-\frac{1}{2}$	$12·17\frac{3}{8}-18\frac{1}{8}$
Belgian Fr.	137·96–142·05	140·05–	140·05–	140·05–	140·02½–	139·97½–	139·97½–
		10	10	10	07½	40·02½	40·02½
Dutch Gld.	10·48–10·80	$10·59\frac{1}{2}-\frac{3}{4}$	$10·59\frac{3}{8}-\frac{5}{8}$	$10·59\frac{3}{8}-\frac{5}{8}$	$10·59\frac{3}{8}-\frac{5}{8}$	$10·58\frac{1}{2}-\frac{3}{4}$	$10·58\frac{1}{2}-\frac{3}{4}$
W. Ger. D-Mk.	$11·59\frac{1}{4}-11·92\frac{3}{4}$	$11·71\frac{3}{8}-72$	$11·71\frac{3}{8}-\frac{5}{8}$	$11·71\frac{3}{8}-\frac{5}{8}$	$11·71\frac{1}{2}-\frac{3}{4}$	$11·70\frac{3}{8}-71\frac{1}{8}$	$11·70\frac{3}{8}-71\frac{1}{8}$
Portug. Esc.	$79·00\frac{3}{4}-82·00\frac{1}{2}$	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	$1744\frac{1}{8}-\frac{3}{8}$	$1744-44\frac{1}{4}$	$1743\frac{1}{2}-44$	$1743-43\frac{1}{4}$	$1743\frac{1}{4}-\frac{3}{4}$	$1742\frac{1}{2}-\frac{3}{4}$
Swedish Kr.	14·27½–14·70	$14·49\frac{3}{8}-\frac{5}{8}$	$14·50\frac{1}{4}-\frac{1}{2}$	$14·50\frac{1}{4}-\frac{1}{2}$	$14·50\frac{3}{8}-\frac{5}{8}$	$14·50\frac{1}{4}-\frac{3}{8}$	$14·50-50\frac{1}{4}$
Danish Kr.	$19·06\frac{1}{2}-19·62$	$19·35\frac{3}{8}-\frac{5}{8}$	$19·36-36\frac{1}{4}$	$19·36\frac{1}{8}-\frac{5}{8}$	$19·36\frac{3}{8}-\frac{5}{8}$	$19·36\frac{1}{4}-\frac{3}{4}$	$19·36\frac{3}{8}-\frac{7}{8}$
Norwegian Kr.	$19·71-20·30\frac{1}{2}$	$20·01\frac{1}{2}-\frac{3}{4}$	$20·01\frac{1}{2}-\frac{3}{4}$	$20·01\frac{1}{2}-\frac{3}{4}$	$20·01\frac{1}{2}-\frac{3}{4}$	$20·01\frac{1}{2}-\frac{3}{4}$	$20·01\frac{1}{2}-\frac{3}{4}$
	* Official Limits	**One Month Forward Rates**					
United States $		$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm
Canadian $		$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm	$\frac{5}{16}-\frac{3}{16}$c. pm
French Fr.		1c. pm–par	1c. pm–par	1c. pm–par	1c. pm–par	1gc. pm–1gc. dis	Par–1c. dis
Swiss Fr.		$1\frac{1}{2}-1\frac{1}{4}$c. pm	$1\frac{1}{2}-1\frac{1}{4}$c. pm	$1\frac{1}{2}-1\frac{1}{4}$c. pm	$1\frac{1}{2}-1\frac{1}{4}$c. pm	$1\frac{1}{2}-1\frac{1}{4}$c. pm	$1\frac{1}{2}-1\frac{1}{4}$c. pm
Belgian Fr.		13–8c. pm	10–5c. pm	10–5c. pm	10–5c. pm	10–5c. pm	9–4c. pm
Dutch Gld.		$1\frac{3}{8}-1$gc. pm	$1\frac{3}{8}-1$gc. pm	$1\frac{3}{8}-1$gc. pm	$1\frac{3}{8}-1$gc. pm	1¼–1c. pm	1¼–1c. pm
W. German D-Mk.		$1-\frac{3}{4}$pf. pm	$1\frac{1}{8}-\frac{7}{8}$pf. pm	$1\frac{1}{8}-\frac{7}{8}$pf. pm	$1\frac{1}{8}-\frac{7}{8}$pf. pm	$1-\frac{3}{4}$pf. pm	$1-\frac{3}{4}$pf. pm
		Three Months Forward Rates					
United States $		$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm
Canadian $		$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm	$\frac{11}{16}-\frac{9}{16}$c. pm
Swiss Fr.		$4-3\frac{3}{4}$c. pm	$4-3\frac{3}{4}$c. pm	$4-3\frac{3}{4}$c. pm	$4-3\frac{3}{4}$c. pm	$4-3\frac{3}{4}$c. pm	$4-3\frac{3}{4}$c. pm
W. German D-Mk.		$2\frac{1}{4}-1\frac{7}{8}$pf. pm	$2\frac{1}{4}-2$pf. pm	$2\frac{1}{4}-2$pf. pm	$2\frac{3}{8}-2\frac{1}{8}$pf. pm	$2\frac{3}{8}-2\frac{1}{8}$pf. pm	$2\frac{3}{8}-2\frac{1}{4}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/10	$249/10\frac{3}{4}$	...	249/11	$249/11\frac{1}{2}$	$250/0\frac{1}{4}$

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	April 2nd
Manpower and Output....	April 16th	Industrial Profits	April 23rd

OVERSEAS

Western Europe.....	Feb. 13th	United States.....	Mar. 12th

	Unit	1957	1958	1959	1959			1960				
		mid-June			Apr. 14	Apr. 21	Apr. 28	Mar. 29	Apr. 5	Apr. 12	Apr. 19	Apr. 26
WORLD PRICES												
Commodity Price Indicator(*):	1952 = 100	95	87	88	89	90	90	89	89	89	89	90
All items	"	98·8	94·8	84·4	85·5	85·3	84·2	76·3	77·1	77·6	77·3	77·2
Food	"	95·9	80·1	80·4	80·4	82·3	82·5	87·3	87·8	88·2	88·8	89·0
Fibres	"	79·7	70·8	74·8	76·4	76·8	76·8	83·7	83·9	84·3	84·8	85·8
Metals	"	107·2	104·3	121·7	125·8	126·3	126·7	123·6	122·0	121·0	120·8	121·3
		Monthly averages			1959			1959–60				
BRITISH WHOLESALE PRICES(†)		1957	1958	1959	Jan.	Feb.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.
Materials used in:	1954 = 100	107·4	100·8	101·8	101·8	101·8	100·7	102·7	103·2	103·6	102·8	102·0
All manufacturing industries	"	121·9	123·5	124·5	124·1	124·4	124·8	125·6	125·5	125·8	125·9	125·7
Mechanical engineering	"	114·9	114·5	115·6	115·4	115·8	116·3	116·2	116·4	116·6	116·8	116·4
Electrical machinery	"	113·7	114·2	113·4	113·3	113·3	113·3	113·7	113·9	114·2	114·2	114·1
Building and civil engineering	"	112·3	111·9	111·0	110·7	110·6	110·7	111·6	111·9	112·4	112·5	112·5
House building												
Products of:	"	110·4	111·1	111·5	111·7	111·7	111·0	111·7	111·8	111·8	111·8	111·9
All manufacturing industries	"	106·5	105·6	106·6	106·0	106·3	106·4	106·7	106·7	106·8	107·0	106·8
Chemicals and allied trades	"	125·2	129·9	129·0	129·6	129·7	129·7	128·6	128·6	128·7	128·3	128·1
Iron and steel	"	100·9	97·9	96·0	95·6	95·0	94·8	97·6	98·1	98·4	98·9	99·5
Textile industry	"	107·1	104·9	106·9	107·5	107·2	106·4	107·8	107·8	107·5	107·0	106·2
Food manufacturing												
Commodities:	"	90·7	77·2	68·8	69·4	66·6	64·2	70·0	73·6	76·0	74·8	73·3
Cotton, raw	"	101·1	72·4	76·6	63·6	66·2	67·3	80·5	82·4	82·2	78·2	78·1
Wool, raw	"	131·6	118·2	148·1	125·7	126·1	130·8	178·6	169·4	167·1	168·2	172·3
Rubber, No. 1 RSS, one month future	"	109·7	102·1	95·4	95·6	94·5	94·5	96·9	98·5	99·9	101·7	101·7
Softwood imported	"	88·3	79·4	95·6	92·5	95·0	99·9	100·9	102·8	104·4	106·2	101·9
Copper, ex-warehouse												
UK RETAIL PRICES	Jan. 17,											
All items (‡)	1956 = 100	105·8	109·0	109·6	110·4	110·3	110·3	110·0	110·2	109·9	109·9	109·7
Food	"	104·9	107·1	108·2	109·8	109·1	108·9	108·2	108·7	107·8	107·4	...
All items	1938 = 100[2]	263	271	273	275	275	275	274	274	274	274	273
Food	"	276	282	285	289	287	286	285	286	284	282	...
Housing	"	155	172	180	177	178	178	182	182	182	182	...
Clothing	"	267	269	268	267	267	267	269	269	269	270	...
Fuel and light	"	268	281	284	289	290	290	294	295	295	295	...
Household durable goods	"	306	307	300	305	305	305	298	298	298	298	...
Drink	"	272	276	261	276	276	276	256	256	256	256	...
Tobacco	"	421	428	428	428	428	428	430	430	429	429	...
Purchasing power of £ (based on all consumer spending)	1938 = 100	37	36	36	35	35	35	36	35	36	36	36
UK TERMS OF TRADE												
Import prices:	1954 = 100	107	99	98	99	98	97	101	100	100	100	99
All items	"	101	97	98	100	98	96	102	100	99	98	96
Food, drink and tobacco	"	110	96	93	91	91	91	96	97	97	98	98
Basic materials	"	128	112	104	111	110	107	102	100	101	100	100
Fuels	"	104	101	104	102	102	103	107	106	106	108	108
Manufactured goods												
Export prices:	"	111	110	109	109	109	109	111	111	111	111	111
All items	"	109	111	111	111	111	110	113	113	113	113	113
All manufactures	"	115	118	115	116	117	117	113	113	115	115	113
Metals	"	112	115	117	117	116	116	121	120	120	121	121
Engineering products	"	101	101	98	99	99	96	97	98	99	98	101
Textiles (excluding clothing)												
Terms of trade:	"	96	90	90	91	90	89	91	90	90	90	89
Ratio of import to export prices												
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952 = 100	112·7	67·1	71·9	70·3	68·2	65·1	83·1	82·5	82·1	77·1	...
UK WAGES												
Weekly wage rates:	Jan. 31											
All workers (§)	1956 = 100	110·0	114·0	116·9	116·3	116·6	116·7	117·4	117·5	118·0	118·1	...
Men	"	110·0	113·8	116·8	116·2	116·5	116·6	117·1	117·3	117·7	117·8	...
Women	"	109·7	114·0	117·0	116·1	116·5	116·5	117·8	118·0	118·9	119·1	...
Juveniles (¶)	"	111·3	115·8	119·0	118·2	118·5	118·6	119·5	119·7	120·3	120·6	...
	Sept.,											
All workers	1939 = 100	286	296	304	302	303	303	305	305	307	307	...
Weekly earnings (§):		s. d.	s. d.	s. d.			s. d.	s. d.				
All workers	"	212 5	217 4	228 6	...	...	222 6[3]	228 6[3]	...	...	...	...
Men	"	251 7	256 8	270 9	...	...	262 11[3]	270 9[3]	...	...	...	...
Women	"	129 6	133 11	140 4	...	...	137 0[3]	140 4[3]	...	...	...	...
	Oct.,											
All workers	1938 = 100	399	408	429	...	...	418[3]	429[3]	...	...	...	...
Men	"	365	372	392	...	...	381[3]	392[3]	...	...	...	...
Women	"	398	412	432	...	...	422[3]	432[3]	...	...	...	...

(*) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (†) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (‡) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (§) Surveys made twice a year: annual figures relate to October survey. (¶) April. (**) In general males under 21 and females under 18 years of age. (††) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (‡‡) The series for "all items" and "other items" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline. (§§) October.

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R. D. Moore, *General Manager*



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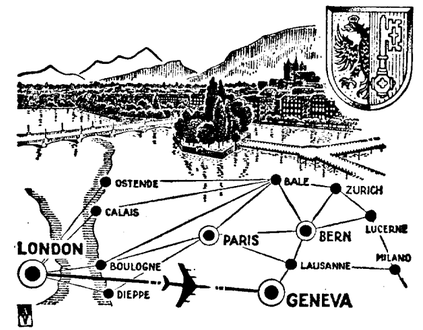

the ancient city on the beautiful Lake of Geneva. Although known in every country of the world as a meeting place for conferences of international importance, Geneva is also renowned for its great humanitarian, banking, commercial, industrial and tourist activities.

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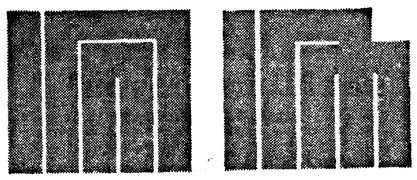

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APPOINTMENTS

MSL *have been retained to advise on the appointment of a*

POTENTIAL MERCHANT BANKING EXECUTIVE

for Henry W. Peabody & Co. of London Ltd., an international merchanting member of the Sale-Tilney Group. The man appointed will be responsible to the head of the finance department to carry out part of the continually expanding work concerning bills, credits, documents, foreign exchange, insurance and merchant banking.

Candidates should preferably not be over 30 and must have had some specialised training in and practical experience of a substantial part of the work and be eager to master the field as the company's world-wide trading requires. Salary to exceed £1,000 per annum, subject to candidate's experience: group non-contributory pension scheme. Opportunities for advancement exist.

Please send brief details in confidence, quoting reference S.2361, to D. M. H. Evans, In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED, **17, Stratton Street, London, W.1.**

Research Officer required for Civil Service Trade Union. Applicants should have a degree in Economics or associated subjects. Experience of both research work and trade union activity desirable.

Salary scale of £1,205 — £1,850 (covered by eleven annual increments). Commencing salary may be adjusted according to age and experience up to £1,410. Non-contributory pension scheme. Five-day week. 30 working days' annual leave.

Applications by May 25, 1960, to General Secretary, Institution of Professional Civil Servants, 28 Broadway, London, S.W.1.

BRISTOL COLLEGE OF SCIENCE AND TECHNOLOGY

(COLLEGE OF ADVANCED TECHNOLOGY)

The Governors invite applications for the following posts in the DEPARTMENT OF GENERAL STUDIES.

1. LECTURER IN ECONOMICS.

Applicants must possess a good honours degree; industrial and teaching experience desirable.

2. ASSISTANT, GRADE B, IN SOCIAL STUDIES.

Applicants should be graduates qualified to teach in two of the following—Industrial History, Philosophy, Psychology, Economics, Political Science.

Salary: Burnham Technical Report, 1959:—
Lecturer—£1,370 x £35 to £1,550.
Assistant, Grade B—£700 x £27 10s. to £1,150.

Application form, returnable by May 11th, and details from Registrar, College of Science and Technology, Ashley Down, Bristol 7.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN ECONOMIC HISTORY.

Applications are invited for an Assistantship in Economic History. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than May 21, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

L.C.C. BALHAM AND TOOTING COLLEGE OF COMMERCE

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As soon as possible (1) Lecturer in Accountancy, (2) Tutor, Grade B, Book-keeping and Accounts, (3) 2 Tutors, Grade A (i) Government and Law, (ii) English. Applicants should hold University or professional qualifications, preferably with related industrial and educational experience.

College provides full- and part-time day and evening courses for professional, University entrance and similar examinations; also courses in business, trade and administrative studies. Consultancy research, and work on publications by staff, encouraged. Salary scales (men):—Lecturer, £1,370 x £35 to £1,550; possible entry above minimum if justified by experience and present position: Grade B, £700 x £27 10s. to £1,150; Grade A, £520 x £27 10s. to £1,000; possible additions for qualifications and training; increments within scale for experience (Grades A and B). Slightly lower scales for women until 1961. London allowance in all cases £38 or £51. Application forms from Secretary at College to be returned by May 13th. (913.)

UNIVERSITY OF QUEENSLAND

LECTURER IN ECONOMICS
within the Department of External Studies.

Applications are invited for the above-mentioned position. Applicants should have an Honours degree in Economics or equivalent qualifications.

Salary £A1,540-£A2,040 per annum.

Further particulars are obtainable from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on MAY 31, 1960.

A LEADING firm of stockbrokers has a vacancy in its overseas research department for a qualified accountant or economist with a good knowledge of French. Working knowledge of German an advantage. Age not exceeding 35. Initial salary according to experience but not less than £1,000 per annum with participation in a bonus scheme. Pension Scheme. Luncheon Vouchers. Good Prospects.—Write Box 1318.

UNIVERSITY OF ADELAIDE

FACULTIES OF ARTS AND ECONOMICS.

Applications are invited for the following appointments in the Faculties of Arts and Economics:

LECTURER IN EDUCATION
LECTURER IN FRENCH
LECTURER IN GEOGRAPHY
LECTURER IN ECONOMICS

Salary scale: £A1,500 x £A80 — £A2,060, with superannuation on the F.S.S.U. basis. This scale is under review and will, it is expected, be increased in 1961.

General Conditions of appointment and a statement about the posts for the information of potential candidates may be had on application to the Registrar or to the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

APPLICATIONS, in duplicate and giving the information listed in the final paragraph of the general conditions of appointment, should reach the Registrar, The University of Adelaide, Adelaide, South Australia, not later than MAY 31, 1960.

STATISTICIAN

The Marketing Research Division of a large manufacturing concern invites applications from men or women aged 25-35 years who have a good degree in statistics or mathematics with post graduate or commercial experience in the application of statistical method to practical problems. The duties will include the application and development of statistical techniques in connection with sample surveys. Good salary and excellent prospects for advancement.—Please write giving full details in confidence to Box No. 1317.

UNIVERSITY OF CANTERBURY

NEW ZEALAND.

Applications are invited for the following appointments:

LECTURER IN POLITICAL SCIENCE in the Department of History and Political Science. Applicants should have an Honours degree. A special interest in the comparative study of political institutions or the analysis of political society is desirable but not essential.

LECTURER IN ECONOMICS. Applicants should have an Honours degree in Economics or a comparable degree. An interest in Mathematical Economics will be appreciated, but is not a condition for appointment.

The salary for a Lecturer is at the rate of £1,250 per annum rising by annual increments of £75 to £1,700 per annum. Approved fares to Christchurch will be allowed for the appointee, his wife and children; in addition actual removal expenses within specified limits will be paid.

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

Applications close, in New Zealand and London, on MAY 31, 1960.

GOVERNMENT SOCIAL SURVEY

The SOCIAL SURVEY DIVISION of the CENTRAL OFFICE OF INFORMATION require a RESEARCH OFFICER to conduct, and to assist in the conduct of, sample surveys covering a wide range of Social and Economic problems. The selected candidate will be free to devise fresh methods of approach to their problems and will work with highly skilled technical sections covering sampling, interviewing, coding and tabulation. Preference will be given to applicants with a university degree in one of the Social Sciences or Statistics but consideration will be given to applicants with a diploma or full-time experience in a research organisation. The post is graded Information Officer (unestablished). Salary £1,205 to £1,415 (men); £1,180 to £1,389 (women).—Write, giving age, full details of experience and qualifications to Manager (P.E. 1363), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

CARIBBEAN
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for progressive commercial firm operating in British Guiana, Trinidad and Jamaica. Applicants should be recently qualified, *married, keen to emigrate. Location Georgetown;* overseas leave with travelling expenses paid every two years.—Write giving full details of qualifications and experience in first instance *to Box D.916, c/o Streets, 110 Old Broad St., E.C.2.*

MARKET RESEARCH OFFICER

Massey-Ferguson (U.K.) Ltd., have a vacancy for a Market Research Officer on the Staff of the Manager, Market and Economic Research, at their Coventry headquarters.

Applicants should have a University degree or diploma in agriculture, agricultural engineering or economics. They should have had some experience of conducting surveys and interviews among farmers and be able to prepare reports on such surveys, including statistical presentation. Good working knowledge of agricultural machinery and a basic knowledge of principles of farm management are required.

The starting salary for this post, which is pensionable, will depend on age and experience, but will not be less than £1,500.

Applications giving personal history, qualifications and experience and quoting reference H.1, should be addressed in confidence to the:

MANAGER, RECRUITMENT & TRAINING,
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UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited for the newly established Chair of Political Science.

Applications (three copies), together with the names of three referees, should be sent not later than May 31, 1960, to the *Registrar, The University, Edgbaston, Birmingham, 15,* from whom further particulars may be obtained.

H.M. TREASURY

At least two appointments in the Economic Section for work *on economic trends at home and overseas* are offered to men or women at least 21 and preferably under 30 with at least a 2nd class honours degree in Economics or related subject. Final year students may apply. Initial appointment for 5 years, or less by arrangement. Salary within the *range £655-£1,150 (men),* the starting point being determined by age and experience. F.S.S.U. Application forms, obtainable from Civil Service Commission, Burlington Gardens, London, W.1 (quote 5126/60/9), should be returned by May 24, 1960.

FACTORY MANAGEMENT EXECUTIVE

Gentleman trained and experienced in the maintenance of large Factories and Labour Control, will shortly be required as Assistant to *Works Superintendent controlling* Group of Factories in North of England City.

Candidates for this position, who should be in age group 33 to 40, *are asked to include in their applications full details* of training, past experience, also of positions held, and should at present be in receipt of not less than £1,500 per annum.

The *position is superannuable.*

Letters received will be treated with the utmost confidence. Write Box 1314.

BRITISH NYLON SPINNERS LIMITED require a woman, aged 25-45, *as an Information Assistant for the* Economics Library of their London Office in Knightsbridge. Candidates, preferably educated to degree standard, should *have had some experience of library work, with genuine* interest in Economics as applied to the textile industry. Excellent working conditions in modern offices.—Apply in *writing to Personnel Manager, Pontypool, Mon.*

For other appointments see pages 479 and 491

CANBERRA UNIVERSITY COLLEGE

AUSTRALIA

Applications are invited for the new posts listed below.

In 1960 the College will become part of the Australian National University and its present functions will be continued. *Further details of the association are given in the* information sheets for applicants.

Successful applicants will be provided with facilities for, and encouraged to undertake, research.

SENIOR LECTURER OR LECTURER IN CLASSICS
SENIOR LECTURER OR LECTURER IN HISTORY
SENIOR LECTURER OR LECTURER IN STATISTICS
LECTURER OR SENIOR TUTOR IN BAHASA INDONESIA

NOTE: It is hoped to make more than one appointment in respect of each of the Science posts.

Salary ranges are now under review. At present they are as follows:

Professor: £A3,552.
Associate Professor: £A2,802.
Senior Lecturer: £A2,152 x £A80 — £A2,552.
Lecturer: £A1,502 x £A75 — £A2,102.
Senior Tutor: £A1,302 x £A50 — £A1,452.

Commencing salaries will be in accordance with qualifications and experience.

Further information (including details of special requirements for some of the posts) and the summary forms which must accompany an application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, with whom two copies of each application must also be lodged.

Applications close, in Australia and London, on June 15, 1960.

EDITOR FOR NEW TECHNICAL JOURNAL

Associated Electrical Industries Ltd. is planning a new technical journal to appear in the near future. This new venture will afford a first-class opportunity for a man of ideas, preferably with technical journalistic experience. The Company wishes to appoint an Editor as soon as possible so that he may help to formulate the editorial policy which he will be responsible for implementing.

Applicants should preferably be between 30 and 40 years of age, with an engineering or scientific background and qualifications. The ability to commission, assess and edit technical articles is essential: an appreciation of good typography and layout would be desirable.

Salary will depend on the qualifications and experience but will be substantial and the post is pensionable.

Applications giving full details of age, experience, qualifications and salary should be addressed to:

AEI

GENERAL MANAGER, PERSONNEL SERVICES,
Associated Electrical Industries Ltd.,
33, GROSVENOR PLACE, LONDON, S.W.1.

LEADING STOCKBROKERS REQUIRE STATISTICIAN to assist in their Gilt-Edged Department and eventually take charge of Gilt-Edged statistics. Actuarial qualifications an advantage but not essential. Salary by arrangement.—Write giving details of experience, to Box "S.A.," c/o J. W. Vickers & Co. Ltd., 7 Great Winchester Street, E.C.2.

CHARTERED ACCOUNTANT, age under 30, required by J. & P. COATS LTD. Good opportunity for first-class man, with prospects of overseas service and residence abroad. Superannuated appointment, attractive initial salary according to qualifications and experience.—Applications in writing to the Personnel Manager, J. & P. Coats, Ltd., 155 St. Vincent Street, Glasgow, C.2, giving full relevant particulars.

BUSINESS AND PERSONAL

NYASALAND AND AFRICA'S FUTURE. Public Meeting, Central Hall, Westminster, S.W.1. Monday, May 2, 7 p.m. Speakers: Dr. Hastings K. BANDA; Mrs. Barbara Castle, M.P.; Mr. Chris. Chataway, MP; Mr. Jeremy Thorpe, M.P.; Chairman: Dr. T. O. Elias. Appeal by Mr. James Cameron. Tickets 1s. at the door or (Reserved) 2s. 6d. from Africa Bureau, 296 Vauxhall Bridge Road, S.W.1. Meeting arranged by Africa Bureau; Committee of African Organisations; Fabian Commonwealth Bureau; Movement for Colonial Freedom.

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THE First Guide to the Iraqi Industrial Firms will be published by the Federation of Iraqi Industries, in English and Arabic, as a quarterly publication. This Guide will be of great interest to exporters and to those who have economic and commercial interests in Iraq.

Annual subscription is £1 5s., including airmail postage. —Federation of Iraqi Industries, Ottoman Bank Building, Baghdad, Iraq.

THERE once was a man who said: "Which
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"Which?" is published monthly by the Consumers' Association. Annual subscription, £1, to Box C, 333 High Holborn, London, W.C.1.

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ANTIQUARIAN BOOK FAIR. April 27-May 6. National Book League, 7 Albemarle Street, W.1. ABA members display rare books, mss., all prices. Mon.-Fri. 11-6.30. Thur. 11-8. Sat. 11-5. Adm. free.

BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the first three months of the year 1960 compared with the first three months of the year 1959 have been issued.

	1960		1959	
Kilometres run		1,855,531		1,391,374
	Tons	Escudos	Tons	Escudos
Passenger Traffic	499	4,305,000	460	4,328,000
Local Traffic:				
Minerals	109,041	14,744,000	34,617	4,616,000
Other	106,932	14,121,000	116,779	14,952,000
Transit Traffic:				
Minerals	158,026	77,555,000	112,820	55,014,000
Other	26,104	19,296,000	23,618	15,456,000
Miscellaneous Receipts	—	3,512,000	—	3,040,000
TONS (excluding Service Traffic)	400,602	153,536,000	288,294	97,406,000
Working Expenses in Africa		87,552,000		58,391,000
Net Operating Receipts		65,984,000		39,015,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.

STELLA FISHER BUREAU, 436 Strand, W.C.2. Permanent and Temporary office staff agents; typewriting; duplicating; translating.

RAILLE GALLERY, Islington Green, N.1. 25 paintings by KEN MOORE. April 21st-May 14th.—Courtesy Albert Landry Gallery, New York.

ROYAL DUTCH PETROLEUM COMPANY

(N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ)
established at The Hague

ANNUAL GENERAL MEETING OF SHAREHOLDERS to be held on Thursday, May 19, 1960, at 11 a.m., at the Company's office at The Hague (entrance 23, Carel van Bylandtlaan).

AGENDA

1. Appointment of a Director owing to retirement by rotation.
2. Annual Report for 1959.
3. Approval of the Balance Sheet and the Profit & Loss Account for 1959 and declaration of dividend for 1959.
4. Distribution of shares from the share premium reserve.

This agenda, the nomination relating to item 1 of the agenda, the documents named under items 2 and 3 of the agenda with the relevant notes in accordance with Article 42 of the Netherlands Commercial Code, and with the proposals submitted by the Board of Directors, together with the proposals referred to under items 3 and 4 of the agenda, will be available for inspection from today until after the Meeting, and may be obtained by shareholders free of charge *at the Company's office,* 30, Carel van Bylandtlaan, The Hague, and at the offices specified below.

In order to attend and address the Meeting and to exercise voting rights thereat in person or by proxy:

(A) *Holders of share certificates to bearer* will be required to deposit against receipt *either* their share certificates *or* evidence that their share certificates have been deposited in open custody with the Nederlandsche Bank

not later than Friday, May 13, 1960, at one of the places mentioned below, viz.:

In The Netherlands
at the Nederlandsche Handel-Maatschappij, N.V., Amsterdam
at the Kas-Associatie N.V., Amsterdam
at the Amsterdamsche Bank N.V., Amsterdam
at the Banque de Paris et des Pays-Bas, Amsterdam
at Messrs. Hope & Co., Amsterdam
at Messrs. Pierson, Heldring & Pierson, Amsterdam
at the Rotterdamsche Bank, N.V., Amsterdam
at the Twentsche Bank, N.V., Amsterdam
at Messrs. Schill & Capadose, The Hague
at Messrs. Pierson, Heldring & Pierson, The Hague
at Messrs. Van der Hoop, Offers & Zoon, Rotterdam
at Messrs. R. Mees & Zoonen, Rotterdam
and at the branches and sub-branches of these banking houses in the Netherlands.

In the United States of America
at The Chase Manhattan Bank, New York.

In the United Kingdom
at Messrs. N. M. Rothschild & Sons, London.

In France
at M. M. Lazard Frères & Cie., Paris.

In Switzerland
at the Credit Suisse, Zürich.

In Belgium
at the Banque de la Société Générale de Belgique, Brussels, and
at the Crédit Lyonnais S.A., Brussels.

In Germany
at the Deutsche Bank A.G. and the Dresdner Bank A.G., Frankfurt/Main, Düsseldorf, Hamburg and Munich; the Saarlandische Kreditbank A.G. and the Dresdner Bank A.G., Saarbrücken, and
at the Berliner Disconto Bank A.G. and the Bank für Handel und Industrie A.G., West Berlin

and

(B) Registered holders of registered shares must make known to the Company in writing their desire to attend and address the Meeting and to exercise voting rights thereat by not later than Thursday, May 12, 1960: (1) with respect to shares of New York registry, at the office of The Chase Manhattan Bank, Corporate Agency Department, 43 Exchange Place, New York 15, New York; (2) with respect to shares of Amsterdam registry, at the Nederlandsche Handel-Maatschappij, N.V., Amsterdam; and (3) with respect to all other registered shares, at the office of the Company in The Hague or at any of the offices listed in Paragraph A above.

THE BOARD OF DIRECTORS.

26th April, 1960.

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ROSES ALL THE WAY?
Some thoughts on the Royal Marriage (page 501).

THE COMMONWEALTH
Aspects of the meeting of Commonwealth leaders in London, and of the latest developments in Africa, are brought together on pages 504 to 507.

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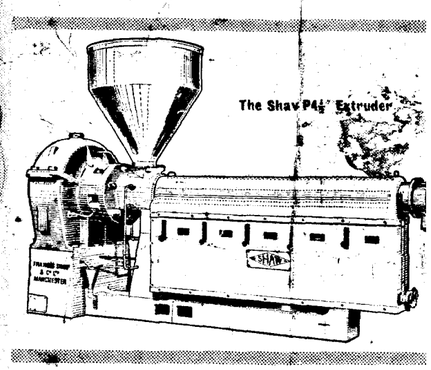

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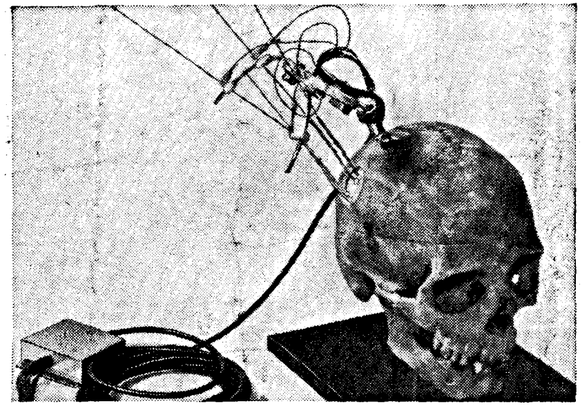
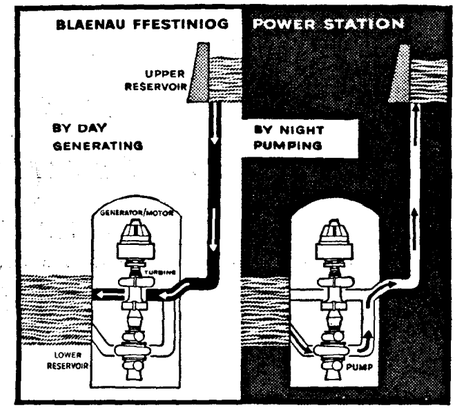
AEI

WORLD ELECTRICAL NEWS IN PICTURES-2



Secrets of the brain. It is a great boon to the surgeon, and to his patient, to be able to trace and localise brain tumours and to detect epileptic areas which the eye cannot see. This is done by "Cortical Electrodes", shown on the skull above, which make it possible to chart brain impulses on a recording device. AEI worked closely with London Hospital to evolve this, the most advanced equipment of its kind in the world



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'Key' man goes aboard. Frank Goodall, 60, has served forty years on the AEI seagoing staff of over 400 Radio Officers who keep seafarers within call of safety in ships and tankers the world over. Besides making, installing, servicing and operating ship's radio equipment, AEI has men standing by ready to fly at a moment's notice anywhere in the world if a replacement operator should be needed.

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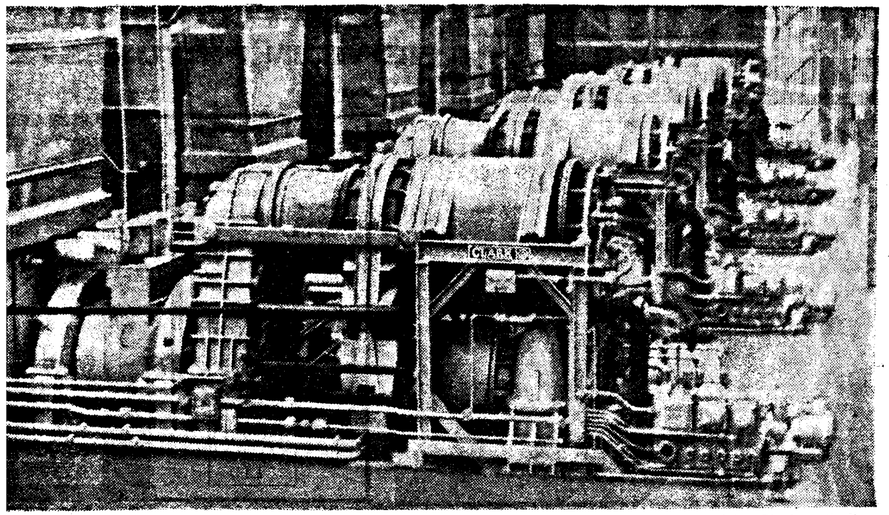

Five Clark Model 305 Gas Turbines drive Clark vertically-split centrifugal compressors operating in series. The station is highly automated with only two operators required per shift

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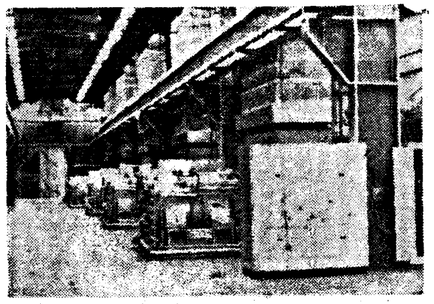

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STEEL - Spring report

The battle for exports: Steelmen optimistic

Last year, over *half* Britain's exports were steel or goods made from steel. So the steel industry has a vital part to play in our struggle to maintain — or improve — our share in the world's increasingly competitive export markets.

If past trends continue, the importance of steel in our exports is likely to grow even greater — particularly as a very large part of our steel exports represent *clear profit* in the import-export ledger.

PAID FOR 2½ TIMES OVER

As a result of its post-war development programme – which will have cost over £1,000 million by 1962 – Britain's steel industry needs only marginal imports of pig iron, scrap and steel. But in view of the limit to the supplies of scrap and to the reserves of home ore, it will become increasingly dependent on imported iron ore. Manganese ore and ferro-alloys have also to come from abroad. These imports cost about £100 million.

But this is more than paid for by *direct* exports of iron and steel alone – value £187 million – without taking into account the steel that is exported in manufactured goods – estimated value about £165 million.

Allowing a debit for our modest indirect imports of steel, the steel industry's overseas earnings are about 2½ times as great as its overseas payments.

WORLD-WIDE TREND

Until the 1914 war Britain prospered by exporting coal and cotton textiles. Increasing use of oil, and the development of textile industries abroad, reduced the demand for Britain's coal and cloth. Over the last 40 years we have had to make drastic changes in the whole structure of our export trade.

The shift has been to goods such as chemicals, machinery, ships, cars and other transport equipment – mainly *goods made from steel.*

STEEL AS STEEL

Steel exports as such have not increased nearly so steeply. To many newly independent countries the possession of a steel works, almost as much as an airline, is the status symbol of the nation which has arrived.

This means increasing competition in export markets. But exports to less developed countries will probably continue to rise. The type of steel exported to these countries, however, will probably change towards products which need for their manufacture the complex and costly plant found in more highly developed steel industries.

Britain should not find it difficult to hold her present share of world exports of steel, at least for the next five years.

World steel exports will probably be about 45 million tons in 1965: if Britain keeps her share of this total, her steel exports will rise by about 5½% annually – probably rather faster than other exports.

PRICES

British manufacturers of goods made from steel pay *less* for home-produced steel than their opposite numbers in America and Germany. *This gives them an important advantage in the export markets.*

The future will hold still greater opportunities for British exports, especially in the under-developed areas of the world. The successful exporters will be those who are ready to adapt themselves to changing needs and trends. In meeting the challenge of the 'sixties the steel industry has an essential role.

U.S. to get an eye-opening look at Britain's modern steel industry

New York in June. That's when Americans will be rolling up in their thousands at the British Exhibition. And there they'll see an eye-opening display of what Britain's steel industry can do.

Britain led the world in creating plentiful low cost steel. It was an Englishman, Bessemer, who by inventing his "converter" turned steel from a rarity into an everyday necessity.

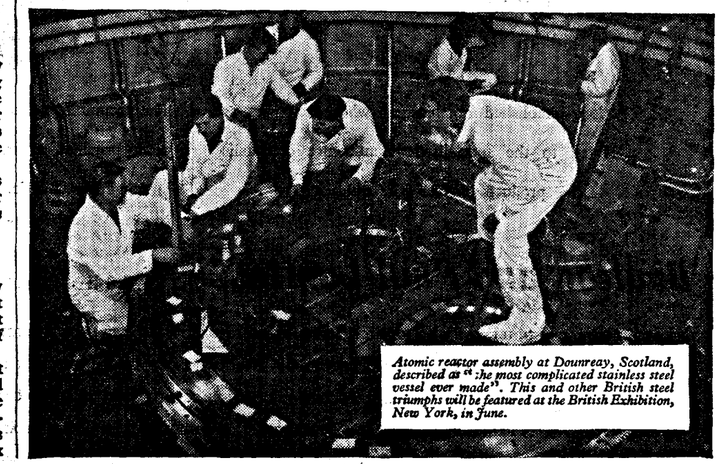
Another Englishman, Brearley, discovered stainless steel.

But the accent will be on the modern developments that are putting Britain right in the forefront of steelmaking progress.

One of the highlights of the Exhibition will be 'Ajax' – a new type of British steel furnace that is giving record outputs, 50% above normal.

New alloy steels have been developed for use in atomic reactors – including boron steel, which absorbs neutrons.

Visitors to the Exhibition will learn about some of the superb things made nowadays with British steel, from sports cars to radio telescopes and from precision tools to jet engines. The steel industry will show the vital contribution it is making to Britain's present-day prosperity.



Atomic reactor assembly at Dounreay, Scotland, described as "the most complicated stainless steel vessel ever made". This and other British steel triumphs will be featured at the British Exhibition, New York, in June.

to the Nation

ISSUED BY THE BRITISH IRON AND STEEL FEDERATION

"In the end you're dependent on people"



CAMPBELL ADAMSON, 37, was until March 1 General Manager of Richard Thomas & Baldwin's Redbourn Works at Scunthorpe. Came into steel in 1944, was made General Manager in 1957. Has now been appointed Director and Gen. Manager of the great new strip mill now building at Newport, Mon. Main problem there, he thinks, will be to build as good labour relations with 6,000 men as in much smaller Redbourn. Says, "It is impossible to run a works properly unless you're using the intelligence of every man in it."



JIMMY ROSE, 65, with two sons in steel, is Chairman of Redbourn's Works Delegates Committee. A Fitter by trade, *he joined R.T.B. in 1934.* Much of the credit for Redbourn's good labour record belongs to him and his committee (he has been Chairman about 15 years). It deals with any trouble a Union cannot solve domestically. "No matter what happens," says Mr. Rose, "we've a method of dealing with it amicably before trouble arises. To put it bluntly, there's more of a family relationship here."



DAVID BIRD, 45, General Manager of Iron and Steel at Stewarts and Lloyds, Corby, started in banking, soon realised this was not the career for him. After a time at Dorman Long, took Sheffield degree in metallurgy. Likes to get broadest possible background of information, is Fellow of the Institution of Metallurgists, holds diploma of British Institute of Management. Stresses modern management methods. "In the end you're dependent on people. You can only run a works of this size through co-operation."



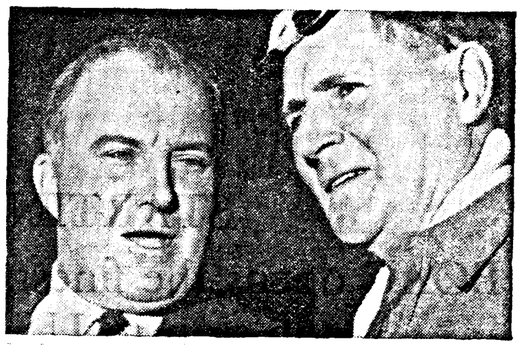
PAT QUINN, 55, First Teemer on the Bessemer Converters at Stewarts and Lloyds, Corby, joined at 14—so now has 41 years' service behind him. Of the old days he says, "It was all hard work and sweat. Men wore sweat towels and clogs. Now you go home much less tired — and a lot cleaner." Relaxation is golf. Has also found time, in the past, for a great deal of Trade Union work. But says, "We've never had a major dispute with the management, all the years I've been here. Everything was settled locally."



EDWARD JUDGE, 51, joint Managing Director of Dorman Long (Steel), Middlesbrough, originally wanted to build bridges. Left Cambridge with mechanical sciences degree, thought steelmaking with Dorman Long would be "all right for a few months". Found it "fascinating", has been there ever since. Built Lackenby Universal Beam Mill – most up-to-date in world – incorporating many new ideas. Says Steel offers tremendous scope for young men prepared to work really hard – mentally. Own career proves his point.

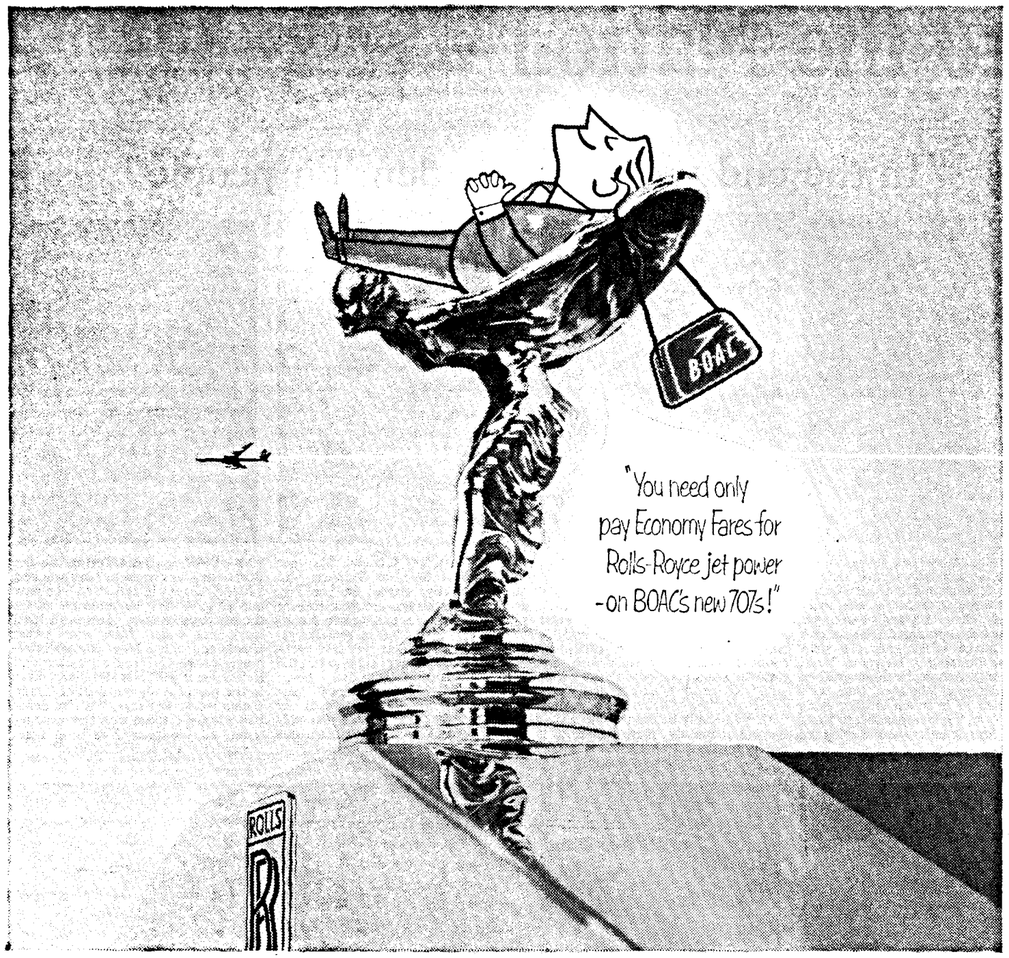


JOHN FINNEGAN, 55, blast furnace keeper at Dorman Long's Clay Lane plant, was born where the furnaces now stand. Did his first shift at 15. Looking back he says, "We did a 56-hour week. The sky was the roof. No matter what the weather, the furnaces had to be slagged and cast every 6 hours." Then, a blast furnace produced 100 tons a day. Now, 1,500 tons. A member of his Trade Union Lodge Committee, he says, "There's a great understanding between the management and the men. Nobody flies off the handle."



W. D. (BILL) PUGH, 55, son of Sir Arthur Pugh (late General Secretary of the steelworkers' Trade Union) went to Sheffield University, and in 1926 to Vickers Works (later English Steel Corporation Ltd.) joining the Research Dept. Since 1955 has been Managing Director of E.S.C. His time there marked by *growth* (he remembers their first 100 ton alloy ingot as a great event; 300 tons now not uncommon) and *diversification* (E.S.C. make some 150 'standard' kinds of steel for everything from cars to Nuclear Power).

JOE MIDDLETON, 58 and the son of a steelworker, was a variety entertainer (top-hat and tails) before joining English Steel Corporation in 1926. "I've never regretted it," he says. Started in the foundry and is now First Hand Melter in charge of an electric arc furnace, responsible for making steel exactly to specification. "It's creative," he says. "You've got a feeling you're doing something useful." "Progress," is how he sums up his time in E.S.C. – bigger and better plant, better working conditions.



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The Economist

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Roses All the Way? 501
Nato's Frayed End 502
THE COMMONWEALTH 504
The Other Commonwealth 506
King Cotton's Farewell 507

NOTES OF THE WEEK

Bomb over Labour 509

Alliances; Europe; Local Elections; East-West Relations; Morocco; Council on Tribunals; Why Labour Lost; The Cost of Royalty; Apprentices; Germany; Laos; Birmingham; British Agriculture; Lady Chatterley's Lover.

LETTERS 521

BOOKS

Disunity and Union 524

AMERICAN SURVEY

Right without Might 531

Cleopatra Needled; Political Capital; Strategy for Sit-Ins; The Chessman Case; Trials of Hoffa; Titanic Future; Primary Skirmishes; Gross Points; Shorter Notes.

THE WORLD OVERSEAS

Mr Diem's Critics Speak Out 542

A Leaderless Korea; In the General's Corner; Regretfully to Boycott; Turkish Discontent Boils Over; Misgivings at Karlsruhe; Ghana's Cockerel and Cocoa Tree.

THE BUSINESS WORLD

Shipping in the Shallows 549
How Much in Stock? 550

BUSINESS NOTES 552

The Economy; The New Squeeze; Foreign Exchanges; Steel; Shipping Management; Wind of Small Change; Fuel; Aluminium; Tractors; Films; Assistance to Industry; Packet Soups; Tin Market; Urban Motorways; Something New in the Foundry; Softwood; Electric Lamps; Shorter Notes.

COMPANY AFFAIRS 576

Shares in the Building Boom; Babcock and Wilcox; Schweppes; Pressed Steel; Spicers and E. S. and A. Robinson; Rio Tinto Makes the Best of It; Consolidated Zinc; Insurance Results; Aircraft Profits; English Sewing Cotton; BICC; Birmingham Sound Reproducers; Radiation; Smith St. St. Aubyn.

London and New York Stocks 580
Money and Exchanges 582
UK External Trade 583

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Roses All the Way?

THIS issue of *The Economist* goes early to press because at the time when we would normally be appearing on the streets of London, on Friday morning, many of those streets will be closed to commercial traffic as the British people makes holiday. The great mass of the nation are rightly treating the wedding of the Princess Margaret as a splendid, warm, human, sentimental, and dewy-eyed occasion; it is only in the very narrow circles which dull pedants and some parliamentarians frequent that one hears quibbling complaints about the price of the rosebuds or of the ceremonial and against the national engulfment in candy-floss. On this matter, this newspaper is unashamedly on the side of the rejoicing majority, and for soberly considered reasons as well as sentimental ones.

Let the bells ring joyfully and expansively. To those who argue that by celebrating this wedding the British people make too much fuss over an intrinsically small event, Walter Bagehot said all that needed to be said ninety years ago:

> "All but a few cynics like to see a pretty novel touching for a moment the dry scenes of the grave world. A princely marriage is the brilliant edition of a universal fact, and, as such, it rivets mankind. . . . A royal family . . . introduces irrelevant facts into the business of government, but they are facts which speak to men's bosoms. . . . Accordingly, so long as the human heart is strong and the human reason weak, royalty will be strong because it appeals to diffused feeling, and Republics weak because they appeal to the understanding."

The crowds along the wedding route, and the even larger crowds around the television sets, are playing an important if largely unconscious part in Britain's constitutional organism. It is an organism that has served the country almost unbelievably well in these last hundred years of tumultuous change. It has enabled the British people to canalise certain filial or paternal or maternal feelings—which are inseparable from the process of being governed—into a separate and dignified sector of our governing system. Republican forms of government, which are usually first proclaimed at a stage of aroused emotion but intellectual underdevelopment (as in the United States, or Ghana, or Afrikaanerdom), have increasingly had to canalise those feelings on to their ruling politicians, thereby risking either deadening or disastrous results.

So much for the rationalist's reasons for rejoicing at any royal feast. It would be timid, however, to deny that this particular wedding has raised a second and more interesting (because more novel) issue for our governing system to face. The precedent set by this marriage is that a Princess, who is also a cynosure in royalty's magnificent play, is marrying a commoner, and an artistic one at that. Of course there is a change here, and it would be false history to pretend that only the ghosts of dead snobs could regret it. It is a matter of common supposition that there has been a whinnying of court chamberlains all across Europe; the widespread assumption is that some foreign royalties have refused invitations to this wedding because they do not want their own daughters to get the idea that they can marry whom they please. It is a matter of historical fact that the writings of dead constitutional authorities and thinkers show that some of the ablest of them would also have been apprehensive of the innovation. *The Economist*, which in these matters naturally looks back a mere ninety years to the writings of its own greatest editor, must admit that this includes Bagehot.

A wise Court, in Bagehot's view, is one "which stands aloof from the rest of the London world, and which has but slender relations with the more amusing

parts of it." For, he judged sternly, in words that have no doubt been quoted in whispers by any apprehensive court advisers who have dug them up:

> The light nothings of the drawing room and the grave things of the office are as different from one another as two human occupations can be. There is no naturalness in uniting the two; the end of it always is, that you put a man at the head of society who very likely is remarkable for social defects, and is not eminent for social merits.

Bagehot believed that the English "are remarkable for having a great deal of the lower sort of ambition and envy," and that "if the highest post in conspicuous life were thrown open to public competition, this low sort of ambition and envy would be fearfully increased."

The envy and ambition of which Bagehot wrote were purveyed in his day by word of mouth among the upper ten thousand in society. They are purveyed in our day by the gossip columnists of British and foreign newspapers to an audience many thousand times larger than that. That spells out the main problem which might loom behind this marriage for those whose role it is to look after the functioning of the dignified part of the British constitution. But it should not be regarded as casting a blight upon the real delight felt by the masses on Friday's occasion. The task of all concerned is to show that the British social revolution is by now old enough and wise enough and flexible enough to treat this sort of problem as a challenge to be met.

FOR what is it that the timorous would prefer? That royalty should not be allowed ordinary contact with any but its own former (but now narrowing) stratum of society? Or that, once it has made broader contacts, it should not be allowed to feel the same emotions as other human beings? The challenge set by the problems surrounding this marriage is threefold. First, to the bridegroom himself, who today strides between two worlds. The world he is leaving is one where ordinary mortals worth their salt guide their actions by their own ideas, enthusiasms, judgments, and conceptions of charity—which do not (and, at least among the young, should not) exclude occasional puckish unconventionality and reasonable attachment to the main chance. The world he now enters is one where actions need to be guided much more continuously by an unobtrusive sense of public duty, which is perhaps more easily inherited than explained. But that does not mean that it cannot be assimilated by a young man with nous.

Secondly, there will be a challenge after this wedding to the advisers of royalty. They have a social innovation to handle, and there are two pitfalls into which they could fall in the process. One would be to pretend that there is no innovation, and to insist that the new public figure should be made to fit into exactly the orthodox mould. This would be a great mistake, and it is one that traditionalist advisers seem only too liable to make. Is there any real reason, for example, why Princess Margaret's husband should not be allowed in some measure to continue with the artistic profession at which he is skilled, in the same way as Princess Elizabeth's husband at first continued with his naval service? The other mistake would be for royal advisers to take such fright at the innovation as to hide its perpetrators out of sight. If there appeared to be a significant and carefully arranged diminution of the popular Princess's public role, this could have a nationally divisive effect, because by many people it would be resented.

The third challenge is to the press and other organs of public opinion; and here one can only express a hope. It seems appropriate to express it in the same words as *The Economist* used in closing its comment on the last royal wedding. When the bells have stopped ringing and the celebrations are over and the crowds are gone, one may hope that to the loyalty and affection which London and the whole Empire have been demonstrating there will be added an element of delicate consideration for that private life to which even Princesses and their consorts are entitled.

Nato's Frayed End

Will Mr Menderes stop stifling the young Turkish democracy before it is too late?

IT is hardly necessary to underline the irony of the situation in which the Nato foreign ministers found themselves when they met in Istanbul last Monday to exchange ideas about the summit meeting. Representatives of an organisation devoted primarily to the preservation of democratic freedom, they found themselves guests of a member country in a city under martial law, with armed troops at almost every street corner, with schools and universities closed, with the press gagged, and outside their conference building, a row of tanks and demonstrators shouting "freedom". Presumably the Turkish government was apprehensive that those responsible for the demonstrations last week in Istanbul (and Ankara) against the government might try to redouble their efforts this week in order to take advantage of the free publicity provided by the presence of the Nato ministers. It may have succeeded in preventing further serious disturbances; but it is hard to imagine a more vivid illustration of the Turkish government's difficulties than this demonstration of repressive zeal against its own people.

Mr Zorlu, the Turkish foreign minister, told the Nato council that the crisis had been caused by "a handful of youths exploited by certain groups for their selfish political ends". Mr Menderes has gone further and has more than once categorically accused the Opposition of trying to incite the people to revolt. Neither, naturally, has cared to suggest that some of the government's own policies might lie at the root of the trouble. Yet, however widely or narrowly based the responsibility for the present disturbances may be, it is plain that Turkey will not recover from its present state of acute political tension so long as the Menderes government maintains its present policies and attitudes.

The source of Turkey's difficulties can be traced to the fact that over the past half-dozen years the government has increasingly behaved as if it did not intend to abide by the democratic conventions; in other words, as if it intended to stay in power by hook or by crook. This may indeed be unfair to Mr Menderes; but it is the impression he has come to give. The prime minister may believe, sincerely and genuinely, that he knows what is best for Turkey. But his policies, particularly his economic ones, are highly controversial. They can be criticised as ill-judged in intention and inefficient in execution, as placing the government's political advantage before the country's long-term needs.

The criticism has come, not only from the government's political opponents, but also from dispassionate international experts whose chief concern is that the funds for which they are responsible should be put to good use; and the argument cannot be accepted that, without the curtailment of political freedom, sound and efficient rule would be impossible. In spite of serious shortages and other difficulties a few years ago, Turkey's economic development has gone forward considerably under Mr Menderes's government. But the better times that Turkey is at present enjoying are due more to the pressure applied by international experts holding the purse strings of foreign aid than to the curtailment of the "factious" activities of the Opposition.

Yet, in order to shield its controversial policies from legitimate criticism and discussion, the government has, over the years, steadily curtailed many of the generally accepted democratic freedoms. Its suppression of criticism in the press and its imprisonment of journalists have become notorious. It has sought to interfere with the independence of the universities and the judiciary, and at times to impede the activities of the Opposition, both inside and outside parliament. Its final defiance of democratic ways, which sparked off the disturbances, was the decision last month to suspend all political activity for three months while a parliamentary commission, drawn entirely from the ruling Democrat party, investigated the Opposition's allegedly subversive and illegal activities.

THIS commission can suspend all normal judicial processes, close down newspapers, parties and organisations, and keep people in prison without trial. What credence can be given to the findings of a court thus constituted and with such near-dictatorial powers, sitting in judgment on its own political rivals? If there really is a case against the Opposition, why can it not be submitted to the judiciary in the normal way? The government has only itself to blame if many people, both inside and outside Turkey, begin to wonder, fairly or not, whether its ultimate aim is not the ending of the democratic system. No doubt the Opposition, both politicians and the journalists, have acted intemperately. No doubt they would not behave as exemplars of democratic virtue even under the most favourable circumstances; but as they see their freedom of action and expression progressively cut down, it is not surprising that they should hit back with an equal lack of discrimination.

It can be argued that, to some extent, the Turks are the victims of their own early promise. Ten years ago the Peoples' Republican party, founded by Atatürk, was soundly defeated at the polls; it accepted its defeat and allowed the Democrat party, led by Mr Menderes, to take over. This peaceful transference of power was widely hailed as evidence of Turkey's early political maturity; ever since Turkey has been accepted as a fully-fledged democracy and judged accordingly. Ten years is little enough time in which to learn the democratic ropes; and if one remembers how young Turkish democracy is, it is easier to understand what has lately been happening—but not to excuse it.

THERE are many factors today that should positively favour the development of a stable democracy in Turkey. There is no proliferation of small parties, and consequently no likelihood of a succession of weak coalitions. There is no large and active Communist party (or, for that matter, any party of the extreme Right) occupying a large proportion of seats in the parliament and throwing spanners into the parliamentary machine. The two main parties have a common background and inspiration in Kemal Atatürk and his revolution—although the Opposition may contend that the government, by its substantial help to the Moslem religion, is betraying the Kemalist tradition and encouraging reaction.

What is needed—and Turkey is by no means the only country to suffer from this lack—is more tolerance and more willingness on the part of the ruling party to accept criticism and to face the possibility of losing both the glory and the perquisites of office—which, with the acceptance of criticism even though it may sometimes be intemperate, is always the condition of democratic rule. And if Mr Menderes does not manage to display more of these virtues, he may yet find the army thrusting them upon him—although up to now it has carefully dissociated itself from politics.

Turkey's Nato allies, at any rate, must hope that Mr Menderes has seen the warning light. They have this week been given an illuminating insight into Turkey's domestic troubles. And although (like the Commonwealth members) they are chary of enquiring into each other's private affairs, they cannot have failed to reflect on the possible bad effect of these on Turkey's value as an ally. It would be wrong to exaggerate this, since one thing upon which all Turks agree is their determination to repel any Soviet infiltration or attack. Yet if Turkey is either going to go through a period of internal storm and stress, or be battened down under a tight dictatorship, it can hardly remain as satisfactory and effective a member of the alliance as it has hitherto been reckoned; and the United States government and Congress may not consider it quite such a suitable base for American rockets or quite such a worthy recipient of economic aid.

Mr Menderes may reckon that a flirtation with the Russians—he is due to visit Moscow in July—will restore his value in the eyes of his allies as well as providing him with some substantial material benefits. He should rather reflect that it is those on the top of their form who tend to get the most out of their visits to Moscow; if by July he is obviously getting into deep waters at home, the Russians may well feel it is more to their interest to push him farther in than to give him a helping hand.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 575, 586 and 587

The Shadow of Parkinson

ONE question confronting the Commonwealth Conference is the future of the conference system itself. These meetings used to be described as "talks," a term that correctly emphasised their deliberate informality; but as the number of member governments grows, procedural formality is liable to develop and to destroy the atmosphere of relaxed privacy and frankness which has given the meetings their unique value. This year eleven governments are represented. They will be welcoming Nigeria to the club in October, and Sierra Leone, it was announced this week, on April 27th next year; they will have to consider the special position of Cyprus, if it wishes to join the Commonwealth.

These three countries illustrate the diversity in size and status of the independent countries which may become eligible over the next few years. In terms of population, British Guiana and Mauritius, for example, are slightly larger than Cyprus; the three East African territories are each larger than Ghana; the Federation of the West Indies is not much smaller. Within five years, as many as twenty independent Commonwealth countries may wish to send prime ministers, or presidents, to the "talks"; one cannot be precise, for some existing federations might dissolve into sovereign components, while others might come into being.

But eighteen is, according to one of Parkinson's laws, the critical limit of membership for any truly effective committee. Once past that point, the gathering becomes a formal assembly, and an inner group emerges which thereafter tends to take all the vital decisions, until it in turn expands and yields to a new inner group. The question before the premiers is whether to allow this to happen naturally, and leave the composition of the inner group to events to decide, or whether to try to lay down qualifications for membership of the conference now. The cases of Cyprus and Sierra Leone seem germane. The admission of Cyprus (which Britain desires) would open the door for other small islands and city-states, like Singapore. On the other hand there is an idea, vaguely attributed to Dr Nkrumah, that a population of two million could be taken as the lower limit for automatic admission to the conferences. This would let in Sierra Leone (and not exclude New Zealand); and four or five more emerging dependencies—the West Indies, and several African territories—would pass the test.

THOSE who would like some line drawn now are revolving schemes whereby a large membership of the Commonwealth itself (which nobody wants to limit) could be reconciled with a limitation of Commonwealth conferences to a size permitting informality. One suggestion is that there should be one group of countries always participating in the talks, and another group which would get invitations in rotation, rather like the permanent and non-permanent members of the UN Security Council. Presumably, as in the UN system, the non-permanent participants would be expected to represent regional or other suitable groupings of the smaller Commonwealth countries. One difficulty about such a scheme is that the number of permanent members would be nearly as great as that of the non-permanent group, in contrast to the numerical relations between the Security Council and the UN Assembly.

To meet this difficulty, it has been suggested that the conference should develop a distinction between "cabinet" and "government"; some premiers would be in the Commonwealth "government" but would not attend the "cabinet" unless asked to do so because of the special needs of the agenda. The difficulty here is that meetings are too infrequent to preserve the status of non-cabinet members. Already, however, there are sub-committees within the existing conference which only certain premiers attend: for example, the "defence group" hold meetings to which the "uncommitted" members such as India, Ceylon, and Ghana do not come. This system might develop within a very large, and almost purely formal, plenary conference. Regional conferences could also, of course, be held; thus the African states might meet in Lagos, the Asian ones in Colombo, to discuss their own neighbourly problems. But this does not help to solve the problem of Commonwealth "summitry"; the special value of these meetings has lain in the personal contact and discussion between premiers from different continents and racial groupings.

One cannot escape the simple fact that the Commonwealth bond rests on equality between member states. To newcomers, therefore, an invitation to the premiers' conference is vital to their prestige—the formal handing-over of the latch-key. But the realities of the difference between substantial states and minor entities cannot go unrecognised, and the essential frankness and family informality of the "Commonwealth talks" must somehow be preserved—in the interests of old members and newcomers alike.

Inside and Outside

THE useful flexibility of the conference's procedure was fully demonstrated as soon as it began on Tuesday. The strict privacy that is normal was breached by a substantial communiqué which the Commonwealth Relations minister issued at an "on the record" press conference. Tunku Abdul Rahman thus achieved his aim of formally raising the subject of South African racialism and its effects on Commonwealth relations, while open conflict was averted by the general agreement to accept Mr Louw's offer to pursue the question in informal talks. In fact, some of the premiers have already found themselves able to express their views to Mr Louw rather more forcibly in such talks than would have been possible in formal session. Mr Macmillan also seems to have used blunt language to him at Chequers about the particular case of the detention and deportation of Miss Stanton—but without result.

It is usual for what goes on outside the conference room to be more important than what goes on inside. This time, apart from the informal contacts between the conference members themselves, there has also been an unusually thick penumbra of other Commonwealth activity in London. Some of this has been genuinely coincidental—the winds of change are blowing too hard today for the evolution of the Commonwealth to be slowed down even for the duration of a Commonwealth conference—but even so, some of those concerned have naturally made use of the coincidence of their presence in London at the same time as the heads of government. Apart from the official delegations from Sierra Leone and Somaliland, Dr Banda of Nyasaland, Sir Edgar Whitehead of Southern Rhodesia, and the governor of Kenya have all been in town. So have the Nigerian federal and regional premiers, while Dr Azikiwe is also on hand. The federal premier, Sir Ababakar Tafawa Balewa, who next week will be negotiating the final details of the transfer of sovereign power to his government in October, stated his views about South Africa on Monday in terms sharper than those used by any of the conference premiers. He is optimistic about the future of the Commonwealth, provided its members work for mutual advantage; but he is quite explicit that it is a club, and that in well conducted clubs, members who embarrass others are asked to leave at once.

The Nigerian premier is on less sure ground when he points with pride to his country's action in not merely boycotting South African goods but also refusing to employ any white South African, of whatever persuasion. Ghana, in contrast, is reported to be welcoming exiled liberals from the Union. (But why has it banned *Drum*?) There are other differences of view between the two West African governments. While Sir Abubakar hopes for limited agreements—on defence, economic policy, and so on—between West African states, he sees no place for a political union, and is publicly sceptical about the likelihood of any newly independent state wishing to join one. In West African politics, this already has an eccentric sound. But it is hardly surprising that Nigeria, whose population exceeds that of all the other West African states combined, should have a distinctive attitude.

APART from Dr Verwoerd, the only head of government absent from this conference is Mr Dudley Senanayake, the newly-appointed prime minister of Ceylon, who is represented in London by one of his ministers, Senator Cooray. His rejuvenated United National party emerged from the March elections, which were supposed to end the lengthy spell of uncertainty after the assassination of Mr Bandaranaike, as the largest party in parliament. But he was unable to find the necessary allies to give him a clear majority; and, after being defeated in a vote of confidence, he advised the governor-general to order fresh elections, which will be held in July. But this interregnum—if the Ceylonese performance at the last United Nations Assembly is any guide—need not prevent Ceylon's voice from being raised to good effect in the London conference.

No Penitent He

MR LOUW has come to London in fighting mood. On his own suggestion he is meeting the Commonwealth prime ministers, in groups, in order to put them right about South Africa's racial policy. There is little sign that he is prepared to heed what they may have to say in return. His performance at his press conference on Wednesday (according to some accounts, his performance during the first of his private talks with the premiers was remarkably similar) suggested that he will no more be impressed than a rhinoceros can be tickled with a straw. Good-humoured and impregnable, Mr Louw expressed surprise at the notion that his government's policies were straining the Commonwealth bond. Outsiders, he feared, were misled by a distorted press or, in the case of governments, by diplomats who were not doing their job. The Commonwealth prime ministers may, like the press or the people who boo outside South Africa House, feel the better for letting off steam; the effect on the Union government may still be minimal.

The "separate development" of the South African business community, which is largely British, and the administration, which is Afrikaner, is bearing its own sour fruit. Mr Louw gave the impression on Wednesday of a man quite unmoved by the businessmen's worries. He was "not in the least" concerned about the drying up of new outside capital. His government would fight back at any boycott. The country was fully able to bear the cost of apartheid (although Mr Louw, skating among the six great volumes of the Tomlinson report, was not prepared to get down to actual figures).

Patently, there are few things more irritating than high-minded uninformed criticism from outside. Mr Louw has every right to point out that there are three million South Africans of European origin who call no place else home. And he can easily carry the attack into his critics' home territory; at his press conference both Nyasaland and Notting Hill were thrown into the British glass house. But only myopia or obstinacy could have persuaded him that there is no basic difference between current British policy and his own government's policy towards Africans. Mr Louw in argument is a more sophisticated edition of the man who counters criticism by asking whether you would like to have a black man marry your sister. What then can the prime ministers find to say that will really impress him? At the end of the journalists' battering, Mr Louw replied in polite perplexity: "Why should I acknowledge what is wrong?"

Afrikaner Split?

IN South Africa, Dr Verwoerd's continued absence from the helm dominates the political scene. Ministers have been to see him in hospital, but have brought back no clear indications of the direction in which his thoughts are moving during his enforced silence. And to the obvious question, when will he return and speak? there is now being added the *sotto voce* question, will his injuries permit him to return and speak? Until these questions are answered it is mere speculation whether his meditations are leading him to thoughts of a "New Deal" such as Mr Sauer voiced a few weeks ago, or whether Mr de Wet Nel's hot attacks on "the mining press," "British priests" and "liberalistic universities" are an accurate reading of an embittered mind in pain which presages a harsher turn to the screw of apartheid.

The gap between vanguard and rearguard in the National party's ranks has not been wholly closed by the prime minister's escape from assassination—an escape regarded by the platteland mentality as providential in a more than political sense. While the ministers are divided, Mr Japie Basson has been impelled by an enthusiastic meeting in Bloemfontein to announce plans for the formation of a new party. Mr Basson had been expelled from the National party because he felt that apartheid was being carried too far and in the wrong direction, and also for his stand on maintaining South African membership of the Commonwealth—which now, however, seems to be common ground between him and his former colleagues.

The new "National Union" party is evidently intended to appeal to the "liberalistic" Cape wing of the National party, and it is said that former Chief Justice Fagan will be asked to lead it. In a book published last year* Mr Fagan explained why he, a Nationalist of many years' standing, had broken with the party: he believes that territorial apartheid was exploded by the Tomlinson Commission and that the present policy of "total separation in every sphere" except the territorial is a perversion which will make an explosion inevitable; without being very precise, he has called for "a policy of adaptation" which includes consultation with non-Europeans in every sphere—though within a policy of white leadership.

"Consultation" is now the magic word for Nationalists who, unlike the "impenitent" Mr Louw, wish to draw back slightly. Revealingly, the big businessmen who warned the government on Tuesday that African unrest arose from quite genuine grievances, that the urban African's interests could not be satisfied by tribal institutions, and that if disaster was to be averted the government must consult "leaders acceptable to the Native people," also felt it necessary—so wide is the gap between the rulers and the ruled—to offer to introduce it to some. Before Dr Verwoerd was struck down, and when his position after Sharpeville seemed to be weakening, it was widely thought in business circles that Mr Fagan might be called to lead a new coalition between dissident Nationalists and the United Party. The reception given to the new proposals should show whether this possibility still exists.

*"*Our Responsibility.*" By H. A. Fagan. *Die Universiteits-Uitgewers en-Boekhandelaars (Edms) BPK.* 96 pages. 10s. 6d.

The Other Commonwealth

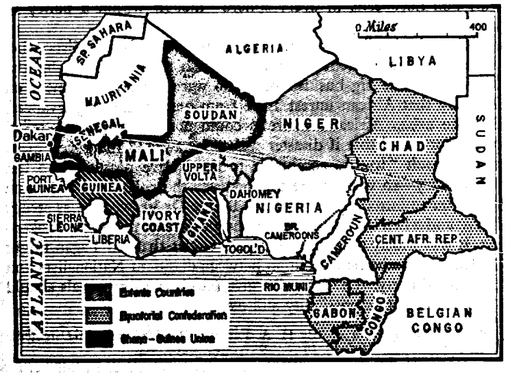
France's relations with black Africa have taken a highly promising turn, but there are problems to be settled between the Commonwealth and the French Community

IF any of the Commonwealth prime ministers have been assailed this week by nagging doubts about the usefulness of their own association, the sincerest form of flattery may serve to buoy them up. The French Community, in its brief and rapid evolution, is beginning to look more like a commonwealth every day; indeed, this is already the boast of its more independent members, particularly those in Mali and Madagascar that are now on the verge of severing their last constitutional ties with France.

La communauté renovée, to which Mali and Madagascar will belong after they achieve full independence in mid-June, is a much more easy-going club than the one from which M. Sekou Touré's Guinea was excluded in September, 1958. M. Léopold Senghor of Mali has, in fact, declared that the new community need have only three institutions: its head (the President of France), its conference of heads of state and government, and its court of arbitration (designed to settle disputes between members). M. Senghor now says proudly that he is "as free as any Commonwealth dominion."

Both Mali and the Malagasy Republic (Madagascar), under the contractual agreements reached in Paris last month, will exercise their own foreign policy (with France looking after their interests in the more obscure embassies) and have their own representatives at the United Nations. This will presumably mean two more UN votes against France on Algeria; M. Tsiranana, the Malagasy prime minister, is already a vigorous opponent of South African *apartheid.* Although Mali is ceding the base at Cap Vert, near Dakar, to the armed forces of the community and the Malagasy Republic is placing Diego Suarez at their disposition (it openly professes alarm at the communist threat to the Indian Ocean), these are acts of conscious sovereignty. The new community is taking shape with a lively sense of association with French culture: Madagascar's first university will be called after General de Gaulle.

Mali and Madagascar are expected to have imitators very shortly. France has undertaken to continue to provide financial aid, both to sustain their budgets and to assist development, a favour that was promptly cut off from Guinea and thereby did a good deal to influence other Africans to retain their direct ties with Paris. Now the other community members in west and equatorial Africa are sitting up and taking notice. M. Fulbert Youlou, prime minister of the Congo Republic, has announced that the four heads of government of the Equatorial union (Chad, Gabon, Central African Republic and Congo) will meet at Fort Lamy in the middle of this month: he said that talks were possible in Paris in June on securing the future "external sovereignty" of the union. At the same time, the Council of the Entente (Ivory Coast, Dahomey, Upper Volta and Niger) has entrusted M. Houphouet-Boigny of the Ivory Coast, its leading spirit, with a special mission to General de Gaulle on his return from America: this is believed to be a mission to express the West African Entente's views on external sovereignty too.



It is greatly to General de Gaulle's credit that he has permitted this evolution of the community's internal relationships to take place without visible opposition. It now puts him to the trouble of having the constitution of the Fifth Republic revised. At present, under article 86, any state becoming independent "then ceases to belong to the community." The terms the general has given Mali are precisely those that M. Sekou Touré would have been glad to accept in 1958. Was Guinea's exclusion simply the outcome of the flaming personal row at Conakry when the general went there on his referendum safari? It may be so.

Yet it can be argued that French, or at least gaullist, opinion would not have swallowed the commonwealth idea eighteen months ago; it was then too closely linked with Algeria's problematical future. The general has not yet budged on Algeria, despite suggestions from within the community itself that to give Algeria community status might promote a political settlement there. This may come, although it has seemed that General de Gaulle still has to submit to his supporters' terms for North Africa. Has the free hand that he seems to possess south of the Sahara been bought, in part, for black Africa by the Algerian rebels?

Although the community has thus become an arena of gratifyingly peaceful African advancement, and one which the Belgian Congo might have been fortunate to belong to, the problems of west and equatorial African political regrouping still remain acute. Mali continues to hesitate between a federal or unitary system of government, partly because it has one eye on potential recruits. While it is argued, with some justice, that it would be absurd for so poor a state to sustain three ministries for everything (one federal and one each in Senegal and Soudan), to form a unitary state now might easily discourage Upper Volta or Dahomey—which were in the original plan for the Mali Federation but have shown a clear desire for some separate identity—from looking at Mali in the future. Both the four Entente states and the four members of the Equatorial union are gradually taking steps to improve their co-operation, chiefly by customs and transport agreements. But the two more affluent among them, Ivory Coast and Gabon, have so far been reluctant to enter any unduly close financial relationship with their neighbours.

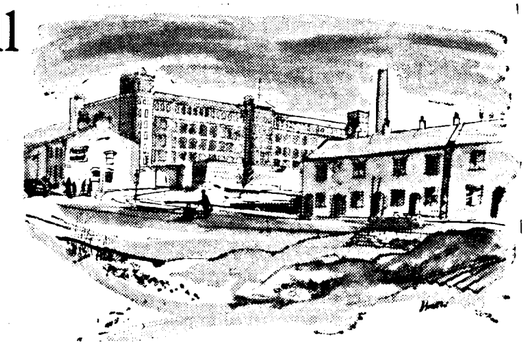
UNHAPPILY, the chief issue on which the community members have made common cause is in their dispute with the Ghana-Guinea union. M. Sekou Touré, isolated at Conakry, has been claiming bitterly that a plot, inspired by Paris, exists against him. He has spoken of military camps being built close to his frontiers in Senegal and the Ivory Coast, and of aircraft dropping a million leaflets over his territory. These remarks have been chiefly for internal consumption; M. Touré has had some local political difficulties since he wisely declared last month that communism was not the road for Africa to follow. (He has also, despite the reservations of some of his close associates, patched up his diplomatic relations with west Germany.) But the distrust between him and M. Houphouet-Boigny is self-evident.

This tension is supplemented by the fears that Dr Nkrumah has now managed to arouse among his pro-French neighbours. Aspirations for unity among the Ewe people, who are divided by the existing frontier, have been a cause of angry dispute between Ghana and the new state of Togo, the former French trust territory, which became fully independent on April 27th. M. Sylvanus Olympio, the president of Togo, once a suspected anglophile, has not joined the community, but he is taking care to form a small army, with French assistance, to maintain his little state's sovereignty against Accra. The prime minister of Dahomey, M. Hubert Maga, has sternly rejected an opposition demand for a referendum on union with Nigeria; in this case it is the Yoruba people who live on both sides of the present frontier. M. Maga has said that he regards the Entente grouping as a necessary instrument against the "neo-imperialism" of his English-language neighbours. Still another potential source of conflict is the Bakongo ambition to recreate the ancient kingdom that once spanned the territory that European intervention in the nineteenth century has now divided between the Belgian Congo, the Congo Republic, the Central African Republic and Portuguese Angola and Cabinda. There have already been exchanges between Paris and Brussels with an eye to the succession states' rights.

Yet, despite all this, there are signs that wiser African heads are at last being put together to some purpose. In the face of M. Touré's outbursts, the Mali leaders have moved a fair way towards M. Houphouet-Boigny. Thus M. Mamadou Dia, the prime minister of Senegal, declared last week that the Dakar-Abidjan axis was "one of the realities of Africa." M. Senghor has spoken of the formation of an African common market. M. Olympio envisages steps towards an African economic grouping on the lines of the Organisation for European Economic Co-operation—once Nigerian independence is a fact. The time seems ripe for the leaders of the Commonwealth and the community in Africa, together with states like Guinea, Togo and Cameroun that belong to neither, to try to give specific meaning to their ideals of African understanding. They could find this a much more immediately profitable task than those offered by the normal run of Afro-Asian solidarity meetings. General de Gaulle and Mr Macmillan have discussed Commonwealth-community relations in a broad sense. The need now is to do something on the spot.

THE AFFLUENT RECESSION—I

King Cotton's Farewell



Our special correspondent has visited Manchester's crumbling cotton area.

THE great urban sprawl centred on Manchester, whose blackened houses and cobbled streets stretch with hardly a break for sixteen miles from Stockport in the south to Oldham and Rochdale in the north, has recently suffered a major industrial change. Almost half the spinning and weaving industry on which it has traditionally depended has been closed down. The scars are obvious, though in the long run most of them are going to be welcome. Many mills, with their depressing look of Victorian workhouses, have closed for ever; others have only one of their former array of chimneys belching smoke into the greyish air. Even the methodist chapels—which, with the factories, form the dominant unit of communal architecture—look deserted. Never perhaps has the final curtain been slammed down on half of a great industry so abruptly as here. Yet, as so often in the last ten years, the latest mill closures have had a much less disastrous effect than was at one time feared.

In part, this is because up to half the spindles and looms now taken out of commission had for long been unemployed. But mainly it is because the latest closures have coincided with a general period of industrial expansion and a world-wide upsurge in the demand for cotton. Order books have lengthened and the reorganisation scheme, far from leaving great pools of local unemployment, has actually been attended by shortages of some types of mill labour in some of the cotton towns. The original estimate of 50,000 workers who would be entitled to redundancy compensation—paid half as a lump sum and half in weekly instalments to those remaining out of work—has proved to be much too high. Only between 35,000 and 40,000 workers are now expected to qualify even for the lump sum, while the number drawing



special weekly benefits afterwards will be much lower. Exactly how much is not yet certain, both because a good deal of the scrapping was done only at the last possible moment at the end of March, and because there is still a stack of borderline "compensation cases" for negotiation in every cotton union office. But, despite this, the Manchester area had only fractionally more unemployment than the national average last month and—as a pointer to the future—it is not scheduled as a development district under the Government's new Distribution of Industry Act.

In the shake-up, two groups of people, however, have been hit quite hard. The first group is the older women. Women in the mills seem to have a different set of values from men: they value the human contacts and continuity of work more, and the rates of pay and conditions of work rather less. Thus when a mill closes down, many women feel a considerable personal loss, even though another job with a different circle of people is easily available. Lancashire abounds with stories of women who, after being forced by closures to work for a while in a modern mill, return at the first opportunity to their old place of work, however lacking in amenities it may be. The lump element in the compensation recognises this loss, but the unemployment figures almost certainly do not. For many women who have become redundant have merely returned to their homes and stopped paying national insurance contributions; they are thus no longer registered as unemployed.

THE other group to suffer badly under the scheme have been the mule spinners. The mule spinners were at one time the high craftsmen of the industry and until recently held the distinction—which they never failed to point out to their less skilled colleagues—of employing their own assistants in a semi-autonomous piecework team. But new techniques have borne heavily on these men for some time. Three-quarters of them are now over 45 years old. Mule spindles, which made up 57 per cent of the active spindleage in 1953, had already fallen to 42 per cent by the end of 1959. Reorganisation has greatly accelerated this fall. Their union—the Operative Cotton Spinners' and Twiners', to which almost all mule spinners belong—reflects this. Membership, which many decades ago reached 56,000, stood at 12,800 last year; by the time the latest changes have worked themselves out, barely 5,000 members will be left.

Economics cannot do justice to the plight of these old and sometimes embittered craftsmen, whose stubborn independence has kept them away from any amalgamations with other unions better placed than themselves. But their economic position at least has been mitigated by another major development in the cotton industry since the scheme was announced. This is the extension of shift work.

Lancashire, and indeed British industry generally, has always fought shy of shift work. Employers have doubted its economic advantages, while unions have feared its social effects. But in cotton the savings that shift work makes possible in capital and depreciation costs, especially on new machinery, are beginning to make it a necessity. About one-sixth of the spindles and rather more of the looms are now working shifts of some sort—either "double day," "day and evening" or "all round the clock"—and many more are expected to follow. This presents problems. Quite apart from whether the workers are prepared to accept a scheme in principle (which is decided, usually affirmatively, by ballot after the unions have inspected the workplace to see that conditions are satisfactory), there are the questions of shift premiums and extra public services to be considered and negotiated. In cotton, the premiums which have been agreed are higher than in most industries; they allow for a 16 per cent cut in hours for the same pay for double day shifts and a 20 per cent cash bonus on top of this for nights. But this last is not so generous as it sounds. Most day work is done by women, whereas night work must by law be done by more highly paid men. Increasingly, the men employed on night work are the redundant mule spinners. Even with the bonus, they are now earning about £3 less a week on average than they were before.

THE social problems which shift work raises are rather less easy of solution, though again less serious than expected. Public transport does not always run late enough for some of the women to return from work at 10.30 at night; even when it does, it is often crowded with men who have spent an evening on the beer. Attendance at night classes is impossible for one week in two for those on alternating double day shifts. Young people, whose life is geared to evening leisure, are very chary of late evening work. All these factors together have meant that where a mill changes to shifts and competes for its labour force—as it often does—with local non-shift industries like light engineering, food or chemicals, it may lose a substantial part of its labour force. This is one explanation of the seeming paradox that a declining industry is beset by a labour shortage rather than by an unemployment problem. One's guess is that the labour shortage will continue and hasten cotton's decline. However much help the local authorities provide in meeting transport strains, it is doubtful whether a shift work industry with cotton's record of recurrent unemployment—and with working conditions that caused one in eight union members in a typical branch to be claiming industrial injury benefit last month—can hold out much attraction to young workers in the future.

Despite these obvious sources of friction, one of the most healthy features of the reorganisation has been that good industrial relations have been maintained throughout. One factor in this has certainly been that mills are, by most industrial standards, small units where close contacts continue to exist between managers and workers. Cynics might also suggest that unions whose members are mostly women could not afford to be as militant as, say, miners or engineers; but this is to make a false equation between the southern office worker and the northern factory woman. The important difference between the unions in cotton and engineering is not the sex of the members but the number and availability of full-time union officials.

In engineering the official may be many miles away; in a typical medium-sized cotton community with 9,000 mill workers, the three principal unions have a total of eight full-time employees. These men, and their counterparts in the employers' associations, can deal with a grievance before it has had time to spread. The unions calculate that the extra money they pay out in officials' wages is more than offset by what they save in strike pay. The majority of under-staffed unions in Britain might equally find that to take on more and better paid officials would not only be a more efficient, but also a cheaper, way of managing their straggling domains.

NOTES OF THE WEEK

LABOUR

Bomb Over Labour

WITH great courage and bold clarity, Mr Gaitskell last Sunday reiterated his determination that Britain must remain loyal to Nato: "We must stand by our alliance and retain our defences . . . the contrary policy, pacifist, neutralist, unilateralist, is in present conditions profoundly dangerous to our own security and that of the world." Then on Wednesday, by 38 votes (including those of several communist delegates) to 14, the national committee of the Amalgamated Engineering Union instructed its leaders to demand an end to the "testing (sic), manufacture, stockpiling and basing of nuclear weapons in Great Britain." The engineers have thus done what the shopworkers did, and what Mr Cousins (in the name of his transport workers) will almost certainly do. Within the peculiar voting system that will dominate the Labour party's annual conference next October, there now appears to be a nominal majority for "pacifist, neutralist, unilateralist" policies. But in the Parliamentary Labour Party—that is to say, among the 257 democratically elected Labour MPs—there is, of course, no such majority for unilateralism; nor is there among the mass of Labour voters in the country at large.

Mr Gaitskell now seems to have three courses to choose from. First, he can try to fudge the motion that comes before the annual conference, so that union leaders can pretend that their mandates from union conferences do not forbid them to vote on his side. Perhaps he could succeed with that manœuvre this year, but it will not work for long. Now that the disarmers have captured the block votes of so many big unions, as they long ago captured the votes of the constituency Labour parties, the whole system under which the Labour conference operates has become untenable for any leader who does not hold extremist views. Secondly, Mr Gaitskell could resign. Or, thirdly, he could tell the party conference that he no longer accepts their nominal sovereignty in determining party policy: the responsibility for policy-making must lie instead with the members of the Parliamentary Party, who have been elected by twelve million Labour voters and are much the most representative body in the movement.

Some time, some Labour leader is going to have to adopt this third course. To reduce the annual conference to a purely advisory role—whose advice would often be rejected—would cause a blazing row. There would be squeals of rage from the constituencies and some unions, threats by many local parties to disown their MPs, and rows about the control of funds. But eventually the movement would fall into line. Is Mr Gaitskell going to be the man who makes it do so? Or will he insist on immolating himself and endangering the ideals for which he stands, before handing over to some other leader who will eventually have to take this obvious course.

ALLIANCES

All or None

WITH the approach of the "summit" meeting, diplomatic activity has been whacked up to supersonic speed, and foreign ministers are to be seen landing at yet another conference well ahead of the reverberations of the one they had just left. Mr Selwyn Lloyd, between last Saturday and Wednesday, took part in three separate international meetings—the Cento council in Teheran, the Nato council in a troubled Istanbul, and the Commonwealth conference in London—involving confrontations between 26 different governments. Complete harmony and thorough understanding of each other's thoughts are not easily achieved in these circumstances.

At the councils of the two alliances, the most prominent feature was the natural anxiety of the smaller partners that their specific interests should not be forgotten when the major powers meet. In Istanbul, Mr Lloyd emphasised that the sought-for *détente* with Russia could not be a "selective" one that would leave Moscow free to pick on individual countries. In Teheran Mr Herter gave assurances that the ties of alliance would still be needed even if the world struggle should assume a less dangerous form.

The Central Treaty Organisation (Cento)—still better known under its former name, the Baghdad Pact—consists, since Iraq's formal withdrawal in March, 1959, of Turkey, Persia, Pakistan, Britain, and, for all practical purposes, the United States. Each of its three eastern members has its own internal problems; each is ruled by a single strong man; each depends heavily on aid and arms from its western allies. As Turkey is also a member of Nato and Pakistan of Seato, it is Persia alone that depends wholly on Cento for a place in the allied defence system—and its internal affairs are even more potentially explosive than those of its two neighbours.

The Shah has not, however, failed to seek security elsewhere. Last year, without informing his allies, he began negotiations with Russia for a non-aggression treaty. When he was found out, his allies complained and his gesture failed. The Russians have not forgiven him for wasting their time, and they have taken a sinister delight in carrying on a war of words against him ever since. His position is highly vulnerable, and he only makes it more so by pretending that it is not. His allies will support him as long as he is the legitimate government; but it is Persia, and not who rules Persia, that is important to the free world. Mr Lloyd and Mr Herter may be able to present a case for their friends at Paris, but surely their task would be less arduous if they were confident that these friends were working equally hard to put their own houses in order.

EUROPE

An Open Postern?

WHILE the Six and Seven glower over their economic and political differences, a small door to Britain appears to have been opened in Western European

Union, the seven-power body which Mr Selwyn Lloyd hopes to use as a political link between Britain and the Six. On Monday its general affairs committee unanimously adopted a motion inviting Britain to join Euratom, the atomic community set up by the Six side by side with their common market. The invitation provides at once a test of Britain's intentions in Europe and an opportunity for it to get a footing within the Brussels communities. If it were acceptable on both sides one small unifying factor would begin to operate in a western Europe gripped by divisive forces.

Never an arrangement which presented overwhelming obstacles to British membership, Euratom today would be quite the easiest branch of the European household for Britain to join. There is no major problem of substance, like the Commonwealth tariff question, to be sorted out. There would be no profound political difficulty, like the need to check the spread of nuclear weapons, which inevitably inhibits proposals for pooling nuclear arms with the rest of free Europe.

In the past the British have been anxious to avoid telling other Europeans anything about their military nuclear programme. But today this programme is due for reappraisal, while the French have shown plainly enough that it is possible to run a national military programme with a minimum of interference from Euratom. In the commercial field, where the British hoped to scoop the short-term market for power stations by going it alone in research and development, the steam has been taken out of both the ambitions and the difficulties of the nuclear planners by the collapse of the energy market.

The argument for Britain going it alone always seemed questionable as a long-term proposition. That is why it has already been possible to start a satisfactory partnership on long-range research under Britain's treaty of association with Euratom. Full membership today, extending that partnership, and giving it a political crown, would be a natural and easy further step.

For some time, indeed, the main objections to British membership of Euratom have seemed likely to come from the community itself. With a cold war climate prevailing between the Six and Seven, there is bound to be a suspicion that the British are trying to split one of the six-nation communities from the others. Britain, however, does still have something to offer in the atomic field. There is everything to be said for trying now to establish this relatively painless political bridgehead to the Six.

A Scattering of Joiners

THE compelling logic of events is at last beginning to create a scattered support for British membership of the common market within all political parties. Except for the Liberal party, which is officially committed to a policy of adding Britain to the Six, this is still very much of a minority movement. But a fortnight ago Mr Frank Cousins, of the Transport and General Workers' Union, reiterated on television his private conviction that Britain could not afford to remain on the outside. Thus the ultimate heir to Ernest Bevin, who when Foreign Secretary bore so much of the responsibility for snubbing the Europeans, now places himself in the forefront of those who want Britain to rejoin Europe. For this purpose, though perhaps for no other, it is unfortunate that Mr Cousins does not carry anything like his predecessors' guns within the trades union movement; there may even be a tendency among his colleagues on the general council to be super-nationalist just because he has become supranationalist. However, in requesting a special session of the general council to review the TUC's policy towards the Six, Mr Cousins has been joined by one right-wing union leader, Mr Harry Douglass, of the Steelworkers' Union.

Within the parliamentary Labour party Mr Roy Jenkins, who speaks on economic subjects from the front bench, has just published an article firmly identifying himself with the same cause. He can, however, be under no illusions about the amount of conversion he will have to undertake within his party's own ranks. His senior colleague, Mr Harold Wilson, loses no opportunity of snorting at supranationalism. At the recent Anglo-German conference at Königswinter, right-wing Labour members were falling over each other to get to the microphone and affirm that Britain would never be prepared to surrender any atom of sovereignty.

However, in the Conservative party also there are some straws that may indicate a wind. Mr David Price, a young ICI official who sits for Eastleigh, interrupted a recent pro-European speech of Mr Jenkins's to point out that a minority group within the Tory party was also working for membership of the common market. And, although Mr Thorneycroft still keeps himself a little aloof from this group of European enthusiasts, he has several times exposed the hollowness of the Commonwealth excuse for Britain's not going in.

LOCAL ELECTIONS

Labour's Slippery Slope

THIS year's round of local elections began in the Scottish burghs on Tuesday. They showed scattered net Labour losses: not on any landslide scale, but with a fairly pronounced rightward drift in some factory areas. Next week, the spotlight on expected Labour losses turns to England and Wales. Elections will be taking place on various days throughout the week for just over a thousand urban and rural district councils, in most places to fill a third of the places on the councils but in some to fill the whole of them. Party labels in these "urbans" and "rurals" are too eclectic for the electoral statistician to draw very precise conclusions from them. But next Thursday, May 12th, electors will be called upon to return one-third of the ten thousand councillors in the 402 English and Welsh boroughs; and a scorecard for these is much easier to draw up.

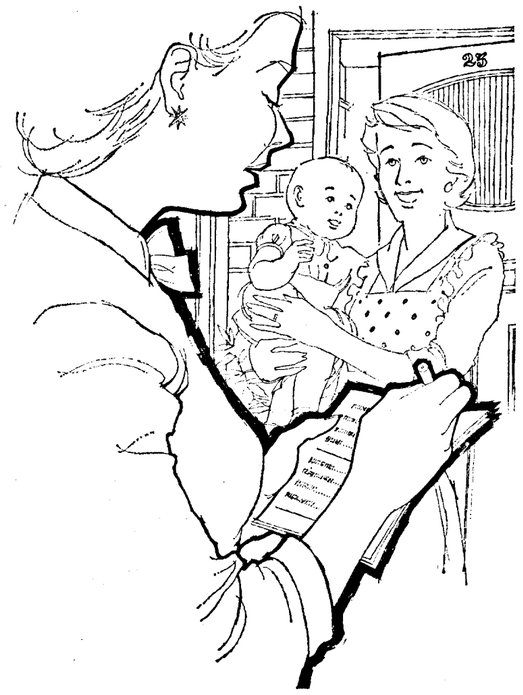
The councillors retiring next Thursday were last elected in May, 1957—shortly after Suez, at a time when Labour was well ahead on the Gallup poll, and when the Opposition was winning parliamentary by-elections hand over fist. In this atmosphere, Labour returned 1,600 borough councillors in 1957. Last May, when the Conservatives led by 1 per cent in the Gallup poll, Labour returned 244 fewer borough councillors than this; very broadly, therefore, any net Labour losses of below 244 next Thursday would suggest that Labour is no more unpopular now than it was a year ago. Between last May and last October, there was clearly a further gain in Conservative popularity; at a very rough guess, Labour's net losses in the boroughs would have to exceed 350 before one could begin to be sure of a further decline in Labour's popularity since October's general election. What the Conservatives must be secretly hoping for, however—in view of Labour's recent demoralisation—is 400 or 500 net Labour losses in the boroughs, which would be the greatest Tory landslide for over a decade.

Two Year Heave?

ANY election nowadays tends to be crucial for Labour. The especially crucial feature of this year's local elections, however, is that some Tories hope to be able to bill them as marking the first year of a two-year operation to "sweep socialism out of its last preserves in this country." There are two bases for this kind of talk.

Labour's main claim to be making a contribution to practical government in this country now rests on its control of the councils of the big cities. At present, 138 of the 402 boroughs due to vote on Thursday are controlled by Labour, which is the strongest single party in a further 23. But, within these totals, while Labour controls only five of the 142 small non-county boroughs (under 20,000 population), it holds a clear majority in nearly half the larger ones (79 out of 177) and in two-thirds of the really big towns or "county boroughs" (where it controls 54 councils out of 83). Nobody is expecting widespread switches in control this year; if the Tories recapture many more than 20 Labour councils they will be doing rather well. This is because only a third of the councillors' seats are up for re-election on Thursday, which means a quarter of total council seats (a quarter of the seats are filled by aldermen). But in May, 1961, when another third of councillors must be re-elected, there will also be aldermanic elections; big gains this year would put the Tories in a good position to secure some quite dramatic changes of control then.

The other source of political excitement next week will be the performance of the Liberals. The Liberals have done quite remarkably well in some recent local council



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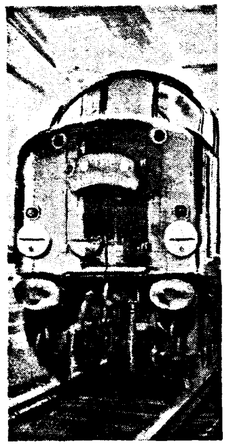
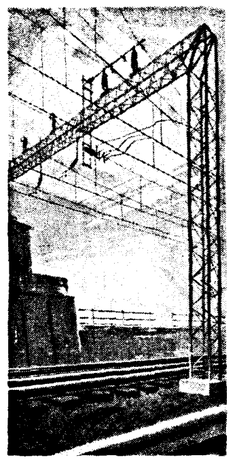
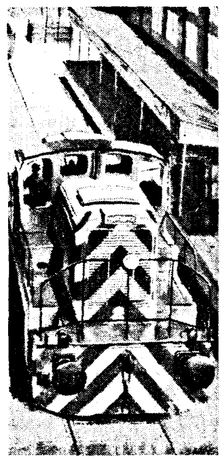


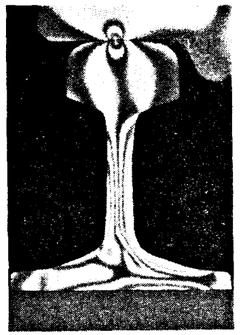
2,000 h.p. English Electric diesel locomotive which hauls the Master Cutler train between Kings Cross and Sheffield. Many locomotives of this type are equipped with wheels, tyres, axles and springs made by Steel, Peech & Tozer—plates and sections made by Appleby-Frodingham Steel Company are used in their construction.



Supporting structure for overhead conductor cables, fabricated in quantity by United Steel Structural Company for British Railways. These structures are standardised and made to a high degree of accuracy to ensure interchangeability.



One of the many diesel shunting locomotives designed and built by Yorkshire Engine Company Limited, This "Janus" type, with electric drive and central two-way control, has engines fore and aft of the cab from which a good field of visibility is permitted by the small bonnets.



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by-elections. They have consistently increased their share of the vote (to a recent average of 27 per cent), while the average Conservative vote has recently actually dropped a little and the average Labour vote has dropped quite a lot. In a three cornered fight anybody with over 33⅓ per cent of the vote has a chance of getting elected. Most of the 726 Liberals in the borough elections next week (a much higher figure than last time) should therefore be regarded as serious candidates; as only just over 100 of them are defending existing Liberal seats, the scope for possible Liberal gains is quite large.

Many of the Liberals are standing in Labour marginals. On past political form, this would be expected to split the anti-Labour vote and reduce Labour's losses. It may, of course, do so. But if, in spite of these Liberal candidacies, Conservative gains swept above the 400 or 500 mark (thus threatening many Labour councils for next year), and if Liberal gains also ran into three figures (thus dramatically strengthening the left wing alternative to Labour), the implications for the future of British politics would be very interesting indeed.

EAST-WEST RELATIONS

New Life for ECE?

WESTERN governments have given short shrift to Russia's offer to join the new body which is to succeed the Organisation for European Economic Co-operation. The French delegate to the United Nations Economic Commission for Europe (ECE), where the offer was made, pointed out that state trading nations would not fit easily into a body whose inspiration is free trade and the General Agreement on Tariffs and Trade. No doubt the political risk of accepting a member who may merely seek to obstruct the venture in Atlantic co-operation was in his mind too. All the same, the West will look rather silly if it rejects out of hand a Russian offer of the sort of co-operation which it suggested, and Stalin turned down, in 1947 when the Marshall plan was born. The problems of co-operation between east and west which the Russian offer raises cannot be brushed aside altogether.

At the latest meeting of ECE in Geneva, several other governments have made suggestions for east-west co-operation: a joint aid effort in the undeveloped countries; a code of good conduct to help trade between the two blocks, at present constricted by differences in trading methods and philosophy. These seem sensible ideas. The creation of trading groups in western Europe has seriously worried the small east European countries that have always traded heavily with the West. The worry might be turned to constructive purpose if it could be made the starting point of a greater co-operation between east and west in Europe, exploiting the new interest in the outside world that is stirring in the Soviet camp.

In the past both sides have often talked at cross purposes in the ECE, with propaganda aims in mind. Imagination and a genuine will to break down barriers have been in short supply. But some unobtrusive co-operation has been developing in the last few years. The Danube Commission now embraces both communist and free countries. The OEEC's productivity agency has been co-operating with the Poles.

In time there may have to be a more substantial relationship between the new European groups—Six and Seven—and the Soviet world. The difficulty is that, as long as the division within western Europe persists, overtures to the east tend to be exploited by the Russians to divide free Europe further. For the moment ECE itself may still offer the most fruitful field for east-west co-operation, as western delegates have suggested. But once the internal economic divisions of the west are healed, the way may be open to a less tenuous relationship with the communist world.

MOROCCO

The Struggles for Power

THE first assembly of the new all-African trade union federation has been postponed from May 18th till August. The postponement ought to please all sections of political opinion in Morocco, where a confusing struggle for power has been going on at several levels. At the trade union level, two bodies now dispute the right to represent all Moroccan workers: the old-established Union Marocaine du Travail (UMT) and the new Union Générale des Travailleurs du Maroc (UGTM). The new union, which claims that the older is under communist influence, recently held its inaugural meeting at Casablanca under police protection. The older union then called a protest strike, which was supported by the Moroccan prime minister, Mr. Ibrahim. On May Day, there were violent clashes between the rival groups in Casablanca.

This apparently contradictory situation arises from the fact that the police, like the army, remains under palace control, while Mr Ibrahim's party, the Union Nationale des Forces Populaires (UNFP), though still in office, is alleged to have been behind a plot against the state and the person of the Crown Prince, Moulay Hassan. The UMT was one of the forces that supported the creation of the prime minister's party last autumn; and the traditionalist Istiqlal party, of which this new party is a splinter, sponsored the formation of the UGTM as a rival to the established trade union group.

As yet the King of Morocco retains his freedom of manœuvre as arbiter of his country's destiny; but although he must be under growing pressure to assert his authority against the government and the leftist trade union group, he publicly endorsed the government's economic policy at the official May Day rally in Casablanca.

COUNCIL ON TRIBUNALS

Too Small a Voice

WHEN the Council on Tribunals was set up in 1958, on the recommendation of the Franks committee, it was hailed by some people as an important instrument to ensure that the ordinary citizen would always get a fair deal from the state. The publication of the council's first annual report last week has now been greeted with resounding apathy by all concerned. Its functions are far too limited for it to exert any real reforming effect. It is not a court of appeal, nor does it have any executive powers. Its role is wholly advisory and consultative—principally, to inquire whether the work of tribunals is being efficiently and impartially carried out, according to the usual ground rules of bureaucracy.

The council's first year has been passed mainly in gathering information about the work of the various tribunals, and thus bringing the factual reporting of the Franks committee up to date. This task has now been completed and the researches might well be published by the Stationery Office as a "Handbook to Tribunals." On the whole, the council reports that the tribunal system is working well, although it would like to see more legally-qualified chairmen being used. But it has made no attempt to present a sustained analysis of the composition of tribunals or to make recommendations for their improvement. The report complains that there is no fixed procedure for rent tribunals, but fails to suggest a model code.

To carry out its task of supervision, the council relies largely on personal visits to tribunals, of which it somewhat quixotically and inadvisedly gives advance notice. Its members have a right of entry to some tribunals; but to others, such as the National Health Service Tribunal, they are admitted only on sufferance as "members of the public." In some tribunals they are forbidden to retire with the members to listen to their discussions. Both these anomalies should be remedied—if necessary, by legislation. Tribunals are now obliged to consult the council when they make changes in their procedural rules, but no machinery exists for publicising the advice the council tenders. The report recommends that Parliament should be informed both of the advice given and the minister's reaction. Plainly, it should. Equally plainly, Parliament should now hold a searching debate on how and why the 1958 act is not successfully working out.

WHY LABOUR LOST

A Party of Slobs?

THERE is scarcely a single statistic in the survey of party images among the working class, commissioned from Dr Mark Abrams by *Socialist Commentary*, which

offers the Labour party a ray of hope for the future. Dr Abrams reports that less than half of the working class supported Labour; the remainder were Conservatives, Liberals or not interested. Both Labour and non-Labour supporters identified the Labour party as a working-class party, out to help the underdog, and trying to abolish class differences.

When the same guinea-pigs were asked to name the qualities of a good party, the bulk of the Labour supporters left out all the criteria which they had said were distinctive of their own party. World peace, the prevention of nuclear war and prosperity came first with both groups. Yet only a third of Labour's rank-and-file identify their own party with prosperity, while two-thirds of the non-Labour working class associate prosperity with the present Government. As for world peace and the prevention of nuclear war, neither group sees anything in it between Tory and Labour.

Labour's decision immediately before and after the election to emphasise African issues hardly strikes a rich vein. 43 per cent of the pro-Labour working class, and 51 per cent of the anti-Labour working class, think both main parties believe equally in fair treatment of all races. There is a majority in both groups against giving economic aid to underdeveloped Africa. Both groups are overwhelmingly against further nationalisation; but, when the question was rephrased, both groups supported further government regulation of private industry. The bulk of the men had a good view, and the bulk of the women a poor view, of trades unions.

The Cost of Royalty



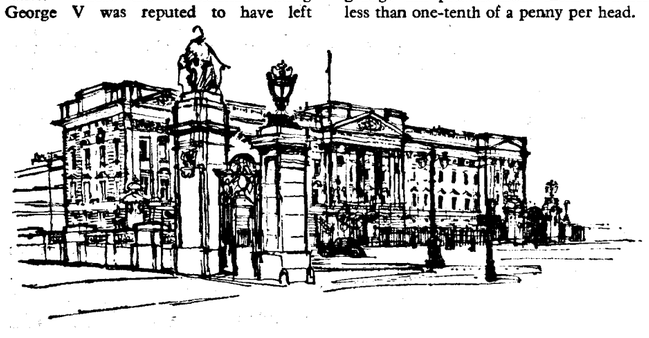
THE decorations in London's streets for Princess Margaret's wedding have cost £25,000, compared with £6,000 spent on the Queen's wedding in 1947. The complaints of some Labour MPs about this seem to have been peculiarly ill-directed. These decorations are there to entertain the public, not to please the Princess, who will not have much opportunity to look at them as she drives along the route. The same is true of most of the other "costs of royalty," or rather of the pageantry that the public expects to go with it. What is the total annual bill in a normal year?

The royal family's income comes from three main sources. The first, which was fixed at the beginning of the reign and which has not since been altered, is paid by Parliament and is known as the Civil List. This provides a total of £475,000 a year of untaxed income for the Queen and her household; but until Prince Charles comes of age, most of the £90,000 which he draws from his estates as Duke of Cornwall is being subtracted from this, so that the net cost to the taxpayer is under £400,000 a year. In the 1930's the Civil Lists of George V and Edward VIII amounted to £470,000 a year; as prices have multiplied threefold or fourfold since then, the real cost of the Queen's Civil List is much less than a third of theirs. As well as making an allowance to the Queen on the Civil List, Parliament pays annuities to other members of the royal family —but (once expenses are deducted) all these are subject to tax. Thus the Queen Mother gets £70,000 of pre-tax income a year, the Duke of Edinburgh £40,000, the Duke of Gloucester £35,000, and Princess Margaret will now get £15,000 a year. Before the Princess married, she got only £6,000 a year.

The second major, if indirect, source of royal income is the Ministry of Works. This ministry pays for the upkeep, alterations, furniture, fuel, gas and water of all the royal palaces, and defrays the salaries of gardeners, porters and even the Yeomen of the Guard. Despite a substantial slimming of palace staffs, the total cost of royal upkeep under this head is going up; it is estimated to be £668,000 this year, an increase of £66,000 on 1959-60. The biggest single item in this sum is the £225,000 to be spent on Windsor Castle (£89,000 going on maintenance, £92,000 on modernisation, and the rest on furniture, running costs and salaries). Another £147,000 is to be spent this year on Buckingham Palace. For the rest, St. James's Palace, Kensington Palace, Marlborough House, Hampton Court and Holyrood House (to name a few other royal residences) take £181,000 between them, nearly all of which is to be spent on "maintenance and repairs." If the taxpayer wants to make further economies on the cost of royalty the most hopeful line (although worshippers of ancient monuments would hate this) would be the abandonment of some of these decaying piles. Princess Margaret and her husband are to live in a small three-bedroom house.

The third source of royal revenue is the Queen's (and her relatives') private fortunes. These are substantial. King George V was reputed to have left £1 million to each of his four sons; since the sovereign pays no tax, this fortune did not suffer the attrition from death duties that have crumpled up many other large estates. Much of the royal family's fortune, of course, is held in art treasures and land; but some is invested in stocks and shares. It is out of income from these that the Queen and the Duke of Edinburgh pay for their private pleasures, such as the Queen's racing stables and the Duke's polo ponies.

The yacht *Britannia*, that most contentious of royal possessions, is paid for out of another account still, that of the Navy. The idea of building this was mooted before the war, but the keel was not laid down until 1948, when the plans were agreed both by the Labour Government and the Conservative Opposition. Quite frankly, this £2 million craft was then accepted as something of an extravagance: as the one gift known to be devoutly desired by a sailor king whose health was then failing. It was designed to enable George VI to visit the Commonwealth by sea. Since he died before it was completed, it has proved something of a white elephant. Its crew of 20 officers and 237 ratings draw salaries of £4,000 a week, regardless of whether the ship is at sea or not; when it is at sea, running costs bring the yacht's total expense up to around £7,000 a week. It is only this additional seagoing cost (for, say, a five or six week cruise?) which can reasonably be regarded as the nation's honeymoon gift to the Princess. Probably few people will grudge this present from them of much less than one-tenth of a penny per head.





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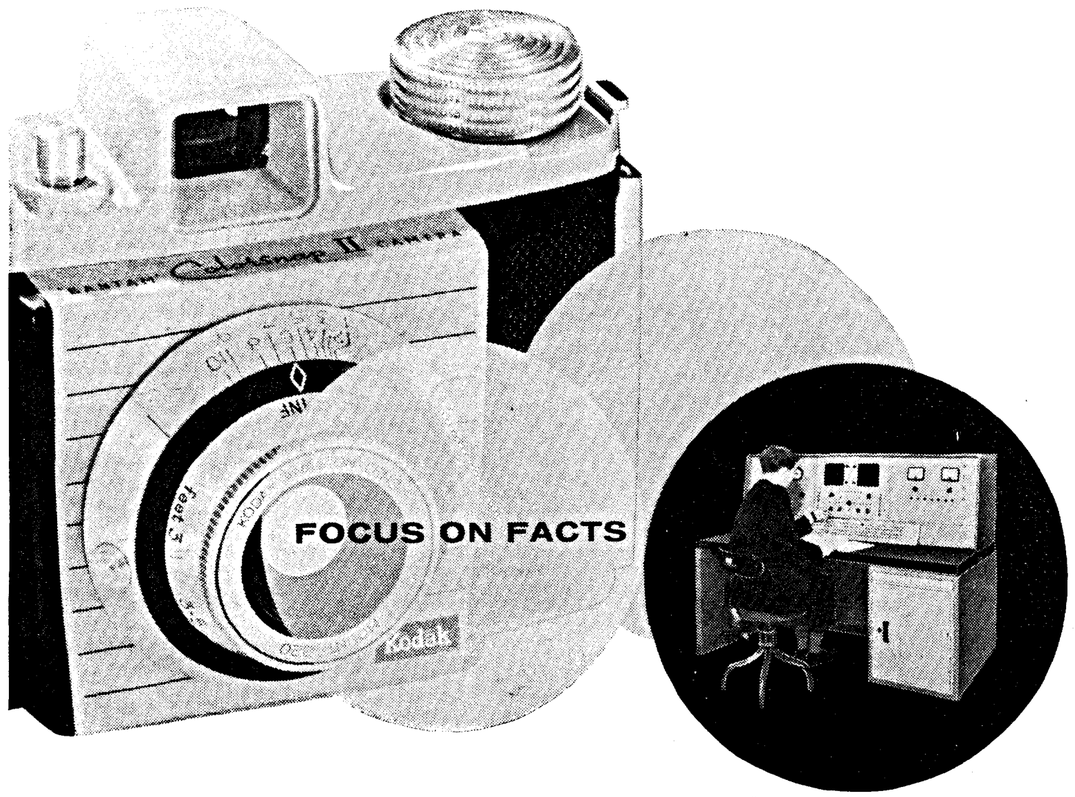

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Finally the most striking conclusion was the extent to which working class people defined their own class status according to the goods they have bought and not according to their occupation or income. As one might expect, opposition to Labour is higher among those skilled and often unskilled workers who have upgraded themselves into the middle class. According to this survey, Labour is coming to be looked upon as the party of those without pride, aspiration or desire for responsibility.

APPRENTICES

Protest by Youth

THE strike of shipbuilding and engineering apprentices which spread during the past week from Clydeside to the North of England, but then appeared to be faltering, was no doubt a shocking breach of these young men's solemn promises under their indentures. It was disapproved of by the unions, and castigated by the employers. But it was also much more than just a sudden display of juvenile pique. It stems from, and illustrates, the flaws in the whole paraphernalia of craft training in industry. Apprentices in Britain are normally taken on at 15 or 16 for a five year course, during which they are paid a slowly increasing percentage of the skilled craftsmen's wage ; this percentage has altered little over the past forty years, during which skilled craftsmen's own differentials have also declined. As a result of this carefully regulated and collectively-bargained system, apprentices have done increasingly poorly compared with both unindentured youths and even their own girl friends in free occupations outside; while a 19-year-old apprentice may get less than £6 a week after four years in an engineering shop, his girl could well be bringing in £7 as a shorthand typist at the age of 17 (because there is no agreement between the unions and the employers to set a ceiling on her market price). This is a situation that was bound to give rise to discontent.

The unions did not support the strike because the apprenticeship system serves their interests by giving them control over the supply of labour. Some bad employers, who like to use apprentices as cheap labour without providing any really good training, have a vested interest in the present system also. Many good employers say that it is not economic to pay apprentices more because of the restrictions that the unions impose on the work that they can do. Rash-headed as some of the young strikers may be, it is really the system of apprenticeship that should be under the microscope, not they.

GERMANY

Relics of Nazi Justice

THE fact that there are magistrates, prosecutors and judges on the west German bench with a murky past was brought to the attention of the British public in a press conference on March 18th, when the Czechoslovak ambassador did his best to exploit the theme for propaganda. Last week the press was given a more balanced introduction to this question when Herr Gerhard Strecker, a west Berliner who has been investigating the problem, gave a press conference in the House of Commons.

Herr Strecker was first asked to investigate nazis in high places by the west German Conference of Socialist Students. Owing, he claims, to lack of information in the west, he has been forced to get most of his evidence from east Berlin and Prague. As a result, he no longer enjoys the support of the west German Social Democratic party, but he seems under no illusions about his sources of information. To galvanise the authorities into action, he has brought writs of manslaughter against 43 judges. Public interest has been sufficiently aroused to inspire a Bundestag debate.

Herr Strecker made it plain last week that he is not trying to start a legal witch-hunt against all ex-nazis on the bench, but merely to press for the removal of those judges who passed grisly sentences under the Third Reich, and are thus unfit, on the face of it, to administer justice today. He puts their number at around 150, out of over 11,000 judges and prosecutors.

There are two difficulties. Cases of manslaughter which occurred during the war can be taken up only within a fifteen-year period, which expires on May 8th—next Sunday. The Social Democrats are therefore pressing for a postponement of the deadline. And the judge who imposed brutal sentences can still plead that he was merely doing his duty under the law of the Third Reich. However, the real need is not for a series of prosecutions but for swift action by the authorities to remove unsuitable characters from the courts.

This is primarily a matter for the Germans—except in one respect. Many documents on the nazi period are still in the hands of the British and Americans who captured them when the war ended. Yet access to some, particularly those in the Berlin Documents Centre under American control, has been refused to reputable German bodies, including the Social Democratic party ; while the documents themselves are, by all accounts, in a confused state. It seems ludicrous that allied policy should force Germans who seek the truth to go to east Berlin, where the evidence offered for inspection is no doubt selective and the chief state prosecutor is a well-known former nazi himself.

LAOS

Right or More Right?

AFTER last week's general elections, the political choice in Laos is between a moderately right-wing and an extreme right-wing government. This is perhaps not the healthiest of possible situations for a small, exposed, and ill-organised country with powerful communist neighbours.

A communist victory at the polls was ruled out. The leaders of the communist Neo Lao Haksat party, including Prince Souphanna Vong, are still in detention. The party was able to put up only nine of its own candidates to contest the 59 seats in the assembly, though a dozen other candidates also supported its general policy. The conduct of the elections, however, is arousing criticism. Two minor non-communist groups complain of irregularities ; impartial eyebrows are being raised at the news that one communist polled only four votes to his opponent's 18,000. There seems to be a simple pretext here for further communist violence.

The best hope for stability now would probably lie in the formation of a moderate government under the former prime minister, Prince Souvanna Phouma (half-brother of the communist prince). Since his return from Paris for the elections, Prince Souvanna Phouma has taken a firm enough anti-communist line to qualify for support from the army and from the United States, on whose aid the state depends. His Laotian People's Rally is, however, easily outshouted by the more extreme Committee for the Defence of National Interests, whose guiding spirit is General Phoumi, the minister of defence. The general's candidate for the premiership is reported to be Mr Tiao Somsanith, minister of the interior ; but since Mr Tiao was mainly responsible for the electoral arrangements, his appointment would almost certainly provoke further disorders. King Savang Vatthana will need all his wisdom if Laos is not to become the centre of yet another international crisis.

BIRMINGHAM

Inviolate Green Belt

IN 1950, Lord Silkin rightly rejected the London County Council's proposal to build yet another distant housing estate at Chessington in Surrey, and thus took a vital step in making the metropolitan green belt a reality. The present Minister of Housing, Mr Brooke, has now rejected Birmingham's proposed garden suburb for 50,000 people at Wythall, in the interest of protecting a green belt around Birmingham. In principle the two cases look fairly similar. In practice the difference is that Birmingham's factory workers have nowhere else to go.

In 1951, when Lord Silkin refused Chessington, eight new towns were being built as alternatives for London workers and the growth of industry in London was being strictly controlled. Modern Birmingham is differently situated. Its industries are highly prosperous and expanding, its obsolete dwellings and factories are being vigorously scrapped and replaced. Nobody at the Wythall inquiry seriously questioned the fact that extensive new housing is urgently needed for workers in the city. The Wythall project would have met this need in a compact, comprehensive,

and expeditious manner. Mr Brooke's decision to rely entirely upon sundry "overspill" schemes does none of these things because the surrounding counties (who must accommodate the overspill) are not co-operating actively in bringing those schemes into effect.

This is not to say that the Minister is wrong in his attachment to green belts. But has he any right to impose them on reluctant local authorities, and ultimately on industrialists, without actively helping himself? If he believes in rapid dispersal from Birmingham, then he ought to designate two new towns (in which there would be both public and private housing). At the very least he should compel the recalcitrant surrounding counties to provide enough good sites for people leaving Birmingham. Even so Wythall ought probably to have been allowed as a necessary, immediate safety-valve while such broader measures took effect. Mr Brooke will soon have to decide similar questions over the building plans of Newcastle, London, and other big cities. He had better have his alternatives ready before he issues any more vetoes.

BRITISH AGRICULTURE

Peasants' Myopia

THE National Farmers' Union is sending its new President, Mr Harold Woolley, to a personal interview with the Prime Minister, at which the "intense dissatisfaction" of union branches with the recent price settlement will be aired. Clearly the price question cannot be reopened until next year. The pointless gesture of this interview indicates the ineffective malaise and anxiety from which the union is suffering. Cannot farmers now start to look further ahead?

The present system of price guarantees is safe for the lifetime of this Parliament. Thereafter, the basic question is likely to be: what changes must be made in order to align British agriculture with a wider system of European integration? On this big question the union's attitude has so far been extremely negative. Its main preoccupation is that European food surpluses should not be "dumped" here. Any method which "allocates" (e.g., restricts) supplies, such as the International Wheat Agreement and the Bacon Consultative Committee, is acceptable to the union; but anything which savours of increased competition within a wider economic community is not. Yet three basic facts stand out. The great advantage of British agriculture is that it is much more efficient than the agriculture of most of its neighbours. The trouble is that it is also much more highly supported and that the very low incomes of many European farmers would be quite unacceptable here. The problem is to reconcile these two considerations in such a way that European trade in agricultural products can flow more freely, uncramped by the sillier forms of protectionism and artificial markets.

The Six have started to tackle this problem. In some respects they are tackling it in ways that are unwelcome to Britain; but Britain would have had allies in influencing them for the better if we had been a founder member of the group. The problem of bridging the gap between the Southern European peasant and the efficient Dutch or French farmer is not so different from that of integrating British agriculture too. Could not British farmers this time, with an eye on the real opportunities as well as the sectional problems before them, decide to ride with, instead of against, the advancing liberal tide?

LADY CHATTERLEY'S LOVER

Printers' Censorship?

FOR more than thirty years English readers have been denied the opportunity of reading an accurate and unexpurgated edition of "Lady Chatterley's Lover," and now hopes raised by the proposed publication in a Penguin edition have been dashed by Sir Allen Lane's announcement that publication has had to be "postponed." The printers, who originally agreed to set it up, have now declined to do so—presumably through fears of legal action.

Since its first publication in Florence by Pino Orioli in 1928, when it came out in a limited edition of 1,000 copies sold to subscribers at 2 gns. each, "Lady Chatterley's Lover" has enjoyed world-wide suppression. Even a Japanese edition was destroyed in 1952. The English Customs authorities have never allowed it into the country, and the howls of execration with which it was greeted in 1928 have intimidated English publishers ever since. Until last year, readers had to rely on inferior English language editions published in France. But last spring, emboldened by the season and a United States Supreme Court decision liberalising the federal obscenity laws (the Roth case), a full American edition was finally published. Despite its sober format and high price of six dollars, it was forbidden the use of the United States mails, until cleared by a Federal court order. Since then no fewer than three American paper back editions have appeared.

Sir Allen Lane's bold decision to give the British public an unexpurgated edition—all the more courageous in view of the low price of 3s. 6d.—was doubtless prompted by the new Obscene Publications Act, which for the first time requires books to be judged as a whole, and provides a defence of publication for the public good, if it can be shown that books serve the interests of literature, art or science. "Lady Chatterley's Lover," on any reasonable interpretation of the Act, certainly comes within this exception, and expert advice could now be called to prove it. It would accordingly make an excellent test case; but prosecution is highly unlikely and Sir Allen should lose no time in finding another printer, which should be a reasonably easy task.

Meanwhile it is an intolerable situation that printers should feel obliged (or qualified) to set themselves up as censors to reverse the decisions of responsible publishers, taken after full consideration of the issues involved. The Director of Public Prosecution should recognise this by abandoning the undesirable practice, too often followed, of joining printers as principals with authors and publishers in obscenity cases. Only very exceptional circumstances justify such a course.

The Economist

MAY 5, 1860

REPRESENTATIVES OF GAME

A slight, but somewhat favourable indication that public opinion against game-preserving is operating in the rural districts is to be found in the address of Mr Benyon, at Abingdon, on being elected without opposition as a member for the county of Berks. He said "that certain reports had been very industriously circulated with reference to game on his property. He was not present at the market tables where these reports were so rife, and he was utterly unconscious of their existence; therefore he had no opportunity of replying to them. All he asked was fair play; that they would not condemn him unheard." And then he volunteered an explanation on the subject. He said "a general accusation of that nature could only be met by a general reply; but this he would say, he was as great an enemy to *rabbits* (!) as any one of them. His orders were strict on that point; and, moreover, all his tenants were expressly bound by their agreements to kill the rabbits upon their respective farms for themselves, and to render him every assistance in keeping down those pests of agriculture." This is really no explanation of a charge of game-preserving. The very superfluous anxiety stated to be felt about the destruction of rabbits proves that Mr Benyon's estate is infested with game and gamekeepers; and it is probable that, in spite of the "strict orders", the gamekeepers find it highly conducive to their own profit to keep up "a fair stock" of rabbits as well as a "good head of game". If the tenants had complete control of their farms, as under any rational system of management they would have, Mr Benyon might safely leave the destruction of rabbits to the farmers without stipulations on the subject. But if game and gamekeepers have the run of their farms, as is probably the case, the destruction of the rabbits becomes well nigh impossible. We should like to see the county electors deal somewhat more decisively with these game-preserving candidates.

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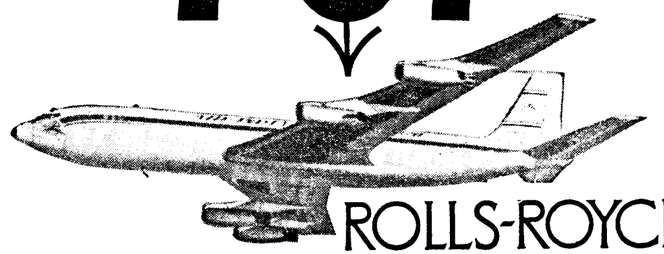

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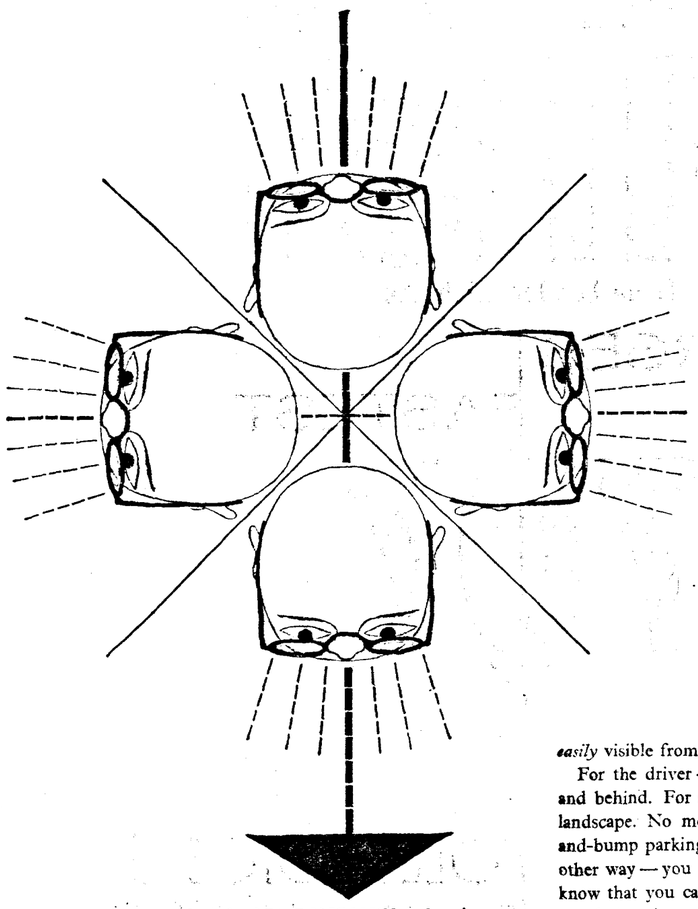

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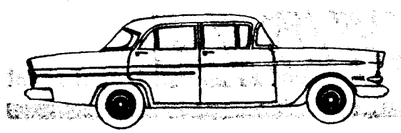

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LETTERS

The Philippines

SIR—It is precisely because we Filipinos have for so long been "last" in our own country that the "Filipinos First" policy was enunciated by our National Economic Council. Originally this was designed to correct an anomalous situation in which the foreign exchange earned by Filipino exporters was largely allocated at the official fixed rate to alien importers on the basis of traditional performance, and enabled the latter to make heavy profits.

The legislative proposals to which you referred in your note of the 23rd April are a different matter. Under the presidential system of government which we follow, these are private bills and, before they are finally approved by both Houses of Congress and signed or allowed to become law by the President, any comment would seem to be premature. In any case, it is difficult to see any ground for legitimate complaint in a proposal which you yourself describe as designed to "bring foreign insurance companies into line with Philippine ones." Why should foreign companies enjoy greater privileges than ours in our own country? Should we be content with "Filipinos Second Best?"

You warn that we will not be serving our own interests if we discourage non-American sources of economic activity. We do welcome foreign investments, preferably in the development of industries rather than in the sterile entrepreneurial activities which have been traditional for foreigners in the Philippines. But we are not prepared to surrender our economy to foreign interests, and must insist on proper and legitimate safeguards by associating Filipino management and capital with such foreign investments.

Other western countries do not seem to find partnership with the Filipinos intolerable; I suggest that the British will not be "serving their own interests" if they allow themselves to be "discouraged" by measures of legitimate self-interest and self-defence taken by the Filipinos.—Yours faithfully,

L. MA. GUERRERO
Ambassador

Embassy of the Philippines
London

A University for Stevenage?

SIR—In your last issue you were good enough, in your comments upon plans for new universities, to salute the spirit of Stevenage in desiring to have in its new town a university. You suggested, however, that this desire was "a bit far-fetched" and that the town should first provide itself with adequate schools.

May I give a few reasons why we in Stevenage do not believe that our hopes are far-fetched? The splendid sites we have available, the opportunities for co-operation between the corporation and a university in planning and building, the presence in Stevenage of two Department of Scientific and Industrial Research laboratories and of industries engaged in electronics and other scientific work offering possibilities of collaboration with a university or college of university status, and the large population (already 1¼ million) within 20 miles of Stevenage, all seem to us to be factors in our favour.

Your reference to schools surprised me. The building of fine schools by the Hertfordshire County Council has been and is proceeding apace, and there were, before the new town came, older schools of high repute. Already there are in Stevenage two grammar schools and 18 others as well as a College of Further Education in course of erection, and there are extensive plans for further building.

It is too early to foresee what it may be possible to accomplish, but I am sure you will agree that our ambitions for a new university or new university college in our new town are neither unreasonable nor unworthy.—Yours faithfully,

ROYDON DASH
Stevenage Development Corporation

American Housing

SIR—The interesting, and, in the main, correct report of your Washington correspondent, "No Room for Housing," draws at least one incorrect implication. This is that people of less than average income are not benefited because many new houses being built are beyond their means.

Repeatedly we have had to emphasise to foreign analysts that families of less than average means neither need to buy new automobiles nor to buy or rent new houses; though in practice many do, especially in the case of automobiles. When a new house is built, a usable house is usually vacated. New families usually do not buy new houses. As you have mentioned before, one-fifth of American families live in different houses today from those in which they lived one year ago. This is possible in the United States where in the first quarter of 1960, 7.2 per cent of rental units were vacant and available for rent and 1.1. per cent of home-owner units were available for sale only.

Many foreign readers also will fail to realise that what we Americans call "sub-standard" in relation to the bulk of our housing inventory would be regarded as acceptable and spacious accommodation in many countries. The mere absence of running hot water or of a private bath for each family throws a dwelling unit into the lower category for our purposes. Slums we have,

The trend behind a trend

"THE LATEST estimates indicate that Britain's expenditure on advertising (around £400 million*) is only a little less than the total spent on research and development (some £450 million).

"But the interesting and encouraging thing is that while expenditure on both have been rising quite fast in recent years, research has been going much the faster. It put on close to 50 per cent in the three years from 1955-58".

This is Andrew Shonfield, economic editor of The Observer, writing in the regular feature 'The Nation's Business'. His articles are followed keenly and closely by a fair section of The Observer's highly intelligent lay public.



A simple count of heads leads one inescapably to the conclusion that Shonfield is a popular economist. And yet his approach to business is highly anti-pop. His first sentence quoted above would fit quite cosily into the financial columns of almost any paper. But Shonfield takes it a stage further. He adds a second statistic that suddenly brings the picture into its true focus.

Writing as he does for a *newspaper*, he can give very topical attention to current trends, but he is always careful to relate them to what will happen in the long run.

Indeed, people who don't much like economics read him as a forecaster. He is a surprisingly accurate one.

Stripy toothpaste

On Sundays in The Observer, Shonfield is one prong of a three-pronged attack on the belief that what goes on in business isn't really anyone's business.

A new financial column 'Something in the City' by Mammon deals with the *people* behind the scenes of big business. Recent Mammon exposés have included the reasons for stripy toothpaste and the growth of the car hire business.

And Sterling in 'Taking Stock' deals with the stock market in an unusually perceptive way.

If you are interested in economics, next Sunday's Observer is as essential as a prescribed text and much much more entertaining. If you aren't, just glance at pages two and three of The Observer next Sunday. You'll find that money can be more interesting than you think. **J.B.I.**

* *Estimated by Mark Abrams in the Financial Times.*

ADVT.

yes. Progress in ridding ourselves of bad areas has been agonisingly slow. But we are gaining speed. With over 60 per cent of our families owning their own homes, with about nine-tenths owning television, with 7 to 9 new family dwelling units being built annually for each 1,000 people in the population, with the private building industry doing research in cost reduction at a time when home buyers insist on more and better quality of houses and household equipment, with typical new houses averaging 1,100 or so square feet, with houses slated for obsolescence this decade unless they are equipped with air-conditioning—this is on the whole a pleasant place in which to live.—Yours faithfully,

ROY J. BURROUGHS
Housing & Home Finance Agency
Washington

Teachers

SIR—Your note last week bristled with references to "take-over negotiations," attempts by the National Union of Teachers to "swallow" other organisations, and talk of a "closed shop," but not with objective truth. You have, for example, failed to mention the NUT's offer to give up its own separate identity if others will do the same, and the fact that the draft constitution, which the union would like to discuss with other teachers' organisations, assumes the disappearance of all existing bodies and would embody guarantees of protection for minority rights. Is this because these facts do not fit the picture you prefer to paint of an organisation out to "swallow both the National Association of Schoolmasters and the Association of Assistant Masters," both of which bodies, I notice, are also the subject of inaccurate references? (The AAM does not have four representatives on the Burnham Committee; the NAS represents only a minority of men in primary and secondary schools and its policy in respect of family allowances is one of temporary expedience pending the achievement of separate consideration of men's salaries.)

You declare that our conference's preference for increases in the basic salary scale before further increases in differentials is due to the control of a feminine and primary school majority. This thesis, too, can be sustained only by the suppression of the following facts: the motion at our conference which sought to confine our efforts in the next salary negotiations to increasing the basic scale only (and which was defeated by a large majority) was moved by an association representing Grammar School teachers (you do not seem to realise that the present differentials give rise to at least as much dissatisfaction in secondary schools as anywhere else); a motion which said that no award should be accepted which failed to decrease the differential between primary and secondary school head teachers' allowances was also rejected by the conference. The majority of delegates at that conference were men; the majority of the union's executive are men; the majority of men teachers are members of the NUT. Only *The Economist*, I fear, could make so bold as to attempt to persuade its readers that the union's efforts to secure the unity of the teaching profession and further improvements in the status and salaries of teachers, were due to the hidden hands of a "monstrous regiment of women."—Yours faithfully,

FRED JARVIS
National Union of Teachers
London, WC1

Shopworkers

SIR—The recent article under the heading "Shopping Labour" contained an abundance of assertions and value judgments, but little in the way of supporting evidence. Along with other seemingly *a priori* truths, the writer of the article claimed that the delegates at USDAW's recent conference had "virtually self elected themselves." What is the evidence for this? Has the writer made a careful analysis of USDAW's election procedure? If not, was it a generalisation from a premise that meetings of some voluntary organisations are poorly attended?

If the latter explanation is the correct one, I look forward to reading in future editions of *The Economist* some of the comments of "virtually self elected" company chairmen, political party leaders, etc., and perhaps even the Bill Carron's of the Labour Movement. On the other hand—perhaps due to recondite reasoning—I have the impression that descriptions like "virtually self elected" are reserved for trade unionists who refuse to be guided by writers who claim to know the kind of policies that "mirror the views of a majority of the twelve million Labour voters." As a Labour voting USDAW member I, too, must confess that I often succumb to such a weakness.—Yours faithfully,

Oxford RON THOMAS

Restrictive Practices

SIR—American experience—despite your disclaimer—supports your opinion that "open-price" agreements can nullify the act against restrictive trade practices. In general, under US law, arrangements which identify specific transactions—sellers, buyers and prices—or which provide a schedule of prices and a tacit assurance so that each seller knows that he can wait forever, if need be, before being embarrassed by another seller's price cut, have been held illegal. The last milestone was the "basing-point" case in 1948. It would seem to be at least worth a try for Parliamentary draftsmen to codify these principles into an amendment to the present act, requiring that agreements meeting the specifications be registered. The more basic problem is what the policy of the Act is to be.

If it is not possible to specify beforehand the restrictive features, or if there are a considerable number of agreements which fall in the twilight zone, the registrar will need the kind of discretion you suggest. Indeed, your last sentence is much too weak; I doubt that there is any case "for waiting until the effect of 'open-price' agreements is more fully known."

It is quite a serious error, however, to identify open-price arrangements with the publication of statistics by trade associations. US law has dealt harshly with the former, but the latter have grown steadily. Their quality varies, but the content is not very different from governmental reports. In part, it is a matter of humouring government, the press, and academic opinion; but for the most part, the firms themselves find the information useful even when it does not permit any understandings on price.—Yours faithfully,

M. A. ADELMAN
Massachusetts Institute of Technology
Cambridge, Mass.

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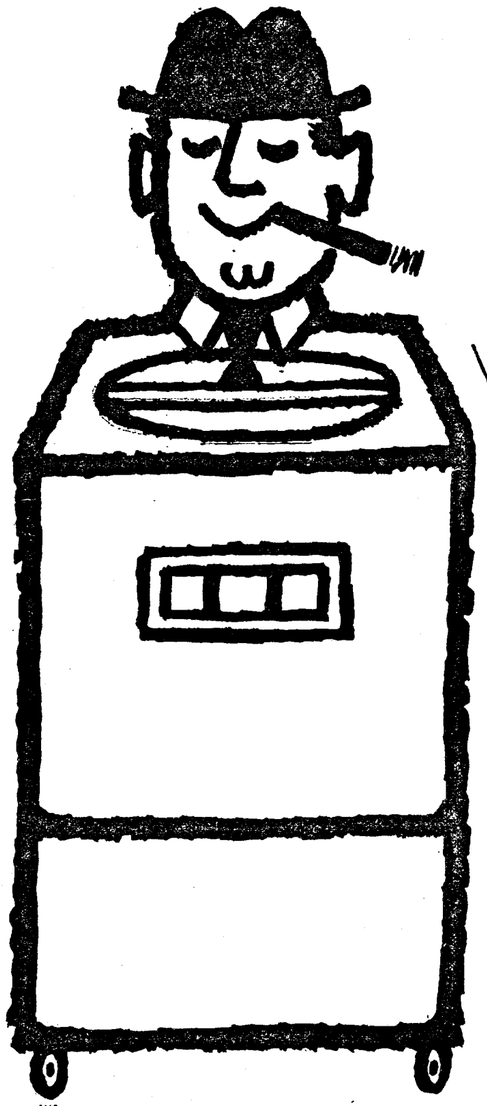

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BOOKS

Disunity and Union

The Unification of South Africa, 1902-1910.

By L. M. Thompson.
Oxford University Press. 565 pages. 50s.

PROFESSOR THOMPSON has written the first thorough account of the events that, within South Africa, led to the Union of 1910. It is a fascinating but dispiriting story, which leaves no place for the myth that the South African founding fathers were bound together in a "union of hearts". Motives were as mixed as minds were muddled. Mistrust and dislike were the dominant emotions of many Cape "liberals" towards "imperialists", "capitalists" and the Transvaal in general; of unreconstructed Republicans towards Englishmen and those who fraternised with them; of Natal "loyalists" towards Boers, Indians and those lacking in fervour to the imperial connection.

The ablest politicians, Smuts and Merriman, saw in union the quickest way to the destruction of "Milnerism"; ironically, they found their clearest-headed and most energetic supporters among members of Milner's kindergarten, who believed that they were crowning their mentor's work. In 1904, Smuts wrote to Merriman: "You know with the Boers 'United S.A.' has always been a deeply-felt political aspiration and it might profitably be substituted for the Imperialism which imports Chinese, a foreign bureaucracy and a foreign standing army." But Smuts stood for equal political rights for white men. Merriman did not: his Whiggish principles rejected such "democratic shibboleths"; there was a place for the coloured man within his concept of aristocracy but not for the "capitalist" of the Witwatersrand. (Merriman once described Johannesburg as "Monte Carlo superimposed on Sodom and Gomorrah".) It was Merriman and his followers in the Cape (with the semi-comprehending assistance of Natal) who threatened to wreck the work of the National Convention unless the franchise were altered to the benefit of the rural constituencies; in the final compromise, proportional representation was abandoned and, with it, an important safeguard for the interests of political minorities.

It is an unjustifiable use of hindsight to say that this opened the way to "Boer dictatorship", but it made it probable unless some basis of political division other than racial exclusiveness could be found. In 1909, Patrick Duncan wrote: "The Boers, whatever their differences may be, are in the last resort fenced round by national and racial feelings. The others have about as much cohesive principle as chaff on a windy day." Those who drafted the constitution could not have foreseen that the English in South Africa were to be inept (until too late) in political thought and action: they might have foreseen (for Bryce and Low were in print) that cabinet government within a flexible constitution is not gentle to minorities.

Professor Thompson has used the private papers of many of the principal actors—notably those of Merriman, Smuts, Steyn, Fitzpatrick and Duncan; and he has written an illuminating account of the interplay and conflict of personalities and prejudices which, in the event, produced a draft that the British Parliament reluctantly enacted. To that extent, the Union was made in South Africa—but only to that extent, for power and responsibility both lay in London, and the shape of Union depended upon what the British Government did or refrained from doing. It is bad luck for Professor Thompson that his book was far advanced when the Colonial Office papers for this period were opened to the public; as it is, there are important gaps in his account. South Africa was subjected to one form of imperialism in the era of Milner and Chamberlain and to a different form in the era of Campbell-Bannerman and Asquith. The first form was incompatible with representative government, the second form disregarded the political havoc of the Anglo-Boer War. But the Liberal Government of 1905 inherited the promises made to the Boers on Britain's behalf by Kitchener, Milner and Chamberlain—no extension of the franchise to Non-Whites without the consent of the Whites. Here were two liberal principles in direct conflict. Much remains to be written on the contradictions and dilemmas of imperialism in its silver age.

Farm versus City

Agriculture and Urban Growth

By G. P. Wibberley.
Michael Joseph. 240 pages. 21s.

AT a time when many people (including the present Prime Minister) talked of the necessity of saving every possible acre of agricultural land, and when many acres were in fact being protected on the most specious arguments, Dr Wibberley was instrumental in bringing sound economic sense to bear on the whole confused subject of land use and land conservation. The present book is the culmination of several years' research by Dr Wibberley and his colleagues at Wye College. For anyone concerned with the impact of urban growth upon rural land, this is an indispensable study.

Its one grave fault is the author's "brinkmanship" over reaching conclusions. He is too apt to reiterate that the subject is very complex and that more research is needed, while the different sections (interesting as they are) are not properly related to the book's main inquiry.

Although the author does not clearly say so, this book definitely supports the thesis that agricultural conservation can rarely be worthwhile in a strictly economic sense. The extra costs of shifting or compressing urban development generally much outweigh the agricultural value of the land in question; and this conclusion probably still holds even if the agricultural value is notionally doubled as a compensation (of doubtful validity) for the irrevocable character of its loss. Further, where houses replace fields, commercial crops are at least partly replaced by the bountiful output of back gardens.

Yet Dr Wibberley (like many others) remains unhappy about an England in which the urban area has already absorbed one-sixth of the cultivated land and may eventually absorb—what?: a quarter, a third, a half? At least, he seems to think, we should "replace" the lost food by growing extra elsewhere within Britain, especially as such "food replacement" is generally a much cheaper policy than prohibiting development.

He therefore gives useful summaries of the possibilities of developing hill farming and of land reclamation, but he deals rather cursorily with the larger and more economic possibilities of intensifying production on good or medium land. And he does not really answer the critical questions. What kinds of agricultural development are needed, bearing in mind the losses (mainly to dairying and cash cropping) that urban growth inflicts? How can government financial support be harnessed to a "food replacement" programme? And, assuming intensified production on the best land, at what point does actual conservation become necessary? It is, after all, little use helping farmers to grow more food on land that is then taken for development. Should not development plans and agricultural aid be co-ordinated in advance to prevent this happening?

It is to be hoped that in his next book Dr Wibberley will essay some definite answers to these admittedly tricky questions. Meanwhile, despite its limitations, this book will be of great value to all interested in agriculture and town planning.

Two Views of Human Nature

Freud: *The Mind of the Moralist*

By Philip Rieff.
Gollancz. 413 pages. 30s.

Human Potentialities

By Gardner Murphy.
Allen & Unwin. 350 pages. 25s.

TODAY the moralist, or the moral philosopher, is a person who analyses statements about right and wrong, good and bad, without feeling compelled to offer



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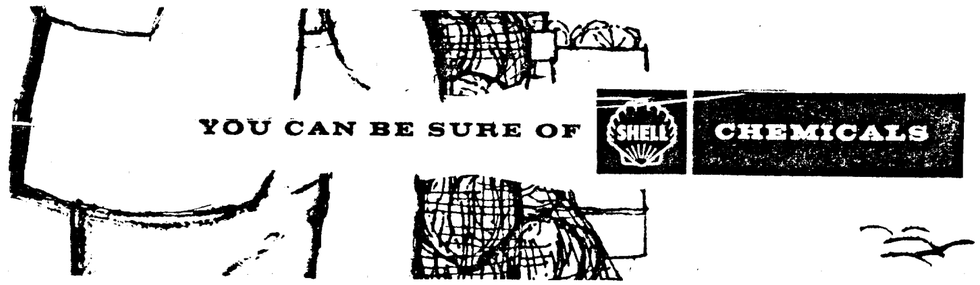



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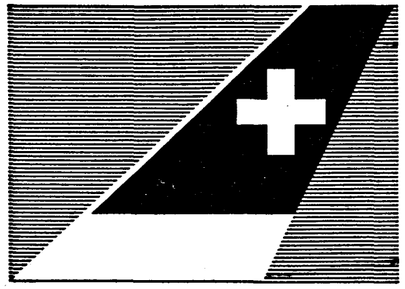

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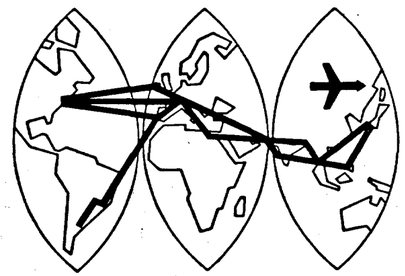

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any views of his own. In the original meaning, however, which is the one used by Mr Philip Rieff, the moralist was a sort of lay counsellor in the affairs of life—one who could assess ends in terms of their worthwhileness, and proffer advice on the best way in which to realise those ends.

To think of Freud in this way certainly makes sense. He had a vast first-hand experience of human beings in trouble, and from this experience he derived his ideas of what could, and should, be aimed at, and of the strategies likely to be most successful. We need advice, since "We are forced to participate in the games of life before we can possibly learn how to use the options in the rules governing them." Freud went further, however; he was a metaphysician as well as a moralist, and his strategies are adapted to the world as he saw it, not necessarily to the world as it is. Freud's world is a bleak one. Morals in the ordinary sense are conventions, religions are illusions, and works of art are communicated dreams. Our future will be better than our past only as we learn to accept the fact that our future will never be better than our past. If this sounds contradictory, we are assured that "Freud is the least confused of modern minds because he has no message; he accepts contradiction and builds his message on it."

Yet for all his originality, Freud has deep roots in the European and Jewish traditions, and his theories can often be traced back a long way. Consider, for example, the picture he gives us of the human personality, not the rider that Mr Rieff suggests, but the driver. The chariot of Plato's Republic now has Eros and Thanatos between its shafts partly controlled by the rational Ego: only the Super-ego has been added, a sort of backseat driver made necessary by Freud's view that reason and morality have little to do with one another.

Mr Rieff's account of how all this works out in art and psychology, in politics and religion, is both penetrating and persuasive. He is always sympathetic, but often critical, and his own contribution is considerable. Of all the attempts, and there have been many, to bring out the wider implications of psychoanalysis, this is at once the most substantial and the most readable. It is significant that the book should have been written by an American, for oddly enough the name of Freud carries more weight in the United States than anywhere else in the world today. This may be because a new society is not tied to tradition for its strategies of life. Yet it is unlikely that Freud's pessimism has been fully realised in America; certainly the enlightened stoicism that he advocates does not seem at home in American soil.

To move from Philip Rieff to Gardner Murphy is to leave the world of Feiffer for that of Horace Greeley, Old Vienna for Main Street. Mr Murphy pays tribute to Freud, but will not let him have the last word. With the help of science, Mr Murphy feels, man is master of his destiny and can transform himself just as he has already transformed his environment. We can always find, in widely different contexts, these two views of the hidden possibilities within us. The one sees an ill-fastened Pandora's box, whose evil, or at best primitive, contents will overwhelm us if they escape: the other sees a casket of treasures to be revealed by science or simplicity, or even affluence if it be spread widely enough. Most Americans used to hold this latter view, and Mr Gardner Murphy states it again, soberly and persuasively. Most Russians hold it now, and are taking quite seriously the task of changing the human personality. Perhaps it can be done; perhaps Freud is too resigned, too oppressed by the intractability of human nature once it has set in its adult mould. But Mr Rieff has written a book for grown-ups, while Mr Murphy seems to address himself to clever and very well-educated children. This is not to say that grown-ups are always right.

Comparative Frontiers

Bush and Backwoods

By H. C. Allen.
Michigan State University Press. London: *Angus and Robertson.* 168 pages. 25s.

As a by-product of his work as the only permanent Professor of American History in Britain, Professor Allen has written a stimulating and enjoyable comparison of "the frontier" in Australia and the United States. He spent a year at the Australian National University in Canberra, part of it being occupied in touring the Australian outback. He recognised much in common with American conditions, and much that was different. As a good historian, he determined to track down the reasons. In doing so he was, almost inevitably, lured by that historical jack-o'-lantern, Frederick Jackson Turner's frontier thesis. It has proved to be nothing like so effective in its Australian as in its American application; but in trying to fit Turner to Australia and Australia to Turner, Professor Allen has written a book that throws light upon Australian development.

Professor Allen bases his treatment upon the fact that Australia and the United States are geographically dissimilar. Apart from the fact that rainfall patterns are quite different, there was never any good geographical reason why Australian settlement should have shown the same remorseless western drive as American: the contrast between Western Australia and California is complete and final, and the desert in the middle of Australia is far greater in extent than any in the United States. Historical influences augment these geographical realities. Whereas American settlement began on the Atlantic seaboard, from which the natural movement was westward, Australia was settled first from points scattered around its long coastline. Settlement spread along the coasts and inland, but it had no common focus to compare with the urges that drew the American settlers across the plains. There are many other differences: fewer people came to Australia; there was much less free land; it was farther from the British Isles; immigration from continental Europe was not encouraged; the inland could not support the vast number of family farms that the American Middle West seemed designed to nourish. Professor Allen sees all these differences clearly. Yet he also sees similarities, arising from the sense of freedom that men feel on any frontier in comparison with the confinement that they feel in cities. He might have seen more similarities if he had not confined himself to the sheepman's and gold digger's frontier in Australia, but had looked in more detail at the wheat farmer's and dairy farmer's frontiers. While these were admittedly smaller in extent than the farmer's frontier in the United States, they did breed certain habits of thought and action found also in the United States.

This book is a sketch, but a good one. We ought to have more comparative histories. And they should be written with as much verve as this has been.

Education and Class

Studies in the History of Education 1780—1870.

By Brian Simon.
Lawrence and Wishart. 375 pages. 37s. 6d.

In this lucid and illuminating survey Mr Simon concerns himself primarily with the relationship of changes in educational ideals and policies to the upthrust of new social groups in an increasingly industrialised society. He begins, however, not with the contradictions of the industrial revolution but with the harmonics of the enlightenment, and he ends with the social compromises of mid-Victorian England. In his last section on the forms which those compromises took he quotes witnesses before the Clarendon Commission on the Public

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THE CHINA QUARTERLY

Schools, who were concerned, as he rightly says, with the class issues underlying educational reform rather than with education itself. These class issues are his own leading theme. Although he discusses not only administrative structures but theories of education and changes in curricula as well, he sticks close to the study of the impact of class on educational philosophy and action.

Yet lucid, illuminating and well-documented as this book is, it has a doctrinaire quality that makes for intellectual rigidity. Facts and theories are fitted rather too neatly into an approved Marxist framework. Nothing ever looks incongruous or out-of-place. Given that class is the key to the history of education, does the key open all doors? And were classes quite so clear-cut as Mr Simon often implies? The middle classes, who stand out in this book as the constructive heroes of the new phase of educational advance in the 1780s and inevitably (a word that Mr Simon likes) became the villains of the educational compromises of the 1860s, were seldom a monolithic group. Mr Simon likes to identify them, or at least the politically conscious element in their midst, with radicalism, particularly philosophical radicalism. Consequently, there are only two references in this book to Sir Robert Peel and Sir James Graham and pages of reference to James Mill.

Factors other than class are often seen entirely in relation to it. The subtleties of religious opinion are not noticed, and the contribution of the Church of England to education (as distinct from the resistance to it of sections of the Church) is underestimated. The statements by churchmen that are produced are designed to throw into relief the superior merits of radical and rationalist thinkers with whom Mr Simon is in sympathy. In the account of working-class approaches to education the curious and significant affinities between the views of Cobbett and his Tory opponents are not brought out. Utilitarianism always gets a fuller treatment than its rivals.

In other words this book has a slant as well as a theme, and pays too little attention to the rough edges and twisted spirals of history. To make this criticism is not to detract from the book's many merits. It provides an absorbing anthology of contemporary opinions on education which buttress Mr Simon's arguments. It probes changing social relationships, and it is both well-arranged and readable.

OTHER BOOKS

CLASS IN AMERICAN SOCIETY. By Leonard Reissman. International Library of Sociology and Social Reconstruction. *Routledge.* 302 pages. 42s.

This is the book which, according to some of his critics, Mr Vance Packard should have written instead of "The Status Seekers." It is on the one hand a scrupulous, source-quoting, comprehensive survey of factual evidence about the nature, the roots and the importance of American class distinctions; on the other an analysis of ideas about class as an element in political thought and an influence on sociological investigation. It is authoritative—in so far as any study of the largely intangible and subjective can be so; it is important—as any authoritative study of the social dynamics of the most powerful nation in the world must be important; it is also, unfortunately, dull almost beyond belief and for the most part (though there is occasional tantalising evidence that its author is a normal and lively-minded person who can express himself like a human being) atrociously written. This is perhaps the moment for a vehement protest against the growing habit, among American writers on social topics, of using the word "dimension" when what is meant is "aspect" or "element" or "quality" or any one of half-a-dozen other things. There is room for a figurative use of the term, but when one finds oneself "plumbing a dimension" instead of "studying an aspect" it is time to invoke the rules against wanton cruelty to the English language.

GOLD: *Its Beauty, Power and Allure.* By C. H. V. Sutherland. *Thames and Hudson.* 196 pages. 35s.

This loving book by the Keeper of Coins at the Ashmolean Museum, Oxford, is well described in its title. Dr Sutherland has produced a documented history of man's fascination with gold through the ages. About half the book, and the more absorbing half, is taken up with the ancient world. For anyone with a special interest in coins this work is a must, but the splendid black and white and colour plates have a compelling attraction even to those quite unmoved by numismatics.

CYPRUS GUERRILLA. By Doros Alastos. *Heinemann.* 224 pages. 21s.

The title of this book may be slightly misleading, since although the author is a Cypriot, he did not fight with Eoka, nor was he even, it appears, in Cyprus during the Emergency. But he seems to know the island well, and many of those closely involved in the recent troubles. His account of the emergency and the accompanying political negotiations does not add much to what is already known, but is well-written and remarkably objective.

BRITISH LABOR AND PUBLIC OWNERSHIP. By Herbert E. Weiner. *Public Affairs Press,* Washington. 123 pages. $3.25.

Aimed primarily at an American audience, this brief historical survey sketches the changing aims and emphases in the TUC's lifelong flirtation with public ownership. Reasonable and detached in tone, it is a useful introduction to the subject, although the prose style seldom rises above that of the conference reports on which it is principally based.

THE MERCANTILE YEAR BOOK AND DIRECTORY OF EXPORTERS, 1960. *Lindley-Jones.* 1,514 pages. 42s.

CLASSIFIED HANDBOOK OF MEMBERS, 1960. *The British Engineers' Association.* 608 pages. 21s.

COMMODITY SURVEY, 1959. *United Nations.* 202 pages. $2.50; 17s. 6d.

THE NEW AMERICAN WEBSTER DICTIONARY. Edited by National Lexicographic Board. *New American Library.* London: *Muller.* 414 pages. 3s. 6d.

THE NEW AMERICAN WEBSTER HANDY COLLEGE DICTIONARY. Edited by Albert and Loy Morehead. *New American Library.* London: *Muller.* 543 pages. 4s.

THE TEACH YOURSELF GUIDE TO NUMISMATICS. By C. C. Chamberlain. *English Universities Press.* 190 pages. 7s. 6d.

THE WORLD CO-OPERATIVE MOVEMENT. By Margaret Digby. *Hutchinson University Library.* 192 pages. 12s. 6d.

THE CITIES OF LONDON AND WESTMINSTER. By Christopher Trent. *Phoenix House.* 148 pages. 10s. 6d.

THE LITERATURE OF THE SOCIAL SCIENCES. By Peter R. Lewis. *Library Association.* 242 pages. 28s.

UNIVERSITY OF MINNESOTA PAMPHLETS ON AMERICAN WRITERS. Ernest Hemingway by Philip Young; Robert Frost by Laurence Thompson; William Faulkner by William Van O'Connor. London: *Oxford University Press.* 5s. each.



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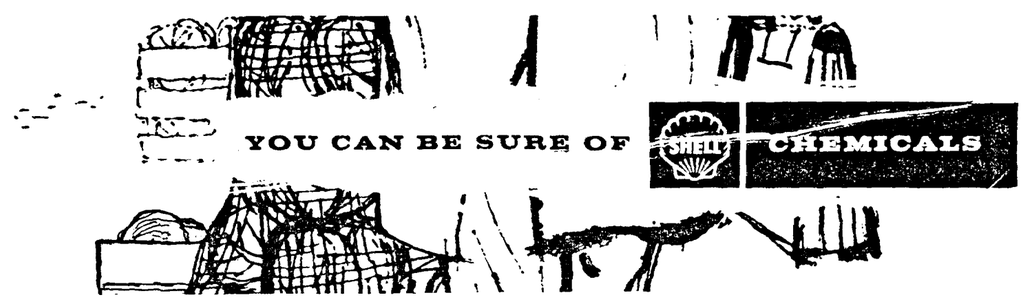

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Right without Might

WASHINGTON, DC

THERE will be sympathy for Mr Robert Morris of New Jersey in the heart of every boxer who has bravely cried "Let me into the ring and I'll kill him" shortly before waking up on a stretcher in the dressing room. A fortnight ago Mr Morris presented himself to the Republican voters of New Jersey, in the contest to decide who will represent them against the Democrats in next November's election to the Senate, as the white hope of his party's right wing. This wing, which has long claimed that large numbers of conservative Americans are virtually disfranchised because the Republicans, by following the Democrats too far down the road to liberalism, have left conservatives with no one to vote for, looked to the New Jersey primary to prove that a suitable candidate could rally this disgruntled multitude to the polls. Mr Morris duly led with his right against the incumbent Senator Case, one of the most liberal of Republicans, only to be knocked cold by the unexpectedly large margin of two to one.

Mr Morris has since pleaded, in extenuation, that his opponent got powerful last-minute help from influential members of the Administration such as the Secretary of State, Mr Herter, and Mr Mitchell, the Secretary of Labour (he himself had been getting powerful help from wealthy backers for a couple of years) and that in any case he was not running as a conservative. The latter is true only in the sense that he did not actually pin a badge to his lapel; the positions he adopted, and his record as former legal counsel of that harrier of communists, the Senate's internal security sub-committee, clearly placed him well out on the right. He might have added that New Jersey, like the rest of the middle Atlantic seaboard is barren ground for conservatives. But no excuse can disguise the astonishing feebleness of the right wing's performance just when it might have hoped that its bedraggled fortunes were improving.

The political theorists in Washington have recently noted the quiet slipping away, after a long illness, of "modern Republicanism," a concept which was born in 1952 and through which President Eisenhower was expected to liberalise the Republican party. As Mr Eisenhower grows more conservative, his attitude towards social welfare schemes, like the Church of England's attitude towards saints, is that even if old ones are tolerable new ones are not. Even in the Democratic party the proliferation of "moderate" and "down-to-earth" liberals is a symptom of a widespread uneasiness about liberal premises. Many Democrats are worried because the unquestioning loyalty towards farmers and trade unions which liberalism called for in the nineteen-thirties no longer seems valid; because, in education, liberal theories have produced a disquieting decline in standards; and because they have begun to find some of their fellow-liberals too narrowly rationalist (and sometimes too intolerant) for their liking. Thus although dominant factions in both parties are still basically liberal, the faith is no longer as self-confident as it used to be.

Some of the reasons why the right wing has failed to profit from the opportunity this presents are made clear by a book* just published by Senator Goldwater of Arizona. Senator Goldwater, the most intelligent and lucid member of the right wing in Congress, sets out what he believes the conservatives must do if they do not want to be merely diluted liberals. It is a starkly radical programme, quite alien to the amiably sluggish temper of contemporary America. At home it calls for the immediate abolition of subsidies to farmers; the retirement of the federal government from all social welfare activities in favour of private charity (and "if necessary" of local authorities); and a declaration that, even though Negro children in the South have a moral right to go to the same schools as white children, the federal government can and should do nothing to help them to obtain this right. In foreign policy Senator Goldwater, who thinks that "a craven fear of death is entering the American consciousness," wants the United States to stop talking to Mr Khrushchev, withdraw recognition from all communist countries, send arms to the anti-communist underground, and be ready to dispatch a mobile force equipped with nuclear weapons if an uprising occurs.

These proposals are likely to make most strayers from liberalism jump straight back to mother's arms. Even when Senator Goldwater hits on a genuinely tender spot, like the frailties of "progressive" education, he loses it again by talking about the evils of federal aid to schools rather than by asking whether the federal government can do anything to improve the situation. Having said, quite rightly, that there is something repugnant about agricultural policies which pay farmers for not growing crops, he fails to ask whether there would not be something equally repugnant about a policy which made even more Americans abandon life in the countryside. He is, in other words, not an amender but a fundamentalist; and his difficulties illustrate the two great problems of the right wing.

IN the first place, it has not yet worked out a defensible moral basis for its wish to exclude the federal government from the field of social welfare. Senator Goldwater says a good deal about the need for "spiritual values" and self-reliance; but he never seems to realise how odd it is to believe, as he apparently does, that the only effective way of fostering these qualities is to leave a man to face old age and misfortune without the help of the social security programme. Nor does he recognise that the radical lowering of taxes which he advocates would lead to some very unspiritual spending.

Mr William Buckley, the lively young editor of the right-wing magazine, the *National Review*, tackled these problems in a strangely defensive book which appeared last year. To Mr Buckley, the one major criticism that can be levelled against social security is the fact that it is compulsory, although he admits that very few people object to the fact. His argument that this nevertheless constitutes an abridgement of everybody's freedom is like the fable of the emperor's clothes in reverse: the conservative cries out that people have been stripped of their liberty even when they say they can still feel the texture of the stuff under their fingers.

* The Conscience of a Conservative. By Barry Goldwater. *Victor Publishing Company, Inc.* 123 pages. $3.

Hence it is not surprising that the honest-to-goodness right wing numbers only a small minority in Congress. An analysis of the votes on a number of crucial issues last year, made by a conservative organisation in Washington, shows that only eight Senators (all Republicans except for Senator Byrd of Virginia) and 81 members of the House, all Republicans, had a simon-pure conservative record. The reason is that the conservative Democrats from the South, who help the Republicans on most issues involving federal spending, cannot be relied on to vote against federal aid to their rural constituents; last year, for instance, they failed almost unanimously to be properly conservative about rural electrification and the Tennessee Valley Authority. And even among the Republican stalwarts there is a marked reluctance to tread too heavily on the toes of farmers and old-age pensioners.

The right wing's other great difficulty concerns foreign policy. Many conservative Republicans from the Middle West tend to cling to the last tatters of isolationism, whereas the instincts of others in the group lie in the direction of a militant anti-communism. When the latter get down to prescribing what America's foreign policy should be, the result, as Senator Goldwater's book shows, is likely to strike most Americans as unacceptably dangerous. Some of the marginal suggestions—that foreign aid should be cut to the bone, or that punitive action should be taken against Cuba—undoubtedly appeal to a wide audience; but the core of the Senator's policy, which consists of interventionist measures to overthrow communist regimes, is diametrically opposed to the present trend of public opinion.

The right wing is too vocal to be ignored entirely. It has produced several closely-argued books; its views are reflected, in one degree or another, in a number of widely-circulated magazines like the *National Review* and the *American Mercury*; its supporters number two or three newspaper columnists and at least one broadcaster who reach large audiences. But Mr Morris's defeat in New Jersey shows that, in spite of the self-doubt prevalent among liberals, the guardians of conservative orthodoxy have yet to show that they offer an appetising alternative for most Americans.

Cleopatra Needled

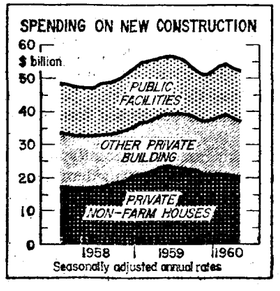
Resentment against the long-standing Arab blockade of Israel and against the closing of the Suez Canal to Israeli ships has often bubbled to the surface of American opinion, particularly that of Jewish and trade union groups. But recently it has been boiling over in a manner most embarrassing to both American diplomatic and trading interests. First came the picket line which the seamen's union put around the Egyptian cargo vessel *Cleopatra* in New York and which meant that it could not be unloaded. This was a protest at Arab discrimination against ships trading with Israel which it was claimed by the union had lost American seamen their jobs. It has brought a retaliatory boycott of American shipping at Arab ports, described in an article on page 544. If the American seamen persist in their picketing in spite of the influential pressure being put on them to abandon it, they will be cutting off *Cleopatra*'s nose to spite their own faces. For the Arab boycott, already disrupting both the tourist and the ordinary export trades, can only mean that many more American seamen will lose their jobs.

Since fifty per cent of all American government cargoes must be carried in American ships, the boycott will also make difficulties for foreign aid deliveries to Arab countries. But Congress has been busy this week putting another barrier in the way of foreign aid for these countries and of the whole American effort to maintain constructive relations with the Middle East. In spite of strong pleas from the State Department against what it regards as amateur interference in international affairs, the Senate has passed a foreign aid Bill containing an amendment, already approved by the House of Representatives, which directs the President to distribute mutual assistance in ways which support the belief of the United States in freedom of navigation on international waterways and in the undesirability of recipient countries waging economic warfare against other recipient countries. Senator Douglas, the sponsor of the amendment, declared openly that it was aimed at the United Arab Republic.

There is no reason to suppose that the President will feel obliged to hold up foreign aid for middle eastern countries as a result of the directive, although he, and the State Department too, are in full sympathy with the underlying purpose of ensuring free passage through the Suez Canal for all ships. But whether or not this congressional move has any practical effect, its psychological impact cannot but be harmful. The amendment seems certain to encourage rather than to discourage the Arab countries not only in the new boycott of American shipping, but also in the old blockade of Israel. It offers communist propagandists yet another example of how the United States attaches political conditions to its foreign assistance programme. And it strengthens the Arab conviction, which handicaps American diplomacy so severely in the Middle East, that United States policy in the area is guided not by broad international considerations but by political pressures from Jewish voters at home. It will not be overlooked that Senator Douglas himself is up for re-election this autumn and that all the potential presidential candidates among the Democrats in the Senate supported his amendment.

Political Capital

Last week Washington resounded to the opening shots of the election year hostilities between a Democratic Congress full of presidential hopefuls and a President determined that his successor shall be a Republican. In the House the Democrats passed a $1 billion housing Bill, the first of a series of measures authorising spending for social purposes which the President is determined to block on the ground that they will throw this year's precariously balanced Budget into the red and consume next year's promised surplus. Running a loving finger along the sharp edge of his veto, which cut down Democratic measures at the last session, Mr Eisenhower complained that Congress, bent on reckless spending, was neglecting the rather uninviting list of tasks which he set for it in January. This week he sent a special message to the legislators, asking them to forswear "electioneering" and concentrate on things which are really needed, including an appropriation for foreign aid providing all the money which Congress has just authorised.



The "emergency" housing Bill, which the President is expected to veto if it is passed by the Senate, was approved in the House by only 214 votes to 163; this means that the Democrats can hardly hope to muster the two-thirds vote necessary to over-ride a veto, even though many southern Democrats voted with their northern colleagues instead of deserting to the Republicans, as they often do when questions of spending are involved. There may not be as much Democratic solidarity on other issues such as aid to depressed areas, education, pay for civil servants and a higher minimum wage.

At this week's Board Meeting

At a number of Board Meetings this week the words "*Proposed new factory*" will make an initial appearance on the Agenda—first appearance, yes, but usually by no means the last. If you yourself are attending such a meeting there is one extra positive suggestion you might well make sure to include in your notes—a proposal that Northern Ireland should be among the possible locations to be visited and reported upon.

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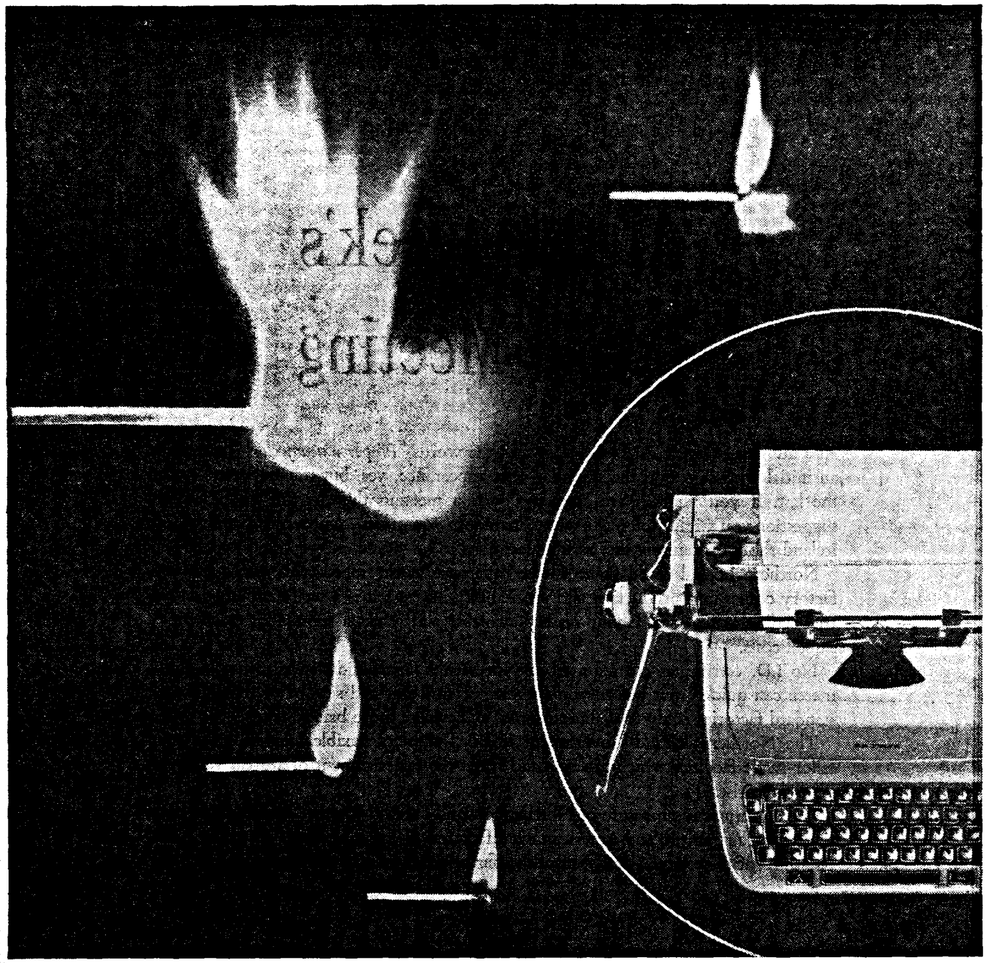

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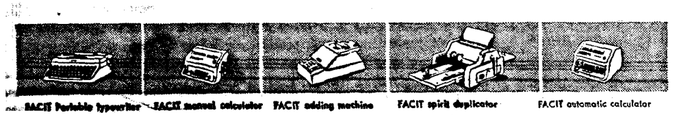

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Even so, the Democrats expect to make political capital out of charges that the President is turning thumbs down on progress in order to preserve his Budget.

Its sponsors argue that the housing Bill, which would enable the government to buy up $1 billion worth of private mortgages on low-priced houses, is needed to relieve the shortage of credit which is discouraging new house-building and preventing spending on construction as a whole from rising as much as is usual at this time of year. (On the chart, spending, being seasonally adjusted, shows a fall.) The Republicans deny that any emergency exists in the building trade which would justify such costly intervention. Yet even the Administration is not unwilling to give house-building a little stimulus when there are still clouds over other important sections of the economy such as the steel and automobile industries. The Federal Housing Administration has just reduced the down-payment required on medium-priced houses when it insures mortgages issued by private lenders. It has had the authority to do so since last year, but felt that it would be pointless to use this power until mortgage money became slightly more plentiful, as it has. Builders doubt, however, whether this concession, which costs the government nothing, will do them much good.

Strategy for Sit-Ins

FROM A CORRESPONDENT RECENTLY IN NORTH CAROLINA

MOST of the "sit-in" demonstrations staged by Negro students throughout the South at lunch counters which refuse to serve black customers have been spontaneous, planned and executed by groups acting independently of one another. Most of them have also been carried out not only without leadership from adults but actually to the dismay of many older Negroes who see them as bringing only trouble. Thus the conference held during Easter in Raleigh, North Carolina, was significant in two respects: it brought together for the first time student leaders from over forty communities in ten southern states in which demonstrations have been held, and it introduced an element of active adult support which the movement had not previously had.

The meeting was sponsored by the Southern Christian Leadership Conference; its president is the Rev. Martin Luther King, who organised the bus boycott in Montgomery, Alabama, in 1956 and is the leading exponent of Gandhian "nonviolent resistance" which the students are now copying. Over two hundred people—more than twice the number expected—attended the conference, including a number of white students, mostly from the North, and a few high school pupils; some had recently been expelled from universities, and some were on bail or had served gaol sentences, for participating in demonstrations against racial segregation. The adults included Dr King and several members of his SCLC, and representatives from other organisations of which the most important was the multi-racial Congress of Racial Equality (CORE); they were emphatic that they were not attempting to impose their leadership on the students' activities.

Both students and adults were openly impatient with the "legalistic" methods—damage suits, test cases and appeals to the Supreme Court—advocated by the National Association for the Advancement of Coloured People as the most effective way of fighting segregation. One adult speaker, the Rev. James Lawson of Nashville, Tennessee, complained that the NAACP was interested only in raising funds and in going to court, and referred to it contemptuously as a "black bourgeois club"; emphasis was placed on extra-legal methods, such as boycotts and sit-ins, and on the moral force of passive resistance instead. Dr King with passionate sincerity sees the issue in strictly ethical (as opposed to political or economic) terms; other leaders point out that many of the rights involved are not legal but social, that southern whites have often used the law to delay integration and that court action is slow, remote from the people, and expensive (the high fees charged by some Negro lawyers came in for sharp criticism).

The difference is more than one of emphasis: the NAACP, which has belatedly endorsed "nonviolent resistance", refused to be associated with the Raleigh conference, and future adult guidance for the student movement is more likely to come from the SCLC or from CORE, and from Mr Lawson rather than from Mr King, whom the students respect and admire from afar. Mr Lawson, only 31 years old and an extremely competent organiser who combines moral exhortations with considerable political sophistication, seems to be the more effective leader.

Although it was hoped to widen "nonviolent resistance" to include boycotts—called "selective buying"—of shops which discriminate against Negro customers at any of their counters and to spread the movement to older Negroes, no resolution about boycotts was passed; the students resolved to stay in gaol rather than to pay bail or fines, and even voted to give up bringing suits against white hoodlums who attack Negro pickets—though the legal approach is not likely to be forgotten completely. Mr Truman's recent allegation that communists have inspired the sit-ins is frankly nonsensical: politics—even American party politics—were not mentioned at all. But a regional group, the Student Nonviolent Co-ordinating Committee, was formed to plan future protests; its effectiveness, or lack of it, may become apparent during the summer months when the colleges will be closed and the students will be back in their home towns.

The Chessman Case

THE miserable life-story of Caryl Chessman is finished and it remains only for the State of California to write the epilogue which he—and many other people—hoped for, by abolishing capital punishment. That Chessman would have to die before this could be done became clear when the State Legislature, reflecting the emotional abhorrence which Californians felt for the man and his crimes, refused to take the opportunity of changing the law offered by the Governor when he reprieved Chessman in February. That Chessman would die unless the law was changed had become nearly as clear long before—perhaps to Chessman himself even more than to the lawyers who supported his tenacious fight for life. However much his ingenious efforts to escape his sentence had confused the questions of whether that sentence was justified for his particular crimes, of whether in fact he had committed those crimes, of whether he had had a fair trial, the verdict had gone against him again and again in every conceivable court, state and federal, right up to the Supreme Court of the United States.

This very complexity of the American legal system had saved Chessman's life for twelve years. While observers in countries where justice is more summary are bound to regard it as revolting cruelty to keep a man under sentence of death for such a long period and through eight execution dates, Chessman himself does not seem to have shared this view. And he made good use of his borrowed time, writing surprisingly readable books and becoming an adequate, although narrowly specialised, lawyer for the purpose of working up his own defence. By thus showing that he was capable of improvement, of making a worthwhile contribution to society, he showed also that capital punishment cannot be justified by arguing that any particular criminal is irredeemable. When the state finally executed Caryl Chessman, in defiance of the worldwide protests against his protracted ordeal, it also brought nearer—perhaps much nearer—the day on which California will join the other nine states which have abolished the death penalty already.

Trials of Hoffa

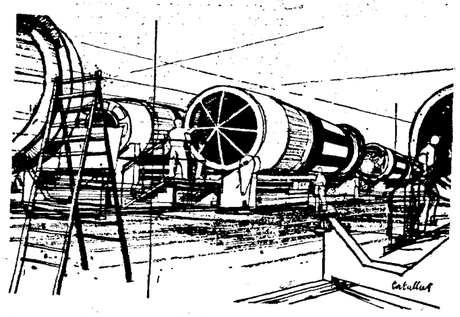
On Tuesday Mr James Hoffa, the president of the largest and most powerful trade union in the country, secured yet one more postponement of a trial which has been hanging fire since early this year. He is accused of misusing the funds of his teamsters' (or lorry-drivers') union and thus of violating the court order under which he was allowed to take office two years ago; if he is found guilty he may lose his $50,000-a-year job. But Mr Hoffa has such a battery of legal talent pleading his cause and he has been so successful in his previous brushes with the law that no one is taking his ouster for granted.

Three years ago, at the hearings of the McClellan committee, which was created to investigate abuses in trade unions, the name of Mr Hoffa, then the power behind the teamsters' throne, became synonymous with undemocratic methods, corruption and infiltration by racketeering elements. The committee itself has at last submitted its reports and shut up shop although, to the grief of the unions, its powers and a relatively small appropriation have been handed over temporarily to the Government Operations Committee, whose chairman is also Senator McClellan. But, although the teamsters were expelled long ago from the American Federation of Labour and Congress of Industrial Organisations and although Mr Hoffa is still deeply entangled in legal proceedings, both of these black sheep seem to be flourishing so far.

These proceedings go back to the election of Mr Hoffa to the union's presidency late in 1957. A group of rank-and-file members of the union asked a federal court to declare the election invalid on the ground that it had been rigged. Instead the two sides reached an agreement, which the judge, Mr Letts, sanctioned, that Mr Hoffa should take office on the condition that he co-operated with a group of three monitors appointed by the court to supervise the reform of the union. Mr Hoffa has not co-operated and has done his best to undermine the monitors; only by taking rather drastic measures has Judge Letts been able to maintain an anti-

Titanic Future

FROM A CORRESPONDENT IN COLORADO



Both the Titan intercontinental ballistic missile and the Martin Company, which makes it, have been under fire for some months, the company for being inefficient and the weapon for being ineffective. After a series of tests of the Titan had failed, at a time when its rival, the Atlas, was becoming operational, the argument that the Titan should be abandoned and all efforts concentrated on improving the Atlas was altogether too strong for the comfort of the Martin Company—or for that of the thousands of residents of Denver who have found employment during the last four years in its nearby factory. But now the company has been reorganised drastically and the missile has done markedly better in its tests. So the future of the Titan seems assured.

It is now said to be farther along than the Atlas was at the same stage of development and to be more capable of improvement; in particular it is thought to be more suitable for instant launching from underground firing tubes, more adaptable to the use of "storable" propellants, which can be kept in the missile itself instead of having to be pumped in before it can be fired and as a "true two-stage missile" able to carry heavier warheads than the one-stage Atlas—the equivalent of seven million tons of TNT, according to unofficial reports. The Titan B which is now being talked of will have all these advantages and will be entirely self-guided as well.

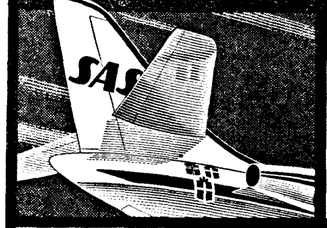
The Martin Company had contended all along that the Titan's failures on the test range were caused not by inherent faults in the missile but by errors in individual parts of this delicate and complex weapon. Each such failure was followed by the most painful examination and the company itself has also been subjected to similar corrective efforts. Its chairman, Mr George Bunker, moved permanently from Baltimore, Martin's headquarters, to Denver to assume personal command of the 7,000-acre Titan plant in the foothills of the Rocky Mountains. He made ruthless administrative changes so that critics could no longer say that faulty organisation was responsible, at least in part, for the missile's faltering performance. Now the company is again expanding its working force in Denver and its volume of output and its profits have both been better so far this year than in the comparable period of 1959.

To begin with some 70 Titans are to be supplied, with the first expected to be operational by the middle of next year, for the six Titan bases which are being constructed, at a cost of some $80 million or more each, throughout the West. The base near Denver will be double, with twenty missiles instead of ten, and crews are already in training there. Eventually there will be eleven of these bases and it is thought that the last four will be equipped with Titan Bs. The whole complex will cost hundreds of million dollars and each of the huge launchers must be fitted exactly to its particular missile; with so much money already spent on the Titan and its bases, to have abandoned the project would have wasted more than would have been saved.

Meanwhile the huge factory near Denver is a precision assembly line going completely beyond any previous operation of this type, producing not just a machine but a whole electronic complex. Automobiles have only hundreds of parts while a ballistic missile has many thousands and the failure of even the tiniest may send a multi-million dollar Titan plunging to utter destruction. So unusual care must be taken at every step in the manufacture of each of the extraordinarily intricate parts. Like other specialist organisations of the space age Martin needs a fantastically high proportion of scientists, engineers and white-collar workers compared with the actual work force engaged in fitting the parts together on the assembly line; 7,599 engineers, of whom 3,000 are engaged on electronic work, are said to be employed.

Components move slowly about on a floor covering acres, with additions being made and testings carried out at every point, and with remarkably few people all working with unhurried care. The first and second stages of the missile are then put together in another huge building where the Titan pokes upward through seven floors, accessible at each floor. The monster engines are tested separately far up a canyon, with the hideous din sometimes penetrating as far as Denver, 15 miles away out on the plains. Finally the complete missiles, shrouded in canvas to keep out dust as well as curious glances, are sent to their destination, usually by air.

SAS CARAVELLE



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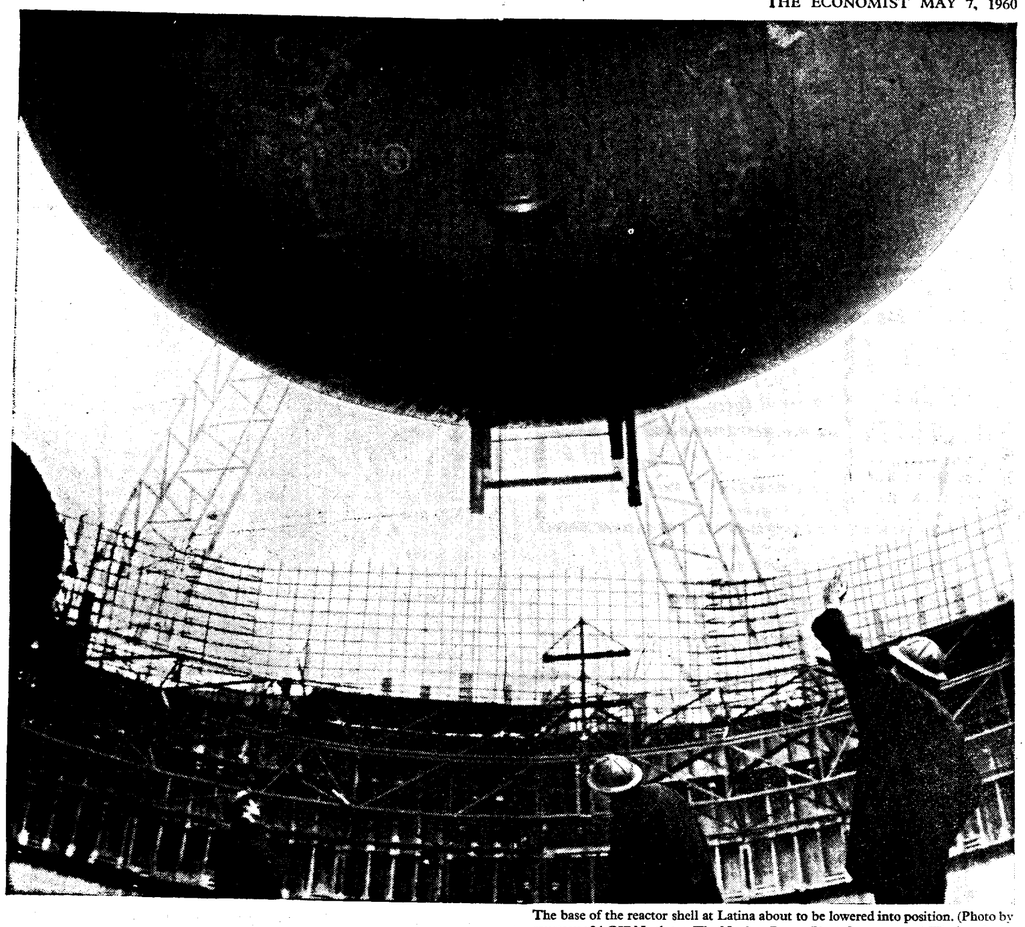

The base of the reactor shell at Latina about to be lowered into position. (Photo by courtesy of AGIP Nucleare, The Nuclear Power Plant Company and Whessoe Ltd.)

Atom power comes to Italy— and Consett steel is at the heart of it

OUT of the flat coastal plain of Latina in southern Italy a huge strange shape is rising among the vine and stiff olive trees.

It is Italy's first nuclear power station, built by a British company (The Nuclear Power Plant Company) in conjunction with AGIP Nucleare of Milan. British equipment and materials are being used, and the vital reactor shell, made by Whessoe Ltd., is of Consett's 'Bearcomo' steel.

Steel for atomic reactors has to have very good 'creep' resistance at high temperatures, and 'notch' toughness at low temperatures (the shells are welded on site in all weathers, and notch toughness means there is much less risk of cracks developing in weld or plate). These two characteristics used to be thought incompatible. 'Bearcomo' combines them.

Consett has provided special steels for Britain's own nuclear power programme. The reactors at Bradwell, Chapelcross, and Calder Hall are housed in shells made of 'Bearcomo' plates.

To keep its commanding competitive position in the field of steel plate, Consett is building a £14 million 'four-high' plate mill which will be the most up-to-date in the world. Work on it is already well advanced: foundations are ready for the mill-stand itself and the great shears; the cooling tables and some of the transfer banks are finished, and the overhead cranes are installed. It will be a mighty addition to Britain's industrial power.

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Hoffa majority in the group. The present case is being brought by the monitors, but it may be their swan-song. If they lose (and the case is not to be heard by Judge Letts) the board may well be dissolved. Many observers are coming to feel that it was a great mistake, in any case, ever to involve the federal courts in the running of a trade union.

Primary Skirmishes

SENATOR HUMPHREY and Senator Kennedy are concentrating their efforts on West Virginia, where these two liberal Democrats meet next week in the second, and perhaps decisive, encounter of their campaigns to capture the presidential nomination of their party. By comparison, this week's primaries—the elections in which party members have a chance to express their preferences—were small beer. But Senator Humphrey has the consolation that he will not ride into battle bearing the marks of two defeats; in the primary in the District of Columbia he roundly trounced Senator Morse, who is not a serious contender for the Presidency but had been expected to do well in the capital. (Although residents of the District are not allowed to vote in national elections the parties allow them to cast a handful of votes at the nominating conventions.)

There was no preference vote for President in the Republican primary in the District. But on the same day in Indiana Mr Nixon, who is virtually certain to be the Republican standard-bearer, made an unexpectedly impressive showing; he rolled up more votes than Mr Eisenhower won four years ago. The Republicans had given it out—perhaps for reasons of prudence—that, because he had not campaigned at all, Mr Nixon could not expect to do as well in the Republican primary as Senator Kennedy would do in the Democratic one. In fact the Vice President won substantially more votes—401,125 to Mr Kennedy's 351,297.

In the past Indiana has been counted as a Republican state but recently it has been moving in a Democratic direction and, indeed, if all the Democratic votes in the primary are added together (two little-known candidates won over 80,000 votes between them) they slightly exceed the Republican total. This may have been due in part to a sharp local struggle in the Democratic party for the gubernatorial nomination. But it is still striking in a state which in 1956 gave Mr Eisenhower 60 per cent of the total poll and the Republican candidates for Governor and Senator a 55 per cent majority. What Democratic politicians will be pondering this weekend is whether an anti-Kennedy vote as large as 80,000 is a significant protest against the Senator's Roman Catholicism or simply a sign that many Indiana Democrats had no other way of demonstrating their preference for other major candidates, such as Senator Symington, who chose not to stand. But if Senator Kennedy needs comfort he has only to turn to the most recent Gallup poll which suggests that, if he were pitted against Mr Nixon today, he would beat him in the country as a whole by the handsome proportion of 54 to 46. A month ago it was by only 53 to 47 per cent.

Gross Points

FROM A CORRESPONDENT IN DETROIT

DISCRIMINATION in housing, which is an ever-increasing problem in northern cities, has been carried to a fine point in five suburbs of Detroit which number some of the country's wealthiest people among their residents. Property owners and estate agents in the Grosse Pointe area have set up an elaborate system for the purpose of screening prospective buyers of houses in order to keep out persons whom they regard as undesirable. Applicants for homes are investigated by a private detective agency and rated on a point system according to their speaking accents, occupation, religion, dress (flashy or conservative), degree of "swarthiness," whether their way of living is "American" and whether their friends are predominantly "American." Every applicant must have at least 50 points to qualify; people of Polish or Irish descent need 55, Southern Europeans 60 and Jews 70, while Negroes and Orientals are not rated at all, since they are excluded automatically.

This points system was started fifteen years ago but did not attract public attention until challenged in two recent lawsuits. One was brought by a property owner who charged that estate agents held a mortgage on his house which they refused to let him pay off and which gave them power to veto any prospective buyer. The other suit was filed by Mr Bufalino, a notorious official of the notorious lorry-drivers' trade union, who claimed that he had not been allowed to buy a house in Grosse Pointe because he was "in the union rackets."

Far from denying these charges, estate agents and property owners have obligingly furnished additional details about how their system works and have defended it as "making the best of a difficult fact" that prejudice affects the value of land and houses. The owners say that 1,597 prospective buyers have been investigated fully since the plan was put into operation. Only about 60 per cent scored enough points to qualify for residence in the area. Nothing is said about how many persons were rejected, or accepted, without investigation. According to the form used by the detective agency which carries out the enquiries: "A station in life of sufficient eminence could be capable of producing a passing grade despite all other considerations in this report." This apparently means that someone like Albert Einstein could move into one of the Grosse Point suburbs even if he did not have sufficient points in the rating. But the day after this explanation was given a prominent Detroit psychiatrist, Dr Rosenbaum, announced that he had been turned down when he tried to buy a home in Grosse Pointe, although his wife, who is not Jewish, had been told that she might live there. State officials are now investigating this screening system which the Governor of Michigan, himself a resident of the area, has condemned as "odious and unhealthy."

SHORTER NOTES

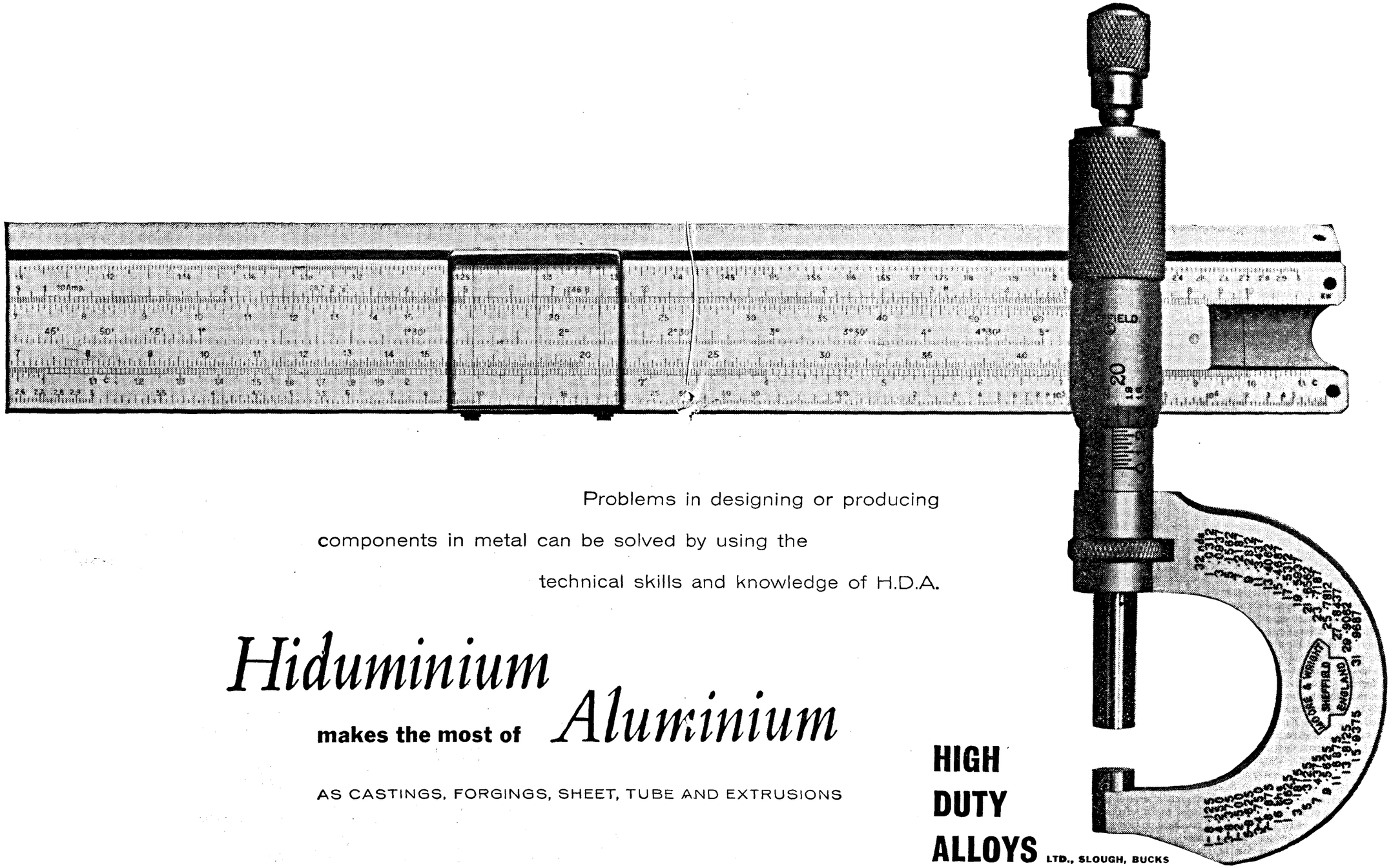
The Treasury has decided that, in the present state of the market for government securities, it would be undesirable to use its new system, designed to counteract speculation, under which maturing issues were to be paid off in cash instead of being exchanged, for the refinancing of the $6.4 billion of debt which falls due on May 15th. So holders of the securities will be able to exchange them for either a one-year certificate at 4¼ per cent or a five-year note at 4⅜ per cent; as a result of the fall in interest rates, both will cost the government slightly less than did the similar securities which were offered last February.

* * *

A new helium extraction plant which has been built in Oklahoma at a cost of $15 million will process 70 million cubic feet of natural gas a day. Since the helium content of the gas is expected to average 2 per cent, the monthly recovery of helium should be about 30 million cubic feet. This equals the total capacity of the other four plants which were already in operation.

* * *

Correction:—On page 151 of *The Economist* of April 9th it was incorrectly stated that Mr David McDonald, the president of the steelworkers' trade union, was the leader of the electricians' union.



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THE WORLD OVERSEAS

Mr Diem's Critics Speak Out

FROM OUR CORRESPONDENT LATELY IN SAIGON

MANY signatories of the manifesto demanding urgent and drastic economic, administrative and military reforms that was served on President Diem last week are dismissed in Saigon as lightweights. But the significance of this first political challenge to Mr Diem's mystical absolutism does not lie in the names and records of the would-be reformers ; it lies in the simple fact that a challenge was presented at all.

The group of elder politicians and civic leaders who led the revolt against the palace did not stress their own personal fear of arrest and punishment. But this was clearly implicit in their cautious manœuvrings and in their self-protective arrangement that the foreign press in Saigon would have a copy of their manifesto and a full list of their names as soon as the palace had acknowledged them ; to a visitor, this prudence was by indirection their most serious charge against the regime. Yet, conversely, they would not have been able to meet at all in regular conferences—subject to the normal Saigon ban on more than twenty persons attending—had they been preparing their plans in, say Dr Rhee's Korea.

No one can attempt objectively to measure the extent of the discontent in censored South Vietnam. Among intelligent, educated Vietnamese—government officials, teachers, businessmen, some of the students and the upper middle class generally—there is a vague feeling that the march to "liberty and progress," to use the phrase adopted by the articulate reformers, has faltered and somehow lost its original zest and sense of high purpose. It is certain that the great mass of the people, neither hungry nor profoundly interested in western concepts of philosophical liberalism and parliamentary democracy, are non-communist. It is perhaps not so certain how resolutely they would fight against communist forces which they feared might be strong enough to defeat President Diem's army.

Here is one central paradox. Mr Diem's pet project of establishing "agrovilles"—communities of scattered farmers regrouped around modern facilities in strategic areas—is designed both to protect his people against communist terrorists and to improve living standards. But his critics, equally anti-communist, insist that this policy imitates the principle of the Chinese commune ; imposes forced labour ; prepares the way for easier communist seizure of a community's area ; and in any event spreads discontent among peasants who despite terrorism do not wish to leave their old family holdings for the larger new holdings and who are angry at the removal of their ancestral tombs.

Basically South Vietnam is prospering under Mr Diem. Rice can be exported once more. Farm taxes are down. Education, sanitation and public health have been greatly improved. In any village food leavings are thrown into the garbage with an abandon which would shock the commune dwellers in Mao Tse-tung's paradise. But there is no democratic "nonsense" about freedom of speech or press or parliamentary opposition in South Vietnam. There have been curious family group indoctrination classes reminiscent of the enemy's ideological methods. There are alleged to be anything from 40,000 to 50,000 political prisoners in "re-education centres." Even the champions of President Diem, whose personal probity is not questioned, now murmur that he has allowed himself to become too withdrawn from his people ; that few of his advisers share his shining evangelistic ideals ; that the family group screening him has a bright and eager eye for the main chance ; that there is a cynical acceptance of the prevalence of corruption ; that the regime rejects constructive criticism as *lèse-majesté*, and that President Diem himself is adopting a Confucian complex, seeking, as one intelligent official put it, "to introduce mandarin rule without any mandarins."

There are well-grounded fears that the communists have infiltrated into key services. Undoubtedly the 800,000 refugees who fled south from Hanoi were seeded with trained agents, and many others remained under party orders in the south after the Geneva armistice. The real communist threat, in the opinion of many western observers, is this internal infiltration, rather than stepped-up terrorism. Nor has the army—with the exception of a few specialised units—yet been properly trained in jungle methods. The regime, although anxious, is reluctant to admit these known facts, largely, it is said, because Mr Diem proclaimed last year that the security situation was under complete control and that the terrorists had been subdued. It is recalled also that when one avowed critic of the regime—Dr Dan—was refused permission to take his properly elected seat in the national parliament, western diplomats strongly urged that the ban should be reconsidered, but were informed apologetically by the president's spokesman that criticism of "a symbol of the state" could not be tolerated.

If President Diem permits last weekend's surprise upsurge of critics—lightweight or not—to form a parliamentary opposition, he will have made a notable retreat from his lofty peak of Confucian omniscience. He must know also that in the aftermath of the spectacular Korean upheaval the opposition is consciously playing for American support. Washington is supposed and expected now to be on the side of western-style democratic forms of government in non-communist Asia—whether or not that still alien system is the most effective way to oppose communism.

A Leaderless Korea

FROM OUR CORRESPONDENT IN TOKYO

WATCHING the Rhee regime in Korea collapse was like watching the front of a house fall out into the street. All the rooms were exposed to the public gaze and some very queer things were going on in them. The demonstrating students found in the home of the late Speaker, Mr Li Ki Poong, a wooden box stuffed with cheques worth thirty million *hwan*. The former home minister is reported to have confessed that he ordered the police and other officials to get Dr Syngman Rhee and Li Ki Poong elected, on pain of wholesale dismissal, and that one method used was to stuff the ballot-boxes in advance with a forty per cent Liberal vote. Mr Huh Chung, the new foreign minister and acting president, has spoken of the "wasteful, inefficient and corrupt use" of American aid funds (which amount to several billion dollars).

The spectacle proved so fascinating, with one dramatic incident so swiftly following another, that little attention has thus far been paid to another consequence of the Rhee regime: the fact that

the regime's lack of political conscience was matched and made possible by Korean political unconsciousness. For years, the Koreans' simple aim was to rid themselves of the Japanese. They did so, and got Dr Syngman Rhee instead. Now they have singularly little notion of what to do next. The Korean students' revolt was in a classical Korean pattern: Yi dynasty students more than once led successful attacks on unpopular monarchs, without actually changing the system. Even under Dr Syngman Rhee the students were still a privileged class, who revolted only when the political machine had broken down to an intolerable extent.

All power had become concentrated in the hands of Li Ki Poong and the fifteen "secretaries" who surrounded Dr Rhee and were able to dictate terms even to cabinet ministers. But Li Ki Poong, himself a former "secretary," was suffering from an incurable disease that progressively wasted both his physical and mental powers. His incapacity seems to have been matched only by his wife's rapacity, and Mrs Li Ki Poong, or Maria Pak as the Koreans knew her best, had a blindly loyal friend in Mrs Rhee, just as Rhee himself refused until it was much too late to hear a word said against Li. From Maria Pak's single-minded determination to succeed Mrs Rhee as Korea's "first lady" after the aged Dr Rhee died or retired, there flowed such consequences as the 1958 National Security Law and the misuse of old outmoded American military government laws, that were used last year to gag Li Ki Poong's opponents, as well as the outrageously rigged elections of March this year that finally brought on the students' revolt.

THE American role in Korea has been peculiar. Dr Rhee was not the only Korean leader on the scene, but having once backed him, the Americans continued to do so even when he began getting rid of all his rivals, and even after he persisted in embarrassing his backers by his attitude towards the Korean war prisoners and the armistice and his constant cries about "marching north." But a new American attitude had been in evidence, especially since the death of Mr Dulles. American indignation over the Rhee regime's internal excesses, though genuine, might not in itself have been enough to change Washington's stereotyped admiration of the "staunchest" anti-communist ally. But Dr Rhee also blocked a Korea-Japan *rapprochement*. It also began to become clear that in any showdown between him and his long-suffering people he would not be able to count on the support of the Korean army. Only the historians, however, will be able to try to determine precisely to what extent General Song's historic decision not to oppose the popular revolt had the prior knowledge and approval of the American commander.

The American embassy in Seoul has been at pains to disavow any credit for the Rhee regime's downfall. American officials claim that they did not tell Dr Rhee specifically what he should do, and were equally "non-interventionist" towards the demonstrators. This is cautious, but caution is not wisdom in all situations. It is at least arguable that had the Americans spoken more bluntly to Dr Rhee at an earlier stage of the game, the excesses that provoked the revolt might never have happened.

As Korea slowly returns to an outward normality, it becomes evident that many crucial questions still remain unanswered. President Rhee had lived increasingly in a world of make-believe, but so had most Koreans, including the students who presumably are the country's next leaders. If they are no longer gagged by Dr Rhee's police, they are still politically without direction. The Americans could help here, but there is as yet little sign of anything emanating from them beyond stale political platitudes—"anti-communism," "a free Korea"—and large doles. While the Americans practise this sort of non-intervention, a number of no doubt well-meaning but ageing Korean politicians, all of them ultra-conservative by temperament, are busying themselves with new paper constitutions. It is difficult to resist the conclusion that the real social and economic as well as political reforms that Korea badly needs remain unattempted and that Korea meanwhile is a Pakistan without even an Ayub Khan, since General Song insists on regarding himself as a simple soldier.

In the General's Corner

FROM OUR PARIS CORRESPONDENT

GENERAL DE GAULLE came home on Wednesday crowned with fresh foreign laurels. His American tour was undoubtedly another personal success. After the Canadian prelude came the warm applause of Congress, the compliments of politicians and the welcome of American crowds from New York to San Francisco. French correspondents were not alone in using lyrical terms. Mr Walter Lippmann even appeared to bestow on the general the diplomatic leadership of the western world ; and this was no joke.

Yet the trip seems to have achieved little beyond giving a fillip to the general's prestige and to French public relations. The bulging file of Franco-American differences has scarcely been opened. The talks at Camp David—presumably—mentioned Algeria, since President Eisenhower assured his press conference on April 27th that France remained faithful to the policy of self-determination which had American support. This was sufficiently vague not to preclude new, and more serious, misunderstandings at the United Nations. But French differences with Nato were apparently left untouched and, according to French sources, General de Gaulle did not even make a bid for American nuclear secrets.

The unanswered questions are likely to complicate negotiations at the summit in a week's time. Short of receiving American secrets, France is determined to bang its own way into the nuclear club. In the French view, naturally enough, disarmament must begin with the control and inspection of the means of delivery of nuclear weapons, that is to say of rockets, planes and ships. Since the Big Four are most unlikely to agree on such an ambitious beginning in Paris, France will not consider itself bound by a nuclear test ban accepted by the Americans, Russians and British. And the first French explosion after such a ban would set a precedent for the Chinese.

Lack of progress at the summit on disarmament will be the more dangerous because, in the French view, the Paris conference should leave the German question (and Berlin) alone. General de Gaulle said this plainly in Ottawa but less emphatically in Washington. If the two presidents were preparing their tactics for the summit at Camp David on the assumption that Mr Khrushchev, suffering from temporary amnesia, would forget all his previous pronouncements on Berlin, the warning from Baku on April 25th was a salutary jolt. The question still remains whether the French will stick to Dr Adenauer's stiff line or whether they are now willing to resume negotiations on Berlin from the point where they were left in Geneva last July.

In one way, General de Gaulle has certainly changed. Last year he was allergic to summitry and proved a reluctant climber. He now praises the value of meetings at the highest level and of personal contacts with Mr Khrushchev. For the rest, there has been little in the general's recent utterances to indicate any real change in his outlook on foreign affairs.

Facing journalists in Washington, General de Gaulle rejected the Soviet suggestion that Germany could be a threat to France. "Quite the contrary," he declared. The common market, he said, was an economic and political necessity. He told members of Congress that the inclusion of western Germany in a west European unit would enable a balance to be struck "between two zones comparable in numbers and resources," ensuring an equilibrium

from the Atlantic to the Urals. It may be presumptuous to consider that, economically and strategically, the Six can match the weight of the Soviet block. Nevertheless, this conception is in keeping with the gaullist vision of a continental alliance, led by France.

But in pursuing his grand design (as expressed in *le Salut*), General de Gaulle has become aware of the limitations and contradictions of his tactics. The close partnership with Bonn excludes the balancing act—the choice of alliance between the Soviet Union and the "Anglo-Saxons"—which he had originally envisaged. This was confirmed during Mr Khrushchev's visit to France. General de Gaulle drew the logical conclusion and, during his American tour, took pains to emphasise that France is a member of the western block. He did not, however, obtain as a reward for this faithfulness either a place in a Nato triumvirate, the creation of which he has demanded since the autumn of 1958, or the promise of American atomic secrets.

For all the applause General de Gaulle may well have returned from Washington nearly empty-handed. This will not alter his diplomatic course. He probably remains convinced that he will finally achieve his aims through patience and passive resistance inside Nato. The leadership of a continental coalition and, even more, the ending of the Algerian war would undoubtedly strengthen his hand. He may, therefore, view the forthcoming meeting in Paris merely as a formal, and inconclusive, episode in a drawn-out diplomatic game.

The gaullist approach will not create any complications at the summit if the major French premise—that Mr Khrushchev can be kept happy with a courteous refusal of western concessions—proves true. But if not, if Mr Khrushchev is determined to obtain some concrete results, the solidity of the western position will be put to the test. Will the three western partners prefer to run, united, into a deadlock or will they, at the last moment, admit that their tactical unanimity is merely superficial? To discover everyone out of step but himself would not be a new experience for the general.

Regretfully to Boycott

FROM OUR MIDDLE EAST CORRESPONDENT

THE Arab boycott of American shipping, in answer to the refusal by New York dockers to unload the Egyptian steamship *Cleopatra*, is a genuinely popular movement that has swept the Arab governments along in its trail. It is an open secret that not one Arab government really wants economic war with the United States and that many are apprehensive of the inevitable political consequences of a prolonged dispute.

At a time when even General Qasim is having second thoughts about communist aims, Arab governments are more anxious than ever to preserve a neutral line. President Nasser himself said last week in private conversation that he had no wish to get embroiled with the United States. He could not, however, ignore the strength of Arab popular feeling without forfeiting all claim to leadership of the Arab world, especially since both General Qasim and King Hussein had rallied to his support. Officially the Jordanian and Iraqi governments have nothing to do with the dispute, but both have used government propaganda networks to declare the support of the Jordanian and Iraqi unions for the dockers at Alexandria, Port Said and Suez.

The strength of Arab feeling over this issue has two causes. First, the New York boycott of *Cleopatra* is interpreted everywhere as a Zionist conspiracy to force a free passage through the Suez Canal for Israeli ships and cargoes. This is the reddest of rags to the Arab bull. Second, persistent memories of western domination linger, and many Arabs, particularly the less sophisticated, take positive pleasure in cocking snooks at more powerful western nations, even to the detriment of their own material interests.

The volume of trade affected by the boycott is as yet impossible to assess with any accuracy since neither the Arabs nor the Americans have explicitly stated what further measures they propose to take. The Arabs, for their part, may well extend the boycott. The American airlines are already under a threat, and there is even talk of a general boycott of all things American. Various petty pinpricks in this direction have already been administered.

One encouraging sign is that President Nasser has intimated, again in private conversation, that he will ensure free passage for American shipping through the Suez Canal. This is because the denial of passage to Israeli ships and cargoes has already been widely condemned; similar action against American shipping would create a new and dangerous situation. Indians and south-east Asians have been quick to point out that they would be the chief sufferers if transit through the canal were further restricted.

The Arabs risk having some of their American aid cut off since an Act of Congress stipulates that 50 per cent of the goods shipped under American aid programmes must be carried in American bottoms. If American aid were cut off by so much, what would the Arabs' reaction then be? Probably they would remain obdurate and say they would turn elsewhere for help, but all the aid programmes now in operation in the Middle East have only been started after months of tortuous negotiations. Even if the Arabs' losses could ultimately be recouped, they would certainly suffer dislocation and delays until new arrangements could be made with west Germans, Japanese, communists or even Britain.

The fate of goods shipped on ordinary commercial account is also obscure because it is not known what American exporters are going to do. Will they be content to transfer their shipments to non-American ships or will they support American shippers by refusing shipment altogether? There is a chance that they might compromise by shipping to non-Arab ports in the eastern Mediterranean for trans-shipment to the Arab states. But the extra costs involved in trans-shipment would probably drive Arab merchants to seek new sources of supply. Anyway, the decision may be taken out of their hands by an Arab decision to boycott American merchandise generally.

At the moment the boycott is total from Tripoli in Libya to Basra in Iraq. The position in the Persian Gulf ports is not yet certain and many Arabs who support the boycott are reconciled to the prospect of business as usual in the Gulf on the grounds that the Gulf ports are somehow "different." Elsewhere there is no sign of wavering among the unions or any evidence that governments will take action to enforce a return to work, however much certain politicians may regret the whole business.

Turkish Discontent Boils Over

FROM OUR CORRESPONDENT IN ISTANBUL

ON Thursday, April 28th, Turkish students demonstrated in Bayazit Square outside Istanbul University, shouting slogans such as "freedom, freedom," and "Menderes resign." Police entered the university to arrest the demonstrators and the professors who had sided with them. The students, led by the rector of Istanbul University, Doctor Onar, protested that the police had no right to enter the precincts of an autonomous institution. A violent incident developed into a pitched battle between police on the one hand and students and professors on the other. The latter, though unharmed, picked up large jagged paving stones and threw them at the heads of the police, who used tear gas and fired in the air but without effect. Finally the order was given to fire on the demonstrators. An unknown number were killed and injured. Next day, an even more violent incident took place at Ankara University. The casualties in these and other incidents in both cities have now been given officially as two killed and 37 injured, including 19 police. There are strong reasons to suppose that these figures are an understatement; rumour puts them much higher. A reasonable middle estimate might be ten or a dozen dead and perhaps 150 or so injured.

The official Turkish view of these events is that they are the work of a "handful of misguided students" lead astray by the opposition People's Republican party which deliberately provoked riots in order to discredit the Democrat party government at the time of the Nato conference. But if the riots were really the work of "a handful of students," why was it necessary to impose martial law in Istanbul and Ankara, followed on Sunday, May 1st, by a 24-hour curfew? The same day the newly appointed military governor of Istanbul, General Fahri Ozdilek, issued a toughly worded communiqué forbidding gatherings of more than three to five persons in the street and threatening to fire on demonstrators if necessary. The outside observer was left with the impression that the authorities feared much more widespread trouble than could be perpetrated by students alone.

What is behind these startling events? The government blames the Opposition; others the communists. Possibly the incidents were simply spontaneous. Perhaps the most likely explanation is that the growing excitement and unrest in recent months in Turkey, possibly encouraged and approved by the Opposition, has at last boiled over. The immediate cause of the trouble is a law passed by the Democrat party majority in the Assembly giving extraordinary powers to a special commission investigating what the government calls the "subversive and illegal" activities of the People's party. Although the Turkish constitution gives great power to the National Assembly, many objective observers think that this law is clearly unconstitutional. Leading Turkish professors of constitutional law have spoken out against it.

It is difficult to understand why the government, which can hardly fail to have realised that this extreme step would bring a violent reaction, chose to make it on the eve of the Nato meeting. There is a theory that Mr Menderes wanted to show the western world his strength; that he wished to flout the Americans and show that, whatever happened, he was damned if he was going to be a Syngman Rhee. Throughout recent events there has been a singular parallel between Korea and Turkey—a theme most skilfully played on by the Turkish press, which is now suffering from the most complete blackout. The day after the police had fired on the students at Istanbul University an Istanbul paper showed a picture of mothers weeping for their lost children. The mothers were Korean, but no matter. The impact of the picture was terrific. The complete press blackout has lent a weird atmosphere to the whole affair. All foreign newspapers are kept out of Turkey and no Turkish newspaper may report violent incidents. The result is that the BBC and the Voice of America—perhaps even Radio Moscow—are enjoying an unprecedented popularity.

One explanation why the government set up the commission is that it really feared that the opposition People's party, which is said to have close links with the army, was preparing a military coup. One official said last week: "We had to do it. It was a matter of life or death." The resignations from the army in recent weeks and the People's party's links with the army have evidently made the government doubt the loyalties of the soldiers. At the moment, the vast Turkish army is behaving rather like a large, benevolent elephant, uncertain where to turn but probably so far on the side of legality. In all the recent incidents the demonstrators have shouted "long live the army"; as usual those most hated have been the police. There have been several disputes and even clashes between the police and the army.

With both sides filled with rooted rancour and utterly convinced of their rectitude, there seems no reasonable way out save a general election. This may be what the Opposition is aiming to force. Its redoubtable leader, Ismet Inönü, is 75 or more, and his party must want to fight the next election while this gallant old statesman, now at the peak of his popularity as a defender of Turkish democracy, is in his present indefatigable form.

Misgivings at Karlsruhe

FROM OUR CORRESPONDENT

DR ADENAUER wasted no time at the Christian Democratic Union's annual conference at Karlsruhe last week in making known his mind on a delicate matter in which everybody was highly interested. Less than two minutes after he had begun to speak on the first morning, the 84-year-old chancellor was blandly counselling the curious, both indigenous and foreign, to stop conjecturing who was likely to be his successor. As the official text records it, he then went on:

> You see, ladies and gentlemen, a crown-prince set-up always has something rather unpleasant about it (*laughter*), and it is not even clever. When the moment arrives—and of this, my friends, I am quite convinced—enough people will be there to take over the helm with a firm and strong hand. (*Loud applause.*)

That was all about that: no anticipation, apparently, of the scramble that may well ensue to seize that helm.

This year Dr Adenauer took for granted the indispensability that he claimed for himself twelve months ago in spurning the presidency; and he made it quite clear that he did not expect to feel any more dispensable after another eighteen months in office, when, in his eighty-sixth year, he would once again be offering himself to the electorate as the best possible federal chancellor. Hardly the faintest echo of last summer's eloquent disaffection could be heard. For the ninth conference in succession there was no candidate to contest Dr Adenauer's nomination for the chairmanship. Dr Heinrich Krone, the party's leader in the Bundestag, declared (almost coyly: "I hope I am betraying no secrets") that the Christian Democratic Union would do battle next year with 1958's Adenauer-Erhard device again upon its shield.

Yet it would be inaccurate to suppose that the atmosphere in the Schwarzwaldhalle was wholly one of beaming complacence. Although nothing was said in public, everybody knew that behind the cupboard door which Dr Adenauer and Herr Krone had hastily slammed while the delegates were converging on Karlsruhe, was the still rattling skeleton of the "deep brown" minister for refugees, Herr Oberländer. For the first time in the party's history a secret ballot was demanded when the time came to elect the chairman. Dr Adenauer received 427 of the 441 votes cast. Four delegates voted against him, and ten expressed their misgivings by submitting blank papers.

The fourteen nonconformists were not alone in their uneasiness. Misgivings of one sort or another were aired, if more tactfully, by all the principal speakers, including Dr Adenauer himself. The emergence of the popular 45-year-old chief burgomaster of Berlin, Herr Willy Brandt, as the Social Democrats' likeliest bid for the chancellorship next year, the socialist successes in the recent Bavarian local elections, and the verdict of public opinion polls, had obviously engendered a chastened mood of self-examination. There were some interesting, if very cautious, diagnoses of the party's ailments, and sundry gentle medicines were prescribed.

Among the coffee tables in the lobby Herr Lemmer, the minister for all-German questions, could be heard amiably insinuating how sturdily—perhaps contrary to appearances—he stood up to the old man behind the scenes. Herr Hassel was deviously making the

same point when he suggested that more of the millions of politically uncommitted young people in the country might be enlisted were they made to expect to have some say in things. He spoke of the "resigned allegations" of rank-and-file members, grumbling that they paid their subscriptions and heard no more. "Have we done everything," he asked, "to make membership of the Christian Democratic Union attractive?"

Herr Erhard, who has by no means recovered the prestige he lost through Dr Adenauer's manœuvres last year, thoughtfully explored the possibility of the public losing faith in the Christian Democratic regime for reasons less obvious than its present patriarchal character. The economics minister admitted that he was puzzled to observe that, although the number of wage earners had increased from 13.6 million in 1949 to 20.1 million in 1959 and household incomes during the same period by 122 per cent, so many west Germans were restless and dissatisfied. Was such discontent, he wondered, inherent in a free society? He offered some tentative explanations. Germany's swiftly-expanding material prosperity had undoubtedly bred here and there an unfeeling egoism which in turn had provoked resentment and cynicism. In consequence of the emigrations of 1945 and after, and of the increased mobility of people everywhere today, many Germans might be suffering from deficient social roots. At the same time they had been gradually deprived of a good deal of their former independence. The individual felt at a disadvantage, and uncertain of himself, in the mechanised world of today. Dr Erhard recommended rulers and employers to try to do more to humanise the individual's environment.

Dr Erhard probably came nearest to the mark when he spoke of the contemporary west German's feeling of insecurity, his fear of being either "atomised or collectivised." Above the speaker's head hung the ominous map of the northern hemisphere which Dr Adenauer had ordered to be prepared specially for the conference. It showed the rough political division of the world in splashes of red and blue. Pointing to it in his opening address, the chancellor had spoken of the advance of "atheistic communism" since 1917. For the free peoples of the west, he concluded, there was "only one thing" to do: that was

> Be strong and united, so that we shall not be overrun. . . . Those who want a relaxation of tension, and consequently peace, must pursue a policy of strength. For we can negotiate with Soviet Russia and Red China and the lot only when we are at least as strong as they are.

No one at Karlsruhe openly questioned the venerable leader's bleak, if not hopeless, simplification of the major issue of world politics. Yet it is hard to believe that the whole of the Christian Democratic Union is content with its limitations. If it is, the party must not be surprised to see the uncommitted voters listening sympathetically to counsels that are younger-looking and more adventurous.

Ghana's Cockerel and Cocoa Tree

FROM A SPECIAL CORRESPONDENT

A GHANAIAN proberb says that "the woman who bears twins need never fear any pain again." At a single poll, Mother Ghana has been delivered both of a republic and of a president: but it may be that not all her problems are ended.

The mechanics of the double vote were smooth enough, even for illiterates. "Vote where you see the red" was sufficient instruction for government supporters; it covered both the white-on-red "Yes" to the Constitution and the red cockerel of Dr Nkrumah's Convention People's Party. Their United Party opponents had to seek out first a black underlined "No," and then a green cocoa tree with yellow pods, an Ashanti emblem now symbolising Dr Danquah's promise of a higher price to cocoa farmers.

There was never any doubt that the CPP would win. Nevertheless, some were disconcerted to see the *Ghana Times* on sale with the headline "Ashanti, Volta Region vote solidly for Republic" before voting had ever started. The 88 per cent "Yes" vote was less surprising than the fact that only one constituency out of 104 showed a win for the Opposition on both issues. The main "No" votes were in four areas: Accra, where many detainees have family and friends; Kumasi, with its traditional Opposition alliance of Ashanti and Muslims; Dr Danquah's home area of Akim Abuakwa; and in the Volta Region, where some Ewes of former British Togoland still resent separation from their kinsmen across the border.

Dr Nkrumah himself tended to stay above the battle; he did not campaign. But the enthusiasm of his supporters more than filled the gap. The *Ghana Times* spoke of "The Saviour, the Torch, the Teacher, the Leader, the Messiah, the Miracle of the Twentieth Century, the Great Apostle of African Unity and Independence whose personality blackens out the most blinding neon signs." The Accra *Evening News* published under the heading "Think on these things" a series of sentences including: "For your sake he was imprisoned, . . . for your sake he suffered shame and degradation, . . . for your sake he has wept twice." Such expressions were criticised in sermons but defended by the *Ghana Times*.

Dr J. B. Danquah, grave, paternal and restrained, could offer little in positive policy to match the CPP's combination of personality cult and economic dynamism. He proposed a constitutional reform commission, leading to a bicameral parliament "with real power" and perhaps a Malayan-type monarchy. He promised to repeal laws permitting detention and deportation, "restore independence" to the courts, and introduce a five-year plan to expand industrial production by 25 per cent. He proposed to align Ghana with the West, and called Dr Nkrumah's project for a union of African states "a mad hatter's dream."

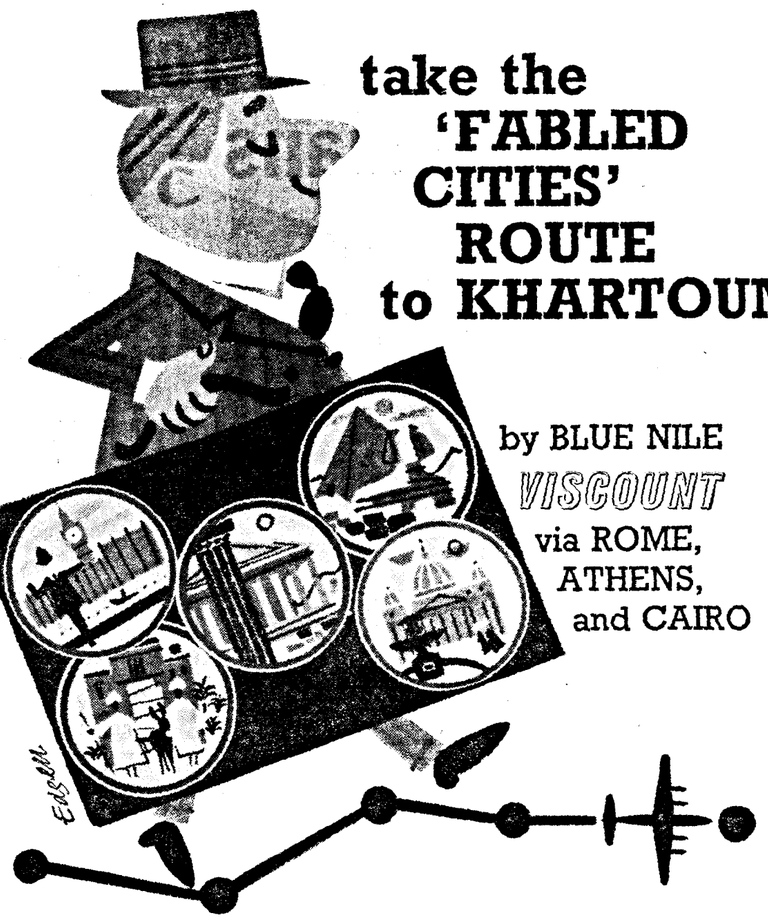
Public meetings on both sides were more like rallies of the faithful than opportunities for discussion, and no questions were permitted. At a CPP rally "Lead, kindly light" was likely to be sung, while the United Party supporters chorused "J. B. Danquah is the one we love." At the CPP eve-of-poll rally in Accra, TUC members marched through the crowd with banners: "The Party is supreme," "Nkrumah, Africa's Political Messiah," and "Nkrumahism is the Philosophy of our Age."

Speakers for the CPP made little reference to the provisions of the Constitution—it was not translated into any vernacular language, and few voters seemed to have read it. Dr Danquah's attack concentrated on the extent of the president's powers, especially the power to grant loans, and on his "absolute power without check" over the judiciary, the civil service and the armed forces. He called Article 2 (permitting surrender of Ghana's sovereignty to a union of African states) a "betrayal." His arguments passed over the heads of the majority of voters, who were content simply to associate "Nkrumah" and "Yes."

The Opposition alleged substantial intimidation in rural areas, but direct evidence was hard to find. The government admittedly used the machinery of the state—district commissioners were prominent in the fight, and chiefs were warned of the consequences should they fail to get out the vote of their subjects. Radio Ghana all but ignored Opposition speeches, and Dr Danquah was refused permission to broadcast. But the ballot was not rigged, and, in spite of its handicaps, the Opposition ran a vigorous campaign. After the election, Dr Nkrumah said:

> We have set up a committee to analyse our position in those areas which did not poll high enough. With the report of this committee we shall formulate plans . . . to conduct a surgical operation in critical self-examination and map out the blueprint for Republican Ghana.

Surgery may still be needed—but if Dr Nkrumah is not satisfied with his 88 per cent, he must be a hard man to please.



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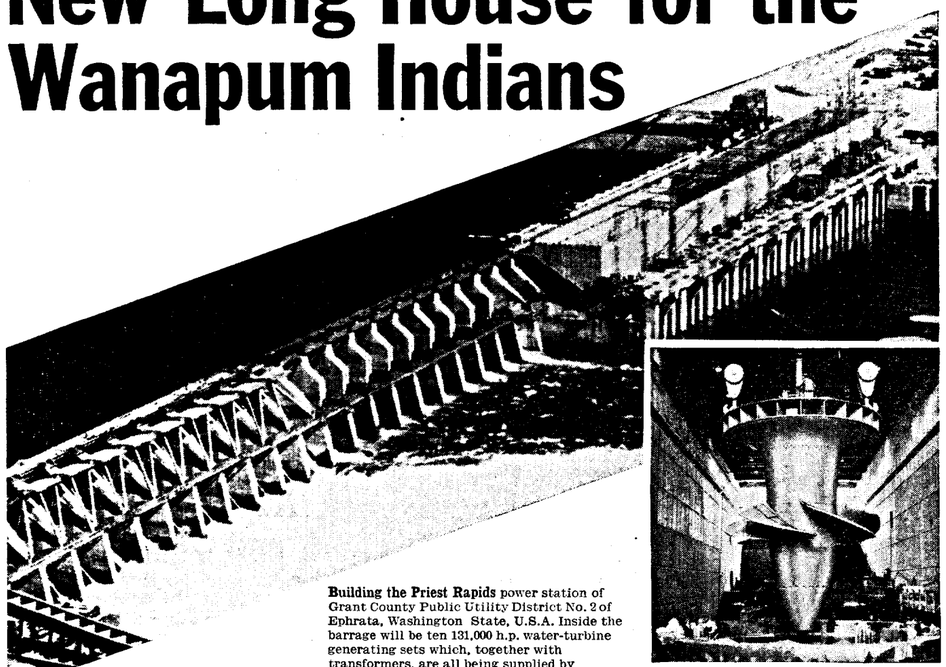

Building the Priest Rapids power station of Grant County Public Utility District No. 2 of Ephrata, Washington State, U.S.A. Inside the barrage will be ten 131,000 h.p. water-turbine generating sets which, together with transformers, are all being supplied by English Electric.

One of the turbine runners being lowered into position at Priest Rapids. These runners are the largest so far built in Britain and are among the biggest in the world.

When the great Priest Rapids hydro-electric project was begun in Washington State, it meant, as so often happens, disturbing many historic sites and remains of the local Indians, the Wanapums.

However, cordial co-operation with local authorities has removed most of the relics to museums and provided a new site for the Long House, which the Wanapums use for tribal feasts and religious rites. Now a very different Long House is reaching across the Columbia River, a massive barrier of steel and concrete. And the throbbing heart of this power-house will be the ten huge generating sets made in Britain by The English Electric Company.

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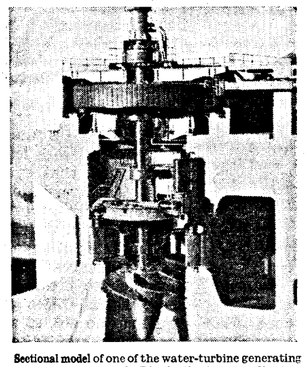
Electric power leads to prosperity, both for us in Britain and for those other countries served by English Electric whose needs are often so much greater than ours.



Sectional model of one of the water-turbine generating sets for Priest Rapids. The feathering propeller turbine is rotated by water pressure and flow, driving the generator above it. The electrical power generated is led away to transformers for distribution to industry and the home.

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THE BUSINESS WORLD

Shipping in the Shallows

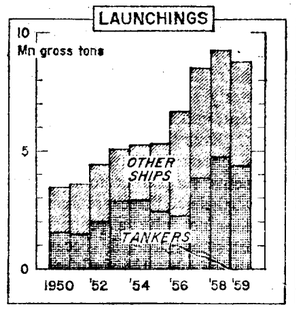
For most British industries the mild recession of 1958 may be a thing of the past; shipping is still floundering in the shallows. Although a mild breeze of activity gave freight rates a little movement during the winter months, the breeze has died down again, and the tramp and tanker sections of the market, at any rate, are faced with the prospect of three seasonally quiet months. Although the rate of expansion in world trade has been resumed, following a mild setback, shipping remains a depressed industry.

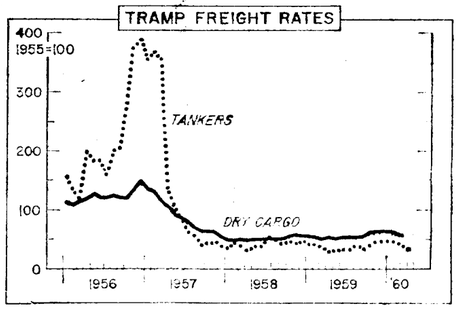
Why has this apparently mild setback in world trade had such a serious and lasting effect on the international shipping industry? Firstly, one of the principal manifestations of the recession was a sharp decline in the demand for the ocean transportation of fuel (oil and coal) and of raw materials for industry, particularly the steel industry. Second, and even more aggravating, is the fact that this pause in expansion occurred at a time of unprecedented activity in the world's shipyards, which has raised the capacity of the world fleet to about 118 million tons gross, half as much again as ten years ago. And in the postwar world shipping seems to be dependent for its prosperity largely on the level of consumption of fuel and industrial raw materials.

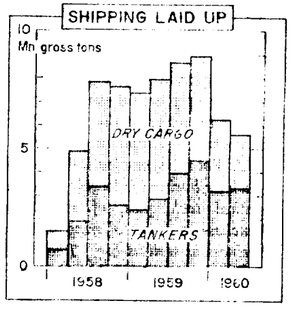
Changes in demand for these industrial commodities appear to have a greater effect on global demand for shipping than changes in demand for foodstuffs and fertilisers, which have been less liable to fluctuate, largely as a result, it may be supposed, of the rapidly expanding population of the Eastern countries. Taking a very long-term view, one might argue that this factor should be a bull point for shipping, since these countries may always have to rely in the end on increasing imports of grain from North America and Australia. But at the same time Russia, China and India, for example, are planning rapid expansion of their merchant fleets, in order to reduce their reliance on Western shipping services. It is interesting to reflect, however, that had it not been for the intense chartering activity of the Chinese and Russians last year, which kept over 100 ships in employment, shipping depression in the West would have been much more severe.

As it was, the setback in Western seaborne trade last year coincided with a flood of new vessels from the shipyards, mainly dry-cargo tramps and tankers—and, moreover, vessels which were emphatically larger, faster and more efficient units than their predecessors, particularly the war-built standard ships. The consequence of this was to swell beyond all reason the potential carrying capacity of the world fleet; and yet the paradox arose of new and more efficient and economical vessels going straight to the laying-up buoys, while inefficient and obsolescent war-built ships were still sailing the seas. This phenomenon, again, was an accident of timing. Some of the older ships were still engaged on long-time charters, which had been fixed at highly profitable rates during the peak of shortage; others had been purchased during the weak market between Korea and Suez at prices which enabled them to operate at some sort of a profit, even at cut rates. The tonnage of ships scrapped last year amounted to only about 2½-3 million tons: roughly three times as much new tonnage was launched.

The surplus of tramp and tanker tonnage is reflected in the size of the laid-up fleet. At the beginning of November the tonnage of shipping laid up throughout the world amounted to well over 8 million tons gross. By the beginning of April this total had been reduced to 5,600,000 tons. But much of this laid-up tonnage passed, it must be noted, not into employment but into oblivion, via the shipbreakers' yards. Mean-







while new ships have been coming from the shipyards at the rate of about 8,500,000 tons gross per annum. The fact that freight rates showed some rise in the winter months, and have been falling only gradually since, in spite of this cushion of available laid-up tonnage and the influx of new ships from the builders, indicates that there must have been quite a marked revival in the volume of world trade.

This revival has been of benefit mainly to the dry-cargo tramps. So far as tankers are concerned, freight rates have shown no resilience, and the high season is now over. The tonnage of tankers laid up is now increasing (at present it amounts to about 3,300,000 tons gross of the total). This is in spite of a marked incursion of tankers into the grain trade; there are today perhaps 1,300,000 tons gross of tankers carrying grain. This has further helped to impede the return of the tramp fleet to any better balance between supply and demand. The excess of tonnage is most marked in the tanker section; it is here also that the largest increases in size and speed have occurred in new vessels coming off the stocks. Much of the decline in demand for tanker service has been a direct result of the American decision to restrict oil imports from overseas. It is among tankers, too, that the surplus seems likely to persist longest. Not only is there a large volume of tonnage on order and still to be delivered, but over the coming years, though oil consumption seems certain to rise, shifts toward the use of Sahara oil, and the commissioning of trans-European pipelines, seems likely to reduce the total amount of sea haulage required to deliver a given tonnage of petroleum to market.

Cargo liners, too, have noticed the effects of the recession, often having to maintain sailing schedules with holds only partly filled. Freight rates for parcels of bulk cargoes, such as grain, have fallen to the same low levels as competing tramp rates. The growth of exports of motor cars from Europe to North America has not benefited the liners to any great extent, since these are now being carried mainly as full cargoes in specially-fitted tramps. Conventional tramps, in many trades, have been losing traditional cargoes, such as grain, to tankers and ore to specialised ore carriers; but some of them have at least been gaining something on the swings. Port handling costs for cargo liners continue to increase; in the short-sea trades and across the North Atlantic some effort is being made to develop the use of cargo containers, in an endeavour to save handling charges, but this development is not an easy one for conservatively-minded waterfront labour to accept. The decline in cargo traffic has helped to ease congestion in ports, even in Colombo.

After a long period of stability in freight rates, increases have recently been secured in the North Atlantic and West African trades. In the latter the recent increase of 5 per cent, coupled with the noticeable increase in the time chartering of tramp vessels, indicates a marked increase in traffic. International competition, particularly on the Pacific routes and on the new St. Lawrence Seaway route, which still has its teething troubles, is as intense as ever.

IN the sphere of passenger liners international competition is complicated by government subsidies and by the growing competition from air transport, particularly on the North Atlantic. Italy, France, the Netherlands and the United States have built or are building North Atlantic passenger ships for "prestige" purposes, with state aid; and it is perhaps a sign of the times that the Scandinavians should have abandoned a plan to build a new liner, while the Cunard Line considers it cannot afford to replace the *Queens* without some measure of Government support. State subsidies to international airlines, direct or indirect, as in low airport charges and cheap capital, tend to make life impossible for private enterprise in the passenger field, as the chairman of P & O recently pointed out. "Assuming a continuation of present national policies in the air and by sea", said Sir Donald Anderson, "one can only foresee a diminishing sphere for passenger ships run as a commercial venture". Even so, his group is in the course of a massive investment in Pacific passenger services, coupled with cruising.

If shipowners were not optimists, with great faith in the future, it is doubtful whether they would risk such large investments in what must always be something of a risky business. In due course the tide will change and shipping will again prosper. But it is too early to be sure that the slight breeze which has begun to stir the sails is the wind of change which will blow shipping out of the shallows into deep water again.

How Much in Stock?

BY A CORRESPONDENT

Changes in the level of stock are one of the largest, most sharply fluctuating, and most baffling variables anyone encounters in trying to interpret statistical measurements of the behaviour of the national economy: they also present every businessman down to the microcosm of the shop round the corner with a recurrent problem of practical management. It is difficult to be fully convinced by many of the rules of thumb that are used in different businesses to supplement day-to-day judgment of what stocks to hold. Yet rules, one feels, there ought to be. Operational researchers —whose business is largely the development, with advanced mathematical techniques, of sound rules to supplement managers' hunches—are now offering some suggestions that may help small business as well as big. Their mathematics may involve recourse to a computer: but with this service now widely available on hire, the small business need find nothing daunting in that.

STOCKS of raw materials and fuel, work in progress and finished products in this country add up to about six months' national income. Manufacturing industry holds half of this, wholesale and retail distribution a quarter, and agriculture and forestry half the remainder. The total remains remarkably steady, any quarterly seasonal fluctuation being only of the order of 1 per cent, and no yearly change since 1951 has exceeded 5 per cent. Even these changes, however, have on occasion been large enough in absolute terms to swamp the balance of payments surplus or to tip internal stability into inflation. Nevertheless, there are reasons for believing that speculation does not play a proportionately important role, and that most stocks are held because they are needed for getting on with the job. If then it is possible to work effectively with smaller stocks—as a lot of businessmen have come to suspect in recent years—there should be plenty of room for savings in the present commitment of over £8,000 million.

There must be hardly a commercial or industrial organisation that does not hold stocks of some sort, but in very few cases is it the main concern of the enterprise. The demands of production usually take first place and most of managements' attention. Any attempt to re-examine traditional stock-keeping rules of thumb may be met with impatience from production managers, supported by the fact that the number of different articles usually runs to four figures and often to five, so that the task of establishing the optimum safety margins and order quantities scientifically can be a gigantic one.

Stock control is often thought of as the creation on documents of a mirror-image of the physical situation and movements of stock. Each item is coded to avoid confusion, and a separate record is kept of it, with receipts added to, and despatches or usage deducted from, a starting figure, so that the final balance represents stock in hand. This "control" is now practised by most large companies; it should perhaps be called merely "stock recording." Apart from checking that stocks are what they ought to be—and setting on foot inquiries into the inevitable discrepancies—the principal use of such stock recording is to make re-ordering a matter of routine. Whenever the balance falls below a predetermined level, an order of a predetermined quantity may be placed. This is the "two bin" system. Alternatively (by the "constant order interval" system) an order may be placed at regular intervals to make up the balance to a predetermined "maximum stock." These procedures are now followed by most large companies in the case of all run-of-the-mill stock items. But they simply raise two sixty-four dollar questions: how do you decide what the order level and what the order quantity should be? This is where operational research finds one of its most simple (though the term is relative) and satisfactory fields of application.

THE order quantity must not be too large (or the interval too long), or stocks will be too high. It must not be too low, or the "procurement" costs of repeatedly ordering, receiving, inspecting and paying for small quantities will be too high and quantity discounts may be missed. These costs of procurement fall, per unit of turnover, as the size of order rises, but against this the costs of holding a bigger stock are higher. A balance has to be struck between the two sorts of cost. How? The answer lies in a simple formula, which has come to be known as the square-root formula; this gives the optimum quantity to order and shows that, for given unit costs of procurement and stockholding, this optimum varies in proportion to the square root of turnover. (This implies, incidentally, that holdings of stock should show important economies of scale.) A simplified example, applied to a notional firm is worked out above.

The snag here is that of measuring the costs of procurement and stockholding. The difficulty is probably greater with stockholding costs, not only because whether a warehouse is full or not may make the cost of space for any given unit of stock large or nil, but also because few businessmen are clear what rate of return they want on capital locked up in stocks. If the risk of deterioration or loss of value is small, should it be only a little above the cost of borrowing—say 6 per cent—or should it be what they would require on a fixed investment project —say 15 per cent? To quote a recent article in the *Journal of Industrial Economics*:

> The emphasis of many companies on a quick rate of stockturn even at the cost of much hand-to-mouth buying can be shown to imply that they are requiring a much higher rate of return on capital invested in stocks than would seem to be warranted by the risks involved.

Certainly attention has long been concentrated on the rate of stockturn as an index of efficiency rather than on minimising total costs.

How much to order at a time is one thing; when to order it is another. Determining the optimum re-order level is a matter of balancing stockholding cost, not against procurement cost but against the cost of the risk of being out of stock. This field is clearly one for the statistician using probability theory; though even after he has worked out his answers (possibly using a computer to simulate the application of various rules to actual data), it must generally be left to management to make a subjective judgment about what the cost of becoming out of stock really is. Still, if they can be told that their present levels of stock reduce the risk of being out of stock to once in ten thousand years, they may be convinced that some savings are possible.

Pioneers in these applications were in the United States: Bell Telephone and Westinghouse, prominent among these, have reported some very large savings. In this country, ICI

THE RIGHT AMOUNT TO ORDER

The XYZ Company stock four products with greatly differing annual turnovers. They re-order every 6½ weeks. It costs them 10s. to place an order and they want a return of 16 per cent per year on the working capital they tie up in stock. So their total costs are as follows:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Average	← COSTS →			
Product	Turnover p.a.	No. of orders p.a.	Standard order	Stock (ignoring carry-over or buffer)	Procurement (10s. × col. 3)	Stockholding (16% of col. 5)	Total	% of turnover
	£		£	£	£	£	£	
I	16	8	2	1	4	0·16	4·16	26
II	36	8	4½	2¼	4	0·36	4·36	12
III	400	8	50	25	4	4	8	2
IV	1,600	8	200	100	4	16	20	1¼
Total	**2,052**	**32**	**256½**	**128¼**	**16**	**20·52**	**36·52**	**1·8**

Then they apply the formula $Q = \sqrt{2AC.B}$, where

Q = the quantity they should order at a time
A = the cost of an order = (10s.)
B = the stockholding cost per annum = (16 per cent)
C = the annual turnover,

and get the following result:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	16	1·6	10	5	0·8	0·8	1·6	10
II	36	2·4	15	7½	1·2	1·2	2·4	6·7
III	400	8·0	50	25	4·0	4·0	8·0	2
IV	1,600	16	100	50	8	8	16·0	1
Total	**2,052**	**28**	**175**	**87½**	**14**	**14**	**28**	**1·4**
Saving	—	***4***	—	***40¾***	***2***	***6·52***	***8·52***	—
Percentage	—	***12½***	—	***32***	***12½***	***32***	***23***	—

They reduce stocks by £40¾ or 32 per cent, orders placed by one in eight and their total costs by £8.52 or 23 per cent. The reader may care to try whether by further juggling with standard order quantities he can bring total costs still lower.

Central Purchasing Department has applied the techniques extensively, and a well known firm of management consultants is now exploring their potentialities in distribution. They require, as a precondition, an efficient system of stock recording, and they may need calculations on a computer, though this is not always necessary. Today, in any case, computer time can be readily hired in most business centres, which may help to bring them within reach of the firm of only medium size.

For really small firms, what is needed above all is a "do-it-yourself" kit, a simple explanation of the considerations behind these new "least-cost" approaches, and some principles from which an individual buyer can construct a new set of rules for his own situation, rules around which his *nous* can still come into play. Some ready reckoners, including one to tell him when it is worth stocking up to take advantage of better terms, would be extremely valuable. The Purchasing Officers Association has published some of the pioneer work in its journal, but has not yet really attempted to put these new methods over to its members. Operational research men are conscious of the need to "sell" their techniques to large-scale industry; can they not, with all reasonable statistical safeguards, popularise them in this way too for the ordinary citizen of business?

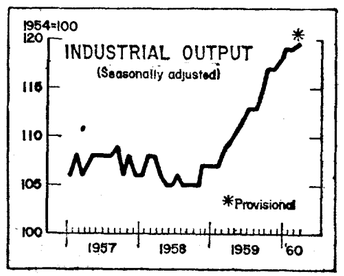
BUSINESS NOTES

THE ECONOMY

Is the Pace Moderating?

SINCE industrial output in Britain appears to have risen about 14 per cent over the last 16 months, one is naturally looking for signs that it is beginning to level out; even so, to interpret the latest statistics as a "production plateau" seems economically near-sighted. During most of last year, industrial production was rising by nearly 3 per cent in every quarter; it seems now to have risen by 2 per cent between the last quarter of 1959 and the first quarter of 1960 (as provisionally estimated). There have been apparent jerks or steps in this expansion (if only because unless output is rising at the rather fantastic rate of 12 points a year or more, there must always come some months in which the rounded index figure will not be higher than the previous month's). One cannot attach too much importance to short-term interpretation of such apparent halts and jerks in the growth of output—particularly as revision of the index is always liable to transfer them between months and iron out some of them altogether.

From the statistical record, therefore, it would be premature to infer that the inevitable levelling out, as capacity is taken up, stocks are rebuilt, or demand ceases rising as urgently, has begun. Restrictions on hire purchase may well moderate the pace of sales somewhat, as well as the increase in total debt; demand had already been slackening more than seasonally for certain kitchen appliances. New orders for machinery appear still to be gathering pace, but demand for heavy plant remains considerably more slack. On the side of output, production of the steel products most in demand must be close to capacity; the motor makers, though reporting steadily that they too are working to capacity, keep inching up their output, and may have room for quite a substantial increase in production of commercial vehicles providing that demand keeps up. There is no sign of any pick up in the rate of shipbuilding, and the National Coal Board is doggedly squeezing down its output of coal; but the boom has occurred without benefit of those industries so far, and they are hardly likely to exert much more depressing influence on the general level of production than hitherto. But there are one or two sectors of industry still relatively slack that might benefit from a shift in consumer demand away from durables—the food business, for example, has experienced some slight increase in business recently, but is by no means fully employed.



THE NEW SQUEEZE

"Deliberately Moderate"

IN banking circles and in the gilt-edged market second thoughts on the new credit measures have on the whole confirmed the initial impression, recorded in these columns last week: the principal characteristic of these restraints, in the words of the Chancellor of the Exchequer himself, is that they are "deliberately moderate." This being so, some bankers find it hard to understand why the authorities should have thought it necessary to invoke the entirely novel special-deposits type of control, which when first devised was supposed to be available to reinforce the accustomed market weapons of control and not to serve as substitute for them, implying that it would be used only when a strong effect was needed. Other bankers, even though equally disliking the principle of direct control over their liquidity, still regard this as preferable to a return to the "directive" control over advances.

Only experience of the actual operation of the new device can show whether this preference is a rational one. The greater the freedom left to the banks to sell gilt-edged—and even to do so in preference to cutting advances—the wider will be the difference between the two systems of direct control. But in fact it has been made quite clear that the target is advances; and if the possibility of making a further call for special deposits is used to coerce the banks into cutting advances rather than attempting to sell—this influence is almost bound to be present in some degree, even in the absence of any overt threat—the distinction will shrink into insignificance. The Chancellor suggested last week that the smallness of the initial calls—the 1 per cent of gross deposits for clearing banks, and ½ per cent for Scottish banks—and the length of the period for completing them up to June 15, would influence the banks "in the direction of moderating their advances rather than selling gilt-edged stocks." It is not easy to see the logic of this argument; and it is even harder to believe that in the long run what the banks do under this new system of control will be, in any real sense, "entirely up to decision by the banks concerned."

There is no doubt that all the banks will make real efforts to moderate the pace of their advances—a due slackening, rather than a halting or any rigid stabilisation, appears to be all that the authorities have in mind at present—but there is no reason to suppose that their restrictiveness must now be considerably sharpened. Doubtless the standards of "credit-worthiness" will be tightened a little for most types of borrowers; but, otherwise, the "small" customer is not likely to be significantly affected. The squeeze will most notably affect the big special projects, especially property finance, to which it has been applied for some weeks. Banks with instalment-type personal-loan schemes will presumably seek to operate them so that they conform, in principle, to the intention of the new terms for hire-purchase.

Reprieve for Gilt-edged?

THE fact that the banks may be faced with large demands by drawings on overdraft limits already granted and under special forward commitments, makes it impossible to be sure that the trend of outstanding advances will be radically altered in the near future. For that reason it is likewise impossible to be sure that the first call for special deposits, small though it is, may not involve some banks in further sales of gilt-edged. But this is a period in which seasonal factors are normally augmenting the supply of liquid assets; and there is some reason to believe, also, that the particular conditions ruling around the last make-up date caused the published statements to show an unrepresentative degree of tightness in several banks. If, however, some banks do find themselves under liquidity pressure before June 15th, it is generally assumed that the official desire for "smoothness" should ensure a readiness to stand behind the gilt-edged market. Any bank selling before that date, it is thought, would be accommodated.

These conclusions can, perhaps, reasonably be drawn from the very fact that the authorities thought it preferable to invoke the special deposits device rather than administer a further turn of the market screw, whether on the model of February 24th or by Bank rate. It is much less certain whether this same line of argument ought to be carried much further—to the point, in particular, at which the authorities are thought to have set their faces against any resumption of large-scale selling by the banks, and to have demonstrated, already, an intention to use special deposits as the means of enforcing such a wish.

NET GILT-EDGED PRICES

	Jan. 1	Feb. 25	April 28	April 29	May 4
Exchequer 3% 62/63	$96^{1}/_{8}$	$95^{3}/_{8}$	$94^{1}/_{4}$	$94^{3}/_{32}$	$94^{1}/_{4}$
Savings 3% 65/75	$75^{13}/_{16}$	$74^{1}/_{2}$	$72^{1}/_{4}$	$72^{11}/_{16}$	$73^{7}/_{32}$
Conversion 5% 1971	—	$96^{15}/_{16}$	$94^{15}/_{16}$	95	$95^{1}/_{32}$
Conversion 5½% 1974	$101^{3}/_{16}$	$98^{29}/_{32}$	$96^{1}/_{2}$	$96^{3}/_{4}$	$96^{7}/_{8}$
Br. Transport 3½% 78/88	$67^{9}/_{32}$	$65^{1}/_{8}$	$63^{1}/_{4}$	$63^{1}/_{2}$	$64^{5}/_{32}$
Treasury 5% 86/89	$96^{3}/_{16}$	$93^{3}/_{8}$	$91^{1}/_{32}$	$91^{1}/_{16}$	$91^{3}/_{32}$
War Loan 3½%	$65^{1}/_{32}$	$62^{1}/_{4}$	$61^{13}/_{32}$	$61^{29}/_{32}$	$62^{13}/_{16}$
Consols. 2½%	$49^{3}/_{4}$	$47^{3}/_{4}$	$46^{5}/_{16}$	$46^{11}/_{16}$	$49^{3}/_{32}$

The gilt-edged market, in the first four business days of the new régime, seemed to be making that larger assumption. At all events, the knowledge that the authorities had turned to this form of control and had rejected any further use of interest rates abruptly dispelled the prevailing gloom. Substantial rises have been general throughout the list. The medium dates which the banks had previously sold were quick to move, but they have since been matched by longer stocks. War Loan gained ⅜-½ point on each of three successive days—though mild disappointment over the gold figures slowed the pace down on Wednesday.

Not So Happy

EQUITY prices were marked up in immediate response to the announcement of the credit restrictions, just as many dealers had expected them to be once the feeling of uncertainty had been allayed. Hire purchase shares which took a bad knock since the beginning of the year went up; rather more surprisingly so did motor shares. One measure of the market's relief that some action had finally been taken is that on Friday the *Financial Times* ordinary index gained 5.2 points to 310.6. But in the next three days' trading all these gains were lost and on Wednesday the *Financial Times* at 298.9 was at its lowest point for the year so far. *The Economist* indicator at 335.6, compared with 341.0 a week earlier, also fell to a new low.

Clearly the malaise in the industrial market in the last few weeks was not due just to uncertainty about the actions that the Government might take. Nor is it now due simply to uncertainty about what further action the Government may be forced to take later. It is rather that the high yields on gilt-edged stocks have at last been recognised as offering positive counter attractions. The institutions, having bought equities early in the bull market, certainly have no wish to start unloading. But at present prices and with prospective new calls from industrial borrowers facing them there is no urgent reason for them to buy more. The thinness of the market, whether it is moving up or down, suggests that private investors are making the running. A good deal has been made of the fact that prices both in Wall Street and Throgmorton Street have fallen by more than 10 per cent since the beginning of the year. According to the creed of the chartists this is the bear market signal. There have been a number of gloomy prognostications that the London market still has a good way to fall before the bottom is reached and these have had so powerful an influence that prices continued to fall in London even though Wall Street rallied sharply after the Dow Jones average dipped below 600.

EQUITY PRICES

	Jan. 1	Feb. 25	Apr. 28	Apr. 29	May 4
Midland Bank	90/–	90/9	88/–	88/9	86/9
UDT	180/–†	166/8†	150/–	152/6	148/9
Hoover 'A'	52/3½	54/6½	48/6	48/3	46/3
British Motor	23/6	20/1½	19/6	19/9*	18/9*
Ford Motor	113/9	101/6	104/9	106/–	103/3
GUS "A"	53/4½*	48/3	45/9	47/4½	46/4½
Radio Rentals	32/9½	26/9	23/3	25/4½	22/6
Pye	19/–	17/7½	16/6	16/7½	15/10½
Guest Keen	92/4½	87/9	84/6	86/–	81/6
ICI	61/3	59/6	57/3	58/–	54/3
Turner & Newall	109/9*	111/–	105/–	105/9	100/7½
Unilever	140/9	144/–	150/6	151/6	144/9
United Steel	84/4½*	79/9	77/3	78/–	75/3
FT Ord. Index	339·0	320·3	305·4	310·6	298·9
Standard & Poor's (425 Industrials)	64·50	59·75	58·09	57·85	58·67

YIELDS

FT Ord.	3·74	4·01	4·35	4·28	4·46
Consols 2½%	5·03	5·21	5·38	5·35	5·26
Treasury 5% 86/9	5·25	5·45	5·63	5·63	5·65
Standard & Poor's (425 Industrials)	3·14	3·27	3·11	3·11	3·32

* Ex dividend. † Adjusted for "rights" issue. ‡ Adjusted for scrip issue.

Not Too Irksome

FOR months past the chairmen of many leading finance houses have condemned the trend in hire purchase business towards smaller deposits and longer periods of repayments. Some of them went so far as to suggest that they would welcome some hire purchase controls, so long as they were gentle ones, and now many of them have openly admitted that the new restrictions of a 20 per cent down payment and a two-year repayment period for many consumer goods do not displease them. Many finance houses have insisted that these in fact were the normal minimum terms—especially on cars, which make up the major part of their business. They are not likely to shed many tears if some of their smaller and speculative rivals are squeezed out of business and they are less concerned about the effects of the restrictions on their business than they are about the effect that the call of special deposits will have upon their ability to borrow from the clearing banks. They do not expect their present advances to be cut.

If the Easter holiday is taken into consideration, the April figures of hire purchase business in motor vehicles show virtually no falling off from the record levels in March. Contracts for new cars were 19,668, against 20,316 in March and 15,851 a year ago. For secondhand cars contracts totalled 79,992, against 82,803 in March, and were 3,804 higher than in April, 1959. Greater business in new and used motor cycles and scooters and the large demand at this time of the year for caravans brought the total number of contracts for April up to 173,681. This was only slightly below the peak of 175,401 in March and was about 5 per cent higher than for the same period last year. Any immediate effect that the restrictions may have upon this sector of the HP business will not be seen for another month, but they may not be swingeing.

FOREIGN EXCHANGES

A Fair Gold Influx

APRIL marks the season of the year when the sterling area's earnings of foreign currencies should be at or near their peak and the gold and convertible currency reserve figure for the end of that month has duly deferred to convention by showing an increase of £18 million to £1,011 million. The usual IMF repayment of £5 million was made last month and in addition £5 million was transferred to former EPU creditors under bilateral agreements. The current trading surplus would, therefore, seem to have reached a fairly satisfactory £28 million.

The latest movement confirms the trend of sterling in the foreign exchange market and in particular its fairly persistent strength against US dollars. The first four days of last week witnessed a considerable but temporary reversal of this trend and there was some appreciable selling of sterling, reflecting apparently the uncertainties of the measures that were to be taken to restrict credit. For three days up to Thursday last week the Exchange Equalisation Account probably had to intervene in the market and give some support to sterling. By the end of the week, however, the previous tendency had re-established itself and sterling, which had dipped to $2.80\frac{3}{4}$ has since recovered to $2.80\frac{5}{8}$.

The reassuring impact on the exchanges of the introduction of special deposits and hire purchase credit controls has been reinforced this week by a further decline in the New York Treasury bill rate, which following the latest issue is now down to an average rate of just over 3 per cent. Forward rates for sterling in terms of dollars have, as usual, been extremely sluggish in adapting themselves to the margin between comparable interest rates in the two centres. As a result, there has been a differential this week of about 11/16 per cent in favour of moving funds to London and investing them in Treasury bills with the forward exchange covered. A certain amount of short money is still making its way to this market on these terms.

This movement helps to account for the weakness of the dollar not only in terms of sterling but also of most European currencies. The dollar has for some time past been at its lowest permissible range of fluctuation in Germany, the Netherlands and Italy. In France it has only been held barely above the floor by persistent intervention on the part of the Bank of France, which in the course of these operations has continued to add to its gold and convertible currency reserve. Security sterling has been somewhat weaker this week, falling to $2.76\frac{7}{8}$. This reflects American selling of sterling securities which has had to be absorbed by the London Stock Exchange and which has caused distinct weakness among some of the American favourites.

STEEL

Hedging Export Bets

IT is not at all easy to know what "the trade balance" for any single commodity is supposed to mean, to any country that trades in more than one: the British Iron and Steel Federation's calculation that exports of British steel more than pay for our marginal and specialised imports of steel and for our very large imports of steel-making materials is diverting, but its implications are not obvious. The federation, in its current *Steel Review*, adds to this figuring estimates of the value of the steel embodied in exports by Britain's metal-using exports and of the foreign steel in the vehicles, plant and machinery that we import, and concludes that "the steel industry's contribution to the country's overseas earnings has been between two and three times as great as her overseas payments." This mercantilist rhetorical flourish may suit the federation's advertising; its relevance is more doubtful in the review's sober analysis of the way in which British industry has been suiting its exports to a growing world trade in which engineering exports have shown a great relative growth in importance while those of textiles have declined. The federation notes that the same period has seen the dwindling of Britain's exports of coal. It might be reminded that in the early fifties, before it acquired larger things to worry about, the National Coal Board sometimes rationalised that decline by pointing to the vast surge of other exports which, by supplying some warmth or energy, it had made possible—though the board never got as far as calculating the "coal content of energy-using exports."

The shift in trade towards more highly processed manufactures of steel has in fact considerably reduced the relative importance of Britain's direct steel exports: these represented no more than 18 per cent of ingot production last year, whereas 30 years before they accounted for more than 40 per cent. The actual tonnages exported have not fallen much—in 1957, indeed, the "ingot equivalent" tonnage was almost as high as 1957; but the change has occasioned much questioning, during the postwar period, of future prospects for world trade in steel and Britain's share of it. In the industry's most recent "five year plan" published in 1957, it took a more optimistic view than immediately after the war, and the Iron and Steel Board guessed that there might be opportunities to increase exports to the equivalent of 5 million ingot tons by 1962.

In fact, exports fell back after the postwar peak achieved in the year that plan was published; last year's shipments, some 3.2 million tons of finished steel, were reckoned as the equivalent of 3.71 million ingot tons. The federation this week reckons that over the next five years British direct exports might achieve an increase of perhaps $5\frac{1}{2}$ per cent a year. Such a rate of increase would take these exports by 1965 to no more than the total earlier forecast for 1962; the federation seems to have a different "product mix" of exports in mind, as well as being less optimistic now than the board was two years ago.

Machine Tool Orders

End of period	Value of orders outstanding (£ million) Home	Export	Total	Total in terms of months of deliveries
1955 Dec...	78·2	21·9	100·2	14·8
1956 " ..	75·4	23·1	98·4	12·4
1957 " ..	59·1	19·4	78·5	9·8
1958 " ..	38·3	16·1	54·4	8·5
1959 Mar...	35·1	15·5	50·7	7·9
June..	36·2	14·3	50·5	7·6
Sept. .	38·0	15·3	53·2	7·7
Dec...	40·2	15·7	55·9	7·9
1960 Jan. ..	42·6	16·2	58·8	8·2
Feb...	46·5	17·6	64·1	8·2

Orderbooks have been lengthening throughout British engineering: in February the index of orders on hand had risen to 96 (January, 1958 = 100) against 88 a year before. The machine tool industry, which is benefiting considerably from investment by the motor industry, has now eight months' work on its books.

Expansion—More and Less

ENGLISH STEEL this week made public a significant alteration in the order of expansion that it had planned for its steelworks at Tinsley Park, Sheffield. It intends to replace the billet mills at the River Don and Stevenson Road works, which are more than 40 years old, by a new blooming mill and two 32-inch billet mills, which will increase the mills' capacity for rolling alloy and special carbon steel billets by 250,000 tons a year; and to put in new bar rolling mills at the River Don works, to take another 60,000 tons of steel a year. It will provide the extra steel for these from three new 100-ton electric melting furnaces; this will bring the group's total melting capacity for alloy and special carbon steels to close on a million ingot tons a year.

This scheme will cost £26 million, and is planned to be in full operation by 1963. It appears to be taking the place of a £15 million scheme approved in early 1956 which was then also scheduled to be ready by 1963, for increasing steel melting capacity, casting capacity, and heavy forging capacity—the last with a new press that would have been one of the largest in Europe. The company says that these proposals have now been deferred. This decision reflects revised judgments of future demand for very heavy forgings (and castings?) over the next few years, from one of the few producers in Britain of the heaviest of metal structures by both of these processes. A few years ago the supply of super-heavy castings, in particular, was looked on as one of the possible bottlenecks in the expansion of investment in heavy plant in this country. But the shift to fabrication of steel structures, even the heaviest, and the slackening of demand from certain major customers, such as the shipbuilders, appears to have left such specialised facilities, even during an apparent increase in fixed investment as a whole, relatively lightly employed.

SHIPPING MANAGEMENT

Orient and Pacific

HAVING bought out the minority shareholdings in the Orient line, the P & O Group has wasted no time in announcing its plans to integrate management of the two shipping lines that have been offering co-ordinated services to the Orient and the Pacific for so many years. The two shipping companies will remain in being, and retain their distinctive flags and markings; the P & O company will provide various central services, mainly concerned with accounting, to operational companies in the group, but Orient will have no executive functions. Operational control, however, will be handed over to two new companies in the group—P & O-Orient Lines Passenger Services, and P & O-Orient Management.

The passenger services company will be responsible for selling all passenger space, for programming the ships of the two fleets, and for settling their employment; it will be remembered that the *Oriana* and the *Canberra*, the fleets' two newest and largest acquisitions, are being planned for shifting between different routes according to the advantages of the season. The new management company will be responsible for actually running the passenger ships, and also for all the operations of the group's tankers and cargo ships throughout the world, as well as maintenance and general administration of the combined fleets.

This integration has made redundant about 150 staff in P & O's London organisation (into which the London offices of Orient may be merged) about two-thirds of them young women "quickly able to secure similar posts in the City." Generous compensation terms have been offered and accepted. A similar integration of management and staff is taking place in Australia. Financial savings, said Sir Donald Anderson this week, should be material.

FUEL

Unseasonable Winter

THOUGH average temperatures this year have so far been almost precisely the same as in the early months of 1959, those of the last two months of 1959 were somewhat higher even than at the beginning of the "coal winter" of 1958-59—which had itself, to the despondent coal industry, seemed unseasonably warm. During this coal winter, reckoned to run from the beginning of November to end of April, Britain will probably have used about a million tons more coal—say 2 per cent more—than in the previous one. Even allowing for the higher temperatures over a third of the period, that increase in consumption is little enough for an economy turning out 5-6 per cent more goods and services and probably 10 per cent more industrial products.

Figures of oil deliveries are not available as quickly as those for coal consumption; but in the first four months of the fuel winter as defined above deliveries of petroleum products for inland fuel con-

Wind of Small Change

PERHAPS the most convincing argument for adoption of the decimal system of coinage by Britain is that everyone else is doing it: the rush to count in tens has now reached the Commonwealth, the last bastion of those who favour twelves and twenties (which are easily divisible by more factors). Other reasons advanced for the change are that monetary and accounting machines are at present held back from sterling countries by their decimal makers (because the complex adjustments would not be worth the probable sales); that money sums would be easier; and that teaching time would be saved in schools. As a result, most people want decimalisation but, to judge from the latest report* on the subject, no one wants it very badly. The report, based on fairly extensive evidence from industry and commerce, concludes that there is a strong case for the change, but admits that no one who was asked expressed any great dissatisfaction with the present system.

The scientific and commercial committees that prepared the report try, but fail, to assess the problem in monetary terms: the proportion of machine conversion and replacement costs that they have been able to work out amounts to £128 million, and the only sensible thing that can be said about the value of the long-term benefits is that they would "be spread in varying degree over the whole population, and would be perpetual."

There is a second, more serious, unresolved problem. The report agrees that there is an "overwhelming wish" to retain the pound as the main unit, but is led by the logic of decimalisation to see that if another main unit were acceptable the ten-shilling/cent system would be best. Keeping the pound would probably mean going to three places of decimals (i.e., making a thousand of the smallest units equal to the new highest unit of currency), or having fractions of cents, complications that would make the change less valuable and the small change non-decimal. Of 145 countries and territories in the world which have decimal money, 138 go down only to a hundredth of the basic unit (the other seven are in the Middle East); and of the 48 members of the International Monetary Fund only four have their highest money units worth £1 sterling and only one, Egypt, worth more.

THE second half of the report, dealing with the metric system of weights and measures, does not propose a complete change-over from pounds and inches to kilograms and metres. Such a change would be very expensive. Engineering equipment using lb-inch measures is more widely spread throughout the world than metric equipment: and this slight deterrent to easier calculation is not based on British tradition alone, but enjoys American support. Scientific equipment and measurement is almost universally metric, but Denmark, Germany, Holland, Sweden and other countries use inches and pounds in goods they want to sell to the United States, Britain, or Commonwealth countries. International air navigation has developed on inch-pound units. A complete change is something that could come only in the very long run.

But rationalisation of the Imperial system of weights and measures (desired as a second best alternative by the Hodgson Report of 1951) comprises the most practical set of proposals in the report. It is suggested that the apothecaries', troy and pennyweight systems be removed from school curricula; that the use of the cental (100 lb) and the short ton (2,000 lb) in place of the long ton (2,240 lb) and the hundredweight (112 lb) be encouraged; that the rod, pole, and perch be buried (they are already dead); that decimal fractions of the inch should be used more and vulgar fractions less. These are comparatively minor changes which could sensibly be carried out: but the fact that legislation would probably be needed to spread the use of decimals in weights and measures in a country where such use is not generally illegal is indicative of the lukewarm attitude towards any change.

* Decimal Coinage and the Metric System: Should Britain Change? British Association for the Advancement of Science and the Association of British Chambers of Commerce committees. Butterworths Scientific Publications. 7s. 6d.

sumption appear to have risen by nearly 2 million tons, or 20 per cent. An increase of say 4 million tons in the total "coal equivalent" consumed in those four months would suggest that the economy was using perhaps 6 per cent more fuel in delivering its 10 per cent or more of extra industrial output, which would not be out of line with the run of experience. But oil, clearly, is still getting the lion's share of the increase. Factors such as oil consumption in power stations, which was 130,000 tons up in January against an increase of only about 30,000 tons in their coal consumption, and in central heating, where oil consumption has more than doubled since 1956, are accounting for large shares of the extra demand.

Oil consumption at the power stations is still rising, as more of the stations equipped to take it are fully run in. There have been substantial cuts in the programme of oil supplies that was decided on in 1956 when the National Coal Board was unready to guarantee all the fuel the power stations expected to need by the mid-sixties and the electricity supply industry was denied the alternative of importing American coal.

By 1965 the total oil used annually, say 5 million tons a year, will be considerably below what was originally planned. But it will rise above that level in the meantime. These oil contracts are for the supply of specific power stations, coming in on peak load and almost round-the-clock utilisation. It is only after their first few years' work, as they are relegated to rather less continuous running by the normal process of despatching load to the newer power stations with the lowest running costs, that their station load factors, and their annual fuel consumption, will decline in the ordinary course of things. Ministers have talked again this year of further discussions about the future of these contracts—to meet which considerable investment has been carried out by the Central Electricity Generating Board and particular facilities have been installed by the oil companies; but there has been no announcement of further reductions.

ALUMINIUM

Impalco Expands

When the American Reynolds Metals Company and its partner Tube Investments won control of British Aluminium they set off a chain reaction which has not yet died down. Thwarted of a big stake in British Aluminium, Aluminum Company of America (Alcoa) afterwards teamed up with Imperial Chemical Industries to form Imperial Aluminium, which took over ICI's fabricating plant in South Wales at a value believed to be about £10 million. Then Kaiser Aluminum, the third largest producer in the United States, formed jointly with the Delta Metal Company a new £10 million concern, James Booth Aluminium, into which the British company put its aluminium and light alloy interests for about £5 million, and Kaiser contributed another £5 million for the re-equipment and expansion of the plant.

Recently Imperial Aluminium took over the Invicta Foil company and the rigid aluminium foil division of the Prestige Group, and this week ICI announced a bigger step forward—the acquisition, on Impalco's behalf, of control of Almin, the parent company of Associated Light Metal Industries. This group, said ICI, with assets of about £5 million, and covering a wide range of light metals technology, especially in aluminium, and including secondary metal and finished products makes a "notable addition" to the venture. With Aluminium Limited, the Canadian company, represented here by its fabricating subsidiary, Northern Aluminium, all four of the major North American companies have a stake in the British market. Bigness is not everything, but American capital and particularly know-how can contribute a good deal to the expansion and improvement of the British industry, and consumers ought to benefit from this competition of the giants.

TRACTORS

More Too

Ford has announced that a new tractor factory costing £10 million will be the next stage in its plans to expand in the region around its existing plant at Dagenham. The factory will be at Basildon new town, 20 miles from Ford's main plant; Ford states that the 3,500 workers needed will come from the staff of its existing tractor plant. The space freed at Dagenham will be used to provide extra capacity for machining and other operations involved in making car engines and transmissions. The move thus forms part of the Ford scheme to make Dagenham the centre for this engineering production, which will need expansion to match the increased body-building and assembly facilities on Merseyside. Some increase in the labour force at Dagenham would seem necessary if the existing tractor staff is to go to Basildon; no doubt this forms part of the bargain that Ford has made with the Board of Trade, which was originally reluctant to see additional demands for labour in the area.

The new factory at Basildon will add about 15 per cent to Ford's present capacity for tractor production, and allow space for further expansion if needed; it will also allow the company to concentrate its present scattered facilities for making tractors. Ford is now making up to 360 tractors a day, which exceeds the output of the other big British maker, Massey-Ferguson; Ford production was ahead during most of last year too. Massey-Ferguson is believed to be making about 270 completed tractors a day at present, though it also produces parts, counted as "tractor units," for assembly abroad: if these are added to its completed tractors, the gap between its production and that of Ford becomes smaller. Massey-Ferguson claims, however, that with its factories in the USA and France it remains the largest tractor maker in the world.

All British manufacturers of tractors have enjoyed boom conditions for the past year, thanks chiefly to buoyant export demand. Production last year was nearly 15 per cent higher than in 1958, while exports, which took 74 per cent of output were up 23 per cent; in the first quarter of this year exports were no less than 50 per cent higher than a year before. The United States, Australasia, and Scandinavia showed the biggest increase in demand for tractors from Britain. But west German imports are also expanding, because that country's tractor industry is not as strong as its motor industry: in the first quarter of this year its purchases from Britain were half as much again as a year before.

FILMS

A Shortage of Product

The world wide fall in cinema going has for some considerable time been bringing about a steady reduction in the number of films being made. New second features are now a good deal less common, and though many British cinemas, where double-feature programmes have remained the rule longer than in any other country, are now making up their programmes by running several "shorts" with the main film, the number of short films actually available to the British exhibitor has declined even more rapidly in the last ten years than the number of features. Just recently, this decline in film making has become an actual shortage of feature films, either good or bad. Cinemas outside the three main circuits have suffered particularly, but the dearth is general and new first features are nowadays going into general release within a week or so of their first showing in the trade's West End "shop windows."

This is primarily due to the drastic cut in production plans in Hollywood, which occurred long before the scriptwriters' and actors' strike stopped work altogether at the principal studios some weeks ago. Compared with the thirty or so big pictures a year they were each making a few years ago, the major Hollywood studios had been reckoning on making only about ten apiece this year. Independent producers, who are taking over a bigger share of American production, cannot hope to make more than a few films in a year, and in any case the growing trend towards "colossals" means concentrating expenditure on to longer films rather than upon more of them.

British feature production, on the other hand, has been keeping its end up—assisted considerably by the practice of American major companies and independents of making American films outside the United States, to cut labour costs, assist some stars'



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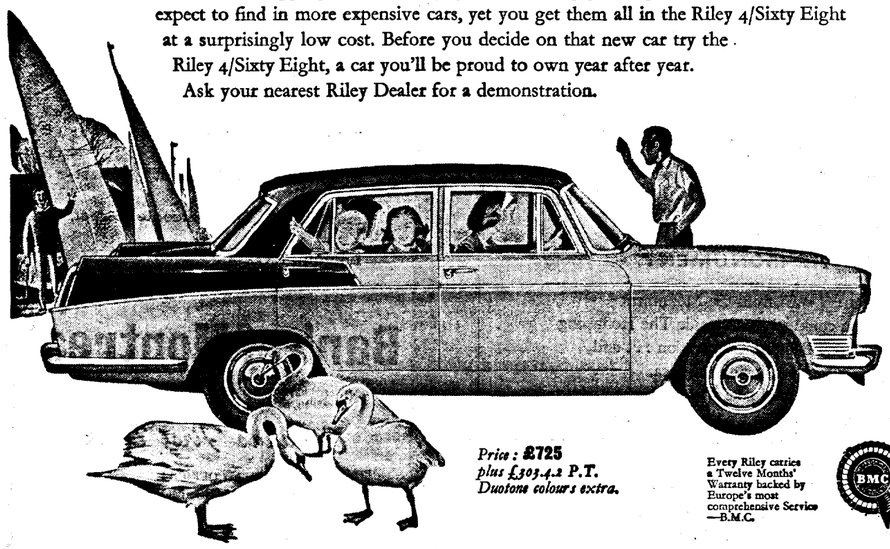

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and directors' tax situations, and satisfy quota regulations. Since 1955, Board of Trade registrations of "British-made" features, of 3,000 ft. or more in length, have numbered about 120 a year, while the number of foreign films registered by the Board has declined from nearly 400 to close on 300 a year. Cinema owners have now achieved the abolition of entertainments duty; and lately the fall in average box-office takings seems, for the moment at least, to be levelling off. Their new worry, now, appears to be that of getting enough first features to fill their regular schedules.

ASSISTANCE TO INDUSTRY

Mounting Up

SHORTLY after the new Local Employment Act came into force last month, the Government issued the final score of the amount of assistance given to private firms under the Distribution of Industry (Industrial Finance) Act, 1958. This measure and the two earlier Distribution of Industry Acts are now repealed. During the twenty months in which the 1958 Act was in operation the Treasury provided just over £9 million to 165 companies in places with "high persistent unemployment": nearly all of it, apart from £78,000 in grants, was in loans. This was a much higher rate of assistance than under the 1945 and 1950 Acts, whereby about £10 million was lent during thirteen years to 84 firms in the (now defunct) development areas.

But throughout this whole period, from the passing of the 1945 Act to last March, the Government was also building factories in the development areas for letting to private firms, mostly at subsidised rents. Up to March, 1959, another £73 million was spent in this way. Under the present Act the Government will still be able to build factories, in the new "development districts." But it has now got the additional power to make capital grants to industrialists who choose to put up their own, on the argument that such grants may stimulate more construction for the same outlay of public funds. Whether this will be so remains to be discovered. Moreover, its power to make loans to firms in these development districts is not now restricted to cases where borrowers cannot obtain the money from ordinary commercial sources.

PACKET SOUPS

Not Too Many Cooks

A FEW weeks ago Heinz entered the £5 million market for packet soup by selling at large introductory discounts to retailers in Scotland. Since the Scots, with a tenth of Britain's population, buy a fifth of the soup sold, this was the logical place to start. Heinz's discounts have meant that 1s. 6d. packets are selling for 1s. 1d. and less, against 1s. 4d. paid for the established brands, like Knorr-Swiss, which has 60 per cent of the business in its hands. Anglo-Swiss Foods, who produce Knorr-Swiss soups, is not unhappy about this: its general manager, Mr H. J. Lavers, said in January that his company could not support the market alone, and that a really aggressive competitor was needed.

Heinz is not the only new competitor Knorr-Swiss has to face. Batchelor, a Unilever subsidiary, controls about a fifth of the market; Nestlé has Maggi; Eto, well known on the Continent, has recently ended its 18-months' test marketing and "gone national"; the French brand of Dulfrance is being tentatively marketed. And everybody in the trade is waiting to see what Campbells (which have a packet soup subsidiary on the Continent) will do.

For it is Campbells that indirectly has caused the emphasis in the battle for sales of packet soups to swing from a question of price to one of quality. Ordinary canned soups are not always superior to the dehydrated packet soups when they reach the plate, and the housewife must carry home several pounds of metal and liquid for a week's supply. Packet soups weigh about 3 oz, and enough for six people can be popped into the purse or pocket of the buyer. That has always been the main strength of the packet soups. But Campbells, followed by Heinz, has introduced condensed soups, and cut the advantage by half—most cans of condensed soups weigh only 8 oz, and an equal volume of water is added to them.

Five times as much soup is sold in cans as in packets, despite the convenience of the lighter package: makers are hoping that by improving the quality of the dehydrated product and using the sales strength of the bigger companies in the market they can prevent the disparity from growing any wider. They are also trying to sell much more to caterers.

TIN MARKET

Nearer to Normal

EVER since the International Tin Council first restricted exports in December, 1957, it has given the manager of the buffer stock authority to buy and sell in the middle bracket of the price range, that is between £780 and £830 a ton. That authority seemed prudent when exports were severely restricted, to avoid the possibility of a sharp rise in prices. Normally the manager cannot sell unless the price goes above £830 and cannot buy unless it falls below £780. Since the beginning of this year export control has been greatly relaxed, yet the manager has continued to operate, keeping prices artificially stable within a narrow range of £785-£795 a ton. Merchants and dealers on the London and New York markets have become increasingly critical of this interference, which was never the intention of the scheme.

At its meeting in London this week the council decided to withdraw the manager's authority on July 1st, when the new quarterly control period begins. In the first quarter the manager was disposing of the British Government's stock, and without that authority he could not have done so unless prices went above £830 a ton. There has also been the fear, which seems much exaggerated, that tin had to be kept below £800 a ton to preserve the United States "benevolent neutrality" towards the scheme. Withdrawal now is sensible, and has the added virtue of restoring normality before negotiations on a new agreement start in New York later this month. The impact on the market should not be great. While the manager was keeping prices stable consumers may have bought less metal forward than usual, and it will be interesting to see how easily any consequential increase in buying is absorbed. On Thursday morning three months' tin closed at £787 a ton, showing a slight rise on the week, with the premium for cash metal narrowing to £4.

The council decided to restrict exports in the third quarter to the current rate of 37,500 tons and, anticipating some improvement in supplies from Bolivia, it expects actual exports to be about 36,300 tons, or 1,000 tons more than it expects in the second quarter. The council also made the annual re-distribution of one-twentieth of the producers' total votes, and therefore of the individual countries' share of exports, thus helping requirements to be supplied from the most economic source. Bolivia's share was slightly reduced, and the shares of other countries increased.

URBAN MOTORWAYS

An Inner Ring for London?

WHEN the Nugent Committee on the London road system reported last year it was rather cold to the immediate idea of constructing ring roads in London for many valid reasons besides their enormous cost. But it did suggest that the possibility of building new roads over or alongside railway lines merited further study. The more modest of the two-road programmes that it suggested has since been adopted by the London County Council. But the roads lobby has not abandoned its own preference for ring roads of the urban motorway style. Indeed, the British Road Federation has now come up with the claim that it would be possible to construct a six-lane inner ring motorway over or alongside existing railway track for almost its entire length.

It has selected a 25-mile route somewhat further out from the centre of London than the line of the "A" ring road proposed earlier, but nowhere more than a mile away. For half its length this ring road would almost coincide with the north and west cross routes proposed by the Nugent Committee and only five miles, apart from the

Thames crossings, would be separated from railway lines. Provided that there are no serious technical objections to operating trains under such long stretches of road viaduct, the Federation's scheme has the immediate attractions of being somewhat less costly to build and involving possibly less extensive property redevelopment than any previous proposal for a ring road. Its sponsors claim that it would cost "some £83½ million" against the £150 million that the 11-mile "A" ring road would now cost. A further £9 million would be needed for four radial motorways (to connect with M1, A4, A12, and A40) that form an inherent part of the Federation's proposals.

More detailed studies would be necessary to test these estimates of cost and the scheme's technical feasibility. The number of interchange points, moreover, would directly affect both its cost and the amount of contiguous property that would have to be acquired, if M1 style junctions with feeder roads were used. No traffic studies exist to show whether this would in other ways be a good line for a ring road, or what economic benefit could be expected from it in comparison with the likely return from other road schemes, or whether in fact any ring road at all is the right answer. But all major road works of this kind, especially in built-up areas, are bound to represent some compromise between what is best from the point of view of traffic flow, cost of construction, and engineering. The Federation's proposal seems, at least on first inspection, to be rather more realistically framed than other schemes put up lately by the roads lobby: it certainly deserves serious study. But it hardly stands a chance of being taken up unless national investment in roads is considerably increased.

SOFTWOOD

Consumption Rising

Consumption of softwood in Britain has increased sharply this year. With the expansion of industrial and residential building—the official forecast is that well over 300,000 houses will be completed this year—apparent consumption of softwood reached 368,000 standards in the first quarter, 18 per cent more than a year ago. Anticipating good business, importers started buying exceptionally early this season, and in the six months ending March they ordered nearly 1½ million standards.

Something New in the Foundry

A foundry is about as traditional a kind of industrial establishment as one can find, largely because it was one of the first ever developed: apart from shell moulding, which only applies to small parts, basic methods of casting had until recently remained unchanged since man first began work in metal around 5000 BC. But of late the foundrymen have adopted one new trick, and an important one, which promises to make great changes in costs and efficiency. Instead of making the moulds and cores out of moist foundry sand—which has natural hard-setting properties, but which needs heating in an oven if used for large or complex castings—they have found a way of using ordinary clean, dry sand. One mixes it with a little sodium silicate—the water glass used to preserve eggs—makes the mould, and then blows carbon dioxide gas into the mould box, under a cover, to permeate the prepared sand. A chemical reaction between the gas and the sodium silicate solidifies and cements the sand, and the mould is ready for use.

This process seems to have been invented sixty years ago: it was patented indeed, by two British consulting chemical engineers named Hargreaves and Poulson in 1898. But they found so little interest in their invention that they concentrated their activities on the soap industry and abandoned their interest in casting. The technique disappeared until the nineteen-forties, when it was re-invented in Czechoslovakia by a Dr Petrzela; he took out a British patent, but allowed it to lapse in 1953. When the process finally began to be used in Britain, around 1955, attempts were made to revive this second patent. Imperial Chemical Industries bought the British rights—as supplier of chemicals that could be used in the process—and when the patent was eventually restored in 1959 it granted licences free of charge to any foundry that wished to use the process.

Advantages of the carbon dioxide process are many, both in reducing cost and improving quality; but the costing methods of the foundry industry are those of a craft industry, in which the men on the floor know best; accountants do not seem to have penetrated far into their mysteries. Despite conditions normally favouring conservatism, the use of the process has spread fast; 80 per cent of British foundries are now estimated to use it. The biggest cost saving probably comes from the elimination of baking the moulds and cores, which saves the fuel used and makes unnecessary the ovens and the cranes needed to move moulds into them. It also makes mould production far faster—an hour for a ten-ton mould compared with days before. This speeds up the tempo of production in the foundry, offering further indirect savings in cost. Moulds for small and simple parts do not need baking, so the process may not help on such work; but the cores which form the internal cavities of a casting always need baking. In foundries with a "jobbing load" of some large castings and many small moreover, tying up one's oven capacity often slowed work down: gas moulding obviates this. Casting of non-ferrous metals can also be made much cheaper by using the carbon dioxide process; it gives a better surface finish than most sand moulds and can replace the metal dies used in die-casting, cutting tooling costs, reducing the cost of changes in design and making production more flexible.

The improved surface quality of the castings produced by this process may give bigger cost advantages to users than to the founders. Greater dimensional accuracy, sometimes almost as good as that provided by shell moulding, means that less machining is needed; for this reason the British Motor Corporation has begun using the process on castings used for car engines. The moulds and cores, moreover, contain less water than conventional ones, so that there is less hydrogen released to contaminate the casting after the molten metal is poured and the water vaporises; and the sand is more permeable to escaping gases than that of normal moulds.

In the steel industry the process is being used to cast iron base plates and moulds into which molten steel is poured; base plates so produced have survived 350 pourings, though 75 is the normal maximum. The base plate is heavy and mounted in the floor, so changing it is an expensive operation. At the top of the ingot moulds carbon dioxide finds another application; it is used in the Swedish "Tiger Top" process to solidify feeder heads on the moulds, which reduce the wastage of steel from the casting. This process is already widely used abroad and has been successfully adopted by two British steelworks.

Some development troubles have been experienced in gas moulding in steel foundries; the most serious was the breakdown of cores caused by the expansion of the sand as the metal contracted. But recent experiments suggest that changes in the chemical composition of the sand should overcome this weakness. In general, the process seems to have produced remarkably few introductory troubles, though it has been found that different proportions of sodium silicate and carbon dioxide to sand are required for the different metals to be cast. Much of the development work needed has been done by ICI and Distillers; but the simplicity of the process has been one of its best salesmen.



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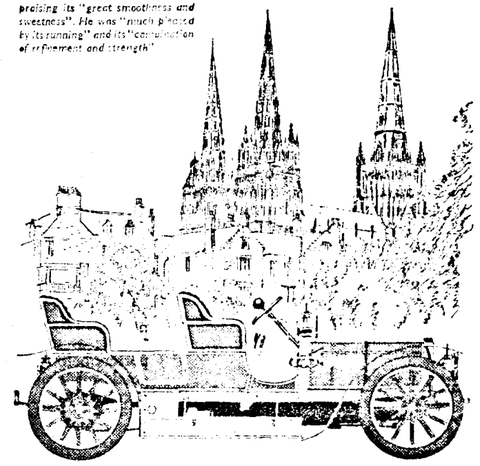
This finely-designed car had a good "press" on its debut, the correspondent of "The Autocar", for instance, praising its "great smoothness and sweetness". He was "much pleased by its running" and its "combination of refinement and strength"



1906 . . . a year of a General Election and the Workmen's Compensation Act . . . events that must have had their effects in peaceful Lichfield as elsewhere . . . Lichfield, where the 13th century cathedral must often have provided an apt setting for the imposing 1906 Austin . . . Lichfield, where today The Kenning Motor Group has a depot that provides a special kind of enthusiastic motoring service.



THE Kenning MOTOR GROUP

Head Office: Gladstone Buildings, Clay Cross, Derbyshire

KEN/4

DEPOTS THROUGHOUT THE COUNTRY

But shipments from northern ports have been delayed by a late winter, and stocks have fallen more sharply than usual ; at the end of March stocks of imported softwood stood at only 336,000 standards, one-fifth smaller than a year ago and the lowest level since timber control ended in 1952.

British purchases for the whole season might well reach 1.65 million standards, appreciably more than in 1958-59. Sweden, Finland and Russia have shared in the increase but Canada has not, mainly because it has a more profitable market in the United States, even though prices in the European market have gone up. When the Russians made their second offer this season they raised their prices by £3 to £7 a standard—with 7-inch unsorted redwoods costing £89 a standard cif—bringing them broadly into line with Scandinavian quotations. Since then Swedish prices have moved higher, and any further offer from Russia is expected to reflect that firmness. So far Russia has sold over 350,000 standards to Britain this year, rather more than in the whole of the 1958-59 season.

ELECTRIC LAMPS

The Cost of Light

THIS week's cut of a penny in the price of "coiled coil" electric lamp bulbs—from 1s. 9d. for a standard 100 watt bulb to 1s. 8d.—brings their prices now to the same as those of single filament bulbs ; its purpose seems to be to encourage sales of the coiled filament lamp so that they can become the chief, and eventually the only, type of lamp made. At present the older single coil lamp accounts for more than three-quarters of British output. Apart from its (up to now) lower price, it is rather more robust, and less liable to fail from blows or vibration: the coils in the coiled coil lamp's filament may touch and cause a short circuit if shaken or vibrated sharply enough, though makers claim that the modern type is now less vulnerable to such damage. A 100 watt bulb with the newer type of coil is, however, about 8 per cent more efficient as a means of transforming electricity into light, which might mean a saving of about 10d. on current in the 1,000 hours that both types of lamp are reckoned to last. The makers are now thus providing bulbs that give 8 per cent more light for the same cost.

The coiled coil lamp's increase in efficiency is not considered great enough by some makers to offset its greater robustness. Their disagreement may be a convenience to industrial users, who do not want to have to replace lamps because of premature failures ; normally bulbs are changed at regular intervals, and reliability is therefore essential. Crompton Parkinson has announced that for these reasons it is not following the lead of its chief rivals, and will continue to offer single-filament lamps below the price of coiled coil lamps—a margin which may also reflect a difference in production costs.

SHORTER NOTES

Group profit before tax of Rowntree & Company for the year ending December 31st fell from £2,882,000 to £2,720,000, after charging £1,116,000 to depreciation, against £991,000 before, but the net profit attributable to Rowntree is slightly higher at £1,368,000 (£1,317,000). Had it not been for a change in the method of stock valuation the net profit in 1959 would have been £300,000 lower. The final dividend is 10½ per cent less tax, making a total of 15 per cent compared with 13 per cent for 1958. The directors propose to capitalise £1¼ million of the reserves (totalling £10,766,000) by a three-for-five scrip issue.

★

The European Free Trade Association (Origin of Goods) Regulations, 1960 are published by the Stationery Office this week, to give as much notice as possible to importers before the reduced rates of duty for goods qualifying for EFTA treatment take effect on July 1st.

★

Political and Economic Planning (PEP) has published a study of minimum prices in European trade in agricultural and horticultural products, in the light of the use of these devices by members of the European Economic Community.

★

Prices of jute goods in Dundee have again been raised, following the further increase in raw jute. Most qualities of jute yarns have gone up by £5 a ton.

★

British Glues and Chemicals and the Agricultural Holdings Company have formed a jointly-owned company, British Impulse Proteins, to exploit the Chayen impulse protein process for extracting protein from vegetable materials and marketing the products. Agricultural Holdings controls a group of seed wholesaling companies; British Glues has developed the process which was invented by its research director, Mr I. H. Chayen, who is the chairman of the new company. A plant to operate the process will be built in Britain.

★

Total National Savings now amount to £7,000 million thanks to last year's record savings for a peacetime year of £389 million. The recent survey on Premium bonds and their holders showed that the public is fairly well satisfied with these bonds, but the Chancellor of the Exchequer had the results of the survey in mind when he recently announced the improved premium bonds with a shorter waiting period and with both more and bigger prizes.

★

A placing has been arranged by S. G. Warburg of London, Kuhn Loeb of New York, and Stockholm's Enskilda Bank of 1,083,259 shares in L. M. Ericsson, the Swedish telephone group. These shares were held by International Telephone and Telegraph and represent 23 per cent of the total capital. The 638,007 voting "A" shares have been placed in Sweden, while the 445,252 partly voting "B" shares have been placed here and in other European countries.

★

Gulf Oil Company announced at its annual meeting in Pittsburgh last week that drilling of three widely spaced wells in the South Ceuta area of Lake Maracaibo in Venezuela has proved extremely productive, indicating a pay thickness of up to 1,100 feet and indicating an oilfield that could be the largest that Gulf has discovered since Kuwait. A second major discovery has been made in Eastern Venezuela, in a concession in which Gulf has a 50 per cent interest.

★

A revaluation of the freehold properties of Flowers Breweries has thrown up a surplus of £4.8 million. The company's interim dividend has been raised from 6 per cent to 7 per cent and a 100 per cent scrip issue is proposed.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Associated Portland	Rio Tinto	Bristol Aeroplane
London Brick	Spicers	de Havilland
Richard Costain	E. S. & A. Robinson	English Sewing
Limmer and Trinidad	Consolidated Zinc	BICC
Babcock and Wilcox	Royal Insurance	Birmingham Sound
Schweppes	General Accident	Radiation
Pressed Steel	Pearl Assurance	Smith St. Aubyn

LONDON AND NEW YORK
Stocks, prices, yields, times covered and security indices on pages 580 and 581
LONDON STOCK EXCHANGE
The week's movements reported on page 579
MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 582

COMPANY MEETINGS

BABCOCK & WILCOX, LIMITED

MR W. LIONEL FRASER'S REVIEW

EXPRESSION OF CONFIDENCE IN THE FUTURE

"In the Atomic Energy Field . . . we are participating in a huge and costly pioneering undertaking"

The sixty-first Annual General Meeting of Babcock & Wilcox, Limited will be held on May 26, 1960, at Federation of British Industries, 21 Tothill Street, S.W.1.

The following are extracts from the circulated Statement of the Chairman, Mr W. Lionel Fraser:

FINANCIAL COMMENTS AND RECOMMENDATIONS

The profits of the Group, subject to United Kingdom taxation, but after setting aside the sum of £1,761,332 for depreciation, were £523,154. After taking into account United Kingdom taxation and other adjustments, the balance standing to the credit of the consolidated Profit and Loss Account is £573,850.

The Preference Dividends, less tax, required £58,281 and your Directors now recommend that a Final Dividend of 4½ per cent, less tax, be paid on the Ordinary Stock, requiring £259,239, making a total of 9 per cent for the year.

As they stand, and without explanation, the year's results are bad. In this Review I shall do my best frankly and fully to set out the causes of the setback, as your Directors see them, and to give reasons why we do not feel the results truly reflect the inherent strength and potentiality of the Group.

TRADING CONDITIONS

During the early months of 1959 output from our main Works at Renfrew and at Dalmuir fell short of the programme, as the result of a number of unforeseeable difficulties which were encountered of a technical nature, and also relating to labour. By the middle of the year many of these problems had been overcome, and later a substantially accelerated rate of production did much to make up for the reduced output of the early part of the year, but at a considerably higher cost than originally anticipated.

During 1959 there were more labour disputes than in any previous year in the Company's history, both at the Works and on the erection sites. As a result, management had to devote a disproportionate amount of their time in striving to arrive at reasonable settlements of these disputes. In some cases where the full concessions demanded could not be granted, the Unions concerned banned overtime or, alternatively, the groups of men in question precipitately came out on unofficial strike. We must all be alarmed at the increasing resort to these so-called "go-slow" tactics or "wildcat strikes," and it is most regrettable that in our case they have caused both a substantial loss of production and have contributed to our uneconomic results. Our factory at Dalmuir which we took over from the Ministry of Supply on January 1, 1959, has had more than its share of these disputes, but despite this, we have increased the labour force by no less than 800 and succeeded in raising output materially. Although we have still much to do, I consider it a major achievement to have adapted these Works to our productive use in so short a time.

NEW ORDERS

I am pleased to be able to state that our order book was higher at the end of the year than at the beginning, for during 1959 we obtained an improved volume of new business. Perhaps the most notable is that for the Thorpe Marsh Power Station of the Central Electricity Generating Board, where we shall be supplying a single boiler unit having a capacity of 550 Megawatts. The single boiler is for a generating set whose output of electricity exceeds that of the well-known Battersea Power Station, which is served by seventeen Babcock boilers installed over the last thirty years.

In the export field valuable orders were obtained in Sweden, Finland, Poland and Rumania, in addition to those awarded to Subsidiary Companies with their own partial manufacturing facilities, such as Australia, Africa and Mexico. The total volume of export orders lagged behind our hopes, however, due to intense world competition.

NUCLEAR POWER CONTRACTS

We are now heavily engaged in our Works and at site on the contract for Hinkley Point Nuclear Power Station. Here, we have built the largest Goliath crane in the world, and it is operating splendidly. Other nuclear contract work at present in hand are the containment vessel for the Advanced Gas-Cooled Reactor for the United Kingdom Atomic Energy Authority at Windscale and the reactor vessels and another Goliath crane for Atomic Power Constructions Ltd. at Trawsfynydd, Wales. The Company, maintaining its tradition in the field of marine propulsion, has developed nuclear propulsion plant capable of immediate application in naval and merchant vessels.

EXTENSION OF ACTIVITIES

In order to utilise to the full the excellent facilities at Dalmuir, we have made some interesting and varied arrangements which should improve our overall profitability as sales develop. We have completed agreements with the Richier Group in France for the sale and manufacture of their full range of Tower Cranes, their vibratory road rollers and certain large concrete mixing machinery.

Another new manufacture for which the plant at Dalmuir is particularly suited is the Marion Excavator. An agreement was signed last year with the Marion Power Shovel Company of USA licensing us to manufacture a range of excavating machinery, which will be marketed in this country and abroad by John Blackwood Hodge & Co. Ltd.

We have also entered into new licence agreements associated with our conventional products, of which I shall mention but two examples. One is a French development, the Ignafluid Stoker, which has had success in burning very fine low grade coals. The first installation is under construction for the Scottish Gas Board.

Another arrangement is with Waagner-Biro of Austria. This is for a waste heat boiler of particular interest in steel works. The first orders for manufacture in this country have been placed by Richard Thomas & Baldwins Ltd. and Colvilles Ltd.

TRADING DEVELOPMENTS IN EUROPE

Today one hears much of the steps contemplated by British, American and other firms to establish factories within the European Common Market area. In this connection there is no doubt the Babcock organisation is exceptionally well situated to meet the new trading conditions that are likely to arise in Europe, for your Company is directly interested through its connections with the Société Française des Constructions Babcock & Wilcox, Paris ; the Deutsche Babcock & Wilcox, Oberhausen and Babcock-Smulders, Brussels ; some of which were established with their own works more than 60 years ago. Furthermore, we have long-standing licensee arrangements with leading engineering companies in Holland, Italy, Norway, Sweden, Denmark and Finland, and are, of course, also directly interested in Sociedad Espanola de Construcciones Babcock & Wilcox, Bilbao.

"Here follows a Review of the Group Overseas and Home Subsidiaries."

GENERAL REVIEW AND PROSPECTS

I have not refrained for some years past from emphasizing that with the conditions which existed in our industry, further setbacks were to be expected and that any improvement would inevitably be slow. Nevertheless, as I mentioned earlier, your Directors regret again to have to report an adverse result. It is a fact that there is excessive capacity in the boiler industry. There have also been heavy additions to labour charges and depressing interruptions in the rhythm of production from strikes, but the major burden has resulted from the vast problems relating to the rapid emergence of atomic energy for power purposes.

By our work in this field we are participating in a huge and costly pioneering undertaking. The design, manufacture and erection of large

Power Station boilers has always demanded the highest engineering skill, but the difficulties associated with atomic power plant at this early stage of progress are even more incalculable. However, there is no doubt that in the long term the application of nuclear power is inevitable, although there will be delay in achieving a competitive basis as construction costs of conventionally fired generating plant have been lowered markedly in recent years. It is vital, therefore, that your Company should continue to play its part in the reliable development of reactor systems.

So, what of the future? We are an important entity in the industry and as such are conscious of our national responsibility. Your Company has ramifications and connections in almost every country in the world, and these sources of experience and knowledge afford strength to those who direct the affairs of the Company. We cannot alter the conditions with which the boiler industry is faced today—the fierce competition, the cripplingly low margins of profit and the present unhappy labour situation. But we do have faith that by the maintenance of highest standards of work and service we will be able to overcome this frustrating state of affairs and that fair rewards will attend our best endeavours.

Tremendous efforts have been made, and are still being made throughout the Group to meet the challenge. Your Directors have since the war authorized the expenditure of very considerable sums of money, not only to ensure that our Works, in this country and abroad, are equipped with the most up-to-date and efficient plant and machinery, but by way of investment in the construction of new factories in certain territories overseas. Naturally the results from some of this outlay, especially in the latter category, will take time to materialise, but some of our Subsidiaries are already producing substantial profits which go some way to compensate for losses on domestic orders. At the same time, I must stress forcibly that in a heavy engineering business such as ours it is absolutely essential that conditions should be such that reasonable profits are available to enable us to undertake the continuous research and technical development. This is very expensive but indispensable if we are to keep in the forefront of industry and render capable service to our customers, whether they be in private enterprise or in nationalised undertakings.

Looking back over my period as Chairman and through the eyes of a banker with experience of many industries and people, I repeat what I have said in substance before that this is a great Company. One of my main reasons for this strong statement is that the Company has not failed to give close attention to the introduction of young and competent engineers, scientists, mathematicians and other professional staff, with the result that there is, in my opinion, unrivalled skill in the organisation—a fine investment for the future.

Finally, I would just like to add that in the boiler industry where contracts take years to complete and where such huge sums are involved, precise profit assessments cannot be given over short periods, and for this Group to attempt, for instance, to provide six-monthly figures would be both inappropriate and misleading. Indeed, I sometimes think that Stockholders would be able to make a more balanced judgment of the position if we were permitted to present our results say once every three years, instead of annually.

RETIREMENT OF DIRECTOR

Sir Frederick Leith-Ross has notified his colleagues that he will not seek re-election at the forthcoming Annual General Meeting, as he wishes to reduce his commitments. In these circumstances your Directors have with much regret accepted his resignation and desire to express their gratitude to him for the valuable assistance he has rendered in all our deliberations.

CHAIRMANSHIP

I must now be forgiven for making a personal statement. This is the last occasion on which I shall have the honour of reviewing the Company's position as Chairman, as I have already announced my intention to resign from the Board immediately after the Annual General Meeting on May 26th, as from which date my colleagues have appointed in my place, Sir Kenneth Hague, at present Deputy Chairman. He comes to the Chairmanship having served all his working life in the Group in various high posts, and on the termination of two years as President of the Engineering and Allied Employers' National Federation. The Company is fortunate too in that Sir Reginald Verdon Smith will succeed to the office of Deputy Chairman.

As for myself, I shall have completed almost ten years as Chairman, which was the period which had always been envisaged, and my colleagues and I felt that the forthcoming Annual General Meeting would be the most appropriate and convenient time for me to hand over the office. I cannot pretend that I am anything but most unhappy that my resignation has coincided with a moment when current trading conditions are unfavourable. However, I have not deemed it right to defer my resignation on this score, as if Stockholders agree to the creation of the appointment of President at the Annual General Meeting, the Board intend to nominate me as the first President of the Company—at my request on an honorary basis. I shall therefore be able to maintain some association with the Group and its affairs, in which I shall continue to take especial interest.

Needless to say, I relinquish the Chairmanship with feelings of sadness, for it is a proud appointment. There can be few companies where the atmosphere on the Board is more harmonious and objective, or where a better relationship exists between the Directors and the Staff. My gratitude is unbounded for the friendship and support accorded me by everybody in the Group, from my colleagues down to individual employees.

FIAT S.p.A.

TURIN, ITALY

(Motorcar, Aircraft, etc.)

SHAREHOLDERS' MEETING

The Meeting of Fiat Shareholders, held in Turin on April 28th under the chairmanship of Professor Dr Vittorio Valletta, Chairman of the Board of Directors and Managing Director, unanimously adopted the report and balance sheet for the fiscal year 1959. The surplus assets amounted to 19,700,689,407 lire. A dividend of 85 lire per share (5 lire more than the previous dividend) was declared.

The meeting resolved to increase the Company's stock capital from 100,000 millions to 150,000 millions of lire, through the issue of 100 million preference shares of 500 lire each, with a surcharge of 500 lire ; and a bond loan of 30,000 million lire.

Valletta's report points out the big increases made by Fiat in 1959, "continual growth which is a proof of the value of private enterprise in industry." The chief figures:

— *total sales* 438,000 *millions* (65,000 millions more than in 1958).

— *motor vehicles produced :* 430,282 units, including 422,216 passenger cars (an increase of 89,030 units over 1958); 195,549 units exported ; daily average production of Fiat motor vehicles about 2,000 units.

— 20,000 *farm and industrial tractors :* about half of them exported.

— *steel production :* about one million tons.

— *total Fiat exports in* 1959 reached 140,000 million lire (27,000 million more than in 1958).

As at December 31st Fiat personnel numbered 85,117, of whom 66,872 were factory workers: an increase of 5,000 people over the previous year notwithstanding the development of automation. "This imposing mass of Fiat workers, of whom more than 71,000 are in Turin—states the report—is one of the largest labour forces employed today in Italy by any single industrial concern." A labour force endowed with a strong team spirit and a sense of co-operation. The elections held on April 7th for the Shop Stewards' Committees at Fiat again confirmed the strong majority of the representatives of the democratic Trades Unions.

The Fiat report states that from the salient economic indices in the whole of the West, beginning with the United States of America, and in the new psychological and political climate of relaxation of the international situation, strong trends are indicated towards higher consumption and therefore increased production, towards larger investments ; in short, vaster prospects for business and employment for all. With regard to relaxation towards the international situation, we all hope that it will lead to definite West-East agreements (on controlled disarmament in the first place) for a true peace; not merely "coexistence," but genuine living together bringing moral, economic and social betterment to all peoples. Confidence also in the development of the ECM, provided it is based on conditions of fiscal parity.

Fiat seeks to double its production and has therefore resolved on *new investments to the value of* 150,000 *millions of lire* to be spent within the next 2 or 3 years.

ROYAL-GLOBE INSURANCE GROUP

REVIEW OF RESULTS FOR 1959

STATEMENT BY MR T. H. NAYLOR

CHAIRMAN: ROYAL INSURANCE COMPANY LIMITED

The Annual General Meeting of the Royal Insurance Company Limited will be held on Wednesday, May 25th, in Liverpool.

A statement by the Chairman, Mr T. H. Naylor, from which the following are extracts, has been sent to stockholders with the 114th Annual Report and Accounts:

We can look back on 1959 with some satisfaction for, although the year was not without its misfortunes—such as the abnormally high level of fire damage in the United Kingdom—there were positive signs of improvement in certain areas, notably the United States, where underwriting conditions had been difficult in recent years.

After a brief pause in 1958, the upward trend in our Group premium income was resumed and the total—excluding Life Assurance—rose by over £6 million to £137 million. Out of this vast sum there remained, after paying all claims and expenses on underwriting account, £2½ million, or 1.8 per cent, rather less than one week's gross income, to be transferred to Profit & Loss Account.

Over the 5 years ending in 1958 the annual profit on our underwriting operations had fallen from more than £4 million to rather less than £¼ million, or 0.6 per cent, and, although the profit for 1959 of 1.8 per cent is no more than marginal, it is in the circumstances an encouraging improvement.

Thanks to the continued buoyancy of our investment income, now amounting to £4.3 million net, our consolidated profit of £5.3 million (after United Kingdom taxation and Pension Funds contributions) was the highest ever recorded.

DIVIDEND

The increase in our consolidated profit and the prospect of business returning to a more favourable basis have enabled your Directors to recommend an increase in the final dividend from 2s. to 2s. 6d. This, with the increased interim dividend of 2s. 2d. per 5s. unit paid last November, makes the total distribution for the year 4s. 8d., as against 3s. 11d. last year.

OVERSEAS

In the United States there has been a progressive improvement during 1959 in our underwriting experience, arising to a large extent from the steps taken both by our own Group and by the industry there to put the business on to a better footing.

It would be unwise to expect the recent pace of improvement to be maintained, and it is only fair to acknowledge that the position has been helped by the absence of severe hurricanes, but, even so, the future looks brighter than it has done for some time.

In other overseas territories, despite the many problems with which we have been confronted, particularly those of a political and economic nature, our business generally continued to flourish and made a substantial contribution to the improved results for the year.

FIRE DEPARTMENT

It will be seen that premium income in this department showed a welcome increase, and, in spite of the abnormal level of fire wastage in the United Kingdom, we were able to earn a surplus on the account of over £1 million.

	Net Premiums	Underwriting Surplus	Percentage of Premiums
	£	£	%
1959...	56,501,646	1,006,993	1·8
1958...	53,905,306	1,120,521	2·1

At home, continued competition led to a further lowering of rates, but even so, our premium income increased with the general improvement in trading conditions. Losses, however, rose substantially, but fortunately not to the same degree as the national fire wastage. Nevertheless, our ratio of profit in this department at home was the smallest we have ever earned.

ACCIDENT DEPARTMENT

	Net Premiums	Underwriting Surplus	Percentage of Premiums
	£	£	%
1959...	74,359,208	1,306,818	1·8
1958...	70,613,785	−602,005	−0·9

Accident Department income has again shown a satisfactory increase, and the outcome has been decidedly more favourable than in the previous year. Apart from the United States all major territories produced a modest profit.

Motor insurance continues to present us with many problems and unfortunately the number of road casualties in 1959—as in 1958—increased at an even faster rate than the number of vehicles on the road. Added to this social evil, there is from the purely material view point the continued rise in the cost of repairs.

Here I would like to comment on the suggestion that has been made from time to time that insurers invariably pay inflated repair charges. In fact, our own staff engineers, and qualified assessors acting for us on a fee basis, personally inspect every damaged vehicle we insure, except where the damage is of a quite minor nature and, even in those cases, a tight and careful control is maintained by scrutinising and approving every account for repairs. Whilst, therefore, the isolated case of abuse does come to light, I feel that the stockholders will appreciate that this can only be exceptional and that, generally speaking, we pay no more than a fair price for the work undertaken. I have no reason to suppose that our approach is anything but typical of Offices generally.

MARINE DEPARTMENT

	Net Premiums	Fund as at December 31	Percentage of Premiums
	£	£	%
1959...	6,431,742	14,544,271	226·1
1958...	6,237,355	14,190,170	227·5

The previous year's shipping depression continued into 1959 and it was not until the end of the year that there was any sign of an improvement in freight rates. It is satisfactory in these conditions to have recorded a slightly increased premium income in 1959.

Our transfer of £152,338 to Profit & Loss Account relates to the 1957 underwriting account which was closed at the end of 1959. Although smaller than the comparable figure a year ago, it was not an unsatisfactory outcome for a year in which the number of major casualties to first-class vessels rose above the normal level.

LIFE DEPARTMENT

	New Sums Assured	New Annuities (per annum)	New Annual and Single Premiums
	£	£	£
1959...	56,528,870	1,598,065	1,994,182
1958...	46,088,189	1,739,407	1,938,134

New sums assured in the Life Department have again exceeded those for the previous year by a substantial margin. New annuities, which consist to a large extent of deferred annuities under pension schemes, have been maintained at a satisfactory level, but have not shown the steady increase which has been a feature of the life assurance business. The volume of new annuity and pension business is particularly susceptible to changes in the law, and recently the uncertainty regarding the extension of the national pension scheme has had its effect. Following the passing of the National Insurance Act 1959, this uncertainty has to some extent been resolved, and I hope that the future will show an increased realisation of the value of insured pension schemes with a corresponding expansion in this section of our business.

INVESTMENTS

	Invested Assets General Funds	Life Funds
	£	£
1959.....	202,888,736	92,227,251
1958.....	190,908,369	86,346,243

With the resurgence of confidence and rising industrial production, the demand for capital remained firm throughout 1959 and consequently long term interest rates were sustained at a high level not only in this country, but in most parts of the world. Thus, in the main fields of our investment activities, we were able to invest in fixed interest securities at very attractive yields.

The outstanding feature of stock markets, almost throughout the world but particularly in the United Kingdom, was the rise in ordinary share prices. This provided an addition to the value of our investment portfolio more than sufficient to offset falls in fixed interest security values with the result that the total appreciation on the portfolio increased.

MANAGEMENT, STAFF AND AGENTS

It has been a matter of pride and pleasure to all in our Group and to many others in the Insurance industry that Sir Charles Trustam, our Chief General Manager, received a Knighthood in the New Year's Honours List for his services to the industry. As in all organisations, the standard which prevails is set at the top, and we are fortunate in enjoying the benefit of Sir Charles' wise and thoughtful control of our affairs.

It is a special pleasure to be able to take this opportunity of personally thanking all the Management and Staff, who so ably represent us throughout the world. To our Agents too, who form such a vital link between the Group and its Staff on the one hand, and the client on the other, I would like to extend our grateful thanks.

RIO TINTO

Accumulation of operating profits overseas

The Eighty-seventh Annual General Meeting of The Rio Tinto Company, Limited will be held on June 2nd at Barrington House, 59, Gresham Street, London, E.C.2.

The following is an extract from the statement by the chairman, Mr Gerald Coke, which has been circulated with the report and accounts for the year 1959.

ACCOUNTS

The income for the year includes an increase in the receipts from your Company's holdings of the Rhodesian Copperbelt and in Mary Kathleen Uranium, which is partly offset by lower income received from the Kern Oil Company, The Pyrites Company Inc. and the Compañia Española de Minas de Rio Tinto, S.A.

The profit figure of £3,914,000 before taxation includes the consolidated profits of Mary Kathleen Uranium which are free of tax in Australia and which would only attract British tax if remitted. Consequently the figure of £1,216,000 shown as tax on profits for the year is substantially lower than it would otherwise have been.

Although Canadian profits are not consolidated, a similar taxation problem would arise if any dividends were remitted to the United Kingdom out of uranium earnings and this position in regard to tax raises important issues of policy.

Both in Canada and Australia substantial profits will be earned over the next five or six years, which will be free of tax in their country of origin, under tax concessions granted by the Governments of the countries concerned. Briefly, these concessions, which provide that no tax is payable for certain specified periods, are intended to give the company an opportunity of amortising to a large measure the cost of its plant and equipment.

The effect of this is that, while the companies have the benefit of being able to accumulate tax funds to replace the wasting assets inherent in their operation, these moneys if remitted to this country would bear tax here, since the Double Tax Convention only permits the off-set of tax to the extent that tax has been paid in the country of origin.

The accumulation of funds in the manner described above has the advantage of enabling the company to replace its assets by other revenue-bearing investments: and your Board, in considering future dividend policy insofar as it relates to the parent company, will have to weigh up, on the one hand, the value of extending their field of profitable operations out of tax-free revenue and, on the other, the justifiable demands of shareholders for some proportion of the revenue currently derived from the investment of their existing funds.

These tax concessions are, of course, intended to benefit and encourage the operation of mining enterprises in the Commonwealth. They are a recognition by the Governments concerned of the fact that in the field of metal mining large expenditures have to be undertaken and a considerable time-lag occurs between exploration and economic operation, but their effect is frustrated in the case of any mining house based on London by British tax laws. It is hoped that the British Government will give earnest consideration to the alleviation of a situation which places a British company at a disadvantage against one operating in other countries of the Commonwealth. It is indeed urgent that they should do so if London is to retain its importance as a base for mining finance business and if engineering and other industries, which look to mining for outlets for their products, are not to lose valuable customers.

SPAIN

In last year's Chairman's Statement a warning was conveyed that the trend of sulphur prices was downwards and that this would affect the profitability of your Company's investment in Spain. This forecast was in fact borne out by events and your Company received a lower dividend from Compañia Española de Minas de Rio Tinto during the year. The declared dividend was further reduced in value in your Company's hands by a devaluation of the peseta. The happy relationship between the two companies continues and our Spanish colleagues are to be congratulated on maintaining the mine at a high level of efficiency.

AUSTRALIA

Mary Kathleen Uranium paid its first dividends during the year, amounting to A.2s. 9d. per stock unit. The mine is operating most satisfactorily and has substantially improved on the estimate of costs and profitability made when the mine was started.

The problem of adequate water supply is still proving intractable and it has been decided to construct a second dam to minimise the risk of water shortage in a dry period.

AFRICA

The opportunity to diversify functionally the Group's activities in Africa was presented by the chance to acquire the Cam and Motor Mine from the shareholders and an offer was made at 11s. per 2s. 6d. share, which was accepted by over 90 per cent of the shareholders. Steps have been taken since the end of the year to exercise the right to acquire the remainder of the shares, making the company a wholly owned subsidiary of Rio Tinto (Southern Rhodesia) Limited. This purchase has been financed in part by sales—at prices greatly in excess of those ruling currently—of some of the holding in the Copperbelt companies. The remainder of the purchase price has been found from cash or the sale of short-dated securities, leaving the holdings of the two principal producing companies virtually intact. The purchase of Cam and Motor, besides giving the advantage to the Group of a holding in gold mining to diversify our metal interests, also presents tax advantages. Until this acquisition all exploration costs in Africa had to be met from the net income of our Copperbelt investments; the possession of an active mine means that there is a source of gross income against which a certain amount of exploration expenditure can be set off. The exercise of the options on Patchway and Big Ben has added two minor gold-producing properties to the Group.

As reported in the Review of Operations, Rio Tinto also acquired an interest in the Sandawana Emerald deposit in Southern Rhodesia. The emeralds so far disclosed are of high quality and, if the deposit fulfils its early promises, this small investment could yield substantial returns.

CANADA

The Chairman then reviewed the position of the Canadian uranium industry following the announcement by their Government in November, 1959, that an agreement with the United States Atomic Energy Commission had been concluded under which the options to purchase further quantities of uranium oxide after the conclusion of the present contracts in 1962-63 would not be exercised, but stretching out the present contracts to 1966. The steps taken to meet the situation, which had already been notified to Shareholders, were outlined, and the Chairman stated: At the end of the stretched-out contract period in 1966 the Group will possess assets which have been completely amortised and which should be capable of producing uranium as cheaply as any comparable mines anywhere in the world.

OIL

Our income from the Kern Oil Company was reduced by the lower crude oil prices which ruled throughout the year and by the need to continue expenditure on the search for additional reserves.

If you are interested in obtaining a copy of the full Report and Accounts please write to: The Secretary, The Rio Tinto Company, Limited, Barrington House (Room No. 71), 59, Gresham Street, London, E.C.2.

steel construction builders' joinery



wire netting and fencing

Boulton and Paul Limited

The ANNUAL GENERAL MEETING of Boulton & Paul Ltd. was held on May 3rd, at Norwich. Mr. J. S. Murray, Managing Director, presided. The following is an excerpt from the statement of the CHAIRMAN, Mr. J. H. Trevfon, circulated with the Report and Accounts.

Another Good Year

Last year I pointed out that our group was well placed to meet the undoubted requirements of the country in the supply of new factory buildings, new houses and modernising roads and railways. The past year has seen increased activity in these fields, and we did our fair share in all of them. As a result we had another good year with profits in excess of the previous year. As far as can be judged the outlook is promising.

Developments

One of the most important developments was the acquisition of the structural engineering business of Moreland Hayne, with works at Silvertown on the London Docks. It has not only brought our Group into the centre of London on the manufacturing side, but has given us increased capacity at the time when we need it.

The extension of our wire products plant in the Midlands consists of a completely up-to-date continuous wire drawing, annealing and galvanising plant which should show substantial economies in production and allow a high degree of control over quality.

Structural Engineering

Notwithstanding the rather slow start our output of structural steel came to a good figure. The following are examples:—

Technical College, Corby.
New Factory for Roneo Limited, Norwich.
Power Station, Hunts Bay, Jamaica.

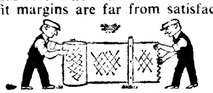


Railway transit sheds for British Railways.
Buildings for British Sugar Corporation, Ltd.
Factory extensions, General Electric Co. Ltd.
New factory for Joseph Lucas Ltd., Birmingham.
Football Stands for Fulham and Norwich F.C.
Office block, new tool room for Pressed Steel Co. Ltd.

In addition, we design and make fully automatic plants for the Steel Fabrication industry. We are unashamedly proud of our success and especially of the fact that several of these plants have been supplied and installed by us in the U.S.A.

Wire and Wire Products

Whilst our volume of business increased, competition became fiercer with the weakening of the trade association structure of the industry and profit margins are far from satisfactory.



The fencing department, which is closely allied to the wire side and uses their products, has continued to expand. Their extremely mobile erection teams are to be seen in all parts of the country working on diverse projects.

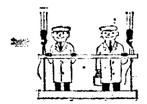
Timber Products

This has been a record year for sales of builders' joinery and our manufacturing facilities have been hard pressed to execute orders received. The prospects for future sales are good, but rising costs must be faced.



Builders' Equipment

Stephens and Carter have had another busy year. This Company benefits as the building trade expands, not only from its hire and erection of scaffolding, but also from the sale of ladders, and other equipment for builders.



Balance Sheet

The assets and liabilities include Moreland Hayne's figures and the new Midland works. The rise in Current Assets and Liabilities also reflects increased trading. We have further developments in mind, and our stocks are increasing with our increased turnover, indicating full use of our financial resources.

Group Profits

The profits of the Group before taxation amounted to £416,363. The taxation charge of £142,531 has had the benefit of over-provisions in previous years of £44,882. After deducting the minority interests, and bringing in the "carry forward," a disposable surplus is shown of £308,891. This compares with the figure of £209,187 for the previous year. In dealing with this surplus, attention has been given to the desirability of building up reserves and conserving resources for future activities. After providing for the fixed Preference return, we are recommending a final Ordinary dividend of 12½ per cent. This is on "all fours" with last year's final dividend of 10 per cent, if we add to that the special interim dividend of 2½ per cent, paid at the beginning of this year.

Summarised Results

Group Profits before taxation	100%	£416,363
Taxation	34%	£142,531
Minority Shareholders ...	1	4,334
Retained Profits	43	178,167
Distributed Profits	22	91,331
	100%	£416,363

Group Profits attributable to Ordinary Shareholders before Taxation as a return on:		
Issued Ordinary Capital	£825,000	45½%
Net Tangible Assets ...	£2,055,508	18½%
Ordinary Dividend before Taxation as a return on:		
Issued Ordinary Capital	£825,000	12½%
Net Tangible Assets ...	£2,055,508	5 %

The Report and Accounts were adopted

SNIA VISCOSA

NATIONAL COMPANY FOR VISCOSE APPLICATIONS INDUSTRY

SHARE CAPITAL—27,450 MILLION LIRE

The Meeting of Snia Viscosa took place in Milan on April 7th. The Report was read which discussed the situation in the world and in Italy of the artificial and synthetic fibre industry, a situation which in general presented much more favourable characteristics than those of the preceding year. The Snia Viscosa Group took particular advantage of this, production in 1959 being 107 million as against 96 million Kilos of fibre in 1958. Particular stress must be laid upon the fact that production of lilion, Snia's polyamide fibre, more than doubled. Because of this, the problem is being considered of a separate installation for the production of caprolattame, the raw material for the production of lilion, by more simple and rapid means than those used traditionally. Production has also been started on an industrial basis of an acrylic fibre, Krylion. Production has also been developed of plastic materials such as sniamide and dialux, as well as of the principal raw materials for the manufacture of artificial and synthetic fibres (cellulose, soda, sulphuric acid, carbonic sulphide, etc.). During the period, production was commenced of the cellulose transparent material known as cellophane as well as of a glass fibre, vitrofil.

The Report goes on to announce that an agreement has been reached with Allied Chemical for a plant of huge dimensions for production of lilion in the USA. The American company entered into this agreement, after weighing offers from the principal concerns of the world in this industry, because of the guarantees furnished by the experience of the Snia Viscosa Group in the chemical, textile and mechanical field. Snia will not only supply machinery manufactured in its establishment, but will also guarantee assistance in getting production under way.

In the course of the discussion the president of Snia, Franco Marinotti, explained various points touched upon in the Report, and especially drew the attention of the Meeting to the great importance of the agreement with Allied Chemical, as well as to those concluded with USSR, India, etc., regarding other fields of activity of Snia. This expansion across the world is not prejudicial to the future development of Snia's exports, since where friendly relations are established they will always produce positive results. The president went on to discuss the satisfactory financial position of the Group which not only permits normal business activity but also effective expansion. He then discussed the favourable situation of Italian and foreign shareholdings in the Group. Finally, in connection with the projected Bill for the safeguarding of free competition, he observed that Snia, in the face of foreign competitors, already exports a notable portion of its production, and that there exists in the home market various and important producers who sell almost exclusively in Italy, thus giving rise to an extremely competitive situation.

The president's statements were unanimously approved by the Meeting, which then noted that the year closed with a net profit of 2,960 million lire (2,138 million lire in 1958), after allocation to the Sinking Fund of 4.500 million lire (2,500 million lire in 1958). The resultant dividend therefore was of 120 lire per share, compared with 100 lire in the preceding year.

Statement by the Chairman

MR. P. G. MACDONALD, W.S., J.P.

to be presented at the Annual General Meeting of United Biscuits Limited, to be held on May 31st, 1960, at the Caledonian Hotel, Edinburgh

UNITED BISCUITS

LIMITED

AND SUBSIDIARY COMPANIES

McVitie & Price Ltd · Macfarlane, Lang & Co. Ltd · S. Henderson & Sons Ltd · McVitie & Price (Canada) Ltd

I AM GLAD to be able to report that despite increased competition in 1959 our group sales at £18,500,000 exceeded by £300,000 the record figure achieved in 1958. This is all the more gratifying in the light of the reduction in biscuit production in the United Kingdom as a whole during 1959 by some 8,500 tons, or 1.6 per cent. During the year there was an increase in the cost of some ingredients, particularly butter, which rose from an average price in 1958 of £230 per ton to £348 per ton in 1959; no increase was, however, made in the price of our biscuits. In spite of the consequent contraction of our margin of profit, it is satisfactory to record that our trading profit for the year fell only slightly short of the record figure of the previous year. This is a result of our policy of quality control, the continual introduction of more efficient and economic methods of production and improved methods of distribution.

It will be of interest to shareholders to know that our sales of cake continue to show a very healthy expansion, our group sales having exceeded £2,000,000 last year.

ACCOUNTS

The trading profit for the year ended 31st December 1959, after charging depreciation, directors' remuneration, provision for pensions and auditors' fees, amounted to £2,386,423 (1958, £2,472,963). After adding income from investments and bank and other interest amounting to £73,689 (1958, £69,312), the profit before taxation amounted to £2,460,112 (1958, £2,542,275). Having deducted taxation on profit for the year of £1,131,964 (1958, £1,302,402), the profit attributable to the group amounted to £1,328,148 (1958, £1,222,733), an increase of £105,415.

The preference dividend for the year required the net sum of £36,750. An interim ordinary dividend at the rate of 5 per cent. was paid on £4,500,000 requiring £137,812 (1958, 5 per cent. on £3,000,000, £86,250). The Directors propose that a final dividend be paid at the rate of 11 per cent., requiring £303,188, making with the interim a total for the year of 16 per cent., which compares with an effective rate of 13⅓ per cent. for 1958. The total dividends paid and proposed for the year amounted therefore to £477,750 (1958, £396,375) and the balance of unappropriated profit, £850,398 (1958, £826,358); has been transferred to revenue reserve.

Turning now to the consolidated balance sheet, it will be noted that this year for simplicity the general reserve and the balance on profit and loss account have been merged under one heading, revenue reserve, which at 31st December 1959 amounted to £3,574,934 (1958, £2,724,536). The financial strength of the group continues to grow and current assets exceeded current liabilities and future taxation by £3,929,052, an increase over last year of nearly £800,000.

EXPORT

I am also glad to be able to report to you that our export sales continue to expand and show an increase of 20 per cent. over the previous year. Our Canadian subsidiary accounts for the greater part of this increase in export sales.

THE FUTURE

With the continuation of the economic expansion of this country I feel that we can look forward in the future to a rising standard of living. Part of this increase will consist of an improvement in the national diet, and, although there will be intense competition, I feel sure that the discerning housewife will continue as in the past to favour the best quality. Consequently our group should obtain an increasing share of the available market.

The Chancellor of the Exchequer in his recent Budget has done nothing to encourage energy and enterprise. In my Statement to you with the 1956 Progress Report I referred to the 1957 Budget and stated: "By leaving the unmarried man who earns £2,000 to pay exactly the same amount of tax as he did before the Budget will do nothing to discourage him from emigrating. Neither has the Budget done anything for industry apart from shipping, nor has it eased the present crushing estate duty burden. Accordingly, we must all continue to press for further cuts in Government expenditure and so lighten taxation including estate duty." Since then the standard rate of income tax has been reduced by 9d.; the level for payment of surtax—fixed over forty years ago—and rates of surtax remain unchanged. The Chancellor has, at last, agreed to grade the liability for estate duty on gifts made within five years of death. We are grateful for this concession. It is a source of satisfaction to me as I first made this proposal ten years ago and have had it raised with successive Chancellors each year since then. But my comments in 1957 as to the necessity for cutting Government expenditure so as to lighten the burden of taxation remain vitally applicable today. It may be that the economic climate of the moment is not favourable to large-scale cuts in taxation, but the minimum the country, which returned the present government to power with such a substantial majority, was entitled to expect at this time was a reduction of 3d. in the standard rate of income tax and the raising of the surtax level to £3,000.

MANAGEMENT AND STAFF

Once again I would convey my best thanks to all members of our team who have contributed so much to another successful year, and I know that you, the shareholders, will wish to be associated with me in these remarks. The rapid expansion in the past decade has been a stimulating challenge to all of us and I am confident that we shall have the continuing support and loyalty of management and employees alike.

Copies of the Report and Accounts may be obtained from The Secretaries, United Biscuits Limited, 12 Hope Street, Edinburgh 2

TELEPHONE AND GENERAL TRUST

CONSIDERABLE OVERALL PROGRESS

MR ALASTAIR F. ROGER ON POSITION OF FINANCIAL STRENGTH

The thirty-fourth annual general meeting of the Telephone and General Trust Limited will be held on May 24th in London.

The following is an extract from the statement by the Chairman, Mr Alastair F. Roger, which has been circulated with the report and accounts:

The retirement of Sir Alexander Roger from the Board of Directors on March 22, 1960, after having served as Chairman for some thirty-four years, will already be known to Stockholders from the Press announcements.

I am sure you will approve the Board's invitation to him to become the Trust's first Honorary President, and welcome his acceptance thereof.

He is justly proud of having presided over the Trust from its modest beginning in 1926 with a capital of £75,000 to its present position as a powerful Investment Trust with general investments valued at nearly £7 million and interests of over £3,500,000 in telephone operating subsidiaries.

Your Directors have honoured me by appointing me Chairman of the Board.

ACCOUNTS

As regards the Accounts, I intend to continue the practice of dealing mainly with the Holding Company's figures rather than the consolidated figures, as I think they are of more immediate interest to Stockholders of the Trust.

The Income received by the Trust during the year, consisting almost entirely of Dividends and Interest, was £62,000 greater at £569,658, and the Net Profit after payment of all expenses, Debenture and Loan Interest and Taxation was some £51,000 greater at £249,915.

After providing for the 7 per cent Preference Stock Dividend and for the transfer of £50,000 to General Reserve, the payment of a final dividend of 10 per cent on the Ordinary Stock is recommended, making with the 5 per cent interim already paid, a total of 15 per cent for the year, and also a dividend of 15 per cent for the year on the "A" Ordinary Stock—in both cases an increase of 1 per cent compared with the previous year. The Balance carried forward on Profit and Loss Account of £235,508 compares with an adjusted figure of £192,852 brought in.

Turning to the Trust's Balance Sheet, you will see that it once again shows a strong position with Capital and Revenue Reserves of £1,535,508, and a large appreciation in market value on our general quoted investments compared with their Balance Sheet cost.

The Consolidated Balance Sheet also shows a strong position. The increase of £405,859 to £2,572,535 in the interests of minority shareholders in Subsidiary Companies reflects the successful issue of additional Ordinary Shares by the Jamaica Telephone Company during 1959.

GENERAL INVESTMENTS

Over the years we have built up a wide portfolio of general investments which stand in the Balance Sheet at £2,342,745. Of this, £2,151,085 represents quoted investments which, at December 31, 1959, had a market value of £6,683,573. These investments have contributed a steadily growing income to the Trust by way of dividends, and we believe this growth will continue.

INVESTMENTS IN TELEPHONE OPERATING COMPANIES

Barbados.—Development and expansion of the system continues satisfactorily, with an increase during 1959 of 691 stations in service, making a total of 8,910.

Although the Trust holds a majority of the Ordinary Shares of the Barbados Telephone Company, there are a considerable number of local investors in both the Preference and Ordinary Shares. The Trust welcomes the support of these local investors.

Jamaica.—In 1959 a record in new development was achieved with the addition of 3,315 stations, making a total of 33,565. Capital Expenditure during the year amounted to £744,500. A quotation was obtained for the Ordinary Shares of the Company on The Stock Exchange, London, thus increasing their marketability.

Trinidad.—I had hoped I would be able to report that a settlement had been reached with the Trinidad Government on the Company's long outstanding application for a Rates increase. I regret, however, that this is not the case, as although the Federal Supreme Court, on appeal, has given a ruling in the Company's favour on its rights under its Ordinance to obtain a revision of tariffs, the Trinidad Government has obtained leave to appeal to The Privy Council.

The existing tariff clearly does not provide the fair return to which the Company and its Shareholders are entitled, and the Ordinary dividend has been further reduced from 6 per cent to 4 per cent in respect of the past year.

As a result, expansion of the system is entirely held up, with growing inconvenience to the public in Trinidad. The Trinidad Government has recently suggested further talks. Representatives of the Company are ready to attend, and are now awaiting from the Trinidad Government full details of the proposals it wishes to discuss.

Portugal.—The Trust's close and mutually beneficial relations in the financial and technical spheres with its associated company The Anglo-Portuguese Telephone Co. Ltd. continue. During the year the Company's telephone systems in Lisbon and Oporto, where it operates under a concession granted by the Portuguese Government, have continued to expand. Nearly 23,700 telephones were connected to the systems, bringing the total to 253,500 at December 31, 1959.

GENERAL

Although the year has not been without its difficulties, I feel that this report shows a position of considerable overall progress and continuing strength. Your Directors look forward with reasonable confidence to the prospects for the current year.

BANCO COMMERCIAL DEL PERU

Capital and Reserves S/.54,647,625.48

CONDENSED BALANCE SHEET as at 31st December, 1959

ASSETS		LIABILITIES	
Cash on hand and with Central Reserve Bank	S/. 132,462,806.74	Capital	S/. 30,000,000.00
Due from local banks	,, 11,592,661.42	Reserves	,, 22,307,720.84
Balances with Foreign Bankers	,, 18,779,329.05	Reserves for Taxes, Staff Indemnities, Unearned Discount, etc.	,, 27,703,867.05
Securities Available—Banco Central de Reserva	,, 19,011,864.00	DEPOSITS:	
Loans, Discounts and Advances	,, 398,074,280.32	Demand S/. 246,727,663.28	
Bank Premises, Furniture and Fittings	,, 15,041,561.00	Time ,, 122,790,294.73	
Public and Other Securities	,, 24,776,773.25	Savings ,, 87,697,406.36	
Customers' Liabilities for Letters of Credit, Guarantees, Forward Exchange Sales	,, 110,610,356.69		,, 507,215,364.37
Exchange Purchased Forward	,, 41,507,980.80	Due to Foreign Banks and Bills negotiated with our endorsement	,, 25,041,220.32
Other assets	,, 3,010,650.51	Letters of Credit, Guarantees, Forward Exchange Purchases, outstanding	,, 140,357,304.39
Transitory and Adjustment Accounts	,, 15,639,326.78	Exchange Sold Forward	,, 15,568,074.06
		Other liabilities	,, 815,780.33
		Net profit	,, 7,108,592.00
		Transitory and Adjustment Accounts	,, 14,389,666.30
	S/. 790,507,590.56		S/. 790,507,590.56

PER CONTRA ACCOUNTS		CONTRA ACCOUNTS	
Securities and Merchandise in Guarantee	S/.163,791,345.84	Deposits of Securities in Guarantees	S/.163,791,345.84
Securities in Custody	,, 319,335,530.60	Deposits of Securities in Custody	,, 319,335,530.60
Bills for Collection	,, 363,610,510.66	Deposits of Securities in Collection	,, 363,610,510.66
Mortgage Guarantees	,, 92,376,310.78	Mortgage Guarantees	,, 92,376,310.78
Other per Contra Accounts	,, 236,680,803.23	Other Contra Accounts	,, 236,680,803.23
	S/.1,175,794,501.11		S/.1,175,794,501.11
General Total	S/.1,966,302,091.67	General Total	S/.1,966,302,091.67

MAIN OFFICE
Lima
Jesus Nazareno No. 139 and Coca No. 474
Tel. 75800. Cables: BANCOPER. P.O. Box 3112

TRADE INDEMNITY COMPANY LIMITED

A MORE ENCOURAGING OUTLOOK

MR H. T. SILVERSIDES' REVIEW

The forty-second ordinary general meeting of Trade Indemnity Company Limited was held on April 28th in London, Mr H. T. Silversides (the chairman) presiding.

The following is an extract from his circulated statement:

I am glad to be able to report that, on the whole, the situation is much more encouraging than it was a year ago.

The gross premiums earned in 1959 amounted to £1,666,456, a decrease of approximately 5 per cent as compared with 1958. On the other hand, the retained premium of £573,845 was only down 2 per cent.

Last year I mentioned that we had considered it expedient to cut down severely on our overseas commitments. To give you some idea of the extent of this reduction, the 1958 proportion of total premium income which related to export business, amounting to 18 per cent, had fallen in 1959 to 7 per cent.

By way of compensation for this drastic cut in export business, the turnover at home, mainly due to higher sums at risk on existing policies, increased to such an extent that in 1959 your Company again insured approximately £1,000 million of credit risks. Of that total, some £980 million was insured in the United Kingdom.

I have said that the increase in the United Kingdom is mainly due to higher cover under existing policies, and I cannot hide my disappointment that more progress has not been made in writing new policies. Every effort will be made to extend our connections at home and I hope it will prove possible, with due care and selection, to increase our support of the export market in due course.

Claims paid and other outgo, less salvages, in 1959 at £746,541 are much more in line with normal expectation of losses than was the case last year.

Turning now to the Profit and Loss Account, you will note the figure of £58,305 transferred from 1957 Underwriting Account and you will observe that Interest on Investments and other Income (gross) is £47,887. These two items total £106,192 and, after the addition of £7,669 in respect of Income Tax recoverable on the loss on 1957 Underwriting Account less tax on income in this Account and the deduction of the provision of £3,400 for Profits Tax, we are left with £110,461 which is carried to Appropriation Account.

The balance brought forward from 1958, suitably adjusted for the increased cost of the dividend for 1958 by reason of the reduction in the rate of Income Tax, was £136,166 and this, together with the £110,461 brought down, means that there is £246,627 available in the Appropriation Account. Of this, £45,938 is absorbed by the proposed dividend at the rate of 15 per cent. less Income Tax, leaving a carry-forward of £200,689.

GENERAL REMARKS

In the course of his remarks on economic developments and the likely effect on their business in 1960, Mr Silversides said: From the middle of 1959 onwards, we have seen a steady improvement in business conditions. Industrial production, consumption and employment have all made noticeable progress against a background of stable prices.

At the present time the investment programmes of both the public and private sectors indicate that this expansion is likely to continue, perhaps at too great a rate. Hence the warnings issued from time to time by the Government and the application of the brakes through the increase of Bank Rate to 5 per cent in January last.

From our own point of view, we always have to bear in mind that any economic expansion must be expected to encourage the growth of a proportion of speculative enterprises which are the first to go once monetary or other measures are introduced to control the situation. It remains to be seen to what extent, if any, the authorities deem it necessary to take further action to direct and perhaps restrain current expansion and to what degree any measures introduced will react on any "mushroom" growths which the economic climate itself has fostered.

Commenting on the report of the Radcliffe Committee, Mr Silversides said: The Report serves to underline the important role of trade credit in the economy as a whole, and I trust that some part of the interest which it has aroused in the subject of trade credit will be extended to the question of insuring the credit risks themselves.

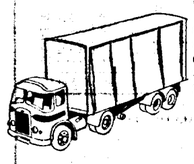
The report and accounts were adopted.

EXPANSION TO CONTINUE



Mr. P. S. Henman on a new phase in the development of the Group

Consolidated profit before tax, for the year ended 31st December, 1959, amounts to £581,014, which is £167,436 more than the corresponding figure for 1958. This increase in profit has been secured by the development and expansion of the Group's existing resources and also as a result of the purchase of additional subsidiary companies.



DEVELOPMENT

The warehouses at Dartford and Birmingham have now been completed and work has started on a new warehouse in Hull. On the cold storage side of our business, we have undertaken large-scale reconstruction work in Cardiff. In London the new garage and offices for J. Spurling Ltd. have now been built, and we have purchased a fleet of 17 barges and a tug.

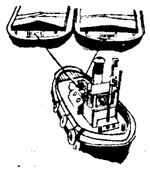
NEW ACQUISITIONS

Our most important purchase was the equity capital of Bristol Industries Ltd., which is a holding company with ten trading subsidiaries. These companies engage in the familiar Group activities of road haulage, contract vehicle hire, warehousing and cold storage, but there are also subsidiaries operating petrol filling stations and dealing in private car and commercial vehicle sales, and an engineering company. All have fitted admirably into the Group pattern.

The second important acquisition was that of Connal & Co. Ltd. This is a Glasgow warehousing and road transport company, tracing its origins to the year 1722. The Company has a large subsidiary in London known as Caledonian Wharfage Co. Ltd., controlling wharves at Blackfriars and in Bermondsey.

FURTHER EXPANSION

Important though the acquisitions of 1959 may be, they mark only the beginning of a new phase in the development of the Group. Already in 1960 three public companies, Bootle Cold Storage Co. Ltd., The Sheffield Pure Ice & Cold Storage Co. Ltd., and Johnson, Cole, Brier & Cordrey Ltd., which operates a cold store and public warehouse business in London, have become Group subsidiaries. We are glad to be approached by the Boards of companies which might usefully fit into the Group structure and to discuss with them suitable terms to offer their shareholders. It is intended that development of this type shall continue; it is development planned to fit the Group's existing manner of operation and to diversify its interests, but at no time to enter completely uncharted waters. It is our experience that the introduction to new subsidiaries of Group management techniques and methods results in increased productivity and a consequent uplift in profit.



SHARE CAPITAL

At the Annual General Meeting a resolution will be proposed to increase the authorised share capital of the Company to £6,000,000 by the creation of 1,000,000 Second Preference Shares of £1 each, and 8,000,000 Ordinary Shares of 5s. each.

FUTURE PROSPECTS

The improvement in traffic which was effected in the latter half of 1959 has, to a large extent, been maintained in 1960.

	1959	1958
Group Income	£5,037,000	£3,398,000
Profit before Tax	£581,014	£413,578
Taxation	£217,793	£162,563
Net Ordinary Dividend	£162,594	£79,530
Coverage	2.08 times	2.43 times
Net Assets	£4,723,798	£2,709,800

TD GROUP **TRANSPORT DEVELOPMENT GROUP LTD.**

BUCKLERSBURY HOUSE · QUEEN VICTORIA STREET · LONDON, E.C.4.

ROAD TRANSPORT · LIGHTERAGE · WHARFAGE · WAREHOUSING · COLD STORAGE

BIRMINGHAM SOUND REPRODUCERS LIMITED

Manufacturers of the

BSR Monarch BSR

Record Changer and Tape Deck

COMPANY'S STRUCTURE STRENGTHENED BY REORGANISATION

DR D. M. McDONALD'S REVIEW OF PLANS FOR THE FUTURE

The twenty-fourth Annual General Meeting of Birmingham Sound Reproducers Limited will be held on May 27 at the Savoy Hotel, Strand, London, W.C.2.

The following is the statement by the Chairman, Dr D. M. McDonald, BSc, MB, ChB, which has been circulated with the report and accounts for the year ended December 31, 1959:

During the first months of 1959 sales were rather difficult but in the second three months they started to improve and I am pleased to say that this trend was continued for the last half of the year, during which record production figures were achieved. Early last year the opportunity was taken to reorganise production and sales and develop new models. We were thus able to reap the full benefit of the increased sales demand which commenced in the Spring of last year.

Although the profit before tax is £1,386,013 compared with £1,538,341, which reflects the cost of this reorganisation, I am happy to report that the net profit, after tax and adjustments, is £817,286—a slight increase—against £806,061.

I would like to take this opportunity of expressing my great appreciation of the outstanding work that has been done by the Company's officials and work people in achieving this result. The Company's structure has been immeasurably strengthened by the reorganisation which took place last year and new staff engaged during this period are already contributing to the smooth working of our business.

In our range of record changers the UA.8 has continued to be one of our main models for the past year. The UA.12 has been produced in substantial quantities in the second half of the year and we have recently launched a further new record changer known as the UA.14, which has been well received.

The reception given to our tape deck has been beyond expectations and we anticipate large developments in the use of tape recorders in the next few years.

PLANS FOR THE FUTURE

The licence granted a few years ago for a new factory of 350,000 sq. ft., in Old Hill, has now been received and it is expected that this factory will be completed by the end of 1961. In addition a new site of about 12 acres, which we acquired at Stourbridge, a few miles from our Head Office, will prove advantageous. As it is not anticipated that a licence to build a new factory at Stourbridge will be granted—the Board of Trade rightly being concerned with unemployment in the depressed areas—we have repaired the existing buildings which will relieve pressure in the Old Hill factory.

We have embarked on an ambitious training and apprenticeship policy as we find that nothing is better than "growing your own wood." We are demanding a very high level of intelligence and character and also insisting that every apprentice and commercial trainee continues his academic education by attending appropriate night classes. This we hope will bear fruit over the years.

It is difficult to break away into other fields of production because of the fresh opportunities which are continually presenting themselves in the gramophone and associated markets. However, temptation in these directions will not deflect us from our intention to manufacture new products at an appropriate time.

Naturally it will be some time before all these measures are reflected in our profits, but in the meantime I am pleased to be able to say that the first three months of 1960 show an improvement over the same period for 1959. If this continues, we will not be disappointed with the current year's results.

I would like to pay a personal tribute to the work of Mr J. B. McNulty, who recently left our Board. As resident director in N. Ireland he was one of the architects of our plant in Londonderry and his counsel over the last few years has proved both wise and constructive.

An Interim Dividend of 15 per cent on £1,000,000 Ordinary Share Capital has been paid during the year to December 31, 1959. (Dividends for 1958, Interim Dividend of 15 per cent on £800,000, Final Dividend of 32½ per cent on £1,000,000 being equivalent to 44½ per cent for the year less Income Tax on the increased Share Capital of £1,000,000.)

Your Directors have decided to recommend the payment of a Final Dividend of 35 per cent less Income Tax at 7s. 9d. in the £ in respect of the year ended December 31, 1959, on the present Ordinary Share Capital of £1,000,000. You will be asked to approve this at the meeting.

BANK LEUMI LE-ISRAEL B.M.

CONTINUED EXPANSION

PROPOSED RIGHTS ISSUE

The ninth Annual General Meeting of the Bank, being the 38th since the establishment of the business, was held in Tel-Aviv on April 24, 1960.

In his address the Chairman, Dr Y. Foerder, drew attention to the Bank's growth, especially as reflected in the consolidated figures, which had increased from IL.570 million to IL.645 million.

The Bank's deposits had reached a total of IL.364 million, including IL.55 million of special Government Deposits. The Deposit savings scheme had increased steadily and the balance of over IL.30 million represented over 50 per cent of all such bank savings schemes in the country.

Advances and Loans to Customers had increased by IL.117 million to IL.135 million, Documentary Credits, Acceptances, Guarantees etc. had risen from IL.79½ million to IL.94 million.

The net profit was IL.973,911 as against IL.752,248 for 1958 after the usual provision for taxation, depreciation etc. and ample provision for contingencies.

The recent rights issue had brought the paid-up capital and open reserves to IL.8 million. This increase was important for the Bank's future expansion but the directors did not consider it quite sufficient and preparations were already in hand for a further increase by way of another rights issue on advantageous terms. In addition, the directors intended to offer the staff a small limited issue on equal terms in appreciation of their efforts and to strengthen their interest in the Bank's progress.

Amongst the important developments mentioned by the Chairman was the formation in London of the Anglo-Israel Bank Ltd., to take over the business of the London Office of the bank, and also the establishment of a full Agency in New York. This will greatly facilitate the increase of foreign business jointly with the bank's Offices in Zurich and Frankfurt.

THE ECONOMIC SPHERE

In reviewing general economic conditions in a year of satisfactory progress, the Chairman pleaded for further liberalisation and a smaller measure of direct Government interference. He did not believe, however, that the abolition of exchange control could be contemplated for the present. Under the prevailing circumstances he was in favour of the continuation of qualitative and quantitative credit control by the Bank of Israel. Finally, he dwelt on the importance of encouraging savings through bank savings schemes and by other means, especially through the Stock Exchange. He stressed the paramount importance of developing the equities market to enable investors to participate in Israel's growing economy.

The General Meeting approved a final dividend of 6½ per cent, making 12½ per cent for the year (unchanged), and noted that the directors consider that they will be able to pay the same dividend on the further increased capital after the forthcoming rights issue.

(Copies of the Annual Report for the year 1959 are available on application to the bank's London subsidiary, the Anglo-Israel Bank Ltd., 6 Gracechurch Street, E.C.3.)

ÖSTERREICHISCHE LÄNDERBANK

VIENNA, AUSTRIA

The Annual General Meeting of Österreichische Länderbank was held in Vienna on March 29th and the following are details of the report presented by the Board of Directors:

REVIEW

The success achieved by Österreichische Länderbank during the business year 1959 may be considered proof of the sound foundations on which the Bank has been built, and of its earning power. Although current earnings were affected by the exceptional conditions prevailing in the money market the Bank succeeded not only in making good this loss of earnings but also in achieving a further increase of S 8m.

This increase in income contrasted with a rise in expenditure of S 10m. The taxed net earnings of app. S 99m. thus almost equalled the record figure of some S 101m. reached in 1958.

The success achieved during 1959 is further underlined by the fact that in drawing up the balance sheet, both valuations and provisions for risks of all kinds were treated on a very conservative basis. Besides, S 1m. was put into reserve for the granting of bursaries by Österreichische Länderbank.

Issues.—The year under review was marked by an exceptionally vigorous issuing activity in the loan and mortgage bond sector. The Länderbank also managed to take over for placing amounts in excess of its quotas during 1959. This, coupled with the vigorous revival of the share market which started in May, 1959, resulted in a rise in the securities turnover to almost double the figure of the previous year.

The foreign trade boom experienced by Austria during 1959 also produced a rise in the foreign currency turnover. The Länderbank, at app. 38 per cent, secured the same share in export trade turnover as in the previous years.

Deposits.—The rise in deposits amounted to S 334m., with savings deposits alone accounting for as much as S 329m. At the end of the year under review savings deposits totalled S 1,538m. The rate of increase amounted to 27.3 per cent and thus exceeded by some 3 per cent the average attained by Austrian joint stock banks.

First-grade liquidity at the end of the year reached 19.2 per cent, (obligatory rate: 15 per cent), whilst liquidity as a whole amounted to 55.2 per cent (obligatory rate: 40 per cent). At the date of the balance sheet liquidity was far below the average of the year under review.

Out of the taxed net earnings for 1959 of app. S 99.1m., some S 79m. was appropriated to reserves. The Bank's capital resources as returned, including special reserves, accordingly reached S 763m., or app. 12.3 per cent of liabilities (11.7 per cent in the previous year). The ratio of capital resources to deposits was far above the international average.

Out of the net profit of app. S 21.5m. remaining after deduction of the appropriations to reserves, an 8 per cent dividend on the share capital is to be distributed (7 per cent in the previous year).

Personnel.—Owing to the expansion in the volume of business, and as a result of the opening of new branches and offices, the Länderbank's personnel increased by 5.4 per cent. At the end of the year under review the number of people employed by the Bank was 1,942.

HUDSON'S BAY

RECORD SALES

The two hundred and ninety-first annual general Court of The Governor and Company of Adventurers of England trading into Hudson's Bay was held on May 5th in London, Mr W. J. Keswick, the Governor, presiding.

The following is an extract from his circulated statement for the year to January 31, 1960:

The Company had another good year and sales reached the record level of £79,891,000. The trading profit before taxation was slightly higher at £4,952,000, compared with £4,896,000 in the previous year, after charging depreciation of £1,323,000 this year against £1,204,000 in the previous year. Canadian taxes were higher this year as the Canadian tax rate on corporation profits rose from 47 per cent to 50 per cent, with the result that the total charge for taxation increased from £2,259,000 to £2,457,000. The net trading profit after taxation was, therefore, lower at £2,495,000 compared with £2,637,000.

Trading dividends paid and proposed are unchanged at 24 per cent, which is approximately 4s. 9½d. per share gross and 2s. 11½d. net after deduction of United Kingdom income tax from the dividend. The proposed Land Account distribution of 5 per cent is also unchanged from last year's regular distribution.

In November, 1959, an interim trading dividend of 10 per cent and a distribution of 2½ per cent from Land Account was paid to Proprietors. Final payments proposed are 14 per cent, less tax, on trading and 2½ per cent from Land Account.

The report and accounts were adopted.

PEARL

ASSURANCE COMPANY LIMITED

Chairman: **GEOFFREY KITCHEN, T.D., M.A.**

Points from the Annual Report and Balance Sheet for the year ending 31st December, 1959

TOTAL ASSETS £284,589,333 **GROSS INCOME £62,111,940**

INVESTMENTS

The Assets show an increase of £14,079,515. The valuation of the investments, taking Stock Exchange securities at middle market prices, showed a substantial margin compared with the values shown in the Balance Sheet after taking into account the Investments Reserve Funds.

LIFE BRANCHES

In the two Life Branches the total sums assured on new policies issued amounted to £88,288,036 compared with £81,806,225 for 1958 and the total sums assured and bonuses in force (including the Capital Redemption Fund), amounted to nearly £714 millions (an increase for the year of over £45 millions). The total new annuities of all kinds amounted to £951,791 per annum.

FIRE AND ACCIDENT

In this Branch the premium income was £9,950,775.

REVERSIONARY BONUSES

ORDINARY BRANCH.—A reversionary bonus of **£2 8s. 0d.** per **£100** sum assured or annuity on United Kingdom policies entitled to participate in full profits.

INDUSTRIAL BRANCH.—A sum of £3,628,570 has been allocated to provide bonuses in the Industrial Branch making a total allocation up to date of **£37,513,391.**

CHIEF OFFICES: HIGH HOLBORN, LONDON, W.C.1.

DEUTSCHE BANK

AKTIENGESELLSCHAFT

Balance Sheet as at December 31, 1959

(abridged)

Assets	DM
Liquid Assets (cash in hand, due from Deutsche Bundesbank, Credit Institutions [Nostro Balances] and others)	1 620 969 505.79
Bills of Exchange	2 171 888 470.27
Treasury Bills and Non-Interest-Bearing Treasury Bonds of the German Federal Government and the Lands	220 920 987.83
Foreign Treasury Bills and Non-Interest-Bearing Treasury Bonds	99 088 888.90
Medium Term Interest-Bearing Notes (Bons de Caisse)	395 318 510.96
Securities	1 058 436 545.76
Equalisation Claims on the Government (Currency Reform)	476 389 241.58
Holdings in Syndicates	188 490 027.23
Debtors	3 552 670 194.78
Long Term Loans	590 458 250.64
Participations	66 540 000.—
Real Estate and Buildings	148 600 000.—
Other Assets	104 075 909.48
Total Assets	10 473 846 532.62

Liabilities	DM
Capital	250 000 000.—
Reserves (Legal and Special Reserve Fund)	250 000 000.—
Pensions Reserve	138 795 600.—
Reserves for Special Purposes (including Taxes)	79 737 159.62
Deposits of which:	
Sight Deposits	4 607 309 655.01
Time Deposits	2 766 495 854.91
Savings Deposits	1 914 378 914.15
Borrowed Funds (Nostro Liabilities)	16 222 118.90
Own Acceptances and Promissory Notes in Circulation	55 867 904.19
Loans taken at Long Term	257 450 459.52
Other Liabilities	97 588 636.12
Profit	40 000 000.—
Total Liabilities	10 473 846 532.62

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1959

Expenditure	DM
Expenditure on Personnel	181 535 351.39
Expenditure for Social Purposes, Welfare and Pensions	30 179 726.35
Other Operating Expenses	53 697 778.25
Taxes and Similar Dues	109 734 757.97
Additional Depreciation on Real Estate and Buildings	10 000 000.—
Allocation to Special Reserve Fund	35 000 000.—
Profit	40 000 000.—
	460 147 613.96

Receipts	DM
Interest and Discount	175 346 355.30
Commissions, Fees and other Earnings	284 801 258.66
	460 147 613.96

Frankfurt (Main), April 1960

The Board of General Managers

THE HOFFMANN MANUFACTURING COMPANY

RECORD TURNOVER ACHIEVED

The annual general meeting of The Hoffmann Manufacturing Company Limited was held on May 4th in London, Mr J. W. Garton, JP (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

In the year 1959 which is now under review we achieved a record turnover consequent upon a marked improvement in the order position from the middle of the year onwards.

The order book at this time is in a very healthy state, but I would personally wish to see increased investment in capital equipment, and whilst there is some indication of this trend the emphasis would still appear to be mainly on consumer goods.

The profit of the Hoffmann Group for 1959, before taxation, but after all other charges, including Debenture Interest, amounts to £1,704,511 and compares with £1,206,476 for the previous year. Income Tax and Profits Tax absorb £717,340 against £581,474 in 1958. The net profit of the Group for the year 1959, after taxation is, therefore, £987,171 and compares with £625,002 for 1958.

The Directors recommend a Final Dividend of 29½ per cent less tax, which with the Interim Dividend already paid of 6½ per cent, less tax, makes a total dividend of 36 per cent, less tax, for the year.

The Group Capital Commitment for plant and machinery at December 31, 1959, amounted to £1,189,683, and the major part of this new equipment will be installed by the middle of the current year. This substantial expenditure has been made necessary by the increasing demand for our products

This capital programme will be financed from the internal resources of the Group.

SUBSIDIARY AND ASSOCIATED COMPANIES

Hoffmann Gloucester Limited has again had a very good year and continues to play an important part in the Group's activities, with its combination of special bearings and standard group products.

Hoffmann Tweedales Limited again experienced unsatisfactory trading conditions due to the reduced demand for its products by the textile machinery trade but the position may improve later this year as a result of marketing new products which have been recently developed and which are now undergoing tests

CAPITAL REORGANISATION

At December 31, 1959, the Parent Company's Fixed Assets Replacement Reserve stood at £2 million and the Directors consider that in view of the considerable amount already spent on capital equipment, it would now be prudent to capitalise part of this Reserve, the balance remaining on the Reserve Account being ample cover for that part of the outstanding capital expenditure commitment of the Parent Company at December 31, 1959, of £718,751, which relates to increased cost of replacement.

The Directors still feel that the issued share capital does not adequately reflect the capital actually employed in the Company's business and they therefore propose that the sum of £1 million, part of the amount standing to the credit of the Parent Company's Fixed Assets Replacement Reserve, be capitalised and distributed amongst the Ordinary Shareholders in the form of one new Ordinary Share for every existing Ordinary Share.

I should like to emphasise that this does not imply any intention to increase the amount distributed to the Ordinary Shareholders for 1960.

The report and accounts were adopted.

At the subsequent extraordinary general meeting the Board's capital proposals were duly sanctioned.

SUN INSURANCE OFFICE LIMITED

MR C. G. RANDOLPH'S STATEMENT

RECORD RESULTS IN 250th YEAR

FORMATION OF SUN ALLIANCE INSURANCE LIMITED

In his statement the Chairman, Mr C. G. Randolph, mentioned that 1959 was the 250th year since the foundation of the Office on April 7, 1710.

He referred to the announcement on October 1, 1959, of the formation of Sun Alliance Insurance Limited, a holding company which would acquire the whole of the capital of the Sun and of the Alliance in exchange for its own shares. By this means both Offices maintained their independence and separate identities. The Directors of both Offices considered that the proposal would be of benefit in the long term to the shareholders, the staffs, the two Offices and the insuring public.

He drew attention to the high level of fire wastage in the United Kingdom in 1959. As he had mentioned in the past, expansion in recent years had been exceptional and was unlikely to continue. The growth in 1959 was less pronounced, but the total increase in all Departments of £786,823 to a record total of £23,328,315 was substantial and evidence of the vitality of the organisation.

FIRE ACCOUNT

The increase in premiums was £313,821 and the comparative figures were:

	1958 £	1959 £
Premiums	10,149,706	10,463,527
Claims	4,694,574	5,334,644
Profit	1,054,237	984,837
Ratio of Profit	10·39%	9·41%

This was a most satisfactory outcome in view of the exceptional level of claims at home. Overseas the year had been generally successful with an improvement in Canada and the United States. He pointed out that the very satisfactory results would not have been achieved had they not again been fortunate in escaping serious losses from windstorm or other natural catastrophe.

ACCIDENT ACCOUNT

Income had increased by £497,548 and expansion had been widespread except in the USA, where the business had been curtailed in order to improve the results.

The comparative figures were:

	1958 £	1959 £
Premiums	11,197,576	11,695,124
Claims	6,967,958	7,100,138
Profit	−94,619	549,460
Ratio of Profit	−0·84%	4·70%

In 1959 they had been successful in reducing the loss on Motor business to a negligible figure. At home they had made a marginal profit which was an improvement on the average of the last five years.

Other classes had generally shown a profit both at home and overseas.

In Canada a useful profit had been earned and in the USA the adverse margin had been greatly reduced.

MARINE ACCOUNT

In spite of the large amount of tonnage laid up the premium income was approximately the same as for the previous year. The 1957 account had been a difficult one but overall had shown a profit, and the trend of the 1958 and 1959 years' figures showed an improvement.

Cargo business continued to be extremely competitive.

The comparative figures were:

	1958 £	1959 £
Premiums	1,194,210	1,169,664
Fund at the end of the year	2,065,821	2,096,522

After transferring £50,000 to Profit and Loss Account the balance of the Marine Fund was equivalent to 179.24 per cent of the premiums.

PROFIT AND LOSS ACCOUNT

It was fitting that the operations in their 250th year should have resulted in the largest premium income and also the largest transfer from Revenue Accounts in the history of the Office. These transfers totalled £1,584,297 compared with £1,059,610 in 1958 and £1,341,116 in 1949, the highest previously recorded.

Income from Interest, Dividends and Rents had increased to £1,520,832 before deduction of tax. The book value of investments stood at £29,192,632, an increase of £2,886,363.

The Directors recommended a further dividend of 6s. 4d. per share, less tax, making a total of 10s. 6d. per share for the year against 7s. for the year 1958. After payment of this dividend the balance in the Profit and Loss Account would stand at £4,393,416.

The Chairman concluded by thanking the Advisory Committees, Local Directors and representatives of the Office at home and overseas for their continued support. He also paid tribute in this special year not only to the present employees but also to those who had retired, and congratulated them on the results of the year's operations.

MONTFORT (KNITTING MILLS) LIMITED

MR E. HARRY MEAKIN'S STATEMENT

The forty-sixth Annual General Meeting of Montfort (Knitting Mills) Limited was held on April 28th at Leicester, Mr E. Harry Meakin, Chairman and General Manager, presiding.

The following is an extract from his statement circulated with the accounts for 1959:

1959 was a year which, after a slow start, saw more optimism in trade conditions generally than has existed for some years, and the general impression during most of the year was that the textile trade, as a whole was experiencing almost boom conditions. Whilst it is true to say that some sections of the knitted goods trade showed considerable improvement, there were others which were not so happy. We have succeeded in penetrating the dollar market and have obtained contracts from the USA and Canada, which we are pleased to say are showing further advancement during the present year. We have also, during the past year, developed our trade and our associations with several of the largest multiple and mail order organisations, which augurs well for the future.

OUTLOOK

There have already been hints from the Chancellor and others that a brake may have to be applied, and such action can easily affect trade in the second half of the year. There are also signs of an increasing volume of imports from other countries. On the other hand, it can be said that we have made a somewhat better start to the present year.

I have already mentioned certain satisfactory and growing developments in our outlets, which already mean that our order books in all companies in the Group are in a much healthier state than they were twelve months ago.

The report was adopted.

REFUGE ASSURANCE COMPANY LIMITED

The Chairman in a statement submitted with the 1959 accounts mentioned that the annual premium income of new policies written in the year was £2,330,000, and that this, together with single premiums of £430,000 assured total benefits aggregating some £41 million. The total premium income of the year from the Life Branches exceeded £20 million, and payments to policyholders were some £13,700,000 of which £10 million were to living policyholders and £3,700,000 payments on death.

The premium income of the Company's subsidiary, which conducts most classes of insurance business other than Life, was £1,870,000. The underwriting results in the Motor Account continued to be unfavourable, and the Fire Account also had proved relatively unprofitable.

INVESTMENTS

The Company's assets of £164 million included £52 million invested with the British Government and Local Authorities, £42 million in Debentures and Preference stocks, and £22 million in Ordinary stocks. In addition there are mortgages, largely in connection with House Purchase, of £32 million, and property investments of £6 million.

BONUSES TO POLICYHOLDERS

In the Ordinary Branch surplus of £2,186,000 was allocated to policyholders to provide a bonus on with-profit policies at the increased rate of £2 4s. per cent on the sum assured in respect of each year's premium due in 1959 and paid.

In the Industrial Branch the total surplus allocated to policyholders was £2,950,000. This sum included approximately £1 million of a non-recurring nature which had been used to reduce considerably the waiting period after which reversionary bonuses are granted. The rate of bonus granted on this occasion was £1 12s. per cent on the sum assured for premium-paying policies which were in force on January 1, 1960, subject to completion of one year's premium payments. Policies effected in 1955-58 now participating for the first time had been granted additional bonuses, and the granting of paid up policies at advanced ages and certain other increases in benefits had been continued.

INSTITUTE OF CHARTERED ACCOUNTANTS

ANNUAL MEETING

The seventy-ninth annual meeting of the Institute of Chartered Accountants in England and Wales was held on May 4th in London. Mr C. U. Peat, the President, in the course of his address, said:

MEMBERSHIP AND RECRUITMENT

Our membership at the beginning of this year was over 32,500 and it has since been increased to over 33,000. During the past year the Council has done much to stimulate interest in the profession among those leaving school and the universities. We have distributed widely the introductory booklet *Why Not Become a Chartered Accountant?* and its companion which the Council issued last October under the title of *A Career for Graduates*. We seem at present to be holding our ground in recruitment and it is particularly satisfactory to know that there has been a substantial increase in the number of university graduates entering into articles, although the number is still far too small.

There can be no doubt that a person of the right outlook and ability can achieve a full and satisfying career as a chartered accountant and our aim must be to emphasise this long-term outlook if we are to avoid losing valuable recruits because of the more immediate financial gains to be obtained in other occupations.

EDUCATION AND TRAINING

Throughout the period of his articled service an articled clerk must obtain the training and education required not only to pass the Institute's examinations but also to equip him properly for his future responsibilities. For example, the independent audit is one of the vital services of our profession and it really is fundamental to the training of a would-be chartered accountant that he should have a depth of real auditing experience.

MANAGEMENT ACCOUNTING

I wish to emphasise the very great importance of further development in the field of management accounting. This is the production and presentation of accounting information which is of direct assistance to the management in the formulation of policy and the day-to-day control of the business.

This is a vital service which many members are already providing either as officers of industrial and commercial enterprises or as independent advisers, but a great many more members ought to turn their attention to it. There is a vast area of business activity carried on by small and medium-sized concerns which I believe could benefit greatly from sensible down-to-earth advice on management accounting from practising members of the Institute.

It is in the interests of our clients and ourselves that we should seize this opportunity. We must, however, do it properly. Each practising member ought to make a thorough appraisal of his knowledge and experience, the organisation of his practice and the facilities and staff at his disposal so that he can decide what services he can properly undertake for his clients.

AUDITING TECHNIQUES

Auditing techniques have changed a good deal and they will go on changing. There have been some revolutionary developments in the nature of business records and yet I feel that we have so far had only a preliminary glimpse of the impact of electronics. As auditors therefore we must concentrate our attention more and more on the fundamental objective, namely to give our professional opinion on the truth and fairness with which a financial statement is presented.

Times Furnishing

CONTINUED EXPANSION

The twelfth Ordinary General Meeting of The Times Furnishing (Holdings) Limited was held on April 28th in London, Mr Henry Jacobs (the Chairman) presiding.

The following are extracts from his circulated Statement:

With the proposed Final Dividend, the Total is equivalent to 13½ per cent less tax (11¼ per cent for 1958 calculated on the same basis).

Although the profit before taxation at £647,994 is lower by £153,556 than for 1958, regard should be had to the increase of £580,165 in the unrealised profit on HP Accounts, arising from the addition of £1,463,581 to the total of HP Accounts. Virtually all the £580,165 should benefit the results for this year and next.

The Company's reputation for quality, value and straightforward Easy Terms is reflected in the vast volume of turnover with old customers and their friends.

The utmost care is taken to ensure that the merchandise handled by TIMES FURNISHING and WILLERBYS shall be of such standard as to give every possible pleasure in use and wear.

In WILLERBYS' tailoring workrooms, much has been done by improved styling and methods of production to give even higher value and satisfaction.

So far, in the current year, trading has increased over the previous year.

During the past year, five branches have been opened and new Stores at Plymouth and Bristol are under construction. Further developments for expansion are in course of negotiation.

APPOINTMENTS

COLLEGE OF ADVANCED TECHNOLOGY, BIRMINGHAM

Department of Mathematics

Applications are invited for the post of

PRINCIPAL LECTURER IN INDUSTRIAL STATISTICS

Candidates should have high academic qualifications and have had some industrial and research experience. Teaching experience is desirable.

SALARY SCALE: (Men) ... £1,750—£1,900
(Women) ... £1,400—£1,520 (Plus equal pay increment)

Further particulars and forms of application from the Bursar, College of Advanced Technology, Gosta Green, Birmingham, 4. Applications to be received within 14 days of this advertisement. Please quote "W."

K. R. PILLING, Clerk to the Governors.

BANKING EXECUTIVES

International Bank about to establish London branch invites applications from experienced and able executives. The positions offered call for men of personality and wide experience in foreign and domestic banking who can establish and maintain sympathetic contacts on all levels. Applicants wishing to be primarily considered for foreign banking section should be able to travel and have a knowledge of languages.

Initial, brief applications should be sent in strict confidence to

CASE STAND 214, GENEVA.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN ECONOMIC HISTORY

Applications are invited for an Assistantship in Economic History. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than May 21, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

UNIVERSITY OF GLASGOW

RESEARCH ASSISTANTSHIP IN ECONOMIC HISTORY

Applications are invited for a Research Assistantship in Economic History. Salary scale: £700-£850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than May 21, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

UNIVERSITY OF MALAYA

(SINGAPORE DIVISION)

Applications are invited for (i) Lectureship or (ii) Assistant Lectureship in Economics. Salary scales: (i) £1,148 x £49 – £1,442 £1,540 x £56 – £1,820 p.a.; (ii) £1,001 x £49 – £1,099 p.a. Entry point according to qualifications and experience. Allowances: expatriation in range £280 – £308 p.a., cost of living (temporary) in range £210 – £500 p.a. Passages for appointee, wife and children under 12 years. Part-furnished quarters at reasonable rent. Provident Fund Scheme. Detailed applications (eight copies) naming three referees, by May 31, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

Statistical Research

An Assistant in Statistical Research required by the National Coal Board in London. The post is suitable for new graduates in statistics or in mathematics (including statistics) or those who have passed the final examinations of the Association of Incorporated Statisticians or Royal Statistical Society.

Appointment superannuable, salary depending on qualifications and experience within £750 – £895 male, £730 – £875 female. Write for application form to Staff Department (N.1699/2 C), N.C.B., Hobart House, London S.W.1, which should be returned by May 17, 1960.

For further appointments and other classified advertisements see pages 586 and 587

UNIVERSITY OF OXFORD EXETER AND KEBLE COLLEGES

JOINT LECTURESHIP IN ECONOMICS

The colleges propose to elect to a Joint Lectureship in Economics during Trinity Term. The lecturer would receive a salary of £600 per annum, together with free rooms in college. He would be eligible for appointment in due course to a University Lectureship to be held in conjunction with his college lectureship and in that event his emoluments would be increased. He would be expected to take up his duties on October 1, 1960. Further particulars may be obtained from the Rector of Exeter College, to whom applications should be sent in duplicate, together with the names of not more than three referees, by May 14, 1960.

COMPANY AFFAIRS

Shares in the Building Boom

Output in the building and construction industry last year was about 5 per cent higher than in 1958 and the tempo of production rose as the year proceeded. Deliveries of cement and bricks to the home market were as much as 11 per cent higher. Set against this background the trading results of **Associated Portland Cement** in the year to December 31st look disappointing, for consolidated trading profits rose by only 2½ per cent, from £15,069,644 to £15,465,252.

APC is the major exporter of cement from this country and a 10 per cent reduction in cement exports at a lower margin of profit must explain some of the lack of buoyancy in profits. Lower charges for tax and depreciation and a smaller appropriation for fixed assets replacement have resulted in a substantial increase in the net profit, from £4,435,567 to £5,590,098, and the directors have set the ordinary dividend at 11 per cent. This compares with the equivalent of 9.6 per cent paid for 1958 and the forecast of at least 10 per cent for 1959 made by the directors when British Portland Cement and Alpha Cement were absorbed at the end of the year. The latest dividend, covered about three times, is not especially generous and the £1 stock units were marked down from 67s. to 61s. 9d., to yield 3¾ per cent.

London Brick has benefited more directly than APC from the high level of building activity. Mr A. T. Worboys, the chairman, reports that production and deliveries in 1959 were the highest ever achieved but that demand for all products still outstripped supply despite various capital extensions during the year. Trading profit rose from £2,608,294 to £2,880,276 last year. A further increase seems assured this year as various extensions completed late in 1959 will yield an additional 100 million bricks in a full year. Shareholders will be disappointed if the dividend of 20 per cent (against 17 per cent) is not maintained for the current year on the capital as increased by the proposed 25 per cent scrip issue. London Brick is not short of money: its liquid assets (taking investments at market value) amount to £3,384,022 (against £2,984,296) and compare with capital commitments of only £120,000. At 100s. 9d. the £1 stock units yield 3.9 per cent, but the return would rise by a full point if the present rate of dividend is maintained on the enlarged capital.

The rise in trading profits of **Richard Costain**, the building contractors, from £609,761 to £677,294, is up to expectations, for in his interim statement in December Sir Richard Costain indicated that profits would be slightly higher. The dividend, as he then forecast, is left unchanged at 15 per cent. Shareholders can look forward to a higher payment this year with confidence, for Sir Richard has already promised a modest increase. This prospect is reflected in the current low return of only 3.6 per cent offered by the £1 shares at 82s. 6d. To support their view of the shares, investors can point to the fact that Costain has more work on its books than ever before, and that on the property investment side of the business a full return should be seen this year from the company's $3½ million block of offices in Toronto.

With ever increasing sums being spent on road construction in this country, road making contractors are enjoying boom conditions. Among the largest is **Limmer and Trinidad Lake Asphalt**, which for the year to December 31st reports a 17 per cent increase in trading profits, from £699,928 to £821,928. Higher charges for depreciation at £317,076 (against £281,657) and for tax at £211,373 (against £149,445) has left net profit only 10 per cent higher at £293,029, against £266,422. The additional profit is more than absorbed by the higher dividend payment of 17 per cent, against 15 per cent, which is paid on the capital as increased by a one for ten rights issue last July. On the higher payment, which is covered just over twice by earnings, the 10s. shares at 43s. 6d. yield almost 4 per cent. This year the company will have full use of the £366,000 of new capital it raised last summer and its earnings seem certain to rise.

Not one of these shares yields more than 4 per cent. There is no sign that the boom in the building and road making industries is slackening. But yields as low as this assume that the directors will be more inclined to loosen the purse strings than they have so far been.

Babcock and Wilcox

In his last statement as chairman of Babcock and Wilcox, Mr Lionel Fraser says: "As they stand, and without explanation, the year's results are bad." They certainly are, though not all that much worse than the results of other heavy engineers and boiler-makers which have concentrated much of their recent energy and development expenditure on nuclear power. Output from the company's works was at a low level early in 1959 and though it picked up as the year progressed the value of the group's sales fell from £34.9 million to £32.8 million. Profits before tax slumped from £3,097,382 to £314,644. The net profit, including investment income and a tax credit, fell from £1,761,400 to £573,850. Earnings thus barely cover the dividend of 9 per cent as reduced from the previous year's 13 per cent. Practically nothing has been ploughed back from profits into a business which, as Mr Fraser points out, continually needs a flow of capital to sustain its research and development programme and which had a bigger order book at the end of the year than it had at the beginning.

All this is bad enough. But what may worry shareholders more when they look at the yield of 5.1 per cent offered by the £1 shares at 34s. 7½d. xd. is that the gross return on sales has fallen from nine to less than one per cent and on net assets of £29¾ million from 10 to 1 per cent. At the end of 1954, when Babcock and Wilcox had just begun working on nuclear power contracts, its sales amounted to £32.7 million and its net assets to £21 million and on them it earned gross returns of 12 per cent and 19 per cent respectively. Five years later, as Mr Fraser makes clear, there is excess capacity in the boiler industry and there have been heavy additions to labour charges and interruptions to the rhythm of production from strikes. The major burden is however "the vast problems relating to the rapid emergence of atomic energy for power purposes." Having got so far in Babcock and Wilcox cannot now contract out even though "there will be delay in achieving a competitive basis as construction costs of conventionally fired generating plant have been lowered markedly in recent years." There is nothing the company can do, Mr Fraser says, to alter the conditions facing the boiler industry today—"the fierce competition, the cripplingly low margins of profit and the present unhappy labour situation."

Schweppes

Last year the soft drink manufacturers basked in the sunshine of a long, hot summer. Many of them achieved increases in sales of between 20 and 25 per cent, and sometimes more. Schweppes, which with its tonic water and bitter lemon dominates the "mixer" trade, did exceptionally well. Trading profits rose by just under 50 per cent, from £3,238,716 to £4,802,815 and net income rose by exactly 50 per cent, from £1,274,032 to £1,911,718. Almost all of that advance must have come from the soft drinks side, for Schweppes did not acquire its jam interests in Chivers, Hartley and Moorhouse, until late in the year.

At the time of the Hartley take-over, the Schweppes directors referred to a notable increase in soft drink sales and profits at home, and forecast a dividend of not less than 20 per cent. They have now declared a final of 18 per cent (for which the shares issued in connection with the three jam take-overs now rank). This makes a total payment of 23 per cent, compared with the equivalent of 10 per cent for 1958, and is covered about twice by earnings. Reflecting Schweppes' record of achievement and expansion, the yield of 3.7 per cent offered on the 5s. shares standing at 30s. 6d. is on the low side.

Soft drink manufacturers can hardly dare to budget for as large an increase in sales this year as they secured in 1959. Moreover, theirs is a competitive trade, where the small manufacturer still clings to the local market and where certain recent innovations may make some impact on sales of bottled drinks on a national scale. Deliberately it seems, Schweppes has widened its interests and has become a powerful force in the preserves industry; to secure a reasonable return on the price it paid to enter that industry, it will have to apply with vigour some of the economic lessons it has learnt in the soft drinks industry. It may therefore be difficult for Schweppes to maintain for a year or two at least its notable rate of advance of recent years.

Pressed Steel

The big rights issue announced by Pressed Steel has given its 5s. ordinary shares a severe knock. A month ago the shares stood at 42s. 6d.; they are now 32s. The new shares are offered at 30s. each, two for five to ordinary shareholders and 66 new shares for every £125 of debenture stock. The issue for about £10.7 million appears to cover something less than half of Pressed Steel's capital needs for its new expansion programme. Last year the group added nearly £4 million to its fixed assets and its liquid balances were reduced from £4½ million to £1½ million. As the chairman, Mr Alex Abel Smith, says, it will be three or four years before the full benefits of the expansion scheme can be expected to accrue. What in the meantime can shareholders expect in the way of dividend?

Profits advanced from £5.9 million to £6.8 million last year, and should go up again this year, for though Mr Abel Smith expects another reduction in orders for railway wagons and equipment he foresees another busy twelve months for the motor car body division and another record year for the Prestcold division. But it would be unrealistic, he says, to expect an increase in the sales of refrigerators of the same magnitude as occurred in 1959. The dividend has been raised from 25 to 30 per cent and there should be no difficulty in maintaining that rate on the enlarged capital. The emphasis must surely be on profit retentions in the next few years to meet the costs of the capital programme; the prospect of conservatism in dividends is reflected in the "ex rights" yield of 4¾ per cent.

Spicers and E. S. and A. Robinson

The recovery in the demand for paper last year, which has already been reflected in the higher profits recently announced by Bowater, has not made its impact on all sections of the paper industry.

The results of **Spicers** are better than the directors forecast when they announced the sale of British Waxed Wrappings to Wiggins Teape last October. For the year to December 31st last the group's trading profits rose by 11½ per cent, from £976,879 to £1,118,860, and net profits before tax at £783,920 are well in excess of the £715,000 forecast by the directors. The ordinary dividend of 10 per cent is also above the forecast of not less than 8 per cent.

Of the £3 million received from the sale of British Waxed Wrappings, £1 million has already been used or committed and it is the present intention to use the balance of the proceeds for further expansion within and outside the group. A dividend of 8 per cent has already been forecast for the current year and shareholders will look for some clearer indication than their decision to pay 10 per cent for 1959 from the directors that it is their intention to pay more than this. This depends on the ability of Spicers' remaining interests, together with the new additions it is making, to replace the sizeable contribution to profits made in the past by British Waxed Papers. At 31s. the £1 shares yield 6½ per cent, assuming that the 10 per cent dividend will in fact be maintained.

The market's reaction to the results of **E. S. and A. Robinson** was to mark the shares down by as much as 12s. to 82s. 6d. The group's trading profit for the year to the end of February fell from £6,184,333 to £6,027,382. With a sharply lower charge for depreciation at £1,481,270 (against £1,864,850) and an almost unchanged tax charge of £2,017,273, net profits have risen from £2,277,847 to £2,505,008, but the dividend has been left unchanged at 16 per cent although its earnings cover has been raised slightly from 2.1 to 2.2 times. The stock market had expected a payment of up to 20 per cent. It seems clear from the results that competition in the packaging industry, to which the chairman referred last year, has become more acute. At the current price the £1 shares still yield barely 4 per cent—a return that would not be justified unless there were a prompt improvement on the latest results. This may depend in part on recent moves to expand its interests both in the paper industry and in other fields.

Rio Tinto Makes the Best of It

It is not so long since the shares of Rio Tinto were being bought on a yield of 2 per cent. Today they yield 5¾ per cent in a dull market. The majority of the shares are held on the Continent which has become increasingly nervous about investments in Africa. About 44 per cent of Rio Tinto's income came from Africa in 1959. Another reason for the selling of the shares was the sharp blow received by the Canadian uranium industry last November, when the United States Atomic Energy Commission in agreement with the Canadian government announced that it would not take up its option to make further purchases of uranium after 1960-63 and that the present contracts would be lengthened out to 1966. Such has been the effect on the market for uranium shares that the auditors in their report draw attention to the fact that the market value of Rio Tinto's investment in Rio Tinto Mining Company of Canada was only slightly above the book value of £10½ million at the end of 1959 and in fact had fallen below it on March 31st.

On the surface the outlook is certainly depressing for shareholders in Rio Tinto but this view is not shared by the chairman, Mr Gerald Coke, and his fellow directors. Already the Canadian company has regrouped its forces to adapt itself to the new situation. A new company has been formed, Rio Algom, to amalgamate its four Canadian uranium producing companies. On June 30th this company will take over a master contract for the 27.7 million pounds of uranium concentrate remaining to be delivered. Its operations will be concentrated at the two Algom mines which have the richest deposits and which are the cheapest producers. The other mines will be closed down but they will be kept on a care and maintenance basis to take advantage of any revival in demand for uranium which may occur. Through the inclusion of Northspan and Milliken in the new group the company will obtain the benefit of substantial tax write-offs. Under the rules of the SEC in the United States, with which the new company will be registered, no forecast of future profits can be given; but the directors of the Canadian company estimate that over the "stretched out" period, earnings of Rio Algom will exceed those that would have been earned by the individual companies over the period of the present contracts. The payment of dividends by the new company will continue to be restricted until the $20 million of Northspan debentures have been repaid.

What of the future of the industry after 1966? Mr Coke says that it holds many uncertainties but he estimates that by 1975 (not 1970 as he mentioned last year) demand will have overtaken supply. Meanwhile Rio Tinto is busily exploring other fields. Last year it acquired the Cam and Motor Gold Mining Company in Southern Rhodesia. Recently it has linked up with companies in both Germany and Austria for the production of uranium and thorium fuels. In the nuclear fuel field, Rio Tinto and Dow Chemical are already partners in a Canadian venture for the extraction of thorium from uranium, and have set up Thorium Limited in this country to produce a variety of refined thorium and rare earth compounds. For the immediate future, however, shareholders' hopes must centre largely on the group's interests in the Rhodesian copper producers and in the Mary Kathleen Mine in Australia, where output has been sold in advance under contract to AEA and where profits for the next few years will be free of tax.

Consolidated Zinc

At the time of the one-for-six rights issue in March last year the directors of Consolidated Zinc took a cautious view of the outlook for 1959. Assuming a recovery in world demand for lead and zinc, they expected earnings to be "in line" with those for 1958—when net profits fell from £1,770,000 to £1,618,000. Three months later all the leading producers introduced restrictions on sales of these metals; zinc prices recovered strongly in the second half of the year and lead edged a little higher. This helps to explain why the directors' caution has proved in the event to have been excessive. The preliminary statement shows that the group's trading balance and other income for the year ending December 31st rose sharply from £4,209,000 to £5,317,000, while net profit rose by over 60 per cent to £2,663,000—£600,000 higher than in the pre-recession year 1956.

The net profit is struck after providing £1,270,000 for depreciation (against £1,392,000) and £1,210,000 (against £1,069,000) for tax. The allocation to general reserve is slightly higher at £950,000, and £280,000 is transferred to exploration reserves. With a final dividend of 2s. 9d. the total payment is raised from 3s. to 4s. per £1 ordinary share on the increased capital of £10,185,696. Despite these good results the £1 shares were still marked down by 2s. 3d. to 73s. 6d., to yield 5½ per cent.

Aircraft Profits

When **Bristol Aeroplane** merged its aircraft and guided missile interests with English Electric and Vickers and its helicopter interests with Westland, the directors said that profits in 1959 would show some improvement and that they expected to maintain the 10 per cent ordinary dividend. To the stock market's surprise, they have declared a dividend of 11 per cent and report a 40 per cent advance in profits before tax, from £1,240,000 to £1,739,000. This increase appears to reflect, first, the dividend from Bristol Siddeley Engines, in which Bristol and Hawker Siddeley each have a half interest. Secondly, it must reflect a reduction in bank interest; last year saw the conclusion of the "Britannia" programme and the formation of the non-consolidated company, Bristol Siddeley Engines, which combined to reduce Bristol Aeroplane's own bank overdraft from £14½ million to under £5 million.

Profit after tax has risen from £614,000 to £893,000, so the latest dividend is covered about 1.8 times. But this is of little more than historical significance and until investors can gain clearer ideas of how the British aircraft industry in its new and slimmer form will fare—and of the prospects of Bristol as an investment trust tied to the fortunes of the industry—they cannot be expected to show much enthusiasm for the 10s. shares, which at 14s. 10½d. yield 7.5 per cent.

The preliminary statement from de **Havilland Holdings** merely spells out the estimates of the group's results in the year to September 30th as revealed in the documents sent out to shareholders for the merger with Hawker Siddeley. There is no final dividend for 1958-59, after an interim of 5 per cent. Those who accepted the offer from Hawker Siddeley will be entitled to any dividend paid by that company for the year to July 31st next. Profits of de Havilland before tax amounted to £2,263,301 in 1958-59, compared with £383,775 in the previous year, including a special credit of £530,860. The net surplus after tax is £1,187,504, against £133,606. The sharp recovery in profits was due to a sudden concentration of work last year, including deliveries of Comet 4's and of the missile "Firestreak" and the development of "Blue Streak." But this accounting for the past offers little guidance to the future of the aircraft industry in its new groupings.

English Sewing Cotton

For five years the ordinary dividend of English Sewing Cotton was left unchanged at 12½ per cent. Earnings from the British mills were on the decline and income from the subsidiary, American Thread, became an increasingly important factor in the group's dividend policy. Last year the revival in the Lancashire cotton industry altered this picture—to the shareholders' immediate advantage. Trading profits of American Thread rose by 31½ per cent, from £1,280,698 to £1,648,177, but the advance in the trading profits of the British interests was twice as big at 63 per cent, from £1,084,071 to £1,766,585. So the British mills were again contributing over half the consolidated profit. For the group as a whole, gross profits went up from £2,364,769 to £3,414,762 and the net surplus after tax more than doubled, from £433,213 to £963,417.

Equity earnings have risen from 16 to 38 per cent and the directors have raised the ordinary dividend to 17½ per cent. The year's results, and particularly the recovery in profits at home, justify the payment of 5 per cent more. But the directors make a point of saying that they came to their decision "having regard to the improved prospects for 1960." In the short run, the outlook for the cotton industry is brighter than it has been for years and English Sewing Cotton's decision gives added strength to cotton equities. Its £1 shares at 52s. 6d. now yield 6.8 per cent. Yields on cotton shares are still 1½ to 2 points higher than those on industrial blue chips. That may possibly take rather more account of the chequered record of the industry than of the immediate prospect of better earnings and dividends from cotton companies that are staying in business.

Insurance Results

Bigger dividends declared by nearly all the composite insurance companies stem in part from their improved underwriting experience in 1959. Of these offices the largest is the **Royal**, which last year earned an underwriting profit of £1,306,818 on its accident business, compared with a loss of £602,005 in 1958. In this department, premium income rose from £70.6 million to £74.4 million and Mr. T. H. Naylor, the chairman, says that of its major territories only the United States failed to make a modest profit. He denies the suggestion that insurance companies pay inflated repair charges on damaged cars, but he admits that the cost of repairs is rising and says that if this trend continues, a revision in rates must follow.

In the fire department, premium income rose by £2.6 million to £56.5 million, but the underwriting surplus fell by £114,000 to just over £1 million. In this country continued competition led to a lowering of rates, while the exceptionally dry summer was an important factor in what Mr Naylor refers to as the "abnormal level of fire wastage" in 1959. By contrast, a modest profit was shown on fire business in America. With a further increase in investment income from £3.9 million to £4.3 million, Royal's consolidated net profit of £5.3 million was a record. At 125s. 10½d. xd the 5s. shares yield 3.7 per cent on the increased dividend of 93½ per cent, against 78⅓ per cent. The low yield partly reflects the possibility of a scrip issue.

Unlike the Royal, **General Accident** made a bigger profit on its fire account last year: it rose from £682,071 to £826,595 on a premium income of £6.6 million. In the accident department the tiny profit of £64,000 in 1958 was turned into one of over £1.1 million, better than it has been for several years. The company, with a premium income of £61.5 million in 1959 in this department underwrites a good deal of motor business, about which the chairman, Sir Stanley Norie-Miller, says that its many problems show little sign of abatement. The dividend has been raised from 27½ per cent to 45 per cent, and is still covered 1.6 times by investment income, which over the last ten years has soared from £716,264 to over £3.6 million. It is mainly on this score that the 5s. units still yield only 3 per cent at the current level of 75s. xd.

The **Pearl** has reported a further increase in the gross yield on both its life funds to £6 11s. per cent. This is due largely to higher dividends on its big equity portfolio, with a book value of over £65 million on December 31st, £7½ million more than at the end of 1958. On its non life business Pearl's underwriting loss was £960,916. On the increased tax-free dividend of 80 per cent the 5s. shares at 140s. yield 4⅓ per cent.

BICC

The full report for 1959 of British Insulated Callender Cables without a statement from its forthright chairman, Mr W. H. McFadzean, is very like Hamlet without the Prince. The chairman's statement is not being published until nearer the date of the annual meeting later in the month. Meanwhile the accounts measure the group's growth arising from the acquisition in 1959 of both Telegraph Construction and Maintenance and Scottish Cables. Total assets of the group have risen from £62.4 million to £72.3 million; net fixed assets account for £27 million against £22.5 million. In 1955 total assets amounted to £59 million and net fixed assets to under £16 million. Over this period the group's investment portfolio has more than doubled, rising from £3 million to £7.3 million at book values; its market value at December 31st was over £11½ million.

Income from these investments, which are largely in the Commonwealth but which include some interests in Portugal and Venezuela, almost doubled last year from £358,850 to £676,548; in a period of intense competition in the cable industry shareholders may be cheered to find that the present net dividend is half covered by investment income alone. The balance sheet also reflects the difficulties of last year for it reveals a net cash deficit of £1.7 million (against net liquid assets in 1958 of £1.3 million). Since capital commitments have risen from £1.6 million to £2.3 million there is a clear possibility that new capital may be needed. The £1 shares, which have weakened since the preliminary profit statement was published, yield almost 5 per cent at 54s. 6d. xd on the maintained dividend of 13½ per cent.

Birmingham Sound Reproducers

This company, which manufactures automatic record changers, gramophone units and pick-ups under the brand name "Monarch," was made public in 1957. Like other specialised firms of its kind it has been able to hold its own both in the British and American markets against the competition of the bigger electronic manufacturers that have a far wider range of interests and products. Record sales were slack until the summer of last year and in the first part of its financial year Birmingham Sound Reproducers did not find the going too easy. Later, however, sales began to improve and the company produced more than it had ever done before. That is not reflected in the trading profit, which fell from £1,659,274 to £1,534,091, but these results were affected, as the chairman, Dr D. M. McDonald, explains, by the reorganisation of production and sales.

Thanks to a reduction in tax, net profits were slightly higher at £812,856 (against £801,606) and the ordinary dividend was raised from the equivalent of 44½ per cent to 50 per cent. On that dividend, covered 2½ times by earnings, the 5s. shares at 50s. 7½d. yield 4.9 per cent. The company has successfully launched new models, including a new tape deck.

Radiation

Radiation, which makes gas and electric cookers and a wide range of other durable household equipment, had an extraordinarily successful year in 1959. Trading profits more than doubled, from £1,375,112 to £3,198,238, and net income trebled, from £483,852 to £1,424,532. The ordinary dividend was raised from 6 to 12 per cent, but this included a bonus of 2 per cent. The chairman, Mr W. Donald King, expects competition to be tougher this year and costs are rising. Though Radiation may be able to hold its share of the market, its profits may not be quite so buoyant.

Fluctuations in earnings in this industry are inevitable and so the directors have sought to establish a dividend rate that they can expect to maintain under reasonable conditions. The rate they seem to have in mind is 10 per cent; Mr King emphasises that the bonus of 2 per cent derives from the 1959 profits and he warns shareholders not to assume that it will be repeated in subsequent years. On a 12 per cent dividend the yield on the £1 shares at 37s. 6d. xd is about 6.3 per cent. On a 10 per cent payment it would be about 5 per cent but shareholders could be acutely disappointed if the dividend is so reduced this year.

Smith St. Aubyn

Like those of the other discount houses which close their financial years at the end of March, the results of Smith St. Aubyn reflect the impact of the decision to raise Bank rate to 5 per cent last January. In his statement Mr Duncan Mackinnon, the chairman, says that the increase in Bank rate resulted in an immediate loss on its bill portfolio and a considerable reduction in the unrealised profits on its bond holdings. But he adds that the company is now trading at a profit again. Despite this setback disclosed profits for the year to March 31st last were only £43,888 lower at £247,582 and the ordinary dividend has in fact been raised from 15 per cent to 17½ per cent. The company has handled a large amount of bills and its year-end holding was 20 per cent higher at £68.4 million. By contrast its portfolio of short dated bonds, which had more than doubled in the previous year, fell sharply from £27 million to £17.4 million. The larger part of the holding was held for most of the year and produced a very satisfactory profit, but it was felt necessary to reduce the holding in the period of uncertainty before the increase in Bank rate. Further sales were made after January, when in Sir Duncan's view, the authorities were maintaining the short bond market "on an unrealistic basis" and when a better return could be obtained on bills than on bonds.

London Stock Exchange

FIRST DEALINGS:	April 4	April 25	May 9
LAST DEALINGS:	April 22	May 6	May 20
ACCOUNT DAY:	May 3	May 17	May 31

The stock market's initial response to the announcement of credit restrictions sent the *Financial Times* share index up 5.2 points last Friday, its biggest rise in a single day since the Budget. The rise in prices was not supported by any volume of business and new uncertainty about the outlook under conditions of restrained credit together with the topsy-turvy behaviour of Wall Street brought prices down. Over the week to Wednesday's close *The Economist indicator* fell 5.4 points to 335.6, a new low point for the year. The broadening of investment demand for gilt-edged stocks was reflected in much firmer prices. In undated stocks 3½ per cent War Loan put on 1⅛ to 62⅞. Gains in medium-dated stocks ranged up to more than a point; exceptionally Savings 2½ per cent, 1964-67, rose by 1¼ to 83⅛. Home corporation loans have also been stronger, with 5 per cent LCC, 1980-83, gaining ½ at 92¼.

Falls in *industrial equities this week* have in almost all cases wiped out last Friday's gains, and in three days the *Financial Times* share index fell by 3¼ per cent from 310.6 to 298.9, its lowest point since November 9th last year. The market in steel shares was mixed: Colvilles fell 1s. to 67s. 6d., John Summers were unchanged at 72s. and Dorman Long gained 4½d. to 45s. 9d. Among bank shares Barclays were 3d. higher on balance at 53s. 6d. having *touched 56s. on Friday*, but Midland lost all its earlier gain and closed on Wednesday 6d. lower at 86s. 9d. In HP shares, United Dominions Trust were unchanged over the week at 145s., though on Friday they had been marked up to 152s. 6d., but Bowmaker rose from 22s. 7½d. to 24s. 3d. In the stores group United Drapery lost 1s. 6d. to 46s. 9d., but GUS "A", following favourable press comment, rose by 1s. 3d. to 46s. 4½d. Although Wall Street's sharp rise on Tuesday helped American favourites to regain some of the ground lost earlier, the gains were not sufficient to wipe out all these losses, so that Unilever Limited over the week lost 2s. 10½d. to 147s. 10½d. and the NV shares lost 1s. 6d. to 193s. Philips Lamps fell 2s. 3d. to 178s. 3d. and Ford Motor in a weak market fell by 1s. 4½d. to 103s. 1½d. Among heavy engineering shares Guest Keen were 2s. 3d. lower at 81s. 9d. Vickers lost 1s. to 29s. 6d. xd and Davy-United closed 2s. lower at 102s. 6d. Electrical shares were mixed; AEI gained a further 4½d to 52s. 7½d. and General Electric put on 7½d. to 38s. 1½d., but English Electric closed 6d. down at 38s. 10½d. Building and paper shares were particularly weak on disappointment with the results of Associate Portland, whose shares fell 3s. 4½d. to 62s. 10½d., and E. S. and A. Robinson, which lost 11s. 9d. to 84s. 3d.

Oil shares have all weakened, with Shell 2s. 9d. down at 144s. 6d. There has been a renewed interest in gold shares both in London and in the Cape.

LONDON AND NEW

Prices, 1960 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, April 27, 1960	Price, May 4, 1960	Net Yield, May 4, 1960 £ s. d.	Gross Yield, May 4, 1960 £ s. d.	Cover
98 7/32	97 1/4	Funding 2½% 1956-61	98 11/32	98 5/32	3 2 7	4 3 5†	
100 25/32	99	Conversion 4½% 1962	99 1/8	99 3/32	4 19 2		
96 1/8	94 1/4	Exchequer 3% 1962-63	94 1/4	94 1/2	3 11 3	4 18 6†	
93 1/16	92	Exchequer 2½% 1963-64	92 3/32	92 3/32	3 13 4	4 13 6†	
101 5/32	99 1/4	Conversion 4½% 1963	99 1/4	99 5/16	2 17 11	4 19 9	
99 7/32	97 1/2	Conversion 4½% 1964	97 1/2	97 9/32	3 8 2	5 3 4	
92 13/16	89 1/8	Savings Bonds 3% 1955-65	89 1/2	90 1/4	3 19 0	5 4 10†	
85 1/4	80 1/2	Funding 3% 1959-69	81 1/16	82 1/16	4 5 4	5 11 7†	
93 1/2	89 7/8	Funding 4% 1960-90	89 1/4	90 1/16	2 18 11	4 12 5†	
82 1/8	79 1/4	Savings Bonds 3% 1960-70	79 1/4	80 1/16	4 5 5	5 12 5†	
85 1/16	81 3/4	Savings Bonds 2½% 1964-67	81 7/8	83 1/8	4 7 2	5 8 9†	
77	73	Savings Bonds 3% 1965-75	73	73 1/8	4 4 2	5 12 9†	
104 13/16	100 1/4	Exchequer 5½% 1966	100 5/8	101 1/16	3 3 8	5 7 3	
85 1/16	82 7/32	Funding 3% 1966-68	82 5/8	83 1/4	4 5 11	5 12 10†	
96 1/4	94 1/8	Victory 4% 1920-76	94 1/4	94 5/8	4 5 11	4 19 3‡	
89 1/16	84 15/16	Conversion 3½% 1969	85 1/8	85 1/8	4 2 5	5 12 10	
98	96	Conversion 5% 1971	96	96 1/8	3 11 2	5 12 1	
101 7/16	98 1/2	Conversion 5½% 1974	98 1/2	98 15/16	3 8 6	5 11 5	
78 1/4	75 1/2	Treasury 3½% 1977-80	75 1/2	76 1/8	3 18 8	5 12 2†	
78 1/8	74 5/8	Treasury 3½% 1979-81	74 5/8	75	3 19 1	5 12 4†	
103 1/2	101 1/8	Funding 5½% 1982-84	101 1/4	101 7/16	3 6 10	5 10 5e	
66 1/4	62 1/2	Redemption 3% 1986-96	62 7/8	63 1/8	3 13 7	5 5 11†	
97 1/4	91 1/4	Treasury 5% 1986-89	91 1/4	91 3/8	3 10 11	5 12 5†	
71 3/4	68 5/8	Funding 3½% 1999-2004	68 3/4	69 7/16	3 11 0	5 7 8†	
73 1/16	70 1/4	Consols 4% ..... after Feb. 1957	70 5/8	71 5/8	3 9 0	5 13 4†	
65 3/4	61 1/8	War Loan 3½% ..... after 1952	61 3/16	62 5/16	3 8 4	5 11 5†	
65 1/2	61 3/16	Conv. 3½% ..... after Apr. 1961	61 1/2	62 1/8	3 8 5	5 11 11†	
56 3/4	52 3/4	Treasury 3% ..... after Apr. 1966	53 1/8	54 1/4	3 7 11	5 11 1†	
49 3/4	46 7/16	Consols 2½%	46 1/2	47 1/2	3 4 8	5 5 9†	
48 1/2	45 1/4	Treasury 2½% ..... after Apr. 1975	45 5/8	46 1/8	3 6 3	5 8 5†	
97 1/2	91 1/4	British Electric 4½% 1967-69	91 3/4	92 15/16	3 15 4	5 13 1†	
79 7/16	75 1/4	British Electric 3¾% 1968-73	75 3/8	75 13/16	4 6 1	5 13 9†	
76 1/8	71 7/8	British Electric 3% 1974-77	72	72 5/8	4 2 7	5 11 2†	
90 1/2	85 1/8	British Electric 4½% 1974-79	85 1/8	85 5/8	3 13 4	5 10 1†	
79 1/2	75 1/8	British Electric 3½% 1974-79	75 1/8	75 1/2	3 19 0	5 11 4†	
90 5/8	86	British Gas 4% 1969-72	86	86 3/8	3 18 5	5 13 4†	
86 7/8	82 7/8	British Gas 3½% 1969-71	82 7/8	82 5/8	4 1 7	5 13 6†	
67 5/16	63	British Gas 3% 1990-95	63 1/4	64 1/16	3 13 3	5 11 5†	
79 1/16	75 1/4	British Transport 3% 1968-73	75 3/8	75 15/16	4 6 1	5 13 9†	
86 1/2	83 1/4	British Transport 4½% 1972-77	83 1/4	84	3 15 6	5 11 5†	
67 3/8	64 1/4	British Transport 3½% 1978-88	64 1/4	65 3/16	3 18 7	5 10 6†	

Prices, 1960 High	Low	DOMINION AND CORPORATION STOCKS	Price, Apr. 27, 1960	Price, May 4, 1960	Yield, May 4, 1960 £ s. d.	
83	80 3/8	Australia 3½% 1965-69	80 1/2	81 1/4	5 19 0†	
107 1/2	103	Australia 6% 1974-76	103	103 1/2	5 12 0e	
73 3/4	70	Ceylon 4% 1973-75	70 3/4	70 3/4	7 5 0†	
107 5/8	103 1/4	New Zealand 6% 1976-80	103 1/4	103 3/4	5 14 0e	
96 1/4	88	Rhodesia and Nyasaland 6% 1978-81	88	88	7 4 0†	
85 3/4	79	South Africa 3½% 1965-67	79 1/2	80	7 1 0†	
80 1/2	69	Souther Rhodesia 4½% 1987-92	69	69	6 19 0†	
101 1/8	99	Agricultural Mortgage 5½% 1980-85	99	99 1/2	5 12 10†	
93 3/4	89 1/2	Birmingham 4¼% 1967-70	89 1/2	90 1/4	5 13 0†	
99 1/4	96 3/4	Bristol 5% 1971-73	96 3/4	97 1/2	5 9 0†	
100	96 1/4	Corporation of London 5¼% 1976-79	96 1/4*	97*	5 9 0†	
53 3/8	51 1/4	L.C.C. 3% ..... after 1920	51 1/2	52 1/4*	5 13 0†	
97 1/4	92 1/4	L.C.C. 5% 1980-83	92 1/4	93 3/4	5 11 0†	
100	97 1/4	Middlesex 5¼% 1980	97 1/4	97 3/4	5 9 0†	

NEW YORK PRICES AND INDICES

	Apr. 27 $	May 4 $		Apr. 27 $	May 4 $		Apr. 27 $	May 4 $
Atch. Topeka	22 5/8	22 3/4	Boeing	24 3/4	24 5/8	Inter. Nickel	105 1/2	105
Can. Pacific	26 1/4	26 1/4	Celanese	24 3/4	26 1/8	Inter. Paper	104 1/4	103 5/8
Pennsylvania	13 1/2	13 1/4	Chrysler	50 1/8	50 1/8	Kennecott	78 3/4	78 1/2
Union Pacific	26 1/2	26 3/4	Col. Palmolive	37 5/8	36 3/8	Monsanto	40 1/2	40 1/4
Amer. Electric	50	50 7/8	Crown Zeller	44 7/8	47 3/8	Nat. Distillers	30 1/2	30 1/8
Am. Tel. & Tel.	89 1/4	89 1/8	Distillers Seag.	30 1/8	29 1/2	Pan-American	16 3/4	17 1/8
Cons. Edison	63 5/8	62 1/4	Douglas	25 3/4	28 1/4	Procter Gamble	97 1/2	99 1/2
Int. Tel. & Tel.	40 1/8	40	Du Pont	205 1/4	208 1/2	Radio Corpn.	72 1/4	73 1/8
Standard Gas	4 5/8	4 3/8	East. Kodak	108 3/8	109 1/2	Sears Roebuck	49 1/4	49 5/8
United Corpn.	7 1/4	7 3/8	Ford Motor	67 1/4	67 1/8	Shell Oil	32 1/2	33 1/8
Western Union	45	44	Gen. Electric	90 1/2	89 3/4	Socony-Mobil	37 1/4	37 5/8
Alcoa	89 1/4	90 1/2	General Foods	104 1/8	106	Stand. Oil Ind.	40 1/4	39 1/4
Aluminium	29 5/8	30 3/8	General Motors	44 1/2	44 1/4	Stand. Oil N.J.	42 3/4	42 1/4
Amer. Can	39 5/8	38 3/4	Goodyear	36 1/2	37 3/8	20th Cent. Fox	35 1/4	34 1/2
Am. Smelting	46 3/8	46	Gulf Oil	31 1/4	30 5/8	Union Carbide	128 3/8	127 3/4
Am. Viscose	34 1/8	34 1/8	Heinz	39 1/2	38	U.S. Steel	76 1/4	77
Anaconda	51	51 1/2	Int. Bus. Mach.	449	457 1/2	West. Electric	54 1/2	54 1/2
Bath. Steel	44	45	Int. Harvester	44 1/8	43 1/8	Woolworth	65 1/4	65 3/4

Standard and Poor's Indices (1941–3=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Apr. 6	60·38	3·22	38·94	5·45	45·62	3·95	87·98	4·08
" 13	60·13	3·24	38·79	5·47	45·65	3·95	86·85	4·19
" 20	59·18	3·29	38·44	5·54	45·33	3·98	86·14	4·26
" 27	58·63	3·32	38·16	5·59	45·62	3·95	86·55	4·22
May 4	58·67	3·32	38·13	5·60	45·40	3·97	86·95	4·18

425 Industrials :—High, 65·02 (Jan. 5); Low, 57·00 (Mar. 8).

Prices, 1960 High	Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c)		Price, Apr. 27, 1960	Price, May 4, 1960	Yield, May 4, 1960	Cover
			%	%				
42/3	37/–	Alexanders £1	2½ a	7½ b	38/3	38/6	5 32	...
53/–	44/3	Allied Suppliers £1	4 a	6 b	48/–	46/6	4 30	...
39 3/4	35 1/2	Bk. Lond. & S. Amer. £1	5 a	9 c	36 1/2	35 1/2	4·06g	...
17/4 1/2	13/3	Bk. New S. Wales £20	5 a	5 b	14/3	14/3	4·62	...
66/3	52/6	Barclays £1	5 a	5 b	53/3	53/6	3 74	...
49/6	38/9	Barclays D.C.O. £1	4 a	5 b	39/3	39/–	4 62	...
64/–	56/–	Chartered £1	7½ a	7½ b	58/3	56/–	5 36	...
83 7/12	65/6	District £1	8½ a	7 b	66/3	68/–	4 12†	...
38/6	33/3	Eng., Scott. & Aust. £1	5 b	4 a	33/9	33/3	5 41	...
£69	£61 1/2	Hongk'g. & Shang. ..$125	22/6 a	37/6 b	£63 1/2	£64	4 69	...
70/6	57/6	Lloyds £1	5 a	7 b	57/9	58/3	4 12	...
23/4 1/2	16/4 1/2	Martins 5/–	8 a	8 b	16/4 1/2	16/6	3 94†	...
95/–	84/3	Midland £1	7 1/2 a	9 1/2 b	87/3	86/9	3 92	...
57/–	48/6	Nat. Com. Bk. Scot. 10/–	...	...	48/6	50/9	2·96††	...
59/9	45/6	Nat. Discount 'B' £1	6 a	8 4 b	48/3	45/6	6 59	...
92/–	74/9	Nat. Provincial £1	5 a	7 b	75/6	74/9	3·75††	...
95/6	82/–	Royal Bk. of Scotland £1	8 a	9 b	82/3	82/6	4 12	...
51/6	39/–	Stand. Bk. S. Africa £1	9 b	5 a	39/6	39/–	7 18	...
62/3	49/–	Standard £1	6 4 a	8 4 b	49/–	50/–	5 00	...
63/3	52/3	Union Discount £1	5 a	6 4 b	52/9	52/6	4 13	...
£213 8	£181 1/4	Bank of Montreal ..$10	$1·65c	$1·85c	£187 1/6	£181 1/2*	3·68	...
£30 1/16	£23 15/16	Royal Bk. Canada ..$10	$2·25c	$2·32 1/2c	£25	£25	3·42	...
31/6	22/11 1/2	Bowmaker 5/–	5 a	13½ b	24/3	24/3	3·78	1½
33/7 1/2	24/6	Lombard Banking 5/–	8½ a	9 b	24/6	26/–	3·65††	3¼
29/3	20/6	Mercantile Credit 5/–	10 b	5 a	20/9*	22/4 1/2	3 35	2¼
82 3/32	71/16	United Domins. Tst. £1	21 b	4 a	71/4	70/4	3 45	2¼
27.10 1/2	22/3	Bass 5/–	10 a	47½ b	24/–	24/6	4 08††	2
39/6	33/3	Distillers 10/–	12½ c	5 a	35/9	34/10 1/2	3·59	2¼
29/–	24/–	Flowers 5/–	12 b	5 a	25/7 1/2	25/–	3·39	2½
20/7	61/6	Guinness £1	10 a	18 b	62/–	61/6	4·55	1¾
20/9	19/–	Ind Coope 5/–	4 a	11½ b	19/4 1/2	19/7 1/2	3·95	1¾
37/6	33/–	Teachers (Distillers) 10/–	5 a	7½ b	33/6	33/6	3·73	2¼
82/–	70/–	Watney Mann £1	9 3/4 a	11½ b	74/6	74/6	3·45	2
135/6	116/10 1/2	Whitbread 'A' £1	8 a	17 b	116 10 1/2	117/–	4 27	1¾
81/6	62/–	Associated Portland ..£1	4 a	7 b	66/3	62/9	3·51	3¼
28/6	24/7 1/2	Borax Defd. 5/–	6 3 b	4 a	26/–	26/3	3·81	2¼
96/3	83/11 1/2	Fisons £1	5 a	10 b	86/3	83/6	3·59	3
27/7 1/2	24/–	I.C.I. £1	6 a	11½ b	25/–	24/6	4·13	2¼
27/7 1/2	23/6	Monsanto 5/–	5 a	10 b	24/–	23/6	3·19	3
51/–	46/–	Albright & Wilson ..5/–	5 a	15 b	48/–	47/4 1/2	4·22	2
49/4 1/2	41/3	Debenhams 10/–	11½ b	5% a	45/9*	44/6*	3·93	1¾
55/4 1/2	45/11 1/2	Borax Defd. 5/–	27½ b	7½ a	45/11 1/2	46/3	3·78	2¼
47/6	41/9	House of Fraser 5/–	40 c	15 a	43/–	41/9	4·79	1
27/7 1/2	21/–	Lewis's Invest. Tst. ..4/–	6 a	11½ b	22/–	22/–	3·09	2¾
77/6	68/9	Marks & Spencer 'A' 5/–	20·83b	12½ a	70/4 1/2	70/11 1/2	2·38	1¾
55/9	46/9	United Drapery 5/–	12½ a	25 b	48/3	46/9	4·01	2
68/9	60/11 1/2	Woolworth 5/–	13½ a	31½ b	61/11 1/2	60/11 1/2	3·74	1½
66/6	50/4 1/2	A.E.I. £1	7½ a	7½ b	52/3	52/9	5·69	1¼
61/–	50/–	B.I.C.C. £1	4 a	9½ b	54/–	54/6	4·59	2
15/–	11/9	Crompton Parkinson 5/–	4 a	7½ b	11/9	11/9	4·77	2¼
56 10 1/2	47/7 1/2	Decca Record 10/–	20 c	31½ a	49/–	48/–	4·17	1¾
58/9	44/9	E.M.I. 10/–	20 c	5 a	47/9	45/6	3·08††	3½
53/–	39/–	English Electric £1	3 a	7 b	39 4 1/2	39/–	5·13	2
47/6	37/6	General Electric £1	7 b	3 a	37/6	38/6	5·19	1½
59/–	44/–	C. A. Parsons 5/–	4 3 a	5 b	46/3*	46/9*	4·01	4
19/–	16/–	Pye 5/–	12½ c	12½ c	16/6	16/–	3·91	2¾
104/6	77/–	A. Reyrolle £1	6 1/2 a	11 b	78/6	77/–	4·55	2¾
55/7 1/2	44/3	Thorn Electrical 5/–	17½ c	20 c	46/10 1/2	46/3	2·16	4½
48/9	33/6	Babcock & Wilcox ...£1	4½ a	4½ b	35 10 1/2*	35/6*	5·07	3¼
54/–	40/3	John Brown £1	6 b	4 a	42/6	42/6	4·71	2½
10/6	6/10 1/2	Cammell Laird 5/–	3 a	4 b	7/3	6/10 1/2	5·09	1½
46/9	26/–	Internat. Combust. ..5/–	10 a	20 b	26/9	28 1/2	5·33	2¾
14/9	10/9	Rich'ds'ns. Westgth. 10/–	5 b	31½ a	10/9	10/9	7·75	2
39/9	30/6	Swan Hunter £1	2 1/2 a	7½ b	32/6	33/3	6·02	2¾
25/9	16/9	John Thompson 5/–	15 b	7½ a	17/9	18/–	6·25	1½
39/–	29/6	Vickers £1	2½ a	7½ b	30/6*	29/6*	6·78	1¼
29/3	21/6	Coventry Gauge ..10/–	11½ a	14½ b	22/7½	22/6	4·55	2
59/6	48/–	Alfred Herbert £1	12 a	15 b	52/9	52/9	4·33	1½
76/3	65/3	Allied Ironfounders ..£1	8 3/4 b	7½ a	71/6	69/9	4·66	1½
101/6	87/6	Averys £1	10 b	5 a	93/–	87/–	4·45	3¼
19/–	13/4 1/2	George Cohen 5/–	7½ b	4½ a	13/7½	13/4 1/2	4·49	2¼
117/3	102/9	Davy-United £1	10 b	15 a	104/6	102/9	2·92	3¼
95/7 1/2	81/6	Guest Keen £1	9 b	5 a	84/–	81/6	3·44	3½
31/6	22/–	Head Wrightson ..5/–	10 b	4 a	23/6	22/7 1/2	3·09	4
75/–	62/3	Metal Box £1	5 3 b	4 a	62/3	63/6	2·94	3¼
27/3	23/6	Ransome & Marles ..5/–	12½ b	6 a	23/6	23/6	3·94	2¾
43/1 1/2	36/6	Renold Chain £1	6 1/2 b	2 a	39/–‖	36/7 1/2‖	5·46**	1¾
40/–	25/9	Ruston & Hornsby ...£1	9 c	8 c	26/–	25/9	6·21	1¾
82 3/4	65/3	Tube Investments £1	7½ a	12½ b	75/6	75/7 1/2	3·31††	2¼
168/9	141/–	Ward (Thos. W.) £1	20 b	5 a	145/3	141/–	3·55	3½
44/6	38/3	Woodall-Duckham ..5/–	5 a	11/–	41/–	38/3	3·27	4¼

Prices, 1960 High	Low	ORDINARY STOCKS	Price, Apr. 27, 1960	Price, May 4, 1960	Yield, May 4, 1960	Cover
		MINES				
7 3/16	6 3/8	Anglo-American ..10/–	7 1/16	7 1/8	5 71	1¾
2 3/16	1 5/8	Consolid. Gold Fields £1	62/–	66 1/2	7 53	2
1 5/16	1 1/16	General Mining £1	91/3*	100 7 1/2*	6 95	2
90	80	Union Corporation ..2·6	50 10 1/2	54 7 1/2*	6 86	2½
35	28 1/2	Hartebeestfontein ..10/–	48 1/2	52/6	13·33	2
60	50	President Brand 5/–	52/6	58 1/2	9·46	2
100	80	Western Holdings ...5/–	116/3	127/6	7 06	1¾
20/–	...	Winkhaak 10/–	20/–	21/1 1/2	—	2
16 9	10	Chartered 15/–	77/–	83/4 1/2	7·19	2
37 1/2	20	Rhod. Anglo-Amer. 10/–	68 1/2	68/6	8·39h	1½
16 4 1/2	12 3	Rhod. Selection Tst..5/–	12 4 1/2	12 7 1/2	6·08h	2
8 1/16	6/9	Roan Antelope 5/–	7/–	7/–	7·44h	1¾
48 3	31/3	Tanganyika Cons. ..10/–	31/6*	31/9*	11·81	1
78/6	68/6	Consolidated Zinc £1	75/9	73/7 1/2	5·43	1¾
200/–	135/–	De Beers Defd Reg. ..5/–	136 3	142/6	8·77	2
$201 1/2	$175 1/2	Internat. Nickel ...n.p.v.	$188	$188 1/2	2·83	2
11/9	10 7/12	London Tin 4/–	11/6	11 1/2	8·99	1
51/–	34 4 1/2	Rio Tinto 10/–	36 3	35/–*	5·71	1¾
35/9	26/3	Tronoh 5/–	35/–*	35/–*	6·19	1
		OIL				
67/6	52/–	British Petroleum £1	55/–*	52/–	6 80	2½
59/6	44/3	Burmah Oil ..... 20 fl.	£14 1/2	£14 1/8	3 51	3
£17 7/8	£14 1/4	Shell Transport £1	£18 2/8	£18 3/4	5 38	3
168 9	139/–	Ultramar 10/–	147 3	144/3	... d	...
64/–	40/–	Wakefield C.C. 10/–	44/–	40/–	4·11	2¼
60/–	51/9	**PAPER & NEWSPAPERS**				
15/6 3/4	12/6	Daily Mirror 'A' 5/–	12/9	12/6	5 00	2¾
37/–	29/9	Odhams Press 10/–	33/9	29/9	5 88	3
66/–	56/6	W. H. Smith & Son 'A' £1	59/6	59/6	4 03	3
77 1/2	65/3	Bowater Paper £1	67/9*	65 3*	4 60	2¼
63/–	53/6	Albert E. Reed £1	55/–	53/9	5 21	1½
34/6	29/9	Spicers £1	32/6	30/9	6 50	2
80/6	70/6	Wiggins Teape £1	72/6	70/6	4 96	1¾

Financial Times Indices

1960	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked
Apr. 28	305·4	4·35	90·92	5·38	10,113
" 29	310·6	4·28	91·07	5·35	12,836
May 2	307·5	4·32	91·21	5·31	15,292
" 3	303·6	4·39	91·39	5·26	12,578
" 4	298·9	4·46	91·44	5·26	11,018

High, 342·9 (Jan. 4). Low, 298·9 (May 4).
† July 1, 1935=100. ‡ 1928=100.

The Economist Indicator
1953=100

1960	Indicator	Yield %	1960 High	1960 Low
Apr. 6	365·9	4·13		
" 13	351·2	4·35		
" 20	351·4	4·34	377·8	336·3
" 27	341·0	4·48	(Jan. 6)	(May 4)
May 4	335·6	4·53		

THE ACTUARIES' INVESTMENT INDEX
(December 31, 1957=100)

GROUP	Price Index April 28, 1959	Price Index Mar. 29, 1960	Price Index April 26, 1960	Average Yield per cent April 28, 1959	Average Yield per cent Mar. 29, 1960	Average Yield per cent April 26 1960
FINANCIAL :—						
Banks	169·2	215·3	199·8	4·04	3 62	3 89
Investment trusts	160 6	215·8	201·7	3 87	3 10	3 36
INDUSTRIALS :—						
Electrical engineering	138·3	165·6	154·3	4·49	4 17	4 54
Engineering	135·8	168 8	158 6	4 66	4 08	4 29
Steel	133·3	287·7	265 9	7 82	4 09	4 42
Breweries	149·7	224 3	217 9	4 97	3 98	4 18
Chain stores	135 8	183·1	174·5	3 37	2 86	3 02
Cotton and rayon textiles	125·5	184·1	179·6	7 07	5 04	5 15
Wool textiles	128·5	201·3	191 5	5 97	5 17	5 45
Chemicals	148 0	233 0	215 6	3 98	3 29	3 56
Oil	112·1	130 8	121 0	5 91	4 57	5 40
Shipping	106 4	121 2	120·2	5 63	4 81	4 92
All classes combined	140 9	187·5	177·1	5 10	4 18	4 55
Total—*Capital Goods*	137·6	183·0	171·3	5 26	4 28	4 52
Total—*Consumption Goods*	158·4	223·7	214·2	4 95	4 07	4 37

† Ex dividend. ‡ Tax free. ‖ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ¶ Ex capitalisation. * Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earl st date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2½% tax free. (l) To latest date.

** Yields based on assumed dividends :—Bass, 20%; City Centre Properties, 18%; Courtaulds, 12½%; District, 14%; Dorman Long, 10%; Electric & Musical, 14%; Lombard Banking, 19%; Martins Bank, 13%; Nat. Comm. Bank Scot., 15%; National Provincial, 14%; Northern & Employers', 18½%; Renold Chains, 10%; Standard-Triumph, 9%; Tube Investments, 14%; Unigate, 10%.

YORK STOCKS

Prices, 1960 High	Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c)		Price, Apr. 27, 1960	Price, May 4, 1960	Yield, May 4, 1960	Cover
			%	%				
		FOOD & TOBACCO						
41/3	33/6	Assoc. British Foods 5/–	12½ a	...	34/6*	37 6*	2 69	2½
105/–	95 10 1/2	Bovril Defd. £1	5 a	...	100/–	99 6	4 92	2¼
15 7 1/2	13/7 1/2	Brooke Bond 'B' 5/–	12½ a	...	13 10 1/2	13 7 1/2	3 74	4
30 7 1/2	25/7 1/2	Cadbury 10/–	10 c	10 c	25/7 1/2*	25 9*	3 88	2
13 3/4	10/3	International Tea 5/–	5 a	5 b	10/6	11/–	4·55	1¾
8 5/6	7 1/9	J. Lyons 'A' £1	9 1/4 b	5 a	7 4/–	7 2 9	3 89	1½
2 8 3	2 5 9	Ranks 10/–	5 a	7½ b	5 4/–	5 6/–	4 85	2¼
4 8 9	4 1/–	Spillers £1	12½ a	7½ b	4 6 3*	4 1/–*	4 45	3¼
62/–	56/–	Tate & Lyle £1	9 b	8½ b	56/–	56/–	4 29	2¼
17 3	15 3	Unigate 5/–	5 a	16 1/2 b	16 2/4	16 2/4	3 09††	...
72/6	58 3	Brit. Amer. Tobac. 10/–	†20 c	†55½ a	59/–*	59/–*	5·53	2¼
41/3	37/–	Gallaher 10/–	13½ b	31½ a	37 6*	37 7 1/2*	4 43	2
77/6	62/3	Imperial Tobacco £1	8 a	14 b	62 10 1/2	63/–	7 14	1¾
		INSURANCE						
195/–	178 9	Britannic 5/–	†45 a	†50 b	180/–	178 9	4 34	...
68/6	54 3	Commercial Union ..5/–	20 a	25 b	59/–*	55/–*	4 09	...
£17 7/8	£14 1/4	Equity & Law Life ...8·6	†32·35c	†41·17c	13½	13½	2 12	...
14 1/4	12/16	General Accident 5/–	5 a	10 b	77/6*	75 9*	2 97	...
82 6	70/3	Guardian 5/–	15 a	18 b	102/6*	100 6*	3 48	...
106 3	91/–	Legal & General 5/–	30 a	40 b	99/–	50/–	2 75	...
19/–	16/8	Northern & Employers' 5/–	4 a	6 b	17/6	17/6	4·55	1¾
100/–	96/3	Pearl 5/–	†60 a	...	96/3	98 9	3 75†**	...
172 6	132 6

EXCHEQUER RETURNS

For the week ended April 30, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £52,998,000 compared with a deficit of £16,572,000 in the previous week and a credit of £9,461,000 in the corresponding period of last year. There was a net receipt "below-line" of £24,331,000, leaving a total cumulative deficit to date of £135,454,000 compared with £43,826,000 in 1959–60.

£'000	Estimate 1960–61	April 1, 1959, to May 2, 1959	April 1, 1960, to Apr. 30, 1960	Week ended May 2, 1959	Week ended April 30, 1960
Ord. Revenue					
Income Tax	2478,000	151,539	97,239	34,708	27,936
Surtax	190,000	13,600	11,500	2,100	2,000
Death Duties	239,000	21,800	19,000	5,000	4,800
Stamps	110,000	7,700	8,800	2,000	2,400
Profits tax, EPT and EPL	256,000	18,500	13,700	4,700	3,600
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	213,139	150,239	48,508	40,736
Customs	1458,630	122,205	118,619	27,108	30,933
Excise	950,150	54,965	35,085	32,340	13,695
Total Customs and Excise	2408,780	177,170	153,704	59,448	44,628
Motor Duties	113,000	6,033	8,142	450	1,588
PO (Net Receipts)	4,000	...	...	...	...
Broadcast Licences	39,000	2,000	2,200	2,000	2,200
Sundry Loans	32,000	43	55	...	...
Miscellaneous	110,000	9,172	7,498	2,227	606
Total	**5979,780**	**407,557**	**321,838**	**112633**	**89,758**
Ord. Expenditure					
Debt Interest	640,000	69,973	57,715	23,622	4,815
Payments to Northern Ireland Exchequer	81,000	5,682	5,857	...	3,179
Other Consolidated Funds	8,000	879	974	482	565
Supply Services	4907,161	344,105	380,708	78,918	133908
Total	**5636,161**	**420,639**	**445,254**	**103022**	**142467**
Sinking Funds	40,000	1,513	1,360	150	289
"Above-line" Surplus or Deficit	—	**14,595**	**124,776**	**9,461**	**52,998**
"Below-line" Net Expenditure*		29,231	10,678	13,048	Cr. 24,331
Total Surplus or Deficit	—	**43,826**	**135,454**	**3,587**	**28,667**
Net receipts from:					
Tax Reserve Certificates		19,681	12,603	8,604	4,559
Savings Certificates		9,000	7,800	1,500	3,000
Defence Bonds		13,797	8,299	2,495	1,247
Premium Savings Bonds		6,530	4,110	2,100	2,060
Total		**49,188**	**32,812**	**14,699**	**10,866**

* Net receipts of the Civil Contingencies Fund of £7 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
May 2	2,940·0	2,089·0	255·7	...	5,284·7
1960					
Jan. 30	3,488·8	1,774·6	201·3	...	5,425·9
Feb. 6	3,400·8	1,716·5	213·7	...	5,330·2
" 13	3,330·0	1,677·2	214·5	...	5,221·8
" 20	3,350·0	1,803·4	252·7	...	5,406·2
" 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
" 12	3,430·0	1,750·4	213·2	...	5,393·7
" 19	3,430·0	1,742·8	258·5	...	5,431·3
" 26	3,480·0	1,725·9	213·8	...	5,418·9
" 31	5,202·1		246·8	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
" 16	3,480·0	1,861·7	244·9	4·8	5,561·4
" 23	3,440·0	1,859·9	286·6	...	5,586·5
" 30	3,448·8	1,913·1	256·8	...	5,609·2

Money and Exchanges

THE MONEY MARKET

THE new measures to restrict credit had little effect on the bill rate at last Friday's Treasury bill tender. It was only fractionally lower at £4 13s. 0.48d. The discount houses left their concerted bid for the 91 day bills offered at £98 16s. 9d. unchanged but they received only 23 per cent of their applications. The tender was split due to the incidence of the August Bank Holiday in three months' time. For the less marketable 92 day bills the market bid £98 16s. 6d. and received a full allotment so that the market's total allotment at its minimum price was about 28 per cent, against 51 per cent the previous week.

In New York the rate on three months bills fell sharply from 3.317 per cent to 3.003 per cent and on six months bills from 3.705 to 3.349 per cent.

Credit conditions became even more comfortable in Lombard Street at the end of last week and on Friday the Bank of England sold back a small amount of bills to the market. By contrast money has been in short supply this week apart from Tuesday. Despite some small official help one or two houses were forced to borrow at Bank rate a marginal amount on Monday and a small amount on Wednesday.

MONEY RATES

LONDON

	%		
Bank rate (from 4% 21/1/60)	5	**Discount rates:**	%
		Bank bills:	
Deposit rates (maximum):		60 days	$4\frac{25}{32}$–$4\frac{27}{32}$
Banks	3	3 months	$4\frac{25}{32}$–$4\frac{27}{32}$
Discount houses	3–$3\frac{9}{16}$	4 months	$4\frac{25}{32}$–$4\frac{27}{32}$
		6 months	$4\frac{25}{32}$–$4\frac{29}{32}$
Money:		Fine trade bills:	
Day-to-Day	$3\frac{9}{16}$–$4\frac{1}{2}$	3 months	$5\frac{1}{16}$–6
		4 months	$5\frac{1}{16}$–6
		6 months	$5\frac{1}{2}$–$6\frac{1}{4}$

NEW YORK

	%		%
Official discount rate: (from $3\frac{1}{2}$% 10/9/59)	4	**Treasury Bills:** April 25	3·317
		May 2	3·003

BANK OF ENGLAND RETURNS

(£ million)	May 6, 1959	Apr. 27, 1960	May 4 1960
Issue Department*:			
Notes in circulation	2,064·6	2,187·7	2,183·5
Notes in banking dept.	35·7	62·6	66·9
Govt. debt and securities*	2,096·7	2,247·2	2,247·3
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	10·8	11·4	10·3
Bankers	233·5	255·3	245·0
Others	63·6	66·4	64·2
Total	307·9	333·2	319·5
Securities:			
Government	244·3	235·1	220·4
Discounts and advances	24·3	33·7	30·8
Other	20·4	18·7	18·5
Total	289·1	287·5	269·7
Banking department reserve	36·7	63·5	67·7
	%	%	%
"Proportion"	11·9	19·0	21·1

* Government debt is £11,015,100, capital £14,553,000 Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
	91 day 190·0		s. d.	%
1959 May 1		364·4	66 1·81	20
1960 Jan. 29	250·0†	436·8	90 9·18	17
Feb. 5	250·0†	410·2	90 10·88	28
" 12	250·0	413·0	90 11·30	37
" 19	260·0	415·3	90 10·65	41
" 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
" 11	290·0	515·9	91 8·32	27
" 18	290 0	449·0	92 3·52	49
" 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
" 8	260·0	422·1	92 11·83	42
" 14	280·0†	454·5	93 1·10	41
" 22	270·0	425·7	93 0·88	51
" 29	240·0	429·5	93 0·48	28

* On April 29th tenders for 91 day bills at £98 16s. 9d. secured 23 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: May 4	Market Rates: Spot: April 28	April 29	April 30	May 2	May 3	May 4
United States $	2·78–2·82*	$2·80\frac{7}{8}$–81	$2·80\frac{7}{8}$–81	$2·80\frac{13}{16}$–$15\frac{16}{16}$	$2·80\frac{13}{16}$–$15\frac{16}{16}$	$2·80\frac{7}{8}$–81	$2·80\frac{13}{16}$–$15\frac{16}{16}$
Canadian $	...	$2·70\frac{15}{16}$–$11\frac{16}{16}$	$2·71\frac{1}{8}$–$\frac{1}{4}$	$2·71\frac{1}{8}$–$\frac{3}{8}$	$2·71\frac{1}{8}$–$\frac{3}{8}$	$2·71\frac{13}{16}$–$15\frac{16}{16}$	$2·71\frac{15}{16}$–$11\frac{16}{16}$
French Fr.	13·622–14·027	$13·77\frac{1}{2}$–$\frac{1}{2}$	$13·77\frac{1}{2}$–$\frac{1}{2}$	$13·76\frac{7}{8}$–$77\frac{1}{8}$	$13·76\frac{7}{8}$–$77\frac{1}{8}$	$13·77\frac{1}{4}$–$\frac{1}{2}$	$13·76\frac{3}{4}$–77
Swiss Fr.	11·94–12·54⅛	$12·18\frac{1}{2}$–$\frac{3}{4}$	$12·18\frac{1}{2}$–$\frac{1}{2}$	$12·18$–$18\frac{1}{4}$	$12·18$–$18\frac{1}{4}$	$12·18\frac{1}{2}$–$\frac{3}{4}$	$12·17\frac{1}{2}$–$\frac{1}{2}$
Belgian Fr.	137·96–142·05	140·00–05	140·00–05	$140·02\frac{1}{2}$–$07\frac{1}{2}$	$140·02\frac{1}{2}$–$07\frac{1}{2}$	140·00–05	$139·97\frac{1}{2}$–$140·02\frac{1}{2}$
Dutch Gld.	10·48–10·80	$10·59$–$59\frac{1}{4}$	$10·59$–$59\frac{1}{4}$	$10·58\frac{7}{8}$–$59\frac{1}{8}$	$10·58\frac{7}{8}$–$59\frac{1}{8}$	$10·59$–$59\frac{1}{4}$	$10·58\frac{3}{8}$–59
W. Ger. D-Mk.	$11·59\frac{1}{4}$–$11·92\frac{3}{4}$	$11·71\frac{3}{8}$–$\frac{5}{8}$	$11·71\frac{3}{8}$–$\frac{5}{8}$	$11·71\frac{3}{8}$–$\frac{3}{8}$	$11·71\frac{1}{4}$–$\frac{1}{2}$	$11·71\frac{3}{8}$–$\frac{5}{8}$	$11·71\frac{3}{8}$–$\frac{5}{8}$
Portug. Esc.	$79·00\frac{3}{4}$–$82·00\frac{1}{2}$	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	$17431\frac{1}{4}$–$\frac{1}{2}$	$17431\frac{3}{8}$–$\frac{5}{8}$	$17427\frac{1}{2}$–$431\frac{1}{2}$	$17431\frac{3}{8}$–$\frac{5}{8}$	$17431\frac{1}{4}$–$\frac{1}{2}$	17432–43
Swedish Kr.	$14·27\frac{1}{2}$–$14·70$	$14·50\frac{1}{2}$–$\frac{3}{4}$	$14·50\frac{1}{2}$–$\frac{3}{4}$	$14·50\frac{1}{2}$–$\frac{3}{4}$	$14·50\frac{1}{2}$–$\frac{3}{4}$	$14·50\frac{1}{2}$–$\frac{3}{4}$	$14·50\frac{3}{4}$–$\frac{7}{8}$
Danish Kr.	$19·04\frac{1}{2}$–$19·62$	$19·36\frac{1}{2}$–$\frac{3}{4}$	$19·36\frac{1}{2}$–37	$19·36\frac{5}{8}$–$\frac{7}{8}$	$19·36\frac{5}{8}$–$\frac{7}{8}$	$19·36\frac{5}{8}$–$\frac{7}{8}$	$19·36\frac{7}{8}$–$37\frac{1}{8}$
Norwegian Kr.	$19·71\frac{1}{2}$–$20·30\frac{1}{2}$	$20·02\frac{1}{4}$–$\frac{3}{8}$	$20·02\frac{1}{4}$–$\frac{1}{2}$	$20·02\frac{1}{8}$–$\frac{3}{8}$	$20·02\frac{1}{4}$–$\frac{1}{2}$	$20·02\frac{1}{4}$–$\frac{1}{2}$	$20·02\frac{1}{4}$–$\frac{1}{2}$
	* Official Limits	**One Month Forward Rates**					
United States $		$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{5}{16}$–$\frac{3}{16}$c. pm	$\frac{1}{4}$–$\frac{1}{8}$c. pm
Canadian $		$\frac{1}{8}$–$\frac{1}{16}$c. pm	$\frac{1}{8}$–$\frac{1}{16}$c. pm	$\frac{1}{4}$–$\frac{1}{16}$c. pm	par–$\frac{1}{16}$c. dis	par–$\frac{1}{16}$c. dis	$\frac{1}{16}$c. pm–$\frac{1}{16}$c. dis
French Fr.		$1\frac{1}{2}$–$1\frac{1}{4}$c. pm	$1\frac{1}{2}$–$1\frac{1}{4}$c. pm	$1\frac{1}{2}$–$1\frac{1}{4}$c. pm	$1\frac{3}{8}$–$1\frac{1}{8}$c. pm	$1\frac{3}{8}$–$1\frac{1}{8}$c. pm	$1\frac{3}{8}$–$1\frac{1}{8}$c. pm
Swiss Fr.		4–3c. pm	8–3c. pm	8–3c. pm	7–2c. pm	7–2c. pm	7–2c. pm
Belgian Fr.		$1\frac{1}{4}$–1c. pm	$1\frac{3}{8}$–$1\frac{1}{4}$c. pm	$1\frac{1}{4}$–1c. pm	$1\frac{1}{4}$–1c. pm	$1\frac{1}{4}$–1c. pm	$1\frac{1}{4}$–1c. pm
Dutch Gld.		1–$\frac{3}{4}$pf. pm	1–$\frac{3}{4}$pf. pm	1–$\frac{3}{4}$pf. pm	1–$\frac{3}{4}$pf. pm	1–$\frac{3}{4}$pf. pm	1–$\frac{3}{4}$pf. pm
W. German D-Mk.		**Three Months Forward Rates**					
United States $		$1\frac{11}{16}$–$\frac{9}{16}$c. pm	$1\frac{11}{16}$–$\frac{9}{16}$c. pm	$1\frac{11}{16}$–$\frac{9}{16}$c. pm	$1\frac{11}{16}$–$\frac{9}{16}$c. pm	$1\frac{11}{16}$–$\frac{9}{16}$c. pm	$\frac{5}{8}$–$1\frac{1}{16}$c. pm
Canadian $		$\frac{9}{16}$–$\frac{7}{16}$c. pm	$\frac{5}{8}$–$1\frac{1}{16}$c. pm	$\frac{5}{8}$–$1\frac{1}{16}$c. pm	$\frac{5}{8}$–$1\frac{1}{16}$c. pm	$\frac{5}{8}$–$1\frac{1}{16}$c. pm	$\frac{9}{16}$–$\frac{7}{16}$c. pm
Swiss Fr.		4–$3\frac{1}{4}$c. pm	4–$3\frac{1}{4}$c. pm	4–$3\frac{1}{4}$c. pm	$3\frac{3}{4}$–$3\frac{1}{4}$c. pm	$3\frac{3}{4}$–$3\frac{1}{4}$c. pm	$3\frac{3}{4}$–$3\frac{1}{4}$c. pm
Belgian Fr.		$2\frac{3}{8}$–$2\frac{1}{8}$pf. pm	$2\frac{3}{8}$–$2\frac{1}{8}$pf. pm	$2\frac{3}{8}$–$2\frac{1}{8}$pf. pm	$2\frac{3}{8}$–$2\frac{1}{8}$pf. pm	$2\frac{3}{8}$–$2\frac{1}{8}$pf. pm	$2\frac{3}{8}$–$2\frac{1}{8}$pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/0½	249/11⅜	—	249/11½	249/11½	250/0¼

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages	April 30th	External Trade	This week
Manpower and Output	April 16th	Industrial Profits	April 23rd

OVERSEAS

Western Europe	Feb. 13th	United States	Mar. 12th

	Unit	Monthly averages 1957	1958	1959	1959 Jan.	Feb.	Mar.	1959 Nov.	Dec.	1960 Jan.	Feb.	Mar.
VALUE												
Imports:												
Total	£ million	337·0	312·3	332·5	328·6	291·8	322·5	356·9	371·9	367·0	364·4	393·6
Food, drink and tobacco	"	123·3	124·2	126·8	137·0	120·9	130·9	134·5	138·8	129·0	122·8	139·1
Basic materials	"	95·8	74·1	77·6	73·8	63·9	68·1	84·8	89·4	87·7	84·5	86·0
Fuels	"	38·8	36·6	39·0	40·3	36·3	40·8	36·5	41·3	38·2	45·1	43·0
Manufactures	"	77·9	76·2	87·8	75·8	69·6	81·5	99·8	100·5	110·4	110·8	124·5
Exports of UK produce:												
Total	"	274·6	264·7	277·1	270·0	250·3	270·9	298·3	296·6	316·3	295·8	308·1
Manufactures—Total	"	228·2	222·5	234·1	228·4	209·8	229·0	251·0	245·8	264·5	250·4	265·8
" Metals	"	39·7	36·0	37·5	36·3	34·8	34·0	39·5	42·4	41·5	39·1	43·1
" Engineering products	"	112·2	115·6	122·3	119·7	107·3	123·5	132·2	122·1	144·1	131·9	141·7
" Textiles(2)	"	25·0	21·2	20·7	20·8	19·8	19·4	21·3	22·9	22·6	22·8	23·6
Re-exports	"	10·8	11·8	10·9	9·5	11·1	12·8	9·5	10·7	12·0	9·4	13·8
Balance of trade (exports less imports)	"	−51·6	−35·8	−44·5	−49·1	−30·4	−38·8	−49·1	−64·6	−38·7	−59·2	−71·6
VOLUME(4)												
Imports:												
Total	1954=100	114	114	122	...	117[5]	...	130[4]	...	132	131	...
Food, drink and tobacco	"	113	119	118	...	122[5]	...	123[4]	...	...	...	...
Basic materials	"	106	94	100	...	93[5]	...	107[4]	...	...	...	...
Fuels	"	114	124	143	...	134[5]	...	142[4]	...	...	...	...
Manufactures	"	130	132	152	...	132[5]	...	172[4]	...	...	...	...
Exports:												
Total	"	116	111	116	...	110[5]	...	125[4]	...	130	121	...
Manufactures	"	118	113	117	...	112[5]	...	124[4]	...	...	...	...
BY AREA												
Imports:												
USA	£ million	40·1	29·2	30·9	31·6	25·2	24·5	38·4	40·9	38·8	38·8	43·3
Canada	"	26·7	25·7	26·0	22·3	21·8	22·8	29·3	31·6	25·0	27·4	29·9
Latin America	"	28·8	24·6	26·8	25·7	22·0	29·4	22·1	22·2	23·0	28·7	25·2
West'n Europe—Common Market	"	40·9	44·4	46·6	42·1	45·2	46·2	52·5	49·2	54·2	62·9	60·4
Free Trade Association	"	33·1	30·5	32·7	29·2	28·4	29·3	35·7	35·6	34·8	36·3	38·6
Soviet Eastern Europe	"	9·1	8·5	9·7	7·8	6·6	6·8	11·6	9·8	9·2	9·9	9·4
Other Non-Sterling	"	32·1	36·5	39·4	40·5	32·5	40·5	43·8	46·1	44·5	36·7	44·3
Sterling area	"	126·0	112·8	120·4	129·4	110·1	123·0	123·5	136·5	137·5	123·7	142·5
Exports of UK produce:												
USA	"	20·3	22·6	30·0	27·8	23·7	26·2	29·7	30·5	32·0	31·3	31·7
Canada	"	16·3	15·7	17·3	13·4	12·3	14·5	23·0	16·1	18·3	16·7	18·9
Latin America	"	13·7	12·6	12·9	14·7	10·8	13·5	13·3	13·8	15·0	15·7	15·5
West'n Europe—Common Market	"	38·2	34·8	38·5	36·4	41·5	38·9	38·9	40·7	47·0	46·7	45·2
Free Trade Association	"	28·3	26·5	28·8	30·3	25·5	26·9	31·8	32·2	35·8	30·9	32·6
Soviet Eastern Europe	"	4·7	3·8	5·1	5·4	4·3	4·9	5·4	6·1	8·9	5·4	6·6
Other Non-Sterling	"	33·1	32·4	32·9	33·8	28·9	37·6	31·7	36·9	36·7	29·3	41·9
Sterling area	"	119·8	116·1	111·7	108·3	103·3	108·2	124·5	120·3	122·6	119·8	115·7
TRADE IN SELECTED COMMODITIES(3)												
Imports:												
Wheat	'000 tons	377·5	376·4	356·5	388·3	446·0	395·0	260·2	304·5	279·7	276·1	367·8
Meat	"	74·2	69·4	67·6	76·7	53·9	90·1	68·5	53·5	68·6	56·7	94·1
Sugar, unrefined	"	235·0	219·3	202·2	186·8	179·8	233·9	178·6	198·4	164·9	126·9	222·4
Raw cotton(1)	"	30·6	21·5	22·7	19·8	15·5	21·4	29·7	28·3	25·1	34·7	26·3
Raw wool, sheep's and lambs'(1)	mn. lb.	51·6	51·1	58·7	81·8	54·8	79·3	61·0	63·9	75·6	46·8	56·9
Rubber, natural and synthetic(1)	'000 tons	22·7	17·0	17·1	18·8	19·7	16·6	17·1	19·0	14·5	18·1	25·4
Softwood(2)	'000 stds.	119·8	106·4	121·8	74·7	63·6	55·4	139·1	122·7	88·3	67·0	75·8
Woodpulp	'000 tons	178·2	175·4	185·7	188·2	175·3	170·2	185·6	229·0	217·7	233·7	214·1
Crude petroleum	mn. galls.	604	728	851	839	825	818	844	880	842	1,016	910
Exports of UK produce:												
Coal, including bunkers	'000 tons	686	403	343	332	380	311	414	384	581	503	415
Woven piece-goods—cotton(2)	mn. sq. yds.	38	32	29	28	27	27	30	34	30	29	28
" " " wool(2)	'000 sq. yds.	9,029	7,893	8,527	9 469	8,124	7,951	8,349	8,522	9,071	10,243	9,590
Passenger cars and chassis	number	35,360	40,323	47,404	41,848	35,791	41,590	56,860	49,555	62,260	57,231	65,626
Commercial vehicles and chassis	"	10,216	9,303	10,622	10,154	9,026	9,655	11,226	12,300	11,858	11,897	11,867
Agricultural tractors	"	9,411	8,709	9,475	7,844	9,064	8,906	9,317	8,769	13,088	10,760	14,032
Machinery—electrical	£'000	5,612	5,818	5,720	5,743	5,412	5,258	5,817	5,725	5,797	5,559	5,292
" other	"	42,211	42,773	47,195	46,638	41,246	45,936	50,571	50,128	56,814	50,094	56,333
Chemicals, elements and compounds	"	5,219	5,027	5,861	5,325	5,187	5,782	6,048	6,031	6,137	5,998	6,267

(1) Retained imports. (2) Owing to changes in classification 1957 and 1958 figures are not strictly comparable with later ones. (3) 1957 figures in *italics* include trade with the Channel Islands. (4) Average for fourth quarter. (5) Average for first quarter. (4) In 1959 indices for total imports and exports, but not for the commodity classes, are adjusted to include trade with the Channel Islands.

APPOINTMENTS

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A well-known Public Company engaged in the manufacture of canned and frozen foods requires a young and competent Accountant whose ability will ensure rapid promotion to increased executive responsibility and status.

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Candidates should be Chartered Accountants aged 35-45 who have had practical experience of accounting and taxation overseas. Applications will be treated in the strictest confidence and should give details of appointments held, experience gained and salaries earned. They should be addressed to Box 1319.

BRITISH NYLON SPINNERS LIMITED require a woman, aged 25-45, as an Information Assistant for the Economics Library of their London Office in Knightsbridge. Candidates, preferably educated to degree standard, should have had some experience of library work, with genuine interest in Economics as applied to the textile industry. Excellent working conditions in modern offices.—Apply in writing to Personnel Manager, Pontypool, Mon.

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Applications are invited for the above post tenable in the Department of Accountancy of the College.

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The salary scale appropriate to the post is that appropriate to Senior Lectureships, viz., £1,560 x £60 — £1,800.

Further particulars may be obtained from the undersigned, to whom applications should be sent, not later than two weeks after the appearance of this advertisement.

Pitt Street, Glasgow, C.2. W. H. MASSON, Secretary-Treasurer.

For other appointments see page 575

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Dunlop has an immediate vacancy at their Head Office in London for a man with sales or market research experience, preferably in the automotive branch. His main task will be to study market situations and other trading problems arising from the free trade movements in Europe. He must be prepared to travel and if necessary to live abroad although this latter is not immediately envisaged. A University graduate is preferred, and a fluent knowledge of at least one European language is important. Starting salary will be according to qualifications.

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The salary scale is £1,250 — £1,700 per annum, and an allowance is made towards travelling and removal expenses.

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

Applications close, in New Zealand and London, on June 15, 1960.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS AND RESEARCH GRANTS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above Studentships and Grants for research in Economics, Economic Statistics, Government, Social Administration, Social Anthropology or Sociology, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The studentships are normally of the value of £350 or £400. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University. Applications should be sent not later than July 1, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

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...ther appointments see page 575

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...se on July 17, 1960.

GENERAL SECRETARY VACANCY

In June, 1961, the General Secretary of the Institution of Professional Civil Servants will retire. *Applications are invited for this post. Candidates will need to* have a detailed knowledge of Civil Service organisation, Whitley working and trade unionism and be able to show a capacity for representing the extremely wide range of interests of the Institution's membership. Experience of negotiation and arbitration, a capacity for presenting a case and for speaking at public meetings, ability to write for the Institution's *journal, are all essential attributes.*

The salary is £2,700 a year (subject to adjustment in line with Civil Service salaries at this level). There is a non-contributory superannuation scheme with a fixed retiring age of 60. Six weeks' annual leave.

Applicants will be considered together with the present senior staff of the Institution. The successful candidate will be required to take up duties a few months before the General Secretary retires. Applications, giving all relevant detail, must *reach the Institution by June 30, 1960, and should be addressed to:* The General Secretary, I.P.C.S., Queen Anne's Chambers, 28 Broadway, London, S.W.1.

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RAILLE GALLERY, Islington Green, N.1. 25 paintings by KEN MOORE. April 21st-May 14th.—Courtesy Albert Landry Gallery, New York.

FINANCIAL NOTICES

DOMINION OF CANADA
THREE-AND-A-QUARTER PER CENT. REGISTERED STOCK, 1958-1963

For the purpose of preparing the Interest Warrants due July 1, 1960, the BALANCES will be STRUCK at the close of business on June 1, 1960, after which date the Stock will be transferred ex-dividend.

For the Bank of Montreal, Financial Agents of the Government of Canada in London.

E. A. ROYCE, Manager.

47 Threadneedle Street, E.C.2.
May 2, 1960.

THE CUNARD STEAM-SHIP COMPANY LIMITED. NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS for ORDINARY STOCK and PREFERENCE STOCKS will be closed from May 18 until May 31, 1960, both dates inclusive.

By Order of the Board.
H. M. GOULDEN, Secretary.

Offices: Cunard Building, Liverpool.
May 5, 1960.

NORANDA MINES, LIMITED
DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable June 15, 1960, to Shareholders of record May 16, 1960.

By Order of the Board,
C. H. WINDELER, Secretary.

Toronto, Ontario. April 29, 1960.

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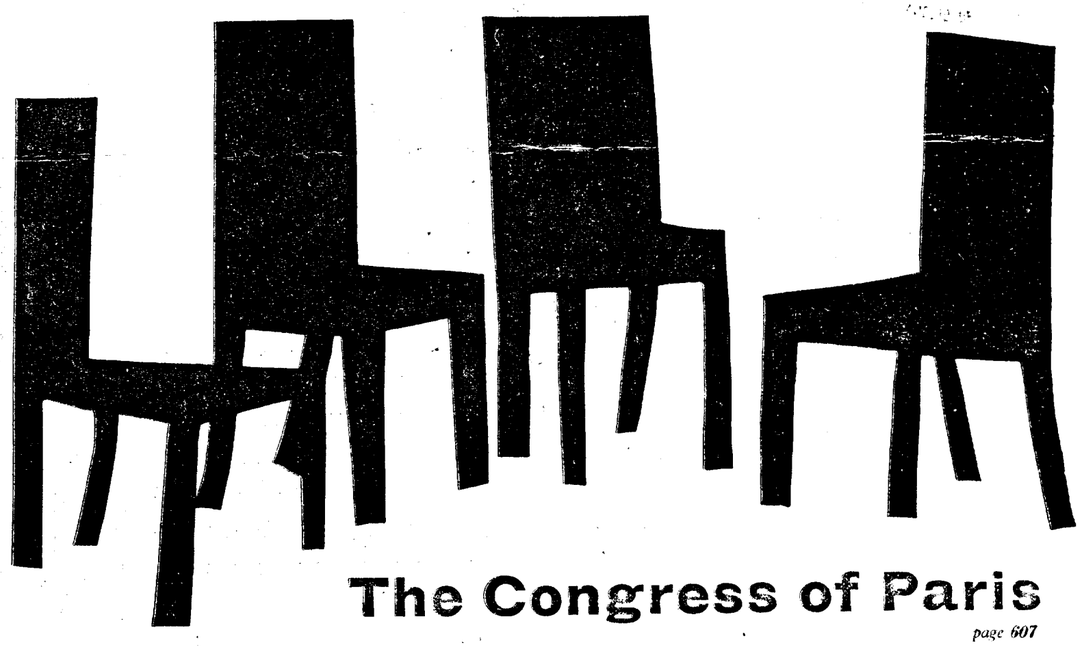

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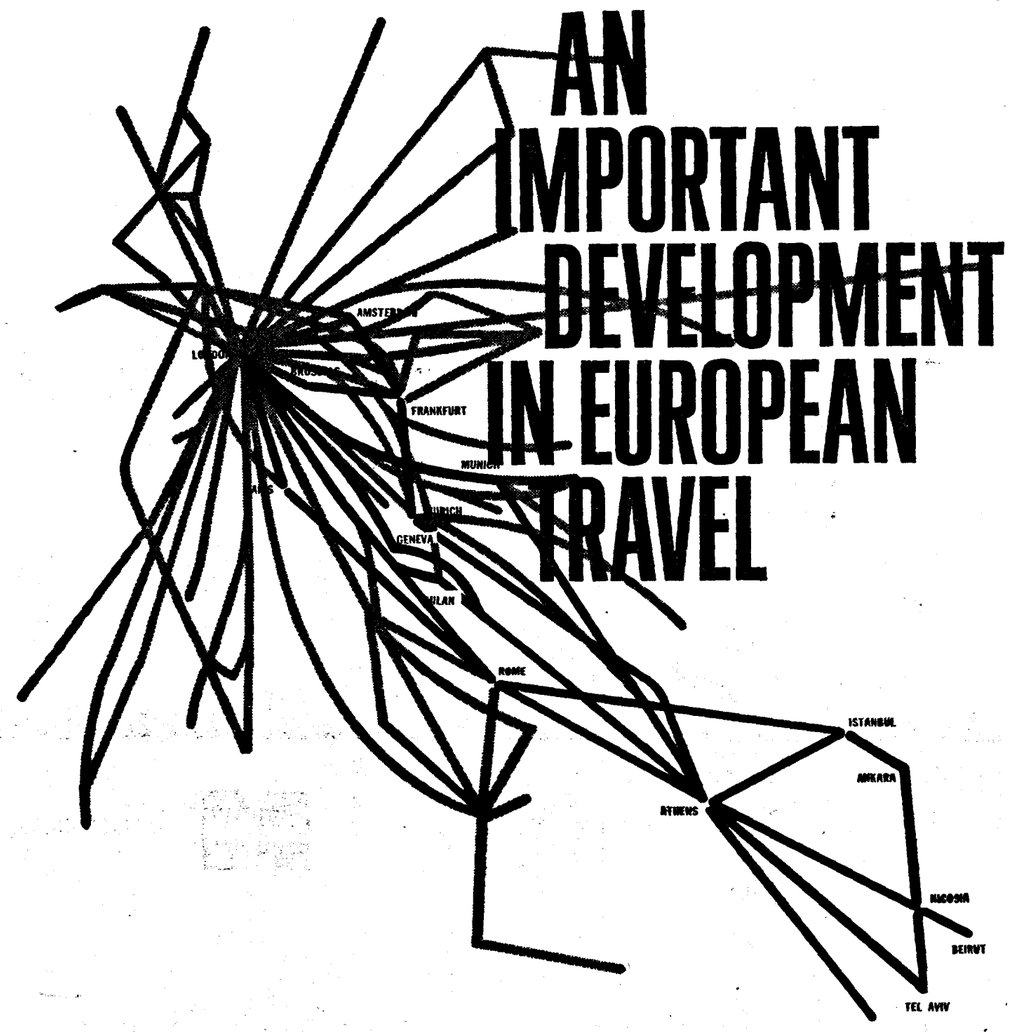

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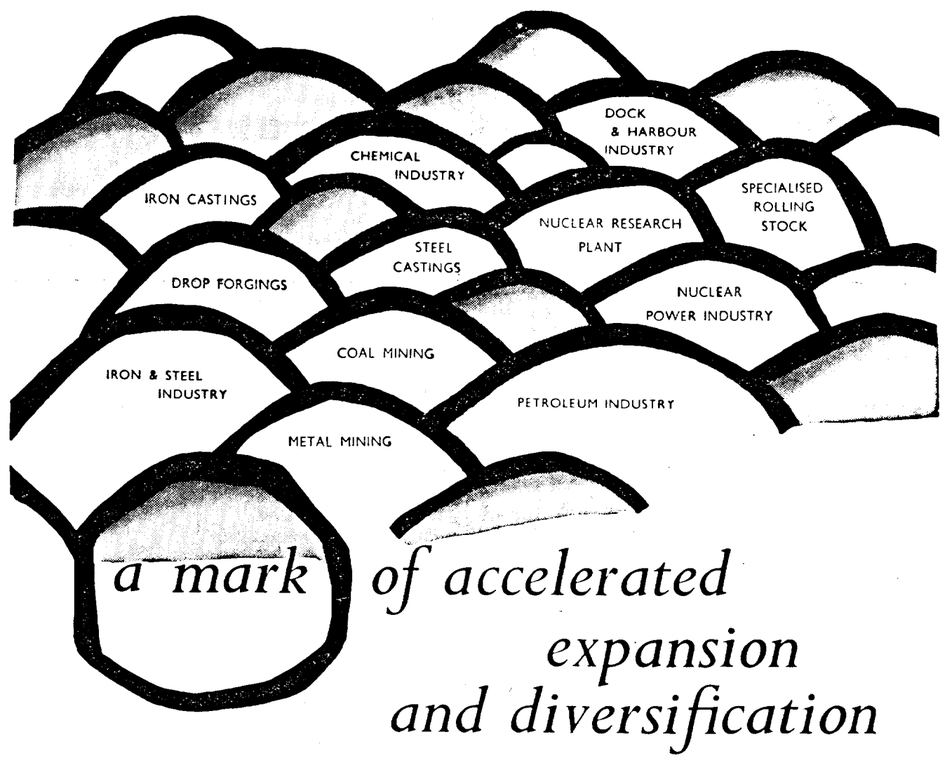

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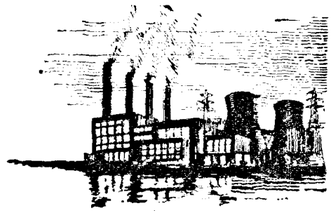

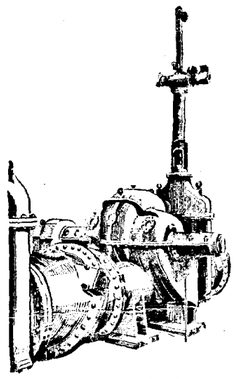

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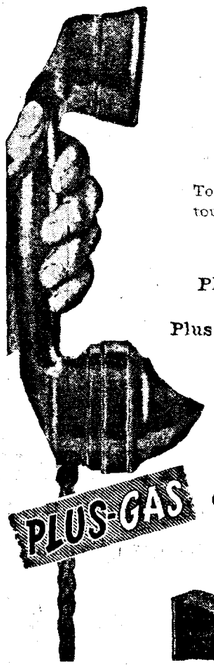

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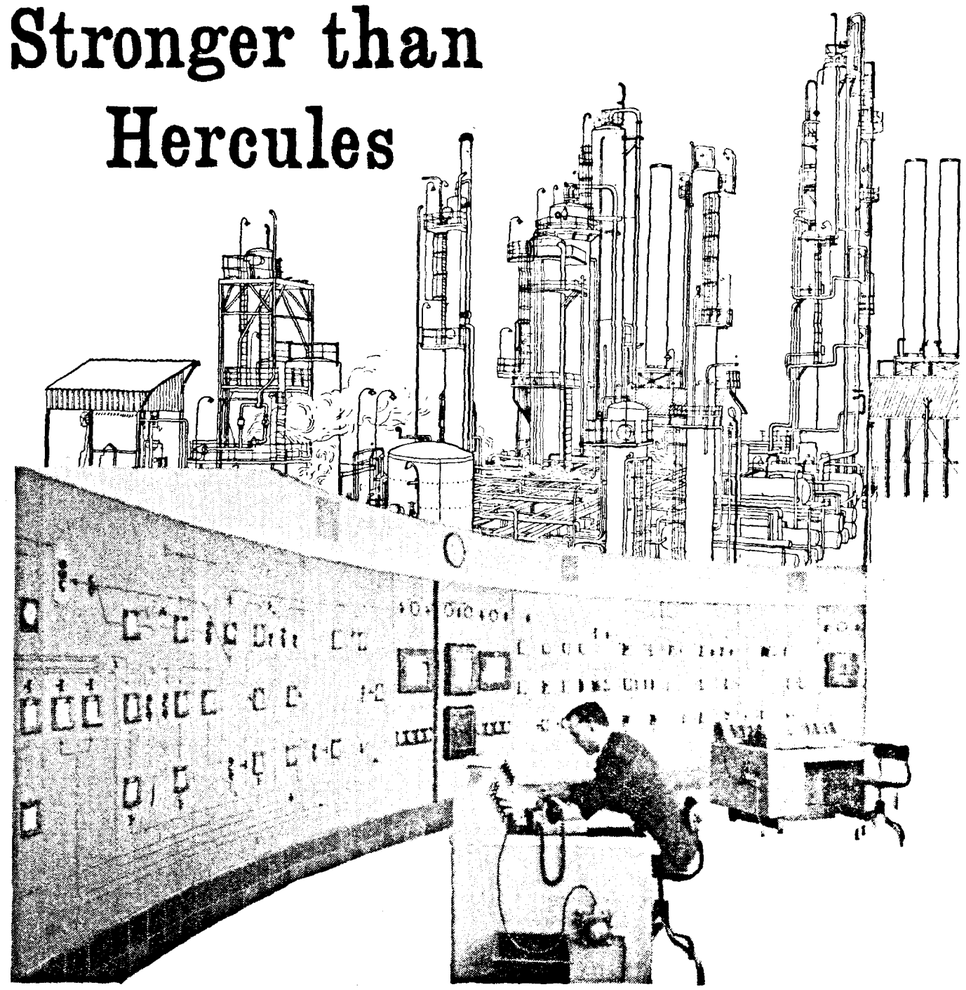

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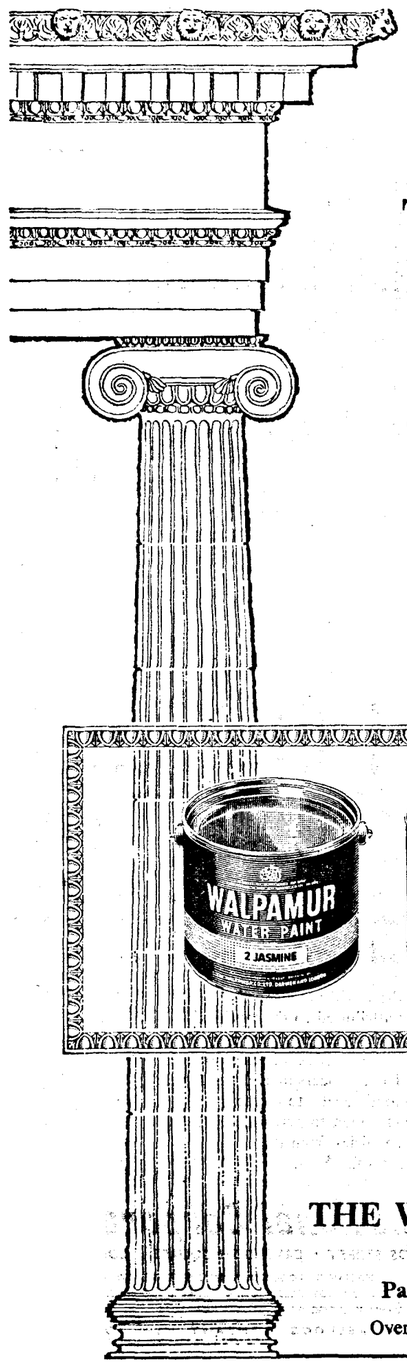

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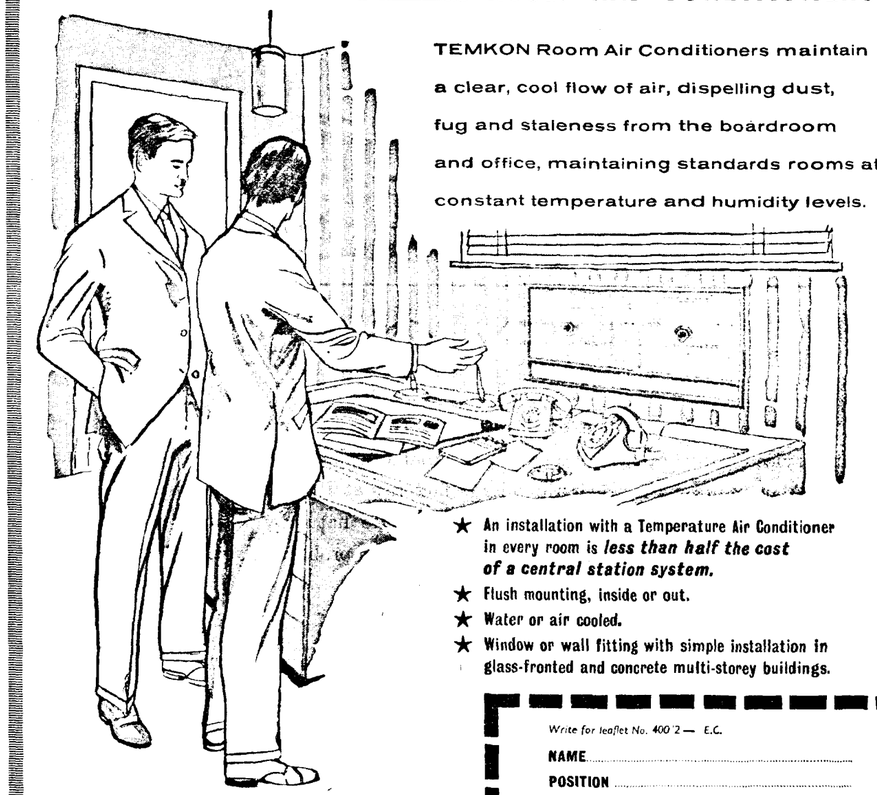

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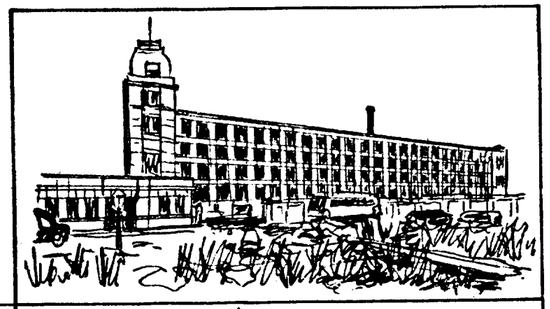

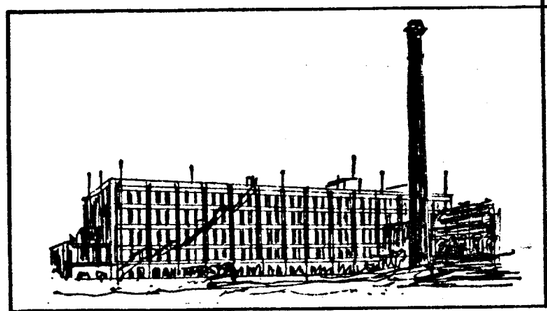

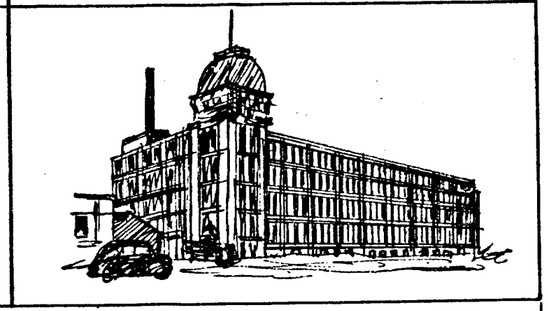

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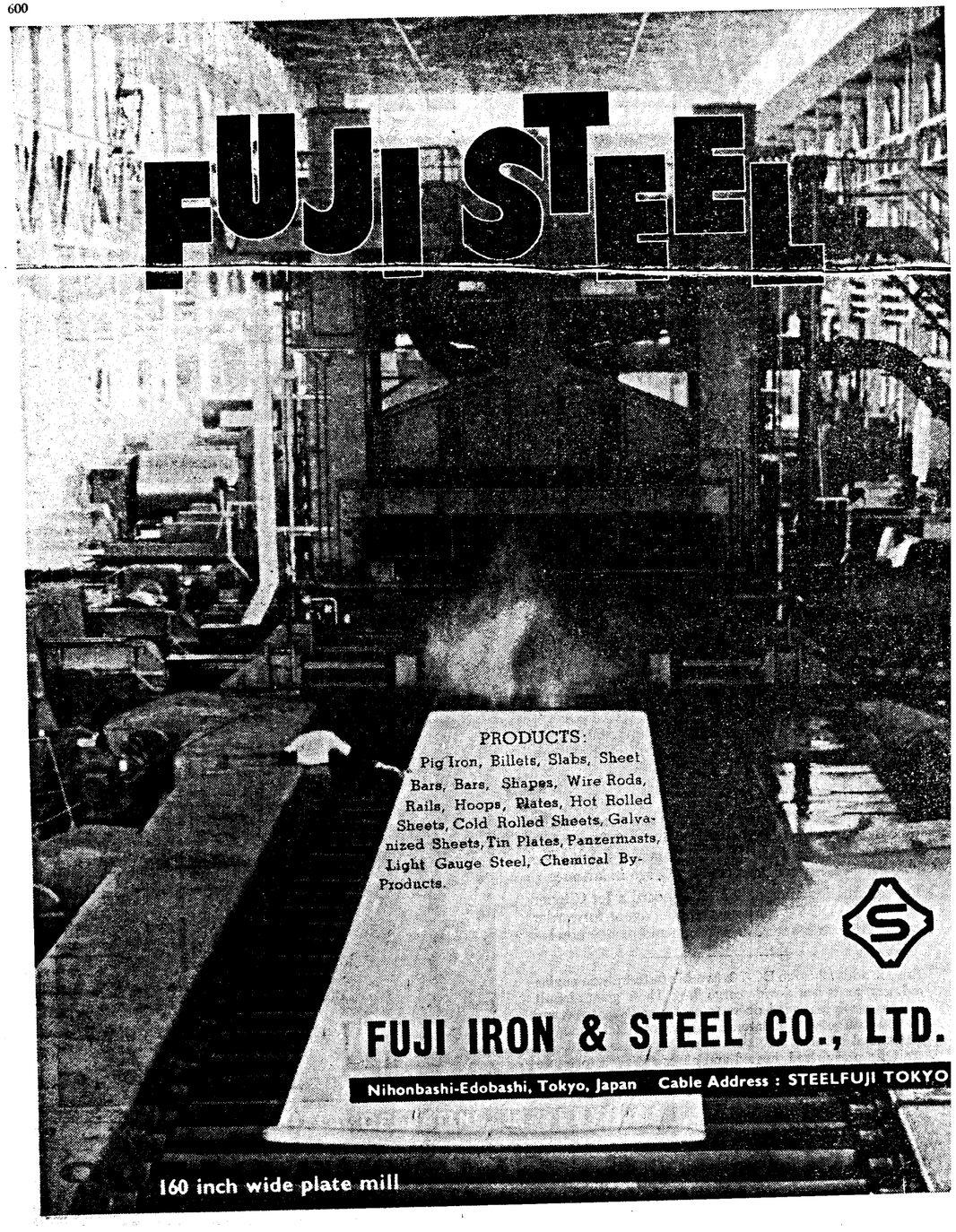

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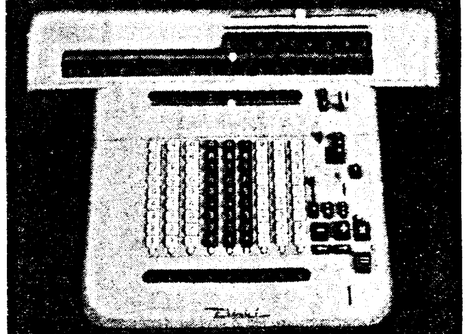

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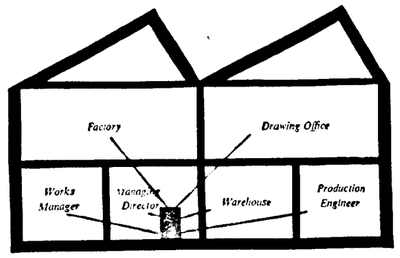

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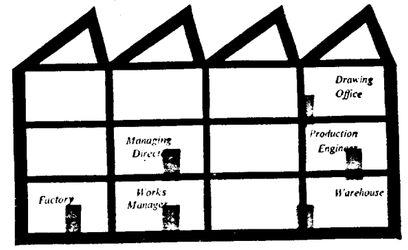

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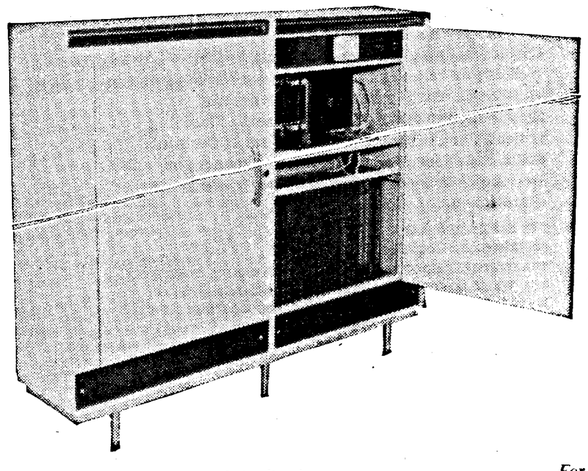

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The Economist

MAY 14, 1960

The Congress of Paris 607
Can Gaitskell Go On? 609
In Black and White 611
Newcastle in the Air 611

NOTES OF THE WEEK 613
Europe; The Wedding; Kenya; Universities; North Vietnam; Betting Bill; Local Elections; New Towns; Shipping Boycotts; Pensioners; Post Office; Sociology; Europe; Migration; Not on Ice.

LETTERS 623

BOOKS
The Hardest Nut 627

AMERICAN SURVEY
Where Depression's Chronic 631
I Spy; No Stopping Kennedy?; Wheat: Shared and Stored; Doctor in Spite of Himself; Wall Street's Crystal Ball; Segregation in Church; Aid for Aid; New England's Midlands.

THE WORLD OVERSEAS
Italy a Hundred Years Later—I 640
Cleaning-up in Korea; Mr Khrushchev's Game; Bonn's Political Warfare; Lebanon's Fragile Peace; Greeks and Turks at Odds; Ceylon's Return Match.

THE BUSINESS WORLD
Sterling's Light and Shade 653
Roads in Summer 655

BUSINESS NOTES 656
In the Markets; Hire Purchase; Railways; Steel; Building Society News; Rules for Bids; Construction; Shipping; Rubber Market; Atomic Energy Authority; Photography; Cables; FCI; DC 3 Replacement; The Motorway; Jute and Jute Goods; Top Letters; Aerial Photography; Shorter Notes.

COMPANY AFFAIRS 697
Boots Pure Drug; Sears Holdings; High hopes for Breweries; Marks and Spencer; Guest, Keen and Nettlefolds; Paper Prospers; Schweppes; Rolls-Royce; Burmah Oil; Hambros Bank; W. H. Smith; Rhodesian Selection Trust; Profits from Insurance; Union Corporation.

London and New York Stocks 700
Money and Exchanges 703
United States 704

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The Congress of Paris

THE weather planes over the summit speak of lowering skies. These are the normal atmospherics of diplomacy: they need not be unduly disconcerting. Mr Khrushchev has hurled many less justifiable thunderbolts than those he has just directed at the Central Intelligence Agency and General Twining. The righteous Jove has seemed, if anything, less menacing than the unregenerate one. Mr Khrushchev went as far as to question President Eisenhower's motives in Moscow on Wednesday, but the news blackout imposed for a time that night may mean that he then had second thoughts about courting an open break.

Even so, there is a danger. Mr Khrushchev has not been ungrateful for the opportunity given by the shooting down of an American U2 reconnaissance aircraft to chastise the Americans before a Supreme Soviet containing watchful, if silent, critics of the détente. He may even have earned himself an approving nod from Peking. But if the American pilot is now put to an unsavoury trial to satisfy the cold warriors of the communist block, President Eisenhower cannot be expected to negotiate in Moscow next month, whatever happens in Paris next week. As it is, most of the clouds above the summit have not suddenly blown up out of a clear firmament, and they will not speedily roll by. The problem of German reunification has been with us for fifteen years: the present Berlin crisis, in its more or less acute form, for a year and a half. We live in a damp climate: an umbrella is a luckless diplomatic symbol only when it stays tightly rolled.

The summit conference, and even a series of summits, will not by themselves solve the major crises of the world; they can merely alleviate them. By and large we must live with our tensions. What we can do, unceasingly, is try to make them livable with. Diplomatic solutions, when they are not imposed by force, become possible only after sensible shifts in the balance of power or changes in the internal complexions of the great powers. There have been occasions, particularly after Stalin died in 1953, when the balance of power in central and eastern Europe seemed to have shifted in the West's favour, and the reunification of Germany on western terms could appear a feasible diplomatic aspiration. This opportunity, if it ever existed, has now passed for the foreseeable future. When Mr Gromyko wished to be particularly tantalising at the foreign ministers' conference at Geneva last summer he would recall the years when Soviet policy still admitted, in principle, that Germany could be reunited through free elections.

But time jogs on and Soviet policy has a new basis. In November, 1958, Mr Khrushchev reopened the Berlin question in the belief that the advance of Soviet military technology and the consolidation of the east German regime had given him the advantage. But this summit conference still finds the powers in stubborn, and perhaps merciful, equilibrium. The Russo-American détente has produced nothing except the understanding that neither power dare strike the other down. This is something; it may even be counted the main thing. The capital lesson of diplomacy is that neither treaties nor agreements can permanently remove the danger of a great war. Only the determination of the powers themselves to avoid such a war can keep the danger in abeyance.

The object of the Paris summit and its successors should thus be twofold. It should be to compel the great powers regularly to apply their minds to the existing sources of tension that could seriously jeopardise the détente. If they

are realistic they can negotiate small, but cumulative, arrangements that can reduce the risk of their blundering into war. It should also afford them the opportunity, not of preventing new crises elsewhere—for the smaller powers cannot be deprived of their freedom of action—but of cushioning their effect, so that neither East nor West is so sharply humiliated or feels its basic interests so threatened that it is provoked into raising the dispute to a *casus belli*. This may be called a code of conduct, such as Mr Selwyn Lloyd is known to have in mind ; it is, however, unlikely that Mr Khrushchev's ideas of competitive co-existence go as far as the Metternichian inflexibility that such specific arrangements as arms embargoes in the Middle East or Africa would involve.

Even so, if they are foresighted, the powers will reflect with increasing urgency on the limitations of the present four-power system, hitherto chiefly preoccupied with European questions, in tackling disputes that are likely to arise in an ever-widening arena. This may prove to be the last summit conference for a considerable period to be primarily concerned with European issues. The next one could find itself more immediately interested in Iraq or North Africa ; the next, with South East Asia or the Caribbean. Already, the problems that China, a restless and ambitious power, poses in nuclear and general disarmament suggest that future discussions on those subjects, at any rate, cannot be profitable without its concurrence. There are, and will be, other powers with claims to be heard. All this will be better considered before the next emergency arises. Summit diplomacy can hope to have greater success in these preventive efforts than in its strictly therapeutic ones.

MR KHRUSHCHEV'S initial, sophisticated reaction to the spy plane incident suggested that the present détente might have a greater stability than had appeared likely even on the morrow of his American visit. Thus, he did not declare that these flights, each one of which confronts the ground defences with the fear of surprise nuclear attack, were necessarily a cause for war. He apparently knew enough of Mr Eisenhower from their earlier meetings to be able to dissociate him publicly from these espionage activities. There has been no question of abandoning the summit.

Yet Mr Khrushchev's own position must be considered. He has associated himself with a policy of extending the basic détente. It has not received general support within the communist block. Since last December he has seen the West engaged in an anxious attempt to rediscover the semblance of its earlier unity ; and it might not unreasonably be construed that the coherence the West now possesses comes from the tacit acceptance of the arguments of those most attached to inflexible policies. At the same time, the United States decision to persevere with the reconnaissance flights and the unilateral decision to resume underground nuclear tests—even for peaceful purposes—may increase whatever plausible suspicions Mr Khrushchev may entertain that military opinion in the West is consciously reducing the prospects for an improved détente.

The bias of Mr Khrushchev's policy in the next ten days may thus be unusually instructive. He has seized on the spy flight as an excuse to his own critics if the Paris summit ends in unmitigated deadlock. It remains to be seen what efforts he is prepared to make in Paris to escape from such a deadlock. If he judges that Mr Eisenhower's visit to Moscow would serve no useful purpose, he has a spy trial ready to prevent Mr Eisenhower's arrival. One factor in Mr Khrushchev's mind must be the type of American government that will emerge from the November elections. Even before the aircraft incident Mr Khrushchev had launched a bitter personal attack against Mr Nixon and one of his possible secretaries of state, Mr Dillon.

THERE is, however, a more hopeful moral that may also be drawn from the flight of the U2. The American counter to Mr Khrushchev's charges against foreign bases has been to revert to the idea of Mr Eisenhower's open skies proposal at the Geneva summit in 1955. The moral basis for this may now look shakier than it did ten days ago, but the scientific argument is becoming increasingly convincing. The rapid development of aerial photography techniques, to which American research has been giving much attention, is reaching the point where the Russian aversion to disarmament inspection—which Mr Khrushchev prefers to call licensed espionage—could become as antiquated as the U2 aircraft itself beside the Samos reconnaissance satellite. The United States has already got surprising, if unintentional, photographic results from its last earth satellite ; and there was no Russian protest. For Mr Khrushchev to insist on the inviolability of his air space will grow increasingly difficult with time: after all, he has his own satellites girdling the earth over everybody's heads. Ultimately, the powers will have to choose between shooting down every meteorological device, if they can, and living with the idea of being inspected. If inspection from satellites cannot be prevented, Mr Khrushchev may come to see the sense of making a proper job of it, and tying in prevention of surprise attack—General de Gaulle's present preoccupation—and general disarmament as well.

It seems probable that the U2 incident will give the disarmament question an even higher priority in Paris than it would otherwise have had—even if the full consequences of scientific development are not yet accorded full diplomatic recognition. This is the field where Mr Khrushchev himself is most likely to spring surprises ; after all, the Russian position in the ten-power talks at Geneva has not budged appreciably from Mr Khrushchev's own proposals at the United Nations in September, 1959. The summit can infuse new purpose into the flagging Geneva talks both on general disarmament and on nuclear tests. This is necessary if the détente is to be given any purposeful meaning.

The German question and Berlin, the most immediate sources of tension between East and West, remain. Since the talks at Geneva and Camp David last summer Soviet policy has been at some pains to remove the impression of a threat to sign a unilateral peace treaty with the east German regime, provided the West shows itself willing to negotiate. If Mr Khrushchev is prepared to await the outcome of the American elections, and the next west German elections in 1961, before cutting the last bridge to a compromise with the West, an interim arrangement on Berlin remains a possibility. Berlin is thus a continuing test of the great powers' determination to avoid a general war.

Mr Eisenhower has made it perfectly clear that the only way west Berlin can be protected by the West is by making it a *casus belli*. For the past twelve months Mr Khrushchev seems to have taken him at his word, that an overt move against Berlin would disrupt the détente—perhaps fatally. The issue on which the West has not been decided in its own discussions is how far it is necessary and possible to let Mr Khrushchev off the hook—for the absence of any compromise would be interpreted inside the communist block as a direct rebuff—by rewriting the Berlin statute both to continue the indispensable western rights and to deprive the Russians of any legitimate complaint there. To leave west Berlin in jeopardy would itself be a crushing blow to western unity and prestige. Everything depends on whether the argument in Paris, on both sides, is conducted in order to win or, in the last resort, to reach a compromise. The safe ground is narrow, but it can still be discerned on the lines of the final western offer at Geneva last summer.

The essential issue in Paris is whether the powers are content to settle for the sterile détente imposed by the nuclear balance, or whether they are willing, both by alleviating existing tensions and establishing the machinery of consultation that can limit the effect of new crises, to improve the quaking half-trust that has been built up on the simple avoidance of the ultimate disaster. This has to be a two-sided business. It is not enough to suppose that Mr Khrushchev and Mr Gromyko have reason to let the West down lightly this time, or that the essential enlightenment of western policy will necessarily shine through the argument. But the détente, such as it is, exists. It is not impossible for both sides to walk, circumspectly but deliberately, down the same road.

Can Gaitskell Go On?

It now seems probable that the Labour conference next autumn will pass a motion in favour of unilateral disarmament, and thereby confront the party with the greatest crisis in its history

LAST month, the self-confessed failure of the Government's defence policy threatened the collapse of the Opposition, caught Mr Gaitskell in mid-flight between the United States and Haifa, and presented Mr Macmillan with the paradoxical prospect that a few more such Tory fiascos might leave him without a major party to fight against in the country. Only a brilliant and exceedingly unlikely success by Mr Macmillan at the summit could now, it seems, rescue his political opponents from suicide by resolution at the annual conference next October: a real rapprochement with Russia on multilateral disarmament could alone create the "new situation" which would enable right wing trade union leaders to wriggle free of their neo-pacifist mandates. Otherwise, if Mr Macmillan fails, and particularly if he fails gallantly, Mr Gaitskell is in the soup. A staring match will have begun between a party conference that lacks the power to elect a leader but also the temper to work with one who is not a unilateral disarmer, and a Parliamentary Party that will not elect a unilateral disarmer as leader but has usually considered itself bound by the conference's resolutions.

The first question for Mr Gaitskell is whether this battle is to be faced immediately or very temporarily avoided. If Mr Gaitskell were a man of weaker fibre than he is, there are plenty of pressures that could incline him to acquiesce in evasion. He finds himself surrounded by a Labour tradition and an atmosphere in which "fudged" resolutions saying one thing in a tone indicating the opposite are the rule. Some of his supporters in the Parliamentary Labour Party are already saying that a unilateralist resolution will have to be passed at the conference because the unions are so mandated, but that it can be done hurriedly at the end of an afternoon ; that an executive resolution which straddles the defence issues can be given maximum publicity and then be carried as well ; and that although the conference will thereby have made an ass of itself the history of Labour party conferences shows that this will be in their best tradition.

Others claim that Mr Gaitskell can turn to his own advantage the fact that the inexorable pressure of events has forced nearly everyone to adopt a position not dissimilar to Mr Cousins's original seven points—which denounced a "first strike strategy" and hence first strike weapons like the Blue Streak and called for the removal of vulnerable weapons like the Thor. This group, or collection of individuals, of whom Mr Crossman is one of the most noticeable, favour substituting an entirely new Labour defence policy to supersede all previous controversies. Other Labour supporters say that there is no real need for Labour to have an official defence policy at all ; it would be far more sensible if individual members of the Opposition were encouraged to enhance their personal reputations by contributing their own ideas to the public pool, without committing the party to fixed positions or raising questions of a split.

NO doubt these last two suggestions are tempting. But, even if papering over the cracks were the right thing for the party to try (which it is not), these would not do the trick. Most of the new policies that are being proffered to replace the dead policy of the independent deterrent would not unite the party, but would split it even more disastrously than has the old policy. For example, there is Mr Crossman's five-point plan in the *News Chronicle* for combining loyalty to Nato with a non-nuclear Europe ; one of its indispensable features is the restoration of some form of conscription, and the mass of the party would never swallow that. Again, many people would feel that Mr George Brown's instincts were sound, when his first reaction to the cancellation of Blue Streak was to go over to the idea of some sort of west European deterrent—a policy that could signalise a reversal of Labour's supercilious treatment of the movement to unite Europe and a proud resumption of the internationalist element in its tradition. But a political party cannot back casually into a continental union

just as a device for cobbling up its own shattered unity. Mr Wilson has already begun to remove the ground from beneath Mr Brown by touching on the anti-German instincts that run through most sections of the Parliamentary Party, and alerting the watchdogs of British sovereignty on the trade union right, on whose support within the Parliamentary Party Mr Gaitskell must absolutely rely.

The second idea—of allowing a free-for-all in advocacy of defence policies from the Labour benches, and saying that there could thus be no split—falls to the ground partly because, under the watchful and cliché-ridden pen of the press, it is hard to change conventions in mid-play ; but mainly because in the Labour party there is always the hungry maw of the conference which has to be fed annually with paper resolutions, and the relentless parliamentary motions of the fifty-man unilateralist group which force the Opposition to define its position in the manner of a government. Worst of all, the capture of the trade union block votes at the annual conference by the left means that, even if Mr Gaitskell found some magic formula on defence in 1960, he would find the conference returning to the assault with a paper majority in favour of a runaway policy in some other field in 1961.

THERE is therefore only one sensible course for the leader to follow this year. If the Labour conference passes a resolution in favour of unilateral disarmament next October, Mr Gaitskell must try to persuade Labour MPs to give up their feeling of obligation even to pretend to accept the conference's fiat. He must put his own leadership at stake in the process. There are signs that Mr Gaitskell is beginning to recognise this. What is not so certain is whether Labour MPs will stand rocklike behind Mr Gaitskell if they are led into such a conflict of wills.

The one historical precedent—the forced resignation of George Lansbury as leader in 1935, even although the Parliamentary Party remained loyal to him—is not very hopeful. Moreover, Lansbury was probably the only parliamentary leader of the Labour party who was really loved by his followers. Mr Gaitskell would be no competitor for such an accolade. He might not even think it desirable for a leader ; it probably is not, and where Lansbury was concerned it did not in any case do him any good. However, if there is to be a showdown, Mr Gaitskell needs a margin of personal affection in order to win—and, to speak quite frankly, there are many strategically important places in the Parliamentary Party at which this margin is alarmingly thin.

The present Parliamentary Labour Party is no monolith, even disregarding the forty or fifty members who can be guaranteed to sign any "Victory for Socialism" motion and such special cases as Mr Shinwell and Mr Crossman. There are numerous groups which shade into each other. The right-wing intellectuals (who are right-wing in the sense of favouring the adventurous ideas of the nineteen-sixties, such as readiness to contemplate merging sovereignty in Europe, rather than the adventurous ideas of the nineteen-tens) are a very different proposition from the right-wing trade unionists (who are conservative in everything, including old-fashioned patriotism and old Labour party slogans). Among the trade unionists some, like Mr Charles Pannell, are "heart of oak" loyalists to Mr Gaitskell ; others put up with him only so long as he is a "stand-patter." He is "their intellectual," to be used against the left-wing intellectuals whom they hate the worst.

There are other Labour backbenchers, some of them influential among their colleagues, who found equally distasteful the style in which Mr Gaitskell attacked Point Four at Blackpool and the manner in which the Amalgamated Engineering Union has come out for unilateral disarmament. If it came to a showdown, which sentiment would prevail ? Moreover, there is no denying that individual backbenchers are being, and increasingly will be, subjected to heavy pressures from the left-wingers in their constituency parties and their unions. Some might be frightened that, if they followed Mr Gaitskell on the constitutional issue of defying the party conference, they would not be renominated by their local parties to fight as official Labour candidates next time ; some might wonder anxiously about their financial security if a steady drop in Labour support continued each election and they had fallen out of step with the unions which might re-employ them.

THE possibility must be faced, therefore, that the Parliamentary Party might serve notice on Mr Gaitskell that it would not stand boldly beside him at the barricades. What then ? Since Mr Gaitskell's character would rule out an undignified clinging to the slender perquisites of position on Mr Cousins's sufferance, only two alternatives would be left to him: resignation followed by retirement, or resignation followed by battle from the back benches. The time has come to consider these possible alternatives ; and to say that, if it did come to this choice, Mr Gaitskell should be backed in what appears to be his present inclination to fight on from behind.

Obviously in such circumstances he should try to induce in his colleagues of the shadow cabinet a sense of collective responsibility ; he should ask them all to resign with him. The pacifists could not take over the front bench, since applause at the conference is not enough to give them a majority among their parliamentary colleagues. Perhaps Mr James Griffiths might be accepted by all sides as head of a caretaker front bench, to go through the ritual motions of Opposition while the various factions slugged it out in his rear. Such a very desperate expedient, involving the conscious throwing of the Opposition into chaos in order that it might refind its soul, would depend for its success largely on the resolution and self-discipline of the present members of the shadow cabinet. Would Mr Harold Wilson, for instance, in these circumstances, move to the back benches alongside Mr Gaitskell, or would he make himself available as a candidate of reconciliation ? What about Mr Bevan ?

Whichever way one looks at it, the prospect is grim for anybody who believes that the continued existence of a strong Labour party is an essential element in British politics. But since no possible way out can guarantee success, Mr Gaitskell has every incentive to risk all by being bold. The best bet is the unilateral disarmament of the party conference by a moral lead from the Parliamentary Party ; at the same time, a threat to involve the party in a suicidal war if it does not back Mr Gaitskell promises to be his most effective deterrent. Between now and conference time Mr Gaitskell's aim should be to make that deterrent widely known and credible. He would be wise to begin making outspoken public speeches now.

In Black and White

An alternative exists to a total rift in the Commonwealth bond

THE plain speaking about South Africa that has developed during the Commonwealth conference is not appalling ; it is essential. Mr Louw made it clear from the start that there was no prospect that the Union government would modify its policies however tactful the other Commonwealth members were. Neither in his public statements, nor in the course of the private conversations that have led some of the premiers to speak of him in pachydermatous terms, has he hinted at any modifications or even recognised the strain that South African racialism has imposed on the Commonwealth bond. Nothing was to be gained by soft soap.

The unpleasantness at the Downing Street club has, admittedly, had its painful side. The British hate a scene ; and the continuing strength of British habits in other Commonwealth countries has been revealed by the general extent of the embarrassment. When the prime minister of Malaya first took on the role of *enfant terrible,* other heads of government felt a certain need to explain away this uncharacteristic behaviour by the normally mild and patrician Tunku in terms of "playing politics" ; and it took Mr Louw's public brandishing of an invitation to visit Ghana to provoke Dr Nkrumah into cancelling it with equal publicity. But, however great the embarrassment, one can only be grateful to the South African government for having been represented at this conference by the rocklike Mr Louw, rather than by some misleadingly conciliatory figure. The ugly realities of the Union's present policy and future prospects have been starkly presented—the phrase is unavoidable—in black and white.

In Cape Town on Tuesday, the minister for Bantu affairs, Mr de Wet Nel, disposed of any faint doubts that might have survived Mr Louw's frankness by choosing this moment to tell parliament that the pass-book system "can never be abolished." In London, on the same day, there was the unprecedented sight of a group of political refugees who had succeeded in escaping from a Commonwealth country appealing to the assembled premiers for action to salvage not only South Africa but also the unity of the club itself. The arrival here of the secretary-general of the United Nations, embodying the universality of the condemnation that has placed South Africa in its present isolation, completes the picture.

Obviously the Commonwealth cannot much longer perform its role of uniquely intimate link between western, Asian and African countries if that role is blatantly contradicted by the conduct of one member. Understandably, and indeed rightly, Britain and a majority of other members are not eager simply to cast the Union into outer darkness if any less extreme step can show promise of effective results. But Mr Louw's performance in London has left little hope that his government is to be swayed by polite pressures—except in one respect, which may yet prove crucial. Not so long ago, it might have seemed fantastic to imagine the Nationalist government asking for consent to its continued membership of the Commonwealth under a republican constitution. Mr Louw's request this week revealed how quickly Nationalist attitudes toward Commonwealth membership have been transformed. It also revealed to the other members that they had in their hands a lever—the South African fear of utter isolation—which might be used to good effect.

The suggestion that another Commonwealth conference might be convened after the unusually brief interval of one year, and that the South African government's behaviour during the intervening months might be taken as the basis on which the other governments would decide about its continued association with them, has a great deal to commend it. The idea is, of course, like most things in the Commonwealth these days, without precedent ; the system is broadening down from innovation to innovation. But it is an idea that matches the realities of the situation—and it ought to appeal to the realism that is the Commonwealth's basis.

THE AFFLUENT RECESSION—II

Newcastle in the Air

Our special correspondent has been visiting Tyneside, and found civic liveliness amid moderate economic depression

AMONG the buildings doomed by the extension of King's College, Newcastle, is the terrace in which once lived the brothers Stephenson ; while Mr Basil Spence's growing physics building affronts conservative opinion with its cantilevered lecture rooms, the locomotive works that bears the Stephensons' name is filling its last orders. Near King's, the site is ready for the new town hall, and there is talk of a brand-new city centre with raised pedestrian walks. But in Newcastle itself unemployment is 3.1 per cent (compared with the national average of 2.1), and down the river in Jarrow and Hebburn it is 8.5. The public image of the north-east is one of general decline ; the local image of Newcastle—which it is desperately anxious to transmit to the rest of the country—is of an enterprising city in which, while industry flounders, great attention is lavished on culture and civic pride. With Geordie commonsense, its leading citizens recognise that tomorrow's Newcastle will need to have changed radically if it is to be there at all.

Newcastle is the capital—actual or manqué, according to the school of thought—of the north-east region. This is a region which is geographically difficult to define, but economically easy to recognise: something more than the area between Tyne and Tees, something less than that between Edinburgh and York, an area of long-established but monotonously un-

variegated industry. Throughout the nineteenth century city and region alike boomed with careless rapture, and now they are paying for it.

Mining, shipbuilding and repairing, heavy and electrical engineering account for over 50 per cent of the region's labour force—compared with less than 30 per cent nationally. Today all these are in trouble. The National Coal Board's 1960-65 plan for Northumberland, Durham, and Cumberland may see as many as 23,000 miners paid off. Britain's output of ships has remained almost stationary since the war, while that of West Germany, for instance, has increased almost tenfold. The advent of the common market ironically emphasises Newcastle's claim to be an ideal port for exports to Europe.

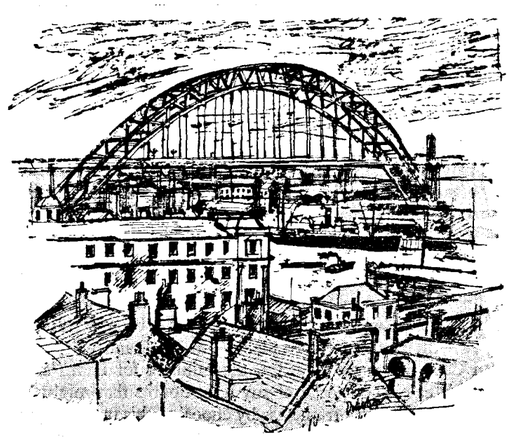
Today's problem is how to start again on a scribbled slate. The basic need, every north-easterner agrees, is to attract industry. But of what sort? Here opinion divides sharply. Shipbuilders, of course, want more orders for ships; British shipbuilding (whose decline is variously ascribed to subsidised foreign competition, union opposition to new techniques, subcontractors' high prices) might be revived (by technical innovations, labour reforms, government help either to shipowners or shipbuilders). Others demand some totally new type of heavy or medium skilled industry, such as motors. But the shipbuilders and engineers are understandably less than eager for competitors for skilled labour—especially when, like the motor industry, they would pay higher rates. They speak of the dangerous influence of an alien industry's squabbling unionism on the north-east's uniquely peaceful labour situation (local boasts about which contrast oddly with the complaints of the shipbuilders in particular that one of their main handicaps is the short-sighted obstinacy of the unions). A third group agrees that the type of industry should be different: but they want the eggs to be as widely basketed as possible: "refrigerators, electronics, plastics," they say airily, "and things like that."

NEWCASTLE has inherited more than its fair share of last century's dirt and ugliness, but it has other things: libraries, theatres, 1,000 acres of parks, a university—and a sort of civic consciousness which makes it not embarrassing to belong to a Literary and Philosophical Society with a classical portico and marble busts. It has the strong local loyalty which is at once the virtue and the curse of the whole north-east. It is this which, despite the constant emigration from the region (158,000 male workers left the region between 1951 and 1958), brings many people back from good jobs in the south or midlands to second-rate or non-existent jobs at home. It partly explains the wide variations in local employment rates; there is a certain type of true Tynesider who would die sooner than move forty miles to the Tees, where unemployment is no more than the national level. But it gives the city an identity.

Newcastle has character enough to make concessions (the easy friendliness of the natives astonishes the visiting southerner) and to enforce custom (there is little welcome for the female rash enough to go into the bar of a Newcastle pub). In Newcastle workers go home for lunch—and to watch television; only the Scots are more avid lunchtime viewers. Not that they are un-British: even in Newcastle more people will watch "Wagon Train" than a BBC programme of clog-dancing. But it is far enough from London and other large cities to exist self-contained. It enjoys its own pleasures without envy. During June race-week the whole population goes to the Town Moor for the "Hoppings," (the temperance fair originally intended to distract the pitmen from gambling); on other holidays they go down to the sea at Whitley Bay or South Shields.

The problem of renovating the north-east is how to give a lead. On Tyneside alone there are seventeen local authorities. People in Newcastle have come to believe that the city council is the only one with sufficient prestige and resources to carry through a common plan. Under its present Labour government, it has in the last two years started to take an interest in the North East Industrial and Development Association, a private regional promotion body. It has also decided to give a face lift to the city itself.

The Lord Mayor has announced her intention to "change the face of Newcastle in five years." Though the legendary



Dobson and Grainger left Newcastle with a section of now-nibbled but still impressive early-Victorian town-planning, much of the centre, from the archaic and partly derelict terraces down by the quayside back up the bank into the city, is in a woeful mess. The town hall is squeezed like a toothpaste tube between narrow streets shaking with heavy traffic. Away to the north, King's College has grown up outside the city proper. Hotels are very few and of varying quality. The proposals for a new city centre provide for commerce, freer traffic flows and prestige: the projected £2½ million city hall will face the gleaming buildings of the growing university, and provide the gateway to a colossal shopping centre. The current education programme has some deliberate elements of snob value in it: while primary schools in Northumberland close down, the education committee has proposed spending at least £4½ million on higher education. Extensions to the existing Rutherford College of Technology are merely the first items in a scheme which includes a college of art and a school of music. King's College is at present part of the University of Durham, but it is scheduled to grow from its present 3,700 students to about 5,000, and will probably—and deservedly—soon become an independent university college.

But the mere word development implies new difficulties. Every scheme needs space. In Newcastle this is scarce; its population density is twice that of Bradford. Some space can be saved by replacing two-storeyed front-and-back slums with blocks of flats (though there is considerable reluctance to move from the houses traditionally clustered round the shipyard gates). But in general expansion means dealing with some other authority. This is true of the whole area. Northumberland County Council wants to see a clean break with the old creeping-octopus-spread; it proposes to "hedgehop" increased population into two brand new towns to the north-east (North Killingworth and Cramlington) with 17,000 and 30,000 inhabitants respectively. Its plan also seeks to open up the whole chaotically-developed area north of the Tyne, with a new spine road to a Tyne tunnel at the river's mouth.

Any scheme like this may concern—in terms of population, traffic and commerce—a dozen authorities. Present boundaries cause endless complications. Newcastle and Gateshead both operate a bus service both sides of the boundary, solemnly handing over receipts for tickets bought in the other's territory. The airport which serves the whole area—and whose freight traffic more than tripled between 1956 and 1958—is still Newcastle's sole responsibility. Localised views about priorities may disagree: thus Gateshead's progress with its traffic problem merely causes still greater traffic jams the Newcastle side of the bridges, where little has yet been done.

Newcastle's proposed solution to these problems is that it should swallow up some of the other local authorities. In 1937 the City Council approved a minority recommendation of the Commission on Local Government that Gateshead, Wallsend, Jarrow, Gosforth, Walker, Felling, and Hebburn, should be taken into a new county borough of "Newcastle on Tyneside." No action was taken. Last November the City Council passed almost exactly the same resolution. This is despite the fact that in such a merger it reckoned that Newcastle's present 17s. 6d. rate (producing £17.27 a head) would have to rise by about 3s. But its arguments for a greater Newcastle have little appeal for, say, any prospective mayor or councillor of Hebburn; the Newcastle council is fully aware that local pride is likely to fight to the last tricorne hat in the cause of local dignity. The Local Government Commission's decision is awaited.

It is easier to see closing mines and the empty berths in Tyneside shipyards than to keep up with the not always documented enthusiasm of planners. But at least the enthusiasm is there. It is proposed that in the spring of 1961 Newcastle will run an exhibition to demonstrate "the Tyneside of tomorrow." There are plans for a 1962 festival of Art, Music, Drama, and Recreation, to mark the centenary of Blaydon Races. There is a chance that the 1962 Royal Show will be in Newcastle. (The main difficulty in each case will presumably be to find enough hotels). If what is required for success in the 1960s is an ability to forget the past and to think comprehensively, and if there is still a place for a city with character, it ought to be possible—with luck and a little confidence from others—to forget for ever about Jarrow and the hunger-marchers, about Newcastle as the place not to take coals to, and to dispel the picture of the north-east as distant, dirty, cold and on the way out.

NOTES OF THE WEEK

EUROPE

A Question Evaded

UNHAPPILY, the conference of Commonwealth ministers has provided no evidence whatever of any change in the British Government's European policy. After their heated sessions on apartheid, the ministers contented themselves with the customary bromides about European trade—statements that all can agree on, and which mean nothing at all in terms of specific policy. The split in Europe was deplored; a bridge between Six and Seven was thought desirable: Mr Macmillan assured Commonwealth ministers that the Seven would be outward-looking; lip service was paid to the trade interests of the undeveloped countries.

But this is not what was wanted. The Commonwealth is always held up as the reason why Britain must exclude itself from European union. Is it? What does the Commonwealth think? This was the moment to try to find out.

The opportunity to sound out Commonwealth views on a possible British membership of the European communities was allowed to pass. It is a pity, for the week also brought the news from Luxemburg that the Six are preparing to press on with their acceleration plans—delayed, it is true, and preceded by a gesture to the Seven, but not modified in any way likely to prevent decisive steps on January 1st towards the creation of the common market and its differentiation from the rest of Europe.

The one new economic idea that the commonwealth conference produced was that of a programme of aid for Africa. As a vague general objective, that is an aim to which all can subscribe. But the idea of pursuing it in a separate commonwealth context raises a big doubt, closely connected with the split in Europe itself. As the African states emerge from their French and British tutelage it is becoming obvious that their economic viability and their political stability will alike depend on the formation of new groupings cutting across the frontiers inherited from the colonial past. The time, therefore, seems ripe not for new separate economic plans for the African commonwealth countries and the French community countries, but for an attempt by the European powers to promote unity in Africa by new joint aid schemes. Whether such schemes can be got going while western Europe is still divided is uncertain. But a project that released unifying forces in the same way as Marshall Aid inspired the Organisation for European Economic Co-operation would certainly be a more fitting European legacy to Africa than divisive plans.

Using the Pause

THE meeting of ministers of the Six at Luxemburg this week, to discuss the projected acceleration of the common market, has brought some much-needed clarity to the European trade problem. The meeting had to deal with five main issues: whether there should be an acceleration at all, and if so when it is to start; whether there should be talks with the Seven first; whether the projected 20 per cent cut in the community's external tariff should be unconditional or should depend on reciprocal concessions from third countries; and whether the acceleration should apply to agriculture as well as to industrial products.

The Six have indeed agreed that the speed-up shall take place, but on two matters those who retain a vision of a larger Europe have had taken successes. Practical difficulties compelled the ministers to postpone the start of the acceleration

from July 1st until January 1st, and in deference to the German and Dutch views it was agreed that there should first be talks with the Seven. These talks, however, are not to deal with the fundamental questions of associating the Seven with the Six, but merely with softening the impact of acceleration. They are to take place in the 21-nation trade committee due to meet anyway in Paris. At the same time the French contention, that the 20 per cent cut in the outer tariff should be conditional on reciprocal concessions from outside, was accepted. Only on agriculture was there a violent clash, between the Dutch who want early export opportunities and the Germans, who want to remain protected as long as possible. As *The Economist* went to press, the argument was not finished.

The Seven therefore face the clear prospect that the acceleration of the common market will go ahead. But there is seven months' grace for an attempt at talks. It is important that this time should be used well. The wrong way for the Seven to use it is to roll out stale proposals aimed at stopping the emergence of the separate tariff of the common market altogether. That is bound to be unrewarding. The right way is to accept that the common tariff will come into existence but to seek to mitigate its impact by every possible liberal means. For Britain that means offering big tariff concessions to ensure that the 20 per cent cut in the Six's outer tariff in fact takes place, and to get further far-reaching concessions on individual items. There is a strong case for the Europeans going a long way down this road together before they go to the General Agreement on Tariffs and Trade and extract what they can in return from the United States and other countries. For if the negotiations get bogged down in Gatt the acceleration will go ahead in the end without any liberal mitigations at all.

Taming the Ruhr

THE European Coal and Steel Community has celebrated the tenth anniversary of the Schuman plan (on May 9th), by blocking the latest major proposal for a merger in the Ruhr. The August Thyssen concern and the Phoenix-Rheinrohr group, the two main descendants of the prewar giant of the German steel industry, Vereinigte Stahlwerke, had planned to join up to form a group with a crude steel capacity of some five million tons a year. Last week, the plan was withdrawn after the High Authority in Luxemburg had made it clear that it was only willing to approve the merger on condition that future investment plans were submitted to it for approval. Thus a European organisation, one of whose original purposes was to make sure that the allied deconcentration of the Ruhr basic industries was not reversed, has given a belated sign of persisting life.

In practice the deconcentration has not shown much durability. The main medium-sized Ruhr firms—Klöckner, Hoesch, Mannesmann—have long since recombined, bringing coal, steel and engineering together once more. Herr Krupp von Bohlen has not sold his steel works, as the allies ordained and as he agreed; and since he has extended his engineering interests considerably, the Krupp complex too now extends once more right through the coal, steel and engineering industries. The High Authority has kept a check on this development by requiring the Krupp group to keep it informed about future investment plans, as it proposes in the case of Thyssen. But there have been loud protests from the German press over the condition attached by the Authority to the Thyssen plan.

The protests do not seem particularly well based. There is no economic objection to the sort of mild surveillance over the Thyssen group which the High Authority proposes. On the other hand, the Germans can point out fairly that the original allied attempt to break up the German steel industry into small fragments ran counter to economic needs. Though there is no single steel firm in Britain quite as large as the projected Thyssen combine there are of course firms in the United States many times larger. Whether the sheer size of Ruhr firms is a political fact of any great significance today is also an open question. The implements of power have changed.

More broadly, the political development of west Germany and its relations with its neighbours are still more crucial for its future than who owns its industry. And it is here, of course, that M. Schuman's idea has indeed borne fruit—in a rapprochement between France and Germany that has exceeded most hopes, and in the common market. All the same, the continuing weakness of the parent community at Luxemburg makes it plain that the will to political union which inspired it ten years ago burns dimmer today.

THE WEDDING

Sunshine Triumph

IN the end it was an occasion fit only for superlatives: the sort of occasion that only the pedantic, the prosaic, the heavy-gaited and the ponderous will pretend not to understand. Once again the people of Britain, and especially the women of Britain, have shown that they "care fifty times more for a marriage than a ministry." It is a matter that will madden only a few wearisome politicians that the mass of the nation obstinately but obviously treated the wedding of Princess Margaret as an occasion of much greater concern than such dull affairs as British general elections; the statistics of newspaper circulations prove it, the subject matter of every casual conversation last weekend evinced it, the crowds in the Mall on the three evenings after the wedding blazoned forth testimony of it. They were shirt-sleeved, relaxed, family crowds, one of the very rare occasions of modern mass-merrymaking without many drunks or hooliganism or even much bad-tempered jostling in evidence. It was a superb moment in the high art of gentle democratic anarchy as the crowds before the balcony good-humouredly routed the police, who wisely and judiciously let their task of traffic management slip almost entirely out of control.

The decorations and the fairy glitter from the evening floodlights, and the magic televised moments of the wedding day, will live on long after drearier political matters are forgotten, in the impressionable subconsciousness of the superficially blasé as well as in the open memories of ordinary and livelier people. A few morals stand out. Never skimp expenditure on such occasions as this; confound the politics of those who even suggest it. Preserve the details of the arrangements followed last Thursday as a model for future occasions, but next time keep the floodlighting on for two days longer. Consider whether there are not other summer occasions when the Mall and Palace could be floodlit too; accept the extra cost in litter collections and traffic jams as a small price to pay for this educational experience in the poetry of the people, in the art of long-remembered enchantment, and in the still-astonishing (but far too often latent) theatrical genius of the British.

KENYA

Dangerous Corner

THIS week Sir Patrick Renison, the Governor of Kenya, gave in unusual detail his reasons why he would not bow to African demands to release Jomo Kenyatta from detention. He adduced the findings of the Corbett report on Mau Mau, soon to be published, to support his contention that Kenyatta's release would rekindle civil strife. Although firm, Sir Patrick was not unconstructive. In effect he told Africans that the fate of Kenyatta is in their hands. After the fateful elections at the turn of the year, Africans will dominate both the legislature and council of ministers in Kenya; if they can make a success of self-government, the time will be short that will elapse before the decision to release Kenyatta or not becomes an African one.

Unfortunately, Africans do not see matters this way. Their resentment at Sir Patrick's decision is heightened by the delight with which the United Party, led by Group Captain Briggs, has hailed it. The rivalries between present African leaders are so great that, unless Kenyatta is released to take over the political organisation of the African vote, several African parties may go to the polls at the end of the year. If so, the Africans might emerge without any political steamroller such as Mr Nyerere has built up in Tanganyika; the settlers and Asians might then still manage to exert a degree of political leverage, which the Africans thought the Macleod settlement had ended. So far from admitting that Kenyatta's release would lead to bloodshed, the Africans argue that without his leadership growing frustration will erupt into disorder. The impatient campaign to resort to civil disobedience makes this likely enough, at least in Nairobi.

This threat of violence is, in itself, no good reason to release Kenyatta. What is desirable, however, is the damping down of the hero-worship now generated by Kenyatta's name, which is fostered by his detention even although he has already served his full legal sentence. He is being dressed up as a martyr and saviour by certain African politicians who need to conceal their incapacity. Perhaps the answer is to separate the precondition of keeping him out of Kikuyu land from his incarceration in the arid Northern province. Despite the risks, might it not be wise to offer Kenyatta the opportunity to make a start as a free man in London?

UNIVERSITIES

Towards 200,000 Students

LORD HAILSHAM'S offer in the debate in the Lords on Wednesday to consider a "limited" inquiry into some of the problems of the expansion of education after the age of 18 should be taken up. It fully meets the case stated by Lord Simon of Wythenshawe and would get quicker results than the Labour party's ponderous proposal for a royal commission. Lord Hailsham affirmed the Government's confidence in the type of control over universities now operated by the University Grants Committee and the committee of Vice-Chancellors and Principals; but though he rejected Lord Pakenham's suggestion that the Ministry of Education should take the universities over (a line of thought which attracts some thoughtful non-Labour people), the inquiry ought to find a better way of associating the ministry with the UGC and the Vice-Chancellors. One obvious reason is that the nine colleges of Advanced Technology, for which the ministry is responsible, ought now to be developed increasingly as full-blown technological universities on a par with the rest; so developed, and added to, they could provide 25,000 to 30,000 of the 200,000 places in universities which Lord Simon rightly thinks Britain should have in twenty years' time. Preferably, many more.

There are other problems which the UGC and the Vice-Chancellors find it hard, for various reasons, to deal with. The best size of British universities is one: Sir Douglas Logan, Principal of London University, stated last week that London was near its limit. So are some of the big provincials—Manchester, for example, may be going above the optimum, whatever that may be. But there is elbow room in the smaller ones, and we need to know how quickly new ones can be raised to the key figure of 3,000 students apiece. The relation between the schools and the universities, under heavy fire in the Crowther report, needs a mixed academic body to rationalise it—and not only in the matter of entrance qualifications.

To these and other problems of future planning must be added the question of university staff. Like the teachers, the dons are enjoying a boom. Yet they are at once fearful that the supply is too scarce and that the pay, even after the new award, is too small. To outsiders this is far from obvious; and an impartial study of the market for dons, and of their "job responsibility" (to use the business phrase), would be welcome.

NORTH VIETNAM

How the Other Half Votes

IT is as well, when deploring how far the regimes of South Korea and South Vietnam fall short of democratic ideals, to remember that the northern regimes do not even try to conform to them. The general elections held on Sunday in north Vietnam looked more democratic, on paper, than some communist elections do, in that the Lao Dong (communist) party was not alone in the field and there were nearly 100 more candidates than the 362 seats to be filled in the new assembly. But of the three "non-communist" parties, the Fatherland Front is a communist-controlled hotch-potch, the Socialist party deceives nobody, and the Democratic party, which claims to represent businessmen, also does what it is told. Close screening of candidates had further ensured their reliability.

The interest of these elections lies not in the easily foretold results, but in the fact that they are the first for more than thirteen years and the first under the new constitution. The Democratic Republic of Vietnam's first constitution was published in November, 1946, at a time when Ho Chi Minh and his followers were isolated and struggling for their existence; since they were strongly dependent on the support of various nationalist groups, the constitution was much more liberal than the communists themselves would have liked it to be. A year ago the 1946 constitution was scrapped on the ground that it no longer conformed to the "ever-developing revolutionary struggle of the Vietnamese people." The text that replaced it has eliminated many rights and guarantees which had, in any case, become a dead letter. Instead, it has included many new duties and prohibitions; for instance, under article 38: "No person is permitted to make use of democratic freedoms to infringe upon the interests of the State and people" (i.e., of the Lao Dong party).

The arrival in south Vietnam of trickles of refugees from the north—including a whole junk-load of 172 in December—shows that, in the face of many obstacles, the people of the north are still willing to risk death for the chance of life in relative freedom.

BETTING BILL

Fairly Tidy

THE Betting and Gaming Bill has now passed the Commons, with many minor changes from the original draft but no really radical ones. If the bill has a fair passage through the Lords, the gaming provisions will come into operation next autumn, the licensing of bookmakers by May, 1961. Gaming on licensed premises is no longer to be absolutely prohibited. Bar billiards, shove halfpenny, darts and other games of pure skill are free of the law; dominoes, cribbage and other fell games of chance are not, but may be indulged in subject to the 5s. maximum stake and other limitations of the Small Lotteries Act of 1956. This distinction is hardly reasonable; by the time the bill reaches the Lords the ingenuity of government draftsmen should be employed to abolish it, without naming of individual games. Gambling will now be allowed in private rooms on hotel or club premises, provided the public is excluded. A stern attempt is to be made to stop people founding clubs purely for gambling and for their own profit; the intent here is reasonable, but the provisions probably will not work. Less reasonable, but unfortunately more enforceable, is the rigid prohibition of (non-profit-making) municipal casinos in seaside towns; they could be made socially harmless and would counteract a principal attraction of continental resorts. Gambling for those under 18 is to be illegal, but the original rigid restriction has been sensibly modified to allow it to take place at home with parental consent, or elsewhere if a parent is present.

On betting the Government is still rightly going to license betting shops, and has set its face against the licensing of street betting—which, quite apart from intrinsic unenforceability, would open the way for protection rackets and a black market for licences on the streets. Penalties for non-registration of bookies' agents (e.g., in the factories) have been raised; at best, this change is academic owing to difficulties of enforcement. Advertising by bookmakers is to be unrestricted. An interesting defeated amendment would have made gaming debts recoverable at law. Logically this had much to be said for it. But established bookies are well able to defend themselves against welshers, who soon find it impossible to lay their bets with any other established bookies; and perhaps reform of the law would have encouraged some unestablished undesirables to try to come into the trade.

LOCAL ELECTIONS

Bogeys for the Boroughs

IN the first three days of local elections for the English and Welsh urban district councils, Labour seemed to be steadily losing the gains that it had made when these particular seats were last fought over in 1957. This had been expected, and Transport House could take comfort from

the fact that there was as yet no definite sign that Labour was doing worse than it had done in 1959. The Liberals were making significant advances, but there too there was as yet no sign of a landslide. As *The Economist* went to press on Thursday voting was taking place in the bigger towns —in the English and Welsh boroughs. The results of these borough elections will have been published by the time this issue is in readers' hands. In drawing any conclusions about them, it should be remembered:

(1) In May, 1957, when most of the outgoing councillors were elected, Labour won 244 more borough seats than it did in May, 1959; very broadly, therefore, any net Labour losses of below 240 or 250 this Thursday will suggest that Labour is no more unpopular now than it was a year ago.

(2) Only if Labour's net losses in the boroughs go above about 350 can one say confidently that there has been a further decline in Labour's popularity since last October's general election.

(3) The Liberals have put forward some 726 candidates in the boroughs; rather over a hundred of them are councillors who are defending existing seats. The Liberals would therefore need to mark up over 100 net gains before they could claim that their candidates were winning about a third of the seats they contested—i.e. that where they entered the contest their candidates were enjoying, on average, an equal chance of success with the other two parties. To judge from some recent local by-elections, successes on this scale are not necessarily beyond them. If they do achieve this, it will be a remarkable triumph.

It is extraordinarily difficult to tell whether the increased number of Liberal candidacies this time is a factor that should help to increase Labour losses or slightly to reduce them (by splitting the anti-Labour vote); on balance, one is still inclined to guess that it is the latter. A point to remember at these local elections is that only a determined minority of people usually bothers to vote; the deciding question between the two main parties is often whether the most determined 40 per cent or only the most determined 30 per cent of Conservative supporters feels sufficiently angry with (or frightened of) Labour councillors to bother to turn out to vote against them, or whether there is a higher pitch of anger or fear among the most determined minority of Labour supporters on the other side. At the moment, one would judge, few people on either side are very angry with, or frightened of, the other side; but the supposition must be that Labour's degree of apathy is the greater, and its turn-out, therefore, the more likely to droop.

NEW TOWNS

Brooke's No Hook

LONDON COUNTY COUNCIL'S plan to build a new town at Hook in Hampshire has been temporarily shelved. Instead, the LCC and Hampshire County Council are considering an alternative plan for expanding existing towns such as Basingstoke, Andover and Tadley. London industries would be encouraged to migrate to these places, and the LCC would build houses for the workers who went with them. In addition, it is hoped that private enterprise building would play a large part in the expansion of these towns. Frimley and Camberley in Surrey provide a good going example of a successful scheme of mixed development of this sort; it might well be repeated farther out in Hampshire.

In principle this new plan therefore seems fairly sound; what is disquieting is its background and genesis. The LCC adopted the plan for a new town at Hook after an energetic but unsuccessful exploration of the other possibilities. Much time and energy went into the selection of the site, in consultation with Government departments. Yet Hook has now been shelved only because Mr Brooke has finally insisted that the LCC and Hampshire should try to agree on an alternative plan.

Why has the Minister's intervention come so late? Is it impossible for local authorities to co-operate until one is threatened with a *fait accompli*? Or is the problem that Mr Brooke dare not say yes to Hook (and thus infuriate Conservative Hampshire), but cannot reasonably say no to the Labour-controlled London County Council (which in this case has the better social aguments on its side)? The incident is a sorry commentary on relations between local authorities and the central Government. All the facts were known five years ago and a decision should have been reached long before now. It is now up to Hampshire County Council to show that it means business over the alternative plans for town development; if good results are not reached within a year, Hook ought to be sanctioned after all.

SHIPPING BOYCOTTS

Arab Celebration—

IT was victory week in the United Arab Republic; and President Nasser was busy wringing every possible drop of triumph from it. On May 6th the American seafarers' union, through the good offices of the State Department, called off the boycott of the UAR freighter *Cleopatra*. The next day Mr Nasser journeyed to Mansoura to celebrate an Egyptian victory over France —the defeat of King Louis IX in the 13th century.

President Nasser could not, however, afford to overlook some of the implications of the *Cleopatra* affair and its settlement. The crisis was not brought about by the action of any government. Arab trade unions decided to counter-boycott American ships because the American union was boycotting one of theirs. The Arab governments were unable to do anything to control it because it involved Israel. Even in those countries where trade unions of any sort are regarded as instruments of communist infiltration, the governments had to join the outcry against the Americans. When the boycott spread from one end of the Arab world to the other, President Nasser, whatever he privately felt about its effect on aid, trade and canal revenues, could only express pleasure in public. Arab unity was making one of its rare appearances on the global stage, for once without him in the lead. For this reason, Iraq and Jordan were able to put aside their quarrels with the UAR. By supporting the boycott they were not accepting Gamal Abdal-Nasser as the leader of all Arabs everywhere.

At Mansoura and Cairo it was easy to claim that the United States government had suffered a humiliating defeat. In fact, the New York boycott had probably annoyed the State Department and the administration at Washington as much as it did the president of the UAR. To President Nasser it is possibly a little more humiliating that

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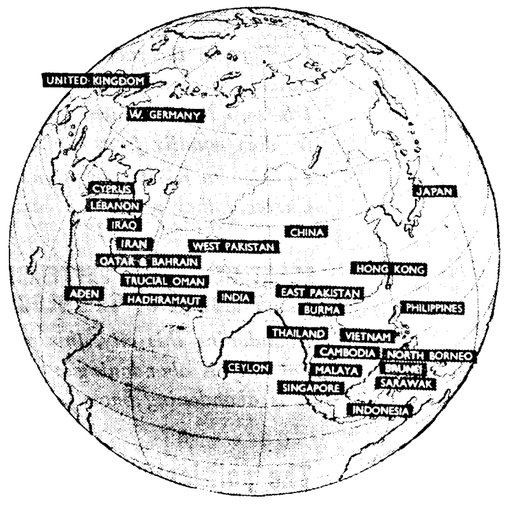
These are the territories served by THE CHARTERED BANK and its wholly-owned subsidiary, The Eastern Bank Limited, through a system of one hundred branches extending to most centres of commercial importance in the Middle East, South and South-East Asia and the Far East. Those branches provide complete and up-to-date banking services, sustained by expert knowledge and long experience of Eastern trade, finance and industry. An effective credit information service and skilled assistance and advice are available to United Kingdom merchants and manufacturers seeking new business connexions in Asian markets.



THE CHARTERED BANK

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BERLIN



WILLY BRANDT, GOVERNING MAYOR OF BERLIN:

I believe in the sacredness and dignity of the individual.

I believe that all men derive the right to freedom equally from God.

I pledge to resist aggression and tyranny wherever they appear on earth.



ERNST REUTER ON SEPTEMBER 9, 1948 IN THE THIRD MONTH OF THE BLOCKADE:

Abandoning this city, this people of Berlin, not only is abandoning a nation— it is abandoning oneself.



The political and economic future of Berlin is decisive for the future of Germany as well as for the whole of Europe

[ADVERTISEMENT]

Arabs can unite only when he is not leading them ; to Arabs everywhere the source of shame is, or should be, that the only thing they can get together on is hatred of Israel.

—*Israeli Hangover*

FROM Israel's point of view, the boycott manœuvre had become over-blown even before it collapsed. A few months ago a group of Israelis, mainly from the prime minister's office, established an anti-boycott committee, with an important branch in the United States, to fight back at the picadors of the Arab League's boycott committee. These anti-boycotters scored a bull's eye when the American dockers refused to unload the *Cleopatra ;* although there were other immediate causes, and other pressure groups at work, it would be naïve to ignore the inspiration that was wafted from Israel.

But, not for the first time, Israel's retaliatory measure was blown to such heat that it became urgent for outsiders to stamp out the flames. The American dockers' boycott was planned as a bright idea by men who were fed up with procrastination, but, from the Israeli angle, it had either not been thought out to its logical conclusion, or the State Department's response had been miscalculated. Once the Arab unions ganged up, Israel's interests were bound to rate low in the balance.

It would at least be a move in the right direction if the State Department were to follow up its promise to the Seafarers' International union to do something about the petty but harassing irritations of the Arab blacklist as it affects American ships. President Nasser is clearly anxious not to get embroiled in this sort of complication again, and it could even be that the small American freighters that ply the Middle Eastern ports will in future be the ships most able to squeeze Israeli cargoes through the Suez canal.

Even if the Egyptians remain obdurate about the canal, there can now be little excuse for anyone not to know what goes on. The publicity works two ways. It highlights Israel's difficulties ; but it also demonstrates just how easily Israel can put its spoke in the smooth running of relations between the West and the Arabs. The shipping boycott was the sort of incident to make western diplomats wish with all their hearts that the Israelis would only keep quiet. But there is not much chance of that.

PENSIONERS

No Policy for the Old

"IN this country today, although there are many services for old people, there is no policy for old age." Thus the opening sentence of Mr S. K. Ruck's article, "A Policy for Old Age," in the current *Political Quarterly*. He goes on to deplore the fragmentation of responsibility which, under the National Assistance Act of 1948, followed on the abolition of the old Poor Law Relieving Officer. In consequence of that act, it is at present no individual's and no single authority's business to look after, or even to know about, all the needs of an old person threatened with distress.

Politicians should take note of this article. Contrary to political myth, most old age pensioners today are not in penury. The National Food Survey's findings on old people's diet (which are now published quarterly) continue to be surprisingly satisfactory ; indeed, the average pensioner seems to eat more high-grade foods like butter and meat than wage-earning families in general, presumably largely because pensioners often need to (and nearly always do) spend so much less on renewing their household equipment and clothes. But many old people do have a fearfully inadequate safety net to support them in emergencies, and it is in these respects that our society sometimes verges on the Dickensian.

How readily is emergency help typically available ? How deficient are the specific services—some large, like special housing or geriatric treatment, some small, like chiropody or "meals on wheels"—and what reforms in local government organisation would help to remedy them ? Mr Ruck suggests that policy should be totally reorganised. Old people today fall into two categories. First, there are "those who on account of infirmity are incapable of living independent lives" and who are at present divided, often illogically, between welfare institutions and hospital wards; there may be a case for combining these two services. If so, probably "infirm accommodation in welfare establishments should be taken over by the hospitals rather than the reverse." Secondly, there are those old people who "are capable, with or without assistance, of continuing to live in homes of their own." Mr Ruck thinks that the single authority responsible for their welfare should be the authority that is also responsible for building council houses and is "as near to the recipient as possible, that is to say, it should be the borough, urban or rural district council"—not, as at present, mainly the distant county councils. These seem to be sensible suggestions, and worthy of wide debate.

POST OFFICE

Counter Inoffensive

BE civil, servant, is a cry that will no longer need to reverberate round our post offices, if Mr Bevins lives up to his promise and implements the recommendations of the report on service at post office counters. Curiously enough this report is not to be made generally available, because it is thought too specialised to have any public interest. Yet, next to rush hour travel, the post office is the greatest single source of irritation for city dwellers. For years the British have endured a frustration of weary queueing in their post offices, only to be greeted on arrival at the counter by a triumphant clerk displaying a notice "position closed." Some employees mysteriously absent themselves for indefinite periods from their posts ; others specialise

The Economist

MAY 12, 1860

ANONYMITY AND RESPONSIBILITY

Mr Horsman's exhortations to Mr Walter on Monday night, and the remarks to which they gave rise, bring before us very forcibly the class of influences for good or for evil which newspapers have begun to exert over statesmen,—the tendency, indeed, of recent English politics to diminish the sense of individual responsibility to statesmen, and to substitute in them some of the least statesmanlike qualities of ably-conducted newspapers. . . . It was a great mistake, however, to identify so completely the question of responsibility with the question of anonymous writing, and it was a still greater mistake to attempt to fix on one of the proprietors of the *Times* a detailed responsibility for all the opinions expressed by its editor or contributors. It may be conceded that the proprietors of a newspaper are responsible for the selection or dismissal of its responsible editor, but they would find no competent men for such a post at all, if all the subsequent and detailed responsibility were not left entirely in the hands of the men thus chosen. And then as *to the question of anonymousness. Few* will be found, we suppose, to acquiesce in the very marvellous paradox of the *Times*, that "opinion only becomes responsible to all intents and purposes, when it becomes anonymous" : such a statement could only have been made in order to startle. But though, no doubt, anonymousness does *lead*, often quite unconsciously, to give greater latitude to the pen than would be taken by writers who knew that they were to affix their names, yet almost all reflecting minds have *long* been *convinced* that the individual signature of every article in a newspaper is far more objectionable on other accounts than it is desirable on this. Not only would it unduly weight the scale in favour of already celebrated writers,—but it would divert the minds of readers from the neutral and impartial consideration of fact and argument to the consideration of the personal origin and antecedents of the writer's views. The discussion of political questions would become less intellectual, and more mixed up with matters of personal gossip. These evils would, no doubt, far more than outweigh the advantages of personal responsibility for newspaper articles. Still the evil of nominal irresponsibility is not removed or changed into a good. It is still an evil, and an evil to be guarded against. It is still the duty of every newspaper writer to ask himself strictly if he would object to lending the personal guarantee of his *name* to any of the assertions or innuendoes conveyed in his composition.

in glacial stares, reserved for those who request some commodity (normally a humble stamp) which these exalted functionaries are not empowered to dispense.

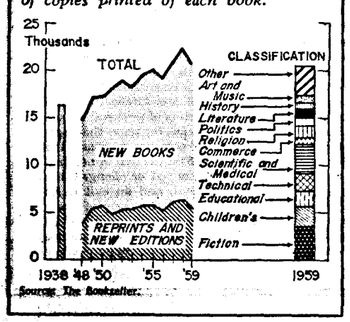
Now, all is to be changed. Instead of concentrating on refunding prescription charges or specialising in issuing gun licences, each clerk is to undertake every type of work. The work itself is to be reduced, which is reasonable enough: the twentieth century post office clerk has become the equivalent of the Tudor justice of the peace, loaded with "stacks of statutes" and required to act as agent for every government department too dilatory to provide its own. Stamp and postal order machines are to be introduced, and the system of direct payment for national insurance contributions extended. All this, it is hoped, will result in the average waiting time being four times reduced.

Diplomacy and good manners are now to triumph. The baleful notices, "position closed," are to be replaced by a gentler "system of traffic control"—a green light indicating the possibility of service, a red one denying it, and amber registering a warning that the position is likely to close soon. Clerical absences will be courteously explained by such soothing messages as "I am going for a cup of tea madam, and will probably be back within the hour." Mid-Victorian decor is to disappear. Colour schemes are to be bold and imaginative, "but not bizarre," lighting restful, and all equipment will "match." Clerks will wear "compatible" collars and ties. Harsh noises are to be muted by sound-absorbing panels. If, despite it all, original sin still makes itself felt, tranquillity will be instantly restored by briefly glancing at the improving and very British slogan which will be everywhere displayed: "Where lack of harmony occurs not all the faults are on one side."

Book Publishing

Last year 20,690 titles (including reprints and new editions) were issued—1,453 fewer than in 1958 owing, presumably, to last summer's printing dispute. Nevertheless, more engineering and medical books were published than in the previous year.

These figures, however, are not a measure of the output of the book trade, since they take no account of the number of copies printed of each book.



SOCIOLOGY

A Science's Plight

THE May number of the *Twentieth Century* is devoted entirely to sociology, which regards itself nowadays as discreditably cold-shouldered by the Establishment (academic and other)—as the ill-treated Cinderella of the sciences. One can much sympathise with these complaints, while refusing to put all the blame on the ugly sisters. The fact is that sociology, even less than economics, cannot yet really pass muster as a science at all. The sociologist is desperately handicapped—not only, like the economist, by the impossibility of controlled experiment, but also by a peculiar difficulty, paradoxically shared in part by his polar opposite the atomic physicist: in his field the very fact of observation alters the thing observed. What the sociologist studies in effect is not a social situation as such but that situation as modified by his own impact upon it. This is of course true of any attempt to assess any human relationship whatever; it does not prevent people from forming just and wise private judgments, and it need not prevent sociologists from producing ideas about society vastly more truthful and pragmatically useful than those thrown up by myth, prejudice and interested propaganda. But it does disqualify them from claiming for their conclusions even so much general validity as attaches to the "laws" of economics—which themselves are rocky enough.

Much of the malaise revealed by these essays may be ascribed to a reluctant half-awareness—camouflaged by a parade of methodological scruple or compensated by a defensive cocksureness—of this disqualification; and to a similar awareness, unformulated but making powerfully for mistrust, among the public. The sociology of sociology itself—its selective pull on the socially or emotionally insecure, and the exacerbating effects of low esteem on those so selected—is a part of the story, but only part. A sudden penitential change of policy by Oxbridge, or a universal doubling of sociological salaries and grants, would not solve the whole problem. In a rapidly changing society sociology does need more recruits and more resources. But it also needs—perhaps no less urgently—a calmer, more adult and less petulant assessment of its role and its limitations.

EUROPE

A Celtic Hostage

THOSE who know Ireland through Mr Brendan Behan's play "The Hostage" will not be altogether surprised at the first case to come before the European Court of Human Rights. An Irish builder's labourer, now aged 24, with the apt name of Lawless, who has been in and out of prison more than once for semi-political offences, was arrested by the Irish government in July, 1957, for being a member of an illegal organisation (the IRA). He was detained for five months without charge or trial in the Curragh internment camp. An appeal of Habeas Corpus was rejected by the Irish High Court. But Mr Lawless's able counsel (who, strange to say, happened to be Mr Sean MacBride, a prominent figure in the Dublin opposition) lodged a petition with the Strasbourg commission of Human Rights on the ground that the detention infringed a basic right, freedom from arrest without trial. The case comes before the new European court this month.

The case is not only a throwback to the excitements of the Irish past, but a reminder that there actually is one organ of the Council of Europe that has effective powers. An appeal to the Convention of Human Rights is an appeal to an authority that can prevail over governments. The case is also a tribute to the seriousness the Irish attach to this institution. In the early years of the Council of Europe, none provided better light relief than the Irish delegation. But in the years since they have been stalwart supporters of the convention of human rights, Ireland, together with west Germany and seven other countries, has ratified the protocol that enables individuals (like Mr Lawless) to appeal direct to the new court.

Britain, by contrast, has only applied the convention to other member states. If Mr Lawless had got into a similar pickle north of the Ulster border, his case would have had to be brought by a member state of the Council of Europe. Turkey, Greece and four other member states are in a similar position. Thus a Turkish newspaper editor who wished to appeal to the court against infringements of press freedom would have to get another signatory state to put his case. France has not ratified the convention at all, so its policies in Algeria escape scrutiny altogether.

Even in its present partial, attenuated form the convention of human rights has already had a salutary effect on members' policies. British emergency decrees in Cyprus were modified after the Greeks complained. And Mr Lawless, together with a number of other detainees, was in fact released from detention a month after his case was filed. These are significant pointers to the weight the court might have if it enjoyed the full support of all the states of western Europe.

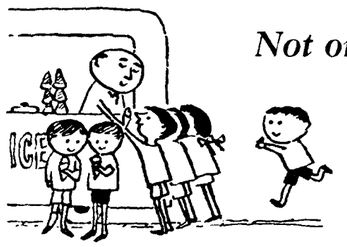
MIGRATION

Subsidised Departures?

IN 1957, during the brief period of post-Suez disillusionment, twice the usual number of emigrants left Britain for the main Commonwealth countries. Since then the figures have returned to their normal level of about 90,000 a year (to Canada, Australia, New Zealand, South and Central Africa), plus 20,000 or so to the other Commonwealth and colonial territories. A conference of interested bodies, called together by the Commonwealth Migration Council, has now urged that the Government should do much more to encourage emigration. For a start, they would like the Government to use the full £1½ million that is allowed annually under the Commonwealth Settlement Act—not just the present average of £150,000 a year. They want to see—by publicity, assisted passages and guaranteed housing—an annual flow of at least 250,000. They support this plea with the arguments that Britain is overcrowded (it is pointed out that in 1958 immigration into this country caused a net increase in adult population), and that emigration to the Commonwealth strengthens ties of allegiance and trade.

Most of the economic arguments for encouraging emigration from Britain are misguided. To say that "overcrowding" in Britain is eased by the emigration of active workers, who leave elderly relatives behind in this country, is a peculiarly muddled form of Malthusian lack of logic. Britain lost some valuable and scarce skills by the net emigration of, for example, 1,200 teachers in 1958. It has been estimated that it costs about £2,000, in housing and other public services, to settle each new emigrant. Nor can it seriously be argued that the influx of, for instance, Italians to the United States swung Britain's American trade over to Italy. However, two principles remain. Probably, Britain's ties with the Commonwealth are strengthened by maintaining the proportion of British emigrants to Commonwealth countries. Certainly, it has always been an accepted part of the standard of living of this country that Britons who want to start a new life in wide open spaces should have a peculiar imperial opportunity to do so. These are principles to be fostered, provided we are made fully aware how much they cost.

Not on Ice



THE sunny weather that Britain has been having recently has surprised everybody, but few people more pleasantly—or so it might be imagined—than the ice-cream industry. In fact, however, the influence of the weather on the modern ice cream industry is much more complex than at first appears; other influences on this booming industry are interestingly complex, too.

Still dominating the ice-cream industry are the "big four"—Walls, Lyons, Eldorado and Neilsons—who distribute their products nationally in the form of bricks, tubs, bars and lollies. Nobody is quite sure how large these firms' share of the total ice-cream market is, since this is an industry abounding in unreliable and even contradictory figures. But a good guess would be that the "big four" together make between 50 and 60 per cent of the country's ice cream, with Walls making about half this and Lyons another quarter. With total ice-cream production now running at about 100 million gallons a year, this leaves approximately 45 million gallons which are being made by the remaining 2,700 smaller manufacturers.

Until about three years ago, the trend in the industry was the familiar one of concentration of production. When competition restarted after the war, the small manufacturers—often expatriate Italians—were badly placed; raw materials were difficult for them to come by, the cleanliness of their products was suspect, and they could not afford to advertise. But recently, especially in the north of England and Scotland, local manufacture has been boosted by two new developments, the selling of new types of ices and the use of the mobile van.

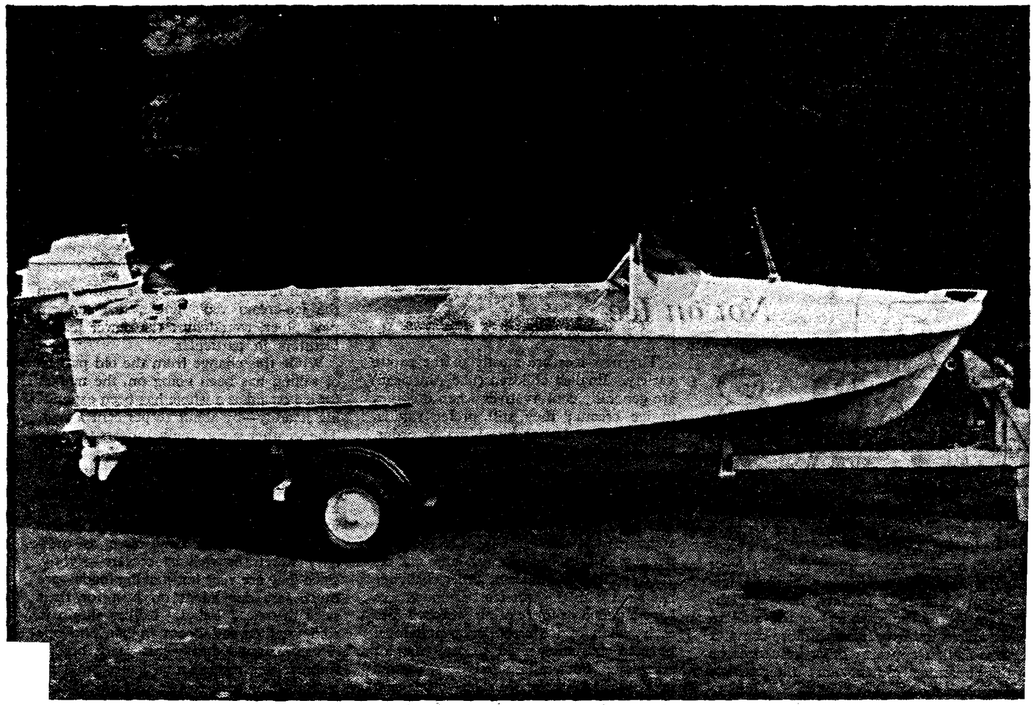
The new ices are mostly of the exotic variety. English children (like American) are generally conservatives when it comes to ice cream; they still prefer vanilla, strawberry and chocolate—in that order. But chocolate peppermint, coconut milk and pineapple, for instance, are now being added to the old list in this country, and are gaining in popularity. (Dairy ices, costing 6d. for a small block instead of the standard 4d., now account for about 20 per cent of sales of small and large makers alike.) The small makers' other challenge has been with the soft ice. Branded ices have a gallon or more of air whipped into each gallon of ice cream mix, and must be sold extremely cold to stop the air escaping; but unbranded ices, which usually contain no more than 50 per cent air, can be sold much warmer, which the public appears to like.

What the small manufacturer can do with mobile vans is shown by Tonibell ices, which over the past decade must have been one of the fastest growing businesses in the country. Sales in 1948 were 5,000 gallons from one shop; today, with a fleet of several hundred vans (at £900 apiece) to boost them, they are well over a million gallons. A great advantage of vans for an expanding manufacturer is that they enable him to avoid the trade's enormously high retail margins. These run from about 25 per cent on sales price (or 33 per cent on cost) for a small shop to above 50 per cent on sale price (100 per cent on cost) for cinemas. These latter margins probably leave the manufacturers with little more than enough to cover prime costs, but are justified—rather dubiously—by the trade because cinema sales are mostly made in winter when even a small contribution towards overheads is welcome. Inevitably, the high margins allowed to shops have led the established producers to allow high margins to their tricycle ice cream sellers too; some of the latter make over £50 a week in the high summer season. So do salesmen from the new motorised vans, but they sell many more ices. The very silly attempt in a private member's Anti-Noise Bill to ban the ice-cream van's jingle, that modern pied piper, would hurt the newer manufacturers in particular.

While this change from the old pattern of selling has been going on, the market for ice cream as a whole has been expanding steadily—by about 10 per cent a year. The weather surprisingly appears to make little difference to this rate. But it does make a lot of difference to two things, the proportion of ice cream and water ices in the total and the proportion of ices sold from mobile shops. Ice creams, which are now eaten as ordinary sweets as well as coolers—rightly, since they are very hot-making foods—are much less dependent on heat for their sales than iced lollies. Lollies slump in cold weather and boom in hot, and one big store found during last year's boiling summer that though total ice-cream sales expanded by only 10 per cent on the year before, lolly sales were up 50 per cent and ice-cream sales actually down by 20 per cent. This pattern seems quite general in hot years and is reversed in cold ones.

Nor does hot weather particularly favour the mobile shop. Children buy ices even in cold weather if they are brought to the door, but if it is very hot they may be hustled off to the seaside, where they buy from the promenade kiosk. This apart, the trade, particularly where motorised, has little reason to complain. Juvenile affluence is here to stay and the fact that American and Canadian children (and allegedly also Russian ones) consume much more ice cream per head than the British—the Americans over twice as much—is a luscious indication that their market should continue to expand.





The 12½ ft. Sports runabout and launch

A new Tyglas reinforced runabout

Once again the rare qualities of glass have been employed in a product which will bring unflagging service to its owners.

In his new 12' 6" sports runabout, Mr. Peter Webster has used Fothergill & Harvey's Tyglas and Tyglas woven roving fabric as the reinforcement material for the entire plastic hull. The craft is constructed to a design by Alan H. Buchanan Ltd.

The construction incorporates longitudinal steps to increase 'grip' on the water, with a central skeg to ensure good manoeuvrability. The transom is reinforced to take outboards of up to 40 horse power. The result of this glass/resin moulding technique is a craft of immense strength and impact resistance. It has inbuilt properties to withstand any climatic conditions, resisting decay and deterioration, and reducing maintenance to a minimum. Fothergill and Harvey would be pleased to send their booklet, "Boat Building with Tyglas Products", to any interested manufacturer of boat hulls; write to The Marketing Officer, Fothergill & Harvey, Harvester House, Peter Street, Manchester 2.

More information about the craft illustrated may be had from the manufacturer, Peter Webster Limited, Fleet Street, Barnsley, Yorkshire.

Fothergill & Harvey *devise special fabrics for all industries*

LETTERS

The Channel Tunnel

SIR—In your article entitled "Real Engineering and Unreal" you list the Channel Tunnel among the expensive pipe dreams this country could ill afford at the moment; I quote your words ". . . develop a Channel Tunnel that nobody suggests would pay as a private commercial enterprise. . . ."

Granted that most developments can only be planned on estimates, those of likely traffic which have been prepared with the greatest care and caution by eminent specialised economists, viz., Economist Intelligence Unit Ltd. of London, Société d'Etudes Techniques et Economiques of Paris, and De Leuw, Cather and Company of Chicago, predict on the most conservative assumptions gross receipts of £13 million in 1965 rising to £21 million in 1980.

At the same time, eminent consulting engineers, viz., Sir William Halcrow and Partners, Messrs. Livesey and Henderson, and Messrs Rendel, Parmer and Tritton, working in collaboration with experts from British Railways, have indicated the advantages and efficiency of twin rail tunnels at a cost of £80 million; further expenditure on terminal facilities and finance and other charges bring the total cost up to some £130 million. The receipts above mentioned indicate quite clearly that such a capital outlay would be remunerative and the problem of raising this capital by private enterprise would not seem insuperable.—Yours faithfully, LEO D'ERLANGER

London, EC2

The Independent Deterrent

SIR—You are opposed to our policy of having an independent nuclear deterrent. This policy, I suggest, rests on three propositions; the last may be arguable but the first two are surely self-evident:—

(1) If you are to have an effective national defence, you must equip yourself with the latest and most powerful weapons.

(2) It would be physically and financially impossible for us to make anything like a similar contribution to the Alliance with conventional arms only.

(3) We enjoy an immense political advantage from our possession of the nuclear weapon. We ought to make sure of keeping that advantage.

You advocate, rather, a collective Western deterrent. Since the United States are bound to remain independent in this respect, you must mean a collective Western European deterrent. But what in fact would this force be? Today and tomorrow and for years to come it would simply be the British deterrent, because that is the only one available. The most likely result of such a change would be that its control, at present clear-cut, would degenerate into the same sort of muddle which afflicts Western Europe's air defence.

As to future dependence on the United States for the supply of part of our weapons system, remember that the Americans are themselves dependent on the use of bases in other peoples' territory. It is the ultimate operational control which is the vital factor. Finally, let us dismiss the idea that our present deterrent is a feeble one just because it is smaller than that of the United States or of Russia. The sober truth is that we have, poised and ready, a nuclear striking force of terrific power. To suggest otherwise can do no service either to the nation or to the cause of peace.—Yours faithfully, RICHARD COLLARD

House of Commons

Labour and the Bomb

SIR—In your article "Shopping Labour?" you comment on the unilateralist delegates to the Shopworkers' union (USDAW) conference: "If these chance groups even approximately mirrored the views of a majority of the twelve million Labour voters in the country, there would be a democratic justification for this strange system; but everybody knows that they do not."

How does everybody know this? The most recent public-opinion poll on the subject reveals that 30 per cent of Labour supporters were broadly unilateralist, 23 per cent favoured the maintenance of a separate British nuclear deterrent, 17 per cent supported some form of integrated deterrent or relying on American weapons, and no less than 30 per cent were "undecided." These figures were arrived at before the decision to abandon Blue Streak had been taken, before the Aldermaston March, before the USDAW and Co-operative Party Conferences and before George Brown threw Labour's defence policy into the melting pot. It is reasonable to suppose that the unilateralists have gained ground in the meantime.

At the time the poll was taken, the Labour supporters who favoured any kind of deterrent outnumbered the unilateralists by only four to three, and were themselves outnumbered by three to two by the unilateralists and the "don't knows" combined. It is surely reasonable to suppose that a fair proportion of the "don't knows" abstained from voting for fear of embarrassing the leadership of the party, rather than from lack of conviction.

In view of these figures, and in the light of subsequent events, I should have thought that a reasonably cautious commentator would have refrained from expressing any certainty one way or the other.—Yours faithfully, TERENCE HEELAS

Lustleigh, Devon

Restrictive Practices

SIR—Your article and the letter from Mr Adelman both take the view that agreements for the exchange of information should be made registrable and subject to some control by the Registrar with "wider discretion."

In considering the validity of these arguments the first essential is to understand clearly the present legal position in the UK:

(a) If an agreement *or arrangement* is restrictive, it is already registrable. Consequently, arrangements of the type referred to by Mr Adelman, "which provide a schedule of prices and a tacit assurance so that each seller knows that he can wait for ever, if need be, before being embarrassed by another seller's price cut," as well as being "held illegal" in the US would be registrable here. The Registrar has ample powers to obtain information under sections 14, 15, and 18 of the Act. For example, under section 14, if he has reasonable cause to believe that someone is carrying on a restrictive agreement the Registrar can give notice requiring that person to tell the Registrar whether he is party to a restrictive agreement or not and if so to provide details.

(b) If an agreement is not restrictive, "does not permit any understading on price" to use Mr Adelman's words, it is not registrable in the UK under the Restrictive Trade Practices Act. I think it ought to be borne in mind that such arrangements may, however, be liable to investigation by the Monopolies Commission.

It will be seen that restrictive agreements are already covered. On analysis, therefore, your proposals must concern only those *bona fide* exchange of information agreements which are not covered by the 1956 Act. Why should the law be changed? Why should traders be prevented from disclosing information? The level of his competitors' prices is one of the factors to which the seller must have regard in fixing his own prices—one of the desiderata of perfect competition is knowledge of competing prices. Moreover, buyers are also free to exchange information between themselves as to the prices they pay.

Purely on a point of fact, circularisation of prices is not a feature of all price exchange agreements. In some cases they only entitle a party to ask another party what his price is and it is made quite clear that once having given the answer the second party is perfectly free to change his price immediately. If a seller finds that his sales are declining the natural conclusion may be that he is losing trade to his competitors and his first inclination would be to lower prices. A moment's reflection will show that this conclusion may not be correct; the total market may have declined, so that his

reduced sales may represent roughly the same share of the smaller market, or perhaps even a larger share of the smaller market. Consequently, some schemes provide for parties to receive regular information as to the percentage which their trade represents of the total. This, again, cannot be objectionable.

I venture to suggest that there is a fundamental misapprehension in the first paragraph of your article—that one of the "implicit goals of the Act" was "lower prices." Not so—the object of Part I of the Act was to ensure that buyers and sellers should be free from restrictions. It should not be overlooked that in a competitive situation prices *may* fall to the level of the lowest-priced seller, but equally he, when he discovers what others are charging, may decide to raise his prices. An equilibrium will tend to be produced, and one cannot say *a priori* whether it will be nearer the upper or lower end of the scale. If there is an organised exchange of information as to prices, the same process will go on but probably more quickly—an equilibrium will be reached just the same. Provided each party is free from restriction and acts independently, there can be no objection—this is precisely what a market is for.—Yours faithfully,

J. P. CUNNINGHAM

London, SE12

Tax

SIR—In your article on avoidance and evasion you make your point of view very clear by advancing the two propositions that "a man is either taxed under the law or he is not; it is no part of his duty to pay a penny more than he need" and "because a hundred highly skilled avoiders have been making rings round the revenue for several years, the general body of taxpayers has been paying somewhat more than it otherwise would, but that, too, raises no moral issue." While many people, including myself, would not agree with the second proposition this moral issue need not arise if the law referred to in the first is made reasonably watertight.

The main difficulties you envisage in the equitable administration of the new Finance Bill seem to stem from the somewhat timorous definitions embodied in it; for example the reference to transactions having "as their main object, or one of their main objects" the obtaining of tax advantage. Australia appears to have avoided these pitfalls for several years; contrast the clean-cut terms of section 260 again embodied in their 1959 Act:

> "Every contract, agreement, or arrangement made or entered into, orally or in writing, whether before or after the commencement of this Act, shall so far as it has or purports to have the purpose or effect of in any way, directly or indirectly: (a) altering the incidence of any income tax; (b) relieving any person from liability to pay any income tax or make any return; (c) defeating, evading, or avoiding any duty or liability on any person by this Act; or (d) preventing the operation of this Act in any respect; be absolutely void, as against the Commissioner, or in regard to any proceeding under this Act, but without prejudice to such validity as it may have in any other respect or for any other purpose."

It seems obvious that border line cases are far less likely to arise under this (more effective) definition than they will under the qualified definitions in the English Bill. I have no particulars of "Newton's case," which I understand eventually went to the Privy Council, on the interpretation of this section as embodied in a previous year's Finance Act. However, the fact that the section is retained in the above form in the current year's Finance Act suggests that it made no major change to the initial Australian approach.—Yours faithfully,

Dublin E. J. CARROLL

Special Deposits

SIR—I am glad that in your business note on May 7th you question the logic behind the decision to call for special deposits from the clearing banks. These deposits will only be useful to the extent that they prevent an increase in the liquid assets of the banks which would otherwise serve as the basis for a further expansion of overdrafts. If the authorities themselves purchase the securities which may be sold to finance the special deposits, the banks will simply have exchanged one illiquid asset (Government securities) for another (special deposits) and the effect on their liquidity will be negligible. In fact the new squeeze is beginning to look very like the old one.—Yours faithfully,

O. N. DAWSON

London, EC3

Africa in London

SIR—Your article on this subject touches on some very pertinent points. Politics is undoubtedly the number one topic of conversation for the majority of African students anywhere, and it is both natural and healthy that this is so. What seems such a shameful waste is the way these political discussions are mostly confined to exclusive groups. How often, I wonder, does one see a group of Africans, Asians and Europeans from Kenya or Tanganyika discussing the future of their home territory together? And yet it is hoped that East Africa will have a multiracial future.

What, if anything, is the British Government doing to encourage the 10,000 African students studying in British universities and other institutions to take a wider interest in the views of students from Britain and other corners of the former empire instead of confining themselves to what they could do just as well and far more cheaply, back home? The British Council does a useful, but limited, job in getting the student settled, as do the various territorial student bureaus under the Colonial Office. And that, from what I was able to discover after considerable investigation recently, is about as far as official assistance goes. Far more expertly run clubs, residential hostels and vacation centres are urgently required and Government should be prepared to spend a lot of money on them.—Yours faithfully,

W. A. P. REILLY

Geita, Tanganyika

The Railways

SIR—We have been reading, with a great deal of interest, your concern about the British Railways and their deficit. Particularly in the "Agenda for the Railways" you seem to look at the problem largely in the light of the income to the corporation, although you do mention in the second section the possible social policy. However, at no place do you spell out what the social policy is nor how it can be measured.

In the Philadelphia region, we have reached the conclusion that the commuter railroad lines which tie the suburbs to the core of the city must be maintained even though the income might bring in little more than half the cost. To us, the desirable social policy of value to the suburbs, as well as the city, is to have a system that provides movement within the entire region, and particularly to the dense central core, even though the fares which riders are willing to pay do not provide the full cost of service.

Our rationale is simple: that even though this looks like a very low percentage of the total cost, that the driver of an automobile to the core at peak hours pays an even smaller percentage than half of the cost of his facilities and that the local subsidy out of our city's general taxes to the person coming to the core at the peak will be less by rail than by automobile.—Yours faithfully,

JOHN A. BAILEY

Urban Traffic and Transportation Board, Philadelphia

Dentists

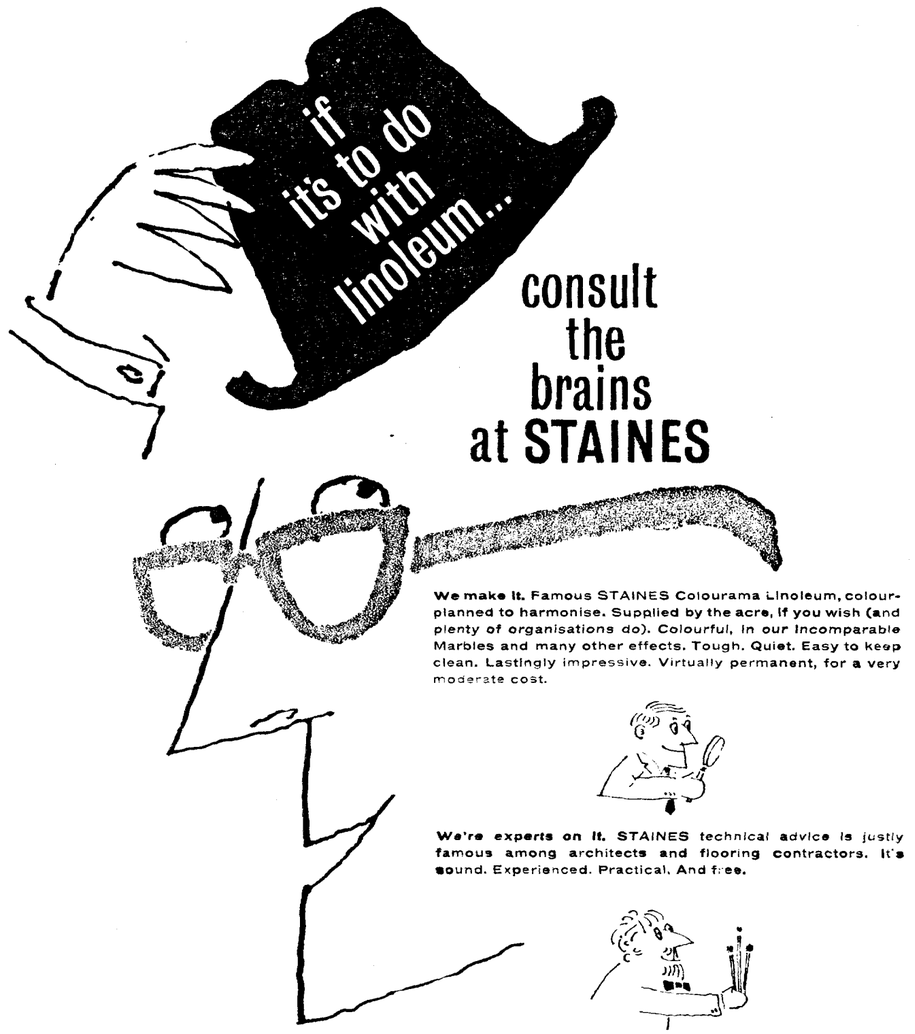
SIR—Your article on the country's dental problems overlooks the Government's main failing. There are not enough places in dental schools to provide sufficient trained practitioners. No new dental school has been built since before the war; but a competition is being organised for architectural designs for a school which some day will no doubt come into being.

The Government has fallen for the temptation of a quick two-year course for girls to deal with children's teeth. The New Cross school for these ancillaries does not open until October, but from then on 60 girls will be turned out every two years. The General Dental Practitioners' Association, for whom we publish *The Probe*, has no doubts that in due course the Government will proclaim these girls to be fully qualified dentists.

That school at New Cross could, of course, be used to give full dental courses. Why isn't it?—Yours faithfully,

S. C. CHANDLER

Vintage Publications London, EC4



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BOOKS

The Hardest Nut

A New Deal in Central Africa

Edited by Colin Leys and Cranford Pratt. *Heinemann.* 240 pages. 21s.

THIS book is intended to be a constructive contribution to the problems that will face the British Government and the federal and territorial governments of Rhodesia and Nyasaland when they convene round the conference table with the Monckton commission report (or reports) before them—either late this year or early next. It is a very useful compendium of the main facts about the way in which federation has worked. Although no doubt the Monckton commission's report will say much of it again, perhaps at greater length, the commission will be expected to provide, from its interviews with African witnesses, chapter and verse for many of the assertions about African views that are baldly stated in this book. Dr Chidzero may be right in saying that "the one clear African challenge in matters of race is the demand for abolition of racial discrimination and the emergence of government by majority consent"; but white Rhodesians will challenge it on a score of points on the major premise, and the minor could mean a very great deal—what is "consent" and what is "government" in this context?

The authors who have contributed to the book (which is based partly on discussions at an Oxford weekend conference) bring to it a uniform point of view: that federation has worked unfavourably to the African majority; and that, on both the Southern Rhodesian record in the past fifty years and the Federation government's record in the past five, it would be unthinkable to transfer more power over the Africans to the white settlers. No matter what safeguards for the majority might be devised, it is argued, these would be nullified (like the African Affairs Board) and any pledges on implementing "partnership" would be dishonoured. But it is now clear that it would be politically impracticable to give the white Rhodesians independence on any such terms, however much they may have thought they could obtain it before the Nyasaland riots and the Devlin report transformed the outlook. The chapters on the events of the past five years (and especially Mr Guy Clutton Brock's exposé of the emergency in Southern Rhodesia in 1959) may provide African leaders at the constitutional review with plenty of ammunition if they lack any; what is of greater interest is the proposals that are made by the authors for a federation that could continue.

They believe that no safeguards for the majority can work except by means of the ballot box. They therefore propose that the Federal franchise should again be amended in such a way as to give the Africans as many votes as the Europeans have. This would be far from giving Africans the universal franchise that Nationalist leaders demand and is of course a complicated matter because of the present system of reserved seats; but it would be only for a transitional period, after which Africans would outnumber European voters. Since such concessions would give Africans full control of the government, it would be necessary to provide, shortly afterwards, minority safeguards for the whites, and these are briefly discussed; but exactly the same objections—indeed more—can be raised to these as to majority safeguards. In any event Mr Leys is frankly doubtful if the Africans would accept initial parity with the Europeans as adequate; while his expression of doubt about European willingness to concede the Africans even as much as parity is a masterly understatement. As a formal demonstration that no accommodation between the parties is politically possible, his final chapter could hardly be bettered.

Yet it is not an otiose exercise. The Europeans will certainly have to choose between some such surrender of power in the federation—in other words, a frank acceptance of a West Indian solution—and the break-up of the federation in a way that would almost immediately put the whites in the protectorates in the hands of African governments and yet without ensuring by such a sacrifice that the white Southern Rhodesians would escape a similar fate for more than a few years.

The outsider can of course see that the sensible thing is for the white minority to accept the inevitable now. Unfortunately the book offers no persuasive arguments to the white electorate to make this leap in the dark; on the contrary, its tone throughout is coldly hostile to them. Britain is warned that it must be ready to intervene to prevent them trying to seize power; they are shown up as almost incapable of acting from any motives but fear and greed; and there is scant reference to any services, as opposed to disservices, they may have done to the Africans in the past sixty years. Temperately written as the book is, settlers will feel that it puts them in the pillory. Settlers certainly need to see the other side of the case. But total lack of sympathy for their own will not persuade them to make the constructive abdication of political power to which this book calls them—or encourage the African leaders who would then take power to treat them better thereafter than the authors seem to think they deserve.

Sicily and Its Past

The Leopard

By Giuseppe di Lampedusa.

Translated by Archibald Colquhoun. *Collins and Harvill Press.* 255 pages. 16s.

A CERTAIN fascination attends the passing of an order of things. Just now there is a special interest in the fate that overtook the Kingdom of the Two Sicilies; Garibaldi's landing at Marsala was a hundred years ago, and its centenary comes just when Italian opinion, or a part of it, has begun to awaken to the unsatisfactory, one-sided and incomplete nature of the union of north and south that was then consummated. The union destroyed the existing order in the south without creating a new one, and the southerners were left to sit in a picturesque slum watching the north grow rich and modern. The present vogue for good works in Sicily is a tardy and partial recognition of these facts.

Thus a possibly transient interest—already there are signs of attention turning to the problems of central Italy—partly accounts for the remarkable success that *Il Gattopardo* has enjoyed with its Italian readers since its publication in 1958. The book could have been written at any time in the last hundred years; the late Prince Giuseppe of Lampedusa was one of a very few men surviving into modern times able to reconstruct the feelings, actions and way of life of a great Sicilian noble confronted with the collapse of the Bourbon kingdom. Something about the condition of the Kingdom of the Two Sicilies qualified it, just a century ago, to be overthrown by a mere push from Garibaldi and his handful of irregulars. What was it? A popular clamour for freedom? A surge of national pride? A resolve to catch up with the times? So the schoolbooks tell us; but neither subsequent history, nor this book, suggests that it was really so. Lampedusa's Prince Fabrizio does not resist the change, because he sees it as inevitable; he does not join in it; he expects nothing from it. At most he patronises the revolution through an energetic favourite nephew, while himself holding aloof. His family survives, a little less grand and a good deal less potent, looking quaint and out of date where before it had looked awesome and more than representative. But, it must be remembered, Sicily and its families could look back on a long history of take-overs and an endless sequence of foreign dynasties, of which the Bourbons of Naples, antediluvian as they appeared to the world at large, were only the most modern. The Sicilian character, inured to change, remained largely as it had been: proud, withdrawn, pent-up, negative, as unintelligible to Lombards and Romans as to the World Health Organisation or the World Bank.

Prince Lampedusa's book has great charm. It is imaginative and sensitive; it combines tenderness and humour with a strong sense of reality. It is not the great

book that many readers will expect; for that the structure is too weak, the absence of drama, conflict or consequence too complete. It is evocative of a place, an age and a society recaptured just in time, before hearsay and family tradition had become distorted or extinct.

Bridge to the East?

Trade with Communist Countries

By Alec Nove and Desmond Donnelly.
Hutchinson for *Institute of Economic Affairs*. 183 pages. 30s.

Soviet Economic Warfare

By Robert L. Allen.
Public Affairs Press, Washington. 303 pages. $5.

THE foreign trade of communist countries is a by-product of their home investment and production plans, which are the main motor of their economic life. Planning, with all its administrative complications, gives the system an inherent tendency to autarky—national, regional and local. In a world where prices are fixed by decree and the concept of comparative advantage hardly exists, imports from the outside world are inevitably concentrated largely on those which cannot be produced at home at all. Administrative convenience encourages a tendence to bilateralism; and the need for certainty in planning means that such trade as is conducted tends to be trade with the other planned economies instead of with the unpredictable capitalist world.

These considerations, quite as much as the strategic search for self-sufficiency, are responsible for the limited nature of communist trade with the outside world in the eyes of Mr Nove, who contributes the first essay in his and Mr Donnelly's little book. His economist's eye looks at Russian foreign trading policies in an equally helpful way. "It is a fiction," he points out, "which businessmen who deal with Russia know to be a fiction, that the corporations engage in conscious dumping, in the sense that they sell cheaper than they need." Officials of the trade corporations are rewarded if they earn more foreign currency and reprimanded if they sell too cheaply. Lacking the yardstick of comparative costs, it is true, they may sometimes sell below cost abroad. And the aim of their aid programmes, like the west's, is of course political. All the same it is his theme that Russian trading practices are motivated far more by economic and administrative considerations than is generally held in the west. And his conclusion is that east-west trade, though limited by the nature of the system, contains some possibilities of expansion if the world political climate improves and the west as well as the east does some rethinking on the differences of technique and approach that inhibit multilateral trade between the two. This little essay is one of the most penetrating analyses of the Soviet economic system in relation to the outside world to appear. Forty pages of simple information about the economic administrative regions of Russia, together with some short statistics, complete the contribution of this modest but outstanding expert on Soviet economic life.

The picture he paints is rather different from that of Mr Desmond Donnelly, MP, whose contribution forms the second half of their book. Mr Donnelly draws useful thumbnail sketches of each of the communist countries and outlines some of the practical problems that face the trader. But his starting-point is the political purpose that is the avowed aim of Soviet policy, not the economic and social framework which is a less publicised determinant. His contribution has not the same intellectual stature as Mr Nove's, but he comes to the same conclusion. Even if the period of co-existence is a period of disguised political warfare, as he suggests, east-west trade is a form of dialogue that the west must engage in as vigorously as it can.

Although this book seems something of a ragbag in form, it provides a stimulating and indeed invaluable introduction to both the business practice of east-west trade and the deeper issues behind it. Its approach is in striking contrast with Mr Allen's synthetic work on "Soviet Economic Warfare." Here a great deal of information about Soviet trade practices is put together in manageable form. Useful statistics are combined with detailed anecdotes of Russian practices. But the attempt to see all Soviet foreign trade practices in terms of political conflict is pushed so far that it becomes a grave weakness. Mr Nove's calmer analysis is a salutary antidote that makes for a better understanding of the Soviet challenge itself.

Size and Wealth

Economic Consequences of the Size of Nations

Edited by E. A. G. Robinson.
Macmillan. 469 pages. 50s.

THE fifth of the International Economic Association's symposia, held in Lisbon in 1957, concerns itself with a series of questions that have gained rather than lost in topicality since then: those relating to the size of nations as it affects—by way of the size of their enterprises, their markets, and the probability of variety in resources—their wealth and dynamic efficiency. The nineteen papers discussed by the conference covered methodology (what is "a nation"? and, more elusively, what is "size"?); case studies of individual efficient nations, large and small; the relation between size and efficiency in plants, enterprises, and industries—including the relation between scale and competitiveness; size and dynamic adjustment—including both development and the maintenance of stability; size and cost of administration; and the role of international trade as an "escape from smallness"—including the further step from trade to varying degrees of integration.

Supplemented by a summary of oral discussions considerably fuller, and correspondingly more valuable, than has been provided in previous volumes, these papers are an immensely rich mine of ideas and of facts. Anyone looking for a confident, cut-and-dried answer to the question "How much does size matter?" or indeed to any of its subdivisions is however likely to be disappointed. Indeed, one of the achievements of the conference was to lay waste quite a number of confidently held generalities. Thus, it is not at all necessary, though it may in some circumstances be helpful, to have a large home market as a "springboard" for an export trade. There are only a very few industries in which optimum size of plant or enterprise (in the loose sense of a size achieving almost all the possible economies of scale) is large enough to rule out their establishment and efficient operation in a small country. It is doubtful whether the large size of the American internal market is of more than minor importance—compared with, say, America's wealth of natural resources and American attitudes to work—to the efficiency of American production. More generally, the advantages to be expected from integration between nations (as in the common market) are more political than economic; the line of economic advance is far more clearly indicated through the General Agreement on Tariffs and Trade.

As Professor Robinson makes clear in his preface, the whole question of size deserves a great deal more attention than it has hitherto had. The participants in the Lisbon symposium are well placed to mount an advance in this long-dormant sector of the economic frontier.

Views of America

The Character of American History

By W. R. Brock.
Macmillan. 306 pages. 25s.

As Others See Us: *The United States Through Foreign Eyes*

Edited by Franz M. Joseph.
Princeton University Press.
London: *Oxford University Press*. 368 pages. 48s.

The United States to 1865

By Michael Kraus. 553 pages.

The United States Since 1865

By Foster Rhea Dulles. 575 pages.
University of Michigan Press.
London: *Mayflower*. £3 each.

THE time has gone by when British ignorance of American history could be excused by a shortage of books designed for the insular reader. Mr Brock, wisely realising that Cambridge, Eng., now has as ready access as Cambridge, Mass., to introductory narratives that tell the plain facts separating the *Mayflower* from the Polaris, has essayed something different. The main outlines of the story he takes for granted; from there he goes on to explain why American history took such an un-British, indeed often un-European, course. Some years ago another Cambridge historian, Mr Frank Thistlethwaite, offered an analysis on a somewhat comparable scale, but the emphasis of his explanation fell on economic and social factors. Mr Brock has not neglected the social either, but it is politics that fills the centre of his picture. He is frank in his expression of distaste for certain of the most distinctive features of American democracy; there is a Godley-an flavour about his remarks on "the tone of public life," and a cisatlantic reluctance to respond to the emotional pull of isolationism. But he is equally frank in recognising the power of the egalitarian and the directly representative elements in the system and he is especially perceptive of the modes and stages by which eighteenth century and ante-bellum America evolved its own variety of Anglo-Saxon policy. He writes with clarity and pungency and reinforces his analysis with a wealth of happily chosen historical instances. The level of accuracy is high save that a number of unimportant but surprising errors of transcription occur in the numerous quotations that enliven the text.

In Mr Joseph's contrived—though, on the whole, well contrived—volume, it is Professor Brogan who, unsurprisingly, speaks for Britain. He may be thought to argue a little too exclusively in terms of what the growing impact of the American colossus has been on his main critic, the British left-wing intellectual, but as always there is meat in every sentence of his perceptive prose. M. Raymond Aron, as so often at his best in a symposium of this kind, articulates the French concern over the American menace in a form that carefully sifts the anxieties of the *hommes de bonne volunté* from the panic fears of the ignorant and the mandarins. In a very freshly observed, sensibly argued contribution, Jacques Freymond relates some of the same considerations to the special case of Switzerland. And so it goes on, around twenty (alas all extra-iron curtain) countries. Hardly one contributor fails to make at least one or two points of interest, but inevitably a certain flatness creeps in, a certain social survey pallor falls over the pages. The questionnaire, for all its merits, is still, on the whole, an inferior literary instrument to the pen.

And how do Americans see themselves? For an answer, the British reader might do worse than turn to the two latest volumes of the University of Michigan's "History of the Modern World." Despite their seeming bulk and indisputable weight, these are readable narratives that well exemplify the solid merits of the modern American historian—his liberal, critical spirit, his scrupulous regard for accuracy, his awareness of the inter-connection of all aspects of the past, political, social, economic, cultural and even physical.

Golden Syrup

A Nursery in the Nineties

By Eleanor Farjeon.
Oxford University Press. 534 pages. 30s.

NOT long ago Miss Farjeon wrote an interesting but rather uncomfortable book about Edward Thomas—uncomfortable because she wore her heart so openly on her sleeve. She has further volumes of memoirs in preparation, and as part of the series she has republished her memories of childhood, which first appeared twenty-five years ago. She was one of an exceptionally happy and united family, all talented, who were perfect examples of the English tradition of respectable Bohemia. Her father, Ben Farjeon, was a novelist who was well-known in his lifetime though now forgotten; her mother was a member of a famous family of American actors; they lived in and around the theatre; and they were entirely respectable, happily married, and good members of society.

Miss Farjeon is convinced, and convinces the reader, that no one could have had a better or more stimulating upbringing; unfortunately, the reader's conviction is purely intellectual, since nothing is brought alive at all. This is essentially a private book, written, as she says, for the family; and had it not already had a great success among the sentimental, one would say that it should never have been given to the public at all. The family feeling, and Miss Farjeon's recollection of it, are so strong and so uncritical that reality is only seen at second or third hand. This is the world once seen by a united set of children, and remembered long after by a middle-aged woman without doubts or inhibitions. All the characters emerge as creatures of her affection rather than as real people, and one must have a remarkably sweet tooth to cope with the glutinous sentiment. Like golden syrup, it is a compound where taste is sacrificed to sweetness and uniform consistency. The only contrast is provided by endless documents of juvenilia, which most adults would think better forgotten. But it had its audience before and may have again.

The Enlightenment and After

In Search of Humanity

By Alfred Cobban.
Cape. 254 pages. 32s.

BY far the major part of this interesting book is a lucid, fair and stimulating account of the development of the Enlightenment in Europe during the seventeenth and eighteenth centuries. It is introduced and completed by a discussion of the bankruptcy of contemporary political thinking and by a spirited and welcome defence of rational inquiry as a means of revitalising political science in the present age and of rescuing it from the gloomy embraces of pessimists and religious revivalists. As his title suggests, Professor Cobban regards this second part of his book as containing its serious purpose; his account of the Enlightenment is not, he assures us, "history for its own sake." Nevertheless, whatever his motives or his purposes, all who are interested in the history of Western Europe in the eighteenth century will be grateful for his work. Political historians, especially (though probably not convinced that their researches are only "on a fairly superficial level") will be in his debt for his summary of the development of political ideas in the period.

Professor Cobban shows how the essence of the scientific movement from which the Enlightenment sprang was its combination of theory and experiment. This combination, a merging of the methods of Descartes and Locke, was developed in the realm of political thought by Montesquieu and transmuted subsequently by the genius of Rousseau to include emotion. These men, and others of comparable intellectual stature such as Bayle and Voltaire, shared, besides their love of reason, a hatred of cruelty and a fundamental respect for the individual. This respect perished with the wars of the French Revolution and the rise of the idea of popular sovereignty; as Professor Cobban says, "before this new theory of sovereignty" the individual's rights "faded away like snow in summer." Thereafter the field was cleared for the rise of nationalism, the growth of pessimism and the decline of reason.

But in his treatment of the political thought of the nineteenth century Professor Cobban is, perhaps, guilty of something of the pessimism which he sees as its leading characteristic. He recognises the triumph of Jeremy Bentham's ideas in England but seems not to allow the prevalence of optimism among practical politicians in England, of whom Mr Gladstone was the outstanding example. Yet his final conclusion is not pessimistic; it is hopeful and it is salutary—that reason and tolerance can lead us back to sense and humanity.

OTHER BOOKS

WORLD INSURANCE TRENDS. Edited by D. W. Gregg and D. M. McGill. *Pennsylvania University Press*. London: *Oxford University Press*. 700 pages. 80s.

This is a summary of the proceedings at an insurance conference held at the University of Pennsylvania in 1957. The papers on individual countries provide some kind of reference work on different insurance habits; but it is surprising to see so little mention of the role of London in the world insurance market.

REPORT OF THE DIRECTOR GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 1959. Unesco. *Her Majesty's Stationery Office*. 284 pages. 30s.

THE CHURCH TODAY. By J. W. C. Wand. *Penguin*. 192 pages. 3s. 6d.

A brief description of the Christian Church in its external variety and its inner unity.

THE FISCAL SYSTEM OF VENEZUELA: *A Report*. By Carl Shoup and others. *Johns Hopkins Press*. London: *Oxford University Press*. 514 pages. 70s.

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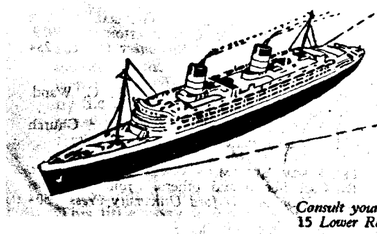

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AMERICAN SURVEY

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

Where Depression's Chronic

WASHINGTON, DC

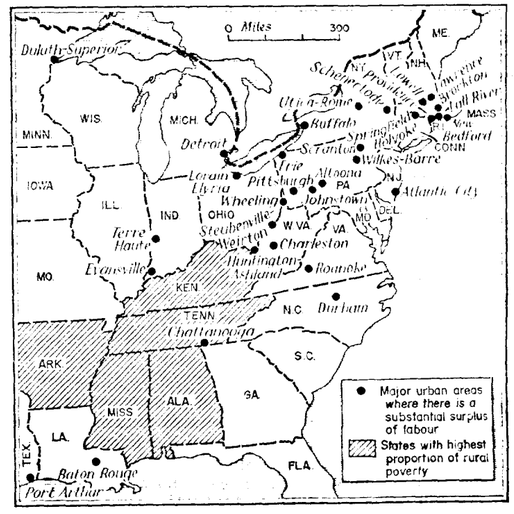
IN a week in which George Washington has been turning in his grave because the Administration waited until its axe had been found quivering in the cherry tree before announcing that it could not tell a lie, the depressed areas about which Congress has been talking might be taken to refer to the Central Intelligence Agency and the State Department. But in fact the Legislature has been bending its attention to a humbler but more humane theme: this is the problem of bringing new life to those pockets of poverty and industrial decay which dot the map of the United States like dead skin on an otherwise healthy face. Congress has just approved a comparatively modest Bill providing $251 million in loans and grants to attract new industries to these areas. Even this required much parliamentary ingenuity: first the House of Representatives had to invoke a dustily obscure procedure known as "calendar Wednesday," last used ten years ago, to prise open the grip in which the conservative Rules Committee—through whose hands all legislation normally has to pass—has held the Bill for the past year; and then the Senate, which had approved a more generous measure earlier, decided to settle for the House's version rather than struggle over a compromise.

The Bill now goes to President Eisenhower's well-oiled guillotine. If he vetoes it, as he vetoed the rather larger Bill which Congress passed in 1958, last week's votes make it clear that in neither house do its backers have the two-thirds majority required to override the veto. But the President may be deterred by the memory of the damage which his last veto did to Republican candidates in depressed areas in the congressional election of 1958. This year American voters, their eyes drawn to the troubles of West Virginia by Tuesday's election in the state, are showing a sharpened sympathy for those areas which have been left with a heavy burden of unemployment by dying industries, the advance of automation or the retreat of factories to more profitable parts of the country.

The region which the Bill is chiefly designed to help stretches in a broad crescent from New England to the lower Mississippi. The latest figures issued by the Department of Labour give thirty major districts on the mainland of the United States, and over a hundred smaller ones, as areas of "substantial labour surplus." Half of these were reckoned, in a study prepared by the department last year, to be chronically depressed; the proportion of their working population which was unemployed, in a country where the nation-wide figure is still over five per cent, had been well above the national average for four out of the five previous years. The causes are not hard to find. Over half of these places are towns where the industries mainly responsible for the trouble are coal mining or textiles. Thus Massachusetts and Rhode Island, many of whose textile mills have been lured away by the cheap wages in the South, contain five of the Labour Department's list of 17 major chronic sufferers; the coal regions of Pennsylvania and West Virginia, plagued by the contraction which has cost three miners out of five their jobs in the last decade, account for four more.

Most of these towns lie in the older industrial regions of the north-east. But Congress has attached to them, for reasons that are as much political as economic, a block of poverty-stricken rural areas concentrated mainly in the region south and west of the Appalachians. The Bill, in addition to providing loans (and, where necessary, outright grants) designed to draw factories back into decaying cities, would also try to attract industry to the most decrepit parts of the countryside. A list of these tobacco roads, drawn up by the Department of Agriculture, suggests why the Democratic leaders thought that this double objective might for once unite the southern and northern halves of their party. Of the 300-odd counties which constitute the poorest tenth of rural America, almost two-thirds lie within the five neighbouring states of Alabama, Mississippi, Arkansas, Tennessee and Kentucky. The device was only partly successful; of the thirty-five Democrats from these states in the House of Representatives, fifteen steadfastly put their dislike of federal intervention before their desire to get assistance for their constituents.

There can be little doubt that the federal government will have to broaden the help it gives to depressed areas. Hitherto federal aid has been confined to a few minor measures. The government has given preference to these areas in placing orders for the goods it buys, and in making loans to small businessmen; and until recently it offered special tax depreciation allowances to defence industries moving into hard-hit districts. A tiny office in the Department of Commerce dispenses good advice and pamphlets to local authorities struggling to keep their towns alive. But the continued decline of the problem industries, and the stubborn reluctance of the unemployed to disperse themselves around America at the behest of the law of supply and demand, suggest that other measures are needed. In so luxurious a society it is painful to learn that four million people, a high proportion of



them in the regions which Congress is trying to help, are hungry enough to need the miserable rations of surplus foods distributed by the Department of Agriculture.

Nevertheless, it would be a foolhardy liberal who claimed that this year's Bill was a flawless answer to the problem. This is not, as its critics have argued, because it impedes the natural redeployment of labour which the free market, left to itself, would eventually bring about. The free market, which finds it difficult enough to inveigle workers down the road from Glasgow to Birmingham, faces an altogether harder task in persuading Pennsylvanians to make the trans-continental migration to Texas or California. In any case, the federal government has to reckon with the fact that many state and local authorities in depressed areas are trying to pull themselves up by their bootstraps by offering financial help to companies from other parts of the country and even putting up factories for them. If their efforts convince out-of-work miners in the black holes of Scranton and Wilkes-Barre —where the unemployment rate has been above ten per cent of the labour force for years—that it is worth staying where they are, it is pointless to invoke the holy name of labour mobility.

But the new measure, even if it becomes law, will give its administrator a hard time. It makes forty large industrial areas and a hundred smaller ones, in addition to several hundred rural counties, eligible for the funds at his disposal. Since he would have only $35 million to distribute in direct grants, and $200 million in loans which would not be available for re-use for some time, he would either have to spread his resources so thinly that they would be useless or else turn down many applicants (and thus offend their patrons in Congress). There is also some doubt about the number of new jobs which the Bill would create. Its opponents claim that it takes an investment of over $12,000 to employ one worker ; they say that, even counting the contributions which the Bill requires from state funds and private industry, it would give work to no more than about 70,000 men. This is an exaggeration, since the light industries which the Bill is chiefly designed to encourage need a much smaller investment than $12,000 a job, and each man back at work will in turn create employment for others ; but the money can, at best, provide only a partial cure.

The other danger is that the depressed areas will simply gain new industries by drawing them away from other districts. Last week Congress decided that the administrator of the programme must refuse a loan if he thinks that it would do no more than shift the unemployment. This is much sterner than the original provision, which merely required him to avoid " substantial detriment " to other areas ; it puts him under an obligation, the limits of which will almost certainly have to be decided by the courts.

These difficulties suggest that Congress has not yet found an entirely satisfactory way of getting the blood moving again through the withered extremities of the economy. But the plight of the depressed areas has plainly proved too severe for the traditional remedies available to the free enterprise system. If the lower levels of government have been unable to raise the funds needed to make these areas attractive, the federal government is the next source from which help should logically be sought ; this year's Bill would be a useful test of how effective it can be.

I Spy

ONCE official Washington had time to collect its wits, the State Department and the President between them made the best of the bad business of the bringing down, just before the summit conference, of an American aerial spy. Mr Khrushchev now has it within his power to blame the United States if the summit conference fails and to make it impossible for Mr Eisenhower to carry out his visit to the Soviet Union; and it seems certain that it will become much harder for the United States to use bases in friendly countries that have been unnerved by Mr Khrushchev's threats. But Mr Herter and Mr Eisenhower should have convinced even unsophisticated Americans, shocked to find the American government dabbling in the same dirty business as the Russians, that not only is this nothing to be ashamed of, but a necessity if a nuclear Pearl Harbour is to be avoided. In more knowledgeable Washington, the reaction to the revelation that the United States had been sending photographers across the Soviet Union for four years was much more one of relief and satisfaction; in the past it has been more usual to accuse the Central Intelligence Agency of falling down on its job than of doing it superlatively well. Moreover, now that there is reasonable doubt whether Mr Powers was actually shot down—a mechanical failure is thought more likely—the legendary Russian air defences do not seem so impressive.

Neither the President nor Mr Herter has succeeded, however, in clearing up the points which are causing real anxiety in Washington and for which the Administration itself is to blame. That the government " lied " at first is not surprising; governments seldom take responsibility for spies who are caught and the Soviet government certainly has not. What is universally thought to be deplorable, however, is the timing of the flight. So is the unfortunate contention in the State Department's first announcement that " in so far as the authorities in Washington are concerned there was no authorisation for any such flight." The intention, no doubt, was to free the President of an embarrassing technical responsibility. But it lent colour to communist insinuations that military groups in the United States are at liberty to defy and frustrate the civil government. And few people in Washington believed the announcement.

Later statements have made it clear that, even if specific flights are not authorised individually, the collection of military information by every possible means has been authorised by the President. In his press conference Mr Eisenhower contended that, although intelligence departments cannot be run in the ordinary way, there was responsible supervision. It does not appear, however, to have been responsible enough. There is also cause for regret in the suspicion which has been thrown on the valuable and peaceful work of the civilian space agency. All these matters worry many members of Congress, particularly Democrats who have long been contending that the Central Intelligence Agency is not adequately controlled. Next year, when the summit conference and the President's visit to Russia (or his failure to go) are history, it seems certain that they will be explored thoroughly.

No Stopping Kennedy?

SENATOR KENNEDY'S unexpected triumph in West Virginia is a triple one. The Democratic voters who, in a proportion of three to two, preferred him to Senator Humphrey—Mr Kennedy had expected, in public at least, to be beaten by this amount—proved that his Roman Catholicism does not count against him in an overwhelmingly Protestant state and one hitherto regarded as prejudiced in religious matters. The voters also proved that his wealth does not count against him in one of the most poverty-stricken regions of the country. And thirdly, Mr Kennedy himself proved that he can survive the combined attack of all his rivals for the Democratic presidential nomination. For in Tuesday's ballot Mr Humphrey had the active backing of the influential party leaders in West Virginia, and of many outside it, not because they favoured his candidacy but because they thought that Mr Kennedy must be stopped now if there was to be any chance at the con-

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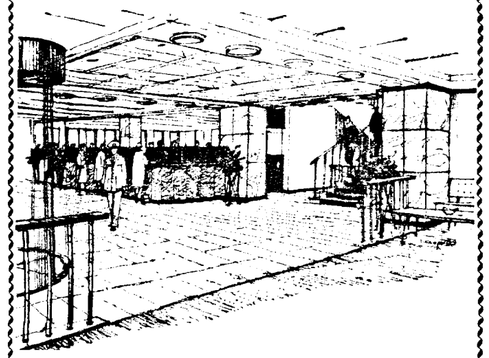

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vention for the various candidates they do favour—Senator Lyndon Johnson, Senator Symington or Mr Stevenson.

Senator Kennedy owes his success to the ability with which he turned to his advantage all the reasons which were supposedly going to defeat him. Forced to discuss his religion, he did so boldly, arguing that it was his own affair but that his alleged allegiance to the Pope had never prevented him from serving his country loyally in the past and certainly would not do so if he were asked to serve it in the highest office of all. Those who suggested that he took orders from his church were in his view bigots, a condemnation which West Virginians were evidently determined not to deserve. Mr Kennedy's wealth contributed to his victory by enabling him to cover the state with personal appearances and an intensive television and press campaign which Senator Humphrey could not afford to match. But Mr Humphrey's attempt to appeal to the voters as a poor underdog was countered by Mr Kennedy's claim that in fact it was he who was the underdog with everyone in his party ganging up against him. And in this competition for sympathy he seems to have won.

Mr Kennedy's opponents cannot be expected to come over to his side in a body, or to retire from the campaign completely, but his success deprives them of the arguments which they have been using against him so far, in particular of the contention that Protestants would not vote for a Roman Catholic. It also deprives them of Mr Humphrey as a stalking horse, since he has now given up his brave struggle for the Presidency and will devote himself to securing re-election to the Senate and a liberal platform for his party. The West Virginian battle was a simple popularity contest and did not give Mr Kennedy a block of delegates to the nominating convention. But it will be surprising if delegates from other states do not now rush to get on his bandwagon. What matters most to Mr Kennedy, however, is that there should be enough of them to enable him to arrive in Los Angeles in July assured of the clear majority of 761 votes needed for the nomination.

Wheat: Shared and Stored

LAST week's imaginative grain deal with India, involving nearly 600 million bushels of wheat and 22 million bags of rice, is the largest ever made under Public Law 480, through which surplus American farm commodities are exchanged for foreign currencies; it is also the longest, being spread over four years; and it is the first to enable the recipient country to build up reserves for emergency use. This insurance against crop failures, and against the inflationary speculation which results from chronic shortages of grain, is most important from India's point of view, since it enables that country to concentrate on its long-term project, backed by the American Ford Foundation, for achieving agricultural self-sufficiency without having to worry about current supplies of essential foods. The American negotiators insisted that India must continue to buy 15 million bushels of wheat a year on the world market at commercial prices for the sake of Canadian and Australian exporters. India is, however, being allowed to use for its own development schemes an even higher proportion than under past agreements of the $1,276 million in rupees which it is paying to the United States; all but $200 million, reserved for the American government to spend abroad, is being returned to India, half in loans, half in grants.

Even before the latest deal India had been the chief beneficiary of Public Law 480, and wheat the chief commodity to be delivered under it. But the amount involved now is about half of both an average American wheat crop and of the present surplus stock, and more than Americans consume as food during a year. Nevertheless there are people who feel that to ship America's abundance abroad in this way merely has the effect of postponing the day when Congress will no longer be able to avoid easing the taxpayer's burden of farm surpluses. As far as wheat is concerned, President Eisenhower is insisting that a start on lightening the surplus must be made this year, but has left it to Congress to say how. It is thought that he would accept the solution worked out by the Senate Agriculture Committee, even though it would lift the level at which prices are supported. In return farmers would be required to reduce the acreage they plant with wheat by 20 per cent but would be allowed to make up half the loss of output by drawing grain from the government's stock.

Meanwhile in the House of Representatives a completely new approach is being advocated with the Family Farm Income Bill. Price supports and government purchases would be abandoned and producers of each commodity would be allowed to establish their own production quotas in order to balance supply and demand. There is no doubt that if Congress passes the Bill the President will veto it, but it is backed by Democratic leaders because they feel that the party must have an energetic new approach to agriculture to offer to voters in the farm states next November. On the Republican side Vice President Nixon feels the same and has let it be known that once he is nominated for the Presidency he, too, will have something sensational to offer.

Doctor in Spite of Himself

LARGELY to satisfy Mr Nixon, a reluctant President has at last produced his own Republican answer to Democratic plans for helping old people, through the existing federal social security system, to pay their medical bills. Except as a shield for Republican candidates against the charge that their party is indifferent to the struggles of the elderly, this elaborate scheme has had a poor reception. It has been pounced upon by the right-wing

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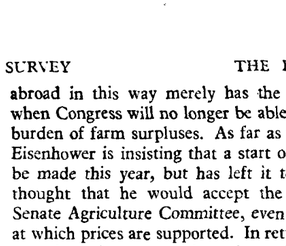
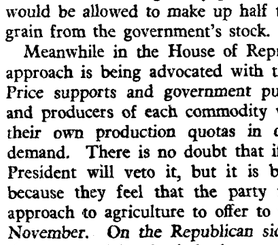
MANUFACTURERS' CHANGING PAYROLLS

EMPLOYEES IN MANUFACTURING



THEIR ANNUAL EARNINGS



Source: — Survey of Current Business, December, 1959, US Dept of Commerce.

While the total number of people employed in manufacturing in America has been decreasing, the drop has been entirely among wage earners—that is, factory employees below the rank of working foreman who are engaged in making or handling products or in plant maintenance work. The number of salaried employees—executives, technicians, salesmen, office staff—has been rising steadily. This is mainly because of the increased demand in post-war industry for professional workers, such as engineers and chemists, as a result of new and more complicated products, new methods of producing and distributing them and expanded research programmes.

By 1959 salary payments accounted for almost one-third of the total manufacturing payroll of about $85 billion a year, compared with only one-quarter of the $42.5 billion paid out to factory workers in 1947. Yet the average annual wage has gone up proportionately more over the period than has the average annual salary. This is partly because within the wage-earning group there has been a movement into better-paid occupations and away from unskilled jobs.

Wall Street's Crystal Ball

NEW YORK

AT the present time, when all available statistics are being sifted carefully to find indications of where the economy is going, considerable interest is focused on the performance of the stock market. Many people are asking themselves whether Wall Street, in staging a retreat of 13 per cent in share prices in the first six weeks of the year, was giving a timely warning of trouble ahead or whether it was simply revising sharply downward the somewhat heady expectations held by both investors and businessmen at the end of last year. The subsequent performance of the market—with no real recovery and no continuation of the downturn—has simply begged the question.

A great deal of work has been done on the part played by the stock market (as measured by the popular industrial averages) as a forecaster of business trends. According to those who have delved in this field, share prices have a fairly consistent record of anticipating turning points in business activity; the averages have usually turned down before the economy has reached a high point in the trade cycle and have turned up again before business has reached its low. But although the market has often been "right" as a general forecaster, its value as a guide to the future is subject to some major qualifications.

In the first place, share prices follow such a jagged course that peaks and troughs can be pin-pointed with any accuracy only in retrospect. The market rarely moves in a straight line and when it is undergoing a basic change in direction it is particularly liable to short run swings which make it difficult to determine, as at the present time, if a given peak is in fact the main one. Secondly, while the market cycle usually precedes the business cycle, the lead time has been subject to very wide variations in the past. And finally, any detailed correlation of market movements and business trends runs into the considerable snag that different statistical measures of market performance give different results; the popular Dow Jones average of 30 industrial shares and the more comprehensive Standard and Poor's index of 500 shares may tell very different stories. And even when it comes to picking out the high and low points in the business cycle it is hardly reassuring to find that they are not the same on the old and the recently revised versions of the Federal Reserve Board's index of industrial production.

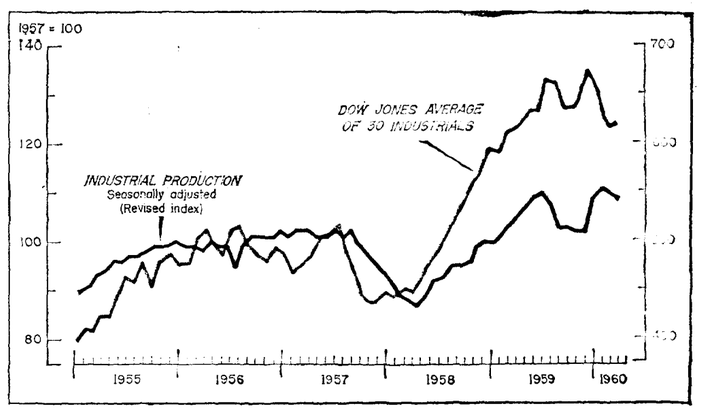
THE National Bureau of Economic Research has been the chief student of the stock market as a business forecaster. Its studies show that, in the thirteen trade cycles which have occurred since 1897, market peaks (using the Dow Jones average) have preceded those in business activity on ten occasions, have coincided with them once, and have lagged behind the downturn in business twice. Similarly, low points on the stock market have occurred before those in business eleven times, have coincided with them once and have lagged behind once. But the interval has varied between a lead of thirty months and a lag of three months for business peaks, and a lead of eighteen months and a lag of one month for troughs.

In judging the reliability of the stock market as a forecaster of business trends, it is only fair to emphasise that these are not precisely what investors are trying to foresee. It is the outlook for profits, rather than the prospective volume of business, that investors are trying to assess. And while these two phenomena are clearly related, they do not reach their peaks at the same time. Corporate profits are usually largest in the early stages of a boom, before they are squeezed by rising costs of production. Similarly in a recession, profits hit their lowest point well before the economy reaches its bottom. In the latest upsurge of business, for example, both corporate profits and profit margins were at their highest in the second quarter of last year. It is this preoccupation with the trend of profits, rather than any occupational facility for gazing into crystal balls, that tends to keep the stock market at least one step ahead of business in general.

The stock market is not the only economic indicator which gives some hint of the shape of things to come. The National Bureau has selected eight statistical series (including share prices) which it considers to be peculiarly sensitive to the expectations of businessmen. Fluctuations in the length of the average work week, awards for residential building and new orders for durable goods share with the stock market a tendency to anticipate fluctuations in business activity. Taken individually, none of these "leading" indicators is a particularly reliable forecaster, but when they all act in unison—turning up together or down together—the record shows that it is reasonably certain that the level of business activity will shortly follow suit. Among its leading indicators, the National Bureau considers the stock market to be one of the more helpful ones; it is usually the first to call the turns, although since the war contracts for new residential housing have proved themselves to be a sensitive and prompt reflection of what lies ahead.

THE stock market can of course make "mistakes"—as a business forecaster, that is. A notable example came shortly after the end of the war. The stock market turned down in the middle of 1946 while business continued to climb for another two and a-half years. While many claim that investors were anticipating a postwar recession that took a very long time to materialise, others argue that the market was simply reacting to the financial stringency of the period. But for those who look to the stock market for light on business trends a lead of thirty months is not much help.

According to some students of the stock market, the powerful role of the institutional investor—with factors other than the swings of the market to consider—has made the stock market less reliable as a business forecaster than it was before the war. For instance, the reluctance of share prices to turn downward decisively in the course of the business boom in 1956-57 is attributed by some to the persistence of institutional buying even after the market had put out its "bear" signals. Conversely, the sharp drop in share prices this year has been attributed in part to the fact that institutional investors, with their portfolios now well-padded with equities, were happy to pause for breath. The stock market can point to its rather neat performance in pronouncing that the 1957-1958 recession had ended; prices of shares turned round in November, 1957, and started a determined climb even though the economy ran downhill for another five months. But only in the perspective of history will it be possible to judge the stock market's 1960 performance.



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Republicans as "socialised medicine" and denounced by the American Medical Association as unnecessary, by the trade unions for its "means test" and by many Governors of the states which would be required to provide nearly half the money—and do not know where they would find it. Yet it is a step forward that both parties now recognise—if only under election pressures—that there is a problem to be solved.

In its tortuous effort to avoid involving the federal government in direct new responsibilities, the plan recalls the Administration's scheme for funnelling some federal aid to education. But now that Mr Nixon, as the prospective Republican presidential candidate, is more and more calling the tune, there is less emphasis upon saving money and more upon substance. Indeed, as far as coverage of catastrophic illness goes, the Administration's plan is far more generous and comprehensive than its Democratic rivals' and it is not cheap; it would cost about $1.3 billion a year, of which the federal government would supply about $700 million.

There are three main differences between the Republican and the Democratic approaches. The Eisenhower scheme would be administered by the states, with the aid of federal subsidies, instead of by the federal social security agency. Secondly, to avoid any element of "compulsion" (Mr Eisenhower's bugbear), old people could choose between paying premiums to a private health insurance organisation, which the government would subsidise, or paying $24 a year to enrol in the state health scheme, christened "Medicare." In theory this leaves room for private enterprise, though insurance companies would be hard put to it to rival the benefits offered by Medicare, which would include, in any year, 180 days in hospital, 365 in a nursing-home, drugs, surgery, and dentists' and doctors' services. Finally, only those with incomes under $2,500 a year ($3,800 for couples) would be eligible; this covers about three-quarters of the old. And except for those on public assistance, who would pay nothing, everyone would have to pay the first $25 of his medical bills; the government would pay 80 per cent of the rest. All these provisions would impose a heavy burden on states whose resources, both administrative and financial, vary widely. Luckily there may be time for calmer second thoughts on both sides if, as seems probable, Congress passes a Bill which the President feels that he must veto and the whole matter goes over to the next session.

Segregation in Church

FROM A CORRESPONDENT IN COLORADO

At its quadrennial conference in Denver last month the Methodist Episcopal Church, the largest Protestant denomination in the country, with ten million communicants, decided not to try to eliminate racial segregation in its churches at this time. Almost all its members, except the southern diehards, regard segregation as a distressing affront to the spirit of Christian brotherhood and believe that integration is the only Christian solution. But after a week of emotional debate they voted overwhelmingly to uphold the report of a special commission which in effect advocates the utmost gradualism and the greatest care so that racial questions shall not again divide the church.

To understand why, it is necessary to remember that treatment of the Negro was the rock which split the American Methodists apart for almost a hundred years. Most of the early American Methodists seem to have accepted slavery, but by the early eighteen-forties a majority had embraced abolition and in 1844 the Southerners seceded, and organised the Methodist Episcopal Church South. The schism lasted for ninety-five years and was healed only in 1939 (a few groups still remain outside) and then only because the Church bowed to the southern demand for continued *apartheid*. The awkward administrative arrangements of the church today reflect the terms of this agreement. Five of its jurisdictions are geographical but the sixth, the Central one, is not. It is for Negro congregations only, and its members include about 367,000 of the 397,000 Negro communicants, who in turn comprise only about 4 per cent of the whole membership. Thus only about 30,000 Negroes, or less than one-tenth of the church's Negro communicants, have been accepted into non-segregated congregations. Little progress toward increasing this number, either individually or by congregations, has been made since 1939.

These church jurisdictions have an unusual degree of independence; although the last two General Conferences limited this slightly to open the way to eventual integration, the agreement of two-thirds of a white congregation is still required before an invitation to merge may be extended to a Negro one, and two-thirds of the Negro members must also vote to accept it. There have been very few such inter-racial amalgamations. One reason may be that, so far as church affairs go, the jurisdictions are co-equal, and this gives the Central jurisdiction a one-sixth voice, although it contains only one-twenty-fifth of all communicants. Some Negro clergymen and laymen enjoy this privileged position. On the other hand southern opposition to integration is apparently almost as swollen and angry as it was on the occasion of the original schism. It has led at least two southern states to pass laws which permit local congregations to withdraw from denominational groups if two-thirds of their members approve. Bills to the same effect are pending in other southern Legislatures.

Aid for Aid

Observers of the American scene have learned long ago the difference between an authorisation for the mutual security programme, which merely fixes a ceiling on spending, and an appropriation, which provides the actual cash. So has President Eisenhower, who launched last week an unusually vigorous and forehanded campaign to "save" foreign aid just as the Senate and House of Representatives were about to authorise almost as much as he had asked. Congress fixed a total of just under $4.1 billion—the President requested $4.2 billion—although Mr Fulbright, introducing the Bill in the Senate, spoke for many when he complained that the programme was like a "plate of warmed-over grits," lacking initiative, originality and long-term provisions.

The President himself found little that was not familiar to say in his appeal to the country although, in a new variation on the theme of mutual aid, he is believed to be entrusting much of the fight over the appropriations Bill to Mr Nixon who, as the probable Republican presidential candidate, needs more limelight than he has been getting. Even Mr Eisenhower's hint that he might call a special session of Congress if Mr Passman, an old enemy of foreign aid, persuades Congress to cut a billion dollars out of the appropriation is an echo of a threat made last year—and never carried out. Mr Passman, on the other hand, will benefit from the painful contrast between the President's willingness to veto Bills for spending at home and his determination to maintain spending abroad, from a series of scandals in the administration of foreign aid, and from the deficit in the American balance of payments.

Mr Eisenhower's argument that the way to right the balance of *international payments is by increasing exports, not by cutting* foreign aid, has been strengthened, luckily, by the export figures for the first quarter, which are 20 per cent higher, on a seasonally adjusted annual basis, than they were a year ago, largely because of the expected upsurge in shipments of cotton and because of the end of the steel strike. Imports, though still high, are only 10 per cent more than they were in 1959, encouraging hopes that

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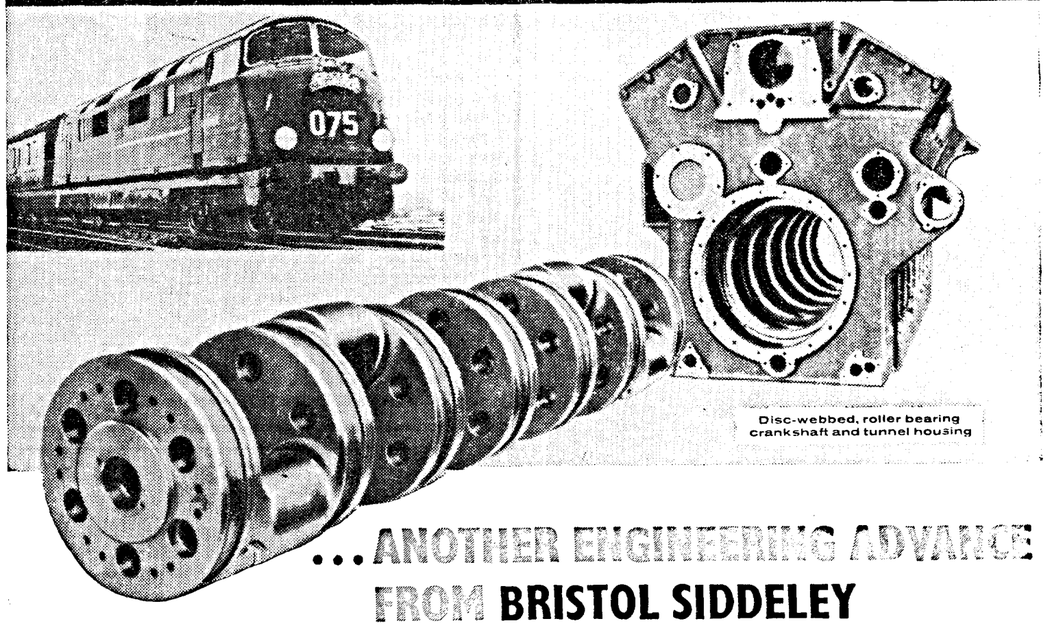

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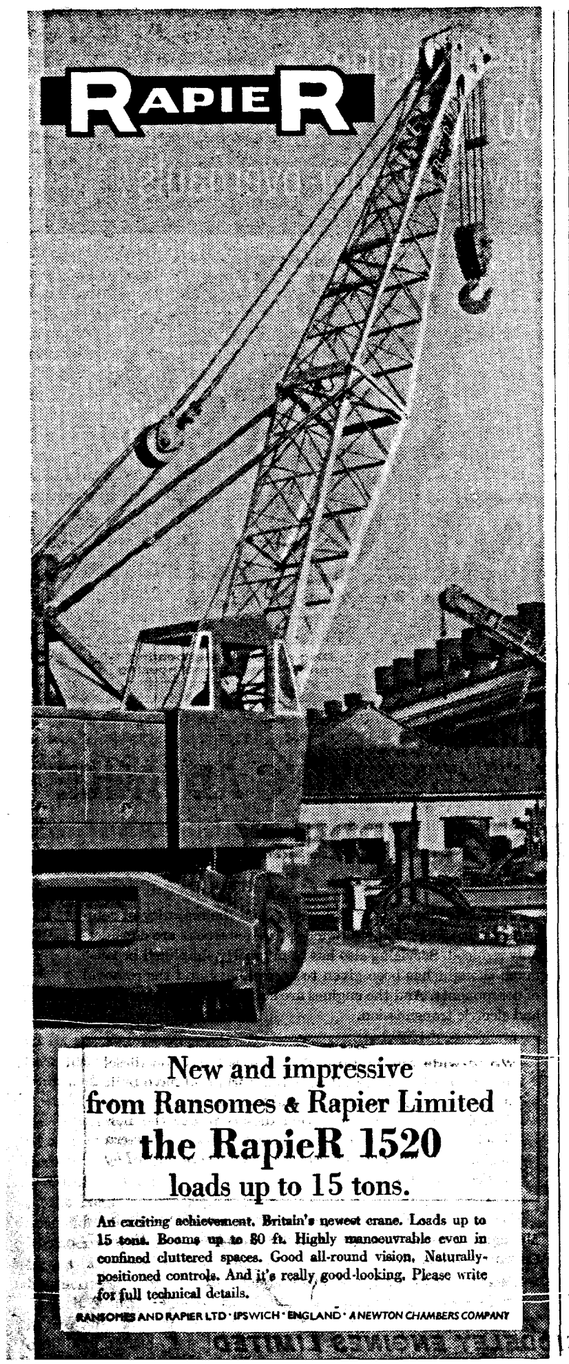

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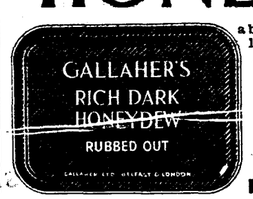

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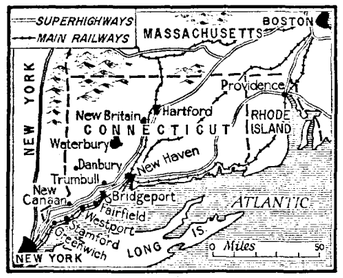
the deficit in the balance of payments will recede from $3.7 billion last year to about $2.5 billion in 1960. Even this is a disturbingly big figure and ample justification for the export drive which is getting under way. It also helps to explain why the United States, in spite of protests from the "outer Seven," has backed so unequivocally the speeded-up time-table for tariff reductions by the European common market. The Administration believes that "acceleration-reduction," as it is called, is the most hopeful way of enlarging international trade for all—and markets for American coal, cars and tobacco in particular.

New England's Midlands

FROM A CORRESPONDENT IN CONNECTICUT

THE enduring quality of Connecticut's characteristics is, to its older residents, one of this shrewd and crotchety state's endearing charms. The older it grows—and its Fundamental Orders were adopted more than three centuries ago—the more solidly chiselled seem its virtues and its faults. But this aura of immutability tends to hide the fact that the state is undergoing modern changes which threaten to destroy some of the elements that are most cherished. The flood of exurbanites which followed the second world war and swelled after the Korean outbreak brought Connecticut a swarm of new residents who invaded old towns, widened their borders, raised their gossip potential, and demanded public services that increased their taxes. The decentralisation of industry which has been made possible by the bulldozer, the super-highway and the huge trailer-lorry is bringing an industrial revolution far more sweeping than the earlier ones to the open country rather than to the older centres, to the delight of the State Development Commission and the horror of lovers of what was once green rural peace.



The resulting tensions play themselves out in local feuds in which those who came early quarrel with those who came late. The town of Fairfield has just refused to vote money for converting a small school into a $1.5 million high school because, in the words of the Italian strategist who led the attack, "the town is pricing itself out for the working man." At the other extreme, the wealthy New York dormitory town of New Canaan refuses to allow manufacturing within its leafy borders, and insists that new houses on unoccupied land must each be set in no less than four empty acres. Westport, squeezed between two sprawling industrial neighbours, plans its future growth along balanced lines that residents prefer.

Before the present age of the bulldozer the nutmeg state's economic and political structure was defined by its geography. Only ninety-five miles long and seventy-five miles wide, divided into eight counties and 169 towns, Connecticut boasted of being a "nation in miniature," with a diversified industry balancing a diversified agriculture. For decades it divided its efforts between growing tobacco and manufacturing arms and other metal objects in factories dating from the Civil War. Ports along its sea coast and a narrow coastal plain through which ran trade between New York and Boston gave it a third important source of income. Those balances have been completely upset by the new expansion. Manufacturing now provides 31.5 per cent of personal income in the state, while only 1.2 per cent comes from farms. The State Development Commission says gleefully that Connecticut may now be described as "New England's Midlands"; the phrase sends shivers down the backs of the ageing natives, immigrants who still love the soil, and exurbanites who resent the city's treading on their tails.

The changes show in statistics as well as in the night-long roar of diesel lorries down the roads and the swarming traffic in small towns that once were peaceful. Connecticut's estimated population has gone up nearly 23 per cent since 1950. The number of dwelling units increased by 30 per cent between 1950 and 1958, most of them sprouting children in need of schools. The resulting suburban sprawl affects nearly all the towns but the small ones most spectacularly. Bridgeport has spread into surrounding farm land; so has Danbury of hatter fame. The city of Hartford has added 4.6 per cent to its population since 1950, and New Haven 2.5 per cent; but the rural hamlet of Trumbull has taken 84 per cent more people within its boundaries.

The industrial shift has covered acres of farmland with modern factory floors during the past decade. Where old industrial buildings were of red brick, several storeys high, set beside waterfalls that provided power, the new ones lie flat on valley floors, close to rail and road transport, bringing electricity in from central generating stations. Individually they tend to be trim and neat, choosing pastel colours that are meant to blend with the countryside, emitting little smoke. Their desire to be considered good neighbours is somewhat marred by the fact that their workers attract a frenetic fringe of giant posters, hot dog stands, supermarkets and bowling alleys which afflict the eye and challenge town regulations.

A third great change now threatens the exurbanites. Connecticut has one major railway which long had a monopoly of freight and passenger business between New York and Boston. The New Haven Railroad, as temperamental as it is essential, loves freight and detests passengers, particularly commuting passengers who must be carried to and from the city in long trains that lie idle most of the day. Claiming to have lost $11 million last year, it threatens to stop its commuting services altogether unless they are subsidised in some way. The Interstate Commerce Commission is now investigating the situation; meanwhile, commuters fume at the inefficient service.

The state's expansion has been reflected in Connecticut politics. The Republican tradition which seems to go with agriculture has been upset by the growing importance of the manufacturing regions which nurture Democrats. Six Representatives and the usual two Senators go to Washington; one Senator is Republican, the other a Democrat; all the Representatives and the Governor are Democrats. So is the State Legislature, though by a narrow margin. This break in political tradition has resulted in some administrative progress. Governor Ribicoff has given new impetus to the drive for improvements in state government which, begun by Governor Bowles in 1950, was left languishing by his Republican successor. The need for reform of the judicial system at the grass-roots level has finally been accepted, and amateur justice is at last being superseded. County governments, mostly moribund, have given up functions that were duplicated by the municipalities and the profitable inertia of county office-holders has been swept out by new Democratic brooms.

Two major questions now confront the Governor. In the first place, will he carry reform to the point of attacking the old "rotten borough" basis on which the State Legislature is elected? Secondly, how long can the state continue to expand without having to impose an income tax? Its absence has been a powerful lure to new residents and new industries but, if they add to the state's income, they also add to the demands made upon it.

Correction: In a map on page 334 of *The Economist* of April 23, 1960, the names of Wisconsin and Michigan were transposed.

THE WORLD OVERSEAS

Italy a Hundred Years Later—I

FROM OUR ROME CORRESPONDENT

On May 11, 1860, Garibaldi and his Thousand landed at Marsala. Sicilian pride, patriotism and love of show have been devoted to commemorating the event. Not malice but the grandeur of their island tradition inspires Sicilians with the desire to remind their countrymen on the mainland that no region contributed more passionately to the cause of unification or staked its future more confidently on the advent of the "Piedmontese."

In Turin preparations are on foot for the great exhibition next year to mark a century of Italian unity. Pier Luigi Nervi is building the pavilion which promises to be one of the most spectacular and audacious achievements of contemporary Italian architecture. The exhibition theme is Labour in Industry. A hundred years after unification the old northern capital wishes to celebrate Italy's conquest of modern technology. The last of the great western nations to become an important industrial power, Italy is aware of its original contribution to the "civilisation of the machine." It is setting new standards of style and industrial design. In the engineering industries, Fiat, Piaggio, Innocenti, Olivetti, Necchi, Borletti, have become familiar names in five continents; in textiles, the new Italian fibres are putting European and American producers on the alert; in the chemical industry Montecatini and ENI have developed research centres of international fame; in the field of nuclear energy Italian initiative and foresight is making Italy the most important market in Europe for nuclear power stations. Milan justly advances its candidature as the capital of Little Europe. Under the stimulus of expansion even the static monopolistic structure of Italian industry is changing. The great financial holdings, Bastogi, Edison, Montecatini, Snia, and the state-owned ENI are launching out as competitors in the new fields of petrochemical industries, the man-made fibres, and nuclear electric power. The great ones are fighting each other, a new development in Italy where competition is all too often between the lion and the mouse.

Giuseppe di Lampedusa's posthumous novel *Il Gattopardo* (reviewed on page 627) has shaken Italian complacency more rudely than the dry official documents which demonstrate that national unity in the economic and social sense is as far off today as it was when Garibaldi set foot in Sicily. Lampedusa describes how the Piedmontese thought they could tidy up the Bourbon kingdom and teach the Southerners efficiency and how they failed to understand the enervating historic environment of the South. The documents—a report on economic progress in relation to the Vanoni Plan, published by Professor Saraceno last summer (*The Economist*, September 12, 1959), and a report on ten years' activity in the South, prepared for the Ministry of State Participation—show that a policy of financial incentives and public works in the South has failed to alter the historic relationship between the northern and southern economies; at best it has only prevented the gap between northern and southern living standards from widening as much as it would do if things were left to themselves.

Cavour was the first statesman to perceive that unification entailed a southern problem, but he had no time to deal with it and it is in any case unlikely that he could have done much to alter the main lines of the country's economic development. Those lines, from the unification to the outbreak of the second world war, are now fairly well known. What is new and unexpected is the way things have developed since Italians started to legislate consciously for their depressed areas. No one foresaw how in this postwar period the North would develop very rapidly, thanks partly to world market conditions but thanks also to the demand stimulated by public works in the South. No one foresaw that the South would develop at a much slower pace, in jerks and patches, producing two or three industrial zones where growth has been much slower than the swift change in labour patterns which has followed the breakdown of a traditional environment; new trends of internal migration have thus been set up and unemployment increases side by side with employment.

No one foresaw that the Centre, sandwiched between an economically self-propelling North and a privileged South, would decline as populations migrated northward and industry moved South across the borders of the "Cassa." In many places the line of demarcation which marks the territory in which the Cassa per il Mezzogiorno works runs along the old frontier between the Bourbon kingdom and the papal states. This odd revival of a historic frontier accentuates the fact that the three different types of development which have set in in north, central and southern Italy, correspond to three quite different agrarian economies upon which political unification was grafted. Two of these economies, the medieval share-cropping system of central Italy and the ancient latifundia of the South, were already in decline a hundred years ago. But total breakdown is slow and laborious. Disruption is accelerated by the special measures for the South and at the same time impedes these measures from giving healthy fruit.

Italian school children are told today that, after unification, taxes were levied in the South—it was the Southerners' first lesson in "Piedmontese" efficiency—but that the money raised was mainly spent on building roads and schools and public works in the North; and that, to protect its growing northern industry, the Kingdom of Italy raised tariffs which killed the wine trade of the South and ruined the few nascent industries that Bourbon paternalism had encouraged. The next generation of school children will probably have to learn how, in spite of the Republic's well-meaning efforts to redress the balance by creating social capital and giving credit incentives to industry in the South, the money spent there has short-circuited back to the North because most of the industries engaged in public works are located there, and because only the big northern firms are strong enough to supply the banks—national and international—with the guarantees required to obtain the special credits. It is calculated that in the course of a few years the South has contracted a deficit to the North of eight hundred billion lire (£480 million).

Thus, thanks partly to favourable world trade conditions, but thanks in no small measure also to this government-created market in the South, northern Italy has got well beyond Rostowian "take-off" and is now in the phase of automatic expansion. But what will happen to the South and Centre? Will northern expansion be wide enough and swift enough to carry the rest of the country along with it? Or will the different rates of progress in the South and the partial regression in the Centre operate in such a way as to accentuate the differences between the three economies, pulling them further and further apart until the strain begin to tear the political tissue of the Italian state? These are the questions that will dominate Italian development and Italian politics in the next ten years.

(To be concluded)

Cleaning-up in Korea

FROM OUR SPECIAL CORRESPONDENT

Square black jeeps, that from a distance look remarkably like London taxis, are neatly parked in rows outside the National Assembly in Seoul. The jeeps belong to the assemblymen, and presently will carry them off to lunch when they adjourn their deliberations on a new Constitution for Korea. Meanwhile, the broad street is empty and seems somnolent—until one realises that it is cordoned off at either end by short, sturdy, khaki-clad figures armed with rifles and fixed bayonets. The contrast between the peaceful jeeps and the vigilant soldiers symbolises the tug-of-war in Korea between normality and emergency. On the whole, normality appears to be winning. The curfew has been shifted from seven in the evening back to midnight, and as soon as the light begins to fade the Korean girls in their black-market evening-gowns come out on the streets and wheedle likely-looking Americans to escort them into the American Army's Chosun Hotel, that haven of soft lights, loud jazz, thick steaks, martinis and slot-machines.

On a street corner near the American Embassy where not many days ago police snipers kneeled to take aim and presently were overwhelmed and beaten to death by an infuriated crowd, the hawkers of goldfish and neckties now display their wares. The goldfish swim languidly in square glass tanks, and are much admired. The neckties sell briskly at 500 *hwan* apiece, for though the *hwan* official rate is 650 to the dollar, everyone knows that in reality a dollar will buy almost 1,500 of them, so the neckties are bargains. Small boys offer shoe-shines and copies of the *Stars and Stripes*. The British Embassy, near the National Assembly, is holding a garden fete. In the pleasant spring sunshine the revolution already seems remote. Stories, however, are beginning to trickle into the capital of villagers taking belated vengeance on the now powerless policemen; and newspapers can still report the arrests, on the same day, of a former national police director and the "king" of all Seoul gangsters. The gangster chief will be charged with squeezing small shopkeepers, the fallen police chief with having fake communist pamphlets printed and leaving them in the pockets of people he had had beaten or shot to death.

There is, understandably, an air of uncertainty about the future. Everyone seems to feel that for twelve years he was fooled by someone, and so everyone's chief fear is of being taken advantage of once again. Thus the students still hold demonstrations, warning people to "watch out for politicians who may take advantage of the current situation for their own ends," while General Song, although insisting that he is still the students' friend, regretfully warns them that he will be compelled to take "strong and stern measures to break up further demonstrations, which might be taken advantage of by the North Korean Communists." (But nobody, if General Song can help it, is going to be shot: he seems to be a strong believer in the efficacy of various sorts of non-lethal gas.)

Some ageing and half-forgotten politicians, who had quite despaired of ever becoming active again, have emerged from their caverns of obscure retirement, blinking like heavy-lidded political dinosaurs in the unaccustomed sunshine. General Lee Bum Suk, who was Korea's first prime minister and co-founder with Dr Rhee of the Liberal party—and who would have been Dr Rhee's vice-president had he not had the ill-luck to incur the old man's spite by displaying ambition as well as ability—says generously that the revolution was achieved by youth, but adds that should youth wish him to, he is ready to serve it. Mr Chang Taik Sang, another former prime minister, is pointing out that he would have challenged Dr Rhee for the presidency last month had the police only let him register. Both General Lee Bum Suk and Mr Chang Taik Sang are as convinced today as they always have been that what Korea needs is a strong man, someone rather like Syngman Rhee but even more like Lee Bum Suk or Chang Taik Sang.

A political comeback for either of them seems improbable, for all the talk at the moment is about democracy rather than strong men. The old men and the strong men are tarred with the Rhee brush. The young men, including army colonels and "Katusas," the Koreans attached to the US Army who are mostly students and who comprise a high percentage of the American combat divisions, want a real clean-up. Young college professors, some of whom led their students in the demonstrations, have been telling the National Assembly to rewrite the Constitution so as to guarantee, without qualification, freedom of speech, the press, association, and other "basic rights." There is also a strong disgust with graft and corruption and many avowals to root them completely out of Korean business and political life. It is difficult to say just how far this will really be possible in a country where *per capita* income is believed to be under £30 a year, but an ordinary assemblyman is paid over £160 a month, while a cabinet minister gets £130 a month—it being explained that a cabinet minister "naturally" draws less than an ordinary assemblyman because he has much greater opportunities to get rich more quickly than an assemblyman can hope to do.

The former vice-president who was also Dr Rhee's staunchest opponent, Dr John Myun Chang, has moved out of the vice-presidential residence, where for four years he was virtually a prisoner, into his own private house. There are no longer uniformed guards at his gate but, inside his gate, he keeps large dogs. Political assassination is another habit Korea will have to try to overcome if it is to qualify as a genuine democracy. Dr Chang has been criticised in some quarters for giving up the vice-presidency in the last days of the Rhee regime—had he held on to the post, he would now be president. He says he resigned to give Dr Rhee a shove in the right direction and that he is not sorry, for he believes Dr Rhee would never have resigned, no matter what the consequences for Korea, if he knew that John Myun Chang would then automatically step into his shoes. Many Koreans who know Dr Rhee accept this reasoning.

As leader of the Opposition, Dr Chang should stand a good chance of becoming Korea's prime minister when the Constitution is rewritten and the discredited Liberals lose the summer elections, provided the Koreans have not by then found that after all they prefer another traditional strong man, of either the Right or the Left. No Left has as yet emerged, but hardly anyone doubts that it exists. Its leader would have been Cho Bong Am, but Dr Rhee had him executed last summer. On the whole, surveying the corpses, one realises that Dr Chang has really been remarkably lucky—so far.

Mr Khrushchev's Game

Mr Khrushchev is a masterly stage-manager. On May 5th, before the Supreme Soviet, he startled the world with his announcement about the American spy plane. He paused for a day, letting the State Department get entangled in fancy explanations, and then revealed that the pilot was alive and in Soviet hands. The meeting is bound to go on record as the Soviet of surprises. Yet, it would be wrong to treat Mr Khrushchev's successful performance and its consequences for foreign policy in

isolation. The week also witnessed a major reshuffle in the leadership, while the Supreme Soviet itself endorsed important economic measures which show that, in home affairs at least, there is continuity in Russian policy.

Economic Measures. Mr Khrushchev seems determined to go on improving the standard of living. The Supreme Soviet enacted a plan to reduce working hours. It is claimed that 16 million out of the 57 million Soviet workers and employees already have a seven-hour day (six hours a day in heavy jobs like mining) and a working week of 42 hours. By the end of this year it should be the rule for all. A 40-hour week is to be the rule by 1962 and a 35-hour week should begin to be introduced two years later (30-hours in hard jobs). The scheme is not new—it was announced in the current plan—but its endorsement by the Supreme Soviet shows official confidence that higher productivity—helped, possibly, by releases of manpower from the armed forces—will prove sufficient to reach the ambitious industrial targets laid down in the plan, despite the reduction in working hours.

Second in importance is the proposed progressive abolition of income tax, though its significance does not lie in the rather silly boast that Russians will no longer pay taxes. When planners determine the level of wages, an income tax is really superfluous ; there are other means of getting revenue, including a turnover tax levied mainly on consumer goods. Income tax is not very progressive in the Soviet Union and not a major source of revenue. This year it was scheduled to bring in 57 billion roubles or 7.4 per cent of the budgetary revenue. But the abolition of this tax within the next five years will in itself mean a substantial increase in pay-packets, particularly for the lower-income groups. Incomes below 500 old roubles a month will be totally exempted from tax this year and below 600 roubles partly exempted. Each year the exemption will be extended to a higher bracket by 100 roubles. By 1965 the reform should be completed. For people earning less than 1,000 roubles the gain will be a net one ; between 1,000 and 2,000 the relief will be partly offset by a cut in wages ; for the privileged few (0.6 per cent of all incomes) who earn more than 2,000 a month the cut in tax will be balanced by an equal cut in salary. Mr Krushchev protests that he has not been converted to the heresy of "soulless egalitarianism," but admits that the range of incomes is too wide and will have to be narrowed.

The revaluation of the rouble—10 old ones to one new—is the least interesting measure. Since the two currencies will co-exist in the first three months of next year, the change will not be used, like the previous currency reform, to penalise illicit earnings and syphon surplus purchasing power. A nought will simply be taken off in all transactions, home and foreign. The apparent reasons for the reform are simpler accounting, and considerations of pride and prestige, though the crossing out of noughts does not, on its own, produce hard currencies.

Reshuffle in the Leadership. The session ended with the resignation of Marshal Voroshilov from the presidency of the Soviet Union. Klim, as he was popularly called, a veteran of the civil war, was one of the last figures of the stalinist old guard. At 79, his retirement is natural, yet rumour has it that it is not unconnected with his lack of support for Mr Khrushchev in the crisis of 1957. In any case, the president is rather a figurehead in the Soviet leadership. The successor, Leonid I. Brezhnev, is a metallurgist by profession who reached the top through various party jobs in the provinces (he worked with Mr Khrushchev in the Ukraine). Twenty-five years younger than Marshal Voroshilov, he should stand up better to Mr Khrushchev's travelling diplomacy.

Bigger changes in both party and government were revealed by the central committee on the eve of the parliamentary session. The main beneficiary seems to be Mr Kosygin, who moves up to full membership of the party presidium and also becomes first deputy prime minister. Aleksiey N. Kosygin was born in 1904 in St Petersburg. A specialist in textiles and light industry in general, he had a long ministerial experience in Stalin's time. Temporarily downgraded in the party hierarchy at the beginning of the new regime, he has made a steady come-back. Last year he became chief Soviet planner (he leaves his post in the Gosplan to Mr Novikov), and should now be Mr Khrushchev's main assistant in the government in economic matters, with Mr Mikoyan concentrating more on foreign affairs. The two other new full members of the presidium are Nikolai V. Podgorny, head of the party in the Ukraine, and Dimitri S. Polyansky who, at 43, belongs to the youngest generation in the Soviet leadership.

These were not the only promotions. The dismissal of N. I. Byelayev and A. I. Kirichenko was no surprise, since their disgrace was known. But other people have now been removed from key posts in the party secretariat: A. B. Aristov and P. N. Pospelov to deal with Russian affairs; N. G. Ignatov to a vice-premiership and Ekaterina Furtseva, the only woman in the top leadership, to the ministry of culture. Frol R. Kozlov has left his job in the government to Mr Kosygin, but has joined the party secretariat. This body is now apparently reduced to five and, next to Mr Khrushchev, Mr Kozlov and Mr Suslov may be its most influential members.

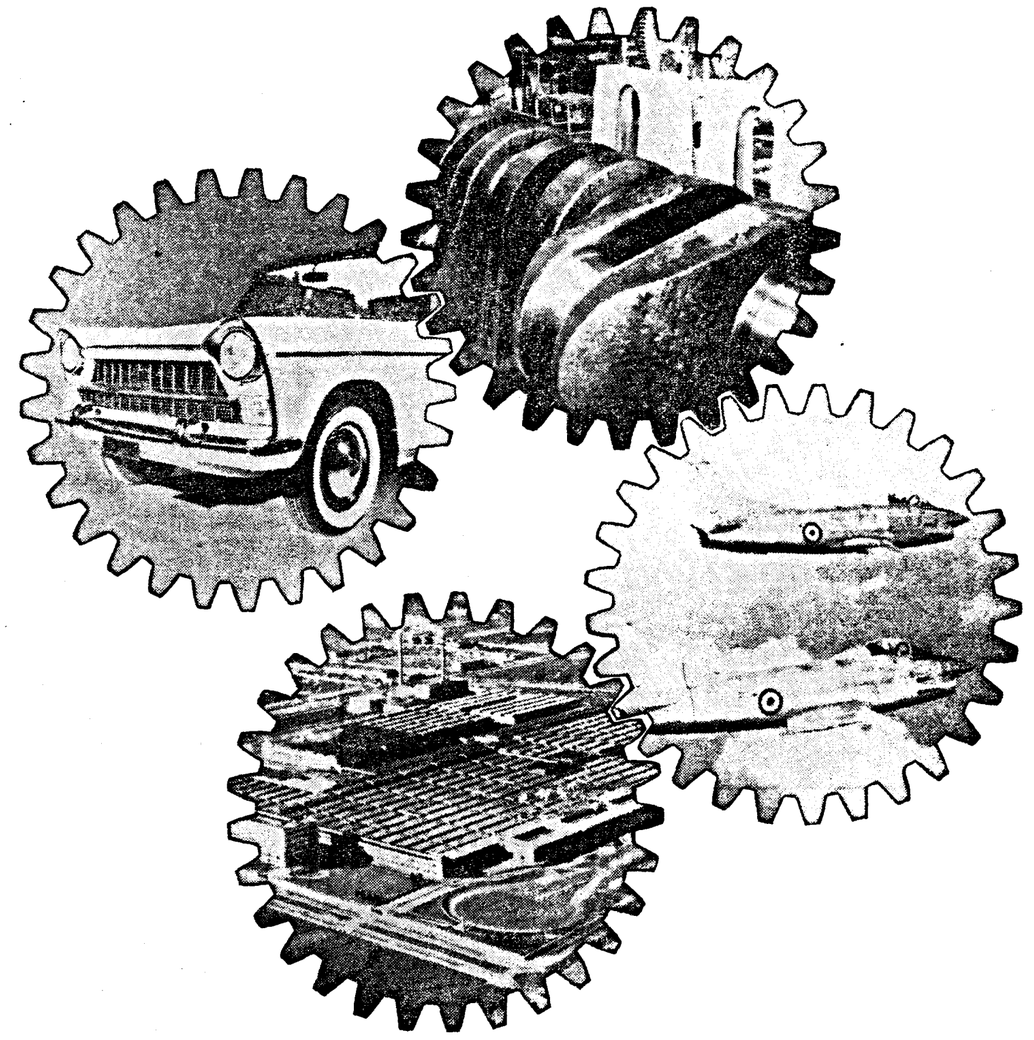
Several changes have also taken place recently in the military command. Marshal Zakharov has succeeded Marshal Sokolovsky as chief of general staff. Marshal Chuikov has been relieved of the command of the Kiev region. Further moves are expected as a result of the reduction and reorganisation of the armed forces. There are rumours that Marshal Koniev, commander of the Warsaw Pact, may go. Finally, Mr Khrushchev disclosed that a special command for missiles had been created, headed by the marshal of artillery, I. Nedelin.

Providential Plane? It is possible to argue from all these moves that Mr Khrushchev is now reshuffling at leisure the pack he had to bring together in a hurry after the defeat of the "anti-party" group. There are, however, signs that his foreign and military policies are meeting with opposition. In his own version of the American spy plane incident, he mentioned that another American aircraft had flown over Soviet territory last month, and that it was on his own intervention that his government decided not to make a fuss about it. Is his present display of anger partly the result of hints of dissatisfaction with his policy from some of his colleagues? At the Czech embassy on Monday, Mr Khrushchev jokingly told a Soviet general not to worry, that there was not going to be a new reduction of troops. It seems to follow that some officers do worry. There are other examples.

The incident with the U2 aircraft allowed Mr Khrushchev to

Presidium of the Communist Party

MEMBERS	Their other key jobs
N. S. Khrushchev	1st secretary and prime minister
A. B. Aristov	
L. I. Brezhnev	President
E. A. Furtseva	
N. G. Ignatov	
A. N. Kosygin	1st deputy prime minister
F. R. Kozlov	Secretary
O. V. Kuusinen	Secretary
A. I. Mikoyan	1st deputy prime minister
N. A. Mukhitdinov	Secretary
A. N. Podgorny	1st secretary of Ukraine party
D. S. Polyansky	Prime minister of Russian Republic
N. M. Shvernik	
M. A. Suslov	Secretary
K. E. Voroshilov	



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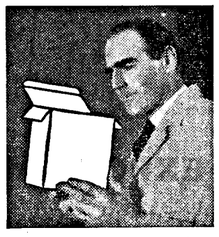

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achieve many things with one stroke. At home, he could steal the thunder of his critics, show off the rockets as the main Soviet weapon, and listen to praise from as far off as Peking. Abroad, he not only scored a point in propaganda. He could now revive the issue of foreign bases, ram home the urgency of disarmament, and set about convincing the western leaders that he is in earnest about Berlin and is not going to Paris for a polite tea-party. The way in which he continues to play this trump card dealt him by the Americans will show whether he is still going on with the game, or whether, because of foreign disappointment or internal pressure, he has decided to play a new and harder one.

Bonn's Political Warfare

FROM OUR BONN CORRESPONDENT

THE communist principalities and powers launched their pre-summit propaganda barrage against Federal Germany a shade too early for it to have been as crippling as it was meant to have been. Recovered from their initial disarray, the west Germans are shooting briskly back. Allied artillery has responded to the call for supporting fire; at their conference in Istanbul last week the Nato foreign ministers singled out Russia's vilification of the west German regime as a particularly noxious poisoning of the international atmosphere. Even some of the neutrals are peering sympathetically through the smoke. The sight of Herr Willy Brandt, West Berlin's chief Burgomaster, arriving as Mr Nehru's guest at an intimate luncheon in London ten days before the opening of the Paris conference must have caused at least a blink or two at the Moscow observation post.

It was at the turn of the year that the federal government, shaken by the damaging conclusions widely drawn from the furtive anti-Jewish demonstrations in Cologne and elsewhere, decided that vigorous action must be taken to present west Germany's character and *raison d'être* more engagingly to a questioning world. It is denied in official circles that a special brains trust has since been directing the counter-propaganda effort. Yet there remains a lingering suspicion that a political warfare executive may exist, roughing it perhaps "somewhere in the Seven Mountains," prolifically hatching sibs, slogans and schemes likely to discomfit the enemy.

One resourceful ideas-man must have been warmly patted on the back for having unearthed the quotations with which the federal government's Press and Information Office appraised the nineteenth anniversary of Lenin's birth on April 22nd. Among the specimens of Lenin's thinking proffered by the *Bulletin* were such pre-summit beauties as: "The world revolution will have triumphed when the red flag flies in Berlin and Peking"; and "When the revolution has triumphed in Germany, the centre of world revolution will move from Moscow to Berlin." Had Mr Khrushchev distanced himself from Lenin, as he had from Stalin? No. And the anonymous commentator wound up with the prayer that "all the signposts at the foot of the summit" would display Lenin's dictum: "Whoever has Germany has Europe."

Wherever and however it may have been manufactured, the ammunition of west Germany's counter-propaganda has been handed out unstintingly to all and sundry. (The issue would have been of heavier calibre, one gathers, had not the federal Foreign Office feared that too fierce a fire might obstruct the repatriation of Germans from the Soviet Union, which is still continuing at an average rate of 400 a month.) British television has lately shown a film dealing with the Berlin problem—a film naturally made with official help—that must have revived much sympathy for the uneasy west Berliners. On May 2nd a proclamation headed, "A message from Berlin on the eve of the summit conference," was published as a whole-page advertisement in over one hundred newspapers and magazines in the United States. Publication in a large number of British papers has followed since. Signed by 43 prominent Germans, the manifesto stated that more than a million Germans in east Berlin were living under communist tyranny, and more than sixteen million in east Germany; the object of the communist move against west Berlin was not only to gain control of the whole of the former German capital but also to sever still further the ties between the east and the west Germans.

Whoever first coined it, the slogan that has most caught everybody's fancy, from Dr Adenauer downwards, is "Self-determination for all Germans": or—what Mr Khrushchev says should hold good for Asia and Africa should hold good for Germany. It has been taken up with especial gusto by the non-party, largely state-subsidised movement known as Indivisible Germany, which launched its "Operation Self-Determination" at a public rally in Bonn on May 5th, with Herr Brandt as the star speaker. This ambitious undertaking is being staged until June 17th, the anniversary of the 1953 rising in east Germany. It provides for innumerable public gatherings up and down the country, for the ubiquitous display in and out of doors of a black-red-gold poster demanding "Self-determination for all Germans," for relay races to the east German border, for a mass meeting near the border on June 17th which is to be addressed by President Lübke, and so on. Operation Self-Determination is being widely reported by the press and radio.

The first fruits of the counter-propaganda campaign, and of the thorough spadework carried out unobtrusively in the summit preparatory committees in Washington, Paris, London and Bonn, have allayed at any rate some of the anxiety that beset the federal government a few months ago—the fear of an international deal at Berlin's and Germany's expense. Dr Adenauer will himself be in Paris this week-end to press home his well-known views until the last moment. When he returns to Bonn, he will leave behind Herr von Brentano as the unofficial watcher over German interests, supported by Professor Wilhelm Grewe, the German ambassador in Washington, and by Professor Karl Carstens and Herr Georg von Duckwitz, directors respectively of the European and eastern departments of the federal Foreign Office. It is not yet certain whether there will be any east Germans at Mr Khrushchev's beck and call. Bonn frankly hopes that they will not get their visas. (There was disappointment in the Koblenzerstrasse when the members of an east German trade unionist delegation received visas recently to visit Scotland.) There is no expectation in federal Germany of an easing of the international tension. The fear of the Soviet Union signing a separate treaty with the east German Democratic Republic remains lively.

Lebanon's Fragile Peace

FROM OUR MIDDLE EAST CORRESPONDENT

FEW tears were shed in Lebanon when the Chamber of Deputies was dissolved last week. It would be charitable to say that its record lacks distinction. Throughout most of its three years existence, it had difficulty in mustering a quorum; and such was its moral authority that during the five months of national crisis in 1958 it met exactly once. From the outset, the composition of the chamber was attacked on the ground that the general elections which produced it were rigged by ex-President Camille Chamoun; and the oddity of some of the voting results lent support to the allegations. In a sense, the electoral irregularities led straight to the 1958 disturbances, for by excluding too many of his enemies from the chamber, President Chamoun drove them on the street.

The new chamber will certainly have a new look. Among the last actions taken by the old one was the passing of a new electoral

law which is supposed to prevent deputies from engaging in business with the government and to guarantee secret ballots for the voters. The new law also increases the number of deputies from 66 to 99; local cynics feel this only means that the spoils will be parcelled out less generously among the larger number. The new law retains the awkward communal arrangements based on a census made in 1944. There will be 56 Christian and 43 Muslim deputies. No government has dared to tamper with these proportions, though almost everyone admits that there have been important changes in the population—in growth and movement—during the past sixteen years. Nevertheless, the men of all creeds who started the "national revolution" almost exactly two years ago will be more strongly represented if only for the fact that they were under-represented before. There is good reason to believe that although there will be much bargaining and manoeuvring by individual candidates and by parties, the elections will not be rigged by the government. Too many critical eyes will be on the polling booths. Indeed, much support has been won for the idea of a caretaker government of non-political experts to preside over the voting. Mr Ali Bazzi has said that he would not care to campaign while holding his portfolio as minister of the interior, for fear that his opponents might accuse him of influencing the authorities in his favour. On this subject, Mr Rashid Karami, the prime minister, has so far remained silent.

The elections are being held, district by district, on four successive Sundays beginning on June 12th. This procedure is adopted so as to permit a greater concentration of Lebanon's small security forces in the voting areas. The first district to vote will be Mount Lebanon, traditionally a Christian—Chamounist and Phalangist—stronghold. But the pattern of the future chamber should become clear on the second Sunday, when Beirut and South Lebanon go to the polls. It is here that the former "national revolutionaries" hope to make substantial gains, and probably will. The final results will not be known until July 31st.

Ever since the troubles of 1958, the mere mention of elections has been enough to arouse tremors of apprehension. But for the fear of disorders the present chamber would have been dissolved long ago. Although the two Karami governments that have ruled Lebanon since the "national reconciliation" have gone far towards healing the wounds of civil war, the quantity of arms that have been recovered from the civilian population is negligible; if there is a will to make trouble, there is certainly a way.

These apprehensions were aroused anew by an incident that has gone down in Lebanese history as the "tragedy of Ashrafiyeh." On May 1st, Mgr Meouchy, the Maronite patriarch, was celebrating mass in the church of the Sisters of Charity in Ashrafiyeh, a district of Beirut inhabited largely by Christians. Several members of the government were present. A large crowd gathered outside the church, including many women and children. Suddenly, a hand-grenade exploded, causing two deaths and some dozens of casualties.

Some tried to read a political meaning into the tragedy. It was recalled that, just before, ex-President Chamoun had visited the patriarch for the first time since the 1958 troubles, during which President and patriarch were on opposite sides of the fence. The crowd, it was said, had been chanting Chamounist slogans. It seems just as likely, however, that the police lost their heads, or that their instructions were misunderstood. It is even possible that the responsibility lies elsewhere, in an individual with a grievance or in a lunatic. The inquiry is proceeding, and a vigorous effort is being made to sift a mass of conflicting evidence.

Luckily, it seems probable that the "tragedy of Ashrafiyeh" will prove to be one of a series of isolated incidents. The former "national revolutionaries" have no interest in courting trouble; they are confident that they will strengthen their position by constitutional means. Their opponents have vivid memories of the cost of the 1958 disturbances, in terms of good Lebanese pounds and piastres as well as of human life. It is even possible that the Ashrafiyeh affair may be a blessing in disguise. In some circumstances, such incidents inflame passions; in others, they bring hotheads down to earth with a salutary thud.

Greeks and Turks at Odds

FROM OUR ATHENS CORRESPONDENT

TENSION between Greece and Turkey recurs at intervals. It stems from the mutual antipathy which has existed between Greek and Turk since, perhaps, the siege of Constantinople in 1453. Greek-Turkish relations are now, once again, under some strain, and this is creating an uninviting climate for the visit to Athens of Mr Menderes, the Turkish prime minister, now finally fixed for May 26th to 30th.

The recent cycle of unpleasantness was marked by sharp public reactions in Greece against what was regarded as Turkey's opportunistic new line in foreign affairs. First came the announcement that Mr Menderes would be visiting the Kremlin in July. This was followed by reports of a proposed rapprochement between President Nasser and the Turkish leaders. Then some remarks were reported from Ankara suggesting that Turkey would favour a revival of the Balkan pact with Jugoslavia. The irritation of the Greek public, deftly fanned by the opposition newspapers, could no longer be smothered by diplomatic discretion. A spokesman declared: ". . . Greece does not view with sympathy such abrupt manœuvres in foreign affairs. . . ."

What the Greeks found especially maddening was that Turkey, hitherto extolled for its exemplary loyalty to the West, had had no qualms about taking prompt advantage of the new world climate to emerge as the champion of détente in this region. Unlike Greece, Turkey had readily accepted missile-launching sites on its soil and had, in consequence, been lavishly pampered by Washington's aid-givers. Nevertheless, this docility did not seem to disconcert Moscow in the least. Ankara lost no time in assuming bold initiatives in foreign affairs—initiatives which, it was thought here, tended to overshadow Greece's unlucrative allegiance to the West, or, conversely, its coolness about missile bases.

The government's rivals have been raking up these ruffled feelings to convince people that Greece's present leaders, by adopting a totally negative attitude towards détente, have missed the chance of stealing a march on Turkey. The internal disturbances in Turkey and the fresh exacerbation in east-west telations after the episode of the American U2 aircraft, have largely vindicated the government's attitude. The view in Athens today is that so long as Mr Menderes does not have complete mastery of his domestic affairs, he can hardly appear on the international scene as a "medium-size power" or even pretend in Moscow that he can be the arbiter of affairs in the Balkans and the Middle East.

THERE has, however, been a widespread anti-Turkish campaign in the press, which was intensified after the recent Turkish disorders. The atmosphere in Athens is, to say the least, unfavourable for a successful visit by Mr Menderes, whose name is mentioned in editorials in the same breath as Dr Syngman Rhee's. Mr Karamanlis, the prime minister, who was given a crowded and enthusiastic welcome in Ankara and Istanbul exactly a year ago, will not be able to provide a similar courtesy for Mr Menderes in Athens. Perhaps it is a consolation that, in view of Mr Menderes's coming pilgrimage to the communist Mecca, the Greek Communists are not likely to stage any hostile demonstrations. Yet the Turkish government's recent undemocratic practices will give every Greek critic of the Turkish government the feeling of being on the side of the democratic angels.

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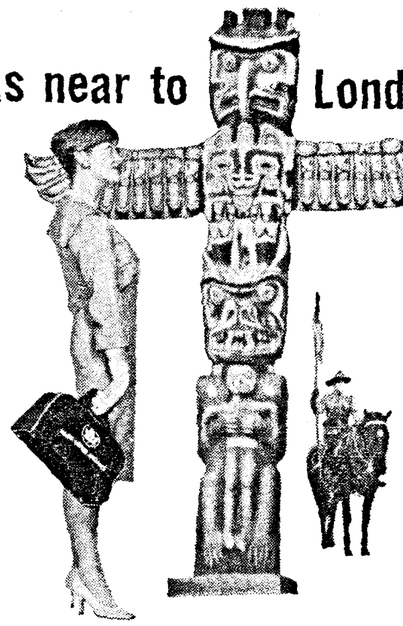

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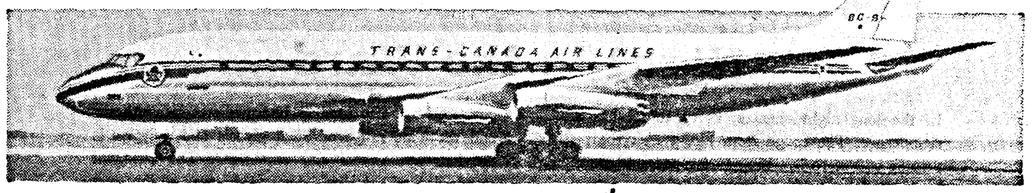

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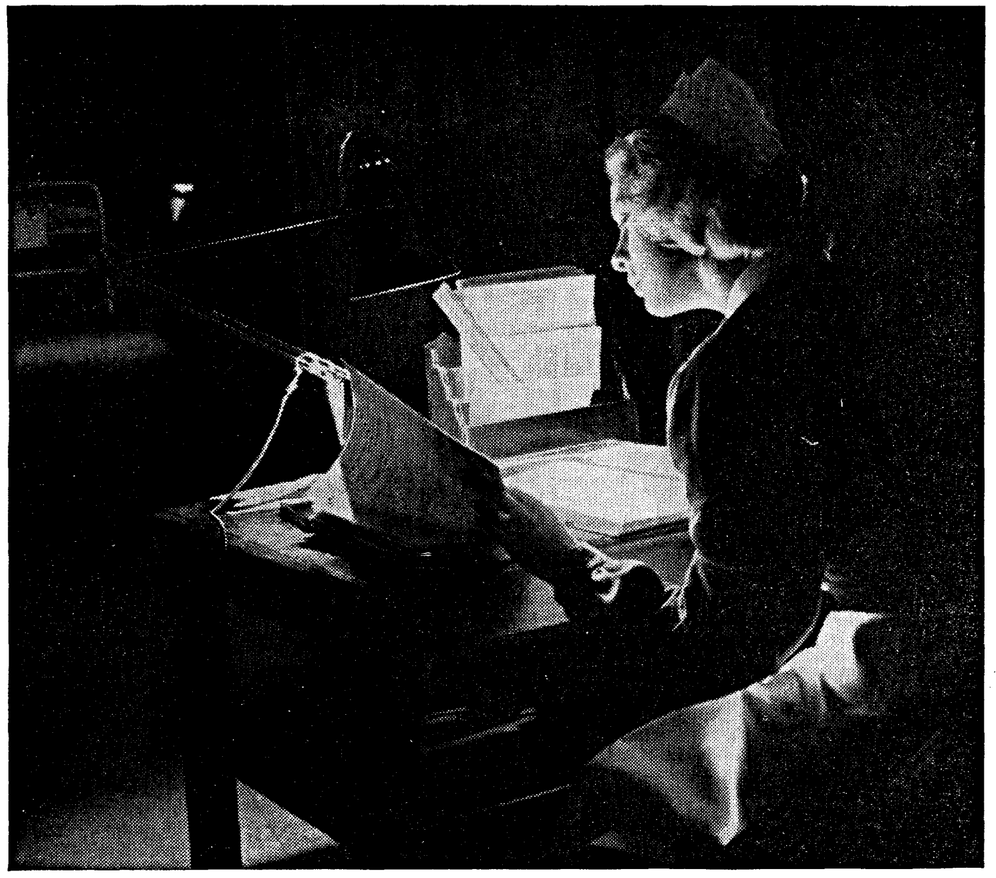

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Apart from the psychological factor, the visit will raise serious technical difficulties. The government's opponents have actively encouraged the preposterous impression that Mr Menderes's Athens visit, "deliberately timed before his trip to Moscow," will give him the right of speaking to Mr Khrushchev on behalf of Greece, its smaller partner, or "satellite," as has been said here. The Greek government has tried to distinguish its position from that of the Turkish government, chiefly on matters of detente, and regional problems. The differences between them might, however, now become obstacles even to devising the platitudes about agreements and unity of purpose that are expected in joint communiqués.

The Greek leaders' disapproval of Mr Menderes's plan to visit Moscow does not mean that they fear an actual change in Turkey's general policy, what they feel is that for the sake of unity, individual western nations should not make approaches to Russia separately. This view was sympathetically received at last week's Nato meeting in Istanbul. Later, when Mr Herter briefly visited Athens, he made a point of emphasising that "Greece and the United States interpret in the same way the complex problems facing the world." The Greeks will want a definite commitment from Mr Menderes that he will not embark on any discussions with the Russians that might affect the Balkan *status quo*—such as, for instance, eventually consenting to the communist-sponsored plan for a Balkan "summit" conference. This would leave Greece in the embarrassing position of being the only opponent of such discussions.

Mr Menderes's visit to Athens has already been postponed at least four times since last September on account of his evident preoccupation with internal affairs. When the announcement of his intended visit to Moscow was made, it would have appeared at least tactless not to have set the date for his return visit to Mr Karamanlis. This was duly announced, but developments since then leave the wisdom of this action open to question. A fresh postponement would seem absurd, although less so in view of Turkey's internal troubles. Many people here, however, feel that a postponement would be less harmful than the risk of causing any more permanent damage to Greek-Turkish relations.

Ceylon's Return Match

FROM OUR CORRESPONDENT IN COLOMBO

THE no-contest agreements between the Freedom party, now led by Mr Bandaranaike's widow, the Trotskyists led by Dr Perera, and the orthodox Communists indicate that in the July elections, the second in four months, the United National party will face the same sort of left-centre front against it that carried Mr Bandaranaike to power in 1956. Nomination day, May 20th, should give the UNP prime minister, Mr Dudley Senanayake, a clearer idea of his chances; but he must already have mixed feelings about the elections.

He had recommended a dissolution only a few hours after his minority government was decisively defeated on April 22nd in the first vote taken since its formation after the March elections. The governor-general, Sir Oliver Goonetilleke, took even less time to make up his mind on the contentious constitutional issue: should the Queen's representative take such advice from a man who had never enjoyed the confidence of parliament? British legal opinion was freely quoted and Commonwealth precedents cited. The most intriguing aspect of the exchange was the Marxists' concern for parliamentary propriety. If recent disturbing events have led people to fear that democracy in Ceylon is doomed, such people would have been reassured by the new idiom of the Left. A few years ago nobody would have believed that a communist leader would quote King George V with reverence, or march to the parliamentary barricades in the delightfully incongruous company of Sir Harold Nicolson.

Some preferred to see this new concern for constitutional correctness, coming after the inclination of recent years to dictatorial forms, as a freakish expression of Ceylon's ambivalent love-hate attitude to British tradition. The prime minister himself seemed to accept the popular belief that when you scratch a local Marxist all you find is the London School of Economics. Defending his right to advise a dissolution, he impishly tossed back at Dr Perera a quotation from Harold Laski, the latter's old guru.

The truth, however, is much less colourful or complex. Nervous about having to face once again an electorate which had not treated them well in March, the Trotskyists and Communists pledged their support to the Freedom party in the hope that it in turn would be called to form a minority government. Mr Philip Gunawardena's People's Front, equally unhappy about immediate elections, worked out a different formula; but its plea for a "national government" found no buyers. Meanwhile, the uncertainty about the governor-general's decision kept the loose-knit Freedom party together. Mr Senanayake had counted on desertions from its ranks, particularly when its leaders found themselves named by the parliamentary bribery commission the week before the debate. (The coincidence incidentally led to embarrassing speculations.) But the prospect of office rallied the party.

There was a procession of opposition leaders to Queen's House on the morning after the debate, but, according to informed circles, the governor-general's mind was already made up. Although the opposition parties, including the Tamil Federalists, signed a joint protest at the dissolution, Sir Oliver acted in the country's best interests. The opposition's unity was artificial. Sir Oliver could not have had better evidence than the debate itself.

The six opposition parties could not even agree on any single issue on which to challenge the UNP policy statement; their successful common amendment merely recorded their lack of confidence in the minority government. A minority Freedom party government, dependent on such mutually opposed groups as the Tamil Federalists and the splinter Sinhalese extremists, the Marxists and the ultra-right Ceylon Democratic party, could have been still more chaotic.

The Freedom party and the Trotskyists have been re-examining their respective programmes in order to accommodate each other better. But the Trotskyists have had to expel one of their leaders, Mr Robert Gunawardena, who opposed their electoral pact with the Freedom party. He has since joined the People's Front led by his brother, Mr Philip Gunawardena, who, isolated and embittered, is going it alone in the hope that he will be able to offer a clear left-wing alternative to Mr Senanayake, if not in July, perhaps later.

The Gunawardena brothers will be a powerful disruptive force against the new left-centre alliance. They will attack it for trying to do a deal with the Tamil Federalists, whose behaviour last month and present boasts of holding the balance of power between the Sinhalese parties have already begun to disturb Sinhalese opinion. The United National party, on the other hand, can exploit the fact that it did not make concessions to Federalist demands to stay in power. It may also succeed in embarrassing the moderate Freedom party over its Marxist alliance. And Mr Senanayake, who resigned office in 1953 after the food riots then caused by an increase in the price of rice, has now reduced the price. Much will depend on whether this is taken at its face value or seen as no more than a vote-catching gesture. Rice is politics in Ceylon.

Correction. In an article on page 431 of *The Economist* of April 30th it was erroneously stated that Harrison and Sons, Ltd., started printing postage stamps only in 1928. In fact, we are informed that this firm's production of postage stamps before 1928 amounted to 75,000 million.

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Reserve for Future Tax	48,618		9,675
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Deferred Finance Charges	407,475	Subsidiary (Cost of Control)	97,322
	1,078,224		142,104
Deposits	1,386,217	Cash & Treasury Bills	211,077
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THE BUSINESS WORLD

Sterling's Light and Shade

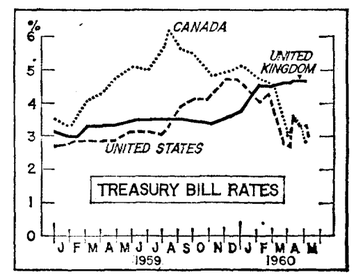
FRENCH gold francs, German marks, Italian lire—there was a conspicuous omission from the assorted valuables that the Central Intelligence Agency apparently thought Captain Powers might find useful in strange parts. But in the more mundane world of business and finance, sterling is still in good regard. The reconnaissance incident itself has contributed to some weakening in the exchange markets this week, but no general distrust of sterling is in evidence.

Clouds of quite another kind have also reappeared on the horizon, and the authorities are no doubt congratulating themselves for having ignored expansive pleas made after the Conservative victory last October for a dash to full exchange freedom. Britain's external balance is once again causing concern. But there is a significant difference from earlier periods of overstrain. For the first time, official measures have been taken before the weakening of sterling in the markets. Generally, indeed, the authorities have, in their restraining measures, kept ahead of outside opinion ; and this calculated initiative could be quite important in fending off psychological speculation. Mr Heathcoat Amory has so far persuaded the London stock exchange that, whatever inflationary influences appear, he will act sufficiently firmly to put them down ; that is why equities no longer get a boost from symptoms of inflation. The same reasoning has so far been good for sterling.

Confidence, that is to say, has been holding firm. Nevertheless, the weakness in the current balance of payments has to be corrected. Last year's surplus of £145 million was much too small to cover long-term investment outlays, and so the ratio of gold reserves to short-term liabilities, which it is so important to strengthen, deteriorated. Every effort must be made to prevent a further deterioration this year. Figures for the first quarter are not yet available, but there have been hints that the outcome may have been rather better than in the last quarter of 1959, which showed a current deficit.

Not all the portents this year are unfavourable. First, thanks to the stability of world food prices, Britain's terms of trade are no worse than a year ago—and 10 per cent better than at the beginning of 1957. But prices of imported industrial materials have risen by 8 per cent in the past year, and if they were to go further the building up of stocks for speculative ends might be encouraged. Secondly, markets in primary producing countries should improve this year; Australia in particular has already eased its import restrictions very considerably. So Britain's payments surplus with overseas sterling countries might improve, following its sharp contraction in 1959. On the other hand, the balance with non-sterling countries, which has a closer impact on the central reserves, may not repeat its good performance in 1959. Britain's biggest overseas market, the United States, has already become more competitive—and selling is unlikely to become easier for Britain in the common market countries. But this year the special danger for Britain is that the buoyant home market could lengthen delivery dates or otherwise divert exports to domestic use, and of wage increases leading to higher prices. There have already been reports of increases in prices of important engineering export products.

IN view of these possible if by no means certain signs of weakness in the current balance of payments, why have the exchange markets thus far remained calm ? Is it an unnatural calm, the prelude to autumn storm ? Since the increase in Bank rate from 4 to 5 per cent in January, sterling has again been enjoying support from an inflow of short-term funds. As short-term money rates in New York have moved in the reverse direction, the margin in favour of the London Treasury bill rate has been more than 1½ per cent, and even after providing for the cost of covering the exchange forward (which some operators no longer consider necessary) there has been a clear margin of either side of ¾ per cent. The resulting transfers to London have accounted for a significant, though probably not for a major, part of the modest rise of $146 million in the gold reserves in the three months to end-April. The recent tightening of credit restrictions should also help sterling by curbing overseas borrowing in Britain, which increased considerably while credit was easy to obtain in London and very tight



in New York. Credit has also been tightened considerably in Germany, where the central bank has recently decreed a further stiff increase in its calls of minimum reserves from the commercial banks (which unlike special deposits in Britain are not re-lent to the government and earn no interest for the banks). This tightening of the German money market has led to the repatriation by German banks of large funds which they had placed in foreign centres. As Germany's current payments surplus, against some expectations, has continued its relentless increase, and there has been a fall in official (though not in private) exports of long-term capital, this has led to a resumption of the increase in German gold and exchange reserves, which is as embarrassing to the Bundesbank as it is to the countries losing gold. The Bundesbank's total reserves rose by the equivalent of about $400 million in March and April, though the increase since the autumn has still not offset the whole of the decline in the first three quarters of 1959. Now that the outflow of gold and dollars from the United States has been reduced, new accumulations by Germany are less desirable than ever.

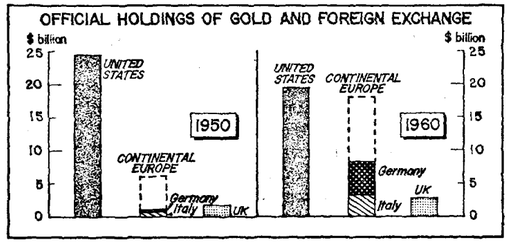
AFTER the experience of earlier postwar years, and especially of 1957, it is natural that financial and economic observers should keep an eagle eye for speculative movements of funds. The fact is that there have been very few signs of such movements in recent years, particularly since the establishment of external convertibility of the main European currencies at the end of 1958. Even the much emphasised distrust of the dollar finds little substantiation in actual movements of money. Zurich (and London) may have talked condescendingly enough, but foreign dollar balances in New York continued to rise whenever interest rates there were attractive. In the present reflux of funds to Germany there have been few signs of speculative elements, or indeed of any large participation by non-Germans, since the German money market offers limited opportunities for outsiders. Swiss banks, too, have in the past few days been withdrawing funds from London as their own market has tightened; but they have withdrawn more from New York, for the simple reason that interest rates are lower there.

It may turn out—though it is still precariously early to make a firm prediction—that speculation, psychology and nerves in general have become altogether less important influences in the exchange markets, and interest rates and strictly commercial considerations correspondingly more important. Certainly that has happened in the past few years. In some ways this experience may have a lasting influence. One can think of four main reasons why sterling may be less vulnerable today than in earlier years to a sudden speculative crisis—which is very far from saying that it is immune.

In the first place, the bestowal of the formal right of convertibility to non-residents has in the event had an important effect. Although convertibility through the market was available at very little cost before, the undertaking of the formal obligation by European central banks has given the whole exchange structure a greater stability: a speculative crisis, if one were to come, might build up a little more quickly now that the official door is open, but the more important point is that operators now see less reason for speculation. Secondly, the leading world currencies today are generally considered to be nearer in strength than they were three years ago. In one respect, if only in one, the talk against the dollar has helped sterling: it will not quickly be said again that sterling must always suffer from a general preference for the dollar and the mark as reserve currencies. Even the mark has at times lost some of its glamour, notably when Mr Khrushchev raised his Berlin crisis late in 1958 and more recently when prominence has been given to the threat of large wage increases in Germany this year. Measured by its reserve backing and its very small short-term liabilities, the D-mark may still rate as the strongest currency in the world (followed probably by the Italian lira). But no one now gives any serious thought to a formal upvaluation of the mark, which even at the most favourable opportunity in 1957 was far from a practical proposition.

Thirdly, the position of sterling has been strengthened not only by the minor lapses from favour of other leading currencies but also by its own positive demonstration in 1957. In every postwar sterling crisis up to that time, a major element in hastening the speculative scramble was the belief that the British authorities would lack the will or the courage to take sufficiently firm measures to save the internal value of the pound. It was a belief shared by many domestic observers. The significance of the 7 per cent Bank rate was to explode this debilitating assumption. Britain may still have, as has been said, the smoothest machinery in the world for the finance of inflation; but there is now on record a precedent to show that Whitehall and Threadneedle Street can, when it comes to the pinch, put sterling first.

None of these considerations allows the authorities to lean back. Sterling as an international currency remains uniquely vulnerable. The staggering burden with which it emerged from the war, an accumulation of short-term liabilities three times as large as its gold reserves, has on balance remained unchanged. (In the United States, by contrast, short-term dollar liabilities are even now not as large as the still massive gold reserves.) In recent years, moreover, there has been a big increase in privately owned overseas holdings of sterling, which are apt to be run down more quickly than official holdings. It is vital therefore that the British authorities maintain, and be seen to maintain, a determination to preserve the value of the currency and to pursue domestic policies that leave room for a permanent improvement in the current surplus,



to meet the large commitments that have been undertaken for overseas aid and investment and to improve the ratio between monetary reserves and monetary liabilities. There is no quick single way to such an improvement; but the ability of Germany to meet many of the problems of full employment and still outpace Britain in many export markets shows what resolute monetary and economic policies can do.

Roads in Summer

Road congestion, and accidents, are at a peak in summer, the time of motoring for pleasure. Can anything be done?

IT is not so very long since a Member of Parliament for a certain seaside resort made a passionate appeal for a new trunk road to ease the holiday congestion in his constituency. He described how "every Saturday, between four and nine in the evening, from the middle of July until the end of August, there is a solid queue of cars moving at only a snail's pace with holidaymakers intent on reaching their hotels and boarding houses." All he wanted was twenty miles of modern trunk road to be laid down, at a cost of £100,000 to £200,000 a mile, to cater for the traffic of about 30 congested hours out of the total of 8,760 in the year. This kind of road congestion problem, Sir Reginald Wilson of the Transport Commission commented afterwards, is "hopeless, but not serious."

Hopeless, indeed, it largely is from the point of view of road investment, now or for a long time. The example may be an extreme one. But in a country that has strictly limited resources to devote to bettering its capital facilities, investment in roads or anything else that come into significant use only at a few peak periods is bound to show a very small rate of economic return, and must inevitably come low in any sensible list of priorities. The present broad pattern of priorities in road investment—as they were again stated by Mr Marples this week in his reply to the report of the Select Committee on Estimates on trunk roads—is to concentrate upon the country's principal industrial arterial routes between the main centres of population; secondly, on the even more congested roads this traffic has to use when it reaches those cities; and thirdly, on the more notorious accident "black-spots" that may be found elsewhere. This is obviously right and sensible. It is fair to say that the very notional costing that is sometimes applied to assess returns on any given piece of road investment has built-in oddities: what is our time worth when we are not going to work? One can also doubt whether the total being spent on new roads is yet large enough, in competition with other candidates for large, new capital outlays. But given the amount of arrears in Britain's road expenditure, it is hard to deny that for a long time there will be many, much more profitable schemes of road investment than those that provide for seasonal activities.

Yet seasonal road congestion is becoming more and more serious. There are now well over 8 million vehicles on British roads; ten years ago there were 4½ million. In ten or so years' time, the number might approach 12-15 million. The prospect of millions more motorists coming out on fine summer week-ends all bent on getting to the same places of pleasure as fast as they reasonably can, is daunting enough. The prospect of the accompanying steep rise in the toll of accidents is even more frightening.

But all the year round week-day traffic from industry and week-end pleasure motoring in the summer are not geographically wholly separate activities in this crowded island. The present pattern of road works should accordingly be of some benefit to both—and, equally, will impose additional marginal frustration on both while it is actually being undertaken. Similarly, week-end motoring now can still enjoy the useful, though diminishing, legacy of some of the few good new roads, like the one from London to Southend, that were put down in the thirties. But, basically, the week-end rush to the coast sets the same familiar problem of "peaks and surges" that afflicts the city commuter. It would be more manageable if the traffic, instead of being bunched into a few hours, could be spread over a longer period. As with driving to work, the natural forces of what may be called "ecology" do already encourage many drivers to stay off crowded roads over bank holiday week-ends. But why, most motorists will understandably ask, have a car at all if one cannot take the family out for a spin at the best time for everybody?

LAST year, 6,520 people were killed in road accidents in Britain and another 326,933 are known to have been injured. The toll is heaviest in the summer, particularly at the bank holiday week-ends: there is another, shorter peak in accidents, with comparable publicity, about Christmas time. But it seems that reported accidents in relation to traffic, that is accidents per vehicle mile, are lower in the summer months than in the shorter, more inclement days of winter—as might be expected. Moreover, the yearly growth in road accidents since petrol came off the ration ten or so years ago has been lower than the rate of increase in traffic.

Some margin of accidents is inevitable in any community that wants personal motorised transport and refuses to apply as rigid rules of prevention as it enforces, say, for rail transport, factories, or domestic oil heaters. But the broad trend of road accidents masks two more sinister developments. First, casualties among motor vehicle drivers and their passengers have been rising at a much faster rate than among pedestrians. Secondly, the proportion of accidents, and even more the proportion of fatalities, occurring on country roads is steadily rising. Both, presumably, are associated with the growing habit of pleasure motoring.

Many opinions about road safety are dispensed with much eloquence but with a singular lack of reliable supporting evidence. In the last fourteen years the Road Research Laboratory has accomplished a certain amount in analysing the various causes of accidents and suggesting ways of reducing them. Zebra crossings, which cut pedestrian casualties appreciably when they were introduced in 1951, the second tail light for vehicles, and the motor cyclists' crash helmet, for example owe a lot to the laboratory: ideas can also be got from research abroad. Though a multiplicity of factors cause road accidents, it is clear that one of the greatest single ways of limiting the toll is by informed design and construction of the roads themselves, from building a new motorway with limited access and for vehicles only to a simple, cheap job of roughing up the surface of a short stretch of existing road to lessen the chances of skidding.

Given the present pattern of priorities in road investment

it will be a very long time before many of the purely tourist, seasonally used roads are brought up to modern standards of design. There are, after all, more than 130,000 miles of country roads in Britain, most of them little more than re-surfaced versions of the old highways and byways first carved out by the carriage and pack horse. But that does not mean that nothing meanwhile can be done, by experiment and analysis, to improve the flow of motor traffic along them and make them a little less dangerous. As would be expected, more accidents occur at junctions, cross-roads, hill-crests, and bends than on straight stretches of rural roads. While plans for major re-alignment await their turn in the queue of priorities, a little study may suggest ways of reducing the accident rate of dangerous points by the simple use of paint and bollards, warning signs, and where appropriate perhaps light controls as well. "No passing" stretches—marked, for example, by two centre white lines instead of one—are cheap to instal, but well worth having if they are properly enforced.

Similarly, attention can profitably be directed to the vehicle. From studies on the spot it has been found that toughened glass is safer, in the event of a major accident, than laminated glass: it breaks, but is hence less likely to break one's head. Properly-designed seat belts, if used, can also limit the seriousness of accidents when they do occur. The much delayed law for the inspection of older vehicles will help by tightening up customary standards of braking, steering, and lighting. It may also reduce delays and accidents induced by less experienced drivers trundling their decrepit chariots on to crowded roads at the occasional week-end. American experience suggests that states adopting regular vehicle tests have a significantly lower accident rate than those that do not.

Always, however, the ultimate factor is the driving habits of the motorist. Driving techniques cannot stay still as traffic steadily gets worse: manœuvres that may have been safe enough twenty, or even ten, years ago are liable to be dangerous today. The average car, too, is more powerful: there has been a noticeable increase in accidents caused by skidding or loss of control. As more experience is acquired in this country of driving on motorways with lane segregation so self-discipline on other roads may also get better.

But whenever traffic movement increases, so grows the need for a sense of order to be imposed by wise regulation and enforcement. The efficacy of road safety propaganda has never yet been worked out: it would seem, however, that the need for it, and its timeliness, is greatest on the roads themselves. The episode of the "black widow" posters some years ago suggests that the British public shocks easily: "Honour your code," this summer, may seem at first sight rather unctuous. But nothing is more sobering, for example, than driving along a seemingly innocuous and empty road in Arizona or Alabama and suddenly coming upon a row of white crosses by the road-side marking the toll of deaths which that point of the road has already claimed.

The rise in accidents may soon force this country out of its more complacent attitude to that kind of propaganda and to revision of driving regulations. More use, for instance, may have to be made of suspension, the severest penalty that can be imposed upon any bad driver. Drink, too, is a factor that has been found, by study, to be present in far more road accidents than the police reports are able to show: it is perhaps the one factor that can be guaranteed to make any driver, however good he is in comparison with others, worse than usual. And, before long, the British motorist may have to surrender his fondness for freedom from speed limits everywhere but in towns.

Over the four days of Whitsun, Mr Marples will be trying out a 50 mph upper limit on 150 miles of ten heavily-used trunk roads. Universal speed limits, because they are bound to be disrespected, are perhaps as bad as no limit at all. But judiciously applied, after suitable study and with adequate enforcement (including radar), speed limits on certain congested or dangerous stretches, as other countries have found, can do immense good. They can actually improve flow as well as increase safety, by encouraging the slower drivers to keep up and the faster ones to slow down: fostering, in short, a higher and more uniform average speed of traffic. But with wider speed limits, as with all other kinds of traffic regulation, the governing rule must be to demonstrate to the motorist that the rules are meant not to nag, but to help him and other drivers to get safely to their destinations.

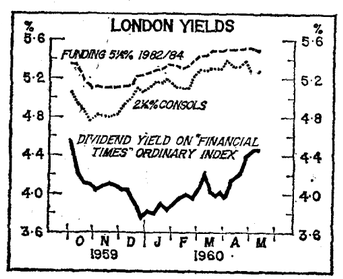
BUSINESS NOTES

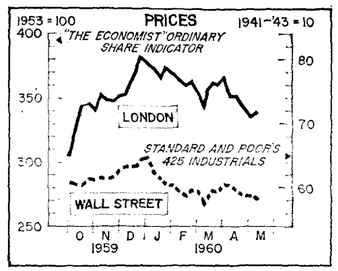
IN THE MARKETS

Yields Talk Back

On Wednesday the London Stock Exchange enjoyed its brightest day since the budget. Buyers, including some institutions, returned to the market and lifted the *Financial Times* ordinary index by 6.1 points to 302.1. Gilt-edged, which in the beginning of the week were inactive, enjoyed renewed demand mainly for medium dated stocks, which rose by up to ⅞ on the day. This set a good tone for the small £3,380,000 Jamaica issue on Thursday, the first colonial loan in London for more than a year. The terms—coupon of 6¼ per cent, redemption dates 1977-80 and price of 99½—were attractive and the issue was over-subscribed. On Thursday the stock markets were again buoyant, and the index put on another 3.8 points.

Just as there were sound reasons for feeling at the end of last year that the surge of equity prices had gone too far, so there have been respectable reasons this week, with the indices down 13 per cent from their peak, for doubting whether prices will be pushed much lower for any length of time. The weakness of the equity market after the post-election upsurge was in its attenuated yields in comparison with the yields available on





gilt-edged. At the end of December the average yield on the *Financial Times* index was only 3¾ per cent—1½ per cent less than was offered by a twenty-five year gilt-edged security—and on some market favourites yields were 2 per cent and even less. Now, as a combination of the fall in prices and rise in dividends (the former influence having been twice as important as the latter), leading equities give an average yield of more than 4½ per cent, and the margin below long-dated bond yields has narrowed to 1 per cent. A "reverse gap" of this size may not be unreasonable, especially as further dividend increases are sure to be paid on the basis of last year's excellent profits.

In a stockbrokers' letter that had considerable influence on the timing of Wednesday's upturn, Professor Victor Morgan says that dividends should continue to show a rise of at least 20 to 25 per cent for the rest of this year, which would bring the yield on the *Financial Times* index a year from now to 5½ per cent on the basis of present prices. Thus even if the climate for equities remains unexciting—and it is part of the Chancellor's task to keep it so—the fruits of last year's company prosperity provide an important cushion. It can be calculated, for example, that without the dividend increases that have taken place since the beginning of the year, the *Financial Times* index would have to be twenty points lower to show its current dividend yield. Institutional investors are likely to take note of such considerations—though some of them have only recently caught up with the calculations pointing to the attractions of fixed interest securities. The general public is evidently already disillusioned that the great rise in the stock markets in 1958 and 1959 did not prove to be a perpetual movement. In April a small amount, £135,365, was withdrawn from unit trusts—though the number of unit holders continued to grow, by 2,730 to 620,380.

Wall Street Contrasts

A correspondent cables:

The stock market has shown little visible response this week to the "unhappy landing" which did, however, bring a modest strengthening of defence and aircraft issues. The Dow Jones average of industrials, which had fallen ten days ago to within a point of the March 8th low for the year of 599, closed on Wednesday at 606. The market like the economy appears to be moving sideways for the time being while potential investors in both equities and bonds cast around for some firmer indication of where business activity and interest rates are headed. Although the business picture has plenty of bright spots the market has refused so far to be encouraged. Retail sales in April bounded upward to an all time monthly record if seasonal factors are allowed for and the volume of car sales last month was encouraging if not spectacular. Business men are far from demoralised; dividends are being maintained or improved despite narrower profit margins and capital spending promises to be at a high level.

Investors continue to be highly selective in their buying. Electronics issues have gained an all round ten per cent since the end of last year; foodstuffs, soft drinks and tobacco stocks are up between two and five per cent; and drugs and department stores have largely resisted the general decline. The principal victims have been steel, automobile and chemical stocks; as a group these issues have dropped nearly twenty per cent in value since the turn of the year and many individual issues have dropped by around forty per cent. The uneven performance of the market is underlined by the fact that each trading day continues to bring a fairly rich crop of new 1960 highs despite the substantial general decline.

HIRE PURCHASE

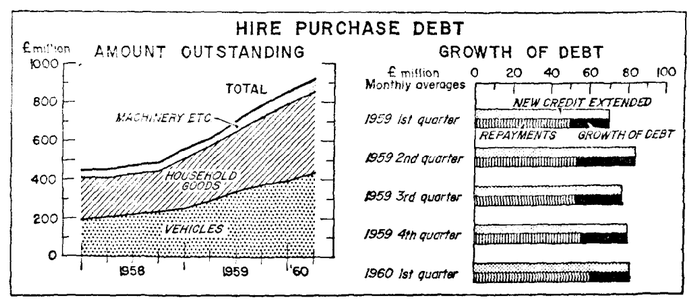
Rise or Fall?

In the first quarter of this year the volume of hire purchase debt rose by still more than in the first quarter of 1959, and at the end of March it amounted to £920 million, half as much again as a year before and almost double the total in March, 1958. For some time it has been widely assumed that the accumulating burden of repayments would check the growth in net debt outstanding this year. Repayments have indeed continued to rise—they are estimated at a monthly average of £61 million in the first quarter compared with £51 million a year before—but new hire purchase credit has risen still more, by an average of £82 million a month compared with £70 million. One need not look very far for the reason. Hire purchase business in new cars—and in commercial vehicles—was more than 50 per cent up on the year in March, corresponding almost exactly with the rise in car output. For many months sales of the more popular small cars introduced last year have been limited by supply rather than demand; and buyers have evidently not been deterred by existing hire purchase commitments. Consumers have, after all, record-size personal savings to fall back on.

The question now is whether a check will be exerted by the official tightening of hire purchase terms. Opinion in the car trade is mixed. Some dealers point to the waiting lists for popular models and say that so far the tightening has had no effect. Others expect waiting periods to fall away and some sales to be held up by the increased monthly repayments needed. As the table shows, these are by no means negligible—even if buyers have another car to trade in and are therefore hardly affected by the higher minimum deposit now required.

	£500 car		£1,000 car	
	Deposit	Monthly repayment	Deposit	Monthly repayment
10% down, 4 years to pay	£50	£12	£100	£24
20% down, 2 years to pay	£100	£19	£200	£38

Outside the motor trade, the growth in hire purchase has already fallen off: credit extended by household goods shops rose by an average of £11 million in the first quarter, compared with £15 million a year before. Moreover, the steep increase of £31 million in total hire purchase debt in March may possibly have been abnormally swollen by some buyers getting in ahead of the official controls. Certainly it is too early to be sure that the official expectation of a slackening in hire purchase demand this year will prove wrong.



RAILWAYS

Development—and Handicap

THIS week's report from the Transport Commission on the state of progress in railway modernisation five years after it got under way makes, by itself, impressive reading. Many of the gains in passenger traffic following the introduction of diesel and electric services on the shorter local and inter-city routes continue to be spectacular. Compared with the last days of steam, business on some lines has doubled, even trebled: on one, the new diesel service between Leeds and Barnsley, receipts in the first full year actually rose more than fourfold. Freight traffic, of all kinds, is still steadily rising too, though it remains unclear whether this vastly more moderate, yet much more crucial, improvement betokens the winning back of custom from road haulage as well as from the general revival in industrial activity.

Naturally the commission so far has most to boast about in the quicker-yielding categories of new investment. Over half of all passenger trains are now diesel or electric. About a third of its freight wagons are now fitted with continuous brakes; and nearly a thousand express freight trains are now being run daily. The benefits of the lengthier projects of modernisation, such as main-line electrification, the radical reorganisation and modernisation of marshalling yards and goods depots, and major improvements to track and signalling, have yet to be witnessed—and precisely measured. And what difference the schemes that have already been completed are making to the railways' running costs, as distinct from their revenue, is presumably left for the commission's next annual report to elucidate.

The refusal of the Government a few days earlier to allow the commission to proceed with its original plan for a tall office block at Waterloo highlights one major handicap impeding another type of worthwhile development the commission could, if allowed, also undertake. The present plan for this new building was turned down on the particular grounds that it offended the planning rules about how much office development could be allowed there: it required a higher plot ratio than is permitted. Faulty drafting of the 1947 Act of nationalisation, however, prevents the commission from developing its sites for letting to other firms as well as for its own needs in the way that any other nationalised or private firm can. It has unsold property outside cities that has little or no alternative use, for itself or anybody else: at places like Waterloo, however, it could earn a tidy sum by developing sites alongside or over operational land and letting off at the rack rent the parts of the new buildings it does not need itself. Instead it has to let these profitable opportunities pass to other developers, getting no more than an ordinary ground rent in return. At Waterloo, for instance, this handicap resulted in the ludicrous arrangement whereby part of the new structure would be put up by the commission for its own use and another integral part would be developed for commercial letting by a private firm. The Stedeford committee, please, take note.

STEEL

Stocks Begin to Rise

DURING the first quarter of this year, the Iron and Steel Board thinks, stocks of steel held by consumers and merchants may have risen by the equivalent of about 225,000 ingot tons, which means something of the order of 160,000 tons of actual finished steel products. This suggests that the level of stocks in the hands of consumers has now passed bottom, as well as those held by merchants, which already showed a rise in the last quarter of last year. And since the indications are that nationalised industries such as the railways and the coal mines have continued to keep their stocks down, the rise must be more significant within private industry. Ordering both at home and abroad by the motor industry, for example, certainly seems to be gathering more steel than even its current vastly increased output can eat up from day to day.

The first quarter of 1959 saw the trough of recession for steel; a year later, consumption was about a quarter higher, and instead of running down their stocks consumers were building them again. So output in the first quarter of this year was nearly 40 per cent higher, and imports, primarily of sheet, trebled. Output in April, which was affected by the Easter holidays, continued at roughly the first quarter average—it was 310,600 tons of pig iron and 478,100 ingot tons of steel a week.

STEEL DEMAND AND SUPPLY
(million ingot tons)

	1st qtr., 1959	1st qtr., 1960
Demand :—		
Home consumption	4·3	5·3
Stock build	−0·3	0·2
Exports	0·8	1·1
Total demand	4·8	6·6
Supply :—		
Production (plus re-usable steel)	4·7	6·3
Imports	0·1	0·3
Total supply	4·8	6·6

The board says that during the course of the year steel output will go up further, though the introduction of new capacity will be partly offset by the seasonal effect of holidays. It expects that exports—also this year nearly 40 per cent up—may show some reduction in coming months. Deliveries of plates, rails, colliery arches and steel forgings and castings are still below the previous peaks of home sales reached in late 1957; all other products have passed those records, even heavy sections (these mainly as a result of larger exports).

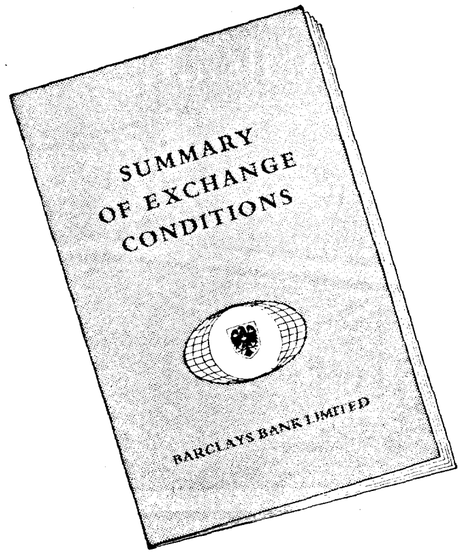
BUILDING SOCIETY NEWS

Halifax, The Bill, and Lloyds Permanent

IN the first quarter of its new financial year, the three months to end-April, the assets of the **Halifax Building Society** reached a new peak of £450 million. In these first three months of its financial year it lent a further £24.1 million on advances, over £3 million more than in the previous quarter and some £6 million more than in the same quarter last year. To do so however has meant a reduction in its liquidity ratio from 18.6 per cent at the end of January to 17.4 per cent at the end of April. Even the Halifax has now begun to feel the strain of uncompetitive interest rates. While its net receipt of funds at £8.7 million for the April quarter was above the £5 million received a year ago, the net monthly inflow of £2.9 million compares with an average of £3.7 million for the previous six months. It will now be surprising if the Building Societies Association, of which the Halifax is not a member, does not recommend an increase in rates at its next meeting.

The **Building Societies Bill** has now reached the committee stage in the House of Lords, and the Government has introduced an amendment to give the Chief Registrar power to vary the limit of £5,000 imposed in the bill for so-called "special" advances. These include advances of any amount to a corporate body and advances of over £5,000 to any person (or of an amount which will bring a personal debt to over £5,000). While Lord Hailsham thought this limit was adequate at the present time, he conceded that it was wrong to write this figure definitively into the Act. Under the amendment an order by the Registrar to vary the limit would be made with the consent of the Treasury; it would therefore be subject to parliamentary criticism and control. Lord Hailsham also said that his mind was not closed to all proposals for the introduction into the bill of a right of special appeal against decisions taken by the Chief Registrar. He thought however that a recent case showed that the provision for some kind of review by the court already existed and would exist under the bill.

On Thursday the Court of Appeal dismissed the appeal of the hitherto unnamed **Lloyds Permanent Building Society** against the imposition by the Chief Registrar of a "stop" order on the society. Treasury consent to this order was given on April 6th. Mr Neil Mckinnon, counsel for the Society, asked for leave to appeal to the House of Lords, but this was refused. The Court directed that the monies which had been lodged in the court since early in April should be paid back to the depositors. The auditors in their report on the accounts of the society for the year drew attention to certain features of the society's cash position as at December 31, 1959.



A new guide to foreign exchange

Our 'Summary of Exchange Conditions', which has just been re-issued, gives in convenient form an outline of financial conditions in seventy countries as they affect United Kingdom exporters. The booklet can be obtained through any of our 2,200 branches or direct from our Intelligence Department.

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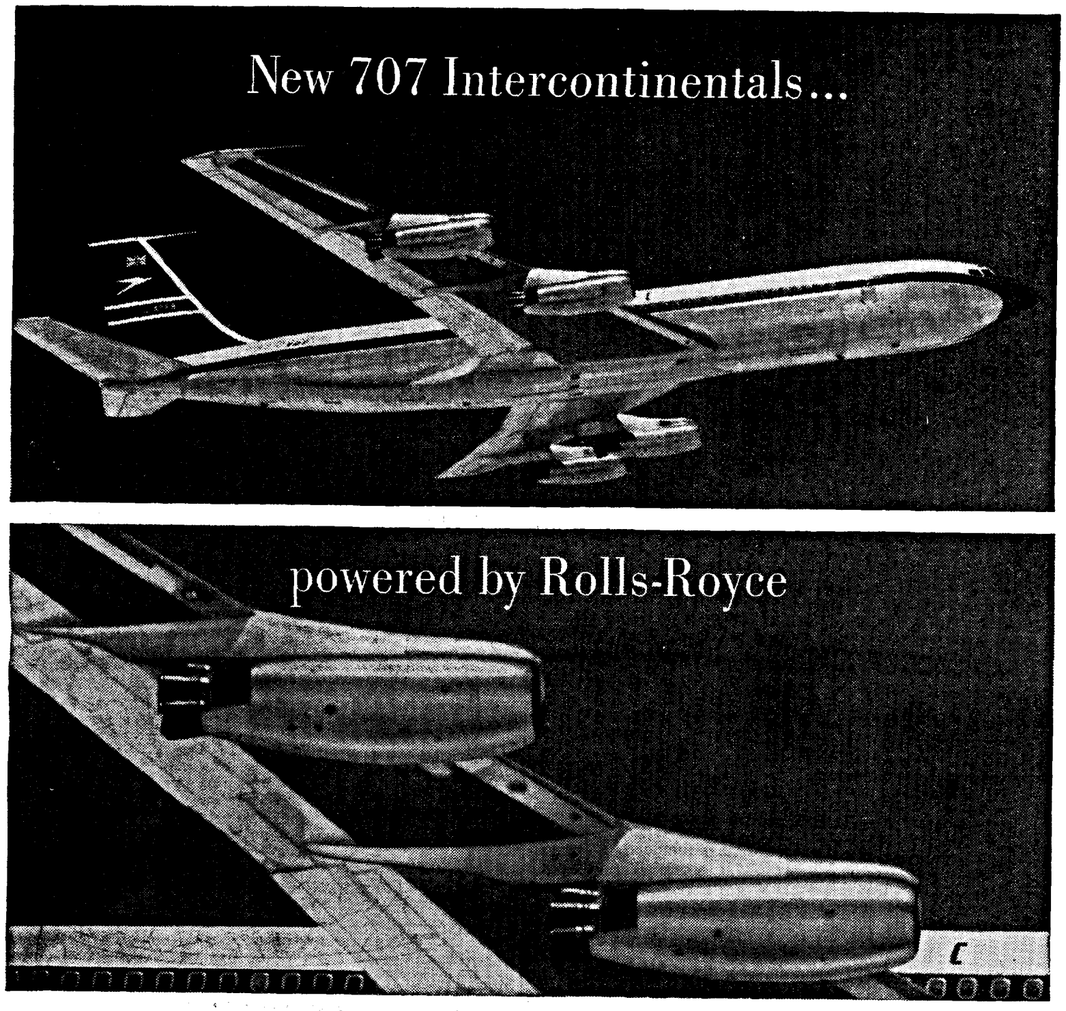

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BOAC's luxurious new Intercontinentals are the fastest, longest-range jetliners in the world. A distinguished product of transatlantic teamwork, they are built by Boeing and powered by world-famous Rolls-Royce Conway engines. Intercontinentals will bring you the advantages of unprecedented speed and comfort—and non-stop travel over BOAC's longest routes. You'll find your flight a restful, relaxing, yet exhilarating experience. And throughout your trip, you'll enjoy the superlative service that makes a flight with BOAC a truly memorable experience.

See your travel agent, or BOAC, for reservations for *your* flight aboard a superb BOAC 707 Intercontinental.

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RULES FOR BIDS

A Good Draft Code

THE Board of Trade's existing rules governing the conduct of licensed dealers in securities date back to 1939; they cover offers to dispose of securities but not to acquire them, and they do not control activities in connection with take-over bids. These latter will be considered by the Jenkins Committee, which is reviewing the Companies Act and the Prevention of Fraud (Investments) Act, from which stems the Board of Trade's power to issue dealing rules. The Board has now published a draft of new rules which will cover offers to acquire securities and take-over bids. They appear on first examination to be well designed to secure that the fullest relevant information is in the possession of shareholders in good time before they are asked to decide whether to accept an offer.

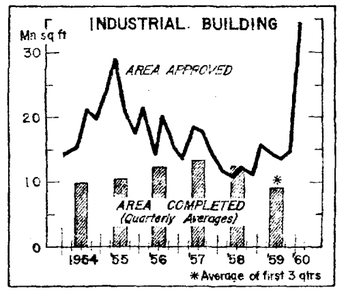
There is now a month's interval for detailed study of the draft and for making representations. For take-overs, the proposed rules lay down a minimum period for consideration of 21 days, while for a conditional offer a latest date must be named on which the offerer can declare it unconditional, with a further period between seven and 21 days for acceptance. A partial offer must be open to acceptance by all shareholders and if over-accepted must be scaled down rateably. The licensed dealer must state among other things what steps he has taken to assure himself that the offerer can find the full amount; what payments for loss of office are proposed for directors of the company to be taken over; and what agreements exists between the bidding company and directors of the offerer company. The draft rules also provide for the disclosure of "any material change" in the financial position of the offerer company since the latest publicised accounts and for the disclosure by an accepting board of directors of their individual interests and expectations following the take over. It may be possible to improve some of the detail in the draft rules; but their general acceptability cannot be gainsaid and their writ runs not only among licensed dealers but also among all exempted dealers such as brokers of recognised stock exchanges, merchant banks and other bodies dealing in securities.

CONSTRUCTION

Lopsided Boom

PLANS for new construction showed a great leap forward during the first quarter of this year, but it was the leap of a one-legged man: the total area of new building schemes approved was swollen very largely by the motor industry's intention to put out more cars, while the Federation of Civil Engineering Contractors was complaining that its members have too little work to do. The 992 industrial building schemes approved by the Board of Trade during the quarter covered 34.4 million square feet, more than twice the area covered by the 526 schemes approved during the first quarter of 1959. The gap between approval, starting construction, and finishing the job is, however, notoriously arbitrary.

A third of the area covered by these new intentions is in the north western region, where the new Merseyside motor plants are to be established. Scotland and Wales, similarly affected (though not enough to satisfy Scottish MPs), account for another



4.6 million square feet between them. The policy of the Board of Trade, following the purpose of the Local Employment Bill, is to approve schemes in development districts freely. But in the Midlands, the eastern region, and the London and south-eastern regions, where the board says its line will be "tough" (because of full employment), 428 schemes, covering nearly as large an area as in the north-west, were approved in the first quarter of 1960.

In such areas the policy is to approve projects involving a low labour content—storage space, a ramped car park, a highly mechanised plant—or other "special cases," like service industries, or firms needing space as a counterpart to their factories in a development district. A third kind of area is distinguished, "where there is no particular need for positive encouragement of new industry, but no reason to discourage moderate expansion."

While construction plans in general have increased phenomenally, civil engineers are complaining of a lack of work. They blame higher interest rates and the fact that local authorities must now get most of their capital on the open market; the tendency for local authorities to use their own labourers rather than outsiders; the run-down in the opencast coal programme; increasing mechanisation in their own industry; and insufficient expansion of the road programme. All this adds up, the Federation of Civil Engineering Contractors says, to enough spare capacity to double the present road programme—but it is not clear how many of the unused machines are nearing obsolescence.

SHIPPING

Cunard in the Meantime

REPLACEMENT of the Cunard Steam-Ship Company's most important operating assets is a question of investment policy at present not mainly within the discretion of its board; last year, in effect, the company put this before the Minister of Transport and asked whether the Government could help. The re-elected government had indeed committed itself to assistance of some kind in its election programme, and since September a committee under Lord Chandos has been discussing what kind of assistance—and indeed what kind of replacement—would be most suitable. This committee is expected to give its advice to the Government very shortly; whether its report will be published, before or after the Cabinet's decision, remains to be seen. But Cunard's annual report, published this week, demonstrates that it has found reason, since the late Colonel Denis Bates laid down a year ago the broad specification of Atlantic liner that it had in mind, to re-examine a wide variety of alternative types.

Sir John Brocklebank, who has succeeded Colonel Bates as chairman of Cunard, said in his statement this week that this re-examination had not greatly changed Cunard's mind about what ships are best for the North Atlantic route, potentially the most lucrative ocean crossing in the world. The board and management, he said, were still

> firmly convinced that two ships of about 75,000 gross registered tons with a service speed of 30 knots would be the best and most profitable units with which to maintain our weekly express services, which has shown itself to be the most efficient method of carrying passengers across the North Atlantic by sea.

Suggestions that smaller ships, which could on occasion shift to different routes, might be as efficient have clearly not commended themselves to Cunard. It does appear, however, that the 75,000-tonners they now have in mind might be a little cheaper in terms of passenger capacity—say £27 million apiece for 2,400 passengers, against nearly £30 million for 2,000 on last year's figuring—and a little less luxurious, with rather smaller public rooms. The advantage of light alloys in the superstructure of the two new liners now being fitted out for the P & O group seems also to have been noted.

On the North Atlantic, Sir John was able to tell shareholders that the outlook was appreciably better, both in freight and for cruising; tourist attractions such as the royal wedding, the Olympic games, and the Passion Play at Oberammergau all play some part in the economic forecasting of a luxury passenger service. Cunard's dividend was covered last year only through the tax relief in respect of investment allowances. But the adverse financial result was largely attributable to the ill fortune of the group's Brocklebank line on the India, Pakistan, and Ceylon trades. Whatever vessels

it may in future build to serve the North Atlantic, Cunard did last year manage slightly to improve its share—27 per cent—of Atlantic passenger business.

RUBBER MARKET

The Price Perverse

COMMODITIES can be perverse. Everything points to a surplus of natural rubber this year—everything but the market, that is. Prices have been rising, especially for the top grade of sheet rubber, and especially for spot and nearby deliveries. This week the top grade shot ahead, the spot price in London closing on Thursday at 42¼d. a lb., nearly 4d. up on the week. While few people were looking for a fall in prices just yet, this sudden burst of strength has surprised everyone, and puzzled most. The advance in Singapore has occurred despite the reported rise in stocks, and it remains to be seen how genuine the shortage in that market is. In London, where prices on the terminal market now command a premium over replacement cost (and are far above parity with New York), the shortage is believed to be largely technical—the result of buying by people who had sold short. Buying by consumers who are short of butyl synthetic rubber for making inner tubes, and need more top grade natural rubber instead, is apparently of minor importance.

Adding piquancy to events in the market, the International Rubber Study Group has just published estimates suggesting that supplies of natural rubber this year could exceed consumption by nearly 200,000 tons. World consumption of natural rubber in 1960 is estimated at 2,110,000 tons, and consumption of synthetic rubber (leaving out the Communist countries) at 1,750,000 tons. The group does not reveal how much natural rubber it expects the Communist countries to "consume" (that is, import) this year. World production of natural rubber is put at about 2,135,000 tons, and the group points out that up to the end of last month about 95,000 tons of natural rubber had been sold from government stocks for delivery this year. If prices remain above the point at which the American and British governments restrict sales, it considers that another 75,000 tons could be delivered this year. Thus the total supply of natural rubber could exceed 2.3 million tons. The group adds, however, that a considerable part of the surplus will be needed if commercial stocks are rebuilt to a more normal level.

ATOMIC ENERGY AUTHORITY

Fair's Fair

THE Comptroller and Auditor General had some harsh comments to make about an arrangement reached between the Atomic Energy Authority and an unnamed chemical manufacturer for the supply of a chemical for which the company was the only supplier and the AEA the only customer. Sympathy is, however, likely to be all on the side of the supplier. It had been making this chemical for the atomic energy programme since 1951 on a ten-year contract and seemed to have been heartily fed up with it. When the AEA asked it in 1958 to increase capacity, the company disliked the idea and told the Authority so. It could find far better use for the funds at its disposal, and suggested that if the AEA wanted capacity expanded, it, and not the company, should put up the capital. The AEA refused and then followed "lengthy negotiations" in which the company "was not a willing collaborator" and "accepted the contract reluctantly." The only terms on which it would do so were those which would give it the same return on capital as it would have earned if the funds had been used in the way that the directors would in fact have liked to use them. This gave it a return of 17 per cent on capital employed in the first year, increasing to 45 per cent return in the fifth and last year of the new five-year contract.

Sir Edmund Compton was shocked, but had he in fact any reason to be? Industry can now provide a fine variety of case histories where companies have invested large sums in producing esoteric materials required by one or other specialised government department, but with no normal commercial future that anyone can see. A change in government policy, frequently taking place between the time that work is started on the new plant and the time that it goes into commission, suddenly leaves the company with a costly investment and a market to build from the ground up for a very expensive commodity. Why should directors agree to supply the government with a commodity that only the government want on terms any less favourable than it could earn elsewhere? In ordinary life, people who demand non-standard products such as bespoke shoes, portraits in oils, or custom-built cars, expect to pay a premium for them, and there is no logical reason why the Atomic Energy Authority should be treated in any different fashion. Nor is there any reason why the company should have been expected to accept any lower return on its capital than it could have earned elsewhere.

PHOTOGRAPHY

Freedom Regained

THE abolition of import restrictions on cameras last autumn, except on those from Japan, has meant that for the first time in 20 years the British photographer can spend as much as he likes on the tools of his hobby. Cameras costing over £7 10s. cif—which sell for more than three times as much in the shops—were the most expensive that could previously be imported freely. The result of freedom has been a sharp rise in imports, which were valued at 65 per cent more in the first quarter of this year than a year before. The average value of each camera imported also has gone up by 40 per cent, to £4 15s. cif—which means around £17 10s. retail. The majority of imports is thus still within the limits set by the defunct regulations; the bulk of imported cameras sell for £10-£25 retail. But much of the rise in the average value of imports seems to have resulted from dealers stocking up with the expensive cameras that they were previously unable to obtain freely or legally to meet the pent-up demand for them. The desire for cameras that are easier to use, with automatic settings, is a factor making for a rise in the average value of cameras sold; one big seller that could not have previously been imported freely is the Agfa Optima. Agfa reports that its sales are up a third this year, with a swing from cheaper to more expensive cameras of this kind. The Leica Retina and Rolleiflex account for most of the increase in imports of the highest quality cameras costing over £75 retail.

These most expensive sales are limited to specialist dealers; the largest number of cameras are sold through chemists to people with less exacting requirements. Among the most popular cameras are cheap 35 mm. cameras such as the Ilford Sportsman, which is imported from Germany, and the Kodak Colorsnap, which is made in Britain. This, at £10 9s., is the most expensive British-made camera to sell in large numbers; home production fell 8 per cent last year while imports were rising. Cameras made in Britain formed only 40 per cent of total deliveries by value, but 60 per cent in number. This year it seems likely that they will take an even smaller share of the market in terms of value, though the numbers sold are rising. The desire at least to appear to be a fully-equipped member of an affluent society, with leather cases dangling proudly, militates against the sales of the modest camera that just takes pictures.

CABLES

BICC's New Rod Mill

BRITISH INSULATED CALLENDER'S CABLES, the biggest cable maker in Britain, and as a group probably the largest in the world, has in the last decade carried out a substantial programme of modernisation and regrouping of its cable making plants, partly in anticipation of the end of price-fixing in this industry which, it has claimed, it saw coming. Its new £1½ million copper rod rolling mill at Prescot in Lancashire, which was officially opened this week, should be another major reinforcement to its competitive position.

The process of rolling a ton of copper wire bars into rod costs at most about £15, as against, say, £250 for the metal itself—

Haig in every Home

–and Handy Sizes for Picnics, Parties, and Travelling



Don't be vague—ask for **Haig**

Electrical Aids in Industry *Data Sheet* **No. 12**

Dielectric Heating-3

Some further details of the uses to which dielectric heating can be put are given in this data sheet, being continued from data sheet No. 11.

The Woodworking Industry

A most important development in recent years in the woodworking industry has been the introduction of synthetic resin adhesives of the thermosetting type for the bonding of wooden components.

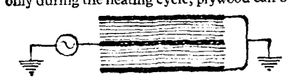
Setting of these resin adhesives proceeds at a rate largely determined by temperature. For instance, urea formaldehyde sets as follows:

TEMPERATURE	SETTING TIME
65°F	9 hours
80°F	1 hour
150°F	3 minutes
190°F	1 minute

The resultant bonded joint is equally satisfactory in each case. Most of the power supplied when dielectric heating is used is absorbed by the resin, the heat thus being concentrated where required.

Plywood

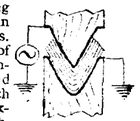
With dielectric heating consuming power only during the heating cycle, plywood can be produced with considerable savings in heating times and costs.



For example, in a press holding 100 3-ply ⅛" thick assemblies, the resin glue is set in 20-30 minutes, depending upon the dryness of the wood.

Curved Laminated Sections

Curved laminated sections are being increasingly used in contemporary furniture, and with dielectric heating rapid production can be achieved using wooden shaping blocks in single daylight presses. An alternative method of providing heat by conduction from heated metal strips is much slower as the total thickness rises above 0.05 inch.



Furniture Assembly

Because of the savings in glueing processes already instanced, dielectric heating is being extensively used in the furniture trade. It leads also to reductions in labour and floor space, with the elimination of assembly jigs. The heating equipment is such that it can be placed directly in the production line, thus cutting handling to a minimum.

Blockboard

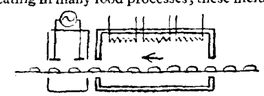
Blockboard, having large areas of glue line, provides an excellent use for dielectric heating, which gives considerable savings in time and labour.

Other Resin-bonded Products

Dielectric heating is also used in the manufacture of other resin-bonded or impregnated products such as grinding wheels, fabrics, felts, and similar products.

Foodstuffs

Increased use is being made of dielectric heating in many food processes; these include



defreezing and melting, sterilisation and disinfestation, drying of breakfast cereals, dog biscuits, etc., and similar applications. Some cooking processes, such as bread baking, are technically possible, but dielectric heating gives an 'unbrowned' product. In the biscuit trade, however, dielectric heating is combined with conventional baking to produce normal biscuits in ⅓ to ½ the usual baking time and thus increase production.

The examples given here cover only a part of the field open to dielectric heating.

For further information, get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

Excellent reference books on electricity and productivity 18 6 each, or 9/- post free) are available—"Induction and Dielectric Heating" is an example.

E.D.A. also have available on free loan in the United Kingdom a series of films on the industrial uses of electricity. Ask for a catalogue.

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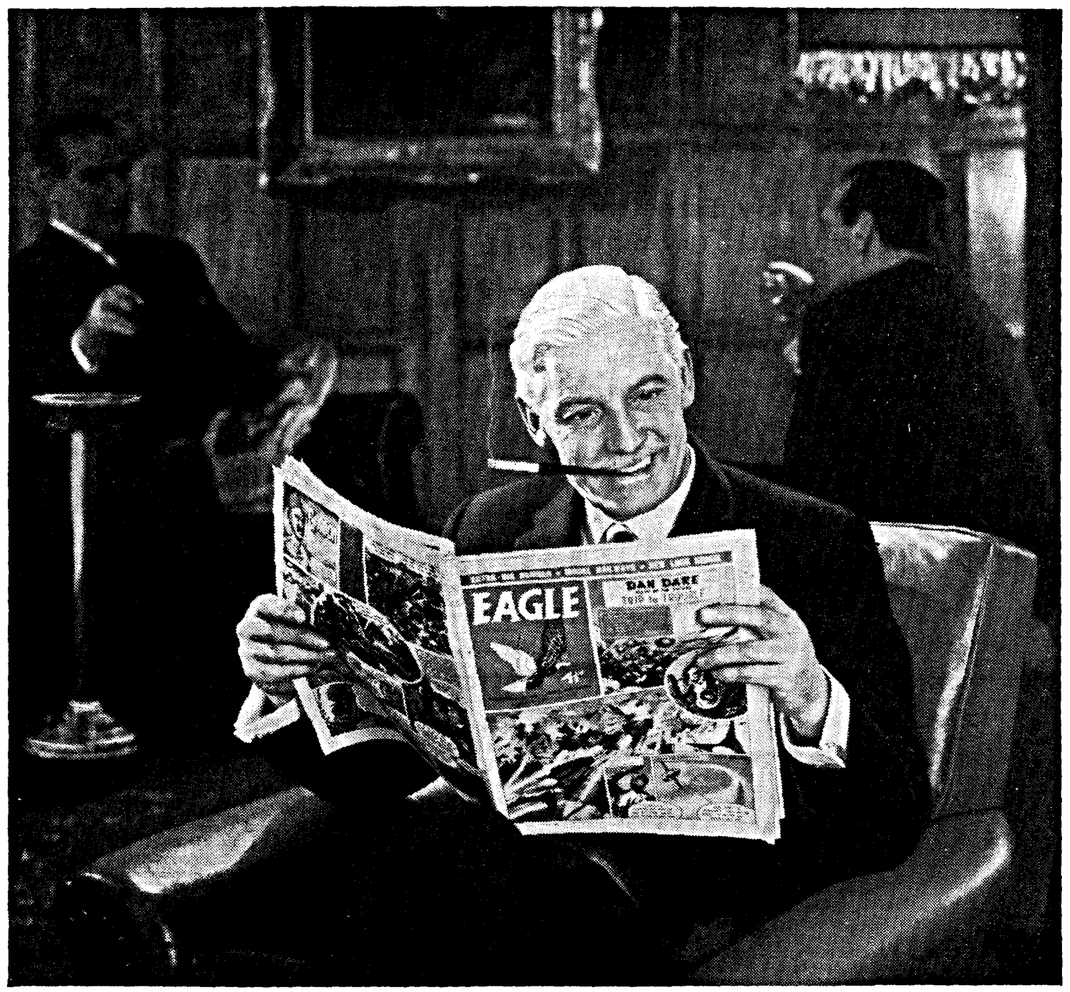

People who can
buy Player's No.3—
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Player's No. 3 are the rather expensive cigarettes for people who do what they like . . . with insouciance. Their reading taste may be catholic. But their smoking taste—never. Rather firmly, they insist on Player's No. 3. The tobacco, they find, is unequalled. 4/6 for 20.

and the further wire drawing and insulating processes bring the finished cable to, say, £450-£750 a ton. This almost wholly automatic rolling mill, therefore, cannot make much difference to final prices; but its operating cost will be a great deal lower than the ageing plants it replaces. With an initial normal capacity of 100,000 tons of rod of better quality a year, as against about 65,000 tons from the older mills, it will also enable the group to cater more readily for the needs of the cable making businesses which it has bought up in the last few years, as well as to sell more to other cable makers.

FCI

Money Back

THE Finance Corporation for Industry has had a quiet year, but its most profitable one. In the twelve months to March 31st it entered into no new loan commitments at all—nor is there any reason why it should have done at a time when commercial institutions in the market were falling over themselves to lend. The fact is that FCI has never really found its niche simply because the capital market has been doing its job. Lord Piercy's Industrial Commercial Finance Corporation, set up at the same time after the war, has trouble enough finding outlets among smaller companies. Catering for the bigger fish, FCI has tended to get embroiled in a few large and "public duty" ventures.

Not all have been without profit in the end. In the past year, FCI shows a surplus of £3.2 million on realisation of investments, against a mere £120,000 the previous year. This coup is due mainly to the exercise of an option to take up (and sell) two million South Durham Steel & Iron ordinary shares, acquired under the terms of a loan agreement at 20s; after the election the shares reached a peak of 61s.

As a result, FCI is paying its shareholders, who include insurance companies, investment trusts and the Bank of England, their first divided for three years, of 6 per cent. But this absorbs only £18,375, and the great bulk of this year's profit available for appropriation, of £1,290,591, is being put into reserves, "bearing in mind the purpose for which the Bank of England last year paid £3 million in advance of calls" to shore up the corporation's losses.

DC 3 REPLACEMENT

A Ridiculous Tariff

HOLLAND'S Fokker aircraft company has been demonstrating its Friendship aircraft this week to the smaller British airlines, knowing only too well that this is a labour of love so long as the aircraft attracts a 17 per cent tariff. The British Overseas Airways Corporation does not pay this tariff on its imported American aircraft; when BOAC bought its first Constellations, arrangements were made to allow them and their successors, the Stratocruisers, Seven Seas and Boeing 707s, to enter the country duty free on the simple argument that similar types were not available in this country. The Friendship, however, attracts the full rate of duty. What began as an expedient has now ended as an infuriating regulation that provides no protection of any value to the British aircraft industry and a good deal of irritation to potential customers abroad.

The Friendship falls into the class of aircraft loosely described as "Dakota replacements"; that is, it is medium-sized (40 passengers), relatively short-ranged (600 miles) and able to operate off rough airfields under difficult conditions. Thus it competes directly with Handley Page's Herald transport, Hawker Siddeley's Avro 748 and Vickers-Armstrongs' abortive effort to market a "local service" Viscount. It differs from them commercially in having been markedly more successful. The first foreign-built aircraft designed to use Rolls-Royce's Dart turbo-prop engines, the Friendship has been licensed by Fairchild in America and Fokker and Fairchild have between them firm orders for 162 aircraft, of which more than 100 are already in service. Nothing succeeds in aviation like success; the more Friendships are sold, the more are likely to be bought on the argument that this is now a proven aircraft.

It is certainly a small airline's aircraft: the first customer was Aer Lingus, which took delivery late in 1958, and the order book shows that most customers buy from one to seven aircraft and rarely more. Since about 40 per cent of its cost represents the price of British-built components — engines, undercarriage and the like—the Dutch are understandably irritated at meeting tariff barriers when they try to sell the aircraft in this country. The British industry might retort that it sees no reason to open its home market to so dangerous a competitor, but it might pause to think whether this attitude has not contributed a good deal to the growing hostility to its own products being encountered abroad. The success of the Friendship and the Caravelle has removed much of the postwar inferiority complex of European aircraft manufacturers and the European industry, now tooling up for production of Lockheed's 104 fighter, for French-designed reconnaissance aircraft and Italian-designed fighters, is closing its ranks and itself preparing to repel borders.

THE MOTORWAY

First Lessons

APART from the need for a sense of "lane discipline," which most drivers appear by now to have acquired, the first principal conclusion generally drawn from actual experience of using the London to Birmingham motorway has been that the "hard" shoulders on the near-side of each carriageway should be really hard. Heavy lorries that have pulled over for an "emergency" stop finally got away only with the help of a tow. At the symposium on the motorway, held by The Institution of Civil Engineers just six months after it was officially opened, the chief engineer of the Ministry of Transport, Mr John Baker, thought it "possible" that these shoulders would have a paved surface on a stronger base in future in place of the finish of grass or small chippings on a stone base that was used originally so as to "preserve the traditional verge appearance in this country." The contractors who built the motorway suggested that the concrete base of the carriageways should be extended to the outer edge of the hard shoulders.

Although it is too early for all the lessons of Britain's first venture into this type of motor road to emerge fully, it is at least clear that the design and construction of future motorways should allow for the difficulties that contractors face in getting access to, and working completely within, a site that stretches like a very narrow thread across miles of open country, interrupted by road, rail and river crossings where bridges take some time to build. On the design side proper, Mr Baker considered there should be more room in future between the hard shoulder and the edge of the slope of embankments or cuttings; that all slip-roads may need dual carriageways; and that there is a clear need for restaurant and service areas since some night lorry traffic has already gone back to the A.5 while the motorway's cafés remain as yet uncompleted. The more important lessons will have to await the completion of the extensive traffic engineering studies that are now going on. The first study of actual speeds on the motorway, conducted before traffic had settled down, suggested that this ingredient of the calculation that investment in the motorway would produce a net economic return of 10-14 per cent this year, rising to 18-25 per cent by 1965 with the expected growth of traffic, may have been about right.

JUTE & JUTE GOODS

Steep Rise in Prices

WHEN most of the world's jute comes from one small part of it, East Pakistan and West Bengal, and weather plays a big part in the size of the crop, prices can fluctuate sharply. With world consumption rising and a small crop in the principal exporting country, Pakistan, supplies this season were already tight. Now the weather has turned traitor, and prices have gone through the roof. Sowing of the new crop has been delayed by drought; in some areas germination has been poor and in others it may have failed. The crop will certainly be

Continued on page 669

Top Letters

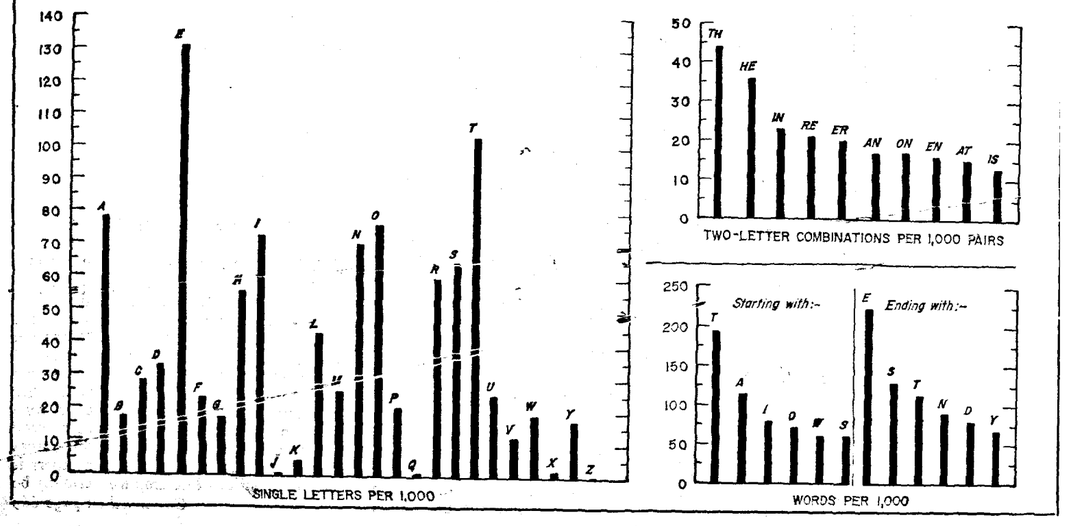
PART of the Post Office's plans for mechanising Britain's mails depends on inducing the public to use address codes on the lines of London telephone numbers instead of laboriously spelling out the names of houses, streets, towns and counties. Codes of this kind could be translated into a language machines can read and so make possible mechanical and electronic sorting of the mails. But to be successful, a code must be easy to remember; to be easy to remember it must bear some relation to common speech. And to design a code of this kind it is necessary to have some definition of what common speech is. How many times do letters recur in "ordinary" English and in what combinations do they most frequently appear?

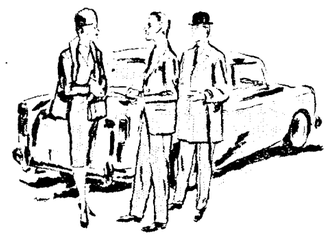
Although the intelligence services must know a good deal about this, they keep their information to themselves. They say that only two detailed analyses of the letter structure of the English language appear to have been published, one based on the King James version of the Bible (which may not meet the definition of "ordinary" English but has perhaps contributed more to common usage than almost any other single source) and the other on an unspecified source. The ordinary person may find this surprising: how were the keyboards of typewriters, linotypes, and the like originally designed, and is not the Morse code said to have been designed with some pattern of letter frequency, at least, in mind?

However, to help the Post Office in this job two members of the Medical Research Council's Applied Psychology Research Unit at Cambridge, Drs A. D. Baddeley and R. Conrad, and Mr W. E. Thomson of the Post Office Research Station decided to carry out their own analysis using the Post Office computer. Without a computer they could not in fact have comleted the task they set themselves. As source material they took all the leaders in *The Times* for five successive days—as an example of "typical" written English—and the text of one week's broadcasts of Mrs Dale's Diary (as "typical" spoken English, a choice that suggests psychologists think poorly of the English gift of the gab); and then counted the number of times that different letters of the alphabet were used, and the number of times that different two- and three-letter combinations occurred. Some of their findings were published in the scientific journal, *Nature*, at the end of last month; a selection of results obtained from analysing *The Times* is shown in the charts.

CERTAIN marked differences emerge between Mrs Dale's and *The Time's* versions of the English language. Spoken words seem to average only four to five letters apiece, as against five to six letters for written English, but more surprising is the frequent occurrence in spoken English of the vowel sound "ou" which crops up 1,443 times in a sample of just over 17,000 words and is passed only by "th" and "he" (1,600 times apiece). Yet "ou" is not even placed, as the chart shows, among the ten most popular two-letter combinations in written English, where "o" is much more likely to be followed by "n." Other differences of this kind are a preference for "de" in written as against "do" in spoken English, "ge" as against "go," "st" as against "se," and at the bottom end of the scale, "ze" as against "zy." If "e" is Top Letter, turning up more frequently than any other, then "z" is certainly Bottom Letter. Mrs Dale uses it only three times in 66,000 words. Names and places were excluded, which seems slightly odd given the object of the exercise.

By looking at these two- and especially at the three-letter combinations, it should be possible to invent word-like codes that are much easier to remember than combinations of letters thrown up by random selection. But because this is the only modern analysis of its kind, it could have an importance beyond the Post Office's own mechanisation plans. It provides basic data about the structure of two samples of English, formal and informal, that could be of assistance to typewriter, teleprinter and linotype makers in checking on the validity of their keyboard patterns and to all methods of communication that depend on the transmission of codes. Whether it has a bearing on the design of computers for language translation is something that only computer makers can decide, but the tables with such forbidding titles as "Digram frequency of written and spoken English" should be a lasting source of inspiration to all small boys tempted by recent events to play at being secret agents, as well as to those adult small boys who write (and read) thrillers.



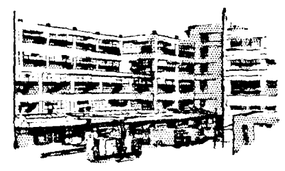


Conducted Tour of the Motor Market

There is much to be said for every car on the British market. How can a man decide when the moment comes for a new car? It is never any good plunging into a purchase—especially one involving hundreds of pounds—without first studying the market. The current issue of *The Motor*, Britain's most influential motoring journal, is a British Cars, Components and Accessories Number. It is a complete Buyers' Guide to British Motor Cars, containing excellent articles on accessories and design, as well as the usual road test and reports on current events. Here are some of the contents:

Complete buyers' guide to British motor cars.
3-page feature on accessories to improve the convenience of the car.
Article by Laurence Pomeroy on design of British cars to sell to the overseas market.
Review of the outside suppliers used by the industry.
Road test on a Lotus Elite.
6-page illustrated report of the Tulip Rally.
Silverstone B.R.D.C. International preview.

The Motor is only one of fourteen opinion-shaping journals published by Temple Press Limited. Every one of these publications is a leader in its field. And they are not leaders in the home market alone; altogether 2½ million copies go abroad every year to inform the world. The technical journals of Temple Press are good reading, well presented, informative, good to advertise in.



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APPOINTMENTS

OXFORD UNIVERSITY
INSTITUTE OF STATISTICS

Applications are invited for junior research posts in applied economics in general, and the economics of underdeveloped countries in particular. Candidates should have a good degree in economics or statistics. The salary will be in the range £700-£1,100 (but this is under review). Posts are superannuable and an allowance of £50 per child is paid. Application forms may be obtained from the Secretary of the Institute, St. Cross Road, Oxford. Closing date June 6, 1960.

THE UNIVERSITY OF LEEDS
DEPARTMENT OF ECONOMICS AND COMMERCE

The Council invites applications for appointment to the Montague Burton Chair of Industrial Relations within the Department of Economics and Commerce at a salary in the range £2,400 to £3,000 a year. The appointment will take effect from a date to be arranged with the successful candidate. *Applications (sixteen copies),* stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds 2 (from whom further particulars may be obtained) not later than June 20, 1960; candidates overseas may apply *in the first* instance by cable, naming three referees in the United Kingdom.

UNIVERSITY OF BIRMINGHAM
FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited for an ASSISTANT LECTURESHIP (£700 x £50 to £850) or LECTURESHIP (£900 x £50 to £1,350 x £75 to £1,650) in ECONOMICS, preferably from graduates who have specialised in Mathematical Economics. Salary scales are under review and are likely shortly to be increased. Duties to begin on October 1, 1960, or as soon thereafter as possible.

Applications (two copies), with the names of three referees, should be sent by May 20, 1960, to the Registrar, The University, Birmingham, 15, from whom further particulars can be obtained.

OXFORD UNIVERSITY
COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of RESEARCH OFFICER at the Institute of Commonwealth Studies. The appointment will normally be for two years, with a possibility of extension to four years. The holder will be required to undertake approved research, under statutory conditions of residence, and will be expected to work within one of two fields:

(a) the history, economic, social or political, of European dependencies in the nineteenth and early twentieth centuries, with special reference to tropical dependencies; or

(b) Studies in Commonwealth Government, not excluding the comparative study of politics and government in Commonwealth and other tropical countries.

He may be expected to work, in association with a Professor, Reader, or other senior member of the University, on a project [illegible] which will take account of his special interests.

A [illegible] limited amount of teaching will be allowed and may be required. The salary will be within the scale £900 by [illegible] £1,250 per annum, according to age and qualifications, with membership of the F.S.S.U. and child allowances.

Applications, giving the names of two referees, should reach the [illegible] Institute of Commonwealth Studies, [illegible] Road, Oxford, not later than August 31, 1960.

AUSTRALIAN NATIONAL UNIVERSITY

Research School of Pacific Studies

READER IN INTERNATIONAL RELATIONS

Applications are invited for appointment to a Readership in International Relations in the Department of International Relations.

The Reader in International Relations will be expected to *engage in and to assist in supervising research into the political,* legal or economic relationships between nations. In its empirical work the Department pays considerable attention to the Asian and Pacific regions.

The salary range for Readers is £A2,763-£A3,213 but is at present under review and may be increased substantially. A Reader is appointed to the permanent staff; retiring age is 65, with the option of retiring after the age of 60. Study leave entitlement is one year on full pay in every six years, plus contribution of up to £A1,342 towards travel and other expenses.

Superannuation is on the Federated Superannuation System for Universities pattern but with provision for supplementary benefits. Reasonable removal expenses are paid and assistance with housing is provided.

Further details are available from the Secretary, Association of Universities of the British Commonwealth 36 Gordon Square, London, W.C.1.

Applications close on July 17, 1960.

UNIVERSITY OF GLASGOW
SIR JOHN MACTAGGART FELLOWSHIP IN ECONOMICS OF HOUSING

Applications are invited for the above Research Fellowship—stipend £1,450 per annum—tenable for a period of three years in the Department of Social and Economic Research. Applicants, who should be qualified in economics or a related subject, will be expected to pursue research into some selected aspect of the housing problem in Scotland under the general direction of the Head of the Department.

Applications should be made before June 4, 1960, to the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

Applications are invited for the post of ASSISTANT LECTURER in ECONOMICS in the Department of Economics and Social Science from October 1, 1960. Further particulars may be obtained from the Registrar, University College, Cathays Park, Cardiff, to whom six copies of applications containing the names of three referees should be sent not later than June 8, 1960.

UNIVERSITY OF CAMBRIDGE
SCHOOL OF AGRICULTURE

Mathematical graduate required to work in Agricultural Research Council Statistics Group; previous statistical experience not essential. Appointments will be in Assistant Experimental Officer grade, starting salary from £510 p.a. at age 21 to £690 p.a. at age 26 or over. Application in writing stating age and qualifications and giving names of two persons to whom reference may be made should be sent to the Secretary, School of Agriculture, Downing Street, Cambridge, not later than May 31, 1960.

UNIVERSITY OF GLASGOW
LECTURESHIP IN ACCOUNTANCY

Applications are invited for a Lectureship in Accountancy (full-time). The appointment will be made on a salary range of £1,600 to £1,800 per annum, initial salary to be fixed after consideration of the successful candidate's qualifications and experience. F.S.S.U. and family allowance benefits.

Applications (eight copies) should be lodged, not later than June 4, 1960, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

For further appointments and other classified advertisements see pages 696, 708, 709, 710 and 711.

CANBERRA UNIVERSITY COLLEGE AUSTRALIA
CHAIR OF ECONOMIC HISTORY

Applications are invited for appointment to the Chair of Economic History.

In 1960 the College will become part of the Australian National University and its present functions will be continued. Further details of the association are given in the information sheets for applicants.

Salary ranges are now under review. At present the salary of a Professor is £A3,552 p.a.

Further information and the summary forms which must accompany an application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, with whom two copies of each application must also be lodged.

Applications close, in Australia and London, on June 30, 1960.

THE UNIVERSITY OF MANCHESTER

Applications are invited for two posts at the grade of ASSISTANT LECTURER in ECONOMICS in the Faculty of Economic and Social Studies. Salary scales (at present under review) £700 x £50 to £850 per annum; membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than May 31, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of ASSISTANT LECTURER in GOVERNMENT (with special reference to Political and Social Theory). Salary scale (at present under review) £700-£850 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than May 28, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER in ECONOMIC HISTORY. The salary will be on a scale (at present under review) £900 to £1,650 per annum with membership of the Children's Allowance Scheme and F.S.S.U. Duties to commence October 1, 1960, or as soon as possible thereafter. Applications should be sent not later than June 4, 1960 to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

Continued from page 665

a month or more late, and how much it will suffer is anybody's guess. In the meantime jute mills have to live off their stocks and what remains of the current crop. In these circumstances shippers in Pakistan are not exactly falling over themselves to sell, consumers are hesitant and the range of prices is wide. Firsts have shot up to roughly £145 a ton cif for prompt shipment, the highest point reached since the Korean war; they are about £37 dearer than a month ago and nearly £45 dearer than two months ago. Last week new crop firsts were bought forward for about £106 a ton; now sellers are asking about £130 a ton.

Prices of jute goods in Dundee were twice raised by £5 a ton last week, and another increase cannot be far off. All but the short-sighted in India and Pakistan will be dismayed by this turn of events. High prices will in time encourage substitution, and once people have switched to cotton and paper it is difficult to win them back to jute.

AERIAL PHOTOGRAPHY

How Far-Sighted?

RECONNAISSANCE experts are beginning to pour cold water on some of the more highly coloured claims made for their cameras since Mr Khrushchev decided the time had come to make an example of an American U.2 caught on a tip-and-run photographic foray behind the Iron Curtain. A good camera mounted on a bomber flying ten to twelve miles up can take pictures at a range of 100 miles. But at this height it is not easy to find the camera, the lens and the fine grain film capable of giving a usefully detailed picture when it is mounted on an unsteady and fast moving platform like a Canberra, a Valiant—or a U.2. All kind of techniques are being used to correct the inevitable fuzziness of a picture taken under these conditions, many with remarkable success; but since the standard military reconnaissance picture is taken on a scale of six inches to the mile, any idea of counting the rivets on an aircraft wing can be thrown out of court. Cameras could be built to give this fantastic definition if the military budget was big enough to pay for them; and they probably would be built if the services could prove that there was any value in being able to see the whites of the enemy's eyes. But at the moment there is not.

Cameras are accurate enough, however, to have done away with any conventional idea of camouflage; nothing short of systematic landscaping can trick a camera into thinking that a missile launching pad is anything but what it is. Their main deficiency is that they do not work either in cloud or at night without the aid of flares—obviously ruled out in sneak peacetime reconnaissance flights. Radar and possibly infra-red techniques, which can be used to a limited extent to supplement the cameras, work both through cloud and in the dark. A wide radar beam throws up a fair picture, and a narrow one can trace faithfully the outline of a building or an obstacle on the ground. But in general it is nothing like as detailed or as accurate as the high altitude camera.

Most of the intensive development work now is going into equipment, cameras, shutters, and fast film, which will work in the RAF's new TRS 2 low level bomber (the R stands for reconnaissance). This will not do what the high flying aircraft have been attempting, i.e., make a survey of Soviet territory accurate enough to provide co-ordinates for setting missiles on course to their targets. It is intended to give a commander notice of troop movements after the war has started, and is probably the only vehicle able to penetrate enemy defences under these conditions, because it will fly under the radar and missile screens. Pride of place in the RAF's reconnaissance library goes at the moment to pictures taken at high speed from heights at little as 150 to 200 feet. A good deal of interest is being taken in the American reconnaissance satellites; the first pictures transmitted so far are of no military use at all but it seems only a matter of time before the technique improves.

SHORTER NOTES

The Kariba hydro-electric scheme, which is to be officially opened by HM Queen Elizabeth the Queen Mother next week, is already partly in operation. The first generator and substations began to supply power to the Northern Rhodesian Copperbelt at the end of December; the second came into operation this week. It was originally planned to bring in the six generators (supplied by the AEI group) at the rate of two a year; this has now been accelerated, with three coming in this year, two in 1961 and one in 1962.

★

On Monday morning the first ingot to go through the 42-inch blooming mill at the Durgapur steelworks in West Bengal, built by the British consortium ISCON, was successfully rolled and sheared; during the day 250 tons were rolled. This marks the beginning of steel production from Durgapur; the mill was built by Davy-United, of Sheffield, which is the main contractor on the plant's rolling mills, wheel and axle plant, central engineering maintenance shops and foundry.

★

The limit of £2,000 hitherto imposed by the Inland Revenue on contributory pension schemes approved under Section 379 of the Income Tax Act, 1952 is to be raised to £3,000. This is an important decision, which is capable of expanding the pension possibilities for the increasing number of people whose earnings range above £3,000. Like so many Revenue decisions, however, it rests on the administrative discretion of the Board, whose wisdom about the amount (which has long been held at £2,000) and the timing has to be accepted.

★

As a result of a substantial rise in quotation fees, the gross profits of the Stock Exchange for the year to March 24th rose from £946,858 to £1,169,512. In such an active year however expenses were heavy and a special provision of £65,000 was made for alteration of buildings and the replacement of plant and re-wiring. The final surplus for the year amounted to £22,522 against £11,574. The new subscription rates for members announced last January did not apply until the current year.

★

Associated Biscuit Manufacturers, which owns Huntley and Palmers and Peek Frean, has made a bid for the shares of another leading biscuit manufacturer, W. and R. Jacob (Liverpool). The offer is on the basis of one £1 share for every four 5s. "A" shares in W. and R. Jacob and one non-voting £1 "A" share for every four non-voting 5s. "B" shares. The directors of W. and R. Jacob, who, with their families, hold 70 per cent of the "A" shares, recommend acceptance of the offer.

★

Two shipping companies have announced plans to raise new capital. Coast Lines is to make a rights issue of two £1 ordinary shares at par for every five held, which will raise about £1 million. The rights issue by London and Overseas Freighters will raise £4½ million on the basis of one 5s. share at 9s. for every two held. It also plans a reorganisation of its capital.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 697, 698, 699 and 702 on

Boots Pure Drug, Sears Holdings, Watney Mann, Ushers Wiltshire, Ind Coope, Whitbread, Burmah Oil, Marks and Spencer, Guest, Keen & Nettlefolds, Rhodesian Selection Trust, Wiggins Teape, John Dickinson, Schweppes, Rolls-Royce, Hambros Bank, W. H. Smith, Bowater Paper, Roan Antelope, Union Corporation, Commercial Union, Sun-Alliance

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 700 and 701

LONDON STOCK EXCHANGE
The week's movements reported on page 702

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 703

COMPANY MEETINGS

THE BURMAH OIL COMPANY LIMITED

INCREASED DEMAND FOR PETROLEUM PRODUCTS OVERSEAS

EXTENSIVE PROSPECTING PROGRAMME CONTINUED

MR W. E. EADIE'S SPEECH

The fifty-eighth Annual General Meeting of The Burmah Oil Company Limited will be held on Thursday, June 2, 1960, in the Merchant's Hall, 30 George Square, Glasgow.

The following statement by the Chairman, Mr W. E. Eadie, has been circulated with the directors' report and accounts for the year ended December 31, 1959:

DIRECTORS

It is with regret I have to report the retirement from the Board of Mr W. A. Gray, in July last year, for health reasons. Mr Gray's service with the Company covered a period just short of 50 years, of which 22 years were as a Director. We wish him a return to good health and many years of happy retirement.

Mr Richard E. Fleming accepted the Board's invitation to fill the vacancy created. Mr Fleming is well known in the City of London and we are fortunate in having his advice and counsel at our disposal.

Following the Resolution passed in July last year providing for an increase in the number of Directors, Lord Inchcape has been elected to the Board. His knowledge and experience of Eastern affairs will be extremely valuable.

ACCOUNTS

Trade in petroleum products in the countries in which the Group operates continued to expand throughout 1959. We obtained a satisfactory share of this expansion but, with smaller profit margins, the Group Profit on Trading, after charging the cost of exploration programmes, was only slightly higher at £6,880,434 compared with £6,778,505 for 1958.

Depreciation and amounts set aside at £1,983,817 show an increase of £793,013 over the charge for 1958, due mainly to the inclusion of our share of depreciation in Oil India Private Limited and the setting aside of our share of that company's net income to which I refer later.

As a partial offset to the lower Profit on Trading, after charging depreciation and amounts set aside, Dividends from Trade Investments, which are brought into account as and when they are received, at £2,833,798 are £354,853 higher than in 1958.

Other Dividends and Interest received during 1959, amounting to £9,887,672 are substantially greater than in 1958 due in the main to increased dividends received on our holdings in The British Petroleum Company Limited.

No dividend was received in 1959 from The Tinplate Company of India Private Limited and I refer you in this connection to Note 5 on the Accounts. The loss incurred by that company is the result of the low prices allowed for tinplates by the Government of India for the years 1957 and 1958. These prices have been fixed for 1959 and 1960 also. The company has appealed for a revision for the four years. The Tinplate Company of India started up some 40 years ago and was the pioneer of the tinplate manufacturing industry and is still the main supplier of tinplate in India.

The profit for the year after charging taxation is £8,899,947 compared with £7,506,141 in 1958, an increase of £1,393,806. Including the balance of £838,384 brought forward from 1958, reduced by £215,569 being the cost of increasing the capital last year, there is available for appropriation £9,522,762 from which has to be deducted the Preference Stock dividends for the year and the Ordinary Stock interim dividend of 6d. per £1 unit of Ordinary Stock free of income tax which was paid on December 18, 1959. From £7,272,910 remaining for disposal, your Board has appropriated £1,537,980 to General Reserve and recommends that an Ordinary Stock final dividend of 1s. 3d. free of income tax should be paid on June 10, 1960. This, if approved, will absorb £5,151,192 and leave a balance of unappropriated profit of £583,738 to be carried forward to 1960.

Turning to the Parent Company's Balance Sheet, the increase in Shares in Subsidiary Companies of approximately £11 million includes £5,989,583 being your Company's share of the equity capital issued by Oil India Private Limited during the year and £5,250,000 being the writing up of the issued capital of The BOC British Petroleum Share Trust Limited following the decision last year to write up that company's holding of Ordinary Stock of The British Petroleum Company Limited.

The reduction in net Advances to Subsidiary Companies is due mainly to the repayment to Assam Oil Company Limited of expenditure incurred by it on development of the oilfields before the incorporation of Oil India Private Limited.

The increase in Other Investments follows the writing up of the Company's direct holding of Ordinary Stock of The British Petroleum Company Limited. The elimination of the Capital Reserve and the reduction of the General Reserve are in accordance with Resolutions passed at the Extraordinary General Meeting of the Company held last July whereby the Share Capital of the Company was increased by the issue of £41,209,540 Stock to Ordinary Stockholders.

The item Unsecured Loan, appearing for the first time, is the amount advanced by the Company's Bankers for the pipeline being constructed for Oil India Private Limited in Assam. The corresponding item in the Consolidated Balance Sheet, Unsecured Loans, includes in addition your Company's share of disbursements by the Government of India out of the loan provided by Her Majesty's Government towards the construction of this pipe line. Reference to these loans is made later in this statement.

The consolidation of your Company's share of the assets and liabilities of Oil India Private Limited in the Consolidated Balance Sheet has been based on the draft accounts of that company. It is considered by your Board that, in view of the extent of this investment and in order to show its effect on the position of the Group, it is preferable to consolidate these accounts so far as they concern The Burmah Oil Company Limited. Until the treatment of past and current expenditure is clarified it has been deemed prudent to set aside our share of the net income of Oil India Private Limited for 1959 arising from sales of crude oil to Assam Oil Company.

THE BURMA OIL COMPANY (1954) LIMITED

This company was formed in 1954 with a capital of the kyat equivalent of £15 million to acquire as a going concern the exploring, producing and refining interests in Burma of the Burmah Oil Group, Indo-Burma Petroleum Company Limited and The British Burmah Petroleum Company Limited.

Under the formation Agreement the Government of Burma acquired a 33⅓ per cent shareholding by a cash down payment for half this interest (£2⅓ million) and the other half by an interest-free loan from the Oil Companies to be paid off by annual instalments or at any time at Government's wish. The Government had been liquidating this obligation by annual instalments and at December 31, 1959 the balance still due to your Company was £1,353,758. In exercise of its option under the Agreement, Government paid up this balance in January, 1960.

OIL INDIA PRIVATE LIMITED

As mentioned in my statement last year this company was incorporated on February 18, 1959. The authorised capital is Rs 50 crores (£37.5 million) in 500,000 shares of Rs 1,000 (£75) each.

Shareholders will recall that this company's function is to develop oil concessions in Assam in the Nahorkatiya, Hugrijan and Moran areas and to arrange for the transport of the crude oil for sale to the Government refineries at Gauhati and Barauni. Your Company holds two-thirds and the Government of India one-third of the equity capital. The first issue of capital was made immediately after incorporation. The amount was Rs 12 crores and, out of this, Rs 10.33 crores were paid to Assam Oil Company against development expenditure incurred pre-incorporation.

Agreement was reached with the Government of India during the year under which The Burmah Oil Company (Pipe Lines) Limited, a wholly owned subsidiary of your Company, was commissioned to design and superintend the construction of the pipeline from the oilfields to the Government refineries. Pipe for the first stage of the line, to Gauhati, was ordered in the United Kingdom during the year and is in the course of delivery to the site.

Under the Agreement concluded with the Government of India regarding the formation of this company, your Company undertook to arrange to provide a loan of £10 million against the foreign exchange requirements for the construction of the pipeline. During the year Her Majesty's Government agreed to lend £3 million to the Government of India also for this purpose provided this sum was spent in the United Kingdom. When this offer was accepted your Company agreed to furnish a further loan of up to £10 million against foreign exchange requirements. These requirements are now likely to be substantially less than originally expected as in the meantime the Government of India has arranged to erect a tube mill which is expected to fabricate a large part of the pipe required for the second stage of the line from Gauhati to Barauni. The total cost of the line is estimated at £33.5 million

TRADING

Burma.—The country was under the military "caretaker" Government of General Ne Win for the whole of 1959 and the year saw a great improvement in the rule of law and order in almost every part of the country.

In these more stable conditions an expansion in general development throughout the country has taken place. Production of rice, Burma's main crop, reached a record of almost 6.5 million tons, due mainly to more intensive cultivation. Exports of rice and rice products were 1.8 million tons and these together with a rigid import policy were the main factors contributing to an improvement of almost £10 million in the country's foreign exchange reserves over the year.

With the improvement in security conditions there has been an overall increase in the demand for petroleum products and our share of the trade rose by 11 per cent over that in 1958.

Pakistan.—Here also the country was under military administration throughout 1959. This has done much to restore public confidence.

Over recent years economic development in Pakistan has been to some extent concentrated in the industrial sector but in order to assist in providing the country's food requirements the emphasis of concentration is being directed to expanding the agricultural sector which should help considerably in easing the drain on foreign exchange reserves.

Our sales of petroleum products were 9 per cent higher than in 1958. At the Annual General Meeting last year I mentioned that the Government of Pakistan had then just announced a measure of restriction on consumption of petroleum products in order to conserve foreign exchange. Happily this restriction was short lived. While there have been occasional crises over import licences, there has been no serious physical shortage of major products supplies in the market.

A welcome improvement on the distribution side in East Pakistan has resulted from the chartering of a coastal tanker, the delivery of new tank wagons and a more liberal supply of tinplate.

Towards the end of 1959 a new price formula for petroleum products was agreed with the Government of Pakistan but selling prices have not been reduced since Government has announced its intention of levying additional duties to absorb any price reductions which would otherwise result.

At the Sui Gas Field sales of gas during 1959 for the Sui-Karachi and the Sui-Multan lines were 16,078 million cu. ft. (the equivalent of 388,000 tons of fuel oil) an increase of approximately 20 per cent on 1958 sales. Sales through the Sui-Multan line did not reach the expectation hoped for last year because of delay in completion of the Multan power station but a substantial increase in offtake along this northern line is expected during 1960. Proposals likely to lead to additional utilization of natural gas are under examination in conjuction with the Government of Pakistan.

India.—With the second five-year plan entering its final year, signs of progress in many sectors of the economy are now being seen, particularly in the heavy industrial and allied sectors which have mainly benefited from the large sums expended under the first and second plans. While there has been marked progress in these sectors, to expand industrially is not enough. The problem ahead is the feeding of India's vast and growing population and the cost of this to the economy. Government's planning policies are directed to raising living standards and as the populations grows and as the standard of living rises there will be an increasing demand for food so, rightly, emphasis is now being concentrated more on the expansion of the agricultural sector.

The overall development of the country's economy brings with it an ever increasing requirement for energy and 1959 saw a further expansion in demand for petroleum products. Sales through our Subsidiary and Associated Companies were 8 per cent higher than in 1958.

The excess of production over consumption of motor spirit in India still continues; demand for this product remained stationary in 1959 while there was a further considerable expansion in auto-diesel oil sales.

A new price formula for petroleum products under which reduced margins are being allowed to the Oil Companies, was negotiated with the Government at the end of October, 1959, effective to March 31, 1961. Prices to the public, however, have not been reduced; the reduction in margins is being absorbed by the Government in the form of additional duties.

OILFIELD OPERATIONS

Burma.—In the Chauk-Lanywa field development drilling operations of The Burma Oil Company (1954) Limited were increased in order to meet additional crude oil requirements of the two refineries at Chauk and Syriam. During the year a deep well was drilled in the search for new reserves in this complicated structure but without success and towards the end of the year preparations were being made for the drilling of a second deep test well.

Stockholders may remember that in 1949, as the result of disturbed conditions then prevailing, the personnel establishment working in the Yenangyaung field was reduced to a caretaker basis. Conditions there have been steadily improving over recent years and arrangements are now being made to undertake limited development operations and to drill a deep test in 1960.

Pakistan.—In West Pakistan the Balkassar field produced jointly by our subsidiary, Pakistan Petroleum Limited, and Attock Oil Company continued to maintain its small but steady production of oil.

The third well at Karsal, drilled by Pakistan Petroleum Limited in a joint operation with Pakistan Oilfields Limited (a subsidiary of Attock Oil Company), found some satisfactory production in a deep limestone bed. A study is being made to improve the rate of flow by acidization and preparations are also in hand to drill a fourth well in this area.

In preparation for further anticipated increases in gas offtake some additional drilling in the Sui Gas Field will be required and additional purification units are being erected for Sui Gas Transmission Company which operates the Sui-Karachi gas pipeline.

Agreement between the Sui Gas Transmission Company and the US Development Loan Fund Authorities for a $2 million loan for this extension to the purification plant has now been signed. When the work has been completed the capacity of the plant will be increased from the present 52 million cubic feet per day to about 120 million cubic feet per day.

In East Pakistan preparations were made during the year for the start of production at Sylhet to provide the gas requirements of a fertiliser factory being erected by the Pakistan Industrial Development Corporation at Fenchuganj; this plant is expected to become fully operational in mid-1961.

Following the discovery of gas pools in the first well drilled at Chhatak, arrangements were put in train to pipe gas a distance of 12 miles to a cement works operating in this area. Production from the well should be started in mid-1960.

India.—Further drilling during the year failed to prove any additional oilpools in the Assam Oil Company's Digboi field and development drilling has now been completed.

In Oil India Private Limited's Nahorkatiya, Hugrijan and Moran areas extension and development drilling has continued successfully. Fifteen wells were completed during the year, twelve of them as oil wells, one as a gas well and two dry holes. These results have added to the proved reserves and it is considered that the potential of the field is now about 2½ million tons of crude oil per year.

This has been another year of improved drilling speeds and operations were intensified in order to build up production capacity for the supply to the Government refineries when they come on stream.

PROSPECTING

Burma.—The extensive prospecting programme of The Burma Oil Company (1954) Limited was continued. In the Irrawaddy Delta testing of the Kyaiklat well was completed without success. A deep well at Dedaye gave a small uneconomic flow of gas only, and a third deep well at Payagon was drilled and awaited testing at the end of the year, having also given some indications of gas.

Plans to drill at two other sites in the Delta, at Tharrawaddy, and near Bogale, have been held up by delays in the grant of Prospecting Licences.

In Upper Burma the second test well at Ondwe was tested at the beginning of the year but yielded only minor shows of gas. It was intended to drill a test on an important structure near Yedwet, east of Yenangyaung, but plans were held up, again by delay in the grant of a Prospecting Licence.

Pakistan.—Active exploration drilling by Pakistan Petroleum Limited continued during the year.

In West Pakistan a sizeable gas field was proved at Kandhkot, south-east of the Sui field, which will provide a useful addition to the Sui reserves.

In East Pakistan the Chhatak well referred to elsewhere was successfully completed as the discovery well of a new gas field. At the end of the year preparations were being made to drill test wells, one at Fenchuganj and a second at Lalmai.

One seismic party worked during a large part of the year in various alluvial areas in East Pakistan.

In addition Pakistan Petroleum Limited carried out exploration drilling with other oil companies.

Near Karachi a second deep test was completed without success in a joint operation with Tidewater Oil Company, and jointly with Hunt Oil Company two wells were drilled, one at Badhra which was unsuccessful and the other at Mazarani where a small accumulation of gas was found. At the end of the year Pakistan Petroleum Limited was drilling a well at Domanda in a joint operation, with Attock Oil Company subsidiary, Pakistan Oilfields Limited.

India.—Towards the end of 1959 the Government of India invited foreign oil companies to join in the quest for oil in India subject to mutually acceptable terms to be agreed by Government with each individual company and in accordance with the Petroleum and Natural Gas Rules, 1959.

This change of Government policy (since early 1956 no new concessions for oil exploration have been granted to private enterprise) would seem to be dictated by the urgent need for large scale oil exploration programmes, involving large amounts of foreign exchange, if Government's production target of 14 million tons of crude oil annually by 1966 is to be realised.

Government asked for an expression of interest in exploration from the oil companies before March 31, 1960, and Assam Oil Company Limited has informed Government of its interest. It will of course depend on the terms under which any such new concessions will be offered as to whether or not further exploration by the Group will be undertaken.

USA.—An Agreement was reached last August with Murphy Corporation of El Dorado, Arkansas, for joint exploration and oil development operations in Louisiana and Texas offshore areas. These operations will be conducted by a subsidiary of Murphy Corporation, Ocean Drilling and Exploration Company, in conjunction with a new Burmah wholly owned subsidiary, Burmah Oil Western Company, which has been registered in Delaware with a small organisation in New Orleans.

At the end of the year drilling had commenced at the first well under this new venture and plans were also being made to acquire interests in oil concessions and for the drilling of a number of wells.

Canada.—Agreement was also reached with Murphy Corporation for joint operations in certain concessions in north western areas held by Murphy-Canada Oil Company. A Burmah wholly owned subsidiary, BOC of Canada Limited, has been registered in Canada in order to participate in these operations.

In December following the winter freeze-up seismic work has been undertaken in one area, and core drilling in another.

These ventures in the Western Hemisphere mark a significant milestone in the history of the Group and we are hopeful that they will in time make a contribution to the fortunes of your Company.

This is the second occasion on which the Group's activities have spread beyond the boundaries of its traditional areas of operation—Burma, India and Pakistan. The first occasion was over half a century ago, when your Company acquired an interest in the concessions in Persia then held by Mr W. K. D'Arcy, the first step towards the birth of The British Petroleum Company Limited.

REFINERIES

Burma.—The refineries of The Burma Oil Company (1954) Limited at Syriam, near Rangoon, and at Chauk, Upper Burma, worked to capacity and operated successfully throughout the year.

Pakistan.—Negotiations were carried on during the year with the Government of Pakistan for the setting up of a refinery at Karachi to be owned jointly by your Company, Shell, Standard-Vacuum, Caltex and the public of Pakistan.

An Agreement was signed at the end of November, 1959, under which 60 per cent of the equity share capital of the refining company will be subscribed by the Oil Companies and 40 per cent will be offered to the public. This refinery, which will have a processing capacity initially of 1½ million tons of crude oil per year, is designed to meet the requirements of West Pakistan and should be in operation at the end of 1962.

India.—The Assam Oil Company's refinery at Digboi was again fully employed and operation was free from any major interruption.

At Bombay, the Burmah-Shell refinery processed 2.3 million tons, an increase of 10 per cent on 1958.

TANKERS

Our small fleet continued to operate satisfactorily and without incident throughout the year.

PUBLIC SECTOR DEVELOPMENTS

Through its Oil and Natural Gas Commission the Government of India continues prospecting in various parts of the country.

The Government owned refinery company has arranged to acquire the plant for the refinery at Gauhati from Rumania, and that for the Barauni refinery from Russia. It is understood that the former will be completed by December, 1961, and the latter in 1963.

A company wholly owned by Government has been incorporated to distribute and market products from the Government owned refineries. It has also been announced recently that this company may import Russian oil for sale in India.

STAFF AND LABOUR

Personnel Training.—Both in this country and in the East the training of Asian staff continues and the benefits of this become increasingly apparent as more men complete their training and take up their duties.

In addition to our own trainees in the United Kingdom at the end of the year there were forty-four scholars supported by funds provided by us.

We again record our indebtedness to all in this country who have provided facilities for this training.

Labour.—I am glad to be able to report that 1959 proved to be another year of good relations with Labour generally throughout the Group, and there were no vital stoppages. Those concerned on both sides are to be congratulated on their patience, commonsense and hard work, without which such a satisfactory state of affairs could not be achieved or maintained.

Staff.—The Group's policy of replacing expatriate staff with qualified Asians as and when suitable men become available, progresses satisfactorily, although difficulties are encountered in certain cases where we are expected to accelerate matters to an extent which would prove detrimental to efficiency.

All our staff have during the year borne ungrudgingly and efficiently the additional responsibilities laid upon them as a result of the many and varied difficulties of administration and operation these days. It is with pleasure, therefore, that I express the Board's appreciation of the good work carried out during the year by the management and staff of all Group companies at home, overseas and afloat.

I. GRIEW & CO.

SUBSTANTIALLY IMPROVED RESULTS

The Twenty-fourth Annual General Meeting of I. Griew & Co Limited was held on May 11th at Baltic Wharf, Wallasea Island, Essex, Mr H. D. Griew (the chairman) presiding.

The following is an extract from his circulated statement:

The Trading Profits for 1959 were just over double those for 1958, when the figures were adversely affected by a fall in Softwood prices. These were fairly stable during the year and consequently the profit margin has been restored to a more normal level. Demand for Softwoods was at a higher level throughout the year and the sales of Wall Boards by Davey & Armitage, Limited, increased considerably, making a substantial contribution to the increase in revenue.

The contribution by our new Subsidiary, the Stamford Trading Co Ltd., to the Trading Profit during the year and included in the total figure of £71,907, amounted to £12,853. The Consolidated Net Profit for the year, after Taxation, amounts to £28,746 as compared with £8,569 for 1958.

Turning to the future, it is significant to note that, once again, there has been a steep rise in Softwood prices, possibly beyond an economic level. It is doubtful whether the full increase can be passed on, so that profits from this source may again be adversely affected during the latter part of 1960. However, Sales for the first three months of the year show a substantial increase.

There is an increasing use of particle board, popularly known as man-made timber, and our policy of expanding sales in this direction is having a most gratifying result. The Wharf and Storage facilities at Baltic Wharf are particularly suitable for this type of business and I have no doubt we can look forward to further expansion during the year. Subject, therefore, to a deterioration in the general economic situation, I anticipate that the Trading Profit for 1960 should be at least as high as that for 1959.

The report was adopted and the total dividend of 15 per cent approved.

SEARS HOLDINGS LIMITED

A PROSPEROUS YEAR FOR ALL SECTIONS OF THE GROUP

CONSIDERABLE EXPANSION IN 1959

FINANCIAL STATISTICS—1954-59

	1954 £	1955 £	1956 £	1957 £	1958 £	1959 £
TRADING:						
Trading Profits of Group Companies:						
Footwear	1,019,000	1,504,000	2,843,000	3,086,000	3,208,000	4,436,000
Engineering and other interests	2,212,000	2,816,000	3,475,000	3,623,000	3,916,000	4,460,000
	3,231,000	4,320,000	6,318,000	6,709,000	7,124,000	8,896,000
Interest on debenture stocks and loans	49,000	110,000	198,000	231,000	226,000	226,000
Profits before Taxation	3,182,000	4,210,000	6,120,000	6,478,000	6,898,000	8,670,000
APPROPRIATION OF PROFITS:						
Taxation	1,770,000	2,180,000	3,531,000	3,825,000	3,574,000	4,352,000
Pre-acquisition Profits	761,000	320,000	498,000	18,000	—	169,000
Minority Shareholders' Interests	132,000	105,000	163,000	257,000	278,000	162,000
Dividends	443,000	543,000	1,024,000	1,235,000	1,438,000*	1,774,000
Retained Profits	76,000	1,062,000	904,000	1,143,000	1,608,000	2,213,000
	3,182,000	4,210,000	6,120,000	6,478,000	6,898,000	8,670,000
	* Including a special 1959 interim dividend amounting to £917,000					
CAPITAL EMPLOYED:						
Fixed Assets	10,227,000	10,998,000	23,382,000	24,458,000	22,981,000	25,593,000
Net Current Assets	5,236,000	6,323,000	9,825,000	11,027,000	14,982,000	16,116,000
	15,463,000	17,321,000	33,207,000	35,485,000	37,963,000	41,709,000

MR CHARLES CLORE'S REVIEW

The Annual General Meeting of Sears Holdings Limited will be held on June 3rd at The Dorchester Hotel, London, W.1.

The following is an abridged version of the statement by the Chairman, Mr. Charles Clore, circulated with the report and accounts for the year ended December 31, 1959:

DEVELOPMENTS DURING 1959

The Sears group has expanded considerably during 1959. In June we acquired the remainder of the capital of The Scottish Motor Traction Company Limited, at a total cost of over £1,700,000. In August, following the purchase of a controlling interest, we made an offer for the Ordinary and "A" Ordinary capitals of Mappin & Webb Limited, resulting in our now owning about 98 per cent of the equity, at a total cost of nearly £3 million. In October an offer was made by Mappin & Webb Limited for the Ordinary capital of Garrard & Co. Limited and we now own the entire Ordinary capital of that Company, the cost being nearly £1 million.

Thus the total expansion by purchase of shares has been over £5,500,000. Besides this, however, by the end of the year our various previously owned subsidiary companies had invested an additional £4,300,000 compared with a year earlier, in expanding their existing businesses. A partial offset to the foregoing outlays has been the proceeds of properties sold and leased back, which has produced approximately £2,500,000.

In the past, I have made no secret of the fact that, whilst we are well satisfied with the main groups of companies which comprise Sears Holdings, we would welcome the opportunity to add still further to our interests by the acquisition at a reasonable price, of other major interests capable of development over a period of years. Our hopes in this respect have, however, been frustrated by the values attributed to the more progressive businesses which would form suitable additions to our family. In our view these values have reached levels which fully anticipate the improvements expected over the next few years and, as I have stated previously, we are not prepared to pay prices which discount the future too fully. Doubtless many of the amalgamations, take-overs, mergers, or by whatever name they may be called, during the past twelve months have been inspired by the advantages which will arise from the integration of associated businesses and the favourable terms which have been offered to existing shareholders can be justified for this reason. These, however, are different considerations from those which arise in our case when seeking to expand the Sears group into new industries.

TRADING RESULTS FOR 1959

1959 has been prosperous for all sections of the Sears group and total trading profits increased by £1,772,000. Excluding the Mappin & Webb group the increase becomes £1,512,000, or over 21 per cent.

The analysis which I normally provide of our trading profits is arranged differently from that given in previous years but the 1958 profits have been similarly rearranged and are shown hereunder alongside the 1959 figures.

	1959 £	Percentage of Total	1958 £	Percentage of Total
British Shoe Corporation	4,436,000	50	3,208,000	45
Engineering	3,790,000	42	3,672,000	52
Motor Distribution	410,000	5	244,000	3
Mappin & Webb Group	260,000	3	—	—
	£8,896,000	100%	£7,124,000	100%

The grouping of our businesses indicated by the above analysis represents the present pattern of Sears; viz. the large footwear group, the large engineering group, the motor sales and service group and, lastly, the Mappin & Webb group which is still in the early redevelopment stage. Your Directors feel that the time has now come to recognise these main sub-divisions of our businesses in the financial and administrative structure of Sears and we are, therefore, proposing to segregate all our subsidiaries into the four sections indicated.

Sears will, of course, remain the parent holding company, but beneath Sears will be four more or less self-contained subsidiary holding companies, each co-ordinating the activities of the businesses within its own sphere. In order to assist the subsidiary group managements and to remove existing restrictions from the financial policies of each, we propose that most of the publicly held preference capitals of the subsidiaries shall be reorganised and replaced by preference shares of the subsidiary holding companies. For the most part, therefore, these subsidiary holding companies will control and co-ordinate the activities of wholly owned and related businesses. Whilst the shareholders of Sears Holdings Limited, itself, will not be in any way directly affected by these changes, we believe they will benefit from the improved co-ordination which will result and we hope that they will find it easier to follow the fortunes of the Sears group once it is rearranged into these relatively few groups of closely related companies. A further announcement with an explanatory memorandum will be issued later this year when our plans have matured.

APPROPRIATION OF PROFITS AND DIVIDEND

After deducting pre-acquisition profits, interest, taxation and minority interests we are left with net profits attributable to Sears shareholders of £3,987,000, compared with £3,046,000 in 1958. Preference dividends amount to £137,000, leaving £3,850,000 available for the ordinary shareholders.

The total issued Ordinary and "A" Ordinary Capital has increased since last year by £2,137,805 following the capitalisation, in June, 1959, of this amount out of the Share Premium Account and its application to a fully paid scrip issue of 1 in 4. On this increased capital your Directors recommend a dividend of 25 per cent less tax. Thus, if we ignore (as we said we would) the "special interim" dividend paid a year ago and regard it for this purpose as being attributable to the year 1958, we are recommending the same actual rate of dividend as a year ago, but the effective rate of dividend is equivalent to an increase of 5 per cent, when allowance is made for the increased capital. This dividend absorbs a total of £1,637,000 and is covered 2.4 times by net earnings excluding the pre-acquisition profits of Mappin & Webb. We are thus preserving the balance between distributed profits and profits retained for growth purposes in accordance with the policy explained in previous years.

PROPOSED SCRIP ISSUE

With retained profits of over £7½ million, and Capital Reserves of nearly £7 million we feel justified in making a scrip issue to the ordinary and "A" ordinary shareholders, so that the issued capital is increased reasonably as the capital actually employed in the business also increases. Your Directors, therefore, recommend that £2,137,805 of the Share Premium Account shall be used to pay up in full 8,551,219 "A" Ordinary Shares of 5s. each, to be allotted to ordinary and "A" ordinary shareholders in the ratio of one new "A" Ordinary Share for each five Ordinary or "A" Ordinary shares held at the close of business on April 22, 1960.

I must repeat what I said last year in the same context. It is the policy of your Directors to recommend a dividend equivalent to a fair proportion of the profits earned each year, so that the amount of the dividend can be decided only when those profits are known, but having regard to the prospects for the current year, I may add that if nothing unforeseen occurs during the remainder of the present year, we shall hope at least to maintain the rate of dividend now recommended, i.e., 25 per cent on the capital as increased. After taking into account the effect of the pre-acquisition profits of the Mappin & Webb group and the previous minority interests in SMT, as well as the higher rate of Profits Tax imposed by the 1960 Budget, a dividend of this amount out of the 1959 profits would be twice covered.

THE BRITISH SHOE CORPORATION

The past year has been another prosperous one for our large footwear interests. This was due to four factors, which I assess in order of importance as: (1) the further progress of our own improvements and rationalisation of our business; (2) the general prosperity of our customers; (3) the increasing fashion-consciousness of the footwear trade; and (4) the exceptionally good summer which we all enjoyed last year.

In consequence our trading profits increased by £1,228,000, equivalent to over 38 per cent. This is a remarkable achievement in an industry which remains as competitive as ours and in which the national expansion in sales was, according to Board of Trade statistics, restricted to an overall increase of 5 per cent.

We retain our confidence in the future. The year 1960 has begun with sales well in excess of previous years and once again I am able to forecast that unless national economic conditions turn against us, we shall show a further increase in profits in the present year.

ENGINEERING

(a) *The Bentley Group*

The Bentley Engineering Company Limited and its associates (the largest contributors to our engineering profits) have maintained their steady progress in 1959, with record sales and profits. The technical developments in knitting machinery, to which I referred a year ago, have fulfilled the promise then shown, with the result that our order book is fuller than ever before. In one section outstanding orders will ensure full production well into 1961 and so our foremost problem is to increase the rate of production whilst maintaining our standards of quality, finish and user-service.

We are fully conscious of the need to remain in the forefront of technical development if we are to retain our lead in the knitting machinery world and we are, therefore, spending increasing sums on research, whilst also ensuring that our works and plants are maintained at the highest standards of efficiency. We can confidently state that, as a result of this policy, Bentley knitting machines are ahead of those made by any other hosiery machine builder.

The outlook in this section of our engineering enterprise is such that there is every indication that 1960 will break all previous records.

(b) *Pegson*

In common with other producers of capital goods of the heavier kind, Pegson Limited have felt the effect of the credit squeeze for longer than industries nearer to the ultimate consumer, but economical production methods and an energetic drive for orders have produced slightly increased profits.

Latterly inquiries have increased and, despite severe competition, on the present trend 1960 should be less difficult than 1959, although Pegson will be amongst the first to be affected if Government policy should again tend to restrict capital expenditure.

(c) *Alexander Findlay*

Alexander Findlay & Co. Limited also serve the capital goods market. They have had a satisfactory year, but the outlook is uncertain and competition extremely severe. With their specialised skill and exceptional facilities, however, Findlays can secure orders for large-scale work entrusted only to engineers in their class and they have obtained recently some satisfactory business to keep them occupied for a considerable period. During 1959 a large extension to the Company's premises was completed in order to maintain their facilities and retain their leading position in the industry.

(d) *Furness Shipbuilding*

Like others in the shipbuilding trade, during 1959 Furness Shipbuilding Company Limited have been fully occupied on orders placed previously and so have earned satisfactory profits. No new orders have been booked during the year, because we do not feel justified in tendering at prices which would show a loss —as appears necessary in the case of some yards. Whilst orders would be welcome, we have work for another two years, and recently shipowners have taken a more optimistic view of the future. We hope inquiries will develop into orders and that Furness will not encounter a period when the yard is insufficiently occupied. A relatively quiet period may, however, prove a blessing in disguise if it enables us to proceed more smoothly with plans for further modernisation of the shipyard, including facilities for larger vessels.

(e) *Pipework*

The iron and non-ferrous pipe foundries and fabricators—Shaw & McInnes Limited and Peter Johnston & Company (South Shields) Limited, are both members of the consortium company, Sears Pipework Installations Limited. As producers of capital goods, Shaw & McInnes have had a difficult year, but recently conditions have changed and 1960 should see some improvement. Peter Johnston remains fully occupied, much of their work being for land installations as opposed to their traditional shipbuilding connections.

(f) *Parmeko*

Parmeko Limited still experience severe competition in marketing their principal product, transformers, but further progress has taken place in the sale of magnetic amplifiers. We also have confidence that developments in the automatic control of industrial equipment will prove important activities in future years.

(g) *General*

Throughout the engineering group as a whole, we consider that only a major change in economic conditions can preclude increasing progress in 1960. Looking further ahead, it would be prudent to anticipate some decline in shipbuilding activities, but in view of the extensive engineering interests of the Sears group, earnings as a whole should continue to increase.

MOTOR SALES AND SERVICE

The Scottish Motor Traction Company Limited, the parent of our motor distribution and service group, has shared in the prosperity of the motor trade during 1959 and the profits improved by about 68 per cent compared with 1958.

Turnover reached record figures and the present ranges of Vauxhall cars and Bedford commercial vehicles continue to enjoy increasing popularity.

During the year we carried further the programme for modernising our depots, including extensions and improvements to the facilities available at them. We shall continue to spend money for these purposes in 1960 and the years to come.

The present year has begun well and there is good reason to hope that 1960 will be another prosperous year for the SMT group, though, with the gradual improvement in the supply of the new models of all makers (particularly the smaller models with which Vauxhall do not compete), the problems created by the disposal of an increasing volume of used vehicles will become more acute.

MAPPIN & WEBB

I have already mentioned that the total outlay incurred on the acquisition of the Mappin & Webb group and the retail jewellery business of Garrards, was nearly £4 million. Against this, however, the surplus cash holdings of the Mappin group amounted to about £600,000, whilst properties held within that group for investment purposes (or surplus to trading requirements) have been valued by Messrs. Healey & Baker at a total of over £1 million. As it is not part of the normal policy of the Sears group to hold properties for investment purposes only, these properties are now in course of being sold and are expected to realise at least the valuation figure.

Besides sales of properties, we have (with effect from the end of January this year) sold the shareholdings in two smaller Mappin group subsidiaries, the net sum realised for these two holdings being over £300,000.

Thus, when the sales of surplus properties have been completed, our investment will be reduced to less than £2 million and this figure will be still further reduced if we receive satisfactory offers for certain other small businesses still in the Mappin group, but having no association with its main activities.

Our investment will then be represented primarily by the Sheffield factories and the retail shops at home and overseas of the old-established world-famous silver, silver plate and jewellery business of Mappin & Webb, together with the equally renowned business of Garrard & Co. Limited, Crown Jewellers. Secondly, it will be represented by the general store and linen business of Robinson & Cleaver Limited, centred on Belfast, where they were first established nearly 100 years ago, but now also trading in valuable premises in London and elsewhere.

In recent years the Mappin & Webb business has not prospered financially, but, nevertheless, it has lost none of its great reputation as the premier supplier of the goods for which it is best known. I believe that in the course of the next few years, in association with the continuously successful business of Garrards, we shall succeed in developing a new Sears subsidiary group which we shall regard as a worthy member of our family.

GENERAL OUTLOOK

That completes my review of the individual sections of our large group. As to the future, I repeat the forecast of continued improvement which I gave a year ago, but this time with even more confidence and without having to take heed of the uncertainties created by the early prospect of a parliamentary general election.

STAFF

Though by tradition acknowledgements to the staff are mentioned last in the Chairman's Statement, my colleagues and I fully appreciate that the success of 1959 and previous years are at least as much the result of the energy, enterprise and enthusiasm of our large staffs as the result of skilful management. Once again we thank them.

HAMBROS BANK LIMITED

DIVIDEND INCREASE AND "RIGHTS" ISSUE

The Forty-Eighth Annual General Meeting of Hambros Bank Limited will be held on June 2nd at the Head Office of the Bank, 41 Bishopsgate, London, E.C.2.

The following are extracts from the statement by the Chairman, Mr R. Olaf Hambro, circulated with the Report and Accounts for the year to March 31st, 1960:

The results of the election and the optimism it generated against a buoyant economic background inevitably started a wave of borrowing from the banks and the newly encouraged hire purchase companies. This, just as inevitably, was overdone. The first flush of enthusiasm has now been cooled off by a rise in the Bank Rate and other steps which the authorities have taken to discourage excessive personal spending in order to keep our export trade and our balance of payments situation in a healthy condition.

We who have worked in the City of London for many years have become accustomed and inured to these ups-and-downs in economic policy but they do not make the job of running an institution like ours any easier. All the same, these events have not prevented us from having an active and successful year as the figures in our Balance Sheet demonstrate.

For the first time in the history of this Bank, our Balance Sheet total is more than £100 million, which compares very favourably with the total of £53 million only 10 years ago.

INVESTMENT TRUST ISSUE

One of the outstanding events during the year from our point of view was the issue of shares in Hambros Investment Trust. The capital was raised to £4 million and £2 million of the shares were offered to the Bank's shareholders at 25s. The shares stood, at the date of our Balance Sheet, at a middle quotation of 41s. in the Market.

SCANDINAVIAN SERVICE

At the time of the "Outer-Seven" Treaty we introduced our Scandinavian Service. Its principal object is to facilitate the financing of exports and imports between this country and Denmark, Finland, Norway and Sweden. This new service has given us more opportunities of using our intimate knowledge of these countries and has, we hope, still further cemented our very close friendship with them.

The Scandinavian Service has also broadened our contacts with industry. Many British companies of all kinds have made use of it. We deliberately designed the scheme so that it would be as simple as possible to use. We have felt for a long time that there are many lively medium-sized and smaller firms, particularly in the Midlands and North, which could make greater use of the know-how and specialised services available from a merchant bank.

THE DIVIDEND

Turning to the figures, the Deposits are up by £7,523,828 (to £73,268,171) and the Acceptances by £5,471,664 (to £27,103,344). The ratio of Loans to Deposits is 24.56. The liquidity is again high being in Cash and Bills of Exchange 72.5 per cent of the Deposits.

The available profit of the Bank and its subsidiaries stands at £690,931, and after transferring the same amount as last year to the Contingency Reserve and paying the interim dividends a balance of £420,993 remains; the Directors have decided to recommend final dividends of 17½ per cent on the £10 and £1 shares and of 3 per cent on the "A" shares, which will leave £134,649 to be carried forward.

"RIGHTS" ISSUE

The Directors have also decided that it is now appropriate to increase the Bank's working capital by using the 500,000 authorised, but as yet unissued, shares of £1 each. These shares will be offered on a "rights" basis to the holders of £10 shares and £1 shares; a circular letter giving preliminary details of the issue has been despatched to shareholders.

MOTOR BUSINESS

Hambro Automotive Corporation, our associate company, which is engaged in selling British Motor Corporation cars in the United States, continues to set up new records. In the last financial year its sales have exceeded £30 million.

DEFINITION OF A "BANK"

The competition which comes from the other Banks and Merchant Bankers of the City of London is always welcome and is indeed the strength of the London money market. There is, however, another side to the question which, in my view, requires the attention of those responsible and that is the definition of the names "Banker" and "Merchant Banker" which can be, and in fact are, used by all and sundry in London when applying for deposits from abroad. This makes it very difficult for foreigners to differentiate between what are regarded here as Banks and Merchant Banks and others who do not belong either to the British Bankers Association or the Accepting Houses Committee.

STATEMENT OF ACCOUNTS AT 31st MARCH, 1960

LIABILITIES

	£
Current, Deposit and other Accounts	73,941,631
Acceptances	27,103,344
Paid up Capital	3,500,000
Reserve	3,500,000
	£108,044,975

ASSETS

Cash in Hand, at Bankers and at Call	38,016,333
Bills of Exchange	15,107,197
British Government Securities	5,701,875
Loans, Advances and other Accounts	17,993,876
Interest in Subsidiaries	742,977
Investment in Hambros Investment Trust Ltd. £2,000,000 Ordinary Stock	2,899,802
Investment in other Companies	479,571
Liabilities of Customers for Acceptances	27,103,344
	£108,044,975

CANADIAN PACIFIC RAILWAY COMPANY

(Incorporated in Canada with Limited Liability)

A WELL DIVERSIFIED ORGANISATION

SUBSIDISED COMPETITION AND UNREALISTIC FREIGHT RATES RUN COUNTER TO PRINCIPLES OF FREE ENTERPRISE

UNREASONABLE LEVEL OF TAXES OR WAGES IMPERILS ECONOMIC GROWTH AND STABILITY

MR N. R. CRUMP'S CONFIDENCE IN THE LONG-TERM OUTLOOK

The Annual General Meeting of the Canadian Pacific Railway Company was held on May 4th in Montreal, Mr W. A. Mather, the chairman, presiding.

The President, Mr N. R. Crump, addressing the meeting, said:

At the outset, it is with deep regret that I report the recent loss by death of Mr James Muir. Mr Muir was first elected to the Board of Directors in 1950, and he served the interests of your Company with the same distinction that marked his career in the field of banking and his efforts in a wide range of other business and community activities.

TWO IMPORTANT MATTERS

We are now well into 1960, and it is not my intention to deal at any length with the past year; the Annual Report of your Directors, which was distributed early last month, contains an account of the results and developments of 1959. I would like, however, to refer briefly to the current status of two important matters mentioned in the Report.

The first of these is the non-operating wage case. The Board of Conciliation established by the Minister of Labour to investigate the dispute between Canadian railways and the Unions representing non-operating railway employees has arranged to begin hearings on May 9th. The Unions are asking for an increase in wage rates of 7 per cent plus 12½ cents per hour and for additional vacations with pay, while the railways are seeking renewal of the existing contract.

The second matter is the Royal Commission on transportation. Hearings are continuing before the Commission and are scheduled to carry on for some months. Action to relieve the burden on the railways of the statutory rates on grain and grain products will of necessity be delayed. Meanwhile, the level of freight rates on non-statutory traffic remains frozen as a result of the decision taken by the Government a year ago, and no announcement has yet been made regarding future Government policy. As I pointed out to you at the last Annual Meeting your rail enterprise is in the unique and unfair position of being the only private enterprise in Canada subject to a "freeze" on the pricing of its services, and without any ceiling on its costs.

UNITED STATES SUBSIDIARIES

As a result of studies begun some time ago, a plan has been developed for merging your three US subsidiaries, The Minneapolis, St. Paul and Sault Ste. Marie Railroad Company, The Wisconsin Central Railroad Company and The Duluth, South Shore and Atlantic Railroad Company. This plan was approved by the Boards of Directors of those Companies in March, and it will be submitted to the Shareholders of the Companies later this month. Upon approval by them it will be submitted to the Interstate Commerce Commission. The merger proposal contemplates the unification of the three lines into a stronger single carrier to be known as the Soo Line Railroad Company. Studies have indicated that this unification will generate desirable savings, enhance financial and competitive strength and permit improved administrative and operating effectiveness for the benefit of security holders, shippers and the public.

RESULTS OF FIRST QUARTER

Net rail earnings of $6.7 million for the first quarter of 1960 compare with a net of $6.2 million in the same period of 1959. Railway Revenue showed a decrease of $2.4 million, or 2 per cent, reflecting a decline of 1.5 per cent in freight revenue and a drop of 5.5 per cent in passenger and other revenue. The small increase in net earnings in the first quarter was therefore possible only through stringent control of expenses. An expected upturn in freight traffic has not yet materialised and freight earnings throughout April continued to be disappointing. While your traffic officers believe that this trend will not continue, it is probable that net rail earnings this year will not be far different from last.

Other income is subject to a wide variety of influences, and it is as yet too early to see a clear pattern. However, steamship earnings will probably not show any great improvement, since cargo rates continue to be depressed and cargo volume light, and steamship passenger traffic is adversely affected by lack of immigrant traffic. On the other hand, your hotels are expected to do considerably better and an increase in communications earnings also seems likely. Dividend income is affected primarily by the outlook for the Consolidated Mining and Smelting Company, which does not appear greatly different this year.

I regret to report that 1960 will be a difficult year for your Air Lines. The introduction of Canadian Pacific Air Service to Rome will be of material assistance on the Mexico-Canada-Southern Europe Route.

Fundamental disabilities persist, however, particularly the restricted frequencies imposed by Government order on the Transcontinental Route, and the inability to secure proper utilisation of aircraft, together with increased competition from jet aircraft on certain routes. All these problems are receiving the close attention of Air Lines Management, but results of contemplated action are not expected in 1960 to solve these fundamental problems.

The development of your petroleum resources is continuing, but you realise that your Company is now in the investment phase of this programme. Accordingly, petroleum earnings available for net income are not expected to increase this year.

In summary, 1958 and 1959 have not been good years for your Company and 1960 does not hold promise of much improvement, if any. However, I am optimistic for the long term and a number of factors encourage the view that substantial improvement may be expected in the next few years providing steps are taken to correct injustices I shall mention later.

DIVERSIFICATION

In these times when many Companies are turning to diversification, I think it well to remind you that your Company is already well diversified. In the transportation field you have substantial interests in water transport, truck transport, and air transport, as well as in rail transport. You also have major interests in hotels and communications. Further diversification is provided by the interests you have in resource development arising from your petroleum and timber rights and the mining rights represented by the controlling interest of your Company in Smelters.

PASSENGER SERVICES

The major portion of your Company's investment, however, is in its railway. One of your Company's objectives has been, and continues to be, the elimination of all losses from the operation of railway passenger services. Aggressive action has been taken over a number of years to reduce passenger service in relation to the demand. Reduction in the volume of passenger business, brought about by the changing travel habits of Canadians, will necessitate still further reductions in passenger train service. Your Company has the second largest fleet of any railroad of modern self-propelled rail diesel cars. Modern stainless steel passenger train coaches, including scenic dome cars, are available for runs that will support volume movement of passengers with conventional trains.

Your Air Lines' present fleet of Turbo-prop Britannias and the Super DC-8 Jetliners on order will meet the most demanding requirements of the travelling public for speed and comfort, while the DC-6B's remain dependable work horses of the air.

At sea, two new passenger-cargo liners are now in service and a third, the "Empress of Canada," which will complete the modernisation of this part of your ocean fleet, will be launched next week at Newcastle-on-Tyne. By next summer's travel season a service with as fine accommodation as there is afloat will be available for steamship passengers between Canada and the United Kingdom, and these excellent ships are also available for winter cruise service.

The passenger-carrying equipment owned by your Company and to which I have referred enables Canadian Pacific to offer service of the highest order by land, by sea and by air. It is generally recognised that there is no finer passenger service anywhere than that provided by Canadian Pacific and never before has your Company had more to offer travellers to meet their various needs.

Your hotel system rounds out this range of services, supplying holiday facilities in some of Canada's most notable resort areas as well as distinctive accommodation in major cities throughout the Country. The Royal York, located in Toronto at the hub of Ontario's rich and rapidly growing industrial area, is the largest hotel in the British Commonwealth. The convention facilities and the modern, air-conditioned rooms provided by the recent extension to that hotel are unsurpassed and are being well received by the public.

FREIGHT SERVICES

In air freight services your airliners provide cargo capacity between all points served, and the development of this type of transportation is being closely watched.

Steamship freight service is provided on the North Atlantic and your Company is the prime carrier in the Canada-London trade. To take advantage of cargo offering between Great Lakes ports and overseas via the new St. Lawrence Seaway, four cargo vessels were chartered to provide a regular service. The recent sale of two of your Company's older freighters and their replacement by two chartered ships to supplement the remaining five "Beavers" in meeting the demands of tonnage has introduced desirable flexibility and provided an opportunity to assess fully the changing pattern of cargo movements between Canada and Europe.

Your Company is the largest highway freight carrier in Canada. Through your controlling interest in Smith Transport and your wholly owned subsidiaries, Canadian Pacific Transport and Canadian Pacific Express, Canadian Pacific highway truck services are available from coast to coast.

One of the advantages of these connections is that integration of services is made possible. Last year the first fully integrated merchandise service was introduced in British Columbia. This has been extended this month so that integrated merchandise services are now provided by Canadian Pacific between Vancouver and Vancouver Island, the Okanagan Valley and the Kootenay. The integration of merchandise services under one management enables your Company to move less-than-carload, less-than-truckload and express traffic in the most economical manner which best meets the service requirements of shippers. The ability to provide better service and to reduce costs through integration will greatly strengthen your Company's competitive position and, I am confident, will result in profitable handling of certain traffic which previously had been marginal.

Your highway interests also enable your Company to provide a substitute service on thin density branch lines and enable express service to be provided when passenger trains are discontinued.

Finally, your interests in highway services enable shippers, through piggyback, to have the flexibility of terminal truck service with the dependability and economy of point-to-point rail service. Piggyback services of your Company are available between major points on your rail system throughout Canada. This service is provided by Canadian Pacific not only for its own vehicles and those of its highway transport subsidiaries, but also for all common carriers. The increase in piggyback traffic has been marked. Improvements in both the rail cars that handle the trailers and in the trailers themselves continue to be introduced and these may be expected to produce an increase in this business and in its profitability.

I do not have to tell you that the rail carload business has been and, in my opinion, will continue for some time to be the backbone of your rail enterprise. Although rail movement no longer has a monopoly on any traffic, the economic advantage of rail transportation for mass overland movement of goods is still very great.

FREIGHT PRICING

The pricing of your rail freight transportation is under constant study by your traffic officers and the economic and service requirements of shippers are receiving careful study by your Company's Operating Department as well as by the Department of Research, augmented by a market research section of your Traffic Department which was set up last year.

The only real disability of your Company in the pricing of freight transportation is the statutory rates on grain moving to export positions in Western Canada. This question is one of the major questions now being considered by the Royal Commission on transportation. Your Company has presented a great deal of evidence to the Commission on the Western grain rate problem, including the most intensive analysis of railway costs that has ever been made. Further evidence is still to be submitted, but I am hopeful that before our next Annual Meeting a favourable recommendation from the Royal Commission on this longstanding inequity will have been made.

PROBLEM OF REDUCING UNIT COSTS

Specialised demands of shippers are being met by specialised cars. Expedited freight services have been made possible through the greater efficiency of diesels. Before the end of this year motive power will be supplied wholly by diesels, except for peak periods. Technological advances are being applied in yards and in signalling. The officers and employees of your Railway are constantly striving to improve efficiency and your management recognises that the problem of reducing unit costs for rail transportation, which has occupied so much of your officers' attention in the past, must continue to be pursued with equal vigour.

As you know, your Company led the North American Continent in the removal of firemen from diesels in freight and yard service where they were no longer required. The savings from this will grow as firemen move into gainful work as engiemen. The operation of freight and yard diesels without firemen on Canadian Pacific has been completely satisfactory from every standpoint. Operations have proceeded normally without adverse experience in respect to safety, mechanical performance, carrying out switching operations or any other aspect.

Mechanisation of road maintenance has helped to reduce costs. Reductions have also been brought about by a major change in railway supervision, when eight operating districts were eliminated and one regional administration was added. This re-organisation of the territorial supervision of your railway operations has been most successful, has improved control and at the same time has reduced costs.

The possibilities of recent developments in high-speed electronic computers and related concepts of integrated data processing were quickly grasped by your Company, and it has pioneered in applying them to the railway field. Gratifying as the progress has been thus far in using these vital new aids, it is considered that even wider areas of greater usefulness remain to be explored and mastered.

Your Company, with efficient, modern equipment and good facilities in each of its diversified transportation interests can meet the demands of the shipping and travelling public. Canadian Pacific will do so, will make a profit, and will continue to carry its share of the tax burden.

TAX BURDEN AND PRIVATE ENTERPRISE

I know you must often wonder why greater recognition is not given to the fact that your Company is the only major transportation undertaking in Canada that is fully selfsupporting as well as meeting its share of the tax burden through payment of income tax.

Taxes accrued in 1959 to meet income, property and other tax liabilities—excluding sales and excise taxes—were $39 million. This compared with the net income of $31 million of the year. It is, of course, significant that of the total taxes more than $30 million is attributable to the railway. In addition, your subsidiaries also pay income and property and other taxes amounting to very large sums, which are not included in the figures I have just given you. As an example, in 1959 income and other tax provisions of the Consolidated Mining and Smelting Company exceeded $10 million.

I cannot do better than borrow another immortal quotation from that great Freeman of the World, Sir Winston Churchill, when he said at Woodford on September 29, 1959, "some socialists regard private enterprise as a predatory tiger to be shot; others look upon it as a cow to be milked; only a handful see it for what it really is—the strong and willing horse that pulls the cart along." The fact that your Company, notwithstanding large amounts of free capital made available to its competitors, is able to pay taxes and dividends shows what can be done under private enterprise.

However, the existence of subsidised competition and unfair and unrealistic rates on the movement of the Western grain crop runs counter to the principles of free enterprise and prevents a fair return on investment in your railway undertaking. To rectify these inequities it is necessary that public funds made available to your Company's competitors be advanced only on a business basis, that your competitors by land and in the air be made to stand on their own feet without being given special advantages, and that the problem of Western Canadian grain rates be met and faced squarely. Under these conditions a more realistic return will be earned on your railway investment and added impetus will be provided to the continued efforts on the part of your Company to achieve greater efficiency and reductions in unit costs of transportation.

THE OUTLOOK

The future looks bright over the next number of years. As well as a more realistic return from railway operations, you may also look forward to the prospects of long term benefits from the investment programme being carried out in connection with the natural resources of your Company. I also believe that long term benefits will accrue from the diversification now under way by Smelters. Canada is singularly fortunate in having abundant resources, stable Government, a hard-working and skilful population; but Government and people alike must recognise

that demands on industry for taxes or wages beyond a reasonable level seriously affect investors, large and small, who contribute their savings to the development of our industries and this in turn imperils the growth and stability of the economy as a whole.

The report and accounts were adopted.

BROWN BAYLEY LIMITED

HIGHER DIVIDEND DISTRIBUTION

MR J. W. GARTON'S REVIEW OF SUBSIDIARIES' ACTIVITIES

The 4th annual general meeting of Brown Bayley Limited was held on May 6th at Attercliffe, Sheffield, Mr J. W. Garton, JP (the Chairman), presiding.

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

As you will have seen from the Directors' Report, Mr. R. Barnaby, the Managing Director of Brown Bayley Steels Limited, was appointed a Director of the Company during the year.

We are losing the services of Mr E. L. N. Tuck who has been a director for a number of years, and our best thanks and wishes go to him on his retirement.

The Accounts now presented cover the twelve months ended December 31, 1959.

The Profit and Loss Account shows a balance, after tax, of £189,118, compared with £160,264 in 1958. The increase is accounted for by the increased dividend recommended by Brown Bayley Steels Limited.

The Interim Dividends already paid by the two Subsidiaries and the Final Dividends recommended by them are included in this Account, and it is on this basis that your Directors have pleasure in recommending a Final Dividend of 9¼ per cent, less tax. This, together with the Interim Dividend of 2¼ per cent, less tax, already paid, makes a total for the year of 12 per cent, less tax, which compares with a total of 11 per cent, less tax, for 1958.

SUBSIDIARY COMPANIES

The Hoffmann Manufacturing Company Limited. This Company achieved a record turnover in 1959, consequent upon a marked improvement in the order position from the middle of the year onwards.

As this Company's trade is broadly based its prosperity is a reflection of the level of activity of the country's engineering trade as a whole.

The order book at this time is in a very healthy state, but I would wish to see increased investment by industry in capital equipment, and whilst there is some indication of this trend the emphasis would still appear to be mainly on consumer goods.

The Accounts of this Company for the year ended December 31, 1959, are published as part of the Directors' Report, and show a profit before tax, after all other charges, of £1,704,511, and compares with £1,206,476 for the previous year. Income Tax and Profits Tax absorb £717,340 against £581,474 in 1958. The net profit of the Group for the year 1959 after taxation is, therefore, £987,171 and compares with £625,002 for 1958.

The Final Dividend recommended is 29½ per cent, less tax, which with the Interim Dividend already paid of 6¾ per cent, less tax, makes a total for the year of 36 per cent, less tax.

It is intended to capitalise £1 million of this Company's Fixed Assets Replacement Reserve and to make a Scrip Issue to the Ordinary Shareholders in the form of one new Ordinary Share for every existing Ordinary Share.

BROWN BAYLEY STEELS LIMITED

This Company started the year with a scarcity of orders associated with the recession in the general engineering industry, and certain departments were therefore unable to work to capacity.

During the later part of the year the position improved substantially and by the end of the year the order book was in a healthy position, although demand from the railway engineering industry and certain capital goods trades was still below average. In view of the improvement in the order load it is reasonable to anticipate a satisfactory level of production in most departments during 1960.

The accounts are also published as part of the Directors' Report and show a gross profit, after all charges, of £672,408, compared with £557,624 for 1958. The profit available for appropriation is £387,935, of which £101,062 is being distributed by way of dividend. The rate of the Final Dividend recommended for 1959 is 10¾ per cent, less tax, which together with 3 per cent Interim already paid makes a total for the year of 13¾ per cent, less tax.

The Farnley Housing Association Limited. The Association have again reduced the interest free loan by £200 and the balance now outstanding of this loan to them is £4,200.

The report and accounts were adopted.

UNION FINANCIÈRE BELGE DES TABACS

"TABACOFINA"

Société Anonyme

ANTWERP, BELGIUM

The Annual General Meeting of TABACOFINA was held in Antwerp on April 7th.

The report presented by the Board of Directors gives a summary of the market situation in the various countries in which TABACOFINA is active, i.e. Belgium, the Belgian Congo, the Netherlands, Switzerland, Indonesia, Brazil, Venezuela and Canada.

Net profit for the period under review which exceptionally covered 18 months amounted to BF124,164,559.83 which, together with the balance of BF9,351,935.17 brought forward from the previous year, provided a total of BF133,516,495 available for distribution. It was accordingly proposed to transfer BF15 million to the liquid reserve, to distribute BF108 million in the form of a dividend of BF150 per share, including an interim dividend of BF75, and, after sundry provisions, to carry forward the resulting balance of BF1,125,195.

The report, the accounts, and the proposals put forward by the Board were adopted.

BOARD OF DIRECTORS

Jacques van Zuylen, Chairman; Frans Vander Elst, Deputy Chairman; Pierre Vander Elst-de Gruyter; Paul Vander Elst; Edmond Wouters; Jean Vander Elst; Jean Mertens; Jean Borin; Ernest Sadzawka; Willy Tombeur.

THE EVER READY TRUST COMPANY LIMITED

The following are the comments by the Chairman, Mr A. V. Perry, on the Report and Accounts for the year ended March 31, 1960, circulated to stockholders:

GENERAL

The market value of our investments is up by nearly £1 million against last year's figure. After allowing for £168,000 received from the "Rights" issue of last May this conforms to the general pattern of the rise in equity share values, in which we hold the bulk of our portfolio. As I have stressed before, in an investment trust, consistent income is the most important point, and the ultimate importance of these fortuitous rises and falls in capital market value should not be unduly exaggerated.

CAPITAL

Your Directors took the view that opportunities might well arise in the present year for profitable investment and they took the occasion (on the terms which are shown in the Report and Accounts) of raising further capital by way of debenture, when lending rates were slightly lower than they are at the present time. This money was received almost at the end of the financial year, and except for temporary employment remains to a considerable extent as yet uninvested.

At the time we extended our Debenture our Debenture Holders asked us to agree that we would not hold more than 10 per cent of the Book Value of our portfolio in any one investment. This we were only too ready to do—because in point of fact our holding in any one security is very considerably below this figure, and it will be our policy to maintain that position.

The Balance Sheet of the Company at March 31, 1960, discloses an Issued Share Capital of £600,000 and debentures of £600,000 and Capital Reserves of some £415,000. It is proposed that the powers of the Directors to borrow money on behalf of the Company should in future be limited by reference to the aggregate of the Company's Issued Share Capital and Capital Reserves instead of only the Issued Share Capital under the existing Articles of Association.

With the Report and Accounts there is enclosed a letter and Notice of Meeting referring to this proposal.

INCOME

The consistent policy of your Board over many years now has been to distribute to Stockholders the income the Company receives, reserving a prudent margin to insure a continuity of the dividend rate. In pursuance of this policy they recommend a final dividend of 11 per cent making 18 per cent for the year. This maintains the same cover, viz. 1.12 times as last year and we trust that Stockholders will consider this as satisfactory. At the time of the rights issue we stated that we anticipated being able to recommend a dividend of 16 per cent on the increased capital.

There is every indication that, after allowing for the interest on the extended debenture, the net income for the current year should show an increase.

Our thanks are due to the Manager and his staff for the hard work they have put in during the year.

LOW & BONAR LIMITED

IMPROVEMENT IN PRACTICALLY ALL SECTORS

CONFIDENCE IN ENGINEERING SIDE JUSTIFIED

CAPITALISATION OF RESERVES

MR H. V. BONAR ON THE OUTLOOK

The forty-eighth annual general meeting of Low & Bonar Limited will be held on June 1st at Dundee.

The following is the statement by the chairman, Mr H. V. Bonar, which has been circulated with the report and accounts:

I should like to commence my remarks to you on this occasion by referring to the retirement from business on November 30th last of Mr Stephen Gillanders. He had been with the Company for over 50 years and had been a member of the Board for 41 years—an outstanding record of service and achievement. I am sure you would all wish to join me in wishing him all health and happiness in his well-earned rest.

FORM OF ACCOUNTS

This year we have altered the form in which the Accounts are presented to you. We have made the change both so as to fall into line with more up-to-date accounting practice and because we feel that in the new form they throw up to stockholders the basic information which they require in a clearer and more easily readable form. The layman can now get his broad picture of the Group's progress more quickly, while the expert—by delving into the notes—can get every bit as much information as has in the past been available to him. We trust that this change will be well received by the general body of our stockholders.

CAPITALISATION OF RESERVES

You will see from my letter and the proposed resolutions to be considered at an Extraordinary General Meeting which have accompanied the Accounts, that it is recommended that the issued ordinary capital of the Company be increased by £800,000 by way of capitalisation of reserves, through the issue to ordinary stockholders, free of payment, of 1,600,000 shares of 10s. each. This step is proposed because of the wide disparity between the issued ordinary capital of the Company and the capital employed in the Group. I wish to emphasise again, however, that this step will not increase the earning capacity of that capital and that future dividends must depend upon future profits.

RETIREMENT BENEFIT AND LIFE ASSURANCE SCHEME FOR WORKS EMPLOYEES

Reference is made in the Directors' Report to provisions set aside to cover the past service cost of a Retirement Benefit and Life Assurance Scheme. While for many years past there has been in existence a contributory Pension Scheme for staff, including foremen and assistant foremen, the Board feels that the time has now come when the great body of Works Employees should also be catered for in some way. Accordingly, as from June 1st, a new Scheme is being brought into operation for Works Employees who are not eligible for the Staff Pension Scheme. This new Scheme will be non-contributory and is intended to be complementary to the revised National Scheme when that comes into force next April.

Producing as it will lump sum figures on retirement, dependent on length of service, of up to £400 in the case of men, and £280 in the case of women, and giving during service a life assurance cover of whatever would be granted on retirement, this Scheme should be some help towards easing the problems which the average worker's household has to face, either when the time comes to adjust itself to living on State pensions plus past savings instead of full wages, or when the breadwinner has suddenly been taken from it. This new Scheme will also, through its operations, provide in the fullness of time some assistance for those employees who, through lack of demand or change of business trends—should these unhappy circumstances ever arise, which I trust they will not—have to be paid off because of lack of work. Full details of this Scheme have just been notified to all the employees concerned and have been well received by them. Schemes of this nature are, of course, not inexpensive. At their inception, indeed, the cost is relatively heavy because of the sharp incidence of past service. Your Board have accordingly decided to set aside such sums now out of Taxed Profits as will take care of the great part of that past service cost, leaving in the main only current and future service to be met, as a year-to-year charge on the Group's Accounts.

REVIEW OF 1959

The year to November 30th last, was a good one and showed an improvement in practically all sectors of the Group's operations. At home, on the engineering side, Bonar Long & Co. Ltd. showed increased profits despite keener margins. This important and ever-expanding sector of the Group's operations thus has fully justified the past confidence that has been shown in it and the capital expenditure which has been, and still is being, incurred in developing its full potential.

Our jute interests in the UK, partly thanks to improved demand particularly from the Floor Covering Industries, and partly thanks to a successful buying policy in raw materials, did markedly better than in the previous year.

In our flax interests a sharp turn for the better took place in the last four months of the year, and with increased demand and rising raw material prices, results for 1959 were better than anticipated and returned to the 1957 level.

The Transparent Packaging Division broke through at last and for the first time made a contribution towards the over-all results.

Meantime, overseas, the Group's Dominion-wide organisation in Canada improved upon the previous year's already excellent showing, while in South and Central Africa the further contraction of profits which I forecast last year, was avoided—an excellent result in all the circumstances.

PROSPECTS FOR THE FUTURE

The early months of the current year have not been without their alarms and excursions. In the case of textiles, there was the Board of Trade announcement in the middle of January reducing the level of protection afforded to the Dundee and District Jute Spinning and Weaving Industry on certain standard widths and weights of cloth. Fortunately, as we announced in a press statement at the time, the effects of this action on the Group's operations should be of a relatively minor nature. More serious, however, is the long-term implication of this action and the doubts which it must raise as to future Government policy towards the industry.

Another current worry on the jute side of the Group's activities has been the movement of raw material prices over the last two months. Prices have advanced at first steadily and latterly excitedly, and it seems clear that there is going to be barely enough jute to satisfy all world demands, until the new crop is harvested and becomes available on the market. With world demand expanding, particularly from the underdeveloped Eastern countries, it is clear that a very much larger crop is going to be required in the coming year, if jute prices are not going to rule for a long time to come at a level which cannot but do harm, both to the interests of the industry itself and to the interests of its customers. At the moment, as a result of unfavourable weather conditions for sowing, considerable doubts must be entertained as to whether this larger crop is going to be forthcoming.

Still in the field of textiles, I must again make reference to the Restrictive Trade Practices Act. I mentioned some years ago when this Act was passed, that it might in due course affect our operations. I had in mind our textile operations within the UK both in flax and in jute. In the course of the last year, such agreements as have existed in these two industries have either come under scrutiny or are shortly to do so. In the case of flax, having read the pleadings and decisions in other cases such as cotton, the industry decided that, in the main, they would not fight their case. These past practices, therefore, logical and desirable though in my view they were—and would have continued to be—have had, perforce, to be abandoned.

Fortunately the upsweep in raw material prices and the present high level of demand has, for the moment, postponed the inevitable effects which I fear will result in the long run from a return to uncontrolled and cut-throat competition. The case for jute, however, is in many ways different. The Government have long admitted the necessity of giving a considerable measure of protection to the Dundee and District Spinning and Weaving Industry against the imports of low-priced Asiatic goods. It is the industry's contention that the various price agreements operated by it are the necessary

lubricating oil which makes the unusual and somewhat involved form of protection work smoothly and efficiently, and with the maximum fairness to all parties concerned. The industry accordingly proposes to fight for the maintenance of the various arrangements which have stood the test of time so well and been of considerable benefit to consumers as well as manufacturers.

ENGINEERING POSITION

In engineering, we have had to face, as many of you will have read in the press, a temporary set-back in this rapidly expanding sector of the Group. The dismissal, and may I say the very necessary dismissal, of a Shop Steward resulted in a strike of the greater part of the labour force of Bonar Long & Co. Ltd. which endured for fully six weeks. The tragedy to my mind of this strike was that, in the final upshot, labour returned to work on exactly the same terms as were offered by Management the day after the stoppage commenced. Thus, employees lost six weeks' wages and the Company six weeks' production, not to mention some cancellations of existing orders and loss of fresh business—all quite unnecessarily.

The present widespread strike of engineering apprentices affects Bonar Long & Co. Ltd. in common with most other engineering concerns in Scotland. At the moment, regrettable though it is, being in direct breach of agreement, it is not causing any major disruption of production.

These various difficulties, however, are either, in the case of textiles, warning signals for the distant rather than the immediate future, or, in the case of Bonar Long & Co. Ltd. a temporary upset in a business whose future remains bright.

OUTLOOK REASONABLY GOOD

Despite these difficulties, prospects for the current year, if one excepts South Africa, remain at the moment reasonably good, although as far as operations in the UK are concerned and principally on the textile side, it is too early to assess whether they may suffer from the tightening by the Government of the screws on credit.

In Canada, while it may be too optimistic to expect a repetition in full of last year's excellent figures, trading nonetheless continues at the moment at a very satisfactory level and the Group's accounts this year will benefit from a 33⅓ per cent increase in dividend from the Subsidiary Not Consolidated.

In jute spinning and weaving, capacity at the moment is fully as well booked as it was this time last year, and the Group is well covered in a strong raw material market.

In flax, demand remains active and unless raw materials fall sharply with a consequent write-down in stock values at the end of the year, a further improvement in results is to be expected.

BONAR LONG & CO.

Bonar Long & Co. Ltd., despite the loss of production and orders resulting from the strike, has still plenty of work in hand and in prospect, and should gradually benefit from the big new extension which has just been completed, provided that our efforts, at no small capital cost, to give increased employment in the Dundee area, do not receive further set-backs from labour of the kind experienced in the last few months. This new extension, in the long run, should not only mean a gradual increase in turnover, but also lead to further economies in the process of manufacture.

The Transparent Packing Division, now that it has broken through the profitability barrier should, as things stand at the moment, show some further increase in its contribution to Group earnings.

OPERATIONS IN AFRICA

This only leaves our operations in Africa for me still to touch upon. In the present circumstances of that confused, and in many ways tragic, continent, I do not believe that any of you would really expect me to try and assess what this year's fortunes of this part of the Group may be. That the recent developments in the Union of South Africa are bound to have done, and be doing, damage to the economy of that country, as a whole, must I think be undeniable and at the moment that is all that I can say. The Central African Federation has also got major political difficulties ahead of it, as has indeed East Africa, where nonetheless, the overturn of the Company's Branch has been surprisingly well maintained over these last few months. To put, however, this African situation in its proper perspective, I should perhaps add that the Group's African Companies and Branches provided last year roughly 11 per cent of total Group earnings.

Before closing, I should like, as ever, to express my sincere appreciation of the efforts and the loyalty throughout the past year of every member of the Group, whatever capacity or country they are serving the Group in. Once again, they have given of their best to further your interests and earned your hearty thanks.

LOW & BONAR LIMITED

Operates in its own name and through various Subsidiary and Associated Companies.

MANUFACTURERS AND MERCHANTS OF

In the UK
- Jute Yarn, Cloth and Bags.
- Flax and Hemp Yarns and Cloths.
- Electrical Transformers, Switchgear and Capacitors.
- Transparent Packages.

In Canada
- Jute, Cotton and Paper Bags
- Cartons and Transparent Packages.

In South Africa and the Central African Federation
- Tents, Tarpaulins, Filter Cloths, Oilskins, Rubber and Plastic Suits, etc., etc.

CAPITAL

Authorised and Issued:

£100,000 6%	1st Cum. Pref. Stock	
£100,000 6%	2nd „ „ „	
£200,000 5½%	3rd „ „ „	
£1,600,000	Ordinary Stock in Units of 10s. each.	
Group Trading Profit		£1,251,214
Net Profit after taxation, attributable to Members of Parent Company		£528,337
Ordinary Dividend for year to 30/11/59		17½%
and Bonus		4½%

REGISTERED OFFICE

63/73 King Street, Dundee, Scotland.

BUTTERWORTH & CO. (PUBLISHERS) LIMITED

A SATISFACTORY YEAR

The Forty-sixth Annual General Meeting of Butterworth & Co. (Publishers) Limited will be held on May 30th at the Connaught Rooms, Great Queen Street, London, WC2.

The following is a summary of the statement by the chairman, the Earl of Rothes, which has been circulated with the Annual Report and Accounts for 1959:

In spite of the printing strike which lasted for seven weeks and dislocated our publishing programme for the last half of 1959, the results for the year under review are satisfactory.

In last year's Statement I explained that 1958 (£386,000) was an exceptionally good year. We might well have equalled it had it not been for the strike. In any event the latest results show an improvement over those of 1957 (£308,000) which was a more normal year. The actual figures for 1959 before providing £167,329 for taxation amount to £357,733. The sum of £80,000 has been allocated to General Reserve, bringing it up to £413,000, and £6,409 to Staff Contingency Reserve, raising that total to £47,622. The balance carried forward on Profit and Loss Account is £153,886 as against £135,652 brought in from the previous year.

The Directors recommend a final dividend of 20 per cent, making 35 per cent for the year, which is twice covered and a modest increase on the previous year (32½ per cent).

The general pattern of progress continues, but, in order to maintain our expanding business, expenditure of large sums of money is essential and therefore a substantial part of the profit must be ploughed back.

Legal publishing is once again a record, as is also Scientific, but in the latter case margin of profit is less due to rising costs. Medical publishing is not so good but up to expectations. Our various Journals did well and we have purchased "The Police Journal."

The new series of "West Indian Law Reports" have made a promising start in the Federation.

The transfer of the main store and packing department from Barking to Chichester was completed and it is now working well and economically. All Subsidiaries overseas had a good year. A new Company, Butterworth & Co. (New Zealand) Limited, has been formed to deal with our business in the Dominion formerly carried out by Butterworth & Co. (Australia) Limited.

More and more does it become apparent that if we are to meet the challenge of local competition we must augment our local publishing in the Commonwealth, as compared with mainly exporting books from this country.

After careful consideration it has been decided to form a wholly-owned Subsidiary Company in the USA, where there appears to be considerable scope for the publication and sale of Medical and Scientific books. This Company will be started on a modest scale and will be expensive in the initial stages, but in the long run, we hope, profitable. It should be in operation before the end of the current year.

In general the outlook for the Group is set fair, the main trading for 1960 so far is up to expectations and although it is foolhardy in an uncertain world to forecast the current year's results, I regard the future with confidence.

EAGLE STAR INSURANCE

A NOTABLE AND EVENTFUL YEAR

The Annual General Meeting of Eagle Star Insurance Company, Ltd., will be held on June 2 at Wimborne House, 22 Arlington Street, London, S.W.1.

In the course of his Statement circulated with the 1959 Report and Accounts the Chairman, Sir Brian Mountain, Bart., said:



General trading conditions were better in 1959 than for some years past, though the rise in manufacturing activity and stock valuations takes several months to seep through into our figures.

LIFE

The strong rise in personal savings continued throughout the year in spite of buoyant consumer spending, and we got our share of LIFE business to continue the remarkable run of record new production since the War. The 1959 achievement was indeed remarkable in the special sense that quite a lot of our effort was devoted to helping clients and others make up their minds about the National Insurance Act 1959 and the problem of "contracting out." Quite recently we have prepared a little booklet to help employers over this difficult stile, and if any shareholder or, in fact, anyone who may read this, wants a copy, do please ask us to send one. It is called "The Eagle Star presents . . . " and we are rather proud of it because, so far as we know, it is the only thing of its kind that tells you not only how to decide but how to go about it once you have done so.

FIRE

The FIRE Account took an unusual number of hard knocks last year as a result of the serious fires which have multiplied so noticeably in the past eighteen months. Dry conditions and water shortage caused fire waste well above average in agricultural districts at home but there is little doubt that modern factory planning, with its emphasis on large open spaces and conveyor methods of assembly, constitutes a fundamental increase of hazard in manufacturing risks in all countries. We have reaped a steady reward in new proposals under our various "ALL-IN" schemes for Homes, Shops, Offices, Hotels and Schools—the Shopkeepers' policy, which we recently revised and improved, being a special favourite.

MOTOR

The home MOTOR Account once more showed only a small margin. Our regional reorganisation has resulted in a welcome reduction in expense ratio, but on present indications we shall be lucky to do more than break even in 1960. I suppose we all have our own theories about the causes of road accidents; but the plain fact seems to be that density of modern traffic and the power of modern vehicles will go on producing more and more costly accidents by sheer weight of numbers. Insurers naturally take their full share in the work of accident prevention, but our immediate problem is to collect enough premiums in the aggregate from the motoring public with really effective differential charges between the good and the recognisably not-so-good driver.

ACCIDENT

Our ACCIDENT Account is much expanded by inclusion of "Midland" results, which are largely Employers' Liability and running quite well. Amongst the miscellany of risks this department undertakes, its chief preoccupation in 1959 has been the marked increase in crimes against property, in which the criminal has all too often literally a flying start. Armoured security escorts recall the days of the highwayman, whilst siren alarm attachments for despatch cases and unattended vehicles give a faintly humorous idea of the conditions under which we manage to squeeze a small profit out of these types of insurance last year.

ENGINEERING

Our ENGINEERING department, which has had its difficult moments in the past, has now settled down under its new organisation and is making steady and profitable progress. Shareholders will, I am sure, be interested to know that the United Kingdom Atomic Energy Authority has marked its confidence in our inspection and consultant service in the most practical manner by renewing its contracts with us for another term.

PLUVIUS

Once again our lively PLUVIUS department gave us some good publicity, a rising income and a small profit. I have said before that this account is not by any means confined to the United Kingdom, and our leadership in a highly specialised class of business is unchallenged. Enquiries come daily from all sorts of places, with all sorts of climates, such as the Belgian Congo, Fiji and Hawaii to name but three. Oddly enough, our Holiday policy has sold very well throughout the exceptionally fine summer, but the Continental policy got off to a slow start. Apparently English people don't trust their own weather even when it is set fair, which is wise of them, but think the sun shines continuously abroad, which is not quite true. We expect realisation of the hard truth and growth of the Continental holiday habit to sell many of these policies for us in future.

MARINE

It is so long since I was able to speak cheerfully about our MARINE Account that I hesitate to record a distinct improvement in the opening of 1959 account and some sign that 1957 and 1958 settlements will be less costly than we had feared. We maintained our income fairly well in a year of low values and high laid-up tonnage and, except in the United States, competitive tendering resulted in some saving in repair costs. There is some sign of improvement in market conditions but we have decided to make no transfer from the Fund for the time being.

AVIATION

Advent of the jet age is presenting AVIATION underwriters with a challenge which I am glad to say is being faced with unexpected discipline. The capacity and value of these aircraft expose very high individual loss possibilities and their small numbers are exceedingly hard to accommodate in accounts already affected by the fall in renewal values of piston aircraft. Nonetheless, a determined effort has been made to provide capacity and sustain a sensible rating pattern which shows every sign of surviving until jets come forward in sufficient numbers to make a book. Our attitude in the market is one of cautious optimism and we take more than our full share of responsibility.

* * *

The dividend recommended in respect of 1959 is 2s. 3d. per Ordinary Share against a comparable total distribution for 1958 of 1s. 10½d. per Share. The balance carried forward in the Profit and Loss Account is £2,077,850.

Total resources exceed £169 million. Total premium income exceeds £24 million.

TAYLOR WOODROW LIMITED

A RECORD YEAR

The Twenty-fifth Annual General Meeting of Taylor Woodrow Limited will be held in London on June 2nd. The following is an extract from the statement by the Chairman, Mr Frank Taylor, which has been circulated with the Report and Accounts for the year ended December 31, 1959:

Your Company celebrated its Twenty-fifth Anniversary as a Public Company on February 1, 1960. I am happy to report that the progress of your Company during the year under review has been not unsatisfactory and the accounts show record profits.

Conditions affecting the Building and Civil Engineering Industry generally towards the end of 1959 were not unfavourable but the recent rise in the Bank Rate and the possibility of restrictions of credit facilities in the future may lead to a reduction in the volume of Building and Civil Engineering work available and consequently contracts of the right type may be more difficult to obtain. Apart from this, together with other Contractors we are finding in the United Kingdom competition is extremely severe.

ACCOUNTS

The profits for the year, after taxation, are shown at £702,812 which compares with £573,761 for 1958. I am pleased to report this increase in profits and also that the turnover of the Group for the year (not including Associated Companies) was £29½ million compared with £27 million for 1958. I should, however, again mention that the fact that many of our contracts extend over several years makes it appropriate that results should be judged over a number of years rather than on one year.

The Directors are recommending that for 1959 a final dividend be paid of 7½d. per share (less tax) on the present Issued Capital of 11,250,000 Ordinary shares.

AT HOME

Building and Civil Engineering.—Another busy year on building and civil engineering work in the United Kingdom has produced good results.

At Hinkley Point we are working in association with English Electric and Babcock and Wilcox in the construction of a 500,000 Kw. Atomic Power Station. This Team of three has also just tendered for another such station at Dungeness and is now working upon designs for the one at Sizewell.

Our civil engineering work at Northfleet and High Marnham Power Stations is now well advanced and at Cwm Rheidol we have just started a hydro-electric project comprising a dam, power station, shafts and tunnels.

After commenting on the progress of various other projects, the Chairman stated:

During the past year your Subsidiary Company, Myton Limited, has commenced work on further contracts in the London Area. Several important contracts have been completed during the year and continuing progress and expansion is being maintained.

SUN ALLIANCE INSURANCE LIMITED

ADVANTAGES OF THE MERGER

A MUTUAL STRENGTHENING AND PROTECTION OF BOTH

MR T. D. BARCLAY'S STATEMENT

The First Annual General Meeting of Sun Alliance Insurance Limited will be held on June 15th at Bartholomew Lane, London, E.C.

The following is the statement of the chairman, Mr T. D. Barclay, in regard to the accounts for 1959:

In presenting to the Members the first Accounts of Sun Alliance Insurance Limited I would like to record the satisfaction with which the Directors learned of the response of the Members of the Sun Insurance Office Limited and the Alliance Assurance Company Limited to the offer made on behalf of Sun Alliance by Baring Brothers & Co., Limited. We felt sure that the merger to which this scheme gave effect offered very great advantages to the Shareholders of both Companies and we learnt with much gratification that this was overwhelmingly endorsed by the majority of the members as over 90 per cent accepted the offer within the allotted time.

Sun Alliance, however, only came effectively into being on November 4th, though we have the benefit of a full year's results of our two constituent Companies. In the circumstances it would be inappropriate to offer anything in the way of a detailed survey of the affairs of the new Group, and I propose to confine myself to a few brief comments and a word or two on our plans for the future. In order that the Shareholders may be fully in the picture we have thought it well on this occasion to send to each a copy of the detailed Statements by the Chairmen of the two operating Companies. Sun Alliance is a Holding Company only, and therefore the Profit and Loss Account, and Balance Sheet at December 31st last are in a very simple form, detailed results and figures of both Sun and Alliance being shown in the Accounts of those Companies which are also circulated. The Group Accounts are perhaps rather more bulky than one would wish, but I am anxious that the Shareholders should have full information about the affairs of our Companies.

COMBINED PREMIUMS AND UNDERWRITING RESULTS

In this Statement we have confined ourselves to setting out in a convenient form the essential figures of premiums and underwriting results of our two Companies combined. These are as follows:

	Premiums	Claims	Transfer to Profit and Loss Account
	£	£	£
Fire Dept.....	18,791,081	8,677,220	1,814,080
Accident Dept..	21,629,186	12,107,728	1,245,399
Marine Dept...	3,654,309	2,882,890	—1,645

It will be noted from these figures that the total premium income in the Fire, Accident and Marine Departments amounted to £44,074,576 and the transfers from the Departments to £3,057,834. I might add that the Capital, Reserves and Insurance Funds of the two Companies are now £50,411,027, and it will be seen, therefore, that Members now participate in one of the largest Insurance Groups in this country. In addition there is the Alliance Life Department which transacted new business last year totalling £18,632,138; the Life and Annuity Funds now amount to £40,929,398.

SUN'S 250TH ANNIVERSARY

The Consolidated Profit of the Sun for the year is most gratifying. The figure of £1,481,216 is a record in all the long history of that very old Company and it is especially appropriate that this should be achieved to mark the occasion of the Sun's 250th anniversary in 1960.

The Directors have given considerable thought to the form in which the Accounts should appear and it has been decided that, at any rate for the time being, they should be in the form of Group Accounts. They have also had under consideration the value at which the shares held in the Sun and Alliance should be brought into the Balance Sheet of the Holding Company. It was decided that they should be treated as being equal to the nominal value of the fully paid shares of the Holding Company issued by way of exchange. The requirements of the Companies Act on this point are not entirely clear and we have adopted this basis for the time being as we believe that it is in the interests of the Members and keeps the position as flexible as possible pending clarification.

At this stage the Accounts merely record the receipt of the distribution by Sun and Alliance which is passed on to Shareholders in the form of dividend. Expenses of Management, which are small, and the Directors' fees have been provided by means of separate payments by the Operating Companies. It will be noted that no attempt has been made to write off the item appearing in the Balance Sheet under the heading of "Preliminary Expenses." It is the intention of the Board to deal with this at the first convenient opportunity.

DIVIDEND FORECAST JUSTIFIED

In the Offer to the Members of Sun and Alliance dated October 14, 1959, it was indicated that the Directors hoped to be able to declare a dividend of 1s. 6d. per share, representing a substantial increase in so far as concerns former Sun and Alliance Shareholders. On reviewing the results of these two Companies the Directors have felt justified in declaring this dividend which will be payable on July 12th. For the time being it has been decided to leave any balance of net profits in the Accounts of the two Operating Companies where, of course, it is readily available for transfer to the Holding Company as and when may seem desirable.

I have been elected Chairman of this Company and am pleased to have Mr Randolph, Chairman of the Sun, as Deputy Chairman, with Lord Rennell and Mr Keswick as Vice-Chairmen.

The Board consists of all the Directors of both operating Companies and I believe that the Members must be gratified to know that they will continue to have the benefit of the advice of such a very experienced and influential team.

Mr A. P. Cameron, who has been a Director of the Alliance since 1947, has decided not to offer himself for re-election to the Alliance Board or to the Sun Alliance Board. We shall miss him, but he goes with our best wishes for a long and happy retirement.

In this Statement which accompanies the first Accounts of Sun Alliance I should like to place on record the Directors' appreciation of the great help they have received from Baring Brothers & Co., Limited, in connection with the arrangements for the merger of the Sun and Alliance and to the Solicitors and Auditors for their help and advice.

SEPARATE IDENTITY OF BOTH COMPANIES PRESERVED

It was clear from the terms of the original offer to Shareholders of both Sun and Alliance that we chose the method of a Holding Company in order to preserve the separate identity of both Companies. The conception is a partnership of two old established and most respected Insurance Companies both having great traditions and a high quality business. I would wish to emphasise again that there was no question of one Company taking over or absorbing the other. The aim was rather the mutual strengthening and protection of both at a time when other large groupings were taking place in the Insurance industry. Sun and Alliance have been old friends in the past; now this friendship is blossoming into a closer relationship. At this stage there is little more than a plan as it were on the drawing board, but it is our intention to take every opportunity of integrating the two businesses with the object of widening the scope of our joint enterprise and of saving expense. Shareholders will, I feel sure, understand that this plan cannot mature immediately. Both Sun and Alliance operate in different ways and in many different countries; much must be done before a start can be made in bringing the two together and machinery has already been set up with this in view. It is the clear intention of the Board that in achieving integration the two separate insurance entities should be maintained.

The negotiations which led up to the merger were prolonged and intricate. The fact that they were brought to a successful conclusion reflects much credit on the senior officials of both Sun and Alliance who have spared no effort in achieving this goal. I should like to pay a tribute to them and to the Staffs of both Operating Companies who have done so much to bring about the satisfactory results now being considered.

18 35 BAYERISCHE HYPOTHEKEN-U. WECHSEL-BANK

Bayerische Hypotheken-und Wechsel-Bank

MUNICH

Theatinerstrasse 9-15 Kardinal-Faulhaber-Strasse 10

260 Branch Offices in Bavaria, the Palatinate, and Baden-Württemberg

Offices of the Mortgage Department
at Augsburg, Berlin, Düsseldorf, Frankfürt/Main, Hamburg, Hannover, Ludwigshafen a.Rh'., Nürnberg, Regensburg, Würzburg.

At the General Meeting held on April 7, 1960, it was agreed to distribute **a dividend of 14 per cent and a bonus of 4 per cent on nominal DM 90,000,000.— common stock** for the business year 1959.

Payment is effected starting April 8, 1960, through any branch office of our bank and the other pay offices that have been publicly announced, against presentation of Coupon No. 8 and less 25 per cent capital revenue tax, 10 per cent of which can be recuperated upon request, in accordance with the English-German agreement on double taxation.

Following are some figures from the Balance Sheet as per December 31, 1959:

Capital (capital stock and reserves)	DM 231,320,000.—
Deposits with the Banking Department	about DM 2,102,358,000.—
Savings Deposits included therein	about DM 822,562,000.—
Pension Fund	about DM 68,551,000.—
Debtors	about DM 1,035,960,000.—
Long-term Loans of the Mortgage Department	about DM 1,567,809,000.—
Outstanding Bonds and Borrowings of the Mortgage Department	about DM 1,604,366,000.—
Net Profit	about DM 16,374,000.—

Munich, April, 1960. THE BOARD OF DIRECTORS.

THE BRISTOL AEROPLANE COMPANY LIMITED

GROUP'S DIVERSIFIED INTERESTS IN AIRCRAFT FIELD

CHANGES IN INDUSTRY'S CORPORATE STRUCTURE AND FUTURE PROSPECTS

SIR REGINALD VERDON SMITH ON NEW CHAPTER IN COMPANY'S HISTORY

The annual general meeting of The Bristol Aeroplane Company Limited will be held on June 2nd at Filton, Bristol.

The following are extracts from the Statement by the Chairman, *Sir Reginald* Verdon Smith, which has been circulated with the Report and Accounts for the year ended December 31, 1959:

The net profit for the year as shown in the Consolidated Accounts is £1,739,000, an improvement compared with 1958 of £449,000. Taxation of £846,000 shows a substantial increase over 1958 (£626,000).

Out of the *net profit, after taxation, of* £893,000 (1958, £614,000) it has been decided to transfer £150,000 to General Reserve (1958 £150,000), and to transfer £75,000 to Contingencies Reserve bringing this Reserve up to a total of £1m. The net dividend on the cumulative preference stock required £38,000, the 3½ per cent Interim Ordinary Dividend, already paid, has absorbed £149,000, and a final dividend of 7½ per cent, requiring £318,000, is now recommended, leaving £163,000 to be added to profit and loss account, making the balance on that account £535,000.

In summary, the results for 1959 were considerably better than for the previous year and this improvement was due to several causes. Greater stability was achieved in the aircraft sales position; production of Bloodhound missiles reached a steady flow; a high level of turnover was maintained by Bristol Siddeley Engines and the Canadian Company had a successful year's operations.

ACTIVITIES OF THE OPERATING COMPANIES

BRISTOL AIRCRAFT LIMITED

Britannia.—During 1959 19 Britannias were delivered. These fine aircraft are now of course widely known on the long distance routes throughout the world. The introduction of the wide fare differentials which two years and more ago we were recommending for turboprop aircraft will undoubtedly result in high load factors for existing Britannia fleets, but unfortunately for us and for other manufacturers of turboprop aircraft the airlines had already committed themselves and their available resources to their new turbojet fleets—in consequence, during 1959 in the light of market conditions the Board decided not to lay down any further Britannias beyond the total of 83 to which Bristol Aircraft was already committed.

The total sales value of the programme of 83 aircraft and their spare parts has amounted to approximately £100 million. This is no small achievement. The Britannia has provided civil operators with a remarkably flexible aircraft for a great variety of operations and has enabled the carrying capacity of RAF Transport Command to be increased several times over.

The load carrying capabilities of the long range turboprop aircraft have been demonstrated to the world and derivatives of the Britannia are being developed both by Short Brothers & Harland—the "Britannic" freighter—and by Canadair—the CL-28 "Argus" maritime reconnaissance aircraft in service with the Royal Canadian Air Force—and the CL-44 swing-tail freighter which, in company with the Britannic, promises to achieve a real break-through in low cost air freight operations.

But for stockholders the matter must be measured not in these imponderables of aviation development but in money. As has been mentioned in the Reports of previous years, there has been an annual call on the profits earned by the Company on other work to meet unrecovered outlays on aircraft and development. Instead therefore of achieving a reasonable profit on a large turnover it has been necessary to write off these costs and also the interest charges incurred in financing the large investment in stocks and work in progress. We can now look forward to a modest profit on the sale of spare parts and to income from licences.

It has to be acknowledged that in terms of capital employed and of human and industrial effort there are easier ways of earning profit, especially during a period of general prosperity. But this surely should not mean that engineering projects of this scale and difficulty, the success of which means so much to the preservation of our prosperity, ought to be neglected merely because other activities are financially more attractive and make smaller demands upon economic resources. It is because problems of this sort have to be overcome that the aircraft industry in each country of the western world is going through a phase of major change both in corporate structure and in its relations with Government. We believe that the basis of Government participation in research and development which has been outlined by the Minister of Aviation recently, together with the consolidation of the industry, will go a long way towards securing a much sounder position.

High Speed Research Aircraft.—Work continued steadily upon the all-steel research aircraft being developed under Government contract. It is hoped to have the first aircraft ready for flight at the end of this year.

Supersonic Transport Aircraft.—There can be little doubt that in due course the experience of supersonic flight already gained with military aircraft will be applied in the transport field. We hope that the Company's pioneering work in this field will be rewarded by the opportunity of designing and manufacturing the world's first long range supersonic airliner.

MISSILES

During the year good progress was made in the introduction into Royal Air Force service of the Bloodhound ground to air missile, and the development of longer range and greater defensive power proceeded according to plan.

HELICOPTERS

Having arranged the transfer of our helicopter interests to our West country neighbour, Westland Aircraft Limited, we now look forward to the benefits of participating in that Company's future growth and progress.

BRISTOL SIDDELEY ENGINES LIMITED

The Bristol aero-engine business was transferred to Bristol Siddeley Engines early in 1959, together with Armstrong Siddeley Motors Limited and Bristol Cars Limited.

The aero-engine products of Bristol Siddeley, including liquid-fuelled rockets, ramjets, turbojets, prop-jets and, even today, a few more piston engines, were supplied during the year to the British Government, to the armed forces of many other countries, and to airlines. Bristol Siddeley was also active in a number of power projects not connected with aviation but in several instances deriving from aero-engine development. Subject always to the familiar hazards of the aircraft industry, we believe that there are encouraging prospects for Bristol Siddeley Engines both in the current year and in the longer term.

The Chairman then referred to Bristol Aerojet Limited and Short Brothers and Harland Limited and after reviewing the Group's activities overseas, continued:

CHANGES IN CORPORATE STRUCTURE AND FUTURE PROSPECTS

Widespread publicity has naturally been accorded to the recent changes of corporate structure in the British aircraft industry. In our case the process of integration had already proceeded some way, and the policy urged upon the industry by the Minister of Aviation was so very much in line with our own thinking that we needed neither persuasion nor pressure to carry it further. It seemed to us timely and sensible to combine our helicopter activities with those of Westlands, and then to link the destinies of our long-established aircraft business with those of English Electric Aviation Limited and Vickers-Armstrongs (Aircraft) Limited by the transfer of all three to the British Aircraft Corporation. The early stages of this partnership have been most encouraging, and, whilst no sensible person would predict an easy way of life for any undertaking concerned with aviation, we believe that the new Company can look forward to an illustrious and successful future.

Finally, what do all these changes mean for the Company's stockholders? Prophecy is notoriously dangerous: where defence production is concerned so much depends on considerations of policy outside our control: the development and supply of civil aircraft, for all the inevitability and importance of air transport throughout the world, is evidently a very vexed problem for aircraft manufacturers everywhere. The new British Aircraft Corporation has yet to take formal shape and demonstrate its capabilities in practical achievement. Much depends on the profitability of our large investment in Bristol Siddeley Engines. Even so, I am reasonably optimistic. The risks with which in recent years the Britannia project endangered the rest of the Group's long and profitable record and overshadowed its varied activities have been dispelled. The picture in Canada is one of steady growth. Our interests are of course concentrated almost entirely in aviation, the business which we know best and in which we have confidence in our competitive abilities. Within the field of aviation there can hardly be another company in this country with more diversified interests. We believe that this new chapter for your Company, so different from the early days, will prove no less successful than the past.

UNION CORPORATION LIMITED

(Incorporated in the Union of South Africa)

THE FOLLOWING IS EXTRACTED FROM THE REPORT OF THE DIRECTORS FOR 1959

CAPITAL.—In accordance with the Resolution passed at the Extraordinary General Meeting of Members of the Corporation held on May 26, 1959, 700,000 ordinary shares of 2s. 6d. each were issued by the Corporation to a subsidiary in The British South Africa Company Group and, in return, a wholly-owned subsidiary of the Corporation acquired 455,000 ordinary shares of 15s. each in The British South Africa Company.

The issued capital of the Corporation is accordingly now £1,250,000 in 10,000,000 ordinary shares of 2s. 6d. each.

A further £1,000,000 of 6½ per cent Registered Unsecured Notes 1974/83 were issued (being the balance of the Note Issue referred to in last year's Annual Report).

RESULTS FOR THE YEAR.—The Consolidated Profit for the year was £2,856,915 and appropriations have been made from it as indicated below.

1958 £		1959 £	£
1,903,957	CONSOLIDATED PROFIT FOR THE YEAR attributable to the Corporation (after providing for taxation)		2,856,915
	DEDUCT:—		
32,802	Expenses of Note and New Share Issues ...	3,232	
865,450*	Dividends declared	1,148,437	
898,252			1,151,669
1,005,705	RETAINED BALANCE OF CONSOLIDATED PROFIT FOR THE YEAR		1,705,246
845,888	Balance brought forward from 1958	1,291,593	
—	*Less*: Attributable to a former subsidiary Company	145,523	
			1,146,070
1,851,593			2,851,316
	DEDUCT:—		
350,000	Transfer to Reserves of Union Corporation— Exploration Reserve Account	150,000	
—	General Reserve Account	300,000	
	Transfers to Reserves of Subsidiary Companies—		
60,000	Exploration Reserve Accounts	—	
150,000	General Reserve Accounts	1,200,000	
560,000			1,650,000
£1,291,593	Balance carried forward to 1960		£1,201,316

* Excluding £70,362 dividends payable within the Group.

The Directors, as on other occasions, have thought it expedient to write down the book cost of certain holdings below both cost and market price to allow for the wasting nature of a substantial part of the portfolio. To this end they have charged the Profit and Loss Account with £150,000 of which £50,000 has been charged in the accounts of a subsidiary company.

In view of the active prospecting being undertaken in a number of fields the Directors have appropriated a further £150,000 to the Exploration Reserve Account in spite of the fact that the large recoupments of exploration expenditure during the year exceeded the cost of exploration by some £163,000.

The major event of the year was the flotation of two further mines in the Kinross area, namely Bracken Mines, Limited and Leslie Gold Mines, Limited. Members of the Corporation were invited to subscribe at par for shares in these two companies in the proportion of one share in each company for every ten Union Corporation shares held.

The Corporation itself has a large stake in these Companies, which is mainly held through wholly-owned subsidiaries. In order that Members can more fully appreciate the value of these holdings the Directors have decided upon a new method of presenting the Accounts which now segregate the Corporation's interest in quoted subsidiary mining companies from the Corporation's other interests in the Consolidated Balance Sheet.

The Corporation has commitments to subsidiary mining companies amounting to £8,800,000, which sum it is anticipated will be required over the next two or three years. In the absence of unforeseen circumstances, the Directors are confident that the necessary finance will be available from existing resources, if need be supplemented to some extent by short-term borrowing.

When considering the dividend for the year the Directors had to take these commitments into account. Nevertheless, they felt justified in increasing the final dividend to 2s. 9d. making the total dividend for the year 3s. 9d. per share less United Kingdom Income Tax.

THE UNION CORPORATION GROUP OF COMPANIES

During the year Bay Hall Trust Limited, an investment trust incorporated in the United Kingdom, which since its inception has been a subsidiary of the Corporation, reorganised its capital structure. As part of this reorganisation an issue of new shares was made for cash at par. Whilst the Corporation has retained its investment in the Company, it did not itself participate in this issue, but Members of the Corporation were offered shares in the proportion of one new Bay Hall share for every five Union Corporation shares held. As a consequence Bay Hall Trust ceased to be a subsidiary of the Corporation which, however, continues to act as Managers.

Attention has already been drawn to the flotation of two new mines (Bracken Mines, Limited and Leslie Gold Mines, Limited) in the Kinross area under the Corporation's auspices. Work has begun on the sinking of shafts on both mines. Winkelhaak Mines, Limited, the first, and hitherto only, mine in the Kinross area has now been declaring monthly profits for more than a year, during which time the grade and profits have steadily improved. In the Orange Free State, St. Helena Gold Mines, Limited further increased the tonnage milled, grade, reserves, profits and dividends, whilst continuing to carry on a substantial capital expenditure programme designed to open up more of its lease area and further expand operations. The older mines of the Eastern Rand are still earning handsome profits which have been well maintained during the year even though in some cases mining operations are becoming more difficult and ore reserves are declining.

On the base metal side, San Francisco Mines of Mexico, Limited has been forced to pass its dividend for the second year in succession as a result of the poor market for its products and the low metal prices ruling, coupled with the continuing very heavy burden of Mexican taxation.

Both the production and the profits of South African Pulp and Paper Industries, Limited have been at a record level. Work is continuing on the construction of a newsprint plant at the company's Enstra mill.

EXPLORATION

Further exploratory drilling was carried out in the Kinross field outside the three lease areas and the Corporation continued to be active in other parts of Southern Africa and elsewhere.

BOARD OF DIRECTORS

During the year Colonel The Lord Robins, KBE, DSO, President of The British South Africa Company, was appointed a Director of the Corporation.

The full Report and Accounts (copies of which can be obtained on application at the London Office, 95 Gresham Street, London, E.C.2) include further details of the progress of the companies under the administration of the Corporation, brief particulars of the progress of other companies in which the Corporation is interested, sections dealing with the South African Gold Mining Industry and statistics of World Gold Production, Consumption, Distribution and Reserves and the Corporation's Trade Cycles Chart, revised to date.

COMMERCIAL UNION ASSURANCE

RECORD FIGURES

The Annual General Meeting of the Commercial Union Assurance Company Limited will be held on May 30th in London.

The following are extracts from the review by the chairman, Mr Ronald C. Brooks, OBE, MC, of the report and accounts for the year 1959:

Before commenting in a general way upon our results for 1959 I should refer to the acquisition last year by your Company of the share capital of the North British & Mercantile Insurance Company Limited. Shareholders were given an outline of the reasons which led your Directors to take this step.

With the inclusion of the business of the North British & Mercantile Insurance Company Limited and its associated Offices, our net premium income from the Fire, Accident and Marine Accounts now comfortably exceeds £100 million—a figure which truly reflects our position as one of the foremost groups of insurance companies in the world today. In the Life Department, also, record levels were achieved in 1959, new sums assured exceeding £57 million.

Although we have made an underwriting profit from our Fire and Accident business, it is again smaller than we would wish. Several factors have contributed towards this but there are two important ones. Firstly, world trade last year was generally buoyant and in those conditions our business expanded quite considerably; this increase in premium income is naturally welcome but it does entail a greater provision being created for unexpired risks, which in turn reduces the underwriting surplus. Secondly, our operations in the United States of America—where much of the expansion took place—again resulted in an underwriting loss, which, although smaller than for 1958, was nevertheless of such proportions as to reduce considerably our profit from the remainder of the territories in which we are working. Much is still being done to improve the results of our American portfolio and I am hopeful that before long the tide will again turn in our favour. In the Marine Department we have now closed our account for the year 1957 and the balance has been transferred to Profit and Loss Account.

I will now deal with the departmental accounts and I should mention that where comparisons are made between 1959 and 1958 the figures for both years include those of the North British & Mercantile Group.

FIRE DEPARTMENT

Net Premium Income 1959	£47,001,988
Net Premium Income 1958	44,782,380
Increase	£2,219,608

The ratio of claims paid and outstanding was 52.18 per cent., commission absorbed 22.23 per cent, and expenses of management accounted for 22.01 per cent. After adjustment of the provision for unexpired risks there was an underwriting profit of £563,324 (1.20 per cent), which has been transferred to Profit and Loss Account.

At home the income has increased, but the outstanding feature of 1959, which has already received some publicity, was the high total of national fire wastage.

In the oversea field the expansion of our premium income has been resumed and most of the territories in which we operate contributed to the forward movement.

ACCIDENT DEPARTMENT

Net Premium Income 1959	£55,439,027
Net Premium Income 1958	52,267,269
Increase	£3,171,758

The ratio of claims paid and outstanding was 60.55 per cent, commission 16.44 per cent, and expenses of management 20.77 per cent. After adjustment of the provision for unexpired risks there remained an underwriting profit of £53,037 (.10 per cent of the premium income), which has been transferred to Profit and Loss Account. The additional reserve has been increased to £8,750,000, making the total Accident Fund (including provision for unexpired risks) £30,925,611, or 55.78 per cent of the premium income.

At home business again increased and this expansion generally applied throughout all classes of Accident insurance.

The miscellaneous classes of Accident insurance again expanded.

MARINE DEPARTMENT

Net premium Income 1959	£4,984,798
Net Premium Income 1958	4,929,296
Increase	£55,502

The claims paid, after deduction of reinsurance and salvage, amounted to £3,761,381, and, out of the surplus of the 1957 underwriting year and previous years now closed, the sum of £603,452 has been transferred to Profit and Loss Account. The Marine fund now stands at £7,327,135, which is 146.99 per cent of the premium income.

The more optimistic forecast of the results of 1957 given to you last year has been borne out by the final figures and we have been able to increase our transfer to Profit and Loss Account. The year 1958 appears to be showing a progressive improvement on the preceding years.

On balance I feel that we are now seeing a general improvement in our Marine results.

LIFE DEPARTMENT

New sums assured £57,200,766 (1958, £47,300,521): New Annuities £2,712,566 per annum (£2,941,366); Claims by Death £2,185,949 (£2,344,484); Matured Endowment Assurances £4,426,932 (£4,640,316).

These results are the aggregate of the figures of the Commercial Union and North British & Mercantile Life Funds, both of which are open for the transaction of new business. Both companies have produced record new business figures, the North British & Mercantile reaching £20 million for the first time.

APPROPRIATION ACCOUNT

As a result of the year's operations we are able to transfer £4,350,315 to the Appropriation Account, a figure greatly in excess of the combined figure for 1958.

The Directors recommend a final ordinary dividend of 1s. 3d. per 5s. share, making, with the interim dividend of 1s. paid in November last, a total of 2s. 3d. per 5s. Ordinary share.

RICHARD CRITTALL

HEATING, VENTILATING, AIR CONDITIONING, ELECTRICAL AND MARINE ENGINEERS

Main points from the Directors' Report and Statement by the Chairman, Mr. GEOFFREY C. R. ELEY, C.B.E., to the Annual General Meeting on 6th May, 1960.

	1959 £	1958 £
Issued Capital	525,000	525,000
Group Profit before Tax ...	252,154	222,829
Taxation	111,099	82,422
Dividends (net)	72,352	52,828
Net Current Assets	967,527	929,846

NEW ACQUISITION. A new subsidiary company, Maddock & Wright Ltd., an established heating and ventilating business in Leicester, was purchased. A new branch office of the Parent Company was opened in Cardiff.

INCREASED TURNOVER. The enlargement of the works of our subsidiary, Thomas McDowell Ltd., has made possible a substantial increase in our output of Deflecto Grilles and other ventilating fittings. We believe that there are increasing opportunities for the use of our design of strip heating known as Sunztrip, a form of radiant heating particularly suitable for factories. We are collaborating with Wm. Beardmore & Co. Ltd. in the development of the Beardmore-Crittall radiant acoustic ceiling for installation in hospitals, schools, offices and showrooms.

PROSPECTS. The full effects of the increasing tempo in the building industry have still to be felt in our own field as specialist sub-contractors. Indeed, intense competition continues in our industry and 1960 promises to be a strenuous—and possibly a more difficult—year but we enter it with a considerably higher forward order book than at the same date last year. We view the longer-term future with confidence and are constantly studying possibilities for further expansion.

Copies of the full Report and Accounts may be obtained from The Secretary, Richard Crittall & Co. Ltd., 151, Great Portland Street, London, W.1.

VENESTA LIMITED

ANOTHER MAJOR CHANGE IN COMPANY'S STRUCTURE

The Sixty-first Annual General Meeting of Venesta Limited will be held on May 30th in London. The following is an extract from the circulated statement of the Chairman, Mr S. A. Field:

The past year has marked another maior change in the history of the Company. Venesta is no longer a diversified manufacturing company, but a holding company, and by the recent sale of the aluminium foil business, its present main interest is again in plywood and related products.

The sale of the company's foil business in the UK, India and Ceylon to Reynolds T. I Aluminium Limited became effective on March 25, 1960.

The accounts cover the eighteen-month period to December 31, 1959. During the second half of 1959 the Net Profit, before tax, for the Group, excluding the foil business, was running at the rate of £500,000 per annum.

In November, 1959, the company purchased Midland Veneers Service Co. Ltd., specialising in the manufacture of ornamentally veneered and moulded plywood.

Products manufactured at the Erith and Clayton factories continued at the same rate as before, with the exception of Plymax, the metal-faced plywood which rose steadily.

Restrictions imposed by the Finnish industry kept production of O Y Faner AB, the Finnish subsidiary, below maximum during the first six months. During the last twelve months increased demand and quota enabled production to be raised. In the current year, much will depend upon political and economic factors, though the climate at present is fairly good.

The French subsidiary, Luterma SA, experienced difficult trading during the first part of the period. The Company's policy of increasing the manufacture of specialised products, which yield a better profit margin than plain plywood, proved a good standby. In the Spring of 1959 the situation improved and the final results were good.

Venesta and Acme Tea Chest Companies have been affected by Japanese competition, but it is hoped to offset this by reducing selling prices and *increasing volume.*

Venesta Metal Containers has increased its sales and output by the equivalent of an annual rate of 8 per cent by the more effective utilisation of existing plant. At present the order book is stronger than at any previous time. It is proposed to continue expansion and orders for new equipment have been placed.

The profitability of the Group's existing operations is largely governed by the general state of the British and French economies. For the immediate future, a continuance of the present high level of economic activity seems assured, but in the United Kingdom the latter months of the year could begin to feel the cumulative effect of measures to restrict credit. In both Britain and France profit margins are likely to remain under pressure, but unless there is a major setback in either or both countries, profits should show a further modest improvement during 1960.

GLENFIELD & KENNEDY HOLDINGS LIMITED

CHAIRMAN'S STATEMENT—MAY 27TH, 1960

The Sixty-first Annual General Meeting of Glenfield & Kennedy Holdings Limited will be held at Kilmarnock on May 27, 1960. The following is an extract from the statement by the Chairman, Mr Hugh Cowan-Douglas, which was circulated with the Report and Accounts for the year ended December 31, 1959:

The results which are now submitted to you are broadly in accordance with expectations. The gross and the net profits of the group, while well below the level of the years 1952-1957, nevertheless show an improvement on the figures for 1958, which, of course, were adversely affected by the serious loss sustained by our Polmadie company in that year. That company again made a loss but a much reduced one. The Worcester company, which is largely dependent on the oil industry, again produced a disappointing result. The other main companies in the group all made quite satisfactory profits in spite of difficult trading conditions.

Group sales for the year fell slightly below the record levels of the two previous years.

The group profit after charging £333,191 for depreciation and £92,000 for interest on the Convertible Loan Stock amounted to £558,885 (1958—£438,999). Tax, after credits for adjustments in respect of previous years, took £232,112 and the net profit comes out at £326,773 (£229,838).

A total of £25,121 has been retained by subsidiary companies. The directors recommend the allocation of £100,000 to General Reserve and the payment of dividends at the same rate as for the past few years. This involves a small reduction to £205,303 in the amount carried forward to 1960.

Outstanding orders of the group, which at the beginning of 1958 stood at approximately £9 million and £7 million a year later, had by the beginning of 1960, fallen to just under £6 million. The value of new business booked so far during 1960 shows an improvement in comparison with the corresponding period in 1959, and with industrial recovery now becoming more evident in the capital goods sector there are grounds for hope that the position will continue to improve during the remainder of this year. There are, however, as yet few signs of renewed large-scale activity on the part of the oil companies in regard to expansion of refining capacity or placing of orders for new oil tankers.

During 1959 we encountered increasingly severe price competition stimulated to a great extent by shortage of work in our own and other sections of the engineering industry both at home and overseas. In this connection we are concerned at the not inconsiderable increase in manufacturing costs which will arise from the recent reduction in the standard working week from 44 to 42 hours.

The year 1960 will be one of difficulty, although it may well provide in certain directions opportunities for rapid recovery and advancement of our prospects.

GLENFIELD & KENNEDY LTD., KILMARNOCK

While orders have been generally scarce for our heavier range of manufactures, some notable contracts have been received. Considerable design and tendering work has been done for turbines and gates for hydro-electric projects, part of which have been ordered and part are now under active consideration.

1959 was an outstanding year in regard to orders received for micro-straining equipment. The activities of our American associate, Glenfield & Kennedy Inc., in this field have been of particular significance. Orders for four installations of one machine each were received during 1959, and early this year, as part of a major waterworks development, a contract valued at $500,000 was received from the Board of Water Commissioners, Denver, Colorado. This notable achievement should pave the way for further successes in what is potentially a very large market for this specialised equipment.

Towards the end of the year an agreement was concluded with Messrs Schmitz & Schulte of Germany, which secured for us the manufacturing and selling rights in the British Commonwealth, and certain other territories, of that company's range of S & S rubber diaphragm valves.

J. BLAKEBOROUGH & SONS LTD., BRIGHOUSE

This company made a most gratifying contribution to the group profits and the prospects for 1960 are quite good.

Activities have been fully maintained in equipment for nuclear power. Valves operating at Calder Hall and Chapelcross continue to give complete satisfaction in service. Valves of many types and sizes are being installed in all the nuclear power stations under construction in this country. Reactor valves of the latest and most up-to-date design have been developed to meet the exacting demands of atomic energy and are to be installed in the new advanced gas reactor at Windscale.

To meet more exacting conditions on oil tankers, a cargo valve with flexi-ring, which ensures a complete seal under all conditions, has been marketed and has found favour with the leading oil companies.

The demand for Hammel-Dahl control valves continues at a satisfactory level.

J. BLAKEBOROUGH & SONS (SOUTH AFRICA) (PTY.) LTD., BENONI

Satisfactory results have been achieved at Benoni where our subsidiary is meeting the demands from the goldfields and the waterworks undertakings, both in the Union and in the Rhodesias. Future prospects are promising, and it has been decided to improve the iron foundry still further by installing new cupolas and sand conditioning plant.

ALLEY & MACLELLAN LTD., WORCESTER

It was pointed out a year ago that the demand from the oil companies was not good. Unfortunately this position continued throughout

1959 and has shown little improvement so far in the current year.

ALLEY & MACLELLAN (POLMADIE) LTD., GLASGOW

During the year a considerable number of changes have been made at Polmadie. Completely new management has been introduced and they have had to deal with a variety of tasks. Reorganisation within a number of departments was overdue and, in the main, this is nearing completion. Further stock reductions have been achieved and, with a substantial extra charge for depreciation this year, the management are satisfied that our fixed and trading assets are now valued on a sound basis. Short-time working was necessary during part of this year but, with a reduced labour force, it has been possible to return to a five-day week. It is not likely that the company will earn a profit during the current year.

BLACKETT, HUTTON & CO., LTD., GUISBOROUGH

The erection of the new fettling shop and modernisation of the light foundry is still proceeding.

Orders increased towards the end of 1959, and this improvement has been maintained to date.

THE BRITISH PITOMETER CO., LTD., PARK ROYAL, LONDON

A high level of output was achieved during 1959, but this was largely the outcome of orders placed during the previous year and current orders have declined.

STAFF

The year under review has not been an easy one and has called for considerable effort and hard work on the part of the management, staffs and workpeople employed by our various companies, and on behalf of the stockholders I would like to express to them our sincere thanks and appreciation.

THE CUNARD STEAM-SHIP COMPANY LIMITED

1960 OUTLOOK MORE PROMISING

Sir John M. Brocklebank, Bart, Chairman of the Company, *in a statement to* stockholders for submission at the eighty-third Annual Meeting to be held on June 1st, says:

I would first like to say a word about the great loss which the Company suffered by the death of Colonel Denis Bates last September. His wisdom, example and leadership endeared him to his colleagues at all levels and he was never too busy to pass on his knowledge and experience. He will be sadly missed by us all.

Last year my predecessor did not venture a forecast for 1959, but in general the situation for shipping has been worse rather than better. Broadly there are still too many ships looking for too few cargoes. The reasons for this situation have been given so often that there is no need to elaborate. In short the industry, and by industry I mean the international rather than the national shipping industry, has built and still is building more ships than the world's trade requires. To produce an improvement in the freight side of our business one of two things must happen. The total volume of world trade must increase or more ships must be scrapped. It is reasonable to hope that one or even both must happen before long, but unfortunately it is not possible to forecast the date.

Bearing in mind the foregoing I feel that the managements of the Group have no need to be ashamed of the 1959 results which show a reduction in gross operating surplus to £5,039,666 from the £5,670,919 of 1958. Surplus for the year at £900,560 is down by £492,319; balance carried forward is £1,267,641. Although the Port Line profits were very slightly down on last year the Cunard Company figures are better by more than that amount and the overall drop in the Group's surplus is almost entirely attributable to Brocklebanks who have had a most unhappy year.

The outlook for the Group in 1960 is decidedly more promising. The Brocklebank management took steps last year which are already reflecting some improvement and although it is too early to forecast the outlook for Port Line this is, if anything, better than at this time last year. The outlook in our main North Atlantic passenger business, in freight and in cruising is in all three cases appreciably better. In view of this your Board recommends a dividend of 8 per cent for the year.

WEEKLY EXPRESS SERVICE

This statement has to be in the printers' hands before April 20th so you must forgive me if more has been made public on the subject of replacement tonnage for the weekly express service before you receive the report and accounts on May 9th. In September last year the Minister of Transport invited a committee under the chairmanship of Lord Chandos to investigate and report on this problem. At the present time the committee has not completed its report so it would not be proper for me to comment on their activities. I can, however, say without embarrassment to anybody that as far as has been shown by their contacts with this Company the Chandos Committee have carried out their investigations with patience and in the most thorough manner. Needless to say we have co-operated to the very best of our ability.

Since my predecessor's statement at the annual meeting a year ago our design team have put in a great deal of excellent work examining a wide variety of ships which might suit our requirements, but although their studies have produced a few minor improvements in design which collectively would reduce cost and improve the profit we are still firmly convinced that two ships of about 75,000 gross tons with a service speed of 30 knots would be the best and most profitable units to maintain our weekly express service which has shown itself to be the most efficient method of carrying passengers across the North Atlantic by sea. The Committee's report is likely to be in the hands of the Minister shortly and I can say no more until after the report has been made and the Minister has had time to study it.

CUNARD AND THE AIR

I would now refer to the entry of our Company into the air. We are in process of acquiring Eagle Airways Limited and associated Companies who are one of the leading private aircraft operators in the United Kingdom. The Companies, founded some eleven years ago, have developed an extensive international network of scheduled services in Europe and are operating an extensive route network in the Western Hemisphere. Recent Government approvals of outstanding applications have authorised Eagle to operate on the route London-Bermuda-Nassau and to provide capacity for First, Economy and Coach Class passengers with effect from October 1st, thus linking the European pattern of scheduled services with their route network in the Western Hemisphere. Cunard offices in the United States (17) Canada (9) and Europe (23) will augment Eagle's existing sales organisation and we hope by this means to assist our own overheads and increase ticket sales on the Eagle route pattern. We are also having discussions with BOAC and other transatlantic carriers to investigate the possibilities of air/sea exchange arising from a recently announced agreement whereby it will be possible for people to travel one way by sea and one way by air and qualify for the return ticket discount. We believe that both the sea and the air can benefit from such arrangements and that we can augment our own revenue and make use of our existing sales structure.

As to the outlook, there is no doubt that the advent of the Boeing 707 and the Comet 4 on the North Atlantic has made a measurable improvement in comfort, time and above all convenience to the passengers who use these pure jet aircraft. This was in fact mentioned as a mild warning by our New York office in their annual report to us in January and we must not forget that 70 per cent of our passengers emanate from the USA and Canada. The international air lines are catering for an enormous increase in total traffic between the two continents. Notwithstanding, our own North Atlantic carryings to date, particularly in First Class, show healthy prospects for this year and together with the cruising we can hope for a better passenger year than in 1959.

Developments in the air come so fast that it is at times hard to keep up with them, but I am now even more convinced that the sea should be complementary to rather than competitive with the air so nothing would give me more pleasure than to see a forecast made in "Flight" of April 1st come true: "So here we have (1) Cunard and Eagle working with rather than against BOAC, and (2) a tripartite British air corporation—independent—shipping partnership which will obviously be of great advantage to Britain on what is after all the world's most important route."

SHIPPING'S PROBLEMS

So much has been written and said about building and operating subsidies and about flags of convenience that there is no need for me to comment further except to say that the British shipping industry can be protected by our Government if the Government consider protection desirable and necessary. The policy of flag discrimination on the other hand is a menace which it is hard for our Government effectively to counter. Retaliation in kind would achieve nothing and would result in ships travelling full one way and empty the other. It may well be that the Board of Trade in conjunction with the

Ministry of Transport would have more strings to its bow in negotiations with foreign governments and that their chance of success in countering this policy of discrimination would be better than that of the Ministry of Transport alone. India, which is a terminus of practically all the Brocklebank operations, is one of the leading nations to make use of this device to help build up their shipping industry.

With the new "Andania" now delivered and the "Alaunia" to be completed later in the summer, together with two ships on loan from Brocklebanks and partly with chartered tonnage, we plan to expand our cargo service from this country to and from the US Gulf ports. The prospects are distinctly promising.

It has been realised for some time that the Company's office arrangements in Montreal have been inadequate, and the building we at present own there is not readily capable of enlargement. Therefore it was decided to negotiate with the Prudential Assurance Company for the purchase of their building which adjoins our own. Not only will the new building provide up-to-date working conditions for our principal office in Canada but will also prove a profitable investment.

In conclusion I express our warmest thanks to all who work for the Companies of the Cunard Group, ashore, afloat and now in the air, also to our agents all over the world.

THE EQUITABLE LIFE ASSURANCE SOCIETY

EXPANSION OF REVENUE

The 198th annual general meeting of The Equitable Life Assurance Society was held on May 11th in London.

The following are extracts from the speech of The President, Mr John H. Bevan:

From the Accounts, you will see that there has been an increase in the total funds of nearly £2½ million. Revenue from premiums continues to grow and it is now approaching £3 million.

Perhaps the most important function of a life office is to cover the risk of early death of a man at a time when his children are young and his potential liabilities are, therefore, heaviest; one of the results of the improvement in mortality at the younger ages is that we have been able to reduce very materially the premiums to cover such liabilities.

Our low ratio of expense, and the freedom from commission which has always been a feature of the Society, mean that we are able to offer competitive terms for all classes of life assurance.

The Balance Sheet shows a few changes, the most significant of which are increases in mortgages, debentures, ordinary shares and freehold and leasehold property.

New business written during 1959, in terms of new sums assured, amounted to just under £7 million and was, therefore, rather below the figure for the previous year. Whilst I naturally regret the recession, it is to some extent explained by the fact that new business in 1958 was exceptional; the figure for 1959 was about the same as that for 1957.

Our thoughts are now beginning to turn to the 200th anniversary of the foundation of the Society, which we shall celebrate in 1962. This is an event which I can fairly say will be unique, because it will not only be the bi-centenary of our own society but the bi-centenary of the foundation of scientific life assurance itself.

The report and accounts were adopted.

G. & J. WEIR HOLDINGS

YEAR'S TRADING RESULTS FAVOURABLE

VISCOUNT WEIR'S CONFIDENCE

The Annual General Meeting of G. & J. Weir Holdings Limited will be held on June 1st at Cathcart, Glasgow.

The following are extracts from the circulated statement by the chairman, Viscount Weir, CBE:

During 1959 the Government relaxed the restrictions imposed on credit and borrowing, and this produced an upsurge in demand in which the main beneficiaries were the manufacturers of consumer and consumer durable goods. Unfortunately, the position was markedly less favourable in the field of capital goods, where new demand remained at a low level, both at home and abroad, although there were signs of improvement towards the end of the year. In particular, recession conditions continued in the shipbuilding industry; although United Kingdom yards maintained output at the level of recent years, there were virtually no additions to the country's order book over the period, so that outstanding orders contracted by the amount of tonnage launched.

Against this general background of the national economy, your Companies experienced a favourable year's trading results which can be considered satisfactory both in respect of output and earnings.

The Trading Surplus of £2,476,387 was generated from a Group output in excess of £21 million, and this I consider to be satisfactory under the conditions prevailing.

The charge for taxation, after crediting £103,907 in respect of over-provisions in previous years, amounts to £1,218,956 compared with £1,398.449, leaving a profit of £1,256,143 compared with £1,123,173 for the preceding year. Your Board now feel justified in recommending a final distribution of 12 per cent to Stockholders, making a total of 18 per cent compared with 17 per cent for 1958.

DEVELOPMENTS

This year was notable for a number of interesting developments in the growth and expansion of your Group. These can be regarded as logical extensions of current activities, and should be helpful in expanding the range of our products and improving our competitive position.

The most important was the acquisition of Lobnitz & Co. Limited. Stockholders will recall our purchase two years ago of the business of Wm. Simons & Company Limited. Its neighbour is the Shipyard and Engine Works of Lobnitz & Co. Limited. Both firms have been for many years the leading builders in the United Kingdom of dredgers and other harbour craft, and both enjoy the highest reputation in this very specialised branch of shipbuilding. It became increasingly clear to your Board that considerable advantages would be secured if the two Companies were operated as a single unit. We therefore entered into negotiations with the Proprietors of Lobnitz, with the result that the Company became a wholly-owned subsidiary of your Group. At the end of the year the two businesses were integrated into one Company under the name Simons-Lobnitz Limited. Substantial progress has already been made in the rationalisation of the departmental activities of the two firms, but it will be some time before the full benefits of integration are experienced As an immediate advantage, however, our competitive position in the dredging industry has been much improved through the pooling of their joint wealth of experience and know-how.

During the year, G. & J. Weir Limited concluded an agreement to manufacture under licence the complete range of reciprocating and centrifugal compressors designed by Clark Brothers of Olean, NY, USA, a well-known member of the Dresser Industries Group of Companies. Through this arrangement we will be able to manufacture Clark products in the United Kingdom, and these will be available for sale throughout the sterling bloc through the Clark Bros. Co. Division of Dresser (Great Britain) Limited.

A third new development also concerns an association with an American Company. G. & J. Weir Limited have entered into an agreement with the Chicago Bridge & Iron Co. of Chicago, Ill., to form a joint company known as "Weir-Chicago Bridge Inc." for the manufacture and sale of Weir distillation plants in the United States

After reviewing the performances of the individual companies of the Group, the statement continues:

PROSPECTS

For 1960 our results will now be affected by the low level of Orders in 1958 and 1959 which the two major trading companies have experienced. These predicate a reduction in their joint output as compared with 1959. The orders from which this output is derived comprise contracts secured under very competitive market conditions, and it will be subject to increased wage costs as a result of the recent hours/wages award to the Engineering Trade Unions. The other members of the Group should fare better.

Reviewing the effect of these factors as a whole, we must expect a reduction in our gross earnings when we compare them with the results of 1958 and 1959. On the basis of our current estimates, this reduction could be material, but I would not expect our level of distribution to be significantly affected; indeed, I believe it may well be possible for us to maintain our current level of distribution in 1960—although of course I cannot be bound to any specific undertaking in this regard.

The prospects in the shipbuilding industry, in the opinion of those best qualified to judge, remain depressing; but in other ways we are finding grounds for encouragement. Already the intake of orders has slightly improved; there are encouraging expectations of potential business on the land side, and in particular a high level of interest and enquiries for our sea water distillation plants. We have a solid foundation of technical strength within the Group, and the progress in design which has taken place within the last three years has been satisfactory. During this time we have accomplished much useful work throughout the Group in the improvement of our existing products and will therefore be in a very favourable position when demand improves. Your Group's financial position is clearly one of substantial strength and I am confident that we shall continue to give a good account of ourselves.

ALLIANCE ASSURANCE COMPANY LIMITED

Extract from the Review of the Report and Accounts for the year 1959 by the Chairman, Mr T. D. Barclay

The year 1959 has been one of outstanding importance in the history of the Company having regard to the merger with the Sun Insurance Office Limited. Pursuant to the Offer dated October 14, 1959, conveyed to the Shareholders of Alliance and Sun by Baring Bros. & Co. Limited on behalf of Sun Alliance Insurance Limited the whole of the capital of both Companies was acquired by Sun Alliance in exchange for Sun Alliance Shares.

Underwriting profits showed a reduction but the investment income increased and after allowing for lower tax charges the final figures show a net profit for the Group of £1,535,517 as compared with £1,453,693 in 1958.

The premium income in the Fire, Accident and Marine Departments continued to expand and amounted to £20,746,261 as compared with £19,531,269 in 1958.

LIFE DEPARTMENT

The net new sums assured completed during the year amounted to £18,632,138 compared with £15,367,184 in the previous year.

The purchase money for immediate annuities was £741,544 as compared with £223,466 and deferred annuities were issued for £316,979 as compared with £316,236.

FIRE DEPARTMENT

In this Department the net premiums rose from £7,921,047 to £8,327,554 and the claims rose from £3,006,323 to £3,342,576. The result for the year was a surplus of £829,243 as compared with £859,358 in 1958.

MARINE DEPARTMENT

The net premium income was £2,484,645, which shows an increase of £187,277 compared with last year's premium income.

The Underwriting Account for 1957 has now been closed with a balance of £177,588. Settlements arising from previous years' Accounts, however, amounted to £229,233 and a transfer from Profit and Loss of £51,645 was necessary.

ACCIDENT DEPARTMENT

The net premiums in the Accident Department amounted to £9,934,062 as compared with £9,312,854 in 1958. The claims rose from £4,603,349 to £5,007,590 and the surplus, after providing for unexpired risks, increased from £654,998 to £695,939.

The Engineering business of the National Boiler & General Insurance Co., Ltd., whose figures are included in the Consolidated Accounts, resulted in a record surplus.

TRUSTEE DEPARTMENT

This Department continues to provide a useful service to many friends and connections of the Company. The total fees received during 1959 amounted to £31,531.

INVESTMENT DEPARTMENT

The substantial rise in the equity price level naturally involved the acceptance of a relatively lower initial yield on new equity purchases in 1959, but this factor was more than offset by the steadily rising dividends on the whole equity portfolio and the relatively high yields still available on new fixed interest investments. As a result the over-all gross Income Yield on the whole fund increased further from £5 7s. 8d. per cent in 1958 to £5 12s. 6d. per cent in 1959.

In the case of the Shareholders' Funds also the favourable margin between Book and Market Values increased to a record figure and the gross investment income rose further to £1,308,018, an increase of some £87,000 on the year.

PROFIT AND LOSS ACCOUNT

The Consolidated Profit after provision for taxation and other outgoings amounted to £1,535,517 as against £1,453,693 in 1958.

As a result of the merger the Alliance has now only one proprietor and the new Holding Company, Sun Alliance, might be described as being in the position of guardian or trustee for our old Stockholders. The latter received their last dividend direct from the Alliance at the rate of 2s. per Alliance share paid in January, 1960. We now propose a further 3s., which will make a total of 5s. per share paid by the Company in respect of 1959, representing an increase of 9d. per share on the distribution of 4s. 3d. which was paid for 1958. The cost of this increased distribution is £880,470, after allowing for income tax. The final dividend, costing £578,282 after allowing for income tax, will be paid to Sun Alliance and together with the appropriate distribution from the Sun will enable the Holding Company to declare a dividend of 1s. 6d. This is the amount forecast in the original form of Offer. The balance of our profits will be carried forward.

RAND MINES, LIMITED

(INCORPORATED IN THE UNION OF SOUTH AFRICA)

SUMMARISED BALANCE SHEET 31st DECEMBER, 1959

CAPITAL AND RESERVES		£	£
Share Capital—			
Authorised	3,400,000 shares of 5s. each	850,000	
Less: Held in reserve	549,005 shares of 5s. each	137,251	
Issued	2,850,995 shares of 5s. each, fully paid		712,749
Share Premium			2,169,395
Revenue Reserves—			
Investments		7,318,232	
Exploration		416,755	
Gratuities		60,000	
Profit and Loss Account		432,326	
			8,227,313
			£11,109,457

PROPERTY AND NET ASSETS		£	£
INVESTMENTS—			
Quoted shares, etc., Stock Exchange value—£17,331,478. Investments are valued at cost, less amounts written off, but in no case above Stock Exchange value		9,794,704	
Unquoted shares, etc., at cost or Directors' valuation, whichever is the lower		401,450	
			10,196,154
SUBSIDIARY COMPANIES—			
Shareholdings, £506,776; Loans and Current Accounts, £91,962			598,738
FIXED ASSETS—			
Trade Investments, at cost		1,186	
Freehold properties, etc.		2,911	
Furniture, plant, vehicles, aircraft, etc.		66,298	
			70,395
CURRENT ASSETS—			
Stores, £13,270; Loans, £697,960; Debtors and payments in advance, £77,360; Dividends receivable, £373,888; Cash deposits, fixed and on call, £319,070; Cash at Bankers and in hand, £96,390		1,577,938	
Deduct: LIABILITIES AND PROVISIONS—			
Creditors, £824,520; Shareholders—Dividends, £464,961; Provision for claims in respect of forfeited dividends, £44,287		1,333,768	
			244,170
			£11,109,457

EXTRACT FROM PROFIT AND LOSS ACCOUNT

	£	£		£	£
PROFIT		1,500,597	Transfer to Investment Reserve	375,000	
BALANCE OF PROFIT AND LOSS ACCOUNT at 31st December, 1958		412,027	Transfer to Exploration Reserve	250,000	
		1,912,624			1,480,298
Deduct: Dividends—Nos. 112 and 113 each of 3s. per share	855,298		BALANCE OF PROFIT AND LOSS ACCOUNT at 31st December, 1959		£432,326

The full Report and Accounts may be obtained from the London Secretaries, A. Moir & Co. Ltd., 4, London Wall Buildings, London, E.C.2.

PROVINCIAL INSURANCE COMPANY LIMITED

The Annual General Meeting of the Provincial Insurance Company Limited will take place at Kendal at noon on May 27, 1960. The following is the statement of the Chairman, Mr Peter F. Scott:

Before I review the year's results, I wish to announce two important changes in the Board, Sir Bernhard Binder retired in November last after thirty-one years as a director. His wisdom, experience and keen interest have been a source of great strength ever since he joined us when we were newcomers to the City with assets of less than one million pounds. My father, Mr F. C. Scott, also decided to retire last autumn, having given me invaluable help during the three years since he handed over the chairmanship. He had completed fifty-six years with the Company and forty-four years as a director, during which time he held the offices, first of Secretary, then Managing Director, Chairman and latterly President.

I shall ask you to approve the election to the Board of Mr Harold Wincott and Mr J. O. Blair-Cunynghame, OBE. Mr Wincott is well known in financial circles and we have had the benefit of his advice for the past year. Mr Blair-Cunynghame will put at our disposal his wide experience acquired in the course of a distinguished career at Cambridge as well as in industry and commerce.

I have also to report that, as already announced in the press, Mr J. G. Henderson relinquished his appointment as General Manager on March 31, 1960, and leaves with every good wish for the future. He is succeeded by Mr W. H. Gee, who joined us in 1947, and has been Deputy General Manager since 1958.

The following table sets out the main features of this year's accounts, with the corresponding figures for 1958:

	1959	1958
	£	£
Premium income	9,214,737	8,705,334
Underwriting profit	99,097	−84,101
Percentage of profit	1·1	−1·0
Interest, dividends and rents	685,263	621,421
Sundry charges, less credits	113,169	166,604
Surplus before taxation	671,191	370,716
Taxation	307,044	180,721
Dividends (net)	282,049	246,938

Premium income increased by rather more than £500,000 and this takes account of the rigorous pruning of our Canadian business which will be further reduced in the coming year. This remedial action of our Canadian managers has contributed to rather better results in Canada, and I am glad to have this opportunity of thanking Independent Insurance Managers Limited for their loyal co-operation in carrying out a continuing task of great difficulty.

The home account, still the larger part of our business, produced a moderate profit in all departments. Overseas we were not so fortunate but the process of consolidation to which I referred last year goes on. Our large account in Southern Africa still gives us cause for concern, but progress has been made in Australia, Nigeria, the Far East and East Africa. We have made a satisfactory start in Ghana, where the Ghana General Insurance Company Limited was incorporated during the year in concert with the Ghana Insurance Company Limited. A relatively small account in Venezuela is, however, causing anxiety.

In a year of virtually stable prices, the increase in premiums is a real gain and, what is even more important in this context, expenses have been held at approximately last year's level.

FIRE DEPARTMENT

	Premiums	Underwriting profit	Percentage of premiums
1959	£1,569,711	£35,454	2·3
1958	£1,497,364	−£14,873	−1·0

Home fire losses in 1959, of which we had our share, have received considerable publicity. These disastrous fires, involving exceptionally large concentrations of value, are evidence of a trend which is causing anxiety to underwriters. Under stress of competition there appears to be a general lowering of the underwriting standards on which the reputation of the British insurance market was established. Symptoms of this are a tendency towards wider cover without adequate rate increases, failure to insist on higher standards of fire protection, and widespread under-insurance.

ACCIDENT DEPARTMENT (INCLUDING MOTOR)

	Premiums	Underwriting profit	Percentage of premiums
1959	£6,287,160	£63,643	1·0
1958	£5,907,673	−£69,228	−1·2

Nearly all sections shared in the advance of premiums to which the largest contributor is the home motor account. Here the cost per claim continues to creep upwards year by year, and in 1960 the rise will be the steeper because of the increase in legal charges now in force. If, in addition, the incidence of claims continues to rise, fresh losses on motor business must inevitably lead to further increases in premium rates.

MARINE DEPARTMENT (INCLUDING AVIATION)

	Premiums	Marine Fund	Percentage of premiums
1959	£1,357,866	£1,662,700	122
1958	£1,300,297	£1,636,117	126

There are grounds for believing that the hull account is now more soundly based than it has been for some years, but cargo underwriting, which has to meet considerable international competition, is causing anxiety. Premium income shows a small increase, due largely to the efforts made in the market to improve aviation rates, and to the introduction of high-valued jet aircraft.

In the consolidated balance sheet, where total assets are approximately £14 million, there are no significant alterations. Investments of about £10 million are shown at or under cost, and the capital appreciation of holdings of ordinary shares, which have a book value of over £3 million, adds to the financial strength of the Company. The fall in the proportion of freehold and leasehold properties reflects the sale of a property-owning subsidiary company.

I referred last year to an arrangement whereby our staff would be able to acquire ordinary shares of the Company on favourable terms. The scheme was received with enthusiasm, and in its first year has met with considerable success, 43,020 shares having been taken up.

Our gross interest earnings having increased to £685,263, the directors recommend a dividend of 2s. 1½d. on the ordinary shares, an increase of 3d., which, less income tax, amounts to £263,112.

In closing, I should like to express thanks, on behalf of the shareholders and directors, to staff at home and overseas for their loyalty and enthusiasm, to managers on whose energy and enterprise we depend, and finally to all friends, local directors, and agents, at home and overseas, for their support.

MELBOURNE AND GENERAL INVESTMENT TRUST LIMITED

SIR DENYS LOWSON'S REVIEW

At the Annual General Meeting of the Melbourne and General Investment Trust Limited held on May 4th at Estates House, Gresham Street, London, E.C., Sir Denys Lowson, Bart (the Chairman), who presided, said:

The gross revenue for the year to February 28, 1960, amounted to £80,069; thus showing an increase of 17.5 per cent over the total revenue of £68,138 for 1959. This revenue represents a further record in the history of the company, and we are not unhopeful that the results for the current year will show some further improvement.

The proposed final dividend on the Ordinary shares of 14 per cent, makes a total distribution for the year of 24 per cent and compares with 21 per cent for 1959. This distribution is paid out of net earnings on the Ordinary capital of 31.5 per cent and entails a priority distribution of 28.8 per cent—83.0 per cent out of the total net revenue for the year after all expenses.

From a capital angle we also have a satisfactory picture to present. The appreciation of the investments over book value amounted at February 28th last to 99.2 per cent, as compared with 44.00 per cent at the same date in 1959.

CARLTON AND UNITED BREWERIES

As shareholders are aware, we have a substantial investment in Carlton & United Breweries of Melbourne, which constitutes our only unquoted investment. This is one of the leading brewery companies in Australia; and through sound and enterprising management has shown notable progress for many years past. Notwithstanding the fact that they again made an increased distribution on their Ordinary shares, the total dividend only represented 43.95 per cent of the actual cash earnings of that company; and left no less than £A1,552,000 to be ploughed back into the business and on which increased earnings may reasonably be anticipated in the future.

Beer can rightly be described as one of the growth industries in Australia at the present time. During the last 20 years, the annual production has risen from 89 million gallons to 228 million gallons of beer, an increase of no less than 156 per cent. Furthermore, during that period the consumption of beer per head has increased by 79 per cent. Bearing in mind the probable further increase in the Australian population, the low rate of unemployment as well as the past record of Carlton & United

Breweries, I think we can continue to expect this company at least to maintain its rate of growth during the next few years.

AUSTRALIA'S REMARKABLE EXPANSION

The expansion of Australia as a whole over the last 20 years has been remarkable. The Gross National Product has increased from £A949 million in 1939 to £A6,197 million in 1959, and even if one makes allowances for the rise in the cost of living over that period and the fall in the purchasing power of money, the increase in real terms works out at approximately 118 per cent.

It may reasonably be anticipated that the population in Australia will double over the next 30 to 35 years; the current rate of increase being about 2½ per cent per annum. In spite of this achievement and the growth of its secondary industries, Australia has not yet reached the stage in her economic development where she can meet all her own capital requirements; so that the maintenance of the past rate of expansion must to some extent be dependent on further capital investment coming into Australia from overseas.

Apart from this investment, we have a well-spread general portfolio and your directors look forward with confidence to the future of this company.

The resolution for the adoption of the report and accounts was seconded by Sir Keith Officer and carried unanimously; and the proceedings closed with a hearty vote of thanks to the chairman, directors and staff.

CRUSADER INSURANCE COMPANY LIMITED

In his annual statement, the Chairman of the Crusader Insurance Company Limited, Mr Harvey Bowring, observes that in 1959, the Company's Diamond Jubilee Year, the overall net premium income showed an increase of £343,699 over 1958.

Since 1954 (when he became Chairman) the assets have doubled, from over £5 million to more than £10 million, new Life Sums Assured, other than Group, have increased 2½ times to £6,487,655, net Fire Premium income 2½ times to £245,315, and Sickness and Accident and Miscellaneous net Premium income from £556,389 to £905,322.

The yield on the assets of the Life Assurance Fund was £5 11s. 7d. per cent, £1 1s. 10d. per cent more than in 1954.

There are now over 1,100 Group Schemes in operation, and although the National Insurance Act, 1959, introduced a graded pension element, this innovation may well have an effect on Pension Scheme business similar to the impetus on Sickness and Accident Insurance provided by the National Health Service Act, 1948.

Overseas operations, particularly in Africa, have been a promising feature and there should be ample scope for development.

In referring to the future, the Chairman expresses the opinion that, in a free enterprise community, there is surely room for concerns of all sizes provided they are imbued with a spirit of initiative. The Company looks forward to growing bigger—but by its own efforts—with ever increasing opportunities for those who merit them.

In his conclusion, the Chairman says: The extent to which the future of the Company will depend on the staff is fully realised and I find it increasingly difficult adequately to pay tribute for the notable part they have played.

ABERDARE HOLDINGS LIMITED

The twenty-fourth ordinary general meeting of Aberdare Holdings Limited was held on May 10th in London, Sir John Pascoe (the chairman) presiding. In his circulated review, the Chairman, commenting on the financial results, said: We have now maintained our dividend at 17½ per cent, less tax, for six years, but clearly your Directors could not even contemplate an increase whilst the very low price levels obtain in the Cable Industry.

Aberdare Cables Limited.—Sales for the year were considerably lower than that for the previous year. Furthermore, very severe competition developed among the cable manufacturers with consequent lowering of the price level. Although there has been a slight improvement recently, the price level is still unremunerative.

South Wales Switchgear Limited.—Our turnover is still increasing with a very satisfactory amount for export.

Aberdare Engineering Limited.—The total contribution to the profits of the Group fell, but not to any very serious extent.

Treforest Electrical Services Limited.—Although your Company held a considerable interest, control was only obtained shortly before the end of the year, and we have since made an offer for all the Minority Shares. We anticipate the extension and expansion of this business.

South Wales Electric (Pty) Limited and Aberdare Electric Africa Limited.—These wholly owned Subsidiary Companies will, we expect, render increasing assistance to South Wales Switchgear Limited and to the profit of the Holding Company in future years. The report was adopted.

HEVEA INVESTMENT COMPANY

The annual general meeting of the Hevea Investment Company Limited was held on May 5th in London, Mr C. C. Loveday (the Chairman) presiding.

The following is the chairman's statement to members circulated with the report and accounts for the year ended December 31, 1959.

I am pleased to report that the profit of the Company for the year under review after providing for all expenses amounts to £22,716, as against £13,851 for the previous year. This result may be considered satisfactory, bearing in mind that the new money raised by the rights issue was only available during the last few months of the year, but we must remember that the broadening of our interests by the purchase of shares in Industrial undertakings must result in an initially lower yield than was previously received from our holdings in Rubber Companies.

An interim dividend of 10 per cent less tax was paid in June, and it is now recommended that a final dividend of 12½ per cent less tax be paid on the increased capital of £66,000.

Your Directors propose that £6,600 of our reserves be capitalised by the issue to Members of one new share for every 10 held at the close of business on May 4, 1960, and we feel confident that for the current year we shall at least be able to maintain our present rate of dividend (22½ per cent) on the Capital as increased by this issue.

You will also be asked to sanction the increase of our Authorised Capital to £400,000 to enable us to carry on our expansion policy as opportunities offer.

GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION LIMITED

The seventy-fourth Annual General Meeting will be held on May 25th at Perth. The following is an extract from the circulated address of the Chairman, Sir Stanley Norie-Miller, Bt, MC, DL, JP:—

The Group again showed considerable expansion though the rate of progress was not quite so marked as in 1958. Income from all sources advanced by over £7,000,000 to reach a total of £78,733,610.

Trading was more profitable and the revenue balance for the year was the record one of £3,201,720 — compared with £1,891,991 in the previous year. Adding the amount brought forward there is available for appropriation the sum of £4,380,504.

Allocations totalling £950,000 have been made to Departmental Funds and £500,000 to General Reserve. It has been decided to dispense with the Contingency Reserve, transferring the amount of £500,000 therein to General Reserve, which is consequently increased by £1,000,000 to £4,000,000.

Your Directors recommend a Final Dividend of 1s. 6d. per unit on the increased capital, namely £5,400,000 of Ordinary Stock. If the recommendation is approved the net cost of dividends on the Preference and Ordinary Stock after deduction of tax will amount to £1,413,344. Net interest earnings and dividends on investments for the year amounted to £2,325,577.

The total new sums assured of £23,179,734 represented the combined business of The General Life Assurance Company and The English Insurance Company Limited. Premium income—new and renewal—in the Life Account was £4,487,946, an increase of £714,934, while Consideration for Annuities granted amounted to £831,203 compared with £133,339 the previous year. The ratio of Expenses and Commission at 12.31 per cent showed a further improvement, being 1.95 per cent lower than in 1958.

The problems inseparable from our substantial portfolio of Motor business show little sign of abatement. Accident frequency continues to increase and the average cost of each claim rises steadily. The maintenance of a high standard of underwriting based on many years of experience, coupled with economy in working expenses, has served to ameliorate the situation, but the Motor Account is still unprofitable. Fortunately other classes of Accident and General business continue to yield a satisfactory profit, and this was especially true of the 1959 results.

In the decade just ended we handled no less than £419,000,000 of Accident and General premium income and on it we earned a profit of no more than 1.67 per cent.

Once again our Fire Account demonstrated its superlative quality and produced the highest profit we have ever recorded.

SELANGOR RIVER RUBBER ESTATES

The twenty-eighth annual general meeting of Selangor River Rubber Estates, Limited was held on May 11th in London, Mr G. D. Wreford-Brown, OBE (the Chairman), presiding.

The following is an extract from his circulated statement:

I am very pleased that, in my first year of office as Chairman, we are able to recommend a Final Dividend of 17½ per cent, less tax, making the total distribution 30 per cent. This equals the best ever distribution for 1957 but, in that year, you may remember, the dividend contained an element of once for all from taxation relief arising out of transmission of the Company to the status of an Overseas Trade Corporation. The profit for 1959, in fact, was our highest ever; our crop was up by 171,000 lbs., our net sale price improved by 5¾d. per lb. and, despite substantial increases in production costs and export duty, our profit from Estate operations came out better at £60,642 as against £38,432 for 1958. Our investment income, too, was up by £7,898, thanks to a 60 per cent distribution by our Subsidiary Company as against 40 per cent for 1958. The improvement in the market price of rubber, of course, is primarily responsible and, I am glad to say, continues to maintain its improvement.

We have sold a small part of next year's crop up to June at 32d. per lb. cif, a happy augury for the near future. But, what must be far more gratifying to Shareholders, is the resurgence of interest in the rubber share market and the consequent improvement in the value of their holdings. The report was adopted.

LONDON AND RHODESIAN MINING AND LAND COMPANY

The Fifty-first Annual General Meeting of the Company was held on May 4th in London. In the absence of the chairman, Brigadier S. K. Thorburn, due to indisposition, Mr A. H. Ball, the Managing Director, read the Chairman's statement, from which the following are extracts:

The accounts cover a fifteen-month period following upon our decision to change the Company's financial year-end from June 30th to September 30th.

Total net revenues at £181,536 compare very favourably with the total for the twelve months ended June 30, 1958, of £128,000.

The profit before taxation at £124,973 was over 50 per cent higher than in the previous twelve months and of this amount taxation absorbed £40,855. The net profit amounted to £82,372 (as compared with £43,397).

In view of the necessity to maintain the group's liquid resources, the Board has been conservative in providing for a total dividend of 7½ per cent less tax, absorbing £45,938 (as against 5 per cent absorbing £28,750 in the previous year).

The Consolidated Balance Sheet discloses what I regard as a strong position.

Looking towards the future of your Company, the figures that I hope to put before you in a year's time should be satisfactory and the profits at least as good as for 1959.

The report and accounts were adopted.

THE MANGANESE BRONZE AND BRASS COMPANY

REDUCED VOLUME OF MARINE WORK

EXPANSION OF OTHER INTERESTS

MR J. C. COLQUHOUN ON SCOPE FOR CONSIDERABLE IMPROVEMENT

The sixty-first ordinary annual general meeting of The Manganese Bronze and Brass Company Limited was held on May 10th at 2 London Wall Buildings, London, E.C.2, Mr J. C. Colquhoun, MBE (the chairman), presiding.

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

In my Statement a year ago I mentioned that some reduction in the volume of work must be expected in 1959. That has been so as regards the products which we sell to shipyards at home and abroad, including propellers. In other directions, however, sales have increased, although not sufficiently in the year under review to offset the drop in earnings on marine products. Consequently, for the first time for six years I am unable to report that earnings have risen to a new record level. The reduction in taxation and the increase in capital allowances introduced in the 1959 Budget, however, makes it possible to repeat the same gross rate of dividend distributions as in the previous year and still show an increase in the surplus for the year after making all provisions for taxation and dividends.

The Group Accounts for the year ended December 31, 1959, show a profit before taxation of £610,225 (against £673,722 for the year 1958). This was after charging for depreciation £125,965 (£111,688). Provision for taxation requires £266,097 (£344,904) leaving a net profit for the year of £344,128 (£328,818).

Your Directors recommend that a final dividend for the year of 8d. per share be paid on the Ordinary Shares, making 1s. 0½d. per share for the year (same). If approved the surplus remaining will amount to £200,382 (£193,873).

NEW ACQUISITION

As announced on September 30th last, we have still further widened our range of products by the acquisition, for cash, of Redro Limited and its subsidiaries, Deans & Son (Yorkshire) Limited and Beverley Fibre Glass Limited, all situated at Beverley, Yorkshire. This Group specialises in manually- and power-operated doors and door systems, seats and aluminium castings, fittings and fixtures for road and rail passenger transport vehicles.

WORKS REPORTS

Birkenhead Works.—The output of marine propellers from your Birkenhead Works was somewhat lower than the record figure achieved in 1958 and reflects the diminishing activity in shipbuilding.

The performance required from marine propellers continues to become more exacting. This has resulted in a greater proportion being produced in NIKALIUM than in any previous period. The trend of development by our design staff has been in the direction of more complex designs and more complicated blade sections and calling for still greater accuracy in manufacture. For the time being, at any rate, this has led to increased production problems and costs.

The design and manufacture of propellers for major passenger liners has long been a feature of our work and during the year we supplied propellers for the "ORIANA" and "WINDSOR CASTLE," due to go into service in 1960, and towards the end of the year working propellers for the new P. & O. liner "CANBERRA," all of which are SCIMITAR/NIKALIUM propellers.

The controllable pitch propeller supplied during the previous year has proved extremely successful for deep sea trawling and additional equipment of this nature will be supplied at an early date.

Although there was a substantial reduction in our commitment for propellers by the end of the year, it is still at a high figure and a full casting programme is already available for 1960.

Handford Works.—The first of the modifications to the extruding plant at Handford Works has been completed and thanks to the use of a new process it has been possible to substantially increase the size of billet that can be extruded on existing plant.

During 1960 a second scheme will be introduced to increase our production of wrought metals.

Sales increased steadily throughout the year, and whereas in my previous report I had to advise a substantial reduction in the order book, I am now pleased to state that the forward position is satisfactory.

Elton Park Works.—Tests on new types of presses proved them to be faster and more efficient than existing equipment and further orders have been placed in order to expand our production.

STEVEN & STRUTHERS LIMITED, GLASGOW

Considerable improvements and modifications have been carried out at the Works and during the year the assembly of aluminium cab ends for diesel locomotives was undertaken on behalf of Lightalloys Limited, but it was not until towards the end of the year that a final decision was made as to further expansion and shops are now being prepared for the production of special marine products and for the manufacture of rigid foam doors that are at present made at Willesden.

CAPLIN ENGINEERING COMPANY, LIMITED

During the year the plant was transferred to the Willesden factory of Lightalloys Limited, and the Caplin site sold.

There has been considerable interest in the quartz cutting and lapping machines and many orders have been obtained, not only at home but in Europe and America, with the result that the sales for the year are very satisfactory and there is a substantial order book for the future.

It is proposed to erect shops on our Elton Park site at Ipswich for the transfer of the whole of the plant during 1960.

LIGHTALLOYS LIMITED

The Works, which depend markedly upon the British Railways programme were affected by the delays in the Modernisation Scheme earlier in the year, but with the placing of the contracts rapid progress was made and sales more than maintained. The development of rigid foam products and the making of doors for marine purposes progressed and finally resulted in a substantial order for doors to be installed in the "Canberra" and "Oriana."

Orders for aluminium castings continued at a high level but prices for this work are extremely keen.

DEANS & SON (YORKSHIRE) LIMITED

With the purchase of the Beverley Group of Companies at the end of September, attention had to be turned to the transfer of production to that site and this has called for considerable thought and co-operation between the respective executives, whilst at the same time the sales and production programmes have to be carefully synchronised to minimise the loss of output during the transfer period.

In regard to the future, plans have been completed and work started on a considerable extension to the factory at Beverley. When completed it is our intention to transfer a large part of the production of Lightalloys Limited to Beverley with the economic advantage of having one large unit for similar products. Other products will be transferred to Glasgow and Ipswich, so that the Willesden site of Lightalloys Limited can be sold. Lightalloys Limited will continue to trade under that name with sales and design offices in London.

GENERAL

The outlook for our marine products of course depends on shipbuilding prospects which, to quote from the information office of The British Shipbuilding Conference, cannot be said to be measurably brighter, even with the improvement in new work placed in December. The Company's interests in other products have been extended in the past three years and here there is scope for considerable improvement although we do not expect to get the full advantage in 1960.

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

THE PYRENE COMPANY

NET PROFIT UP

CAR BUMPER PROJECT

MR FRANCIS A. J. HARRISON'S STATEMENT

The forty-sixth Annual General Meeting of The Pyrene Company Limited will be held on May 31st in London.

The following is an extract from the statement by the Chairman and Managing Director, Mr Francis A. J. Harrison, circulated with the report and accounts for the year ended December 31, 1959:

The Group profit of £381,976 after tax is £13,567 higher than the record established in 1958. Without the exceptional expenditure necessarily incurred in the launching of the "Pyrene" Home Fire Extinguisher, the Group profit, before tax, would have been slightly higher than that of 1958. The directors recommend a final ordinary dividend of 16¼ per cent, less tax, making a total dividend for the year of 27½ per cent.

Due to the irregular receipt of airfield crash truck contracts, the overall sales of the Parent Company did not quite reach the 1958 record, the difference being 1.6 per cent. General Sales Division sales, which do not include vehicles, were in fact up by over 10 per cent.

This includes, of course, sales of the "Pyrene" Home Fire Extinguisher. The cost of launching it was not recoverable in the first year. Having launched it, however, steady sales continue. Meanwhile, overseas sales are being developed.

The Motor Car Bumper Division's sales achieved a gain of nearly 10 per cent, but the margin of profit was not maintained, due chiefly to the introduction of new models and of methods to improve corrosion resistant finishes. The Metal Finishing Division scored an all-time record with an increase in sales of 18 per cent.

The total value of orders outstanding at the end of 1959 was some 12 per cent higher than at December, 1958.

The combined direct and indirect exports of the Parent Company amounted to 48 per cent of the year's total turnover. With the exception of crash trucks the value of direct exports was again higher.

LOOKING FORWARD

Operating profit of the Parent Company for the first quarter of 1960 is comparable with that of the first three months of 1959, and the rate of incoming orders is being well maintained.

The main new development derives from the increased number of bumpers that will be required to keep pace with the growth of our Motor Car Manufacturer customers' production.

To achieve the required output we have planned large plant developments in two main stages involving investment, including working capital of a sum approaching £1 million during the period up to the end of 1962.

Negotiations with one of the Ministries for the lease or purchase of a factory in South Wales are already at an advanced stage. This factory, complete with canteen and other services, has a floor space of some 90,000 square feet. Plant to the value of £362,000 has been sanctioned for production there. The delivery and installation of this plant will complete phase one of the project. We expect to employ some 300 people at this factory.

To deal with more immediate increase in production, auxiliary finishing plant is being extended at another site and the new "flow" line layout at Great West Road will be completed by August next.

It will be realised that the outlook, particularly in Bumper production, is one of expansion but the expense necessarily incurred, in order to achieve it, is likely to retard profits of the Division during the current year.

APPOINTMENTS

REPUBLIC OF THE SUDAN

Applications are invited from those suitably qualified to fill vacancies in the Khartoum Technical Institute, Ministry of Education, Sudan, as Senior Lecturers and Lecturers in Accountancy. Candidates should be professionally qualified Accountants and should hold the A.C.C.A. Teaching experience in a similar appointment will be an advantage. Minimum age 25 years.

DUTIES:

Those appointed will be required to prepare students for the Intermediate Examination of the Association of Chartered and Corporate Accountants.

TERMS OF SERVICE:

Appointment will be on contract, with bonus, for a period of up to five years. Salary scale ranges from £S.1,075 to £S.1,975 for Senior Lecturers and £S.1,075 to £S.1,675 for Lecturers. Point of entry into scale will be determined according to age qualifications and experience. A cost of living allowance, which is reviewed every two months, is payable. An outfit allowance of £S.50 is payable on appointment.

Full particulars and application forms are available from the Appointments Section, Sudan Embassy, 3 Cleveland Row, St. James's, London, S.W.1. When applying, please quote reference 4/1027.

Closing date June 30, 1960.

For further appointments and other classified advertisements see pages 648, 708, 709, 710 and 711

UNIVERSITY OF EDINBURGH

LECTURESHIP IN THE DEPARTMENT OF ACCOUNTING AND BUSINESS METHOD

Applications are invited for the post of Lecturer in the Department of Accounting and Business Method. A practical knowledge of costing and management is desirable. Salary scale, £900 by £50 to £1,100; Bar; £1,150 by £50 to £1,350 by £75 to £1,650 per annum, with placement according to qualifications and experience, and with superannuation benefit and family allowance where applicable.

The successful candidate will be expected to take up duty on October 1, 1960.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than June 4, 1960.

CHARLES H. STEWART,
Secretary to the University.

BUSINESS AND PERSONAL

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"WHICH?" The May issue, out now, includes reports on TV sets, baldness treatments and trading stamps. "Which?" is factual and independent, published monthly by the Consumers' Association. "Which?" is available on annual subscription only £1 to Box C. 333 High Holborn, London, W.C.1.

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THE CUNARD STEAM-SHIP COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Eighty-third Annual General Meeting of The Cunard Steam-Ship Company Limited will be held in Cunard Building (Fifth Floor), Pier Head, Liverpool, on Wednesday, June 1, 1960, at 11 a.m.

(1) To receive and consider the Statement of Accounts for the year ended December 31, 1959, with the Reports of the Directors and Auditors.
(2) To sanction the declaration of dividend for the year 1959.
(3) To elect Directors in place of those retiring but who, being eligible, offer themselves for re-election.
(4) To fix the remuneration of the Auditors.

By Order of the Board,
H. M. GOULDEN,
Secretary.

Offices: Cunard Building, Liverpool.
May 7, 1960.

Note to Members. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member.

COMPANY AFFAIRS

Boots Pure Drug

THE shares of Boots Pure Drug have often been ranked in the vigorous growth category of Marks and Spencer, and this rating is well justified by the results to March 31st. Group profits before tax soared by over 50 per cent from £4,997,839 to £7,560,697 and the ordinary dividend is set at 21 per cent, against 16 per cent last year and the market's expectation of 18 per cent. Moreover, the increased dividend is still almost twice covered.

The results certainly bear out the brave forecast made by the chairman last July, when he expressed considerable optimism about the company's prospects. It is clear however that Boots does not intend to rest content. The company is spending some £15 million in the next five years in refitting and rebuilding many of its 1,300 shops to double the total sales area of its shops within ten years. So, even on this excellent dividend, the 5s. ordinary units at 33s. 3d. still yield only 3.1 per cent, which presumes further benefits to come.

Sears Holdings

WHILE Watney Mann makes its second takeover bid within a week, Mr Charles Clore, the chairman of Sears Holdings, refers in his statement with the full accounts to its own abortive bid for Watney Mann last May. The bid of 60s. was certainly a shrewd one, as is proved by Watney's present trading position, but Mr Clore says that when the shares shot up by 50 per cent to 75s. he did not consider it right to raise the bid to a figure not justified by the asset backing. (It may be noted that the shares now stand at 82s., ex the hired-off property company whose shares stand at 108.)

Mr Clore is still intent on adding to Sears' interests but he repeats that he does not intend to pay prices that discount the future too fully. There was further expansion in the group last year with the acquisition of the minority holdings in Scottish Motor Traction as well as the purchase of Mappin and Webb and Garrard the jewellers for some £4 million. In typical fashion, however, the cost of this investment has been almost halved by the sale of certain properties and small businesses in the Mappin and Webb group. Nevertheless the group's liquid assets have fallen from £8 million to £5½ million largely as a result of the increase in working capital from £22 million to £27 million.

The table shows that the new acquisitions have played a small part in total profits; but the other businesses in the group continued to expand so that net profits rose from £3,323,773 to £4,228,404. The ordinary dividend was maintained at 25 per cent on the capital as increased by a one-for-four scrip issue—an effective increase of 5 per cent. A further one-for-four scrip issue is now proposed, after which it is hoped at least to maintain the present rate of dividend.

Sales of the British Shoe Corporation, which contributed 50 per cent of Sears' total profits, again reached a new peak and trading profits advanced by 38 per cent. Mr Clore expects a further increase in profits from this group in the current year.

Gross profits:—	1958 £	1959 £
British Shoe Corporation...	3,208,000	4,436,000
Engineering	3,672,000	3,790,000
Motor distribution.....	244,000	410,000
Mappin and Webb Group...	...	260,000
Total	7,124,000	8,896,000

In the engineering section profits showed only a small increase and its proportion of profits fell from 52 per cent to 42 per cent. Bentley Engineering achieved record sales and record profits from the sales of knitting machinery and with its order book fuller than ever before Mr Clore forecasts still better results in 1960. The Furness group received no orders for new ships, but shipbuilding contributes a small proportion to total profits and Mr Clore would expect earnings from the engineering section to continue to rise even if there were no profits from shipbuilding.

During the year it is proposed to reorganise the many subsidiaries into the four sections indicated in the table with a self-contained subsidiary holding company in each section. Shareholders in Sears will not be affected by this change but Mr Clore believes that they will benefit from the improved co-ordination which will result. At 31s. 3d. the 5s. "A" shares yield 4.8 per cent on the indicated dividend, equivalent to 30 per cent on the present capital.

High Hopes for Breweries

THE lull in brewery take overs has been short lived. **Watney Mann,** with its acquisition of Phipps Northampton scarcely completed, has started talks with Wilson and Walker Breweries of Manchester on an amalgamation of the companies and has made a share exchange offer worth just over £3¾ million for Ushers Wiltshire Brewery, with which it made a mutual trading agreement last July. For every £100 stock in Ushers, Watney Mann offers 87 of its £1 ordinary shares and for each 6 per cent preference one new 6¾ per cent preference share. With Watney at 82s. the offer is worth 71s. 4½d., while Ushers now stand at 69s. 3d. compared with a price of 67s. before the bid.

For Watney the main attraction is that it will be able to use Ushers' spare brewing capacity at Trowbridge to meet its own heavy demand in the west country. The great attraction for Watney shareholders is the indication of sharply increased profits and the possibility of a good increase in income. Mr Simon Combe, the chairman, reveals that in the six months to the end of March the group's trading profits (excluding those of Phipps) rose by over 50 per cent, mainly as a result of the strong demand for its beers. Thus the interim dividend, which had been forecast at 5 per cent when the Phipps offer was made, is now stepped up to 6 per cent against an equivalent 3¾ per cent. Despite this increase the directors will not commit themselves beyond the forecast of a total distribution of 17 per cent already indicated. Even a normal English summer, however, ought to produce a higher total payment. On this conservative basis the £1 shares at 82s. yield just under 4¼ per cent.

If the offers are accepted, as is strongly recommended by the directors of Ushers, Watney Mann will become the largest brewing group in the country with over 5,500 houses (which will be increased by another 1,000 houses if terms are agreed with Wilson and Walker) compared with the 5,360 owned by **Ind Coope.** The latter has also announced an increase in its interim dividend, from 4 per cent to 5 per cent. For the year to August 31st, 1959, a total of 15½ per cent was paid and on this basis the 5s. shares at 19s. 6d. xd yield almost 4 per cent.

For **Whitbread** shareholders the 1959 results were a great disappointment; despite 2d off the pint and a glorious summer, group profits fell and the ordinary dividend was unchanged. While they await the full report and some explanation for the poor results, shareholders may be more pleased by the prospect of participating in a brewery investment trust, Whitbread Investment, which is to buy almost all of Whitbread's trade investments, and whose shares are to be offered on a rights basis to "A" and "B" stockholders of Whitbread. The scheme would be subject to the approval of the holders of the £1 million of 5¼ per cent debentures in the trust, for which there is already a stock exchange quotation.

The cash value of Whitbread's trade investments, which stem mainly from the many trade agreements made with other breweries, was £2,211,221 at the end of 1958. Of this £1,425,000 represented the holdings of the investment company, which was set up in 1956. At the end of last year, the trust's holdings totalled £1,533,000 with a book value of £3,330,000. Thus the actual amount of investments involved in the present scheme is the parent's own holding of £786,806 at the end of 1958 and further shares which have been acquired subsequently through trading agreements with such breweries as Flowers, Brickwoods and Bentleys.

Marks and Spencer

IN a year of very good results from department and multiple stores, Marks and Spencer's figures stand out so prominently as to give some justification for the yield basis in past months of just over 2 per cent on the shares. After further price cuts, the company has substantially increased its sales, its profits and, most significant of all, its profit margins. In the 53 weeks to March 31st sales rose by £14 million to £148 million, an increase of 10.4 per cent or 8½ per cent allowing for the extra week. Gross profits jumped from £17,053,107 to £20,116,229 and the margin of profit increased from 12.7 per cent to 13.6 per cent. Shareholders participate fully in these excellent results with an ordinary dividend of 40 per cent against an equivalent payment of 31¼ per cent, and the non-voting 5s. "A" units now yield just under 3 per cent at 72s. 3d.

From this year's profits, tax takes £8,725,000 against £7,350,000 and depreciation, repairs and maintenance take £2,309,974 against £1,994,392, so that net profits have risen from £7,708,715 to £9,081,255. The higher dividend absorbs £5,319,626 and is covered about 1¾ times. The major increase in sales occurred in the latter six months of the year to March 31st, including the prosperous Christmas period; but business has been very good since then, and investors can probably look for a further dividend increase in the current year, as they have without disappointment for some years past.

Guest, Keen and Nettlefolds

IN his statement last year Mr K. S. Peacock, the chairman of Guest, Keen and Nettlefolds, pointed out that the trading results for 1959 might show some decline unless there was some marked improvement in general conditions. After an improvement in the latter part of the year to January 2nd, trading profits of the GKN group in fact rose impressively by 9 per cent from £31,019,363 to £33,848,726. A fall in investment income was more than offset by a further drop in interest disbursements and with tax almost unchanged at £12,775,769 because of a substantial investment allowance relief of £822,757, net profits showed a smart rise from £11,243,342 to £13,012,074.

The ordinary dividend has been raised from 13 per cent to 15 per cent and is covered 3¾ times by earnings. Big profit retentions are still needed, not least for the £6½ million expansion programme in South Wales, which is to raise GKN's production of iron and steel there by one-third. This is to be financed from retained profits, but with a cash flow for 1959 of £17.2 million Guest, Keen and Nettlefolds should have little worry on that score. At 84s. 3d. xd the £1 units yield 3½ per cent.

Paper Prospers

"Expanding range of production at UK mills"
"A year of outstanding progress in packaging"
"Bridgehead in the European common market"
"Increasing productivity at Bowater's Canada mills"
"Tennessee mills in top gear"

IF it is true that only a small percentage of shareholders read their annual reports, even the most indifferent shareholder in **Bowater Paper** can flick through the 66 pages of the 1959 report and pick up these five headings, gaining a good impression of the company's performance and of its major activities. Further exploration will reveal that in a year which ended with all Bowater mills working at full capacity, trading profits advanced from £18.1 million to £20.1 million, while sales rose by £10 million to a new peak of £117 million. The record level of profits of the North American subsidiaries, which account for some 70 per cent of Bowater's total sales, had much to do with this increase. The North American corporation received a maiden dividend from Bowater Southern Tennessee during 1959, in which its fourth newsprint machine was fully used.

Sir Eric Bowater reports further expansion in the field of packaging products. With the growing trend towards self service both in shops and by vending machines, the demand for all forms of protective wrappings and cartons has soared, and

	1958 (£'000s)	1959 (£'000s)
Consolidated earnings :—		
Trading profit	18,145	20,070
Depreciation	5,247	6,260
Loan interest (subsidiaries)	1,696	2,230
Minority interest	1,119	930
Tax	4,258	4,595
Net Profit	5,825	6,055
Loan interest (parent)	732	629
Ordinary dividend	1,460	2,324
Ordinary dividend (per cent)	12½	*15*
Retained earnings	3,399	2,857
Consolid. balance sheet :—		
Net fixed assets	136,080	143,488
Stocks	26,458	25,080
Debtors	14,259	16,832
Liquid assets	8,871	8,302
Net current assets	23,780	25,329
Loan capital	70,750	67,942
Reserves	43,219	51,554
Ordinary capital	19,500	23,115

extra capacity is being installed in various parts of Britain, though with the growth in demand has come fierce competition and lower profit margins. Bowater-Eburite, however, in which the Bowater group's packaging interests are concentrated, increased its profits from £1,672,000 to £1,850,000. With the acquisition of the large minority holdings in Bowater-Eburite earlier this year, this company will shortly become a wholly owned subsidiary.

In the packaging field, Bowater Paper set up last year as an active manufacturer of these products in Belgium, France and Italy, where demand for modern methods of packaging and pre-packaging is not yet as high as in this country and the United States. These developments, together with others in Belgium and Italy for the production and marketing of household tissue products, may be no more than a beginning to Bowater's European story, in Sir Eric's view.

The balance sheet shows an increase of £5 million to £137½ million in net fixed assets, a much smaller rise than in past years. Depreciation claimed an additional £1 million of Bowater's available profits at £6.3 million—more than 30 per cent of the trading surplus. Following the conversion last July of £8.5 million of the 5¾ per cent loan stock, loan capital is down to £67.9 million. The further opportunity of conversion this year gives stockholders who subscribed to the original issue an equivalent conversion price of 50s per share compared with the present price of 66s. 1½d., though this is still some 12s. below the 1960 peak. The £1 shares yield 4½ per cent on the increased dividend of 15 per cent, on which shareholders are already looking for a further advance this year in view of the proposed one for five scrip issue. The directors consider prospects more favourable than in recent years.

The results of **Wiggins Teape** seem to bear out an optimistic view. The directors gave a forecast of appreciably higher profits when the rights issue was made last December, and consolidated trading profits in fact rose from £3,346,589 to £4,475,485 of which the larger part (£2,488,069) came in the improving second half of the year. These profits include only some £232,337 from the various companies acquired during the year. The profits of British Waxed Wrappings (taken over from Spicers a year ago) and two other subsidiaries were not included, but amounted, before tax, to £345,362. With results so well up to expectations, the dividend is set at 18½ per cent against a forecast 17½ per cent. In addition the directors propose to make a 50 per cent scrip issue. Shareholders will infer from this the prospect of a further increase in dividend; profits in the current year are running substantially higher than a year ago.

For shareholders in **John Dickinson**, the paper makers, there is the prospect of a large capital repayment. At December 31st, liquid assets had reached £12,588,795 against capital commitments of some £3½ million, to increase the group's capacity by 25 per cent. This development programme which, the chairman suggests, is largely to meet the challenge of the Outer Seven free trade area, will be financed from the group's gilt-edged holdings, which totalled £2,523,905 at the end of December and from retained profits. Of the remainder, largely Treasury bills, £5,417,264 will be absorbed in the repayment of the debenture and preference stocks and of 12s 6d on each £1 unit. A scrip issue will restore these to £1 units, on which it is hoped to maintain the dividend at 20 per cent.

Schweppes

THE report of Schweppes and the statement of the chairman, Mr R. Hanning Philipps, shows a substantial increase of 50 per cent in trading profits last year, to which the newly acquired jam interests in Chivers, Hartley and Moorhouse contributed only £50,187 of post acquisition net profits to the group total of £2,038,743. Profits from jam will show an appreciable advance in a full year, but they will be ploughed back for long term development and will not be available for distribution by the parent company.

Schweppes will be relying on its soft drinks interests for any further advance in profits in the current year. In 1959 results were helped by the exceptional summer and by last year's low prices for fruit and sugar. Raw material prices have already risen this year and such a fine summer would be surprising. The main trade of Schweppes is in "mixer drinks," however, for which the demand is fairly stable throughout the year. In the first quarter of the current year, sales of mineral waters were 18 per cent higher than a year ago but sales of fruit squashes have so far been less buoyant. While the chairman feels that it will be a struggle to equal the record profits of 1959, he sees no reason why Schweppes should not come near to doing so. On this statement the 5s. shares gained 1s. 1½d. to 30s. 1½d. to yield 3¾ per cent.

Rolls-Royce

FEW shares recently have been marked up sharply on the publication of their results, however good. But on news of the 1959 results Rolls-Royce £1 shares put on 1s. 9d. to 43s. 9d. to yield 4.6 per cent on an unchanged dividend of 10 per cent. No one had hoped for an increased payment and the interim statement last October had indicated a fall in sales; in fact they were slightly up at £97½ million.

Although depreciation takes an extra £278,000, research and development expenditure is down from £5,836,724 to £5,660,333. Profits before tax, which have been adjusted for a new method of stock valuation, are some 2 per cent higher at £4,876,469. After a lower tax charge net profits are 18 per cent higher at £2,634,854 and the 10 per cent dividend is covered 2.2 times. Despite the improved results the profit margin before tax is still no higher than 5 per cent, reflecting the enormous burden of research and development expenditure which Rolls-Royce must carry to maintain its dominant position.

Burmah Oil

BURMAH OIL, like BP and Shell was forced to operate on shorter margins in 1959 so that higher sales brought only a fractional increase in trading profits from £6,778,505 to £6,880,434. Turnover rose in India by 8 per cent and in Pakistan by 9 per cent. More settled conditions in Burma were responsible for a rise of 11 per cent in sales there. Agreements recently negotiated with the Indian and Pakistan governments seem likely to lead to a further shaving of margins, but any fall in trading profits should be offset by a further increase in Burmah Oil's investment income, which last year rose from £10.9 million to £12.7 million; the higher final dividends from both BP and Shell come into Burmah Oil's account this year.

Mr W. E. Eadie, the chairman, indicates that the amount which Burmah Oil will have to provide towards the cost of a new pipe line is likely to be substantially less than the £20 million which had been agreed with the Indian government. The government has now arranged to build a tube factory which is expected to make a large part of the pipe for the second stage of the line linking the oilfields of Oil India Private to the government refineries. Burmah's own capital requirements of £4 million this year should not present much difficulty, for last year's cash flow came close to that figure, while cash and investments totalled £13½ million. At 46s. the £1 shares yield 6¼ per cent.

Hambros Bank

AFTER keeping the ordinary dividend at 20 per cent for the last three years, the directors of Hambros Bank have now raised it to 22½ per cent. A rights issue is also to be made (as on the last occasion when the dividend was increased) of one new £1 share at 80s. per share for every five £1 shares or every two £10 shares (£2 10s. paid), to raise in all £2 million. This increase in capital is designed to march with the increased business now being undertaken by Hambros. Mr R. Olaf Hambro, the chairman, describes the year to March 31st last as active and successful.

Deposits rose by £7½ million to £73¼ million and acceptances from £21.6 million to £27.1 million—this largely reflecting the introduction of its Scandinavian service at the time of the signing of the "Outer Seven" treaty. The main business of the bank is in that area; but the group's agency in the United States for the sale of BMC cars had a record year with sales of over £30 million, and this no doubt played its part in the increase in the bank's disclosed profits from £513,602 to £564,890.

The other major change in the balance sheet stems from the public issue of shares in Hambros Investment Trust, made to Hambros Bank shareholders last November. The bank then retained a 50 per cent interest in the Trust (with members of the Hambro family holding a further 17 per cent), and this now ranks as a trade investment rather than as a subsidiary company. The trust holds 50,000 of the bank's partly paid £10 shares and is expected to exercise its rights to the new shares. On an "ex all" basis the £10 shares £2 10s. paid yield just under 5 per cent and the £1 shares 4½ per cent.

W. H. Smith

AS expected, W. H. Smith was hit hard by last summer's printing strike and Mr D. J. Smith, the chairman, estimates the total cost to the company at about £200,000. Nevertheless the trading profits for the ten months to the end of January of £1,795,763 against £2,279,199 for the previous twelve months are not up to best expectations and Mr Smith points to the burden of rising costs, and increased competition. This underlines the importance of the £3 million programme of modernisation and expansion of the business, as well as the new schemes for staff training. In this connection capital commitments outstanding at the end of January amounted to £476,000, but the latest balance sheet shows that the company is well able to meet the demands of this programme, for its net liquid assets then amounted to £3.9 million.

Meanwhile the chairman seems quietly confident for the current year; the recent development of introducing gramophone record departments to certain stores continues to meet with success and a few stores are now selling cameras. At 58s. 3d. the ordinary shares yield 4 per cent on a 12 per cent dividend. For the ten month period, resulting from the change in the company's financial year, an actual dividend of 10 per cent was paid.

Rhodesian Selection Trust

THE risks facing investors in the Rhodesian copper companies are starkly illustrated by present events. Output is high, so are copper prices, and profits and dividends are up. Yet current yields are also high, with Roan Antelope, to take one example, offering a return of 7½ per cent. The market is affected by three uncertainties, not all operating in the same direction. Left to itself, world production of copper is likely to exceed consumption this year; hence prices are expected to fall. In fact a small part of Chilean output has recently been shut down by a stoppage that could spread to the other mines. And now, following the riots in South Africa that at once depressed Rhodesian copper shares, come the disorders in some copperbelt towns this week. Production may not be affected, but the market is understandably nervous. Potential buyers must look at the recent impressive statements of the Rhodesian Selection Trust group against this backcloth.

In the third quarter ended March, Roan Antelope produced and sold about as much copper as in the previous quarter, costs were a little higher at £162 a ton, and estimated profits before tax went up by 22 per cent, from £1,564,000 to £1,911,000. Comparing the first nine months of 1959-60 with 1958-59 (when production at all mines suffered

Company Affairs *continued on page 702.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 4, 1960	Price, May 11, 1960	Net Yield, May 11, 1960 £ s. d.	Gross Yield, May 11, 1960 £ s. d.
98 17/32	97 3/4	Funding 2½% 1956–61	98 13/32	98 1/16	3 0 9	4 1 11
100 23/32	99 1/8	Conversion 4½% 1962	99 7/32	99 1/4	2 19 0	4 18 11
96 1/8	94 1/4	Exchequer 3% 1962–63	94 1/2	94 5/8	3 14 8	4 18 0
93 1/16	92	Exchequer 2½% 1963–64	92 3/32	92 3/32	3 13 5	4 13 8
101 5/32	99 1/4	Conversion 4½% 1963	99 1/16	99 5/32	3 3 0	4 18 9
99 17/32	97 1/2	Conversion 4½% 1964	97 19/32	97 5/8	3 7 10	5 3 2
92 15/16	89 7/8	Savings Bonds 3% 1955–65	90 7/16	90 5/16	3 17 7	5 3 6
85 7/16	80 7/8	Funding 3% 1959–69	82 3/16	82 5/8	4 4 3	5 10 6
93 1/2	89 7/8	Funding 4% 1960–90	90 3/16	90 1/8	4 12 5	4 12 5
82 7/8	79 1/4	Savings Bonds 3% 1960–70	80 1/16	80 1/16	4 4 2	5 11 3
85 31/32	81 3/4	Savings Bonds 2½% 1964–67	83 1/8	83 5/8	4 5 7	5 7 2
77	73	Savings Bonds 3% 1965–75	73 7/8	74 1/16	4 3 5	5 11 11
104 13/16	100 1/2	Exchequer 5½% 1966	101 7/16	101 11/16	3 3 0	5 6 8
85 7/16	82 7/32	Funding 3% 1966–68	83 9/16	83 7/8	4 5 2	5 12 1
96 3/4	94 1/4	Victory 4% 1920–76	94 5/16	94 7/16	3 6 1	4 19 6
89 3/16	84 11/16	Conversion 3½% 1969	85 7/8	86 1/8	4 1 10	5 12 4
98	96	Conversion 5% 1971	96 1/8	96 1/16	3 11 2	5 12 2
101 7/16	96 13/16	Conversion 5½% 1974	98 15/16	96 13/16	3 9 7	5 10 7
78 3/4	74 3/4	Treasury 3½% 1977–80	76 1/8	74 7/8	3 19 4	5 11 7
78 7/8	74 5/8	Treasury 3½% 1979–81	75	75	3 19 2	5 12 6
103 1/2	101 1/8	Funding 5½% 1982–84	101 7/16	101 1/16	3 6 9	5 10 4
66 1/4	62 1/2	Redemption 3% 1986–96	63 3/8	63 1/2	3 13 6	5 5 10
97 1/4	91 1/4	Treasury 5% 1986–89	91 3/8	91 1/2	3 10 10	5 12 5
71 3/4	68 5/8	Funding 3½% 1999–2004	69 7/16	69 3/8	3 11 1	5 7 11
73 1/16	70 1/4	Consols 4% ....after Feb. 1957	71 5/8	71 3/8	3 9 1	5 13 6
65 3/8	61 1/8	War Loan 3½% ....after 1952	62 1/16*	62 1/16*	3 8 5	5 11 7
65 1/2	61 3/16	Conv. 3½% ....after Apr. 1961	62 7/8	62 3/16	3 8 6	5 12 2
56 3/4	52 3/4	Treasury 3% ....after Apr. 1966	54 1/4	54 1/4	3 8 0	5 11 3
49 3/4	46 7/16	Consols 2½%	47 1/2	47 1/2	3 4 8	5 5 10
48 1/2	45 1/4	Treasury 2½% ....after Apr. 1975	46 3/8	46 5/16	3 6 5	5 8 8
97 1/2	92 1/8	British Electric 4½% 1967–69	92 3/16	93	3 15 0	5 12 10
79 1/8	75 1/4	British Electric 3% 1968–73	75 5/16	76 5/16	4 1 4	5 13 0
76 1/8	71 7/8	British Electric 3% 1974–77	72 3/8	72 7/8	4 2 2	5 10 10
90 1/2	85 1/8	British Electric 4½% 1974–79	85 3/8	85 3/4	3 13 3	5 10 0
79 1/2	75 1/8	British Electric 3½% 1976–79	75 1/2*	75 1/2*	3 19 2	5 11 6
90 5/8	86	British Gas 4% 1969–72	86 3/8	86 7/16	3 18 5	5 13 5
86 7/8	82 13/16	British Gas 3½% 1969–71	82 7/8	83 1/8	4 0 6	5 11 5
67 1/4	63	British Gas 3% 1990–95	64 5/16	64	4 13 7	5 5 5
79 1/16	75 1/4	British Transport 3% 1968–73	75 15/16	76 5/16	4 5 4	5 13 0
86 1/2	83 1/4	British Transport 4% 1972–77	84	84 1/8	3 15 4	5 11 4
67 3/8	64 1/4	British Transport 3% 1978–88	65 3/16	65 1/8	3 18 9	5 10 9

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, May 4, 1960	Price, May 11, 1960	Yield, May 11 1960 £ s. d.
83	80 3/8	Australia 3½% 1965–69	81 1/4	81 3/4	5 18 0
103 1/2	103	Australia 6% 1974–76	103 1/2	103 1/2	5 13 0
73 3/4	70	Ceylon 4% 1973–75	70 3/4	70 3/4	7 5 0
107 5/8	103 1/4	New Zealand 6% 1976–80	103	104	5 14 0
96 1/4	88	Rhodesia and Nyasaland 6% 1978–81	88	88	7 4 0
85 3/4	79	South Africa 3½% 1965–67	80	80	7 1 0
80 1/2	69	Southern Rhodesia 4½% 1987–92	69	69	6 19 0
101 1/8	99	Agricultural Mortgage 5½% 1980–85	99 1/2	99 1/2	5 12 10
93 3/4	89 1/2	Birmingham 4½% 1967–70	90 1/2	90 1/2	5 13 0
99 1/4	96 3/4	Bristol 5% 1971–73	97 1/2	97 1/2	5 9 0
100	96 1/4	Corporation of London 5¼% 1976–79	97*	97	5 9 0
53 3/4	51 1/4	L.C.C. 3% ....after 1920	52 1/4*	52 3/8*	5 13 0
97 1/4	92 1/4	L.C.C. 5% 1980–83	92 3/4	92 3/4	5 11 0
100	97 1/4	Middlesex 5¼% 1980	97 3/4	98 1/8	5 9 0

NEW YORK PRICES AND INDICES

	May 4 ¢	May 11 $		May 4 $	May 11 $		May 4 $	May 11 $
Atch. Topeka	22 3/4	22 1/2	Boeing	24 5/8	24 1/4	Inter. Nickel	105	104
Can. Pacific	24 1/4	23 1/2	Celanese	26 1/8	24 3/4	Inter. Paper	103 5/8	100 1/4
Pennsylvania	13 1/4	12 7/8	Chrysler	45 1/4	43 1/8	Kennecott	78 1/8	77 1/4
Union Pacific	26 3/8	25 7/8	Col. Palmolive	36 3/8	35 3/8	Monsanto	40 1/4	40 5/8
Amer. Electric	50 7/8*	51	Crown Zeller	47 3/8	44 1/4	Nat. Distillers	30 1/8	28 3/8
Am. Tel. & Tel.	89 1/8	88 1/4	Distillers Seag.	29 1/2	29 3/8	Pan-American	17 1/8	17 3/8
Cons. Edison	62 3/4	62 1/2	Douglas	28 1/4	28 3/4	Procter Gamble	99 3/4	101
Int. Tel. & Tel.	40	41 3/8	Du Pont	208 1/2	208 3/4	Radio Corpn.	73 7/8	74
Standard Gas	45/8	45/8	East. Kodak	109 1/2	108 7/8	Sears Roebuck	49 5/8	50 1/4
United Corpn.	7/8	7/4	Ford Motor	67 1/8	65	Shell Oil	33 1/8	32 3/4
Western Union	44	42	Gen. Electric	89 3/4	89 1/4	Socony-Mobil	37 5/8	36
Alcoa	90 1/2	89	General Foods	106	110 1/4	Stand. Oil Ind.	39 1/4	36 5/8
Aluminium	30 5/8*	30 3/4	General Motors	44 1/4	43 1/2	Stand. Oil N.J.	42 1/4	41 1/4
Amer. Can.	38 3/4	37 3/4	Goodyear	37 3/8	36 5/8*	20th Cent. Fox	34 1/2	35
Am. Smelting	46	46	Gulf Oil	30 3/8	30	Union Carbide	127 3/4	129 1/2
Am. Viscose	34 1/8	33 1/2	Heinz	88	84	U.S. Steel	77	75 3/4
Anaconda	51 1/2	48 1/4	Int. Bus. Mach	457 1/2	456	West. Electric	54 1/2*	53 1/2
Beth. Steel	45*	43 5/8	Int. Harvester	43 1/8	44 3/8	Woolworth	65 3/4	66

Standard and Poor's Indices (1941–43=10)

1960	425 Industrials	Yield %	25 Rail	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Apr. 13	60·13	3·24	30·79	5·67	45·65	3·95	86·85	4·19
" 20	59·15	3·29	30·44	5·74	45·33	3·98	86·14	4·26
" 27	58·63	3·32	30·16	5·79	45·62	3·95	86·55	4·22
May 4	58·67	3·32	30·13	5·80	45·40	3·97	86·95	4·18
" 11	58·11	3·35	29·64	5·89	45·51	3·96	87·87	4·09

425 Industrials :—High, 65·02 (Jan. 5) ; Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low		Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, May 4, 1960	Price, May 11, 1960	Yield, May 11, 1960	Cover
42/3	35/3		2½ a	7½ b	Alexanders £1	37/–	35/3	5·67	...
53/–	44/3		4 a	6 b	Bk. Lond. & S. Amer. £1	46/6	45/–	4·44	...
95/10½	82/6		9 c	5 a	Bk. New S. Wales £20	35½	34¾*	4·14g	...
66/3	52/3		5 a	5 b	Barclays £1	53/6	52/6	3·81	...
49/6	38/6		4 a	5 b	Barclays D.C.O. £1	38/9	38/6	4·68	...
64/–	55/–		7½ a	7½ b	Chartered £1	56/3	55/–	5·45	...
83/7½	65/6		8½ a	7 b	District £1	67/9	67/6	4·15‡‡	...
38/6	32/6		5 b	4 a	Eng., Scott. & Aust. £1	33/3*	32/6	5·54	...
£69	£61½		22/6 a	37/6 b	Hongk'g. & Shang. ..$125	£64	£64¾	4·63	...
70/6	57/6		5 a	7 b	Lloyds £1	58/3	58/9	4·09	...
23/41½	16/41½		8 a	8 b	Martins 5/–	16/10½	16/10½	3·85**	...
75/–	84/3		71½ a	9½ b	Midland £1	86/9	84/3	4·04	...
57/–	48/3		...	...	Nat. Com. Bk. Scot. 10/–	51/–	48/3	3·11‡‡	...
59/9	45/–		6¼ a	8½ b	Nat. Discount 'B' £1	45/9	47/–	6·38	...
92/–	72/6		5 a	7 b	Nat. Provincial £1	74/9	72/9	3·85**	...
95/6	80/3		8 a	9 b	Royal Bk. of Scotland £1	82/3	80/3	4·24	...
51/6	38/–		9 b	5 a	Stand. Bk. S. Africa ...£1	39/3	38/–	7·37	...
61¼ a	61¼ b		61¼ a	61¼ b	Union Discount £1	50/–	49/6	5·05	...
51/–	45/–		5 a	5½ b	Westminster 'B' £1	52/9	51/–	4·25	...
£21⅜	£18 1/16		$1·65c	$1·85c	Bank of Montreal ...$10	£18 9/16*	£18¾*	3·62	...
£30 1/16	£23 15/16		$2·25c	$2·32½c	Royal Bk. Canada ...$10	£25*	£25*	3·41	...
31/–	22/11½		5 a	13½ b	Bowmaker 5/–	24/11½	24/11½	3·80	11½
33/7½	24/6		8½ a	9½ b	Lombard Banking 5/–	26/–	25/6	3·73‡‡	3¼
29/3	20/6		10 b	5 a	Mercantile Credit 5/–	22/–	22/3	3·37	2¼
82/32	71/16		21 b	4 a	United Domins. Tst. £1	77/16	77/16	3·36	2¼
27/10½	22/3		10 a	47½ b	Bass 5/–	24/6	24/6	4·08‡‡	2
39/6	33/3		12½ c	5 a	Distillers 10/–	35/–	34/6	3·62	2¼
29/–	24/–		12 b	7 a	Flowers 5/–	27/9	27/9	3·42	2¼
70/–	59/3		16 a	18 b	Guinness 10/–	61/6	59/6	4·71	13¾
20/9	19/–		11½ b	5 a	Ind. Coope 5/–	19/7½	19/3*	4·29	13¾
37/6	32/–		5 a	7½ b	Teacher (Distillers) 10/–	33/–	32/–	3·91	3¼
82/–	70/–		38¾ a	11¼ b	Watney Mann £1	77/3	80/3	3·74	2
135/6	115/–		8 a	17 b	Whitbread 'A' £1	116/10½	116/–	4·31	13¾
81/6	61/9		4 a	7 b	Associated Portland ...£1	61/9	65/3	3·37	3¼
28/6	24/7½		6¾ b	4 a	British Plaster Bd. 10/–	26/–	26/11½	3·83	2¼
96/3	81/10½		5 a	10 b	Richard Costain £1	82/6	82/6	3·64	3
16/11½	13/7½		10 b	5 a	Crittall Mfg. 5/–	14/7½	13/10½*	5·41	2½
17/4½	13/3		6 a	14 b	International Paints ..4/–	14/9	14/9	5·42	2
109/9	96/3		6 a	14 b	London Brick £1	100/9	101/3	3·95	13¾
52/9	38/9		25 c	25 c	Rugby Portland 5/–	41/3*	40/–	3·13	3
36/–	27/6		7½ a	12½ b	Taylor Woodrow 5/–	30/6	28/3*	3·54	2
138/11½	122/6		20 c	7½ a	Wall Paper Defd. £1	127/6	125/7½	3·18	3½
31/9	25/9		4·8 a	13½ b	Albright & Wilson ..5/–	26/–	26/3	3·49	2¾
22/4½	16/7½		2½ a	7½ b	Borax Defd. 5/–	16/7½	16/10½	2·96	2¾
54/9	46/10½		6 b	4 a	Fisons £1	47/3	47/11¾	4·24	2
63/11½	54/3		39¼ a	7½ b	I.C.I. £1	54/3	56/3	4·00	2¼
27/7½	23/–		5 a	10 b	Monsanto 5/–	23/9	23/–	3·26	3
51/–	46/–		20 c	7½ a	Montague Burton ..10/–	47/9	48/–	4·17	2
49/4½	41/3		11¾ b	5¾ a	Debenhams 10/–	44/4½*	44/–	3·98	13¾
55/4½	45/11½		27½ b	7½ a	G.U.S. 'A' 5/–	46/4½	46/6	3·76	2¼
47/6	41/6		40 c	15 a	House of Fraser 5/–	42/3	41/6	4·82	1
25/7½	21/–		6 a	11 b	Lewis's Invest. Tst. ..4/–	21/7½	21/6	3·16	29¼
77/6	68/9		12½ a	27½ b	Marks & Spencer 'A' 5/–	70/–	72/3	2·76	14
55/9	44/6		12½ a	25 b	United Drapery 5/–	46/6	47/–	3·99	2
68/9	60/–		13½ a	31½ b	Woolworth 5/–	60/–	62/6	3·60	11½
66/6	50/4½		7½ a	7½ b	A.E.I. £1	52/7½	52/10½	5·67	1¼
61/–	50/–		4 a	9½ b	B.I.C.C. £1	54/6*	53/9	5·02	2
51/–	41/6		4 a	7½ b	Crompton Parkinson 5/–	11/7½	11/9	4·77	2¼
56/10½	45/7½		20 c	3½ a	Decca Record 10/–	47/7½	46/–	4·35	13¾
58/9	44/9		20 c	5 a	E.M.I. 10/–	46/–	47/–	2·98‡‡	3½
53/–	37/10½		3 a	7 b	English Electric £1	38/10½	38/11½	5·25	2
47/6	37/6		7 b	3 a	General Electric £1	38/11½	38/10½	5·14	11½
59/–	44/–		43¾ a	5 b	G. A. Parsons £1	47/–*	47/–	3·99	4
19/–	15/6		12½ c	12½ c	Pye 5/–	15/10½	16/4½	3·82	23¾
104/6	75/9		6½ a	11 b	A. Reyrolle £1	78/–	75/9	4·62	23¾
55/7½	44/3		17½ c	20 c	Thorn Electrical 5/–	46/–	47/3	2·12	4½
48/9	33/6		4½ a	4½ b	Babcock & Wilcox £1	34/7½*	38/11½	4·72	3¾
54/–	40/3		6 b	4 a	John Brown £1	42/6	42/6	4·71	2½
10/6	6/8¼		3 a	4 b	Cammell Laird 5/–	6/10½	7/11½*	4·91	11½
16/9	26/–		10 a	20 b	Internat. Combust. ..5/–	27/10½	27/10½	5·38	23¾
14/9	10/7½		5 b	3½ a	Rich'ds'ns. Wesgth. 10/–	10/9	10/9	7·75	2
39/9	30/6		2½ a	7½ b	Swan Hunter £1	33/3	33/6	5·97	23¾
25/9	16/9		15 b	7½ a	John Thompson 5/–	17/9	17/9	6·34	11½
39/–	29/4½		2½ a	7½ b	Vickers £1	29/6*	29/7½	6·75	11¾
29/3	21/6		11¾ a	14½ b	Coventry Gauge 10/–	22/6	22/3	4·60	2
59/6	48/–		12 a	15 b	Alfred Herbert £1	49/9	53/3	4·71	11½
76/3	65/3		8¾ b	7½ a	Allied Ironfounders ..£1	69/3	68/9	4·73	11½
101/6	84/–		10 b	5 a	Averys £1	86/–	84/–	3·57	3¼
19/–	13/4½		7½ b	4½ a	George Cohen 5/–	13/4½	13/9	4·36	2¼
117/3	100/6		10 c	15 c	Davy-United £1	102/6	103/–	3·91	3¼
95/7½	79/–		5 a	10 b	Guest Keen £1	81/6	83/6	3·59	3¾
31/6	21/6		10 b	4 a	Head Wrightson 5/–	22/6	21/9	3·22	4
75/–	61/3		5½ b	4 a	Metal Box £1	62/–	64/6	2·89	3¼
27/3	22/9		12½ b	6 a	Ransome & Marles ..5/–	23/–	23/3	3·98	2¾
43/11½	36/3		6¼ b	2 a	Renold Chains £1	36/3‖	37/4½	5·35**	11¼
40/–	25/6		9 c	8 c	Ruston & Hornsby £1	25/6	27/3	5·87	13¾
62/3¾	46/3		7½ a	12½ b	Tube Investments £1	75/6	76/3*	3·28‡‡	2¼
168/9	138/6		20 b	5 a	Ward (Thos. W.) £1	140/6	138/6	3·61	3½
44/6	29/9		5 a	20 b	Woodall-Duckham ..5/–	37/–	31/6	3·97	2¾

* Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2½% tax free. (l) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low		Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, May 4, 1960	Price, May 11, 1960	Yield, May 11, 1960	Cover
					FOOD & TOBACCO				
41/3	33/6		18 c	12 a	Assoc. British Foods ..5/–	34/–*	34/–	2·65	2½
105/–	95/10½		20 c	5 a	Bovril Defd. £1	100/–	98/9	4·05	2¾
15/7½	13/2¼		†41¼ b	†21¼ a	Brooke Bond 'B' 5/–	13/7½	13/4½	3·81	4
30/7½	25/6		10 c	10 c	Home & Colonial ..10/–	25 10½*	25/7½	3·90	2
13/8¼	10/3		7½ b	2½ a	International Tea 5/–	11/4½	11/6	4·35	13¾
85/6	70/9		9·6 b	5 a	J. Lyons 'A' £1	73/3	71/3	3·93	1½
28/3	25/4½		5 a	7½ b	Ranks 10/–	25 10½	25 4½	4·93	2¾
48/9	39/6		12½ a	7½ b	Spillers £1	41/–*	42/–	4·35	2¼
62/–	54/6		3 a	9 b	Tate & Lyle £1	56/6	54/9	4·38	2¼
17/3	15/3		...	5 a	Unigate 5/–	16/3	15/9	3·17‡‡	...
72/6	57/9		†20 c	†5½ a	Brit. Amer. Tobac. 10/–	58·9*	58/3	5·61	2¾
41/3	37/–		13½ b	3½ a	Gallaher 10/–	38/–*	38/6	4·33	2
77/6	61/9		8½ b	14 b	Imperial Tobacco £1	62/9	62 4½	7·21	13¾
					INSURANCE				
195/–	175/–		†45 a	†50 b	Britannic 5/–	176/3	175/–	4·43	...
66/6	54/3		27 a	27 b	Commercial Union 5/–	53/–*	52/3	4·00	...
14¼	12 1/16		†32·35c	†41·17c	Equity & Law Life ..8/6	13¼	12¾	2·13	...
82/6	70·3		15 a	30 b	General Accident 5/–	75/–*	75/–	3·00	...
106/3	91/–		30 a	40 b	Guardian 5/–	102/6	102/6	4·33	2
19½	16⅝		40 a	150 b	Legal & General 5/–	17½	17¼	2·75	...
100/–	96·3		...	...	Northern & Employers'	97·6	98·3	3·77‡‡	...
172/6	132·6		†20 a	†60 b	Pearl 5/–	132·6	136·3	4·79	...
17 15/16	15 9/16		†162½ c	†193½ c	Prudential 'A' 4/–	16⅜	16 9/16	3·67	...
115/–	94/9		8 a	8 b	Royal Exchange £1	95/–	96/–	3·33	...
					MOTORS & AIRCRAFT				
67/11½	55·3		3 a	9½ b	B.S.A. £1	56/–	57/–	4·39	2½
24/03¼	18/7½		12½ b	7½ a	British Motor 5/–	18/9*	19·2¼	5·21	1½
113/9	97/–		5 a	12½ b	Ford Motor £1	103/3	109/–	3·21	4½
54/–	38/–		17½ c	20 c	Jaguar Cars 'A' 5/–	49/6	49/6	2·02	9½
85/–	72/6		12½ c	15 c	Leyland Motor £1	74/6	74/6	4·05	3
12/33¼	9·3		8 c	12 c	Rootes Motors 'A' ..4/–	10/–	10·3	4·68	5
12/6	10/9		12 c	5 a	Standard-Triumph ..5/–	11/11½	11/3	5·33	3½
17/3	13/11½		3½ a	7½ b	Bristol Aeroplane ..10/–	14 10½	14/–*	7·86	13¾
38/–	29 10½		†3·9b	†3·6a	Dowty Group 10/–	31/9	32 1½	3·81	3½
34/–	28/3		3 a	7 b	Hawker Siddeley £1	28/6	29/–	6·90	2
49/7½	42/–		2½ a	7½ b	Rolls-Royce £1	42/4½	43/6	4·60	2
28/–	22/3		3½ a	11½ b	Dunlop Rubber 10/–	26/–	27 1½	5·53	2¾
74·6	65/–		10 b	2½ a	Joseph Lucas £1	67/6	65/–	3·85	3
40·9	31/6		9 a	21 b	Pressed Steel 5/–	32/6*	32/6*	4·62	3
48·6	30/–		6¾ c	10 c	Triplex Holdings ..10/–	44/–	44/–	2·27	3¼
					MINES				
115/8	77/16		20 a	70 b	Anglo-American 10/–	77/8	71/2	6·00	13¾
99/3	67/–		6¼ a	18½ b	Consolid. Gold Fields £1	66/3	61/–	8·20	2
145/–	88/9		10 a	25 b	General Mining £1	100/–*	93·9	7·47	2
87/9	49/6		40 a	110 b	Union Corporation ..2/6	55/–*	49/6	7·58	2½
25 10½	19/7½		50 b	45 a	Daggafontein 5/–	21/–	20/–	23·75	1
191/3	116·3		90 b	70 a	Free State Geduld 5/–	127/6	116·3	6·88	1½
66/3	48/11½		35 b	35 a	Hartebeestfontein ..10/–	52/6	48 11½	14·55	2
80·4½	52·6		60 b	50 a	President Brand 5/–	58/3	55/–	10·00	2
187/6	113·9		100 b	80 a	Western Holdings ..5/–	127/6	116/3	7·74	13¾
26/9	20/–		...	...	Winkelhaak 10/–	21/3	20/–	...	...
119·6	76·9		10 a	30 b	Chartered 15/–	83/6	78/6	7·64	2
93/9	63/9		37½ b	20 a	Rhod. Anglo-Amer. 10/–	68/9	63·9	9·02‖	1½
16/4½	11/4½		4¼ a	11¼ b	Rhod. Selection Tst. 5/–	12/7½	11/4½	6·78‖	2
8 10½	6/6		3½ a	7½ b	Roan Antelope 5/–	7/–	6/7½	7·86‖	13¾
48·3	29/–		22½ b	15 a	Tanganyika Cons. ..10/–	31/6*	29/–	12·93	1
78/6	68/6		6¼ a	13¾ b	Consolidated Zinc £1	73/6	73/6*	5·44	13¾
200/–	133/11½		100 a	150 b	De Beers Defd Reg. ..5/–	142/6	133/9	9·35	2
$20 1/2	$17 5/12		$2·60c	$3·00c	Internat. Nickel ...n.p.v.	$189	$187	2·86	2
11/9	10 7/12		5 a	20 b	London Tin 4/–	11/11½	11/7½	8·60	1
51/–	32/9		20 c	20 c	Rio Tinto 10/–	35/3	33 1/12*	6·04	2
36/–	26/3		43½ c	37½ a	Tronoh 5/–	35/3*	34/9	6·24	1
					OIL				
67/6	51/6		†31½ a	†7½ b	British Petroleum £1	52/–	52/3	6·77	2½
59/6	43/6		†21½ a	†6¼ b	Burmah Oil £1	44/–	44/3	6·46	11¼
£17¼	£14 1/16		7½ a	18¾ b	Royal Dutch ....20 fl.	£14 1/8	£14 1/16	3·53	3
168/9	115/–		15 a	†183¼ b	Shell Transport £1	144/3	143/9	5·39	3
64/–	38/9		...	...	Ultramar 10/–	40/–	39/6	...d	...
60/–	51/9		15 b	7½ a	Wakefield C.C. 10/–	54/9	54/3	4·15	23¼
					PAPER & NEWSPAPERS				
15/63¼	12/11½		7½ b	5 a	Daily Mirror 'A' 5/–	12/6	12 10½	4·85	23¼
37/–	29/6		5 a	12½ b	Odhams Press 10/–	30/–	31/6	5·56	3
66/–	56/6		4 a	6 b	W. H. Smith & Son 'A' £1	59/–	58·6*	4·10‖	2½
77/11½	65/–		5 a	10 b	Bowater Paper £1	65/–*	65/6	4·58	2¼
63/–	53/6		9 b	5 a	Albert E. Reed £1	53/9	53/6	5·23	11½
34/6	29/9		3 a	7 b	Spicers £1	31/–	30/3*	6·61	2
80/6	70/6		5 a	13½ b	Wiggins Teape ....

Continued from page 699

from a strike), profits before tax show a still sharper rise of 45 per cent, from £3,267,000 to £4,746,000. Mufulira, in which Rhodesian Selection Trust itself has a 64 per cent interest, produced considerably more copper in the March quarter than in the previous one, and costs fell by nearly £3½ to £157.6 a ton. Sales were slightly higher, and the estimated profit before tax rose by over one-quarter, from £2,008,000 to £2,536,000. Profits for the first nine months at £6.4 million, show a rise of 40 per cent on the figure of £4,545,000 a year ago. Rhodesian Selection Trust, which also has a 64 per cent interest in Chibuluma, a small mine, reports an even better result in the first nine months, its estimated profits before tax rising by a half, from £3,252,000 to £4,870,000. Confident expectations of higher dividends were confirmed on Thursday, when all three companies put up their interim dividend by 50 per cent. Roan Antelope's was raised to 4½d. a share (before deduction of Rhodesian and UK taxes) from 3d. a year ago. Mufulira declared an interim of 2s. 7½d. a share, against 1s. 9d. before, and Rhodesian Selection Trust's went up from 4d. to 6d. a share (all less tax).

	Mufulira		Roan Antelope	
	9 months ended March			
	1959	1960	1959	1960
	£'000s	£'000s	£'000s	£'000s
Sales revenue	14,901	18,929	12,798	16,171
Costs	9,632	11,929	8,795	10,640
Estimated profit	4,545	6,400	3,267	4,746
Production, (lg tons)	61,357	77,589	55,274	65,340
Sales (lg tons)	65,966	76,619	59,281	66,748

Union Corporation

THE major event for Union Corporation in 1959 was the flotation of the new Bracken and Leslie mines in the Kinross area, and it is presumably to these subsidiary mining companies that Union Corporation has commitments amounting to £8.8 million over the next two or three years. The corporation is confident that this sum can be supplied from existing resources with possibly some short term borrowing.

Net income rose sharply last year from £1,903,957 to £2,856,915 but with investment income almost unchanged, this rise was due mainly to an increase in profit from the sale of investments, which in turn stemmed largely from the flotation of the new mines. In the present disturbed state of the Kaffir market, profits from investment seem certain to fall far short of the 1959 figure of £1.5 million, and while an increase in dividend income can be expected, it can scarcely be sufficient to keep profits at the 1959 level. In view of this and the company's heavy commitments a further increase in the dividend, which has been raised from 3s. 6d. to 3s. 9d. per share, seems unlikely in the near future. At 50s. the 2s. 6d. shares yield almost 7½ per cent.

Profits from Insurance

INCREASED dividends across the board reflect a material improvement in the world wide underwriting experience of the composite insurance companies, as well as further expansion of the non-life interest income that traditionally provides the wherewithal for dividends. Last year brought a welcome reduction in underwriting losses in North America. The tide seems to have turned in the vitally important United States market; British insurers (with some notable exceptions including the Royal/Globe) still incurred underwriting losses in 1959, but the aggregate loss was much smaller than in the previous year, which itself showed a considerable reduction on 1957. In Canada, where an improvement also started in 1958, there was a small underwriting balance on the right side last year.

This week's insurance reports include that of the Commercial Union group, now second only to the Royal in the size of its non-life premium income, and of the Alliance, which shares with its new partner, the Sun Fire, a reputation for achieving underwriting results consistently above average. The combined fire and accident premium income of the Commercial Union and the North British and Mercantile rose from £97 million in 1958 to £102½ million last year, and an underwriting loss of £169,000 in 1958 for the two offices together was turned into a profit of £616,000. After bringing in transfers from marine, life, annuity and capital redemption accounts and charging overhead expenses and taxes, but excluding interest on the non-life assets, there was a loss in 1959 of £449,000, compared with a loss of £1,594,000 by the two offices in the previous year. Net interest earnings on the non-life assets rose by £541,000 to £4.7 million, and covered the increased Commercial Union dividend of 2s. 3d. per share (2s. per share before the amalgamation) with £1.1 million to spare.

	Fire and Accident Premium income	Business Underwriting profits	Net underwriting profits*	Net interest earnings	Net ordinary divds.
	£000	£000	£000	£000	£000
1958 :—					
Sun	21,347	929	218	828	503
Alliance	17,234	1,514	549	647	703
1959 :—					
Sun	22,139	1,556	562	941	772
Alliance	18,262	1,525	463	743	880

* From all classes of insurance.

The Sun-Alliance group achieved an underwriting profit totalling £1,025,000 in 1959; details are shown in the table. These offices continue to trade independently. A maiden dividend of 1s. 6d. per share has been declared by the holding company, as forecast when the merger terms were announced last October.

London Stock Exchange

FIRST DEALINGS:	April 25	May 9	May 23
LAST DEALINGS:	May 6	May 20	June 10
ACCOUNT DAY:	May 17	May 31	June 21

AT the beginning of the week equities continued to see-saw within fairly narrow limits, with business comparatively restricted; markets were sensitive, with sellers predominating and prices weakened. The start of the new account on Monday did not bring about any improvement, but a better tone began to develop as the week progressed, and on Wednesday prices rose sharply: the *Financial Times* index gained 6.1 points. In the gilt-edged market medium dated securities enjoyed the biggest rises. Three per cent Savings Bonds 1965-75 gained 7/16 to 74 7/16, while both 5½ per cent Exchequer Bonds 1966 and 3½ per cent Conversion 1969 gained ½ to 101 1/16 and 86⅛ respectively. 5½ per cent Funding 1982-84 gained ⅛ at 101⅝; but over the week 3½ per cent War Loan at 62 9/16 xd and old Consols at 47½ remained unchanged.

On Monday, the *Financial Times* index fell to 295.8, a new low point for the year, but in the week to Wednesday *The Economist* indicator rose by 3.7 points to 339.3. In that week, Turner & Newall fell from 100s. 7½d. to a low of 97s. 6d. but regained 2s. to 99s. 6d. ICI gained 2s. to 56s. 3d., Unilever 3s. 9d. to 148s. 6d., and Associated Portland Cement 3s. 6d. to 65s. 3d. In the engineering group Babcock & Wilcox, which had been depressed by their results, regained 3s. 6d. to 38s. 1½d., Vickers rose 1½d. to 29s. 7½d. and Tube Investments 9d. to 76s. 3d.

Bank shares did not join in the general improvement. Over the week the Midland lost 2s. 3d. to 84s. 3d., Barclays 1s. to 52s. 6d., and National Provincial 2s. to 74s. 9d.; though Lloyds was 6d. better at 58s. 9d. United Dominions Trust was unchanged at 148s. 9d. Pearl Assurance gained 3s. 9d. at 136s. 3d., but Prudential "A" lost 1/8 at 16 5/8.

Steel shares were mainly better; United Steel gained 1s. over the week to 76s. 3d. British Oxygen was very firm, at 84s. 6d. against 81s. 3d. Channel Tunnel was very weak, falling from 26s. to 15s. 9d., though it regained 1s. 3d. to 17s. in the rally on Wednesday. Shipping shares continued to be depressed, British & Commonwealth falling by 2s. 6d. to 39s. 9d., P & O by 9d. to 39s. and London & Oversea Freighters on the news of the rights issue by 9d. to 16s. 9d. Among store shares, Marks & Spencer rose 2s. 3d. to 72s. 3d. on the interim results, and Montague Burton 3d. to 48s.

The gold mining market experienced considerable falls over the week, both Free State Geduld and Western Holdings losing 11s. 3d. to 116s. 3d. Troubles in the Copperbelt affected the shares of the mining companies; Chartered lost 5s. to 63s. 9d., RST 1s. 3d. to 11s. 4½d. and "Tanks" 2s. to 29s. 6d., against the year's high point of 48s. 3d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended May 6, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £52,230,000 compared with a deficit of £52,998,000 in the previous week and a credit of £62,615,000 in the corresponding period of last year. There was a net expenditure "below-line" of £16,662,000 leaving a total cumulative deficit to date of £99,886,000 compared with a surplus of £3,279,000 in 1959–60.

£'000	Estimate 1960–61	April 1, 1959, to May 9, 1959	April 1, 1960, to May 7, 1960	Week ended May 9, 1959	Week ended May 7, 1960
Ord. Revenue					
Income Tax	2478,000	168,873	121,694	17,334	24,455
Surtax	190,000	15,500	13,300	1,900	1,800
Death Duties	239,000	26,500	24,400	4,700	5,400
Stamps	110,000	9,100	10,100	1,400	1,300
Profits tax, EPT and EPL	256,000	24,500	19,100	6,000	5,400
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	244,473	188,594	31,334	38,355
Customs	1458,630	149,507	148,943	27,302	30,324
Excise	950,150	115,035	86,800	60,070	51,715
Total Customs and Excise	2408,780	264,542	235,743	87,372	82,039
Motor Duties	113,000	9,686	11,802	3,653	3,660
PO (Net Receipts)	4,000	1,960	...	1,960	...
Broadcast Licences	39,000	2,000	2,200	...	...
Sundry Loans	32,000	2,032	2,003	1,989	1,948
Miscellaneous	110,000	9,172	11,531	...	4,033
Total	5979,780	533,865	451,873	126308	130035
Ord. Expenditure					
Debt Interest	640,000	75,045	80,487	5,072	22,772
Payments to Northern Ireland Exchequer	81,000	8,313	8,535	2,631	2,678
Other Consolidated Funds	8,000	899	1,049	20	75
Supply Services	4907,161	398,865	431,308	54,760	50,600
Total	5636,161	483,122	521,379	62,483	76,125
Sinking Funds	40,000	2,723	3,040	1,210	1,680
"Above-line" Surplus or Deficit	+ 48,020	− 72,546	+ 62,615	+ 52,230	
"Below-line" Net Expenditure*	44,741	27,340	15,510	16,662	
Total Surplus or Deficit	+ 3,279	99,886	+ 47,105	35,568	
Net receipts from:					
Tax Reserve Certificates	20,767	16,077	1,806	3,474	
Savings Certificates	10,100	9,700	1,100	1,900	
Defence Bonds	15,137	10,111	1,340	1,812	
Premium Savings Bonds	7,470	4,580	940	470	
Total	53,474	40,468	4,466	7,656	

* Net receipts of the Civil Contingencies Fund of £7 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1959					
May 9	2,910·0	2,053·9	269·4	...	5,233·3
1960					
Feb. 6	3,400·0	1,716·5	213·7	...	5,330·2
,, 13	3,330·0	1,677·2	214·6	...	5,221·8
,, 20	3,350·0	1,803·4	252·7	...	5,406·2
,, 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31	5,202·1		246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
,, 16	3,450·0	1,861·7	244·9	4·8	5,561·4
,, 23	3,440·0	1,859·9	286·6	...	5,586·5
,, 30	3,440·0	1,913·1	256·1	...	5,609·2
May 7	3,450·0	1,877·8	240·0	0·2	5,568·0

THE MONEY MARKET

THE London Treasury bill rate edged up a little at last week's tender. The discount houses cut their common bid by 2d. to £98 16s. 7d., equivalent to a rise of 8d. per annum in the discount rate. But the average rate on the whole £250 million of bills allotted rose by only just over 4d., to £4 13s. 4.70d. per cent. Outside tenderers again took a large share of the allotment; total applications rose to £447 million, and applications at the discount market's syndicated price were allotted only 23 per cent.

In New York bill rates have risen more steeply. The three months' rate rose from 3 per cent to 3¼ per cent at the tender, and six months' maturities from 3⅜ to 3½ per cent.

The London clearing banks have this week begun their transfer of special deposits: Wednesday's Bank return shows these at £3.5 million. Credit has been generally short in Lombard Street, except on Tuesday this week when some funds were unlent. This followed extreme stringency on Monday, relieved for the most part by very large official purchases of bills. The prevalent rate on bills sold in the market has been 4⅜ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	**Discount rates:** *Bank bills:*	
		60 days	4 13/16–4 7/8
Deposit rates (maximum):		3 months	4 13/16–4 7/8
Banks	3	4 months	4 13/16–4 7/8
Discount houses	3–3⅜	6 months	4 13/16–4 29/32
		Fine trade bills:	
Money:		3 months	5¼–6
Day-to-Day	3⅜–4⅝	4 months	5¼–6
		6 months	5½–6¼

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** May 2	3·003
		,, 9	3·274

BANK OF ENGLAND RETURNS

£ million	May 13, 1959	May 4, 1960	May 11, 1960
Issue Department:			
Notes in circulation	2,077·0	2,183·5	2,180·4
Notes in banking dept.	23·3	66·9	70·0
Govt. debt and securities*	2,096·7	2,247·3	2,247·3
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	13·4	10·3	8·9
Special deposits	...	...	3·5
Bankers	235·1	245·0	236·1
Others	63·0	64·2	65·6
Total	311·5	319·5	314·0
Securities:			
Government	261·1	220·4	205·1
Discounts and advances	23·2	30·8	37·3
Other	20·7	18·5	18·7
Total	305·0	269·7	261·2
Banking department reserve	24·3	67·7	70·8
	%	%	%
"Proportion"	7·8	21·1	22·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
			s. d.	%
1959	*91 day*			
May 8	200·0	342·3	96 1·22	33
1960				
Feb. 5	250·0†	410·2	90 10·88	28
,, 12	250·0	413·0	90 11·30	37
,, 19	260·0	415·3	90 10·65	41
,, 26	260·0	402·5	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
,, 8	260·0	422·1	92 11·83	42
,, 14	280·0†	454·5	93 1·10	41
,, 22	270·0	425·7	93 0·88	51
,, 29	240·0	429·5	93 0·48	20
May 6	250·0	446·6	93 4·70	23

* On May 6th tenders for 91 day bills at £98 16s. 7d. secured 23 per cent, higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	May 11	May 5	May 6	May 7	May 9	May 10	May 11
United States $	2·78–2·82*	2·80 13/16–15/16	2·80 13/16–15/16	2·80⅞–¾	2·80 11/16–13/16	2·80 11/16–13/16	2·80⅝–¾
Canadian $	...	2·71⅞–¾	2·71⅞–72	2·72⅛–¼	2·72⅛–¼	2·72⅛–¼	2·73 1/16–⅛
French Fr.	13·622–14·027	13·76⅜–⅞	13·76⅜–⅞	13·76⅜–76	13·75⅞–76	13·75⅞–⅞	13·75⅛–¾
Swiss Fr.	11·94·12·54⅞	12·17¼–½	12·17¼–½	12·17¼–½	12·16½–¾	12·15½–¾	12·14–14¼
Belgian Fr.	137·96–140·05	139·97½–140·02½	139·97½–140·02½	139·97½–140·02½	139·92½–97½	139·92½–97½	139·90–95
Dutch Gld.	10·48–10·80	10·58⅝–59⅛	10·58⅝–59⅛	10·58⅝–⅞	10·58¼–½	10·58¼–½	10·58⅛–⅜
W. Ger. D-Mk.	11·59¼–11·92¾	11·71–71¼	11·71–71¼	11·70⅞–71⅛	11·70½–¾	11·70½–¾	11·70½–¾
Portug. Esc.	79·00¾–82·00¼	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17427⅛–43⅛	17427⅛–43⅛	17423¾–43	17421¼–½	17417⅛–42⅛	17423⅛–⅜
Swedish Kr.	14·27½–14·70	14·50⅝–⅞	14·50⅝–⅞	14·51⅛–⅜	14·52⅛–⅜	14·52⅛–⅜	14·51⅞–⅞
Danish Kr.	19·06½–19·62	19·37⅛–38⅛	19·37⅛–38⅛	19·38–38⅛	19·38–⅜	19·38–⅜	19·36½–⅞
Norwegian Kr.	19·71–20·30½	20·02¼–½	20·02⅜–⅝	20·02⅜–⅝	20·02¼–½	20·02¼–½	20·02¼–½
	* Official Limits	**One Month Forward Rates**					
United States $		¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	⅛–¼c. pm	⅛–¼c. pm	¼–⅛c. pm
Canadian $		¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm
French Fr.		¼c. pm–¼c. dis	¼c. pm–¼c. dis	¼c. pm–¼c. dis	¼c. pm–¼c. dis	⅛–⅜c. dis	⅛–⅜c. dis
Swiss Fr.		1¼–1c. pm	1¼–1c. pm	1¼–1c. pm	1–1¼c. pm	1–1¼c. pm	1–1¼c. pm
Belgian Fr.		7–2c. pm	7–2c. pm	7–2c. pm	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.		1¼–1c. pm	1¼–1c. pm	1¼–1c. pm	1–¾c. pm	1–¾c. pm	1–¾c. pm
W. German D-Mk.		1–¾pf. pm	⅞–⅝pf. pm	⅞–⅝pf. pm	⅞–⅝pf. pm	⅞–⅝pf. pm	¾–½pf. pm
		Three Months Forward Rates					
United States $		⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	9/16–⅞c. pm	11/16–⅞c. pm
Canadian $		9/16–⅞c. pm	⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	11/16–⅞c. pm	1⅛–1⅜c. pm
Swiss Fr.		3½–3¼c. pm	3½–3¼c. pm	3½–3¼c. pm	3–2¾c. pm	2⅜–2⅝c. pm	2 1/16–2¼c. pm
W. German D-Mk.		2¼–2pf. pm	2¼–2pf. pm	2¼–2pf. pm	2¼–2pf. pm	2–1¾pf. pm	2–1¾pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/03¼	250/01¼	...	250/01½	250/11½	250/11¼

The United States

Monthly averages or calendar months except where annual rates are shown.

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

BRITISH

Prices and Wages	April 30th	External Trade	May 7th
Manpower and Output	April 16th	Industrial Profits	April 23rd

OVERSEAS

Western Europe	Feb. 13th	United States	This week

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices Composite index	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade		At current prices	At 1959 prices
	1947–49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	50·07
1958	119·2	94·9	123·5	120 3	107·0	127·7	118	110	107	340·9	83·50	84·26
1959	119·5	89·1	124·6	118·3	107·9	129·2	117	110	106	420·2	89·47	89·47
1959, December	118·9	85·9	125·5	117·8	109·2	130·4	118	111	106	429·2	92·16	91·52
1960, January	119·3	86·5	125·4	117·6	107·9	130·7	...	...	...	419·0	92·29	91·74
„ February	119·3	87·0	125·6	117·4	108·4	131·2	...	...	...	405·0	91·14	90·42
„ March	120·0	90·4	125·7	117·7	108·8	131·3	...	...	...	396·1	90·68	...

PRODUCTION AND MANPOWER

	Gross national product[6] Seasonally adjusted annual rate	Total industrial production [9]	Manufacturing production [9]						Building	Civilian employment[1]		
			Durable goods			Non-durable goods			New construction: seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as per cent. of labour force: seasonally adjusted
			Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products				
	$ billion	1957=100; seasonally adjusted							$ billion	thousands		
1939	91·1	38	30	n.a.	n.a.	46	n.a.	n.a.	8·2	55,230	45,750	17·2
1958	441·7	93	87	78	84	100	99	99	48·9	68,647	63,966	6·8
1959	479·5	105	102	90	98	110	115	113	54·3	69,394	65,581	5·5
1959, November	483·5[7]	103	96	79	79	111	116	114	50·7	69,310	65,640	5·9
„ December		109	107	114	93	112	117	115	52·0	69,276	65,699	5·5
1960, January		111	111	116	106	113	116	116	53·9	68,168	64,020	5·2
„ February	498·0	110	109	109	107	112	114	114	54·5	68,449	64,520	4·8
„ March		109	108	108	104	112	114	115	52·9	68,473	64,267	5·4

TRADE

	Personal consumption[6] Annual rates	All business[2]		Total retail[2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res.	Total	Finished goods	Imports	Exports
		$ billion; seasonally adjusted				$ million					1948=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1958	293·0	54·0	85·1	16·7	24·0	1,066	230	220	1,447	911	152	130
1959	311·6	60·0	89·4	18·0	24·3	1,249	258	275	1,448	874	182	127
1959, October	317·0	59·7	88·7	18·3	24·7	1,215	267	257	1,466	882	178	128
„ November		59·1	89·4	17·8	24·2	1,263	253	300	1,462	825	180	128
„ December		60·9	89·4	17·5	24·3	1,432	283	323	1,659	935	207	145
1960, January		61·6	90·5	18·1	24·5	1,163	245	290	1,544	856	...	...
„ February	320·8[10]	62·2	91·4	18·1[8]	24·7	1,289	247	294	1,559	876	...	...

PURCHASING POWER AND FINANCE

	Personal income[6]			Consumer credit		Banking statistics[3]		Budget expenditure[4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds[5]	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1958	359·0	248·7	14·2	45·59	34·08	87·0	98·2	71·9	— 2·8	1·839	3·43	3·79
1959	380·2	267·8	11·8	52·05	39·48	79·4	110·8	80·7	— 12·4	3·405	4·08	4·38
1959, December	392·1	275·7	12·6	52·05	39·48	79·4	110·8	6·8	+ 0·7	4·572	4·27	4·58
1960, January	392·8	278·5	11·6	51·36	39·36	78·2	109·6	6·2	— 1·3	4·436	4·37	4·61
„ February	393·0	279·2	10·7	51·02	39·41	76·3	110·3	6·2	+ 1·1	3·954	4·22	4·56
„ March	393·5	279·4	10·3	51·16	39·65	74·3	111·4	6·4	+ 3·2	3·439	4·08	4·49

(1) 1939 figures calculated on the basis of smaller sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at end of period. (3) All commercial banks. (4) Annual figures are total for the fiscal year ended June 30th. (5) Bonds due or callable from 10 to 20 years. (6) Revised series from 1958 onwards. (7) Average for fourth quarter. (8) March, 18·0. (9) Industrial production series are revised throughout. 1939 figures not strictly comparable. (10) Average for first quarter.

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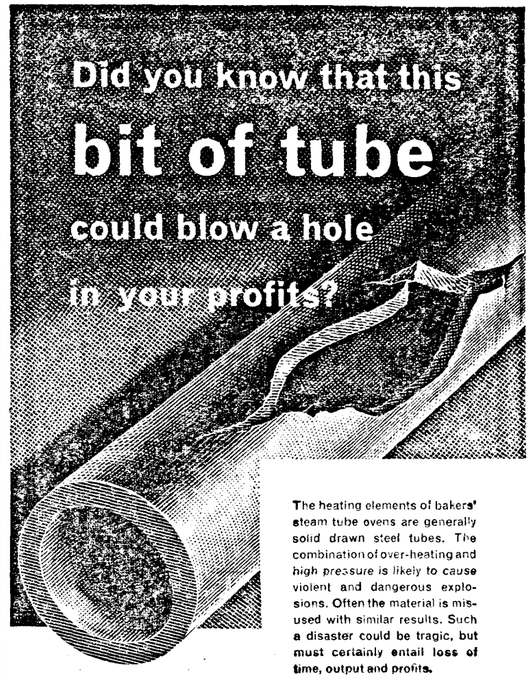

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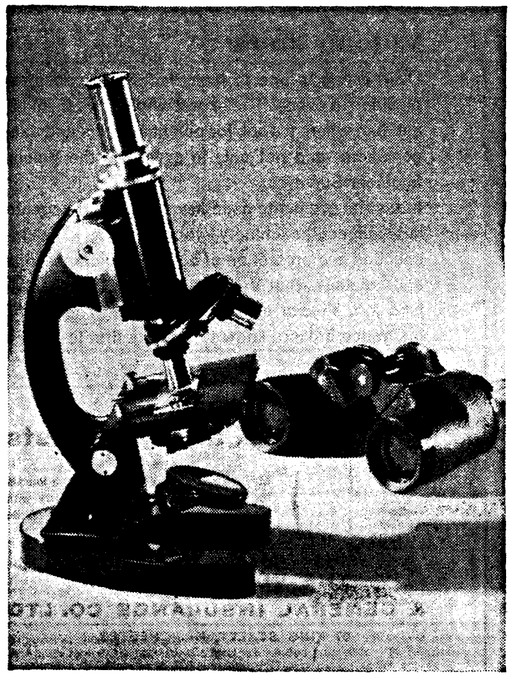

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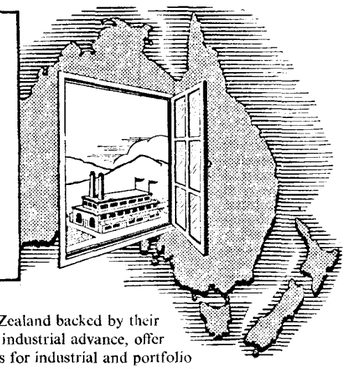

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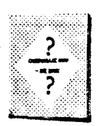

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Starting salary not less than £3,000 and more will be paid for a particularly suitable man; car provided; pension scheme.

Please send brief details in confidence, quoting reference S.2372, to D. M. Sidney. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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We are seeking a new Departmental Head for our Market Research Department. This vacancy, of which our Staff are aware, will be filled by a man aged 28/35, who possesses a B.Sc. in Economics, Psychology or Sociology, and has held a post which has afforded *him ample experience* in research involving full responsibility in the design, execution and analysis of field surveys. A minimum of four years' commercial experience in the Market Research field is expected, and a knowledge of the operation of the Attwood and Nielsen surveys is preferable. Duties will include:

(a) Analysis of marketing problems in relation to research requirements.

(b) Design and control of surveys—both for departmental and outside execution.

(c) Liaison with associated companies, marketing personnel and advertising agencies.

(d) Budgetary control.

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Application form obtainable from Principal to be returned by June 11, 1960.

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Applications are invited for the following posts:—

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The appointments will be within the Liberal Studies organisation of the College and the persons appointed will be required to participate in both undergraduate and post-graduate courses. Further particulars and form of application may be obtained from the Secretary, Northampton College of Advanced Technology, St. John Street, London, E.C.1.

THE PATENT GLAZING CONFERENCE

TECHNICAL OFFICER

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The duties would be generally to keep the Conference in touch with current developments in design and construction in the building industry as a whole, and to consider and advise on their implications for the Patent Glazing trade. He would be expected to pay particular attention to problems on the behaviour of traditional and new materials, insulation, lighting, safety, maintenance and economics and to advise on any research which the Conference might sponsor.

The ideal candidate would be in his late 20's or in his 30's, enthusiastic, have an enquiring mind and be capable of expressing himself clearly both orally and in writing. He should have scientific or *technical experience* preferably in research or in architecture. The salary would be according to his general qualifications but a starting salary of not less than £1,500 p.a., provisionally on a three-year engagement, is envisaged. The proposed appointment is a new one and prospects would depend entirely on how the work and the officer himself developed.

Applications, marked Strictly Personal, should be submitted by May 31, 1960, to the Director, The Patent Glazing Conference, Burwood House, Caxton Street, S.W.1.

OPERATIONAL RESEARCH

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For further appointments and other classified advertisements see pages 668, 696, 708, 710 and 711

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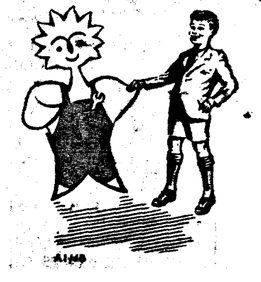

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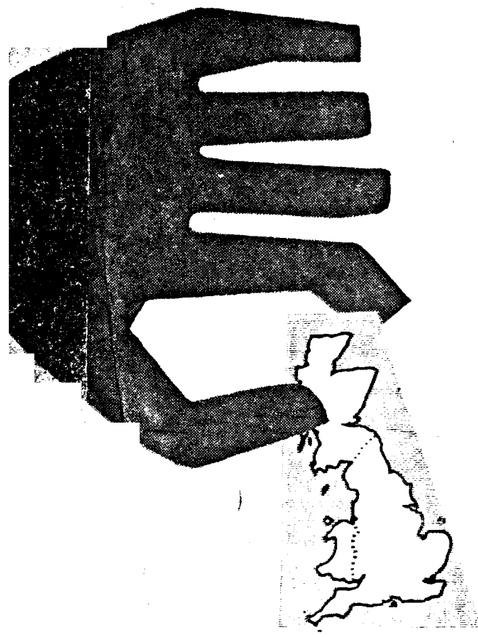

Living with Europe

What place does Britain want? pages 843 and 844.



Post-Summit Reckoning

The Descent page 841 *Defence Bargains in Washington?* page 845 *Germany's Importunate Creditor* page 874 *What US President for Mr Khrushchev?* page 863

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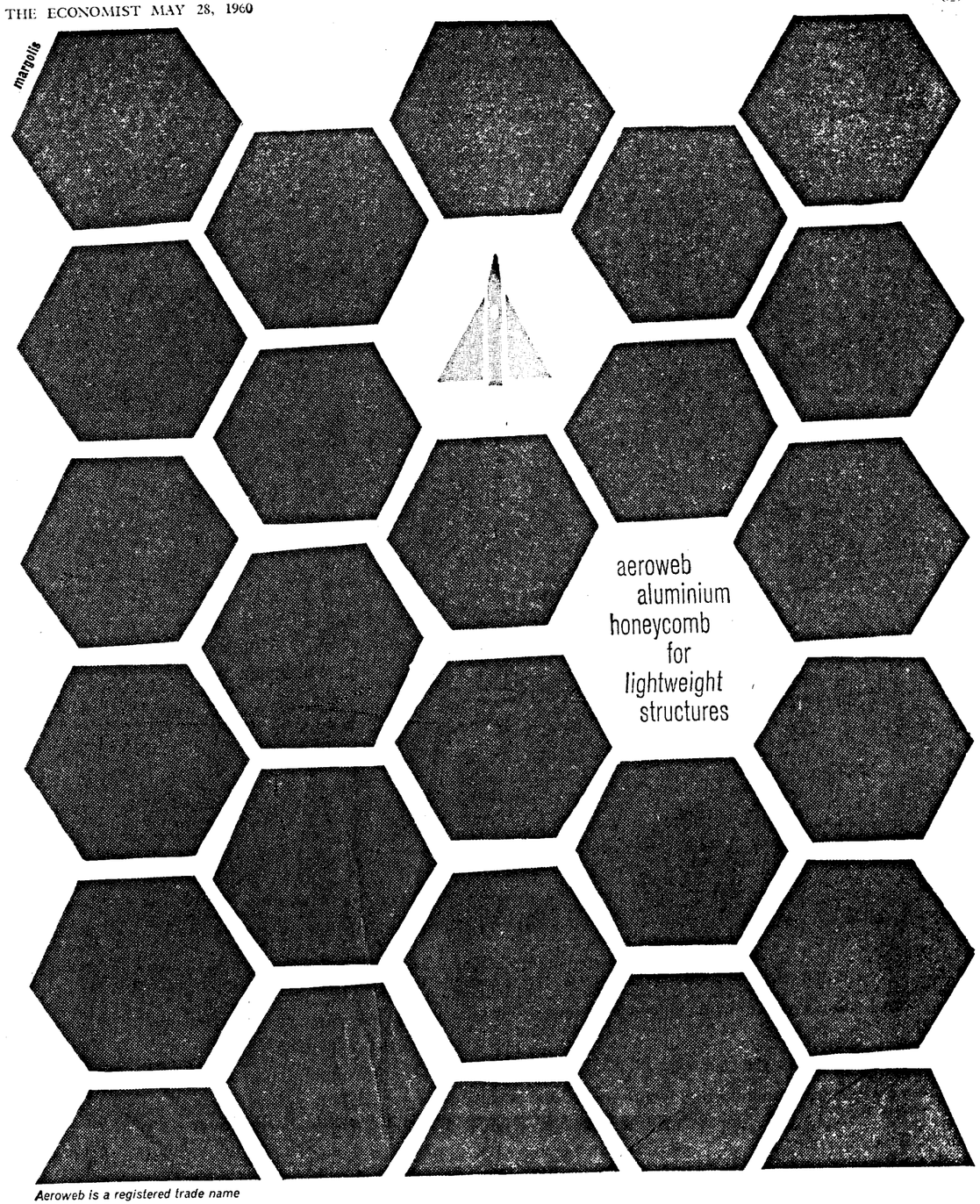

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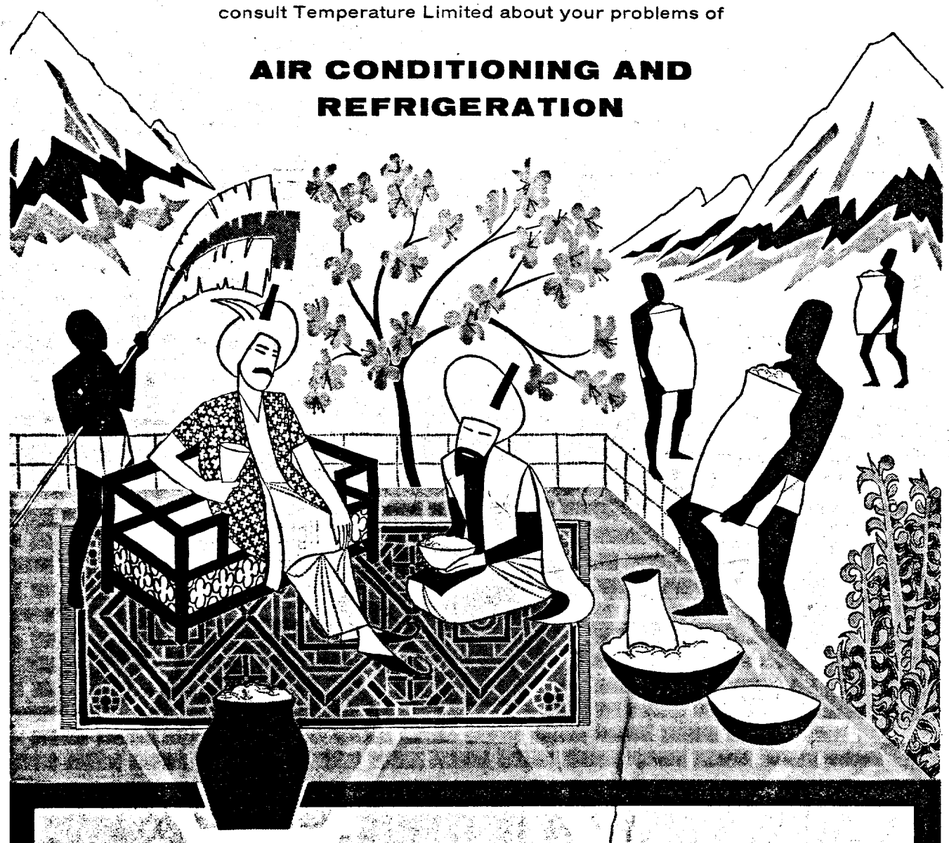

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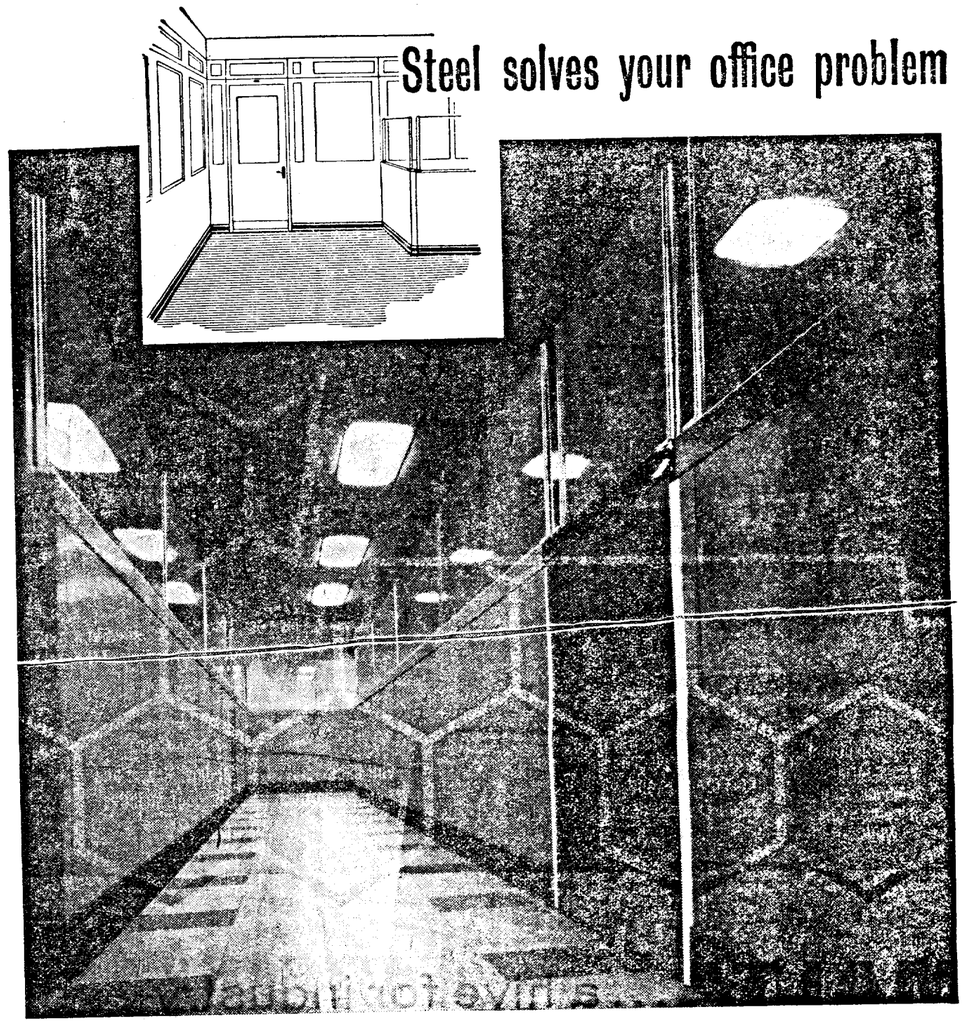

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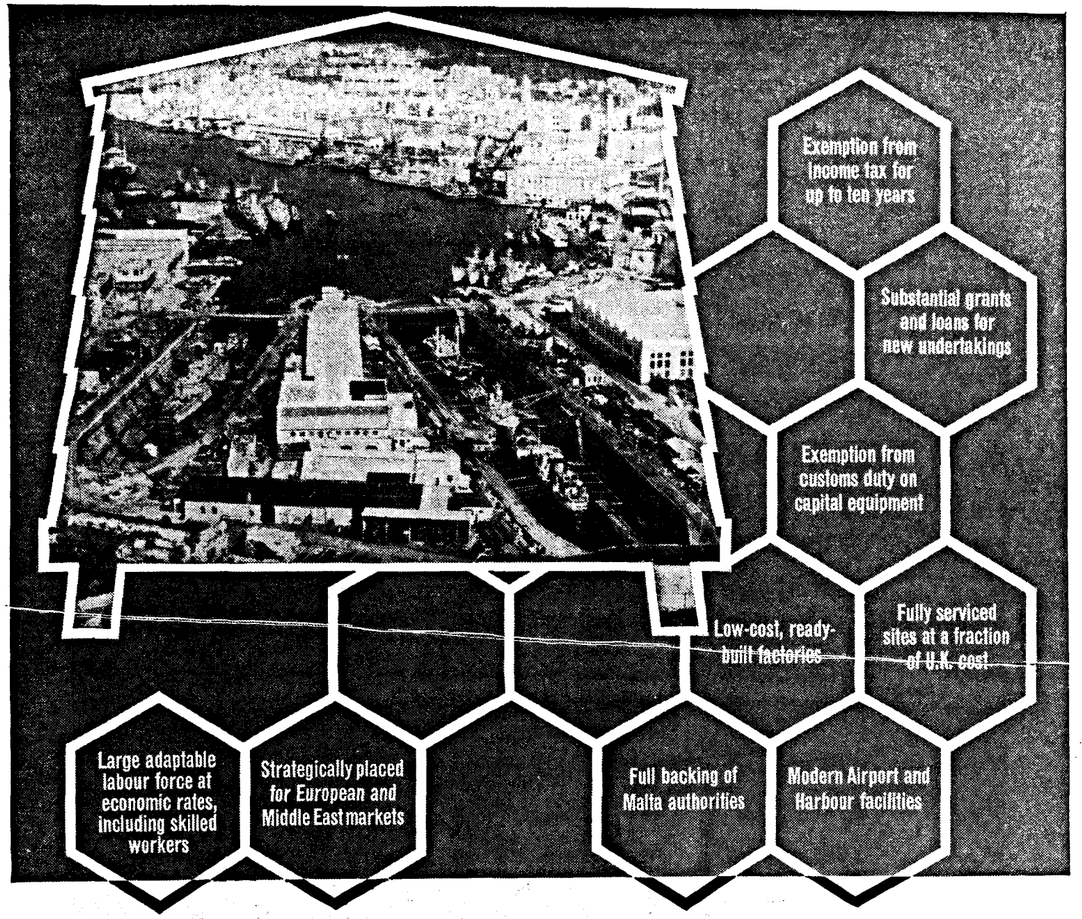

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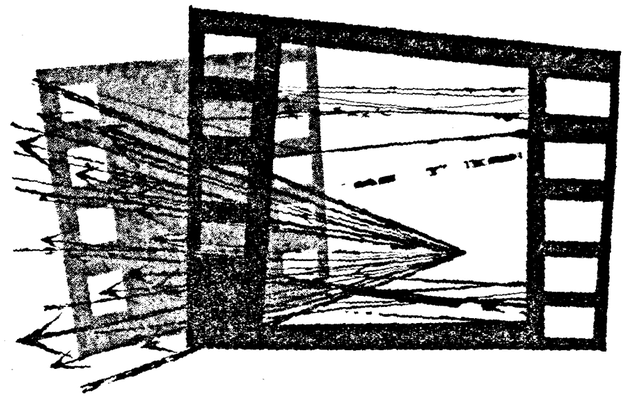

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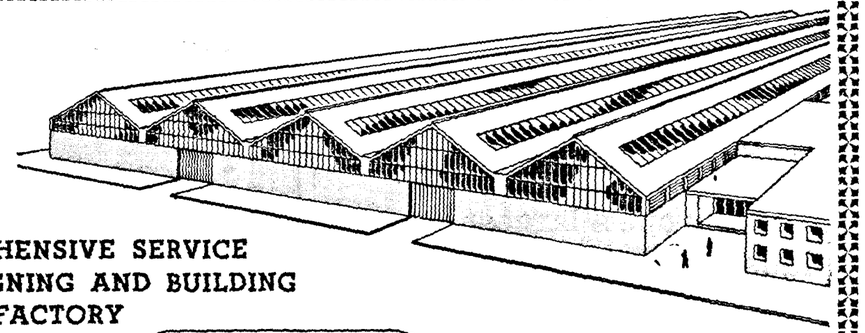

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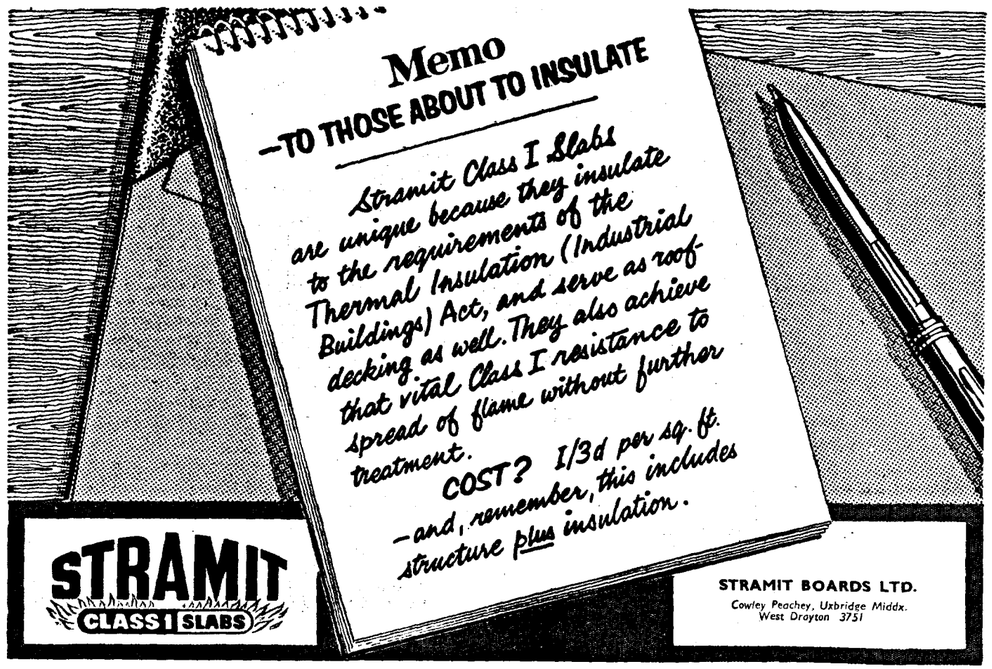

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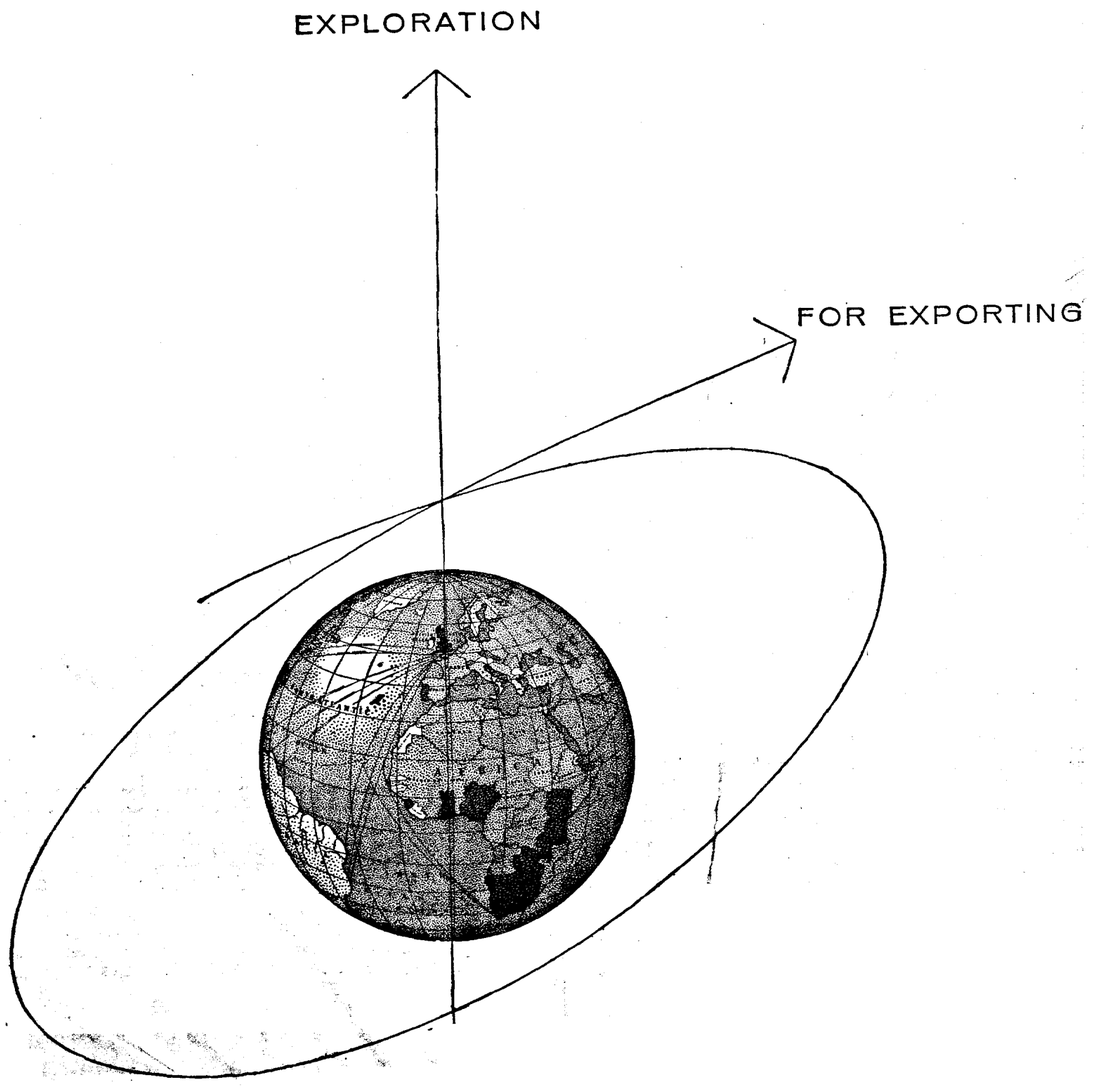

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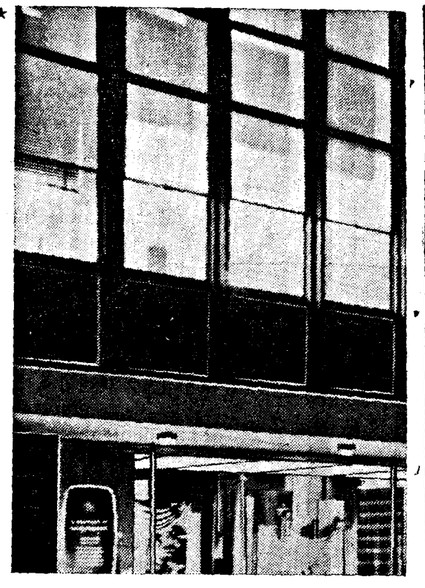

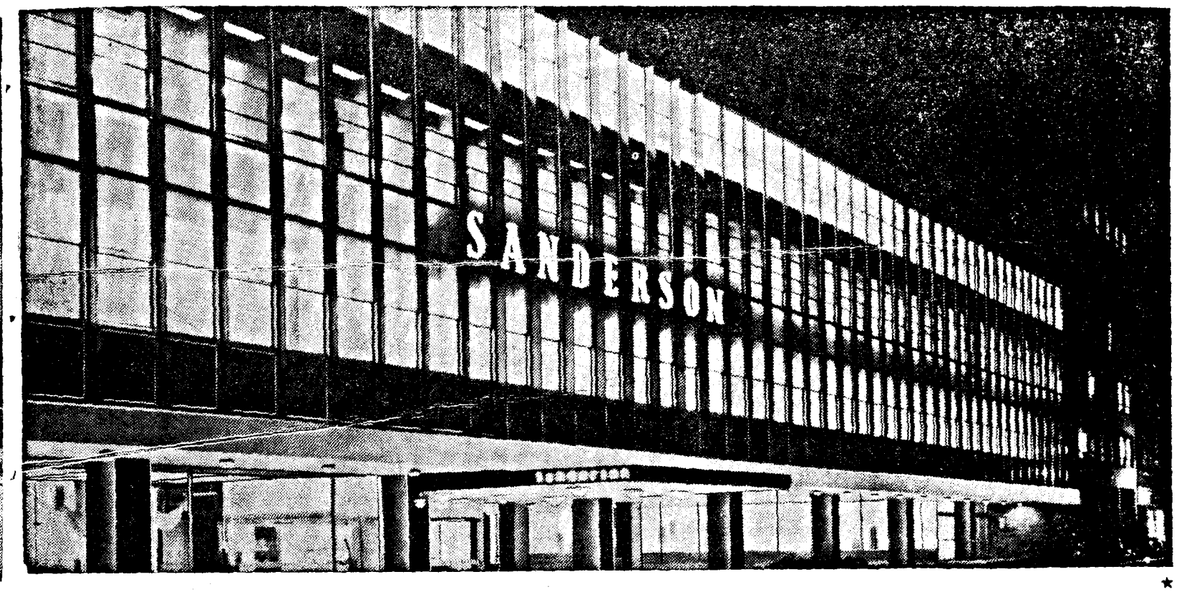

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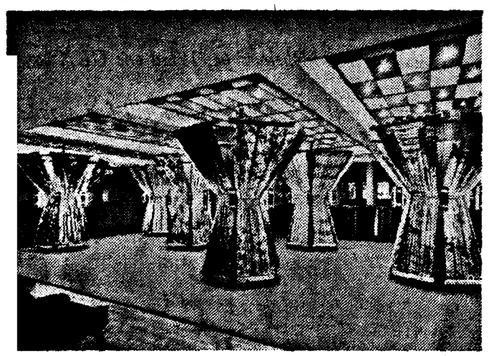

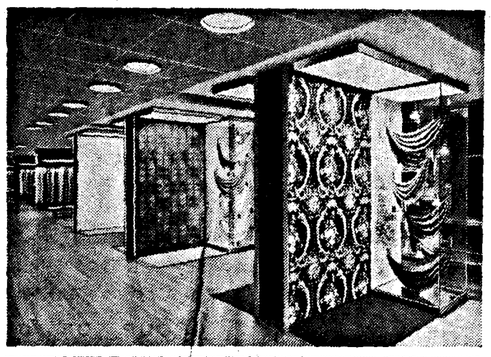



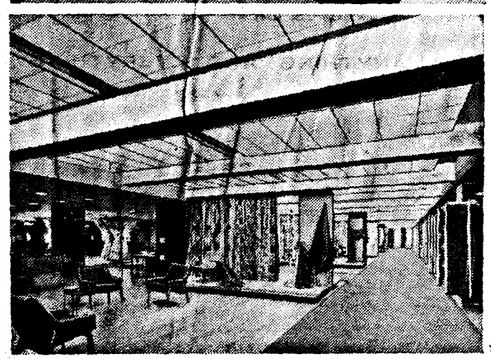

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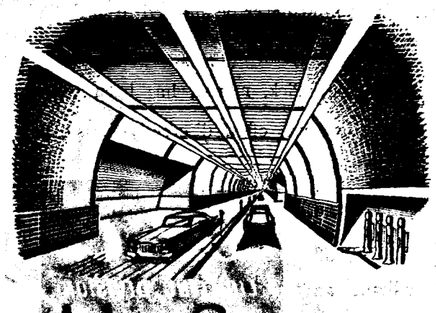

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The Economist

MAY 28, 1960

The Descent 841
Living with Europe 843
King Edward is Dead 844
Defence Bargains in Washington? 845
On the Bottle 846

NOTES OF THE WEEK 848

Labour and Defence; Europe; Turkey; By-Elections; Piccadilly; Education; Eastern Europe; Equatorial Africa; Professional Discipline; Homicide; Morocco; United Arab Republic; Art Finance; Christian Stewardship.

LETTERS 857

BOOKS

The Lawgiver Returns 859

AMERICAN SURVEY

What President for Mr Khrushchev? 863

First Witness; Still Distressed; Britain Comes to Town; District Within a District; Justice on the Move; Artful Giving; Under TWA's Wing?; Jews Apart; Shorter Notes.

THE WORLD OVERSEAS

Caudillo Among the Catalans 873

Germany's Importunate Creditor; "You Too, Mr Kishi?"; A Polemic in Russian Verse; The Algerian War—II; Under the Harrow; New Guinea—II; Australia Plays Out Time; The "Armenian Wizard" in Eclipse?

THE BUSINESS WORLD

Old and New in Merchant Banking 885
Foods of Convenience 887
Unfree As the Air 889

BUSINESS NOTES 890

The Economy; Bank Advances; In the Markets; The Price of Oil; Finance Bill; Roads; Aircraft Industry; Building Societies; IMF and Brazil; The Problem of Wheat; Henry Simon and Simon-Carves; Synthetic Rubber; Motors; Strip Mining for Oil; State Pensions; London Offices; Shaving; Anglo Polish Trade; Tractors; Shorter Notes.

COMPANY AFFAIRS 925

Current Results; Anglo American Corporation; J. & P. Coats; English Sewing Cotton; John Thompson; Beecham Group; BICC; United Drapery Stores; Land Securities Investment Trust; Highlands and Lowlands; Interunie; Head Wrightson.

London and New York Stocks 928
Money and Exchanges 930
Prices and Wages 931

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VOLUME CXCV - NUMBER 6092.

The Descent

FOR ten days now the great powers have sustained the illusion that, for each individually, the summit was a vindication and a triumph. The United States has hailed Mr Eisenhower for the patient resolution that brought about the unmasking of the true Khrushchev in Paris; the blundering over the flight of the U2 has been presented as nothing alongside the enormity of Soviet behaviour. In Mr Macmillan the Commons (and the Gallup poll) have instantly recognised the great, if unsuccessful, mediator; the national sense of diplomatic maturity and responsibility, bruised by the Suez adventure, is now assuaged.

For General de Gaulle the claim has been made out (first by M. Fontaine of *Le Monde* and later by Messrs Cook and Alsop in the *New York Herald Tribune*) that he was not only loyal to the Americans but right about the Russians from the beginning. And in Moscow Mr Khrushchev has had the public reception that is thought to befit the strong and the righteous. The descent from the summit has been as easy as that for all concerned. But where does the journey towards perdition end, and what diplomatic labour will be needed for the return?

If Mr Khrushchev had made a different speech from the one he did make in east Berlin on his way home on May 20th, the mood might be very different. The self-deception in some quarters might indeed be all the more energetically maintained: but the criticism of the western part in the Paris breakdown would possibly be heard with more attention and urgency by the western public. That Mr Khrushchev did not provoke an immediate crisis over Berlin was not out of regard for Mr Eisenhower's resolution, Mr Macmillan's supplication or General de Gaulle's inflexibility. Curious as it may seem, both sides emerged from Paris claiming to have secured the moral advantage, if nothing else—which is, after all, the last refuge of baffled statesmanship. Had Mr Khrushchev followed his press conference at the Palais de Chaillot with the immediate imposition of a blockade of west Berlin he could never have hoped (as he clearly still does) to receive the approbation of the uncommitted third of the globe. What he had to avoid in Berlin was giving the moral game to the Americans by default.

Even if Soviet policy requires the eventual signature of a separate peace treaty with the German Democratic Republic this will need a period of assiduous preparation which may well occupy six or eight months. Mr Khrushchev may seriously believe that he can bring another American president to the summit after that time, or he may not. But for his separate peace to possess any international standing, let alone legality, it must be signed by more states than the communist block and its clients. At least three uncommitted nations—Finland, India and Jugoslavia—have the right to a say in any German peace treaty; they were, in fact, specifically mentioned in a Soviet note to the West on January 10, 1959. Mr Khrushchev will miss his trick if he cannot, by cajolery, pressure or the mien of moral rectitude, persuade two of the three to move closer to his position in the coming months.

The primary danger before the West now is that its own policies, formulated in the heat and clamour of the American electoral conflict, may present Mr Khrushchev with the exact opportunity he could be counting on. It may be natural that the United States should rally to Mr Eisenhower in the immediate shock of disillusionment and bewilderment that this month has brought upon the American nation. Yet the style of electoral campaign which (as our Washington

correspondent reports on page 863) Mr Nixon and the Republican party now seem to envisage has a disturbing ring. At such a time the American people may be no more patient than others are with the advice gratuitously offered by its allies. Yet it must be said that every voice of sanity and reason emerging from the United States (and some have been heard already) serves to strengthen the trust that is still placed in the future of American leadership.

It must also be said with all clarity that, despite Mr Eisenhower's explanations on Wednesday, the United States has not much to be proud of in its government's reaction to the U2 affair. From now on every attempt merely to brazen it out or, worse, to reduce the admittedly slim chances that remain of reaching limited arrangements with the Soviet Union on disarmament and the suspension of nuclear tests can be counted an American defeat. Fortunately, Mr Eisenhower himself is anxious to see the Geneva talks continue. Through ineluctable pressure or personal miscalculation, Mr Khrushchev contrived to put Russia in the wrong in Paris: this was the one major service that he, or his associates, have ever done for the West's reputation. It is no wish of America's friends now to see the United States in needless difficulties in the coming months for the same failings that put Mr Eisenhower's policy in jeopardy in the last days before the summit.

The initiatives that are left to British diplomacy at this time are limited; but they need not be altogether ineffective. First and foremost, by every means consistent with the fundamental needs of the alliance, British policy must encourage the United States to see the Paris breakdown in wider terms than the exacerbation of the Russo-American rivalry and distrust brought about there. The Soviet Union has not shifted from its ultimate design to outflank the immobile West through Africa, Asia and Latin America. For the West's own advantage the present opportunity to secure the ear of the Afro-Asian powers must not be dismissed in favour of the easy demonstrations of proud inflexibility that spring to the military, or diplomatically closed, mind. The Security Council debate this week has demonstrated the concern of the smaller powers. The greatest shock the summit gave to the peoples of south and south-east Asia was to hear in Mr Khrushchev's voice the authentic tones of Peking. But, after the flight of the U2, western rectitude cannot be taken to be self-evident; it has to be demonstrated.

This means that the second task of British diplomacy is to save what remains of east-west negotiation and contact. Mr Khrushchev did not hold out much hope in Paris for the disarmament talks; the chances of a useful discussion on preventing surprise attack have vanished for the immediate future. But the suspension of nuclear tests remains an object of Soviet policy that it is equally in the western interest to pursue. The present atmosphere of suspicion and recrimination does not improve the prospect of securing even the severely limited system of monitoring and inspection that Mr Khrushchev had previously been ready to entertain. But the talks must be persevered with, for their ending would certainly unleash far greater dangers.

For the one power that has decisively profited from the Paris failure is China. Mr Mao has seen at a stroke the fulfilment of his pre-summit wish that, after the U2 affair, "those people who described Mr Eisenhower as a man of peace would now be awakened by the facts." Peking has became shrill in its denunciations of the "trick peace": the Chinese arguments for priority in the distribution of Soviet economic aid and for revolutionary activity among the neutral powers may be listened to with all the more respect by some quarters in Moscow. The greatest danger is that the failure in Paris, if it were followed by a breakdown in the nuclear talks at Geneva, might finally prompt a favourable Soviet answer to Chinese demands for a nuclear armoury. Of all the major powers, China alone professes a philosophy of atomic war, and it has the cause—in Formosa—to start one. The risk is evident that Peking may use its first bomb to paralyse the Nationalist regime, in the belief that the United States would hesitate to start a general nuclear conflict.

It is not in Mr Khrushchev's visible interest to give his Chinese allies this blank cheque for oblivion. But his resistance to pressure is bound to be weakened if there is no prospect of a workable arrangement on nuclear weapons with the West. The third responsibility of British policy at this time is thus to ensure that there are no miscalculations, on either side, in the Far East that could lead to a nuclear war. This will involve convincing Peking that the Americans would mean business in a new crisis in the Formosa Strait, just as Mr Macmillan impressed on Mr Khrushchev in March last year the risk he would run by any unilateral step in Berlin. It is too much to suppose that American opinion would stomach any attempt to bring China into the next round of international discussions, at least before the November elections are over. Mr Macmillan would get no thanks from anyone for a direct intervention in Peking at this stage (although the idea of an eventual visit ought to be in the back of his mind).

For the moment, the chief responsibility is Mr Khrushchev's. What his future dealings with Mr Mao are likely to be is a matter he may be anxious about himself. It is something that, at the height of Peking's anti-American demonstrations on May 20th, Mr Khrushchev's ambassador managed to inject the double-edged thought that the Americans would come to recognise "that peaceful co-existence of the two systems of capitalism and socialism is the only way out." On the western side, the Seato conference in Washington next week could afford the opportunity for taking a long-term view of policy towards China.

Without a sustained effort by both sides the failure at the summit will inevitably induce a marked deterioration of relations along the entire perimeter of east-west contact. Should this deterioration become cumulative, either by accident or deliberate policy, the ability and determination of the great powers to avoid a major war in the future, whatever their inner revulsion from it, must be fatally diminished. The full extent of the dangers inherent in the Paris breakdown is only beginning to penetrate the public consciousness. After all, the sky has not fallen. It can only be said that the best way to remove the danger is not to pretend that it does not exist, and not to imagine that the posture of military readiness is the sole preventive of war that the wit of man can devise. In the West we need to be frank with ourselves, besides being true to our obligations to each other.

Living with Europe

Political life in a Europe that contains the community of the Six is going to be different

BRITISH policy, in its dealings with the western European powers during the years in which they have been searching for a union, has almost always been worrying about what the consequences of going into such a union might be. Because those consequences looked incalculable and unpredictable the British, whenever a decision had to be taken, hung back. Times have changed. True, the union of the Six is not yet by any means total; but it has gone far enough to force the British to turn their attention to the consequences of staying out. Serious enough commercially, these are still more portentous politically. It is not surprising that the Government should now be giving signs of a reconsideration of its course.

The British are not alone in their worry. The European Free Trade Association is a club of those who were unable, or have hesitated, to join but yet are uncomfortable at being left out. There are others, just as uncomfortable, who cannot even join the Seven: Finland will probably turn out to be one of these, Jugoslavia certainly is, and the Soviet sphere of eastern Europe contains others that feel their exclusion just as keenly, but cannot even say so. What all have in common is that life in a Europe which contains an integrated western European continental block is not going to be the same for them as it was in the old Europe. This is all the more true because the common market possesses, in a fairly limited area within its borders (the north of France, the Low Countries, the Rhine basin, and the industrial north-west of Italy), the greatest concentrations of economic power, the greatest accumulations of wealth and the richest sources of technology and capital on the European continent.

To do it justice, the British Government did grasp the economic implications of this and sought to insure against them; its chosen form of insurance was the free trade area plan which the French threw out of the window at the end of 1958. What the British had not grasped were the political implications. When accusations began to fly that their purpose in putting forward the free trade area was to undermine or disrupt the common market, they were genuinely taken aback. They had, indeed, intended no such thing. No doubt they had committed a psychological error in deciding to handle the new European union as if it were a purely commercial affair, but that by itself would not have been fatal without the other factor which the British had failed to foresee—that the first tendency of a new union would be to assert its separateness; and those who had chosen not to come in would be liable to be told, rather demonstratively, to keep out.

As it happened, France at that moment had a government of a new kind, more self-assertive, quicker and crisper in its decisions than its predecessors, which decided to couple its entry into the common market with a forcing bid for diplomatic leadership of the western part of the continent. General de Gaulle has made the pill harder for Britain to swallow; even without him, however, it is probable that Britain would soon have found itself being treated as an outsider. A long tradition on the Continent associates efforts to unite Europe with efforts to exclude British influence. By deciding to join, the British might have succeeded in breaking the tradition; by staying aloof, they strengthened the hand of those who had never been able to conceive of European union except in terms of shutting the British out.

That attitude is not, of course, wholly irrational. Because of Europe's divisions, Britain has at various times enjoyed more influence on events in Europe than the numbers, wealth and talents of the British people would have justified by themselves. Whenever a strong power has sought to organise Europe, Britain has set about organising a counter-coalition. The British and their friends may see this traditional role as the protection of freedom and the defence of small nations, but there have always been those in Europe who look at it less charitably; and it is they who are on top nowadays in the Christian Democratic parties, the ministries of foreign affairs and finance, the editorial boards, the inter-parliamentary commissions and the new European executives.

It is unfortunate for Britain that this hostile view of its role in Europe has prevailed just when it has become quite baseless. The preponderance of Soviet power, and the Soviet control of eastern and most of central Europe, virtually impose unity (if not actual union) on those European countries that remain free. A balance-of-power game within free Europe is thereby rendered pointless, as well as inexcusably reckless.

To be fair, British governments since the war have realised this, and their attitude towards the western European moves for union has in fact been benevolent, if somewhat vacuous. What they did not realise was that their motives would be treated as suspect; that the Carolingians have never loved Britain and do not love or trust Britain today; and that the British would get no credit for their benevolence unless they actually proved it by doing their best to join. Since they did not, they were easily outmanœuvred over the free trade area and driven on the defensive; and the course they then adopted, the formation of the association of the Seven, could easily be, and is being, represented as just another example of the British at their old game of organising counter-coalitions.

If this is really the frame of mind in which the Little Europeans look at Britain, it may fairly be asked, what would be the good of the British Government changing its course and seeking to join the common market? Would not this move, too, be received with distrust and misrepresented as just another cunning British divisive manœuvre? Or if it did succeed, what kind of political company would Britain then find itself in? The Carolingians seem not unhappy with their narrow horizon; they give the impression of being content that their Europe should be little so long as it is homogeneous—predominantly bourgeois, predominantly Catholic, averse to social change, intransigent in its dealings with the East, its concept of government a mixture of the technocratic

and the authoritarian, its vestiges of democratic political life exposed to the atrophy of disuse. Would Britain be in place in such a world ?

The answer to this last question is that a country cannot choose the world it will live in, but can only seek to shape it. British interests and influence will be powerfully affected by the existence of such a Europe whether Britain goes in or stays out. If the choice is to stay out, then the possibility of influencing the trend of affairs in that region of Europe is lost ; but the region is still too near, the ties with it too close and organic, for the British to be able to disinterest themselves. If the British were to go in, they would take their view of politics and society with them, to reinforce those bodies of opinion in the region that think broadly as they do.

The people who have most cause to complain of British neglect of Europe are not the opponents of British influence there—they could hardly have been better served than they have been by the postwar British governments of both parties —but its supporters and sympathisers. It is they who, while Britain plays dummy, are losing the rubber. They are also, of course, the people who would most actively support a British entry into the European Community if a British government could bring itself to make the attempt. If the attempt had been made as late as the beginning of 1959, it would almost certainly have succeeded. As time goes by the odds worsen ; even now, however, it has still not quite become respectable in western Europe to urge the exclusion of Britain openly as an end of policy.

CLEARLY, the problems associated with a change of course are becoming complex ; thus, an American vested interest has appeared in keeping to as small an area as possible a customs union which discriminates against American trade. To the question what to do about the Commonwealth is now added the question what to do about the Seven. A simple decision to join the common market tomorrow is evidently not now on the cards. This does not make a British reassessment of European policy any less necessary ; what is wanted is that the Government should know in its own mind, and make clear to its friends, what its purpose is—the objective it is trying to achieve, and the evils it is seeking to avoid.

The choice is really between full participation and an active estrangement. Tact and goodwill can postpone and alleviate the estrangement, they cannot prevent it altogether. (The closest and most pressing case, the British relationship with France, is discussed in the following article.) As is inevitable at this stage of a reappraisal, some attractive half-measures are being thought about in London: joining Euratom, or the Coal and Steel Community, or both, while leaving the question of joining the common market till later. The signs of thought are welcome, but the truth probably is that it will be no use attempting the first two steps without first having formed a definite intention to go all the way.

Particular efforts at co-operation with individual members of the Six, or with all of them together, will be aired and tried out from time to time. This is inevitable as the attributes of great-power status and great nationhood become more elusive and more burdensome. European partnerships for the development of aircraft, space vehicles, missiles, radar systems, even armoured vehicles, impose themselves by the mere scale of the demands they make. So does a European effort to concert aid to, say, Africa. But, as things are, these remain for the British mere brainwaves to be played with and discarded: how can they be turned into projects, let alone policies, if no one knows whether the partners who would have to undertake them are going to be friends or opponents? If British policy can get clear the direction it wants to take, then only will some awkward pieces in the puzzle of European policy begin to fall into place.

King Edward is Dead

Franco-British relations need a modern formulation and need it soon

BUFFETED by the summit storms, the western powers drew momentarily closer together in Paris last week: this psychological tightening of the alliance is something for which Nato is habitually indebted to Soviet policy. The consequences of the summit for the relations of the United States with its allies are discussed in an earlier article, but the state of the Franco-British relationship is equally worth attention now. If Britain and France, rightly or wrongly, have attempted to play a semi-independent part in the world, their independent manœuvres have seemed, willy-nilly, to be turned chiefly against each other.

Thus, in Paris, the two lesser great powers might have united in an attempt to mediate between the Russians and Americans: not an unworthy responsibility. As it happened it was Mr Macmillan, a member, in General de Gaulle's eyes, of the Anglo-Saxon block, who appeared as the harassed go-between ; while it was the general, the progenitor of the European third force, who stood, in French opinion, staunchly in the American corner. This was the outcome of an honest difference over the prospects for negotiation. But, in the result, it has not done General de Gaulle's, or the European Economic Community's, reputation any harm with American opinion. So most events nowadays seem to conspire to harden Franco-British divisions.

It is a truism that since the war, and the almost-forgotten treaty of Dunkirk in 1947, the Entente Cordiale has been weakening, less by contrivance than by circumstance. The historical conditions that summoned the entente into existence in 1904 and preserved it through the nineteen-thirties have been eclipsed by a new balance of power. The French explanation has usually been that collective arrangements have replaced whatever guarantee Britain could give against France's Continental neighbours. But this needs qualification. In western Europe the Franco-British alliance was necessarily submerged by the Brussels treaty of 1948 and by Nato itself ; even so, these arrangements did not produce an observable effect on what was still Paris's sense of dependence on London. As late as the collapse of the European Defence Community and the signing of the Paris agreements in 1954, French policy

insisted on the British connection as a reinsurance against the revival of German power.

THUS the real factors in the supersession of the entente have been the very recent development of the European political and economic community from which Britain excluded itself, and the progress of west German rearmament that has made the German Federal Republic into France's chief European guarantee against the Soviet Union. These changes have coincided with the psychologically-occasioned reassertion of French interests by General de Gaulle, an assertiveness directed against Britain and the United States, but never yet against Germany. In the British view, gaullism's diplomatic ambitions have restricted the possibility of a frank exchange on the realities of the entente.

Whatever the difficulties, this exchange ought not to be delayed much longer. General de Gaulle's state visit to London was a genuinely sentimental occasion that drew much of the sting from the past. But what reliance can be placed on the professions, on both sides of the Channel, of desire to breathe new life into the entente itself ? The ties still have a meaning, even if sometimes only a negative one. Thus, *The Economist* has been informed by French officials that M. Debré takes singular exception to a statement by one of our correspondents (" Channel Crosscurrents " in the issue of April 9th) that he had said on television: " The Entente Cordiale is dead." *The Economist* is glad to record this denial of the report, and withdraws the statement with pleasure. It also considers it significant that there should be a body of opinion in France, including gaullist opinion, that believes it is not entirely in French interests to push Britain into compulsory emigration from the European continent.

But there are two Franco-British decisions that have to be taken if this emigration is to be prevented. British opinion must finally appreciate that the days of, in Sir Winston Churchill's phrase, choosing the open sea are, in fact, ended. And on General de Gaulle's part there must equally be a revision of his ideas of European leadership, without Britain, in favour of a collective European arrangement that would be in the long-term interest of all the partners concerned. Without these changes in fundamental policy, incidental co-operation—such as Mr Watkinson's and M. Messmer's talks on Franco-British missile development for space exploration—will not do much to narrow the widening gulf.

There is a great deal that Britain and France can usefully do, and ought to do, together, in the modern world. They have a responsibility to co-ordinate their policies to assist the new states and associations in west and central Africa. They alone can now prevent a European trade division which, whatever its direct effects, already adds to the cold war arguments of the old-fashioned Leninists in Moscow and Peking. And if they put their heads together in time they can still ensure that western Europe develops a balanced defensive system in place of their own economically ruinous, and largely ineffective, separate nuclear deterrents.

M. Mendès-France, in the current issue of *L'Express*, goes as far as to argue that after the failure of the summit Britain and France should take the initiative in proposing a peace plan of their own, ranging from the cessation of nuclear tests to a ban on arms deliveries in areas like the Middle East. This seems an ideal of Franco-British action that is unlikely to materialise from the present policies of London and Paris. General de Gaulle is reported, in fact, to have drawn the conclusion from the summit that France is justified in going ahead with its independent deterrent. If this is so, the chances for cross-Channel co-operation may be all the more limited. The decayed Edwardian entente appears an antiquated instrument in the developing world. But we need not lament its passing if we face up to the realities of what Franco-British relations still mean, and can still become.

Defence Bargains in Washington?

Paradoxically, the failure at the summit may be giving the Government an excuse to accelerate its defence policy in the wrong direction

BRITISH defence policy, too, will need a reappraisal after the summit conference's collapse. There is unfortunately a danger that the emphasis will be wrongly placed, partly because of the British Government's political timidity and partly because of American over-politeness.

Mr Watkinson and the eminences of the Ministry of Defence are going shopping in Washington, with the metaphysical formula of " an independent (and inexpensive) British contribution to the western deterrent " inscribed on their indents—at just the right time for buyers. The Americans, anxious to strengthen their alliances in response to Mr Khrushchev, are in a mood to make promises that Skybolt will be supplied without strings, correctly designed to fit Vulcan bombers and British-made nuclear warheads. They may even offer a bargain-line of Polaris missiles to fit British submarines as well ; and Mr Watkinson's anxiety to secure mobility in deterrents will make him a receptive customer.

But should ironmongery dominate the discussions in the Pentagon ? Mr Watkinson is shopping for deterrents that will not be needed, or available, till 1965 or later ; the present " independent " British deterrent is assumed to be valid until then. In the meantime, it would be a good thing if the American generals, in the name of collective western defence, asked some probing questions about British conventional forces. Mr Watkinson has confirmed that national service is to end ; he has not undertaken that even the contingent liability to serve should be kept on the statute book, for use in case of emergencies. Yet the recruiting figures for the regular professional army are at present declining dangerously. There is now no prospect of an army of 180,000 by 1962 ; indeed, the army will be exceedingly lucky to attain the Sandys target of only 165,000, even if Sir Frederic Hooper's researches can find new ways to stimulate recruitment. The Government is now busy saying that, what with mobility and reduced commitments, 165,000 is plenty. It knows quite well that it is not. This idea of a coming net reduction in com-

mitments was a wishful thought in the days when it was hoped that the summit conference might lead on to disarmament; to rely on it now is a flat contradiction of the other things that Mr Watkinson will be saying about "strengthening our defences" when he is shopping in Washington.

THE army is already overstrained, and morale in its ranks is being buffeted. An understrength, overstrained, overworked regular army, relying on volunteers, is just as much a self-destroying organism as the mixed conscript and short-service regular force was said to be. It is also more perilous. Under national service, taps regulating the flow of conscripts could be turned on and off; volunteers cannot be. This is the most serious defence issue before the country, far more immediately serious than the question of what vehicles should carry British H-bombs after 1965. There is unhappily only one obvious remedy: compulsory selective service, the retention of the power to conscript some young men into the forces if they are unlucky in some form of ballot. The Americans still operate a system of compulsory selective service, and so do some of our other Nato allies. Yet both British political parties have made it a matter of honour to refuse to countenance any such "unfair system."

Nobody denies that the introduction of selective service in Britain would require considerable political courage. Yet if ever the step is to be taken, the next six months will provide by far the best opportunity. One reason for this is the mood of renewed resolve—or perhaps resignation—about defence matters among the public after the summit. Another is that the Labour party (see page 848) is at present searching for a defence policy that would put "greater emphasis on conventional forces"; if the Government introduced selective service, the Opposition would be much less well-placed than ever before to smite the Government really furiously. Some of Labour's bolder backbenchers might even support the move. Unless the decision is taken the result could be that when the British are wanted—by Nato, Cento, Seato or anybody else—the British won't be there. If our allies think that the Russians are now liable to probe for soft spots, they should speak up.



On the Bottle



The British are at last becoming wine-drinkers

"LET us have wine and women, mirth and laughter, sermons and soda-water the day after." Nearly one hundred and forty years after his death Byron's words seem to be being accepted—in the case of the wine at least—even by the notoriously phlegmatic British public. Until the nineteen-fifties wine, with almost the sole exception of low grade port for a few confirmed bibbers, was the carefully guarded retreat of the upper classes. Now, perhaps for the first time, foreign wines are beginning to find a mass British market.

Not that British wine consumption per head is yet anything but derisory by comparison with that of most Continental countries. The French, before the recent high prices and the anti-alcohol campaign began to reduce drinking somewhat, easily headed the league with an average of over 30 gallons of wine a year for every man, woman and child; Italy came next by drinking 24 gallons per head, though of rather lighter wine. Britain still drinks only one-third of a gallon (no more than 2½ bottles) per head. But this total has been rising sharply; in 1949 total withdrawals from bond were little more than half what they are now, while the consumption of light table wines—which have borne duty of 13s. per gallon ever since the 1949 Budget—has risen by nearly 500 per cent since then. British wine consumption as a whole is still only just about back to prewar levels; but the people who are drinking wine, and the types of wine that are being drunk, have undergone a sea change.

The postwar growth of British wine consumption has in fact been concentrated on two fairly narrow sections of the trade. The first is cheap table wine which—at 7s. to 9s. 6d. a bottle—provides quite keen price competition with beer, considering the amounts of each that are normally drunk at a sitting. The spread of the wine habit has not been solely due to the spread of the expense-account business dinner; even more, it is a result of the increased willingness of pubs and restaurants of all types to sell wine by the glass. Middle-class women, who have never taken kindly to beer, provide a principal market for it; they are said to have shied away from the gin and orange which was their standard order in the thirties.

The other wine to have profited from recent social trends is Spanish—though not South African—sherry. Consumption of Spanish sherry in Britain has risen steadily, by about 8 per cent a year for the last decade; with the latest reduction in duty of 2s. a bottle, this rate should accelerate. From the marketing point of view, sherry has an advantage over other wines in that it is blended into a standard product and can thus be heavily advertised. The practice of drinking an aperitif before a meal and of washing up—instead of drinking a heavy wine—afterwards has also been sherry's gain and port's loss.

Port is the depressed class among postwar wines. Consumption of port is now no more than a third of its level in 1938. The statistics show that the chief sufferer has been not so much Portugal as Australia, whose cheap "port-style" wines were a favourite of three vanishing social groups: women in the public bar, craftsmen in the front parlour, and misguided teetotallers. Withdrawals of Australian port from bond, which were 2.9 million gallons in 1938, were as low as 290,000 gallons two years ago. Portugal has also felt the pinch, but for a different reason; its better ports were drunk not by a disappearing proletariat but by a much impoverished upper crust. Port is sweet when public tastes are shifting to drier wines; and it still has an image of male exclusiveness. Thus good port now tends to be drunk mostly in incorrigibly male backwaters—in clubs, Oxford and Cambridge colleges, army messes and banqueting halls. Not even British wines, production of which (at 5½ million gallons yearly) has heartenингly not gone up since 1955, have fared so badly.

With these changes in taste has come a complete reversal of the wine trade's attitude towards its public. Before the war wines were said to have finesse or pretensions; today they are just pleasant or unpleasant to drink. Ports used traditionally to be stored for years in a cellar and then to be served at bloodheat; today, the lighter and younger varieties at least are served chilled. Neither businessmen at dinners nor well-paid working people in pubs have much time for sophistry; the old smoke-screen of vinous adjectives has gone as surely as the clientele that demanded them. Champagne, though it has regained some of the ground lost during the period of sky-high prices in the early fifties, still sells no more than it did before the war; the recent spate of American-backed take-over bids for the champagne houses is viewed with alarm in the trade. It is the low-priced wine which gives value for money that is most popular today.

THIS change in British tastes has had a sharp impact on the various wine-producing areas. First, it has favoured the cheaper Spanish table wines as against the dearer French ones. High quality French wines remain unchallenged, but total imports of table wines from France have risen only 13 per cent in volume since 1954, while imports from Spain have much more than doubled. Imports of other cheap varieties like Jugoslav riesling and Chilean hock have also done well. The ending of duty discrimination against estate-bottled wines in the last budget may help to shift the balance towards France a little, but the bull market for cheap "imitation" wines does not seem to be a quickly passing phase.

UK WINE CONSUMPTION

	1938/39	1958/59
Withdrawals from bond:—	(Thousand gallons)	
Table wine	3,062	7,034
Champagne	482	462
Port	3,838	1,393
Sherry	3,031	3,292
Others (including port and sherry type)	4,809	2,482
	15,222	14,663
British wines	6,471	5,578

CONSUMPTION PER HEAD, 1957

(gallons)

United Kingdom	0·38	West Germany	2·0
France	30·0	USA	0·8
Italy	24·0	Holland	0·16

A second impact has been within the French wine industry itself. Britain has traditionally been a claret-drinking country; it was from the Bordeaux chateaux rather than the Burgundian merchants that the prewar Briton with a cellar traditionally drew the bulk of his supplies. But since the Burgundians are sharp businessmen—they have for many years sold three times as much Burgundy as is ever grown in the Burgundy area by the simple means of mixing their wine with *ordinaire* from the south and topping it up with stiff Algerian—they have begun to tailor their methods to the new market in a way that the Bordeaux growers have not. By introducing less and less tannin from the pips and skins into the new wine, the merchants have cut their maturing period—the period until the tannin is aged out—quite markedly. They have thus cut their costs sharply, too. Even a fine Burgundy can now be drunk in good condition after three years, while the sun-baked 1959s may well be ready this Christmas. Last year's fine clarets, however, will not reach their peak until 1968 and, although the ageing will make them better wines, it will also make them dearer. This will not matter to the very top chateau wines, since advance publicity has enabled them to be sold off already to wealthy Europeans and Americans; but in the middle price ranges it could in the future give the Burgundies an important edge.

The trend to regard wine more as a business and less as a connoisseur's hobby was shown up dramatically—and perhaps irrevocably—by the history of the 1959 vintage. The hot summer greatly favoured the northern Rhine and Moselle wines, champagnes and those that often lack enough sun; but it tended to burn up some of the Burgundies and many of the Bordeaux. However, the word got—and was spread—around that for all fine French wines this was the year of a lifetime, and the huge demand this publicity caused took the established merchants by surprise. A few fought against it, but the speculative buying of others doubled and even trebled the prices of fine claret within six months. Fortunes were made and now the best 1959s are almost impossible to buy, even though only some are of outstanding quality; the best will eventually cost at least £4 or £5 a bottle. Such happenings are anathema in this staid industry, where recommendations have always been made in a discreet whisper rather than a vulgar shout. But if the expansion of wine drinking continues at its present pace, this commercialism will be the shape of things to come.

The Economist

MAY 26, 1860

ROBERT OWEN

"There is a class of persons whose conduct and character offer an almost inscrutable problem to the curiosity of those whom accident, or personal interest, or the study of some peculiar subject with which these erratic beings have connected their names, may lead to think or to inquire concerning them. . . . Of such men was *Robert Owen; the skilful manager of cotton mills at twenty; the educational philanthropist and friend of statesmen and princes at forty-five; the apostle of a socialist Utopia at sixty; in early youth and mature manhood the outspoken, offensive, aggressive atheist; in old age the victim of the silliest superstition that has degraded this educated century.* Throughout all his changing phases of opinion and activity he was the same man as when he began: narrow-minded, ignorant, dogmatic, and conceited as few men are, and as few or still are allowed to show themselves; earnest, benevolent, and good-tempered enough to win—despite such faults—courtesy from the world, and warm affection from a large circle of friends and disciples. With little or no knowledge of theology, and with a mind wholly incapable of weighing theological evidence, he had arrived in early youth at a settled contempt for all religious creeds—*apparently on the score of their number and diversity*, and was wont to thrust his unbelief down the throats of his religious friends, in a manner certainly likely to peril friendship. Yet he was allowed to marry the daughter of a sincere and orthodox Quaker; and the severest rebuke which he ever seems to have drawn down by the opinions he was wont to force upon his father-in-law was the observation—very well deserved, but quite too delicate for Owen's appreciation—"Thou needest be very right, for thou art very positive." The *redeeming feature of his character*—the quality by which he achieved all the good he did accomplish among the men with whom he dealt, and which won pardon for the nonsense he talked and for the mischief he wrought even from those whom he most grievously misled and injured—seems to have been that marvellous sweetness of temper and amiability of manner which is dwelt on by his panegyrists to the exclusion of all discussion of his intellectual capacity. He had that which Mrs Browning ascribes to Napoleon—"the genius to be loved"—a gift wholly apart; not unfrequently, from any qualities that should command esteem or confidence from sober thinkers.

NOTES OF THE WEEK

LABOUR AND DEFENCE

K Saves G?

While a dreary deadlock at Paris would have increased the itch of trade union delegates to see Britain breaking loose from nuclear armaments with a great moral gesture, the planned fiasco by Mr Khrushchev has had the opposite immediate effect. Mr Gaitskell saw the opening provided for him by the general disgust at Mr Khrushchev's offensive melodramatics and took it brilliantly. This week he and Sir Tom Williamson harangued the Great Yarmouth conference of the General and Municipal Workers on the need to stand by Nato; the mental confusion or electoral death wish of the unilateralists; and the folly of binding the parliamentary party by conference resolutions to detailed defence policy. He left with the union's 670,000 votes at next October's Labour conference in his pocket.

He then returned to London to collect his reward for Mr George Brown's display of parliamentary skill in the debate on Blue Streak. By turning the Government's concession of error into an honourable means of altering his own course away from independent British deterrence, Mr Brown made possible a new and fruitful alliance between himself and Mr Wilson. Leaving Mr Strachey stranded, still hugging the all-British bomb, these two have lined up practically the whole parliamentary Labour party behind a new outline of defence principles, which Mr Gaitskell has approved.

The foundations of the new approach are reliance on American nuclear weapons and no replacement for Britain's own V-bombers when they wear out after 1965. This increased dependence on the United States is wishfully squared with the Labour party's instinct for more forceful assertion of the British viewpoint by the suggestion that Nato generals be somehow made more subject to Nato politicians. (This hopeful idea of a political junta in Nato so far has little content in it, although one suggestion mentioned by Mr Gaitskell—that there might be resident cabinet ministers of high standing at Nato headquarters—is worth thinking about; certainly it is a constitutional device which ought to appeal to Mr Macmillan as a former resident cabinet minister in the Mediterranean.) Mr Gaitskell made one other point clear when questioned on the BBC's "At Home and Abroad" by Mr Robin Day. Mr Mulley's notion of a Western European deterrent, separate from that of the American, with which Mr Brown bravely flirted, has been turned down. Mr Gaitskell wants, not two buttons in the west, but one and, not two fingers on it, but some intermediate number between 2 and 14.

Counting the Block Votes

Logically, the new Labour policy ought not to satisfy a single genuine unilateral disarmer. But behind the scenes verbal ladders are being provided for any muddleheads and waverers who want to climb back down into the party fold. And since the brainiest craftsman of verbal ladders is Mr Richard Crossman, he is enjoying the exquisite triumph of a return to grace as one of the four wise men, who are to transform the outline into a document. The new outline policy implicitly assumes that tactical atomic weapons will continue to be stationed in Europe; but for the benefit of doubters it is being whispered that they can possibly be done away with later if conventional forces in Nato are built up—not of course by selective service or anything as unpopular as that, but by combing our garrisons in places like Cyprus. Similarly, silence in Mr Brown's latest policy about American bases is being accompanied by the suggestion that perhaps they will fade away in a few years as technological change makes them useless to the Americans. The extent to which such delicate details will be made explicit presumably depends on Mr Crossman's bargain with the other three, not to mention Mr Crossman's bargain with himself. However, the important fact on which comment has rightly concentrated is that Mr Gaitskell has made the brave and sound decision to take a basically unequivocal stand on the three principles of British need for defence, British membership of Nato, and Nato's need for a nuclear deterrent.

He has thus cleared the deck for battles ahead. The battle at the October conference itself cannot yet be counted won by a long chalk. The mineworkers and railwaymen will not decide until July how they will vote; by that time the flight of the U2, which the unilateralists will doubtless play up for all they are worth, may have outlasted Mr Khrushchev's spectacular unpleasantness in the activist memory. Even if Mr Gaitskell did secure the block votes of both these big unions the arithmetic gives no ground for premature celebrations. Mr Gaitskell will be really safe only if Mr Carron "does a Tom Williamson" by reconvening the National Committee of the Amalgamated Engineering Union and inviting its members to eat their unilateralist vote, or if Mr Carron himself finds some way of privately re-interpreting that vote out of existence, or if Mr Cousins's transport workers' union can be weaned away from Mr Cousins's personal anti-nuclear predilections.

If the conference vote still does go the wrong way, Mr Gaitskell is now in a stronger position to lead the parliamentary party in repudiation of it. He has been preparing the ground for this—albeit a little uncertainly—in the past week. In his Great Yarmouth speech he asserted that the party conference should not bind the parliamentary party on technical details of defence policy but only on matters of principle (an unhappy distinction which invites the retort that unilateral disarmament is a matter of principle). He is reported to have spoken much more strongly to the parliamentary party about their being representatives of the aims of Labour voters, not delegates of the keen minorities who turn up at conferences. Moreover, Sir Tom Williamson was apparently trying out the ground for a constitutional amendment when he referred to the anomaly of the party conference alternating between an advisory role when the party was in office and a binding and vote-losing one when it was not. If Mr Gaitskell gets away with it at the conference on defence this year, he will make a great mistake if he sits back, breathes easily and lets the constitutional issue lapse—until the leftwingers at the conference put him over another barrel on some other aspect of policy next year. Mr Khrushchev may kill him by kindness yet.

EUROPE

Reflection in Lisbon

The meeting of ministers of the Seven (the European Free Trade Association) in Lisbon on May 19th and 20th was the first occasion on which they have seriously begun to consider the changes in policy which they will have to make if they are to reach terms with the Six. No radical decisions were taken. The Seven, for instance, are still holding out for the view that there must be an association between themselves as a group and the Six. But, face to face with the prospect of an accelerating common market, the Seven did show a little more flexibility than hitherto; they recognised, for instance, that the Six preferred the formula of a customs union to a free trade area. This is a welcome change from the chest-beating that has sometimes done duty for serious discussion of these matters in the past.

The Lisbon discussions, however, do suggest a danger as well as a hope. The Six have offered to talk with the Seven but not on the subject of a loose European association. They are only prepared to talk about ways of modifying the impact of their accelerated common tariff through reductions on a most-favoured nation basis. In the absence yet of a basic change in Britain's political approach, the attempt to get tariffs down on a world-wide basis did in fact look like the one field where there is an immediate opportunity to do some good, and before the Lisbon meeting this seemed to be substantially accepted in London. At Lisbon, however, the general anxiety for a deal in Europe drove the Seven to answer the Six with an offer to discuss both a short-term solution on these lines, and a long-term European association. These intentions are unexceptionable; the danger is that the group's ideas of a European solution have not yet evolved enough to offer much hope of practical results. It would be a pity if another abortive encounter on this front were to inhibit the Europeans collectively from taking the initiative for world-wide tariff reductions, both in the group of 21 and in the General Agreement on Tariffs and Trade.

A Champion for OEEC

The anxiety of the smaller European countries not to lose what has been achieved in the way of general European integration has been brought into the open by the Swiss counter-proposals on the future of the Organisation for European Economic Co-operation. The four wise men—from Britain, France, the United States and Greece—who reported last month on the organisation's future suggested enlarging it to include the United States and Canada and giving it new powers in the field of aid to the developing countries; but they left its competence in matters of trade somewhat in the air. Now the Swiss have countered with proposals to give the new body greater powers, especially in the field of trade.

It is not surprising that smaller countries, which set much store by the OEEC principle of one country, one vote, should do their best to keep it alive, and several of the Swiss proposals deserve sympathy. The idea for instance, that the OEEC decisions should be preserved unless it is expressly decided to the contrary (the wise men had proposed a completely fresh start) seems right. Equally the Swiss suggestion that if some countries (like the United States) want to move slowly, others may undertake more extended co-operation among themselves if they wish. The idea of a joint policy to liberalise imports from the undeveloped countries is excellent, both in its own right and as a useful prelude to a broader European agreement.

It is true that in many ways there is as yet no substitute for OEEC. Whether the Swiss are right to rely on solving the European political and economic problem within this context is another question. Too much politics stand in the way. And it is not fortunate that the Swiss have accompanied their championship of the OEEC idea with a somewhat ostentatious neglect of the demand, in which the Americans are deeply interested, for a concerted effort of aid to the undeveloped world.

TURKEY

Turning Back the Clock

Although Mr Menderes announced last week that the whole of Turkey "is in peace and tranquillity," he has decided, because of the domestic situation, to postpone his already much-postponed visit to Athens, which should have started on Thursday. In fact, the crisis that erupted a month ago with student demonstrations against the Menderes regime has been simmering ever since. Last week there were again violent clashes between students and police, and on May 21st about 800 military cadets, accompanied by a number of regular army officers, marched through Ankara in orderly protest against the government's policies and actions.

Although the government has tried to explain away the cadets' march as merely a protest about their weekend leave, it has clearly taken very seriously this first open demonstration that the army might be tempted to abandon its traditional neutral stand in politics. Martial law in Ankara was at once made more rigorous and the curfew was extended (it has since been relaxed again). A censorship of letters and telegrams was imposed, telephone tapping authorised, gatherings of more than five persons forbidden, and the threat made that the security forces would use fire-arms. In addition, all universities and colleges throughout Turkey have been closed down until the end of the period of martial law at the end of July—unless it is extended.

Such drastic medicine is unlikely to cure Turkey's ills. Mr Menderes claims quite rightly that Turkey's fate cannot be settled by street rioting. Nor, however, can it be settled while the country's principal cities are under martial law, the universities closed down, the press stifled, and all political activity (outside parliament) forbidden—although in practice nothing prevents Mr Menderes from addressing large gatherings of his supporters, wherever and whenever he pleases.

Mr Menderes says that he wants to hold elections as soon as possible. This presupposes a return to normal conditions; elections that were suspected of being neither completely free nor completely fair would only make matters much worse. But the fundamental cause of the feeling against Mr Menderes in Turkey today is the belief that he is determined to turn the clock back and deny the Turks the democratic freedoms which were triumphantly demonstrated in the country's first free elections ten years ago. Mr Menderes claimed the other day that the People's Republican party only held those elections because they were "forced to do so by the Turkish nation whose patience had been exhausted." Has it not occurred to him that history might repeat itself?

BY-ELECTIONS

North Edinburgh

The parliamentary by-election at North Edinburgh last week confirmed some of the impressions that arose from the recent local council elections. There is no great sense of political excitement in the country. It is mainly in the factory areas that Labour has lost further support since October; in the residential areas former Tory supporters are staying away from the polls to about the same extent as former Labour supporters are. Liberal candidacies are apparently still likely to draw more votes away from the Tories than from Labour, perhaps even generally in the old "standard" proportion of two to one. There is a convincing ring of truth in one Tory's analysis that "when a working class voter breaks away from Labour he now feels no barrier against coming right over to us, but a Tory who feels dissatisfied with the Government is much more likely to desert us to go Liberal than to go Socialist." At residential North Edinburgh last week the Liberal picked up 15.5 per cent of the vote (which was between 1.3 and 2.5 per cent better than Liberals did in neighbouring Edinburgh constituencies last October). To make way for this the Tory share of the vote dropped by 9.8 per cent and Labour's by 5.7 per cent. The total turnout was only just over 53 per cent, compared with nearly 74 per cent last October. So the Tory's Lord Dalkeith was returned to Parliament with a majority of 5,334, compared with his predecessor's 8,756.

PICCADILLY

Plan Wanted

In rejecting the contentious scheme for the Monico site in Piccadilly Circus, Mr Brooke has done the easy thing politically: he has pleased the aesthetes, opposed brash commercialism, and made something of a monkey out of the Labour-controlled London County Council. His decision will have been the right one only if he proves also to have struck a blow for positive planning of our cities. Although the perceptive sketch at Mr Cotton's press conference last October was most ineptly presented, the vetoed building would

not in fact have been quite so revolting aesthetically as journalists and critics in search of lusty epitaphs have contended. But it would undeniably have blocked any really imaginative scheme for the whole Circus. The delay imposed by Mr Brooke will be worthwhile if such a scheme is now produced and executed. This will not be nearly so easy as saying no to what was admittedly second-rate.

Two sorts of "compulsive redevelopment" projects are practicable. The method which is easiest technically—and (as a rule) most fruitful aesthetically—is for a single large developer, public or private, to handle the entire project. But nobody is likely to handle Piccadilly in this way. The LCC has other heavy commitments for its investment funds; in any case, it is not the right body to undertake such a vast commercial project. Equally, no private developer in Britain has yet shown a tenth of the vision that produced Rockefeller Centre in New York. London badly needs some equivalent venture, although Piccadilly is probably not the best place for it.

It follows therefore that the redevelopment of the Circus will need to be a "group project," under which several developers and the local authority work closely to a single overall design. This is not an easy concept to execute; no legal powers exist to compel co-operation, but only to reject unsuitable designs. The essential next step is that the LCC should draw up an imaginative plan, give it wide publicity, and invite private developers to submit only such schemes as will fit in with it.

EDUCATION

Transatlantic Teaching

MR PHILIP GOODHART, in a new Bow Group pamphlet*, has obtained an interesting and convincing comparison of British and American educational methods—by collecting the comments of the teachers of each country who, under the exchange scheme, visit the other. The teachers confirm the general view that American methods leave the bright pupil bored and underworked, while the British approach leaves the lower quartile neglected and obstreperous. (The fact that the British teachers tended to go to the better American schools, while the Americans were generally shrewdly used to help out in the worse British primary and secondary moderns leaves this comparison unaffected. It is noteworthy that while British teachers were impressed by the breadth of subjects studied by young Americans, the American teachers were not impressed by the scholarship of the little British swots. On discipline—contrary to popular myth—the American schools came off better; but the American relation of parent to teacher and school simply horrified the British professionals, who regard education as something clinical done to children by experts in secret.

The most important difference highlighted by Mr Goodhart's labours is the vast difference in books and equipment in British and American schools. There is occasionally some excuse for inferior equipment here (the Americans were quite happy with the newer British schools they taught in), but there is no excuse for the paucity and the old-fashioned inefficiency of textbooks in British schools. The Americans' point here is certainly valid, and it is humiliating to learn how the English teachers envied the Americans the books that they brought with them. This fault can be traced to the conservatism of many British teachers, the myopia of British educational publishers and, above all, the parsimony and neglect of many local education authorities. It may be too much to expect the British parent to complain (as the American parent would), but why have Her Majesty's Inspectors not made more noise about it? Armed with this questionnaire, Mr Goodhart and his fellow Conservative backbenchers should make some.

* Exchange Teacher, by Philip Goodhart, MP. The Bow Group, 2s.

EASTERN EUROPE

Hot Water

SOME dismay and disarray were only natural in eastern Europe at the first shock of the summit failure; after all, a return to the cold war could have a very direct personal impact on the lives of the peoples of these countries in terms of shortages of consumer goods, closer attention from the secret police, and renewed isolation from the outside world. Whether these fears will come true is yet to be seen; meanwhile the communist governments have fallen into line with statements and speeches supporting Mr Khrushchev and condemning the American imperialists.

The Jugoslavs, on the other hand, are maintaining a stoutly critical attitude towards both the Russians and the Americans. On May 17th, before the summit had actually disintegrated, Marshal Tito was quickly off the mark with a statement which, while condemning the flight of the U2, pleaded strongly that the incident should not be allowed to upset the conference. Since then Jugoslav comment has been concerned to express, not blame of one side or the other, but doubt of the determination of the great powers (all of them) to solve international problems, and with calling for an end to "block disputes and rivalries" and a greater recourse to the United Nations.

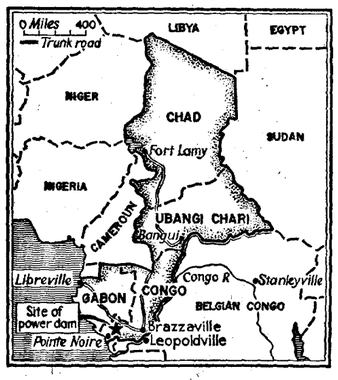
The Jugoslavs' attitude has got them into hot water, not only with the Albanians and the Chinese (never much at a loss for something to abuse the Jugoslavs about), but also with Moscow. An article in the Soviet ideological journal, *Kommunist*, treats both Jugoslavia's domestic policies and its international attitudes with severity. Jugoslavia, it maintains, by its neutral "non-block position" and its refusal to recognise the need for communist solidarity, is actually helping the imperialists; in the struggle against imperialism no socialist country can remain neutral without harming both itself and the socialist movement. In plain terms, what the Russians really cannot stomach about Marshal Tito is his determination to treat both themselves and the West as equally prone to international misbehaviour.

Although the article in *Kommunist* contains references to the U2 incident, it may well have been prepared before the summit collapse. It may, in fact, be yet another sign of the growing ascendancy in the Kremlin of those forces that are equally opposed to an accommodation with the West and to putting up with President Tito's individualism. At the congress of the Jugoslav Socialist Alliance last month, the Jugoslav president was clearly concerned to speak well of Soviet policies and attitudes, and anxious to re-establish closer contacts with other communist parties. Now he has had a rebuff—though he has not this week been denied birthday greetings from Mr Khrushchev. But in so far as the rebuff is due to his stand over the summit failure, he is most unlikely to make the slightest change in his attitude.

EQUATORIAL AFRICA

Post-Colonial Reunion

THE decision of the African leaders of former French Equatorial Africa to reunite as an independent territory within the French Community is wise, and seems to justify the hopes of French officials that the Africans would learn to work together once they had had a taste of living apart.



The weakness of the new Union of Central African Republics is that, so far, Gabon has declined to become a full member, though Gabon is the richest part of the former French colonial federation. But the timetable has probably been geared to the independence of Mali, which is due on June 20th, and of the Belgian Congo, due on

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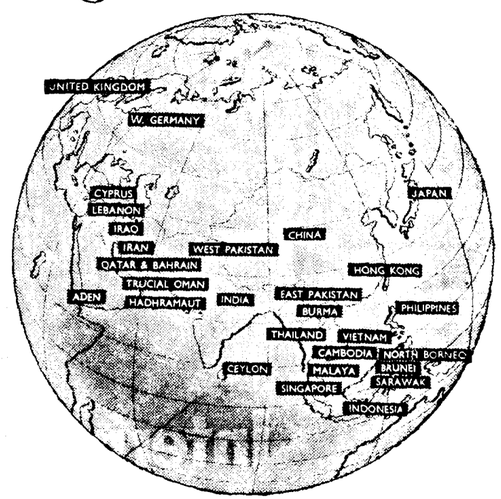

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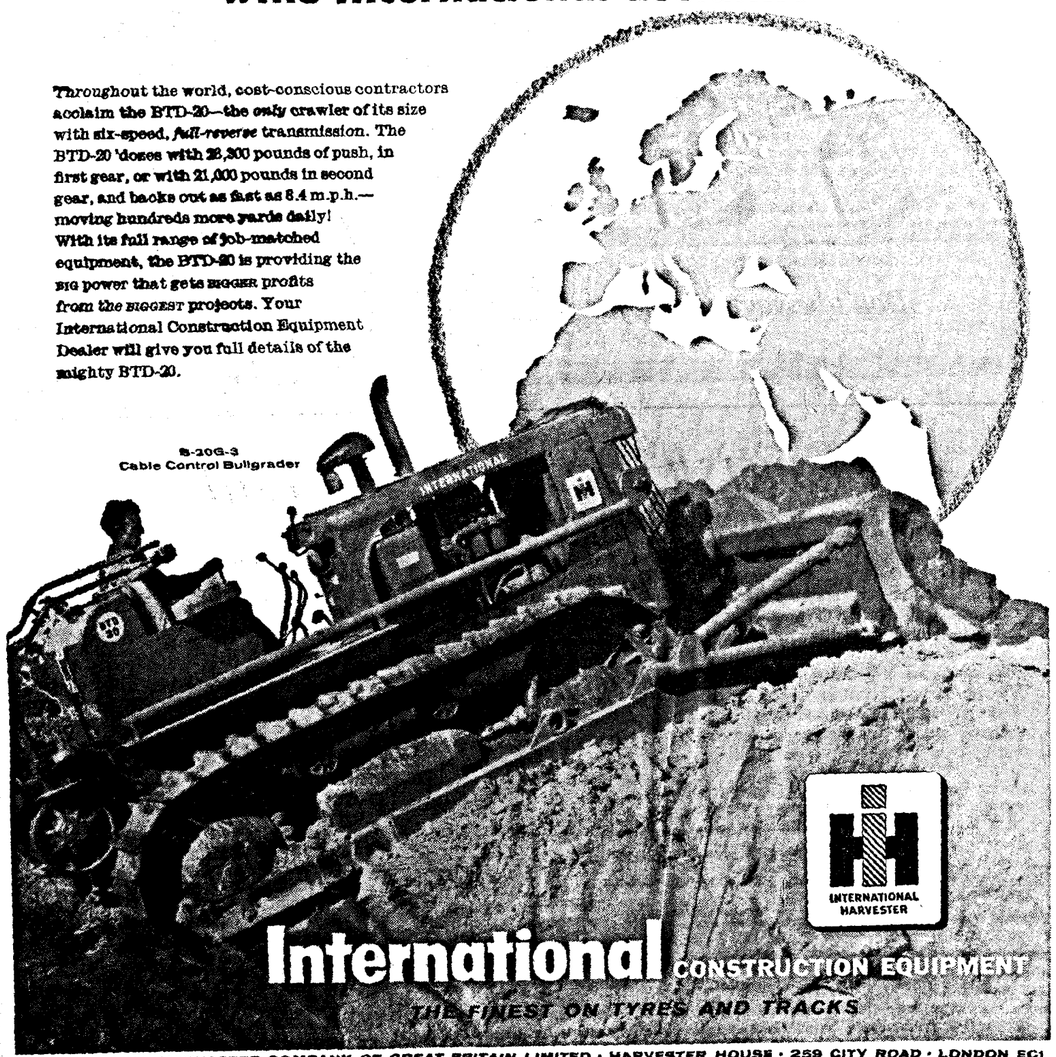

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June 30th. The Republic of the Congo, in particular, cannot afford to lag too far behind because it has been giving a lead to the Bakongo people in their demand for the resuscitation of their lower Congo kingdom.

The new links of the Republic of the Congo with Chad and the former territory of Ubangi Chari would seem to postpone the hopes of the Abbé Youlou Fulbert, the premier of the Congo Republic, for such a reunion; it is another indication of the curious strength of the purely adventitious frontiers created by European colonialisation. But it may be that the Abbé, who is a far-seeing man, envisages a much wider federation, taking in both Gabon and parts of the Belgian Congo later on, perhaps on the lines of the late M. Opangault's vision of a United States of Latin Africa. But in any case he needs his hands free of colonial status to deal with the leaders of an independent Congolese state.

The fact remains that the three states of the new union have always been dependent on French financial subventions, and for the development of their resources (of which the projected Kouilou hydro-electric scheme is the most notable) need a great deal of external capital. If they wish to obtain this aid they will have to offer investors a certain minimum of political stability.

PROFESSIONAL DISCIPLINE

Compulsory Witness?

THE report of the Simonds Committee on Powers of Subpœna of Disciplinary Tribunals is based on what must have seemed to the committee to be a simple argument. Since parliament has entrusted jurisdiction to these professional disciplinary bodies—such as the General Medical Council and the Bar Council—logically it should be prepared to give them the powers necessary for the adequate discharge of their functions. The committee therefore recommends—among other things—that all professional disciplinary bodies set up by statute should be given full powers to obtain the issue of writs of subpœna, and that these writs should extend to the production of any evidence obtained by police officers, whether in the course of criminal investigations or otherwise. This recommendation has caused a stir of indignant protest.

Why? Part of the explanation lies in the public repugnance aroused by two recent cases, where the police handed on transcripts of intercepted telephone conversations to private courts that subsequently ended a barrister's and a doctor's professional career. But the telephone tapping incidents are not the only sources of the public's objection. The fact is that a general reaction against private courts—first against manufacturers' price maintenance bodies, then against trade union courts in industries that suffer a closed shop, and against some agricultural marketing boards—now seems to be lapping against these once highly respected professional disciplinary councils as well. There is widespread uneasiness about the proliferation of these tribunals. Professions from solicitors to midwives now possess them, and there is the grisly but by no means remote prospect of these privileges being extended to chiropodists, dieticians, and even remedial gymnasts.

The Simonds proposal to extend subpœna powers gives this new uneasiness a special edge; the ordinary man feels instinctively that he might be less willing to co-operate with the police if he knew that his evidence might be used in professional proceedings about morals as well as in police proceedings against crime. The appropriate remedy for this, however, is not necessarily to withhold subpœna powers, which can sometimes help defendants rather than the disciplinary authority. The right course may be to do some new thinking about whether (and in which cases and with how absolute a freedom from outside supervision) established practitioners are necessarily the right and only people to lay down and enforce a code of ethics or practice for their own profession or trade.

HOMICIDE

Malice and Murder

ALTHOUGH the doctrine of constructive malice—that any death caused in the course of a felony is murder—was abolished by the Homicide Act of 1957, that of implied malice was retained. Accordingly if a thief assaults a householder with intent to do him grievous bodily harm and the householder dies, the thief will be held guilty of murder. This was the exact situation in the Vickers case of three years ago and Vickers was executed. Last week, by substituting a verdict of manslaughter for murder in the Smith case, the Court of Criminal Appeal showed that malice in murder cases is not to be implied lightly.

Smith, it will be recalled, shook off a policeman from his car; the constable fell in front of an oncoming vehicle and was killed. It was never alleged that Smith intended to kill the constable; the issue for the jury was whether he intended to cause him grievous bodily harm. The trial judge simply directed the jury that a man must be taken to intend the natural consequences of his acts, and the jury accordingly found Smith guilty of murder.

The Court of Criminal Appeal, in substituting a verdict of manslaughter, has now ruled that the trial judge's direction was inadequate. What the judge should have told the jury is that in every murder case a subjective intention either to kill or to cause bodily harm must be shown, and established by external evidence. Since intention in law means foresight of consequences, even if there is no desire that they should take place, a persuasive piece of evidence is that a man intends the natural consequences of his actions. But it is no more than persuasive; it is a presumption of fact not of law, and hence can be rebutted by evidence of contrary intent. The standard of the reasonable man is the appropriate rule for tort cases where the standard is one of average care; it is not the appropriate rule for crime, where personal responsibility must be established. The evidence for a proposition ought not to be confused with the proposition proved by that evidence. The Court of Criminal Appeal's categorical reassertion of this distinction should be warmly welcomed.

MOROCCO

A King's Freedom

KING MOHAMMED V of Morocco has dismissed his government and appointed himself prime minister; on Sunday, the Moroccans will vote in their first country-wide elections, and if these are successful the end of the king's freedom to hire or fire governments may be in sight. In pre-protectorate days, the Sultan's power was absolute, in religious as well as secular matters. When the French and Spanish handed back their powers four years ago, the Sultan's authority, in law, was as extensive as it had been forty-five years earlier.

As was to be expected, this situation displeased many of the nationalist intellectuals who had fought or agitated for independence. Two factors, however, prevented them from expressing their displeasure too openly: the major part that the Sultan had played in achieving independence, and his personal qualities of political acumen and relative liberalism. They could not, therefore, hope—at least in the short term—to emulate M. Bourguiba's deposition of the Bey of Tunis. Sultan Mohammed ben Yussef, moreover, made it clear that he intended his rule—and his line—to continue, by turning himself into a king and, against tradition, naming his son Moulay Hassan as his heir. Now Moulay Hassan is to be the king's deputy prime minister.

The course that remained open to the intellectuals was to encourage the king in the direction of constitutional evolution. In this they may have been more successful than would appear at first glance from the king's singular choice of a prime minister; for the king has also pledged himself to transform Morocco into a constitutional monarchy by 1962. Sunday's elections, although they are only for municipal councils, are a step in that direction. If the electoral experiment is successful, it is likely to be followed by general elections for Morocco's first constituent assembly.

The leftish government of Mr Abdullah Ibrahim had been at loggerheads with the palace for some months. Its dismissal came as no surprise, and the traditionalist Istiqlal party had been clamouring for it on the ground that fair elections would be impossible if it remained in power until polling day.

UNITED ARAB REPUBLIC

Freedom is Boredom

ON Tuesday, President Nasser gathered in the remnants of the once-great Egyptian press. *Al-Ahram, Al-Akhbar, Rose al-Yousseff* and ten other newspapers and magazines are to be given to the National Union, the catch-all government political organisation. The able owners and directors of all the publishing houses are to be replaced by deserving henchmen of the republican regime. According to the official statement, public ownership of the press is the only safeguard against deviation from the aims of the revolution and, in fact, the only firm guarantee of genuine freedom of the press.

Among the few pleasures enjoyed in the past by the Egyptian public was that of reading between the lines of these independent newspapers and magazines. In face of the most stringent censorship, the editors made bold to criticise or, what was more effective, make fun of their rulers. They printed what they were told to print; but an officially inspired story denying the existence of a kerosene shortage might well be illustrated by a cartoon showing a man marrying an ugly woman because she owned a tin of kerosene. Now there will be less jollity in coffee-houses all over the country where the literate few used to read aloud to the illiterate many the tales of wondrous scandal in the pages of *Rose-el-Youssef* and *Al-Akhbar*. Now the ears of the Egyptians will be filled with the kind of dreary news about co-operatives, social uplift and ministerial pronouncements that, once heard, hardly seems worth repeating in the bazaars.

The great newspapers of Cairo were founded late in the nineteenth century by Lebanese who went there to escape the repressive censorship imposed on them by Sultan Abdul Hamid II. Recently, however, the Egyptians have been doing the censoring. Even foreign correspondents have found it necessary to abandon Cairo, once the fountainhead of Middle East news, and to seek the freedom of personal movement and the (relatively) uncensored mail and cable services offered by Lebanon.

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In New York, the congress of the International Federation of Newspaper Publishers promptly denounced President Nasser's takeover as an intolerable and unbearable violation of the freedom of the press; and the International Press Institute will surely do the same. It will not bother the Egyptians that the world regards their press as less free than it used to be. Except for a few weeks in the spring of 1954, they have not had a free press for years. They will, however, resent it very much if President Nasser intends to substitute lessons in good citizenship for the blood and thunder they relish.

ART FINANCE

The American Advantage

THE two big art galleries in this country are a good deal better off than they used to be. The annual purchase grant of the National Gallery was increased in January 1959 from £12,500 to £100,000, and a further £25,000 has since been added; the Tate Gallery's grant has gone up from £7,500 a year to £40,000 a year. But these galleries are now seriously concerned about the need to augment the representation of French paintings of the nineteenth and early twentieth centuries which they share. This collection was never large and is now being much depleted—first, because a considerable part of it has been removed to the Courtauld galleries at the University of London and, secondly, by the sharing of the Lane collection with Dublin which is imminent.

The dizzy prices fetched in the saleroom by impressionist and post-impressionist paintings make even the new purchase grants look small. In their latest report published last week, the trustees of the National Gallery therefore return to an old bone of contention—the lack in this country of special tax inducements to encourage private patronage such as those offered in the United States and described by our New York correspondent on page 869. In Britain, the value of notable works of art accepted by British galleries in lieu of estate duties is excluded from the estate for purposes of aggregation, but no such concession applies to a bequest of money to a gallery. A benefactor who in his lifetime makes a gift of a sum of money to a gallery by means of a deed of covenant obtains no surtax relief (as he did before 1946); in the case of a lump sum payment or a gift of a work of art, the donor receives no tax relief whatever.

Hardly surprisingly, the Standing Commission on Museums and Galleries favours the adoption of tax inducements. But the Waverley Committee, which examined the question in 1952, considered that it would be anomalous to allow a transfer of capital to be set off in the assessment of taxable income. The Royal Commission on the Taxation of Profits and Income, under the chairmanship of Lord Radcliffe, likewise reported against it in 1955. More recently, Lord Radcliffe described the extensive American tax inducements as "bad neighbourliness." Certainly they encourage American taxpayers to raid the world's art markets.

CHRISTIAN STEWARDSHIP

A Voluntary Tithe?

A REVOLUTION is taking place in the fund raising methods of the Church of England. English churchgoers have never been noted for the generosity with which they have supported the Church. In 1956 the total expenditure of parochial church councils was divided by the number of Easter communicants, and it was found that the average contribution for each practising Anglican for Church needs was 2s. 7d. per week, less than 4d. in the £ of net income after tax. The figure for direct giving was presumably less than half of this, since 53 per cent of the money was raised by special efforts such as bazaars, fêtes, and sales of work.

The Christian Stewardship campaign, started some years ago, is seeking to inculcate the idea that at least one tenth of disposable income after tax should be devoted to Church and philanthropic needs. To achieve this startling end various methods are employed. The simplest is the envelope scheme, parish members being invited to give a fixed sum each week and provided with envelopes in which to place contributions. A more ambitious method, "the every member canvass," is a planned visitation of all members of the parish, who are asked to pledge themselves, by signing an appropriate card, to give a regular sum to the Church. Christian Stewardship has not lacked its critics, many of them objecting to the Church's use of professional fund raising bodies, which has shocked some of the devout and taken aback even more of them. Yet there seems no reason why the Church should not take advantage of contemporary techniques of business efficiency. One point needs to be made. In some parishes, the campaign has been too successful, so that the Church councils have been left with a surplus of funds which they are not suited to administer. This situation could be met by distinguishing clearly between "dues", money needed for necessary parish expenses, and "alms" for general charitable purposes. The alms could and should be paid into a fund separately administered.

Appointments, Business and Personal notices and other Classified Advertisements — pages 936, 7, 8, 9

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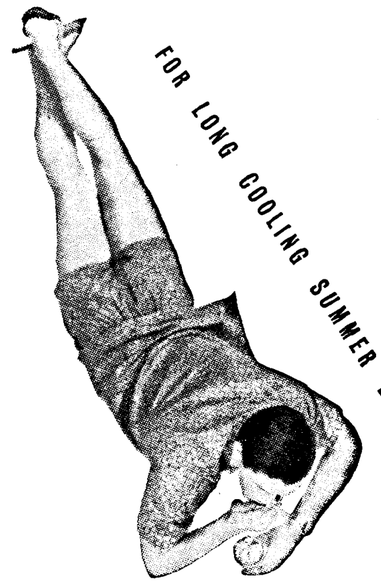

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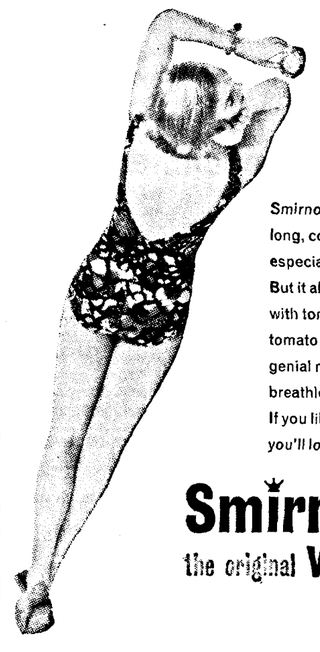

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LETTERS

Diplomacy and Paranoia

SIR—The Paris explosion has shown that the diplomacy of the West has come to a standstill. In 1945-1950 the United States could have forced Stalin's armies back by nuclear threats, if the western publics had actively wished it. Now Mr Khrushchev can drive the allies out of Berlin, if he chooses to risk a general war. Possibly he will put on pressure in less dangerous places. In any case peace has become so precarious that large areas of the historical civilised world may soon have to be content with a mention in the school text-books of Melanesia and Tierra del Fuego. It is one thing to risk annihilation in the planned defence of freedom; it is another to risk it in a game of nuclear strip-poker.

The leadership of the West seems, above all, to lack modern psychological knowledge. For several decades psychological concepts have been available which are relevant to the problems of power-politics. Yet few people invoke them to interpret what is actually going on. It seems certain that the East-West problem is essentially one of paranoia (or the sense of being persecuted). Not only the Soviet Union but also the United States suffer from deep feelings of insecurity. In the American instance this is partly due to racial ferment, in the Russian one to the survival of a regime unconsciously recognised as base and inferior; in both cases to that lack of a settled life which has been described as "industrial nomadism."

Clearly, paranoia is still to be found in those European nations which have exhibited so much of it in the past. (Hitler still easily holds the world record.) France is speaking rather too much of its *mission civilisatrice;* British minds engrossed with colonial problems find it hard yet to accept Africans as real humans who can live and have their being except by courtesy of the British administration. But beside the supercharged paranoia of the Pentagon and the Presidium, Europe's leaders have almost the equanimity of the early nineteenth century.

It will be objected that America is right to uphold freedom and Russia wrong to seek to extend its tyranny. This consideration has no place in an argument advocating a "psychological" diplomacy, which indeed in no way invalidates existing alliances for defence. What is essential is mediation by someone (ideally perhaps by neutrals) which will reduce the fear and hatred of the giants and thus the negative projections which their leaders make upon one another.

Fortunately American-Russian hatred is recent and superficial. In the early years after the Russian revolution, the Soviet Government often invoked America as a model with such slogans as: "We want the pulse of America beating within Russian socialism." In Soviet eyes the United States remains the promised land of know-how and ubiquitous plenty. Before the Paris explosion Mr Khrushchev himself had done much to renew the old Soviet-American contacts. Moreover, both giants share a traditional dislike of Western Europe which they regard, at least officially, as pompous, decadent and obsessed with its historical grandeur. The basic Soviet-American entente extends in the same vein to the colonial question.

The therapeutic role of the European mediators should, then, be to urge clinical conceptions of public behaviour on the two greatest powers. The Presidium and the Pentagon may be stuck with Pavlov. But Freud, Adler and Jung are not altogether unknown in the rest of Russia. It remains to apply them to political relationships. If it could be understood that war is, in essence, the re-establishment of relations between communities isolated from one another by negative feelings; that this kind of renewal of contact is now outdated and that in any event only positive feelings towards other nations will help reduce a sense of insecurity and inferiority at home, then humanity will survive and flourish.

Khrushchev appears as a fluctuating and dangerous demagogue. But he cannot be feared; so, to continue to lead, he must make himself personally loved. At present his interlocutors oscillate between attitudes of contempt and fear. These feelings must be replaced by a clinical gravity and a more robust humour, which the western leadership should actively invite the western public to share. Only when the West withdraws its own negative projections will the Soviet Government feel even an inclination to haul down the skull and crossbones and turn itself into a legitimate institution.—Yours faithfully,

*London, S.W.*3 CHARLES JANSON

Cyprus

SIR—In your Note in *The Economist* of May 21st, referring to the deadlocked negotiations on the bases in Cyprus, it is suggested that the differences are small. Viewed from a British standpoint these differences may be small, for indeed the whole problem is small to Britain, but from a Cypriot viewpoint they are obviously important. They refer to the ultimate fate of parts of Cyprus so closely interconnected with the rest of the island that they would necessarily affect the whole life stream of the emerging republic.

The Greek Cypriot position is that when Britain no longer requires the bases for its military purposes, sovereignty over the respective areas should revert to the republic of Cyprus. This is surely most reasonable. These areas form an integral part of Cyprus and should in the ordinary way be under the same sovereignty as the rest of the island. The only reason for placing them under British sovereignty is security of tenure of Britain's military bases. It follows as a necessary implication that if at any time such bases are no longer required for military use, British sovereignty over them would be purposeless. But to the Cypriots it means more than that; to them it is essential to know that the base areas in such a case will, as is natural and logical, come under the sovereignty of Cyprus. An undertaking to this effect by the British Government would create an atmosphere of confidence and mutual trust which more than anything else would ensure the effective use of the bases.

Besides other details, the question of civil administration in the base areas is also significant, particularly as there can be no frontiers between the base areas and the republic. Agreed arrangements for such civil administration should be given a binding form in order that they should have the required validity. The people of Cyprus cannot understand why the British Government refuses to concede points so obviously reasonable and in accordance with the spirit and aims of the London agreement, particularly as it should be far easier for those to whom the differences involved appear small to make the necessary concessions than for those to whom such differences are by the very nature of things so vital.—Yours faithfully,

ZENON ROSSIDES

Nicosia, Cyprus

Diplomats in Africa

SIR—As one who has spent some time in trying to understand the new scene in Africa, I should like to add a few words in support of some of the sentiments in your article last week.

British policy has undergone a great and salutary revision in its general approach to African aspirations to self-government and independence. We seem at last to have realised that the principal danger to British interests in Africa—as, indeed, to African interests—lies not in "going too fast" with the development and encouragement of African politics, but in "going too slow." We seem also to have decided to resolve the striking contradictions that have existed between policy in West Africa and policy in other parts of Africa.

All this is greatly to the good. Unfortunately, as you point out, this significant and fruitful transition in policy has yet to be accompanied by any sign of comparable transition in the administrative faculties whose task it is to watch over the workings of policy, collect the information required to improve these workings, and conserve and reinforce the large fund of goodwill that Britain now has in many African countries, including some that were never part of the British Empire.

At the same time, one may doubt whether any such transition in administrative organisation was feasible until now. Are

you not misjudging the real possibilities when you write that "it is very late in the day" to make the change? One could argue, rather, that the administrative change could not be expected before the policy change. What the emergent situation undoubtedly requires in the next year or so—and the sooner the better—is a high-level re-examination of the proper functions and responsibilities of the Foreign Office, the Commonwealth Relations Office, and a Colonial Office whose area of authority will shortly become very small indeed. As things stand today, the Foreign Office may well be equipped to provide senior diplomatic staff. It is almost entirely unequipped to provide experience and information. The Commonwealth Relations Office is certainly in an even worse case—is little more, so far as one can tell, than an amiable post office. Meanwhile, the Colonial Office is allowing brains and experience to filter away into private employment. Cannot something be done—and done now—to recast and revise all this in the light of actual and potential needs? One great transition, surely, deserves another.—Yours faithfully, BASIL DAVIDSON
London, SW13

Czechoslovakia

SIR—Your note on the proposed new constitution for Czechoslovakia includes the remark that the proposed constitution "explicitly states that the Communist party is the leading force in society and the state" and that "there is no similar statement in the constitution of the Soviet Union." May I remind any readers misled by this assertion that Article 126 of the Soviet Constitution of 1936 says of the Communist party that it "is the vanguard of the working people in their struggle to strengthen and develop the specialist system and is *the leading core of all organisations of the working people both public and state*"?

I venture to do this not simply because of a pedantic concern for the accuracy of *The Economist* but because I believe that much of the flimsiness of public comment on Soviet affairs arises from a neglect of this key provision of the Soviet constitution.—Yours faithfully, MAX BELOFF
Oxford

Moral Rearmament

SIR—You call for honest inquiry. Let us have it. Your colleagues in the responsible journals of Zurich, Frankfurt and Paris have presented the facts to their readers.

Let us have in true perspective the part played by the ideology of Moral Rearmament in the reconciliation of France and Germany and of Greeks and Turks in Cyprus and in providing leaders in Japan with a sound basis for their national life and leaders in Kerala with fresh hope. Let us have the news from Nigeria, too, and from the Ruhr.

In the free world we seek the inspiration to bring unity of purpose to NATO, to guide the constructive developments of the British and French Commonwealths, to enable the industry of Europe and America to serve the needs of the underdeveloped countries and to make our society a pattern of responsible men bringing the answer to the divisions of class and race.

To find that inspiration we have first to accept that "men must choose to be governed by God or they condemn themselves to be ruled by tyrants." Selfish comfort would persuade us to evade the choice. The Communists lull us with the pretence it need not be made or divert our attention. You, Sir, can greatly help us choose aright and find our true part in constructive world strategy.—Yours faithfully,
Glasgow J. H. JOUGHIN, RN (Ret.)

SIR—As a regular reader of *The Economist*, who has always welcomed its informed coverage on world affairs, I frankly am appalled at the bias of your article on Moral Rearmament.

Any "honest inquirer" will soon discover that men like Kishi of Japan, Makarios and Kutchuk of Cyprus, Azikiwe of Nigeria, and Adenauer and Schuman, have testified to the effectiveness of this work in their countries. It gives real hope, at a time when summit conferences fail, to find a force at work that is bringing a solution to some of the difficult problems of our time.

This is news that should be proclaimed, not suppressed under the guise of "Christian humility." Surely these facts deserve more serious appraisal than you appear to have given them.—Yours faithfully, A. S. KIAER
London, SW1

Liberals

SIR—You assert in your issue last week that the Tories made "unprecedented gains" in the council elections at West Ham. Last December "a Liberal sensationally broke into Labour's monopoly of the local council" (your comment, December 12th) at West Ham. On May 12th there were three further Liberal gains. The present composition of the Council is: Labour 60, Liberal 4, Conservative nil. Unprecedented gains indeed!—Yours faithfully,
P. C. CHITNIS
Liberal Party Organisation,
London, SW1

[Sorry. We listed West Ham as one of the sixteen boroughs in which Labour lost seats that it had held ever since the war. It is quite true that in West Ham (but not in the others) the losses were made only to Liberals.]

Postal Codes

SIR—Your interesting article on "Top Letters" suggested that the use of postal address codes by the public would eliminate the need to write the "names of houses, streets, towns and counties" on letters sent by post. I am afraid this is not correct. The postal code will be an addition to the full postal address.

So far as we can see at the moment, the full postal address will be needed for sorting letters at the smaller offices where the use of coding/sorting machinery could not be justified, and at all offices for sorting items of mail, e.g. packets and parcels, which cannot be dealt with under the coding/sorting process. What is perhaps even more important, it is most unlikely that we shall ever devise a machine that can walk up the garden path and put the letters through the letter box: a postal address will always be needed by the delivery postman.

I might add that we should have liked to have been able to shorten the postal addresses used on letters but at the present stage of our development we can see no way of doing it.—Yours faithfully,
General Post Office, T. A. O'BRIEN
London, EC1

Roads in Summer

SIR—I spent two months last year driving a rented car around and about in England. This proved to be a thrilling and nerve-testing experience in contrast to the driving I do in Canada and the United States.

The cause of the thrills and excitement stemmed from what I judge to be a game generally played by Englishmen. My wife and I call the game "do 'im in"—its main rules, we judge, are few. Among them are the following: each car owner pretends that there are few or no other cars in existence; positions are taken by parking just around the corners from oncoming traffic, or just over the tops of hills, or by driving about on dark and stormy evenings without lights before some officially published "lighting-up" time; points are accumulated only by causing *others* to have accidents; grand scores are made when, having caused a head on crash between other cars by waving-on a following car over the crest of a hill or around a bend, one can lay a charge against the wrecked cars for having failed to signal or for injuring your own passengers by the flying wreckage.

My wife and I also concluded that the only way in which the traffic in Southern England would ever get itself sorted out was by adopting a policy either of paving the area, London-Windsor-Portsmouth-Brighton-Canterbury (so you could drive without roads) or by directing all traffic at all intersections by some sort of master electric computer which would—at some additional mileage driven—direct everyone to his destination without stopping.

In the first case, one would see the elimination of pedestrian traffic more quickly than they can be run down in the lanes, as at present. In the second case, the lack of traffic jams would convince everyone that they were making progress in their trip, though the journey from Croydon to Brighton might take one by way of the West Riding lanes.—Yours faithfully,
Ontario, Canada GEORGE F. BAIN

BOOKS

The Lawgiver Returns

The Law and the Profits

By C. Northcote Parkinson.
Murray. 185 pages. 15s.

FOUR and a half years ago a letter appeared at *The Economist* from an unknown correspondent who intimated that he was some sort of professor at Singapore; it accompanied an article which, the correspondent explained, enunciated a new law of government that he proposed to name after himself. The article was almost twice as long as any that *The Economist* would normally publish. It was read here with a rejection slip already poised for the pinning. A few minutes later it was being passed round the office instead, with decreasing tentativeness. "Is it just my peculiar sense of humour that is tickled by this or . . .?" On November 19, 1955, the week in which the report of the royal commission on the civil service also appeared, "Parkinson's Law" was published in *The Economist*. Within a short while it had attracted far greater fame than that royal commission ever did. MPs rallied the Government about the law's discovery at question time in the House. Earnest Germans wrote to *The Economist* pointing out that the mathematical formulae underlying the law did not add up. Foreign civil servants wrote to government departments seriously complaining that their copy of the "royal commission report did not contain the appendix which I understand is called Parkinson's Law." Requests for reprinting poured in to *The Economist*, and the article was later republished by the author as the leading piece in his best-selling book.

Parkinson's Second Law, which now appears directly in book form, is one to which *The Economist* can claim no similar privilege of godparenthood. It does not recapture quite the full careful rapture of the first law; there is a tendency in a book to carry on the joke just a little too long; we prefer the egg that this cuckoo laid in our own nest. But the elusive and devastating style remains, and so does the straight-faced satire. Where the first law had proclaimed that "work expands so as to fill the time available for its completion," this second law explains that "expenditure rises to meet income." Individuals learn the truth of this whenever they get a rise in salary, and have to cut their coats accordingly. But governments rarely pause to consider it. This is because most taxes are burdens imposed by some people on others, not on themselves. ("The taxes decreed by ancient monarchs were all of this type and so are the graduated taxes of today at all levels above the average, being voted by those to whom the heaviest rates will not apply.") The limit of government expenditure is therefore reached only after a long dreary process of social and imperial decay. During this period enterprise flounders, because the most profitable study of the ablest is how to avoid tax, and the highest aim of the majority is to "be living in a small suburban house with a small suburban garden, drawing a small suburban income and supporting a small suburban wife."

The only way to escape this decay, says Professor Parkinson, is for some government to undertake a fiscal revolution: by applying the methods of individual finance to public expenditure. The Cabinet should decide what proportion of national income should be taken in tax, and what should be its distribution between departments. Government income should then be regarded as fixed. "No department under this system would be asked to submit an estimate. It would be told, instead, to keep within a total." No compromise approach to this reform is likely to succeed, nor is it in practice ever seriously attempted. The present British system of nominal parliamentary checks on estimates was "introduced during the Second Dutch War in 1666, [when] their primary object was to prevent money from the Navy Vote being spent by Charles II on the aptly entitled Duchess of Portsmouth. Even for this strictly limited purpose the method chosen was no startling success." Nor were great improvements made when the system was changed to "its present form in 1689, from which year it more or less prevented William III from spending the money on his friends—who were not even girls." No other system but the Parkinson revolution can advance the day when officials come "to realise that a knighthood is more readily to be won by saving money than by spending it."

Here and there, as he warms to his subject, Professor Parkinson bares undoubtedly reactionary teeth; in some of his comments on bureaucracy there is a relapse into snarkiness—which is a mistake, for the efficacy of the attack depends on the style being that of a boojum, you see. But much can be forgiven in a book that throws itself with such generally devastating wit upon Whitehall strongholds that have been impregnable since the days of Gladstone. "Among the entanglements which surround their position," says the author, "are the graves of their former assailants." He joins himself engagingly to their company. On the anniversary of the publication of this book, as he says already happens on the anniversary of the death of one of his predecessors in assault, leading bureaucrats should exchange a barbed wire.

Political Communication

The Weapon on the Wall

By Murray Dyer.
Johns Hopkins. London: *Oxford University Press.* 290 pages, 48s.

AMERICAN experts have built up a body of studies on propaganda, which is taken much more seriously than in Britain—too seriously, perhaps. The subject is being turned into a branch of sociology and psychology, taught in a jargon that leaves one-time practitioners baffled. Mr Dyer's work is an exception. It is repetitive, but very clear.

The author, who is a member of the Operations Research Office at the Johns Hopkins University, rightly condemns the term "political warfare"; for it does not take into account the fact that propaganda has its place in time of peace, and is addressed to friends as well as to enemies. Although the idea of "propaganda" for home consumption is rejected in America (as in Britain), it is not possible, or at any rate not desirable, for a western country to put out material that cannot or should not be heard locally. This is a point often forgotten by too zealous propagandists. Mr Dyer has coined the term "political communication" to avoid these difficulties and the bad odour surrounding the word "propaganda." His choice is accurate and "pure," but somewhat clumsy.

Mr Dyer begins by recalling the difference between American and Soviet behaviour in two historic events: one, the dropping of the bomb on Hiroshima, and, two, the launching of the first sputnik. No arrangements had been made to influence public opinion about the first atom bomb, whereas the Russians marshalled their case for world leadership "with malice, forethought, integrated governmental action and skill." The contrast should never be possible again if Mr Dyer's far-reaching claims to an equal share for propaganda planners in top-level councils, and his well thought out operating principles, were achieved.

There are, however, weaknesses in his case. Can it be imagined, for instance, that propagandists could have been informed before the American secret service sent spy planes over Russia? The fact of the matter is that too much should not be expected of propaganda, and too complicated an organisation defeats its purpose. It is the basic action itself that makes the "political communication" good or bad. Anyone could have thought out the right propaganda for the sputnik in a twinkling, given a functioning apparatus for dissemination. No amount of previous planning could do more about Hiroshima than give the stark lesson of Allied power. Soviet propaganda is as subject to this law as western practitioners. Admirers, such as Mr Dyer, should bear in mind its failures. Mr

Khrushchev's speech of May 5th on the spy plane incident was excellent propaganda, because he took a comparatively rational and restrained line, pointing, *inter alia*, the lesson that one must not allow the military (in Russia as well?) to have too much power. But if his decision to go to Paris and smash the summit before the world's journalists was intended to be another master stroke of propaganda, then it failed; the action itself was not acceptable.

Mr Dyer's ideal organisation is intended to operate in time of war as well as peace, but he must surely have in mind more wars of the Korea type. One cannot help wondering what would happen to political communication if H-bombs were falling; even in the last war it was impossible to maintain complete control of the man at the microphone or the leaflet-writer at the front.

Unthanked Statesman

Haldane of Cloan: *His Life and Times*
By Dudley Sommer.
Allen and Unwin. 448 pages. 42s.

INTELLECTUALLY, Haldane was one of the greatest Scotsmen of his age. He was the leading figure at the English Chancery Bar; the reorganiser of the British army and father of the force that tilted the scales against Germany in 1914-18; almost the founder of the modern university system in England; a philosopher who moved freely in that rare atmosphere which metaphysicians alone can breathe; and (above all, perhaps) a character that could bear without complaint the wickedest campaign of calumny to which any public man in this country has been subjected in the last hundred and fifty years.

Fortunate enough to be born in a religious Scottish family and to be educated at a Scottish university, Haldane moved on to Göttingen, where he indulged and cultivated his taste for metaphysical discussion. If he had wanted an academic career he could no doubt have been a Scottish professor, but he chose instead the English Bar. That was not an obviously safe move, for he had few English connections and none of those great advantages that Wykehamists and fellows of All Souls bring with them when they are called. But he had enough luck to give his abilities a chance, and his early struggles in the profession were not severe. In his first year of practice he broke his duck and made more than £30. In his third year he made £160 and in his fourth about £1,100. After six years he was prosperous enough to look round for a seat in Parliament and lucky enough to be elected first time. He took silk at 33 and never had a setback in his practice.

In fact, it was only the squabbles between the Lib-Imps and the Radicals that prevented Haldane from reaching the Woolsack in 1906. And it was a stroke of luck for Britain that he missed the appointment. For he went, instead, to the War Office, and turned out to be the one man capable of reorganising the army and giving it a modern shape, and his work was completed with very little time to spare. In 1912 he became Lord Chancellor, but was kicked off the Woolsack by the mudslinging of Northcliffe and the rancour of Bonar Law.

Next only to his services to the army comes his work for English education. Thanks largely to his efforts, London was established as a teaching university and became the largest in the country. Haldane helped as much as anyone to kill the old notion that Oxford and Cambridge were the only towns in England where undergraduates could decently be taught, and but for his campaigning English education would be in a poor plight today.

Mr Sommer has brought to the writing of this book a splendid enthusiasm and a most admirable energy. It is a performance of which he may well be proud. The general reader may perhaps find himself a little wearied by over-much quotation. A certain amount of quoting is essential, but too much of it blunts the narrative. Not many readers have concentration enough to digest three pages running of quotation printed in small type.

Mixed Bag for Eggheads

THE two latest salvoes in the battle of the egghead paperbacks indicate how diverse the market is expected to be. Any lingering doubt that a market exists at all should be dispelled by the current international exhibition of paperbacks at Bowater House; by the issue by Whitakers of the first comprehensive British catalogue of paperbacks, which is to appear next month; and by the entry of Pan Books, hitherto mainly associated with station bookstalls, into the same field.

The first five titles in Collins's new *Fontana Library* are all classics, in the sense of being well-established works that sell steadily but slowly. The series is to consist of uniform, completely reset editions of previous titles from various publishers. Prices are reasonably low and fairly closely related to size. Both in appearance and in content they are satisfactory: good sound stuff—books one always *meant* to buy but *never did*.

The Cambridge University Press series, of which this is the second batch, is slightly more exotic (though it must be distinguished from the Cambridge "Students' Editions," which are paperback versions of strictly academic textbooks). Selected from the Cambridge back-list, they are mostly reprints, either from the existing plates or by a photographic process, and their format varies according to the original editions. They are comparatively lush in appearance; prices are to match, and are apparently related more to expected sales than to size. The series is to be jointly produced and distributed with Cambridge's New York office; and the American prices on the jackets are independently estimated in New York according to expected American sales. Hence the discrepancy between two titles, which in America both cost $1.25 but over here 7s. 6d. and 8s. 6d.

Where is the Oxford University Press in all this? In fact, Oxford has had fourteen titles in its American series, *Galaxy Books*, on the English market since February, selling at strict conversions of the American prices, plus carriage costs. An English series is to appear in the autumn. It will be selected from Oxford's lists on virtually the same principles as Cambridge has used, and will consist of general and academic works that have sold steadily as hardbacks, with perhaps some new titles later. The format will be uniform, which will mean complete resetting in some cases.

At the moment, the most striking thing about the Cambridge and Fontana lists, and about many paperbacks already available, is what an extraordinarily assorted selection they seem to be. Religion, economics, literature are all jumbled *together. But these are merely the first* attempts on the mass market that is thought to exist just below the threshold of purchases of hardbacks; what they have in common is the hope of their publishers that at least five to ten thousand people will be stirred to buy any of them as soon as their new low price is revealed. For instance, the buyer of the Fontana edition of Fisher's History of Europe will save 31s. on the two-volume hardback edition published by Eyre and Spottiswoode, and the buyer of Acton 10s. In some cases—for instance, A. S. Turberville's "English Men and Manners in the Eighteenth Century," which is appearing as a *Galaxy* book—the hardbacked edition is out of print.

The selection looks less odd if it is compared with American lists; a close eye is being kept on tendencies in the American market, where theology and philosophy paperbacks (not to mention Trotsky's three-volume history of the Russian revolution) have had vast sales. (The eye is very close in some cases: thus the *Fontana Library*'s next batch is to include Edmund Wilson's "To the Finland Station," which Mayflower has been distributing here in a Doubleday Anchor edition for years.) It is true that a price which seems reasonable in America is two or three times less reasonable here: page for page, many of these books are less good value than Everyman or the World's Classics. But what the contemporary paperback has over the older cheap series is its content: comparatively esoteric or up-to-date material (sometimes so up-to-date as to be published simultaneously with the hard cover edition—e.g. Professor Rostow's book) that in hardback costs far more. If the American experience is any guide, it is comforting to think that Britain is on the verge of admitting that even the new or the difficult can be cheap without being disreputable.

Fontana Library

THE ITALIAN PAINTERS OF THE RENAISSANCE. By Bernhard Berenson. 254 pages. 6s.
LECTURES ON MODERN HISTORY. By Lord Acton. 319 pages. 6s.
THE ROMANTIC AGONY. By Mario Praz. 510 pages. 7s. 6d.
GRACE AND PERSONALITY. By John Oman. 255 pages. 6s.
A HISTORY OF EUROPE. By H. A. L. Fisher. In two volumes, 767 and 609 pages. 9s. 6d. each.

Cambridge University Press

BEFORE AND AFTER SOCRATES. By F. M. Cornford. 115 pages. 7s. 6d.
THE BIBLE TODAY. By C. H. Dodd. 168 pages. 8s. 6d.
THE STAGES OF ECONOMIC GROWTH. By W. W. Rostow. 191 pages. 12s. 6d.
REASON IN ETHICS. By Stephen E. Toulmin. 242 pages. 12s. 6d.
THE ESSENTIAL SHAKESPEARE. By John Dover Wilson. 152 pages. 8s. 6d.
THE WISH TO FALL ILL. By K. Stephen. 238 pages. 10s. 6d.

Lowe's Last Chance

The Last Years of Napoleon

By Ralph Korngold.
Gollancz. 444 pages. 25s.

"SIR HUDSON LOWE'S Last Chance" would be a good sub-title for this lively record of island discords. For that unsuccessful and deservedly unpopular officer, nearly court-martialled for surrendering Capri in 1808, was never given another. We see more of him than Napoleon. After a stormy interview on August 18, 1816, they were not on meeting terms. Both were to blame. Napoleon's dislike of Lowe's manners and methods is excusable; it was shared by all (including Lady Lowe) who had to deal with him. Wellington had found him "stupid, ill-educated, jealous, suspicious." Admiral Malcolm complained that he wrote in a style which was "repugnant." Count Balmaine's epithet "repulsive" is justified by Mr Korngold's description of his appearance. Yet the ex-Emperor, whose dynastic hopes depended on contacts with Europe, should have realised that self-isolation from the Governor meant isolation from the Allied Commissioners, one of whom, the Russian Balmaine, might have been helpful.

Lowe's determination to smell out and crush any Bonapartist conspiracy was not, as the author seems to think, due merely to an anxiety-neurosis; for an escape by the man who believed that "impossible is a word only found in the dictionaries of fools" could not be ruled out. Precautions (though Lowe's were sometimes silly or malicious) were not unnecessary. Nor were Lowe's fears of Bonapartist propaganda—even if its unsuspecting agents were simple British sailors, soldiers, or visitors to the island. He sensed, though he did not understand, the genesis of the legend that later carried Napoleon III to power. Lowe behaved churlishly over gifts of books and china stamped with the Imperial "N"; and childishly about beans from Napoleon's garden whose colours seemed to him politically symbolic. But Bonapartist bric-á-brac was to play a major part in nourishing the legend; Mr Korngold should reread Guérard's "Reflections" on it.

Sir Hudson had no wish to shorten his prisoner's life: his meddling in medical matters was partly due to his wish to preserve his own lucrative position by prolonging it; and so was his hostility to any suggestion that life on the island was unhealthy. Mr Korngold over-emphasises the prevalence of a form of "hepatitis" and the possibility that it was a contributory factor in Napoleon's final illness: cancer research supports Sir Hudson on this point. The author is happier in dealing with the quarrels of the temperamental individuals cooped up with the Emperor.

Among these, fortunately, was Count Bertrand. His journals, deciphered forty years after Rosebery had favourably compared his silence with the literary loquacity of his companions, have enabled Mr Korngold to revise some long-accepted opinions: but the evidence used lacks explanatory footnotes; and some small sacrifice of gossip to make room for a few of the penetrating military criticisms made by Napoleon not long before his death, and concisely recorded by Bertrand, the experienced staff officer, would have increased this book's historical usefulness without lessening its entertainment value. General Gourgaud had a good military record; but his possessive devotion so bored Napoleon, and so infuriated the others, that no one was sorry when he got permission to leave. They did not know (nor did Rosebery) that neurotic discontent had driven him to ease his passage to England by giving information to the Governor, and to try to insure his future by giving more to the British Government. Las Cases's curious disappearance is also explained: his literary facility, his fairly fluent English and his consequent usefulness to Napoleon aroused an envious hostility that drove him to get himself deported by posing as a plotter. The ci-devant Marquis de Montholon was a toady whose influence at Longwood is thought by Mr Korngold to have been the result of his wife becoming Napoleon's mistress—a position for which her experiences would not have disqualified her.

The war between O'Meara, the ship's surgeon who attached himself to Napoleon's household, and Sir Hudson is fully described. It led to O'Meara's deportation from the island; and his dismissal from the navy in 1818 after he had accused the Governor of plotting Napoleon's death. But O'Meara had the last word when he published his "Voice from St Helena" twelve months after Napoleon's death: the voice was untruthful; but it was unanswered even by those who might have been expected, at least officially, to defend the Governor. O'Meara profitably exploited his dubious record, reinforced the Bonapartist cause, and ruined Sir Hudson Lowe, who died, socially ostracised, unpensioned and poor, not long before his "anxiety-neurosis" was justified by the advent of Louis Napoleon.

OTHER BOOKS

THE REBELS. By Brian Crozier. *Chatto & Windus.* 256 pages. 21s.

This book analyses the rebellions that have broken out all over the world since the end of the second world war: from Cuba to Indonesia, from Kenya to Cyprus, from Hungary to Tibet. It describes the personalities and background of some of the rebel leaders, and the policies of the various governments concerned in dealing with them. As the author is a member of the staff of *The Economist*, it is against our policy to review the book.

EUROPEAN ASSEMBLIES. By Kenneth Lindsay. *Stevens.* 289 pages. 35s.

Soaked in day-to-day experience of the Council of Europe and the Assemblies of the Six, Mr Kenneth Lindsay is the outstanding British expert on the parliamentary aspect of the European groupings. The main body of this book, describing the development and problems of the European assemblies, and the long appendix—a series of papers contributed to a Round Table Conference on them—provide a fund of useful background information on their working. They carry a stage farther the useful exposition of the subject which Mr Lindsay provided in his earlier work "Towards a European Parliament." Mr Lindsay's advice on how to solve the assemblies' difficulties is less helpful. No amount of technical alterations—merging one assembly with another, linking this organisation and that as he suggests—can produce useful results until the political difficulties that divide the governments of western Europe are resolved.

LOCAL GOVERNMENT AREAS. By J. Herwald Morris. *Shaw and Sons.* 264 pages. 37s. 6d.

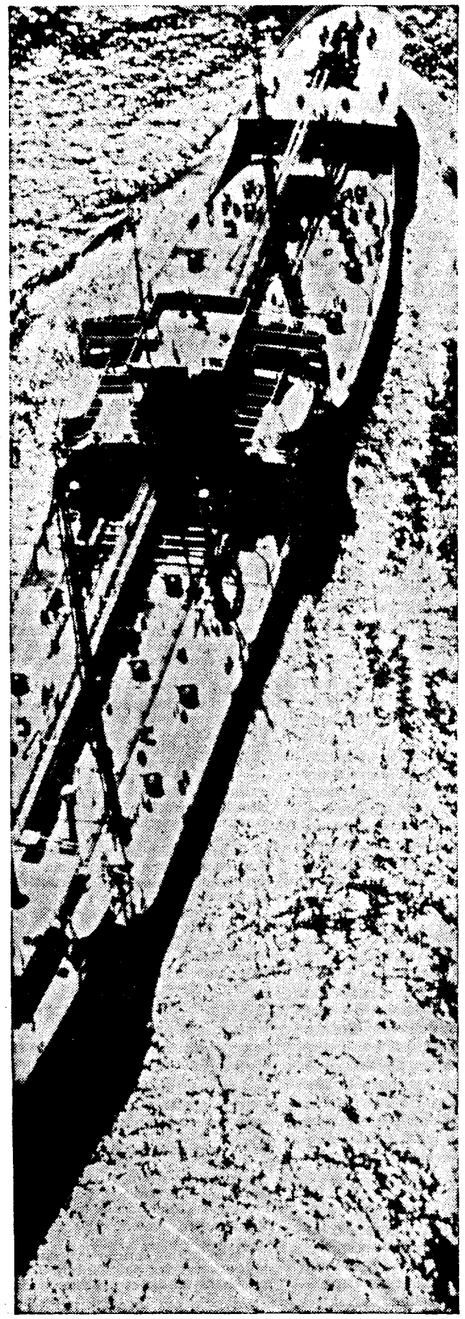
A legal guide to methods of local government reorganisation in England and Wales.

TRADE AND ECONOMIC STRUCTURE. By Richard E. Caves. Harvard Economic Studies, Vol. cxv. *Harvard University Press.* London: *Oxford University Press.* 325 pages. 48s.

This is a scrupulously comprehensive critical survey of the theories of international trade and its relation to internal economic structure; more particularly of the skeletal structure of those theories—the "models and methods" of Dr Caves's sub-title. Its object is accurately described as that of "co-ordinating the work of current researchers on the 'frontiers of knowledge' with that of their contemporaries and predecessors." To specialists and would-be specialists in the field of international trade theory it will immediately become indispensable. The unqualified reader is warned off.

MANAGEMENT SURVEY. By Frederic Hooper. *Penguin Books.* 218 pages. 3s. 6d.

The increasing interest in management since this book was first published by Pitman in 1948 justifies its reissue as a Pelican. For the new edition Sir Frederic Hooper has added a few footnotes, but has not felt that any appreciable alteration of the original text was called for.



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AMERICAN SURVEY

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

What President for Mr Khrushchev?

WASHINGTON, DC

THE macabre air which marked President Eisenhower's triumphant return to Washington last Friday was heightened when the bells of the church opposite the White House rang out the tune of "America the Beautiful," inviting him to "crown thy good with brotherhood from sea to shining sea." For there is likely to be remarkably little brotherhood in the United States between now and next November's election. Mr Adlai Stevenson, having suggested that the United States was partly responsible for the collapse of the summit meeting, has been sternly told by Vice President Nixon that this was a shocking thing to say; Mr Stevenson in turn has been blamed by a Republican Senator for the failure in Paris on the grounds that Mr Khrushchev thinks he is "soft on communism" and is waiting for him to become President.

The Democrats are divided three ways. Some of them, such as Mr Lyndon Johnson, the majority leader in the Senate, want to hold only the discreetest inquiry into what went wrong in Paris because they believe that Americans should present a united (if speechless) front and also because they suspect that there is little political gold to be mined from the summit. Others, like Senator Symington and the Democratic Advisory Council, have briskly demanded a whole new foreign policy without making it entirely clear whether they prefer a renewed attempt to talk to Mr Khrushchev or a return to the barricades of the cold war. Only Mr Stevenson and a platoon of liberals in the House of Representatives have made it plain that they want to go on negotiating but want it done better.

The scene is now set for a major debate on foreign policy before the election; in spite of the attempt by the managers to ring down the curtain, fighting has already broken out on the stage. There is reason to think, however, that the debate will have less effect on the nomination of the candidates in July than it will have on the subsequent struggle between them. Mr Nixon has so firm a grip on the affections of his party's organisers, and has done so well in the primary elections in which the rank-and-file in a few states express their preferences, that he would have to be extraordinarily butter-fingered to lose the Republican nomination now.

It is true that Mr Nelson Rockefeller, his only potential rival, stood aside ostentatiously from the Administration's climb to the summit while Mr Nixon was tagging along dutifully, three paces behind the President. But Mr Nixon is now making up for this by catching spies, promising to be firm with the Russians, and glaring at faint-hearts. He will probably suffer less from his association with an Administration which tripped over its own feet at the summit than he will gain from his association with a President who, as last Friday's cheering crowds showed, is still almost immune from criticism.

In the Democratic race Senator Kennedy's lead over his competitors is nearly, though not quite, as substantial. His astonishing success in last Friday's primary in Oregon—the seventh victory in the seven primaries in which he has chosen to take part—has hammered the final rivet into the bandwagon which he will now parade temptingly in front of his rivals' supporters. He has already collected about 360 of the 761 delegates whom he will need to win the nomination at the Los Angeles convention, and has high hopes of about 150 more. But the sceptics recall that in 1952 Senator Kefauver won every primary that he entered except one and yet lost the nomination to Mr Stevenson. They claim that this month's events in Paris have widened slightly the gap which still lies between the cup and Mr Kennedy's expectant lips.

WHETHER or not this is so depends on which of the candidates judges the country's reaction to the collapse of the summit most accurately. There are shrewd observers in Washington who believe that Mr Stevenson, by speaking out bravely and early, may yet succeed in rallying a majority of Americans to his view; this is that the conference would at least have taken place if the United States had been less clumsy, and that it is too soon to conclude that there is no point in talking to Mr Khrushchev. But many more people see signs that public opinion is lurching in the opposite direction. The word "appeasement" was heard on Capitol Hill this week; Senator Dodd, who speaks for those Roman Catholics who look at the Soviet Union through the spectacles of moral absolutism, wants to have Mr Cyrus Eaton arrested for talking to Mr Khrushchev at the airport in Paris; Mr David Lawrence, the columnist, has called for the withdrawal of the American Ambassador from Moscow. If these undulations mark the beginning of a wave that will carry American foreign policy back to its own brand of Stalinism, Mr Stevenson will go under with hardly a gurgle.

In theory, such a wave might help either Senator Johnson or Senator Symington. They are older men who might hope to benefit from a public suspicion that Mr Khrushchev, if he met Mr Kennedy, would simply pat him on the head. Each of them, however, goes to the convention under a powerful handicap—Mr Johnson that of his unpopularity among voters in the North, Mr Symington that of his simple lack of delegates. The evidence is that Senator Kennedy can ride the wave of public opinion skilfully enough to stay in the lead. On Wednesday night he was still communing with his muse and his poll-takers, but reports suggest that, while dissociating himself from the Advisory Council's apparent belief that Mr Eisenhower should not have gone to the summit at all, he will take care not to expose himself to the charges that are already being levelled against Mr Stevenson. And unless he misjudges the situation hopelessly, he will go to the convention with so many delegates—perhaps 600 or more by then—that his opponents will have to combine very early in the proceedings to defeat him. Since this implies an alliance between Mr Stevenson and Mr Johnson, who differ radically in their attitude towards Russia, it can be argued that the disaster in Paris has made such an alliance less likely than before.

Thus the odds are still in favour of a Nixon-Kennedy contest. The way in which such a contest would be affected by recent events depends on the extent to which these events have altered the public's image of the kind of President it wants in the next four years. This, in turn, depends largely on what Mr Khrushchev does between now and next November. If he precipitates a major crisis by blockading West Berlin, or simply keeps on sticking pins into the vulnerable expanse which the State Department now presents to him, he will probably make Americans fighting mad.

The fragile tolerance which they extended towards Mr Khrushchev last September will finally crack; and there will re-emerge that element in the American temper which believes that in every quarrel there comes a point at which the good man has no choice but to strap on his guns and wait outside the saloon for the villain. Mr Nixon, in these terms, is undoubtedly the fastest gun in Washington. He showed his dexterity last week when he insinuated that to ask for an inquiry into the Paris failure was tantamount to demanding that Mr Eisenhower apologise to Mr Khrushchev. In a contest to decide who could go gunning after communism best, it is very unlikely that Mr Kennedy could compete (or would want to) with Mr Nixon.

But if the situation gets no worse, Senator Kennedy will have some distinct advantages. In these circumstances the country will probably seek a President who, while promising to be firm with the Russians, will keep open the door to conciliation. This is exactly the middle-of-the-road position on which Mr Kennedy is likely to take his stand. He will be helped by his ability to criticise the Administration's fumbling over the U2 episode which has undoubtedly irritated even those Americans who do not believe that it affected the outcome of the summit. In this context the Vice President's claim that he already has his fingers on the strings of government (as far as anyone can claim that in the Administration's present unravelled state) is likely to be more of a handicap than a help. Nor should Mr Kennedy suffer because of his youth, since Mr Nixon is only four years older.

Above all, there is one quality in Mr Nixon's character that may make the public uneasy about his ability to handle a world poised between war and peace. He gives the impression of being impetuous, of sometimes sacrificing cool judgment for quick action. This is the quality which he showed when he decided, against the counsel of his advisers, to brave the mob in Caraças in 1958. The same instinct, in political debate, makes him leap for an opponent's throat—as he did once again last week—when another man might judge it wiser to be more restrained. This might be very dangerous at a time when resolution has to be tempered with calm deliberation. If the voters come to this conclusion, Mr Nixon's hopes of the Presidency may also be in danger.

First Witness

THE inquiry which the Senate Foreign Relations Committee is to begin this week into the degree of the Administration's responsibility for the President's humiliating rebuff in Paris is to hear first the Secretary of State, Mr Herter. But the President himself has already given his own account of the events and drawn his own moral from them in a broadcast to the whole country. Mr Eisenhower did not make any concessions to his domestic critics. He defended the timing of the reconnaissance flight over the Soviet Union, implied that it had been weighed carefully and that there had been no failure of co-ordination inside the government and even took direct responsibility for the world-wide alert of American defence forces, just as the conference was breaking down, which has also provoked much criticism.

What is more important, the President declared that American policy would not be altered by the noisy collapse of a meeting from which he insisted that much was not expected. The United States will still try to reach understandings, on a business-like basis with the Soviet Union on specific problems, particularly in the negotiations over nuclear tests and disarmament (though the President must realise that recent events have hardly improved the already doubtful prospect of the Senate approving a treaty banning atomic testing). The United States will continue to try to improve contacts between the Russian and the American people. And finally, it remains ready to conclude the "open skies" agreement, under the aegis of the United Nations, which the Soviet Union turned down five years ago. At the same time the President promised that the United States would remain strong and, if he had wished, might have pointed to two bits of evidence: the first firing, over its full range, of an Atlas missile and the first experimental launching of the Midas reconnaissance satellite, which eventually will make the U2 obsolete.

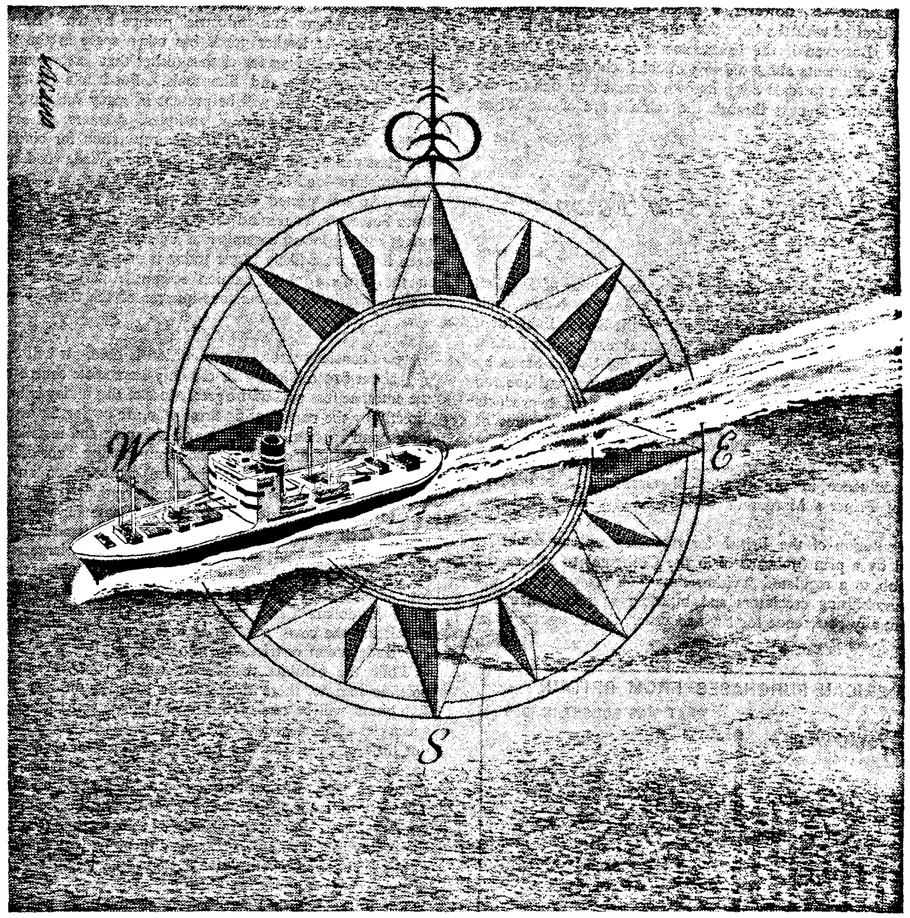
The President's defence of past policy will hardly satisfy the liberal Democrats who recently sent a series of eight far-reaching questions to the White House or even Mr Rockefeller, the only possible (though most improbable) Republican alternative to Mr Nixon as a Republican presidential candidate, who has joined in the call for a searching, but non-partisan, inquiry. But it seems probable that Mr Fulbright, the chairman of the Senate Foreign Relations Committee, and Mr Lyndon Johnson, the Democratic leader in the Senate, who thinks that a savage attack on the Administration at this time would damage both the country and his own party, will be able to keep the inquiry both short and quiet. Witnesses will be heard in closed session and censored transcripts of their testimony released later. To another congressional body the case of the U2 appears simply as a timely case study; this is Senator Jackson's subcommittee which for many months has been taking testimony on the inadequacy of the government for forming and carrying out national policies.

Still Distressed

NO one expected that the Senate would be able to over-ride the President's veto of the $251 million Bill to aid depressed areas and it did not; the vote this week was 49 to 35, well short of the required two-thirds. The time was, however, well spent from the point of view of Democrats who want to draw the attention of voters to the veto as one more piece of evidence that the President and his party are indifferent to human needs. In 1958, another election year, when the President vetoed a similar Bill, a number of Republican Congressmen and Senators whose constituencies included distressed areas were defeated. To avoid a melancholy repetition, alarmed Republicans who must stand for election this year have persuaded the Administration to offer a more generous compromise than the puny $53 million programme which the President has been sponsoring.

A new Bill proposing aid of $180 million has been introduced by a Republican from Pennsylvania, a politically important state with many miners who have been left high and dry by the closing of marginal coal mines. All of the help, however, would consist of loans and the biggest share would go, not in industrial re-equipment, but on public facilities—roads, sewers, water mains, and so on; the Democratic Bill had offered some of this aid in grants on the ground that local governments in many of such impoverished areas cannot afford to borrow any more. The Republican measure takes account of other points made in the President's veto message by restricting federal participation in any project to 35 per cent in order to encourage local initiative and by omitting entirely any aid to rural areas. But whatever help such a belated change of heart may be to distressed Republican candidates, it is almost certainly too late in the session for it to be passed in time to be of assistance to their distressed constituents.

Federal aid to education is another field in which the President is sharply at variance with the liberal Democrats; if Congress were to adopt the generous Senate Bill, which provides grants to assist both the construction of schools and the payment of teachers' salaries, a veto would be certain. The Bill which the House was to debate this week—after dragging it out of the Black Hole of the



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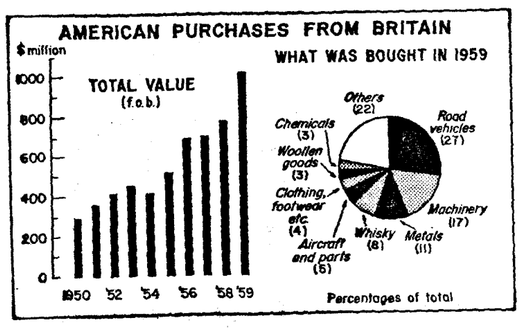
Rules Committee—is, however, a much more modest measure which was drafted with the hope that the President might be able to sign it. But even if the House passes it—resisting that old red herring, arguments about aid to parochial schools—the Senate may not be willing to scale down its own demands enough for the resulting measure to pass through the camel's eye of the White House.

Britain Comes to Town

NEW YORK

FOR two weeks, starting on June 10th, the chimes of Big Ben will toll the quarter hours in the Coliseum, New York's largest exposition hall. The occasion will be the British Exhibition, the biggest and best trade show ever staged abroad by the British, and the most ambitious one ever brought to the United States by a foreign country. Here, spread out over four floors and 400,000 square feet, visitors with enough stamina will see British products ranging from custom-made precision tubes to the sculptures of Henry Moore; they will be able to find a pint of bitter in "The Red Lion," a laugh in the Anglo-American humour section, sentimental indulgence in the "Churchill Corner" or before the pictures of Princess Margaret's wedding, and a great deal else besides.

The reputation of the British for queueing will no doubt be reinforced by a plan (unheard of in the Coliseum) to subject the unruly mob to a regulated "visitor flow"—a project which has meant immobilising escalators and building a special staircase. Apart from any preference for law and order, there appears to be



an element of compulsory indoctrination in the scheme: wherever he is bound, the visitor will be propelled first through the giant government exhibit which is designed to remove any remaining doubts about the British, all things considered, being a pretty remarkable race.

Firms participating in the exhibition will be broadly representative of those selling British goods to the United States. In line with the trade statistics, the largest single exhibit will be the British Motor Show. To Americans who think of Britain in terms of whisky, cashmere sweaters and bone china, the marked predominance of industrial machinery and other capital goods may come as a surprise. Indeed, when compared with the enthusiasm of engineering firms, the response from exporters of consumers' goods has been somewhat disappointing and, while their displays promise to be of high quality, their quantity will be rather lower than the organisers would have wished.

Thus, engines of one sort or another will be shown by some twenty-seven firms and industrial pumps by ten. But only one manufacturer of leather goods has taken space in the show, and female visitors looking for clothes (other than jerseys) must choose between Burberry's and Simpson's. Foodstuffs (biscuits, jams, chocolates) and drink will be present in many varieties, and there will be a good showing of antiques, sweaters, silverware and cutlery. But Britain's considerable reputation for china, pottery and glass will be upheld by only two firms—Wedgwood and Crown Staffordshire—and displays of dress fabrics will be disappointingly thin. An unexpected exhibit in this vast market place will be from Sotheby's, to remind the Americans that the highest auction prices and the lowest commissions are still found across the Atlantic even if the most likely buyer today is another American. Indeed, in the firm's 1958-59 auction season, American-owned articles realised nearly $4 million, one-quarter of the total.

As a financial venture the exhibition is bold. It will cost, in all, about $10 million, with the only immediate source of income the entrance fees paid at the gate. Most of this outlay is being borne directly by the participating firms who are paying $4 a square foot for ground space and all their own shipping and installation costs. Even so the organisers, a non-profit-making subsidiary of the Federation of British Industries, are gambling on an unusually large attendance, some 400,000, to balance their books. The actual cost to exhibitors varies enormously. Those for whom a square foot of shelf space in the "Grocery Shop" is adequate may get by with an outlay of $150, while a few of the largest exhibitors are running up bills to the tune of $300,000. The greatest problem for the organisers has been to persuade potential participants "to think in dollars" and to refrain from the painful exercise of translating the costs, swollen as they are by American wage rates and trade union restrictions, into sterling.

While the exhibits themselves will not arrive until the last possible minute, there seems to be little doubt that the British Exhibition will be one of the most elegant and carefully planned spectacles ever staged in the Coliseum. American trade shows put little emphasis on *décor* or on comprehensive design. They are confined as a rule to a single industry and are thought of strictly as a place to do business and fraternise with competitors. The very different all-purpose exposition has, however, been gaining popularity. Sponsored usually by local chambers of commerce, the object is to boost a particular city or region, and the general public is attracted by extensive displays of consumer wares—many of them of very indifferent quality.

But if the British Exhibition is aiming high in the aesthetic scale for trade shows, the exhibitors are taking part in it to sell their goods. A few of the larger exhibits—those of Imperial Chemical Industries, the British Iron and Steel Federation, the Shipbuilding Conference—are geared more to general prestige than to immediate entries in the order books, but in general the show is being presented as the British version of the "hard sell." The motor industry, for instance, which had thought at first in terms of a fairly nominal presentation, is in fact bringing over fleets of commercial vehicles in an attempt to break into that import market, which is now dominated by Germany.

The Duke of Edinburgh's presence on the opening day will be an invaluable asset; he will be headline news from coast to coast, and a great drawing card to many who, in their ordinary way, take no interest in Britain. Meanwhile, posters went up this week in all railway stations within 200 miles of New York; shops throughout the country have been supplied with "Salute to Britain kits" to display in their windows; and a memorandum to New York's restaurants has suggested—perhaps a trifle ill-advisedly for a New York June—that Yorkshire pudding and steak and kidney pie be added to menus for the duration.

District within a District

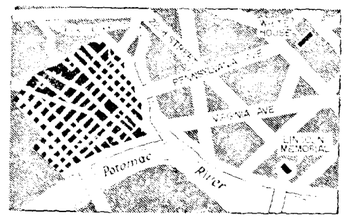
FROM A CORRESPONDENT IN WASHINGTON

THERE are more than twenty towns and villages called Georgetown scattered about the United States and Canada but only one, Georgetown on the Potomac River, is internationally fashionable (it is claimed that it has more inhabitants listed in "Who's Who" than has any other place so small). As Chelsea and Mayfair (Georgetown has the character of both) are celebrated far beyond London, so Georgetown is well known beyond the District of Columbia, of which for 88 years it has been a part. Shops and restaurants, good book sellers, a fortnightly newspaper, a Catholic university and twenty-four churches make this district within the District nearly self-sufficient and the most desirable in the national capital.

Probably Georgetown is now at the peak of the restoration which began during the first war, was accelerated during the depression, and culminated nearly ten years ago when Congress passed the Old Georgetown Act. This defines the often-disputed boundaries of Georgetown and states that

> In order to preserve and protect the places and areas of historic interest, exterior architectural features and examples of the type of architecture used in the National Capital in its initial years the Commissioners of the District of Columbia before issuing any permit for the construction, alteration, reconstruction, or razing of any building . . . shall refer the plans to the National Commission of Fine Arts for a report as to the exterior architectural features, height, appearance, colour and texture of the materials of exterior construction which is subject to public view from a public highway.

In all it has taken three Acts of Congress to bring Georgetown to its present status as a residential area of "historic interest." The first two, in 1871 and 1884, were concerned with swallowing the independent town in Maryland which had been a prosperous tobacco shipping centre in the eighteenth century (the customs house, standing today on a residential street, is still the clearing house for all foreign consignments entering the capital by air or rail) and adding it to the politically peculiar District of Columbia. This meant altering the street names to conform with the alphabetical and numerical system of Washington. Recently, at private expense, the original names have been attached, in nostalgic old italics below the official ones, to the sign posts. Guides bringing tourists through the area are happy to point them out, along with the homes of famous Secretaries of State on P Street, formerly West Street. For the most part, however, tourism is kept within genteel bounds. There are no picture postcards, and sightseers gravitate to Georgetown principally on four days in the spring when a number of interesting and attractive houses and gardens are opened for the benefit of local charity—although this is not needed as



much as it used to be. Most of the poor, both coloured and white, have now vacated their ramshackle and often tiny homes, leaving them to be remodelled by the affluent and artistic.

Since Georgetown has been the home of the urban as well as the urbane off and on for more than 150 years serious students of architecture discover interesting overlapping in design as the styles of town houses of one period slide into fashions of the next. Though only one pre-revolutionary structure is standing at present, many tall, well-proportioned houses of the Federal period (1780-1830) and larger detached Victorian mansions set among trees are to be seen. A few graceful wooden buildings have survived and—a matter of less pride—there are terraces built early in this century. Two houses of contemporary design were completed just before the old Georgetown Act was passed, and their owners, a former ambassador and a well-known newspaper columnist, may be remembered more for their picture windows than for their careers. No matter what the period of a house, television and air conditioning equipment is usually present, discreetly placed on a mansard roof or in an inconspicuous window, to remind the visitor that the addition of the new is an uninterrupted process in spite of the difficulties put in its way by the Old Georgetown Act.

The District of Columbia has no elected officials to initiate reforms and improvements and as a result all its five areas have active organisations of citizens which concern themselves with local problems. But Georgetown is the only section where community interest runs high enough to support two such organisations. It is chiefly due to them that the population of some 15,000 is constantly reminded that vigorous vigilance is the price if their shady oasis (one mile square) and the considerably inflated values of their properties are to remain secure. Both groups are guided by enthusiasm for the special qualities of Georgetown and a desire, sentimental as well as sensible, that they should be preserved even though certain restrictions may be irksome. One surprising freedom remains, however; no permit is required simply to paint the outside of a house, and the rebellious or frustrated property owner who may have been prevented from altering a window pane or putting up a fancy fence can, if he chooses, paint his walls blue and pink.

Several years ago more than a hundred persons concerned about the preservation of Georgetown formed Historic Georgetown Incorporated to buy four dilapidated eighteenth-century buildings, on a shabby corner of shop-lined M Street, which were apparently in danger of being torn down. Nearly $200,000 was raised, common and preferred stock was issued, and today the restored buildings are profitably leased as business premises, while the value of neighbouring property also seems to have risen. But an understandable conflict exists between the owners of valuable industrial property along the Baltimore and Ohio Railway's lines south of M Street and the preservationists. Business concerns, more interested in the practical uses of buildings than in architectural delights, are being accused of allowing their properties to fall into such disrepair that they qualify for demolition under laws regulating safety and sanitation.

Supporters of efforts to amend the Old Georgetown Act would like to sharpen its teeth to correct this situation—if it exists—and they also favour changing the troublesome clause which permits the District Commissioners to take action which they think is "right and proper in the circumstances" but does not require them to follow the recommendations of the architects who advise the Commission of Fine Arts on proposals for building or altering Georgetown houses.

As a result of the Act and because new building sites, scarce as hens' teeth, are very expensive, there is considerably more reconstruction than new construction under way in Georgetown today. But last year the largest single development in seven years was completed with the building of eighteen new brick houses. The design is more typical of the pre-revolutionary period than of Georgetown, but in order, presumably, to attract admirers of the architectural style of both centuries, the builder has lined the slate roofs with gold-tinted snow-guards in the form of the Federalist eagle; that this proud and lonely bird should be depicted behaving like a pigeon apparently disturbs only the bird fanciers. Customers have not been deterred by this or by prices ranging from $65,000 to $90,000; these are considered high since the houses are neither large nor luxurious, and smaller houses nearby have better garden space. House hunters in Georgetown would often prefer to remodel a Victorian house, but even these are seldom available.



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Justice on the Move

TEN days after the President signed the new Civil Rights Act the Department of Justice called for the voting records of four counties in four different states of the deep South: Alabama, South Carolina, Georgia and Louisiana. These are four of the so-called "cipher" counties where not a single Negro is registered to vote although the adult Negroes in them outnumber the whites. One of them, in South Carolina, seems to have responded by registering 49 Negroes and then declaring registration closed until after the crucial election in which the Democratic nominees are chosen. Presumably this was to protect itself against a possible finding by the courts of a "pattern of discrimination" which could lead, under the new law, to the appointment of federal referees who have power to register any Negro who is qualified. This week the Attorney General called for the voting records of four more counties.

The Department of Justice is also suing Biloxi, a coastal city in Mississippi, the fifth state of the deep South, to force it to allow Negroes to use the public bathing beach. Last month there was violence when Negroes tried to do so, as part of their general campaign to gain access to public beaches which they help, through their taxes, to maintain. The only reason, however, that the federal government can intervene at Biloxi is because it contributed over $1 million some years ago to restore the beach after a hurricane, with the requirement that it should be for the use of the public. All this election year activity on behalf of Negro rights is the department's answer to critics who maintain that it has dragged its feet in the past and who suspect that it will take about two years of litigation to enfranchise any Negroes in the South.

Although it is six years this month since the Supreme Court ruled that racial segregation in tax-supported schools is illegal, none of the five states of the deep South has given an inch. Now, however, a federal judge has ruled that New Orleans, in Louisiana, must make a start by next September. It may thus become the first big city to have to choose—or to have the State Legislature choose for it—between racial integration and shutting its schools. Atlanta, in Georgia, has been given a postponement until September, 1961, in the hope that the State Legislature may amend the state law to give local authorities freedom of choice. But the largest segregated school system in the country is outside the deep South at

Artful Giving

It has frequently been recommended—most recently by the Trustees of the National Gallery—that in order to encourage private gifts to museums and art galleries, in spite of today's heavy taxation, the British Government should offer tax inducements similar to those available to would-be benefactors in the United States. What these are is explained below by our New York correspondent.

AMERICAN museums and art galleries do not receive direct grants from federal funds; the only exceptions to this rule are bodies like the Smithsonian Institute in Washington which are considered to be agencies of the federal government. The majority of museums draw all their funds from private sources, although there are many which get some assistance from municipal revenues. But even where there is a measure of public support, museums still depend heavily on wealthy patrons. Luckily they are able to remind potential donors that not only is it more blessed to give than to pay taxes but that it may even be profitable. New York's Museum of Modern Art, for instance, has issued a lengthy memorandum—"Gifts to the Museum and Greater Tax Savings"—which suggests various ways of enriching the museum at a minimum of real expense to the patron; the alternatives range from instalment giving to the bequest of undeveloped mineral deposits.

Largely because of the strong national preference for private philanthropy over public grants, the Internal Revenue Service has always looked kindly upon those who give to the wide range of causes that for tax purposes are regarded as worthy. Donations to any of these bodies are tax free up to the equivalent of 20 per cent of an individual's income each year, and in certain cases (mainly those of educational and religious institutions) the tax-free limit is 30 per cent. In 1957 over $5 billion escaped the Treasury's net through the loophole of gifts to charity.

In claiming a tax deduction a donor is not limited to cash contributions. On the credit side of his tax account he can set the full current value of any gift in kind—a work of art, a piece of land, some securities or (in theory at least) a mink coat or any other item of personal property. For anyone well endowed with worldly possessions this opens up considerable opportunities for exchanging family heirlooms for lower taxes. If, for example, a man with an otherwise taxable income of $25,000 takes a picture worth $5,000 from his wall and gives it to a museum, his income for tax purposes is reduced in that year to $20,000. If his rate of income tax is high and his appreciation of art low he may regard the transaction as a gain.

There is another important advantage in making gifts in kind rather than in cash. If a person gives a hundred shares in the General Motors Corporation to a museum it receives, and the donor can deduct from his income, the full market value of these shares; if he had tried to realise these assets in the ordinary way he would have had to pay—if they had appreciated in value—a capital gains tax.

IN the last few years the provisions of the tax law have been further refined to suit the varying tax situations and tastes of donors. Since the outright gift of a valuable work of art may carry an individual's charitable contributions in that year beyond the 20 per cent that can be deducted for tax purposes, he is now allowed to spread his gift over a longer period. He may, for instance, give to a museum a one-fifth interest in a work of art in each of five years. By this device he can make full use of the inherent tax advantages of his gift and at the end of the period the museum will be in full possession of the painting.

In the second place, the tax law now allows a donor to get current tax relief from the gift of a work of art, although it will only become the property of the museum at his death, by giving away the "remainder interest" as determined by actuaries. The sum that can be used as a tax deduction will, of course, be considerably less than in the case of an outright gift, but the donor does not have to part with the object in question.

It is widely believed that the American tax law allows a donor to have his cake and eat it—to "deduct" his picture and *keep it hanging on the wall*. When the donor has deducted only the remainder interest on his tax returns he is of course entitled to keep the picture, but if he is giving it over a period of years he must share its use with the beneficiary in proportion to their respective interests in any year. Thus, if he has donated a one-fifth share to the museum, he can keep the work of art for only four-fifths of that year. If, on the other hand, a person makes an outright gift, and claims the full tax deduction for doing so, he is defrauding the Internal Revenue if he then borrows it back again. A certain amount of illegal "lend-lease" may go on but it is not the responsibility of the museum to see that its arrangements with benefactors tally with the latter's tax returns.

Houston, Texas. Early in June voters there will have a chance to say whether the integration which a federal court has ordered has their approval. Under Texas law state funds are cut off from any school system which pulls down the colour bar without the consent of local voters.

Under TWA's Wing?

THERE are obvious advantages in the merger which Trans World Airlines and Northeast Airlines announced last week that they may conclude. Northeast, the smallest of the twelve domestic trunk lines, cannot seem to make money, even though, besides serving New England, it has a temporary certificate, which expires in November next year, to fly on the rich New York-Washington-Florida route. But this run, which is busiest in the winter, would fit in well with TWA's transcontinental and trans-atlantic services, on which the summer is the peak period. By joining forces, the best use could be made of the expensive new jet aircraft which are causing the industry so many headaches. TWA and Northeast already have certain links and are on a friendly footing, with TWA leasing a jet to Northeast to help it to keep up with its rivals.

If the relation is to become closer, the consent of various creditors and shareholders will have to be obtained, as well as that of the Securities and Exchange Commission and of the Civil Aeronautics Board; Northeast's competitors on the Florida route will fight hard to have the merger turned down. But, if it goes through, it may lead other airlines, which have been hard-pressed this year, to follow suit. Most of the smaller ones are suffering from the same troubles which are leading Northeast to take shelter under TWA's wing and which helped to land Capital Airlines in its present difficulties: the sharpening of competition with the arrival of the big jets and with the duplication of services permitted in recent years by the CAB. The traffic has not grown fast enough to make profits for every one and the return on investment in the airlines has fallen from nearly 12 per cent in 1955 to just over 7 per cent last year.

Recently the CAB announced that it was in agreement with one of its examiners that the rate of return over the industry as a whole should be 10.5 per cent. But if the airlines believe that they are about to be bailed out of their present difficulties by a big rise in fares they may be disappointed. The airlines have applied for increases, but it is far from clear how the new rule will work or that it will do much more than justify the interim increases which the industry won in 1958 and 1959. Capital Airlines, which has just appointed a new chairman who is said to be skilled in arranging mergers, seems to have the right idea; but he realises that Capital, now facing possible foreclosure by its creditors, will have to be put into better order before it can hope to attract a partner.

Jews Apart

FROM A CORRESPONDENT IN COLORADO

ALTHOUGH the 5 million or so Jews in the United States provide most of the outside money which is collected for Israel, a small but very vocal minority still opposes strenuously the whole idea of a national Jewish state. The American Council for Judaism, which has only about 20,000 members but seems to have plenty of money, has just held its 1960 convention at Denver. Its contention is that Jews in America, and elsewhere, should try to be assimilated into their communities in all matters save religion.

The council was organised in 1943, specifically to resist Zionism, and scandalous charges against that movement were made at Denver. The council's chairman, Mr Lessing Rosenwald, declared that funds raised through the United Jewish Appeal, ostensibly for charitable purposes, have been diverted to other activities; that about $18 million of this money was used by political parties in Israel in 1951; that about $15 million has come back to the United States to pay for Israeli propaganda; and that much more has been spent to promote the "ingathering" by Israel of Jews from all over the world. Rabbi Elmer Berger, the council's vice-chairman, alleged that Zionists put pressure on dissenting Jews to conform, and one resolution called upon non-Zionist organisations to withdraw from the President's Conference of national Jewish groups on the ground that this is just a Zionist front. Another demanded that the United Jewish Appeal should devote itself to pure philanthropy.

Dr Mezvinsky of Harvard University even argued that Zionism, as well as continued anti-Semitism, is responsible for the fact that Jews who have made enough money to escape from the city ghettos have established "gilded" ones in the suburbs in which they continue to be insulated from their neighbours in self-sufficient Jewish communities. He said that Jewish parochial schools have been revived, that 400,000 children now attend them in New York City alone, and that two-thirds of American Jews remain clustered in and about the country's ten largest cities: like the other speakers he appealed to Jews to enter wholeheartedly into American life. Officials of the council claim that they are beginning to make some impression on American public opinion, against the Zionists, and that they are also beginning to receive some cautious political recognition. At the Denver conference a message was read from President Eisenhower praising the council's "fine record"; and similar messages of good will were received from the Vice President, Mr Nixon, from the Secretary of State, and from several Senators and other leading politicians of both parties. This is the American phase of the world-wide duel between the Zionists—whose strength is that they have created Israel—and the Jews who, as local patriots, oppose them.

SHORTER NOTES

The sixty-three-year-old president of the Carpenters' Union, Mr Maurice Hutcheson, has been sentenced to six months in gaol for contempt of Congress in refusing to answer questions from the Senate Committee which was enquiring into corruption in trade unions. The questions dealt with the use Mr Hutcheson had made of union funds, but he felt that his replies might help the prosecution in a case being brought against him in connection with a highway scandal; he also argued that the questions dealt with personal matters which were outside the committee's authority.

* * *

John D. Rockefeller, Jr., who died recently at 86, devoted the last fifty years of his life to giving to worthy causes much of the money inherited from his father, the creator of Standard Oil. Mr Rockefeller gave away over $470 million during his life, including about $80 million each to educational, charitable and religious causes, both at home and abroad. Individual gifts which testify to the width of his interests were the $8.5 million site for the United Nations building, $52 million for the restoration of colonial Williamsburg, $2 million to save the Californian redwoods and $5 million for the Museum of Modern Art—though Mr Rockefeller did not care for the modernists. As a result of this philanthropy, and because he had set up trust funds for his descendants long ago, Mr Rockefeller left only $150 million.



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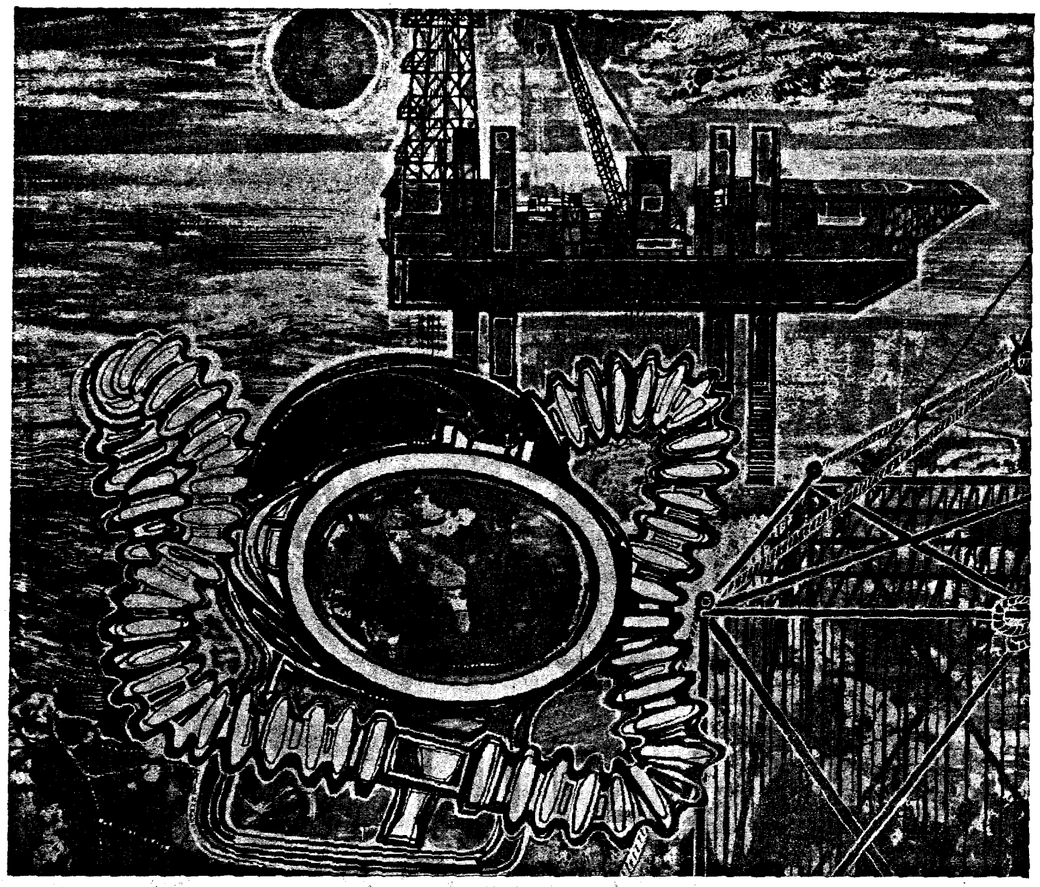

Divers helmets, a reflection of

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THE WORLD OVERSEAS

Caudillo Among the Catalans

FROM A CORRESPONDENT IN BARCELONA

GENERAL FRANCO'S visit to Barcelona, which ended this week, has confounded the sensationalists. Before his arrival at least three different stories had reached here from Madrid, all purporting to come from the usual well-placed sources. One was that General Franco was to meet General de Gaulle somewhere off the Catalan coast. There has been no evidence of this meeting, and it is difficult to see when it could have been fitted in. Another was that General Franco was suffering from a severe illness and had gone to undergo treatment by a Barcelona specialist. Whatever the truth about the Caudillo's health, he carried out a full programme and he looked tanned and fit. The story that caused most interest was that he would announce his retirement and a decision about his successor. He made no such announcement, and, in a fighting speech to the people of Gerona, declared that he would continue on his present course and that the opposition abroad could hope for no changes.

More cautious forecasts of the visit said that it would be a great gesture of friendship to Catalonia ; and these proved right. The Caudillo stayed three weeks, with an interval of two days in Mallorca and Minorca, and the whole plan of the arrangements was a compliment on a grand scale to Barcelona and the Catalans. The government moved to Barcelona in a body, and cabinet meetings were held there. It was the scene of the annual Victory Parade of May 8th, always hitherto held in Madrid, as also of the mass display of athletics and folk-dancing organised by the Falange "Education and Rest" organisation, at which General Franco presided and during which the 9,000 participants danced the Catalan "sardana" in the Barcelona football stadium.

Apart from visiting some factories and inaugurating a centre for workers' technical training, the Caudillo devoted most of his programme to ceremonies calculated to appeal to the Catalans' pride in their traditions and culture. He visited the monastery of Montserrat and was received by the abbot ; he presided at a meeting in the Barcelona central library in homage to Maragall, the Catalan poet and champion of the Catalan language ; he attended the handing over by the army to Barcelona city of the castle of Montjuich, to be used as a museum and park. To appreciate the significance of these gestures one must remember that the abbot of Montserrat is an independent prelate and a local hero, who has more than once clashed with the state authorities ; that during the years that followed the Civil War, even to talk Catalan in public places was discouraged, and that even now no daily newspapers are published in the language ; and that the castle of Montjuich was once a notorious political prison. During the visit the government announced the granting of a new charter to Barcelona municipality, together with greater financial freedom. Various schemes for public works and improvements in the city were approved. Announcements were also made of special interest to Catalan industrialists at the present time—approval of the cotton industry's reorganisation scheme, an increase in long-term credits to industry, and plans to revive activity in the building trade by means of credits and public spending.

All this may seem rather prosaic after the sensational forecasts ; but General Franco's wooing of Catalan opinion is significant when viewed in connection with the present state of the country as a result of Spain's new economic policy. In July last year the Spanish government, with the assistance of large credits from abroad and under the supervision of advisers from the Organisation for European Economic Co-operation and the World Bank, embarked on the present stabilisation policy. The purpose was to halt the inflation at home and to restore Spain's international solvency. The peseta was devalued, foreign exchange policy was liberalised, and there was a considerable easing of controls on industry and foreign trade. Government spending was cut down and credit restricted. From a financial point of view the operation was remarkably successful. Before it was launched Spain had great difficulty in meeting its international obligations—the state was, in fact, practically bankrupt. In the following August and September, however, Spain had a favourable balance of payments of more than $81 million, compared with a deficit in the same period of 1958 of $21 million. By the end of the year the fiduciary circulation showed an increase of only 2 per cent for the twelve months, compared with 10 per cent in 1958. By May this year, the reserves of the Institute of Foreign Exchange exceeded $300 million.

BUT the deflation hit business and the workers hard. This was due, not so much to restriction of credit, which was mild from the beginning, as to the cutting down of government expenditure and the knowledge that the inflationary period, with rising prices and shortage of goods and labour, was at an end. The individual consumer stopped spending and traders bought only from hand to mouth. Trade was paralysed and many of the smaller firms closed down. Unemployment rose steadily ; it is estimated to be now somewhere between 150,000 and 200,000. This comparatively low figure (less than 1 per cent of the population) is explained partly by the laws against dismissal of regular employees. The real hardship lies in concealed unemployment (workers not covered by the laws, and the small workshop with two or three hands) and, above all, in the loss of bonuses and overtime, which were the means by which the workers were able to meet the rise in the cost of living. The cost of living, though largely stabilised since the new policy, is now about 492 by the official index, compared with 350 when the last rise in wages was decreed, in 1956.

By February things had reached a stage when both the Church and the Falange felt called upon to issue public protests. A collective declaration by the Metropolitan Bishops of Spain and a statement by the heads of the Falange syndicates demanded reactivation of industry and measures to protect the worker's employment and purchasing power. But "reactivation" may be a slow process. The first sign of any renewal of confidence was a slight increase in the credits ("personal credits and credits against securities") in the Bank of Spain statement for April.

The stabilisation policy is not popular with any section of the country ; yet it may prove a turning point in Spain's history. General Franco and the ministers responsible for it are holding firmly on their course. The object of General Franco's visit to Catalonia was probably first to rally public opinion in this important, notoriously dissident area of Spain and, secondly, to win the confidence of the Catalan industrialists, who will be the backbone of the future struggle for a more efficient industry and a more

competitive export trade. His speeches outside Barcelona dwelt on national unity and the dangers of subversion. But those delivered in Barcelona stressed the importance of a sound economy and included, in his speech to the workers' training centre, a complete apologia of the government's economic policy, before and after stabilisation.

Germany's Importunate Creditor

FROM OUR BONN CORRESPONDENT

THE two wicked Germans whom Mr Khrushchev apostrophised by name in east Berlin on his homeward journey put their heads together on Tuesday in Bonn. To the Russian, the federal chancellor and the governing burgomaster of west Berlin must appear to be men much of the same kidney: they personify the two main blocks of national resistance to Soviet plans for Germany. To the Germans themselves, it need scarcely be said, the 83-year-old Dr Konrad Adenauer and the 45-year-old Willy Brandt (a firebrand, Mr Khrushchev called him) have hitherto seemed about as unlike as the two figures in Cranach's painting "The Ill-matched Pair," in the Karlsruhe gallery.

Age, background, and temperament apart, the Christian Democrat and the Social Democrat have clashed often and bitterly in the political arena ; and there have been signs recently that the older man, who frankly claims to be indispensable, resents the prospect of having to fight it out with the younger for the chancellorship in next year's Bundestag elections. But Mr Khrushchev's fulminations brought the two more or less amicably together in the Palais Schaumburg on Tuesday, and the Bonn air is loud with diminishingly harmonious talk of the need for reconciliation.

Although one or another of its members may have occasionally dropped a sizeable brick—such as Herr Strauss's eager reconnaissance in Spain—the Bonn government has tried consistently over the years to make a convincing show of knowing the proper station of the German Federal Republic as a probationer in post-war western society. Dr Adenauer's initial reserve over the hubbub in Paris was in keeping with this unwritten code. He must have been strongly tempted to say at once "I told you so." Yet he let four days pass, and others talk, before remarking at a party gathering in Cologne that his policy had been proved "so shatteringly right" that those who now wanted to make common cause with the Christian Democratic Union would have to subscribe unequivocally to its foreign policy. In the Bundestag on Tuesday, Dr Adenauer stuck to his guns ; and he gave no hint of an inkling that, in all the sad story of the summit conference, anyone but Mr Khrushchev might at any stage have made a false move.

It is obvious to the Chancellor and his colleagues that this is not the time to be smug. Naturally, they are relieved to hear from Mr Khrushchev that at least during the remainder of the year the communist powers will not carry out their threat of signing a separate peace treaty with the east German regime. But the nagging, enervating insecurity is still there, and, short of unspeakable surgery, looks just as incurable as ever. It is doubtful whether Herr Ulbricht and his team are as disappointed as some commentators have conjectured by Mr Khrushchev's refusal to move precipitately in Berlin. Herr Ulbricht can be counted upon to use every hour of the pause to continue to separate eastern from western Germany as irrevocably as possible, and to promote at the same time conditions in which the former's institutions would oust the latter's in the event of unification. As for west Berlin, can it be nourished artificially for ever ?

On Wednesday the Chancellor set off from Bonn to brood for three or four weeks, with the stimulus of teleprinters, in northern Italy. His present reserve is due probably as much to perplexity as to propriety and concern. Germany's official and unofficial seers and pundits are bowed as intently over their crystal balls as their counterparts in other western countries. Until more is known about the reasons for Mr Khrushchev's behaviour at Paris, and its consequences to the policies of both the Soviet Union and the United States, the Germans must share in the universal suspense, The anxious policy-makers of Bonn appreciate more clearly than ever before the extent of their political, economic, and military dependence on their western allies. Bonn must wait patiently for decisions from its partners, and, if it is to survive, concert its policies with theirs. Should these entail unpalatable concessions they would still have to be stomached.

Dr Adenauer cryptically reminded his fellow-countrymen some time ago that they had not yet paid the whole bill for having started and lost the war. If they still doubted the existence of an importunate creditor, the millions of Germans comfortably watching Eurovision's reproduction of Mr Khrushchev's press conference must have been rudely jerked out of their illusion. The search continues on sickeningly familiar tracks for an alternative to what seems to be the now more gravely threatening fate of perpetual partition or complete bolshevisation. It is chiefly the Social Democrats who, apparently despairing of fashioning a partisan policy that will both ease the deadlock and satisfy the electorate, are talking of the necessity of bipartisanship. The left-wing Herr Wehner, who pushed his way forward to the vice-chairmanship with the demand for lustier opposition to the chancellor's inflexible ideas, has sadly declared that the primary objective of foreign policy must now be simply "to hold the German people together as a nation."

His fellow vice-chairman, Herr von Knoeringen, has added that "The men engaged in the manual labour of foreign policy must now talk openly with each other. I think that will happen." These were the Social Democrats' very first reactions ; Herr Ollenhauer showed himself on Tuesday more inclined to be censorious. Dr Adenauer, for his part, made it quite clear that he was not ready "to meet the Social Democrats half way," as Herr von Knoeringen proposed—or, indeed, an inch of the way. He is more likely to be preoccupied in the coming weeks with thoughts of saving what can be saved through closer political and economic co-operation in free Europe—including, perhaps, a newly interested Britain ? It should be instructive to hear what more the Chancellor has to say when he returns from Cadenabbia.

—"*You Too, Mr Kishi?*"

FROM OUR CORRESPONDENT IN TOKYO

"ET tu, Kishi!" President Eisenhower may mournfully murmur if, as a result of the U2 affair, he has to cancel his trip to Japan as well as to Russia. The president may be advised from Tokyo that the proposed date of June 19th will not do, because on that day the streets of the Japanese capital, through which the president is supposed to pass in the company of the Emperor, are more likely to be filled with snake-dancing demonstrators denouncing Mr Kishi and the new America-Japan security treaty than with pro-American loyal subjects. Mr Kishi got the treaty through the Lower House of the Diet in the first few minutes of May 20th, so that it automatically becomes law on June 19th, even if the Upper House dislikes it. But this bit of smart-alec timing has proved so unpopular that cries for Mr Kishi's resignation or dismissal have been rending the air ever since.

Leaving the Diet after two o'clock in the morning of Friday, May 20th, Mr Kishi hurried home to his private residence in Shibuya, six or seven miles away. His official residence, adjoining the Diet, was attacked that night by members of *Zengakuren*, the students' organisation controlled by the most violent faction of

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the Communist party. The following night, Saturday, the students switched their attention to his Shibuya home, but fortunately Mr Kishi had decided to spend that night in his official residence. The students now say they will henceforth demonstrate against him outside both his houses, and will keep this up until he resigns; and Socialist Dietmen likewise threaten to visit the prime minister and talk with him every day, until he agrees either to resign or to dissolve the Diet and hold elections. For June 19th, the day the security treaty becomes effective in Japan, students, Socialists and members of the trades union federation *Sohyo*, promise token strikes and street demonstrations on the largest possible scale.

The students have naturally found the temptation irresistible to call Mr Kishi "Japan's Syngman Rhee." In fact, hardly any resemblances exist between Korea and Japan at this stage of the anti-Kishi agitation. In dealing with demonstrators, the Japanese police have drawn their batons, but not their guns. Thousands of policemen have been deployed against tens of thousands of demonstrators; but hardly any heads have been broken. The tactics of the police are to form themselves into a rather passive living wall, against which the demonstrators lean or shove, usually with no score ensuing. The recent scenes have been occurring amid constant downpours of soaking rain, with both sides wearing raincoats and rubber boots. The demonstrators carry umbrellas, as well as flags and placards; the policemen carry, on bamboo poles, lanterns with tasteful Japanese designs. While these impedimenta can of course be used as weapons, they usually just impede.

Much has been said and written in Japan and abroad about the violence of the *Zengakuren* students. It is true that they have used violent language about both Mr Khrushchev and Mr Kishi, thus showing a rather fine impartiality; but their physical violence so far has not, except in the case last year of a rather disgusting mass urination on the Diet steps, gone much beyond the "rag" stage. The wildest and woolliest aspects of *Zengakuren* are their verbal onslaughts and the length of their hair, and much more ominous for Mr Kishi is the growing participation in the demonstrations of bourgeois housewives and lower middle class shopkeepers. The significance of such straws has not been lost on the anti-Kishi factions within the prime minister's own Liberal-Democrat party; and the current betting is now a shade more in favour of when Mr Kishi resigns, rather than if he will. But Mr Kishi seems loth to go, and most unlikely to before June 19th: in which case the demonstrations will probably continue, and Tokyo in consequence may not, after all, see President Eisenhower.

In his verbal exchanges with students and Socialists, the exasperated prime minister has asked them to explain what they mean by accusing him of "tyrannising over the country with his

A Polemic in Russian Verse

PREOCCUPATION with the summit and with the resurgence of international tension has distracted attention from a Soviet literary event full of political significance. On April 29th *Pravda* devoted a page to extracts from a poem by A. Tvardovsky. Mr Tvardovsky, a recent visitor to London, is no obscure rebel, but a Stalin-prize winner and a major figure in the Soviet literary establishment. *Pravda* is not in the habit of devoting so much space to verse. What is striking is that parts of the poem to which it has opened its columns read like a literary equivalent of Mr Khrushchev's "secret" indictment of Stalin. And this time the indictment is combined with a cry of conscience, the sad confession of a generation which did not dare to speak out so long as the "cult of personality" had not been officially condemned.

The most striking passages are contained in the part entitled "So It Was." Stalin dominates the stage from the very first:

> When alive, yet from life separated
> By the Kremlin walls,
> He was above us like a terrible ghost
> We did not know any other names. . . .

The author then addresses a childhood friend, a man of his own generation, whom he warns that "we cannot hide anything from our adult memory. . . . Days gone by are not strangers, We know these and previous years, And belong to them equally." The complaint continues:

> So it was: for quarter of a century
> The name of a man
> Resounded together with the name of our country
> As a call to struggle and work.
> And *it* seemed a natural thing
> That through the smoke of his pipe
> He saw personally everything in the world
> And ruled over all, like God;
> That these hands reached out
> To all most important matters in the world
> To all productions, to all sciences
> To sea depths and celestial bodies . . .
> And even his posthumous glory
> A hero owed to him. . .

Mr Tvardovsky turns his attention to the purges, to Stalin's vanished companions:

> Those who had been with him from the beginning,
> Who knew the underground and prisons . . .
> They went back into shadow, one after another.
> Some into shadow and some into sleep—
> the list is long . . .
> And those completely banned,
> They have gone long ago;
> For centuries in advance it was decided
> Which portraits are to hang and where.

The poet shows sympathy for Stalin's companions who, like Mr Khrushchev, have survived. It was not easy to stand in Stalin's way:

> Thus in the world he lived and ruled,
> Keeping the helm in his tough hand,
> And he who standing by his side would not praise him,
> Would not glorify him—find me one like that . . .

The guilt is collective: "Who among us is fit for the part of a judge, to decide who is guilty or not guilty. We are talking about men and don't men create gods?" Indeed, who can claim innocence? Certainly not the writers of panegyrics, who can merely reveal "that he himself put into our mouths poems about his own person." Nor

> Those who in official halls
> Before he even had time to open his mouth
> Already would stand up and shout:
> Hurrah! He will be right again. . . .

For the collective guilt the author tries to find an explanation in Stalin's complex figure:

> A son of the East, not for nothing,
> Until the very end he showed signs
> Of his violent
> Unreason
> And reason.

The confession is later followed by a justification. It was under Stalin's banner that great economic achievements were carried out; Soviet soldiers *fought* heroically in the war; and so on. Finally, things are brighter now that the day of truth has come: "Men, and not gods, will decide in future."

For all this balancing note, the poem created a tremendous stir in Soviet intellectual circles. It should not be forgotten that Mr Khrushchev's posthumous attack on Stalin before the party congress, though it was made more than four years ago, has still not been published in Russia; and that criticism of the "cult of personality" has in recent years been toned down. To Russian readers, therefore, this piece of iconoclasm *in verse* is something of an event. It may not have been a pure coincidence that *Pravda* should have published the poem at the close of April, during those tense days when Soviet leaders were probably arguing about their country's relationship with the outside world, and by implication about the future of their society.

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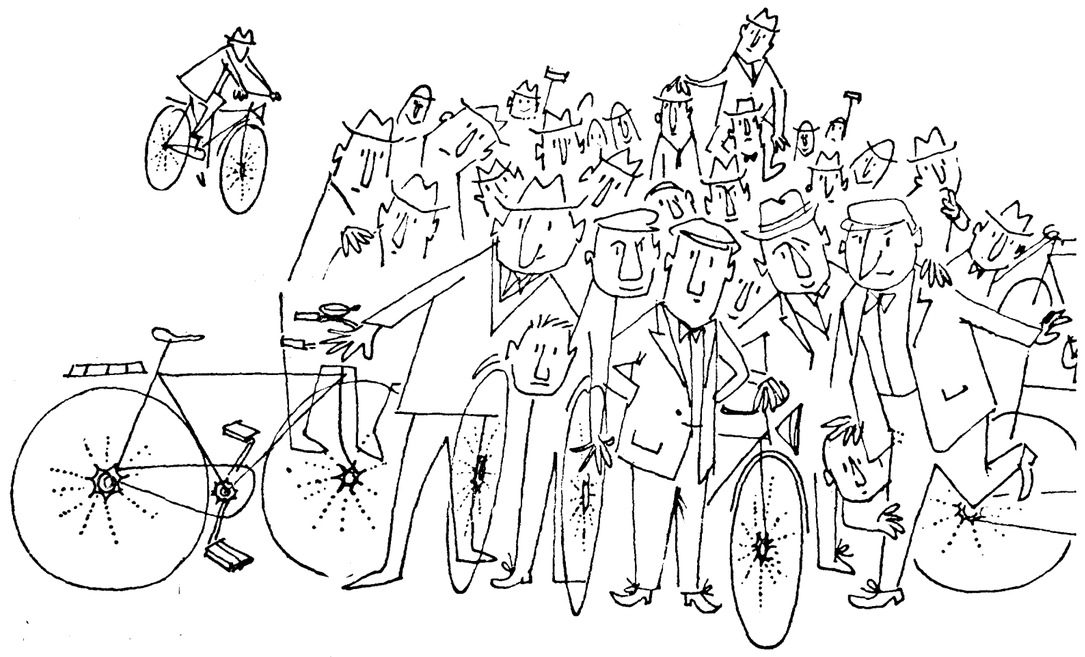

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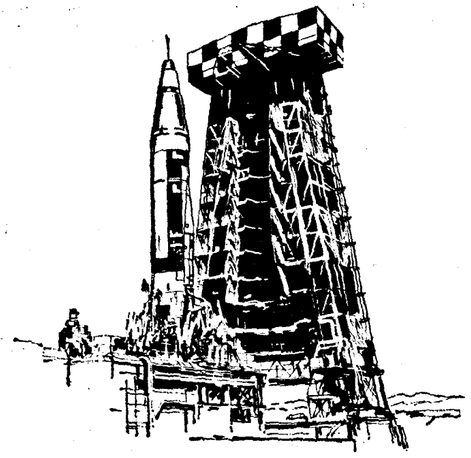

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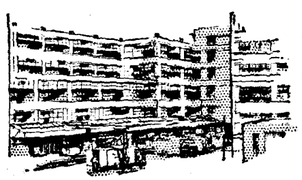

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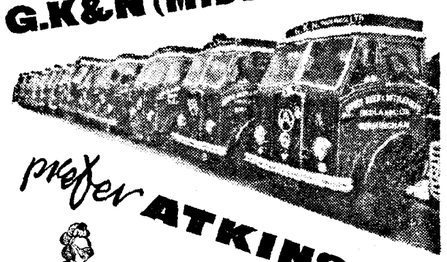

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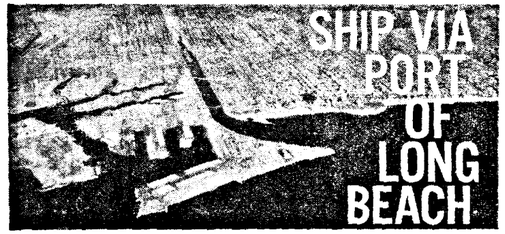

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majority." He has pointed out that his majority in the Diet correctly mirrors majority support at the polls, and that if the Socialists boycott debate because they know they cannot vote down measures they dislike, it is they, not he, who are wrecking parliamentary procedures. While this, of course, is true, it is also correct that the government has repeatedly insisted that the basis of the new security treaty is trust in the intentions of the United States, and that Japan's faith in the American word was much shaken by the U2 affair. It was, therefore, not unreasonable for both the Socialist parties as well as a segment of the Liberal-Democrats to call for extended debate on the treaty after the U2 sensation. Leading Liberal-Democrats not belonging to Mr Kishi's own faction had no interest, rather the reverse, in getting the pact approved in time for Mr Kishi to receive President Eisenhower's congratulations in Tokyo. They did not, therefore, support Mr Kishi's rush tactics, or even take part in the final voting on the treaty, which was passed by a Liberal-Democrat rump. This is what Mr Kishi's critics mean by "tyranny of the majority."

But the matter goes still deeper. Japan is a country where a court trial may continue for ten years, so the treaty would perhaps have been better not rushed through the Diet. Would, however, even another two months' debate have made much difference? The Japanese have made it rather plain that what they really want are the Americans' dollars without the Americans, and security provided by America without any corresponding obligation. The treaty, though full of American concessions to Japanese fears of involvement, still leaves primary decisions up to the United States: Japan, in a word, *can* be involved before being consulted, as the U2 affair shows. Mr Kishi and Mr Fujiyama, despite having made ambiguous genuflections towards the Japanese voters, probably would not be dismayed by this conclusion. But what the Japanese people would have preferred all along is a leisurely debate without end, on the merits and demerits of a treaty to be ratified at some time in an ever-receding future. Mr Kishi's real crime is to have opposed this never-never philosophy.

THE ALGERIAN WAR—II.

Under the Harrow

FROM A CORRESPONDENT LATELY IN ALGERIA

WHEN we turn from the military and administrative to the political sphere we pass from clarity to obscurity. It is true that the opposing theses are clear enough. The Front of National Liberation stands for an independent Algerian state which will include not only Muslims but also as many European Algerians as care to take Algerian citizenship. As proof of its representative character, the FLN can adduce the 150,000 of its members who have died fighting the French army, and the fact that every Muslim "*interlocuteur valable*" belongs to it. It has accepted the principle of self-determination and is ready to discuss a cease-fire, provided that conditions for a free consultation of the Algerian people can be discussed and agreed. The other protagonist is less the French government than the French army, or at least the French officer corps. The officers are against any possibility of independence for Algeria, or for any portion of it. (The idea of partition is dismissed out of hand by French and Muslims alike.) "Autodetermination," they will tell you, "is useful for foreign relations; but it is no good inside Algeria."

Disapproving in some respects of the attitude of the *colons* towards the Muslims, the officers agree with them in holding that the Muslims can only be trusted to vote for remaining with France, if it has first been made quite clear to them that there is no alternative. The government attitude, on the other hand, implies that the suppression of the rising, the granting of the vote, the development of industry, education, and health services can be trusted in the long run to produce a genuine preference for an associated Algerian state, permanently within the French orbit. The fact that the government is nevertheless unwilling to discuss or announce the conditions for a free expression of Algerian opinion suggests either that it is not sure of its own thesis, or that it dare not face the combined opposition of army and settlers. Its refusal to discuss conditions is sometimes explained on the ground that the GPRA (rebel government in exile) denies the right of other Algerian bodies to be consulted. This is not true; the GPRA does not deny the right of the French government to discuss the future of Algeria with whomever it likes. It is in the matter of the cease-fire which, it argues, concerns only itself, that the GPRA sees no reason to bring in a third party.

It is much harder to ascertain the opinions and probable course of action of the so-called "uncommitted masses," for whom the French administration is looking for leaders who would persuade them to support an associated state. Circumstances do not allow them to express their feelings freely. They are cut off from their Muslim neighbours on the east, and on the west, by double fences which are electrified, lit by searchlights, targeted by artillery, with a "prohibited area" between them thickly patrolled by armoured cars and tanks. The 1,250,000 who have been "regrouped," voluntarily or compulsorily, in 1,100 centres under army control, need a permit to go out; a permit to work in their own fields (if they have any; otherwise their European employers send for them in the morning); a permit to visit, or be visited by, their relatives. Even in the towns, supervision or control, as it is called, is strict. Hardly a family has not had one or more members killed in the fighting or in the counter-actions, arrested, imprisoned, deported, sometimes tortured. Lawyers have long lists of relatives who have disappeared and never been heard of again. The sea coast is so closely patrolled that any unauthorised exit or entrance of arms or of persons is claimed to be virtually impossible. The desert to the south is under constant observation from the air.

IN such circumstances the foreign visitor cannot expect a free expression of opinion; he must rely on chance indications. He may notice the distinction made by Muslims between the "good" French of France and the "bad" French of Algeria, the former being transformed into the latter by length of residence. This may seem less a moral judgment than an attempt to exploit the divisions in the European front. He may notice that no Muslim Algerian ever speaks of the Europeans and himself as "we." More commonly he says "they." "If only they would leave us in peace," burst out one taxi-driver, chance circumstances suddenly loosening his tongue. "My son—they sentenced him to eight years imprisonment, and he wasn't guilty; he's been in prison four years now. And when they want to see your identity card: some are polite, very polite: but others shout and abuse you like a savage. And then the tortures, the electricity, the water, the burnings—it's horrible. Vote? I don't want a vote: I only want to be left alone. Morocco? Tunisia? Of course it's better there."

The "uncommitted" masses are waiting. They are intelligent enough to know that the increased health services, education, and the granting of the vote are the direct result of the rising and an attempt to counter the appeal of national sentiment and Muslim solidarity. Meanwhile they will probably continue to temporise. If the authorities, on whose whim their existence depends, give them a choice, which it seems safe to exercise, then they will choose the burden which seems lightest, the whips rather than the scorpions—de Gaulle rather than Soustelle; association rather than integration; if it were really believable, independence. Where no choice seems to be given, they will vote as it is indicated to them.

And yet much has changed, and the effect will be cumulative.

It is probable that the army and the settlers were right in thinking that the vote, the offer of self-determination, however qualified, put the key to the door of independence into the hands of the separatists. Not necessarily this year; perhaps not next, but one day. Most of the outside world is inclined to think so, and in their heart of hearts some French officers also.

(Concluded.)

NEW GUINEA—II.

Australia Plays Out Time

FROM OUR CORRESPONDENT IN CANBERRA

IF West New Guinea achieves self-government in the next ten or fifteen years it will probably be the feeblest little coconut republic the world has yet seen; and it will present its Australian neighbours with some mighty problems. Whatever the Dutch do in their ten-year development programme, the territory seems unlikely, on its own, ever to be self-supporting—except at a primitive, subsistence level. The Netherlands, presumably, would be willing to continue its financial support for a time, but that would leave West New Guinea weak and precarious and it might seek to attach itself to another country or group: not to Indonesia, to judge by present feeling in the territory—and certainly the present state of the Indonesian nation is not such as to tempt anyone to join it. A better solution would be to unite with the Australian half of the island, which is peopled by the same race, and economically far more developed. But such a union would be possible only if Papua and New Guinea were self-governing also. If they were still in tutelage, political agitators would filter across the border from West New Guinea.

This would make Australian New Guinea difficult to administer, and a flare-up is not as remote a possibility as visitors to the now peaceful territory might suppose. The sight of the white man's wealth has bred some envy and resentment among the natives. It has even led to the curious "cargo cult"—which centres on the belief that a ship sent by one's ancestors, is about to arrive laden with all the good things seen in white men's homes. There is resentment against the remaining forms of racial discrimination—the prohibition of liquor for natives, the segregation that occurs in practice if not in principle, the contempt and aversion of individual settlers, the basic wage of 25s. a month, plus food and board. There are some explosive sentiments there. But there is no national consciousness. Most Papuans do not know what a nation is, and as there are some two or three hundred languages in use in the territory, their sophisticated brothers could not easily tell them, even if they could reach them through the jungle. But the politically conscious minority could make life very difficult for administrators and settlers.

They could also alarm those responsible for Australia's defence policy. The territory has always been regarded as vital to Australian security, even now, when all distances have so shrunk that, for example, Indonesia is almost as much on Australia's doorstep as New Guinea. A West New Guinea that could fall under communist influence, and spread the rot to the eastern half, would cause great despondency in Canberra.

Such anxieties might be avoided if the Netherlands and Australia were to work together to bring their respective parts of the island to the point of self-determination at the same time, giving them a common language (it would have to be English) which would make possible a nation of united New Guinea or a Melanesian federation to include some of the outlying islands. The Dutch want this kind of co-operation; but although by an agreement of 1957 the Netherlands and Australian governments declared that in advancing the peoples of their territories towards self-determination, they would recognise their "ethnological and geographical affinity," the Australian government has in practice refused to co-operate in political matters, and has restricted the agenda to questions of health, agriculture, airlines and limited matters of administration.

There are several reasons for this Australian stand. One is that although the two colonial powers have the same nominal aim of bringing their territories to self-determination, their underlying aims are different. The Dutch aim is to get out as fast as honour will allow. The Australian aim is slowly to build a stable democratic society in which the 20,000 white settlers can remain on terms of partnership with the Papuans. This does not mean Australian New Guinea has been run for the benefit of the settlers. On the contrary, the settlers have been firmly kept in their place. They may lease but not buy land, which is regarded as belonging to the indigenous inhabitants, and only about 2½ per cent of which has been alienated. Their demand for self-government (by the whites) has been resisted and they are told that the next step towards self-government must be greater representation for the native people. And lately, to their horror and fury, they have been required to pay income tax. Their presence in the territory hastens its economic development, but they undoubtedly slow down and complicate political advancement.

Refusal to co-operate with the Dutch in political matters seems to rest also on the personal view of Mr Paul Hasluck, the minister for territories, who thinks that it is no use making a blueprint for a society; it must build itself, and Australia's care must be to see that the principles on which it is built are the right ones. Mr Hasluck has also set his face against the education of the élite on the Dutch model. In Hollandia and other towns of West New Guinea secondary schools take pupils to the age of seventeen, while inland there are very few schools at all. In Australian New Guinea the educational effort is widely spread in primary schools over the whole area (most of them run by missions, with unqualified teachers and an unsuitable curriculum); there are only four secondary schools. There is no university in either part of New Guinea. The minister thinks that it would be nonsense to educate the coastal natives to govern and represent the tribesmen inland, who share neither their language nor their outlook, and who are far better understood by the officers of the administration.



Above all, non-co-operation with the Dutch is due to reluctance to offend Indonesia, which is too near Australia on one side and too near Singapore on the other. Although Australia has publicly recognised Dutch sovereignty in West New Guinea, it has steadfastly refused to say what it would do if that sovereignty were violated, although a military guarantee would enable the Dutch to move more slowly. It has been very tolerant of arms shipments to Indonesia by Americans and British, although these raise Indonesian strength far above that of the Dutch in the area, and although the claim that all these can be used only for internal security, as distinct from external aggression, is quite unreal. Then too, Australian and Indonesian leaders have exchanged visits; and the Indonesian ambassador to Australia recently toured Papua-New Guinea as the guest of the Commonwealth government (using the occasion to score off the Dutch by contrasting their efforts unfavourably with those of Australia). All this fragile goodwill would be shattered if Australia joined with the Dutch in a plan which would certainly baulk Indonesia's claims. Nor would a secret political plan, or a secret military guarantee, be any better: the Dutch are looking for a deterrent (in the archaic, non-nuclear usage) and it is in their interest if not to shout the news from the housetops, as they did with the despatch of the aircraft carrier *Karel Doorman* and the two destroyers, at least to let it filter out.

Yet if the alternative is a temptingly weak state created across the jungle border, Australia's interests may be no better served than if it had shown Indonesia a bolder front. But surely there is a third possibility: namely, that without agreeing on a timetable, there could at least be such co-operation in the political sphere—particularly over language, speed of advancement and training for leadership—that when the time comes for self-determination, a united New Guinea will not be impossible. One must hope that the minister for territories, who has been visiting The Hague this week, will not allow his preconceived ideas to exclude such an accommodation.

(Concluded)

The "Armenian Wizard" in Eclipse?

OF the ten full members of the party presidium announced on March 5, 1953, immediately after Stalin's death, only three are still in their posts. Mr Khrushchev is, naturally, one of them. A figurehead, the aged marshal Voroshilov, who earlier this month was removed from his job as Soviet President, is the second. Last, but not least, is that "Armenian wizard," Anastas Mikoyan, possibly the most intelligent and experienced member of the Soviet leadership. Mr Mikoyan's position now seems threatened.

The first sign was rather cryptic. The issue of *Partyina Zhizn*, which went to press on May 3rd, contained an article on Soviet Azerbaidjan which did not mention Mr Mikoyan at all. This was in sharp contrast with, say, the entry on this subject in the recently published Small Soviet Encyclopedia, in which Mr Mikoyan figures prominently. A further clue was Mr Mikoyan's absence from among the Soviet leaders who came to greet the returning Mr Khrushchev last Saturday. (A Soviet official said he was on holiday on the Black Sea coast.) More significant, probably, is the fact that a Soviet delegation now visiting Argentina is headed by Mr Kosygin, Mr Mikoyan's new fellow first deputy prime minister. Hitherto, Latin America has seemed to be Mr Mikoyan's particular province; he visited both Mexico and Cuba fairly recently. The eclipse of Mr Khrushchev's chief partner in the policy of co-existence would be a not unnatural sequel to a setback to that policy.

Anastas Ivanovitch Mikoyan was born in 1895 in the neighbourhood of Tiflis. He is thus a year younger than Mr Khrushchev, but has a much longer party career behind him. Like his fellow Caucasian, Stalin, the Armenian Mikoyan went first to a Church seminary in Tiflis, from whence he rapidly graduated into politics. He can claim to be an old bolshevik, since he joined the party in 1915. Three years later he is reported to have escaped miraculously the fate of the "Baku commissars" executed at the time of the British intervention. After the victory of the revolution, he rose rapidly in the party hierarchy, and not merely in the Caucasus. By 1923 he was a member of the party's central committee. Three years later, when Mr Khrushchev was still completely unknown, Anastas Mikoyan was already a candidate for the powerful *Politburo* (though he became a full member only in 1935).

Mr Mikoyan climbed on to the Stalinist bandwagon. He advanced fast because the elimination of Stalin's rivals left room at the top for newcomers. Naturally, like all the Stalinists, he paid tribute to his master and carried out his orders. But he was not essentially a manipulator of the party machine and he avoided the thick of the personal struggle. He was more a technician, a manager, the chief "red merchant." From 1926 onwards, he was successively commissar for trade, supplies, light industry and foreign trade. At party congresses he would set himself not to appeal to the bloodthirsty instincts of his listeners, but to whet their appetite with visions of all the good things which would soon be provided for the Soviet citizen.

Astute and cautious, a hard bargainer but a flexible politician, Mr Mikoyan managed to survive Stalin's reign. Directly after Stalin's death he does not seem to have been included in the inner leadership. But this setback did not last. During the short Malenkov era, Mr Mikoyan—a specialist in light industry—was the natural co-author and propagandist of plans for a "rapid expansion of consumer goods." He did not, however, share Mr. Malenkov's disgrace. On the contrary, he played a key part in the memorable 20th congress in 1956. It was Mr Mikoyan who delivered the first open speech at that congress attacking Stalin both for ideological errors and personal injustices. The speech created a tremendous stir and may well have precipitated Mr Khrushchev's more famous "secret" indictment.

When, in March, 1958, Mr Khrushchev replaced Marshal Bulganin as prime minister, Mr Mikoyan became his first deputy. All observers are agreed that he was not, like the fallen marshal, Mr Khrushchev's stooge. Many have been witnesses of occasions when the cautious Mr Mikoyan tried to keep his extrovert partner under control. Some even believe that he was the real prompter of the policy of détente. The transition from home to foreign affairs would have been easy for him. As Russia's chief foreign trader for years, he had better contacts with, and more knowledge of, the outside world than any other Soviet leader. During Mr Khrushchev's period of travelling diplomacy, he was the perfect partner. His visits have not been limited to Latin America; he also preceded Mr Khrushchev in the United States. His last trip was to Iraq in April. There, at a press conference, he tried to explain why it would be unwise for Moscow to recognise the Algerian government-in-exile. His views were sharply criticised in the Chinese press. Without mentioning him by name, the Chinese have, in fact, been gunning for him for quite a time.

Has the luck of the "Armenian wizard" run out? Does Mr Khrushchev intend to sacrifice a partner in order to preserve his position? There is no official indication of this; there are merely straws in the wind. But the fate of Mr Mikoyan is worth watching. One of the very few remaining old bolsheviks, he was probably never a real contender for his fellow Caucasian's succession. He has, however, been associated with all the three major trends in the post-Stalinist phase: the attack on the "cult of personality," the emphasis on the needs of the consumer, and the policy of co-existence. The length and extent of his eclipse may, therefore, serve as a guide to the confusing struggle over policy now going on in Moscow.

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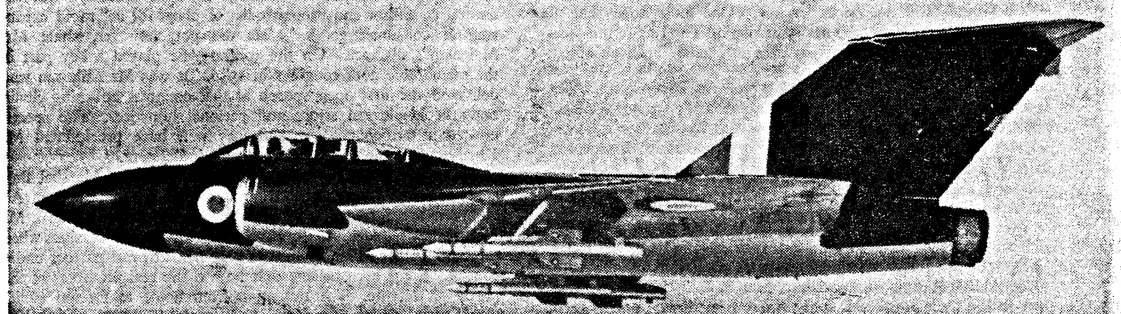

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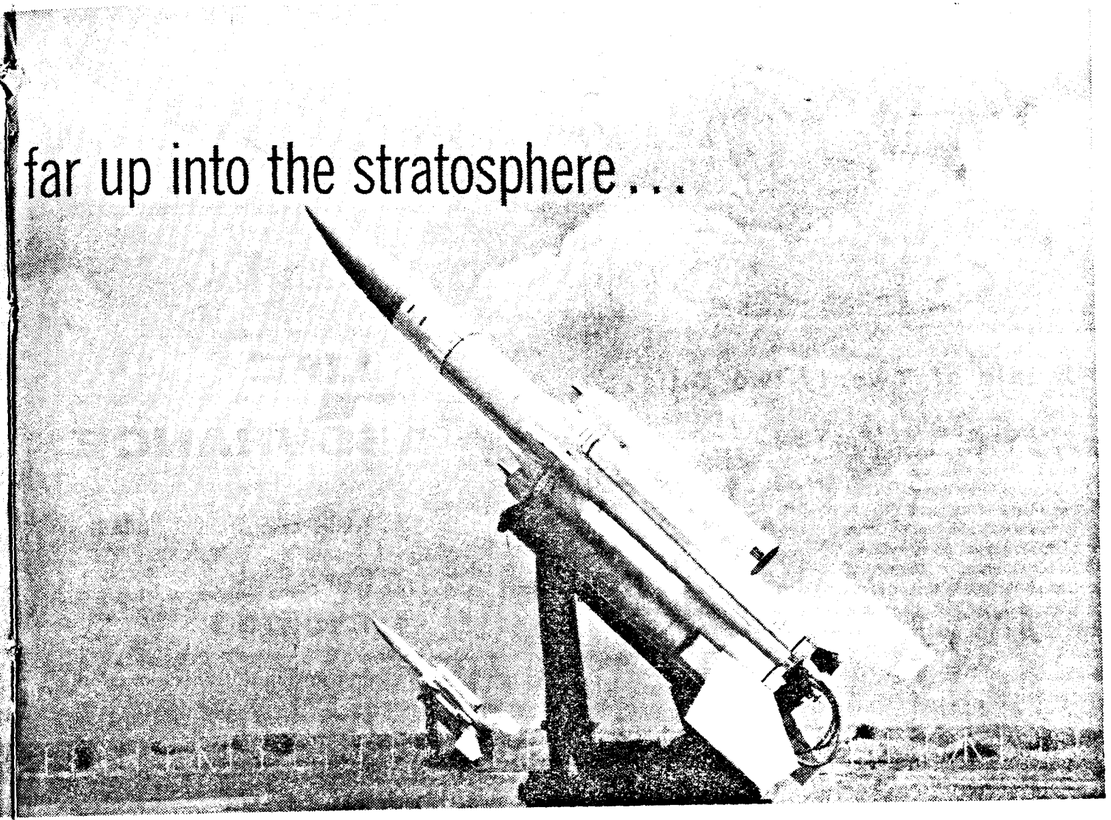

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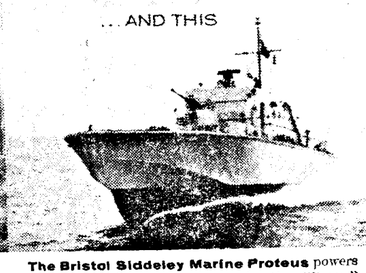

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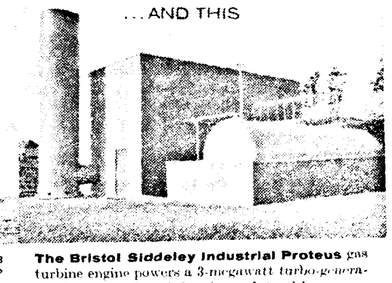

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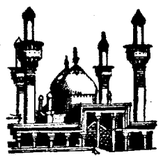

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THE BUSINESS WORLD

Old and New in Merchant Banking

MERCHANT banking, which has always been the inner citadel and core of the City of London, has been peculiarly resistant to fundamental change. The bank parlours have remained bank parlours. Partners of leading houses have the same names as a hundred years ago. No doubt, their power and influence are not what they were in the old days, when the Rothschilds maintained their own intelligence services and Baring Brothers was the sixth great power of Europe. But the merchant bankers of today are still to be found at the hub of an impressive range of positions of influence. By any count it is a remarkable feat of survival. It has been made possible only because, traditional as they may be, these banking families have been willing and able, when pressed to it, to move with the times, even if this has meant a shift in the character of their business.

One such shift is visible today, and possibly it is the most far-reaching of all. The veil of privacy is being lifted. Public opinion—which was not very impressed by the bits about merchant bankers that emerged incidentally from the Bank rate tribunal or by the high-handed way in which some (but not all) of the old-established City houses conducted themselves in the British Aluminium affair—is now being treated with much more consideration ; public relations officers have made their appearance in Bishopsgate. Some of the newer houses, moreover, combining fresh vigour with the old sagacity, now attach less importance to the established and comfortable ways ; and at times it is they who have made the running. Yet—and this is the prime proof of adaptability—the old houses have not, in the last resort, lined up against the new ; some have, in fact, thrown in their lot with them in mergers, producing juxtapositions such as Philip Hill, Higginson, Erlangers and S. G. Warburg (incorporating Seligman Bros.).

In merchant banking, as in much of industry, there is in any case a trend towards bigger units. This year it has already produced two more link-ups, between Lazards and de Stein and, as announced last week, between Schroder and Helbert, Wagg—in these cases making formal an association that was already fairly close. And at the same time—still more revolutionary—the old merchant banking families are now beginning to open the door to the public investor. Immediately after the war only one of the members of the Accepting Houses Committee (Hambros Bank) was open to the general investor ; today six are. On Thursday Philip Hill announced a one-for-four rights issue, its second within the year, of 4,375,000 shares at 22s. 6d.—compared with a market price of 37s. 6d. Other houses are expected to market their shares before long ; only two houses, N. M. Rothschild and Guinness, Mahon, are still unincorporated.

These private partnerships, and many of the private companies, still publish no accounts. So it remains impossible to group the houses in order of profitability and size. But each house that comes to the market has to open its books ; aggregate figures have been made available by the Radcliffe committee ; and in due course these will presumably be published in a regular series. The accompanying table shows the figures for the latest available date, February of last year. They show total deposits of £220 million, the majority on overseas account ; acceptances of £122 million, mostly for United Kingdom residents, but the bulk probably on account of overseas trade ; and " main assets " totalling £268 million. Of the individual houses, the new Schroder-Helbert, Wagg group has a balance-sheet total of £106 million (including acceptances of £16 million) and Hambros Bank £108 million (including acceptances of £27 million). Baring Brothers, a non-quoted company that publishes its balance-sheet, has a total of £33 million (including £8 million of acceptances).

THE seventeen members of the Accepting Houses Committee constitute the recognised " establishment " of the London merchant banks, and the entrée is not easy. The qualification is not only that a " substantial part " of business must consist of accepting bills to finance the trade of others ; but the acceptances must also command the finest rates in the discount market and be taken by the Bank of England—a qualification which implies " long experience, and a standard of means, liquidity and standing satisfactory to the Bank " (as the Committee put it to the Radcliffe enquiry).

As the tabulation overleaf shows, only two of the present members, Warburg and the Philip Hill group, began business in the twentieth century ; and each has now merged with an old-established business. The Issuing Houses Association is a much wider association of merchant banks, which includes some members of the Accepting Houses Committee, and some

ACCEPTING HOUSES' BUSINESS
Aggregate Balance Sheet, February, 1959
(£ million)

Deposits :—		*Assets :—*	
UK residents	93	Cash and balances	6
Overseas banks	68	Money in London market	47
Other overseas residents	59	Loans to local authorities	33
Total	220	UK Treasury bills	21
		Other sterling bills discounted	13
Acceptances :—		Gilt-edged	47
UK residents	86	Other sterling securities	17
Overseas residents	36	Loans and advances	84
Total	122	*of which* to overseas residents	36

Source :—Radcliffe Committee, Memorandum of Evidence, Vol. 2

houses, such as Rea Brothers and Ullmann, whose acceptances up to a certain volume command good rates at some discount houses. Other issuing houses do no banking business. It is the marriage of international banking and acceptance credits with issuing business and company finance that is the particular hallmark of the London merchant bank.

Many of these firms had their roots in commerce. They were merchants first, and they became bankers afterwards. This was true, for example, of Barings, who dealt in wool before they transacted any banking; of the Schröder brothers who came here from Hamburg as merchants in grains and tallow; of the original William Brown, the founder of the firm that was to become Brown, Shipley, who exchanged cotton and tobacco from America against textiles and other manufactures from Europe. As they prospered, these merchants found themselves called upon in the normal course of business to guarantee, and sometimes to finance, the transactions of smaller firms. In time they deemed it more lucrative to finance other people's trade than engage in trade themselves.

Some of these houses, however, retain to this day an important merchanting business, among them Antony Gibbs and Arbuthnot, Latham; these, however, are the exception rather than the rule. Others had their origins in finance and moneylending unsullied from the start by commerce; this was true of the house of Rothschild, one of several firms in which family tradition has remained strong and consistent.

During the nineteenth century, the period of their most rapid growth, these firms were always outward-looking. They transacted little domestic business. Their acceptances were the bill on London which became the most widely used instrument for financing international trade. In the course of this acceptance business, they acquired trading connections and a knowledge of foreign countries which made them the obvious agents for handling issues of bonds for foreign borrowers in the London market. The Macmillan report of 1931 drew attention to the highly developed and efficient capital market for foreign issues in London; it suggested that "the British financial organisations concentrated in the City of London might with advantage be more closely co-ordinated with British industry."

THAT advice, reinforced by the wave of defaults and standstill agreements that swamped so much of the foreign debt which had been issued previously through the merchant banks, fell on good ground. During the thirty years since, there has been a shifting tide of interest towards domestic industrial banking by the merchant banks. Close links have been established with industry; two examples, among many, are the links between Lazards and English Electric, and Schroder and Pressed Steel. These do not involve direct permanent holdings by the banks in the companies with which they are associated, as they do in Continental *banques d'affaires*. But the connections are frequently closer than between industry and the clearing banks; in a number of cases merchant bankers sit on the boards of their industrial clients.

The merchant banks' new issue business is no monopoly. Two-fifths of the issues of public companies in the ten years after the war, it was revealed in evidence to the Radcliffe committee, was raised through brokers rather than through members of the Issuing Houses Association. In any case, the great bulk of the issue is sub-underwritten by many institutions—the insurance companies, pension funds and merchant banks that together form the sub-underwriting "club." This business, too, may at times engage the merchant banks in substantial commitments.

The business of the merchant banks is highly personal. To any really large industrial group these banks are relatively modest institutions. Such a customer when dealing with his banker may well feel he can talk only to the people at the top. So, as this company finance business develops, the maintenance of personal contacts calls for a large number of partners or executive directors; and this has been one contributory impulse in the trend towards larger units.

In the best of firms, moreover, the need arises to reinforce as well as simply to multiply the personnel at the top. The essence of successful merchant banking lies in the virtues of adaptability, quickness of reaction to opportunities, and foresight. It is not likely that these talents will indefinitely be found within one family. New blood has to be brought in. The comparative growth and decline of some of these firms can often be related directly to the readiness with which the heirs of the founding fathers have been prepared to share with others, and occasionally to cede to them, responsibility and power.

The recent combinations among merchant banks have brought a greater spread of interests, bringing issue business to banking and banking to an issuing house. The broader the basis of its activities the easier will it be for a merchant bank to take the shock of fluctuations in certain specialised types of business. The magnitude that these shocks may reach was starkly revealed to the public by the proceedings before the Bank rate tribunal; at the height of the 1957 exchange crisis, Lazards lost one-quarter of its total deposits in only three weeks.

Many merchant banks have become directly involved in medium-term credits for financing the export of capital goods. Their experience fits them well to head the banking syndicates which, with the help of the Export Credits Guarantee Department, are financing large overseas projects. Most of the credit may be, in fact, found by the clearing banks; but this type of finance does involve some immobilisation of merchant banks' resources, thus adding to the arguments for greater size.

Investment management is another growing activity. Merchant banks have always managed the substantial fortunes of their partners and families: for the older firms this is now an important part of their basic business. It was a natural step to use this experience in advising clients—individuals, pension funds, college endowments—on their own investment portfolios. Many merchant banks have gone further. They have formed investment trusts, some with a public quotation; and, most recently, some of them have launched new unit trusts, providing management services. Some merchant banks have also been active in international investment business, for which their extensive overseas connections make them a natural channel. Some houses now make more money on the stock exchanges than from acceptance commissions.

Taxation, inevitably, has exerted much pressure on family concerns. In a number of cases the marketing of shares in merchant banks has sprung from the necessity to make provision for death duties; this has probably played a part in some of the mergers; and, even if resources are available to provide for these commitments, a quoted security is preferable as a basis for estate valuation. It remains to be seen whether the essentially personal business of merchant banking will now remain unaffected by the growth in the size of its units, or by the intrusion of outside shareholders into the preserves of some of the most tightly-knit families in Europe.

Members of the Accepting Houses Committee

(Houses marked with an asterisk are quoted companies or controlled by quoted companies)

Arbuthnot, Latham (1833). Active merchanting business; good acceptance business.

Baring Brothers (1763). Long connections with overseas business, particularly in South America. Important acceptance business and domestic industrial issuing business.

Wm. Brandt's (1805). Has interests in marketing timber and grain through subsidiaries in UK and Commonwealth.

Brown, Shipley* (1810). Largest dealers in London market in foreign notes; good acceptance business. Links in USA through Brown Brothers Harriman.

Antony Gibbs (1808). Widespread overseas interests in North and South America, Australia and Africa; direct merchanting. Has insurance subsidiaries in UK and abroad.

Guinness, Mahon (1836). International banking and acceptance business; investment and new issues. Subsidiary in Ireland. With Samuel Montagu has hire purchase interest.

Hambros Bank* (1839). Large Scandinavian business; owns Mocatta and Goldsmid, the bullion brokers; runs an agency for BMC cars in the USA and has interests in Africa. Hire purchase subsidiary. Big acceptance and new issue business.

Philip Hill, Higginson, Erlangers* (1907, Erlangers 1870). Controlled by Philip Hill Investment Trust. Merged with Erlangers last summer and now forms one of the largest issuing houses; also runs a unit trust. Its American associate is Harriman Ripley.

S. Japhet* (1896). Controlled by Charterhouse Group and in turn controls an investment trust and hire purchase company. Acceptance and foreign exchange business.

Kleinwort (Cuba 1792, London 1830). Important acceptance business, and increasing investment management. Important contacts in Africa and USA.

Lazard Brothers (1877). S. Pearson, representing Lord Cowdray, has controlling interest. Large acceptance business. Active in arranging medium-term export credits, in investment banking and industrial issues, and, through de Stein, investment and property trust management. Connections in Paris and New York through Lazard Freres.

Samuel Montagu (1853). Pre-eminent in London foreign exchange market and bullion market. Subsidiary in Zurich. Important domestic acceptance business. Through recent link with Wood Hall Trust has acquired Hart, Son and Company.

Morgan Grenfell (1838). Traditional links with United States and France. Has now developed close contacts with British industry and has large investment and industrial issue business. Connections, now mainly informal, with Morgan group in USA.

N. M. Rothschild (1804). Together with traditional acceptance and foreign exchange business, has large investment and issuing side and acts with National group of unit trusts. A leading firm in bullion market. Direct interests in insurance.

M. Samuel (1831). Active in domestic acceptance business, foreign exchange, shipbuilding finance, new issues and investment trusts. Close link with Shell group.

J. Henry Schroder* (1804). Active foreign exchange and acceptance business. New issue and investment business will now be reinforced by majority interest in Helbert, Wagg. Subsidiary in USA.

S. G. Warburg* (1934). Controlled by Mercury Securities; merged with Seligman Brothers in 1957. Through Kuhn Loeb has an active American connection. Large business in industrial issues and investment management. Hire purchase link.

TABLE II
THE QUOTED COMPANIES

All figures except dividends, prices and yields in Lonsdale and Philip Hill relate to banking subsidiaries; but for Mercury, only the figure for deposits relates entirely to the banking subsidiary. Figures for Philip Hill do not include Erlangers.

	Deposits £'000s	Capital & reserves £'000s	Disclosed net profit £000	Div. per cent	Price	Yield per cent
Merchant Banks :—						
Schroders	70,013	12,541	113*	6	51/-	2 3
Hambros	73,268	7,134†	565	22½	96 9§	4 6
Brown Shipley	24,520	1,600‡*	408‡	10	54 6	3 6
Singer & Friedlander	6,652	2,182	192	6	47 6	2 5
Investment Trusts :—						
Lonsdale (ǁ)	5,942	1,766	436	15	20/-	3 6
Mercury	5,622	3,360	612	25	252 6	2 0
Philip Hill	10,810	1,976	317	21	37 6	2 8

* For 3½ months to December 31, 1959. † Does not include recent rights issue. ‡ Before tax and contingencies. § Ex rights. * Includes shares recently offered for sale. (ǁ) Profit figure is for year to February, 1960, but balance sheet figures are at February, 1959.

Foods of Convenience

IN season, towards the end of the summer, ten ounces of fresh peas—in the saucepan, which means about a pound and a half in the shopping basket—might cost the housewife anything from 3d. to 1s. 6d. in cash, plus the time it takes to shell and wash them. In or out of season, all the year round, she can get the same amount "fresh-frozen" for 1s. 11d.; canned freshly after picking, as "garden" peas, for 11d. to 1s. 2d.; dried, for 10d. to 11d. plus the time it takes to soak them; and "processed" (i.e. picked, dried, and later soaked and canned when it suits the canner's convenience) for 6d. to 7½d. She can store canned or dried peas as long as she likes; frozen peas (until British refrigerator manufacturers put in larger and colder ice compartments) not more than a day or two.

That crude comparison of prices sets out roughly what the housewife has to pay for convenience in buying peas—plus, probably, some loss of flavour, but only individual tastes can assess that. How much convenience she is prepared to buy can be seen from the fact that less than a third of the green peas harvested each year are sold fresh. Peas are particularly suited to commercial preparation—and preservation; the season is short, and one throws away more than half of the weight with the pod. They still make up probably 22 per cent of all the canned food produced in Britain, and nearly 35 per cent of the frozen food sold; dried peas, again, are one of the few dehydrated foods sold in substantial quantities. If one adds in canned beans (which, homely as they may seem, add the extra convenience of coming from abroad—largely from the United States and Hungary), about 480,000 tons are accounted for out of the 1,354,000-odd tons of canned and frozen "foods of convenience" now produced in Britain—though their proportion by value is much lower, as they are among the few relatively cheap staples into which these packaged foods have achieved real inroads.

It is upon this substantial core of pease pudding that food processors in Britain, following the American example, have

launched a constantly expanding series of ventures in foods of convenience. What these foods have in common is what the industry calls the "convenience factor": all the shelling, selection, stirring, scraping, cleaning, cutting, measuring and gentle feminine swearing is done, rather more harshly, in factories and by the time the food reaches the kitchen it is ready to cook (indeed, usually only to warm up, though the self-heating cans devised in wartime never seem to have appeared on civilian markets). The housewife pays more for the meal—the difference being the price of the service. Manufacturers are confident that housewives will continue to buy more of this convenience—not least because the number of wives who go out to work has doubled (to one in three households) over the past generation and spare money has replaced spare time.

IN 1938 just under 30 per cent of all consumer expenditure went on food. The proportion fell to around 23 per cent immediately after the war, soon rose to above 31 per cent, and has since declined very slightly, in spite of sharply increasing incomes. Most of the rise was due to the end of rationing after 1953, and the return with much relief to a more comfortable diet between 1953 and 1957. Between 1953 and 1958 expenditure on food rose by a quarter, but prices increased by only 18 per cent. Since 1957 this increase in "real" spending on food has slowed down. In terms of calories, people are probably eating about as much as they are likely to want. Variety and convenience, however, may be as potent as quality in competing for the marginal shilling: food processors, not surprisingly, would argue that they go together. Certainly the sales of packaged foods have been rising much more sharply than total spending on food.

The average person in this country to-day eats five times as many canned vegetables, three times as much canned meat, fourteen times as much canned soup as he did before the war—and 80 per cent more canned fruits. Present consumption averages about 70 lb. a head each year, which is still only half as much as the average American eats out of a can. In money terms, spending on canned foods has risen from £42 to £68 a head over the past five years. Most of the fruit and much of the other canned food is imported, but there are nearly 350 firms in Britain doing the canning. Most of the cans are made by the Metal Box Company; and all of them together use 300,000 tons of steel a year.

The pattern, as with most food production in Britain, is of large markets for single products dominated by the biggest firms, with the more exotic and varied foods coming from foreign or small local firms. Of 563,000 tons of vegetables canned in Britain in 1959, nearly 200,000 tons were processed peas, and another 178,000 tons were beans in tomato sauce, largely produced by Heinz. Batchelors, Smedleys, Lin-Can, Benedict and Hartleys dominate the canned pea market, but there are many large regional canners. Although only about half as many "garden" as processed peas are sold, the trend towards better quality in food is shown by an increased sale of garden peas, and a sharp increase in sales of the more expensive frozen peas.

Canners are experimenting with more complete dishes—putting pork into the baked beans is an old example of this—and their newer products include cooked curries and stews. Large specialised markets, whose obvious basis is convenience, have arisen in canned pet foods and canned strained baby foods (a £5 million market dominated by Heinz). Condensed soups, to which housewives must add a volume of water or milk equal to the volume of the can, have increased the food value one can get out of a given can.

SALES of frozen food in Britain doubled between 1957 and 1959, to about £36 million a year. Nearly three-quarters of these are attributable to Birds Eye, who have announced their intention of investing £7 million in the industry in the next three years. Most of the frozen food sales are of peas (accounting for 34 per cent of all frozen food sales in 1959) and of "fish fingers." The decline in consumption of fish in Britain since the war has been partially arrested by the introduction of frozen fish, and the pre-cooked or partially pre-cooked "fingers." The biggest sellers after Birds Eye are the Swedish firm, Findus, and Associated Fisheries' Eskimo account for about 5 per cent of the frozen fish business.

Because the development of a big market in frozen foods depends on the possession of large cold stores and a refrigerated distribution system, with access to refrigerator space in the shops, it is unlikely that any but a large new firm will enter the industry in the near future. But many small firms are producing specialised products in small areas, and the bigger companies (Birds Eye, Eskimo, Frood, Fropax, Mudd, Ross, Smedley and Findus) are generally content to leave this to them. The accent on convenience has gone up in the newer frozen foods: complete meals are offered by most firms.

However, these meals have encountered consumer resistance to the price which frozen foods appear to demand for their convenience. Frozen peas have been successively reduced in price: by comparison, some of the complete meals look costly. As in the case of some of the complete dehydrated meals introduced by Batchelors, the difference in price between the "convenience pack" and the same dinner cooked from fresh foods is still too big to enable a mass market—like that for "TV dinners" in the United States—to be built up. Batchelors have introduced dehydrated vegetables along with their complete meals, and it is possible to buy dried mashed potatoes, which offer an obvious convenience in preparation (add milk and stir) while raising memories of revolting wartime chow.

Wrapped and washed fresh meats and vegetables, sliced bread and sliced cheese are all gaining sales because they save work in the kitchen. Prepared sweets—jellies, custard, blancmange and the newer instant puddings—form a £12 million a year market, although the "instants" have been gaining sales at the expense of the others. One food of convenience that seems to have failed is the cake mix. These were introduced to Britain in 1954; the market expanded in 1955 but has declined ever since. In this way and others, British manufacturers have discovered that the American trend is not always repeated here. Other manufacturers are now waiting, for example, to see how Nestlés does with Nestea before trying to imitate this product: no one knows whether or not it has been an instant success. The British housewife, clearly, likes convenience and is prepared to pay something for it; but that something is still limited, and her taste buds are not yet quite as indifferent to fresh flavours as the food packer would wish.

Unfree As the Air

TWICE in six weeks a delegation from the Ministry of Aviation has crossed the North Atlantic to discuss the revision of the 14-year-old agreement that regulates air services between this country and America; twice it has returned empty handed. Let it be said at once that this failure is no reflection on the goodwill or the ability of the negotiators on either side; but they found themselves victims of the pernicious species of bindweed that is quietly strangling commercial air transport. No airline can fly into a foreign country without the full paraphernalia of a treaty providing for air services between the two countries, and the fun only really gets under way after the treaty is signed. For then comes the business of deciding periodically to what cities, with what airlines and how often the new services shall run; this second stage of negotiation is carried out in an atmosphere of hard horse trading with each "concession" being balanced by a *quid pro quo* from the other side—which itself is a sad comment on the growing illiberality of governments towards anything that savours of competition in the air.

In this bargaining the American airlines find themselves in a peculiar situation. As the only carriers with modern equipment, they alone were capable of keeping the world air routes open in the years after the war; countries actively welcomed American air services to their territories. Only recently have other national airlines expanded and re-equipped to a point where they expect—and need—the same comprehensive route network that the American international airlines already enjoy by virtue of squatters' rights. Since the United States sits geographically athwart some of the trunk air routes, more and more foreign airlines are asking for leave to fly to more and more points inside the United States. But to American airlines, possessing the rights they already do, such requests look like all give and no take. The stiffer that competition becomes, the greater the pressure the American lines apply at home to get these foreign requests turned down. As the attitude of the United States grows stiffer, so the temper of foreign airlines grows shorter. They in turn ask their governments to be beastly to the Americans. And they are.

TO their credit, both the British and American governments dislike the "get tough" policy that has led to a humiliating and childish series of incidents in which British and American airlines have been shut out, and even booted out, of each other's airports because of some imaginary breach of existing agreements. The State Department, which negotiates on behalf of the American airlines, and the Ministry of Aviation, which acts for the British carriers, arranged the latest, abortive meeting specifically to see if they could not come to some general arrangement about air services that would leave their respective airlines some freedom of manœuvre and put an end to the horse trading. They did in fact negotiate a package deal, which fell some way short of this ideal but would have been an improvement on existing arrangements.

Because it was an improvement, the deal exposed airlines in both countries to more competition. The Ministry of Aviation can call its own airlines to order and tell them that more elbow room for them can be obtained only at the price of more elbow room for their competitors. The State Department cannot do the same in the United States. It can sign agreements *ad nauseam*; but the body that has to stamp the precious document allowing an airline to enter America is the Civil Aeronautics Board. And the CAB cannot be made to toe the State Department line if it does not want to do so.

WHAT appears to have happened in the recent talks is that American airlines brought pressure to bear on the CAB, which marshalled its statisticians (and it has many) to prove that foreign airlines would gain more from the package deal than American airlines. Recondite figuring produced the required answer; and so the CAB turned the agreement down. When the meetings were adjourned, it was in order to see whether the CAB could be talked out of its attitude; but there is more than a hint that the American airlines carried enough influence with the President to stop him from putting pressure on the Board to come to terms.

It may be quite true that the package deal broke some of the rules of sound horse trading, and that airline X may have gained more by flying to Y than airline A would make from being allowed to fly to B; but this was not the object of the exercise. The talks were intended to free air traffic, not to tie it, knot for knot, more tightly than ever. It is time it was realised that no airline—British, American or of any other nationality—can operate commercially unless it gets proper use out of its aircraft; and that to do this it must have some flexibility in the way it plans its routes, the number of times a day or a week it serves any city and how many seats it offers for sale. One big jet flying from New York can carry traffic destined for London and Paris in its huge cabin, and if it can do this, the airline saves making a separate flight to each capital. But will it be allowed to? Not without weeks of negotiation at the highest government level, and a 50-50 chance that the application will be rejected.

The countries which take the most liberal view are those with the least to lose by putting their principles into practice—Holland and the Scandinavian countries, for example, with big efficient tramp airlines and little home traffic for foreign competitors to filch. But even these countries are not above threatening to impose import restrictions on foreign goods if their airlines do not get the traffic rights they want. In spite of the failure of the recent talks, Britain and America remain the most liberal-minded of the big powers in air transport. Their standards may have slipped in recent months, but not to the levels of European countries like France and Italy, still less to those of India, Australia or Japan. The basic trouble remains that the world has too many airlines, most of them inefficient, under-capitalised and unprofitable. And the granting or withholding of traffic rights is used without scruple as a means of protecting them against competition that would—and certainly should—drive them out of business.

BUSINESS NOTES

THE ECONOMY

The Labour Market Tightens

UNEMPLOYMENT seems to have declined in the month to May by about 25,000 more than would be expected for the time of year, and the number of unfilled vacancies notified to labour exchanges, to have risen by 23,000 more than seasonally. The total number of vacancies, 327,000, is now not far short of the total out of work, 341,000. The labour market seems to be tightening now in the less prosperous areas as well as in the boom towns of the Midlands, where the unemployment percentage is down to 0.7; Scotland's figure has come down to 3.5, and Wales now has only 2.8 per cent of its employees out of work. Although industries still seem by no means evenly busy, the pressure is evidently becoming more general. At the meeting of the National Production Advisory Council on Industry last week, the Chancellor was still confident that the "recent shift in emphasis was about right in both timing and in scale"; but he was beginning to express greater anxiety about the level of exports. He emphasised that one condition of achieving a reasonable balance between exports and imports—which he did not think was yet right—was "not having our industrial system so loaded with home demands that it cannot take on new export orders or can take them only with unacceptable delivery dates."

Plainly, further measures of restraint this summer cannot be ruled out. True, action already taken has not been ineffective. The rise in bank advances has slackened, and credit generally is nothing like so easy to obtain as it was last year. But, predictably, the trifling call to special deposits and modest hire purchase restrictions imposed a month ago, do not themselves appear to have had any great weight. In the money market indeed special deposits have had the ironic technical effect of inducing the discount market to reduce the bill rate, a movement that is not normally associated with credit restriction. Understandably, therefore, the Bank of England has been putting on pressure in its day to day operations by making funds available only at penal Bank rate terms. Last Friday, nonetheless, bill rate was unchanged, at £4 11s. per cent; the rate would doubtless be jacked up quickly enough if the market had any reason to fear an early rise in Bank rate. Nor have special deposits and the present hire purchase controls many terrors for the equity markets: share prices have risen fairly sharply this week. The authorities would find it simpler and more effective to make their next move of restraint, when they judge it necessary, either a rise in Bank rate or tougher open market operations.

BANK ADVANCES

The Pace Slackens

ADVANCES by the London clearing banks at their make-up on May 18th show a rise on the month of £26 million, following a rise of £98 million in April. The pace of growth has plainly slackened, but nothing like so sharply as this crude comparison suggests. First, the May period was four weeks and the April period five. Secondly, the April figure was swollen by large internal transit items immediately after Easter, exaggerating the true increase in April by £10 million and correspondingly understating the increase in May. The "clean" May figure will not be known until the week-end, when the clearing banks publish their annotated combined statement (why the banks should take three to four days to print this statement remains one of the banking mysteries). Thirdly, State boards repaid £2½ million in May, while in April their advances rose by £5 million. Fourthly, advances at the National Provincial and the Westminster were swollen by special influences on the April make-up day, and both these banks show reductions in May. Finally, seasonal influences themselves make for a slackening at this time of year. Thus while the banks' conscious efforts to restrain the rise in advances—which really began after the drop in official support prices for gilt-edged on February 24th—appear to have borne fruit, the latest figures do not suggest any dramatic effects. The Bank of England may be satisfied with these figures so far as they go: the aim of the credit restrictions imposed at the end of April was stated to be to slow down the growth in advances, not to stop it altogether or force a reduction.

The authorities have succeeded in preventing an increase in the supply of liquid assets to the banks, and the increase in bank advances had to be financed by further sales of investments. These totalled £34 million, and most of the sales were probably made before announcement of the credit restrictions on April 28th. The three main sellers were the Midland (£15 million), the National Provincial (£10 million), and the District (£5½ million). The NP and the District thereby succeeded in raising their liquidity ratios from the bare 30.0 per cent to 31.4 and 32.6 per cent respectively. But the Midland's ratio rose only by 0.1 to 30.7 per cent; while Lloyds, which transferred £5½ million to special deposits before the May make-up, shows a fall in its ratio from 30.9 to 30.1 per cent. The only other transfer by a clearing bank was by the National, of £300,000; though in the past week the Bank return shows a further increase of £8.6 million in the total, to £15 million. Thus a further £60 million or so has to be transferred in the next two and a half weeks.

IN THE MARKETS

Equities Rise

ON the stock exchange the bank figures were taken as an indication that further bank selling of gilt-edged was less likely, and the gilt-edged market, which the summit break-down robbed of its recent poise, recovered ground in mid-week. In equities, while Wall Street this week has quietened down after its flurry in "defence" stocks on the news of the summit breakdown, London prices have risen strongly following last week's see-saw. The market is still thin and the shortage of stock has contributed to the rise. This shortage has been a constant refrain in the market for many months now and what it really indicates is that there are not many big sellers about. That should not surprise anyone. The buying has been well spread throughout the market though it has been concentrated just a little more on capital goods issues than on consumer goods shares. It was sufficient in the week to Wednesday's close to lift *The Economist* indicator 9.5 points to 357.2 and the *Financial Times* index 9.3 points to 320.4. Prices are now about 6½ per cent higher than they were at their low point at the beginning of this month—and the same amount below their new year peak. Summit or no summit the industrial market has shown a strong resistance to predictions of a bear market. Kaffirs, too, have become firmer.

THE PRICE OF OIL

Britain's Insulated Market

WITH 90-95 per cent of its 35,000-odd filling stations sewn up in exclusive dealing agreements, and virtually 100 per cent of the petroleum, crude or refined, imported through the major international companies, Britain has remained during a period of softening petrol prices elsewhere about the firmest market for "dealer gasolines" in Western Europe. Mr Getty of Tidewater Oil has some land at Holyhead where he could put an oil terminal if he cared to; Signor Mattei has appeared in London once or twice, talking of petrol stations-cum-motels, Total Oil Products, owned by the French *Compagnie Francaise des Petroles*, is often tipped as the first big outsider likely to attempt a large-scale entry into this best-disciplined of markets. But so far these threats of new competition have remained potential. A substantial investment would be involved in setting up full-scale marketing, and not merely are most of the pumps under contract, but the majority of existing storage capacity and the best sites for bringing oil into Britain have been pre-empted by the majors operating here already. But during this year and next, certainly some of the 5-year exclusive dealing contracts come up for renewal; there may be some new bidders.

On a much tinier scale of competition, Jet brand motor spirits, which came on to the market a few weeks ago, are being sold at more filling stations than any of the other cut-price petrols that have occasionally been reported in the last few months. Rather more than 30 stations "north of the Thames and south of the Humber" are selling its super, premium, and standard grades, with some of them selling no other brands, and others are being signed up. Jet Petroleum's "100-octane super" is being sold for 4s. 5½d. a gallon, against 4s. 11½d. for the major companies' super grades in this "outer zone." (The majors argue that the effective difference here is less than 6d., quoting an Automobile Association test which rated the super Jet grade at 98 octane rating, with 2.38 c.c. of tetra-ethyl-lead per gallon; their own super grades are all advertised as 100-octane or more.) Its 90-octane grade, comparing roughly with mixture grades, and selling at 4s. 0½d. against 4s. 5½d., was rated by the AA as 91-octane; this would compete in price also with the majors' regular grades of 82 to 83-octane, which sell at 4s. 3½d.

A Drop in the Ocean

THE Jet Petroleum company, which owns storage at Keadby in Lincolnshire and Felixstowe in Suffolk, has been supplying motor spirit and a range of most other oil products apart from solvents in the commercial market for bulk supplies for several years, particularly to municipalities and public utilities. In those markets petroleum products are sold by specification and price rather than by brand, and the majors by no means disdain price competition. Jet's management, indeed, say that the majors have been prepared to shade their wholesale prices for bulk commercial supplies of motor spirit by rebates of 4d. a gallon or more; its own venture into the retail market is in part merely to reach a sector of the market where the prices it is being forced to quote to get or retain bulk business can give it a bigger advantage to woo the consumer. But these prices also represent the very low prices at which products are available from many refineries in Europe, processed from Venezuelan and Middle East crudes. Jet says that it bought some Russian gas oil last year, while import licences were to be had, but has had no petrol from there or refined from the Russian crude. (The Russians are not, in any case, prepared to sell products quite as cheaply as many independents in the West will.)

This latest trickle of cheap petrol has gained much more publicity than the earlier ones; for the moment the majors have no need to take it any more seriously. Mr Roberts of Jet Petroleum says that in 1939—"when there were 80 independents in this market; I'm the only real one left"—his firm had more than one per cent of oil sales in Britain; he does not pretend to have nearly that percentage today. But with total sales of motor spirit expanding by some 12 per cent a year (the 1959 figure), and still about 7 per cent of the country's filling stations untied, he claims there should be enough room to give him a sizeable expansion without hurting anybody—except, perhaps, some retailers near the stations that sell his petrols. Jet petrols are priced too far below the majors' recommended prices for any retailers to match while wholesale prices remain steady; indeed, the retailer seldom gets more than 7d. a gallon including his rebate. Nobody—least of all Mr Roberts—imagines that the majors would find him important enough to slash their own prices to his levels. But the majors are sensitive and proudly jealous of their public image; and in a market that has remained so conspicuously insulated from the price cuts that the independents have forced in Germany and Italy, his presence and activities can hardly help causing some slight embarrassment.

Price Structure for Europe?

WHETHER the complex realities of product pricing on this side of the Atlantic—and on both sides of the Channel—are adequately reflected in the new "cargo price indexes" that Platt's Oilgram has now tentatively proposed for United Kingdom and Channel ports seems open to considerable doubt. Platt's price reporting services for crude oil and for petroleum products at the US Gulf are accepted throughout the world industry as a guide to the pricing of many transactions: no such prices have ever been published for Europe though, as the Oilgram says, "many traders in Europe (refer) from long habit to Gulf Coast or Caribbean prices as a yardstick in their dealings." The new ranges of prices that it is proposing for this side of the Atlantic take as their "highs" the Caribbean product prices posted by major companies plus the current "average freight rate assessment" (calculated quarterly for current tanker business) from the Netherlands West Indies to the United Kingdom. As their "lows" they take the discounted prices at which Platt's reckons these products can in fact be obtained in the Caribbean plus spot tanker rates to Britain. The width of the ranges thus obtained vary; for 90-octane gasoline the "low" is 20 per cent below the "high," and for Bunker "C" fuel oil 27½ per cent below.

Few of the major companies operating in Britain are prepared to comment upon the value of publishing such indexes or the validity of the formula adopted. There is little doubt that the discounts Platt's quotes—2 cents a gallon on gasoline, 0.75 cents a gallon on kerosine, one cent a gallon on gas oil, and 35 cents a barrel on fuel oil—are those obtained by certain customers for Caribbean products. But to European eyes the whole basis of the formula seems odd: does the "market" upon which its low figures are set really exist? Statistics show that a certain volume of products does move from the Caribbean to Western Europe, but mostly in transactions within or between the major international companies as a matter of convenience; there is probably a fringe of "distress selling" of Caribbean products as well, but these are probably at markedly bigger discounts than those these "indexes" show.

Can one really purport to report price levels for Europe without reference to the fact that practically all the products that Europe consumes are refined from Middle East crudes? Some tenuous link, certainly, would exist between the prices at which products refined from Middle East crudes are available from European refiners and the prices that would need to be quoted for really competitive products in the Caribbean; but to take the one as the measure of the other appears at first like putting a clouded mirror up to a vague reflection to try to see the man beside you. The difficulties of constructing a formula that would reflect reliable "lows" in price for the market in products in Western Europe, certainly, would be formidable indeed; how much distress selling, at the moment, ought one for example to include? Platt's are to be congratulated for facing a problem which nobody else has been quite prepared to tackle, that of the growing independence of the European price structure from that in the Western Hemisphere; but it seems doubtful whether this particular approach is a very satisfactory one.

FINANCE BILL

Appeal on Clause 26

ON the committee stage of the Finance Bill this week the Government made a small concession to the critics of clause 26, which gives the Revenue a general power to tax stock exchange operations whose object is deemed to have been avoidance of tax in certain designated ways. Besides giving a guarded promise to "look again" at the wording of the clause, the Treasury proposed an improvement, but a limited one, in the procedure of appeal. Appeals on questions of fact remain limited to the

Special Commissioners in the first place and a special Tribunal of Referees, appointed by the Lord Chancellor, in the second place; appeal to the high court is possible only on points of law. The new proposal is that the tribunal should first consider, on the basis only of written statements from the Revenue and the taxpayer, whether there is a *prima facie* case. If it decides there is not, the Revenue will be able to proceed no further. If it decides there is, this will not prejudice the position of the tribunal in its full hearing of the appeal at a later stage. This, broadly, is the procedure that has been used for appeals by taxpayers against surtax assessments, which are heard by a special tribunal also headed by the Chairman of the Board of Referees but with two members chosen for their business experience, rather than for the special financial knowledge that the members of the clause 26 tribunal, very understandably, will need to have.

There is no way of making administration of a general taxing power fully acceptable, and the Treasury may feel that it has done its best. But one further step might make a lot of difference in the way the Inland Revenue comes to use its power. Decisions of the special tribunal should be made public, at the first stage as well as the second. That would be the best protection against over-zealous administration of what is inevitably bad law.

ROADS

Paying by Tolls?

FACED with demands for greatly increased roadbuilding, and with a reluctance on the part of the Treasury to authorise more than the £65 million which will be spent on new roads this year, the Ministry of Transport is reported to be giving serious consideration to the building of toll roads as an alternative means of highway financing. The idea of charging tolls on major roads in Britain has been mooted before; in the past, when total expenditure on roads was relatively insignificant, it received little support. Toll roads have usually been strongly opposed by the road lobby headed by the British Road Federation, among whose supporters is the motor industry. Recently, however, Mr Brian Rootes argued that the extra burden on the road user would be more than repaid by the conditions of safer (and of course increased) travel resulting from new roads. In addition, charging tolls seems politically more feasible, as well as decidedly more equitable, than raising the tax on petrol.

It is impossible to assess the practicability of toll roads until more is known of their economics; no estimates have yet been released of the level of charges necessary to make a given road pay for itself on this basis (over, say, fifty years including maintenance and interest). A maximum charge of 1d. a mile has been suggested; but at this rate the trip from London to Birmingham on the M.1 motorway would cost about 6s., which would seem rather more than most motorists would pay to enjoy the convenience, such as it now is, of a high-speed, limited-access road. It is planned to charge tolls on the new Dartford-Purfleet tunnel, and on the proposed Severn and Forth bridges; charges have not yet been decided, but they should be easier to compute for a tunnel or bridge than for a road.

In addition, toll roads pose some technical problems that might be difficult to overcome. Not all of the five major road projects now planned—the Great North Road, the London-Yorkshire motorway, the Birmingham-South Wales route, the South Wales radial road, and the Channel Ports road—have either been designed or are being built as limited access motorways. Experience with toll roads in the United States has been generally satisfactory, though not uniformly so: but the longest motorway now planned for Britain will be less than half the length of the Pennsylvania Turnpike. Unless the cost of collecting tolls is not to become uneconomic, the number of access points must be limited; at present there is about one access point for every eight miles on the London-Birmingham motorway.

AIRCRAFT INDUSTRY

BAC Takes Shape

THE merger of the aircraft interests of English Electric, Vickers-Armstrongs and the Bristol Aeroplane Company was announced in January; it has taken the best part of five months to shape the board of the new British Aircraft Corporation, formed out of the merger, and to find a chairman. With Vickers and English Electric providing a deputy chairman apiece, as well as the two executive directors responsible for the aircraft and missile sections respectively, the new company needed not so much a strong policy-making chairman as a co-ordinating figure acceptable to all three parent companies. This week it was announced that Lord Portal, late of British Aluminium, had accepted the job.

At the same time it was announced that the new company was acquiring a controlling interest (well over two-thirds) in Hunting Aircraft, as had been foreshadowed at the time of the merger. The Hunting Group, a family business based mainly on oil and shipping, has thus pulled out of the air. Earlier this year, the Hunting Clan airline merged with Airwork, and the Hunting holding in the new airline now being formed is an extremely small one. Now the firm is disposing of most of its aircraft manufacturing interests too and BAC is acquiring a stake in light aircraft production plus a management with experience in this field. (Hunting Aircraft makes the RAF's basic jet trainer and has an interesting small civil jet on the drawing board.) The family is not believed to have asked a particularly high price, but equally it could be argued that it has found—under considerable pressure from Mr Sandys—a neat solution to the company's future; there is a strong likelihood that the British Aircraft Corporation will in fact put Hunting's little jet airliner into production, in which case the family will still have a minority interest in the company manufacturing it.

What happens to Hunting's interest in the de Havilland 121 remains, however, something of a mystery. The aircraft industry's first experiment in mergers was the formation by de Havilland, Fairey and Hunting of Airco Ltd., specially to finance and build the medium range jet airliner for British European Airways. Hunting is responsible for building the outer wing sections. And although Airco is as good as dead, and de Havilland has been bought by the Hawker Siddeley group, the contract still remains in force—or so it seemed when Fairey Aviation tentatively tried to dissociate itself a short while ago.

BUILDING SOCIETIES

Higher Rates

As had been expected, the recommended rates of the Building Societies Association have been raised: from 3¼ to 3½ per cent, net, on shares and from 5½ to 6 per cent on mortgages. Some of the London societies will have to offer and to charge more than this but the majority of the societies will follow the Association's recommendations. Up to the moment of decision some societies continued to urge that while the rate to old borrowers should go up to 6 per cent new borrowers should be charged 6¼ per cent. These arguments were pressed by those that are concerned about the small margin available for appropriation to reserve. The prospective rise in the composite rate of income tax paid by the societies on behalf of investors added weight to their case. With the composite rate at 5s. 1½d. the margin available for reserve under the old recommended rate was 5s. 11d. per cent. If mangement expenses remain unchanged and if the composite rate goes up by 3d.—and there are some who believe that by the time the Inland Revenue has completed its survey in August it will go up by more than this—the reserve margin under the new recommended rate will be only slightly higher at 6s. 6d. per cent. The increase in profits tax has also added to the burden of tax borne by the societies. To encourage a bigger inflow of money it was suggested that the rate paid on deposits should go up from 3 to 3¼ per cent, net; it was, however, finally decided to leave that rate unchanged at 3 per cent, net, as it has been since the middle of 1956.

Tax was a subsidiary reason for putting rates up; the principal one was expressed bluntly by the Association when it said that 3¼ per cent, net, was "no longer sufficiently attractive to encourage new investments or even to retain existing funds." The higher

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*

HUSHONOMICS, *a branch of* ERGONOMICS: *the science of designing objects with particular reference to the needs and physical characteristics of their users:* 'human engineering'.

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rate on mortgages will eventually be charged to almost all old borrowers as well as to all new ones, though, as is usual, this will be largely effected by lengthening the period of the mortgage rather than by increasing the monthly payment. It was on the eve of this decision on rates and on the threshold of a new and better law for building societies that Mr John Millican, the general manager of the Cheltenham and Gloucester, came to his two years' office as chairman of the Association. He succeeded Mr Alexander Meikle of the Woolwich, to whom he was deputy in two of the most eventful years in the history of building societies. Both in that period served the movement well. Mr Millican's deputy will be Mr John Dunham, the president of the Co-operative—a man and a society whose views are less rigidly orthodox than those of some others in the movement.

IMF AND BRAZIL

Loans and Politics

THE International Monetary Fund has announced two new credits. Syria, or rather the United Arab Republic (Syrian region), is to make its first drawing on the Fund, of $7½ *million*, to meet difficulties arising from a prolonged drought and a sharp drop in agricultural output. Secondly, and far more contentiously, the Fund is giving further facilities to Brazil. For the past year and more the Brazilian government has declined to implement the monetary reforms that Dr Jacobsson, reasonably, insisted were necessary if Brazil was to qualify for further exchange assistance from the Fund. Unlike other Latin American countries, Brazil has yet to break from the dreary cycle of inflation; its bank deposits and its cost of living continue to increase by several percentage points month by month. Brazil has now given no commitment on anti-inflationary measures beyond expressing the pious hope that the budget deficit may be reduced from 30

The Problem of Wheat

ONE of the differences between the present International Wheat Agreement and its predecessors is that the council is required annually to review national production, stocks, prices and trade, including disposal of surpluses and special transactions, and to inform exporting and importing countries of the effects on international trade in wheat of any of the facts that emerge. The hope—held by members with varying degrees of piety—is that this exercise will in time persuade governments to mend their ways, or at least to stop them from making things worse. As wheat farmers are politically sacred, the council has no power of sanction: members still reserve "complete liberty in the determination and administration of internal agricultural and price policies." The first review was published this week. Its conclusions are hardly novel; home truths never are.

Looking back over the last twenty years, the council sees three major and interrelated developments:

Increasing government intervention, especially in production and trade;

Increasing yields brought by technical and scientific advances; and

Divergent trends in consumption in different parts of the world.

After the war governments introduced policies to encourage wheat production and protect farm incomes, and they have been loth to modify them since. World output has risen from a prewar average of about 140 million tons to about 200 million tons. The artificial profitability of wheat growing has stimulated the application of measures to increase yields, so frustrating such efforts as have been made—notably in the United States—to curtail output by reducing support prices and restricting acreage. The council sees "little sign of any halt to the upward trend in production, let alone any stabilising at lower levels."

In rich countries consumers have been switching from bread to high protein foods; in less developed countries rising incomes and changes in food habits have encouraged consumption of wheat, though not fast enough. But on balance world exports of wheat and flour have been growing, especially in the last five years, when they reached an average of 29½ million tons a year compared with 18¼ million tons before the war. The recent rapid expansion owes much to sales to under-developed countries on concessional terms, mainly by the United States—at the expense, it is often claimed, of other exporters (Australia particularly is upset by the latest sale of 600 million bushels of American wheat to India, a natural market for its own wheat).

Yet despite the expansion of world exports, stocks among the four major exporters have now grown to a massive 53 million tons, sufficient to supply world imports for almost two years, and ". . . the situation giving rise to these surpluses must now be regarded as a deep-seated and persistent problem." The council softly concludes that while

> the harmonisation of national policies with the demands of the international problem of wheat depends on the action of governments, the process of reviewing the international effects of these policies can scarcely fail to be a constructive exercise. It should enable governments, in any re-examination of their policies which they consider desirable, to consider whether the measures involved are sufficiently flexible to allow for the balanced development of the world wheat economy and the gradual solution of the serious problems that beset it.

It ought to indeed, but experience suggests that hopes should not be pitched high.

CHANGES IN WORLD WHEAT PRODUCTION AND TRADE

(Output, imports and exports in million metric tons; yield in bushels per acre.)

	1934–38	1944–48	1954–58
Europe:			
Output	43·0	31·0	48·2
Yield	20·6	18·0	24·9
Exports	3·5	0·4	3·6
Imports	12·6	16·1	14·7
Russia:			
Output	38·5	n.a.	58·4
Yield	13·4	n.a.	14·1
Exports‡	0·6	1·1	0·9
Imports‡	...	...	0·2
N. & C. America:			
Output	27·0	43·3	42·0
Yield	9·9†	16·9	20·8
Exports	6·4	18·5	18·8
Imports	1·2	0·9	1·0
South America:			
Output	6·7	6·9	9·7
Yield	10·6†	15·9	17·9
Exports	3·4	2·1	3·2
Imports	1·3	1·4	2·7
Asia*:			
Output	18·4	18·3	25·0
Yield	12·1	11·3	12·6
Exports	1·0	...	0·5
Imports	1·9	4·1	7·5
Africa:			
Output	3·7	3·1	5·1
Yield	10·3	8·6	12·2
Exports	0·5	0·1	0·3
Imports	0·4	1·0	1·8
Oceania:			
Output	4·3	4·1	4·5
Yield	12·0	12·4	17·3
Exports	2·9	2·4	2·5
Imports	...	0·2	0·3
World*:			
Output	138·6	n.a.	192·9
Yield	13·4	n.a.	17·1
Exports	18·3	24·7	29·4

* Excludes mainland China. † Based on sown, not harvested acreage. ‡ Excludes inter-Communist trade.

STOCKS OF FOUR MAJOR EXPORTERS

(End-year average: million metric tons)

	1934–38 Actual	1954–58 Actual	1954–58 "Normal"
United States	4·3	26·1	14·7
Canada	3·1	16·8	4·9
Argentina	0·6	1·7	1·7
Australia	0·5	1·8	0·8
Total	8·6	46·4	22·1

CHANGES IN CONSUMPTION

(Kilos per head per year)

	1933–37	1955–57
United States	99	79
Britain	126	113
Argentina	151	133
Turkey	127	177
India	22	24
Japan	17	33

billion cruzeiros to 6 billion, largely as a result of a decline in the subsidised coffee crop. Yet the new IMF credit, of $47.7 million in US dollars, sterling, marks and French francs, does not appear to represent a surrender by the Fund. The arrangement provides for repayment not later than six months after the transaction is completed; and the official announcement states specifically that the transaction "is of a short-term character and not part of a general stabilisation programme."

Evidently diplomatic considerations have played an important part. The credit appears to be a good will gesture by Dr Jacobsson, either urged by the State Department or with its support, with an eye on the Brazilian elections later this year. Officially the Fund may be accepting the Brazilian explanation that no major economic reform is possible before these elections; unofficially it and the State Department no doubt reckon that this support will help the government candidate. These tactics are not to everyone's approval. The British, German, Dutch and Belgian directors of the Fund abstained in the vote.

HENRY SIMON AND SIMON-CARVES

Terms of the Merger

It is never easy to work out the terms of a merger between two concerns that are fair to both sets of shareholders. The task in the case of Henry Simon (Holdings) and Simon-Carves was not made any easier by the intervening bid by EMI for Henry Simon (which was later withdrawn) nor by the cross-shareholdings between the two companies. Not merely does Henry Simon own 765,926 of the 5s. ordinary shares in Simon-Carves (equivalent to nearly 13 per cent of the equity) and Simon-Carves 257,775 preference shares and 360,506 of the 5s. ordinary shares in Henry Simon (equivalent to 7 per cent of the equity) but the directors, largely through the family links between the two companies, also have big cross-shareholdings. Lazard Brothers, following an investigation by Peat Marwick, Mitchell and Company, has sorted the difficulties out and produced an equitable scheme which eliminates the cross-shareholdings between the companies and returns some cash to shareholders.

Its details are necessarily complicated. Henry Simon will change its name to Simon Engineering and will hold all the issued share capital of both Simon-Carves and Henry Simon. The outside ordinary shareholders in Henry Simon (that is, shareholders other than Simon-Carves) will become shareholders in Simon Engineering. Outside ordinary shareholders in Simon-Carves (other than Henry Simon) will receive ordinary shares in Simon Engineering on a one-for-one basis. On earnings Simon-Carves contributes 52.5 per cent and on net assets 53.4 per cent to the new group; its slightly bigger contribution in assets is recognised in the proposal to give outside ordinary shareholders in Simon-Carves one 6 per cent preference share in Simon Engineering for every 15 Simon-Carves ordinary shares they hold in addition to the ordinary shares they will receive. They and outside ordinary shareholders in Henry Simon will receive a tax free cash distribution of 5s. per share out of the cash surplus to the requirements of the new group. Outside preference shareholders in Henry Simon will receive one new preference share for every four they own, so that they will hold 125 6 per cent preference shares in Simon Engineering for every 100 preference shares they held in Henry Simon. Finally, Simon Engineering will make a 50 per cent scrip issue to outside ordinary shareholders in both concerns.

The Expected Gains

As a result, outside shareholders in Simon-Carves will hold 52.3 per cent and outside shareholders in Henry Simon 47.7 per cent of the equity of Simon Engineering. That is almost exactly in line with the contributions that the two concerns make in earnings to the new group. The directors expect the 1960 income of Simon Engineering at least to equal the aggregate earnings of Simon-Carves and Henry Simon of £2.6 million in 1959 and they hope to pay a dividend of 26¼ on the ordinary shares. As far as outside ordinary shareholders are concerned that is equivalent to 40 per cent on their present holdings in the separate concerns and compares with the dividend of 35 per cent paid by both companies for 1959. Thus the dividend will be more liberal. This puts the shares on a yield basis of 4½ per cent, covered just over twice by earnings.

Beyond the immediate gain in income, shareholders have to look to the long-term advantages that may accrue from the merger of these two sister companies. Simon-Carves has not many manufacturing interests of its own and its strength has lain in its design and supervisory team of engineers. Henry Simon, too, has had experience in planning and supervising large scale engineering contracts, but it has been more closely concerned than Simon-Carves with actual manufacture, especially of mill-

SYNTHETIC RUBBER

Expansion Ahead

Manufacturers of synthetic rubber in the free world are planning to raise their capacity by about one million tons, or more than 40 per cent, to a total of about 3.1 million tons. The Rubber Growers' Association, pardonably curious to know what its competitors are up to, has collected estimates showing that the bulk of this increase is taking place, not in the United States where consumption of synthetic rubber already accounts for over two-thirds of total consumption, but in western Europe and elsewhere. American manufacturers are not expanding capacity for the production of styrene-butadiene rubber, the general purpose article which in the United States has largely replaced natural rubber in passenger car tyres and is claiming a larger share in Europe. The main increase will be in butyl rubber, used for inner tubes, and in the new polydienes—polyisoprene and polybutadiene rubber—which the makers hope will prove suitable for heavy-duty tyres, and thus break natural rubber's hold on this market.

In western Europe the main increase will be in styrene-butadiene rubber, the demand for which far exceeds supply now that natural rubber costs 1s. a lb more than the synthetic product, selling at a fixed price of 1s. 10½d. a lb. More neoprene rubber, a flame- and oil-resistant material used for belting and fuel hose, will be available, and more nitrile (*n*-type) rubbers, used for oil-sealing rings and gaskets. And three European countries—Britain, Germany and Holland—are going to produce polyisoprene and polybutadiene. The whole of the increase in Japanese capacity will be in general purpose rubber, and six other countries—Argentina, Australia, Brazil, India, Israel and Mexico—are to have plants with a total capacity of 180,000 tons of general purpose rubber a year.

EXISTING AND PLANNED SYNTHETIC RUBBER CAPACITY IN FREE WORLD

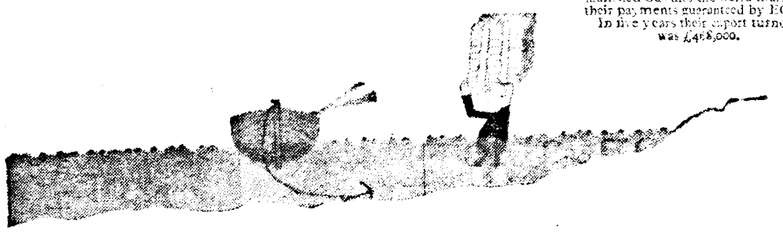
('000 long tons; planned capacity in italics)

	World	U.S.A.	Canada	Britain	Germany	France	Italy	Holland	Europe	Japan
All types	2,175	1,747	165	91	59	20	50	5	225	38
	3,110	*2,015*	*165*	*172*	*150*	*120*	*80*	*85*	*617*	*106*
Styrene-butadiene*	1,765	1,445	100	85	45	...	50	...	180	30
	2,265	*1,445*	*100*	*115*	*90*	*90*	*80*	*55*	*440*	*90*
Neoprene	125	120	...	...	5	...	...	...	5	...
	165	*120*	...	*22*	*15*	...	...	...	*37*	*8*
Butyl	145	90	35	...	...	20	...	...	20	...
	215	*150*	*35*	...	...	*20*	...	...	*20*	...
Nitrile	*138*	*80*	*30*	*6*	*9*	...	...	*5*	*20*	*8*
	160	*80*	*30*	*10*	*20*	*10*	...	*5*	*45*	*8*
Polydienes	2	2	...	...	...	...	...	...	...	...
	300	200	...	*25*	*25*	...	...	*25*	*75*	...

* Includes high styrene types, used mainly for soles.

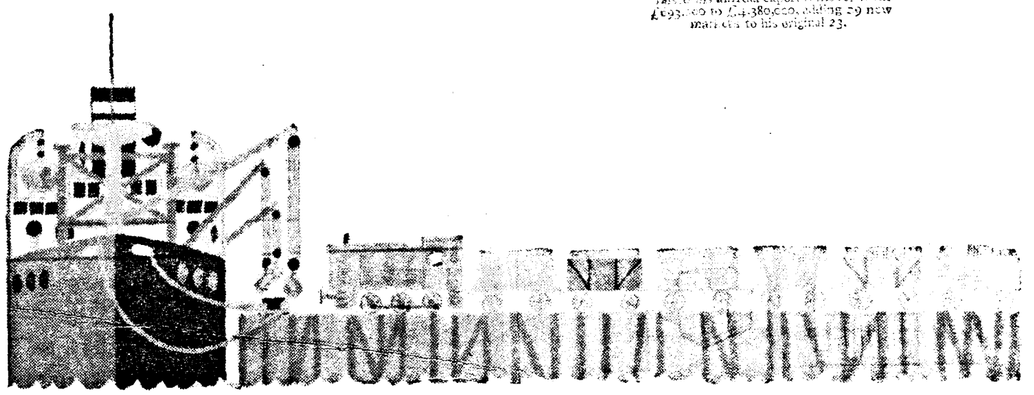
SMALL EXPORTERS

With an export turnover of under £2,000, a company making building components launched out into the world markets—their payments guaranteed by ECGD. In five years their export turnover was £468,000.



LARGE EXPORTERS

Within six years of taking ECGD cover, a maker of internal combustion engines raised his annual export turnover from £93,000 to £4,380,000, adding 50 new markets to his original 23.



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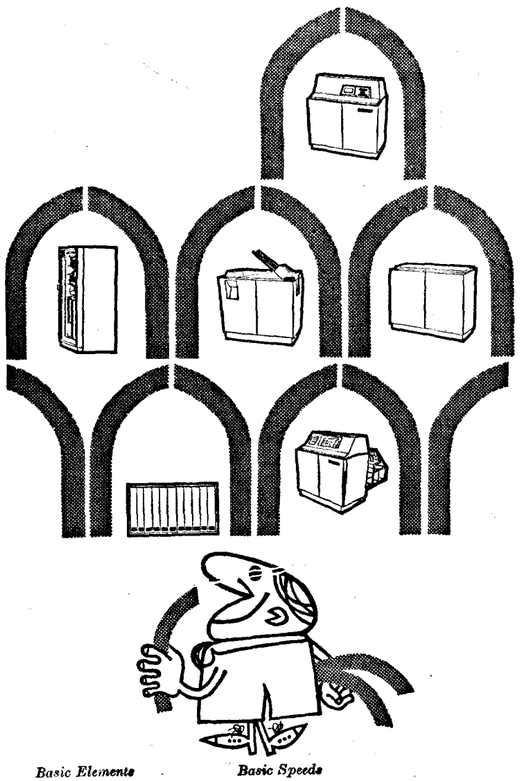

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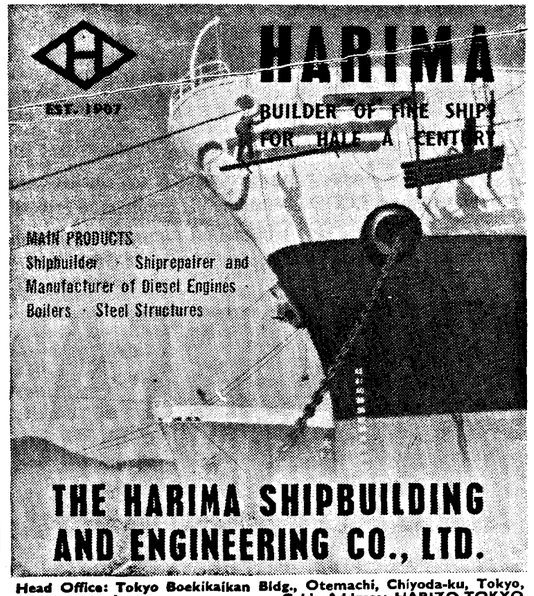

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ing and handling equipment. The directors believe that benefits will flow from the pooling of research and technical experience; that the merger will lead to a rationalisation of the two companies' organisations overseas; and that the ability to draw upon the manufacturing facilities and technical knowledge of Henry Simon in such fields as heavy reduction gears and mechanical handling equipment will be of advantage to Simon-Carves and should lead in turn to an expansion of Henry Simon's business. A long established alliance, in fact, has been given a permanent and formal form.

MOTORS

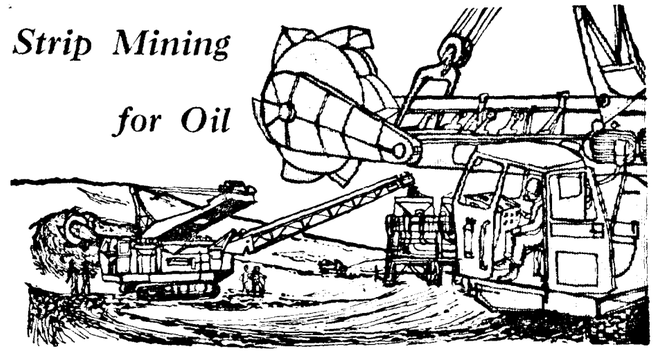
Squeezing Them Out

CAR and commercial vehicle production fell less in April than could have been expected from the effects of the Easter holiday. Production was at a rate of 30,173 cars a week, compared with 32,000 a week in March; but for Easter, it would probably have been at a new record rate of over 33,000 a week. Clearly firms that seemed to be working to capacity have been able to wring more cars from their plants, though Ford for one reports that it was unable to increase its output. Its workers have been maintaining an average of ten hours overtime a week for some time, and until new production facilities become available at Dagenham production has reached its limit. The British Motor Corporation seems to have been able to step up its output, despite a continuation of its chronic labour troubles. Standard-Triumph International increased its daily rate of production in April also. Rootes and Vauxhall report that they were producing cars at much the same daily rate as in March.

Commercial vehicle production was at a rate of 8,605 a week in April, little below the 9,273 reached in March; as with cars, the weekly rate would have been higher but for Easter, and reached a new record level of around 9,700 a week. So the boom in commercial vehicles was reaching a new peak before the hire purchase restrictions were imposed. Exports were nearly 10 per cent higher than in March at 12,921, with larger shipments to most of the important European markets.

Car exports were slightly lower in April than in March; 63,321 were shipped abroad compared with 65,626. Exports to the USA were 18 per cent lower, suggesting that the fall in sales and rise in stocks has begun to affect orders—despite the favourable seasonal factors, sales of British cars in the USA were only 13 per cent higher in March than in February. Exports to Canada were also slightly lower, and those to Sweden fell by 600, or 25 per cent. These are both big markets, and ones in which stocks have been accumulating; exports to them are therefore liable to fall if sales fail to come up to expectations. Increased exports to Australia and

Strip Mining for Oil



THE Athabasca tar sands, in north-eastern Alberta, Canada, contain possibly the world's largest single reserve of oil, but in one of its least accessible forms: at least 300,000 million barrels, in the form of bitumen stickily mixed with sand, are thought to exist there. So far no economically feasible way of developing the field has been found, though many have been suggested including an underground nuclear explosion to free the oil; to the several major oil companies who hold leases there they provide large proven reserves at virtually no exploration cost but apparently prohibitive production cost—in the context of present oil costs and prices. The Great Canadian Oil Sands Company is the latest to venture into the area: it has announced a plan to produce 31,500 barrels of synthetic crude oil a day from the sands by 1963, providing it can gain approval of its project from the Alberta Conservation Board. Great Canadian has completed marketing arrangements to sell 75 per cent of its output to Sun Oil, with the rest going to Canadian companies.

Another group, comprising Imperial Oil, Richfield Oil, Cities Service Athabasca and Royalite Oil, has been operating a pilot extraction and processing plant in the area since last August, producing about 3,000 barrels a day. Royalite was among the first to begin large-scale development of the sands, and through a subsidiary has applied to build a 300-mile pipeline from the field to Edmonton, where oil could be shipped to markets through the Inter-provincial Pipeline system; Great Canadian's scheme, estimated to cost $100 million, would also include a pipeline.

The layers of sand are generally about 150-200 feet thick (though as much as 1,000 feet thick in some places), and lie for the most part beneath deepish overburden. A limited proportion of the sands, however, is accessible to surface mining; and Great Canadian, like the Richfield group, plans to extract the bitumen-sand mixture by strip mining in this area, using tractor-mounted excavators that scoop the sands up with bucket-wheels mounted on 20-foot booms. In addition experiments have been carried out using *in situ* heating methods developed for extracting shale oil; and the nuclear explosion, which is being financed by Richfield, may still be tried. Extracting the material, where the overburden is shallow, is less of a problem, however, than processing it to obtain oil. The Richfield pilot plant separates the bitumen from sand by a water flotation process using a diluent produced from bitumen, and it is reported that Great Canadian plans to use a similar scheme; Royalite has experimented with centrifugal separation. The bitumen would then be hydrogenated to a product described as a blend of naphtha and gas-oil.

EVEN if the companies succeed in setting up and making their plants work on a production scale, it remains to be seen how much Athabasca oil they can sell. There is a good deal of oil without any sand in it in other parts of Alberta, which would seem always to be cheaper to produce; and far cheaper oil than that is abundant elsewhere in the world. One geologist has suggested that it might be more economical to gasify the tar sands with hydrogen, producing natural gas and ethane instead of crude oil. Sales of by-products—Athabasca synthetic crudes would contain a large amount of sulphur—may make the operation more feasible. But Canadian oil—even free flowing—has always found it difficult to compete with imported crudes, especially with supplies as plentiful as they are now. Canadian petroleum supplies, certainly, are exempt from US import restrictions: this preferential position may eventually help, though relatively little Canadian oil is now being exported to the United States.

other Commonwealth markets have offset most of the fall in exports to the USA; the future level of the industry's exports depends on their ability to continue to do so.

STATE PENSIONS

Contracting In and Out

In advance of a conference on the state pension scheme, the British Institute of Management conducted a survey among its member firms on their attitude towards contracting in or out. Just over three-quarters of the 276 companies which filled in the BIM questionnaire had not made up their minds what to do; that proportion did not vary significantly between the differing kinds of schemes they ran. Of the 790 schemes, 510 were provided for salaried staff and 280 for hourly paid employees; 563 were insured and 227 privately funded; and 661 were contributory and 129 non-contributory.

Of those that had already come to a decision, 77 schemes will be contracted out, 70 contracted in and 30 will be split. But while in this comparatively small sample more schemes will be contracted out than in, the survey also made it clear that more employees will be brought into the state scheme than will be left out of it. This was not due simply to the fact that schemes run for the lower paid workers were more likely to be contracted in, but rather to the decision by a number of big companies to participate in the state scheme. Where the companies had not come to any final decision, they indicated that 211 of their schemes were likely to be contracted in, 131 contracted out and 145 split. At the conference itself a wide difference of opinion was revealed. Mr S. R. Plant, who drew up Ind Coope's own pension plan which is the first to be issued with a certificate of non-participation, set down the reasons why Ind Coope decided to stay out. Mr Arthur Seldon, speaking in his capacity of editorial adviser to the Institute of Economic Affairs, urged employers to contract out. Mr E. B. Patrick of ICI said that he was opposed in general to Mr Seldon's views and added that his company had in principle decided to participate in the state scheme.

LONDON OFFICES

Tenants Grow Choosy

Demand for office space in central London is at present generally firm, but there are signs that tenants are becoming more selective. The level of office rents has not fallen appreciably for new buildings in good locations in the West End or City: in the West End the best accommodation now costs about 30-35s. a square foot, and in the City the range is from 32s. 6d. to 40s., though some buildings have fetched as much as 45s. a square foot and in some cases rents have fallen as low as 20s. New office buildings in the West End are practically non-existent; and most of the new buildings in the City which were without tenants six months ago are now being filled, albeit slowly and at lower rents than those originally asked.

In the third major location for offices in central London—the Holborn area—vacancies are more common. Though there has been a good deal of speculative building in Holborn in recent years, the area, situated roughly between the centres of the West End and City, does not seem yet to have become as desirable as either one in the eyes of prospective tenants. The result has been that rents have fallen to well under 30s. a square foot in some cases, and one new 15-storey building in Holborn, on the market for about 18 months, is still standing empty and is now being offered by floors instead of as a single large unit. Other more marginal areas—such as Marylebone Road and the South Bank—now command even lower rents, but have not been as heavily built up yet and hence have fewer vacancies. Another indication (and consequence) of the discrimination which tenants are now displaying is the large amount of office space available (at correspondingly lower rents) in older buildings, especially in the West End.

Large companies still have considerable, if not unlimited, choice among first-class new buildings. But there are few new buildings available for smaller companies wanting 10,000 square feet of office space or less. With large office blocks—such as the one mentioned above—the common practice is to let the entire building to one tenant, who may then sublet any space which he does not need to smaller companies, usually at a higher rent to cover the maintenance and provision of services which he is responsible for. With few exceptions—Bucklersbury House in the City is one—most postwar buildings have been designed for one tenant only: smaller firms are thus faced with a choice of a more expensive subletting or second-class accommodation in older buildings, at a lower rent but often at a much lower standard of amenity.

SHAVING

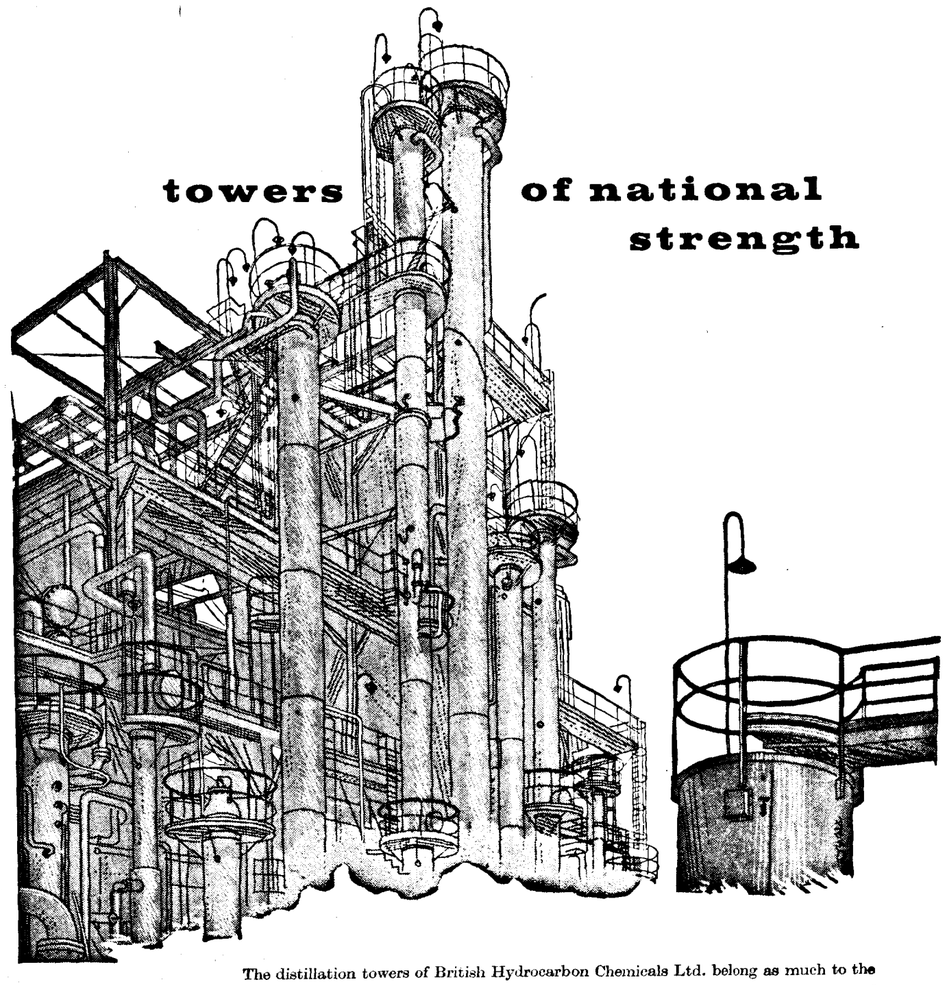
The Fight for the Stubble

Competition over the English beard between dry and wet shaving has received added impetus from Gillette's introduction last week of a new razor blade, after, it says, five years' research; Morphy-Richards introduced a cheap electric razor earlier this year. The appeal of the new Gillette blade is based on superior performance, which the company says comes from a new (and, until the patents are accepted, secret) method of sharpening the edge of the blade, giving quicker and more comfortable shaving. Gillette explains, for those with a clinical approach to their chins, that the new blade is so sharp that it cuts off the hairs without bending them, and so does not pull the nerves. The cost of the new blades, 2s. for five, is nearly 1d. a blade more than Blue Gillette and 2d. more than 7 O'clock, the cheapest blade that Gillette sells here—and one which is produced by the same processes as all the other blades Gillette has marketed up to now. These three types gave Gillette 75 per cent of the razor blade market a few months ago. The appeal of the Morphy-Richards electric razor, on the other hand, goes the opposite way in price; it appears to work as well as most of those already marketed, for less than half the price—£3 10s. Opinion in the industry is divided on its effect; some believe that the existing electric razor makers will lose sales to it, others that it will find its market among the wet shavers and expand the total market for electric razors as the Model T did for cars.

The sales of electric razors have remained static at around 1 million a year for the last four years, after rapid expansion from 1953 to 1956. Remington, at first alone but for small companies, has about 40 per cent of the market; Phillips, which entered the market in 1949, now has a 30 per cent share, and Ronson, which began production in 1954, holds about 16 per cent. Roughly a quarter of the shaving population—which means about 4½ million men—are said now to be dry shavers; the figure had shown signs of stabilising before the Morphy-Richards razor appeared, and Gillette market surveys indeed showed a 1½ per cent fall in its size between March and October last year. A Ronson market survey made this spring suggests, however, that 30 per cent of men have now been converted to dry shaving.

The Cost of a Smooth Chin

One intriguing aspect of the fight between the two types of shaving is that many men try dry shaving and abandon it—but their number and the fate of their shavers is unknown. A Gillette market survey found that 30 per cent of the men interviewed who had had their last shave with a wet razor claimed that they had tried but abandoned an electric razor—though it does not mean they had all bought one. This could mean that as many men as use a dry razor had abandoned one; as only about 2½ million more dry razors have ever been sold in Britain than are believed still to be in use, there must be a heavy turnover in the secondhand machines. One reason for the number of "failed dry shavers" is that more than a third of the machines are given as presents; and a shaver ought to be chosen to suit the beard it has to cut. Improved retailing methods seem as important as price cuts to popularise dry shaving; Herrmans, which runs a specialised advice service for buyers of electric razors in London, now plans to extend this by appointing agents in the provinces.



The distillation towers of British Hydrocarbon Chemicals Ltd. belong as much to the British industrial scene as to Grangemouth. From these symbols of a new age of prosperity there flows a continuous stream of chemical products that are revolutionising our way of life. Distributed to industry as raw materials, they include ethyl and isopropyl alcohols, phenol and acetone, butadiene and polyethylene . . . chemicals that have become essential constituents of such diverse products as drugs and detergents, meths and make-up, textiles and toys, plastics and paints, shoe soles and solvents. In eight years of operations British Hydrocarbon Chemicals Ltd. has taken its place among the major producers of the world and become a tower of strength in British industry today.

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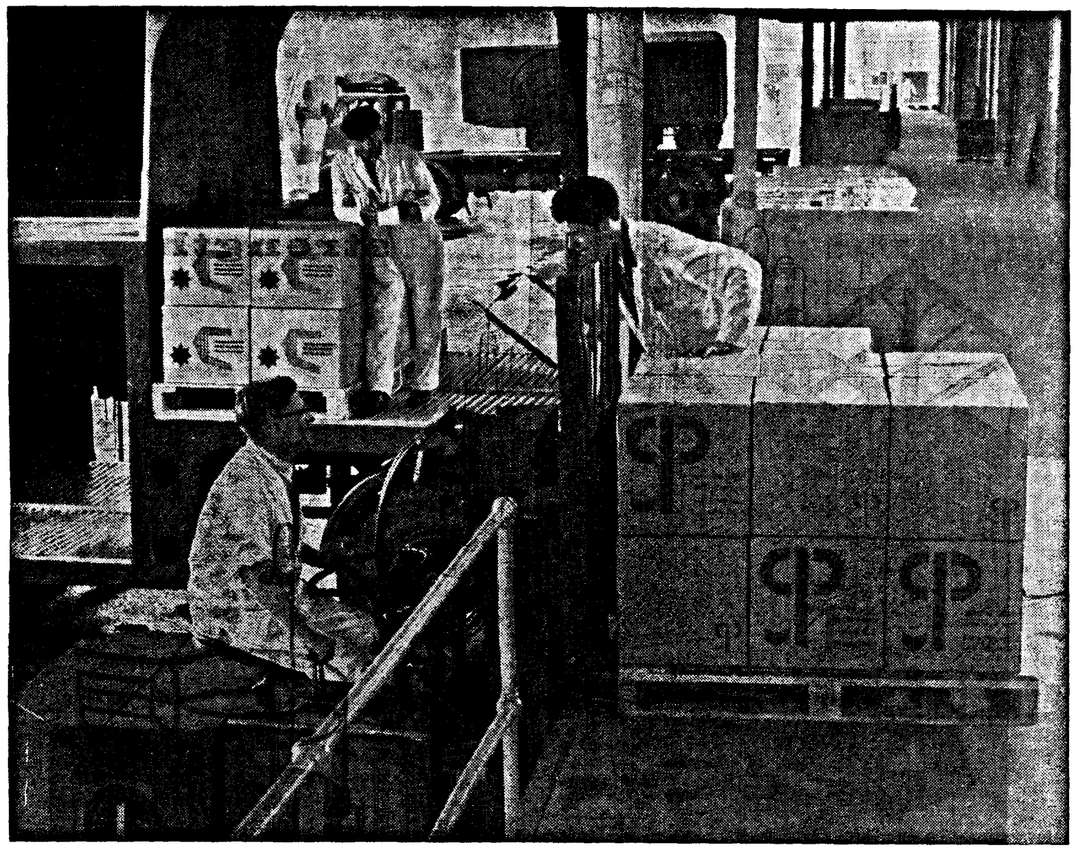

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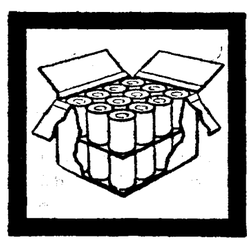

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The relative cost of the two types of shaving is hard to determine: it all depends on the reliability of the electric razor, which can cost £1 or so a year for repairs, plus another £1 or so in depreciation—the average life is 5 years, though they will last longer if their owners choose to keep them. The average British shaver seems to use about 80 blades a year, costing £1 or more—depending on the importance he places on the consistency of the quality of the blades he uses. Add soap or shaving cream, and he may spend as much as a dry shaver, though the economical can obviously spend less.

Makers of both types of apparatus avoid stressing the cost angle. Makers of electric razors tend to stress that their product is a symbol of status and modernity, while the makers of wet razors emphasise the closer shave their product can give—urging men to buy their better but most expensive blades, and more often, so that they can always present an immaculate chin to the world. Big business, especially for the advertising agencies, is involved; sales of razor blades last year were worth £15-20 million, and sales of electric razors over £7 million. With any luck shaving may become cheaper as well as easier.

ANGLO-POLISH TRADE

Bringing Home the Bacon

AFTER taking five months off for second thoughts, Britain and Poland resumed trade talks in London last week and quickly settled details of a new three-year agreement beginning on July 1st. Import quotas will continue to be negotiated annually, and those for the first year provide for an increase in British exports to about £20 million from £16½ million in 1959, while Polish exports are expected to increase from £32½ million to about £35 million. Tossing obscurantism aside at long last, the Board of Trade is now publishing details of quotas in these bilateral trade agreements. The principal quotas for British goods are:

Vehicles and parts, £445,000; construction plant, £450,000; electrical goods (mainly radio and television equipment), £440,000; machine tools, £320,000; agricultural and horticultural machinery, compressors, pumps and printing machinery, £210,000; tools, gauges, other industrial and scientific instruments, £295,000; synthetic fibres, £1 million; rayon yarn, £400,000; cotton yarn, wool piece goods and other textiles, £180,000; clothing and footwear, £45,000; rubber manufactures, £200,000; periodicals and books, £150,000.

For Polish goods the principal quotas are:

Bacon, 48,500 tons; butter, 20,000 tons; canned meat, £3.8 million; onions, £500,000; bilberries, £350,000; vegetables, £100,000; chemicals and pharmaceuticals, £800,000; machine tools, £220,000; wooden furniture, £320,000; and footwear and toys, £100,000 each.

The main increases are in foodstuffs, except bacon and butter, for which the quotas are the same as in 1959. The talks broke down in December over a dispute on bacon; Britain then opened a quota of only 20,000 tons for bacon in the first half of this year, and made no promises about the second half.

TRACTORS

Competition Can Hurt

THE boom that the British tractor industry has been enjoying seems to have passed Massey-Ferguson by. While Ford and other makers are reporting record production, its output has been falling, and a further contraction now planned may cause some short-time working at its Coventry factory. A fall in demand for sets of tractor parts from Massey-Ferguson's Detroit factory and from Yugoslavia—which is partly seasonal—seems to be the chief reason for the company's misfortunes, though poor home sales are also blamed. And, as so often happens if a foreign-controlled company runs into difficulties, the owners have taken over management: Mr Thornbrough, president of Massey-Ferguson International in Toronto, has become acting managing director of the British company. Perhaps as a consequence of a drive to improve sales, especially in Britain, three executives resigned in April: the marketing director, the general sales manager and the home sales manager.

Mr Thornbrough has stated that Massey-Ferguson made 38,500 tractors in the six months to the end of April, more than any other British maker; there is intensive competition with Ford to prove most convincingly which is the larger producer. He gives current output as 340 tractors or equivalent sets of parts a day, of which 274 are complete or completely knocked down tractors (Ford is making up to 360 a day). Next month Massey-Ferguson's total output will be cut to 324 a day, though the production of complete tractors will rise to meet improving demand at home. These figures compare with the peak of 410 tractors a day that was reached in 1959.

Competition has become stronger for Massey-Ferguson since Ford introduced its Dexta tractor in 1958, which brought it into the same power class. Ford reports that home sales have risen this year, which suggests that the Dexta is now becoming established in the farmer's esteem and taking sales away from Massey-Ferguson. The Canadian-controlled group may now feel it necessary to introduce a new model to meet the Fordson competition; though any tractor model normally enjoys a very long production run, its current 35-hp tractor, competing with the Dexta, has been available since 1956.

SHORTER NOTES

Hambros Bank has placed 360,000 5s. shares in Buxted Chicken company, a leading concern in the broiler chicken industry. The placing represents 20 per cent of the equity and at a price of 14s. 3d. the shares yield 4.4 per cent. Founded only in 1955, the company's profits have jumped from £2,775 in 1955-56 to £166,711 in 1958-59. The group is at present selling 200,000 birds a week, or 10 million a year.

★

More new companies were registered in Britain last year than at any time since the Board of Trade began to compile records in 1862. The number of 29,198 companies registered was 30 per cent more than in 1958 and 55 per cent more than the average in the previous five years. At the end of 1959 the total number of companies on the register was 367,959 (against 345,674 at end-1958); of these 351,480 (against 329,314) were private companies and 16,479 (against 16,360) were public companies.

★

A coin-operated, automatic ticket issuing machine, claimed to be capable of replacing up to twenty parking meters of the type now in use in London, is to be produced by the National Time Recorder Company. On inserting a coin, the motorist receives a ticket showing the time of issue or of expiry, which he places inside the windscreen of his car. Since with this system it would not be necessary to mark out maximum size parking spaces, a greater number of cars could be parked in a given kerbside space. The machine is expected to cost about £100-£125, against £25 for conventional parking meters, and will be on the market in about two months.

★

The rights issue by Metal Industries is to be on a one for four basis at 54s. per share and will raise £3.8 million. British Ropes is to raise almost £2 million by its one for eight issue at 9s. 6d. Crittall Manufacturing will raise £745,000 by a three for ten issue at 10s. per share.

COMPANY AFFAIRS
Comments on pages 925, 926 and 927 on:
"Shell" Transport, Dunlop, J. and P. Coats, John Thompson, BICC, Land Securities, Interunie, British Petroleum, Anglo American, English Sewing Cotton, Beecham Group, United Drapery, Head Wrightson, Highlands & Lowlands

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 928 and 929

LONDON STOCK EXCHANGE
The week's movements reported on page 927

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 930

COMPANY MEETINGS

LONDON AND MANCHESTER ASSURANCE COMPANY LIMITED

THE YEAR'S BONUS HIGHEST EVER PAID

PREMIUM INCOME INCREASED

LIFE ASSURANCE'S ATTRACTIONS AS FORM OF SAVING

CAPITALISATION AND SCRIP ISSUE APPROVED

LORD GRANTCHESTER ON GOVERNMENT SPENDING

The Ninety-first Annual General Meeting of London and Manchester Assurance Company Limited was held on May 25th in London.

The Right Honourable Lord Grantchester, OBE, MA, FCII, the chairman, who presided, said:

TYPES OF POLICY

I should like to begin my remarks today by a reference to the goods we have for sale.

In the ordinary branch for many years our most popular policy has been our endowment assurance with-profits policy. The rates are good and, looking to the future, bonus prospects have been considered particularly attractive, quite apart from the special distribution provided for in this year's accounts. This year's ordinary branch reversionary bonus at 48s. per cent is the highest ever paid by the company.

We have encouraged the taking out of larger policies to secure maximum cover at minimum cost through our special non-profit rates, which are among the best in the market.

Under the more stable monetary conditions prevailing today we can with confidence stress the merits of whole life policies, which for a given premium provide the greatest insurance protection.

ANNUITIES AND PENSIONS

We have developed a sizeable annuity account in immediate and deferred annuities of the conventional type. For the self-employed our single premium policies, in respect of which considerable tax advantages are allowed by Section 22 of the Finance Act, 1956, are issued at rates which place the London and Manchester among the premier group of offices for this class of business and our scheme for Investment Trust Retirement Annuities, under which the premiums and annuity payments are made in terms of the current prices of Investment-Trust-Units, provides a unique opportunity of participation in benefits which may be expected to accrue to shareholders from general industrial expansion.

We have not sought group pension business, in which a number of offices specialise, though we are always pleased to consider proposals from employers who wish to help their staff to provide for old age by assisting them in the payment of premiums during their service. In the case of smaller firms, at any rate, we believe members of the staff prefer this more personal and individual method of dealing with the problem of old age than under a group scheme. We are not as an office, therefore, specially affected by the Government's new State pension scheme. We regret that the Government should have departed from the principle of a basic minimum flat rate pension and should have introduced a variable element which, with its contracting-in or contracting-out options, is giving a lot of work to all those who arrange or have to administer private pension schemes.

ENDOWMENT SHARE PURCHASE PLAN

Last year we extended our loan service, previously restricted to loans on properties, to those who wish to purchase stocks and shares as an investment, provided the investment is spread over a fairly wide field of industry as it is through cautiously conducted Investment Trusts and Unit Trusts. Repayment of these loans is provided for by means of endowment assurance policies, which are held by the company as collateral security for the loans made. This particular method is offered only by the London and Manchester. It gives an incentive to acquire an investment portfolio to those who hold responsible positions, but who, in these days of high taxation, have been unable to accumulate the necessary capital. It has the advantage also that the investor is covered by the terms of the policy against the risk of leaving a liability in respect of his purchase in the event of his premature death.

NEW BUSINESS

The new sums assured of £7,790,000 in the ordinary branch and £7,280,000 in the industrial branch show increases this year over last year of £1,600,000 and £400,000 respectively. The higher ordinary branch expense ratio, calculated on the conventional basis, is chiefly due to the increase in new business in this department.

SAVING WITH LIFE ASSURANCE

We are in competition with many other forms of saving, but there is no other form of saving which at the same time provides the additional protection which the breadwinner needs to provide for his family or other dependants should an untimely death bring to an end his ability to continue to do so through his earnings. I believe the increase in our premium income which we are happy to be able to report today would be even greater if there were a more general realization of the necessity that we cannot be sure of life, a reminder which I think is forcibly brought home to us with the increasing deaths caused by accidents on our roads.

Although the State now provides a subsistence pension, it is more than ever necessary in a time of increasing prosperity for all to set aside sufficient adequately to supplement the State pension, so that the gap between earnings prior to retirement and pension after retirement is not too great. Those who have made adequate provision can then live as long as may be without undue anxiety.

In these days everyone is tempted through the widely developed system of hire purchase to seek the enjoyment of more possessions and pay for them later. Within limits this system has its conveniences, but in many cases those who think ahead find it more conducive to their peace of mind and happiness to use our method of saving by instalments in advance of making their purchases, particularly for the replacement and the renovation of their homes, rather than to incur debts which, in the event of illness or other unforeseen expenses, can become an embarrassment.

There was a time in the lifetime of many of us when a choice had to be made between enjoying the present and saving for the future. Today it is possible for the majority with their increased earnings both to enjoy and to save. It may be hard to forgo some present enjoyment, but a sense of security cannot be built upon a foundation which is not buttressed by saving.

DISTRIBUTION OF SURPLUS

For many years we have been moving, with your approval, towards a pattern in the annual distribution of surplus as between policyholders and shareholders which, without diminishing the amount available to shareholders, has given an increasingly greater proportion of the surplus to policyholders. While we do not consider too great rigidity in any pattern to be in the interests of the company, however attractive it may appear, we think we may together justifiably take pride in the achievement of our target of a distribution of 90 per cent of the surplus to policyholders in both life branches. Under normal conditions this is the percentage of the annual surplus available for distribution which we should wish to see maintained.

The competitive element in a free society is sometimes decried but I think no one can doubt that the results in the business of insurance of competition has been creditable to the business and profitable to customers.

INVESTMENTS

The relatively attractive yield obtainable recently on loans on rates is the reason for the substantial increase under this item in this year's balance-sheet. Otherwise there is no significant change in the disposition of our assets or in investment policy, which I hope you will feel has yielded most satisfactory results.

The results of the 1959 Election enabled your directors to discard for some time, perhaps for a long time, their preoccupation with the threat of nationalisation.

The menace of further inflation was checked, if not very firmly held. Industrial companies have been adjusting themselves to current asset values and their earnings have been increasing so as to show a reasonable return on current values. It was natural that, following this process of adaptation and consolidation, share prices should rise reflecting the changed values. It was against this background that your directors had to consider what recommendations should be made to you.

Last year I commented upon the substantial difference which then existed between the balance sheet value of our stock exchange securities and their market value and, as you would expect, this difference had increased substantially by December 31, 1959. It has been customary to point out that too much attention should not be given to the year-to-year changes in the market value of investments but rather to the long-term growth and preservation of both income and capital. Our present policyholders reap benefit from the past during which there has been a steady build-up of strength of the company. Just as the present is built upon the past so the present has to make its contribution to the build-up for the future, but there may be times when, having fulfilled every reasonable obligation to the future, considerations of equity not only justify but call for an exceptional distribution. Your directors believe that the present is such a time.

SPECIAL BONUS

I should draw your attention to the note attached to the balance sheet explaining an apparent increase in the sum invested in Ordinary stocks and shares. Had it not been for the transfer from inner reserve to the life funds mentioned in the first sentence of this note, the balance sheet would have shown a reduction, as a result of sales which have been made, in the amount now invested in Ordinary stocks and shares. Out of the inner reserve built up from realised appreciation a sum of £3 million has been transferred to the life funds, divided proportionately to the funds of each branch. The special bonus thus made possible takes the form of a 25 per cent addition to the bonus additions already credited up to December 31, 1958. It is gratifying to us, as we are sure it is to you, that it has been possible so to supplement the benefits accruing to our policyholders.

The cost of the special bonus as calculated by the actuary is £2,353,590.

SCRIP ISSUE

I must refer now to the capitalisation proposed in the resolutions to be submitted for your approval today. A sum of £261,500 is included in the transfers to profit and loss account from the same source as the special bonus just mentioned. This will enable your directors to submit to you, after the proposed increase of capital from £250,000 to £500,000, the resolution to capitalise £246,996 and for the issue of one new share for every share now held. In the event of the resolutions being passed letters of allotment will be posted to shareholders tomorrow.

You will notice that there is credited directly to the profit and loss account this year for the first time the proportion of interest earned on the existing capital of the company plus the balance standing to the credit of profit and loss account. Having allocated this year 90 per cent of the year's surplus to the policyholders we thought it proper to bring this item into the shareholders' account. In future accounts we shall be able to credit the profit and loss account with the interest earned on the increased capital. This will, therefore, be available in future years for dividend in addition to any amount which is transferred from the revenue accounts in respect of surplus. So far as 1960 is concerned, with the concurrence of the Actuary, I can say that, in the absence of unforeseen developments, we anticipate that there will be available for transfer to the profit and loss account out of surplus an amount at least equal to the transfer this year, namely £213,100, which is the total of the sums transferred this year from the revenue accounts after deducting the sum of £261,500 derived from realised appreciation.

GOVERNMENT SPENDING

Whatever the immediate outcome of the meetings and conferences in session, in suspense or in prospect, there is no doubt that we are living in a time of very rapid change. Machines and processes are obsolescent as quickly as they can be brought into use. Rapid adaptation to technical advance as well as to new political alignments is necessary, involving new problems of industrial adjustment. It is to be regretted in such circumstances that there should be increases in Government spending and lending rather than an expansion of private initiative. It is even more regrettable that the continued high level of Government expenditure delays overdue changes in our taxation structure and a revision of general depreciation allowances by which alone initiative can be stimulated and modernisation in our industries kept achieved. It is still necessary to emphasise that any Government which does not treat the prevention of renewed inflation as a cardinal feature of its policy is failing in one of its primary duties. Some of the present methods of finding money for increasing Government expenditure are open to objection as incompatible with this duty.

I cannot but believe that these matters will occupy the very serious attention of the Government in the coming months. If they do, I think we may be reasonably confident that British skill and British initiative will enable this country to retain a fair share of prosperity in a less restricted and developing world, but one in which, if stagnation is to be avoided, competition has to be faced as a necessary ingredient of progress.

The report and accounts were adopted and the board's capitalisation proposals, as mentioned, were approved.

THE FRIARS INVESTMENT TRUST LIMITED

LARGER INCOME AND DIVIDEND

The Thirty-third Annual General Meeting of The Friars Investment Trust Limited was held on 23rd May at 33 Cornhill, London, E.C., Mr J. N. Buchanan, DSO, MC, the chairman, presiding.

The following is his statement which has been circulated with the report and accounts for the year ended 15th February, 1960:

During the year under review Gross Income has risen from £279,732 to £303,119. Dividends received are £27,000 higher than in the previous year but Refunds of Tax under Double Tax Conventions are down by £4,500. After payment of all Expenses, Tax and Interest on Borrowed Money there remains a balance of £152,916 for the Stockholders, against £139,369 a year ago. We have transferred £30,000 of this to General Reserve Fund, which now stands at £105,000. An Interim Dividend of 3 per cent has already been paid and a Final payment of 7 per cent is now recommended, making 10 per cent for the year, against 9 per cent paid for the previous year.

The value of our investments at the date of the Balance Sheet amounted to £7,250,000, against £5,450,000 a year ago, and the appreciation over book cost at that date was 131 per cent. There is included in the Report for the first time a classification of the Investments showing how our investments are spread, which we think will be of interest to Stockholders.

EXTENSION OF BORROWING POWERS

In the Notice calling the Meeting you will see that the Meeting will be asked, as special business, to approve a Special Resolution extending the Directors' borrowing powers under the Articles of Association. At the present time the Directors may (in addition to certain borrowings for temporary purposes) borrow up to the nominal amount of the paid up share capital, excluding any share capital which has been paid up by way of capitalisation of reserves or undistributed profits since 22nd July, 1957. This exclusion of "bonus" shares was imposed at the time of the capitalisation issue of 1,000,000 shares of £1 each made in July, 1957, since the Directors saw no reason to make that issue the occasion for an increase of the Directors' borrowing powers. In the light of the growth in value of the Company's portfolio since then the Directors consider that the time has come for these borrowing powers to be extended and the proposed Resolution will permit borrowings up to the full amount of the paid up share capital for the time being including any bonus shares comprised therein. The present amount of the paid up share capital is £2,000,000. The Board have no immediate intention of exercising these additional borrowing powers but think it is in the interests of the Stockholders that they should be available. A Proxy card is enclosed for use as you may direct.

Since the Company's year ended the Board have applied to the Stock Exchange to have the Stock quoted in units of 5s. each. In addition it has been decided to abolish the charge for registering transfers and other documents. The object of these measures is to broaden the market in the Company's shares and make them available to a wider range of investors.

The report and accounts were adopted, the payment of a final dividend, as recommended, was approved, and the Special Resolution regarding the increase in Directors' borrowing powers approved.

PRESSED STEEL COMPANY LIMITED

EXTENSIVE CAPITAL EXPENDITURE PROGRAMME

STEADILY INCREASING PRODUCTION OF CAR BODIES

PRESTCOLD DIVISION'S RECORD SALES

MR ALEX. ABEL SMITH'S STATEMENT

The Thirty-third Annual General Meeting of the Pressed Steel Company Limited was held on May 25th at Queen's Room, Baltic Exchange Chambers, 14-20 St Mary Axe, London, E.C., Mr Alex. Abel Smith, TD, JP, the chairman, presiding.

Mr J. S. Kean, CA, the secretary, read the notice convening the meeting and the Report of the Auditors was read by Mr T. Howarth of Price, Waterhouse and Co.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended December 31, 1959:

Ladies and Gentlemen,—Before reporting to you on the year's results, I must tell you of the honour done to your Company by His Royal Highness the Duke of Edinburgh who, on February 12th last, spent the greater part of the day visiting our Cowley and Swindon factories. In the course of the visit many members of the Management, Trades Union Officials and a number of Shop Stewards were presented to His Royal Highness, who was enthusiastically received by our employees at both factories.

PROFIT AND APPROPRIATIONS

The accounts show a profit for the year, after charging debenture interest, depreciation and all taxes, of £2,461,506. Taxation, which included a charge of £125,000 for tax equalisation, the reason for which I explained in my statement last year, was higher by £24,800 while the charge for depreciation and obsolescence of buildings, plant, machinery and equipment rose by £296,008, reflecting a further increase in the Company's fixed assets.

From the profit of £2,461,506 there must be deducted the amount of the regular dividends on the two classes of Preference Shares and the interim dividend of 9 per cent paid last November, on the Ordinary Stock, which, together, less income tax, total £283,906. This leaves £2,177,600 to be added to the balance of £2,073,348 carried forward from 1958 and gives a figure of £4,250,948 to be considered.

Your Board recommends a transfer to General Reserve of £1,500,000 and the payment of a final dividend on the Ordinary Stock of 21 per cent less income tax which absorbs £561,220. This leaves £2,189,728 to be carried forward on profit and loss account.

BALANCE SHEET

On the asset side you will note that there has been a substantial increase in fixed assets amounting to £3,949,557 mainly accounted for by new plant, machinery and equipment at all our factories and by capital works in progress at Swindon and at Cowley where the rebuilding and enlarging of the paint and trim shop, which you will recall suffered serious damage from fire, is well under way.

Long term liabilities are lower by £1,211,875, reflecting the conversion last June of this amount of the 5½ per cent Convertible Debenture Stock 1977-82; as a result of this conversion the amount of Ordinary Stock units of 5s. issued rose by £412,037 to £4,363,222.

Revenue Reserves and Amounts set aside for Future Taxation now include a sum of £375,000 for tax equalisation.

Outstanding commitments for capital expenditure at the end of the year amounted to approximately £4 million but as at today's date this figure is substantially higher as a result of further commitments into which the Company has entered in connection with its expansion programme to which I refer below.

MOTOR CAR BODY DIVISION

The year under review was one of steadily increasing production, in particular at our Swindon factory where the benefits of past expenditure on multi-welding and other automation equipment were increasingly evident. During the last full working weeks of December our production of car bodies and body components was at a rate which broke all previous records.

Sheet steel again presented a major problem, and as the volume of our production rose we were forced to place increasingly large orders abroad. The halt in supplies from the United States in the latter months of the year as a result of the steel strike, caused us great concern; we were, however, able to maintain the tempo of our production by a combination of running down stocks and combing the Continent for additional supplies. The domestic steel companies are engaged on another large expansion programme, but until the new capacity comes into production it will be necessary for us to continue to supplement home supplies by purchases from abroad, unfortunately at a considerable premium.

The manufacture of press tools has become an increasingly important part of our business. We are now probably the largest manufacturers of this type of tool in the world, and are supplying a steadily increasing number of customers at home as well as on the Continent. We have recently received inquiries from the USA and are hopeful that we may develop business there.

RAILWAY CARRIAGE AND WAGON DIVISION

Production of railway utility vans and 3-car trains for the Glasgow Electrification Scheme continued, and during the year the first deliveries of 3-car diesel units were made as well as of various miscellaneous types of railway equipment and of mine cars. However, orders placed during the year by our main customer, the British Transport Commission, showed a further decline and, although we obtained our share of such orders as there were, there was not sufficient business to keep our Linwood factory working to capacity.

PRESTCOLD DIVISION

Our sales, both of domestic refrigerators and of commercial equipment, reached a record; our problem in fact was to meet the soaring demand.

A noteworthy event during the year was the award of the Duke of Edinburgh's Prize for Elegant Design to our three cubic foot "Packaway" domestic refrigerator which continues to be a best seller.

THE OUTLOOK

As regards the **Motor Car Body Division** you will have read in the press of the big expansion plans of the motor industry. Our customers have indicated that they will require greatly increased quantities of bodies from us, and as a result another large scale addition to our productive capacity is called for. Information was recently sent to shareholders outlining our plans for expansion. It will of course be three to four years before the full benefits of this expansion are felt.

Noteworthy features of our programme are the introduction of body-making on a large scale to our Linwood factory and the acquisition of a site for the erection of a factory for toolmaking on the Simonside Trading Estate at Jarrow. These developments, which in due course will provide substantial employment in both places, conform with the desire of Her Majesty's Government to see the introduction of more industry to both areas concerned. We are glad to be able to make our contribution in this way.

Reviewing the workings of the first three months of the current year and looking at our order book, I can say that, barring unforeseen developments, this division of our business seems assured of another busy twelve months.

Turning now to our **Railway Carriage & Wagon Division,** from the experience gained in the first three months of the current year, orders for railway equipment appear likely to be once again on a reduced scale. It is satisfactory however to be able to report the encouraging progress we are making with one of our new projects known as the "Roadrailer." Prototypes of this composite vehicle which has two sets of wheels enabling it to run either on the road or on rails, are at present being tested by the British Transport Commission. Other potential customers are also showing interest.

We believe that in the "Roadrailer" we have a new form of transport that could help to ease the traffic problem on our roads.

Turning finally to the **Prestcold Division** we are anticipating another record year but it would be unrealistic to expect an increase in sales of the magnitude that we experienced in 1959. We are planning a steady build-up in production at our new Swansea factory where the first Prestcold came off the line in March. By this time next year this highly automated plant will, we hope, be turning out all our Prestcold products and in due course, the other household appliances on which we are working.

I would like specially to mention the recent formation in conjunction with our bankers, J. Henry Schroder & Co. Ltd., of Prestcold Finance Ltd. As its name implies, the purpose of this company is to finance instalment purchases of our Prestcold products. Its function is complementary to the acquisition of distributors and its activities will, we believe, help to stimulate sales.

The market, particularly for domestic refrigerators, is highly competitive; but the fact remains that less than 18 per cent of the estimated 16 million electrically wired houses in this country are equipped with domestic refrigerators. This gives an indication of the sales potential, and I am confident that our Prestcold models will continue to command a satisfactory share of the market. We continue to do a substantial export business.

In any assessment of the outlook the trend of manufacturing costs is a vital factor; export markets can only be won, held and expanded provided the goods this country is offering are competitive with similar goods produced on the Continent and elsewhere. The recent reduction in the working hours of industry, while from many points of view welcome, will raise production costs at home. It is of the utmost importance that all who play their part in the world of manufacture in this country are aware of the consequences that will result if, due to rising costs, our products become uncompetitive in world markets.

MANAGEMENT TRAINING

In view of the demands that our new expansion programme will make on all levels of management, it is, I think, appropriate to refer to our Management Training Scheme which we have been developing over a number of years. The scheme is now producing a number of first class potential managers which enables us to face the future with confidence.

TRIBUTE TO COMPANY'S EMPLOYEES

The past year was another busy and exacting one for management, staff and employees alike. All contributed their share to the successful results attained and I am sure you would wish me, on your behalf, to express your appreciation and thanks to them all.

The report and accounts were adopted and the payment of a final dividend of 21 per cent, less tax, making a total of 30 per cent for the year, was approved.

Mr R. T. Pemberton, MIMechE, MIChemE, and Colonel F. T. Davies, who retired by rotation, were re-elected. Since the last Annual General Meeting Mr R. N. Davies has been appointed a Local Director; Mr H. R. Barber, AMIMechE, Mr D. A. Field, Mr S. C. E. Lewis, Mr J. L. Lutyens, MA, AMIMechE, and Mr C. F. Tracy, MC, BSc(Eng), have been appointed Divisional Directors.

The other formal business of the meeting having been duly transacted, the proceedings terminated.

THE FERROGRAPH COMPANY LIMITED

(MAGNETIC TAPE RECORDERS, ELECTRONIC COMPONENTS AND SMALL MARINE INSTRUMENTS).

The following are salient features of the Accounts for the year ended 31st December, 1959, and the Report of the Chairman, MR R. W. MERRICK *to the 40th Annual General Meeting on 25th May, 1960.*

THE YEAR AT A GLANCE

	1959	1958
	£	£
Capital Authorised, issued and fully paid	150,000	100,000
Assets *less* current liabilities...	285,430	251,096
Trading Profit	111,552	106,464
Profit available for distribution	57,050	52,189
Dividend for year ended 31st December	27½%	25%

TRADING

The year has once again produced a successful trading result with a small increase in sales and an increase of 5% in net profit. These results represent another landmark in the history of the Company and point to continued unspectacular but steady progress. In the two major fields of operation, viz. Tape Recorders and Marine Echo Sounders, the Company has expanded its sales, increased its influence and enhanced its reputation. In the sphere of Marine activity developments of an interesting nature are planned.

EXPORTS

Overseas Sales were at much the same level as the previous year but the pattern of distribution has changed. Dollar earnings were singularly deficient due mainly to the confusion existing in North America by reason of the projected introduction of new recording systems, causing the purchasers to hold off for many months, whereas the Commonwealth provided a more healthy contribution and the recent return of Australia and New Zealand to sterling purchasing should further extend this trend.

SUBSIDIARY

In August, 1959, the Company purchased the whole of the issued share capital of Rendar Instruments Ltd., a small company manufacturing *inter alia* radio components and precision mechanical assemblies. A considerable part of Rendar's output has been attributable to Ferrograph for a number of years and its acquisition consolidates what has been a valuable attachment over a great number of years.

FUTURE PROSPECTS

The state of the present order books of all within the Group is satisfactory and the prospects are encouraging. With the continuance of fair trading conditions at home, the possibility of expansion overseas, and the ready co-operation of all employees, there is no reason to be other than optimistic for the future.

Subsidiary Companies

WRIGHT AND WEAIRE LIMITED.
BRITISH FERROGRAPH RECORDER CO. LTD.
RENDAR INSTRUMENTS LIMITED.

NORTH BRITISH AND MERCANTILE INSURANCE

UNDERWRITING RESULTS AGAIN SHOW IMPROVEMENT

NEW LIFE BUSINESS EXCEEDED £20 MILLION

MR CYRIL H. KLEINWORT'S STATEMENT

The Annual General Meeting of the North British and Mercantile Insurance Company Limited was held on May 19, 1960, in Edinburgh. In the absence of Mr Cyril H. Kleinwort, due to indisposition, Lieutenant Colonel John Leslie, DSO, MC, DL, presided.

The following statement was issued to the Shareholders by Mr Kleinwort in connection with the Accounts for the year ended December 31, 1959:

Before dealing with the Accounts for last year there are several matters in connection with our General Court of Directors to which I should make reference.

In accordance with the terms of our merger with the "Commercial Union," Mr R. C. Brooks, Sir Mark Turner and Lieutenant Colonel John Leslie, three of the Directors of the "Commercial Union," together with Mr F. E. P. Sandilands, the General Manager, joined the General Court.

Earl Grey, who had been a Director since 1938, resigned in July, 1959, for reasons of health and we wish to record our appreciation of his services to the Company.

We were also sorry to lose during the year the services of another of our colleagues on the General Court as Mr G. E. Beharrell intimated his wish to retire in order to reduce his commitments.

Lieutenant Colonel John Leslie has been appointed a Deputy Chairman of the General Court in succession to Mr H. S. Milligan who retires from our Directorate this year by rotation. He had decided not to stand for re-election as he feels that he cannot undertake a further term of office. We are very sorry to lose him after an association with the Company extending over 46 years and we should like to take this opportunity to place on record our sincere thanks for the long and valuable service he has given to the Company both in an Executive capacity and as a Director.

Turning now to an examination of our affairs, I would mention that we have taken in recent years a fixed rate of exchange of $2.80 to the £ in converting our Canadian figures. In 1959 the rate has been taken at $2.70 to the £ as this approximates more closely to the current rate.

We have also decided this year to increase the Reserve for Unexpired Risks in the Fire Account from 40 per cent to 50 per cent of premium income. The additional 10 per cent required has been taken from the Additional Provision and Reserve in that Account.

It will be seen that the Reserves brought forward in the Accounts have been adjusted, where necessary, to cover these items.

I am pleased to say that our underwriting results again show an improvement and this year we are able to report a profit in each main department. The figures are materially influenced, of course, by conditions in the United States where the experience was once more unfavourable but considerably better than it has been in recent years. The position there, although one must be cautious about the immediate future, is much more encouraging than it has been for some time. Unfortunately fire losses in the United Kingdom reached new heights and the 1959 total of £44 million is the highest of which there is any record. So far there has not been any improvement this year and the toll of loss by fire has continued to rise. Although these heavy losses are covered by insurance and the individual sufferers are protected financially the damage to property and loss of valuable stocks has to be made good and this means diverting efforts which could be used to far better purpose.

In Canada there was a welcome improvement in the experience in both the Fire and Accident departments.

FIRE DEPARTMENT

The total premiums of our Fire business vary only slightly from those for 1958, but the pruning of our income in the United States continued and the reduction recorded there of over £200,000 has been almost offset by increased premiums in the Home and General Foreign fields. Losses, I am pleased to say, are lower by £259,368 and expenses are down by £75,661.

After adjustment of the Unexpired Risks Reserve on the 50 per cent basis in place of the 40 per cent used previously, I am pleased to report a profit of £137,323 on the year's working which compares favourably with the loss of £25,821 last year.

We have brought back from Profit and Loss Account this year a sum of £24,523 to round off the Additional Reserve in the Fire Account to £2,250,000 as the adjustment required in providing a 50 per cent Reserve left an odd figure.

CASUALTY DEPARTMENT

Total Casualty premiums were £12,002,908, representing an increase of £107,566, the corresponding figure for 1958 being £11,895,342. Total claims incurred were lower at £6,871,284 against £7,063,859, the percentage of claims to premiums being 57.2 per cent compared with 59.4 per cent for 1958.

After adjusting the Reserve for Unexpired Risks on the usual basis there is an underwriting profit of £123,129, 1.0 per cent of premiums, compared with an underwriting loss of £683,203, 5.7 per cent of premiums for 1958.

Generally our Home and Overseas business showed modest development and a satisfactory profit with the important exception of the United States of America where we again incurred an underwriting loss.

MARINE DEPARTMENT

The premium was slightly lower than last year, this being brought about by a fall in the hull premium owing to the large number of ships being laid up.

Both the hull and cargo markets remain very competitive, but fortunately there seems to have been a levelling off in the cost of ship repairs which should be of some benefit to us. This easing of repair costs certainly does not apply to North America, however, where they are still increasing and cause some concern to both shipowners and underwriters.

We have transferred the sum of £382,900 from the Marine Fund to Profit and Loss Account.

LIFE DEPARTMENT

I am pleased to be able to report another record year's new business in the Life Department. For the first time in our history the net new sums assured exceeded £20 million. The contribution towards this total represented by individual assurances showed a particularly gratifying increase over 1958.

A growing premium income is an essential feature of a healthily expanding Life Fund and it is encouraging to note that our new Life premiums in 1959 at £447,505 were 13 per cent higher than the corresponding figure for the previous year.

With the close of the year we came to the end of another Quinquennial Valuation period. The rate of bonus—which is the highest declared by the Company in normal time—is 52s. per cent per annum and is repayable in respect of each of the five years 1955-59. I make no apology for stressing that this is a compound bonus calculated on the sum assured and existing bonuses. Over a period of twenty years a compound bonus at the rate which we have just declared would produce the same result as a simple bonus of 63s. per cent per annum. The strength of the Life Fund (as revealed by the investigation carried out by the Actuary) is such that we have felt fully justified in announcing that until further notice interim bonus on current claims will be payable at the same rate as that just declared.

The Actuary's Valuation has been based on the most up-to-date Assurance Mortality tables and we have increased the Additional Reserve from £750,000 to £1 million. Further, the substantial sum of over £500,000 has been carried forward.

There is an increasing tendency amongst our contemporaries towards more frequent valuations and distributions of surplus and we propose to come into line with this trend. The intention is to carry out the next valuation at the end of 1963 and to value triennially after that.

The gross rate of interest earned on our Life Fund—an important factor in the production of surplus—increased to £5 9s. 0d. per cent in 1959. The figure for 1958 was £5 7s. 2d. per cent. The Life expense ratio in 1959 was 12.4 per cent against 12.1 per cent in 1958.

Our Annuity Account, which is largely concerned with Pension Schemes business, continues to grow in importance, and the separate Fund supporting this branch of the Life Department's business now exceeds £32 million.

The Sinking Fund Account is small and calls for no comment. The sum of £25,000 has been transferred to Profit and Loss Account.

INVESTMENTS

There was no really material change in the long term interest rates on fixed interest securities during 1959. Our investments in Equities showed further appreciation with the result that the margin between the market values and book values of our portfolio has materially improved.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The results of our operations for the year are summarised in this Account. Gross Interest, Dividends and Rents amount to £2,183,240, an increase of £187,469 over 1958. Arising from the valuation of the Life branch at December 31, 1959, referred to earlier, credit has been taken for the shareholders' portion of the profit which has been spread over four years instead of five years to bring the transfers into line with the change in date of the next valuation. The results of the operations of the Fire, Accident and Marine Departments for the year produce a total profit of £643,352, a great improvement on the net loss of £350,389 in 1958.

It is proposed that a dividend of 2s. 6d. per share be paid, of which 1s. 3d. has been paid as an interim dividend. The total dividend of 2s. 6d. per share, with the dividend on the Preference Stock, will take £885,062.

After charges for taxation amounting to £884,030 and transfers to the Staff and Widows' Pension Funds which have been maintained at £360,500, there is a final balance on Profit and Loss Account of £13,598,951, compared with the sum of £12,795,975 brought in.

Finally, I wish to express our sincere thanks to all those connected with the Company for their loyal and efficient help in the past year—the officers and staff at Head Offices and home branches, the directors, officers and staff of our Associated Companies, our local directors at home and abroad, the managers and staffs at all our branches overseas and our agents throughout the world.

The report and accounts were adopted.

HARLAND AND WOLFF, LIMITED

FACTORS AFFECTING RESULTS

NEED FOR SUBSTANTIAL INFLOW OF NEW ORDERS

SIR FREDERICK E. REBBECK ON CURRENT BUILDING PROGRAMME

The seventy-fifth Annual General Meeting of Harland and Wolff, Limited was held on May 18th at the Registered Office of the Company, Queen's Island, Belfast. Sir Frederick E. Rebbeck, KBE, DSc, DL, JP, Chairman and Managing Director, presided.

The Secretary read the Notice convening the meeting and the Report of the Auditors.

The Chairman said:

As the Statement of Accounts and Directors' Report have been in your hands for some time, may I presume to take them as read. (Agreed.)

It will be recalled that in my remarks at the Annual General Meeting last year I drew attention to the delay in our building programme, due to labour troubles in 1958, and emphasised that the financial consequences would certainly be reflected in the results for 1959. You will note that the profit on trading now reported has indeed fallen compared with the figure for the previous year. I must add that the continuing depression in shipping during the year has also had its inevitable effect on our shiprepairing activities and the falling off in voyage repairs and maintenance work has been acutely felt.

Work has commenced on the reorganisation and improvement of certain of the larger slipways in the Belfast shipyard. This scheme will increase the capacity of the cranes and will further extend existing welding facilities with a material improvement in capacity and efficiency. It has not been possible to commence this work earlier as our heavy shipbuilding programme has necessitated the uninterrupted use of these particular slipways. In this connection I would draw attention to the increase in our commitments for capital expenditure, which now stand at £796,000.

NEW ACQUISITION

During the year, advantage was taken of an opportunity to acquire, in association with a consortium of British shipbuilders, the whole of the ordinary share capital of Brown Bros. & Co. Ltd., the well-known manufacturers of the Denny-Brown stabilisers and of ship's steering gear, and this now appears as an addition to our Trade Investments.

Out of the surplus available this year for distribution the Directors propose to pay again a dividend of 10 per cent to the Ordinary Stockholders. This leaves an amount of £161,931 of which they propose to allocate £150,000 to Fixed Asset Replacement and carry forward the balance of £11,931 in the accounts of the parent Company.

THE YEAR'S WORKING

As mentioned in the Directors' Report, twelve merchant vessels, a frigate and a number of small craft, totalling in all 163,115 tons gross, were launched from the Company's shipbuilding yards during the year. This substantial output included the 20,000-ton Passenger and Cargo Liner AMAZON for Royal Mail Lines, Limited, which Her Royal Highness The Princess Margaret graciously named and launched in July.

This fine ship, which was completed before the end of the year, has recently been joined in service by her sister ship ARAGON, while the third of the trio, ARLANZA, named and launched last month by Lady Dorothy Macmillan, is at present fitting out and will be delivered later this year. Apart from AMAZON, eleven other merchant vessels comprising oil tankers, cargo and refrigerated cargo liners for British owners and two coastal minesweepers MOSSELBAAI and WALVISBAAI for the South African Navy were delivered.

Our current building programme includes the 45,000-ton Passenger Liner CANBERRA for the Peninsular and Oriental Steam Navigation Company, which was named and launched in March of this year by Dame Pattie Menzies, wife of the Prime Minister of Australia. This remarkable ship, the design and construction of which have aroused world-wide interest, is the largest merchant vessel launched from a British yard since 1938. Other vessels building or on order include large oil tankers, bulk carriers, cargo and refrigerated cargo liners for British and foreign owners.

Naval construction work continues to constitute an important element of our programme. The Frigate TRISHUL was handed over to the Indian Navy early in 1960 while work continues on the Light Fleet Carrier HERCULES, also for the Indian Navy. Contracts for HM Navy include the Frigate BERWICK, at present fitting out, the Frigate WEYMOUTH and the Guided Missile Destroyer KENT, which are in the early stages of construction.

DIVISIONAL ACTIVITIES

The Marine Engineering Division operated throughout the year at a high level of capacity. Apart from the construction and installation of main and auxiliary machinery for merchant and naval vessels building in the Company's shipyards, a number of important main machinery installations were completed for hulls under construction in the yards of other shipbuilders. The output of main propelling units during the year amounted to 221,660 IHP.

Despite some recession in demand, the output of the Industrial Engine and Electrical Divisions has been satisfactorily maintained, and I am pleased to be able to record an increase in our output of H. & W./Cooper-Bessemer gas compressors.

Our Steel Constructional Division continues to make an important contribution to the Company's economy.

As I have already mentioned, the present world conditions have led to a substantial reduction in the volume of work handled by the Company's Repair Establishments at London, Liverpool and Southampton and there is, unfortunately, as yet no appreciable sign of recovery in the shiprepairing industry.

The high rate of launchings and completions which we have maintained for the past three years has naturally reduced our order book. Unless we succeed in obtaining a substantial inflow of new work in the near future our position is bound to be affected.

THE OUTLOOK

Prominent shipowners have emphasised in recent months that trading conditions in general have shown little sign of improvement in the course of the past year and there seems to be little prospect of any material change in the immediate future.

It may well be that some time will elapse before the stage is reached at which current world shipbuilding capacity is matched by demand. Nevertheless, even in times of depression ships are required for specialised service and whilst the current market prices for vessels of this type are far from remunerative, we are making every endeavour to obtain a sufficient volume of work to enable the resources of the Company to be employed to the best possible advantage.

In conclusion, I would like to take the opportunity of thanking all members of our organisation for their loyal co-operation and service throughout the year.

The Report and Accounts were adopted; the proposed dividend was approved; the retiring Directors, namely, Sir Andrew McCance, Mr C. C. Pounder, Dr Denis Rebbeck and Mr W. T. Underwood were re-elected. Messrs Price Waterhouse & Company were re-appointed Auditors and their remuneration was fixed.

The meeting terminated with a unanimous vote of thanks to the Chair.

DUNLOP

RUBBER COMPANY LIMITED

Turnover Reaches £261,000,000

"The year 1959 has been a year of good progress for the Group and it is a matter of considerable satisfaction that we were able to show record figures."

The 61st Annual General Meeting of Dunlop Rubber Company Limited was held on May 23rd at the Piccadilly Hotel, London, W.1. Mr G. E. Beharrell, The Chairman, who presided, said :—

Results for 1959—Increased Sales

The volume of goods sold increased by about 8 per cent compared with 1958, and turnover by 7 per cent—or £18 million—to a total of £261 million. The turnover in the second half of the year was particularly satisfactory. This increased volume, together with new equipment and refinements in method, resulted in a substantial increase in our efficiency and in lower conversion cost.

Certain other factors, however, have operated in the reverse direction. Of these factors—the increase in natural rubber prices, higher wages and keen competition—the most important was the additional cost of natural rubber during the year.

Cost of Rubber.

The Directors' Report refers to the fact that the price of natural rubber increased from 24¼d. to 36¼d. per lb., and although our increased proportion of synthetic rubber makes us less vulnerable to price fluctuations the tonnage involved in our consumption of natural rubber, 61 per cent of our total usage, is still considerable. Our Plantations only supply a small part of the Group's requirements and so there was a substantial increase in our raw material costs in 1959.

Nevertheless, we have been able to anticipate or meet competition and improve our profit margin in relation to turnover. The profit margin (before tax) has been restored to the 1957 level of 5.4 per cent after the dip to 5 per cent in 1958. Although this improvement is gratifying, the rate is still modest; but our business is highly competitive. The ability to operate satisfactorily on low margins depends on the extent of turnover in relation to capital employed.

Return on Capital.

In my speech last year I told you that we did not consider our return on capital employed to be high enough and that our efforts were being directed towards producing a better result. Our return this year has increased from 11.4 per cent to 12.5 per cent, which is the best since 1954. This is still lower than we would like to see but the improvement represents real progress.

Growth.

Our activities in the United Kingdom continue to represent about 40 per cent of the Group's business and although our turnover increased in 1959 much of this increase reflected the higher level of activity of the Motor Industry. The profit from our United Kingdom activities was, therefore, only slightly higher than in the previous year.

Having regard to what I have said about the importance of volume to us, we are expanding our production facilities to cater for the new plans of the Motor Industry. Our tyre producing factories in the United Kingdom are located not only in the Midlands but also on Clydeside and Merseyside and so are well sited for the new locations recently announced by vehicle manufacturers. You will have noticed from the Review of Divisions and Subsidiary Companies the several forms of growth in which the Group is engaged—expansion in established markets, the establishment of plantations and factories in new places, the development of new products and our substantial shareholding in the International Synthetic Rubber Company. In this particular regard, I am pleased to say that our investment is now showing a return, that Company having paid its first dividend in 1959. This is a successful venture and we can confidently expect an increasing return on our investment.

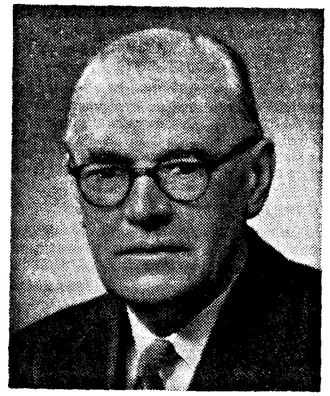
Overseas Affairs

The final part of what I have to say today will, with your permission, be devoted to one aspect of our overseas business. With 60 per cent of the Group's assets and 70 per cent of the profit abroad, it is one of your Board's main concerns to formulate policy towards the several developing areas of the world. Inevitably with interests so widespread there must be ups and downs in the trading experience and results of individual companies; but overall the 1959 results from our overseas operations and exports from the United Kingdom have been highly satisfactory. The profit increased considerably both absolutely and as a proportion of the Group profit.

There is no fine division between the work of the Group at home and its work abroad. Indeed, there is a unity of purpose that gives the Company much of its inspiration and strength. But it is salutary to remember how international Dunlop has become over the years with rubber plantations and more than one hundred factories in twenty countries. Our interests are well spread across the five continents but Africa is an area that calls for special thought as we enter the nineteen sixties. How do we weigh the opportunities of growth against the risks of unforeseen change in that potentially rich area?

Africa.

An understandable feature of many of the developing countries in Africa, as elsewhere, is the intense and widespread desire to raise living standards. Equally understandable is the way that these countries look to the richer nations of the world to help them achieve this end. There are indications that in the next few years programmes of global aid will be enlarged and extended. But there will remain a central role for private industry to play, and, as an international company, we have recognised and do



G. E. BEHARRELL, Chairman.

recognise the needs of developing countries, and our opportunities and responsibilities.

One of our more recent ventures is the rubber estate which is being prepared in Nigeria. Over half of the 21,000 acre site has been cleared and almost all the cleared area has already been planted. When it is completed it will be the largest single plantation in Nigeria.

The Nigerian Governments urgently wish to develop plantation industries, for which much of the land in the Eastern and Western Regions of the country is eminently suited. Our project will make a substantial contribution to the Nigerian economy, both as a source of natural rubber and as a revenue earner. It will also be of considerable value to the Group.

Factory in Rhodesia.

The Group's newest factory, in Bulawayo, Southern Rhodesia, was opened in July, 1959, and is designed to serve the Federation. When I visited the factory at the beginning of this year I was impressed, as so many others have been, at the speed with which a fine factory could arise on what, not many months previously, had been bush land.

The Government of the Federation is well aware of the need for industrialisation. One problem which it has in common with other developing countries, and also with many other countries for that matter, is the probability that over the next decade there will be a shortage of capital for investment and that there will be many competing claims for the available resources. Inevitably, it must recognise the compelling need to create a climate in which industry can flourish.

This goes beyond such measures as guaranteeing the safety of the original investment and of freedom to repatriate capital and dividends, although these things are important. In my view it extends to a reasonable expectation that immigrant industries, with all the advantages which they can bring to a country, should be given time and positive encouragement to establish themselves securely. That means being able to generate within themselves the ability steadily to re-equip and expand.

On our results so far, I should explain that the first few months of the year are not as a rule our best period; but I can say that the provisional Group trading figures for the first quarter show an advance on the results for the corresponding period of 1959. Much can happen yet, but 1960 has made an encouraging start.

ALUMINIUM-INDUSTRIE-AKTIENGESELLSCHAFT CHIPPIS

ZURICH, SWITZERLAND

SWISS ALUMINIUM PRICES STABLE

NEW POWER STATIONS IN SWITZERLAND

FRIA ALUMINA PLANT ABOUT TO ENTER SERVICE

The Seventy-first Annual General Meeting of ALUMINIUM - INDUSTRIE - AKTIEN-GESELLSCHAFT CHIPPIS was held in Zurich on April 29th, and the following is a summary of the report presented by the Board:

REVIEW

During the year under review conditions in the aluminium business varied from country to country. In North America in particular the unused production capacity of the large plants exerted pressure on markets for some considerable time. In Europe employment was better and more even. Towards the end of the year, however, satisfactory conditions obtained in almost all countries where aluminium was produced or processed.

World production made further progress and rose from 3.55 million tons to 4.07 million tons. The United States led as it had done for a long time with a total of 1,772,000 tons, followed by the Eastern bloc with an estimated output of 840,000 tons, Europe with 726,000 tons, and Canada with 543,000 tons. French production rose to 173,000 tons. Norway has developed into an important export country for virgin aluminium and in 1959 reached a production of 145,000 tons. Japan registered an output of 100,000 tons.

Wage increases in the United States led to a rise in selling prices from 24.7 to 26 cents per pound of virgin metal after the Canadians had slightly increased their prices a little earlier. Compared with conditions in North America prices in Europe remained stable once again last year. There was merely an adjustment in the United Kingdom to overseas prices, and in January, 1960, a slight rise in Italy. Swiss prices of virgin aluminium have now remained stable for more than three and a half years. The same goes for the prices of semi-finished goods and foils.

Efforts made by overseas producers to sell aluminium in Europe are significant. Practically all the large American producers entered the market recently and offered the metal in all European countries at the prevailing home market prices of the country concerned. Since they also bear freight charges, duty, commission, turnover tax, etc., their profit margin is considerably smaller than the national one. The German market in particular has been the scene of a struggle and has been importing increasing quantities for a number of years. The same process can also be seen in the case of European firms trying to sell their excess production in the United States.

The output of the Company's four plants rose by some 5 per cent, excluding its share in *Mosjöen Aluminium A/S*. Semi-finished products and foils also showed an increase in output, but although all the Company's subsidiaries showed a satisfactory level of employment, in certain countries inadequate prices had to be accepted until the summer. In Switzerland, too, the situation for virgin metal, semi-finished products and foils showed a favourable development during the second half of the year. Sales of Raffinal, SAP—a metal made of sinter aluminium powder—and of Gallium were also satisfactory.

In Canton Wallis the Company is going ahead with its plans for the erection of new power stations, which will produce additional power for the plant to be built at Steg, as well as with the project for the erection of a large new rolling mill, most probably at Siders, which will in part replace existing obsolescent installations.

PARTICIPATIONS

SA des Bauxites de France at Marseilles showed an increase in production and a slight improvement in its general position.

Società Alluminio Veneto pA at Porto Marghera continues to exploit its bauxite deposits in Apulia and the Abruzzi. Its main supplies, however, come from other countries, in particular from Yugoslavia.

Martinswerk GmbH obtains its bauxite supplies from half a dozen different countries.

The Company's three alumina plants once again worked at full stretch. The large new power plant of *Martinswerk GmbH*, Bergheim-Cologne, was completed. *Società Alluminio Veneto pA*, Porto Marghera, increased its output, as did *Martinswerk*. *Société Française pour l'Industrie de l'Aluminium* at Marseilles, after an interval of many years, for the first time once again operated at a profit thanks to the devaluation of the French Franc. Its future profitability will depend on whether production costs can be kept at approximately the present level.

Work on the alumina plant of *FRIA, Cie Internationale pour la Production de l'Alumine* at Kimbo (Guinea) continued according to plan. Machinery and installations are being tested at present and the first export shipments are planned for the month of April. The plant has a capacity of 480,000 tons, 10 per cent of which represents the Company's share.

Over the whole year the power output of *Rhonewerke AG*, Ernen, was not unfavourable. At the Mörel and Ernen plants output totalled 426 m. kWh, an increase of 5 m. kWh compared with the previous year. At the plants of *Illsee-Turtmann AG*, Oberems, output reached 108 m. kWh compared with 106 m. kWh in the previous year. At *Rheinkraftwerk Neuhausen AG* (AIAG participation 80 per cent) output at 39 m. kWh showed a slight drop. *Elektrizitätswerk Rheinau AG* (AIAG participation 41.8 per cent), however, succeeded in raising output from 218 m. kWh to 245 m. kWh, with 102.2 m. kWh representing the Company's share.

Work on the *Kraftwerke Gougra AG* power station (AIAG participation 30 per cent) was completed. Supplies for the Company from the Gougra plant totalled 110 m. kWh during the year.

Water conditions at the Company's Italian power stations were satisfactory most of the year, in contrast with Austria where the situation was less favourable. Power output in the Company's plants, together with its share in other power stations, totalled almost 2,000 m. kWh.

The encouraging output of AIAG smelting plants was due to the satisfactory water position and to good market conditions. For the first time it was possible to maintain output at the Chippis and Porto Marghera plants almost at the normal level during the winter months. Both plants registered a record output. Power consumption for the production of metal was further reduced by the reconstruction of furnaces. The Mosjöen plant, in which the Company has a holding, developed satisfactorily and work on raising its annual capacity to 32,000 tons was completed recently.

The *RV Neher AG*, Kreuzlinger, foil plant reported a considerable increase in output. *Lavorazione Leghe Leggere* at Porto Marghera also registered an improvement in business in terms of both turnover and prices during the second half of 1959. The situation of *Aluminium-Walzwerke Singen GmbH*, Singen, was again encouraging as was that of the *Star Aluminium Company Ltd.* of Wolverhampton. *Laminal Rusconi Fraschini* also increased its production, as did the Jackson Plant of *Aluminum Foils, Inc.*, where there was also an improvement in quality. The Raffinal installation is being enlarged.

The first stage of the expansion of the *Aluminium Belge SA* plant at Liège has been completed. Some of the new rolling mills are already in service and some are still being tested.

In Brazil the extrusion plant of *Aluminio Industria SA*, at Pindamonhangaba, was taken into service on schedule in December.

Allega AG Zurich, which sells semi-finished products from stock, registered record turnover figures.

The *Anglo-Swiss Aluminium Co. Ltd.*, Sheffield, looks after sales of virgin metal in the United Kingdom and increased its sales.

PROFIT

The profit and loss account showed a net profit of Sfrs. 17,499,968 which, together with the balance of Sfrs. 1,812,791.26 brought forward from the previous year, produced a total of Sfrs. 19,312,759.26 available for distribution. It was proposed to allocate this sum as follows:

- to distribute a gross dividend of Sfrs. 120 to each Sfrs. 1,000 share;
- to allocate Sfrs. 1.5 m. to the special reserve fund;
- to allocate Sfrs. 2 m. to depreciation reserves;
- to transfer Sfrs. 1 m. to the provident fund;
- to carry forward the resulting balance of Sfrs. 2,062,761.26.

The report, the accounts, and the proposals put forward by the Board were adopted.

BOARD OF DIRECTORS

(Verwaltungsrat)

Dr Ernst Wetter, Zurich, resigned as Chairman, but remains on the Board; Mr Fritz Schnorf, Meilen, formerly General Manager, has been elected new Chairman.

The members of the Board are: Fritz Schnorf, Meilen, Chairman; Robert Naville, Cham, Deputy Chairman; Dr h.c. Carl J. Abegg, Zurich; Dr Anton Bettschart, Rolle; Dr Robert Bühler, Winterthur; Heinrich Hürlimann, Zurich; Frédéric Maurice, Geneva; Cyrille Pitteloud, Sitten; Dr Rudolf Speich, Basle; Dr Ernst Wetter, Zurich.

CADBURY BROTHERS LIMITED

GROUP SALES EXCEED £85 MILLION

PROGRESS OF OVERSEAS INTERESTS

MR PAUL S. CADBURY ON THE YEAR'S DEVELOPMENTS

The sixty-first annual general meeting of Cadbury Brothers Limited will be held on June 13, 1960, at Bournville, Birmingham.

The following is a statement by the Chairman, Mr Paul S. Cadbury, which has been circulated with the report and accounts.

RETIREMENTS

Since the last annual general meeting Mr Laurence Cadbury who had been Chairman from 1944 to 1959 has retired after forty years as a Managing Director. As a Director of the Holding Company he continues as Chairman of its Finance Committee. Mr Arthur Whittaker who served the firm first as solicitor and for the last eleven years as a Managing Director also retired last year. Mr Charles Cadbury, Mr C. Raeburn and Mr R. N. Wadsworth have been appointed Managing Directors.

RAW COCOA

During the 1958-59 season there was a good crop of cocoa in West Africa; 255,000 tons in Ghana as compared with 207,000 tons in the previous season. The spot price fell from about 300s. per hundredweight earlier in the year to 235s. on December 31st. In accordance with our usual practice we wrote down our stocks to the market price. The firm continues to encourage the growth of cocoa in the tropics. Although the price fluctuates, it is significant that the average world price of cocoa for the last five years has been about 280s. c.i.f. UK. This offers a very good return to the growing countries as compared with other tropical crops. In December I was glad to see the Firm's plantation at Ikiliwindi in the British Cameroons. This large cocoa farm was started four years ago and is developing very satisfactorily. The first cocoa was harvested this year. Our relationships with the various governments in West Africa continue to be excellent. Mr W. R. Feaver, our General Manager, was invited by the Prime Minister of Ghana to serve on the Industrial Development Corporation and at his request a report was made by the head of our Education Department at Bournville on the training for management which is so essential if industry in Ghana is to be developed successfully.

TRADING CONDITIONS

In 1959 the demand for chocolate and sweets in this country dropped from the high 1958 level of 8.3 ounces per head per week, to 7.8 ounces per head per week. On the home market our sales have reflected this fall and in 1959 our revenue from Cadbury proprietary lines was slightly down compared with the all time record in 1958. This was in part due to the exceptionally hot summer which undoubtedly affected the demand for chocolate. To some extent the value we could offer was also affected by the high price of raw cocoa. I am glad to say that we have been able in 1960 to decrease the price of some of our moulded chocolate lines and increase the weight of others.

In the export market sales have increased especially in the dollar markets. Our overseas factories have also had a good year, particularly in Australia, New Zealand and Ireland. The combined turnover of all our overseas manufacture now stands at over £17 million, an increase of over £1 million compared with 1958. We started manufacturing overseas after the 1914-18 war. In the early days most of the Managing Directors and technicians of the companies we formed came from this country. Increasingly over the years the overseas companies are recruiting their own nationals to the Boards and higher Management. Whereas in the past the flow of ideas was from the home factory to the overseas factories this is now a two way traffic. During the year our colleagues in Australia have built a new modern milk condensing factory which is likely to prove a model for our factories in the rest of the world. This is an example of Anglo-Australian co-operation to which the technical experts in both countries have contributed equally. The original research was started in this country ten years ago by our Research Engineers and Chemists at Bournville. Its translation into a production unit owes much to the Engineering Director of our Australian company who visits this country regularly.

Our group sales at home and overseas have risen from £84,200,000 to £85,100,000.

FACTORY SPACE

Further developments have taken place at our factory at Moreton on the Wirral peninsula and by the end of 1959 work had started on a very large building to which we expect to transfer a further section of our assortment production. This section employs a larger amount of labour per ton manufactured than the average. At Bournville itself we are hoping over the next three years to replace some of the seventy- and eighty-year-old buildings which, although structurally sound, fall short of modern standards. Before we could pull anything down we had to build during 1959 a large new block to house some of our offices. This is completed and the plans to pull down the first of the old buildings are now approved. Although we hope to replace much of the original factory with modern buildings, it is not expected that the total numbers employed at Bournville will rise above the present level. The introduction of a shorter working week in the near future, which has now been agreed in principle at the Joint Industrial Council for the industry, must have an effect on the numbers employed and on the availability of factory space. We accept the need for spreading the industrial load to other parts of the country and have during the year transferred some of our chocolate making and moulding to Moreton. The new Block to which I have already referred as under construction, will house an increased proportion of our chocolate assortment manufacture. Though we have been very successful in moving large units of established production to the factory at Moreton we still find it essential to develop new ideas and new lines at Bournville. The development of new processes involves much more than the development of the product. Sometimes years must elapse before all the problems of entirely new production are solved. During this period it is essential that the full team of experts is available at headquarters if serious mistakes are to be avoided. New lines are subject to unpredictable fluctuations in sales and our industry is in any case subject to considerable seasonality. For these reasons we like to develop most of our new ideas at Bournville. We have introduced automation into many of our processes during the past year. At Moreton where there is plenty of space many of the major processes are now automatically controlled and increasingly raw materials are supplied in bulk. It will not be possible to apply some of the latest technical developments at Bournville until the new buildings are erected in two or three years time. We are finding that the provision of wider roadways for road delivery is necessary, and we are giving a great deal of thought to the need for additional space for car parks in the vicinity of our factories.

PERSONAL RELATIONS

No field of industry is so important at the present time as that of personal relations. We have always believed that in this field a great deal depends on good communications. At Bournville and in our other factories this matter has always received close attention. We have good and close relationships with the Trades Unions. The first Works Councils (which are internal organisations comprising both management and workers) were started as long ago as 1918 and their most important feature is the work of the Shop Committees. At Bournville alone there are 104 Shop Committees which meet regularly.

One of the most significant changes in industry since the war has been the increased employment of married women. At Bournville we now have over 3,000 married women on our books, the majority working part time. It has been more difficult to integrate this section of our workers into the community than others. Nevertheless many who started at Bournville in their early teens and then returned after their children were old enough to go to school, have long service with the company. I am very glad to be able to report that for those married women who work full time the facilities of our pension fund are now available on the same terms as for single women.

Another feature of good communications is our house magazine, the Bournville Works Magazine, of which 17,500 copies are published monthly. While this reports those things that are of interest and importance to our employees, such as social and sporting events, it is increasingly a medium for letting those who work in one department of the factory know about other departments and about matters of general interest and importance to our industry. Directors regularly make statements to the Works Councils and members of Shop Committees, which are fully reported. Not only has the Magazine a large circulation, but it also has a very wide readership. The latest development in this field is a new magazine at Moreton. This consists of a few articles of general interest which are reproduced from the Bournville Works Magazine, and a section dealing with news of the internal affairs of the Moreton factory.

During 1959 the National Insurance Act was passed providing for the payment by the Government of improved retiring pensions. The Trustees of our Men's and Women's Pension Funds are giving careful thought to the implications of the new legislation.

RESULTS

The writing down of the value of our stocks of cocoa has resulted in a substantial fall in the group net profits for 1959 to 2.4 millions. I have every confidence that we shall be able to recover a large part of this writing down in 1960.

It may be thought from the accounts that the ordinary shareholders in the British Cocoa and Chocolate Company Limited received a very substantial increase in dividends. This, in fact, was not so. In order that the Company's Profit Tax Liability should not be unnecessarily increased the Directors did not recommend payment of ordinary dividends in March and April, 1959, out of the profits of 1958, which is our usual practice, but out of the profits of 1959. If these interim dividends paid in March and April, 1959, were excluded from the dividends for 1959 and added to those of 1958, the total dividend paid and proposed for 1959 is only a little more than that for the previous year.

There is little doubt that our industry is meeting stiff competition. The shortages of materials caused by the war and its aftermath have been removed. Although there is more spending money available than ever before this is heavily committed on hire purchase. Competition is, however, good for all of us and I have every confidence that we shall be able successfully to meet the problems of the sixties as we met those of the twenties and thirties.

TOZER KEMSLEY & MILLBOURN (HOLDINGS) LIMITED

The twelfth annual general meeting of Tozer Kemsley & Millbourn (Holdings) Ltd., will be held on June 15th in London.

The following is an extract from the circulated statement of the chairman, Mr Joseph R. Millbourn:

The Trading profit of the Group, at £436,034, is £226,302 less than last year. Net profit, after taxation, at £274,658, is only £72,521 less than last year. The reason for the relatively smaller reduction in Net Profit is that the charges for Overseas and United Kingdom Taxation are reduced by reliefs claimable this year in respect of certain provisions set up in previous years for doubtful debts which can now be established for taxation purposes.

The falling off of turnover in the first quarter of the year, to which I referred last year, continued throughout most of the year. This reduction in business was common to most of our principal markets. Conditions generally were highly competitive, resulting in narrower margins of profit for our customers and ourselves. In these circumstances, it is almost inevitable that our experience of the collection of payments due to us should deteriorate.

The current year has started well; our turnover for the first quarter of the year is well ahead of the same quarter last year and this is spread over most of the countries we serve.

BICC

Mr W. H. McFadzean on conditions in Cable Industry, strength of Group and expanding opportunities

In reviewing the world-wide activities of the British Insulated Callender's Cables Group for the year to 31st December, 1959, the Chairman, Mr W. H. McFadzean, stated:

★

Group sales totalled £128,000,000 as compared with £110,000,000 for 1958 reflecting not only the addition of new subsidiaries but a higher level of activity. Of this total £38,000,000 or some 30% represented exports from the United Kingdom and sales of Overseas Companies—a contribution to the vital overseas income of the country which we are constantly striving to increase.

★

We in BICC, as the largest Group—by a considerable margin—of cable manufacturers in this country, and indeed we believe in the World, have given a lead to the industry by raising prices to some extent, although these have by no means brought us back to overall economic levels. The achievement of the latter must remain one of our objectives and there are encouraging signs that other Companies are thinking on similar lines to ourselves.

★

The overall results for 1959 emphasise the underlying strength of the BICC Group which stems from the broad base of our activities and the wide geographical disposition. In the Group itself we operate thirty-two factories at home and eleven overseas, supported by a network of selling organisations and construction establishments throughout the World.

★

The installation of the new automatic Copper Rod Rolling Mill, to which I referred in my Statement last year, was completed as planned. We deeply appreciate the honour paid to us by the President of the Board of Trade, the Rt. Hon. Reginald Maudling, M.P., in performing the official opening ceremony. All indications are that this Mill, the most up to date of its kind in the World with a normal production of 100,000 tons of rod per annum, will fulfill our high anticipations.

★

In assessing the outlook for the BICC Group account must be taken of the international scene in view of our numerous interests overseas. Although as always there are plenty of problems around, all indications point to there being a further expansion in word trade in 1960 and the challenge to all of us in Britain is surely that we should obtain a greater proportion of it. We shall only succeed, in my opinion, if we still further broaden and intensify our selling effort overseas and if we are successful in controlling inflation and thereby in keeping our costs and prices competitive.

★

I believe there will be plenty of business available during 1960 and we in BICC shall certainly endeavour to take our full share. Our main problem will be the price at which our goods are sold, particularly in that disturbed part of our business, low-voltage mains and wiring and general cables. To my mind, however, the most important single factor here is whether the self-discipline which several companies have imposed will be sustained. If it is, then 1960 whilst not producing satisfactory results in this range of our products may prove to be a very important year in that it may witness stability being reintroduced into the cablemaking industry on which a more economic future can be built.

★

As regards our other wide and important activities, I feel we can look forward to a satisfactory year. Competition will be keen but with the broad base of our products and their geographical spread we can meet any reasonable competition.

1960 is likely to be a difficult year, but I am quietly confident that we shall meet the challenge successfully and I see the future as one of expanding opportunities and prospects.

RECKITT & COLMAN HOLDINGS LIMITED

CONTINUED EXPANSION OF WORLD-WIDE SALES

IMPROVED TRADING PROFIT

MR J. B. UPTON'S STATEMENT

The seventh Annual General Meeting of Reckitt & Colman Holdings Limited will be held in the Connaught Rooms, 15, Great Queen Street, London, W.C.2, on Friday, June 17, 1960, at 11.30 a.m.

The following is an extract from the Chairman's Statement in respect of the year 1959:

SALES

Group sales throughout the world, excluding inter-company sales, rose in 1959 by approximately 6 per cent—a rate of progress very similar to that recorded in the previous year. In both cases, new businesses acquired during the year contributed a modest quota to the improvement.

Trading profit rose by 16 per cent from £8,589,000 to £9,992,000 and much of this improvement is attributable to our operations overseas where, on this occasion, after allowing for last year's provision of £160,000, exchange losses amounted to only £32,000 as against £426,000 in the previous year; it has not been thought necessary to make a provision this year. South America is the principal area in which these losses regularly seem to arise. The amount allocated to the employees' profit-sharing scheme rises from £430,000 to £500,000.

The consolidated profit for the year, after taxation, is £5,371,000 (£4,481,000 in 1958), and out of this sum £517,000 (£511,000 in 1958) has been transferred to the reserve for replacement of fixed assets.

DIVIDEND

When sanction was given a year ago at an Extraordinary General Meeting for a scrip issue of two new shares for every three then held, the Directors forecast that they would be able, in respect of 1959, to recommend ordinary dividends totalling not less than 9 per cent on the increased capital. As the year progressed, it became apparent that our results would justify a higher figure and the 9 per cent was raised to a promise of 10 per cent when the interim dividend was announced in November, 1959. The accounts for 1959 and your Directors' belief in the prospects for 1960 are such that they can recommend a final dividend of 7 per cent, making 12 per cent in total in respect of 1959, while still retaining a sufficient margin of safety to take care of such uncertainties as may lie ahead. So far our 1960 returns are in accord with your Directors' expectations.

The increase in the rate of Profits Tax (from 10 per cent to 12½ per cent) is a proposal in the current Finance Bill which directly affects your Company. In a full year, at our 1959 rate of earning, it would increase our liability to taxation by about £125,000, after allowing for such double taxation relief as may be obtainable. It is regrettable that the "touch of the brake" which Her Majesty's Chancellor of the Exchequer has found it necessary to apply should divert to the Treasury money which would otherwise be reinvested in our business.

TRADE

As I have said the Group's sales in 1959 were satisfactorily greater than they were in 1958 which was itself a record year. Very few price adjustments were made in this period of comparative economic stability and progress abroad was fractionally better than it was at home.

Some of the sales growth, at home and abroad, is due to businesses acquired during 1959 or the latter part of 1958, but the largest part results from the development of our existing lines, old and new.

Reckitt & Sons Limited had a good year; household goods, toiletries and pharmaceuticals all contributing to the increase in total sales. Windolene, which I mentioned as a growing household line last year, again did very well, as did Steradent and Nulon amongst the toiletries, whilst Dettol enjoyed record sales to the general public.

Reckitt's Chemical Subsidiaries again faced intense foreign competition for their specialties in export markets but in general held their own well; while Reckitt's (Colours) Ltd. recorded a satisfactory increase in sales and profits.

The share capital of D. R. Collins Ltd. has also been acquired recently. This leading perfumery group, whose best known mark is "Goya," has its headquarters and factories at Amersham in Buckinghamshire. Its business will continue to be conducted from there by the excellent existing organisation.

The control of Vitax Ltd. has also passed into Reckitt hands. Vitax is the agricultural and horticultural fertilizer firm with an exceedingly good reputation which has been giving technical advice and service to Reckitt's in the latter's experimental entry into the gardening products field.

J. & J. Colman Limited also recorded an increase in sales and profits. The exceptionally fine summer in 1959 encouraged the consumption of soft drinks and the Robinson brand benefited thereby. Competition in this field is growing in its intensity but Colman's are well equipped to hold their own, though a cold summer could mean that the consumption of even Robinson's Lemon Barley Water might decline for the time being.

Colman's subsidiaries also had a more profitable year though, as I suggested in my last statement might be the case, the total sales of Joseph Farrow & Co. Ltd. did not reach so high a level as they did in 1958.

Chiswick Products Limited.—The sales and the profits of the Chiswick group in 1959 were an improvement on those in 1958 but, in face of rising costs, it was not possible to keep all consumer prices as low as had been customary. A small price increase for some lines thus became necessary towards the end of 1959, but this scarcely affected the results for that year.

The Floor and Furniture Polish market is also highly competitive with increasing interest in those products formulated with the addition of silicones. Mansion and Min are of the highest quality and made good progress.

The integration of the Meltonian and Wren businesses, to which I referred last year, has proved highly successful. Meltonian-Wren Ltd. with Properts Ltd. handle most of the specialties for the shoe trade and both had a good year.

The share capital of Floor Treatments Ltd. of High Wycombe, Bucks, has been acquired since the end of 1959. The business of this company is the supplying of semi-permanent finishes for wood and other hard floor surfaces and the maintenance of those finishes, and it is thus directly complementary to some of the normal Chiswick trade. The rights outside the USA in Ovenstick, a safe and handy cleaner for the insides of domestic cookers, has also been acquired, as has the share capital of Kay Brothers Ltd. of Stockport, one of whose products is an excellent firelighter called Zip.

Sissons Brothers & Co. Limited.—Competition in the paint industry continued to be keen during 1959 but Sissons' total sales were well maintained; their export trade showed a satisfactory increase and profits improved.

During 1959 Sissons acquired the whole of the equity capital of Porter Paints Ltd. with factories in London and South Wales. Porter caters almost exclusively for the industrial paint market and will add to our technical and commercial ability to handle this class of trade, at home and abroad, while Porterfleck—a new multi-colour paint—should also interest the decorating trade.

The R.T. French Co. in USA again beat its previous sales record, in face of very severe competition to one of its major developing lines —French's Instant Potato. Very heavy advertising is needed in the market and the overall increase in profit was slight. A line of pickles has been added to the R.T. French range by the purchase of L. C. Forman & Sons Inc. of Pittsford, NY.

Reckitt, Colman, Chiswick (Overseas) Limited is responsible for the Group's trade outside the UK and the USA. The increase in overseas sales was somewhat greater in 1959 than it was in 1958, which was itself a year of good progress. Natural population increases, higher purchasing power and the introduction of new lines have in many countries started to strain our production facilities which are being increased in consequence.

The statement reviewed the progress made by the overseas companies and concluded with a tribute to the Staff and Employees.

Dresdner Bank's Successful Year

Total Assets DM 7,600,000,000 – Reserves Exceed Authorised Capital – High Earnings

During 1959 the Dresdner Bank was able to extend its business connexions at home and abroad still further. The number of customers rose to nearly 800,000. It co-operates with 3,000 correspondent banks throughout the world in the field of foreign trade financing and in money market and securities operations.

The Bank's total assets increased in 1959 by 16% to DM 7,600,000,000. Deposits rose by 19% to a total of DM 6,700,000,000. The total volume of credit, made up predominantly of short-term advances and bills, including guarantees, passed the DM 5,000,000,000 mark for the first time; this increase was, however, lower than the rise in deposits. At the same time, the Bank increased its liquid reserves considerably. It deposited substantial sums from its liquid resources with foreign banks, and invested in foreign Treasury Bills and Treasury Bonds, its holdings of these increasing by nearly DM 400,000,000 to DM 520,000,000.

Since the currencies of all important industrial countries became freely convertible, the Dresdner Bank has been able to intensify its stock exchange dealings on security markets abroad. It has played a leading part in the listing of shares of important foreign companies on German stock exchanges and also participated in the issue of World Bank Loans.

Foreign securities have recently been added in increased measure to the portfolios of the Funds of the German Investment Trust (DIT), which was founded by the Dresdner Bank in 1956. With the launching in January of this year of the TRANSATLANTA Fund, which includes leading shares from eight European and overseas countries, the German Investment Trust now manages four investment funds, of which more than 8,000,000 certificates valued at DM 800,000,000 are in circulation at present. The expansion of business in practically all fields has prompted the bank once more to increase its capital. Of the 1959 earnings, DM 40,000,000 have been added to published reserves; unpublished reserves have also been strengthened. The Annual General Meeting held in Frankfurt am Main on the 29th April decided, apart from declaring a dividend of 16% (compared with 14% for the previous year), to increase the capital by DM 40,000,000. When this capital increase has been effected, the Dresdner Bank will have a share capital of DM 220,000,000 and published reserves of at least the same amount.

In order to meet its customers' requirements, the Dresdner Bank, which maintains regional head offices in Düsseldorf, Frankfurt am Main and Hamburg, has further enlarged its network of offices in the German Federal Republic. Forty-five new branches were opened between January, 1959 and April, 1960. Altogether, the Bank has at the present time over 290 branches and offices in 180 cities and towns. It is represented in West Berlin by its subsidiary, the Bank für Handel und Industrie AG, with a further 35 branch offices. The Dresdner Bank maintains representative offices abroad in Istanbul, Cairo, Madrid and Paris. In collaboration with the Deutsch-Südamerikanische Bank AG, its affiliate, joint agencies are maintained in important centres in Central and South America.

Main Items of the 1959 Balance Sheet as compared with 1958 (Millions of DM)

ASSETS	1959	1958
Cash and due from Central Bank	848.94	799.07
Due from Banks and Cheques	465.77	221.37
Bills, Treasury Bills and Medium-Term Notes	2,536.57	2,037.47
Fixed-Interest Bearing Securities	516.11	534.66
Shares and Participations	353.11	355.59
Equalisation Claims	234.22	237.54
Debtors	2,180.49	1,925.13
Long-Term Loans	210.68	215.12
Real Estate and Equipment	100.10	97.20
Other Assets	120.03	93.53
	7,566.02	6,516.68
LIABILITIES		
Deposits	4,541.27	3,915.06
Savings Accounts	1,223.49	936.26
Total	5,764.76	4,851.32
Deposits of Banks	983.08	841.56
Due to Foreign Banks (Nostro Liabilities)	7.84	46.16
Long-Term Funds	129.00	162.97
Own Acceptances	—.—	—.—
Capital and Reserves	300.00	350.00
Special Reserves	228.64	206.22
Other Liabilities	62.70	58.45
	7,566.02	6,516.68
Guarantees	857.62	925.95
Bills Endorsed	113.25	141.16
EXPENDITURE		
Salaries and Other Staff Expenditure	135.48	124.21
Other Expenditure	40.55	37.98
Taxes	105.22	63.38
Net Profit	28.80	25.20
	310.05	250.77
REVENUE		
Interest and Discount	138.24	118.65
Commission and Fees	171.81	132.12
	310.05	250.77

DRESDNER BANK
AKTIENGESELLSCHAFT
Düsseldorf • Frankfurt am Main • Hamburg

FRANCIS SHAW & CO. LTD.

The fifty-first annual general meeting of Francis Shaw & Company Limited was held on May 24th in Manchester. The following are extracts from the statement of the Chairman, Dr J. G. Mackay, as circulated with the Report and Accounts for the year ended December 31, 1959:

The increase in the group trading profit from £370,004 to £539,588 arises solely from an increase of over 47 per cent in sales, which reached a new record. The planned level of increased production mentioned in last year's Report was maintained throughout the year and is continuing. The value of new orders booked during 1959 has exceeded the value of machines shipped but competition both at home and overseas is keener and margins are narrowing.

It is recommended that the Company should raise additional £450,000 of new money to finance:

1—Additional expenditure on the provision of further manufacturing space and Plant and Machinery at the Works of the Parent Company.

2—Expansion of the manufacturing facilities of our Canadian subsidiary.

3—The subscription for controlling interests in the new selling subsidiaries in Australia, in the Netherlands and in Italy.

4—The purchase consideration for Joseph Robinson and Company (Holdings) Limited, and expenditure on Plant and Machinery for the Works of this subsidiary.

5—Additional Working Capital.

The method proposed is that Ordinary Shareholders on the Register at the close of business on May 9, 1960, shall be offered as Rights 300,000 new Ordinary Shares of 4s. each and £300,000 6½ per cent Convertible Unsecured Loan Stock 1975-80 in the proportion of One Unit comprising one Ordinary Share and £1 Loan Stock in respect of every 10 Ordinary Shares held on that date, the price to be 30s. per combined unit payable in full on acceptance.

VALUABLE EXPORT ORDERS

In spite of keener competition, we have improved our position in many overseas markets. We have largely completed delivery of our share of the contract secured by Rustyfa Limited in 1957-58 for all the plant and machinery for a large tyre factory now being erected at Dnepropetrovsk, USSR. Early in 1959 we booked valuable orders from Poland, Bulgaria and Yugoslavia, against which we are now delivering. In June, 1959, Rustyfa Limited signed a contract worth £7,500,000 with Masinimport, a department of the Rumanian Ministry of Foreign Trade, to supply the complete equipment for a tyre factory to be erected near Bucharest. We, in consequence, have secured large orders for rubber machinery to be delivered in 1960-61.

Our successes have not been limited to Eastern Europe. During the year we won substantial orders for delivery to Morocco, Iran, Israel, Canada, Argentina, Western Germany, Holland and Spain, and in our current order book 26 different countries are represented.

The expansion plans recently announced by the British Motor Industry have produced a welcome revival in the Home market. Substantial orders for tyre and other rubber machinery have been placed with us in the past five months.

The report and accounts were adopted.

LONDON BRICK COMPANY LIMITED

RECORD LEVEL OF PRODUCTION AND DELIVERIES

OUTPUT FACILITIES AGAIN EXPANDED

POLICY OF PRICE STABILISATION THREATENED BY RISING COSTS

MR A. T. WORBOYS ON THE YEAR'S ACHIEVEMENTS

The sixtieth annual general meeting of London Brick Company Limited was held on May 24th in London.

Mr A. T. Worboys, CBE (the chairman) presided and, in the course of his speech, said:

The Profit on Trading and Sundry Income for the year amounted to £2,855,468 and compares with £2,589,311 for 1958. After deducting depreciation, £475,000, and the Directors' remuneration, the net profit for the year amounts to £2,315,598 compared with £2,130,575 for the previous year. Taxation amounts to £1,150,533 and the net profit after taxation is £1,165,065, an increase of £204,328. After adding the unappropriated balance on Profit and Loss Account brought forward at the beginning of the year amounting to £384,639 and the taxation adjustment in respect of the previous year amounting to £100,533, the balance available amounts to £1,650,237.

Pursuing our usual conservative policy, we have transferred to General Reserve the sum of £600,000 out of the available balance and after deducting the net dividends on the 8 per cent Cumulative Preference Stock and the net interim dividends of 20 per cent on the Ordinary Stock, there remains a balance carried forward of £393,637. The Directors do not recommend any further dividend for 1959.

In the Directors' opinion it is necessary and desirable to bring the Issued Capital of the Company more into line with the book value of the assets of the business. At an Extraordinary General Meeting proposals will be submitted to capitalise £1,300,000 from General Reserve and to make a bonus issue to Ordinary Stockholders, thereby raising the Issued Capital of the Company to £6,900,000 comprising £400,000 8 per cent Cumulative Preference Stock and £6,500,000 Ordinary Stock.

Dealing now with our two Subsidiary Companies, Stewartby Housing Association Limited continues in full operation.

As regards Transformers (Watford) Limited, our manufacturing Subsidiary, the factory output during the year reached a record level but, despite lower profit margins which have persisted in the heavy electrical plant manufacturing industry for the past few years, the trading profit shows an upward trend which, under prevailing conditions, can be regarded as satisfactory.

The value of orders on hand at the close of the year was not unsatisfactory, despite severe competition both in the home and export markets.

THE PARENT COMPANY

Production and deliveries were the highest achieved. In the early months of the year it became apparent that the demand for our products would be very heavy and would tax our resources to the utmost. Our attention therefore had to be directed to the quickest means and methods by which increased output could be attained and all our energies have been devoted to this end.

You will remember that at our Calvert Works a new kiln was in course of construction and work had been started on the extension at our Bletchley establishment. The kiln was completed and brought into operation in the late summer and the work at Bletchley was completed by November. Despite the additional production obtained from these and other general improvements, however, it was decided that further extensions were necessary. The decision to build another kiln at Calvert was taken and, following planning, we were able to start the work in the early autumn. This kiln is now nearly completed and by July of this year will yield a useful contribution to the Company's output.

Naturally, as these improvements and extensions are completed, it is not surprising to find that each week brings a new all time Company record in some section, but perhaps the highlight of the year was Tuesday, November 3rd, when the day's make exceeded the 10 million mark. Efficient as our plant is, it is still possible, through careful study, to find ways in which a few more million bricks or a few more thousand tons of hollow clay blocks can be made available and, in the aggregate, these additions become really significant.

With production at our present level, the securing of adequate supplies of raw materials is vital. Constant attention is devoted to this matter and much careful planning is necessary.

Careful survey must be made of the requirements for the various types of bricks and, in particular, we always have well in mind the necessity of producing additional quantities of our now well known and established range of facing bricks.

Full and complete mechanisation of all stages of our brickmaking processes continues to be our objective. Modern scientific tools and electronics have been enlisted in our studies of automatic handling of our products during production and give hope that the day may not be far distant when the ideal of complete mechanisation will be realised.

Although much of our research during the past year has been concerned with specific works problems, longer term investigations and some of a more fundamental nature have not been allowed to lapse.

Our customers' requirements, both now and in the future, have been given due place in our research programme. Our studies of thermal transmission through walls have been carried on and the results continue to be of great interest, not only to architects and builders, but also to the farming industry, particularly those sections concerned with the intensive rearing of pigs and poultry.

THE BRICK SHORTAGE

During 1959 bricks were in the news. There was much comment, both in the national and provincial press, on the apparent shortage of bricks and the effect this was having on building programmes. Many reasons were put forward for the difficult supply position and, in some instances, quite unjustified criticism was made of the brick industry generally and of our Company in particular as the largest producer of bricks in the country.

It has often been said that if the building industry in this country is to operate efficiently, it must be geared over a period of years to a steady and well defined building programme. The best results cannot be expected in an industry so dependent on long term planning if the tap of investment available for building is turned on and off. This, of course, is what successive governments have done since the war, either by use of building controls or by the operation of monetary restrictions. No section of the building industry is more sensitive to these fluctuations than the brick trade.

The chairman then outlined the situation that developed in 1959, the reasons for it and the steps taken to alleviate the difficulties caused to the building industry and continued:

Whilst this was a year when demand for our bricks broke all previous records, the increased level of building did provide a ready market for all types of hollow clay blocks, production and deliveries of these products being well maintained throughout the year. The demand for our field drain pipes was also very satisfactory and deliveries in the year were substantially higher than ever before.

PRICE STABILITY

A contributory factor to the volume of our order book was the long term effect of our policy on prices which has further concentrated the heavy demand on ourselves, particularly in view of this year's rash of price increases by the smaller brickmakers.

Only by increased production and efficiency has it been possible for us to hold our prices steady since 1957 but whether, in face of mounting costs and increased wages, this position can be maintained is a matter of great concern as we wish to avoid price increases in a time of heavy demand.

THE CURRENT YEAR

Up to date our trading compares very favourably with the same period of last year. We are very busy in every section of the business and face a very heavy demand for all our products. Subject to the warning I have already given in regard to increasing costs and providing nothing of an exceptional nature crosses our path, I look forward with confidence to the results that I shall place before you when we meet again next year.

The report was adopted and at the subsequent extraordinary general meeting the proposed scrip issue was approved.

MONTECATINI

SOCIETÀ GENERALE PER L'INDUSTRIA MINERARIA E CHIMICA

RESULTS FOR THE YEAR 1959

On April 29th the Ordinary Annual General Meeting of the Società Montecatini was held in Milan, under the Chairmanship of Dr Carlo Faina, Chairman and Managing Director of the Company.

Dr Faina stated that in 1959 the Montecatini Group achieved its normal turnover increase although the volume of its productions was increased to an even greater extent than usual. The market changes, as well as developments deriving from previous investments, have resulted in bringing about a noticeable change in the activities of the Group. But in 1959, as in previous years, the Group made a powerful contribution to the Italian economic expansion. In Sicily in particular, one of the most important industrial achievements in Europe since the war took place in the San Cataldo/Campofranco/Porto Empedocle triangle, in connection with the mining and processing of potassium ores and the production of potassium and compound fertilisers.

As far as the various branches of the Group's activities are concerned, during 1959 mining production has developed steadily. Pyrite mining remained at last year's very high level, while Montecatini's bauxite production amounted to 232,000 tons, slightly more than in the previous year. Equally stabilised were the productions of blende, galena and marble in blocks. Prospecting and drilling for liquid or gaseous hydrocarbons has resulted in substantial natural gas discoveries in Abruzzo. After the conclusion of the first stage in the vast programme for the development of potassium salts deposits, the San Cataldo mine will soon be found to be one of the best productive units of Europe.

On the whole the progress of the Group's chemical activity was satisfactory. Sulphuric acid production was slightly increased and the plants for the production of superphosphate have been kept in perfect efficiency. Satisfactory results were also achieved in the field of fungicides and insecticides for agricultural use. The expansion in the production of nitrogen has unavoidably affected the level of market prices, but the technological progress achieved by the Group in this branch of activity is still far ahead, a fact not to be underestimated when considering its bearing on the situation in this sector.

During 1959 the Campofranco plants for the production of potassium fertilisers were completed. Thus the problem of the Italian potash supply can be considered as solved. As regards complex fertilisers, the Montecatini Group has been able promptly to follow the changing market trends. Progress has also been reported in the production of phosphorous, fluorine derivatives, and special metals such as titanium, zirconium etc.

In the plastics field, the Natta-Montecatini techniques in the olefins polymerisation processes have opened new avenues for chemical production. Plant for the production of polypropylene is now in operation, being built or in the designing stage in various parts of the world. In Italy production of "Moplen" (which is the trade name for polypropylene) will soon reach 30,000 tons per annum. Other polyolefins are in an advanced stage of development and some of these appear to be very promising. The Montecatini Group now produces the entire range of plastic materials at present existing on the market; this being a record which does not apply to Europe only.

In the field of man-made fibres, decisive progress has been achieved in developing the polypropylene fibre "Meraklon," which is now successfully competing with other fibres, both man-made and natural, and a wide market has been secured for this product. The processing of "Nailon," "Terital" and "Movil" is proceeding in a manner which can be said to be more than satisfactory.

In so far as the remaining chemical productions are concerned outstanding results have been achieved through the processing and marketing of paints and intermediate products. Explosives for use in the mines and for fireworks are being marketed satisfactorily.

The same may be said as regards dyestuffs (ACNA) and Pharmaceuticals (Farmitalia).

The activity of the associated companies in foreign countries has also given cause for satisfaction. With regard to research, the grant during 1959 of over 1,200 patents in more than 40 countries is a sign of the Group's achievements also in the field.

The plants built in many parts of the world provide sufficient evidence that the technical achievements of the Montecatini Group are asserting themselves not only in the fields of nitrogen and polyolefins, but also in organic and inorganic chemical production in general.

The production of electric power by the Group in 1959 was 2,800 million kWh, and the activity of the Group as industrial consultants is continuing with great success.

The production of aluminium increased by 23 per cent as compared with that in 1958, and, as consumption is expected to rise still further, the Company has completed the technical design for a new large plant.

To the long list of research institutes operated by the Montecatini Group, the Chairman has now added a new centre for paints and intermediates. Other institutes will start operation shortly.

The draft balance sheet of the Montecatini Company as at December 31, 1959, closes with a net profit of Lit. 12,412,199,497 as against Lit. 10,847,738,689 for the previous trading year. The allocation for the Sinking Fund has been fixed at Lit. 14,500,000,000 as compared with Lit. 13,000,000,000 for the previous year.

The Balance Sheet shows on the Assets side assets amounting to Lit. 313,640,384,673; under the heading "Holdings," there is a total of Lit. 54,567,021,207; the Debtors' Accounts amount to Lit. 103,211,193,984. On the Liabilities side of the Balance Sheet, the reserves are found to be decreased by Lit. 457,613,066; the Long-term Loans, on the other hand, show an increase of Lit. 5,709,580,456; the Creditors' Accounts amount to Lit. 63,234,241,114.

The Profit and Loss Account shows an increase of Lit. 12,283,919,653 in purchases, a slight increase in sundry operating costs, an increase in financing costs and the fixing of an allocation for the Sinking Fund which represents the total amount of ordinary writing-off possible with exemption from taxation. Labour and accessory costs remained almost unchanged. On the other hand, to an increase of Lit. 12,855,842,328 in proceeds from sales, increases in Income from Real Estate, in Financial Income and in Miscellaneous Receipts must be added.

The dividend for the Trading Year 1959 was fixed at Lit. 115 per share.

REICHHOLD CHEMICALS LIMITED

(Incorporating the following subsidiary companies: Beck, Koller & Co. (England) Limited, James Beadel & Co., Limited, Vinyl Products Limited and Vinatex Limited).

SUBSTANTIAL EXPANSION OF SALES

MR WALTER H. BREUER'S STATEMENT

The Eighth Annual General Meeting of Reichhold Chemicals Limited will be held on June 14th at Winchester House, Old Broad Street, London, EC2.

The following is the statement by Mr Walter Hugo Breuer, Chairman and Joint Managing Director, which has been circulated with the report and accounts for the year ended December 31, 1959:

The Annual Accounts for the Eighth year are presented in established form and reflect the year's operations of our Group of Companies and their position at the close of the year.

Profit margins are again considered satisfactory and the substantial expansion of sales has enabled your Directors to present a result showing continued progress.

DIVIDEND DISTRIBUTION

An Interim Dividend of 7½ per cent less Income Tax on the Ordinary Share Capital of the Company was paid in October, 1959. On February 9, 1960, Shareholders were allotted, by way of a scrip issue, one new Ordinary Share of 5s. fully paid for every eight Ordinary Shares of 5s. fully paid held at that date, which issue ranks for the Final Dividend now recommended in respect of the year ended December 31, 1959, of 15 per cent less Income Tax at the Standard Rate ruling on date of payment. The total of the two scrip issues which have taken place since the formation of your Company is an increase in the Issued Ordinary Share Capital of 50 per cent on which appropriate dividend increases have taken place.

In continuance of our policy of an adequate "plough-back" it is proposed both to place a further £131,467 to General Reserve and to appropriate the £78,233 10s. 0d. required for the scrip issue, out of the year's undivided profits.

In comparing the Dividend Distribution with the amount of Profit retained, I would draw the attention of Shareholders to the substantial Capital Expenditure programme to which your Group is at present committed, and to which I refer in some detail in the following paragraphs.

The Phthalic Anhydride Plant extension commenced working in December, 1959, and provides a welcome addition to the supply of this essential raw material particularly in view of the prevailing World-wide shortage with consequent substantial price increases.

In spite of this increased production the Beck, Koller Company have been obliged to purchase Phthalic Anhydride to take care of their ever-growing need.

There has been a sustained increase in the demand for Polyester resins and in order to meet the volume of requirements in this direction it was essential to plan a substantial increase in Resin production.

In other industrial fields additional productivity of resins is imperative; therefore, new plant is to be installed and should be on stream by December, 1960. This will have the effect of doubling the output of Resins at Speke with an expected reduction in overhead costs.

EXTENSIONS AND IMPROVEMENTS

During the year a new block of Research Laboratories was completed and occupied by the Research Department which is under the able direction of Dr Swann and in the same building much needed accommodation was provided for the Engineering Draughtsmen.

Other extensions and improvements such as roads, canteen facilities for work-people and staff are proceeding. A new Constructional Resin Department has been completed and will contribute to the increasing diversification in the industrial fields based on new materials.

The Vinyl and Vinatex Companies continue to expand.

In order to meet the substantial increased demand for PVC Compounds, etc., a new factory for Vinatex is being built at Havant.

New Plant is being installed and from the end of July, 1960, a welcome increase in production will meet the increased demand for Vinatex products. This could not have been met from the restricted production at Carshalton.

Vinyl Products Ltd., are developing and marketing a number of new products which will necessitate a substantial increase of production capacity over the next few years.

The large Capital Expenditure programme of the operating Companies makes it essential for us to "plough-back" money each year, in addition to the provision we make for depreciation.

CLOSE CONTACT WITH AFFILIATE COMPANIES

We continue to enjoy close technical contact with our Affiliate Companies, Reichhold Chemicals Inc., and other Reichhold Companies throughout the World and recently an arrangement was concluded between Beck, Koller & Co. (England) Ltd., and the well-known American Company, Spencer Kellog & Sons Inc., to promote selected surface coating vehicles in the United Kingdom including stable one-can polyurethanes.

You will observe that in the Notice of Annual General Meeting there are particulars of a Resolution which is being submitted to the Meeting to alter Article 13 of the Articles of Association which is being revised so as to allow the Director's signature to be mechanically applied to Share Certificates.

Once again you will doubtless wish to associate yourselves with the tribute I am happy to pay on behalf of the Board of Directors to all our Factory Employees, Technical and Administrative Staffs and Directors of Operating Companies for their continued loyalty and enthusiastic support.

BANCO DI ROMA

Capital:	Lire	12,500,000,000
Paid up Capital:	„	6,750,000,000
Reserve:	„	5,400,000,000

The Annual General Meeting of the Banco di Roma was held in Rome on April 21, 1960, at which the Balance Sheet at December 31, 1959, as well as the Profit and Loss Account, which showed a profit of Lire 814 million, were approved.

The Meeting decided—after the Board of Directors' Report had been presented—to appropriate Lire 400 million to the reserve, making it Lire 5,400 million; to distribute a dividend of 10 per cent, and pro rata for shares not fully paid up. It further provided for the election of the Board of Auditors, reconfirming in their previous offices the members, whose triennial appointments had expired.

During the meeting of the Board of Directors, which followed the Annual General Meeting, the following appointments were reconfirmed: Cav. del Lavoro Ugo Foscolo—Chairman; the Baron Professor Doctor Francesco Mario Oddasso and Doctor Massimo Spada—Deputy Chairmen.

BEYER, PEACOCK & CO. LTD.

(Locomotive Builders and General Engineers)

PERIOD OF REORGANISATION

The annual general meeting of Beyer, Peacock & Co. Ltd., was held on May 25th in London, Mr Harold Wilmot, CBE (Chairman and Managing Director), presiding.

The following is an extract from his circulated review:

The locomotive factory at Gorton entered the period I mentioned in my last review. In the long-term interests of the shareholders it was imperative to seize the right moment to embark on a major reorganisation of the factory which, in addition to retaining a Beyer-Garratt potential, would ensure conditions for the economic production of locomotive types other than steam. This reorganisation started in July 1959 and will be complete in the next few months. Your Board are convinced that the Manchester locomotive factory will then be entirely suitable for the large scale production of main line locomotives of all modern types. The prospect of keeping these facilities reasonably occupied for the next few years would appear promising. By our next Annual General Meeting I hope to be able to report a steady flow of diesel-powered locomotives from the reorganised works. Our latest estimates indicate that the capital costs involved will be reasonable and well within the financing capabilities of the Company.

Your Board have been occupied in the task of consolidating the Group and turning it into a Holding Company type of structure as indicated in my last review. The Holding Company exercise is now complete in all its major aspects and the accounts are presented in the appropriate form. The Holding Company Board is already conscious of benefits which will flow from the new organisation. I have personally relinquished a number of appointments in Subsidiary Companies—only retaining those with immediate problems or special temporary difficulties. Younger executives have been appointed to a number of key positions, and I have every confidence that this general move is in the best interests of the proprietors.

ANTI-ATTRITION METAL COMPANY

The only Subsidiary which proved more intractable than I anticipated a year ago is Anti-Attrition Metal Company Ltd., which made a large loss in 1959 (£95,686). This loss has been taken up in the consolidated accounts. I believe, however, that the reorganisation of management at Maidenhead and of the production equipment of that factory will help towards a more effective selling effort and better financial results. Modest profits are already being made, and our weekly and monthly figures encourage us to hope for steady improvement.

As there is an outside interest in Anti-Attrition Metal Co. Ltd. amounting to 12½ per cent of the equity of that Subsidiary your Board have decided that a subvention payment is inappropriate as that would be in effect a subsidy by the shareholders of the Holding Company to the minority shareholders of that Subsidiary. The result from an accounting point of view is that taxation chargeable for 1959 is greater than it would otherwise have been, but a tax loss is carried forward and will mean tax free profits in Anti-Attrition Metal Co. Ltd. for future accounts. To this extent and for those reasons the results of the Holding Company after tax appear to be less favourable than they are in reality.

All the other main producing Subsidiaries made profits to an extent we consider not unreasonable in a year of considerable recession for our types of product. In every case our forecasts for 1960 show improvements both in turnover and in total profits.

I would refer shareholders to the paragraph on dividends and dividend policy in my last review. The conditions there outlined have in the view of your Board been met. In the first place the figures for 1959 are somewhat better than forecast a year ago. To undertake a change-over from Steam to other forms of main line rail traction and to avoid during such a period a major loss on working may reasonably be regarded as exceptional in the locomotive industry. In the second place our forecasts for 1960, made on our usual lines, lead us to the expectation that the condition outlined last year—a profit of at least 10 per cent in 1960—will be achieved. Your Board is, therefore, proposing the promised final dividend for 1959 of 12 per cent.

Mr James Hadfield, MBE, has recently been appointed Deputy Managing Director. Mr Hadfield has served Beyer, Peacock & Co. Ltd. in various capacities over a period of 36 years, and in addition has held a number of appointments in the Subsidiary Companies. I know of no one better fitted for the wider responsibilities he has assumed.

The report and accounts were adopted.

These Notes have not been and are not being offered to the public. This advertisement appears only as a matter of record.

NEW ISSUE May 19, 1960

$6,000,000

Synthetics and Chemicals Limited

Term Notes

Synthetics and Chemicals Limited has been formed by The Firestone Tire & Rubber Company, of Akron, Ohio and Kilachand, Devchand & Company, Private Limited, of Bombay, India for the purpose of constructing and operating a plant in India to produce synthetic rubber.

The undersigned participated in negotiations relating to a Credit Agreement under which commitments to purchase the Term Notes have been made by several United States commercial banks.

The First Boston Corporation

Investment Securities

NEW YORK BOSTON PITTSBURG CHICAGO
PHILADELPHIA SAN FRANCISCO CLEVELAND

BANK OF WEST AFRICA LIMITED

A DECADE OF PROGRESS AND EXPANSION

MR SYLVESTER GATES ON IMPORTANT DEVELOPMENTS

The sixty-sixth annual general meeting of the Bank of West Africa Limited will be held on June 16th in London.

The following are extracts from the circulated statement of the Chairman, Mr Sylvester Gates, CBE:

The balance sheet reflects the changes in the Bank's share capital approved at last year's extraordinary general meeting. The issued capital is now £4 million and the published reserve after the appropriations made in this year's accounts now stands at £2,700,000. Our current, deposit and other accounts show a decrease of some £7,500,000. This is due in part to the transfer of further Government accounts to the new Central Banks in Nigeria and Ghana, in part to last year's transfer from inner reserves to reserve fund but principally to the slower return of funds following upon this season's exceptionally heavy purchases of cocoa.

On the other side of the balance sheet our cash holdings were at our normal ratio of some 10 per cent of deposits. Money at call and at short notice, together with Treasury Bills, again are at about the same proportion to deposits as a year ago. These items together give us a liquidity ratio of some 49 per cent. Our loans, advances and other accounts show a reduction of £1,200,000 mainly attributable to the lower level of finance required for the year's smaller groundnut crop.

The profit and loss account shows that we have had a satisfactory experience during the year and are having some success in meeting constantly rising costs. The amount recommended to be distributed by way of dividend is slightly increased.

NEW BRANCHES

During the year new branches have been opened at Agege, Gashua, Lagos (Obun Eko), Kaduna South, Ogbomosho and Oyo in Nigeria, and at Akropong, Axim, Kpong, Manhyia (Kumasi) in Ghana. In Sierra Leone a sub-branch has been opened at Fourah Bay College.

In West Africa every opportunity is taken to extend our services to developing areas and our network of branches has more than trebled during the last decade as has the amount of business we have handled. Our modernisation programme including premises, mechanisation of accounting and new methods makes good progress.

The Africanisation of our service overseas proceeds. Already, I am pleased to say, twenty-six of our branches are in charge of African managers.

Having reviewed developments in the four West African countries in which the Bank is primarily interested, i.e. Nigeria, Ghana, Sierra Leone and Gambia, the Chairman continued:

GENERAL

This is Nigeria's year of achievement and we look forward with pleasure to her becoming a sovereign State and a full member of the Commonwealth. Ghana has decided to become a Republic, within the Commonwealth; Sierra Leone will become independent next year.

Independence, however, far from solving existing economic problems, creates some fresh ones of its own. A British Colony is sheltered by the credit standing of the mother country in the world capital market; a new sovereign State stands alone. It is natural, therefore, that Nigeria, no longer eligible in the future for assistance from the Colonial Development Corporation, should have expressed concern about the prospect of attracting a continuing flow of investment capital—all the more so since Nigeria as well as Ghana is moving from the stage where development was limited by shortage of materials and skills to one where the limiting factor is finance.

On his return from Africa Mr Macmillan recently said that Great Britain and the other countries of Western Europe must accept the challenge of providing capital for the new countries of Africa. Much indeed is already being done to satisfy their needs. In 1958 (the latest complete year for which published figures are available) private overseas investment in Nigeria amounted to £20 million—four times what it was in 1953. During the year under review the UK has agreed to lend £15 million to help Nigeria finance current development plans—and this is in addition to an unspent balance of several million pounds from outstanding Colonial and welfare grants. The promise of assistance totalling £7.5 million to Sierra Leone has already been referred to above. At the same time Ghana has been successful in arranging a "Credit Guarantee" of 200 million D.M. (£17½ million) with the West German Government. In Ghana and Nigeria allocations have been received from the United Nations Special Fund for Economic Development to carry out large-scale investigations and geological surveys.

To provide capital for small and medium-sized industrial ventures a number of new agencies have recently been created. In Lagos the Commonwealth Development Finance Company has established the Investment Company of Nigeria Limited with a share capital of £1 million, in which our Bank has taken a participation. In Kaduna the Northern Development (Nigeria) Limited has been formed jointly by the Colonial Development Corporation and the Northern Regional Development Corporation. In Enugu the Industrial and Agricultural Company Limited has been formed jointly by the Government of the Eastern Region and the Colonial Development Corporation. Finally, the Colonial Development Corporation is also to participate in the Southern Cameroons Development Corporation to the extent of £3 million.

Notwithstanding all that is being done to help the countries of West Africa, over-reliance on foreign aid and foreign investment would be bound to lead to disappointment. In the long term it is upon the better mobilisation of the now considerable resources of their own citizens that the economic growth of these countries must depend. An encouraging sign has been the striking growth in savings during the last few years—particularly of Savings Accounts in Banks—and West African Governments are beginning to recognise the importance of fostering this development which serves the double purpose of releasing domestic resources for use and checking one of the chief deterrents to foreign capital—the danger of inflation.

As the nineteen-sixties open West Africa stands on the threshold of what may well be its period of greatest development. For over 66 years our Bank has served the financial needs of all sections of the community. We look forward to making a yet greater contribution in the future.

INNS & COMPANY

(Public Works Contractors, Asphalters, Sand and Gravel Pit and Quarry Owners)

RECORD PROFITS IN ANNIVERSARY YEAR

The twenty-fifth annual general meeting of Inns & Company Limited was held on May 20th in London, Mr Walter Wallace (Joint Managing Director) presiding.

The Chairman, in the course of his speech, said:

This is the twenty-fifth anniversary of your Company since it was made Public in 1935. It is, therefore, both fitting to the occasion and pleasing to your Directors that we should be presenting Accounts which record the highest profits in the history of the Company.

We propose to mark the event by raising the dividend distributions on the Ordinary Shares to a total of 30 per cent for the year and to capitalise £189,000 of Reserves by the issue, credited as fully paid, of one new Ordinary Share for each five Shares held.

The Accounts to December 31, 1959, are also the first to reflect a full year's results of your main subsidiary Company, W. & R. Wallace Industries Limited. Out of a total profit of £750,384 before Tax, this latter Company and its own subsidiaries provided £188,774, so that I can once more say that all sections of our business have, by their greater activity, contributed to the improved results.

We are satisfied with our progress so far this year and if this state of affairs continues for the remainder of the year I see no reason why we should not be in the comfortable position of maintaining the rate of distributions on our Ordinary Share Capital as increased by the proposed capitalisation of Reserves.

The Consolidated Trading Profit amounts to the record figure of £982,162, which, after various charges, leaves, as stated earlier, a Profit balance of £750,384 before Tax. After providing for all taxation and adding the balance brought forward from last year, there is a total of £515,103 available for the appropriations and Carry Forward to 1960 set out in the Report of the Directors.

Revenue Reserves have increased by £166,715 and Capital Reserves by £9,470. After the proposed capitalisation Issue the former will still stand at £703,711 and the latter at £609,404.

Our financial position remains very healthy. Current Assets exceed liabilities by £1,053,228 as compared with £908,119 last year.

The report and accounts were adopted and at the subsequent Extraordinary General Meeting the Board's capitalisation proposals were approved.

BANCO DI SANTO SPIRITO

ROME

Established 1605

THE ANNUAL GENERAL SHAREHOLDERS MEETING was held in Rome on April 9, 1960, the Marchese Giovanni Battista Sacchetti being in the chair. In the course of the meeting the following Balance Sheet was approved:

BALANCE SHEET AT DECEMBER 31, 1959

LIABILITIES		ASSETS	
Capital	Lit. 3,000,000,000	Cash and Balances with other Banks	Lit. 28,903,791,457
Reserves	„ 1,500,000,000	Bills and Government Bonds	„ 50,981,123,335
Deposits	„ 68,228,604,591	Securities:	
Current Accounts (Creditors)	„ 91,087,054,386	Real estate securities	„ 6,862,727,681
Banker's Drafts	„ 4,076,850,973	Miscellaneous shares	„ 808,989,706
Creditors (Bills Endorsed)	„ 2,427,982,900	Holdings	„ 485,584,398
Miscellaneous Creditors	„ 8,812,217,770	Stock Exchange Transactions	„ 9,728,346,065
Staff Retirement Fund	„ 4,350,000,000	Bills on hand	„ 31,797,024,539
Assets Rediscounted	„ 951,837,725	Current Accounts (Debtors)	„ 38,441,260,359
Profit Balance Brought Forward	„ 11,198,000	Staff Retirement Fund	„ 4,238,328,770
Net Profit 1959	„ 489,615,845	Miscellaneous Debtors	„ 2,628,449,112
		Receivable from Shareholders	„ 1,000,000,000
		Drafts for Collection	„ 8,281,920,767
		Premises	„ 777,816,000
		Furniture, Fixtures and Fittings	„ 1
	„ 184,935,362,190		„ 184,935,362,190
Unsecured Accounts	„ 11,676,796,887	Unsecured Accounts	„ 11,676,796,887
Counter Accounts	„ 79,131,430,384	Counter Accounts	„ 79,131,430,384
	Lit.275,743,589,461		Lit.275,743,589,461

It was further resolved to transfer Lit.350,000,000.– to reserves and to distribute a 10 per cent dividend per share

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ROYAL MAIL LINES LIMITED

The Annual General Meeting of Royal Mail Lines Limited will be held on June 17th in London. The following is an extract from the circulated statement of the Chairman, Mr Walter C. Warwick:

The trading conditions in 1959, which have followed the same pattern as those of 1958 with generally low freight rates prevailing and with expenses continuing to rise, have made it difficult to operate the ships with any substantial margin of profit. The virtue of prudent procedure followed during the more profitable years is again evident and it is only the restraint of the past which makes it possible to recommend a dividend for the year under review.

During 1959 *Highland Brigade*, *Highland Chieftain*, *Highland Princess* and *Tweed* were sold, and since the end of the year *Highland Monarch* and *Loch Ryan* have been disposed of. The proceeds of the sale of these ships is of small significance, however, in comparison with the very large sums required to meet the building costs of *Amazon*, *Aragon* and *Arlanza*.

Commenting on the increase in flag discrimination, the Chairman said: British Companies are prepared to meet any competition in a fair field, but if restrictive practices become widespread the fleets of the traditional maritime nations face an impossible task.

Referring to the outlook, Mr Warwick said: Until freer trade and increased cargoes materialise we cannot look for any substantial betterment in our trading results, but I do think we have passed the lowest point of the depression and that, unless any unforeseen setback occurs, we may expect to see a gradual improvement as time goes on.

YORKSHIRE INSURANCE COMPANY

LORD MIDDLETON'S REVIEW

The Annual General Meeting of The Yorkshire Insurance Company, Limited, was held on May 24th at York.

The Right Honourable Lord Middleton, KG, MC, LLD, the chairman, in the course of his speech, said:

The rapid growth of our Life Department during recent years has continued during 1959. We achieved a total of over £45 million in net new Life business transacted. Both the amount of new business transacted and the rate of increase over the previous year were records. Our Life Fund rose to £51¼ million.

Our net Fire premium income rose by some 10 per cent. After charging overseas taxation there remains a surplus of £133,884 and the fund carried forward represents a little over 50 per cent of the year's premiums.

The Accident and General account has shown a marked improvement. The premium income has continued to expand at a satisfactory rate, both at Home and Overseas. In total our Accident operations resulted in a surplus of £293,588 representing 3.44 per cent of premiums.

The total premiums in the Marine account in 1959 amounted to £2¼ million compared with £2,134,983. Our Marine Fund stands at £3,215,407—143 per cent of premiums. We are left with a balance of £589,000 carried to Appropriation Account compared with £166,000.

We recommend a final dividend of 2s., making a total of 3s. 8d. for the year.

The report and accounts were adopted.

THE MERCHANTS MARINE INSURANCE CO.

The Annual General Meeting of The Merchants Marine Insurance Company Limited will be held on June 15th in London.

The following is an extract from the circulated statement of the chairman, Viscount Knollys:

I am glad, once again, to report a further growth in all sections of our marine business. Our premium in 1959 amounted to £577,892, an increase of £27,133 over 1958. Bearing in mind the continuing downward trend in cargo rates and the amount of world tonnage laid up, this increase though comparatively small, represents further development in our world marine business.

The premium on our fire, accident and general business amounted to £389,063, a decrease of £109,595 on the 1958 premium income. As a result of reducing our commitments in the accident and general account, I am glad to tell you that we are able to show a small overall profit of £4,315.

We consider it prudent to retain the whole of the profit of the marine accounts in the marine fund, which amounts to £630,273, or 109.1 per cent of the premium income, and is, in our view, adequate to meet all calls upon it.

After bringing in interest on our investments, and the profits from our fire, accident and general accounts, the net surplus for the year is £52,408. From these profits we provide £22,641 for taxation, which leaves a balance of £29,767. The directors recommend a dividend of 15 per cent, less income tax, for the year. This would leave a carry forward of £201,594, an increase of £20,579 on the year.

BRITISH ROPES LIMITED

INCREASED TURNOVER

The 38th Annual General Meeting of British Ropes, Ltd., was held on May 25th in London.

Mr Harry Smith, chairman and joint managing director, in the course of his speech said:

Group profit before taxation amounts to £2,543,000 compared with £2,015,000 for the previous year. Taxation absorbs nearly half of the Group profit, and after the deduction of the proportion of profits of Subsidiary Companies attributable to outside shareholders, the profit applicable to British Ropes Limited amounts to £1,311,000 compared with £912,000 for the previous year. Your Directors recommend a final dividend of 14 per cent on the Ordinary stock, making a total of 20 per cent for the year, compared with 18 per cent for the previous year.

Since my last report to you trading conditions in this country have shown a modest improvement and the turnover of your Company's products manufactured in this country for both export and home consumption has increased by 7 per cent. Some products have achieved a greater increase but, as regards rope, many of our important customers in the Mining and Shipping Industries are still operating well below their peak. The prices of our products have remained relatively stable in spite of increases in raw material and other costs.

EXPORT MARKETS

We have continued to devote unremitting effort to our export markets. The percentage of our export sales to total sales in 1959 has exceeded 25 per cent for the first time.

A number of steps have been taken to expand your Company's overseas interests in Mexico, Belgium and Nigeria.

It has always been your Company's policy to foster the development of its interests in the Commonwealth, and we were therefore particularly glad to be able to announce in April this year that negotiations had been concluded with the New Zealand Government for your Company to establish a Wire Rope Plant in New Zealand.

The considerable capital expenditure and re-equipment which we have carried out in recent years has provided the Group with adequate capacity for most of its products, but the demand for high carbon wire of which your Company is already the largest manufacturer in the United Kingdom is increasing more rapidly than could have been anticipated. Plans have therefore been made for a substantial increase in capacity for wire production.

With these major increases in our overseas investments and the need to expand wire production, it has become evident that our financial resources are insufficient, particularly as further opportunities for overseas development may well occur. Your Directors, therefore have decided to raise approximately £2 million of further Capital by means of a rights issue to Ordinary Stockholders on the basis of one new share for every 8 stock units of 2s. 6d. each held by stockholders on the register at the close of business on May 2, 1960, and the price at which the new shares are to be offered is 9s. 6d.

We manufacture a wide range of products serving many industries and with our productive capacity, the strength of our technical resources and our widespread overseas interests, I feel we can face the future with confidence.

The report was adopted and the Board's capitalisation proposals were approved.

CITY DEEP, LIMITED

(Incorporated in the Union of South Africa)

MR P. H. ANDERSON'S STATEMENT

The Fifty-ninth Ordinary General Meeting of shareholders was held on May 23, 1960. The following is an extract from the circulated Statement by the Chairman, Mr P. H. Anderson, dated April 22, 1960.

The reorganisation of the mine about the middle of 1958 embraced a reduction in the milling rate which resulted in the ore milled during 1959 decreasing to 1,353,000 tons from 1,511,000 tons in the previous year. The yield, however, at 4.170 dwt. per ton was higher by 0.198 dwt. but this was not sufficient to prevent a fall in the gold recovery of 17,994 oz. to 282,108 oz. fine. This factor, together with a reduction of 9d. per ounce in the average amount received for gold, resulted in the working revenue for the year at £3,528,946 being lower by £237,050 than in 1958.

Working costs at £3,420,821 were less by £205,986 and in consequence of these changes in revenue and expenditure, the working profit for 1959 was £31,064 lower than that for the previous year.

To the working profit of £108,125 was added a credit adjustment of £41,975 in respect of pneumoconiosis charges, interest received amounting to £31,208 and £6,162 being the difference between the other items of income and expenditure, giving a total profit for the year of £187,470. Taxation and dividends absorbed £13,011 and £126,677 respectively, leaving £60,065 to be added to the unappropriated balance of £839,130 at December 31, 1958, thereby increasing it to £899,195 at the year-end.

OPERATIONS AT THE MINE

In contrast to the decline in the previous year, the footage developed during 1959 at 41,750 ft. was greater by 15,500 ft. than in 1958. Of this increase, 6,273 ft. were in respect of reef development, mainly on South Reef, while of the balance, 1,035 ft. related to sub-incline shaft sinking, the rate of which was accelerated with a view to improving the ore reserve position. There was a corresponding increase in the footage sampled and although the results on the South and Main Reefs caused the average percentage payability to decline, the value rose from 317 inch dwt. to 335 inch dwt. On Main Reef Leader, the main ore carrier in the mine, payable disclosures fell from 56.9 per cent to 50.2 per cent but in turn the value was higher rising from 339 inch dwt. to 372 inch dwt.

The ore developed during the year increased by 150,700 tons but the value was lower by 0.8 dwt. per ton. The total ore reserves increased by 97,000 tons at the year-end and for the first time included reserves below the Vierfontein dyke. The value of the available ore reserve, however, declined by 0.3 dwt. owing to the inclusion of certain ore of border-line value in the long wall faces at depth.

I cannot let this occasion pass without referring to City Deep's proud achievement on January 1, 1960, in winning the Industry's "Millionaire Shield" for working a million fatality-free shifts. This is a remarkable record for any mine and particularly so in the case of an ultra-deep mine such as City Deep.

UNITED PREMIER OIL AND CAKE COMPANY

SIR ERIC MIÉVILLE ON SUBSTANTIALLY IMPROVED RESULTS

The forty-first annual general meeting of United Premier Oil and Cake Company Limited was held on May 25th in London, Sir Eric Miéville, GCIE, KCVO, CSI, CMG (the Chairman), presiding.

The following is an extract from his circulated statement:

In my Review last year I mentioned that, at the end of 1958, there was an improvement in the crushing side of our business. This feature continued throughout the year and is revealed in our 1959 profits. Premier Oil & Cake Mills Limited are a major subsidiary of our Group, but have to contend with the violent fluctuations that take place, from time to time, in the prices of the raw materials with which they are concerned. They have also to compete with the importation of Cakes, Meals and Oils manufactured in the Commonwealth and other countries at a labour cost, in many cases, below the recognised standard of this country.

The other companies which form part of our Group enjoy a more stable existence and their returns continue to show satisfactory and progressive results.

The gross trading profits of the Group amounted to £503,001, which is more than double the comparable figure for the previous year. After all charges, including taxation, there remains a balance of £167,425. From this amount we have paid the dividend on the 7 per cent Preference Stock and have allocated £75,000 to the General Reserve, leaving a net amount available for the ordinary dividend of £60,269.

An interim ordinary dividend of 2d. per ordinary stock unit (less income tax) has already been paid and we now recommend a final payment of 10d. (less income tax) making a total of 1s. per stock unit for the year. We have thus restored the dividend rate paid since 1954 except last year when, owing to the poor trading results, the ordinary dividend payment was halved. After payment of the final ordinary dividend, £11,269 will be retained in the business and added to the amount carried forward in the Company's Profit and Loss Account which now stands at £330,593.

During the year we were fortunate in being able to bring within our Group the business of George Hunter Ltd., for which we paid £90,000 in cash. George Hunter's profits, excluding pre-acquisition profits, have made a contribution before tax of £25,000 to our Group in the present year.

It will be seen from the Consolidated Accounts that current assets, less current liabilities, that is to say our working capital, now amount to £1,403,078 as compared with £1,172,793 a year ago. Reserves now amount to £1,260,000.

During the last 10 years we have retained in the business (including depreciation) £1,932,883 and we have paid out in taxation £1,803,185. We have paid out as net dividends £667,029.

As to the general outlook, I can fairly say that the immediate prospects are encouraging, and under the wise and enthusiastic guidance of our Managing Director Mr W. E. Waterhouse, there are grounds for confidence in the future of the Group.

The report and accounts were adopted.

HIGHLANDS & LOWLANDS PARA RUBBER COMPANY LIMITED

POLICY MORE THAN JUSTIFIED

The Annual General Meeting of Highlands & Lowlands Para Rubber Company Limited will be held on June 21st in London.

The following is an extract from the circulated statement by Mr Thomas B. Barlow, the Chairman:

The report and accounts for 1959 are of greater interest than before because they record greater success on a large scale. The result of a rubber crop of over 23,200,000 lbs. and palm oil and kernels of 9,600 tons was a profit of £1,415,000. While the palm oil and kernels crop remained the same, rubber increased by 10 per cent and profits increased by 55 per cent.

The Issued Capital has increased from £1,213,000 to £2,169,000; this is accounted for by £594,000 stock issued to Scottish Malayan shareholders and in December all stockholders received a bonus issue of 1 for 5 which amounted to £362,000. Thus for the year 1959 members have received 10d. per 2s. stock unit, less tax, by way of income and a 20 per cent bonus issue by way of capital.

Two years ago we began our policy of grouping, since when our nominal Issued Capital has increased from £469,000 to £2,169,000 and our market valuation from £700,000 to over £8½ million and our members now include a large number of institutional investors. The statement made last year that Highlands was a growth stock with considerable scope seems amply justified and because the immature acreage untapped is more than 25 per cent of the total, a steady rise in output can be expected in the coming years.

ESTATES

The estates are generally in good and improving order. The overall average yield per acre tapped is now 724 lbs. as compared with 660 lbs. last year. We adopt a conservative system of tapping on newly opened rubber and because Estate Managers love to harvest more than their estimate, the modest increase of 350,000 lbs. this year is well within our hopes.

Yields of oil palms on the coastal estates are very good and with improved stock we expect to average 1½-2 tons of oil per acre, or double our present yield. It is significant that the profit on rubber rose from £16 per mature acre in 1958 to £30 in 1959 and the profit on oil palms rose from £35 to £36 per mature acre.

With the continued progress in the 12-year-old war against Communist terrorism in Malaya, the Government has decided to end the State of Emergency. The successful conclusion of this long struggle will enable an increasing part of the energies and resources of the country to be devoted to peaceful progress and development.

I would like to thank all the staff on the estates, the Labour Force, the Eastern Agents and the Secretaries who have all contributed to a very successful year, and let us rejoice that things are going well, that our policy has been more than justified and that unless anything unforeseen occurs we can look forward to an even better year in 1960.

EDWARDS HIGH VACUUM

Specialists in high vacuum equipment for:

INDUSTRY · RESEARCH · ATOMIC ENERGY · MEDICINE · EDUCATION

The 20th annual general meeting of Edwards High Vacuum Limited was held on May 25 in London, the Rt. Hon. Lord Wilmot of Selmeston, P.C., J.P., presiding.

The following is an extract from his circulated statement:

We have achieved yet another year of record turnover and the degree of increase reflects the effect of the extension to premises completed in 1956 which has given its full benefit in research and production facilities. In brief, the Trading Profit after charging taxation leaves available for appropriation £148,000 as compared with £113,000 for 1958.

The Directors now recommend a Final Dividend of 14 per cent on the Ordinary Shares making a total of 20 per cent for the year as compared with 16 per cent for 1958.

OVERSEAS ACTIVITIES

Commenting on the world-wide spread of the use of the company's products, Lord Wilmot said: We now export to more than 50 countries. With the relaxation of most of the embargoes in the Eastern Bloc and China, sales have quickly followed the technical appreciation of our equipment.

An important part is played by our own subsidiary and associated companies in Canada, Italy, Germany and, more recently, America. Edwards High Vacuum Inc. commenced trading at Niagara Falls in July, 1959, as a wholly-owned subsidiary of the Canadian company and has already secured valuable orders within the USA market.

Your Directors are expanding all activities within the Edwards Group and as a part of this programme plans were made in 1959 for expansions within the Italian company.

CONTRACTS

There have been further Atomic Energy developments within the Commonwealth during the year to which our company has made its contribution.

After referring to other contracts in the chemical field and in the sphere of high vacuum metallising, the chairman said: Many of these contracts have been secured in the export market where our sales are maintained at a high level.

NEW PREMISES AND TREND

It is necessary to look well ahead in providing adequate facilities for research and production activities, so vital to the future of the company. We have, therefore, arranged for extensions to the research, administrative and production premises at Crawley, which we hope will be completed during the early part of 1961.

The trend of progress during the last five years would appear to indicate continuing success for your company and we look forward to the future with confidence.

The report was adopted.

Head Office: Manor Royal, Crawley, Sussex.

CANADA · ITALY · GERMANY · U.S.A.

BARTON & SONS

HIGHER TURNOVER AND PROFIT

The ordinary general meeting of Barton & Sons Limited was held on May 25th in Birmingham.

The following is an extract from the statement by the Chairman, Mr H. Prichards, circulated with the Report and Accounts:

Our net profit before taxation is £1,044,315 against £862,415, an increase of 21 per cent. The past year has seen an accelerating demand for nearly all the Group's products and the increased turnover enabled us to earn a higher total profit than that achieved a year ago.

All three companies engaged in the production of steel tubes and fittings had a very successful year, and the two companies engaged in the fabrication and erection of structural steelwork both achieved very satisfactory results.

The varied products of the remaining Subsidiary Companies are principally supplied to the motor trade and the general engineering industry. Demand was at a reasonably high level.

During the year we acquired the whole of the Issued Share Capital of Bilston Shot & Grit Co. Ltd., and shortly after the end of the year we disposed of our holding in West Midland Refining Co. Ltd.

The first three months trading of 1960 show that the improvement which began in the latter half of 1959 is being maintained. Should the volume of work continue on this high level then I am confident that the results for 1960 will again give cause for satisfaction.

The report was adopted and a total distribution of 17½ per cent approved.

ASSOCIATED FISHERIES

The annual general meeting of Associated Fisheries Limited was held on May 19th in London.

Mr Stewart Cole, FCA (the Chairman), in his statement, said that because of the continued reduction in productivity of the Distant Water fishing ground, the total quantity landed by their fleet was less than the previous year, but a slight increase in the average price realised, coupled with a reduction in catching costs, produced an improvement on last year's contribution to Group Net Profit by their trawling fleet.

Total sales of our "ESKIMO" Brand of Frozen Foods increased and we are pursuing the planned extension programme envisaged for producing and marketing these products in growing volume to meet increasing public demand.

The total turnover of the Group rose to a record total in excess of £13 million. After covering all costs and depreciation the profit remaining out of every 20s. of turnover is 9.9d., of which Taxation will absorb 4.6d. Of the remaining 5.3d. the net dividend recommended for the year will account for just over 3d., leaving 2¼d. retained to assist in financing the development of the Group undertakings.

To date Group profits have been running at a slightly higher level than for the comparable period of last year. You should, however, bear in mind the unresolved political problems associated with Iceland and the European Free Trade Association confronting our Industry over which we have virtually no control. The Board feel confident that the Group will continue to progress on sound lines.

The report was adopted.

BLOCK & ANDERSON, LIMITED

ANOTHER YEAR OF EXPANSION

SCRIP ISSUE APPROVED

MR W. E. BLOCK'S STATEMENT

The 29th annual general meeting of Block & Anderson, Ltd., was held on May 24th at the registered office of the company, Banda House, Cambridge Grove, Hammersmith, London, W., Mr W. E. Block, Chairman and Joint Managing Director, presiding.

The secretary (Mr R. W. Finnemore) read the notice convening the meeting and the report of the auditors.

The following is the chairman's statement circulated with the report and accounts for the year ended November 30, 1959:

This year has again been one of expansion for your Company. Sales have increased, and the results are very satisfactory.

The group profit before taxation is £242,043 as against last year's figure of £188,187. You will remember that in November of last year the issued Ordinary Capital was increased from £215,000 to £236,500 by a rights issue and the issued Preference Capital was increased from £80,000 to £100,000. At that time your Directors stated that, in addition to the 10 per cent interim dividend declared in October, 1959, they expected to be able to recommend a final dividend of 25 per cent on the increased capital. I am pleased to say that, in view of the results, your Directors recommend a final dividend of 30 per cent.

After allowing for this distribution and the dividend on the Preference Shares, the balance of undistributed profit remaining to be carried forward in the Consolidated Balance Sheet amounts to £391,498 as against £324,977 brought in.

CAPITALISATION OF RESERVES

In view of the amount at present showing as reserves, your Directors consider it appropriate to bring the Issued Capital of the Company in line with that actually employed. You will, therefore, be asked to pass resolutions that the Authorised Capital be increased from £400,000 to £750,000 and that £236,500 being as to £152,201 standing to the credit of the Share Premium Account and as to £84,299 part of the amount of Unappropriated Profit standing to the credit of Revenue Reserves be capitalised by the creation of 4,730,000 1s. Ordinary Shares to be distributed to the Ordinary Shareholders in the proportion of one new share for every share held.

Whilst I have every confidence in the future of your Company, the issue of these shares should not be taken to forecast an increase in the total amount to be distributed as dividends.

After allowing for the suggested issue and the estimated costs, the balance of Unappropriated Profit will be £307,199 less the costs of the issue, which will be approximately £2,800. The balance of unissued capital will be £177,000, but your Directors have no present intention of issuing any or all of it.

PROGRESS AND EXPANSION

Continuing our policy of progress and expansion, our Development activities are being pursued vigorously, and further important additions are being made to our range of products. We have opened two new Branches, one in Croydon and the other in Wolverhampton.

Both Home and Export sales were satisfactory, and I am happy to say that the results of the year to date have been encouraging. Our South African subsidiary has established a new Branch in Durban and our Canadian subsidiary continues to expand.

In January of this year a friend and colleague, Mr W. H. Bennett, died. He had served on the Board since our formation as a public company and rendered valuable service with wise counsel. In order to strengthen the Board and at the same time to give recognition for responsibilities already being carried, Mr W. C. Riehle, MBE, and Mr W. Crosskey, FCWA, were appointed to the Board as Executive Directors. Mr W. C. Riehle has been Commercial Manager for a number of years and joins the Board as Sales Director, and Mr W. Crosskey relinquishes his post as Company Secretary to become Financial Director. During the meeting you will be asked to confirm their appointments.

A NEW DEPARTMENT

During the year we have formed a Department for distribution through Dealers in Great Britain of our full range of adding machines, the Odhner Calculators and the Facit Typewriters. We are pleased with the progress made, and I would like to thank all our Dealer friends for their co-operation.

I wish to express, on behalf of my co-Directors and myself, our appreciation and thanks to all the Management and Staff both at home and abroad, and to our Agents and Suppliers for their valuable services and co-operation.

The report and accounts were adopted; the proposed dividend was approved; the retiring directors, Mr L. E. Brougham, who retired by rotation, and Mr W. C. Riehle, MBE, and Mr W. Crosskey, FCWA, who had been appointed during the year, were re-elected; the remuneration of the auditors, Messrs Peat, Marwick, Mitchell & Co. was fixed and resolutions were passed approving the proposed increase of capital and capitalisation of reserves.

DARWINS GROUP LIMITED

ENCOURAGING PROSPECTS

The thirty-first annual meeting of Darwins Group Limited was held on May 24th in Sheffield, Mr F. Thompson-Schwab, the Chairman, presiding.

The following is an extract from his circulated review:

At our last Annual General Meeting held in May, 1959, I reported that at that time business was not at a satisfactory level. I expressed the opinion, however, that some gradual recovery could be expected. I am pleased to say that that forecast proved correct, and, although it was late in the year before any real improvement was manifest, we were ready to meet the demands arising from the changed circumstances.

All the Companies in the Group are at the present time fully employed. Heavy demands, however, bring problems and there is intense competition for the available supplies of raw materials, particularly steel scrap which is a vital part of our needs.

The value of our Sales for 1959, £5,348,000 was £179,000 in excess of those in 1958, but was less than our capacity was capable of producing. This additional turnover, together with the effect of the economies which were introduced earlier in the year, had the effect of increasing the trading profits from £350,565 to £444,217. In view of the improved results your Board recommend a final dividend of 8¼ per cent actual (less tax) which compares with a rate of 6 per cent paid last year.

It is interesting to reflect that ten years ago in 1949 when the present Management took over, the Company's Ordinary Share Capital was £500,000 with a market value of less than that figure, whereas today it is £1 million with a market value of more than £2 million. Ten years ago the accumulated Reserves were less than £20,000, today they are more than £1 million.

The financial results for the first quarter of the current year show a very satisfactory improvement on the corresponding results for 1959 and the prospects for the remainder of the year are most encouraging in view of the very substantially higher Order Book we now have, as compared with last year.

I see no reason why, given stable economic conditions, we should not look forward to increased demand for the Group's products.

The report was adopted.

E. POLLARD & CO., LTD.

The forty-eighth annual general meeting of E. Pollard & Co. Ltd. was held on May 24th in London.

Mr H. Edward Pollard (chairman and managing director) presided and, in the course of his speech, said:

The net profit of the Group after providing for taxation is £8,000 less at £176,000 as although the gross profit decreased by £97,000 the amount required for taxation was about £89,000 less. We are proposing a similar dividend to last year, that is 17½ per cent. I mentioned last year that the last few weeks of 1958 were disappointing and that shopfitting was still suffering from its recent setback. Unfortunately this situation continued and, indeed, became rather worse towards the end of 1959, and although the engineering and shop display business increased, this did not compensate for the shop-fitting difficulties.

The lift subsidiary, Hammond and Champness Ltd., have completed arrangements with a leading American Group to work in conjunction with them to introduce a new oil hydraulic system.

The steel doors and shutters under Haskins are now being made in part at the new Kingsland factory and we look forward to efficient and rapid production in this modern factory.

The Morris Singer subsidiary obtained a number of orders for their new developed curtain wall systems as well as a large contract for a stainless steel installation for the Millbank skyscraper.

As regards the future, Engineering and Shop Display are likely to continue satisfactorily, but the main Shopfitting section is very slow to improve and this improvement must come quickly if we are to show better results at the end of 1960.

The report was adopted.

COMPANY AFFAIRS

Current Results

HAVING risen last year, profits seem likely to go up again this year. This is one of the assumptions that British investors are making in looking forward to further increases in dividend payments. It is a well-founded one and recently has found some confirmation in the statements made by the spokesmen of British industry about trading results in the first few months of this year. At the annual general meeting of **"Shell" Transport,** for example, Lord Godber said that the volume of sales achieved by the Royal Dutch/Shell was in the first three months of this year 5 per cent higher than in the comparative period in 1959 and that the group's net earnings would probably show a similar increase. He also announced that the directors intend to reduce the disparity between the interim and final dividends.

Like Lord Godber, the chairman of **British Petroleum,** Sir Neville Gass, referred to the current surplus of oil but he was able to point to a growth of 15 per cent in BP's volume of sales in the first quarter of this year. Prices have remained depressed but Sir Neville added that income from trading has also benefited. He emphasised that not too much should be made of results for three months only but he regarded them as making a good start to the year.

In another field of activity Mr G. E. Beharrell, the chairman of **Dunlop Rubber,** also speaks of an encouraging start being made to the year. The first three months are not, he said, as a rule Dunlop's best period but trading results in this period were better than in the same period last year.

Anglo American Corporation

ECONOMICALLY Anglo American is as well balanced as it ever was and it is probably stronger than it has ever been before. But because its vast interests are concentrated in Southern Africa its shares have in the minds of investors a political risk that at the moment outweighs any economic advantages. This is a risk that has been attached to all South African securities and not specifically to Anglo American alone; indeed, its African employees, made up largely of migrant labour, have gone on working undisturbed by the riots and the political crisis. Earlier this year its £1 shares stood at 232s. 6d. They now stand at 158s. 9d., to yield 5.6 per cent on the dividend as increased from 80 to 90 per cent. They would stand higher than this if investors were prepared to take the political risk of investing more capital in South Africa.

From its many mining interests Anglo American, as the accompanying table shows, did well last year. Because of the growth in output from the newer mines, income from gold-mining was rising. It should go on rising and the finance houses, though there is some development to complete, are faced with a much smaller prospective strain on the capital resources than they have had to bear in the past. Uranium is earning a small steady profit and should continue to do so in the next two years or so. The future of uranium production in the Union will however come into question by the middle of this decade. The diamond industry has done well and this year Anglo American will take into its accounts the bigger dividends that have already been declared. Last year's recovery in copper and in base metals contributed to the advance in Anglo American's income and bigger dividends seem likely to come again from this source this year. Coal, on the other hand, may not contribute so much as the copper belt will be making smaller demands on the Wankie Colliery. In a rising Kaffir market, Anglo American made a slightly bigger profit from share-dealing than it did in 1958. Much of the buying, the directors say, appeared to be American and on balance Britain and Continent were net sellers of South African mining securities. This year, the Kaffir market is not likely to be one in which the finance houses will make much of a profit.

	1958 £'000s	1959 £'000s
Income and dividends :—		
Interest, royalties, etc.	3,846	3,957
Investment income	6,317	7,053
Net surplus on realisation of investments	308	414
Loan interest	2,125	2,250
Gross profit	7,782	8,626
Taxation	600	895
Net profit	7,182	7,731
Ordinary dividend	4,081	4,739
Retained profits	3,629	4,239
Cons. balance sheet :—		
Investments—		
Quoted‡	36,022	44,818
Unquoted	7,732	9,197
Debentures	1,829	2,227
Gilt-edged, etc.	1,556	1,817
Loans to associated companies	21,942	13,413
Loans by associated companies	45,205	67,572
Debentures and Loan stock	14,628	10,246
Capital reserves	8,946	12,794
Revenue reserves	26,925	29,774
Ordinary capital	4,959	5,224

‡ Market value :—1958, £89,982,000; 1959, £127,166,549.

J. & P. Coats

IN the past the dividend policy of the directors of J. & P. Coats, the sewing thread manufacturers, has been conservative. Admittedly, the ordinary dividend was raised from 8½ to 10 per cent in 1958 through the payment of a special interim but the stock market was completely taken by surprise when the directors declared a dividend of 15 per cent for 1959. Before that announcement, the £1 stock units stood at 37s. 9d. They are now quoted at 44s. 6d. xd., to yield 6¾ per cent. This dividend and the results backing it have given added strength to cotton shares.

The higher dividend is certainly justified by the year's outturn. Before tax, the consolidated profit has risen from £6,157,925 to £10,628,966 and after tax from £2,736,581 to £5,612,966. The group, manufacturing and trading throughout much of the free world, has obviously benefited not simply from the recovery in the Lancashire cotton industry but also from the greater stability in cotton prices and in foreign exchange rates. In 1959 it did not have to write its stocks down, as it had to do, to the tune of £1,196,000, in 1958 and it had to provide only £518,000, compared with £1,310,000 in 1958, for exchange losses.

English Sewing Cotton

LIKE those of J. & P. Coats, the preliminary results of English Sewing Cotton published at the beginning of the month gave added strength to the market in cotton shares. English Sewing Cotton's profits were much higher, particularly those earned by its British interests, and again like J. & P. Coats the group was not faced with big losses on stocks. The ordinary dividend, having been left unchanged for five years at 12½ per cent, was raised to 17½ per cent, so that at 52s. 9d. the £1 shares yield 6½ per cent. In his statement with the full accounts the chairman, Mr Leslie Shaw, makes it clear that the recovery in trade did not really get under way until late in the year. That fact and Mr Shaw's comment that the order book is good and that profits in the first quarter show a "pleasing advance" over those of the first quarter of 1959 suggest that the immediate prospect is a bright one.

Re-equipment and expansion in this country and, through the subsidiary American Thread, in the United States has added to the group's short term debts. The bank overdraft now amounts to over £3 million and the directors are considering plans to replace it with longer term finance. They hope to put their proposals before shareholders in the next few months. It has been a long time since an old-established company in the cotton textile industry has appealed for new money, but the trading prospects and the market in cotton shares itself are such that it would be surprising if such an appeal were not successful.

John Thompson

IT could have been worse. That was the stock market's reaction to the results of John Thompson, the boilermaking company that is linked with AEI in an atomic power consortium. The interim dividend had already been cut from 10 per cent to 7½ per cent and shareholders must have been relieved that the final payment has been cut by only a similar amount. Thus the

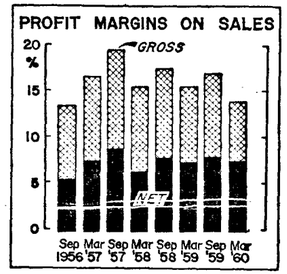
total dividend has been set at 20 per cent, against 25 per cent. This reduced payment is barely covered by earnings for the group's trading profit fell last year by 23 per cent, from £1,742,336 to £1,331,642, and its net profit by 35 per cent, from £501,055 to £342,311. Of this amount probably about a third stems from Thompson Brothers (Bilston). This company was acquired in September, 1958, and John Thompson's latest accounts include 16 months' profits from this source.

Last August the chairman reported that the company was extremely busy on work connected with the motor trade, but that this was not the case in other sectors of the company's business. At that time however the recovery in the heavy engineering and capital goods industries was barely perceptible. What is not clear is whether any improvement in profits from these spheres will be sufficient to offset the losses that the company will have to bear in connection with the Berkeley Nuclear Power Station. No charge against profits has been made in John Thompson's latest accounts for the loss but in the balance sheet £500,000 has been set aside from general reserve to cover the company's share of the total loss. Yielding 5½ per cent the £1 shares now stand at 18s. 3d. That compares with a price of 37s. at the peak of the boom in atomic energy shares in 1957.

Beecham Group

THE rise in the net profits of the Beecham Group from £3,196,223 to £3,790,325 in the year to March 31st was sufficient to enable the directors to raise the ordinary dividend from 24 to 27 per cent and still to leave the payment covered about twice by earnings. The 5s. shares were marked down quite sharply after the dividend announcement and now yield 3½ per cent at 38s. 6d.xd. Throughout the stock exchange boom, the Beecham shares were counted among the growth stocks even though, as the chart shows, the expansion in sales of Beecham's heavily advertised products was being achieved to some extent at the expense of profit margins. This time the stock market was disturbed by the fact that in the six months to March 31st sales at £25,434,000 were not much bigger than sales of £24,525,000 in the six months to September 30th and that gross profits at £3,482,000 (against £3,943,000) and net profits at £1,864,000 (against £1,926,000) were actually lower. Over the financial year Thomas and Evans contributed a full year's profit, compared with seven months in 1958-59, and James Pascall contributed profits for 11½ months.

The decline in the gross margin was sharp and at 13.7 per cent it is lower than it has been since the six months ending on September 30, 1956. There may be seasonal influences affecting these margins now that Beecham through its control of Thomas and Evans has a big stake in the soft drinks industry and it may be that the slight recovery in margins reported in the six months to September 30th last reflected the fillip given to soft drink sales by the hot summer. But investors will not continue to



remain as confident about the prospect of growth as they were until there are definite indications that the decline in margins has been arrested.

BICC

IN his statement Mr W. H. McFadzean, the chairman of British Insulated Callender Cables, warns shareholders that 1960 is likely to be a difficult year. Under the leadership of BICC prices of low voltage mains cables and wiring and general cables have risen to some extent from the unprofitable levels to which they fell after the breaking up of price agreements in the cable industry. The ending of these agreements coincided with a period of excess capacity, which resulted in part from such technical changes as that from rubber to thermoplastic insulation and in part from the development of local manufacture overseas. In spite of recent price increases, Mr McFadzean emphasises that cable prices in general are still not back to economic levels, and he adds that as a large proportion of BICC's mains cables is sold under annual contracts it will be some months before the company benefits from the new prices. Mr McFadzean's highest hopes for 1960 are for a return of stability to the industry, which rests on "whether the self-discipline which several companies have imposed will be sustained." It seems clear, however, that BICC's first essays into price leadership have been successful.

United Drapery Stores

IN his first statement as chairman of United Drapery Stores Mr Joseph Collier anticipates further expansion for the group. Last year UDS acquired Mackross of Cardiff and the Irish credit business of Alexander Sloan (Dublin) and since the close of the company's financial year at the end of January it has acquired department stores in Portsmouth and Aberdeen. All these businesses were bought for cash, but following last year's rights issue UDS has ample liquid resources. On January 31st they amounted to £3.3 million. Last year the group achieved a new record in sales and its profits advanced from £7,912,797 to £9,024,834. The provision for unearned profit on hire purchase contracts charged against these profits went up from £503,832 to £685,954. New acquisitions contributed £425,015 and existing interests £686,892 to the advance in gross profits. Bigger sales are reflected in the rise from £9,027,018 to £10,399,897 in debtors, shown after deducting the provision for unearned profits which has risen from £2,484,753 to £3,498,756.

The first three months of the current year show a further improvement in turnover compared with the first quarter of 1959. The new hire purchase restrictions may bring some slowing down in HP sales, but these do not form an unduly significant proportion of total sales. On a 37½ per cent dividend covered twice by earnings the 5s. shares at 49s. 6d. yield 3.8 per cent.

Land Securities Investment Trust

MR HAROLD SAMUEL'S forecast last year of a modest increase in dividend for shareholders in Land Securities Investment Trust has been fulfilled with a total payment of 8 per cent, against 6½ per cent. The trust's rental income in the year to March 31st last rose from £2,708,725 to £3,188,121, reflecting in part a full year's revenue from Bowater House, which was completed in August, 1958, and from Queen Anne's Mansions, a very large office building acquired just over a year ago. The advance in rental income, however, was more than offset by increases of £382,690 to £1,195,567 in ground rents and of £192,878 to £1,539,341 in interest and depreciation. But a rise of £129,471 in other credits, including investment income, together with a reduction in tax from £387,888 to £282,868, left the trust's net income 30 per cent higher at £557,733. As in past years almost all the earnings of the trust has been distributed in dividends and ordinary earnings amount to only 8¼ per cent.

The book value of the trust's properties has risen from £41.9 million to £44.7 million and this has been financed by an increase in secured liabilities from £26 million to £30 million. It is not clear as yet how this figure is broken down, but during the year the company was lent £6 million by Legal and General Assurance on the security of a partly convertible debenture. Legal and General's option to convert can first be exercised in 1961 at a price of 22s. 6d. That right already looks attractive in relation to the market price of 28s. on the 10s. ordinary shares. Earlier this year the shares stood at 32s. 4½d. and even now they yield only 2.8 per cent.

Highlands and Lowlands

THE policy of Highlands and Lowlands Para Rubber Company, in the van of the movement toward larger groups of Malayan estates, has rapidly borne fruit.

The issued capital has risen from £469,000 to £2,169,000 in the past two years and the market valuation from £700,000 to over £8½ million. Group profits before tax in the year ending December 31st jumped from £573,000 to £1,415,000, and after deducting £630,000 (against £343,000) for tax and other charges the profit available for appropriation is £785,000, against £230,000. Because Scottish Malayan Rubber was acquired halfway through the year this bald comparison exaggerates the real improvement in the company's fortunes, which is summarised in the accompanying table.

	1958§	1959
	£	£
Profit	906,000	1,414,922
Depreciation	105,000	105,037
Pre-acquisition profit		90,242
Available for appropriation	*757,000*	*1,320,973*
Taxation	310,000	535,739
Replanting reserve	120,000	243,130
Ordinary dividend	167,500	525,836
Ordinary dividends (per cent)	*31 1/3*	*41 2/3**
Rubber crop (million lb)	21·1	23·2
Selling price, per lb	21·8d.	28·5d.
All-in cost, per lb†	16·0d.	18·5d.
Profit, per lb	5·8d.	10·0d.
Yield per mature acre	660 lb	724 lb
Profit per mature acre	£16	£30

* 39 7/12 per cent on capital of £2,168,863. † Excludes amortisation of mature areas. § Including Scottish Malayan for full 12 months.

The improvement is wholly due to rubber, earnings from palm oil and palm kernels remaining unchanged. The rubber crop was 10 per cent larger than in 1958, the gross price rose by over 6½d. to 28½d. a lb, and though costs were higher because wages and export duty went up, the profit rose by 70 per cent to 10d. a lb. The final dividend is 7d., making with the interim of 3d. a total of 10d., or 41⅔ per cent, on the 2s. ordinary shares, but as the interim was paid before the one for five bonus issue the rate on the present capital is equivalent to 39 7/12 per cent.

In his review the chairman, Mr T. B. Barlow, points out that a steady rise in output of rubber can be expected because the immature acreage untapped is more than 25 per cent of the total. The total replanting reserve now stands at £663,000, and it is planned to plant or replant about 5,700 acres each of rubber and oil palms over the next four years. The group's average cif price for rubber in the first four months of this year was 34d. a lb, and though Mr Barlow does not expect, and does not want, rubber prices to remain so high as at present, he considers the outlook encouraging.

Interunie

WHEN Mr G. Vrint, one of the managing directors of Interunie, visited the United States about twelve months ago he did not find American investors especially interested in acquiring shares in this, the second largest of the open-ended investment trusts in Holland. In Britain, where the Continental trusts are less well known to investors, he may deservedly have had rather more success. Shares in Interunie provide an entry into a wide-ranging and forward-looking investment portfolio in shares in the international companies of Holland, in local Dutch stocks, in other Continental securities and in American stocks. Though it is an investment trust and not a unit trust in the British sense it is managed very much as if it were a mutual fund.

The shares are dealt in on the Amsterdam exchange, with the price being determined by the break-up value of the underlying securities plus stamp duties and commissions. There is no loading charge, managerial expenses being charged against income and capital gains (which cannot be distributed in Holland without attracting tax at the full rate). New shares are issued at the market price. Most, though not all, the investment income is distributed and last year Interunie paid a dividend of 18 per cent. On that dividend the shares at Fl 194 offer a gross yield of 4½ per cent. Under the double tax agreements British investors can claim back the 15 per cent Dutch withholding tax so that this is a true gross yield to them. That is higher than current yields obtainable on many individual Continental securities—a reflection of the fact that the portfolio has been built up over a good number of years. The market for this kind of security in Britain cannot be big and clearly for any market to be established at all Interunie will require the active support of a merchant bank as well as a firm of stockbrokers in the City.

Head Wrightson

THE shares of Head Wrightson have in the past rightly earned the tag of "growth." From 1953 to 1959 the group's trading profits advanced year by year. In the year to March 31st last they suffered a check, falling by 10 per cent from £1,815,173 to £1,648,515. This has not prevented the directors from raising the dividend for the ninth successive year. It has been increased from the equivalent of 13½ per cent to 14 per cent, as forecast when the 50 per cent scrip issue was made. As in past years the dividend is strongly covered 3½ times by earnings.

The setback in profits was not wholly unexpected, for shareholders were warned a year ago that the volume of orders being received had fallen and that the group's exceptional progress might not be maintained in the short term. The operations of this constructional engineering group are spread throughout the capital goods industries and presumably Head Wrightson experienced the effects of the recession in this sector of the economy for the greater part of its financial year. As producers of plant for the iron and steel industry Head Wrightson stands to benefit from the industry's programme of capital expenditure. It has already received this year orders from both Consett Iron and Steel Company of Wales. Its profits seem likely to recover this year, but the 5s. shares at 22s. 4½d. yield only 3.1 per cent.

London Stock Exchange

FIRST DEALINGS:	May 9	May 23	June 13
LAST DEALINGS:	May 20	June 10	June 24
ACCOUNT DAY:	May 31	June 21	July 5

THE beginning of the three week Whitsun account has seen stock markets at their brightest for some weeks. While there has been some improvement in turnover it has still remained at a low level, and in a market short of stock gains in prices have often been out of proportion to the amount of actual buying. In the gilt-edged market prices continued their downward drift at first but gains of up to ⅛ were recorded on Wednesday following the slowing down in the rate of the rise of bank advances. Over the week 3½ per cent War Loan was unchanged at 62¼ and old Consols lost ¼ to 46⅝. Short dated stocks were little changed on balance but the near "short" 3 per cent Savings Bonds 1955-65 gained ⅛ to 91. Among medium dated stocks 5½ per cent Exchequer Bonds 1966 gained ⅛ to 101⅝, 3 per cent Savings Bonds 1965-75 were unchanged at 74⅛. 5½ per cent Funding 1982-84 lost ⅛ to 101¼ and 3½ per cent Funding 1999-2004 lost 5/16 to 68⅛.

The Economist Indicator gained a further 9½ points over the week to 357.2 and now shows a rise of 6½ per cent from its 1960 low recorded earlier this month. Steel shares have shown good rises on hopes of higher interim dividends. Colvilles and United Steel gained 3s. 6d. and 1s. 6d. respectively to 80s. Stewarts and Lloyds rose by 3s. 9d. to 52s. 6d. and Lancashire Steel rose by 3s. to the same price. In the engineering group Vickers rose a further 2s. 3d. to 35s. and Tube Investments rose by 2s. 9d. to 79s. 3d. In anticipation of the proposed merger Davy-United gained 12s. to 116s. 6d. and Power Gas 15s. to 99s.

Among Continental and American favourites Philips Lamps reflected persistent demand with a rise of 14s. 6d. to 193s. Unilever NV gained 6s. to 194s. and Unilever Limited 2s. 6d. to 151s. Fisons rose by 1s. 7½d. to 52s. 1½d. and Ford Motor after falling to 109s. rose over the week by 1s. 10½d. to 114s. 4½d.

While bank shares generally have shown little change Schroders rose by 10s. to 515. on the merger with Helbert Wagg and Hambros Bank new shares which opened on Monday at 15s. 6d. premium rose 3s. 3d. to 18s. 9d. premium. Insurance shares have been in good demand and typically Legal and General gained ½ to £17⅞ xd and Britannic 11s. 3d. to 188s. 9d.

Textile shares have made good gains following the good results from J. and P. Coats which rose 6s. 6d. to 44s. 3d.; Lancashire Cotton rose 6s. 3d. to 68s. 6d. and English Sewing Cotton 2s. 6d. to 52s. 3d. Gains were not limited only to cotton shares for Courtaulds rose 2s. 4½d. ahead of next week's results and Patons and Baldwins 7s. to 65s. 3d. Oil shares have remained dull but Shell Transport gained 3s. 6d. to 146s. 3d. There has been a good market in Kaffirs; Free State Geduld rose 6s. 3d. to 128s. 9d. and Western Holdings 5s. to 128s. 1½d.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 18, 1960	Price, May 25, 1960	Net Yield, May 25, 1960 £ s. d.	Gross Yield, May 25, 1960 £ s. d.
98[12/32]	97[1/4]	Funding 2½%.....1956-61	98[12/32]	98[12/32]	2 19 6	4 1 11
100[25/32]	99[1/8]	Conversion 4½%.....1962	99[7/32]	99[1/4]	2 18 3	4 19 5
96[1/8]	94[1/4]	Exchequer 3%.....1962-63	94[9/16]	94[9/16]	3 15 3	4 18 10[1/2]
93[1/16]	92	Exchequer 2½%.....1963-64	92[1/32]	92[1/32]	3 13 11	4 14 5[1/2]
101[5/32]	99[1/4]	Conversion 4¾%.....1963	99[3/8]	99[3/8]	3 3 2	4 19 6
99[13/32]	97[7/16]	Conversion 4½%.....1964	97[7/16]	97[13/32]	3 8 10	5 4 6
92[15/16]	89[7/8]	Savings Bonds 3%.....1955-65	90[11/16]	90[7/8]	3 17 11	5 4 1[1/2]
85[7/16]	80[7/8]	Funding 3%.....1959-69	82[1/2]	82[3/8]	4 5 5	5 11 10[1/2]
93[1/2]	89[11/16]	Funding 4%.....1960-90	90[1/16]	89[3/8]	2 19 5	4 12 11[1/2]
82[3/8]	79[1/4]	Savings Bonds 3%.....1960-70	80[3/8]	80[5/16]	4 5 7	5 12 10[1/2]
85[11/16]	81[3/4]	Savings Bonds 2½%.....1964-67	83[7/16]	83[3/8]	4 7 0	5 8 9[1/2]
77	73	Savings Bonds 3%.....1965-75	74[3/16]	74[1/8]	4 3 11	5 12 7[1/2]
104[3/16]	100[1/4]	Exchequer 5½%.....1966	101[1/2]	101[5/8]	3 3 8	5 7 8
92[1/16]	87[7/8]	Funding 3½%.....1966-68	87[3/8]	83[3/4]	4 6 0	5 13 1[1/2]
96[1/4]	94[1/8]	Victory 4%.....1920-76	94[5/16]	94[1/4]	3 6 7	5 0 3[1/2]
89[7/16]	84[11/16]	Conversion 3½%.....1969	86	86	4 2 8	5 13 4
98	95[7/8]	Conversion 5%.....1971	96	95[7/8]	3 12 2	5 13 6
101[7/16]	96[7/16]	Conversion 5½%.....1974	96[11/16]*	96[11/16]*	3 10 0	5 11 4
78[3/4]	74[9/16]	Treasury 3½%.....1977-80	74[3/8]*	74[1/2]*	3 19 11	5 12 5[1/2]
78[1/8]	74[7/16]	Treasury 3½%.....1979-81	74[1/2]	74[5/8]	3 19 9	5 13 7[1/2]
103[1/2]	101	Funding 5½%.....1982-84	101[3/8]	101[1/4]	3 7 4	5 11 2[1/2]
66[1/4]	62[1/2]	Redemption 3%.....1986-96	63[1/8]	62[3/4]	3 14 8	5 7 5[1/2]
97[1/4]	93[1/8]	Treasury 5%.....1986-89	93[3/8]	93[1/8]	3 11 2	5 12 11[1/2]
71[3/4]	68[5/8]	Funding 3½%.....1999-2004	69	68[11/16]	3 12 0	5 9 3[1/2]
73[1/16]	70[1/4]	Consols 4%.....after Feb. 1957	71[1/8]	71[1/8]	3 9 8	5 14 6[1/2]
65[3/8]	61[1/4]	War Loan 3½%.....after 1952	62[1/4]*	62[5/16]*	3 12 3	5 12 3[1/2]
65[1/2]	61[7/16]	Conv. 3½%.....after Apr. 1961	62[7/16]	62[7/16]	3 9 0	5 13 1[1/2]
56[3/4]	52[3/4]	Treasury 3%.....after Apr. 1966	54	54	3 8 5	5 12 0[1/2]
49[3/4]	46[7/16]	Consols 2½%.....	47[1/8]	46[7/8]	3 5 8	5 7 6[1/2]
48[1/2]	45[1/4]	Treasury 2½%.....after Apr. 1975	46	45[15/16]	3 7 8	5 9 3[1/2]
97[1/2]	92[1/4]	British Electric 4½%.....1967-69	93	93[1/16]	3 15 2	5 13 3[1/2]
79[1/16]	75[1/4]	British Electric 3%.....1968-73	76[1/4]	76[1/4]	4 5 9	5 13 7[1/2]
76[1/8]	71[7/8]	British Electric 3%.....1974-77	72[3/4]	72[3/4]	4 5 8	5 11 5[1/2]
90[1/2]	85[1/8]	British Electric 4¼%.....1974-79	85[3/8]	85[1/16]	3 13 6	5 10 5[1/2]
79[1/2]	75[1/16]	British Electric 3½%.....1976-79	75[3/8]	75[1/4]	3 19 9	5 12 3[1/2]
90[3/8]	86	British Gas 4%.....1969-72	86[1/2]	86[9/16]	3 18 5	5 13 7[1/2]
84[7/8]	82[3/16]	British Gas 3½%.....1969-71	83[3/16]	83[3/8]	4 0 10	5 11 10[1/2]
67[7/16]	63	British Gas 3%.....1990-95	63[3/8]	63[3/8]	3 14 7	5 6 9[1/2]
79[1/16]	75[1/4]	British Transport 3%.....1968-73	76[1/4]	76[1/4]	4 5 9	5 13 7[1/2]
86[1/2]	82[3/16]	British Transport 4%.....1972-77	82[1/16]	82[5/16]*	3 16 7	5 11 4[1/2]
67[3/8]	63[9/16]	British Transport 3%.....1978-88	64[3/4]	63[5/16]*	4 0 4	5 11 8[1/2]

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, May 18, 1960	Price, May 25, 1960	Yield, May 25, 1960 £ s. d.
83	80[3/8]	Australia 3½%.....1965-69	82	82[1/4]	5 17 0[1/2]
107[1/2]	103	Australia 4½%.....1974-76	103[1/2]	103[1/2]	5 13 0e
73[3/4]	70	Ceylon 4%.....1973-75	71[1/2]	71[1/2]	7 4 0[1/2]
107[5/8]	103[1/4]	New Zealand 6%.....1976-80	104	104	5 14 0e
96[1/4]	88	Rhodesia and Nyasaland 6%.....1970-81	98[1/2]	88[1/2]	7 5 0[1/2]
85[3/4]	79	South Africa 3½%.....1965-67	80	81	7 0 0[1/2]
80[1/2]	68	Southern Rhodesia 4½%.....1987-92	68	68	7 2 0[1/2]
101[1/4]	99	Agricultural Mortgage 5½%.....1980-85	100	99[3/4]	5 13 10[1/2]
92[3/4]	89[1/2]	Birmingham 4¼%.....1967-70	90[1/4]	90[1/4]	5 14 0[1/2]
99[1/4]	95	Bristol 5%.....1971-73	97[1/2]	95*	5 9 0[1/2]
100	96[1/4]	Corporation of London 5½%.....1976-79	97	96[3/4]	5 10 0[1/2]
53[3/4]	51[1/4]	L.C.C. 3%.....after 1920	52[1/4]*	51[3/4]	5 15 0[1/2]
97[1/4]	92[1/4]	L.C.C. 5%.....1980-83	92[3/8]	92[5/8]	5 12 0[1/2]
100	97[1/4]	Middlesex 5½%.....1980	98[1/8]	98	5 10 0[1/2]

NEW YORK PRICES AND INDICES

	May 18 $	May 25 $		May 18 $	May 25 $		May 18 $	May 25 $
Atch. Topeka	23[1/4]	23[3/8]	Boeing	30[1/4]	27[3/8]	Inter. Nickel	109[1/2]	110[1/4]
Can. Pacific	25[7/8]	25[1/2]	Celanese	24[3/4]	24[3/8]	Inter. Paper	99[3/8]*	99[7/8]
Pennsylvania	13[3/8]	13	Chrysler	46	45[1/4]	Kennecott	78[5/8]	78[3/4]
Union Pacific	26[1/8]	26[3/4]	Col. Palmolive	36	35[1/8]	Monsanto	40[5/8]	41
Amer. Electric	51[1/4]	51[1/4]	Crown Zeller	45[1/4]	44[1/4]	Nat. Distillers	29[1/2]	29
Am. Tel. & Tel.	87[7/8]	87[7/8]	Distillers Seag.	29[3/4]	29[5/8]	Pan-American	16[7/8]	17[3/8]
Cons. Edison	62[3/4]	62[3/4]	Douglas	34	31[1/2]	Procter Gamble	102[1/2]	101[3/4]
Int. Tel. & Tel.	42[7/8]	46[5/8]	Du Pont	215[1/4]*	208[1/2]	Radio Corpn.	76[3/4]	75[5/8]
Standard Gas	4[5/8]	4[3/4]	East. Kodak	110[3/4]	116[1/4]	Sears Roebuck	50[1/4]*	51[1/8]
United Corpn.	7[3/8]	7	Ford Motor	68[5/8]	66[1/8]	Shell Oil	32[5/8]	33[1/4]
Western Union	44[3/4]	48	Gen. Electric	89[3/8]	89[3/8]	Socony-Mobil	37	35[1/4]
Alcoa	92[1/4]	90[1/2]	General Foods	115[1/2]	118	Stand. Oil Ind.	36[1/8]	37[1/2]
Aluminium	32	32[1/4]	General Motors	45[1/8]	44[1/4]	Stand. Oil N.J.	40[5/8]	41
Amer. Can	38[3/8]	38[1/4]	Goodyear	39[1/8]	39	20th Cent. Fox	37[1/2]	37[3/4]
Am. Smelting	49[1/4]	50[1/4]	Gulf Oil	29[1/4]	28[1/4]	Union Carbide	134	134
Am. Viscose	35[3/4]	35[3/8]	Heinz	80[1/2]	83	U.S. Steel	82[1/8]	78[3/4]
Anaconda	51[1/8]	49[3/8]	Int. Bus. Mach.	464[1/2]	485	West. Electric	56[1/2]	58
Beth. Steel	46[7/8]	44[7/8]	Int. Harvester	44[1/8]	41[3/8]	Woolworth	68[5/8]	67[3/8]

Standard and Poor's Indices (1941–43=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Apr. 27	58·63	3·32	30·16	3·79	45·62	3·95	86·55	4·22
May 4	58·67	3·32	30·13	3·80	45·40	3·97	86·95	4·18
" 11	58·11	3·35	29·64	3·89	45·51	3·96	87·07	4·09
" 18	59·12	3·29	30·14	3·80	45·78	3·95	87·26	4·15
" 25	59·32	3·28	30·68	3·78	46·06	3·92	87·16	4·16

425 Industrials :- High, 65·92 (Jan. 5) ; Low 57·08 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, May 18, 1960	Price, May 25, 1960	Yield, May 25, 1960	Cover
		% %	**BANKS, DISCOUNT & HP**				
42/3	34/6	2[1/2] a 7[1/2] b	Alexanders.....£1	34/6	34/6	5·80	...
53/-	44/3	4 a 6 b	Bk. Lond. & S. Amer..£1	46/3	46/-	4·35	...
39[3/4]	32[1/4]	9 c 9 c	Bk. New S. Wales....£20	33*	32[1/4]	4·47[1/2]	...
66/3	52/3	5 a 5 b	Barclays.....£1	54/-	53/3	3·76	...
49/6	38/6	4 a 5 b	Barclays D.C.O.....£1	38/9	38/6	4·68	...
64/-	53/6	7[1/2] a 7[1/2] b	Chartered.....£1	54/6	53/6	5·61	...
83/7[1/2]	65/6	8[1/2] a 7 b	District.....£1	68/6	67/9	4·13[5/8]*	...
18/6	12/6	5 b 4 a	Eng., Scott. & Aust.....£1	32/9	32/6	5·54	...
54/2	33/6	2[3/4] a 5 b	Hongk'g. & Shang...$125	£65	£60[3/4]	4·94	...
70/6	57/6	5 a 7 b	Lloyds.....£1	61/9	62/-	3·87	...
8	8	4 a 8 b	Martins.....5/-	17/11[1/2]	17/11[1/2]	3·80[5/8]*	...
95/-	83/6	7[1/2] a 9[1/2] b	Midland.....£1	85/-	83/6	4·07	...
48/6	45/-	7[1/2] a 7[1/2] a	Nat. Com. Bk. Scot..10/-	48/6	49/9*	3·02[1/2]*	...
59/9	45/-	6[1/4] a 8[3/4] b	Nat. Discount 'B'.....£1	48/10[1/2]	48/9	6·15	...
92/-	72/6	5 a 7 b	Nat. Provincial.....£1	75/9	76/3	3·67[1/2]	...
95/6	80/3	8 a 9 b	Royal Bk. of Scotland..£1	82/-	81/6	4·17	...
51/6	38/-	5 a 9 b	Stand. Bk. S. Africa...£1	40/6	40/-	7·00	...
49/-	40/-	4[1/2] a 5 b	Union Discount.....£1	41/6	49/3	5·08	...
5/-	5/-	5% b	Westminster 'B'.....£1	52/9	52/3	4·15	...
£213[3/4]	£181[1/4]	$1·65c $1·85c	Bank of Montreal.....$10	£183[3/4]*	£187[1/4]	3·62	...
£2·25c	£2·31[1/2]c	$2·32[1/2]c $2·42c	Royal Bk. Canada.....$10	£25*	£24[7/8]	3·38	...
£30[1/8]	£23[1/8]	12[1/2] a 13[1/2] b	Bowmaker.....5/-	25/4[1/2]	27/4[1/2]	3·35	1[1/2]
33/7[1/2]	24/6	8[1/2] a 9[1/2] b	Lombard Banking.....5/-	26/6	27/11[1/2]	3·00[5/8]	3[1/4]
29/3	20/6	10 b 5 a	Mercantile Credit.....5/-	23/4[1/2]	25/7[1/2]	2·93	2[1/4]
82[3/32]	71[1/16]	2[1/2] b 4 a	United Domins. Tst...£1	71[9/32]	73[4]	3·23	2[1/4]
31/6	22/11[1/2]	5 a 13[1/2] b	**BREWERIES, Etc.** Bass.....5/-	25/-	25/9	3·88[5/8]*	2
33/7[1/2]	24/6	8[1/2] a 9[1/2] b	Lombard Banking.....5/-	26/6	27/11[1/2]	3·00[5/8]	3[1/4]
29/3	20/6	10 b 5 a	Mercantile Credit.....5/-	23/4[1/2]	25/7[1/2]	2·93	2[1/4]
82[3/32]	71[1/16]	2[1/2] b 4 a	United Domins. Tst...£1	71[9/32]	73[4]	3·23	2[1/4]
27/10[1/2]	22/3	19[1/2] c 21[1/2] a	Distillers.....10/-	25/6	26/-	3·67	2
39/6	33/3	12[1/2] c 15 a	Flowers.....5/-	28/6	28/6*	3·33	2[1/4]
12	7	5 b 7 a	Guinness.....10/-	16/-	16/6	3·03	1[3/4]
12	5	5 c 5 a	Ind Coope.....5/-	20/-*	20/-[1/2]*	4·10	1[3/4]
29/9	19/-	6[1/2] c 7[1/2] b	Teacher (Distillers) .10/-	32/6	32/6	3·85	3[1/4]
37/6	32/-	5 a 7[1/2] b	Watney Mann.....£1	81/3	82/9	3·63	2
135/6	115/-	8 a 11[1/4] b	Whitbread 'A'.....£1	121/3	120/-	4·17	1[3/4]
81/6	61/9	4 a 7 b	**BUILDING, PAINT, Etc.** Associated Portland..£1	67/-	71/3	3·09	3[1/4]
28/6	24/7[1/2]	6[3/4] b 4 a	British Plaster Bd. ..10/-	26/3	27/9	3·60	2[1/4]
96/3	81/10[1/2]	5 a 10 b	Orchard Costain.....£1	86/3	88/-*	3·99	3
16[1/2]	13/7[1/2]	18 a 5 c	Cristall Mfg.....£1	13/7[1/2]*	13/10[1/2]	5·41	2[1/2]
6	13/3	6 a 14 b	International Paints..4/-	15/-	15/3	5·25	2
109/9	96/3	6 a 14 b	London Brick.....£1	101/3	105/9	3·78	3[3/4]
52/9	38/9	25 c 25 c	Rugby Portland 5/-	44/3	46/9	2·67	3
36/-	27/6	7[1/2] a 12[1/2] b	Taylor Woodrow.....5/-	28/3*	29/3	3·42	2
138/11[1/2]	122/6	20 c 7[1/2] a	Wall Paper Defd.....£1	126/3	132/6*	3·02	3[1/2]
31/9	25/9	4·8 a 13[1/2] b	**CHEMICAL** Albright & Wilson...5/-	28/-	29/-	3·16	2[3/4]
22/4[1/2]	16/7[1/2]	2[1/2] a 7[1/2] b	Borax Defd. £1	16/10[1/2]	19/4[1/2]	2·58	2[3/4]
54/9	44/10[1/2]	6 b 4 a	Fisons.....£1	47/6*	52/10[1/2]	3·84	2
54/2	33 a	7[1/2] b	I.C.I.....£1	59/3	60/-	3·75	2[1/4]
23/-	15 a	10 b	Monsanto.....5/-	24/-	24/9	3·03	3
51/-	46/-	20 c 7[1/2] a	**DRAPERY & STORES** Montague Burton...10/-	49/-	49/11[1/2]*	4·07	2
49/4[1/2]	41/3	11[1/2] b 5[5/8] a	Debenhams.....10/-	44/3	45/11[1/2]	3·88	1[3/4]
55/4[1/2]	45/11[1/2]	27[1/2] b 7[1/2] a	G.U.S. 'A'.....5/-	46/9	47/3	3·70	2[1/4]
47/6	41/6	10 c 15 a	House of Fraser.....5/-	42/6	45/6	4·40	1
25/7[1/2]	21/-	6 a 11 b	Lewis's Invest. Tst...4/-	22/6	22/7[1/2]	3·01	2[3/4]
68/9	52/6	12[1/2] a 27[1/2] b	Marks & Spencer 'A'.5/-	71/6	72/3*	2·77	1[1/2]
55/9	44/6	12[1/2] a 25 b	United Drapery 5/-	48/6	49/3	3·81	2
58/9	60/-	13[1/2] a 31[1/2] b	Woolworth.....5/-	63/10[1/2]	65/3	3·45	1[1/2]
66/6	50/4[1/2]	15 c 2[1/2] a	**ELECTRICAL & RADIO** A.E.I.....£1	54/4[1/2]	56/6*	5·31	1[1/4]
61/-	50/-	4 a 9[1/2] b	B.I.C.C.....£1	52/10[1/2]	52/3	5·17	2
15/-	11/6	4 a 7[1/2] b	Crompton Parkinson.5/-	12/3	12/6	4·48	2[1/4]
56/10[1/2]	45/7[1/2]	14[1/4] b 7[1/2] a	Decca Record.....10/-	47/4[1/2]	49/-*	4·42	1[3/4]
58/9	44/9	20 c 5 a	E.M.I.....10/-	48/6	52/-	2·69[1/2]*	3[1/2]
53/-	37/10[1/2]	3 a 7 b	English Electric £1	39/6	39/10[1/2]	5·02	2
37/6	25/-	3 a 6 b	General Electric £1	38/4[1/2]	39/11[1/2]	5·11	1[1/2]
59/-	44/-	4[5/8] a 5 b	C. A. Parsons.....£1	50/-	51/9	3·62	4
15/6	12[1/2] c	13[1/2] c 5[1/2] b	Pye.....5/-	16/6	16/6	3·79	2[3/4]
52/3	37/10[1/2]	3[1/2] a 5[1/2] b	A. Reyrolle.....£1	38/3[1/2]	38/3[1/2]	4·58	2[3/4]
55/7[1/2]	44/3	17[1/2] c 20 c	Thorn Electrical.....5/-	48/3	47/9	2·09	4[1/2]
48/9	33/6	4[1/2] a 4[1/2] b	**ENGINEERING** Babcock & Wilcox....£1	37/11[1/2]	37/10[1/2]	4·75	3[1/4]
54/-	40/3	6 b 4 a	John Brown £1	43/-	43/3	4·62	2[1/2]
10/6	6/8[1/4]	3 a 4 b	Cammell Laird 5/-	8/4[1/2]*	8/-	4·38[1/2]	1[1/2]
46/9	26/-	10 a 20 b	Internat. Combust. ..5/-	28/4[1/2]	28/4[1/2]	5·29	2[3/4]
14/9	10/6	5 b 3[1/2] a	Rich'ds'ns. Westg'th. 10/-	10/9	10/6	7·93	2
39/9	30/6	2[1/2] a 7[1/2] b	Swan Hunter £1	34/3	32/9	6·11	2[3/4]
25/9	16/9	7[1/2] a 12[1/2] b	John Thompson £1	18/6	18/3	5·48	1
39/-	21/9[1/2]	2[1/2] a 7[1/2] b	Vickers £1	32/9	35/-	5·71	1[1/4]
29/3	21/6	11[3/4] a e 14[3/8] b	Coventry Gauge....10/-	22/6	22/6	4·55	2
59/6	48/-	12 a 15 b	Alfred Herbert £1	53/-	54/-	4·23	1[1/2]
76/3	65/3	8[3/4] b 7[1/2] a	Allied Ironfounders...£1	69/6	71/6	4·55	3[1/2]
101/6	84/-	10 b 5 a	Alvis.....£1	86/6	91/-	3·30	3[1/4]
19/-	13/4[1/2]	7[1/2] b 4[1/2] a	George Cohen 5/-	15/7[1/2]	15/10[1/2]	3·78	2[1/4]
117/3	100/6	10 c 15 c	Davy-United.....£1	104/6	116/6	2·58	3[1/4]
95/7[1/2]	79/-	5 a 10 b	Guest Keen.....£1	86/6*	88/-	3·41	3[3/4]
31/6	21/3	4 a 8 b	Head Wrightson.....5/-	21/6	22/-	3·18	3[1/2]
75/-	61/3	5[1/2] b 4 a	Metal Box.....£1	65/6	69/-	2·70	3[1/4]
27/3	22/9	12[1/2] b 6 a	Ransome & Marles...5/-	23/3	23/3	3·98	2[3/4]
43[1/2]	36/3	6[1/2] a b 2 a	Ranold Chains.....£1	38/3	38/9	5·16[5/8]*	1[1/4]
40/-	25/6	9 b c	Ruston & Hornsby....£1	28/9	28/6	5·61	1[3/4]
82[3/4]	65/3	7[1/2] a 12[1/2] b	Tube Investments.....£1	77/6*	79/3	3·15[5/8]*	2[1/4]
168/9	138/6	20 b 5 a	Ward (Thos. W.).....£1	142/6	145/-	3·45	3[1/2]
44/6	29/9	5 a 20 b	Woodall-Duckham ..5/-	31/9	32/9	3·82	2[3/4]

The Economist Indicator 1953=100				
1960	Indicator	Yield %	1960 High	1960 Low
Apr. 27	341·0	4·48	377·8 (Jan. 6)	335·6 (May 4)
May 4	335·6	4·53		
" 11	339·3	4·52		
" 18	347·7	4·43		
" 25	357·2	4·37		

Financial Times Indices					
1960	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked
May 19	309·7	4·36	91·41	5·33	10,769
" 20	309·9	4·36	91·28	5·35	11,119
" 23	314·6	4·30	91·00	5·35	13,322
" 24	316·3	4·27	91·00	5·35	11,664
" 25	320·4	4·22	91·07	5·33	12,015

High, 342·9 (Jan. 4). Low, 295·8 (May 9).
† July 1, 1935=100. ‡ 1928=100.

‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distributed 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2½% tax free. (l) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, May 18, 1960	Price, May 25, 1960	Yield, May 25, 1960	Cover
		% %	**FOOD & TOBACCO**				
41/3	33/6	16 c 12 a	Assoc. British Foods..5/-	38/-	38/6	2·34	2[1/2]
110/6	95/10[1/2]	5 a 19 b	Bovril Defd.....£1	104/4[1/2]	110/-*	4·36	2[3/4]
15/7[1/2]	13/2[1/4]	†4[1/4] b †2[1/20]	Brooke Bond 'B'.....5/-	13/6	13/9	3·71	4
30/7[1/2]	25/6	10 c 10 c	Home & Colonial ..10/-	26/3	26/9	3·74	2
13/8[1/4]	10/3	7[1/2] b 2[1/2] a	International Tea.....5/-	12/-	12/3[3/4]	4·06	1[3/4]
85/6	70/9	9[1/4] b 5 a	J. Lyons 'A'.....£1	72/3	75/3	3·76	1[1/2]
28/3	24/10[1/2]	5 a 7[1/2] b	Ranks.....10/-	25/-	24/10[1/2]	5·03	2[1/4]
48/9	39/6	3[1/2] a 7[1/2] b	Spillers.....£1	42/3	44/3	4·13	2[1/4]
62/-	54/6	9 b 3 a	Tate & Lyle.....£1	56/9	57/6*	4·17	2[1/4]
17/3	15/3	... 5 a	Unigate.....5/-	16/-	16/9	2·99**	...
72/6	57/9	†20 c †55[1/2] a	Brit. Amer. Tobac. 10/-	60/8[1/4]	61/7[1/2]	5·30	2[3/4]
41/6	37/-	13[1/2] b 3[1/2] a	Gallaher 10/-	39/6	41/6	4·01	2
77/6	61/9	8[1/2] a 14 b	Imperial Tobacco.....£1	65/9	66/7[1/2]	6·75	1[3/4]
			INSURANCE				
195/-	175/-	†45 a †50 b	Britannic.....5/-	177/6	188/9	4·11	...
68/6	54/3	20 a 25 b	Commercial Union ..5/-	60/9	63/3	3·56	...
14[5/16]	12[1/16]	†32·35c †41·17c	Equity & Law Life ...8/6	13[13/16]	14[5/16]	2·00	...
82/6	70/3	15 a 30 b	General Accident.....5/-	76/-	81/3	2·77	...
106/3	91/-	30 a 40 b	Guardian.....5/-	104/9	106/3	3·29	...
19[1/4]	16[3/4]	40 a 150 b	Legal & General.....5/-	17[1/4]	17[3/8]*	2·70	...
102/6	96/3	... ...	Northern & Empl. ...£1	101/3	100/-*	3·70[5/8]*	...
172/6	132/6	†20 a †60 b	Pearl 5/-	133/9	141/3	4·62	...
17[5/16]	15[9/16]	†16[2]1 c †18[3]3 c	Prudential 'A'.....4/-	16[7/8]	17[1/8]	3·50	...
133/9	94/9	8 a 8 b	Royal Exchange £1	97/-	133/9	2·39	...
			MOTORS & AIRCRAFT				
67/11[1/2]	55/3	3 a 9[1/2] b	B.S.A.....£1	61/-	64/4[1/2]	3·88	2[1/2]
24/03	18/7[1/2]	12[1/2] b 7[1/2] a	British Motor 5/-	19/4[1/2]	19/03[1/4]	5·25	1[1/2]
115/4[1/2]	97/-	5 a 12[1/2] b	Ford Motor.....£1	111/6	114/4[1/2]	3·06	4[1/2]
54/-	38/-	17[1/2] c 20 c	Jaguar Cars 'A'.....5/-	50/7[1/2]	51/9	1·93	9[1/2]
85/-	72/6	12[1/2] c 15 c	Leyland Motor £1	80/9	81/6	3·68	3
12/33[1/4]	9/3	8 c 12 c	Rootes Motors 'A' ...4/-	10/11[1/2]	10/33[1/4]	4·65	5
12/6	10/9	12 c 5 c	Standard-Triumph ...5/-	11/3[1/2]	11/-*	5·45	3[1/2]
17/3	13/11[1/2]	3[1/2] a 7 b	Bristol Aeroplane ..10/-	14/11[5/8]*	15/6	5·45	3[1/2]
38/-	29/10[1/2]	†3·9b †3·6a	Dowty Group.....10/-	33/3	35/9	3·42	3[1/2]
34/-	28/3	3 a 7 b	Hawker Siddeley £1	30/4[1/2]	31/-	6·45	2
49/7[1/2]	42/-	2[1/2] a 7[1/2] b	Rolls-Royce £1	45/3	47/-	4·26	2
28/11[1/2]	22/3	3[1/2] a 1[7/32] b	Dunlop Rubber 10/-	28/-	28/11[1/2]	5·33	2[1/4]
74/6	64/10[1/2]	10 b 2[1/2] a	Joseph Lucas.....£1	65/4[1/2]	65/9	3·80	3
40/9	31/6	9 a 21 b	Pressed Steel.....5/-	33/3*	34/-	4·41	3
48/6	30/-	6[3/4] c 10 c	Triplex Holdings ...10/-	44/7[1/2]	44/7[1/2]	2·24	3[1/4]
			MINES				
115[3/8]	77[1/8]	20 a 70 b	Anglo-American.....10/-	71[1/16]	72[9/32]	5·69	1[1/2]
99/3	60/-	6[1/4] a 18[3/4] b	Consolid. Gold Fields .£1	61/-	64/6	7·75	2
145/-	88/9	10 a 25 b	General Mining £1	93/9	95/9	7·31	2
87/9	49/6	40 a 110 b	Union Corporation ..2/6	51/-	54/3	6·91	2[1/2]
25/10[1/2]	19/-	50 b 45 a	Daggafontein 5/-	19/9	19/9	24·05	1
191/3	116/3	90 b 70 a	Free State Geduld ...5/-	122/6	128/9	6·21	1[1/2]
66/3	48/11[1/2]	35 b 35 a	Hartebeestfontein ...10/-	49/9	51/-	13·73	2
80/4[1/2]	52/6	60 b 50 a	President Brand 5/-	56/3	58/-	9·48	2
187/6	113/9	100 b 80 a	Western Holdings ...5/-	123/11[1/2]	128/11[1/2]	7·02	1[3/4]
26/9	20/-	... ...	Winkelhaak.....10/-	20/3	21/-	...	...

Money and Exchanges

EXCHEQUER RETURNS

For the week ended May 21, 1960, there was an "above-line" surplus (after allowing for sinking funds) of £7,166,000 compared with a surplus of £26,653,000 in the previous week and a surplus of £19,141,000 in the corresponding period of last year. There was a net credit "below-line" of £37,329,000 leaving a total cumulative deficit to date of £38,948,000 compared with a surplus of £34,743,000 in 1959–60.

£ '000	Estimate 1960–61	April 1, 1959, to May 23, 1959	April 1, 1960, to May 21, 1960	Week ended May 23, 1959	Week ended May 21, 1960
Ord. Revenue					
Income Tax	2478,000	218,401	163,601	30,285	20,500
Surtax	190,000	18,400	16,600	1,000	1,700
Death Duties	239,000	33,800	33,100	2,800	4,300
Stamps	110,000	11,500	12,800	600	1,300
Profits tax, EPT and EPL	256,000	32,700	25,900	4,700	4,200
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	314,801	252,001	39,385	32,000
Customs	1458,630	198,953	209,134	21,996	30,496
Excise	950,150	156,170	162,250	16,715	20,480
Total Customs and Excise	2408,780	355,123	371,384	38,711	50,976
Motor Duties	113,000	10,314	12,510	...	...
PO (Net Receipts)	4,000	9,760	6,800	2,800	4,500
Broadcast Licences	39,000	2,000	2,200	...	...
Sundry Loans	32,000	2,032	2,035	...	...
Miscellaneous	110,000	10,062	16,143	405	314
Total	5979,780	704,892	663,073	81,301	87,790
Ord. Expenditure					
Debt Interest	640,000	75,845	93,221	...	...
Payments to Northern Ireland Exchequer	81,000	3,313	8,535	...	...
Other Consolidated Funds	8,000	903	1,056	...	4
Supply Services	4907,161	552,845	595,228	61,780	80,220
Total	5636,161	637,106	698,040	61,780	80,224
Sinking Funds	40,000	3,693	3,760	380	400
"Above-line" Surplus or Deficit	+ 63,383	+ 38,727	+ 19,141	+ 7,166	
"Below-line" Net Expenditure*	28,560	221	Cr. 20,184	Cr. 37,329	
Total Surplus or Deficit	+ 34,743	+ 38,948	+ 39,325	+ 44,495	
Net receipts from:					
Tax Reserve Certificates		22,585	16,966	1,136	372
Savings Certificates		10,500	13,400	−200	1,400
Defence Bonds		19,344	13,359	1,557	2,392
Premium Savings Bonds		9,890	6,110	1,240	880
Total		62,319	49,835	3,733	5,044

* Net receipts of the Civil Contingencies Fund of £2 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
May 23	2,920·0	2,012·6	465·2	...	5,197·7
1960					
Feb. 20	3,380·0	1,803·4	452·7	...	5,406·2
" 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
" 12	3,430·0	1,750·4	213·2	...	5,393·7
" 19	3,430·0	1,742·8	258·5	...	5,431·3
" 26	3,480·0	1,725·9	213·0	...	5,418·9
" 31	5,301·1		246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
" 16	3,450·0	1,861·7	244·9	4·8	5,561·4
" 23	3,440·0	1,859·9	286·6	...	5,586·5
" 30	3,440·0	1,913·1	256·1	...	5,609·2
May 7	3,450·0	1,877·8	240·0	0·2	5,568·0
" 14	3,470·0	1,846·2	231·4	...	5,547·5
" 21	3,470·0	1,832·1	206·0	...	5,508·2

THE MONEY MARKET

THE Bank of England has kept money extremely short in Lombard Street in the past week. On Thursday last week the Bank gave only a small amount of official help and five or six houses were having to borrow a fairly large amount from the Bank. This week the authorities have not attempted to help the market in its difficulties and two or three houses on Wednesday were forced to borrow at Bank rate. The Bank return shows a rise in discounts and advances of £8 million to £37½ million—and further special deposits of £8½ million in the week to Wednesday. The ruling rate for overnight funds has been 4½ per cent but 4⅝ has been readily conceded at times. Bill business has been small but August maturities have been sold at 4¼ per cent.

Keeping its bid unchanged at £98 17s. 3d., the discount market secured another good quota of Treasury bills at last Friday's tender. Although the number of bills on offer had risen by £10 million to £260 million, applications fell by £27 million to £417 million and the market's allotment rose from 58 per cent to 61 per cent. The average rate of discount was virtually unchanged at £4 11s. 1.69d.

MONEY RATES

LONDON

Bank rate (from 4% 21/1/60) ..... 5 %

Deposit rates (maximum):
Banks 3
Discount houses ... 3–3⅛

Money:
Day-to-Day 4⅛–4⅝

Discount rates:	%
Bank bills:	
60 days	4 11/16–4¾
3 months	4 11/16–4¾
4 months	4 11/16–4¾
6 months	4 11/16–4 25/32
Fine trade bills:	
3 months	5¼–5
4 months	5¼–5
6 months	5½–5⅝

NEW YORK

Official discount rate: (from 3½% 10/9/59) ..... 4 %

Treasury Bills:	%
May 16	3·793
" 23	3·497

BANK OF ENGLAND RETURNS

(£ million)	May 27, 1959	May 18, 1960	May 25, 1960
Issue Department:*			
Notes in circulation	2,081·3	2,176·3	2,180·5
Notes in banking dept.	19·1	74·0	69·9
Govt. debt and securities*	2,096·7	2,247·2	2,247·2
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	15·4	10·2	11·6
Special deposits	...	6·4	15·0
Bankers	232·0	241·2	245·1
Other	63·4	64·1	65·8
Total	310·8	321·9	337·6
Securities:			
Government	273·6	217·2	228·8
Discounts and advances	14·3	29·2	37·5
Other	20·8	18·6	18·6
Total	308·7	265·0	284·8
Banking department reserve	20·0	74·8	70·7
"Proportion"	% 6·4	% 23·2	% 20·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
	91 day		s. d.	%
1959 May 22	230·0	372·0	68 9·73	45
1960				
Feb. 19	260·0	415·3	90 10·65	41
" 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
" 11	290·0	515·9	91 8·32	27
" 18	290·0	449·0	92 3·52	49
" 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
" 8	260·0	422·1	92 11·83	42
" 14	280·0†	454·5	93 1·10	41
" 22	270·0	425·7	93 0·88	51
" 29	240·0	429·5	93 0·48	28
May 6	250·0	446·8	93 4·70	23
" 13	250·0	444·8	91 1·56	58
" 20	260·0	417·4	91 1·69	61

* On May 20th tenders for 91 day bills at £98 17s. 3d. secured 61 per cent, higher tenders being allotted in full. The offer for this week was for £280 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits May 25	Market Rates: Spot May 19	May 20	May 21	May 23	May 24	May 25
United States $	2·78–2·82*	2·80 7/16–11/16	2·80 7/16–11/16	2·80 1/2–5/8	2·80 7/16–9/16	2·80 3/8–1/2	2·80 3/8–1/2
Canadian $	...	2·76 15/16–77/16	2·76 15/16–77/16	2·76 1/2–5/8	2·76 15/16–77/16	2·76 7/8–77/16	2·77 1/16–5/16
French Fr.	13·622–14·027	13·75 5/8–76/8	13·75 1/2–3/4	13·75–75 1/4	13·74 1/8–3/8	13·74 3/8–3/4	13·74–74 1/2
Swiss Fr.	11·94–12·54 7/8	12·12 1/2–5/8	12·10 3/4–11	12·10 3/8–11	12·10 1/2–3/8	12·09 3/4–10	12·10–10 1/4
Belgian Fr.	137·96–142·05	139·85–90	139·90–95	139·90–95	139·85–90	139·82 1/2–87 1/2	139·80–85
Dutch Gld.	10·48–10·80	10·58–58 1/4	10·58–58 1/4	10·57 3/4–58	10·57 5/8–7/8	10·57 1/4–1/2	10·57 1/8–3/8
W. Ger. D-Mk.	11·59 1/4–11·92 5/8	11·70 1/8–3/8	11·70–70 1/4	11·69 5/8–70 1/8	11·69 5/8–7/8	11·69 1/4–1/2	11·69–69 1/4
Portug. Esc.	79·00 3/4–82·00 1/2	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	17 42 1/8–3/8	17 41 3/8–42	17 41 1/2–5/8	17 41 1/4–3/8	17 41 1/4–41 1/2	17 40 1/2–3/4
Swedish Kr.	14·27 1/2–14·70	14·51 3/4–5/8	14·51 3/4–5/8	14·51 3/4–5/8	14·51–51 1/8	14·50 1/2–3/4	14·50–50 1/4
Danish Kr.	19·06 1/2–19·62	19·38 1/4–1/2	19·38 1/4–1/2	19·38 1/4–1/2	19·38–38 1/4	19·37 1/8–3/8	19·37–37 1/4
Norwegian Kr.	19·71–20·30 1/2	20·01 7/8–02 1/8	20·01 1/2–3/4	20·01 1/4–1/2	20·00 7/8–01 1/8	20·00 3/8–5/8	19·99 5/8–7/8

* Official Limits

One Month Forward Rates

United States $	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm
French Fr.	1/2c. pm–1/4c. dis	1/2c. pm–1/4c. dis	1/2c. pm–1/4c. dis	1/2c. pm–1/4c. dis	1/2c. pm–1/4c. dis	1/2c. pm–1/4c. dis
Swiss Fr.	1–3/4c. pm	1/2c. pm–par	1/2c. pm–par	1/2c. pm–par	1/4c. pm–1/4c. dis	1/4c. pm–par	1/2c. pm–par
Belgian Fr.	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1–3/4c. pm	7/8–3/4c. pm
W. German D-Mk.	1–3/4pf. pm	1–3/4pf. pm	1–3/4pf. pm	1–3/4pf. pm	7/8–3/4pf. pm	7/8–3/4pf. pm

Three Months Forward Rates

United States $	9/16–7/16c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	9/16–7/16c. pm	9/16–7/16c. pm
Canadian $	11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16	5/8–1/2c. pm	9/16–7/16c. pm	5/8–1/2c. pm
Swiss Fr.	1 3/8–1 1/4c. pm	1 1/2–1c. pm	1 1/2–1c. pm	1 1/4–1/2c. pm	1–1/4c. pm–par	1–1/4c. pm
W. German D-Mk.	2 1/8–1 7/8pf. pm	2 1/8–1 7/8pf. pm	2 1/8–1 7/8pf. pm	2 1/4–2pf. pm	2 1/8–1 7/8pf. pm	2–1 3/4pf. pm
Gold Price at Fixing						
Price (s. d. per fine oz.)	250/11½	250/1	...	250/2¼	250/3¼	250/4¾

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	May 7th
Manpower and Output	May 21st	Industrial Profits	April 23rd

OVERSEAS

Western Europe	Feb. 13th	United States	May 14th

	Unit	1957	1958	1959	1959 May 12	1959 May 19	1959 May 26	1960 April 26	1960 May 3	1960 May 10	1960 May 17	1960 May 24
		mid-June										
WORLD PRICES												
Commodity Price Indicator(5).												
All items	1952=100	95	87	88	91	91	90	90	90	92	92	92
Food	"	98·8	94·8	84·4	85·0	85·1	83·9	77·2	77·8	77·7	77·9	77·9
Fibres	"	95·9	80·1	80·4	82·5	82·8	82·7	88·7	90·1	96·2	96·7	96·4
Metals	"	79·7	70·8	76·8	78·0	78·1	78·2	85·8	84·9	83·3	82·9	83·0
Other item	"	107·2	104·3	121·7	131·9	129·6	127·8	121·3	120·9	126·4	128·1	124·6
		Monthly averages			1959			1959–60				
BRITISH WHOLESALE PRICES(7)		1957	1958	1959	Feb.	Mar.	April	Dec.	Jan.	Feb.	Mar.	April
Materials used in:												
All manufacturing industries	1954=100	107·4	100·8	101·8	101·8	100·7	101·4	103·2	103·6	102·9	102·4	102·7
Mechanical engineering	"	121·9	123·5	124·5	124·4	124·8	124·9	125·5	125·8	125·9	125·6	126·1
Electrical machinery	"	114·9	114·5	115·6	115·8	116·3	116·2	116·4	116·6	116·8	116·4	116·9
Building and civil engineering	"	113·7	114·2	113·4	113·3	113·3	113·2	113·9	114·2	114·2	114·2	114·5
House building	"	112·3	111·9	111·9	110·6	110·7	110·6	111·9	112·4	112·5	112·7	113·0
Products of:												
All manufacturing industries	"	110·4	111·1	111·5	111·7	111·9	111·2	111·8	111·9	111·9	111·9	112·4
Chemicals and allied trades	"	106·5	105·6	106·6	106·3	106·4	107·0	106·7	106·8	107·0	106·8	106·5
Iron and steel	"	125·2	129·9	129·0	129·7	129·7	129·7	128·6	128·7	128·3	128·1	128·1
Textile industry	"	100·9	97·9	96·0	95·0	94·8	94·8	98·1	98·5	98·9	99·5	100·1
Food manufacturing	"	107·1	104·9	106·9	107·2	106·4	105·9	107·8	107·5	107·0	106·2	106·0
Commodities:												
Cotton, raw	"	90·7	77·2	68·8	66·6	64·2	65·0	73·6	76·0	74·8	73·3	72·9
Wool, raw	"	101·1	72·4	76·6	66·2	67·3	78	82·4	82·2	78·2	80·2	82·5
Rubber, No. 1 RSS, one month future	"	131·6	118·2	148·1	126·1	130·8	137·6	169·4	167·1	168·2	172·3	173·7
Softwood imported	"	109·7	102·1	95·4	94·5	94·5	94·4	98·5	99·9	101·7	102·6	102·6
Copper, ex-warehouse	"	88·3	79·4	95·6	95·0	99·9	96·5	102·8	104·4	106·2	101·9	105·5
UK RETAIL PRICES	Jan. 17											
All items (1)	1956=100	105·8	109·0	109·6	110·3	110·3	109·5	110·2	109·9	109·9	109·7	110·3
Food	"	104·9	107·1	108·2	109·1	108·9	108·6	108·7	107·8	107·4	106·8	106·6
All items	1938=100	263	271	273	275	275	273	274	274	274	273	275
Food	"	276	282	285	287	286	286	286	284	282	281	280
Housing	"	155	172	180	178	178	179	182	182	182	183	186
Clothing	"	267	269	268	267	267	267	269	269	270	270	271
Fuel and light	"	268	281	284	290	290	290	295	295	295	295	295
Household durable goods	"	308	307	300	305	305	299	298	298	298	298	297
Drink	"	272	276	261	276	276	255	256	256	256	256	256
Tobacco	"	421	428	428	428	428	428	430	429	429	429	449
Purchasing power of £ (based on all consumer spending)	1938=100	37	36	36	35	35	36	35	36	36	36	35
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	107	99	98	98	97	96	100	100	100	99	...
Food, drink and tobacco	"	101	97	96	98	96	95	100	99	98	96	...
Basic materials	"	110	96	93	91	91	91	97	97	98	98	...
Fuels	"	128	112	104	110	107	106	100	101	100	100	...
Manufactured goods	"	104	101	104	102	103	104	106	106	108	108	...
Export prices:												
All items	"	111	110	109	109	109	109	111	111	111	111	...
All manufactures	"	109	111	111	111	110	111	113	113	113	113	...
Metals	"	115	118	115	117	117	118	113	115	115	113	...
Engineering products	"	112	115	117	116	116	116	120	120	121	121	...
Textiles (excluding clothing)	"	101	101	98	99	96	97	98	99	98	101	...
Terms of trade:												
Ratio of import to export prices	"	96	90	90	90	89	88	90	90	90	89	...
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952=100	112·7	67·1	71·9	68·2	65·1	68·6	82·5	82·1	77·1	72·9	...
UK WAGES	Jan. 31											
Weekly wage rates:												
All workers (3)	1956=100	110·0	114·0	116·9	116·6	116·7	116·7	117·5	118·1	118·2	118·8	119·4
Men	"	110·0	113·8	116·8	116·5	116·6	116·7	117·3	117·8	117·9	118·4	119·1
Women	"	109·7	114·0	117·0	116·5	116·5	116·7	118·0	118·9	119·1	120·0	120·4
Juveniles (4)	"	111·3	115·8	119·0	118·5	118·6	118·7	119·7	120·3	120·6	121·1	121·7
	Sept.,											
All workers	1939=100	286	296	304	303	303	303	305	307	307	309	310
Weekly earnings (4):		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
All workers	"	212 5	217 4	228 6	...	...	222 6	228 6³	...	...	...	...
Men	"	251 7	256 8	270 9	...	...	262 11	270 9⁵	...	...	...	...
Women	"	129 6	133 11	140 4	...	...	137 0	140 4⁵	...	...	...	...
	Oct.,											
All workers	1938=100	399	408	429	...	...	418	429⁵	...	...	...	...
Men	"	365	372	392	...	...	381	392⁵	...	...	...	...
Women	"	398	412	432	...	...	422	432⁵	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the *London and Cambridge Economic Service*. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) Surveys made twice a year; annual figures relate to October survey. (5) October. (6) In general males under 21 and females under 18 years of age. (7) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (8) The series for "*all items*" and "*other items*" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline.



Suddenly I thought

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"And then," I thought, "he'll be going to a public school. *Or will he?* I know which school I'd like him to go to. What I don't know is where the money will come from."

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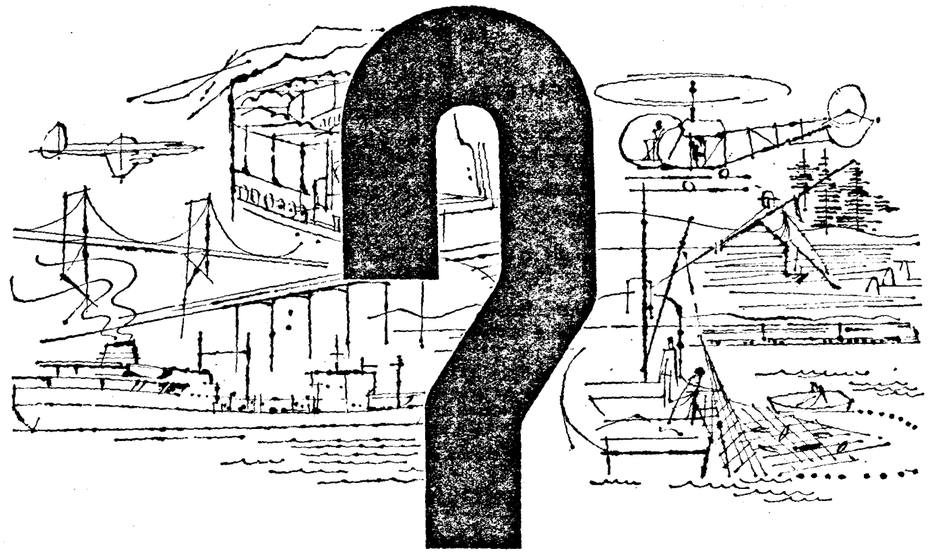

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The basic requirements for this position are a degree in engineering from a university or professional institution; some years in industry; and a successful record in engineering or industrial consultancy.

The work involves the technical analysis of a wide variety of industrial projects in all parts of the world either from written presentations or by on-the-spot investigations. An appreciation of marketing and the ability to make market analyses are also essential.

Applicants (aged about 35-45) should have a broad outlook and experience; assistance from specialists in any particular field outside the competency of the engineering staff is available as required. A critical and analytical approach with the ability to write clear and concise reports are essential requirements. Fluent English is essential, and other languages desirable.

The successful applicant will be stationed in Washington, but will be expected to make short visits overseas from time to time. All removal expenses for the applicant and his family will be paid and there are generous home leave privileges. The position is permanent and offers a most interesting variety of work; salary will be commensurate with qualifications and experience.

Applicants should send, in confidence, and in English, a short but comprehensive statement about their careers and background to Box 1331.

SALES PROMOTION MANAGER

An expanding marketing organisation distributing the products to wholesale, multiple, co-operative and retail grocery outlets throughout the United Kingdom require the services of a gentleman experienced in marketing methods and with a sound connection with the large groups and multiples, particularly in the London area and preferably throughout the country. The successful applicant will be vigorous in outlook and would be prepared to operate in the field in liaison with existing sales force. To the right man, this is an excellent opportunity to achieve unusual progress. Applications (in strict confidence) must give full details of past experience, age and salary required.—Box 1330.

MULLARD LIMITED

invite applications to fill a vacancy in their Accountancy Department dealing with Sales Costs, Budgetary Control, Financial Forecasts and Reporting for Management.

Factory costing and accounting is not involved but previous experience of this would be an advantage.

Applicants should be within the age range of 23-33 years. These posts are pensionable.

Written application should be sent to the

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BRITISH OVERSEAS AIRWAYS CORPORATION have vacancies for Assistant Methods Officers at London Airport, salary range £860 to £1,120. They will form part of a team responsible for reviewing and improving methods of work, administrative and clerical procedures and related equipment. Degree or professional qualification required. Previous experience of the work desirable but not essential. A successful candidate will have a lively and enquiring mind with ability to think logically and objectively. He will be encouraged to apply these characteristics to a variety of interesting tasks.

Contributory pension scheme, attractive insurance and holiday arrangements.—Write, giving full details of experience and qualifications, to Recruitment Manager, B.O.A.C., London Airport, Hounslow, Middlesex.

ECONOMIST

Or Statistician with Economic qualifications is required for industrial market research work in the London Office of Tube Investments Limited. He will be required to report on any and all aspects of the Company's business.

Candidates should be between 26 and 30 years, with a good Hons. degree and at least three years' practical experience in economic analysis and/or market research. A knowledge of sales forecasting techniques and statistical methods would be an added advantage. Preference will be given to candidates who have experience of engineering industry.

Salary commensurate with age and experience. This is a permanent, pensionable position.

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TECHNICAL PLANNING LIMITED are expanding their operations and would require experienced Executives to handle Consumer work. Men and women between the ages of 25 and 35 are invited to apply. Candidates should have good knowledge of market research techniques. Salary according to age and experience.—Please apply in full confidence to: THE MANAGING DIRECTOR, TECHNICAL PLANNING LIMITED, 73 ELGIN AVENUE, LONDON, W.9.

THE BEECHAM GROUP

has a vacancy for

a MARKET RESEARCH MANAGER. Sound market research background (including consumer research) and understanding of statistical methods essential. Commercial experience desirable. Duties will include the collation and interpretation of market research data (including television data) and the preparation of reports and forecasts. Age, 35 years or under.

Appropriate salary will be paid. Profit participation and non-contributory pension schemes are in operation.

Application, in writing only, giving details of age, qualifications and experience, and quoting reference MRM 72, to be forwarded to The Personnel Controller, Beecham Group Limited, Beecham House, Great West Road, Brentford, Middlesex.

JAMAICA COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY, KINGSTON

(Principal: H. Falkner, M.Sc.(Wales), B.Sc.(Lond.), A.Inst.P.)

Applications are invited for appointment as HEAD OF THE DEPARTMENT OF COMMERCE.

Salary scales: £1,600 x £50 — £2,000 p.a., but likely to be revised to £1,800 x £75 — £2,250 p.a.

Entry point according to qualifications and experience.

Appointment may be either permanent or on contract. Possible housing assistance. The College is a rapidly developing one.

Further information obtainable from Council for Overseas Colleges, 12 Lincoln's Inn Fields, London, W.C.2, to whom applications (six copies), giving age, qualifications, experience and names of three referees should be sent by June 21, 1960.

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Vacancies: Town Planning Officers, Town Planning Department

Applications [illegible] the following:

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... with brief particulars of the ... Department, may be obtained ... Rhodesia House, 429 Strand, London, ...

[illegible] ... ASSOCIATION needs Family ... Science Certificate or Sociology ... casework training and/or good ... Salary scale £550 x £25 to ... in charge of Area Offices also ... £1,000. Appointment on salary ... to experience. Superannuation ... p.a., five-day week plus opportunity ... professional development.—Application ... Secretary, F.W.A., 296 ... S.W.1.

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... Conference organised by the ... Association ... and Information Section, will be held ... House, Malet Place, W.C.1, on Wednesday ... 10.30 a.m. Chairman, Professor Charles Madge ... of Birmingham ... Mrs. Jean Floud ... University Institute of Education), Mr. D. G. Macrae ... London School of Economics). Librarians ... workers in social sciences cordially invited.

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FINANCIAL NOTICE

ROYAL DUTCH PETROLEUM COMPANY

N. M. Rothschild & Sons announce that the General Meeting of Shareholders of Royal Dutch Petroleum Company on May 19, 1960, have decided to declare a total dividend in cash of fls. 5.25 per share in respect of the financial year 1959 to be paid on each of the 72,391,577 ordinary shares outstanding at December 31, 1959. The amount of fls. 5.25 includes the interim dividend of fls. 1.50 which was made payable in October, 1959.

Furthermore it was decided that from the Share Premium Reserve on each of the 72,391,577 ordinary shares outstanding on December 31, 1959, a 2 per cent distribution be made in ordinary shares of the Company, which will participate for the first time in the profit for the financial year 1960.

1. THE CASH DIVIDEND now becoming payable amounts to fls. 18.75 per bearer certificate for five shares and fls. 3.75 per registered share respectively.

A. On the bearer shares:

This cash dividend will be payable against surrender of Coupon No. 119 on or after May 23, 1960, at the office of N. M. Rothschild & Sons on business days, Saturdays excepted, between the hours of 11 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange on Amsterdam current at 2 p.m. on the date on which the coupons are so surrendered. In view of the fact that guilder funds are being provided by the Company for payment of this dividend the usual foreign exchange commission will be deducted from the sterling proceeds.

In the case of shareholders not resident within the Scheduled Territories the Paying Agent may, at the request of the Authorised Depositary presenting the coupons, pay the dividend in a different currency. Information in this respect will be supplied by the Paying Agent upon request.

Coupons must be accompanied by a declaration in triplicate signed by an Authorised Depositary reading:

"We declare under our responsibility that sufficient evidence has been submitted to us that the securities from which the coupons enumerated below have been detached:

(a) do not belong to residents of the Netherlands;
(b) are provided with red export certificates issued by the Nederlandsche Bank."

From the gross dividend the Netherlands dividend tax of 15 per cent is to be deducted, except in the case of coupons presented on behalf of: (I) residents in the United Kingdom, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 V.K." in duplicate; (II) residents in the U.S.A., provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 V.S." in duplicate together with a single affidavit form "Inkomstenbelasting No. 92a V.S."; (III) residents in Sweden, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 ZWE" duly completed by the Swedish tax authorities; (IV) residents in Finland, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 FIN" duly completed by the Finnish tax authorities; (V) residents in Denmark, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 DEN" duly completed by the Danish tax authorities, and (VI) residents in France, in which case either a French declaration model A signed by the shareholder with the certificate on the back duly completed by the appropriate French Inspector of Taxes or a French declaration model B in duplicate duly completed and signed by an authorised French bank must be provided.

As regards holders resident in France, attention is drawn to the fact that the regulations giving effect to the Franco-Netherlands Tax Convention provide that unless the model A or model B declaration referred to above is lodged when dividends are collected, dividend tax will be deducted and there will be no possibility whatever of reclaiming this tax.

In cases (II), (III), (IV), (V) and (VI) above the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax.

Coupons must be left for an appropriate period for examination and must be handed in personally. Coupons cannot be paid through the post.

Coupons must be listed in triplicate on special forms, embodying the declaration referred to above, which can be obtained on application.

B. On the registered shares:

As to the shares registered in the United Kingdom section of the Amsterdam register, the following arrangements have been made for the payment of the dividend amounting to fls. 3.75 per registered share (nominal value fls. 20).

May 19, 1960, is the date for the fixing of the Sterling amount of the dividend on the basis of the Sterling Guilder rate of exchange current in Amsterdam on that date.

May 26, 1960, will be the record date. Shareholders registered at the close of business on that date will be entitled to receive the dividend.

On or before June 21, 1960, dividend warrants will be posted by the Transfer Agent, Nederlandsche Handel-Maatschappij, N.V., Amsterdam, to shareholders registered in their books on the record date.

A further announcement will be made as soon as possible giving the rate of exchange, the amount of the dividend in Sterling per share and the amount of the 15 per cent Netherlands dividend tax in Sterling per share.

2. DISTRIBUTION OF 2 PER CENT IN SHARES on the ordinary shares in issue on December 31, 1959, in new bearer [illegible] shares.

A. On the bearer [illegible]

Coupon No. 120 from the bearer shares [illegible] to the share distribution.

B. On the registered shares:

Holders of shares registered in the Amsterdam register (including the United Kingdom section thereof) and in the register at The Hague (in respect of which no share certificates are in circulation) have already been notified of the manner in which they may claim the distribution. After the record date they will receive direct from the Transfer Agent, or from the Company as the case may be, dividend coupons Series "B" which will be issued in the following denominations:

B 1 representing the right to the distribution on one share;
B 5 representing the right to the distribution on five shares;
B 50 representing the right to the distribution on 50 shares.

The Series "B" coupons will enable the holders of registered shares to claim their new shares in the same way as the holders of bearer shares. Five B 1 coupons or one B 5 coupon will have the same value as one coupon No. 120 detached from a bearer certificate for five shares, and so on.

Authorised Depositaries holding coupons No. 120 and/or Series "B" coupons may present them at the office of N. M. Rothschild & Sons for exchange for new shares in bearer certificates for five and 50 shares. Coupons may also be exchanged for shares registered in the U.K. section of the Amsterdam register or in the New York register in which case they should be sent to Nederlandsche Handel-Maatschappij, N.V., Amsterdam, or to The Chase Manhattan Bank, New York, as appropriate. In the former case presentation to Nederlandsche Handel-Maatschappij, N.V., Amsterdam, may be made through the intermediary of N. M. Rothschild & Sons.

Residents of the Netherlands are not eligible to be registered as the holders of shares registered in the United Kingdom section of the Amsterdam register or in the New York register.

Coupons from a minimum of 250 shares or a multiple thereof must be lodged if new bearer shares are required and from a minimum of 50 shares or a multiple thereof if registered shares are required.

Series "B" coupons may be amalgamated with coupons No. 120 in order to make up the appropriate number required for presentation, but fractions of a share will not be issued.

Coupons must be listed in triplicate on special forms which are available from N. M. Rothschild & Sons and must be left for an appropriate period for examination.

Further information is obtainable from N. M. Rothschild & Sons.

New Court, St. Swithin's Lane, London, E.C.4.
May 20, 1960.

With reference to their announcement dated May 20, 1960, regarding the FINAL DIVIDEND for the year 1959 on the shares of Fls. 20 registered in the United Kingdom section of the Amsterdam Register, N. M. Rothschild & Sons are authorised by Royal Dutch Petroleum Company and by Nederlandsche Handel-Maatschappij, N.V., Amsterdam, the Transfer Agent, to announce that the rate of exchange fixed for the payment of the dividend is Fls. 10.58¼=£1. The gross amount of the dividend will be £0 7s. 1.0[illegible]d. per share and the amount of the 15 per cent Netherlands Dividend Tax £0 1s. 0.757d. per share.

New Court, St. Swithin's Lane, London, E.C.4.
May 23, 1960.

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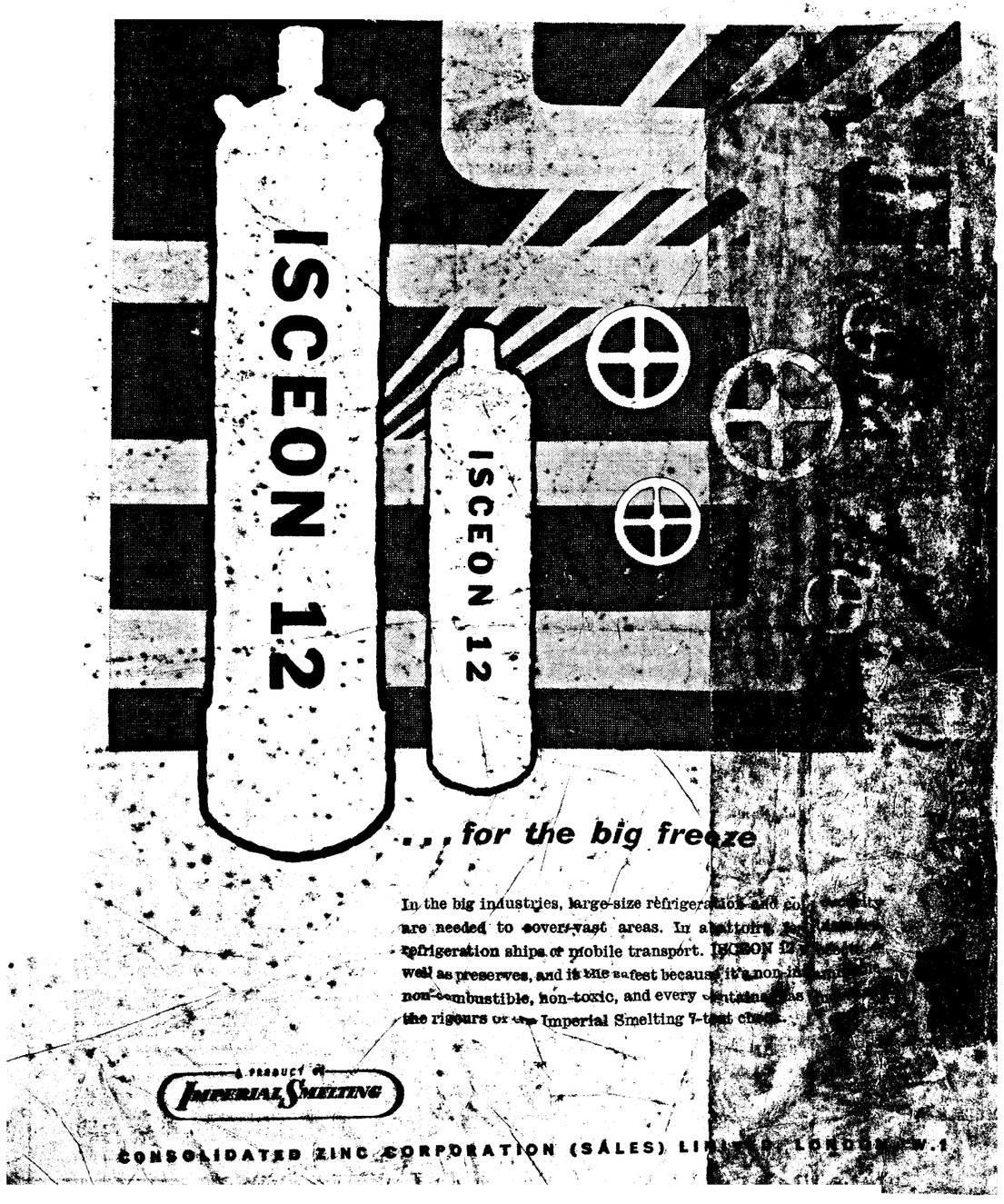

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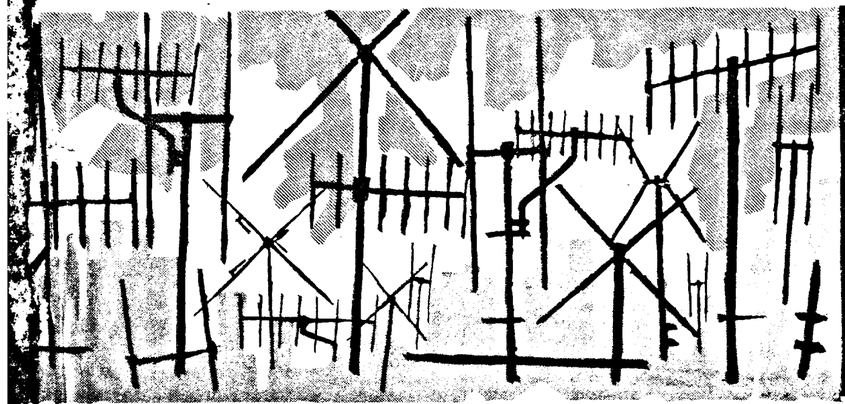

Pandora's Box

Some basic principles to follow in the bitter controversy over the future control of television in this country

page 955



Peking Bids High

Communist China's part in the new turn in the relations of the great powers

page 958

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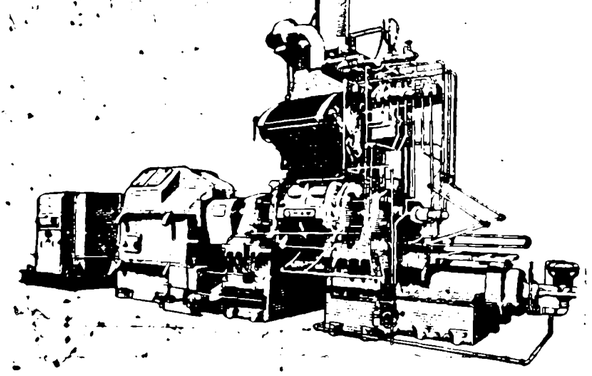

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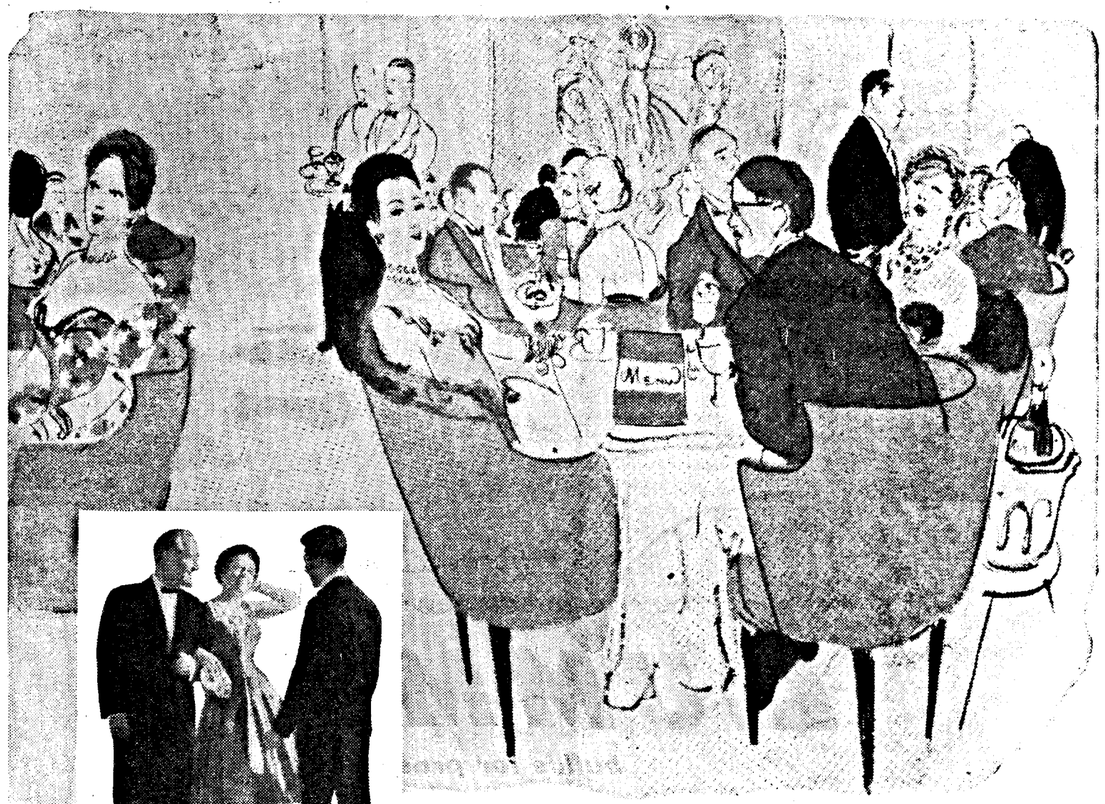

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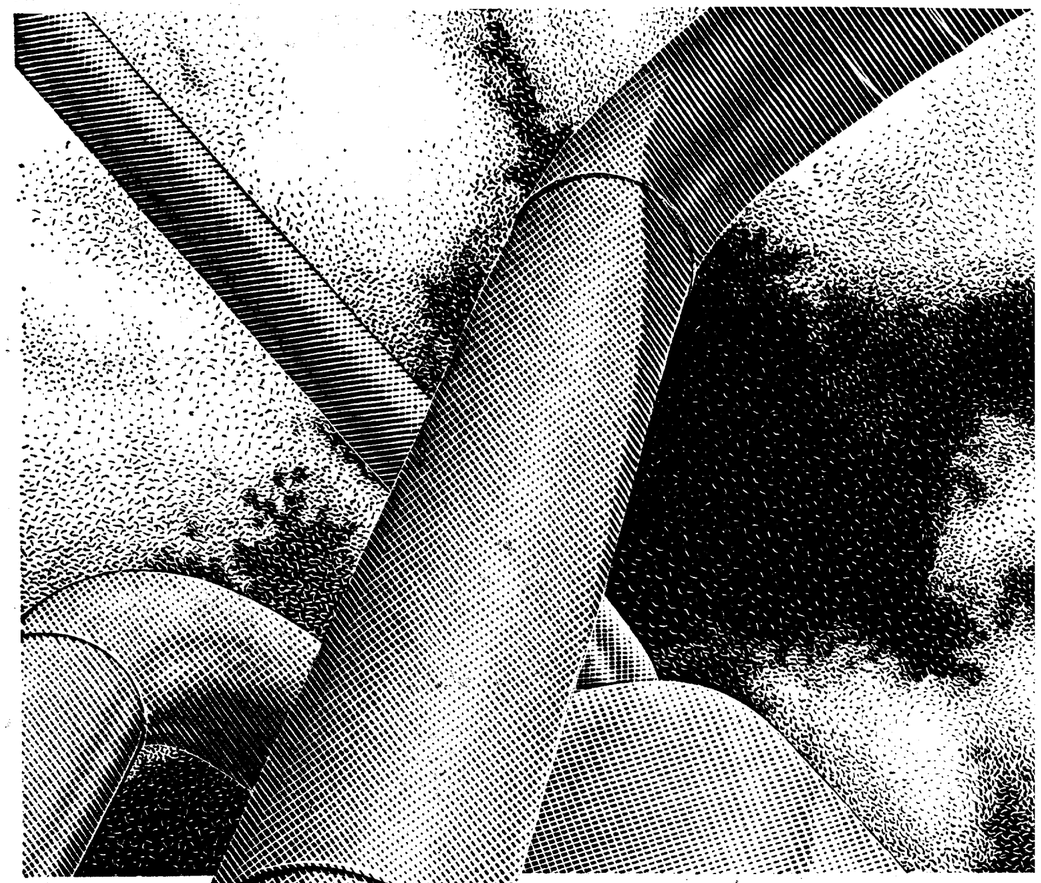

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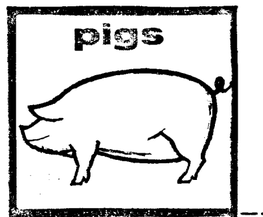

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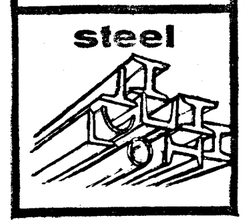

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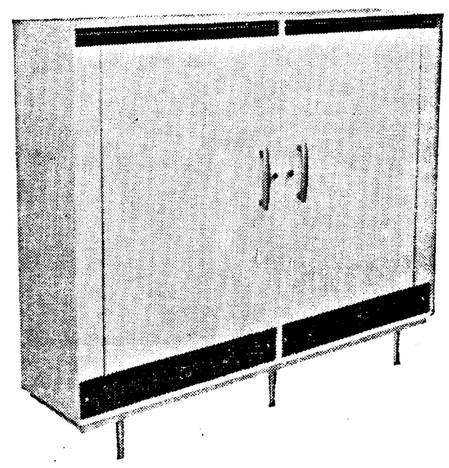

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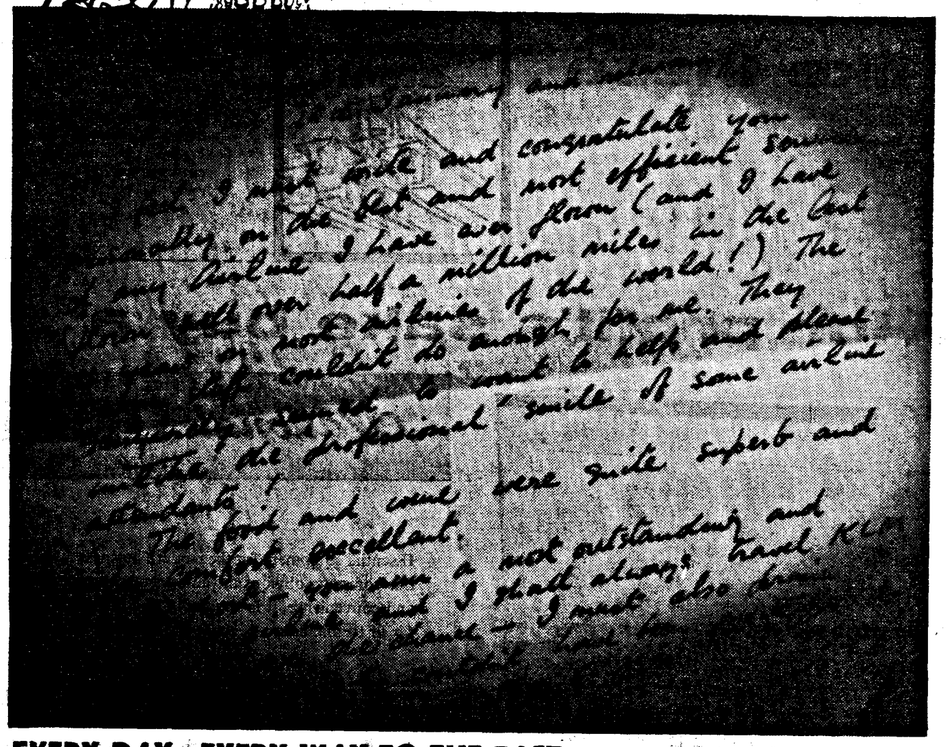

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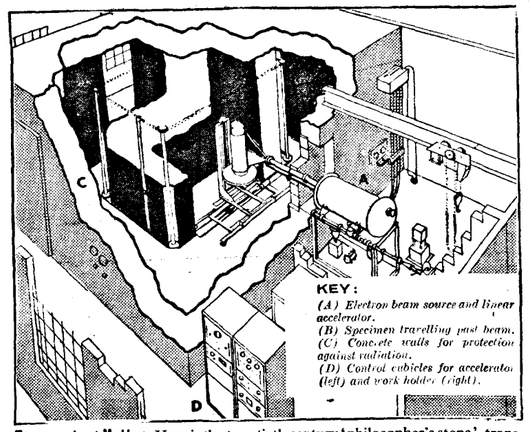

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WORLD ELECTRICAL NEWS IN PICTURES-4



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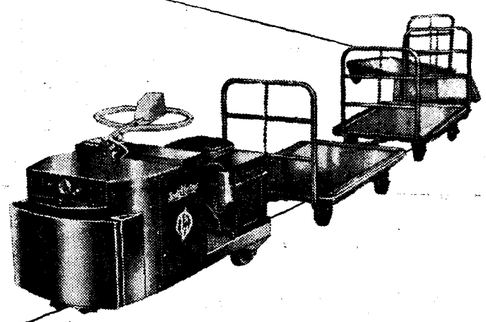

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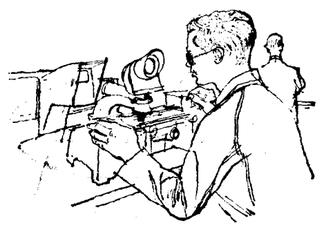

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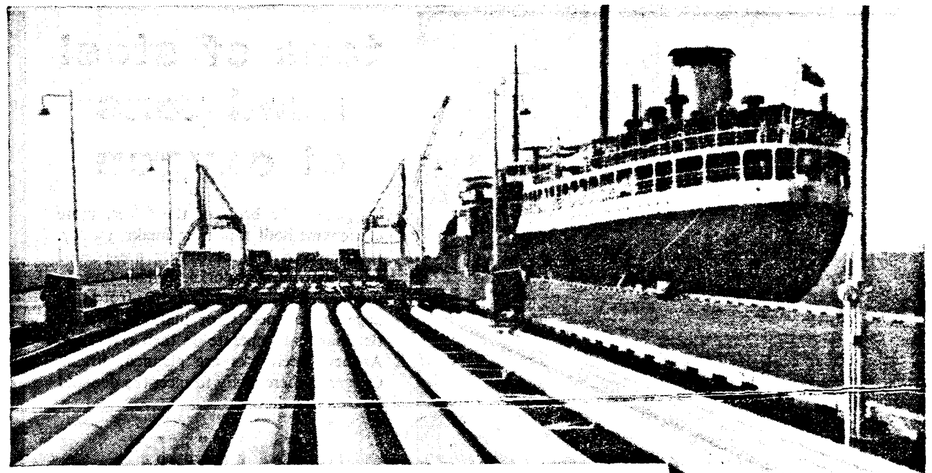
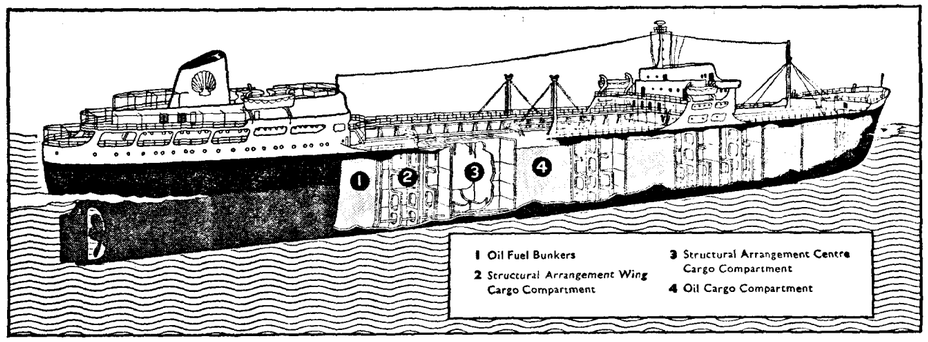


Stopping corrosion in tankers

In certain circumstances, oil can itself cause corrosion of metal. So oil's chemists evolve a paint to safeguard the tankers.





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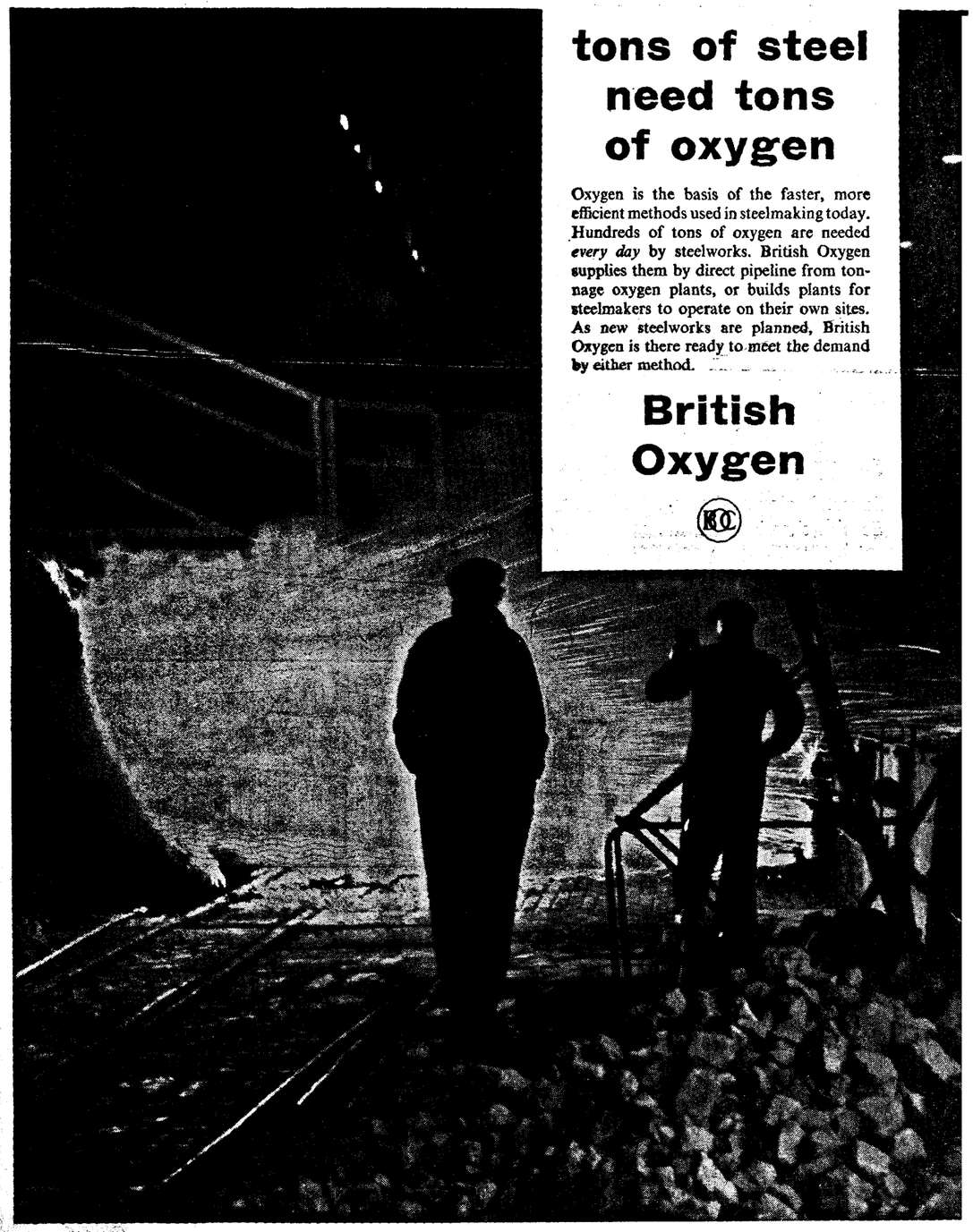

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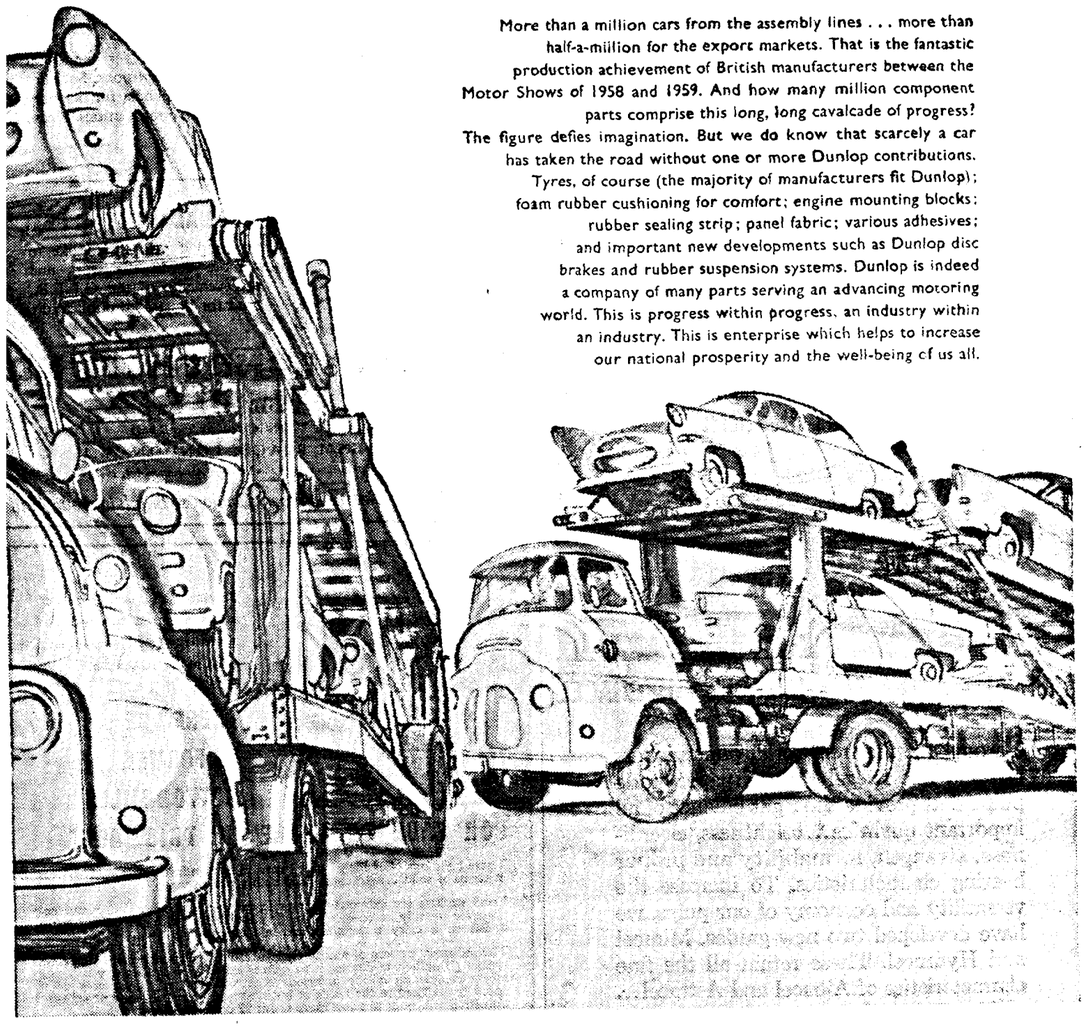

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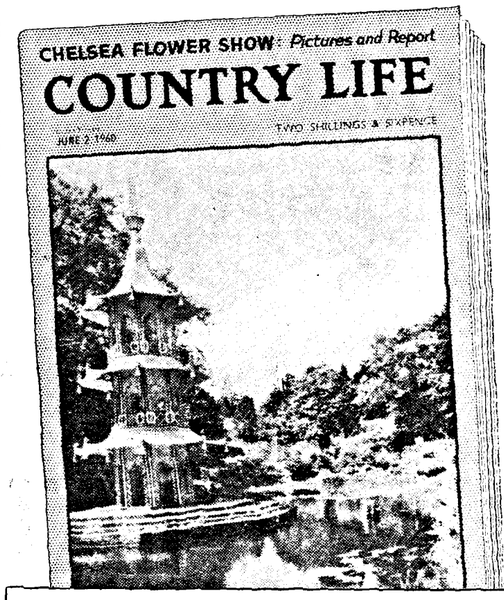

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The Economist

JUNE 4, 1960

Pandora's Box 955
Peking Bids High 958
Turkey's Fresh Start 959

NOTES OF THE WEEK 961
The Summit; The Commonwealth; Kenya; Belgian Congo; Higher Education; Trade Unions; Europe; Israel; Nyasaland; Tory Women; Synopsis of a Showdown; National Insurance Scheme; Algeria; Agriculture.

BOOKS
Pegs and Holes 972

LETTERS 978

AMERICAN SURVEY
Battling for the Schools 981
Truth and Consequences; Back in the Black; Show Business—No Business; All Up for All-Cargo? Duluth as a Seaport; Oregon's Gadfly Bitten; Aid On and Off; Shorter Notes.

THE WORLD OVERSEAS
The Turkish Takeover 989
Mr Amery's Hundred Days; The French Version; *South Africa's Jubilee*; Miracle of Béarn; Finnish Unions Split.

THE BUSINESS WORLD
Men and Coal 1001
Cheques for Trustee Savings Banks? 1002
Trading in Knowledge 1003

BUSINESS NOTES 1005
Cunard; Sterling and the Economy; In the Markets; Commonwealth Finance; Motors; Building Societies; Davy-Ashmore; Coinage; Aircraft; Traffic; Foreign Bonds; Windscale's Second Wind; Beds; Northern Ireland; Fertilisers; Wool Market; DSIR; Building; Bank Credit; Plastics; Shorter Notes.

COMPANY AFFAIRS 1044
Royal Dutch/Shell; Guest, Keen and Nettlefolds; Commercial Union; British Life Unit Trust; Royal Mail Lines; Joshua Tetley; Turner and Newall; *Steel Results*; British Cotton and Wool Dyers; Consolidated Zinc; Philip Hill.

London and New York Stocks 1046
Money and Exchanges 1049
U.K. External Trade 1050

Annual Postal Subscription by ordinary mail £4 10s.; overseas £5; by air see page 1053.
VOLUME CXCV - NUMBER 6093.



Pandora's Box

A FULL and impartial inquiry (which the Postmaster General is being interestingly coy in not yet referring to as, necessarily, an orthodox royal commission) is soon to be set up to make recommendations about the control of television and sound radio after the autumn of 1964; by then the charters of both the BBC and the ITA will have expired and a third television channel will have become technically possible. This week the committee of technicians, for whose report the Government has been waiting, has implicitly cast its vote against screening this third channel in the simplest possible way, that is, by sending out additional programmes which existing sets could receive on Band III and on the present 405-line standards of transmission; apparently in ten or fifteen years' time the size of screen and other technical limitations that we at present accept on 405-line will seem very old hat.

The Government has therefore been given strong encouragement to use the remaining empty spaces on Band III merely to bring the existing television programmes to the few scattered rural areas that cannot at present receive them. Then the brand new third channel would go out on one of two new bands on 625-line transmission, where it would at first be receivable only on new and rather more expensive sets and would require four or five times as many transmitting stations for national coverage as the BBC now employs; but where it will be able to usher in a period when television will become an even more monster attraction in our drawing rooms than it is now. Unless one holds the reactionary view that television is something whose further growth should be craftily suppressed, this recommendation to plan for the future rather than patch on the past is quite obviously right.

The question of who is to control the monster, as well as the existing BBC and ITA services (which will be receivable on the new 625-line sets, even before they themselves go over to 625-line), was, as the technicians thankfully observed, outside their committee's terms of reference. This is the question that will now be referred to the Postmaster General's "impartial inquiry." The commission (let us call it that, for brevity's sake) will be making recommendations about the future of the most important new social force of our age, one that dominates the leisure time of nearly two-thirds of the population. It will be probing into the most controversial box since Pandora's, and one that is capable of generating an almost equal amount of wind. If the commission is not to be blown about in all directions by the gale, it will need to take a stand on certain basic principles.

Anybody who suggests such principles is bound to annoy all parties in this extraordinarily acrimonious debate, which is one reason why the Government seems intent on putting this essentially political problem into commission. But it is the job of a journal of opinion to stick out its neck. As a preliminary contribution to a controversy of which a great deal will be heard in the next four years, there are three principles—or rather acceptances of reality—that we would suggest.

The first of these—which will annoy the BBC—concerns the realities of television finance. Advertising is bound to be a main source of new revenue for the expansion of television. Advertisers are eagerly bidding for more space on more networks because they think that the screen is the most efficient medium for publicising their wares. It would be sensible to reject this source of finance

only if one thought that the viewing public would prefer to see licence fees raised to £5 or £6 a year to pay for the new third channel rather than to tolerate more advertisements (to which the viewing public, if asked whether that was its preference, would reply with a quotation from Pygmalion); or if one held that there was some positive national economic advantage in directing advertisers away from what they regard as the most efficient medium to less efficient ones (which is restrictionist nonsense); or if one held that advertising necessarily perverts anything that it partly finances (with which the Press must beg to disagree); or if one argued that the third channel could best be financed without bringing any new money into television production at all. It is with this last argument that some supporters of the BBC are now toying; they are suggesting *sotto voce* that an excise levy could be laid on the excess profits of the commercial television companies and the proceeds handed over to the BBC, who could use them to finance extra BBC programmes on the new third channel.

The objection to this proposal is not that it is the height of cheek, although there are plenty of people who will say that it is. The objection is that it greatly underestimates the part that televison is capable of playing in the revolution of public entertainment if it gets enough money; it is foolish to block the entry of new money into television so long as there are any programmes which viewers would like to see but which are at present withheld from them on grounds of cost. Everybody knows that some such programmes are withheld at the moment—for example, Saturday afternoon football matches and first feature films. There is therefore the strongest possible economic case, on grounds both of supply and demand, for saying that as television expands it should be at least partly financed by additional advertising; indeed the real question for the commission to ask—and it should be encouraged to be brave about this—is whether the BBC itself should not be empowered and required after 1964 to raise some revenue from advertisements.

THE second basic principle, however—one which this time will annoy the commercial companies—is that there are disadvantages in allowing any programme contractor to raise the whole of his revenue from advertisements alone. Every newspaper editor seeks to keep a strict (though not rigid) balance between his advertising revenue and his circulation revenue; the dangers of excessive reliance on advertising—dangers of loss of flexibility in programme presentation, of debasement of quality or content to suit the lowest common multiple of taste, of gradual centralisation of executive power on managers who are more likely to listen to the ideas of their advertising salesmen than of their editorial or script-writing or artistically-educated staff—are probably nearly as great in television as they would be in the Press (though there is no evidence that they are greater).

It is true that the force of this argument has seemed to decline a little in the past five years: the commercial companies under the ITA have not committed as many sins against Good Taste and Morality as their more hysterical critics in 1955 forecast. But this has probably been partly because their huge profits (and their enjoyment of a sellers' market for advertisements) have put them in an unexpectedly strong position to resist advertisers' pressure, and partly because, after the fuss that surrounded their birth, they have been very sensitive about criticism of the quality of their programmes compared with the BBC's. If two out of three television channels were now to be wholly financed by advertising, both these advantages could disappear. There would no longer be quite the same feeling of obligation for Channel 9 to keep up in quality with the BBC, provided each individual contractor could say that he was not falling below the quality of the programmes offering in his area on the new third channel (and vice versa). The competition from increased opportunities for advertisements on the new channel would do something to cut existing contractors' prices and profits and might make it seem more tempting for them to woo advertisers in any way they could.

A MAIN problem, then, is to find some counterweight source of finance instead of relying wholly on advertisers' money. Undoubtedly, the best equivalent of newspapers' circulation revenue would be for some programmes on the new third channel to be partly financed by the system of pay-as-you-view: the system under which a viewer has to put a coin in a slot on his set before the scrambled pictures of a particularly high cost programme become clear. This might be the only way of making it profitable for film producers to allow first feature films to be screened in people's homes. If television screens are to become larger, it may soon seem as inconvenient to go to a cinema every time one wants to see a film as it would be to go to a municipal wash-house every time one wants to have a bath; and it would be absurd to go on forcing this inconvenience upon the public if there are appropriate technical ways of enabling them to pay the required 4s. or 5s. charge for delivery to their home screens. Many sporting events and quality entertainments (e.g., opera and ballet direct from Covent Garden) could be financed on television in the same way—although the more expensive the show, and the more obviously it were merely a minority enthusiasm, the higher would be the charge that those minority enthusiasts would have to put in their slots.

Unfortunately, the technical possibilities of an early system of pay-as-you-view are a matter of considerable uncertainty, not least among technicians themselves. In any event, nobody suggests that all programmes could or should be financed in this way. So some other more general "mixed system" needs to be devised. One such system could be organised as follows. Empower the BBC after 1964 to sell some advertising spots as a subsidiary source of revenue. Let Channel 9 function as at present, though the number of minutes per hour allowed for advertisements might be looked at again and possibly restricted. Put the new third channel under a new Third Authority, which could let out its facilities partly to commercial contractors (on the ITA model) but also partly to organisations that tendered to put on certain individual programmes (such as the film producers showing first feature films, financed both by advertisements inserted in their programmes and, if possible, by pay-as-you view). The money from licence fees (which at present goes wholly to the BBC) and from tender prices (paid by contractors for Channel 9 or third channel programmes) could then be allocated among all television programme-producing organisations as an equivalent of newspapers' circulation revenue. The principles for dividing

this "circulation revenue" would have to be a matter for detailed debate; in part they might be determined by impartial audience viewing figures, but a heavy element of subsidy for higher quality or educative or public service programmes could and should be included.

If under this system producers were still found to be financing themselves too unhealthily heavily from advertisement revenue, then the best scheme would be to impose a tax upon television advertisements. The money raised by this could be put into the pool for distribution as "circulation revenue." If it were felt to be politically too embarrassing to propose that the BBC should accept advertisements—and this suggestion would surely rouse thunderous protests from *The Times*—then the advertisement tax money could be used as the sole source feeding the pool of "circulation revenue." The pool could then be distributed according to appropriate circulation criteria to the two commercial channels alone, and the BBC could go on financing itself by licence fees as at present. An essential feature of both schemes, however, would be that all three channels should be under different authorities—the BBC, the ITA and the Third Authority. This is necessary to secure diversity of control—a point that is important in order to enforce the third basic principle on which the commission should firmly take its stand.

THIS third principle is the vital but neglected one of free speech. It is an extraordinary feature of this timorous age that, for reasons which lie deep in the traditional British mistrust of all new gadgets, we have never allowed our television producers the same freedom as we have rightly demanded for our newspapers. If Parliament passed a law forbidding national newspapers to take an editorial view in favour of any one political party on any controversial subject, there would rightly be a massive outcry against this intolerable display of censorship and dictatorship and political thought control. Yet this is the system that we still apply to television and sound radio, although the (suppressed) political views of those who are responsible for bringing television programmes to the screen are already more variegated than those of the owners of the national press.

Probably some elements of political censorship will still remain even after the opening of the third channel brings a whole flock of new programme-producing companies on to the air. In the present state of political timidity, it is likely that the commission will still regard full freedom of comment as far too dangerous a doctrine to propound. But it should make very sure that it helps to accelerate the pace of advance away from the miserable gag that was put upon the airwaves up to the day that the BBC monopoly was broken in 1955. Until 1955 the only controversial subjects that were allowed to be discussed really fully on the air were those on which the two main political parties were able to express coherent and "balanced" views, one against the other. Whenever one side had a good case and the other side found a subject embarrassing, the matter had to be avoided out of "fairness" to the embarrassed party; whenever all the major political parties avoided inquiry into a controversial subject—such as whether farmers were wasting taxpayers' subsidies—the BBC kept its head down. When manufacturers fixed prices in secret courts, when trade union shop stewards terrorised individual dissenters or rigged elections or fomented wildcat strikes by spreading untrue rumours among their members, when landladies refused to take in coloured immigrants or employers refused to give them jobs, the most important means of communication in our time felt obliged to abstain from inquiry and comment.

Since 1955 progress on this front has been remarkable. "Panorama" and other programmes of inquiry are now among the most important probing searchlights into dark places that our newly informed democracy has got. On the whole, the BBC's record here has been better than commercial television's—largely because commercial television, whose very existence is the subject of violent political controversy, has had a greater incentive to keep as clear as possible of political complaints. But there is no doubt that the advance to freer comment since 1955 has been due to the fact that those complaints no longer all go to one address; they may go to either of two central authorities, and to any one of half a dozen programme-producing companies as well as to the one public corporation. The powers of inhibition wielded by jealous politicians and established vested interests have been blunted as the bodies whom they bombard with their protests have become more diffuse. The most important single reason why the new channel should be put under a third authority, separate from either the BBC or ITA, is that it is very desirable to make them more diffuse still and thus advance the day when a free air will be taken as much for granted as is a free press.

HERE, then, are a foundation of basic principles on which the coming commission should take its stand, and some much more tentative suggestions about how they might be brought into effect. Upper class public opinion is so fiercely divided on this matter (including, basically, on the question of whether the expansion of television is a good thing at all) that it is inevitable that any article about it should cause many people exasperation and give many others offence; among the upper tenth of the policy-making part of society this is the most captious, curious, crosspatch and crossbench controversy in public affairs today. That is why the most important immediate question is what sort of "impartial inquiry" the Government is going to set up.

One temptation before the Government might be to seek to avoid political controversy at all costs, and to cajole some prominent Opposition politicians to come on to the inquiry together with prominent Government ones; that would result in a report propounding a certain type of compromise recommendation, which would probably be very bad for the country. A second temptation would be to decide that the important thing is to try to minimise annoyance to every disparate interest already established in television; that would result in a different sort of commission and a different sort of compromise, which would certainly be even worse for the country.

A third course would be for the Government to accept that basic policy towards television is essentially a matter for bold decision by the Government itself, for it to lay down certain principles, and then to set up an essentially organisational study group to recommend the best mechanism to translate those principles into practice. This third course would be the course of statesmanship. But it will be as surprising as it will be welcome if the Government adopts it.

Peking Bids High

Mr Khrushchev is not altogether favourable to claims of his Chinese ally for great-power status

For some time before the summit conference in Paris it was evident that Chinese criticism of Mr Khrushchev's concept of peaceful co-existence amounted to a definite opposition to his policy of reconciliation with the United States. When the summit came to grief, some observers promptly concluded that China, in political alliance with a faction inside the Soviet Union, had exerted a decisive influence in persuading Mr Khrushchev to make a scene, not a settlement, in Paris. There is, however, no conclusive evidence that Chinese disapproval was at any time sufficient to make him change his policy, if he had not had other reasons for changing it. All that can be said on the evidence is that the outcome of the encounter in Paris has no doubt given great satisfaction in Peking.

The possibility that some kind of agreement would be reached at a meeting of the heads of governments of the three western powers and the Soviet Union, in the absence of China, was certainly a matter for considerable apprehension in Peking. The indications were that the Chinese communists did not trust Mr Khrushchev to represent their special interests at the conference table, even if they had been ready to forego China's claim to participate in any great power conclave as one of the big five. Indeed, Peking formally declared that China would not be bound by any agreement that might be reached in Paris. This attitude may be expected to show itself again whenever there is a new attempt to bring about either a four-power summit or a direct Soviet-American rapprochement.

Mr Khrushchev, however, has now urged, in his speech in Moscow on May 28th, that China should take part in the next summit conference along with India and Indonesia. This is in part a manifestation of the Soviet leader's new intransigence towards the West, for in the immediate preliminaries before the Paris summit he made no attempt to press any Chinese claim to membership; and the proposal (made in 1958) that Poland and Czechoslovakia should participate in order to equalise the representation of the two blocks was long ago dropped. The demand that China should attend the next summit is one that is hardly calculated to revive American enthusiasm for such a meeting. But if it is an annoying proposal for Washington, it can hardly, in the context which Mr Khrushchev has given it, be palatable to Peking either.

India and Indonesia are not communist countries; they are countries with which communist China has recently been, and still is, in sharp political conflict; the influence exerted over them through economic aid by the Soviet Union cannot be matched by China; and last, but not least, Peking does not admit their right to the great-power status it claims for itself. This status, as defined after the last war by permanent membership of the Security Council of the United Nations—and by the original constitution of the Council of Foreign Ministers—is considered to belong to the five nations thus identified, and to no others. It is sometimes overlooked that China holds this privileged rank in the United Nations, though Formosa, not Peking, appoints its delegate. For the Chinese People's Republic to be now nominated by Russia for membership of a summit conference in company with India and Indonesia is not so much a favour as a rather offensive piece of patronage for Russia's Far Eastern ally. Mr Khrushchev said in the speech just mentioned that "what the Americans needed was taking down a peg or two"; it seems that he thinks the same medicine would do the Chinese no harm.

Silence sometimes speaks louder than words, and the almost complete lack of Chinese news reporting of Mr Khrushchev's visit to India and Indonesia in February showed unmistakably that this Asian tour did not have the blessing of Peking. Instead of hailing it as a diplomatic triumph of the "socialist camp" in winning two great uncommitted countries of Asia away from the influences of Western imperialism, the Chinese press and radio treated it as a trivial matter unworthy of comment. Mr Khrushchev, for his part, while he neglected no opportunity to glorify the achievements and might of the Soviet Union, carefully refrained from associating his country with the cause of China in the latter's disputes with its neighbours. Diplomatically, as far as can be ascertained, the visit could hardly have been less helpful to China, and the mere fact that it was made at such a time with so little consideration for Chinese interests was a demonstration that Mr Khrushchev did not regard the wishes and feelings of the rulers of the most numerous population in the world as being of any great account. Here he may have made a mistake.

PEKING'S ideological onslaught on Mr Khrushchev's policies was launched in April, a month before the Paris conference, in a series of press articles which were given the greatest possible circulation inside China. The occasion was the ninetieth anniversary of Lenin's birthday; the theme, the "unshakable truth" of Lenin's teaching that wars are inevitable as long as capitalist imperialism continues to exist. This "Leninist principle," according to the *People's Daily*, "is definitely not outmoded and never will be." But who, among those who accept Lenin as an authority, had said it was? No names were mentioned, but every word of these abstract theoretical discourses was for Marxist-Leninist readers—and in communist countries every party member knows that such a campaign must have a definite political purpose—an attack on the repeatedly expressed views of Mr Khrushchev. The Soviet leadership was in effect being accused of deviation and heresy; China was setting itself up as the guardian of the true faith in a world in which even the country of the October Revolution was backsliding.

The challenge was too obvious to be ignored in Moscow, and Mr Kuusinen of the party presidium was put up to make a reply in a speech on April 22nd. His argument that "one must not fail to note the emergence of mighty forces which act against war" must commend itself to a western audience. But if it is a question of Leninist doctrine—and Mr Khrushchev, who attacked Stalin and led the return to Leninism, has exposed himself to attack on these premises—it is clear that the Chinese have the better of the argument. Lenin certainly did not believe in peaceful co-existence, except as a temporary expedient, and to argue that his views would be different if he were alive in 1960 is the kind of speculation that can hardly prevail over a dogma founded on scriptural authority.

Ideologically, the Chinese communists thus have the edge on Mr Khrushchev. In practical politics also they seem to have forecast the course of events more correctly than the Soviet leader. Mr Khrushchev, with his sanguine temperament, appears genuinely to have believed that by peaceful persuasion and propaganda he could get the Americans to abandon Berlin, and that he had in fact obtained some kind of assurance of American withdrawal in his conversations with President Eisenhower at Camp David. Had he indeed been able to get his way on Berlin at a summit conference, it is highly probable that he would have been happy to forget all about Formosa in a gladsome, if temporary, reconciliation with America. But Peking over the last six months has shown itself confident that American imperialism was incorrigible—in western language, that America would not surrender Berlin, and that the Khrushchev-Eisenhower flirtation would come to nothing. Party Chairman Mao can now congratulate himself on having been right.

ALL this time communist China and the United States have remained in a limited diplomatic contact; the meetings between the American and Chinese ambassadors in Warsaw initiated two years ago have never ceased. But the discussions have so far made no headway against the obstacle of the American military alliance with the Chinese Nationalists; Peking refuses absolutely to give any pledge not to try to conquer Formosa, which it claims to have the right to do as a matter of domestic jurisdiction. There is no sign of any breaking of this deadlock. The situation, however, does not stand still. The Chinese communists know that they will obtain the position of strength to which they aspire only by entering the select company of nations that possess nuclear weapons. Specialist estimates of the time needed for communist China to produce such weapons, on the assumption that the Soviet Union does not help, vary considerably, but it seems likely that, if the regime remains intact for the next five years, it will have become a nuclear power within that period.

If, on the other hand, conditions were to appear favourable for a limited war, Peking might at any time resume the offensive against Quemoy and Matsu. Already, since the breakdown of the summit conference, there have been rumours of such an intention; it may have been these that prompted the decision of the American government a week ago to send a force of 120 aircraft to south-east Asia for a "training exercise." Although it is extremely improbable that Mr Khrushchev would encourage the Chinese to aggravate the existing international situation by provocative action in the Formosa Strait, the renewed tension in world affairs increases the risk of local outbreaks at the points of maximum conflict. There is a need for Anglo-American consultation about post-summit possibilities not only in Europe, but also in the Far East.

Turkey's Fresh Start

Last week's military coup gives Turkey a new chance; but democratic government is easier to destroy than to restore

IF imitation is flattery, the western democracies have cause to feel flattered by the number of countries old and new that have aspired to model themselves on the Anglo-Saxon forms of government. But without the necessary experience and equipment the goal is easy to miss. The list of countries in which democratic forms have been overthrown by the armed forces has lengthened in recent years. When these countries have been far away in Asia, or even not so far away in the Middle East, the western democracies could afford a sense of detachment. But when the army overthrows a parliamentary system in a member of Nato, as it did in Turkey on May 27th, the West feels uncomfortable.

It is not simply that, although the new regime has been prompt to acknowledge its Nato obligations, the country may possibly become engrossed in an internal struggle for power during which its external commitments will inevitably take second place. Equally important is the fresh demonstration of the fragility of democratic institutions in some of the members of the organisation whose *raison d'être* is to defend political freedom. In France the parliamentary system virtually broke down two years ago; in Italy it is creaking badly, although not yet dangerously; in Germany, it has not yet been subjected to an effective test. Portugal is no longer the conspicuous exception that it was. Clearly, not only the Turks themselves, but Turkey's allies as well, are deeply concerned that last week's coup should lead—as its authors assert they want it to do—to the swift renewal of Turkish democracy, not to its preservation in the deep freeze.

Let it be admitted that Mr Menderes had been heading for trouble for a long time. In recent weeks his apparent determination to ride roughshod over the mounting and increasingly demonstrative opposition brought matters to a head. But was the situation yet so desperate that it really needed the desperate remedy of an army coup? In the forty-eight hours before the army struck there were some signs that the government might be preparing to back down; in particular, Mr Menderes made what was taken to be a conciliatory gesture when he announced on May 25th that the parliamentary commission investigating the opposition's activities, originally scheduled to last for three months, had finished its labours in one. Further peaceful demonstrations by students and others with the army's collusion—and even under its protection, combined with increasingly strong pressure from the United States and other allied governments and the recent example of what happened to Dr Syngman Rhee, might have brought Mr Menderes and the former president, Mr Bayar, to their senses in time and obliged them to run the gauntlet of genuinely free elections.

As it is, a crisis in democracy has been resolved by non-democratic means. For the Turks, who have been through it all before, this is a retrograde step. After the end of the war, fifteen years ago, the very young and untried

Turkish democracy contended with rigged elections, martial law, a censored press, and intense political instability and uncertainty. Eventually it won through to the free elections of 1950 and the firm establishment—as it seemed then—of a multi-party system of parliamentary government. And this was achieved, not with the help of the army, which remained aloof on the sidelines, but largely through the good sense and realism of Mr Ismet Inönü, then both head of state and leader of the Republican People's party, and his colleagues.

This time it is Mr Inönü who has remained on the sidelines, and the army that has stepped down into the political arena. This may be a pity; it is not necessarily disastrous. General Gursel and his colleagues may show good sense and self-restraint in their turn; the cynics who say that army officers who carry out political coups always pay lip service to democracy, but always leave it at that, may prove to be wrong. In Turkey the army, although excluded from politics since the early days of the republic, has had a long tradition as the agent of modernisation and political change; in the 1908 revolution, the army played a principal part in forcing the Sultan to restore the constitution of 1876. In its latest intervention in politics, the Turkish army can point to one fundamental difference from other contemporary military coups; it has taken action, not because it is disillusioned with parliamentary government and wishes to substitute something more efficient, but because, as it says, it wishes to preserve Turkish democracy from those who were apparently prepared to trample it down in order to perpetuate their own power.

So far the army's actions do not belie its words or its proclaimed aspirations. Having carried out what must have been one of the most gentlemanly, efficient and bloodless of military coups, it has, it is true, banned all political activity for the time being, dissolved the national assembly and arrested all the previous cabinet together with almost all the Democrat party deputies. But the new caretaker cabinet contains only two military men, apart from General Gursel himself; the rest are mostly civil servants, professors or intellectuals. Journalists, students, and others imprisoned for political reasons, have been released. It is true that some government journalists have been locked up, but the professed intention is to restore the freedom of the press, and for the present the new rulers may be entitled to the benefit of the doubt.

An authoritative commission of legal professors has been set up to draft a new constitution and a new electoral law. The present constitution is an amended version of the one introduced by Ataturk in 1924. Through the years a more liberal interpretation of this constitution has served to accommodate the gradually developing Turkish democracy. But there is a case for more efficient checks on the power of the executive, by, for instance, introducing an upper house in the legislature and increasing the powers of the head of the state over the head of the government. General Gursel has also referred to a constitutional court and to the need for specifically reaffirming the secular character of the Turkish state; the late government was often reproached with exploiting religion for political purposes.

Political processes, however, do not function by grace of constitutions alone. It can be easy enough to push a democracy off the rails, especially when it is swaying badly anyway; but to get it not only back on the rails again, but smoothly running as well, is another matter. A suspended democracy does not simply stand still; it loses ground. General Gursel has declared that he wishes to prepare the way for free elections and will then withdraw; there is no need to doubt that he means what he says. But all the leading men of the late government party are now under arrest, and unless they are given a clean sheet by the tribunal that has been set up to inquire into their activities, they will not be able to fight the elections. It does seem unlikely that they will get their discharge—although the best way of dealing with them might well be to set them free to try their luck.

The hope that a purged and chastened Democrat party might have contested the elections has faded with the disclosure on Wednesday that practically all its deputies were in custody. Other parties may be encouraged to take the field, especially as the new electoral law is to be based on proportional representation. If the Democrats are able to fight at all they are bound to lose heavily, although they may yet profit if the interim regime, gravely concerned as it is said to be with the country's economic difficulties, feels compelled to reverse some of the previous government's vote-catching economic policies.

In the meantime, however, though the elections may be free in the strict sense, the Democrats have been discredited in advance, made ridiculous, and virtually suppressed; and the army has made clear its will that the RPP will return to power (although the party does not seem to have had a part in the coup). To put it mildly, in the forthcoming elections Turkey will not be making the free choice that it was able to make for the first time ten years ago. Nor, since it is inconceivable that any politician or party will try to challenge the army's wishes, will the loser in the contest be given, as the RPP was given in 1950, the same unfettered opportunity to meet and accept the most difficult and fundamental challenge that can face any political party in a newly emerging democracy: the challenge of peacefully accepting a defeat at the polls and surrendering power (and all the perquisites that go with it) to its opponents. One wonders, too, whether even if the loser gains a respectable numerical strength, which cannot be taken for granted, it will feel itself free to oppose in parliament as vigorously as an opposition should oppose in a healthy democracy.

In his famous declaration of July 12, 1947, which is considered to mark one of the turning points in the development of Turkish democracy, Mr Inönü described the situation for which he was then working as, among other things, one in which "the citizen at large will view with confidence and tranquillity the possibility of having the government powers in the hands of one or the other party." After the 1950 elections this state of affairs seemed to be realised. Over the last half-dozen years, it has seemed to be disappearing as a result of Mr Menderes's policies. Last week's coup may have taught a needed lesson. But the cost could turn out to be high.

At this early stage, however, it would be wrong to assume that it necessarily will be. Twice before the Turkish army has intervened in politics; on both occasions it was moved by reforming and relatively liberal ideas; and on both occasions its intervention ended in dictatorship. But in 1908 and 1920 the Turks were contending with strong external pressures that put the very existence of their country in jeopardy. Today Turkey's territorial integrity is guaranteed by powerful allies who have immediately recognised the new regime and whose own self-interest (apart from any more altruistic motives) will make them give all the support they can to the re-establishment of Turkish democracy.

General Gursel and his military colleagues feel themselves to be the heirs of Ataturk, and although Ataturk was no democrat himself, their action last week can reasonably be represented as a logical projection of the ideas upon which Ataturk's republic was originally based. The composition of the new government and of the constitutional commission suggests that the army is ready to work with the most liberal and progressive forces in the country. The new rulers will have the mistakes and the experience of the last fifteen years to guide them. And in Mr Inönü, if he is able and willing to take up the reins again, either as president or premier, Turkey has a politician of national stature, whose record assures him of the support of the army and large sections of the people. Outsiders can only share General Gursel's hope that he and his colleagues will succeed in bringing "sunny days" to Turkey; there is nothing else we can do.

NOTES OF THE WEEK

THE SUMMIT

Never Again?

What future does the summit idea have now? The fall-out of recrimination, reconsideration and regret has been unusually wide and dense. Mr Khrushchev wants to bring in China, India and Indonesia: the last (if for no other reason) in fulfilment of a personal promise to President Sukarno in February. Mr Nixon now puts his trust in the traditional methods of diplomacy and, apparently, in discussions in the United Nations. General de Gaulle thinks methodical diplomacy can get the powers back to the top again, but not "the impassioned debates of United Nations delegates." Sir Anthony Eden, musing on ITV, has supported summitry in principle but believes that substantive questions (like Berlin) ought not to be raised there. Mr Philip Noel-Baker, the one Nobel peace prizewinner among them, told the Commons in Monday's debate that if the heads of government

> were to meet for, say, two or three weeks as delegates to the assembly of the United Nations, and to do it regularly every year, they would find that nothing like the Paris fiasco could occur.

Whatever else happens, the next expedition to struggle up the weary slopes looks like being a very different affair from the one that never left base camp in Paris.

The heaviest blow against the argument that the summit alone offers a means of direct and effective negotiation with Mr Khrushchev was struck by Mr Herter in his statement to the Senate Foreign Relations Committee on May 27th. Mr Herter declared that in all conferences since Stalin's death

> the Soviet representative, no matter how highly placed he might be, was bound by the collective decisions on basic policy matters made prior to his departure from Moscow. Any substantive changes in these positions apparently required reference back to Moscow before they could be undertaken.

This may explain why, from the beginning in Paris, the United States did not believe that Mr Khrushchev could alter his claims on the U2 flights.

The new Soviet talk of wider summit membership brings out once more the unsatisfactory nature of the four-power summit, itself a vestige of the rusted-up machinery of postwar settlement. Yet Mr Khrushchev's suggestion does not do much more than reduce it to absurdity. Once Indonesia is in, what powers can rightly be denied admission? Mr Khrushchev is veering back to Mr Bulganin's airy proposal in January, 1958, that, besides the Nato and Warsaw Pact powers, "such countries as India, Afghanistan, Egypt, Sweden, Jugoslavia and Austria" should also participate in summit meetings. The plain fact is that every extra seat at the summit reduces the prospect of serious negotiation. The necessary dialogue is one between the Americans and the Russians. Britain, France, India, Indonesia, the United Nations itself, can play a part in bringing the two together at the conference table. But only the two can determine to talk there. When they do, the two-power summit is still the best place for them.

New Tory Voices

Backbenchers on both sides of the Commons spoke up in Monday's post-summit debate for bringing China into the international community, and Mr Selwyn Lloyd was stirred to explain how he hoped to bring the Chinese into the talks on disarmament and the suspension of nuclear tests. The House was not inclined to blame the Americans for the summit breakdown: Mr Jack Jones's summary ("We have a right to ask this fellow [Khrushchev] who the hell he thinks he is") was explicit. But there seemed a growing impatience with United States policy in the Far East. A new Tory member with diplomatic experience, Mr Gordon Campbell, admitted American difficulties but wanted to see China in the United Nations in 1961. Another new conservative, Mr Edward Gardner, complained that the Americans were "utterly incapable of logical thinking . . . or of saying what they propose to do about it." Precisely what advice Mr Selwyn Lloyd could offer in the lobbies of the Seato conference in Washington later this week is hard to know; but he can hardly have left the topic quite unmentioned.

The Chinese themselves seem determined to keep the U2 incident on the boil, and to keep Mr Khrushchev boiling with it. On May 26th Peking issued its hundredth complaint against American sea and air intrusions since September, 1958. The Chinese claimed a total of 242 sorties on 68 occasions by American planes over Chinese territory (chiefly opposite Formosa), and alleged that "the notorious U2 strategic reconnaissance plane has repeatedly intruded. . . ." On the 28th Mr Khrushchev intervened, telling shock workers in Moscow that if U2 flights from Japan over either the Soviet Union or China were resumed, the Soviet government "will be compelled to take the most resolute measures." Just as President Eisenhower's Paris statement seemed to leave open the question of future U2 flights over Chinese territory, so Mr Khrushchev was not entirely explicit that he would unleash Marshal Malinovsky at his allies' slightest bidding.

As if to disabuse both Tory MPs and Soviet shock workers of any illusions about American policy in the Far East, the White House announced on Tuesday that Mr Eisenhower would be visiting Generalissimo Chiang Kai-shek on his way to Japan next month. And Mr Herter told the Seato council that the United States had no intention of recognising China. The political temperature in the Formosa Strait is steadily hotting up.

THE COMMONWEALTH

More Cwthmanship

Mr Alport, the Minister of State at the Commonwealth Relations Office, rounded vigorously on critics of his

department in a speech at the Royal Commonwealth Society on May 26th. Flatly denying that any new thinking was called for in the light of the impending run-down of the Colonial Office, he insisted that all the Colonial Office staff that was fit to be used was being (or would be) used. He based his approach on what may be called the first principle of Cwthmanship: that the reconciliation of independence of ex-colonies with membership of the Commonwealth is a highly specialised, extraordinarily delicate, enormously difficult operation which the CRO is alone trained to do. Why? Is it because Foreign Service people and colonial civil servants are far too tactless and hamhanded to cultivate the delicate and exotic blooms that grow in the Commonwealth glasshouse? This is what seemed to be implied.

Before anyone shrinks in fright from breaking a pane of glass by unauthorised interference, Mr Alport may be asked a few questions. He says that Colonial civil servants (presumably meaning the 4,000 members of HM Oversea Civil Service whom he praises in passing) are too specialised to be of use to him: he must have people who know Asia as well as Africa—Cwthmen who can do the job equally under palm or pine. But where is he going to get these men? Either Africa or Asia is too varied for any one man to know well. He says the CRO has made use of ex-Indian civil servants: if so he knows just how specialised *they* had to be. The argument, on the contrary, is that a man who knows something about one part of Africa well, is better placed to understand, appreciate and deal with what is common to another part, and what is different and must be relearned (and he will know how to relearn it—even a language).

This in any case leaves untouched the pressing problem of how emergent African states are to keep their expatriate civil servants. Mr Alport seems to think they will be too touchy after independence to accept them, and the men concerned too dyed-in-the-wool to respond to a new status. He instances the way Dr Nkrumah stopped taking advice from Sir Charles Arden-Clarke after the latter became Governor-General. But the evidence suggests that Dr Nkrumah quite obstinately listens to a lot of advice from his white-skinned civil *servants* lower down—and, what is as important, makes practical use of them. Outside Ghana, this has been noticed; every state says it wants to keep not all, but many of its British officials during the transition period ahead. Even in the offices of British High Commissioners they often say they would like to have some men with Colonial Office experience (if not of their own territory): "chaps we know how to talk to," as they put it. Of course there is a delicate task to be done here; but the complaint is that the CRO is not doing it—and the 4,000 oversea civil servants will fade away in Surrey and Surbiton while the CRO is wrapped in mystical communion with the Commonwealth. However, Mr Alport is not the only minister under fire about this. So are Mr Macleod, Mr Selwyn Lloyd and Lord Hume. Let them get down to it.

KENYA

History Lessons

WHAT is the relevance of Mr F. D. Corfield's history of Mau Mau, which was commissioned by the Kenya government and was published in London this week (Cmnd 1030), to the present situation in Kenya? The immediate relevance, of course, is that it has strengthened the white Kenyans' determination to oppose the African leaders who have served a four-week ultimatum on the government to release Jomo Kenyatta or face civil disobedience. There is a real fear behind this determination—and it is shared by the Governor, Sir Patrick Renison. Mr Macleod this week expressed confidence that a new Mau Mau movement is not gathering momentum behind the back of the Kenya government and the Colonial Office in the way it did between 1950 and 1952; he did, however, admit that economic distress in Kenya is growing, and that excitement and restlessness have again produced a difficult situation. Even if Kenyatta would not return to a ready-made Mau Mau if he were released, the question is whether he could or would convert the new KANU party into another Mau Mau—in the way that Mr Corfield argues that he converted the Kenya African Union from a radical political organisation into a tribal conspiracy.

To this question, officials and settlers have only one answer: he could and would—and it would be dishonourable as well as foolish to let him out to settle accounts with the Kikuyu loyalists who in the end thwarted him. Unfortunately, it is certain that this report by a former administrator will fail to convince KANU that their president is the beast of the apocalypse, and they will continue to demand his release. Mr Nyerere (the very able African nationalist leader in Tanganyika) is credited with the view that it would be better to let Kenyatta out now, while the British are still in power and have 15,000 police and troops in position with which to shepherd him along constitutional paths.

Settlers will retort that the Corfield report suggests that the Kenyatta of 1950, in the changed constitutional and political position of today, would be a match for these police. But is he the Kenyatta of 1950? And are all the tribes of Kenya now Kikuyu-minded? There are questions that need answering before the decision what to do with Kenyatta is finally reached.

One thing is grimly clear: if he really is too dangerous to release now, he will cast a baleful shadow over Kenya's future in the relatively short period of respite that remains before it becomes independent. And once it is independent there will be no safeguards to keep him out of the seat of power.

BELGIAN CONGO

A National Leader?

M. PATRICE LUMUMBA, leader of the *Mouvement National Congolais* (MNC), has emerged from last month's elections as the one Congo politician with pretensions to more than his own provincial and tribal support. In the elections to the Congo's six new provincial assemblies M. Lumumba and his party received 27 per cent of the total vote, and, besides dominating the MNC stronghold of Orientale (centred on Stanleyville), made some significant headway in the Equateur and Kasai provinces. M. Kasavubu's Abako party got only 10 per cent of the total vote, almost entirely from its own Bakongo province which includes the capital, Léopoldville. In the Katanga province around Elisabethville the rival Kanaka and Baluba tribes will be much on a par in the local assembly, with a slight advantage to the Kanaka.

The results of the National Assembly elections, which also took place last month, had not been announced when *The Economist* went to press, but it seemed probable, on the basis of the provincial results, that M. Lumumba would win between 35 and 40 seats to lead the largest single party in a federal house of 137 members. His strength in the local assemblies, which elect federal senators, should also give him useful support in the Senate. The political initiative is, for the moment at least, very much in his hands.

But will it stay there? The Abako leaders now have to make up their minds between the economic advantages to be gained by sustaining the new Congo state, even although the federal government may be controlled by M. Lumumba, or listening to the tempting voices now being heard from Brazzaville as an excuse to start their own greater Bakongo state. It remains to be seen whether the Congo provincial leaders opposed to M. Lumumba will, in fact, contrive to keep the direction of federal affairs out of his grasp—to M. Kasavubu's advantage. The economic talks in Brussels that ended on May 16th may have persuaded the separatists of the primary need for economic expansion within the federal structure; or at least persuaded them to give it a try. This remains the chief hope of preventing total dissolution after independence on June 30th.

HIGHER EDUCATION

Free for All Scholars?

THE report of the committee under Sir Colin Anderson into university awards which appeared on Thursday (Cmnd 1051) is for the greater part of its 135 pages a workmanlike set of proposals which can safely be accepted by the Government. It seeks to end the absurdly

wide variations in the way local authorities make awards, to recommend changes in selection procedure, and to implement the broad principle that all qualified students should be entitled to an award from public funds.

The unsettled question (on which Sir David Eccles has evidently not made up his mind) is whether, after these reforms have been made, well-to-do parents of award holders should be expected to make a contribution towards their expenses at the university (or comparable institution), or whether an automatic "entitlement to free university education should now be created" for the country's brightest boys and girls. Eleven members of the committee (including the chairman and the Principal of London University) voted for outright abolition of the parental contribution even for the wealthiest parents; the remaining four voted for retention of the present principle of the parental contribution and means test—but on a much reduced scale. The difference in cost between abolition and the minority proposals amount to only a little over £1 million a year.

It is tempting, therefore, to plump for the simplification of abolition, rather than retention of what the majority attack as "a special discriminatory tax" on the wealthy. This "tax," however, would be spread, though generally very lightly, over 40 per cent of parents of award-holders. Under the new scale, proposed by the minority, a parent would have to have a gross income of £1,100 a year before he paid £9 a year towards his son's or daughter's higher education (against £83 now) and with £2,500 a year would pay only £142 a year (against £269 now). If he had more than one child, his contribution would be even smaller. This new scale could produce little of the deterrent effect which is now said to keep 2,000 students from applying for university places (though not from alternative forms of professional training)—especially as provision would be made to review hard cases. The extra £1 million a year which the minority wish to save for the Exchequer would be paid wholly by people who can afford it—indeed many of them will already have afforded much larger sums to equip their children with the private secondary education that gives them an admitted advantage when taking the examinations on which universities offer places. Even though the "principle" of free university education for the brightest is one of those useful principles that can now be bought for a relatively few pence, the real question is whether there may not be some more deserving applicants for additional Exchequer largesse even on this comparatively tiny scale.

TRADE UNIONS

Lolly, Not Leisure

THIS week, in selected seaside resorts, the trade union conferences have been in full spate. No fewer than thirty-three unions met in May and a further twenty-eight will meet in June; although most press interest has centred this year on which unions want to blow up Mr Gaitskell with anti-nuclear fission, these conferences, taken together, generally also throw light on the unions' current industrial mood. As usual, the speeches have contained a lot of full-blown militancy aimed straight at the reporters from the national press. There has also been a little heart-searching, albeit rather muted in tone. Following upon Mr Carron's forthright attack on unofficial strikes six weeks ago, the Oxford committee of the normally aggressive National Union of Vehicle Builders, whose members have been involved in many recent stoppages in the motor industry, has secured national approval for a warning against unofficial action. The Amalgamated Union of Building Trade Workers, like the railway clerks and the engineers, has drawn attention to the absurdly low level of union dues.

The most important conclusion, however, is that the unions' planned advance to a forty-hour week has petered out before it started; the current shortage of labour has meant that hours actually worked are mostly a good deal longer than a year ago. What the workers want now is lolly, not leisure; and rising profits have made some employers much more willing to grant it. In engineering, for example, plant "plus payments" have been rising steadily; this not only encourages the engineering unions but irritates those in industries like public service, agriculture and textiles, where pay has fallen behind because it almost coincides with the union rate. Wage claims are therefore being tabled all round; the conferences of builders, motor workers, textile workers, and civil servants, among many others, have already given them first priority. Despite the possibility of "re-interpreting" these decisions—which in the case of the Amalgamated Engineering Union meant that last year's resolution in favour of a 15 per cent wage rise finally turned out as a demand for 2 hours off the working week—it seems certain that this autumn will see a much bigger bout of wage bargaining than last autumn did.

EUROPE

Waverers and Sceptics

A STUDIED ambiguity has characterised government statements on the European question during the past fortnight. Asked in the House of Commons on May 26th whether it was still the government's policy not to join the common market, Mr Macmillan took refuge in the reply that Britain would only act in conjunction with the other members of the Seven. Pressed by Mr Gaitskell to define the government's attitude if the Seven decided to join, he side-stepped lightly: if the Seven had decided to join, then by definition Britain, as one of the group, would have decided too. Afterwards he told Mr Grimond that Britain had not urged the Seven to join the Six; and on May 30th he emphasised that there would be no sudden or unexpected British change of course. All the same the rigid negative of the past has gone. If Britain is not going to abandon its partners in the Seven, no one is letting on where it hopes to lead them to.

These outward signs of the newly open mind reflect a real reappraisal that has been going on inside the British government. No definite new course has been decided upon. But there is a hitherto unknown willingness to consider all kinds of solutions. The change seems to be shared in some measure by the opposition. In the foreign affairs debate on May 30th it was Mr Gaitskell who pointed out that the postwar era, when Britain was the dominant western power after the United States, with which it automatically enjoyed a special relationship, was over; Britain had to learn to live with a new and powerful Europe.

The change so far, however, has not gone far enough to be taken seriously by the Six or to offer the likelihood of agreement with them. In the absence of the basic decision to try to join the European communities (all of them), Britain's friends on the continent are still sceptical of its intentions, while those who do not want Britain in can rest comfortable in the assurance that the British prefer to be out. And if the summit failure has given an impulse to the British desire to come to terms, there is no indications that it has done anything to the Six but strengthen the desire to press on alone, appeasing their neighbours not with any formal association, but with general commercial measures of a liberal nature.

Nuclear Misfire

THE extent and limitations of the British goverment's reappraisal have been demonstrated by its handling of the question whether Britain should try to join Euratom, the atomic community of the Six. A resolution inviting Britain to join has been put forward by the general affairs parliamentary committee of the seven-power Western European Union which links Britain with the Six. It has the backing of the French members of that committee. On Thursday Mr Profumo, Minister of State at the Foreign Office, gave a not unfriendly answer: the British government was now prepared to consider the question. That is a big improvement on the blank negative given by Mr Barber, Economic Secretary to the Treasury, in reply to a question in the House of Commons on April 14th.

Unfortunately the conditions Mr Profumo attached to this first very tentative gesture to the Six suggest that the idea will fail. The puzzling feature about the proposal from WEU has been that the Six themselves might not find it easy to admit Britain to one community unless it is going to join the others too; for the institutions of the three are likely to be merged in the

near future. Membership of Euratom would inevitably raise the question whether Britain is prepared to go further later on. Certainly only a quite unequivocal British approach, leaving it to the Six to decide whether they were prepared to risk a major distinction between their three communities, and making it clear that Britain was beginning to look at the politics of European union in a new way, had hopes of success.

Far from making a bold approach on these lines the British government seems to have been encouraged by continental hesitations to attach conditions of its own. Mr Profumo made it fairly clear that British membership of Euratom could not be considered unless the general European trade question were settled on terms acceptable to Britain and the Seven. Once again the British government seems to be suffering from a mistaken conception of the realities of the European situation. It has still not sunk in that it is Britain that has somehow to get into the European communities, in its own interest, not the Europeans who are petitioning.

ISRAEL

Old Scores

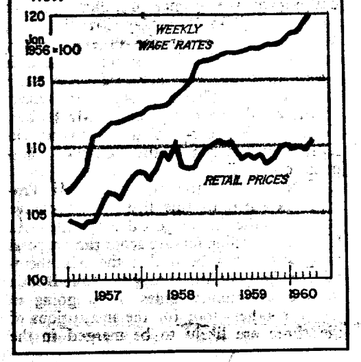
In the land of milk and honey, memories of times less pleasant pass quickly. Twelve years after becoming masters of their own state, Israeli leaders have grown anxious lest a new generation forget what happened to an older one. Partly to remind those who have grown up in the relative peace and security of a sovereign Jewish state that their elders were not so fortunate, the Israeli security forces tracked down and arrested Adolph Eichmann, once head of the Jewish Resettlement Department in the Third Reich, who is charged with causing the deaths of millions of Jews.

Nobody will waste on Eichmann any sympathy or any regret that he has finally been brought to account for his crimes. During the past few years his presence had been reported in Egypt, Yemen, Syria, Kuwait and Argentina. Mr Ben-Gurion, when he announced the arrest in the Knesset on May 23rd, understandably did not say where the Israelis found him or how they got him before the chief magistrate in Jaffa. He is to be tried under an Israeli law of 1950 for the punishment of Nazis and those who collaborated with them. Israeli jurisdiction in the case is not likely to be seriously questioned, and Mr Pinhas Rosen, the minister of justice, has refused a suggestion that an international tribunal should be formed to preside over the trial.

In Israel and elsewhere there is a difference of opinion about how much publicity should be given to the Eichmann case. Some hold that if the trial is to be an effective lesson to young Israelis, to those Nazi leaders still at large and to the forgetful non-Jewish world, then it must take place in the glare and confusion of television cameras and all that goes with them. Others feel that whatever light may be thrown on the darkest period in the history of the Jewish people, the waves of feeling that may be sent out by such a performance will not be entirely good; nor will the impression created by the zeal of the Israeli agents who tracked and captured Eichmann be entirely what the Israelis would wish. True, there will be scrupulous care that Eichmann receives the judicial treatment which the Jews did not get in his day. His fate, whether death, imprisonment or deportation to Germany, is perhaps the least important factor in the case. Could it be, however, that the retribution that is right for Eichmann will be bad for those who administer it?

WAGES AND PRICES

In the first four months of this year weekly wage rates rose 1¼ per cent—more than they did during the whole of last year. But the cost of living had hardly changed: even with the post-budget price of smoking, the index of retail prices in April was only 0·1 per cent higher than last December and was still 0·1 per cent below its peak in January, 1959.



NYASALAND

Who Helps Whom?

One of the main arguments on which supporters of the Federation of Rhodesia and Nyasaland will rely at the forthcoming constitutional review is that, whether or not federation still makes political sense, it alone "can save Nyasaland from degenerating into an African slum." They will adduce the evidence of Professor Jack who concluded, albeit circumspectly, in his economic report on Nyasaland last winter, that Nyasaland is developing far faster under federation than it could possibly have done alone. Now, however, the opponents of the federation will be able to throw two economists into the other scale—Mr Arthur Hazlewood and Mr P. D. Henderson, who have brought out a new statistical survey* of Nyasaland's position which they consider greatly modifies Professor Jack's suggestions.

In fact their conclusion is hardly a new one. It is that the economic argument has been oversimplified and overemphasised, and that the real truth is that Northern Rhodesia and its copperbelt subsidise both Nyasaland and Southern Rhodesia. If a federation between Nyasaland and Northern Rhodesia could be kept in being, the former would not necessarily suffer at all—indeed, it would be likely to gain more than it does from the present federation, under which Southern Rhodesia takes its share of the copperbelt's useful subventions and forces its partners into fiscal arrangements that are sometimes detrimental to them. The question however is—and at the founding of federation in 1953 certainly was—whether the linking of the two protectorates was practical politics without the accession of Southern Rhodesia, with its control of Northern Rhodesia's communications, its know-how and its commercial importance.

This will be argued. Dr Banda will use Mr Hazlewood and Mr Henderson against Mr Jack, but Mr Kaunda may some day use them in favour of Northern Rhodesia going into independence alone. Yet even Mr Hazlewood and Mr Henderson admit that federation gave impetus to development and drew foreign capital; whatever political changes are made, clearly this advantage is worth keeping. Moreover, Southern Rhodesia restricts the entry of foreign (but not Nyasa) labour into the principal towns of its territory; the extension of these restrictions to Nyasa workers would be a serious thing for Nyasaland. If a break-up of federation caused Southern Rhodesia to stop its present advance away from apartheid-like policies, the social consequences for any Nyasan immigrant workers who still go to Southern Rhodesia would be more serious still.

* Nyasaland: The Economics of Federation. By Arthur Hazlewood and P. D. Henderson. Basil Blackwell. 10s. 6d.

TORY WOMEN

No Monstrous Regiment

A major question of politics today is not merely whether Labour's image will go on getting fustier, but whether there are any forces at work that may cause the Conservatives' image to become suddenly tarnished again. A conference this week gave good cheer to liberal Tories who maintain hopefully that there are not. At the Conservative women's annual conference in Central Hall on Wednesday, Mr Butler received a remarkably favourable reception from a section of the party which might not normally be expected to wax enthusiastic over a reforming Home Secretary. The bloodthirsty bayings of the bonneted harridans of left wing mythology never materialised, save for a brief flash of the cloven hoof when a sturdy re-enunciation of the maxim "spare the rod, spoil the child" aroused the delegates to fervid enthusiasm. Nevertheless, Mr Butler's declaration of impartiality on

Continued on page 968



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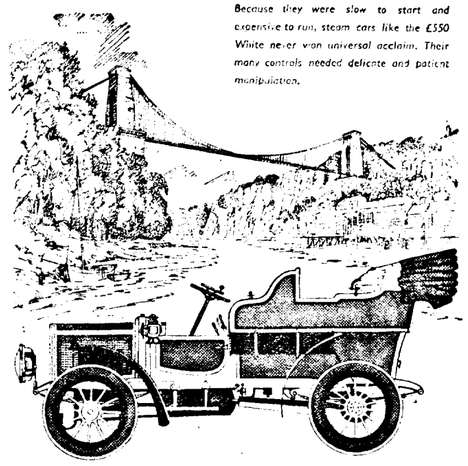

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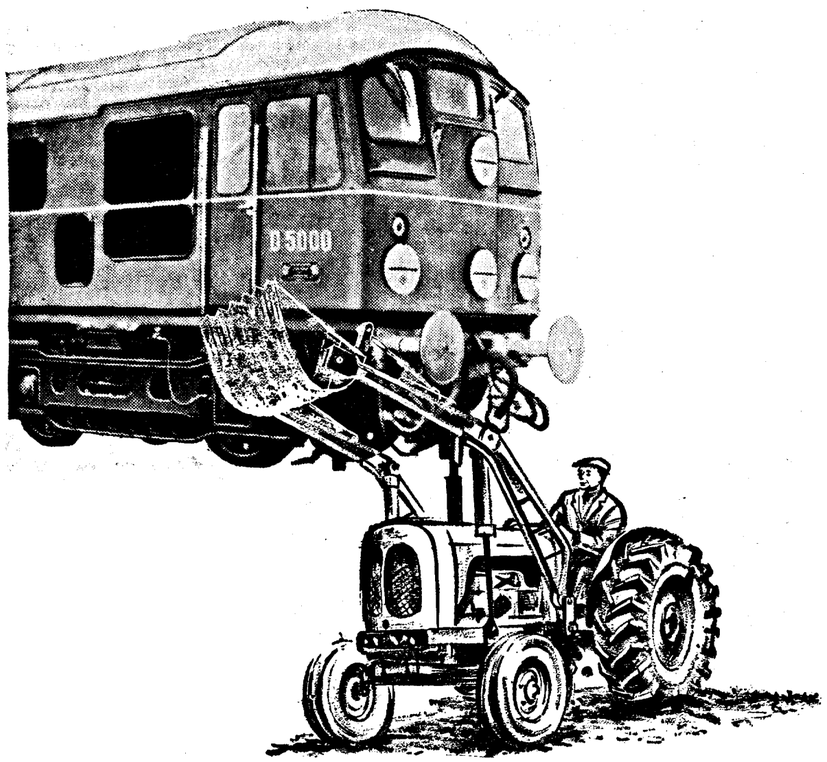

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Synopsis of a Showdown

DEBATE continues about the extent to which Mr Khrushchev has been pushed off his own chosen course both by the U2 incident and by divergent forces in the communist world; about the identity of and balance between those forces; and about the exact time when the final decision was taken to put unacceptable demands to Mr Eisenhower and thus to call off the Summit meeting and the President's visit to Russia. Here, without attempting a precise interpretation, we summarise some of the evidence put forward in the controversy.

THE FLIGHTS

The Soviet government has in past years protested against American flights in border areas, but has never previously revealed that some reconnaissance aircraft had flown deep into Russian territory. Mr Khrushchev says that the simple reason why the May 1st flight was publicised was that this time the pilot, and evidence of what he was up to, fell into Soviet hands. Since May 7th Mr Khrushchev has revealed that other deep penetrations occurred as early as 1956, and as recently as April 9th, when "our military . . . let the chance slip by . . . we took them to task."

THE CHINESE

Around April 22nd, the anniversary of Lenin's birth, the Peking press and propaganda system built up an intense campaign of oblique denigration of Mr Khrushchev's enthusiasm for the summit meeting. They saw "no change at all, even after the Camp David talks, even on the eve of the summit conference, in the war policy carried out by the United States government and by Eisenhower personally." . . . "How would it help if this were to be hushed up or whitewashed?"

The Chinese warned "some people who are not revisionists [i.e. not to be confused with President Tito and the Jugoslavs] but well-meaning persons who truly want to be Marxists but get confused. . . . Some of them say that the failure of the American imperialists' policy of atomic blackmail marks the end of violence. . . . We should help to correct their erroneous ideas." Peking repeated its claim that nuclear war would destroy only "imperialism," leaving the communist societies "a truly beautiful future." Mr Khrushchev has publicly rejected this argument.

On May 14th Mao Tse-tung in person, while declaring his support for the holding of the summit meeting on the 16th, said he hoped that those who had thought Mr Eisenhower a man of peace would be undeceived by the U2 incident. (Mr Khrushchev said in Moscow on May 28th: "I still believe that the President himself wants peace.")

In his Moscow speech on May 28th Mr Khrushchev also said for the first time that the West must normalise its relations with China so that China (and other Asian states) could take part in future summit conferences.

THE MARSHALS

In January, when Mr Khrushchev promised a reduction of 1,200,000 troops in the next two years, he left it to Marshal Malinovsky to point out that this meant the demobilising of 250,000 officers.

In April a shake-up in the top military hierarchy advanced the positions of Malinovsky (now defence minister) and of his associates Marshals Zakharov (now chief of staff) and Grechko, and relegated to lower status Marshals Sokolovsky (former chief of staff) and Rokossovsky—both associated with the disgraced Zhukov—as well as Marshals Koniev and Chuikov. Artillery Marshal Nedelin was appointed to the new post of Commander in Chief of Rocket Forces.

Mr Leonid Brezhnev, who in early May replaced the ageing Marshal Voroshilov as head of state, is both a Khrushchev protégé and a party worker with specially close concern with army affairs.

In his Supreme Soviet speeches on May 5th and 7th, Mr Khrushchev emphasised that the U2 incident "must not lead us to halt the process of reducing the armed forces," and that "it is high time one simple truth was grasped: it is folly to spend huge sums on armaments that have become obsolete faster than ever before."

Just before the summit date, a four-day conference between army and party leaders was held in the Kremlin from May 11th to 14th. Marshal Malinovsky, President Brezhnev, and Mr Suslov, the party theoretician, who had earlier been given the task of canvassing the demobilisation plan among the officer corps, were prominent in the conference, from which the marshal came straight to Paris with Mr Khrushchev.

THE CIVILIAN HIERARCHY

The party secretariat was the group most affected by the shake-up just before the Supreme Soviet met on May 5th; the result was that in a party presidium of 15 members the group of party secretaries headed by Mr Khrushchev lost its automatic majority, being reduced from 10 to 6 members.

The last date on which Mr Mikoyan's participation in any major Moscow function was reported was May 8th. When the presidium saw Mr Khrushchev off to Paris on May 14th, all its members were accounted for except Mr Mikoyan and his closest colleague, Mr Kosygin. On May 28th Mr Khrushchev found it necessary to announce publicly that Mr Mikoyan was enjoying a Black Sea holiday.

In Paris on May 16th, Mr Bohlen reported that at the conference table Mr Khrushchev had supported his demands for an American admission of "aggression" with the argument that this matter deeply involved the domestic politics of the Soviet Union. This unprecedented remark was not in his published statement, and has not been revealed to the Russian public.

THE CALENDAR

On April 25th, in his Baku speech, Mr Khrushchev stressed the urgency of the matters to be settled at the summit meeting. There was less suggestion of urgency in the speech on May 5th in which he revealed the U2 incident.

On May 6th the Soviet embassy in Washington stopped the printing of its magazine and removed a whole feature on the President's visit to Russia. (At that time no American avowal of responsibility for reconnaissance flights had been uttered.) From May 6th onwards "indignation meetings" about the flights were organised throughout Russia.

The American avowals of responsibility from May 7th onward were partly based, according to Mr Herter, on the fact that Mr Khrushchev had already said that Russia would take the U2 case to the United Nations, where, Washington foresaw, it would have got "deeper and deeper in a denial of something which was perfectly self-evident."

On May 11th, while Mr Eisenhower was taking personal responsibility for the U2 and describing it as "vital," Mr Khrushchev was casting doubt on the prospects for the President's visit, but not on those for the summit meeting; he said the flights were "not a preparation for war."

Mr Gromyko, in a note delivered on May 10th and at his press conference on May 11th, put forward only the demand that the flights should cease: "The Soviet Union does not want to aggravate matters any more, but there is one condition: provocations of this kind must stop." The American decision to stop the flights was apparently taken the next day, May 12th, but not conveyed to the Russians until May 16th, in Paris.

Mr Khrushchev presented his conditions for participation in the summit meeting privately to President de Gaulle on May 15th for transmission to Mr Eisenhower, and made them public on May 16th at the "preliminary" summit meeting. While he was doing so, and also calling off his invitation for Mr Eisenhower to come to Russia, Soviet officials in Paris were already giving informal reassurances that the Geneva disarmament talks would still go on, and that no Soviet treaty with east Germany would be signed before the postponed summit conference was held. Later Mr. Khrushchev publicly confirmed both points. In Berlin on May 20th, he broke the news to the east German communists that he thought it better to do nothing about Berlin or a treaty before "a heads of government meeting, which, it is to be hoped, will take place in six or eight months' time."

Continued from page 964

the flogging issue, pending the report of his advisory committee, was almost cordially received. The press was poised to point some curious morals in the fact that this reputed conference of floggers was to debate a motion deprecating the predominance of sex and violence in BBC and ITV programmes. In the event, even this debate was rather a good one; instead of being swept unanimously into the minute book on a wave of emotion, the motion was opposed by rational argument and voted against by a substantial minority. The conference passed other motions calling for lower prices from industry, more active participation by Conservative women in trade union meetings (not quite such a joke now as it would have seemed a few years ago) and greater publicity for the Government's grant scheme for modernisation of old houses. The ladies also discussed the 1958 Adoption Act, and asked for a more liberal use by magistrates of their discretionary powers to make adoption orders for illegitimate children without their mother's consent, when all efforts to trace her have been fruitless.

Resolutions passed by Conservative conferences do not of course bind anyone, but they are more important than Mr Balfour, who once said that he would sooner listen to the advice of his valet, would allow. They are not today left to be perused by Mr Macmillan's cook. They are taken as a reliable indicator of the party's basal body temperature. On the evidence of this conference the Tories' constituency activists, and most of these are women, cannot honestly be called a growing threat to liberal ideas; the left-wing brand of conservatism of Mr Macmillan and his followers is apparently no longer an exotic hothouse bloom, but is becoming more firmly rooted in constituency soil.

NATIONAL INSURANCE SCHEME

Prospect Before Us

THE Government Actuary has produced his report on the second of the quinquennial reviews of the national insurance scheme that are ordained by the 1946 Act. But the report's interest lies not in its analysis of the insurance fund's transactions in the years 1954-59, for the old scheme has now entered its last year of life, but in the forecasts of income and expenditure during the rest of this century under the new scheme that comes into force next April.

NATIONAL INSURANCE FUND

(£ million)

	1961–62	1971–72	2001–02
Income			
Contributions :—			
Minimum	462	536	682
Graduated	202	302	546
Non-participating	84	102	120
Other contributions, etc., and Exchequer supplement	287	300	361
	1,035	1,240	1,709
Expenditure			
Pensions :—			
Flat-rate	681	869	1,000
Graduated additions	—	14	214
Other benefits, etc.	317	363	371
	998	1,246	1,585
Balance	+37	−6	+124

These forecasts are summarised in the accompanying table. The chief change that will be introduced by the new scheme is, of course, the provision of graduated additions to pensions for, and graduated increases in contributions from, workers earning over £9 a week. The table shows how much the additional contributions—fixed to begin with at 8½ per cent of earnings between £9 and £15 but, like minimum contributions, subject to five-yearly increases between 1965 and 1980—will bring in. It also shows how little—comparatively—will be spent on graduated additions to pensions, the balance going to keep the insurance fund on a "pay-as-you-go" basis. In fact, for the ten years from 1966-76 the fund is expected to show a deficit of, on an average, £15 million to £20 million a year. But, as the Government Actuary points out, these deficits are less than 2 per cent of the income of the fund. If the assumptions he was told to make in framing his estimates turned out to be even slightly too pessimistic, the fund will remain in balance (on the basis of present pension rates) after all.

It is perhaps worth noting what these assumptions are:

1. a long-term rate of unemployment from 1966-67 onwards of 3 per cent, and for earlier years a rise from 1¼ per cent to 2½ per cent;
2. that the level of money earnings from 1959-60 will increase by 2 per cent a year;
3. that 2½ million people will not participate in—that is, will contract out of—the graduated part of national insurance pensions because they are already satisfactorily covered by a private superannuation scheme.

In addition, however, the Actuary's table assumes that flat rate pensions will remain at their present level until 2001-02, which is political nonsense. The real question affecting the balance of the fund in the next few years will be whether the rise in money earnings will be sufficiently far above the postulated 2 per cent a year to offset the rise in pensions that politicians are almost bound to demand, without a further increase in contribution rates being necessary. On the whole, it seems unlikely.

ALGERIA

A Victory for Hope

THE Algerian local elections, completed on Sunday, are inevitably being claimed in Paris as a victory for General de Gaulle and his policies. Candidates thought to be sufficiently favourable to the general secured 298 out of 452 cantonal seats, the turnout being 56 per cent of the electorate. Organisational triumphs of this kind in Algeria used to be more impressive statistically: there was a 78 per cent turnout in the constitutional referendum in September, 1958, and a 67 per cent participation in the subsequent parliamentary elections. It may be a sign of grace that French officials on the spot take satisfaction from the fact that the new result presents a more accurate

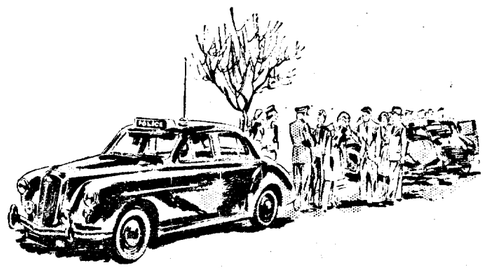
Appointments, Business and Personal notices and other Classified Advertisements pages 1053 to 1055 ☛

The Economist

JUNE 2, 1860

DIRECT AND INDIRECT TAXATION

A strong impression is diffused that indirect taxation is paid by the poor, and that direct taxation is paid by the rich. In precise terms, few persons we know would go this length. When roused to real consideration, most persons are aware that many indirect taxes are paid by the rich. But many allow a prepossession of this sort to haunt their understandings, and it is frequently apparent in hasty speeches and hasty articles. Yet no misconception can be more misleading. In considering all subjects of taxation, we must carefully distinguish between the incidence of an impost and the manner in which it is levied. We must see that there are two questions, *what* people pay the tax which is under discussion, and *how* they are made to pay it. The distinction between direct and indirect taxation, of which at present we hear so much, is simply a question of the manner in which the tax gatherer obtains his money. It does not specify, it does not attempt to specify, which are the parties to whom he comes. Some indirect taxes are, indeed, our sole means of reaching a certain portion of the lower orders. Without considerable duties on tea and sugar, we should never reach many who now pay something to the revenue of the country, and who ought to pay something. But we must carefully bear in mind that much which is called indirect taxation is paid by the rich, as well as the whole of what is called direct taxation. We must not think that the one is the poor man's quota, and that the other is the rich man's quota. It is quite true that all indirect taxation has to some extent an accessory and unfavourable effect upon the lower classes. All restrictions on trade hamper trade, and everything which hampers trade tends less or more to diminish the demand for labour. But this is not merely a poor man's grievance; many of the rich are affected by it at least equally. Whatever hampers trade, lessens the demand not only for labour, but for *capital*.



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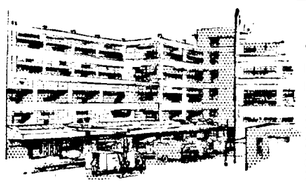

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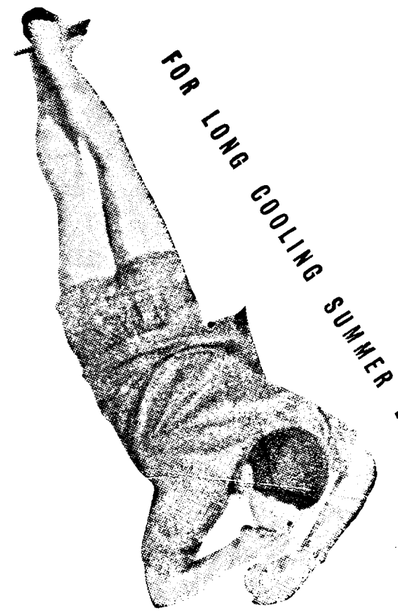

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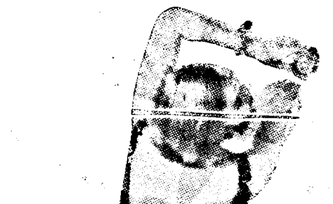

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picture of the Algerian situation. The advance toward reality is welcome.

The settler extremists, when they did not have a candidate like Mme Lagaillarde, wife of the imprisoned leader of the January insurrection, tended to abstain, in common with the Moslem rebels themselves. Mme Lagaillarde scored a notable success in Algiers, where her list secured all six seats in a predominantly European district ; and other opponents of General de Gaulle's policy were victorious throughout the city. Gaullism's chief support came from the countryside in the departments of Oran and Constantine, where the returns from the reorganised villages were numerically outstanding. But at Sétif the total participation was only 14 per cent, and at Guelma, a French headquarters behind the Morice line, the Moslem rebels contrived to bring about 7,000 blank papers against 12,000 for the single list of Gaullist candidates.

The voting shows a continued settler resistance to General de Gaulle, particularly around Algiers, although it is significant that the extremists can no longer claim to speak for the European community as a whole. More ominously, the character of the Moslem candidates returned does not lend credence to the idea that a third force will emerge. General de Gaulle has placed some reliance on the local voting to produce the long-looked-for *interlocuteurs valables:* although there is again talk in Algiers of round-table consultations on the future relations of the European and Moslem communities, it does not seem that the general can place undue reliance on such a process of reconciliation. But he still has the hopes, however fragile, of the Moslem population who see him as the one man, if one exists, who can still bring about an eventual political settlement.

AGRICULTURE

A Training System At Last

SOME time ago responsibility for agricultural education below college level was transferred from the Ministry of Agriculture to the Ministry of Education, and this transfer has now borne first fruit in a report which deserves a warm welcome. An Advisory Committee on Further Education in Agriculture has proposed a nationwide system of agricultural training courses. They will be complementary to practical working experience, generally on an employer's farm, although certain residential one-year courses will be on "teaching farms" attached to farm institutes. Pupils in these different and widely variegated courses will range from fifteen-year-old youths who have never tackled GCE to experienced farm managers who are anxious to get abreast of technical advance or to improve their business practice.

The difficulties in the way of establishing and running such a system are obvious. It is harder to arrange convenient releases for young farm workers than for apprentices in industry. Moreover, farm apprentices are apt, unlike industrial apprentices, to live in ; and farmers, not to mention their wives, may well lack enthusiasm for accommodating part-time workers. Because farming is by its nature geographically dispersed, getting students together in economic numbers is a special problem. More important is a difficulty which the committee has referred to a special working party due to report shortly: that of recruiting—and training for the job —enough teachers of the right kind. This difficulty is the graver since there is an obvious overlap between the manpower requirements of the new training system and that of the already over-extended National Agricultural Advisory Service. Beyond these questions, finally, there looms another not in the ministry's power to answer: what differential reward can be expected by the worker, at any level, who has gained a recognised qualification instead of merely going through the agricultural equivalent of sitting next to Nellie? The National Union of Agricultural Workers has gone on record as preferring the rate for the job to the rate for the man—a preference which if made effective would seriously diminish the attractions of the scheme for the rank-and-file worker.

None of these difficulties, however, ought to be insuperable ; and the reward for overcoming them is potentially enormous. There is a notoriously wide gap in Britain not merely between the best and the worst farming, but between the best and the ordinary passable. To make the best practice common practice is an aim to which public funds can be far more effectively—and economically—devoted than to the massive support of the uncompetitive. Exchequer finance for these training schemes will, in the long run, be a "production grant" of the right sort.

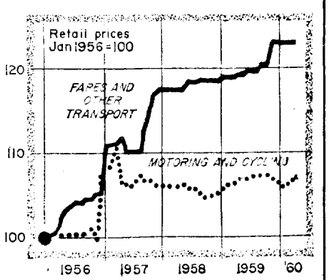
Hobby in Peril

MUCH of last week's committee stage debate on Clause 18 of the Finance Bill—the "hobby farmers' clause"—could have been transposed holus bolus to the other clauses dealing with tax avoidance. Indeed, much of it was. The question of bona fide commercial operation, the question of distinguishing between taxable income and untaxed capital gains, and the wider question of the onus of proof, were all bound to recur in successive contexts throughout the bill. "Hobby farmers" are, however, in some respects a case apart, because for many of them tax considerations are genuinely only a very secondary explanation for their activities. Because farming is regarded as a way of life as well as an economic enterprise, it attracts, quite apart from any tax-avoidance motive, people who are willing to farm at a loss if need be and whose other resources enable them to do so. Because landownership confers prestige it similarly attracts people who are content to buy—or preserve—that prestige even at the cost of a similar loss. And because it offers a field for public service—whether in rural life generally or, in the long run, in improvement of soil and stock by investment and experiment—it attracts some enthusiastic pioneers who carry disinterested and often expensive bees in their bonnets.

Last week's debate saw Conservative backbenchers moving amendments in favour of these people, and the Government harshly but rightly refusing to accept them. The losses incurred by any of these hobby farmers are, in strict logic, just as much an expenditure on gratifying personal tastes as are other people's outlays on, say, travel or playgoing, and provide—again in strict logic —no better a reason for claiming tax reductions. The part-time agricultural pioneer is admittedly a national asset ; but the experimental pioneer who changes his mind and sells out will very properly make as substantial a tax-free capital gain as the man who planned from the first to do just that. The small dog-and-stick amateur farmer or not-very-competent country gentleman, though no doubt often an estimable fellow, is in general a high-cost national liability. He half-uses or misuses land which the trained and ambitious young entry of professional farmers could cultivate properly ; he lags behind in techniques ; he responds sluggishly or perversely to market needs ; he inflates both the price of farms and the subsidy bill. Clause 18 as it stands is unlikely to worry him much. To have weakened it further out of respect for his interests would have been a bad mistake.

Correction.—The reference in *The Economist* of May 28th to M. Opangault as author of the scheme for a United States of Latin Africa should have been to the late M. Boganda of Oubangi-Chari.

THE COST OF TRANSPORT



According to the statistics collected for the index of retail prices, private motoring and cycling now costs only 7 per cent more than it did four years ago, but public transport (including a small allowance for parcel and luggage freight) costs 24 per cent more.

BOOKS

Pegs and Holes

The Ineffective Soldier: *Lessons for Management and the Nation*

By Eli Ginzberg and others.
Columbia University Press. **London: *Oxford University Press.* Three volumes, 245, 301 and 359 pages respectively. 48s. each.**

DURING the war many people looked with some envy at the Americans' apparently lavish availability of both men and materials. But in the critical Battle of the Bulge General Eisenhower was short of reserves. After the war, as Chief of Staff of the American Army, he found that one out of every seven men called up had been judged to be mentally or emotionally incapable of serving effectively in the armed forces in time of war. In 1950, as President of Columbia University, he set up a Conservation of Human Resources Project, of which these three volumes are the report. Its purpose was to try to find out the reasons why such large numbers of young Americans were rejected or discharged, and what had been wrong with the system. The project team had available to it an enormous mass of personnel records and information that had been accumulated by the Services during the war.

There may after all be advantages in having to work against a restricted budget. The Americans started with no thought of any possible manpower shortage, and they were slow to realise there was one. The British, on the other hand, were acutely conscious of it from the very beginning, and made their plans accordingly. It is probable that, in consequence, we made much better use of our limited manpower resources. What may be more important is that we also made more successful efforts to help the individual to produce his optimum performance. Incidentally, it is hard to resist the comment that, in both countries, the navy was far ahead of the other two services in establishing and maintaining a very high standard of selection—perhaps because in terms of manpower it was much the smallest service.

These three books make hard reading. They are wordy and repetitive, with far too much detail for the manager who ought to read them. But even if the first two volumes are skimmed, the third should be read through. It is an attempt to draw out some more general conclusions that may be of help to the community generally and to industry in particular.

Beneath much that is platitudinous and obvious, this report does provide a balanced and cautious study of the problems. It makes it very clear that the answers to them do not lie in any particular gimmick, management technique, or psychological theory. Comparisons between service and civilian life, and between service and industrial organisations, can be misleading, but there are certain conclusions to be drawn that industrial management would do well to consider.

There has been a growing awareness in Britain recently of the difficulty of getting enough trained and experienced men, but it has, perhaps, been assumed too easily that some new selection technique or an executive training course would provide them. This report shows that much more is needed. Initial selection should be based on a clear understanding of the requirement, a knowledge of what is available, and a plan to bring the two into relationship. Selection standards should be related to the real need; in its initial selection the American army set combat standards that only one man in three was ever likely to meet. The project team found much evidence in favour of an educational screen to predict future work performance. They had much less evidence to support a widespread faith in a psychiatric screen.

After initial selection should come further selection in depth before any final decision is taken. And evaluation should be seen as a continuing process throughout a man's career. A large organisation has to recognise the importance of reconciling its need for rules and regulations with the retention of as much flexibility as possible. Because of its size it should be able to provide enough mobility for men to find the jobs best suited to their capacities. Assignment is just as necessary as selection.

In the field of training in industry we have not yet thought long and deep enough about who should be selected for training, how he should be trained, and for how long. Training has not been related to the problem of adjusting a man's needs in his career to a company's demands. We are swinging too far towards the classroom and away from learning on the job.

Perhaps most important of all, in these three books is buried the warning that a man should not be judged by single qualities or by isolated elements of his experience. A man's performance is determined by a highly complex interplay between all his qualities and experience and an environment that continuously presents him with both opportunities and limitations.

Failed Masterpiece

Some Graver Subject: *An Essay on "Paradise Lost"*

By J. B. Broadbent.
Chatto & Windus. **268 pages. 30s.**

FEW would disagree with Dr Johnson's remark that "*Paradise Lost* is one of the books which the reader admires and lays down, and forgets to take up again. None ever wished it longer." If it could weary a man whose capacious mind had been nurtured on holy writ and the classics, and whose accumulation of learning was formidable (though not so formidable as Milton's own), how much more wearisome it is likely to be to the reader of the mid-twentieth century: wearisome because so often unintelligible.

Dr Broadbent's book is not the plain man's pathway to comprehension. Unlike Professor C. S. Lewis's "Preface to Paradise Lost," it is not designed for the novice, eager to tackle an acknowledged masterpiece but hampered by an imperfect knowledge of Milton's aims and assumptions. "Some Graver Subject" is packed with erudition and is written in a style that is often elliptical and allusive, demanding close attention. For students seriously interested in seventeenth-century heroic poetry, it will be of great value; and to the rather larger circle of readers fascinated by the discrepancy between Milton's intention and achievement it offers much that is unfamiliar and challenging.

One of the important points which Dr Broadbent emphasises is that Paradise Lost was something of an anachronism even when it first appeared. The desirability of a Christian epic in Protestant terms had been felt ever since the Reformation. By the time that Milton's heroic poem went to press, the Royal Society was already in being, and the Renaissance culture, in which Paradise Lost is so deeply rooted, was beginning to look a little old-fashioned.

The immense difficulties, personal and literary, that Milton had to confront and subdue are given full weight by Dr Broadbent. He is quite frequently repelled by Milton's idiosyncrasies, and does not conceal his aversion. On the other hand, his appreciation of the formidable difficulties makes his admiration for the triumphs the more warm and discerning.

The most unsatisfactory thing about Paradise Lost is that as a religious poem it has little persuasive power. Milton's theology is partly to blame; but had he not expressly announced that his intention was "to justify the ways of God to men," we should perhaps be less critical of what he actually achieved. It was an impossible project, a magnificent undertaking. Certainly it is a major work of European literature, and one that needs much elucidation. Dr Broadbent's scholarship, allied to his lively interest in the behaviour of men and women, makes him a commentator of unusual penetration.

Gods from the East

The Ancient Gods

By E. O. James.
Weidenfeld & Nicolson. **359 pages. 42s.**

PROFESSOR JAMES sets out to tell the story of the origins and diffusion of religion in the Near East. His study covers that geographical area which modern scholarship has come to recognise as the very cradle of the western mind—the arc which extends from western Asia to northern India, and from North Africa and the eastern Mediterranean to the Aegean and the Graeco-Roman world. In broad outline the story has been known since the great excavations in Egypt, Mesopotamia and Knossos. But archaeology and the decipherment of ancient scripts have, during the last decade, moved forward with extraordinary speed. The time-limits within which the historian works have been immensely expanded (the earliest neolithic settlements at Jericho may go as far back as 8000 B.C.). And new linguistic insights have shown the great measure of contact between archaic civilisations. All this justifies a survey and descriptive analysis of present knowledge, and that is what this handsomely illustrated volume sets out to provide.

It starts with those striking, Picasso-like little figurines in which men of the neolithic age saw an emblem of fertility and the life-force. Out of these primitive representations grew the great cult of the Mother-Goddess and of the young god who was, in a number of religions, regarded as her son. It is an image that has gripped the human mind from the time of Isis and Horus to that of Christ and the Virgin. Professor James discusses the institution of the sacred king and of the seasonal, sacrificial rites in which he participated. Again, one comes to recognise in these archaic and often sanguinary rites the origins of some of the most enduring of ethical conceptions. The prayer of an Assyrian monarch asks the gods to let him be an intermediary between them and his people, to visit upon him the troubles that might otherwise fall upon his nation. In very faint outline, the key notions of mediation and atonement are already visible.

But Professor James's very virtues—his detachment, his inclusiveness, his scrupulous refusal to go beyond available archaeological or textual evidence—lead to an odd perspective. Throughout the book (and the material is arranged so as to make it primarily a work of reference) the history of Judaic beliefs is treated in exactly the same light as that of all the other near eastern religions. But it is surely the immense difference that matters and must be accounted for. Here alone, the step was taken from polytheism to the severe conception of a single omnipotent God. Here alone, the transition was made from primitive rites and propitiatory magic to a consequent and enduring moral code. How and where did this tremendous event occur? We still do not know. Recent scholarship points to some crucial encounter between the idol-worshipping, semi-enslaved Hebraic fugitives or emigrants from Egypt and a monotheistic cult and priesthood established in the Sinai desert—perhaps near the ancient oasis of Kadesh. Digging in sand is, as yet, an unsolved engineering problem and no solid evidence may ever be forthcoming. But the magnitude and singularity of the event are not in doubt and Professor James obscures them by treating it on a level with the worship of Marduk or the cosmological fancies of Egypt.

Parnell's Tragedy

The Fall of Parnell

By F. S. L. Lyons.
Routledge. **375 pages. 42s.**

THE personal and political disaster that overtook Charles Stewart Parnell in the winter of 1890-91, and toppled him from the unquestioned leadership of the Irish nationalist movement into political outlawry and an early grave, is three-quarters forgotten in England, where the comparable scandal of Sir Charles Dilke's downfall is more readily remembered. But the tale of Parnell and Katherine O'Shea and the split in the Irish party is all too familiar in Ireland, where the numerous rights and wrongs of it are still furiously debated, and many legends gather. Dr Lyons, rightly judging that the time for an impartial verdict has now come, has set down the whole story in a passionless, detailed, exact and probing narrative that lays bare the springs of action of the men concerned.

These men were outside the common run of politicians. On the Irish side of the water, they looked with hardly an exception to the future of Ireland, not to their own careers; such men as Michael Davitt or John Redmond were devoted to the best interests of Ireland—however differently they saw them—and not to themselves. In England, to the delight of the unionists, the still titanic Mr Gladstone failed to coordinate his desire for justice to Ireland and his need to keep his party together. The author handles Mr Gladstone's difficulties with particular sympathy, and gives the first adequate analysis of the political pressure that forced Parnell to assert what he must have known to be untrue—that Mr Gladstone did not really want home rule for Ireland at all.

Dr Lyons thoroughly understands his subject; he is also able to bring the past alive in his reader's imagination. One can hear Parnell's voice: in the great scene in committee room fifteen, calling Healy "that cowardly little scoundrel there who dares in an assembly of Irishmen to insult a woman"; or on the hustings in County Carlow, describing some of his former devotees as having "no more brains than would sit cross-legged on the point of a

Have we no watchdogs?



"MY PARENTS *collected information from a dozen schools: this was the most expensive, so they sent me here.*" Thus John Burnett in The Observer reports the disillusioning experience, at a language school in England, of a Greek student whose father pays 20 guineas a week for him to be badly housed, ill fed and scrappily taught. It's not easy to choose in a foreign country. The most expensive *ought* to be the best . . .

It's not always all that easy for the native English customer to know that he's getting his money's worth. A recent pamphlet by P.E.P. recommended setting up a national body to meet this need, and such an official burglar alarm might do a very useful job. Meanwhile, have we no watchdogs?

Well, one of our Sunday newspapers feels so strongly about the duty of dealing in a straightforward way with the consumer that it is making an outspoken policy of reviewing goods and services in his (or her) interest. When necessary, it steps clean over the tactful line preserving advertisers from open criticism—which some people think a very very daring thing to do. But if a newspaper, such as The Observer, can review books and plays without fear or flattery, by what sort of ethical code must it keep mum about other offers to the public? Here is a 'convention' worth breaking.

So The Observer publishes regular contributions by the editors of both *Which?* and *Shoppers' Guide*. And, if you look into its other features, you will find that the people writing in The Observer aim just the same kind of searching questions at a manufacturer's press release as they do at a politician's manifesto. Patience Gray, writing for women, is a good example. So is Gordon Wilkins: his enthusiasm for a new car never blinds him to its faults. Dr. Abraham Marcus's articles, examining the claims advertised by the proprietors of various types of patent medicines, are surprising quite a few people.

Houses, holidays, heducation

Few items cost us more, or can be a greater disappointment than houses, holidays and schools. Turn to The Observer! You won't find every answer instantly, but you will find you're getting a stronger instinct for snag-spotting—and plus-pointing. (When holidays are concerned, I reckon Pierre d'Harcourt's personal information service is invaluable. If you write, he will reply with advice and ideas from his own experience. Did you know? All free, bar the postage.)

Not the least of the interesting things about this paper is its enquiring eye. And Sunday is stock-taking day. **J.B.L.**

pin." One can see John Dillon and William O'Brien smuggling notes to each other in Galway jail, and hear the rasp of Archbishop Croke's pen as he writes: "for God's sake, and country's sake, and conscience's sake, be staunch and steady and no surrender." The story has a sad inevitability that makes it almost impossible to handle ignobly, and gives it an epic grandeur. The author handles it in plain scholarly prose ; he buttresses his judgments with practically all the available manuscript sources, and his book is definitive.

Life of Law

Sir Travers Humphreys

By Douglas G. Browne.

Harrap. 378 pages. 22s. 6d.

SIR TRAVERS HUMPHREYS, whose legal career stretched from 1889, when he was called to the Bar, to 1951, when he retired from the Bench, had few interests outside his work, so it was perhaps inevitable that his biography should be more an account of his cases than a study of his life. Mr Browne has been further handicapped by the absence of any notes or papers, but in the course of his competent if not especially brilliant book, we do catch glimpses of the man himself. Travers Humphreys was a kindly man, blessed with a gentle sense of humour, a fine regard for justice, and a compassion that enabled him to be impartial when dealing with even the most repellent of criminals. He has left no great contribution to criminal jurisprudence to perpetuate his memory, but his conscientious discharge of his duties during his sixty-three years of active legal life earned him the respect, as his personality won him the affection, of his profession.

As Treasury counsel, he appeared for the prosecution in nearly all the famous cases with which he was connected, so that his part was never dramatic. He was, however, briefed for the defence in the Oscar Wilde case, his first *cause célèbre*, an account of which is given by Mr Browne but which adds nothing to the exhaustive delineation by Mr Montgomery Hyde in a volume to which Travers Humphreys himself contributed a foreword. Humphreys prosecuted both Crippen, whose fatal mistake was to leave his wife's heart and lungs buried beneath the cellar floor, having successfully disposed of the rest of her body, and the avaricious Seddon, who poisoned his lodger, Miss Barrow, with arsenic distilled from flypapers. Having rifled her cashbox, Seddon had her dumped into a common grave, and even charged a 12s. 6d. commission on the work he provided for the undertaker. Another macabre case was the trial of George Smith for murdering his three wives in their baths. Mr Browne records Smith's outrageous remark to his mistress, Miss Pegler, to whom he was faithful in his fashion: "I should advise you to be careful of these things [baths]. Women have been known to lose their lives through weak hearts and fainting in a bath." Humphreys also prosecuted Roger Casement, and Mr Browne, in commenting, is both unfair to Casement and hardly abreast of the latest information on the subject. Humphreys's most ridiculous case was the trial of Pemberton Billing in 1918 for criminal libel, during which fantastic allegations were made about a black book that was said to contain the names of 47,000 top people addicted to unnatural practices. A high point of farce was reached when Mr Justice Darling, trying the case, was informed that his own name was included. Billing was acquitted.

The last case over which Humphreys presided was among his most sensational, that of Haigh for the murder of Mrs Durand Deacon. By a strange irony, the hotel that Humphreys selected for his retirement, and where he died in his eighty-ninth year, was that where Haigh had met his victim and from which he took her to her death.

The Riddle of the Sphinx

Oedipus and Akhnaton

By Immanuel Velikovsky.

Sidgwick & Jackson. 208 pages. 25s.

DR VELIKOVSKY is among the happy men to whom life appears well-ordered: patterns and parallels appear before him as he examines history, and myths are not only significant in themselves, but also puzzles to be worked out. Unlike many such people, he writes extremely well ; and whether or not the theory which he expounds passes the scrutiny of the learned, it makes excellent reading. He has examined the broken and mysterious history of Akhnaton, who for a short time imposed a reformed religion on Egypt and then disappeared, leaving behind him records of execration, no tomb of his own, but a confused archaeological legacy, including the wrecked tomb of his mother that apparently contained the roughly buried mummy of his son. By piecing together the evidence with great ingenuity and lacing it liberally with conjecture, Dr Velikovsky has come to the conclusion that the Oedipus legend derives from Akhnaton's personal history, with the sole exceptions that he killed his father only after his death, by defacing his name and memory, and that he knew exactly what he was doing when he married his mother.

Anyone who approaches this book from the classical end cannot assess the validity of Dr Velikovsky's thesis, since nearly all the evidence is from Egypt: one can only say that it is immensely ingenious and stimulating. Two things rouse suspicion: first, that so bold and far-reaching a theory first reaches the world in popular form, displaying in the footnotes a certain reliance on secondary sources, which makes one fear an unconscious selection of evidence ; second, that Dr Velikovsky explains too much. There is not a single detail of the Greek legend for which he does not find a counterpart, sometimes admittedly conjectural. One hopes he is right ; but even if he is not, a well-written, well printed and well illustrated book, which makes one think afresh about one of the greatest of the tragic myths, is certainly worth reading.

Dr Velikovsky rounds off his analysis with a curious chapter on Freud's interest in both his heroes. He cites an occasion when Freud, in the middle of a discussion with Jung about Akhnaton's hatred of his father, fainted and fell unconscious on the floor. Could there be a better climax to a myth?

Representative Radical

Harriet Martineau : *A Radical Victorian*

By R. K. Webb.

Heinemann. 398 pages. 35s.

MOST biographers of Harriet Martineau have concentrated on her eccentricities: in this well-documented and illuminating study Professor Webb is as much concerned with what made her "representative" as with what made her unique. He emphasises her consistency rather than her vagaries. His own book, as he says of Miss Martineau's "History of the Thirty Years' Peace," is "a sustained study from a consistent point of view," an exercise in the history of ideas rather than a diverting portrait of odd human behaviour.

The main problem hidden behind the mass of material is the nature of Victorian

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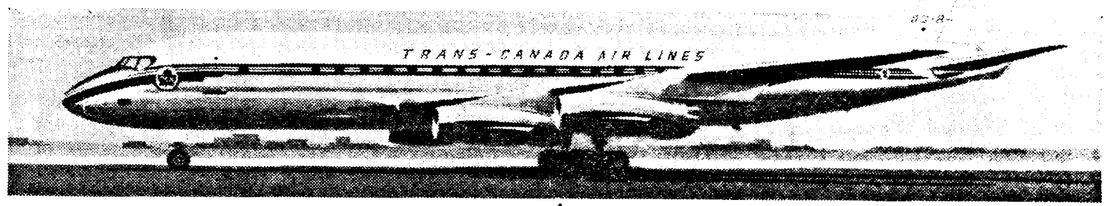

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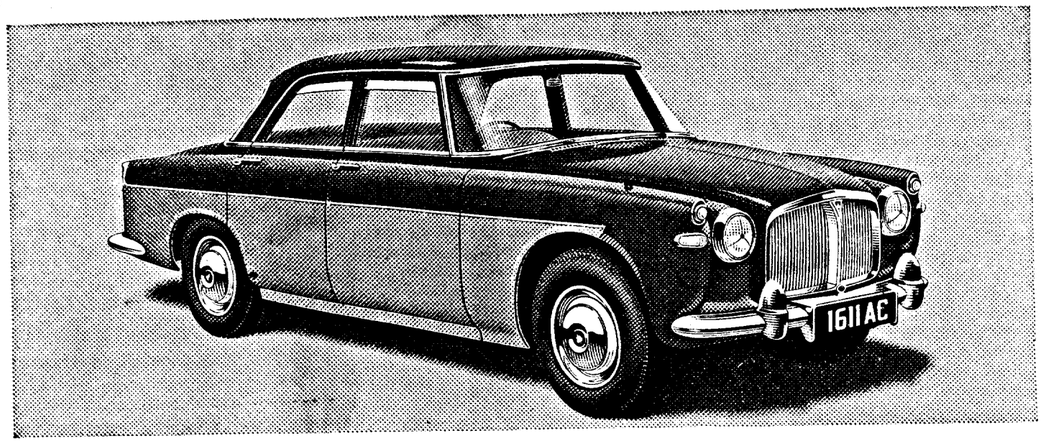

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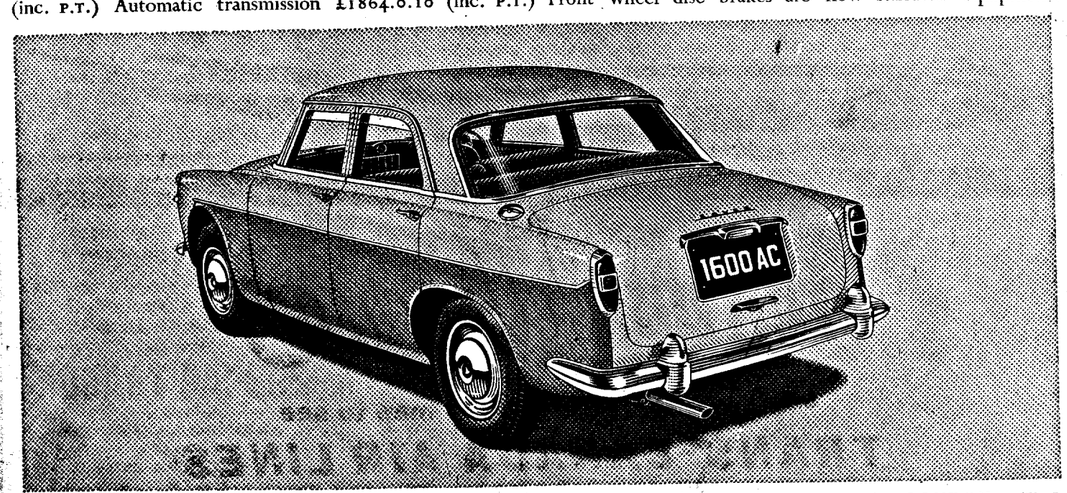

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radicalism. Miss Martineau was not only one of its outstanding and most self-conscious exponents: she grew up as the manufacturing class, to which she belonged, experienced "its greater access to confidence and power." She stopped writing at the time of the second Reform Act, which transformed the mood of politics, and died shortly after the onset of the "Great Depression," which (albeit gradually) remoulded the content of politics. She could afford to be optimistic in all her thinking for she never felt what G. M. Young has called the chill in the air. Professor Webb finds the essence of her radicalism not so much in the programme she advocated as in the particular approach she chose to follow in assessing the role of change in her own society. He suggests that this approach was already irrelevant before she died. His thesis is convincing, although there is still a great deal to be found out about other radicals and the extent to which they, too, were "representative." Professor Webb's book is a work of importance in its own right, but perhaps its chief value is that it is a major contribution to that probing of the Victorian mind and temper which is transforming our understanding of the age. Through biography he points the way to future synthesis.

Of course, Miss Martineau is such a superb character that judged even as a biographical study this book has many fascinating features. Her highly publicised mesmeric cure in 1844 posed a challenge to the doctors: it also poses a challenge to the biographer, and Professor Webb rises to the occasion superbly. On the impact of America on her thought and her interpretation of the significance of America, Professor Webb writes as an American with special insight. Only occasionally does he allow his elaborate and impressive apparatus of scholarship to over-press the reader. He certainly forces the knowledgeable reader to compare and to contrast, to look beyond Tynemouth and Ambleside to the wider world which Miss Martineau never ceased to try to interpret.

In Search of the Far East

Northwest to Fortune

By Vilhjalmur Stefansson.

Allen and Unwin. 375 pages. 30s.

THE doyen of Arctic specialists has published, within a few months of his eightieth birthday, another stimulating and provocative book. Its range is wide. "The search of western man for a commercially practical route to the Far East" is the subtitle, and this comprehends many curious and unexpected undertakings. The story of the North West passage itself is there, of course, but it occupies only 25 out of some 350 pages, and its telling, frequently undertaken by others, is not the main purpose of the book.

That purpose is to outline the history of the many other less well-known attempts: for example, the sporadic efforts to sail due northwards across the Arctic Ocean, originally probably Columbus's idea, and one which came to brilliant fruition (frustratingly for the author a week after the proofs had gone to press) in the voyage of the nuclear submarine *Nautilus*. But longer and more romantic in its history, if less exciting in its potentialities today, is the story of the land route across north America. This is recounted more fully: the journeys of the fur traders across the Arctic and sub-Arctic in the eighteenth and nineteenth centuries; of Hearne, Mackenzie, Bell, Murray, McDougall. And, finally, the extraordinary and now almost forgotten epic of those who saw in the narrowness of the Bering Strait the possibility of direct communication between New York and Paris, first by a telegraph cable, and then, believe it or not, by a railway line.

The book is designed to be popular rather than scholarly, and Mr Stefansson has got most of his material from published sources (often obscure and hard to lay hands on). But it is no mere digest of other men's tales. The author's own personality has left its clear imprint; not at the cost of distortion, or unfair quotation, but by the informed comment, by the judgment of a man who understands the environment, and not least by the clear, flowing and very readable style.

Rustic Writer

T. F. Powys

By H. Coombes.

Barrie & Rockliff. 173 pages. 18s.

AMONG the remarkable families reared in parsonages and manses, the Powys family, eleven all told, can certainly hold their own for sheer talent and unpredictability. Of the three writer brothers, Theodore was the most unobtrusive, but not the least original. A countryman who, like William Barnes and Thomas Hardy, found all the imaginative nourishment he required in Dorset, T. F. Powys deliberately contracted out of the mechanised life of the twentieth century. He did not, however, cultivate an archaic Arcadianism, in spite of his bucolic *dramatis personae* and his complete avoidance of the urban and up-to-date. The odd, equivocal, disenchanted, humorous attitude to life and death revealed in his stories is not really old-fashioned or escapist. He was concerned with fundamentals and the things that endure; and he was a religious, though thoroughly heterodox, man, for whom the beauty and pathos and inscrutability of the creatures of this earth provided abundant material for meditation.

Thirty years ago, an admiration for the writings of T. F. Powys was not unusual among the *cognoscenti*. His best work was done between 1923-1931. "Mr Tasker's Gods" came out in 1924, "Mr Weston's Good Wine" in 1927, "Fables" in 1929. He never was, nor ever could be, a writer who would please more than a discriminating minority, for his allegorising habit of mind, his unconventionality and his cultivation of rusticity could only appeal to readers who like to listen to a quiet, quizzical voice.

Mr Coombes claims genius for T. F. Powys, and supports his contention with masses of quotations. His book is written in a spirit of profound, though not blind, admiration. Perhaps the most illuminating literary parallel that he finds for Powys is Nathaniel Hawthorne. To compare him with the major novelists can only invite dissent; but in his small, intense and honest way he was an excellent writer.

Trade Theory Re-examined

Canada in the World Economy

By John A. Stovel.

Harvard University Press. London: *Oxford University Press.* 377 pages. 60s.

THIS timely book has a misleading title. It is, in fact, a rigorous re-examination of the theory of international trade in the light of an equally rigorous re-examination of Canadian experience. Its central concern is a searching critique of Viner's "empirical verification" of the classical Mill-Taussig theory in the celebrated monograph, "Canada's Balance of International Indebtedness, 1900-1913." This is followed by an analysis of the contrasting Canadian situation between the two world wars, with a brief postscript on developments since 1945 and on Canada's peculiarities compared with other rapidly developing countries.

Mr Stovel shows, on most convincing theoretical, historical and statistical grounds, that it is misleading to regard capital imports, even in the comparatively simple circumstances at the beginning of the century, as the main initiating disturbance in balance-of-payments equilibrium and equally misleading to see in relative price changes the principal mechanism of adjustment. The classical theory was "overly abstract," allowing neither for "mutual interdependence between the current balances and capital movements" nor for the part played by income changes in bringing about adjustment. Secular "growth processes" and cyclical factors may operate simultaneously as a "common cause" on both the trade balance and capital movements. The use of too general statistical categories obscures significant distinction; different kinds of investment, for example, may play a fundamentally different role in capital movements, while simple statistical correlations obscure such important considerations as anticipations and time lags.

Mr Stovel attempts a comprehensive synthesis of secular, cyclical and short run changes in his "eclectic theory of balance-of-payments equilibrium," showing effectively the danger of "too much generality." With fuller appreciation of the historical forces at work and improving statistical

records, he hopes for "steady progress in balance-of-payments analysis," which as yet cannot be conclusive or complete.

A contribution to the theory of international trade, this book is also a notable contribution to a better understanding of Canada's besetting problem, the growing current account deficit and countervailing heavy capital inflows, mostly from the United States. It contains much material relevant to the current controversy about Canadian trade, fiscal and monetary policy, including a careful statistical appendix and consolidated figures for the Canadian balance-of-payments from 1900-1957. Though not easy reading (especially the theoretical analysis in Part I) this should prove a most useful book.

Linguistics

Language in the Modern World

By Simeon Potter.

Penguin. 221 pages. 3s. 6d.

THIS is a not quite satisfactory book on a very interesting subject. Its sub-title is "a popular introduction to general linguistics, the science of language." Linguistics, like many another new subject, is still groping for its boundaries, and still more for its main direction; and, in an attempt to overcome this, Professor Potter has tried to cover too much ground in a small space: he has written a rather general account of the structure of language; a quick guide to the main families of language in the world; a short history of philology; and a couple of not very inspiring chapters on the relation of language to thought and society.

Perhaps the least important failing of the book is an excessive number of mistakes in his examples and descriptions: they can be traced in Polish, Turkish, Swedish, Portuguese and even French. But these are of no importance to the uninitiated and do not spoil his argument. A more serious criticism is that, although he speaks much of recent advances in linguistic science, he does not make clear what they are: to take one example, the significance of the phoneme is often mentioned but inadequately defined; it remains principally a comfortable word. It would have been better if Professor Potter had taken a narrower field and treated it in depth: many aspects of language are hardly mentioned—for example the stabilising and even retrogressive effects of literacy and broadcasting, and the difference (mentioned but not discussed) between language as described and what people actually say.

But one must not blame an author for not writing the book that one would have liked to read; and it is the claim in the sub-title rather than the substance that carries what blame there is. If one does not take this as the entrance to a new scientific field, but as an undoubtedly popular account of language on accepted lines, it is readable and interesting.

OTHER BOOKS

L'ASSOCIATION DES PAYS D'OUTRE-MER A LA COMMUNAUTÉ ECONOMIQUE EUROPÉENNE. By Pierre-Bernard Cousté. 302 pages. Fr. 1,500.

DIE EUROPÄISCHE WIRTSCHAFTSGEMEINSCHAFT. By E. Wohlfarth, U. Everling, H. J. Glaesner and R. Sprung. *Vahlen*, Berlin. 978 pages. DM. 63.

A legal commentary on the common market treaty.

EXPANSION ECONOMIQUE REGIONALE ET COMMUNAUTÉ EUROPÉENNE. By Paul Romus. *Sythoff*, Leyden. 372 pages. Fl. 18.75.

LA POLITIQUE CÉRÉALIÈRE EN EUROPE AU SEUIL DE L'UNIFICATION. By Francis-Charles Fabre. *Sythoff*, Leyden. 231 pages. Fl. 15.90.

Each year the Council of Europe and the European Coal and Steel Community sponsor together a research study on some aspect of European integration—social, cultural, political or economic. These two are the latest in the economic series. Dr Romus's study on regional development surveys the different types of assistance to backward areas given by the Six member-nations of the European community and by Britain. It goes on to explain the measures and methods of regional development used by the new communities themselves. The study on grain describes the patterns of production, trade and prices and the methods of market management used by the European states.

LOCKE AND LIBERTY. Compiled and introduced by Massimo Salvadori. *Pall Mall Press.* 236 pages. 18s.

A useful selection from Locke's writings, with an interesting introduction by Professor Salvadori.

LETTERS

Diplomacy and Paranoia

SIR—Mr Charles Janson's analysis in your issue of May 28th of the role of psychology in improving east-west relations after the summit, seems to be grounded on a central fallacy. It is his contention that the mutual fear of the Soviet Union and the United States would be mitigated by the mediation of the leaders of the more stable societies of Western Europe "which will reduce the fear and hatred of the giants and thus the negative projection that their leaders make upon one another."

Leaving aside Mr Janson's debatable assumptions that this sense of insecurity is based on internal rather than external factors in the two countries (the "industrial nomadism" to which he ascribes it is presumably another name for mobility of capital and labour, a state of affairs long recognised as highly desirable in this country, and now being achieved on an increasing scale on the rapidly expanding economies of the European Six), it opens the question of whether the European countries and their leaders do show greater equanimity—in the psychological sense in which Mr Janson intends the word—in the present situation than the two giants. Germany, in the aftermath of the most extreme instance of national paranoia in modern history, exhibits, not calm, but a rigidity that is both unhealthy and unlikely to last; France, only two years away from a military *coup*, is in a mood of indifference to any subjects that do not involve its most immediate interests; Britain, despite the stability of its leadership, has in recent years displayed to the world an extremely unstable public opinion on most international questions where the factor of force is dominant, as evidenced equally by Suez and Aldermaston. Moreover, the apparent equanimity of Messrs. Adenauer, de Gaulle, and Macmillan conceal respectively high delight, quiet contentment, and profound frustration at the collapse of the summit conference.

But even if Europe did at this moment possess a figure of great authority and wisdom backed by a public opinion that was both alert and calm, it is still very doubtful if he could fill the role for which Mr Janson casts him. For his analysis overlooks the fact that in international political relations, which cannot be equated with personal relations, only those who generate tensions can remove them. (Even in personal psychological difficulties this is sometimes true: a group of alcoholics, for instance, can do more to help each other to sobriety than a doctor can for any of them.) The reason is straightforward: unlike personal tensions, these fears, of surprise attack for instance, are not the product of *psychological* aberration but of logical calculations based on the cold facts of the immense *physical* damage that either could inflict on the other—calculations that become daily more intricate both as to time and space the deeper we move into the missile age.

I would agree that the situation is aggravated by the immature political structures of both the Soviet Union and the United States, systems which place an immense burden on one man yet often circumscribe his freedom of action. In particular the U2 incident has exposed very grave weaknesses in the American decision-making process. But the kind of tensions which we see today on a hemispheric scale would exist just as much between two old and deep rooted societies were they both divided by an ideological cleavage and in possession of nuclear weapons.

The debacle in Paris proved that "the spirit of Camp David" was much less strong than had been hoped, and that the attempt to substitute a positive for a negative relationship aroused jealousies and resentments within each block which neither Mr Eisenhower nor Mr Khrushchev was strong enough to control. But it does not prove that there is any substitute for a direct confrontation of the two giants or that there is any place for the mediator, either in the political or in the psychological sense of the word. Indeed, as the fruitless journeyings of Mr Macmillan and Mr Nehru and others have demonstrated, the mediator is inherently doomed to failure

since he is politically or militarily weaker than the other two parties and cannot in the nature of international relations be accepted as any wiser. There is room for much constructive diplomacy on the part of the middle powers, but they cannot hang out their shingles as the doctors of a sick world.—Yours faithfully,

Brill, Bucks. ALASTAIR BUCHAN

Oil

SIR—In your illuminating notes on the oil situation in the issue of May 28th you ask what the prospects are for a price structure for Europe. The fact that you (as do others) talk of a price *structure* rather than of prices indicates that you recognise the recent innovation of Platt's for what it is: not a piece of straight reporting but an essay in deliberate rationalising. It could hardly be anything else, there being so little to report; since in the Eastern Hemisphere almost all the oil moves within vertically integrated international companies, numbering less than ten, the amount of freelance trade is minimal and it is difficult to imagine that this truncated tail could wag the dog, i.e. that the whole industry would, or in fact could, adopt semi-automatically the terms of its narrow fringe. Incidentally, in the sphere of tankers the "spot" charter rates, reactive but unrepresentative as they are, take up a similar position, and one has long since realised that no industry-wide system of prices can be built upon them. Yet "spot" sales (mostly by a few Italian non-integrated refineries) have at least one thing in common with the main flow of oil to Europe: they are also based on Middle East crude, whose prices are adopted also by the Soviets. Platt's, however—playing, as it were, Hamlet without the prince—have now tried to build a "model" based on Caribbean quotations which are mostly identical with US Gulf prices. Many years ago the US Gulf prices (as reported by Platt's) lost their erstwhile significance for the rest of the world, and in that respect they have been known to represent only "Rotten Boroughs." Platt's, recognising that they are trying to put the clock back, endeavour to make up for it by introducing, somewhat arbitrarily, discounts off the nominal Caribbean prices, but the resulting "low" quotations still represent nothing in terms of Europe; anyway they are well above the marginal prices of European refineries.

The source of all these difficulties is this: by virtue of governmental pressures in the USA, in Venezuela and in the Middle East, the (always tenuous) links between the prices in the several parts of the world have snapped and there is now no world market price for oil. A meaningful price structure could be established only if there existed a machinery for co-ordinating, on a world-wide scale, what politics have torn asunder; there are several such systems which could be envisaged of which the much talked-about prerationing scheme, put forward by some Venezuelan and Saudi-Arabian technocrats, is but one. In the absence of some such settlement, or of any endeavour to see the problems in their full perspective, the balkanisation of the oil industry will go on: there will be miscellaneous prices according to the nature and the degree of competition in each area—there is nothing wrong in that. let the chips lie where they fall—but all endeavours to bring the inherently different local situations on to a common denominator are bound to fail, however convenient it may be to maintain the myth of a world market.—Yours faithfully,

P. H. FRANKEL

London, W1

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Aircraft

SIR—In last week's issue you discussed the result of aircraft merger arrangements with particular reference to the position of the Hunting Group. I feel there is a danger that your statement that Huntings have pulled out of the air may be somewhat misleading.

It is, of course, true to say that the Hunting Group's future interest in air transport will be in the form of a small investment and that they have agreed to sell a controlling interest in their aircraft manufacturing company, Hunting Aircraft, to the new British Aircraft Corporation. However, in addition to the retention of a small investment interest in British United Airways and a large minority interest in Hunting Aircraft, the group continues to have considerable interests in aircraft repair and overhaul in Britain, Africa and Canada; in engineering with a strong aeronautical flavour; and in survey throughout the Commonwealth, which includes—as one of the tools—a fleet of some forty aircraft.

The Hunting family business "based mainly on oil and shipping" (your words) still retains, therefore, a substantial interest in various fields of aviation activities which will in future be co-ordinated through the present holding company, Hunting Aviation Management Limited.—Yours faithfully,

Hunting Group R. R. S. COOK
London, W1

Europe

SIR—I could not agree more with the sentence in your leading article on Europe that our choice "is really between full participation and an active estrangement." Mark the word "active"! I also agree fully with your analysis of the sorry history of the estrangement so far and the bad reputation this country has managed to get herself into all over the European Continent.

But is it not time to arouse the British public by leaving aside all the technical complications and calling a spade a spade? Is it not true that this country is in her difficult position for one reason and for one reason only, namely the powerful vested interest of some British industries which has so far prevented successive British governments from taking a more realistic and positive line towards European economic integration? Some industrialists thought and perhaps still think that they can have it both ways: protection behind tariff walls and easy markets abroad. But is it not exactly the Government's job to ignore sectional interests (probably of a short term nature only) when the economic future of the whole country is at stake? The Commonwealth countries have indicated more than once that with one or two safeguards they would not object to Britain joining the common market.

One should perhaps add in fairness that the record of the Labour government in their dealing with Europe was not much better, though socialist parties in Continental Europe implored the British Labour Party "not to drag their feet." Did sectional trade union influence in Britain perhaps take the place of today's objections by big business?—Your faithfully,

London, NW4 WALTER FLIESS

Stocks

SIR—In discussing the application of operational research techniques to stock holding, you said that the Purchasing Officers Association has published some of the pioneer work in this field, but has not yet really attempted to put these new methods over to its members.

This does not quite do us justice. Two months ago we held a successful operational research study group at Christ Church Oxford, under Professor R. W. Revans, of the Manchester College of Science and Technology. A good cross-section of British industry was represented in this group, which worked on a number of practical purchasing and stores problems, and we are planning to extend this type of activity in the future. It is interesting that your suggestion of a ready-reckoner to help the smaller firms to take advantage of these techniques was discussed at Oxford, and we shall encourage this development.—Yours faithfully, J. R. BLINCH

Purchasing Officers Association
London, EC4

Mr. Collins was in full production in 8 months instead of 18

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AMERICAN SURVEY

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

Battling for the Schools

WASHINGTON, DC

If the ghosts of the Light Brigade had been sitting in the gallery of the House of Representatives last week they would have concluded that Balaclava was child's play. The liberal Democrats who cantered into Washington's valley of death on Thursday, escorting a Bill to provide federal money for building schools, knew that they had to ride between the Republicans' cannons on one side and those of the southern Democrats on the other, straight for a President fingering a half-unsheathed veto; what they were not expecting was that some of their own men would start shooting their horses from under them. That the Bill should have survived this carnage and been passed by a vote of 206 to 189 (though with an amendment embedded in it which may kill it later) deserves a minor mention in the history books. This is the first occasion on which the House of Representatives has voted to supply federal funds for education on a significant scale; the Senate, as usual more liberal in these matters, passed a more generous measure earlier this year. But the debate showed how ingeniously the conservative coalition of Republicans and southern Democrats takes advantage of any gap which opens in their opponents' ranks.

The liberals started last week's debate with the cheering knowledge that they were being helped by both Vice President Nixon and Mr Rayburn, the Democratic Speaker of the House. The support of Mr Nixon, who realised that his hopes for the Presidency would be endangered if he opposed the Bill, brought 44 Republicans to its aid in the final vote. This is almost a quarter of all the Republicans in the House; it is by far the largest number to have strayed from the conservative fold since Mr Charles Halleck, a sharp-toothed nipper of legs, was made the party's sheepdog in 1958. The support of Mr Rayburn was even more helpful. He forced the Rules Committee, the highly conservative group through which all legislation has to pass on its way to the floor and where many liberal measures get stuck, to release the Bill for debate. If the committee had not done so, Mr Rayburn was prepared to reach into his bag of parliamentary tools for the rarely used device known as "Calendar Wednesday" which would have wrested the Bill from them against their will. Its proponents were encouraged further when a couple of proposed changes, either of which would have made it more difficult to rally a majority at the end of the debate, were ruled out of order.

At this point, however, the northern Democrats in Congress fell into an old trap of their own making. Mr Adam Clayton Powell, the Negro Representative from Harlem, sponsored an amendment requiring that funds be withheld from districts in the South which have defied court orders to end racial segregation in their schools. It had been hoped that Mr Powell, who moved a similar amendment to a similar Bill in 1956 and got the Bill defeated as a result, would not bring the matter up again this year. But he did; in an election year a hundred Democrats felt obliged to demonstrate their sympathy for the Negroes by supporting the amendment; and it was carried with the aid of Mr Halleck and a majority of the Republicans. Having thus ensured that the southerners would vote solidly against the Bill, these conservative Republicans, who dislike the whole idea of aid for schools, promptly turned round and voted against it themselves. Without the 44 rebel Republicans who stood fast, this stratagem would have proved fatal to the Bill as instantly as it did four years ago.

But the Bill's death may have been merely delayed. Mr Powell's amendment makes it impossible for the House's version to be accepted by the Senate, where it would undoubtedly invite a southern filibuster. Any attempt at a compromise, on the other hand, will expose the Bill to the whims of the Rules Committee twice more, once in order to get the matter to a conference between the two Houses and once to get it back again. Moreover, President Eisenhower will almost certainly veto a compromise if it provides money for paying teachers' salaries as well as building schools (as the Senate's version does) or if it fails (as the House's version does) to help the poor states more than the rich. It is also possible that the Roman Catholics, by renewing their attempt to get funds for church schools as well as tax-supported ones, will drive a number of Protestants over into the opposition. Faced with these complexities, a member of Congress is tempted to drop his rule book and reach for his prayer book.

In any case, the measure over which the House has been labouring so painfully is only a partial solution, in quantitative terms, to a problem which is largely one of quality. The Bill would provide $325 million a year for four years—enough, when it is added to the funds which the states and local authorities are required to contribute, to build a total of 65,000 classrooms. This is almost exactly half of the present deficit, according to the tally made by the authorities in Washington. If the ordinary building programme continues at its recent rate, the other half of the deficit can be made good by 1965 (when the problem will grow easier because fewer children are expected to be entering the schools). If the deficit has been exaggerated, as some people believe, because local educators are tempted to tell Washington that they are worse off than they really are, the United States would be free of overcrowded and antiquated classrooms sooner.

But the Bill passed by the House does nothing about the other two-thirds of the problem. It provides no money for raising teachers' salaries, although the teachers themselves claim that bad pay is largely to blame for the fact that there will be 135,000 too few of them—roughly a tenth of the total requirement—when the new school year begins next autumn. Even if the country is willing to jog along, as it has in the past, with a number of partly trained teachers, there will not be enough fully qualified recruits to replace those who quit their blackboards because of old age, marriage or the lure of better pay elsewhere.

Nor does Congress make even the faintest pretence of trying to remedy the most obvious weakness of American education: this is the failure to teach enough academic subjects and to demand high enough standards of work. It is, admittedly, up to the forty-thousand independent school districts in the country to decide how they will run their schools, and the Constitution forbids the federal government to intervene directly. But the law passed in 1958, under which 100,000 college students are getting loans to help

them to study sciences and foreign languages, shows that the federal authorities can help to raise standards in an indirect and modest fashion. It is hard to believe that the fear of "federal domination," to which even the progressives genuflect politely, justifies doing nothing at all for pupils below the college level.

It was thus a small and tattered banner which the liberals carried from the field last week. Nevertheless, it added to the evidence that their fighting spirit has revived since last year. Then Mr Eisenhower inflicted a series of defeats on the Democrats in Congress in which the party's leaders acquiesced too humbly. This year the liberals have forced Mr Howard Smith, the patriarch from Virginia who presides over the Rules Committee with a face which grows longer every time he sees a proposal for spending money, to release three major Bills from the clutch of his committee. Mr Halleck, the Republican leader, no longer seems able to hold his forces so rigidly to the conservative line. The credit is due largely to the band of liberals in the House of Representatives who organised themselves as the Democratic Study Group at the end of last year's session. They have been able to apply pressure to the conservative chairmen of committees in the House; better still, by reminding Mr Rayburn of the almost forgotten tingle of liberal blood in his veins, they have brought him to their aid.

So far this year Congress has passed a measure to help the depressed areas despite the threat of Mr Eisenhower (which he subsequently carried out) to veto it. It has done something, though only time will tell if it is enough, to help the Negroes in the South to win their right to vote. It will almost certainly produce a Bill to insure old people against the costs of sickness, and it will probably raise the minimum wage and provide funds for building more houses. Mr Eisenhower may well veto some of these measures and his decision is usually final because on most issues Congress cannot muster the two-thirds majority needed to override a veto. But the point is that last year, in the name of compromise, Congress rewrote many Bills to give Mr Eisenhower most of what he wanted. This year it shows greater zest for writing the legislation it thinks proper and letting him take the responsibility for rejecting it.

Truth and Consequences

With the questioning of Mr Allen Dulles, the head of the Central Intelligence Agency, under the most elaborate security precautions, and of Mr Dryden, the deputy administrator of the National Aeronautics and Space Administration, the innocent cover for the spy flight of the U2, the inquiry of the Senate Foreign Relations Committee neared its discreet end; it is scheduled to finish this week. The CIA has, in effect, been dismissed from the case, as having no responsibility for important decisions of national policy. But the other witnesses whom the committee has heard—Mr Herter, the Secretary of State, his deputy, Mr Dillon, and Mr Bohlen, the department's Russian expert—failed to convince Mr Fulbright, its chairman, that there was not a deplorable lack of co-ordination in the handling of the incident. He still believes, moreover, that it was a crucial mistake for the President to assume responsibility for the spy flights. This has been criticised widely on the ground that it is unprecedented for the head of a modern state to admit espionage (a point with which Mr Herter had to agree) and on the ground that the admission forced or enabled Mr Khrushchev to take a tough line at Paris.

In his testimony Mr Herter adduced some evidence that the Russians had determined to withdraw their invitation to the President to visit Moscow even before Mr Eisenhower took the blame for the flights on his own shoulders. Mr Herter also said that the government had not neglected a cover story in case one of these flights went wrong. Unfortunately the events refused to fit the cover; when it was realised that the Russians had captured not only the U2 but its pilot, making a clean breast seemed to be the only alternative to involving the United States in a series of falsehoods which would convince neither other countries nor the American people themselves.

The timing of the flight now seems to be a lesser issue, although Mr Herter was forced, under rigorous questioning, to concede that there had never been a specific decision, as far as he knew, not to suspend such flights before the summit. The arrival of the long hours of daylight over the Soviet Union, the importance of the information to be secured, and the fact that flights had apparently been suspended during Mr Khrushchev's visit to the United States, coupled with the invulnerability of the U2 in the past, all combined to induce a certain complacency about the risk; in any case neither Mr Herter nor Mr Dillon—nor, probably the President—knew about this specific flight until it was too late. All of this evidence goes some way, however, to support the views of a number of experts on foreign affairs that one man—preferably the Secretary of State—ought to be given over-riding responsibility for all foreign relations, including military activities overseas, and that he ought to be relieved of the need to attend most foreign conferences. The unlucky Mr Herter was in Turkey when the U2 crisis blew up.

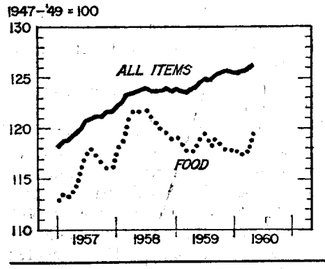
Back in the Black

Government officials are now certain that on June 30th, when the fiscal year ends, the federal Budget will show a surplus of at least $200 million, probably more. This was what the President predicted last January, but in recent weeks revenues have not quite come up to expectations, because the effect of the steel strike last year on corporate profits was greater than had been realised. Now, however, it seems that expenditures have also been less than was expected, partly because foreign sales of surplus cotton have been so good, partly because interest rates have receded and have lightened the cost of carrying the public debt.

The good news that the budget is now approximately in balance and the expectation of a larger surplus next year does not mean, however, that the "temporary" taxes voted during the Korean War (and renewed every year since then) can be dispensed with. Last week the House Ways and Means Committee gave the Administration exactly what it had asked for. The committee set a new temporary limit of $293 billion—$2 billion less than the present temporary ceiling—on the public debt to take care of the seasonal increase in the first part of every fiscal year when tax revenues are low; the so-called permanent limit—which represents the triumph of hope over experience—is $285 billion. The committee also stood fast against any reductions in excise taxes or in the 52 per cent rate of tax on corporate profits; the whole House is expected to approve the Bill this week. There may be more protest in the Senate, which is particularly anxious to end the 10 per cent federal tax on local telephone calls and to cut in half the 10 per cent tax on passenger fares.

Not to extend all these rates of tax would cost the government $2.7 billion in fiscal 1961, which begins on July 1st. Yet the surplus in the next twelve months, with which President Eisenhower wants to start to reduce the public debt, was put at only $4.2 billion last January. Today there are many doubts about whether it will be that big. For one thing, Congress shows no sign of giving the President the more than $700 million in higher postal rates and fuel taxes on which he counted. It shows every sign, on the other hand, of approving higher pay for civil servants and of exceeding the President's Budget in other respects. Spending Bills can be vetoed, though political prudence in an election year sets limits to this. What the President cannot do is to raise the gross national product which determines the size of federal revenues. Last January the gross national product for 1960 was estimated at $510 billion, compared with $480 billion in 1959. But the economy is not displaying all the vigour which was hoped for; no doubt Democrats who believe in "spending for growth" regard this as a judgment on the President's financial conservatism.

CONSUMER PRICES



The American cost of living rose to yet another record height in April, as the result of the sharpest increase in food prices for over two years. However, the cost of nearly all other goods and services also went up a little, except for used cars; prices of these were driven down by competition from compact models.

Show Business—No Business

NEW YORK

On Wednesday evening the cast of "The Tenth Man," Mr Paddy Chayevsky's successful play which is now showing in New York, turned its back on the stage door and attended instead a meeting of its trade union—the Actors' Equity Association. A three year contract between actors and the League of New York Theatres (representing Broadway's owners, managers and promoters) expired at midnight on Tuesday and in the absence of a new agreement Actors' Equity has fired the first salvo in its announced plan to "harass" different shows on different nights by forcing individual performances to be cancelled. There seems to be every prospect that the League will carry out its counter threat: to close down the twenty-two plays running on Broadway if a single show is harassed in this way. The League has now said it will, in addition, file a suit for $1 million in damages against the actors for indulging in an unfair labour practice. Equity is trying to raise the minimum weekly wage from $103.50 to $120 and to improve working conditions, but the real issue is its claim for a pension plan. It points out that both the American Federation of Television and Radio Artists and the Screen Actors Guild have already won pension and welfare provisions. A pension scheme would offer much needed help for the majority of actors, who have been squeezed badly between the increased minimum wages for the chorus on the one hand and the colossal salaries now claimed by the stars on the other.

The League's argument is that to bring a show to Broadway is already an expensive luxury. Producing costs have been inflated enormously because of restrictive trade union practices which require, for example, shadow musicians to sit idly in the wings; because the stars can pretty well dictate their own terms; and because much of the public's expenditure on theatre-going finds its way into the black market for tickets and not to the box office. It is true that a few productions bring fabulous returns to their backers, but the vast majority earn virtually no profit, while a considerable number represent good money down the drain. The League is reluctant to make any concessions which will increase costs, but it is the pension scheme that rouses its real opposition. It is convinced that any concession given to actors over pensions will have to be extended to the eight other unions with which it deals. It claims that pensions all around would add 25 per cent to ticket prices, which are already too high.

This is a dispute which no one wanted. Actors are the most reluctant of strikers (they work on the average only six weeks in the year) and producers with hit plays running can hardly bear the thought of an empty house. Both sides see a painless solution in the repeal of the city's 5 per cent tax on tickets. The city, which is trying to end the dispute, has offered to consider this question, but its own financial position is so difficult that there is no great hope that it will agree to waive this source of income. The current Broadway season has not been notable either artistically or financially and the dispute in which it is ending reflects a fraying of tempers which is regretted throughout the theatre business.

All Up for All-Cargo?

FROM A SPECIAL CORRESPONDENT

If it is true that a starving man can eat anything, the airlines which carry cargo exclusively should have no trouble in digesting the diet of cold shoulder offered to them in recent months by various government officials. Ten years ago the Civil Aeronautics Board granted temporary certificates to six of these airlines and the future looked promising for them. But instead of the "box cars (goods wagons) in the sky" which were promised, businessmen have had to put up with converted passenger aircraft and high charges. This combination of disadvantages has held up the transport of goods by air.

A year ago the few emaciated airlines which are still trying to make a living out of carrying nothing but cargo applied to the CAB for help. But instead of granting them a subsidy or even the right to ask for a subsidy, the CAB responded brusquely that the time had come to find out whether the all-cargo airlines should be allowed to stay in business at all. Since then they have had to spend a good part of their remaining resources on legal costs in a hollow effort to prove that they are actually in good financial health and that their prospects are bright.

Looking elsewhere for help, the cargo airlines tried Congress. What they sought—at least until they got on their feet financially—was legislation to enable them to obtain modern, turbine-powered aircraft specially designed to carry freight. A fleet of these would give the all-cargo lines a chance to survive the recent and growing onslaught of the big "combination" carriers of passenger and freight which are converting their unsaleable piston aircraft to all-cargo service. The sympathetic chairman of the Senate aviation subcommittee, Mr Monroney, introduced a Bill authorising the CAB to guarantee the repayment of private loans made for the purpose of buying cargo aircraft. But the Bill is still locked up in committee.

The opposition, which includes one or two Senators on the subcommittee itself as well as the officials of the large dual-purpose carriers, argues that survival of the fittest is the rule of the skies and that the all-cargo airlines should not be kept alive by government aid when anything they can do can be done better by the combination carriers with their new fleet of converted Constellations and DC-7s. Moreover, opponents of the Bill were quick to point out that no aircraft now flying would be eligible for assistance under it. Friendly witnesses explained in vain that, in aviation, manufacturers who make a habit of building new models before they are certain of a market soon go out of business. Only the Flying Tiger Line has been able to borrow money for new equipment, and it benefited, because it has bought Canadian machines, from the loan guarantees of the Canadian government.

Twice rebuffed, the cargo airlines then fell back on the Department of Defence which is the world's largest shipper of cargo by air. If more of this business were to be sent by commercial airlines instead of aboard the Air Force's own training aircraft,

it might make the difference between profit and loss, survival and oblivion, according to the cargo airlines. Back came the answer from the Air Force planners: more cargo will be shipped by commercial carrier in the future, but the principal beneficiaries will be the overseas airlines, particularly Pan American, Trans World Airlines and the single all-cargo airline which has a certificate to fly the Atlantic, Seaboard and Western. There is a chance that some of this defence business will find its way to the domestic cargo airlines, though not for some time. Meanwhile, they might be awarded contracts for special charters—but only if they can equip themselves with some modern turboprop cargo aircraft.

Now a further blow has been dealt the four all-cargo airlines which still survive: AAXICO, Slick, Flying Tiger, and Riddle. The CAB's Bureau of Air Operations has recommended to the examiner who is conducting the investigation of the cargo lines that they should not be made eligible to receive a subsidy. The big airlines, which carry cargo as well as passengers, received $830 million in federal subsidies to help them get started and still have the right to ask for more. Furthermore, the bureau proposed that only three of the four all-cargo carriers should be allowed to continue operating on regular schedules, possibly because the fourth—AAXICO—suspended scheduled flights when its losses began to mount.

In its recommendations to the examiner, the Bureau of Air Operations suggested that the all-cargo carriers should be allowed to serve military customers if this did not take them too far off their regular routes. But this would be a small bone and no mere bones will save these carriers. They will have to be granted a nourishing federal subsidy if they are to survive. Before this can be done the CAB will have to convince Congress that the public interest requires continued all-cargo service. So far this has not been done.

Duluth as a Seaport

FROM A CORRESPONDENT IN MINNESOTA

For the first time last summer deep-draught vessels were able to travel through the improved channels of the St Lawrence Seaway right into Lake Superior, bringing an exotic taste of foreign lands into the iron mines and grain fields of mid-America—into the Twin Ports of Duluth, Minnesota, and Superior, Wisconsin, 1,500 miles from the Atlantic. The taste was an exciting one but not substantial enough to satisfy commercial appetites in the upper midwest. In their first season of deep water trade Duluth and Superior exported 86 million bushels of grain—double the anticipated total—to Canadian and foreign ports, but dealt with only 17,000 tons (all of it coming across the Atlantic) of general cargo, the profitable packaged goods which bring in larger handling fees; 50,000 tons had been expected.

Last year 235 ocean-going vessels, flying the flags of 17 countries, entered the Twin Ports but only two called there regularly. They were Poseidon Line's *TransErie* and *TransMichigan* from Hamburg. This year only the latter is to call, but Manchester Lines has promised to put a pair of ships into service to Duluth from Great Britain and a Greek company is more or less committed to sending two ships a month to Duluth. In 1959 22 foreign freighters brought 11,681 tons of steel, ferrosilicon, machinery, wood pulp, glass, coffee, twine, liquor, beer, rugs, automobiles and oatmeal to customers in the upper midwest. The vessels left with 4,700 tons of bentonite, clay, machinery, dried milk, flour, honey and tinplate, destined mainly for northern Europe. This was a far cry indeed from the 750,000 tons of goods which businessmen send abroad during the seaway's eight-month season from the eleven states served by the Twin Ports; the larger part of this moves through ports on the Atlantic and the Gulf of Mexico or on Lake Michigan.

Promoters at the western end of the seaway spent the winter trying to stimulate exports and imports through Duluth. While the lake ports were closed by ice commercial representatives travelled far and wide selling the advantages of Duluth-Superior to shippers and shipowners tempting them with the lower charges at the ports on Lake Superior. The principal problem was, and is, the old one of which comes first—the chicken (ships) or the egg (cargo)? Exporters and importers in the upper middle western states are willing to use the port if they can be assured of fast, efficient service. Shipowners, on the other hand, will call frequently only when they know that freight is waiting for them. The extra five days which it takes from ports on Lake Michigan to Duluth and back costs the average owner about $18,000.

Duluth has at least succeeded in eliminating the differential in costs of loading and unloading railway wagons which favoured ports on Lake Michigan. Railways serving the Twin Ports have also raised from two to seven days the "free time" for which goods wagons may stand at the dock without charge to the shipper. Several discriminatory barriers remain, however, among them the refusal of the Maritime Board to include Duluth-Superior as a port of call for American shipping lines which are subsidised by the federal government. And since the seaway reopened in April the picture has remained disappointing in spite of last winter's efforts, with few foreign vessels coming in and practically no export cargoes waiting for them to take away.

More than $3 million has been spent recently to improve berthing areas and equipment for storing and loading grain at Duluth. This year a tank farm is to be built at the port for storing soyabean and linseed oils, lard, tallow and grease, and an effort is being made to get oil and grain carriers, which now sail empty into Duluth, to bring in packaged freight. The port now claims to have the finest general cargo facilities in the country, but some observers feel that the possibilities of this type of trade have been exaggerated. With grain shipments of 125 to 150 million bushels predicted for this year, it looks as if the port's future may lie with the grain trade. This will be encouraged when all the Great Lakes channels are deepened, as they will be by 1962, to take ships with a draught of 27 feet; with the present draught of only 21 feet, foreign vessels cannot take on full loads to Duluth. With the deeper channels all but 15 per cent of the world's cargo ships should be able to reach the Twin Ports, although this is not expected to bring much increase in general cargo trade.





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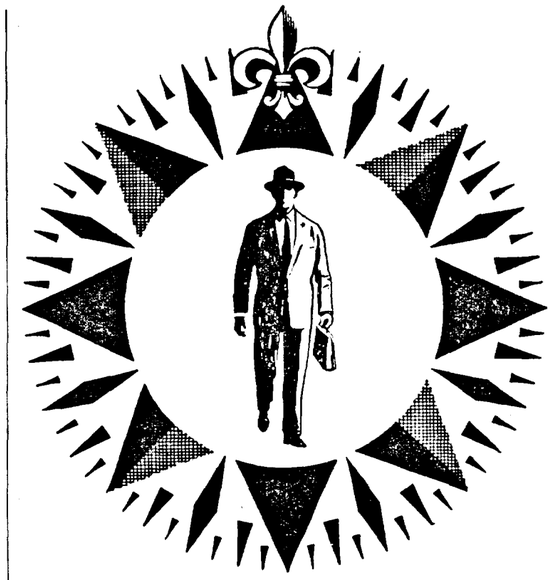

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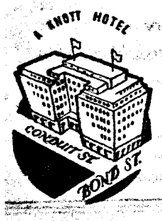

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LARGEST MAKERS OF V-BELT DRIVES IN THE COMMONWEALTH

Oregon's Gadfly Bitten

FROM A CORRESPONDENT IN PORTLAND

Most of the accounts in the newspapers of the primary election in Oregon last month—at which voters had a chance to show which presidential candidates they would like their parties to choose—concluded that Senator Morse was hurt badly by his overwhelming defeat, in his own state, at the hands of another Democrat, Senator Kennedy from far-off Massachusetts. Senator Morse's defeats in two other primaries, in Washington DC, and Maryland, were not unexpected, but his personal standing has been so high in Oregon that in 1952 he was able to walk out of the Republican party and into the Democratic ranks without faltering in his political stride.

Senator Morse himself attached great importance to making a good showing against the other Democratic presidential candidates who, whether or not they wanted to stand, were placed on the ballot in Oregon. He upbraided the leading Democrats in the state for not rallying to him as the state's "favourite son" and said vainglorously in his final speech of the campaign:

> The issue is the future of the Democratic party in Oregon for some years to come. If I am undercut, undermined and repudiated in Friday's election, Wayne Morse won't be the only Democrat to go down.

Senator Morse had predicted that he would win 60 per cent of the Democratic votes. In the event, he won only half that many, while Senator Kennedy won a majority of the votes cast for all the Democratic presidential candidates, including Senators Johnson, Humphrey and Symington. No one took Senator Morse's presidential pretensions seriously. But in the north-west it is believed that his political future will be damaged, if it is damaged, not only by his defeat last month, but by his own conduct. If he continues to revile anyone who disagrees with him on the most trifling issues, even loyal Democrats in Oregon may rebel.

In his campaign Senator Morse abused not only Senator Kennedy, but also other leaders of the party, such as Mrs Green, Portland's member in the House of Representatives, who managed Senator Kennedy's campaign in the state. Senator Morse has yet to say a kind word for Mrs Neuberger, who won the Democratic nomination to the Senate seat of her husband who, when he died early this year, was still the object of Senator Morse's relentless enmity. Even so, Senator Morse can count on winning the Democratic nomination again, if he wants, when his term in the Senate expires in 1962. And his record of liberal crusades, often single-handed ones, would make him a formidable opponent for any Republican challenger, particularly as registrations for the primary show that professed Democrats in the state outnumber professed Republicans by about 50,000 in an electorate which numbers about a million voters. The strongest man whom the Republicans could put up would be Mr Hatfield, the popular young Governor. He has just announced that he means to run for re-election in 1962 instead of seeking Senator Morse's seat in Washington, but there is still time for him to change his mind.

Aid On and Off

On the day on which President Eisenhower urged Americans to help the Chilean people in their ordeal by earthquake—the American Army and Air Force were already on the spot with relief services—he also cut off economic aid to Cuba under the mutual security programme. In both moves he had the support of the average American, horrified at the Chilean catastrophe and apprehensive that an even worse disaster might be coming if Cuba were left unchecked with the country being destroyed, not by nature, but by communism.

In ordering that foreign aid for Cuba should end within six months the President was complying with instructions in this year's mutual security authorisation which barred further aid to Cuba unless he determined that it was in the interest of the United States to continue it. Only two programmes were affected, both under the technical assistance scheme, one for advising a farm experimental station, the other for giving training in civil aviation procedures; they employed only nine Americans in all and cost under $200,000 a year. Both were due to end soon unless renegotiated, as was the only programme of military aid, for training a few air force cadets. Congress had made it clear that it wanted assistance for Cuba to stop and if this desire had been ignored a penalty might have been exacted in the form of reductions in the appropriations, still to be voted, for the whole foreign aid programme. Nor was President Eisenhower encouraged to override the Legislature's obvious disapproval of Cuban policy by the official Cuban press's recent castigation of him, after the breakdown at the summit, as a warmonger.

The general tendency of Cuban comment to follow the pro-Russian line in international affairs gives rise to a belief in the United States that, when a Soviet embassy is re-established in Cuba, as it soon will be, it may become a centre for spreading communist propaganda throughout Latin America. This supposition is taken much more seriously than is the suggestion that Cuba may become a Russian military base. So far the Cubans have not even made any real attempt to get rid of the American naval base on their soil. But to do business in Cuba is becoming steadily more trying for American private undertakings as the Castro government intensifies its efforts to make Cuba more independent—or at least less dependent—on the United States.

SHORTER NOTES

In the primary election in which Florida Democrats chose a successor for the liberal Governor Collins, they repudiated him, in effect, by choosing, not the man he backed, who shares his readiness to compromise on racial matters, but a much more determined segregationist, Mr Farris Bryant. He was more experienced and better known than his opponent, but the main issue of the campaign was the question of racially-mixed schools; on this Mr Bryant was not prepared to give an inch.

* * *

Congress has passed a Bill which is expected to slow down the current trend towards an increasing number of bank mergers. The Bill strengthens the powers of the federal banking authorities over such consolidations; in particular they are now required, when deciding whether to approve a merger, to consider how it would affect the competitive positions of rival banks.

* * *

In 1959 the United States paid out $5 billion to other countries in the form of military and economic aid, $500 million less than the year before. Accelerated repayments of credits, mainly by Britain, Germany and France, brought in $1 billion and reduced net outlays to $4 billion, the lowest since the end of the last war.

* * *

In southern California the newest craze for teen-agers—and their elders—is bouncing at a trampoline centre where springy nylon mats are spread over shallow pits. Such centres, christened Jumpsville, Jumping Gyminy or Tumbletown, now number about 175 and are multiplying rapidly. They cost from $7,000 to $10,000 to install, in addition to the price of the land. The operators, who charge 40 cents for half an hour and usually have queues of patrons, hope that bouncing has come to stay and are treating it as a serious form of physical education, which gives scope for real skill.

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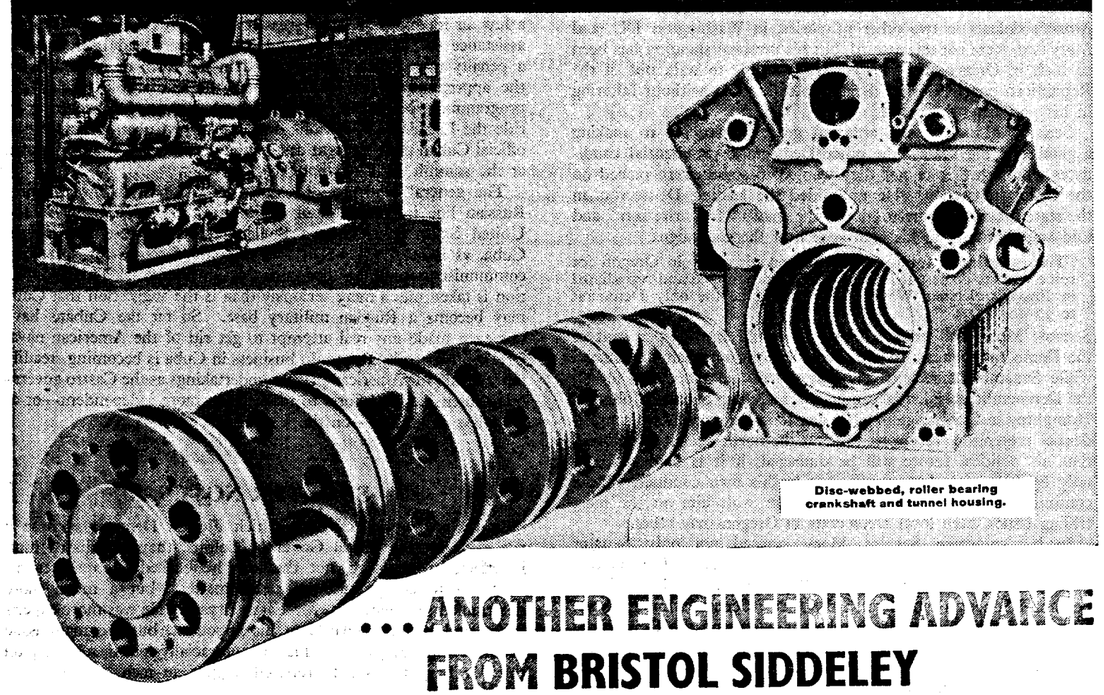

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THE WORLD OVERSEAS

The Turkish Takeover

FROM OUR CORRESPONDENT IN ANKARA

THE Turks managed their revolution last week bloodlessly ; no slaughterings, no street mobs, no summary hangings from the nearest lamp-post. The deposed leaders were put in decent quarters in the War College ; President Bayar got a room with a bath. As to casualties, the army last week was mourning its one lost officer, Lieutenant Kalmaz. The curfew in Ankara was lifted four days after the coup and the street scene a week later is almost abnormal in its normality.

The ease of the coup was astonishing. The Menderes regime was repressive and in parts corrupt. In recent weeks it had fouled its reputation by firing on and killing unarmed university students. Journalists were in prison and newspapers suppressed. Yet, so far as one knew, Mr Menderes was still a hero for a large part of the population, especially in the countryside. It was he who had opened the mosques that Kemal Ataturk shut. He was the semi-mystical figure saved by Allah in the Gatwick air crash. Yet nobody lifted a finger to save him. When retribution fell on Mr Menderes last Friday there was hardly a whisper in his defence.

The army had the guns, of course, and that was that. In the remotest parts of Turkey, at least according to the military authorities, the coup was over in three hours. By Saturday evening sixty out of seventy *valis* (provincial governors) had signified their approval of the army's action. The whole government was in the bag. An army spokesman announced on Wednesday that about 400 deputies, virtually the entire Democrat representation in Parliament, were under arrest. There was no resistance, let alone an attempt at counter-revolution.

No reason exists for supposing that the army is not united. Agreement was obtained before the coup, it seems, from the commanders of the first, second and third armies in Istanbul, Konya and Erzurum. Most of the middle and lower rank officers had been against the regime. The firing on the students had sickened the cadets, who played a big part in the army take-over. As for the vast conscript force of nearly half a million men, it obeyed orders, although many soldiers must come from peasant families that venerate Mr Menderes.

This is not a right-wing coup leading to a stuffy military dictatorship. General Gursel is not General Franco. He is not even a Kassim or an Ayub Khan. He represents an important side of the Turkish army—its liberal ideas. In Turkey the élite is two-fold—the intellectuals, and the army. In this operation the two have joined forces. The very first act of General Gursel was to get hold of seven eminent Turkish university professors and sit them down in a room to draft a constitution. His second act was to form a government in which 15 out of 18 members were civilian experts and intellectuals.

The army is now apparently determined to dictate a new start to Turkish democracy. There is no reason to think that General Gursel's promises of free elections are not perfectly sincere. The question is whether a democratic regime can be so easily restored. The former Democrat party, with all its chief personalities arrested, its newspaper out of business, its headquarters and organisation in ruins, is merely political débris. Who will rebuild it? Who will dare to vote for it? Might not General Gursel as well hand over power to Mr Inönü and have done with it?

The Turkish leaders, who have not failed to ask themselves such questions as these, realise that their first task must be to create a new opposition party to oppose the Republican People's party, which will clearly win the forthcoming election. Who will lead the new opposition? There is a terrifying lack of leaders in Turkey. Ataturk is dead. Menderes, who was also a leader, is in prison ; he may even be executed. The army at present stands between the former rulers of Turkey and the revenge of their political enemies. While military rule lasts this revenge may be kept in check. Who knows what will happen when the People's party comes to power?

The Menderes regime had deviated, not only from democracy, but from the main principles of Kemal Ataturk's revolution. Ataturk tried to take the Turks away from Asia and Islam and introduce them to the secular state and intellectual enlightenment. Mr Menderes reversed Ataturk's policy and went back to the traditions of the east, buying votes with promises to build mosques. It was all too dangerous, and what the army did was probably essential. But the blunt surgery has laid the parliamentary system in ruins.

A fundamental difficulty in Turkey is that the two-party system makes almost unavoidable a polarisation of forces between those who are for, and those who are against, Ataturk's revolution. Mr Menderes's Democrat party, while paying lip service to Ataturk, actually turned its back on him. As long as the Republican People's party stands for western civilisation and Ataturk's drive to get Turkey into Europe, any opposition party that is not a mere dummy will tend to attract to it the forces of reaction—Islam, despotism, and the values of the east. There must therefore be a tendency in Turkey, until Ataturk's principles are completely applied, for a reversion to a single-party system. Is this what is now happening?

There is reason to hope that it is not. The Turks, in their genuine passion for everything European, are as keen on parliamentary democracy as they are on the top hat. When even the generals want to make a go of it, there is reason to believe that everybody will make a go of it. Much depends on the wisdom of the present leaders ; most important of these is Turkey's most eminent and experienced man, Mr Ismet Inönü. Perhaps his finest immediate service to the cause of Turkish democracy would be to check the forces of political revenge.

Mr Amery's Hundred Days

FROM OUR CORRESPONDENT IN NICOSIA

A STATISTICIAN in Cyprus has just pointed out that Mr Julian Amery has now been here a hundred days ; but a Cyprus settlement seems as far off as ever. Just when the elusive agreement on these bases seemed in sight, the marathon negotiations came to a

halt in the most grotesque stalemate: not about one of the original subjects in dispute, which have nearly all been settled, but over the hypothetical question of "cession," that is, what happens to the bases if Britain ever vacates them. Not merely deadlock, which is normal for the Cypriots, but a political *rigor mortis* has set in. Unless the negotiations are resumed very swiftly—and that means in a matter of days—and decisions quickly follow, it will not be possible to get the Cyprus independence bill through Parliament before the winter, and in effect another six months of transitional rule under British sovereignty will be necessary. Nobody knows what political convulsions might be sparked off in the interval.

It is probably hard for the empirical Englishman to understand the intensity of the doctrinaire Greek's feeling over the issue of "cession." Archbishop Makarios's obstinacy derives from an obsession with a principle which, in his contention, is both politically valid and morally just: that if and when the British Government ever decides that the bases are no longer required for military purposes, then they should automatically be ceded to the Cyprus republic. His attitude is reinforced by the Greek Cypriots' present xenophobia, which is perhaps an understandable by-product of their tortuous history as a subject nation. In the recesses of the archbishop's mind is always the fear that Britain might cede or lease the bases to Nato or the Cento powers, which creates a fanciful mental picture of Turks, or Italians, or even Pakistanis or Persians, digging themselves in on his treasured Cypriot soil. Because it is a question of principle, and not of degree or extent (as the actual delimitation of the bases was) the archbishop, significantly supported on this question by the Greek government, is adamant that there can be no compromise: the British must yield.

BRITISH reaction to this twelfth-hour stand appears to have been governed largely by legal rather than political considerations, and in particular by an acute solicitude for the concept of British sovereignty. This, the experts say, would be infringed if Britain should go all the way to meet Archbishop Makarios's demands. Behind the scenes experts have strenuously sought some magic formula that would resolve the deadlock without loss of face; so far, in vain. The nearest approach to a feasible formula would seem to be an express provision that Britain would never dispose of the bases without the approval of the Cyprus republic. But, according to British legal interpretation of the Zurich and London agreements, it would also be necessary to give the same power of veto to the other signatories, that is, to the Greek and Turkish governments. It follows that if Athens and Ankara could be induced to forgo voluntarily their veto power, in order to vest it solely in the government of the Cyprus republic, then a formula approaching the archbishop's conditions would be attained. This would require a speedy and long-sighted decision on a delicate issue by the new Turkish regime; and, of course, the archbishop's acceptance.

It is only fair to point out that many observers outside the archbishop's own camp feel sympathy with the Greek Cypriot position. The British themselves all agree that by far the most likely eventuality, if Britain should ever move out, would be that the territory would pass to the republic. What has lost the archbishop sympathy, and created the impression that it is his obstinacy alone that has caused the deadlock, is his tactics. His theatrical refusal to attend further meetings unless there is a complete British capitulation, his boycotting of the work of the transitional government, his public attacks on British "intransigence"—many of the old tricks and tantrums that did so much to spoil the Greek Cypriot cause between 1954 and 1958 have been brought into play. Naturally, these tactics have tended to harden the British attitude.

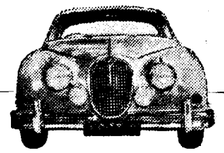
Set against the legal complexity of "cession," the rest of the island's affairs are cruelly clear. The economic slump continues, and between 10 and 12 per cent of wage earners are reported to be out of work. Nearly every Greek in the island believes that this economic crisis has been fostered, if not actually engineered, by the British, in order to exert leverage on Archbishop Makarios to accept their proposals on the bases. The more British officials and spokesmen strive to rebut the charge, the more the suspicion deepens. An announcement of new works in the bases with contracts totalling about £2 million in the next four months has done nothing to dispel the bitterness and distrust of the unions—both right and left wing—who this week gave warning of a more "militant" policy. In this agitation the communist-controlled Left is steadily gaining ground.

EQUALLY disturbing is the steady deterioration in the relations between the communities over the past two months. The remarkable phase at the start of the year, when Greeks and Turks stood shoulder to shoulder in opposition to Britain's "inordinate" demands, seems to belong to another era. With every day's delay, the Turks increasingly suspect the archbishop of some deep-seated, Machiavellian design to secure better terms for himself at their expense, and even of plotting in some ludicrously circuitous fashion to bring about enosis. Distrust between the two communities is probably worse now than at any time since the Zurich agreement was signed. Though overshadowed by the bases dispute, a local controversy over the filling of government jobs (the agreement laid down that the Turks should have 30 per cent of these, and the firebrand Mr Denktash is demanding that this provision should be implemented at once) threatens to bring them into head-on collision. How a civil service riddled with communal jealousies will function is another question.

Most serious of all is the way in which the opposition's campaign to scrap the whole Zurich settlement is gaining momentum. At best, it is an alarming trend; at worst, it could be the writing on the wall. As the political deadlock drags on, many Greek Cypriots seem to be going through an almost visible brainwashing process. Lukewarm acceptance of the agreements gives way to sulky resignation; then comes a mood of despair; then a phase of defiance—and the next thing is that the intelligent man who a year ago was pro-Zurich is proclaiming that "the whole business is such a muddle that the only thing to do is scrap the agreements and start again." To thousands of Cypriots in this peculiar psychological confusion, the recent appeal of the Democratic Union party to repudiate the agreements and hold a plebiscite instead has probably acted as a dangerous catalyst; although the party is numerically still very weak.

Ironically, the only relief to this sombre picture has come from the man who superficially seems the cause of all the trouble. The archbishop's firm pledge that he stands by the agreements and will never repudiate them has to some degree rallied his supporters and rebuffed the irresponsible. There are many who seek to impugn his sincerity, in the light of his current tactics, but on this score most observers who know him well still give him the benefit of the doubt. Had there been even the faintest hint of deviation from the agreements in his important statement last Saturday (which went almost unrecorded by the world's press) the effect in the island would have been cataclysmic. On the question when the agreements are to be implemented, however, he displays an oriental disregard which could have fatal results.

With time running out fast, the British Government may have to face another agonising reappraisal of the Cyprus situation, which may even resolve itself into a choice between safeguarding the bases or safeguarding the agreements. The unexpected twists and trends of the past month have shown that while there is a hypothetical danger to the one, there is a menacingly real danger to the other.



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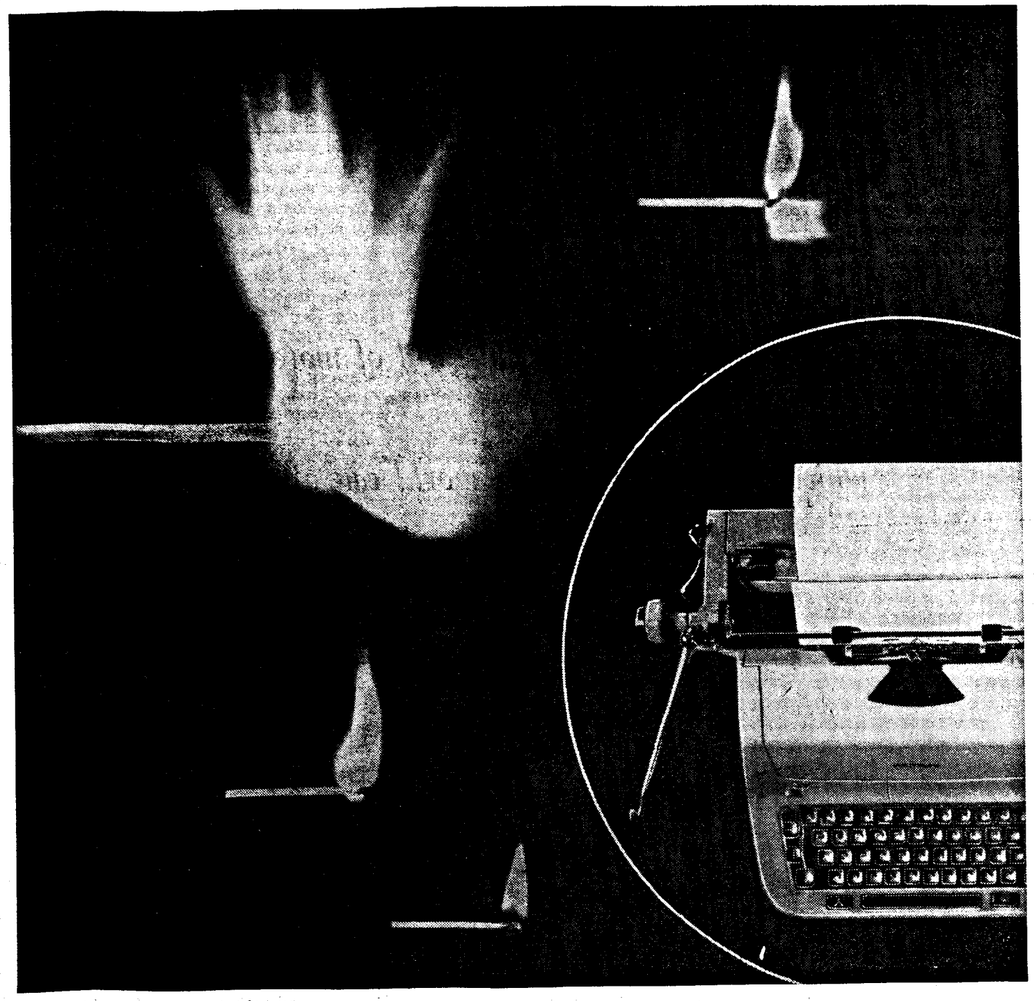

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The French Version

FROM OUR PARIS CORRESPONDENT

AFTER Mr Khrushchev's vituperations, none of the western leaders spoke in clear Shakespearean tones, echoing the Queen's anguished cry to Hamlet:

> What have I done, that thou dar'st wag thy tongue
> In noise so rude against me?

And though *Hamlet* was put on in Paris last weekend by the Youth Theatre, nobody expected General de Gaulle—the last of the main actors to give his version of the calamitous summit meeting—to strike a note of remorse or self-criticism. Indeed, of all the participants, the general probably had least reason to feel dissatisfied with what happened.

General de Gaulle's initial distaste for summitry was scarcely secret. It was only in October that France accepted the idea of a summit conference at all, and even then the general's terms ruled out the possibility of holding the conference until after his personal encounter with Mr Khrushchev in March. This meeting duly took place, without any apparent discord; but General de Gaulle was reported to have warned Mr Khrushchev not to expect any western concessions over Berlin. He repeated his thesis—that Berlin was not a good subject for the summit agenda—in public in both Ottawa and Washington, during his American tour.

A meeting of heads of government that would have gone beyond the innocuous lip-service to "peaceful co-existence" and tried to tackle concrete issues involved evident risks for French diplomacy. Any bargaining about Berlin would have placed a strain on the Franco-German alliance, which still seems to be a major plank of gaullist foreign policy. An agreement to ban nuclear tests, on the other hand, would have set France at odds with its Anglo-Saxon partners. The summit fiasco now means that allied unity is not likely to be put to the test, at least for some time to come. The failure of the conference to take place may have aroused some pique in the host's breast, but it had its compensations. If the enthusiastic reports of Mr Alsop and other American correspondents are to be believed, General de Gaulle was the rock of western firmness that saved President Eisenhower from being led into concessions by the British predilection for compromise. Such devotion to the western cause may now be thought to deserve a reward. There are rumours that French claims for a seat in a western directorate, and for American atomic secrets, will get a better response in Washington than they have had.

Mr Alsop's medal of Atlantic valour and virtue has its obverse: it is not to Mr Khrushchev's liking. Accordingly, General de Gaulle has now heard unaccustomed comments from Moscow. For once, it is Mr Khrushchev who has fallen into step with *L'Humanité*, which was always ill at ease with the Russian wooing of the general. Speaking in Moscow on May 28th, Mr Khrushchev tried to explain the adverse vote in the Security Council by the natural solidarity of the "colonial lobby." After a reference to the Suez expedition, he went on to describe the bankruptcy of French imperialism in Indo-China. "And now," he added, "they have waged a war in Algeria for five years against a people that fights with courage for its freedom. In this colonial war France has the backing of the United States." This is a far cry from the Khrushchev who courted the gaullist Marianne with sweet talk about self-determination. The new line sounds in tune with Peking and may prove significant.

General de Gaulle was aware of this American sympathy and Soviet resentment when he summed up the situation for the French public in a televised broadcast on Tuesday evening. He looked solemn, though relaxed, and tried to keep his address on a high level of generalities. The climb to the summit was, in his opinion, justified because a new voice had been heard from Russia talking of co-existence and peaceful competition. Admittedly, Mr Khrushchev's threat of a separate treaty with Germany was in contradiction with this new spirit, but he was apparently willing not to act upon it. On the causes of the actual collapse of the conference the general would not be drawn beyond the brief comment that the U2 flight, however untimely, was merely a pretext for the Russian behaviour in Paris.

What next? France might still envisage another meeting, if it were properly prepared. But diplomatic channels and not impetuous public speeches or the forum of the United Nations were the best means of preparing the ground. In the meantime, proof had been given of western solidarity, of agreement among the western big three, whatever their shades of temperament and opinion. The alliance would be stronger, and not weaker, if France were allowed to play a more independent part. Short of nuclear disarmament, which should start with the control of missiles, France would have to go on developing its atomic armoury. Finally, as a counterpoise to the greater autonomy of members, there should be a "closer concert" of politics and strategy among those western powers that have world-wide interests.

The rest of General de Gaulle's speech was taken up with a profession of his personal version of the European faith. Behind the Atlantic shield, the old nations of western Europe, looking back nostalgically on the past, can only recover their greatness through unity. The common market is a step in that direction, though arrangements will have to be made not to inflict damage on outsiders. Europe is being built through an "organised co-operation of states," which may, in the (apparently) distant future, pave the way for a confederation. Throughout this passage it was not very clear whether General de Gaulle thought of Britain as included in, or excluded from, the western European structure. Listening to the final peroration, with its argument that the balance of the old continent can only be redressed by creating a western part equal to the Soviet one, one had the impression of a continental calculation from which Britain was left out.

General de Gaulle's vision has not been altered by the mishap in the (on his part reluctant) summit climb. He may have stressed more than usual that France "is an integral part of the Atlantic alliance." He still wants France to play first fiddle in the Atlantic concert and thinks that it should have its own atomic instruments to perform on. Finally, he still seems to consider the leadership of a continental coalition as the best means to achieve his end. This was the first speech in a series. The next one will deal with Algeria, the obvious stumbling block on his chosen path to national greatness.

South Africa's Jubilee

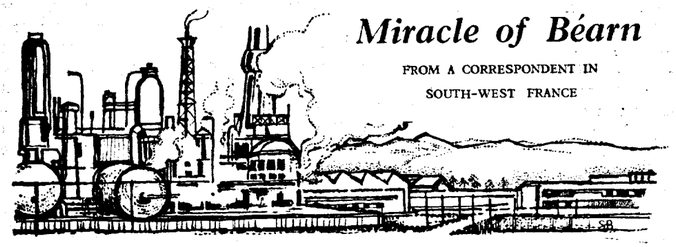
FROM OUR CORRESPONDENT IN SOUTH AFRICA

THE Union of South Africa's 50th birthday celebrations this week could hardly have taken place in less auspicious circumstances. Although the country is quiet, it is in the third month of a state of emergency under which the rule of law is abrogated. Close on 1,900 men and women of all races are in detention; no charges have been laid against them. Political organisations have been banned, newspapers closed down and the air is filled with threats against those that remain free but refuse to be bludgeoned into silence.

The white population is divided as never before, with the non-Nationalists, both Afrikaans-speaking and English-speaking, sullen, frustrated and often cowed into silence. The gulf between the whites and non-whites has seldom been greater. The country's political and economic standing in the outside world is lower than it has been for thirty years; its foreign exchange reserves have dropped by over £33 million in two months. What is more, over-

seas financiers with large interests in the Union have recently emphasised that South Africa cannot hope to attract foreign capital on reasonable terms until it has developed a policy of racial co-existence acceptable to the outside world.

But the prime minister, back in harness after the attempt on his life early in April, has made it plain that while he is prepared to make adjustments to the policy of apartheid, he will not depart from his party's chosen path of "separate development." He will accept some modification of the liquor laws, an easing of the application of the detested pass laws, and the creation of "authorities" through which urbanised Africans can exercise some form of elementary self-supervision where they live. But he will not hear of political rights for Africans in the legislature, or of trade union organisations, although he does favour higher wage scales.



Miracle of Béarn

FROM A CORRESPONDENT IN SOUTH-WEST FRANCE

THERE will be some interesting driver-navigator wrangles along Route Nationale 117 between Pau and Biarritz this summer, and quite a few pledges never to touch the stuff again. Especially at night; and more especially when the belligerents think they know Béarn. Fifteen miles west of Pau the first Martians appear, towering luminously over the gentle countryside. Then, just beyond the village of Lacq, one sees their base-camp: a vast bright host of spheres and cylinders and space-age paraphernalia where, according to the *Guide Bleu* and the roadmaps, there ought only to be cows and cornfields. Two or three miles to the south, the twelve-storey towers of a bustling city unmentioned by guides and roadmaps rear up out of nothing.

The explanation is, of course, that Béarn, like its neighbour Bigorre, is a land of miracles. But even miracles have to be earned. When, eight years ago, the Société Nationale des Pétroles d'Aquitaine (53 per cent state-owned) discovered at Lacq one of the world's major deposits of natural gas (280 milliard cubic metres) it had to do rather more than merely sink a shaft and lay a few gas-mains. The gas was deeper (around 4,000 metres), hotter (140 degrees Centigrade) and at a higher pressure (670 kilogrammes per square centimetre) than any other known deposit, and so rich in hydrogen sulphide that it corroded conventional steel tubing within a few hours. Before it could be tamed, special steel alloys had to be developed and elaborate desulphuration plant installed; and before output could be stabilised the storage problem had to be overcome—by piping the purified gas into a hermetically sealed stratum of sand and porous rock (capacity 500 million cubic metres, equal to 2,000 conventional gas-holders) 500 metres below ground level at Lussagnet, 35 miles north-west of Lacq.

Production of the purified gas (98 per cent methane, of twice the calorific value of coal gas) is being limited to four milliard cubic metres a year, so as to ensure for the deposit, which also yields 130,000 tons of butane and propane and 260,000 tons of gasoline annually, a minimum life of thirty years.* A third of the gas is allotted to the production of electricity, 45 per cent to industry, and 22 per cent to domestic consumers. A thousand miles of 24-inch pipeline connect Lacq with Toulouse, Bordeaux, Nantes, Paris, Besançon and Lyons; and this network may be extended in the near future to carry Saharan gas as well and to link up with the gas-grids of the other common market countries. But in order to encourage industrial decentralisation, 40 per cent of Lacq's output is reserved for the south-west. Electricité de France, the nationalised electricity authority, is building a 500,000-kW gas-fired power station at Lacq and another at Bordeaux. Two miles south-east of Lacq, Péchiney have built the world's most highly automated aluminium plant (output: 50,000 tons a year) and five other big companies are building plant for the production of ammonia, acetylene, methanol, plastics and fertilisers. At Lannemezan, to the east, Ugine are stepping up their output of aluminium by 23,000 tons a year. The port of Bayonne is expanding rapidly in order to cope with the exports of its new industrial hinterland.

Almost incidentally, the SNPA has found itself the world's biggest manufacturer of sulphur. As from next December, its desulphuration plant will produce 1,400,000 tons a year—enough to satisfy the needs of all Western Europe. British chemical firms, attracted by the purity, cheapness and low shipping costs of Lacq sulphur, are importing about 100,000 tons this year.

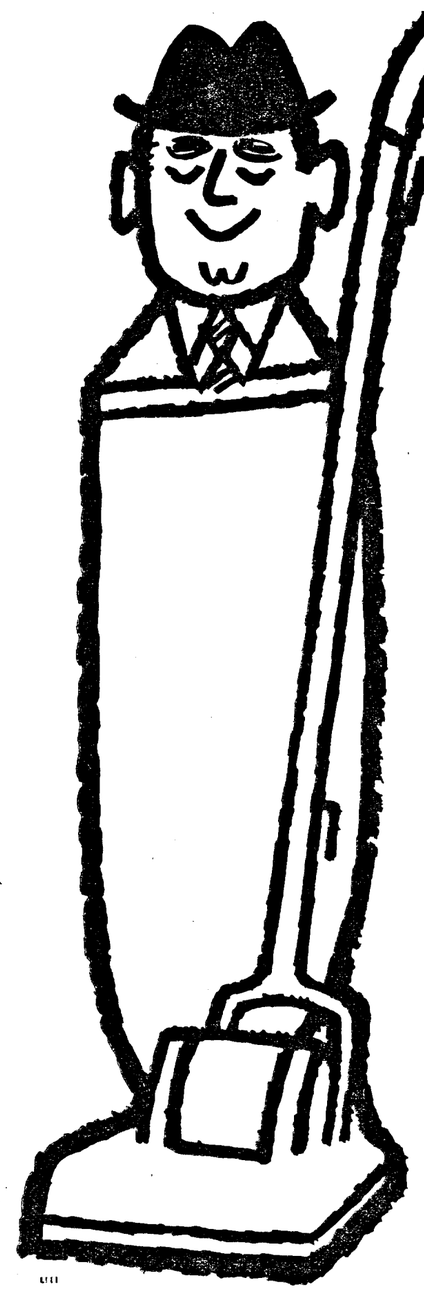
In less than three years, at a cost of £10 million, a new town of 3,000 flats and bungalows has been built on a pleasant wooded site—Mourenx-la-Neuve—three miles south of Lacq. Its layout and architecture are conformist, pre-Mumford and a little cramped, but to workers recruited in the suburbs of Paris and Toulouse it will probably seem like paradise. Two-thirds of its families own their own cars, and the town has already sprouted an American-style used-car lot. Mourenx-la-Neuve will be completed next year with the building of a lycée and a twenty-storey hotel, with a top-floor restaurant looking out on the Pyrenees.

None of this development has made the region less attractive to tourists. There are no dark satanic mills. The colours of this industrial revolution are white, yellow and silver-grey, and the SNPA's installations, impressive by day, are beautiful at night. Sociologists and inhabitants of subtopia will adore Mourenx-la-Neuve. For those whose faith in French good sense has been dented by the Fifth Republic's domestic propagandists, the trip is salutary. Indeed, the propagandists themselves ought to visit Béarn this summer: a look at Lacq might cure some of their complexes.

DISTRIBUTION OF NATURAL GAS IN FRANCE, 1960



* Also in south-west France, Saint-Marcet (exploited by the nationalised Régie Autonome des Pétroles) yields 350 million cubic metres of natural gas a year, and Parentis (Standard Oil) just over 1,300,000 tons of petroleum a year.



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A matter for the MONOPOLIES COMMISSION?

In the Board of Trade Annual Report concerning the Monopolies Commission, it is noted that the suggestion has been made that the distribution of petrol and lubricating oil for motor vehicles should be the subject of an enquiry by the Commission.
If this suggestion were to be adopted it would be for the Commission to determine whether monopolistic or restrictive conditions prevail and whether these practices were against public interest.
What are the circumstances governing the distribution of lubricating oil to motorists in the United Kingdom? The facts are in the column on the right.

* * *

Until such time as these restrictions are discontinued motorists should protect their interests by ordering their favourite brand of motor oil by name.

* * *

Issued by the MOTOR ACCESSORIES MANUFACTURERS ASSOCIATION LIMITED whose principal object is:—"*To promote, by exchange of information and by concerted action, the unrestricted sale and display of accessories, tyres, batteries, oils and other products distributed by Members of the Association to the motor and allied trades*".
94 GLOUCESTER PLACE, LONDON, W.1.

i) In the U.K. the distribution of petroleum products is mainly in the hands of a few large international companies.

ii) To obtain supplies of fuel, unless a serious financial sacrifice is made, a garage proprietor is normally required to enter into a five to twenty year purchasing agreement with a petrol company. Over 90% of all petrol outlets have entered into such agreements.

iii) In their agreements some of the petrol companies, including one of the largest, lay down conditions covering the sale of lubricating oil. Competitive makes of lubricant may not be advertised or displayed on the garage forecourt and must not be dispensed in the service bay.

iv) This means that at the stations "tied" to these petrol companies, the sale of the products of the independent lubricating oil manufacturers is subject to unreasonable restriction.

v) The lubricants marketed by the independent specialist manufacturers are by far the most popular with motorists. Hence, any deliberate curtailment of the sale of these oils restricts freedom of choice.

In reply to the representations of organised commerce and industry, including the mines, urging him to modify his race policy drastically so as to restore confidence in the outside world and racial peace at home, Dr Verwoerd's newspaper mouthpiece has replied that a nation has more important things to worry about than economic prosperity; survival comes first and economics second.

Any hopes there might have been of a new deal in race relations after the "end of a chapter" speech by Mr Sauer, the senior cabinet minister while the prime minister was laid low, have been dashed. Before the Union jubilee Dr Verwoerd, it is true, made a concession to reality by recognising the existence of an urban African population. But that is where his Nationalist opponents begin to argue. However, although the pressures from businessmen inside his party may be strong, there is not the slightest prospect of a crack in the Nationalist front and no hope of any political realignment unless—as some economists believe—there is an economic crisis by the end of the year.

From the African people there comes no news. The proscribed African National and Pan-African congresses have gone underground; their leaders are in jail or detention or in exile and their rank and file frightened into submission. The Indian National Congress, which has not been banned, called for a day of prayer and mourning on May 31st, but it went largely unobserved. Not even the five-day fast of Mrs Manilal Gandhi, daughter-in-law of Mahatma Gandhi, attracted much attention, although she was supported by Mrs Luthuli, wife of the detained African National Congress leader, and the author and Liberal leader, Alan Paton. It has been left to the relatives of detainees to keep before the largely apathetic public the plight of those who have incurred the government's displeasure.

For the time being, at any rate, the non-white political movement has had the stuffing knocked out of it. But the government will not lift the state of emergency because, it is said, it is afraid of what the political refugees and those further afield may be planning. The minister of justice, Mr Erasmus, who virtually ran the country single-handed while Dr Verwoerd was incapacitated, is clearly more bothered about what his political opponents beyond his reach may be doing than by any underground movement at home. Therefore, in spite of pressure from financial interests, the emergency is not likely to be lifted at least until after Freedom Day, June 26th.

This, then, is the sombre political background against which the Golden Jubilee celebrations took place this week in the capital of the once-model Orange Free State republic, Bloemfontein. And whatever chance the festivities had of being truly national instead of primarily sectional were ended with the prime minister's last-minute decision to make his first public appearance since his attempted assassination on the concluding day and to use the occasion for a party political dissertation on the real and imaginary benefits of republicanism—an issue shortly to be subject to a nation-wide referendum among the whites only. This involuntarily turned the occasion into an orgy of Nationalist adulation of a leader who had (in a paraphrase of his own broadcast words) been spared by God with a purpose. Even his erstwhile opponents in the Nationalist party are now saying that Dr Verwoerd is a figure of destiny.

However heavy the entries on the debit side of the Union's balance-sheet, there is also an imposing credit entry. Materially the Union has cause for tremendous satisfaction at the achievements of the last fifty years. The national income has risen from £130 million in 1910 to £1,800 million today, which represents a fivefold increase in real terms. Manufacturing industry, which in 1911-12 contributed 7 per cent to the national income, today contributes over a quarter. Gold production has more than doubled since 1910. Direct government expenditure is in real terms more than eight times as large as it was fifty years ago.

Clearly South Africa's biggest problem will be to maintain the momentum of the economic revolution—a tremendous problem against the background of political instability. Already during the past two years there has been a slowing down in the rate of growth of the economy as a whole, and the future will obviously remain uncertain until the country's race problem is on the way to solution. That is the measure of the challenge facing this sorely-riven country as it embarks on the second fifty years of its existence as a political entity.

Finnish Unions Split

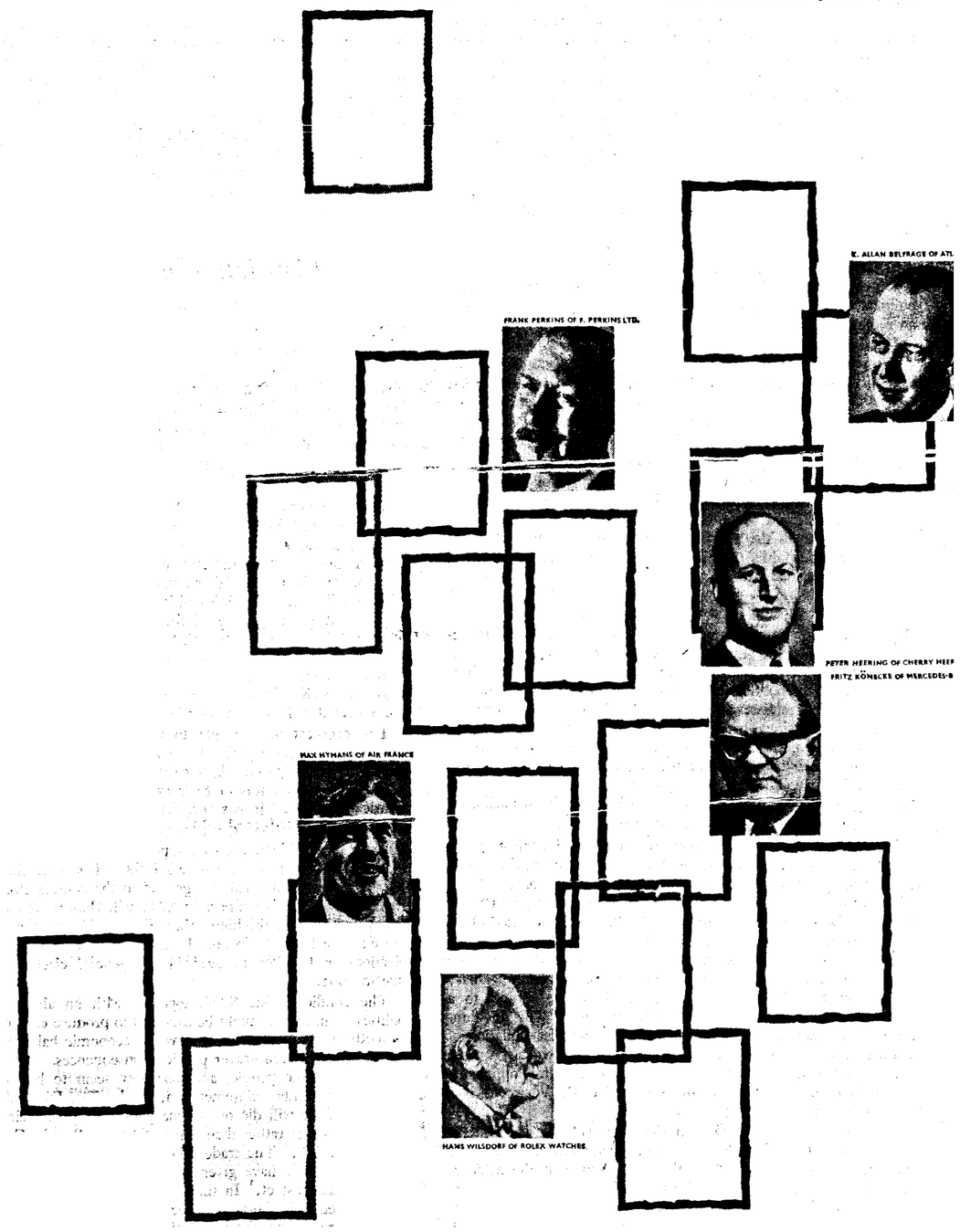
FROM A CORRESPONDENT IN HELSINKI

The conflict inside the Finnish labour movement has now led to the resignation of Mr Reino Heinonen, president of the trade unions' central organisation, SAK. Mr Heinonen was elected fifteen months ago at a time when a neutral leader was needed to hold the balance between the rival left-wing and social democratic groups. Mr Heinonen, who finally resigned in protest against communist influence, is expected to be succeeded by Mr Vihtori Rantanen, a man on the extreme left whose followers openly support the Communists against the Social Democrats.

The Communists and Mr Rantanen's wing joined to refuse membership of SAK to four social democratic organisations. The actual vote was 48 against 43, not an overwhelming majority but enough to set off a chain reaction in the already highly strained atmosphere. The social democratic members had threatened to withdraw if the extreme left had its way, and this process has now begun. At the beginning of the year SAK had some 251,000 members distributed among 32 union organisations. Two social democratic groups have already walked out—including the woodworkers' union, which, with its 17,000 members, was the fifth largest in SAK. Five other groups, with 55,000 members in all, are expected to follow within the next few weeks.

The prospect now is that Finland will have two rival trade union systems, one run by the extreme left and the other by the Social Democrat party. As a result the Communists will have an official union apparatus of their own which will strengthen their political position. It has therefore been argued that the social democratic federations should remain in SAK and carry on the struggle there. There are still, apparently, social democratic hopes that the dissident socialists—called Simonites after their leader, Mr Aarre Simonen—will lose ground in the coming elections and that Mr Rantanen's support in SAK will thus be reduced. But this seems wishful thinking: there is no evidence at present that the extreme left will, in fact, be defeated either in the municipal elections in October or even in the general elections that are due in 1962.

The conflict inside SAK, together with an already strained political atmosphere, might be expected to produce labour troubles, jeopardising Finland's highly sensitive economic balance and perhaps leading to even graver political consequences. But the Finns are a phlegmatic people, and very few seem to be worried by the turn of events. Summer is at hand. The Diet will adjourn and the debate will die out as the politicians turn their attention to green pastures rather than party postures. But the Communists will not be idle. The trade union conflict and the government's obvious weakness have given them an advantage that they mean to make the most of. In the past the Finnish Communists have concentrated their efforts upon the working class, but now they have promised to extend their activities among other groups as well. Once again the Finns' knack of surviving every crisis will be put to the test.



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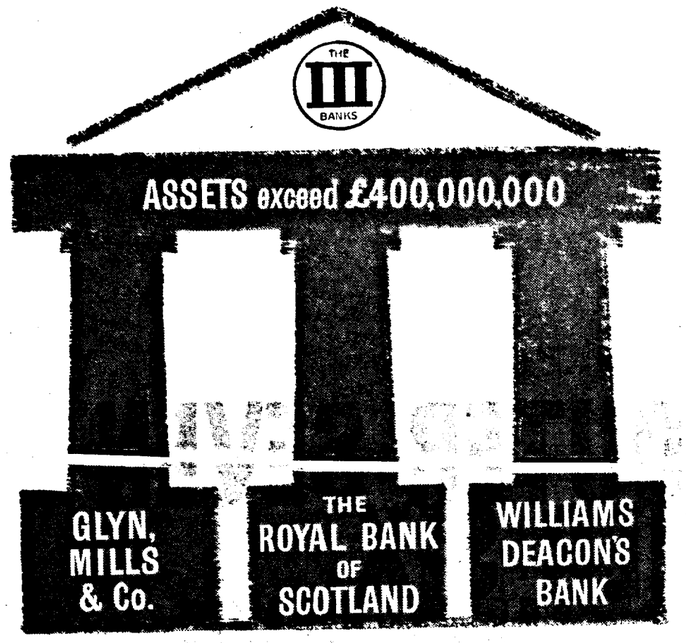

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THE BUSINESS WORLD

Men and Coal

NOT many of the men whose names appear as members of the National Coal Board on the annual report for 1959, published this week, are likely to be there by the time the report for 1960 comes out next year. Sir James Bowman has indicated that he will retire when his term as chairman expires in January ; Sir Joseph Latham, who has worked himself to a point where, at 55, he can no longer carry on with so burdening a job as the deputy chairmanship, is retiring at the end of August to give a new deputy a few months to get run in before the chairman goes ; Mr. R. H. E. Thomas is retiring at the end of June. Of the part-time members, Mr S. P. Chambers and Sir Henry Wilson Smith have gone already. Two other members of the board are not well men. Effectively, therefore, 1960 may see even more of a clean sweep of the board than occurred in 1955 after the publication of the Fleck report. By the beginning of 1961 the core of top management in this huge, monolithic and depressed British industry will have to be in new hands.

So far the Minister of Power has announced no new appointments, though there are hints of one (and on the face of it a most extraordinary-sounding one) to replace Mr Thomas as marketing member. It is never easy to persuade men of the right calibre to accept these brutally responsible, exposed and inadequately-paid jobs at the top of nationalised industries, and the new financial checks which a naturally jealous House of Commons is now forcing upon their capital spending will make it no easier. And coal is, today, a special case. It would perhaps be fair to characterise the chairman's job as a shade more thankless than that of Sir Brian Robertson's at the Transport Commission ; and on the wear and tear of the work, it is sufficient to recall that, among the half-dozen men who in the fourteen years since nationalisation have carried the final responsibilities for British coal, two have worked themselves to death in the job and one has come close to breaking his health.

It is not for the outsider to tip favourites among the obvious " short list " of men of intelligence, experience and character who still, devotedly if surprisingly, soldier on in this constantly beleaguered industry. Not all of them, probably, would care for the concentration and isolation of responsibility right at the centre ; but there are a few, in the regions or at Hobart House, who are manifestly prepared and able to see the industry's problems whole. Being chairman in this industry requires above all strength of character and the ability to give good men confidence, with some saving detachment to stop him from becoming too emotionally involved in the industry's troubles ; it is only with this last quality, which might have eased his personal burdens, that his friends could have wished Sir James Bowman had been more amply endowed over the past few bitter years. To flank the chairman, the board needs both expertise and the widest-ranging intelligence ; and at this difficult time it cannot perhaps afford too many men on the board for whom the synoptic view of the industry from this central level will be a new exercise requiring time to be learned.

ANY such bunching of appointments as this year's throws into relief the particular responsibility of the Minister of Power ; appointments to the boards controlling or supervising four of Britain's most important industries constitute indeed one of the principal powers still reserved to this demoted ministry, which is no longer deemed worthy of cabinet rank. Mr Richard Wood will do well to consider the views that Lord Simon of Wythenshawe set down a few years ago upon this responsibility—indeed, specifically upon appointing the Coal Board—in one of the wisest and most detached notes ever penned upon the whole vexed question of nationalisation.* Lord Simon pointed to the contrast between the boards of good private enterprise in Britain, where executive directors are recruited almost wholly from within the firm and once appointed can be confident, barring misdemeanour, of continuing as directors until retiring age ; and boards such as the Coal Board, where full-time members are appointed for terms of five years or less, with no certainty of renewal and some chance of abrupt removal without compensation, and are quite often brought in from outside. He added :

> Whole-time executive members should be appointed from within the industry for their experience of management, for their efficiency, for their regard for the interests of the public, and as being likely to make part, as board members, of a friendly co-operative team. The minister should, in his selection, be advised by the chairman, the executive directors, and the part-time directors. It is hoped that he would in future increasingly accept their recommendations; in any case, he should never make an appointment without full consultation and without assuring himself that the appointment would be acceptable to all board members.

Not all these precepts are easy to follow when it is the main core of leadership that needs renewal. But the principles of promotion from within the industry—which has now had enough time, since the upheaval of nationalisation, to develop itself some outstanding youngish men—and of acceptability within its higher echelons are no less worth following now.

* " The Boards of Nationalised Industries." Longmans, 1957.

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It has to be recognised that lower down in the hierarchy of responsibility for coal—which, after years of being abused for not producing enough, now feels it is being contemptuously written off in most public comment as dead if only it would have the grace to lie down—this wholesale departure of so many top men almost simultaneously can easily depress morale still further. At the base of the pyramid, morale has an easily measured index: the industry showed a net loss of 47,000 men last year, practically all of them in the age groups under 50, and even apart from compulsory retirements it is expected to lose another 50,000 this year, bringing the colliery labour force below 600,000. To a degree this voluntary wastage is convenient in the short run (though the men who go are never the ones the board would most willingly lose); but in the medium run the labour force will soon fall below what would be needed for the output that the board hopes, and the Government purports to believe, that it may be able to sell in the middle sixties. This unhappy state of morale is another major reason why paper plans for the reorganisation of the board's structure probably ought not to be tried out just at the moment —though there are one or two ways in which the usual Conservative parrot-cries of "decentralisation" might actually be given some useful meaning in current operating policy.

The seemingly indifferent and almost cynical attitude which the Ministry of Power has held towards the Coal Board during its somewhat anguished throes of retrenchment over the past three years has not been altogether surprising—given the patterns of political rancour within which this nationalised industry remains hopelessly entangled. The ministerial policy of "freedom of choice of fuels for the British consumer" is, in large part, bogus; but it has to be realised that real freedom of choice, if all the protected interests could be made to stand for it, would still hurt the coal industry much more than any other supplier of fuel. This minister, however, now has what may well be his only real chance to make a positive contribution to the most important of Britain's fuel industries, by giving it a new top management that can inherit and enhance the industry's confidence. Some of his new appointments cannot in any case be delayed; and, since this industry is in no condition to stand the uncertainties of lame duck administration for the remainder of the year, he would also be wise to make his wider intentions regarding the succession clear soon.

Cheques for Trustee Savings Banks?

THIS year the Trustee Savings Banks are celebrating the one hundred and fiftieth anniversary of the founding of the first of their number by a Scottish country minister. At a celebration dinner in Aberdeen on Wednesday Mr Heathcoat Amory, Chancellor of the Exchequer, was guest of honour, and he paid proper tribute to the work of the trustee savings banks in the past. He announced two concessions to help the trustee savings banks collect more money; but he said nothing, in public, on a matter that many of the delegates at the conference feel to be of great concern for their future. The Treasury is sitting on a request to permit trustee savings banks to operate a limited cheque service. Assent to this proposal, the Treasury has pointed out, would require legislation and involve "quite formidable" administrative difficulties. It would also no doubt meet with opposition from the clearing banks and the Scottish banks, whose co-operation would surely be needed.

So procrastination in Whitehall is true to form. But it has caused much annoyance and frustration among the trustee savings banks, and one of the largest and most enterprising of them, the Glasgow Savings Bank, has been moved to direct action; it has introduced a "remittance request service" which falls half-way between the cheque and the direct transfer "giro" system, and is apparently possible under existing legislation. Not all people in the trustee savings bank movement feel that the time has yet come for this show of defiance; but the Treasury is under pressure to make up its mind.

The controversy and the anniversary bring to the public eye an institution, or rather a movement, which plays a larger part in the country's financial life than most people realise. In London and the home counties, only about one person in twenty has an account at a trustee savings bank. But in the north of England the ratio is about one in five and in Scotland it is two in five. The typical customer is the wage earner: an analysis made by the Manchester and Salford trustee savings bank in 1957 showed that getting on for one half of new accounts were opened by manual workers.

TRADITIONALLY, indeed, the savings banks were founded to encourage thrift among the "lower classes"; and this sense of social purpose remains an essential ingredient of their curious hybrid status today. The earliest trustee savings banks were founded separately, and even today each of the eighty-odd banks in different localities is an individual unit, under the direction of its own local trustees. But their activities quickly became controlled by statute. To a large extent, in fact, the banks were turned into agencies for government borrowing. Under the nineteenth century compact, deposits at the savings banks were guaranteed by the National Debt Commissioners, to whom trustees had to turn over all the funds in their "ordinary" departments.

The trustee savings banks faced a major challenge in 1861 with the establishment of the Post Office Savings Bank, which led many of the local savings banks, especially in London, to close. The rate of 2½ per cent paid to depositors by the Post Office immediately became an effective minimum for the trustee banks. The National Debt Commissioners pay the local banks a margin above this (which Mr Amory has now agreed to raise from the present 3 per cent) to provide for management expenses. When interest rates in general are relatively low, as they were between 1932 and 1951, this arrangement is an attractive one for the savings banks, and were it not for the limitation on the amount of each individual deposit both the Post Office and the Trustee

	Deposits in	
	Ordinary department	Special Investment department
November	(£ million)	
1945	489	115
1951	817	116
1955	827	226
1956	812	283
1957	823	317
1958	823	343
1959	859	381

savings banks would at such times have been inundated with money from investors in general, rather than the small man. As it was, deposits in the ordinary departments of Trustee savings banks from November, 1932 to November, 1951 rose from £80 million to £817 million.

When market interest rates are high, however, the fixed rate of the savings banks becomes unattractive: in November, 1959, deposits in the ordinary departments were little higher than eight years before, at £859 million. It was indeed an achievement to prevent deposits from falling (as they did in the Post Office). The Treasury gave a modest fillip in 1956 by exempting the first £15 of interest from tax; more important probably was vigorous expansion of trustee bank branches. In the first decade after the war these rose from about 800 to 1,320. This expansion was made possible by the mutual assistance scheme formed in 1948 by the Trustee Savings Banks Association, under which rich banks make available surplus income to subsidise young and growing banks while their new branches are built up to a self-supporting size.

This expansion has been justified by the activity of the trustee banks in the sphere in which they retain a measure of local independence: their special investment departments. Deposits in these departments, which may be made only by people already having at least £50 on deposit in the ordinary department, are invested at the discretion of the managers and trustees of the local banks, though the range of eligible investments is strictly limited and each investment requires the formal approval of the National Debt Office. Most of these investments are in corporation mortgages—on average about 70 per cent according to the evidence given at the Radcliffe enquiry—and the rest is in Treasury bills and gilt-edged securities, mostly short-term. The trustee banks are thus able to pay a more competitive rate of interest on these deposits; the rates vary at different banks, and have been between 3½ and 4½ per cent in recent years. Balances in the special investment departments rose from £116 million to £381 million between 1951 and 1959, after languishing in the years of cheap money (which favoured the ordinary departments). The trustee banks are relieved that the Government has rejected the recommendation of the Radcliffe committee that local authorities should again be given easy and cheap access to the Exchequer, since this would deprive the banks of their main independent and local investment. They will now be given a further stimulant through the raising of the limit on deposits in these departments from £2,000 to £3,000.

Introduction of a cheque service would represent a step in the other direction, away from savings bank business towards a current banking account. The number of people keeping such accounts is rising fairly fast, as the cheque habit is spreading down the social scale. Traditionally the trustee savings banks in England and Wales have not come much into direct competition with the commercial banks, though in Scotland they have. In the past two years, however, the commercial banks have been making new efforts to widen their clientele; and the trustee savings banks may feel that, unless they offer fuller banking services themselves, they may lose existing customers. The more forward-looking banks recognise that even as a repository for savings their attraction is limited. So the idea of a cheque service is in part defensive, as well as being a venture into new fields.

In some ways the trustee savings banks may be judged well fitted for an extension of this kind. While the commercial banks are seeking to entice wage earners to become customers, the trustee banks already have them. Their banking hours are flexible; on certain days they open in the evenings; and many trustee banks already operate salary credit schemes, under which firms make direct credits to accounts of salaried employees. But the fact is that even these schemes have proved unduly burdensome at times—and nearly always directly unprofitable. No charge is made to the employee on what is nominally a deposit account, while the trustee banks themselves have to pay the commercial banks through which the salary cheques from big companies are channelled.

If a cheque service to customers became general, trustee banks would obviously not continue to pay interest on the current accounts, and might make a small charge. But the difficulties with the commercial banks would remain (and might be expected to increase as the trustee banks became more competitive). The trustee banks would also soon begin to feel pressure on their staff and offices. There seems no justification for a Whitehall ban on the introduction of a new service by enterprising local trustee banks; but it may be premature to suppose that this would do more than supplement their prime function of providing a convenient repository for at least the first part of the family's savings.

Trading in Knowledge

BY A CORRESPONDENT

ARE the payments that a company receives for selling manufacturing know-how the proceeds of selling part of its capital assets or part of its current trading income? In the Chancery division last week Mr Justice Pennycuick held that sales of know-how by Rolls-Royce, amounting to some £15 million between 1948 and 1955, represented a disposition of part of the company's capital assets, and hence that payments for this knowledge should not be counted in computing revenue profits for tax purposes. He, therefore, dismissed an appeal by the Crown from the Special Commissioners, who had allowed appeals by Rolls-Royce against assessment for tax on these receipts. This ruling might be of considerable importance to other British companies at present negotiating to share their special manufacturing knowledge, so far as the terms of contracts are concerned; it would seem considerably to increase the advantage of lump sums for know-how as against royalties on products made under licence, since royalties or even payments for the sale of a patent rank as current taxable income.

Both kinds of trade in useful technical knowledge have been developing considerably since the war, particularly as "diversification" has become so much of a fashion for large aggregates of manufacturing capital. The desire to spread one's risk and one's managerial talent into different fields usually means acquiring knowledge of these fields from others already

operating there: quite often the method adopted is to take over a business in being, but an alternative, particularly when the ideas and experience are abroad, is to buy rights to this expertise. The phrase "manufacturing under licence" means precisely what it says—a permit to manufacture a certain item. The licensor may be an inventor, or a company; the licence may involve a single patent or a group of patents; but it need not necessarily involve patents at all. It may simply be a sale of know-how.

This is a process which has been helped by trade barriers and financial restrictions. In the days of acute dollar shortages when Britain could not import from the United States, American manufacturers were tempted to a variety of courses: to set up wholly-owned subsidiaries here and elsewhere in Europe using American patents and know-how; to establish joint ventures with the same end in view; or to grant manufacturing licences. Under this last arrangement an English firm makes the American product—usually proven already in the USA—with the blessing of the US licensor. In return the licensee usually pays a capital lump sum as an earnest of good faith together with some form of royalty, probably averaging 5 per cent, though in some spheres very much higher royalties are normal. The licensor often makes available his marketing as well as his manufacturing knowledge and experience: he may also loan specialists for a period of time, or even the initial equipment to get the product established on the licensee's production line.

THE basis of a licence is usually a patent which in itself is a monopoly, for a limited period, to exploit a brainchild (16 years in the UK from the date of filing of the complete specification). The patentee, within certain limitations, is entitled to control the production of his invention in those countries in which he has patent coverage. The idea behind the grant of a patent is not simply to protect the inventor and encourage him to go on inventing. It is primarily to have the invention known and used in the country granting the patent, so contributing to the expansion of that country's trade. Many countries, including the UK, build into their patent laws clauses that oblige patentees to give compulsory manufacturing licences if no real attempt to work the patent has been made. These provisions are rarely invoked, but they are a warning that a patent is granted for exploitation; wide patent coverage does not automatically mean wide protection.

In practice manufacturing licences often come about on a strictly *ad hoc* basis. A company may acquire a patent by purchase from an inventor, or develop its own in its research and development department. Its board may consider the idea valuable and approve application for wide patent coverage. Eventually the device goes into production in Britain where a market is built up. All the resources that the company can afford to put into it are spent on developing home sales; there is just not the energy or resources in manpower and money to exploit the device abroad where patent coverage has been granted. Equally, of course, no one in those countries can legally produce the device in question except by compulsory licences (where such provisions apply). But that escape route involves a substantial outlay of time and detective work to get the necessary information to state a case, and relatively few companies apply for these compulsory licences.

However, the president of an American company visiting this country may stumble on the device and decide it has a potential market in his own country; so he applies to the English company for permission to make and market it in the USA. He applies, in fact, for a manufacturing licence. If it is granted and proves successful, the English company may then begin to see the potentialities elsewhere in the world and actively seek out manufacturing licensees in various non-overlapping areas. But it is precisely here that Britain is falling behind the Continental powers, which are already themselves far behind North America in this form of international traffic. Britain is certainly a net exporter of royalties, when she could be a clear net importer.

By accepting a diminished market for its own exports of the goods concerned, the company may well be gaining an attractive, lucrative, and comparatively easy source of income in its place—though licensing is not as simple as it sounds either for the licensor or licensee. Someone once said that a patent is a licence to litigate. It may be equally true that an ill-conceived patent licence is a passport to international litigation.

IF all the snags are not foreseen before the drafting of a licensing contract, there can be trouble—lots of it. But, despite the need for care before the birth of an agreement, licensing is on the increase. In the USA, nearly 2,000 products and processes are patented each week; in Britain, the figure is something less than half that. Few ever see the light of the market place but, of those that do, more and more are seeing more and more market places. American-controlled business firms in the UK employ about 300,000 people, and represent an investment of more than five billion dollars. Many, if not most, of these American-controlled British companies are manufacturing US products under licences granted by the parent companies.

Lawrence Eckstrom, an American lawyer who specialises in international licensing, has said that American products manufactured abroad under licence represent two and a-half times the total value of US exports (over 17½ billion dollars). In 1957, American industry earned itself $238 million in royalties and similar payments from overseas subsidiaries and $140 from other overseas concerns. Of this $28.7 million was by licensing British manufacturers. In the same year, Britain took more in royalties from the United States than any other country—$7.4 million out of a total of $21.9 million. And these figures are probably but a tithe of what they are today, for during 1959, according to America's Bureau of Foreign Commerce, the numbers of business opportunities available including licensing proposals to US companies showed a 73 per cent increase over the 1958 figures. The Bank of England, which until last year had the responsibility for approving all licence proposals involving the export of sterling, cannot give comparable figures for Britain's balance of trade in technical knowledge.

How does a manufacturer set about getting a licence? There are many considerations. For instance, is he more interested in diversifying than consolidating his own interests? If so, the world is at his feet but he must appreciate the dangers of going into fields he knows nothing of. If he is simply seeking new developments in his own manufacturing fields the problems are less difficult. He probably knows his competitors abroad and can come to terms on a cross-licensing basis, in other words share development. More and more firms are integrating their interests in this way. The range of opportunities can be gleaned in a variety of ways: through the trade press, trade associations, a specialised journal already reviewed in these columns, through government departments, chambers of commerce, consultants of various kinds, patent brokers . . . there are many valuable sources. Probably the best ones are picked up by businessmen themselves on trips abroad.

Whether or not a surfeit of research engineers and scientists may ever appear, there is never a surfeit of good ideas or developments, commercial as well as technical. For a company with a wide range of products, research on all fronts is obviously uneconomic. As Mr. A. G. Clark, chairman of the Plessey group, said earlier this year, "First spread your products over a wide range of user industries. Secondly buy know-how and ideas from America or the continent, and avoid depending wholly on your own research." On the other side of the coin, research is an expensive form of pre-investment: the more return that can be squeezed out of it the better: and where a company cannot export directly, the granting of licences helps to pay for future research. The largest companies have been interchanging patents for decades, conscious of their inability to cover comprehensively the whole technological fields over which their interests may stray. Today that interest appears to be spreading further and further down the line: even the smallest firms can benefit from well-planned diversification coupled with sensible manufacturing under licence.

BUSINESS NOTES

CUNARD

The Price of Prestige

WHETHER Britain should retire from the world's foremost ocean liner service, upon which it has long enjoyed pre-eminence, because the company flying its flag there has been unable to accumulate enough out of earnings during a period of rapid inflation to replace its key vessels and does not believe it could raise the money to float new ones commercially, is not an economic question but not a frivolous one either. When the Chandos committee was set up last year it was not, in any case, given this question to answer; it was asked how best replacement could be carried out, and in what form the Government might most reasonably fulfil its election commitment to assist Cunard in replacing the Queens. The committee has, after all, plumped for a new ship to replace the *Queen Mary* of about the size and speed that the company had already in mind, and has turned down suggestions that a smaller ship be built with alternative economic speeds so that it might be transferred to other routes during the lean season on the north Atlantic.

The proposal is for a liner of 75,000 gross tons, with a service speed of 29½ knots, able to carry 2,270 passengers. The 30¼ ft. draught of the proposed new liner, against 39 ft. for the Queens, roughly the same amount of ship, is a sign of change in design in the last thirty years. But even with "open competitive tender to all appropriate shipyards" the committee reckons that the liner would cost between £25 million and £28 million to construct—Cunard reckons that the price would be more like £30 million. And the most that the company itself has available to invest in the *Queen Mary* replacement is £12 million.

The Chandos committee recommends that the remainder, not exceeding £18 million, should be provided by the Government as a 25-year loan bearing interest at 4½ per cent from the date the ship goes into service (and at 2½ per cent if certain borrowings are made during the period of construction), redeemable by a sinking fund of 4½ per cent per annum on the reducing balance. A separate subsidiary, or some equivalent arrangement, would under these proposals, be devised for the new ship; and if at any time "the gross yield on the Cunard investment exceeds an average of 7 per cent" (a phrase swathed in almost impenetrable qualification) the excess would go to accelerate redemption of the loan. But if from the sixth year of service onwards "the gross yield on Cunard's investment" should fall below 3 per cent in any calendar year, for every one half per cent below this the interest on the loan would be reduced by one half per cent for that calendar year.

Finding the Money

WHETHER or not Cunard could ever hope to raise private money again to finance great ships on this luxury service across the North Atlantic, it could never raise it on terms such as these. If one compares the fixed interest rate of 4½ per cent proposed with the variable rates appropriate to Government long-term borrowing—at present 5½ per cent—at which public money is to be advanced for Colvilles' steel strip mill, this loan might be said to offer gilt-edged terms plus an operating subsidy equivalent to one per cent on the loan over the life of the ship (and open to be increased if the return on Cunard's share of the cost were to fall below a certain point). "Gilt-edged" indeed, is perhaps an anachronistic adjective in this context, if one compares the terms at which it is suggested that Cunard should be offered this money with the terms at which a Treasury-guaranteed loan for a public authority in Northern Ireland, another sector of the economy in which Lord Chandos takes a benevolent interest, has been rejected in the London market this week. It should not be ignored that Cunard's contribution to the cost of this vessel would be further reduced by the selective subsidy which it, like other shipping companies, already enjoys—a 40 per cent investment allowance.

Since the Chandos report is not to be published, taxpayers are presumably not to be told how the survey of long-term trends likely to affect travel by sea came out, or given any other long-term estimates of Transatlantic movement by sea and air. By the time that replacement of the Queen Elizabeth becomes necessary, the Chandos committee does note that further knowledge of the effect of airline competition will be available. It has made no recommendations about the replacement of this second liner, though it assumes that when the time comes "H.M.G. would be prepared to assist in a manner appropriate in the circumstances." It also considered any recommendation about the use of nuclear propulsion, in the present case, would be premature.

This Conservative Government has begun lending more public money to private companies more quickly than its Labour opponents ever hoped to put into the private sector by allowing a national insurance fund to buy equities. This particular subvention seems likely to be a more popular one than some of the others; the public may not object to providing the money for what is a real, colourful, and already existing stake in national prestige. Logic might suggest that this latest public provision of more than half the money for an extremely costly private investment ought to be used to give the Government at least some stake in the equity or option to acquire one, on the lines of IFC loans. But the party's doctrinaires would hate this (as would the favoured companies). And one should perhaps not assume that an equity

would necessarily return the Government so much more over the period of the operation. There is a chilling omission, in the summary of the Chandos report that is printed in Hansard, of the least expression of confidence that a liner service across the North Atlantic can in the future continue to be a commercial success.

STERLING AND THE ECONOMY

New Curbs Ahead?

Unexciting official figures of the gold reserves and sterling balances, together with economic appraisals of the National Institute of Economic and Social Research and the London & Cambridge Economic Service, have ventilated the question whether, rather than when, further official measures of restraint are to be expected, and what form they will take. It may be assumed that the authorities would prefer to wait until the latest set of restrictions have worked through—and the small call to special deposits does not become payable in full until mid-June. Any action taken before midsummer would surely imply that the pressure was mounting faster than the Government expected at the end of April. But if the external account continues to look weak, there may be a strong case for action in, say, the first half of July to fob off any speculative pressures in the crisis-prone autumn. Particularly if the government has its eye mainly on sterling, there will be a strong case for taking any action in the form of a rise in Bank rate.

The central gold reserves, it was announced on Thursday, rose by £10 million, or $28 million, after the usual instalment of £5 million to the International Monetary Fund on the Suez drawing. This followed a gain of £18 million in April, but if anything was rather better than had been feared in the market for a month that included the summit upheaval and a withdrawal of funds by German banks. On Thursday the German central bank raised its Bank rate from 4 to 5 per cent. At the same time, in an attempt to discourage an inflow of foreign-owned funds, it decreed that no interest should be paid on foreign deposits, in respect of which German banks already have to make especially high non-interest bearing deposits at the Bundesbank. On Thursday afternoon, after the news of Germany's higher Bank rate and Britain's gold figures, sterling rallied a little to about $2.80, after having momentarily dipped below parity.

On Tick

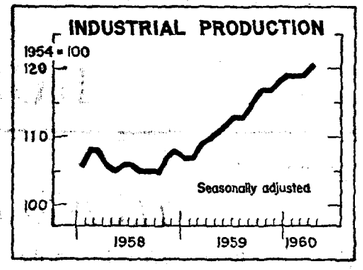
The National Institute has hazarded the forecast that the reserves may perhaps rise by £50 million in the first half of the year and fall by £100 million in the second half. It expects the current surplus over the year as a whole to be much the same as in 1959, looking to an improvement in the second half of the year following the steep jump in imports and stockbuilding last winter; but last year's surplus, estimated at £145 million, was a good deal too small to finance Britain's capital commitments, which are rising rather than falling.

Moreover, there seems little chance this year of covering the net monetary deficit by a rise in sterling balances. Overseas sterling countries, which ran up their balances by £184 million in 1959, have already begun to draw them down: in the first quarter, when overseas sterling earnings are usually high, their London balances fell by £29 million, a rise of £27 million by the colonies being offset by a fall of £56 million by other sterling countries. Spending on imports by these countries is almost certain to rise in 1960 in the wake of last year's higher export earnings; but the fall in London balances in the first quarter may have been attributable rather to special influences, notably the outflow of capital from South Africa—which has reduced the Reserve Bank's sterling and external assets other than gold from £68 million in early January to £39 million (they are now around £30 million). Drawings on London funds may also have been made by Kuwait, where oil earnings may not have risen as much as had been anticipated. These drawings by sterling countries were almost exactly offset by a further rise, by £27 million to £822 million, in sterling balances of non-sterling countries, presumably in response to London's higher interest rates. Bank rate action ought to prevent a withdrawal of these balances in the autumn; but the longer term need is to reduce Britain's short-term liabilities, not to use them as the means of financing long term investment and government grants.

Output and Capacity

Impressions that industrial production had reached a plateau by the beginning of the year are not supported by the latest index figures of output, which suggest a rise to 120-121 (1954=100) in the early estimate for April, against 119 for March. The Treasury reckons that the average for the three months February-April will turn out to have been 2 per cent higher than in the previous three months, bringing the rise since the low point of autumn 1958 to nearly 15 per cent. At this level, industrial production in April would have been 10½ per cent higher than its previous peak in summer 1957. The index of manufacturing output (122, seasonally adjusted) for March was 11 per cent higher than its former peak at the same time in 1957. Production in the engineering and allied industries in March was 12 per cent higher than its former peak, as recently as March, 1958; and production of vehicles was only about 8 per cent above a peak as far back as March, 1956.

These comparisons, and industry's continued ability to push production up, do not suggest that capacity can yet be setting limits to output in many industries. In some that are complaining that demand is exceeding capacity, such as machine tools, the demand is inevitably concentrated somewhat spottily; as a whole the industry's deliveries do not appear to be back to the peak levels of 1957-58. Others which have talked of working to full capacity for months past, such as the motor industry, and which certainly have not yet brought in any major new facilities recently, are still constantly managing to turn out just that much more; motors still provide the main impetus of the current boom, though this month's very sharply moderated figures of car sales on



hire purchase (sales of new cars only about 12 per cent higher than a year ago, against the margins of 40-50 per cent recently recorded, and sales of second-hand cars nearly 16 per cent down) suggest that demand rather than capacity might eventually tend to moderate output. Next week we shall have another survey of industrialists' opinions from the Federation of British Industries; it will be particularly interesting to see how many of these still report that they are working below full capacity.

The scarcest factor of production, undoubtedly, which indeed tends to be the governing factor on what can really be wrung out of plant and machinery, is once again labour. In the first quarter of the year the manufacturing industries were still gaining labour as fast as during most of 1959, though civil employment as a whole was growing only about half as fast as it had been; there may be room for further transfer of people from the slack industries, such as mining, into the more rapidly expanding metals and engineering industries. In the metal-using industries output is not yet up by nearly the 7½ per cent over the November level which industrialists were then telling the National Institute of Economic and Social Research that they could achieve with their existing labour force, but working 4½ per cent longer hours. Since then the standard working week in engineering has gone down (without much affecting working hours or overtime), but these industries' labour force has probably risen by about 2 per cent. Clearly, the economy, apart from one or two spots of depression, is steadily working up towards the limits of what it can do, but it is perhaps not quite at full stretch yet.

IN THE MARKETS

Shadow from Sterling

A weakening of sterling, partly in anticipation of Thursday's gold figures, cast its shadow over the London stock markets this week. The spot rate fell to $2.80⅛ on Wednesday and below par on Thursday morning, though the discount in the forward market fell, and is still further below its interest parity—a sign that there is no serious speculation against sterling. At first the main impact of the fall in spot sterling was on gilt-edged, but on Wednesday it caused losses in all sections of the market, and stockbrokers set off for Epsom Downs in less exalted mood. *The Economist* indicator in the week to Wednesday was down fractionally to 356.3 (1953=100). Gilt-edged had a poor week, and on Tuesday fair-sized sales by the banks were again in evidence: the market's earlier hopes that the authorities would shield it from sales necessitated by the paying up of special deposits are now shown to have been false. Thus it turned out a bad time to bring forward the £5 million issue by the Northern Ireland Electricity Board. The terms—coupon of 5½ per cent, price of 96½, redemption 1979-82, giving a gross redemption yield to latest date of £5 15s. 7d.—looked decidedly attractive at the time of issue last Friday. But on Wednesday the application lists stayed open all day, and no one was surprised to hear that 67 per cent was left with the underwriters, a fate only slightly better than that suffered by the Essex loan five weeks ago in special deposits week.

The choice before the authorities under present policy is not to be envied. Either they take a chance and bring issues forward, risking this kind of flop. Or they prevent the new issue queue from moving forward, creating a bad psychological impression on the market and causing frustration and at times acute difficulty to the intending borrowers. In the long run, the only solution seems to be a change of policy to sell gilt-edged at self-evidently attractive yields. But in present circumstances, given the uncertainty about further measures to tighten credit, the gilt-edged market can hardly be expected to settle down. Meanwhile the flow of issues by industrial and commercial companies continues in full spate. Total capital issues in May, as compiled by the Midland Bank and excluding gilt-edged, totalled £52.5 million, compared with £43.8 million in May, 1959. The total in the first five months was £215 million, a little below the corresponding total a year ago, but the pace has been accelerating. This week the Commercial Union foreshadowed a rights issue of £10 million, as discussed on page 1044.

The Treasury bill rate was again unchanged on Friday before the weekend, at £4 11s. per cent; it remains to be seen whether this week's Bank rate talk will cause the discount market to reverse its earlier reduction in the rate. The Treasury still plainly regards the trend in short-term rates as upward. At the end of last week the rate on new issues of tax reserves certificates was raised from 2½ to 2¾ per cent, the second increase this year.

COMMONWEALTH FINANCE

Formal Convertibility under IMF?

Governors of the twelve central banks in the Commonwealth have been meeting at the Bank of England this week to engage in one of those wide-ranging, general discussions, free from a rigid agenda, which symbolise the informality of present day Commonwealth relations. The Governor of the Bank of England has been in the chair and has had around him the Governors of the central banks of South Africa, Australia, New Zealand, Rhodesia and Nyasaland, India, Pakistan, Ghana, Nigeria, Ceylon and Malaya, together with the deputy governor of the Bank of Canada. No communique is being issued. The discussions have naturally touched on the balances of payments of the separate countries and of the whole sterling area, domestic economic policies, the prospects for sterling, recent changes in sterling reserves, and the financing of the still chronic deficit of some Commonwealth countries in the course of industrial development. There has also been some concern with more specific matters, including the new currencies introduced in Ghana, Malaya, Nigeria, and the strain on reserves caused by the disturbances in South Africa.

The bankers have prepared for the meetings of the International Monetary Fund and World Bank to be held in Washington in September. One of the main subjects that will come up for discussion at the Fund meeting will be the move of a number of currencies, including sterling, to full current account external convertibility under Article 8 of the Fund, which would have the incidental effect of bringing the sterling balances into the official IMF reckoning of a country's external reserves, and would also permit the Fund to accept sterling in repayment of credits. Hitherto most members have sought the protection of Article 14, which was designed to allow countries during the postwar transitional period to contract out of the full rigours of the Fund's articles of agreement.

The Fund experts who have been studying the procedural problem have this week reported that countries should get rid of existing restrictions on current payments before they move to Article 8—under which the Fund has to give prior approval to any new restrictions, as well as to approve existing restrictions. For Britain to make the formal move would be an impressive gesture. The Government has already renounced resort to Article 12 of GATT justifying import restrictions on balance of payments grounds.

MOTORS

Jaguar buys Daimler

Jaguar's purchase of Daimler from BSA has saved it any interference from the Board of Trade's policy of preventing expansion in the traditional areas of the motor industry; the neatness of this move is appropriate for one of the most enterprising firms in this industry. The acquisition adds another million square feet to Jaguar's factory space, roughly doubling it; and the Daimler factory is, conveniently, a five-minute journey from the existing Jaguar plant. The purchase has come at a time when Daimler was trying to enter the market for fast luxury cars and sports cars that Jaguar has made its own—though so far it hardly seems to have touched Jaguar's sales. But it has developed two advanced V-8 engines, of 2½ and 4½ litres capacity, which might interest even a company that makes such successful engines as Jaguar—which is rumoured to be developing its own V-8.

The present Daimler range will be kept in production and Daimler will continue to exist as a separate entity. Eventually one might expect some consolidation of the two ranges either in body shells or engines, though Jaguar will want to keep the Daimler name alive. There seems to be adequate spare capacity in the Daimler works for increasing Jaguar production, which is now 20-25,000 a year; recent Daimler output is unlikely to have been more than a tenth of this. Jaguar may therefore be able nearly to double its production; it is believed to be planning a new model to replace (or be added to) the Mark IX, which has remained basically unchanged for 8 years. A new sports model also might be logical soon, perhaps to apply the suspension developments which are now being tested on the firm's E-type racing model.

BSA has not stated the amount that it received for Daimler; estimates have ranged from £3 million to £6 million. Jaguar paid cash; at the end of July last year it held £3,875,000 in cash and tax reserve certificates, so it should have had no difficulty in paying some such sum by now, after another prosperous year. BSA says that the money received will be used to expand the group's existing engineering activities and acquire others; after deducting Daimler profits, those of BSA were higher in the first nine months of the current financial year than they had been the year before, and a 16 per cent dividend is forecast (against 12½ per cent in 1959). Daimler formed only 15 per cent of the group turnover last year, and probably much less of the profits. Another BSA group subsidiary, Hobbs Transmission, has been able at this moment to announce the first production order for its automatic transmission—from the German Borgward company. The German firm will fit the Hobbs transmission to its 1½-litre Isabella model at an extra cost of £82—the other British automatic transmission in produc-

164808

tion, the Smith, adds £88 to the cost of the Hillman Minx—and eventually plans to make the transmission in Germany. Road tests published in the German magazines *Automobil* and *Motor Rundschau* suggest that the Hobbs automatic transmission improves acceleration by as much as 15 per cent; apparently automatons can now change gear faster even than motoring journalists.

Capacity for Car Bodies

PRESSED STEEL has now revealed, for the benefit of its employees, that its expansion plans (described in *The Economist* of April 16th) will bring the production capacity of the company close to a million car bodies a year. The company never discloses its actual production or capacity; but it is probably making some 600,000 bodies a year at present, so that it is planning to increase capacity by at least 50 per cent. These extra 300,000 bodies will represent a substantial part of the motor industry's total increase in capacity—previous information suggested that 700,000 vehicles would be added to it by 1962. Most of the extra bodies from Pressed Steel are likely to go to BMC and Rootes, its two biggest customers; cabs for trucks made at Bathgate could account for 50,000 bodies a year, but new car models as well from both BMC and Rootes would seem the only explanation for so large an increase in demand for bodies. This might mean another 100,000 cars a year from each company, starting at the end of 1961 or early in 1962. For BMC it would suggest that capacity will exceed previous estimates of 1 million vehicles by 1962; for Rootes it is the first indication of its projected increase in capacity, but apparently additional to its so far undecided plans for a factory in Scotland. Thus it seems that the motor industry may well be adding more like 900,000 or even more vehicles to its capacity, than 700,000. This would bring total capacity over the 3 million mark by 1962.

Pressed Steel has also disclosed that it now possesses 400 body presses, which is about a quarter of the total in the motor industry. Ford, which makes all its own bodies, has 360 and will install 15 or so more before its new press shop at Dagenham is fully equipped. BMC has over 200—140 at Fisher and Ludlow, which makes 5,800 bodies a week for the Austin 7, Mini-minor, Metropolitan and some vans, and 60 at Nuffield Metal Products, where the bodies for the Minor 1,000 are made. About 50 more will be installed in the new press shop at Llanelly, in South Wales. Vauxhall, which, like Ford, makes its own bodies, possesses 420 presses.

BUILDING SOCIETIES

The Halifax in Line

THE Halifax Building Society is not a member of the Building Societies Association, and as the biggest society in this country it is powerful enough to follow its own independent course of action. In December, 1958, it reduced the rate it paid on shares from 3½ to 3¼ per cent, net, and it was not until six months later that the association recommended its members to reduce their rates on shares to the same level. In the meantime, the flow of savings to the Halifax slackened. Once, however, the leading societies were level-pegging on rates the pulling power of the Halifax was again demonstrated—so much so that at one moment the society found it difficult to lend out on suitable mortgages all the money it received. But in the first months of this year the inflow of money to the Halifax began to slacken as it did with almost all other societies.

This fall in receipts and the prospective increase in the tax burden borne by the societies induced the association to recommend an increase in rates and now the Halifax has come into line by announcing that it too will raise its share rate from 3¼ to 3½ per cent, net, and its rate on new mortgages from 5½ to 6 per cent. The association's recommended rate on deposits was left unchanged at 3 per cent, net, but the Halifax has decided to put up its deposit rate to 3¼ per cent, net. Like the other members of the movement the Halifax has had to acknowledge the competitive power of other savings media, and now that it has decided to remain in line the other societies will be among the first to acknowledge its competitive power within the movement.

Practically all the members of the association will follow the recommended rates or, in the case of some smaller societies, offer 3¾ per cent, net, on shares. Most of them will raise their share rates this summer. They have to give notice to old mortgage borrowers to increase their rates so that for a few months the squeeze on the margins available for reserve appropriation is intensified. Where those margins are already low, as for example they are with the Co-operative Permanent after a period of rapid expansion, that is not a pleasant contingency to contemplate. As a result the Co-operative has decided not to raise its share rate to 3½ per cent, net, until October when the increased rate of 6 per cent on old mortgages takes effect.

DAVY-ASHMORE

Plant for Steel

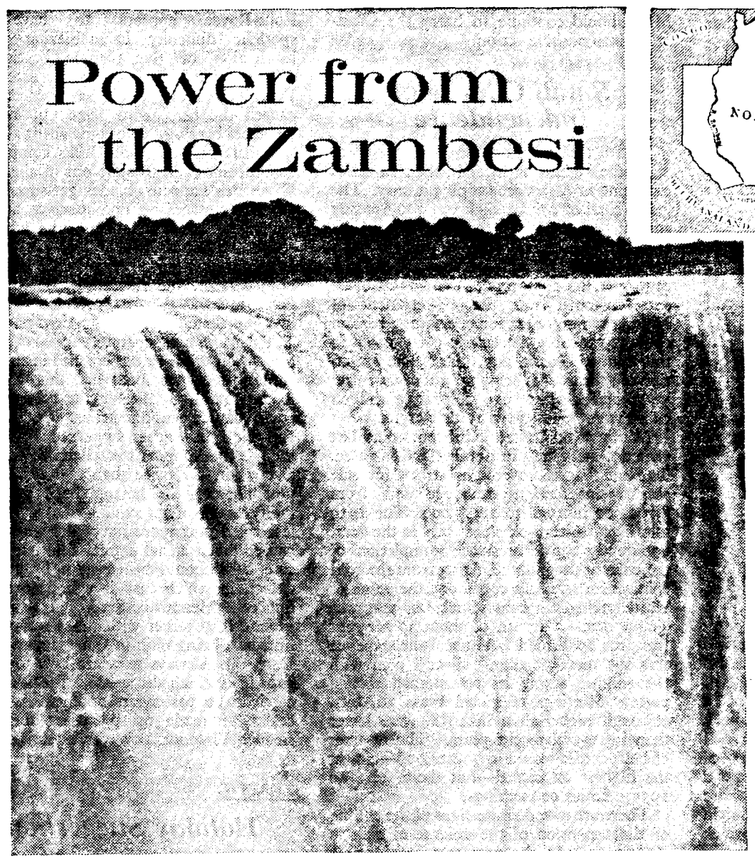
IN considering this week's merger of Davy-United and Power-Gas as an industrial development, it is worth recalling the arguments that some people in the steel industry have put forward for years in concluding that what this country needs is "a British Demag." These steelmakers argued that the manufacturers of plant for the steel industry had insufficient capacity in production or design to meet its demands within the time that it needed its plant installed and working. They were not necessarily right so far as much of the industry's heavy plant was concerned; steel's bunched demand for blast furnaces, steel furnaces and ancillary plant seldom came near employing the builders of these items (which naturally at the same time were complaining of shortage of steel) to full capacity. Demand for the industry's huge and highly specialised machinery, such as rolling mills, on the other hand, did mount sufficiently to press Davy-United, the country's main builder, closer to full capacity; though it was able to subcontract out a good deal of work to big general engineering firms which were becoming less busy on defence ironmongery.

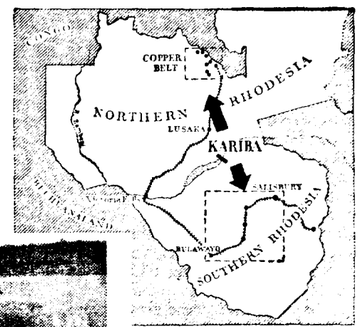
Another argument adduced for some concentration of the steel plant builders' resources has been the possibility of "turnkey" bids for steelworks contracts abroad, and perhaps even at home, though British steelworks engineers are usually too opinionated to give up the opportunity of shopping around for details. British builders have formed consortiums to handle projects abroad, such as the Indian works at Durgapur; but a single comprehensive organisation able to bid for the lot anywhere, such as the redoubtable Demag AG of Duisberg, may have some inherent advantages.

Logic of the Merger

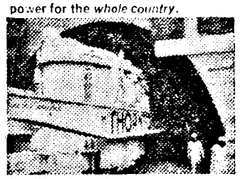
GOOD internal arguments for the Davy-Ashmore merger that has now finally been announced may also have existed in the limitations of resources available even to groups that have been expanding their capacity as fast as these two companies. Neither is entirely specialised in steel. Davy-United makes rolling mills for other industries such as aluminium; it owns a roll foundry in Middlesbrough and a subsidiary, Duncan Stewart of Glasgow, which makes forging presses, sugar refining plant, and Bessemer converters (the group has a joint company with British Oxygen interested in developing oxy-steel processes). Power-Gas links together under one ownership Ashmore Benson Pease, which has built more modern blast furnaces for the British steel industry than any other firm, and builds many other kinds of capital plant for other industries, and Power-Gas Engineering, which is prepared to design, engineer and bring into operation processes and plant for the oil, chemical, and gas industries. Another subsidiary, Rosemount Thompson, makes equipment for the extraction of oil from seeds; and Power-Gas also has an interest in building nuclear chemical plant.

Financially, the merger takes the form of Davy's acquiring the Power-Gas equity and re-naming the company Davy-Ashmore; 17 new Davy shares are offered for every 20 P-G shares. This will bring the new group's issued capital to £5,399,056, of which Davy shareholders will hold 55.9 per cent and P-G shareholders 44.1 per cent. In mid-November, before the intention to merge was announced, Davy £1 ordinary stood at 105s. and Power-Gas 10s. ordinary at 68s. On the eve of the announcement of the terms Davy were 116s. and P-G 97s. After the terms were announced, Davy went up

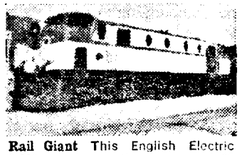




What Kariba means to Rhodesia: this great source of power is just halfway between the mines of the Copper Belt in the North and the expanding industries of the South—there's power for the *whole country*.



Kariba Into the cavernous transformer hall—carved out of the solid rock—goes one of the ten English Electric single-phase 80 MVA 330kV generator transformers at the Kariba dam site on the Zambesi.



Rail Giant This English Electric 2,000-h.p. locomotive is one of 35 supplied to Rhodesia Railways.

RHODESIA'S DYNAMIC THRUST AHEAD

The eyes of the world are on Kariba, glittering token of future prosperity for all the peoples of Rhodesia. But the Kariba Dam is only a means to an end—the provision of cheap and abundant electricity for developing industries.

The Kariba scheme will bring enormous benefits to Northern and Southern Rhodesia alike: transmission lines will reach north to the Copper Belt—copper is still the main source of Rhodesia's wealth—and south to the more populous areas of Bulawayo and Salisbury, where secondary industries are being built up as part of the government's plan to broaden the basis of the country's economy.

English Electric in Rhodesia. In all branches of power engineering—for *producing*, *distributing* and *using* electricity—The English Electric Company has long been at work in Rhodesia. At Kariba and in the copper mines you will find English Electric equipment. Rhodesia Railways, which have carried out a phenomenal expansion programme since the war, have been supplied with 35 2,000-h.p. diesel-electric locomotives. Many of Rhodesia's modern factories and offices contain English Electric transformers, switchgear and fusegear.

And so the fruitful relationship grows: English Electric gains further experience, which it can use for work in other countries and at home; Rhodesia knows it can depend on the specialised knowledge and vast technical resources which lie behind every contract with English Electric.

POWER FOR PEACE

'ENGLISH ELECTRIC'

The English Electric Company Limited, Marconi House, Strand, London, W.C.2

to 121s. 6d. and P-G to 101s. 6d. The prices were in fact adjusted further to higher dividends, but on Wednesday profit taking brought them down to 117s. 6d. and 98s. 9d.

Davy's profits before tax rose sharply in the year to March 31st from £1,586,000 to £2,300,000; for the year it will pay a total dividend of 22½ per cent (against the equivalent of 15 per cent for 1958-59). For the half-year to March 31st Power-Gas will pay a special interim of 17½ per cent. For the year to March 31, 1961, Davy-Ashmore expects to pay a dividend of 25 per cent. This seems to imply that the cover will still be big, probably about 3 times. Effectively, therefore, the dividend income gross before tax of Davy shareholders goes up from £22 10s. to £25 per £100 of shares and that of Power-Gas shareholders from £30 in the year to September last to £42 10s. in the year to March, 1961. In retrospect that justifies the much greater climb in value of the P-G shares than in the Davy shares. The market was not too far out in its guesses.

COINAGE

Irrational—but Why Clumsy?

It now seems unlikely that Britain will soon follow other Commonwealth countries in changing to a decimal system of coinage—and each year the cost of a changeover mounts. The recent inquiry conducted by the British Association and the Association of British Chambers of Commerce concluded that there was a strong case for the change, but that there appeared to be no great enthusiasm in industry and commerce for it. This week the Chancellor of the Exchequer stated in a written Parliamentary reply that while the Government was studying the report with care and welcomed the widest discussion of the question, it sees great force in the objections to giving up the pound—and unless the pound is given up, a decimal system would have to be a mil system, with units of one thousandth of a pound. This was in fact the system recommended by two Royal Commissions in 1838 and 1843. But a hundred years ago, as now, demonstrations of logic did not prove sufficient to carry through a reform that to many traditionalists appeared scarcely less than sacrilege.

Even if the mental arithmetic of the nation must continue to be sharpened by the odd relationship of pounds, shillings and pence, that is no reason why the shillings and pence should retain their present preposterous size and weight. The Chancellor has now had ten months to consider the admirable suggestions put to him by the new Comptroller of the Mint, Mr J. H. James. These suggestions included a small five shilling piece, of silver; abolition of either the florin or the half crown; and abolition of the farthing, permitting a smaller halfpenny and a smaller penny. MPs should continue to harry the Chancellor into positive action.

Small Change of Independence

Output of the Royal mint in 1959 was the highest on record; the new states emerging in Africa are keeping it busy. The grand total of coins struck was 709,650,207 against 593,201,554 in 1958; and more than 465 million were Commonwealth and foreign coins, an increase of nearly 60 per cent over the 1958 total. The largest overseas customer was the Government of Nigeria whose order for over 1,000 million coins is probably the largest ever known in this country—or in any other. The execution of this order is being spread over several years and during 1959 some 333 million coins were struck in part delivery.

Mintings of United Kingdom coins last year declined, both in number and in value. The number of sovereigns struck for sale abroad in foreign exchange fell from 8,700,000 in 1958 to 1,385,000. The 1959 mintings, which took place early in the year, apparently represented the completion of the current programme. Apart from the gold coinage for overseas collectors, the value of United Kingdom coin struck last year was £6,387,179—a decline of about 30 per cent from the 1958 total. As usual the sixpence was the most popular "silver" coin with the shilling taking its accustomed second place. Mintings of nickel brass 3d. bits, although higher than in 1958, were lower than in several recent years. The number of halfpennies soared to 79,224,000—almost the highest on record—but there were no 1959 pennies or farthings.

There are now definite signs of the ending of the expansion of the volume of coin in circulation. In the past two years prices have been fairly stable and the housewife no longer needs more coins for the same shopping list. But the number of coins struck does not by itself give a true picture of public demand for coins. Since 1947, and more especially since 1953, much of the cupro-nickel coin has been struck to replace the old pre-1947 silver coin being withdrawn from circulation. Of last year's minting of cupro-nickel of £5.9 million some £4.3 million went in replacement. There were also the usual withdrawals of worn coin and the net addition during the year to the circulation was only £1.1 million.

AIRCRAFT

Vanguard in Trouble

The abrupt grounding of Vanguard aircraft follows a long series of relatively minor incidents with the aircraft's Tyne engines, it has occurred a bare month before British European Airways intended to put the Vanguard into service on its crowded holiday routes. Up till now, trouble on the Tyne had been irritating but not critical; Rolls-Royce appears to have had sporadic difficulty in achieving proper lubrication of the turbine bearings, a difficulty that has on occasion occurred with Dart engines too. This has once or twice caused the turbine to seize up; in other instances bearings have come adrift allowing the shaft on which the links compressors and turbines run to shift out of alignment. When this happens, blades get smashed on the compressor; on one instance at least, fragments have flown into the adjoining engine and stopped that too. A week or so ago, it looked as if Rolls-Royce had cured both defects, and preparations were being made to hand the first production aircraft over to British European Airways.

Then, on two separate occasions, one of the 15 compressor discs cracked in an engine running on a test bed; had this happened to an aircraft in the air the consequences could have been disastrous. A defect of this kind has never appeared before, although the Vanguard has been flown intensively now for more than two years. The possibility of its having been due to a faulty batch of material has been more or less ruled out; more likely the cracks were caused by a metallurgical fault, in which case cure should be easy, or by a design defect, in which case it will be extremely difficult. Meanwhile the Vanguard remains grounded, together with the Tyne-powered transport being built in Canada, and British European Airways wonders how to fill the gap in its schedules—for the Vanguard carried 110 passengers and its loss cannot easily be made up by using the much smaller Viscount, however intensively.

TRAFFIC

Holiday Suggestions

Mr Marples has not come up with many motoring ideas for Whitsun; but the very paucity of his assorted collection of proposals is a clear demonstration of just how little any Minister of Transport can actually do at the present time about the problem of road safety at holiday week-ends. The most notable of his artifices, the four-day 50 mph upper speed limit, is to be imposed only on trunk roads, because they come under the direct control of the Ministry; and will be applied on ten stretches totalling only 150 miles in all, because that is about as much as the police can hope to enforce such a limit on. With "clearways"—roads on which stopping is banned at any time—the limit is set by the number of major traffic routes that are outside the 30 mph urban speed limit, that have no pedestrian crossings, no traffic lights and comparatively few accesses, and that have lay-bys for buses and other stopping traffic.

Another 65 miles of these "clearways" are, however, being permanently added to the 42 miles introduced last August. For an extension of the system of alternative routes to main roads, and for a wider use of the double white line, no passing signs,

and devices to alter the setting of timed traffic lights in accordance with the peak flow of traffic, the Ministry can only ask for the co-operation of local traffic authorities—which it does not always get. The regulation of overtaking by the double white line has not been as sensibly applied as it might; and at least one alternative route will not be marked this week-end because the chairman of the local authority concerned has an aversion to this kind of signposting.

It is disappointing, therefore, to learn from Mr Marples' junior minister this week that the government is only "hoping" to introduce legislation on road safety in the next session of Parliament. This is too long to wait for the introduction of more rigorous penalties for driving offences and for any necessary revision of traffic powers between the town hall and Whitehall. The Government and the BBC ought also to think again about the possibility of providing a radio service on traffic conditions and highway safety. This idea, it was stated, has been turned down for the time being because of "practical difficulties." Any such difficulties have not prevented other countries, notably Austria, where it has become a cheaply-run national institution, from providing a daily programme of this kind for motorists.

FOREIGN BONDS

English Law Upheld

The case of the Greek bondholders has reached the House of Lords, as its predecessor did in 1957, and again the

Windscale's Second Wind

Question: When is an "advanced gas cooled reactor" advanced?
Answer: When it makes nuclear power break even with thermal power.

By the side of the burnt-out hull of the No. 1 Windscale reactor, the Atomic Energy Authority is making preparations for its second bid at achieving competitive nuclear power. Along the skyline stand the four reactors of the Calder Hall nuclear power station, prototype of the bid that failed. Nuclear power generated in the commercial versions of Calder Hall will cost anything from 20 to 60 per cent more than power from a good coal-fired station, depending on the efficiency of their designs. It terms of hard cash, costs will range from slightly above to slightly below ½d. a unit compared with about ½d. a unit from the equivalent coal-fired station.

The level of costs

This first bid at competitive nuclear power failed because the cost of building the stations was too high and their thermal efficiency too low to offset it. The AEA is now attempting a technical breakthrough, reducing size quite substantially and simultaneously putting up operating temperatures and pressures in a way that improves thermal efficiency and allows the use of smaller, more efficient, more compact turbines. The "advance" in the new advanced gas cooled reactor design lies in just this increase in temperatures and pressures; the drawing shows how the new type of station (dark shading) compares in scale with the old (light shading). Size goes down, thermal efficiency goes up and costs—on paper—should break even for the first time with thermal power at about ½d. a unit.

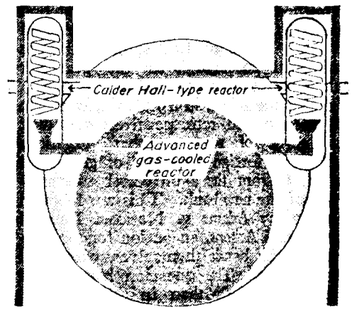
Whether they break even in practice will depend on what the Authority learns from operating its £9 million prototype at Windscale when construction work is finished early next year. This is a pilot scale power station, generating 30 megawatts or a tenth of the capacity planned for full-scale commercial versions. It has only been made possible by techniques learnt in building the older Calder Hall type of station; a few years ago, for example, no one could have welded on site steel plates thick enough to contain the gas pressure planned for the new reactor. Even so, commercial versions are not expected to hit the target figure of ½d. a unit for several years; the first advanced gas cooled nuclear power stations built for the Central Electricity Generating Board may not show any striking improvement on the 0.6d. per unit for which the best of the Magnox stations should sell electricity when they reach the peak of their development.

Much depends on how rapidly building costs can be brought down. The first attempt to build these stations commercially may cost in the region of £90 a kilowatt, which is not much lower than the figures that can be achieved now with the best Calder Hall type stations. In time and with experience construction costs are are expected to drop to £70 a kilowatt but the AEA's new computer has recently shaken engineers by informing them that according to its calculations, optimising all the conditions should make it possible to build these stations for as little as £60 a kilowatt. Engineers' reactions are to suspect the computer is playing tricks, but if in fact the machine is right and they are wrong, then there may be more promise in the advanced gas cooled reactor design than anyone now suspects.

What future for beryllium?

Fuel costs in these reactors will be more critical than they are in a natural uranium reactor because of the high temperatures and small size of the new design can only be achieved by using enriched fuel, which is costly especially when made in Britain rather than in the United States. To save fuel, engineers planned originally to use what would scientifically be the most desirable material to contain, or "can," the fuel—namely beryllium.

But while the Authority and its suppliers have worked miracles in overcoming the difficulties of fabricating beryllium, AEA has been finding out that this metal had other disadvantages; and it is no



longer so clear that beryllium is, even in theory, as superior as was assumed to the alternative canning material, stainless steel. Industry has put in hand a substantial beryllium development programme in the belief that the material would be used in sizeable quantities for nuclear power. Four companies, Imperial Chemical Industries, Hawker Siddeley, Imperial Smelting and Tube Investments, are involved; Consolidated Zinc also formed a joint company with the American Beryllium Corporation but as its Chairman explained in his statement accompanying the annual accounts this week the company has held back "pending confirmation of much larger requirements of beryllium metal in future nuclear power stations." Suggestions that the AEA was having second thoughts about the wisdom of using beryllium have so far been indignantly denied. Nevertheless, at Windscale on Tuesday the Authority's own director of industrial research, Sir William Cook, said openly and bluntly that the AEA would not approve the use of beryllium in the first series of commercial advanced gas cooled reactors, despite the fact that it is using a good deal of the metal in its Windscale prototype. He said that a great deal more work, spreading presumably over several years, would be needed before the AEA knew enough about the behaviour of beryllium to say whether it could or could not be used in civil power stations.

How industry will react to this last unequivocal statement remains to be seen.

decision has gone against the Greek bank. The legal history of the dispute, which is of some importance for foreign investors generally, goes back to 1956, when in Metliss v. National Bank of Greece and Athens payment was sought of interest due on mortgage bonds issued in 1927 by the National Mortgage Bank of Greece and guaranteed by the National Bank of Greece. The bonds provided for arbitration in London "in accordance with the laws of England." In 1949 a moratorium was declared; and in 1953 the guarantor bank was amalgamated by government decree with the Bank of Athens. The new bank disclaimed liability on the bonds, but first Sellers, J., and later the Court of Appeal and the House of Lords, held that as "universal successor" to the guarantor bank it could not escape liability.

In the meantime, in 1956, a new decree had been passed, retrospectively amending the decree of 1953 so that obligations payable in foreign currency or gold were excluded from the "universal successorship" of the new bank. This was followed in 1957 by Adams v. National Bank of Greece and Athens, an action for the payment of the bonds themselves, which had become due. The question here was, a little more clearly than in the first case, whether the proper law to be applied was that of England or Greece. Diplock, J., held that it was the former, but last year the Court of Appeal found against the plaintiffs. Now the House of Lords has allowed their appeal: English law must govern the matter, and English law would not recognise a retrospective alteration by a foreign government of the contract rights of English nationals.

The dispute has not been a simple one at any stage—disputes involving the conflict of laws seldom are. To what extent the new decision will become a precedent and how much it depended on the peculiar facts of the case will be more apparent when the full judgments are available. Lord Denning, in particular, seems to have based his judgment on wide principles of natural justice. For the present there will be a widespread feeling of satisfaction at the result. Any defeat of retrospective legislation is to be welcomed; no less welcome is any failure to cut down freely negotiated rights of English investors abroad.

BEDS

Springs of Change

THE British are slow to change their habits of sleeping; since they accepted the divan bed—which now outsells other beds by 2½ to 1—they have shown little desire to experiment. Foam mattresses have grown only slowly in popularity, and now form 8-10 per cent of mattress sales. Some in the industry believe that foam may settle down with this share of the market, which is what it holds in the USA; but the introduction of plastic foam as well as rubber is now reducing the cost of a foam mattress by 20-30 per cent and therefore making it competitive in price with the cheaper interior-sprung mattresses. These form the majority of mattresses sold; the average manufacturer's price of a single interior-sprung mattress was £4 17s. in 1959—having fallen from £5 6s. in 1955—or nearly £7 10s. retail. The cheapest foam rubber mattresses cost over £8, and those made by Dunlop—much the biggest maker—sell mostly in the price range £11 10s.-£27 10s., where they compete with the more expensive sprung mattresses. Bringing foam down into the cheaper price classes should expand its sales.

The plastic that is used for these mattresses is polyurethane, which is relatively cheap and can easily be "foamed" in simple equipment. Mattress makers can therefore produce their own material. Large firms like Dunlop, however, employ more elaborate equipment to produce on a larger scale. Unlike rubber foam, polyurethane does not need to have cavities moulded into it to make it soft enough, and it is produced in large blocks that can be sliced up into mattresses—which saves on production cost. Less material is needed, too, so it is not surprising that firms like Dunlop are beginning to make it on a large scale.

The bedding industry benefited like other furniture makers from the relaxation of hire purchase restrictions; total sales in 1959 were 7.5 per cent higher in value than in 1958. Sales of interior-sprung mattresses rose little over 2 per cent, while those of divans rose 27 per cent; this is interpreted as showing that the industry is succeeding in persuading people to buy a complete new bed, and not to put a new mattress on to an old bed.

NORTHERN IRELAND

Orangemen with Black Spots

LESS than two per cent of the labour force is now unemployed in Britain, and the Government has made a significant start at aiding the worst areas of persistent unemployment through the mechanism of controls and financial inducements embodied in the Local Employment Act which became law on April 1st. By contrast, seven per cent of the labour force is now out of a job in Northern Ireland, and the figure is as high as ten per cent in some parts of that country. Of the 33,000 now unemployed, three-fourths have been without a job for more than a month, and over 40 per cent have been without work for more than three months. At no time since 1950 has unemployment been lower than five per cent; Ulster might be described as a Galbraithean society without the affluence. The efforts of the Government of Northern Ireland to lure new industry to the country received some competition from the similar scheme practised by the British Government during 1958-59: recovery here has made Northern Ireland's plight once more apparent, and a renewed effort is now being made to induce firms—particularly American firms—to go there.

Since 1945 over £42 million has been spent by the Government in the form of grants to firms locating plants in the country, and over £7 million will be spent this year. Fourteen advance factories are now planned or under construction; these are rented at 1s. 3d. to 2s. 6d. a square foot, and even lower rents may be negotiated. The Government will, if necessary, build special purpose factories, and firms wishing to build their own plant may receive a grant of up to one-third of the total cost. Outright grants of up to one-third are also available toward the cost of machinery; and rebates of one-third (raised from 25 per cent in 1958) are given for all subsequent capital expenditure. Finally 10-15 per cent of fuel costs and up to 75 per cent of property taxes may be refunded; and the Government pays a part of the cost of training labour and helps provide housing if necessary.

These liberal inducements have not been without success: over 130 firms have come to Northern Ireland since 1945, including Du Pont, Courtaulds and Associated Electrical Industries. Just how successful the Government will be in the future in overcoming the disadvantage of inconvenience to markets is another question. The most suitable industries, the board feels, are those whose finished products have a high value in relation to bulk—e.g., cameras, lenses, scientific instruments, and electronic equipment. But skilled and semi-skilled workers together constitute only 25 per cent of the unemployed; agriculture and construction (and the building of advance factories) account for well over one-third of those needing jobs.

FERTILISERS

Britain and Europe

IMPERIAL CHEMICAL INDUSTRIES this week announced reductions in the prices of all its fertilisers, ranging from 5s. to £1 a ton, effective July 1st. During the year to June, 1961, ICI's nitrogenous fertilisers, which constitute about 75 per cent of the total produced in Britain, will cost farmers from £18 5s. to £25 17s. a ton, before deduction of the fertiliser subsidy paid by the Government; the company estimates that the price cuts will represent savings to farmers of almost £1 million a year. ICI states that the price cuts are based on the higher volume of output expected in 1959-60, and adds that raw material and labour costs are unlikely to fall. Production of nitrogenous fertilisers has continued to rise both in Britain and Western Europe as a whole: a survey recently published by the Organisation for European Economic Co-operation estimates that total production



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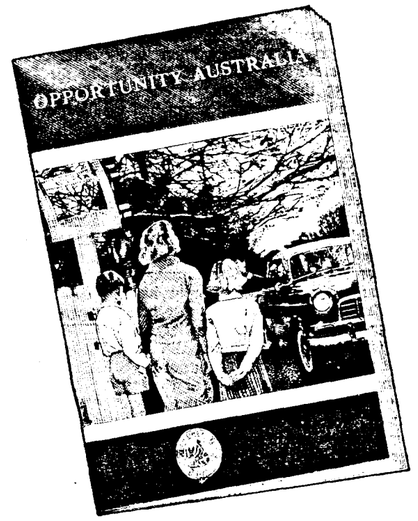

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in OEEC will reach 4,597,000 metric tons of nitrogen in 1960-61, of which Britain is expected to account for 450,000 metric tons. West Germany, with an output of about 1,250,000 tons of nitrogen in 1959-60, is by far the biggest European producer.

The OEEC report also provides some interesting comparisons between the competitive methods, or lack of them, in Europe's fertiliser industries. In only four countries—Britain, Sweden, Ireland and Switzerland—are fertiliser prices fixed by manufacturers, without government controls; in six countries, including west Germany, France and Italy, the three biggest producers, prices are rigidly fixed, Government subsidies are given to farmers or fertiliser manufacturers in ten OEEC countries: in 1958-59 these totalled the equivalent of £75 million, of which about half was paid by Britain and about one-third by west Germany.

Within the Commonwealth, consumption of fertilisers has increased almost half again as much as output, though both have risen much more slowly there since 1950 than in the free world as a whole, according to a report published this week by the Commonwealth Economic Committee. The Commonwealth's share in total world output has fallen from 14 per cent in 1946-47 to 9 per cent in 1957-58; Britain remains the largest aggregate producer and consumer, though its share of total Commonwealth output has fallen from 45 per cent in 1949-50 to 36 per cent in 1957-58. Canada is now the only Commonwealth country with a sizeable fertiliser export trade, and this position will be further strengthened by the development, now being undertaken, of large potash deposits in Saskatchewan.

WOOL MARKET

A Better Season

COMMONWEALTH wool growers have fared much better this season than last—though not, perhaps, quite as well as the recovery in world consumption may have lead them to expect. Had they not produced a record clip they would probably have obtained somewhat higher prices at the cost, perhaps, of injuring their market for wool. Total production in the Commonwealth this season is estimated at 2,840 million lb (greasy weight), 140 million more than in 1958-59, with Australia, the largest producer, accounting for over two-thirds of the increase. World production, including the Communist countries, is believed

THE COMMONWEALTH WOOL CHEQUE

	Australia July to April		New Zealand July to April		South Africa July to March	
	Sales mn. lb	Receipts mn. £	Sales mn. lb	Receipts mn. £	Sales mn. lb	Receipts mn. £
1958-59	1,181	190·6	360	53·5	244	33·2
1959-60	1,210	239·4	353	66·4	253	44·1

to have gone up by 250 million lb to a record of 5,600 million lb. Much of the recovery in prices occurred before the new season began, when world consumption was still increasing. A further spurt in prices in August was followed by a sharp break. From October onwards world consumption appears to have remained on a high plateau, and wool prices have moved in a narrow range, save for a brief decline and subsequent rally in February and March. The season is now ending on a steady note. The New Zealand sales finished this week, and little remains of the Australian and South African clips.

Australia can apparently thank Japan for putting an extra gloss on its fleece. Japan has become the biggest buyer of Australian wool this season, bidding at prices that Britain, the biggest consumer, and some other countries could not afford to match. In the first ten months (July to April) of the season Australia has sold 1,210 million lb of wool, about 30 million lb more than in the same months of 1958-59, and its wool cheque has risen sharply by £49½ million to £239½ million; this is just about as much as Australia earned in the same period of 1957-58 when prices, opening at a much higher level, were severely hit by the world-wide recession in the textile industries.

DSIR

Shifting Emphasis

THE annual report of the Department of Scientific and Industrial Research for last year is an altogether brisker and more businesslike document than usual, showing a noticeable shift in emphasis in the type of work that the DSIR is now prepared to sponsor—and in the kind of results it expects. The DSIR now has a sizeable annual income and a full-time spokesman in the government. It is looking for projects whose importance is commensurate with its own new status and there have been some fairly vigorous shake-ups in the work of the research stations. These appear to have been ordered to restrict the number of projects they have in hand "so that proper progress can be made on each of them"—in other words, to stop frittering their resources—and to work to "a limited number of clearly defined objectives," which is another way of saying that they must follow some coherent plan. One example of this changing emphasis is the way that the work of the Radio Research Station has been recast to take in a good deal of the electronics side of space research. Another, and in many ways a much more important example, is the decision to make grants for research into machine tools.

The DSIR already has four fairly big machine tool research projects in hand, a £4,000 investigation at Birmingham University, a much bigger £32,000 programme at Manchester College of Science and Technology, an £18,000 programme at Cranfield and a £15,000 project at Salford. Negotiations are going on about seven more machine tool research programmes which might get DSIR support. The larger question, however, probably extends beyond research and even development into the industry's design resources. The machine tool industry itself is now prepared to contribute towards the cost of further scientific investigation of machine tool design and development, but no one is quite sure how to carry out these good intentions.

BUILDING

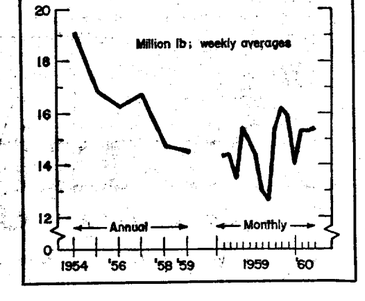
Evidence of Inflation?

BUILDING costs in Britain have remained more or less level during the past year and a half, after declining slightly throughout 1958; during this time the volume of construction has risen steadily. Recently, however, there have been some indications of upward pressure on building costs; higher prices and short supplies have been forecast for both materials and building labour. According to an index published by *The Builder*, construction costs have actually risen almost 2.2 per cent in the past year; most of this has been due to higher wages—though costs of material are claimed to have shown a slight upward trend—and the journal predicts that "the recent wage increase will not be absorbed by the industry and the cost will be passed on in the form of higher building costs." According to the Ministry of Labour there are now about 14,000 unfilled vacancies for craftsmen in the building industry, and only about half that number of unemployed craftsmen to fill them. Finally, increasing demand has produced short supplies and delayed deliveries for some building materials, in particular for bricks.

Wage increases of 2½d. an hour for craftsmen and 1½d. an hour for unskilled building workers became effective on April 18th; and both the bricklayers' and woodworkers' unions voted this week to seek even greater increases in next season's wage negotiations. While demand continues to rise, contractors will be able to pass on

COTTON YARN PRODUCTION

In the first quarter of this year output of cotton single yarn was over 200 million pounds. Yarn and cloth production continued to improve (even allowing for the Easter holiday which fell in the first quarter last year). Since the middle of 1959 both have been above the previous year's level.



higher labour costs to their customers—though one might expect the increase to be offset in part by higher productivity. Higher prices for bricks and for imported hardwood and softwood have been balanced by slight declines in prices of cement and some types of constructional steel. Stocks of all types of bricks at the end of April totalled 124.3 million against 148.2 million at the end of March; stocks of Fletton bricks, at 24.4 million, were the equivalent of less than one week's output at the April rate of production.

The value of new construction during the first quarter was £381 million, compared with £389 million in the preceding quarter and £357 million in the first quarter of 1959; after seasonal adjustment there was probably little change in the value of output during the first three months of this year. New housing accounted for £148 million, against £132 million a year earlier; of this total private developers' share was £89 million, an increase of £16 million over a year earlier, while public authorities' new housing totalled £59 million, unchanged from a year earlier. Other new work for public authorities declined slightly, to £105 million, in the first quarter; private industrial building equalled £72 million, the same as in the preceding three months, and other new work for private developers declined, from £59 million in the last quarter of 1959 to £56 million in the first quarter of 1960.

BANK CREDIT

The Full Statement

THE full statement of the London clearing banks for May shows a rise in advances clean of extraneous items of nearly £40 million in the four weeks. This confirms

LONDON CLEARING BANKS

(£ million)

	May 18, 1960		Change on Month	Change on Year
Gross deposits	7,098·6		−112·5	+359·6
Net deposits	6,625·0*		− 6·1	+372·2
		%§		
Liquid Assets	2,244·0	31·6	− 17·8	+164·3
Cash	561·0	7·9	− 12·2	+ 29·9
Call money	562·5	7·9	+ 22·0	+ 93·7
Treasury bills	980·6	13·8	− 23·1	+ 36·0
Other bills	139·9	2·0	− 4·5	+ 4·7
Special deposits	5·8	0·1	...	...
Risk Assets	4,538·1	65·7	+ 5·2	+234·4
Investments	1,405·1	19·8	− 34·0	−432·0
Advances‡	3,133·5	45·9	+ 39·7	+666·9
State Boards	75·5	...	− 2·6	+ 1·6

* Excluding all transit items. † Excluding all transit items except for ratio to gross deposits. § Ratios to gross deposits.

that, as discussed last week, the slackening in pace has been smaller than indicated by the rise in the crude figure of £26 million. The average ratio of advances has risen to 45.9 per cent, with four of the Big Five around the 45 per cent mark but the National Provincial at 47.5 per cent. Net deposits fell by £6 million in the month, to £6,625 million.

PLASTICS

Getting Warmer

A NEW group of plastic materials that can stand far higher temperatures than any plastics yet known has been discovered by scientists of Artrite Resins, a subsidiary of Microcell. Security restrictions, however, prevent description of the nature of the plastics. Such materials have long been sought by scientists, because poor resistance to high temperatures is one of the biggest weaknesses of existing plastics; most cannot be used at temperatures over 150 degrees centrigrade. Only the expensive ptfe (poly tetrafluorethylene) or some reinforced epoxy resins can stand up to 300 degrees centigrade. One of the new materials does not lose strength until over 700 degrees centigrade; at this temperature it is twice as strong as a normal phenolic resin at 100 degrees centigrade. Another material, the Artrite scientists claim, can stand temperatures of up to 1,000 degrees centigrade, although it can originally be moulded like other plastics, and should not prove vastly more expensive. Only ceramic materials or special steel alloys like the Nimonics could previously resist temperatures of this degree. Some of the materials can be formed into fibres which can be used at far higher temperatures than nylon or Terylene; in their properties and uses they seem likely to fall between these and glass fibre.

All these new materials, so far, are at the stage of pure research; they have been made only in test-tube quantities. Artrite's research has been backed by the Ministry of Aviation; it was directed to the discovery of just some such material as has been discovered—one case where scientists do appear to have discovered what they were looking for. So far expenditure has been small; but now that the development stage has begun it will rise. Artrite hopes that it will be able to have the more easily-produced of these materials in semi-commercial scale production by 1961; these appear to be the materials able to resist over 700 degrees centigrade. The demand for such materials from both defence and civil industry encourages the company to press on with development as fast as it can.

Uses that have been suggested for the new materials include components to go inside such hot-getting vehicles as rockets, fuel cans for nuclear reactors, and on a mundane but perhaps more useful plane, the flame supports of gas cookers. The most important potential effect of this discovery is that it may allow plastics to compete more directly with metals, now that these new materials can stand similar temperatures. They do not seem able to match the strength of metal—they would not, for example, be suitable for the skin of a supersonic aeroplane—but in the many uses where high strength is not needed they may prove competitive. But much more will need to be known about costs and mechanical properties before this can be properly judged.

SHORTER NOTES

The Import Duties (European Free Trade Association) Order, 1960 introduces on July 1st the first reduction in British tariffs on products of EFTA countries. The EFTA rate applies mainly to industrial products, and is generally four-fifths of the full rate; among the exceptions are some composite goods containing hydrocarbon oils, certain steel rods on which the import duty (of £4 10s. per ton or 10 per cent whichever is the greater) was suspended on January 1st, and for which the EFTA rate is free, and bacon, canned pork luncheon meat and other agricultural items covered by the Anglo-Danish Agreement.

★

Britain's terms of trade improved by one point to 88 (1954=100) in April, the same ratio as a year ago, when import and export prices were each three points lower. Export prices rose by one point to 112 in April while import prices were unchanged at 99.

★

The Bank of England is prepared to discount at its official rate not only the acceptances of members of the Accepting Houses Committee (detailed in last week's issue of *The Economist*) but also those of Balfour, Williamson & Co., and Ullmann and Co., whose acceptances thus command the finest rates in the discount market.

★

The total market value of all securities quoted on the London Stock Exchange rose by £6,000 million to over £45,000 million in the year to the end of March, 1960. There was a similar increase in the previous year so that in the last two years market values have risen by over 36 per cent, while the nominal value has risen by 3 per cent. Bargains recorded in 1959 rose to a new peak of over four million.

COMPANY AFFAIRS
Comments on pages 1044, 1045 and 1048 on:
Commercial Union, Royal Mail, Turner and Newall, Consett Iron, Stewarts & Lloyds, Consolidated Zinc, Guest, Keen & Nettlefolds, British Cotton & Wool Dyers, Royal Dutch/Shell, British Life Unit Trust, Joshua Tetley, John Summers, Lancashire Steel, Philip Hill

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1046 and 1047

LONDON STOCK EXCHANGE
The week's movements reported on page 1048

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1049

COMPANY MEETINGS

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1959 A DIFFICULT YEAR FOR THE GROUP

HARMFUL EFFECT OF PROLONGED STOPPAGES OF WORK

WELL-BEING OF UK SHIPPING INDUSTRY—ESSENTIAL PREREQUISITE TO SUCCESS OF COMPANY'S IMPORTANT INTERESTS

BENEFITS ACCRUING FROM LARGE-SCALE MODERNISATION SCHEMES

ADMIRAL SIR MICHAEL DENNY'S REVIEW OF ACTIVITIES AND PROSPECTS

The ninety-sixth annual general meeting of Cammell Laird and Company Limited, was held on June 1st at Birkenhead, Admiral Sir Michael M. Denny, GCB, CBE, DSO (Chairman), presiding.

The following is the Chairman's Statement circulated with the Report and Accounts for the year ended December 31, 1959:

In my first statement as your new Chairman I should like to begin by referring to the work done by my predecessor, Mr J. C. Mather, JP, Chairman of your Company from 1951 to 1959. That period has seen a steady growth in the size and importance of your Group, although 1958, coinciding with a recession both in steel and shipbuilding, showed a decline in profits from the record levels achieved in 1957. On medical advice, Mr Mather relinquished the Chairmanship, which I have undertaken, but I am very glad to say that Mr Mather has found it possible to remain on the Board and to accept appointment as Deputy Chairman. His experience and advice will be invaluable to us and we hope that with care he will entirely regain his former good health.

I must also refer to the death during 1959 of Sir Archibald Boyd, a Director of this Company since December, 1953. Sir Archibald joined Cammell Laird's in 1912 and when the Company's rolling stock interests were amalgamated in Metro-Cammell in 1929, he became an Executive Director and subsequently Managing Director, and finally Chairman of that Company. He was also first Managing Director and later Chairman of what is now The Patent Shaft Steel Works Limited. His engaging personality and wise counsel will be sadly missed by his colleagues.

I should also refer to the retirement from the Board of Mr E. Bernard Jones, OBE. Mr Bernard Jones commenced his service as an apprentice with Laird Brothers and after more than fifty years of service with the Shipbuilding Company, during which time he held successively the positions of Commercial Manager, Chief Accountant, Secretary and Local Director, he retired from active management in June, 1954, when he was elected to the Board of Cammell Laird and Company Limited. I desire to place on record our thanks to Mr Bernard Jones and to wish him good health and happiness in the future.

Although conditions have improved in the steel industry and there have recently been a few more inquiries for ships, 1959 has been a difficult year for the Group. I refer to these difficulties in more detail in my remarks about the various components of the Group. During the year we have continued the policy of ploughing back retained profits into large-scale modernisation schemes, both at Birkenhead and Wednesbury, and these schemes, particularly at the former works, are already beginning to show results.

The well-being of the United Kingdom ship owning and ship operating industry is an essential prerequisite to the continued success of your Company's important interest in the shipbuilding, ship repair and marine engineering industry —as, indeed, it is also to the stability of the United Kingdom economy. The advantageous conditions under which ship operating industries in other countries exist in comparison with our own has clearly become a matter of great import.

ACCOUNTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

As a result of the difficulties to which I have referred, the group operating surplus for 1959 has been reduced, compared with the previous year, by over £800,000. This has been countered to a certain extent by tax adjustments, and our income from Associated Companies has shown a welcome increase of almost £150,000. Income from trade investments is slightly increased, but other investment income and interest is down, due to realisation of investments during the year. Because of heavy capital expenditure, depreciation charges are more than doubled and the charges for loan and bank interest heavily increased, making the surplus for 1959 before taxation, £427,192, compared with £1,486,704 in 1958. After tax adjustments, we are left with a net group profit of £272,391 against £689,775 in 1958. We must then add the outside shareholders' proportion of the loss of our steel making subsidiary company and taxation and other adjustments in respect of prior years, while for tax reasons we have transferred £346,772 from the reserves of a subsidiary company to the General Reserve of the parent company. There is thus a balance available amounting to £575,541, to which must be added the amount of £10,989 brought forward from 1958. Your Board has given very careful consideration to the question of the final dividend to be paid for 1959. An interim dividend of 3 per cent less tax was paid in October, 1959, and your Board now recommends the payment of a final dividend of 4 per cent less tax for the year 1959, and at the same time, a special payment of 2½ per cent not subject to income tax. This special payment is possible because we have received during 1959 capital profit distributions from an associated company and a trade investment of more than the amount of the proposed special distribution.

CONSOLIDATED BALANCE SHEET

The investment of the Group in fixed assets now totals nearly £14 million.

During 1959 we took a share, with five of the country's other leading shipbuilders, in the acquisition of the business of Brown Brothers and Company Limited of Edinburgh, an old-established and noted company, manufacturing the famous Denny/Brown Ship Stabiliser, ship steering gears, steam catapults and other equipment for the Navies and Merchant Navies of the world. The figure of Other Trade Investments is consequently increased.

Stock in Trade and Work in Progress and Debtors have declined.

We have taken advantage during the year of favourable opportunities for the realisation of some of our Quoted Securities and placed on short term with Local Authorities much of the money so obtained. Creditors are reduced and it has not been necessary to provide so much for current taxation as in the previous year. In spite of these numerous changes the liquid position of the Group has been maintained.

Our Capital Reserves have been increased by profits on investments realised and by the special receipts to which I have referred above and reduced by our own special distribution to stockholders.

The Revenue Reserves of the parent company have benefited at the expense of a subsidiary company for tax reasons, and in view of the substantial relief from taxation following heavy capital expenditure both at Birkenhead and at Wednesbury during 1959 it has been necessary to provide large sums for tax equalisation. Loans to our steel making subsidiary have also been substantially increased.

PARENT COMPANY'S BALANCE SHEET

Apart from the changes to which I have already referred, the main changes in the parent company's Balance Sheet are reflections of substantial transfers made between the companies based on Section 20 of the Finance Act, 1953. These balances will, in time, be liquidated, but it is not possible to say now how long this will take.

CAPITAL COMMITMENTS

Contracts for capital expenditure at December 31, 1959, amounting to £2,638,000 were

£2,420,000 for our shipbuilding subsidiary and £218,000 for our steel making subsidiary.

CAMMELL LAIRD & CO. (SHIPBUILDERS & ENGINEERS) LIMITED

During the year this Company has again been engaged on a varied programme of new tonnage for both the Merchant Navy and the Royal Navy. Nine ships, totalling 86,523 gross tons, were launched during 1959 and four ships, totalling 51,518 tons, were completed.

The highlight of the year was the launching of the RMS *Windsor Castle*, which was performed by Her Majesty Queen Elizabeth the Queen Mother on June 23rd last, and the liner is now approaching completion. Other work in progress includes the prototype guided missile destroyer HMS *Devonshire*, and a 65,000 deadweight ton tanker for Shell Tankers Limited, which will be the largest vessel of this type to be completed at our Shipyard.

The engineering department has built five sets of steam turbine double-reduction geared machinery and four large water-tube boilers. During the latter part of the year the gas turbine installation in the tanker *Auris* was completed and put into service. A full size mock-up of the machinery and boiler spaces of HMS *Devonshire* is also nearing completion.

As forecast in the Chairman's statement last year, ship repairing has experienced difficult conditions and with the small amount of work available the business that the Company has succeeded in acquiring has been undertaken at very competitive prices and it is unlikely that there will be any major improvement in this sphere of activities until there is an improvement in the shipping position generally.

During the year both the new construction and ship repairing departments received a very severe setback due to the strike which occurred as a result of a demarcation dispute last summer. This resulted in a prolonged stoppage of work from April 27th until July 2nd affecting the delivery of three ships which should have been completed in 1959, as well as causing a very considerable reduction in the Company's profits. It cannot be emphasised too strongly the great harm which such strikes cause to the future prospects of the Company's business and consequently to the livelihood of its employees and it is to be hoped that these stoppages can be avoided in the future.

During the year the various schemes under Phase I of the reconstruction have proceeded according to plan. The new plating sheds and additional welding bay facilities, which give greatly improved working conditions, came into production towards the end of the year and I would like to thank the management and all those who work in these shops for the excellent way the changeover from the old buildings to the new ones was effected with the minimum of interference with production. With the exception of the new dry dock, which it is expected will be completed about the middle of 1961, the remainder of Phase I should be completed during the course of the current year.

Although the immediate future prospects for the shipbuilding and repairing Industry are far from favourable I feel confident that with the new facilities and up-to-date production methods, combined with the full co-operation of all concerned, we should be able to compete successfully for whatever business is offering.

It is with great pleasure that I place on record our satisfaction at the award by Her Majesty the Queen of the MBE in June, 1959, to Mr Archibald Lewis Lane, Leading Draughtsman in the Company's Engine Drawing Office.

THE PATENT SHAFT STEEL WORKS LTD. (FORMERLY THE PATENT SHAFT & AXLETREE CO. LTD.)

1959 has been a difficult year for this Company. To the operating loss of £214,333 had to be added £280,928 for depreciation and £394,237 in respect of interest upon money borrowed. To obtain the most favourable tax position for the Group this loss has been met by Subvention Payments to The Patent Shaft Steel Works Limited.

I have already mentioned the death of Sir Archibald J. Boyd. My colleague, Mr. P. B. Hunter, was elected Chairman in his place on July 14, 1959.

As my predecessor explained last year, when 1959 opened, the new plant was nearing completion and all departments of the Works were working short time owing to scarcity of orders. Work on the new plant has continued during the year. Towards the end of the first six months, the new Plate Mill came into operation and the old Plate Mill was closed down on June 13, 1959. Delay in the delivery of certain cranes prevented final completion of the new mill before the end of November.

The first of the existing steelmaking furnaces was redesigned and converted to oil-firing and became operational on August 26, 1959, while the second of the new oil-fired furnaces started making steel on October 21, 1959. Since the end of the year the second old furnace has been converted and is now making steel. Work on the conversion of the remaining two of the old furnaces is in progress, but it is not anticipated that these two furnaces will both be making steel before the middle of this year.

Scarcity of orders and short-time working continued throughout the first six months, but the position then improved and by the end of the year the Company had, and still has, a satisfactory order book.

Neither the planned output from the new plant nor the maximum output of Bars and Sections from the Monway Works has yet been achieved, nor can it be achieved until the furnace conversions are completed and the supply of steel improves. Output and efficient operation have been further limited by the usual difficulties with new plant and finding and training the additional suitable labour needed, a task in which the Company has so far, in face of the current scarcity of labour in the area, been only partly successful.

It has been found necessary during the year to make a number of organisational changes. Mr Basil Prichard, who was Managing Director, resigned from that appointment on December 7th, 1959, and has assumed responsibility for the sales side of the business, remaining, I am glad to say, on the Board. He has, since the end of the year, opened a new sales office for the Company at Edgbaston in the Birmingham area. Mr Bryan Bruce-Gardner, who joined the Board in October, 1957, has taken charge at Wednesbury as General Manager and is in course of reorganising the production and administrative sides to suit the modern plant which the Company now operates.

The Board and the Management have been, and still are, making great efforts to overcome all the difficulties encountered during the year and, though the corner has not yet been turned and there is still much to do, there is evidence that they are succeeding.

As for the future, the order position remains good and the operational efficiency of the plant is improving. On the other hand the Company's shortage of steel cannot be overcome before the middle of this year and there has also been a reduction in selling prices. In addition, the increase in Bank Rate has increased interest charges. Though I hope that the substantial loss shown in the accounts this year will be reduced next year, it is not possible for me to forecast with confidence the extent to which the improved efficiency, for which the Company is now striving, will be reflected in its accounts for 1960.

METROPOLITAN-CAMMELL CARRIAGE & WAGON CO. LTD.

The railway carriage building workshops of Metropolitan Cammell Carriage & Wagon Company Limited were well employed throughout the year. Output of diesel railcars, standard coaches and sleeping cars for British Railways continued and a contract for 349 coaches for the Reef electrified service of the South African Railways was completed.

An outstanding feature was the completion of the first two of five Pullman de luxe express diesel trains ordered for British Railways. The many new features in these trains will provide a higher standard of passenger comfort than in any existing stock. The first deliveries were also made of the 532 Piccadilly Tube cars for London Transport Executive and output of these cars will continue throughout the present year.

Shipments of wagons were made to Pakistan, Rhodesia, Sudan, New Zealand, Nigeria and Angola, but as a result of a general decline in demand the total output of wagons was considerably less than in recent years.

Fewer orders were received from overseas against intensified competition. An order was obtained from Associated Electrical Industries Export Limited for 35 mechanical structures for electric locomotives for the South African Railways. Although the Company received some further orders for diesel railcars, standard coaches and wagons for British Railways, the bulk of British Railways' requirements was allocated to their own workshops. The Company has been closely associated with representations to ensure that private contractors will have the opportunity of competing for British Railways' further requirements of carriages and wagons.

The Company's bus building factory had a satisfactory year. Orders received included 110 Olympic single-deckers for Cuba and 33 of the same type for Jamaica, 150 single-deckers for Ghana and 50 for Madrid. Further evidence of the success of the "Atlantean" rear-engined double-decker was provided by the receipt of orders for 140 more of this type for the home market and two have been ordered for trial in South Africa. The total number of buses delivered was greater than in 1958 and included shipments to Ceylon, Jamaica and Spain.

ENGLISH STEEL CORPORATION LTD.

The Operating Companies worked much below capacity for the first half of 1959. Latterly, however, the prosperity of the motor industry and the demand for consumer durables produced orders which enabled full production to be resumed in the lighter products. Plant for heavier products was fairly well occupied during the first half of the year in completing outstanding orders. The halt in initiation of heavy engineering developments following

financial restrictions in 1957, has entailed a very low order input for heavy products during 1959 and at the end of the year the volume of work in hand for such products was much less than that with which the year commenced.

Steel production for the Group was 464,197 tons, a decrease of 41,463 tons compared with the previous year.

Competition in export markets was again severe, especially from the Continent, but some substantial orders from China helped to offset reduced sales in traditional markets.

In the Heavy Forge the full effect of the restrictions in investment in heavy capital equipment was felt in the latter part of the year. The shipbuilding industry is a large consumer of heavy forgings and orders fell with the declining activity in the shipyards. The retarding of new power station developments and the change from thermal to nuclear plants also lessened the demand for large forgings and there was a marked fall in requirements from both the electrical and general engineering industries. No change in this position in 1960 is yet evident. In contrast, the Drop Forge producing small mass-produced forgings was extremely busy at the end of the year. Much of its output is in the form of components for motor vehicles and tractors for which there is a heavy demand and the provision of greater capacity for the production of drop forgings may be necessary.

During most of the year a limited volume of orders for general engineering castings was available, and restricted railway wagon building programmes throughout the world also reduced requirements for some of the specialised products of the Castings Corporation. The output for the year was, therefore, considerably less than in 1958. Prospects for 1960 are brighter; large orders were received towards the end of 1959 for one-piece bogie frames which will largely occupy during 1960 the specialised plant for the product. A considerable number of heavy castings are required for the new rolling mill plants to be erected in South Wales, Scotland and elsewhere and the capacity for heavy castings is well filled for the ensuing twelve months.

Whilst the plant for railway spring production was very lightly loaded, road spring plant was fully occupied in the later months of the year. The new Tinsley plant, operative in 1960, will be able to cater for the anticipated increased demand for road springs.

The Rolling Mill plant was operated at about two-thirds capacity until the middle of 1959. Subsequently, the demand for rolled products increased remarkably and at the end of the year the plant was working to capacity and there were orders on hand to enable production to continue at maximum rate in early 1960.

Limited world wagon replacement programmes have much reduced orders for railway wheels and axles which are the principal products of Taylor Bros. and there is little prospect of any increase in demand during 1960. The labour force has been reduced and further reductions would have been necessary had not substantial orders been obtained from China, a market not supplied for many years.

Due to lack of orders for new ships, both the Foundry and Forge at Darlington have worked well below capacity in 1959. An increased volume of orders for both forgings and castings —particularly of special types—is being obtained from the electrical and general engineering industries.

The plant erected in Canada by Canadian Steel Wheel Ltd., in which English Steel Corporation has a 50 per cent interest, was opened by Mr Duplessis, Premier of Quebec, in June, 1959. Due to restriction in purchases by the two principal Canadian Railways, sufficient orders for wheels have not been obtained to enable it to work to capacity.

The South African subsidiary, Steel Wheel & Axle South Africa (Pty.) Ltd. has had a successful year, but orders from the South African Railway Administration have not been adequate to keep the plant fully occupied.

Firth-Vickers Stainless Steels Ltd. had a very successful year and benefited considerably from the lifting of restrictions on credit facilities. Much of their output is used in the manufacture of household equipment and motor cars for which there is an expanding demand. Substantial expenditure has been approved for increasing the capacity of Shepcote Lane Rolling Mills Ltd., a subsidiary company of Firth-Vickers Stainless Steels Ltd., and for an increase in the Company's own plant for the production of stainless steel sheet, strip and bar. The forward position appears excellent.

It has been decided not to proceed with the heavy forgings development at the new Tinsley site. Consideration is now being given to another stage of the Tinsley development which includes additional melting plant and new rolling mill equipment for the production of alloy and special steel billets and bars.

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

Admiral Sir Michael M. Denny, GCB, CBE, DSO, and Mr J. C. Mather, JP, were re-elected to the Board and the remuneration of the auditors, Messrs Cooper Brothers & Co., having been fixed, the proceedings terminated.

NORTH MALAY RUBBER ESTATES

The twenty-eighth annual general meeting of North Malay Rubber Estates Limited was held on May 30th in London, Mr R. F. Burt (the Chairman) presiding.

In his Review of the year's operations, the Chairman outlined the results for 1959, and, commenting on the sale of Kuala Dingin Estate (a property of 1,200 acres) said that the Board had no intention to sell any of their properties. However, late last year they received an offer for Kuala Dingin, which they turned down, but subsequently the offer was increased to no less than £250 per planted acre, an abnormal price which the Directors felt could not be turned down.

He added: Out of the total proceeds of Kuala Dingin ($2,600,000 or £303,333) the Company made a capital profit of £218,593 which, with the small credit at Capital Reserve allowed us to pay a tax-free dividend of 1s. 9d. per 2s. share. Our future profits will have to bear the heavy charge of replanting without the help of Kuala Dingin profits, and we therefore propose that the cost of replanting shall be met out of the accretion of undistributed funds which Kuala Dingin has provided.

I need only make a brief reference to the offer by Henrietta Rubber Estate Limited to acquire the shares of our Company, acceptance of which my colleagues and I advocate. The proposed group will be a strong one and will allow of development which each company might find onerous to undertake separately.

The report was adopted.

TIMOTHY WHITES & TAYLORS LTD.

879 BRANCHES THROUGHOUT GREAT BRITAIN

Extracts from MR. G. I. RUSHTON'S STATEMENT AT ANNUAL GENERAL MEETING, 26TH MAY, 1960

SUBSTANTIALLY INCREASED TURNOVER AND PROFITS. Turnover in both Sales and National Health Service prescriptions was again a record for the Company. Trading profit of Group amounted to £2,073,351 compared with £1,859,573 in 1958.

REVALUATION OF PROPERTIES. At Annual General Meeting in 1959 it was stated that Freehold and Leasehold Properties of Company and Subsidiaries were being revalued. Effect of the revaluation has been shewn in Accounts. In Company's Balance Sheet Capital Reserves have been increased by £2,138,296 and in Consolidated Balance Sheet by £4,183,431. Out of this Reserve £705,735 has been written-off Goodwill, entirely eliminating this item from the Consolidated Balance Sheet.

TRANSFERS TO RESERVES. £120,000 to meet estimated liability in respect of pensions not fully provided for under Company's existing pension scheme. £250,000 to General Reserve and £20,000 to Development Reserve.

INCREASED FINAL DIVIDEND. Final Dividend on Ordinary Shares of 17½ per cent less tax, making 27½ per cent less tax for period, compared with 20 per cent less tax in previous period.

CAPITALISATION ISSUE. Proposal is to issue one new Ordinary Share in respect of each Ordinary Share held. Capital Reserve in Consolidated Balance Sheet will, after the capitalisation issue, stand at £1,938,730 and General Reserve at £826,688.

EXPANSION PROGRAMME. Stores at Glasgow and Ipswich opened before Christmas are trading satisfactorily, and those at Middlesbrough and Liverpool will be opened during this year. During year five other shops opened and a further fifty closed. Main effort during 1960 is in alterations and extensions to existing branches. An ambitious programme is being undertaken, thirty branches being the subject of major alterations.

PROSPECTS FOR CURRENT YEAR. Turnover to date well maintained and no reason to anticipate that results for current year will not at least equal those for past year.

THE AUSTRALIAN ESTATES COMPANY LIMITED

A SUBSTANTIAL IMPROVEMENT

SIR DENYS LOWSON ON THE EFFECTS OF A BETTER SEASON

The Annual General Meeting of The Australian Estates Company Limited will be held on June 22nd in London.

Sir Denys Lowson, Bt, the Chairman, in the course of his review, which has been circulated to stockholders, says:

ACCOUNTS

Last year in reporting a gross trading profit of £738,338 I had to refer to drought conditions and a much reduced price of wool; while the sugar industry was affected by the necessity to restrict production under international Agreements. In spite of the fact that further restrictions were imposed in 1959 on the production of raw sugar in Australia, I am pleased to be able to report gross revenue for the year 1959 of £1,240,896, or nearly double the amount in 1958. After taking into account depreciation, interest on our Loan stocks and taxation, and after bringing back £42,000 in respect of taxation provisions no longer required, the consolidated net profit amounted to £468,846 compared with £239,785 in 1958. Of this profit there has been retained by our subsidiaries £214,646 leaving a net profit in the books of The Australian Estates Company Limited of £254,200.

A further £22,400 has been allocated to Staff Provident Fund to make good the loss in effective value of that Fund owing to further depreciation in the purchasing power of Australian currency during the past year. We have made the usual transfer to Debenture Redemption Sinking Fund and we have also transferred £40,000 to General Reserve, which sum is sufficient to cover the first year's redemption requirements of the 6½ per cent Convertible Secured Loan Stock 1971-76.

Stockholders will be aware that the conversion rights attaching to that stock expired in July last year; and commencing in July this year the Company has to redeem annually £40,000 nominal of such stock. It will be seen from the Balance Sheet that in 1958 and 1959 a total of £47,672 of stock was redeemed, so that the Company's redemption obligation for the current year has already been met in full.

Finally we propose to pay a dividend of 8 per cent and a bonus of 2 per cent on the Ordinary and "A" Ordinary stock, which together require £128,579. The Directors are glad to be able to recommend the restoration of the distribution to the level ruling in respect of 1957; and the payment of an additional 1 per cent which may be said to come largely from the good cattle profits arising through unexpected demand from America.

After making these appropriations and allocations to reserve it will be seen that the amount to be carried forward by The Australian Estates Company Limited and its subsidiaries is increased by over £200,000, from £581,285 to £781,364.

TAXATION

I am again sorry to have to report that the Chancellor of the Exchequer has not thought fit to remove the anomaly arising from the treatment of overseas subsidiaries of an Overseas Trade Corporation on a different basis to overseas branches. Many influential bodies have pressed the case for amending the Overseas Trade Corporation legislation in this way; not least because of the importance in this day and age of carrying on business overseas whenever possible through subsidiary companies incorporated in the overseas country and with local participation both as Directors and also often as shareholders.

So far, however, the Chancellor has been adamant, without giving any adequate explanation of this strange anomaly.

PASTORAL—SHEEP

New South Wales and Queensland Sheep stations experienced generally favourable conditions throughout 1959; although Mount Morris and Oolambeyen both had to supply supplementary feed towards the close of the year. Some Queensland properties had relief rains in December, but others missed. Generally all the sheep properties in both States needed good general rains early in 1960.

Better lambings produced 17 per cent more lambs, and the 1959 wool clip was 331,000 lb heavier. Mortality this year was slightly lower. Terrick Stud polled and horned rams had a number of successes at country shows; their fleeces won several awards, and in particular that for Grand Champion Fleece of Queensland at the Brisbane Centenary Exhibition.

Last year I mentioned that Bonus Downs was due for resumption in December 1960. Kyabra as well as a small area of Thylungra, and 45,000 acres of Mount Morris, are also due to be resumed at any time. Following dry conditions in 1958, the Queensland Government granted 5-year extensions of leases to some properties where drought hardship had been established. The Company obtained these extensions for the main areas of Mount Morris and Thylungra, and for Mount Howitt and Chatsworth. The Lands Department have also informed us that a 40-year lease will be granted to Terrick Stud, near Blackall.

PASTORAL—CATTLE

On the cattle side, the selling market has never been more favourable.

Four new leases, Alcala, Longwater, Burnham and Hillingdon, were acquired during the year; thereby increasing our carrying capacity by 7,500 head.

Seasonal conditions were generally satisfactory, although Mount Howitt had low rainfall and very light flooding, and was unable to play its usual part as a fattening depot for the breeding stations. Brandings were satisfactory except for Chatsworth, which suffered from the effects of the poor season in 1958.

SUGAR

Australian production of raw sugar in 1959 was 1,288,000 tons, being some 124,000 less than in 1958; of this total 1,217,000 tons were produced in Queensland, compared with 1,354,000 in 1958.

All Queensland sugar producing areas experienced a favourable season with the result that, for the second year in succession, cane available for harvest was in excess of available sugar markets, and it was therefore again necessary to restrict sugar production. Consequently a large tonnage of cane had to be left unharvested.

The proportion of the raw sugar output exported in 1959 was approximately 56 per cent; Australian home consumption accounting for the balance of 44 per cent. The British Commonwealth Sugar agreement has again been extended for another year; and will therefore now operate at least until the end of 1967.

Kalamia Mill crushed 325,000 tons of cane, compared with 376,000 in 1958; at Pleystowe Mill, 288,000 tons of cane were crushed, compared with 363,000 in the previous year. Both mills achieved a high standard of efficiency. Cane crushed from the Company's cane farms at Kalamia amounted to 16,900 tons, compared with 19,900 tons in 1958.

Bulk sugar handling operated at Mackay, Lucinda Point, Bundaberg and Townsville; and the terminal at Mourilyan is expected to be ready for the 1960 season. Cairns is now the only major sugar port still using the "bag" system; this arrangement being to suit the convenience of certain overseas customers who are still not equipped to handle sugar in bulk.

AGENCY

Sales of wool through the Brisbane and Melbourne stores totalled 182,600 bales; an increase of 19,000 bales over the previous year. Average values were from £3 to £4 per bale higher.

Turnover of sheep and lambs improved considerably; but cattle numbers were lower. Stock values generally were higher, and cattle market prices were particularly good following strong demand from the USA.

The increase in the amount of wool sold by Melbourne has made additional space at the wool store a necessity, and for two years we have been giving careful study to the question of an extension. Our studies have been directed towards the greatest economy in use of space, coupled with the maximum use of mechanisation and modern methods of fire protection.

When our existing store was erected in 1939 a new standard for such buildings in Australia was established. Its equipment has been kept up to date, and it has attracted favourable comment from our own clients and from others interested in the industry. The new extension, planned to allow the display of an additional 1,650 bales, together with storage for another 18,000 bales, will maintain the Company's high standard. Building was commenced at the end of March, and is expected to be completed in November, 1960.

FARMING AND PASTURE IMPROVEMENT

We again thank the Universities, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), and the Departments of Agriculture and Stock in Queensland and New South Wales, for the valuable assist-

ance they have given the Company over the past year.

On the pastoral side the Company has persevered with its Queensland sorghum conservation work, and has also developed more dry pastures in New South Wales, particularly at Raby. The dry lucerne areas at Raby have done well; and apart from beneficial grazing, the new lucerne areas produced 468 tons of hay during 1959. Extensions of Tyrie dry lucerne country will be made in 1960 as results here so far, although not as good as at Raby, are encouraging.

Dagworth was only able to conserve 200 tons of sorghum silage, but the crop gave valuable grazing; at Terrick Stud the position was much the same, though here we were also able to pit 525 tons and obtained useful grazing. In addition, a good crop of 90 tons oaten hay was produced. There was insufficient rain or flooding at Thylungra to attempt any work there. Buffel grass work has continued and there are signs of some success in small trial areas at Dagworth. Terrick Stud will do more in 1960; but so far, Thylungra, owing to drought and dry conditions, has not had any results from the trials that have been carried out there.

At Tanderra some 14,000 acres of brigalow country have been razed; 8,700 acres have been fully cleared and sown to improved pastures. The remainder should be sown during 1960. The cultivated area at this station has already provided Sudan grass grazing for some of our stock; while other areas have been prepared for oats.

Granada has in hand experimental areas for lucerne under irrigation, and oats, and has continued buffel grass planting. Other cattle stations have persevered with their efforts to spread buffel grass in various areas.

WOOL

It is estimated that 4,973,400 bales will be received into Australian Wool Selling Brokers' Stores for the Season 1959/60. If this figure is achieved, production will be a record and exceed that of the Season 1956/57 when receipts totalled 4,886,897 bales.

It is expected that the quantities in each State will be as follows:

	1958/59 Actual	1959/60 Estimated
New South Wales	1,636,481	1,745,000
Victoria	1,293,928	1,425,000
Queensland	724,787	770,000
South Australia	542,041	525,000
Western Australia	440,009	406,000
Tasmania	97,655	102,400
	4,734,901	4,973,400

Although the number of bales expected to be produced in Australia constitutes a record, the quality of the clip varied to a greater extent than usual.

In Queensland, South and Western Australia, the staple from certain areas lacked length and density and carried more dust, due to seasonal conditions. From other divisions in these States wool was up to normal standard. From Tasmania the clip was less well grown and thinner than in most years. Generally the wool produced in New South Wales and Victoria was better grown than in the previous year and carried more condition.

Over the last five years the number of bales sold in Australia and the amounts realised are as under:

Season	Bales	£(A)	Average per lb
1955/56	4,297,338	335,894,936	61.23d.
1956/57	4,886,897	483,030,133	79.99d.
1957/58	4,374,694	337,770,553	62.60d.
1958/59	4,790,282	295,652,526	48.57d.
1959/60 (Est.)	4,973,400	368,000,000	59d. (Est.)

Indications are that the largest purchaser of the Australian clip this season will prove to be Japan, with the United Kingdom filling second position and France third. Eastern European Countries have at times been prominent and support from this quarter has, on occasions, resulted in increased prices for the types of wools which met their requirements.

The following clean costs on Australian Show Floors illustrate market movements during the current season:

	Average 64's	Average 56's
1959—June	122d.	100d.
September	114d.	96d.
December	117d.	95d.
1960—January	116d.	96d.
February	108d.	91d.
March	117d.	97d.
April	117d.	97d.
Early May	114d.	91d.

AUSTRALIAN WOOL MARKETING

During 1959, arrangements were completed to extend the selling season so that sales would take place in every month of the year. Arrangements have now been made for auctions to be held in mid-July, while the 1960-61 season will open at the end of August as usual.

The Commonwealth Government has agreed to the establishment of a greasy Wool Futures Market in Sydney, and operations commenced early in May. This type of market is a new venture in Australia, and its activities will be watched with interest.

WOOL PROMOTION

Following the displays which this Company held in 1958, we again undertook similar exhibitions in the past year at Brisbane and Roma in Queensland, Inverell in New South Wales, and Stawell, Hamilton and Bendigo (the latter with Frank A. Hill & Co.) in Victoria. Early this year we assisted with a wool exhibition at Armidale, NSW, and at our Terrick sheep sale in April a wool display was featured by the Company.

At Buckiinguy the Company joined the local Country Women's Association in presenting a mannequin parade of woollen garments at the station, which attracted considerable local interest.

All these exhibitions covered a range of woollen garments and materials and were organised in conjunction with local authorities and trade interests. While these various displays were not large, comments we have received lead us to think that they have been useful in promoting interest in the wider use of wool. It is felt that wool promotion is most essential in view of the vigorous promotion and selling campaigns carried on by the synthetics industry in Australia and overseas.

GENERAL

In previous reviews I have stressed the importance of season and prices in relation to the Company's results and to the pastoral industry as a whole. I am pleased to say that in 1959 the season was generally good, cattle prices were exceptionally high, and the price of wool increased.

The overall average Australian greasy wool price was 48d. in 1958/59 and firmed to approximately 60d. in 1959/60. Though this is a considerable improvement, it is not high by comparison with prices in earlier postwar years. Costs—particularly in wages—are meanwhile steadily increasing.

During 1959 the Arbitration Court granted a 15s. per week Basic Wage Rise; since then the metal trades margins have been increased by 28 per cent and these increases have been spread widely throughout Australia. Higher costs cannot be passed on to the consumer in our industry as our sales of stock and wool are governed by market rates.

The steady rise of costs has been particularly felt in the pastoral industry, but it is not confined to this field, and is a general condition. The main problem of the whole Australian economy is inflation. The Government has recognised this and has taken measures which, it is hoped, will control the position. They are primarily aimed to reduce the pressure of demand.

It is hard for a developing country to avoid some measure of inflation, and the economy in general is very strong. Employment and production are at high levels and increasing, while all branches of trade are active; great activity prevails on the Stock Exchanges in Australia, and prices of stocks are high. There is a general air of prosperity, progress and confidence.

DIRECTORATE

Since the close of the year, we have suffered a very sad loss through the death of the Marquess of Carisbrooke. He had been a Director for more than ten years, and brought great wisdom and experience to our councils. His passing will be greatly mourned not only by all his colleagues on the Board, but also by a wide circle of friends.

During 1959 two of our London Directors visited Australia. Mr Peter Revell-Smith arrived in Melbourne in the middle of September and was in Australia until the end of October; while Sir Keith Officer was there from the middle of November until the beginning of February.

During their stay in Australia, Sir Keith Officer and Mr Revell-Smith visited the two sugar mills, a number of Queensland sheep and cattle stations as well as branch offices in Queensland and Victoria. Sir Keith also visited some of our New South Wales sheep properties.

The Board feel that there is great value in these visits, which enable them personally to study and advise on the Company's various developments and problems in Australia, to get to know as many as possible of the Company's leaders and managers; and to impress on them the feeling that their difficulties are understood and their successes are appreciated by the Board in London over twelve thousand miles away. Fortunately, the great improvement in air travel today assists the maintenance of contact with our whole Organisation in Australia; which in these days is so vital for any Company operating in another land which now has its own traditions, culture and developments.

STAFF

Our Agency staff in Victoria, New South Wales and Queensland have had to meet

increased competition throughout the year, and have responded well and energetically. Staff of the sheep and cattle stations have continued to give of their best. At the sugar mills, due to limitation of production, our main efforts have been towards increased efficiency, and our studies to improve methods have been continuous.

The present high cost of staff salaries means that, more than ever, increased personal efficiency is essential. The Company has continued its policy of staff training at all levels throughout the Company, and it is hoped that increased management skill may offset to some extent the large increases in staff costs. All the Company staff have given their usual loyal and enthusiastic service.

Any reference to the fine service rendered by all the Company's organisation would not be complete without special recognition of the outstanding service which Mr G. S. Colman, our Australian Director and General Manager, has again rendered during another busy twelve months. The Company owes much of its success at the present time to his courage, vision and foresight over a long period of years.

In expressing our thanks to him, we are also most grateful for the good work rendered by the Assistant General Manager, Mr G. H. Colman, who has continued to develop his knowledge and experience of the business; and now occupies with notable success an important position in our General Management.

FUTURE PROSPECTS

Prospects for 1960 have been generally improved by rain falling throughout the Eastern States, at the end of April and beginning of May.

In Victoria, the situation is considerably changed. Good rains have fallen in almost all parts of the State, and although cold weather may affect growth, stock should now be comfortably carried through the winter, and a good spring ensured.

Dry conditions have been relieved by rain at all of the Company stations in New South Wales, and good falls at Oolambeyan—where conditions have been extremely dry—were particularly welcome. Provided normal winter rains are received, the situation should be satisfactory.

In Queensland there has been no general widespread wet season. However, all our stations received the recent rain, and while seasonal conditions could be considered light at most of the stations, the position is generally satisfactory. Mount Morris and Chatsworth are dry, and we have reduced stock numbers considerably at these two stations.

Wool prices this year are giving a reasonable although not a highly profitable return, and have not shown the large fluctuations of previous years.

The overseas meat market is firm for beef; although the American market is not likely to be as strong as in 1959.

Production at the sugar mills is limited as a result of the International and Commonwealth Agreements; but the recent increase of 1d. per lb. in the domestic price should help the profits of both mills, and provide a reasonable return on the very substantial capital outlays which we have made during the last few years.

In spite of the fact that costs continue to rise, in particular owing to the ever increasing wage awards, we hope to be able to present a satisfactory report to you in twelve months' time.

BANCA TOSCANA, FLORENCE, (ITALY)

Capital Lit. 750,000,000 Reserve Funds Lit. 1,137,061,102

BALANCE SHEET AT 31st DECEMBER, 1959

ASSETS

Cash		L. 3,213,989,251
Bills, including Treasury Bills		39,651,155,268
Securities:—		
Government or Govt.-guaranteed	L.19,506,853,283	
Mortgage Bonds	4,372,690,153	
Miscellaneous	1,202,782,469	
		25,082,325,905
Participations		261,878,561
Advances		25,757,290,573
Real Estate:—		
Charged Value	511,699,719	
Revaluations for monetary equalisation	597,061,102	
		1,108,760,821
Furniture and Fittings		1
Sundry Debtors		1,338,884,049
Customers' Liabilities for Acceptances and Guarantees		587,133,843
Bills for Collection		9,768,305,480
TOTAL ASSETS		L.106,769,723,752

CONTRA ACCOUNTS

Securities deposited by way of Guarantee, etc.:—		
Pension Fund	L. 606,305,000	
Outside Parties	13,087,432,022	
		13,693,737,022
Other Securities deposited		33,839,758,708
TOTAL		L.154,303,219,482

LIABILITIES

Savings Accounts		L. 51,252,321,832
Current Accounts		43,090,360,661
		L. 94,342,682,493
Circular cheques		2,143,885,418
Sundry Creditors		2,304,505,370
Staff Indemnity Fund		2,552,521,308
Unclaimed dividend		3,245,403
Bills for Collection		1,107,078,115
Acceptances and Guarantees		587,133,843
Unaccrued Interest and Discounts		1,684,384,380
Balance of profit from previous years		1,801,266
NET PROFIT		155,425,050
TOTAL LIABILITIES		L.104,882,662,650

CAPITAL AND RESERVES

Capital	L.750,000,000	
Ordinary Reserve	540,000,000	
Revaluation Fund	597,061,102	
		1,687,061,102
TOTAL OF LIABILITIES AND CAPITAL AND RESERVES		L.106,769,723,752

CONTRA ACCOUNTS

Securities deposited by way of Guarantee, etc.:—		
Pension Fund	L. 606,305,000	
Outside Parties	13,067,432,022	
		13,693,737,022
Other Securities deposited		33,839,758,708
TOTAL		L.154,303,219,482

In extraordinary session the General Meeting also resolved to increase the Capital from Lire 750 million to Lire 1,500 million.

REED & SMITH, LIMITED

INCREASED TRADING PROFIT

The annual general meeting of Reed & Smith, Limited was held on May 27th at Exeter, Sir Arthur C. Reed (chairman) presiding.

The chairman, in the course of his speech, said: It was with pleasure that your Directors were able to forward to you the Annual Accounts for 1959 showing an increase in the trading profit. This satisfactory result was achieved in spite of the difficulties which confronted the Paper Industry during the year.

I reported last year that the lowering of paper prices in the early months of 1959 adversely affected our margins. A few weeks later, the strike in the Printing Trade temporarily reduced the demand from certain of our mills. Business showed a marked improvement in the fourth quarter, however, and thanks to the modernisation of our mills in the last few years, we were able to meet all the calls made upon us. In all the circumstances, it is felt that the improvement of over £74,000 in our trading profits is satisfactory.

With a view to conserving our resources for further capital development which your Board considers essential to meet continuing competition, there has been transferred from Profit & Loss Account to General Reserve £192,657 and this Reserve now stands at £535,000. In view of the better results, your Directors recommend a Final Dividend of 8 per cent less tax, making 12 per cent for the year, which compares with an equivalent of 10½ per cent paid last year.

There has been an increase of some £114,000 in our investment in Subsidiary Companies. This represents the cost of acquiring the whole of the share capital of two businesses during the year, the larger of which is an engineering concern whose facilities will be of considerable value to the Group in the maintenance and development of our plant and machinery. The other is a small business which fits very usefully into our organisation.

STRONG LIQUID POSITION

Turning to the Consolidated Balance Sheet, you will see that our liquid position is strong with an excess of current assets over current liabilities of a million pounds, an improvement of some £167,000 on the position a year ago.

Our Sales Organisation has been operating since last July from new and larger offices in London, and there is no doubt that greater efficiency and better customer service have ensued from the change. Business at our Manchester and Glasgow Offices continues to expand.

Whilst the opening months of 1960 have shown an appreciable improvement in our trade, we have to face very shortly the effects of the initial reduction of Tariffs by the "Outer Seven" under the European Free Trade Area Agreement. The natural resources of the Scandinavian Member-Countries, which give them the advantage of low production costs, will lead to greater competition from their exports of paper to this Country. Our Group's policy of expansion and greater efficiency, however, coupled with our specialisation and variety of product have, I feel, strengthened our position to meet these difficulties and I think we can look to the future with a reasonable degree of confidence.

The report and accounts were adopted.

SPILLERS LIMITED

TURNOVER REACHES RECORD FIGURE OF £89 MILLION

OUTPUT INCREASED IN ALL SECTIONS

ACQUISITION OF SPRATT'S PATENT LTD.

MR WILFRED D. VERNON ON A DECADE OF DEVELOPMENT AND GROWTH

The seventy-third annual general meeting of Spillers Limited was held on May 27th at the Abercorn Rooms, Great Eastern Hotel, Liverpool Street, EC2, Mr Wilfred D. Vernon (the Chairman) presiding.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended January 31, 1960:

RESULTS FOR THE YEAR

I am glad once again to report a satisfactory outcome of the year's operations. Output has increased in all sections of the Group's activities and the total turnover has reached the record figure of £89 million.

The profit amounted to £4,995,000, of which taxation absorbs £2,500,000, leaving a net balance for the year of £2,495,000. This is some £500,000 more than the corresponding balance for the previous year. In these circumstances the Directors are able to propose a substantial increase in the total distribution on the ordinary stock made up of the interim dividend of 2½ per cent already paid on the £13,125,924 of stock then in issue and (as forecast) a final dividend of 7½ per cent on the £19,688,886 of stock now in issue. This would represent a total distribution for the year ended January 31, 1960, of 9¼ per cent on the augmented amount of ordinary stock and compares with the equivalent of 6¾ per cent on that amount of stock for the preceding year.

On the basis proposed the net amount distributed for the year (including preference and minority dividends) would be £1,185,000, leaving £1,310,000 for retention in the business.

The financial outcome from milling showed some improvement. There was a small increase in the quantity of flour sold; wheat prices fluctuated very little; and ocean freight rates were relatively steady throughout most of the year but with some hardening towards the close. Overall costs rose in the early months of this year and reluctantly we were obliged just recently to raise prices in order to obtain a reasonable operating return.

On the animal foods side there was again a significant increase in tonnage sold but trading was on the basis of lower margins. We look for continued expansion on this side of the business and I am confident that this will be so as a result of the considerable expenditure which has been laid out on research, experiment and the advisory services at the disposal of our customers.

There was an increase of output in the baking section though most of the benefit from this was absorbed by a further rise in wages and other costs. Constant effort is directed to reducing costs through modernisation and close control, but it is difficult wholly to offset the rising trend which had to be reflected a few weeks ago in a small increase in the price of bread—the first for some three years.

Results from other domestic operations have also been satisfactory but call for no special comment.

In the overseas sphere the Rhodesian Milling Company (Private) Ltd. had a reasonably satisfactory year. This company as I indicated last year, has become an enterprise of considerable size but its results are not reflected in our accounts since the policy has been not to pay dividends but to apply the earnings in further development. In Australia our associated company John Darling & Sons (Australia) Ltd. showed some falling off in earnings as a result of exceptionally severe competition in its milling and allied activities.

GROWTH OF THE BUSINESS

I think this is an appropriate time for me to comment upon the growth of the business—particularly over the last decade—and the policy which has underlain it. Put briefly, and with some over-simplification, this has been the consolidation of the flour milling section and the steady expansion of the baking, animal foods and pet foods sections.

MILLING

The milling section has to be considered against the background of a persistent fall in the *per capita* consumption of flour in this country. There has been a move towards a more varied diet following the withdrawal of food rationing and the rise in living standards in the later years of the post-war era. This, despite the intervening increase in population, has meant that the total consumption of flour in the United Kingdom is now rather less than it was immediately before the last war. Such a situation is not peculiar to this country as the same state of affairs has occurred in most, if not all, of the highly developed countries throughout the world. We are playing our part in the industry's efforts to demonstrate to the public the nutritional qualities and economic advantages of bread as a foodstuff. On the manufacturing side our aim has been to streamline our milling operations by concentrating production in large strategically situated modern units which can obtain the greatest efficiency from equipment based on the latest techniques in regard both to manufacture and the handling of raw materials and finished products. To this end we have, since the war, closed a number of our older mills; modernised and extended others and built several new units to replace those destroyed by enemy action. In this way we have sought—and I think I may claim with some success—to place ourselves in the best position to meet the highly competitive conditions arising from the existence of some degree of over-capacity in the industry. From the technical standpoint I venture to say that there is no better equipped milling organisation in the western world.

BAKERY INTERESTS

At the same time we have carried out a complementary policy of substantially increasing our interest in baking. This, as I informed stockholders some years ago, has been done with the dual objective of obtaining some measure of stability in the level of our flour production and bringing us into more direct touch with consumer demand for the finished products of which flour is the principal raw material. In pursuance of this policy we have acquired a number of baking businesses operating throughout the country. In appropriate cases we have modernised and extended existing capacity or centralised production in new plants. Our direct interest in baking in no way alters our main business as millers which is to give the most efficient service to our customers in supplying flour of the best quality at competitive prices. Indeed our experience in the baking field will, we hope, enable us better to fulfil our responsibility as suppliers to the baking trade as a whole.

ANIMAL FOODS

The manufacture of animal foods—and particularly compound feeding stuffs—has long been a most important section of the business. Total production of compound foods in this country has greatly increased and has virtually doubled over the last 10 years alone. To maintain and increase our share of this trade we have constantly extended our numerous modern plants and are now constructing two new factories at Gainsborough and Aberdeen. The former will come into operation in June of this year and the latter should be in production by the end of this year.

On the pet food side our trade is continuing to expand, and in the manufacture of biscuits and meals we hold the leading place in the industry. Our recent acquisition of Spratt's Patent Ltd. should greatly strengthen our position. That company is well established in the manufacture of a full range of pet foods and we believe that the complementary nature of its business will facilitate the successful expansion of both companies' products.

RESEARCH

In company with these developments we have considerably increased the facilities for and personnel engaged in research in the fields of both human and animal nutrition. In my view this is essential in order to offer products which are in keeping with the most up-to-date scientific knowledge and to provide for the evolution of further new and attractive foodstuffs.

TEN-YEAR RECORD

All these factors have contributed to broadening the base of the business and increasing its efficiency. The extent of the growth is illustrated in the comparative figures for the last 10 years published with this report. It will be seen that over the period earnings have expanded with the increase in turnover and capital employed. Virtually all the additional capital required has come from our own resources and we have been conscious of the

fact that since this was effectively provided by the stockholders it is right that they should receive an adequate return on their increasing investment. I am glad that while still making substantial retentions from earnings for modernisation and development, it has been possible over the period to treble the gross distribution on the ordinary stock.

The effect of the considerable capital expenditure and increase in working capital financed internally has naturally brought about a change in the liquid position over the period. Since the end of the financial year we have incurred or are about to incur substantial capital outlay in the acquisition of Spratt's Patent Ltd. and otherwise in the future expansion of the business. This necessitates additional temporary borrowing and at the appropriate stage we shall proceed with the raising of more permanent capital.

CURRENT PROSPECTS

As to our prospects for the current year the volume of business has so far continued at a satisfactory level and I see no reason to expect any material falling off. Though we have to continue with some rise in costs and keen competition, I am hopeful that with the net benefit of new acquisitions the steady expansion of the business and the earnings therefrom will continue. The Directors intend, should circumstances then warrant it, to maintain the interim dividend at 2½ per cent but on the increased amount of ordinary stock now in issue.

VALUATION OF FIXED ASSETS

During the year an independent valuation of the fixed assets, which had been put in hand some time previously, was completed. It seemed to the Directors that it would be appropriate to give effect to this valuation in the Balance Sheet at January 31, 1960, by adjusting the book value of the fixed assets to conform with it and permanently to capitalise a large part of the resulting surplus by the issue of fully paid ordinary shares. This was approved by the stockholders at the extraordinary general meeting on January 29th last, and these transactions are incorporated in the Accounts now submitted to you. The Board consider that the Balance Sheet as amended by the valuation better reflects the capital position of the Group under current conditions.

BOARD OF DIRECTORS

As was announced earlier this year there have been some changes in the composition of the Board. Mr R. A. Twomey has retired after 40 years in our service during which he was untiring in his devotion to our affairs. It was on him, under Mr H. B. Vernon, that the principal burden fell of reconstituting the flour selling organisation to operate under competitive conditions following the end of the long period of Government control. Mr Twomey takes with him our gratitude for his contribution to the success of the company and warmest good wishes for a long and happy retirement. Two new appointments have been made to the Board in Mr H. W. Pratten and Mr W. M. Vernon, both of whom occupied senior positions in the Group. Mr Pratten was for many years Chief Accountant and is now Managing Director of United Bakeries Ltd. Mr Vernon was General Manager in charge of operations in the South East Area. We welcome them both, knowing that their experience of the business will be of the greatest value and I warmly commend confirmation of their election to the stockholders.

I should like to place on record our best thanks to Mr Hosegood for his services as Joint Managing Director and our great regret that he should be compelled to give up this office on grounds of ill health. We are all very pleased however that he has consented to remain a Director.

GENERAL

Our General Manager for the South West Area, Mr E. Corrin, retired on reaching retiring age and has been succeeded by the Honourable William Normand, who was formerly Deputy General Manager in the North West Area. Mr Corrin had spent nearly 39 years in our service and I wish on behalf of all of us to convey to him our appreciation of his work and our best wishes for the future.

To all the management, staff and workpeople throughout the Group I once more express the thanks of the Board and the stockholders for their co-operation and effort which play such an essential part in the success of our operations.

Lastly I should mention a change in the location of our Head Office. Since 1924 this has been situated at 40 St. Mary Axe, EC3, The growth of the business has resulted in the need for increased accommodation and we have accordingly moved to new premises at Old Change House, Cannon Street, EC4.

The report and accounts were adopted and the final dividend, as recommended, was approved.

The retiring directors, Mr W. D. Vernon, Mr L. Hosegood, Mr H. W. Pratten and Mr W. M. Vernon, were re-elected and the remuneration of the joint auditors, Messrs Impey, Cudworth and Co., and Messrs Deloitte, Plender, Griffiths and Co., was fixed.

SPILLERS LIMITED
Est. 1887

Millers and animal food manufacturers with numerous subsidiary companies

DIRECTORS:
WILFRED D. VERNON (*Chairman*)
SIR ARCHIBALD F. FORBES, GBE
(*Deputy Chairman*)
LAURENCE HOSEGOOD
HERBERT W. PRATTEN
C. PASLEW RISHWORTH
HUMPHREY B. VERNON, MC
W. MICHAEL VERNON

Secretary and Registered Office:
CYRIL HARVEY, FCIS,
Old Change House,
Cannon Street, London, EC.4.

CAPITAL:
Authorised: £30,000,000
Issued: £21,124,303
6% Cum. Pref. Stock £1,435,417
Ord. Stock £19,688,886
Quoted London, Birmingham, Bristol, Cardiff, Dublin, Liverpool, Newcastle and Newport

Trading Profit: £4,941,296
Net profit after taxation: £2,495,144
Ordinary dividend for year to Jan. 31, 1960: 9¼% *on increased capital*
Ordinary stock price, at May 27, 1960: 45s.
High/Low quotation 1960: 48s. 9d., 39s. 6d.

VIGZOL OIL COMPANY

EXPANSION OF SALES

The Thirty-first Annual General Meeting of the Vigzol Oil Company Limited was held on May 31st at Ealing, Mr Percy Bilton, FInstPet, MSAE (Chairman and Managing Director) presiding.

The following are extracts from his circulated statement for the year ended December 31, 1959:

During the twelve months covered by the Accounts the sales of all products have expanded by a substantial margin. This increase has been achieved in the face of considerable competition which we have been compelled to meet by providing a greatly improved and increased field service throughout the British Isles.

This service to our customers and dealers, which is additional to the increase in the Sales Force mentioned in my last Statement, has necessitated the employment of specialists and the adoption of new sales policies. Increased costs in respect of wages, services and raw materials have also played their part and we have been unable to pass on such increases to our customers.

Consequently our Trading Profit shows a decrease from £125,079 in 1958 to £112,383 in 1959. Consolidated Net Profit at £61,213 compares with £64,257 in 1958.

Lubricating Oils.—Sales have again shown a noteworthy increase over the previous year. In particular Motor Oil Sales, where competition continues to be fierce, are making encouraging progress. Our new Diesel Fuel Additive VITASUL which was introduced last year, has been very well received and a satisfactory turnover in this product has been achieved. There is also a demand for VITASUL in foreign countries and shipments have been made to many, including the USA.

Exports have again shown a considerable increase, both from expansion in existing markets and from a gratifying penetration into new territories.

Agricultural Chemicals.—Our long association with the Agricultural Industry has enabled us again in 1959 to extend our penetration into this market.

Spraying Machines.—The demand for our Machines during 1959 was so encouraging that we decided to increase further our range of Medium Volume Sprayers. A new Machine, the YEOMAN 80, has now been introduced and is being well received.

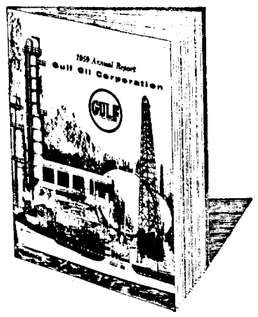
Subsidiary Companies.—During the year your Company purchased the whole of the Share Capital of Liberty Oils Limited and it is anticipated that with the operational savings we will be able to make, this new subsidiary will add a satisfactory contribution to our Group Profits.

Our Dublin subsidiary and the Record Oil & Grease Company Limited have both made satisfactory profits for the year under review.

General.—Sales for the first four months of 1960 show an increase over 1959. Our sales reorganisation is largely complete and I anticipate that the full benefits of our new policies will begin to be felt during the latter part of the current year. Development costs of new products and the specialist training of new personnel take some time in recovery. Your Board therefore are quietly confident that the current year's trading should again show satisfactory profits.

The report and accounts were adopted.

1949-1959 A Decade of Record Progress at GULF OIL



Results of Gulf Oil's world-wide operations in 1959 reflected continued over-all progress. A comparison of the company's major financial and operational activities in 1959 and 1949 emphasizes Gulf's rapid growth over the past decade.

Net income in 1959 was $290,467,000—nearly triple the company's net income in 1949. Sales and other operating revenues totalled $3,170,847,000, compared to $1,123,885,000 in 1949. Based on current shares cash dividends increased from $0·45 per share to $0·97 during the ten-year period. Net production of crude oil and condensate produced rose from 20,000,000 tons in 1949 to 64,300,000 in 1959.

Financial and operational highlights for 1949 and 1959 are presented here.

CONSOLIDATED FINANCIAL DATA	1959	1949
Net Income	$290,467,000	$100,877,000
Net Income Per Share (Adjusted for all stock dividends and stock splits)	$2·90	$1·07
Cash Dividends	$96,876,000	$42,545,000
Cash Dividends Per Share (Adjusted for all stock dividends and stock splits)	$0·97	$0·45
Stock Dividends	3%	—
Total Assets	$3,576,318,000	$1,215,891,000
Working Capital (Current assets less current liabilities)	$690,656,000	$205,848,000
Sales and Other Operating Revenues	$3,170,847,000	$1,123,885,000
Capital Expenditures	$335,771,000	$168,421,000
Depreciation, Depletion, etc.	$260,845,000	$80,488,000
OPERATIONS DATA — IN LONG TONS *		
Net Crude Oil and Condensate Produced	64,300,000	20,000,000
Net Natural Gas Liquids Produced	1,500,000	200,000
Crude Oil Processed at Refineries	33,100,000	18,800,000
Refined Products Sold	39,000,000	18,800,000
Natural Gas Liquids Sold	4,500,000	300,000

* Operations data includes Gulf's equity in all operations in which the Company has an interest.

A copy of Gulf's report will be sent upon request to Gulf Eastern Company, Gulf House, 2 Portman Street, London, W.1, England.

MILK MARKETING BOARD

SALES STILL RISING

MR RICHARD TREHANE'S SPEECH

The annual general meeting of the Milk Marketing Board was held on May 31st, in London.

Mr Richard Trehane, the chairman, who presided, in the course of his speech said:

In the twelve months covered by our Report, milk supplies were similar in total to the previous year: the one was a very wet year and the other almost permanently dry in most parts of the country. For most of the period markets were favourable and as you know we sold a significantly higher quantity of milk in the liquid market. The trend of rising sales has now continued for more than two years and I am glad to report that currently sales are still rising compared with a year ago. Whilst we are pleased with these results, we must remind ourselves, however, that conditions are in our favour. There has been a steady rise in population and the real incomes of the people have increased, whilst the retail price of milk remains low compared with the price of almost any competing product. I am informed that the average working man today has only to toil for seven minutes for his pint of milk compared with twelve minutes twenty years ago. A great deal of work is going on in an endeavour to develop this market and our new Sales Division has made a very satisfactory beginning. We are pleased that this great but traditionally steady market has moved and is beginning to rise. We believe that the scope for further progress is enormous: and the cards are in our favour if we play them boldly and well.

FRESH CREAM MARKET

The fresh cream market has continued to show good progress and we are now selling about as much milk for cream as we were before the war. This is good but not nearly good enough. The dairy industry suffered heavy loss when cream was banned for a long period in the national emergency. The description of favourable conditions in the market which I have given for liquid milk apply even more to the prospective market for fresh cream. We are on the whole poor users of fresh cream and so many of us are not accustomed to its taste and flavour that we go around accepting substitutes without apparent comment and complaint.

CHEESE INDUSTRY

We are working closely with the dairy trade in these developments of our markets. The cheese industry is in good shape and we find that when English butter is available it has a ready sale to the public at higher prices than competing supplies from overseas. Acting on behalf of the producers of milk in this country and believing in the good prospects of expansion of our markets, the Board have devoted substantial sums to advertising, publicity and sales development during the last year. But we are convinced that much more should be done and that this will be profitable investment in the long term. The turnover of the industry is not less than 500 million sterling annually at retail prices—milk and dairy products provide nearly a quarter of the total protein food of the people.

I make a plea to the great distributive organisations—including the co-operative movement which plays such a prominent part in the milk industry—to be even more venturesome in their merchandising and selling methods. The distribution of food has been changing rapidly in recent years and our methods must march with the new trends. The scope and variety of our products, their presentation and packaging, require increasing attention. Constant research is necessary at the producing and processing end as well as in the market. Our milk and dairy products have the great initial advantage of being fresh farm foods and prices for these products are low and a good buy for everyone.

FARMERS' PROGRESS

The dairy farmers of this country have, it is agreed by all, made enormous progress in the last decade. Not only have they produced very much more milk but they have done so with only a very small increase in the size of the national dairy herd. The increase in the herd in ten years was 4 per cent whereas milk output was up by 18 per cent. The average yield per cow has risen by more than 100 gallons in the last decade and the latest forecast of 750 gallons for 1960 is a most commendable achievement. In the process of increasing efficiency on the farms, quite large numbers of small producers have abandoned milk production. We estimate that we have almost 40,000 producers less in our registers now compared with ten years ago. The dairy herds are becoming larger and the yield per cow is still rising.

As a marketing organisation we do our best to assist in promoting efficiency on the farms where I think we have had very considerable success, due greatly to the enthusiasm of the farmers themselves. The Board have promoted improvements in the national dairy herd by rapid extension of the artificial insemination service and the National Milk Recording Scheme has been a firm foundation for better breeding of our dairy herds. In these improvements which we have promoted in the dairy farms, we have found willing and even enthusiastic co-operation of the farmers. We are also reaching the stage when all the dairy herds in the country will be tuberculin tested so that we can soon claim that from both the health and efficiency aspects we shall have a national dairy herd second to none. In the fields of transport and marketing we continue to improve arrangements and to reduce costs.

PRICES

Prices paid to producers per gallon of milk have declined during the past five years; costs of the principal factors in production have increased. Efficiency in the industry has been increasing steadily but the reward of producers in real terms has declined over this period, during which most of the workers in the country have been improving their living standards.

At the review of guaranteed prices this year we had naturally expected that in view of the record of milk producers in recent years, the Government would have raised or at least maintained the level of the guaranteed price, particularly as cost factors were higher mainly because of wage increases. In the event, the decision was to reduce the guaranteed price for milk by a farthing a gallon. The Government, however, did agree to adjust the Standard Quantity, for which the price is guaranteed, by an amount equal to the increase in sales in the liquid milk market for 1959 compared with the previous year. We welcome this adjustment particularly as we are assured that this will be a feature of each succeeding review; we will do all we can to ensure that the adjustment will continue in an upward direction.

THE INDUSTRY'S VIEW

These are some of the factors that provide the background against which the present and future status of the industry must be considered, and in particular, are relevant to the attitude of the Government toward us. The result of the recent review of guaranteed prices and notably the indication of policy contained in the accompanying White Paper, make it necessary for me in turn to state the point of view of the industry. No one can deny that the existence of some measure of subsidy for milk and the interdependence of dairy farming and other products for which there are guaranteed prices entitles the Government to exercise some control of production trends.

We find it strange, however, that for some seven years the Government has been more concerned to restrict expansion in dairy farming than in any other product. It is even stranger when the subsidy on milk is less in total and in proportion than for any other major product and milk is the only one where the guarantee is limited to the Standard Quantity. This represents the amount of milk that is necessary to provide for the liquid market and an adequate reserve. It was fixed in the very different circumstances of 1953, and represented the quantity which it was felt desirable that our industry should produce. In accordance with Part I of the Agriculture Act of 1947 it is that proportion of our production to which the guaranteed price applies. We claim that the great changes that have occurred in our industry and our markets justify a review of the basis of the Standard Quantity. I reiterate that claim. The expansion that the Government would frown on is outside the range of the guarantee so that the economic consequences fall squarely on the producers. If the Government restricts its liability to a part only of our production, so must its concern with the part outside the guarantee be limited.

THE IMMEDIATE TASK

We have an industry whose vigour is second to none. It has shown great resources in pursuit of economic efficiency and in prosecuting markets. Let us have the freedom that is vital to progress without continued economic and doctrinal stricture.

We consider that our immediate task must be to sell in our most profitable markets of milk and cream even more than the likely increase in production. Producers have always backed us in this and we shall continue to devote more of our resources of skill, men, and money to this imperative aim.

OLIN MATHIESON REPORTS ON 1959

Olin Mathieson's 1959 Annual Report, now in the mail to 75,000 shareholders, characterizes the past year as one of "significant progress."

Sales were $702,032,000—a 17 per cent increase over 1958 and a record high.

Net Profits Amounted to $2.81 per Share, compared with 70 cents a share in 1958 when heavy non-recurring write-offs reduced the year's income.

Financial Position Continued to Improve with cash and government securities at the year end exceeding $100 million. Working capital of $259 million was at an all-time high.

Entry into the Aluminum Industry was Completed during the year, making Olin Mathieson the nation's fourth largest fully-integrated aluminum producer.

Long Range Development Programs which are now underway for each division include:

...Major expansion of organic chemical facilities.

...Additional chlor-alkali capacity and modernization of existing facilities.

...New fabricating equipment to broaden the aluminum product line.

...Expansion of pharmaceutical research and production facilities.

...Modernization of kraft pulp, paper and converting facilities.

...New production equipment for sporting arms and ammunition.

...Expansion of research facilities and intensification of all research programs. The 1960 research budget is the largest in the Corporation's history.

Highlights from Olin Mathieson's 1959 Annual Report

	1959	1958
Sales and Operating Revenue	$702,032,000	$601,398,000
Net Income	37,416,000	9,383,000*
Per Share	2.81	.70*
Capital Expenditures	30,190,000	48,192,000
Working Capital	259,249,000	241,475,000
Total Assets	839,170,000	786,802,000
Number of Shareholders	75,000	72,000
Number of Shares Outstanding	13,310,000	13,286,000
Number of Employees	38,000	38,000

*Net income for 1958 before write-off of special charges and gain from sale of investments was $53.5 million or $2.52 per share.



Copies of the complete 1959 Annual Report will be furnished on request.
Please write to the Secretary, Olin Mathieson Chemical Corporation,
460 Park Avenue, New York 22, N.Y.

OLIN MATHIESON CHEMICAL CORPORATION / EXECUTIVE OFFICES, 460 PARK AVENUE / NEW YORK 22

THE NORTHERN ASSURANCE GROUP

STATEMENT BY THE CHAIRMAN

The following is an extract from the Statement by the Chairman, the Right Honourable Lord Glenconner, which has been circulated with the report and accounts:

The merger with the Employers' Liability Corporation which has now been effected is perhaps the most important event in the history of our Company. For some years now we have been convinced that our operations in America must be considerably expanded if they are to be profitable, and one of the immediate benefits which will accrue to us is that our American business will be joined with that of the Employers' Liability, who have a much larger premium income there than ours, and who have been so successful in that country. It is also a great advantage to have a substantial investment stake in a country which still has such an immense potential.

Employers' Liability are well placed also in Canada, while the Northern is the larger in the United Kingdom, Europe, Africa, Australia and the Far East. The Northern will also bring to the new Company the whole of its Life and Marine business, with premium incomes of some £8 million and £6 million respectively.

We are convinced, too, that the new Company, with its much larger resources, and with a business which is wider spread and better balanced, both geographically and as to classes of business, is assured of a greater future than either the Northern or the Employers' Liability could have achieved separately.

Complete integration over a period of years is, therefore, our aim, for only in this way can the full benefits of the merger be realised. I would like to take this opportunity, however, of saying that reduction of staff, if any, will come about chiefly as a result of retirement and normal wastage. Where it is considered we should not wait for vacancies to occur, the interests of those concerned will be fully protected. At the same time, there will be greater opportunities, as the new Company progressively fulfils its promise.

SUBSTANTIAL LIFE BUSINESS INCREASE

Last year's new life assurance secured a further big advance. Net new sums assured, after deduction of re-assurances, were 17 per cent higher at £44,613,056 compared with the 1958 figure of £38,145,968. In the United Kingdom our Aberdeen Head Office and seven of our branches each secured over £1 million of new business, while Glasgow secured more than £2 million.

After a lapse of twenty-two years, the London and Scottish began to write life assurance in Canada last year; in seven months the business obtained was equivalent to £780,000. Our new subsidiary The Northern Life Assurance Company of Australia also had an excellent first year; it has opened its life portfolio with £2,878,000 (sterling) of business, which exceeded our expectations. Both these subsidiaries must be congratulated on their good start. Our South and Central African branches, while not writing quite the same volume of business as in 1958, secured over £6 million new sums assured.

STATE PENSION SCHEME

Our pensions department made its usual big contribution to last year's life figures. Its work will be affected by the extension of the state pension scheme which begins in April next year. This extension adds a graduated pension related to earnings to the present flat benefit; the additional benefits are modest and employees will not enjoy them fully for many years. Employers can contract out of this graduated extension to the state pension scheme if their own pension schemes provide for their employees a guaranteed minimum rate of pension—a principle known as the preservation of pension benefits.

This puts the matter in its simplest form. In fact, the conditions governing the introduction of graduated benefits, the terms of contracting out for private schemes and for the preservation of pensions are most complex. Indeed, the detailed administration of the new scheme is so heavy that the final regulations have not yet appeared. On such a difficult subject, employers are naturally anxious to get the best guidance and the Northern Assurance Group has sent to the many employers who have Northern pensions policies a booklet designed to help them, entitled "The Effect on Private Pensions Schemes of the National Insurance Act 1959." This has been well received by our policyholders and in the insurance press.

Our individual retirement annuity plan, designed for the self-employed and others, was again well supported last year with new annual premiums of £111,000. In addition we received £82,000 of premiums in respect of our variable annuity scheme, introduced two years ago primarily to enable the self-employed to save for retirement through the medium of ordinary shares. Policyholders in this new scheme have already gained considerable advantage from the rise in the value of ordinary shares.

INTERIM LIFE POLICY

As a result of the favourable experience in the Northern's participation fund, the directors, on the advice of the actuary, increased the interim rate of bonus on participating policies from January 1, 1960, until further notice to £2 8s. per cent, as compared with the previous interim rate of £2 per cent declared after the 1955 valuation. A further valuation will be made at the end of this year, when reversionary bonuses will be allotted in respect of the 1956-60 quinquennium.

FIRE AND ACCIDENT UNDERWRITING

Fire and accident business throughout the world is still passing through a difficult period. A specially unfavourable feature last year was the loss for the first time in many years on the home fire account. This was offset to some extent by fire business overseas which improved to a satisfactory level of profitability, except in the United States. Overseas accident business especially that obtained by way of reinsurance, also proved more unfavourable than in 1958. Our strenuous efforts to remedy this situation are yielding results but not yet to the point of reversing the trend.

In 1959, fire and accident premiums for the Northern Assurance Group were £11,118,727 and £15,488,492 respectively; together they totalled £26,607,219, more than 5 per cent above the 1958 total. This increase has been achieved in spite of the steps we have taken to limit business in territories where experience has been unfavourable. Satisfactory profits continue to be earned in Africa, Australia and Continental Europe. It is particularly gratifying that our branch in Canada, where we celebrate our centenary this year, has again made a contribution to profits after the difficult experience of the past few years.

MARINE RESULTS

The group's underwriting results, however, reflect the continued difficulties in our most important markets. As a result, the loss on the fire account was sharply increased to £717,500 against £130,038, while the accident account showed a deficit of £267,923 compared with £17,041 in 1958. On the other hand, the marine account happily shows an improvement, despite the continued recession in the shipping industry. Freedom from major casualties, more stability in repair costs, and such compensating factors as less crowded waterways and the laying up of less efficient vessels have all contributed to a better result and premium income has been assisted by the higher values of new vessels. Premiums showed a small reduction from £6,605,087 to £6,457,826; the profit transfer for 1959, however, is £413,839 against £58,489 for 1958, leaving the fund at £9,392,708, equivalent to 145.5 per cent of last year's premiums.

PROFIT AND LOSS ACCOUNT

Taking these three accounts together, the 1959 profit and loss account has to carry net underwriting deficits of £571,584, compared with £88,590 in 1958, but there has been a further vigorous advance in the investment earnings of the shareholders' funds from £1,641,622 to £1,792,722 for which the skill of our investment department deserves full thanks. Losses on exchange amounted to £64,931, and were materially lower than the 1958 figure of £196,850, and the group's gross trading profit came out at £1,217,730 compared with £1,401,806. There was a material relief in taxation which amounted to £577,384 and absorbed 47 per cent of our gross trading surplus, compared with £858,463 and 61 per cent in the preceding year. Out of the net profit of £640,346 it is proposed to set aside £150,000 to contingency reserve; in 1958 net profit amounted to £543,343 and £25,000 was so set aside. I should, perhaps, explain that the profits quoted above were reached after deducting contributions totalling £508,324 to the Staff Pension Fund and the Widows and Orphans Fund, which are separately constituted funds administered by Trustees. This figure, as usual, forms part of the general expenses shown in the revenue accounts.

You will recall that my letter of January 22, 1960, advised you of the directors' intention to recommend a dividend of 16 per cent in respect of 1959, with an estimated payment equivalent to 18½ per cent on the capital of Northern and Employers' in 1960. The 16 per cent dividend in respect of 1959 will absorb £602,852 after deducting income tax.

I must mention the retirement after 38 years with the Company of Mr Earl Patton.

We wish him many years of leisure during his well-deserved retirement.

GUEST, KEEN AND NETTLEFOLDS, LIMITED

MR K. S. PEACOCK'S REVIEW

The Sixtieth Annual General Meeting of Guest, Keen and Nettlefolds, Limited, will be held on June 23rd at Birmingham.

The following are extracts from the circulated Statement by the Chairman and Managing Director, Mr K. S. Peacock, for the 52 weeks ended January 2, 1960:

The decision of the electorate at the last General Election was received by your Board with untold relief as it removed the depressing prospect of renationalisation of the Group's steel interests and of having again to submit to disorganisation of our affairs and unnecessary interference with our daily activities and efficiency. It is to be hoped that out of the present thinking of the Labour Party on the subject of nationalisation will come the realisation in good time that very few doctrinaire policies operate satisfactorily in practice.

RESTRICTIVE TRADE PRACTICES ACT

Last year I referred to the operation of the Restrictive Trade Practices Act, 1956 and my feelings on this subject remain unaltered. The provisions of the Act discriminate most unfairly against the manufacturer and the judgments given so far make it abundantly clear that it is virtually impossible for any Association, however impartially operated, to make representations to the Court which can be effective. As I said last year, a number of Associations were formed on the recommendations of the Government of the day in the early 1930's after detailed investigation by the Import Duties Advisory Committee and I question if it is now wise to destroy by legislation the foundations on which these Associations have been built. When we criticise the policy of the Labour Party on nationalisation, it should be remembered that this Act could also be considered as originating from doctrinaire views. I am therefore hopeful that a more commonsense view will prevail and reasonable amendments to the Act will be made which will enable it to be operated on a basis fair to everyone including the manufacturer. This is certainly not the case at present.

THE ACCOUNTS

The Accounts have been drawn up on similar lines to previous years and I think all relevant information is provided, but there is one item which requires some explanation. It will be noted from the Consolidated Balance Sheet that the excess of the market value of quoted investments over their book value has widened from £1,346,703 at January 3, 1959 to £4,799,529 at January 2, 1960. As is well known, Stock Exchange prices moved up considerably during 1959 and your Board took the opportunity to reduce the portfolio of investments. I should mention particularly the sale of 500,000 shares from our holding of 2 million shares of £1 each in The Steel Company of Wales Limited for which we subscribed at par three years ago, as I then reported to you. The proceeds of sales of each investment have first been applied to write down its book value and any surplus has been included in the Profit and Loss Account under "Exceptional Items."

Group turnover with outside customers increased from £208,996,000 in 1958 to £220,807,000 in 1959. The increase of £12 million was achieved in spite of reductions in certain iron and steel prices in the United Kingdom and the highly competitive conditions existing in the early part of the year, particularly in the engineering companies in the United Kingdom.

TRADING CONDITIONS IN 1959

In my Statement last year, when referring to these difficult trading conditions which had persisted from the latter part of 1958, I warned Stockholders that it then seemed possible that the trading results of 1959 would not equal those of 1958 unless there was some marked improvement in general conditions. There were at that time indications of improvement in demand which rapidly increased in most of our companies with the result that the final outcome for the year 1959 has been reasonably satisfactory.

The surplus on trading increased by £1,715,000 to £25,831,899, after charging £1,114,000 more for depreciation, and the total profit after taxation was up by £2,132,000 to £13,414,174.

DIVIDEND POLICY

Your Board have decided that Stockholders should have some immediate benefit from these improvements in profit and accordingly recommend a final dividend for 1959 of 10 per cent, to give a total for the year of 15 per cent compared with 13 per cent for 1958. Your Board, however, are of the opinion that they must maintain the policy of large retentions of profit in order to finance the continuing expansion of the Group and in particular the massive schemes of capital expenditure on which our success so largely depends.

EXPANSION OF STEEL OUTPUT

In a steel works such schemes take a considerable length of time to bring to fruition and it is therefore necessary from time to time to investigate the probable long-term trend of demand for steel products. The British Iron and Steel Federation, in conjunction with the Iron and Steel Board, have been engaged in this exercise for as far ahead as 1965 in regard to the products coming under their responsibility. We have made a similar survey for our own steel works, whose ownership by the Group we consider vital. From this it is clear that, to take care of the likely future demands by our engineering companies on the Group steel works and to replace certain outside supplies, expansion of output at the steel works is required on a long-term basis. This matter has received a great deal of consideration and we feel it necessary to go forward with alterations and expansions at our three steel works at an approximate cost of £20 million. Although your Board have approved these proposals in principle, some variations may take place in these schemes from time to time. The expenditure will be spread over the next five years, but it is expected that the heaviest amounts will fall in the years 1960, 1961 and 1962. Out of the total cost of these schemes only £2,225,000 is included in the total figure of £18,600,000 expenditure outstanding at January 2, 1960.

CAPITAL EXPENDITURE

Apart from this steel works expenditure the Board are likely during 1960 to sanction substantial sums in regard to developments at other Group works, much of it in relation to expansion of the motor industry which from the nature of our business we must of course support.

It is therefore the Board's view that the annual rate of capital expenditure is unlikely, during at least the next three years, to fall below the level of about £18 million which applied during 1958 and 1959. Actual figures are as follows:

	Expenditure in 1958	Expenditure in 1959
U K Companies:	£	£
Steel	7,695,000	7,852,000
Other	6,105,000	5,265,000
Overseas Companies	3,624,000	4,967,000
Total	£17,622,000	£18,084,000

EMPLOYER/EMPLOYEE RELATIONS

From capital expenditure which provides the tools for the job I turn now to our relations with the 76,000 employees on the job.

In terms of days lost as a result of industrial disputes—both official and unofficial—1959 was one of the two worst years for British industry since the war. In these circumstances it is particularly gratifying to report that the Group remained remarkably free of such troubles. Steps to ensure that this satisfactory state of affairs is maintained by the development of a new generation of soundly trained managers and supervisors continue to be taken on a considerable scale. Intake to the various schemes to which I have referred on previous occasions has been assessed as a result of the most careful reviews and estimates of requirements; there is already evidence that the money invested in these schemes will prove in the future to be money wisely spent. The overall numbers of craft, technical and commercial apprentices being trained in the Group increased considerably during the year. Whilst helping to solve the national problem produced by the increasing number of school leavers, the Group intends to help itself and take advantage of this situation by strengthening its reserves of craft and technological skills to meet the needs of its expanding activities.

As usual the results of the year are due to the team effort of all concerned and stockholders will, I am sure, join us in again expressing our sincere thanks for the year's work.

PRESENT TRADING CONDITIONS ACTIVITY—PROFITS—PRICES

Present trading conditions are good and the outlook for the future is promising, with almost all sections of the Group heavily occupied with substantial order books. It must, however, be realised that it is only the high rate of activity in the engineering works that enables them to operate at a reasonable rate of profit, as the improvements in operating efficiency which have been secured in almost every one of our works by our large programmes of capital expenditure have been absorbed by continuous increases in national wage rates which in their turn inflate many other items of cost over which we have little or no control. We have made strenuous efforts to keep down prices of our finished products, but some increases can no longer be avoided.

ATLAS ELECTRIC AND GENERAL TRUST LIMITED

PROPOSED 100 PER CENT CAPITALISATION ISSUE

LORD REMNANT ON CONTINULD REVENUE INCREASE

The fifty-second Annual General Meeting will be held on June 23rd in London.

The following are extracts from the circulated Statement of the Chairman, The Right Honourable Lord Remnant, MBE:

The revenue of the Trust has continued to expand and at an accelerated rate. Gross Income at £1,451,396 is £161,619 or 12½ per cent higher than in the previous year.

Expenses show little change but taxation at £543,216 is £28,817 higher. Net revenue after taxation, amounting to £768,961, thus shows an increase of £134,146 or 21 per cent. The proposed final dividend of 11 per cent on the Ordinary Stock makes a total of 15 per cent for the year compared with the equivalent of 12.7 per cent last year.

Balance Sheet.—Prior to their revaluation, the Trust's investments as at March 31st last had a book value of £11,826,601, which compared with a market value of £28,397,418. The Directors had no doubt that a substantial part of this appreciation of £16,570,817 would prove to be permanent and therefore decided to increase the book value by a sum of £4,500,000, while a like amount has been credited to Capital Reserve. It is now proposed to capitalise this sum and issue 18 million new Ordinary Shares of 5s. each credited as fully paid by way of a 100 per cent bonus to the holders of the existing £4,500,000 Ordinary Stock of the Company. At the same time the existing stock will be converted into 5s. shares with the object of improving its marketability. The valuation of £28,397,000 at March 31st last compares with one of £21,800,000 in the previous year and of £16 million the year before that.

The average gross return on our investments, valued as I have already said at £28,397,000, was a fraction over 5 per cent.

We have still further reduced our holdings of fixed interest securities, viz. Debenture Stocks and Preference Shares, which now constitute only 3.55 per cent in value of all our investments. In doing so we have sacrificed some immediate revenue, as the gross return on the investments sold exceeded 6 per cent, but we believe that we have improved the quality of the Trust's portfolio and we expect to make good the deficiency in revenue in due course.

In considering the prospects for the current year one can see many clouds on the horizon but one uncertainty at least, viz. the possibility of nationalisation of some sections of industry in Great Britain has been removed. There is also no sign of any considerable decline in industrial prosperity. The Trust's revenue in the current year has been maintained and I am confident that the results of the whole year will show continued progress. It is very unlikely however, that the large increase in revenue of the past year will be repeated.

To reduce the disparity between the interim and final dividends on the Ordinary Shares it is proposed to pay an interim dividend next December of 3 per cent on the doubled capital. This is equivalent to 6 per cent on the present Ordinary capital and compares with 4 per cent paid last year.

THE BRITISH DRUG HOUSES LIMITED

GROUP SALES EXCEED £10 MILLION

MR GEOFFREY C. R. ELEY ON IMPORTANT DEVELOPMENTS IN RESEARCH FIELD

The Annual General Meeting of The British Drug Houses Limited was held recently in London and the following is an extract from the Chairman's statement which was circulated with the accounts:

The sales of your Company and its subsidiaries during 1959 amounted to over £10 million. This is more than £3 million higher than last year's figure, which was itself a record, but the figures are not comparable, for during 1959 we acquired the businesses of J. R. Gibbs Ltd., of Paignton and Bristol, and of Rowland James Ltd., of Swansea and Cardiff, and the sales of these two companies for ten months are included in the 1959 figures. If appropriate allowance be made for the effect of these acquisitions, the group sales would still have represented a new record.

The wholesaling side of our business has been extended and greatly strengthened by the purchase of J. R. Gibbs Ltd. and Rowland James Ltd., both of which continue to trade as independent companies, with representatives of your Company on their boards.

Two years ago J. R. Gibbs Ltd. acquired the issued ordinary capital of Ferris & Co. Ltd., of Bristol, a widely respected and old-established business now engaged mainly in the supply of laboratory chemicals and apparatus.

Apart from these extensions of our interest in wholesaling, 1959 witnessed a further encouraging expansion in our own direct wholesaling activities in the London area. Sales increased rapidly and there is every indication that we were right in judging that we had something to offer in this field that was really needed.

LABORATORY CHEMICALS DIVISION

No chemicals in the world have a higher reputation than those sold under your Company's name. They are in regular use in every country where scientific education or industry exists and the increasing appreciation throughout the world of the need for more technological training and the rising tempo of industrialisation are resulting in an ever growing demand for laboratory chemicals. The first large building on our new site at Poole is already in use. This was intended as the first part of a three-stage programme of expansion, but the growth of this side of our business has been such that the remaining two stages are being undertaken immediately. The total cost of this development at Poole will be approximately £750,000.

EXPORT

Our overseas sales of pharmaceutical products and chemicals amounted to nearly 40 per cent of total sales in spite of the fact that our new subsidiary companies are almost exclusively concerned with the home market. Increasingly it has become necessary to conduct our overseas business through subsidiary companies, and during 1959 we formed a new company, British Drug Houses (Far East) Ltd., to serve Singapore and Malaya. We are now about to register B.D.H. (Ireland) Limited and to erect a factory in Dublin. All our previously existing overseas companies reported satisfactory results for the year and particularly good progress was made in Australia, Canada and India.

RESEARCH

The pharmaceutical manufacturer must not only work to improve existing products and their methods of manufacture but also devote a substantial part of his resources to the search for new, more efficient, therapeutic agents which, when discovered, will replace the products in use today. I have always been careful to stress the uncertainties of research. During 1959, however, your company issued two new preparations, a diuretic and a progestational agent, each relying for its action upon entirely new chemical substances discovered in our own laboratories, and each the only substance in its particular field of medicine discovered in a British research laboratory.

Furthermore, as I told you recently, we have just discovered new substances which when tried on animals showed outstanding promise as oral contraceptives. We hope shortly to reach the stage of making these substances available for trial on human beings under medical supervision, but such tests must necessarily take a considerable time to carry out. They must be extensive and exhaustive. Even if all goes well we cannot expect that any results will be available before mid-1961. If the trials confirm the findings on animals and reveal no unforeseen side-effects we shall have discovered a new product for which there could be a very large market. It was this fact—and this fact alone—that made it seem proper to us to inform you of our discovery when you were recently considering a bid for your shares. I would not normally have announced our discovery to you before the Annual Meeting, and even then I might have been more general in my comments. I would stress that, although our discovery is exciting, yet the uncertainties that lie ahead are many, and I would repeat my previous warning that in such matters it is impossible to budget for success. I would add, however, that I feel great confidence and pride in the quality of the work carried out in your company's research laboratories.

ACCOUNTS

The Group Profit before tax amounted to £647,495 (£551,597 in 1958). Profit after tax amounted to £321,395 (£288,991). In my letter of February 17, 1960, to stockholders, I said that we estimated that Group Profit before tax would not be less than £600,000 and that, if this proved correct, we should recommend a dividend of 24 per cent. We now recommend the payment of this dividend, which is covered 1.7 times by the profits for the year. A sum of £60,000 from our Tax Provisions, no longer required, has been added to General Reserve, together with £100,000 from our current year's profits.

I also announced your board's intention to recommend the capitalisation of part of our reserves by the free issue of one ordinary stock unit for every two held. If our recommendation is accepted the consolidated Revenue

Reserves of the BDH Group will still total £1,570,684. As a preliminary to this capitalisation it will be necessary to increase the authorised capital of the company, and we are asking for your approval to increase the authorised ordinary share capital of the company from £1,500,000 to £2 million. After the free issue which we are proposing a balance of £200,000 will remain unissued. We have no particular or immediate plans in mind for its utilisation.

The increases which are shown in the Consolidated Balance Sheet in the totals of Freehold and Leasehold Properties, Plant, Machinery, Fixtures, Fittings and Furniture, Stocks, Debtors and Creditors mainly stem from the acquisition of J. R. Gibbs Ltd. and Rowland James Ltd. The purchase of these companies, together with the repayment of £200,000 of our unsecured loans, resulted in a large increase in the Group's bank overdraft. The portion of this Group overdraft attributable to the Parent Company amounts to £621,857.

So far this year the indications are that our overall business is running satisfactorily and should enable us to give effect to the expectation we have held out to stockholders that we shall be able to distribute a total sum in dividends similar to that recommended in respect of 1959.

On your behalf I would like to thank the Managing Director, his executive colleagues and the staff at all levels, both here and abroad, for the part they have played in what has been a strenuous but reasonably satisfactory year. On their behalf I would like to thank you, our stockholders, for the understanding and confidence you showed recently when accepting our advice to ignore what may have seemed, in terms of immediate advantage, a not untempting offer. We shall do all that lies in our power to see that you continue to feel satisfied with your decision.

The report and accounts were adopted, and at the subsequent extraordinary general meeting the board's capital proposals were approved.

MECCA LTD.

Joint Chairmen:
C. L. Heimann — Alan B. Fairley

Joint Managing Directors:
Walter J. Pickard, O.B.E. — J. S. Crichton

DIRECTORS:
Eric D. Morley — T. A. S. Harpham
L. Ambridge — Jack Binks
J. H. Senior, F.C.A. — E. H. Benwell

Secretary and Registered Office:
G. J. R. Pannett, B.Sc. (Econ.), B. Com., F.C.I.S.,
76 Southwark Street, S.E.1.

Extract from Accounts to 31st December, 1959.

	1958	1959
	£	£
Trading Profit	659,571	715,068
Tax Provision	290,053	282,924
Profit after Tax and Minority Interests	277,199	328,333
Paid in Dividends (less Tax)	188,933	232,151
Retained	88,266	96,182
Dividends paid gross on Ordinary and "A" Ordinary Shares ...	22½%	25%
Fixed Assets	3,878,064	5,294,853

Annual General Meeting, 31st May, 1960

Fixed Assets have increased by £1,416,789 during the year, and due to further large expansion plans, the Directors have decided to obtain further permanent Capital of approximately £1,465,000 by way of a "Rights" Issue of One new "A" Ordinary Share at 10/- per Share, for every Two Ordinary or "A" Ordinary Shares held on 6th May, 1960, and to enable this to be effected, the Shareholders are being asked to increase the Authorised Capital to £3,000,000, by the creation of an additional 2,800,000 "A" Ordinary Shares. This will then leave 1,391,798 "A" Ordinary Shares available for future acquisitions, although none are planned at the present time.

The Trading Results for the first 18 Weeks of 1960, compared with the same period for last year, show a substantial increase, and subject to any unforeseen circumstances, the Directors anticipate being able to recommend a Dividend of not less than 20% for 1960, on the increased Capital.

CAPITAL:
Authorised: £2,300,000
Issued: £1,754,669
5% £1 First Cumulative Preference £145,000
5% £1 Second Cumulative Preference £138,302
5/- Ordinary Shares £350,000
5/- "A" Ordinary Shares £1,121,367
Quoted London
"A" Ordinary Share price at 1st June, 1960: 27s. 10½d.
High/Low quotation, 1960: 29s. 6d., 26s.

KILLINGHALL TIN

The Thirtieth Annual General Meeting of Killinghall Tin Limited was held on May 27th in London, Mr Jack Addinsell, the chairman, presiding.

The following is an extract from his circulated statement:

The increase in quotas and permissible sales, together with the availability of some extra quota, enabled the mine to finish the period under review with a profit which, in the circumstances, must be regarded as satisfactory.

There was a profit for the year, before tax, of £25,524. Taxation requires £6,166 and your directors are recommending a dividend for the year of 25 per cent.

In my statement issued in May, 1957, I referred to the additional area of the Killinghall rubber estate for which application for conversion to mining was to be made to the State Government. I am now glad to report that the formalities have been completed and the sublease from the Rubber Company for this area, which on survey proves to be about 326 acres, is in process of completion. The recoverable values in this new land, together with those remaining in the present sublease will, it is estimated, occupy the dredge for at least a further 25 years. This figure is, of course, only an approximation and will be affected by a number of factors—such as the incidence of restriction, tin price and operating costs—which it is impossible to forecast so far ahead.

Provided the increased rates of quota continue and the tin price is maintained, the results for the current financial year should show improvement on those of the year under review.

The report and accounts were adopted.

BARRY AND STAINES LINOLEUM

The Annual General Meeting of Barry and Staines Linoleum Ltd. will be held on June 23rd in London. The following is an extract from the circulated statement of the chairman, Mr T. J. Cavanagh:

A year ago I was able to report a welcome increase in home trade turnover following the pre-Budget stagnation, which seems to have become a regular and regrettable feature of present-day trading in commodities that are subject to purchase tax. I also reported that prospects for the current year were better, and that we hoped to expand our business both at home and abroad. This we were able to achieve with encouraging success in linoleum, which is the mainstay of our business.

With increased sales in keenly competitive markets we have had increased expenses which have absorbed a good deal of the extra profit. In addition to this our non-linoleum activities have been less profitable. Our French subsidiary, La Compagnie Rouennaise de Linoleum, was able to increase sales. This company is well situated to take advantage of trading developments in the European Common Market.

Linoleum sales for the current year to date show a satisfactory increase over the corresponding period in the previous year, but expenses also show a tendency to increase; we are naturally doing all we can to expand sales and keep expenses in check. This problem of increasing expenses is not peculiar to ourselves; it is in fact a universal problem affecting individuals and Governments as well as industries. Nevertheless, we are full of confidence in the future, given a fair economic wind and no political interference.

THE UNITED SUA BETONG RUBBER ESTATES, LIMITED

INVESTMENT IN MALAYA

SIR JOHN HAY ON THE OUTLOOK

The Fifty-first Annual General Meeting of The United Sua Betong Rubber Estates, Limited will be held at 19 Fenchurch Street, E.C.3, on Wednesday, June 8th, at 12 noon.

In his statement, which has been circulated to stockholders, the Chairman, Sir John Hay, after referring to the results for 1959, went on to say:

In relation to overseas territories two subjects are topical, standards of living and the rate of investment.

A few facts on these two matters may be of interest.

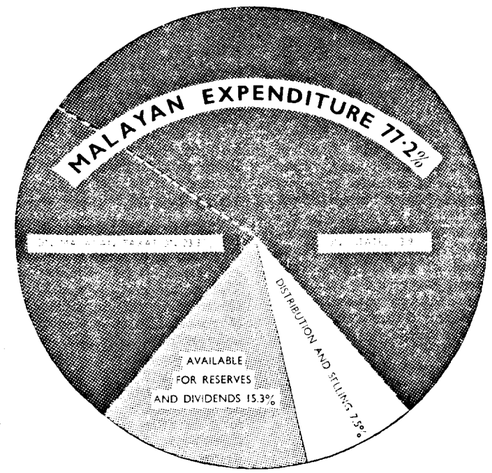
STANDARDS OF LIVING

It is estimated that the cost of living in Malaya is 3½ times that of 1939. Adjustments in the rates of earnings have been made from time to time and, appropriately, the worker has been the first and greatest beneficiary. It is estimated that his present cash earnings are six times greater than the 1939 rate. I use the term "cash earnings" advisedly for in other respects his treatment has been correspondingly improved. As far as large and progressive estates are concerned, there is in progress a revolutionary change in housing conditions. New dwellings are of a superior and permanent construction, including indoor sanitation, piped water and, in many instances, electric light. His social and recreational facilities have been extended and their scope widened. That these benefits are being appreciated by labour is evident. Mr Sinclair, the Manager of Yong Peng, reports that "a better type of worker is now being attracted to the estates, where facilities for the education of their children and security of employment are invariably better than that available in the town and village, without even losing the lighter side of life such as sports and cinemas." Other managers report a general increase in the standard of living manifested in a variety of ways, the most commendable of which is an eagerness for the better education of children. Other grades in the service are in receipt of payments which more than match any increase in the cost of living and are better off than many workers in England in similar grades. With the worker's earnings adjusted to the price of rubber and those in intermediate and senior ranks receiving a commission on profits, it can be truly said that all in our service are closely identified with the Company's fortunes.

INVESTMENT IN MALAYA

This Company and its associates in the Group have since the war invested or committed to investment in the form of planting and replacement the sum of $143 million. The Group is only a very small part of the whole and if other members of the industry have invested on anything approaching that scale then the total of investment in this form must be very considerable indeed and a very important factor in the Malayan economy. But far transcending this is the yearly recurring expenditure in Malaya. Our accounts show that the proceeds of rubber and tea for 1959 amounted to £3,416,154. This is foolishly represented as something extracted from the country. The diagram below illustrates where in fact the money goes.

It may astonish many who cherish illusions regarding the conduct of overseas enterprises that over 77 per cent goes back into Malaya and that of the balance 7½ per cent is absorbed in distribution—mostly ocean freight—and selling, leaving a moderate proportion (15.3 per cent) available for reserves and dividends. A further fact which may equally astonish many who are impressed with dividends expressed in terms of a percentage on the nominal issued capital, is that the average net dividend paid to stockholders over the past thirteen years averages less than 7 per cent on the capital employed in the business.



THE OUTLOOK

In an earlier statement issued by an associated company, I gave some indication of the statistical outlook for 1960. I see no reason to revise what I then said, but it may be helpful if at this later date I emphasise some points which have since more clearly emerged. The estimated output of natural rubber still stands at 2,103,000 tons which is 35,000 tons in excess of last year and, significantly, Malaya accounts for 27,000 tons of that. Current supplies, which equate closely to expected demand, are likely to be supplemented by releases from stockpiles to the extent of 185,000 tons but of that nearly 65,000 tons had been released by the end of April last. Despite supplies so augmented, the price has risen appreciably. This is due partly to a market technicality which has already been amply explained elsewhere, but it is also in part accounted for by the fact that the first half of the year is seasonally unfavourable to maximum production. It is reasonable to expect that market difficulties will be adjusted soon and with higher outputs in prospect for the latter part of the year there should be an easing of tension between supply and demand. It would be unrealistic to expect a continuance of the present abnormal price nor would its indefinite continuance be desirable, since it would give a strong encouragement to the increased use of synthetics and other substitutes. Already it has resulted in a serious falling off in the demand for natural latex, the form in which the bulk of our output is processed. World stocks in consuming countries are low; further releases from stockpiles may well be required to restore them to a level judged necessary, especially in the present time of political anxiety. All this seems to point to the conclusion that although the present quotation may not be maintained after the market has overcome its technical difficulties, the price should thereafter rest at a highly profitable level for the remainder of the year. As regards our own prospects, we do not expect, in terms of output, to repeat the exceptional performance of last year. On the other hand, sales so far made, amounting to 7,400,000 lb, show an increase of 3d. per lb. over the average of last year and we have contracts outstanding for the delivery of concentrated latex, the equivalent in terms of dry rubber of 4,450,000 lb, at a premium over the price of sheet. But as I have already observed, sales of rubber so processed have since fallen steeply. After this year we expect that our outputs of rubber in all forms will follow an ascending scale and by 1965 they are estimated to be at the rate of 30 million lb per annum.

Chairman's Statement: ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED

Incorporated in the Union of South Africa

Race Relations in Union and Federation

NEED FOR RECOGNITION OF AFRICANS' RIGHT TO PERMANENT HOMES IN SOUTH AFRICA'S CITIES

Mr H. F. Oppenheimer Reviews Effects of Political Risks on Anglo American Corporation's Plans and Progress

The following is from the statement by the Chairman, Mr H. F. Oppenheimer, which has been circulated to members:

On the 21st of March at Sharpeville, in the course of demonstrating against the pass laws, 69 Africans were killed and 178 were wounded in a clash with the police. As a result of this deplorable event and widespread disturbances in other parts of South Africa the Government proclaimed a state of emergency. This situation has come about at a time when we are called upon to celebrate the 50th anniversary of the formation of the Union. The achievements of the past 50 years are certainly notable, but in present circumstances no thinking South African can look to the future without misgiving, and the feeling is widespread that new methods and new policies are urgently needed if we are to build a truly united South Africa. This mood is by no means confined to the political opposition.

African Discontent

The Federation of Rhodesia and Nyasaland also is going through a difficult time. Here African discontent is not directed primarily against discriminatory legislation but against the existence of the Federation as such. In the economic sphere the high hopes that were entertained when the Federation was formed have been more than realised and all races have shared in the general prosperity. Politically, and socially also, the African population has probably advanced faster and further in the last six years than in the whole history of the country. Nevertheless, influenced by what has happened in quite different circumstances in other African territories to the north certain African politicians in Nyasaland and Northern Rhodesia have succeeded in inducing a large part of the African population in these territories to believe, in contradiction to the plain facts, that Federation is an instrument of racial oppression and that they would be much better off without it. Recently the whole situation has been further complicated and race relations seriously embittered by a number of senseless attacks by bands of African hooligans on both Europeans and Africans. In one case these attacks resulted in the murder of a European woman and the injury of her two children. Barbaric incidents of this sort, which fortunately are isolated and which are condemned by reasonable African opinion, must be countered by firm action, but it is of the utmost importance that the Europeans in Northern Rhodesia, and throughout the Federation, should not allow their indignation at these incidents to divert them from the policy of partnership. I am confident that they will not do so.

The Monckton Commission is faced with the difficulty of reconciling the demands of extreme African nationalists—who are always ready to brush aside the need for efficient Government and economic development—with the responsibility which the British government must feel for maintaining law and order and for raising the standard of living of the masses in these countries which it has taken under its protection.

I am glad to be able to report that, in spite of all these difficulties, operations at all the mines we administer have proceeded normally.

The consolidated profit, after tax, of the Corporation and its subsidiaries, allowing for minority interests, amounted to £7,730,864 compared with £7,181,537 in 1958 and £5,254,540 in the previous year, and was again a record. This satisfactory improvement is due to a substantial increase in income from investments. This, in turn, reflects the record profit levels achieved by the gold and uranium mining industry and by the diamond industry and also the considerable improvement over the previous year in the profits of the copper mining industry of Northern Rhodesia. It was considered by your Board that the increase in profits justified an increase of 1s. per share in the ordinary dividend.

Last year was therefore a particularly successful one for our Corporation, and if it were not for the difficult political situation, the way ahead would be clear for a continuation of the rapid expansion and development of recent years. The disturbances in the Union have gravely affected us in their immediate effects and we are, of course, also deeply concerned about their ultimate outcome. We have always looked to London, and to a lesser extent to the other capital markets of Europe and to America, for a substantial proportion of the finances required for the South African and Rhodesian development for which we are responsible. The recent disturbances have affected these markets to a degree which is not generally appreciated in South Africa. Not only have they caused investors to fear for the safety of their holdings, they have evoked a wave of moral indignation against the present South African racial policy.

Republican Issue

Moreover, the referendum on the republican issue overhangs the market, which is particularly affected by the possibility that if South Africa were to become a republic it might for one reason or another, cease to be a member of the Commonwealth. The consequences for our group are obviously serious. We think it is reasonable to expect that if conditions in the country remain quiet the share market will gradually improve, but, in my opinion, it would not be prudent for us to count on being able to raise sufficient money for a considerable time from the public, either here or overseas, for our new ventures on terms that we would regard as satisfactory. We will, therefore, have to rely to a greater extent than we would normally think desirable on the internal financial resources of our group. These are, fortunately, substantial, and provided we follow a conservative policy there need not be for financial reasons any serious slowing down in the tempo of our new development. It is not, however, only in regard to the in-flow of capital that the adverse effects of Sharpeville and its aftermath are felt. For many new enterprises it is essential for a group such as ours to tie up with leading companies overseas, who are able to provide the essential technical and commercial "know-how." In no fewer than four instances large-scale projects which we have had under active consideration have had to be put into cold storage for the time being, because our overseas associates are not willing to proceed until the political situation in the Union is clearer.

Confidence Unshaken

In spite of all these difficulties, our confidence in South Africa is unshaken and we are determined to continue to play our full part in the economic development of the country. We shall do this not only in our own direct interests, but in order to help to create that background of rising standards of living, which is essential in order to give South Africa a fair chance of dealing effectively with her social and racial problems. In the long run, however, prosperity in South Africa must depend on a general restoration of confidence. Great emphasis has rightly been placed on the need to restore law and order. It is, however, only a preliminary. Even a long period of quiescence will not suffice, unless, at the same time, it appears that successful steps have been taken to regain the goodwill of the African population. Of course, not all the Africans are disaffected, and many people have argued that the disturbances were due merely to agitators and intimidators. There is no doubt that agitators have been busy and that there has been serious intimidation of law-abiding Africans by the extremists. Equally, however, there can be no doubt that there is deep discontent among the African population in the urban areas. That is why the agitators have been so successful. Law and order have been restored, but only at the expense of far-reaching interference with the liberties of the population, black and white alike. Many people in South Africa are convinced that no changes in government policy or European attitudes short of complete surrender to the full demands of the extreme African nationalists would suffice to secure African goodwill. To this one can only retort that you never know till you try. Certainly South Africa's reputation overseas, and relations with the rest of the Commonwealth and the Western democracies in general, would be very different if they could be persuaded that a genuine and determined effort was being made to remove all the reasonable causes of discontent which have provided the background to the activities of extremists and agitators. The difficulty of dealing with an explosive internal situation is vastly increased if the world outside is convinced that genuine grievances exist and that no serious effort is being made to remove them. Only this month that great American, Mr Adlai Stevenson, made this important statement:

"Racialism is hateful whether it is black or white. America, however, can use its influence to advocate African patience and restraint only if there is a clear prospect ahead for African advance. Where this is lacking—as in the Union of South Africa—the extremists will gain increasing influence."

Operation of Pass Laws

The immediate cause of the present crisis was African protests against the pass laws, and it is clear that this legislation, together with the laws governing the sale of liquor to Africans and the unsympathetic manner in which they are sometimes administered, are major causes of interracial friction. In the case of the liquor laws the necessary changes could probably be made without too much difficulty, and it is satisfactory to see that the Government intend to tackle this problem, but when we come to the pass laws, the matter, as is so often the case in Africa, is far from simple. Some provisions covered by these laws are necessary for good government and are very much in the interests of the Africans themselves. It is essential to begin with that there should be an effective means of personal identification, and this, with a people of whom the majority are still comparatively primitive, and in the absence of the necessary statistics which are taken for granted in a fully developed country, is not an easy matter. In addition, since South Africa does not possess either an efficient system of voluntary labour bureaux or (a much more difficult matter) an educated African labour force to take advantage of such a system, it is not necessarily wrong or against the Africans' own interests that for an interim period anyhow, administrative machinery should be maintained by the Government to direct Africans seeking employment to the areas where jobs and proper housing are available to them. There are, however, certain aspects of the pass laws so intolerable to the urban Africans that everything connected with the whole system is included by them in the same condemnation. And what they resent most of all is the provision that the failure by an African to produce his pass to a policeman immediately on demand is in itself a crime punishable by a fine or imprisonment. The other features of the pass laws which do most damage to race relations flow from the pretence that permeates all the legislation dealing with the urban African that he is not a permanent resident where he lives, but merely a temporary visitor with his real home in quite a different part of the country. There was a time when it might have been reasonable to regard the bulk of the Africans in the urban areas in this light. But that time is long past and today, while large numbers of tribal Africans still come to work in the urban areas, there is a very large and increasing African population in the towns whose connection with their original tribal homes has almost or entirely ceased to exist. Moreover, these urban Africans are absolutely indispensable to the industrial life of the country. Nevertheless, they are treated as though they were migrants, and the pass laws and other legislation operate to prevent their obtaining the right of permanent occupation of the only homes they have. If they lose their jobs and do not find another one within a short period, they may be uprooted and forced to go to quite a different part of the country. In this way, families are broken up and the urban African is denied that sense of permanence and security which is one of the prime needs of all human beings. It is difficult to exaggerate the sense of frustration these features of African urban life cause, particularly amongst the growing number of intelligent and educated men who hold responsible positions. And it is these people who are the moulders of African thought and the effective leaders of their people.

It seems to me that what in the first place is required, in order to improve race relations, is that white South Africa should fairly and squarely face the fact that whatever may be done to build up the economy of the reserves, so as to enable them to carry as large a population as possible (and I hope that every effort will be made to this end), there will necessarily remain millions of Africans in and around the European cities who have their permanent homes there and belong to those urban communities just as much as the Europeans themselves. Once that fact is grasped and the consequences that flow from it worked out and acted upon, we shall, I believe, have gone a long way to remove the sense of grievance and frustration which lies behind the present crisis.

It would be idle to pretend that Southern Africa is not subject to serious political risks. But there are very few parts of the world where there are not serious political risks of one kind or another. And in Southern Africa, in spite of all the problems and difficulties, there are solid grounds for optimism. The Union and Southern Rhodesia are multi-racial countries with a comparatively large European population. Europeans are in a minority as compared with the Africans but are certainly not a small and helpless minority to be swept aside or tolerated as the African majority may decide. In Northern Rhodesia the European population is smaller both absolutely and in relation to the Africans. The Europeans, however, occupy a key position in the copper mining industry which is the most important industry in any of the territories that make up the Federation, and on which the economy of the Federation in a large measure depends. Without the Europeans, that industry would come to a standstill. Nyasaland has only a very small European population and must be regarded as almost entirely an African country. Nevertheless, it depends for its economic welfare on very close links with Northern and Southern Rhodesia, and to a lesser extent with the Union. In all these territories the time has passed, if it ever existed, when Europeans could afford to ignore the interests and feelings of the Africans. But that does not mean that the Africans are, or will be, able to get along without the Europeans. In all the four territories with which we are concerned, conditions differ and the constitutional forms which apply to one will not necessarily be appropriate for the others. Nevertheless throughout this vast area, the safety and welfare of all the races who inhabit it are inextricably tied together. Eventually they will be forced to work together, and the sooner this is accepted the better for all concerned.

JOHN BRIGHT & BROTHERS

ENCOURAGING RECOVERY IN PROFITS

The thirty-seventh Annual General Meeting of John Bright and Brothers, Limited, will be held on June 22nd in London.

The following is an extract from the circulated statement of the chairman, Mr Fred Train:

The consolidated profit on trading at £527,591 exceeds the previous year's figure by almost £63,000, which I regard as encouraging evidence of the recovery in the results of our activities. After crediting other income and deducting depreciation and taxation, the profit comes out at £243,631. Your directors recommend a final dividend of 15 per cent, making a total of 22½ per cent for the year, the same as before.

The consolidated balance-sheet discloses a satisfactory increase in net current assets from £2,471,752 to £2,646,724.

The figures now presented reflect the benefits achieved by a vigorous sales policy which enabled us to obtain a larger proportion of available business and to increase our turnover by approximately 30 per cent. Our adaptability for the ever-increasing use of man-made fibres in the production of industrial yarns and fabrics has no doubt been a contributory factor in expanding our markets to such a marked degree.

We have been successful in widening our range of products, a policy which we are pursuing in an endeavour to reduce our dependence upon any one section of industry.

COTTON REORGANISATION SCHEME

It was in May of last year that the Government announced details of its Cotton Reorganisation Scheme stating that it was prepared to contribute up to £30 million towards the cost of trimming and re-equipping the industry, leaving a substantial balance to be borne by those continuing in the trade.

The Scheme was designed to operate in two parts—the first part dealing with elimination of surplus capacity; the second with the re-equipping of those units remaining in production. The Government undertook to pay compensation to those firms which voluntarily offered surplus capacity for elimination. This compensation was conditional upon certain stated minima being attained and upon the industry undertaking liability for payment of compensation to displaced personnel.

We decided to place two of our factories in the Redundancy part of the Scheme. I am pleased to tell you that the closure of these two factories and the increased use of shift-working in other units should appreciably increase the profitability of the Group as a whole. Displaced operatives have been offered alternative employment or compensation at not less than the approved rate.

The second part of the Scheme deals with re-equipment of those mills remaining in operation. Here, the Government offers to assist by meeting 25 per cent of the cost of such re-equipment, the difference to be borne by the industry. Although the advantage we can take is limited by the fact that due to our policy over past years we have already modernised our mills, nevertheless we shall take whatever advantages may be available to us under the terms applicable to this part of the scheme.

As this is the first occasion on which it is my privilege to address this statement to stockholders, it is indeed gratifying to be able to report some improvement in the figures over those of the previous year. The outlook to-day is much brighter than for some time past and even more encouraging is the continuing improvement in trading conditions which allows me to view the current year with great confidence.

FINANCE CORPORATION FOR INDUSTRY

SUBSTANTIALLY IMPROVED RESULTS

CORPORATION'S IMPORTANT ROLE IN FINANCING CAPITAL INVESTMENT

THE LORD WEEKS ON "A BUMPER YEAR"

The fifteenth annual general meeting of Finance Corporation for Industry Limited was held on June 2nd in the Conference Hall of the Chartered Insurance Institute, 20 Aldermanbury, London, E.C., Lieut. General The Lord Weeks, KCB, CBE, DSO, MC, TD, the Chairman, presiding.

The following is the Chairman's statement which had been circulated with the Report and Accounts for the year ended March 31, 1960:

The accompanying accounts cover the year to March 31, 1960. During the period a further £22½ million was advanced to clients whilst repayments amounted to £15,038,125 and outstanding loans (less provisions) rose from £37,048,125 to £44,510,000.

Further commitments as shown in the Note on the Balance Sheet in the sum of £24,072,000 show a decline over the year largely as the result of the greatly accelerated pace at which these loans are being taken up by clients.

The increase in the amount actually advanced to clients was financed by further borrowings from our Bankers and by the profits realised during the year.

Although there are several important and interesting developments under discussion at the present time, no new loan agreements have been entered into in the course of the past twelve months. This is a condition of affairs liable to occur from time to time in a business of this nature, but particularly so in the buoyant circumstances which prevailed in the money market in general for the greater part of the year. The function of your Corporation is to supplement but not compete with normal sources of finance for expansion and development and we are very conscious of our responsibilities in this regard.

PROFIT AND LOSS ACCOUNT

Turning to the Profit and Loss Account, I am happy to report a substantial increase in the amount of Interest receivable less interest on advances from Bankers, partly arising from a net increase in the amount of loans advanced to clients.

The figure of Surplus on realisation of investments, engagement fees and other income shows an increase of £3,095,775 against the 1958/59 figure and has been achieved largely from the profit realised by the sale last December of two million Ordinary Shares acquired in South Durham Steel & Iron Company Limited under the terms of our loan agreement with them.

As I have emphasised in earlier statements, income under this heading is completely unpredictable and subject to arbitrary fluctuations from year to year, but it is nevertheless of great importance in enabling the Corporation to establish a profitable position over the years.

This year to the best of our belief there is no occasion to make further provision against existing loans; the provision we made last year appears to have adequately covered the situation.

It was my hope to be able to report that the restoration of some part of those earlier losses had become possible, but I regret this has not yet been achieved despite the patient and painstaking efforts being directed to this end.

Administration and other expenses and Directors' emoluments are once again maintained at a modest figure in relation to the income of the Corporation and vary very little from one year to the next.

Taxation for the year in the figure of £347,121 would have been very much greater had it not been for the relief afforded by the carry forward of losses from previous years.

The Profit for the year after Taxation amounts to £3,463,589 against which has to be offset the loss of £2,172,998 brought forward from last year leaving a net figure of £1,290,591 available for appropriation.

A dividend of 6 per cent is proposed for shareholders but of the balance, bearing in mind the purpose for which the Bank of England last year paid £5 million in advance of calls, it has been decided to transfer £1 million to General Reserve and carry the remainder forward in the Profit and Loss Account.

One hesitates to prophesy what the future of the general economy will be but I can repeat what I said last year to the effect that I do not consider that any of our limited number of loans or commitments give cause for anxiety. The results of the year under review have been very satisfactory. It will of course be appreciated that the large surplus on realisation of investments referred to above is exceptional and I do not anticipate any comparable figures in the current year. Apart from that, however, and so far as our general business is concerned I have reason to hope that the results for 1960-61 will be at least as good as those of the year just past.

ADDITIONAL SPEECH BY CHAIRMAN AT MEETING

Addressing the meeting, the Chairman said:

My Lords and Gentlemen,—The report and accounts have been in your hands now for some three weeks and with your permission I propose to take them—and the Statement that goes with them—as read.

This is the third Annual General Meeting of the Corporation over which it has been my privilege to preside and after the disappointing results of the two previous years it is a very welcome change to be able to present the substantially improved figures now before you.

The major feature in the improvement is the surplus on realisation of shares in the South Durham Steel & Iron Company Limited—shares which we acquired through the exercise of an option contained in the Loan Agreement under which we undertook to find £22½ million towards the cost of that Company's Development Scheme. Incidentally, I might add that the Development is proceeding on schedule and according to plan.

I must, however, emphasise that the profit arising from such realisation is exceptional and we cannot expect any comparable figures in the current year. Nevertheless, our general business has been satisfactory—interest receivable less interest on advances from Bankers and other income have shown increases—and I would hope that in this respect the current year's results will compare not unfavourably with those of last year.

CORPORATION'S FUNCTION

As you are aware, it was never the intention that your Corporation should compete with the established sources of finance for industry—neither with the Banks as a source of temporary or "interregnum" advances, nor with the capital market as a source of permanent finance. Rather is it our function to provide for the capital requirements of large industrial undertakings which cannot borrow on sufficiently long terms from their bankers and whose new or extended enterprises are not in a sufficiently advanced stage for an immediate approach to the capital market to be either appropriate or practical. It was never the intention that we should become investors in the accepted sense and for this reason—as in the case of South Durham Steel & Iron Company Limited last December—when the opportunity arises to divest ourselves of any part of our loan or commitments, we do so.

By virtue of the exceptionally large amounts involved for a comparatively short period of time, finance in respect of developments within the Steel Industry still constitutes by far the largest part of our business, but we are nevertheless active in other fields also. Moreover, as I said in my statement, negotiations in connection with further schemes of development are proceeding at present although, as it so happens, no new agreements were entered into during the year under review. On the contrary, some of our clients found that the more favourable conditions prevailing during the latter part of 1959 and continuing into this year enabled them to effect repayment of some part of their loans earlier than was originally contemplated. These repayments, however, were matched by a greatly accelerated call by other clients for advances under agreements concluded previously and in the result our balance of loans outstanding at the end of the year exceeded that at the beginning of the year, while the total of outstanding commitments fell to the lowest figure since 1954.

It has been suggested in the past that insufficient information is released concerning the activities of your Corporation, and this year the Board has very carefully considered whether more statistical information could be included with the Annual Report. Obviously we cannot disclose any of the details of transactions with clients until such time as they themselves see fit to make some public announcement. FCI is unlike any other institution in a number of ways, and such figures as could be disclosed would not be comparable with apparently similar figures published by other institutions with quite different structures, methods, or objectives. Furthermore the small number of relatively large loans, occurring at irregular intervals of time and varying greatly in amounts, would make it impossible to discern trends or to link your Corporation's activities with events or other factors in the general economy of the country. It was therefore thought better to publish no statistics than to produce figures which would be more misleading than helpful.

VALUABLE PART OF POSTWAR FINANCIAL MECHANISM

Reviewing the results of your Corporation's fifteen years of existence I believe that your Corporation has come to be accepted as a valuable part of the postwar financial mechanism, although the cases qualifying for our help have been and will continue to be necessarily limited in number but large in amount. It is my considered opinion that the necessity for British Industry to maintain its competitive position by accelerated re-equipment and expansion cannot fail to require your Corporation to continue to play an important part in financing capital investment.

GENERAL

There have been no changes in our Board during the past twelve months and it is once again my pleasant duty to tell my fellow Directors how grateful I am to them for the time they so willingly devote to the affairs of your Corporation and for the assistance they give me at all times.

Members will have been sorry as we were to learn of the sudden death of Sir Findlater Stewart, who was for so many years an active member of the Board of your Corporation. He retired as you will recall on health grounds in July, 1958. Those of us who were privileged to know him intimately have lost a sincere and kind friend.

In January of this year Mr Summers, who had been Secretary of the Corporation for eight and a half years, left to take up another position in Industry. He went with our sincere wishes for a successful future. He has been succeeded by Mr G. Frank whom you see here this afternoon and to whom I extend a hearty welcome on your behalf.

In conclusion I would like to express to Mr Nelson and to his staff the thanks of myself and my colleagues on the Board for the loyal support he and they have continued to give to us and the Corporation over the past year. Although this appreciation expressed by the Chairman sounds somewhat stereotyped, it is especially sincere on this occasion and I am sure all concerned are delighted to have taken part in what I might call a bumper year.

The report and accounts were adopted.

The retiring directors, The Right Honourable The Lord Clitheroe, PC, Mr George Cole and Mr Hugh Weeks, CMG, were re-elected; the remuneration of the auditors, Messrs Deloitte, Plender, Griffiths and Company, was duly fixed and the proceedings terminated with a cordial vote of thanks to the Chairman and Directors for their conduct of the Corporation's affairs, proposed by Mr R. A. Bodey and seconded by Mr A. Craig.

FOY, MORGAN & CO, LIMITED

CAPITAL REORGANISATION APPROVED

MR PETER MORGAN ON THE OUTLOOK

The twenty-fifth annual general meeting of Foy, Morgan & Co, Limited was held on May 26th at the Offices of the Company, 16, Eastcheap, London, EC3, Mr Peter Morgan (the chairman) presiding.

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

The accounts for the year ended December 31, 1959, which are now submitted, show that once again, after making provision for distributions of profits on the same scale as in previous years, we have been able to add a substantial sum to the balance to be carried forward.

Throughout the year there was a steady recovery in the timber trade and in the late summer and autumn considerable activity in buying of softwood took place. This buying was, of course, mainly for 1960 delivery and started much earlier in the year than usual. Consequently, a large part of the work done in the second half of 1959 will be reflected in the results of 1960 and, in fact, sales made to date already exceed the total of sales made for delivery in 1959. I refer to this again later on in my statement.

CAPITAL STRUCTURE

I now turn to the special business of the Annual General Meeting. For some years past your Board has had under consideration the reorganisation of the Ordinary share capital of your Company, which is entirely out of proportion to the assets employed in the Company's business. The Company's issued capital is at present divided into two classes of Preference Shares, both of which are quoted on The Stock Exchange, London, and 1,000 Ordinary Shares of £1 each. All the Ordinary Shares are held by the Directors of your Company and are subject to stringent transfer and pre-emption rights contained in the existing Articles of Association.

The apportionment of the Company's profits under its existing Articles is also out of date. In brief, after providing for Directors' remuneration aggregating a maximum of £30,000 per annum the Board may at present apply the annual profits of the Company available for distribution in the following order:

1. In such transfers to reserves as they think fit;

2. In payment of the First and Second Preference dividends;

3. As to 95 per cent of the balance, in payment of additional remuneration to the Directors of the Company.

4. As to the remaining 5 per cent in payment of Ordinary Dividends.

SCRIP ISSUE

It is now desired to bring the issued Ordinary capital more in line with assets employed in the Company's business and to obtain a quotation for the Ordinary Shares. Resolutions will accordingly be proposed at the Annual General Meeting for the classification and subsequent sub-division of 149,000 unissued and unclassified shares of £1 each into 596,000 Ordinary Shares of 5s. each and for their issue by way of capitalisation of part of the Company's reserves to the holders of the existing Ordinary Shares of £1 each, which will also be subdivided into four Ordinary Shares of 5s. each. Each Ordinary Share of 5s. will carry one vote. Such new shares will be in the form of fully paid Letters of Allotment renounceable up to July 8, 1960. The former stringent transfer and pre-emption rights attaching to the Ordinary Shares will be abolished. Arrangements are being made for 30 per cent of the new Ordinary Shares to be made available by way of placing through the Company's brokers.

NEW ARTICLES OF ASSOCIATION

At the same time the opportunity will be taken to adopt new Articles of Association in modern form. Apart from changes made in order to bring the Articles up to date and to comply with the requirements of The Stock Exchange, London, these new Articles will be substantially similar to those at present in force, including in particular the retention of the existing rights of the First and Second Preference shareholders. They will, however, differ from the old Articles in that the profits of the Company in each year, after providing for Directors' remuneration to an aggregate of £30,000 (as before), will be applied in the following order:

1. In payment of the First and Second Preference dividends;

2. In payment of dividends on the Ordinary capital for the time being in issue aggregating 10 per cent per annum;

3. In transfers to reserve in the discretion of the Board;

4. Any balance remaining shall then be applied by the Board as to one-half in the payment of further Ordinary dividends and as to one-half in providing additional remuneration to the Directors.

The Board may in respect of any year pay dividends out of profits of earlier years, but profits brought forward from earlier years will not be available for payment of additional remuneration to the Directors.

The power to declare dividends will be vested in the Board.

THE CURRENT YEAR

Trading results for the current financial year, as mentioned above, are satisfactory, and in the absence of unforeseen circumstances, your Directors consider that profits before tax for the year ending December 31, 1960, will not be less than those for the year ended December 31, 1959. In such event, your Directors expect to be able to recommend dividends on the Ordinary capital, as increased by the proposed issue, aggregating not less than 18 per cent less tax for the year.

After the capitalisation issue has been made and quotation obtained your Directors will between them hold approximately 70 per cent of the Company's issued Ordinary capital. A copy of the proposed new Articles of Association may be inspected at the Company's registered office at any time during usual business hours on weekdays (excluding Saturdays) before the date of the meeting.

Finally I would, once again, like to pay tribute to the loyalty and splendid work of our Staff who have earned the grateful thanks of myself and my colleagues on the Board.

The report and accounts were adopted and the Board's capital proposals and the adoption of new Articles of Association were sanctioned.

THE CONSOLIDATED ZINC CORPORATION

HIGHER GROUP PROFIT

MR L. B. ROBINSON ON IMPORTANT DEVELOPMENTS IN LEAD/ZINC OUTLOOK

The eleventh Annual General Meeting of The Consolidated Zinc Corporation Limited will be held on June 21st at 37 Dover Street, London, W.1.

The following is an extract from the Statement by Mr L. B. Robinson, the chairman, which has been circulated with the report and accounts for the year ended December 31, 1959:

The voluntary restrictions on the sales of lead and zinc metal and concentrates by world producers during the last seven months of the year and the effect of the import quota imposed by the United States on these products throughout the year made 1959 an anxious year. The average London Metal Exchange price for prompt delivery of lead during 1959 was only £70 15s. 7d. compared with £72 16s. for 1958, but, fortunately, this was more than compensated by the increase in the zinc price from £65 18s. 1d. for 1958 to £82 4s. 8d. in 1959. We benefited considerably from the progress in the modernisation and increased capacity of our smelting plant and also from licensing the Imperial Smelting process to other smelters. We can also report greater efficiencies at the mine at Broken Hill and at our works. Due to these factors we are able to show considerably increased profits for 1959.

The Group profit before mining royalty and taxation amounted to £3,969,759, an increase of £1,241,568.

The consolidated net profit for the year at £2,663,267 shows an increase of £1,045,391 compared with 1958.

The directors recommend a final dividend of 2s. 9d. per share, giving a total distribution of 4s. per share, compared with 3s. for 1958.

The mine production budgets of both the Zinc Corporation and New Broken Hill Consolidated, were again based on an output below their respective capacities. The 10 per cent reduction in working time, introduced in February, 1958, continued to operate throughout the year under review. The outlook for the future has been improved, however, by the removal of restrictions on zinc production in January of this year and it has since been possible to resume full working time.

LEAD AND ZINC SMELTING

At Swansea the closing down of the horizontal retort distillation furnaces in advance of the commissioning of the new smelter operating the Imperial Smelting process was carried out gradually and the last pair of furnaces ceased operations in March, 1960.

The new Smelter was successfully commissioned in March, 1960, and is giving a most satisfactory performance. This new unit, scheduled to produce 30,000 tons of zinc and approximately 15,000 tons of lead bullion per annum, marks the beginning of a new era in the history of metallurgy.

IMPERIAL SMELTING PROCESS

A year ago I reported that the Société Minière et Métallurgique de Peñarroya had decided to install an Imperial Smelting process plant at its works in Northern France.

Since then two other option holders have also signed licence agreements, namely, Rhodesia Broken Hill Development Company Limited, and "Centrozap" National Enterprise on behalf of the Polish non-ferrous metal industry.

A number of other leading lead and zinc smelting interests are also showing keen interest in the process.

ZINC ALLOYS

For the second year in succession production and deliveries of Mazak zinc alloys created a fresh record and steps have been taken to increase our alloying capacity to meet the increasing demand.

BERYLLIUM

In July last year we announced the formation of Consolidated Beryllium Limited in association with Beryllium Corporation of Reading, Pennsylvania.

The production of beryllium metal at Avonmouth has been taken over by the new company and small deliveries of nuclear grade metal are currently being made to the United Kingdom Atomic Energy Authority.

The new company has under construction at Avonmouth a plant to produce beryllium copper master alloy, the demand for which is rapidly growing in the field of electronics and in other industries.

COMALCO

Although our studies into alumina production are still proceeding, the principal efforts of Comalco, which is jointly owned with The British Aluminium Company Limited, were largely concentrated on the proving of power resources suitable for the initial establishment of aluminium smelting and for adequate growth in the future.

Although the magnitude of our task has not lessened, I am happy to say that the results to date of a number of investigations have brought us appreciably closer to the point of making a definite start in the development of the very considerable bauxite resources at Weipa in Northern Queensland and at Gove in the Northern Territory.

OIL EXPLORATION

Frome-Broken Hill Co. Pty. Ltd. in which the Group's subsidiary, Interstate Oil Limited, has a one-third shareholding, continues to be the principal avenue through which our interest is maintained in oil exploration in Australia.

LEAD AND ZINC MARKETS

Since my report to you at the last annual general meeting there have been two important developments in the lead/zinc outlook. First I would like to refer to the import quota situation in the United States which, as you may remember, caused producing companies throughout the world much anxiety. There has occurred, however, in the meantime some change of thought concerning this matter and whereas some producing countries, in particular Australia, have suffered from a severe limitation on their right of entry into the United States, other producing countries have been more fortunately placed and it is now apparent that the opposition to quotas by exporting countries is no longer unanimous. On the other hand the strongest opposition has developed amongst the US custom smelters who have been much embarrassed by the physical restrictions on their freedom to purchase the most desirable feed for their operations. As a result demands have been made upon the Administration in Washington for a reversal of policy and recommendations for an increased tariff are now in the forefront to replace the import quotas. A Bill has been presented in the House of Representatives proposing greatly increased duties to take the place of those at present in force. The outcome of this battle may be known shortly. Alternatively the matter may be shelved until after the Presidential election.

Secondly, a most interesting feature has been the recovery in zinc consumption, particularly in Western Europe, and, as a result, the voluntary restrictions on zinc sales which came into force after the United Nations meeting in May, 1959, were lifted in their entirety at a subsequent meeting in Geneva in early February, 1960. I am glad to be able to tell you that since the lifting of these restrictions the zinc market has shown that present production and consumption are reasonably in balance and that the only immediate problem still remaining is the presence of sizeable stocks in smelters' hands in the United States.

The position of lead, though not so happy, gives some measure of encouragement since the continued restriction on sales has kept the price steady during most of the year and latterly the market has even shown some sign of recovery. The problem remains as to how the stocks which are in producers' hands, both in the USA and outside, can be liquidated without weakening the price structure. It will be of major interest to see the statistical review that will no doubt be available for a possible meeting of the International Study Group early in September. I believe that all producing companies are grateful for the interest which their respective governments have shown in their lead/zinc problems and I welcome the greater spirit of co-operation which has followed the formation of the International Lead and Zinc Study Group. We, ourselves, are still anxious not only to protect ourselves from unduly low prices but also to make sure that a policy of restriction should never result in disorderly markets and exorbitant prices. The threats of substitution are still very plainly apparent and the future position of our metals in the world's expanding industries can best be assured by a moderate price level. Some years ago the late Chairman stated that our companies would be satisfied with a combined LME price for lead and zinc of £175. Since those days increases in our costs have been compensated by greater efficiencies. Hence we see no reason to vary this statement and we suggest that it might apply to all the big producers, at least those outside the USA.

CONCLUSION

We are hopeful that further opportunities will arise in this country and in Australia to broaden the base of the Group's activities.

AMALGAMATED METAL CORPORATION

SIR PAUL BENTHALL'S REVIEW OF ACTIVITIES

The thirty-first Annual General Meeting of Amalgamated Metal Corporation Limited will be held on June 23rd at Princes House, 93 Gresham Street, London, E.C.

The following are extracts from the statement by the Chairman, Sir Paul Benthall, KBE, which has been circulated with the report and accounts for the year ended December 31, 1959:

Before reviewing the activities of our group I would like to refer to the retirement of Mr A. J. Hugh Smith from the Board, of which he had been a member since the incorporation of the Company in 1929, and to thank him on your behalf for the services he has rendered. We must also express our appreciation of Mr R. T. de Poix's services with Henry Gardner and Co., on his retirement from his position as a Managing Director of that company which he joined in 1919. Mr Hugh Smith was succeeded as Chairman of The British Metal Corporation Limited, of which he remains a director, by Field-Marshal Sir Gerald Templer who joined our own Board last November.

The profit for 1959 before taxation is £1,004,652 compared to £817,662 the previous year. The net charge for taxation is £420,048, and after allowing for minority interests, the group profit after taxation is £604,044 compared to £437,109 for 1958. The proposed final dividend of 8 per cent on the ordinary shares brings the total up to 11 per cent, against 9 per cent for the previous year. Owing to the widespread nature of our business, which involves stock-taking in all parts of the world, it is always possible that the information at our disposal in January about the previous year's results may be materially altered when subsidiaries' accounts become available, and we are therefore pursuing a policy of paying a modest but steady interim dividend.

The preference and ordinary dividends absorb in total a sum of £331,937.

THE BRITISH METAL CORPORATION

As is customary, I refer below to some of the more important topics which were the concern of The British Metal Corporation in 1959.

In June our subsidiary, Aerex Limited, sold its business, as designers and erectors of ventilating equipment, to the Bestwood group. The name of our subsidiary has been changed to Metal Investments Limited.

It was mentioned in my statement last year that the BMC, in view of the substantial proportion of its total investment portfolio represented by the holding in Norddeutsche Affinerie, had decided to make a moderate reduction in this holding. The second half of the reduction which had been decided was effected in 1959, and the sale also took place on profitable terms.

Our timber distributing company, Richard H. Keeping Limited, has been sold to Bambergers Limited.

For various reasons the BMC itself has funds which are not at the present time required for financing stocks of metals. The reasons for this liquidity include sales of previously held investments and the continuous ploughing back of part of the annual profits earned. Since the end of the last war there has been little or no opportunity for the Company to employ any substantial part of its resources in the financing of stocks of non-ferrous metals. There seems little prospect that any considerable part of the BMC's resources will be required for this purpose for some time to come and it has, therefore, been necessary for the Company to consider other uses for its funds to obtain income.

As a result of this situation, two shareholdings have been acquired in new fields of investment. The first is an investment in Western Credit Limited, a hire-purchase company.

The second is that BMC, in conjunction with our friends, Consolidated Tin Smelters Limited, has recently, subject to contract, acquired the entire share capital of Wilbraham & Smith Limited, of Gray's Inn Road, London. This company is a well-known wholesale distributor of ferrous and non-ferrous semi-fabricated products.

The British Metal Corporation (Australia) Pty. Ltd. has, after a prolonged period of difficulties, begun to produce regular earnings. The Managing Director of that company appointed three years ago, is full of hope that the profits will rise further during 1960 and afterwards.

The operations of Vivian, Younger & Bond Limited at home were severely affected during 1959 by the high degree of output restriction imposed by the International Tin Council. As a result, this company, who are the sole selling agents for the metallic tin produced by Consolidated Tin Smelters Limited, naturally had much reduced quantities of tin for sale. Fortunately the position should be different in 1960, since the International Tin Council has raised the permissible exports of tin to a very high level.

Despite this situation, the profits of V Y & B in London were as satisfactory as could be expected, whilst the activities of that Company in Nigeria are now, after a long period of teething troubles, on an increasingly profitable basis.

HENRY GARDNER & CO.

Henry Gardner & Co. Ltd. have continued active trading in non-ferrous metals, rubber, cocoa, coffee and other produce. Their wholly owned subsidiary in Malaya, Sandilands Buttery & Co. Ltd., maintained satisfactorily its part in the distribution of general merchandise, mainly consumer goods imported into the territory on an agency basis from UK and other manufacturers.

In Canada, Drew Brown Ltd., showed an improved result and is currently engaged in widening its field of operations into merchandising and fabricating Iron and Steel products.

THE EMPLOYERS' ASSURANCE

RECORD RESULTS

The following is an extract from the statement by the Chairman, Lord Knollys, which has been circulated with the report and accounts of The Employers' Liability Assurance Corporation Limited for the year ended December 31, 1959:

First I must refer to the merger of the Corporation with the Northern Assurance Company Limited, which became effective last month. Your Board is very gratified that by it we—and we believe also our new partners—will obtain the following advantages which we consider to be of cardinal importance.

First, the merged organisation will have an almost ideal geographical distribution of business. Secondly, its portfolio will be balanced satisfactorily as between Life, Fire, Accident and Marine insurance. Thirdly, there is the great financial strength of the joint undertaking. Fourthly, there are the economies, available only to really large units, that are bound to result from the combination of two organisations which in many parts of the world, and notably in the United Kingdom, can eventually operate with branch offices under one management and one roof.

RESULTS FOR 1959

The Corporation and its subsidiary companies earned for 1959 an underwriting profit of £1,530,398, and a total profit after taxation of £1,194,572. These are the best results that we have ever shown, the total profit being a record one.

As was forecast in my letter to shareholders of January 22, 1960, a second interim dividend (in lieu of a final dividend) has been declared for 1959 by your directors, making with the first interim dividend of 2s. 6d. per share a total of 7s. per share, or 35 per cent an increase of 1s. 6d. per share on the total paid for 1958.

After provision for the net cost, £428,750, of this increased dividend, and placing £250,000 to Contingencies Account, the Carry Forward of our Consolidated Profit and Loss Account amounts to £1,806,199, £515,822 more than at the end of 1958.

We suffered, as did most other companies, from the exceptionally heavy volume of Home Fire losses in 1959, but we show a profit in total on the Fire Account, as against a loss in 1958.

The profit for the year was mainly derived from the United States, and it is to the Accident account in that country that it chiefly belongs. Workmen's Compensation has been our greatest source of profit there over recent years and it made a very satisfactory contribution to the total results in 1959. The best improvement was, however, in Motor business, on which a good result was achieved.

We have also had an excellent year, with good profit ratios, on Accident business in Canada and Australia. There was a marked improvement in our United Kingdom results, but losses on Motor and Miscellaneous classes prevented a profit being earned on this section of the account.

Our associated Life company, the Clerical, Medical & General Life Assurance Society, made excellent progress again in 1959 with net new sums assured under Life policies of £13,327,441, an increase of 20 per cent, and a rise in Premium Income to over £4 million.

The Merchants Marine Insurance Company Ltd. had further world-wide growth to report in all sections of its Marine business.

The book value of the Corporation's total investments, including property and associated and subsidiary companies was £50,966,191 at December 31, 1959. This is an increase of £4,511,191 over the corresponding figure for December 31, 1958.

LONDON ASIATIC RUBBER

SIR ERIC MACFADYEN'S ADDRESS

The annual general meeting of the London Asiatic Rubber & Produce Company, Limited, will be held on June 20th in London.

The following is an abstract of the address of the Chairman, Sir Eric Macfadyen, circulated with the report and accounts:

The year's rubber output is again higher. It has in fact risen steadily from approximately 13 million lb in 1955 to 18 million lb in 1959.

Recently we have absorbed the estates of the Oriental Company and are now in the process of absorbing those of the Lanadron Company. Both these Companies have been modernised in recent years and one of the Lanadron estates now carries some 2,000 acres of high-yielding oil palms. We have plenty of confidence in good quality rubber properties, but there is much to be said for having a second string to our bow.

Our aim is not size for the sake of size. We have sold as well as bought land and may do so again for good reason. Our policy aims at the absorption of new estates with good soils and high yield potential and the extension of others where possible with a view to simplifying administration and building up production capacity.

ACCOUNTS

Our average price realised for the year was higher than that of 1958 by some 6¾d. per lb. Proceeds come out at £2,195,003, and gross profit at £942,030. Taxation took £273,986 (£148,100). Net profit after taxation is £668,044 (£381,031), our highest score in 52 years. As £102,707 was brought forward we have £770,751 available—an amount higher by 60 per cent than a year ago. To Capital General Reserve we transfer £147,613 and to Replacement Reserve the large amount spent during the year on replanting, £171,376. Our two interim dividends, which make between them a total distribution of 50 per cent for the year, absorb £349,236, and we carry forward £102,526.

ESTATES

Field work is well up-to-date and replanting of areas approaching obsolescence is being pushed on—1,120 acres done in 1959 and about the same acreage scheduled for 1960. Within the next three years, 5,000 acres of modern rubber now immature may be expected to come into bearing. At our 1959 meeting I ventured a forecast of a 20 million lb crop in 1962. The expanded London Asiatic is likely by then to be harvesting nearer 30 million lb, or twice the Company's 1948 output.

FUTURE PRODUCTION

The Malayan Government is alive to the supreme importance to the country's economy of the plantation industry and has embarked on a far-sighted policy of expansion and modernisation of the industry. There will be downs as well as ups in price no doubt—that will be no new experience. Some of those who recall the change in climate between the 1920's and 1930's are apt to feel apprehensive about the 1960's. But the background to demand and supply in rubber has been strikingly modified. In the old days when industrial demand slackened the whole shock had to be taken by the plantation article. Slump followed boom as night followed day. Now world demand for all rubber is satisfied as to about half from natural and half from man-made products. If and when recession occurs in industry and prices fall, then that part of the market which is governed by price will be a larger proportion of the whole. But the cheaper natural need not fear competition on price. With three shilling rubber high dividends can be earned by all producers—good and not so good. At two shilling rubber there would still be a living for all, although profit-margins would vary as between producers. That would apply also and probably in greater degree between one synthetic and another. At levels below two shillings there might be little incentive to create new facilities for the expansion of synthetic production. If in earlier days the prospects for plantation enterprise were for a feast or a famine, I do not think that is any longer the case. At the present juncture and quite possibly for some way ahead, natural rubber is in short supply: it is in the nature of a premium product. In the near future we may see fluctuations, but they are unlikely to be steep. As for 1960 it looks quite like being as good a year as 1959.

PEACHEY PROPERTY CORPORATION

GRATIFYING ACHIEVEMENT IN TRANSITIONAL PERIOD

In his statement circulated to shareholders with the Report and Accounts, Mr C. W. Hutley, FCIS, AALPA (Chairman and Joint Managing Director) said that whilst the results as such could only be described as fair, the Board were extremely gratified with them since it was felt that they represented an extremely fine achievement in view of the difficulties encountered in the transitional period caused by the change of policy.

He added: Shareholders have been given in the comprehensive Interim Report sent to them last January full information concerning these difficulties and also the future prospects of your Company. In that Report it was stated that, subject to all the reservations and assumptions made therein, by June 1961 the net income of the Group would be running at a rate of £1,100,000 per annum subject to taxation, the servicing of the debenture stock, mortgages and loans and before providing for preference dividend and minority interests. Your Board has great pleasure in informing shareholders that this estimated rate of income has not only been achieved one year earlier than anticipated, but will in fact be running slightly in excess of that figure by June, 1960.

I would, however, reiterate that some of the difficulties and losses of income due to the changeover in policy will still be felt and reflected in the results for the current year to June, 1960.

Your Board is continuing with its policy of expansion and new purchases will be made as and when opportunities arise.

Your Board is giving absolute priority to the question of re-financing the entire Group and when this is achieved it is felt that a direct result would be to improve even further the net income out of the Group's existing holdings.

Finally, I am of the opinion that your Company is in an extremely strong position and if re-financing can be accomplished in the near future, then all will be set for a really large expansion programme.

THE CHLORIDE ELECTRICAL STORAGE COMPANY

(One of the World's Leading Battery Manufacturers)

TRADING INCOME AN ALL-TIME RECORD

The sixty-ninth ordinary general meeting of The Chloride Electrical Storage Company Limited was held on May 31st at Exide Works, Clifton Junction, near Manchester, Mr A. W. Browne, OBE, MIEE (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

Your Company has had a most satisfactory year in which the income from trading has increased by £978,950 to £3,772,992. The net income for the year is £1,473,287, which is some £574,000 better than last year. It is proposed to pay a final Ordinary dividend of 12½ per cent, making 17½ per cent, but if the special Interim of 2½ per cent paid last May on the then issued capital is taken into account, the total for the year under review amounts to 19½ per cent on the present issued ordinary capital.

The income from trading, which is an all-time record, is derived from three main sources, namely, battery activities in the United Kingdom, which account for approximately three-fifths, battery activities overseas, and activities in other industries. All three divisions have made a satisfactory contribution.

The expected increased efficiency resulting from the closing down of certain UK factories is now being reflected in the improved profitability of those parts of our battery organisation concerned with the changes that were made. This reorganisation has also provided a sound basis for large-scale expansion principally to meet the anticipated future demands for automotive and traction batteries.

OVERSEAS

Our overseas companies have produced better results, the only exception being in Australia, where there has not yet been time for the completion of the substantial reorganisation now taking place.

Re-equipment and expansion are also taking place in Canada, and in Pakistan the manufacturing facilities are being completed by the installation of container plant.

The factory in South Africa is producing an increasing range of high quality batteries and in Central Africa at Salisbury the factory which commenced manufacture only last year has made considerable progress by overcoming its initial teething troubles.

In India the results have been particularly good and increasing demands have made it essential to consider material expansion which is being financed by an increase in capital, of which 40 per cent is now held by Indian Nationals after a successful public issue.

OTHER INTERESTS

Our other interests have also had a satisfactory year, particularly United Ebonite and Lorival, and Shires. Both have made a substantial improvement, the latter recovering even more quickly in its sanitary ware business than was expected.

These other activities are also expanding. In the case of United Ebonite and Lorival the increased demands from the battery factories, from the sanitary ware industry, and from their outside customers for ebonite and plastic mouldings, make it necessary to provide increased production facilities at the factory.

Whilst the consolidation and expansion of our established business receives first priority, we do not neglect the consideration of suitable projects for diversifying our business along fairly well defined lines.

At this date our order books are well filled and the sales for the first quarter of the current year are greater than those for the same period last year.

The report was adopted.

WILKES BERGER ENGINEERING COMPANY LIMITED

HIGH LEVEL OF ACTIVITY

The Annual General Meeting of Wilkes Berger Engineering Company Limited will be held on June 21st at the Registered Office of the Company, Princes House, 95 Gresham Street, London, EC2.

The following is an extract from the Statement by the Chairman, Mr R. H. Macwilliam, which was circulated with the Report and Accounts:

THE YEAR'S TRADING

Throughout almost the whole of 1959 conditions were very active in the consumer goods industries—which provide a market for many of the products which the Company manufactures or handles—and this fact is reflected in an 11½ per cent increase over 1958 in the value of the Company's sales. In spite of the erosion of the profit margins of the goods we manufacture due to increasing costs, both the trading and the net profit figures have shown increases. During the first four months of the current year the general level of activity has remained high and the Company has also benefited from an increased tempo in the building industry. Compared with the same period last year, sales have shown a satisfactory increase and, provided no marked setback occurs in the industries we serve, the Company should have another successful year. The continued pressure of rising costs and, in particular, the introduction of the 42-hour week in the light engineering industry have recently forced the Company, in line with other firms similarly placed, to make a modest increase in some of its prices.

As a concomitant of the prosperous conditions now prevailing, the supply position of raw materials—especially steel—has become very tight. Further, there is strong competition for labour in the Birmingham area with the inevitable consequence of a higher than usual turnover of labour and a degree of dislocation of operations.

SOUND FINANCIAL POSITION

The Company's financial position is very sound. The Board is still actively considering ways of using the Company's liquid resources to expand its business but is not yet in a position to formulate any definite plans. We have always to bear in mind, of course, the need to rehouse the Hillcrest factory when the Birmingham Corporation redevelops the present site.

NEW BROKEN HILL CONSOLIDATED

HIGHER PROFIT DUE TO RECOVERY IN ZINC PRICE

The Twenty-fourth Annual General Meeting of New Broken Hill Consolidated Limited will be held on June 21st at 37 Dover Street, London, W1.

The following is an extract from the Statement by Mr L. B. Robinson, which has been circulated with the report and accounts:

The low price level of lead prevailing at the end of 1958 continued during the year, but the price of zinc improved gradually to finish in December, 1959, at £95 3s. 10d. for prompt delivery metal, and the average London Metal Exchange prices for prompt delivery during 1959 were £70 15s. 7d. for lead and £82 4s. 8d. for zinc, compared with £72 16s. and £65 18s. 1d. for these metals respectively during 1958. Despite the incidence of restrictions on sales the higher zinc price, coupled with satisfactory forward contracts and a marked reduction in operating costs per ton of ore, resulted in a trading balance of £1,531,700, compared with £1,037,063 for 1958.

The profit before taxation amounted to £1,190,847, compared with £696,303. There is a net profit of £796,238 compared with £476,317. The directors are recommending a final dividend of 1s. 6d. per share free of tax, giving a total of 2s. 3d. per share compared with 1s. 4d.

For the second year in succession the Company budgeted for an output well below capacity and the 10 per cent reduction in working time introduced at Broken Hill in February, 1958, continued to operate throughout the year under review. Nevertheless, increased productivity and slightly higher overall grade of ore and mill recoveries resulted in metal production in 1959 being higher than in 1958. The tonnage of ore treated by the Company rose by 11 per cent, the production of recoverable lead by 15 per cent and zinc concentrate output was 8 per cent higher.

The recoveries of lead and silver in lead concentrate improved satisfactorily. Recovery of zinc in zinc concentrate fell fractionally but there was an important improvement in the grade of zinc concentrate.

The ore reserves fully outlined and developed ready for stoping or in the process of being stoped as at December 31, 1959, were calculated at 4,100,000 tons assaying 10.8 per cent lead, 2.8 ounces silver and 12.7 per cent zinc compared with 3,600,000 tons assaying 10.5 per cent lead, 2.5 ounces silver and 12.9 per cent zinc.

The plan and cross-sections accompanying the report illustrate the results of some of the work on the large siliceous zinc orebodies occurring in the upper levels. These are now known to extend laterally from our northern boundary to at least 3,500 feet south and provide means whereby production of zinc concentrate could be increased without correspondingly increasing the output of lead concentrate.

An examination of the details of the drilling done on these siliceous zinc orebodies has revealed between Sections 66 and 82, a distance of 1,040 feet, the existence of some four millions of tons of ore averaging 5 per cent lead and 20 per cent zinc, the opening up of which would procure major advantages if the present market conditions for zinc concentrate prevail. Consequently a programme for the development of this ore is being designed and, subject to no adverse change in the zinc price, stope production is estimated to start in 1962.

THE SEA INSURANCE COMPANY LIMITED

EXPANSION O OVERSEAS INTERESTS

MR A. REITH GRAY ON THE YEAR'S DEVELOPMENTS

The Eighty-fourth Annual General Meeting of The Sea Insurance Company Limited was held on May 31st at the Exchange Hotel, Liverpool. A statement by the Chairman, Mr A. Reith Gray, had been circulated with the Report and Accounts for the year ended December 31, 1959.

Before examining the Company's results in detail, the Chairman referred to two important new developments; the formation in the United States of America of a subsidiary company, the American Sea Insurance Company, and the setting up of a branch organisation in Australia where the Company's affairs had for many years been managed by the Royal Exchange Assurance

Owing to these projects and a general expansion of overseas business, the Board had decided to increase the issued share capital from £600,000 to £1,500,000 by means of a one for four Rights Issue to be followed by a one for one free scrip issue.

A Final Dividend of 1s. 1½d. per 5s. share making a total for the year of 1s. 10½d., was proposed and it was hoped that this rate of dividend would be maintained proportionately on the capital as increased by the two issues.

The Chairman referred to the inclusion of the results of a German Subsidiary Company, Deutsche Versicherungs Gesellschaft, in the consolidated accounts for the first time, and also made special mention of two exceptional items, a tax refund of £106,000 received in the USA, and a large surplus on realisation of investments mainly in America.

DEPARTMENTAL RESULTS

Marine premium showed a substantial increase, partly due to consolidation of the Deutsche Versicherungs Gesellschaft figures, and a satisfactory transfer of £154,598 to Profit and Loss Account had been made.

Fire Department premium at £1,803,335 was nearly £200,000 up on 1958 with an increased profit of £57,668 largely attributable to better experience in North America. At home fire losses had shown an alarming rise.

Accident Department premium had risen but a loss of £80,000 was incurred and the Motor account continued to be a problem.

Transfers of £125,000 to additional reserves in both Fire and Accident Departments had been made and a further £125,000 had been transferred to investment reserve.

Beacon Insurance Co. Ltd. had had another successful year and their Life Fund now stood at £11,001,737.

The Chairman concluded with a tribute to the Company's Agents and Staff at home and overseas.

The Final Dividend was approved and the Accounts were adopted.

ARISTON GOLD MINES

MR C. J. BURNS'S STATEMENT

The thirtieth annual general meeting of Ariston Gold Mines (1929), Ltd. was held on May 31st, at the Chartered Insurance Institute, London, EC.

Mr C. J. Burns, Chairman, presided.

The following is an extract from his statement circulated with the report and accounts for the year ended September 30, 1959:

FINANCE

As a result of the year's operations bullion revenue increased by £42,695 to £1,899,604 and with mining costs slightly higher and ore development expenditure some £20,693 more than the previous year the profit before taxation of £335,562 remains substantially the same as last year. Your Directors have, therefore, decided to recommend a final dividend of 10 per cent making a total of 20 per cent for the year under review. This dividend on the increased capital (equivalent to an annual rate of nearly 23 per cent on the old capital) is in line with the forecast made at the time of the new issue of shares in August, 1959. In addition, in the light of the results for the first six months of the current year your Directors have declared an interim dividend of 10 per cent in respect of the year to September 30, 1960. When your Board forecast a dividend of not less than 20 per cent on the increased capital of the Company we had in mind the capital expenditure programme outlined in my Review last year. It is anticipated that this programme will extend to the end of 1961 by which time new areas will have been opened up and a much more detailed picture of the behaviour of the known orebodies at depth obtained. At that juncture it will be possible to review that Company's future dividend policy.

DEVELOPMENT PLANNING

Following the programme of development to depth the decision was taken during the year to sink an internal shaft from the 30th Level at a position 960 feet North from Central Shaft. This shaft to be known as Central Sub-Shaft will be the exploratory spearhead to depth and it will be possible to combine lateral development on the various horizons below the 30th Level, with uninterrupted sinking of this shaft. The positioning of Central Sub-Shaft and of No. 4 Winze was selected to the southerly trend of the orebodies and are 2,140 feet apart.

In view of the projected development to depth it is important to realise that given the similar pattern of orebody exposure below 30th Level as say on 20th Level then the programme of continuous sinking can be considerably postponed. On the 20th Level the increase in ore reserves amounted to some 1 million tons for the whole level. Given a similar pattern the capital expenditure involved in shaft sinking would be spread over a far greater period than at present planned. It is for this very reason that it will be so important to sustain the high rate of deep level development at this particular stage.

To maintain a close liaison with Government so essential to both Company and Government the Company should have a Ghanaian on the Board of Directors. We have been most fortunate in obtaining the consent of Mr C. W. Tachie-Menson, CBE, a most distinguished citizen of Ghana, to act as a Director of the Company, and at the Annual General Meeting I shall have the honour to propose his election.

Mr Tachie-Menson has had a distinguished career in Ghana, his most recent public appointments being Public Service Commission, 1951-56; Chairman, 1957; Chairman, Achimota Constitutional Conference.

The report and accounts were adopted.

THE KUALA LUMPUR RUBBER COMPANY LIMITED

The Fifty-third Annual General Meeting of the members of the company was held at The Rubber Growers' Association, 19 Fenchurch Street, London, E.C.3.

The following are extracts from the speech of the Chairman, Mr Harold F. Copeman:

The position at September 30th last can be briefly summarised as follows:

Sungei Chermang.—Profits brought into account are those for the seven months from March 2, 1959. Profits prior to that date have been taken up in the accounts of the Liquidator.

Jeram.—This company's financial year previously ended in March. A final dividend of 6d. per 2s. share, making 9d. for the eighteen-month period has been recommended. This final dividend has been taken into the Profit and Loss Account of the parent company only in respect of the share capital acquired at September 30th, that is, in respect of 72 per cent of the Jeram capital. Since that date further capital has been acquired and Kuala Lumpur now holds over 83 per cent of the share and debenture capital of Jeram, including a small percentage held by Tamiang. The outstanding debenture capital of Jeram now amounts to only £5,156.

Tamiang.—A dividend of 7½ per cent free of tax for the year has been recommended. This dividend has been taken into the Profit and Loss Account only in respect of the 83 per cent of the capital acquired at September 30th. Since that date further shares have been acquired and Kuala Lumpur now holds nearly 98 per cent of Tamiang's capital. This shareholding is represented by £109,521 or 100 per cent of the Registered share capital and £19,267 or over 86 per cent of the capital issued in the form of Share Warrants to Bearer.

Eastern Sumatra.—The offer to acquire the issued share capital of Eastern Sumatra was not made until after September 30th, the close of the period under review, and consequently none of the profits of Eastern, nor of its subsidiary Sungei Kahang, have been taken into account and no dividend has been notified. It will be recalled, however, that the Kuala Lumpur shares issued in exchange for the Eastern capital rank *pari passu* with the existing shares and are, therefore, entitled to participate in Kuala Lumpur's final dividend. It will be appreciated that the profits of Eastern, including those of its subsidiary, accrue from March 1, 1959, to Kuala Lumpur, which at present owns nearly 95 per cent of Eastern's capital; notice has been given for the compulsory acquisition of the balance.

Kuala Lumpur.—The proposed final dividend of 12½ per cent free of tax will absorb £172,939, based on an issued share capital of £1,383,513. The effect of the limitation on the consolidated profits as indicated above has been to diminish very considerably the profits available for appropriation, which has made it necessary to provide for the replanting programme of the current year partly from General Reserve.

ACREAGE AND PRODUCTION

For the reasons indicated above, it is difficult to assess the worth of the Group from the accounts as published. An indication of the progress and prospects of the Group can be gained from the following summary:

Kuala Lumpur.—Mature: 10,246 acres, of which 68 per cent pedigree. Average yield per acre 758 lb. for year to September 30, 1959. Immature: 3,823 acres. Total planted area 14,069 acres, of which 77 per cent is pedigree rubber. All-in cost approximately 1s. 6d. per lb. Proceeds approximately 2s. 1½d. per lb.

Jeram.—Mature: 4,858 acres, of which 52 per cent pedigree. Average yield per acre 752 lb. for year to September 30, 1959. Immature: 1,849 acres. Total planted area 6,707 acres, of which 65 per cent is pedigree rubber. All-in cost approximately 1s. 6½d. per lb. Proceeds approximately 2s. 1¼d. per lb.

Tamiang.—Mature: 985 acres, of which 83 per cent is pedigree, but all planted between 1928 and 1939. Yield per acre 899 lb. for year to September 30, 1959. Immature: 515 acres. Total planted area 1,500 acres, of which 89 per cent is pedigree. All-in cost approximately 1s. 6½d. per lb. Proceeds approximately 2s. 1¼d. per lb.

Summary.—Mature area: 16,089 acres, of which 64 per cent is pedigree. Average yield per acre 765 lb. for year to September 30, 1959. Immature area: 6,187 acres. Total planted area 22,276 acres, of which 74 per cent is pedigree rubber. All-in cost approximately 1s. 6¾d. per lb. Proceeds approximately 2s. 1½d. per lb. Part of the crop is sold in the East and part in London; part as sheet and part as latex. Proceeds and "All in" costs (including London overheads and depreciation) have been adjusted to the equivalent of London landed. I trust that the foregoing, together with the statistical summary incorporated in the Report, will be of assistance to shareholders.

EXPANSION AND REJUVENATION

Since the last Annual Meeting, the company has made considerable progress, having increased, by amalgamations, the planted area from 14,139 acres in Malaya to 35,678 acres, of which 26,991 are in Malaya and 8,687 in Sumatra. Although we have not reaped the full benefit of the amalgamations in the current accounts, the position next year should be very considerably improved. Unless there is a serious fall in the price of rubber during the next six months, the average price realised for our crop should be higher and this, in turn, should mean increased dividends from Tamiang and Jeram, the full benefit from which will then be available. Furthermore, we shall have the advantage of a full year's profit from Sungei Kawang Estate (formerly owned by the Sungei Chermang Company) and in addition we shall have the direct advantage of nine months' working of Eastern Sumatra's Malayan estate.

We shall continue our policy of rejuvenating the estates by replanting and I would draw your attention to the Acreage statement, which shows the progress made to date. In 1958 over 1,000 acres were newly planted or replanted throughout the group, and in 1959 a further 600 acres were completed. In the current year we plan to complete 850 acres, and for the succeeding six years we have laid down a programme of approximately 1,000 acres per year. This forward planning permits the adoption of the latest scientific methods of intensive tapping, thus providing for the utmost production from the trees before they are cut out.

Since the close of the financial period, Mr Calver has visited Indonesia and Malaya, and Mr Facer, a director of Jeram and Tamiang, has visited Malaya. Both report satisfactory conditions on the estates. I hope to visit both Indonesia and Malaya towards the end of this year.

GENERAL

The plantation industry has been enjoying high prices for its rubber for over a year, but particularly so since September last; furthermore, there has been no reaction as yet to the British and American proposals to reduce their stockpiles. In some ways this is to be regretted, since, in my view, the sooner the natural product reaches a level more competitive with synthetic, the better it will be for the long term interests of the industry.

I have made no specific reference to Eastern's Sumatra estate of 6,779 planted acres, of which 4,706 acres or 70 per cent is pedigree rubber, nor to Tamiang's Sumatra estate, which is leased to an Indonesian. There is no doubt that given normal trading conditions in Indonesia the estate of Eastern would represent a very valuable asset. Current staffing difficulties, combined with the burdensome restrictions on the remittance of profits and capital, and above all the grave political doubts as to the future, must lead to considerable caution in assessing the present position of estates in Indonesia.

The situation in Malaya continues to present a pleasing contrast to other rubber-producing countries of the Far East. The Government, assisted at any rate in part by the continued favourable price of our commodity, is an example of an expanding economy in a newly established nation which must be the envy of others setting out on the path of self-government. The Emergency which troubled us for so many years after the war is a thing of the past, and will be so officially on July 1st next, and the atmosphere is one of potential stability and financial optimism. This happy state of affairs received a check in the early days of April, when the death was announced of the Yang di Pertuan Agong, Malaya's first elected King, and a greatly beloved ruler. His high sense of duty, and his insistence on carrying out his functions as Head of State, whilst in a weak state of health, must have contributed to his untimely end at the age of sixty-four. He will be sadly missed. His immediate successor will have a difficult task in following the late Ruler, and all communities will wish him every success.

Your directors have considered a proposal to sub-divide the present £1 shares into ten shares of 2s. each. With the widening public interest in the rubber share market it is thought that this would be to the advantage of Shareholders generally, and the requisite resolution for the change is included in the special business for the General Meeting.

The Report and Accounts were adopted and the resolution sub-dividing the shares was passed.

LISBON ELECTRIC TRAMWAYS

LORD RATHCAVAN'S REVIEW

The sixty-second Annual General Meeting of Lisbon Electric Tramways Limited will be held on June 22nd in London.

The following is an extract from the circulated statement of the chairman, The Right Honourable The Lord Rathcavan:

It is satisfactory to record an increase in both receipts and passengers for 1959 over the corresponding figures for 1958. The total passengers carried at 381 million is a record in the Company's history and over seven million more than in 1958. It is interesting to note that since the inauguration of our new extensive bus services in 1947, the passengers carried in 1959 exceeded the 100 million mark for the first time.

The increased number of passengers carried has resulted in additional revenue but, despite all our endeavours, expenses have continued to rise. There is nothing further to report regarding our application for an increase in tram fares. These have remained unchanged for no less than 34 years but with constantly increasing expenditure this cannot go on indefinitely and we are hopeful that before long a revised tram tariff will be sanctioned.

During the year, the Company contributed to the State Revenue of Portugal and to the Municipal Revenue of Lisbon the sum of £490,188, an increase of £13,109 or 3 per cent over 1958.

The year's operations have resulted in a profit after all charges and Depreciation Reserve of £46,806. The Directors recommend an Ordinary Dividend of 6 per cent net.

GRAND HOTELS (MAYFAIR) LIMITED

RECORD ADVANCE BOOKINGS

	1959	1958
	£	£
Issued Capital	511,833	400,000
Group Net Assets ...	835,846	469,108
Net Trading Profit ...	303,904	126,331
Taxation	171,766	74,029
Dividends	61,189	30,250

Extracts from Mr Maxwell Joseph's Review for the year ended 30th September, 1959.

RECENT ACQUISITIONS AND PLANNED EXTENSIONS

The **St. Ermin's, Flemings** and **Clifton-Ford Hotels** as well as the **Beverley Court Service Flats** acquired last year have now been successfully integrated into the Group and will be making their full contribution towards the Company's profits in the current financial year. Two further London Hotels acquired in August, 1959, the **"Mostyn"** and "Welbeck" (rebuilt and re-named **"The Londoner"**) cannot be expected to make their full contribution towards the income of your Group until the year ending 30th September, 1961.

The Mostyn Hotel has been asborbed into the Group organisation, a good start has been made in modernising it and this hotel should enjoy a successful year. **The Londoner** is to all intents and purposes a new hotel although contained within an existing building. It is now in full operation and offers nearly 130 rooms with private bath and extensive banqueting facilities. Extensions to the **Clifton-Ford** and **Mandeville Hotels** are in the advanced planning stage. The number of visitors to London, encouraged by reduced air fares, is confidently expected to increase in coming years and this development favours your medium-priced hotels. It remains our intention to expand your Company's interests further if and when suitable opportunities occur.

OUTLOOK

We are recommending a final dividend of 15 per cent which together with the interim makes a total distribution of 20 per cent for the year as compared with 12½ per cent and a capital distribution of 2½ per cent paid for the previous year. If the **record advance bookings for the current season** materialise and no untoward factors intervene, your Board look forward to another successful year, in which event it would recommend total dividends of not less than 22½ per cent for the year ending 30th September, 1960.

The Group Interests in London

The Mostyn Hotel — **The Londoner Hotel** — **Green Park Hotel**
Stratford Court Hotel — **St. Ermin's Hotel** — **Flemings Hotel**
Clifton-Ford Hotel — **Washington Hotel** — **Mandeville Hotel**
Beverley Court — **Ashley Court Hotel**
Manettas Restaurant — **Mermaiden Restaurant**

UNION MINIÈRE DU HAUT-KATANGA

INCREASED PRODUCTION

POLICY OF PRICE STABILITY CONTINUED

FUTURE VIEWED WITH CONFIDENCE

The Annual General Assembly of Shareholders was held in Brussels on May 25, 1960, Mr Paul Gillet, Chairman of the Board of Directors, being in the chair.

The Assembly approved the balance sheet and the profit and loss account for the financial year ending December 31, 1959. The latter showed a gross profit of 5,225,030,846 francs. After deduction of the amortisation of the year, the provision for taxes on profits, the interests and the sundry taxes and royalties, the net profit amounted to 3,535,599,030 francs.

The Assembly fixed the net dividend for the year 1959 at 2,200 francs per share (or 220 francs per tenth of a share). Taking into account the interim dividends of 600 francs paid in January, 1959, and of 600 francs paid in March, 1960 (or 60 francs each per tenth of a share), the balance of 1,000 francs per share (or 100 francs per tenth of a share) became immediately payable.

The Board of Directors paid tribute to the memory of its Honorary President, Chevalier Firmin Van Brée, and to the memory of Mr Jentgen, delegate of the "Comité Spécial du Katanga."

The General Assembly re-elected Sir Ulick Alexander, Mr E. Gorlia and Mr L. Wallef as directors and Mr A. Bourgeois as a statutory auditor. On the other hand, Captain C. Waterhouse was elected a director. Mr Hutchinson, for reasons of personal convenience, placed his mandate of director at the disposal of the Assembly.

The General Assembly was followed by an Extraordinary Assembly. The increase of the capital of the company which had been announced had not been submitted to the Assembly, the question still being under examination by the "Comité Spécial du Katanga" whose approval was requested by the statutes.

Sundry minor modifications to the statutes were adopted by the Assembly.

THE ADDRESS OF THE CHAIRMAN, MR P. GILLET

The Chairman expressed the hope that, in the new political frame of the Congo, a mutual understanding of interests would favour judicious solutions which would prove essential if fresh capital was to be attracted to the Congo. The development of future programmes would be largely dependent on the political, economical and social climate that the new authorities would be able to create.

To date, the Company had brought no modification to the normal rhythm of its financial and commercial operations.

The new Luilu plant which had just started operations was one of the principal recent realisations of the investment programme. Other investments were contemplated which would ensure a continuous increase of production.

Although a certain excess of copper production was possible in 1960, the surplus would however be small if the present favourable perspectives of the world economy materialise.

During the first five months of 1960, copper prices had again been subjected to wide fluctuations. Union Minière, however, continued its policy of price stability. The Company deemed that excessive price variations were unfavourable to the interests of industry. It was to be hoped that copper companies would adjust their production to the real needs of the market in order to avoid speculation resulting from surpluses and shortages of metal. Too high prices in particular had the effect of encouraging the use of substitutes.

The Africanisation of the staff had made great progress. The action undertaken would be pursued with a view to gradually entrusting Africans with functions of increasing importance.

The Chairman considered that the future could be looked at with confidence; he expressed the Company's wishes for the success of the new Congolese Government and assured it of its loyal assistance.

The Chairman then exposed the problem of the legal statute of Congo Companies in connection with the future Independence of the Congo. He mentioned that a law was being submitted to the Belgian Parliament which would allow those Companies the choice between the maintenance of their present statute of Belgian Company and the acquisition of the quality of a Congo Company.

The Board's intention was to maintain Union Minière's present statute as a Belgian Company for all operations covering activities outside the the Congo and to form one or several Congo Companies who would be entrusted with the operations in the Congo.

MAIN POINTS OF THE BOARD OF DIRECTORS' REPORT

The mining activity remained centred on Prince Leopold Mine and on the mines of the Western region. The total extraction reached nearly 6.75 million metric tons of ores; about 20 million cubic metres of overburden were excavated. The improvement of the copper market allowed an increase of the programme from the beginning of the second quarter so that the production of the year reached 280,400 metric tons, an increase of about 45,000 tons over the previous year.

Cobalt production reached 8,430 tons, i.e. 2,000 tons more than in 1958; the price was reduced to $1.75 per lb as of February 1, 1959.

Zinc concentrates production amounted to 118,000 tons assaying 60 per cent zinc. An appreciable recovery occurred in the zinc market and prices rose.

Production of uranium concentrates and precipitates at the Shinkolobwe plant were 2,900 tons assaying 72.7 of U_3O_8. The selling price was lowered to $7 per lb of oxide U_3O_8 contained in the precipitates. Deliveries of radium amounted to 101,6 grams.

The Company also produced 13.640 kgs of germanium metal, 99,800 kgs of cadmium, 198 tons of silver and 24 kgs of gold.

The construction of the new electrolysis copper and cobalt plant at Luilu had been actively pursued in the course of the year, which enabled it to start production at a provisional capacity of 50,000 tons of copper a year, at the beginning of April, 1960. It was expected that the final capacity of 100,000 tons of copper and 3,500 tons of cobalt per year would be reached some time during the first half of 1961. The construction of the new concentration plant at Kambove was resumed and it was anticipated that it would be commissioned early in 1961.

The electric power produced by the Haut-Katanga power plants reached 2,182 million kWh.

The personnel force had increased from 20,215 units to 21,146, whereas the force of the conducting staff remained at about 2,200 units. The company had continued its policy of training and promoting its African personnel, which provided for promotion to the conducting staff of the elite of the Congolese employees.

The scholar population continued to increase. Some 20,000 pupils attended the Company schools.

The social atmosphere remained excellent.

ZANDPAN GOLD MINING COMPANY LIMITED

The Annual General Meeting of Zandpan Gold Mining Company Limited will be held on June 28th in Johannesburg. The following is the circulated statement of the Chairman, Mr B. L. Bernstein:

Full scale sinking operations at No. 1 Shaft commenced in July 1959 several months ahead of the time planned when the prospectus was issued in November, 1958. This was possible because the Electricity Supply Commission provided electric power well ahead of schedule.

In spite of delays occasioned by the intersection of water bearing fissures requiring cementation, satisfactory progress has been made in sinking the shaft. On April 25, 1960, it had reached a depth of 3,399 feet and a permanent intermediate pump station on the 2,500 foot level had been excavated. A concrete ventilation wall is being installed in the shaft concurrently with sinking.

The installation of the first of the two permanent 5,145 h.p. winders is nearly complete and it is expected that the second winder will be commissioned before the end of the year. In order to avoid delays in the commencement of a second shaft, when it is required, orders have been placed for hoists, for which there is a long delay in delivery.

The early start on full scale shaft sinking has resulted in capital funds being spent sooner than previously planned. At the end of the year £2,430,161 had been spent and a further £225,044 has been spent during the first three months of this year, making a total of £2,655,205 to the end of March, 1960. The balance of the £3 million obtained from the initial issue of shares will be exhausted in May of this year, some seven months before the £2,500,000 accrues from the issue of the option shares at the end of November, 1960.

Short term loan facilities have been arranged to finance operations between May and November, and these temporary loans will be repaid out of the proceeds of the option issue.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

The Annual General Meeting of Middle Witwatersrand (Western Areas) Limited will be held on June 28th in Johannesburg. The following is the circulated statement of the Chairman, Mr S. G. Menell:

The arrangement for the acquisition by your company of 87½ per cent of the assets of Rooderand Main Reef Mines Limited was sanctioned by order of the Supreme Court of South Africa, as a result of which 840,448 ordinary shares of 2s. 6d. each in the capital of your company, being the purchase consideration, were duly allotted to shareholders of the Rooderand company. The issued capital of your company is now £1 million in 8 million shares of 2s. 6d. each.

The company's trading profit for the year under review was £528,671 which was £58,844 more than the preceding year. Dividends totalling 1s. 3d. per share were paid for the year in comparison with 1s. per share for the previous year. The major portion of the company's gross income is still derived from its interest in mines in the Klerksdorp area.

The book value of your company's quoted investments at December 31, 1959, has increased by £1,312,517 compared with the figure at December 31, 1958, to £4,288,613. This increase is mainly due to the acquisition of investments from the Rooderand company and the additional shares acquired in Loraine Gold Mines, Limited, as a result of the increase in the capital of that company. The market value of your company's quoted investments at December 31, 1959, was £9,811,248. Since the end of the financial year there has been a decline in share market prices and the market value of the quoted investments of the company at April 30, 1960, was £7,700,056.

Partly through the acquisition of the Rooderand assets and partly through your company's own participations and shareholdings, we have acquired a holding in Western Areas Gold Mining Company Limited, the company which was formed to work the new mining lease area on the West Rand, south of Randfontein. Your company's holding of Feralloys Limited shares has recently been disposed of to The Associated Manganese Mines of South Africa Limited on a share for share basis, for deferred shares in that company.

A vigorous prospecting programme was continued during the year in the Transvaal, the Orange Free State and in the Central African Federation. The map (in the report) shows the location of the company's principal prospecting and other interests. The "Dealesville Block" in the Orange Free State, mentioned in my review last year, was abandoned during the year as drilling results were unfavourable.

In the "Bothaville Block," which covers areas totalling approximately 140,000 morgen of the Bothaville, Odendaalsrus and Wesselsbron districts of the Orange Free State and also in the Wolmaransstad district of the Transvaal, an extensive drilling programme is continuing. Three boreholes have been completed with negative results and a further three boreholes are now in progress.

Since the end of the financial year your company has become interested in a further block of options in the Bothaville district, termed the "Bothaville (Vaal River) Block," situated to the east of the aforementioned "Bothaville Block" and comprising about 25,000 morgen of ground along the southern bank of the Vaal River. No drilling has yet been commenced in this area. The company is also interested in a block of options, the "Bapsfontein Block," comprising some 26,500 morgen in the Delmas and Bronkhorstspruit districts of the Transvaal where a borehole is at present being drilled. The drilling programme in the area east of the Hartebeestfontein and Buffelsfontein mines was continued without any success. One borehole, approximately 4 miles east of the Buffelsfontein mine and 3½ miles north of the Vaal River is still in progress.

In the Central African Federation your company has increased its participation in various exploratory ventures in which it is interested. As a result of the acquisition of the Rooderand company's assets, the various prospecting companies through which these operations are being conducted have now become subsidiaries of the company. Their prospecting ventures include nickel, chrome, copper, graphite and beryllium. During the past financial year work has been concentrated mainly on a promising nickel deposit near Bindura and on other nickel prospects in Southern Rhodesia, and active prospecting is still in progress on these prospects. Small scale mining operations have been commenced on a chrome deposit in the Belingwe area in Southern Rhodesia and it is hoped that it will be possible to extend the scope of these operations as and when the market for chrome ore improves.

BILLERUDS AKTIEBOLAG

Säffle — Sweden

Founded in 1883

Share Capital: Kr. 105.000.000

Board of Directors: Landshövding Bo Hammarskjöld (Chairman), Godsägare G. Liedberg, Direktör K. I. Hising, Riksdagsman L. Cassel, Direktör L.-E. Thunholm, Direktör Anders Smith and Bruksdisponent Å. Pihlgren.

Registered Office of the Company: Säffle.

Managing Director: Åke Pihlgren.

Production for Sale 1959: 130,000 metric tons of dry sulphite cellulose, 130,000 metric tons of paper and 41.000 standards of sawn woodgoods. These figures include the production of Hellefors Bruks AB, a subsidiary of Billeruds AB.

Summary of PROFIT and LOSS ACCOUNT

	31.12.1958		31.12.1959	
	Kr. m.	Kr. m.	Kr. m.	Kr. m.
SALES VALUE		215·9		277·8
—Production Cost		174·5		222·3
Gross Profit from Industrial Activities		41·4		55·5
Gross Profit from Forestry and Agriculture	17·1		16·3	
Other Gross Profit	3·2		3·0	
		20·3		19·3
GROSS PROFIT		61·7		74·8
+INCOME of Interest, etc.		2·8		3·6
		64·5		78·4
—INTEREST Charges	3·0		5·0	
Depreciation	23·1		24·4	
Pension Fund	9·0		9·0	
Investment Fund			10·0	
Taxes	17·0		16·0	
		52·1		64·4
NET PROFIT		12·4		14·0

Summary of CONSOLIDATED BALANCE SHEET

	31.12.1958		31.12.1959	
ASSETS	Kr. m.	%	Kr. m.	%
Fixed Assets	169·9	47·6	182·8	45·4
Current Assets	187·1	52·4	220·0	54·6
Total	357·0	100·0	402·8	100·0
LIABILITIES				
Long-term Liabilities	105·4	29·5	136·2	33·8
Short-term Liabilities	34·8	9·8	37·0	9·2
Investment Reserve	16·9	4·7	25·1	6·2
Share Capital, Legal and other Reserves	199·9	56·0	204·5	50·8
Total	357·0	100·0	402·8	100·0

Säffle, May, 1960.

COMPANY AFFAIRS

Royal Dutch/Shell

THE statement issued by the Royal Dutch/Shell group on the outturn in the first quarter of this year sets something of a puzzle. The volume of sales of crude oil and oil products was about 5½ per cent higher—as Lord Godber indicated it would be a fortnight ago. And so was the group's net income. But its gross income was nearly 10 per cent lower. Thus, comparing quarter with quarter, the gross margin on sales fell from 18.5 to 15.9 per cent but the net margin improved slightly from 8.3 to 8.4 per cent. The gross profit at £79.5 million was lower than it had been in any quarter last year and this was due statistically to an increase of nearly 9 per cent in operating and other expenses. In fact, the improvement in net margins was due entirely to the fall of over £10 million to £33.7 million in income taxes.

What changes in policy lie behind these figures? In a complex and international group such as Royal Dutch/Shell it is impossible to isolate one set of factors and say simply: this was the reason. But it is possible to point to some of the more important influences on trading results. As the daily volume of sales went up from 2,668,000 to 2,813,000 barrels while the daily volume of production (including special supply contracts) fell from 2,562,000 to 2,532,000 barrels, it looks as if the group drew upon stocks. As some tax may have already been paid on the oil taken into stock in the past this might help to explain why the tax charge fell. The other reason for the fall in tax would seem to be that the group was taking less oil from Venezuela and more from its own sources in the Middle East and from Kuwait under its contract with Gulf Oil for supplies. The additional overheads of running its own productive outlets at a lower level of output and buying oil from elsewhere to make up the difference may explain why operating expenses have risen. The saving in using more Middle Eastern oil and less Venezuelan oil would seem to lie for the Royal Dutch/Shell group largely in savings in tax. Venezuelan oil has attracted a higher rate of local tax for over a year but it seems to have taken time for Royal Dutch/Shell to re-phase its operations so as to lean a little more on its own and other companies' Middle Eastern supplies—on which the tax burden is lower.

SALES AND INCOME

	(£ million) 1959 (i)	1960 (i)
Sales :—		
Including duties	621·2	661·5
Excluding duties	475·3	498·6
Gross income	88·0	79·5
Net income	39·6	41·8
*Gross income/sales**	*18·5*	*15·9*
*Net income/sales**	*8·3*	*8·4*

* After deducting sales taxes, excise duties, etc., from turnover.

Guest, Keen and Nettlefolds

OVER the last decade the growth of Guest, Keen and Nettlefolds has been remarkable and now in the latest report Mr K. S. Peacock, the chairman, suggests that over the next few years capital expenditure by the group will be at an even higher rate than it has been in the past. The group has made a survey of the prospective long-term demand for steel products and its directors have decided to spend £20 million over the next five years on the expansion of GKN's three steel works so as to meet future demands from GKN's engineering companies and in doing so to replace some outside supplies. The bulk of this expenditure will be in 1960-62 and with substantial sums likely to be sanctioned for development elsewhere in the group, particularly in those plants that serve the motor industry, total capital expenditure in these years is unlikely to fall below the annual rate of about £18 million reached both in 1958 and 1959. But with a cash flow of £17.2 million for 1959 the group is not likely to have many worries on the score of finance. Such a cash flow implies a big earnings cover and it is not surprising that although the ordinary dividend was raised from 13 to 15 per cent for 1959 it was still covered 3.8 times by earnings.

RECORD OF GROWTH

(£'000s)	1951	1955	1958	1959
Turnover	68.333	145.913	208.996	220.807
Total net assets employed	57.388	104.445	145.212	157.723
Trading surplus	9,226	18,777	24,895	26,550
	%	%	%	%
Trading surplus/Turnover	*13·5*	*12·9*	*11·9*	*12·0*
Trading surplus/Net assets employed	*16·1*	*18·0*	*17·1*	*16·8*

Mr Peacock says that present trading conditions are good and that the outlook is promising but he points out that it is only the high rate of activity in the engineering works that enables the group to work at a reasonable rate of profit. Thus last year's increase in turnover from £209 million to £221 million brought only a slight improvement in the gross margin of profit to sales from 11.9 per cent to 12 per cent. At 88s. 3d. the £1 shares yield 3½ per cent—almost a full point below the average return on the shares included in *The Economist* indicator. The earnings yield on the GKN shares however is no less than 13 per cent and compares with an average earnings yield on blue chips of between 8 and 9 per cent. Institutional investors hold about 40 per cent of the GKN equity and they seem hardly likely to part with shares on which the dividend has quadrupled in the last decade and on which the earnings yield remains so high.

Commercial Union

LAST year Commercial Union absorbed North British and Mercantile. The purchase was accomplished largely through an exchange of shares but it included a cash element of £2¾ million. At the time of the merger North British and Mercantile, which transacts a bigger proportion of its business overseas than Commercial Union does, was actively thinking of raising new capital. Its directors, like those of Commercial Union, believed that such an issue was needed in order to augment free reserves held in London, as legislation in overseas countries was tending to freeze local resources. It is not therefore surprising that the merged group is now going ahead with plans to raise new money through a rights issue.

At first sight the size of the issue, which will bring in about £10 million, may look surprisingly big. But the issue is designed not merely to provide the money thought necessary by North British to reinforce its free reserves but to replace the cash used by Commercial Union in acquiring North British and to provide for the additional capital commitments which arise from the continued expansion of the business of the merged group both at home and overseas. The 5s. shares of Commercial Union lost 2s. to 58s. 9d. after the intention to make the rights issue became known.

British Life Unit Trust

THE first new unit trust to be launched since the Falcon trust some four months ago comes from the British Life Office, a subsidiary of the Reliance Mutual Life Insurance. Unlike many recent entries into the unit trust field, British Life is not making a block offer. Its units can currently be purchased at 5s. 1d. each, to yield 3¾ per cent; this return will go up by probably as much as one-half of one per cent if the new provisions in the Finance Bill regarding the management expenses of unit trusts become effective. One of the novel features of the units of this new cash fund is that out of the initial management charge of 3¼ per cent, a discount will be offered for larger applications. The discount will amount to ¼ per cent to applications for over 12,000 units.

Controlled by an insurance company, the trust is to put its main emphasis on the purchase of units through an endowment policy. The policies, which will be for periods from 12 years and for amounts of £1,000 and over, will give the holder both life cover and the opportunity of equity investment. Each quarter's premiums will be used to purchase units at the current market price. Thus when the policy matures, the holder receives these units, which he can either sell or, as the managers hope, keep as an investment. The rate of premium is worked out at roughly half way between the normal rate on an endowment policy with profits and one without profits. For the holder the special attraction of this scheme over, say, the thrift and savings schemes run by other unit trusts, is that he can obtain tax relief on his premiums.

Royal Mail Lines

MR WALTER C. WARWICK, the chairman of Royal Mail Lines, in his annual statement lends cautious support to the views of chairmen of other shipping lines that the lowest point in freight rates has been passed. Mr Warwick says that the company may expect to see a gradual improvement as time goes on. Last year the trading profits of the Royal Mail Lines fell from £2.3 million to £2 million. Trading chiefly with South America and the West Indies, Royal Mail was affected by a further decline in shipments of meat from Argentina but the group's refrigerated cargo ships carried more butter and deciduous and citrus fruits. Outward cargo services to the Caribbean area continued to secure reasonable support from shippers in this country but the results for homeward bound bulk cargoes were seriously affected by the very low level of tramp shipping rates. Profits were also affected by further flag discrimination and by the fall in the value of some South American currencies (reflected in another reduction in the number of passengers crossing the South Atlantic). This has led Royal Mail to employ one ship wholly for cruising.

One of the three new "A" vessels joined the fleet last December and Mr Warwick reports that passenger bookings for these new ships are going well. This addition to the fleet is reflected in the rise from £22½ million to over £31 million in the balance sheet value of the fleet. Commitments for ships building have been halved from £20 million to £10.3 million. Capital expenditure has brought the group's liquid resources in cash and investments down from £7 million to £2½ million and Royal Mail at the end of last year had a bank overdraft of £905,060. Mr Warwick says that arrangements have been made for further overdraft facilities to tide the company over the first few years of the life of these new ships. The ordinary dividend has been maintained at 8 per cent and at 22s. 9d.xd the £1 shares yield 6¾ per cent.

Joshua Tetley

EXPANSION is obviously the policy of Joshua Tetley, which is rapidly absorbing other breweries in Yorkshire and the North of England. Hard on the heels of the proposed merger with Walker Cain of Liverpool it has made a cash bid of £3.3 million for the preference and ordinary shares of the Melbourne Brewery, which like Tetley is centred on Leeds. Melbourne shareholders are offered 23s. for each of the 6 per cent preference shares, 27s. 6d. for each of the 8 per cent preferred ordinary shares and 142s. 6d. for each of the £1 ordinary shares.

Shareholders of Joshua Tetley may be wondering how this deal is to be financed. At September 30th last the group's net liquid assets came to only £65,708. This was before the cash payment of £480,000 made to shareholders in William Whitaker last November as part consideration for the acquisition of that company. Earlier this year Joshua Tetley raised £1.3 million by a rights issue and now it seems possible that another issue will have to be made.

In recommending the offers the directors of Melbourne Brewery say that its net profits for the year to March 31st came to £149,888, against £112,299 for the previous 18 months and they have raised the ordinary dividend from the equivalent of 17 to 22½ per cent. The £1 shares have been a strong market in recent weeks on rumours of a takeover but they put on another 22s. 6d. on the favourable terms of the proposed merger and are now quoted close to the offer price of 142s. 6d.

Turner and Newall

THE interim statement of Turner and Newall for the year to September 30th is of some limited worth to shareholders. As expected the interim dividend has been left unchanged at 5 per cent but the directors report that trading results as a whole have been satisfactory in the six months to March 31st and they anticipate similar trading conditions for the rest of the year. The manufacturing companies have experienced increasingly active trading conditions and although competition remained severe, net trading profits were higher than for the corresponding period a year ago, when the recovery in trade was only just beginning. The Canadian mining company has apparently continued to make a satisfactory profit but Turner and Newall's African mining organisation earned smaller profits (largely because the demand for textile fibres fell). The immediate outlook continues to be bright but in assessing the size of this year's final dividend shareholders should bear in mind the chairman's warning last December that advances in turnover are not necessarily paralleled by corresponding advances in profit. On last year's 20 per cent dividend the £1 shares at 98s. 3d. yield just over 4 per cent.

British Cotton and Wool Dyers

IN his statement a year ago, the chairman of the British Cotton and Wool Dyers' Association reported signs of a revival in business. But then he could hardly have dared to forecast that the recovery in the textile trade would prove to be so strong as to push trading profits in the year to March 31st last up from £209,052 to £427,986. At that time shareholders, too, could have hardly imagined that the ordinary dividend would be doubled, from 5 to 10 per cent.

The improvement in trade has not been confined to any one section; a considerable increase in the weights processed by the wool branches led to a 21 per cent increase

Company Affairs *continued on page 1048*
London and New York Stocks *on next two pages.*

Steel Results

WITH its accounting year changed from September to the end of March, **Consett Iron** stands alone among the leading iron and steel companies in reporting its results at this time. On an annual basis, trading profits at £4,039,224 appear to have run at a rate about 45 per cent higher than that achieved in the six months to the end March, 1959, and profits before tax at £1,997,158 at a rate about 85 per cent higher. Last September Lord Ridley, the chairman, reported that orders were increasing steadily and it is clear that the major improvement in earnings occurred in the last six months of the year to April 2nd last. The dividend is maintained at 8¼ per cent but thanks to big investment allowances it is now covered 3¼ times by earnings. At 31s. 6d. the £1 shares yield 5½ per cent. The fortunes of Consett are largely bound up with the shipbuilding industry, and it has embarked on an expansion programme, costing £28 million of which Consett is providing £10 million from its own resources.

The trading profits of **John Summers** for the six months to end-March show only a slight improvement from £6,900,000 to £7,150,000. This is in line with the chairman's forecast earlier this year, when he said that he did not expect to see much increase in production in the first half of the financial year. The company should however soon begin to reap the benefit from its expansion schemes and to increase its deliveries. Commitments to customers for the rest of the financial year are sufficient to absorb the anticipated production of the Shotton works. At the Shelton works, where the group manufactures heavier steel products, there has also been an improvement both in demand and in output.

Stewarts and Lloyd's interim, maintained at 3 per cent, is payable on the capital as increased by last October's big rights issue. The directors say that the improvement in trade reported by the chairman last February has been maintained. A total dividend of 11 per cent has been forecast for the current year. No forecast has been made by the directors of **Lancashire Steel** but in view of the increase in the interim payment from 2½ to 3½ per cent a total of 10 per cent should not be too much to expect.

STEEL DIVIDENDS

	Interim	Final	Interim	Price	Yield
Lancashire Steel	2½*	6	3½	49/–	3·5
Stewarts & Lloyds	3	8	3	50/6	4·4
John Summers	6	8½	6	74/6	3·9
	Final	Interim	Final		
Consett Iron	4½†	3	5½	30/6	5·7

* Adjusted for scrip issue. † For six month period.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 25, 1960	Price, June 1, 1960	Net Yield, June 1, 1960 $	Gross Yield, June 1, 1960	Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, May 25, 1960	Price, June 1, 1960	Yield, June 1, 1960	Cover
					£ s. d.	£ s. d.			%	%					
98 11/16	97 3/4	Funding 2 1/2% 1956-61	98 1/32	98 11/16	2 18 5	5 4 1 0/	42/3	34/6	21/2 a	7 1/2 b	BANKS, DISCOUNT & HP				
100 25/32	99 1/8	Conversion 4 1/2% 1962	99 1/4	99 1/8	2 19 5	5 0 9	53/-	44/3	4 a	6 b	Alexanders £1	34/6	35/-	5·71	...
96 1/8	94 1/8	Exchequer 3% 1962-63	94 9/32	94 1/32	3 15 6	4 19 4/	393/4	321/4	9 c	9 c	Bk. Lond. & S. Amer. £1	46/-	45/3	4·42	...
93 11/16	91 15/16	Exchequer 2 1/2% 1963-64	92 1/32	91 15/16	3 14 7	4 15 2/	66/3	52/3	5 a	5 b	Bk. New S. Wales £20	321/4	33	4·36g	...
							49/6	38/6	5 b	4 a	Barclays £1	53/3	54/-	3·70	...
101 23/32	99 1/8	Conversion 4 1/4% 1963	99 9/32	99 1/8	3 4 8	5 1 3					Barclays D.C.O. £1	39/6	39/6	4·56	...
99 17/32	97	Conversion 4% 1964	97 13/32	97 1/32	3 10 9	5 6 9	64/-	53/6	7 1/2 a	7 1/2 b	Chartered £1	53/6	53/6	5·61	...
97 15/16	89 7/8	Savings Bonds 3% 1955-65	90 7/8	90 5/8	3 18 3	5 4 6/	83/7 1/2	65/6	8 1/2 a	7 b	District £1	67/9	70/-	4·00 e,c	...
93 15/16	89 1/8	Savings Bonds 3% 1959-69	82 3/8	82 1/8	4 6 4	5 12 11/	38/6	32/3	5 b	4 a	Eng., Scott. & Aust. £1	32/6	32/6	5·54	...
85 7/16	80 3/8	Funding 3% 1959-69	£69	£69 1/2	4 13 1	4/	22/6 e	37/6 b	7 1/2 a	7 1/2 b	Hongk'g. & Shang. $125	£60 3/4	£60 3/4	4·94	...
93 1/2	89 11/16	Funding 4% 1960-90	89 7/8	89 3/8	4 6 7	5 14 0/	70/6	37/6	5 a	7 b	Lloyds £1	62/-	62/6	3·84	...
82 7/8	79 1/4	Savings Bonds 3% 1960-70	80 1/4	80	4 6 7	5 14 0/									
85 11/16	81 3/4	Savings Bonds 2 1/2% 1964-67	83 3/4	83 1/4	4 8 3	5 10 1/	23/4 1/2	16/4 1/2	8 a	8 b	Martins £5/-	17 1/2	17/4 1/2	3·74 e,c	...
77	73	Savings Bonds 3% 1965-75	74 3/4	73 11/16	4 4 10	5 13 8/	95/-	83/-	7 1/2 a	9 1/2 b	Midland £1	83/6	83/-	4·10	...
104 13/16	100 1/4	Exchequer 5 1/2% 1966	101 5/8	101 1/4	3 5 4	5 9 8	57/-	48/-	...	7 1/2 a	Nat. Com. Bk. Scot. 10/-	49/9*	50/6*	2·97 e,c	...
85 7/16	82 3/32	Funding 3% 1966-68	83 3/4	83 3/8	4 7 5	5 14 8/	59/9	45/-	6 1/4 a	8 3/4 b	Nat. Discount 'B' £1	48/9	49/6	6·06	...
96 3/4	94	Victory 4% 1920-76	94 1/4	94	3 7 5	5 1 4/	92/-	72/6	5 a	7 b	Nat. Provincial £1	76/3	78/3	3·58 e,g	...
89 3/16	84 11/16	Conversion 3 1/2% 1969	86	85 3/8	4 4 0	5 11 10	95/6	80/3	8 a	9 b	Royal Bk. of Scotland £1	81/6	82/6	4·12	...
98	95 1/16	Conversion 3% 1969	95 7/8	95 3/8	3 12 11	5 14 5	51/6	38/-	5 a	9 b	Stand. Bk. S. Africa £1	40/-	40/-	7·00	...
							63/3	51/-	5 a	5 6/8 b	Union Discount £1	49/3	50/3	4·98	...
101 7/16	96 7/16	Conversion 3 1/4% 1974	96 11/16	96 1/2 e	3 10 6	5 11 11					Westminster 'B' £1	52/3	52/6	4·13	...
78 3/4	74 1/8	Treasury 3 1/2% 1977-80	74 3/8	74 1/8 e	4 0 8	5 13 4/	£213/8	£181/16	£1·65c	£1·85c	Bank of Montreal $10	£187/16	£185/8	3·59	...
78 3/4	74 1/8	Treasury 3 1/2% after Apr. 1979-81	74 5/8	74 1/4	4 0 9	5 14 6/	£30 1/16	£23 15/16	$2·25c	$2·32 1/2c	Royal Bk. Canada $10	£247/8	£25 5/8	3·28	...
103 1/2	100 7/8	Funding 5 1/2% 1982-84	101 1/4	100 7/8	3 7 11	5 12 0e									
66 1/4	62 1/4	Redemption 3% 1986-96	62 3/4	62 1/4	3 15 5	5 8 5/	31/6	22/11 1/2	5 a	13 1/2 b	Bowmaker £5/-	27/4 1/2	26/10 1/2	3·41	11/2
97 1/4	91	Treasury 5% 1986-89	91 3/8	91 1/16	3 11 7	5 13 6/	33/7 1/2	24/6	8 1/2 a	9 1/2 b	Lombard Banking 5/-	27/11 1/2	27/21/4	3·49 e,c	31/4
							29/3	20/6	10 b	5 a	Mercantile Credit 5/-	25/7 1/2	25/9	2·91	21/4
71 3/4	68 1/8	Funding 3 1/2% 1999-2004	68 11/16	68 1/8	3 12 9	5 10 4/	69 32	71 16	24 b	4 a	United Domins. Tst. £1	73/4	73 32	3·24	21/4
73 1/16	70 1/4	Consols 4% after Feb. 1957	71 1/8	70 1/2	3 10 4	5 15 8/									
65 1/8	61 1/8	War Loan 3 1/2% after 1952	61 5/8	61 11/16	3 9 9	5 13 6/					BREWERIES, Etc.				
65 1/2	61 5/8	Conv. 3 1/2% after Apr. 1961	62 7/16	61 13/16	3 9 9	5 14 4/	25/9	26/6	3 c	7 1/2 a	Bass 5/-				
56 3/8	52 3/8	Treasury 3% after Apr. 1966	54	53 3/8	3 9 3	5 13 5/	20/1 1/2	20/3	4 a	5 a	Distillers 10/-	36/-	35/9	3·50	21/4
49 3/4	45 7/8	Consols 2 1/2%	46 7/8	45 15/16	3 6 6	5 8 4/	63/-	65/6	18 b	18 b	Ind Coope 5/-	28/6*	28/9*	3·30	21/4
							12/6	10/9	12 c	5 a	Guinness 10/-	63/-	65/6	4·27	13/4
48 1/2	45 1/4	Treasury 2 1/2% after Apr. 1975	45 15/16	45 7/16	3 7 10	5 11 1/	17/3	13/11 1/2	3 1/2 a	7 1/2 b	Teacher (Distillers) 10/-	32/6	32/6	3·85	31/4
92 1/8	89 1/8	British Electric 4 1/2% 1967-69	93 1/16	92 1/4	3 16 3	5 14 6/	20/9	19/-	11 b	5 a	Watney Mann £1	82/9	83/6	3·60	2
79 7/16	75 1/4	British Electric 3% 1968-73	76 1/4	76	4 6 6	5 14 5/	37/6	32/-	5 d	7 1/2 b	Whitbread 'A' £1	120/-	122/6	4·08	13/4
76 1/8	71 7/8	British Electric 3% 1974-77	72 1/4	72 1/4	4 3 9	5 12 9/	83/9	70/-	33/4 a	11 1/4 b					
90 1/2	85 1/8	British Electric 4 1/4% 1974-79	85 1/16	85 3/8	3 14 1	5 11 3/	135/6	115/-	8 a	17 b	BUILDING, PAINT, Etc.				
79 1/2	74 15/16	British Electric 3 1/2% 1976-79	75 1/4	74 15/16	4 0 5	5 13 1/					Associated Portland £1	71/3	68/-	3·24	31/4
											British Plaster Bd. 10/-	27/9	27/6	3·70	21/4
90 5/8	86	British Gas 4% 1969-72	86 7/16	86 3/16	3 19 5	5 14 9/	81/6	61/9	4 a	7 b	Richard Costain £1	88/11/2	87/6*	3·43	3
86 7/8	82 3/16	British Gas 3 1/2% 1969-71	83 3/8	83 1/8	4 1 7	5 12 9/	28/6	24/7 1/2	6 3/4 b	4 a	Crittall Mfg. 5/-	13/-	11/10 1/2	6·32	21/2
67 5/16	62 11/16	British Gas 3% 1990-95	63 3/8	62 11/16	3 15 7	5 14 5/	96/3	81/10 1/2	5 a	10 b	International Paints 4/-	17/4 1/2	13/3	6·6	3
79 9/16	75 1/4	British Transport 3% 1968-73	76 1/4	76	4 6 6	5 14 5/	14/8 1/4	11/10 1/2	10 b	5 a	Monsanto 5/-	24/9	24/9	3·03	3
88 1/2	84 11/16	British Transport 4% 1972-77	85 1/16	84 15/16	4 7 4	5 12 4/	27/7 1/2	23/-	5 d	10 b					
67 5/8	62 11/16	British Transport 3% 1978-88	63 7/16	62 3/4	4 1 4	5 12 10/					DRAPERY & STORES				
							109/9	96/3	6 a	14 b	Montague Burton 10/-	49/11 1/2	54/-	3·70	2
							46/11 1/2	33/10 1/2	21 7/8 c	21 7/8 c	Debenhams 10/-	45/11 1/2	45/9	3·83	13/4
							36/-	27/6	7 1/2 d	12 1/2 b	G.U.S. 'A' 5/-	47/3	48/3	3·63	21/4
							138/11 1/2	122/6	20 c	7 1/2 a	House of Fraser 5/-	45/6	45/3	4·42	1
											Lewis's Invest. Tst. 4/-	22/7 1/2	22/9	2·99	23/4
							31/9	25/9	4·8 a	13 1/2 b	Marks & Spencer 'A' 5/-	72/3*	72/10 1/2*	2·74	11/2
							51/-	46/-	28 c	7 1/2 a	United Drapery 5/-	49/3	49/7 1/2	3·78	2
							49/4 1/2	41/3	11 3/4 b	5 1/4 a	Woolworth 5/-	65/3	66/11 2	3·40	11/2
							55/4 1/2	45/11 1/2	7 1/2 a	8 1/2 b					
							40 c	15 a	8 a	8 b	ELECTRICAL & RADIO				
							23/4 1/2	16/4 1/2	8 a	8 b	A.E.I. £1	56/6*	57/3*	5·24	11/4
							95/-	83/-	7 1/2 a	9 1/2 b	B.I.C.C. £1	52/3	50/10 1/2	5·31	2
							57/-	48/-	...	7 1/2 a	Cromptn Parkinson 5/-	12/6	13/6	4·15	2 1/4
							59/9	45/-	6 1/4 a	8 3/4 b	Decca Record 10/-	49/-	49/10 1/2*	4·34	13/4
											E.M.I. 10/-	52/-	48/7 1/2	2·86 e,c	31/2
							92/-	72/6	5 a	7 b	English Electric £1	39/10 1/2	41/-	4·88	2
							81/6	80/3	8 a	9 b	General Electric £1	39/11 1/2	40/-	5·00	11/2
							40/-	40/-	5 a	5 b	C. A. Parsons £1	51/9	54/9	3·42	4
							49/3	50/3	4 a	4 b	Pye 5/-	16/6	17/11 1/2	3·65	23/4
							52/3	52/6	4·13	5 6/8 b	A. Reyrolle £1	38/3	40/4 1/2	4·33	23/4
											Thorn Electrical 5/-	47/9	48/3	2·07	41/2
66/6	50/4 1/2	13 c	21/2 a												
61/-	50/-	4 a	9 1/2 b								ENGINEERING				
15/-	11/6	11/6	5 a								Babcock & Wilcox £1	37/10 1/2	38/4 1/2	4·69	3/4
56/10 1/2	43/7 1/2	14 1/4 b	8 a								John Brown £1	43/3	44/9	4·47	21/2
58/9	44/9	20 c	5 a								Cammell Laird 5/-	8/-	7/10 1/2	4·44 i	11/2
53/-	37/10 1/2	3 a	7 b								Internat. Combust. 5/-	28/4 1/2	28/7 1/2	5·24	23/4
47/6	37/6	7 b	3 a												
59/-	44/-	4 3/8 a	5 b								Rich'ds'ns. Westg'th. 10/-	10/6	10/3	8·13	2
52/3	37/10 1/2	3 1/4 a	5 1/2 b								Swan Hunter £1	32/9	32/6	6·15	23/4
55/7 1/2	44/3	17 1/2 c	20 c								John Thompson 5/-	18/3	18/6*	5·41	1
											Vickers £1	35/-	33/3	6·02	11/4
48/9	33/6	4 1/2 a	4 1/2 b								Coventry Gauge 10/-	22/6	22/6	4·55	2
39/9	32/6	10 a	18 b								Alfred Herbert £1	54/-	56/-	4·08	11/2
29/3	21/6	11 1/4 a	15 b								Allied Ironfounders £1	71/-	72/-	5·51	11/2
59/6	48/-	12 a	15 b								Averys £1	91/-	103/-	3·88	3
76/3	65/3	8 1/4 b	7 1/2 a								George Cohen 5/-	15/10 1/2	16/7 1/2	3·61	21/4
104/-	84/-	5 a	15 b								Davy-United £1	116/6	117/6	4·26	31/4
19/-	13/4 1/2	7 1/2 b	4 1/2 a												
123/-	100/6	10 c	15 c								Guest Keen £1	88/-	88/3	3·40	33/4
95/7 1/2	79/-	5 a	10 b								Head Wrightson 5/-	22/-	23/-	3·04	31/2
31/6	21/3	4 a	10 b								Metal Box £1	69/-	71/9	2·60	31/4
75/-	61/3	5 1/2 b	4 a								Ransome & Marles 5/-	23/3	23/6	3·24	23/4
27/3	22/9	12 1/2 b	6 a												
43/11 1/2	36/3	6 1/2 b	7 a								Renold Chains £1	38/9	42/3	4·73 e,e	11/4
40/-	25/6	9 c	8 c								Ruston & Hornsby £1	28/6	28/6	5·61	11/2
82 7/32	65/3	7 1/2 a	12 1/2 b								Tube Investments £1	79/3	77/9	3·22 e,c	21/4
168/9	138/6	20 b	5 a								Ward (Thos. W.) £1	318/-	145/-	3·45	31/2
44/6	29/9	5 a	20 b								Woodall-Duckham 5/-	32/9	32/-	3·91	23/4

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, May 25, 1960	Price, June 1, 1960	Yield, June 1 1960
					£ s. d.
83	80 3/8	Australia 3 1/4% 1965-69	82 1/4	82	5 18 0/
107 1/2	103	Australia 6% 1974-76	103 1/2	103 1/4	5 14 0e
73 3/4	70	Ceylon 4% 1973-75	71 1/2	70 3/4	5 13 0/
107 3/8	103 1/4	New Zealand 6% 1976-80	104	104 1/4	5 14 0e
96 1/4	88	Rhodesia and Nyasaland 6% 1978-81	88 1/2	88 3/4	7 4 0/
85 3/4	79	South Africa 3 1/2% 1965-67	81	81	7 0 0/
80 1/4	67 1/2	Southern Rhodesia 4 1/2% 1967-72	68	67 1/2	7 4 0/
101 3/8	99	Agricultural Mortgage 5 1/2% 1980-85	99 3/4	99 1/2	5 14 0/
92 3/4	88 1/2	Birmingham 4 1/4% 1967-70	90 1/4	88 1/2 e	5 13 0/
99 1/4	95	Bristol 5% 1971-73	95*	95*	5 9 0/
100	96 1/4	Corporation of London 5 1/4% 1976-79	96 3/4	96 3/4	5 10 0/
53 3/4	51	L.C.C. 3% after 1920	51 3/4	51	5 16 0/
97 1/4	92 1/4	L.C.C. 5% 1980-83	92 5/8	92 5/8	5 12 0/
100	97 1/4	Middlesex 5 1/4% 1980	98	97 5/8	5 10 0/

NEW YORK PRICES AND INDICES

	May 25 $	June 1 $		May 25 $	June 1 $		May 25 $	June 1 $
Atch. Topeka	23 5/8	23 7/8	Boeing	27 7/8	26 5/8	Inter. Nickel	55 1/8	55 1/8
Can. Pacific	25 1/8	25 1/4	Celanese	24 3/8	23	Inter. Paper	99 1/8	100
Pennsylvania	13	13 3/4	Chrysler	45 1/4	44 7/8	Kennecott	78 3/4	74 5/8
Union Pacific	26 1/4	25 3/8*	Col. Palmolive	35 1/8	34 5/8	Monsanto	41	40 3/8
Amer. Electric	32 1/8	33 1/4	Crown Zeller.	44 1/4	43 1/4	Nat. Distillers	29	28 5/8
Am. Tel. & Tel.	87 5/8	91 3/8	Distillers Seag.	29 5/8	29 3/4	Pan-American	17 3/8	17
Cons. Edison	62 3/4	61 3/4	Douglas	31 1/2	30	Procter Gamble	101 3/4	108 1/2
Int. Tel. & Tel.	46 5/8	45 3/8	Du Pont	208 1/2	205 1/4	Radio Corpn.	75 3/8	76 1/2
Standard Gas	9 3/8	9 1/8	East. Kodak	116 1/4	119 1/2	Sears Roebuck	51 3/8	51 7/8
United Corpn	7	7 1/8	Ford Motor	66 1/4	66	Shell Oil	33 1/8	30 7/8
Western Union	48	49 3/4	Gen. Electric	89 5/8	89 1/4	Socony-Mobil	35 1/4	35
Alcoa	90 1/2	90 1/4	General Foods	118	121 1/2	Stand. Oil Ind.	37 1/2	35 3/4
Aluminium	32 7/8	32 1/2	General Motors	44 1/4	43 7/8	Stand. Oil N.J.	41	40 1/8
Amer. Can	38 1/4	38 7/8	Goodyear	39	40	20th Cent. Fox	37 3/4	37 3/8
Am. Smelting	50 1/8	50 1/4	Gulf Oil	28 1/4	27 1/4	Union Carbide	134	133 1/2
Am. Woolen	35 3/8	34 3/4	Heinz	83	86	U.S. Steel	78 3/4	79 1/4
Anaconda	49 3/8	47 3/8*	Int. Bus. Mach.	485	504	West. Electric	58	59 1/4
Beth. Steel	44 7/8	44 1/8	Int. Harvester	41 3/8	42 1/2	Woolworth	67 5/8	69 1/4

Standard and Poor's Indices (1941–43=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
May 4	58·67	3·32	30·13	5·80	45·40	3·97	86·95	4·18
" 11	58·11	3·35	29·64	5·89	45·51	3·96	87·87	4·09
" 18	59·12	3·29	30·14	5·80	45·70	3·95	87·26	4·15
" 25	59·32	3·28	30·66	5·70	46·06	3·92	87·16	4·16
June 1	59·57	3·27	29·96	5·83	46·43	3·88	88·18	4·06

425 Industrials :—High, 68·02 (Jan. 5) ; Low, 57·00 (Mar. 8).

* Ex dividend. † Tax free. ‡ Assumed average life 8 1/2 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2 1/2% net free. (j) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, May 25, 1960	Price, June 1, 1960	Yield, June 1, 1960	Cover
		%	%					
41/3	33/6	18 c	12 a	FOOD & TOBACCO				
112/6	95/10 1/2	5 a	19 b	Assoc. British Foods 5/-	38/6	38/9	2·32	2 1/2
15/7 1/2	13/2 1/4	14 1/4 b	12 1/2 a	Bovril Defd. £1	110/-	110/7 1/2	4·34	23/4
30/7 1/2	25/6	10 c	10 c	Brooke Bond 'B' 5/-	13/9	14/1 1/2	3·61	4
13/8 1/4	10/3	7 1/2 b	2 1/2 a	Home & Colonial 10/-	26/9	27/9	3·60	2
85/6	70/9	9 1/4 b	5 a	Leyland Motor £1	12/3 3/4	12/10 3/4	4·15	13/4
28/3	24/10 1/2	5 a	7 1/2 b	J. Lyons 'A' £1	75/3	79/-	3·59	11/2
48/9	39/6	12 3/4 a	7 1/2 b	Ranks 10/-	24/10 1/2	24/10 1/2	5·03	2 1/4
62/-	54/6	9 h	3 a	Spillers 10/-	44/3	45/-	4·06	2 1/4
17/3	15/3	...	5 a	Tate & Lyle £1	57/6*	58/-	4·14	2 1/4
72/6	57/9	120 c	155 a	Unigate 5/-	16/9	17/3	2·90 e,g	...
41/6	37/-	131 3/4 b	31 3/4 a	Brit. Amer. Tobac. 10/-	61/7 1/2	62/3	5·24	23/4
77/6	61/9	81 2/4 a	14 b	Gallaher 10/-	41/6	41/3	4·04	2
				Imperial Tobacco £1	66/7 1/2	67/6	6·67	13/4
195/-	175/-	145 a	150 b	INSURANCE				
68/6	54/3	20 a	25 b	Britannic 5/-	188/9	195/-	3·98	...
149 1/4	132 35/-	132 35/-	141 17/-	Commercial Union 5/-	63/3	59/-	3·81	...
84/3	70/3	15 a	30 b	Equity & Law Life 8/6	145/6	144	2·04	...
106/9	91/-	30 a	40 b	General Accident 5/-	81/3	84/3	2·67	...
19 1/4	16 5/8	40 a	150 b	Guardian 5/-	106/3	106/3	3·29	...
102/6	96/3	...	...	Legal & General 5/-	17 5/8*	16 15/16	2·80	...
172/6	132/6	120 a	160 b	Northern & Empl. £1	100/-	98/9	3·75 e,h	...
17 15/16	15 9/16	162 1/2 c	183 1/2 c	Pearl 5/-	141/3	145/-	4·50	...
115/-	94/9	8 a	8 b	Prudential 'A' 4/-	17/-	17/4	3·47	...
				Royal Exchange £1	97/6*	97/-	3·30	...
75/3	55/3	12 1/2 c	6 a	MOTORS & AIRCRAFT				
24/03 1/4	18/7 1/2	12 1/2 b	7 1/2 a	B.S.A. £1	64/4 1/2	75/3	4 25 e,g	23/4
118/-	97/-	5 a	12 1/2 b	British Motor 5/-	19/03 1/4	19/3	5·19	11/2
62/10 1/2	38/-	12 1/2 c	2 1/2 b	Ford Motor £1	114/4 1/2	112/6	3·11	4 1/2
85/-	72/6	12 1/2 c	15 c	Jaguar Cars 'A' 5/-	51/9	60/7 1/2	1·65	31/2
12/3 3/4	9/3	8 c	12 c	Rootes Motors 'A' 4/-	10/3 3/4	12/-	4·00	5
12/6	10/9	12 c	5 a	Standard-Triumph 5/-	11/-	11/03 1/4	5·42	3 1/2
17/3	13/11 1/2	3 1/2 a	7 1/2 b	Bristol Aeroplane 10/-	15/6	14/7 1/2	7·52	13/4
38/3	29/10 1/2	13 9/16 b	13 6/8 a	Dowty Group 10/-	35/9	38/3	3·20	31/2
34/-	28/3	3 a	7 b	Hawker Siddeley £1	31/-	30/6	6·56	2
49/7 1/2	42/-	21/2 a	7 1/2 b	Rolls-Royce £1	47/-	46/10 1/2	4·27	2
28/11 1/2	22/3	3 1/3 a	11 2/3 b	Dunlop Rubber 10/-	28/11 1/2	27/3	5·50	21/2
74/6	64/10 1/2	10 b	2 1/2 a	Joseph Lucas £1	65/9	68/4 1/2	3·66	3
40/9	31/6	9 a	21 b	Pressed Steel 5/-	34/-	34/1 1/2	4·40	3
48/6	30/-	6 3/4 c	10 c	Triplex Holdings 10/-	44/7 1/2	46/-	2·17	31/4
11/8	7 7/16	20 a	70 b	MINES				
99/3	60/-	18 3/4 b	6 1/4 a	Anglo-American 10/-	72/9 32	73/4	5·81	11/2
145/-	88/9	10 a	25 b	Consolid. Gold Fields £1	64/6	64/9	7·72	2
87/9	49/6	40 a	110 b	General Mining £1	95/9	95/-	7·37	13/4
25/10 1/2	19/-	50 b	45 a	Union Corporation 2/6	54/3	53/9	6·98	21/2
66/3	48/11 1/2	35 b	35 a	Daggafontein 5/-	19/9	19/6	24·36	1
80/4 1/2	52/6	50 a	70 a	Free State Geduld 5/-	128/9	123/9	6·46	11/2
187/6	113/9	100 b	80 a	Hartebeestfontein 10/-	51/-	50/3	13·93	2
26/9	20/-	...	...	President Brand 5/-	58/-	57/6	9·57	2
119/6	76/9	10 a	30 b	Western Holdings 5/-	128/11 1/2	122/6	7·35	13/4
93/9	62/6	37 1/2 b	20 a	Winkelhaak 10/-	21/-	21/-	...	...
16/4 1/2	11/4 1/2	9 3/8 b	6 1/4 a	Rhod. Anglo-Amer. 10/-	80/6	79/9	7·52	2
8/10 1/2	6/6	7 3/16 b	4 11/16 a	Rhod. Selection Tst. 5/-	11/7 1/2*	11/4 1/2*	9·13h	13/4
48/3	29/-	22 1/2 b	15 a	Roan Antelope 5/-	6/7 1/2*	6/7 1/2*	9·13h	1
78/6	68/6	61/4 a	133/4 b	Tanganyika Cons. 10/-	32/3	33/-	11·36	1
200/-	133/11 1/2	100 a	150 b	Consolidated Zinc £1	75/6	75/-	5·33	13/4
81003/4	5873/4	51·30c	51·50c	De Beers Defd. Reg. 5/-	153/9	148/9	8·40	2
12/6	10/7 1/2	5 a	20 b	Internat. Nickel n.p.v.	5873/4 ‖	5981/2 ‖	2·72	2
51/-	31/-	20 c	20 c	London Tin 4/-	11/10 1/2	12/6	8·00	1
36/9	26/3	43 1/3 c	37 1/2 a	Rio Tinto 10/-	36/3	34/4 1/2	5·82	2
				Tronoh £1	37 1/2 a	36/9	5·90	1
67/6	50/9	13 1/2 a	7 1/2 b	OIL				
59/6	43/6	12 1/2 a	16 1/4 b	British Petroleum £1	51/3	51/6	6·87	2 1/2
64/-	41 3/4 a	18 3/4 b	8 a	Burmah Oil £1	45/3	44/6	6·42	11/4
168/9	139/-	15 a	18 1/4 b	Royal Dutch 20 fl.	£13 3/4*	£13 7/16*	3·67	3
64/-	38/9	...	...	Shell Transport £1	146/3	144/-	5·39	3
60/-	51/9	7 1/2 a	20 b	Ultramar 10/-	44/9*	41/-	... d	...
				Wakefield C.C. 10/-	58/-	58/6	4·70	2 1/2
15/6 3/4	12/11 1/2

Continued from page 1045

in money turnover; on the cotton side the increase in turnover, though much more modest, has still been appreciable. Substantially better profits have also been earned from the "speciality" section, which includes dry cleaning, nylon throwing, synthetics and recombing. By contrast the subsidiaries of "Slubbers" outside the textile industry—in catering and staff selection—seem to be proving more costly to develop than was perhaps thought when the group set out to diversify its interests. At the moment these subsidiaries have accumulated losses of £48,569, on which however presumably some tax relief is obtainable.

The finishing sections of the cotton textile industry were not included in the original Government redundancy scheme, but a new scheme for this side of the industry is expected shortly (probably before the summer recess). As a precautionary measure £20,000 has been put by "Slubbers" to a contingency reserve. The 5s. shares at 5s. 10½d. yield over 8½ per cent, reflecting in part the unknown implications of this scheme for the finishing end of the textile industry in general and for "Slubbers" in particular.

Consolidated Zinc

IN 1959 Consolidated Zinc Corporation achieved a striking recovery of over £1 million to £2,663,000 in its consolidated net profits despite several unfavourable circumstances. Imports of lead and zinc into the United States were restricted by quotas, and Consolidated Zinc and other leading producers were driven to supporting open market prices by restricting sales in the last seven months of the year. Zinc recovered strongly, the average price for prompt metal in London last year rising by over £16 to £82 a ton. Though the average for prompt lead, at £70 15s. was £2 less than in 1958. Zinc's recovery was some help, but the group also added to its profits the hard way, by modernising and increasing the capacity of its smelting plant, and by improving efficiency in the mines and other works; and it also earned money from licensing its new Imperial Smelting process to other smelters (one of the latest being a Polish state concern). The chairman, Mr L. B. Robinson, says that in Britain the profits from zinc smelting and sulphuric acid showed a substantial improvement owing mainly to the improved performance of the vertical retorts and particularly of the new process plant at Avonmouth; the dividend from British Titan Products was substantially higher; and in Australia, Consolidated Zinc Proprietary again achieved higher profits.

The group spent nearly £3.6 million last year, largely on the Imperial Smelting process plant and the ferrous sulphate treatment plant at Swansea, improvement in the smelting plant at Avonmouth, and the additional sulphuric acid plant at Cockle Creek, New South Wales. This spending was in effect financed by the £3½ million rights issue, and the group's cash resources went up by £2 million to £8 million. Outstanding capital commitments still exceed £7 million.

US import restrictions on lead and zinc remain, but producers have been able to remove restrictions of sales of zinc and the only immediate problem, says Mr Robinson, is the sizeable stock held by smelters in the United States. Lead prices, thanks to the restrictions on sales, have held steady and even shown some sign of recovery, but the problem remains of liquidating producers' stocks without weakening prices. Mr Robinson is anxious that restriction should never result in "disorderly markets and exorbitant prices," for the threats of substitution are still plainly apparent. Some years ago the company said that it would be satisfied with a combined price for lead and zinc of £175 a ton in London (currently £167) and he sees no reason to change that view, for increases in costs since then have been balanced by greater operating efficiency. The group will try to broaden its activities still further, and in the meantime Mr Robinson is satisfied with the development and improvement in efficiencies of the existing interests.

Philip Hill

IT did not come as a great surprise that Philip Hill Investment Trust's dividend of 22½ per cent for the year to March 31st last was not merely bigger than the 20 per cent paid for 1958-59 but was also bigger than the directors' forecast of 21 per cent. What did come as a surprise was the announcement of a one for four rights issue at 22s. 6d. This was well below the then market price of 36s. 9d. and made the rights worth about 2s. 9d. The issue, which will raise £4.9 million, is to be used to extend the trust's investment portfolio which at the end of March was worth £27.4 million. It was only in September that Philip Hill raised £6½ million by issuing debentures and ordinary shares. These issues helped to finance the purchase of Erlangers by the trust's banking subsidiary, Philip Hill Higginson. The effect of this acquisition is seen in the increase in the total assets of the banking subsidiary from £16 million to £34.9 million, in acceptances from £1.3 million to £7.3 million, and in deposits from £12.7 million to £23.1 million.

In an active year for merchant banks the subsidiary's consolidated profits before tax rose from £673,645 to £943,325. This increase does not quite match up to those reported by others in this field such as Hambros Bank and Robert Benson Lonsdale but Erlangers will contribute a full year's profits in 1960-61 and the banking subsidiary should have another successful year. There is also the prospect of another increase in investment income and thus a further increase in the net income of the trust, which rose last year from £723,899 to £1,010,771, seems probable. The increased dividend of 22½ per cent is covered twice by earnings and the directors say that this rate will be maintained on the capital as increased by the rights issue. On this basis the 5s. shares at an ex rights price of 32s. 9d. yield 3.4 per cent.

London Stock Exchange

FIRST DEALINGS:	May 9	May 23	June 13
LAST DEALINGS:	May 20	June 10	June 24
ACCOUNT DAY:	May 31	June 21	July 5

THE recent upward trend in industrial equities came to an abrupt halt on Wednesday when the *Financial Times* Index lost 4.1 points. The main reason for this turn round was the suggestion in the June bulletin of the London and Cambridge Economic Service that the Chancellor may have to take further measures to restrain inflation. In an already uncertain gilt-edged market the bulletin's reference to the need to let gilt-edged prices fall as far as is necessary to make monetary policy effective had a particularly sharp impact. This market was also influenced by the weakness of sterling and reports of further bank selling of Government securities. Over the week 3½ per cent War Loan lost ⅛ to 61⅛ and old Consols 1⅛ to 45⅞xd. Among short-dated stocks 4½ per cent Conversion 1964 lost 1⅜ to 97. Medium and long dated stocks were also weak with 3 per cent Savings Bonds 1965-75 down ⅞ at 73⅜ and 5½ per cent Funding 1982-84 down ⅜ at 101¼.

In Wednesday's dull markets many equities lost the small gains recorded on earlier days and thus over the week *The Economist* indicator fell 0.9 points to 356.3. Steel shares turned lower on some disappointment with the interim dividends and the unchanged total payment by Consett Iron, which lost 1s. to 31s. John Summers lost 5s. 9d. to 74s. 9d. and Colvilles lost all of its previous week's gain and more with a fall of 4s. 6d. to 75s. 6d. Generally, falls were most marked in those stocks which had recently shown good advances. Thus Vickers lost 1s. 9d. to 33s. 3d. and Tube Investments 1s. 6d. to 77s. 9d. Some stocks however still showed good rises over the week despite Wednesday's falls Guest Keen were 9d. better at 88s. 9d. after reaching 90s. 6d. and on the long awaited merger terms Davy and United were 1s. better at 117s. 6d. after touching 123s. but Power Gas over the week lost 1s. to 98s. 9d. losing 2s. 9d. on Wednesday from a peak of 101s. 6d.

Philips Lamps continued to attract Continental support and rose a further 8s. to 201s. and now yield under 1½ per cent. Among other Continental and American favourites Unilever NV rose 9s. to a new 1960 peak of 203s. while Unilever Limited rose 3s. 3d. to 154s. 3d. Ford motor however lost 1s. 10½d. to 112s. 6d. The main interest in motor shares this week however has centred on Jaguar following its purchase of Daimler from BSA. Its "A" shares rose 8s. 10½d. to 61s. 7½d. after touching 62s. 10½d. and BSA rose 10s. 10½d. to 75s. 3d. Textile shares have not always held the previous week's substantial rises and Lancashire Cotton fell 2s. 3d. to 66s. 3d. but J. and P. Coats gained a further 6d. to 44s. 9d. and Courtaulds ahead of next Thursday's dividend and results were 2s. better at 67s. 3d. In a continuing dull oil market Shell Transport lost 1s. 9d. to 144s. 6d. and Burmah Oil 9d. to 44s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended May 28, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £12,538,000 compared with a surplus of £7,166,000 in the previous week and a deficit of £29,471,000 in the corresponding period of last year. There was a net expenditure "below-line" of £25,282,000 leaving a total cumulative deficit to date of £76,768,000 compared with £19,428,000 in 1959–60.

£ '000	Estimate 1960–61	April 1, 1959, to May 30, 1959	April 1, 1960, to May 28, 1960	Week ended May 30, 1959	Week ended May 28, 1960
Ord. Revenue					
Income Tax	2478,000	247,471	193,758	29,070	30,157
Surtax	190,000	19,900	18,400	1,500	1,800
Death Duties	239,000	38,000	37,300	4,200	4,200
Stamps	110,000	12,900	15,000	1,400	2,200
Profits tax, EPT and EPL	256,000	35,600	30,100	2,900	4,200
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	353,871	294,558	39,070	42,557
Customs	1458,630	225,058	238,594	26,105	29,460
Excise	950,150	171,435	179,780	15,265	17,530
Total Customs and Excise	2408,780	396,493	418,374	41,370	46,990
Motor Duties	113,000	10,614	12,510	300	...
PO (Net Receipts)	4,000	7,860	9,400	Dr. 1,900	2,600
Broadcast Licences	39,000	4,200	4,600	2,200	2,400
Sundry Loans	32,000	2,032	2,035	...	...
Miscellaneous	110,000	10,290	17,068	228	925
Total	5979,780	785,360	758,545	81,268	95,472
Ord. Expenditure					
Debt Interest	640,000	75,594	93,221	549	...
Payments to Northern Ireland Exchequer	81,000	11,444	11,738	3,131	3,203
Other Consolidated Funds	8,000	1,149	1,084	246	28
Supply Services	4907,161	659,438	699,826	106593	104598
Total	5636,161	747,625	805,869	110519	107829
Sinking Funds	40,000	3,903	3,941	220	181
"Above-line" Surplus or Deficit	+ 33,832	— 51,265	— 29,471	— 12,538	
"Below-line" Net Expenditure*	53,260	25,503	24,700	25,282	
Total Surplus or Deficit	19,428	76,768	54,171	37,820	
Net receipts from:					
Tax Reserve Certificates	29,016	19,087	6,431	2,121	
Savings Certificates	11,000	15,400	500	2,000	
Defence Bonds	22,638	15,096	3,294	1,737	
Premium Savings Bonds	11,500	7,300	1,610	1,190	
Total	74,154	56,883	11,835	7,048	

* Net receipts of the Civil Contingencies Fund of £2 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1959					
May 30	2,950·0	2,040·8	258·2	...	5,249·0
1960					
Feb. 27	3,330·0	1,816·9	198·1	...	5,344·9
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31	5,202·1		246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
,, 16	3,450·0	1,861·7	244·9	4·8	5,561·4
,, 23	3,440·0	1,859·9	286·6	...	5,586·5
,, 30	3,440·0	1,913·1	256·1	...	5,609·2
May 7	3,450·0	1,877·8	240·0	0·2	5,568·0
,, 14	3,470·0	1,846·2	231·4	...	5,547·5
,, 21	3,470·0	1,832·1	206·0	...	5,508·2
,, 28	3,470·0	1,861·5	214·7	...	5,546·2

THE MONEY MARKET

UP to Wednesday money continued to be extremely short in Lombard Street but, in contrast to its tough stand of the previous fortnight, the Bank of England has given special help, of varying amounts. This has not always been sufficient to keep the discount houses borrowing at Bank rate, which they did on Thursday of last week and again on Monday and Tuesday; but in each case the amounts taken were small. Altogether in May the market was forced into the Bank on eleven days. The ruling rate for funds has been 4½ per cent but rates of 4⅝ and even 4¼ per cent have been conceded at times. On Wednesday however the payment of War Loan dividends was largely responsible for a good supply of credit and money rates soon fell to the basic minimum of 3⅜ per cent and to 3 per cent for money from outside banks. The authorities stepped in and sold back a small amount of bills.

Applications rose sharply at last week's Treasury bill tender from £417 million to £471 million but the discount market, keeping its tender at £98 17s. 3d., again secured another good quota of bills with an allotment of 55 per cent. The average rate of discount fell fractionally to £4 11s. 1.53d.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	**Discount rates:** Bank bills:	
Deposit rates (maximum):		60 days	4 11/16–4 3/4
Banks	3	3 months	4 11/16–4 3/4
Discount houses	3–3 3/8	4 months	4 11/16–4 3/4
		6 months	4 11/16–4 25/32
		Fine trade bills:	
Money:		3 months	5 1/4–6
Day-to-Day	3–4 1/2	4 months	5 1/4–6
		6 months	5 1/2–6 1/4

NEW YORK

	%		%
Official discount rate: (from 3 1/2%, 10 9 59)	4	**Treasury Bills:** May 23	3·497
		,, 27	3·184

BANK OF ENGLAND RETURNS

(£ million)	June 3, 1959	May 25, 1960	June 1, 1960
Issue Department:			
Notes in circulation	2,081·8	2,180·5	2,197·8
Notes in banking dept.	18·6	69·9	52·6
Govt. debt and securities*	2,096·8	2,247·2	2,247·3
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	14·1	11·6	10·8
Special deposits	...	15·0	32·5
Bankers	221·4	245·1	271·2
Others	62·3	65·8	64·5
Total	297·8	337·6	379·0
Securities:			
Government	263·5	228·8	286·6
Discounts and advances	12·0	37·5	38·5
Other	20·8	18·6	18·5
Total	296·2	284·8	343·6
Banking department reserve	19·5	70·7	53·4
"Proportion"	% 6·5	% 20·9	% 14·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate
	91 day		s. d.	%
1959 May 29	260·0	394·8	67 7·61	55
1960 Feb. 26	260·0	402·2	91 1·07	59
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
,, 8	260·0	422·1	92 11·83	42
,, 14	280·0†	454·5	93 1·10	41
,, 22	270·0	425·7	93 0·88	51
,, 29	240·0	429·5	93 0·48	28
May 6	250·0	446·8	93 4·70	23
,, 13	250·0	444·8	91 1·96	58
,, 20	260·0	417·4	91 1·69	61
,, 27	280·0	470·7	91 1·53	55

* On May 27th tenders for 91 day bills at £98 17s. 3d. secured 55 per cent, higher tenders being allotted in full. The offer for this week was for £270 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	June 1	May 26	May 27	May 28	May 30	May 31	June 1
United States $	2·78–2·82	2·80 7/16–9/16	2·80 5/16–7/16	2·80 1/4–3/8	2·80 1/4–3/8	2·80 3/16–5/16	2·80 1/16–3/16
Canadian $	...	2·77 1/8–1/4	2·76 11/16–13/16	2·76 5/8–3/4	2·76 3/4–7/8	2·76 1/4–3/8	2·76 1/16–3/8
French Fr.	13·622–14·027	13·74 1/4–1/2	13·74 1/8–3/8	13·73 5/8–7/8	13·73 1/2–3/4	13·73 1/8–3/8	13·72 3/4–5/8
Swiss Fr.	11·94–12·547/8	12·09 7/8–10 1/8	12·09 3/4–10	12·09 1/2–3/4	12·09 1/2–3/4	12·09 3/8–5/8	12·08 1/4–09
Belgian Fr.	137·96–142·05	139·80–85	139·80–85	139·75–80	139·75–80	139·70–75	139·57 1/2–62 1/2
Dutch Gld.	10·48–10·80	10·57 1/4–1/2	10·57–57 1/4	10·56 3/4–7/8	10·56 3/4–57	10·56 7/8–3/4	10·55 7/8–56 1/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·69 1/4–1/2	11·69–69 1/4	11·68 7/8–69 1/8	11·68 3/4–69	11·68 1/2–3/4	11·67 7/8–68 1/8
Portug. Esc.	79·00 3/4–82·00 1/2	80 20–30	80 20–30	80 20–30	80 20–30	80 20–30	80 20–30
Italian Lire	*1725–1775*	*1740 3/4–41*	*1740 1/4–1/2*	*1739 7/8–1740 1/8*	*1739 1/2–3/4*	*1739 1/2–3/4*	*1738–38 1/4*
Swedish Kr.	14·27 1/2–14·70	14·50–50 1/4	14·48 1/2–3/4	14·48 1/4–3/8	14·48 1/4–1/2	14·48 1/2–3/4	14·48–48 1/4
Danish Kr.	19·06 1/2–19·62	19·37–37 1/4	19·36 3/4–37 1/8	19·36 5/8–7/8	19·36 3/4–37	19·36 1/8–3/8	19·35 1/4–1/2
Norwegian Kr.	19·71–20·30 1/2	19·99 5/8–7/8	19·99 5/8–3/8	19·98 7/8–99 1/8	19·98 7/8–99 1/8	19·99–99 1/4	19·98 1/2–7/8
	◊ Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	3/16–1/16c. pm
Canadian $		5/16–3/16c. pm	3/8–1/4c. pm	5/16–3/16c. pm	1/4–1/8c. pm	1/4–1/8c. pm	5/16–3/16c. pm
French Fr.	1/8c. pm–1/4c. dis	par–1/4c. dis	par–1/4c. dis	par–1/4c. dis	1/8c. pm–par	1/4c. pm–par	1/8c. pm–1/4c. dis
Swiss Fr.	1/2c. pm–par	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	1/2c. pm–par	1/2c. pm–par	1/2c. pm–par
Belgian Fr.	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	3c. pm–2c. dis	3c. pm–2c. dis
Dutch Gld.	7/8–5/8c. pm	3/4–1/2c. pm	3/4–1/2c. pm	5/8–3/8c. pm	3/4–1/2c. pm	5/8–3/8c. pm	7/8–5/8c. pm
W. German D-Mk.	1/8–5/8pf. pm	3/4–1/2pf. pm	3/4–1/2pf. pm	5/8–3/8pf. pm	5/8–3/8pf. pm	5/8–3/8pf. pm	3/4–1/2pf. pm
		Three Months Forward Rates					
United States $		5/8–1/2c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	1/2–3/8c. pm
Canadian $		11/16–9/16c. pm	11/16–9/16c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm
Swiss Fr.		3/4–1/2c. pm	1 1/4–1c. pm	3/4c.–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm
W. German D-Mk.		2–1 3/4pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 5/8pf. pm	1 5/8–1 3/8pf. pm	1 5/8–1 3/8pf. pm	1 3/4–1 1/2pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/3 1/2	250/3	...	250/4	250/4 1/4	250/5 3/4

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages	May 28th	External Trade	This week
Manpower and Output	May 21st	Industrial Profits	April 23rd
OVERSEAS			
Western Europe	Feb. 13th	United States	May 14th

	Unit	Monthly averages			1959			1959	1960			
		1957	1958	1959	Feb.	Mar.	April	Dec.	Jan.	Feb.	Mar.	April
VALUE												
Imports:												
Total	million	337·0	312·3	332·5	291·8	322·5	345·8	371·9	367·0	364·4	393·6	373·5
Food, drink and tobacco	,,	123·3	124·2	126·8	120·9	130·9	134·9	138·8	129·0	122·8	139·1	129·0
Basic materials	,,	95·8	74·1	77·6	63·9	68·1	75·7	89·4	87·7	84·5	86·0	86·0
Fuels	,,	38·8	36·6	39·0	36·3	40·8	45·9	41·3	38·2	45·1	43·0	40·2
Manufactures	,,	77·9	76·2	87·8	69·6	81·5	88·2	100·5	110·4	110·8	124·5	117·1
Exports of UK produce:												
Total	,,	274·6	264·7	277·1	250·5	270·9	295·6	296·6	316·3	295·8	308·1	307·3
Manufactures—Total	,,	228·2	222·5	234·1	210 0	229·0	254·5	245·8	264·5	250·4	265·8	265·2
,, Metals	,,	39·7	36·0	37·5	35·1	34·0	38·7	42·4	41·5	39·1	43·1	40·7
,, Engineering products	,,	112·2	115·6	122·3	107·3	123·5	141·4	122·1	144·1	131·9	141·7	145·0
,, Textiles[2]	,,	25·0	21·2	20·7	19·8	19·4	21·2	22·9	22·6	22·8	23·6	21·9
Re-exports	,,	10·8	11·8	10·9	11·1	12·8	11·3	10·7	12·0	9·4	13·8	11·5
Balance of trade (exports less imports)	,,	−51·6	−35·8	−44·5	−30·1	−38·8	−39·0	−64·6	−38·7	−59·2	−71·6	−54·7
VOLUME[4]												
Imports:												
Total	1954=100	114	114	122	117[5]	...	123[7]	130[4]	...	136[5]	...	135
Food, drink and tobacco	,,	113	119	118	122[5]	...	117[7]	123[4]	...	123[5]	...	...
Basic materials	,,	106	94	100	93[5]	...	100[7]	107[4]	...	107[5]	...	...
Fuels	,,	114	124	143	134[5]	...	154[7]	142[4]	...	159[5]	...	...
Manufactures	,,	130	132	152	132[5]	...	150[7]	172[4]	...	194[5]	...	...
Exports:												
Total	,,	116	111	116	110[5]	...	118[7]	125[4]	...	126[5]	...	126
Manufactures	,,	118	113	117	112[5]	...	120[7]	125[4]	...	128[5]	...	...
BY AREA												
Imports:												
USA	£ million	40·1	29·2	30·9	25·2	24·5	27·0	40·9	38·8	38·8	43·3	41·7
Canada	,,	26·7	25·7	26·0	21·8	22·8	25·0	31·6	25·0	27·4	29·9	27·1
Latin America	,,	28·8	24·6	26·8	22·0	29·4	31·3	22·2	23·0	28·7	25·2	29·8
West'n Europe—Common Market	,,	40·9	44·4	46·6	45·2	46·2	48·8	49·2	54·2	62·9	60·4	54·0
Free Trade Association	,,	33·1	30·5	32·7	28·4	29·3	30·7	35·6	34·8	36·3	38·6	34·9
Soviet Eastern Europe	,,	9·1	8·5	9·7	6·6	6·8	7·4	9·8	9·2	9·9	9·4	9·5
Other Non-Sterling	,,	32·1	36·5	39·4	32·5	40·5	47·7	46·1	44·5	36·7	44·3	46·8
Sterling area	,,	126·0	112·8	120·4	110·1	123·0	127·9	136·5	137·5	123·7	142·5	129·7
Exports of UK produce:												
USA	,,	20·3	22·6	30·0	23·7	26·2	35·9	30·5	32·0	31·3	31·7	30·2
Canada	,,	16·3	15·7	17·3	12·3	14·5	21·2	16·1	18·3	16·7	18·9	19·4
Latin America	,,	13·7	12·6	12·9	10·8	13·5	12·4	13·8	15·0	15·7	15·5	12·7
West'n Europe—Common Market	,,	38·2	34·8	38·5	41·5	38·9	42·2	40·7	47·0	46·7	45·2	43·7
Free Trade Association	,,	28·3	26·5	28·8	25·5	26·9	31·0	32·2	35·8	30·9	32·6	31·6
Soviet Eastern Europe	,,	4·7	3·8	5·1	4·3	4·9	3·1	6·1	8·9	5·4	6·6	6·2
Other Non-Sterling	,,	33·1	32·4	32·9	28·9	37·6	35·5	36·9	36·7	29·3	41·9	36·8
Sterling area	,,	119·8	116·1	111·7	103·3	108·2	114·3	120·3	122·6	119·8	115·7	126·7
TRADE IN SELECTED COMMODITIES[3]												
Imports:												
Wheat	'000 tons	377·3	376·4	356·5	446·0	395·0	459·8	304·5	279·7	276·1	367·8	372·0
Meat	,,	74·2	69·4	67·6	53·9	90·1	76·2	53·5	68·6	56·7	94·1	72·5
Sugar, refined	,,	235·0	219·3	202·2	179·8	233·9	245·8	198·4	164·9	126·9	222·4	245·3
Raw cotton[1]	,,	30·6	21·5	22·7	15·5	21·6	19·3	28·3	25·1	34·7	26·4	26·5
Raw wool, sheep's and lambs'[1]	mn. lb.	51·6	51·1	58·7	54·8	79·3	77·3	63·9	75·6	46·8	56·9	62·3
Rubber, natural and synthetic[1]	'000 tons	22·7	17·0	17·1	19·7	16·6	17·0	19·0	14·5	18·1	25·4	16·7
Softwood[2]	'000 stds.	119·8	106·4	121·8	63·6	55·4	78·5	122·7	88·3	67·0	75·8	70·5
Woodpulp	'000 tons	178·2	175·4	185·7	175·3	170·2	171·5	229·0	217·7	233·7	214·1	197·5
Crude petroleum	mn. galls.	604	728	851	825	818	968	880	842	1,016	910	953
Exports of UK produce:												
Coal, including bunkers	'000 tons	686	403	343	380	311	274	384	581	503	415	400
Woven piece-goods—cotton[2]	mn. sq. yds.	38	32	29	27	27	29	34	30	29	28	31
,, ,, ,, wool[2]	'000 sq. yds.	7,829	7,893	8,527	8,124	7,951	8,658	8,522	9,071	10,243	9,589	7,193
Passenger cars and chassis	number	35,360	40,323	47,404	35,791	41,590	55,358	49,555	62,260	57,231	65,626	63,321
Commercial vehicles and chassis	,,	10,216	9,303	10,622	9,026	9,655	10,791	12,300	11,858	11,897	11,867	12,921
Agricultural tractors	,,	9,411	8,709	9,475	9,064	8,906	11,441	8,769	13,088	10,760	14,032	14,587
Machinery—electrical	£'000	5,612	5,818	5,720	5,412	5,258	5,909	5,725	5,797	5,559	5,292	6,804
,, other	,,	42,211	42,773	47,195	41,246	45,936	50,164	50,128	56,814	50,094	56,333	55,511
Chemicals, elements and compounds	,,	5,219	5,027	5,861	5,187	5,782	6,272	6,031	6,137	5,998	6,267	6,383

(1) Retained imports. (2) Owing to changes in classification 1957 and 1958 figures are not strictly comparable with later ones. (3) 1957 figures in *italics* include trade with the Channel Islands. (4) Average for fourth quarter. (5) Average for first quarter. (6) In 1959 indices for total imports and exports, but not for the commodity classes, are adjusted to include trade with the Channel Islands. (7) Average for second quarter.

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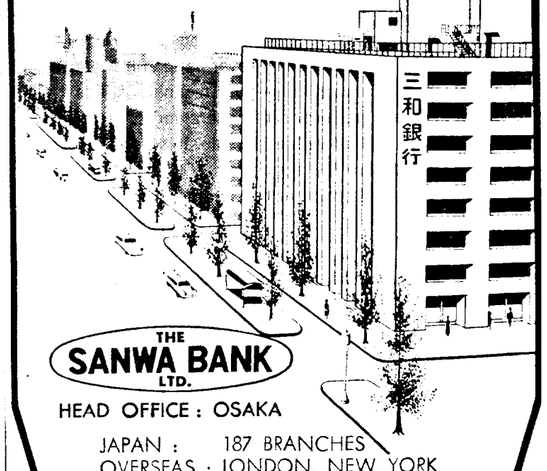

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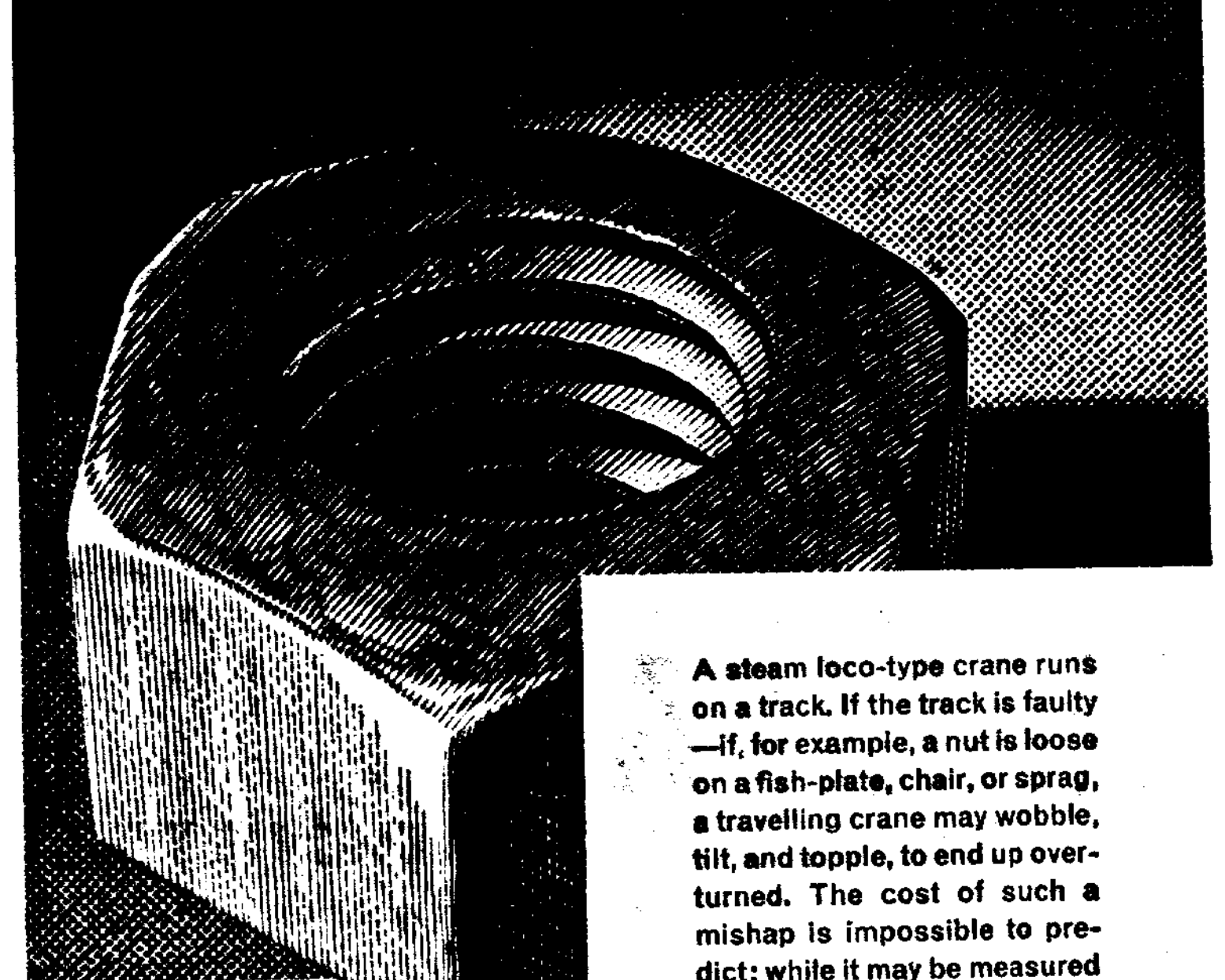

A steam loco-type crane runs on a track. If the track is faulty —if, for example, a nut is loose on a fish-plate, chair, or sprag, a travelling crane may wobble, tilt, and topple, to end up overturned. The cost of such a mishap is impossible to predict: while it may be measured in time lost, profits lost, it could also very possibly spell a life lost.

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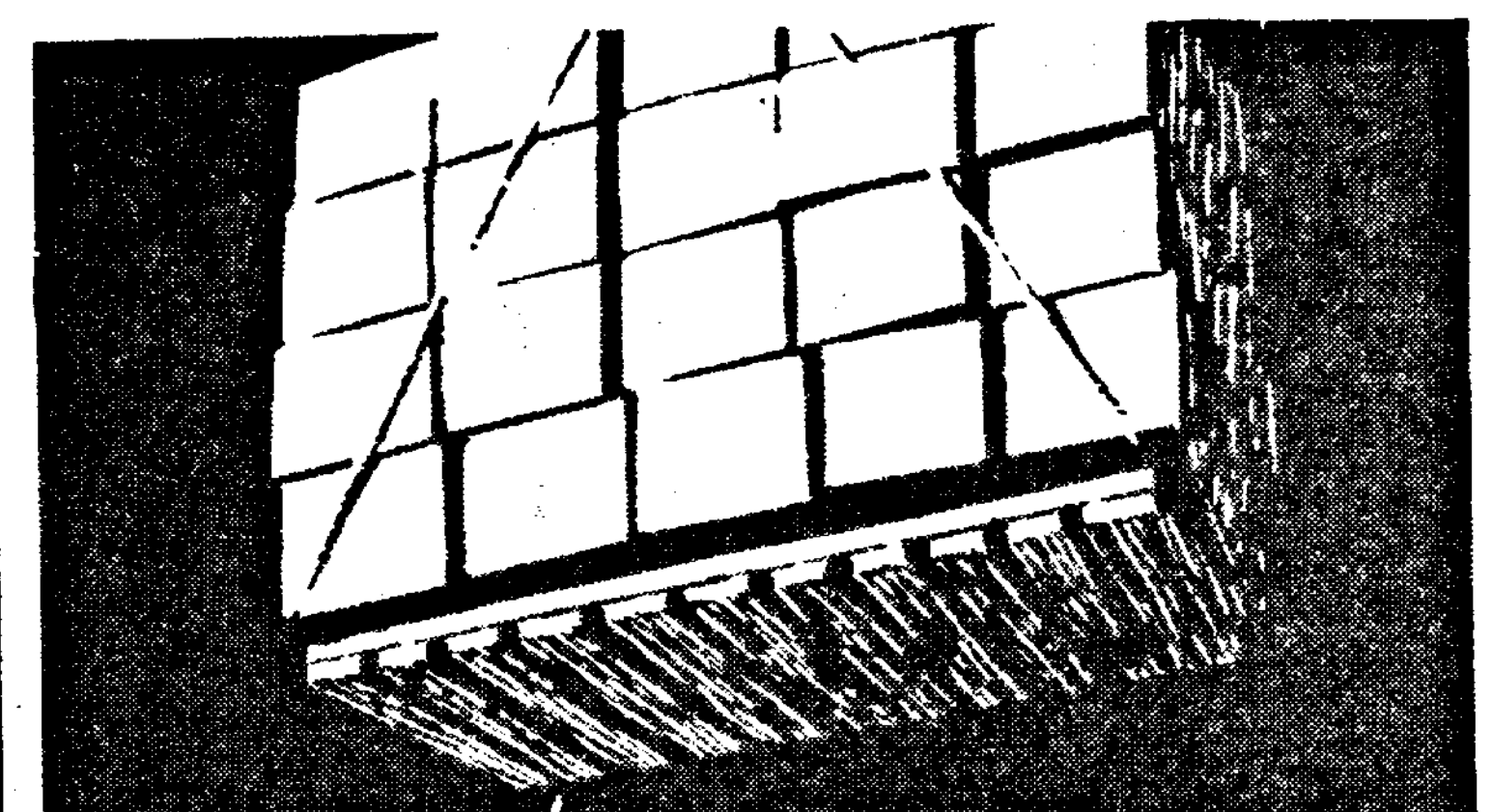

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require a qualified accountant with wide commercial experience for a senior position with subsidiary companies in

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Preference will be given to candidates who have previously lived in the East and have ideas about the application of modern office methods to a large organisation without extensive mechanisation.

The appointment will be based on Calcutta but candidates must be prepared for some travel.

A substantial salary will be paid and 4 months' long leave will be given in every 2½ years. First class passages and provident fund.

APPLY TO THE FINANCE DIRECTORS OF THE COMPANY
at 35 and 37 Cannon Street, London, E.C.4.

CASEWORK CONSULTANT. Applications are invited by the Family Welfare Association for a fully qualified and experienced caseworker with supervisory and preferably some *teaching experience* to work with members of the casework staff consulting upon casework practice and assisting the Head of the Casework Department on maintaining standards of work. Duties will involve giving direct casework supervision *in some cases, consulting with agency supervisors upon* caseloads and conducting discussion groups and other classes designed to raise standards of work. Salary according to qualifications and experience.—Application forms available on request *to*: The Director, Family Welfare Association, 296 Vauxhall Bridge Road, S.W.1.

ECONOMIC RESEARCH OFFICER

Massey-Ferguson invite applications from suitably qualified men for the position of Economic Research Officer responsible to the Manager, Market & Economic Research.

Applicants should possess a University Degree in economics or commerce, which includes statistics. They should have had several years' experience in research, and especially in making an appraisal of economic trends and in sales forecasting. It would be an advantage if this has been particularly related to farm machinery or other products used by farmers. Duties would consist mainly in assembling, analysing and interpreting economic information having a bearing on the Company's current and future operations.

The starting salary for this post which is pensionable, will depend on age and experience, but will be not less than £1,500.

Applications, giving personal history, qualifications and experience and quoting reference No. H4 should be addressed in confidence to:

Director of Personnel and Industrial Relations,
Massey-Ferguson (United Kingdom) Ltd.,
Banner Lane, Coventry.

UNIVERSITY COLLEGE OF WALES
ABERYSTWYTH

Applications are invited for the appointment of an ASSISTANT LECTURER or LECTURER in the DEPARTMENT OF ECONOMICS.

Salary Scales: Lectureships, £1,050 — £1,850 per annum. Assistant Lectureships, £800 x £50 — £950 per annum. F.S.S.U. benefits and family allowances.

Applications should be sent immediately and not later than June 30, 1960 to the Registrar, from whom further particulars and forms of application can be obtained.

PRESSED STEEL COMPANY LIMITED

ORGANISATION AND METHODS

Applications are invited from candidates between the ages of 35 and 50 for the appointment as Group Organisation and Methods Manager. This executive will be based at Oxford and be responsible to the Company Secretary for maintaining an efficient Organisation and Methods team capable of reviewing, modernising and keeping up-to-date the clerical methods and procedures throughout the Group. A sound knowledge of office machinery and methods and particularly of the latest punched card applications is essential and only applicants capable of making a significant contribution in these fields will be considered. Some travel to other factories of the Group in the United Kingdom will be required. The appointment will be to the permanent staff and will carry a salary commensurate with experience.

Conditions of employment accord with best industrial practice. Applications, with full details of education, *training, experience and salaries earned, may be made* in strict confidence to the Staff Officer, Pressed Steel Company, Ltd., Cowley, Oxford.

MATHEMATICAL STATISTICIAN

The G.E.C. Applied Electronics Laboratories, Stanmore, Middlesex, have a vacancy for a Mathematical Statistician to join a statistical group concerned with the reliability and performance of electronic components and systems.

Previous experience of this work is not essential but some statistical or operational research background would be an advantage. Applicants should possess a degree in statistics or mathematics, and should if possible be able to show evidence of an interest in some specialised aspect of the subject such as, for example, decision theory, information theory or stochastic processes.

The Laboratories provide excellent working conditions in country surroundings close to London. An attractive initial salary will be paid, according to qualifications and experience, and this will be reviewed annually.

Please apply in writing, with full details, to the Staff Manager, quoting Ref. E/CFS.

COUNTY OF ESSEX

COUNTY PLANNING DEPARTMENT

Applications invited for following posts:—

(a) *Senior Planning Assistants, A.P.T. Grade IV (£1,065-£1,220).*

Section Heads are required in the Development Control Sections at Area Offices at Chelmsford, Colchester and Wanstead.

Candidates must be Corporate Members of the Town Planning Institute or other appropriate professional institution and have had considerable experience in development control work in the office of a large local planning authority.

(b) *Senior Planning Assistants, Special Grade (£785-£1,070).*

(i) In the Detailed Design Section at Headquarters. The person appointed will be required to undertake duties in regard to elevational control and housing layouts and redevelopment work and should have aptitude for and experience in work of this nature. Candidates should be Corporate Members of the Town Planning Institute or Royal Institute of British Architects or be well-advanced in their studies towards this end.

(ii) In the Survey and Research Section at Headquarters. Candidates should be Graduates in Geography or Economics with Statistics as ancillary subject. The person appointed will be required to assist in the analysis, presentation and reporting upon survey material relating to population, housing, employment and minerals. Preference will be given to a person already experienced in this work and possessing requisite initiative.

(iii) In the Development Plan Sections of Area Offices at Braintree, Chelmsford and Romford.

(iv) In the Development Control Sections of the Area Offices at Epping and Romford.

Candidates for posts (b) (iii) and (iv) should be Corporate Members of the Town Planning Institute or other recognised professional institution, or be well advanced in their studies to this end. They must have had suitable experience in Plan or Control work in the office of a large local planning authority.

(c) *Planning Assistants (£610-£765).*

Vacancies exist in the Area Offices at Chelmsford, Romford and Wanstead. Candidates should have had experience in the work of a local planning authority, or be qualified in Economics, Geography or Landscape Architecture, and also be prepared to train and study for a qualification in planning.

Five-day week; medical examination; superannuation. Day release facilities in appropriate cases.

Applications, with names of three referees, to be sent to the County Planning Adviser at Broomfield Place, Broomfield, Chelmsford, Essex, by June 18, 1960.

WYE COLLEGE
(UNIVERSITY OF LONDON)

LECTURER IN AGRICULTURAL ECONOMICS

Applications are invited for the above appointment which will be made, according to qualifications and experience, within the Lecturer grade, scale £1,050 to £1,850, plus £60 London Allowance with Family allowances and superannuation under the F.S.S.U.

Duties will involve undergraduate teaching of economic principles and their application to agriculture and horticulture, and responsibility for postgraduate students. Research interest in the economic aspects of land problems would be advantageous.

Further particulars from the Registrar, Wye College, Wye, Kent, to whom applications should be sent by *June 21st.*

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The position will entail frequent changes of location throughout West Africa, but accommodation will be provided free of charge.

Salary will be between £1,500 p.a. and £1,800 p.a. depending on age and experience. There are pension and benefit plans and passages on appointment and on leave are provided free. Tours are normally of 18 months' duration.

Apply with brief particulars to :—

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KAYSER BONDOR LIMITED invite applications for the position of MARKET RESEARCH MANAGER. A thorough knowledge and practical experience of research work is essential. Applicants must also have a sound statistical training and be competent in the application of that background to the compilation and interpretation of all types of research data.
Applications in fullest details to the Distribution Director, Kayser Bondor Ltd., Baldock, Herts.

GOVERNMENT OF WESTERN NIGERIA

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Applications are invited from suitable candidates for the post of Rubber Research Officer.

Qualifications. Honours Degree in Agriculture, Science or in Botany or a good degree in Agriculture followed by two years' post-graduate training and approved experience of experimentation with tropical tree crops.

Duties. To study the agronomic aspects of rubber cultivation in the Western Region in order to ascertain the factors limiting production and to make recommendations for placing the industry on a sound basis; to recommend measures designed to eliminate the factors preventing full and efficient production and inaugurate necessary experimental work; to assist in selecting a site for a Rubber Research Station and to help to plan and implement an experiment programme for it; to initiate and supervise experiments to be undertaken on young or mature rubber on existing rubber plantations in the Region; to initiate a selection and breeding programme designed to produce clones suitable for Nigerian conditions; to act as Technical Adviser to the Ministry on matters relating to rubber production.

Terms of Appointment. On contract terms for a minimum of two tours of 12-18 months each in the first instance on a Consolidated salary of £2,748 per annum. Gratuity at the rate of £37 10s. for each completed three months' service is payable. Free first class passages for officer and his family on first appointment, and when proceeding on leave, free medical treatment for officer and his family. Accommodation is provided at low rentals.

Applications should be completed in triplicate on the prescribed form obtainable from the Official Secretary (Recruitment Branch), Office of the Commissioner for Western Nigeria, 178-202 Great Portland Street, London, W.1, from whom further particulars may also be obtained.

Closing date, June 16th.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for *either* an Assistant Lectureship or a Lectureship in the Department of Economics.
Salary Scales:
Lectureships: £1,050 to £1,850 per annum.
Assistant Lectureships: £800 x £50 to £950 per annum.
F.S.S.U. benefits and family allowances.
Further particulars can be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications (six copies) must be received by June 18, 1960.

MARKET RESEARCH

Assistant (lady) required for London Head Office of Industrial Group to assist in producing reports, extracting information and some survey work. Applicants should possess a degree or have previous experience in this work. Progressive salary, commencing from £600 p.a., lunch vouchers, pension scheme. Please write fully to Box 1335.

UNIVERSITY OF ABERDEEN

Applications invited for the following posts: DEPARTMENT OF MATHEMATICS, LECTURER AND ASSISTANT; DEPARTMENT OF POLITICAL ECONOMY, ASSISTANT.
Salaries (revised scales): Lecturer £1,050 to £1,850, Assistants (teaching posts) £800 to £950, with appropriate initial placings. All posts carry superannuation (F.S.S.U.), child allowance and removal expenses allowance.
Particulars and forms of application from The Secretary, The University, Aberdeen, with whom applications (eight copies for Lectureship and two copies for Assistantships) should be lodged not later than June 17, 1960. Applicants overseas may submit one copy.

ENGINEER FOR INTERNATIONAL INVESTMENT INSTITUTION

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The basic requirements for this position are a degree in engineering from a university or professional institution; some years in industry; and a successful record in engineering or industrial consultancy.

The work involves the technical analysis of a wide variety of industrial projects in all parts of the world either from written presentations or by on-the-spot investigations. An appreciation of marketing and the ability to make market analyses are also essential.

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Applicants should send, in confidence, and in English, a short but comprehensive statement about their careers and background to Box 1331.

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The Liaison and Information Division of this Laboratory which serves a Group of over eighty companies requires a Technical Secretary who will act as Liaison Officer. He will be responsible for the technical secretarial work of a number of committees, both in the Laboratory and in the Group, and also for general liaison work including the entertainment of visitors to the Laboratory.

Applicants for this post should preferably be under 30 and have some technical knowledge.

Applications, giving details of age, qualifications, experience, etc., should be addressed to :—

THE RECRUITMENT OFFICER,
G.K.N. GROUP RESEARCH LABORATORY,
BIRMINGHAM NEW ROAD,
LANESFIELD,
WOLVERHAMPTON.

THE DURHAM COLLEGES

IN THE UNIVERSITY OF DURHAM

Applications are invited for the post of TEMPORARY LECTURER IN ECONOMICS for the academic year 1960/61. Applications (three copies), together with the names of three referees, should be sent not later than June 15, 1960, to the Secretary, 38 North Bailey, Durham, from whom further particulars may be obtained.

THE BRITISH OXYGEN COMPANY LIMITED

ECONOMICS AND STATISTICS SECTION

This Economics and Statistics Section investigates financial and commercial problems and produces reports upon them. A Chartered Accountant is required with a practical knowledge of mathematical statistics; an Economics degree would be an advantage.

Write with full details, including present salary to:

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THE BRITISH OXYGEN CO., LTD.,
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UNIVERSITY COLLEGE OF THE WEST INDIES

Applications are invited for appointment to research staff of the Institute of Social and Economic Research from persons with qualifications in Economics; Statistics; Sociology; or Government and Politics. Investigations may be made in any part of the British Caribbean territories. Salary scales (under review): Junior Research Fellow £950 x £50 — £1,050 p.a., Research Fellow £1,150 x £50 — £1,450 x £75 — £1 900 p.a., Senior Research Fellow £1,500 x £75 — £2,250 p.a. Child allowance. F.S.S.U. Unfurnished accommodation at rent 5 per cent basic salary or allowance in lieu. Duties to be assumed as early as possible. Appointment for three years in first instance. Passages for appointee and family (maximum five passages). Detailed applications (six copies) naming three referees by July 10, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited for the post of Lecturer in Statistics. Salary in the scale £1,050 x £50 — £1,400 x £75 — £1,850 p.a. with F.S.S.U. and children's allowances. Applications should reach the Registrar, The College, Keele, Staffs, from whom further particulars and application forms may be obtained, not later than June 30, 1960.

HEAD OF CASEWORK DEPARTMENT. Applications are invited by Family Welfare Association for a fully qualified and experienced caseworker, preferably with supervisory experience to be head of a newly organised department which will contain all of the casework services of the Association. Position will involve planning and development of programmes which include training and experimental use of casework service. Some casework practice, supervision and teaching possible for those interested. An interesting stimulating position for one with initiative and vision. Salary according to qualifications and experience.—Application forms available on request to: The Director, Family Welfare Association, 296 Vauxhall Bridge Road, S.W.1.

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The Media Director, Lintas Ltd.,
Hesketh House, Portman Square, W.1.

UNIVERSITY OF DUBLIN

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Applications are invited for the post of Junior Lecturer in Social Administration, duties to be taken up on September 21, 1960, or as soon as possible thereafter. The person appointed will be expected to lecture and carry out research in the history, development and organisation of social services. Salary in the range £617 10s. x £47 10s. — £807 10s., with marriage and children's allowances and with membership of a non-contributory superannuation and life assurance scheme. Initial placing will depend on qualifications and experience.
Applications (four copies), giving full particulars and the names and addresses of three referees, should reach the Registrar, Trinity College, Dublin, from whom further particulars may be obtained, not later than June 20, 1960.

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Salary Burnham Technical Report, 1959, Lecturer's Scale (men £1,370-£1,550, women £1,100-£1,550). Particulars and application forms obtainable from The Principal, Civic College, Rope Walk, Ipswich.

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By Order of the Board
[illegible]
Secretary

Offices: Cunard Building, Liverpool.
June 2, 1960.

NATIONAL IRANIAN OIL COMPANY

PRE-ANNOUNCEMENT NO. 228 [illegible] JUNE [illegible] 1960

In implementation of Article V of the Petroleum Act of July 31, 1957, and by virtue of the powers [illegible] NIOC by the said Act it is hereby announced that:

I—With a view to carrying out the operations defined in the Petroleum Act, Districts VIII, XIV, and XVIII of the petroleum districts of Iran, which are situated within the boundaries described below, shall be declared as "Open" for a period of six months, with effect from September [illegible] 1960.

(A) BOUNDARIES OF DISTRICT VIII.

District VIII of the petroleum districts is situated on the south of the orbit of latitude of 32°, 0', 0" north, between the meridians of longitude of 51°, 0', 0" and longitude of 54°, 0', 0" east of Greenwich and bounded on the south and southwest by straight lines starting from point (1) at longitude 51°, 0' 0", latitude 30°, 45', 0" thence on a straight line to:
Point (2) at longitude 51°, 30', 0" latitude 30°, 45', 0
thence on a straight line to:
Point (3) at longitude 52°, 0', 0", latitude 30°, 30', 0
thence on a straight line to:
Point (4) at longitude 52°, 0', 0", latitude 30°, 0', 0
thence on a straight line to:
Point (5) at longitude 54°, 0', 0" latitude 29°, 10', 0".
NOTE—The whole area situated within the boundaries described below:
From point (a) at longitude 51°, 0', 0", latitude 31°, 45' 0
thence on a straight line to:
Point (b) at longitude 51°, 20', 0" latitude 31°, 30', 0
thence on straight line to:
Point (c) at longitude 51°, 25' 0", latitude 30°, 45', 0
thence on a straight line to:
Point (d) at longitude 51°, 0', 0", latitude 30°, 45', 0
thence on a straight line to point (a), mentioned above, although considered as part of district VIII, is excluded from the subject of this Pre-Announcement since it has previously been committed.

(B) BOUNDARIES OF DISTRICT XIV.

District XIV of the petroleum districts is situated between the meridians of longitude of 51°, 0', 0" and longitude of 54°, 0', 0" east of Greenwich and the orbits of [illegible] 32°, 0', 0" and latitudes of 34°, 0', 0".

(C) BOUNDARIES OF DISTRICT XVIII.

District XVIII of the petroleum districts is situated [illegible] the meridians of longitude of 54°, 0', 0" and [illegible] 57°, 0', 0" east of Greenwich and the orbits of [illegible] 32°, 0' [illegible] and latitude of 36°, 0', 0".

II—Any person or company desiring to carry out [illegible] more of the authorised operations defined [illegible] Act within the above mentioned [illegible] communicate, as from June 1, 1960, with [illegible] the Board of Directors of NIOC, Central Office [illegible] Iran, asking for questionnaire [illegible] to be filled in and returned, in order to [illegible] to ascertain his technical and financial [illegible].

NOTE—For any person or company who [illegible] of previously opened districts, obtained [illegible] returned the said questionnaire, and whose [illegible] financial competence has [illegible] of this procedure is unnecessary [illegible] according to the following sections of Pre-Announcement [illegible].

III—As soon as the applicant's competence [illegible] established this [illegible] will be notified to [illegible] thereafter, and as soon as the declaration [illegible] shall have been issued (September 1, 1960) [illegible] NIOC address as given above against payment [illegible] of Rls. 200,000 (two hundred thousand [illegible]) copy of the specifications booklet, as well as [illegible] agreement forms together with such other [illegible] information as may be required regarding each of the above mentioned districts to enable him to submit his [illegible] proposals to the NIOC in accordance with the provisions of the Petroleum Act.

IV—The proposals received between September 1 and November 1, 1960 shall be deemed to have been filed simultaneously and shall be examined by the NIOC within two months beginning from November 1, 1960, and the results thereof shall be announced in due course.

V—The proposals received after November 1, 1960 prior to closing of the said districts will be considered by the NIOC only when the outcome of the proposals mentioned in paragraph IV above has been announced.

VI—The submission of a proposal shall not create any right for the applicant, the NIOC being free to accept or reject all or some of the proposals received.

NATIONAL IRANIAN OIL COMPANY
A. ENTEZAM,
Chairman of the Board of Directors.

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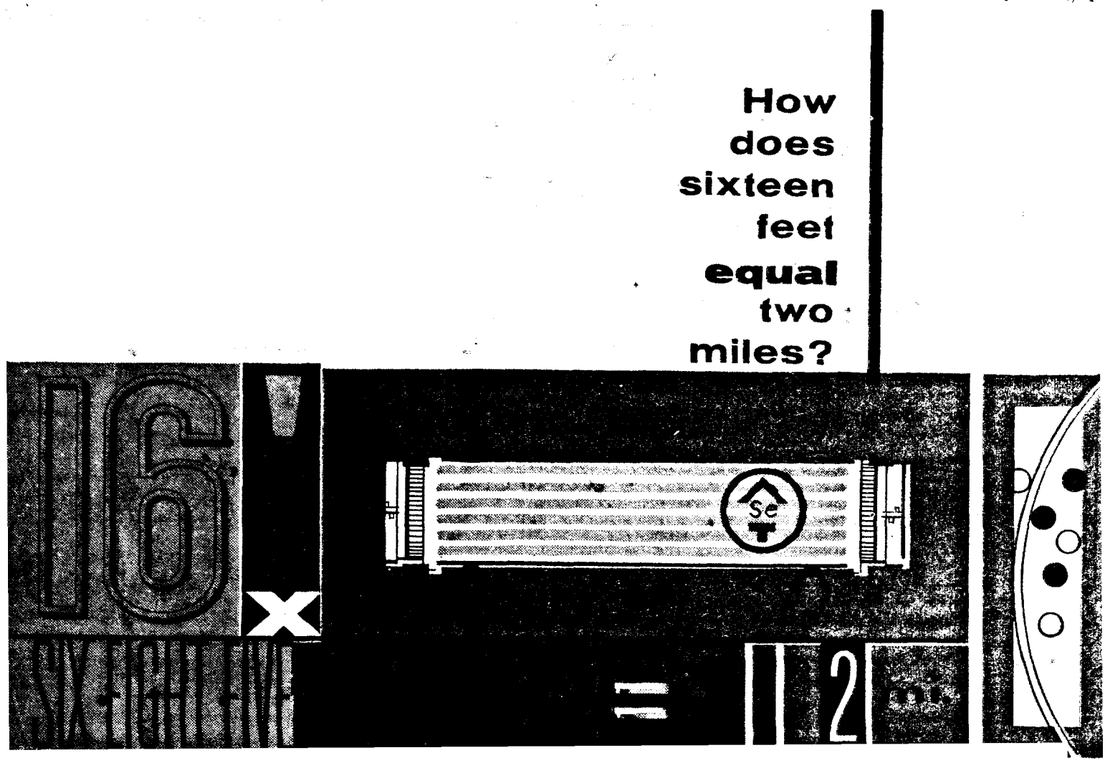

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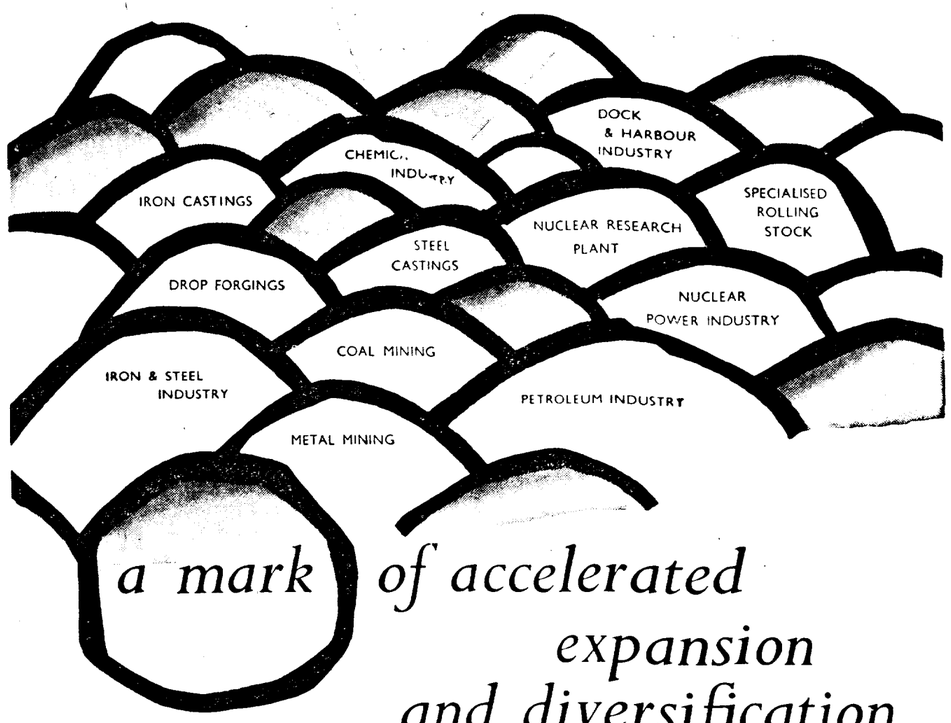

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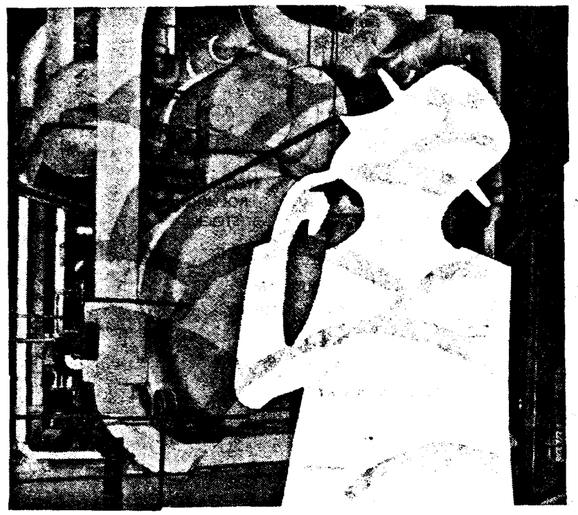

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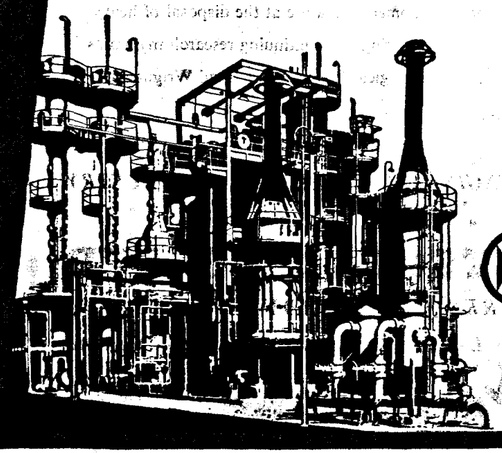

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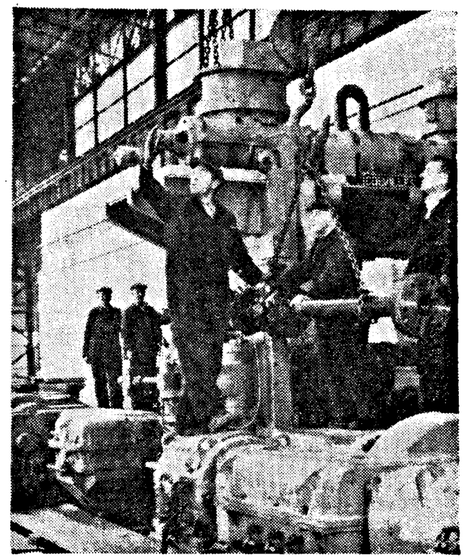



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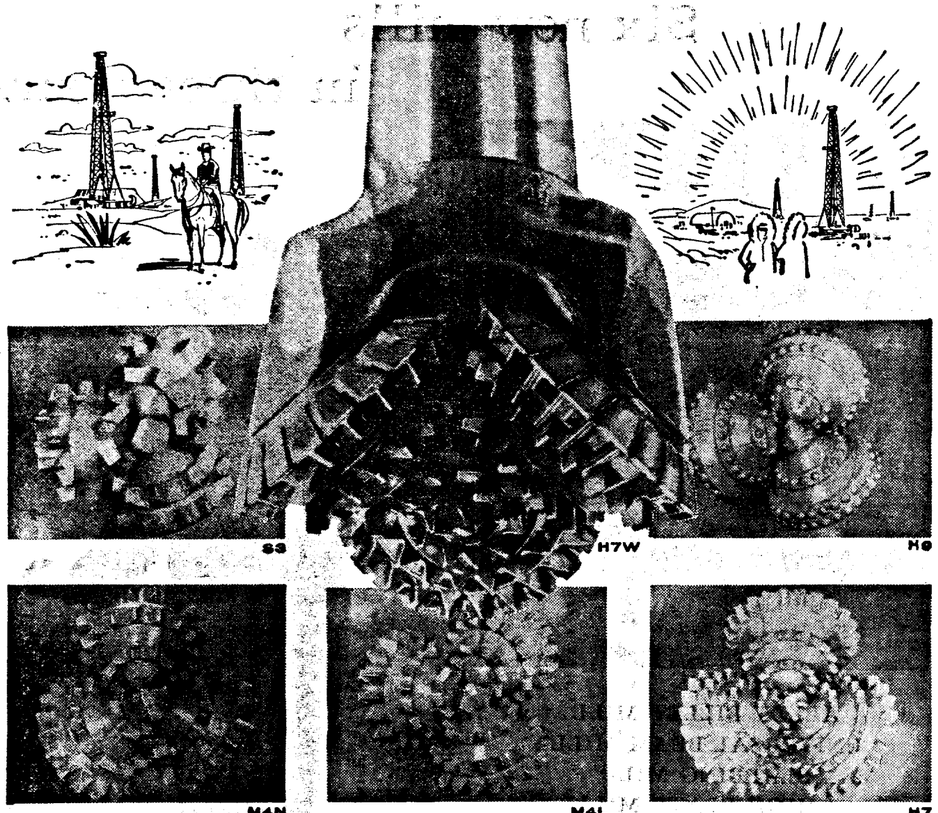

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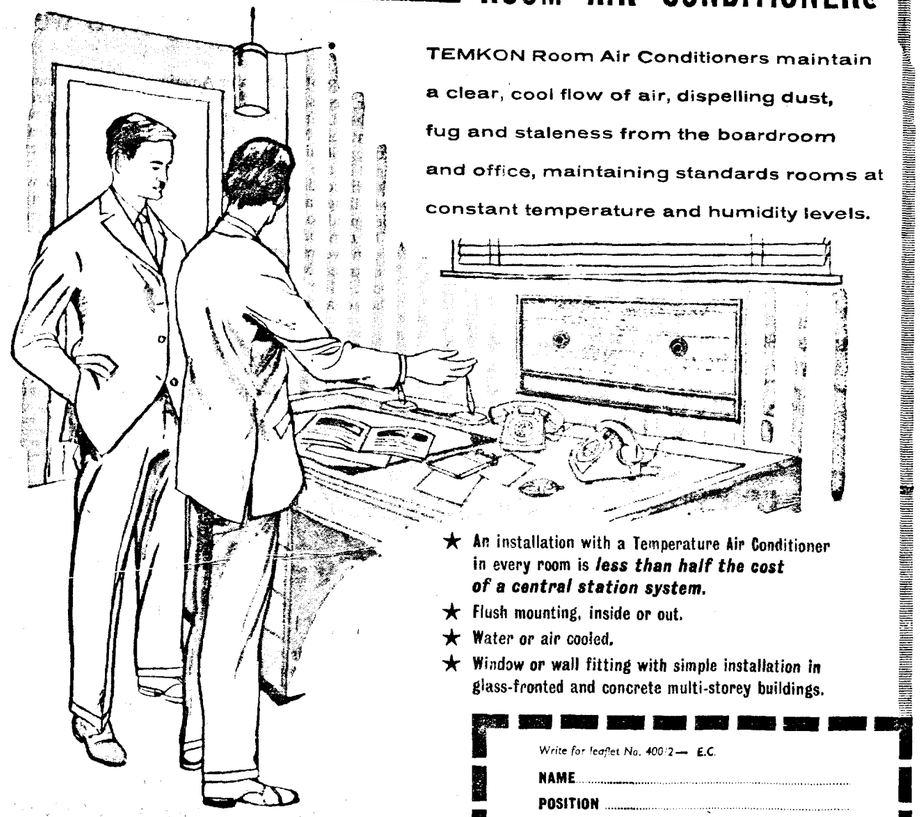

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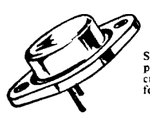

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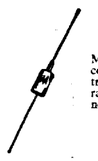

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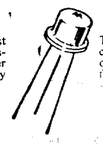

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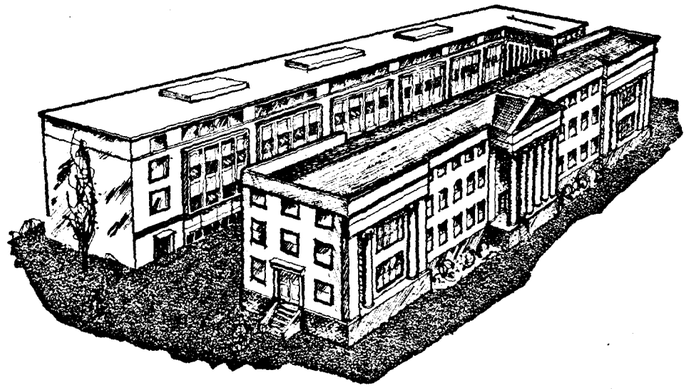

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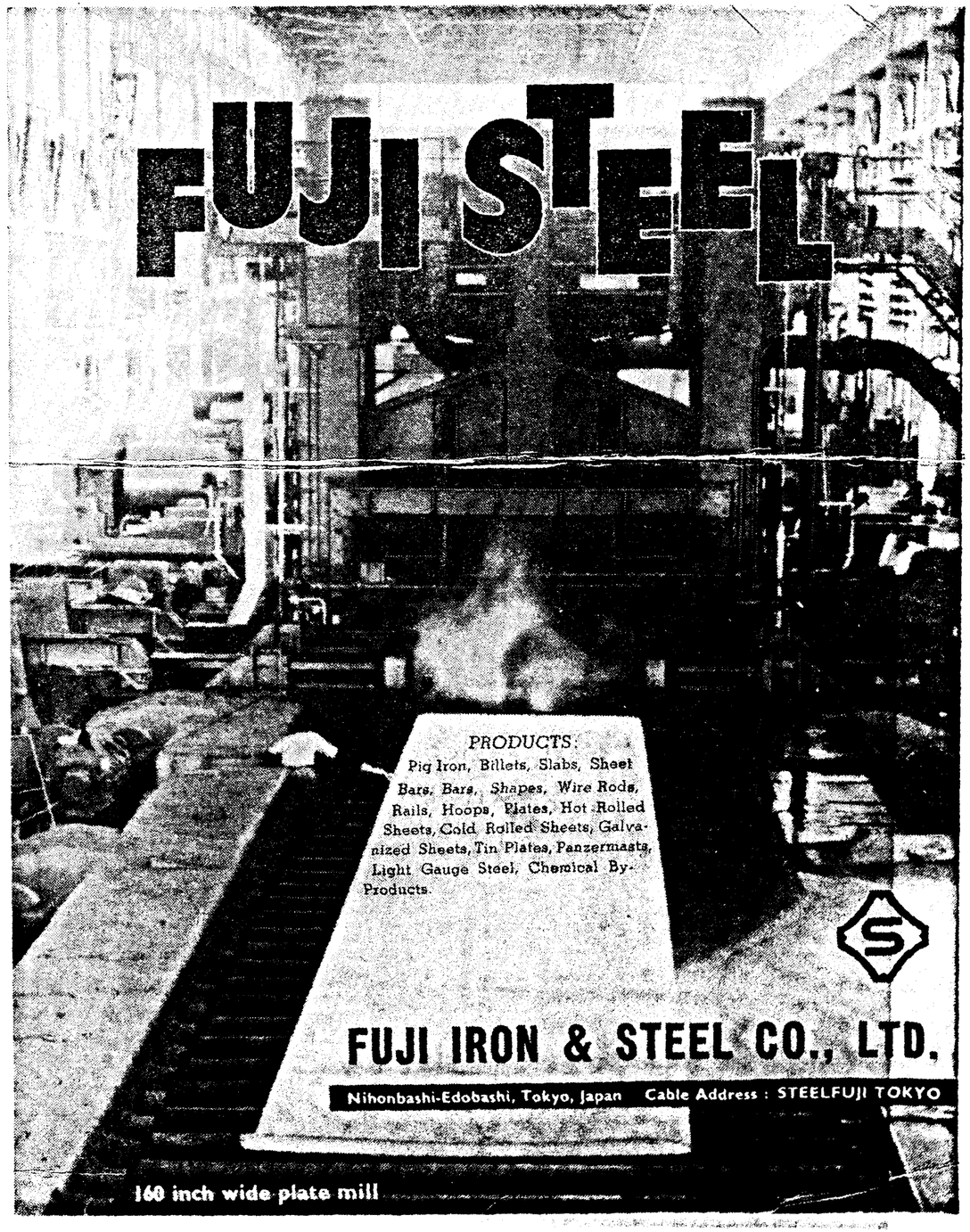

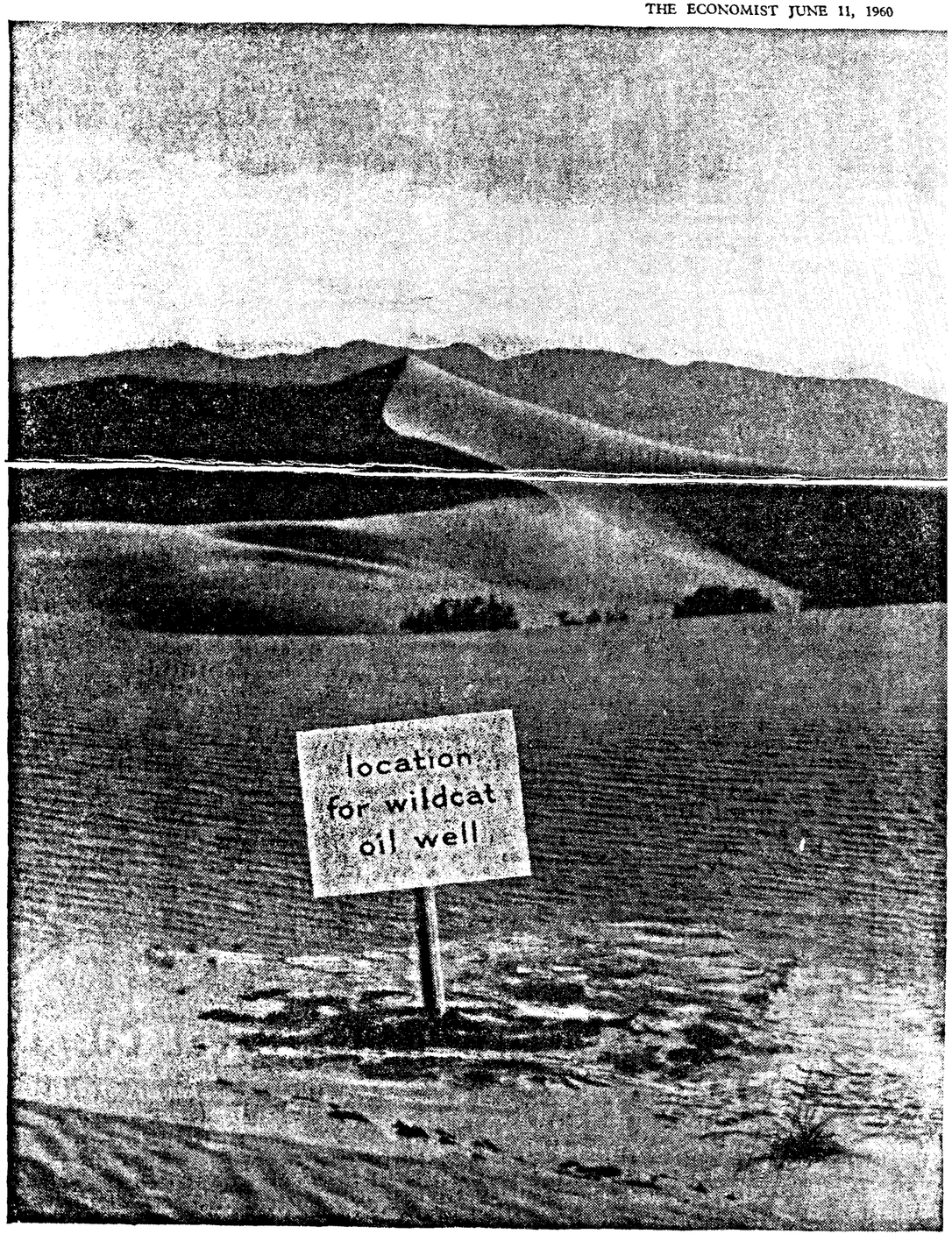



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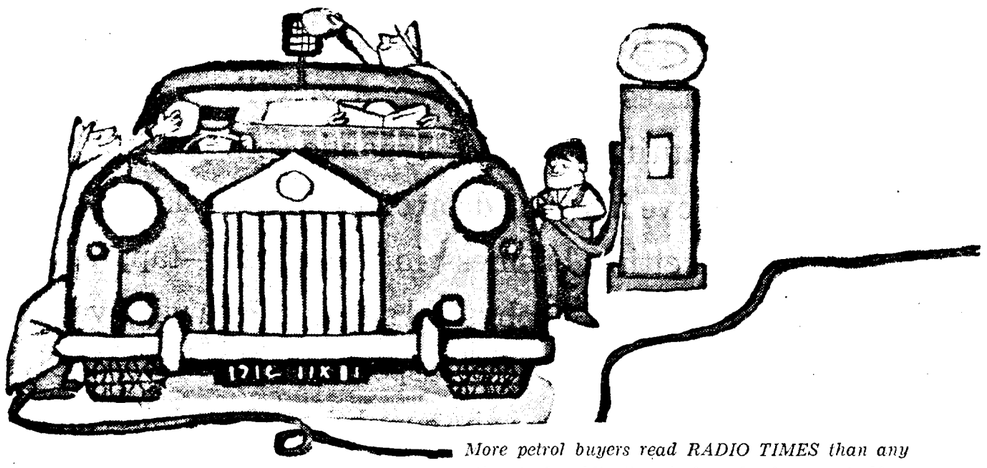

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The Economist

JUNE 11, 1960

Which King, Bezonian? 1071
Up to the Middle East 1073
A Common Market in Asia? 1074
The Vexatious Litigant 1076

NOTES OF THE WEEK 1077

Disarmament; High Flying; China; Mr Cousins; Road Deaths; Europe; German Arms; Turkey; Co-operative Congress; Education; Laos; Morocco; West Indies; Ghana in Parliament; Crawling Cables; West Africa; Leisure Activities; East-West Relations; Poland; Access to Documents.

LETTERS 1087

BOOKS

Syrup or Scarecrows? 1088

AMERICAN SURVEY

Foreign Policy in Suspense 1095

Admission of Ease; Republican Question-marks; Title to the Tidelands; Puerto Rico's Example; Missile on the Move; Converging Railways; Black Mail?; Equal Shares on the Columbia.

THE WORLD OVERSEAS

French Labour Skirmishes 1103

Greece and the Arabs; Meissen's 250th Birthday; Labour and State in Israel; Tangier's Outlook Unsettled; Singapore's Predicament; Cuba's Growing Isolation; Forty Years On.

THE BUSINESS WORLD

Diversification: the Case of Courtaulds 1115
How Many Shops? 1117

BUSINESS NOTES 1121

The Economy; Exchange Markets; Skybolt; Steel; In the Markets; Cotton Textiles; CDC and IFC; Oil Terminals; One New Cunarder; Patents; Vickers; Atomic Power; Coastal Steamers; Hire Purchase; Copper; Unit Trusts; Waterlow; Domestic Appliances; Mining Equipment; Air Pollution; Shorter Notes.

COMPANY AFFAIRS 1156

Associated Portland Cement; De La Rue; J. & P. Coats; J. Lyons; British and Commonwealth Shipping; Lonsdale Investment Trust; Metal Box.

London and New York Stocks 1158
Money and Exchanges 1160
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Which King, Bezonian?

SLOWLY, tentatively, like a bather in a chilly sea, the British Government is screwing up its courage to decide whether to attempt a full scale plunge into Europe. By its step by step advance, it has already immersed enough of its body to take a traditionalist's breath away. It is already a much bigger revolution in our history than most people give the Government credit (or discredit) for that Britain is now ready, however tremulously and uncertainly, to consider joining Euratom, the European coal-steel community and possibly even something very like a full customs union—if only the major nations of the continent would accept this as a sufficient package agreement.

The probability, however, is that they will not accept it: that most of those now in charge of the German, French (especially), Italian and Low Country governments want full integration with us or none at all. Many, admittedly and embarrassingly, would prefer none. If the present trade talks in Paris end in continued disagreement, one of the most important questions in all our history will be whether Britain should then try to outbid them by offering the full-scale thing. That would mean joining the common market, accepting a gradual integration of social policies, a less gradual integration of economic policies, and the high possibility that this would eventually lead on to radical political coalescence with Europe—the lot. In the suave way in which these things are managed, feelers are already being put out to discover whether British public opinion would react favourably or indignantly to such a momentous decision.

At a guess, British public opinion is at present divided as to at least 80 per cent "don't realise what is happening," as to perhaps 5 per cent long-established devotees on either side, and as to about 10 per cent (especially among top people) "can't make up our minds." The mass 80 per cent of "don't knows" probably do not immediately matter; they will go whichever way Mr Macmillan decides to lead them, unless Labour makes British nationalism a party political issue, which Mr Gaitskell has neither the inclination nor the internal party unity to do. The long-established devotees of merging Britain into Europe are also unimportant at the moment, for the curious and paradoxical reason that so many of their original leading lights are now in high office, and have become somewhat dimmed there. In certain policy-making circles, where the surrender of some degree of national sovereignty is regarded as heresy, nothing is more difficult than for the lapsed heretic to become re-heretical. Consequently, one has got the impression, over the last year or so, that the present Prime Minister—once an ardent advocate of European unity, but always a shrewd calculator of the political main chance—will lead Britain into Europe only when and if two conditions are fulfilled.

The first condition is that the fangs must be drawn from the bitterest (neo and near-Beaverbrookian) opposition that he has always felt he must expect from some sections of his own backbenches. The second is that Mr Macmillan apparently feels that he can afford to be reconverted to good Europeanism only at or near the moment of the positive conversion of the average civil service and ministerial and establishment man. The interesting development of recent weeks is that virtually the whole of the first condition has now been satisfied, and so has a smaller part of the second.

The strength has been drawn from Beaverbrookianism on the Conservative backbenches because all the passes that they stood most resolutely determined

to defend have in effect already been quietly sold behind them, and not one backbencher has yet shown signs of wanting to hang Mr Macmillan from a lamppost. This failure of most right-wing MPs to recognise what has already happened gives an odd air of unreality to the present public debate. All the things that a few months ago were most loudly said to be impossible for any British government to espouse have in fact already been espoused—although the things that were then said to be merely problematical and difficult are taking a little longer. To come down from lofty contemplation of Britain's national destiny to finickety discussion of tariff rates and constituency disadvantages may seem an anticlimatic descent from the mountain to the plain ; but the descent in discussion now needs to be made, for it is by changes in the relative importance of these transient matters that the decision will be, and is being, swayed.

FOR example, Tory ministers used to proclaim from a thousand platforms that Britain could never consider harmonising its outer (e.g., non-European) tariff with the common market Six, because that could involve us in raising some tariffs against the Commonwealth ; now Mr Maudling's assertion that Britain's mind is not closed to the possibility of a full customs union must mean that the Government is considering doing just that. The truth is that there were always only two ways in which harmonisation of Britain's tariff could significantly harm Commonwealth trade, and both have faded. One would have been if it obliged Britain to raise tariffs against Commonwealth raw materials (and thus, incidentally, also to raise raw material prices here) ; this fear has diminished since the common market's List G for outer tariffs on raw materials has proved to be a very reasonably freer trading document. The second fear was that the common market might seriously restrict imports of cheap consumer goods from developing Commonwealth countries like India and Pakistan ; it is now apparent that if Britain and other European Free Trade Area countries went into the common market, they could act as a liberalising force in this regard. This last point—that Britain might serve a more useful purpose battling for freer markets for them and others within Europe than as a marginally more sheltered market for them outside it—has occurred independently to the organs of several Commonwealth governments in recent months.

The Beaverbrookians' second main argument against entry into Europe was that this would betray British agriculture, which Tory backbenchers translated into a wail that it would lose them all their marginal agricultural seats. As a matter of sheer psephological fact, these marginal agricultural seats hardly exist ; the number of Conservative seats that could be lost to Labour through any seriously conceivable swing in the agricultural vote alone, at a time of general industrial prosperity, can be counted on the fingers of one hand. But in any case the original protest was against exposing British farmers to competition from efficient producers like the Danes ; we have swallowed the Danes (with safeguards) in EFTA and now we are supposed to strain at the French. The real agricultural consequence of a full British entry into Europe would be an entry into the Six's managed agricultural market ; the result would be that support for British agriculture might come to take more of the continental form of artificially boosting prices, and less of the better British form of directly paying out subsidies. Many farmers would actually like this ; liberals like *The Economist* would not like it, but liberals are coming to believe that European unity may be worth a (limited) agricultural retreat.

MR MACMILLAN'S problem is therefore not principally to over-persuade backbench politicians ; it is in Whitehall that the real—and sophisticated—arguments against European union are to be found. Generally, these arguments begin by discounting Europe's importance. For example, the economists among the discounters begin by pointing out that only 14 per cent or so of Britain's export trade goes to the common market Six, and by saying that certainly less than a quarter and possibly less than a tenth of this small segment of our exports would be seriously affected by the tariff discrimination now proposed. The " great disaster " threatened by a European trade split must therefore be seen in proportion ; we are being asked, aver the discounters, to sacrifice our traditional independence in order to avert a threat that total British exports may be between, say, 1 and 3 per cent smaller than they otherwise would have been. Similarly, the politically-minded among the discounters can justly query the view that the failure of the summit conference has somehow made rapprochement between Britain and continental Europe more vital—that because that failure has left Mr Macmillan without a horse to ride in next year's Derby, this provides an important new reason for his riding off on his European steed. But neither of these negative arguments meets the most important immediate economic point: which is that, rightly or wrongly, the business ethos created by this idea of common market is leading to a new investment (including American investment) boom among the Six, from which we are in danger of being left out. And neither comes within recognition distance of what is perhaps the most fearful of the political arguments for British participation: that without the counterweight of British influence this united common market could become a foundation for German hegemony over western Europe if Dr Adenauer is succeeded by more grasping successors and President de Gaulle by weaker ones.

More determinedly, some top objectors in Whitehall say that integration of policies with Europeans would really be a synonym for interference by them with our freedom of action at the most embarrassing possible moments. For example, closer integration of economic policies would certainly be an early and necessary consequence of joining the common market ; and " as it is already difficult enough to persuade one government to jump at the right moment to reflation or disinflation, heaven knows how long it would take to move thirteen." Others say that this is the wrong time to mix up our politics with those of France, which will carry the millstone of Algeria round its neck long after we have shed our own liberal embarrassments in East Africa ; if there is a need for us to integrate with anybody (which they deny), these people say that they " would prefer us to become the 51st state of the United States." This last argument is a vestige of the proud British belief that Britain can somehow maintain a special and closer relationship with the United States than Europe will ever forge ; in fact, however, a relationship between America and the new common market colossus is being forged under our eyes at this moment, possibly even closer and more " special " than the Anglo-American alliance. The one special international relationship that Britain undoubtedly does enjoy—that with the Commonwealth—is based on intelligent mutual self-interest : it is not at all clear why this should be strengthened by Britain's isolation from the European continent, or impaired by Britain's closer integration with it.

IT would be foolish to say that there is no force in any of these arguments against entering the common market, with all the possible consequences of this step. Every thinking Briton must make up his mind for himself where he judges that the balance of advantage lies. At present the majority opinion in Westminster and Whitehall is still in favour merely of the step by step approach, of attempting a controlled slide into closer relations with Europe rather than of announcing our willingness to make the great advance and of bidding the trumpets blow. The trouble is that this approach will not work: after each controlled forward step, Britain is finding that its bargaining position is slightly worse than it was after the preceding forward step—and is certainly worse than it would have been if we had earlier attempted the full plunge.

Perhaps if the trumpets blew now, the returning answer—from Frenchmen and Germans who enjoy the dominant position that they hold within the present common market, and from French protectionist interests who would not like to see a further widening of competition and free trade—would be a raspberry. That would be embarrassing, but it would at least let British industry know where it stood. Possibly, however—indeed, at present still probably—the walls that are being run up against us all across Europe might fall at the trumpet's blast. On grounds of the solid balance of advantage, and not on grounds of unthinking emotion, *The Economist* for one has already made up its mind. With due flourish, and after appropriate consultations with fellow members of EFTA, we believe that Britain would be wise to make an offer of full-scale participation in the European common market and community.

Up to the Middle East

The policies of Middle Eastern governments, more than those of the great powers, will determine whether the area may ever cease being a centre of international crisis

SINCE the eventful summer of 1958 there has been a deceptive quiet in the Middle East. On the surface it has seemed as if governments and people had grown somewhat tired of politicking, and might even be beginning to settle down to some constructive activities. True, there have been the familiar alarms and excursions on the Israel-Syria border ; and the continuing smoulder of the ban on Israeli sea-borne trade via Suez. True, the calm has been broken, too, by the recent events in Turkey, the physical buffer between embattled Europe and the Middle East proper. But Turkey, in this as in most other respects, is an exception to the general pattern of the area.

No doubt, the increasingly bare-faced disregard of democratic practices by the Menderes government had shocked those who had come to regard that country as a model of democratic virtues ; but western democratic observers should not confuse their own brand of freedom and democracy with that of other people. There are ground rules which must be obeyed, and if these are broken then there is certain trouble. In 1950, the graft-ridden Turkish administration of Mr Inönü gave way gracefully, and Mr Menderes and President Bayar took over after the country's first free elections. In Lebanon, in 1952, the scandalous activities of President Khoury's government became too odorous even for the Lebanese, and President Chamoun was elected to clean up the mess. By 1958 in Lebanon, as by 1960 in Turkey, the reformers had gone the way of their predecessors, and it was time for another change. By resisting demands for such changes, both Mr Chamoun and Mr Menderes violated the rules that had once put them into office, and both were pushed aside by national uprisings.

Lebanon, fortunately, had an available general to become its new civilian president, but for two years he has had to contend with a parliament elected to support the old regime. On June 12th the Lebanese will begin a month of Sunday elections to choose another parliament ; but the president, General Chehab, will not be affected by the results, and the country does not face the task of restoring civilian government. In Turkey, however, the problem of making this difficult transition does arise, because the army has felt it necessary to assume full control, for a still indefinite period. Elections have been promised by the new military government after a new constitution has been written by scholars. General Gursel may well try to bring Turkey still closer to Europe economically, but it will take time now to convert his country, politically, to the standard western-style democracy to which it has aspired since Ataturk.

THE Middle East is an area of chronic international crisis. For this reason alone, even apart from their real local interests, the great powers have to keep an eye upon it. Old-fashioned imperialism is dead, whatever the nationalists of the area may still say, but the struggle for influence is bound to become more, not less, intense as the world shrinks and the years go by. It is the attitudes of the Middle Easterners themselves that point the struggle and, short of some great clash, will decide it.

In Iraq the government, after nearly two years of self-imposed quarantine, is gradually working its way back into the affairs of the Arab world. The boycott of the Arab ship *Cleopatra* by American dockers enabled Iraq to join in the common Arab outcry against the United States without getting directly tied up with President Nasser. The wise decision

of the Arab foreign ministers to meet at Beirut enabled the Iraqis to agree to attend an Arab League session ; it was no fault of theirs that the Lebanese got the meeting cancelled. Iraqi lawyers recently attended a convention of the Arab lawyers' union at Jerusalem, deep in Hashemite country. Iraqi press comments on the collapse of the summit could not be distinguished from those of the Egyptian press.

On June 4th, General Qasim declared that Iraqis share friendship, cordial relations and mutual problems with Saudi Arabia, Yemen, Syria, Egypt and Jordan. His holding out the olive branch was impressive, but his failure to acknowledge that Syria and Egypt had become one in the United Arab Republic shows that he is not quite ready to meet President Nasser on equal terms. In his international relations, the general's attitude is even harder to define. He still leans heavily towards the communist powers, but seems less likely than he once did to let Iraq become a Soviet satellite. From the western powers he has had only the most considerate treatment. Indeed, the Egyptians who not so long ago decried an "Anglo-Communist" conspiracy to support General Qasim against President Nasser should have recognised British and American tolerance of the Baghdad government as the sort of treatment they long demanded for themselves, and which they are now happily receiving.

ANYONE who has had to deal with Persia will not be surprised that it has not followed the pattern set by its neighbours. The government's answer to a student riot in January was to arrest a hundred orange-sellers and fishmongers and to deny that students had anything to do with the affair. Three days later, the prime minister told parliament that, even if there were a hundred student riots, there were not going to be any political changes whatsoever. Last week's events in Turkey are not likely to have changed Dr Eqbal's mind ; but they have surely given others something to think about.

Not every country can stand the shock of rapid political change, whether restoration or revolution. The special wonderland logic of Teheran means that Persia's rulers would be genuinely surprised if a change were forced upon them. The country is even worse prepared to handle a change of regime, if it should happen, than Iraq was two years ago. Because of the situation created by the Persians themselves, the great powers have had to choose between the country as it is, Shah and all, and the country as they would like it to be, with or without the Shah. The Russians are in no doubt ; they prefer to see him and his government go, and they are working hard to bring about his downfall. The western powers agree that it is better for them if he stays, but there is some question among them whether supporting him means that they have to yield to his every whim and threat.

The Shah has said that there is every freedom in his country, except freedom to commit treason. But the definition of treason there includes every kind of criticism, whether constructive or destructive. If it were revised, perhaps the many Persians—and they are not all orange-sellers and fishmongers —who eagerly await the day of revolution might have a clearer idea of what that day would bring. As things stand now, it is the Russians who, ominously, do the Persians' complaining for them.

The chances of an improvement in great power relations in the Middle East depend, in fact, largely on what the governments in the area can decide to do themselves. It is doubtful as things are whether even decisions agreed upon by all the "summit" conference powers could have any lasting effect. Those governments most directly concerned on the spot would regard with deep suspicion proposals to settle any of the problems which might have been discussed at the Paris conference: the sale of arms, Palestine, Algeria, or the relations of the outside powers with Persia. Their alternating cycles of intransigence and sweet reasonableness, their shifting domestic pressures and their inability to see their own problems in the context of a wider world would be bound, sooner or later, to frustrate the best intentions of the great powers.

A Common Market in Asia?

The logic of adverse terms of trade and clamant economic needs may force the South East Asians to combine

IN a world in which trade groupings are taking shape and tightening up, some Asian countries are coming to believe that they, too, must get together to protect their interests. In the past, nationalist suspicions have stopped them from grouping themselves ; but now there is talk of a new Asian economic organisation, and in particular there is the movement for "Seafet," the South East Asia Friendship and Economic Treaty. Malaya's apparently forlorn initiative in this direction late in 1958 has now won a respectable body of support. Siam, Singapore, the Philippines and, most recently, south Vietnam have approved it in principle ; even neutral Indonesia, while reluctant to tie itself to neighbours who are committed to western alliances, has shown a cautious interest.

This discussion formed the background to the resolution adopted at the March meeting in Bangkok of the United Nations Economic Commission for Asia and the Far East (Ecafe). The commission asked the industrialised countries to help to reduce fluctuations in the earnings from exports of raw materials on which Asian development plans depend so heavily ; and to recognise the Asians' need to export more semi-processed and manufactured goods so as to reduce this perilous dependence. If any detailed address for this appeal was needed, the resolution's reference to the European common market supplied it.

The eagerness of the South East Asian countries to transfer business activity to the hands of their own people confronts them with one common political problem: the overseas Chinese. Indonesia's 1959 decree excluding aliens from rural retail trade has led to an exodus of Chinese and to tension between Peking and Indonesia. Quite apart from the economic problem of replacing the Chinese trader and moneylender, here is a political issue which all the countries concerned may face in common.

This, however, is probably as far as Seafet could go on the political side. The Malayan prime minister, indeed, emphasises that his idea has no political, still less military, content. The communiqué issued after his recent meeting with the president of south Vietnam spoke of cultural co-operation to safeguard "the authentic values of Asian civilisation"; but the heart of Seafet will be economic.

The outstanding common ambition of the various countries is to industrialise, and a common development plan for the region, or something of this sort, has been proposed by the Indonesian ambassador to the Philippines. Yet nothing so far-reaching seems likely. The extraction of raw materials offers little scope for co-ordination. The present unco-ordinated rush to promote manufacturing industries might one day leave a whole herd of white elephants in each country, but freer trade seems a better remedy than attempts at planned siting. The Malaya-Vietnam communiqué spoke of "greater collaboration in mutual aid programmes," but the search for aid and foreign investment is competitive rather than co-operative.

Individual development plans can be compared and advice exchanged in the Colombo Plan Council for Technical Co-operation, to which all the South East Asian countries belong. Technical assistance needs no new agency among the recipient countries. Projects such as the Kra isthmus canal, across the tongue of Siam, which would vitally affect the whole region, cannot be financed, let alone carried out, from within the region by any amount of team spirit. The live topic of the day on the overall development of the region is not greater co-operation among those who need aid, but how Japan can best be brought into co-operation with those who provide it.

In his speech at the Ecafe meeting, the Philippines delegate listed two more likely economic aims for Seafet: the liberalisation of trade within the region, and the improvement of its bargaining position on raw materials prices. On the first point, Singapore has proposed to Malaya that they should work out a list of goods on which they would have a common external tariff and, if made in either territory, no customs duties between themselves. A joint committee is to begin discussions on the plan this week-end, and it is possible that other countries may eventually join in. But the general desire to protect new industries, and the present importance of customs revenues for financing development plans, are serious obstacles here. Indeed, Malaya itself has lately increased some duties on the latter grounds.

AS the report on Asia's trade laid before Ecafe showed, the terms of trade have swung so far against raw materials that Burma, India, Pakistan, Ceylon, and Indonesia can now buy between them (reckoning at 1955-57 prices) £140 million less of manufactured goods than thirty years ago. Gains in volume and price of exports of commodities have been confined to petroleum, rubber and tea, so that even in this field the economy of the region, far from being diversified, is being concentrated. Equally important, fluctuations in raw materials trade make havoc of economic development plans, and as the plans grow the problem becomes ever more urgent. The renewed industrial boom in the West augurs a growth in the raw materials trade in the next few years, but this is only partial comfort to South East Asia if the growth is simply the upswing of a cycle similar to that of the nineteen-fifties. In the past few years discussions on this problem have grown more earnest in a variety of international bodies, producing notably the tin agreement of 1956 ; but the South East Asians are beginning to believe that they must join their forces to negotiate effectively.

Still, they know that agreements on raw materials can be only a partial solution to their problems. Commodity banks might ease the impact of demand cycles ; but artificial prices provoke recourse to synthetic substitutes, and, in general, it is agreed that world demand for raw materials is never likely to grow enough to produce the revenue needed for new development plans. The long-term solution is to reduce dependence on raw materials production by developing processing and manufacturing industries. Since both the West and Russia accept this ambition and are financing it by aid and investment, co-operative pressure on this front may not feature in Seafet's programme. Yet, while the first aim of diversification is greater internal self-sufficiency, the next is the export of semi-processed and manufactured goods within Asia and to the West. For most South East Asian countries, the problem of the competition of such exports with western exports in the region and of their acceptability in the West still lies on the horizon.

In Japan and Hongkong, however, this is today's most urgent problem ; in the case of India, it is growing. The fear of these countries, particularly of Japan, that the new European trade blocks will continue to discriminate against their goods in the European market, and their wish to strengthen their position in the South East Asian market, are both mounting. Accordingly, if Seafet comes into existence, it may confine itself to regional trade and raw materials policy ; but if the idea is taken up by the more advanced Asian countries, it might expand to become a grouping for bargaining on all fronts between Asia and the West.

The Economist

JUNE 9, 1860

THE FRENCH EMPEROR

¶ From the date of his elevation to supreme power in France, there could be no doubt that in Louis Napoleon we must have a scheming and not over-scrupulous neighbour; but for some time there was reason to hope that he saw his interest in, and was prepared to base his power upon, the development of the great material resources of France at home, and the peaceful advancement of French objects and legitimate influence abroad, in tolerably faithful alliance with this country. How this hope,—if but half entertained, yet hitherto most honestly acted upon by us,—has been gradually extinguished, it matters not here to examine. Suffice it that it is now clear that while no doubt bent upon cultivating the internal prosperity of France, the Emperor is likewise determined to carry out, and if need be fight for, certain other aggressive ideas of French policy; and that these are, broadly, extension of the boundaries of France,—subordination of the Spanish and Italian Peninsulas to French influence and dictation,—conversion of the Mediterranean into a French sea, and,—with these to aid,—curtailment of the power and influence of this country. Nor are these "ideas" merely his own:—they have been, are, and will long continue to be, under any form of Government, essentially French. They are ingrained in the passions, the prejudices, and the imagination of the French nation. Hence their danger to Europe and to us. For, although there are undoubtedly in the character and conduct of Louis Napoleon elements of weakness which may be slowly but surely sapping the foundation of the structure he has so strangely, and, to a certain extent, so skilfully raised, he undoubtedly derives an indefinite increase of power from the fact that the policy he has now unmasked embodies the wishes of the very great majority of the French nation. However hateful his Government may be to the higher-minded and more intelligent minority in France, one has but to study the *Debats* and the *Deux Mondes* to perceive that, as far as these objects are concerned, all serious internal opposition is for the time in abeyance.

The Vexatious Litigant

Lest the British wax too smug about America's Chessman case, they should consider a recent British case which was twice as protracted

In English criticisms of America's Chessman case two separate strains of thought or emotion could be detected. The first was a distaste for anything like cat-and-mouse punishment, and the other a feeling, shared by most Englishmen, that our own legal system is incomparably better than any other in the world. We are never more smug than when we contrast our administration of the law with the practices of other nations. On one side we see a balanced justice carefully and swiftly administered, and on the other a mixture of absurdities and delays—especially delays—repugnant to natural justice and those principles of fair play which are the priceless heritage of every English-born man and woman. Is it not written in the great charter that to no Englishman shall right and justice be delayed? It is a warming thought.

But before we become too smug in our criticism of American procedure and the twelve years' delay in Chessman's execution, we might consider an English case (recently concluded) which lasted not twelve but twenty-four years. It was a case in which all the right was on one side and all the wrong on the other; which was started in 1935 and finally settled in 1959; which was dragged out by one legal device after another; which postponed for at least six years the administration of a large deceased estate and the payment of a considerable sum in death duty; which was ended only by the intervention of the Attorney-General. It was not a criminal case like Chessman's. But our English ban on delaying justice is as definite in the civil as in the criminal law; and if we had to choose between giving a condemned man twelve years of life, to which he was not entitled, and keeping a large and unjust civil claim over an innocent man's head for twenty-four years, surely it were better to postpone the criminal's execution.

The facts of this civil case (so far as they can be ascertained) are as follows. In the nineteen thirties a company named Barburizza and Company, Ltd., carrying on a merchant's business in Cunard House, Leadenhall Street, had an employee called Vernazza who for some reason lost his job and brought an action against his employers for wrongful dismissal. His case came up for trial, but the judge never had to decide it. It was so weak that Mr Vernazza's counsel threw up the sponge in court and submitted to judgment, Mr Vernazza being offered by his employers £400 as a gift *ex gratia*. And that, in 1935, appeared to be the end of a not very important dispute.

In fact it was the beginning. The chief shareholder in Barburizza and Co. was a remarkable man named Petronovic, who, presumably, must have been a Serb by origin, but was certainly a resident, and perhaps by adoption a citizen, of Chile; and had amassed a large fortune in London. In 1937, two years after Mr Vernazza's claim had apparently been smashed, Mr Petronovic decided to liquidate Barburizza and Co. and (to make the liquidation possible) personally guaranteed all the company's liabilities. That brought Mr Vernazza out again into the arena, for he turned up in the liquidation proceedings with a claim for £158,982—again for wrongful dismissal.

The fact that he had already lost his case once did not worry him. He admitted that his counsel had submitted to judgment by consent, but declared that as plaintiff he had never consented to the consent. He had been outrageously let down by his lawyers and was not bound by a judgment so wrongly obtained. It was all very strange, but the strangest thing of the lot was that Mr Vernazza, entitled (as he claimed to be) to more than £158,000, took no steps to get on with the case. He seems to have done nothing; the action went to sleep and lay asleep for nearly twenty years. Did ever any other litigant, with a large fortune to win and nothing to lose, let his action sleep for twenty years?

In 1951, Petronovic, then living in Santiago, made his will according to Chilean law and three days later died in hospital. He left one legacy—100,000 pesos to the Radium Institute—and the residue to his son. A certified copy of the will was brought to London and in 1953 it was proved (or whatever the right legal word is in a case of this kind) for £309,708—a very satisfactory inheritance even after deduction of duty. Financially, Mr Petronovic's son was a lucky man, or would have been if he could have touched the money. But between him and his inheritance stood Mr Vernazza and the sleeping law suit. Mr Vernazza's claim had no merit, but could the executors safely neglect it and distribute the assets? Were they to treat the net value of the estate as £309,000 or £150,000? Naturally, they decided in favour of the lower figure. Estate duties of nearly £100,000 were left unpaid. Interest on the unpaid duty went on rising, and the beneficiary presumably went without his due.

In five or six years after Petronovic's death nothing happened; but in 1957 the executors moved to have Mr Vernazza's action dismissed for want of prosecution; and dismissed it was. Immediately, Mr Vernazza appealed against the dismissal first in the Appeal Court and then in the Lords. He lost in both, but on the same day started another action and lost that. Again he took his case up to the Lords and again he lost. To follow the trail of his litigation in detail, and to understand how he managed to foil the executors so long and so often, is impossible; but he certainly took out at least five writs in Chancery, made use of consequential interlocutory proceedings, originating summonses and probably a good many more of these mysterious weapons that the procedure of the British courts puts at the disposal of contending litigants.

If ever there was a vexatious litigant it was Mr Vernazza, and if ever a man showed what a long run for his money a vexatious litigant can get it was again Mr Vernazza. The courts have an inherent right to strike out frivolous and vexatious claims, and by the Judicature Act of 1925 a persistent vexatious litigant can be prevented from starting an action unless he has first received the leave of a High Court judge. But in spite of all the restraints and obstacles Mr Vernazza managed to keep his freedom of action and by process of law to persecute his enemies for nearly a quarter of a century. Why, in the name of Magna Carta, should right and justice be delayed so long?

NOTES OF THE WEEK

DISARMAMENT

Pendulum Play

A SPECTACULAR breakthrough in the search for disarmament seems tantalisingly near, though doubtless out of reach. All that would appear necessary is to induce the drafters of the Soviet proposals of last September to sit down with the drafters of the Soviet proposals of June 2nd and reach a compromise between the two texts. (If, as is more than likely, the same team drew up both plans, then the achieving of a compromise ought to be all the easier.)

Under the September plan, nuclear bombs and rockets would have been left intact until after the abolition of conventional forces. Under the new plan, conventional forces would be the last to disappear. In its first stage, all means of delivering nuclear weapons would be destroyed; in its second, the nuclear weapons themselves would also go, and all production of atomic energy for peaceful purposes, and extraction of nuclear raw material, would be placed under international supervision, in a manner oddly reminiscent of the once abhorred Baruch plan; only in the third and final stage would the armies be reduced to limited contingents equipped to maintain internal order or to act, if peace were threatened, on the orders of the UN Security Council.

Oddly described as no more than "an elaboration of the programme put forward in September," the new Soviet terms in fact amount to a reversal of the September order of priorities, and a return to Russia's more customary demand that the bomb must go first. The pity is that each time the Soviet pendulum swings wildly from one extreme to the other it whizzes past the midway position taken up by the western governments, who patiently stick to the very sensible argument that nuclear and conventional disarmament must proceed together, so that no party to the agreement shall be placed at a grave disadvantage at any stage in the process. Thus, if the Russians would only average out their own two programmes, they might find themselves surprisingly near the western midway position.

Progress and Gaps

MR KHRUSHCHEV garnished the new disarmament terms with even more personal abuse of President Eisenhower and his assistants, and of Dr Adenauer, than before and with some frightening bluster about Soviet power in nuclear rockets—including a claim that the sites of American air bases were "pinpointed on a map" at Russian general staff headquarters, which went ill with his pious denunciation of all espionage ("We are men of lofty morality"). The demand for the immediate withdrawal of all allied forces to their home countries was unhelpful, if familiar. But the more encouraging aspects of the new Soviet formulation deserve examination.

The Soviet leader indicated at his press conference that the UN veto rule would apply to the disarmament process in certain unspecified respects; but the Soviet terms also refer to a two-thirds majority sufficing for most decisions of the international control council. The new terms spell out in more, and quite promising, detail the rights of free access and communication of the international inspectorate. They refer only vaguely to the working out of measures to ensure compliance with the disarmament agreement, but at least the necessity for some such measures is now conceded; and the internal security forces left in being after general disarmament would, it is proposed, be subject to careful supervision, specifically in the case of their movements near frontiers. On these and other points, the Russians are beginning to make concessions to commonsense arguments which they had derided.

What is still most glaringly absent is any recognition of the force of the western argument that any disarmament plan must, to win general acceptance, preserve a balance at each of its stages, so that no power finds itself in special jeopardy. In the absence of this concept of balance, the high priority now given to the destruction of means of delivering nuclear weapons, linked with the equal priority for the abolition of all bases on foreign soil, looks unhappily like a mere attempt to flatter the French, who have shown special concern over delivery mechanisms, and thus to divide western opinion, while still ensuring that the West as a whole cannot accept the terms offered. One wonders when it will dawn on Mr Khrushchev that the way to get disarmament, if he really wants it, is to make it easier for other countries to agree on a common formula, instead of trying to divide them.

HIGH FLYING

The Calmer Russian

AN odd and illuminating sidelight on the U2 affair has come from an apparently authentic source in an east European government. Some time ago the country concerned detected reconnaissance aircraft, presumably American, crossing its territory at a height too great for interception by its own air force. It approached the Soviet government with a request for anti-aircraft rockets capable of hitting the high flying aircraft. Mr Khrushchev's response was, in effect: "Sorry, no rockets for you. What does it matter, anyway? Why worry over an occasional American spy-plane? It's nothing to get excited about."

CHINA

Peking's Doubts

PEKING'S gloss on the latest Soviet disarmament proposals is a militant one: exactly how welcome it is to Russian, let alone uncommitted, ears is open to doubt. Although the Chinese leaders have officially endorsed the Russian plan, their commentaries have been occupied with confident assertions that war is still justifiable in a nuclear age and that a wholesale expansion of militia forces is essential to China's military strategy. China's current drive to expand its militia on a nationwide scale is, in itself, a sizeable obstacle for any disarmament plan to surmount. Peking's ambition, in the words used by the chief of general staff, General Lo Jui-ching, on May 10th, is to organise "a colossal reserve force" so that, "in response to a single order, hundreds and thousands of divisions will rapidly be formed." The Chinese leaders plainly do not believe that the international situation is favourable to disarmament, and one of their chief concerns is to scotch the idea (attributed to the "modern revisionists") that the prospect of outright war can be excluded.

In this vein General Hsiao Hua, deputy director of the army's political department, declared on June 3rd that neither the development of nuclear weapons nor the superiority of the forces of "socialism" over those of "imperialism" meant that the risk of war had disappeared. "To be afraid of war and so to oppose all wars, even denying support for the just wars" was, he said, simply to "bind one's own hands and feet." Thus the Peking *People's Daily*, giving its formal welcome to the Khrushchev proposals on June 7th, contented itself with the reflection: "Of course, we always advocate reduction of armaments to relax international tension, so long as this is possible." As things stood, however, the socialist countries should "strengthen their armed forces to defend their socialist homelands and preserve world peace."

With this Chinese mood only too self-evident, the Seato ministerial conference in Washington last week was not inclined to canvass any radical changes in policy. Mr Nash, the New Zealand prime minister, did, however, press his colleagues to take a long-term view on the merits of recognising Peking. For the State Department, however, Far Eastern policy has suddenly nar-

rowed down to the trial of prestige that President Eisenhower will undergo in Tokyo on June 19th. For Peking's publicists, too, driving on the Japanese agitation, the date is an important one.

MR COUSINS

One Voice

LAST week the 39 members of the executive of the Transport and General Workers Union voted unanimously in favour of Mr Cousins's policy of being beastly to Mr Gaitskell; they intend to cast the union's million votes at the next Labour party conference against Mr Gaitskell's policy of loyalty to Nato, and in favour of an undiluted Clause Four. This is the executive of the union which, up to five or six years ago, followed and upheld Mr Deakin along precisely the opposite road, veering then as far to the right of the Labour party as Mr Cousins is currently to the left of it. Mr Cousins can believe if he wishes (and he does) that this astonishing turn-round is a sign of wholesale democratic conversion to genuine sharing of his personal convictions; everybody else will conclude that the chill unanimity of the executive is a sign that the union's lieutenants now find it as convenient and advisable to agree promptly with the new general secretary as some of them once found it convenient to agree promptly with the old one. It is an extraordinary situation, and not its least extraordinary feature is that Mr Cousins remains a blissfully unconscious dictator; if he had been a deliberate and crafty one, he would have had the tact—as even iron curtain governments generally do—to arrange that at least one vote in the 39 was cast against him.

Another decision taken by the union last week was to nominate Mr Cousins's right-hand man, Mr Nicholas, for the treasurership of the Labour party which Mr Bevan has vacated. After an initial feeling of resentment, some Gaitskellites have come round to muttering that perhaps Mr Nicholas, who has a past record of pro-Gaitskell political views, might be weaned away from Mr Cousins if he is elected to high party office. This is exceedingly unlikely; precisely because he knows that some people would like to set him up as a rival to Mr Cousins, and because he does not want any such role, Mr Nicholas is nowadays constantly leaning over leftwards in his loyalty to his union leader. Nevertheless, Mr Nicholas's nomination provides the Gaitskellites with a subtler opportunity, which they should now recognise and seize.

Handling the Treasurership

THE important question for the future of the Labour party is not whether accession to the party Treasurership would change Mr Nicholas, but whether Mr Nicholas's accession might not usefully change the nature of the Treasurership. Now that voting power at the annual conference has turned sour for Mr Gaitskell, it is vital for him and for Labour's public image that the conference and the national executive should be devalued in importance relative to the parliamentary party. It is still more than possible that this shift of power will have to be dramatised this year by the parliamentary party having to reject a conference decision on defence; the lining up of the TGWU behind Mr Cousins's personal feud with Mr Gaitskell increases the likelihood that there will be an anti-Nato majority on the conference floor at Scarborough in October. Whether this happens or not, however, it is to Labour's advantage that the divorce between the conference, executive and parliamentary party should be pushed forward informally in every possible informal way. One of the obstacles to this informal cutting of links has always been the kudos that has surrounded the office of party Treasurer. This is now, in effect, the only office through which prominent Labour MPs can be elected to the national executive by the votes of the entire conference, as distinct from by the votes of particular sections of it. In consequence, it has come to be regarded as a stepping stone to the eventual leadership of the party, which is why Mr Bevan used to fight Mr Gaitskell so energetically (albeit unsuccessfully) for it in the old days.

If Mr Nicholas were elected to the Treasurership, nobody could possibly regard the office in this old light; the actual duties of the Treasurership—collecting the cash—are not in fact very arduous or important. The main result of his accession could therefore be that Labour MPs aspiring for the party's eventual leadership would no longer feel it necessary to be constantly angling some of the speeches that they make, and some propagandist attitudes that they strike, in such a way as not to lose left wing conference votes. This is a change that is devoutly to be wished, even if it is hardly the change that Mr Cousins can have had in mind when sponsoring Mr Nicholas's candidature.

ROAD DEATHS

Obituary Column

A PATTERN now seems to have been established for editing the daily press at holiday time. While reporters drive, no doubt courteously, to the coast, a single spokesman of the Automobile Association is gratefully allowed to write the same lead story in practically every newspaper. His jovial or admonitory remarks (this time, the public was thanked for its good road manners) are then sub-edited into a preliminary analysis of the road accident figures, which are invariably badly misinterpreted. The present fashion began with the appalling toll of 59 road deaths on Christmas Eve. When Easter came, reporters and leader writers were therefore poised to comment on another tale of terrible slaughter; they duly did so, although the preliminary figures in fact suggested that the death rate over the Easter weekend might be going to be below the normal weekend average. This presumed press clanger at Easter had sunk into reportorial consciousness by the time the Whitsun holiday arrived. What had not sunk in was that when the Ministry of Transport revised their provisional figures for Easter, the total went up by 11 per cent. (These final figures count all those who succumb to injuries within thirty days; a further 5 per cent, who are not counted, die later.) On Fridays, Saturdays and Sundays in England and Wales last year the average daily number of deaths was 18 (compared with the overall daily average of 16). The daily average over the five days of Easter this year was 19.4; this increase of under 10 per cent on the customary weekend rate was not bad for a fine holiday weekend, considering the rapid increase in car registrations, but not as good as was at first expected.

Blissfully ignorant of what the final Easter figures had shown, however, the press this time was determined not to over-report deaths at Whitsun. It accordingly compared the figure for immediate on-the-spot deaths with last Whitsun's figure for total deaths, and proclaimed that the public had driven very safely. In fact, this time the preliminary figures were rather bad. By Wednesday the known total of deaths was already 74 during the four days of Whitsun (Friday to Monday), one more than the figure for Whitsun last year, already a daily total of 18.5 deaths—and it must be expected to rise to a daily total of over 20, when deaths within thirty days are finally counted. Nevertheless the summer holiday-time fluctuations are still not as great as might be expected; the real problem in summer is not sudden slaughter on holiday weekends, but constant Monday-to-Sunday attrition.

Far more pertinent are the figures for Christmas. A daily average of 40 deaths over the 4 days of last Christmas is striking enough; but the Road Research Laboratory's finding that 56 per cent of the deaths over Christmas involved at least one driver who had been drinking is for once a concrete fact about which it should be possible to take action. Present evidence can tell little about the effect on accidents of 50 mile-an-hour zones or clearways or appeals to the public's innate courtesy. What it does show is that more lives could be saved by abolishing office Christmas parties.

EUROPE

Frostbite

THE exploratory toe which the Government dipped into the European water last week has found the temperature pretty chilly. Though Mr Profumo's speech in Paris, when he declared Britain ready to reconsider joining Euratom and the Coal and Steel Community, was well received by the assembly of Western European Union, official reactions from the governments of the Six and from Brussels have been less enthusiastic. Indeed they have forcefully confirmed the private views which the Six made clear to the British before the WEU meeting—that they were not prepared to have Britain in on one or two of their communities unless it joined all three. The practical difficulties of separating the branches of the European tree are too great; and the political obstacles will remain insuperable so long as Britain does not subscribe to the political purpose which all three communities are designed to serve.

Faced with this chilly reception, the Government now appears to be doing its best to withdraw, shivering a little, and wondering what to do next. Officials are drawing attention to the qualifications Mr Profumo made in his speech, when he emphasised that any British move to join Euratom and the Coal and Steel Community must be dependent on a welcome from the Six and on agreement on broader political and economic issues.

There are no signs, however, that such an agreement is anywhere in the offing. On Thursday the trade issues between the Six and Seven were discussed at the meeting of the group of 21 in Paris which was set up earlier this year. At their Lisbon meeting last month the Seven chose to interpret the declared willingness of the Six to talk as a sign that discussions might be resumed on a long term European association. But when *The Economist* went to press there was no evidence to suggest that the Six have any intention of budging from their familiar position—that the long-term problem can be solved by membership of the economic community for anyone who wants to join, and that short-term tariff difficulties can be cleared up by mutual concessions on a most-favoured nation basis.

GERMAN ARMS

A Deterrent for Bonn?

AT each stage in the arming of western Germany with tactical atomic weapons, it has been argued that military necessities and Nato decisions taken long ago made the move unavoidable. Yet each move has added to the destructive and diplomatic power in German hands—a power which many Germans find disturbing, and which is liable to increase the risks of conflict in central Europe. These risks surely outweigh the questionable military advantages the moves were supposed to bring.

Now the Bonn government is moving on a stage further. With the arming of the Bundeswehr with tactical nuclear weapons well under way, it is showing a first overt interest in strategic arms. Herr Strauss, the defence minister, is visiting the United States in part to study the possibility of buying the intermediate-range Polaris missile, a weapon which could reach Moscow from bases by the Rhine. Once again, a military case can be made out for the move. The more numerous and varied the bases for strategic weapons, the happier the soldiers are. Military arguments, however, simply do not justify a step which could radically prejudice the already remote prospects for some sort of easing of relations between east and west in Europe. Nor has the failure at the summit made it easier to justify.

The British, however, are not in much of a position to give good advice. Britain's own "semi-independent" deterrent is said to bring valuable advantages—influence on American policy, the ability to trigger off nuclear war on one's own, if need be. No doubt some of the same advantages can be claimed in Bonn for German possession of Polaris—although the warheads of any weapons the Germans buy at this stage will still be in American hands. All the same, Herr Strauss's visit is an urgent reminder of the need to develop an effective joint political control over the nuclear weapons now being distributed so liberally amongst the allies, as well as of the need to concentrate the efforts of the European allies on the conventional arms in which there are so many shortcomings, instead of on these grand and dangerous symbols of power.

TURKEY

Puzzled Colonels

WITH its military coup only two weeks old, it is still far too early to foretell what the future holds for Turkey. The military regime is already taking sensible steps to put the economic house in order; it is reported, for instance, that the deposed government's huge public works programme is being cut back. The army also seems aware of the danger of letting feelings of revenge and hatred against the old regime get out of hand; a communiqué issued by the military committee of national unity, alleging atrocities on the bodies of students killed in the recent demonstrations, was next day played down by a military spokesman who said that so far there were only rumours, and no evidence, of these atrocities.

But the prospects of a reasonably speedy return to democratic ways remain obscure. The real power in the land at present is the committee of national unity set up directly after the coup. Much, however, about this committee remains hidden; the military ranks of its members have been published (there is only one general but eleven colonels and lieutenant-colonels) but not their names. Whether General Gursel effectively controls the committee, or is himself controlled by it, is unclear; so are the balance of forces and political trends within it. One suspects, however, that its members are not finding it too easy to agree on how best to disembarrass themselves of the political power that they so quickly and easily assumed. General Gursel has let it be known that the military are not sure that they will finish their task within three months, as they originally said, and that if elections cannot be held by October, they would have to be put off until the following spring, because of the winter weather conditions in eastern Turkey.

The general has also told a correspondent of *Le Monde* that he might agree to become the head of a new party which would "defend the principles of the revolution." This suggests that the army, having virtually destroyed the Democrat party as an effective force for the time being, is not too keen to let the rival Republican People's party have a walkover in the elections. But is the formation of a party led by an ex-general and backed by the army the best way of preventing this?

CO-OPERATIVE CONGRESS

As You Are

AT this week's co-operative congress the right-wing delegates on whom Mr Gaitskell relies as a politician effectively jilted him as an economist. The death knell was sounded for the more radical of the Gaitskell proposals for reform of the co-operatives' commercial structure. Since these proposals were put forward two years ago, a surprisingly large body of co-operative opinion had come to accept them as the only way out of the movement's present trading decline. The supporters of reform included not only many of the more progressive retail societies, but also official opinion in bodies as different as the shopworkers' trade union and the communist party.

The changes the reformers wanted to see were many, including the amalgamation of existing societies into larger units and the setting up of chain stores specialising—like private enterprise multiple stores—in profitable lines of dry goods. But more than anything else, they wanted an efficient means by which their concept of co-operative business could influence decisions at the top. The body chosen for this purpose by the "rebels"—as the pro-Gaitskellites unfortunately became known—was an independent Co-operative Retail Development Society. It is the independence of this society that the congress, with its vote in favour of continued control by the existing wholesale societies, has just refused to allow.

The rebels' weakness at the conference lay not so much in dialectic as in tactics. Co-operators, like trade unionists, are always liable to rally to the call of unity and brotherhood, even if they are not quite sure what it is in aid of. The idea of co-operation as a way of life, not to be disrupted by any foibles of fashion or commercialism or competition, also makes a strong appeal. Mr Jupp, the congress president, and a representative—albeit a sound one—of the entrenched co-operative producers, made skilful use of this. "Piecemeal acceptance of

particular gimmicks adopted by our competitors," he said, "without regard for the impact upon the tenets of our reputed faith could easily place us in the situation of a rudderless craft pushed to and fro by every change of wind, current or tide." Such change is of course the essence of successful retailing. That was the reformers' main point. But by their outright attacks on the leadership they laid themselves open to the charge of being radical blacklegs : loyalty to authority then won the day.

The results of their failure are likely to be serious. The co-operatives are now to have chain stores run by their established leaders—leaders whose business record over the past few years has been unconvincing to say the least. Moreover there will be no important body in which the reformers, and the outside experts whom they wanted to recruit, will be able to have a say. A great opportunity for co-operative societies to begin to match their competitors in efficiency has been missed.

EDUCATION

The Sixth and the Secret Service

SIR DAVID ECCLES upheld last week the right of headmasters to give their sixth formers advice on the facts of life, including the risks of being screened if one wants a job in a secret national establishment. Mr William Griffiths, who besides being Labour MP for Manchester Exchange is vice-chairman of the Campaign for Lessening Secret Police Powers, defended the right of sixth-formers to hold their own political opinions. Both contentions are unquestionably right and not in the slightest inconsistent; they came into collision last week only because Mr Griffiths alleged that "men from MI5" had "brought pressure" on a grammar school headmaster "to ascertain from his sixth form pupils the nature of their political allegiances." Sir David replied that the head had not been asked questions about any of his present pupils, while Labour MPs and the popular press (and even one serious newspaper) drew a highly impressionist picture of the secret service warning the head about his boys' political activities and, under pressure, ordering them not to wear Campaign for Nuclear Disarmament badges in school. The picture of widespread MI5 activities in the nation's schools was rather spoilt by the general admission that, whatever they were, they affected only one school.

All this must have produced an exciting diversion in the school, but it seems quite unnecessary. It is agreed that people who want secret jobs must be screened, and it may be that a headmaster is sometimes asked by "men from MI5" about an ex-pupil—who may perhaps have shown a youthful predilection for badges, marches and left-wing politics too. The head may then be moved to mention to the science sixth that even schoolboy politics interest MI5 when a candidate is screened for an atomic energy job. He may perhaps excuse to parents a pedagogic dislike of badges in school on some such grounds. But this, if it happens, is the most indirect of indirect pressure on boys and girls to stick to the Tory line. At worst it seems helpful advice to those who feel they would like to take up spying for a foreign power as their career.

LAOS

Strife Ahead?

ILL-CONDUCTED elections and an absconding prince seem to have deprived Laos of the era of "peace and neutrality" foreshadowed at the beginning of the year after a short-lived army coup. The April elections produced a right-wing assembly. Two weeks ago Prince Souphanna Vong, whose communist Neo Lao Haksat party had been handicapped by the fact that he was in gaol awaiting trial on a charge of treason, escaped with fourteen other communists and gained the guerrilla-controlled region on the border with north Vietnam.

This escape may have spared the Laotian authorities the painful decision whether or not to bring the prince to trial, but it also removed the possibility of a "neutral" cabinet. The government that has now been formed out of the new assembly is, in fact, dominated by the extreme right-wing Committee for the Defence of National Interests. One of the committee's leaders is Mr Tiao Somsanith, the new prime minister, who retains the ministry of the interior which he had held in the previous caretaken government. General Phoumi Nosavan, the committee's "strong man," remains defence minister and has acquired three other portfolios as well. Although the new cabinet also includes some moderates, negotiations with the communists are clearly excluded, and the prospect is one of continued strife.

MOROCCO

A Cleavage Manifest

THE verdict of local elections is necessarily inconclusive, but the recent Moroccan ones deserve attention if only because they are the first country-wide elections the country has ever held. Since King Mohammed V, who became his own prime minister before polling day, has promised to turn himself into a constitutional monarch by 1962, last week's municipal and communal elections were, in effect, a dress rehearsal for the general elections that will presumably enable the king to keep his promise. If the rehearsal proves anything, it is that Morocco is, as the evidence has long suggested, a politically divided country. Not surprisingly, both the major parties, the traditional nationalist Istiqlal, and the leftish National Union of Popular Forces (UNFP), claimed victory. The UNFP, with the help of the powerful trade union federation, swept into local office in the industrial centres of Casablanca and Rabat, and at Tangier; the Istiqlal won in the traditional Islamic centres, such as Fez and Meknes; honours were divided at Marrakech.

The elections will, at any rate, have shown the king and the crown prince (now deputy premier) that popular support for the outgoing ministerial team is too strong to be brushed aside. The former prime minister, Mr Abdallah Ibrahim, and his deputy, Mr Abderrahim Bouabid, have declared themselves satisfied with the showing of their UNFP. So, however, has Mr Allal el-Fassi of the Istiqlal, who said, perhaps rather sweepingly:

> Morocco has voted Istiqlal, that is, it has voted for our principles: fidelity to the king, the fatherland and Islam.

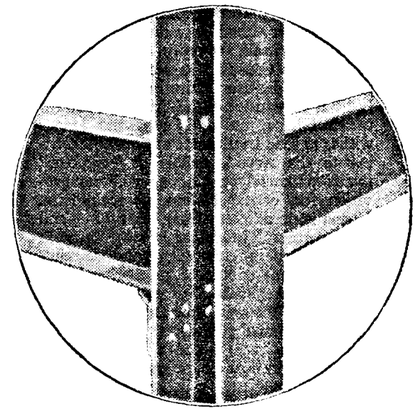
Crown Prince Moulay Hassan may well feel that the situation demands repressive measures against the UNFP and the main trade union body. In this he might be encouraged by Mr Douiri, leader of the new dissident right-wing trade union group, who is finance minister in the new government. But it would be a departure from the king's normal approach, and against Morocco's long-term interests, if he were to listen to extremist advice.

WEST INDIES

Jamaica Breakaway?

ON the eve of his departure for Trinidad last week, Mr Macleod received an unwelcome reminder of the fragility of the West Indies Federation. Mr Manley, premier of Jamaica, has announced that a referendum will be held next year on whether Jamaica is to stay in the federation at all. This is bound to disrupt the Colonial Office's timetable, under which it was hoped to get the West Indies Federation off to a start with dominion status before the middle of next year. The working parties, which have been trying to salvage what remained of federation after the collapse of the constitutional conference last September, are due to present their proposals this September, but clearly these will have to go into cold storage until Jamaica makes up its mind.

Mr Manley's hand was forced by Sir Alexander Bustamente, who has used anti-federation sentiment in Jamaica ("higher taxes to pay for the small islands") to assault Mr Manley's government and personal position and has now ostentatiously resigned from the federal party he has been leading. Unhappily Mr Manley is not prepared to go down fighting with his flag flying in the federal cause ; and the referendum is the first sign that he contemplates striking it. Mr Manley may or may not try to word the referendum in a way that will



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STEEL STRENGTH STABILITY

incline voters to say "yes" to federation (or even confederation); but it is doubtful if he will succeed. It is more probable that he will now find it politically convenient to damp down his own support for the federal link.

The alternative to federation is early Jamaican independence. For a state of 1½ million people, a smallish fish even in the barracuda-infested Caribbean, this will not be anybody's honeymoon. Mr Macleod has the prickly problem of Trinidad's own self-governing constitution to settle on his present tour, but he should find time to call on Sir Alexander and Mr Manley to show them the risks they are forcing Jamaica to take.

GHANA IN PARLIAMENT

Yet Again Farewell

SINCE no country can be more independent than independent the appearance of a Ghana (Consequential Provisions) Bill on the order paper of the House of Commons may seem to have struck a peculiar constitutional note. Did not Ghana make its positively last appearance in what was once known as the Imperial Parliament in 1957 when that Parliament abdicated its sovereignty over the Gold Coast? Curiously it did not, and in requiring British legislation to complete the amicable deposition of its Queen, Ghana is only following the precedents set by India and Pakistan.

There are now two quite different sets of circumstances under which the sovereign independent countries of the Commonwealth still have their affairs and interests regulated in Westminster. According to the first, a Commonwealth country may voluntarily leave residual powers in the British Parliament itself, as with the power to amend the Canadian constitution, or in some other British institution such as the Judicial Committee of the Privy Council (to which Ghana, unlike Nigeria, no longer wishes to send its ultimate appeals). According to the second, Britain as "mother" makes unilateral concessions with no provision for, or expectation of, reciprocity. Ghana is no different from other "free and equal partners" in making its selection from this gift shop, in return for paying the minimum (verbal) tribute to motherhood that will make the British feel good. Like the Indians and the Pakistanis Dr Nkrumah has picked continued free access to Britain for Ghanaian citizens, where as loyal republicans they will have all the rights of Queen's subjects; and the privileged access to preferential status on the London stock market otherwise reserved to stocks of the Queen's Governments. But while a government can contrive to be open-handed and magnanimous, a private stockholder is a less sentimental party. At present, if any holder of Ghana stocks which enjoy the advantages of the Colonial Stocks Acts feels defrauded he can sue by means of petition of right to the Crown. The one constitutional anomaly which Dr Nkrumah will allow on his side is the continued access of affronted stockholders to the British courts. His government needs the money.

Public Relations MP

THE hour-and-three-quarters debate on the Ghana Bill's second reading shortly before Whitsun was noteworthy mainly for the surprising amount of criticism of the Nkrumah regime from the Labour benches, some of it quite sharp. It came from several different sections of the party; and Mr E. L. Mallalieu's informal summing up of the arguments was delivered in such an accomplished parliamentary manner that one wondered where he had been hiding all these years.

Given the realities of the situation, however, it could be argued that only one MP—and he not among the speakers—was at that moment profitably occupied in discussing Ghana. This was Mr Humphrey Berkeley, a new Tory member who was once the champion hoaxer of Cambridge University before taking charge of political education in the Conservative Party. While Opposition members were arguing the toss whether or not Dr Nkrumah was a good thing, and his own Tory colleagues were deliberately lying low and keeping mum, Mr Berkeley was signing a contract with Dr Nkrumah to become his paid agent in London.

The silences of the Tory colonels in the Commons have not concealed from Accra the widespread prevalence in Tory social circles of the threat blurted out by Earl Winterton—when exasperated, as he often is, by Viscount Stansgate—that, if there is any more anti-settler talk about the Central African Federation on the left, the right will lift the lid off Ghana. The instinctive response of both governments to this chal-

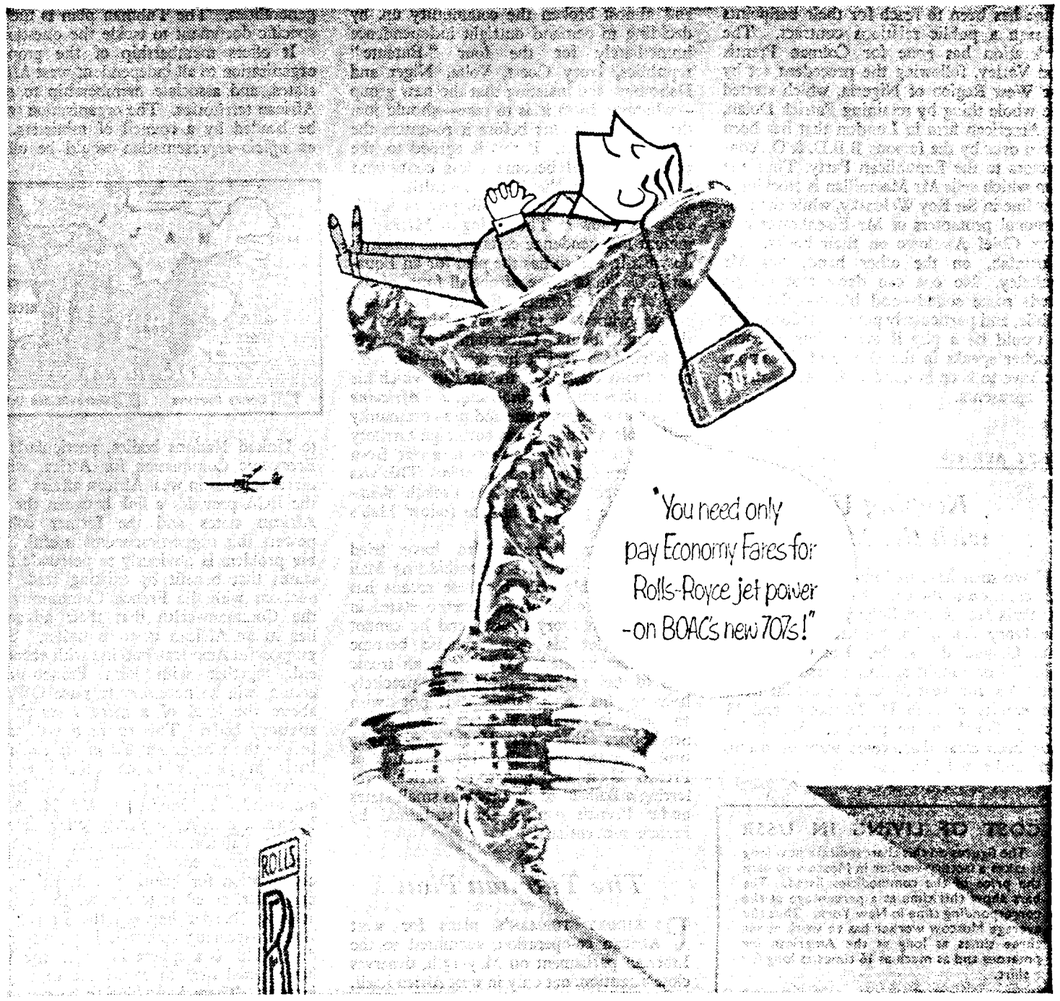
Crawling Cables

ABOUT a million and a half overseas cables trickle sluggishly through London's post office services every month. Messages that arrive from the other side of the world in a few minutes may get stuck for several hours at the Cable and Wireless office at Electra House; the analogy with the crawling traffic between airport and city is no comfort to the business men, private citizens and newspapers who have had to endure infuriating delays because of this bottleneck. The situation, caused by a shortage of staff at Electra House, has got steadily worse over the last six months; it reached a crisis last week when the cable operators threatened to resume a ban on overtime (which accounts for 40 per cent of their work); the threat has been staved off for the moment.

Cable communication with the Commonwealth has become so erratic that one Australian press agency has been obliged to forget about the cheap Commonwealth rates and route its messages through New York by an American cable company. Four weeks ago, after months of strange patience, the Commonwealth Press Union asked the Postmaster General, Mr Reginald Bevins, to do something about the situation. His response was to suspend, indefinitely, the cheap rate night letter telegrams, so that the post office could concentrate on the regular cables. About a third of all cables are sent by night letter and the suspension was a blow to a great many people. It also brought Mr Bevins under fire from the London Chamber of Commerce, which protested strongly and pertinently by saying that any private concern that suspended operations because of an unforeseen staff shortage would soon go out of business. Last week the night letter service was resumed. But under pressure of a growing demand delays in the delivery of cables continue.

The cable office is working with three-quarters of the staff that it considers necessary; the recruitment drive has not wholly succeeded and plans for further mechanisation have not yet borne fruit. The muddle has been made worse by an internal rupture. Most of the dwindling corps of cable telegraphists used to work for Cable and Wireless before it was taken over by the post office in 1950. The transfer has gone slowly, but it has now been suggested that they join the Union of Post Office Workers. This they object to strongly on the ground that the union is too large and diffuse to represent them properly; also to many of them a loss of status is involved in being lumped together with postmen and office cleaners. At the beginning of the year they formed a breakaway union of their own, the Overseas Telegraph Operators' Association, and, in a bid for recognition, banned overtime for a week early in May. Their gesture did not work, although it helped to stop the night letter telegram service. In the view of the post office, the new union has not yet got adequate support.

The post office is clearly in a fix. It is admittedly difficult to recruit workers willing to be on duty at all hours of the day and night. Perhaps it would help, as the operators themselves think it would, if the status of the job were raised. The important thing is for the postal authorities to recognise just what they are risking by allowing their cable service to run down. London is at present a great communications centre; in the competitive world of business and newspapers it may in the future have to be bypassed.



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lenge has been to reach for their ballpoints to sign a public relations contract. The Federation has gone for Colman Prentis and Varley, following the precedent set by the West Region of Nigeria, which started the whole thing by retaining Patrick Dolan, an American firm in London that has been taken over by the famous B.B.D. & O., contractors to the Republican Party. Thus the firm which sells Mr Macmillan is stocking a new line in Sir Roy Welensky, while the professional promoters of Mr Eisenhower also have Chief Awolowo on their books. Dr Nkrumah, on the other hand, has Mr Berkeley. No one can deny that Ghana needs some sound—and blunt—advice on public, and particularly press, relations. But it would be a pity if every time a backbencher speaks in the House of Commons we have to keep in mind which government he represents.

WEST AFRICA

Keeping Up with the Malis

Two men have had most to do with the creation of the French Community: and M. Felix Houphouet-Boigny, the premier of the Ivory Coast, has worked on it longer than General de Gaulle. Long and determinedly he fought against premature independence for west African states, incurring the enmity of both Dr Nkrumah and M. Sekou Touré in the process. But it has long been clear that events were outpacing him, and now he has suddenly turned round and almost broken the community up, by deciding to demand outright independence immediately for the four "Entente" republics, Ivory Coast, Volta, Niger and Dahomey, and insisting that the new group —whatever form it is to take—should join the United Nations before it re-enters the community itself. If this is agreed to, the community will become a less continuous association than the Commonwealth.

Why has M. Houphouet-Boigny made this *volte-face* now? The timing of Mali's imminent independence certainly has much to do with it, and so has the plan for an Equatorial Union of three, if not all four, of the republics of former French Equatorial Africa, who want to be as independent as their neighbours, Cameroun and Congo. This could have left his terrain—the remnant (with Gabon) of the area in which his *Rassemblement Démocratique Africaine* party was once supreme and pro-community —the sole remaining non-sovereign territory in west Africa by mid-1961, apart from Portuguese Guinea and Gambia. This was not a tenable position; the French themselves were pressing him to follow Mali's lead.

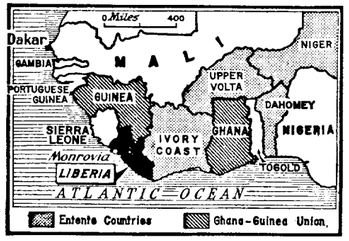
He seems therefore to have tried to regain the initiative by outbidding Mali itself. Possibly only by these means has he kept the other three Entente states in line with the Ivory Coast—and he cannot afford to let his own republic become completely isolated. Yet this is an ironic end to his policies, for it was precisely because his own state did not wish to share its wealth with its sub-Saharan neighbours that M. Houphouet-Boigny broke up the old colonial federations of French West and Equatorial Africa, preferring a Balkans of autonomous small states under French control—but sustained by French subventions.

The Tubman Plan

PRESIDENT TUBMAN'S plans for west African co-operation, submitted to the Liberian parliament on May 13th, deserves close attention, not only in west Africa itself, but by the western governments—who still have to find ways of organising their economic support for the area. The chief Liberian proposal is the creation of an Organisation for West African Economic Co-operation that would expand exports, increase regional trade, and encourage industrialisation "possibly through creation of a regional market by means of a customs or economic union."

This type of proposal has been rehearsed by other African leaders, although in a more tentative way. Thus M. Sylvanus Olympio, the Togo prime minister, has suggested an African version of OEEC, but prefers to wait until after Nigerian independence before beginning discussions. The Entente countries of the French Community have been preoccupied until now with putting their own house in order, and their reactions are uncertain: Dr Nkrumah has contented himself with generalities. The Tubman plan is the first specific document to tackle the question.

It offers membership of the proposed organisation to all independent west African states, and associate membership to other African territories. The organisation would be headed by a council of ministers, and *ex officio* representation would be offered



to United Nations bodies, particularly the Economic Commission for Africa, with a direct interest in west African affairs. Since the ECA provides a link between the new African states and the former colonial powers this suggestion seems useful. The big problem is obviously to persuade those states that benefit by existing trade connections with the French Community and the Commonwealth that their advantage lies in an African customs union. Some purposeful American backing with economic aid, together with joint Franco-British action, will be necessary to raise OWAEC above the level of a mere research and advisory body. This seems a task to set before the nine-nation aid group set up in Paris in January to co-ordinate western assistance programmes. The new British ambassador in Monrovia, Mr H. A. N. Brown, is arriving at a stimulating time.

The Tubman proposals also envisage a west African educational council and an organisation for health and nutrition. In particular, an effort to remove the existing language barrier between the French and English-speaking countries is already overdue. This is a sphere in which the West has a good deal to contribute in its own interest. There is nothing to be gained by waiting until the common diplomatic language of west Africa is Russian or Chinese.

LEISURE ACTIVITIES

Teenagers Revisited

IN 1947 the Workers' Educational Association published the results of an inquiry into the leisure activities of some 3,000 Ilford schoolchildren. This inquiry has just been repeated*, nearly three school generations later. Many of the results are predictable or easily observable—the steep drop in cinema-going as television viewing has increased, the enormously expanded interest in pular music, the decline in the traditional treet games once enjoyed in common wh much younger children, the enthusiasr for coffee-bar-and-juke-box sociabiliti. In general, the secondary schoolboy girl is much less an older child, much me an aspiring young adult, than his or heredecessor of only a dozen years back. Vat this change means for the sexual *mes* of the young could hardly be elicited questionnaire, but the inquiry showed at today's schoolgirls have a new and devring passion for "love comics." As in 47, grammar-school pupils are shown sl to have far more consecutive and creativeobbies and interests, from handicrafts drama, than their secondary-modernontemporaries.

Moreinquiries of this sort would be valuabl People who make snap judgments (the rising generation are apt (with undersndable adult self-importance) to attribu the defects and qualities of today's young eople to influences deriving mainly from t adult world: parental precept and examp, school curriculum and discipline, econoic opportunity, even bomb-phobia. What ends to get forgotten is something possib more powerful, in the gang-minded teens,than any of these: the standard-settin ascendancy of senior over junior, of sixtee over fourteen and fourteen over twelv—the internal power-system, as it were,of the secret republic of the young. Thatepublic is now developing an unprecedeied sense of nationalist autonomy—comete with extremist (some would say MauMau type) wing. Adult policy-makers woul be wise to keep themselves more informd of one of the most significant but mos disregarded characteristics of "the Tee-age Thing": the rapid turnover of powr and influence as—on the miniature time-scale of the republic's history—generatio succeeds generation.

* Leisure Activities of Schoolchildren. By Mary Stewart. WEA, 2s. 6d.

EAST-WEST RELATIONS

Still Economic Co-existence

WHILE the summit fiasco has cast a cold shadow across political exchanges between east and west there have been no signs as yet of any check in the gradual economic loosening-up between the two worlds. Passengers on the first through rail coach of the new transcontinental service from the Hook of Holland to Moscow arrived in Moscow last week, after the bogies had been changed to adapt the train to Russia's wider gauge. Talks started in London on June 7th to review the development of Anglo-Soviet trade—a follow-up to the trade agreement signed in Moscow in May last year.

As usual, these negotiations will not be easy. One of the main Russian demands seems likely to be for better outlets for Russian oil. Russian output is expanding rapidly. There may well be a case for the large oil companies concluding long-term agreements with the Russians to bring regular if small quantities of Russian oil into western distributive networks. This might be better than price warfare. But the idea will take a lot of getting used to—and the companies have too much oil on their hands already.

What is clear is that the Russians are interested in a continuing expansion of trade in both directions, an interest that ought to be encouraged. Mr Khrushchev's promise to introduce a new "heavy" rouble, ten times the value of the old, next January 1st, has been seen by some commentators as a prelude to an attempt to get the rouble more widely used internationally, and even to the adoption of a measure of convertibility. This may be fanciful, but there are a good many other signs that the Russians are interested in an increase of economic co-operation between east and west, stretching beyond the needs of bilateral trade.

On both sides there is a good case for a persistent attempt to develop mutually acceptable rules for the conduct of east-west trade, perhaps in the context of the General Agreement on Tariffs and Trade. The vision General de Gaulle painted on Tuesday of a Europe stretching from the Atlantic to the Urals hardly fits the world today. But there are economic forces that work his way, against the political current.

POLAND

Mr Gomulka and the Church

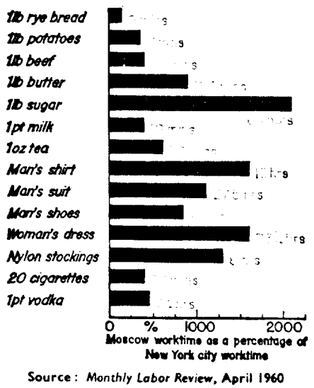
STREET battles over religious issues have recently broken out in two Polish towns. Both incidents appear to have turned quite nasty, but on neither occasion did the police open fire. On April 27th, at Nowa Huta, the trouble was provoked when the municipal authorities began to remove a cross installed on a site reserved for the building of a church. Early last week in the former German town of Zielona-Gora in western Poland, another fight flared up when the local authorities began to take over, for use by the local philharmonic society, a building which had formerly belonged to the German Evangelical church and which, although its legal ownership has never been settled, has in fact been used by the Catholic church since the war.

In both these towns, and especially in Nowa Huta, there may be local factors which make them specially vulnerable to disorders of this kind. All the same, both incidents provide a dramatic illustration of the perpetually smouldering conflict between church and state in Poland. The relatively cordial relations which developed after Mr Gomulka's return to power in 1956 (for the peaceful accomplishment of which he was in fact considerably indebted to Cardinal Wyszynski) did not last long. After various ups and downs, tension between church and state had by last autumn again become uncomfortably high. In January, after a personal meeting between Cardinal Wyszynski and Mr Gomulka, it was decided to set up again a mixed church-state commission, which has since been trying to hammer out compromise agreements on a variety of contentious matters, including the teaching of religion in schools and birth control.

The disturbances will hardly help the unrewarding labours of the commission; any compromises that it may reach are in any case unlikely to be more than temporary and tactical, since the fundamental aims of both sides are quite incompatible. Economic difficulties are already causing a good deal of discontent, and Mr Gomulka may feel it worth his while to make a special effort to get on good terms with the church while his hands are so full in other directions. On the other hand, a number of former stalinists have been gradually supplanting Poles of more liberal leanings in positions of authority and influence. Mr

COST OF LIVING IN USSR

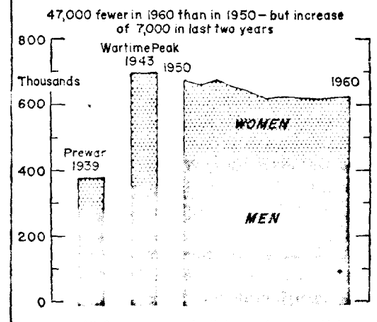
The figures on this chart indicate how long it takes a factory-worker in Moscow to earn the price of the commodities listed. The bars show this time as a percentage of the corresponding time in New York. Thus the average Moscow worker has to work about three times as long as the American for potatoes and as much as 16 times as long for a shirt.



Source: *Monthly Labor Review, April 1960*

CIVIL SERVANTS

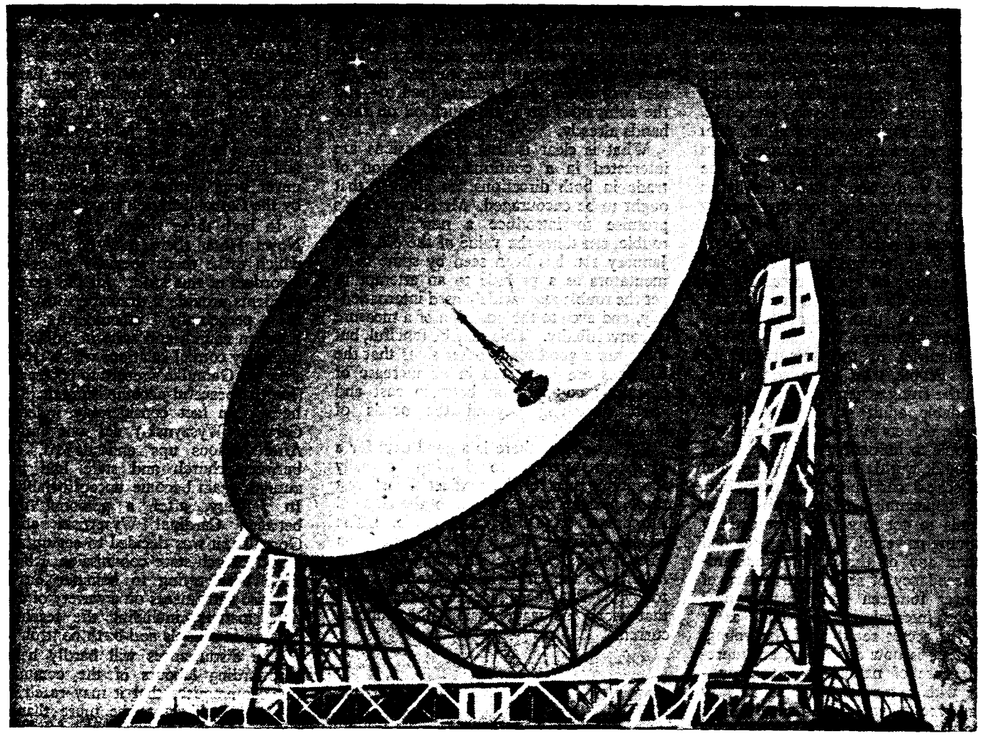
(Non-Industrial Staff)



CLASSIFICATION 1950-1960

(thousands)	Number 1960	Change from 1950
By grade (whole-time only):		
Administrative	3·2	– 0·8
Executive	68·8	+ 0·7
Professional, scientific and technical	70·5	+ 6·9
Clerical and typing	210·1	– 45·1
Minor and ancillary	265·6	– 7·8
By department:		
Foreign	8·8	– 1·3
Works, stationery, common services	18·4	– 8·5
Home and legal	27·9	+ 4·4
Trade, industry, transport	62·0	– 51·7
Social services	62·7	– 11·2
Revenue	71·4	+ 7·4
Service and supply	131·2	+ 8·4
Post office	254·9	+ 5·0

All figures are at April 1st each year. Unless otherwise stated, two part-time workers are included as one whole-time worker.



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PROGRESSIVE INDUSTRY IS GOING FORWARD ON

COAL

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Gomulka may hope to benefit from their administrative efficiency, but they will hardly help him to solve his difficulties with the church. This week's strong attack by the local newspaper at Zielona-Gora on the priest principally involved in the disturbances suggests that Mr Gomulka has decided to take a tough line.

ACCESS TO DOCUMENTS

The Right to Know

IN the course of a curious exchange in the Commons last month Mr Macmillan gave the impression that he thought it was contrary to precedent to place copies of the full text of his Cape Town speech in the Members' Library. Perhaps he misunderstood Mr Gaitskell's supplementary, which followed a much more radical suggestion by a Labour backbencher that it should be printed and circulated as an appendix to Hansard, after the fashion of the American Congressional Record. But although the Prime Minister was quite right to decline emulation of the Americans in this respect, his attitude does provoke a less flattering comparison between the two parliamentary democracies. American politicans pay great respect to the wording of documents. But time and again MPs are heard petitioning the Government to make available texts that are already, somewhere, in the public domain.

Partly this is due to the almost total absence of a parliamentary research staff, so that MPs are kept in an unnecessary degree of ignorance, unless they latch on to some "private civil service" like the Institute of Strategic Studies. But even more it springs from a national habit of being content with approximate truth. As a result there is little incentive for the newspapers to print the full texts which are often available. It is only fair to add that during the Summit conference several papers did so. But no daily paper regularly attempts to be what the *New York Times* takes pride in being, a journal of record. The circle is vicious: the absence of such a journal in itself encourages sloppy habits of analysis and debate.

There are some kinds of document to which newspapers get only too ready access —namely the printed "background information" which, by the law of compulsory plagiarism get transmuted into the correspondent's own analysis. But even the most conscientious commentators are caught by the restrictions on access to unpublished documents of the past. By now everybody knows the contentious background to the major strategic decisions of the last war. The veil starts with the cold war.

To cite one curious instance. In the last volume of Sir Winston Churchill's war memoirs there is a single cryptic reference to a committee over which Lord Attlee presided to consider occupation zones in Europe. In 1943 it made recommendations, which were largely followed, to the European Advisory Commission, on which Lord Strang was the British representative, for the division of Germany into zones and for the joint occupation of Berlin. Sir Winston writes: "At this time the subject seemed to be purely theoretical. . . . The proposals of the European Advisory Council were not thought sufficiently pressing or practical to be brought before the War Cabinet." Yet these proposals dominated all subsequent events in Europe. How exactly did they come about and precisely what arguments were used in their favour? No outside researcher is allowed to find out.

LETTERS

Road Safety

SIR—In your article entitled "Roads in Summer," you say that the ultimate factor in road safety is the driving habits of the motorist.

The principal instrument to encourage the motorist to drive better is intended to be the Highway Code. Part of it is issued with the authority of Parliament, and every motorist is invited to declare his knowledge of it on renewing his licence.

Yet the latest edition of the code contains 94 numbered paragraphs of advice, 55 admonitions to motorists alone based on 17 Acts of Parliament or regulations made thereunder, and includes hints on first aid and a note on the country code. Clearly a quite superb memory is needed to be a good motorist. Your readers might care to test their memories by asking themselves under what circumstances they may not sound their horns.

The Highway Code enshrines the agglomeration of *ad hoc* motoring legislation of the past thirty years, and it is surely time that a few simple rules capable of being remembered were substituted for it, rules simple enough to command the respect of every driver. One such rule might well be "Yield to traffic on your right"; by this simple rule, lane discipline on major roads, confluence at roundabouts, crossings at uncontrolled intersections, drawing away from the kerb, and overtaking, would be easily and safely regulated because each motorist would know and could remember exactly what he had to do.—Yours faithfully,

London, N6 A. J. BURKART

Congo Finances

SIR—The article on "The Unquiet Congo" last month gave a somewhat distorted picture of the situation and of the motives of the parties concerned.

Your correspondent states: "The Congolese want most of the eleven to twelve milliard francs that live the Congo each year as dividends, savings and floating capital to remain there." The balance of payments data, as published by the Central Bank of the Congo, show the total transfers, in millions of Belgian francs, were as follows: 1954, 3,397; 1955, 3,842; 1956, 6,040; 1957, 4,557; 1958, 5,059. The maintenance of free capital movements appeared a legitimate objective to pursue as long as they remained approximately balanced. When political fear turned them into a one-way flow, the effort was made to restrain them by using persuasion (as your correspondent correctly states). When this proved inadequate, exchange control was imposed and a limit to transfers was placed at 10,000 F. a month and not, as your correspondent states, 5,000 F. a day.

Your correspondent states that Belgium is considering undertaking loans in the name of the Congo government from the United States and from the International Bank for Reconstruction and Development, but that the repayment of these loans and the servicing of the interest will be entirely at the charge of the Congo treasury. The purpose of these loans, which carry the guarantee of the Belgian Government, is to finance the continuation of public investment in economically important projects. When similar transactions were undertaken by the United Kingdom on behalf of East Africa or Nigeria, were not also these territories to be primarily responsible for the interest and repayment?—Yours faithfully,

Brussels. A. KERVYN

Surtax

SIR—Every surtax payer will support your suggestion that "it should be a national objective to begin raising the surtax starting level from £2,000 to £5,000 p.a." But is it not equally important that surtax, as a separate entity, should be abolished? Forty-five years ago, in days of a single, standard, rate of tax, a separate and distinct form of surtax was perhaps defensible. Today, when we already have graded income tax at three levels it should be possible to effect considerable economies in tax collection by gathering the surtax money in the form of higher, above-standard, echelons of tax.

Much as one would regret to disturb the gentlemen at Worthing, this change would have many advantages. The not inconsiderable numbers who pay surtax and PAYE could have one single monthly deduction; those who pay on business or professional incomes could pay in the same instead of the succeeding year (which is awkward and confusing); and the taxpayer could complete everything on one form. What are the legal and administrative objections to such a change?—Yours faithfully,

Clent, Worcs. W. DOUGLAS SEYMOUR

BOOKS

Syrup or Scarecrows?

The British General Election of 1959

By D. E. Butler and Richard Rose.
Macmillan. 301 pages. 30s.

MR DAVID BUTLER has long since performed iconoclastic wonders in discovering and publicising what does not influence votes in British elections. In this book—the Authorised (and Revised) Version of the 1959 election according to Butler and a co-author—all the well-established statistics come out patly and utterly convincingly again. We now know (though for old time's or gaiety's sake we like to go on forgetting) that the quality of candidates and constituency organisations, the local pressure groups about agricultural subsidies or protectionism for local industries or rent Acts (which still drive so many politicians nearly neurotic), and the long-standing ritual of constituency campaigns do not in general swing even one voter out of every hundred away from the median national (or at any rate regional) swing. In 1959 the central image of the parties was once again all important. But what was it that created that image, and that has now in the four successive general elections of the 1950s swayed the British electorate so statistically slightly but historically convincingly just that extra vital one or two per cent over to the right?

Mr Butler and his associates, with an engaging mixture of academic research and ordinary reportage and old-fashioned hunch, in a book that carries a slightly perceptible anti-Conservative twang but is mainly written by the Home Secretary's kinsman and is published by the Prime Minister's family firm, start their explanation in what is now the conventional way. "Very roughly" the pattern of British politics is that "two thirds of the working class vote Labour, while three quarters of the middle class vote Conservative." In the 1950s the working classes that we used to know were diminishing fast. By 1959, as almost half the families of Britain have more than one wage earner, the average income of working class households had risen to about £850 a year, while nearly half of all employed working class families had an income of more than £1,000 a year. Although only two of the symbolic new durable consumer goods, television sets and vacuum cleaners, had reached an actual majority of working class homes by 1959, yet "frequently where new goods were not owned, there was an expectation of enjoying them within the foreseeable future." The 1959 election was a test, in some measure, of which party was more capable of recognising and reacting to these changes in a deproletarianising society.

The Conservatives not only reacted to it better, but also began, from the autumn of 1957 onwards, to mobilise the advantages of it in a scientific way. The description of the Conservatives' professional pre-election public relations campaign is the most fascinating part of this book. For example, the Tory public relations men did not say, "You've never had it so good," a phrase that has been mainly publicised by their opponents and is anathema to a scientific Tory propagandist because it is backward looking. What the Tory posters said was, "You're having it good. Have it better. Vote Conservative," which is a very different image-making thing. Meanwhile Labour's propaganda campaign relied not on the advice of professional public relations men but on that of professional journalist-publicists, who have a far less skilled technique. Instead of spending their money on those almost subliminally influential posters and on a centrally-directed pre-election campaign, Labour spent it on circulating long policy statements that had been hammered together with an eye on party unity rather than on image-inoculation. The Liberals' propaganda campaign may have been worse, because the part seemed to be seeking merely for an image of moderation and of avoiding annoyance instead of for imaginative drive; in a Gallup poll in 1959 half of those who were going to vote Liberal said they did not know what the party stood for.

As one would expect from its authorship, this is the best summary and half-explanation of political trends between 1955 and 1959 that has yet appeared. But it is only a half-explanation, and by constant and careful use of qualifying adjectives the authors show that they do not claim it to be anything more. If the story of Conservative political success in the 1950s had been a story of steady and continuous whittling away of the Labour vote, the facts would fully fit the now almost conventional theory here outlined. But in point of fact if a general election had been held in the first nine months of 1952 or any time between mid-1956 and the spring of 1958, the Conservatives would have been out on their ear. Moreover Mr Butler and Mr Rose suggest that even in 1959 the Conservatives did badly at the beginning of the election campaign; that but for an almost fortuitous Tory recovery in the last ten days, they might have found themselves writing a very different sort of book.

It is in its analysis of the major moment of the turn of the tide in May, 1958, that this Nuffield study seems least adequate. As in November, 1952, the moment of turn-round roughly coincided with the beginning of recovery from economic recession, and it is going to be tempting for future historians to suppose that this was the whole explanation. But in both years the swing was far too abrupt for this to make sense. The Tories' autumn recovery in 1952 seemed remarkably coincident with the accession of Mr Bevan's wild men to the Labour executive. The moment of turn-round in 1958 was even easier to delimit. In mid-April, 1958, at the time of the county council elections, a majority of the floating part of the electorate—which may amount in total to one sixth of it—had clearly deserted the Tories. Three weeks later, at the time of the borough elections in early May, dissident Tories had begun to flock back to the fold in sizeable numbers. Only one thing happened between: the outbreak of the London bus strike, and the personalised detestation of Mr Cousins by the middle classes to which this gave rise. As for the reputed Conservative recovery during the 1959 campaign itself, Mr Butler and Mr Rose themselves date the Tory recovery from the moment that Mr Gaitskell devalued himself as a statesman with his income tax pledge.

The repeated story of Tory electoral success in the 1950s seems to have been that their machine first ground a spark from a clash with a bogyman, then the economic weather proved suitable for sheltering that spark as it spread into a flame, and then it was an additional convenience that Tory public relations officers puffed out enough wind to fan the flame picturesquely out among the electorate. In this Parliament, Labour's endeavour should be to imitate the wind, get its own policies into tune with the weather, and not to provide the scarecrows.

Mao's Blooms

The Hundred Flowers

Edited by Roderick MacFarquhar, with an epilogue by G. F. Hudson.
Stevens, for The Congress for Cultural Freedom. 336 pages, £2 2s.

UNTIL Chairman Mao Tse-tung invited "one hundred flowers" to bloom, figuratively, in 1957, it had never been possible to measure the degree of discontent in the largest communist country. Indeed in none other had such an invitation been made (in Hungary and Poland, discontent simply burst the safety valves of party and police control). In six short weeks, timidly at first, then with increasing momentum, party members, leading non-communists, journalists, scholars, doctors, students, writers and artists, business men, civil servants, peasants, workers, religious groups and members of national minorities poured out their grievances in a flood that appears to have astonished the Chinese communist leadership.

How far Mao himself was astonished is difficult to say. Mr MacFarquhar holds the view that Mao launched his liberal experiment with the aim of avoiding a Hungarian-type explosion in China and that he halted it only because it quickly got out of hand. Not everybody will agree with Mr MacFarquhar's rejection of the theory that one of Mao's objects was to bring the opposition into the open, the better to suppress it.

The bulk of this valuable book consists of carefully selected and edited extracts from the speeches and articles of a period that was exhilarating while it lasted. The selection is classified by groups according to source: journalists, students, doctors and so on. Each group is placed in its Chinese context by a brief but illuminating commentary. There is an epilogue, in which Mr G. F. Hudson analyses, with his usual lucidity, the relationship between the hundred flowers period and post-Stalin developments in Russia.

Mr MacFarquhar deserves praise for scholarship and presentation: "The Hundred Flowers" is of lasting value and interest.

Method or Inspiration?

Studies in American Culture: *Dominant Ideas and Images*

Edited by Joseph J. Kwiat and Mary C. Turpie.
Minnesota University Press. London: *Oxford University Press.* 241 pages. 38s.

IN recent years Departments of American Studies, Culture or Civilisation have been established in several American universities and in one English university. The initiative came largely from students of American literature, who felt the need to explore the cultural sub-soil of popular assumptions, prejudices, contradictions and aspirations; subsequently the movement attracted the attention of a few historians and sociologists, and the idea grew that a new field of academic activity had been opened for cultivation. In spite of its rapid development and superficial attraction the concept of "American Studies" speedily found itself suspect in an academic environment in which departmental conformity and precise documentation were highly prized.

It is therefore understandable that an air of apology hangs over this collection of essays—originally planned as a tribute to the late Professor Tremaine McDowell of the University of Minnesota— which claims to give "a sense of the directions that work in the general field of American culture has been taking during the past decade or so." The defensive note is set by Henry Nash Smith's opening question: Can "American Studies" develop a method? His advice is to eschew theoretical speculation and to trust that "a new method will . . . come piecemeal, through a principled opportunism, in the course of daily struggles with our various tasks." For the most part the contributors to this volume seems to have acted upon these principles, and as a result the majority of the essays seem oddly unexciting for men who profess to be pioneers. "Principled opportunism" seems to have meant a search for the contradictions in American culture: Americans respect material success but feel a nostalgia for rustic innocence, they respect organisation but believe in individualism, they tend to challenge American civilisation by drawing upon the armoury of American ideals, they love and fear machines. Some of these antitheses are well described and one might give especial mention to John W. Ward on the symbolism of Lindbergh's transatlantic flight, to Mulford Q. Sibley on the Oneida community, and to David R. Weimer on trade union psychology. Other essays seem so trite that one expects at any page to come upon the scholarly assurance (with respectful acknowledgement to documentary authorities) that Americans are both good and bad. On this evidence one would say that the "direction" of American studies is toward further exploration of the obvious. From these contributions—useful on detail but painfully unilluminating upon the larger problems of culture—the essay by Allen Tate on the Southern imagination stands out like a gleam of light; yet Mr Tate employs no method that would be recognised by an American scholar as such, and prefaces his remarks with the warning that what follows will be "obscure speculation, mere opinion, and reminiscence verging on autobiography." There is also a thoughtful and thought-provoking attempt by Charles H. Foster to apply a general theory of culture derived from Paul Tillich, the theologian.

Is the conclusion then that these various scholars ought to return to the departments in which they were trained and to turn themselves into sound critics, historians or sociologists before it is too late? This would be a pity because there is a field of inquiry that cannot be approached through the more familiar techiques; what does seem imperative is the realisation that the nature of the field calls for inspired guesses and general hypotheses. What "American Studies" require is not a new methodology but imaginative scholarship that knows how to cut the corners.

Buccaneering

The Brethren of the Coast

By P. K. Kemp and Christopher Lloyd.
Heinemann. 255 pages. 21s.

PROSPECTIVE readers should not be put off by the dustjacket. This is no boy's book of pirates, but a serious study of the buccaneers who thronged the Caribbean and South Pacific in the seventeenth and early eighteenth centuries. Commander Kemp and Professor Lloyd approach their exotic subject with commendable restraint. Their book is scholarly and cautious; is even at times a little dull.

But a sober narrative cannot altogether conceal the intrinsic excitement of the story. The original buccaneers were the cattle hunters of the West Indies, who took to piracy as the opportunity presented itself. Operating from their bases in Jamaica and Tortuga, they preyed on all kinds of legitimate commerce and prospered so well that they came to dominate the whole area. The English government was too weak to stand in their way and, indeed, was compelled to enlist the buccaneers in the defence of the Caribbean, licensing them as official privateers in wartime and employing the most prominent of their number in time of peace. The villainous Bartholomew Sharp lent a hand in the suppression of a democratic rising in Bermuda and the sadist Henry Morgan was appointed Lieutenant Governor of Jamaica—a poacher turned gamekeeper with a vengeance. Only in the 1680s did the government recover control of the Caribbean, but by then the buccaneers had found a new hunting ground off the Pacific coast of the Spanish Empire—the South Seas. Here they enjoyed a brief but spectacular heyday until the Royal Navy at last caught up with them after 1720.

The authors devote most of their book to a meticulous reconstruction of the main privateering voyages, based on the journals, many of them still in manuscript, which the buccaneers left behind them. The result, almost inevitably, is an at times monotonous chronicle of mutinies, scurvy, flogging and marooning, enlivened by the occasional bout of shore leave—"wild debauchery accompanied by the continual firing of muskets." One wishes the authors had devoted more space to a discussion of the buccaneers themselves—who they were and where they came from. Was it no more than a desire for quick riches that led the fastidious young scientist William Dampier to join a profession adorned by such luminaries as the infamous l'Ollonois, who was known to have hacked out Spanish hearts with his cutlass and gnawed them in his teeth? At least there was something in common between Richard Gopson, who used to recite aloud from a Greek Testament "to such of the company as were disposed to hear him," and the most bizarre of the Brethren, the Reverend Lancelot Blackburn, who subsequently became Archbishop of York, but still revealed traces of his former vocation by his practice of demanding wine and tobacco in the vestry "for his refreshment after the fatigues of Confirmation." The booty was as miscellaneous as the crews. Bullion was not the

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only product of the South Seas, and many of the ships boarded in the quest for pieces-of-eight turned out to be laden with cormorants' dung.

The value of this book would have been even greater had it included a serious analysis of the motives and composition of these crews. But it does at least convey to us the extremes of heroism and degradation that their voyages involved. It is not surprising that later writers like Defoe and Coleridge should have found the recorded experiences of these adventurers so fertile a source of inspiration. Everyone knows that a Scottish privateer was the original Robinson Crusoe, but how many realise that it was an English buccaneer who shot the albatross?

Intimations of Maturity

Progress and Profits in British Economic Thought, 1650-1850

By G. S. L. Tucker.
Cambridge University Press. 214 pages, 27s. 6d.

THE purpose of this book as originally planned was more ambitious than that of most studies of classical and pre-classical economic thought. It was to link the Keynesian picture of the "mature" economy, perennially threatened with stagnation through the decline in the marginal efficiency of capital and the consequent falling off in investment, with the early classics' forebodings of a stagnation induced by the encroachment of rent and subsistence wages on profits; clearing up, on the way, the classics' confusion between profit and interest and that deeper confusion, between interest and the marginal efficiency of capital, which Keynes imputed not only to the classics but also to the whole body of their orthodox successors down to his own time.

In fact, "Progress and Profits in British Economic Thought" breaks off in 1850. It earns an honourable if unexciting place among specialised histories of economic ideas, providing as it does a solid, scholarly and logical comparative survey of the relevant controversies, in book, pamphlet or letter form, from Culpeper and Child through Smith, Ricardo and Malthus to John Stuart Mill. It relates these controversies throughout to contemporary practical economic problems, including war finance, the Corn Laws, overseas investment and migration, and trade fluctuations. It has the negative merit of avoiding, in the author's words, "the temptation to apportion praise or blame among the writers concerned," and the positive merits of clarity and economy in style and exposition. As it stands, however, it is very much a book for specialist students to whom a clearer light on the formation of theory over a limited historical period is a sufficiently good thing in itself. If it were ever complemented by a second volume completing the original plan its interest might be far more than proportionately widened; for implicit in that plan is the possibility of isolating the common characteristic both of Keynesian and of "classical" thought—a constricting emphasis on the working out of given propensities towards a logically necessary final state, to the exclusion of changes in those propensities themselves—and so contributing to a possibly fruitful new evaluation of future lines of advance. It is encouraging to learn that Dr Tucker has not given up the idea of carrying his story up to, and through the Keynesian revolution.

The Question

The Third Rose: *Gertrude Stein and her World*

By John Malcolm Brinnin.
Weidenfeld & Nicolson. 441 pages. 35s.

JUST before her death, Gertrude Stein underwent an operation. When she came to, she asked "What is the answer?" It was not clear, so she said "In that case, what is the question?" These fine words were her last, and they remain answered only in part. We are now in the misty trough between her death and her centenary, which is a bad time for lasting verdicts. At this point two things can be said with fair certainty: first, that this Michelson-Morley experiment in meaning had at least a negative value; second that the language still bears faint but definite marks of having been taken apart by her. The inherent value of her works is another matter. Mr Brinnin's interim verdict is fair:—

> Sooner or later somebody was bound to make such experiments if only to make sure that the landscape of the moon could not support human life. Gertrude Stein brought back proof that, as long as literature involves the responsibilities of the rational mind, the known world is its only planet. She published her findings which, in spite of her hopes, still smacked of laboratory data, and she became famous.

Whatever her works are worth, she was certainly a character in both the high and the low senses of the word. She knew exactly what she must do in life: until age, the effects of fame (which she rightly feared), her experience of the war and supervenient American nationalism blunted her cutting edge, her concentration never wavered. Her confidence was her strength and her weakness. To the unsympathetic reader it may seem only weakness; but, had she doubted or written as Virginia Woolf did, she would have lost direction in the uncharted bush which she explored alone. Her fame came less from her writings, of which the most serious remained almost unread, than from being a character in the other sense: a public figure, a famed collector of pictures, everyone's friend or enemy, greedy, domineering, self-centred, a good talker, and fascinating to those whom she did not repel. Merely as a life, it is worth recording, and Mr Brinnin has made an exceptionally good job of it. He is perceptive, affectionate, but not in the least uncritical. This book can be commended for its intrinsic interest even to those who find Gertrude Stein unreadable.

What Went Wrong in the Pacific

East Wind Rising: *A Long View of the Pacific Crisis*

By Relman Morin.
Alfred A. Knopf, New York. 364 pages. $5.00.

MR RELMAN MORIN has attempted the difficult feat of analysing and explaining the protracted crisis in Pacific relations in terms which the uninstructed layman can follow and enjoy. On the whole, he has succeeded. His method is to convert history into story, and to tell it in human terms. It is not a new method, but the other foreign correspondents who have used it most successfully are generally those who have confined their ambitions within manageable limits of space and time. Mr Morin starts in the twenties and ends in the fifties, and even manages to throw a necessary backward glance into the nineteenth century. His success is the more remarkable for the scope of his effort.

In very broad terms, the author sets out to discover "what went wrong" in the Pacific and, in particular, what, if anything, the United States could have done to prevent the disasters of the communist victory in China and Japan's military adventures. He does not fall into the obvious error of supposing that American policies alone could be blamed for developments some of which were clearly beyond the Administration's control. But he implies that American errors of judgment and sins of omission made inevitable a number of events that might otherwise never have occurred. This, he argues, was particularly true of China, where President Roosevelt's evaluation of the Communists (". . . inasmuch as the Communists and the members of the Kuomintang were all Chinese, they were basically friends") handicapped Chiang Kai-shek and played into the hands of Mao Tse-tung. The Yalta agreement, in effect, gave the Chinese Communists the military and industrial base they needed for their final offensive against the Nationalists.

America's relations with Japan, Mr Morin argues, were bedevilled from the days of the "exclusion" policy before the first world war. The fog of incomprehension was no less dense in this area than between the United States and China. No American Secretary of State could have prevented the military clique from seizing power; but there was no need for Henry L. Stimson to suppose that by exposing the immorality of Japan's attack on Manchuria he could halt its armies.

By selection rather than comparison, Mr Morin has managed to explain a great deal while bringing to life the vanished world of international Shanghai, the China of the war lords and famine, the living habits of

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OXFORD
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the master-spy Richard Sorge, and much else besides. It is perhaps fair to point out that his account inevitably contains explanations of elementary questions and that it is addressed specifically to an American audience (the British reader, if he reads it unadapted, will have to find out, for instance, what is meant by "the whiff of El Caney and the Rough Riders").

Unenlightened Despot

Frederick the Great: *An Informal Biography*

By Ludwig Reiners. Translated by Lawrence P. R. Wilson.
Oswald Wolff. 304 pages. 30s.

PERHAPS the oddest German tribute to Frederick the Great was Hitler's hysterical attempt, in April, 1945, to reanimate his moribund Eastern Army by congratulating it on being in the same appalling position as that in which "Our Old Fritz" had been undeservedly saved, in 1762, by the sudden death of his implacable enemy the Tsarina Elizabeth. The approaching bicentenary of this "miracle" has not, however, affected Herr Reiners's judgment. Possibly the lack of historical training advertised by his publishers explains his freedom both from hero-worship and from the opposite teutonic tendency to belittle Frederick as more Prussian than German.

But it may also account for the superficiality of some of his political history—his version of that criminal conspiracy, the Partition of Poland, is complicated by remarkable misprints—and for assessments uninformed by modern military criticism in his chapter on "Frederick's Army." Frederick was an outstanding exponent of contemporary tactics, who inherited a well-made machine and applied a natural "eye for country" to his aggressive use of it. But he did not notice the revolution in military theory initiated by Marshal Saxe; and at Jena his slavish imitators eventually paid heavily for his blindness. Herr Reiners evokes the excitement of marches and battles without clearly "appreciating" (in the military sense) the situations into which Frederick's adventures led him.

These criticisms are relevant also to the author's avowed purpose as a portrait-painter, which involves him in the construction of conversation-pieces and battle-scenes requiring accurate details. Nevertheless, he gives us a number of lifelike sketches: old Frederick William, whose "stern sense of duty," inspired by anxiety-neurosis, made him even more sadistically tyrannical in his family than in his state; young Frederick, his sister and his mother forced to defend themselves by hypocrisy and deceit; the public humiliations inflicted on Frederick; and the sharp shocks he administered to his father's ministers and his own friends to convince them that he had buried his youthful follies in his father's grave; his quarrels with Voltaire, entertainingly discreditable to both; and his judicial interferences, which earned him cheap contemporary popularity and a "reformer's" reputation that he did not deserve.

For Frederick's despotism was neither "benevolent," nor even, in the long run, efficient: it was devoted solely to the aggrandisement of Brandenburg-Prussia. It is immaterial whether Frederick was sincere when he wrote his "Anti-Machiavel"—a point about which the author and the most Modern Cambridge History seem equally puzzled. What matters is that the so-called "miracle" of 1762 enabled him to continue his career as the "Great Man" who started Prussia on the path which led it, and Germany with it, to the appalling dilemma of "World-Power or Downfall." For Frederick was a singularly unenlightened despot.

Popes and Politics

Church and State in Italy 1850-1950

By A. C. Jemolo. Translated by David Moore.
Basil Blackwell. 351 pages. 30s.

IN spite of its international character the papacy remains an intensely Italian institution; and in this book Signor Jemolo discusses the local effects of its policies and the extent to which Italian conditions have shaped their evolution during the last century.

His thesis is that the long conflict between the Popes and the anti-clerical politicians who were dominant in the Kingdom of Italy from 1860 until 1914 permanently warped the Vatican's outlook, giving it an ineradicable suspicion of everything liberal, so that, grateful for its release from thraldom, the Church was far too tender with Mussolini, denouncing his crimes, it is true, but laying equal stress on the largely imaginary virtues that Pius XI detected in the conqueror of liberalism and socialism. And today the same attitude has turned the Italian Republic into a "confessional" state, in which social and intellectual life is subjected to oppressive ecclesiastical censorship and in which politics are needlessly kept in the straitjacket of the slogan, "Rome or Moscow," that the Fascists originally coined for their own use. It is no wonder, concludes Signor Jemolo, that in such an atmosphere political cynicism increases and genuine religious feeling dies away.

This indictment of papal policy gains force from the fact that Signor Jemolo, besides being a most scrupulous historian, is both a devout Catholic and a convinced liberal. His book has the supreme merits of ample documentation and absolute fairness—twin guarantees of excellence. It is all the more distressing, therefore, that in some lesser respects this edition of his book is defective. The early part, dealing with events up to the death of Leo XIII in 1903, has been so severely truncated as to be almost unintelligible in places and almost unreadable throughout. The index is very inadequate, and, absurdly, the title does not properly describe the scope of the work—some of the author's most eloquent pages are those describing Italy since 1950, for it is in them that he draws his moral.

Depressed though the author is by the present condition of his country, which he finds more like Franco's Spain than a true democracy, he hopes that a change will come at last. The gradual abandonment of the demand for the restoration of the temporal power of the Popes is an encouraging precedent: if the international détente persists the Church will one day accept the fact. But at present, as Signor Jemolo insists, its blind hatred of communism, and its obscurantist resistance to liberty of thought, founded as they are on a century's misfortune and mistrust, seem, except to the eyes of faith, immovable obstacles in the way of Italy's progress.

Napoleon III's Entourage

The Second Empire

By G. P. Gooch.
Longmans. 335 pages. 30s.

DR G. P. GOOCH is the doyen of English historians, and at the age of 87 he might be expected to be resting from his labours; instead he has written another book, a not unworthy addition to his distinguished corpus of writings. This volume is not a history of the Second Empire, nor is it a biography of Napoleon III; it is a series of portraits and character assessments of the principal actors in the Imperial drama.

The first section of Dr Gooch's book is given to Napoleon and his immediate family, and includes sketches of his wife, his mistresses, the Duc de Morny his half-brother, the Prince Napoleon, Princess Mathilde and Count Walewski, his Polish cousin. To Napoleon himself, whose enigmatic character still baffles historians, Dr Gooch is eminently fair, doing justice to his good nature and magnanimity and censuring him for his lack of statecraft. Half idealist, half adventurer, a blend of Don Quixote and Machiavelli, his tortuous career was followed with critical sympathy by *The Economist* (an example is this week's extract from the issue of a hundred years ago). Walter Bagehot had eulogised him in his "Letters on the French Coup D'Etat," and although he later revised this opinion, he never wholly freed himself from this early fascination. For his portrait of the Empress Eugenie, Dr Gooch has drawn freely on Robert Sencourt's biography. While he does not exaggerate her political influence, he shows that the Empire's two major disasters, the scheme to establish a Catholic Empire in Mexico, and the Prussian war, owed much to her prompting.

The central section of the book deals with Napoleon's ministers, the loyal Persigny, the three able lawyers, Rouher, Barouche, and Magne, who between them transacted all imperial business, and Ollivier, whose liberalising of the Empire, had it been able to continue, might have saved the dynasty. Haussmann, of course, is included, whose

replanned Paris remains the Empire's only permanent achievement. In the final part of the book Dr Gooch depicts the principal figures in the army, the church, the political parties, and the literary world.

Napoleon III's misfortunes were primarily brought about by his lack of political sagacity. At a time when he needed all his ability to deal with Bismark this limited faculty was undermined by ill health, a factor to which Dr Gooch gives full emphasis. In exile he was noble and uncomplaining and enjoyed the unfailing friendship of Queen Victoria, who indeed provided the sarcophagus in which he rests at Farnborough Abbey, surrounded by contemplative monks, the direct descendants of Aelred Carlyle's Caldey community. It is an ironic resting place for a ruler who made splendour and prestige the basis of his rule.

Honeypot

With Dearest Love to All: *The Life and Letters of Lady Jebb*

By Mary Reed Bobbitt.
Faber. 277 pages. 25s.

MRS BOBBITT'S book is founded on letters which her great-aunt, Lady Jebb, wrote from England to her American family, mostly between 1870 and 1900. The sub-title of the book is "the life and letters of Lady Jebb," but with great discretion she has added little of her own and has left Lady Jebb to speak for herself. Well she may: it is clear that she was one of the great charmers of her day, and she now stands disclosed as a remarkably good letter-writer as well. She was the daughter of an American clergyman, and was more than ordinarily attractive and flirtatious. At sixteen, she married an American regular officer, not very happily. He died young; she came over to England in 1870, as a beautiful widow of thirty, and stayed in the celibate Cambridge of her day, when only heads of houses and professors were free to marry. They were all at her feet, from the vice-chancellor downwards, and she was reckoned to have had three proposals on one day. In due course she married Richard Jebb, the classical scholar. This marriage was very happy; he died in 1905, and she survived him by a quarter of a century.

Something of her quality is known already to those who remember the charming and lovely Aunt Cara in Gwen Raverat's "Period Piece," and it is a delight to find her so clever and lively a correspondent. Clearly, she would never have written so well had she lived in a less brilliant society. Her early letters are gay chatter enough, but superficial. After her marriage to Jebb, she matures rapidly, and her letters take on a different character. They would be interesting if her subjects were all unknown; as she knew everyone worth knowing in a brilliant time, their worth is doubled.

OTHER BOOKS

BIBLIOGRAPHY ON INCOME AND WEALTH. Volume VII, 1955-56. Edited by Phyllis Deane. International Association for Research in Income and Wealth. *Bowes and Bowes.* 131 pages. 37s. 6d.

Like its predecessors, this volume gives fully annotated references to material published in more than fifty countries on national income and wealth and related topics. This new volume brings the period covered by the series to twenty years.

BASIC FACTS AND FIGURES. Unesco. *Her Majesty's Stationery Office.* 198 pages. 15s.

This new collection of international statistics on education and culture represents the latest information available to Unesco up to June, 1959. The subjects covered include school attendance, book production, library services, newspaper circulations, cinema attendances and the numbers of radio and television receivers in the different countries of the world. It is possible to look up, for instance, the number of public library readers in Zanzibar or the number of television sets in Hawaii.

PROVINCES OF ENGLAND. By C. B. Fawcett. Revised and with a new introduction by W. G. East and S. W. Wooldridge. *Hutchinson.* 192 pages. 21s.

First written in 1919, this book remains an interesting plea for the transformation of local government into a regional system. There are new maps and statistics.

IBSEN. A new translation by Michael Meyer is appearing in an edition published by *Rupert Hart-Davis.* The first titles are *Brand, John Gabriel Borkman, The Lady from the Sea* and *When We Dead Awaken.* 10s. 6d. each.

Nyasaland: The Economics of Federation

By ARTHUR HAZLEWOOD and P. D. HENDERSON

It is often assumed that the Federation has brought only economic gains to Nyasaland and that the country's prosperity depends on its continuing to be part of the Federation as it is at present constituted. The authors suggest that this picture is over-simplified.
This study in examining the economic and fiscal effects on Nyasaland of the territory's inclusion in the Federation provides material which will be of interest to all. 10s. 6d. *net*

The Future of the Sterling Area

Vol 21, No. 3, of *the Bulletin of the Oxford University Institute of Statistics* is a special issue in which economists not only in this country but also in many other member countries consider the problem as it appears to them. 10s. 6d. *net*

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AMERICAN SURVEY

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

Foreign Policy in Suspense

WASHINGTON, DC

To a world asking which of the two possible roads the foreign policy of the United States will now follow, the Americans are returning a maddeningly delphic answer: wait until November. In the three weeks which have passed since the failure of the summit conference it has become clear that no one can make the necessary choice except the sixty million or so voters who will take part in the November election. President Eisenhower cannot make it, since Mr Khrushchev has said that the President is personally ineligible for the high road—that of trying to renew negotiations with the Russians—and Mr Eisenhower, with commendable restraint, has refused to take the low one, which is a return to the uncompromising hostility of the cold war. The State Department is no better placed; even if it is not held directly responsible for the death of the Paris talks, it is unlikely to be entrusted with another patient until it has improved its operating techniques. But the present indecision will not necessarily be ended when the next Administration comes to power. Unless the new President and his Secretary of State can impose their will on a divided country (and a divided government) more efficiently than Mr Eisenhower and Mr Herter have done, they will find it hard to follow either road with a resolute step.

Three major questions remain to be answered before the future course of American policy becomes clear. The first is whether the machinery of government in the United States is equal to the task of running a co-ordinated policy. Senator Fulbright's inquiry into the events leading up to the failure of the summit conference has revealed weaknesses that seem to go beyond mere personal failures on the part of Mr Eisenhower or Mr Herter. For instance, Mr Gates, the Secretary of Defence, has testified that he saw a list of future espionage flights roughly three weeks before the U2 was shot down over Sverdlovsk. It is hard to believe that this paper was not shown to the Secretary of State as well; and yet Mr Herter claims that the senior members of the government never decided whether or not to continue the flights in the weeks just before the conference.

The only conclusion is that, if Mr Herter saw this list of intended flights, he treated it (as he treated the news that Mr Gates planned to order a practice alert of the American defences while he was in Paris) simply as something to be initialled and deposited in his out-tray rather than as a matter which affected the State Department's handling of foreign policy. In the same way, the list of twelve nuclear explosions which the United States wants to carry out in order to see how difficult it is to detect underground tests of atomic weapons seems to have been concocted by the Defence Department and the Atomic Energy Commission. Neither of these agencies is anxious for testing to end yet, in spite of the likelihood of Russian objections, the State Department apparently accepted their list without amendment.

The National Security Council is the mechanism by which different interests within the government are supposed to be reconciled. But, to judge from the testimony given to Senator Fulbright's committee, it hardly came into action at all before Mr Eisenhower went to Paris. It is equally doubtful whether the National Security Council played its proper part in the other crucial issue which decided the fate of the Paris meeting: the terms on which the United States was prepared to sign an interim agreement for Berlin. Most observers in Washington believe that the Americans were ready, if pressed, to be a little more forthcoming than they were at the foreign ministers' talks last year. The opposite impression, however, was given in a number of speeches by government officials in April; many people suspect that these speeches were made in order to calm Dr Adenauer and the domestic opposition, and that the National Security Council never gave due consideration to the effect they might have on Mr Khrushchev. These events reinforce the suspicion (which a number of eminent public men have recently voiced to a committee of inquiry headed by Senator Jackson) that the NSC has failed in its major task of fixing American policy on the most important issues.

The second major question to be decided is whether the Americans will now conclude that events have narrowed still further the room for negotiating over Berlin. There persists in Washington a faint hope that this question will never have to be answered: the quarrel over the city, runs the argument, may yet vanish like morning mist in some post-Adenauer glow of understanding between the two halves of Germany. But if Mr Khrushchev declines to wait for the dawn, he is liable to find that the chance of a compromise has grown smaller than ever. The Americans' willingness, after his visit to the United States last September, to consider concessions shrivelled under the disapproval of Dr Adenauer and his allies in Washington until, by March, hardly any of it remained; and if Mr Khrushchev does not restrain his attacks on the President he is bound to make the Americans as implacably intransigent as he evidently thought they were when he went to Paris.

But the final choice between intransigence and conciliation has not been made yet. The third, and most important, question to be answered springs from the belief—which the State Department appears to accept—that a major cause of Mr Khrushchev's recent behaviour is the abrupt disappearance of his personal affection for President Eisenhower. This implies that the hope of serious negotiation between America and Russia next year depends largely on the incoming President's ability to reconstruct the link of friendly confidence. At first sight the United States is in no mood to pick a man who will do any such thing. This week's Gallup poll shows that Vice President Nixon, who gets on with Mr Khrushchev as well as a cat with a dog, is the public's favourite for handling foreign policy. The unrepentant faction of right-wing Republicans who always opposed the negotiations with Mr Khrushchev have now been joined by many of Mr Eisenhower's middle-of-the-road supporters. And among the Democrats the followers of Mr Acheson's hard line have been reinforced by the substantial band around Mr Lyndon Johnson, the party's leader in the Senate. Senator Johnson seems to agree with the *New York Times* that Mr Khrushchev has taken off the "smiling mask" which "trapped the West into the summit meeting."

Nevertheless, there are signs that this bipartisan view is still

far from universally accepted. The writers of more than a third of the letters published in the *New York Times*, the *Washington Post* and the *Wall Street Journal* seem to feel that Mr Khrushchev was not wholly to blame for the failure at the summit (and thus, by implication, that the attempt to negotiate with him was not entirely futile). Perhaps the most significant fact is that Senator Kennedy, the last of the candidates to set out his views in detail and probably the shrewdest judge of what the public feels, has gradually taken up a position remarkably close to that of the notably conciliatory Mr Stevenson.

The battle-line of the candidates is now becoming clear. It is, admittedly, unwise to judge them solely on the basis of what they are now saying, since the iron laws of platitude compel all of them to announce that they will be simultaneously firm but reasonable. But Vice President Nixon, in his talk to the meeting of the South East Asia Treaty Organisation last week, and Senators Johnson and Symington in their recent hunt for delegates in California, have all made it clear that they are deeply sceptical of the value of further meetings at the summit. Mr Stevenson and Senator Kennedy, on the other hand, have hinted cautiously that they would be willing to talk with Mr Khrushchev again after a decent interval. This attitude has the support of a substantial number of observers in Washington who suspect that Mr Khrushchev's failure to do business on this occasion does not invalidate the belief that it is going to be very hard ever to do business without him.

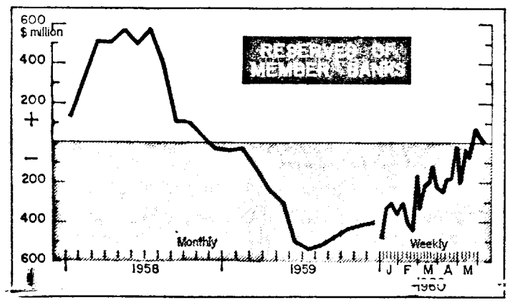
A similar dividing line, though not quite such a clear-edged one, separates the candidates on the other main test of their probable policy towards Russia ; this is the amount of money they would spend on extra armaments. Mr Stevenson, while bending a polite knee to the need for keeping America strong, seems to be thinking chiefly of improving the conventional forces without which the Americans' promise to protect Berlin depends (as Mr Eisenhower has admitted) on a threat to use nuclear weapons which is growing increasingly hard to take seriously. Senator Kennedy, although he said earlier in the year that it might be necessary to spend several billion dollars a year more on defence, has not suggested since the Paris meeting that he would be content to recline on a pile of bayonets. To judge from the past statements of the other three candidates, however, each of them is likely to put substantially more emphasis, when they talk of negotiating from strength, on the last word rather than the first.

Admission of Ease

NEW YORK

At the end of last week the Federal Reserve Board acceded to requests from two of the twelve regional reserve banks that they might be allowed to lower their discount rate (the rate they charge on loans to commercial banks) from 4 to 3½ per cent. This change, which seems sure to spread from Philadelphia and San Francisco to the other regions in the Federal Reserve System, was not unexpected. It had been clear for some time that the central bank was easing its brakes on credit by buying Treasury bills in the open market and more recently it had committed itself officially to the view that inflation was for the time being well under control. A clear sign that monetary restraints had been relaxed came in the third week of May when, for the first time in over fifteen months, the commercial banks belonging to the Federal Reserve System did not have to borrow from it in order to keep their reserves up to legal requirements ; the lending capacity of these banks depends on their reserve position and was therefore greater than it had been since early in 1959.

Over the last two years the discount rate has moved in one direction only—upwards. From a low point of 1¼ per cent in the spring of 1958, when a recession was in full swing, the rate was raised in stages until it reached 4 per cent in September of last year. Commercial banks are not, however, expected to be in a hurry to match the Federal Reserve's move by cutting the prime rate—the interest they charge on loans to their biggest and best cus-



tomers—which now stand at 5 per cent. While some bankers do expect an early adjustment in commercial rates the majority take the view that their lending business is too brisk at present for a lowering of interest charges to be called for.

Officials at the Federal Reserve do not think that their modest reduction in interest rates will put undue additional pressure on the country's gold reserves. They were warned in advance that West Germany's central bank was choosing the same moment to raise its discount rate to 5 per cent. But any misgivings this might have caused were counteracted by knowing also that Germany was to suspend payments of interest on foreign deposits to prevent an influx of foreign capital. In fact the Fed was much more concerned lest its move might be interpreted at home as indicating that government officials were expecting the American economy to turn downward. But recently the economic indicators have been telling a somewhat more optimistic story than they were in the early spring and already it has been suggested that the Fed may have to reverse itself later in the year.

Republican Question-marks

Mr Nixon, who is still almost certain to be the Republican presidential candidate, had to draw what comfort he could this week from his victory in California's "popularity contest." In New York, the other big state which he needs to carry if he is to win the election in November, the Vice President's only conceivable rival for the Republican nomination, Governor Rockefeller, has issued a broadside against the policies of the Eisenhower Administration and the failure of Mr Nixon to take a firm stand on the great issues facing the country. Moreover, instead of sulking in his tent, Mr Rockefeller has decided to lead the New York delegation to the Republican convention. There he is unlikely to make much impression on the delegates, unless something happens between now and then to shake their confidence in the Vice President. But Mr Rockefeller's charges of evasiveness and slickness will damage Mr Nixon in November, particularly in New York.

Blandly conceding that it is unusual for a member of a political party to draw its "lacks or lapses" to the attention of the public, Mr Rockefeller said neither the country nor the Republican party could face the future under a banner bearing only a question-mark and reproached Mr Nixon for not making his programme known until after he is nominated. Partly, this is a matter of courtesy to President Eisenhower, but it is also due to the Vice

President's reluctance to alienate either wing of the Republican party—the conservatives or the liberals—until he is safely in control. Mr Rockefeller's chief difference with the present Administration is over spending on defence, which he wants to see raised by $3.5 billion a year, but recently he also made a full dress speech on economic growth which was implicitly critical of the President's policies. The Governor is ready to be drafted this year but, if he is not, he is plainly laying the groundwork of his campaign for the Republican presidential nomination in 1964. Such preparations assume a Republican defeat ; otherwise Mr Nixon would be certain of renomination four years from now.

Mr Nixon's supporters found hope in the disarray of the Democrats in New York this week when they chose delegates to their party's nominating convention. But such intra-party feuds are likely to be forgotten when the election comes round. So is the relatively poor showing of Governor Brown, California's "favourite son," whose strength was sapped badly by his indecisiveness in the Chessman case and by the intervention of a Californian lobbyist for old age pensioners. Over a million Republican votes were cast for Mr Nixon, who had no opposition in his party's lists, but the total of the divided Democratic vote was considerably greater. The Vice President did well, given that in California the Democrats outnumber the Republicans by almost three to two. But although this is his own state, he failed to rally as many Republicans in it as Mr Eisenhower did in 1956 and he has yet to prove that he can attract enough Democrats, in addition, to carry it in November.

Title to the Tidelands

Texas declared a half-holiday for civil servants last week, but Louisiana was plunged in gloom when the Supreme Court ruled, after many years of dispute, on the seaward boundaries of five states on the Gulf of Mexico. At stake were the mis-called tidelands, with their reserves of crude oil and perhaps other minerals, that lie under the water. Texas and Florida were granted boundaries stretching three leagues (about 10½ miles) out to sea from their Gulf coasts, but Mississippi, Alabama and Louisiana, like the states lying on the Pacific and Atlantic coasts, were restricted to 3½ miles. Louisiana is the great loser. Almost all of the 1,564 off-shore wells which are producing oil today lie off the Louisiana coast in the disputed zone. Royalties from the drilling leases which have been granted have been kept in escrow ; now most of this $308 million will come to the federal government.

The Court was intepreting the Submerged Lands Act of 1953, an "ill-drawn" piece of legislation, according to Justice Harlan, which required a "shockingly" long opinion. (In fact, it required six opinions in all.) In that year a Republican Congress overturned earlier decisions of the Supreme Court, which had ruled, in 1947 and 1950, that the federal government had "paramount rights" in all offshore lands. Congress gave most of the states title to 3½ miles of tidelands but, to carry out a campaign promise made by President Eisenhower, it assured the Gulf states that they should enjoy their historic boundaries, up to three leagues, if these existed at the time the states became members of the Union, or if the boundaries had been approved by Congress. The Supreme Court was then left to sort out this problem of history.

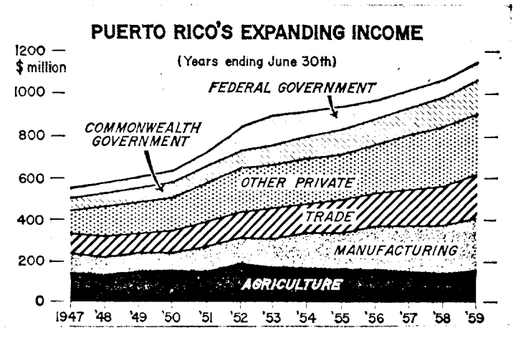
In the principal opinion Justice Harlan dismissed as oversimplified the contention of the Department of Justice that no state could enjoy a more extensive boundary than the 3½ miles claimed, for international purposes, by the United States. For purely domestic purposes, he ruled, different boundaries might be drawn, and Texas's claim to three leagues had been recognised by Congress in the Treaty of Guadalupe-Hidalgo, in 1848, which ended the war with Mexico. Another opinion recognised a similar claim on the part of Florida, whose three league boundary was approved when the state was received back into the Union after the Civil War. Louisiana, Alabama and Mississippi could adduce no evidence of this kind but they hope that, in equity, Congress will give them as much as has been given to the other two. Many Americans feel that this would only make a bad settlement worse. In their view all the tidelands should belong to the federal government and their resources should be used for the benefit of everyone. To them it is a lucky accident of history that the title to the part of the tidelands which so far has proved the richest is to return to the people as a whole.

Puerto Rico's Example

FROM A CORRESPONDENT RECENTLY IN SAN JUAN

Puerto Rico, the Carribbean dependency of the United States, and its chief under-developed area, is now discovering that pie in the sky may have more power to inspire than pie in the hand. Since 1947 income a head on the island has nearly doubled and at over $500 a year is higher than in any other Latin American country except Venezuela. But the pace of the island's industrialisation, which is responsible for most of this economic betterment, has slowed down in recent years. Attention is shifting there from Operation Bootstrap—the strikingly successful scheme for attracting private manufacturers from the mainland of the United States—to Operation Serenity. This is a philosophic concept first formulated about five years ago which emphasises the improvement of the whole man as a social being. In the words of Governor Muñoz Marin, who is now standing for a fourth term, the nineteen-sixties are to be dedicated to "the grand enterprise of a great education for Puerto Rico."

To some of the Governor's political opponents this shift in emphasis means that the man who for two decades has been the



guide, administrator and inspirer of Puerto Rico is now becoming old and tired. His friends say, on the contrary, that his efforts to put the island on its feet have now reached the happy point at which he can afford to let the poet stir within him and his people. Whichever explanation is right, the work of Operation Bootstrap is far from finished and much of what has been accomplished might be undone if either of the minority parties should win the next election and lead the island to full statehood or to complete independence of the United States. Its special status as a self-governing commonwealth inside the American economic system is unique and this confers many benefits. The Puerto Rican economy has made great strides since the war, but it is not

strong enough yet to face the perils of independence or to shoulder the federal taxes which would come with statehood. Contributions from the federal government provide a substantial addition to the island's income. Without such help its economy might well sink back into the morass from which Puerto Ricans have been emerging.

Among the essential elements in its emergence have been intelligent and devoted leadership, the skilful application of federal funds, free access to the great market on the mainland and exemption from federal taxes. But not the least important factor has been the work of the Puerto Rican Planning Board, which has just published its reports for 1959 and its projections for 1975. Though all of the economic targets set for the end of the nineteen-fifties have not been reached, progress toward them continues to be good. Gross commonwealth product, in current prices, has almost doubled in the past ten years ; so have exports. Investment has reached new high levels, at about $300 million last year, which was 20 per cent of gross production for the third consecutive year. The tourist trade is booming, a new hotel is to be built, and Puerto Rico's dangerous dependence on a single crop, sugar, is being reduced by the growth of industry. Last year 111 new factories went into operation. Wages, though still lower than those on the mainland, have risen sharply, particularly since 1955 (some observers think that this accounts for the slower pace of industrial growth). Hand-sewing and embroidery work done at home, which are typical of low-wage economies, have almost disappeared.

The increase in disposable personal income from $628 million a year ten years ago to over $1.1 billion is visible in many details of life on the island. The number of telephones has doubled in the decade ; so has the money in current bank accounts, while that in private savings accounts has trebled. In the past twenty years the number of vehicles on the roads has gone up by 500 per cent. Only about 15 per cent of the island's 2.3 million people are still unable to read and write ; 95 per cent of the children between the ages of six and twelve are in school, and so are 65 per cent of those from twelve to eighteen.

Unemployment remains the great economic challenge. The population of this over-populated island is still expanding, although the birth rate has actually dropped, in the past decade, from 39 a thousand to 31.9. Meanwhile, however, the death rate has fallen and expectancy of life has gone up. The increase in the population would have been much greater than 155,000 over the past ten years, and the labour force would have risen, instead of falling slightly, if Puerto Ricans had not been able to migrate freely to the mainland. About 42,000 do so, on the average, every year. The big fall in employment has come in agriculture, while jobs have been increasing in manufacturing, trade, and government service. But the roll of the unemployed, which was the chief concern of the planners, has lengthened from 69,000 in 1948-49 to 90,000 in 1958-59, a rise from 11 per cent to 14 per cent of the labour force. Recent analyses show that idleness is greatest among the poorest and most unskilled workers and officials are beginning to suggest that the way to handle the problem may be to treat these people as unemployable and to provide them with a dole. They will not starve on this amiable island, but their continued plight is an affront and an anxiety to a Governor who feels that economic improvement should mean a better life for all.

The projections suggest that, unless there is some catastrophe, Puerto Ricans should be about as well off in 1975 as Americans on the mainland were in 1950. The net income fifteen years from now is put at about $3.5 billion, almost three times the present level. The population is expected to be 5 per cent or 6 per cent greater, but this is not considered to be disturbing if the island's income is to treble and there is a firm plan for distributing it fairly.

Missile on the Move

FROM A SPECIAL CORRESPONDENT

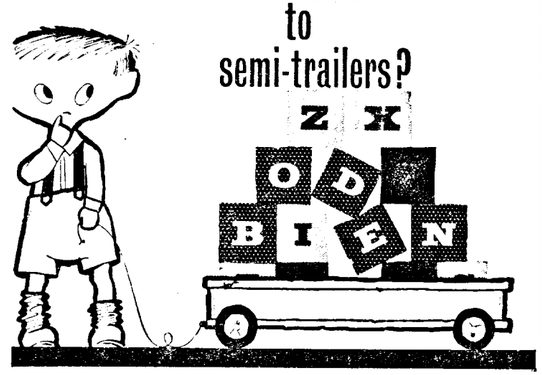
THE Minuteman, the Air Force's latest intercontinental ballistic missile which should have a range of over 6,000 miles, is living up to its name so successfully that it is confidently expected to be in a state of operational readiness—that is, in production in volume and in the charge of units trained to repair and maintain the weapon as well as to fire it—by the middle of 1962, almost a year ahead of schedule. The confidence of the men who are immediately responsible for the project is shared by the heads of the Defence Department so fully that, in spite of their thrifty budget-balancing outlook, they have allowed orders to be placed already for those parts which take a long time to make and on which work must begin while the missile is still being developed if ultimate delivery is not to be delayed.

Hitherto every missile, however important it is that it should be ready quickly and however promising its development, has had to pass tests in three stages. But the prototype of the Minuteman will go straight from the first static tests to the actual flight tests, leaving out the intermediate dynamic tests. This decision came after the mechanism for launching the missile from an underground concrete shaft, or silo, had been tried out with gratifying success. Now the first full flight test—of a prototype, of course—will be undertaken later this year; there will probably have to be some 20 to 30 of these.

The interval between the start of these tests and the date by which operational readiness is promised will be occupied not only by the tests themselves, but by the tooling-up of factories, by actual work on parts which can only be produced slowly and by training the men who will operate the weapon and those who will repair and maintain it. The Minuteman can be fired not only from underground bases but also from mobile ones, such as railway trains ; the instruction of operating crews will begin this month.

By November, crews will have experience of moving these 14-coach trains at random through the regular rail links on ten of the country's railway systems. These crews will not be concerned with the missiles themselves, only with running the trains. But the experience is needed partly to test the stability of the various parts of the missile on a bumping base and the suitability of the train's own design for this new purpose, but largely to make sure that the specially selected crews, whose normal work keeps them away from home and from regular food, rest and recreation for only a day or two at a time, are able to adapt themselves to weeks of being restricted to this one mobile train as sailors are restricted to weeks or months aboard a ship.

Each train will have a command-communications coach, eating and sleeping coaches and possibly one for recreation, medical equipment, food, other supplies and repair facilities to last for weeks and, when the Minutemen are operational, an unstated number of them on launchers or ready for mounting. It would be difficult, if not impossible, for an enemy to destroy a missile on such a constantly moving base. Another virtue of the Minuteman, which uses a solid propellant and does not require the lengthy countdown of the liquid-fuelled Atlas and Titan intercontinental missiles, is that it can be carried for months in a state of readiness to fire. Thus it provides that swift retaliatory power essential for defence against an unpredictable aggressor. The Minuteman is also smaller, lighter, less complex and presumably therefore more reliable than either the Atlas or the Titan—and it is also expected to be almost unbelievably less expensive, costing from $1.5 to $3 million, instead of about $35 million.



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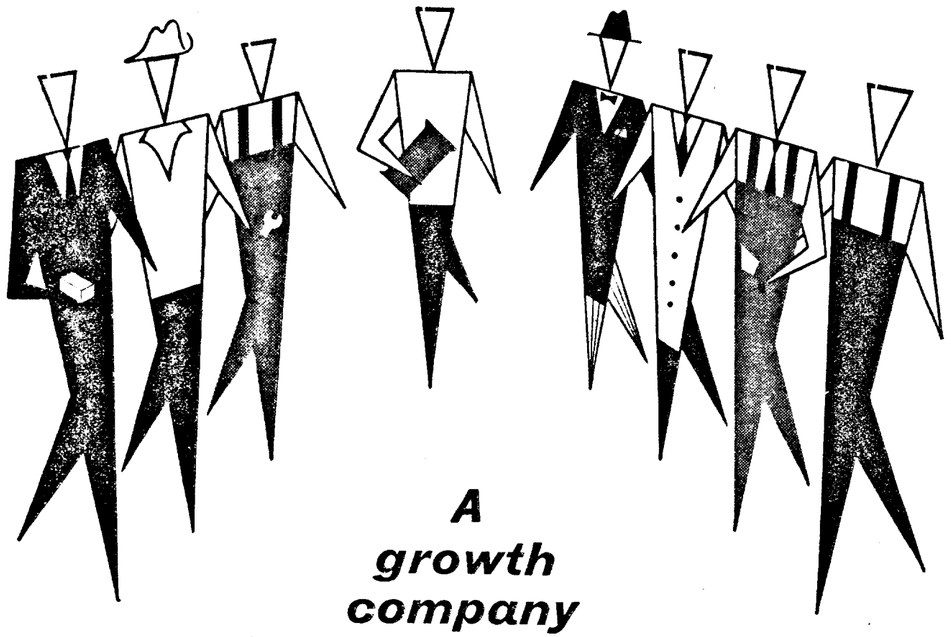

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In an election year some of this optimism may be attributed to political dreaming, but even so the island's progress is in marked contrast to the state of its neighbour, Cuba. This does not mean that all of Puerto Rico's problems are solved, or about to be solved. The shack-ridden slums, which might vanish if the money to replace them were not needed even more for education, still shock the traveller's eye. The road west from San Juan is a chaos of traffic for almost twenty miles, bordered by ribbon development, hoardings, and other artefacts of American civilisation. The hotel trade, which is financed in part by capital from the mainland and in part by the Puerto Rican government, threatens to produce a copy of Miami Beach with all the ostentatious vulgarity which too many Americans seek when they go on holiday. On the other hand, the University, with 18,000 students, is flourishing.

Converging Railways

THE wage increase which a board of arbitration granted last week to the Brotherhood of Locomotive Engineers (the footplatemen) and which is expected to set a pattern for the 200,000 "operating" workers on the railways, is not unduly generous, although, if it is extended to the whole industry, it will cost almost $200 million a year. After bargaining since last September, the men are to receive their first 2 per cent rise next month and will have to wait another year for the second half of the 4 per cent award. Moreover, the union has given up its claim to have the cost of living provision continued. The industry itself, at one point in the negotiations, offered an increase of 3 per cent in wages. A more generous settlement might have made the unions more accommodating on the other very controversial negotiations which are about to begin. These concern antiquated work rules, which the railways claim cost them an unnecessary $500 million a year. Meanwhile another presidential board has awarded the 600,000 or so "non-operating" employees only 5 cents of the increase of 25 cents an hour which they had asked. This award, unlike the first one, is not binding and the men may strike next month.

Both boards evidently took account, however, of the depressed condition of many railways, particularly in the east, where they are struggling with short hauls, unprofitable passenger traffic, and damaging competition from road transport. Here a number of railways are at last adopting a solution which has often been talked about but seldom put into practice: mergers of competing lines. The exchange of shares between the Chesapeake and Ohio and the Baltimore and Ohio which has been announced (subject to the approval of shareholders and of the federal government) is the first step toward the creation of a new railway system which in terms of assets and operating revenues would be second only to the Pennsylvania, the country's greatest railway, and in terms of miles of track would outrank both the Pennsylvania and the New York Central.

The prospect has brought a frank avowal from the New York Central that it would like to be a party to such a merger. This is largely because of its suspicion that the Pennsylvania, through the merger last year of the Norfolk and Western (in which it has a large interest) with the Virginian Railway and the proposed merger of the N & W with the Nickel Plate, is building up a new railway empire. This would control two of the three lines serving the coal fields of West Virginia and Kentucky: the third is the Chesapeake and Ohio. A combination of the New York Central, the B & O and the C & O would create an enormous system, though it would not be quite so monstrous as the merger of the Pennsylvania and the New York Central, which was being talked about two years ago. But bigness by itself does not necessarily bring the economies in operation which will provide the money for modernising equipment and put the railways on a more stable footing.

Black Mail?

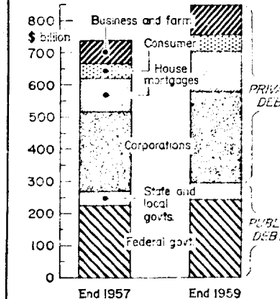
FROM A CORRESPONDENT IN COLORADO

SOME Americans are waking up to the fact that it is within their own power to reduce the $600 million a year deficit on the postal services and to help to put the Post Office in the black. About half of the deficit is due to the low third-class rates enjoyed by newspapers and magazines; the other half is caused by the big "direct mail" industry, which sends out postal solicitations (to buy some article or to subscribe to a magazine) at second-class, or "junk mail," rates which are somewhat higher but still do not cover the cost of the service. These solicitations are usually accompanied by an addressed envelope for the cheque, money order or subscription which is being sought and the postage on it—at first class or airmail rates—is guaranteed. If the envelope goes straight into the waste-paper basket, little is lost. But if the householder seals and returns it empty or with a protest against the practice—as many are beginning to do—the cost in postage may be considerable to the original senders. Some of them now plead that business reply envelopes should be used only for the purpose for which they are intended.

First-class rates on sealed letters were raised in 1958 and these are now more than paying their way. Parcels are required to do so by law. Second and third-class rates have also been raised and third-class rates are due to go up again in July, now that the Secretary of Commerce, after investigation, has ruled that past increases have done little harm to the users of third-class mail and that the subsidy from the tax-payer which they enjoy at present ought to be reduced somewhat. Even so, a very substantial deficit will remain. The cure advocated by the Administration is a further increase in first-class rates but there is no prospect that Congress will swallow such unpleasant medicine this year.

Americans who are tempted to take direct action—particularly if, in the course of a day, they have received two or three identical requests for a renewal of a subscription to one of the magazines with a mass circulation—do not always realise the extent to which firms and publishers are themselves the victims of the direct mail business. This is, to a large extent, a monopoly of those who compile lists of addresses. These are never sold outright, for obvious reasons. A firm wishing, for example, to reach 100,000

WHAT AMERICANS OWE



NET DEBT OUTSTANDING

Last year's economic expansion led to a heavy demand for credit—for business stocks and working capital, for new industrial plant and equipment, for private houses and consumers' durable goods; in addition the federal budget showed a large deficit and state and local governments were also borrowing for construction programmes. As a result the total amount owed increased by a record sum—$66.7 billion—during the year; in 1958 the rise was only $40 billion.

Americans who have gardens must entrust the task to the listing company, and must take the risk that the list may contain many duplicate names.

Equal Shares on the Columbia

FROM A CORRESPONDENT IN OREGON

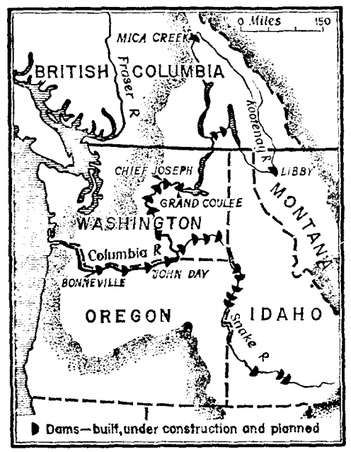
CANADA and the United States, as represented in the International Joint Commission, have at last come to an agreement which opens the way to a doubling of the hydro-electric output from dams on the Columbia River which flows across the boundaries of the two countries. In effect, they have agreed to share equally in the benefits—whether of more electric power or better flood control—from the construction of dams on that part of the 2,000-mile long river which lies in the Province of British Columbia ; and the government of that province, which must also ratify the final agreement, appears to find the new proposals acceptable. When the projects are completed they are expected to add some five to six million kilowatts of capacity to the hydro-electric generators which are already in operation on the American section of the river in the Pacific Northwest states. This is because the new dams will store water which can be released to flow downstream and through the existing generators to make up deficiencies at times when the normal flow of water is low and the demand for electricity high.

The search for a formula on which the United States would pay for this additional electricity, and for the control of high water in the flood season which the new dams will also provide, delayed development of the river on both sides of the international boundary for years. Canadians have, in fact, talked of diverting a substantial part of the water of the upper Columbia into the Fraser River as an alternative to helping to build up the power potential at dams in the United States. The new understanding appears to have ended the prospect of such a controversial step. The most significant of the terms of the International Joint Commission's agreement are:

> The Bonneville Power Administration, which sells all electricity generated at dams owned by the American government in the Columbia Basin, will credit to Canada's account one half of the increase in output resulting from storage dams built north of the border; this electricity will be transmitted from the American generators to consumers in British Columbia.
>
> The United States will pay in cash for benefits which it receives from flood control made possible by these dams; the amount is estimated at between $100 and $150 million.
>
> Each country will finance projects on its own side of the border and the order in which these are undertaken will be determined by mutual agreement on a basis of "co-operative development."

Canada's principal contribution will be to build a series of dams, of which the prime function will be to store water when it is plentiful—when the snows melt, for example—and to release it to maintain a regular flow downstream. Chief among these projects will be a huge dam at the Mica Creek site, about 200 miles north of the border, which would be the world's highest, 740 feet. It would hold back a 73-mile-long reservoir large enough to provide 11,685,000 acre-feet of storage, more than twice that of the Grand Coulee dam, where the reservoir is now the largest in the Columbia system, and would generate a maximum of 1,624,000 kilowatts. Cost of the new construction contemplated on the Canadian side, including the Mica Creek dam, would be about $600 million. This compares favourably with the $1.6 billion which, it is estimated, would be needed if a similar amount of additional storage were to be provided on the United States side of the border, where all the relatively inexpensive projects have already been carried out.

For its part, the United States would add to the generating facilities of the dams which already exist on the Columbia's mainstream. For example, at Grand Coulee, the largest producer of electricity in the chain, capacity, now 1,974 kilowatts, could be increased to 2,880 kilowatts with the additional water being stored in Canada, if six turbine-generators were added to utilise fully the increased regular flow of the river; more generators would also be required at Chief Joseph dam to increase its capacity by 256,000 kilowatts, at Bonneville dam, where the present capacity of 500,000 kilowatts would be raised to more than 600,000, and at other Oregon and Washington dams. All told, the Canadian dams could be expected to increase the output of American dams, now rated at about eight million kilowatts, by from 60 to 75 per cent. In addition, Canada would gain about 2,500 kilowatts, which would more than quintuple the amount of electricity now produced on its section of the river.



Under the terms of the agreement, the United States would pay for the projects south of the border, which would cost about the same as the Canadian dams. It is also possible that the United States will now be able to proceed with building Libby dam, a large storage dam on the Kootenay River in Montana, a tributary of the Columbia. It has been held up because its reservoir would extend into Canadian territory but the IJC understanding provides a basis for resolving this problem; moreover, the construction of Mica Creek and other Canadian dams may make it possible to reduce the size of the Libby reservoir. This fundamental step toward settling the difficulties which have arisen over international development of the Columbia River's resources is of prime importance in the Pacific Northwest of the United States, for the John Day dam is the last link in the hydro-electric chain on the mainstream; when it is completed the only means of gaining additional capacity will be to regulate the flow of the river in ways such as would be made possible by the Canadian storage projects.

There are many detailed calculations yet to be completed, but the view in Oregon and Washington and in British Columbia is that the highest hurdle to co-operative development has been cleared and that additional electricity should be available in 1968, soon after the target date for the beginning of hydro-electric output from the huge development being planned on the Peace River in far north eastern British Columbia. The combination of these two projects promises that a great new industrial frontier will be opened up in British Columbia within this decade and lays to rest, for some time to come, at least, the long-standing fear that the expansion of the Pacific Northwest of the United States will be held up by a shortage of power.

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THE WORLD OVERSEAS

French Labour Skirmishes

FROM OUR PARIS CORRESPONDENT

STRIKES by state employees always seem to take French governments by surprise. Yet the most surprising thing about this present week of social unrest—with transport workers, engineers and civil servants taking part, in turn, in cautionary strikes—is that it has been so long in arriving. The Fifth Republic can claim to have enjoyed, until now, a relative peace on the labour front, which cannot be explained by economic factors alone. France's spectacular financial recovery, started by the reforms of December, 1958, has been due, essentially, to two causes. A successful devaluation has diverted an increasing share of the national product (about 13 per cent by now) to exports, while home consumption has been kept in check. Secondly, internal prices were not allowed to rise much more than the increase brought about by the government's own cuts in subsidies and the devaluation itself. A near-freeze of wages has been an important contribution to price stability.

Real wages have scarcely changed in the past year. They went down by one per cent during last summer, remained stable in the fourth quarter of 1959 and recovered by one per cent in the first quarter of this year. The picture is less bright when the comparison is made with 1957, the culminating point of four years of rapid improvement in workers' earnings. The unions claim that real wages have dropped by over 10 per cent since then. According to official figures, the purchasing power of a single man employed in French private industry is now at least three per cent lower than three years ago. Since family allowances are a substantial addition to French working-class incomes and since they have not kept pace with the cost of living, the position of a married worker with children has deteriorated even more. For civil servants and workers in nationalised industries the lag began earlier, and it is no surprise now to find railwaymen, postmen and other state employees in the forefront of the present skirmishes.

Why did the French workers, renowned for their pugnacity, show this restraint for so long? In the second half of 1958 the number of hours lost through stoppages was a record low figure. The prestige of General de Gaulle and fear of a recession combined to keep the divided and politically defeated unions quiet. The number of strikes began to creep up in the early months of last year, once the early pro-gaullist mood had vanished under the impact of the government's austerity measures. In reply the government made some concessions, but a threatened railway strike brought matters to a head exactly a year ago, and M. Debré, using tough language, compelled the unions to call off the strike. This gave the government a precious respite. But now the second round seems to be beginning.

It is highly far-fetched, though fashionable in Paris, to attribute the new wage offensive to the failure of the summit conference. Whatever the intentions of the communist-led CGT, most authoritative observers seem agreed that the recent wave of strikes was spontaneous rather than dictated from above. The strikes were sporadic and local at first, and gathered momentum only after some delay. The leaders of all the unions gave the impression of being led by their troops. The fact that the socialist *Force Ouvrière*, which has no love for Mr Khrushchev but counts a large number of its members among discontented civil servants, is taking an active part should dispose of the too facile explanation that it is all the result of "Moscow's orders."

Financially, the government is now in a stronger position than a year ago, although M. Baumgartner, who succeeded M. Pinay at the ministry of finance, repeats regularly that the financial recovery is too precarious to justify anything more than very moderate increases in wages. If the government has to make concessions to the unions, private industry will have to follow suit. Besides, a substantial rise in the wage bill of the state would disturb the budgetary balance, which is already strained by the continuation of the Algerian war and the initial outlay on an independent nuclear striking force. Politically, the situation is less comfortable than a year ago because the unions are now less enamoured of the regime and the workers are more sceptical about promissory notes for future settlement.

General de Gaulle, bought down to such earthly matters, is faced with a real dilemma. If he gives in to pressure, then wage restraint, the basic plank of the official financial policy, will become shaky. If he resists, he runs the risk of an industrial clash and the political risk of tightening the loose ties between the catholic, socialist and communist unions. Writers and politicians favourable to the gaullist regime are now accusing the government of discovering its vocation for social reform only when it has its back to the wall. The exceptional case of the minister of industry, who reached a timely settlement with the gas and electricity workers, is being quoted as an example of foresight.

Nobody really knows how bellicose the current mood of the French workers is. The government does not seem to have made up its mind on how to tackle the unrest. Its first reaction was a show of strength against the awkward alternating strikes paralysing the Paris transport system line by line ; by Wednesday 68 strikers had been suspended. On Wednesday the government also promised to grant additional wage increases next year and to align the salaries of civil servants with those in the nationalised industries. The first reaction of the unions was that the promise is too vague and too distant. These skirmishes on the labour front are all the more significant since France's political battles are now fought in the factories and fields as well as in officers' messes ; everywhere in short but in the Palais Bourbon, that deceptive relic of a parliamentary past.

Greece and the Arabs

FROM OUR CORRESPONDENT IN ATHENS

WHEN exasperated Greek mothers want to intimidate a naughty child, they threaten: "The Arab will come and take you away!" This week the leading Arab did come ; but he was greeted with so much pomp and circumstance that mother's threat, one assumes, will no longer have any effect on naughty Greek children. President Nasser, of the United Arab Republic, came on a state visit to Greece as personal guest of King Paul of the Hellenes. As his Athens ambassador put it recently, "the president is so fond

of Greece that he is bringing along the whole family." This, naturally, included Mme Nasser and four young children who played havoc with the strict protocol of the Greek Royal Court.

Greek-Arab friendship is a cornerstone of Greek foreign policy not for any reasons of Mediterranean sentimentalism dating back to Pharaonic times, but for very practical contemporary purposes: 80,000 Greeks live in Egypt today at the mercy of Arab xenophobia. Their well-being is one of the Greek government's strongest arguments for maintaining good relations with Cairo. It was, in fact, this solicitude that deterred Greece from extending full recognition to Israel, and which encouraged the Greek government to give President Nasser full backing during the Suez affair.

When the Greek prime minister, Mr Karamanlis, visited Cairo in August, 1957, he received formal assurances that the Greek community would be given preferential treatment over all other minorities in Egypt. There was, however, a touch of blackmail in Arab explanations that this preference could not, unfortunately, be safeguarded by legislation, since this would have set an undesirable precedent. Arab assurances therefore could hardly be expected to stem the exodus from Egypt of Greeks who are coming to Greece or emigrating abroad in search of more secure prospects for the future. Some 50,000 Greeks have left Egypt since the end of the war. The prospects for those who remain are dismal indeed, as more and more businesses and professions become "egyptianised."

THE practical aspect of Greek-Arab friendship embraces the Greek aspiration to turn this country into a "bridge" between the West and the Middle East. There is a bitter feeling here that Greece's outstanding position at the crossroads of Europe, Asia and Africa is not being duly appreciated by the West. This role had actually been entrusted to Turkey, which was chosen to act as liaison between Nato and the Middle East by way of the Baghdad (now Central) Treaty. The Greeks, from the outset, took a poor view of this choice, arguing that it had overlooked the fundamental antagonism between Turkey and Egypt, contenders for supreme leadership in the Muslim world.

The opinion prevails in Greece that Britain's withdrawal from the Middle East and the emergence of Arab nationalism had created a vacuum in the external orientations of the Arabs: nationalism is good enough, but only for domestic consumption; President Nasser's erstwhile flirtations with Moscow proved to be just one aspect of the neutralist practice of milking two cows at once; and neutralism is excellent, but only in time of peace. Greek leaders, both inside and outside the government, are convinced that their country could become Nato's point of contact with the pro-Nasser group in the Middle East, just as Greek-Jugoslav friendship assures the West of a link with Marshal Tito. They feel that Greece has many qualifications for filling that post. Greek relations with all Arab countries have been preserved intact throughout the recent years of transition. The Greek communities scattered throughout the Middle East have earned a good reputation among the Arabs. Politically, this liaison role would greatly enhance Greece's international prestige. Economically it might turn this country into a springboard for peaceful economic and commercial penetration in the vast markets of that region. The Germans seem to be rapidly appreciating this splendid geographic advantage.

There is also such a thing as sense of gratitude in Greece, and the Greeks feel a debt of honour towards President Nasser and the other Arab leaders for their unstinted support for the Greek case on Cyprus. Arab votes were numerically important throughout the five appeals lodged by Greece at the United Nations. The near-solution of the Cyprus problem has not absolved the Greeks of this obligation. As their foreign minister once put it: "Now that the Cyprus question has been settled, the Arabs will know that our friendship towards them has no ulterior motive."

Meissen's 250th Birthday

FROM OUR SPECIAL CORRESPONDENT

FOR 250 years kings, gauleiters and commissars have in turn encouraged Meissen to make porcelain. Last weekend the town stuck a reddish feather in its cap and rolled out an impartial barrel to mark the anniversary and celebrate the survival of its great tradition. The sun shone beneficently, and it was all very gay. Never before, it seems, has there been so great a demand as there is now for the table services and figurines marked with the dark blue sweep of the crossed swords.

The first porcelain was made in Meissen on June 6, 1710. The first big foreign order was placed in 1728 by the Turkish merchant, Manasse Athanas, who asked for 600 dozen cups. Today orders come in from all over the world, from east and west alike.



Sixty per cent of the factory's total output is sold abroad, 16 per cent of it in western Germany. "Hearty welcome," a streamer near the railway station called out to English-speaking foreign visitors, and beside it hung another presumably saying the same thing in Russian. The bridge across the Elbe was garlanded with fluttering pennants composed alternately of the east German and the Soviet national colours. Beneath, the pleasure steamer *Einheit*, dressed overall, manœuvred to and fro with successive cargoes of the brave and the fair, looking for the most part as though they might be in mortal peril of forgetting for a day to hate imperialists and fascists with a proper frenzy.

Happily, the east German Democratic Republic is at long last living well enough to be able to stage a show of this kind without excessive strain or recourse to the subterfuges of window-dressing. In the old streets of the town—Meissen was never bombed—the state-run H.O. (*Handelsorganisation*) demonstrated that it had learned a thing or two about the unbureaucratic processes of vending beer and sausage; and in its crowded restaurants there could be no justifiable suspicion that the bill of fare was much, if anything, out of the ordinary. In Meissen, as everywhere in the Democratic Republic, there are signs of both shortages (chiefly fruit and vegetables) and abundance. (In addition to Rhenish, the Meissen Ratskeller's wine list proffered a variety of Jugoslav, Hungarian, Carpathian, Bulgarian, Armenian, and Chinese wines.) The western visitor no longer has an uncomfortable feeling that he is consuming what is denied the majority of the population. Naturally Meissen's few hotels could not accommodate all the guests. The greater part of the overflow was housed fifteen miles away in Dresden, some of it in hotels that are still very drab. But in their comings and goings visitors could see for themselves unpremeditated manifestations of a substantial improvement in everybody's living.

Originally a royal property (a bow here to the ghost of August the Strong of Saxony), the Meissen porcelain factory has been state-owned since 1918. Consequently, the upheaval of 1945 disturbed its workings less radically than those of many other enterprises. The Russians appreciated what had fallen into their hands, and unhesitatingly kept the factory going under their own management for the next six years. In 1951 they restored it to the German authorities, who made a "people's own concern" of it. Of the factory's present payroll of 1,068 workers, roughly 250 have been there since 1935. Several have a record of 45 years' continuous service. Three were honoured ceremonially last week-end for half a century's allegiance. Obviously only the brashest of *Besserwisser* would presume to teach such a venerable, accomplished and well-endowed grandmother to suck eggs. Party meddling has been on the whole exceptionaliy restrained. Few important factories in eastern Germany have so short a list of westward absconders as Meissen's *Staatliche Porzellan-Manufaktur*.

The quiet artist skilled in painting flowers and birds on teacups does not work any the better for being pressed into a "brigade." Like most of his colleagues, both in his own and other branches, he derives a particular satisfaction from the job and his share in the firm's reputation. He earns, on an average, £12 a week, and pays, on an average, only twelve shillings a week for rent. He appreciates, in theory if not in practice, such communist innovations as the law forbidding the dismissal of workers solely on account of lack of orders, and that insisting upon the dismisser providing the dismissed with a choice of three other jobs. But his wish to be left as far as possible alone has not been altogether respected. About twenty per cent of the technical staff have been

Labour and State in Israel

FROM OUR CORRESPONDENT IN TEL AVIV

A BATTLE for power is being fought in Israel between the state and Histadruth, the all-embracing trade union organisation that did so much to build up the Jewish state and now controls most labour and a great chunk of industry. The battle is being watched with interest by those new Asian and African countries which have felt tempted to copy the structure of Histadruth when building their own labour force. It is doubtful whether they could in fact do so without the special conditions, including the powerful backing of the Zionist movement, that went to the making of Histadruth; all the same, the present struggle between government and labour in Israel may help to clear their minds.

When Histadruth was founded in 1920 it set itself the goal of a society without exploitation. By developing kibutzim and moschavim, settlements without hired labour, it became the spearhead of the Zionist movement. By setting up marketing and production co-operatives, and a big contracting firm, Solel Boneh, Histadruth became a powerful influence in the labour market and in industry. It began a health service for its members and took an active part in starting schools and adult education. Before long, a member of Histadruth could satisfy all his wants within this huge organisation. He would wake up in a house built for him by Histadruth, drive to work in a bus belonging to a Histadruth co-operative, work in a Histadruth factory, and visit a workers' theatre or club in the evening.

Before the inception of the state there was no clash between the interests of Histadruth and the Jewish Agency, then responsible for Zionist settlement. The two worked together and when the state was founded, Jewish Agency officials became cabinet ministers, while Histadruth formed the main reservoir of the key people needed for the new administration.

But once the administration began to take shape, it was apparent that there might be overlapping or even a clash of interests between the government and Histadruth. The first to understand this was the prime minister, Mr Ben-Gurion. He liquidated the famous fighting units called Palmach, which had formed the spearhead in the struggle against the British, despite the fierce opposition by many Palmach leaders in the Labour movement. He maintained that there could be only one army and one command and he carried his point.

HE won his fight, too, when against the will of the left-wing parties he stopped political teaching in the elementary schools. Again he triumphed when the labour exchanges, which had been run by workers' organisations, were taken over by the government. During the elections last summer, a demand was made that the Histadruth health service should also be taken over by the state and it looked for a time as if Mr Ben-Gurion was going to agree, at least up to a point. But at this point the general secretary of Histadruth, Mr Pinhas Lavon, put his foot down. The health service is an important political asset to the labour movement, and there was a real danger that the organisation would lose members if a national health service were started. For the time being the question has been put into cold storage.

Experience over the last ten years has shown that in Israel decisive political action can be taken only if the cabinet and Histadruth leaders agree. The minister of finance was unable to do anything about inflation so long as Histadruth insisted on adjusting the cost of living allowance to the price index every three months, and on signing collective wage agreements every year. Inflation only began to slow down when the minister agreed to adjust the allowance twice a year and to make the wage agreements last for two years. But when the minister recently tried to introduce tax reforms that would have adversely affected salaried workers, Histadruth decided against it and the plan was abandoned.

Histadruth spreads its wings not only over farmers, skilled and unskilled workers but also over the professions. More and more "academic workers," as they are called in Israel, are being drawn into trade unions. But they have considerable difficulty in securing adequate salaries since Histadruth's old egalitarian philosophy dies hard and often an increase in salary among higher grade workers is soon followed by increased wages all round. As this means a turn in the inflationary spiral, and as members of the professions are smaller in number and therefore form less powerful pressure groups than other workers, there has in recent years been a running fight between the professional workers and Histadruth. Last spring the secondary school teachers, who have up to now been in the same trade union as their colleagues from elementary schools, formed a union of their own which Histadruth refused to acknowledge. The minister of education, unable to solve the conflict, resigned and Mr Ben-Gurion has temporarily taken over.

Although for the moment there is an uneasy truce between the government and Histadruth, it looks as if a showdown must come soon. Mr Ben-Gurion has declared more than once that the interest of the state must be paramount. Mr Pinhas Lavon recently countered by saying that Histadruth serves not only its own members but the whole community and that it is the guardian of the ideals of the Zionist movement.

The conflict is the more poignant because it is being fought out in the inner councils of Mapai, the main political party, between people who have worked together for many years. Both Mr Ben-Gurion and Mr Lavon have often proved that they can deal summarily with their critics. The word of the prime minister in the cabinet today carries more weight than ever, and Histadruth's secretary-general has got rid of everybody in the organisation's executive who is not to his liking. They make a pair of formidable opponents.

organised into "brigades." The factory's news sheet has been turned into a militant communist fortnightly churning out unreadable party mumbo-jumbo and obsequious eulogy of everything Russian.

Some of the older hands are understandably concerned lest the quality of Meissen ware should deteriorate through too much interference from unqualified but influential busybodies. The high technical tradition seems to be secured in the factory's own school, with its thoroughgoing five-year term of apprenticeship. It is in the realm of design that debasement of standards is most feared. Such few models and patterns that have been introduced since the war have been the choice of a collective, or committee, composed of some twelve representatives of all branches. The practice is to submit the chosen design in small quantities to the test of the market before it is produced in quantity. It is too early to judge the efficacy of this system. Nothing remarkable has yet come into being. As before, Meissen's most profitable activity is the reproduction of Kaendler's and Acier's figures, and such other eighteenth-century masterpieces as the onion service. As a business concern the factory will continue to produce what the customer wants. In the long run it will be he, not the party, who is always right.

Tangier's Outlook Unsettled

FROM A CORRESPONDENT

PEOPLE in Tangier are tapping their economic barometers, and few of them like what they see. Since the last vestiges of Tangier's free port and free money market disappeared on April 18th with the abrogation of its charter, many of them have given up hope and gone.

The royal charter was granted by the King of Morocco in August, 1957, a year after the negotiated termination of the international regime, and it was designed to keep alive some of Tangier's special economic and financial status. Under pressure from left-wing nationalist and labour groups, and also from towns and interests jealous of Tangier's privileges, the government announced last October that the royal charter would end in April, but up to the last many people in Tangier thought or hoped that the death sentence would at least be deferred. It was not. Now shops in the highways and banks in the byways are closing. People in what is called the re-export trade are trying to set up shop elsewhere, and the money-changers and currency dealers in their astrakhan caps are beginning to reappear in Lisbon, Zurich and Tel-Aviv. New buildings are being left in a state of suspended animation. The workers and the trade unions, who had been promised so much from the incorporation of Tangier into Morocco, are beginning to wonder what has hit them, and who.

The main practical effects of the abrogation were the extension to Tangier of the import duties in force in other parts of Morocco, the consequent closure of its ring of customs posts, and the insistence that all currency dealings must be transacted through the Moroccan state bank and its agents. It was clearly inconsistent with a planned Moroccan economy that the old privileges should continue, and an indication of their past effect is given by the fact that there used to be nearly 150 exchange houses of one sort or another in Tangier, and 67 banks. Now there are fewer than half a dozen.

Tangier, however, still has its sun, its sea, and its sin. Tourists flock in increasing numbers to its many excellent hotels and night clubs. Plans exist to develop it still further for tourism; they may well be carried out. But other plans to compensate Tangier for the loss of the prosperity created by its former special status are more nebulous. They amount in effect to the development of the port of Tangier as the point of exit and entry for the northern part of Morocco, and as a place of call and oil bunkering for the shipping that goes through the Straits. Both these projects have the potential attraction for the Moroccan government not only of increasing the prosperity of Tangier, but of putting the Spanish presidio of Ceuta out of business. Restrictions on the passage of goods and people across the frontier with Ceuta are, indeed, already beginning to have just this effect.

Plans to develop Tangier in this way depend, however, on improving its facilities and equipment as a port. There is a lot to be done; and, except for the oil bunkering installations which it is hoped will be financed by a consortium of oil companies, it will cost a great deal more money than is or is likely to be available. The harbour must be dredged, breakwaters built against the east wind, and new quays made. Indeed, most of the deficiencies that led the British to abandon Tangier as useless in 1684 still exist.

Singapore's Predicament

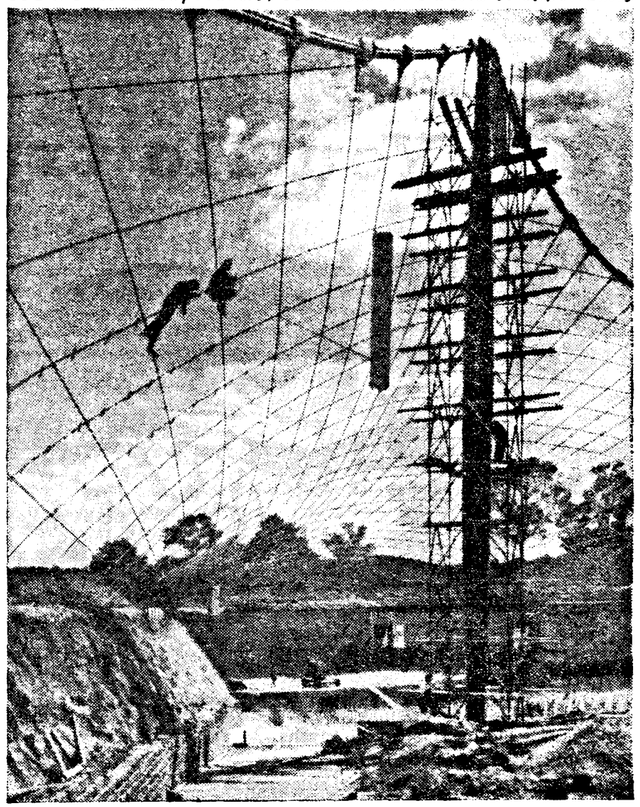
FROM A CORRESPONDENT

THE political atmosphere in Singapore today—one year after reaching statehood—is made up of a curious mixture of sober, intelligent administration, a vague (because essentially baseless) belief in the city-island's ability to live off its own wits, and a paralysing evasiveness about the central problem of the increase in population. The left-wing People's Action Party (PAP) has done much to rationalise the administration; it has won the vitally necessary approval of the business community, which had viewed the PAP's assumption of power with foreboding for the simple reason that socialism has never been possible in Singapore. And yet socialism—as a mood of revolutionary, anti-western puritanism rather than as a manner of ordering an entrepôt's economic affairs—has been the mainspring of the Chinese-speaking masses' fervent support for the PAP.

But the aspirations of most of these people are not being satisfied, with the result that the greatest danger facing Mr Lee Kuan Yew, the leader of the PAP, is that Chinese chauvinism may get out of hand. This would upset his moderate policies and thwart his efforts to get Singapore accepted in Kuala Lumpur as a desirable and harmless member of the Malayan Federation. The PAP has done what it can to clear up the seedier sides of Singapore life, as well as to provide amenities such as open-air cinemas and children's playgrounds. But the real problem is not that of censoring the circuses but of providing bread for the swelling ranks of the unemployed (at least a hundred new jobs must be found each day) at a time when the entrepôt trade is in serious difficulties, when the rival appeal of Kuala Lumpur's new industrial suburb is thought to be growing, and when overseas capital for industrialisation is still inhibited by fears about Singapore's political future.

The public talk of Singapore becoming "another Hongkong" does not appear to be matched by an appropriately vigorous effort to attract capital, despite the setting up of a board to promote industrial development. In fact Singapore's chances of emulating Hongkong seem very slender, since its labour costs are three times as high and it lacks the necessary reservoir of skilled labour. However, the PAP is trying to create the necessary constitutional framework. The Industrial Relations Ordinance was hurried through parliament and became law on February 23rd; the arbitration system established under this law should in theory produce the best possible industrial relations. The new legislation amalgamating the smaller trade unions, and unifying the trade union

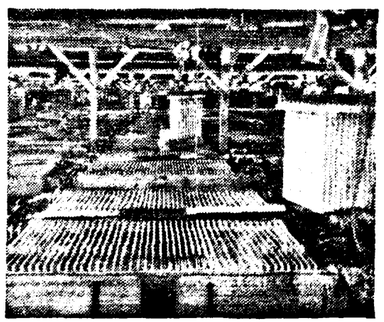
AUSTRALIA / country, continent . . . a world of opportunity



Builders give shape to Melbourne's new Music Bowl — an Australian international award-winning design. Australia's prosperity owes much to the recent rapid development of many major industries.
The picture below shows the cellroom at the Electrolytic Zinc Company's big zinc refining plant at Risdon, Tasmania.

FRAMEWORK OF AUSTRALIA'S PROSPERITY

A yardstick over the Australian economy reveals some surprises: 2 out of 3 Australian families own their own homes, and 1 out of 2 run a car; most homes have refrigerators while every second home has a washing machine. Such purchasing power indicates the high annual income per household which averages about £A1600. On the industrial front, Australia has lost less time in strikes than the U.K. for 3 years running now, while her strike losses compare extremely well with Canada's over the last 7 years. During these 7 years, the value of factory production has more than doubled and national income has risen by more than half.
Clearly, Australians are living and working in a fast-developing economy. Against a background of political stability it is attracting some £A100 million private capital investment from overseas each year. Australians look forward with confidence to a continuing trading, manufacturing and financial partnership with Britain. Representatives in the U.K. of the Federal Government of Australia will gladly provide information about trade, investment and migration. Australia's representatives are at Australia House, The Strand, London, W.C.2., and also at the offices of the Agents-General for each State.





Old English proverb: "*All fluids flow*".

Fact. Mild ale, milk of human kindness, meths, myths,
moths, maths, mulligatawny . . . all flow, all anyhow.
Beer downhill, damp uphill, ink everywhere. Sea sideways in lumps.

At home, no problem. Turn hot tap, get cold water.
But in British beehive of industry, buzz buzz clickety click,
flow-control fundamental. Can't pump chemicals Anglo-Saxon drainpipes . . .
can't pour phenolphthalein chipped teapot . . .
can't put new wine old buckets . . . Laughing stock.

So. Modern industrial practice *thinwall piping systems* in (e.g.) chemical
(e.g.) petro-chemical installations. How neat, light, precise, how thin wall,
smooth bore, non corrosive! Everyone pleased. Fluids flow fast, no knock glug.
All enchanted. But how turn corner? All ask.

How? Thin-wall elbows, bends, wiggles, forks, junctions . . .
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structure, is intended to round off the process of preparing for an industrial society; or, put more bluntly, it is hoped thereby to make sure that the trade union movement can be firmly controlled. If crypto-communist subversion can be contained, this may prove to be the case. Otherwise, the proposed new trade union amendments may actually help the crypto-communists to gain control by removing from office many of the present moderate leaders of smaller unions.

At present the PAP's wild men and the crypto-communists are keeping quiet. This is for a variety of reasons; they would regard a victory in Singapore alone as hollow; for the moment they can hardly improve on the slogans of the moderate PAP; and there is some reason to believe that increasing unemployment will in any case discredit the PAP moderate leadership within a fairly short period. However, it is clear that the trade union leaders are going to press for advances while the going is good, at whatever cost to the confidence of the business community.

Of course, the fundamental predicament of the PAP government is that even if the conditions for excellent industrial relations are created, there is no reason at present to believe that Singapore can industrialise quickly enough to prevent the detonation of the population bomb; half of its population is under twenty-one. About this predicament there is much evasion and wishful thinking. Will not Britain always be around to pour in the necessary capital? Will not Singapore always be such a vital base that the West as a whole could never leave it in the lurch? One of the cleverest and most eminent of Singaporeans closed a discussion of this subject by saying, as though he were drawing a precise analogy, "Yes, we have the population problem to worry about—but then you have the atomic bomb to worry about."

Faced by this apparently insuperable problem, the PAP sees its social revolution (as it naturally likes to think of its activities) as about to be devoured by its children. Inevitably, its leaders cast hopeful glances at the Federation. But what do they see? The glossy factory buildings (although only facades as yet) on the outskirts of Kuala Lumpur; the millions earmarked to be spent on Port Swettenham; the recent decision to build a major airport at Payer Lebar—developments, as the Federation's government makes clear, which are not merely steps towards modernisation, but earnests of a determination not to consider integration with Singapore at any cost; the Federation is itself faced by an unemployment problem of very serious dimensions.

RUBBER TRENDS

Quarterly bulletin for
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June issue
Special reports

U.S. RUBBER AND PLASTICS CONSUMPTION IN THE NON-TYRE SECTOR

SYNTHETIC RUBBER DEVELOPMENTS OUTSIDE EUROPE AND AMERICA

The Economist Intelligence Unit Ltd.
22 Ryder Street, London, S.W.1.
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The only faint glimmer of light for Singapore is the announcement by the Federation's minister of commerce, at the Bangkok Ecafe conference on March 16th, that Malaya and Singapore should have talks about the creation of a common commodity market. But even this tentative agreement to talk may founder upon the not unnatural belief in Kuala Lumpur that such an arrangement would be heavily weighted in Singapore's favour. Besides, the present Malayan government is making a bid to create a nation on the basis of vigorous economic nationalism. In the meantime, the PAP can only wait for a change of government in Kuala Lumpur, though most people outside party politics believe that the downfall of the Alliance party could only make matters worse for Singapore. At the moment this great counting-house is in a position of slowly growing, but very great, social peril; it is unlikely that it can survive as an independent community until the end of the present decade.

Cuba's Growing Isolation

FROM A CORRESPONDENT

The triumph of Dr Fidel Castro's revolution fourteen months ago was celebrated joyfully throughout Latin America. The struggle of the rebel forces in the Sierra Maestra had a natural appeal for liberals everywhere, and a special meaning in those countries which know from bitter experience what dictatorships are like. Democratic heads of state hailed the fall of General Batista, newspapers cheered the revolution's victory, and public opinion was solidly pro-Castro; for many months documentary films about Cuba played to cheering audiences throughout Central and South America.

Towards the middle of last year, however, as new and disquieting news came out of Havana, official opinion began to cool. Dr Castro's programme of anti-imperialism, expropriation, and Yankee-phobia has become a little dated; leaders like Señor López Mateos in Mexico, Dr Rómulo Betancourt in Venezuela, and Dr Lleras Camargo in Colombia have already gone beyond it, and Cuba's unsettling influence in the Caribbean disturbs their own economic plans. Argentines who read Dr Castro's demagogic harangues and who see pictures of enthusiastic Cuban crowds on the newsreels are uncomfortably reminded of Perónism. The National Institute of Agrarian Reform run by Dr Ernesto Guevara, who was born in Argentina, sounds suspiciously like the Perónist agricultural scheme that wrecked Argentina's incomparably richer economy.

Dr Castro's impulsive foreign policy and his ineptitude in public relations have further alienated his former friends. His disruptive behaviour at the Santiago conference of the Organisation of American States a year ago, including a sudden request for $3,000 million of United States aid to Latin America, was widely ridiculed, and when a group of his heavily armed followers landed in Chile without passports they were promptly hustled off to jail. Cuban diplomats, especially in Mexico City, have been suspected of interfering in local politics and sponsoring armed movements against the governments of Nicaragua and the Dominican Republic; this disturbs democratic leaders who feel their own positions are none too secure.

In the last few months the gap between Cuba and the rest of Latin America has steadily widened. Dr Castro's biggest blunder was his public bid for the Security Council seat vacated on December 31st by Argentina. This had been set aside, by the now traditional gentlemen's agreement, for Chile, and the Cuban round-robin letter requesting consideration was regarded as foolish impudence.

Half a dozen Latin American nations are larger than Cuba, and Dr Castro's claim to leadership in the area is considered irresponsible. Brazil, which has sponsored its own Operation Pan America, is indignant about Dr Castro's chosen role as spokesman for underdeveloped nations.

Dr Castro still has unquestioned popular support within his own country and a good deal of sympathy among his neighbours to the south ; any Latin American country that becomes involved in a quarrel with the United States summons up resentful memories of economic pressure and intervention by the American Marines. But Mr Herter's careful policy of restraint and patience appears to be paying off. The much publicised conference of underdeveloped countries that is to meet in Havana this September has an embarrassingly lop-sided list of visitors. A number of Asian and African nations have agreed to come, but Argentina, Brazil, Chile and a dozen other Latin American states have sent their regrets. Dr Betancourt at first agreed to send a representative, but changed his mind when Dr Castro declared that he did not consider himself bound by the Rio mutual defence pact of 1947 " because the revolution did not sign the agreement." Faced with a balance of payments crisis later this year and troubled by guerrilla uprisings against his regime in the mountains of eastern Cuba, Dr Castro is also menaced with being sent to Coventry by the other Latin nations in the hemisphere.

Forty Years On

The author of this article was in Russia before and during the 1917 revolution, and has revisited it several times. On his latest visit he returned to some of the places he had known before.

DURING the declining years of the tsarist regime, the public mind of Russia was marked by pessimism and self-criticism. Journalists, lawyers and doctors, while drinking tea round a samovar, would denounce their country's backwardness and compare it unfavourably with the West. Your correspondent remembers talking to some peasants at a railway station in central Russia in 1915 and one of them saying : " Russia is lost ; the French, Germans and English will come and rule her like the Varangians did of old."

The October Revolution brought with it a wave of immense self-confidence. The communists were in one sense successors to the slavophils who had preached that Russia would set an example to the whole world. This was a revolt against the West and its capitalist industrialism. In practice, however, the revolution did for modern Russia what Peter the Great had done for it 200 years before. (In the church in the fortress of Peter and Paul in Leningrad today, one tomb is decked with wreaths and flowers ; it is Peter's.) After the revolution, one would constantly hear Russians say that the task of the immediate future was to bring American methods to Russian industry ; Lenin himself, in his treatise " The Next Problem before the Soviet Power," told the doctrinaire revolutionaries of his party that they must learn from the western capitalists how to run a state.

Your correspondent remembers, during the white heat of the revolution and the civil war, hearing Lenin and Trotsky speak in the Smolny Institute, and talking afterwards to workers and soldiers' deputies, who said that Russia was lost unless revolution broke out in the West. The Russians were then living in an ecstatic state ; in their new religion, world revolution was the apocalypse that would precede a " second coming." When this did not happen, Russian ideas slowly changed. The struggle between Trotsky and Stalin was partly on this issue ; and Stalin was the greater realist.

Today, when talking to the very competent and clear-sighted staff of the Institute of World Economy and International Relations in Moscow, one can see how the Russian attitude has changed to one of calm recognition of the consolidation of the western economic and social system, and of conviction that, nevertheless, communism will triumph eventually, but by other means—by peaceful competition in the undeveloped countries. The West, one's hosts argue, has a great handicap in its record of " imperialist exploitation " ; and the peoples of Asia and Africa will remember this.

WHILE the new religion of communism has undergone this " reformation " and taken on a less emotional form, the old Orthodox Christian religion still survives and many people attend the Orthodox mass who are not communicants, but go to enjoy its beauty and the emotional experience. One incident showed your correspondent that the old religion has sympathisers in strange places. He was being shown Eisenstein's film, " Ivan the Terrible," which includes an impressive scene showing the marriage of Ivan in the Cathedral of the Archangel in the Kremlin. When the film was over, the Russian (a member of the Communist party) who had been detailed to show it, said : " I am not a believer, but I enjoy hearing and seeing these majestic Orthodox services." There is certainly an area in Russian society where the old and the new cultures overlap.

Something like this has happened also in the villages. Collective farming was not quite as unprecedented as is often supposed. Throughout central and northern European Russia in tsarist times, the village " commune," consisting of all the villagers, held the land in common and redistributed it among the peasants every so often.

One can get something of the atmosphere of a *kolkhoz* by sitting in its office while the peasants walk in and out, bringing their problems, generally concerning work in the labour brigades. The conversation had been about the popularity of the collective system. The chairman asked a peasant who had just come in whether he liked it. " Belonging to the *kolkhoz*," he replied, " has the advantage that you can get the best that is going in the way of tools, seeds and manure." And then the suspicious peasant came out in him : " I remember the old landlords," he said, " Now we have the state as the landlord. But, after all, someone must give orders." But clearly the peasants like their individual holdings and are grateful to Mr Khrushchev for lowering the taxes on them and making them payable in money, not in kind.

A return visit to a collective farm in the Ukraine first seen fourteen years ago—not in the best area, but in the sandy tract bordering the forest zone in the north—gives one the impression that the standard of living and output has increased. Nevertheless, the evidence of low productivity is striking. The yield of wheat this last season was about one-third of the west European average. The claim that Russia's butter production has increased beyond that of the United States was not substantiated by the figures given at the collective farms.

There is more freedom of expression than fourteen years ago—though not more than there was before 1917, for the tsarist regime could not effectively suppress opinion in its last days. Fourteen years ago, Trotsky was denounced as a traitor from start to finish. Now, dutiful communists tell you that he helped Lenin at first and then turned traitor. (What his treachery was is not specified, but that is at least an improvement on Stalin's time.)

When a university professor of otherwise " liberal " tendencies was asked his views on " Dr Zhivago," he said that Pasternak's book gave an unfair account of the attitude of the intelligentsia towards the revolution. Anybody who was there during those days knows that it gave a very accurate account of their mental and spiritual agony.



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G stands for Ghana.
which grows a great part
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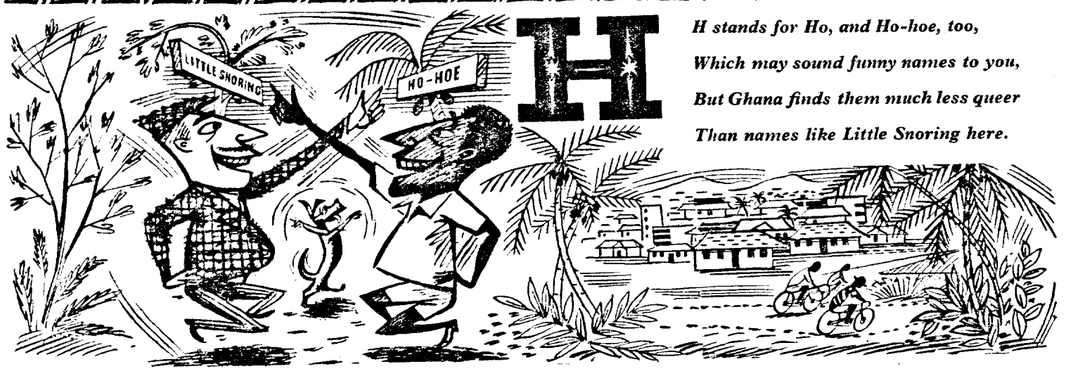
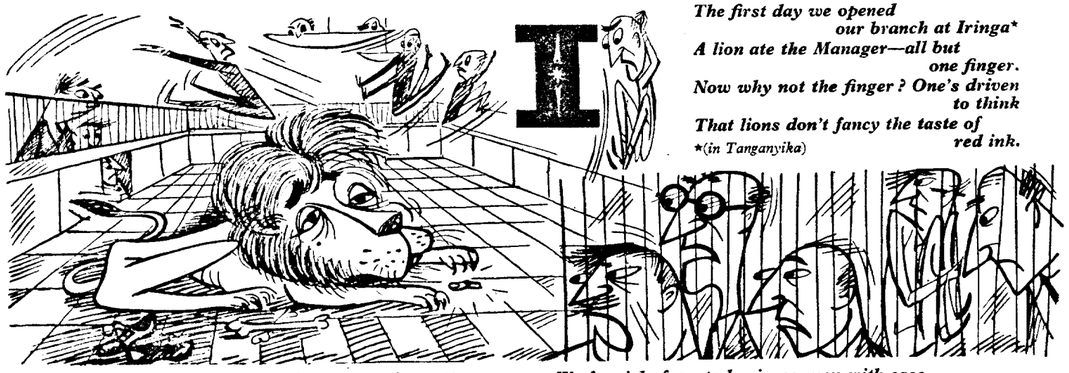
So, boys at your prep schools
and girls in you. teens,
Be grateful to Ghana,
who grew you the beans.



H stands for Ho, and Ho-hoe, too,
Which may sound funny names to you,
But Ghana finds them much less queer
Than names like Little Snoring here.



The first day we opened
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A lion ate the Manager—all but
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THE BUSINESS WORLD

Diversification: the Case of Courtaulds

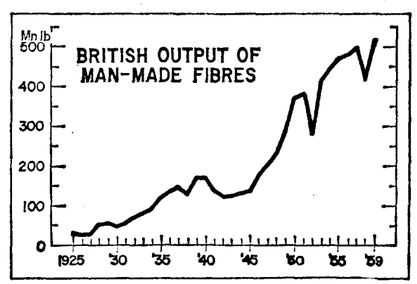
"MOST firms in the real world produce many products, frequently add more, and are successful. In the mature industrial economy the diversified firm seems to have replaced the specialised firm of the 19th century," writes a contributor to this month's District Bank Review.* *Certainly diversification is nothing new in business, but in the last few years it seems to have become even more fashionable as a deliberate policy—demonstrating many of the strengths, some of the weaknesses, and above all the desire for self-perpetuation of big business in a changing industrial structure where the profitability of going on doing what you're doing does not stand still.*

One big British company now venturing upon a deliberate policy of large-scale diversification is Courtaulds. Rayon was one of the outstanding, science-based growth industries of the inter-war period; more recently its sales have not kept pace with the growing spending power of the mass consumer. New man-made fibres appeared to compete; Courtaulds went into them, and is still developing fresh fibres. It could increase its share of total business—until 1957, when by buying British Celanese it became virtually the whole British rayon industry. But textiles—even man-made ones—no longer seemed to offer growth in the style to which this group, technically and managerially, had become accustomed. So Courtaulds has now started to live more adventurously.

SHAREHOLDERS of Courtaulds Limited have always had to be patient fellows. In this company's version of stewardship, rewards to the owners of the business have never ranked high, though the company could well afford to be more generous. Instead, it has chosen to keep a large cash surplus and run a gilt-edged fund on the side. Moreover, in recent years the textile industry as a whole has had a rough passage, and rayon, the maid of all work, has suffered like cotton and wool. Recession cut Courtaulds' gross profit before tax to less than £14 million in 1957-58 and 1958-59 (the year ends in March), from an average of over £18 million in the previous four (it has now recovered to £21 million). The 1958-59 dividend for the ordinary stockholders, though raised from 8 to 9¾ per cent (twice covered by earnings), indeed represented a return on the net tangible assets of only 2½ per cent.

Lean years for shareholders, however, left the company with fat reserves—and no problems, once it took the plunge, in finding the money to buy its way in elsewhere. A big adventitious jump in liquidity had followed the forced sale of almost its entire stake in the giant American Viscose Corporation in 1941. After the war Courtaulds expanded old plants and built several new ones (returning to the United States as a producer in 1952); yet its resources have remained far in excess of needs. And with net tangible assets valued at over £130 million, the directors had little fear of being disturbed by a take-over bid.

Its purchase of British Celanese in 1957—for a price that many thought dear—ante-dated the change. That was a defensive move: overnight, the dominant producer of rayon became a monopolist, seeking by rationalisation to win a more profitable share of a protected home market that no longer offered prospects of rapid growth. Ever since the postwar boom was briefly punctured by the 1952-53 recession, when for the first time Courtaulds had to close a factory, the directors had discussed the merits of spreading the company's interests. But it was not until the bottom suddenly seemed to fall out of the rayon market in 1957-58 that the diversifiers triumphed over the conservatives and the new policy was launched.



UNLIKE some textile firms, Courtaulds did not move into strange fields like brick-making and cake-shops. It has carefully shopped around for companies operating in related, but more rapidly growing markets: paint and packaging in particular. The basic research and raw materials of paint manufacture have something in common with man-made fibres—though the markets are different—and Courtaulds has long

* "Is Industrial Diversification Desirable?" by Dr Lloyd Amey, University of Nottingham, *District Bank Review*, June, 1960.

had a big stake in packaging through British Cellophane. Group Developments Ltd. was formed early in 1958, and within a year it bought four small companies in paint and packaging for a total cost of £2¾ million.

Plainly redeployment, if worth doing at all, had to be on a bigger scale. So last December Group Developments concluded a royalty agreement with Glidden International, the subsidiary of a leading American paint manufacturer, which gave it exclusive use of the company's know-how and formulations in Britain. A month later Courtaulds bought for £9.3 million Pinchin Johnson and Associates, the biggest paint makers in Britain after ICI, with large interests in the Commonwealth. Since then Courtaulds has strengthened its textile interests in a small way. It swallowed Harbens, a small rayon firm (later selling the firm's yarn processing facilities to a company that does not make a directly competitive product); and took a step in forward integration (more of a novelty for Courtaulds than for Celanese) by buying Gossard, the corset and garment makers, for £2,362,000. And Courtaulds' experience in making rayon pulp has led to the formation, jointly with the Colonial Development Corporation, of a £10 million company to manufacture in Swaziland unbleached sulphate pulp for the paper and board industries.

At the same time the company started to make fuller use of its technical and engineering resources. Courtaulds designs and builds its own plants, and after obtaining a £4 million contract from Russia for a plant to make cellulose acetate yarn, it set up Prinex Ltd to export complete plants of any type within the general field of the process industries. Since then Prinex has obtained three more orders from Russia, worth about £15 million in all. Courtaulds Technical Services was formed to offer a "package" consulting service outside the group. The design and supervision of the construction of a research laboratory for Pilkington Brothers, the glass makers, and a school of chemistry for Bristol University, each costing over £1 milion, are two of its recent contracts.

WILL the board now digest what it has or quickly add to its responsibilities? The policy is "to make further acquisitions from time to time but only when reasonable opportunities occur and when a careful evaluation indicates that some part of the group's resources could be profitably employed. . . ." There has certainly been no hint—and no historical reason to suppose—that this board would consider setting aside for development only a certain proportion of its surplus cash, and returning the rest to shareholders.

Meanwhile, the merger with British Celanese has begun to pay off. Production and marketing have been reorganised. Celanese, which pioneered acetate rayon (as Courtaulds pioneered the commercial development of viscose rayon), was made responsible for the acetate production of the whole group, and extended its interests in plastics and chemicals, which are sold outside as well as inside the group; the capacity of its petro-chemicals plant at Spondon has been increased by 40 per cent. One measure of the gain in efficiency is that profit margins on acetate yarn and staple went up in 1958-59, though output fell slightly and prices of certain materials, particularly acetate chemicals, were reduced.

Courtaulds naturally kept in its own hands the production of viscose rayon, which Celanese did not make, and which probably accounts for over four-fifths of the group's fibre output. The fabric production of both companies was concentrated and 2,000 looms were scrapped, most of them too soon to qualify for compensation under the Government's reorganisation scheme. A new marketing division was created for the whole group, with the aim of shortening the time between successful research and sales of new products. Direct contact with users and direct advertising to the public on a large scale was something new to Courtaulds—one example of the wind of change now blowing through St. Martin's-le-Grand.

Since March last year Courtaulds has been able to show what happens to profits when a highly capitalised industry works to full capacity. Production has recovered sharply, reflecting the high level of consumption at home and the improvements in exports, but especially the rebuilding of trade stocks. Even now the published figures of British output of man-made fibres do not distinguish between rayon and other yarns, but they help to explain the revival in the group's fortunes—when it is borne in mind that Courtaulds produces about three-quarters of the total, that it makes most of the rayon—acetate and viscose—which in turn accounts for perhaps four-fifths of the output of all man-made fibres. Total output rose sharply to 547 million lb. in the year ending last March, 26 per cent more than in 1958-59, and in March alone output set a new record of 54½ million lb., bringing a final flourish to Courtaulds' year. The preliminary figures published on Thursday show gross profits before tax of £21 million for the whole year, compared with £13½ million for 1958-59, and they exclude the profit from Pinchin Johnson. With a final dividend raised from 1s. 4d. to 1s. 6d., the total distribution is 2s. 6d., against 1s. 11.2d. last year. The proposed one-for-three scrip issue may imply a further increase in the distribution. Certainly the directors do not expect the current year's results to "differ materially" from those for 1959-60. After the announcement the £1 shares rose by 2s. to 70s. 1½d., and now yield 3½ per cent.

Rayon is now middle-aged. Consumption can still grow, but it will not necessarily grow steadily, and gains will have

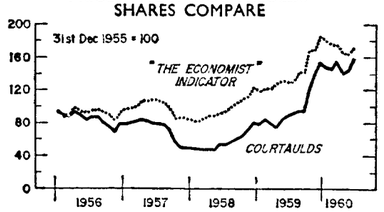
PROFITS, ASSETS AND RETURNS

(£000's)

Year ending Mar. 31	1956	1957	1958	1959	1960
Trading profit	20,239	17,848	17,647	17,492	—
Other income	1,926	2,141	2,696	2,832	—
Total income	22,165	19,989	20,343	20,324	—
Depreciation	3,768	4,472	5,932	6,285	—
Taxation	7,752	6,668	6,980	6,248	—
Net income	10,026	8,063	6,271	7,291	11,867
Retained earnings	6,260	5,134	3,286	2,989	6,497
Ordinary dividend	2,765	2,772	2,453	3,108	4,126
Ordinary earnings	35·4	28·3	18·7	19·0	32·2
Ordinary dividend	10·0	10·0	8·0	9½	12·5

	1956	1957	1958	1959
Net fixed assets	73,438	88,099	107,229	110,604
Government securities	15,100	12,432	18,396	19,151
Total liquid assets	24,625	18,299	27,109	28,451
Future tax reserves	10,363	9,791	19,826	20,358
Reserves	62,199	67,235	69,314	72,807
Ordinary capital	48,079	48,205	53,338	53,504
Preference capital	8,000	8,000	17,512	17,512
Debentures and loans	...	2,000	4,856	5,003
Gross profit/net assets	27·6	20·3	16·5	15·8
Net profit/net assets	13·6	9·2	5·9	6·6

PRICES—HOW COURTAULDS' SHARES COMPARE



to be fought for against stiffer competition from the natural and new synthetic fibres. As rayon replaced cotton in tyre fabrics so rayon is being challenged by other materials, of which steel cords may prove a more dangerous rival than nylon (this explains Courtaulds' interest in a company making steel cords). While cotton's revival has hurt rayon in dresses—and to a smaller extent in furnishing fabrics—rayon should fare better now that fashion seems to be in a "silk" phase. When rayon lost out to nylon in stockings and lingerie, it took over the lining market (at cotton's expense), and has captured virtually new markets in tufted carpets, cheap suits and as acetate tow) in filter-tipped cigarettes. New developments that impart shrink-resistance and greater strength to viscose staple fibre when wet offer broad opportunities for rayon in sheets, pillowcases and towels, and could help it recover ground in shirts, dresses and skirts.

Courtaulds' textile interests go beyond rayon. It has a half-share in nylon, the biggest of the synthetics by volume, through its joint ownership of British Nylon Spinners with Imperial Chemical Industries. And it now has its own "wool-like" acrylic fibre, Courtelle, which is selling so well that plant capacity is being raised from 12 million to 22 million lb. a year and may well be raised further. Since the merger nothing more has been heard about the production of nylon 6 by Celanese under licence from BNS, but if Courtaulds decided against production because it would be competing against itself (as half-owner of BNS) it may change its mind now that British Enka, the subsidiary of the huge Dutch firm AKU, has decided to make nylon 6. If its half-interest in nylon is included, Courtaulds' share of total British output of man-made fibres goes up to about four-fifths.

It will be some years before Courtaulds' dependence on textiles is appreciably diminished. Of the gross profit of £13½ million in the recession year 1958-59, British Cellophane, the major packaging interest, contributed £2.8 million, or just over one-fifth. Nearly all the rest came from textiles—Courtaulds itself plus its widespread overseas interests, British Celanese and the dividends from British Nylon Spinners—with interest on Government securities providing about 5 per cent.

Profits from Pinchin Johnson and other new acquisitions can hardly make much difference to this picture for some time. Even in 1958-59 Courtaulds' gross profit was nearly eight times larger than the £1.7 million made by Pinchin Johnson (both years end in March). Assuming that the paint company does at least as well in 1959-60 the money Courtaulds spent on buying it will bring a better return than it did from Government securities: in 1958-59 Courtaulds' profits before tax but after depreciation showed a return of 9.4 per cent on the net assets, whereas Pinchin Johnson's yielded 17½ per cent (though if PJ is valued at the price Courtaulds paid, its profits yielded 9.9 per cent). But the improvement in group earnings attributable to Pinchin Johnson will be far short of spectacular.

By moving into related fields Courtaulds is diminishing the risks of diversification. But it has to prove that it can guide the new companies along the right lines, and it must guard against the temptation to foster its new loves at the expense of the old. It can be argued, for instance, that Courtaulds has not yet exploited rayon's market in the wool textile industry to the full.

Courtaulds' liquid resources stood at £28½ million at the end of March last year; since then it has spent about £12.4 million on buying Pinchin Johnson and other companies. The money is there for further ventures—perhaps a bigger stake in packaging—but opportunities can hardly be rushed. Courtaulds' stock now looks a more promising long-term investment; whether the board can turn promise into reality remains to be seen.

How Many Shops?

BY A CORRESPONDENT

GONE are the days when an aspiring entrepreneur or someone simply out of work could turn his parlour into a shop, possibly knocking down the front wall to form a display window and entrance, and garnishing the result with a hotch-potch of manufacturers' display material all over the outside. These shops remain in the side streets of big cities, though part of their *raison d'être*, the risk or the fact of unemployment, no longer prevails. But in the new towns and new estates, "corner shops" are few and far between; planning permission is required for all new building, alterations or even changes of use, and council tenants are allowed to use their houses only for living in.

Responsibility for deciding how many shops there shall be—and where—has thus been shifted from the forces of the market to the shoulders of planning authorities. The debate on "Are there too many shops?" has given way to the debate on "How many shops should we have?" To this question, as to the related ones of where, how big, and in groups of how many, different people have given different answers. The committee on new towns said in 1946 that "the number of shops in old towns is as high as one to 40-50 persons, while in the newer housing estates it varies between one shop to 150 and one to 325 persons"; it came down in favour of one to 100-150. The authors of the Southampton survey of 1953 regarded this as far too few; but their reference to "the consumers' insistence on using dispersed shops" has read strangely ever since the end of rationing and the swing to the high street in the following year. The average actual figure for Britain (excluding service trades) is about one shop for every 85 persons; the number of shops fell by 6,000 or one per cent between 1950 and 1957.

Uncertainty over what would be the ideal figure is not surprising; the problem is a complex one. If there is an optimum size of shop, measured in terms of the population served, it will certainly differ for different trades. If economies of scale extend over any considerable range, a choice has to be made between low shopkeeping costs and a short journey for the customer; if competitive prices can be expected only

when shops of the same trade are present in the same shopping centre, then in order to achieve them the customer's journey, for any given level of shopkeeping costs, will have to be twice or three times as long as if one of any given kind is acceptable. Definite answers to such questions could be given only if (unknown) value preferences could be fed into an (undiscovered) calculus which county planning offices in any case would not know how to use.

In practice the issues are decided "on the merits of the case," with the aid of some rules of thumb developed from common sense or prejudice, partly based on what has happened already and subject to some crude market tests. In the new towns, with populations rising to 100,000, the planners have decided on a three-tier structure with one "central area" shopping centre, several large "neighbourhood" centres and many more "local" ones. Single shops have been allowed, but they have tended to drop out as customers have become more mobile and the break-even point for any given kind of shop has risen. In the case of large new estates there is a two-tier structure—one main centre with 12-30 shops, and subsidiary groups of four or six each.

QUITE apart from their number and position, shops on new estates present some pretty problems. First there is the question of timing; undue delay in opening them is hard on the early inhabitants who have to make long journeys or rely on travelling shops, but retailers do not wish to take up their stand before most of the customers are there. But the large delays which occurred in earlier postwar days are not repeated now, and often retailers come in on a lower rental until the estate is completed.

Then comes the question of design. "In the building of new shops we recommend that consideration be given by planners, builders and architects to the views and needs of experienced traders. The shops should be built to house specific trades." So said the Anglo-American Productivity Council team in 1952, and it has taken all of eight years for its words to sink in. A row of uniform boxes, which to the confectioner spells wide open spaces and to the grocer a short cut to claustrophobia, has been the rule. Only now is a mixture of sizes becoming common, varying in depth as well as in width, and allowing, as a result of consultation with the prospective occupants, for appropriate unloading, handling and storage facilities.

Retailers and local authorities are united on the desirability of rear access for goods, as well as on that of parking space. But there is no accepted doctrine on who should be responsible for providing parking space. The practice of requiring commercial occupiers to provide space on their own properties is growing. Surrey requires space for one car for every 500 sq. ft. of retail selling space, Buckinghamshire one for every 375 sq. ft., and Hertfordshire one for every 400 sq. ft. This is only about one-tenth of what American supermarkets provide; but retailers, in maintaining that parking space ought to be provided out of the general rate fund, are on firm ground at least in pointing to the impracticability of hosts of small car parks.

They are less enlightened in their insistence that the best shop location must face a roar of through traffic; in their despondence about the effects of by-pass routes on old high streets; and in their reluctance to front upon pedestrian ways. Certainly planners might sometimes site their new centres more effectively within sight and walking distance of main roads rather than bury them in some "precinct"; but no one who has wandered down Rotterdam's Lijnbaan—or visited Stevenage—could still hold that prosperity for the shopkeeper is inseparable from diesel fumes and the screech of brakes. Is it not Venice, with its absolute insistence on the separation of vehicular and pedestrian traffic, that represents the city of the future and points the way to pleasant shopping?

WHAT decides who shall occupy the shops when they are built? In the earlier postwar days, when bricks could ill be spared from housing, such shops as were built on new estates had unusually high monopoly values; ideas of "proper" rents were still based on prewar values, and the price mechanism was in disfavour. In the resulting disequilibrium of supply and demand, shops were allocated according to who put up the most convincing case or, it sometimes seemed, according to who stood the right people the right drinks. Whatever the political colour of the council, the Co-operative movement could always make a strong case based on the number of its members on a housing estate, and the need of the retired local footballer was also hard to resist. An attempt by the London County Council to allocate by fixed ratios between the different organisational types was resisted on principle by the multiples.

Nowadays, often through a development company, tenants are charged what the market will bear; often, as empty shells on new estates testify, perhaps a little more. The interested retailer can find out which shops are already taken up and by whom before he makes his decision; thus the "mix" of trades is determined by commercial calculation free of the hazards that would attend any rigid "highest bidders" procedure, or of the distortions that might accompany purely administrative decisions. The disadvantage of a system in which rents are fixed and advertised, and no over-bidding is possible, lies in the fact that for a centre that would support, say, one chemist but not two, or two supermarkets but not three, a premium attaches to "getting in first" through the careful nurturing of contacts. The American situation, where the well-known company or the department store branch, which acts as a draw to others, gets lower rents per square foot, is not yet practised here, or at any rate it is not acknowledged; nor does the landlord or developer agree, as in the United States, to accept a lower fixed rent in exchange for a percentage of the takings.

Administratively, the pattern for the future seems to be settling down into a satisfactory partnership between public control and private enterprise, with now one, now the other, taking the initiative, and the public authority properly having the final say. Both parties suffer from the lack of adequate research into shopping patterns or retail economics, and their likely future trends. Using guesswork in the absence of such research, however, one might suggest, first, that far more thoroughgoing action than is at present contemplated to save the town-centre shopping areas will be the cheapest policy in the long run; and secondly, that fewer but larger suburban shopping centres will be the most profitable as well as the most satisfactory to the de-proletarianised consumer of the sixties and seventies.

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Summarised Consolidated Balance Sheet as at 31st December, 1959

	£
Paid up Capital & Surplus	622,131
Reserve for Future Tax	48,618
	670,749
Deferred Finance Charges	407,475
	1,078,224
Deposits	1,386,217
Bank & Acceptance Credits	1,543,439
Other Liabilities	137,431
	£4,145,311

	£
Fixed Assets	35,107
Freehold and Leasehold Property at book value	9,675
	44,782
Subsidiary (Cost of Control)	97,322
	142,104
Cash & Treasury Bills	211,077
Hire Purchase Agreements less reserves	3,630,898
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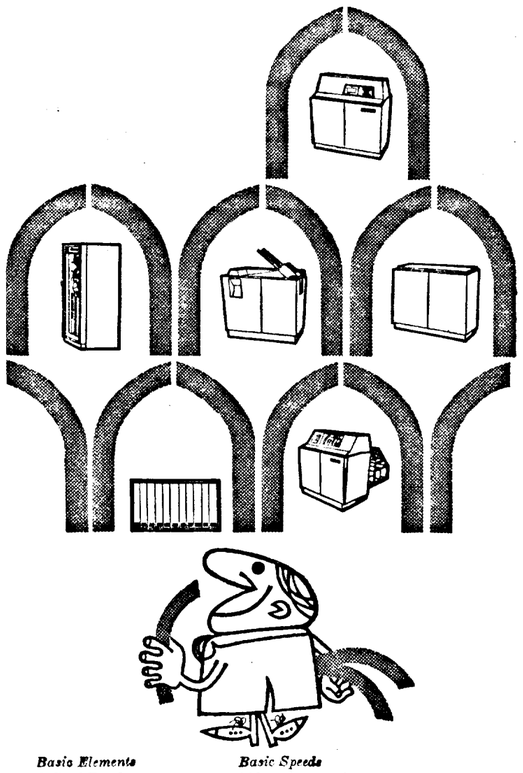

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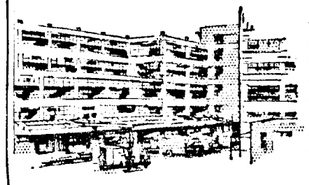

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BUSINESS NOTES

THE ECONOMY

A Turn in Prices?

LATE last month 40 per cent of the industrialists who reported to the Federation of British Industries in its four-monthly inquiry into business conditions and confidence still said that their level of output was below full capacity, though many had less unused capacity than in February (when 45 per cent were still reporting some slack in operations). Only 16 per cent of them, when asked whether they expected any factor to limit their output during the next four months, mentioned plant capacity; shortage of skilled labour was the factor most generally expected to act as a brake on output. Britain's businessmen, as sampled in the 714 companies answering these inquiries, still feel more optimistic about the general business situation than they did four months ago; but the proportion recording increased optimism is smaller than in February, and there is still a preponderance answering "Same" (which probably includes a proportion of "Don't knows").

Two of the replies recorded in this latest sampling seem particularly significant. Practically as many firms are now recording a fall in weekly hours worked per operative as are recording an increase. Although this may denote the effect of the cut in standard working hours per week in engineering—which in some firms has meant an actual cut in working time—it suggests that there is little more output to be had by pushing up overtime further. Secondly, for the first time since these inquiries began just over two years ago the majority of the businessmen recording changes in price are reporting that their prices are up. From a group which steadily, during the tail-end of inflation and the period of price stability, had reported that their own prices at least have fallen, this reversal sounds particularly convincing; it suggests that increases in wages, particularly in engineering, are now being passed on at home as well as abroad. One may hope that the increases now being reported have as little reflection in general price indices as the falls that were reported before seemed to have: but none too confidently.

AS BUSINESSMEN SEE IT

	Percentage majority reporting "Up" (+) or "Down" (−) in four months to: June, 1959	Oct., 1959	Feb., 1960	June, 1960
Hours worked	+14	+25	+18	+ 1
Employment	+ 9	+25	+28	+28
Output	+34	+45	+45	+45
New orders	+37	+37	+46	+35
Export orders	+ 8	+ 9	+18	+16
Export deliveries	+ 8	+13	+15	+17
Length of order books	+12	+26	+31	+27
Stocks:—				
Materials	− 4	+ 4	+15	+21
Work in progress	+17	+26	+29	+31
Finished goods	+ 1	−12	− 4	+ 2
Investment expected:				
Buildings	−14	−11	+ 6	+ 1
Plant	Nil	+10	+26	+16
Per cent working to capacity	*38*	*50*	*53*	*58*

Orders Still Rising

FROM the indications of this FBI survey, industry's delivery periods would appear to be extending. Far more firms are reporting increases in the rate of new ordering than decreases; the length of order books is growing; many are obtaining more new export orders, though not as many as are doing better at home; and orders for capital equipment, equally, would appear to be growing at a very healthy pace. Work in progress is increasing, though not necessarily from the signs of this survey as much as output in general; stocks of raw materials are still rising; but roughly as many are reporting decreases in the stocks of finished goods as are reporting increases. Once again these businessmen told the FBI that they expected to authorise more capital expenditure in the next four months than in the last four; but this tendency towards increased investment is not as strong as in February.

The level of activity remains uneven: in the vehicle industries and in chemicals plants are operating close to capacity, but in some other sectors, such as the food processing industries, things are still slack.

All in all, the impression given by this eighth inquiry is somewhat in line with that given by an experienced steel merchant this week, looking at his wide range of metal-using customers: "People are generally busy all round, but it's not a boom in the sense that we've had them twice or three times since the war." Many firms are extremely short of skilled labour—and are sending recruiting teams around the country, advertising for interviews with likely staff in local hotels—nor is even workaday labour, for example stokers for coal-fired heating equipment, easy to find. Machine capacity is hardly setting any limits to output at all generally; human capacity is.

EXCHANGE MARKETS

Sterling, Mark and Dollar

THE first effects of the two opposite movements in world money rates on Thursday of last week were favourable to sterling. The reduction from 4 to 3½ per cent in discount rates at two Federal Reserve Banks, discussed on page 1096, brought the rate on United States Treasury bills down to 2¾ per cent, more than 1¼ per cent below London. At the same time, the increase in the German Bank rate from 4 to 5 per cent was accompanied by new measures to deter an inflow of foreign money. German banks are again forbidden to pay interest on foreign deposits (they also have to keep a specially high ratio of minimum reserves with the central bank in respect of such deposits); and the Bundesbank has forbidden the sale of money market paper to non-residents. These stipulations led to some withdrawals of foreign deposits from Frankfurt at the end of last week, and most of these interest-sensitive funds were naturally switched to London rather than New York. A commercial demand for sterling in New York also helped to lift the sterling rate. After the Whitsun holiday sterling weakened a little on selling from Paris, though the spot rate kept just above the parity of $2.80. The rate against the mark was near its lower limit, but this results directly from the fact that the mark is hard against its upper limit on the dollar, at 4.17.

It should not be difficult to deter genuine short-term investment of foreign funds in Germany, simply because there is no organised money market there. But tighter credit will increase the pressure on German banks to borrow abroad, and to continue to repatriate their own funds from foreign money markets. These foreign balances have declined by about 1 billion marks from their peak of 4 billion marks last autumn, and there appears to be scope for further appreciable liquidations. Such liquidations pose a threat not only to the reserves of the country from which the funds are withdrawn but also to the domestic credit policy of the Bundesbank, which in buying the foreign exchange from the German banks increases their liquidity.

Exchange Margins Again

SOME gossip has therefore spread outward from certain foreign dealers in Germany that the Bundesbank may decide to widen its dealing margins, in the hope that an appreciation in the mark against foreign currencies would immediately deter banks from repatriating foreign balances at an exchange loss. After the experience of 1957,

any talk about revaluation or widening of dealing margins is apt to be viewed with trepidation in London. In practice, while there have been a few signs of speculative motives in transfers or retentions of foreign money in Germany, the exchange markets have been comparatively undisturbed by this talk—which is a sign that they do not take it seriously.

It may be pointed out that there are likely to be at least two significant differences from 1957. In the first place, the British Treasury and the Bank of England this time, one imagines, will themselves put the arguments in favour of a status quo (that even a shift which may be desirable in itself may be dangerous because it brings in question the stability of exchange rates as a whole), rather than arguing for a change and thus intensifying speculation. Secondly, and no less important, this year it is in Germany that the economy is bursting at the seams. The Government, the central bank and industrialists in Germany are in grave fear that trade unions will take advantage of over-full employment to secure "excessive" wage increases. Since the German authorities refused to court a rise in export prices through exchange appreciation in 1957, when inflationary pressures were not yet in sight, it would be surprising indeed if they changed their minds now.

STEEL

More Than Ever

Now that fuller results are in for the census of steel stocks taken at the end of March, more reliable estimates of the actual consumption of steel at the beginning of this year can be made: they suggest that in the first quarter Britain used some 3,800,000 tons of finished steel products, more than ever before. The previous peak in consumption appears to have come (allowing for seasonal influences) in the first quarter of 1959; in the first quarter of this year the economy was using 5 per cent more steel than at that time.

During the quarter consumers' stocks rose for the first time in two years—by about 172,000, or 5½ per cent. This represented a rise of 7.2 per cent in the stocks held by private industrial customers, partly offset by a continued decline in steel stocks in the public sector. But if the estimates of actual consumption can be relied upon, even this increase in steel stocks still represented a decline in terms of the number of weeks' consumption in stock—from 11.7 to 11.2 weeks. Consumers are still managing on shorter commons for steel, in terms of their much higher current output, than during earlier periods of peak engineering output.

It is not easy to link up the rise in apparent consumption of steel with output in the metal-using industries; after being much lower than might have been expected during the last half of 1959 consumption appears to have swung upward more than would have been expected during this first quarter of 1960. The Iron and Steel Board reckons that one of the reasons for the difference could be the expansion of the amount of work in progress in the engineering industries; a more rapid recent build-up of work in industries making more complex equipment with a longer production period, such as machine tools and heavy plant, could feasibly be contributing to this effect.

STEEL CONSUMPTION AND STOCKS
(thousand tons of finished steel)

	Actual	Seasonally corrected	Per cent change over previous year	Consumers stocks (end of quarter)
1957 :—				
1st qtr..	3,492	3,370	− 2·9	3,980
2nd ,, .	3,427	3,330	− 3·2	4,000
3rd ,, .	3,153	3,470	+ 3·6	4,000
4th ,, .	3,554	3,460	+ 4·8	4,120
Total	13,626			
1958 :—				
1st qtr..	3,524	3,400	+ 0·9	4,220
2nd ,, .	3,395	3,300	− 0·9	4,130
3rd ,, .	2,924	3,220	− 7·2	3,880
4th ,, .	3,080	3,000	−13·3	3,570
Total	12,923			
1959 :—				
1st qtr..	3,123	3,010	−11·5	3,410
2nd ,, .	3,375	3,280	− 0·6	3,240
3rd ,, .	2,983	3,280	+ 1·9	3,115
4th ,, .	3,462	3,370	+12·3	3,110
Total	12,943			
1960 :—				
1st qtr.*	3,799	3,660	+21·6	3,280

* Provisional.

SKYBOLT

Mixed Feelings

For every expert who approves Mr Watkinson's choice of the Skybolt missile for Britain's air defence in the 1960s, there is another who does not. No one doubts that the rocket can be built, but opinion is divided—sharply and irreconcilably—on whether the parent aircraft can be navigated with the accuracy required to release Skybolt at whatever pre-determined point is necessary for it to arrive anywhere near its pre-determined target. These misgivings are shared by both the men who build the bombers and the men who fly them—and are by no means confined to this side of the Atlantic.

What is plain, however, is that Mr Watkinson has hit on a neat solution for the most pressing difficulty facing the British aircraft industry—lack of work. The cancellation of Blue Streak, combined with the normal running down of orders for "ordinary" V-bombers, would have brought military aircraft production to a very low ebb within a year or so. Had Mr Watkinson chosen to replace Blue Streak by a rocket that could put to sea, like Polaris, or one that could travel by rail, like Minuteman, he would have left the aircraft industry beached like a stranded whale. By choosing a rocket that has to be carried on an aeroplane, Mr Watkinson has floated the whale off the beach again. Skybolt implies both additional orders for V-bombers and eventual orders for a V-bomber replacement. It is wholly ingenuous to pretend that the few V-bombers still to be delivered (most of Bomber Command consists of obsolescent Valiants) will be adequate to carry Skybolt in the second half of the 1960s. The V-bombers were designed in 1946; by the time Skybolt is ready for delivery in 1964-65, they will therefore be nearly 20 years old in conception, and those that are in service will be growing structurally weak.

The kind of aircraft likely to be ordered could be a disguised version of the supersonic airliner that Mr Sandys has a yen to build, or it might, since a Skybolt carrier has no need for speed, merely be a modified civil airliner of the VC 10 class.

The cost of this—say, £2 million for each aircraft and three times this sum if it is supersonic—must be added to whatever price Mr Watkinson has contracted to pay for Skybolt before deciding whether the Minister of Defence has bought a bargain or a pig in a poke. But Mr Watkinson does not know himself what this cost is likely to be. Skybolt is an assembly of bits and pieces of other rockets, including the engine of one and the guidance system of another, and it is hoped that for this reason its cost of development will be low. But no one will have any idea of the amount of work that will be needed or the price of constructing Skybolt for another year. The Minister has not signed a firm order for a specific number of missiles; how could he, when it is still not clear whether the weapon will ever go into production? He has left behind a minute of intent which gives his scientist entrée to the drawing offices where the preliminary work on Skybolt is being done. And he has brought back with him a major problem for Bomber Command which relies at present on protecting its deterrent force from surprise attack by remarkable speed in getting its bombers off the ground. Encumbered with Skybolt, they may not get off the ground as quickly as they do now; and the cost of an alternative, the "airborne alert" as practised in the United States, would be prohibitive. It costs £300 an hour, or £7,200 a day, to keep one single jet airliner in the air; to keep even 20 bombers permanently in the air would cost the RAF about £1 million a week. Should this figure, too, be added to the bill for Skybolt?

IN THE MARKETS

Bumping Along

Not surprisingly, in view of the growing expectation that Bank rate will be raised before the summer is out, gilt-edged prices have continued to weaken. The possibility that credit will become dearer has probably been more of a depressing factor in this market than the small amount of further selling by the banks in advance of the closing date for the call for special deposits. The equity market, especially when the general level of yields is still comparatively low, cannot escape from the repercussions of tighter money. This restraining influence has prevented equity prices from moving ahead rapidly, despite the continuation of encouraging reports of higher profits and dividends.

The Economist indicator put on 5.5 to 361.8 in the week to Wednesday. Equity prices have been bumping along at a level about midway between this year's high and low points. This should surprise no one; a balance had to be struck between the possibility of greater credit restraint and higher interest rates and the prospect of higher earnings and dividends. The principal factor making for strength in the London market this week was the rise in prices on Wall Street, where easier credit policies prompted sufficient buying to send the Dow Jones average above 650, the highest point it has reached since the middle of January. The American flavour in the London market was seen in the strong advance of such international stocks as Philips Lamps and Unilever, whose earnings yields are big enough to attract American and Continental buyers but whose dividend yields can have little attraction for investors paying British tax.

COTTON TEXTILES

Lancashire's Good Times

This year the Lancashire textile industry "has it made." Production is high, order books are long and profit margins good. Most mills will be busy right up to the end of the year and probably well into 1961. Spinners are turning out about 15½ million lb of yarn a week, a little less than a year ago, when the recovery was well under way but before millions of spindles had been scrapped under the reorganisation scheme and thousands of workers discharged. For the same reasons cloth output, at about 38 million yards a week, is slightly lower than a year ago. The loss of machinery and labour has been almost offset by more intensive working. Ring spindles have recently been running for 55 hours a week, nine hours more than a year ago, and hours run by looms have increased from 52 to 59 hours a week. Put another way, this means that roughly one-fifth of the total spindles are now on shifts, and about 30 per cent of the looms. Contrary to most expectations the industry as a whole is short of labour, and while the unions have co-operated willingly in shift-working this cannot be introduced faster than extra workers are recruited.

In some ways it is unfortunate that the reorganisation schemes happened to coincide with a world-wide recovery in demand. Certain textiles, such as check fabrics, narrow drills cloths and fine cambrics are exceptionally hard to come by. Merchant converters, anticipating long deliveries from home mills, scoured the world for alternative sources and textiles are pouring in not only from traditional suppliers in Asia (which are limited by quota in the British market) but from Europe and farther afield—including, of all places, Jamaica. Imports from Spain have increased sharply, and Spanish and Dutch yarn is being offered to knitting firms here at prices which after payment of duty are well below domestic prices (the spinners have applied for an anti-dumping duty on Spanish yarn).

Meanwhile the finishing sections—the bleachers, dyers, and printers—are awaiting with some impatience and anxiety the publication of a scheme to eliminate their own surplus capacity. The special committee of the Cotton Board is now completing its proposals, which seem certain to be far more complicated than those for the spinners and weavers. It is hoped that a scheme can be approved by the Board of Trade and laid before Parliament in time to receive authority before the recess in July.

CDC AND IFC

Decision Needed

The report of the Colonial Development Corporation published on Thursday recorded an active and financially successful year in 1959, with a profit after charging interest on capital of £1,334,286, but pointed at the same time to the big uncertainties hanging over the corporation's future. The scope of its activities under present legislation is shrinking as fast as the colonial empire. While CDC is allowed to continue with projects started before countries become independent within the Commonwealth and may provide technical and advisory services, it is not allowed to commit any money for new projects—and it is primarily money that these countries want. Secondly, after undertaking a record number of new projects in 1959 and new commitments since the end of last year bringing the total to £115 million, CDC is coming close to the ceiling of £130 million that it may borrow from the Government at long-term. Until the Government decides to reorganise the capital of CDC on lines such as those laid down by the Sinclair report (which Whitehall has now been sitting on for considerably longer than the members of the committee took to deliver), CDC cannot hope to take advantage of its power to raise £20 million privately. The case for relieving the corporation of the deadweight of special losses incurred in its unhappy early years is very strong, as is the case for extending its sphere of operations to the whole Commonwealth. The formal objection that this involves commitment of Treasury money to independent countries no longer holds water. Treasury money goes to independent Commonwealth countries through other channels, and when it goes through CDC it usually carries some private money with it.

Meanwhile, CDC is seeking opportunities to work in co-operation with international agencies such as the World Bank, the International Finance Corporation and the proposed International Development Association. CDC hopes that in certain cases these organisations may find it convenient to link their funds with CDC's organisation and experience. CDC has already worked together with the World Bank at Kariba, and it has now announced its first venture with the International Finance Corporation. This is in a project to grow and mill sugar cane and produce refined sugar in Tanganyika for the home market. Together with two Dutch companies and local investors in Tanganyika, IFC and CDC are providing a total of some £3 million. This is subscribed in 7 per cent debentures, convertible income notes contingent on earnings, and, except in the case of IFC which gets an option on them, in ordinary shares.

OIL TERMINALS

Supertankers in the Mersey

The average size of oil tankers on order or under construction has grown rapidly in recent years: ships of 50,000 tons and more are now common, though most of those recently completed seem immediately to have been laid up for want of cargoes. But the desire for the considerable economies which these larger ships are expected to bring in the future has produced a need for new terminal facilities in Britain; only Finnart, on Loch Long, can now take 100,000-tonners. Esso and British Petroleum are developing Milford Haven, which can accommodate ships of up to 100,000 tons; Esso is building a refinery there, and BP is building a terminal to serve its Llandarcy refinery. Now Shell has completed a terminal at Tranmere, across the Mersey from Liverpool, capable of simultaneously unloading two tankers of 65,000 tons (and even larger ships on restricted draught), to supply its refinery at Stanlow, eleven miles up the river. Begun eighteen months ago, the Tranmere terminal was baptised this week, for the benefit of the press and sundry officials, with a part-cargo of Kuwait crude delivered by the 38,000-ton *Zenatia*,

Continued on page 1127



ONE peculiarity of the advice on Cunarder replacement tendered by the Chandos committee to the Government—at least as appears from the summary of the committee's report published in *Hansard* last week—has caused some discussion in the shipping industry itself. The committee was asked to consider how the British express passenger service across the North Atlantic could best be maintained so that the Government could decide how it might most reasonably meet its election commitment to assist Cunard in replacing the *Queens*. Instead it appears to have confined its detailed recommendations to the question of a replacement for the *Queen Mary* alone. It assumed that if by the time that a replacement for the *Queen Elizabeth* becomes necessary no major change has occurred in the need for the maintenance of a British express sea service across the north Atlantic and in its commercial prospects that the government would help in an "appropriate manner."

To tackle this problem in halves seems to involve drawing a fairly fine line. The two *Queens* are only four years apart in age, less time than the replacement for one will take to be built. At issue is Britain's stake in the world's most prestigious ocean passenger service: a weekly service, requiring two ships on each five-day run. This can only mean the replacement of both ships; and, if the two new liners are to be of the size that both the company and the committee have in mind, then an investment of £60 million, not £30 million, of public and Cunard's money may eventually be involved.

AS was noted in these columns last week, the published summary is also singularly lacking in any statement of the committee's view whether a liner service of the kind that it recommends to replace the *Queen Mary* is in the future likely to prove profitable. This year attractions such as the Olympic Games in Rome and the Oberammergau passion play have meant increased bookings for the north-Atlantic liner companies. But in the last ten years the number of trans-Atlantic travellers who chose to go by sea has increased only very slightly from year to year. In 1958 and 1959 the number of sea passages actually fell quite sharply, though it is fair to note that Cunard achieved a perceptible increase in its own share of the declining business. Meanwhile air travel across the north-Atlantic has grown fourfold since the early fifties.

The main question regarding traffic therefore, is how far the advent of cheap and fast jet air services across the Atlantic will deprive shipping, not only of any growth, but also of some of the custom it still attracts. The "cheapness" of air transport is only relative. If price were the sole criterion, clearly four or five days in a luxury liner would be better value for money than seven hours cooped up in an aircraft. But time and speed are the trump cards of the air line.

Already, however, one can see developing a habit of "going one way by sea," not only among businessmen and government officials (on "medical advice"), but also among American tourists. The executive, on an expense account, can afford the most luxurious accommodation and service; the tourist, the emigrant, and the student do not normally want it. From this division of the market have originated the various proposals of two American groups to provide cafeteria-cum-dormitory accommodation in monster liners—though these, as proposed, do not appear at all assured economic ventures.

A more viable answer could possibly be between these two extremes—the luxury liner and the floating snack bar. Cunard does not think so; after 120 years of experience in the north Atlantic passenger service the line believes that it knows all the answers. But the impact of air competition is now very severe, and Cunard, despite its belated interest in Eagle Airways, has lagged behind other shipowners in taking an active interest in civil aviation.

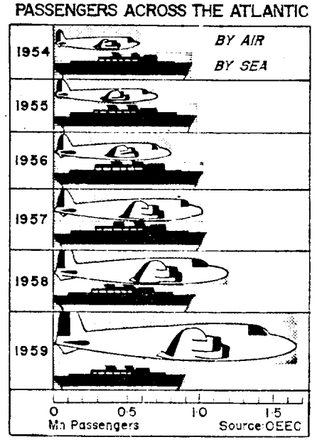
COMPETITION from the air has not, however, deterred Cunard's principal competitors on the north Atlantic from replacing their ageing ships. Their new liners are providing more space for tourist passengers and most have dispensed altogether with cabin, or the middle, class of accommodation. All these new liners are also receiving some form of subsidy. The United States government pays a subsidy to meet the difference between American and foreign shipbuilding costs, at present some 50 per cent of the total construction cost, and a differential operating subsidy on the same basis with certain concomitant regulations. The replacement for the *America*, which is soon due, will presumably get this help, as did the *United States*.

The French government pays shipbuilding subsidies similar to the American. But in any case the French Line is owned by the state, and the *France* received a direct subsidy amounting to about three-fifths of its building cost. Holland, being a low-cost shipbuilding country, does not pay direct building subsidies, but low interest loans are available for new ships.

Cunard itself is by no means unfamiliar with government aid. It first came into business in 1840, indeed, as the result of obtaining a mail contract. But in 1903, when it received help to build the *Lusitania* and *Mauretania*, it was the state of world relations then that moved the government to its decision. In the thirties, when the project for the two *Queens* was revived with the help of the government, it was the problem of unemployment that formed the basis for the loans from Whitehall.

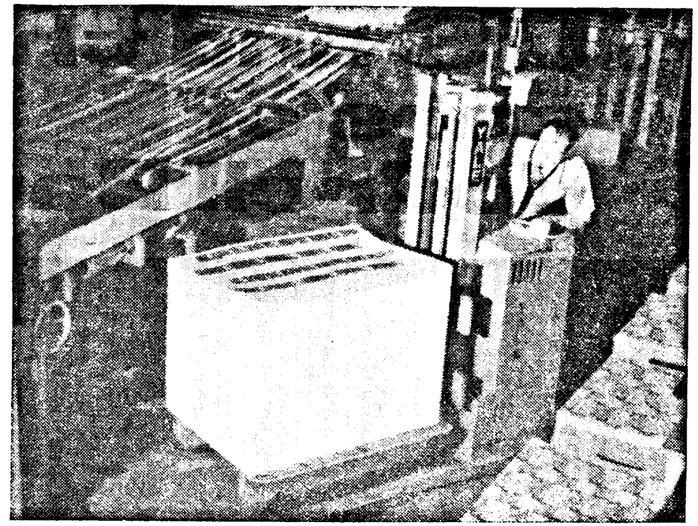
Today it is difficult to think of any comparable "external" motive for assisting this company to stay in a business in which its competitors, both air and sea, get the glad eye from governments; this is direct competition between nations for shipping prestige. The *Shipping World*'s description of the Chandos-approved government commitment this week as "house-flag discrimination" may well be representative of private opinion in the shipping industry. It is also being asked why the commitment to keep a transatlantic service in being should confine the government support to one favoured company. No other British shipping company has yet been offered any selective government assistance, though all lines meet similar problems of subsidised competition all round the world. Suggestions have come from other parts of the industry that two smaller and much less expensive liners, with more flexible opportunities of profitable employment all the year round, might be a more suitable and economic proposition for the next twenty-five years. P & O and Orient, it should be noted, are building two liners of about 45,000 tons gross, to carry as many passengers as the two *Queens*, at almost the same cruising speed, in any trade, for a total cost for the two of about £30 million, without any help at all.

PASSENGERS ACROSS THE ATLANTIC



WORLD YALE & TOWNE REPORT

REDUCE AISLE WIDTHS WITH YALE WAREHOUSER TRUCKS

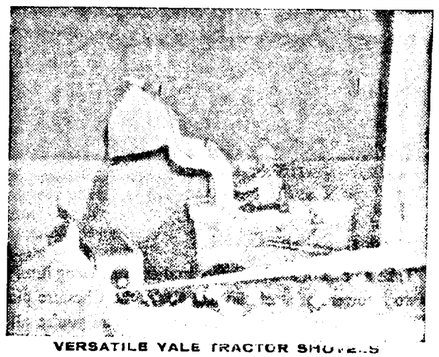


MAIDENHEAD, ENGLAND—This pleasant Thames-side town has thriving industry, too! Here a stand-up Yale Warehouser stacks pallets of carton blanks 13 feet high in a printing plant. You can reduce your aisle widths with Yale Warehousers and store more goods. These trucks manoeuvre easily and turn within their own radius. They lower the cycle time from load to load, and ease of maintenance makes them economical as well as efficient.



FUTURE TYRES MOVED QUICKLY, EASILY

WOLVERHAMPTON, ENGLAND – A top tyre-producing plant uses Yale fork lift trucks to carry palletised sheets of rubber which will eventually become the tyres for those sleek new British cars. Palletising loads saves time and money in every step of manufacturing, from raw materials to delivery of finished product.



VERSATILE YALE TRACTOR SHOVELS SET NEW PERFORMANCE STANDARDS

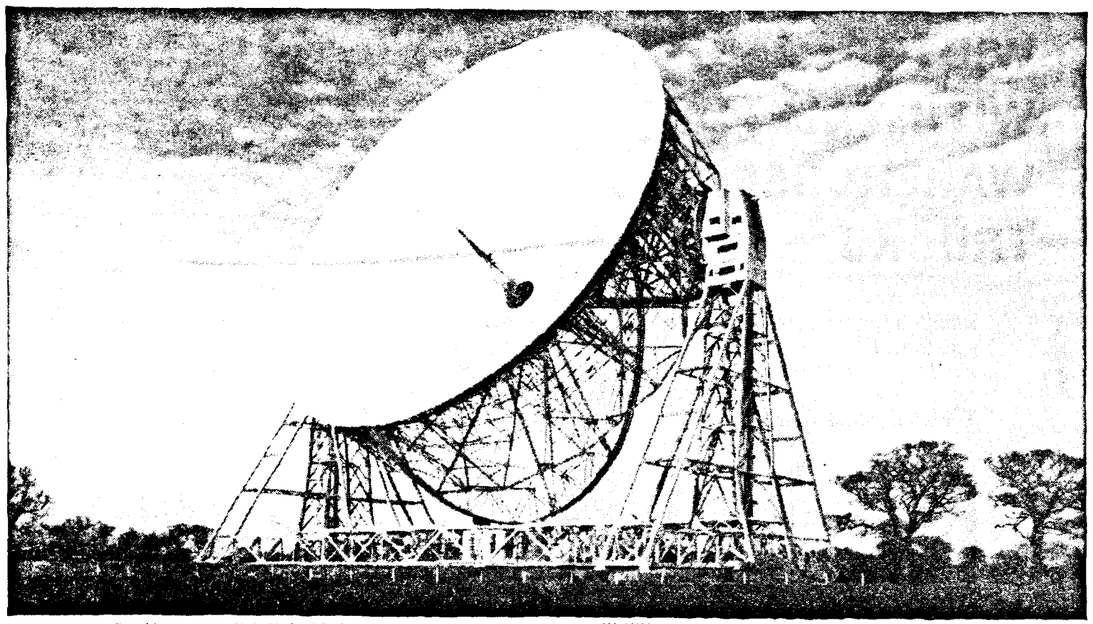
CAGUAS, PUERTO RICO – 2500 lbs. of raw sugar can go into the feeder in this sugar mill with every trip made by this Yale tractor shovel. With more power than competitive models, safety arms to protect the operator, rugged, simplified design and economy of operation, Yale tractor shovels give more efficiency – 25% more work per hour.

- **Yale makes the world's most complete line of petrol, LP-gas, electric, diesel and hand lift trucks.**
- **All Yale industrial lift trucks are uniformly high in quality, wherever manufactured.**
- **All Yale equipment available in currencies of the free world.**
- **For further information contact your Yale sales and service representative—located in principal cities of the world.**

The Yale & Towne Manufacturing Company, Wednesfield Staffs, England • Chrysler Building, New York, U.S.A.
Maufacturing Plants: Velbert Rhld., Germany • Phila., Pa., U.S.A.
Licensed Manufacturer: Fenwick—Saint-Ouen, Seine, France • Milan, Italy • Barcelona, Spain

YALE
INDUSTRIAL LIFT TRUCKS
TRACTOR SHOVELS
YALE & TOWNE

*US and the ears of Jodrell Bank



Consulting Engineers: H. C. Husband & Co.

Take a bowl of steel 250 feet in diameter. Hang it on lattice-work towers of steel 180 feet above the Cheshire plain. Do mysterious things with electronics. Then you're all set to track a satellite or a moon rocket, or catch the radio waves from outer space. At Jodrell Bank is a telescope with a difference—a telescope that hears, a bowl that listens.

US built all 2000 tons of the Jodrell Bank Radio Telescope. Fabricating, assembling, and erecting the framework and the bowl comprised just one of the many steel erection jobs that come so naturally to the United Steel Structural Company (a subsidiary of the United Steel Companies Limited). If you want some steel made and put up—a bridge, an office block, or even a radio telescope—get in touch with this specialist company. Remember, they're one of US.

THE UNITED STEEL COMPANIES LTD

*united steel structural company limited

SCUNTHORPE LINCOLNSHIRE

a subsidiary of The United Steel Companies Limited

US 157

Continued from page 1123

the largest tanker yet to discharge in the Mersey.

The new terminal could completely supply the requirements of the Stanlow refinery, which has a throughput of 5½ million tons a year; initially it will supplement the Stanlow and Queen Elizabeth II oil docks at Eastham, six miles away, both of which are limited to ships of 30,000 tons. Total cost of the project is £6 million, divided in an undisclosed proportion between Shell and the Mersey Docks and Harbour Board, which co-operated with the company in the design and construction of the terminal and will share in its operation; the board will receive royalties on each ton of oil unloaded.

Located beside the shipyard of Cammell Laird, the terminal consists of two floating stages, each 366 feet long, connected by a Y-shaped, reinforced concrete jetty to the shore. There are six 20,000-ton crude oil storage tanks, located on 32 acres of land reclaimed from the foreshore of the river; from these oil is sent through a 24-inch pipeline to Eastham, where it is pumped through existing lines to Stanlow. The tide in the Mersey often varies as much as thirty feet, and a large tanker may also rise as much as thirty feet while its cargo is being discharged; this has made necessary some ingenious engineering. The mooring points—six for each stage—consist of circular pontoons which slide up and down steel tubes five feet in diameter, as the tide changes. The largest of these steel tubes is 130 feet long, and weighs over 100 tons; they were produced by Mannesmann AG in Germany, and Shell states that they were not available in Britain when the terminal was being built.

PATENTS

Keeping up with Inventors

PATENT offices in all countries generally seem to suffer from a chronic shortage of staff; and the report from the Comptroller-General of Patents for 1959 shows that this remains entirely true in Britain. The backlog of patent specifications awaiting examination reached 37,068 by the end of 1959. Only 33,653 new specifications were filed during the year—compared with 21,223 in 1950—so there is a delay of more than a year before a specification is first examined. The process of examination may take one or two more years, so that there is an average delay of two or three years between the filing of a specification and its publication.

This sort of delay has been normal for so long that inventors have become inured to it; the Patent Office has done well to prevent it lengthening as the number of applications rises. Many patentees in fact like to be able to keep their inventions secret from their competitors for as long as possible. But the patent system exists to spread technical information, not only to protect inventors; such delays are against the public interest. The only inventors to suffer are those of ephemeral gadgets; by the time they get a patent and would be able to act against infringers, their invention may well have gone out of production. Delays in the registration of trade marks—which have recently been increasing—are more troublesome for industry, because a company will often want to use one soon after creating it. Here there is less excuse for delay, because the searching is done by executive class civil servants of the Board of Trade, not by specially skilled scientists. The Board's policy of moving staff through the trade marks department as part of their normal service, instead of allowing them to become specialists, is thought by some to reduce the department's efficiency. Computers do not seem to be the answer to this problem: people should be able to do the job better and more cheaply, if only the Board could get enough of them.

The chief difficulty of the Patent Office in maintaining a staff adequate to handle its work without delays is that of recruiting science graduates in competition with industry. Only those with first or second class degrees are considered—which is perhaps an unnecessarily high standard—and the basic starting salary is now £655, with extra for post-graduate experience. This is £50-£150 less than a graduate could get in industry; but the patent examiner will, virtually automatically, get promotion to a salary of £2,350, so that by middle age he may be earning about as much as the average scientist in industry. There was a net increase of eight in an examining staff of 408 last year. But even the enlarged staff cannot quite keep up with the rising flood of patent specifications.

Construction of a new Patent Office building on the south bank of the Thames, east of Waterloo Bridge, is now promised for 1963, with completion by the end of 1965; the replacement of the present gloomy Victorian pile off Chancery Lane might do something in itself to aid recruiting. Expansion of the Patent Office library—at present bursting the seams of its accommodation—into a National Reference Library of Science and Invention in the new building will be welcome news to those who use the existing library; but the patent agents, traditionally clustered in Chancery Lane, may grumble at having to move to the environs of Waterloo.

VICKERS

Finance for English Steel

AT this week's annual general meeting of Vickers, the chairman, Lord Knollys, revealed how the plan to raise the capacity of the subsidiary, English Steel, by one third to one million tons by 1963 will be financed. The total cost of this scheme will be about £30 million, including about £4 million for additional working capital. English Steel has made arrangements to cover early expenditure on the scheme by borrowing on short and medium term from financial institutions and it expects to be able to repay these loans, amounting it seems to about £16 million, from the cash flow generated from retained earnings and depreciation provisions once the new plant is in operation. English Steel will also raise £7 million by issuing its own debenture and the balance of £7 million will be provided in the form of further equity or loan capital by the two parent companies, Vickers and Cammell Laird. Vickers will have to put up 75 per cent of this £7 million. This, Lord Knollys said, would come from its own financial resources and should not require a new issue for cash by Vickers itself.

The earnings of English Steel and Vickers will thus be heavily committed for a number of years ahead and the repayment of loans, to say nothing of additional interest charges, will pre-empt for some time the additional profits English Steel may expect to earn from its new capacity. That in its turn would seem to point to continuing restraint on the dividends paid by Vickers, which as the English Steel project gets under way will be affected by the contraction in the aircraft industry and by the running down of shipbuilding orders. Immediately, Vickers' shipbuilding yards still have two years' orders on hand and this year's deliveries will be about the same as those in 1959. Profits from aircraft this year will be lower, though less will have to be charged against development. Profits from the steel interests should be maintained and the trading results from engineering should be good. These prospects lead Lord Knollys to the cautious summing-up that in all this year should be "rather better" than 1959. But the years to follow before the English Steel project is completed do not look as if they will be easy ones for the Vickers group or very buoyant ones for its ordinary shareholders.

ATOMIC POWER

Sir Christopher Looks Again at Costs

SIR CHRISTOPHER HINTON, chief architect of Britain's nuclear power programme and now head of the Central Electricity Generating Board, is the classic example of poacher turned game-keeper: his astringent comments on the high current cost of nuclear power have been a thorn in the side of those industrial consortiums bidding to sell nuclear power stations to him and to public utilities overseas. They must have waited for his promised paper on "The Economics of Nuclear Power in Great Britain" at the World Power Conference

now in session at Madrid with considerable misgivings; but in the event Sir Christopher has proved milder than might have been expected. He has tactfully refrained from giving any estimates of the cost of nuclear power from the first commercial (?) stations now under construction and has started his survey at a point four years hence, 1964.

From this jumping-off point, he puts the cost of conventional, coal-fired power on base load at slightly less than 0.55d. per unit (which is a good deal higher than his own best stations may achieve) and the cost of a nuclear station working under the same conditions at just under 0.6d. a unit (which is as flattering to the nuclear stations as the other estimate may be derogatory to the coal-fired station). The cross-over point, when both types of station will be generating electricity for between 0.5d. and 0.55d. a unit, he puts at mid-1966 and his charts show conventional power levelling off at 0.5d. a unit in 1974. Nuclear costs, on the other hand, continue to fall, dropping below 0.45d. a unit in 1972 and then appearing to flatten slightly. If the plants are assumed to be working not on base load, but to only 60 per cent capacity, the cross-over point does not occur until 1970, when both power plants generate electricity at 0.55d.

Sir Christopher likes his charts to show smooth, unkinked lines with results that are sometimes surprising, but by choosing such a deliberately stylised way of illustrating his points he does avoid the accusation of being too specific about costs that must be highly notional. In his paper he stresses the marked difference to nuclear power costs caused by different rates of fuel consumption, a variable that does not occur in calculating the cost of conventional power. And no one knows how fast a nuclear power station will burn up its uranium until one has been run long enough to find out. But an added difficulty in estimating nuclear costs, which Sir Christopher might have touched on but did not, is arriving at the correct depreciation period. UK nuclear power stations are amortised over 20 years as against 25 for conventional thermal stations but they may not last this long in practice (the Windscale reactors did not), or—alternatively—they may last a great deal longer. When capital costs make up two-thirds of the cost of atomic power, the economics of the station can be given a completely different look by adding or subtracting a few years to the depreciation period—as well as by unstated assumptions about interest rates.

COASTAL STEAMERS

Via Weymouth Only

STEAMER services which the Transport Commission runs all the year round to the Channel Islands from the south coast present almost a classic example of the problem created by a peak demand for transport surging first one way, then the other. People finish their holidays on the islands on Saturdays; so most of the passengers on the ferries to the mainland travel out on Friday nights in the three summer months of June, July and August, and come back again on Saturday a week or two later. During the rest of the year, passenger traffic falls to a much lower level. Freight traffic is not so closely bunched, but the islanders' vegetable and flower crops are all sent to the mainland at roughly the same time.

This would be difficult enough for one steamer service to try to cope with, but there are two, one from Southampton and one from Weymouth. The reason there are still two is that the commission inherited them from the two railway companies that originally ran them in competition with each other. The services together make a substantial loss. Moreover, the total number of passengers has in the last few years been declining as more visitors go by air. For a long time the commission has been discussing with the island authorities how these services might be put into better financial shape, and it has now finally decided on a major reorganisation. For both passenger and freight traffic it will concentrate on the shortest sea route, that from Weymouth, which in future will be the only mainland port. It will use only three ships, instead of five (sometimes more) smaller ones, to carry passengers and probably two for cargo. These five ships will all be modern (three new ones have recently come into service) and there will be "a comfortable one-class standard" for passengers. The commission reckons they will be able to carry the traffic of the two existing services; and that the reorganisation should save it at least £200,000 a year.

This proposal has yet to receive the blessing of the Transport Users' Consultative Committee, which three years ago turned down the commission's application to abandon another of its money-losing coastal steamer services, that from Southampton to Le Havre. The commission is also still losing money on the Clyde steamers, where it has recently modernised its fleet and where, too, the local consultative committee's approval some years ago of the commission's plan for retrenchment was reversed by the government. Elsewhere, the principal steamer services round the British coast to Ireland, the Isle of Wight and the Continent are still profitable ventures. The Folkestone-Boulogne and Newhaven-Dieppe ferries, both now running in the summer only, are claimed to be earning their keep. MacBrayne's services to the Scottish islands, in which the commission has a half interest, are subsidised by the Government.

HIRE PURCHASE

On the Eve

IN April, the last month before the introduction of official restrictions, outstanding hire purchase debt rose by £29 million, bringing the total amount at the end of April to £949 million or nearly £19 a head of the population. The increase was only a little larger than in April, 1959, but in the three months February-April together total HP debt rose by £76 million,

CHANGES IN THREE MONTHS END-JANUARY TO END-APRIL

	in Debt Owed Directly to: Household Goods Shops	Finance Houses	Total
	(£ million)		
1958	−11	+15	+ 4
1959	+15	+51	+66
1960	+11	+65	+76

£10 million more than in 1959 despite the growing burden of repayments. The volume of debt owed directly to finance houses, which do virtually all the motor business, rose in these three months by a quarter as much again as in the same months of 1959; debt owed directly to household goods shops, however, rose less than a year before.

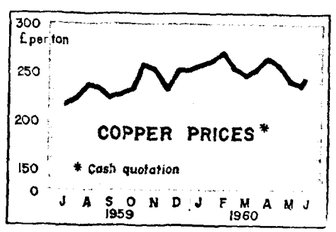
COPPER

Shadow of Surplus

THE surplus that looms in copper as yet finds no reflection in price. World consumption is buoyant and prices are where producers like them to be—high enough to bring good profits and low enough to discourage substitution. In the London market the fall that correctly anticipated the settlement of the strike at two Chilean mines was soon checked, thanks partly to some covering of short sales, and partly because several leading producers affirmed their willingness to cut output rather than face a surplus of perhaps 250,000 tons this year. The latest statement, by the chairman of Anglo-American Corporation, controlling one of the Rhodesian copper-mining groups, stimulated an advance in prices which has been largely held. Copper for three months delivery closed on Thursday at £241 a ton, and the decline in Metal Exchange stocks was reflected in an increase in the premium for cash metal to about £4 a ton.

On the face of it Mr Harry Oppenheimer told shareholders nothing new: after referring to the probability of a surplus in the second half of the year, if there are no further interruptions in production or delivery, he added:

> Such a situation, if it comes about, would be met by an appropriate reduction in supply by leading producers, and the



Question to Power Line Builders:

Is this your problem?

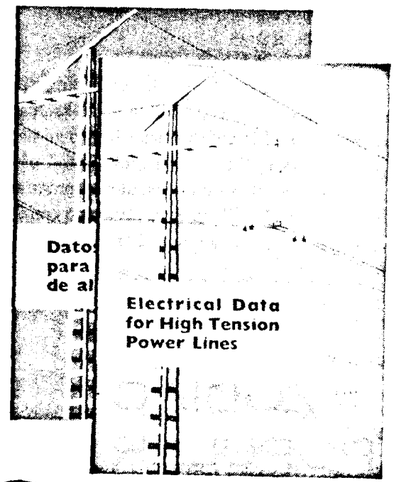
$$E_0 = \frac{4860 \times V^{\frac{2}{3}} \times m \left[{}^{10}\log \frac{2F}{kd_t} + (t-1)\,{}^{10}\log \frac{2F}{d-kd_t} \right]}{\frac{200}{kd_t} + \frac{1000(t-1)}{d-kd_t}} \; kV$$

Recognise it? It's a formula for calculating the critical corona voltage when designing power lines. It is necessary to know this, since one of the chief factors determining the number and size of the conductors in a transmission line is the voltage at which power losses, due to the corona phenomenon, become serious.

The higher the voltage, the greater the difficulty from this cause—and with transmission voltages steadily rising, such problems are being met more and more. To help in solving them, Svenska Metallverken has published "Electrical Data for High Tension Power Lines," written by two of the engineers responsible for the design of Sweden's 380,000-volt power system. With its formulae, tables, and monograms, this is a handy "ready-reckoner" for use when selecting conductors for transmission lines.

This is just one of the ways in which you can draw on Swedish technical know-how when doing business with Svenska Metallverken. Remember, too, there's a good deal of "know-how" in Feral Cable itself—the *reliable* Swedish ACSR.

"Electrical Data" is available in English and Spanish editions, as well as in Swedish. When writing for your free copy, please state which language you prefer.



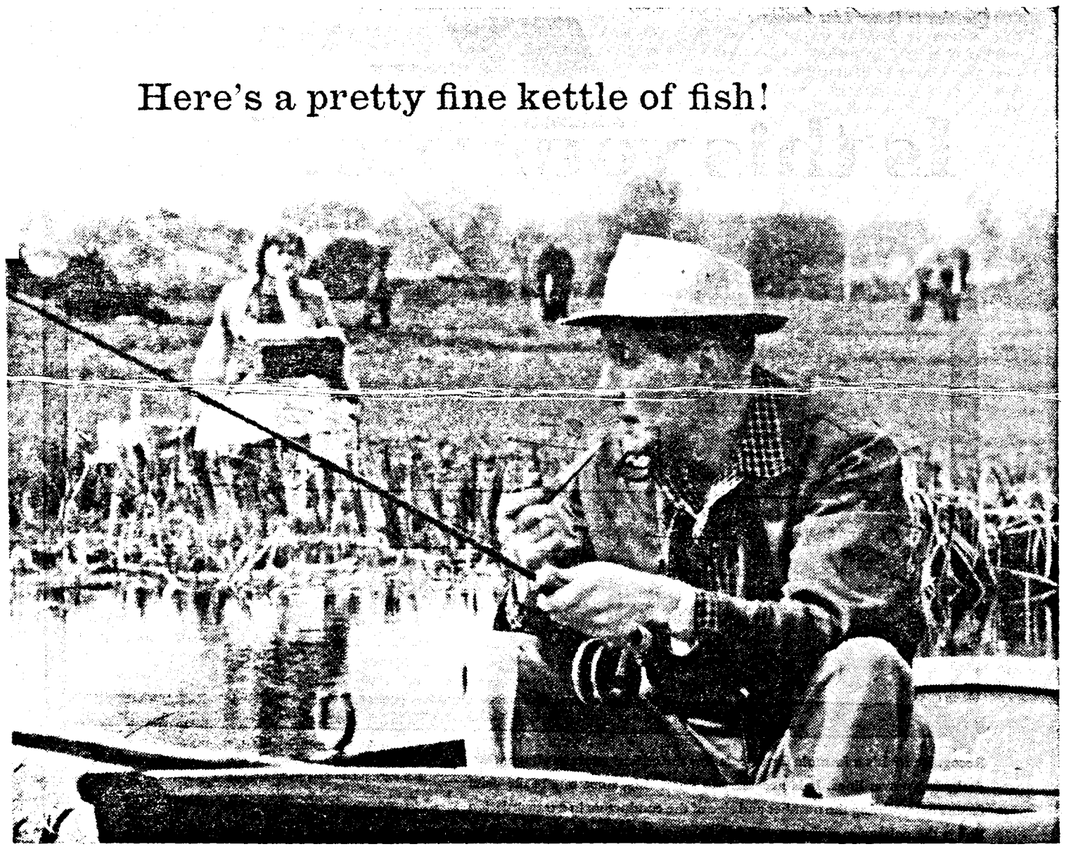
When planning power lines, consult

SVENSKA METALLVERKEN

Manufacturers of Feral Cable

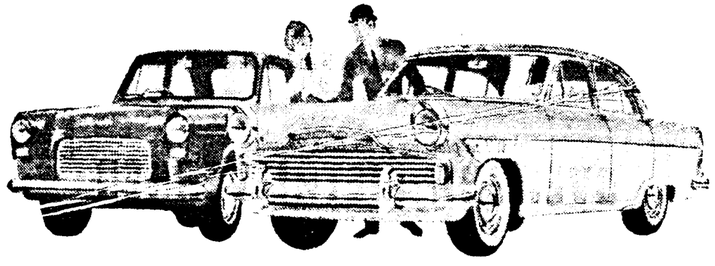
FERAL CABLE DIVISION SWEDEN VÄSTERÅS · SWEDEN

Here's a pretty fine kettle of fish!



Fine thing when a chap can't go fishing without seeing black looks—and being in black books. In turn, nobody could blame his wife for wanting to go her own sweet way to town! What they really need of course is a second Ford. If Rosemary had a Popular all to herself she'd have her full share of style and comfort . . . could see the kids to school, herself to hair-do's—and wherever else she wants to go. And he could take the Zodiac and never leave her high and dry! Two-Ford freedom: it's the sensible, peace-making answer for families with minds of their own and budgets to balance. And with the penny-saving Popular, it's the answer to those who wrongly think that running two cars is an expensive proposition.

ZODIAC
POPULAR



ZODIAC £675 : £282 7.6 P.T. = £957.7.6 POPULAR £343 : £146.2.6 P.T. = £494.2.6 BE FIRST ON THE ROAD WITH FORD

knowledge that producers would act in this way is a factor for stability in the market.

Some traders evidently took this to imply that producers have concerted their ideas, which can scarcely have been Mr Oppenheimer's intention. Producers do not lightly cut output. They have never acted in unison in the past, either on the timing or extent of a cut—sometimes acting too late, and sometimes too soon. And they are well aware that the industry is seldom free of strikes for long. Just now the main anxiety is for the Belgian Congo, producing about nine per cent of the free world's copper, as it moves to independence. Many traders, having been bitten before, are in any case now rather chary of anticipating a surplus.

UNIT TRUSTS

A Little More Active

MAY was a brighter month for the equity market and hence for the unit trusts. Over the month the value of their invested funds rose by 2 per cent, from £196 million to £200 million. In contrast to April, when unit holders took out £135,365 more than they put into the trusts, the net inflow from sales in May amounted to £57,550. During the month the managers sold over 600,000 more units than they repurchased. This again suggests that the public was going more for the lower priced units than for the higher priced ones.

Provided there is no sharp setback in prices a further improvement in the net inflow of funds seems likely in June. The month opened with the launching of the new British Life Unit Trust ; it has been followed this week by the first block offer of units for some months. It comes from the Save and Prosper group and is of 2,500,000 Investment-Trust-Units at 6s. 3d., to yield 2.92 per cent. The past record of these units is good but they may have only a limited attraction on such a low yield. Philip Hill, Higginson, Erlangers, the managers of British Shareholders Trust, is not making a block offer but it is circularising its existing unit holders offering them units at a discount of 3d. on the published market price. It thus cuts down its margin between the bid and offered price, leaving only a little available for management fees. At 14s. xd. the units yield 3.32 per cent.

Proposals have already been put forward by the trade unions and by local government authorities for the establishment of unit trusts. Now the General Assembly of the Church of Scotland has given its approval for what will be the first unit trust for church finances. A general investment fund is to be set up with a capital of about £4 million ; this will be split into £5 units held by local churches or other organisations of the Church of Scotland. The units will be sold at a price calculated quarterly and dividends will be paid half yearly. The Church of Scotland was a pioneer in the pooling of church funds 50 years ago ; but since 1958 the Church of England through its Church Assembly Investment Fund has operated a fund for the investment of local church moneys and on which it, too, pays half yearly dividends.

WATERLOW

The End of the Affair

A LONG drawn-out battle among master printers is over. It was clear last month that Purnell had won the day when its control of votes, largely through acceptances of its bid for preference and preferred ordinary shares, was sufficient to defeat proposals of the Waterlow directors that the voting control of the company should be vested solely in the hands of the deferred shareholders. Following discussions not only between representatives of the two companies but also with an important section of those deferred shareholders who did not accept the bid, agreement has now been reached on the reconstruction of the board of Waterlow. Mr Wilfred Harvey, the chairman of Purnell, will become the new chairman and he will bring with him on to the board three other directors of Purnell as well as Mr L. A. Hart of Henry Ansbacher, which acted for Purnell in the take-over negotiations. Sir Harold Gillett as deputy chairman, and four other Waterlow directors will remain on the board. Another four, including the present chairman, Mr Philip A. Waterlow, will retire.

Waterlow is to continue as a separate entity and Mr Harvey and Sir Harold Gillett are to nominate a managing director. The large number of deferred shareholders who did not accept the Purnell offer will now hope for some improvement upon the company's not very happy trading record of recent years, in which, as the recent revaluation of assets revealed, a low return was earned upon the capital employed. They will also expect an early decision from the new board as to whether the proceeds from the various property sales amounting to about £1¼ million are to be ploughed back into the business or released to shareholders as a capital distribution.

DOMESTIC APPLIANCES

Licking Its Wounds

HIRE purchase restrictions were put on this year at a time when domestic equipment was being produced at a record rate ; 70 per cent more refrigerators were delivered from makers in the first quarter than a year before, while washing machine deliveries were up by 6 per cent in value. It will take until the autumn to judge what the long-term effect of the hire purchase restrictions will be, but there has already been a general fall of 10-20 per cent. It is difficult to say how much lower refrigerator sales are than they would have been, because they normally rise in May ; but one big retailer finds they are 50 per cent below its estimate—though as high as a year ago. Retailers had been stocking up in expectation of better sales than last year's ; they now need to reduce their stocks. The large number of imported refrigerators on the market—63,000 were brought in during the first quarter—may prove difficult to dispose of now ; pressure to cut prices at the retail level will strengthen towards the autumn.

Some general reduction in output seems likely. The makers of washing machines have noticed that retailers now seem anxious to reduce their stocks, and have therefore cut orders—anticipating by a few weeks the fall that normally comes in June. This fall in orders is not considered large enough to force cuts in production schedules ; manufacturers normally produce for stock during the summer, to be ready to meet the revival of demand in September. It is only if sales fail to rise to the levels of last year that substantial cuts in production would be made. But retailers, closer to the fall in demand, feel that delays in reducing output will only make larger cuts necessary in the end. Television makers in particular, who made more sets than they sold last year, are urged to cut output before stocks become unmanageable.

MINING EQUIPMENT

Exports for Digging

BRITISH makers of mining machinery, faced with a fall in demand at home and shrinking markets abroad, have allied themselves for strength and formed the British Mining Equipment Export Association. Cuts in the Coal Board's investment programme left the mining machinery makers with surplus capacity on their hands at a time when their traditional export markets, such as South Africa, South America and Canada, were making themselves self-sufficient in such machinery. Home production fell 13 per cent last year to £46.5 million, and exports 4 per cent to £4,750,000. Adding ancillary equipment, the Association estimates that the total value of exports used in mining is £35-£40 million. Attempts to sell in the under-developed countries have not been highly successful, largely, the association says, because the governments of other countries give more support to their exporters of such machinery. It stresses the importance of getting British consulting geologists in at the beginning of any new mining schemes, and claims that other countries ensure this by including the geologists' services among the aid that they supply or else help them to charge below-cost fees: then the geologists, naturally enough, recommend the machinery of their native land. The association, therefore, wants the British government to provide this sort of aid for it. It hopes that the Board

of Trade will establish an overseas mining assistance service, similar to the United Kingdom Railway Advisory Service, which would provide the services of geological consultants free or at part-cost, as under the Colombo plan. With the recent examples of much larger-scale aid for private industry as an encouragement, who can blame it for hoping?

Another practice that the Association complains hits its members' sales is the tying of aid to purchases from the donating country: it would not like Britain to go as far as this. The association is practising some self-help as well as trying to extract aid from the government. It proposes a collective service to provide the industry with information on market prospects abroad and to promote sales; the diversity of potential markets makes it uneconomic for individual firms to do this. In some ways the association wishes to perform the functions similar to that of the Locomotive and Allied Manufacturers' Association for exporters; but the closest parallel is with the Council of British Makers of Petroleum Equipment, which has helped obtain some export orders.

AIR POLLUTION

An Inspector Calls

THE alkali inspectorate, which will soon be a hundred years old, has had a successful if relatively unpublicised career of checking the discharge of "noxious or offensive" gases by the heavy chemical industries. Two more recent developments, however, which are noted in a special review in the latest annual report of the Ministry of Housing and Local Government (to whom, oddly enough, the inspectorate in England and Wales is responsible), have added considerably to its work. The first is the rapid growth in chemical output in Britain since the war, which has also brought in new areas, such as Tees-side, the Humber, and the Essex marshes, and new major industries, such as oil refining, petrochemicals, and the manufacture of carbon black. The second is the Clean Air Act of 1956 which, on the recommendation of the Beaver committee, gave to the inspectorate the job of enforcement where the control of smoke, grit and dust presented certain technical problems, as in the iron and steel industry and at power stations. It also extended its jurisdiction for this kind of air pollution to works already registered under the Alkali Acts.

The alkali inspectors, whose numbers have now risen from fifteen to twenty-two (there are plans to add another five in time) have found that they get results by persuasion and education, with "occasional plain speaking," rather than by threatening prosecution, which has only rarely occurred. For new plants, they find they are usually welcomed at the stage of first design, and from their beginning as an inspectorate they have aimed at getting pollution reduced by "the best practicable means" to a minimum rather than completely eliminated, which may not be economically possible.

Nevertheless, the review mentions a number of industries where control of pollution is not yet satisfactory. In cement production dust is a particularly difficult problem, particularly in the Dartford-Gravesend area of Thames-side, where a third of the country's cement is made. Higher standards are enforced here than at isolated cement plants elsewhere in the country, and prevention is costly to the manufacturers, yet efforts are still being made to reduce the "slip" of dust through chimneys. In the iron and steel industry an adequate degree of control of pollution, the report states, is still further ahead: new oxygen techniques in steel making particularly give rise to serious fume problems. At power stations, where much has also yet to be achieved, the problem has one feature similar to many other industries. The increasing size of the individual manufacturing plant means that tolerances for emission of grit have to be even higher simply because of the greater volume, in absolute terms, of dirt that may be deposited in the surrounding area.

SHORTER NOTES

Following last month's fall in the level of bank deposits, the Bank of England has informed the banks that a reduction of about £1 million to about £74 million would be made in the total of special deposits required from the clearing banks and Scottish banks by June 15th. The banks will be told monthly on the Thursday following the publication of the clearing banks' statement of any adjustment which may need to be made in the amount held in special deposits. So far, £55 million has been placed with the Bank of England as special deposits.

★

The Distillers Company has announced that it will build a plant at Hull to produce acetic acid by a new method developed by the company. Instead of the two-stage method based on ethyl alcohol, used in existing plant at Hull, a single-stage method based on the direct oxidation of a light petroleum fraction will be employed. The plant will cost £2 million, and is expected to be in operation early in 1962.

★

F. W. Woolworth has raised its interim dividend for the current year from 13½ per cent to 15 per cent. For 1959 the company paid a total dividend of 45 per cent plus a jubilee bonus of 6½ per cent.

★

The Road Research Laboratory is building a £500,000 road safety research track at Crowthorne, Berkshire, where in four years' time, it hopes, it will at last be able to concentrate all its activities.

★

International oil companies operating refineries in Cuba, including Royal Dutch-Shell, are reported to have refused the request of the Cuban government to refine some 2.2 million barrels of Soviet crude oil annually which the government is to acquire in a five-year barter deal in exchange for sugar. The government has recently been unwilling to grant the companies the dollar exchange notionally required to buy the Venezuelan crude on which their refineries are ordinarily operated, and the companies have so far been "providing the dollars themselves"; since the crude comes from associated companies producing in Venezuela, this may be largely a matter of book-keeping.

★

Britain's consumption of all petroleum products during the first quarter of 1960 was nearly 22 per cent higher than a year before. There were particularly notable increases in the use of propane and butane, used in liquid petroleum gases (up by a third); and once again of fuel oil (up by 31 per cent, to just under 5 million tons); sales of premier grade motor spirit through dealers rose by 17 per cent, within a rise of just over 10 per cent in total gasoline sales.

★

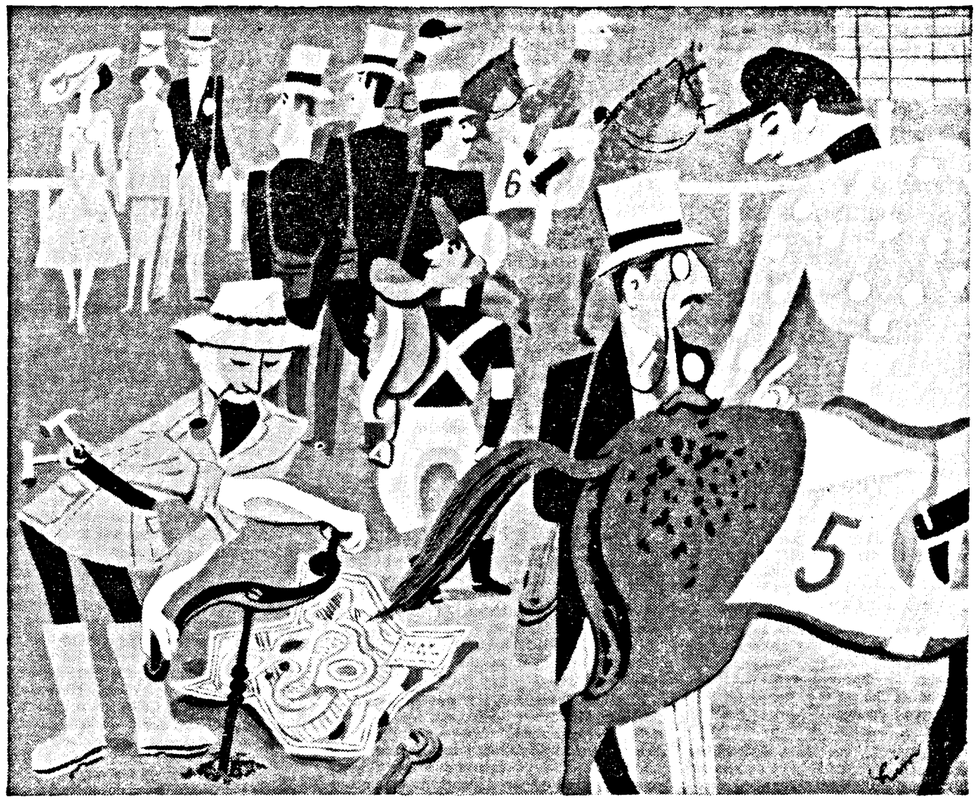
Following the announcement by the Chancellor of the Exchequer in his Budget speech, the current issue of 5 per cent Defence Bonds will be withdrawn on June 14th and a new issue to be known as 5 per cent Defence Bonds (Second Issue) will be on sale from June 15th. The new issue will have different dates for interest payments, which will be made on June 15th and December 15th. The limit on holdings of the new Bonds will be £5,000 (compared with £2,000 on the present issue) in addition to any permitted holdings of previous issues of defence bonds.

COMPANY AFFAIRS
Comments on pages 1156 and 1157 on:
Associated Portland Cement — De La Rue
Lonsdale Investment Trust — J. & P. Coats
Metal Box — J. Lyons
British and Commonwealth Shipping

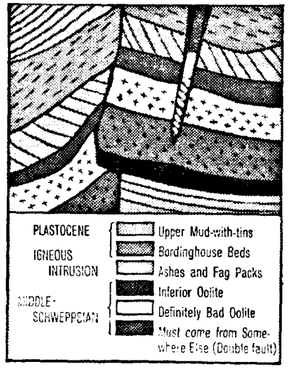
LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1158 and 1159

LONDON STOCK EXCHANGE
The week's movements reported on page 1157

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1160



Nature Watching in SCHWEPPSHIRE



NO. 4 GEOLOGY WATCHING The great thing about Natural History is that it is everywhere and whatever is happening that is the thing which is actually there. Genuine geology watchers like W. G. Williman realise that if the dog brings in mud from the garden, it is "typical Tunbridge Wells tertiary deposit". If his ball runs down the slope into the gravel pit from his drive from the 11th tee of Schweith Hill Golf Course, it is because of the "typical contour of the base of a denuded anticline".

Leaving his City job on the Schwop Exchange, "Willie" Williman always field geology-watches on his Thursday afternoons off. Here he is on the lawn at Royal Schwepstow just before the Schwinley Stakes, making "dummy casts" for boring. He hopes to throw light on the problem of the earlier existence of a vast warm sea (Totinvestian) which contains records of semi-tropical ovifauna with well-developed display appendages and exaggerated head pluming.

Written by Stephen Potter, designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

COMPANY MEETINGS

UNION CORPORATION, LIMITED

(Incorporated in the Union of South Africa)

ADDRESS BY SIR CHARLES J. HAMBRO, KBE, MC, CHAIRMAN, AT THE ANNUAL GENERAL MEETING OF THE CORPORATION HELD IN JOHANNESBURG ON 2nd JUNE, 1960

Gentlemen, The Accounts of the Corporation for the year 1959 together with the Directors' Report are submitted for your approval.

Dividend income amounted to £2,245,000 during 1959, virtually the same as in the previous year. Share realisation profits rose sharply by a little over £1 million to £1½ million, largely due to the successful introduction during the year of our two new Kinross area mines, Bracken Mines, Limited, and Leslie Gold Mines, Limited. Other income also showed an increase. The overall result was that the consolidated profit after taxation and after deducting the interest of minority shareholders in the profits of subsidiary companies rose from £1,904,000 in 1958 to £2,857,000. Subsidiary companies retained £1,315,000, leaving the net profit of the Corporation itself at £1,542,000, which, together with £455,000 brought in from previous years, made £1,997,000 available for appropriation.

£300,000 has been appropriated to General Reserve Account, bringing this reserve up to £3 million and £150,000 to Exploration Reserve Account which, together with a net credit on operations during the year of some £99,000, brings this reserve up to £1,314,000.

The Directors have declared dividends amounting to 3s. 9d. per share less United Kingdom Income Tax which is an increase of 3d per share compared with 1958 and absorbed £1,148,000, leaving £396,000 to be carried forward.

In considering the amount of the dividends for the year your Directors had to take into account, among other things, the commitments which lie immediately ahead of us, and in this connection I should now like to review for you the position of the Corporation and the state of its principal investments.

KINROSS FIELD

It is no mean task to launch two new gold mines simultaneously, as we did last year, and the commencement of work by BRACKEN MINES and LESLIE GOLD MINES in the Kinross field is both a notable achievement and a matter of great significance for your Corporation. Drilling commenced in this area in 1950 and the formation of these two new companies follows ten years of strenuous effort in what has proved to be a major gold field, the mineral rights of which are all held by us.

Bracken Mines is to work a lease area of 2,932 morgen, equivalent to nearly ten square miles, and the area to be leased to Leslie Gold Mines is almost exactly the same size. Both companies intend to develop their properties from pairs of circular shafts known as Nos. 1 and 1A Shafts. In each case the initial shaft systems are designed to handle mill tonnages of 90,000 to 100,000 tons per month. Following the commencement of work towards the end of October last full scale sinking of both the Bracken and Leslie No. 1A Shafts commenced in April of this year, and it is expected that full scale sinking of both the No. 1 Shafts will commence in July or August. Progress so far has been very satisfactory and while there are many uncertainties still to be faced it does seem possible that both mines will be able to commence production proper in 1963. In the case of Bracken it is planned to erect in due course a Reduction Plant with an initial nominal capacity of 75,000 tons per month, which may later be extended. At Leslie, which will also have an initial capacity of 75,000 tons per month, extensions to 100,000 tons per month are envisaged as soon as results from underground development warrant this, and, later, capacity will be further increased to an ultimate milling rate of about 150,000 tons per month. The capital requirements of Bracken Mines are given in the Prospectus as £8,500,000 and of Leslie as £10,190,000, making a total of £18,690,000, which figure is sufficient to indicate the magnitude of the venture we have embarked upon.

Towards the end of last year the Boards of Bracken Mines and Leslie Gold Mines, in collaboration with the Corporation and Winkelhaak Mines, decided to raise a portion of the capital required by each of the two new companies by offering shares to the shareholders of the Corporation and of Winkelhaak Mines for subscription at par pro rata to their holdings. The offers were underwritten by the Corporation itself and were warmly received. At about the same time certain other large finance companies were invited to participate in the new mines by purchasing shares in the new Companies from us at a premium. We have, nevertheless, retained a very large stake in both companies, which are subsidiaries of the Corporation and the major part of the burden of providing the necessary funds will fall on us. As shown in the Notes on the Accounts our liability for calls in respect of the partly paid shares issued by the two companies amounted to about £8,800,000 at the end of last year. In the absence of unforeseen circumstances we believe that these demands can be met from existing resources, supplemented if necessary by some short term borrowing. We believe that once these two new mines reach production our substantial interest in them, as well as in Winkelhaak Mines, will do much to maintain and strengthen the Corporation's position as a mining house.

I said earlier in my remarks that the offers at par of shares in the Bracken and Leslie Mines to the Corporation's own shareholders were warmly received by them and your Directors received much encouragement from the number of our registered shareholders who participated in these offers. Since then it has been suggested by certain other parties that I should give some information about the system under which some of our senior executives participated in the Bracken and Leslie flotations and this I am pleased to do.

For over 50 years it has been considered to be in the interests of the Corporation to encourage senior members of its executive staff, who are responsible for recommending the Corporation to risk its money, to risk their money likewise by taking a small participation in its ventures from their inception. Thus in this particular case the participations were offered some eleven years ago in 1949, well before drilling commenced, and the participants have ever since then had to put up their pro rata share of all the expenses of exploring the whole Kinross field, much of which expense was in respect of areas subsequently abandoned as worthless.

Requests for such participations are referred to an independent committee of the Board and participations are only offered under restrictive conditions imposed by this committee. Because prospecting is inevitably a risky business and because ventures more often fail than succeed, executives who participate, more frequently than not lose their money. When a prospect does turn out to be successful they are obliged to provide their proportion of the working capital of any company arising from the business. The result is that they not only carry exactly the same risks as the Corporation in acquiring their investments but in addition are restricted considerably by the Board in their rights of disposal. Your Directors are of the opinion that this system, which has proved over the years to be of benefit to the Corporation, should be continued.

For Winkelhaak Mines, Limited, the pioneer in the Kinross field, 1959 was the first full year of production and 908,000 tons were milled, resulting in a net profit of £504,000. The lease area has been enlarged, without change of lease formula, by 245 claims to 5,363 claims. The extensions to the Reduction Works to increase the nominal capacity of the plant to 90,000 tons per month are approaching completion and work is already in hand for the sinking of a new hoisting shaft, which will be known as No. 2 Shaft, to serve the deeper levels of the mine lying to the north-east of No. 3 Shaft. It is also planned to increase the capacity of the mill in due course from 90,000 tons per month to 150,000 tons per month. The cost of the shaft is put at something under £2,500,000 spread over three and a half years or so, to which has to be added the cost of expanding the Reduction Works and providing the necessary expansion of services. It is believed that working profits from the mine will be sufficient to finance this expenditure and still leave enough to enable an early start to be made with dividend declarations.

ORANGE FREE STATE

In the Orange Free State, ST. HELENA GOLD MINES, LIMITED, increased its tonnage milled by 342,000 tons to the new record figure of 1,810,000 tons. The net profit increased by over £800,000 to £3,090,000. Capital expenditure, mostly in connection with No. 7 Shaft and the completion of the No. 2 Shaft programme, absorbed £1,283,000. Dividends totalled 3s. per share, which is an improvement of 11d. per share as compared with 1958. In March of this year a further dividend at 2s. 3d. per share was declared.

The severe faulting in the No. 2 Shaft area has led to a low percentage of on-reef development there which has slowed the expected build-up in ore reserves and restricted the stoping rate. Values disclosed, however, have been very satisfactory. Good progress has been made with the sinking of No. 7 Shaft, which is now over 4,800 feet below surface, and when completed at approximately 5,500 feet will assist the ventilation of the lower levels of the mine served from No. 2 Shaft. 18 Level crosscut, which is being developed from No. 2 Shaft to the up-thrown block of reef on the President Brand boundary, has passed through the major fault responsible for the up-thrown block. Because it will first be necessary to establish a fairly extensive haulage layout in the area it is difficult to foretell when any significant amount of on-reef development footage will be accomplished.

EAST RAND

At EAST GEDULD MINES, LIMITED, the Main Reef horizon can now be considered for all practical purposes to be fully developed. On the Kimberley Reef the results of development so far show that the percentage payability is low and that gold values are only moderate. Accordingly, unless much better results are disclosed in future development ore from this source is unlikely to make any significant contribution to the mill.

The mine still has a substantial profitable life ahead of it, but at this stage in its life it is faced with difficult problems in winning an increasing proportion of its tonnage from pillars and reclamation areas. Nevertheless, the ore milled during 1959 increased by 106,000 tons to 1,653,000 tons and the net profit for the year improved slightly to £1,683,000. Two dividends totalling 3s. 8d. per unit of stock, the same as for the previous year, were declared.

THE GROOTVLEI PROPRIETARY MINES, LIMITED, was able to mill 2,555,000 tons of ore during 1959. This was a record for the mine, being an increase of 195,000 tons over the previous year. The net profit was £1,394,000 and dividends totalled 2s. 6d. per unit of stock, being 2d. per unit more than for the previous year.

The tonnage milled by GEDULD PROPRIETARY MINES, LIMITED, in 1959 was 879,000 tons and the net profit from mining was £254,000. Income from the Company's investments, principally its holding in East Geduld Mines, Limited and The Grootvlei Proprietary Mines, Limited, was £661,000 and the total profit for the year was thus £915,000. Dividends totalling 9s. 9d. per share were declared, as against 11s. 3d. for the previous year. The profitable life of the mine is now very short and the Company is pursuing an investment policy designed to ensure that after the revenue from East Geduld Mines falls away, there should be some worthwhile assets remaining in the Company. Accordingly, it is intended that in the next few years dividends on Geduld shares will be declared on the basis of twice the amount paid per East Geduld share and the balance of the annual profits, together with surplus funds, will be invested as opportunity occurs. Consideration will be given to supplementing dividend declarations out of income from the new investments when the scale of such income justifies it. The Company's portfolio includes shares in Bracken Mines, Limited, Leslie Gold Mines, Limited, and Winkelhaak Mines, Limited, and among its fixed assets is an area of nearly thirteen square miles of land near Springs, some of which is potentially valuable industrial land.

At MARIEVALE CONSOLIDATED MINES, LIMITED, the extended mill operated for the first full year and the tonnage milled increased by nearly 250,000 tons and amounted to 1,135,000 tons, which is a record for this mine. The net profit was £739,000, an increase of £116,000 over 1958, and two dividends totalling 2s. 11d. per share, as compared with 2s. 6d. per share during the previous year, were declared.

The tonnage milled by VAN DYK CONSOLIDATED MINES, LIMITED, declined by 22,000 tons and amounted to 891,000 tons. The net profit was £345,000 and 1s. 3d. per share was distributed by way of repayment of capital. Because the profitable life of the mine was limited the Company adopted three years ago a policy of selective stoping and development designed to derive the maximum profits from the remaining ore and the benefits obtained from this policy have shown up clearly in subsequent annual results. It is now becoming apparent, however, that the end of profitable mining at Van Dyk is approaching and the general pattern of profits must be downwards.

OTHER GOLD MINING INTERESTS

In gold mining companies not under our administration our principal holdings continue to be in Stilfontein Gold Mining Company, Limited, and Western Holdings, Limited, which paid satisfactory dividends during the year.

GOLD MINING INDUSTRY

The aggregate results of the producing mines of our Group show that during 1959 there was an increase in the tonnage milled, in the net profits and in dividends declared. This is due principally to the full year's milling by Winkelhaak Mines and the greater outputs achieved by all our mines with the exception of Van Dyk and Geduld. An important contributory factor was the marked improvement in the supply of Native labour during the year which our Group Companies enjoyed in common with the South African Gold Mining Industry as a whole. The statistics given with the Annual Report show that the average number of Native employees in service with the Industry increased by 41,000, or 12 per cent, to 380,000 in 1959. The tonnage milled by the Industry increased by nearly 5 million tons to over 70 million tons, yielding nearly 20 million ounces of gold, and the working revenue excluding revenue from uranium, increased by £31 million to £246 million. Working costs absorbed £160 million and the aggregate working profit from gold increased to £86 million. The overall picture of the Gold Mining Industry in the Union of South Africa continues to be one of expansion of gold production, the newer mines in the Kinross field, the Orange Free State and the Klerksdorp and West Witwatersrand districts accounting generally for an increasing proportion of the gold produced. These few figures serve to remind us of the great resources in gold still awaiting development in the Union over many years ahead and also of the vitally important part which the Industry plays and will continue to play in the Union's economy, not only as an earner of foreign exchange but as an employer and as the supporter of many secondary industries.

The estimated production of uranium oxide by the Industry increased very slightly during 1959. The profit therefrom is given at £29 million or apparently £9 million less than in 1958, though I understand that the 1958 and 1959 figures are not comparable due to some mines revising their methods of segregating gold and uranium costs.

The position with regard to production of uranium oxide is that the contracts presently in force for the supply of this material are due to expire between December, 1963, and June, 1967, most of them by the end of 1965. Opinions generally held are to the effect that supplies are at present in excess of consumption, and that stocks of uranium oxide held overseas might increase to such an extent during the currency of these contracts that for some time after their expiry demand will be at a low level. It so happens that none of the gold mines of the Union Corporation Group are directly affected by this problem since uranium values on these properties have not been found to be economic, and uranium oxide production has not been undertaken by them. We are, however, interested in this situation through our substantial shareholding in Stilfontein Gold Mining Company.

I should now like to report briefly on our base metal mining and our industrial and financial interests.

BASE METAL MINING INTERESTS

The chrome ore market remained very quiet throughout the year ended 30th June, 1959, and the scale of operations at the Zwartkop and Groothoek properties of CHROME MINES OF SOUTH AFRICA, LIMITED, was reduced. The Company declared a dividend of 1s. 0d. per share in December last, the same as for the previous year.

SAN FRANCISCO MINES OF MEXICO, LIMITED, had another difficult year. After allowing for taxation, it earned a modest profit of £134,000, compared with a loss in the previous year of £208,000. However, although sales of metals increased, they fell short of production. In particular, sales of lead were difficult to effect and the company had to tie up considerable cash resources in its increased lead stocks.

The improvement in the demand for zinc during the current year has enabled the company to conclude a contract for the sale of its accumulated stocks of zinc concentrates. In the case of lead the outlook is not so bright, but it is hoped that the cash drain currently experienced in financing increased stocks of refined lead will not be of long duration.

TSUMEB CORPORATION, LIMITED, in South West Africa, earned a net profit for the financial year ended 30th June, 1959, of £4,314,000, which is a little higher than for the previous year. The Company declared dividends totalling 23s. 6d. per share and during the cur-

rent financial year has declared dividends totalling 21s. 0d. per share.

OTHER INTERESTS

In the capital reorganisation of our investment company BAY HALL TRUST, LIMITED, shareholders were offered the opportunity to subscribe for shares at par. As a result of the reorganisation of the Bay Hall Trust capital, this Company ceased to be a subsidiary, although the Corporation retains a very substantial interest in it.

Last year the gross revenue of the company increased from £244,100 to £294,100. The £1,200,000 raised by the company contributed only partly to this satisfactory increase, since the new money was not available for investment until the second half of the year. The net amount distributed in dividends increased from £109,100 to £141,300.

In the Annual Report it was stated that, in the absence of any unforeseen setbacks, the company could look forward to a further increase in investment income in 1960.

Subsequently, in May of this year the company placed privately £1,000,000 of 5½ per cent Debenture Stock, 1979/82, at £95 10s. 0d. per £100 Stock to repay temporary borrowings and to enlarge its portfolio of investments.

The year's results for South African Pulp and Paper Industries, Limited, show a profit, after making provision for depreciation, interest on loans, taxation and other items, of £696,000, an improvement of over £200,000. A dividend of 2s. 3d. per share was declared, being 3d. per share more than the declarations for the previous three years. The improved results were partly due to the coming to fruition of some of the heavy expenditure which has been incurred in recent years in stepping up output and efficiency at the Enstra and Tugela mills, and partly to an improved order book. Excellent progress is being made with the new section at Enstra for the manufacture of newsprint and mechanical printing papers, and this is expected to come into operation about the end of the first quarter of next year.

A long term agreement has been arranged with the South African Forestry Department for the supply of pine pulpwood which will enable the Company to double its output of kraft papers from the Tugela plant over the next five years, and an order has been placed for a large new paper machine which it is hoped will be in operation in 1963. The cost of this expansion, which represents a major undertaking, will be about £4 million. A portion of this can be financed from the Company's resources and the amount of new money to be found by the Company should not exceed £3 million at most. In due course the Company will consider in what form this should be raised.

THE BRITISH SOUTH AFRICA COMPANY'S results appear for the first time in our Annual Report following our acquisition of 455,000 new shares in the Company in exchange for 700,000 new shares in the Corporation. These results show that royalty income during the year ended September 30, 1959, reached a figure of £9,396,000, an increase of £3,275,000 over the previous year due to the satisfactory levels at which the prices of base metals had been maintained during the year, particularly the price of copper. The consolidated net profit was £6,584,000 and two dividends were declared, amounting to 6s. 0d. per stock unit as compared with 5s. 3d. for the previous financial year.

EXPLORATION AND NEW BUSINESS

It remains an essential part of the Corporation's business to seek new economic mineral deposits and also to investigate businesses which might offer opportunities for profitable investment.

Some further exploratory drilling was carried out in the Kinross area outside the three lease areas during the year. Much of this was done in the area to the north-west of Winkelhaak Mines, Limited, which I mentioned last year. This work is still in progress and it is not yet possible to draw any conclusions as to the potentialities of this area. In addition, prospecting ventures for gold and base metals involving large areas of ground were undertaken elsewhere.

Towards the end of 1959 the Corporation, in conjunction with Bay Hall Trust, announced that the two Companies had jointly acquired a controlling interest in WILKES BERGER ENGINEERING COMPANY, LIMITED—a small but well-established United Kingdom company specialising in the manufacture and wholesaling of light engineering parts and fittings.

Trading conditions were favourable over the last year and the profit subject only to tax rose from £69,914 to £85,305. Taxation absorbed £44,205 and a total of 20 per cent. was paid in dividends (against 15 per cent.) absorbing £22,050.

It is hoped that this business can be expanded and in due course grow to be a valuable addition to the Union Corporation Group of Companies.

RESEARCH

I think it is fitting to mention that one of our many activities is continuous research in many technical fields. This has led from time to time to the development of new and improved techniques, especially in prospecting, mining and milling. For example, we have developed the run-of-mine milling technique and the electronically controlled mill feed in operation at Winkelhaak Mines and also to be used at Bracken Mines and Leslie Gold Mines. Recently we have been able to release information about a new, small diameter borehole survey device which we have developed.

RESIDENCE

Whilst our investments are widespread it is clear from the extent of the interests which we have fostered here in the Union, in the mining and industrial fields, that ours is mainly a South African business and will continue to be so. In this connection, the question of transferring the Corporation's residence from the United Kingdom to the Union, which I mentioned last year, has continued to occupy our minds, but there is so far no progress to report.

THE UNION'S SOCIAL PROBLEMS

We have been aware for many years that the Union of South Africa, with its multi-racial population, is faced with many difficult and perplexing social problems. These problems have become increasingly more evident in the last few years and in recent months have been brought dramatically into prominence. Towards the end of March of this year disturbances occurred in Native townships in the Vereeniging and Cape Town areas and elsewhere and a state of emergency was proclaimed in terms of the Public Safety Act of 1953, covering all the important urban centres. Following this and other measures, tension relaxed somewhat, and all appears to be quiet at the present time. The troubles concerned almost exclusively certain urban workers, and employees at the mines and at our paper mills were not involved.

Nevertheless, these disturbances, events elsewhere on the African Continent and probably to some extent other unrelated circumstances abroad, have led to a marked fall in the prices of South African quoted securities. Roughly, the effect of this on the market value of our quoted investments would be to reduce the figure of £58,694,198 shown in the Consolidated Balance Sheet as at December 31, 1959, to £46,000,000, that is to say by about £12,700,000 or nearly 22 per cent. It is essential for the well being of our Corporation that confidence in the Union of South Africa is restored as soon as possible.

Following talks between senior executive members of the Transvaal and Orange Free State Chamber of Mines and other important employer organisations, with the object of assisting the Government in its study of the factors that may have given rise to the recent unrest, these organisations have as large employers of labour jointly submitted to the Government constructive practical suggestions aimed at easing racial tension.

Union Corporation has been closely associated with the City of London for very many years and we know how proud it is of the important contriburion which it has made to the economic development of the Union. The City has no doubt that the European, whose roots are so firmly planted in the Union is here to say. Confidence has, however, been seriously shaken by recent events and today it would be very difficult and maybe impossible to raise money in London for any South African venture. The situation is being watched with interest and concern and I believe that confidence would begin to return should any specific measures be taken to promote more harmonious relations with the urban native population.

We in Union Corporation are confident that, provided the problems facing South Africa are tackled energetically, with a basic respect for human dignity and a desire to provide satisfactory outlets for the legitimate aspirations of all sections of the population, a workable structure can be evolved which will permit the full development of the great latent potential of South Africa, to the benefit of all.

DIRECTORS

In July last year Colonel The Lord Robins, KBE, DSO, President of The British South Africa Company, joined the Board of the Corporation. I am sure you will be pleased to hear that Lord Robins has been chosen unanimously as the next President of the Royal African Society and to wish him every success in that office.

One of our Directors, Mr C. T. Pott, recently completed 60 years of service with the Corporation and we extend to him our congratulations.

It only remains for me now to thank, on your behalf, the Management and Staff of the Corporation in Johannesburg and in London and the Directors, Managers and Staffs of the companies under our administration for their great efforts in contributing to the excellent results which it has been our pleasure to place before you.

VICKERS LIMITED

1959 A BETTER YEAR THAN ANTICIPATED

VISCOUNT KNOLLYS' REVIEW

The ninety-third annual general meeting of Vickers Limited was held on June 8th in London.

The Viscount Knollys, GCMG, MBE, DFC (the chairman), presided and, in the course of his speech, said:

1959 was a better year for the Group than was or could have been anticipated a year ago or in the statement accompanying the half-year's figures published last September. In the last quarter of the year English Steel Corporation results, which have such a major effect on the Group profits, rose quite sharply, as the general upturn in steel orders began only in the late Summer; engineering and shipbuilding improved more than anticipated; as did the Aircraft Company as a result of winding up certain contracts. These factors taken together enable a larger trading surplus than forecast for the complete year to be shown.

In 1959 there was a drop in the percentage earned on capital employed in the whole Group. But the overall figure does not, I think, give the full picture. The ratio relating to our Aircraft Company has been affected by the large provisions for development which have been deducted from its trading profit. If we take the combined results of our Engineering, Shipbuilding and Steel interests all over the world and eliminate the Aircraft interests with their special features, the percentage return on capital employed was 10.3 in 1959 compared with 11.1 and 10.9 in the two previous years, which compares not unfavourably with the returns announced by other large industries.

BRITISH AIRCRAFT CORPORATION

One of the most important developments in the Vickers Group which has occurred for some time has been the decision to merge our aircraft interest in the newly formed Company—British Aircraft Corporation. This is a partnership between Vickers-Armstrongs (Aircraft), English Electric Aviation and Bristol Aircraft, to which is now being added Hunting Aircraft.

As a result of this merger our stake in aviation is maintained, but financial risks are spread and shared, and outstanding resources, human and technical, are combined to deal with the competitive situations of the future. That is an encouraging prospect.

ENGINEERING

Engineering continues, as always, to provide an historic and solid base for the Group's activities, both in turnover and profits. Our aim is to maintain our outstanding position, both in traditional and recently developed lines, and at the same time to ensure that we are constantly developing, technically and geographically, new products and new markets. In this we have been active and, I believe, successful. We have, for example, concluded an agreement with Hans. J. Zimmer of Frankfurt-on-Main, whose outstanding designs for chemical plants can be seen in many countries the world over. The newly formed company in which we shall have a 50 per cent interest will not only provide manufacturing work, but will give us a promising footing in the Common Market of the Six.

It is satisfactory to be able to say that all our main engineering works, with the exception of Canadian Vickers and Tractors, are well filled with work. These should show reasonable profits, although we shall feel the effects of the extra cost of the recently granted 42-hour week. Gaps have been filled with new products based on established skills and new markets will spread geographically. I think you will agree that presents a promising picture.

STEEL

Production and fabrication of steel has traditionally been a basic factor in the growth and prosperity of the Vickers Group. It has provided, and continues to provide, a major part of the profits of the Group, vying with Engineering in this respect. It should continue to do so.

For three-quarters of 1959 it produced mixed results. But the upturn in the last quarter, to which I referred earlier, has continued in 1960 to date and should continue in most departments.

The Iron and Steel Board has now approved a scheme for the installation at Tinsley Park, just outside Sheffield, of a 42-in. blooming mill and two 32-in. billet mills and new bar rolling mills. The capacity for billet production will be increased by approximately 250,000 tons per annum and, to provide the additional steel required, three 100-ton electric melting furnaces are being installed. When this addition is completed the total melting capacity of the Group for the production of alloy and special carbon steels will be approaching 1 million tons per annum. The estimated cost of the project is £26 million. Work will start as soon as an industrial development certificate is issued by the Board of Trade. The plant is planned to be in full operation in 1963.

English Steel Corporation has made arrangements with financial institutions for short and medium term finance needed to cover early expenditure on the scheme and estimates indicate that these borrowings can be repaid from cash generated from retained earnings and depreciation provisions after the new plant is in operation.

Of the balance of longer term capital we expect to raise about half by the issue of further debenture stock of English Steel Corporation at a suitable date as the money is required, and the parent companies will, therefore, be called upon to provide the balance, a figure of the order of £7 million, in the form of further equity or loan capital for English Steel Corporation. Vickers' share of this last figure would be 75 per cent, which should be within its immediately available financial resources.

SHIPBUILDING

Our two shipbuilding yards in England have orders which should keep them fully occupied throughout 1960 and 1961. We have had no cancellations this year and indeed the orders for two ships from the Admiralty have been confirmed. New orders are, however, extremely scarce, and for this reason we are particularly gratified to have been able to lay the keel for the new passenger liner for our old friends Shaw Savill. This order was received in the face of such intense competition at home and abroad that one was vividly reminded how essential it is, for our future ability to compete, that managements and labour should never forget even though yards are now full, the part each has to play in enabling competitive prices to be quoted.

AVIATION

I said last year that, in spite of the swing towards the use of jet aircraft even for medium range, I could not believe that the economics of the propeller turbine would not continue to appeal to cost-conscious operators.

The first half of 1960 has, I think, shown the justification of that view. During this time a total of 14 Viscount 810 aircraft have been sold. It seems likely that Viscount sales will continue, albeit at a lower rate than we have been accustomed to, for some further time to come.

During the same period, Trans-Canada Air Lines announced their intention to purchase an additional three Vanguards, bringing the firm orders to date up to 43.

Production work has started on the VC.10, and our sales investigations throughout the world have confirmed our belief that the rear-engined clean-wing concept for future jet aircraft is the right one.

The development of TSR.2 is proceeding to programme and the military importance attached to this weapon is very considerable.

ALLIED COMPANIES

Our Associated Company, Metropolitan-Cammell, has received a number of orders since the end of the year from British Railways and other customers. But to date this year deliveries have exceeded new orders, which are particularly scarce overseas, and the order book is well down compared with a year ago, except in the case of bus bodies.

Our large investment in International Computers and Tabulators (ICT) continues to prosper and we expect its success to continue.

PROSPECTS SUMMARY

As to the prospects of the full year 1960 experience makes me wary. But I can say that it looks like being a good one for our Engineering Companies; steel profits should be maintained; and in shipbuilding deliveries will be on the same level as last year. Though our aircraft trading profits will be lower, provision for development should be considerably less than for 1959. Our Canadian and Australian Companies should improve. Barring unforeseen factors, it looks at this stage as if 1960 may well be a rather better year than 1959.

The report and accounts were adopted.

Bowaters



"More new products in more new markets—that is our simple policy for progress"

Sir Eric Vansittart Bowater, speaking at the Annual General Meeting of the Bowater Paper Corporation Limited at the Royal Festival Hall, London on the 2nd June, 1960.

WELCOMING more than 2,000 Ordinary shareholders to the meeting the Chairman extended a special greeting to those shareholders of the former Bowater-Eburite Limited, now wholly merged into the Corporation and renamed Bowater Packaging Limited. Sir Eric then referred to three resolutions which were to be submitted for shareholders' approval.

The first of these dealt with the increase of the Corporation's authorised capital by the creation of 15 million new Ordinary shares of £1 each, in order to make available sufficient Ordinary shares for the scrip issue; for the conversion into Ordinary shares next July or in 1961 of the balance of the Convertible Unsecured Loan Stock; and to leave some 10 million Ordinary shares available for issue in future should the need arise.

The second resolution dealt with the scrip issue, for which the recommendation was to capitalise the sum of £5¼ million of capital reserves, and to distribute it to the holders of the Ordinary capital in the form of one new share for every five Ordinary shares held by them as of April 22nd last.



Finally there was a resolution to amend the Articles of Association so as to permit of the issue of Stock certificates without the signature of Directors or other Officials of the Corporation, but of course still under the seal of the Corporation and under the supervision of the auditors.

Turning to the affairs of the Organisation, the Chairman said: The decade just ended was for Bowaters one of expansion, development and prosperity, and one which in every year, excepting only 1953, has witnessed an increase in our sales, culminating with 1959 in which year we achieved in sales, production and trading surplus all-time records.

The decade of the "fifties" saw the construction of our various mills in Tennessee and South Carolina, and the acquisition of the Mersey mills at Liverpool, Nova Scotia. In our United Kingdom mills three additional high-speed machines and new power plants were installed; the new Mersey groundwood pulp mill came into operation, as did the multiwall sack plant and corrugated container plant at Ellesmere Port, and Eburite Corrugated Containers as it was then known was acquired and developed. Then, too, we entered the expanding field of household tissues through Bowater-Scott Corporation, and The Bowater Steamship Company came into being. In addition, the programme of modernisation and development of existing plants continued throughout the decade.

During that period we spent on those capital projects and investments the sum of £140 million; our annual turnover increased from £35 million to £117 million, while trading surplus rose from £5.4 million in 1950 to just over £20 million in 1959, of which some 70 per cent was attributable to our overseas interests. This not unsubstantial increase in trading surplus will indicate that our large capital investments over recent years are now paying off.

In all those markets which we serve there was, particularly during the second half of the year, a substantial increase in the demand for our products. Broadly speaking, the demand for every kind of paper and paper product is still on the upgrade, and it is reasonable to anticipate that consumption during 1960 will be at a higher level than ever before. Indeed, consumption of newsprint in North America for 1959 was at an all-time record level and exceeded the previous year's by 7.7 per cent, while for the first quarter of 1960 consumption in that continent was 6.8 per cent higher than for the first quarter of 1959. In the United Kingdom consumption of newsprint also increased during 1959, and for the first quarter of this year again increased by an estimated 10 per cent over the corresponding period of last year. All our mills and plants are working substantially to capacity and will, I believe, continue to do so for the remainder of this year.

From time to time I see the comment that Bowaters are essentially a newsprint concern. This today, is wide of the mark; newsprint accounts for little more than 50 per cent of our United Kingdom production and indeed no more than 60 per cent of our overall production throughout the world in 1959.

During the year capital expenditure on new plant and investments amounted to £13¾ million, which to a large extent was financed from our own resources. Despite this, Loan capital was reduced by £3 million, and net current assets improved by £1¼ million.

One of our more recent developments is to undertake manufacture of pitch fibre pipes, used for all forms of drainage and for electric cable conduits. We shall manufacture these pipes at our Ellesmere Port site, in a new plant due for completion at the end of this year.

Bowaters United Kingdom Pulp and Paper Mills had a satisfactory year and its profits were at a slightly higher level than those for the previous year, due in the main to the higher production achieved as the result of new manufacturing facilities coming into operation. The programme of development and modernisation of this company's four mills continues. The Bowater Steamship Company, which now owns and operates eleven vessels, enjoyed a satisfactory year despite the continued depression of the shipping industry, and recently ordered another ship to be built in Dundee, Scotland.





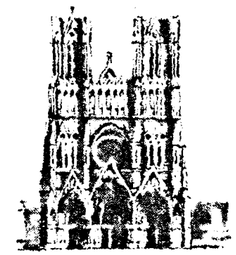
Bowaters in the United Kingdom

The companies formerly comprising our packaging group and now reorganised into one single operating company, Bowater Packaging Limited, continue to develop and expand, despite the highly competitive conditions that continued to prevail. To meet the ever-growing demand for packaging media two new plants are to be constructed, one at Gillingham in Kent, for the production of flexible packaging, the second at Stevenage in Hertfordshire, for production of corrugated fibre containers. Both plants will be completed within the next two years.

Our recently acquired subsidiary, Bowater Perga, is the largest manufacturer of cartons for milk and fruit juices in the United Kingdom, and we are installing new plant at its Gateshead factory and at another existing factory in South Wales to meet the great expansion in demand occasioned by the development of new types of vending machines which are being rapidly installed throughout the country.

A year ago I announced our intention to establish footholds in the European Common Market Area. We have now acquired four packaging plants, two in Belgium, one in Italy, and one in France, all good businesses in themselves and readily capable of further development. Ownership of these four businesses is vested in a new holding company, Bowater Europe SA, with a capital of 140 million Belgian francs—the equivalent of £1 million—the whole of which is owned by the Corporation.

Bowater Europe's plans for further development include the erection of factories in Ghent, Belgium, and at Rheims in France. Both plants should find ready outlets for their





Bowaters in the European Common Market

products, for packaging in Europe is developing rapidly. In short, more new products in more new markets that is our simple policy for progress.

Very naturally the matter of the Outer Seven and the Inner Six has aroused widespread interest, for the solution of this complex problem could well have a profound influence upon the United Kingdom economy. Whatever the ultimate outcome, I am not unduly pessimistic about its possible future effect upon the industries in which we are engaged in the United Kingdom. The demand for all kinds of paper and paper products continues to expand, and I see no reason why paper manufacturers in this country should not continue to enjoy their proportionate share of this growing market. To the Scandinavian countries the United Kingdom pulp market is of first-class importance, and in my view it is a market they will wish to retain and to foster. Paper mills are not built overnight and, as we well know, their capital cost is high; moreover the Scandinavian countries will not wish lightly to give up their traditional European markets merely to ship a greater volume of their products to the United Kingdom. Newsprint has always entered the United Kingdom free of duty, but despite this we have held our own and, indeed, greatly expanded our business during the last thirty years, whilst in respect of our other principal product in the United Kingdom, namely packaging, we have, I believe, little to fear.

Our pulp mill companies in Sweden and Norway continued to operate on a satisfactory basis, and of our Irish subsidiary—Bowaters Irish Wallboard Mills Limited—sales and trading surplus reached the highest levels yet achieved. In Ireland, the advent of the European Free Trade Association may also be a challenge to that company's export markets, and all possible means of further improving efficiency and reducing costs of production are under constant examination.

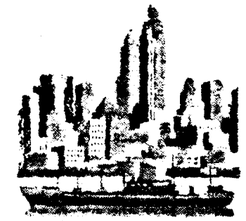
Our associated company, Bowater-Scott Corporation, had a highly successful year, during which it brought into production its second tissue paper machine at its Northfleet mills in Kent and launched a number of new products in the hygienic paper field. During last year Bowater-Scott also entered the European Common Market and a new company, Bowater-Scott Continental S.A., was formed in association with Papeteries de Belgique, the leading paper manufacturers in Belgium. Negotiations also took place with Cartiere Burgo, the largest paper manufacturers in Italy, and a new company known as Burgo-Bowater-Scott was recently established. Through these companies Bowater-Scott expects eventually to achieve a full coverage over the whole of the European Common Market Area.

The Bowater-Scott Australia Company also continued to develop. With the coming into operation later this year of its new high-speed tissue machine the company will be entirely self-sufficient in respect of its paper requirements and will then be operating the only completely integrated unit of its kind in Australia.

Bowaters have long enjoyed important outlets in Australia and New Zealand. During recent years the tendency in those two countries, as elsewhere, has been towards the establishment of plants to manufacture many of the goods previously imported. This, to an increasing extent, applies to newsprint, and to protect our interests in those very important markets, we accepted the invitation of the principal shareholders—the Government of New Zealand and Albert E. Reed & Company—to participate in the management and development of Tasman Pulp & Paper Company, Kawerau, New Zealand. In conjunction with Albert E. Reed & Company we have undertaken the responsibility for the management of the Tasman company and for the engineering and installation of a second paper machine in its New Zealand mills.

Turning to The Bowater Corporation of North America, its consolidated profits on trading for the year amounted to nearly $34 million, an increase of more than $3 million over the previous year. The Canadian paper industry continued to be plagued by the upward trend of wages, costs of materials, supplies and distribution, but, in our case, this was to a limited extent offset by further improvements in efficiencies in manufacturing operations, and during the second half of the year by the substantial increase in the basis of operations of the mills.

Bowater's Newfoundland Pulp and Paper Mills operated on a five-day week basis until July last, when they resumed full-time normal operations. In consequence, the profits of this company in 1959 exceeded those of the previous year. Further improvements have been effected to this mill's manufacturing facilities and it is anticipated that production for the current year will be at the highest level so far achieved. On the other hand, the profits of Bowaters Mersey Papey Company, Nova Scotia, were at a lower level, attributable to the increased costs to which I have just referred. The Mersey company is effecting the complete modernisation of its electrical system, the benefits of which should be reflected in its future operations.



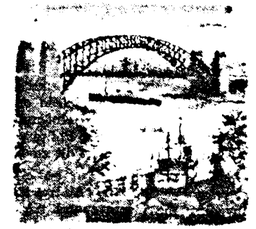


Bowaters in the United States of America

At the mills of Bowaters Southern Paper Corporation, Tennessee, the year began with the successful coming into operation of the fourth machine, but it was not until the second half of the year that the mills were able to achieve full production on all four machines. The resources of the Southern Corporation continued in the main to be applied in the reduction of funded debt. The total repayment over 5½ years has amounted to some £37 million. As a result, the company was able to commence to pay dividends on its Common stock, and the first dividend, amounting to $2,340,000, was paid to the North American Corporation in December, 1959.

Bowaters Carolina Corporation brought its new sulphate pulp mill at Catawba into production in July last, and production by this mill has in recent months notably exceeded its design capacity. It has now been decided to install a paper machine alongside the Catawba pulp mill and if all goes well this machine should be in operation by mid-1962.

The Catawba hardboard mill is on the point of coming into commercial production. This plant, favourably located for the supply of board to the important furniture trade in North and South Carolina and to the building and construction trades, is designed initially to produce 160 million square feet of a new type of hardboard per annum and constituted our first step towards diversification in North America. The second step will be the paper machine we now intend to erect on the same site.





Bowaters in Australia

The year 1959 as it transpires was a good one for the Bowater Organisation. The consolidated earnings of the Corporation exceeded £20 million, and in the light of this and the fact that prospects would appear more favourable than has been the case for the past year or so, we examined the possibility of increasing the rate of dividend on the Ordinary stock. In so doing and taking into account the substantially increased Ordinary capital in issue we came to the conclusion that we would be justified in recommending a final dividend of 2s. per £1 stock unit, bringing the total distribution for the year to 3s. per £1 stock unit, by comparison with 2s. 6d. for the previous year. With regard to future dividend policy, this can of course only be determined in the light of circumstances which prevail at the time when such decisions have to be made. No firm prediction on profits in respect of 1960 is feasible at this time, but figures available to date are encouraging and indicate that the level of trading surplus achieved last year may well be fully maintained.

The level of operations and sales, both for ourselves and in the paper industry as a whole, underwent a considerable change for the better during 1959, and, subject only to circumstances outside our control, the prospects for the Organisation in 1960 would appear satisfactory.

One must qualify such a statement because of the highly unsettled state of the world today. The effects of the failure of the Summit conference upon the world and, therefore, upon industry cannot yet be foreseen. None the less it is my opinion—indeed my faith—that we should continue to plan our developments in the belief that we must at all times be prepared to meet our share of the increasing demand for paper and paper products that is inevitable given a continuance of reasonably peaceful world conditions. To that end we have over the years set out to broaden the base of our activities by diversification, and we see no present reason for changing that policy: on the contrary, all indications would seem to point towards opportunities for development in the future even greater than they have been in the past.

The report and accounts and resolutions to increase the capital and to make a scrip issue were adopted.

Stockholders will automatically receive copies of the complete speech by Sir Eric Bowater. Others who are interested may obtain copies from: The Secretary, Bowater House, Knightsbridge, London, S.W.1.

Telephone Rentals LIMITED

OPERATING TR SERVICES

ANOTHER SUCCESSFUL YEAR

VOLUME OF NEW BUSINESS AGAIN A RECORD

OVERSEAS COMPANIES' CONTINUED PROGRESS

MR W. STUART PHILCOX'S STATEMENT

The thirty-first annual general meeting of Telephone Rentals Limited was held on June 8th at the Registered Office, 197 Knightsbridge, London, S.W.7, Mr W. Stuart Philcox, DFC, MA (chairman and managing director), presiding.

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

The following is the Statement by the Chairman which had been circulated with the report and accounts for the year ended December 31, 1959:

Before commenting on the results of the year under review, I must refer to the loss we have suffered through the death on August 14, 1959, of the Founder of our business, Mr Fred. T. Jackson.

As a matter of history, Mr Jackson began his business career in 1902 with one of the four private telephone installation companies then existing in this country. Following the outbreak of the first World War, he formed the original Telephone Manufacturing Company Limited to take over the rental companies and to manufacture the equipment required by them. In 1929 this company went into voluntary liquidation in order that two new and completely separate public companies might be formed, one with the same name to concern itself solely with manufacturing, and the other —Telephone Rentals Limited—to take over and to develop the rental interests.

Up to the day of his death, the progress and well-being of these two companies never ceased to be Mr Jackson's predominant interest and as will have been seen his total service amounted to fifty-seven years.

It would be almost impossible in a few sentences to pay adequate tribute to the qualities of this man. We have therefore sent to each shareholder a copy of the Memorial issue of our TR Journal which demonstrates as no words of mine could do the remarkable esteem and high regard in which he was held by so many both inside and outside your Company.

Telephone Rentals has a very strongly developed family spirit and it is as the head of a family that we shall miss him most.

BOARD CHANGES

Towards the end of the year I was elected by my colleagues on the Board to the position of Chairman in place of Mr Jackson and it will be my constant endeavour to maintain the high standard of devotion to the Company's interests set by him.

During the next four or five years your Company is likely to be faced by many problems brought about by the rapid rate of change in many of the fields in which it operates and during that period it will be passing from what might be termed the old management to the new.

With these thoughts in mind we decided to extend invitations to join the Board to two gentlemen who for many years have been well acquainted with the activities of your Company and who have a wide knowledge and experience of affairs in general. I am glad to say that in both cases our invitations were accepted, and you will be asked to confirm these appointments at the Annual General Meeting.

One is Mr F. C. T. Lane who, until his recent retirement, was senior partner in the firm of Chas. W. Rooke Lane & Company, who from the very early days have been our Auditors. The other is Mr J. H. Reed, Managing Director of Ericsson Telephones Limited, with which Company we have had a very close working arrangement for over a quarter of a century. I should perhaps emphasise that there is no financial association whatever between your Company and Ericsson Telephones Limited and that we have invited Mr Reed to join us in his personal capacity.

At the same time, we have taken advantage of Article 87A in our Articles of Association and have appointed as Executive Directors four of our senior personnel. These gentlemen are Mr E. H. Cooper, General Manager, Mr C. Cleverdon, General Sales Manager, Mr T. Sedgwick, Chief Engineer, and Mr E. A. Bradshaw, Manager of our largest operating Branch.

I think you may be interested to know that on December 31, 1959, the average age of the Executive Directors was 53 and that their average length of service was 32 years. We are particularly fortunate in being able to number among our staff such a high proportion who joined us as young men and who have decided to make their careers with the Company. This is certainly not the least of the factors accounting for the family spirit which exists among us and to which I referred just now.

I believe it is true to say that your Company has a good reputation for sound and understanding management, and I have no doubt that the increased opportunity for combining detailed internal knowledge and wide external experience inherent in the steps we have taken will be of great advantage to us during the next few important years.

Before leaving the subject of the Board of Directors, I wish to call your attention to the Special Resolution which will be submitted for your approval at the Annual General Meeting. The effect of passing this Special Resolution will be to increase the basic remuneration to which the Directors are entitled from £400 to £750 per annum and the basic remuneration of the Chairman from £500 to £1,000. The present rates have remained unchanged since the incorporation of the Company in 1929, and it is considered reasonable that this increase should now be made.

THE YEAR'S TRADING

I am very glad to be able to report that once again your Company has had a very successful year. In this country, in spite of increased competition, the amount of new business we did was again a record. Not only was there an increase in the total number of contracts both with new and existing subscribers, but the number of contracts for large installations included in the total was considerably greater, whilst the business was widely spread over the full range of TR Services.

This success was of course largely due to the upsurge in industrial production which developed throughout the country during the course of the year, but it also reflected the concentrated attention paid to training and instruction on the sales side in recent years. In a highly specialised business such as ours it takes a long time to build up and maintain a skilled and experienced sales force trained to act in a consultative capacity, and our strengthened financial resources have enabled us to carry out our planned training programmes without the threat of interruption with which we were so often faced in the early nineteen fifties.

The larger volume of business has naturally added greatly to the burden of work in the engineering and clerical departments at Head Office and in the Branches.

On the engineering side, we have also reaped the benefit of the time and money which for many years have been invested in training and instruction both at our Central Training School and in the field. Our engineers have shown themselves to be anxious to take responsibility and to improve their skill and knowledge, with the result that the work of installing and maintaining a continually widening range of equipment has been carried out with a high standard of workmanship and with increased efficiency and economy.

Included under the heading of training and instruction is our Apprenticeship Scheme which at present covers between eighty and ninety apprentices. The apprentices of today will be the engineers of tomorrow, and I am glad to be able to pay a tribute not only to the keenness and application of the youths themselves but also to the understanding interest taken in them by the older men under whom they work.

During the year under review we completed a quite extensive programme of mechanisation and reorganisation of routines and procedures in the offices. On this account we were able to deal with the greater volume of work referred to above with much less pressure and much more economy than would otherwise have been possible. These measures will greatly assist us to keep under control the rise in overhead expenditure that is one of the inevitable consequences of an expanding organisation.

Our subsidiary company, Electro Rentals Limited, which deals solely with refrigeration on rental, has continued to make steady progress. Certain changes in its sales policy may well lead to an accelerated rate of growth in the future.

OVERSEAS

I can also report that our overseas companies have continued to make satisfactory progress. Although these companies still form a relatively small part of our total enterprise, they are growing rapidly and will undoubtedly make a valuable contribution to the strength of the Organisation. Trading conditions obviously fluctuate from time to time in any one country, including Great Britain, and these overseas operations will add to the stability of your Company.

We believe that it is very necessary to maintain close personal contact between these companies and ourselves and during the year a number of visits by senior executives were made in both directions including a visit by myself to Australia and Canada.

All the overseas companies, with the exception of Canada, traded at a profit during the year and all, except Canada and Paris, paid a dividend either direct or, in the case of South Africa, to our holding company there, Telephone Rentals (South Africa) (Pty.) Limited.

We anticipate that Paris will be in a position to pay a dividend at the end of the current year, but it will still be some years before Canada will be similarly situated. We tend to forget how long it took to establish a profitable rental business in Great Britain during the first quarter of the present century and we shall be wise to reconcile ourselves to a long period of relatively slow progress in Canada.

DIVIDEND

As the result of all these activities, the Consolidated Profit before Tax amounted to £1,294,581, which represents an increase of £170,521 on the previous year and is the highest we have so far achieved.

Taking all factors into consideration, your Directors feel justified in recommending a final dividend of 10 per cent making, with the interim dividend paid in January, 1960, a total for the year of 15 per cent.

As we have found from hard experience, it is most desirable that a company of this nature should as far as possible be able to finance its operations from its own resources. As has been repeatedly stated in the past, the Board would not be prepared to recommend an increased dividend if there was a risk of the liquid resources of the Company being seriously weakened or if the future prospects seemed to make it unlikely that the increased rate could be maintained.

At the present time our liquid resources are satisfactory and I am glad to say that during the first four months of the current year there has been no falling off in the level of business. Unless some completely unforeseen circumstances should arise, we therefore feel we may reasonably anticipate maintaining the payment of the dividend at 15 per cent.

I should perhaps point out that there might be a danger of interpreting the figures of our liquid resources too literally and of failing to view them in proper perspective. The sudden and to some extent unforeseen uprise in the volume of business in the middle of 1959 had the double effect of running down our stocks and of lengthening the delivery period from our principal suppliers. We now find it necessary to plan for a much higher stock level than was required a year or two ago and we estimate that during the current year we shall spend about £1 million more on materials and equipment than we did in 1959.

Turning to the Accounts now before you, I will comment briefly on some of the changes as compared with the previous year.

PROFIT AND LOSS ACCOUNT

Trading income is up by £204,691. Dividends and Interest receivable by £30,656, whilst on the other side Operating Expenses are up by the moderate sum of £16,688, Directors' Emoluments by £21,925 and Depreciation by £30,524.

The increase in Directors' Management Emoluments, which include the emoluments of the four Executive Directors from the date of their appointment, is principally accounted for by special payments to the late Chairman's estate arising under the terms of his Service Agreement on his death and to that extent is non-recurring. The net Profit before Tax at £1,213,827 exceeds the 1958 figure by £136,210.

Profits Tax is down by £12,979 and Income Tax is up by £30,894. Both these items have been affected by the restoration in the 1959 Budget of the Investment Allowance, applicable as from April 8, 1959.

The Net Profit after Tax, but before transfers to Reserves and provisions for Dividends, is £785,853. We have transferred to the Tax Equalisation Reserve £76,000 which is £91,000 less than was required in 1958, mainly due to the special adjustment made last year to cover the difference in basis of the Profits Tax Levy. The sum of £430,420 has been transferred to the General Reserve.

After providing for the transfers to Reserves, and the Dividends on both the Preference and Ordinary Shares amounting to £243,873, as compared with £187,494 in 1958, we are left with an unappropriated Profit balance of £232,255 to be carried forward to 1960. The increase in the amount of the Dividends is accounted for by three things: firstly, the reduction in the standard rate of Income Tax which affects the Preference and the Interim Dividend on the Ordinary Shares; secondly, the Interim Dividend in January, 1960, was paid on the Capital as increased by the Capitalisation Issue in February, 1959, and thirdly, the proposed Final Dividend is at the rate of 10 per cent as compared with 7½ per cent for the previous year.

BALANCE SHEET

LIABILITIES

The Issued Capital was increased by £422,400 in February, 1959, by the Capitalisation Issue, which depleted the Capital Reserves by £241,980, and the Revenue Reserves by £180,420. By transferring the above-mentioned sum of £430,420 to General Reserve we have restored the combined Capital and Revenue Reserves to approximately the figure shown in the last Balance Sheet. The Shareholders' interests, consisting of Capital, Reserves and Unappropriated Profits, amount to £5,363,743, an increase of £465,023 over the previous year.

The remaining items show relatively little change from the previous year and do not call for comment.

ASSETS

The value after depreciation of the revenue-bearing Installations has increased by £307,053 to £4,071,524.

Office Furniture and Fittings, Vans and Cars are up by £8,494, whilst the Freehold and Leasehold Properties show a decrease of £7,704.

The increase of £22,738 in Investments in Subsidiary Companies represents an addition to our Shareholding in the Canadian Companies. The accumulated Canadian losses are still adequately covered by the Contingencies Reserve. Loans to Subsidiary Companies were repaid during the year, whilst the amounts due on current accounts have decreased by £2,726.

Of the Current Assets, neither Stock and Work in Progress, nor Sundry Debtors and Prepayments reflect much change, although as already mentioned we expect to see the Stock figure somewhat higher at the end of 1960.

Our Liquid Resources consisting of Tax Reserve Certificates, Deposits with Local Authorities, Investments and Cash are some £325,643 greater than at the end of 1958, some of the surplus funds having been invested in short-dated Government Stocks.

CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The Consolidated Accounts having been prepared on a similar basis to that of the Parent Company, the material changes have already been dealt with in the foregoing remarks.

As previously stated, the Net Profit before Tax is £1,294,581 and after providing for Taxation, transfers to Reserves and Dividends, the balance of unappropriated Profits carried forward and attributable to the Holding Company's Shareholders amount to £420,486.

TRIBUTE TO EMPLOYEES

In conclusion, I am sure you would wish me to pay a tribute to the ungrudging hard work and willing co-operation of the employees in all sections of the Organisation at home and overseas, without which the results of this quite outstanding year could not have been achieved.

It is no exaggeration to say that, largely through the influence of the Profits Participation Scheme, the interests of the employees and the interests of the shareholders have become identical. To a remarkable degree our employees are conscious of a sense of personal responsibility for the progress and well-being of the Company. Many of them will benefit from the raising of the dividend rate and I can assure you that they will have amply earned the additional recompense.

From the point of view of the shareholders, the most valuable asset is one that does not appear in the Accounts at all—the loyalty and enthusiasm of the men and women who work for the Company.

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

The retiring directors, Mr F. C. T. Lane, FCA, Mr J. H. Reed, CBE, ACIS, and Mr Campbell Cochran, BL, were re-elected and the remuneration of the auditors, Messrs. Chas. W. Rooke Lane and Co., was fixed.

The Special Resolution amending the Articles of Association having been passed, the proceedings terminated.



Extracts from the Statement by the Chairman

MR. G. E. McWATTERS

which was presented at the 65th Annual General Meeting of John Harvey & Sons Ltd. held on 10th June, 1960, at the Grand Spa Hotel, Clifton, Bristol, 8,

HARVEYS of Bristol

I have pleasure in presenting to you the Report of the Directors and the Accounts for our second year of trading as a Public Company.

PROGRESS

From our records I see that we now have some 6,500 Shareholders. The sales of the Group have again risen substantially during the year under review from £4,279,357 to £4,779,943, or 11.7 per cent. These figures do not fully reveal the increase in sales, as a substantial proportion of our growth has come through increased distribution to wholesalers who, of course, purchase at a lower price. The actual quantity of wine sold has increased by 133,681 gallons to 958,467 gallons.

GENERAL DEVELOPMENT

During the past year the Company has established a number of new Branches and Subsidiaries. At the present time we are building new depots in Birmingham and Glasgow at a cost of £37,000, and £20,000 respectively. These will be fully operational by the end of the summer. In addition we are modernising existing premises in Cardiff and Portsmouth.

Overseas, in May 1959, we established John Harvey & Sons (Belgium) S.A. to bottle and distribute our wines in the Common Market countries.

In August 1959, John Harvey & Sons (South Africa) (Proprietary) Limited was established to select and purchase South African Sherries.

At the same time, in the Central African Federation we set up John Harvey & Sons (Rhodesia) (Private) Ltd. to bottle South African Sherries for sale in the Federation.

John Harvey & Sons (España) Limited is an English Company with a Branch Office in Spain formed 27th January 1960 to license our sole Sherry supplier, Don Zoilo Ruiz-Matoos, to use certain Trade Marks so that our interests in Spain may be extended. His Grace the Duke of Primo de Rivera will be the President of this Company.

These moves secure our sources of supply and ensure that the high quality of our Sherries will be maintained.

We have some 42,000 butts of Sherry at our disposal in Jerez de la Frontera. This I believe to be the largest stocks on hand for any Company in the Sherry trade.

THE HOME MARKET

The reduction of Duty during the recent Budget must eventually benefit the interests of your Company. We anticipate increasing sales particularly during the Christmas period.

The Company's sales force has again been increased and the coverage of our accounts is now more effective.

Our advertising campaign for the three Bristol Sherries, Cream, Milk and Dry, has met with continued success. A special campaign for Bristol Dry has recently started and during the year our advertising activities will be extended.

THE EXPORT MARKET

The Sales Director, Mr. D. B. E. Belson, has just returned from a world tour calling upon the Company's agents overseas. During the course of his travels Mr. Belson covered a distance of 28,000 miles.

I have also visited America and Canada in the year under review.

From the result of these visits we feel that the Company's interests can further be extended. We are not entirely satisfied with the development of the Sherry market as a whole in the United States and consider that more can be done to enlighten the American public on the virtues of drinking Sherry from Spain.

It is our opinion that similar activity should be pursued in the Canadian market.

THE FUTURE

We have learnt with pleasure that according to present arrangements the President of the Board of Trade, The Rt. Hon. R. Maudling, M.P., has kindly consented to open our new Bonded Premises and Offices at Whitchurch on 3rd October 1960.

These premises are now in operation and the offices will be ready for occupation during August.

The amount expended during the past year in building and equipping the Whitchurch premises is reflected in the amount of fixed assets shown on the Balance Sheet.

The development at Whitchurch and the completion of other warehouses and supply points throughout the country now places your Company in a better position to augment the profitability of Shareholders' investments. The past year has been one of laying foundations for the future. The year ahead we have the task of building on these foundations and consolidating our position in the trade.

This we intend to do. Wherever possible a stronger sales drive will be applied not only to our Ports and Sherries but to our Table Wines as well.

Copies of the Report and Accounts may be obtained from the Secretary, 12 Denmark Street, Bristol 1.

WOODALL-DUCKHAM LIMITED

MEETING THE CHALLENGE OF CHANGING CONDITIONS

NEW ACQUISITIONS TO EXTEND GROUP'S INTERESTS

MR T. C. FINLAYSON'S REVIEW

The twelfth annual general meeting of Woodall-Duckham Limited will be held on June 27th at Woodall-Duckham House, 63/77 Brompton Road, London, S.W.3.

The following is the statement of the Chairman, Mr T. Campbell Finlayson, CBE, MSc, MInstGasE, MIChemE, FInstF, circulated with the report and accounts for the year ended December 31, 1959:

In my last Statement I drew Members' attention to the fact that the annual profits of the Group are greatly influenced by the dates on which substantial contracts are completed and brought into account. I explained that an unusually large number of substantial contracts were brought into account in 1958 which had a very favourable influence on the profits of that year.

THE YEAR'S RESULTS

The Consolidated Profit and Loss Account for 1959 shows a profit, before taxation, of £968,594 compared with £1,617,185 for 1958. These figures show a substantial fall when compared with the exceptionally high profits earned in 1958, but they still represent a by no means unsatisfactory year's results. Taxation amounted to £379,672 compared with £757,028 for 1958. After deducting £5,784, the proportion of profits applicable to outside interests, the Group Net Profit for 1959 was £583,138 against £846,179 for 1958. Out of the Group Net Profit of £583,138, profits amounting to £362,442 were retained by the Subsidiary Companies, leaving a net profit of £220,696 available in the Parent Company's Accounts.

A Special Interim Dividend of 5 per cent was paid on the Ordinary Shares in June, 1959, followed by the usual 5 per cent Interim Dividend in December 1959. In my last year's Statement I said that your Directors would ignore this Special Interim Dividend when they came to consider their recommendation for the Final Ordinary Dividend in respect of the year 1959. This they have done and they propose to recommend that a Final Dividend of 20 per cent should be paid on the Ordinary Shares in respect of 1959.

In spite of the adverse factors which continued to operate during 1959, to which I refer later, the value of orders received was £14 million against £10½ million in 1958. The value of work carried out by the Group was £12 million as against £14¼ million in 1958, with the result that the Group had the satisfactory figure of £20 million of unexecuted work in hand at the beginning of 1960.

TRADING CONDITIONS

I emphasised in my last Statement the problems which your Company was facing due to the changing requirements of its Clients in the Steel, Coal and Gas Industries. These problems continue to exist, particularly in regard to the fall in demand for coal carbonisation plants, on the supply of which the Company's business was founded. Whereas the Steel Industry is still installing a considerable number of coke oven plants to meet the growing demand for steel, the present policy of the Gas Industry is to build new plants involving complete gasification of coal or oil rather than the carbonisation of coal. It is very clear, however, that your Directors' plans for providing suitable alternative plants and equipment to meet the changing requirements of the Company's Clients are of the utmost importance, and this policy is being actively pursued. It will be appreciated that your Company's competitors are faced with similar problems, with the result that competition is extremely keen and profit margins narrower than for many years past. Your Directors are making every effort to meet this challenge by exploring new processes, methods and technique, and, where suitable, putting them into operation.

POLICY OF EXPANSION

In parallel with the policy I have outlined for dealing with the changing conditions within the industries with which the fortunes of your Company have been so intimately bound up since its inception, your Directors have been giving careful thought to the expansion of the Company's interests into new fields of activity. I am pleased to be able to report that during 1959 two Companies have been acquired and are now wholly-owned Subsidiaries of the Group. Before describing the activities of these two newly acquired Subsidiaries, I think it will be of interest to Members if I explain the principle on which your Directors feel it desirable to rely in regard to new acquisitions. This principle is to extend the base of the Group's interests within the broad framework of its present activities. It is not your Directors' intention to expand the Group's activities into fields which are completely diverse from the Group's normal activities. Their object is to expand into new lines in fields which are complementary to the Group's business and to aim at creating a number of integrated units, each capable of and responsible for managing its own day-to-day affairs, but sharing an overall common policy and pooling the wide range of knowledge and experience possessed by individual units for the benefit of the Group as a whole.

NORDAC LIMITED

The first of the two new acquisitions to which I have referred is Nordac Limited. This Company has a well-established business engaged in designing and manufacturing equipment for the evaporation of liquids by submerged combustion and in providing anti-corrosion linings for tanks, containers and pipes, using rubber, lead and plastic materials. The Company has well-equipped Works at Uxbridge, Middlesex. This Company, which was acquired as at January 1, 1959, showed satisfactory financial results for the year 1959, which are reflected in the Group Accounts for that year. There are good reasons for believing that this Company's business is likely to show further advances during the next few years. The cost of this acquisition was met by the issue to the Vendors of 185,189 fully paid 5s. Ordinary Shares in Woodall-Duckham Limited.

AMES CROSTA MILLS AND COMPANY LTD.

The second new acquisition is Ames Crosta Mills and Company Ltd., of Heywood, Lancashire. This Company was acquired as at October 1, 1959, for a cash payment of £735,000. As the settlement was not due to take place until March 31, 1960, the Accounts for 1959 are not affected by this transaction, i.e., the profits of the Company for the period from October 1, 1959, to December 31, 1959, have not been taken into the Consolidated Profit and Loss Account, nor has any account been taken of this Company's Assets and Liabilities in the Consolidated Balance Sheet for the year ended December 31, 1959.

Ames Crosta Mills and Company Ltd. carries on a world-wide business in the design, manufacture and supply of apparatus and plant for the purification of domestic and industrial sewage and for the treatment of noxious effluents. There is no doubt that there is a growing world-wide demand for the products of this Company which enjoys a high reputation in the Sewage Purification Engineering field. It owns a well-planned and up-to-date Works and has a highly efficient, experienced and energetic Management and Staff. I look forward with confidence to this Company becoming a progressively more valuable unit of the Group.

Brief particulars of the activities of the other Operating Companies of the Group are set out below:

WOODALL-DUCKHAM CONSTRUCTION COMPANY LTD.

It is a matter of satisfaction to report that the Company secured during 1959 the largest single order it has ever received. This was for a Lurgi High Pressure Coal Gasification Plant and ancillary plant to be built at Coleshill for the West Midlands Gas Board. This plant will make gas from local small coal and will have a capacity of 40 million cubic feet per day. In addition, the Company received a substantial order for a further Coke Oven Plant at the Ravenscraig Works of Colvilles Limited. Since the year end, the Company has received also the order for the additional extension to the Coke Oven Plant at Ravenscraig Works, this constituting the fifth installation to be built for Colvilles Limited. An order has been received for the supply and erection of an Ore Concentration Plant from the Sierra Leone Development Company Limited.

The Company has also been occupied in carrying out substantial maintenance and rebuilding work for the Gas and Coking Industries during the year.

The Company has recently obtained from United Engineers & Constructors, Inc., of Philadelphia, USA, a licence to exploit a Cyclic Catalytic Reforming Process, known as the "U.G.I. C.C.R. Process" for the manufacture of gas by reforming fluid hydrocarbons. Plants built in accordance with this process are especially suitable for large daily outputs.

W. J. JENKINS & COMPANY LTD.

This Company, owing to the restriction of capital expenditure by the Gas Industry, formerly its main customer, has continued to extend its activities into other fields, with an encouraging degree of success which has been assisted by the application of method and work study to all departments.

The modernising of the Works and equip-

ment which has been proceeding during the past few years will materially assist the Company in its endeavours to widen the scope of its activities.

At the beginning of the year this Company purchased the old-established family concern of R. Bradshaw & Company, a small foundry business whose premises adjoin the Company's Works. This Foundry is now a department in the Company's organisation and supplies the iron castings required in its own Works, leaving the small surplus production available for sale.

WOODALL-DUCKHAM (AUSTRALASIA) PTY. LTD.

The past year has brought no basic change in the overall pattern of this Company's activities as outlined in my last Statement. The value of orders obtained during 1959, amounting to £1.4 million Sterling (as against £350,000 Sterling in 1958) was, however, very encouraging and reflects the soundness of the policy of widening the Company's field of operation. Large orders were obtained from Consolidated Zinc Pty. Ltd., for a vertical furnace for the production of zinc, and from the City of Dunedin Gas Department, New Zealand, for a coal carbonising plant.

The Refractories Division has had another rather disappointing year due to very keen competition in a limited market.

Whilst the financial results of this Company continue to fall short of our expectations I believe that a sound foundation has been laid and that the patient and energetic work expended will, in due season, bring its reward.

THE STOURBRIDGE REFRACTORIES COMPANY LTD.

During the year the interests of the remaining outside shareholders were purchased and this Company is now a wholly-owned Subsidiary of the Group. Results for the year were, owing to difficult market conditions, somewhat disappointing, but improvements in the Works have continued and will enable full advantage to be taken of the more favourable market conditions which it is hoped will arise.

UNITED FIRECLAY PRODUCTS LTD.

It is satisfactory to be able to record that the brighter prospects for 1959 forecast in my last Statement have been realised, resulting in satisfactory increased profits.

The installation of the new plant begun early in 1959 is expected to be completed about the middle of 1960. The increased production capacity and the improved facilities which should follow when the new plant is put into operation should have an early and favourable effect on the Company's financial results.

GENERAL

Taking into consideration the adverse factors mentioned in this Statement and having regard to the positive steps taken to counterbalance these by embarking on the new activities described, your Directors anticipate that, apart from unknown circumstances, the profits of the current year will continue at a satisfactory level.

May I, in conclusion, on behalf of my colleagues and myself, once again offer to all those employed in the various constituent Companies of the Woodall-Duckham Group our warm thanks for their efforts which have contributed so largely to another successful year in the Company's history.

HATTERSLEY
ESTABLISHED 1872

HATTERSLEY (ORMSKIRK) LTD.

Head Office and Works :—ORMSKIRK, Lancs.
Works :—HALIFAX, Yorks.

and **BECK & CO. (METERS) Limited**

Offices and Works :—Streatham Vale, London, S.W.16

BRONZE AND CAST IRON VALVES AND THE *Beckmeter* PETROL PUMPS

Extracts from the Consolidated Accounts at 31st March, 1960.

	£		£
Issued Capital	1,250,000	Fixed Assets	1,645,365
Capital Reserves	69,776	Less: Accumulated Depreciation	336,845
Revenue Reserves and Unappropriated Profits	1,281,741		1,308,520
	2,601,517	Trade Investments ...	317,846
Outside Shareholders ...	304,836	Current Assets	2,159,066
Future Income Tax ...	230,000		3,785,432
		Less : Liabilities	649,079
	£3,136,353		£3,136,353

	1960 £	1959 £
Group Profit before Taxation	656,257	585,941
Taxation	299,116	296,201
Dividends (net)	130,156	112,969
Net Profit retained for Developments, Expansion and Contingencies	173,452	144,244

Extracts from the Statement by the Chairman.
Mr. Hubert C. Nicholson, J.P., F.C.A.,
to be submitted at the 37th Annual General Meeting in Ormskirk on 30th June, 1960.

HATTERSLEY (ORMSKIRK) LIMITED

Trading Conditions—Higher value of orders received and despatched but reduced profit resulting from keen competition and lower profit margins for valves and fittings.

Halifax Extensions—Transfer of Halifax Works to new premises completed but did not contribute materially to production during year.

M. B. John & Hattersley Limited, Australia—Another year of record sales and profits. Dividend maintained at 10%.

BECK & CO. (METERS) LIMITED

Exceptionally good year with record turnover and profit, but figures unlikely to be maintained. Dividend increased from 25% to 40%. Pump Maintenance Limited still further consolidated its position.

Number of Shareholders : 1,300 Number of Employees : 1,460

Copies of the full accounts may be obtained upon application to the Secretary.

'We in the Thomson Group are at the birth of a new era'

Mr. Roy Thomson



The following are extracts from the Statement of the Chairman, Mr Roy Thomson, circulated with the Report and Accounts for the year ended 31st December, 1959, submitted to the Annual General Meeting of Thomson Newspapers Ltd., on 2nd June, 1960.

I AM happy to tell you that the merger of Kemsley Newspapers Ltd. and Scottish Television Ltd. is already proving an unqualified success, and that prospects are most encouraging.

Considerable managerial reorganisation has been carried out since I have become Chairman and no fewer than 23 executive promotions, including those of six general managers, have been made, nearly all from within the Company. The calibre and vigour which I have found in all ranks of the organisation have been most impressive and I feel that we are creating an exceptionally strong team capable of meeting any strains in the future and calls for expansion.

Mr Iain Stewart, Chairman of Hall-Thermotank Ltd., and a Director of Scottish Television, accepted our invitation to become a Director on 17th March and we warmly welcome him.

I propose to enlarge the Board further by the addition of several other men of experience and stature.

The Company has been organised in three divisions—newspapers, television and general printing, and their activities are well co-ordinated. Although the results of *The Scotsman* and its associated newspapers are not included in the consolidated accounts, these publications operate under the aegis of the controlling company.

Results and Prospects

There was a major change in the composition of the Group with the acquisition of Scottish Television Ltd., and the Consolidated Profit and Loss Account shows the earnings of the Group as thus constituted for the whole of the year. The profits derived from trading activities and from investment income during the year amounted to £3,214,246, and after deducting from the Trading Profits Debenture interest of £111,020 and providing the sum of £1,495,568 for taxation there remains a net amount of £1,607,658 to which has been added £381,613 representing the profit on sales of investments and on redemption of Debentures of the parent company, and a surplus of £167,300 arising on maturity of the sinking fund policies held to provide for the repayment on 31st December 1959 of a subsidiary company's Debenture Stock.

It is proposed that these profits, which together with the surplus on realisation of the sinking fund policies total £548,913, should be appropriated to Capital Reserve where they will increase capital profits of previous years to a total of £637,323; this amount will be available for tax free distribution to stockholders should the financial position in the future warrant such a course.

The net Group earnings for the year, therefore, totalled £2,156,571. After deducting profits attributable to minority shareholders £5,154, adjusting for taxation relating to prior years £19,270, deducing the net taxed profits of £346,610 of Scottish Television Ltd. earned from 1st January to date of acquisition and retaining £1,191 in subsidiaries there remains a balance of £1,784,346, representing the net profit of Thomson Newspapers Ltd. The dividends less income tax on the Preference Stock absorb £305,250, leaving £1,479,096 available for transfers to Reserves and for dividends on the Ordinary Stocks.

It should be borne in mind, however, that this sum includes the exceptional items of £548,913 to which I have referred, and which, as I have stated, the Board proposes to transfer to Capital Reserve. In addition the Board proposes to allocate the sum of £500,000 to General Reserve. The interim dividend of 6% on the Preferred Ordinary Stock paid on 1st September amounted to £91,875, and it is recommended that a final dividend at the rate of 15% be paid on the Preferred Ordinary Stock, together with a dividend of £61,250 net on the Deferred Ordinary Stock.

After allowing for these dividends and transfers to Reserves the carry forward of Thomson Newspapers Ltd. is increased by £47,371 to £321,559 and the corresponding total for the Group is £638,424.

The Consolidated Balance Sheet shows the net assets position of the combination of Scottish Television Ltd. with the former Kemsley Newspapers Ltd. and reserves have been strengthened during the year by no less a sum than £1,097,475. The item of Goodwill reflects the equity in Television and the Board considers that the present earning capacity and profit potential of your new subsidiary fully justify the amount of the increase in that item.

The Sunday Times

Despite the amazing developments which have revolutionised communications during the past few years, the Press is still, and must remain, the most effective and most powerful medium for keeping the people of any country fully informed about what is happening in the world.

Nowhere is this better demonstrated than in the newspaper which my predecessor built up into one of the most famous world organs of news and comment: *The Sunday Times*.

I am very proud of all the newspapers acquired by Thomson Newspapers, but the one whose ownership brings me the greatest pride and the greatest challenge is *The Sunday Times*.

A great newspaper has a personality of its own, which a wise proprietor respects. I resolved from the start that new ownership should not change the editorial character of *The Sunday Times*, and in particular should not alter the high standards of critical judgment, accuracy and independence which this newspaper outstandingly represents. My views on the independence of editors are well known, and there have been no changes whatever in the higher editorial levels of *The Sunday Times*. I have every confidence that the Editor and his colleagues will go on producing a newspaper of the highest journalistic standards, such as they have already established.

The circulation in the first quarter of 1960 averaged 933,519 copies per issue, an increase of 58,871 over the same period of 1959. All the evidence is that old readers stayed, and new readers were won and kept because they found that *The Sunday Times* was the best Sunday newspaper in the country.

Regional Newspapers

We have a substantial stake in the popular and highly competitive Sunday newspaper field which aggregates over three million copies each week. The solid strength, however, of the Group lies in our regional publications in the great cities and industrial areas of England, Scotland and Wales.

Such papers deserve the best we can give them in management and editorial services and from the outset we have been carrying out an intensive review of the standard of their premises and plant. My philosophy has been that expenditure to improve production, so that there is always spare printing capacity in hand and to give better working conditions, is always justified. We have, therefore, been planning accordingly.

Newspaper Ownership

I have often said that newspapers and now television are not to me a means to personal power, or instruments of propaganda, but a business. It is as a businessman that I approach the whole problem of their administration. By their very nature newspapers must mirror the image of the people whom they serve; and if this mirror is distorted, and not faithfully reflecting, in the long run it will prove to be bad business.

In closing may I say this. We in the Thomson Group are at the birth of a new era; an era, I am sure, which holds special promise for ambitious men and women to march with our expanding and forward-looking organisation.

THE THOMSON ORGANISATION IN GREAT BRITAIN *Newspapers · Television · General Printing*

SCHWEPPES LIMITED

THE HONOURABLE R. HANNING PHILIPPS

ON A YEAR OF OUTSTANDING ACHIEVEMENT

The sixty-third annual general meeting of Schweppes Limited was held on June 2nd at the registered office of the company, Schweppes House, 1-6 Connaught Place, London, W.2, The Honourable R. Hanning Philipps, MBE (the chairman), presiding.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended December 31, 1959:

The trading year 1959 has been one of outstanding profit after ten years of progressive development of your Group of Companies. Whilst these results have undoubtedly been given an exceptional impetus by the long dry summer, they do reflect the steady growth of the business resulting from the substantial investment that has been made over the years since the war. This has resulted in good contributions of profit from both home and overseas trading. As to the overseas profits in many cases these have been left with our Overseas Subsidiaries to finance further developments or to extinguish past losses incurred during the development stage.

The year under review has also seen the extension of the interests of your Company into jams, marmalades, jellies, canned vegetables and fruits, through the acquisition of the three well-known businesses of Chivers & Sons Ltd., William P. Hartley Ltd., and Wm. Moorhouse & Sons, Ltd. These Companies not only lend themselves to considerable integration of manufacture, distribution and accounting, but the existing resources and technique of our Group in the way of Research, Methods Study and Advertising can be profitably brought to bear in these new businesses. Our Research Laboratory's basic research knowledge on fruits, fruit juices and flavours can be applied to preserves and jellies, the bottling and handling techniques we have extensively applied in our soft drink factories are also capable of adaptation to other kinds of food packing. Your Directors believe that over the next few years these three businesses can be combined into a highly efficient and profitable whole, and their exports, as well as their home trade, further expanded.

To act as a Management Company for these three Companies we have formed a wholly owned subsidiary called Connaught Food Products Ltd., to the directors of which your main Board has delegated the responsibilities of carrying out these tasks.

The total cost to the Company of these three businesses has been £5,031,136, paid as to cash £135,979 and Ordinary Stock at current market values £4,895,157. Their respective assets and liabilities have been consolidated in the Balance Sheet and £50,187 of the Group Consolidated Net Profit relates to their post-acquisition taxed profits.

SCHWEPPES (HOME) LTD.

I referred to this new Company in my statement last year. It takes under its care all home trading in 'Schweppes' brand, and has had a successful first year of operation. The first three months of 1959 opened quietly. Consumer demand, we believe, was somewhat retarded by the continuing cost of meeting payments resulting from the relaxation of the previous Hire Purchase restrictions in the autumn of 1958. However, by Easter 1959 sales began to resume their upward trend, and showed for the rest of the year substantial sales increases for every month, ending in another record Christmas selling period. A fine summer, while undoubtedly a substantial help in these sales results, is not so predominant an influence in our main type of trade, which is the provision of 'mixer' drinks to the licensed trade, a trade which is sustained by a fairly stable consumer demand throughout the year. We also had a good year in selling both Schweppes Squashes and Cordials, and experienced a marked revival of interest in our Pure Fruit Juices. We were helped throughout the year in our costs by buying our sugar and fruit supplies reasonably cheaply, at prices we shall not be able to repeat this coming year.

Rose-Kia-Ora Sales Company.—This Sales Company had a record year for its 'Rose's,' 'Kia-Ora' and 'Suncrush' brands, and secured more than its proportionate share of the substantially increased total trade in fruit squashes and cordials. Whilst the good summer generally lifted all sales of this type of soft drink, there has been keen competition between the main national brands, featuring bonus trading offers in nearly every month of the year, as well as price cutting, all of which has promoted increased volume of sales through the grocers.

The Park Bottling Co. Ltd.—In March 1959 this Company, in which we previously held a two-thirds interest, became our wholly owned subsidiary. Whilst continuing to expand its franchised drink 'Pepsi-Cola' most successfully throughout the year, it has in parallel developed the sales of a complementary orange drink called 'Sparkling Suncrush.' This Company has for the first time made a useful contribution to the Group's profits and we are encouraged by the sales increases persisting into 1960, auguring well for another successful trading season.

Jewsbury & Brown Ltd.—This well-known Manchester Company, now fully integrated into the Group, has had a successful year of operation, making an increased contribution to the home profits.

The Apollinaris Co. Ltd.—This Company, which holds the rights to sell the famous natural spring water of that name, has increased its sales 17 per cent.

Schweppes (Overseas) Ltd.—This Company has had an active year in promoting sales, both by way of export of 'Schweppes' mineral waters, and by expansion of the trade of existing overseas franchises, and the opening of two new franchises in Senegal and Spain. The growth of sales of our Tonic Water, particularly in Belgium and France, has been remarkable. We continue to support these overseas efforts by substantial advertising and other methods of sales promotion so as to ensure both the international fame of our drinks and their general availability.

OVERSEAS COMPANIES

Schweppes (Australia) Pty. Ltd.—This Company has extended its sphere of operations by the purchase of control of existing mineral water businesses in Canberra, and in Perth, Western Australia. It has also opened two more bottling franchises. In Melbourne, where it has outgrown its productive facilities, a new factory is already under construction to take the place of the existing one.

I am glad to report that the Australian Company's profits have reached a new record. Sir Frederic Hooper has recently visited Australia, and found our interests there in excellent shape. Arrangements are in hand for inviting the Australian investor to subscribe for 25 per cent of the capital of this Company, a policy which we believe will be in the long term interest of both ourselves and our Australian subsidiary.

Schweppes (South Africa) Ltd.—During 1959, this Company maintained its satisfactory level of trading profits in spite of the rather more difficult trading conditions they encountered.

Schweppes (Central Africa) Ltd.—This subsidiary finished its trading year with a small loss. The areas it serves in Northern and Southern Rhodesia are passing through a period of strain, politically and economically. Additionally, we have had to meet severe competition from certain American drinks. We have more than held our position and early indications in the new year are that this Company has traded more profitably. There has been a recent meeting in Livingstone, Southern Rhodesia, of the Managements of our African Companies and useful methods of co-operation and consultation have been evolved.

Schweppes (East Africa) Ltd.—This Company is now our wholly owned subsidiary, the minority interests having been purchased by us in the year under review. It again unfortunately traded at a loss, but held its sales against particularly bitter competition from two local Companies handling subsidised American soft drinks. This subsidiary will not quickly get into a profit earning stage, but we are looking to long term development of this particular market.

Schweppes (USA) Ltd. and Schweppes (Canada) Ltd.—Both these Companies achieved considerable increases in sales, and have still further broadened the base of operations by opening up new markets. I recently met there many of our important bottlers and distributors and found them most sanguine and enthusiastic. While we have still much to achieve in these two markets, we already have a well established business on a profitable footing, which gives us a firm basis for further expansion.

PRODUCTION AND DISTRIBUTION

At Home all factories and our distributive organisation have been fully extended this past year; but at all times we have met all our customers' demands, and maintained on a high level our quality and our service. Our chain of factories and depots throughout England, Scotland and Wales ensures that we are quickly able to answer any exceptional sales pressure that may be put upon us. The large new factory we are erecting at Sidcup, Kent, to take the place of our old Vauxhall factory and to relieve the pressure on our Hendon factory, is likely to be ready for operation early in 1961. It will incorporate the most modern bottling and handling methods we have evolved, and is estimated to cost £1 million.

New distribution depots have been built at Blackpool, Leicester and Manchester, and we plan this year to build two large depots at Canterbury and Newhaven. In 1962 a new factory on land we have secured on the Team Valley Trading Estate will take the place of our existing Newcastle-upon-Tyne factory, which we have out-grown.

We are constantly applying new ideas emanating from our Research Laboratory at Hendon and from our system of Methods Study and Operational Research, to secure further working economies through a smooth flow of production and distribution. We have also applied Methods Study to our sales organisation with useful results. By such means we have held down our costs and our selling prices which have remained practically unaltered since 1948

ACCOUNTS

I hope that you will like the new size and shape of our Annual Report and Accounts, which have been put before you in a handy and more legible form.

In these accounts you will note two main changes compared with those of previous years. First, this year we present to you only one Profit and Loss and Appropriation Account—the consolidated account of the Group. Secondly, the Balance Sheet of Schweppes Ltd., the parent Company of the Group, is relieved of all fixed assets except Land and Buildings, which properties it leases to the operating Company, Schweppes (Home) Ltd. Its other main assets now consist of the investments and advances to its subsidiaries. It is the Consolidated Balance Sheet of Schweppes Ltd., together with its Subsidiaries, which shows the full detail of the assets and liabilities of the Group as a whole.

The Consolidated Profit on Trading for the year has increased from £3,238,716 to £4,802,815, depreciation absorbs £823,503, as against the previous year of £625,717, and such increase reflects the cost of the new policy of writing off the Company's properties over a minimum period of 50 years From the profit of £3,776,184 provisions for taxation totalling £1,737,441 is deducted and after deducting minority shareholders' interests and expenses in connection with increase of Capital, and after placing £617,424 to Reserves there is with the amount brought forward from last year a total disposable profit of £2,127,519. Of this sum £801,976 has been carried forward in subsidiary companies compared with £512,663 the previous year, an increase of £289,313. Your Directors recommend a final dividend on the Ordinary Stock of 18 per cent, less tax, which with the 5 per cent net interim dividend paid in October makes a total dividend for the year 1959 of 23 per cent, absorbing £970,194. After deducting £185,717, the cost of the special interim dividend of 5 per cent paid with the final dividend in May last year and the Preference Dividend of £36,425 the balance of profit remaining to be carried forward in the Schweppes Limited Accounts is £133,207.

As you will see from the Ten Year Financial Review included in the printed Accounts, this profit distribution marks a new record in the Company's history.

MANAGEMENT

At the end of a year of outstanding achievement I would like to record our sincere thanks to the Directors, Management and Staff of all our operating companies at home and our subsidiary and associated companies overseas. Their combined efforts over a long period have made our record profits possible. Our congratulations should also go to our overseas Franchise Bottlers whose goodwill and hard work is doing so much to expand the sales of Schweppes in their respective markets.

PERSONNEL

During the year we have continued our efforts to improve conditions of service with our Company with the result that our labour turnover has remained at a satisfactorily low level. We have also improved our methods of personnel training and have done much to open up new opportunities for promotion for any of our employees who have both the desire and the ability to accept responsibility. While wherever possible we fill executive posts from our own Established Staff, in a rapidly expanding business we have to seek some of our management material from outside. To this end we have recruited a number of ex Regular Service Officers to the very great benefit of ourselves and of the Regular Forces Resettlement Service.

OUTLOOK

I expect you would wish me to say something about the current year's prospects for the home companies. Sales of Schweppes Mineral Waters for the first quarter show an increase of 18 per cent. Against this Fruit Squashes are rather less buoyant; and wages and some raw materials are costing us more. As regards our new investment in Jams and Preserves we are not counting on any addition to the Parent Company's revenue from this source. The profits from this section will in any case need to be ploughed back for long-term development.

To sum up, therefore, as it seems unlikely we shall have another exceptional summer like the last we shall have a struggle to equal the figures we have now laid before you. However, I see no reason why we should not come near to doing so.

The report and accounts were adopted and the final dividend of 18 per cent on the Ordinary Stock, less income tax was approved.

The retiring directors, the Right Honourable Lord Rockley and Mr H. A. F. Canfield, MInstCE, MIMechE, were re-elected, and the remuneration of the auditors, Messrs James Edwards & Co., was duly fixed.



PHILLIPS RUBBER SOLES LIMITED

The 33rd Annual General Meeting was held on 9th June, 1960, the Chairman, Mr. Peter Petrie, presiding.

The Accounts for the year ended 28th February 1960, showed :—

Group Profit for the year...	£216,885
Add brought forward	98,538
	£315,423
Income Tax and Profits Tax	£101,000
Transferred to Reserves	55,462
Net Dividends	60,638
Amount carried forward	98,323
	£315,423

The following is a brief summary of the Chairman's Review :

RESULTS. The Group has had an excellent year : higher sales of Phillips soles and heels at home and overseas, and substantially improved results from other subsidiary companies have, together, produced an increase in group profit, before tax, of £28,000.

PRICES. The Company's policy to keep prices of Phillips soles and heels as low as possible is evidenced by the fact that the average price of Superfine Stick-a-Soles is less than 50 per cent above prewar prices. Once again, no increase was made during the year despite substantial wage awards and the higher price of raw rubber, and it is hoped to avoid price increases this year.

MODERNISATION. Progress with the extension and re-equipping of the Manchester Works has been good and the scheme is now more than half-way through.

PROSPECTS. As regards the current year, sales in all branches of the Group are encouraging. There seems no reason, at present, why the Group should not have another successful year.

The final dividend of 17½ per cent—making 22½ per cent for the year—was approved and the Report and Accounts were adopted.

ELLIOTT-AUTOMATION LIMITED

GROUP PROFIT BEFORE TAX EXCEEDS £1 MILLION

CONTINUOUS EXPANSION AT HOME AND ABROAD

MR R. E. F. DE TRAFFORD ON OUTLOOK FOR AUTOMATION

The Annual General Meeting of Elliott-Automation Limited will be held on June 30th in London.

The following is the statement by Mr R. E. F. de Trafford, OBE, the chairman, which has been circulated with the report and accounts for the year ended December 31, 1959:

You will see from the accompanying accounts that in 1959 the net profit of the Group before taxation exceeded £1 million for the first time. Not only is this achievement satisfactory in itself but it represents an increase over 1958 of some £200,000 or about 25 per cent.

This improvement is attributable not only to a substantial rise in turnover but to improved efficiency and I would stress that it was achieved with a personnel not dissimilar in size to that of a year ago. Our constantly improving efficiency and productivity are matters of satisfaction to your board for they endorse the wisdom of having spent over the past two years as much as half-a-million pounds on land and buildings and a further million pounds on capital equipment. It is gratifying that the investment has begun to bear fruit so quickly.

Although capital commitments as shown in the notes on the accounts were low at the turn of the year, the policy of installing the latest type of equipment is continuing and we envisage the investment of substantial further sums on plant and buildings in the year now current. Moreover, research and development continued and will continue on a heavy scale.

RESEARCH EFFORT

Automation depends to a very large degree upon knowledge of advanced techniques in a surprisingly varied number of fields, and this inevitably requires intimate contact with the latest scientific ideas and technologies. The size of the research effort deployed by a Company in our sphere is, therefore, a valuable indication of technical capability. It may interest shareholders to know that at our research and development establishment at Borehamwood some 1,700 employees are engaged largely upon very advanced research and development projects.

You will remember that in order to fund bank indebtedness and to provide further permanent capital, around £2,500,000 was raised at the end of last year by means of a rights issue to Ordinary shareholders in the proportion of one new share of 5s. at 20s. per share for every five shares then held. The issue was subscribed to the extent of more than 99 per cent. of the shares provisionally allotted. The proceeds of the issue were received only at the end of December and accordingly made no contribution to the year's profits.

Since the turn of the year we have acquired for cash the nucleonic instrument business of Isotope Developments Limited which is complementary to our own activity in this field and which is already proving a profitable member of your group. Similarly, we have acquired the business of Black Automatic Controls Limited, whose range of solenoid-operated valves usefully supplements our existing valve interests.

INTERESTS IN COMMON MARKET

We have also been able to negotiate a favourable trade agreement with a French engineering Company. Manufacture de Machines du Haut-Rhin ("Manurhin"), which will involve an investment on our part of approximately £250,000 in the Company on financially attractive terms. The Company which already employs some 2,500 people in large modern factories, proposes under our auspices, to build up an automation business fashioned on our own pattern and should give us a valuable position within the Common Market. We believe that a substantial income from sales and royalties will accrue to us in due course from "Manurhin," on whose board we are to be represented.

FINANCIAL POSITION

Turning now to the balance-sheet at December 31, 1959, I have already referred to the expenditure on land, buildings and equipment. You will see from the accounts that current assets exceed current liabilities by £6,858,478. This figure takes into account the proceeds of the rights issue, but as a result of the purchase for cash of the two businesses referred to earlier which, together with the necessary additional working capital, required about £300,000 and of the continuing general expansion of the business, we are currently again making use of part of our overdraft facilities.

In March of this year a capitalisation issue of one new Ordinary share of 5s. for every five shares held was made to Ordinary shareholders. The result of this operation is reflected in the accounts now before you which show that share capital and reserves, generally referred to as "Shareholders Funds" total £9,122,826.

Group profit before tax amounts to £1,015,630. Profits tax and income tax appropriate to this figure is £493,755 but against this we may set £27,000 arising from the reintroduction of investment allowances. Net profit for the year, therefore, amounts to £548,875 against £458,628 and I would mention that in the year under review there was no contribution from Associated Insulation Products, whose undertaking we disposed of early in 1958.

The Preference dividend required a net £16,758, leaving available for the Ordinary capital on the year's operation a total of £532,117. An interim dividend of 4 per cent paid in December, 1959, cost £77,896 net and was payable on £3,179,440 of Ordinary capital. When I wrote to you in December, 1959, I forecast a final dividend of 6 per cent on the capital as increased by both the rights and the capitalisation issues. This we now recommend at a net cost of £168,256. Thus, out of £532,117 available for the Ordinary share capital, we shall have distributed £246,152 (compared with £189,971 last year), leaving the remainder to be ploughed back into the business. After taking credit for £26,000 of tax overprovided in previous years, the balance remaining to be carried forward amounts to £661,235, against £349,270 last year.

GENERAL REVIEW OF ACTIVITIES

From a review of the accounts, let me pass to a general review of our activities.

Your Group comprises some 50 Divisions, each concerned with a particular sector of automation. Its continued expansion and development has required on an average the addition of some five or six divisions in each of the last years. The process is continuing and it is undoubtedly in this broadening of the base upon which your Company's business is built that lies the promise of a successful future. Among divisions recently formed are one or two whose activities may be of particular interest to you.

One new division has made a successful entry into the high-vacuum field and into the manufacture of highly specialised vacuum equipment and electronic valves. Another has gone into the quality control instrument field which is a rapidly growing one, supplying as it does a range of instruments such as mass spectrometers, plant chromatographs and moisture monitors. Since the close of the year its range of equipment has been further extended as the result of an agreement with the Jarrell-Ash Company of Newtonville, Mass. Further, we now have a relay division manufacturing a range of highly specialised mercury-wetted and other relays of extreme reliability.

In the military field our inertial navigation division is prominently associated with the design and production of the Guidance system of the "Blue Steel" Guided bomb, which has received considerable publicity of late due to its key role in this country's defence system.

The National Cash Register Company Limited, who as you know market our computers for business applications, have recently started selling the new Elliott transistorised machine—the 803—while we have been invited by them to manufacture in this country a very advanced N.C.R. American-designed computer. Our 803 and certain ancillary equipment are finding an increasing market in the United States and in Europe, in many cases for the control of industrial processes.

FOREIGN SUBSIDIARIES

Business abroad and in the export field is showing substantial expansion and is making a valuable contribution to turnover. Elliott-Automation A.-G. formed some two years ago in Switzerland secured in 1959 its first large contract involving the complete instrumentation of an oil refinery. It is envisaged that some of the companies we have formed in Australia, Germany and the Netherlands, will have facilities for at least partial local manufacture. I have already mentioned to you our link-up with France through "Manurhin."

The pioneering and preparatory work in automation in which we have been engaged for some 10 years is beginning to bear fruit. There is now a rapidly growing awareness in this country, and indeed throughout the world, of the importance of automation. It is now beginning to be understood that these techniques can not only make a vital contribution to our economic life, by making us competitive in world markets without straining our limited national resources, but that indeed the scale of demand for our type of equipment throughout the world indicates that from this decade onwards much of our industry is about to change to a new level of automation.

INTEGRATED AUTOMATION SYSTEMS

In all industrial development, automation has come to be accepted as an important factor and because "Elliotts" have such wide experience in all its facets, they should be uniquely placed to take advantage of the increased demand which we can already discern. We have recently formed a new company, E-A Automation Systems Limited, which will have teams of experts able to advise the various process industries on integrated automation systems. I can mention in this connection that your Company has been entrusted with what may well be the largest individual project for a new automated process plant in this country, as well as with other important projects at home and overseas.

CURRENT YEAR'S OUTLOOK

You will expect me to say something as to our hopes for the current year. Our order book has grown considerably and deliveries this year are running well ahead of last year. In other words, business continues to expand and it is the view of your board that our growing number of shareholders, who now total over 10,000, can expect that, subject to unforeseen circumstances, 1960 will again be a year of real progress in the affairs of the Company.

Our thanks are due to the management, staff, and workpeople who are all making their contribution to our progress. I have on previous occasions referred to the youthfulness and enthusiasm of our executive and staff without which we should not be able to achieve this rate of progress. It is a feature of our organisation that it offers exceptional scope for development of managerial ability and this is reflected in the fact that we steadily recruit young people of promise, who find it worthwhile to make a career with us. Herein, we believe, lies another cause for confidence in our future.

LONSDALE INVESTMENT TRUST LIMITED

INCREASED PROFITS, DIVIDENDS AND ASSETS

ROBERT BENSON, LONSDALE'S ACTIVE YEAR

The Thirteenth Annual General Meeting of Lonsdale Investment Trust Limited will be held on June 30th in London.

The following is the statement of the chairman, Mr T. L. McC. Lonsdale, circulated with the Accounts:

There are substantial changes in the Balance Sheet of the Trust as compared with last year. As I forecast in my statement last June, £800,000 was raised in July by way of a "rights" issue to existing Ordinary Stockholders of Ordinary Shares at a price of 16s. in the ratio of one Ordinary Share for every eight units of 5s. held. Subsequently a scrip issue was made in Ordinary Shares in the ratio of one Ordinary Share of 5s. each for every three units of 5s. held on the Capital as increased by the "rights" issue. These operations are reflected in the Balance Sheet in the increase in the Ordinary Capital from £2 million Ordinary Stock to £3 million (quoted in 12 million Ordinary Stock units of 5s. each) and a change in the Share Premium Account from £238,369 to £24,763.

SUBSTANTIAL INVESTMENT OF NEW FUNDS

The book value of the general investments held by the Trust, other than subsidiary companies, is now £5,011,373. This is an increase over last year of £1,288,103, being the net amount invested during the year. At the date of the Balance Sheet the excess of the cost of new investments over the sum received from the "rights" issue had been met mainly by temporary borrowing from subsidiary companies of £363,165. Since the close of the Trust's financial year, the Trust has placed £750,000 5½ per cent Debenture Stock 1981-86 at a price of 97, from the proceeds of which this temporary borrowing has been repaid and some £360,000 made available for new investment. The recent issue of Debenture Stock will bring the total of the Trust's Debenture Stocks to £2,250,000 and broadly restores the gearing of Capital employed, which was affected by the "rights" issue.

The amount of new funds invested during the year to February 29, 1960, was greater than for any previous year in the Trust's history and expressed the Board's confidence in the recovery of profits resulting from the improvement in this country during the year in productivity and industrial activity. This improvement has, of course, been reflected in the prices of British securities and, despite the relatively indifferent performance of the dollar investments held, the excess of the market value over the book value of the Trust's quoted investments increased to £5,052,733 as compared with £3,072,585 a year ago.

INCREASED RESOURCES OF ROBERT BENSON, LONSDALE

As in the case of previous issues of Debenture and Ordinary Stock of the Trust, all the proceeds have been invested in general investments and none in Robert Benson, Lonsdale & Co. Limited, our principal subsidiary. The growth in the capital funds employed by the subsidiary has, in the year under review, as before, been due to the retention of profits and the amount thus retained reached the substantial sum of £302,000. The consolidated Balance Sheet of Robert Benson, Lonsdale & Co. Limited shows that the Share Capital and Reserves now amount to £2,067,979 which does not include the considerable amount of unrealised appreciation in the investments held. The detail of the growth of the Trust's investment in Robert Benson, Lonsdale & Co. Limited and the return received therefrom are shown in the Ten Year Record, as usual attached to the Report, and from this you will see that, as retentions have accumulated, steadily increasing dividends have been received, reflecting the profitable use of the additional resources. From the profits of the year the Company increased its dividend to the Trust from 17½ per cent to 25 per cent on its capital of £800,000.

LARGE INCREASE IN DIVIDEND

The total Gross Revenue of the Trust increased by £134,078 to £629,774. Out of this, the income from general investments amounted to £424,147 and showed an increase of £72,671 over the previous year. This large rise was due mainly to the increase in dividends from British investments and to a lesser extent to the use during part of the year of the proceeds of the "rights" issue.

After deducting Expenses, Interest Payable and Taxation, the net income of the Trust increased to £323,105 compared with £239,965 last year. An interim dividend of 4 per cent was paid in December last and a final dividend of 11 per cent is now recommended, making a total dividend of 15 per cent on the increased Ordinary Capital of £3 million compared with 16½ per cent on the Ordinary Capital of £2 million last year. The 15 per cent dividend absorbs £275,625 net compared with £198,375 net paid out in dividend last year.

FURTHER INCREASE IN INCOME EXPECTED

This year the Trust will receive the benefit of a full year's return on the substantial amount invested last year, and it is at present experiencing an increase of income from British investments at a rate at least as great as last year and, to a lesser extent, from USA investments. Therefore, I am confident that the income from the Trust's general investments will be again higher this year.

The Table of Distribution of Invested Funds shows a lesser percentage invested in dollar areas than previously. The Table is based on market valuation and this fall reflects the better market performance during last year of British investments. Of the new funds invested last year, approximately 45 per cent was invested in dollar securities and the statement shows that about half of our dollar investments continue to be in stocks of Public Utilities and Banks. The Trust has increased its investment in Australia (included under "British Commonwealth") to 3.4 per cent of the invested funds.

ACTIVITY OF ROBERT BENSON, LONSDALE

Robert Benson, Lonsdale & Co. Limited had an active year and, as might be expected in the conditions that obtained, a profitable one. A company operating in this field must look to the good years, such as the past year, to consolidate its strength. The growth in the Company's capital resources, as well as in the special skills of its organisation and in its goodwill and connections, cannot but benefit the Trust's income over the years. Apart from its activities as an issuing house and manager of investment trusts, I draw your attention to two less known but increasingly significant facets of its business: in the Company's Balance Sheet the growth of the deposits made with it indicate the increase in its banking activities; and the Company's reputation for management of investment funds has naturally led to its advice being increasingly sought in connection with the investment of pension funds, a field of activity which is likely to grow.

So far this year Robert Benson, Lonsdale & Co. Limited's business has been well maintained. The country's resources are nearly at full stretch and the general economic outlook seems to be one of trade maintained at a high level but ridden on a tight rein of credit restriction. I should expect this conjunction to involve activity in new issues later this year, in spite of the fact that funds annually accumulated in companies by depreciation allowances and retained earnings are becoming very large and reduce their need to secure finance from outside sources for their expansion.

THE CENTRAL PROVINCES MANGANESE ORE COMPANY

FACTORS AFFECTING RESULTS

IMPROVED TREND OF CURRENT TRADING

MAJOR A. C. HERRING ON THE OUTLOOK

The fifty-second annual general meeting of The Central Provinces Manganese Ore Company Limited was held on June 8th at Winchester House, Old Broad Street, London, E.C.2, Major A. C. Herring, VC, FCA, the chairman, presiding.

Mr T. D. de Deney, FCIS (the Secretary), read the notice convening the meeting and the report of the auditors.

The chairman said:

Ladies and Gentlemen: The Report and Accounts for the year ended December 31, 1959, have been with you for the necessary period and with your permission I will take them as read. (Agreed.)

You will notice from the Report that since our last Meeting Mr T. A. Wellsted has been appointed as a Director of the Company. Mr Wellsted joined the Company in India in 1926 and was Agent and General Manager from July 1953 until March 1958. He subsequently joined the London Office later in that year. We are satisfied that his experience and knowledge of the Company's affairs will be of great value to the Board.

You will observe that the profit for 1959 shows a further substantial reduction, but in view of the remarks which I made at the Annual Meeting in June last I think that you must have rather anticipated that this would be the case.

As I then indicated, consumers at that time held very large stocks of manganese ore and until these were substantially reduced it could not be anticipated that there would be a satisfactory demand. This situation was subsequently aggravated by the prolonged steel strike in the USA.

As regards the actual results, it will be noticed that the balance on trading was £1,066,885 as compared with £1,601,953 for 1958, whilst the net profit for the year, after tax, fell from £511,357 in 1958 to £269,105 in 1959. An interim dividend of 1s. 2d. per unit free of tax has been paid and it is now proposed to pay a final dividend of 1s. 2d. per unit free of tax.

STOCK VALUATION

Turning to the Balance Sheet, the most significant thing to which I must draw your attention is the increase in the stock of manganese ore which you will see now stands at £2,558,052. There has been a steady increase in the book value of our stock since December, 1953, when it stood as low as £659,547. The reasons for this are twofold:—

In the first place, over these years the volume of the stock which we have carried has steadily become greater. This is due to the fact that in the earlier years we had substantial orders on hand but were not able to implement them owing to the shortage of Railway transport, whilst in the last two years, although there has been adequate transport available, orders on hand have not been sufficient to absorb our entire production. Fortunately in the years 1956 and 1957 we recognised this situation by creating an ore stock reserve of £700,000.

This matter has engaged our careful attention over the years and on occasion we have considered making some substantial reduction in our output. There are, however, many objections to this and it is essential that any dismissal of labour should be avoided so far as possible.

The second reason for the increase in the book value of our stock arises from the higher cost of production. This is due to increased wages, royalties and other production costs and has been unavoidable. It is a condition which has obtained in Industry throughout the world.

I am glad to say that there are signs of an increase in the demand for manganese ore and we are hopeful that by the end of this year there may be some reduction in our stocks of certain grades of ore.

Our cash and gilt-edged securities show a falling off, but this of course is owing to the fact that we are carrying a larger stock of ore and have reduced our liabilities for taxation.

In my speech last year you may remember that I was definitely pessimistic as to the short term prospects and I regret to say that my fears have turned out to be well founded. However as regards the present outlook I think it would be right to say that there are now some signs of an improvement in the situation. During the last few months there has been a growth in the demand for our ore and we now have a reasonably satisfactory order book. The export demand has increased and in addition there are prospects that in future there will almost certainly be quite a substantial amount of ore required for consumption in India. On the other hand, there are now additional sources of supply in the world and we must expect that competition will be quite severe and the margin of profit not so great as in some of the former years.

I think we may now look forward with restrained optimism.

Mr. Hardy has paid his usual visits to India to inspect the mines and also to maintain our friendly relations with the Indian authorities and, in particular, our close collaboration with the State Trading Corporation.

MINING OPERATIONS

During the year diamond drilling continued at New Tirodi Mine and also at West Ramrama Mine. Normal exploration work at Gumgaon and Ukwa Mines indicated that the deposits at these two mines continue laterally, the ore in both cases being of good quality. This work will be continued and will be supplemented at Gumgaon Mine by diamond drilling exploration.

The two new Robey electric hoists for the cage and skip compartments at Holmes Shaft, Balaghat Mine, have now been commissioned, which will enable the development of No. 6 level to be commenced. At South Tirodi Mine a certain amount of difficulty was experienced in getting the different types of rock to flow smoothly through the crusher bin, but this has now been remedied and the crusher and conveying system is now working very satisfactorily. Arrangements are now being made at this mine to carry the mechanised operations below plain level.

The opencast pit at Beldongri, which has not been worked for some years, was dewatered successfully during the year and arrangements are now in hand to lower inclines and develop this pit which contains ore of high quality.

Since Mr Hardy's visit to the mines earlier this year the mechanised plants on development work have been brought into full operation again. It has not been necessary to run the HMS Plant except for short periods during the year in order to ensure that the Plant is kept in good condition.

TRIBUTES

Messrs James Finlay & Company Limited have rendered their usual valuable services and to them we would like to extend our great appreciation. I am sure you would also wish me, and it is indeed my great pleasure, to thank the whole of our staff in India and in this country for their co ntinued hard work and loyalty to the Company. It is a source of great pleasure to me that we have such a fine body of people.

I now beg to move: "That the report of the Directors and Statement of Accounts as at December 31, 1959, be and are hereby approved and adopted and that the profits be appropriated as recommended by the Directors."

I will ask Mr Holmes to second the motion and before putting it to the Meeting I will endeavour to deal with any questions which stockholders may wish to ask.

Mr H. R. Holmes seconded the resolution which was carried unanimously.

The Board's proposal of a final dividend of 1s. 2d. per unit, free of tax, making a total dividend for the year of 2s. 4d. per unit, free of tax, was also approved.

The retiring directors, Mr H. R. Holmes and Mr T. A. Wellsted, ARSM, BSc, were re-elected and the remuneration of the auditors, Messrs W. A. Browne & Co., having been fixed, the proceedings terminated.

RAND MINES, LIMITED

(Incorporated in the Union of South Africa)

MR CHARLES W. ENGELHARD REVIEWS PROSECTS

At the sixty-fifth Annual General Meeting of shareholders held in Johannesburg on May 27th 1960, the Chairman, Mr Charles W. Engelhard, after referring to the results of the year's operations and to certain of the Group interests, said:

The Company continues to seek new investments and develop along industrial lines and also has engaged in a certain amount of exploration outside of the Union of South Africa but, nonetheless, it is apparent that the principal investments of the Company are within the Union of South Africa and are primarily concerned with the gold mining industry and to a lesser extent with uranium.

FUTURE OF GOLD

With regard to the future of gold, it is still as difficult as it always has been to project an accurate assessment of when a change in the price of gold might occur. The facts remain basically the same as they were last year. There has continued to be some flow of gold from the United States although at a considerably reduced level from a year ago. It is, however, a fact that one finds more and more discussion of this subject both in Europe and the United States and that people all over the world are conscious that gold and not paper currency still remains the ultimate value and the finest basis for commercial trade. Even the Russians apparently have taken this into consideration when they recently announced the establishment of a rouble which would have a 30 per cent gold cover. Recently several Senators in Washington have taken an interest in this matter primarily because of the sad plight in which United States gold producers find themselves and have expressed concern over the flight of gold from the United States and the dangers of delaying action which would reverse this trend. I believe also that many people are becoming more conscious of the fact that a loss of confidence in paper currency is apt to be far more inflationary than would be a stabilized currency with gold support even though the latter depended on an increased price of gold. It is quite obvious that any action which resulted in an increased price of gold would be of tremendous benefit to the gold mining industry generally and would, among other things, enable older mines to prolong their life with resultant benefits not only to their stockholders but to the economy generally and to the people employed by those mines, both Europeans and Non-Europeans. There is no reason why one cannot expect that this change will develop some time in the reasonable future. It would, however, be an error to assume that it will develop shortly and to look upon it as a panacea for difficulties which may arise.

LOSS OF INVESTORS' CONFIDENCE

I stated earlier on that the quoted investments of the Company had shown a considerable appreciation during the course of the year 1959. This appreciation was naturally based both on improved results and good prospects for continued development. Nothing has transpired to change this outlook and, in fact, the gold mining industry has generally experienced excellent results to date in the year 1960 as far as both production and development are concerned. There has been and continues to be no labour shortage and production remains at very high levels. At present prices, yields on gold mining shares, particularly to those people who have confidence in the future of gold, must be extremely attractive. On the other hand, since the 1st of January there has been a considerable reversal in the trend of share prices which, of course, is based largely on the serious loss of confidence by investors outside of the Union in the affairs of the Union and Africa generally. Whether this loss of confidence is justified or not and whether or not it is based on misunderstandings and misinterpretations it does exist and each incident, whether it takes place within the Union or in some other part of Africa, is apt to aggravate the position. In fact, the situation is such today that in my opinion it would be extremely difficult, if not impossible, to raise money in the United States or either private enterprise or Government purposes on any terms which could be considered even reasonable. While I cannot speak for other parts of the world as directly, I would imagine that the same situation applies elsewhere and unless definite and specific steps are taken to reverse this trend it will become increasingly difficult to implement new ventures in business with resources and know-how from outside the Union and also for that matter, in my opinion, for the Government to finance the implementation of its policy for the economic development of Native Areas.

NEED FOR WORLD ACCEPTED POLICY OF CO-EXISTENCE

Over recent years I have repeatedly expressed my confidence in the future of Southern Africa in general and South Africa in particular. This confidence was not only based on hope and the knowledge of the great resources that exist here but in the belief that people who were able to develop the Union of South Africa to its present state will have the judgment, leadership and courage of their convictions to overcome the obvious difficulties which South Africa must face. Any policy which results in the isolation of South Africa from the rest of the world must inevitably have serious economic consequences to the Union and, therefore, in my opinion, whether the loss of confidence is justified or unjustified, it is clear that from an economic point of view, specific and concrete steps must be taken to revive confidence. It would seem to me that the future of South Africa's economy must depend on the development of a world accepted policy of co-existence between the races in this country so that the respect and confidence of the outside world can be restored. The industrialisation of this country has advanced rapidly during the last twenty years; but if this industrial development is to continue, fuller use must be made of the potential skills and capacities of all the peoples who make up the population of South Africa. This calls for more widespread and advanced education, so that leadership and ability can be developed in all sections of the community, both European and Non-European. It should be emphasized that the Non-European must have the opportunity to improve his standard of living if he is to be encouraged to work alongside the European in the development of the country. I continue to have full confidence in the future of South Africa because I am still convinced that these objectives can be achieved in a proper and reasonable manner.

GUARDIAN ASSURANCE COMPANY LIMITED

Annual General Meeting, June 8, 1960
Chairman: The Right Honourable Lord Blackford, DSO, JP.

EXTRACT FROM THE REPORT AND ACCOUNTS

During 1959, the Group devoted much attention to the problem of increasing the profitability of the business and Shareholders will have been pleased to see that the net underwriting profit from the Fire, Accident and Marine Departments amounted to £872,700 (£685,000 in 1958) and that with the Proprietors' share of the Life profits, the total surplus for the year amounted to £994,200.

Against the background of the difficulties which the underwriting departments have experienced in recent years, attention is also drawn to the improvement in Investment income of £155,500 to £2,144,700, and the increase in the dividend on the Ordinary Shares from 2s. 7½d. to 3s. 6d. a share.

LIFE DEPARTMENT

Net new sums assured 1959	£50,371,001
Net new sums assured 1958	£41,468,832
Gross rate of interest earned	£6 9s. 2d.
Life Fund at end of 1959	£75,395,399

FIRE DEPARTMENT

Net premium income 1959	£9,794,985
Net premium income 1958	£9,187,085
Transfer to Profit and Loss	£217,329

ACCIDENT DEPARTMENT

Net premium income 1959	£19,503,687
Net premium income 1958	£18,937,021
Transfer to Profit and Loss	£397,186

MARINE DEPARTMENT

Net premium income 1959	£3,968,724
Net premium income 1958	£3,421,189
Transfer to Profit and Loss	£258,264
Marine Fund at end of 1959	£4,575,283

PROFIT AND LOSS

Gross investment income 1959	£2,144,762
Gross investment income 1958	£1,989,188
Transfer to reserve	£400,000
Balance carried forward	£420,952
Dividend for year 1959 (1958—2/7½d.)	3/6d. per share less income tax

BALANCE SHEET

Valuation of Stock Exchange Securities at the end of 1959 showed a considerable surplus of market values over the book values of the Company's Investments.

Total Assets of Group £152,000,000

All the Principal Classes of Business Transacted.

The company undertakes the office of Trustee, Executor and Administrator.

Head Office: 68, King William Street, E.C.4.

AB GÖTAVERKEN

(Shipbuilders and Engineers)

GOTHENBURG, SWEDEN

GROUP GAINED SECOND PLACE IN WORLD TONNAGE LAUNCHED IN 1959

WORK ON 125,000 TON YARD PROCEEDS ACCORDING TO PLAN

The fifty-fourth Annual General Meeting of *AB Götaverken* was held in Gothenburg on May 11th, Mr A. Gabrielsson, Chairman, presiding. The following is an extract from the report circulated with the accounts:

ORDERS AND PRODUCTION

The order stock at the beginning of the year amounted to 933,900 dwt. During the year deliveries worth Kr.352 million were effected, as against Kr.457 million the previous year. However, the decline is more apparent than real since deliveries in 1958 included a foreign destroyer on which work had proceeded for a number of years. Four new contracts were signed, in addition to orders for large high pressure steam plants. Shipbuilding orders on hand at the end of the year totalled 773,300 dwt, in addition to ships' repairs, diesel engines, turbo-compressors and steam boilers.

DELIVERIES AND LAUNCHINGS

Nine merchant vessels with an aggregate tonnage of 201,650 dwt and one naval destroyer of 2,050 tons were completed and delivered during 1959, viz:

Three motor tankers, one of 34,100 dwt and two of 19,380 dwt;

One turbine tanker of 41,750 dwt;

Three bulk-carrying motor freighters, each one of 14,120 dwt;

One motor ore carrier and tanker of 34,200 dwt;

One cargo motor-ship of 10,480 dwt;

One destroyer of 2,050 tons.

Ten merchant vessels of altogether 238,690 dwt were launched during the year. Adding the launchings of the subsidiary company (see below), the Group occupied second place among the shipyards in the world in terms of tonnage launched during 1959.

DIESEL ENGINES

The designs of a new diesel engine with ratings of up to 22,000 hp were concluded and the first unit (rated at 18,300 hp) will be installed in a 40,000 dwt tanker scheduled for delivery in 1961.

Main machinery delivered from the new engine shop consisted of 25 diesel engines with a combined rating of 197,300 hp. Sixteen of these engins were delivered to other yards in Finland Germany, Netherlands, Norway, Sweden ind Spain.

THE ARENDAL YARD

Work on the Gmpany's new 125,000 ton yard is proceedinj to plan. Excavation work began in March, 959, and by the end of the year about 300,00 cu.m. of rock had been excavated to obtin a level surface for the yard and a 470 n. long tunnel completed to drain the area. One bay has been filled and another has been dredged; some 150,000 sq.m. of silt and clay have been moved. In August work began on the two graving docks which are being excavated out of solid rock. The yard is schedu'ed to enter production in 1963.

GROUP ACTIVITIES

The following are wholly owned subsidiaries of the company:

Öresundsvarvet AB

AB Göteborgs Skeppsdockor

Rederi AB Zenit

Götaverkens Fönster AB

Götaverken Norsk A/S

Öresundsvarvet enjoyed a record year with the delivery of one motor tanker of 40,300 dwt, two bulk-carrying motor freighters of 16,325 and 16,300 dwt, respectively, and a motor ore carrier and tanker of 27,500 dwt, or altogether 100,423 dwt. Five merchant vessels of altogether 131,125 tons were launched. Total turnover of the Company was Kr.106 million and net earnings Kr.1.5 million.

RESULTS

The Company's net profit for 1959 amounted to (in Kr.'000) 15,020 (15,037) which, added to 6,675 (7,758) carried over from the previous year, produces a total of 21,695 (22,795) available for appropriation, as follows:

	In Kr.'000
Reserve	600
Debt Retirement	1,000
Dividend of Kr.8: per share	4,400
Balance carried forward	15,695
	21,695

The report and accounts were adopted.

DAVIS AND TIMMINS

RECORD GROUP SALES

The 61st annual general meeting of Davis and Timmins, Limited, was held on June 3rd in London.

Mr F. Le Neve Foster (the chairman) presided and, in the course of his speech, said:

The results again show a considerable improvement on those for the previous year. The Group Profit for the year before taxation, but after charging depreciation, directors' emoluments and interest on unsecured loan stock is £252,724 as compared with £198,398, while the net profit after taxation amounts to £135,586 as compared with £106,071 for the previous year.

These gratifying figures are mainly attributable to the increased production and sales turnover which has been achieved. Group sales for the year, both in volume and weight, are a record in the history of the company and show an increase over those for the previous year of the order of 25 per cent. I am satisfied that 1959 has been a year of substantial progress in all departments which augurs well for the future.

The Directors recommend a final dividend of 17½ per cent making, with the interim dividend of 7½ per cent already paid, a total of 25 per cent for the year on the Issued Ordinary Capital as against 20 per cent for the previous year.

Turning to the Balance Sheet perhaps the most noteworthy feature is the realisation of part (5/6ths) of our Trade Investment for £224,607 net which resulted in a cash profit against cost of £144,919 which has been carried to Revenue Reserves. With this addition to our Reserves, the total of our capital and Revenue Reserves (exclusive of the Reserve for future Income Tax) amounts to the substantial sum of £831,385 as against the amount of the issued Ordinary Share Capital of £442,500. In view of the strength of the position thus shown, the Board has considered that the time is opportune to recommend the capitalisation of £110,625 of the Reserves to provide for distribution to the Ordinary Shareholders of one fully paid new Ordinary Share for every four Ordinary Shares held.

Group net current assets, less liabilities and provisions show a very satisfactory increase of £267,140 during the year.

I am happy to say that the general atmosphere of trade in the current year is far better than when I addressed you last year. The Group sales turnover for the first sixteen weeks of the current year shows an average rate of increase of 30 per cent compared with the average weekly rate over the whole of last year.

These figures are naturally reflected in current profits and, provided no unforeseen circumstances arise, we have every reason to anticipate the results for 1960 will mark a further stage of progress and will be such that the Board will be able to recommend the maintenance of the Ordinary Share Dividend at the rate of 25 per cent per annum on the increased Ordinary Share capital, which will result from the capitalisation proposals.

The report was adopted and at a subsequent extraordinary general meeting proposals for increasing the capital and the scrip issue were approved.

HUMPHREYS LIMITED

(Builders and Civil Engineering Contractors)

RAPIDLY GROWING ORDER BOOK

SIR AYNSLEY BRIDGLAND'S STATEMENT

The sixty-eighth annual general meeting of Humphreys Limited will be held on June 30th at Winchester House, Old Broad Street, London, EC2.

The following is the statement by the chairman, Sir Aynsley Bridgland, CBE, which has been circulated with the report and accounts:

The results we have put before you are not unsatisfactory bearing in mind what I had to say in my Statement last year of the difficulties that we had to overcome in the year under review. The trading profit is £53,269, as against £81,493 the previous year—a fall of £28,224, and this fall is wholly attributable to the sharp diminution in turnover brought about by the circumstances in which we were involved by three causes—the credit squeeze, the cancellation by clients of arrangements made for large contracts, and, finally, the time taken to restore our order book from other customers.

In the current year turnover is now approaching a normal figure and our order book is rapidly growing once again. It is fair to assume then that our profits should again commence to rise and for that reason the Board does not feel that our customary final dividend of 9 per cent should be disturbed.

Our current assets of £876,826 exceed our current liabilities of £721,853 by £154,973. The increased volume of work which we have on hand is reflected by the total of work in progress which at £602,506 compares with £425,028; similarly, cash at bank is down from £135,246 to £7,317 and there is now a secured bank overdraft of £160,665. Increased contracting acivity is also indicated by our further investment in materials, plant and tools which at £237,140 shows a substantial increase of £54,928 over last year's figure of £182,212.

To assist in the financing of our new business, the investments quoted on the Stock Exchange have been sold since the end of the year.

SOUTH AFRICA

Shareholders will note that we have not included the results of R. H. Morris (Pty.) Limited, our subsidiary in Cape Town, but the results of the National Quarries (Pty.) Limited are included. Permission to omit R. H. Morris's Accounts has been granted by the Board of Trade and within a period of about two months a supplementary report on that Company's activities will be circulated to shareholders. For various reasons it has, in fact, proved impossible to have the subsidiary's Accounts prepared in time for inclusion in the Accounts before you.

R. H. Morris (Pty.) Limited has had problems on its contracting side during the year under review and we must anticipate, in consequence, that the accounts when they are available will show an adverse balance for the period.

Apart from the contracting side, the subsidiary's factory has been engaged for many years in supplying school furniture for the provinces of South Africa. This work was suddenly withdrawn from us and passed over to what is called the "Sheltered Industries" which give employment to the maimed service and civilian subjects of South Africa. Fresh ground then had to be broken and R. H. Morris have undertaken to supply motor car seats to various motor companies assembling cars in South Africa. These motor companies will be required to pay a substantial Customs tariff on these items which has forced them to seek a local supply for these goods. Our subsidiary was fortunate in being one of the firms in South Africa who could manufacture these goods and in no time it was inundated with orders. At the same time, the Government's policy to place their school furniture requirement with the "Sheltered Industries" failed to meet the situation and our subsidiary was again asked to undertake this work. In the supplementary statement to be issued to you it will be seen that our subsidiary had to hive off the factory and construct a separate company to deal with this increased business.

It is hoped then that in this supplementary report a fuller and more detailed explanation of these moves will be given—this reference is simply an endeavour to give shareholders prior information of the plans the Board are undertaking. I need hardly emphasise that above this are the known political difficulties in South Africa, which have, of course, added to our problems there.

So far as National Quarries (Pty.) Limited are concerned, these Accounts are before you and give a very satisfactory year's results. Profits continue to be satisfactory. I have previously advised you of actions taken to attempt to close the quarry on the allegation that it is despoiling the countryside. Every care is taken to avoid this by the planting of trees, and so long as we continue on this site profits should be maintained at a reasonable level.

FUTURE PROSPECTS

Although I have stressed the difficulties we have had to overcome in this country, which I emphasise were not of our seeking, I think it would be inappropriate to close my remarks without giving you some idea of our future prospects.

In South Africa to prophesy anything about the immediate future would be most unwise, yet one must not forget that it is an immensely wealthy country of vast resources yet untapped. If the political situation could be resolved the influx of capital for development would at first be slow, but as conditions settled it would, I think, reach very large amounts. I feel quite sure we could rely on getting our fair share of the work which would arise out of the developments financed by this new money.

So far as this country and other parts of the world we are interested in are concerned, all that I can say is that we are at present very busily occupied. In addition, further contracts are in an advanced stage of negotiation so that I feel that our temporary fall in profits should not be prolonged and that the normal growth of our business will be resumed. You can, I feel sure, be assured that the Board are most vigilant in pursuing profitable business and many opportunities are being presented to us for consideration.

Once again my colleagues and I wish to express our appreciation of the loyal and energetic services of the Company's staff in our offices and on contract sites both at home and abroad.

FOISTER, CLAY & WARD

EXPANSION PLANS

The Thirty-fourth Annual General Meeting of Foister, Clay & Ward Limited was held on June 9th in London, Mr P. A. Clarke Vincent, FCA, chairman, presiding.

The following are extracts from his circulated Review: There was a net taxed profit of £178,565 (£105,891). The Directors recommend a final ordinary dividend of 6¼ per cent, making a total of 12½ per cent.

The extension of our Mansfield stocking factory was completed. Our half-hose factory at Kegworth was enlarged, all half-hose machines were removed from Middlesbrough to Kegworth and after substantial repairs to the Middlesbrough half-hose factory this was converted into an additional outerwear department. We acquired a small Company owning a knitwear factory and plant in Scotland. At the same time the opportunity arose to acquire a dye works at Loughborough. A new wing is being built at Frog Island, Leicester and an additional floor at Derby. Recently we have also agreed to acquire additional land adjoining our new Scottish factory and a site for a new fashioned outerwear factory at Mansfield. We propose erecting additional factories which we hope will be in operation in about six months' time.

Considerable progress has been made in the expansion of exports. Our turnover for the first four months of the current year is in excess of 1959.

The report was adopted and the capitalisation of £214,500 of the company's reserves to be distributed in the proportion of one new fully paid Ordinary share of 10s. for every ten Ordinary Stock Units of 5s. each held approved.

RUBBER PLANTATIONS INVESTMENT TRUST

The fifty-first Annual General Meeting of The Rubber Plantations Investment Trust, Limited, will be held on June 29th in London.

The following is an extract from the circulated Address of the Chairman, Sir Eric Macfadyen:

The accounts we present for the year to March 31, 1960, show gross revenue of £305,767 (£285,466) including a dividend from our subsidiary whose accounts are not consolidated in the Trust's. After taxation and expenses the net revenue is £160,730 (£142,312). The Directors recommend a Dividend of 13½ per cent (12½ per cent last year), absorbing £142,931 (net). Further, they propose the capitalisation of £172,856 18s. being as to £47,684 the amount standing to the credit of Share Premium Account and as to £125,173 withdrawn from General Reserve; this sum to be distributed to the Stockholders in the proportion of one 2s. Stock Unit credited as fully paid for every ten 2s. Stock Units held. The Directors feel reasonably confident of being able to maintain the rate of dividend for the current year on the Capital so enlarged.

Rubber and Tea still account for more than half our investments and for the greater part of our income, and our rubber interests are predominantly Malayan. The revenue from our Rubber holdings during the year showed little variation compared with the previous year. With the prosperity of this industry in the period whose results will be reflected in our next accounts a further increase in revenue can be looked for.

THE CHARTERHOUSE INVESTMENT TRUST

MAINTENANCE OF INDUSTRIAL PROSPERITY CALLS FOR FULL POLITICAL SUPPORT

SIR NUTCOMBE HUME ON A MOST URGENT PROBLEM

The thirty-fifth annual general meeting of The Charterhouse Investment Trust Limited will be held on June 28th in London.

The following are extracts from the review by the chairman, Sir Nutcombe Hume, KBE, MC, which has been circulated with the report and accounts:

The sale in May, 1959, of 1,000,000 shares of the Trust's holding in The Charterhouse Group Limited yielded £1,339,330 after paying expenses and this has since been invested mainly in a number of carefully chosen securities in this country, North America, Australia and the continent of Europe.

Despite the reinvestment of the proceeds of the sale of Charterhouse Group shares the total number of investments held at April 30 was less by 23 than the 397 held a year earlier. This results from the process of "tidying up" the portfolio and selling off a number of smaller and less good quality holdings in the strong buyer's markets of a few months ago.

In doing all this the total amount invested has exceeded the amount realised and as will be seen from the Balance Sheet there was an overdraft at April 30 of £187,523 which had increased at May 14 to £215,112.

RIGHTS ISSUE PROPOSAL

After careful consideration your Directors have decided to invite you to increase the Authorised Ordinary Share Capital so that a rights issue of 2 new shares for each 5 now held may be made, to produce, after paying the expenses and repaying the Bank, some £738,700 for further investment. After allowing that the new money will earn at the rate of only 4½ per cent per annum for the rest of our current financial year, we can see our way to recommending a dividend for the current year of at least the total of 13 per cent recommended for last year.

NEW INVESTMENT OPPORTUNITIES

The near future may well provide good opportunities to make new investments: for instance, fixed interest bearing securities may have seen their low point and provide not only a satisfactory yield but a chance of at least maintaining the prices paid for them, whilst the recent fall in the prices of equities at the same time as industrial prosperity remains high provides better investment opportunities than for quite a long time past. So far this year there have been far more increases than decreases in the dividends paid on shares held by the Trust.

This view must not however be interpreted as a suggestion that there are not still many dangers ahead for the investor, of which one of the more obvious arises from the growing extent to which the economies and the politics of the countries of the world are becoming more interwoven and dependent on each other.

ART OF MIXING POLITICS WITH BUSINESS

The development of the European Common Market and the Free Trade Area (the "Six and the Seven") is but one example, where mishandling by politicians could do great harm to industrial prosperity. Fortunately, many of those in responsible positions seem gradually to be gaining experience of the art of mixing business and politics.

We must accept the fact that the old principle (a very wise one at the time) of keeping politics out of business seems never likely to return and we are left with the alternative of trying to ensure that politicians understand that their responsibilities now include more than ever before the maintenance of the growth and prosperity of industry and of the millions who work in it.

Men in responsible business positions must likewise realise that they must give much of their time largely on a voluntary basis to the furtherance of the wellbeing of industry generally, and for that reason they must delegate management in their own businesses to well chosen executives. Training and selection for management are therefore becoming more important all the time.

IMPORTANCE OF HUMAN FACTOR IN BUSINESS

Those not directly engaged in commerce and industry and not therefore so directly influenced by the profit motive, seem still to lack proper appreciation of the importance of the human factor in management and to think that the creation of a "blue print" of some organisation to carry out important work is an end in itself. Choosing the right men and giving them the necessary authority does not occupy in their minds the vital importance it demands.

I suggest, therefore, that this is the most urgent problem of to-day; industry the world over is able and willing to play its part in raising the standard of living, but it cannot achieve this objective without full political support, which in its turn demands greater mutual understanding, greater trust and ever closer working between those engaged in Government, business and the trade union movement. We must sincerely hope that 1960 will see a quickening of this process.

LA RINASCENTE

The General Meeting of the Shareholders was held in Milan on May 14th, Dr Aldo Borletti presiding.

The President, after having stated that the general economic situation in Italy "was on the whole good, in fact very good," stressed the relative stability, or rather the slight decrease in the retail prices, from 113.3 to 112.7, as per official data. Also the detailed index shows that the increase in the sales value of La Rinascente and Upim Stores, equal to 14.52 per cent during the years 1958/59 and 1959/60 (from 61 to 70 thousand million) is not due to the increase of prices but to the actual increase in the quantity of goods sold.

We now face a further development of the Company due to three factors: (a) improvement of the economic and financial situation; (b) balanced development of the Company in accordance with the pre-established projects; (c) further progress in the technical organization of the Company.

The value of the goods and supplies amount to Lit. 7.360.141.000; the buildings amount to Lit. 12.668.545.000; machinery, tools and furnishings of the 5 Rinascente Department Stores and 77 Upim Stores are accounted on the balance sheet for Lit. 4.133.182.000 and the shares amount to Lit. 2.291.323.000.

The controlled Company APEM SpA has completed its new important factory at Vimodrone for the mass production of women's wear.

The associated Company Supermercato SpA has operated so far with 6 Stores in Rome and at the present time is undergoing a promising phase in organization and development for a rational distribution in the food line.

The net profit to be divided is Lit. 795.970.000, which gives a dividend of Lit. 6 per share against the Lit. 5 of last year.

At the end of the report the President mentioned the numerous activities of the Company in the Assistance and Social field.

The Agenda was unanimously approved.

WESTERN GROUND RENTS

A YEAR OF EXPANSION

The twenty-first annual general meeting of Western Ground Rents Limited was held on June 2nd in London, Sir Andrew H. Rowell (the chairman) presiding.

The following is an extract from his circulated statement:

During the year the whole of the share capital of five property companies was acquired and the investment in these companies at the date of the accounts amounted to £327,450. Since December 25, 1959, the share capital of a further property company has been acquired and the investment in this company amounts to £228.000. The full benefit of the revenue of the five companies is not fully reflected in the accounts submitted, because these were only acquired towards the end of the financial year. In a full year the revenue from these six new subsidiary companies should be about £44,000.

The profit before taxation amounts to £231,534 and, after providing for taxation of £114,618, there remains a net profit of £116,916, as compared with £96,164 in the previous year. An interim Dividend of 10 per cent, less Income Tax, was paid on the Capital as increased by £100,000 during the year and the Board recommends the payment of a final dividend of 15 per cent, less Income Tax, making 25 per cent for the year on the increased Capital.

ISSUE OF ADDITIONAL CAPITAL

To assist in the further expansion of the Company's activities the Board proposes to issue 400,000 new Ordinary Shares of 5s. each to the Ordinary Shareholders of the Company whose names appear on the Register at the close of business on May 12, 1960, for subscription at par by way of right, on the basis of one new Ordinary share in respect of every four Ordinary Shares then held.

Earnings continue to expand and the Board is of the opinion that future income should be adequate to enable the present rate of dividend to be maintained upon the increased capital.

The report and accounts were adopted.

HARGREAVES (LEEDS) LTD.

ANOTHER GOOD YEAR

EXTRACTS FROM MR HARALD PEAKE'S STATEMENT

The fortieth Annual General Meeting of Hargreaves (Leeds) Ltd. will be held on June 28th at Bramham, Yorks.

The following are extracts from the statement of the Chairman, Mr Harald Peake, which has been circulated with the Annual Accounts:

MAIN ACTIVITIES

The main activities of the group are summarised as follows:

Distribution and carriage of solid fuel
Distribution and carriage of liquid fuel
Technical advice on fuel consumption
Transport by road, canal and sea
Opencast and drift mining of coal and clay
Plant hire and contracting
Quarrying of stone, sand and gravel
Production of tarmacadam and bricks
Production of granular and liquid fertilisers
Printing and publishing
Garage services and vehicle body building

The field is a wide and an interesting one.

During the year the whole of the issued capital of John W. Pearson & Co. Ltd., and of its subsidiary companies—A. W. F. Ltd. and Shotton Bricks Ltd.—was acquired by Hargreaves Quarries Ltd. for £127,250. These companies, which carried on quarrying, contracting and brickmaking in Durham and North Yorkshire, are being liquidated and their business is being merged in Hargreaves Quarries Ltd.

TRADING RESULTS

The year under review has not been an easy one. Sales of solid and liquid fuels have been affected adversely by an exceptionally warm summer, followed by a mild winter. As a result of an agreement between the British Transport Commission and the Central Electricity Generating Board, restrictions were imposed on the delivery of deep mined coal by road to generating stations. Consequently it has been necessary to find other employment for road vehicles purchased for this traffic. Furthermore, the world-wide tendency to use oil in place of coal for many industrial and domestic purposes has caused political pressure to be exercised to restrict opencast coal production. Similar pressure is now being used to curtail drift mining of coal.

Under the circumstances, the Group has done well in achieving a record sales turnover.

The Consolidated Profit for the Group, after providing for Depreciation and Taxation as well as after deducting the proportion of profits attributable to outside shareholders (£21,227), amounts to £260,256. This is slightly in excess of the previous record for the group of £252,002 for the year to March 1957.

An important factor in the achievement of these results has been the high level of expenditure on capital account in recent years. Owing to more competitive conditions there has, in fact, been a fairly general reduction in margins of profit and much of the capital expenditure has been directed towards lowering the costs of production and transport.

DIVIDEND RECOMMENDATION

The directors are again recommending a rate of final dividend which, if approved at the annual general meeting, will bring the total dividend for the year to 3s. per stock unit of £1. The total dividends for the year will, after deduction of income tax, amount to £91,875. £136,288 of the year's profits have been added to Retained Earnings, after setting aside, out of the year's profits, an allocation of £32,093 to Tax Equalisation Reserve in respect of past years.

CAPITAL REQUIREMENTS

Additions to the Fixed Assets of the Group during the last five years have been as follows:

Year ended March 31st				
1956	1957	1958	1959	1960
£	£	£	£	£
345,743	279,116	359,373	440,772	606,696

The directors have adopted a bold policy in regard to capital expenditure. The object of this has been two-fold. In the first place the old-established branches of the business have been provided with the most up-to-date boats, vehicles, plant and machinery to enable our customers, both old and new, to have highly efficient services at a competitive price. These services are supported by a well equipped laboratory and a staff of qualified technicians.

In the second place, capital has been spent freely to accelerate the diversification of the business of the group.

The directors are of the opinion that the time has come when it is in the interests of the stockholders to raise additional capital.

It is, therefore, their intention, in the absence of unforeseen circumstances, to make a "rights" issue to stockholders at an early date of one new share, at a price to be announced in due course, in respect of two shares held at that time by stockholders. An issue on these lines will increase the issued capital from £1,000,000 to £1,500,000 which is the amount of the authorised capital at the present time.

PROSPECTS

The current year has started with profits running at a rate slightly in excess of a year ago. Generally speaking the prospects are good although sales of coal and of oil are becoming more competitive. Our large fleets of barges, lorries and road tankers are fully employed. Quarrying operations are developing well and our business in fertilisers promises very well. Our comparatively small interest in liquid fertilisers is being expanded rapidly with a view to giving to our growing number of farming customers a wider range of products to suit their particular requirements. It is reasonable to expect that the high rate of expenditure on capital account in recent years will have an increasing effect on future profits.

We have a young, enthusiastic and skilled staff whose efforts will, I feel confident, continue to be successful.

AMALGAMATED BANKET AREAS

The twenty-fourth annual general meeting of Amalgamated Banket Areas, Ltd., was held on June 8th in London.

Mr C. J. Burns (Chairman) presided, and the following is an extract from his Statement circulated with the Report and Accounts:

Development has been limited by the monthly mining profits and the grade of ore mined has not allowed sufficient finance to enable the Company to embark on as large a development programme as was thought desirable. It was for this reason that I made representation to the Ghana Government during the year under review that without Government assistance long-term planning for the Company would be impossible. I was convinced on mining technical grounds that given assistance the Company could by intensive and selective development increase ore reserves and by bringing in new orebodies safeguard the monthly mining tonnage by creating fresh points of attack. As a result of this conviction an important decision was taken during the year, namely to maintain development footage and after September last to increase development footage even though at that time no assistance had been given and monthly profits were insufficient to support such large-scale development.

Having considered the problems facing the Company I hope that the results of the year under review and the forecasts for the future will be more clearly understood.

The amount of development to be carried out to ensure the necessary increase in ore reserves cannot be compressed into one year. By reason of the £450,000 advance we now have the finance for exploration.

The development results for the year and those for the current year show quite clearly that the future of the Company lies in the Abbontiakoon Section. They also give us reasonable expectation that the reserves at this section will be maintained whilst operating at a higher tonnage rate allowing the Company to offset in part the drop in production from Fanti and Mantraim. When development has been advanced to 21, 22 and 23 levels a much more satisfying picture should emerge.

The report and accounts were adopted.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22, Ryder Street, S.W.1.

COMPANY AFFAIRS

Associated Portland Cement

THE pricing policies of the cement industry will be reviewed by the Restrictive Trade Practices Court at the beginning of next year. What the decisions of the Court will be and how they will affect the profit margins of the industry are questions for the future. The present concern of the investor is that while the decision of the Court is pending it is unlikely that the profit margin earned on cement will rise very much. Indeed, the price of cement was again reduced this February and to secure bigger total profits the cement manufacturers are obviously counting on bigger sales. These they seem certain to secure. Associated Portland Cement, which sells about two thirds of the cement used in the British market, expects cement deliveries to rise by between 8 and 10 per cent this year, having risen by 6 per cent in 1959.

What, then, is likely to happen to APC's profits? Last year about 50 per cent of its gross profits came from cement sales at home, about 25 per cent from exports and its overseas investments and the remainder from its investments at home and the sale in the home market of cement products. The increase in profits at home kept pace with the rise in sales, but smaller returns from exports and from cement works overseas kept the rise in trading profits down to about 2½ per cent (from £15,070,000 to £15,466,000). Export shipments continue to decline, though the margin is now slightly better, and it seems possible that APC will earn a slightly better return on its overseas investments this year. But the dominating influence will continue to be trade at home and if, given the latest reduction in prices, the increase in total profits (including those stemming from abroad) keeps pace with the rise in deliveries at home APC will have done very well indeed.

The statement of the chairman, Mr John Reiss, suggests that APC will be putting even more emphasis on the home market in the future. Over the next three years APC plans to add about 1,000,000 tons to its productive capacity at a cost of over £15 million. It has to be assumed that, as in the past, this expansion will be financed by self-generated capital. With liquid resources amounting to over £18 million and with a cash flow of the order of £7½ million, finance should present the group with no great problem. Indeed, as the latest dividend of 11 per cent (against the equivalent of 9.6 per cent) is covered over three times by earnings, some shareholders may argue that this is the year in which the purse strings should be loosened once more. In the past a scrip issue has signalled an increase in income for shareholders and, with another revaluation of assets being made this year, it may do so again. But in buying the APC shares at a price of 71s. 6d. and a yield of 3.2 per cent investors cannot assume anything more than a relatively modest increase in the dividend this year, and they can hardly expect the directors to reconsider what proportion of earnings should be distributed as dividends until the Restrictive Trade Practices Court has had its say.

De La Rue

THE agreement between De La Rue and Compagnie des Machines Bull, the biggest manufacturers of computer equipment in Europe, has stimulated American and Continental buying of De La Rue shares. As yet, however, the results of this agreement can have had only a minor influence on De La Rue's trading profits, and much the greater part of its profits must continue to stem from its interest in the Formica group. Following an increase in sales from £13,858,000 to £17,056,000 in the 53 weeks to April 2nd, the trading profit of De La Rue advanced from £1,500,577 to £2,148,211. Thus its gross profit margin improved from 10.8 to 12.6 per cent. But this is not the complete story, for over the last four half yearly periods the gross profit margin has run from 12.2 per cent through 10.7 per cent and 11.6 per cent to 14.8 per cent. Thus it is clear that in the latter months of the financial year De La Rue was able to make good the reduction in earnings caused by the printing strike last summer.

The amounts attributable to minority interests, which include the 40 per cent interest of American Cyanamid in the Formica group, have risen from £95,067 to £410,133 so that the net profit attributable to De La Rue has gone up by only £61,084 to £730,862. The ordinary dividend has been raised from 20 to 22½ per cent, but the latest payment is made on a capital as increased by the one for five rights issue. This dividend is covered nearly 2½ times by earnings. It is not this dividend so much as the decision to make a one-for-four scrip issue and to pay a dividend of not less than 22½ per cent on the increased capital in 1960-61 that will please shareholders. To look this far ahead suggests that the directors are confident about the outcome of trading this year. The 10s. shares immediately gained 4s. 3d. to 73s. 3d. on these results and on the dividend forecast they have been put on a prospective yield of 4 per cent.

J. & P. Coats

SINCE J. & P. Coats issued its preliminary statement its £1 ordinary stock units have risen by a third in value, but at the current price of 50s. they still yield almost 6 per cent. This is an attractive return by today's standards and it is enhanced not only by the optimistic tone of Mr Robert Laidlaw's farewell statement as chairman but by the strength revealed in the balance sheet. Mr Laidlaw says that, thanks to the steady improvements in machinery and techniques since the war, savings effected at a high level of production in the group's mills can have a significant effect on earnings. This was the case in 1959 and with sales continuing to be maintained at the high level reached by the end of 1959 the prospect is for a further advance in profits. This in turn seems likely to lead to a higher dividend, though shareholders are warned not to read too much into the next interim dividend as the directors intend to reduce the wide disparity between the interim and final payments.

The directors' decision to raise the 1959 dividend from 10 to 15 per cent. seems a reflection of the further improvement in the group's liquid balances as well as the advance in profits from £5¼ million to £10¼ million. New methods of stock control have been introduced and as a result a net short-term debt of £200,000 in 1957 was replaced by a net liquid balance of £3.9 million in 1958. Then last year when stocks were reduced still further, from £36½ million to £33¼ million, total liquid resources rose to £11.4 million. This improvement in liquidity also signals the virtual completion of the group's modernisation programme, on which over £30 million has been spent in the last decade. Only £1.8 million was added to fixed assets last year and capital commitments amount to no more than £733,400.

In the parent company's balance sheet the holdings of shares in subsidiaries have been written up by £11.9 million as a result of various scrip issues made to the parent company by these subsidiaries. Reserves in the parent company now total £21½ million and compare with an issued ordinary capital of £29½ million. Thus, though the directors give no hint that there will be one, a scrip issue looks distinctly possible. It is reports such as these that have put new heart into the market for cotton shares.

J. Lyons

INCREASED expenditure on selling, distribution and advertising in 1958-59 by the J. Lyons group did not immediately produce a commensurate increase in sales. It bore its fruit in the year to March 31st last when sales reached a record level. The extra expenditure on promotion was not alone responsible for the 30 per cent increase in the group's trading profits, from £5.3 million to £6.9 million, for J. Lyons benefited from last year's exceptionally fine summer which must have added to its sales of ice cream and soft drinks. This recovery in profits no doubt encouraged the directors to raise the ordinary dividend from 14⅛ per cent to 15⅝ per cent. This is the third increase in four years and it is in line with the more liberal policy first adopted by the directors in 1956-57. As net profits rose from £1,054,872 to £1,564,627 the earnings cover has improved from 20¼ to 32½ per cent.

The directors emphasise that the advance in profits looks so substantial because results in 1958-59 were particularly bad, reflecting the poor summer and the London bus strike. Thus an increase in profits of the order achieved in 1959-60 in the current year looks unlikely. But the group continues to develop and expand; its new Ariel hotel at London Airport will be opened later this year and J. Lyons has recently joined with Hawker Siddeley in a venture to operate, sell and hire automatic vending machines. The £1 "A" shares at 80s. yield just under 4 per cent.

British and Commonwealth Shipping

FOR the second year in succession the profits before tax of British and Commonwealth Shipping have fallen very sharply. Last year they fell by more than 50 per cent, from £4.8 million to £2.2 million. Somewhat surprisingly in view of the chairman's warning last year that a cut in the dividend rate might be inevitable it has in fact been maintained at 20 per cent. This was made possible because, as the group's investment allowances on building new ships exceed its tax liabilities on current profits, the 1958 tax charge of £767,000 was replaced last year by a tax credit of £431,000. Even so, the net earnings cover has fallen sharply, to 2¾ times. When the group was formed as an amalgamation of Clan Line and Union-Castle in 1956 the dividend was then covered over 8 times. Like most other shipping companies, British and Commonwealth is faced with the problem of sustaining a high level of capital investment in a period of sharply reduced earnings. The group's cash flow last year amounted to £5.7 million and the full accounts will show how much further it had to draw on its dwindling but still substantial liquid resources (which at the end of 1958 amounted to £19.7 million). At 40s. the 10s. shares are little above their low point for the year and yield 5 per cent.

Lonsdale Investment Trust

THE striking improvement in the profit of its banking subsidiary is the principal feature of the results of the Lonsdale Investment Trust in the year to end-February. The total revenue of Robert Benson Lonsdale, the merchant bankers, rose from £576,177 to £898,629 largely as a result of a steep rise in its operational profits (as distinct from its investment income) from

£443,708 to £737,884. Last year was an exceptionally active one for merchant banks and Mr T. L. McC. Lonsdale, the chairman of the Trust, reports that business has been well maintained in the current year, and he expects the combination of a high level of industrial activity and credit restrictions to bring about a further increase in its new issue business. The bank's advice on investment matters is being increasingly sought by pension funds and the increase in its banking activities is reflected in the rise in deposits from £5.9 million to £8.7 million.

By comparison the 20 per cent rise in the investment income of the trust, from £351,476 to £424,147, is less striking but a further improvement is likely this year, for the trust will receive a full year's return on the £800,000 raised by a rights issue last July. Moreover, in the current year a further £360,000 has been invested from part of the proceeds of the debenture placing of £750,000. About 45 per cent of the new money invested last year went into dollar stocks but based on market valuations the proportion of the portfolio invested in dollar stocks fell from 32 to 27 per cent; this reflected the better performance of British securities over the year. The dividend on the trust's £1 shares has been raised from the equivalent of 12⅜ per cent to 15 per cent and at 22s. the shares yield almost 3½ per cent.

Metal Box

THE continued expansion of Metal Box has made its shares favourites with investors, who will be pleased with the preliminary announcement for the year to March 31st last. The ordinary dividend has been raised from the equivalent of 8⅓ per cent to 12 per cent and it is to be followed by a 10 per cent scrip issue. It is not unreasonable to suppose that a dividend of at least 12 per cent will be paid on the increased capital in 1960-61, and on that assumption the £1 ordinary shares at the current price of 76s. 6d. have been put on a yield basis of 3¼ per cent.

The increased dividend is backed by good though not spectacular trading results. Over the full year total sales have risen by 8.6 per cent, from £76,786,000 to £83,392,000 and the gross trading profit has gone up by 6.3 per cent, from £7,825,000 to £8,316,000. In the last six months of the financial year, the gross profit margin at home was slightly better; this is not surprising as the printing strike affected profits in the first half of the year. Metal Box has reduced its prices and, as these results show, this policy has had a dampening influence on earnings. The group is still expanding and the capital profit of £961,000 it gained from selling 750,000 of the 1 million ordinary shares of Steel of Wales that it held will have helped to finance that expansion. The need for self-generated capital to expand in a highly competitive market is reflected in the cover of over 2½ times on the ordinary dividend.

London Stock Exchange

FIRST DEALINGS:	May 9	May 23	June 13
LAST DEALINGS:	May 20	June 10	June 24
ACCOUNT DAY:	May 31	June 21	July 5

HELPED by selective buying by private investors and some support from the institutions, equity prices have again risen gently. Turnover both before and after Whitsun has remained, however, at a low level. Better than expected figures for the May gold reserves did little to strengthen the market in British Funds, which has been affected by some selling by the banks in advance of the call for special deposits by June 15. Over the week, 3½ per cent War Loan lost ⅜ to 61¼ and old Consols a similar amount to 45½ xd. Short dated stocks were generally 1/16 or 1/32 lower, but 3 per cent Savings Bonds 1955-65 were unchanged at 90⅝. Among medium dated stocks 5½ per cent Exchequer Bonds lost 3/16 to 101 1/16, and 3 per cent Savings Bonds 5/16 to 73 7/16. In foreign bonds, interest in Greek bonds has been stimulated by that country's proposed entry into the European Common Market and over the week the 7 per cent Refugee Loan gained 2¼ to 39½.

Over the four day's business to the close on Wednesday *The Economist* indicator gained 5.5 points to 361.8 points. A feature in equity markets has been the persistent demand from the Continent for its favourite stocks. Although closing on Wednesday some shillings below their peaks, Philips Lamps rose a further 16s. 6d. to 217s. 6d., Uniler NV 22s. to 225s. and Unilever Limited 24s. to 175s. Steel shares were helped by the higher interim from Hadfields, which gained 2s. to 25s. 3d. United Steel was 3s. better at 79s., and John Summers 9d. better at 75s. 6d., but Stewarts and Lloyds was that amount lower at 50s. 3d. Following the chairman's statement Vickers gained 9d. to 34s. and among other engineering shares Renold Chain rose by 1s. 6d. to 43s. 9d.

Jaguar "A" has continued to attract buyers following the purchase of Daimler and rose 8s. 9d. to 70s. 4½d.; BSA gained 1s. 3d. to 76s. 6d. Among other motor shares Ford Motor gained 3s. 9d. to 116s. 3d., while Rolls-Royce gained 1s. 7½d. to 48s. 6d. Rumours that Sandown Park, one of London's few race-courses, will be affected by the new Esher by-pass and be redeveloped as a building site, caused a sharp net rise of 10s. in the shares to 61s. 3d., though at one time they had been as high as 67s. 6d. British Industrial Plastics rose 1s. 7½d. to 8s. 3d. on rumours of a take over bid.

Bank shares have been firm and Barclays rose by 1s. 9d. to 55s. 9d., while Midland and National Provincial both gained 1s. 3d. to 84s. 3d. and 79s. 6d. respectively. Among merchant banks Hambros rose by 2s. 6d. to 103s. 6d. and Singer and Friedlander by the same amount to 51s. 6d.

Oil shares were influenced by the better performance on Wall Street and Shell Transport gained 4s. to 148s. 6d. British Petroleum put on 1s. to 52s. 6d. Ultramar, however, lost 1s. 6d. to 39s. 6d.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 1, 1960	Price, June 8, 1960	Net Yield, June 8, 1960 £ s. d.	Gross Yield, June 8, 1960 £ s. d.
98 15/16	97 3/4	Funding 2½% 1956-61	98 1/16	98 3/32	2 17 10	5 0 11
100 25/32 c	99 1/16	Conversion 4½% 1962	99 1/8	99 1/16	2 19 10	5 1 8
96 1/8	94 1/2	Exchequer 3½% 1962-63	94 7/32	94 1/32	3 15 10	4 19 9
93 15/16	91 25/32	Exchequer 2½% 1963-64	91 15/16	91 13/16	3 15 5	4 16 2
101 3/32	99 1/16	Conversion 4¾% 1963	99 1/8	99 1/16	3 4 11	5 1 9
99 17/32	96 31/32	Conversion 4½% 1955-65	97 31/32	96 31/32	3 11 0	5 7 2
92 15/16	89 7/8	Savings Bonds 3% 1959-69	90 1/8	90 1/8	3 19 8	5 6 11
95 7/16	80 3/4	Funding 3% 1959-69	82 1/2	81 7/8	4 7 4	5 14 0
93 1/2	89 5/16	Funding 4% 1960-90	89 5/8	89 3/16	3 0 2	4 13 11
82 7/8	79 1/4	Savings Bonds 3½% 1960-70	80	79 1/4	4 7 6	5 15 0
85 27/32	81 3/4	Savings Bonds 2½% 1964-67	83 1/8	82 13/16	4 9 8	5 11 8
77	73	Savings Bonds 3% 1965-75	73 1/16	73 1/2	4 5 8	5 11 1
104 13/16	100 1/4	Exchequer 5½% 1966	101 1/4	101	3 6 6	5 11 7
85 5/16	82 7/32	Funding 3% 1966-68	83 3/8	83 1/8	4 8 6	5 15 11
90 3/4	93 3/4	Victory 4% 1920-76	94	93 7/8	3 8 0	5 2 0
88 5/16	84 11/16	Conversion 3½% 1969	85 3/4	85 7/16	4 4 9	5 15 9
98	93 13/16	Conversion 5% 1971	95 3/8	93 13/16	4 14 4	5 14 0
101 7/16	96 1/4	Conversion 5½% 1974	96 1/4	96 1/4	3 11 1	5 12 8
76 3/4	73 3/4	Treasury 3½% 1977-80	74 1/2	73 3/4	4 1 5	5 14 3
78 1/16	72 7/8	Treasury 3½% 1979-81	74 1/4	73 7/8	4 1 6	5 15 5
103 1/2	98	Funding 5½% 1982-84	100 7/8	98	3 9 6	5 12 3
66 1/4	61 3/8	Redemption 3% 1986-96	62 1/4	61 7/8	3 16 0	5 9 3
77 1/4	90 7/8	Treasury 5% 1986-89	91 1/16	90 3/4	3 12 0	5 14 11
71 3/4	66 1/4	Funding 3½% 1999-2004	68 1/8	66 1/4	3 13 10	5 10 8
73 1/16	70 1/16	Consols 4% ....after Feb. 1957	70 1/2	70 1/8	3 10 9	5 16 5
55 3/8	61 7/8	War Loan 3½% ....after 1952	61 1/16	61 3/16	3 10 2	5 14 7
55 1/2	61 3/4	Conv. 3½% ....after Apr. 1961	61 3/16	61 5/16	3 10 5	5 15 5
96 3/4	52 3/4	Treasury 3% ....after Apr. 1966	53 3/8	52 7/8	3 9 11	5 14 8
193	45 1/2	Consols 2½% ....before	45 15/16 *	45 1/2 *	3 7 2	5 9 6
49 1/2	45	Treasury 2½% ....after Apr. 1975	45 7/16	45	3 8 6	5 12 4
97 1/2	92 1/8	British Electric 4½%	92 1/4	92 1/2	3 17 1	5 15 6
79 9/16	75 1/4	British Electric 3% 1968-73	76	75 5/8	4 7 7	5 15 8
76 1/8	71 7/8	British Electric 3% 1974-77	71 7/8	71 7/8	4 4 8	5 13 10
90 1/2	85 1/8	British Electric 4½% 1974-79	85 1/4	85 1/8	3 14 7	5 14 0
79 1/2	74 1/2	British Electric 3½% 1976-79	74 3/16	74 1/2	4 1 4	5 14 2
90 7/8	86	British Gas 4% 1969-72	86 3/16	86	4 0 0	5 15 5
86 7/8	82 5/16	British Gas 3½% 1969-71	83 1/8	82 7/8	4 2 5	5 13 8
57 3/16	62 1/8	British Gas 3% 1990-95	62 1/16	62 1/4	3 16 3	5 9 0
79 1/16	75 1/4	British Transport 3% 1968-73	76	75 3/8	4 7 7	5 15 8
86 1/2	81 5/8	British Transport 4% 1972-77	81 15/16 *	81 7/8 *	4 18 0	5 13 11
73 3/8	62 7/16	British Transport 3% 1978-88	62 3/4 *	62 1/4 *	4 2 2	5 11 0

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price June 1 1960	Price, June 8, 1960	Yield, June 8, 1960 £ s. d.
83	80 3/8	Australia 3½% 1965-69	82	81 7/8	5 19 0
107 1/2	103	Australia 6% 1974-76	103 1/2	103 1/4	5 14 0
73 3/8	70	Ceylon 4% 1973-75	70 3/4	70 1/2	7 7 0
107 5/8	103 1/2	New Zealand 6% 1976-80	104 1/2	104 1/4	5 14 0
96 1/2	88	Rhodesia and Nyasaland 6% 1978-81	88 1/2	89	7 4 0
85 1/2	79	South Africa 3½% 1965-67	81	81 1/4	7 5 0
90 1/2	67	Southern Rhodesia 4½% 1987-92	67 1/2	67	7 5 0
101 1/2	99	Agricultural Mortgage 5½% 1980-95	99 1/2	99	5 14 0
92 1/2	88	Birmingham 4½% 1967-70	88 1/2	88 1/2	5 5 0
99 1/4	94 3/4	Bristol 5% 1967-73	95	94 3/4	5 10 0
100	96 1/2	Corporation of London 5½% 1976-79	96 1/4	96 1/2	5 17 0
53 3/4	69 1/2	L.C.C. 3% ....after 1920	51	50 5/8	5 11 0
97 1/2	92 1/2	L.C.C. 5% 1990-93	92 5/8	92 3/8	5 13 0
100	97 1/2	Middlesex 5½% 1930	97 5	97 1/2	5 11 0

NEW YORK PRICES AND INDICES

	June 1 $	June 8 $		June 1 $	June 8 $		June 1 $	June 8 $
Atch., Topeka	22 7/8	23 7/8	Boeing	26 5/8	28	Inter. Nickel	55 1/8	55 1/8
Can. Pacific	25 1/4	26 1/8	Celanese	23	25 3/8	Inter. Paper	100	108
Pennsylvania	12 3/4	14	Chrysler	44 7/8	50 3/8	Kennecott	74 5/8	78 1/4
Union Pacific	25 3/4	26 1/8	Col. Palmolive	34 5/8	37	Monsanto	40 3/8	44 1/8
Amer. Electric	53 3/4	56 5/8	Crown Zeller	43 3/4	44 1/4	Nat. Distillers	28 5/8	29 1/2
Am. Tel. & Tel.	91 3/4	90 1/4	Distillers Seag.	29 3/4	29 1/4	Pan-American	17	19 1/8
Cons. Edison	61 3/4	62 3/8	Douglas	30	29 3/8	Procter Gamble	108 1/2	113 3/8
Int. Tel. & Tel.	45 3/8	45	Du Pont	205 1/4	208 1/2	Radio Corpn.	76 1/2	75 1/2
Standard Gas	49	49	East. Kodak	119 1/2 *	129	Sears Roebuck	51 7/8	54 1/2
United Corpn.	71 3/8	73 3/8	Ford Motor	65	69 7/8	Shell Oil	30 5/8 *	36 1/4
Western Union	49 3/4	48 3/8	Gen. Electric	89 1/4	95 1/2	Socony-Mobil	35	37 1/8
Alcoa	90 1/4	88 1/4	General Foods	121 1/2	122 1/2	Stand. Oil Ind.	35 3/4	39 1/2
Aluminium	32 1/2	32 1/2	General Motors	43 7/8	45 1/4	Stand. Oil N.J.	40 1/8	43
Amer. Can	38 7/8	38 1/8	Goodyear	40	40	20th Cent. Fox	37 3/8	37
Am. Smelting	50 1/8	51 1/8	Gulf Oil	27 1/4	29	Union Carbide	133 1/2	127 3/8
Am. Viscose	34 3/4	36 1/2	Heinz	86	91	U.S. Steel	79 1/4	85 1/8
Anaconda	47 3/8 *	51 7/8	Int. Bus. Mach.	504	540 1/2	West. Electric	59 1/4	62 3/4
Bath. Steel	44 1/4	48 3/4	Int. Harvester	42 1/2	45 1/8	Woolworth	69 1/4	70 1/8

Standard and Poor's Indices (1941–43 = 10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
May 11	58·11	3·35	29·64	5·89	45·51	3·96	87·87	4·09
" 18	59·12	3·29	30·14	5·80	45·70	3·95	87·26	4·15
" 25	59·32	3·28	30·66	5·70	46·06	3·92	87·16	4·16
June 1	59·57	3·27	29·96	5·83	46·13	3·90	86·18	4·06
" 8	61·83	3·15	31·36	5·57	47·16	3·82	89·43	3·94

425 Industrials :—High, 65·02 (Jan. 5); Low, 57·00 (Mar. 8).

Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. * Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (j) To latest payment of 2½% tax free.

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Price, June 1, 1960	Price, June 8, 1960	Yield, June 8, 1960	Cover
					%	%
		BANKS, DISCOUNT & HP				
42/3	34/6	Alexanders £1	35/-	35/-	5·71	...
53/-	44/3	Bk. Lond. & S. Amer. £1	45/3	45/-	4·44	...
39½	32½	Bk. New S. Wales £20	33	32¾	4·40 e	...
52/3	45/-	Barclays £1	54/-	55/9	3·59	...
49/6	38/6	Barclays D.C.O. £1	39/6	39/9	4·53	...
64/-	52/3	Chartered £1	53/6	52/3	5·74	...
83½	65/6	District £1	70/-	70/9	3·96 **	...
38/6	32/3	Eng., Scott. & Aust. £1	33/6	32/6	5·54	...
£69	£60	Hongkg. & Shang. $125	£60¾	£61½	4·88	...
5	7	Lloyds £1	62/6	62/9	3·82	...
8	8	Martins 5/-	17/4½	17/7½	3·69 *	...
9½	8½	Midland £1	83/-	84/3	4·04	...
7½	7	Nat. Comm. Bk. Scot. 10/-	50/6	50/9 *	2·96 **	...
8¾	8	Nat. Discount 'B' £1	48/9	48/9	6·15	...
8	8	Nat. Provincial £1	78/3	79/6	3·52 *	...
9	9	Royal Bk. of Scotland £1	82/6	83/3	4·08	...
8	8	Stand. Bk. S. Africa £1	40/-	40/-	7·00	...
6½	6	Union Discount £1	50/3	50/9	4·93	...
5	5⅝	Westminster 'B' £1	52/6	53/6	4·05	...
£1 65c	£1 85c	Bank of Montreal $10	£18⅝	£18 13/16	3·69	...
£2·25c	£2·32½c	Royal Bk. Canada $10	£25⅝	£25¾	3·28	...
5	13½	Bowmaker 5/-	26 10½	26/11½	3·51	11½
8½	9½	Lombard Banking 5/-	27/2¼	27/7½	3·44 **	3½
5	4	Mercantile Credit 5/-	25/9	25/10½	3·90	2½
21	20	United Domins. Tst. £1	71½	71⅝	3·29	2¼
		BREWERIES, Etc.				
19¼	7½	Bass 5/-	26/6	26/-	3·85 *	2
10	5	Distillers 10/-	35/9	36/4½	3·44	2¼
20	5	Fitzwilson Houfe 5/-	26/9	28/6	3·33	2¼
10	4	Greenall Whitley 10/-	55/6	59/-	4·20	13
12	10	Ind Coope 5/-	20/3	20/-	4·13	13½
5	7½	Teacher (Distillers) 10/-	32/6	32/-	3·91	3½
3	11½	Watney Mann £1	83/3	83/9	3·58	2
8	17	Whitbread 'A' £1	122/6	123/-	4·07	13½
		BUILDING, PAINT, Etc.				
4	7	Associated Portland £1	68/-	71/6	3·08	3½
4	6	British Plaster Bd. 10/-	27/-	28/11½	3·96	2¼
4	10	Richard Costain £1	87/6 *	87/6	3·43	3
5	10	Crittall Mfg. 5/-	11/10½ *	11/10½ *	6·32	2½
10	5	International Paints 4/-	15/-	14/9	5·43	2
14	14	London Brick £1	105/9	107/-	3·74	3½
6	21	Rugby Portland 5/-	45/-‖	46/9‖	2·34	3
12½	7½	Taylor Woodrow 5/-	28/3	30/-	3·33	2
7½	20	Wall Paper Defd. £1	131 10½	133/9	2·99	3½
		CHEMICAL				
13½	25/9	Albright & Wilson 5/-	29/-	29/3	3·13	2½
22½	16/7½	Borax Defd. £1	18/9	19/9 ½	2·58	2¾
34/9	46/10½		4	4		
7½	39	I.C.I. £1	59/4½	61/7½	3·65	2¼
27/7½	23/-	Monsanto 5/-	24/9	24/9	3·03	3
		DRAPERY & STORES				
20	46/-	Montague Burton 10/-	54/-	55/7½	3·60	2
5½	4	Debenhams 10/-	45/9	45/9	3·83	13½
7½	3	G.U.S. 'A' 5/-	48/3	48/3	3·63	2½
15	40	House of Fraser 5/-	23/9	24/-	2·89	2
11	8	Lewis's Invest. Tst. 4/-	22/6	23/6	2·89	2⅜
27½	12½	Marks & Spencer 'A' 5/-	72/10½	73/3	2·73	1½
25	12½	United Drapery 5/-	49/7½	48/9	3·85	2
15	44/6	Woolworth 5/-	86/11½	86/3	3·52	1½
		ELECTRICAL & RADIO				
15	21	A.E.I. £1	57/3*	57/6*	5·22	1½
4	9½	B.I.C.C. £1	50 10½	50/9	5·32	2
11	5	Crompton Parkinson 5/-	13/6	13/6¾	4·13	2¼
7½	3	Decca Record. 10/-	49 10½	49/-	4·42	13
10	5	E.M.I. 10/-	48/7½	49/6	2·83 **	3½
7	3	English Electric £1	41/-	41/-	4·88	2
3	3	General Electric £1	40/-	39/9	5·02	1½
5	5⅝	C. A. Parsons 5/-	8/4	8/4½	3·45	4
5	5	Pye 5/-	17/1½	17/4½	3·60	2½
20	20	A. Reyrolle £1	40/4½‖	40 10½‖	4·28	2⅜
5	5	Thorn Electrical 5/-	48/3	50/6	1·98	2½
		ENGINEERING				
41	40	Babcock & Wilcox £1	38/4½	38/10½	4·63	2
6	4	John Brown £1	44/9	44/9	4·47	2½
4	4	Cammell Laird 5/-	7/10½	8/-	4·38 ‡	1½
20	20	Internat. Combust. 5/-	28/7½	28/9	5·22	2½
10	5	Rich'ds'ns, Westg'th. 10/-	10/3	10/-	8·33	2
9	8	Swan Hunter £1	32/6	32/6	6·15	2¾
12½	5	John Thompson 5/-	18/6*	18/3*	5·48	1
7½	5	Vickers £1	33/3	34/-	5·88	2
22	14	Coventry Gauge 10/-	22/6	22/9	4·50	2
5	5	Alfred Herbert £1	56/-	57/9	3·96	1½
7½	4	Allied Ironfounders £1	72/-	70/6	4·61	1½
15	5	Averys £1	103/-	104/6	3·83	3
7½	16	George Cohen 5/-	16/7½	16/4½	3·66	2¼
10	15	Davy-United £1	117/6	124/6	4·02 **	3½
5	10	Guest Keen £1	88/3	90/6	3·31	3¾
10	8	Head Wrightson 5/-	23/-	23/-	3·04	3½
8	6	Metal Box £1	71/9	91/3	3·37	3½
6	6	Ransome & Marles 5/-	23/6	23/6	3·94	2⅜
2	2	Ranold Chains £1	42/3	43/9	4·57 **	1¼
8	8	Ruston & Hornsby £1	28/6	29/9	5·38	1¾
9	9	Tube Investments £1	77/9	79/3	3·15 **	2½
7	7	Ward (Thos. W.) £1	72/6‖	72/-‖	3·47	3½
10	5	Woodall-Duckham 5/-	32/-	32/3	3·88	2½

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Price, June 1, 1960	Price, June 8, 1960	Yield, June 8, 1960	Cover
			%	%		
		FOOD & TOBACCO				
41/3	33/6	Assoc. British Foods 5/-	38/9	38/6	2·34	21
112/6	95 10½	Bovril Defd. £1	110 7½	108/9	4·41	2¾
15/7½	13/2¼	Brooke Bond 'B' 5/-	14 11½	14/6	3·52	4
30/7½	25/6	Home & Colonial 10/-	27/9	28/6	3·51	2
13/8¼	10/3	International Tea 5/-	12/03¼	12/03¼	4·15	13¼
85/6	70/9	J. Lyon 'A' £1	79/-	80/6	3·93	2
28/3	24/9	Rankt. 10/-	24/10½	24/9	5·05	2½
48/9	39/6	Spillers 10/-	45/-	45/3	4·04	2¼
62/-	54/6	Tate & Lyle £1	58/-	58/-*	4·14	2¼
17/3	15/3	Unigate 5/-	17/3	17/-	2·94 **	...
72/6	57/9	Brit. Amer. Tobac. 10/-	62/3	61/9	5·29	2¾
42/-	37/-	Gallaher 10/-	41/3	42/-	3·97	2
77/6	61/9	Imperial Tobacco £1	67/6	67/-	6·72	13¾
		INSURANCE				
195/-	175/-	Britannic 5/-	195/-	195/-	3·98	...
68/6	54/3	Commercial Union 5/-	59/-	60/-	3·75	...
143	121	Equity & Law Life 8/6	14	143	1·99	...
85/-	70/3	General Accident 5/-	84/3	85/-	2·65	...
106/9	91/-	Guardian 5/-	106/3	106/3	3·29	...
191	163	Legal & General 5/-	165	175	2·74	...
102/6	96/3	Northern & Empl. £1	98/9	100/-	3·70 **	...
172/6	132/6	Pearl 5/-	145/-	145/-	4·50	...
171	151	Prudential 'A' 4/-	17¼	17¼	3·47	...
115/-	94/9	Royal Exchange £1	97/-	96/6*	3·32	...
		MOTORS & AIRCRAFT				
76/6	55/3	B.S.A. £1	75/3	76/6	4·18 **	2½
24/03¼	18/7½	British Motor 5/-	19/3	18/10½	5·30	1½
118/-	97/-	Ford Motor £1	112/6	116/3	3·01	4½
71/3	38/-	Jaguar Cars 'A' 5/-	60/7½	70/4½	1·42	9½
85/-	72/6	Leyland Motor £1	82/6	82/6	3·64	3
12/3¾	9/3	Rootes Motors 'A' 5/-	12/-	11/10½	4·04	5
12/6	10/9	Standard-Triumph 5/-	11/03¼ *	10/11½ *	5·49	3½
17/3	13/11½	Bristol Aeroplane 10/-	14/7½	14/7½	7·52	3¾
38/6	29 10½	Dowty Group 10/-	38/3	38/6	3·18	3½
34/-	28/3	Hawker Siddeley £1	30/6	30/6	6·56	2
49/7½	42/-	Rolls-Royce £1	46 10½	48/6	4·12	2
28/11¾	22/3	Dunlop Rubber 10/-	27/3	27/3	5·50	2½
74/6	64 10½	Joseph Lucas £1	68/4½	67/7½	3·70	3
40/9	31/6	Pressed Steel 5/-	34/1½	33/9	4·44	3
48/6	30/-	Triplex Holdings 10/-	46/-	46/-	2·17	3½
		MINES				
115	77 16	Anglo-American 10/-	73	71	6·00	11
99/3	60/-	Consolid. Gold Fields £1	64/9	60/3	8·30	2
145/-	88/9	General Mining £1	95/-	92/6	7·57	3¾
87/9	49/6	Union Corporation 2/6	53/9	50/6	7·43	2½
25/10½	19/-	Daggafontein 5/-	19/6	19/3	24·68	1
191/3	115/-	Free State Geduld 5/-	122/9	116/3	6·88	2½
66/3	48 11½	Hartebeestfontein 10/-	50/3	49/3	14·21	2
80/4½	52/6	President Brand 5/-	57/6	56/3	9·78	2
187/6	113/9	Western Holdings 5/-	122/6	115/-	7·83	13¾
26/9	19/9	Winkelhaak 10/-	21/-	19/9	...	...
119/6	76/9	Charter £1	79/9	78/9	7·62	2
93/9	62/6	Rhod. Anglo-Amer. 10/-	64 4½	65/-	8·85 h	11½
16/4½	11/3	Rhod. Selection Tst. 5/-	11/4½ *	11/4½ *	6·87 h	2
8/10½	6/6	Roan Antelope 5/-	6/7½ *	6/6 *	9·31 h	13¾
48/3	29/-	Tanganyika Conc. 10/-	33/-	30/6	12·30 h	1
78/6	68/6	Consolidated Zinc £1	75/-	77/-	5·19	13¾
200/-	133 1/2	De Beers Defd. Reg. ‡ 5/-	148/9	146/3	8·55	2
$101	$87¾	Internat. Nickel ....n.p.v.	$98½‖	$100‖	2·68	2
12½	10 7½	London Tin 4/-	12/6	12 7½	7·92	1
51/-	20 c	Rio Tinto 10/-	34/4½	33/9	5·93	2
40/-	26/3	Tronoh 5/-	36/9	39/9	5·45	1
		OIL				
67/6	50/9	British Petroleum £1	51/6	52/6	6·74	2½
59/6	43/6	Burmah Oil £1	44/6	44/3	6·46	3¼
£17¼	£13 7/16	Royal Dutch ....20 fl.	£13 9/16 *	£14 1/4 *	3·49	3
168/9	139/-	Shell Transport £1	144/-	148/6	5·22	3
14/-	38/9	Ultramar £1	41/- *	39/6 *	2	6
60/-	51/9	Wakefield C.C. 10/-	58/6	58/3	4·72	2½
		PAPER & NEWSPAPERS				
15/6 3/4	12/11½	Daily Mirror 'A' 5/-	12/3*	12/3*	5·31	2½
37/-	29/6	Odhams Press 10/-	31/9*	31/6*	5·56	2
66/-	56/6	W. H. Smith & Son 'A' £1	66/-	66/-	3·64 **	2½
64/3	54/1½	Bowater Paper £1	60/7½‖	61/6‖	4·07	2½
53/-	53/6	Albert E. Reed £1	38/6	58/-	5·52	2½
34/6	29/9	Spicers £1	32/9	33/3	6·02	2
30/6	70/6	Wiggins Teape £1	75/3*	75/6*	4·90	13½

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Price, June 1, 1960	Price, June 8, 1960	Yield, June 8, 1960	Cover
			%	%		
		MISCELLANEOUS				
40	20	Assoc. British Picture 5/-	42/6	42/6	7·06	2½
30	20	Assoc. Television 'A' 5/-	33/-	32/3	7·75	2
11	8	Beecham Group 5/-	37/3	37/3	6	4
15	8	Boots Pure Drug 5/-	36/6*	36/9*	3·21	2
5	3½	British Match £1	39/-	39/9	4·19	2¼
10	6	British Oxygen £1	91/6	94/-	2·98	2¼
6	4	British Ropes 2/6	11/3*	11/3*	4·44	2½
7	5	De La Rue 10/-	69/6	72/-	3·13	3
10½	4½	Gestetner 'A' 5/-	30/-‖	31/9‖	2·36	4½
8½	?	Glaxo 10/-	62/6	63/-	2·46	33¾
5	2	Harrison & Cr. Defd. £1	51/3	51 10½	4·63	2¾
5	40	Hoover 'A' 5/-	48/9	48/6	4·64	4
5	12½	Ilford 5/-	25/-	27/-	3·24	2
6	4	Inter. Comp. & Tab. £1	68/6	69/3	2·89	2¼
10	11¼	National Canning £1	60/-	60/-	3·75	2
10	6	Powell Duffryn 10/-	24 10½	24/6	6·53	2¼
10	5	Radio Rentals 5/-	24/9*	23/9*	3·16	3
5	10	Rank Organisation 5/-	14/6	14/6	3·45	3½
5	18	Schweppes 5/-	31/6	31/9	3·62	2
20	25	Sears 'A' 5/-	29/03¼‖	29/7½‖	4·22	2¼
7	9¾	Thomas Tilling 4/-	21 10½‖	21 10½‖	3·11	2¼
15	5	Turner & Newall £1	97/6	100/6	3·98	2½
8	14·7	Unilever £1	154/3	175/-	2·59	3¾
7	2	United Glass 5/-	14/9	14/9	4·24	2½
7	10¾	United Molasses 10/-	39/9*	39/6*	6·20	1½
		SHIPPING				
6	13½	Brit. & Com'wealth. 10/-	39/6	38/9	5·16	2¾
8	8	Cunard £1	21/-	20/9	7·71	1¼
7	7	France Fenwick £1	26/-	26/-	5·38	...
10	7	Furness Withy £1	43/-	44/3	4·52	2¼
10	10	London & Overseas 5/-	15/9	15/9	6·35	...
3	8	P & O Defd. £1	40/9	41/-	5·37	...
8	8	Reardo. Smith 10/-	17/-	17/3	1·45	13¾
11	23/-	Roya Mail £1	23/-	23/-	6·96	...
		STEEL				
6	8	Colvilles £1	75/6	76/-	3·68	4
5	3½	Dorman Long £1	47/3	47/9	4·19 **	3
6	3½	Lancashire Steel £1	49/3	49/6	3·84	4½
4	8	South Durham £1	45/3	45/-	5·33	2½
6	6½	Steel Co. of Wales £1	45/-	45/6	4·40	2¾
8	3	Stewarts & Lloyds £1	51/-	50/3	4·38	3¾
6	3	John Summer £1	74/9	71/6	3·58	3
4	11	United Steel £1	76/-	79/-	3·80	3
10	15	Whitehead £1	114/6	114

Money and Exchanges

EXCHEQUER RETURNS

For the week ended June 4, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £31,234,000 compared with a deficit of £12,538,000 in the previous week and a deficit of £25,026,000 in the corresponding period of last year. There was a net expenditure "below-line" of £27,524,000 leaving a total cumulative deficit to date of £135,526,000 compared with £62,193,000 in 1959–60.

£ '000	Estimate 1960–61	April 1, 1959, to June 6, 1959	April 1, 1960, to June 4, 1960	Week ended June 6, 1959	Week ended June 4, 1960
Ord. Revenue					
Income Tax	2478,000	268,554	220,961	21,083	27,203
Surtax	190,000	21,700	20,100	1,800	1,700
Death Duties	239,000	42,500	42,900	4,500	5,600
Stamps	110,000	14,700	16,900	1,800	1,900
Profits tax, EPT and EPL	256,000	41,600	34,600	6,000	4,500
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	389,054	335,461	35,183	40,903
Customs	1458,630	252,488	264,543	27,430	25,949
Excise	950,150	185,955	195,100	14,520	15,320
Total Customs and Excise	2408,780	438,443	459,643	41,950	41,269
Motor Duties	113,000	11,740	13,840	1,126	1,330
PO (Net Receipts)	4,000	9,760	6,900	1,900	Dr. 2,500
Broadcast Licences	39,000	4,200	4,600	...	...
Sundry Loans	32,000	9,063	10,999	7,031	8,964
Miscellaneous	110,000	10,414	24,459	124	7,391
Total	**5979,780**	**872,674**	**855,902**	**87,314**	**97,357**
Ord. Expenditure					
Debt Interest	640,000	111,196	127,145	35,602	33,924
Payments to Northern Ireland Exchequer	81,000	14,311	16,880	2,867	5,142
Other Consolidated Funds	8,000	1,170	1,109	21	25
Supply Services	4907,161	732,338	787,946	72,900	88,120
Total	**5636,161**	**859,015**	**933,080**	**111390**	**127211**
Sinking Funds	40,000	4,853	5,321	950	1,380
"Above-line" Surplus or Deficit	**+ 8,806**	**+ 82,499**	**– 25,026**	**– 31,234**	
"Below-line" Net Expenditure*	70,999	53,027	17,739	27,524	
Total Surplus or Deficit	**– 62,193**	**– 135,526**	**– 42,765**	**– 58,758**	
Net receipts from:					
Tax Reserve Certificates	33,473	32,803	4,457	13,716	
Savings Certificates	14,600	17,200	3,600	1,800	
Defence Bonds	25,152	16,266	2,514	1,170	
Premium Savings Bonds	12,070	8,530	570	1,230	
Total	85,295	74,799	11,141	17,916	

* Net receipts of the Civil Contingencies Fund of £2 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959 June 6	2,990·0	2,035·0	258·0	...	5,283·0
1960					
Mar. 5	3,370·0	1,837·3	202·1	...	5,409·4
,, 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31	5,202·1		246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
,, 16	3,450·0	1,861·7	244·9	4·8	5,561·4
,, 23	3,440·0	1,859·9	286·6	...	5,586·5
,, 30	3,440·0	1,913·1	256·1	...	5,609·2
May 7	3,450·0	1,877·8	240·0	0·2	5,568·0
,, 14	3,470·0	1,846·2	231·4	...	5,547·5
,, 21	3,470·0	1,832·1	206·0	...	5,508·2
,, 28	3,470·0	1,861·5	214·7	...	5,546·2
June 4	3,490·0	1,871·6	227·0	...	5,588·6

THE MONEY MARKET

CREDIT continued to be in good supply in Lombard Street up to the week-end. Money rates soon fell to the basic minimum of $3\frac{3}{8}$ per cent and down to 2 per cent for funds from outside banks. On both Thursday and Friday the authorities stepped in and sold back a small amount of bills. After the holiday, however, the market returned to the more difficult credit conditions to which it has become accustomed in recent weeks. The ruling rate for loans rarely fell below $4\frac{1}{2}$ per cent, while $4\frac{5}{8}$ per cent was conceded at times. The authorities gave assistance on both days in varying amounts. This was not sufficient, however, to keep the discount houses from borrowing a small amount at Bank rate. The bank return shows a further rise of £22.4 to £55.9 in the amount of special deposits.

The discount market again kept its bid at £98 17s. 3d. at last week's Treasury bill tender and secured an allotment of 56 per cent. It has received a quota of over 50 per cent at each of the last four tenders. Total applications fell sharply by £47 million to £424 million for the offer of £270 million of bills, allotted in full.

MONEY RATES

LONDON

	%		%
Bank rate (from 4%, 21/1/60)	5	**Discount rates:**	
		Bank bills:	
Deposit rates (maximum):		60 days	4 11/16–4 9/16
Banks	3	3 months	4 11/16–4 9/16
Discount houses	3–3 3/8	4 months	4 11/16–4 9/16
		6 months	4 11/16–4 25/32
Money:		Fine trade bills:	
Day-to-Day	4 3/8–4 5/8	3 months	5 1/4–6
		4 months	5 1/4–6
		6 months	5 1/2–6 1/4

NEW YORK

	%		%
Official discount rate: (from 4%, 2/6/60)	3 1/2	**Treasury Bills:** May 27	3·184
		June 6	2·716

BANK OF ENGLAND RETURNS

(£ million)	June 10, 1959	June 1, 1960	June 8, 1960
*Issue Department**:			
Notes in circulation	2,085·6	2,197·8	2,215·0
Notes in banking dept.	14·7	52·6	35·4
Govt. debt and securities*	2,096·7	2,247·3	2,247·2
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	2·0
Banking Department:			
Deposits:			
Public accounts	10·8	10·8	11·3
Special deposits	...	32·5	54·9
Bankers	232·1	271·2	240·1
Others	62·1	64·5	64·8
Total	305·0	379·0	371·1
Securities:			
Government	272·5	286·6	305·7
Discounts and advances	14·1	38·5	28·7
Other	20·7	19·5	18·6
Total	307·3	343·6	353·0
Banking department reserve	15·7	53·4	36·1
"Proportion"	% 5·1	% 14·0	% 9·7

* *Government debt is* £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
1959 June 5	*91 day* 270·0	407·0	s. d. 68 6·63	% 52
1960				
Mar. 4	290·0	483·5	90 9·34	55
,, 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
,, 8	260·0	422·1	92 11·83	42
,, 14	280·0†	454·5	93 1·10	41
,, 22	270·0	425·7	93 0·88	51
,, 29	240·0	429·5	93 0·48	28
May 6	250·0	446·8	93 4·70	23
,, 13	250·0	444·8	91 1·56	58
,, 20	260·0	417·4	91 1·69	61
,, 27	280·0	470·7	91 1·53	55
June 3	270·0	423·8	91 1·39	56

* On June 3rd tenders for 91 day bills at £98 17s. 3d. secured 56 per cent, higher tenders being allotted in full. The offer for this week was for £280 million of 91 day bills.
† Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: June 8	Market Rates: Spot: June 2	June 3	June 4	June 7	June 8
United States $	2·78–2·82*	2·79 7/8–2·80	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/16–3/16
Canadian $	13·622–14·027	2·75 11/16–3/16	2·75–75 1/8	2·74 15/16–75 1/16	2·75 3/8–1/2	2·75 3/16–5/16
French Fr.	11·94–12·54 7/8	13·71 1/2–3/4	13·72 1/2–3/4	13·72 7/8–73 1/8	13·72 3/8–7/8	13·72 5/8–3/4
Swiss Fr.	137·96–142·05	12·08–08 1/4	12·08 1/4–09	12·08 1/4–09	12·08 1/4–1/2	12·08 3/8–5/8
Belgian Fr.	10·48–10·80	139·50–55	139·67 1/2–72 1/2	139·65–70	139·65–70	139·65–70
Dutch Gld.	11·59 1/4–11·92 3/4	10·55 1/4–1/2	10·56–56 1/4	10·56 1/4–1/2	10·56 1/8–3/8	10·55 7/8–56 1/8
W. Ger. D-Mk.	79·00 3/4–82·00 1/2	11·67 1/8–3/8	11·68–68 1/4	11·68 1/4–1/2	11·68 1/4–3/8	11·67 1/8–68 1/8
Portug. Esc.	1725–1775	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	14·27 1/2–14·70	1738 1/2–3/4	1738 1/2–39 1/8	1738 3/8–39 1/8	1738 3/8–5/8	1738 1/8–3/8
Swedish Kr.	19·06 1/2–19·62	14·47 3/4–48	14·48 1/4–1/2	14·48 1/2–3/4	14·48 1/8–3/8	14·47 5/8–3/8
Danish Kr.	19·71–20·30 1/2	19·34 3/8–35	19·34 3/8–5/8	19·34 1/8–3/8	19·34 1/8–3/8	19·33 7/8–34 1/8
Norwegian Kr.		19·97 1/8–98 1/8	19·98 1/2–3/4	19·99–99 1/4	19·99 3/8–7/8	19·99 3/8–7/8
	* Official Limits	**One Month Forward Rates**				
United States $		3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $		5/16–3/16c. pm	3/8–1/2c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm
French Fr.		1/8c. pm–1/4c. dis	1/8c. pm–1/8c. dis	1/8c. pm–1/8c. dis	1/4c. pm–par	1/8c. pm–1/4c. dis
Swiss Fr.		3/8–1/8c. pm	1/8c. pm–1/4c. dis	1/4c. pm–par	1/4c. pm–1/4c. dis	1/8c. pm–1/4c. dis
Belgian Fr.		2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	5c. pm–par	8–3c. pm
Dutch Gld.		7/8–5/8c. pm	1–3/4c. pm	1–3/4c. pm	1–1/4c. pm	1 1/4–1c. pm
W. German D-Mk.		3/8–1/8pf. pm	1/2–1/4pf. pm	5/8–3/8pf. pm	3/4–1/2pf. pm	7/8–5/8pf. pm
		Three Months Forward Rates				
United States $		1/2–3/8c. pm	9/16–7/16c. pm	9/16–7/16c. pm	5/8–1/2c. pm	5/8–1/2c. pm
Canadian $		5/8–1/2c. pm	11/16–9/16c. pm	11/16–9/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm
Swiss Fr.		1–3/4c. pm	1–3/4c. pm	1 1/4–1c. pm	1–1/2c. pm	1–3/4c. pm
W. German D-Mk.		1 3/8–1 1/8pf. pm	1 3/8–1 1/8pf. pm	1 3/4–1 1/2pf. pm	1 7/8–1 5/8pf. pm	2–1 3/4pf. pm
		Gold Price at Fixing				
Price (s. d. per fine oz.)		250/8	250/6 1/4	...	250/5 1/4	250/6 1/2

Western Europe

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

BRITISH			
Prices and Wages	May 28th	External Trade	June 4th
Manpower and Output	May 21st	Industrial Profits	April 23rd
OVERSEAS			
Western Europe	This week	United States	May 14th

INDUSTRIAL PRODUCTION (1) 1953=100

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
1948	54	87	82	79	...	52	70	62	70	70	90	69	83
1958	150	115	125	150	151	161	105	142	126	124	118	...	114
1959	156	119	135	159	162	167	114	158	137	130	121	...	120
1959, October	170	126	148	166	175	176	...	178	154	143	133	...	133
,, November	171	131	150	179	186	174	...	171	142	143	135	...	134
,, December	158	125	143	181	178	173	...	171	144	130	136	...	125
1960, January	...	122	140	178	164	171	...	165	138	134	131	...	130
,, February	...	...	...	176	167	...	...	...	142	146	...	...	133[8]

VALUE OF EXTERNAL TRADE (2)

Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	New mn. francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
	Imports (c.i.f.)												
1948	243	7,249	285[14]	561	264[15]	152[17]	11·4	70·36	414	310[14]	413[14]	64·2	168·0[20]
1958	2,326	13,037	786	1,963	2,576	1,412	16·6	167·49	1,148	780[14]	1,021[14]	73·5	300·9
1959	2,479	14,341	921	2,092	2,966	1,412	17·7	174·00	1,247	783	1,037	103·3	321·6
1959, October	2,723	15,504	978	2,252	3,234	1,541	17·3	186·60	1,330	864	1,163	99·6	345·6
,, November	2,775	15,562	1,072	2,210	3,098	1,427	18·1	194·65	1,308	699	1,236	144·0	347·4
,, December	3,043	16,692	1,150	2,662	3,843	1,444	17·4	190·86	1,406	814	1,300	155·1	361·2
1960, January	2,531	15,672	1,040	2,494	3,083	1,337	17·9	218·75	1,340	792	1,326	96·7	355·0
,, February	...	...	...	2,700	3,243	...	...	248·08	1,324	852	1,267	116·5	355·0[9]
	Exports (f.o.b.)												
1948	165	6,171	228[14]	362	151[15]	39[17]	4·1	47·99	226	172[14]	332[14]	45·0	131·6[18]
1958	1,989	12,689	741	1,791	3,081	579	10·9	134·22	1,019	443[14]	900[14]	57·7	264·0
1959	2,089	13,730	804	2,309	3,430	511	10·8	150·78	1,142	482	951	82·9	277·1
1959, October	2,328	14,974	865	2,742	3,822	794	12·2	165·46	1,364	513	1,155	64·1	306·0
,, November	2,215	14,429	929	2,620	3,798	943	12·5	171·96	1,289	483	1,064	96·4	299·2
,, December	2,357	15,718	932	2,910	4,279	986	11·3	186·78	1,274	571	1,075	177·7	296·7
1960, January	1,954	15,969	787	2,925	3,387	527	11·6	145·40	1,090	498	1,057	137·6	316·3
,, February	...	15,182	...	2,997	3,662	...	...	193·90	1,258	495	1,101	85·0	295·8[10]

COST OF LIVING (3) (1953=100)

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
1948	50[4]	95	81	60	93	63	79	86	78[5]	74	77	89	77
1958	114	108	117	121	110	131	117	113	117	118	119	171	119
1959	115	110	120	129	112	134	117	113	119	120	120	216	120
1959, November	116	111	...	131	114	136	115	114	121	121	121	231	120
,, December	116	111	...	131	114	135	...	115	121	121	121	232	121
1960, January	116	110	122	138	114	135	...	115	121	120	124	...	120
,, February	116	110	...	133	114	135	115	115	120	120	124	...	120
,, March	117	110	...	...	...	136	...	...	...	...	...	...	120[11]

EXPORT PRICES (4) (1953=100)

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
1948	42	95	91	68	...	...	78	103	97	84	76	91	77
1958	103	99	100	116	103	137	100	101	101	108	101	...	109
1959	101	95	...	...	100	125	104	95	100	105	99	...	108
1959, October	102	95	...	...	99	129	105	98	104	...	...	...	108
,, November	99	97	...	...	99	132	105	97	102	...	...	...	110
,, December	100	97	...	...	100	120	104	94	101	...	...	...	110
1960, January	101	...	...	...	100[16]	116	...	...	101	...	...	...	110[12]

GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US Dollars, end of period)

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
1948	62	938	84·0	...	295	...	209	539	343	140·6	233	192	1,856
1958	665	1,497	229·7	1,050	6,322	176·0	262	2,321	1,493	243·3	473	297	3,069
1959	678	1,222	313·1	1,720	5,014	210·4	261	3,292	1,355	256·2	423	269	...
1959, December	678	1,222	313·1	1,720	5,014	210·4	261	3,292	1,355	256·2	423	269	2,738
1960, January	660	1,240	274·0	1,738	4,902	211·3	253	...	1,363	246·7	358	266	2,685
,, February	662	1,261	261·6	1,781	4,968	214·9	257	...	1,379	257·6	368	266	2,722
,, March	657	1,295	269·4	1,854	5,125	...	257	...	1,379	...	398	259	2,780[13]

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxembourg. Italy includes Trieste. France includes the Saar until July 5, 1959. (3) Including direct taxes. (4) July to December. (5) In capital cities only for France, Greece and Turkey; and Austria prior to March, 1959; Austria (prior to March, 1959) and Belgium exclude rent; Denmark includes direct taxes; Ireland based on August, 1953=100. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. (7) Holdings of the government and central bank. Foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments; Ireland includes some long-term securities. (8) March, 135; April, 127. (9) March, 379·8; April, 362·0. (10) March, 308·1; April, 307·3. (11) March, 120. (12) February, 110. (13) April, 2,831; May, 2,859. (14) Special trade. (15) Bizonal area. (16) February, 99. (17) Thousand million old drachmas. (18) Including trade with the Channel Islands and United Kingdom whale fisheries.

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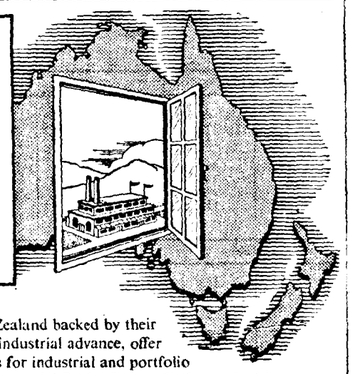

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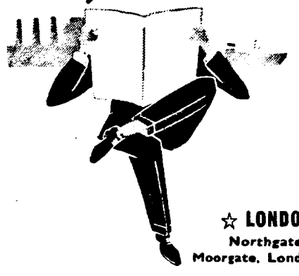

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Applications are invited for the appointment of an ASSISTANT LECTURER or LECTURER in the DEPARTMENT OF ECONOMICS.

Salary Scales: Lecturerships, £1,050 — £1,850 per annum. Assistant Lectureships, £800 x £50 — £950 per annum. F.S.S.U. benefits and family allowances.

Applications should be sent immediately and not later than June 30, 1960, to the Registrar, from whom further particulars and forms of application can be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER or ASSISTANT LECTURER in GOVERNMENT (with special reference to Africa, the Middle East or the Indian area). Salary scales: Lecturer £1,050 to £1,850; Assistant Lecturer £800 to £950 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than June 27, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF DUBLIN
Trinity College

ASSISTANT IN ECONOMICS AND STATISTICS

Applications are invited for the post of Assistant in Economics and Statistics. Appointment will be for one year in the first instance, at a stipend of £900, with eligibility for re-appointment for one further year at a salary of £950.

Applications (4 copies), giving full details of academic career and the names and addresses of three referees, should reach the Registrar, Trinity College, Dublin, from whom further particulars may be obtained, not later than June 27, 1960.

LEADING firm of Stockbrokers requires experienced INVESTMENT STATISTICIAN preferably, but not necessarily with professional or academic qualification. Good prospects and working conditions.—Write giving details of age, qualifications, experience and previous employment to Box TE 334, c/o 191 Gresham House, E.C.2.

UNIVERSITY OF WESTERN AUSTRALIA

READERSHIP IN MATHEMATICAL STATISTICS

Applications are invited for appointment to the above-named position in the Department of Mathematics.

The appointee will be required to take up duty as soon as possible.

Salary scale: £A2,600 — £A2,800 p.a.

It is important that intending applicants obtain details of the procedure to be followed in applying for the post and a copy of the Conditions of Appointment, before submitting their applications. This information is available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on AUGUST 31, 1960.

AUSTRALIA
THE UNIVERSITY OF NEW SOUTH WALES

SENIOR LECTURER/LECTURER IN ECONOMICS

The University invites applications for appointment to the position of SENIOR LECTURER/LECTURER IN THE SCHOOL OF ECONOMICS at Kensington.

Salary:
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Lecturer, £A1,735 range £A2,140 per annum.
Commencing salary according to qualifications and experience.

Applicants for the position of lecturer must possess a degree with honours or equivalent qualifications; for appointment as senior lecturer applicants must possess a higher degree or equivalent qualifications.

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Four copies of applications, including the names of two referees, should be lodged with the Agent General for New South Wales, 56-57 Strand, London, W.C.2, and a copy forwarded by airmail in an envelope marked "University Appointment" to the Bursar, The University of New South Wales, Box 1, Post Office, Kensington, New South Wales, Australia, by JULY 16, 1960.

THE POLYTECHNIC,
309 REGENT STREET, W.1.
DEPARTMENT OF MANAGEMENT STUDIES

Applications are invited for a post as SENIOR LECTURER in MANAGEMENT ACCOUNTING. Candidates should have academic and professional qualifications and industrial experience.

The Department specialises in advanced work and the person appointed will be in charge of a section which he will be expected to plan and administer. New courses could be developed for middle and senior managers. Some research is expected and consulting work may be undertaken.

The salary scale is within the range of £1,850 to £1,750 per annum plus London allowance of £88 or £51. The starting salary can exceed the minimum if the present salary is in excess of it.

A form of application, which should be returned within seven days of the appearance of this advertisement, may be obtained by sending a stamped addressed foolscap envelope to the undersigned.

J. E. RICHARDSON,
Director of Education.

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COLLEGE OF ESTATE MANAGEMENT (Incorporated by Royal Charter). Applications are invited from Honours Graduates for a newly created post of Assistant Lecturer in Economics within the scale £900 x £45 x £45 — £1,150 with contributory superannuation benefits under the Federated Superannuation System for Universities. Preference will be given to applicants with an interest in Land Economics. Commencing date September 1, 1960. Application and further details from the Secretary, College of Estate Management, St. Alban's Grove, London W8. Closing date for applications July 1, 1960.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of SENIOR LECTURER or LECTURER IN ECONOMIC HISTORY (with special reference to the period between 1900 and 1960). Preference will be given to candidates who have a special interest in European Economic History. Salary scales per annum: Senior Lecturer, £1,925 to £2,325; Lecturer, £1,050 to £1,850. Initial salary and status according to qualifications and experience. Membership of the F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than June 25, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

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GEOGRAPHY
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Applications are invited for this post at the National Coal Board's London Headquarters.

The successful applicant should be capable of supervising the technical work of qualified staff and of carrying statistical projects through all stages. A good degree in statistics, or in mathematics or economics with statistics as a special subject, or an appropriate post-graduate degree is essential. In addition, candidates should have at least five years' post-graduate experience in statistical work—including research, preferably in industry.

There are attractive conditions of service, including superannuation and initial salary will be between £1,600 and £2,000 p.a., depending on qualifications and experience.

Applications, giving full details, should reach Headquarters Staff Manager, N.C.B., Hobart House, London, S.W.1, not later than June 28, 1960, quoting X 1782 2D.

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A Planning Supervisor is required at the new London Office of British Nylon Spinners Ltd. to assist in a detailed programme of research into consumer purchases of clothing and other textiles. Certain aspects of retailing, advertising and promotion are also being studied.

The successful candidate will be aged 21 to 26 and have a good Honours degree in Economics, Commerce or Sociology. Preferably, he will have a sound knowledge of statistics and experience of handling problems of survey, sample design and analysis. A man with the right aptitudes will be given the necessary training, and this vacancy offers a good future in an interesting field. The work is growing in importance and the man appointed will be expected to grow with it.

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required in the Commercial Department at Headquarters, London, S.E.1.

The duties include the provision of an economic intelligence service to all Departments, the formulation of long and short term estimates of the future maximum demand, the consumption of electrical energy and appraisals of the probable effect of changes in policy of the Government and of other bodies. Candidates for the post should have a good degree in Economics and a sound knowledge of statistics.

Salary within the range £1,375 — £1,495 p.a.

Applications stating age, qualifications, experience, present position and salary, to the Personnel Officer, 24/30, Holborn, London, E.C.1, by June 20th. Envelopes should be marked "Confidential Ref. EC/211."

BRISTOL COLLEGE OF SCIENCE AND TECHNOLOGY

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The Governors invite applications for post of LECTURER IN ECONOMICS in the Department of General Studies. Applicants must possess a good honours degree and appropriate experience.

Burnham Technical Scale salar: —
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Application form, returnable by June 25th, and details from Registrar, College of Science and Technology, Ashley Down, Bristol 7.

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Research encouraged. Facilities and equipment available.

Further particulars and form of application may be obtained from the Principal, to whom completed forms should be returned not later than June 25, 1960.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF SOCIAL STUDIES

Applications are invited from suitably qualified graduates for temporary appointment as Lecturer or Assistant Lecturer in Public Administration in the Department of Social Studies at a salary on the revised scale £1,050 x £50-£1,400 x £75-£1,850 (efficiency bar probably at £1,550) a year for a Lecturer, or within the range £800-£950 a year for an Assistant Lecturer, according to age, qualifications and experience. The appointment will be made for one year from October, 1960. Applications (three copies) stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds, 2 (from whom further particulars may be obtained) not later than July 8, 1960.

WOOLWICH POLYTECHNIC

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Applications invited from Honours Graduates for an Assistant Grade B in Economics (Theoretical and Applied) to Final Degree standard. Preference will be given to candidates who have had teaching and/or research experience.

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Particulars and application form from Clerk to Governors, to be returned by June 24, 1960.

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Candidates should be between 26 and 30 years, with a good Hons. degree and at least three years' practical experience in economic analysis and/or market research. A knowledge of sales forecasting techniques and statistical methods would be an added advantage. Preference will be given to candidates who have experience of engineering industry.

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DUNDEE TECHNICAL COLLEGE

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(2) Law
(3) English and History.

Candidates should possess a good degree and have had appropriate experience.

Salary within the range £800 to £1,800 per annum according to qualifications and experience.

Enquiries should state the post for which information is required. Full details and an application form may be obtained from the Clerk and Treasurer, Dundee Technical College, 40 Bell Street, Dundee, to whom the form should be returned not later than June 25, 1960.

FOURAH BAY COLLEGE SIERRA LEONE

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Detailed applications (6 copies) naming 3 referees by July 31, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1 from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS AND RESEARCH GRANTS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships and Grants for research in Economics, Economic Statistics, Government, Social Administration, Social Anthropology or Sociology, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The studentships are normally of the value of £350 or £400. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University. Applications should be sent not later than July 1, 1960, to the Registrar, The University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of INVESTIGATIONAL OFFICER in the DEPARTMENT OF AGRICULTURAL ECONOMICS. Candidates should have academic qualifications and/or practical experience in Agriculture, Economics or Accountancy, and for this particular post knowledge of or training in Horticulture would be considered an advantage. Salary scale (at present under review) £550 x £25 to £650 x £50 to £850 per annum with membership of the F.S.S.U. and Children's Allowance Scheme; graduates would have an initial salary of £600 per annum. Investigational Officers may be considered on reaching a salary of £700 per annum for promotion to the grade of Senior Investigational Officer (salary scale: £900 x £50 to £1,350 per annum). Applications should be sent not later than June 20, 1960, to the Registrar, The University, Manchester 13, from whom further particulars and forms of application may be obtained.

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Applications should be made as early as possible to Professor Norman C. Hunt, 29 George Square, Edinburgh 8, from whom full particulars and forms of application may be obtained.

CHARLES H. STEWART,
Secretary to the University.

June, 1960.

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The course will contain a series of case studies and exercises which will be integrated with a lecture programme given by university teachers. It will consist of an appreciation of the contribution of management accounting, statistical, and operational research procedures to the analysis of business information for decision-making purposes.

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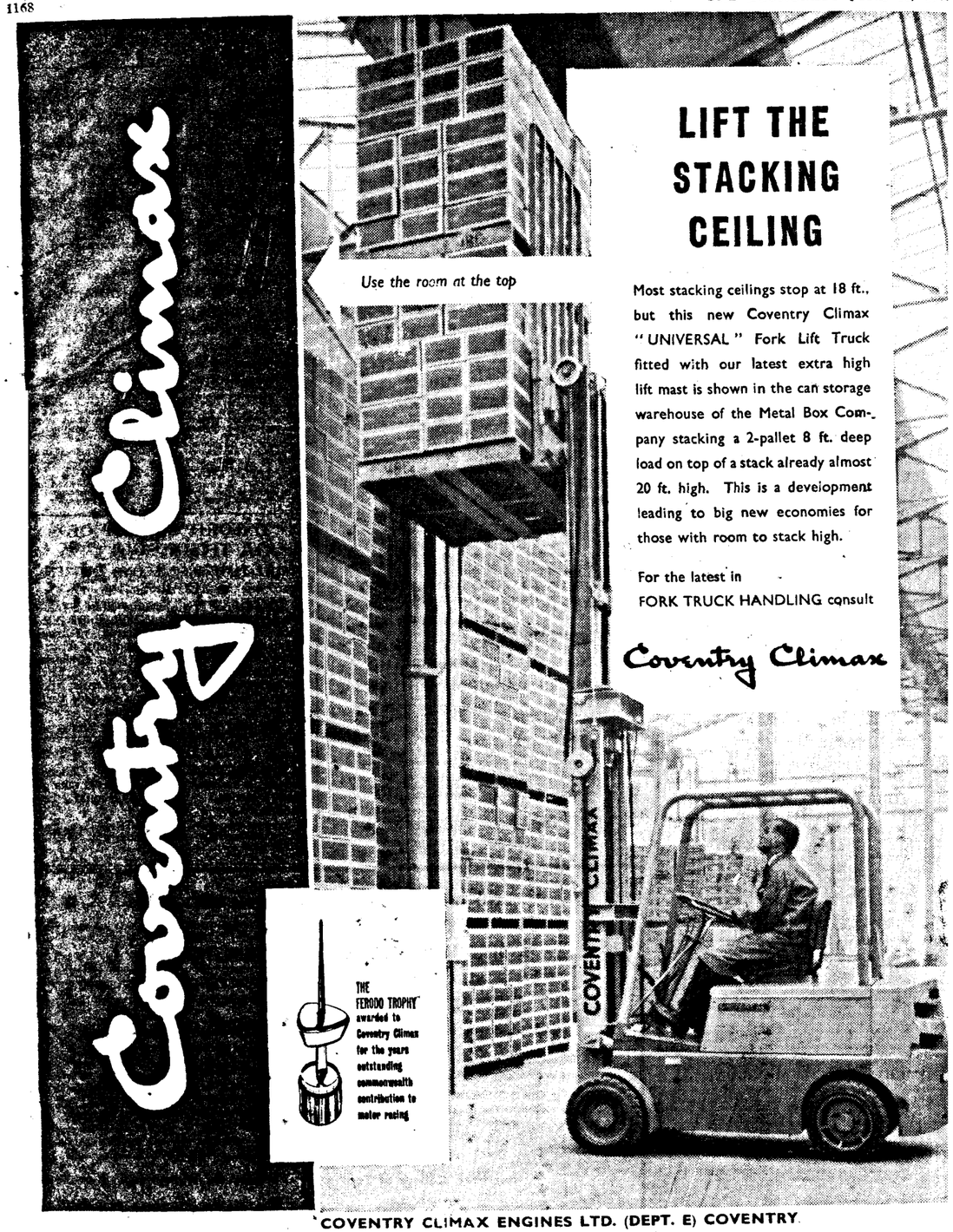

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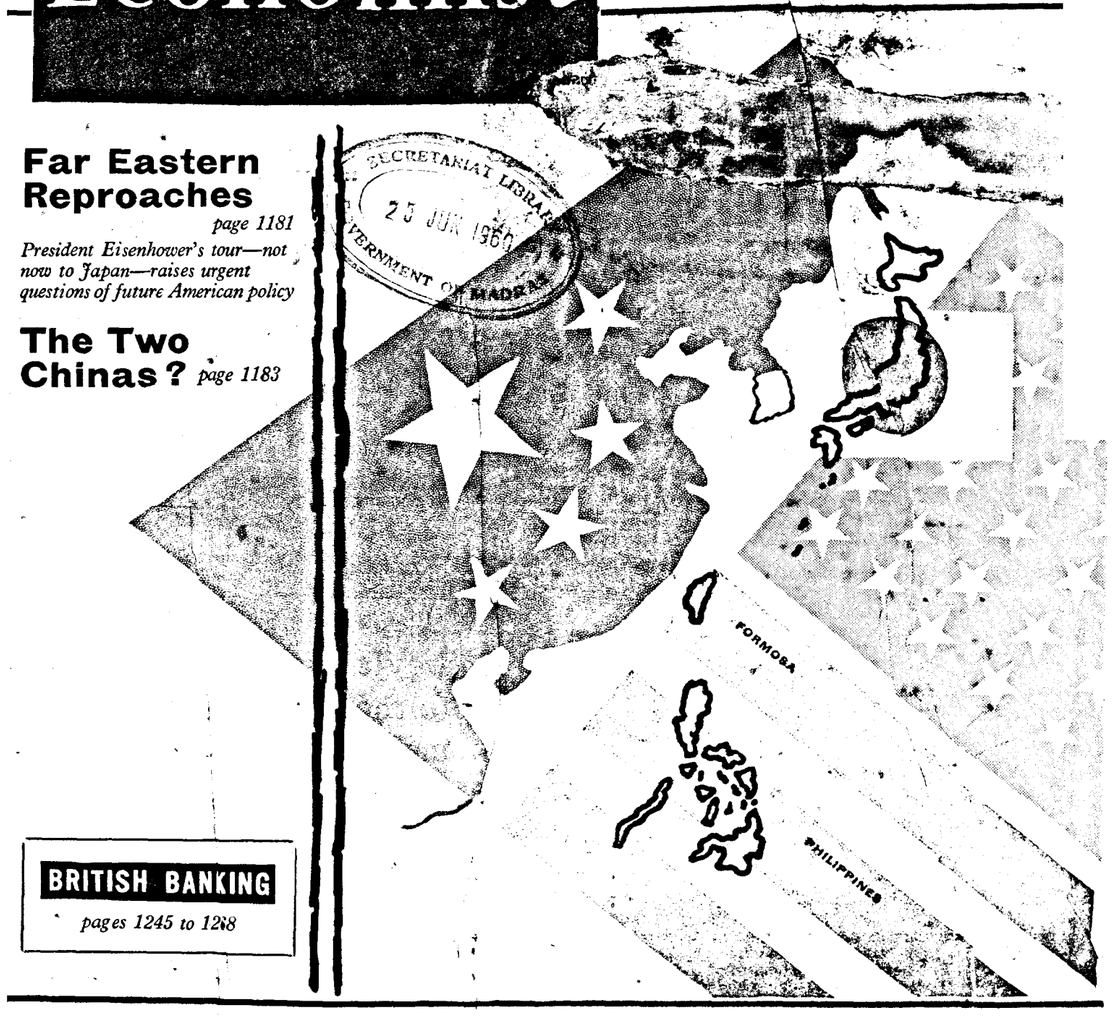


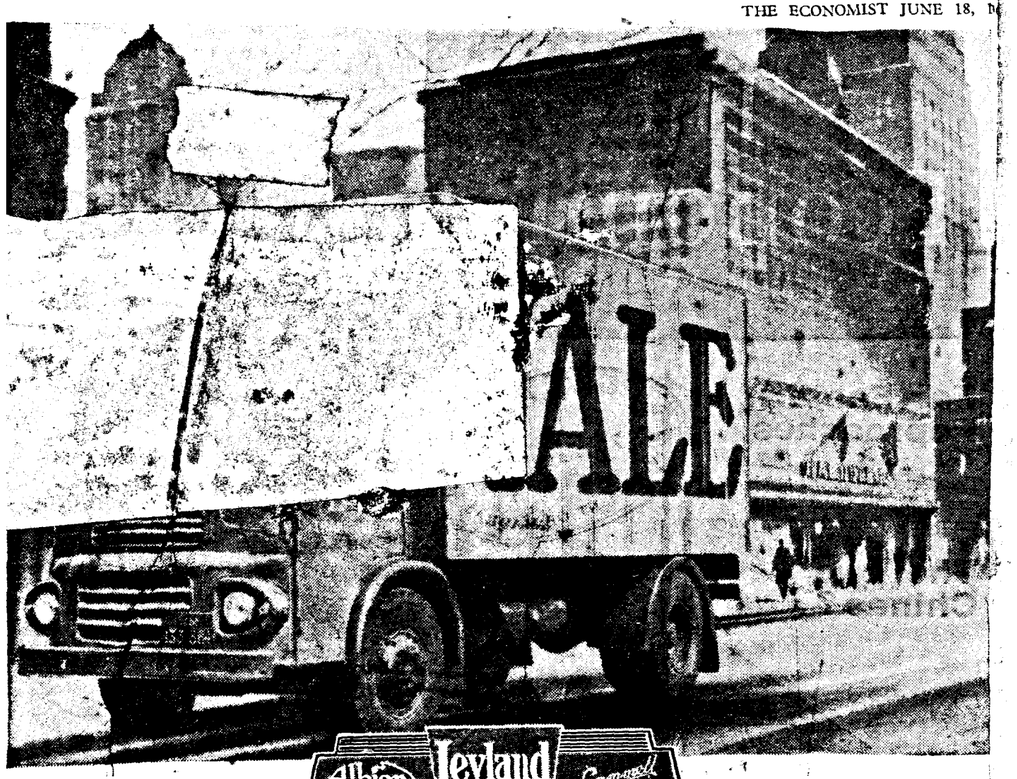
Far Eastern Reproaches *page 1181*
President Eisenhower's tour—not now to Japan—raises urgent questions of future American policy

The Two Chinas? *page 1183*

BRITISH BANKING
pages 1245 to 1288

Is the Boom Ending?

Anxiety in the Markets from page 1229 onwards
Federal Reserve in Reverse in America page 1205



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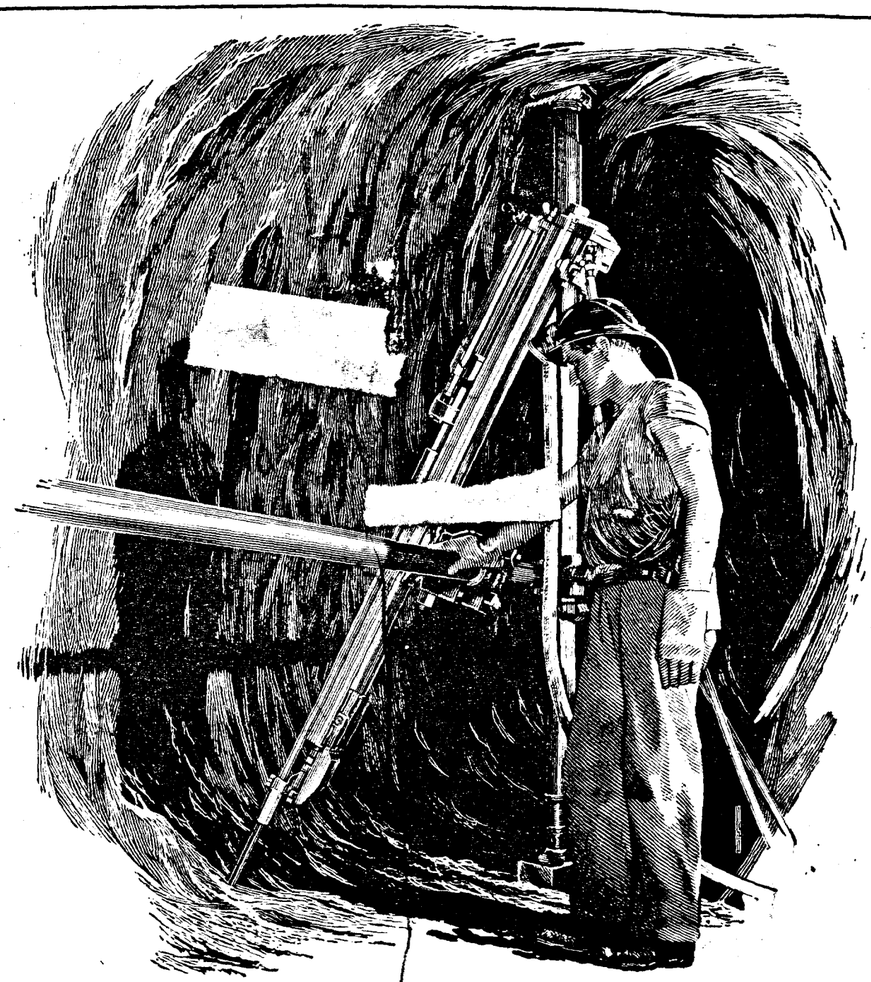

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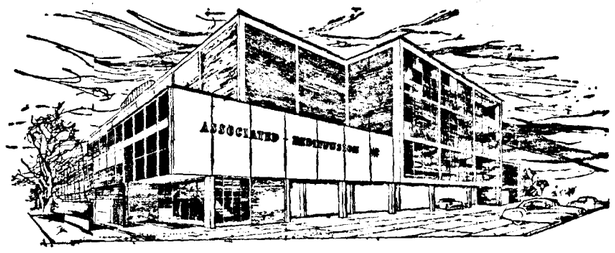

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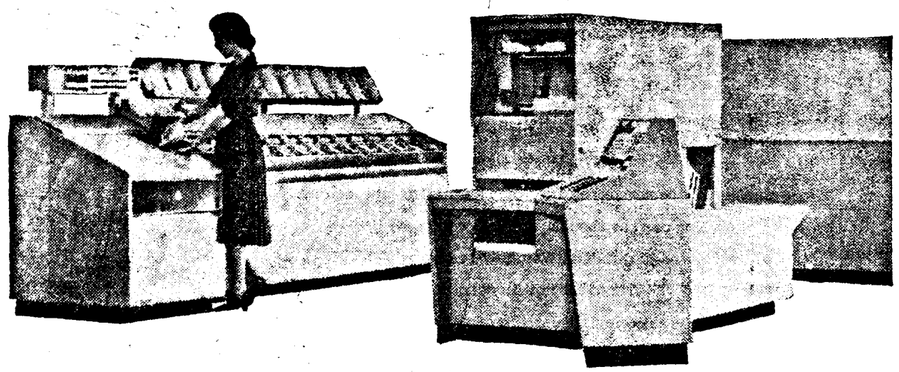

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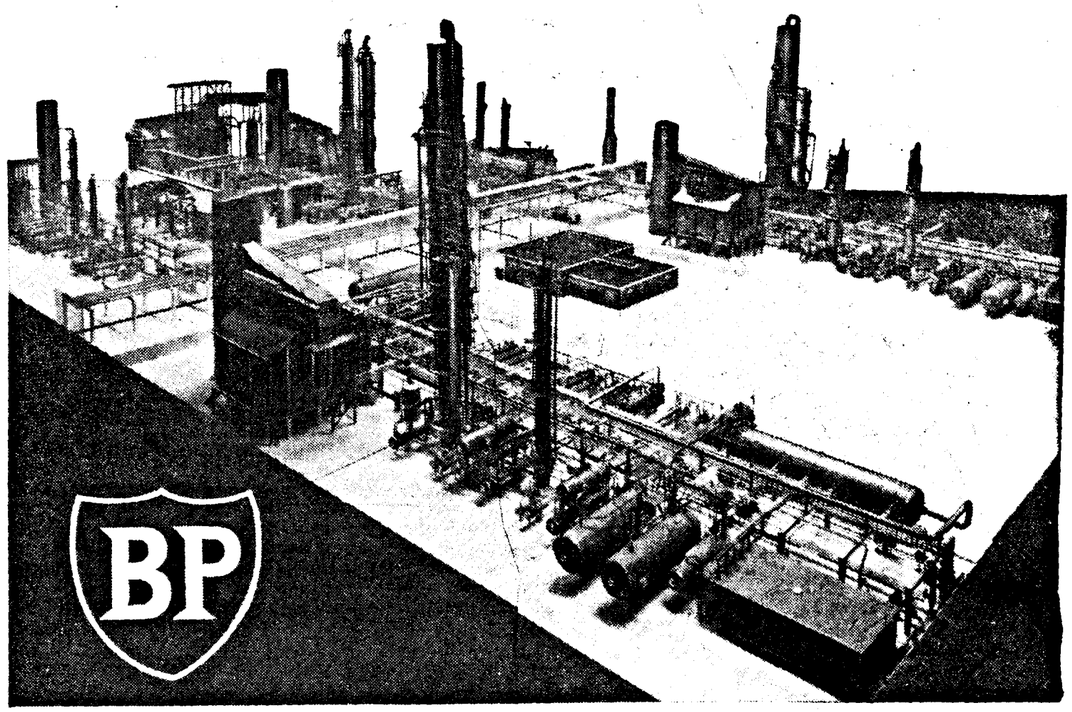

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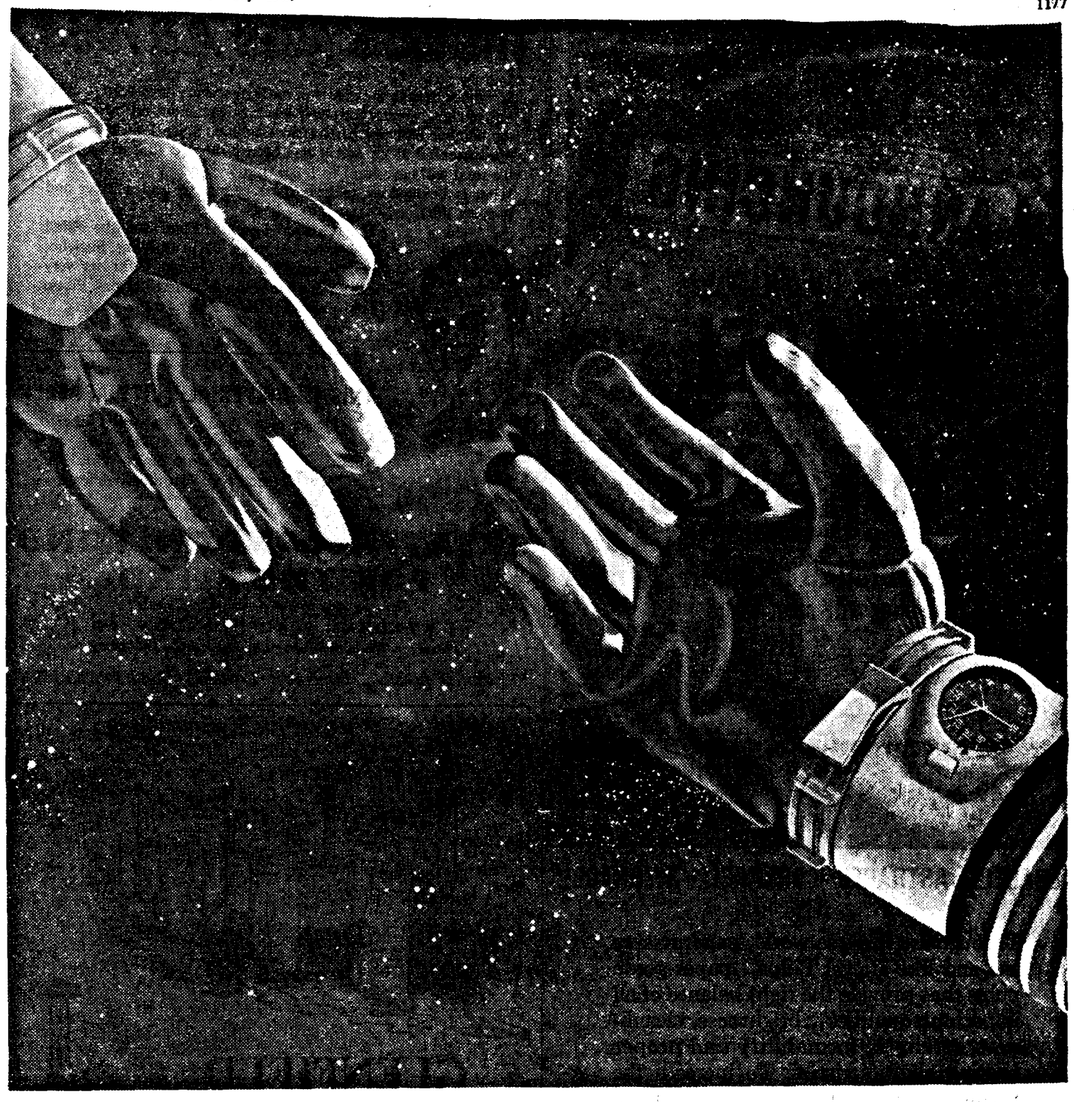

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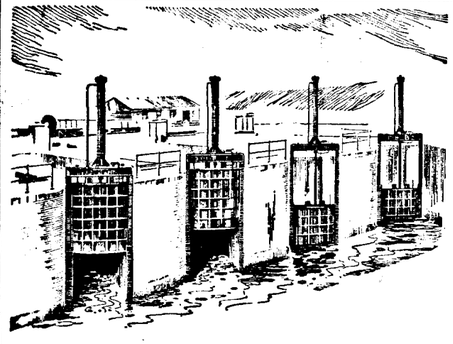

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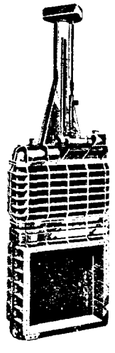

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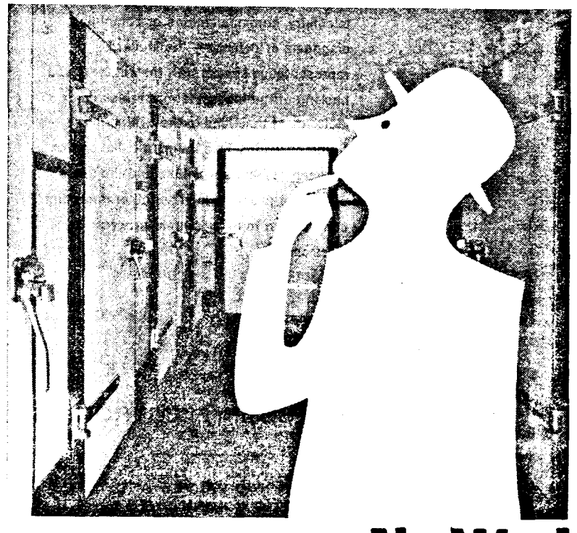

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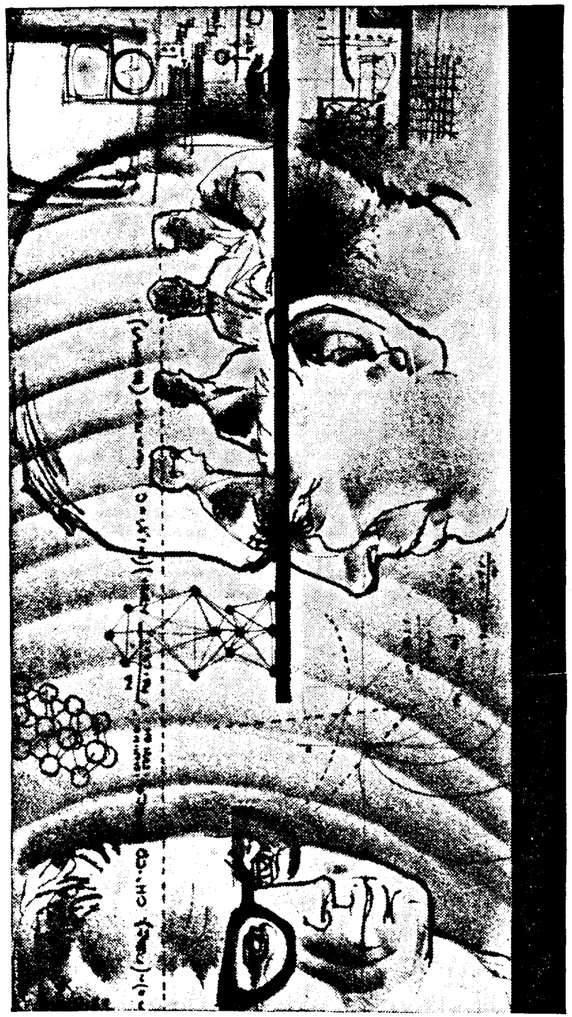

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The Economist

JUNE 18, 1960

Far Eastern Reproaches 1181
Towards Two Chinas? 1183
Gangs and the Police 1185
Snapping It Up 1186

NOTES OF THE WEEK 1188

Labour; Europe; Recruits; Election Law; Soviet Block; France; Belgian Congo; Kenya; South Africa; Corporal Punishment; Eichmann Case; Egypt; Government Spending; Soviet Union; Defence; Royal Tournament.

LETTERS 1198

BOOKS

Mariage de Convenance 1199

AMERICAN SURVEY

Reserve in Reverse 1205

Tripped Up; Last Stretch for Democrats; Congressional House Cleaning; Frontier State; Stitch in Time?; Water Running Out; Packaged Packaging; Shorter Notes.

THE WORLD OVERSEAS

Mob Rule for Japan 1216

The Algerian Seesaw; Soviet Oil Flows West; High Stakes in Morocco; Gatt's Challenge to Atlantic Co-operation; Brazil's Man with a Broom.

THE BUSINESS WORLD

Mild or Bitter 1225
Pipelines Arrive in Europe 1227

BUSINESS NOTES 1229

Anxiety in the Markets; The Mark; Overseas Trade; Coal; Motors; What Price Growth?; Banks and HP; Commonwealth Finance; Retail Trade; BOAC; Convertibility; Construction; Price Maintenance; S. G. Brown Ltd; Rolls-Royce; Credit Insurance; International Credits; Research; Common Market; Shipping; Television; Shorter Notes.

BRITISH BANKING

Pages 1245-1268

COMPANY AFFAIRS 1285

Interim Steel Dividends; Brewing Shares; Marks and Spencer; House of Fraser; Booker Brothers McConnell; Commercial Union Assurance.

London and New York Stocks 1286
Money and Exchanges 1289
Manpower and Output 1290

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Far Eastern Reproaches

THE defeat that the United States has sustained at the hands of the Tokyo rioters is direct and undisguised. How deeply it has struck at the roots of the Japanese-American relationship, and at the new security treaty in particular, has still to be discovered. Mr Kishi's own resignation seems certain: his fall will be acclaimed not only by the militant Left but also by his political rivals in the Liberal-Democratic party, who have played their part in his present humiliation. If the Diet is now dissolved before the final ratification of the security treaty—and this course may be politically necessary—then American policy, as well as prestige, will have been sadly damaged.

To dissolve the Diet, and thus to bow before the storm of extra-parliamentary violence, may be thought constitutionally most undesirable, particularly as the storm must be expected to rage through the electoral campaign. Yet the ballot is now perhaps the only way left to discover the state of national feeling on the security treaty, and to mobilise, if it still really exists, the support that Mr Kishi's policy has hitherto seemed to possess among the silent majority of Japanese opinion. The situation might be retrievable after an election, from which the Liberal-Democrats can still hope to emerge with a majority. But would it be politically, or morally, possible for the treaty to be brought up again, without further revision, if the Socialists were to show an appreciable advance in popular support?

It would be unwise to assume that Japanese-American relations have deteriorated as disastrously as the demonstrators who have hunted Mr Kishi, broken into the Diet building and mobbed Mr Hagerty have tried to make out. But if Japan is still the United States' ally there have been few signs of enthusiasm for the alliance when such support would have mattered most. The Socialists, Communists, Sohyo trade unionists and Zengakuren students have made their point. They would have done so even if Mr Eisenhower and the Emperor Hirohito had braved the worst and ridden into Tokyo on Sunday in their stately, and bullet-proof, Mercedes-Benz. To be received under massive police protection would, in itself, have been a bad blow to any mission professing to bring America's goodwill to its Far Eastern allies. It is questionable just how worthwhile this type of visit ever is.

The taste for trivial peregrination that Mr Eisenhower has been prone to indulge has only the most tenuous connection with diplomacy. The origin of his visit to Tokyo was no more than an easy stopover on the way home from Moscow; to celebrate the hundredth anniversary of Japanese-American treaty relations, although gracious, has never seemed to be more than an agreeable pretext. Certain of Mr Eisenhower's visits—of which that to Delhi was one—have had meaning and validity; but too much of the applause he has picked up in the past six months has not been worth the having. The sound of cheering policemen is apt to pall in most ears. When the policemen start to have sterner duties it is time to reflect on the risks of indulgence and the dangers of having one's state visits interpreted as a serious instrument of state policy.

The Tokyo demonstrations have been directed against Mr Kishi and the security treaty. There have even been socialist disclaimers that their bias is explicitly anti-American. But even if this is accepted, the accumulated resentments of fifteen years have certainly been there for the demonstrators to work off, from the minor irritations of the occupation to the continued American

possession of Okinawa and the Ryukyus. Many Japanese have not forgiven the United States for the atomic bombs used against Hiroshima and Nagasaki in 1945, or the equally destructive fire attacks on Tokyo, Osaka and other cities. There is the belief, played upon by communist agitation, that the Americans would not have dropped the atom bomb on other than an Asian opponent, and the sense of national inferiority, as well as hurt, has influenced many intellectuals. The evolution of Japanese thinking on nuclear weapons, hastened by such impressions as the apparent American callousness about the fate of the fishing boat *Fukuryu Maru* in the Bikinis in 1954, has been against United States military policy ; and the fear of nuclear warfare, in which Japan would be involved by the existence of American bases on Japanese territory, is as highly developed among the Japanese as among any people anywhere. Mr Khrushchev's threats of retaliation against the U2 aircraft in Japan have fallen on a fully-awakened audience.

THE disconcerting paradox of Japanese-American relations is that many of the Japanese who oppose the security treaty are those who took most to heart the political teaching of the American occupation. The Japan Communist party and the nihilistic students are not among these, but with many Socialists and intellectuals the MacArthur ideas of demilitarisation and neutrality, of Japan as an Asian Switzerland, die hard. Their envy of India, which has been able to represent an independent moral stand before the world, is sincere. Since the Korean war it has been borne in on the Japanese that the world would not allow them, and their industrial capacity, to remain neutral. The Americans have encouraged Japanese rearmament, a process that has seemed to contravene the MacArthur constitution. The Japanese parties that have agreed to this, now in the Liberal-Democratic coalition, have been anxious not only to change the democratic constitution but also to push through legislation that has restored government control of education and tightened up the central police powers.

There are strong arguments why Mr Yoshida originally, and now Mr Kishi, should have taken these steps: the Japanese teachers' union has certainly appeared to be under direct communist influence. But the effect has been to increase the distrust felt for the government by the non-communist left, and thereby to strengthen the arguments of those who have demanded co-operation with the Communists. These impulses have been openly stimulated by the propaganda of the Peking regime, which has encouraged socialist visitors, fomented the anti-treaty campaign and underwritten the idea of a security arrangement guaranteeing Japanese neutrality in which the Soviet Union, China and the United States would join.

Since the occupation ended, the parliamentary strength of the Japanese Socialists has never given them more than the bare opportunity of blocking constitutional changes. The incentive to resort to extra-parliamentary tactics against such legislation as the education and police bills, increased by the marxist leanings of many of the leaders, has always been strong. The apologists for these tactics have argued that the conservative governments have never paid any attention to the wishes of the parliamentary opposition and have rammed through their legislation, as Mr Kishi did with his police bill and the security treaty itself. This claim does not, in fact, stand up to an examination of the amount of parliamentary time given to discussion of the treaty ; and the Socialists have themselves helped to bring the Diet into disrepute by their physical violence on the floor of the house. Yet when socialist strength in the country was on the increase (a development that the government tried to counter by an attempt to rewrite the electoral law) the arguments of the right-wing Socialists, and particularly of Mr Nishio, did hold out the prospect that the democratic system might ultimately take root.

The Socialists' failure in the 1958 elections, the subsequent split between left and right, and the departure of Mr Nishio and his followers to found the Social Democratic party ended these hopes that a responsible and coherent opposition would soon emerge. The rioting against the revised security treaty has thus been the outcome of socialist weakness, not confidence ; and the chief casualty has not been Mr Kishi or the United States but the Japanese parliamentary process. At the same time, increasing difficulties in industrial negotiation seem to have persuaded the Sohyo trade unions (whose membership makes up 3.5 million of Japan's 8 million organised workers) that their best prospects lay in political, not economic, activity. The descent to the streets has found them in association with the extremist students (whose pessimistic nihilism is well to the left of the Communists) in the one cause in which they are in easy unity.

It has become abundantly clear that America cannot afford to ignore the views of what is, after all, a substantial section of the Japanese community. The difficulty of fitting democratic principles to the military needs of alliance against the communist block is a familiar one along the entire periphery of the east-west conflict. Japan, by far the most important of the Asian nations in direct association with the United States, may be a decisive test for western policy. The revised security treaty contains substantial concessions to the Japanese point of view compared with the treaty of 1951, but Mr Kishi's interpretation of it would seem to involve Japan in a conflict that might begin in the Formosa Strait. Although the treaty does increase Japanese control of American military movements to and from Japan, the practical power of veto over the use of nuclear weapons is questionable.

In the coming weeks it may be possible to secure the assent of the majority of Japanese to the successful working of the treaty for the ten years it has to run. But the perpetuation of the present state of affairs between the United States and China, in continuing the unnatural relationship between Japan and its greatest neighbour, can only contribute to internal strains and tensions. The problem of American relations with China is not one, as the following article shows, that can easily be settled or that the United States can settle off its own bat. The Chinese, whatever they may say to their Japanese visitors, have been much less anxious than the Russians to bring Japan into effective trading relationships ; Peking might prefer to see the Japanese economy break down for lack of markets.

BUT there are three things that the Americans, and the West as a whole, can reasonably do. The first is at least to show willing in the attempt to bring China into the international community. This need not mean showing weakness: the point is rather to convince China's neighbours that it is Peking's own obduracy and pretensions that are the chief obstacles to co-existence in the Far East. The second is to try to avoid, throughout the debatable lands, the dangerous impression that the West is prepared to forgo its own political principles in placing all its confidence in the parties or regimes that chiefly serve its military convenience. This has played a major part in the Japanese crisis. Even Mr Eisenhower's visit to Seoul might have been impossible if American policy in South Korea had not changed course in the nick of time.

The third object of western policy must be to make it easier for these allies to integrate themselves in the western system. The economic difficulties involved are substantial. But the Japanese are uneasily aware of their present economic dependence on the United States ; their concern is the greater now that the American textile unions are challenging the government's trade policy and a further demand for voluntary restrictions by the Japanese is being favoured in Washington. This is a common problem: Mr Eisenhower will have received Filipino complaints about American sugar policy. In Japan, above all, the United States has made perhaps the greatest of all its post-war investments in hopes, precepts, democratic encouragement and straightforward economic aid. None of this need be lost if the lessons of this week's defeat are acted on with confidence and resolution. But the parliamentary process in Japan will have to show unaccustomed resilience to recover from this month's blows. In its hour of triumph the democratic Left may profitably reflect on whether chaos really serves its purpose—or that of its real enemies. The crisis is only beginning.

Towards Two Chinas ?

President Eisenhower's visit to Formosa does not end an era in American policy, but the need for revision is becoming increasingly apparent—if no less difficult

THREE years ago, it was possible to argue (as *The Economist* did on March 30, 1957) that United States policy in the Far East, whatever its logical shortcomings, had produced a *Pax Americana*. If one could postulate the impermanence of communism in China, one might sustain the view that an alternative government—that of President Chiang Kai-shek on Formosa—deserved unstinting moral and material support. The Nationalist myth of a return to the mainland might even—at considerable risk of world war—have been transformed into something like reality during the Korean war, if President Truman had listened to General MacArthur's advice that American restrictions on the Nationalist forces should be removed. It could even have been argued, on the morrow of the Hungarian uprising and of the almost simultaneous peasant revolt in communist north Vietnam, that revolution on the Chinese mainland could give the Nationalists a desperate outside chance of making the dream come true.

These possibilities, which were never more than hypothetical and would have involved grave dangers to world peace had they arisen and been seized, have now gone. What is left is a situation that is not merely still tense but also increasingly dangerous. The United States is still committed to protecting Formosa from communist attack. American ships patrol Chinese waters and American aircraft overfly the mainland, if the "serious warnings" issued almost every week in Peking are to be taken seriously. Nationalist troops still garrison the offshore islands of Quemoy and Matsu, and although the United States has not committed itself clearly to defending them, it has not publicly disclaimed such an intention or persuaded the Nationalists to withdraw. On their side, the Communists are believed to have been building up their forces on the mainland opposite Quemoy, and have intensified their bombardment of the island.

As China's industrial power develops, and its direct military dependence on Russia diminishes, the inherent dangers of the situation in the Formosa Strait are bound to increase: and on the day the Chinese have their own nuclear weapons, whether these are given by Russia, or, more probably, locally manufactured, the temptation to call America's bluff may become irresistible. Indeed on that day American nuclear power may cease to deter, and Soviet advice may no longer serve to restrain, the Chinese leaders, who make a distinction between "just" and "unjust" wars, who believe war to be inevitable anyway, and who profess to consider that China's enormous population will guarantee the survival of their regime even after a world war fought with nuclear weapons. Although the benevolent eye of Lord Montgomery may ignore (or be ignorant of) this aspect of Chairman Mao's beliefs, the State Department plainly cannot.

The inexorable approach of China's "nuclear capability" raises contingent issues that may well prove insoluble in the present state of American-Chinese relations. What if Peking refuses to associate itself with the United States, Britain and Russia in a treaty banning nuclear tests? What if the Chinese Communists refuse to allow control posts to be set up in their territory or to subscribe to an east-west disarmament agreement? Mr Herter, like Mr Selwyn Lloyd, is aware of the dilemma that these questions raise; and, indeed, the State Department is reported to have given some thought to stratagems designed to obtain China's signature next to America's without actually recognising the communist regime. It would be unrealistic, however, to suppose that Peking would oblige with a signature without exacting a price that would start at American recognition and membership of the United Nations on its own terms, and might include the abandonment of America's entire China policy.

THESE dangers and dilemmas argue the necessity for a change, but they do not make it any easier to get one. The MPs who argued in the last foreign affairs debate in the House of Commons that communist China should be recognised by the United States, take China's seat at the UN and participate in the next summit conference, seemed insufficiently aware of the difficulties. The interminable series of

Sino-American talks, first at Geneva, then in Warsaw, has made no headway because the Chinese refuse to renounce the use of force in furthering their claim to Formosa and insist that the American seventh fleet should withdraw from the strait and leave the Communists and Nationalists to settle a "purely domestic" quarrel without outside interference. It would, however, be as unthinkable for the next American government as for the present one to abandon the Nationalist government. Nor, quite apart from the moral implications of exposing ten million Nationalists and Formosans to communist vengeance or absorption, would such a course be desirable in wider terms.

Would America's other allies, in the Far East and elsewhere, be comforted by a unilateral American denunciation of the treaty with the Chinese Nationalist government? Would Britain contemplate with equanimity the probable loss of Hongkong in the near future if the presence of American power in the background were removed? Even if one disagrees with the notion that Formosa is an indispensable link in America's chain of island defences, would the Philippines—or Australia and New Zealand—be happy to see Formosa in communist hands?

It has been argued, however, that neither American recognition of Peking nor the communist regime's entry to the United Nations need entail the abandonment of Formosa. This argument is the familiar "two Chinas" thesis in another guise: communist China would oust Nationalist China from its permanent seat in the Security Council, but Nationalist China, as an independent republic, would continue to occupy a seat in the General Assembly. Alternatively, there would be a period of UN trusteeship over Formosa, followed by self-determination for the Formosans. This thesis would be more comforting if it were acceptable either to Mao Tse-tung or to Chiang Kai-shek. It has, in fact, been repeatedly rejected both in Peking and Taipeh, which agree only in considering Formosa to be a province of China. The Chinese Communists would probably refuse to take their seat at the United Nations if Formosa remained under a separate, and potentially independent, government; they would certainly not trade their claim to Formosa against the UN seat. General Chiang, on the other hand, might well resist with force an attempt to place Formosa under trusteeship.

Thus presented, the American dilemma seems to offer no way out, and indeed there is no sign that the present administration intends to seek one. There are, on the other hand, important signs of a change in the climate of informed American opinion which the next President and Congress may find difficult to ignore. One such sign was the report prepared late last year by Conlon Associates, Ltd., a San Francisco research firm, at the request of the Senate Foreign Relations Committee. The Conlon report (which of course was not binding on the Senate committee) rejected the present China policy and advocated *de facto* recognition of communist China and the creation of an independent "Republic of Taiwan" (Formosa) which would remain under the protection of the United States.

Is the Boom Ending?

Present American and British business prospects can be compared by reading an American Survey article on page 1205 and a series of Business Notes from page 1229 onwards.

There is further evidence of new thinking in an important new book, "Communist China and Asia,"* in which Mr A. Doak Barnett, now of the Ford Foundation, examines in exhaustive detail every aspect of the present American policy and of possible alternatives. Like the authors of the Conlon report, Mr Barnett lists the disadvantages of the "two Chinas" thesis as well as its possible benefits. Nevertheless, again like the Conlon report, he comes to the conclusion that the benefits would ultimately outweigh the disadvantages. Specifically, he advocates a series of steps designed to enable the United States to emerge from the present impasse and to assume a policy which—at the very least—its allies would find it easier to support than the present one. These steps are:

Increased action to open up certain channels of non-official contact with Communist China and the gradual relaxation of existing restrictions on trade, except on strategic goods.

Effective action to persuade the Nationalists to evacuate the offshore islands and decisive moves to dissociate the United States from their defence.

Efforts to induce some of the United States' major allies to commit themselves to the defence of Taiwan, as well as to persuade a larger number of nations that neutralisation of the Taiwan Strait should be an international responsibility.

Moves to redefine the United States' view of the status of the "Republic of China" on Taiwan, which would make it clear that, while recognising the Nationalist regime's authority over Taiwan and the Pescadores and re-emphasising its pledge to defend these islands, the United States no longer recognises the Nationalists' claim to be the government of the mainland of China.

Action to indicate that the United States acknowledges the *de facto* control of the "People's Republic of China" on the mainland, but that it specifically rejects Peking's claim to Taiwan. Either simultaneously with this action or at an appropriate later time, the United States might indicate a willingness to consider formally recognising the Peking regime, and establishing relations with it, if the Chinese Communists, accepting the fact that the United States intends to continue to defend and support the Nationalists, were willing to reciprocate.

An effort within the United Nations to link the seating of Peking with the simultaneous admission of Nationalist China as a new member, on condition that Communist China purged itself of aggression in Korea by fulfilling certain clearly defined requirements, which should be determined by the United Nations. The United States should continue to oppose the seating of Peking except on these terms, but at the same time it should be willing to accept the majority view, whatever it might be, on the question of China's seat in the United Nations.

Mr Barnett does not claim that any of his proposals would solve the basic problem of United States relations with China. But it is impossible to quarrel with his view that if the United States moved in the direction he prescribes, it would both reduce the present dangers and acquire wider support from its allies, including this country. The next administration can hardly avoid the obligation to reappraise a policy which, in its present form, has had its day.

* Oxford University Press for the Council on Foreign Relations. 575 pages. 56s.



Gangs and the Police

Some comments on the growth of organised crime and the police shortage

BRITAIN'S crime figures continue to rise. Indictable offences known to the police are now over twice as high as in 1939, and the provisional figure of 675,625 offences in 1959 marked an all-time peak. Although other crimes have ebbed and flowed, reported crimes of violence have steadily grown throughout the postwar period.

It is true that some of these are crimes that were previously left unreported (husbands who hit their wives were not reported to the police in the old slum districts, but are reported in the new housing estates). It is true that there are rays of hope in the news of a definite drop in the delinquency rate among today's 12 and 13-year-olds (interestingly, those who passed out of the toddler stage around 1952) compared with those who grew up in a less prosperous and more spiv-ridden Britain; and that crimes of larceny and breaking and entry declined last year. But as the late 1950s' peak crop of teddy boy delinquents reaches the age of more organised thugdom, the task before the police is menacing. The most disturbing feature of all is the eruption, especially in London, of a new species of organised crime and gang war, on a scale previously unknown in the British Isles.

Present-day gang warfare is the direct result of the protection rackets, evil growths which find their most favourable seed grounds when the protection levies are demanded from "businesses" whose principals are themselves exceedingly loth to complain to the police. The most obvious businesses in point are street bookmaking, prostitution, and many cafes and some clubs with a partly criminal or prostitute clientèle. What should be done to remedy this situation?

One answer is nothing: criminals should be left to carve one another up in Chicago style. As long as they are content to liquidate one another, the law-abiding public is not concerned; indeed, mutual extermination should be encouraged, since it reduces the number of criminals and provides a necessary safety valve for the violence that is an intrinsic part of urban society. This argument, although superficially more attractive to some police authorities than they care to admit, is too outrageous to command widespread support—and also will not work. A policy of apartheid succeeds no better with criminals than with Africans; as a number of incidents have shown, peaceful citizens are inevitably embroiled in gang-generated violence. Moreover the country cannot for ever rely on the gangsters following the present British underworld rules and fighting things out only with knuckledusters and knives; a graver danger will arise for society if and when they start to fight their battles with guns.

A SECOND and more common answer is therefore that legislative action must be taken to clean up the trades on which the protection rackets thrive. The present Betting and Gaming Bill—which seeks to legalise cash betting, set up licensed betting shops, and stiffen penalties for street betting—may stop knife fighting between street bookmakers' protection gangs, but only if sufficient betting shops are provided to meet public demand. If the number of licensed betting shops is foolishly restricted, the main effect of higher penalties on street betting will probably be that larger sums will be placed with street bookies at one time—thus providing a still bigger bait for racketeers. The Street Offences Act has cleared prostitutes off the streets, but has herded them in low grade cafes (especially all-night cafes) where they and the cafe owners are more easily exploited by the protection rackets.

Allied with this is the problem of the drinking clubs. Anybody can secure the registration of a club, and make it a centre for the sale of drink, on tender of a five shilling fee. In poorer districts such as Stepney and Notting Hill some of the cafes with prostitutes' quarters attached have added liquor sales to their other attractions by registering as clubs in this way. Some of the dens where crooks concentrate have also registered as clubs, so as to become centres for the sale of drinks as well as the planning of crime.

The Government has announced that it intends to introduce new legislation, which will distinguish between clubs run for their members' interests (like the Athenæum and many licensed office canteens) and clubs run by proprietors for gain. There is everything to be said for this legislation, but it will have little effect on gang warfare or the protection racket. It will merely mean that crooks congregate in private houses instead of in clubs, and that clients will pick up prostitutes in unlicensed cafes and near-beer houses (as most of them do now) rather than in the more expensive "clubs" that also sell liquor. On the whole, small unlicensed cafes with disreputable rooms upstairs are more likely than clubs to become battle grounds for different protection gangs, who each claim that the cafe concerned is in their "manor" or territory. Partly, this is because those who have invested heavily in profitable clubs have also generally had enough money to buy off all the big protection rackets.

IT is, therefore, not to new legislation but to the police that the public must look for the suppression of violent crime. Unlike continental countries Britain has never had a national police force; to the outsider this country's 125 different police forces lend an appearance of chaos. But unity is given by the dominating position of the metropolitan police, a London force which contains 17,000 of the country's 70,000 policemen; and by the Home Secretary's financial and administrative powers under the Exchequer grant system and the Police Act of 1919. Regulations made by the Home Secretary are binding on all police forces in the country. In general, therefore, what is wanted is not more centralised control, but more police.

Although there are more police in Britain today than before the war, the metropolitan police are well below pre-war strength, and the crime increase has created a need for many more—especially for more foot patrols. The Home Secretary has recently estimated the shortage of policemen in the whole country as about 12,500. Probably, the true figure is even

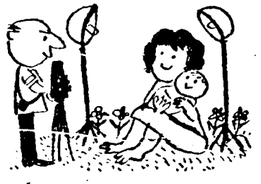
greater, for London policemen at present work a 48-hour week ; to reduce this to a more reasonable 44-hour week would result in an 8 per cent cut in the operating strength of the London police. How are these extra numbers to be obtained?

The simplest and most obvious way is by an improvement in pay. Sir Henry Willink's royal commission has recognised this, and is to make a special interim report on police pay before the end of the year. Policemen are certainly not overpaid. A constable's pay ranges from £510 to £695 a year ; a sergeant's from £745 to £795 ; and an inspector is paid from £895 to £960. The police are in fact better off than these figures suggest, since salaries are supplemented by free housing or appropriate allowances, a generous pension scheme, free clothing, and of course footwear. Because the main problem is the drift of established policemen away from the force, rather than inadequate recruitment, there may be a temptation for the Willink commission to weight its recommendations too heavily in favour of still greater improvements in pensions. That would be a mistake ; the desire to avoid forfeiture of benefits already causes many senior men who have lost interest in their jobs to linger on in the force, with a consequent lowering effect on general morale.

Instead, the wisest course will be to recommend a large increase in direct pay, together with a more efficient use of existing strength (a campaign to enrol policewomen would result in the release of many men from clerical and administrative duties for work on the beat), and improvements in hours and amenities. Police hours of work are inconvenient and awkward, and tend to cut them off from the ordinary social life of the community ; this is especially true of married policemen, and a quarter of today's recruits are already married. Housing for these men is good, but there is now a need for modern, well-equipped, section houses for the unmarried.

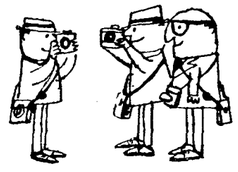
Another new trend in the police forces is to catch its recruits young—i.e. as cadets aged between 16 and 18½, to whom a special education is given. Already over the last five years the proportion of newly-appointed constables who were cadets has increased from 1 in 20 to about 1 in 4, and wastage of ex-cadets is proving much less than the wastage of other constables ; the commissioner of metropolitan police is therefore basing his present plans on the proportion of half cadets and half recruits from other sources. There is an obvious danger here that British policemen may increasingly become men who have been in some way "set apart" from the rest of the public at an early age. This could exacerbate the present serious deterioration in relations between the general public and the police, which the police bitterly regard as a sign of "lack of public loyalty" to themselves. Relations can be improved in several ways: by the reduction of mutual irritations made possible by the introduction of parking meters, the "ticket" system of fines, and traffic wardens ; and by an improvement in Scotland Yard's archaic contacts with the press. The root of the problem, however, is that while one section of the public criticises the police for not bringing more criminals to book, the police feel that another section is constantly "harrying" them about their treatment of suspects.

Stories of police brutality and "third degree" methods are rare, but the manner in which prisoners are questioned gives rise to legitimate anxiety. Police questioning is theoretically governed by the judges' rules, which are designed to keep it within rigid bounds ; but as everyone knows, these are not observed. When so many "confessions" are made at 4 a.m., public uneasiness is inevitable. How is it that while nearly everyone arrested in England for homosexual offences committed in private confesses his guilt, only a minute percentage of those arrested in Scotland do so? These examples could easily be multiplied. Perhaps the most satisfactory solution would be to give up the pretence that the police can even be expected to be impartial—the fatal flaw of the judges' rules—and commit suspects under arrest not to police stations but to gaol, where they would be in charge of another set of officials.



Snapping It Up

There are now ten million amateur photographers in Britain. To judge from American experience, there may be nearly twice as many soon



"MARELY," said Oliver Cromwell, "I desire you would use all your skill to paint my picture truly like me and not flatter me at all ; but remark all these roughnesses, pimples, warts and everything as you see me, otherwise I will never pay a farthing for it." To-day if anyone requires an unflattering portrait he does not need to go to the country's leading portrait painter to get it. He could get it from almost any one of Britain's ten million amateur photographers, who turn out such items by the hundred million every year. Since Niépce took the first photograph in the 1820s and Jacques Daguerre produced the daguerreotype in the 1830s, photography has turned from a dilettante's hobby into a mass pastime and a sizeable business.

Almost one British family in two now has a camera, according to one leading firm's market research ; one individual out of every five or six claims to be a camera-user. Total retail trade in cameras, accessories, films and processing is now estimated to be over £40 million a year. For most families, quantity does not in any way imply quality; the camera is merely unearthed every summer to take a few snaps of the children and the holiday. The same goes for the average cine-camera user, found by market research to be typically an upper-middle-class man in his late thirties, with two or three children and in the habit of taking his holidays abroad. The people who take their camera seriously, perhaps belong to a club and develop some of their films themselves, are in a tiny minority; according to a recent Odhams survey, such enthusiasm is confined to one adult in forty. This compares with over a quarter who are actively interested in gardening, reading and knitting and over an eighth who are interested in music, motoring and sport.

But British expenditure on photography is growing, and is almost certain to go on doing so; this can be seen by comparing it with that of the world's most camera-conscious country, the United States. It is not for nothing that the caricature of the American abroad has his cine whirring, his exposure meter and filters jangling at his side, and his tripod strapped tightly over his arm. One out of three individuals claims to be a camera-user in the United States, almost twice as many as here ; psychologists assert that taking photographs has now become such an ingrained habit among Americans that pointing a camera has itself become an essential part of seeing a view. Most new trends in camera design and gadgets which become popular on the other side of the Atlantic tend to be followed here. When Americans were using 35 mm cameras and colour, the British were using the black and white box and bellows; now Americans are using the zoom-lens cine with built-in exposure meter, the British are beginning to use 35 mm and colour. The tendency for British amateurs to load themselves down with expensive extras before they have properly learnt how to handle a simple camera is also in imitation of American habits.

In Britain the expenses of the hobby—for a number of reasons, none of which is very creditable—are some of the highest in the West. A goodish camera, which in Germany might cost £8 from the manufacturer, will cost the amateur here up to £26—after carriage, a 50 per cent import duty, a 25 per cent purchase tax (on the price of the camera-cum-duty) and a 40 or 50 per cent retail margin have been added. The import duty was originally imposed in 1921 and was designed to stimulate production of British lenses and aero-cameras—which it has done, but it also applied to ordinary cameras where its effects were unfortunate. Production of high class British cameras is still virtually non-existent and the duty is quite widely evaded by smuggling. Moreover, a 35 mm black and white film costs 6s. 10d. in Britain (because of the dominance of two large producers and the pressure brought by organised chemists, price-cutting competition is thwarted). Developing and enlarging a full set of 36 prints cost a further guinea, making a grand total of just over 9d. a print ; 35 mm colour slides cost around a shilling and colour prints around 3s. 6d. Prices like these make the use even of good cameras a luxury.

Nevertheless, the number of amateur photographers is being increased in two ways. The first is through the brightening up of cheap cameras, through replacing black metal by stylish and cheerfully coloured plastics ; although the total value of British camera production is now falling, the concentration on cheaper machines could mean that the numbers produced are still going up. The industry's other—and much greater—growth element is indicated by the booming imports of the more expensive cameras. Since the scrapping of import controls (except for cameras from Japan), camera imports went up by 40 per cent in value between 1958 and 1959, and so far this year are 65 per cent up again. Most of these cameras come from Germany—though, were the tiny Japanese quota relaxed, as good or better value could be had from there. As things are, the two giants in this country —Kodak and Ilford—import their finer models from Germany, and all the 35 mm cameras recommended after the Consumer Association's tests last year were made in Germany.

The main advantage of 35 mm cameras, and the principal reason for their popularity, is that they are particularly suitable for taking colour. Around one-fifth of all shots are now in colour in England; in America the figure is over one-third; in both countries the proportion is growing. Colour films are divided into those which take transparencies to be shown with a projector and those which produce an actual print ; until recently both the poor quality and high price of the prints made them unpopular. But their prices are now being cut, notably by the Belgian firm Gevaert, and sales are rapidly expanding. The end of the quota has also led to increased sales of really expensive cameras such as Leica and Rolleiflex and to a great demand for electric exposure meters. Increasingly the meter and other gadgets like coupled range finders are built into the camera, in a very reasonable attempt to make the process of taking a film—which at one stage was becoming fearsomely complicated—more simple. But increased automation cannot conceal the fact that a £10 electric meter, for instance, is an expensive luxury when a perfectly good manual light calculator can be bought for 4s. 6d.

THE fact is that the only people who really need some of the expensive equipment that amateurs are beguiled into buying are professionals. A professional may require at least £600 worth of equipment in order to be sure that, from a technical point of view, he can cover any assignment that comes his way. His life is often a hard one. It is made harder by the very low prestige that professional photographers have generally enjoyed in Britain, certain spectacular (and topical) exceptions notwithstanding. From a height that can no longer be called regal, the public has generally looked down on photographers, even more than on journalists, as scruffy individuals who are for ever getting in the way at public meetings and similar events. The profession's papers, of which there are a great diversity, reflect this low state of morale. A few of them are of average interest ; many of the rest seek to relieve their poor lay-out and dreary text with a liberal scattering of nudes. Yet photography can be an art form, in a sense of that term which does not deserve sniggers; they have also been one of the most potent means of mass education and enlightenment in this century.

There are some signs that the potentialities of creative photography, both amateur and professional, are at last being grasped ; the surge of interest in the subject which was shown in the thirties but which has been almost dormant since is beginning to return. The competitions open to the keen amateur are legion ; of these *The Observer*'s current £500 contest is certainly the most sparkling. The development of handy cameras with fast-speed films has also greatly enlarged the amateur's scope, while the number of specialist photographic dealers who really know their onions is showing a heartening growth. Another hopeful sign for the future is the large sums that nearly all manufacturers are spending on greater efficiency and on research—though, despite this, there are still almost as many scales for measuring the speed of films as there are large firms making photographic equipment throughout the world. Above all, colour films are certain to come down in price over the next few years ; and the rates of duty and purchase tax on imported cameras can hardly go up.

NOTES OF THE WEEK

LABOUR

The Manufactured Crisis

LIFE, as Oscar Wilde proclaimed, really can imitate art. In the past two weeks newspapers of every political hue, having no major news for their political commentators to write about, set to work describing a new crisis in the Labour party. By the end of this week they had managed to create one. The first fruit of the news famine was the inflation, in a dozen editorials, of Mr Richard Crossman's latest zestful but hardly carefully considered Fabian broadsheet to the status of an important contribution to political thought—as "an attempt to lead the Labour party back to the left." In fact, Mr Crossman was not trying to lead anybody anywhere (or at any rate, was not succeeding); the conclusions that he drew from his overestimate of communist economic advance sprawled out in every direction at once. Next, a daily newspaper asked Mr Robens if he thought that the advice of party conferences should be heeded; Mr Robens guardedly replied that it should; and was then billed as planning to lead a revolt against Mr Gaitskell. In fact, Mr Robens was at that moment planning to get out of politics altogether.

Then, at the weekend, Mr Wyatt said some of the things about Mr Cousins—the "bully with the block vote"—that many right wing Labour supporters have been thinking (and occasionally saying) for a long time. This was immediately printed in the newspapers under banner headlines, and the editorials began to say that it was shocking that Labour men should be so rude to each other. Sir Tom Williamson agreed with this, but determined to point out that left wingers had been rude to right wingers first; his union has now suggested that Labour's national executive should discipline Mr Michael Foot and the *Tribune* group, who have recently been very rude to Mr Gaitskell (and to Sir Tom). By Thursday of this week, nearly everybody in the comradely party was willing to say things to the newspapers to indicate that he hated everybody else.

This outbreak of personal vendettas has come at a bad moment for Mr Gaitskell. It is now abundantly clear that the best long-term outcome of this year's alarms—for Mr Gaitskell and for everybody who wants to see the rebirth of an effective parliamentary opposition—will be for the zealots at next October's party conference to pass a motion demanding an impossible defence policy, and for Mr Gaitskell then to lead the parliamentary party in a triumphant declaration of independence from the conference. But any such declaration of independence can succeed only if a large majority of the parliamentary party is willing to follow the leader. To whip up that majority, Mr Gaitskell needs to mobilise a peculiar tangle of loyal emotions on his side. The hidden but growing resentments of some Labour MPs at *Tribune's* attacks and Mr Cousins's bossmanship were working in his favour—so long as they remained hidden. Mr Gaitskell reaped advantages from being cast in the role of the dignified victim of the urchin and the bully; now, thanks to Mr Wyatt and Sir Tom, some lovers of respectability on the Labour benches are beginning to think that urchins and the bullies are to be found on his side as well.

Exit Mr Robens

IN accepting the chairmanship of the National Coal Board, Mr Robens has not betrayed the Labour party. His action has aroused no bitterness and little reproach in the parliamentary party. His appointment was not a Machiavellian coup of the Prime Minister's to discomfort his opponents. It has not seriously affected Mr Gaitskell's personal position as leader of the party. Mr Gaitskell can hardly have welcomed the appointment at this particular juncture in his party's misfortunes—doubtless he (and Mr Robens) would have preferred the offer to have come in six or twelve months' time—but far from reeling beneath a treacherous blow, the Leader of the Opposition very properly regards Mr Robens's choice as a legitimate exercise of personal freedom, over which he has no veto rights. After all, it is not unusual for Conservative ex-Cabinet ministers to abandon politics for industry—Mr Alan Lennox-Boyd provides a current example—and there is nothing extraordinary in a former Labour minister preferring a substantial salary and an opportunity of doing constructive work to prospects of office which have grown rather dim. Nor is the chairmanship of the Coal Board exactly a comfortable bolt hole; the industrial implications of his appointment are discussed on page 1231.

Within the Labour party, Mr Robens's departure is unlikely to produce spectacular effects. Despite his humble origin and co-operative-cum-trade union past—at 23 he was a full-time official of the shopworkers' union—he has never been a really important union leader. To some extent he was a creation by Lord Attlee and Mr Gaitskell in their own image of what they would wish a trade union politician to be like. It has been, and remains, important for Labour to have some not-entirely-symbolic figure of a Gaitskellite Working Man in a prominent place on the front bench; but there is now a choice among several other almost equally stolid characters, any one of whom can be gradually elevated to Mr Robens's role.

Yet Mr Robens's departure does have some significance. He is not a monster of ambition but a reasonably able man who wishes to make an effective contribution to society, and his decision clearly indicates that in his opinion the chances of achieving this through the ranks of the parliamentary Labour party are low. Too much should not be made of his sacrifice of a hypothetical premiership, which did not in fact exist; but it still remains true that had he seen any reasonable chance of returning to office he would not have gone to the Coal Board. His leaving Parliament, then, is not a disaster for anyone, but a shrewd, if incidental, comment by a well-tried hand on Labour's political future.

EUROPE

No Room for Illusions

IF there were still hopes in London that some form of loose association between the Six and the Seven could be negotiated, they would seem to have been destroyed by last week's meeting in Paris of the trade committee of 21 set up to discuss this among other issues. The Six made it clear that they were not prepared to discuss any form of long-term outside association at present. Both Mr Maudling and Mr Heathcoat Amory have since expressed disappointment. That is understandable. The British Government has lately been edging, notably, towards a more flexible position on the economic and commercial issues; its spokesmen look for encouragement from its hitherto unfriendly friends across the Channel. Yet what the Six said again in Paris was no more than a repetition of the view they have held both in private and in public for some time past: that in the absence of any radical change in the political attitudes of outsiders, difficulties would have to be met by modest and mitigating liberal measures of a general nature, with the particular issue of real association left unresolved.

All last week's meeting could agree on, therefore, in the way of constructive action, was that there should be further study of the difficulties that would be created by tariff discrimination between the two groups, and that efforts should be made to overcome these difficulties by tariff cuts on a most-favoured nation basis. The committee of 21 is to remain in being to undertake these tasks. This procedure differs in form from the contact committee suggested several times by the Six, but in substance the conception is the same. Provided both Britain and the Six are prepared to make a determined effort to bring their tariffs down, the talks in this committee, elaborated later in the General Agreement on Tariffs and Trade, could give the momentum for a major world-wide movement to free trade.

As Mr Maudling pointed out on Tuesday, however, in his speech to the national press club in Washington, these measures will not begin to solve the essential European problem, even though they may ease temporary difficulties. At present the Six make it plain that the only radical solution for outsiders that they are prepared to adopt is full membership of the community; and, in an encouraging speech to the British Chamber of Commerce on June 1st, M. Jean Rey, president of the common market's committee on external relations, gave it as his opinion that the Six are still willing to have Britain in. This is the crux now as Britain teeters on the brink: do they want us in, even if we decide to plunge? What of the French, with their hitherto built-in veto? The door, if it is open or at least ajar, will not stay so for long. The only right course for us is to try it and see.

RECRUITS

Reluctant Heroes

THE April recruiting figures make gloomy reading. The recent pay increases have so far signally failed to check the downward trend in recruitment; if anything, the trend has been accentuated. The drop since a year ago in the army's vital six-year engagements is particularly striking; even if this April's figures are charitably compared with the monthly average for the whole period April to June last year, they are down 25 per cent. Once again, the close relationship between declining recruitment and disappearing unemployment has been demonstrated. Once again, it has been shown that in a leisured and booming consumer society even quite sizeable rises in service pay do not make the service way of life seem sufficiently attractive. The official spokesmen who still maintain that Mr Sandys's minimum volunteer army (of 165,000 by 1962) will somehow be attained are really trusting to the peculiar hope that between now and then something will happen that will cause the national economy to have things less good.

The services' task is made greater by the limited age groups from which they can hope to recruit. Last year 89 per cent of army recruits were aged between 17½ and 21. Applying this figure to recruitment as a whole suggests that, for last year's figure of 56,000 recruits to be maintained, about one in every 8 of today's 17-year-olds must sign up some time in the next 4½ years. This is perhaps the best statistic for enabling the ordinary man to see the problem in perspective. Of every eight teenagers whom you know, does one of them seem likely to volunteer for the services? The suggestion that perhaps the coming birth-rate bulge will eventually flood the labour market for youths and drive the unemployed into uniform should be small comfort; anyway, the main body of the bulge will not be 17 till 1964. Instead of basing their plans on the assumption of these and other economic misfortunes, the service authorities should recognise that the affluent society is a creature whose very physical development may make it incapable of voluntary self-defence. The obvious alternative to inadequate defence is to accept—as the Americans do—a system of conscription-by-ballot, of selective compulsory service.

ELECTION LAW

The Right Reforms

IN their book on "The British General Election of 1959" (reviewed in *The Economist* last week), Mr David Butler and Mr Richard Rose argued that there is an overwhelming case for re-examination of the present state of British election law. This argument is now being taken up as a political point by some people in the Labour and Liberal parties. Unfortunately the way that they are deploying it is not only likely to bring down a Conservative veto on the reforms that ought to be made, but is liable to channel long-term left wing ideas on how a democracy should be run into some very dangerous directions.

There is a strong and immediate case for liberalising some sections of the present election law. Probably, postal voting facilities should be made available at elections to people on holiday and to people who have moved from one constituency to another within a single city's boundaries (at present only those who have moved right out of the district can claim them). Certainly, it is time to remove some of the absurd restrictions which the law laid on television (but not on newspaper) coverage of some features of the last election. Historically, the legal limit set on constituency electioneering expenditure is now too low; since the present limit was set in 1948, printing costs have doubled.

... and the Wrong Ones

THE object of the new Labour and Liberal campaign, however, is not to liberalise the law, but generally to tighten it further. Their first argument is that the Conservatives exceeded all bounds in their pre-campaign publicity last time (reputedly spending £468,000 odd on their poster and press advertising campaign in 1957-59, against £103,000 on Labour's poster and public relations campaign in 1958-59); and that it is absurd that this expenditure between elections should be subject to no legal control, while individual candidates' expenditure during a campaign is restricted. But if this is turned into an argument by any political party for restricting expenditure on the propagation of ideas between campaigns (i.e., for perpetual limited censorship, presumably including restriction of mass subsidies on printed policy statements), rather than for liberalising controls during the election period, British democracy is going to get on to a very slippery slope. The usual opposition retort is that "at any rate, no one can positively approve of the Conservatives' action in 1957-59 in bringing professional public relations techniques into British politics." Can't one? The burden of the advice given to the Conservatives by the PR professionals—in their role of market researchers into the feelings of the people—was that the image of a forward-looking party, intent on deproletarianisation, was the image most likely to win votes for Tories; if Labour were to recruit professional PR advice about the image of a left wing party that most electors want, the result would not necessarily be deleterious to the future shape of British politics.

Another opposition argument (based on the same assumption that the electorate is available to be hypnotised, instead of waiting to be wooed) is that the £1,400,000 odd spent by industrial concerns in anti-nationalisation propaganda and surveys in 1958-59 was unfair to Labour; the especial danger here is that if the left seeks to control political activity by industrial firms, the right is bound (with equal injustice) to seek to control political activity by trade unions. From all these opposition arguments, in fact, only one point does commend itself—albeit a point that is bound to annoy the Conservatives. There is a strong case for saying that companies should be obliged to tell their shareholders, in their accounts, how much they have contributed to political advertising and to political parties' funds.

SOVIET BLOCK

"Infantile Disorder"

FOR some time it has been obvious that Mr Khrushchev's policy of "peaceful co-existence" is not backed by a consensus of communist opinion, although the Soviet leader has been at pains to deride and dismiss suggestions that his change of line on the eve of the Paris conference could be connected with differences within the communist leadership. Last Sunday, however, *Pravda* itself gave substance to these "imaginary" suppositions by attacking the left-wing deviationists within the communist camp. The pretext for this attack was the fortieth anniversary of the publication of Lenin's pamphlet, "Left-Wing Communism, An Infantile Disorder," in which the bolshevik leader criticised the uncompromising and extremist wings of communist parties, particularly in Germany and Britain. *Pravda* now argues that the infantile disease of leftism still claims victims in the international communist movement.

Pravda singles out two symptoms of the old disease in its new form. One is the mistaken belief that, once in power, the party can "immediately introduce communism and avoid the historic phases of its development." The article is

presumably here referring to China's policy of the "big leap" forward and its efforts to find a short-cut to communism through the communes. Peking, however, has kept extremely quiet about these aspirations for some time, and it is significant that even so *Pravda* should see fit to refer to them so pointedly. The other symptom is the erroneous belief that the whole policy of co-existence is contrary to the spirit of Marxism-Leninism. An article in *Sovietskaya Rossiya*, published two days before the *Pravda* article, criticised equally strongly those leftist comrades "who consider that the smallest worsening of the international situation is a proof of the wisdom of their convictions." A perusal of the Peking press is enough to show where such comrades are plentiful.

It would, however, be idle to expect that the ideological differences of Moscow and Peking will tear the communist block apart. China, the poorer and younger partner, still full of revolutionary zeal, is certainly more attracted by the "leftist" deviation. But the ties between the two partners are still much stronger than the points of dissension. The infantile disease, moreover, is not a purely Chinese affliction. It is prevalent, to a lesser or stronger degree, in all communist parties, including the Soviet one in which last month there were signs that it might be gaining a serious hold. But the newspaper attacks on "leftists" suggest that Mr Khrushchev is getting the disease under control. One reason for his determined attack on it is suggested by *Sovietskaya Rossiya* when it says that left-wing infantilism is becoming particularly serious now that communist parties are developing in so many newly independent countries. Moscow and Peking are not likely to find it easy to share the role of guide and mentor to these new parties.

FRANCE

Crisis of Conscience

THE Algerian war is, in its very nature, the source of ghastly atrocity. Two of the most notorious cases of inhumanity and brutality were revived in Algiers this week during the trial of Algerian Communist party leaders. Absent from the dock was Maurice Audin; paratroopers alleged, in varying versions, that this young scientist escaped from their care; his widow, however, and a committee bearing his name, openly claim that he was strangled during interrogation. Present in the dock was Henri Alleg, the author of *La Question*, the most telling of all the indictments of military torture, which actually mentions the torturers by name. Both cases are three years old, but nothing has been done by the authorities either to refute the allegations or punish the culprits.

A veil of secrecy was chastely drawn over this week's trial, which ended in heavy sentences for five of the accused. But torture is not merely ancient history. Last month, Mme Simone de Beauvoir raised in *Le Monde* the case of an Algerian girl, Djamila Boupacha, who claims that her confession was extorted through torture: the details she gave were enough to turn the stomach of anyone but a sadist. Mlle Francoise Sagan responds to this plea in this week's *L'Express* with the terrible echo: "I cannot imagine that the flourish of trumpets of *grandeur* can drown the shrieks of a young girl."

Horrified by the inevitable cycle of atrocities, some young Frenchmen have refused to serve in Algeria. The number of deserters, in hiding in France or abroad, is estimated at about 3,000. To this must now be added the *non-violents*, young and old, who are trying to introduce Ghandist methods in France to protest against both torture and terrorism. There are also young people who are not content with passive resistance and have consciously chosen to help the insurgents.

The police cannot dismiss all this as a communist plot. The Communist party has hitherto tried to dissociate itself from the extreme movements that are openly defying the law. Some of the young protesters are, in fact, children of the gaullist establishment. The son of a minister took part in the last demonstration of *non-violents*. Among young people held by the police, some bear the proudest names in French literature or art. Even more perturbing to the authorities must be the fact that the protest movements seem to be spreading among the young, and that UNEF (the National Union of French Students) is actively pressing for a negotiated settlement of the war.

BELGIAN CONGO

Secessionary Scares

THE party skirmishing in the Belgian Congo at the outset of the last fortnight before independence on June 30th has not markedly improved the prospect of orderly federal rule. The Belgian authorities proclaimed a state of emergency in the Katanga province on Tuesday to forestall separatist threats in the north-eastern region, where the "cartel" of three minority groups, the Balubakat, Fedeka and Atcar parties, has threatened to secede if the Conakat party refuses to admit "cartel" members to the provincial government. At the same time the parliament in Brussels rushed through an amendment to the Congolese constitution in response to a Conakat demand to end the provision requiring a quorum of two-thirds in provincial assemblies. According to M. de Schrijver, the minister of the Congo, the demand was backed by a Conakat threat to declare independence in the Katanga and immediate secession. The Conakat party emerged as the strongest group in the Katanga in last month's elections, but its efforts to form a local government had been frustrated by the Balubakat and its allies, who had walked out of the assembly and denied the Conakat the necessary quorum.

The outcome of M. Lumumba's efforts to form a federal government in Leopoldville was not known when *The Economist* went to press. His chances seemed to have improved after reports that his chief rival, M. Kasavubu, the Bakongo leader, might receive the position of head of state, leaving M. Lumumba as prime minister. The Conakat leader, M. Tshome, has announced his willingness to negotiate on a federal government, but his reported demand for the two key posts of minister of defence and of the interior in the new federal cabinet will not make it easy for M. Lumumba to make a deal with him. It still seems premature to give credence to a Conakat resolution to turn its back on the Congo and join Northern Rhodesia, although the threat is plainly the party's trump card in getting its way in Leopoldville and Brussels.

This secessionist talk has received a wary response in Southern Rhodesia, where Sir Edgar Whitehead has criticised Belgian "irresponsibility" in abandoning the Congo without preparing adequate parliamentary institutions. Rhodesian troops have now been sent to the Congo border. Sir Edgar seems to expect eventual army control in an independent Congo, although the effectiveness of such a military dictatorship, assuming it could emerge, seems as doubtful as the future of coherent parliamentary rule. The Congo's federal evolution in the next few weeks will be watched as closely in Nyasaland, where the emergency was formally ended on Tuesday, as anywhere in Central Africa.

KENYA

Kenyatta's Shadow

THE Kenya African National Union, of which Mr Mboya is secretary-general, has made two sensible, if tactical, retreats on the Kenyatta issue. By withdrawing the proposal to nominate Kenyatta as KANU's first president, the party has received official recognition and can now devote itself to political organisation throughout the colony in its drive to secure an overall majority when the general election comes along. The party also decided on Tuesday to accept the government's compromise proposal that only African-elected ministers —and not all African-elected members and party officials, as the leadership had demanded—should be allowed to see Kenyatta. Although the government has only met KANU half-way and the party is to continue its efforts to give Kenyatta a wider circle of visitors, the threat to enforce a mass resignation of African-elected members of the legislature will not be carried out.

Since African opinion, whether favourable to KANU or not, will continue to regard Kenyatta as the party's spiritual leader, the disadvantages that the party may suffer by agreeing to keep his name off its notepaper are negligible. Exactly when the government is likely to contemplate Kenyatta's release is another matter. The effect

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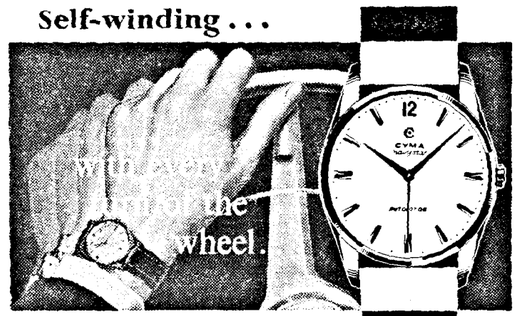

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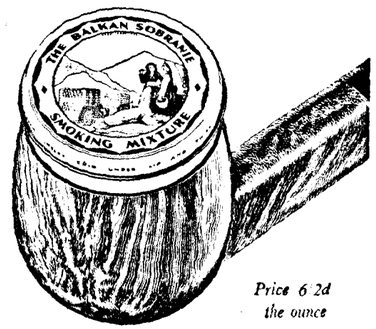

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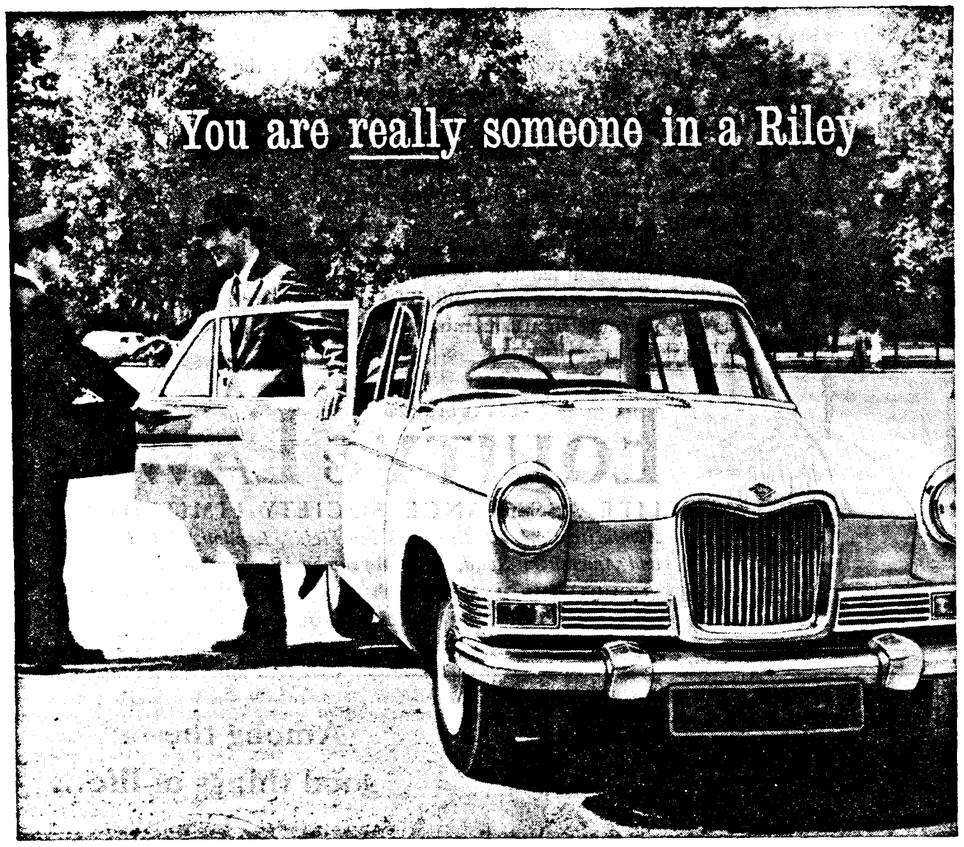

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of the Corfield report, as expected, has been to harden European opinion, without reducing Kenyatta's prestige among his supporters. It is certainly arguable that the myths that have grown up in the African mind around his detention make him a more formidable threat to Kenya's political evolution than he would be if released. The government will not make up its mind in a hurry, and it may well be influenced by KANU's activities in the immediate future.

The Masai United Front has made it plain that it, for one, regards KANU with the utmost suspicion, despite its moderate appearance. Mr Mboya and his colleagues may find it difficult to surmount tribal differences and prejudices. Nor is the idea of preparing this year for an advance on the Macleod constitution likely to find favour with the authorities. The better atmosphere that has followed the London talks will not necessarily be prolonged.

SOUTH AFRICA

Legalising Tyranny

When the South African government delegate, Mr J. F. Hannah, got up to speak at the ILO conference in Geneva on Monday, delegates from about 25 countries, mostly Asian or African, walked out. Mr Hannah afterwards complained of the "disproportionate and distorted publicity given in some quarters to recent events in South Africa." Biased and exaggerated reporting by local and foreign journalists is, indeed, the South African government's standard retort when confronted with some manifestation of the outside world's disapproval of its policies. It may not, however, find it so easy to brush aside the report on South Africa which Mr Elwyn Jones QC made to the International Commission of Jurists last week; Mr Jones paid an eleven-day visit to the Union on behalf of the commission and was received with every courtesy there.

In his report Mr Jones comments flatly that "the Nationalists regard the rule of law, as interpreted by an independent judiciary, as an unfortunate legacy of British colonial rule of the nineteenth century." He points out that under a regulation added to the original emergency regulations on May 17th, detainees no longer have the right of habeas corpus; in other words, it is no longer possible to make an application to the Courts, such as was made for Miss Hannah Stanton. He also describes one draft bill which would gravely undermine the independence of the South African Bar, and another which would give the government sweeping powers of censorship over the printed word and over films. Mr Jones concludes that if the state of emergency continues and if the proposed legislation on censorship and the Bar is put on the statute book, "the twelve years of Nationalist rule will have finally deprived all non-whites of almost all the human rights and fundamental freedoms set out in the United Nations Declaration of Human Rights," and even those of the whites will suffer "grievous impairment."

This seems a safe conclusion moderately stated; and it is useful to have this warning that a permanent censorship and some control of the legal profession are in fact intended—for the press and the lawyers are two of the few elements still capable of the slightest criticism of, or check on, the actions of Dr Verwoerd and his ministers.

CORPORAL PUNISHMENT

The Voice of Reason

This is not the first time that a public campaign in favour of flogging—or birching—certain criminals has arisen. As the Howard League for Penal Reform reminds us, in a memorandum submitted to the Home Secretary's advisory council, a wave of hysteria gripped the House of Commons in 1863, as a result of an attack on one of its members, and provoked it into passing the so-called Garrotting Act. This Act, which introduced flogging for garrotters, was for a long time hailed as the cause of the decline in the garrotting epidemic. In fact, the epidemic had already subsided months before the MP had been garrotted, which was virtually an isolated instance. Again, before the first world war a similar fit of hysteria, this time affecting the country as a whole, led to the introduction in 1912 of flogging for procuration and living on a prostitute's earnings. In fact, the extent of procuration and the "white slave traffic" had been wildly exaggerated; the public agitation was probably responsible for the increase in cases of procuring that occurred in 1910-14 rather than the effect of it; the two years after the introduction of flogging showed the highest figures for a generation; and after the agitation died down so did the number of cases, to the level of the fifteen years before 1910.

The Howard League's memorandum is so full of reminders of this sort (after all, the league has been through all this before, having given evidence in 1937 before the Cadogan Committee) that one hopes that it will have a far wider readership than the advisory council's sub-committee which is now considering the reintroduction of corporal punishment for certain offences. It shows, first, that such statistical evidence as exists is against the value of corporal punishment as a deterrent. Robbery with violence—a crime against property that, we are reminded, cannot be equated with "crimes of violence," a crime against the person—actually declined after 1948, when flogging was abolished as a punishment for it; it was not until 1958 that the crime showed a big increase. Secondly, the subsequent careers of men who had been flogged or birched were worse than those of men who had not. Thirdly, a small scale survey showed that children who had been birched—young people aged 14-17 were always virtually outside the scope of corporal punishment—showed a high and rapid rate of reconviction, and this punishment had in fact been almost entirely abandoned by the juvenile courts before it was legally abolished.

The statistical evidence—as in all aspects of crime, for which there are no reliable statistics even dealing with its extent—may not be cast-iron. But at least it cannot be cited in favour of the floggers or birchers, and in any case the Howard League does not rely on it alone. The history of corporal punishment is, it points out, "largely a history of outbursts of emotion." Emotion is no substitute for hard-won experience in the treatment of offenders; nor, even if corporal punishment were effective, does that necessarily make it acceptable:

> We consider that the beating of law-breakers . . . is incompatible with civilised standards of decency and justice and with the values which the law is intended to support.

EICHMANN CASE

Israel on Trial

Israeli jurisdiction in the Eichmann case has, after all, been seriously questioned. The secret of the scene of his abduction did not keep and on June 9th the Argentine government rejected an Israeli explanation that Eichmann left Buenos Aires of his own free will in the company of Israeli volunteers. With the Argentine rejection went a demand that Israel should return Eichmann or the matter would be referred to the United Nations. On June 12th, the Israeli government decided not to reply to the Argentine note. By then both countries had taken up a rigid position from which formal diplomacy could not easily release them. It was hoped in Jerusalem that Mr Ben-Gurion and President Frondizi, who were to be in Europe at the same time, might meet in Paris and find it possible to reach some kind of amicable agreement on the Eichmann case.

Outside Israel there is an increasing amount of feeling that there might be a better place than Jerusalem to hold Eichmann's trial. Perhaps this is largely because the Israelis handled the beginnings of the affair in an unexpectedly clumsy manner. The *New York Times* and the *Herald Tribune*, neither of which can be accused of being unfriendly to Israel, have suggested that the ideal solution would be to try Eichmann before an international tribunal or, failing that, before a German court.

The practical difficulties of reassembling an international court to try war criminals would be great, but they could be overcome if the nations of the world were willing to start again what came to an end at Nuremberg. There is, however, little evidence that they are willing to do so. To hold the Eichmann trial in Germany, where the crimes were committed, would give young Germans a useful reminder of their country's past, but it is not clear where in Germany, or in which Germany, the trial could take place. The furore raised in Argentina

and the outcome of next week's Security Council debate may encourage the Israelis to use more conventional methods of extradition in the future.

EGYPT

Trade Missionaries

TRADE missions may do more for the missionaries involved in them than for the cause they are meant to serve. On June 14th, a trade delegation from the Egyptian region of the United Arab Republic arrived in London. Earlier this year a British delegation visited Cairo. The UAR mission is officially described as non-governmental but it is led by Mr Muhammad Rushdi, president of the federation of Egyptian chambers of commerce and chairman of the recently nationalised Bank Misr group of companies. His colleagues represent other state-owned concerns and concerns which may well expect to become state-owned if the present trend is continued by President Nasser.

Mr Rushdi's task is to encourage British manufacturers, especially the cotton spinners of Liverpool and Manchester, to increase their purchases of Egyptian products. Last year the Egyptians bought goods worth £9.5 million more from Britain than they sold here. The last of Egypt's huge wartime sterling balances were repaid as part of the post-Suez settlement and official policy in Cairo now requires that every effort be made to achieve a better trade balance. Sales of cotton, fruit and vegetables and the encouragement of the tourist trade are likely to be the chief topics discussed here. After ten days in Britain the mission will visit Norway, Finland, Denmark and Sweden.

It may be questionable whether the amount of business obtained on such missions from any one country to others is worth the effort and expense of moving them about the world. Sometimes what are meant to be merely suggestions for the improvement of products or services sound like firm orders when heard in unfamiliar foreign surroundings. Everyone, guest and host alike, is anxious to please but when the missionaries return home and the orders fail to materialise some explanations may be called for. But so long as (as in this case) British missions can go to Egypt in January and the Egyptians can come to northern Europe in the summer, trade missions will continue to serve as a pleasant, if not terribly effective, way of finding out how the other fellow does business.

GOVERNMENT SPENDING

Points of Control

MPs who want to exert control over government expenditure might do well to seize on two points in the cautious, informed and fascinating address which the taxpayers' head gamekeeper—Sir Edmund Compton, the Comptroller and Auditor General—delivered this week to the annual conference of the Institute of Municipal Treasurers at the Festival Hall. First, Sir Edmund joined in a gentle debunking of the traditional "economy paragraph which always appears in the Circular of October 1st in which the Treasury invites the Departments to submit their Estimates for the coming year." As Sir Edmund said, "the wording will vary from year to year as conditions change." In years when the wording is mild, one has always suspected that it has no effect; in years when it is sharp, the hurried cuts that it causes are likely to come in some of the wrong places, involving a wasteful disruption of long-term plans. Sir Edmund allies himself firmly with those who believe that efficient "financial control over existing services depends on gaining time in which to establish the case for policy changes and to plan the changes in an orderly way." For this purpose he drew attention to a comparatively new feature of Treasury control whereby "over the whole field the Departments regularly provide the Treasury with forecasts of their expenditure two years before the year when that expenditure will take place, and these forecasts are revised every six months." It is obvious that this prudent system of long-term forecasting is coming increasingly to lie at the core of the determination of government spending policy, but Sir Edmund declared that "in the nature of things, its results cannot be published." Why?

Secondly, Sir Edmund began publicly to stir a most interesting pot—the problem of more scientific cost accounting for government expenditure. He said:

> As an example, there is the scheme of planning and cost control of the new schools building programme, associated with the name of Nenk whose early death was such a tragedy for the Civil Service and indeed for the country. I am told that the effect of this scheme compared with the old system has been to provide the great increase in school places by the end of 1958 at a cost 20 per cent less than in 1949 in spite of a rise in prices of 120 per cent, and that the resulting saving to public funds over the ten years was as much as £290 million. . . . But it has to be admitted that such demonstrations of efficiency are rare.

David Nenk, the brilliant Ministry of Education civil servant referred to, died (without a knighthood) of cancer last Christmas. If any inquiring body of MPs wants to provide him with a memorial and to secure some further economies in government spending, it could do worse than dig out details of his system of cost control, and see how far this admittedly bothersome method of perpetually nagging for efficiency (Sir Edmund described it as "the build-up of a priced specification by the interplay of functional requirements with suppliers' estimates of costs") is really being followed in other departments. Especially, perhaps, in the service departments and the Ministry of Works.

SOVIET UNION

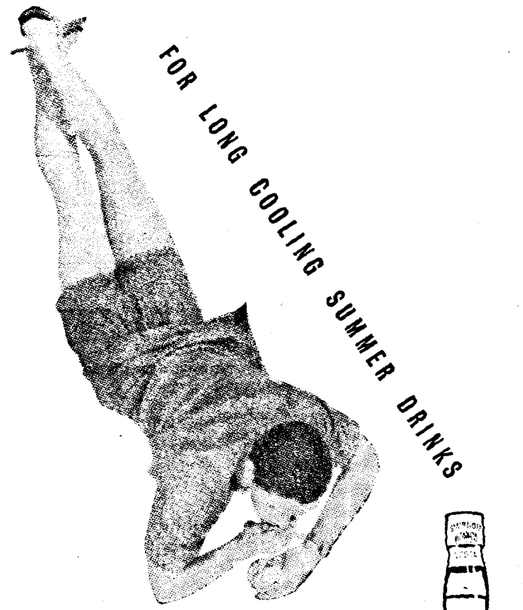
Satellite Towns . . .

A CONGRESS of 1,500 architects and town-planners, which ended in Moscow this week, has been discussing ways of speeding up and improving the housing drive in the Soviet Union. The Russian leaders are now making a real effort to do something about the acute overcrowding, now probably the most irksome and distressing aspect of everyday life in Russia. In the current seven-year plan (1959-65), 15 million flats, with a total floor space of 650 million square metres, are to be built in the towns alone, and this target may even be exceeded. The production of concrete is now twelve times higher than in 1953. Stalin's skyscrapers and the ornamental facades of "socialist realism" have long ago been sacrificed on the altar of efficiency. The aim now is to provide each family with its own flat—a tantalising prospect for Russians who have never known such privacy.

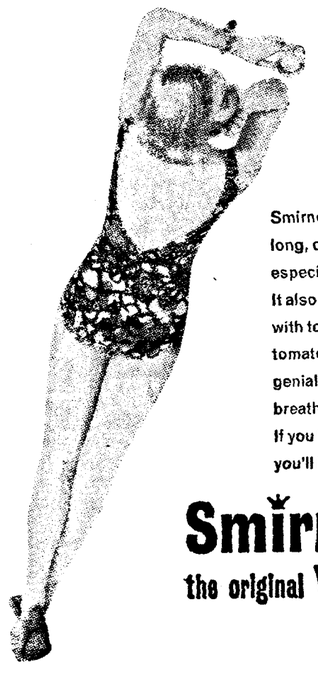
The new aim brings its own problems. For instance, the emphasis is now on small units; one-third of the new buildings are flatlets for childless couples or bachelors. But the manufacturers of furniture still go on producing big pieces suitable only for large apartments. The congress also considered the lack of such amenities as gas or electricity in many Soviet towns. It also tackled, without solving, the question of style. Soviet architects have rejected the stalinist mixture of Byzantine and Victorian; but they are still groping after a style of their own which is both functional and pleasant to look at.

Soviet Russia is supposed to be the planner's paradise—but not, it seems, for the town-planners. In theory, a country with state planning and control, rapidly growing new towns and a great need for social amenities, would seem to offer the town-planners vast opportunities for bold experiments. These opportunities, however, have not been seized. Many Soviet towns do not even have a chief architect. They have been allowed to grow and spread haphazardly. Stalingrad now covers as much space as Moscow; Gorki or Kuybyshev match the area of Leningrad. Efforts are now to be made to plan the growth of towns more rationally and to prevent them from sprawling too excessively. One project is to build compact and co-ordinated satellite towns, housing about 150,000 inhabitants each, in the neighbourhood of large cities. Soviet architects and planners give the impression that they are now getting down to

Appointments, Business and Personal notices and other Classified Advertisements pages 1293 to 1295



better your bitter lemon with



Smirnoff goes so well with long, cooling summer drinks—especially with bitter lemon. It also blends magically with tonic, lime, orange, or tomato juice. Smirnoff is the genial mixer—wondrously, breathlessly smooth. If you like it with gin, you'll love it with Smirnoff.

Smirnoff
the original **Vodka**

THE 1914 ARGYLL 15/30

A fine and popular car, and ahead of its time in many respects, the Argyll, which once lapped Brooklands at a world record speed of 82.45 m.p.h., had a 4 cylinder single-sleeve valve engine, and diagonally compensated four-wheel brakes.



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1914 . . . a momentous and never to be forgotten year . . . when pleasure motoring like that afforded by the Argyll was far from most people's minds . . . when the Great North Road, England's premier highway since Roman Times, was much less busy than it is today . . . the A1, still the country's main arterial road, on which, south of Peterborough, the Kenning Motor Group now has one of its many key-position filling stations.

EST. 1878

The Norman Cross depot of Kennings Ltd., on the Great North Road.



THE **Kenning** MOTOR GROUP

Head Office: Gladstone Buildings, Clay Cross, Derbyshire

DEPOTS THROUGHOUT THE COUNTRY

shipshapes...

Boldest of new shapes in British shipping is the svelte line of M. V. Oriana. Plates and sections for this vessel were produced by the Appleby-Frodingham Steel Company, one of the world's largest suppliers of shipbuilding steel.

THE UNITED STEEL COMPANIES LTD

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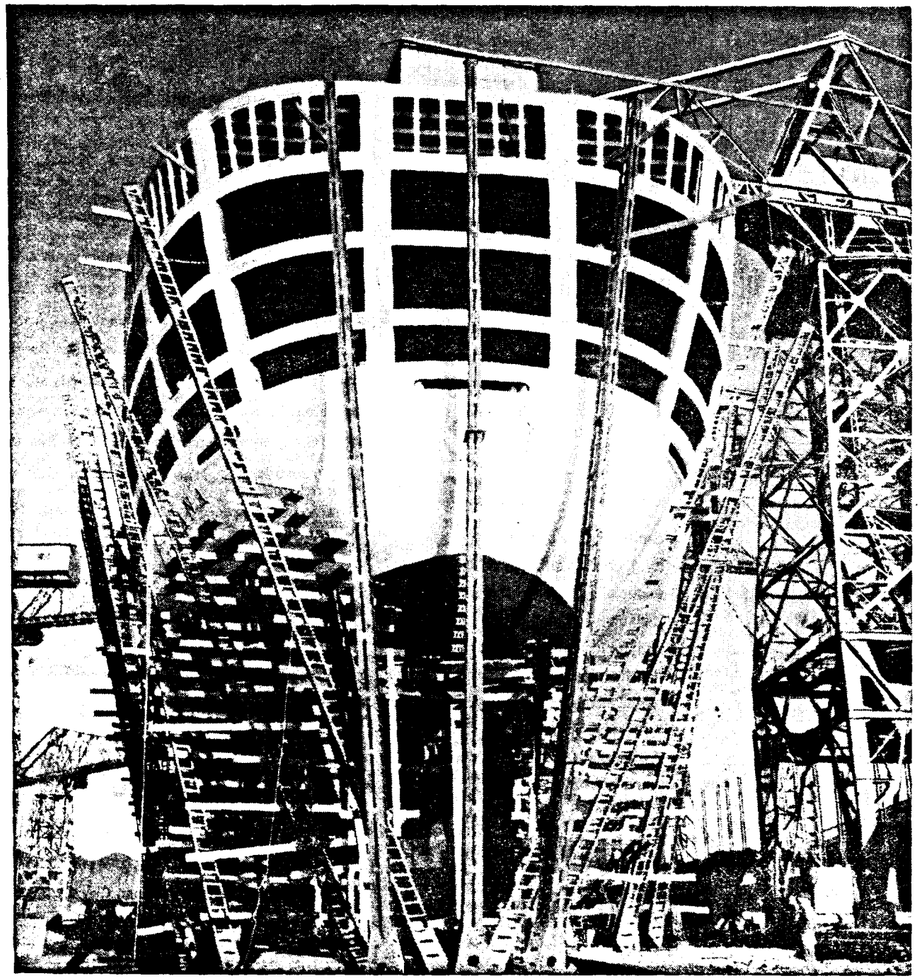

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tasks that they should have faced years, if not decades, ago.

... or Sputniks

HOUSING is a pressing competitor for scarce resources. The continuation of the building drive suggests that Moscow has, at any rate for the time being, no intention of changing its economic policy because of troubles on the international front. That this policy corresponds to the wishes of the Russian people was shown last week by an extraordinary letter published in *Komsomolskaya Pravda*. Its author stated plainly that sputniks are fine, but more clothing, utensils, flats or kindergartens would be even finer. The letter was, of course, accompanied by a reply explaining that Soviet rockets are indispensable for prestige or defence and that they have allowed some saving because they have made possible a cut in conventional forces. The letter may even be apocryphal. Yet the fact that the Soviet authorities feel the need to publish it and to refute its arguments shows what are the real aspirations of the Soviet masses —a factor which cannot be ignored when assessing the political situation.

DEFENCE

Twenty-four Hour Girdle?

KEEPING modern jet aircraft in the air is an expensive business. That is why the reports, which followed Mr Watkinson's visit to Washington, that Britain might join the United States in a 24-hour global H-bomber patrol had to be taken with a large pinch of salt. It has now become clear that the doubts were right. Even today the United States itself does not maintain so ambitious a permanent patrol as the public has imagined. President Eisenhower said in January that no continuous airborne alert was maintained at present, although exercises may put some 60 to 100 of the Strategic Air Command's 1,600 aircraft into the air at any one time. The sort of co-operation that is projected between the American Strategic Air Command and Bomber Command is likely to involve mainly logistic co-operation, and the interchange and joint use of bases, rather than the maintenance of a permanent global patrol.

Though the bombers are not to be kept permanently in the air, however, all the experts are agreed that greater efforts must be made to disperse the bases from which the deterrent operates. This news has brought immediate reactions from countries overseas where there are British bases suitable for V-bombers. In Cyprus, in particular, the knowledge that V-bombers have used the base for exercises in the past has aroused fears that the aircraft will be based permanently on the island, an inviting target for Russian missiles. This could be a further obstacle on the stony path to a settlement. Elsewhere in the Middle East political developments make it highly doubtful whether bases can be used for V-bombers for long.

These hazards provide, indeed, one of the reasons for the growing co-operation with the United States. As Britain's old remaining footholds on the traditional routes to the east are lost, the importance of the westward communications across America, to Australia and New Zealand, for example, grows. It is not only in the production of weapons that technical and strategic change is making Britain increasingly dependent on its allies.

ROYAL TOURNAMENT

Charity or Recruitment?

THIS year's Royal Tournament opens at Earls Court on Wednesday. With its non-union cast of a thousand servicemen, an average attendance in recent years of at least 250,000 people, and an 80-year tradition, it might be thought to be a real money-spinner for the service charities to whom its proceeds go. In fact it is in danger of becoming a liability; last year its two and a half week run made a net profit of only about One Thousand Pounds—less than a quarter of the average London flag-day.

It was not ever thus. In 1952, when 376,000 people came, the tournament made £52,000; since it started in 1880 it has brought in nearly a quarter of a million pounds. But expenses are going up. Although participants get only a small allowance over and above their standard rates of pay, last year's total expenses came to £93,000—made up largely of such items as the hire of Earls Court and the installation of equipment to operate the displays (thirty-nine winches had to be put in the roof). At the same time, audiences dwindle. Service training programmes are said to make it impossible to hold the tournament in the obvious months of school summer holidays; and in the long midweek afternoons only a fraction of the hall is filled. The organisers estimate that attendance will need to increase by at least 35,000 compared with last year if they are to break even.

It is arguable that there are more efficient ways of raising money for charity; that servicemen could be better employed than in doing circus tricks; and that items such as that involving the long-obsolete twelve pounder field-gun do not really convey the flavour of British military preparedness today. (Or do they?) But in an age in which the military are increasingly alienated from the population at large, and recruitment drops, the real rationale of the tournament is to show the services in their more attractive aspects. What started as a charity show has become a logical recruiting stunt; it would be wise to draw up its programme with that aim firmly in mind.

The Economist

JUNE 16, 1860

REFORM POSTPONED

"It is serious that a Government should say to a large class of Her Majesty's subjects: 'You are entitled to have a greater share of political power than you now have: you ought to have votes, and you have none: you ought to have representatives, and you have none.' It is especially serious when the class so addressed is a low one in the social scale—when it is presumably an excitable one. But grave as is the evident nature of language such as this, the relinquishment of the measure so proposed is even graver. The abandonment of a Bill for extending the suffrage defeats the hopes created by its introduction, allows those to rule whom it was said ought not to rule, permits those to be still without power who were informed that they were at once entitled to such power, acquiesces in the continuance of political contrivances which have been authoritatively stigmatised as inexpedient and unjust. . . . Whatever may be the latent origin of the present Reform movement, its obvious history is clear. We have told the most numerous class in the country that they ought to have some power: will they be content with none? Statesmen have vied with one another in their zeal for the rights of the "working man." Is the working man, after all, to have nothing? The artisan classes may or may not have definite political opinions; they may or may not have formed a characteristic political creed; but they have (as the phenomena of trades' unions and of strikes show) strong class feelings, strong class prejudices, strong class hopes: considering their education, the facility of organisation proves that they have an inherent political aptitude. Is it safe, is it wise, is it right, is it decent, year after year, to assure men such as these that they are entitled to a place in the constitution, and yet, when the occasion comes, to give them no such place? . . . The failure of this last attempt to solve the question is very instructive. The Government introduced not a measure, but the schedule of a measure. They said to the House: 'There is the outline of a Bill; go into a Committee, modify it as you please.' The event has proved that on a difficult and generally interesting subject it is not beneficial, it is not even possible, for a Cabinet to abandon its constitutional duty of construction. The House of Commons cannot make a Bill in Committee. They may alter details, suggest specific amendments, interpolate coherent or incoherent additions. But they have no large creative power. We hope,—we are even sanguine that we shall not again see "a simple measure." . . . We believe that every future Bill will at least attempt to satisfy the evident conditions of the real problem: we hope that it will give the working men some members of their own; that it will not give them the whole Parliament; that it will not give them a precedent for claiming it.

LETTERS

South Africa

SIR—It is interesting to contrast the present attitude of *The Economist* with its earlier reactions to the Wind of Change. One of its first encounters with this wind took place on April 28, 1860, when it commented as follows on the Reform Bill:—

> "It (the Reform Bill) remains a simple unbalanced lowering of the franchise without a single security against the domination of numbers—it is a concession to unsound principles of the most dangerous kind—a spontaneous and self-imposed sacrifice which will transfer political power from its actual possessors to numerous and unknown classes."

The numerous and unknown classes whom *The Economist* feared were British. Although they misused certain consonants and used different accents, they all spoke English. They practised a Christian religion. Many could read and write. Very few still indulged in witchcraft and it is probable that none were cannibals. They were of the same stock as the "present possessors of political power" and stemmed from the same ancestors. They were loyal supporters of the reigning house. Yet *The Economist* feared them.

These fears today appear frivolous and short-sighted, as indeed they were. The future may also show the present fears and uncertainties of the whites of Africa to be without foundation. Seen against the background of recent events in Rhodesia, Kenya and the Congo, however, it is surely possible to view the reaction of these whites to the Wind of Change with a measure of sympathy and understanding.

The Economist's interpretation of the African "Wind of Change" as a trade wind, beneficial to Britain, and harmful only to those whites in Africa who perversely and stubbornly resist it, may yet prove to be as bigoted and wrong as the opposite extreme view which it held one hundred years ago, when it reacted with similar hysteria to the comparatively mild breeze of change which then gently touched upon England.—Yours faithfully,

Pretoria, South Africa T. C. STOFFBERG

Secret Police

SIR—Does not your note under this heading in this week's issue do rather less than justice to the very serious question that has been raised by Mr Will Griffiths, MP, about the activities of the secret police in regard to schools in this country? No one questions the right of headmasters to inform their sixth formers of the facts of life about security screening for those who want jobs in secret occupational establishments. That is wholly proper. Indeed, it is desirable that knowledge of this kind of fact should be as widespread as possible.

The point really at issue is how important one feels it to be that the fullest encouragement should be given in schools to the questioning of accepted beliefs. It used to be the proud boast of the universities that this, indeed, was an important part of their purpose. This must mean an encouragement of the nonconformist. But this becomes a wildly dangerous proceeding if adolescent and youthful reactions to such an educational process are to be carefully recorded and then in due season handed over to the secret police.

The important thing is that one has to draw the line somewhere; here one has to balance the advantages to the community that derive from an educational system that is as free as is humanly possible and the importance of information about youthful activities to the secret police in the pursuit of their activities. I have no hesitation in the answer that I make on this matter. The secret police are bound to enquire about the activities, political and otherwise, of young men and women taking up work in secret establishments. It should, however, be made very clear to them that in no circumstances should they approach teachers or university lecturers or professors for information of this kind.—Yours faithfully,

STANLEY MAYNE

Campaign for the Limitation of Secret Police Powers
London, SW1

Israel

SIR—For anyone at all familiar with the Israeli political scene some of the "victories" your correspondent attributes to Mr Ben Gurion are most surprising. The battle over the removal of the labour exchanges from party political control was peculiarly that of the Herut movement, and was won only after that party had mobilised nation-wide opposition to the retention of the old system. To imply that Mr Ben Gurion was the initiator of this reform is as incorrect as the references to the cessation of political teaching in schools, which was from the very outset a plank in Herut's platform, and which was regarded by Ben Gurion's party as one of the most outrageous of Herut's non-socialist heresies.

Similarly Herut has fought and is fighting tirelessly against the wasteful welter of competing politically-controlled health services. For its pains Herut has had to contend with much ill natured criticism, but your correspondent has hit the nail on the head when he refers to the party-owned health services as an important political asset. Thus we have the spectacle of an allegedly "progressive socialist" movement obstructing by every means at its disposal the internationally accepted welfare standards proposed by a liberal but non-socialist opposition.

The obvious lesson for others is that with the best will in the world vested interests remain vested interests, whether they be of the left or right, and share an inherent desire to retain their privileged positions even when circumstances no longer warrant them. In Israel the disenchantment with the "Socialist Dream" is growing and there is an increasing body of public opinion which feels that Israel's future demands less doctrinaire policies. Your correspondent would have been fairer to concede that it is the ever growing pressure of this sector of the community which has produced the effects he has detailed.—Yours faithfully,

Dublin M. HARRIS

Colombo

SIR—Your article entitled "Shipping in the Shallows" observed that "the decline in cargo traffic has helped to ease the congestion in ports, even in Colombo." Even if this remark is true of other ports in which there has been congestion, so far as Colombo is concerned it propagates a fallacy which the Conference Lines and their representatives have been at pains to advance as an explanation of the improvement that has been achieved in the rate of cargo handling in the Port of Colombo since the nationalisation of its cargo handling operations in August, 1958.

In 1959 the total volume of cargo handled in the Port of Colombo reached the highest level attained during the last three years. The tonnage of cargo, excluding coal and liquid fuel, handled in Colombo during the three years 1957, 1958 and 1959, computed in shipping tons was as follows:—

Year	Imports	Exports	Total
1957	1,863,787	708,248	2,572,035
1958	1,684,391	642,048	2,326,439
1959	2,062,216	548,309	2,611,184

It is, however, of the utmost importance to Ceylon that the business world should appreciate the fact that, despite an increase in the volume of cargo traffic, the congestion in Colombo has been eased in very great measure and that this has been accomplished entirely by enhanced efficiency in cargo handling operations, consequent on nationalisation.—Yours faithfully, H. SHIRLEY AMERASINGHE

Port (Cargo) Corpn.
Colombo

The Law's Delays

SIR—In your article of last week entitled "The Vexatious Litigant" you say: "if we had to choose between giving a condemned man (Chessman) twelve years of life, to which he was not entitled, and keeping a large and unjust civil claim over an innocent man's head for twenty-four years, surely it were better to postpone the criminal's execution."

It seems to me that you are evading the issue. Surely English indignation was not caused by Chessman being allowed to remain alive for twelve years, though we believe this could not have happened in England. Our anger was aroused by his sentence actually being carried out after such a long period of time.

We may be "smug" in believing our legal system to be more efficient than the American and saying Chessman should have been prevented from postponing his execution. We are surely justified, however, in condemning the actual execution, even if we are in favour of capital punishment for crimes such as those he committed.—Yours faithfully, R. M. LYONS

Rugby

Steel

SIR—I refer to the article headed "A Revolution in Steel" in your edition of May 21st. One modification of the LD process to which you refer, namely LD-AC, was in point of fact developed not in France nor in Germany, but was conceived, developed and perfected, at the Dudelange Works of the ARBED Group in the Grand Duchy of Luxemburg.—Yours faithfully,

Columeta Export Co. L. CLASEN
London, SW1

Wine

SIR—I could not disagree more with your contention that today wine is "just pleasant or unpleasant to drink."

While it is true that today few people have the time for detailed study of vintages and vineyards, nevertheless leading wine merchants would agree that their customers are constantly turning to them for advice on these matters.

Concerning wines unpleasant to drink, I fear you would find in this category the fine burgundies of 1959—if you try drinking them, as suggested, this Christmas. In fact, most of these wines will not have been bottled or shipped to this country by then, and will certainly not be ready for drinking.

On claret, may I assure your apprehensive readers that the best will certainly not cost "£4 or £5 a bottle." Half this figure would seem nearer the mark.—Yours faithfully, D. B. MITCHELL

London, EC4

Christian Stewardship

SIR—Two points should be taken into consideration about Christian Stewardship.

First, if members of the Church of England are expected greatly to increase the amount they give to the Church, other charities are bound to suffer. Secondly, people should themselves consider most carefully what charities and philanthropic needs they wish to support and not just hand this very important responsibility over to the Church council or to any other body.—Yours faithfully, BEATRICE HILL

Keswick, Cumberland

BOOKS

Mariage de Convenance

Trade Unions and the Labour Party since 1945

By Martin Harrison.
Allen and Unwin. 360 pages. 32s.

THE extraordinary alliance between trade unions and socialist politicians that forms the British Labour party has long fascinated observers. Many American liberals, and not a few European Social Democrats, have envied this *mariage de convenance*: the Americans because it was ideologically more coherent than their own parties, the Europeans because it seemed pragmatically more effective than theirs. British Liberals, though repelled by it, have had cause to envy it, too, for as long as the the unions remained loyal, the problem of displacing Labour as "the radical alternative" has seemed insoluble. Tories, for their part, have spent years proclaiming the iniquities, and the imminent breakup, of this alleged *mésclliance;* tales of trade union nonentities obstructing all true reform, or (alternatively) of socialist dreamers messing about in the affairs of the practical British working man, have been staple items in Conservative propaganda ever since Labour mattered enough to be worth attacking.

But despite all this interest, there has not been much penetrating research into the actual relationship of the unions to the party. Mr Harrison's excellent book will do little to dispel the clouds over Labour's diamond jubilee. But it does go a long way towards answering important questions long engulfed in clichés, whether of approbation or opprobrium. He manages, despite grievous inadequacies in the available statistics, to give a fairly precise idea of the proportion of the party's financial support that comes from the unions. Instead of the familiar arguments from abstract principle concerning the respective merits of "contracting in" and "contracting out," Mr Harrison offers an abundance of solid facts about how the system has worked, both before and after the change of law in 1946. He also examines the ways in which the political levy is spent; how, for example, the system encourages a wasteful concentration of largesse upon the few weeks immediately before an election, and even then upon "constituencies which should be fully self-supporting or are rock-solid Labour seats."

He probes far beyond the usual cries of outraged virtue over block voting at party conferences, and does surprisingly well, considering the reticence of many officials, at showing how the unions reach their decisions on political matters. He argues that "the stereotyped image of the unions as a sort of orthodox suet pudding clogging the Party's progress is a potentially disastrous oversimplification." It is true that, in most cases, the unions have, on balance, come down on the side of orthodoxy; but this has been due to circumstances, not to any immutable law of trade union life. A straight fight between the trade unions and the constituency parties, moreover, has been rare; neither side is without its divisions, and, except for some moments in the heat of the Bevanite controversy, the unions have supplied much, often most, of the left wing minority in conference voting.

Even on such relatively well-known themes as the dullness and inadequacy of many trade-union sponsored MPs, Mr Harrison says much that is fresh and perceptive; here, as throughout the book, he has little difficulty in proving that the behaviour of the unions is not nearly so uniform as their critics, both inside the Labour party and out, have imagined. But there has been a general tendency for the trade union MPs "even within their own unions . . . to become unknown, vaguely superannuated figures." After all, for the unions, in all but a few hyperthyroid cases such as the Electrical Trades Union, politics is something of a sideline, and a decreasingly important one, if the author's convincing analysis is correct.

This book is not easy reading: statistics and the alphabetical morass of abbreviated trade union labels make this inevitable. But the burden is lightened by some telling quotations from trade union officials, as well as the more dunderheaded branch resolutions ("We strongly condemn the British terror in Kenya, and also call for the disbandment of the Mau-Mau"). And throughout there is the excitement of following hard, intelligently pursued research as it unfolds. Sometimes Mr Harrison seems reluctant to follow his arguments and his impressively marshalled facts to their logical conclusion, notably in discussing the workings of democracy, and the counterforces of apathy and ignorance, within the unions. This reluctance seems to arise, not from undue deference to trade union sensitivities, but from a certain fatalism about the feasibility of changing any of the existing patterns of behaviour or structural features of the Labour movement. After the Clause Four debate and its inglorious conclusion, one hesitates to differ with him on this point. But history does not stop, even in the Labour party. All Labour supporters who have not lost the instinct for self-preservation had best read Mr Harrison's book—as, indeed, must anyone with a serious interest in the strange ways of man as a political animal.

The Pedigree of Economics

A History of Economic Ideas

By Robert Lekachman.
Harper, New York. London: *Hamish Hamilton*. 440 pages. 40s.

THE history of economic ideas is, in a sense, a specialist's subject. It presupposes in its students an interest in economic theory itself going beyond that desire to be put generally in the picture which prompts the reading of popular introductions to the subject. It has not, accordingly, seemed to offer a very promising field to the populariser. There is, it is true, Mr Heilbroner's lively but extremely sketchy "Ten Great Economists," published some five years ago; but between this admirable near-squib and Schumpeter's monumental "History of Economic Analysis" there is nothing to correspond to that closely-graded range of general economic exposition from which student and general reader alike can choose according to their abilities and needs.

Mr Lekachman's "History of Economic Ideas" fits itself squarely into the space that gapes between "Ten Great Economists" and Mr Erich Roll's "History of Economic Thought." It is very much more scholarly and responsible than the former (though an almost equally "easy read," thanks to its qualities of style), and a good deal less esoteric, as well as shorter, than the latter. Mr Lekachman has obviously and beneficially soaked himself in Schumpeter, but his book is not a sketch-map version of Schumpeter's *magnum opus*. The ideas that he chronicles are not only analytical tools or theoretical conclusions but the operative opinions on policy emerging from the use of those tools and the framing of those theories; the question that he equips his readers to answer is less "by what stages did economic thought reach its present development?" than "what part has economic thought played in the general movement of history?" "The history of my subject," he says in his preface, "naturally organises itself for me around men and problems rather than around concepts and doctrines." This approach has obvious advantages in a book addressed to students for whom economic theory is at most a subsidiary subject. Budding economists, to whom the alternative approach might be more useful if not more congenial, will after all find it elsewhere.

If Mr Lekachman cannot fairly be criticised for following his bent in this respect, his choice of "men and problems" is less thoroughly defensible. A certain Anglo-Saxon provincialism is redeemed when he comes to Cournot and Walras; but it reappears in an almost total neglect of the Scandinavians and a rather cavalier treatment of the Austrians. And one also feels, at the end of the book, something of the sensation of treading on a step that is not there. Mr Lekachman ends his history, abruptly, with Schumpeter's regretful conclusion that capitalism is on the way out. One must, of course, stop somewhere. But it is a pity that so acute and gifted an interpreter should not—even at the price of having to scrap and rewrite for each of the succession of new editions which he can confidently expect—have included a report from the contemporary back room.

Apartheid on Trial

South Africa: *Two Views of Separate Development*

By S. Pienaar and Anthony Sampson.
Oxford University Press. 89 pages. 5s.

WHILE he was in London, Mr Louw, the South African foreign minister, repeated his government's complaint that outside criticism of the Union's racial policy was based on distorted and scrappy information. The Institute of Race Relations, which used to be attached to Chatham House and is run by Mr Philip Mason, has tried to meet this complaint by giving in one booklet the case for and against apartheid. Mr Pienaar, foreign correspondent of the Nationalist newspaper *Die Burger*, and Mr Anthony Sampson of *The Observer*, were charged with the task, neither seeing in advance what the other had written.

The case for the separate development of black and white in South Africa is given about as good a defence as it will ever get. Mr Pienaar is a first-class counsel. He writes succinctly and with swingeing verve. Believing his best weapon to be attack, he accuses Europeans of racial arrogance in coolly assuming that Zulu culture should be wiped out and the Bantu turned into black Englishmen. Apartheid he claims is the Union's way of safeguarding the nations of South Africa, its acknowledgment that the Africans are not a lesser breed incapable of achievement by themselves. To try to denationalise the Africans by multi-racialism is, he argues, as misguided as Lord Milner's attempt to anglicise the Afrikaners or as unthinkable as Americanising Piccadilly (Mr Pienaar should ask someone one day about Piccadilly).

Now that the irresistible force of the Bantu demand for national self-determination has met the immovable object of the Whites' demand for continued national existence (and Mr Pienaar uses this cliché rather too often) the only answer is separate development. In states of their own the Africans can eventually become as free as Ghanaians. And so Mr Pienaar disarmingly continues, filling out his fairly slender essay with long quotations from Dr Verwoerd. His polemic is straightforward; he sticks to the one point, making no attempt to cover up the holes that appear all round him. And at the very end, as a sort of postscript, he mentions that there is also colour prejudice to be taken into account.

Then it is Mr Sampson's turn. He sets out to explain the "new deal" in the Union's apartheid policy, starting from the Bantu self-government bill in May, 1959, and in so doing reveals one after the other the holes in Mr Pienaar's defence. One point that the South Africans gloss over is the proportion of land that has been allotted to the Africans; if the High Commission territories are not included, and there is no reason why they should be, the Africans are getting only 13 per cent of the land. Mr Sampson questions the wealth of the reserves and also the amount of self-government that the "Bantu homelands" will in fact enjoy. But much the most interesting part of his thesis is his complete rejection of Mr Pienaar's creed of African, or rather Bantu, nationalism.

Mr Pienaar writes enthusiastically of the importance of the Bantu developing along their own lines. But Mr Sampson makes the point that the main desire of the African in South Africa is to be part of the main stream of western civilisation and not to be separated from it. The process of westernisation and detribalisation has already gone much too far to be reversed, and it is a dangerous fallacy for the Nationalist government to dismiss, as it does, the urban Africans as "an unattached mass of Bantu individuals."

Although still useful as background information, some of Mr Sampson's argument has suffered from being written some time before Sharpeville and the later developments. But, as an argumentative exercise, the pamphlet is now a complete success, perhaps because the two writers did not know what the other was going to say and are therefore to some extent debating at cross purposes. Mr Sampson is more diffuse than the singleminded Mr Pienaar, and is inclined to get tied up in the intricacies of African nationalist movements. Perhaps it is the fault of television that a reader is greedy for the cut-and-thrust of straightforward debate—and also, on a topical subject like this, for more uptodateness.

Three Hundred Years Ago

1660: *The Year of Restoration*

By Patrick Morrah.
Chatto & Windus. 237 pages. 21s.

THIS book is a readable account of the Restoration of Charles II. It is written in the form of an extended diary, containing beside firsthand reports of the main events snippets of more unorthodox information: duels, murders, the Kirg's lost spaniel, and an account of the family row that followed the Duke of York's marriage to a commoner.

In the confused year following Cromwell's death, no one knew for certain who would eventually succeed him. One point made clear by this book is that Monk, who held the key to the situation, survived and brought about the Restoration without bloodshed largely by holding his tongue until the latest possible moment. It is possible that, by so doing, he saved England from a renewal of civil war.

Mr Morrah's point of view is that of a Royalist. As such, although he never falsifies the evidence he sometimes avoids it, and the picture he gives is perhaps a little over simple. Charles II appears rather differently when one knows that, during the trial of Sir Harry Vane, who was executed for treason in spite of a promise of pardon, he wrote to Clavendon, "he is too dangerous to let live, if we can honestly put him out of the way."

Mr Morrah praises the men of 1660 for their escape from "the gloomy abyss of republicanism," and rejoices in the reverence for tradition that came back with the king; but the struggle for constitutional government had not yet been won, and perhaps Milton was more far-seeing when he lamented

> that a nation should be so valorous and courageous to win their liberty in the field, and when they have won it, should not know how to use it or value it, but barely and besottedly to run their necks again in the yoke they have broken.

It took nearly another thirty years for the yoke to be shaken off. Compared with some issues tradition becomes a triviality.

Nevertheless, Mr Morrah's account is vivid and informative. It contains much authentic and apparently irrelevant detail, but because of this it is a good background introduction to a fascinating period, and has the additional merit of introducing Pepys to any reader who has not yet enjoyed him.

The Enjoyment of Literature

The Art of Writing

By André Maurois. Translated by Gerard Hopkins.
Bodley Head. 318 pages. 18s.

THIS is a light-weight, unashamedly popular book, roughly the equivalent of Mr Somerset Maugham's "Ten Novels and Their Authors" with a few pages of "The Summing Up" thrown in. It is the work of a man for whom both reading and writing are a pleasure; part of *la douceur de vivre* rather than the instruments of a crusade, an exercise in analytic detection, or a participation in protest. It is, accordingly, an obvious cockshy for pleasure-haters and for the conscientiously esoteric; and indeed even readers belonging to neither class may feel at first blush that easy and elegant rehearsal of the familiar (about Rousseau, Voltaire, "Madame Bovary," "Le Rouge et le Noir," for instance) is a waste of his talent—Great Literature Without Tears, mere *vulgarisation*.

Closer attention modifies, without entirely dispelling, any such view. As so often happens when a virtuoso is performing, the first impression of ease and superficiality turns out to be deceptive. Under the smooth slight narrative or *cicerone's* commentary there lies a firm structure of thought and judgment. It is a classical structure, but elastic rather than rigid; form, measure, proportion, good manners, are the qualities that M. Maurois admires, yet he can write with perceptive sympathy about that pathological howl of hatred Tolstoy's "Kreutzer Sonata" and appreciate the uncorseted plenty of Balzac. This tolerance—but tolerance is too weak a word for so positive an enjoyment—one may surmise to be the contribution of the biographer who, in M. Maurois, doubles the critic. He is concerned with the work in itself, but also with the man who wrote it; and while some of the essays comprising "The Art of Writing" are predominantly studies of men (Goethe, Tolstoy, Leopardi, Tchekhov) even those which are predominantly studies of books refer back to the personalities and circumstances of their authors.

The exception is the title essay, which hardly deserves its place. As smooth as any, as well mannered as any, it tells the neophyte writer virtually nothing that Robert Louis Stevenson did not tell him eighty years ago. No doubt there is room in every generation for a rephrasing of the essential lessons of style. But it is hardly to the rising generation of today, whether English or French-speaking, that M. Maurois can be conceived as addressing himself. There is more to be learned about the art of writing from his performance—even when studied through the veil of translation—than from his precept.

Last Fight and After

Out of the Smoke

By Ray Parkin.
Hogarth. 330 pages. 21s.

SINCE a good deal has already been written about the last fight of *HMAS Perth* in the Sunda Strait on March 1, 1942, this book may be ignored. In fact, however, it is something unusual in war books; and the reader will sense its quality from the foreword by Laurens van der Post, who first met the author in a Japanese prisoner-of-war camp, and himself did remarkable work in maintaining the morale of prisoners in such circumstances. Mr Parkin, who was a Chief Petty Officer in the Royal Australian Navy, and had served in the *Perth* in the Mediterranean throughout the tragic Greece and Crete campaigns before joining a heterogeneous and hastily formed force to fight the hopeless battles in the Java Sea, is evidently a very unusual man. Here he writes in the third person, concealing his identity as "John"; but his attractive modesty leaves one in no doubt about his qualities, first as a seaman and a leader, and then as a writer and artist.

The story he tells is in the main that of ten men who swam ashore after their ship was sunk, found and rigged an unwieldy lifeboat, and then sailed her—with very little food or water on board—right round to Tjilatjap on the south-east coast of Java, only to fall into the enemy's hands when they got there. It is a deeply moving tale of self-imposed discipline and unyielding resolution in the face of the most daunting difficulties; and it is comforting to learn at the end that all but one of the ten survived not only twenty-two months on the dreaded Siam-Burma railway, but a terrible sea voyage to Japan followed by another year in the coal mines. But it is not only the author's moral qualities that impress the

"Who's Aware?"

. . . asks a speaker in a certain Jules Feiffer cartoon. "We're aware!" shout a crowd of knowing little men. Are you indeed, fellows? . . .



Mashing day by day through a flurry of newspaper pages, I find I am *always* missing points I would rather have got, reading things I would far rather have missed. The haystack searcher can at least use a magnet . . .

However, the thing became less of a burden to me once The Observer started The Week—which, as you very likely know, is a whole page feature devoted every Sunday to Monday-to-Saturday's news. This is a brilliant idea. Without it, a Sunday paper is like a man who only wakes up on Leap Years. With it, hard-pressed readers can catch up.

"Edited", it says, "by William Clark." I wanted to find out more about W. Clark, the man who does this discriminating for me. I've seen him on the screen, of course, calm, complete, omni-competent. I know the sound of his voice. But what is he really like?

As a result of exhaustive enquiries I can now disclose that behind that solidity of build and manner—he is surely a natural William, not a Bill—there is a self-mocking wit and a decidedly playful temperament. That he is 43. A Northumbrian, from the Border town of Haltwhistle. Also that his friendships range as far and wide as his knowledge and activities—he seems to know every interesting person in the world except me.

Six-day Digestive

Oh well, who cares? I shall resign myself to giving him an occasional curt nod on T.V., and settle down to read The Week. (At least I know where to find that. It's always in The Observer's Weekend Review).

And if you take my tip, you'll do the same. You'll be surprised how much it gives you that you missed before . . . how even a few days' perspective helps the view and stimulates mental digestion. Invaluable, if you're just back from a holiday!

J.B.L.

ADVT.

reader; Colonel van der Post is quite right to see in his literary style and in his deep understanding of ships and of the sailors who work them a resemblance to Joseph Conrad. If Mr Parkin never writes another word he will have given the world something truly memorable in this humbly told tale about the ship that he loved and the ordeal that he and his comrades underwent after she was lost eighteen years ago.

Maya Popularised

Maya: *The Riddle and Rediscovery of a Lost Civilisation*

By Charles Gallenkamp.
Muller. 229 pages. 25s.

THIS is a popular book on the Maya, and it has no claim to originality. Seventy-five pages consist of preliminary matter: the conquest of Yucatan, the discoveries of Stephens and Catherwood in the last century, the growth of knowledge of Maya archaeology, and a sketch of the origin of the American Indian. After this the subject is treated chronologically, with extra chapters on special subjects, like the wall paintings at Bonampák and the Well of Sacrifice at Chichén Itzá.

On the whole, the author has used his sources accurately, and the general reader could learn a good deal from the book. There are some points that need correction: among them is the extraordinary statement that the Incas "had traversed the sharp-peaked mountains surrounding their prospering cities with a network of highways and bridges which defy the imagination" by the seventh century AD; that particular network, which does not defy the imagination, dates from the fifteenth century. In the Maya section proper, the account of the calendar may perplex the reader. Having explained that the *haab* or civil year was composed of eighteen months of twenty days to which "an extra month of 5 days was added," the author tackles the Long Count in such a way that the reader may get it mixed up with the *haab*. He says: "18 *uinals* = a *tun* (a year with the addition of five extra days)." Not only does this imply that a *tun* had 370 days, but also that *uinals* and *tuns* had something to do with the solar year, whereas they are units in the count of days from an arbitrary date long ago.

The book is illustrated with excellent photographs. There is also a series of drawings, but none of them has a caption, or is mentioned in the text, and the reader is left to guess whether most of them represent paintings, graffiti, carvings or figments of the imagination; apart from a section through the Temple of the Inscriptions at Palenque and a drawing of a skull rack, they are not likely to mean much to him. The author's literary style is also a major drawback. He constantly uses words outside their accepted meaning—and not because he is using American terminology, since Webster gives him no more support than the Oxford Dictionary.

On the whole, the reader may prefer the extensive quotations from Morley and others that the book contains to the author's interpretations of their ideas. Morley's "Ancient Maya" is an admirable and quite accessible book, and for those who want something rather lighter there is Eric Thompson's "Rise and Fall of Maya Civilisation." Both are by authorities of the first rank. There was really no need for a book like Mr Gallenkamp's.

OTHER BOOKS

THE JOURNAL OF AFRICAN HISTORY, Vol. 1, No. 1. Edited by R. A. Oliver and J. D. Fage. *Cambridge University Press.* 187 pages. 20s. Vol. of 2 parts 30s.

A warm welcome should be given to the new *Journal of African History*—its first number is out this week—by everyone who is interested in the present as well as the past of African peoples. At a time when new African nations appear on the map at the rate of two or three a year, it is highly appropriate that Britain should offer a serious forum for discussion of their history. It will help them, and it should help us as well, to see the ground more surely under their new-shod national feet.

Projected three years ago, at the second conference of the School of Oriental and African Studies on the history and archaeology of Africa, the journal is now safely launched under the editorship of Dr Roland Oliver and Dr J. D. Fage. The contents of its first issue suggest what one would have expected from the editors: that they can be relied upon to cast their net widely, avoid the snags of narrow-minded condescension towards a subject whose very existence was questioned by the orthodox only a few years back, and invite contributions that will bridge the gaps which lie between written history, oral history, and archaeology.

The historian in Africa has to be something of a jack of several trades. He cannot hope to stick to the printed word. He will lose himself if he forgets the value (and the dangers) of the remembered word. He needs the active co-operation of the archaeologist and the anthropologist. This first number shows a nice balance between these disciplines. It is also good to see that the journal's board of editorial advisers come from several countries, including one African, though not (or not yet?) a Russian.

DOCUMENTS ON BRITISH FOREIGN POLICY, 1919-1939. First Series, Vol. IX: *German Affairs, 1920.* Edited by Rohan Butler and J. P. T. Bury, assisted by M. E. Lambert. *Her Majesty's Stationery Office.* 810 pages. 70s.

With this volume, the third to deal with the year 1920, the proceedings and conclusions of the international conferences that were set up to deal with the peace settlement are at last left behind and publication begins of the British diplomatic correspondence. What we are given here is the correspondence concerning German affairs in the first half of 1920. Some of this still refers back to the peace conferences: the last two chapters cover the failure of the Allied Governments to obtain the surrender to themselves of the former Emperor William II, who was saved by the Dutch, and of other German nationals accused of war crimes, whom the German Government decided to bring before German courts. But the bulk of the volume is taken up with the internal German situation; with the economic and social chaos, the right-wing Kapp Putsch, the left-wing rising in the Ruhr, the Bavarian situation and German separatist movements, the connections between German Communists and the Soviet Government. The central theme so far as foreign policy is concerned is the divergence of the British and French attitudes on all or almost all of those questions, a divergence which had begun before 1920, about which much is already known but which can now be studied in detail. It is not only for this, however, that the volume is valuable. The account which emerges of the German political and social scene at this time, as it presented itself to the British diplomatic service and as they presented it to the Foreign Office, makes fascinating reading, and will be an indispensable source of information for students of the history of Germany between the two world wars. The volume maintains the high standard of editing that has marked the first series from the beginning.

INTERNATIONAL JOURNAL OF ABSTRACTS—STATISTICAL THEORY AND METHOD. Volume I, Number 1. General Editor: W. R. Buckland. Published for the International Statistical Institute by *Oliver and Boyd.* Annual subscription for four issues £5.

The aim of this new abstracting service is to give complete coverage of papers in the field of statistical theory and new contributions to statistical method. This entails the scanning of some two hundred and fifty journals published in various parts of the world in addition to research station papers and the reports of conferences—in all, at least 400 sources of publications. Each abstract is about 400 words long and the sheets of the journal are colour-coded according to a dozen main sections of classification. The presentation is excellent.

BRITAIN'S SCIENTIFIC AND TECHNOLOGICAL MANPOWER. By G. L. Payne. *Stanford University Press.* London: *Oxford University Press.* 479 pages. 45s.

In the spring of 1957, Mr Payne was asked by the President's Committee on Scientists and Engineers to assemble an annotated bibliography of official publications on British technological manpower and education. The official publications bearing at all directly on this subject, according to his listing, total in all some 350-400 pages—most of them, as British students of the subject know to their cost, repetitive and not always reconcilable. It would be unfair to say that Mr Payne has managed to summarise nearly 400 pages in nearly 500: his "everything including the kitchen-sink" approach has added a ponderous but uncritical assemblage of basic data about British education plus, embedded in the pudding, a few quite perceptive outsider's insights into the way British society regards science.

RICARDO ON TAXATION. By Carl S. Shoup. *Columbia University Press.* London: *Oxford University Press.* 285 pages. 48s.

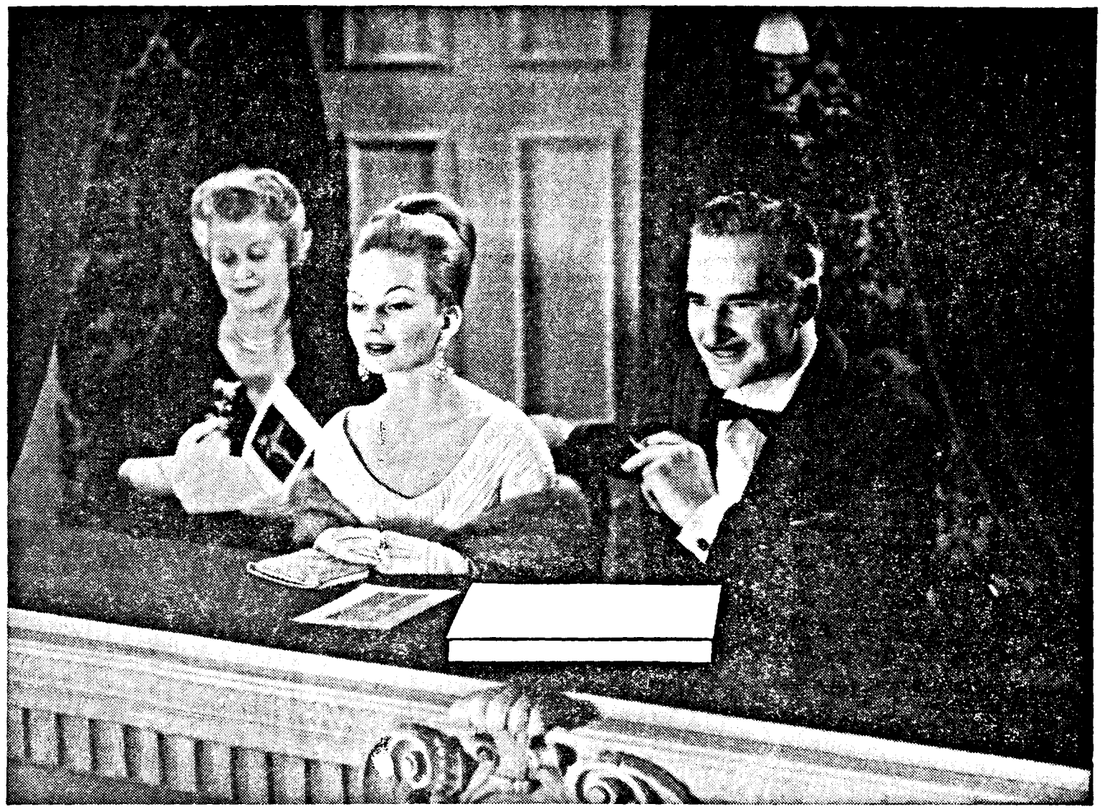
Preoccupied as Ricardo was with the distribution of the national income, it is not surprising that in his "Principles" ("Of Political Economy and Taxation" not merely "Of Political Economy") a full third of the chapters should concern taxation. Professor Shoup, himself a specialist authority on public finance, places Ricardo's tax theory in relation to contemporary controversies both at the analytic level and in practical public affairs; traces his continuing influence on later writers; disentangles cruxes, elucidates ambiguities, and in general applies the whole critical apparatus to an area of Ricardo's thought that has had less than its share of attention. It is unlikely that this job will ever need doing again.

THE INDUSTRIAL CHALLENGE OF NUCLEAR ENERGY, III. *Stresa Conference,* 1959, Part 3: *The Market for Nuclear Materials.* OEEC. 297 pages. 18s. 6d.

A SIMPLE GUIDE TO SHAREHOLDING AND COMPANY ACCOUNTS. By John Wood. *Putnam.* 131 pages. 10s. 6d.

AN ATLAS OF AFRICA. By J. F. Horrabin. *Gollancz.* 126 pages. 12s. 6d.

THE CAPITAL MARKET OF INDIA. By S. L. N. Simha. *Vora & Co.*, Bombay. 311 pages. 36s.



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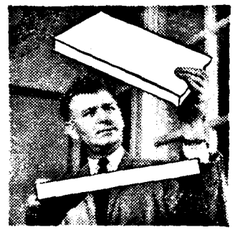

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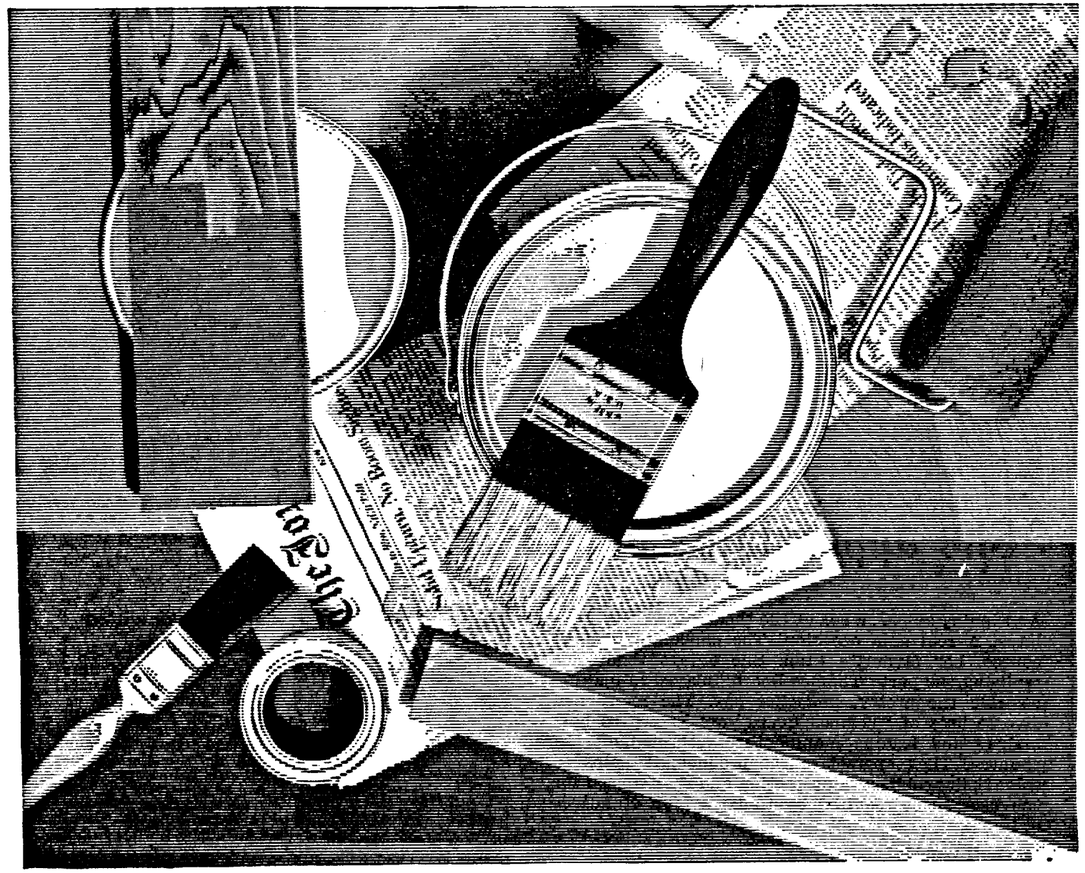

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AMERICAN SURVEY

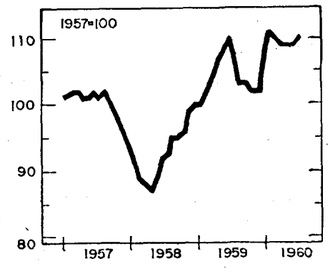
AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Reserve in Reverse

WASHINGTON, DC.

THE Federal Reserve System hopes that it is on its way towards providing a novel demonstration of the art and power of central banking. Traditionally, the Federal Reserve has relaxed its restrictions on the supply of money only after the economy has begun to slide into a recession. Its recent shift towards easier credit is novel because the central bank has abandoned its anti-inflationary policy of tight money in order to stimulate renewed growth in an economy which has not yet shown marked signs of decline. Future events, by demonstrating that in fact the United States is already in a recession, may show that on this occasion the Federal Reserve has done neither more nor less than it has done in the past. But the central bank is genuinely convinced that a recession has not begun and that there is a better than fighting chance that the economy will not turn downwards in the near future.

INDUSTRIAL PRODUCTION
seasonally adjusted



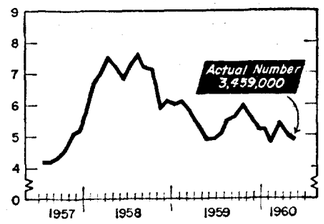
The Federal Reserve places great reliance on its index of industrial production as a guage of business trends. If the United States turns out to be in a recession the index will show that it began in February. The index climbed to a record high of 111 per cent of the 1957 average, on a seasonally adjusted basis, in January, then slipped to 109 in March but edged back to 110 in May. The gross national product is registering only a modest gain of less than one per cent in the current quarter of this year after having risen past the $500 billion mark in the first quarter. Employment rose to a record of 67,208,000 in May, but there were 400,000 fewer jobs in manufacturing industry than there were at the previous peak. The head of the United States Steel Corporation predicted recently that steel output will fall to 57 per cent of capacity during the summer from roughly 62 per cent now and many experts in the industry think the drop may be sharper. The current judgment of the central bank is that little change can be expected in total business activity during the customarily sluggish summer months and that the next test of the economy's ability to show a fresh advance will not come until the autumn. It is this test that the monetary authorities are preparing for by moving away from a rigorous policy of credit restraint.

The essential fact is that the Federal Reserve believes that the present business cycle calls for quite different approaches from those which it applied during the previous postwar upturns and downturns. The underlying economic conditions have changed. So have the psychological attitudes of businessmen and consumers, of buyers and sellers, of lenders and borrowers. The chief differences are that inflationary pressures have diminished and that inflationary expectations have shrunk to the vanishing point. Mr Per Jacobsson, the managing director of the International Monetary Fund, has said more than once that in all likelihood the postwar era of inflation has come to an end. The Federal Reserve—as befits a dedicated central bank—is somewhat less sanguine than Mr Jacobsson, but it is inclined to the view that in future it will have to fight nothing more serious than limited wars against small outbreaks of inflation. It does not believe that it will soon again have to throw all its resources into a desperate attempt to stop a major and sustained assault on the stability of the economy.

There are many reasons why inflationary forces have subsided. One of the most important is the reappearance of competitive pressures in the world at large. Motor cars, textiles and steel are items in which competition from abroad is making itself felt. The wage-cost spiral has been weakened, since businessmen can no longer give large wage increases in the secure knowledge that they will be able to pass on the added costs to their customers through higher prices. Thus a profit squeeze is an ever-present threat. There is idle capacity and the figures published this week show that there are still nearly 3½ million unemployed workers. Commodities, services, and manufactured goods are in ample supply. Above all, there is a profound psychological change in expectations for the future. The belief that higher prices are inevitable has disappeared.

Businessmen no longer add blithely to their stocks in the calm and certain knowledge that higher prices will mean that these stocks will yield substantial profits, nor are they any longer accumulating excessive stocks to protect themselves against potential price increases and shortages of supply. Speculators are no longer purchasing equities in the confident expectation that inflation will increase the value of their securities. Companies are no longer adding to their productive facilities because they believe that if they do not buy now they will have to pay more later. Consumers do not have to stock up on large household appliances in order to be sure of satisfying their needs at current prices. In addition, there has been a powerful shift in the Treasury's budgetary position from a huge deficit in the national accounts to a balance. The government is no longer a substantial borrower and fiscal policy is beginning at long last to provide effective support for monetary policy.

UNEMPLOYMENT
As % of civilian labour force seasonally adjusted



The Federal Reserve began to move away from its tight money policy in mid-winter, when it became apparent that the "roaring sixties" were making a less supercharged start than had been so widely predicted during the closing weeks of 1959 and the opening weeks of 1960. Business activity did not measure up to expectations, and the central bank responded by slowly reducing its pressure on the commercial banking system.

The best measure of this pressure is the relationship between

the reserves of the commercial banks and their borrowings from the Federal Reserve. When the tight money policy was at its most intense during the late autumn and early winter, the Federal Reserve saw to it that the commercial banks' borrowings exceeded their reserves by about $500 million on an average day. As the Federal Reserve moved toward easier credit, the deficit slowly but steadily declined until, during the past few weeks, the commercial banks have had a small amount of free reserves instead of a deficit. The monetary authorities have accomplished this through open market operations. They have bought Treasury bills and have thus increased the supply of money that is available to the commercial banks for lending to their customers.

The Federal Reserve considers that it has come all the way from tight money to a position of neutrality, and some people would say that credit policy at the moment is very slightly on the side of easy money. The climactic moment in the continuing shift came two weeks ago when the Federal Reserve Board in Washington announced that it had authorised two of the twelve regional Federal Reserve banks to cut the discount rate (bank rate) to 3½ per cent from 4 per cent—a movement that would inevitably be followed by the remaining ten banks within a short time. A spokesman commented that the board had acted in order to encourage more rapid economic growth. He noted that there was idle productive capacity and that about 5 per cent of the labour force was also idle. The spokesman did not say so, but the central bank believes that there is more unemployment among both industrial facilities and people than can be reconciled with the goals of ensuring maximum employment, production, and purchasing power which were set up for the government by the Act of 1946. The Federal Reserve believes, too, that the idle capacity and relatively large number of jobless are evidence that the economy of the United States is not operating as efficiently as it should.

The cut in the discount rate was dramatic, since the Federal Reserve had delayed its action in the hope that it would be made unnecessary by a vigorous spring upturn in the economy. It did not want to reduce the discount rate if it saw any prospect of again having to increase its borrowing charge in the near future. Moreover, it was reluctant to do something which has been construed traditionally as a warning that a recession is at hand. But the cut would have come sooner than it did if the collapse of the summit talks in Paris had not made the central bank wait until it could be certain that a new cold war scare was not in the making.

The reduction in the discount rate has not, however, as some central bankers had feared, aroused the expectations that a recession is on the way. The Federal Reserve has now completed the first phase of its novel move from tight money to neutrality during a period of prosperity. Normally, one cut in the discount rate is followed by another as the economy slides downwards. But some of the keenest analysts in the central bank believe that the testing period in the autumn will bring a renewed upturn in business. If they are right, the Federal Reserve's shift from tight money to neutrality will have accomplished its objective of helping to stimulate more rapid economic growth, and then the next change in the discount rate may be in an upward direction.

Tripped Up

BEFORE the President left Washington for the Far East it was agreed generally that he would go on to Tokyo as planned unless the Japanese government asked him to postpone his visit. There must be great relief that it did so on Thursday morning after another demonstration that the mobs in Tokyo could not be controlled. Nevertheless, it is bound to be bitter medicine for Mr Eisenhower. This was to be the longest and the last of the good-will missions with which he has been rounding off his Presidency; he has travelled 90,000 miles in all, most of them in the last eighteen months. The cheers in Manila, in Taipeh and in Seoul will not go far to make up for the rebuff to him personally and to American leadership of the free world in what has been considered to be the chief bastion of American strength and of democracy in the Far East.

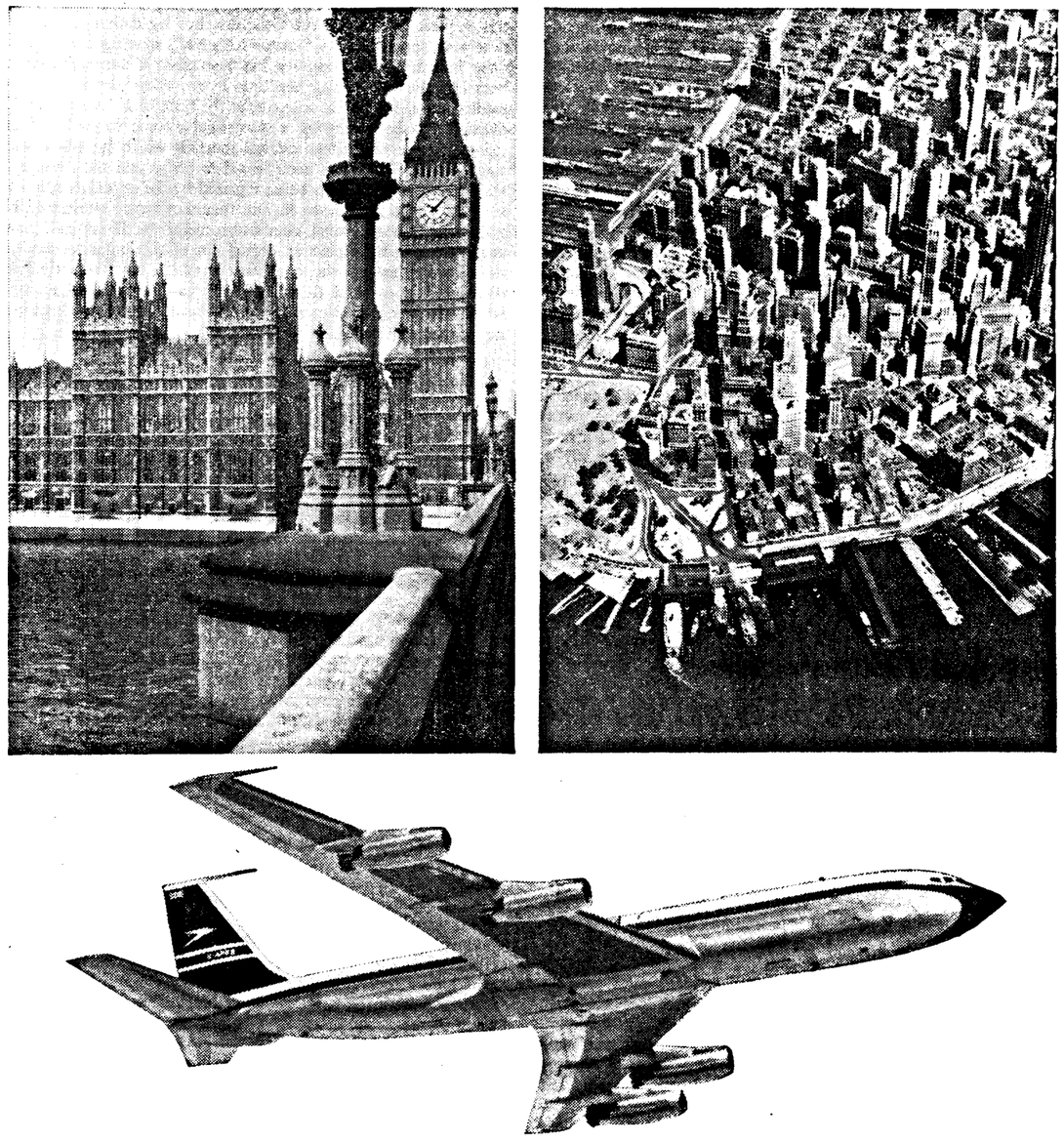
Even before Mr Hagerty, the President's press secretary, was "clobbered" in Tokyo last week there had been some misgivings in Washington, particularly on the part of Senator Fulbright, the chairman of the Senate Foreign Relations Committee. It has not been easy even for Senator Fulbright to understand why so many Japanese object so violently to the new security treaty with the United States, which makes so many concessions to Japanese national feeling. Moreover, unless it is approved by the Japanese Diet, the far more onerous treaty signed in 1951 continues in force indefinitely. Most of Mr Fulbright's doubts about the trip, however, were dispelled when Mr Herter, the Secretary of State, testified on it before the Foreign Relations Committee. This testimony was in private, but he seems to have argued that for the United States to cancel the visit would be read throughout the Pacific as a confession of weakness and that it would be a savage blow at the Kishi government and at the treaty's chances of ratification by the Japanese.

The visit to Tokyo was announced five months ago—ironically to celebrate a hundred years of diplomatic relations between the two countries—when it was possible to visualise the President returning triumphantly from a peaceful visit to Moscow and the world entering an era of good feeling. Perhaps even after the collapse of the summit conference the President hoped to recover in the Pacific some of the stature as the missionary of peace which he had lost at Paris. If so, he miscalculated sadly the effects of the break-down upon a country which is unwillingly in the very front lines of the cold war. The Administration seems once more to have failed to react swiftly enough to events.

Last Stretch for Democrats

IN a widely ranging speech in the Senate this week Senator Kennedy laid down the foreign policies which he would follow in the White House with all the confidence of a man who feels that his party's presidential nomination is within his grasp. President Eisenhower's misadventures have lent cruel point to criticisms of his failure in the long-term co-ordinated planning which a purposeful national policy requires. But it is precisely the doubts about whether Senator Kennedy is experienced or mature enough to do better which are causing last minute questions about his candidacy; they explain why, in the latest Gallup poll of public opinion, Mr Nixon has once more forged ahead of him. Both the Vice President and Senator Lyndon Johnson, who, though still formally an unannounced candidate for the Democratic presidential nomination, has been deprecating Senator Kennedy's youth, have been making the most of his hasty suggestion, several weeks ago (which he has been explaining ever since), that the President might have considered expressing regrets to Mr Khrushchev about the timing of the U2 flight.

Under these circumstances it is to Mr Kennedy's credit that he has refused to be stampeded and that he put so much emphasis in his speech upon the necessity of disarmament and the danger of doing anything to impede "constructive relations" with the Russians and the Chinese. Although he did not advocate recognising Communist China or agreeing to its admission into the United Nations, without a genuine change in its belligerent attitude, he declared that better communications with mainland China were desirable and that economic and cultural contacts might be



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improved. Such far-sighted reasonableness is positively Stevensonian and this is probably no accident, since a number of liberal Democrats feel, with Mrs Roosevelt, that Mr Stevenson is the President for such troubled times, and that Senator Kennedy should be content with the vice-presidential nomination.

Even Mrs Roosevelt, however, has been unable to persuade Mr Stevenson to do more than admit that he would accept the nomination if it were offered to him. Although he will not endorse any other candidate he still refuses to say that he is one himself or to authorise any activity on his behalf, a sore trial to his followers since it means that they cannot even set up headquarters at Los Angeles where the convention will open on July 11th. Four distinguished liberals who worked for him in 1952 and 1956—Professors Commager, Galbraith, and Schlesinger and Mr Rauh, the head of Americans for Democratic Action—gave up this discouraging fight long ago and are coming out publicly for Senator Kennedy. Certainly now that virtually all the delegates to the conventions have been chosen, Mr Kennedy's strength looks formidable. Exactly how a good many of the state delegations will split their votes is uncertain, but impartial observers give Senator Kennedy about 620 votes on the first ballot out of the 761 which he needs to win. Only Senator Johnson with his 450 or so southern and south-western delegates, approach this total and Senator Kennedy's lead is great enough to set off a stampede—led perhaps by Governor Lawrence of Pennsylvania, whose long-standing doubts about the wisdom of nominating a Catholic may be overcome by the temptation to use his state's big block of votes to carry the winner over the top.

Congressional House Cleaning

With only three weeks to go—suggestions that the session might be resumed after the presidential conventions are not to be taken seriously—the Eighty-sixth Congress is at last hurrying to clean up some of the messes which it has spent so much of its life spreading before the voting public. The House of Representatives is about to consider—and probably to pass—legislation recommended by its Commerce Committee to prevent the manipulation of quiz shows or other competitive wireless programmes and to require disc jockeys to tell their listeners if they are receiving "payola"—gifts in return for promoting particular tunes or recordings. The House's measure takes the form of amending a Bill dealing with procedures for licensing broadcasting stations which was passed by the Senate last year; this means that the Senate can vote on the new provisions directly without wasting any more time—now Congress's most precious commodity—on committee work. If the House does not make any drastic changes in the version which has been put before it, the Bill will almost certainly be acceptable to both the Senate and the President.

Another Bill which is in much the same situation—passed last year by the Senate and reported by the House Commerce Committee this month—deals with additives which are used to colour food and cosmetics. It would allow the Food and Drug Administration to permit the use in small, safe amounts of additives which are known to be unhealthy if consumed in large quantities. The Bill was requested by the Administration after the Supreme Court had ruled in 1959 that the present law required the FDA to forbid the use of such additives entirely. It is perhaps to remind Congressmen—and the cosmetics industry—that this Bill is still pending that the FDA has chosen this moment to ban finally the sale of various lipsticks which poison rats if eaten lavishly.

FDA is also proposing that its powers should be strengthened so that, among other things, it would be able to check the efficacy as well as the safety of new drugs. Nothing will be done about this request by the present Congress, but legislation is expected next year, spurred on by Senator Kefauver's investigation into the drug industry. This inquiry has just made a successful comeback into the vote-getting headlines by revealing that an esteemed medical man, Dr Welch, who was at the head of FDA's antibiotics division, has been drawing a substantial income from the advertising revenue of various medical journals which he edited as a sideline. Dr Welch has been forced to resign and the damage to the agency's reputation is being repaired by the superiors who had such misplaced confidence in him that they never questioned his activities. Congressional candidates might be ill-advised, however, to try to make election capital out of this unless meanwhile they have tidied up the irregularities which have recently been discovered in some of their own finances—the expense accounts which are paid out of public funds—by a couple of determined newspaper reporters.

Frontier State

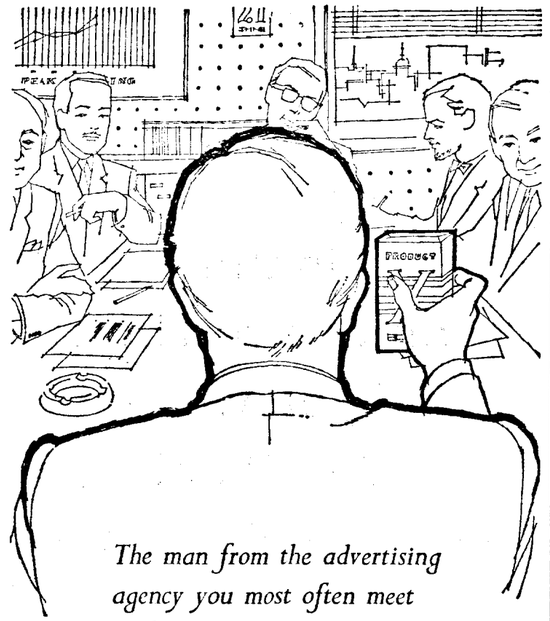
FROM A CORRESPONDENT IN THE PACIFIC NORTHWEST

When President Eisenhower stopped off at Anchorage this week on his way to the Far East he was paying his first visit to Alaska since it became a state eighteen months ago. In that time it has become clearer than ever that the pace of the new state's economic progress will be governed by its ability to overcome one great obstacle, the lack of adequate transport between Alaska and its markets and sources of supply. The forty-ninth state is rich in natural resources, perhaps even richer than anyone has dreamed. But as yet the possibilities of exploiting them are limited by its geographical isolation. With fewer than 100 in every 10,000 arable acres under cultivation, Alaskans cannot even feed themselves. Foodstuffs, as well as clothing, manufactured goods and other necessities, must be brought long distances from the rest of the states and from Canada by air, water and road, to supply the more than 200,000 Alaskans and the 50,000 military personnel stationed in this front line of defence against Soviet attack from the air.

Anchorage's bustling air terminal does not suggest that transport is a scarce service in Alaska. But air transport is expensive, and many of the passengers as well as much of the cargo are simply passing through. Anchorage is one of the major airports on the transpolar route and, with the coming of jet aircraft, its location promises a great deal for Alaska's future. But at present the high charges for air freight are reflected in price tags which are 25 per cent higher in shops in the south-eastern Alaskan "panhandle" than they are in Seattle and 50 per cent higher in Fairbanks, just south of the Arctic Circle.

In addition to the hopes of lower charges for air freight, plans are well advanced in Canada for extending both rail and road communications northward to tap the Yukon Territory. This would open the way for spurs running off to Juneau, the capital of Alaska, and to other settlements of the south-eastern archipelago. So far Canada has resisted suggestions that it should pave more of that part of the Alaska Highway which is in its territory to bring this up to the standard of the road at its northern end. But, even so, goods are moving over the highway in steadily increasing volume from the United States and Canada to Fairbanks and Anchorage. More goods are also being transported by water now that there are more barges in service on the all-season Inland Passage from ports in Oregon, Washington and British Columbia.

Much of Alaska's economy today depends on the state's importance as a military base. About half of the approximately 110,000 persons employed are military personnel or federal government



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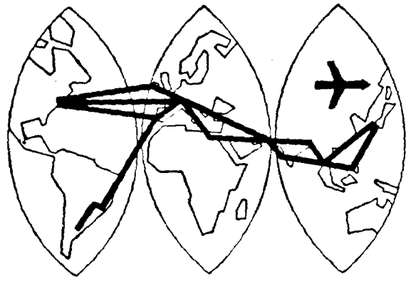

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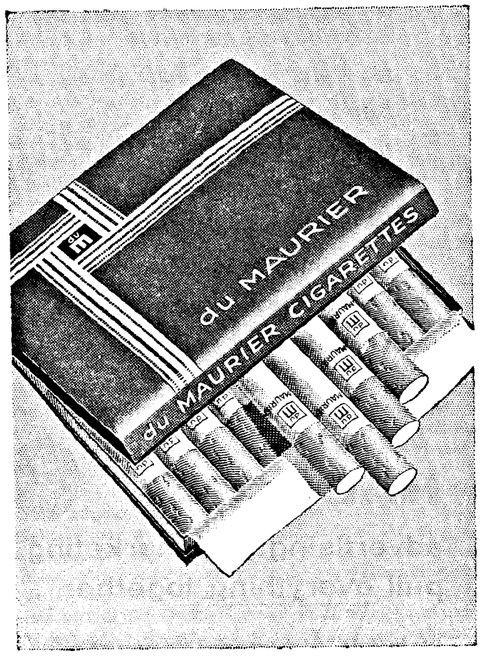

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employees directly supporting the uniformed services. Many other thousands in the construction industry, in trades, services, and professions owe their livelihood to the presence of the military: Alaska's long-distance telephone and telegraph service, for example, is operated by the Air Force.

Yet this rugged state has a large unrealised wealth in minerals. Some of the gold which the name of Alaska conjures up is still being extracted, but the big mines stand idle because of the low, pegged price of the metal. At least 100 billion tons of coal await economic exploitation. There are deposits of mercury, tin, copper and other metals which lack only an economic link to markets. Perhaps the most promising of all these riches beneath the soil are the reserves of petroleum and gas. Commercial wells have been drilled on the Kenai Peninsula west of Anchorage, and there are possibilities of other rich fields north of Fairbanks. Moreover, Alaska's rushing glacial streams could produce at least 20 million kilowatts of hydro-electric power, less than 1 per cent of which has been developed so far. The problem is to find the manufacturers to whom low-cost electricity is a major consideration and for whose products markets can be found, either in Alaska or, economically, on the "outside."

The most obvious Alaskan resources—so obvious that they are often overlooked as economic assets—are its unprecedented attractions for tourists. The scenery is spectacular and fish and game are plentiful everywhere. Anchorage and Fairbanks have very modern hotels and motels, although not nearly enough of them for the conventions that might well choose to meet in Alaska if they could be accommodated there. One day Alaska may strike a vein of tourist gold as rich as that of the fiftieth state, Hawaii. Some Alaskan businessmen, however, grumble because they feel that too much is made of the polar bears, the Eskimos and the glaciers. Stressing Alaska's wilderness, they argue, will not attract the money so urgently needed to develop industries. The need for investment capital is almost as great as the need for better communications with the world outside. Interest rates are high, as much as 2 per cent above those prevailing in the states below the Canadian border.



The best short-term industrial prospects appear to lie in the fisheries and the forests, neither of which need ever be exhausted. For many years fishing has been Alaska's most productive activity, yielding more in dollar value than all its other primary industries combined. But the forests have begun to gain on the fisheries. On the islands and steep hillsides of south-eastern Alaska stand billions of board feet of hemlock, spruce and cedar, mostly on land designated as National Forest. Federal officials have marked this off into four huge areas, each capable of supporting in perpetuity a major pulp and lumber industry. Private firms have acquired the exclusive right to exploit these timber resources on two conditions: that they will complete the initial processing of the logs in Alaska and will manage the cutting on a "sustained-yield" basis—that is, taking no more than can be replaced by new growth.

Of special interest is the arrangement with the Alaska Lumber and Pulp Company, which has opened at Sitka a cellulose pulp plant with a capacity of 400 tons a day. The firm is a subsidiary of the Japanese Alaska Pulp Company, Ltd, of Tokyo. Seventy-five per cent of the $60 million invested at Sitka is Japanese capital; the rest comes from the United States. The American government encouraged the Japanese investment. Japanese have also been exploring actively the possibilities of developing Alaskan coking coal, iron ore, petroleum and copper. Alaskans have high hopes of the big Japanese market, with its need for raw materials and its relative nearness.

The new state has many problems to solve. Although its population has gone up 74 per cent since 1950, it is still only 220,000 or so and demands for public spending are high, as is usual in a frontier society. There are few roads, and to build them and to provide other public services will put a heavy burden on the individual taxpayer. The schools are an example. Alaska's population is young; the median age is 26 compared with 30 for the United States as a whole. The birthrate is high, about 40 per 1,000 compared with an average of 25 for all the 50 states. One out of every five Alaskans is at school.

Such problems are typical of a frontier community and Alaska, although it has many modern office buildings, streets and services, is still, in many respects, at a stage of development through which older states in the Union were passing a century ago. But Alaskans are tough and are not dismayed by their difficulties. And most of them still seem to think that such challenges can be tackled more successfully now that they are one of the co-equal states than they could have been if Alaska had remained a colonial outpost.

Stitch in Time?

Workers in the needle trades are at last taking a tuck themselves in the rising tide of imports of textiles and clothing which threaten their jobs. In Virginia they are on strike against the Kenrose Manufacturing company—which claims that it makes 6 million $2.98 dresses a year, more than anyone else in the world—largely because the firm has an interest in a similar plant in Ireland, where wages are lower than they are in Virginia. The International Ladies Garment Workers' union, noting that these Irish dresses are to be sold in the United States, wants the company to compensate its workers in Virginia if their earnings suffer from such competition—though no compensation was paid to workers in New England when textile and clothing firms moved south to take advantage of low wages there.

A number of American companies are taking advantage of lower foreign wages by manufacturing abroad and bringing the products—typewriters, for example—back into the United States. But textiles and clothing are a particularly sore point and sorest when it comes to imports from Japan, where men work for 14 cents an hour compared with about $2 in New York. Japan is now sending about $330 million worth of textiles and clothing a year to the United States, approximately a third of the $1 billion worth of exports it sells to Americans; ten years ago the total was less than $200 million. Angered by its failure to obtain enough relief from the American government, the Amalgamated Clothing Workers' union has now authorised direct action such as strikes, boycotts and refusal to work on Japanese materials in order to stem the flow. Mr Potofsky, the president, hopes to persuade the manufacturers to order no more Japanese materials when present stocks are exhausted and is working with them to secure a world-wide, rather than country-by-country, quota on imports of clothing. The straw which broke the back of the Amalgamated—long a supporter of

Continued on page 1215

Water Running Out

FROM A CORRESPONDENT IN COLORADO

SOME time this summer a special Senate Committee is to report on America's water supplies—how much will be wanted and how much will be available—during the next twenty years. Estimates of consumption in 1980 have already been made: by then the eastern industrial area is expected to need 450 billion gallons of water a day and the states west of the Mississippi River 150 billion gallons; this is an increase of almost 150 per cent over current consumption. Other estimates are for a rather smaller increase but in either case if additional supplies cannot be found shortages of fresh water may check the economic growth of the United States. Experts have been studying the problem for years and various states and industrial communities have long been concerned about it; but the general public is only just becoming conscious of it.

The main trouble is that water has always been provided so lavishly and so cheaply, even in the semi-arid West where average precipitation is only about half that in the eastern part of the country, that people have been led into taking for granted, and thus wasting, what is a scarce and to some extent an irreplaceable commodity. In cities the householder obtains pure, fresh water for from 5 to 8 cents a ton, while in the dry west, paradoxically, water costs the farmer who uses it for irrigation far less—1 cent for three to four tons brought from the distant mountains right to his fields.

In actual fact effective use is made of only about 10 per cent of the 5.5 trillion tons of water which descend upon the United States each year. Of the rest, 70 per cent re-evaporates quickly and the remainder runs off into the sea. Obviously one way of dealing with the situation is by employing the available supplies of water better. This can be done, for example, by eradicating water-wasting plants such as the tamarisk, the manna-plant of the Bible, particularly prevalent in the dry southwest, or by lessening evaporation from artificial reservoirs. But of more immediate importance is the elimination of the casual attitude which has led people to regard the country's streams and rivers as natural rubbish disposal units, the place to get rid of everything from ordinary sewage to the ever-growing chemical and atomic wastes of today's industry. Eventually communities may draw fresh water from streams only to make up their supplies, re-cycling what they already have over and over again, in spite of many people's squeamishness about re-using their own waste waters.

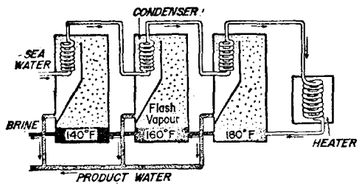
SOONER or later, however, the United States will have to develop reliable methods of actually increasing its supplies of water. One possibility is to tap the ground water which lies under most parts of the country. But it is expensive to raise, much of it is too laden with natural salts to be usable as it is, and in some places it has already been largely exhausted. Another possibility is cloud seeding to increase the annual rainfall, particularly in the western mountains. The forests in these mountains might also be cut in such a way as to shade the snow-drifts or these might even be covered with some insulating substance, so that instead of evaporating in the sun they would be saved to melt into usable water in the summer when moisture is scarce.

But all of these suggestions take second place, in the public fancy at least, to tapping the ocean by freshening salt and brackish water—an enterprise upon which the Interior Department is now launched with $20 million authorised by Congress in order to find ways of getting costs down to practical levels. But where seawater is concerned, the ironic fact is that so far no process for freshening it promises to be as cheap as cleansing water polluted by man; yet cities which waste their sewage by piping it out to sea have been contending for one of the experimental plants for freshening salt water which are now being financed by the federal government.

There is little prospect that fresh water can be produced from these plants for less than 25 cents a ton, which is from three to five times as much as present prices of water to householders. Where water is merely brackish, however, to freshen it costs much less. Seawater averages 35,000 parts of minerals in a million, or 3.5 per cent, while brackish waters run only from 1,000 parts up to several thousand. Water containing 1,000 parts of minerals can just be tolerated by men and animals, but it is too salty for most plants, that is for irrigation, and not pure enough for the modern industries which are today's great users of water.

THERE appear to be only two basic ways of freshening water—to take the water away from the salts, by evaporation or distillation; or to take the salts out of the water by non-evaporative means. It requires a fixed amount of heat to evaporate a gallon of water whether it contains 1,000 or 35,000 parts a million of salts, and thus by such processes the cost of the redeemed water would be about the same whether originally it was salt or only brackish. On the other hand, if the water contains only a little too much salt, the surplus can be taken out by means of an electrical current which drives the ions, or electrically-charged atoms of sodium and chlorine, out of the stream of water through membranes which bar their re-entry. Less energy is required than for evaporation, and thus brackish water may be purified relatively cheaply by this electrodialysis method. It has been in use for some time to supply drinking water to various places, both in and outside the United States, and has been chosen for the demonstration plant in North Dakota which is one of two under the congressional programme to be built in the central region of the country, far from the ocean, where fresh water is short but brackish water often abundant. The other will be in New Mexico, using a process which is equally suitable for sea water, under which the saline water is converted into steam, which in its turn provides the heat to convert more saline water into steam and then condenses into fresh water.

The programme also provides for three demonstration plants on the three coasts of the United States to convert sea water and for various smaller pilot plants, some of which are already in operation. The site of the demonstration plant on the Atlantic coast is not yet fixed, but it will use one of the various freezing techniques under which ice from sea water is washed free of salt so that it is pure when melted. This process has several advantages, especially that of requiring comparatively little heat, which are likely to make it economically advantageous. The plant being built in southern California will have its heat provided by an atomic reactor and will employ a flash distillation process in which sea water is heated through pressure chambers (illustrated).



The final demonstration plant, on the coast of the Gulf of Mexico, will also use a system by which salt water is heated to steam under very high pressure and run through a series of long tubes with temperature and pressure being lowered gradually and pure water being removed progressively. The virtue of this process is said to be that, although the initial cost in energy is high, the "milking" of pure water produces a relatively low final cost for the total amount of the water that is drained off. Apparently none of the demonstration plants are to use the sun to evaporate sea water; sunlight supplies the energy free but a relatively vast area of salt water is necessary.

While all five demonstration plants are comparatively large, with capacities ranging from 1 million to 250,000 gallons a day, and are intended to test the most hopeful methods of converting salt water to fresh cheaply, there is no assurance that any of these methods will be chosen finally as the most economic way of supplementing America's water supplies. The Department of the Interior expects in fact that the plants will be obsolete almost as soon as they are finished and that by then systems which promise to produce fresh water even less expensively will be in the pilot plant stage.

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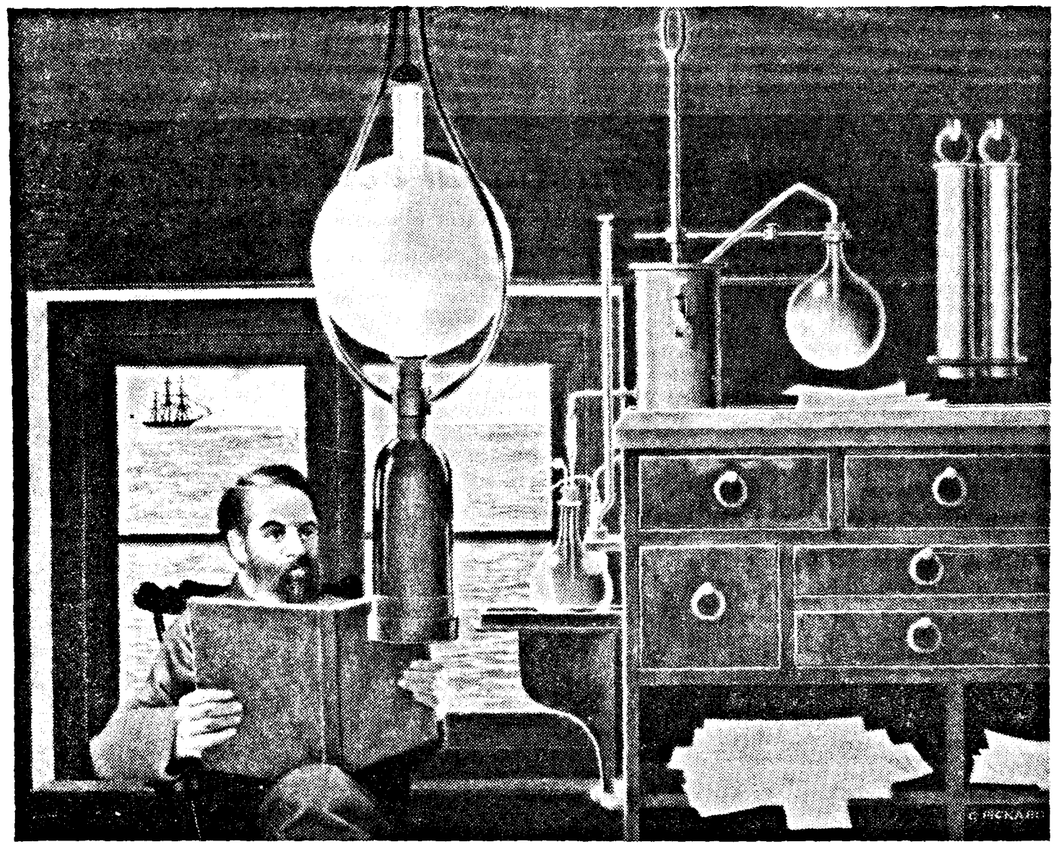
Salute to the Royal Society



Although Man is today on the threshold of his first journey into space, he has yet to explore the vast ocean depths of his own planet. Well over half the surface of the earth is covered by sea more than a thousand fathoms deep, and millions of square miles of ocean are three times deeper. The astonishment caused by the recent capture of living coelacanths shows how little we know of life in the dark depths that lap our civilisation; for these fish were believed to have been extinct for seventy million years.

Although scientific observations had been made at sea since the eighteenth century, modern oceanography can fairly be said to date from the Royal Society's *Challenger* expedition, which sailed from Portsmouth in 1872. During the next three-and-a-half years this corvette, with a scientific staff under Charles Wyville Thomson, F.R.S.—here seen in the ship's laboratory—circumnavigated the globe and sailed nearly 70,000 sea miles, a distance unequalled for a voyage of this kind. Throughout the long and often eventful expedition an arduous programme of observation and research was carried out, but the scientific task by no means ended when the *Challenger* finally dropped anchor at Spithead in 1876. Nineteen years elapsed before the publication of the last of the fifty massive volumes through which the results were made known: these are still standard works of reference throughout the world.

Today, oceanography is developing rapidly as it becomes more widely realized that its interest is equalled by its practical value. Knowledge of the deep ocean, where slow but immensely powerful flows of water match the swift tides and currents of the surface, is important not only to marine biologists but to deep-sea fishermen and oil prospectors, meteorologists and geologists, seismologists and submariners alike.

This is one of a series of special advertisements issued by Imperial Chemical Industries Limited as a tribute to the Royal Society in its Tercentenary Year, and as a public acknowledgement of the inspiration it has afforded to British Industry.

ICI

Packaged Packaging

NEW YORK

WHEN in April the National Packaging Exposition took over Atlantic City, a seaside resort famous for its annual show of beauty queens, there was even more variety in colour and shape to be found in the display of some 10,000 new ideas for packaging. These ranged from a push button spray dispenser for grated cheese to a plastic container with built-in smells to suggest the product within. As self-service stores have swept the country, bringing with them a demand for ready-packaged goods, and as housewives have become increasingly willing to pay for added convenience, the manufacturers of tins and jars, of bottle-tops and bags have doubled their sales in a decade; these are expected to reach $12 billion this year and, if price increases are discounted, volume has risen by rather more than half. Paper products—from the popular milk carton to the ubiquitous paper bag—still claim over 40 per cent of the market; tin cans take second place with 22 per cent of the total, followed by glass bottles and jars with 8 per cent. The plastic branch of the industry is now the fastest growing, but accounts for only 7 per cent of sales.

While there are between two and three thousand manufacturers today, the industry is rapidly moving towards a situation in which a handful of giant companies, each producing a full range of packaging materials, do most of the business. Bigness *in itself* is by no means new to this industry. Back in 1913, the American Can Company made 9 out of every 10 tins produced. Today it has a close rival in the Continental Can Company Inc., and these two split between them three-quarters of the market in tin cans. Glass jars and bottles are another area of heavy concentration, with one firm—the Owens-Illinois Glass Company—doing a third of the business and with most of the remaining market divided between half a dozen large producers.

In paper packaging a distinction has to be made between the paper companies, many of which produce newsprint and pulp as well as paper for packaging, and the firms which "convert" this paper into various types of packaging. At the latter end, with its lesser demands on capital, there are still many small producers, although in the last couple of years there have been a large number of mergers between the two branches of paper packaging. Plastic packaging is similarly split between the manufacture of containers, which is dominated by a few large companies, and that of flexible wrappings where large units are supplemented by hundreds of small companies.

THE distinctive development since the war has been not the accelerated trend towards bigness as such, but the spreading of the larger companies into all types of packaging. Continental Can boasted the first and fullest package of products, and today it is among the four largest producers of tins, glass containers, bottle tops, plastics and all the other major types of packaging with the single exception of milk cartons. American Can resisted this trend for some time, but in the last few years it too has broken out into most lines except glass. Both these companies had sales of over $1.1 billion in 1959, and they each account for about 9 per cent of the domestic market in all packaging materials.

This move to diversify owes much to the fact that the market for tins, while growing at a steady 3 per cent a year, is not growing fast enough to satisfy these two competitors. As costs of production have risen since the war, profit margins have been pared and several important users of tins have responded to higher prices by setting up their own can-making facilities; this trend started before the war but has been accelerating since. In the second place, companies look to diversification to protect them from changes in popular taste.

But the Department of Justice looks askance at this trend; it has one anti-trust suit pending against Owens-Illinois and two against Continental Can; one of these, to divest it of a glass company—the other concerns a merger with a paper packaging company—was to come to trial this week. As yet these cases (which have already been in the air for several years) had not had a generally restraining influence on the industry. But if the Justice Department should win it would be likely to try some more unscrambling in the packaging field.

Nevertheless, the packaging industry was in optimistic mood in Atlantic City. The tin can division has its eye on the postwar "baby bulge" which will soon be weaned to beer—and 40 per cent of all beer is bought in tins. This section is also encouraged by the definite trend toward tinned soft drinks; at present less than 2 per cent of the 32 billion units of soft drinks sold in the year are in tins, but this figure should rise to 7 per cent of the market by 1963. Makers of glass packaging expect their sales to go up with those of cosmetics, drugs and household cleaning products—and with the growing reluctance of supermarkets to return bottles to suppliers. While the market for conventional packaging should thus outpace the growth in the population, it is in the plastic field that the real boom is expected.

Continued from page 1211

free trade—was the announcement that Japan has set a quota of 120,000 men's suits for the American market this year. The American manufacturers and workers thought that they had persuaded Japan to accept a voluntary limit of no more than 30,000. But neither figure is large when compared with the 27 million suits which American manufacturers are likely to turn out this year.

Such pressure for more protection from a large trade union is something new and an embarrassment just as the United States is hoping to spur its own export drive by obtaining fresh tariff concessions this autumn at the meeting of the signatories of the General Agreement on Trade and Tariffs. Supporters of a liberal trade policy point out that Japan is America's second best customer (Canada comes first), and its chief ally in the Far East, and that it must trade with the United States now that it is cut off from its markets in China. But none of this pays the tailor's rent and the Administration is likely to try even harder to persuade Japan to set, and abide by, stricter "voluntary" limits on such exports to the American market. Luckily, Japan has developed other exports. But this is not true of such places as Hongkong, Formosa and the Philippines.

SHORTER NOTES

Reformers in the Democratic party in New York City have driven another nail into the political coffin of Mr De Sapio, the boss of Tammany, the Democratic machine in New York County. They opposed five of his candidates and defeated four of them last week. The reformers, under the leadership of such liberals as Mrs Roosevelt and ex-Senator Lehman, have been fighting "bossism" in the person of Mr De Sapio since 1958 when he forced the party to accept as its senatorial candidate one of his nominees, who later lost the election. Encouraged by last week's victories the reformers hope to replace Mr De Sapio as a member of the Democratic National Committee this year and as head of the machine next.

* * *

A recent survey found that the cost of four years' professional training to the average medical student was $11,642 and that over 80 per cent of his financial resources came from parents or other relatives. Thus medicine as a profession is practically closed to students whose families have incomes of under $5,000 a year.

THE WORLD OVERSEAS

Mob Rule for Japan

FROM OUR TOKYO CORRESPONDENT

Wednesday.

JAPAN'S equivalent of the chief commissioner of Scotland Yard, Mr Zenjiro Horikiri, told the Japanese cabinet after the mobbing of Mr Hagerty at the airport that he could not guarantee President Eisenhower's safety and they had better postpone the visit. It is reported that Mr Horikiri was told that "it's too late to consider such a proposal now." No wonder, perhaps, that Americans in Tokyo have been nervously biting their fingers or that 59 Japanese university professors who strenuously declare themselves to be "pro-American Christians" have begged President Eisenhower by letter to beg off his trip. If the President does not do so, it will not be because his advisers, including Mr Hagerty, are supremely sure that traditional courtesy and friendliness will reassert themselves in Japan before June 19th, but because the President and his advisers are determined to preserve "face."

The Japanese police did not acquit themselves well in the Hagerty affair. They gave it as their opinion beforehand that the demonstrators would not attempt to molest the President's representative or the American ambassador, though the ambassadorial car might be somewhat slowed down on its way into Tokyo from the airport, by the density of the crowds. When a mob halted the car less than six hundred yards from the airport terminal, and proceeded to beat it with sticks and to break its windows with stones while rhythmically chanting "Yankee go home," it took the police seventeen minutes to cover the six hundred yards—and they did not move to the rescue until an American official fought his way through the crowds to fetch them. In the upshot, it was the demonstrators' own leaders, not the Japanese police, who persuaded the mob to give up trying to wreck the Hagerty-MacArthur car. Had the leaders chosen to urge the mob on to worse things, the crowd would probably have obeyed. But the Japanese Socialists' purpose had been achieved. They set out to humiliate, but not to destroy, the President's representative and the American ambassador; and they succeeded.

The following day, Saturday, was in its slightly less spectacular way an even bigger victory for the demonstrators. From dawn until close to midnight, the Socialists, trade unionists and students effectively controlled the giant city of Tokyo. The fact that their behaviour on the whole was non-violent hardly lessens the significance of the helplessness of the authorities. The demonstrators besieged the Diet and the prime minister's official residence next door; watched by thousands of police on guard over the barbed-wire encircled Diet building, the crowd halted a busload of supporters of Mr Kishi and manhandled some of them. There were more crowds singing and dancing all day round the American embassy. And a vast crowd surrounded Mr Kishi's private home, six or seven miles away in Shibuya, and amused themselves by painting its wooden gate red and then destroying it. Almost forgotten amid the turmoil, Mr Hagerty held a couple of conferences with Japanese officials (he met neither the prime minister nor the foreign minister) then slipped away from his hotel in a fast car to catch his aeroplane which had been shifted from the international airport to an American air base thirty-five miles outside Tokyo.



Demonstrators wait outside American embassy.

At his press conference after he had been rescued from his marooned motor-car by an American Marines helicopter, Mr Hagerty had stated his opinion that the demonstrators were, or at least sounded like, Communists. Though he gave as his rather odd reason that they were singing the Internationale, Mr Hagerty is in fact probably quite right. The students who took part in the attack were the pro-Russian, or "moderate," faction of the students' federation, Zengakuren. The main faction, however, are Trotskyists who are much more extreme (they think that Mr Khrushchev and President Eisenhower are both "enemies of the working-class") and who have already announced their intention of being on hand to try to give the President an even warmer reception than the "moderates" gave Mr Hagerty. And the real organisers of these demonstrations (which are very well organised indeed) are almost certainly not Socialists but dedicated and highly trained Communists, who do not care a fig if one student faction calls itself "Trotskyist" and another pro-Khrushchev, provided both do what the communist organisers want them to.

In fact, both do, and so also do the Japanese Socialists and the Japanese trades union federation, Sohyo. Both the Socialist and Sohyo leaders regard what they call "American imperialism," as the "common enemy" of Japan and communist China and both sets of leaders are, or claim to be, fervent believers in a class-war. These leaders, and their backroom communist manipulators, are able to launch at will demonstrations which in Tokyo can now muster some 100,000 persons prepared to carry placards with such slogans as "We Dislike Ike," and perhaps three times that number throughout the rest of Japan.

These numbers might not be regarded as excessive, since Sohyo alone has some three and a half million members, were it not for the melancholy fact that the great majority of the Japanese people seem resigned to merely deploring the demonstrators' more turbulent activities, and that the Japanese police are either unable or unwilling to compel the demonstrators to obey the law. It is simply not true that if elections were held tomorrow a majority of the Japanese people would vote Mr Kishi out of power. But it is true that those Japanese who will vote for Mr Kishi when alone in a booth with a ballot are not prepared to defend him even with their mouths when confronted by an aggressive minority in a public place. This basic fact about Japanese postwar democracy is what makes all the apologies to America that the Japanese newspapers are now busily publishing seem a trifle irrelevant; it also creates justified apprehension among both Americans and friendly Japanese about President Eisenhower's visit.

If—even now at this late date there is still an if—President Eisenhower were to keep his appointment with Japan, one million people would turn out to welcome him; but the obverse side of the medal is that he and the emperor would have a guard of 25,000 policemen, or one-fifth of Japan's total force, while 15,000 Japanese soldiers would be standing by. These precautions are not excessive in view of Tokyo's continuing and worsening demonstrations by students who appear to have abruptly reverted to Kamikaze fanaticism; even the Communists, who are inciting the students, temporarily lost control over them during Wednesday's wild scenes around the Diet. Whether the president fulfils his engagement or overflies Japan will, however, not save Mr Kishi, whose departure is now regarded as a foregone conclusion by all. A dissolution of the Diet after a brief recess is now likewise held to be inevitable. Japan faces its gravest postwar crisis.

The Algerian Seesaw

FROM OUR PARIS CORRESPONDENT

FRENCHMEN must by now be getting accustomed to, or impatient with, their political version of the Finnish sauna. They are submitted alternately to the warm rays of hope and the chilly impact of gloom. At irregular intervals they are assured that the Algerian war is rapidly coming to an end, only to be reminded shortly after that a peaceful settlement is not to be expected for a long time to come. Since declarations of policy are now confined to presidential pronouncements, General de Gaulle's speeches have been turning points.

In February, covered with the laurels of his apparently triumphant resistance to the Algiers *putsch*, General de Gaulle travelled through the south of France declaring that peace was in sight. Shortly after, he crossed the Mediterranean and used different language to the French officers serving in Algeria. He told them

Soviet Oil Flows West

TWO years ago the Russian leaders announced that the Soviet Union was to follow the American example in fuel consumption and switch from coal to oil and natural gas. This radical change is now gathering speed. Geologists are busy prospecting, new strikes are continually being reported and pipes are being laid throughout Soviet territory. The output of natural gas, which was negligible a few years ago, is expected to reach 53 billion cubic metres this year and the planners have just revealed their ambitious targets for the future: by 1980 Soviet production should reach 650 to 700 billion cubic metres, or about twice the present level of output in the United States. The extraction of crude oil is also to develop rapidly; it is scheduled to reach some 235 million tons in 1965 and about 400 million tons five years later.

These are not merely paper plans. Soviet output of crude oil rose from 98 million tons in 1957 to over 129 million tons in 1959 and this year is expected to exceed its planned target of 145 million tons. Future rapid expansion seems to be assured by new discoveries of rich deposits. Baku long ago lost its position as the main source of oil in favour of the oil-bearing regions of the Urals and Upper Volga, which were nicknamed the "second Baku." Now it is claimed that successful strikes in Central Asia, particularly in Uzbekistan, have revealed resources as rich as those of the Middle East. Mr Antropov, the minister of geology, has also claimed recently that the oil reserves of the Caucasian depression (the Karakum desert in the Turkmen republic) should prove at least equal to those of the Gulf of Mexico. Prospectors are now turning their attention to distant Siberia, where some successful strikes have already been reported. The tapping of oil resources here could speed up the development of this fast growing new industrial area.

Soviet planners do not seem to be worried about the extent of their country's oil reserves. Since natural gas is fulfilling an increasing share of home requirements, the Soviet output of oil grows faster than the internal demand, leaving surpluses for export. According to Mr Patolichev, minister of foreign trade, Soviet oil exports rose from 4 million tons in 1953 to 25 million tons last year. A study published in the April issue of *Petroleum Press Service* estimated the total 1959 oil exports from the Soviet block (including therefore, Rumanian as well as Russian shipments) at nearly 17 million tons. Nine-tenths of these exports to the non-communist world were shipped from the Black Sea. The Russians are now building a new pipe-line and modernising the Lithuanian port of Klaipeda to transfer some of these shipments to the Baltic. But the major project is the construction of a pipe-line, nearly 2,800 miles long, to carry oil from the Volga region to the European members of the communist block, all of whom, except for Rumania, have few petroleum resources of their own.

This giant new pipe-line is to start from the Kuybyshev region in the second Baku. It will then run in a single line across Soviet territory to the Byelorussian town of Mozyr. There the line will divide. Its southern branch will cut through the Carpathians and take oil to Czechoslovakia and Hungary. The northern branch will run for nearly 750 miles across Poland and eastern Germany. The planned capacity of the line has not been revealed, but it can be estimated from other data. The Poles, for instance, expect to get some six million tons of crude oil a year for the refining and petrochemical centre to be erected at Plock on the Vistula. Soviet supplies of oil to the German Democratic Republic are to exceed that figure in the mid-sixties. Taking Czechoslovakia and Hungary into account, it is fair to assume that the annual throughput will be in the region of 20 to 25 million tons when the line is completed.



WORK is scheduled to be completed at the close of 1963. All the plans and agreements were signed at the end of last year and preliminary work has already begun; a few miles of pipeline have already been laid in Poland. Poland is to provide some of the pipes, and Germany pipes and pumping material. The Hungarians are to supply instruments for automation, and the Czechs some heavier equipment. The Soviet Union should be the main supplier and is expected to help with its expertise and to provide the more complex pieces of equipment. Each country will be responsible for laying the pipes in its own territory, but all the projects have been dovetailed and synchronised in Moscow under the auspices of the Council for Mutual Economic Aid, better known as Comecon. The "construction of friendship," as the pipe-line is now called in the Soviet press, is to be the showpiece of the communist common market.

that he had no hope of a negotiated settlement, warned them that the conflict would be long-drawn-out, and advised them to capture the weapons that the insurgents did not want to lay down. The general kept quiet in the following months. During that time the army was able to recover its poise after the shock of the Algiers rising, the settlers had a chance to regain some of their hopes, and the disappointment of the majority of French people showed signs of turning into impatience.

On Tuesday, in a televised broadcast, General de Gaulle once again sounded an optimistic note: never, he said, was France nearer to a real solution. His restatement of Algerian policy was tucked away at the end of a rosy description of the French economy and its bright future. In substance, the general's policy seemed to contain little that was new. He reiterated the promise of self-determination that he first made on September 16th, and urged the insurgent leaders to come to Paris to settle "the destiny of weapons and the fate of the combatants": in other words, a cease-fire. The one novelty was the assurance that representatives of groups of all shades and tendencies would be allowed to take part, not only in the electoral campaign, but also in supervising the voting in the actual referendum on Algeria's future.

IN a Gaullist exegesis the tone, the shades of meaning and even the omissions have their importance. The tone this time was conciliatory. The speech contained no humiliating references to surrender and M. Ferhat Abbas and his colleagues were politely addressed as "leaders of the insurrection." The omissions seem even more significant. The speech contained no reference to army supervision of the vote; it did not specifically exclude the possibility of discussing the actual terms of the referendum with the insurgents; and it made no mention of the period of four years which he said in September must elapse before the vote takes place. Are these silences explained by the brevity of the statement or were they intentional, marking a shift in policy in order to facilitate negotiations?

The answer to this question is of the utmost importance when the position of the insurgents is understood. The Algerian government-in-exile has dropped its demand for prior recognition of Algeria's independence. It accepts the principle of self-determination and it agrees that the fate of Algeria must be decided by the free vote of the Algerian people. But it claims the right to discuss the terms and conditions of such a vote before laying down its arms. In other words, the insurgents want to combine the talks about a cease-fire with negotiations about guarantees for the referendum. They restated their policy as recently as the end of last week in Tunis. Since the policy of the Elysée is shrouded in secrecy, one is reduced to something like guesswork about its future course. If the general's speech was preceded by secret contacts in Tunis or elsewhere, the omissions in it could enable the leaders of the insurrection to come to Paris and discuss in a practical way the terms of the referendum without making a fuss about it or provoking the wrath of the French army. If, as seems more probable, they have received no guarantees, then they are likely to repeat their demand that the Paris talks must be concerned with a discussion of safeguards for the vote. The key questions about how and when the referendum is to take place and who will supervise the vote will once again come to the fore. Will General de Gaulle's invitation to Paris still stand if the Algerians insist on discussing more than the conditions of a cease-fire? And will the French army, in that case, accept the risk of a rebel victory at the polls? The forthcoming weeks should provide some answers.

There are differences of opinion over the general's method of alternating hope and disappointment, advances and retreats. The French liberals are still confident that he is practising "salami" tactics, that he will remove all the army and settler resistance layer by layer. The doubters reply that these tactics only lead to missed opportunities and yield diminishing returns. Outwardly, his negotiating position now seems less comfortable than in early February after the collapse of the Algiers rising. The army officers, who had proved in January that they alone determine the success or failure of a settlers' revolt, have had time to recover from the purge that followed in their ranks. MM. Soustelle and Bidault have had an opportunity to orchestrate their protests against the betrayal of French Algeria. The collapse of France's African community, the logical, if rapid, transformation of what was intended to be a federation into a loose association of states all claiming their independence, enables the right wing to prophesy that any intermediate solution in Algeria will rapidly lead to independence there. The Right now issues this warning more vociferously than it would have dared four months ago.

But the war, with its vicious circle of terrorism, repression and torture, has provoked growing protests on the left and among the intellectuals. Popular meetings against the Algerian war have gathered some momentum. The government must have been particularly sensitive to the obvious disappointment of the Mollet Socialists and to the growing opposition among young people, illustrated by motions of the French students' association demanding negotiations with the rebels. It would be entirely wrong to suggest that General de Gaulle's policy is dictated by a wave of popular pressure. The changing mood is simply the result of the passing of time.

Two years ago a France frightened of civil war chose a monarch who was going to solve the Algerian conflict for it. Several times since then Frenchmen have thought that their wish was coming true. Each disillusionment has spread rather wider the feeling that to achieve their ends they must take part in the political drama and not merely watch it as spectators. The outcome of General de Gaulle's new initiative should not only show whether his tactics have been wise and farsighted. It will also throw light on the very nature of the regime and its prospects of retaining the support of a majority of French opinion.

High Stakes in Morocco

BY A CORRESPONDENT LATELY IN MOROCCO

TWO months ago, when Mr Ibrahim's government was known to be nearing its end, the Moroccan deputy prime minister, Mr Bouabid, gave an interview to a correspondent of the *New York Times*. The only alternative to constitutional government, he said, was the specific acceptance of responsibility by the monarch, ruling either directly or through the most feudal and traditional elements in the country. Coming from one who had been finance minister in all four previous Moroccan governments and who is the leading exponent of left-wing views, the challenge was not to be ignored. King Mohammed did accept it; the new government that he appointed on May 23rd does not correspond at all to political feeling as represented by the two main parties. The king has himself assumed the office of prime minister and has appointed the crown prince as his deputy. In the choice of other ministers devotion to the throne has been given first place. The Istiqlal has limited representation; the leftish National Union of Popular Forces (UNFP) none. On the other hand, the king has pledged himself to introduce a constitution by the end of 1962.

The greatest asset of the new government is that it will be able to act as a homogeneous body, as well as in harmony with the palace. The first government after independence had to be a coalition, in order to meet French insistence that power should not be handed over to an all-Istiqlal government. The second dropped the ministers from the minor party, the PDI, but retained an independent as prime minister. The third, under Mr Balafrej, was almost entirely Istiqlal; but it only served to show that the



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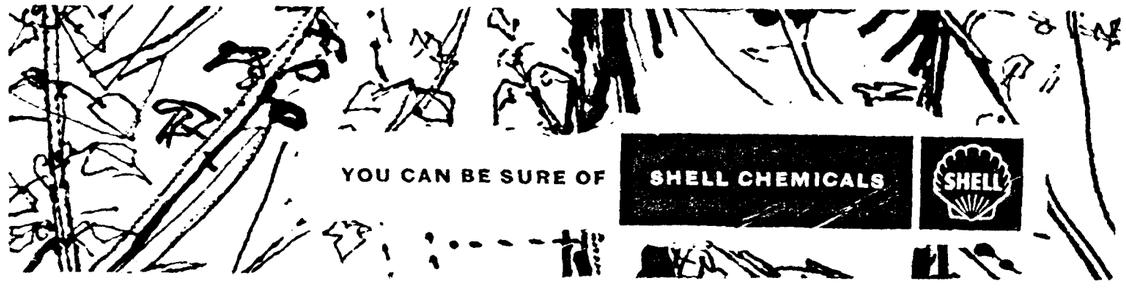

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party, having achieved its agreed object of independence, had no consistent programme for the future. The left wing in particular objected to the fact that control of army and police remained a prerogative of the palace. Six months later, in December, 1959, the formation of a government in which both prime minister and deputy prime minister belonged to the left wing of the Istiqlal brought about a split in the organisation within a few weeks. In September, 1959, the formation of a new party, the UNFP, united the dissidents from the Istiqlal with others from the minor parties. Early this year, arrests made in connection with the alleged plot against the crown prince called public attention to the discord between the prime minister's office and the police. The left suspects the palace of stalling over the promised constitution, while the palace knows that there have always been varying degrees of enthusiasm for the monarchical regime within the Istiqlal.

With the crown prince now in the key position in the state, everything depends on the wisdom with which he exercises the powers that are now officially his—as some have claimed that they had already to a great extent been unofficially. There is no doubt about Prince Moulay Hassan's intelligence, wide interests and ambition; but there is less certainty about his capacity for sustained effort, as opposed to the energy which he displays in crises and to his enthusiasm for spectacular initiatives. He has never shown much interest in the pressing problems of the Moroccan poor. He may, too, find it hard to resist the blandishments and demands of his less scrupulous partisans. As regards economic policy, Mr Douiri, the new finance minister, is not likely to be in a hurry to get rid of the team which Mr Bouabid had chosen to work the controlled economy at which he was aiming. He will, however, probably favour increased co-operation with the West and be more disposed to encourage foreign investors.

MEANWHILE, the long promised municipal and communal elections have given the expected results. In the countryside a relative indifference to politics, combined with the system of voting for single candidates instead of for party lists on which the palace insisted, has not revealed any special trend. Voting in the cities, on the other hand, has confirmed that the Istiqlal is strong in the urban centres of traditional culture and the UNFP in the new industrial and administrative capitals, Casablanca and Rabat. Sure of the support of the workers and of a good percentage of intellectuals, the ex-prime minister, Mr Ibrahim, and the ex-deputy prime minister, Mr Bouabid, will be able to form a strong opposition; they will no doubt be able to count on the support of the influential leader of Moroccan labour, Mahjoub ben Seddiq, and at least on the long-range support of Mehdi ben Barka who may now feel less disposed than ever to leave his refuge in Paris. At the best, such an opposition may serve to keep the government up to the mark. At the worst, it may provoke repression which would probably rebound against its authors. Mr Ibrahim has already said that if there is an attempt to "substitute feudal for colonial *contrôleurs civils*," then "those who live in your midst, who know you and know your misfortunes, will know how to defend you." A strong demand for a constitution and parliament, long before the end of 1962, is by no means impossible.

This situation is an inevitable outcome of the protectorate which preserved the theory that the monarch was an absolute ruler, though in fact his position was then merely a facade behind which French officials worked. When French authority was removed, the absolute power became once more a reality—but also a complete anomaly, all the worse for being placed in a constitutional vacuum. The protectorate also failed to train anything like enough Moroccans to work the modern administration which it created. Thus the technical weakness of the administration since independence has made it very difficult to execute any national policy. The gap between aspiration and performance is a constant source of frustration. In these circumstances, none of the governments since independence has had the drive to overcome the Moroccan tendency towards an amiable laissez-faire.

Faced with a somewhat disillusioned people and a rather hungry proletariat, the king has put all the weight of his very great prestige, nowhere yet openly challenged as far as he himself is concerned, behind the new government; and he has given the heir to the throne a task on which not only the prince's own future must depend, but possibly also that of the monarchical regime itself. The stakes are high.

Gatt's Challenge to Atlantic Co-operation

FROM A CORRESPONDENT IN GENEVA

THE sixteenth session of the General Agreement on Tariffs and Trade which ended in Geneva last week dealt with the usual mixed bag of world trade problems. But through many of the discussions there ran a familiar theme—the disquiet and anxiety of the less developed countries outside the north Atlantic area with the policies and new forms of organisation which their rich industrial trade partners are developing.

The surprise of the session was the discussion on the Paris economic meetings. The executive secretary of Gatt, Mr Wyndham White, had been invited in January to present his views to the group of four men who have submitted proposals on the future of the Organisation for European Economic Co-operation and to take part in the activities of the committee of twenty-one on trade problems. Mr White cautiously stated the possible advantages of a reorganised OEEC. But he naturally took due note of the interests of non-European governments and suggested that a revised OEEC should not move beyond consultation in the fields of financial and trade policy and should avoid the impression that a "rich man's club" was being created.

Mr White made these points in Paris without previous consultation with the members of Gatt. They have, however, now underlined them with surprising vehemence. Latin American countries thought that co-operation by western Europe to help underdeveloped countries would mean that aid would go to those countries traditionally linked with Europe. The largest underdeveloped area in the western world, Latin America, would thus go short of help. They therefore made a strong plea for representation in the new Organisation for Economic Co-operation and Development. Practically all non-European and North American countries pointed out that an organisation of such economic weight as the proposed OECD must inevitably affect world trade and impinge on world policies; non-represented countries therefore have a major interest in being associated with the new organisation.

But this immediately raised the question from Latin American, African and Asian representatives: "Are not these matters better discussed in Gatt itself?" Australia made the point that since OECD would represent a very powerful proportion of the total Gatt membership, its views, if unanimously adopted, could virtually commit all the members of Gatt before they had had a chance to discuss them properly. This was a serious threat to the existence of Gatt itself. The Japanese representative pertinently asked why, if the only function of OECD was to be consultation on economic policy, such consultation should not be extended to all important free nations? Why, too, should it be done by a new special body when Gatt is well able to do the job?

The Europeans and the North Americans were taken by surprise both by the strength of the criticism and by the importance attached by all non-European countries to these new plans. The clash showed once more that Gatt is the only forum where all

countries of the free world can discuss their trade problems. Mr White's hand has certainly been strengthened in his efforts in Paris to keep action within the trade field a Gatt prerogative. Unwittingly, perhaps, the non-European countries have thus lent additional support to the French view on this issue.

The discussion on the European Free Trade Association in committee was certainly not as friendly as the first public statements suggested. This applied particularly to criticisms made by the United States; some are interpreting its policy in the trade field as one of divide and rule. There seems to be practically no one who considers the exclusion of agriculture from the EFTA agreement to be in conformity with Gatt. But as agricultural policy in the common market has not yet been settled, the members of Gatt did not wish to create a precedent by settling the EFTA agricultural question first. Commonwealth countries found themselves in a dilemma. To approve EFTA's agricultural arrangements because they already have a favourable market in England would give the common market countries the right to ask for a similar blessing.

Preliminary discussions seemed to show that the Seven will have to ask for a Gatt waiver in order to maintain the exclusion of agriculture from their association. This will mean that EFTA countries will have to report periodically to Gatt on their agricultural policy and that a time limit will be set to the exclusion of agriculture from the association. The final outcome will, however, be very much determined by the common market's agricultural policy and Gatt's attitude to it.

Gatt continues to battle with what appears to be the hopeless problem of world agricultural policy. Many countries feel that the mere existence of a forum where they can plead their case against agricultural protectionism is important in itself. But agricultural exporting countries consider Gatt to be more than a talking shop. Personal contacts with representatives of ministries of agriculture and fisheries, direct criticism of agricultural protectionism, collection of information on types and methods of protection, all lead, they say, to a gradual thaw. Despite all the difficulties, and despite the desire of industrial countries to slip off to a safe place in Paris where agriculture can be safely set aside, Gatt is going on trying to find a world-wide solution for agricultural trade problems.

Brazil's Man with a Broom



FROM A CORRESPONDENT

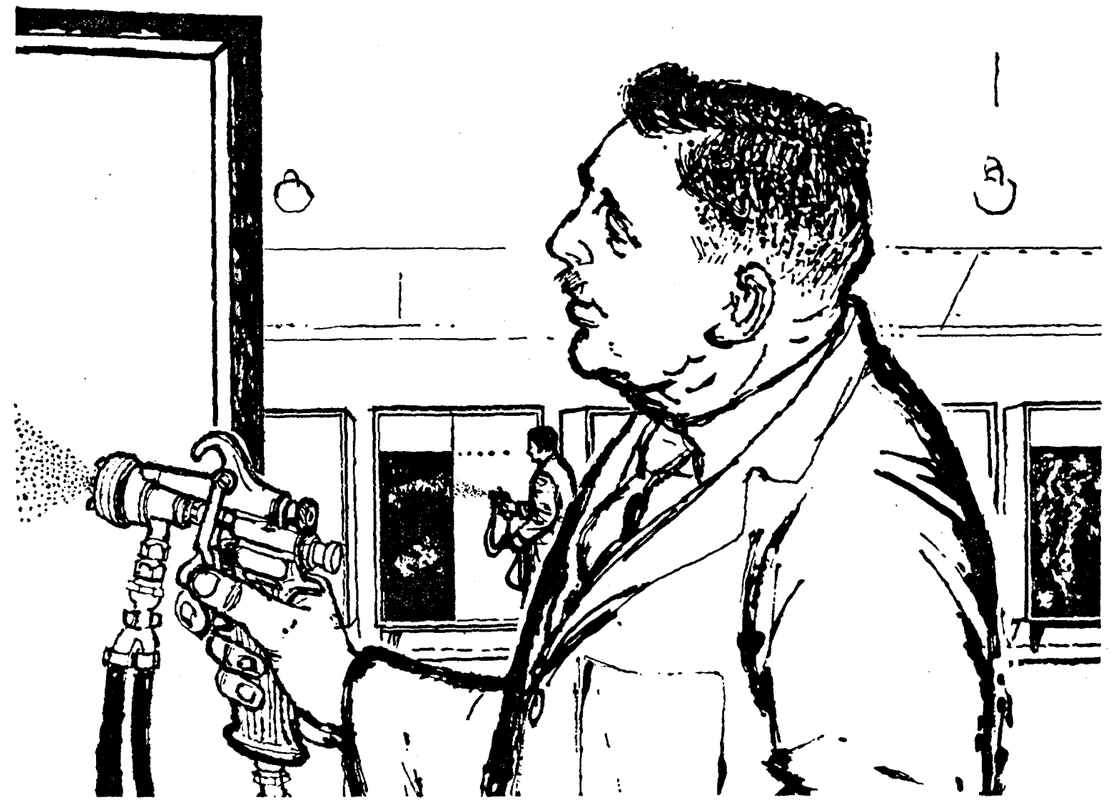
THE popular favourite for Brazil's presidential elections in October is an eccentric but extremely efficient former schoolteacher, Senhor Jânio Quadros. His political career began in 1947 when he was elected to São Paulo city council in opposition to the Social Progress party that then dominated the city. Despite his unkempt appearance and lack of party support, he worked so hard that even his opponents were impressed; in three years he introduced 2,000 measures, 250 of which were made law. In 1953 he was elected Mayor of São Paulo, with twice as many votes as all his opponents combined. The city, the largest in Brazil, was in bad shape, with apparently insoluble problems of transport, housing and finance. Senhor Quadros, working fifteen hours a day, reformed the municipal market, started numerous housing projects, and discharged several thousand superfluous employees. In less than a year he had balanced the budget, and even managed to raise fares without the usual accompaniment of riots and bus-burnings.

The new mayor remained in office less than two years. In 1954, after being expelled from his own Christian Democrat party, Senhor Quadros decided to run for governor of São Paulo, against the formidable opposition of the PSP boss, Senhor Adhemar de Barros. São Paulo, with one-sixth of the nation's 66 million inhabitants, is Brazil's most densely populated state. Senhor Quadros had never campaigned outside the capital, and he was opposed by all the major political parties, and by all the newspapers. He campaigned vigorously and alone, brandishing a broom at meetings as a symbol of his determination to wipe out corruption; to everyone's surprise he won the election. His administration of the state repeated, on a larger scale, his success in the city. When he took office, São Paulo was on the edge of bankruptcy, with a deficit of 6½ billion *cruzeiros* a year. Senhor Quadros discharged 11,000 redundant employees in a single day, cracked down on graft and established one of the most honest and efficient administrations in the history of Brazil. When he left office in 1959, São Paulo was in excellent condition, and Senhor Quadros, by now a national figure, was elected to the chamber of deputies.

Meanwhile Brazil's inflation has continued unchecked. President Kubitschek is criticised for relying on frequent wage increases, immense public works projects, and overtime use of the printing press. In four years the amount of money in circulation has risen from 70 billion *cruzeiros* to 160 billion. The *cruzeiro* has become one of the world's weakest currencies, selling at more than 200 to the dollar, but exports, discouraged by the unrealistic exchange rates, have continued to drop. The cost of living rose 50 per cent last year, but in his new year message President Kubitschek explained that "inflation always accompanies our process of growth," and that the only complaints against his spending spree came from "persons interested in political intrigue and disorder."

Popular anger against inflation has seriously harmed the presidential prospects of Marshal Teixeira Lott, the government candidate, although the International Monetary Fund has come to his aid with a six month credit to tide Brazil over the elections. The marshal, formerly minister of war, is an honest, conservative soldier, who has done much to preserve democratic government in Brazil. But he is 65, with mainly military interests, and he lacks the administrative experience, and above all the fire and drive of Senhor Quadros. Although he has strong official support, he is not backed to win.

Popular support for "the man with the broom" continues to grow. When Senhor Quadros returned to Santos after a trip around the world last year, he got one of the most tumultuous welcomes in Brazil's history. "The Phenomenon of Jânio Quadros," a hastily put together campaign biography, has sold four editions, and his followers have distributed millions of brooms, from the standard sizes to lapel-pins. Public support has come in from important politicians of every party, from mayors, deputies, senators, governors and even generals. While Marshal Teixeira Lott hesitates to make a public statement, Senhor Quadros is actively campaigning all over the vast stretches of Brazil, hard-working, unkempt and unpredictable; as one admirer put it, he is "a cross between Jesus Christ, Lincoln, Lenin and Charlie Chaplin." He looks like having a good chance of being Brazil's next president.



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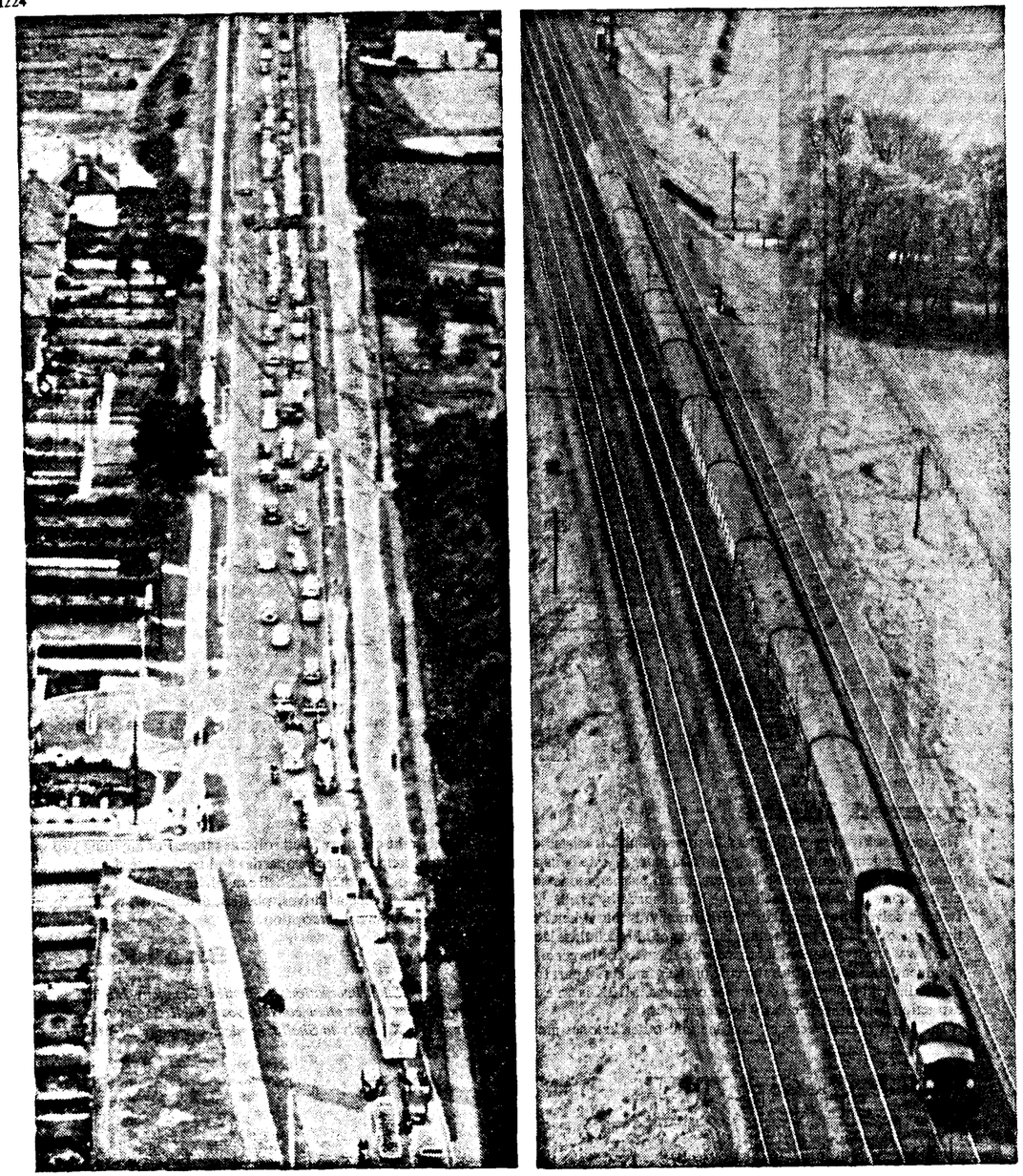


The choice is Yours

An announcement by BRITISH RAILWAYS

THE BUSINESS WORLD



Mild or Bitter



TWOPENCE a pint off the duty and the heat of the summer pushed beer consumption up last year. A few more swallows do not make for everlasting summer in brewing, but there is more hope than there was that the long decline in beer consumption may have been arrested. The big fall in consumption from its wartime peak came in the late nineteen-forties and over the last decade consumption has remained reasonably stable at between 24 million and 26 million bulk barrels a year. The growing number of young consumers and prospective changes in the licensing laws should help the brewers to hold on to a market of this size. But the prospect that the market might continue to shrink unless they do something about it has made the brewers wake up their ideas. The instrument of change has been, as it was in the past, the merger and the further concentration of ownership in the industry has brought economies in production and distribution.

Such big breweries as Ind Coope, Whitbread, Watney Mann, Flowers and Guinness have made the running and will go on making it, for, because of the size of their market, they are best able to judge and to exploit any changes in taste. Tastes have changed. Bottled beer has grown in popularity; nationally it accounts for nearly 40 per cent of all the beer drunk. Bottled sales dipped slightly in the last year or two, but the regional variations, with a 60/40 relationship between bottled and draught in the South and a 20/80 relationship in the industrial North suggest that there are still markets to be tapped. Fashion has recently swung towards the higher gravity and more expensive beers, away from the milds towards the bitters and pale ales; and it may be moving away from the cask-conditioned draught and naturally-conditioned bottled beers towards the chilled and filtered, lighter-coloured beers. Lager beers, which as yet take only a tiny proportion of the British market, appear to be growing more popular with younger beer drinkers; and the British industry is now making a determined effort to wrest control of that market away from the Danish and Dutch brewers. Ind Coope has put a lot of money into the production and promotion of "Skol" and among others Watney Mann and Whitbread have begun to sell it in their pubs. Mr E. P. Taylor, a newcomer to the British but not to the Canadian and American markets, has "Carling" to sell. Guinness is about to market a lager in Ireland.

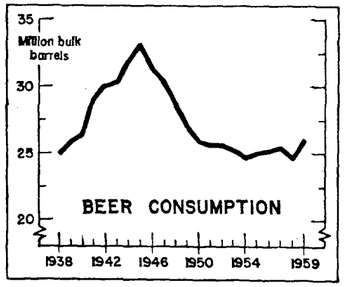
This changing market is served by an industry that, because of wide seasonal variations in demand, always has spare capacity on its hands in the dog days. Without any undue strain it could produce upwards of 30 million bulk barrels of beer a year. While it would be wrong to dub a fifth of the capacity "excess," it is right to say that some of the capacity, particularly that owned by small, local brewers, has not been used at its economic optimum, simply because the market has not been there. The desire to rationalise production in order to secure economies of scale and to reduce overhead costs by keeping the mash tuns full has led to mergers, and it is largely as a result of these amalgamations that the number of brewing establishments in this country has been reduced by about 100 in the last ten years or so to about 300.

HAVING spent money on improving the traditional batch process, the big breweries are leading the industry towards the threshold of a technical revolution. The idea of a continuous brewing process is not new, and no one seems very clear how exclusive some of the patents are. Russian brewers have been mashing and boiling continuously for some years, and New Zealand beer (of lager type) and some Canadian beer is produced by continuous fermentation. What the British industry is doing is to set up pilot plants to make the brewing process continuous throughout. Courage-Barclay is experimenting with continuous boiling and mashing, and Guinness is setting up a fully continuous experimental plant; both are associated with the Brewers' Society in their projects. Watney Mann is also installing a fully continuous plant, though the continuous fermentation plant is of its own design.

It may take five years before the industry makes certain that the fully continuous process has a commercial future. Enthusiasts believe that it has and are prepared to speculate about its economic implications. They argue that such a plant, because it saves production and storage space (and for lager beers also storage time) will cost less than a traditional plant to build and to run; that it will save labour, though this is not very important in a capital-intensive industry that employs only 70,000 people in brewing, compared with about 500,000 engaged in some way in the distribution of beer; and that it will ensure a more accurate and consistent control over quality.

It may, however, mean a beer that tastes different but less difference between brands. If the experiments succeed, an opportunity for reducing costs will be presented to the brewers. How far, however, will this overcome an understandable reluctance to scrap existing batch capacity ?

Continually the brewers have to balance the economies of large-scale production (which make for centralisation) against the costs of transport and distribution (which make for decentralisation). Beer in the barrel costs less to shift than beer in the bottle. But beer in the bottle has better keeping qualities. Much thought has therefore gone into the problem of reconciling the economies of centralised production, and a longer life for the beer, with the diseconomies of long-distance haulage. Canned beer has been introduced, but it is more expensive than bottled beer and apart from " sales of convenience " does not seem likely to command much of a market in this country. The answer for most of the big brewers seems to be at the other end of the scale—the bulk tanker truck. In these beer can be transported from the centralised brewery to the local bottling or casking plant or, even, to the local public house if it has specially installed tanks.

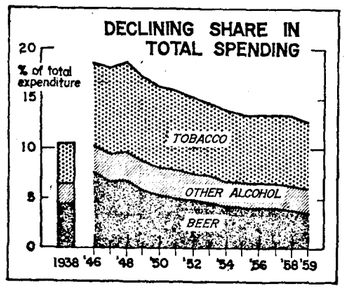


Bulk tanker delivery can also be used in the exploitation of the market for draught beers stored in a canister and sold in the bar under pressure. These have much the same taste and keeping qualities as bottled beers and several breweries —Flowers, Watney Mann, Whitbread and Guinness among them—have been actively promoting their sale. Opinion is divided as to whether or not these may become the beers of the future. Some argue that this market will be confined to the " special " and more expensive beers with a comparatively small turnover and that the high cost of the canister rules it out for really widespread use. Others reply that, as the wooden barrel is in any case on the way out, why bother to look for another substitute when the canister provides an efficient and acceptable solution for the brewer and publican alike ?

The public house is not the only point of sale for the brewer, but it is his most important one, especially for cask draught. As much as three-quarters of the brewing industry's fixed capital is tied up in public houses. It is a tie in more than one sense, for nearly 60,000 out of the 70,000 on-licensed premises are brewer-owned and their beers tied. The tied house is historically the result of the monopoly conferred by the licence and, though that particular link may now be weakening, the brewers, having invested so much capital in the public houses, are most unlikely to surrender control over these retail outlets. They would, however, admit that there are still too many pubs. About 3,000 have been closed in the last ten years, but that still leaves many that earn an inadequate return for both the tenant and the brewer. The series of mergers that have taken place have made it easier for the brewers to close down competing and uneconomic " pubs " and to spend money on those that have remained open. The sale of sites has released much-needed capital but the number of " super values " that can be obtained, except in busy shopping centres, can easily be exaggerated.

It is what they can gain in production and distribution, rather than from what they can gain as property dealers, that has made the brewers huddle more closely together, if not in outright mergers, under a protective umbrella put up by such a company as Whitbread. So far, the " headline " mergers—Barclay and Courage, Ind Coope and Taylor Walker, Flowers and Green, Watney and Mann—have been in the South and Midlands. But as the activities of Northern Breweries, Joshua Tetley and Scottish Brewers show, the habit is catching. The desire among many brewers to grow bigger can be honestly rationalised in terms of economic savings. But there are also competing ambitions at work and the thought that " if I do not do it someone else will "—and he might be an outsider.

Some groupings that are emerging are defensive: against competition from other industries for the customer's shillings; against intrusion from outside; and against each other, so as to balance bargaining strengths. Half the breweries in this country are still private companies but with the problem of death duties looming large the small brewer faced with the competitive thrust of his bigger brothers is finding it more difficult to resist the temptation to sell out, while the going is good. Some small local breweries will remain, but it seems likely that the industry will become increasingly dominated by big regional groups. For the time being many of the locally brewed draught beers will be kept on (and if the continuous process proves a success, that may give brewing on the spot a further lease of life). But the bottled and canister beers, on both of which a better margin is earned by the brewer, seem more likely to come from the dominant breweries.



Because they can bargain with each other on equal terms the regional groupings may lead to a wide interchange of beers for sale in the tied houses. That certainly is the aim of those brewers who have ambitions to be national in the sense that Guinness and Bass-Worthington are, in looking for sales in the free trade and other brewers' tied houses. Among those with such ambitions are Ind Coope, Watney Mann, Whitbread and Flowers. Their most potent weapon against the smaller brewery is direct advertising to the customer, and their most useful bargaining card with each other is the reciprocal trade agreement.

How far their ambitions will be gratified depends on their relative bargaining strength. Big concerns can create a demand for their brands by advertising and may thus force a weaker company's hand. But it costs money; and each individual national brewer is promoting his own beers in competition with others equally as powerful and as ambitious. All of them, big and small alike with the exception of Guinness, own public houses. Having locked away their capital in the pubs, they are all anxious to ensure that the margin they get, whether from their own beer, some other brewer's or from wine, spirits and soft drinks, is under their control and gives them an adequate return on the money they have invested. To let another brewery sell in one's own tied outlet often means a fall in the sale of one's own beer and the brewer who owns the pub wants a cut of the profit. Guinness has always got round this problem by offering the local brewery the bottling profit as well as a wholesale margin. However reluctant they may be to give up the bottling profit, the other brewers with a big output may have to do so—first, to save in distribution costs and, secondly, to secure enough outlets.

In a market that is not likely to grow very rapidly the brewers are continually juggling with a number of variables. What they may gain from large scale and full capacity in brewing may be lost in part in higher transport costs. What they may gain from a more rational pattern of distribution may be lost in part in higher promotion costs. Thus while the big groups may gain in income at the expense of the smaller breweries, competition between themselves will keep margins down. The total profits of the industry cannot therefore be expected to rise exceptionally quickly. The industry, moreover, will still need capital: the bulk tanker costs more than the dray, the canister more than the barrel, the can more than the bottle, and the new public house-cum-restaurant more than the old beerhouse.

Recently, the gross return that the big and medium sized breweries have earned on capital employed has fluctuated between 15 and 18 per cent, with the very big brewers securing a slightly higher return than the others. If the big groups in the industry can keep the return close to 18 per cent in the future they will have no reason for self criticism or self doubt. But for the shareholder, who has seen yields brought down by the prospect of mergers, that does not seem to hold out the promise of any rapid growth in capital values. He has this consolation: the best companies in the industry are now governed by scientific and managerial intelligence, rather than by intuition and family traditions, and they are more efficient and lively than they were ten, or even possibly five, years ago. A mild, rather than a bitter, prospect confronts him and the industry—though the beer itself may be bitter rather than mild.

Pipelines Arrive in Europe

Whenever any new long-distance transport route is laid down, it inevitably cuts across many people's private property ; but few such routes, nowadays, are themselves also private property. This, ostensibly, is why certain MPs backed by a number of local authorities and landowners (and by the Society for Individual Freedom) are opposing a private bill now in committee in Parliament that would give the Esso Petroleum Company powers to acquire compulsorily a right of way across land on the routes along which it intends to lay a 12-inch pipeline from Fawley to near London Airport and a 6-inch line (or possibly two) from Fawley to Avonmouth.

This is the first public protest—indeed, almost the first public interest—that such pipelines have evoked. It is by no means the first such pipeline, or the first bill enabling such rights across land along the route to be acquired compulsorily. The BP Trading Act of 1957 (covering the line now being constructed from Milford Haven to Llandarcy) and the Shell (Stanlow to Partington) Pipeline Acts of 1958 have similar provisions. The Esso pipelines are to be buried under at least 2 feet 6 inches of cover: Esso wants to buy simply the " easement " of way beneath and of access to the line at any time, and the landowners regain freedom to do anything on the earth above except put permanent foundations down there. It is offering for this right a minimum once-for-all payment of 2s. a yard run 12 feet wide ; payment for the right alone is therefore equivalent to £121 an acre, but in the case of dispute there would be recourse under the bill to arbitration. (A price of 3s. per yard run—but 40 feet wide—was paid by the North Thames Gas Board for a similar easement in respect of a 24-inch pipeline taking petroleum gases from Shellhaven, Coryton and Canvey to Romford.) The details, however, are less important than the fact that such arguments may well be repeated, and multiplied, in future: for pipelines are likely from now on to play an increasing role in the transport of petroleum (and other commodities) in Britain, as well as in the rest of Western Europe.

Most of the pipelines planned in Britain are products lines, from refineries to markets or large consumers. " The time is now approaching or has been reached," said Mr Christopher Brunner of Shell-Mex & BP in a public lecture in 1958, " when pipelines may show economies for certain of the biggest centres of consumption, including some very big customers and some of the main urban agglomerations." Esso's line to London Airport—and another that has been suggested to feed the airport from refineries on the Thames Estuary—would carry aviation gasolines and turbine fuels direct to this point of very heavy specialised consumption, as lines built during the war for defence purposes already supply most major military aerodromes. The Shell line from Stanlow to Partington and Esso's line from Fawley to Severnside are designed to carry feedstocks to chemical plants. Lines being considered from near London to Birmingham, and from the Thames Estuary up into Essex and Hertfordshire might be used for more general long-distance distribution of petroleum products. The 1,200-mile pipeline network laid during the war to supply aerodromes in Southern and Western England is being used to a certain extent by some companies to move products sold to the Government ; some use may be made of these lines for commercial sales. Only the line that BP has laid from Milford Haven to Llandarcy, the one this company already uses from Finnart on Loch Long to Grangemouth and the one being put in to link the new Shell terminal at Tranmere with Stanlow, are lines to carry crude oil from the point at which tankers land it to refineries where port facilities are inadequate to dock the largest tankers.

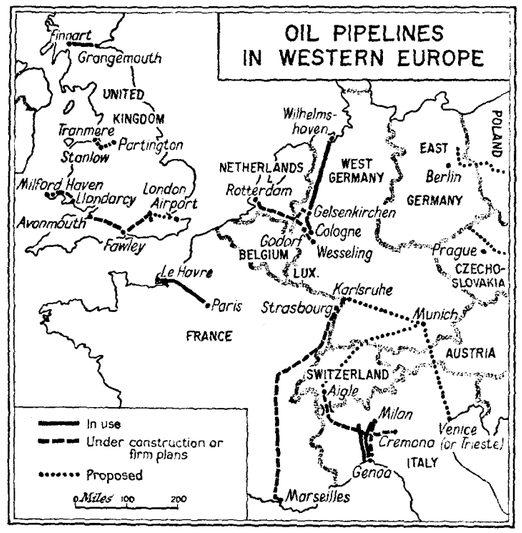
This pattern is in contrast with the much larger pipeline construction now occurring on the Continent, where most of the big commercial projects are crude lines to inland refineries (though Nato has a very large products pipeline network in Western and Central Europe). In Britain one can hardly be more than 80 miles from the sea, as Birmingham is, or much over 100 miles from any sizeable tanker terminal: in Western Europe the comparable distance, Mr M. E. Hubbard of BP told the World Power Conference in Madrid last week, is about 300 miles. Even that, in comparison with, say, North America, represents a fairly deeply indented coastline and Europe has also extensive natural and manmade waterways. So pipeline transport has taken some time to become as competitive on this side of the Atlantic as it is quite generally on the other. Its advent is the result, on the one hand, of its own peculiar economics: on the other, of the recent development, location, and balance of the petroleum markets inside Western Europe.

THE economic peculiarities of a pipeline arise from the fact that this means of one-way continuous transport, utilising the liquid or gaseous nature of the cargo that moves through it, represents a substantial immovable investment along a single fixed route (which usually, however, is shorter than most supply routes serving the same points). Its costs are almost entirely fixed (except for pumping power); the cost per ton-mile of freight along it varies much less with distance than in most other transport, but almost wholly with the extent to which its capacity is used, falling sharply up to the maximum practicable capacity of a pipe (10-day, say 30 million tons a year for a 32-inch diameter line). This capacity is set by the diameter of the pipe and the maximum permissible pressure possible inside, and by the pressure gradient that pumping power can apply from one end to the other.

This ultimate capacity sets an inflexible limit on throughput, though the initial capacity of a large pipeline can be multiplied as the demand builds up by putting in more pumping stations. The viscosity of the liquid in the line, however, in practice, sets another limit. Most heavy fuel oils would need preheating or even reheating to pump along a line, whereas most crudes are pumpable—which has been significant in European pipeline development.

Rapid as the postwar growth of oil consumption in Europe has been, it has not yet developed many areas of consumption justifying a pipeline. Paris is one: since 1953 it has had the Trapil pipeline from refineries near Le Havre and Rouen. London has its own port and Thameside refineries. A products line is planned from Ravenna to Milan, and possibly another to Munich from the refineries to be built at Karlsruhe—which will themselves be fed by crude lines from the Mediterranean coast. The most rapid growth of consumption in the Western European market, however, has been in fuel oil, which pipelines cannot conveniently transport. But if residual fuel oil cannot be piped in, crude can: and the development of consumption is thus making for refinery expansion inland, at the end of lines from tanker terminals such as Rotterdam's Europort or Lavera, the terminal being enlarged near Marseilles.

The main axes of crude pipeline development in Western Europe are from north-western terminals to the Ruhr and Rhineland; from the Marseilles area to Strasburg and



Karlsruhe; and possibly from Italian terminals to Switzerland, Bavaria and Austria. The coal kingdom of the Ruhr is a big and growing centre of oil consumption and petrochemical development, with good transport by river and rail, both of which are, however, becoming overtaxed and are liable to delays in winter: its existing refineries have been developed partly on German crude and partly on crude brought in barges down the Rhine. A 28-inch, 245-mile pipeline from Wilhelmshafen to Cologne and on to Wesseling in the Rhineland came into operation in January, 1959: a 24-inch line from Rotterdam running 180 miles to Gelsenkirchen, Godorf, and Wesseling, will be opened in July and may in fact be working already. The lines from the Mediterranean coast are primarily planned as a means of vastly reducing the distances that oil has to be transported to reach Central Europe: it is 465 miles from Lavera to the refineries at Karlsruhe, against 1,750 nautical miles farther to Rotterdam plus 340 miles inland from there.

These proposed lines represent firm commitments, by joint companies including local companies as well as some of the international major oil companies. There are various, possibly competing, projects for lines from Italian terminals northward. ENI, the Italian state-owned gas and oil concern, plans a line from Genoa to Pavia, branching to Milan, Cremona and (via the St. Bernard tunnel now being driven) to Aigle in Switzerland; this could easily be extended to Munich or beyond. Other proposals include a direct Genoa-Munich line backed by Saudi Arabian oil interests and a line from Venice or Trieste north into Austria and hence west into Bavaria.

Inland refinery capacity in Europe is going up, by say 1963, to some 45 million tons per annum against 25 million tons today. This will bring Western Europe's total refining capacity to, say, 120-125 million tons a year by 1963—against 100 million tons, with a throughput of 70 million tons in 1959, of which indigenous crude oil accounted for, say, 10 million tons. The crude pipelines planned to feed these will have an initial capacity, by 1963, of, say, 35 million tons a year, but will be planned for an ultimate annual capacity, with extra pumping,

of, say, 80 million tons. When all these lines have been constructed, including one alternative or another from Italy to Bavaria, some excess of transport as well as of refining capacity would seem likely to emerge. And in the context of developing competition in these Central European markets for petroleum it should be noted that Russian exports to the West may also be facilitated by pipelines. The 2,800-mile line planned from Russian oilfields (described in an article on page 1217) is designed primarily to supply satellite countries: but its terminals near Prague and on the Oder would greatly increase convenient capacity for exports of Russian oil to the West—which last year, already, may have been equivalent to about 10 per cent of total consumption in western Europe.

These refineries inside Europe will take some time to develop demand towards their full capacity: and the nature of pipeline economies will press operators to divert the largest possible volume of crude through the lines feeding them to reduce transport costs. The effect upon other means of transporting oil—and competitive fuels—seems likely to be very marked as the new lines come into operation. Barges on the Rhine, and railways in Germany, France, Italy and Switzerland, seem certain to suffer; but the development of shorter-haul oil distribution from new and enlarged inland refineries may, on balance, increase the volume of oil transported by road: though product lines such as Esso's in Britain substantially reduce, for example, the number of road tankers running from Fulham to Heath Row—four 4,000-gallon tankers to fill a Boeing 707. Onward transport of Middle East or Saharan crudes by pipeline from Mediterranean ports will very significantly reduce growth in the demand for ocean tankers during a period when many new tankers are still being launched—quite apart from various plans to transport oil and natural gas across the Mediterranean from Africa.

No country in Europe imposes on pipelines the "common carrier" obligations that the United States does for interstate lines. Few European countries, indeed, have any relevant legislation whatever, apart from France, though all, like Britain, can give companies constructing lines the right of compulsory purchase. Some have a degree of control over pipeline charges and rates: others, through turnover taxes, levy taxes on movement by pipeline along with all other transport. The European conference of Ministers of Transport which reported on pipeline development last September proposed some co-ordination of the various countries' laws involving pipelines: as several of the major lines now planned would cross national boundaries, with consequent changes in tax treatment, joint rules may well develop.

In Britain, so far, nobody has suggested special legislation on any general scale—until the recent protest at giving powers of compulsory purchase to a private firm. It is fair to note that in Britain, as on the Continent, the next decade seems likely to see a much larger development of pipelines—perhaps the largest non-Governmental development of any transport system this century apart from the electricity grid and super-grid. A pipeline may obtrude a little more on private property, through less on public amenity, than power lines do. Behind the development of crude and product lines may come a national high-pressure gas grid for natural and coal-based gas: even some limited hydraulic transport of coal from pithead to power station. It is fairly safe to reckon that, if so, protests at the invasion of property rights will grow, against nationalised even more than against private industries; and it is likely that over the years there will be demands for some new kinds of specific legislation for this relatively new kind of transport.

BUSINESS NOTES

ANXIETY IN THE MARKETS

Bank Rate Timing

THE first call for special deposits at last became payable on Wednesday, and the City duly turned its eyes to the Bank rate board. The gilt-edged market, indeed, already appears to have discounted not only 6 per cent Bank rate but 7 per cent. Tuesday's falls in this market brought War Loan below 61, within a fraction of the lowest point ever reached—on September 20th, 1957. At a yield of 5¾ per cent. it is presumably an even better buy for the long-term investor that Mr W. F. Andrews of the Unilever pension fund pointed out two months ago. While the uncertainty about future credit restraints persists, large-scale buying of gilt-edged can hardly be expected. The fact remains that the current level of yields is highly attractive, whether by the historical measure or the measure of current alternative investment outlets; and investors in the past few months have shown that they are not insensitive to yields.

The Bank rate fears have also unsettled the equity markets, which had earlier been encouraged by last week's upturn on Wall Street; by the week-end the *Financial Times* ordinary index, at 328.6, was within 2½ points of its level on budget day, an achievement that inspired the more impatient of chart-minded commentators to pronounce that this year's fall might be no more than a secondary reaction after all. But on Tuesday the market fell, largely because newspaper reports and official figures of retail sales suggested that the current measures of restraint were having little effect. This was followed immediately by the news that Hoover was dismissing 800 men and that BMC and Vauxhall were cutting production. Equities fell more sharply. The fact that the market thus moved the same way on consecutive days for reportedly opposite reasons no doubt makes an interesting subject for study, not least into some rationalisations of stock market movements. The more relevant fact is that equity prices for weeks have had little room for manœuvre. If the economy moves too far ahead under its own steam, that increases the possibility of new official restrictions; if the prospect of such restrictions grows more remote, that is likely to be a sign that trade is less buoyant. On Thursday the market steadied after the

GILT-EDGED NET PRICES

	Sept. 20, 1957	Jan. 1, 1960	May 12, 1960	June 9, 1960	June 16, 1960
5½% Exchequer, 1966	...	102 17/16	100 3/8	99 15/32	99 1/2
5½% Funding, 1982-84	...	103 21/32	99 29/32	99 3/4	98 1/8
5% Treasury, 1986-89	...	96 3/16	91 1/16	89 3/4	89 5/16
3½% Funding, 1999-04	62 13/16	71 27/32	69 1/16	66 7/16	65 31/32
Consols 2½%	44 5/16	49 3/4	47 3/32	45 17/32	45 1/8
War Loan 3½%	60 19/32	65 1/32	62 1/32	61 1/16	60 23/32

announcement of no change in Bank rate, but resumed its fall on publication of the May trade return.

Is a rise in Bank rate imminent? Even if the authorities feel that existing forces are bringing the domestic economy under control, Bank rate would be the natural instrument to see sterling through a summer in which the balance of payments is in any case weak on current account. If Bank rate is to be used effectively in this way, timing is obviously all-important; a move taken too early may have worn off by August, while a move left late may be ineffective if strong pressures have already been built up.

Restrictions Begin to Bite

THE abrupt dismissal by Hoover of 10 per cent of its labour force shows, as it may have been intended to do, that the fall in sales caused by the hire purchase restrictions has had enough effect on manufacturers' orders to make large cuts in production necessary. Even in the past week retailers' estimates of the fall in sales to be expected have risen; those who then quoted a general fall of 10 per cent now mention a figure of 14-15 per cent, though there are big regional differences: in some areas falls of 50 per cent are mentioned. Makers had expected sales this year to stabilise at a lower level than last year's; coming on an already weakening market, the effect of the restrictions may well have been strengthened. In the long term, however, sales may stabilise at a higher level than the present; after the holiday season, prospective buyers may begin saving up deposits again.

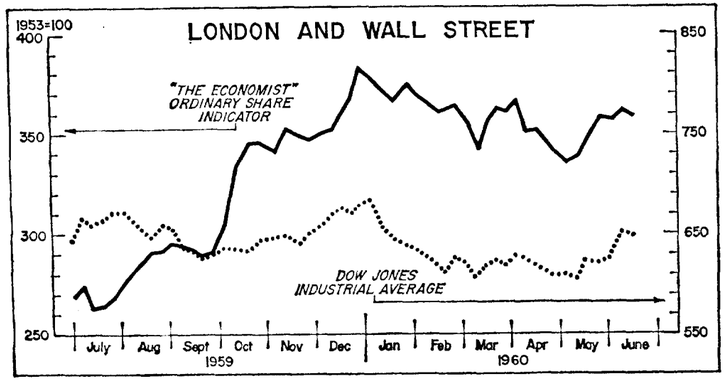
The fall in orders from retailers is much larger than the fall in sales, because retailers now wish to cut their stocks to match this lower rate of selling—which can mean that some retailers take nothing from makers for a while. In cutting output, makers cannot match such fluctuations in orders; but they have to cut it to equal their expected deliveries for several months ahead. As stocks are normally built up during the summer for the autumn selling boom, they have to consider the limits on the stocks they can hold: Hoover, as the largest producer, has the biggest stocking problem. It therefore needs to take the most drastic action—and it has certainly shown no reluctance to do so. Other makers admit to a fall in demand, but have not revealed any plans to cut output.

THE MARK

Zurich Unruffled

THE most encouraging financial news of the week has come from the exchange markets. Around the week-end suggestions that the German authorities might be considering a widening of the dealing margins or even a revaluation of the mark became more widespread, and some people saw an ominous familiar sign in a prompt denial of any such intention by Dr Erhard. Yet despite the publicity given to the rumours and to the continuing increase in the Bundesbank's external reserves, there appear to have been few speculative movements. The forward premium on the mark has widened a little, but at around 4½ pfennigs it represents a percentage premium on the spot rate of only about 1½ per cent on an annual basis. In 1957 this premium reached 15 per cent, and presumably some of the speculators who burned their fingers then have no intention of doing so again.

London dealers report that comparatively little speculative money has gone to Frankfurt; and on Wednesday sterling made a show of strength, rising against the dollar to $2.80\frac{5}{16}$ as a result of buying orders from Paris and New York. The further fall in the United States Treasury bill rate, to just under 2.3 per cent, has increased the attraction of London as a centre for short-term investment. The London Treasury bill rate rose slightly at last week's tender to 4.6 per cent, and the differential of about 2¼ per cent over New York is still twice as large as the cost of forward exchange cover. The German banks must be expected to recall more of their funds to their own market, and the tightness of credit there may suck in other funds despite the official barriers that have been set up against them. But movement of funds to take advantage of high interest rates is one thing, and speculation is another. So far, at least, this year's rumours about the mark come into the category of last year's about the dollar—much talk about it, little money on it.



OVERSEAS TRADE

No Rise in Exports

WHILE this week's news from the domestic economy has suggested that new restraining measures may be less urgent than some people had been assuming, it is impossible to draw similar comfort from the customs returns of overseas trade in May that were published on Thursday. These show no sharp new deterioration, but they tend to confirm earlier indications that the current surplus this year has been running below its level a year ago, which itself was too low. Export shipments in May, it is true, reached a record value of £317.5 million, £10 million more than in April. But the Board of Trade estimates that the rise was rather smaller than should have been accounted for by normal seasonal influences; after making what allowances it can for these influences, it puts the May export figure at £298 million, virtually the same as the corrected figures of the two previous months and some £10 million below those for January and February. It now seems certain that exports this year have been stuck on a plateau. They were still 11½ per cent higher in the first five months than a year before, but the increase was not continuing.

UNITED KINGDOM TRADE

(Recorded values; £ million per month)

	Exports fob	Imports cif	Re-exports fob
1958	264·7	312·3	11·8
1959	277·5	332·5	10·9
1959—1st quarter	263·9	313·6	11·1
2nd quarter	281·8	327·8	10·7
3rd quarter	263·5	327·9	9·9
4th quarter	300·8	360·7	11·7
1960—1st quarter.	306·8	374·9	11·7
1960—January	316·3	367·0	12·0
February...	295·8	364·4	9·4
March	308·1	393·6	13·8
April	307·3	373·5	11·5
May*	317·5	390·4	11·8

* Provisional

Imports, meanwhile, continue at a high level, and while the rate of increase appears to have slackened it does not appear to have stopped. Between April and May there was a rise of £17 million to £390 million, and the seasonally adjusted figure is at a new peak. In the first five months of 1960, total imports, valued cif, were 18 per cent higher than a year before. The May figure was swollen by delivery of Boeing aircraft to BOAC, which may have reached a value of £10 million, and these trade returns are not inconsistent with the view that after the sharp rise in the last quarter of 1959 and the first quarter of 1960, the underlying trend of imports may be levelling out. It is export performance, as a Treasury minister pointed out this week, that is disappointing and disconcerting.

COAL

The Politician as Industrialist

IF one wants a politician as chairman of the National Coal Board, Mr Robens may do no worse than any other and better than many. An appointment from the Labour party has, for the politicians selecting him—presumably Mr Macmillan and Lord Mills—two advantages. It might offer a pink coating, possibly palatable to the miners, for the inchoate intentions that these politicians cherish of transmogrifying the industry. And if the time should ever come when this chairman, in the interests of the industry, might feel it worth resigning on a point of principle and presenting his case to the public against the politicians—which ought to be one of the ultimate services that chairmen of these nationalised industries could render the nation, though none has yet felt it necessary or advisable on any given issue—his protest might easily be written off as a matter of Labour prejudice.

Mr Robens, as a politician, has paid considerable attention to fuel and power, including coal, and firmly believes in public ownership. The possible implications of his subtraction from the Labour party succession are considered on page 118; in this industrial context it may be noted that the appointment, formally in the gift of Mr Richard Wood, the Minister of Power, will incidentally remove the best-informed Opposition spokesman on Mr Wood's responsibilities. In the field of labour relations, which are of great importance in any industry as labour-intensive as coalmining, Mr Robens has experience as Minister of Labour and of late as an adviser on a construction contract. His experience of business management is limited and remote—years ago and in the Co-operative movement, one of the few organisations which Conservative politicians might consider worse-managed than a nationalised industry. It is only fair to add that strength of character and the ability to encourage good men, rather than expertise, are required in this key post; and that Mr Robens says he has obtained some guarantees from Mr Macmillan against being required to denationalise the industry—though nobody imagined this was on anyway. If Mr Robens, in considering the appointment, has had to try to get a clear idea of what the Conservatives would like to do with or to the coal industry, he deserves sympathy: this exercise has all the charms of trying to take a firm grip on a jelly.

Manning the Board

IT is partly because no businessman of sufficient calibre will consider so exposed and relatively unrewarding a job as chairman of the Coal Board that certain union officials have been encouraged to assume that this and other appointments to the board lie partly within their prerogative (though the NUM, officially, does not claim this): they might well dislike a wiser appointment more. The fulminations of some communist office-holders against the rumoured appointment of another gentleman from outside to succeed Mr R. H. E. Thomas as marketing member, indeed, are one of the few things that might commend that appointment to impartial people outside the industry. It has to be noted, however, that opposition to the marketing appointment within the board seemed fairly unanimous—though the board was not at the outset in any sense opposed to an outside appointment in marketing, never one of its strongest departments. In the event, this apointment was not among those announced by the Minister of Power this week.

Mr Robens will become a deputy chairman of the board from the beginning of October and take over when Sir James Bowman leaves the chairmanship in January. Sir Joseph Latham, who will be leaving at the end of August, will be succeeded by Mr Humphrey Browne, chairman of the West Midlands Division and former director-general of production of the board, from September 1st. The pattern of succession in the board's history happens never to have given the key post of deputy chairman to a mining engineer, and it seems only right that it should now pass to one; and Mr Browne is one of the industry's outstanding personalities. This appointment will give the board two deputy chairmen until the end of August, when Sir Joseph Latham departs; but it may also tend to weaken the commercial representation on the board. There will no doubt be other appointments to come fairly shortly; but as the list now stands the need will be to balance the weight of trade union and labour representation with financial, economic, or commercial ability. It may well be that the wisest course would be to revive—as a permanency and not a temporary arrangement—the system of having two deputy chairmen to flank the new chairman with one on the business side as well as an engineer.

MOTORS

Signs of Autumn

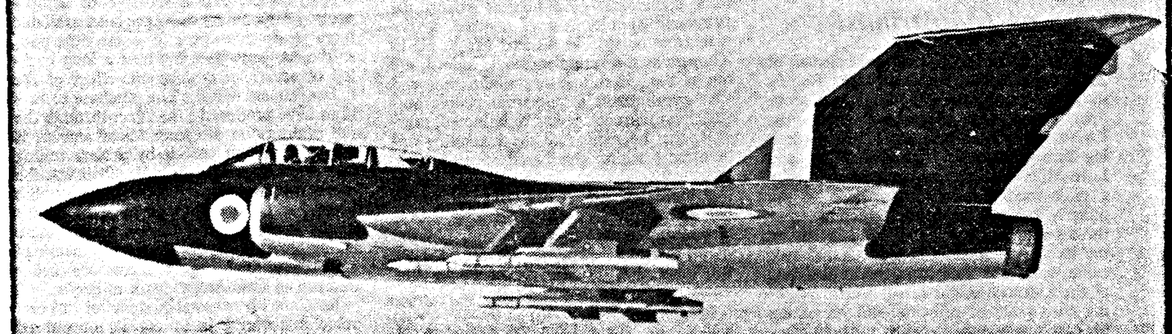
THE cuts in output that have been announced by BMC and Vauxhall are small, but they are the first for a long time. Coming with the news that total imported car registrations in the USA were down in April, by 10 per cent compared with a year before, for the first time since the present boom in imported car sales began—British registrations were down by 20 per cent—and with signs that home sales are beginning to be affected by the hire purchase restrictions, it seems that there may now be beginning a new and less easy era for the motor industry. Vauxhall has only cut its output by 25 a day from a rate of 1,250 a day, by ending Saturday overtime work. It blames this on two apparently rather contrasted factors: the fall in sales to the USA, where it sold 30 per cent fewer cars in the first four months of this year than a year before, and a shortage of components. At home its cars have been available more freely than most for some time past, so the company does not have a long backlog of orders to cushion the effect of the fall in demand that the hire purchase restrictions have produced; the effect through the fall in prices on the second-hand market is now begining to be felt by dealers selling new cars. Canada, where Vauxhall was the best-selling imported car last year, has bought even more this year; but the unions in the home motor industry, hit by these higher imports are lobbying, and hearings on a claim that imported cars are being dumped in Canada are about to begin.

BMC, with a total output of 16,000 vehicles a week, is to cut its output of sports cars by 200 to 1,050. It says this cut is only the result of a desire to avoid overstocking of dealers in the USA before the seasonal fall in sales begins at the end of the summer. About 90 per cent of BMC's sports cars are exported, most of them to the USA. In the first four months of this year BMC's sales in the USA were 3½ per cent higher than they had been a year before; but there has been a general decline in dealer confidence since imported cars began to sell less well, and this move by BMC may well be a recognition of dealers' fears that they will be overloaded with stocks which will have to be sold at a discount.

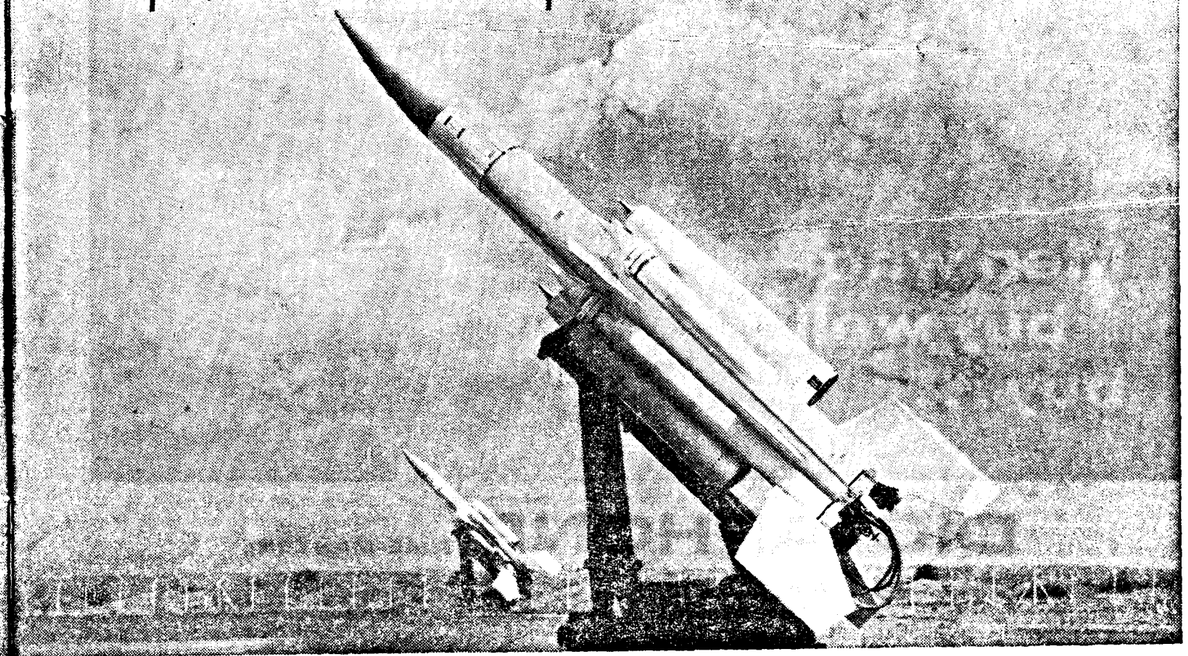
New BMC Plants

TEMPORARY checks to output are not holding up the motor companies' arrangements to expand. The British Motor Corporation's plans outside its traditional areas are already taking concrete form. Work on the new Fisher and Ludlow domestic appliance factory on Merseyside began early in May, and that on the new commercial vehicle and tractor factory at Bathgate, in Scotland, was inaugurated at the beginning of June. Negotiations for the site of its third new factory, to make body pressings and sub-assemblies at Llanelly, have now been completed, and building will start soon. All these new plants should begin production by the end of 1961; the effect on vehicle output, when the plants reach full production, will be that capacity for tractors will be more than doubled, from about 15,000 a year to 37,500, while that of lorries will rise from 35,000 a year to 50,000. So far as cars are concerned, the capacity for Austin 7s and

Round-the-clock defence
intercepts aircraft hundreds of miles out—



far up into the stratosphere...



...AND BRISTOL SIDDELEY SUPPLY THE POWER

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POWER FOR THIS



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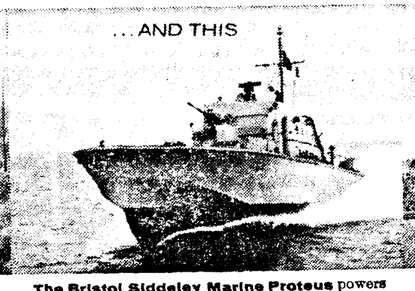
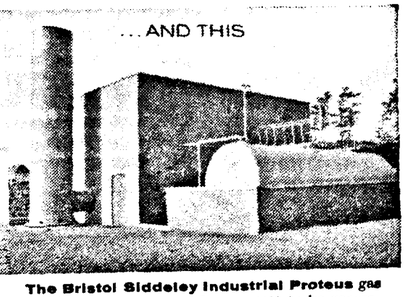
...AND THIS

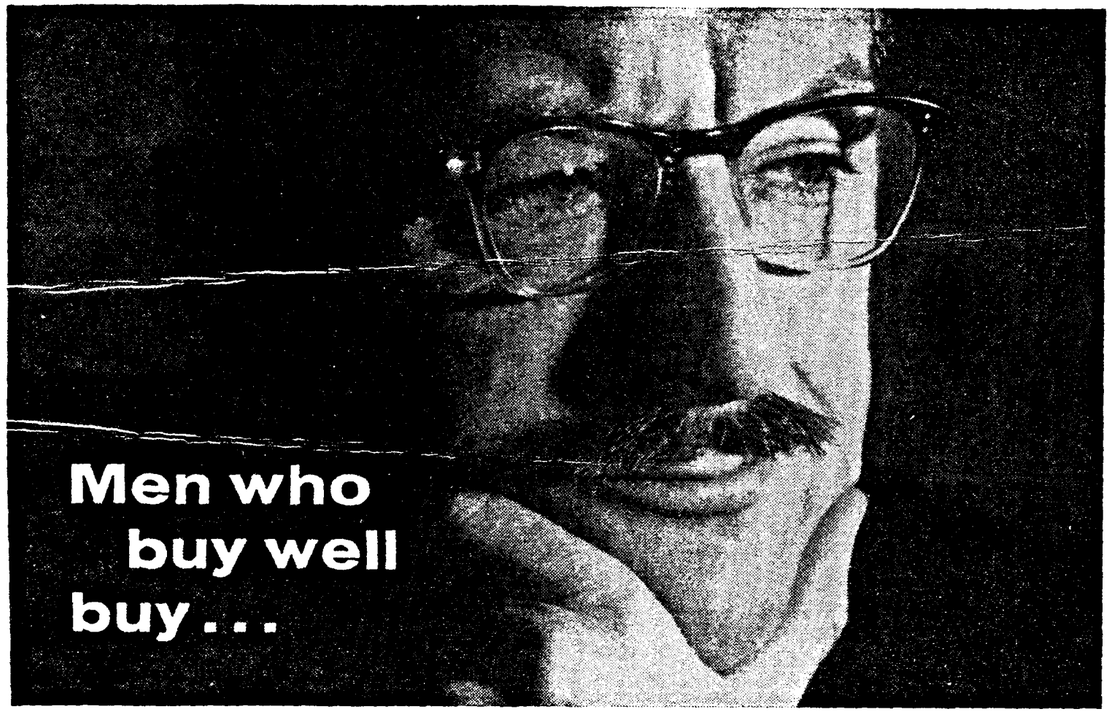


The Bristol Siddeley Marine Proteus powers the world's fastest naval vessels, the "Brave" class Royal Navy patrol boats, built by Vosper Ltd. Three Proteus deliver a total of 10,500 hp—propel these 96-ft boats at over 50 knots. The Marine Proteus is quick-starting, flexible and reliable.

...AND THIS



The Bristol Siddeley Industrial Proteus gas turbine engine powers a 3-megawatt turbo-generator. Designed for peak-lopping and stand-by generation, this new pocket power station will deliver full power within 2 minutes of a cold start for a lower capital cost than any other type of installation.



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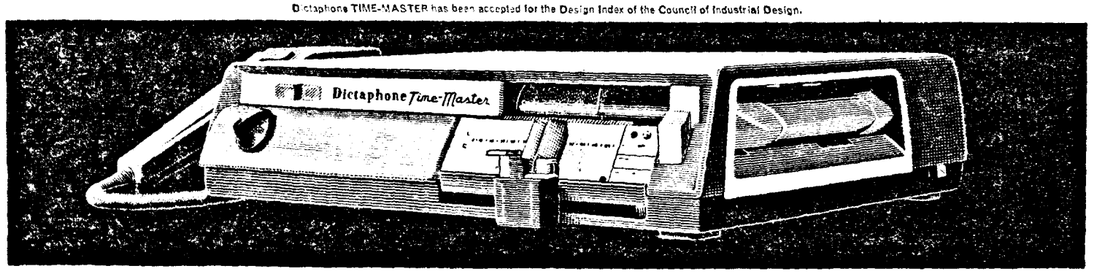

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Mini-minors will be increased from the present 200,000 a year to 400,000; the Llanelly plant will probably make body pressings for these cars, for assembly at Longbridge into Austins and at Fisher and Ludlow's into Mini-minors. In all, about £40,000 vehicles will be added to BMC's capacity by these plants; the space freed and the new factories to be built in the Midlands may add more, with larger supplies of bodies coming from Pressed Steel.

Farewell to the Sphinx

THE demise of the Armstrong-Siddeley car shows how difficult it has become to make a profit on small-scale production of cars in Britain today. The Sapphire was made at a rate of 12-20 cars a week, and it simply could not cover the cost of overheads —especially as it had a steel body, with a consequent high cost of the dies to amortise. Only Jaguar, with its high production rate —over 500 a week—and Rolls-Royce, which also makes rather more cars than Armstrongs did, and sells them for twice as much, now seem able to make luxury cars profitably. The specialists in sports cars, such as Aston-Martin and Lotus, do not have such high overheads because they do not use steel bodies; nor does Bristol, which is continuing to make cars for the moment. Its output is only about one car a week, and can hardly be significantly profitable; but the company has done much work on the use of glass fibre for cars and boats, and makes bodies for Lotus, so it may have some plans to exploit these developments under its own name. The low tooling costs of construction in glass fibre construction make it suitable for small-quantity production. Armstrong-Siddeley will retain an indirect interest in car production as assembler of some 400 Sunbeam Alpines a week—rather more profitable a rate of output than its own.

The change in the character of the Armstrong-Siddeley, from the medium-sized middle-class car of prewar and early postwar days to the luxury Sapphire, might seem at first to have contributed to its decline. But the simple reason for that change was that labour accounts for most of the cost of a hand-made car, and this cost does not vary significantly with the size or quality of the car. But the bigger it becomes, the higher the price that can be obtained, and, as J. A. Gregoire wrote of his experience with the Tracta car before the war, the smaller becomes the loss—though neither he nor Armstrong-Siddeley could close the gap between revenue and expenditure. This explains why the small- or medium-sized quality car that was once so common has now disappeared from the British market with the sole exception of the Rover, which has itself grown in size since the war. Hence the popularity of the mass-produced car which beneath a disguise of walnut veneer and the name of

What Price Growth?

BY A WALL STREET CORRESPONDENT

EVER since the decline in equity prices set in last January, Wall Street has been puzzled by the performance of a small but diverse group of issues generally classified as growth stocks. In the recent general revival in prices induced by the cut in the discount rate, shares in "cyclical" industries like steel and motors which fell earlier by between 30 and 40 per cent have made only a slight recovery and aircraft and oil issues, favourites of the 1955-57 bull market, are doing no more than move up slightly from very depressed levels. The outstanding performers have been utilities and the growth stocks.

In the second half of 1959 most of these growth stocks shot up to what were then considered vulnerable levels, but contrary to most expectations they continued to advance when other equities fell. The cult in them looks to capital gains rather than yield. Normally, New York market analysts pay a great deal of attention to yield and price-earnings ratios. A "cyclical" issue normally sells at from eight to ten times its annual net earnings per share, to yield four to five per cent. Some of the groups favoured by institutional investors, including electrical equipment, drugs, office machines and chemicals, sell at 15 to 20 times earnings, to yield between two and three per cent. The growth stocks, embracing electronics, "leisure" and sports activities, sell at anywhere from 30 to 100 times current annual earnings and often provide little or nothing in dividend yield.

Enthusiasts of growth stocks do not consider these astronomical ratios a deterrent and they have rationalised their enthusiasm. Some of them start with the empirical view that earnings per share of industrial companies grow at an average annual rate of 4 per cent and that therefore investors are willing to pay an average of 16 times earnings for this rate of growth; where earnings promise to grow at an annual compound rate of 50 per cent for the next five years a share can then reasonably sell at 100 times current earnings. This represents 13 times its projected 1965 earnings. More sophisticated rationalisations than this have been put forward but all of them involve a number of questionable assumptions about future earnings—and the advocates of growth stocks go further than most by projecting earnings for a four to five year period instead of the normal six months to a year. They argue that the growing stability of the economy permits longer range projections, and that there are a few companies whose growth seems so assured that they can sell at ratios that would be out of the question for run-of-the-mill issues.

More conventional analysts admit that, despite their low yields, the leading growth shares merit a high price-earnings multiple, citing such established issues as International Business Machines (with a 22 per cent growth rate and a price earnings ratio of over 40), Polaroid (40 per cent growth rate and a ratio of over 50) and Texas Instruments (35 per cent growth rate and a ratio of 40). These companies have proved over a number of years that high growth rates in earnings can be sustained. Yet many less seasoned issues, with a more doubtful future, are placed in the same select category. While some can boast an impressive performance over the past few years, this is either because they are relatively new companies starting from a low base, or because they are in relatively new fields—bowling, boating, electronics—in which sales have been rising at a very rapid rate. For many of these companies future growth depends on additional financing (which may dilute earnings per share) or on the absence of competition (which is unlikely as long as their own records attract attention) or on a continuation of prosperity (which, over a four to five year period, is at least open to question).

INVESTORS, who are constantly seeking fledgling IBMs or polaroids, seem to be unconcerned by such considerations. Nor are they bothered by the rapid pace of technological advance which can easily make a process currently producing profits obsolete, or by the fickleness of the Pentagon in shifting its defence contracts. The public seems to be all too willing to accept the idea that today's growth rates will prevail tomorrow. Even some of the growth stock enthusiasts deplore the widespread tendency to put the stamp of approval on any stock currently showing an improved rate of earnings and the equally widespread faith in growth by association, which implies that any company operating in the same field as an IBM or a Texas Instruments deserves a similar price-earnings ratio. So far these caveats have had no effect.

But the current craze for growth may founder just because it is now becoming so undiscriminating. Few stocks have a chance to live up to the high hopes and higher prices that investors are putting on them. If, for example, Polaroid, which must be rated as a genuine growth issue, continues to grow at its present compound rate it would eventually emerge as the nation's richest corporation. The trouble is that the cult of growth is itself in a growth stage. It is reminiscent of the extraordinary demand for radio and aircraft issues that was so dangerous in the late 1920s. Then the comment was that investors were discounting not only the future but the hereafter. The same comment seems just as valid today.

old quality cars such as Riley and Sunbeam can satisfy a desire of the consumer to be conspicuous without the cost to the manufacturer of small-scale production.

BANKS AND HP

Still the Whipping Boy

SINCE the last time the banks laboured under official restraints on their lending they have acquired large stakes in the country's largest hire purchase finance companies ; but that has not generally softened the bankers' general feeling that hire purchase is the source of many of their troubles —and is a particular threat at times of credit restriction. Mr David Alexander, general manager of the National Commercial Bank of Scotland, outlined this week in his presidential address to the Institute of Bankers in Scotland his general feelings about the new set of restrictions, and his remarks have found wide sympathy among bankers. While Mr Alexander cannot feel any enthusiasm for special deposits, the scheme is at least "preferable to the credit squeeze as formerly imposed." (There are some thoughtful bankers who would disagree with this on the ground that while the official "request" was self-evidently an expedient that had to end, special deposits may be a more durable control that is difficult to lift.)

But with one further action Mr Alexander finds himself in "hearty agreement." He refers of course to the re-imposition of hire purchase controls.

> At the very least, they persuade me to accept special deposits with better grace, and I think that their proper use may help us to get rid of special deposits rather more quickly than would otherwise have been the case.

It is not clear whether Mr Alexander is merely approving the current hire purchase controls (which for most articles are not too far removed from the self-limitations that the hire purchase companies themselves should have set down on grounds of commercial prudence), or whether he is arguing that "proper" control of hire purchase would allow the banks to go free. Other bankers are now worried by the high rates that some finance houses are offering for deposits, and foresee a new diversion of credit business away from the banks. As bankers, they and the Bank of England should realise that the market in credit operates on the same basic principles as any other market ; restrictions in supply in one sector driving up price (interest rates) in another. The moral, as the Radcliffe committee recognised, is to act on the market for credit as a whole, by using interest rates.

COMMONWEALTH FINANCE

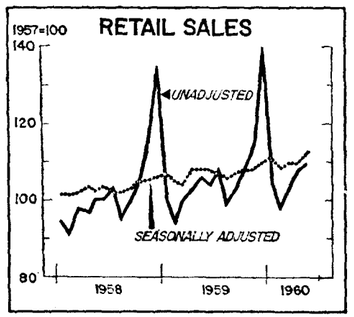
An Institution Too Many?

WHILE the Colonial Development Corporation waits on the Government to decide whether it shall be allowed to continue its active business as colonies become independent countries, the Commonwealth Development Finance Company announces that it has succeeded in increasing its capital—but is still doing very little business. CDFC was set up in 1953 after demands at a Commonwealth conference for a new institution to fill an alleged gap in Commonwealth financing; ever since it has been evident that the gap is not in institutions but in ability to find the money. In the past year, CDFC has increased both classes of its capital, placing more "A" shares with big industrial and commercial companies and more "B" shares with the Bank of England—and, for the first time, with central banks of some, but not all, central banks in overseas Commonwealth countries; Rhodesia and Nyasaland, India, Malaya, New Zealand, Pakistan and South Africa have subscribed. The company has not been able, as it hoped, to fortify this increase from £4.2 million to £7.3 million in issued capital by its intended debenture issue, so its bank advances have been reduced only from £7.2 million to £5.9 million. But it is not clear that CDFC has the right organisation to channel funds efficiently into Commonwealth overseas development. Earlier this year Sir Nutcombe Hume, chairman of the Charterhouse group who is also for the time being chairman of the Colonial Development Corporation, aired the prospect of a merger of CDC and CDFC. It seems a good idea.

RETAIL TRADE

Unrestrained in May

EVEN after making allowance for the usual seasonal factors, May seems to have been at least as good a month for retail business as April and was possibly even better ; and the retail trade statistics do not suggest that durable goods shops suffered any widespread loss in the first month following the re-introduction of restrictions. Their sales, according to the Board of Trade, "probably showed some modest reduction as compared with the high level of a year earlier"—when buying had been particularly high following the purchase tax cuts and, even without credit controls, more than could have been expected this year. On the other hand, in anticipation of the purchase tax cuts, spending on durables in the pre-budget period last year was somewhat depressed, thus exaggerating the apparent margin of growth in the earlier months this year.



This complicating factor, as well as the different incidence of Easter, bedevils any comparisons of consumer expenditure in the first quarter of this year and last. The straightforward comparison shows that, in real terms after making allowance for price changes, 15 per cent more was spent on radio and electrical goods at the beginning of this year and 8 per cent more on furniture and floor coverings. Beer-drinking was up by 7 per cent and smoking by 6 per cent —both unusually large increases, but in the case of beer, this only reflected the low level last year. And 6 per cent more clothing and 2 per cent more footwear were bought in the first three months of this year in spite of the lateness of Easter. Shops selling clothing and footwear have also done well since then and in May their sales were better than last May although the latter included Whitsun trading.

The underlying trends in consumer spending can most easily be followed in the series of quarterly figures which are now adjusted not only for price changes but also for seasonal influences. As yet only three such figures are available for the first quarter of the year ; the most striking of these shows tobacco consumption to have been at a new high level—2 or 3 per cent above the average for the last nine months of 1959. On the other hand, consumption of drink was lower than it had been since the first quarter of last year ; and purchases of clothing were fractionally below the record level reached in the last quarter of 1959.

B.O.A.C.

A Hard Bargain

WHAT happened to BOAC negotiators in their recent dealings with the small local airlines of South, Central and East Africa ? They seem to have come off badly in negotiations to decide how much of the traffic BOAC should carry in and out of those territories. It has just been announced that BOAC, two of the local airlines and British United Airways (the merger recently formed between the two independent airlines, Hunting and Airwork, in this country) will start third-class services to east and central Africa in October, operating twice daily with a special cut-price flight once a fortnight. What has not been announced is the fact that BOAC, the giant among three pygmies, will be allowed to carry only a quarter of the traffic, sharing in equal proportions with British United Airways while the local airlines of central and east Africa

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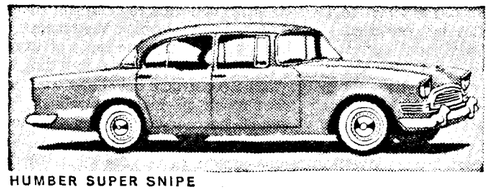
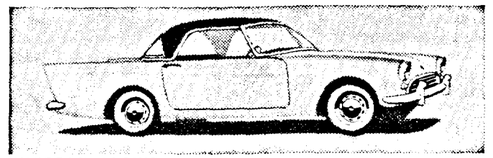


HUMBER SUPER SNIPE



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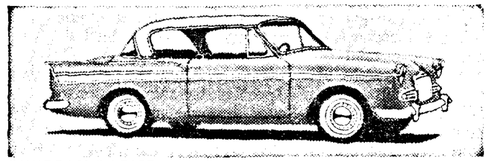

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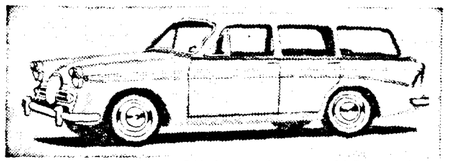

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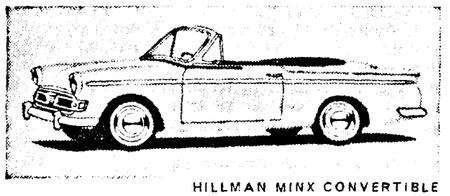

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have half of the traffic out of each of their territories reserved specifically to them. And if during talks to be held next week South African Airways insists on an even larger share of traffic, the joint UK airlines' share may well fall to less than half. This seems a most extraordinary arrangement, and it shows the extent to which a big airline can be held to ransom by small operators who choose to use the granting or withholding of traffic rights as a means of screwing concessions out of their big, so-called "partners."

Is the hand of the African airlines to be seen also in the modest price cuts finally agreed? The new third-class fare to Entebbe, to take one example, is £104, only £4 less than the coach class service that used to be flown by the independent airlines. The new Skycoach service, which at £88 offers a really worthwhile fare cut on existing fares, is to be flown only once in two weeks, an arrangement which BOAC diplomatically describes as being geared to estimated demand but which looks to the outsider like an arrangement designed to pay lip service to an awkward commitment to lower fares while diverting the minimum amount of traffic from ordinary flights. Was it for this that the government huffed and puffed and threatened that BOAC might leave the International Air Transport Association? How IATA headquarters in Montreal must be laughing.

CONVERTIBILITY

Success Story

THE board of management of the European Monetary Agreement, which is the same board that previously ran the European Payments Union, has a success story to tell of the first year of convertibility. Its first annual report points to the "new climate" that followed the formal exchange freeing at the end of 1958, supported in 1959 by sound domestic economic policies and favourable circumstances for Europe. Formal convertibility, which added little in itself to facilities previously available in free markets, gave an impetus to the dismantling of many other restrictions on trade and payments. By the end of 1959, the report estimates, Western Europe had liberalised about 90 per cent of its imports from North America on a 1953 base, compared with 70 per cent at the beginning of 1959. Restrictions on international movements of capital were eased, leading to a big increase in movements both of short-term money market funds and of long-term capital.

The capital markets of Western Europe and North America became much more closely linked; and there was an outcrop of international investment trusts, which are estimated to have attracted over $300 million since the beginning of 1959. Direct investment has also continued to increase, and net private direct investments by the United States in Europe rose from $173 million in 1958 to $439 million.

On their technical activities, the managers of the European Monetary Agreement report that they have had little to do—which is itself a sign that convertibility has been working smoothly. Only three countries—Greece, Turkey and Spain—have drawn medium term credits from the European Fund. And only one country, Greece, has made any significant use of the multilateral system of settlements. This is not surprising, since the system operates in such a way that settlements take place at the extreme of the notified exchange dealing margins that is most unfavourable to the country taking the initiative in using the settlement mechanism rather than the exchange market. What the system does is to provide a limited guarantee to central banks against exchange rate alterations. If a member country devalues its currency, for example, other members can ask that their holdings of that currency be converted at the old rate. This additional deterrent against devaluation has yet to be tested. But in November last year Sweden did in fact widen the dealing margins for the krona (which had previously been particularly narrow); apparently only one country exercised its right to present krona for settlement at the previous selling rate for dollars.

CONSTRUCTION

Uneven Boomlet

CONTRACTORS' orders for new construction work rose sharply in the first quarter of this year, reaching a record total of £478 million. This was an increase in value of £53 million over the final quarter of 1959—when an even bigger increase was recorded—and compares with a total of £402 million in the first three months of last year. Work for public authorities accounted for £199 million worth of last quarter's new orders, compared with £182 million in the previous quarter and £173 million in the first three months of 1959. Of this amount £62 million consisted of orders for new public housing; other new orders by public authorities rose from £121 million to £137 million, though this included a number of large and long-term contracts, such as railway electrification projects, the Bristol-Birmingham motorway, the duplication of the Blackwall Tunnel and construction of a reservoir.

Demand in the private sector also continues to rise, though unevenly. Private housebuilding orders totalled £132 million last quarter, compared with £115 million in the preceding three months and £118 million a year earlier; orders for industrial building increased to £80 million, against £55 million in the first three months of last year, and orders for other private construction—mainly commercial building—rose by over ten per cent, to £67 million. The Federation of Civil Engineering Contractors has claimed that in the past three years private industrial construction work on hand has fallen substantially; though exact comparisons between new orders and work completed are difficult, if not impossible, to make. The federation also estimates that the order load for public works has fallen by £56 million since the end of 1958.

This uneven nature of the increase in demand has produced both strains and surpluses in the industry. Contractors are short of skilled labour, but long on engineers and managers. Bricks—used primarily in housebuilding—are in short supply, and there have been occasional shortages of reinforcing rods. At the same time there is a considerable surplus of heavy constructional machinery—particularly concreting and black-topping machines, medium-sized excavators, crawler tractors, rollers and scrapers. Civil engineering contractors (at least those that do not engage in building as well) continue to complain that this surplus capacity—which has resulted in sharp competition for some types of work—could easily be put to use if roadbuilding and other public constructional works were increased. But much of this idle machinery (some of which has become idle on account of cutbacks in opencast coal mining) is obsolescent; most of the heavy engineering plant which can also be used for industrial or commercial building seems now to be in use.

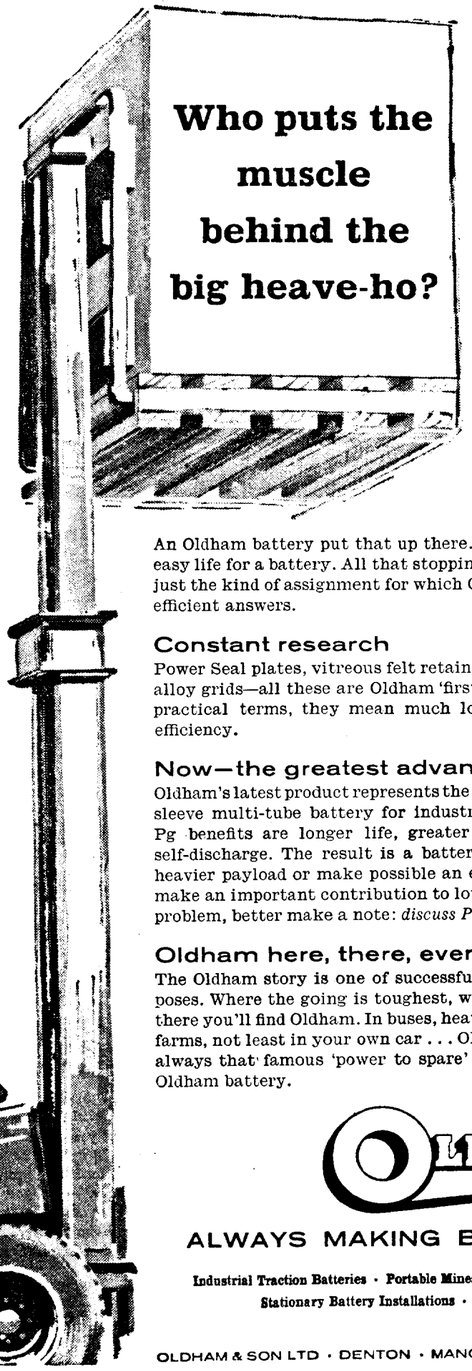
PRICE MAINTENANCE

Enforcement in Court

THE Imperial Tobacco Company this week obtained an injunction in Chancery Court, before Mr Justice Russell, restraining Mr Peter Deeming, who owns a chain of cut-price food shops in Wolverhampton, from selling Players Medium cigarettes below the price at which Imperial specifies that they shall be sold. The action was brought under Section 25 of the Restrictive Trade Practices Act, which gives manufacturers the right to enforce resale price maintenance individually; after having warned Mr Deeming of its price-maintenance policy, the company sent a clerk to one of his shops, where the clerk bought ten Players cigarettes for 1s. 11½d. instead of the standard price of 2s. 0½d.

Cases of this kind reach the courts comparatively rarely; Imperial has had only one previously, which took place last November. But despite the fact that the retailer's margin on a package of cigarettes costing 4s. 1d. is only about 5d.—the bulk of the price being tax—the tobacco companies are often forced to warn retailers against cutting prices, and to threaten them with an injunction under Section 25 of the Act if they do so. This sanction on prices is apparently fairly widely used in one or two other industries—motor accessories, for example—though other industries, notably food manufacturers, appear entirely to have given up using it.

After pointing out that co-operative dividends are allowable on cigarettes notwithstanding resale price maintenance,



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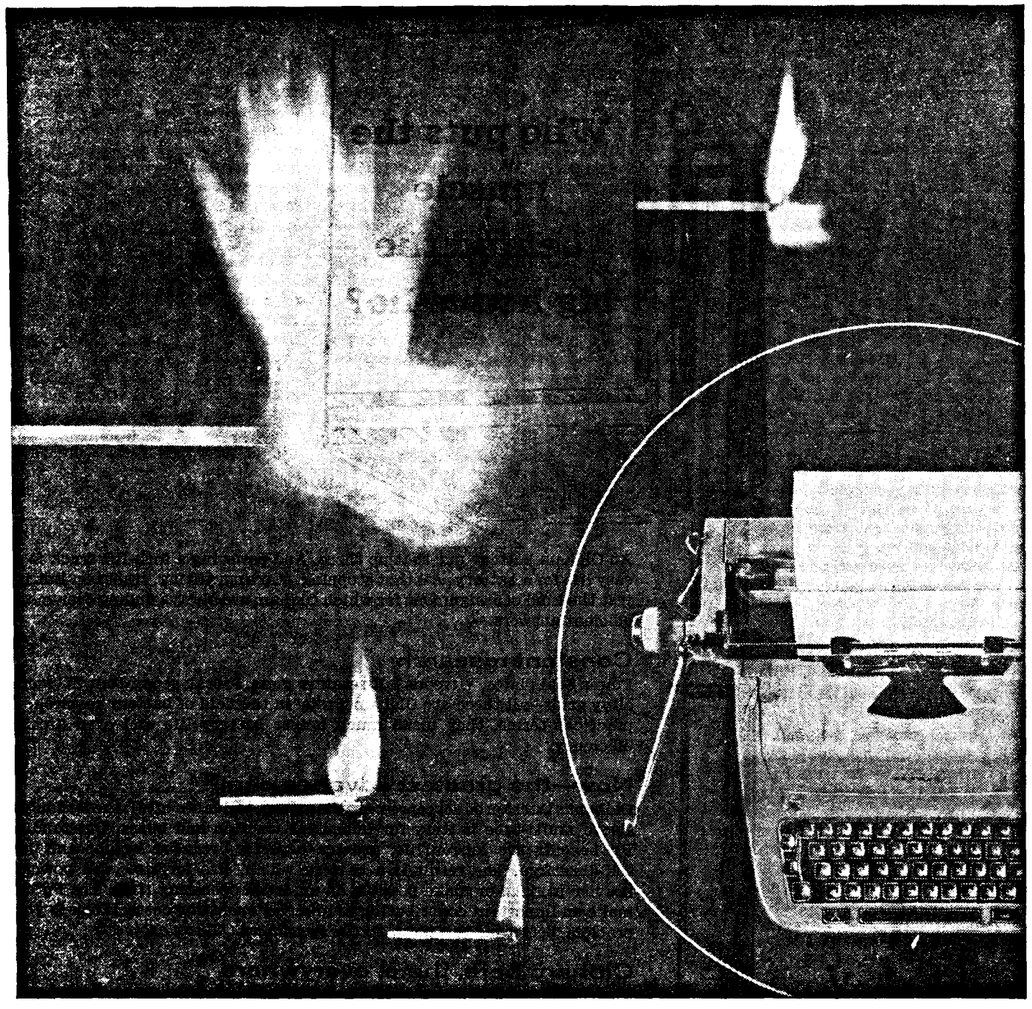

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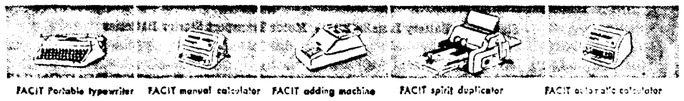
Gunnar Ericsson, President of the Facit Group



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thus giving co-operative stores a better position than other grocers, Mr Justice Russell pointed out that sale conditions do not have to be specifically agreed by the retailer, since under the Act it is no defence for a retailer to claim that he knew of the condition but did not agree to it. At this point the defendant commented: "I believe your lordship's own views (on price maintenance) are like mine." To which the judge replied: "I did not say that."

S. G. BROWN LTD.

Sold with Strings

THE Admiralty has taken a year to sell S. G. Brown Ltd., the gyro-compass and instrument maker that it unwillingly bought in 1942 because its then owners would not take Admiralty orders. The buyers are de Havilland Holdings, now part of Hawker Siddeley, and the American Bosch Arma Corporation, a big maker of gyro equipment and already possessor of a cross-licensing agreement with Brown. The price paid for the company has not been revealed by the buyers or by the Admiralty—which says that it is against its normal policy to reveal such facts about commercial transactions. The fact that this asset has been built up with public money does not seem to affect the departmental attitude; however, if a question is asked in Parliament—and the somewhat emotional reaction of Labour members to the sale of a nationalised company makes this probable—the Government may be hard put to maintain silence on this point. The net assets of the company were valued at £1,172,760 on March 31, 1959, the last date for which balance sheet figures are available; but its profits, which had been £114,000 before tax in the year to March 31, 1958, amounted to only £5,821 in its 1958-59 financial year. The Admiralty does not seem to have chosen the most auspicious date to sell the company.

The fall in profits in 1958-59 is attributed by the company to the effects of the shipping slump; but sales fell only from £1,800,000 in 1957-58 to £1,600,000 in 1958-59, so that other factors must have been involved in so drastic a decline in profits. A purchase price of about £1 million, which has been mentioned, would have sounded low in relation to the figure of net assets and the 1957-58 profits; but the 1958-59 figures would have made any such calculation rather meaningless. The conditions that the Admiralty has attached to the sale may have made its task more difficult, though there are said to have been quite a number of bidders. The conditions were that the sale should not create any monopoly; the purchaser should be able to develop the resources of the company to the full; it should not affect the cross-licensing agreement with Bosch Arma; and it should not bring the company under foreign control. This last condition ruled out Bosch Arma as a sole buyer, though it might otherwise have been the obvious choice.

Now, by bringing in de Havilland as the majority shareholder—foreign interests may not hold more than 49 per cent of the stock of the new company being formed to operate Brown—Bosch Arma has been able to get a manufacturing foothold in Britain, and so should be better able to compete with Sperry. De Havilland already uses Brown as a sub-contractor; its interest is an example of the change in the character of Brown's work. Originally this was chiefly marine compasses, then aeronautical gyro instruments, and now rockets. De Havilland and Bosch Arma state that their resources will allow Brown's activities to be extended into new fields; Bosch Arma, it should be noted, makes computers and automation equipment.

ROLLS-ROYCE

Second Choice

A YEAR ago, Rolls-Royce was given a severe slap in the face by the French nationalised aero-engine manufacturing company Snecma which signed an aero-engine agreement with the American Pratt and Whitney company rather than with Rolls-Royce. The inducement was the amount of capital that Pratt and Whitney was prepared to make available for investment in France—a sum that Rolls-Royce felt it could not match. Now Rolls-Royce is making a limited come-back by signing an agreement with its old licensee, Hispano-Suiza—limited because as things go in France, Snecma, being government-owned, can always expect to get preferential treatment over the privately owned Hispano-Suiza when orders are being handed out.

Snecma engines have successfully ousted all other designs in French military aircraft, although their quality is by no means outstanding, and the only occasion when foreign-built engines are used is when the aircraft is built with an eye to the foreign markets, like the Caravelle, or when no Snecma-built alternative exists. The immediate reason for the Hispano-Suiza agreement is to provide engines for a Franco-German freighter project, the Transall, which will be powered by Rolls-Royce Tynes and for an anti-submarine aircraft. There is little doubt that the company would prefer to supply the engines for the Transall direct from its own factories in Britain, but the French industry would presumably not stand for this, so the only alternative is to arrange for its construction in France. Fortunately for Rolls-Royce, Snecma has made little or no effort to build big turbo-prop engines, and Pratt and Whitney can give little help in this direction.

CREDIT INSURANCE

All for the Best?

AFTER their annual meeting in Seville last week the international association of credit insurers (the Berne Union) issued a comforting statement suggesting that it has competition in credit terms under control. For instance, members "confirmed their view" that where credit insurance for capital goods is required the maximum credit period after delivery for even large contracts should not be more than five years. Comforting, but does it hold? The five-year limit for capital goods is no more than a gentlemen's agreement, and members know well that on occasion insurers, on their own initiative or under pressure from their governments, have displayed an ungentlemanly ingenuity in finding a way round the rule for some particularly tempting export business. At times their conscience may have been eased by the knowledge that the credits were granted by government-sponsored institutions (as in the sale of German ships on seven years' credit) but this is of no solace for the British or other exporter who loses the contract.

The collective conscience of the Berne union has restrained open competition in credit terms—more successfully, perhaps, than might have been expected. But there is certainly a risk that such a loosely constituted association, on which governments are not directly represented, may be less able to hold the line as the pressure for longer credits intensifies. The development of new financing institutions could turn its flank. The British Government represented at one remove through the Export Credits Guarantee Department, may soon have to consider whether Britain's export trade is best served by letting the union get on with the job as well as it can, or by seeking a more effective system of control through direct negotiation between governments.

INTERNATIONAL CREDITS

Argentina and Rhodesia

TWO important international credits have been announced recently. The Argentine Minister of Economy, Senor Alsogaray, has stated that a group of French and German banks have granted Argentina credits equivalent to $150 million, repayable over seven years at an interest rate of 7 per cent. The money, he said, would be used to purchase capital equipment in Germany and France. Argentina's need for capital will also be pressed by the President of Argentina, Dr Frondizi, in the course of his coming state visit to Western Germany. This has been openly admitted by the Argentine Ambassador in Bonn who has said this week that the search for capital would be one of the objectives of the President's visit to nine European countries. Another matter to be discussed is Argentina's concern lest the development of rival European trade groups may affect the traditional Argentine exports of meat, grain and fruit. These developments reflect Argentina's urgent need for capital of any kind, from any source and for all kinds of purposes. Countries on the Continent of Europe are evidently being more forthcoming than the United Kingdom.

Nor are British investors at present enthusiastic about Africa. The Chase Manhattan Bank of New York has agreed to grant the Federation of Rhodesia and Nyasaland a three-year credit of $10 million. It will carry interest at 6 per cent. Repayments are due to start 18 months after the credits have been drawn on. The Federal Minister of Finance, Mr Macintyre, recalled that the 1959-63 development plan provided for expenditure of £77 million, of which £37 million was to be borrowed from local and overseas sources. It now seems, he said, that raising money in London would be more difficult and that the Chase Manhattan credit would help to fill the gap.

RESEARCH

Designing Lenses by Computer

A LONG-TERM research project designed to develop better methods of making lenses is one of the first to be financed by the DSIR under its new research policy. This is intended to ensure that projects do not die because the university in which they are being carried out has not the funds to continue them after a short-term DSIR grant ends—as it did after a maximum of five years, and an average of three. Grants will now normally be made until the end of the next quinquennium of the university concerned and can be made for seven years, as they have been for this study of lens design, which will be carried out at the Imperial College of Science and Technology. It is worth £9,400 a year, and is intended to allow Dr G. C. Wynne, research director of the Wray Optical company, to develop his ideas on lens design—one of which is to apply computers to the subject. Before he feels ready to do this effectively he wants some fundamental theoretical work done ; this the DSIR grant will make possible.

It is theoretically possible to make better lenses than are now made and since the design of lenses is so much a matter of theory and calculation computers might be used in this. But the advantages of these lenses would be limited to special applications, where high accuracy is needed. Better lenses would not necessarily become available for cheap cameras, for example : we already know enough about these simpler problems. Scientific instruments are likely to be the chief beneficiaries of this research—or perhaps photographic reconnaissance equipment for defence requirements. These applications may seem esoteric ; but it is impossible to tell what research of this nature may eventually produce, and funds to cover the modest cost of this sort of development of promising ideas can be among the best investments that a government research organisation can make.

COMMON MARKET

Aids to Investment

FOR an uncomfortably long time British firms have had to take (or defer) policy decisions about trading and investment in the common market without knowing whether Britain will eventually join or at any rate try to do so. Some have already taken the plunge by establishing subsidiaries or linking up with local firms ; some think it best to wait and see, while others no doubt feel that they ought to explore the possibilities but do not know where to start. A handy introduction to investment in the Six* has now been published by the Association of British Chambers of Commerce. There can be no "Best Buy" : what suits one firm will not suit another. Germany and Holland treat national and foreign firms alike, and offer no special inducements to investment (though the German provincial authorities offer some advantages in areas of surplus labour).

In Belgium too foreign investors have no special status, but the government has recently introduced a number of concessions, such as subsidised interest rates and interest-free loans for research and the development of new products. France and Italy offer some inducements for foreign firms ready to face a hideously complicated tax system. In France these apply to the depressed areas ("zones critiques") but they are not available in their present form beyond the end of 1960. Facilities include long-term loans at 6 per cent interest, an equipment grant, and a five-year suspension of local rates. And in Calais, one such zone, land is being offered, complete with services and access roads, for £820 an acre.

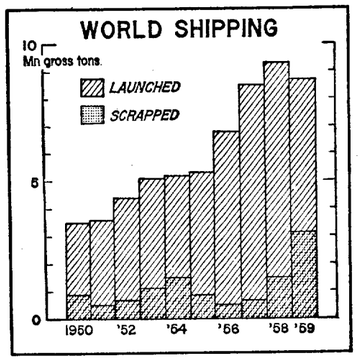
SHIPPING

Scrapping—to Capacity?

SHIP owners have little doubt that they will see the end of the present world-wide recession only when most of their older cargo vessels and tankers have been sent to the breaking-up yards and most of the present substantial surplus of tonnage has been eliminated. The rate of demolition has been rising quite sharply, with attractive prices now being offered for steel scrap, particularly in the Far East, which in turn have stemmed from the revived demand from the steel industries. From a postwar low of about half a million tons in 1956, the year of the Suez-induced shipping shortage, scrappings rose to not quite three-quarters of a million tons in 1957, and then doubled to nearly 1½ million tons in 1958. Last year, according to the latest reports to reach Lloyd's, at least 3.1 million tons of shipping were broken up. But the world's shipyards have meanwhile been launching a great deal more new, faster and more efficient ships, at the rate of 8 million to 9 million tons a year in the last three years. And the industry is now doubting whether in fact the breakers can handle much more tonnage for scrapping than they are taking already.

Just over a million tons of ships were broken up in the last three months of 1959, of which almost half was done in Japan and Hong Kong. Reports of scrapping in the first quarter of 1960 are not yet complete, but it seems likely that the total will be a little lower. At present 362 ships of 1.8 million tons already sold for breaking-up are awaiting demolition ; this is about the same as three months ago. It would appear, therefore, so some observers in the industry argue, that the limit of the scrap yards' capacity to break up ships is perhaps in the region of 4 million tons a year.

If this is so, then scrapping will have to go on for some time before the burden of surplus tonnage is lifted from the freight rate market. This applies to oil tankers even more than to dry cargo operations. While the laid-up tonnage of dry cargo shipping has now fallen to 1.8 million tons, about a third as much as at the peak just over a



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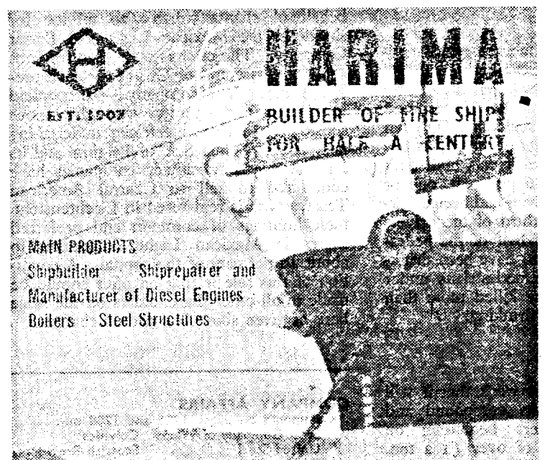

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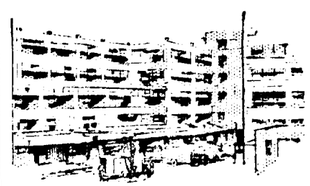

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year ago, the total tonnage of tankers laid up, 3.6 million tons at the beginning of this month, is almost as high as it has ever been, and the number going into lay-up is still rising. New tanker launchings this year, moreover, are likely to approach another 4 million tons or so. Yet the scrapping of oil tankers has lagged behind that of dry cargo ships. Only a quarter, or about half a million tons, of the ships scrapped in the first nine months of last year were oil tankers.

TELEVISION

Coin-Box TV for London

A COIN-IN-THE-SLOT scheme for the rental of television sets is to be made available in the London area for the first time by British Relay Wireless. Known as "Slot TV," the system consists of an ordinary television set with an electric meter attached: 2s. in the slot provides current to the set for about three hours, or rather less than an average evening's entertainment for most British viewers. The company will introduce the scheme both for wired relay sets and conventional receivers. Fixed rentals for the sets are 9s. 3d. a week for a 17-inch model and 11s. a week for a 21-inch model (wired relay rentals are slightly higher but include radio); amounts collected through the slot in excess of the weekly rental are refunded quarterly in cash or may be used towards credit purchases of television sets or other domestic appliances from the company. Marathon Holdings and Investment (Glasgow), which British Relay Wireless bought earlier this year, has been operating coin-box rental in Scotland and the North of England for almost two years.

Nobody knows exactly how many television sets are now on hire in Britain out of the 10½ million now in use; it has been estimated that a third of those produced may be rented rather than sold. There are about 400,000 wired relay sets, which receive programmes by wire from a central station which receives them in the conventional manner and then re-transmits them on a different carrier frequency. Well over half of these wired relay sets are supplied by Rediffusion Ltd., which also rents conventional receivers; Rediffusion has experimented with coin-box rental on a small scale in the North of England, but does not intend to introduce it on a large scale for either wired relay or conventional sets at this time.

Coin-in-the-slot television, or "pay as you view," is likely to be considered by the broadcasting committee, which the Government intends to set up in the near future, as a possible means of financing some of the programmes of a third television network. But the present coin-box schemes, which may be in greatest demand in hotels, boarding houses and the like, would seem to give little indication of potential demand for "pay as you view" systems (most of which involve considerable technical complication) which are intended as a means of paying for special programmes rather than for standard service on a rented set.

SHORTER NOTES

The index of retail prices was unchanged in mid-May, at 110.3 (January, 1956 = 100), one per cent higher than a year ago.

*

Air traffic was booming on the North Atlantic during the first quarter of the year, which is traditionally a time of slack travel. The number of passengers was nearly 20 per cent higher than a year ago and between a third and a quarter of the 228,000 who bought seats were carried by one airline, Pan American. It carried twice as many passengers as its nearest rival, Trans-World Airlines, with BOAC coming third. At the beginning of the year BOAC was neck-and-neck with TWA, but by March the American airline had established a decisive lead. Nearly three-quarters of all people flying the North Atlantic now travel third class, a quarter go first class and a minute fraction buy tourist tickets when they can.

*

The Commercial Credit company of Baltimore, third largest sales finance company in the United States, has joined the Amstel Club, the association of leading hire purchase finance companies in Europe (including United Dominions Trust in Britain) acting as each other's agents in financing import and export business.

*

The Road Research Laboratory has concluded from its study of the high death toll on the roads last Christmas that the combination of bad weather and drink accounted for most of the 150 fatal accidents. Only ten per cent of the accidents occurred on dry roads: for three-quarters it was both dark and wet. In at least 56 per cent, one or more of the persons involved had been drinking alcohol. Nearly a third of the drivers involved and more than half of the pedestrians killed are known to have been drinking beforehand: of the pedestrians under the age of 60 who were killed more than three-quarters had been drinking.

*

Fisons announced this week that it will reduce the prices of its compound and superphosphate fertilisers beginning on July 1st by an average of over £1 a ton. The company estimates that the price reductions will save British farmers nearly £1 million in 1960-61; a similar price cut was announced earlier this month by Imperial Chemical Industries.

*

Barclays Bank has transferred its branch clearing, handling 50 million vouchers a year, from London to Northampton. Opening the new premises this week Dame Evelyn Sharp, permanent secretary to the Ministry of Housing, said that her one regret was that the other banks were not following Barclays' example.

*

Ordinary passenger fares on British Railways went up last Sunday, June 12th. In April, at the time these increases were announced, it was said that the regions would have authority to introduce variations. In the event, this element of freedom was confined only to the point at which the fares "taper" would start. All six regions are charging the full farthing a mile increase, making the ordinary fare (second class) 2½d. a mile, for distances of up to 200 miles. For longer journeys the rate per mile diminishes, on four regions, up to a distance of 275 miles, where the previous fares of 2.1d. a mile up to 300 miles and 2d. a mile thereafter still operate. In the western region the taper ceases, and the old fares apply, above 272 miles. The sixth region, the southern, has no journeys approaching 275 miles except on the continental and Channel Island services (and through bookings to places in other regions): so only on these services is the region charging the previous rate of fare.

*

Hambros Bank has made an offer on behalf of clients worth £20 million for shares in the Mexican Light and Power Company. The offer is of US$20 for each common share and of US$13 for each preferred share. This company is incorporated in Canada and operates through various subsidiaries a large electricity undertaking in Mexico. Sofina S.A. of Belgium and its associated and subsidiary companies have contracted to sell to Central American Trust, which is registered in Liechtenstein, their holdings of common and preferred shares in Mexican Light, amounting to about 40 per cent of the capital. A condition of this sale is that an offer should be made to all other shareholders on the same basis as given above less certain charges.

COMPANY AFFAIRS
Comments on pages 1285 and 1288 on:
Steel Company of Wales, Colvilles, United Steel, Scottish Brewers, Watney Mann, Whitbread, Marks and Spencer, House of Fraser, Booker Bros. McConnell, Commercial Union

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1286 and 1287

LONDON STOCK EXCHANGE
The week's movements reported on page 1288

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1289

BRITISH BANKING

BRITISH BANKING 1960

FULL CIRCLE?

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THE WAY OF AN EAGLE

Over the past forty years, as the English Bank has carried its name to so many places abroad, it has been natural for the system of decentralisation to accompany it. "Money is our business" in Scotland, in France, in the Mediterranean, in Africa, in the West Indies; and branch managers abroad, as in England and Wales, can deal with practically any banking question you put to them. But if they have to refer to higher authority most of them need go only to their Local Directors in Norwich or Nairobi, in Liverpool or Lagos, rather than to a remote head office in London. The system has its origins in the distant past; but there are good grounds for thinking it very well adapted to the needs of modern business.

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Full Circle?

A BACKWARD glance now at the last survey in this series in 1958—last year's survey was torpedoed by the printing dispute—neatly covers the whole period during which the banks have been free to lend as much as they wish. The squeeze-by-request that ended so dramatically and so suddenly two years ago is now being replaced by the squeeze-by-special-deposits, which introduces a technique of central banking control that is entirely new to Britain. The reimposition of control thus poses two broad questions for the bankers. On the one hand, how will the new weapon work, and how far will it necessitate a re-casting of accustomed banking habits? On the other hand, does this quick return to control mean that the freedom and the opportunities the banks have enjoyed in these two years have to be regarded as wholly exceptional, a brief interlude in a regime that is bound to be one of discipline at most times?

It is much too soon to try to suggest final answers to these big questions; but many of the data that will help to shape the eventual answers are to be found in the experience of these eventful two years, and especially in the large changes they have brought about in the banking structure.

The magnitude of those changes is not, even now, generally appreciated. At the time of our banking survey in mid-June 1958, a mere two weeks before the credit freeing, there had been no sign that a decontrol of bank lending might be—or even could be—used as a major instrument of reflation. In the spring of that year, so far from preparing for big new demands for loans and new opportunities for lending, the banks were looking rather to the opportunities in the gilt-edged market; many of them were disposed to turn any excess of liquid assets into high-coupon bonds. Indeed, the possibility of continued support of this kind was being cited as an assurance that the authorities would have no difficulty in preventing any resumption of credit expansion at an undue pace. Nobody then supposed that a lifting of the "directive" controls over advances, should that be conceded, could quickly give rise to a dramatic increase in lending, and to a major transformation in the pattern of bank assets.

It was in this atmosphere that the first decisive step was taken. But at the outset, in early July, it was not made clear whether the decontrol extended beyond the ending of quantitative, as distinct from qualitative, control over advances. It is doubtful, indeed, whether the authorities intended to go all the way at that stage. But that signal was enough to send the bankers scurrying one after the other into participations in hire-purchase finance houses and then, without a pause for breath, into a frenzied launching of instalment-type personal loan schemes. Revolutionary changes that had been discussed academically behind the scenes, often without even hypothetical decisions being taken, and that most bankers might have expected to see introduced, if at all, only gradually and at some rather remote date, had been swept through in a few weeks—often with little further thought. There was much shaking of heads in City circles; and among the head-shakers were some of the bankers who were themselves being carried along by this extraordinary and unexpected tide.

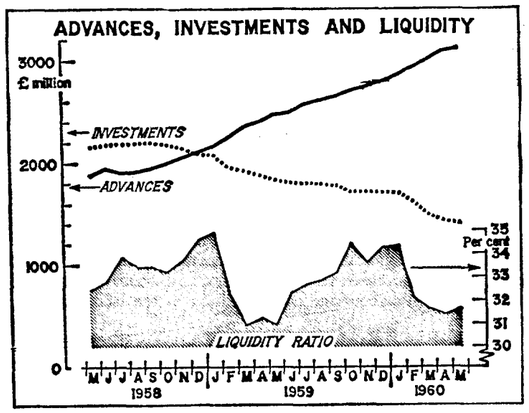
BUT these exciting developments that hit the headlines of the popular press were only the beginning of the revolution. They played a tremendously important part, but played it indirectly—by touching off other movements of much greater magnitude. The bankers who had supposed that a public long accustomed to restrictions on bank lending would react only slowly to an ending of the squeeze had left out of their calculations the psychological impact of the personal loan schemes, and of the other much-publicised indications that the banks were bidding one against the other in their eagerness to do business. The demand for the new-style personal loans has not been insignificant; but it has been small beside the huge torrent of demand for conventional overdraft facilities that stemmed in the first instance from this evidence that the bankers wanted to lend, and then quickly gathered a great momentum of its own. It is this movement, and not the success of the novelties, considerable though that may have been, that has brought about the transformation in the banks' balance sheets.

The surge of demand mounted rapidly to proportions unprecedented except in the immediate aftermath of war; and then, having surpassed all expectations during the nine months or so of acceleration, went on for longer than anyone had thought probable, at only a little below the peak rate. The aggregate of outstanding advances of the clearing banks, excluding the distorting transit items that are grouped with them in the usual statements and also excluding lendings to the nationalised industries, rose during the twelve months to May, 1959, by £577 million, or by no less than 32 per cent; in the ensuing twelve months they rose by a further £665 million, or 28 per cent, in spite of the fact that towards the end of the period official warnings to the bankers and the threat of recourse to the new weapon of special deposits had exerted some retarding effect. The growth over the two years thus amounted to £1,242 million, or 68 per cent. At the same time an additional £12 million was lent to the nationalised industries, bringing their fluctuating total of working capital requirements up to £75 million, and raising the grand total of all clearing bank advances to £3,134 million, net of transit items. To find a faster rate of growth it is necessary to look back to the wild speculative boom that so disastrously followed World War I: advances then rose by 80 per cent in fifteen months. In modern times the fastest climbs had previously been the 20 per cent of the "reconversion" year 1946 and the 17 per cent caused in 1951 by the effects of the post-Korean boom in world commodity prices.

The Radcliffe Report

The report of the Radcliffe committee and the great weight of evidence submitted to it will remain in the centre of monetary analysis and monetary debate for years and perhaps decades. Indeed, there can be few people who have yet digested the material, especially the vast range of oral and written evidence. First attention was naturally paid to broad principles of policy and to the new light shed on domestic banking and finance: lengthy summary and comment on these main aspects was given in these columns on August 22 and 29, 1959 (following publication of the report), and on March 19 and 26 last (following publication of the evidence). In two later articles in this survey a correspondent turns the spotlight on two other spheres: what overseas central bankers had to say of their attitude to the problems the committee was considering; and secondly, the new information (which for the most part was the first substantive information to be made publicly available) shed on international banking in London and the influences bearing on the flow of foreign funds.

This huge increase in outstanding bank advances was not, however, accompanied by anything like a corresponding growth in the total volume of bank credit—thanks to another tidal movement that was equally unprecedented, both in duration and in magnitude. Since, at the beginning of the period, the banks had hardly any cushion of liquidity beyond the 30 per cent minimum, the demands for advances very quickly left them with no alternative but to sell investments. Until the liquidity squeeze of 1955 it had been widely believed that the banks would never be able to sell gilt-edged on any considerable scale; but even the large sales effected (at considerable cost) in that year had not prepared opinion for the



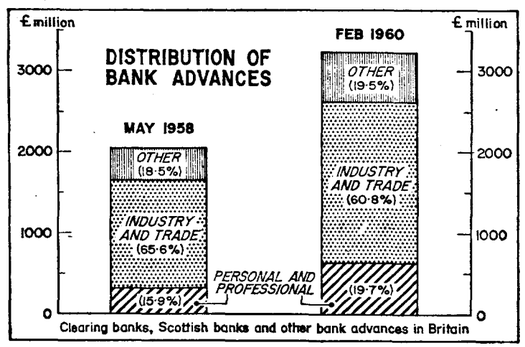
possibility of selling on the huge scale of these past two years. The liquidations began in October, 1958; by the following May they had reached almost £380 million, including perhaps £80 million of bonds redeemed at maturity. In the twelve months to last May the gilt-edged portfolios were run down by a further £444 million, making an aggregate net decline of around £800 million in two years (no exact figure can be given since the division of bank investments into gilt-edged and other investments is not available for May, 1958). This represented a reduction of portfolios by roughly 40 per cent, and was the equivalent of 12½ per cent of the amount of gross bank deposits outstanding at the beginning of the period. This is a rate of decline far surpassing anything experienced during the nineteen-twenties, when the "scissors" movement of advances and investments is generally regarded as having been most clearly in operation.

NEEDLESS to say, an unloading of bank investment holdings on this wholesale scale could not have been achieved without the active participation and contrivance of the authorities—not even, it seems safe to assume, if the selling had been allowed to cause a much steeper rise in gilt-edged yields than has in fact occurred. At first it was logical to suppose that if the authorities did indeed regard the upsurge in advances as a desirable agency for reflation, they would seek to supply the banks with additional liquid assets so as to save them from the need to unload gilt-edged on the market. The supply of liquid assets could not, however, be increased at will, except by the process of offering them in exchange for longer securities; and since the authorities had clearly set their faces against any policy of deliberately trying to force down long-term rates, the process of exchange could take place only as and when the banks' offerings of stock impinged on the market.

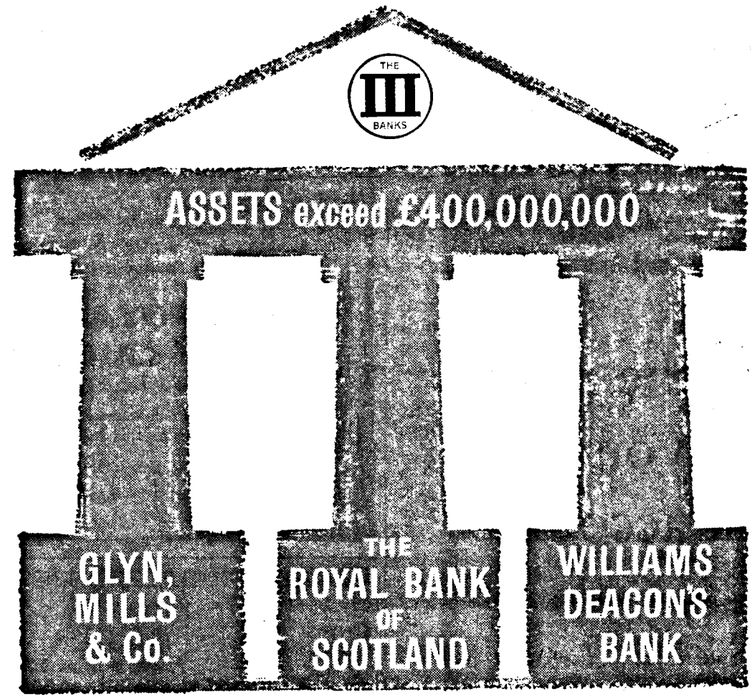
Almost at the outset, indeed, as was evident in the market at the time (and as the official evidence to the Radcliffe committee later confirmed), the "departments" showed reluctance to take any but the shortest stocks except at prices below the market level. But after this early hesitancy they evidently decided that the aims of the reflationary policy required them to cushion the market against such shocks. Hence, though the banks themselves normally received something less than the market price, the market itself was not forced to register a corresponding movement—until the abrupt toughening of tactics in February last.

During the first half of the period this policy could, perhaps, reasonably be represented to be simply one of "smoothing," because there was a good offtake of stock by other investors. Although this demand did not fully match the banks' sales, it could be argued that these were not likely to continue at the full rate, and that, as they slackened, the outside demand would absorb the surplus stock temporarily accumulated by the departments. Unfortunately, at the very time when the banks' selling did slacken, in the third and fourth quarters of 1959, the outside demand dried up altogether and became instead a stream of sales to swell the selling of the banks. Thus in the last three quarters of 1959 (the latest period for which figures are available) the net intake of stock by the departments was on an ascending scale. From October, 1958, to December, 1959, inclusive, the intake was no less than £429 million, of which £138 million related to the last quarter. There can be no doubt that the absorption in the first quarter of 1960 was bigger still—for the clearing banks' portfolios were then reduced by £229 million.

Over the whole two-year period, however, this £800 million reduction in the banks' gilt-edged holdings was accompanied by an expansion, on balance, of only £165 million in their aggregate liquid assets. Hence the reduction of these two broad categories of assets, considered together, was sufficient to finance just over half the additional lendings. The other half was provided for by an increase in deposits: the additional liquid assets permitted gross deposits to grow by £688 million, subject to a small decline, on balance, in the liquidity ratio. The growth of net deposits was



rather smaller than this. In the first year, indeed, it amounted to no more than £230 million, or 4 per cent; but in the second half of 1959 it speeded up rapidly. Thanks to a flattening of the curve —seasonally adjusted—in the latest five months, the rise over the year has been confined to £372 million, or 6 per cent. Over the two years it amounts to 10 per cent. This, although strikingly less than the rate of growth in advances, still represents the fastest credit expansion since the Daltonian drive for ultra-cheap money in 1946, when net deposits rose by 16¾ per cent. The fact that so large a part of the new advances has in effect been provided for by the sale of other assets to the public can be regarded as a direct consequence of the refusal of the monetary authorities, even when their aims were reflationary, to take any leaf from the Daltonian book.



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As a result of the effort to continue the funding policy so far as possible, and thus to keep a leash on bank deposits even while advances were soaring free, the change in the banking structure has been an even more radical one than would otherwise have occurred. Two years ago, the ratio of advances to deposits, though much above the extraordinary level to which it dropped during the war, was still far below the prewar level of around 44 per cent—not to mention the 54-55 per cent that had obtained in the five years before the world slump of 1931. It stood then at around 30 per cent, appreciably below the postwar peak touched in 1955 ;

LONDON CLEARING BANKS
(£ million)

	May 18, 1960	%	Change on May, 1959	Change on May, 1958
Gross deposits	7,098·6		+359·6	+ 687·6
Net deposits*	6,625·0		+372·2	+ 601·7
Liquid assets	*2,244·0*	*31·6*	*+164·3*	*+ 165·5*
Cash	561·0	7·9	+ 29·9	+ 30·6
Call money	562·5	7·9	+ 93·7	+ 150·9
Treasury bills	980·6	13·8	+ 36·0	— 44·9
Other bills	139·9	2·0	+ 4·7	+ 28·9
Special deposits	5·8	0·1	—	—
Risk assets	*4,538·6*	*65·7*	*+234·9*	*+ 496·0*
Investments	1,405·1	19·8	—432·0	— 758·3
Advances*	3,133·5	45·8	+666·9	+ 1,254·3
State Boards	75·5	—	+ 1·6	+ 12·4

* Excluding all transit items, except for ratio of advances to gross deposits.

and few bankers envisaged any prospect of a return to the prewar ratio, even over an extended period. There was even doubt whether some of them would have wished to see a recovery go all the way. But in this brief burst of intense activity it has done so ; last month the average ratio was 45.8 per cent—and until the new official restraints it even seemed that it might soon begin to scale the dizzy heights reached in the later twenties.

Necessarily, the investments ratio has moved no less dramatically. The incubus of massive holdings of gilt-edged securities, which began to pile up in the prewar phase of cheap money, had grown steadily more oppressive during the war and postwar years. By 1954 the investment portfolio represented no less than 36 per cent of bank deposits, and bankers had come to despair of ever again getting within sight of the proportions to which they had been accustomed in former times of flexible money rates. Now, after the huge sales of these past two years, the proportion is back to 20 per cent, the level obtaining during the earliest days of the prewar cheap money drive: in each of the years 1925-32 the annual average ranged from 14 to 19 per cent.

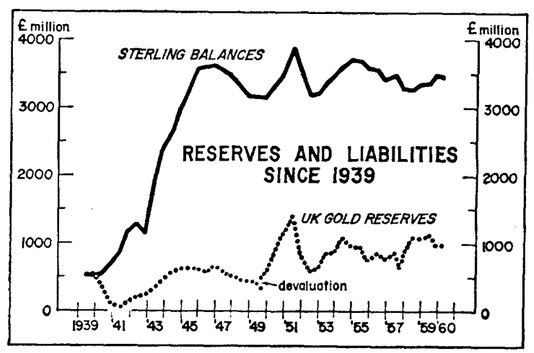
This approach to the pattern of bank assets that obtained in the heyday of bank lending has one very important implication for the future. It means that the banks are no longer, as the Radcliffe committee rightly assumed only a short time ago, significantly underlent. For the first time in the twenty-year history of official efforts to control bank advances (as distinct from deposits) the natural instincts of bankers do not run diametrically counter to the restraining aims of the authorities. This should mean that the new-style squeeze may work, at least at the banking end, with less friction than did its predecessors ; though if it equally relies upon direct or so-called "quantitative" pressure, as distinct from pressure imposed through interest rates, it may be hardly less susceptible to frustration through the activities of other lending institutions. It also means that the experience of these past two years is for the most part a non-repeatable one. Though advances may in due course be released from the new squeeze, they cannot in the foreseeable future be expected to soar as they have lately done, since most of this movement represents a quick once-for-all readjustment from an unnatural condition long enforced by arbitrary directives.

Sterling's Weak Point

Not London's international banking business—but simply Britain's failure to earn a big enough current surplus to finance overseas investment

GIVEN the build-up of pressures on Britain's domestic economy, to say nothing of last month's deterioration in the international situation, sterling has so far been holding up well this year. The basis of confidence built up after the British authorities' brave actions of 1957 and the move to convertibility at the end of 1958 has not suddenly melted away. Overseas observers in general continue confident that Britain will take the necessary actions to prevent a depreciation of the currency. They are willing to keep their funds in London while interest rates are attractive. So there seems a good chance that if adverse pressures do develop this summer a straightforward rise in Bank rate may be adequate to contain them. Yet these more favourable omens for the months ahead should not divert attention from a longer-run continuing weakness in Britain's external payments.

On the crude but relevant comparison of the total of Britain's quick assets in gold and its external liabilities in sterling, it needs to be repeated, there has on balance been little progress since the end of the war: the sterling liabilities are still about three and a half times as large as the gold. The massive accumulation of external liabilities repayable on call was the biggest single facet of Britain's financial weakening by the war; yet, despite the continuous (which is not to say sufficient) efforts of the Treasury, and despite the automatic improvement in the ratio to gold reserves brought by the 1949 devaluation and the more respectable improvement in 1958, the underlying weakness has remained. So the economic controllers have never been able for long to take their eyes off the movement of the gold reserves month by month.



To achieve an improvement in the balance of reserves to liabili-

ties, it is not sufficient for Britain merely to earn a current surplus. The surplus has to be large *enough* to cover external capital commitments. These have been persistently large; private exports of capital, despite the continuing restrictions, have been around £300 million gross, mainly in the form of direct investments by oil companies and others. There has been an important inward flow, of probably about £100 million, but possibly more in the latest years; but this has been offset by the increasing calls on the public purse for overseas loans and grants, now running at an annual rate of as much as £150 million. In a long-run study presented at the Radcliffe inquiry just over a year ago, the Treasury reckoned that in order to release £150 million for repaying sterling liabilities or increasing the gold reserves, the current surplus should be of the order of £450 million.

In no postwar year has the current surplus come anywhere near that figure. The 1958 surplus was at first put at £455 million, but this was later pared down by over £100 million. In 1959 the surplus fell to £145 million. This year it may be no higher. The average for the last five calendar years is about £165 million.

The figure of £450 million, the Treasury emphasised to the Radcliffe committee, was to be taken as "illustrative only," rather than "as a standard by which performance should necessarily be judged." For "this will depend on external as well as internal conditions." The figure simply means "that in present circumstances the United Kingdom should conduct its internal policies in such a way" that resources of this order of magnitude should be released for external use.

Can one be satisfied that the United Kingdom has conducted its internal policies in such a way? External conditions, surely, could by and large hardly have been more favourable. The weakness of commodity prices has at times hit export markets in primary producing countries, which are especially important to Britain. But this influence has been mild by prewar standards; and it has improved Britain's terms of trade by 10 per cent since 1957, which is no mean compensation. After their great and sometimes forgotten upsurge immediately after the war, Britain's exports have been sluggish by comparison with those of its major competitors in Europe. As a result, it is these countries that have piled in

OVERSEAS STERLING HOLDINGS

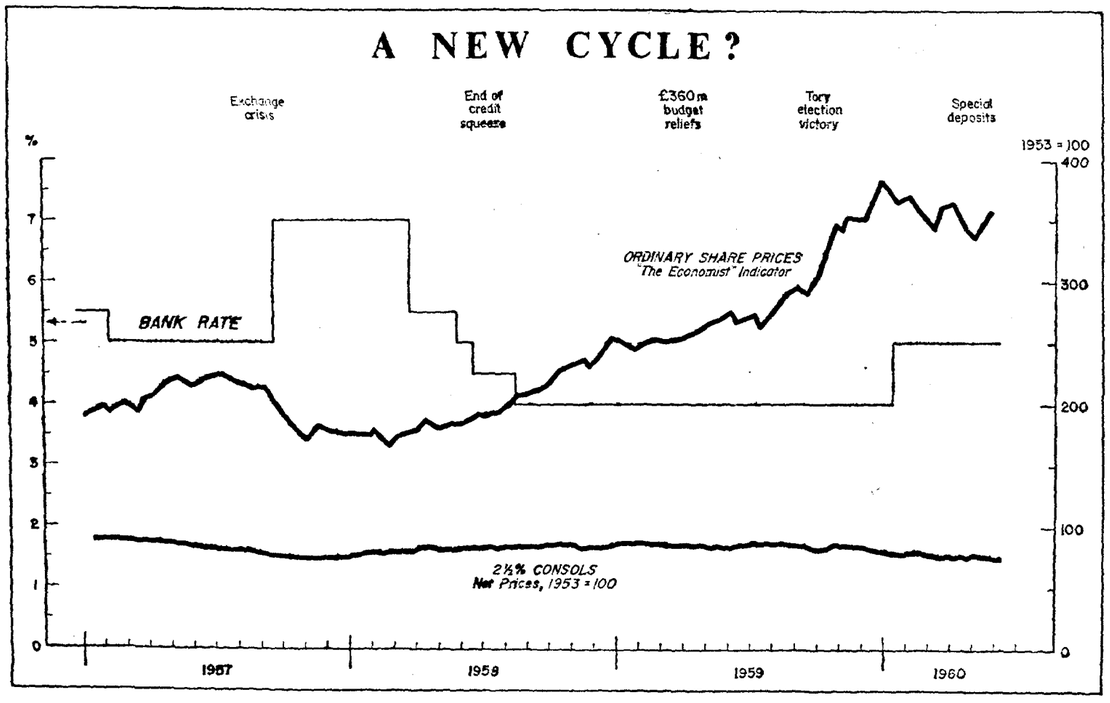
£ million

	Overseas sterling area			Non-sterling countries			
	UK colonies	Others	Total	OEEC countries	Dollar area	Total	Total all countries
1957 March	1,309	1,486	2,795	199	50	691	3,486
June.....	1,309	1,510	2,819	205	50	677	3,496
September	1,281 / 888	1,408 / 1,801	2,689	276	30	686	3,375
December.	883	1,725	2,608	260	35	665	3,273
1958 March	891	1,648	2,539	279	42	704	3,243
June.....	887	1,650	2,537	306	44	737	3,274
September	876	1,616	2,492	351	39	776	3,268
December.	880	1,639	2,519	373	53	834	3,353
				West. Europe	North America		
December.	880	1,639	2,519	408	58	834	3,353
1959 March	904	1,670	2,574	345	45	763	3,337
June.....	895	1,754	2,649	303	52	717	3,366
September	889	1,787	2,676	335	54	760	3,436
December.	873	1,830	2,703	387	60	795	3,498
1960 March	900	1,774	2,674	408	58	822	3,496

gold and foreign exchange to their reserves. Britain's reserves, which to a large extent have to support the trade of the whole sterling area, are now, at around $2,850 million, no larger than the average of those of the leading countries on the Continent.

This weakness in Britain's international reserves is periodically attributed by some critics to sterling's international function as a banking currency. That function, certainly, has for short periods intensified adverse pressures. But the real weakness has been the simple one of Britain failing to earn an adequate current

A NEW CYCLE?



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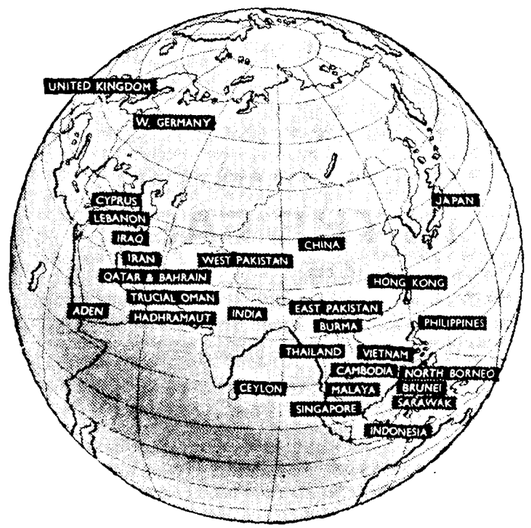

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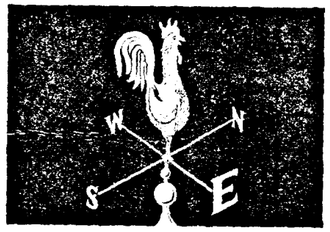

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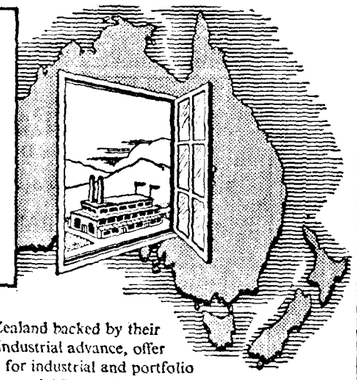

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surplus. Over the run of years the overseas sterling balances have been remarkably stable; on balance, they have not been drawn down. Their composition, however, has changed considerably.

In June, 1957, the Bank of England told the Radcliffe committee how, broadly, it expected the sterling balances to move in the future. It is interesting to compare this prognosis with what has happened. Balances of the non-sterling countries were not expected to change much; in practice they have risen considerably, from £691 million in March, 1957, to £822 million in March of this year. Balances of the independent sterling countries were expected to fluctuate, and they have done; allowing for the change in composition of this group as Ghana and Malaya have become independent, there has been a fall of about £100 million in these balances in the past three years, to £1,774 million, though they are now £100 million higher than a year ago. The balances of the colonies, it was expected, might well fall appreciably; in fact they have hardly changed, at £900 million. Finally, in the fourth category of sterling balances, those of the Middle East—which the Treasury does not however show separately to the public—were plainly regarded as unreliable. They are closely dependent on the fortunes of oil, as well as of Arab politics. Thus in the past year Iraq has been converting sterling into gold, dollars and European currencies in order to display its break from London; while Kuwait is believed to have drawn on its sterling balances as a result of over-estimating its revenues from oil.

THE net result of these movements is that total overseas sterling balances at the end of March, excluding the holdings of international organisations, were at just under £3,500 million, broadly the same as they were three years earlier; while the gold reserves, at £993 million, were nearly £200 million higher, despite special payments to the International Monetary Fund which have increased Britain's second-line reserves. The composition of the sterling balances, however, has changed significantly. Holdings of non-sterling countries, as has been seen, have risen; and the whole of this increase has been in the balances of individuals and private institutions. A subdivision that the Treasury chooses to publish only occasionally shows that while between end-1957 and end-1959 holdings of central banks and other official funds in non-sterling countries fell, those of "other funds" rose from £282 million to £470 million. Together with the holdings of non-official funds in overseas sterling countries, this brought total "private" overseas sterling balances above £1,000 million, compared with £764 million two years earlier.

These private balances, it is generally assumed, are the most volatile, being sensitive to shifts in confidence. At a time when sterling is suspect, so the argument runs, there is more danger of a withdrawal of funds invested by a Swiss bank to secure a small turn in interest than a withdrawal of sterling securities that form the reserve of a West African marketing board. Yet it would be difficult to assess the significance of this distinction today. On the one hand, a substantial part of the private holdings, as has been seen in past crises, represents a hard core of commercial working balances that are not withdrawn even at the height of a crisis. On the other, a country in the throes of industrial development can in practice mobilise its sterling reserves without dire consequences. Almost certainly, the biggest withdrawals from London at the time of the 1957 crisis were those made by India; and while the 7 per cent Bank rate successfully caused a change of heart among the bankers of Zurich, it could do nothing to alter the financing needs of the planners of Delhi. The fact that commercial balances are more sensitive than balances of central banks can cut both ways.

The fact is that London's international banking business in the postwar years has itself caused few long-term disruptions. Just because it is so large and so well spread, it appears to have had, so far, an inherently self-balancing character, withdrawals of deposits by one group usually being offset by increased deposits from others. This is the more impressive because so little progress has been made in strengthening the cash base in the form of gold and dollar reserves. Over the run of years the mechanism through which overseas countries keep foreign reserves in London has not been a source of weakness; it has shored up a different weakness, Britain's inadequate current surplus. At times Britain has in fact managed to invest a deficit; what it cannot do is repay its debts with one.

Central Banking Abroad

Central banking in the end will always be a mystery, not because it is too difficult to understand but because it takes concentrated work to keep up with. . . . So it is necessary to do two things: (1) to let everybody know that the System is anxious to explain what it is about . . . (2) to make sure that those people who do take the trouble to become expert on these matters . . . can find in them a complete rationalisation for past action, and therefore a fair basis of comprehension of future actions.

Mr Winfield W. Riefler, special assistant to the chairman of the Federal Reserve Board, in evidence to the Radcliffe committee.

IF monetary policy is to be taken seriously, then the evidence of overseas central bankers to the Radcliffe committee deserves careful digestion. What is the right relationship for the central bank with the government? Should the central bank operate directly on the long-term rate of interest? What should be its attitude to financial intermediaries, special deposits or reserve requirements, and to telling the public what it is doing? The central problems with which the Radcliffe committee grappled, and which continue in the forefront of debate, are not peculiar to Britain, and the testimony submitted by leading central banks overseas throws valuable and unjustly neglected sidelights on Britain's experience.

The committee submitted to the overseas central bankers a questionnaire on relationships between the central bank and the state, the nature and efficiency of monetary controls, the relevance if any of "general liquidity," the constitution of central banks and their recruitment of staff, the case for publicity, and, where relevant, the views held about the sterling area. The central banks of the Netherlands, South Africa, the United States, Australia, Ceylon, India, New Zealand, and Rhodesia and Nyasaland provided written memoranda; the first three also supplied oral evidence. One may regret that some other central banks did not give evidence, but one cannot complain about those that did. In particular, the evidence of Dr Holtrop, president of the Netherlands Bank and of the Bank for International Settlements, merits near-classical status.

Recent monetary experience has amply demonstrated that the old simplicities in the technique of monetary control are no longer

valid. On the one hand, the wider responsibilities of government have effectively reduced the central banker's elbow room; on the other hand the limited nature of the response to traditional central banking operations both within and outside the banking system as conventionally conceived has raised the questions of whether those operations should be extended to new fields or whether there is need for more elaborate monetary controls.

The Radcliffe evidence reveals the wide variety of possible arrangements, varying closely with recognisable national inclinations. The central bank, almost everywhere governed by statutes more complex and precise than the nebulous British variety, nowadays finds itself somewhere between the one extreme of more or less complete subordination to the State, and the other extreme of being hived off to cultivate independently a carefully demarcated cabbage patch. The Governor of the Bank of Ceylon illustrates the dangers of the first extreme in recording the political dismissal, on superficially legal grounds, of his predecessor.

Towards the other extreme, the Continental preference, of which Dr Holtrop's evidence is a masterly exposition, is for more or less complete independence of the central bank in a specifically narrower field than modern opinion in Britain generally regards as appropriate. Dr Holtrop openly rejects the British Treasury's view that "monetary management is predominantly an instrument of general economic policy."

> I would say that it is not correct that monetary policy is only one of the instrumental possibilities of general economic policy. I think that monetary policy is a thing of its own . . . (Q.11854).

This apparent narrowing of the central bank's scope is put still more starkly: "I do not think that we continually live in a situation where the central bank's policy has an active influence upon the economy." Much British opinion will be shocked. To Dr Holtrop, however, this is not narrowing the scope of the central bank, but a rounded conception of its functions based essentially on the view that money can be and should be neutral in the economic process, so that monetary stability stands as something in its own right: "One should have sound monetary policies whatever further aims one strives for." The pursuit of a stable price level, in this view, can be disentangled from other economic objectives—reflecting perhaps some scepticism of Keynesian economics, as well as close acquaintance with monetary chaos.

THIS gives the central banker a clear cut task of dealing, as Dr Holtrop puts it, with "anything that might lead to monetary pressures." It will not be his concern to direct economic activity but to avoid price instability—"I therefore want to draw the line at the financing, and not at the decision to spend" (Q.11815). Admitting that Government departments may disturb equilibrium, he would admonish but would not need to take frustrating action if the Bank were not called upon to provide inflationary finance (QQ.11810-11 and 11857). This general philosophy seems to underlie the recent actions of the Bundesbank in Germany, stiffening its monetary policy in default of a tightening in the government's fiscal policy.

In practice, not surprisingly, the hard formal lines of division between Bank and Government are softened. Dr de Kock is consulted about the Budget in South Africa (Q.9308), and although Dr Holtrop makes independent decisions about Bank rate—he is not given to the package deal (Q.11868)—he has frequent consultations with the government. Mr Winfield W. Riefler of the Federal Reserve, while agreeing that "independence from the executive" is "the essential part" of his position, stresses the importance of working "in accordance with national economic policies" and he is at great pains to stress the close interchanges with the Treasury (QQ.9399-9400, 9597).

The advantage—dare one say the Blessing?—of having an independent-minded central banker to wag a finger and in the last resort to act is undeniable. Dr de Kock, echoing approval of the Fed's concept of "independence within the government" as approximating to his own position in South Africa, would tell the country of a major disagreement with government policy (Q.9294). Yet a long way before the final crunch, the dice may be against the Bank when governments assume so many economic responsibilities, and particularly if, as in the United States, monetary responsibilities are diffused among a number of agencies (memorandum, para 2). Are those who long for the Bank of England "to assert its independence" yearning for the unobtainable in a country where the government, having undertaken so many responsibilities, must in consequence retain the final power? This apart, political traditions count: the British tradition hardly provides for, say, the American toleration of independent pronouncements of official policy from governmental agencies.

IN their technical job of controlling commercial bank reserves, the overseas central bankers generally give Bank rate second rank. This is partly a recognition of the impotence of short-term rates in underdeveloped money markets (and most money markets other than London and New York are underdeveloped), but it also stems from the belief that a direct attack on liquidity via availability may be more effective than indirectly via cost. From asserting his belief that Bank rate "is one of the important factors in the decisions and the policies of the banking system" (Q.11816) Dr Holtrop retreats under relentless questioning to the admission that with a move in Bank rate alone—a purely technical move—

> I would not expect that change to affect in any important way the actual amount of lending by the banks, but only short-term foreign investment and the movement of short-term funds (QQ.11870).
>
> If I used the Bank rate as a means of influencing monetary policy I should also look to other means (Q.11873).

These other means comprise regulation of bank reserves through open market operations and the cash ratio.

For the United States, Mr Riefler is quite unequivocal in stressing the Fed's direct concern with bank reserves and its operation on them through the open market.

> The discount rate is mainly a disciplinary instrument by which we keep discounting from being attractive to the banks at a time when reserves are deficient (Q.9807).
>
> The fundamental thing we do is operate on the reserve position. If we ever forget that, we are gone (Q.9818).

The range of supplementary weapons in use throughout the world has been fully discussed in a monograph for the New York Federal Reserve Bank by Mr Peter Fousek, and was discussed in these columns about the same time as the central bankers' evidence was being digested (*The Economist*, November 22, 1958). In that evidence, open market operations, where practicable, receive the highest favour from the central bankers. Quantitative regulations of the ceiling variety receive nods of modest approval from the Netherlands (memorandum para. 57) and New Zealand (memorandum paras. 41-42), although in association with other measures. Moral suasion was used by all in varying degrees, but awareness of its limitations, as of those of exhortation, was general. Selective controls are given qualified approval. From New Zealand comes affirmation of the possibilities of its own version of variable reserve ratios (memorandum para. 76) though from the Federal Reserve a discouraging report on its own ratios (memorandum paras. 83-84, and QQ.9493-7). In Australia, government securities are incorporated in the liquidity ratio, while in New Zealand the banks have, since 1943, stayed out of the market. These different systems must of course be assessed in the light of widely differing banking environments.

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Does this stress on directly influencing bank reserves, together with the narrow view of Bank rate, mean that interest rates count for little abroad? Not at all. There was wide agreement on the immense importance of the long term rate. Perhaps *faute de mieux*, central banks with less developed money markets expressed more willingness to operate on it than those with developed markets. The Australian central bank, admittedly, points to technical difficulties in operating in its long-term market (memorandum para. 31); but the Reserve Bank of India, besides stressing the familiar objective of "maintaining orderly conditions in the bond market" regards open market operations in bonds "as an instrument of monetary policy by controlling the cash base of the commercial banks" (memorandum para. 19).

Paradoxically, it is where the scale of government financing has become so great as to provide the central bank with both the necessity to smooth out substantial monetary disturbances and the opportunity to use debt management for policy ends that reluctance to embody long term operations into policy is most strong. No doubt the memory of cheap money and stable bond market policies is unpleasant, but it may be questioned if those nasty things we saw in the postwar woodshed should dominate us for ever after.

Dr Holtrop states clearly his own case against acting on the long-term rate. It follows from his precise delimitation of the central bank's function. The long rate is admitted to be of prime importance ; it "determines the range within which Bank rate will fluctuate" (Q.11841); but Dr Holtrop is adamant against trying to influence it as a central banker, and agrees to take it as one of the facts of life (Q.11842). The long rate is the "result of an achieved monetary equilibrium between saving and capital expenditure") he agrees with Sir Oliver Franks, so that, in effect, the Netherlands Bank's defence of monetary equilibrium involves non-interference with the long rate (Q.11851).

SOMETHING of this delicate but fundamental distinction infuses the elaborate championing of the Fed's "bills only" doctrine of open market operations which Mr Riefler undertook in his oral evidence and in part of his written evidence (published not with this memorandum but in the *Federal Reserve Bulletin*, November, 1958). In diagnosing a credit situation, the Fed faces

> the problem . . . in differentiating between market developments that reflect forces originating in the economy and those that reflect the response of credit markets to the technical money position established by the Federal Reserve System. (*Federal Reserve Bulletin*, p. 1261).

The Fed is certainly closely concerned with the whole structure of rates—"that is how we learn what is happening" (Q.9792)—but it aims to influence them, not to manipulate them. There is the technical difficulty of precise manipulation—"You are always playing the tune by ear" as Sir Oliver Franks puts it—and there is the psychological difficulty that direct intervention in the medium and long term markets might so affect expectations as to result in "an unsustainable level of prices or yields," which the Fed, reasonably, would regard as "spurious." It therefore prefers to seek changes by altering the credit base by action on banks' excess reserves, putting pressure on the short end of the market, rather than on the rate of interest directly. The pressure will percolate, as intended, to the complex of rates with the aid of arbitrage, and especially with the aid of "the high degree of substitutability of security instruments that exists for many lenders and many borrowers in the credit and capital markets."

Technical ability to operate with such confidence only at the short end has a twofold support. First, resembling the position of the independently minded central banks on the Continent, but in strong contrast to that of the Bank of England, the Federal Reserve is not intricately involved in support of the US Treasury's financing, and to that extent gains flexibility. Secondly, and following from this, there is a very large, absorptive market, outside not merely the Federal Reserve but also the banking system, for short and long term government obligations. This, as Professor Sayers commented, "is a really critical point in the argument" (QQ.9738-46). Another critical point is whether the banking system as a whole is committed to take up the Treasury's offers of bills ; if it is, as in Britain, then official operations at the short and long ends of the market plainly have entirely different effects.

NONE of the central bankers questioned the committee's concept of "general liquidity" which has caused so much academic heartburn since appearance of its report. The question of non-bank intermediaries, Dr de Kock said, worried him as long ago as 1946, but he confessed to having done nothing about them (Q.9363). He was in no doubt that they could create additional spending —and hence additional income and in turn additional savings (memorandum 46). This contrasts with Mr Riefler's assertion (with which the report clearly disagrees) that "these intermediaries are unable to lend more than savers have decided to place with them" (memorandum para. 102). Australia and New Zealand are aware of the problem ; but again we must turn to Dr Holtrop for exposition. Without agreeing with Professor Sayers that intermediaries other than commercial banks create liquidity, Dr Holtrop went in the direction of bracketing them, as indeed Dutch law provides, with banks (Q.11822). At the same time:

> Liquidity in the hands of trade and industry, in the sense of its holding money and liquid claims on the banking system and on Government, implies the power to dishoard, i.e. . . . to disturb monetary equilibrium. . . . This power . . . seems to me to be an inherent part of our economic system of free enterprise and I cannot think of any means to control this power without destroying this system. (Memorandum para 96).

If he had gone further and considered the role of financial intermediaries in mobilising this "power to dishoard," Dr Holtrop would have been very close to the Radcliffe committee's own much disputed position.

How is this extra-banking liquidity to be tackled if control of the intermediaries is either not possible or not adequate? Nobody grappled directly with this question, but Dr de Kock did offer a policy resembling the Radcliffe report's proposals for debt management, of operating on the whole structure of interest rates as a means of affecting demand in particular sectors by the impact on liquidity (memorandum, paras 18-28). This policy has been applied in South Africa during the last few years, to the satisfaction of the Reserve Bank. (But Dr de Kock admits that "the problems of debt management are not so complicated for us as they are in the UK and US" (Q.9307). Its application elsewhere comes up against not only theoretical questionings but also against the central bankers' reluctance to exercise overt influence upon the long term rate.

Most of the overseas central bankers agreed about the need to inform the public widely and systematically about monetary policy: the least forthcoming was the Governor of the Bank of Rhodesia and Nyasaland, a Bank of England man. The first and most dedicated exponent of the importance of central banking research and public relations is of course the Federal Reserve System—which, Mr Riefler says, "would not have the power and independence it has been given if it were suspect. . . . Confidence in our motives is most important" (Q.9551). The Bank of England itself now recognises the need for a stronger information department, though it would hesitate to go so far as the Federal Reserve. The day is no doubt still distant when the Old Lady holds seminars for professors of economics.

More Light on Scottish Banking

It is somewhat less difficult than it was to see what banks are doing north of the border

EVENTS during the past year have contrived to cast more light on the Scottish banks and their methods of working than they have enjoyed—or been subject to—for many years. The third amalgamation between Scottish banks in the past decade was completed in September, 1959, and the size of the new unit created, as well as its unusually large stake in hire-purchase finance, drew attention to its competitors also. The publication of the Radcliffe report a month earlier had provided both information and comment on the differences between banking practice in England and in Scotland. Then in February the evidence supplied to the committee produced the first series of monthly figures, for the years 1951 to 1958, that has been available since the Macmillan report in 1931. And, finally, when calling for special deposits in May, the Bank of England differentiated between England and Scotland by requiring 1 per cent of deposits from the English banks and ½ per cent from the Scottish banks.

The Radcliffe report gave the principal distinctive features of Scottish banking as (1) the right of note-issue still enjoyed by the Scottish banks; (2) the higher proportion of their deposits that are interest-bearing; and (3) their practices in relation to interest rates and charges. The fact that rates and charges are agreed among the banks was held to be responsible for Scotland being "one of the relatively over-banked countries of the world." The ratio of bank offices to population in Scotland is 1 to 3,000, compared with 1 to 4,500 in England and Wales. In the interwar years, when there were still eight banks operating independently, competition for business led to an increase of about 50 per cent in the number of bank offices in Scotland. A reduction could be achieved only by diminishing the number of banks, and a desire to create units of a more economic size has been one of the main reasons for the three amalgamations that have been effected in the past ten years. The fusion of branches is slow work, however, and the process has still a considerable way to go.

THE Radcliffe committee pointed out that the Scottish banks act as a "tight cartel" in fixing interest rates and charges. Deposit interest rates are ½ per cent lower and lending rates ½ to 1 per cent higher than in England. There are special reasons for this. The lower rate paid on deposits is explained by the much higher proportion of interest-bearing deposit accounts in Scottish banks—53 per cent of total deposits as against 39 per cent in England. From the Radcliffe figures at December, 1958, it appeared that a 1 per cent rise in Bank rate at that time would have cost the Scottish banks £3.8 million in deposit account interest but would have increased income from advances, call money and discounts by only £3.3 million. The Radcliffe committee saw this as having an influence on the size and the composition of investment portfolios. As in England, the average life of investments has been shortened, but in 1958 the proportion of short bonds was 20 to 30 per cent of Scottish bank portfolios as against about 50 per cent in the clearing banks.

This larger commitment in longer dated gilt-edged securities may possibly have affected the Scottish banks' lending policy in the period of freedom after mid-1958. It is impossible to make any direct comparisons with clearing bank experience because the Scottish banks even now do not publish their monthly figures. On the basis of the totals of their balance sheet figures, mostly at different dates, Scottish advances rose in 1959 by 27.6 per cent. The rise in clearing bank advances between December, 1958 and December, 1959, was 32.6 per cent. Investments at the balance sheet dates were down by only 14.5 per cent in Scotland, compared with 19 per cent in England. The analysis of advances made by the British Bankers Association for February, 1960, shows a rise of 31.2 per cent in clearing bank advances

	Balance sheet date	Deposits	Changes in Advances (£ million)	Investments
British Linen Bank	(30. 9.59)	+7·1	+ 6·1	− 4·8
National Commercial Bank	(31.10.59)	+4·6	+32·1	−29·1
Clydesdale & North Bank	(31.12.59)	+7·3	+ 7·7	− 1·5
Royal Bank of Scotland	(31.12.59)	+2·4	+13·8	−11·2
Bank of Scotland	(29. 2.60)	+9·0	+ 5·9	+ 1·2

since February, 1959, and a rise of 30.5 per cent for non-clearing banks. From this fragmentary evidence one may conclude, very tentatively, that bank lending increased rather more slowly in Scotland than in England but that the pace may possibly have speeded up in later months.

The most recent balance sheets show that the experience, or the policy of the different Scottish banks has varied considerably. Even allowing for the spread of five months between the earliest and the latest figures, some banks obviously had less need, or were less willing than others, to sell investments to meet demand for

PERCENTAGE OF DEPOSITS

	Advances		Investments	
	1958	1959	1958	1959
British Linen Bank	32	36	50	41
National Commercial Bank	29	41	43	29
Clydesdale & North Bank	22	31	48	46
Royal Bank of Scotland	34	44	30	22
Bank of Scotland	31	33	43	43

advances. As a result there are now quite wide differences in the deployment of funds between one bank and another. The National Commercial, the new grouping which does up to a third of the banking business in Scotland, shows the most vigorous switch of assets, with 41 per cent in advances and 29 per cent in investments in 1959—reversing almost exactly the ratios of a year earlier.

THE total employed in loans and investments ranged in 1959 from 66 to 76 per cent of deposits, and this raises the difficult question of liquidity and the effect of special deposits. For the clearing banks, the special deposits scheme operates as a supplement to a minimum liquidity ratio of 30 per cent of deposits; but, as the Radcliffe report pointed out, the Scottish banks do not observe any common convention in this matter. They are free to decide for themselves, in the light of experience, what liquid assets they require to hold at any particular time. Any attempt to calculate a liquidity ratio is complicated by the fact that the cover which the banks hold for their note issues is not segregated but is included in the item "Cash and balance with the Bank of England." A note-issuing bank does not require to hold a large cash reserve (apart from its note-issue cover) because the till-money of its branches consists mainly of its own notes, which are not "in circulation" until they have crossed the counter and consequently do not have to be covered. Then the fact that there is no settlement of clearing on the same day in Scotland as in the Town clearing in London reduces further the necessity to hold cash; and the high proportion of Scottish deposits in deposit

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accounts also reduces the banks' need for immediate liquidity.

Obviously, without the fulcrum of a minimum liquidity ratio, the lever of special deposits can have no certain impact on the banks' lending operations. On the other hand, their smaller holdings of short-dated bonds make the Scottish banks more vulnerable to pressures of this sort than are the clearing banks. It is possible that the Bank of England may have had some of these points in mind when it called for special deposits of only ½ per cent from the Scottish banks as against 1 per cent in England. More probably, however, the decision was related to the very different employment situation in Scotland. Unemployment still exceeds 3 per cent and the migration of skilled workers to areas of over-full employment in England arouses anxiety about the future. As a sop to Scottish opinion, therefore, the ½ per cent differential was tactful; but the concession may be more apparent than real, for this first call was in any case mild and will influence lending policy not through its absolute amount but through the fear that, if advances continue to increase rapidly, larger amounts may be called for until advances are checked.

It would be much easier to decide whether or not the authorities were treating the Scottish banks fairly or otherwise in this matter if the banks themselves were to provide more adequate and timely information on their operations. The Radcliffe committee opened their books for past periods, with no ill effects; and the mechanism of special deposits will now make possible calculation of Scottish monthly deposits by an indirect route. Last-ditch delay by the Scottish banks in regular publication can only lose them goodwill.

Overseas Money in London

Where it is and what affects it

In February, 1959, overseas money on deposit with London banks amounted to £1,128 million—almost exactly the same amount as the central gold reserves at that date and comprising about one-third of overseas countries' total sterling balances. The Radcliffe committee has made public for the first time not only the size and distribution of these foreign funds, but also their significance in the domestic banking system and the influences affecting them.

Only 26 per cent of these deposits was held by the clearing banks, Scottish and Northern Irish Banks and the Bank of England. Nearly three-quarters was held by four groups of "outside banks" for which overseas business is of special importance. The British overseas banks held 40.7 per cent; the American banks in London 8.5 per cent; other foreign banks 13.4 per cent; and the Accepting Houses 11.3 per cent. Between December, 1951, and February, 1959, total overseas deposits with these outside banks increased by over three-fifths; the commercial banks, unfortunately, made no past figures available. It is a pity, too, that the fast-growing foreign banks submitted neither written nor oral evidence.

The main work of the outside banks includes foreign exchange dealing; the finance of overseas trade (and on a much smaller scale, of domestic activity in Britain); the employment of the surplus funds of numerous overseas banks and other overseas residents; and, for the Accepting Houses, the wide and flexible range of activities, domestic and international, comprised in merchant banking. A prime characteristic of these banks is that liquidity is kept much higher at the clearing banks—partly because it is much less stable. Sir Edward Reid of Baring Brothers, chairman of the Accepting Houses Committee, stated that whereas fluctuations in clearing bank deposits tend to even out, the Accepting Houses may "have a few very large [accounts] which can fluctuate very much within a few days" (Question 6002 in the Radcliffe evidence). From the Eastern Exchange Banks comes the similar comment that big drawings by customers are commonplace (Q.4693). And Lazards' evidence at the Bank rate tribunal in 1957, it may be recalled, demonstrated just how sharp fluctuations can be.

Pride of place in maintaining liquidity goes to money at call in the discount market, the Eastern bankers stressing their need to keep liquid profitably, since their deposits are largely at interest, in competition with Continental banks and to some extent with hire purchase companies (QQ.4689-4708). The combined holdings of these outside banks provided perhaps 30 per cent of the discount market's funds at the end of 1958. At other times the proportion has been much higher, but since 1956 local authority loans have drawn more funds from these institutions, especially from the accepting houses and foreign banks (other than the American banks). Since the Radcliffe committee reported, more overseas money has been channelled into hire purchase houses—including in some cases the counterpart of dollar deposits taken by London banks.

Bill holdings, descending the traditional liquidity ladder, come next quantitatively, except for the overseas banks, which have shown a tendency to increase them at the expense of money in the market; like the Accepting Houses, they display a growing preference for Treasury bills over other sterling bills, whereas the smaller holdings of the foreign banks show the opposite trend.

The overseas banks and the Accepting Houses, giving evidence in February and March, 1958, showed gilt-edged holdings at end-1957 considerably larger than their bill holdings; but the reverse was true of the very much smaller portfolios of foreign banks. The bulk of these holdings was in "money market" bonds of less than five years maturity. Eastern banks tended to hold longer dates, tax-free interest being one consideration (QQ.4755-6). In an appendix to their evidence, presumably supplied early in 1959, the Accepting Houses noted a recent disposition to hold slightly longer dates, but, like a similar tendency noted in the discount market at the time, this was doubtless based on the not unreasonable view while Bank rate stood at 7 per cent that gilt-edged were more likely to rise than fall. But gilt-edged holdings of these outside banks in total were £34 million lower at end-1957 than six months before, reflecting no doubt liquidations during the summer exchange crisis.

TABLE I
DEPOSITS OF OVERSEAS RESIDENTS, FEBRUARY, 1959

	(£ million)	
Bank of England and London Clearing Banks	269·6	
Scottish Banks	10·5	
Northern Ireland Banks	5·3	
Other U K Banks	7·8	
Total, U K Banks		293·2
British Overseas Banks	459·5	
American Banks	96·4	
Other foreign Banks	151·3	
Accepting Houses	127·5	
Total, "Outside" Banks		834·7
		1,127·9

Although, as the Radcliffe report points out, these banks do relatively little domestic banking business, they are important as granters of acceptances which help buyers to raise money and also add in a small way to the liquid assets upon which the UK commercial banks can expand credit. More-

over, the substantial acceptances and advances granted to overseas customers, notably by the British overseas banks, may involve a drain on London funds. It follows that the manner in which the banks react to domestic monetary measures is of considerable importance.

BOTH the Accepting Houses and the British overseas banks conform broadly to clearing bank practice in a number of spheres, although the Accepting Houses reserve flexibility in deposit rates (Q.5796). The Eastern banks pay quite high rates for some money from abroad (Q.4639), but as at least 90 per cent of their London resources are drawn from abroad, they claim that they do not really compete with the clearing banks (QQ.4634-8). These outside banks are expected to follow in principle general guidance on lending policy laid down by the Government or the Bank of England to the commercial banks, though response to the official credit squeeze was by no means uniform. The Canadian banks had agreements among themselves and an immediate conference on a change in Bank rate; their London rates would be aligned to current market rates (QQ.4473-5). The Eastern banks admitted to dislocation by a high Bank rate; business "takes a little time to adjust itself (QQ.4718-9), although in their overseas areas of operation the local central banks often insulated rates from London. The Australian and New Zealand banks "get together, and most of the changes are completely automatic"; they change their selling rates for sterling to reflect the rise in interest rates (memorandum para 1, and Q.4358).

Evidence of the impact of Bank rate on overseas money, so often the spark of controversy, brings out the variety of influences upon the movement of funds to London. The Canadian bankers stated that money tended to accrue automatically in London as a result of trade (QQ.4450, 4469); Australia and New Zealand, however, restrict the movement of funds by exchange control

TABLE II

DISTRIBUTION OF OVERSEAS DEPOSITS IN LONDON, 1951–59
(Excluding U K Commercial Banks)
(£ millions)

	British Overseas Banks	American Banks in London	Other Foreign Banks	Accepting Houses	TOTAL
1951, December....	346·4	34·9	52·8	81·1	515·2
1952, "	335·3	40·3	62·3	69·4	507·3
1953, "	356·5	41·9	70·5	79·2	548·1
1954, "	407·0	46·1	97·4	87·8	638·3
1955, June.....	394·1	37·9	96·1	75·5	603·6
December....	386·5	37·4	120·3	81·4	625·6
1956, June.....	379·7	40·7	130·1	78·8	629·3
December....	365·2	34·2	77·0	84·2	560·6
1957, June.....	379·3	48·1	107·7	94·5	629·6
December....	344·8	51·7	88·3	80·1	564·9
1958, June.....	393·2	60·7	123·4	104·0	681·3
December....	409·1	67·5	145·9	111·9	734·4
1959, February.....	459·5	96·4	151·3	127·5	834·7

(Australasian banks' memorandum para 1, and QQ.4527-9). The most sensitive to Bank rate were the Eastern banks, though they, too, reported local restrictions on the movement of funds (Q.4713). They did indeed testify to their competition for funds, the main source of which was "excess deposits in countries in which we are banking," but the attraction of London depended primarily on confidence in sterling. The general manager of the Chartered Bank explained (in February, 1958) that

> the only time we saw appreciable sums coming to this country which we could attribute to a change in the Bank rate was in the beginning of 1956 when the jump was from 4½ to 5½ per cent. There was already confidence in sterling, and that was a purely economic jump (Q.4750).

None the less, a big interest differential could exert a substantial

pull. Both the African and the Canadian banks reported switching by customers into UK Treasury Bills (QQ.4341, 4500-16)—incidentally, providing a reminder that a fall in foreign deposits does not necessarily indicate a fall in total claims on London. With the exception of the Eastern banks, however, which depicted themselves as conducting a world-wide struggle for deposits, and spoke of "a critical level" at which extra funds might be drawn in (QQ.4745-6), the evidence was fairly strongly against interest rates as a big influence on the movement of funds. This is partly attributable to uncertainty about the exchanges and partly to the falling into line of interest rates elsewhere—in Canada, for instance, and Australia and New Zealand. In the two years since most of this evidence was given, it should be added, funds have become much more sensitive to difference in interest rates and in the ease of borrowing in the main financial centres.

The effect of interest rates on acceptance credits was said to be generally small. "A considerable amount of trade has to take place whatever happens, and taking place it has to be financed" (Accepting Houses memorandum, paras 27, 42). There may, indeed, be switching from debentures to bank overdrafts or acceptances if money rates are high, though this was not "substantial." The main determinant of the volume of acceptances, the houses declare, is the volume and value of Britain's overseas trade.

THE evidence of the British overseas banks on the effects of tighter money on lending prompts an extension of the Radcliffe report's description of the domestic market: the sterling area, and indeed countries beyond it, tend to be a single credit market. Because customers switched deposits into UK Treasury bills, the liquidity and lending power of Canadian banks fell (QQ.4500-16), while Australian and New Zealand banks were affected by domestic liquidity requirements (Q.4545). For the banks in Africa, the British credit squeeze diverted demand from London to overseas branches (Q.4341), while the Australians experienced a diversion by Continental importers from bill finance in London to overdrafts in Australia (QQ.4548-53). The Eastern banks detected a contrary "tendency to push things a bit towards Germany . . . every time sterling becomes too dear as a means of finance" (Q.4721). The emphasis here is all on the effect of interest rates in diverting, rather than in discouraging, demands for accommodation. The one positive attempt to regulate demand was reported by the Australasian banks. In order to discourage the flow of money into financing the wool trade

> we put on a differential rate, almost a penal rate, so that it was up to the level of the foreign rate; then they tend not to make the switch [from external to internal credit] quite so much. (QQ.4609, 4602.)

But it is not clear that borrowing was not switched in the end. A ray of "orthodox" light beamed momentarily from the memorandum of African overseas banks only to be dimmed in the presence of the committee; the banks' spokesmen asked for deletion of a sentence stating that "overdraft rates have to be increased . . . to check the increasing pressures of demand from local would-be borrowers" (para 14). "I can never recall putting up our rates merely as a deterrent to borrowers," averred Mr R. D. Smith of Barclays DCO (Q.4427).

But the bankers would not dismiss interest rates as irrelevant. Bank rate retains its psychological influence (for example, in Australia and New Zealand, Q.4627). The African banks said that local central banks might engineer some insulation against London rates (Q.4437); and they felt that prolonged high rates discouraged colonial development and trade, and had a disintegrating effect upon the sterling area (QQ.4430-1). They were not alone among practical bankers in asserting that high interest rates were at once ineffective and unjustifiably disruptive.

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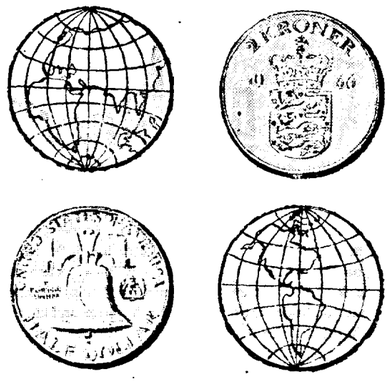

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P3

Gold Less in Favour

Although greater world confidence in the stability of currencies has reduced hoarding demand for gold, turnover in the London market has increased substantially

EXCEPT in insulated markets such as India, where the demand can be satisfied only by smuggling, the price of gold has been unusually stable in recent months. During 1959, despite many political alarums and the immediate effects of the devaluation of the French franc, the world price of gold expressed in US dollars and as quoted in the free markets varied within the narrow range of $35.05 and $35.14. It closed the year at almost the lowest point of this range and this year, after a gradual recovery to around $35.12, it has fallen back to $35.09, despite the collapse of the summit meeting and the talk of difficulties for the dollar and for sterling.

The price of gold is no longer so sensitive to political and financial ups and downs. The collective move to non-resident convertibility at the end of 1958, being successful, was bound to usher in a period of stability in the gold market; and most countries have also eased exchange controls on their own residents. Greater confidence in currencies has reduced the desire to hoard gold. This attitude has also been strengthened by the growing evidence that inflation has been arrested. At least for the relatively sophisticated European investor, there is less incentive to invest in lumps of gold or even in the gold certificates that are now being made available in such diversity. In either case the investor forgoes interest or dividends; and many investors evidently put more hope in a rise in the price of ordinary shares than on a rise in the official price of gold, which would have to be initiated by the United States Treasury.

Notwithstanding this greater stability in the market price of gold, turnover in the London market is estimated to have increased by rather more than 50 per cent in 1959. Much of this increase represented the transfer to London of a considerable amount of gold dealing that used to take place in Continental markets when non-resident sterling was still sub-divided between American account and transferable sterling, and many sellers of gold from outside the sterling area (including Russia) took advantage of the modest turn that could be obtained by using such markets as Zurich.

London's increased turnover also reflects larger world output of gold. Estimates of the Union Corporation suggest that in 1959 world production, excluding that in Soviet Russia, reached a record 32,400,000 ounces compared with 30,300,000 ounces in 1958. Of last year's total, nearly 85 per cent came from the Commonwealth. Production in Soviet Russia remains wrapped in mystery—which has not prevented a host of different guesses. Imports of gold into the United Kingdom show a considerable increase in Soviet gold coming to the London market in 1959, to 7¼ million fine ounces, worth some £90 million.

Most of the transactions in gold in the London market represent operations of central banks. These have received a new impetus over the past year as a result of the continued flow of dollars from the United States into European reserves. A substantial part of these dollars has been converted into gold through the London market. Foreign central banks and monetary authorities have the right to convert dollars into gold in the United States at a cost which, including commission, works out at $35.08¼ per fine ounce. For tactical reasons, however, and in particular in order not to appear to be taking part in a flight from the dollar, many European central banks have been prepared to pay a higher price than the US parity in order to convert their dollars into gold in the London market. This is one of the reasons why from April until October of last year, and again in the first months of 1960, the dollar equivalent of the gold price quoted in London has been in excess of the US parity of $35.08¼.

IMPORTS OF GOLD BULLION INTO THE UK
(in thousand fine ounces)

	Year 1958	Year 1959	First four months 1959	First four months 1960
From :—				
South Africa	18,552	17,787	5,614	3,927
USSR	2,694	7,291	3,892	...
Ghana	852	886	296	313
Belgian Congo	515	832	832	...
Australia	...	...	...	240
Others	1,390	847	155	170
Total	24,003	27,643	10,789	4,650

Another type of central banking operation in gold, however, has largely ceased, following the transition at the time of the move to convertibility at end-1958 from the European Payments Union to the European Monetary Agreement. The EPU monthly settlements were made not at the prevailing market rates but at the nominal parities of the members' currencies, which gave rise to profitable opportunities for central banks using the gold market. Under the European Monetary Agreement, nearly all settlements take place through the ordinary machinery of the exchange markets.

HOARDING demand for gold has fallen off not only in Europe but also in the Middle East. One reason is that the authorities in India have been catching up with the highly organised smuggling traffic. Their victory may be detected in the large scale dismissals that have recently occurred in the staffs of international air corporations operating in India. The Indian government has also taken the initiative in issuing special rupee notes for circulation outside India and particularly in the Persian Gulf area where Indian currency has been in circulation for many decades. Previously, the gold used to be sold in India against rupee notes which were smuggled out of India and then exchanged for sterling in the Persian Gulf territories such as Kuwait and Bahrein. Now this can no longer be done so smoothly, since the rupee notes against which the gold is sold in India are no longer legal tender outside the country.

The market in gold has during the past year been somewhat broadened by the appearance of gold certificates intended to simplify the purchase of gold. The first major initiative was taken about a year ago when Samuel Montagu made arrangements with the Bank of Nova Scotia for issuing gold certificates which would be interchangeable and provide for delivery of gold in London or Canada. In October of last year this scheme was extended to include the Deutsche Bank, Frankfurt, and Union Acceptances, Johannesburg. Other firms that have taken a hand in the issue of such certificates include Johnson Matthey, the French Bank of South Africa (in collaboration with the Banque de l'Indochine), the Guaranty Trust Co. of Canada (in collaboration with the Toronto Gold Marketing Co.) and the International Gold Corporation of Johannesburg (in collaboration with the Standard Bank of South Africa). Some of these certificates have been in bearer form and have thus run into trouble on the Continent of Europe, being held to constitute an infringement of the monopoly of currency issue in Switzerland and Germany. The certificates were designed to provide an easy way of securing a hedge against devaluation of currencies in terms of gold. So far they have found few takers.

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MARKS AND SPENCER LIMITED

TURNOVER EXCEEDS £148 MILLION

ACCELERATED EXPANSION AND TRANSFORMATION OF STORES

"ST. MICHAEL" THE HALL-MARK OF QUALITY AND VALUE

99 PER CENT GOODS OF BRITISH MANUFACTURE

The thirty-fourth Annual General Meeting of Marks and Spencer Limited was held on June 9th at 67 Baker Street, London, W.1.

Sir Simon Marks DSc, Hon FRCS (Chairman and Joint Managing Director) who presided said:

Ladies and Gentlemen:

May I take it that in accordance with our customary practice, the Directors' Report and Accounts may be taken as read?

PROFIT AND LOSS ACCOUNT

Our Net Profit for the year amounts to £9,081,000 compared with £7,709,000 last year after providing £8,725,000 for Taxation compared with £7,350,000.

Including £2,491,000 brought forward, the total amount available for distribution is £11,572,000. The Directors recommend a Final Dividend on the Ordinary and "A" Ordinary Shares of 27½ per cent making, with the Interim Dividend of 12½ per cent, a total of 40 per cent for the year. Last year, the equivalent dividend was 31¼ per cent.

RESERVES

We propose to transfer £3,611,000 to the General Reserve. After the capitalisation for the Scrip Issue, the General Reserve again amounts to £11 million.

With the balance of £2,407,000 in the Profit and Loss Account, the total Revenue Reserves amount to £13,407,000. The Capital Reserve remains at £19,323,000.

PROPERTIES

We have spent £6,069,000 during the year on the acquisition of new sites and the development and modernisation of our Stores, of which £1,367,000 has been charged against our Profit as Repairs and Maintenance.

After providing a sum of £943,000 for Depreciation on our Properties, Fixtures and Equipment, these now stand in the Balance Sheet at £51,294,000 compared with £47,525,000 last year.

STOCK

Our Stock-in-Trade is £11,098,000 compared with £9,153,000 last year. Including stocks of raw materials held by our Subsidiary Companies, our total Stockholding is £12,076,000 compared with £10,219,000.

CASH

Our Cash Balances and our holdings of Tax Reserve Certificates and Treasury Bills amount to £11,052,000 compared with £10,549,000 last year.

We repaid at the beginning of the year the loan of £1 million at 5½ per cent.

Our receipts for the year from bank and other interest amounted to £263,000 compared with £212,000.

GENERAL SURVEY

It is with satisfaction that I am able to report continued progress. Our volume of turnover reached the record figure of £148 million compared with £134 million the previous year, and net profits after taxation have risen to £9,080,000 from £7,700,000 in the previous year.

The impressive advance made by the business during the past decade can be seen in the 10 year statement which has been issued with the accounts. In that period there has been uninterrupted progress in our turnover from £65,800,000 in 1951 to over £148 million in 1960, and our net profit after taxation has risen from £2,500,000 to over £9 million. Our policy throughout has been based upon the expansion and modernisation of our stores, the progressive upgrading of St. Michael goods and the building up of the goodwill and the confidence of our customers.

The cumulative investment we have made over the years has been responsible for a remarkable transformation of the business and our policy will continue to follow the established pattern of development which has shown such satisfactory results. We have, since 1951, invested over £37 million in the business drawn entirely from our retained earnings. Since the end of the war, from 1946, the total invested amounts to £42 million.

There is no doubt that the policy of ploughing back profits year by year has enabled the business to grow to its present gratifying position. Our properties now stand at more than £46 million. It is clear that our profits benefit most substantially since no interest charges are incurred on this considerable sum.

Last year the expenditure on building and modernising our stores amounted to nearly £4 million. This sum does not include the land and sites we have acquired for incorporation in our building programme at some future date. We have continued to concentrate on the development of our existing stores where we have traded successfully for so many years. During the past year we have completed major projects at 22 stores. They were operating for varying periods and were so able to make but a partial contribution to the year's results. Fuller benefits will be derived from them in the next year's trading. So far this year we have in hand 24 substantial new schemes which will be opened during the course of the present year and building operations will be starting shortly at a further 12 stores. The projected cost of building and modernisation this year is nearly £5,500,000, making the combined expenditure for the two years the largest programme of store development we have carried out over such a period.

By reason of their size and their high standards of construction our buildings may take up to two years to bring to fruition. In order that the rhythm of our development may be maintained and systematically carried out many of our future plans are in an advanced stage of preparation for the many interesting new schemes we have in mind.

The programme of expansion we envisage during the next three years may involve an investment of the order of £15 million. Finance will continue to be drawn mainly from profits retained in the business, but in order to accelerate our building plans for many of the important properties which have yet to be dealt with, we have thought it desirable to secure additional funds. We have therefore arranged with the Prudential Assurance Company to borrow £5 million by means of Debentures issued at 97½ per cent. They are at an interest rate of 5½ per cent and are repayable in 30 years. Half of the total sum is to be taken up in June this year and the balance in June 1961.

I believe that we have succeeded in making our stores most inviting and attractive to our public. Their spaciousness provides splendid shopping facilities and creates a beautiful background for St. Michael merchandise. They have been described by many of our customers as "a Fairyland." During the past months we have invited many distinguished local citizens, including mayors and councillors, medical officers of health, hospital officials, and representatives of women's associations, to see the arrangements we make behind the scenes for the staff. More than 8,000 people have attended "Open Days" in 177 of our stores. There has been much favourable comment in the local Press and we have received many letters from our visitors telling us how impressed they were with the amenities provided for the staff and particularly with the success of our campaign for clean stores and clean food.

"NO SMOKING PLEASE"

Last year we pioneered a campaign asking the public to refrain from smoking in our stores. In the United States and most Continental countries smoking in shops, cinemas and theatres is prohibited because of the serious fire hazard where large numbers of people congregate. "No smoking" is a practical precaution which can do much to obviate an unnecessary risk. Where foodstuffs are displayed its unhygienic effects are obvious. Our customers find the smoke-free atmosphere most agreeable. Its beneficial effects on health are especially appreciated by the staff, who have to spend so many hours daily on duty in the stores. It gives me great satisfaction to acknowledge the

splendid co-operation of our customers in complying with the request "No Smoking Please."

ST. MICHAEL GARMENTS FOR ALL THE FAMILY

The confidence of the public in our goods has been gained over many years of trading. The growth in the volume of business clearly demonstrates that we have given satisfaction to our customers.

Our brand name St. Michael is without doubt the most popular trade mark in the country and the goods which bear its name are exclusive to Marks and Spencer stores. The range and variety of St. Michael garments for all the family grows each year to meet the general and wider requirements of the public at prices well within their reach. But price is not the only factor—it is the quality and beauty of the materials, the fashionable styling and the high standards of manufacture which count in the last analysis. St. Michael is the hallmark of quality and value and our fine goods at inexpensive prices attract 7 million customers to the stores each week. Their goodwill is one of our greatest assets which we prize most dearly.

Our reputation grows year by year, for the policy of upgrading St. Michael merchandise is the constant preoccupation of the directors. The endless quest for improvement forms the core of all our efforts for goods are the lifeblood of the business. The increasing prosperity enjoyed by the public has engendered a growing demand for our merchandise. The high standards of attire of every member of the family mirror a social revolution in better taste and higher living standards in which Marks and Spencer are playing a prominent part.

THE TECHNOLOGICAL APPROACH TO MERCHANDISE

There are remarkable changes taking place in the textile field. New man-made fibres and new materials in ever increasing variety have come to swell the ranks of the traditional wool and cotton fabrics. Our technologists keep abreast of this profusion of interesting scientific and technical developments in order to select the most promising fibres which can be converted into desirable fabrics for St. Michael garments.

We are in close touch with the basic producers as well as with manufacturers in all branches of the textile industry. We stimulate and coordinate their activities in order to produce fabrics with special properties and finishes which we know the public want. By canalising this exploratory work in our own hands we are able to bring the benefits of technical progress to the customer very quickly. I am happy to say that our friends welcome our collaboration for they appreciate the constructive initiative we are taking.

I have spoken of the development of man-made fibres, but I must add that wool and cotton have also benefited considerably by the application of new processes which have given them improved properties so popular with our customers.

Last year we organised the production of well over 100 million square yards of materials of various kinds which were used in the manufacture of St. Michael garments. The function of the technologists is to specify, standardise and assist in the control of the quality of this vast yardage of materials. This fundamental work enables our executives to organise with assurance and confidence the production of the large quantity of finished garments we sell.

FOOD DIVISION

I am pleased to say that there has been a progressive growth in the sales of our Food Division which last year reached £24,500,000. We continue to concentrate mainly upon speciality bakery products and selected and graded fruit, for it is in these fields that we are able to bring our technological approach to bear most effectively. We test and specify the ingredients of St. Michael bakery products and co-operate with our suppliers to maintain process control at every stage of manufacture.

The painstaking technological work we are carrying out is making a great impact upon our suppliers. They have built new bakeries, enlarged their existing factories and installed modern equipment in order to meet the increasing demand of our public. St. Michael fruit is specially selected and graded at strategically sited growing and packing centres in this country and abroad. The large scale on which this is carried out enables us to sell high quality fruit at prices the public can afford to pay. The distribution of supplies of all our foodstuffs to the stores has been organised to ensure that they reach the customer in fresh condition.

The importance of hygiene and cleanliness in the handling, storage and display of foodstuffs at every stage from the factory to the store counter is ever present in our minds. We have won a fine reputation for the high standards we maintain. In the factories, too, I am happy to say, the same high standards are kept. Our suppliers co-operate most readily with us for they recognise how much the public appreciate our clean foods policy.

COSTS OF ADMINISTRATION AND SIMPLIFICATION OF PROCEDURES

We attach the greatest importance to maintaining control of the costs of operating the business and our success in so doing is continuing to make an important contribution to the profits. By cutting out unnecessary procedures we have simplified the work of the administration both at Head Office and at the stores. Since we have been working under one roof in our new headquarters the task of streamlining our organisation has been facilitated.

In 1957 we mounted an exhibition of our simplified methods which received considerable publicity not only in the national but also in the international Press. It has already been visited by representatives of over 1,500 commercial and industrial organisations from this country, the Commonwealth, the USA and the Continent. In addition we have had visitors from more than 60 Government Departments and Local Authorities as well as from Hospital Boards and research institutions.

The exhibition has clearly stimulated a growing awareness of systems which produce a proliferation of unnecessary forms and documents. In our own case we found that they spread confusion and occupied the time of many people at great and unnecessary cost. We are particularly proud of the tribute paid by HM Treasury to the work of simplification we have carried out. Their Organisation and Methods Bulletin of February, 1959, states that "it is a most refreshing approach to the problem of excessive paperwork. . . . There is always a dividend to be obtained from the challenging approach."

TRIBUTE TO MANUFACTURERS

We have been happy to entertain over 1,000 of our manufacturers recently at a series of receptions in our new offices. These occasions have given me and my colleagues on the Board the opportunity of getting to know our friends more personally. We have been able to show them our building and merchandise exhibitions which enable them better to understand and appreciate the scope of the work we are carrying out. They for their part have built new factories, extended their plants and installed modern machinery in order to meet the demands of our growing business.

I have on many occasions expressed my appreciation of the valuable co-operation we receive from our suppliers, and the confidence we have in them is shown by the fact that 99 per cent of our goods are of British manufacture. The unique relationship we enjoy with them has been built up over many years of joint effort to extend and improve the range of St. Michael merchandise. The success of our combined endeavours is to be seen in the volume of turnover we now report. I thank our friends for their splendid work in the past year and look forward to our future progress together.

TRIBUTE TO STAFF

It is my pleasure once again to ask you to join me in thanking the staff, both at Head Office and in the stores, for their devoted work.

We pay particular attention to creating desirable working conditions. The impressive range of amenities we provide is a source of pleasure and satisfaction to all the members of our staff. They have splendid meals at very modest prices in attractively appointed dining rooms and enjoy most comfortable staff quarters. The medical and dental counselling schemes we have operated for many years have promoted a high standard of health among our employees. The staff dental inspection scheme, under the direction of our Dental Superintendent, has earned generous commendation from the British Dental Association. Its journal states, with regard to our staff, that "the comparatively excellent state of the dental health . . . is an example of what can be achieved by dental health education." We also encourage and support many social and athletic activities in which the staff can participate in their leisure hours.

Our continual concern for their welfare is amply repaid by their warm response. The courteous and helpful service of our sales ladies, which is greatly appreciated by our many customers, is stimulated by a pride in the goods they sell and in the popularity of their stores. A loyal and contented staff is one of the greatest assets any business can have and I am glad to say that we have been able once again to reward their efforts by substantial increases in wages.

We operate two important funds for their benefit. The Marks and Spencer Pension Scheme, to which the Company contributes over 80 per cent of the cost, is designed for men in managerial or clerical positions. The Marks and Spencer Benevolent Trust was set up primarily for the benefit of those men and women who are not members of the Pension Scheme. There are now 322 retired members of the staff or their dependents whose needs are being taken care of by these two funds. Their numbers have more than doubled in the last 4 years and will, of course, continue to grow in the years ahead.

Each case is a matter for individual consideration and we maintain contact with all those who have retired as we still regard them as members of the Marks and Spencer family. The Benevolent Trust, which is administered by a joint Board of Directors and Executives of the Company, deals sympathetically with any problems they may have. For their part, they appreciate the opportunity to participate in the social activities of their local stores and to enjoy the welfare amenities which are still available to them.

The report and accounts were unanimously adopted.

MARKS AND SPENCER LIMITED

10 *YEAR STATEMENT*

YEAR ENDED 31st MARCH

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
	£	£	£	£	£	£	£	£	£	£
Turnover	65,836,000	75,856,000	86,931,000	94,806,000	108,375,000	119,400,000	125,012,000	130,429,000	134,449,000	148,023,000
Profit before Taxation	6,082,000	4,996,000	6,741,000	7,867,000	9,268,000	10,130,000	12,806,000	14,143,000	15,059,000	17,806,000
Taxation	3,525,000	2,690,000	4,275,000	4,850,000	4,800,000	5,175,000	7,200,000	7,950,000	7,350,000	8,725,000
Net Profit after Taxation	2,557,000	2,306,000	2,466,000	3,017,000	4,468,000	4,955,000	5,606,000	6,193,000	7,709,000	9,081,000
Dividends (Net)	937,000	1,005,000	1,282,000	1,675,000	2,365,000	2,660,000	3,181,000	3,441,000	4,132,000	5,384,000
Funds Retained in the Business: Profit Retained	1,570,000	1,251,000	1,071,000	1,242,000	1,983,000	2,145,000	2,230,000	2,352,000	3,277,000	3,527,000
Depreciation	733,000	714,000	765,000	794,000	660,000	693,000	876,000	904,000	944,000	943,000

THE MALAY COCONUT ESTATES, LIMITED

RECORD RESULT

The forty-ninth annual general meeting of The Malay Coconut Estates, Limited, was held on June 16th in London.

The following is an extract from the circulated review of the chairman, Mr R. Geoffrey Buxton:

Owing to a world shortage of Copra crops, very high prices were recorded throughout the year, and there was a further small improvement in our 1959 crop. The combination of these favourable conditions produced record results for 1959 in spite of a slight increase in costs, due mainly to higher wages, reflecting the enhanced price of rubber. The all-in cost, including bonuses and commission, rose by £1 16s. 4d. per ton, while the price realised, at £73 18s. 5d., was £12 16s. 9d. per ton higher than in 1958.

The net profit, before tax, amounted to £85,212 against £62,351 in 1958. Taxation takes £35,265 against £27,075 and, after adding £400 provision for taxation no longer required, and proceeds of Fixed Assets sold, there remains with the carry forward brought in from 1958, £48,561 to be dealt with.

Your Directors intend later in the year to recommend the capitalisation of Reserves to bring the Issued Capital of the Company more into line with the capital actually employed in the business.

It is estimated that, with a better crop, the prospects for 1960 are very encouraging.

NATIONAL BANK OF GREECE

Société Anonyme

Established in 1841

THE DEVELOPMENT OF THE BANK'S OPERATIONS

THE ROLE OF THE COMMERCIAL BANKS IN AN EXPANDING ECONOMY

The Annual General Meeting of the National Bank of Greece was held in Athens on April 30th 1960.

In his address to the shareholders the Governor, Mr Dimitri E. Helmis, reviewed the satisfactory financial results for the year 1959 which have permitted the distribution of a dividend equal to that of 1958, namely, Dr. 80 per share (10.9 per cent of the nominal value).

The year under review saw a further expansion of the Bank's operations. The main features were a large increase in deposits (from 8,080 to 9,911 million drachmae), a higher total of loans and advances (which rose from 8,667 to 9,875 million drachmae), and, as a result of the increase in business, higher gross earnings (from 497 to 529 million drachmae).

In 1959 the National Bank of Greece provided 27.1 per cent of the total credits extended to the Greek economy and 68.4 per cent of the short and medium term loans and advances to trade and industry. Deposits made with the National Bank of Greece represented 45.0 per cent of the total deposits with Greek Banks and credit institutions, excluding the Bank of Greece.

The following are some of the more important points made by Mr Helmis: Greece is perhaps the sole example of a country striving for economic development which is at the same time governed according to a genuinely democratic regime and enjoys highly developed social institutions. Respect for individual freedom, though not incompatible with a quickening in the rate of economic development, nonetheless tends to make the realisation of the objective a much more complicated matter.

The Government has attempted to reach a solution which would satisfy the claims of the Greek people, and in this it may be said to have succeeded. The original Five-Year Programme has now taken final shape and was announced by the Prime Minister to the Greek people on April 9th of this year.

The basic aims of the programme are a rapid increase in national income and the creation of more opportunities for employment. It is widely realised, however, that the question of broadening Greece's relations with rapidly expanding foreign economies is one of great importance to the future of her own economy. Special stress has therefore been laid on the need for Greece to secure a steady improvement in productivity and to become increasingly competitive.

The recovery in public finance, the stability of prices and the satisfactory development of external accounts during the past few years represent stable achievements, thanks to which it is now possible for Government activity to be devoted primarily to the organisation of economic development.

The Governor further said that the commercial Banks in Greece should be numbered among those agencies which could make a decisive contribution to the realisation of important economic objectives. The Banks were in constant touch with the private elements in the economic life of the country and had full and up-to-date knowledge of the prevailing market conditions. They were therefore in a position to estimate more accurately the prospects which were discernible and consequently to weigh the real possibilities of influencing existing trends in the direction of longer-term objectives. The view that the commercial Banks should take a more active share of business risks and should lend more systematic support to business firms by making capital contributions is one which does not run counter to the historical development of the banking system and which corresponds to the needs of the existing situation.

The prestige and scale of operations of the National Bank both at home and abroad, the close links which it was fostering with the leading credit institutions in other countries, and its wide knowledge of the problems of the industrial and business world made it an agency which was particularly well suited to attract capital and business enterprise and to act as a liaison between Greek and foreign interests.

BOOKER BROTHERS, McCONNELL & CO., LIMITED

(Commonwealth Merchants and Traders, Sugar Producers, Shipowners, Engineers, Manufacturers and Rum Distillers and Merchants)

SOUND PROGRESS BY BOOKER GROUP

SUGAR HAS DIFFICULT YEAR

FLOURISHING INTERESTS IN BRITISH ENGINEERING AND CANADIAN WHOLESALING

SUCCESS OF POLICY OF DIVERSIFICATION

SIR JOCK CAMPBELL ON ROLE OF CAPITALISM IN UNDERDEVELOPED COUNTRIES

The Sixtieth Annual General Meeting of Booker Brothers, McConnell & Co., Limited, will be held in the Council Room of the London Chamber of Commerce, 69 Cannon Street, London, E.C.4, on Tuesday, July 5th, at 12 noon.

The report and accounts for 1959 were posted to shareholders on June 11th, together with an illustrated *Review of the Year* which includes the Statement of the Chairman, Sir Jock Campbell. The following is a shortened version of the Chairman's Statement:

FINANCIAL RESULTS

The net trading profit of the Group after tax and all charges was £1,248,751 compared with £972,683 in 1958. There were also capital profits of £160,224; against £239,561 in 1958. Excluding capital profits, the return on shareholders' money went up from 7.4 per cent in 1958 to 8.6 per cent in 1959. Your directors are recommending a final Ordinary dividend of 9d. per share free of income tax, making 1s. per share for the year. The total Ordinary distribution in respect of 1959 takes £477,009 compared with £381,608 for 1958.

CAPITALISATION

We are recommending the issue of one share for every ten now held, by capitalisation of £477,009 from capital reserves. Though it would be logical to capitalise more of the capital reserves of the Group we cannot do so without incurring undue expense. Your directors hope to maintain next year's Ordinary dividend at not less than 1s. per share on the increased capital.

SUGAR

232,000 tons of sugar were produced in 1959 on the estates in British Guiana for which Bookers are responsible—20,000 tons less than the year before. This decrease was due to the preceding two years' drought followed by unseasonable rain. Sugar cane ripened when it should have been growing; and grew when it should have ripened. This odd weather brought a plague of insects and rats. And the free market price, at which we sell 40 per cent of our sugar, was abysmally low. The result of all this was that sugar profits tumbled to only 20 per cent of the profits of the Group after tax. It was a remarkable achievement on the part of the board and management, technical staff and workpeople of Bookers Sugar Estates that the profits were no worse.

This year's negotiated price under the Commonwealth Sugar Agreement is £44 8s. 10d. a ton, which is 13s. 2d. less than in 1959, and with other factors this might spell even lower sugar profits for 1960. But the weather has been better and British Guiana may obtain higher export quotas this year, so we may be able to produce and sell 250,000 tons of sugar or more. We hope that this, together with the fruits of increasing efficiency in field and factory, may minimise the effects of a reduced negotiated price and thoroughly unremunerative prices for free market sugar and molasses.

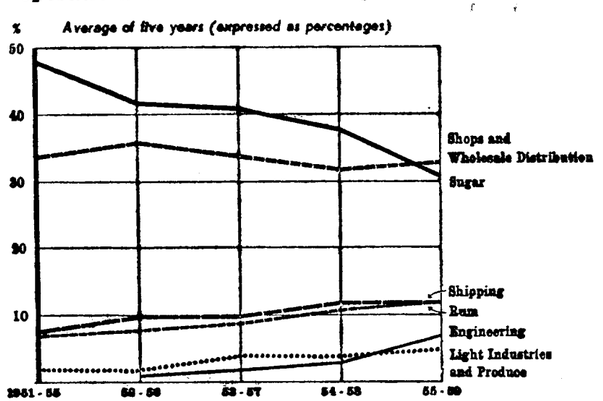
Tropical agriculture is more hazardous than most. It is vital to the economy of British Guiana, to the standard of living of her people, and to the prosperity of Bookers' many other businesses there, that the sugar industry should continue to be able to face and overcome the hazards.

CONSTITUTIONAL ADVANCE IN BRITISH GUIANA

As the outcome of a Constitutional Conference held in London this March, it has been agreed that a new constitution should be introduced in August, 1961 giving British Guiana full internal self-government, subject to qualifications about Ministerial control of the police and arrangements for the public service. Moreover the British Government have accepted the principle of the future independence of British Guiana subject, in two or three years' time, to both Houses of the British Guiana Legislature passing resolutions asking for independence, and subject to a further conference thereafter to consider when it would be practicable to implement the request. These new constitutional plans have been received with mixed feelings by politicians and people in British Guiana. In particular Dr Jagan's majority party—the People's Progressive Party—object that independence was not granted at one stroke. And many others feel that from now until August, 1961, is too long to carry on without changes in the present colonial constitution.

I certainly do not want to see British Guiana remain a dependent colonial territory. Moreover I want to see a fully elected Government having the whole responsibility of governing. Internal self-government in 1961 represents a great new constitutional stride forward. Bookers' duty and desire is to continue as at present to do everything within their capacity to serve and to work with the Government elected under the new constitution. British Guiana and her leaders and people are going to need all the help they can get from all over the world to enable them to strengthen and to build upon the economic foundations of their country. But in the last resort it is only the confidence of the Government and people themselves in the future progress and prosperity of their country that can generate external confidence towards British Guiana. I hope that the opportunities and the challenge of self-government, and of a great fresh measure of responsibility, will inspire new unity and purpose, and a new will in the whole community to plan and to work together for the good of all.

The proportions in which Bookers' various trading operations have contributed to profits



SHOPS AND WHOLESALING: IMPORTANT ACQUISITION IN CANADA

Our shops and wholesale distributive companies doubled their rather meagre profits of 1958. Profits in 1959 included for the first time those of Taylor, Pearson and Carson (Canada), which does a broadly similar business in Alberta and British Columbia to our other businesses selling motor car parts and domestic appliances in Western Ontario, Manitoba, Saskatchewan and Alberta. This acquisition has effectively doubled our interests in Western Canada and extended them from the head of the Lakes to Vancouver Island. All these companies increased their sales in 1959 and produced as a whole highly acceptable profits. 18 per cent of the Booker Group profits after tax came from Canada during 1959 (compared with 49 per cent from British Guiana and the West Indies, and 30 per cent from the United Kingdom).

Our shops and agencies in British Guiana did very well last year. So did our established shops in Trinidad; although Fogartys, which we only bought in 1958, have not yet got properly going. Our wholesale and retail grocery businesses in London and the Home Counties made a loss again. Their management has been greatly strengthened, their efficiency and service improved, new shops have been opened and old ones refurbished or converted to self-service. All this has increased expenses and overheads. Although sales have significantly increased, they have not yet reached full potential. When they do the profits should come.

IMAGINATION AND WISDOM NEEDED IN CENTRAL AFRICA

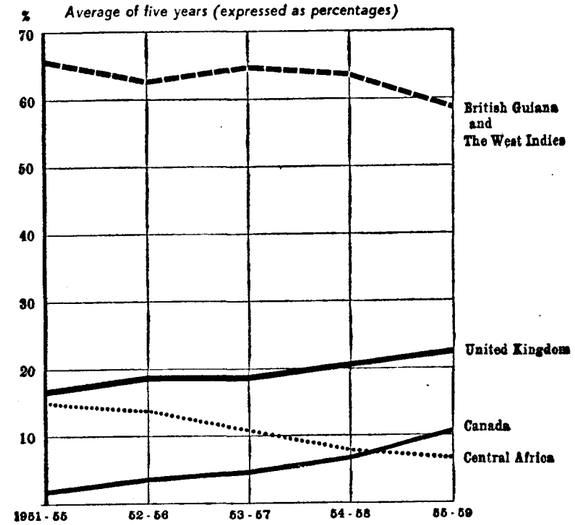
Shops and agencies in Northern Rhodesia had a rather better year. In Nyasaland sales were up, which was remarkable in such tense and tragic times, but profits fell. As I write, in April, Dr Banda has, I am happy to say, just been released from prison (but not yet some of his lieutenants and many of his followers). The Monckton Commission are at work in Central Africa, and Mr Macleod's visit has apparently done much to set the scene for restoring African confidence and progress. We in Bookers, with our businesses in Northern Rhodesia and Nyasaland, have a direct as well as a moral stake in what happens. I have previously expressed the view that no form of federation or association in Central Africa can command African acceptance and support if its effect, however veiled, is to inhibit African constitutional progress in Northern Rhodesia and Nyasaland, and to sustain European domination. The choice in Africa does not lie between continuing white supremacy and early effective African constitutional advancement. The catastrophic events in South Africa have finally shown that the doctrine of white supremacy is as dangerous and unworkable as it is wrong and inhuman. African constitutional advancement there must be. The choice lies between its achievement by constructive and imaginative statesmanship or in violence and bitterness.

African nationalism is a reality. It is realism, not idealism, to recognise it. Miss Margery Perham in the March issue of *Optima* (a quarterly review published by Anglo American Corporation of South Africa) writes "It is difficult to see how Africans . . . can find the dignity and self-expression they need, with the experience of civic life and of economic development, except by following the rest of the world through the stage of nationhood." And in the same article "The Western nations, if they want to complete the emancipations which, voluntarily and involuntarily, they have set in motion, will have to go on paying the penalty of their former domination in patient understanding, in unrequited aid, largely through international channels. . . . Altruism has, indeed, become the best policy."

SHIPPING HOLDS THE LINE: HANDLING SUGAR IN BULK

Bookers' shipping interests consist of two cargo liners plying between Liverpool and British Guiana, and coasters based on Liverpool and in British Guiana, with ancillary services. They did very well to keep their profits up. Your Board decided, after much thought, to approve the building of a 10,000-ton ship to carry sugar in bulk, which is the only form in which our important United Kingdom and Canadian customers will, for the most part, in future be prepared to buy it. Work on the bulk sugar storage and handling installations in British Guiana is going according to plan. The considerable expense should be justified over the years by concomitant economies.

How Bookers' four main trading areas have contributed to profits



SUCCESSFUL YEAR FOR RUM

United Rum Merchants had a bumper year. They sold more of all their main brands—*Lemon Hart* Jamaica, *Lamb's Navy* and *Black Heart* Demerara—than in the previous year. Their export sales were also up, particularly in Canada. More *Tia Maria* liqueur too was sold in the United Kingdom and export markets.

ADVANCES BY ENGINEERING BUSINESSES

Our Engineering group did splendidly. They produced 18 per cent of Bookers' profits. The sugar machinery manufacturing companies both had record sales, orders and profits. The lion's share of their business is for export. George Fletcher in Derby made 50 per cent more sugar machinery in 1959 than in 1956 when the company joined Bookers. Duncan Stewart in Glasgow produced sales and profits far in excess of anything we had expected. The sugar machinery highlight of the year was the toughly competitive sale, in partnership with Vickers-Armstrongs (Engineers) of £10 million worth of beet sugar machinery, including two complete beet sugar factories, to the USSR. An exciting new plan is to establish the Triveni Engineering Works in India, in partnership with the Sawnhey family there, to manufacture sugar machinery under licence, and possibly other suitable kinds of machinery as well.

Sigmund Pumps had an excellent year with their industrial and process pumps, and with their *ThermoPak* accelerator pumps which are proving so successful in the quickly widening market for small-bore domestic heating systems. Reliance Manufacturing Co. (Southwark), who make electronic components, also had a record turnover.

LIGHT INDUSTRIES: EXTENSION IN TRINIDAD

The companies in our Industrial Holdings group made 15 per cent more profit than in 1958. In British Guiana, printing, drug manufacture and balata bleeding all did well. The produce companies did not do badly. Carpet wholesaling in the United Kingdom became more difficult.

An important new development for our Industrial Holdings group is the decision to open a new lithographic printing company in Trinidad in partnership with Brown, Knight & Truscott. The political and economic climate of Trinidad appears thoroughly favourable for investment.

BOOKER INVESTMENT IN BRITAIN AND CANADA—AND STILL IN BRITISH GUIANA

This statement includes two graphs. The first (see page 1272) illustrates the proportions in which, over five-year periods, Bookers' various trading operations have contributed to profits. The second (page 1273) illustrates, also over five-year periods, the proportions in which profits have come from British Guiana and the West Indies, the United Kingdom, Central Africa and Canada. These graphs are designed to indicate trends. They show that we have made great headway with new investment, in the United Kingdom and in Canada, in engineering and in shopkeeping, to insure against the variegated hazards of tropical enterprise. All this new investment has been done without in any way holding back the progress of our business in British Guiana.

Now that we have successfully strengthened and broadened Bookers' foundations, it is important that we should not let our new businesses in the United Kingdom and Canada start to overshadow our endeavour and investment in underdeveloped tropical countries. Investment in each must be complementary to the other; so that each may fortify the other.

ADAPTABILITY TO CONDITIONS IN UNDERDEVELOPED COUNTRIES

The fortunes of the West, as indeed of the Soviet Union, are inexorably bound up with the fortunes of Africa and Asia. The future of the new nations depends upon the development of their economic resources. Western private enterprise all too often fights shy of the difficulties and hazards of investment in emergent countries in favour of good times at home. And taking a short-term view there are obviously attractions for shareholders and boards of directors in investing in going concerns in the affluent societies compared with the long haul of building new production in new nations. But vast numbers of the producers and customers in the world of the future will be in Africa and Asia. This massive fact is, perhaps, too often viewed in political terms as a threat instead of a promise; and so the challenging opportunities for western private enterprise to take a share in the future of these countries are obscured and the dangers exaggerated. The new nations will provide possibilities of successful investment for those businesses imaginatively and flexibly willing to appreciate the other man's point of view. There is a great deal to be said for investing in the future, as well as in the past and present.

The governments of new nations, in the face of formidable social and economic problems, have no straightforward choice between capitalist and communist systems of economic development. Whatever doubts they may have about communism, many of them have doubts about capitalism too. Strong central planning and control by their own governments seem essential to the progress of most of these countries. Private enterprise can never do enough; and often shows too few signs of being willing to do its full share. Western governmental and quasi-governmental aid still falls sadly short of what is required. These new nations must get money and help from wherever they can. Nor is it any use expecting emergent governments to give political hostages to capitalism, while at the same time expecting them to refuse the "strings" of communism. The people of Africa and Asia are not going to adapt themselves conveniently to the ways of industrialised western societies and all become projections of Sheffield or Detroit. It is western capitalism which must, if it is to survive, adapt itself to, and become part of, the historical processes of these nations. The best way to ensure that British private-enterprise capital plays an increasing part in the future of these countries is simply for British companies to establish successful investment in them. The more successful investments there are, the more the economy will develop, the more significant the part they will play in the economy, and the more they will be accepted as a necessary and desirable factor in the economy—provided, of course, that they are not identified, as in the past, with political domination or illusions of racial superiority.

None of this is to say that investment will flow uphill, as it were, to these countries in the face of adverse financial and economic conditions. There is a sellers' market for capital, which must be attracted not repelled. I am convinced that capital can be attracted on terms wholly compatible with national dignity. I hope that Bookers, among many other and bigger companies, can point the way to complementary investment at home and overseas. In addition to the projects I have already mentioned—new shipping for the West Indies, printing in Trinidad, and sugar machinery manufacture in India—our other developmental plans in tropical countries include: cocoa production in British Guiana—up to 5,000 acres over the next few years if all goes well; a 500-acre irrigated tea estate in Nyasaland from which we hope to start selling tea in 1961; and sugar production in Northern Nigeria in partnership with the Federal and Northern Nigerian Governments—this is still at the pilot stage.

I should add that it is not our policy in Bookers to make new investments merely to get bigger. It is to grow stronger, to protect what we already have, and to use our resources of management and organisation as fruitfully as possible.

SOURCES OF BOOKER FINANCE

Though bank overdrafts of nearly £3.9 million of which £2.3 million are in Canada, might seem high, the use of increased bank borrowing by our operating subsidiaries is fully appropriate as a means of financing part of their fluctuating current assets, e.g. sugar and other produce; and it has enabled us to free parent company funds to provide the money needed for investment in new businesses.

Shareholders are getting the benefit of the gearing effect of bank borrowing, and there is not yet any substantial hard core of borrowing requiring replacement by new capital. Your directors are not therefore thinking of suggesting an issue of shares for cash at present. (Over the past ten years we have neither raised new capital nor issued shares for the acquisition of a new business, yet our profits have increased fivefold.) This is not to say that the time will not come when the expansion of the Group may justify a new share issue for cash.

PROSPECTS

As for 1960 our results should not compare too badly with 1959, but I cannot at present forecast a rise in profits.

This year's profits have as always depended upon the skill and work of the men and women who compose the Group. When discussing Bookers' energetically decentralised management, people sometimes say "So the responsibilities of the Board of Booker Brothers, McConnell & Co. are largely financial." I always reply "On the contrary, they are largely human." Our main job is to generate conditions throughout the Booker Group in which men and women can use their talents to full purpose and find satisfaction in serving and balancing the interests of shareholders, customers and the community.

Copies of the full report and accounts, and the *Review of the Year*, may be obtained from:

The Secretary, Booker Brothers, McConnell & Co., Limited, Bucklersbury House, London, EC4.

ALLEN WEST & COMPANY
BRIGHTON

Fifty years of progress in electric control gear development

Golden Jubilee marked by special bonus to stockholders and employees

New Electrical Proving Station and Research Laboratories officially opened

Company's prospects far brighter than a year ago

Order Book at record level

From the Annual Report and Statement of the Chairman, Mr. M. W. H. Lancaster, on the year ended 31st January, 1960.

SOUTH AFRICA • RHODESIA • CANADA

THE FINANCIAL TIMES LIMITED

A SATISFACTORY YEAR'S RESULTS

LORD POOLE'S REVIEW

The Thirty-second Annual General Meeting of The Financial Times Limited was held on June 14th at Winchester House, Old Broad Street, London, EC2, The Lord Poole, CBE, TD, the chairman, presiding.

The following is his statement which had been circulated with the report and accounts for the year ended December 31, 1959:

The Financial Times has had a satisfactory year. We produced bigger papers, sales increased and advertising revenue reached a record figure. For these excellent results our thanks are due in a very marked degree to the efforts of all our staff. The only check to our progress was in the affairs of our printing subsidiary, St Clements Press, which as I anticipated in my speech last year would be the case, suffered from the seven weeks stoppage in the general printing trade during the summer and was also affected by the problems involved in the move to new premises.

Economic conditions during the year were favourable to our fortunes. The recovery in British industry, to which I referred last year, continued, with production and exports up, the pound sterling stable and the Stock Exchanges, if anything, rather too active. The general election returned the Conservative party for a third period of office with an increased majority and that provided further support to business confidence. The opportunities for expansion thus presented were made full use of by both our editorial and business staffs.

PROFIT AND DIVIDEND

In the accounts submitted for your approval the consolidated profit of the Financial Times group for the year ended December 31, 1959, amounted to £649,990 compared with £1,052,618 for the preceding accounting period which was for the eighteen months to December 31, 1958. The trading of *The Financial Times* itself was very satisfactory but as the Directors' Report makes clear, the consolidated figures were affected by the adverse trading of St Clements Press.

After allowing for the tax changes and adjustments for the two periods and the interest of outside shareholders the profit attributable to *The Financial Times* for the twelve months is £381,909 compared with £695,433 for the previous eighteen months. A final dividend of 20 per cent is recommended making 35 per cent for the year, excluding a non-recurring interim payment of 3½ per cent made a year ago to meet the special circumstances arising from the change in our accounting date. The balance of unappropriated profit and general reserve carried forward at the end of the year was £1,916,584 compared with £1,680,297 brought in.

The balance sheet reflects the taking over of the new building and the additions to plant and machinery. The financial position is sound with ample cash resources.

HIGHER SALES

The Financial Times ABC sale figure for the six months ended December 31, 1959, was 109,374, a striking increase on the figure of 86,004 for the corresponding period of 1958. At the present time the daily average sale is over 120,000 copies a day. The demand for the paper has been spread over all our main areas of distribution and it is gratifying that sales have increased not only in London and the Home Counties but in the industrial areas of the country and abroad. The efforts of the Editor and his staff over the past decade are now seen to be reflected in the establishment of *The Financial Times* as the recognised daily paper of the business man and the man of affairs, and in its growing influence and importance overseas.

The editorial contents of the paper were further expanded during the year and a number of new features introduced. Among them mention should be made of the printing daily of dividends, cover and yield, as well as the closing prices with the year's "highs and lows" of some 2,000 stock exchange securities. Another development has been the expansion of the Saturday issue. We are more than ever convinced that quality is the basis on which we should aim to progress.

ADVERTISING GROWTH

Advertisers have acknowledged the value of *The Financial Times* by a marked increase in their use of its columns. We are glad that the paper has maintained its pre-eminent position for financial advertising both of company meeting reports, British and overseas, and new issue prospectuses and statements. It is also most gratifying to report a still further and substantial advance in the volume of industrial display advertising. Our revenue from advertisements last year increased by 22 per cent—a figure which shows that our progress in this direction was not merely a reflection of improved external conditions but the result of solid intrinsic merit. Of the total revenue derived from advertising 54 per cent came from display advertisements; 27 per cent from company meetings; 11 per cent from classified advertisements and 8 per cent from New Issues. All these figures include insertions by foreign advertisers. We have a special department that deals with this side of our business and its success is, I think, an outstanding example of enterprise and initiative.

During the year we completed the move from our old editorial and business offices and from our printing works in Portugal Street to our new building, Bracken House. I need not repeat what I said last year about the advantages of our all being under one roof. If we had not moved when we did it is difficult to see how we could have dealt with the expansion of the past year. Even so, our editorial, printing and publishing departments were set a severe task and have had to improvise during the inevitable gap betwen ordering new machinery and its erection.

I will now refer to our subsidiary companies.

ST CLEMENTS PRESS

The accounts of our printing subsidiary, St Clements Press Limited, reflect a substantial loss, partly attributable to the long and costly printing strike last summer, and partly to the effects, not yet wholly eliminated, of the removal of its works to our new premises at Bracken House.

During the year, faced by an accentuation of the swing from letterpress to photogravure for the printing of popular magazines, we decided to close the Speaights division of St Clements Press. Production there ended in February and its assets should be realised at a profit.

All our production is, therefore, now concentrated at Bracken House, where we have, within a stone's throw of St Paul's Cathedral, a magnificent modern plant designed to work to the most exacting production schedules that our customers may demand.

HISTORY TODAY

Our other subsidiary, History Today, enjoyed a successful year. This monthly magazine is now well-established and had an average net sale for 1959 of 22,067. The sale today exceeds this figure. Some 5,000 copies a month are sold in the USA, where the combination of scholarship and readability which distinguishes History Today is as much appreciated as it is over here.

INDUSTRIAL & TRADE FAIRS

I should also say a few words about Industrial & Trade Fairs, the Exhibition company in which we are partners with the George Newnes Group. The company has already established a reputation for well-organised industrial exhibitions. Last year it organised an Industrial Photographic and Television Exhibition in London, which is being repeated this autumn, and an International Transistor Exhibition. In the autumn it will be running the Factory Equipment Exhibition in Manchester and earlier this year it was responsible for a successful Engineering Materials and Design Exhibition at Earls Court. At present it is actively engaged in organising a large scale British industrial exhibition in Moscow next year, which promises to be a major event in the UK's export drive, and will be concerned with the arrangements for a reciprocal Soviet exhibition at Earls Court later in the year.

PROSPECTS

The current year has started well for *The Financial Times* but it is too early to make predictions as to the final outcome. As you will see from the balance sheet, the company is in a satisfactory financial position with ample resources for any future developments.

I have in passing paid tribute to the work of the staff, but I would like to conclude by saying on behalf of the Directors and Shareholders how grateful we are to the whole staff in all departments for their successful efforts during the past year.

The report and accounts were adopted.

THE EVER READY CO. (GREAT BRITAIN) LIMITED

(Manufacturers of Dry Batteries)

RECORD SALES, PROFITS AND DIVIDENDS

INCREASED EXPORTS

STATEMENT BY THE CHAIRMAN MR E. N. ROWBOTHAM

The Annual General Meeting of the Ever Ready Co. (Great Britain) Ltd., will be held on July 6th at the head office, Hercules Place, Holloway, London, N.7.

The following is the statement of the chairman Mr E. N. Rowbotham which has been circulated with the Report and Accounts for the period from March 1, 1959 to February 27, 1960:

It is with the deepest regret that I report the death of Mr R. O. Allston on April 3, 1960. Mr Allston joined the Company in 1926 and was appointed a Joint General Manager in 1954. He was chiefly concerned with the home sales of the Company and was largely responsible for building up our very successful Van Sales Division.

RECORD SALES, PROFITS AND DIVIDENDS

The Report and Accounts which accompany this Statement deal with the operations of your Company for the period of fifty-two weeks from March 1, 1959, to February 27, 1960, and I am glad to be able to report to you once again on another year of successful and satisfactory trading. Earnings have increased and constitute yet another record in the history of your Company which has been fortunate enough to enjoy increased sales and profits for seven years in succession.

In view of the good results achieved this year the Directors recommend that a Final Dividend of 15 per cent be paid, making 20 per cent for the year on the Ordinary Stock as increased by the Scrip Issue made in July 1959. Stockholders will remember that a Special Interim Dividend of 7½ per cent on the Ordinary Stock was declared by the Directors in respect of the period ended February 27, 1960, and paid at the same time as the Final Dividend last year. This, in effect, meant that the effective rate was equivalent to 16½ per cent on the present Ordinary Stock.

REDUCED SELLING PRICES

The improved earnings which I have reported to you have been due not only to increased turnover, but also to the continued increased efficiency of our production methods. During the past year the Company has expended £225,000 on extensions to buildings, including the purchase of the freehold of its main office buildings at Hercules Place, London, N.7, so that now all the main properties of the Company are freeholds. The Company has also expended £470,000 on the modernisation and improvement of plant and machinery and further substantial expenditure under these heads is envisaged in the coming year. The cost of zinc increased during the year, but most other material prices remained steady. In view of the overall savings in cost and in accordance with the policy which the Directors have pursued for many years they decided to make reductions in the retail prices of a number of the Company's Radio Batteries in the home market as from March 1960. Your Directors are confident that these reductions will further stimulate sales at home and will therefore be of advantage to Stockholders as well as to the Trade and Consumers. We shall continue our endeavours to reduce costs of manufacture by efficient and economic production methods so offering to our customers, both at home and abroad, first-class products at fair and attractive prices.

INCREASED EXPORTS

Berec International Ltd., having expanded its representation, achieved sales which were substantially greater than last year's record. I would like again to pay my tribute to the work of the Representatives, Distributors and the Staff of Berec International Ltd. and also to all employees of our group of Companies, both at home and overseas, whose efficiency and hard work have been largely responsible for the production of such encouraging figures. On behalf of the Stockholders and Directors I thank them all for their co-operation during the past year.

In recent years your Directors have given careful consideration to the question of extending the Company's trade on the continent of Europe, particularly with relation to the setting up of the Common Market and the Free Trade Area. As Stockholders are aware, we have had for many years an investment in two companies in Germany manufacturing dry batteries and towards the end of the year agreements have been reached whereby your Company acquires substantial interests in other countries on the continent of Europe. The considerable increase in the Capital Commitments of the Group which this year are £1,032,809 compared with £515,682 last year is largely due to these acquisitions. I am confident that the successful conclusion of these and other negotiations will greatly strengthen our position on the continent of Europe and throughout the world.

Following the policy to which I referred last year of re-valuing the Fixed Assets of the Company so as to bring the figures in the Company's Balance Sheet more in line with the actual position, your Directors during the year decided to re-value the investment in Eveready South Africa Limited. Our investment in this Company was made in 1945 and due to very successful manufacturing and trading in Africa it has steadily increased in value. Your Directors decided that it would be reasonable to re-value this investment and as a result we have placed a sum of £537,781 to the credit of Capital Reserve as you will see in the Accounts. These shares are now held through a 100 per cent subsidiary company and this has caused a reduction in both the Book Value and the Market Value of Trade Investments shown in the Parent Company's Balance Sheet, but has no effect on the Consolidated Balance Sheet.

During the year we purchased a further holding in a company making carbon rods for use in dry batteries, which now becomes a Subsidiary instead of a Trade Investment and, in consequence, the Trade Investments shown in The Ever Ready Company (Great Britain) Limited Balance Sheet have fallen and the amounts invested in Subsidiary Undertakings have increased.

FINANCIAL POSITION FURTHER STRENGTHENED

The Consolidated Balance Sheet shows that the Company's liquid financial position has been further substantially strengthened. The surplus of Current Assets over Current Liabilities (including Deferred Liability for future taxation) has increased from £3,848,391 to £4,102,288. Stock-in-Trade has increased from £2,599,403 to £2,984,234 due to increased production. The immediately available Cash Assets of the Company have increased from £2,727,816 to £2,866,473. Income from other investments has increased from £60,722 to £99,357.

We are fortunate this year in that the taxation charged is not substantially greater than last year, although profits have increased considerably. This is due partly to the fact we have received this year a substantial sum of interest on Tax Reserve Certificates which is not liable to tax, and partly to the fact that we have received the benefit of increased Capital Allowances during this year.

PROGRESS OF BATTERY OPERATED RADIOS AND POWER PACKS

The number of dry battery powered radio sets produced by all the leading radio manufacturers now exceeds the number of mains operated and car radio types. In 1954 25 per cent of the radio sets sold in this country were dry battery operated, but by 1959 this proportion had increased to over 50 per cent and is still increasing.

Three years ago we introduced a new range of compact "Power Pack" batteries for use in radios and other transistorised equipments. These batteries are rapidly achieving universal acceptance as the best source of power for a wide variety of such equipments and we anticipate a substantial increase in sales during the coming year. Action has already been taken by your Directors to extend one of our Midland factories and increased production will commence during the Autumn.

CURRENT TRADING GOOD

The current year's trading to date is encouraging and I am pleased to tell you that sales at home and overseas are in excess of last year.

THE METROPOLITAN RAILWAY SURPLUS LANDS COMPANY LIMITED

The Twenty-seventh Annual General Meeting of The Metropolitan Railway Surplus Lands Co. Ltd., will be held on June 23, 1960. The following is an extract from the Statement by Sir Bernard D. F. Docker, K.B.E., the Chairman, issued with the Report and Accounts for the year ended March 31, 1960:

Profits and Dividend.—Gross rents at £480,560 showed an increase of £58,944 and net rents were £44,405 up at £356,682. In the final result the gross profit was £433,965 against £342,338 last year, an increase of £91,635 and, after providing for taxation, the net profit was £226,570, a very gratifying increase of £49,306 over the net figure of £177,264 earned in 1958-59. We recommend a final dividend of 5 per cent. This will absorb £121,317 and leave £106,618 to carry forward compared with £86,287 brought forward. The dividends for the year will, therefore, amount to 8½ per cent compared with the equivalent of 7 per cent for the previous year after taking account of the capital increase by the scrip issue in July, 1959.

Consolidated Balance Sheet.—Over £700,000 of the £900,000 expansion in our assets represents outlay in freehold and long leasehold property held for investment which is reflected in an addition of a little over £700,000 in our Bank loan. Our secured loans and Bank overdraft, however, together amount to under £1,100,000, against a Balance Sheet total nearly all invested in property in excess of £6 million.

Acquisitions during the Year.—New investments during the year included such commercial properties as the London Leather Market in Bermondsey, the modern office block known as Lever Chambers, Bolton, let as a whole to the Ministry of Works, and the 113 flats and the 135 houses in Mill Hill being the property assets of The Hale Property Trust Ltd., the whole of the share capital of which we acquired for £300,000. Nevertheless our main efforts have been directed to acquiring properties for development as permanent investments for the parent Company or for re-sale by the trading subsidiary. Purchases of this character include the Gascoyne Cecil Estate of freehold ground rents in Liverpool, which expire in the main within 20 to 35 years, an Estate of freehold ground rents at Grimsby expiring within 25 and 72 years, and a central redevelopment site in Middlesbrough. The scale of re-development we propose for the latter is considerable. Our plans, which will include the provision of extensive blocks of shops and offices, may call for an investment of up to £1 million. In the case of another central redevelopment site in an important provincial town negotiations have reached an advanced stage for the grant to us of a long term lease for development in the main of shops and offices. These are apart from sites for smaller schemes in other provincial centres. We have agreed recently to make our first investment overseas. This is a project in Adelaide, South Australia which will, over the next two years, call for an outlay in the neighbourhood of a quarter of a million pounds. Some of these projects will take more than a year to reach the productive stage, but we feel sure that they will eventually prove beneficial.

Ortem Estates Ltd. The Whelmar Property Co. Ltd.—After referring to the substantially increased contributions made by the trading subsidiary, Ortem Estates Ltd. and the joint venture with The Metropolitan Railway Country Estates Ltd. in The Whelmar Property Co. Ltd. and the satisfactory prospects before both concerns the statement continues:

Prospects.—I have referred on previous occasions to the probability that when times seemed propitious we should raise a debenture or secure individual mortgages to obtain permanent finance on suitable terms for expansion. Our secured loans amount to only about £200,000. We are aware of more than one important financial institution very willing to put substantial financial resources at our disposal when we want them. We recognise that any further substantial expansion will almost certainly require borrowings on a more permanent basis and we have such arrangements under regular consideration.

Our rent roll continues to expand satisfactorily. Before the end of the war we realised that the continuing fall in the value of money made it unwise to commit ourselves to re-lettings on long term leases. Regular increases in our rents on revision can be expected as well as additions arising from decontrol and from further acquisitions. Not forgetting the time lag before our major re-development schemes can begin to earn a significant return, the short term outlook for our investment programme is satisfactory. The immediate outlook for our property trading activities is encouraging. Looking ahead, to next year, unless there is a setback in our present buoyant economy at home, my colleagues and I hope to present accounts which show a further improvement.

THE INDUSTRIAL AND GENERAL TRUST

The seventy-second annual general meeting of The Industrial and General Trust, Limited was held on June 9th in London.

Sir Edwin S. Herbert, KBE, LLB (the chairman), presided and, in the course of his speech, said:

Before turning to the Accounts, I should like to refer to the issue made in January last of £2 million 5½ per cent Debenture Stock, 1982-87. This Stock was issued at 99½ per cent and was payable as to 50 per cent on application on January 27th last, the balance of 49½ per cent being payable on June 1st. The raising of this money has coincided with a recession in Share prices which has enabled us to invest at least half the new money on a more remunerative basis than appeared possible when we decided upon the issue. The final call has only just been paid and although some part of the amount due was invested ahead of payment the remainder is being kept as liquid as possible to enable us to make more permanent investments as and when favourable opportunities occur.

I should, however, make it clear that equity holders should not expect an immediate benefit to accrue to them from this new money. The rate of interest we have to pay on it is high and it will take time to obtain the advantages the Board foresaw from the issue of this additional capital. At the same time, the return on the money so far invested is rather better than we originally expected.

As from April 1st last we decided to dispense with registration fees. This will represent some small saving to purchasers of our Stocks and Shares and we feel that any step which lessens the cost of investing is to be welcomed. We wish that the Government in considering Stamp Duties would follow our good example.

Our gross Revenue, at £1,948,000 is £136,000 more than last year; this increase arises partly from the buoyancy of Revenue throughout the period but also from the greater return we have received from the new money raised in January, 1958.

After deducting tax and working expenses net Revenue amounted to £1,018,144 which with £292,093 brought forward makes a total of £1,310,237 to be dealt with. We have transferred from this sum £225,000 to General Revenue Reserve to bring it up to £1 million.

At a little under £43 million the valuation of our investments is £11 million more than last year and compares with the net cost in books of the investments of about £12½ million.

The upward trend of our revenue has continued into the current year and if it continues, as it may well do, the results should even better those you are now considering. However, you should not build too much on this improvement as much may happen before the end of March next, to disturb conditions as they are today.

In matters of management you will agree, that we should always be thinking of the future as well as the present so that continuity is secured. We have been doing that and are making certain changes for the purpose. Mr Ockford is giving up his position as Managing Director and is becoming Deputy Chairman with certain executive functions. Mr Bussy moves up to Manager and Secretary and Mr Talbot to Investment Manager.

The report was adopted and the final dividend of 12½ per cent, making 22½ per cent for the year, was approved.

THE WIGGINS TEAPE GROUP

(WIGGINS, TEAPE & CO. LIMITED)

ANNUAL REPORT and ACCOUNTS of the WIGGINS TEAPE GROUP for 1959

PRODUCTS

THE GATEWAY RANGE
(*a*) Watermarked papers for commercial use—writing, ledger, air mail, index board, blotting, cheque stamps, office systems, etc.

(*b*) Printing and drawing papers—coated art paper and board, chromo, gummed, cartridge, detail, tracing, chart and recording, etc.

BANKS, BONDS, MANIFOLDS AND CONTINUOUS STATIONERY

"NO CARBON REQUIRED PAPER"—the time saving copying paper.

PACKAGING PAPERS
Glassine, greaseproof, pure vegetable parchment, glazed imitation parchment, tissue, M.G. Sulphite, foil backing, and flexible packaging materials.

TISSUES
Industrial Base Papers
Photographic, dyeline, ferro prussiate, plastic laminate, abrasive, oil and air filter, etc.

COMMERCIAL AND PERSONAL STATIONERY AND ENVELOPES

DISTRIBUTION CENTRES—
United Kingdom: Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham.

Overseas: Dublin, Cape Town, Port Elizabeth, Durban, Bloemfontein, Johannesburg, Salisbury, Ndola, Nairobi, Lagos, Karachi, Bombay, Madras, Calcutta, Singapore, Kuala Lumpur, Hong Kong, Tokyo, Melbourne, Adelaide, Sydney, Perth, Wellington, Auckland, Christchurch, Buenos Aires, New York, Beirut and AGENCIES throughout the World.

SALIENT POINTS

Net Profit after taxation and minority interests ...	£2,749,512
Debenture Interest	128,545
Preference Dividend	98,471
Ordinary Dividend	1,099,541
Net Profit (including £74,215 being Pre-acquisition profits for 1959 of companies acquired during year) retained in Group	1,422,955
	£2,749,512
Net Current Assets including Proceeds of Rights Issue	16,353,763
Fixed Assets	22,089,680
Trade Investments	712,379
Total Capital Employed (including Debentures and Loans)	£39,155,822

EXTRACT FROM STATEMENT BY MR L. W. FARROW, C.B.E., CHAIRMAN

STATE OF TRADE AND SALES: The state of trade in the paper industry improved during the second half of 1959 and order books towards the end of the year looked much more healthy than they had done for several years.

I am glad to say that the trade of the Wiggins Teape Group shared in this improvement and the turnover of the Group for the year broke all records.

In spite of a continuance of import restrictions in many overseas markets, to which reference was made last year, our trade overseas again achieved a new record in 1959. In the first half of the century our exports were almost entirely to countries outside Europe. During the last seven years we have been extending our activities in Europe with some success and our sales to this market now amount to some 20 per cent of our total exports.

PRODUCTION: I am glad again to report a new record in the volume of paper produced at our mills in 1959.

SELLING PRICES AND COSTS OF PRODUCTION: There was no general change in selling prices in 1959, though during the first half of the year trade was very competitive and in some grades of paper prices were shaded downwards. Costs of production showed a small reduction over those of 1958. This was brought about by increased output and lower prices of some raw materials, but such reduction was partly offset by increases in wages and salaries.

NEW DEVELOPMENTS: Your Directors have decided upon further developments which are being commenced during the current year. These new projects are as follows:

(1) The paper making machine at our Chartham Mill is unable to meet the current demand for tracing paper, so it has been decided to erect a second machine at that Mill.

(2) The demand for certain types of tissue paper made at our Bridgend Mill has outrun the capacity of the plant there. It has, therefore, been decided to install a fifth paper making machine.

(3) The demand for the Group speciality papers continues to increase, so it has been decided to close our one machine mill at Roughway, in Kent, to reconstruct the paper machine and thereafter to install it at our Hele Mill in Devonshire.

(4) We have also decided to devote a considerable sum on modernising our coating plants.

In the overseas markets, the continuance of import restrictions in India has led to an almost complete cessation of the importation of our high grade commercial papers to that market. We are, therefore, in negotiation for the acquisition of a majority interest in a company owning a paper mill in India. Should these negotiations prove successful, we propose to alter the paper making machine and its auxiliary plant to enable high grade papers to be made there.

In order to increase further our considerable export trade, we are planning to add to the number of our overseas branches.

PROSPECTS FOR THE CURRENT YEAR: The sales of the Group continue to expand and the profits for the first four months are substantially greater than those for the similar period of 1959. Subject to circumstances beyond their control, your Directors are hopeful that the results for 1960 will be better than those for 1959.

MINERALS SEPARATION, LIMITED

The fifty-fifth Annual General Meeting of Minerals Separation, Limited will be held on July 7th at Winchester House, Old Broad Street, London, EC.

The following is an extract from the Statement by Mr J. N. Buchanan, the Chairman, which has been circulated with the Report and Accounts for the year ended December 31, 1959:

For the first year in the history of the Company, the Gross Profit of the Group passed the £1 million mark, being £1,108,161 against £818,717. Net Profit after Tax and Tax refunds advanced to £596,775 from £406,540. After adjustment of Profits attributable to outside shareholders, the balance applicable to the Parent Company was £492,682 against £327,366.

If you accept our recommendation, the total dividend for the year will be 1s. per 5s. unit. This is a moderate increase upon the comparable dividend declared last year on a smaller Capital: the Gross dividend this year takes £400,000 against £330,000 last year. If the new Capital proposals, as outlined in the Directors' Report, are approved the new Authorised and Issued Capital will be £2½ million. It is intended to use the funds from this new issue in further extension of our existing subsidiary and allied companies, in acquiring new subsidiaries as and when opportunity arises and in adding to our general investments.

The summary of figures attached to the end of this statement shows the 10 year record of the growth of the Group. We have added this year a classification of investments which we hope will enable members to get a general view of how the Capital is spread. For this purpose we have taken the date of December 31, 1959, and combined our quoted investments at market valuation on that day with our unquoted subsidiary and other investments at Directors' valuation on the same day. It should be borne in mind that such a valuation varies from day to day and therefore should be regarded as giving a general picture only. Changes in value and new purchases and sales can alter the percentages appreciably. From this classification you will see that our largest holding in any one investment was that in Mercury Securities, which is, *inter alia*, the Parent Company of Messrs S. G. Warburg & Co. Ltd. A close second comes our investment in Foundry Services. Another feature which may interest you is our mining interests. The growth in our total funds has diminished the relative importance of these. They are, in our view, a group which requires constant watching and attention. Moreover, events may happen which call for quick and substantial changes in such investments. For instance, since the turn of the year we have sold our Gold shares and increased our interests in Tin. For the rest, our portfolio follows the customary pattern looked for in an Investment Trust Company.

CLASSIFICATION OF INVESTMENTS

as at December 31, 1959, based on market valuation for quoted securities and Directors' valuation for unquoted holdings (including subsidiary Companies).

	Per cent
Mercury Securities Ltd.	24·4
Subsidiary and Allied Companies:	
Foundry Services Group	21·5
Others	9·4
Mines and Mining Finance:	
Rhodesian Copper	6·7
Gold, Diamonds, Tin, etc.	5·8
Banks and Finance	6·0
Food, Hotels & Stores	5·9
Rubber (Plantations and Merchants)	5·2
Public Utilities	3·4
Electrical and Engineering	1·3
Building and Construction	1·3
Unclassified and Cash	9·1
	100·0

NOTE:
The Company's direct holdings in U.S. investments included above amounted to about 8 per cent of the total. In addition there is a substantial indirect interest through the underlying holdings in other companies, particularly in the first two groups above.

SUMMARY OF GROUP BALANCE SHEETS, PROFITS AND DIVIDENDS 1950 TO 1959

	YEAR ENDED DECEMBER 31st									
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
GROUP BALANCE SHEETS	£	£	£	£	£	£	£	£	£	£
Issued Capital	200,000	220,000	250,000	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,100,000	2,000,000
Reserves	1,085,265	1,242,190	1,332,427	1,388,234	892,259	1,489,084	1,662,495	1,811,765	2,118,496	2,058,158
Total Capital and Reserves	1,285,265	1,462,190	1,582,427	1,638,234	1,892,259	2,489,084	2,662,495	2,811,765	3,218,496	4,058,158
Debenture Stock	—	—	—	—	250,000	500,000	500,000	500,000	500,000	500,000
Outside Shareholders' interest in Subsidiaries	6,213	7,290	9,418	3,044	3,368	3,587	168,551	231,991	630,480	593,042
Other Liabilities	244,018	310,853	439,751	410,675	520,545	552,510	1,183,464	1,296,281	1,884,107	2,429,159
	1,535,496	1,780,333	2,031,596	2,051,953	2,666,172	3,545,181	4,514,510	4,840,037	6,233,083	7,580,359
Fixed Assets	443,815	447,248	463,509	464,616	373,363	206,343	716,879	755,436	1,220,378	1,566,703
Investments: Quoted	603,069	674,605	580,155	603,355	1,480,958	2,366,007	2,163,373	2,178,987	2,444,531	2,544,405
(Market Value)	(1,163,155)	(1,334,735)	(1,018,121)	(963,795)	(2,428,967)	(3,116,175)	(2,667,438)	(2,532,877)	(3,512,209)	(5,980,218)
Unquoted and Trade	217,509	321,168	331,032	361,249	254,633	284,710	206,699	196,715	210,440	378,687
Current Assets	271,103	337,312	656,900	622,733	557,218	688,121	1,427,559	1,708,899	2,357,724	3,090,564
	£1,535,496	£1,780,333	£2,031,596	£2,051,953	£2,666,172	£3,545,181	£4,514,510	£4,840,037	£6,233,083	£7,580,359
GROUP PROFITS	£	£	£	£	£	£	£	£	£	£
Profits before Taxation, Minority Interests and Appropriations	178,652	291,440	341,243	337,471	413,110	434,493	693,244	740,975	818,717	1,108,161
Dividends Paid (Gross)	100,000	154,000	175,000	175,000	200,000	250,000	300,000	300,000	330,000	400,000
Balance retained	35,921	33,611	18,375	27,058	54,912	74,603	83,802	117,484	113,370	224,446

J. LYONS & COMPANY LIMITED

MR I. M. GLUCKSTEIN'S STATEMENT

The Annual General Meeting of J. Lyons & Company Limited will be held on July 5, 1960, at the Trocadero Restaurant, Piccadilly Circus, W.1.

The following is the Statement by the Chairman, Mr I. M. Gluckstein, which has been circulated with the Report and Accounts for the year ended March 31, 1960:

It is with deep regret that I have to record the death during the year of two Directors of the Company, Mr George W. Booth and Mr Kenneth M. Gluckstein.

Mr Booth had been Secretary of the Company from its incorporation in 1894 until 1952 and a Director since 1898. He had been in regular attendance at Board meetings until but a short time before his death in September last. We all felt for him the highest respect and affection and his contribution to the Company's development was outstanding.

Mr Kenneth Gluckstein had also served the Company with great ability during the whole of his business life. He was appointed to the Board in January, 1950, and his loss at the early age of 47 cut short a career as full of promise as it had been of performance.

In December last Mr A. J. Jenkins, who had for 46 years given unremitting and valuable service in the Teashops Department and had been a member of the Board for the last 13 years, retired. We held him in high esteem and greatly miss him. We hope he may long enjoy his retirement.

In February Mr H. J. Scott, the Company's Engineer-in-Chief, was appointed an Employé Director. Mr Scott joined the Company in 1923. An expert in fuel technology and thermal engineering, he has had with us a wide experience and shown qualities for which we welcome him as a member of the Board.

The Report and Accounts submitted with this Statement are for the 66th year of the Company which ended on March 31, 1960. They include the Balance Sheet and Profit and Loss Account of the Company and the Consolidated Balance Sheet and Profit and Loss Account of the Group comprising the Company and its subsidiaries.

THE YEAR'S TRADING

From the Company's Profit and Loss Account it will be seen that the balance from trading account is £5,583,951 compared with £4,359,946 for the previous year, and the net profit for the year is £1,399,255 compared with £905,256.

We are proposing an increase in the final dividends of 4d. per unit on the Ordinary and "A" Ordinary stocks and of 0.8d. per unit or share on the Proportional Profit stock and "B" Proportional Profit shares. The proposed final dividends together with the interim dividends paid in December last will absorb £610,055. The dividends paid and accrued on Preference and Preferred Ordinary stocks amount to £311,499. The balance of the net profit for the year is £477,701; after adding the balance brought forward from the previous year and deducting a provision against subsidiary companies' indebtedness and the amount written off goodwill purchased during the year there is a balance of £450,586 carried forward in the Profit and Loss Account.

These figures are an improvement on those of last year. But too much must not be assumed from such a comparison, since last year's figures were bad and in any event one year's figures taken by themselves are not a suitable guide where plans are made on a considerably longer view. As with most other businesses there are likely to be fluctuations from year to year, and some of the factors leading to them cannot possibly be foreseen. The wonderful summer of 1959 certainly helped some of our activities including, of course, both ice cream and soft drinks, but more important, there was a general improvement in trading conditions in the country and we shared in it. We are engaged in many branches of the food trade and benefit from this diversity, for circumstances which are against us in one trade may possibly favour us in another.

DIVERSITY OF THE BUSINESS

The Company started as caterers and almost the whole of our development has stemmed from that original business. It was to satisfy our early catering requirements that we started a bread and cake bakery, a kitchen department, and the blending of tea. It was a natural development that we should, at various stages in our history, supply the public through retailers for consumption at home. Thus started our factories and our wholesale selling departments, of which the most important are Tea and Coffee, Bakery and Ice Cream. All these products are now distributed throughout the country and some throughout the world.

The Tea department was our first expansion beyond catering. We developed a packet tea marketed nationally through grocers' shops and in the course of time other lines have been added. Our next major development was in the field of cake and flour confectionery. Here the products are more perishable and fluctuations in demand from day to day are added to the long term seasonal fluctuations. In consequence this section has its own system of selling and distribution quite apart and different from that best suited to sales of tea and coffee. The third main development was of ice cream, where again the nature of the product sets special problems in both production and distribution. Refrigeration is required at all stages and a maintenance service to ensure that the products are maintained at proper temperatures up to the time of retail sale. Weather probabilities have to be taken into account and, although there is a growing demand throughout the winter, the trade is obviously one which we must expect to be seasonal and particularly susceptible to the vagaries of the climate. Added to these are a number of other activities in the food trades, soft drinks, for example, and especially our "Sunfresh" orange drink.

It was natural that we should make retail sales over the counter in our Corner Houses and Teashops, which now offer a wide range of foodstuffs. The Corner Houses also sell over the counter wines and spirits and these are also sold, of course, by mail order from our well-known Hop Exchange Cellars.

Our service departments, as the name implies, were started to serve the needs of the Company —transport, laboratories, printing and carton making, building, as well as engineering workshops for we found it better to manufacture as well as to design some of our specialised food production machinery and catering equipment. The histories of these service departments show a recurrent urge to become revenue earning by undertaking work for others as well as for ourselves. Some services are provided by subsidiary companies. One was formed to do the repairs to our motor vehicles and this grew to include vehicle body building, first for ourselves and then for others. In addition it is now engaged in retail activities, including public garaging and the operation of petrol and service stations. Another subsidiary, James Hayes & Sons Ltd., commonly known as Hayes Laundry, also does considerable business for the general public as well as for the Company.

But catering and food are essentially our business and our principal aim is still to buy our basic materials in world markets and to sell to the public through our own catering establishments, through wholesalers and multiples and through the tens of thousands of retail shops and other outlets all over the country. In all these varied activities widely different types of manufacture, distribution and marketing are required.

DEVELOPMENT

Among the more interesting of our developments during the year I would mention Instant Coffee. For some years past we have felt that although we were retaining our hold on the market for ground coffee there was a growing demand for instant coffee, which we ought to meet. We have made a satisfactory start.

Our Frood department introduced a new range of frozen cooked products which we are marketing under the name "Flavour Seal." The food is packed in a plastic bag and it is only necessary for the consumer to heat it in boiling water before serving. This special process we have developed retains the flavour, which is unaffected by heating. Flavour Seal has been launched successfully in London and we propose to extend its distribution and development during the coming months.

Increased demand in the area led us to build a new and larger bread bakery at Bristol; it is one of the most fully automatic bread plants in the world. We have also opened a new bread bakery at Crawley, Sussex, one of a ring of smaller bakeries round London designed to relieve pressure at Cadby Hall.

In August last it was announced by the Hawker Siddeley Group and ourselves that a jointly owned company named Primapax Ltd. had been formed to operate, sell and hire vending machines. The new company in no way affects the position of either group in other fields where they will continue to function with complete independence, but it was felt that the long experience of the one in engineering and the other in food merchandising would make a sensible association in developing automatic vending in Britain.

At the end of the year we transferred our carton making operations from central London to Alperton, Middlesex, where we have modern premises which allow of more economic production and room for expansion.

Our Canadian Company has entered into an agreement with the Hudson's Bay Company whereby it has acquired their tea and coffee business, including their blending, roasting and packing facilities for those products in Vancouver. This should assist it in expanding its area of economic distribution into the prairie provinces and British Columbia; hitherto its distribution has been mainly confined to Ontario and Quebec.

LEO

Leo Computers Ltd. had the privilege of a visit in March last of HRH The Duke of Edinburgh. The honour was greatly appreciated and his interest in the problems and understanding of the processes was an inspiration and encouragement to all.

The W. D. & H. O. Wills Branch of The Imperial Tobacco Company, who were Leo's first customer, and the Ford Motor Company have each now ordered a second installation. Further computers are being made for other customers and Leo's advisory service and their computing service continue to be in great demand.

Work has meanwhile proceeded on the development of Leo III, an advanced computer embodying both the considerable experience of operating the existing models on commercial work and the new components, such as transistors, whose reliability has now been proved.

THE ANGEL, ISLINGTON

We continue our policy of modernising our premises. The Angel Café needed the expenditure of a considerable sum, but the County of London Development Plan provided for the compulsory acquisition of the premises in a few years' time. This ruled out the heavy expenditure necessary. We therefore approached the London County Council and reached agreement with them for its earlier acquisition.

Once more, I wish to express our thanks to all the Company's employees of all ages and in all sections of the business for their hard work and loyalty. Many of them have been with us for long periods and there are now over 600 still with us who have qualified for the presentation of a gold watch which we give on completion of 40 years' service.

THE FINANCIAL NEWS LIMITED

ALL PUBLICATIONS PROSPERING

LORD POOLE'S STATEMENT

The Sixty-second Annual General Meeting of The Financial News Limited was held on June 14th at Winchester House, Old Broad Street, London, E.C., The Lord Poole, CBE, TD, the chairman, presiding.

The following is his statement which had been circulated with the report and accounts for the year ended December 31, 1959:

The accounts before you reflect a satisfactory year for the Group's publications, notwithstanding the printing dispute which stopped publication of all except *The Financial Times*. *The Financial Times* itself was not affected by the dispute, but the periodical and general printing activities of its subsidiary St Clements Press were at a standstill for some seven weeks. This combined with the disturbance to production resulting from the move to the new building contributed to St Clements Press sustaining a loss during the year which is reflected in the accounts.

The accounting period which ended on December 31, 1958, was for 18 months and although it provides the only figures available for comparison with those under review no true comparison between the Profit and Loss Account for the two periods is possible. The profit of the group for the year ended December 31, 1959, before charging taxation, amounted to £772,142. This is rather less than two-thirds of the figure of £1,202,679 for the 18 months to December 31, 1958, but after account is taken of the tax charges and adjustments for the two periods and the interest of outside shareholders of The Financial Times Limited and its subsidiaries the profit remaining attributable to The Financial News Limited is £263,505 as against £418,524 for the preceding 18 months. This provides adequate cover for the final dividend we are recommending of 20 per cent which together with the interim dividend of 15 per cent makes 35 per cent for the year.

Turning to *The Financial News* Balance Sheet the only significant change is the elimination of the item freehold and leasehold premises. This is the result of the disposal of premises at Grocers' Hall Court, formerly occupied by the *Investors Chronicle* who now have accommodation in our new building. The consolidated balance sheet reflects the technical completion of the new building and the installation of new plant and machinery when St Clements Press entered into occupation of their new printing works in the middle of last year.

I will now briefly review the activities of the companies comprising the Financial News Group.

"THE FINANCIAL TIMES" AND ITS SUBSIDIARIES

A copy of my statement to the stockholders in Financial Times Limited, in which the affairs of the company are fully discussed, is being sent to all shareholders in Financial News Limited. It will be evident that *The Financial Times* has made still further progress and increased its circulation during the year.

"THE INVESTORS CHRONICLE"

The year was marred by the six weeks' printing strike last summer. Because of this, we had to be content with a very modest increase in profits. An emergency edition was published throughout the dispute, and the interruption to normal publication, fortunately, did no damage to the firmly established goodwill of the *Investors Chronicle*, from either the circulation or the advertising viewpoints. Current profits are very satisfactory. A year ago, I was able to report that in the second half of 1958 sales were a record at over 30,000 copies. That record was left well behind in the corresponding period of 1959, when the average net sale exceeded 40,000 copies. This achievement is the more remarkable in view of the fact that rising costs, following the settlement of the dispute in the printing industry, forced us to raise the price of the paper to 1s. 6d. last October. I am glad to report that in 1960 to date sales have been still higher. In considering these figures it has to be remembered that the *Investors Chronicle* is unique in its field, being the only investment weekly to publish an audited circulation figure.

One hundred years ago, on June 9, 1860, the first issue of the *Money Market Review*, which was later amalgamated with the *Investors Chronicle*, was published. We are planning to celebrate the centenary of the merged papers appropriately. As part of the celebrations, we shall be publishing a special survey of financial, economic and investment trends throughout the last century. Such special surveys apart, the *Investors Chronicle* continues to be indispensable reading for all those concerned with the management or investment of capital. It endeavours never to forget that an important part of its duties is the strengthening of the law's protection for small investors, and it was honoured to find that a member of its editorial staff was invited to sit on the Jenkins Committee which is to consider whether and how the Companies Act and the Prevention of Fraud (Investments) Act need amending.

"THE BANKER"

The Banker has had another eventful year and achieved a further increase in revenue in spite of the dislocation caused by the printing dispute. Editorially, one of the highlights was the opportunity afforded by the appearance of the Report of the Radcliffe Committee on the Working of the Monetary System. *The Banker* distinguished itself by quickly presenting a detailed summary and appraisal, which has been widely appreciated, and followed this up with a series of critical commentaries by eminent contributors from different schools of thought. The readership of *The Banker* continues to grow, especially overseas; it is read in no fewer than eighty countries. Leading world bankers see it each month, and, outside the banks, it is read by industrialists, senior administrators, investors and economists.

"THE PRACTITIONER"

This monthly journal continues to maintain its pre-eminent position among medical publications. During the year under review its circulation and advertisement revenues were at record levels.

"THE ECONOMIST"

The Economist Newspaper Limited, of which your company holds 50 per cent of the share capital, has continued to show growth in all departments. Its profits were affected by the printing dispute, but not as seriously as was at one time feared. The staff of *The Economist* is to be congratulated on its success in maintaining publication under most difficult conditions. The Economist Intelligence Unit has considerably expanded the scope and range of its work, and this trend will undoubtedly continue in the future.

PROSPECTS

The current year has started well. All the publications in which your Company is interested are soundly established and prospering. However, the difficulties of St Clements Press

are not yet resolved and it is too early to make predictions as to the final outcome. I would conclude by saying on behalf of the Directors and shareholders how grateful we are to all staffs in all departments for their efforts during the past year.

The report and accounts were unanimously adopted.

AUGUSTINE INVESTMENTS

(formerly The British Canadian and General Investment Company, Limited)

PROFITS FORECAST EXCEEDED

MR R. E. BROOK ON CURRENT TIDE OF PROSPERITY

The forty-ninth annual general meeting of Augustine Investments Limited was held on June 9th in London, Mr R. E. Brook, CMG (the Chairman), presiding.

The following is an extract from his circulated statement:

In February an Offer for Sale was made of a substantial proportion of the Company's Stock, and there is little that I can add to the picture then drawn except that a welcome increase in the final results, through all the marginal items accumulating in our favour led to our forecast of profit for the year proving conservative. The upshot was a net profit before tax of £280,000 as against the estimate of "not less than £260,000."

The trend of turnover in both the optical and printing fields continues favourable, so that although overheads have resumed their upward rise (with special reference to pension schemes which the Board have been considering as a matter of policy for some time and have now decided to inaugurate to fit in with the new National Insurance Act, and also to the unfortunate increase in taxation on Companies), the Board hope to maintain the new enhanced level of profits through the present year. They therefore feel that the stockholders (who now number nearly 1,000) should share in the current tide of prosperity and are proposing an increase in the final dividend to 25 per cent as against their previously expressed intention of recommending 22½ per cent.

To bring your information up to date I need only add, first that despite the effects of the printing strike the results on this side showed an improvement on the previous year, thanks to the strenuous efforts of the management at the time and of all the staff since it was over. Next, the optical business continues to expand, largely within its own establishment but also by the occasional purchase of the few good practices that are offered, for which purpose, as indeed for other promising investments, we continue to have ample funds available. Finally, our incursion into the broadcast relay field (through Viewline) is going through the inevitable teething troubles and our capital investment is likely to reach £125,000.

I should like to take this opportunity of publicly welcoming Mr H. M. Croome, who joined the Board as Managing Director last November. He is already fulfilling the purpose of his appointment, which was to give the Board more direct knowledge of operational developments and to enable us to investigate and undertake fresh activities as they might arise.

The report and accounts were adopted.

THE DRAYTON REGULATOR AND INSTRUMENT COMPANY

The eleventh annual general meeting of The Drayton Regulator and Instrument Company Limited was held on June 13th in London, Mr P. H. Lloyd, TD, DL (the Chairman), presiding.

The following is an extract from his circulated statement:

The Profit for 1959 after taxation amounted to £143,320 and the consolidated profit to £144,443. Your directors recommend a final dividend of 15 per cent, making a total for the year of 22½ per cent.

Wherever we look opportunities for expansion of our business appear and additional departments, subsidiary companies or associated companies are being arranged in order to take advantage of the more promising of these.

Shipping Industry.—Many large ships have been equipped with Drayton automatic controllers for refrigerated spaces. Aditionally several large liners are being equipped with Drayton pneumatic controllers for space heating.

Medical Field.—The development of an automatic control system for autoclave-type sterilisers referred to in last year's review has been highly successful. Market interest is high and a gratifying number of orders is being received. Arrangements have been made for manufacture of this product in America under licence to the Wilmot Castle Company, of Rochester, New York.

Brewery Industry.—As a result of our activities a number of applications for Drayton controllers has appeared in this field. Exploration of these possibilities is continuing with promising results so far.

Drayton Controls (Heating) Ltd.—This subsidiary has now been formed and is developing satisfactorily. A number of new products have been put into production.

Drayton Johnson Ltd.—In my last report I mentioned that this Company had been formed jointly with The Johnson Corporation of Three Rivers, Michigan, USA. I am pleased to say that even in its first year of operation, it has made a profit.

Drayton-Southern Ltd.—With a view to expanding further into the industrial instrumentation field, a Joint Company has been formed with Southern Instruments Ltd., of Camberley, to trade under the name of Drayton-Southern Ltd. The share capital is to be held equally between the two Companies. I feel this Company has a promising outlook in a wide field of activity.

Finance.—To carry out all these projects your Company will, of necessity, eventually require additional finance. The time for such an operation is, however, not yet ripe. In the interim, suitable arrangements for the immediate requirements have been made with the Company's Bankers.

The Future.—I believe we will be fully capable of improving our relative place in the industries in which we are engaged and I look to the future with confidence.

The report was adopted.

ADAMS PEAK TEA ESTATES

The fortieth annual general meeting of Adams Peak Tea Estates Limited was held on June 13th in London, Sir Charles Miles, OBE (the chairman), presiding.

The following is an extract from his circulated review:

The profit for the year ended December 31, 1959, after charging Depreciation, is £20,739, against £27,302 for the previous year.

Upkeep expenditure was practically the same as in the previous year, but sales proceeds fell by some £7,700, mainly due to the smaller crop produced. The shortfall in crop occurred chiefly at Derryclare Estate and is partly attributable to the unfavourable weather experienced.

During the year the quota on the shipment of High Grown teas was re-imposed, with the result that shipments to the United Kingdom amounted to 352,866 lb., as compared with 617,526 lb. in 1958. The changes in the Export duty also became effective from June 1, 1959. Under the new arrangement the total duties paid averaged 88.37 cents or nearly 1s. 4d. per lb., so that this burden increased by approximately 2d. per lb.

With regard to the current year, our crop to the end of April is 353,910 lb., showing a satisfactory increase of 37,919 lb. when compared with the same period last year. However prices being received are at present below those ruling at this time last year.

The report and accounts were adopted, and a dividend of 10 per cent approved.

BENGUELA RAILWAY COMPANY

At the Annual General Meeting of the Company held in Lisbon on 10th May, 1960, the following distribution of profits for the year 1959 was approved:—

		1959 Escudos	Comparative Figures 1958 Escudos	1957 Escudos
Net Revenue		158,402,016	151,544,921	194,845,289
Deduct:—				
Percentage to Portuguese Government	15,156,963			
Deductions in accordance with the Articles of Association	11,176,519	26,332,482	24,589,541	35,182,497
Balance available for distribution		132,069,534	126,955,380	159,662,792
Add:—Transfer from General Reserve		53,503,181	—	—
		185,572,715	126,955,380	159,662,792
Distributed as to:—Debenture Service:				
Redemption of 4% Debentures		16,294,810	16,299,640	16,294,810
Interest on 4% Debentures for year 1959		8,359,635	9,011,621	9,663,413
Interest on 5% Debentures for year 1959		16,100,000	16,100,000	16,100,000
		40,754,445	41,411,261	42,058,223
Dividend of 12½% on Share Capital		82,500,000	82,500,000	99,000,000
Transferred to Dividend Equalisation Reserve		—	3,044,119	18,604,569
Advance Redemption of 4% Debentures		62,318,270	—	—
		185,572,715	126,955,380	159,662,792

NOTE.—New 5% debentures to the nominal value of Escudos 60,240,000, repayable as from 1st July, 1971 and chargeable as to interest and redemption on the earnings of the railway whether or not satisfied before the end of the Concession in the year 2001, will be issued forthwith to Tanganyika Concessions Limited for cash at a discount of 10%.

Tanganyika Concessions Limited owns all the Debentures and 90% of the Equity of the Benguela Railway. 80.5 Escudos = £1.

THE NATIONAL BANK OF NEW ZEALAND LIMITED



EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN

MR. ARTHUR H. ENSOR

To be presented at the Eighty-Eighth Annual General Meeting on July 7th 1960

Balance Sheet and Profit and Loss Account

Current, Deposit and other accounts at £70,043,000 show an increase of £9,686,000 but, in view of the severe restrictions upon banking operations in New Zealand, which immobilise a considerable portion of our resources and restrict lending to our customers, the Bank's profitability is accordingly limited.

While the assets side of the Balance Sheet shows an increase in advances at £40,328,000, which is £3,101,000 higher, the average lending during the year was actually less than last year.

These factors, coupled with the ever increasing overhead costs, particularly salaries, and the effect of import controls on our exchange profits, have materially affected our earnings in New Zealand but, fortunately, to offset those adverse conditions, we have been able to improve our earnings in London.

The result is that our profit at £299,602 is only slightly less than last year.

From the net profit, £100,000 has been allocated to General Reserve. In January last an interim dividend of 4 per cent., less income tax at 7s. 9d. in the £, was paid and the Directors now recommend for your approval a final dividend of 5 per cent., less income tax at 7s. 9d. in the £, leaving a balance of £156,695 to be carried forward.

Business Development

Although business activity has continued to be rather restrained, the number of our accounts has again increased at a rate which must be considered satisfactory.

Whilst we have not opened any new Branches since my last Statement, the number of agencies has been increased by seven, bringing the total of branches and agencies to 165. The substantial programme of branch modernisation and rebuilding is being continued.

Overseas Trade

During the past year there has been a marked improvement in the balance of payments position. This has been achieved without further recourse to overseas borrowing and despite the repayment of £11.6m. borrowed in the previous year and a further £11.9m. invested overseas to provide for the repayment of loans due in 1961.

With one exception, the earnings of all the major export products increased. Meat receipts declined somewhat from the record level attained in 1958, owing to the more competitive conditions in the United States beef market and lower values for lamb in London.

The severe import restrictions, although somewhat relaxed during the year, resulted in import payments being less than the low figure of 1958.

Although the position is now more encouraging, there is not yet a sufficiently large cushion of reserves to justify the complete abolition of restrictions on overseas payments.

Credit and Monetary Policy

In accordance with official policy, the Trading Banks' loans and advances have continued to be curtailed, and the average monthly figures were lower than in the previous year. However, by the end of 1959, owing chiefly to the substantial increase in overseas earnings and Reserve Bank advances to the Government, the volume of money in the economy had increased sharply.

This increase in liquidity, coupled with the effects of the General Wage Award made in October, 1959, reduced rates of taxation and increased Government expenditure, presents a possible threat of renewed inflation.

Experience elsewhere tends to confirm that, where there is a large number of vigorously competing claims for a limited volume of resources of capital, labour and management skill, the position may soon be transformed into one where the economy moves ahead too rapidly regardless of the consequences. With the careful application of sound fiscal and financial policies, however, there is no reason why the balance of the country's economy should be upset.

Finance

Hire purchase finance has never, by overseas standards, been used extensively in New Zealand, but it is increasing and will no doubt be further encouraged as a result of the Government's decision to introduce a television service. Official policy has been to discourage this type of finance and the Capital Issues Committee has not approved new capital issues for companies engaged in hire purchase. The result has been the growth of a large number of small "£10,000" companies which are permissible without official consent. There are differing views in regard to the wisdom of the extensive use of hire purchase finance, but its development is proceeding rapidly in many parts of the world and it has become a part of the accepted economic life of a community. It is, therefore, very much in the national interest that some indication should be given of official policy on this subject.

It is reported that the Government intends to introduce a Bill to permit and regulate Unit Trusts. This would be a welcome move. At present there is a shortage of available investments on the New Zealand Stock Exchange but, with the industrial development which is taking place, this position may gradually be improved.

Industrial Development

The past year has witnessed a considerable upsurge in industrial development, much of which has been associated with overseas capital. Plants under consideration include a merchant bar steel mill, a wire drawing plant, plastics factories, an oil refinery and several textile factories including a cotton mill. In addition, the practicability of basing an iron and steel industry on the extensive iron sands deposits and the possibility of utilising the potential hydro-electric power resources of Lakes Te Anau and Manapouri in South Island for large scale aluminium smelting are also being investigated.

These are ambitious schemes but it may confidently be expected that the mobilisation of New Zealand's capital and resources, together with a significant contribution from overseas, will enable the proportion of the national income derived from the manufacturing industries, which for many years has shown only slow growth, to be substantially increased. Such development will, in the long run, not only provide employment for the rapidly growing labour force but will bring to the economy a welcome diversification which should help to relieve the balance of payments position.

The New Zealand Government has encouraged the establishment of new industries. An Industrial Development Fund has been set up to make additional allocations of overseas exchange to industries that are considered able to make a valuable contribution to the country's economy, but it is to be hoped that nothing will be done to encourage industries which must be regarded as uneconomic and requiring undue tariff protection. No discrimination is made against overseas organisations who wish to establish subsidiaries or enter into some arrangement with local companies, and overseas capital will be welcomed, particularly when associated with New Zealand capital and management in the development of economically viable undertakings.

Primary Industries

Whilst a great deal of attention has been focussed recently on the extension of manufacturing industry in New Zealand, it is salutary to remember that the greater part of New Zealand's economic strength is still, and in the foreseeable future will continue to be, derived from the country's highly efficient and productive grassland farming.

Whereas, in the case of the newer industries, the greater emphasis is necessarily placed on production, in the case of primary industries there are, in addition, the problems of marketing.

I have already remarked upon the rather changed situation in the United States beef trade which, although still offering reasonable returns to the New Zealand producer, is not now as favourable as hitherto. The recent substantial fall in butter and cheese prices from the admittedly high levels reached in the later months of 1959 has given rise to some concern in the New Zealand dairy industry over future marketing trends, but New Zealand producers have shown their determination to meet fair competition effectively and, in future, basic prices determined by actual market realisations over a period replace the system of guaranteed prices tied to estimated costs of production.

New Zealand wool prices this season have been generally firm at an average of some 25 per cent. above the preceding season and receipts are expected to show an increase of approximately £25m. However, the need to meet increasingly active competition from synthetic fibres has led wool growers' organisations in several of the chief producing countries to make a joint review of publicity and marketing policies.

That the New Zealand Government and the various producer and marketing organisations are well aware of the importance of solving these marketing problems has been shown by the increase in the number of trade missions to the Americas, Europe, Africa and Asia, and by the larger number of commercial representatives established in many important overseas trading centres. The changing patterns of trade in Europe have particularly occupied the attention of the New Zealand Government and producers' bodies, both as they affect the prosperity of the country's major market, the United Kingdom, and as they may affect New Zealand's trading relations with the various countries and groups concerned.

Future Prospects

The past year has produced considerable speculation about the direction of New Zealand's development and a great deal of encouraging news about present progress. New public works schemes are continuing to be undertaken and each year some are brought to completion.

Thus, whilst it is necessary to make reservations and cautionary comment in any survey of human affairs, we can be optimistic that, wisely led, the constant endeavour of the New Zealand people, who have already achieved so much, will transform the promise of the present into further solid achievement.

Copies of the Directors' Report and Accounts can be obtained from the Secretary, The National Bank of New Zealand Limited, 8 Moorgate, London, E.C.2.

THE ROCK INVESTMENT COMPANY

The Forty-first Annual General Meeting of The Rock Investment Company, Limited, was held on June 16th in London, Sir Cyril Black, JP, DL, MP, FRICS, FAI, chairman, presiding.

The following are the main features from his circulated statement for the year ended December 31, 1959:

Capital Position: A further £324,605 Ordinary stock was issued for cash at 25s. per £1 unit; the total capital reserves have now risen to £208,219 at the end of 1959. The book values of our properties rose to £812,909.

Property and General Revenue: This has risen from £24,975 to £41,716. This large increase must be regarded as very satisfactory.

Group's Earning Potentialities: The Consolidated Profit and Loss Account does not indicate the full earning potentialities of the Group. New developments either completed or nearing completion will contribute substantially to our revenue.

Dividends: An interim dividend of 6 per cent, less income tax, has been paid. The directors recommend a final dividend of 2 per cent, less income tax.

Capital Structure: It is proposed to reconvert stock into 3,415,260 shares of 5s. each. The balance of the authorised share capital consisting of 146,185 Ordinary shares of £1 each will be sub-divided into Ordinary shares of 5s. each.

The Future: We anticipate that the steady and continuous progress we have made will be maintained in the future.

The report and accounts were adopted and the changes in the Group's capital structure approved.

HIGHAMS LIMITED

EXPANSION AND RE-EQUIPMENT

The fifty-second ordinary general meeting of Highams Limited will be held on July 6th in London. The following is an extract from the circulated statement of the chairman, Mr Alec E. Higham, OBE, JP:

I am very gratified to be able to report another increased profit for the year just ended and also that your Board are recommending that the dividend for the year shall again be 20 per cent.

It is a matter for satisfaction that sales are appreciably higher than in the previous year. Stocks are large, but not unduly so when considering the character and the widening range of our trade. Full production has been maintained, and during the year new plant has been installed at a cost of approximately £90,000.

In order to strengthen our position by availing ourselves of the most modern production methods and also to expand our output, we have purchased a large modern mill which will become a very important weaving unit in the Group. It is hoped to start production there by the middle of 1961. The ultimate result of this will be the full automisation of the entire weaving capacity of the Group. The approximate cost of the full Scheme, which may take about 3-4 years to complete, will be in the neighbourhood of three-quarters of a million pounds, spread over this period.

The development to which I have just referred reflects the measure of your Board's confidence in the future and also in the ability and competence of Managers, Staff and Employees.

UNION INSURANCE SOCIETY OF CANTON

The Annual Meeting of the Union Insurance Society of Canton Ltd., was held on May 26th in Hong Kong, Mr J. F. Macgregor, the chairman, presiding.

The following are extracts from the report and accounts and his circulated statement:

Marine. The net premiums for the year amounted to £2,938,547. After releasing £125,000 to Profit and Loss Account the Marine Fund stands at £4,146,674.

Fire. The net premiums for the year amounted to £3,902,261. £173,848 has been transferred to Profit and Loss Account. The Fire Fund stands at £2,199,934.

Accident and General. The net premiums for the year amounted to £5,490,520. After transferring £24,642 to Profit and Loss Account the Accident and General Fund stands at £2,449,907.

Profit and Loss Account. Interest, dividends and rents amounted to £611,594 and transfers from Underwriting Accounts to £323,490. The profit for the year appertaining to the Society is £513,171.

The total premium income in the three Underwriting Departments of the Union Group of Companies amounted to £12,331,328 in 1959 in comparison with a figure of £12,189,480 in the previous year.

It was in 1835 that the foundations of the Society were first laid in Canton, China.

Your Directors are pleased to mark this 125th anniversary of the Society's founding by increasing the final dividend to two shillings and six pence per share.

F. FRANCIS & SONS (HOLDINGS)

ENCOURAGING RESULTS

The fifty-ninth annual general meeting of F. Francis & Sons (Holdings) Limited was held on June 14th in London, Mr Frank Fox (Chairman and Joint Managing Director) presiding.

In the course of his circulated review, the Chairman, commenting on the encouraging increase shown by the Accounts, said that the Group profits before taxation had risen to £443,146 as against £292,796.

He continued: Whilst there has been no extension of the packaging interests during the present year, apart from increasing turnover of the packaging companies, there has been an extension of the engineering interests.

I have said from time to time in my reports that we were expansionist minded, and this is still in the forefront of our thoughts and deliberations.

For the first quarter of this year the sales of the Group show an increase over last year of 31 per cent. This is accounted for by increased sales in every section of the Group. We hope to keep this increase going and improve upon it if at all possible.

The Chairman concluded by paying tribute to the efforts of all their workpeople, staff and to his colleagues on the various subsidiary Boards for their efforts during the period under review.

The report was adopted and the total distribution of 23 per cent for the year approved.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail £4 . 10 ; overseas £5

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s.	—	Japan	£10 6s.	—
Canada	—	$25 or £9	Jordan	£7 15s.	—
Ceylon	£9 0s.	—	Lebanon	£7 15s.	—
China	£10 6s.	—	Malaya	£9 0s.	—
East Africa	£9 0s.	£7 10s	N. Zealand	£10 6s.	—
Egypt	£7 15s.	—	Nigeria	£9 0s.	£6 10s.
Europe	£6 0s.	—	Pakistan	£9 0s.	—
Ghana	£9 0s.	£6 10s	Philippines	£10 6s.	—
Gibraltar, Malta	£5 0s.	—	Rhodesia (N. & S.)	£9 0s.	—
Hongkong	—	£8 15s.	S. Africa	£9 0s.	£7 10s.
India	£9 0s.	£7 10s	S. America	£9 0s.	—
Indonesia	£9 0s.	—	Sudan	£7 15s.	£6 15s.
Iran, Iraq	£7 15s.	—	USA	—	$25 or £9
Israel	£7 15s.	—	Westindies	£9 0s.	—

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COMPANY AFFAIRS

Interim Steel Dividends

THE interim reports recently published by the steel companies have in some cases been accompanied by higher dividends, but they have given only a slight boost to steel shares. For the first time the **Steel Company of Wales** has published half yearly figures and these amply justify the directors' decision to raise the interim dividend from 3¾ to 5 per cent. Sales for the six months to April 1st amounted to £70.9 million, compared with £125½ million for the year to October 3rd last, and they are thus running about 15 per cent above the rate for 1958-59. Trading profits at £14.6 million are up by about 28 per cent. On this basis a total dividend of 12½ per cent would be covered nearly three times and the shares on this conservatively estimated dividend would yield just under 5½ per cent.

The directors of **Colvilles** are likely to adopt a conservative dividend policy for some time to come in view of the heavy capital commitment in Ravenscraig. Although the interim dividend has been maintained at 6 per cent it is being paid on the capital as increased by the conversion of a large part of the convertible debenture stock. Trading profits for the six months to March 31st rose from £5.1 million to £7.9 million and net profits virtually doubled, from £2.1 million to £4.1 million. On this basis equity earnings are now equivalent to 94¼ per cent for the year which provides an extraordinarily big cover on a 14 per cent dividend. Production of steel ingots and castings amounted to 1,036,374 tons for the first half of 1959-60, against 1,442,000 tons for the whole of the previous year and the directors say that capacity is fully employed in most sections. The dividend yield is 3.6 per cent but the indicated earnings yield is 24.2 per cent.

The interim dividend of **United Steel** has been raised from 4 to 6 per cent and in the 24 weeks to March 12th trading profits amounted to £10.5 million, against £17.6 million for the full year to end-September, 1959. They are thus running about 30 per cent above the rate for 1958-59. Sales at £63.2 million are up by about 25 per cent. United Steel has recently announced a £32½ million expansion programme. This will be financed largely through retained profits but some additional capital is to be raised later. As last year's dividend of 15 per cent is covered over three times by earnings some increase in the final payment seems likely. A 20 per cent dividend would put the shares on a yield basis of just under 5 per cent.

Brewing Shares

JUST as the industry has become more lively so has the market in brewing shares. Mergers and take-overs have become almost commonplace. The latest is the bid by **Scottish Brewers,** which has been expanding in recent years, for all the preference and privately owned ordinary shares of Robert Younger of Edinburgh. One 5½ per cent preference share in Scottish Brewers plus 2s. 6d. in cash is offered for each of the 100,000 5 per cent preference shares in Younger and a cash payment equivalent to £6 10s. for each of the 120,000 ordinary shares in Younger. The terms, like those in other recent brewery take-overs in the North of England and Scotland, are not ungenerous.

Further south, **Watney Mann** has been an active bidder and, having sold the Stag Brewery site, it is one of the brewers seeking further productive capacity. Only recently it acquired Phipps Northampton and Ushers Wiltshire and it is negotiating for the purchase of Wilson and Walker. Earnings from its new subsidiaries are not consolidated in its half-yearly report. Even so, Watney Mann's gross profits rose from £1,230,435 to £1,893,071 and its net profits from £618,910 to £987,129 in the six months to March 31st. In the same period Phipps earned a gross profit of £500,894 and a net profit of £253,794. Watney Mann's interim has been duly set at 6 per cent, as the directors indicated that it would be, and these results and the directors' statement that trade has continued to be good and that the full year's results should show a considerable improvement suggest that the directors may be able to do better than their earlier promise to pay a dividend of not less than 17 per cent on the increased capital.

Unlike Watney Mann and the other brewers, **Whitbread** has not gone in for the full scale merger. The controlling family has been anxious to preserve its interest and Whitbread has acquired minority holdings in other breweries and has extended its trade agreements. The desire has been to preserve the local connection, but one of the effects for companies that have come voluntarily under the protection of the Whitbread umbrella has been to take them out of the reach of bidders. The interests that Whitbread has thus acquired have been hived off in the Whitbread Investment Company. Holders of the "A" and "B" shares in Whitbread are now to be offered shares in the investment company in the ratio of one WIC share for every £2 nominal held. The shares are offered at 22s. 6d. each on a prospective dividend of 5¼ per cent, covered nearly 1.2 times by earnings. The dividend yield is thus 4.9 per cent on the equity of a comparatively low-geared investment trust whose portfolio is made up solely of brewery shares. The sale of just over 2,300,000 shares in the investment company means that technically it is no longer a subsidiary company of Whitbread. In theory WIC could buy shares in Whitbread but that is not the directors' intention. But clearly this latest move makes doubly sure that the loosely knit grouping led by Whitbread is kept intact and it brings in £2,600,000 in new money to the group. What they intend to do with that money the Whitbread directors have not yet said.

Marks and Spencer

IN the last ten years the profits ploughed back by Marks and Spencer have amounted to over £37 million. Over the same period sales have risen from £65.8 million to £148 million; net profits, rising from £2½ million to over £9 million, have more than kept pace with that advance; and dividend payments have risen more than fivefold, from under £1 million to nearly £5½ million.

The rapid increase in sales has been based in part on additions to selling space through the building of new stores and the expansion and modernisation of existing ones. Twenty-two major projects were completed last year, when total capital expenditure amounted to nearly £4 million. Twenty-four further schemes are now in hand and the expansion programme over the next three years is likely to involve the spending of about £15 million. With last year's cash flow amounting to £4½ million and liquid assets of £11 million this would seem to present little difficulty to Marks and Spencer. But in order to speed up the building plans the company is to borrow £5 million on a thirty-year 5½ per cent debenture. This is to be issued to the Prudential Assurance Company, which has a large equity shareholding in the company, in two portions, half this month and the remainder in a year's time.

Additional selling space would not on its own have produced such a record in growth as Marks and Spencer can claim. The directors have placed great emphasis in making their stores and the products they sell attractive to the public. This applies particularly to the food section, which now contributes about one-sixth of total sales. The projected programme of store development, bigger than any ever carried out by the company before in such a short period of time, indicates that Sir Simon Marks and his fellow directors are confident that Marks and Spencer will at the very least hold on to its share of the retail trade.

House of Fraser

MOST shareholders in House of Fraser will believe that the dividend for the year to January 31st last has been maintained at 40 per cent. But the directors in their preliminary profits statement have incorporated a profits tax interim of 5 per cent into the total payment for 1959-60. In that

Company Affairs *continued on page 1288*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 8, 1960	Price, June 15, 1960	Net Yield, June 15, 1960 §	Gross Yield, June 15, 1960
					£ s. d.	£ s. d.
98 11/16	97 3/4	Funding 2½% 1956–61	98 23/32	98 23/32	2 18 0	4 1 8
100 23/32	98 31/32	Conversion 4½% 1962	99 1/16	98 31/32	3 0 8	5 0 3
96 1/8	94 1/4	Exchequer 3% 1962–63	94 1/2	94 13/32	3 16 1	5 0 3
93 1/16	91 9/16	Exchequer 2½% 1963–64	91 1/16	91 5/8	3 16 7	4 17 6
101 5/32	98 15/16	Conversion 4½% 1963	99 1/16	98 11/16	3 5 7	5 2 8
99 17/32	96 3/4	Conversion 4½% 1964	96 31/32	96 3/4	4 0 10	5 7 5
92 15/16	89 7/8	Savings Bonds 3% 1955–65	90 5/8	90 7/16	4 8 4	5 15 2
85 7/16	80 7/8	Funding 3% 1959–69	81 7/8	82 1/16	4 8 4	5 15 2
93 1/2	89	Funding 4% 1960–90	89 5/16	89	3 0 7	4 14 5
82 7/8	79 1/4	Savings Bonds 3% 1960–70	79 3/4	79 9/16	4 8 3	5 15 10
85 11/16	81 3/4	Savings Bonds 2½% 1964–67	82 13/16	82 9/16	4 10 11	5 13 0
77	73	Savings Bonds 3% 1965–75	73 1/2	73 1/16	4 6 9	5 15 11
104 13/16	100 1/4	Exchequer 5½% 1966	101 1/8	100 7/8	3 7 3	5 12 1
85 7/16	82 3/32	Funding 3% 1966–68	83 1/8	83	4 9 2	5 16 8
96 1/4	93 11/16	Victory 4% 1920–76	93 7/8	93 11/16	3 8 8	5 2 11
89 5/16	84 11/16	Conversion 3½% 1969	85 7/16	85 1/8	4 5 11	5 17 1
98	93 1/16	Conversion 5% 1971	93 13/16	93 9/16	3 15 0	5 14 11
101 7/16	96 1/16	Conversion 5½% 1974	96 1/4	96 1/16	3 11 7	5 13 3
78 3/4	73 3/8	Treasury 3½% 1977–80	73 3/4	73 7/16	4 2 1	5 15 3
78 7/8	73 1/2	Treasury 3½% 1979–81	73 7/8	73 7/16	4 2 2	5 15 3
103 1/2	97 3/4	Funding 5½% 1982–84	97 3/4	97 3/8	3 9 10	5 12 10
96 1/4	91 3/8	Redemption 3½% 1986–96	91 7/8	91 3/4	3 16 9	5 10 3
97 1/4	90 1/2	Treasury 5% 1986–89	90 3/4	90 9/16	3 12 4	5 14 7
71 3/4	65 5/8	Funding 3½% 1999–2004	66 1/4*	65 3/4*	3 14 6	5 11 7
73 1/16	69 3/4	Consols 4% ....after Feb. 1957	70 1/8	69 3/4	3 11 2	5 15 3
65 7/16	60 3/4	War Loan 3½% ....after 1952	61 3/16	60 7/8	3 10 7	5 15 3
65 1/32	60 7/8	Conv. 3½% ....after Apr. 1961	61 5/16	60 7/8	3 10 11	5 15 5
56 3/4	52 1/8	Treasury 3% ....after Apr. 1966	52 3/8	52 1/8	3 10 6	5 15 7
49 3/4	45	Consols 2½%	45 1/16*	45 1/16*	3 7 10	5 10 8
48 1/2	44 5/8	Treasury 2½% ....after Apr. 1975	45	44 5/8	3 9 2	5 13 5
97 1/2	92 1/8	British Electric 4½% 1967–69	92 1/2	92 1/16	3 18 1	5 16 9
79 1/2	75 1/4	British Electric 3% 1968–73	75 5/8	75 5/16	4 8 6	5 16 8
76 1/8	71 1/2	British Electric 3% 1974–77	71 7/8	71 7/16	4 5 5	5 14 8
90 1/2	84 5/8	British Electric 4½% 1974–79	85 1/8	84 5/8	3 15 6	5 13 0
79 1/2	74 1/16	British Electric 3½% 1976–79	74 1/2	74 1/16	4 2 2	5 15 3
90 5/8	85 5/8	British Gas 4% 1969–72	86	85 5/8	4 1 0	5 16 8
86 7/8	82 1/16	British Gas 3½% 1969–71	82 7/8	82 1/16	4 3 6	5 15 0
67 5/16	61 5/8	British Gas 3½% 1990–95	62 1/4	61 7/16	3 17 2	5 10 2
79 7/16	75 1/4	British Transport 3% 1968–73	75 5/8	75 5/16	4 8 6	5 16 8
86 1/2	81 1/4	British Transport 4% 1972–77	81 5/8*	81 1/4	3 18 10	5 15 3
67 3/8	61 5/8	British Transport 3% 1978–88	62 1/4*	61 11/16*	4 3 3	

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, June 8, 1960	Price, June 15, 1960	Yield, June 15, 1960
					£ s. d.
83	80 3/8	Australia 3½% 1965–69	81/8	81 1/2	6 0 0
107 1/2	103	Australia 6% 1974–76	103 1/4	103 1/8	5 14 0
73 3/4	70	Ceylon 4% 1973–75	70 1/2	70 1/2	7 7 0
107 5/8	103 1/4	New Zealand 6% 1976–80	104 1/2	104	5 15 0
96 1/4	86 1/2	Rhodesia and Nyasaland 6% 1978–81	89	86 1/2*	7 3 0
85 3/4	79	South Africa 3½% 1965–67	81 1/4	81 3/4	6 18 0
80 1/2	67	Southern Rhodesia 4½% 1987–92	67	67	7 5 0
101 1/4	96	Agricultural Mortgage 5½% 1980–85	99	96*	5 16 0
92 3/4	88	Birmingham 4½% 1967–70	88*	88*	5 15 0
99 1/4	94 1/2	Bristol 5% 1971–73	94 1/2*	94 1/2	5 11 0
100	96 1/4	Corporation of London 5¼% 1976–79	96 1/2	96 1/2	5 11 0
53 1/4	50 1/8	L.C.C. 3% ....after 1920	50 5/8	50 1/8	5 19 0
97 1/4	92 1/8	L.C.C. 5½% 1980–83	92 3/8	92 1/8	5 13 0
100	97 1/4	Middlesex 5¼% 1980	97 1/2*	97 1/4	5 11 0

NEW YORK PRICES AND INDICES

	June 8 $	June 15 $		June 8 $	June 15 $		June 8 $	June 15 $
Atch. Topeka	237/8	23 3/4	Boeing	28	25 1/4	Inter. Nickel	55 1/8	55
Can. Pacific	26 1/8	25 5/8	Celanese	25 3/8	25 1/4	Inter. Paper	108	106
Pennsylvania	14	14 1/8	Chrysler	50 3/4	48 3/8	Kennecott	78 1/4	75 3/8
Union Pacific	26 1/8	26 1/4	Col. Palmolive	37	37	Monsanto	44 3/8	44 1/4
Amer. Electric	56 3/8	56 3/8	Crown Zeller	44 1/4	45 3/4	Nat. Distillers	29 1/4	28 1/8
Am. Tel. & Tel.	90 1/8	88 3/4	Distillers Seag.	29 1/4	29 1/2	Pan-American	19 1/8	18 3/4
Cons. Edison	62 3/8	64 1/8	Douglas	29 1/8	29 1/4	Procter Gamble	113 5/8	114 1/2
Int. Tel. & Tel.	45	45 1/2	Du Pont	208 1/2	211 3/4	Radio Corpn.	75 1/2	76 1/8
Standard Gas	45/8	45/8	East. Kodak	129	130 1/4	Sears Roebuck	54 1/2	57 3/4
United Corpn.	7 3/8	7 1/8	Ford Motor	69 7/8	71 3/4	Shell Oil	36 1/4	35 1/2
Western Union	48 3/8	49 1/4	Gen. Electric	95 1/2	93 1/4	Socony-Mobil	37 1/8	35 3/4
Alcoa	88 1/4	84	General Foods	122 1/2	127 1/4	Stand. Oil Ind.	39 1/2	38 1/8
Aluminium	32 1/2	32 1/8	General Motors	45 3/4	44 1/2	Stand. Oil N.J.	43	41
Amer. Can	38 1/8	38	Goodyear	40	41 1/4	20th Cent. Fox	37	36 3/8
Am. Smelting	51 1/8	53 1/8	Gulf Oil	29	28 3/8	Union Carbide	127 3/8	138
Am. Viscose	36 1/2	35 1/2	Heinz	91	98 1/2	U.S. Steel	85 7/8	83
Anaconda	51 7/8	49 1/8	Int. Bus. Mach.	540 1/2	527	West. Electric	62 3/4	62
Beth. Steel	48 1/4	46	Int. Harvester	45 3/8	45 3/8	Woolworth	70 1/8	69 7/8

Standard and Poor's Indices (1941–43=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
May 18	59·12	3·29	30·14	5·80	45·70	3·95	87·26	4·15
,, 25	59·32	3·28	30·66	5·70	46·06	3·92	87·16	4·16
June 1	59·57	3·27	29·96	5·83	46·43	3·88	88·18	4·06
,, 8	61·83	3·15	31·36	5·57	47·16	3·82	89·43	3·94
,, 15	61·39	3·24	31·04	5·63	47·56	3·81	89·75	3·91

425 Industrials :—High, 65·02 (Jan. 5) ; Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, June 8, 1960	Price, June 15, 1960	Yield, June 15, 1960	Cover
42/3	34/6	2 1/2 a	Alexanders £1	35/-	35/-	5·71	...
53/-	44/3	4 a	Bk. Lond. & S. Amer. £1	45/-	45/-	4·44	...
39 1/4	32 1/4	9 c	Bk. New S. Wales ...£20	32 3/4	32 1/4	4·47 g	...
66/3	52/3	5 a	Barclays £1	55/9	56/3	3·56	...
49/6	38/6	5 b	Barclays D.C.O. £1	39/9	38/9*	4·65	...
64/-	51/6	7 1/2 b	Chartered £1	52/3	51/6	5·83	...
83/7 1/2	65/6	8 1/2 a	District £1	70/9	70/-	4·00 **	...
38/6	32/-	5 b	Eng., Scott. & Aust. ...£1	32/6	32/-	5·63	...
£69	£60	22/6 a	Hongk'g. & Shang. ...$125	37/6 b	£61 1/2	4·88	...
70/6	57/6	5 a	Lloyds £1	62/9	61/3	3·92	...
59/4 1/2	46/-	20 c	Montague Burton ...10/-	55/7 1/2	57/6	3·48	2
49/4 1/2	41/3	11 3/2 b	Debenhams 10/-	45/9	46/6	3·76	1·3
55/4 1/2	45/11 2	27 1/2 b	G.U.S. 'A' 5/-	48/3	48/9	3·59	2 1/4
49/9	41/6	15 a	House of Fraser 5/-	47/-	48/9	4·10	1
25/7 1/2	21/-	6 a	Lewis's Invest. Tst. ...4/-	23/6	23 10 1/2	2·85	2 3/4
77/6	68/9	12 1/2 a	Marks & Spencer 'A' .5/-	73/3	74/-	2·70	1 1/2
55/9	44/6	12 1/2 a	United Drapery 5/-	48/9	48/-	3·91	2
68/9	60/-	31 2/3 b	Woolworth 5/-	66/3	65/-	3·59	1 1/2
66/6	50/4 1/2	15 c	A.E.I. £1	57/6*	56/9	5·29	1 1/2
61/-	50/-	4 a	B.I.C.C. £1	50/-	51/9	5·22	2
15/-	11/6	11 1/5 c	Crompton Parkinson .5/-	13 6 3/4	13/2 1/4 *	4·25	2 1/4
56/10 1/2	45/7 1/2	14 1/6 b	Decca Record 10/-	49/- *	49/3	4·60	1 1/3
58/9	44/9	20 c	E.M.I. 10/-	49/6	48/9	2·87 **	1 1/2
53/-	37/10 1/2	3 a	English Electric £1	41/-	39/6	5·06	2
47/6	37/6	7 b	General Electric £1	39/9	38/6	5·19	1 1/2
59/-	44/-	4 3/8 a	C. A. Parsons £1	54 4 1/2	54/3	3·46	4
19/-	15/6	12 1/2 c	Pye 5/-	17 4 1/2	16 4 1/2	3·82	2 3/4
52/3	37/10 1/2	5 1/2 b	A. Reyrolle £1	40 10 1/2 ‖	41/-	4·27	2 3/4
55/7 1/2	44/3	17 1/2 c	Thorn Electrical 5/-	50/6	52/6	1·90	4
48/9	33/6	4 1/2 a	Babcock & Wilcox £1	38 10 1/2	39 11 1/2	4·60	2
54/-	40/3	6 b	John Brown £1	44/9	44/6	4·49	2 1/2
10/6	6/8 3/4	3 a	Cammell Laird 5/-	8/-	7/6	4·67 i	1 1/2
46/9	26/-	10 a	Internat. Combust. ..5/-	28/9	28/3	5·31	2 3/4
14/9	10/-	5 b	Rich'ds'ns. Westg'th. 10/-	10/-	10/5 1/4	7·98	2
39/9	30/6	2 1/2 a	Swan Hunter £1	32/6	32/6	6·15	2 3/4
25/9	16/9	7 1/2 a	John Thompson 5/-	18/3 *	18/-	5·56	1
39/-	29 4 1/2	2 1/2 a	Vickers £1	34/-	34 4 1/2	5·82	1 1/2
29/3	21/6	1 17 1/2 a	Coventry Gauge 10/-	22/9	22/9	4·50	2
75/6	48/-	12 b	Alfred Herbert £1	57/9	58/6	3·91	1 1/2
76/3	65/3	8 3/4 b	Allied Ironfounders ...£1	70/6	75/3	4·32	1 1/2
106/-	84/-	5 a	Averys £1	104/6	106/-*	3·77	3
19/-	13 4 1/2	7 1/2 b	George Cohen 5/-	16 4 1/2	16 7 1/2	3·61	2 1/4
126/6	100/6	10 c	Davy-United £1	124/6	126/6	3·95 **	3 1/4
95/7 1/2	79/-	5 a	Guest Keen £1	90/6	89/6	3·35	3 1/4
31/6	23/-	4 a	Head Wrightson 5/-	23/-	22/6	3·11	3 1/2
75/-	61/3	4 a	Metal Box £1	71/3	72/9	3·30	3 1/4
27/3	22/9	12 1/2 b	Ransome & Marles ...5/-	23/6	24/9	3·74	2 3/4
44/6	36/3	6 1/2 b	Renold Chains £1	43/9	44/-	4·55 **	1 1/4
40/-	25/6	9 c	Ruston & Hornsby £1	29/9	30/3	5·29	1 3/4
82/3 3/4	65/3	7 1/2 a	Tube Investments £1	79/3	81/-	3·09 **	2 1/4
84/4 1/2	69/3	10 b	Ward (Thos. W.) £1	72/- ‖	71/- ‖	3·52	3 1/2
44/6	29/9	5 a	Woodall-Duckham .5/-	32/3	32/- *	3·91	2 3/4

Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2½% tax free. (l) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, June 8, 1960	Price, June 15, 1960	Yield, June 15, 1960	Cover
			FOOD & TOBACCO				
30/7 1/2	25/6	10 c	Allied Suppliers ...10/-	28/6	28/3	4·42	2
41/3	33/6	18 c	Assoc. British Foods .5/-	38/6	37/6	2·40	2 1/2
112, 6	95/10 1/2	5 a	Bovril Defd. £1	108/9	106/3	4·52	2 3/4
15/7 1/2	13/2 1/4	1 4 1/6 b	Brooke Bond 'B' 5/-	14/6	14/9	3·46	4
13/8 1/4	10/3	7 1/2 b	International Tea 5/-	12/0 3	12/2 1/4	4·10	1 3/4
85/6	70/9	5 a	J. Lyons 'A' £1	80/6	79/6*	3·98	2
28/3	24/9	7 1/2 b	Ranks 10/-	24/9	25/-	5·05	2 1/4
48/9	39/6	12 3 a	Spillers 10/-	45/3	43/6	4·20	2 1/4
62/-	54/6	9 b	Tate & Lyle £1	58/-*	57/6	4·17	2 1/4
17/3	15/3	...	Unigate 5/-	17/-	17/3	2·90 **	...
72/6	57/9	12 0 c	Brit. Amer. Tobac. ..10/-	61/9	61/-	5·35	2 3/4
42/6	37/-	13 1 3/4 b	Gallaher 10/-	42/-	41/9	3·99	2
77/6	61/9	8 1/2 a	Imperial Tobacco £1	67/-	66/-	6·82	1 3/4
			INSURANCE				
197/6	175/-	14 5 a	Britannic £1	19 5/-	197/6	3·93	...
68/6	54/3	20 a	Commercial Union ...5/-	60/-	60/-	3·75	...
14 3/8	12 11/16	1 32·35c	1 41·17c	Equity & Law Life ...8/6	14 3/8	14 1/4	2·00
87/-	70/3	15 a	30 b	General Accident 5/-	85/-	2·63	...
107/9	91/-	30 a	40 b	Guardian 5/-	106/3	107/3	3·26
19 1/4	16 3/16	40 a	150 b	Legal & General 5/-	17 5/16	17 3/16	2·76
102/6	96/3	...	...	Northern & Empl. ...£1	100/-	96/3	3·84 **
172/6	132/6	1 20 a	1 60 b	Pearl 5/-	145/-	142/6	4·58
17 15/16	15 9/16	1 62 1/2 c	1 83 1/2 c	Prudential 'A' 4/-	17 1/4	17/4	3·47
115/-	94/9	8 a	8 b	Royal Exchange £1	96/6*	96/6	3·32
			MOTORS & AIRCRAFT				
79/-	55/3	12 1/2 c	6 a	B.S.A. £1	76/6	78/6*	4·08 **
24/0 3/4	17/10 1/2	12 1/2 b	7 1/2 a	British Motor 5/-	18 10 1/2	17 10 1/2	5·59
120/3	97/-	5 a	12 1/2 b	Ford Motor £1	116/3	111/9	3·13
73/9	38/-	17 1/2 c	20 c	Jaguar Cars 'A' 5/-	70/4 1/2	71 10 1/2	1·39
85/-	72/6	12 1/2 c	15 c	Leyland Motor £1	82/6	83/6	3·59
12/9	9/3	8 c	12 c	Rootes Motors 'A' ...4/-	11/10 1/2	12/3	3·92
12/6	10/4 1/2	12 c	5 a	Standard-Triumph ...5/-	10/11 1/4 *	10/4 1/2	5·82
17/3	13/11 2	3 1/2 a	7 1/2 b	Bristol Aeroplane ...10/-	14/7 1/2	14/3	7·72
31/6	29 10 1/2	3·9b	4 1/2 c	Dowty Group 10/-	38/6	37 10 1/2	2·23
34/-	28/3	3 a	7 b	Hawker Siddeley £1	30/-	29 10 1/2	6·69
49/7 1/2	42/-	2 1/2 a	7 1/2 b	Rolls-Royce £1	48/6	47/3*	4·23
28/11 2	22/3	3 1/3 a	11 2/3 b	Dunlop Rubber 10/-	27/3	26 11 1/4	5·57
74/6	64/10 1/2	10 b	2 1/2 a	Joseph Lucas £1	67/7 1/2	68/9	3·64
40/9	31/6	9 a	21 b	Pressed Steel £1	33/9	32/9	4·58
48/6	30/-	6 2 3/4 c	10 c	Triplex Holdings ...10/-	46/-	46/3	2·16
			MINES				
11 5/8	73/16	20 a	70 b	Anglo-American 10/-	71/-	73/6	6·26
99/3	56/6	18 3 4 b	6 1/4 a	Consolid. Gold Fields .£1	60/3	56/6 *	8·85
145/-	86 10 1/2	10 a	25 b	General Mining £1	92/6	86 10 1/2	8·06
87/9	47/6	40 a	110 b	Union Corporation ..2/6	50/6	48 11 2	7·79
25 10 1/2	18/6	50 b	45 a	Daggafontein 5/-	19/3	18/6	25·68
191/3	110/-	90 b	70 a	Free State Geduld ...5/-	116/3	110/-	7·27
66/3	46 10 1/2	35 b	35 a	Hartebeestfontein ...10/-	49/3	46 10 1/2	14·93
80 4 1/2	52/-	60 b	50 a	President Brand 5/-	56/3	52/-	10·58
187/6	108/9	100 b	80 a	Western Holdings ...5/-	115/-	108/9	8·28
26/9	18/-	...	...	Winkelhaak 10/-	19/9	18/-	...
119, 6	72/6	10 a	30 b	Charterred 15/-	78/9	72/6	8·28
93/9	61 10 1/2	7 3 1/4 a	20 a	Rhod. Anglo-Amer. 10/-	65/-	61 10 1/2	9·29 h
16 4 1/2	10/7 1/2	9 3 g b	6 1/4 a	Rhod. Selection Tst. .5/-	11 4 1/2 *	10/7 1/2	7·35 h
8 10 1/2	6/3	7 7 4 b	4 11 6 0	Roan Antelope 5/-	6/6 2	6/3	9·68 h
48/3	29/-	22 1/2 b	15 a	Tanganyika Cons. ...10/-	30/6	30·6	12·30
79/6	68/6	6 1 4 a	13 4 b	Consolidated Zinc £1	77/-	77·6	5·16
200/-	133/11 1/2	100 a	150 b	De Beers Defd. Reg. .5/-	146/3	136 10 1/2	9·13
$101	$87 3/4	$1·30c	$1·50c	Internat. Nickel ...n.p.v.	$100 ‖	$98 1/2	2·73
12/9	10/7 1/2	5 a	20 b	London Tin 4/-	12/7 1/2	12·7 1/2	7·92
51/-	30/7 1/2	20 c	20 c	Rio Tinto 10/-	33/9	30/7 1/2	6·53
40/-	26/3	4 3 1 3 c	3 7 1 2 a	Tronoh 5/-	39/9	38/-	5·70
			OIL				
67/6	50/9	1 3 1 3 a	1 7 1 2 b	British Petroleum £1	52/6	52/3	6·77
59/6	43/-	1 2 1 2 a	1 6 1 4 b	Burmah Oil £1	44/3	43/6	6·57
£17 1/4	£13 7/16	1 7 1 2 a	1 8 3 4 b	Royal Dutch ....20 fl.	£14 1/4 *	£13 1/2	3·68
168/9	139/-	15 a	1 10 3 4 b	Shell Transport £1	148/6	143/9	5·39
64/-	38/9	...	...	Ultramar 10/-	39/6 *	39·9	... d
60/-	51/9	7 1 2 a	20 b	Wakefield C.C. 10/-	58/3	60/-*	4·58
			PAPER & NEWSPAPERS				
15/6 3/4	12/-	5 a	8 b	Daily Mirror 'A' 5/-	12/3*	12/-	5·42
37/-	29/6	5 a	12 1/2 b	Odhams Press 10/-	31/6*	31/6	5·56
67/6	56/6	4 a	6 b	W. H. Smith & Son 'A' £1	66/-	67/-	3·58 **
64/3	54/11 2	4 1 6 a	8 1/3 b	Bowater Paper £1	61 6/3 ‖	60 9/3 ‖	4·12
63/-	53/6	5 a	11 b	Albert E. Reed £1	58/-	57/-*	5·61
34/6	29/9	3 a	7 b	Spicers £1	33/3	33/9	5·93
80/6	70/6	5 a	13 1 2 b	Wiggins Teape £1	75/6*	76/3	4·85

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, June 8, 1960	Price, June 15, 1960	Yield, June 15, 1960	Cover
			MISCELLANEOUS				
54/6	40/9	40 b	20 a	Assoc. British Picture .5/-	42/6	42/-	7·14
30 b	20 a	Assoc. Television 'A' .5/-	32·3	32/-	7·81	2	
50/-	37/3	16 a	11 b	Beecham Group 5/-	42/-*	42/6	3·18
43/6	27/9	6 a	15 b	Boots Pure Drug 5/-	36, 9*	37/3	2·82
43/9	38/3	5 b	3 1/2 a	British Match £1	39/9	40/3	4·14
97/6	79/6	4 a	10 b	British Oxygen £1	94/-	94/6	2·96
11/7 1/2	10/4 1/2	6 a	14 b	British Ropes 2, 6	11/3*	11/-	4·54
78/-	59/9	5 a	17/3 b	De La Rue 10/-	72/-	76/-*	2·96
31/9	25/4 1/2	10 1 2 b	4 1/2 a	Gestetner 'A' 5/-	31/9 ‖	31/10 1/2 ‖	2·35
64/9	57/-	8 1 2 b	7 a	Glaxo 10/-	63/-	61/6	2·52
52/6	51/3	9 b	3 a	Harrisons & Cr. Defd. £1	51/10 1/2	52/6	4·57
33/6	22/3	5 a	12 1/2 b	Ilford 5/-	27/-	26/6	3·30
78/6	61/-	6 b	4 a	Inter. Comp. & Tab. ...£1	69/3	68/11 2	2·94
62/6	48/6	10 c	11 1/4 c	National Canning £1	60/-	58/9	3·83
29/6	24/6	10 b	6 a	Powell Duffryn 10/-	24/6	24/6	6·53
32 10 1/2	22 4 1/2	10 b	5 a	Radio Rentals 5/-	23/9*	23/-	3·26
14 10 1/2	12/6	5 a	10 b	Radio Organisation ...5/-	14/3	14/3	3·51
85/-	58/9	5 a	18 b	Schweppes 5/-	83/3	82/6	3·57
29 10 1/2	22 1/2	20 c	25 c	Sears 'A' 5/-	29/7 1/2 ‖	29/3	4·27
22/6	17/3	7 1 4 a	9 3 4 b	Thomas Tilling 4/-	21/10 1/2 ‖	22/6	3·02
114/10 1/2	97/3	15 b	5 a	Turner & Newall £1	100/6	100, -*	4·00
180/-	129/-	8 a	14·7 b	Unilever £1	175/-	168/3	2·70
15/-	11/9	3 1 4 a	9 1/2 a	United Glass 5/-	14/6	14/-	4·31
50 10 1/2	39/3	1 4 1 6 a	1 10 5 6 b	United Molasses 10/-	39/6*	40/6 3 4	6·04
			SHIPPING				
52/-	38/3	6 1 2 a	13 1 2 b	Brit. & Com'wealth. 10/-	38/9	39/6*	5·05
25/6	19/3	8 c	8 c	Cunard £1	20/9	19/3	8·31
33/9	22/3	10 c	7 c	France Fenwick £1	26/-	26/3	5·33
50/9	39·9	10 c	10 c	Furness Withy £1	44/3	43/9	4·57
20/-	11/6	10 a	10 b	London & Overseas ..5/-	13/6*	11/6*	7·61 **
55/-	38/9	3 a	8 b	R & O Defd. £1	41/-	40/6	5·43
23/3	14/6	21 c	6 c	Reardon Smith 10/-	17/3	16/3	4·65
31/-	22/9	8 c	8 c	Royal Mail £1	23/-	23/-	6·96
			STEEL				
82/6	66/9	8 b	6 a	Colvilles £1	76/-	77/3	3·62
56 10 1/2	42/9	23 3 4 a	5 1 4 b	Dorman Long £1	47/9	47/9	4·19
54/9	45/-	6 b	3 1 2 a	Lancashire Steel £1	49/6	46/9*	4·06
60/7 1/2	43/-	4 a	8 b	South Durham £1	45/-	43/-*	5·58
55/9	41 4 1/2	6 1 4 b	5 a	Steel Co. of Wales £1	45/6	45/7 1/2	4·93
63/-	46/3	8 b	3 a	Stewarts & Lloyds £1	50/3	46/9*	4·71

sense, and that sense only, the dividend can be said to be 45 per cent, against 35 per cent for 1958-59. Does this mean therefore that in looking ahead shareholders should expect a dividend of 40 or 45 per cent in 1960-61 on the capital as increased by the proposed five per cent scrip issue? They will hope that Mr Hugh Fraser will make this clear.

Including a full year's figures from Harrods, although that group was not acquired until over half way through the financial year, gross profits rose from £4,874,000, on the basis of the combined totals of Harrods and the House of Fraser in 1958-59, to £5,539,000. The gross profits of Harrods rose from £2,245,000 to £2,784,000 and thus it contributed about two thirds of the total increase in profits. Including pre-acquisition profits, the combined net profit works out at £2,704,000 and this raises the cover on a 40 per cent dividend to 1¼ times. But this may effectively overstate true earnings, for there is no indication so far of the amount the company is now having to pay in interest for the £15 million in cash that it had to find to pay Harrods shareholders. No indication has been given as yet whether a capital issue will be made to fund part of this sum. Nor has there been any mention of property sales—one way which Mr Fraser has used in the past to raise new funds. It is perhaps significant that a surplus of £9 million arising from a revaluation of the Harrods properties in 1957 has now been written into the balance sheet so that they stood at £21½ million at the end of last January, against £10½ million. The House of Fraser shares now stand at 48s. 7½d. and allowing for the scrip issue they would yield 4¼ per cent on a 40 per cent dividend or just under 5 per cent on a 45 per cent dividend.

Booker Brothers McConnell

DESPITE the poor price for sugar last year and the continued slump in shipping freights the net profits of Booker Brothers McConnell rose in the year to December 31st from £972,683 to £1,248,751. This shows how successful the policy of diversification has been. Last year the engineering section contributed 18 per cent of net income, only 2 per cent less than sugar manufacturing, and for the first time ever less than half Booker's net profits came from British Guiana and the West Indies. The group's interests in Canada are growing rapidly and last year its subsidiaries there earned 18 per cent of total net profits, reflecting largely the recent acquisition of Taylor, Pearson and Carson, the car dealers.

The balance sheet reveals another sharp increase in net fixed assets. The rise from £10,306,388 to £12,192,698 reflects not only the latest Canadian acquisition but further work on the construction of the bulk sugar store and wharf. This project accounts for just over half of the outstanding capital commitments of £1,121,113; but £260,417 of a loan arranged to finance this new plant still remains undrawn. Bank overdrafts amount to £3,873,431 but nearly all of this is on the account of the subsidiary companies. Some of the parent's funds previously used to finance subsidiary companies' current assets have thus been released. At times this year the group will have no need to borrow at all from banks in the sterling area; but, there is little likelihood of much change in the group's Canadian overdraft of £2,291,592 for besides exchange control difficulties the directors are unwilling to remit sterling to Canada when in their opinion the Canadian dollar may be overvalued. Sir Jock Campbell, the chairman, says that the time for a new capital issue may come "sooner than we expect." Meanwhile medium or long term financial arrangements, as are being used to provide funds for the bulk sugar plant, may be made for similar big projects in the future.

On the capital as increased by a 25 per cent scrip issue the tax free dividend has been maintained at 10 per cent. This represents, however, a bigger effective increase than two per cent in the dividend from trading, for in 1958 the equivalent of two per cent of the payment came from a capital profits reserve which has now been exhausted. A further 10 per cent scrip issue is now proposed and the directors hope to maintain the 10 per cent dividend on the enlarged capital. Sir Jock Campbell is understandably cautious about the results for the current year: he says that the engineering, retailing and rum interests should do well but that shipping remains "becalmed" and sugar as always is "an unknown quantity" although a better crop is expected. The 10s. shares at 35s. 6d. yield 5 per cent on the forecast dividend.

Commercial Union Assurance

THE rights issue from Commercial Union, which was foreshadowed by the chairman last month, will raise just over £11 million. Shareholders are offered 11,225,500 5s. shares on a one-for-four basis at 20s. each. Despite the size of the issue it is not being underwritten. Before the terms were announced the shares stood at 62s. 7½d. and gave a bonus element in the price of the rights. A dividend of 40 per cent (against 45 per cent) has been forecast on the increased capital but the shares fell to 60s. on news of the terms. At this level the rights are worth 8s. a share and on an assumed ex rights price of 52s. the 5s. shares yield 3.85 per cent, compared with a yield of 3.75 per cent on the current price and dividend.

The new money will replace the cash used in acquiring North British and Mercantile, which itself was planning to raise new capital to increase its free reserves in London at the time of the merger. It will also provide for the additional capital commitments which stem from the continued expansion of business both at home and overseas.

London Stock Exchange

FIRST DEALINGS:	May 23	June 13	June 27
LAST DEALINGS:	June 10	June 24	July 15
ACCOUNT DAY:	June 21	July 5	July 26

THE Whitsun account ended on a bright note with the *Financial Times* index gaining 6.3 points on the last two days of the account. This advance reflected not only the continued revival in Wall Street but also a further stream of good company results. After a steady opening to the new account, markets have slumped, first on fears of further credit restriction and a rise in Bank rate and then on the news that Hoover is to dismiss 800 men. On Tuesday and Wednesday the *Financial Times* index lost all its previous gains and more with a fall of 7.7 points. Fears that the clearing banks would have to make further sales to meet the call for special deposits receded at the weekend and led to a steadier tendency in British funds, but this was short lived for the possibility of an early increase in Bank rate brought further falls. Over the week 3½ per cent War Loan lost ⅜ to 60⅜ after touching a new low for 1960 of 60¼; old Consols also lost that amount to 45⅛ xd. Among short dated stocks 4½ per cent Conversion 1965 lost $\frac{7}{32}$ to 96¼ and 2½ per cent Exchequer 1963-64 ¼ to 91$\frac{9}{16}$. Falls in medium and long dated stocks generally ranged up to ¼ and 3 per cent Savings Bonds 1965-75 were that much lower at 73$\frac{3}{16}$, but 3½ per cent Funding 1999-2004 lost $\frac{1}{16}$ to 65$\frac{1}{16}$.

Over the week *The Economist* indicator fell 2½ points to 359.3. Selling however has not been widespread but there have been very few buyers in the market this week. Shares of companies making consumer durable goods suffered sharp falls; over the week Hoover "A" fell 6s. to 42s. 6d. and Vactric 4s. to 26s. 9d. Among the giants of the electrical industry falls were not so large, General Electric lost 1s. 3d. to 38s. 6d., English Electric 1s. 6d. to 39s. 6d., and EMI 9d. to 48s. 9d. The Hoover statement caused a decline in hire purchase shares and United Dominions Trust lost 4s. 4½d. to 147s. 6d.

Despite further encouraging statements and higher interim dividends from more steel companies only the shares of those companies which have actually reported this week recorded gains. United Steel were 1s. 6d. better at 80s. 6d., and Colvilles 1s. 3d. at 77s 3d. These both closed below their best as did Steel Company of Wales which showed a net gain of only 1½d. at 45s. 7½d. after touching 49s. Both John Summers and Stewarts and Lloyds lost 3s. 6d. to 72s. xd and 46s. 9d. xd. Among motors Ford Motors after reaching a new high of 120s. 3d. lost 4s. 6d. to 111s. 9d., and British Motors lost 1s. to 17s. 10½d. but Jaguar "A" showed a net gain of 1s. 7½d. at 71s. 10½d. and BSA rose 2s. to 78s. 6d. xd.

Among the Continental favourites Unilever Limited lost 6s. 9d. to 168s. 3d. but Unilever NV were unchanged at 225s. while Philips Lamps showed a net rise of 1s. 3d. to 218s. 9d., after touching 225s.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended June 11, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £17,324,000 compared with a deficit of £31,234,000 in the previous week and a deficit of £23,408,000 in the corresponding period of last year. There was a net expenditure "below-line" of £9,534,000 leaving a total cumulative deficit to date of £162,384,000 compared with £111,332,000 in 1959-60.

£ '000	Estimate 1960–61	April 1, 1959, June 13, 1959	April 1, 1960, June 11, 1960	Week ended June 13, 1959	Week ended June 11, 1960
Ord. Revenue					
Income Tax	2478,000	282,412	240,131	13,858	19,170
Surtax	190,000	23,200	21,200	1,500	1,100
Death Duties	239,000	47,000	46,000	4,500	3,100
Stamps	110,000	16,000	18,800	1,300	1,900
Profits tax, EPT and EPL	256,000	47,000	39,100	5,400	4,500
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	415,612	365,231	26,558	29,770
Customs	1458,630	277,127	290,547	24,639	26,004
Excise	950,150	190,675	199,700	4,720	4,600
Total Customs and Excise	2408,780	467,802	490,247	29,359	30,604
Motor Duties	113,000	12,277	14,226	537	386
PO (Net Receipts)	4,000	12,960	9,700	3,200	2,800
Broadcast Licences	39,000	4,200	4,600	...	...
Sundry Loans	32,000	9,111	11,144	48	145
Miscellaneous	110,000	10,487	24,700	73	241
Total	5979,780	932,449	919,848	59,775	63,946
Ord. Expenditure					
Debt Interest	640,000	118,501	136,915	7,305	9,770
Payments to Northern Ireland Exchequer	81,000	14,311	16,880	...	...
Other Consolidated Funds	8,000	1,198	1,119	28	10
Supply Services	4907,161	807,238	859,146	74,900	71,200
Total	5636,161	941,248	1014,060	82,233	80,980
Sinking Funds	40,000	5,803	5,611	950	290
"Above-line" Surplus or Deficit		14,602	99,823	23,408	17,324
"Below-line" Net Expenditure*		96,730	62,561	25,731	9,534
Total Surplus or Deficit		111,332	162,384	49,139	26,858
Net receipts from:					
Tax Reserve Certificates	34,380	33,692	907	889	
Savings Certificates	17,500	19,000	2,900	1,800	
Defence Bonds	28,365	17,388	3,213	1,122	
Premium Savings Bonds	12,890	8,860	820	330	
Total	93,135	78,940	7,840	4,141	

* Net receipts of the Civil Contingencies Fund of £2 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
June 13	3,030·0	2,032·1	260·1	4·5	5,326·6
1960					
Mar. 12	3,430·0	1,750·4	213·2	...	5,393·7
,, 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31		5,202·1	246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
,, 16	3,450·0	1,861·7	244·9	4·8	5,561·4
,, 23	3,440·0	1,859·9	286·6	...	5,586·5
,, 30	3,440·0	1,913·1	256·1	...	5,609·2
May 7	3,450·0	1,877·8	240·0	0·2	5,568·0
,, 14	3,470·0	1,846·2	231·4	...	5,547·5
,, 21	3,470·0	1,832·1	206·0	...	5,508·2
,, 28	3,470·0	1,861·5	214·7	...	5,546·2
June 4	3,490·0	1,871·6	227·0	...	5,588·6
,, 11	3,470·0	1,929·2	216·9	...	5,616·2

THE MONEY MARKET

THE discount market syndicate at last responded to the Bank of England's pressure at last week's Treasury bill tender and lowered its bid by 4d. to £98 11s. 6d., marking a rise of 1s. 4d. in its discount rate. Its allotment of bills, which had been above 55 per cent at the previous four tenders fell sharply to 29 per cent. Total applications for the £280 million bills offered rose by £77 million to £500 million, near the all time peak of £516 million. The average rate of discount rose by just over 1s. to £4 12s. 1.79d.—and interest allowed on special deposits has thus been increased to 4⅝ per cent. Wednesday's Bank return shows that these had risen a further £18.8 million in the week to the required amount of £73.7 million.

Money has continued in short supply in Lombard Street but the authorities have given a small amount of special help on most days. This was sufficient to keep the discount houses from borrowing at Bank rate except on Tuesday, when two or three houses had to take a small amount. The ruling rate for loans has again rarely fallen below 4½ per cent and 4⅝ per cent has been conceded for larger sums.

MONEY RATES

LONDON

	%		%
Bank rate (from 4% 21/1/60)	5	**Discount rates:**	
		Bank bills:	
Deposit rates (maximum):		60 days	$4\frac{3}{4}$–$4\frac{13}{16}$
Banks	3	3 months	$4\frac{3}{4}$–$4\frac{13}{16}$
Discount houses	3–$3\frac{3}{8}$	4 months	$4\frac{3}{4}$–$4\frac{13}{16}$
		6 months	$4\frac{3}{4}$–$4\frac{7}{8}$
		Fine trade bills:	
		3 months	$5\frac{1}{4}$–6
Money:		4 months	$5\frac{1}{4}$–6
Day-to-Day	$3\frac{7}{8}$–$4\frac{5}{8}$	6 months	$5\frac{1}{2}$–$6\frac{1}{4}$

NEW YORK

	%		%
Official discount rate:		**Treasury Bills:**	
(from 4%, 2/6/60)	3½	June 6	2·716
		,, 13	2·292

BANK OF ENGLAND RETURNS

(£ million)	June 17, 1959	June 8, 1960	June 15, 1960
*Issue Department**:			
Notes in circulation	2,094·6	2,215·0	2,216·6
Notes in banking dept.	55·8	35·4	33·7
Govt. debt and securities*	2,146·7	2,247·2	2,247·5
Other securities	799·6	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	2·0	1·8
Banking Department:			
Deposits:			
Public accounts	17·4	11·3	11·9
Special deposits	...	54·9	73·7
Bankers	238·6	240·1	264·5
Others	63·3	64·8	65·9
Total	319·3	371·1	415·9
Securities:			
Government	242·0	305·7	355·0
Discounts and advances	18·0	28·7	25·6
Other	20·6	18·5	18·7
Total	280·6	353·0	399·3
Banking department reserve	56·7	36·1	34·7
"Proportion"	% 17·7	% 9·7	% 8·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotted at Max. Rate*
	91 day		s. d.	%
1959 June 12	260·0	425·0	69 0·02	49
1960				
Mar. 11	290·0	515·9	91 8·32	27
,, 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·7	92 5·05	41
,, 8	260·0	422·1	92 11·83	42
,, 14	280·0†	454·5	93 1·10	41
,, 22	270·0	425·7	93 0·88	51
,, 29	240·0	429·5	93 0·48	28
May 6	250·0	446·8	93 4·70	23
,, 13	250·0	444·8	91 1·56	58
,, 20	260·0	417·4	91 1·69	61
,, 27	280·0	470·7	91 1·53	55
June 3	270·0	423·8	91 1·39	56
,, 10	280·0	500·5	92 1·79	29

* On June 10th tenders for 91 day bills at £98 16s. 11d. secured 29 per cent, higher tenders being allotted in full. The offer for this week was for £290 million of 91 day bills. † Allotment cut by £20 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: June 15	Market Rates: Spot: June 9	June 10	June 11	June 13	June 14	June 15
United States $	2·78–2·82*	2·80$\frac{1}{16}$–2·80$\frac{3}{16}$	2·80$\frac{1}{16}$–2·80$\frac{3}{16}$	2·80$\frac{1}{16}$–2·80$\frac{3}{16}$	2·80$\frac{1}{16}$–2·80$\frac{3}{16}$	2·80$\frac{1}{8}$–2·80$\frac{1}{4}$	2·80$\frac{1}{4}$–2·80$\frac{3}{8}$
Canadian $	...	2·75–75$\frac{1}{8}$	2·75–75$\frac{1}{8}$	2·74$\frac{7}{8}$–75	2·74$\frac{7}{8}$–75	2·75$\frac{1}{16}$–$\frac{3}{8}$	2·76$\frac{1}{16}$–$\frac{3}{16}$
French Fr.	13·622–14·027	13·72$\frac{3}{8}$–$\frac{5}{8}$	13·72$\frac{3}{8}$–$\frac{5}{8}$	13·72$\frac{3}{8}$–$\frac{5}{8}$	13·72$\frac{1}{8}$–$\frac{3}{8}$	13·72$\frac{1}{16}$–72$\frac{3}{4}$	13·73$\frac{1}{8}$–$\frac{3}{8}$
Swiss Fr.	11·94–12·54$\frac{1}{2}$	12·08$\frac{1}{2}$–09$\frac{1}{2}$	12·08$\frac{1}{2}$–$\frac{7}{8}$	12·08$\frac{1}{2}$–$\frac{7}{8}$	12·08$\frac{1}{2}$–$\frac{3}{4}$	12·08$\frac{1}{2}$–$\frac{3}{4}$	12·08$\frac{3}{4}$–09
Belgian Fr.	137·96–142·05	139·70–75	139·70–75	139·67½–72½	139·70–75	139·70–75	139·75–80
Dutch Gld.	10·48–10·80	10·56–56¼	10·56–56¼	10·55¾–56	10·56½–¾	10·56½–¾	10·56½–¾
W. Ger. D-Mk.	11·59¼–11·92½	11·67$\frac{7}{8}$–68$\frac{1}{8}$	11·67$\frac{7}{8}$–68$\frac{1}{8}$	11·68–68¼	11·67¾–68	11·68–68¼	11·68½–¾
Portug. Esc.	79·00½–82·00½	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1738¼–½	1738¼–½	1738¼–½	1738½–¾	1738½–¾	1739$\frac{3}{8}$–$\frac{7}{8}$
Swedish Kr.	14·27½–14·70	14·44½–45	14·44½–45	14·44½–45	14·45½–¾	14·45½–¾	14·46¼–½
Danish Kr.	19·06½–19·62	19·33$\frac{5}{8}$–$\frac{7}{8}$	19·33$\frac{5}{8}$–$\frac{7}{8}$	19·33$\frac{5}{8}$–$\frac{7}{8}$	19·34–34¼	19·33¾–34	19·33$\frac{5}{8}$–$\frac{7}{8}$
Norwegian Kr.	19·71–20·30½	19·99$\frac{5}{8}$–$\frac{7}{8}$	20·00–00¼	20·00–00¼	20·00–00¼	20·00$\frac{1}{8}$–$\frac{3}{8}$	20·00¼–½
	* Official Limits	**One Month Forward Rates**					
United States $		¼–¼c. pm	¼–¼c. pm	¼–¼c. pm	$\frac{5}{16}$–$\frac{3}{8}$c. pm	$\frac{3}{8}$–$\frac{7}{16}$c. pm	$\frac{3}{8}$–$\frac{1}{2}$c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	$\frac{7}{16}$–$\frac{1}{2}$c. pm	$\frac{7}{16}$–$\frac{1}{2}$c. pm	$\frac{9}{16}$–$\frac{5}{8}$c. pm
French Fr.		½c. pm–par dis	½c. pm–par dis	½c. pm–par dis	½c. pm–par dis	½c. pm–par dis	½c. pm–par
Swiss Fr.		¾–1c. pm	1–1¼c. pm	1–1¼c. pm	1–1¼c. pm	⅝–¾c. pm	1–1¼c. pm
Belgian Fr.		5c. pm–par	7–2c. pm	7–2c. pm	9–4c. pm	11–6c. pm	13–8c. pm
Dutch Gld.		1¼–1c. pm	1¼–1c. pm	1¼–1c. pm	1¾–1½c. pm	1¾–1½c. pm	1⅞–1⅝c. pm
W. German D-Mk.		⅛–⅛pf. pm	⅞–⅝pf. pm	⅞–⅝pf. pm	1¼–1pf. pm	1¾–1½pf. pm	2–1¾pf. pm
		Three Months Forward Rates					
United States $		⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	¾–⅝c. pm	⅞–¾c. pm	⅞–¾c. pm
Canadian $		¾–⅝c. pm	¾–⅝c. pm	¾–⅝c. pm	1–⅞c. pm	1⅛–1c. pm	1⅛–1c. pm
Swiss Fr.		2–1⅞c. pm	1⅞–1¾c. pm	1⅞–1¾c. pm	1⅞–1½c. pm	2⅝–2⅜c. pm	3–2¾c. pm
W. German D-Mk.		2⅛–1⅞pf. pm	2⅛–1⅞pf. pm	2¼–2pf. pm	3¼–3pf. pm	4⅛–3⅞pf. pm	4⅝–4⅜pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/7¾	250/6¾	...	250/6¾	250/6¾	250/5¾

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

The following list snows the most recent dates on which each statistical page appeared.

BRITISH

Prices and Wages	May 28th	External Trade	June 4th
Manpower and Output	This week	Industrial Profits	April 23rd

OVERSEAS

Western Europe	June 11th	United States	May 14th

	Unit	Mid-year or averages			1959			1960				
		1957	1958	1959	Mar.	April	May	Jan.	Feb.	Mar.	April	May
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,188	24,070	24,145	24,057	24,075	24,093	24,288	24,284	24,268	24,296	...
Men	"	16,225	16,160	16,137	16,143	16,137	16,138	16,186	16,175	16,164	16,153	...
Women	"	7,963	7,910	8,008	7,914	7,938	7,955	8,102	8,109	8,104	8,143	...
Armed Forces	"	702	614	565	579	573	568	532	529	526	521	...
Civil employment:												
Total	"	23,245	23,080	23,197	22,980	23,036	23,110	23,317	23,338	23,343	23,420	...
Manufacturing industries (1)	"	...	...	8,477	...	...	8,438	8,722	8,744	8,754	8,790	...
Manufacturing industries (old basis) (1)	"	9,271	9,147	9,169	9,103	9,121	...	...	...	...	...	...
Employees (1):												
in engineering (2)	"	---	---	3,544	---	---	3,538	3,680	3,696	3,704	---	...
in consumer goods industries (3)	"	---	---	3,102	---	---	3,077	3,150	3,149	3,145	---	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	"	312·5	457·4	475·2	550·5	530·8	480·5	460·6	450·0	413·2	391·2	341·2
Temporary or under 2 weeks	"	95·7	141·0	120·8	139·5	144·4	116·2	114·2	99·5	87·6	90·3	73·2
Over 8 weeks	"	129·3	197·7	243·4	286·4	284·1	241·2	239·8	237·5	231·6	222·1	198·3
By regions (4):												
Great Britain	"	1·4	2·1	2·2	2·5	2·4	2·2	2·1	2·0	1·9	1·8	1·5
London and South Eastern	"	1·0	1·3	1·3	1·5	1·4	1·3	1·2	1·2	1·1	1·0	0·9
Eastern	"	1·3	1·7	} 1·5	1·9	1·8	1·5	} 1·6	1·6	1·4	1·4	1·1
Southern (5)	"	1·3	1·6		1·9	1·8	1·6					
South Western (5)	"	1·8	2·2	2·2	2·6	2·6	2·1	2·4	2·2	2·0	1·9	1·5
Midland	"	1·3	1·6	1·5	1·9	1·7	1·5	1·0	1·0	0·9	0·9	0·7
North Midland	"	1·0	1·6	1·5	1·7	1·8	1·6	1·4	1·4	1·2	1·2	1·0
East and West Ridings	"	0·9	1·9	1·9	2·2	2·1	1·9	1·6	1·8	1·4	1·3	1·1
North Western	"	1·6	2·7	2·8	3·2	3·2	3·0	2·8	2·4	2·3	2·2	2·0
Northern	"	1·7	2·4	3·3	3·6	3·5	3·3	3·7	3·5	3·3	3·0	2·8
Scotland	"	2·6	3·8	4·4	4·8	4·7	4·5	4·5	4·7	4·3	4·0	3·5
Wales	"	2·6	3·8	3·8	4·6	4·4	4·0	3·5	3·3	3·0	2·9	2·5
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	..	276	198	234	181	198	240	245	257	267	306	327
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	108	106	112	109	114	111	120	123	125	118–119[6]	...
" " *seasonally adjusted*	"	...	...	...	109	110	111	119	119	119	120–121[6]	...
Mining and quarrying	"	99	94	92	91	101	93	96	96	97	...	...
Construction	"	106	105	111	...	...	111[9]	...	114[10]	...	...	...
Gas, electricity and water	"	114	119	123	127	122	109	154	154	145	...	...
Manufacturing, total	"	108	107	114	110	116	113	121	125	129	...	...
" " *seasonally adjusted*	"	...	...	...	110	112	112	121	121	122	...	...
Engineering and electrical goods	"	111	111	118	115	117	117	122	129	137	...	...
Shipbuilding	"	108	109	101	104	105	101	97	97	95	...	...
Vehicles	"	115	118	131	141	126	129	152	151	158	...	...
Chemical trades	"	116	115	128	126	131	127	134	140	...	...	...
Textiles, leather and clothing	"	99	91	97	93	108	95	102	106	107	...	...
BASIC MATERIALS		M W averages										
Production of:												
Coal (7) (8)	W	'000 tons	4,301	4,150	3,963	4,002	4,367	3,973	4,074	4,095	4,106	3,665	3,988
Pig iron	W	"	275	245	242	221	231	241	298	302	312	311	299
Steel, ingots and castings	W	"	417	369	388	363	387	385	471	482	485	478	476
Sulphuric acid	M	"	194·7	186·8	202·3	208·7	194·3	207·6	225·7	217·4	239·8	...	...
Newsprint	W	"	12·55	11·81	12·87	12·54	13·94	13·94	14·14	14·56	14·69	...	...
Electricity (7)	M	mn. kwh	7,581	8,209	8,764	9,124	8,454	7,690	11,738	10,991	11,023	9,155	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·85	14·77	14·58	13·55	15·31	15·88	15·39	15·43	15·47	...	...
Worsted yarn	M	"	19·48	17·18	19·34	17·56	20·08	18·26	20·97	20·66	22·98	18·8	...
Rayon and synthetic fibres	M	"	41·32	35·18	42·89	37·28	36·91	38·85	50·88	50·28	54·64	...	...
Cotton cloth, woven	W	mn. yds.	31·4	27·8	25·7	24·7	27·6	26·5	27·2	26·9	26·0	...	...
Wool fabrics, woven	M	mn. sq. yds.	32·8	29·1	30·4	27·8	29·6	28·6	31·9	32·8	33·8	25·8	...
Engineering production:													
Passenger cars and chassis	W	'000s	16·56	19·84	22·88	20·54	25·12	22·98	29·57	28·60	32·00	30·17	...
Commercial vehicles and chassis	W	"	5·54	5·90	7·13	5·81	7·22	7·04	8·80	8·34	9·28	8·60	...
Internal combustion engines	M	'000 BHP	406	378	468	447	492	414	554	554	...	...	...
Metal-working machine tools	M	£'000	7,936	6,993	6,564	7,227	6,427	6,632	7,164	7,781	8,945	...	...
BUILDING ACTIVITY (7)													
Permanent houses completed:													
Total	M	000s	25·09	22·81	23·06	23·63	22·66	22·13	20·75	20·77	24·95	24·08	...
By private builders	M	"	10·54	10·68	12·56	11·47	12·41	12·24	11·17	11·28	13·07	14·17	...

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. Manufacturing employment for earlier dates is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Provisional estimate. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for second quarter. (10) Average for first quarter.

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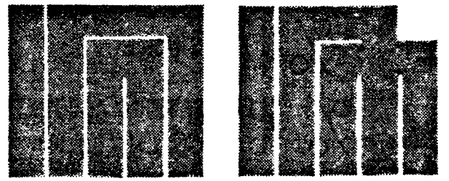

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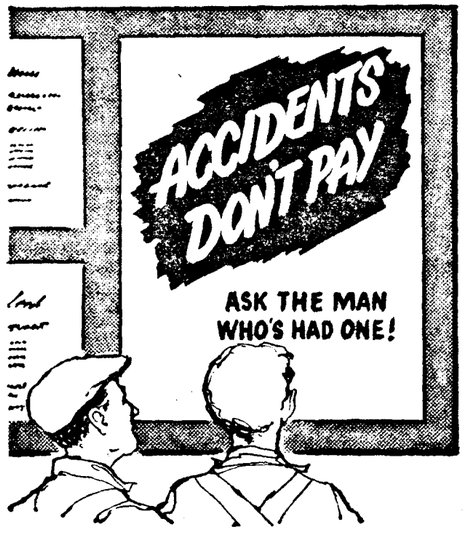

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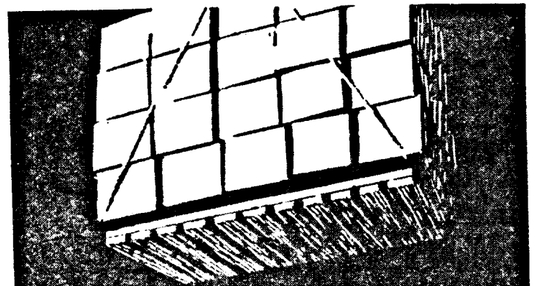

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Conditions of appointment and form of application may be obtained from The Registrar, The Manchester College of Science and Technology, Manchester 1. The last day for the receipt of applications is July 2, 1960.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of SENIOR LECTURER or LECTURER IN ECONOMIC HISTORY (with special reference to the period between 1500 and 1800). Preference will be given to candidates who have a special interest in European Economic History. Salary scales per annum: Senior Lecturer, £1,925 to £2,325; Lecturer, £1,050 to £1,850. Initial salary and status according to qualifications and experience. Membership of the F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than June 25, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF DUBLIN

TRINITY COLLEGE

JUNIOR LECTURER IN SOCIAL ADMINISTRATION

REVISED ADVERTISEMENT

Applications are invited for the post of Junior Lecturer in Social Administration; duties to be taken up on September 21, 1960, or as soon as possible thereafter. The person appointed will be expected to lecture and carry out research in the history, development and organisation of social services. Salary in the range £712 10s. x £47 10s. — £902 10s., with marriage and children's allowances, and with membership of a non-contributory superannuation and life assurance scheme. Initial placing will depend on qualifications and experience. £75 of the salary will be regarded as expenses allowance.

Applications (four copies), giving full particulars and the names and addresses of three referees, should reach the Registrar, Trinity College, Dublin, from whom further particulars may be obtained, not later than June 27, 1960.

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A bank proposes to appoint an Economic Intelligence Officer to build up from a base in London an Economic Intelligence Department to serve its needs for systematised access to up-to-date information on current commercial, industrial and financial situations and trends.

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Please send brief details in confidence, quoting reference S. 2437, to D. M. H. Evans. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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CYANAMID OF GREAT BRITAIN LIMITED,
Bush House, Aldwych, W.C.2

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Write, stating age and salary required and giving brief outline of experience, to the General Manager, 68 King William Street, London, E.C.4.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER in SOCIAL ADMINISTRATION. The person appointed will be required to undertake research and to assist in the teaching *of social administration with special reference to the problems* and organisation of the Hospital Service. Duties to commence on October 1, 1960. Salary on a scale £1,050 to £1,850 per annum with membership of the F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than July 4, 1960, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application *may be obtained.*

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Applications are invited for appointment to *SENIOR LECTURESHIPS* and *LECTURESHIPS* in: ENGLISH, HISTORY, ECONOMICS (Lectureships only), PHILOSOPHY (Lectureships only), MODERN LANGUAGES (French or *German).*

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An allowance for travel and removal expenses will be made to an appointee coming from outside Victoria. The University will arrange temporary accommodation for the appointee on arrival, and will assist him to obtain suitable housing in Melbourne.

Study leave will be available.

The newly appointed Professors of Physics (Dr. R. Street, Senior Lecturer, University of Sheffield) and of Biology (Dr. A. J. Marshall, St. Bartholomew's Medical College, London) have recently visited the site and are at present available *for personal inquiries in this country.*

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

Applications close on *July 18, 1960.*

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Qualifications: Hons. degree in one of the Social Studies, e.g. Political Science, Sociology or Economics. Teaching experience preferred but suitable student who has graduated this year in one of these *subjects might be appointed.* Successful candidate will be required to lecture in administra*tive behaviour and organisation.*

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BBC requires PROGRAMME ASSISTANT (British subject) for EAST AFRICAN SECTION of its AFRICAN SERVICE in London:

Duties include writing, adaptation and production of talks and feature programmes for transmission *in English and* Swahili in the BBC's African Service.

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Detailed applications *giving full particulars of education,* qualifications and experience to Appointments Officer, BBC, Broadcasting House, London, W.1, England, marked (reference 60.G.290 Ecd.), within fourteen days.

RHODES UNIVERSITY

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Applications are invited for the following posts, from January, 1961:

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The salary scales are:

Professor £2,200 x £100 — £2,700 p.a.
Senior Lecturer £1,590 x £60 — £2,010 p.a.

A vacation savings bonus, as in the Public Service, is also payable. Previous experience and academic qualifications *may* be taken into account in fixing the commencing salary.

Full particulars and *application forms may be obtained* from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in South Africa and London, on *July 31, 1960.*

UNIVERSITY OF CAPE TOWN

SENIOR LECTURER IN COMMERCE

Applications are invited for the above-mentioned post. Candidates *should have had* a thorough training in Economics and competence in Statistics is desirable. They should *specify* any *special qualification they may possess* in one or more of the following subjects: Business *Administration and* Finance; Industrial Administration; Marketing and Statistics. Preference will be given to candidates with special qualifications in Business or Industrial Administration. Practical experience as a business executive will be an advantage.

The salary scale is £1,700 x £100 — £2,000 per annum. The successful *applicant will be expected to assume duty on* February 1, 1961, or as soon as possible thereafter.

Applications (with copies of testimonials) should state age, qualifications, experience and research work *completed or in* progress, and give the names of two referees whom the University may consult.

Two copies of the application should be sent to the Secretary, Association of *Universities of the British Commonwealth,* 36 Gordon Square, London, W.C.1 (from whom further particulars should be obtained) by *July 22, 1960.* A third copy should be sent direct by airmail to the *Registrar,* University of Cape Town, Private Bag, Rondebosch, Cape Town, South Africa, to reach him by the *same date.*

The University reserves the right to appoint a person other than one of the applicants or to make no appointment.

STAFFORDSHIRE COUNTY COUNCIL

COUNTY PLANNING AND DEVELOPMENT DEPARTMENT

Applications are invited for the appointment in the County Planning and Development *Department of a Planning Assistant* (Research) on A.P.T. Grade IV (£1,065 — £1,220 per annum).

An Honours Degree is required in geography, economics or public administration, together with experience in research with an Institution, a University or in local or central government.

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Applications, giving details of age, education, qualifications, present and previous appointments, experience and the names of two persons to whom reference may be made, should be sent to D. W. Riley, County *Planning and Development* Officer, 41a Eastgate Street, Stafford, not later than June 30, 1960.

Relationship to any member or senior officer of the County Council *must be disclosed.* Canvassing will disqualify.

T. H. EVANS,
Clerk of the County Council.

SECRETARY/RESEARCH ASSISTANT required by Merchant House for Commodity Research Department. Commencing salary £750 p.a. L.V.s. Five-day week. Non-Contributory Pension Scheme.—Write to Box 1339.

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Applicants must be corporate members of the Town Planning Institute or hold similar professional qualifications or have a degree in Economics, and have had *experience in a planning* department.

Application *forms obtainable from the* undersigned must be returned by June 28, 1960.

R. W. DALE,
County Planning Officer.

41 Upper High Street,
Taunton,
Somerset.

CENTRAL OFFICE OF INFORMATION invite applications for a post of INFORMATION OFFICER (unestablished). This is an opening for a candidate with a serious and informed interest in current affairs, able to write from source material clearly presented, concise and accurate *reference* information papers. The successful candidate would be required to *specialise in Commonwealth, including* Colonial, affairs. A University degree, or equivalent qualification, is essential. Salary £1,205 to £1,415 (men); £1,180 to £1,389 (women). Five-day week; 22 days' annual leave.—Write, giving age, full details of experience and qualifications, to Manager (P.E.149), Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

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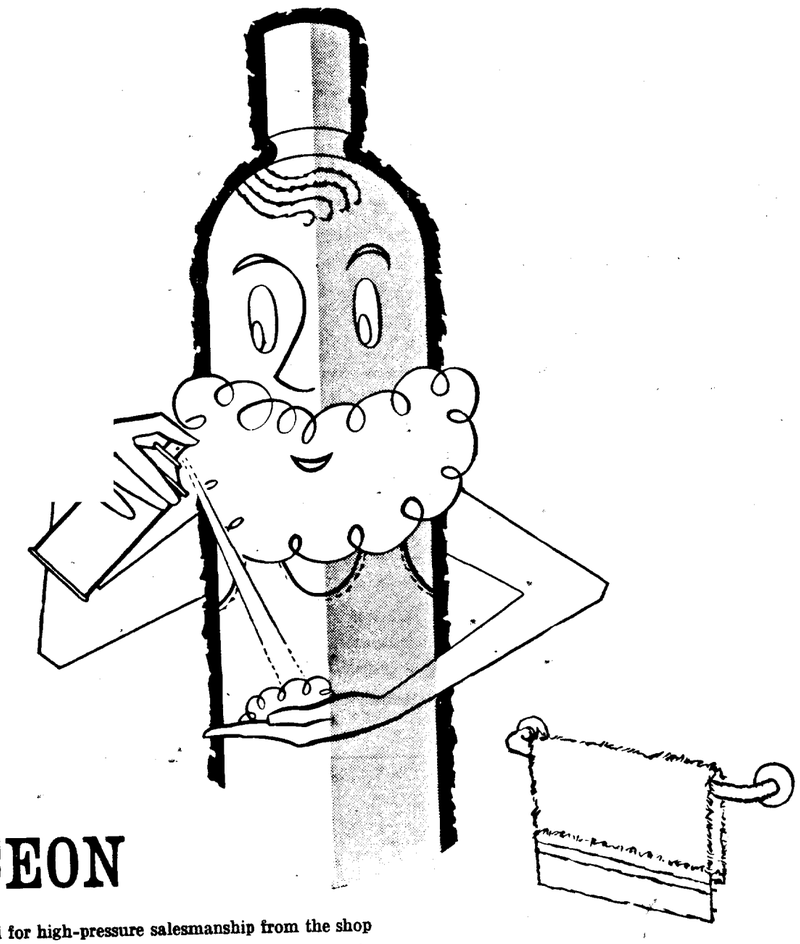

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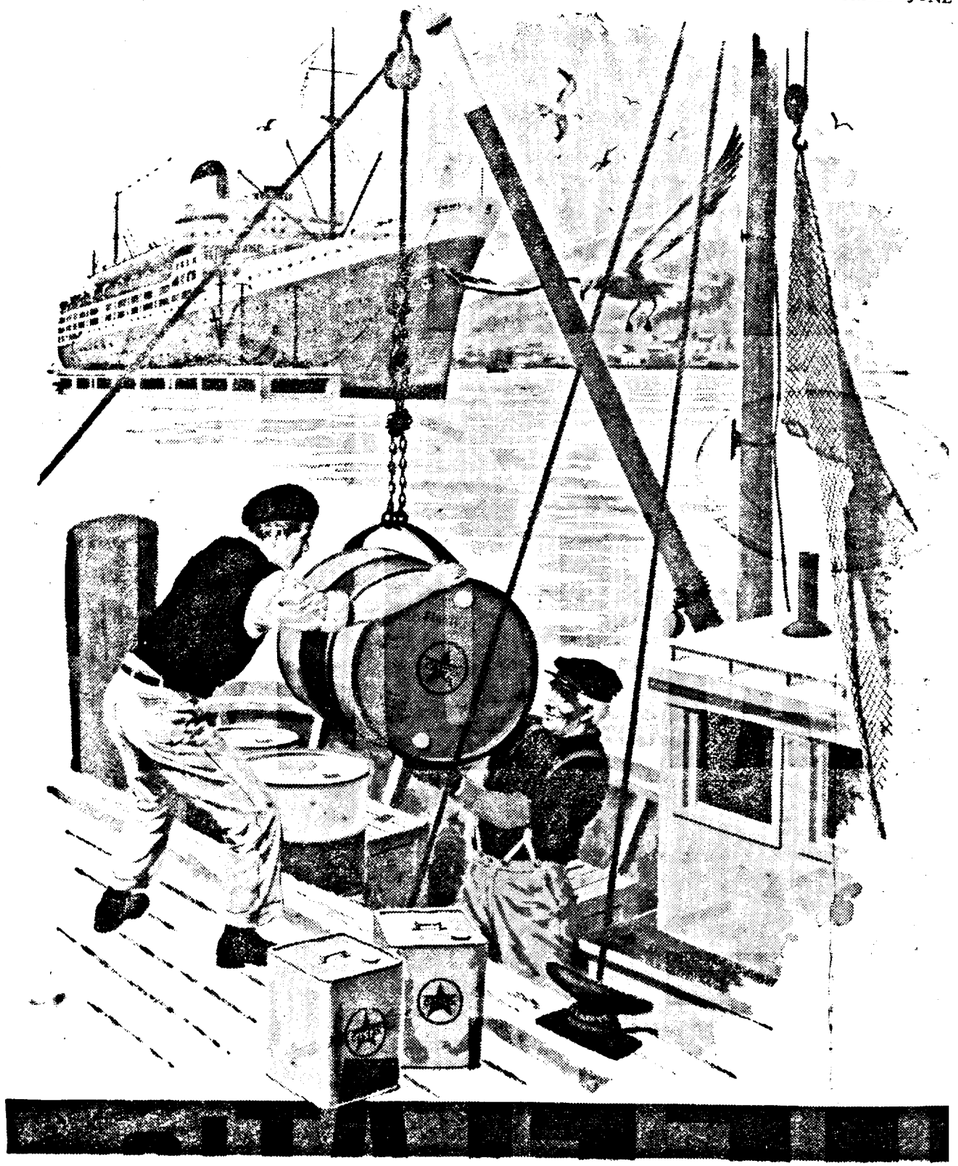

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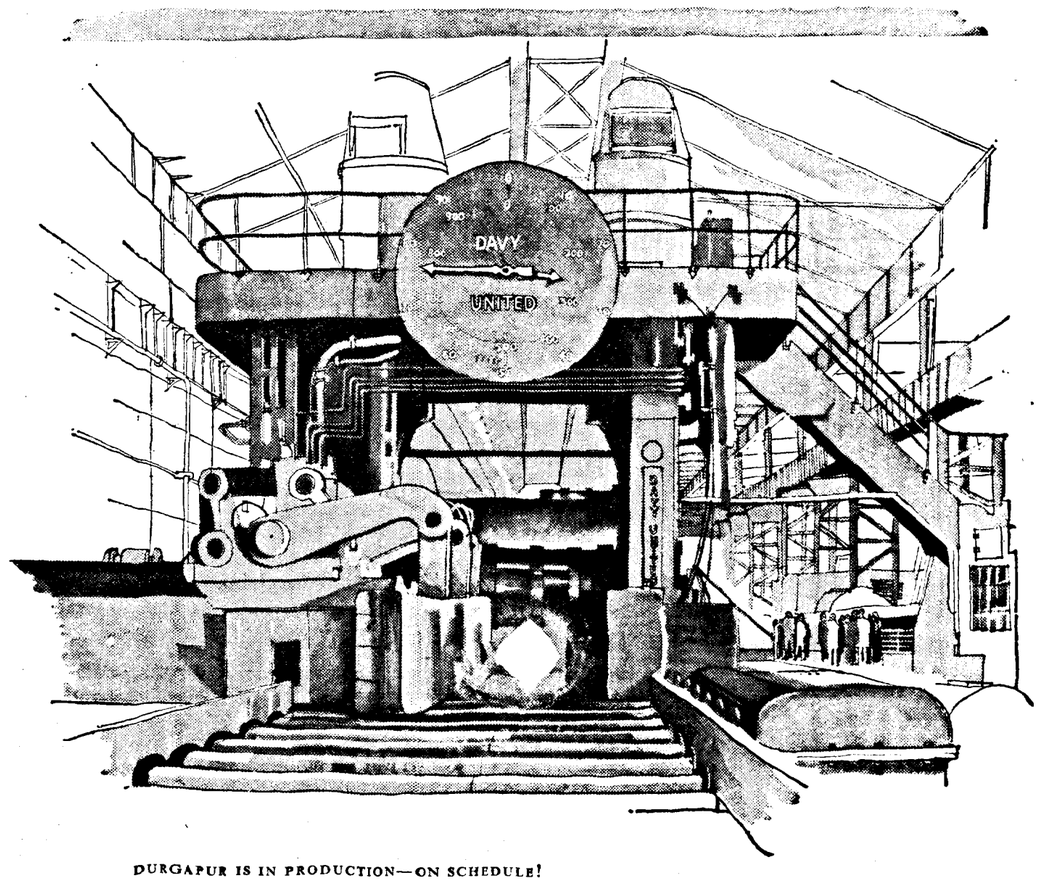

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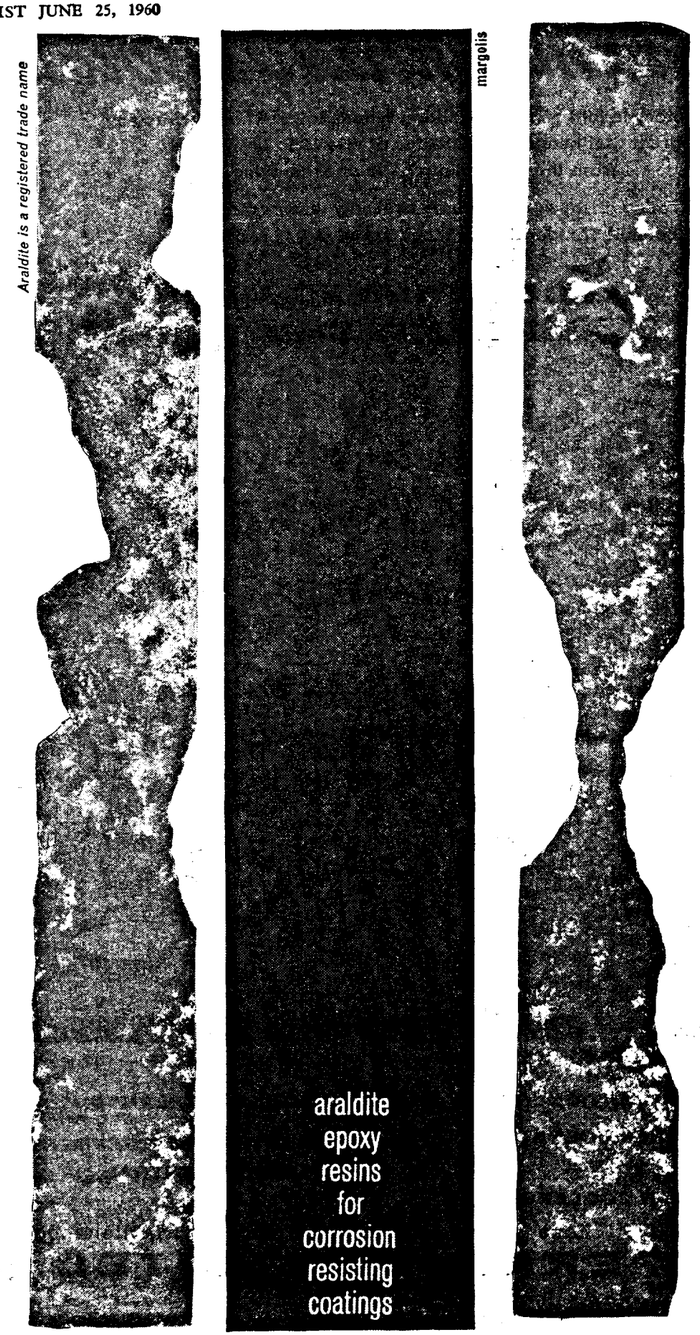

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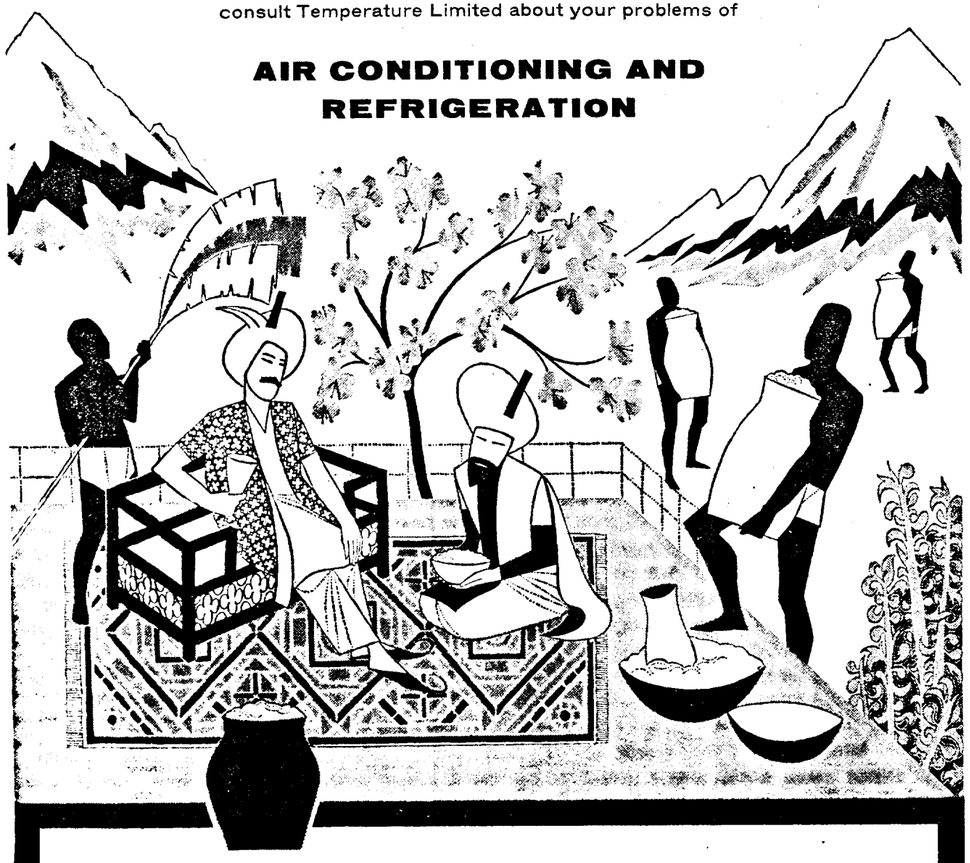

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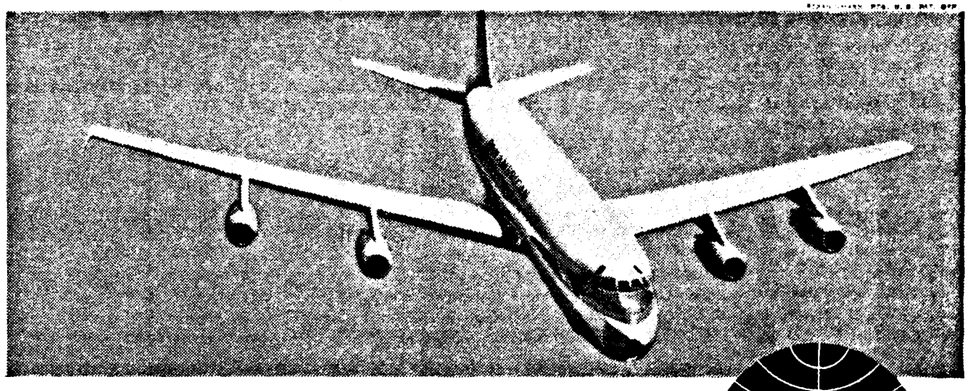

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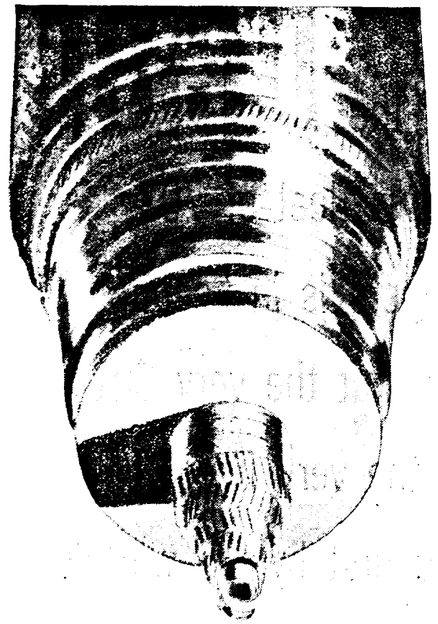

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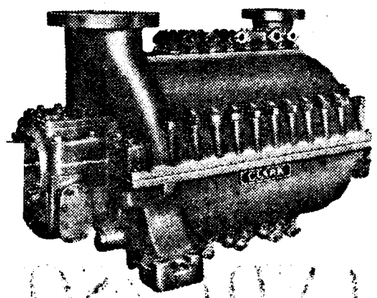

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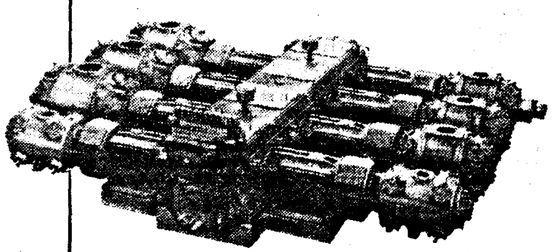

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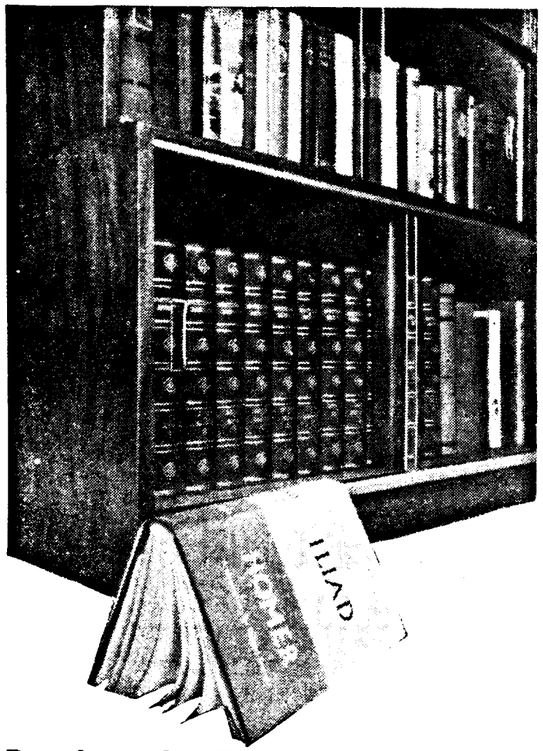

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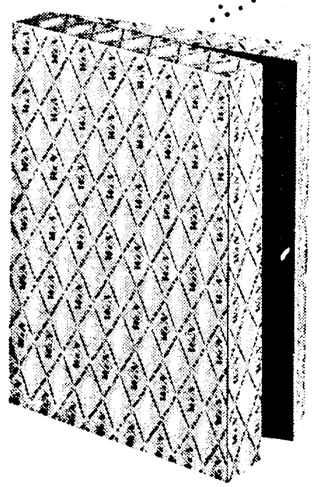

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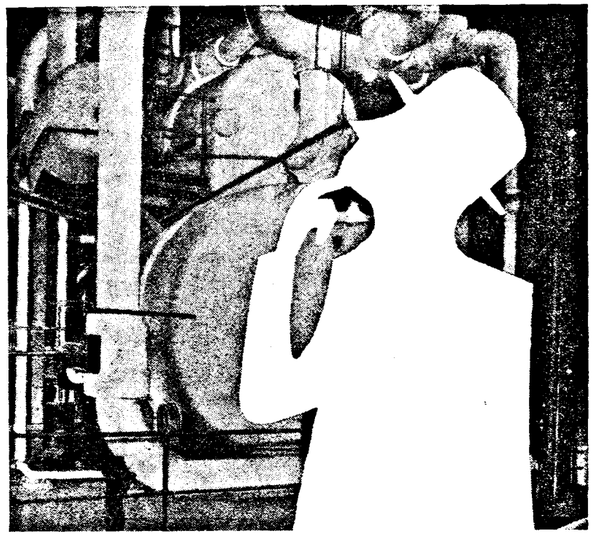

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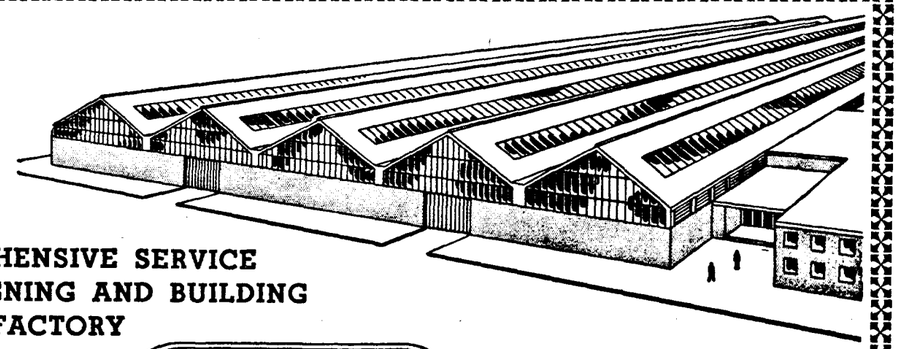

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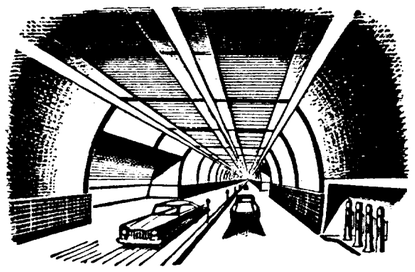

The Mont Blanc tunnel will take three years to complete and will cost an estimated £11,700,000. About four miles of the tunnel are being driven from the Italian side and the contractors, Società Italiana per Condotte d'Acqua, are using Atlas Copco equipment exclusively. Atlas Copco compressors, rock drills and Sandvik Coromant drill steels have been chosen for this project, regarded as a major contribution towards the unity of Western Europe.

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The Economist

JUNE 25, 1960

Six Per Cent 1311
Congo Express 1313
Algerian Armistice? 1314
The Scarcest Commodity 1315
Two Million Innocents Abroad 1317

NOTES OF THE WEEK 1318

Labour; Europe; Communist Block; The Health Service; Strikes; Far East; Germany; Pensions; Public Schools; Indonesia; Cambodia; Uganda; Antiques; Trust Territories; Law; Railway Advertising.

LETTERS 1328

BOOKS

Manifesto of a Whig 1330

AMERICAN SURVEY

New Spartans 1335

Rush Jobs for Congress; Financial Experiment; Breadbasket Politics; How Many Americans?; Atomic Hold-up; Dividing the Waters; Shorter Notes.

THE WORLD OVERSEAS

West African Manoeuvres 1345

Rebels with a Passport; Medicine for Turkey's Economy; Japan After Kishi; Eastern Germany—1: Towards the Promised Land.

THE BUSINESS WORLD

Regulating Hire Purchase 1353
Third Thoughts on Atomic Power 1355

BUSINESS NOTES 1357

Six Per Cent; Second Call of Special Deposits; Standstill for Public Investment; Bank Advances; Coal; Gilt-Edged in Perspective; Steel; Motors; Petrol Prices; The American Market; BOAC; ICFC; Price Schemes in Lancashire; Acetylene; Building; Anglo-Russian Trade; Hardwood and Softwood; Film Production; Shorter Notes.

COMPANY AFFAIRS 1384

Convertible Loans; Boots Pure Drug; Richardsons Westgarth; London County Freehold; Schroders and Helbert, Wagg; British Electric Traction; British Plaster Board; Allied Ironfounders; Caledonia Investments; Unicorn Trust; City of London Real Property; Wiggins Teape.

London and New York Stocks 1386
Money and Exchanges 1389
Prices and Wages 1390

Annual Postal Subscription by ordinary mail £4 10s. overseas £5; by air see page 1393
VOLUME CXCV - NUMBER 6096.

Six Per Cent

IN and by itself, the increase in Bank rate to 6 per cent on Thursday was a sensible stitch in time. To say this will be controversial. There is a strong school of opinion in Westminster and in industry, and perhaps even in the City, which will complain that the Chancellor has put in this stitch after looking at reports of economic pressure that were already out of date; according to this view, the signs of advancing inflation which have worried him—the buoyant retail trade figures in May, the disappointing performance of exports in that month, and industrialists' answers to the FBI questionnaire which were written at about the same time—all represented springtime blooms which by mid-June were already visibly withering on their stalks. What the Chancellor should have looked at instead, the critics will say, were the recent sackings by Hoover, the signs that other producers of durable consumer goods may be already beginning to feel the draught of his hire purchase restrictions and perhaps of a natural and cyclical decline in orders, and this week's news that the rise in bank advances has at last been virtually checked. By going to 6 per cent at a time when the boom was probably already past its peak, the Chancellor will be accused of running the risk that he may turn fading prosperity into an actual recession.

It is possible that events will show that the boom did indeed pass its peak earlier this month, and that Thursday's action was therefore unnecessary. But on the signs at present available Mr Amory could not possibly know for certain, and nor can the critics. The policy decisions which had to be taken this week were decisions that had to be made at a moment of considerable uncertainty. This is always a thankless sort of decision for a politician to face, but certain starting precepts are useful at such a time. Be humble in prophecy, but deliberate in action. Decide which is the greater danger, inflation or deflation—not necessarily greater just in terms of probability, but in terms of which could do the more damage at this opening of the season of sterling's greatest customary strain; and then resolve to act against that. Do not spend too long staring into the clouded crystal, but look in the book. The most appropriate book to look in first is a history book.

There is, at first sight, something very familiar about the course of Britain's economic problems so far in 1960. Most of the foreign bankers and economists now visiting London—and this is the season when they are here in flood, and the views that they will carry home with them are important—have recently seemed to be united in the judgment that they were attending a movie which we have all seen several times before. In the first four reels of the movie, according to this view, the Government has passed from January measures of restraint, through a February railway wage surrender, to an April budget that was designed to be just sufficiently stern to contain inflation, provided that everything else went exactly right, and then in the early summer to new and "special" forms of credit controls that seemed to be mainly designed to avoid resort to control through higher interest rates. The fifth stage, according to custom, is an economic debate in Parliament during its short working period between the Whitsun and summer recesses, in the course of which Government supporters congratulate the Chancellor for "acting so promptly this time" and Opposition members castigate him for "threatening full employment."

Britain last passed through all five of these stages in 1955 and 1951; it passed through three or more of the five of them in 1957, 1949 and 1947. And the

lesson from the history book is consistent. In each of these five summers those who feared that the Government was being too timid proved correct. The Chancellor had to resort to sterner measures in an atmosphere of crisis in the autumn. There was an autumn budget and the suspension of convertibility in 1947 ; devaluation in 1949 ; a new monetary policy in 1951; another autumn budget in 1955; and another new monetary policy in 1957.

In three of the five instances, moreover, the autumn measures of restraint were imposed just at the moment when the consumer boom was in fact slowing down of its own accord, so that production in the following year stopped rising ; but prices did not stop rising, because the increases in cost generated during the period of overdemand worked their way through into market prices during the new period of underemployment. Meanwhile, the Government had done its best to persuade both the country and itself that the measures it had taken in the autumn were bold and resolute ; it could cite the damping down of overdemand that followed them as a sign that resolution had paid off, but it had also to point to the continuing price rises as signs that to reverse these measures too early might be dangerous. So it continued to impede a recovery in production for longer than anybody would have thought necessary or desirable if it had earlier acted in time.

WAS there a danger that, without action on Thursday, the same story might have been about to repeat itself this time? Mr. Amory's critics would no doubt say that any resemblance between 1960 and earlier years is entirely coincidental. There has always been less danger of really deep economic crisis this year, it might be said, because foreign confidence in sterling and domestic confidence in reasonably stable prices are so very much stronger now, and because the central reserves are higher after three good years. There is a greater danger this year, it may be added, that the boom might already be spilling its way over into recession; it has been a boom very largely dominated by demands for motor cars and other consumer durables, which are notoriously subject to a trade cycle of their own, and the fall in these demands *post* (perhaps not entirely *propter*?) the imposition of hire purchase restrictions suggests that this particular cycle may already be over its top.

But nobody would gainsay these points. Similar points of reassurance or apprehension could be made in each of the previous summers that led on to crisis, as compared with the situations that had existed in earlier years. In the summer of 1957 it could be said that the state of demand was much less inflationary than it had been in the summer of 1955 ; in 1955 it could be said that the drain on the gold reserve was much smaller than it had been in 1951 ; in 1951 it could be said that there was no threat of the ultimate defeat of devaluation as there had been in 1949 ; and in 1949 it could be said that the internal balance of Sir Stafford Cripps's economy was much more satisfactory than the balance of Dr Dalton's and Mr Shinwell's in 1947. Yet in each of these years the Government's failure to take action in the summer obliged it in the autumn to take action which a stitch in time would have enabled it to mitigate or avoid.

There were therefore two questions that Mr Amory should have asked himself when pondering whether to take action on Thursday, each looking at the period immediately ahead but each with these past experiences in mind. Was there any possibility that the effects of continuing overdemand, the lengthening of British delivery dates, the recent disturbing failure of exports to rise as fast as imports, the increase in costs which industrialists say is already working its way into their accounts, and the recent strong foreign preference for the mark might lead to an intensification of the usual July to September strain upon the pound ? It would be presumptuous to say that there was a probability of any of these things happening, but to say that there was no possibility would have been mad.

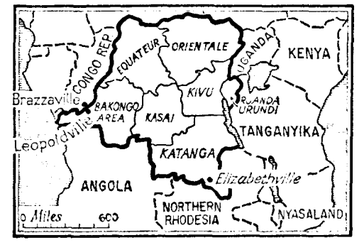
Secondly, if experience with a diminishing boom does prove that an increase in Bank rate to 6 per cent was in fact unnecessary, will a few months of increased restriction during the period of sterling's usual maximum seasonal strain be a major and lasting misfortune for the economy ? Or should it then be easy enough (and in some ways a positive advantage) to be able to plan the next budget on a re-expansionary course; to decide that economies in the October estimates need be applied only to the reduction of waste and not to the postponement of desirable educational and other social plans ; to lift the hire purchase restrictions in time to meet the winter unemployment peak ; to press down the accelerator the more smoothly as one enters the next straight precisely because one has been able to see more clearly into it as a result of taking this present dangerous corner with a cautious edging to the right?

THE way in which these questions have been phrased will show to what extent *The Economist's* own answer would coincide with Mr Amory's. It will also show to what extent we are now apprehensive that his emphasis in policy threatens to go quite considerably wrong. We do not pretend to know which is the more probable in the months immediately ahead, inflation or deflation. We do know which, in the months of sterling's usual seasonal strain, would be the more dangerous. This provides a strong case for any action which will have its maximum effect in safeguarding the immediate security of sterling in short-term dealings across the exchanges; for such action a rise in Bank rate is by far the best implement. But rather different considerations apply to the increase in the call to special deposits that was also made on Thursday morning, and very different considerations indeed to the economies in public investment to which the Chancellor referred on Thursday afternoon. An increase in Bank rate is easily reversible. An increase in special deposits (to judge from Australian experience, and from our limited experience here) probably takes longer to wreak its effect, and is certainly likely to take longer to reverse. Economies in public investment, by their very nature, cannot take effect until well into 1961, and it is far too early to pass judgment that 1961 is going to be an inflationary year. The signs are rather that it may be the reverse.

If by September the period of usual seasonal strain on sterling has passed without incident and if durable consumption shows sure signs of turning down, the Chancellor should then proceed promptly to planning a budget of tax reliefs and to other reflationary measures. The policy of raising Bank rate now, in short, should be accepted with frank recognition that it might be wise to reverse it in the autumn, that it might merely be a sensible policy of *reculer pour mieux sauter*. It was a necessary step because a policy of immobility might have proved to be a policy of *rester pour pis reculer*. That is probably bad French. It would certainly have been even worse economics. But to decide here and now to fall into a policy of longer term restriction, to mistake inflexibility for rectitude, that would be worse economics still.

Congo Express

M. Lumumba's efforts to hold his inheritance from the Belgians together deserve western sympathy and support



THE Congo's emergence as an independent state next Thursday is a capital event in African affairs. Not even Nigeria's appearance on October 1st can eclipse the dramatic test that M. Lumumba, his allies and his rivals are about to undergo. The grand assize is sitting. If the Congo does survive as a recognisable entity in the coming months, black Africa will consider that it has justified beyond question its capability for self-government elsewhere. If it disintegrates, as a good number of eyes covertly watching it from the south and east confidently expect it to do, the resistance to African emancipation in Africa's remaining colonial or semi-colonial territories could stiffen into horrified rigidity. Either way the problems of British policy will not be diminished.

The picture of the Congo, seen from Salisbury or Brussels this month, differs markedly from that presented at the conference of African independent states at Addis Ababa. The personal struggle between M. Lumumba and M. Kasavubu ; the threats of secession from the Katanga province ; the breakdown of local administration and the health and sanitation systems ; the mounting evidence of a reversion to tribal division and conflict—all these serve to stimulate European expectations of disaster. The African impression is very different. In Addis Ababa (and in other capitals besides) it is the last-minute Belgian manœuvring to place the trusted M. Kasavubu in power, the encouragement of Katanga secession by European industrial interests, and the troop movements in Northern Rhodesia and Angola that make most stir. This attitude is not only the outcome of obtuseness or the unreasonable suspicion of European motives. It is the measure of the image of European policy that African nationalism automatically conjures up when confronted with its own crises and excesses ; and the blame for that is not entirely African. It is an image that will be confirmed in African eyes if western policy is content to wait, with arms folded, for M. Lumumba to seek his own salvation wherever he can.

The present European recrimination against the Belgian authorities for their hasty abandonment of the Congo largely misses the point. The Belgians have never been under any obligation to white Africa to maintain the *cordon sanitaire* between Brazzaville and Lake Tanganyika ; no one can be compelled to conduct a police action for Dr Verwoerd or Sir Edgar Whitehead. The only legitimate criticism against Brussels is that, right up to the Leopoldville riots in January, 1959, it failed to envisage any circumstances in which the Congolese should be prepared for responsible self-government. As a result, the Belgian record in the Congo, for all its considerable labours and successes, is sadly destined to be written off in African history as the classic example of rapacious colonialism. To the African mind the manner of the Belgian withdrawal follows logically on the circumstances of the original royal acquisition. No sense of political mission ever succeeded in imposing itself: as a result the many Belgian criticisms of British colonial policy in the past fifteen years make peculiar reading today.

It is probable that, outside the unlikely event of a wider African political unity coming into being, the Congo's existing borders will eventually give way to new groupings that seem less artificial in the context of African allegiances and geographical facts. The Bakongo ambition to dominate a political grouping with some sense of historic and geographic unity in the lower Congo basin is not necessarily either unreasonable or ignoble. It can equally be argued that the form of economic community that is evolving in the Katanga and Northern Rhodesia encourages, inevitably, a common sense of identity when set against the interests of more pastoral and poorer communities in the vicinity. The real question is how such changes in the system of frontiers, linguistic as well as economic, that European rule has imposed can best be brought about.

AFRICAN nationalism is itself a patchwork of ambitions and pretensions. The boundaries it wishes to erect can on occasion be no less arbitrary than those of a self-seeking colonialism. Violent disruptions may still be unavoidable. Even so, changes contrived by European interests—and the machinations involving the Katanga have prompted a number of suspicions—can only arouse further African resentment.

M. Lumumba, having mustered the necessary parliamentary majority at the eleventh hour, is now determined to make the Congo work within its existing borders. How far Belgian activities since the elections last month have hampered his efforts remains uncertain. Other African leaders on the threshold of power have been able to rely on a dominant political party whose authority has become apparent in the preliminary struggle for independence. The natural outcome has been the unitary state that M. Sekou Touré and Dr Nkrumah have constructed: Mr Mboya is at present engaged in organising a colony-wide party of this kind in Kenya. M. Lumumba's intention to follow suit after independence is bound to be prejudiced by the continuing tribal and provincial consciousness in the Congo, and by the very federal system that the Belgians are leaving behind. It is clear from Wednesday's vote for the president of the senate that M. Lumumba's rivals mean to keep him on a very tight rein.

The Belgians have themselves lifted the last barrier to one-party rule in the individual provinces at the insistence of the Conakat leaders in Katanga. Even so, the best chance of orderly evolution rests with M. Lumumba and, as the federal prime minister, he will fall heir to the one effective source of central authority: the 25,000-strong *Force Publique* under its Belgian officers. If M. Lumumba fails to reach a workable arrangement with the provincial leaders, the temptation to enforce military control, however limited his resources, will be strong.

Western policy is still hesitant about supporting M. Lumumba's efforts to build a national state. His position is certainly weak, but his very weakness suggests that he will be prepared to accept support wherever he can find it. Whatever the concern of other African leaders, like Dr Nkrumah, to ensure that the Congo does not fall apart and provide political ammunition for white African publicists from Algiers to the Cape, independent Africa cannot sustain the Congo as Ghana once supported Guinea. The West should learn from the lesson of Guinea that African leaders left to stew in the juice of impoverished independence will inevitably turn to Moscow.

The eventual consequences of Soviet aid never appear as calamitous as imminent internal collapse for lack of funds. Congolese politicians have already turned up in Peking, and the Chinese have shown that they are prepared to intervene to some purpose wherever they can in Africa. The political orientation of the Congo in the coming months will be every bit as important to the West as the success or failure of General de Gaulle's efforts to reach a settlement in Algeria before the nationalists there resort, in desperation, to active alliance with the communist block.

The worst outcome for the Congo, and for its neighbours, would be if the centrifugal forces there were to bring about its disintegration before the remainder of central Africa has contrived to put its house in order. The former French colony of Congo has still to decide whether its future lies in association with the Bakongo peoples, or with the three other Equatorial states to the north. Portuguese Angola is still a question mark on the political map. Katanga's impulses to join Northern Rhodesia would have greater purpose if Northern Rhodesia possessed its own African government. A good many false openings and blind alleys will have to be explored before central Africa discovers its destiny.

To give this process a chance the Congo will have to be held together for as long as possible. The development of the Indonesian pattern of dissidence and revolt in the centre of Africa could be disastrous. The six provinces have some reason to make common cause for the moment, if only to ensure their own economic viability. This has been the chief Belgian argument: it can still come about, if the Americans and Belgians are prepared to back up M. Lumumba.

African leadership has embarked on a perilous course that can only arouse increasing fears of balkanisation. As our special correspondent reports on page 1345, west Africa is now engaged in a confused conflict of personal rivalries and ambitions. The divergences of African opinion have been made all too manifest at the Addis Ababa conference. The notion of "African identity" is already being obscured by differences between Ghana and Nigeria, between Mali inside the French Community and the four Entente states that are on the verge of leaving it, and between marxist Guinea and the Cameroun government of M. Ahidjo that employs French troops to keep down its communist rebels. If the Congo now adds to these elements of disunity and dismemberment in the new Africa, the whole liberal argument for African self-determination will be thrown into question with increasing force in those white African communities where it has never been accepted. Yet any such counter-attack can itself only add to the opportunities for communist exploitation. The wind force in Africa is mounting with express speed.

Algerian Armistice?

General de Gaulle must run risks in Algeria if French influence in Africa is to survive. The gamble is worth taking

THE Algerian rebels are going to talk in Paris: now the difficult part begins. The danger, even the probability, of failure has been reiterated on all sides this week. This caution is perfectly explicable, and it does no harm after the wordy optimism that has blown about Paris for five unregenerate years. Yet what may be needed more, if the difficulties of the coming weeks are to be surmounted, is the certain and abiding conviction within France of all that a Franco-Algerian settlement can do and bring about in Africa and in the Middle East. France can win more than peace in this gamble. When many Frenchmen are counting the cost of a settlement to themselves, the nation must grasp the wider opportunity. This is the speech that General de Gaulle has still to make.

The great, and perhaps decisive, change that has taken place in Algeria is that General de Gaulle has committed himself to negotiations with the rebels. He has to press ahead now; if the talks break down he will be the loser and MM. Soustelle and Bidault the only gainers. Officially, the Elysée maintains that there are just three topics to be discussed: a ceasefire, the disposition of weapons, and the future of the rebel combatants. These were the terms of General de Gaulle's offer on June 14th. The immediate question to be decided is whether the rebels are prepared to start within this formula.

Publicly, they are not. M. Ferhat Abbas's reply on Monday was in the name of the provisional government of the Algerian republic; and it declared that the French position was still distant from its own. The talks could thus founder if the rebel delegation, or even its initial envoy, insists on political preconditions that General de Gaulle is unwilling, or unable, to concede: no previous exchange has got beyond this point. Yet the studied moderation of language in the general's new offer, and the secrecy with which both sides have surrounded the preliminary moves, suggest a tacit understanding that it is now the talks, not the preconditions, that matter. Even so, each side remains under pressure from its extremists; every official assertion that nothing is, in fact, being given away neither helps the talks nor prepares opinion for any compromise settlement. The rebels' refusal to despatch their envoy in a French plane speaks eloquently of their suspicions.

For the moment, the opponents of compromise, on each side, have been unable to act with the force and decisiveness that they could wish. The Europeans in Algiers have not fully recovered their nerve since the collapse of the January insurrection. They seem to be awaiting a call to action from Paris, which MM. Soustelle and Bidault, without another General de Gaulle to summon up from Colombey, have been reluctant to give. The cantonal elections last month, even if they produced no effective third force, revealed the numerical weakness of the European extremists. Even so, if the Paris talks come to anything, the diehards must be expected to try their hand at some stage. Then, as before, the outcome will depend on the army.

SINCE January, the army in Algeria has been purged of its openly dissident officers, and it has kept aloof from the settlers. The danger is that it may insist that General de Gaulle upholds his promise to give it sole supervision of any Algerian referendum. It is plain that the army must remain on the spot with authority to preserve order; but it would be intolerable if this extended to military control of the polling booths. The gamble that General de Gaulle seems to be relying on is that, whatever it did not do in January, the army showed growing unwillingness to persevere in outright insubordination without a political lead from metropolitan France. The army professes to believe that in a true vote Moslem opinion will still incline towards France; if this belief is strong enough it has reason to comply with General de Gaulle's policy now.

At the same time, the Algerian rebels in the field are at their weakest, militarily, since the early years of the revolt. This seems to have tipped the balance in the leadership in favour of negotiation, although it may have been a narrow decision. At the very least, the rebels must feel inclined to test General de Gaulle's offer before confiding themselves to the distant, and dubious, mercies of a Chinese alliance. The need for this effort in Paris as the last alternative to inviting active communist intervention in North Africa has been powerfully argued in Tunis, Rabat and Cairo.

The clinching factor for General de Gaulle in attempting a compromise at this hour seems to belong less to the favourable situation in Algeria than to the unfavourable one rapidly developing in the French Community. The community has reached a turning point this month with Mali's accession to independence and the determination of the four Entente states in west Africa to become independent before deciding the terms of their continued association with France. The recognition of the Algerian rebel government by any, or all, of the states now emerging from French tutelage would be a stunning blow to France's commitment and influence in Africa, the very role on which General de Gaulle's national policy greatly depends. Everything now is at stake.

More than once in the past two years the political constellations governing an Algerian settlement have seemed more hopeful than they do today. General de Gaulle's tactics have evolved in uncertainty, evasion and nuance; even now there is no indication of a political programme beyond the promise of self-determination itself. He has spoken, at times, of partition; if this is still in his mind, the negotiations with M. Ferhat Abbas may soon run into deadlock. For the past two years it has been difficult to decide whether the Elysée has been following a consistent, if secretive, policy in Algeria, or merely reacting to events as they have imposed themselves on the general's understanding. General de Gaulle's chief purpose now may be to sound out rebel views on the form a compromise could eventually take. This exploration is indispensable. But unless he is then prepared to act with determination, and within the hard realities that a compromise with the rebels demands, the talks had been better not begun.

The Scarcest Commodity

British architects, building trade employers and Mr Gaitskell have all made strong attacks on the current use and misuse of urban land. But all parties should face some uncomfortable economic realities

BEHIND the complaints of ugly misuse of land made by the Royal Institute of British Architects (which has been holding its annual conference at Manchester), behind the report that there is a crisis in "Land for Housing" just issued by the National Federation of Building Trade Employers, and behind Mr Hugh Gaitskell's attack (in his speech to the Durham miners) on real estate speculators, lie some desperately uncomfortable economic facts. These are basically the outcome of sheer unshiftable arithmetical and geometrical relations. But they are so thoroughly masked by legislation, regulation and the institutional peculiarities of the real estate market, that wishful thinkers find it especially easy to pretend that they do not exist. This is the justification for restating the geometrical truisms and economic banalities which follow.

First, the geometrical truisms: an acre is an acre; a mile is a mile; within so many miles' radius of any urban focal point, only so many acres exist. The occupation of those acres by any given number of people, whether at work or in their homes, implies a given average density of building; this density can be lower in one area only if it is higher in others.

Next, the consequent economic banalities. The price of land within the sphere of attraction of urban centres is inevitably, on any reckoning, extremely high. Whatever use any site within the geometrically limited total is put to, other strongly competing uses must be sacrificed. This is equally true whether the reckoning is that of the free market or the internal accounting of an authoritarian planned economy, and whatever the balance struck between the claims of housing,

productive enterprise, public buildings, traffic, and humanly essential breathing space. The use of scarce and intrinsically expensive land as if it were plentiful and intrinsically cheap is misuse, comparable to the use of drinking water in the desert for shower baths. Preventing such misuse is an essential social job. To the address of Mr Gaitskell: that is the job of the land speculator. Buying, holding, and selling to the highest bidder, the speculator ensures that what is intrinsically scarce shall be appropriately priced and intensively used. He does not "drive up" prices; he makes a profit out of their necessary rise, which is quite another matter. If he misjudges and prices fall, he loses. (Whether this particular service is, in an expanding economy, so effortlessly rendered that its reward is too much of a windfall—and whether consequently some larger proportion of that reward should be taken back by the community—is another question. See below.)

To the address of the British Architects: the clash between the economic need to use central sites for the most intensive purposes (notably for the essential commercial nerve centres called offices) as intensively as possible (that is, getting the maximum of floor space into each site) and the visual requirements of pleasing design is not a clash between evil and good, between Mammon and the anti-ugly angels, but between two genuine social aims. (Whether present institutions, standards and habits allow a proper weight to the second of these aims is another question. See below.)

To the address of the Building Trade Employers: to complain that building sites are getting uncomfortably expensive and enforce an uncomfortably high price for the houses built on them is merely kicking against the pricks. Confronted with an absolute scarcity of land, people must recast their ideas about what constitutes an uncomfortably high outlay on housing—in proportion to the rest of their budgets. So must the providers of that housing. (Whether the present publicly imposed restrictions which intensify the present scarcity need modifying is another question. See below.)

WHAT has been said so far could apply to any scarce resource with an intensely inelastic supply. Land is, however, a special case in almost any society and particularly in Britain today. No other market is so distorted, so imperfect, so jerky in its action and so hemmed in by the effects—intended and unintended—of public regulations. The jerkiness is virtually inevitable. Buildings are long-lived; changes of ownership, whether of freehold or lease, occur at long intervals and sporadically; land effectively on the market at any particular moment is only a scattered fraction of the total. Hence a large part of the difficulty in planning, whether according to strictly productive criteria or wider social ones. Hence also the very strong case for subjecting the push and pull of the commercial market to much more social intervention than is appropriate elsewhere. The immediate advantage of developing sites A, B, C and D as separate entities when they come on the market is generally much less —materially as well as visually—than that of developing all four as parts of a related whole.

Another consequence of the slow turnover of land is, in an expanding economy, to make the man in possession automatically into a successful speculator. The urban or suburban freeholder (or long leaseholder of 30 or so years' standing) is typically occupying a large site which he could not begin to afford at its present market price; mere priority in date of birth gives him a current bonus in elbow room—and an eventual bonus in hard cash to him or his heirs—quite unrelated to his original valuation. To the absolute geometrical limitation of sites is added the limitation of availability—and the price of the available residue of land for new building is correspondingly higher.

To enforce a continuous reshuffle of land occupancy corresponding to its increasing scarcity would certainly be intolerable; but herein lie both the justification for compulsory purchase in instances of extreme need (a case which the Government accepts) and the case for a capital gains tax on land transactions (which the Government has not accepted yet, but for which there are very strong arguments). The 100 per cent development charge which the 1947 Act attempted to impose was a cumbrous failure, and has been abandoned; but some milder fiscal device serving a similar general purpose is overdue.

IT is inevitable that the general density of development should in practice always lag some way behind what is demanded by the real scarcity of land; but in Britain the lag is enormously lengthened. Outside the towns a social judgment, with which few would quarrel, has instituted "green belts" which cannot be built on at all; while similar judgments, whose wisdom (as the building employers' report vigorously argues) it is possible to question, impose low densities on such building as is allowed elsewhere. About the æsthetic and social merits of high and low density endless argument is possible; at least it will be agreed that compact village-type development and the best designed of the new housing estates make much less mess of the countryside than does low density building consisting of bad houses badly laid out. Here the British architects and the building trade employers join hands—or ought to; local authorities should be both reconsidering their development plans (which are often based on an underestimate of the demand for housing) and strengthening their architectural staffs.

The other great lag-producing influence, which both fixes millions of acres of urban land in uneconomic use and actively perpetuates urban hideousness, is rent restriction. Every occupant of a rent-restricted dwelling is being subsidised to live wherever he lives at present—typically in urban areas where land is scarcest and often in comparatively land-greedy terrace housing rather than a land-minimising flat. Simultaneously, he is confirmed, whatever his income, in the belief that an immovable low rent, and the standard of living in other respects which an immovably low rent permits, is his inalienable birthright.

The result is two-fold. Because rent-restricted tenants are immovable, the land their houses occupy is not available for more intensive building; often whole areas are degenerating because of rent control over the majority of local houses, and nobody is going to build desirable new residences on any sites that do fall vacant beside these rotting near-slums; the smaller residue of available land that is appropriate for building desirable residences is thereby made more costly. Building on that available land is consequently more costly too; the confrontation of the resulting high economic rent with the prevailing low rent mentality produces a situation in which private enterprise is helpless and public enterprise carries a shockingly heavy subsidy bill. "Urban renewal" essentially waits on full and final repeal of rent restriction.

Nothing will make it possible for today's and tomorrow's population to live as spaciously as did yesterday's within a given urban radius. Nothing justifies pretending that space is available when it is not, or that it is cheap when it is precious. Nothing will make the inter-related problems of land use and land values, of planning and individual and social rights, of legitimate expectations and the needs of a changing situation, of the proper calculus of costs, other than appallingly complicated. But at least this complexity is likely to be better handled if all concerned remember that a mile is a mile, an acre is an acre, and that one does not take shower baths in the desert.



Two Million Innocents Abroad

Fashions are changing for Britons who take their holidays overseas

LAST year, of the 30 million Britons who are estimated to have taken an annual holiday, no fewer than 2¼ million went overseas. For their grateful foreign hosts, British tourists have become as much a matter for statistical boasting as the rate of industrial expansion behind the iron curtain. Unfortunately, the statistics are often no more reliable. As the accompanying table shows, the number of British visitors claimed between them last year by Italy, Switzerland and Spain alone amounted to 2½ million, which is a quarter of a million more than the total number of Britons estimated by the British Travel and Holidays Association to have gone out of this country at all. Of course, "visitors" in the table includes all who travel for business as well as for pleasure, but the largest part of the discrepancy, as the footnote to the table shows, arises because most of the popular ways of totting up tourists' heads lead to large-scale double-counting. Nevertheless, certain obvious trends stand out.

Country	British visitors in 1959 ('000s)
Italy	1,458 (a)
Switzerland	636 (r)
Spain	510 (a)
	or 362 (s)
France	500 (s)
Germany	494 (r)
	or 1,750 (a)
Belgium	334 (s)
Austria (1958)	264 (r)
Netherlands	161 (r)
Norway	63 (a)
Yugoslavia	40 (a)
Greece	37 (a)
Portugal	29 (a)
TOTAL	at least 4½ million

Note:—
(a) = Arrivals counted at frontiers; this will include varying numbers of mere transients.
(r) = Registrations at hotels; though probably more accurate than (a), it omits campers, caravanners and so on, while double-counting those who stay at more than one hotel.
(s) = Special systems. Belgium divides the numbers of nights spent in hotels by the average length of British stay; Spain gives a revised figure for *bona fide* tourists. So do the French: their rough figure is probably more accurate than most being about one-fifth of all British arrivals in France.
(*Sources*: governments concerned.)

Although Thomas Cook nowadays offer a flourish of exotic holidays to any casual enquirer—including an African safari, a round-the-world trip (for £797), and fifteen days in Accra—overseas tourism for the Briton still overwhelmingly means going to Europe. And within Europe the flow of British tourists which before the war went to France and Germany seems now to have been partly diverted to Italy, Switzerland and Spain. Italy's impressive figure of a million and a half British visitors last year is no doubt wildly misleading. Nearly half of Italy's foreign visitors last year were "excursionists" (the OEEC definition of a transient who stays less than 24 hours); the British total thus presumably includes every passenger who fretted away two hours between planes at Ciampino. Switzerland is statistically a long second, with 636,000 registrations at hotels and other establishments; interestingly, despite the popularity of winter sports, between three and four times as many British visitors still go there in August as in January. Spain is comparatively discriminating in its count of heads: though it claims 510,000 British arrivals last year, it admits that only 362,000 of these stayed any length of time. Spain has been climbing the list rapidly; being generally sunny and (more important) relatively near and cheap, it is ideal territory for the travel agency package-dealer.

Germany's position in the table is higher than it is in British travel agencies' bookings. Many of its British visitors seem to be better off or more experienced tourists, travelling independently; they include a large number who annually motor through Germany on their way south simply in order to use the autobahns, spending a night or two on the way. Among the minor holiday centres, Greece's figure of 37,000 British visitors last year may seem unimpressive, but it has tripled since 1956; this is the biggest percentage increase of any country in that period, and one the British agencies and Mr Onassis alike are doing their best to encourage.

What do the British seek on their foreign holidays? One might hope that the new yen for Italy (last year, it had 27 per cent more British tourists than in 1958) indicated a growing love of culture, or even of scenic beauty. But the area whose popularity has grown fastest among Britons is the Adriatic coast, a featureless and largely cultureless expanse of sand; evidently the Briton's first main trait abroad is the desire to lie in the sun. His second is apparently a love of bourgeois (but not extravagant) comfort. Returns from Italian hotels reveal some interesting comparative information about the three main tourist nations. Americans dominate the "luxury" hotels. British and Americans share the less luxurious "first-class" hotels about evenly. In the "second-class" hotels British and Americans are outnumbered by the Germans, who dominate the "third-class" hotels, the

youth hostels, and the camping grounds. Last year, though British youth hostellers spent more than 400,000 nights in foreign hostels, there were still more than three times as many German campers in Italy as British and Americans combined.

Like everybody else, the British tourist insists on his inalienable right to take his holiday at the least comfortable time of year. Italy, for instance, is typical in suffering three times as many foreign visitors in August as in May. Many bookings for cross-Channel passages in late July and August are made up to a year in advance. Those that are not made a year in advance by cautious planners are likely to be made at the very last minute. There is almost a close season for summer holiday bookings, especially among the car-owning classes, in the spring and winter months; it is always Whitsun, the Automobile Association reports sadly, which reminds the potential motoring tourist that nothing is yet fixed, and sets him thereafter to sending in applications for car passages at the rate of 2,000 a day. These excessive peaks of tourism are the planners' despair; an infrastructure capable of dealing with the constantly expanding August rush is a liability for much of the rest of the year.

EVERYWHERE the trend is towards getting on to Continental roads, and off the railways. Among those who have no car of their own (or who do not trust themselves to drive on the Continent) coach tours have done well since the end of the war, when shortage of rolling-stock put an end to the old rail tours. Coaching's continued popularity is rather surprising, for today a coach holiday is relatively expensive—perhaps £55 or £65 for 14 days, compared with what is probably the most representative of agency holidays, the 10-day stay in one place (the "poor man's fortnight") for £30 or £35. Coach passengers, however, are clearly a fairly conservative group; one agency has worked out the average age of its coaching clients as fifty-six.

The real threat to established habits comes from the car. In 1937 the railway steamers carried 32,000 British cars on their French routes. In 1949 they took little more than twice that number. Last year they took almost 200,000—and the air-routes took another 85,000 cars. There are on average three passengers per car. These are ordinary travellers going to ordinary places; the value of the petrol coupons issued by the Italian government to British motorists has risen from 12½ million lire in 1951, to 108 million in 1957, and 359 million lire (£205,000) last year. The AA reckons that car bookings to the Continent will be up by 10 per cent this year.

But total bookings almost certainly will not be. Although travel agencies guard their figures jealously, for fear of tipping off their rivals in a highly competitive market, there is evidence that the boom in packaged holidays abroad is slowing down; some people are staying at home, and others are going less far than before—Northern Europe instead of Italy and Spain. Italian bookings have dropped sharply. Some of this reflects the once-in-a-decade pull of Oberammergau, some probably the unfavourable comparison of last year's disastrous weather in Southern Europe with Britain's ideal summer (and the hope that it may happen again this year). But a lot of it may be a sign of a new desire for independence. Whole new classes are growing accustomed to the idea of planning their foreign holiday themselves, taking their own car to roam where they will; it is becoming unsmart to go on a package holiday two years running.

All this adds up to trouble for some travel agencies; early booking is the essential of the trade, and by now some fingers look like being burned. This is particularly true of the small agencies; unrestricted by licensing laws, they have sprung up by dozens in the wake of the bigger businesses. But even if their part of the trade declines, it seems fairly certain that, given delivery of the new car, the continuance of economic prosperity, and a more typical British summer or two, the new milords from this country will go on pouring into Europe—in their millions.

NOTES OF THE WEEK

LABOUR

Troubled Waters

So long as Mr Gaitskell remains leader of the party, Labour will not go neutralist or unilateralist or pacifist. On the whole, the party's long-awaited statement of defence policy this week is more notable for its courage than for its wriggling. Inevitably, it does wriggle a bit. It seizes at the strong case (on grounds of efficient division of labour) for saying that provision of the west's nuclear deterrent should be left to America, and then uses this as an excuse for muttering some conveniently anti-nuclear views. It contains the essential pledge of loyalty to Nato, but it wishes that Nato would not have so many dangerous and effective weapons lying (or flying) about. It thinks that the alliance as a whole (not merely Britain) should rely much more on conventional arms and much less on nuclear deterrents; the West should never threaten to use the H-bomb first. It agrees (by implication) that American strategic bombers can remain here, but does wish that the Thor bases in Britain (which are vulnerable, as well as angering Mr Cousins) would go away.

Too much should not be made of all this. If a Labour government returned to power, it would keep Britain in Nato even when and if the other Nato members turned down this statement's ideas about which weapons General Norstad should be allowed to use (and in what proportions). Before Labour has much chance of coming back to power, Thor missiles will be out of date anyway. The equivocation about American bases—the worst part of the statement—is a rather half-hearted gesture towards one of the schools of party tacticians which has been advising Mr Gaitskell on how best he can avoid defeat at next October's party conference at Scarborough; the idea is that some unions (especially the Amalgamated Engineering Union) which have been committed by their own conferences to what have been assumed to be unilateralist policies—but were, in fact, much more specifically anti-American-rocket-base motions—might feel that they can vote in October for this statement.

If the new policy is turned down at Scarborough by a pacifist vote, Mr Gaitskell will try to mobilise the mass of the Parliamentary Labour Party to divorce itself from the conference's decision—and will resign if he fails. The fairest comment on this week's statement is that Mr Gaitskell has resolutely refused to change his basic views in order to avoid the showdown that could lead to this divorce, but also that he is not willing deliberately to court it; presumably this is because he is increasingly uncertain whether he would be followed in divorce action by the majority of Labour MPs—and, still more doubtfully, by the majority of his immediate lieutenants, many of whom have recently shown obvious signs of speculating whether his enforced resignation from office might not improve their own main chance of the succession. Yet every day that passes makes it more and more evident that only when Labour MPs have cut themselves free from their thraldom to the conference can Labour begin to rebuild itself as an effective radical force.

. . . and No Oil

ANOTHER incident this week should have rubbed home how difficult it is for Labour to formulate a progressive policy so long as its party constitution keeps it beholden to private pressure groups at its conference instead of to the general electorate. The National Union of Mineworkers is a pressure group which wields 687,000 conference votes and which thinks that industry should be obliged to buy all the coal that its members dig before anybody should be allowed to import fuel oil. Labour's national executive has now painfully hammered out a party policy on fuel. Mr Wilson revealed its main content last weekend.

It would be an exaggeration to call it a total surrender to the miners' demands. It is one of those familiar Labour documents of the Gaitskell era whose details are not quite as bad as its general tone implies. It represents a compromise between the pound of flesh demanded by an entrenched pressure group outside Parliament, and the few shillings' worth of *sottises* that the intelligent leaders of the parliamentary party can bring themselves to accept as "politically necessary" and perhaps "not too obviously damaging" to the policies which they really want.

This is an impossible way to run the affairs of a left wing party. The case of coal shows this even more clearly than the case of defence, for a left wing party should always be instinctively in favour of advancing the new instead of protecting the old. The effect on Labour's image before the public is disastrous. These "policy documents" nowadays pour out from Labour's national executive with one main propaganda aim: they are written in a way that seeks to persuade important voting blocks at the annual conference (whether they be blocks of left wing nationalisers, semi-pacifists, or industrial protectionists) that official party policy is nearer in temper to the policies they desire than in fact it is. The result is that the general public, which usually does not like the policies of left wing nationalisers, semi-pacifists, and industrial protectionists, takes this claim at face value. This week it should have been the Government that had an unhappy time over fuel and power policy, because it has had to cut back the nuclear power programme which it planned at the time when it wildly overestimated future oil and coal costs just after Suez. Labour's quite unnecessary formulation of its own fuel plan has managed to divert critics in mid-assault on fuel-foolish Tories to the familiar task of hitting the still more fuel-foolish Opposition.

EUROPE

Tiptoeing Forward

DESPITE the cool reception in the capitals of the Six for the first hints from Britain that it might be prepared to join Euratom and the Coal and Steel Community, a further step forward has now been taken. Last Friday the foreign ministers of Western European Union, to which these seven governments alone belong, agreed to set up an *ad hoc* committee to discuss whether Britain could in fact join. The committee held its first meeting in London on Wednesday. Its members are the ambassadors of the Six in London and Sir Roderick Barclay, deputy under-secretary at the Foreign Office, who is in the chair.

Not all the omens are propitious. The choice of a British chairman, natural for a meeting in London, could be a disquieting reminder of the experience of the Maudling committee on the free trade area. Little was achieved at the meeting on Wednesday. The ambassadors of the Six explained that they had no instructions yet. Nor have all the obstacles to British membership of the two communities been overcome—either in Whitehall or in the Six continental capitals. All the same the new step is important, and, as far as Euratom is concerned, the imagined difficulties on the British side—shortage of trained men, the problem of sharing knowledge acquired from the Americans—are likely to disappear under scrutiny.

But the dialogue that has just begun between Britain and the Six is bound at some stage to bring Britain up against the main objection of the Six—that if Britain wants to attach itself to the two lesser branches of the European tree it must in the end join the third and most important, the Economic Community, as well. For the Six have designed their three communities to serve one political idea, an increasing European integration, and to further that aim they may take steps as early as next year to merge the institutions of the three communities into one. As yet the British Government has not made up its mind to join all three communities. But now that it has started to talk with the Six, it would be most damaging to turn tail and retreat.

Leading the Seven

BRITAIN'S direct contact with the Six is bound to lead to anxieties among the other members of the Seven. That is why pains have been taken to inform them of everything that is going on and reassure them that Britain is not going to do a deal with the Six on its own. Obviously Britain cannot and should not abandon the group it has done so much to form. All the same, what the Seven do will in the end depend on where the British lead them. If Britain eventually reaches an understanding with the Six that it can join the economic community as a full member, then the Seven can be fitted into that context too—as full members or as associates.

There is a considerable body of opinion in the countries of the Seven that would welcome such a move, for to remain outside the common market is a pretty disagreeable prospect for countries heavily dependent on trade with it. But for Austria, Switzerland and Sweden there is the problem of their neutrality, which, they feel, precludes them from close political engagements. Appropriately enough, Mr Selwyn Lloyd and Sir Roderick Barclay left London for Vienna the day after the meeting on Euratom. The realities of Austria's problem will be rubbed home for Mr Lloyd by the fact that Mr Khrushchev is to visit Vienna next week, when he is expected to demonstrate the advantages of neutrality to the Austrians by offers of more trade.

All the same it would be wrong to imagine that the problem of neutrality is an insuperable obstacle to an agreement between the Seven and the Six. If the British once decided to join the common market, Austria and Switzerland could conceivably be fitted into it without certain of its institutional commitments. The crucial decision may be Sweden's, whose neutrality is neither an imposition from outside, like Austria's, nor an inherited though ageing doctrine, like Switzerland's, but a considered policy closely related to the struggle between east and west. The Swedish attitude may determine how far the rest of Scandinavia is prepared to go. A good many Swedes accept the fact that a European customs union—even a federation—will come one day. What they have to decide is whether they can afford to sit down and wait for several years, as many of them would like to do, when the community of Six is developing with unexpected speed.

COMMUNIST BLOCK

Bucharest Jamboree

THE meeting of the communist clans (from 46 countries) in Bucharest this week was plainly inspired by something more than friendly interest in the achievements and plans of the Rumanian comrades who have been holding their third party congress. The gathering was comparable to the meeting of the world communist movement in Moscow in December, 1957. Mr Khrushchev himself headed the Soviet delegation, and all the Communist leaders of eastern Europe were present except for Mr Gomulka who, rather curiously, was delayed in Warsaw until Thursday and Enver

Hoxha, the Albanian leader, whose absence was unexplained.

It is plain that Mr Khrushchev went to Bucharest in order to put the communist movement in the picture, as he sees it, about its relations with the capitalist world. The breakdown of the summit conference probably caused a good deal of doubt and uncertainty in the communist block; more important, Mr Khrushchev's policy of "peaceful co-existence" has not been universally accepted in Moscow and in Peking it is being, in effect, openly challenged. An article last week in *Red Flag*, the Chinese communists' chief theoretical organ, suggested that Peking did not intend to knuckle under to recent criticisms in the Russian press of its views on the nature of imperialism and the inevitability of war.

Mr Khrushchev took up the Chinese challenge on Tuesday when he made to the Rumanian party congress an important pronouncement in which he tried to provide a theoretical justification for his view that Lenin's belief in the inevitability of imperialist wars is no longer tenable in modern conditions. He said that now Russia and the whole Socialist camp had emerged as powerful forces one cannot go on "mechanically" repeating what Lenin said in quite different historical conditions. In due course, according to Mr Khrushchev, only a few capitalist states would be left "as small as buttons on a coat"; how could one then go on repeating that wars were inevitable because some capitalist countries still existed? The Russian leader said that if Lenin could rise from his grave he would take those people who still hold such views "by the ear" and teach them a lesson. This and other uncomplimentary references (by implication) to the Chinese cannot be well received in Peking, although the speech has been enthusiastically acclaimed in the capitals of eastern Europe. Peng Chen, the Chinese delegate in Bucharest, made a firm, though restrained, rebuttal of Mr Khrushchev's views. It remains to be seen whether Peking will eventually let the Russians have the last word.

Jugoslav Heretic

One notable absentee from the meeting in Bucharest this week was any Jugoslav representative. If one had been there, however, he would not have been very comfortable. However much communists in Moscow, Peking and elsewhere may disagree about the great and cloudy issues of peace and war they can always come together in comradely abuse of the one agreed heretic, Marshal Tito. The Jugoslav leader's comments on the breakdown of the summit conference—he failed to put the blame squarely and entirely on the West—have put him more firmly than ever in the communist doghouse. *Kommunist*, the Russian ideological journal, has added its measured criticism to Peking's persistent, vituperative sniping. And in Bucharest, on Tuesday, Mr Khrushchev strongly criticised the Jugoslav leaders for their refusal to co-operate with the rest of the socialist camp. Marshal Tito's refusal to acknowledge that it is necessary to have a socialist camp at all is, indeed, an unforgivable sin in more orthodox communist eyes.

Marshal Tito, for his part, continues to propound his views on the inability of the great powers to settle the world's problems. Without wishing, he says, to try to create any third block, he believes that if the smaller, uncommitted countries would bestir themselves more actively, they could play a useful role by helping to create a better atmosphere in the world. These ideas were expressed in the joint statement issued on Monday at the end of President Nasser's visit to Jugoslavia; and Marshal Tito will no doubt be discussing them with other visitors, from the Sudan and Indonesia, for example, later in the summer. But whatever success the marshal may, or may not, have in improving the international climate, the Russians and the Chinese will unite in condemning his efforts as a device to gain influence among the uncommitted countries.

THE HEALTH SERVICE

From Beads to Taxes

On Monday morning, the Minister of Health told his listeners at the opening of the National Hospital's centenary celebrations that the health service had not cast a blight on the hospital but had promoted its growth and enlarged its influence. On Monday afternoon, Sir Arthur Porritt, the new president of the British Medical Association, declared the organisation of the health service to be a dismal failure. Are these two statements contradictory?

The National Hospital for Nervous Diseases, founded as a tiny charity through the efforts of two sisters who raised £200 by selling ornaments made of beads and shells, had become one of the great centres of neurological medicine, surgery and research in the world long before the health service had been thought of. But the fruits of its work can now be carried to other hospitals in Britain, where, thanks to the resources of the health service, neurological units have been established. And the National Hospital itself could hardly be carrying out its extremely elaborate and expensive investigations and procedures if it could not rely on public funds.

It was not, in fact, the reliance on public money that Sir Arthur Porritt was deploring, but the machinery through which it is channelled. To run the health service he would substitute an "independent corporation" for the Ministry of Health, a corporation in which the medical profession would have at least equal representation with the layman and which would be free from parliamentary scrutiny for its day-to-day conduct. Sir Arthur is chairman of a professional committee now investigating all aspects of the health service, and his proposals are important as showing which way the committee's mind seems to be turning. But they are quite unrealistic. Even if the BBC and the University Grants Committee were as universally accepted as ideal organisations as Sir Arthur seemed to think, Parliament is not, and should not be, willing to shed any of its responsibility for a service costing £750 million a year. Now that taxes have replaced beads and shells, the taxpayer as well as the doctor and the patient has a right to be heard.

STRIKES

Not So Bad

Last year's loss of 5.3 million working days through industrial disputes was the second highest for any year since before the war; two-thirds of the lost days were accounted for by the six and a half week stoppage in the printing industry, with the various strikes in shipbuilding and motor vehicles adding another tenth. As more than 5,000 million days are worked in British industry every year, even last year's loss was no more than one tenth of one per cent of the days worked; in America the loss is regularly twice as high. Much of the alleged sacrifice of output that even this tiny figure suggests was not lost in fact but was made up by working overtime after the disputes were over. Strikes in Britain are certainly a less important source of general industrial wastage than sickness, absenteeism or restrictive practices.

WORKING DAYS LOST PER 1,000 EMPLOYEES

Industry	Annual average, 1949–1958*
Shipbuilding and repairing	2,000—5,000
Water transport and docks	1,000—1,500
Road passenger transport	500—1,000
Coal mining	500—1,000
Motor vehicles and aircraft	250— 500
Iron and steel	250— 500
Iron foundries	100— 250
Printing and publishing	100— 250
Railways	100— 250
Goods transport by road	100— 250

* The figures include days lost by workers indirectly involved. The estimates are therefore given as broad ranges.

Despite the publicity given to strikes in the motor industry, the industries with the worst records are still mostly the old and depressed ones, as the table below shows. Far away at the head of the league come those hardy perennials, shipbuilding and the docks; an unofficial strike in the Liverpool docks, where trouble has been endemic ever since the dispute between the "blue" and "white" unions started in 1954, is going on at the moment. Next most seriously affected are road passenger transport (bus strikes) and coal mining; the latter usually has as many stoppages each year as all the others put together, but they tend to be short and sharp. At the other end of the scale, less than one hundredth of a day a year has been lost through disputes since

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impalco was formed by these two great companies to give improved technical and supply service to industry.

impalco extrudes, rolls, draws and fabricates aluminium and aluminium alloys.

impalco delivers from stock the shapes and sizes most in demand by British users.

impalco sells through the world-wide sales organisation of Imperial Chemical Industries.

impalco aluminium products are obtainable through your I.C.I. area sales office.

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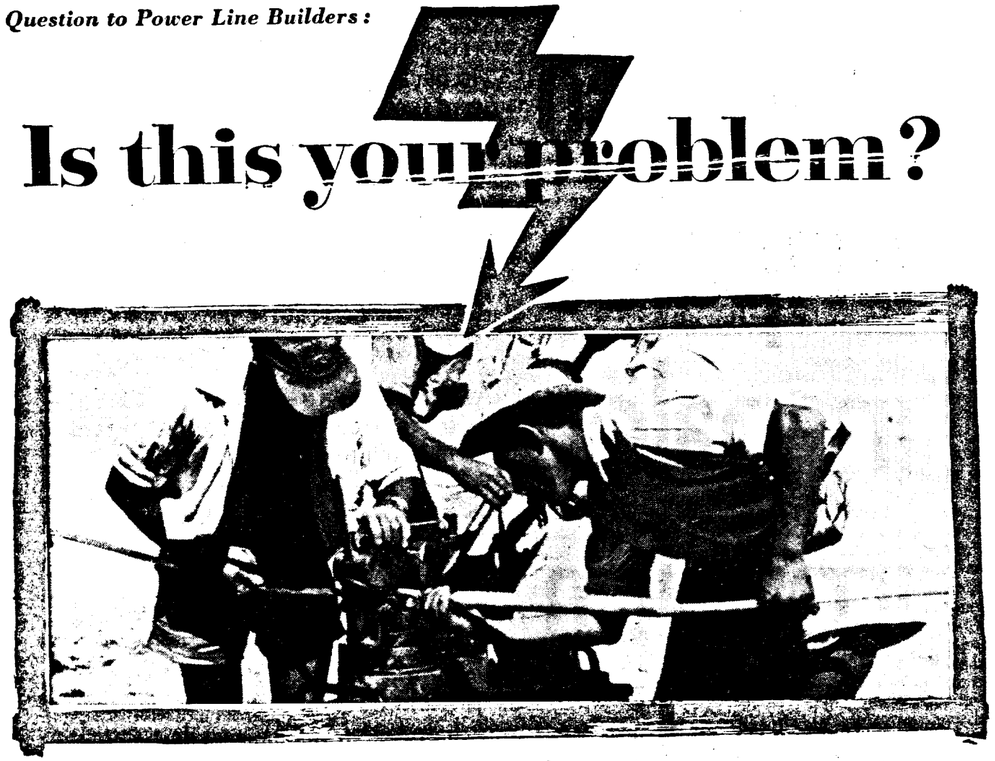
aluminium

Question to Power Line Builders:

Is this your problem?



Simple? Maybe . . . but splicing electrical conductors—even if they are Feral Cable—has to be done properly if the finished line is to be a first-class job. In fact, the splicing is of A1 importance for the proper functioning of any transmission line. It is not only a matter of knowing how it should be done, but of seeing that the work is carried out correctly at every joint.

For good electrical connections, both the conductor wires and the aluminium sleeve have to be carefully cleaned before the splice is made. It is important, too, that the sleeve should extend for an equal distance on either side of the joint. Other precautions are also necessary, such as seeing that the steel core is not damaged when the outer layers of aluminium conductor are cut away.

When customers are confronted with problems of line construction, Svenska Metallverken is always prepared to help in finding solutions by drawing on the extensive know-how which is available in Sweden. Come to think of it, there's a lot of know-how already gone in to making Feral Cable—*reliable* Swedish ACSR—available in such quantity and quality.

When planning power lines, consult

SVENSKA METALLVERKEN

Manufacturers of Feral Cable

Job done properly? When once a sleeve has been clamped on, it may be difficult to see whether it has been properly positioned over the joint. To provide an easy method of checking, Svenska Metallverken has developed this Position Gauge, which shows, quickly and precisely, whether the sleeve is centred or not.



All tools and fittings necessary for ACSR line construction are supplied by Svenska Metallverken, in addition to the Feral Cable. When required, too, experts are sent out to help line builders with construction problems.

FERAL CABLE DIVISION SWEDEN VÄSTERÅS · SWEDEN

1949 in such industries as boots and shoes, flour milling, drink, chemicals, and (not surprisingly) white collar employment.

FAR EAST

Tour of Subtopia

In spite of local successes, President Eisenhower's tour of the Far East leaves only the flavour of mortification. The visit to Japan was planned as an appendage of the visit to Moscow; the visits to the Philippines, Formosa, South Korea and Okinawa were ancillary appendages to the visit to Japan. In the event, the president only visited places of sub-presidential significance. Japanese mob politics having unexpectedly raised the overwhelming question of whether Japan was to be committed or neutralist, the rest of the tour was relegated to the level of a parochial charity fête. The cheers of Manila, Taipeh and Seoul were no more than a much needed solace in a heart-chilling performance.

The president's reception in South Korea was the most interesting because the least predictable. President Syngman Rhee having departed (after the tour had been arranged), the attitude of his supplanters to his erstwhile protector was a matter both for doubt and investigation. The outcome was favourable. Washington had adjusted itself with conspicuous nimbleness to the change in South Korean politics, and President Eisenhower found on his arrival that his Administration was accepted as a friend of South Korea and not merely of a particular faction.

Okinawa showed the other side of the picture. Originally the president had intended only to make the briefest of stops at the airport, but since the whole schedule had been relaxed after Japan dropped out, the visit to Okinawa was stretched to a couple of hours and a tour of the capital. A large force of Okinawan policemen and American marines failed to prevent a cordon of snake dancers from forcing the president to return to his aircraft by helicopter. The demonstrators were making the point that though they did not dislike Ike, they liked the Japanese more.

Now, and for the next few years, Okinawa ranks high in importance among the strategists of the Pentagon, and recent events in Japan have, if anything, increased this importance in their eyes. When the missile gap is closed, the strategists may change their minds, but until then the United States is as wedded to its rights in Okinawa as the British, for less obvious reasons, are to theirs in Cyprus. The Americans are becoming acutely aware of the problem, so irritatingly familiar to the British, of the value of a base in a territory in which they seem increasingly unwelcome.

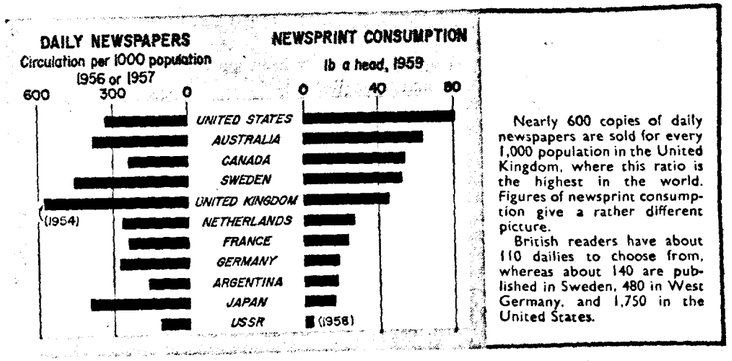
GERMANY

Partisans in Bonn

Political life in Bonn, remarkably quiescent after the summit failure, has revived now that Dr Adenauer has returned from his three weeks' holiday in the Italian alps. It has not taken long for it to become clear that the Chancellor is more than ever convinced that his unbending policies towards the communist world are right, and that they are best carried out by him and him alone. Since the Paris fiasco, the Social Democrats have made determined overtures for a bipartisan foreign policy. Dr Adenauer maintains that the only possible bipartisan policy consists of support for his own.

It is a disappointing position for the Social Democrats. Ever since Mr Khrushchev reopened the Berlin question they have been tending to swing into line behind the Bonn government in face of what they regard as a threat to a basic national interest. In May, before the summit meeting, Herr Ollenauer wrote to Dr Adenauer outlining the points where the Socialists were in agreement with his policies and offering further discussions. Formally, at any rate, the areas of agreement are large. The Social Democrats are all for a firm line on Berlin. Whatever their original doubts about the rearmament of western Germany, they recognise that the ties with the western alliance must now be preserved. They feel, like Dr Adenauer, that disarmament offers the best starting-point for east-west talks. They appear to part from him only in the suggestion that the atomic armament of western Germany should be held in check, and in the hope that a zone of limited armaments might open the way to serious talks on German unity.

Both west German foreign policy and domestic politics could, in fact, benefit from a more friendly exchange of ideas between government and opposition and a search for common ground. But Dr Adenauer evidently feels that he can gain greater electoral advantages by seeking to isolate and divide the opposition than by working with it. In any case, differences in attitude remain. While Dr Adenauer seemed to find it difficult to conceal his pleasure at the summit failure, and evidently views western Germany as the front-line post of a beleaguered civilisation, the Socialists see the failure in Paris as a sad setback for a process of discussion with the east which must continue until Germany is reunited.



Nearly 600 copies of daily newspapers are sold for every 1,000 population in the United Kingdom, where this ratio is the highest in the world. Figures of newsprint consumption give a rather different picture.

British readers have about 110 dailies to choose from, whereas about 140 are published in Sweden, 480 in West Germany, and 1,750 in the United States.

PENSIONS

Beyond the Welfare State

An increasingly damaging case can be stated against national insurance, especially as it concerns old age pensions. As insurance the scheme is a fake, adjusting premiums neither to risks nor to benefits. As a remedy against poverty, it is stingy to the indigent minority and it imposes irrelevant and elaborate cross payments on everyone else. Moreover—the case for the prosecution continues—the whole cumbrous machinery is becoming superfluous.

Such justification as it ever had rested on beliefs that are rapidly becoming outdated: that the working masses, earning little and often unemployed, simply cannot save for retirement, and that they typically constitute a *Lumpenproletariat* to whom thrift is alien. The National Insurance Act of 1959 began dimly to recognise the way that things are going, by allowing firms with adequate private insurance schemes to contract out of the additional "graduated" contributions it imposed (and out of the related graduated additions to pensions); but it did not go far enough in encouraging contracting out, and it superimposed the new system on the existing generalised welfare scheme, instead of setting out to recast it.

This case against the Act has been excellently stated in "Pensions for Prosperity,"* a pamphlet sponsored by the Institute of Economic Affairs. The pamphlet goes the whole hog. It thinks that the 1959 Act should be repealed and replaced by a residual public scheme for odd-men-out; encouragement should be given in specified

* "Pensions for Prosperity." By Arthur Seldon. Barrie & Rockliff. 48 pages. 3s. 6d.

ways to private pension schemes run by businesses, friendly societies, trade unions, clubs and churches; eventually national insurance should be progressively wound up, contributions repaid to working contributors, and a more generous national assistance scheme should then be left to serve the needy. The plan is coherent, well documented, and attractive. It is important because it shows the way that policy is likely to go as people begin to realise that the "public sector" of consumption in Britain today is over-extended and, more important, wrongly constituted for a prospering society. But one warning is worth uttering: those who wish to push forward amendments in either or both respects are more likely to be quickly successful if they do not allow themselves to become too strongly powered by an irrational distaste for all forms of public enterprise "mutuality." It is a mistake to suggest that a peculiar moral splendour automatically attaches to any act conceived in individual economic independence and a peculiar moral obloquy to the use of any public services.

PUBLIC SCHOOLS

Cutting The Rate

NOBLE hearts will beat more easily as a result of this week's decision by the Lands Tribunal to reduce the rateable value of Shrewsbury School to £9,500. Neither the school's governors nor Shrewsbury council had been satisfied with a local court's decision in 1958 to reduce the gross rateable value of the school from £14,000 to £10,000; the school said that the figure should be reduced further to £8,750, and the council said that it should actually be raised to £15,000. This difference proved too large to be bridged by the gentlemenly agreements that most of Britain's other 160 public schools have made with their respective rating authorities; the case, complicated by massive sets of documents arguing the various notional ways of deciding the total rent of an institution that is never likely to be rented as a whole, then went to the tribunal. Its findings, unless appealed against on a point of law, are final; they are obviously more satisfactory to the school than to the council.

This is a relief to other boards of governors besides those of Shrewsbury. Although they have mostly agreed any revisions in rates that followed from the 1955 Rating and Valuation Act, there was a feeling that if Shrewsbury council had won its case these agreed revisions would have looked too generous. Appeals for rate increases could then have followed. The decision will also help the eleven public schools that have still to agree with their local councils on their new assessment.

The decision by the tribunal was entirely a technical matter of rating; but inevitably the arguments before the tribunal embraced the whole field of public school finance. Higher rates would have meant higher fees, with the prospect of yet another squeeze on the pocket of the upper middle class parent. Unwelcome though this would be, however, it is not an argument for keeping down rateable values—a policy that would shift the burden of helping public schools on to the shoulders of local residents, a singularly unfair method of subsidy when a boarding school recruits its pupils from all over the country. National policy enters into this matter only in so far as a slightly dubious ceiling to public school rates is actually provided for in section 8 of the 1955 Act; but Shrewsbury, especially with its new assessment, is well below it.

INDONESIA

Dr Sukarno's Superiors

RETURNING to Indonesia after his foreign tour, President Sukarno made a speech on June 10th reminding the politicians that he was now not merely head of state but also chief executive, under the decrees he had issued before his departure. He added: "I have only two superiors above me, first, God almighty, and secondly, the people's consultative congress." Since the people's consultative congress does not yet exist, the Indonesian president was being too modest. The president, however, is now completing the new *Gotong Rojong* (mutual aid) parliament; in response to complaints that the 261 members he had nominated in March included too many communists or fellow-travellers, he has hand-picked 22 new members of whom 16 are Moslems. The main Moslem party, Masjumi, however, remains unrepresented because of its connection with the rebellion in Sumatra and Celebes.

The function of the "mutual aid" parliament is to help the government, not to criticise it. It is hard, however, to disguise the fact that criticism and opposition are on the increase. The new Democratic League, formed after President Sukarno's departure as a protest against his plan for a single-party state, includes Moslems and nationalists of various shades who are participating as individuals and not as representatives of their parties. To the Democratic League and the Masjumi should be added the more militant rebels who proclaimed a rival government more than two years ago and a federal union of Indonesian states (RPI) last February. Also in opposition, though no longer in active politics, is the respected former vice-president, Dr Hatta, who has just spent a few days in this country after a stay in the United States. Just before leaving Indonesia, Dr Hatta wrote a magazine article strongly criticising Dr Sukarno's failure to produce a more effective remedy for Indonesia's ills than blueprints that remain unimplemented. If Dr Sukarno's remaining supporters grow tired of their leader, they could do worse than turn in Dr Hatta's direction.

CAMBODIA

Throneless Head

IT would be ungenerous not to welcome Prince Sihanouk's acceptance of the general demand that he should become head of the Cambodian state.

Since Cambodia regained its independence under the Geneva agreements of 1954, which ended the Indo-China war, Prince Sihanouk has dominated his country's politics, whether in or out of office. At the time of independence, he was still king, but he took the unusual step of abdicating to form a political party, the Popular Socialist Community or Sangkum, which has since won two general elections with overwhelming majorities. He was succeeded by his father, the Cambodian sovereign being chosen by the numerous royal family from its own ranks. After the king's recent death, the prince created a regency council pending the next choice of a sovereign. This procedure did not meet with the favour of the army or politicians, who felt that only the prince, as the uncontested national leader, could become head of state. The regency council has now resigned and the constitution has been amended to allow the prince to become head of state without re-ascending the throne and in the absence of an alternative sovereign. Cambodia remains a monarchy, however, and Prince Sihanouk has taken an oath of fidelity to the vacant throne.

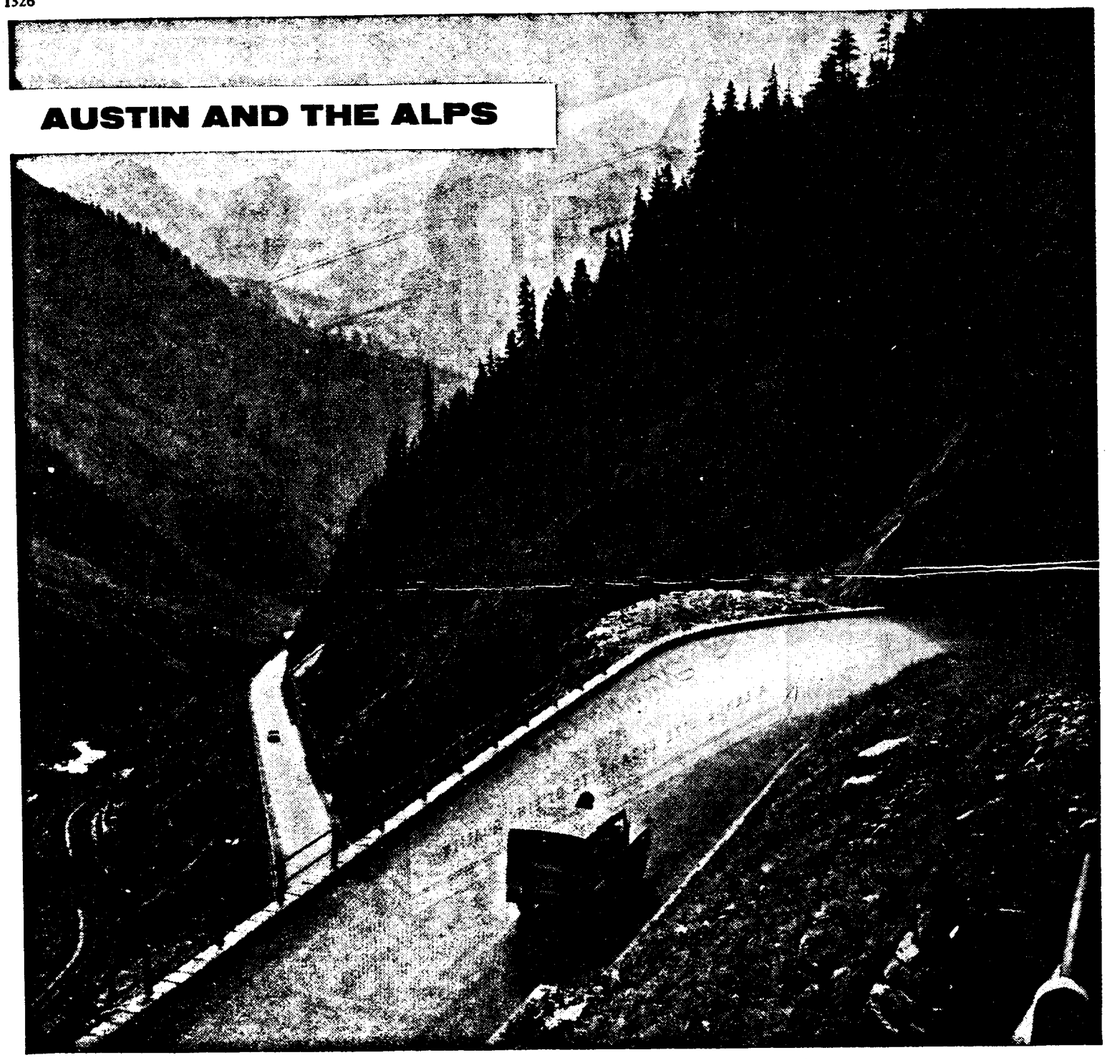
At the beginning of the month, Prince Sihanouk submitted his policy of "neutrality and peaceful co-existence" to a popular referendum and obtained the overwhelming majority that had been freely predicted. Whether he blows hot or cold, it is impossible not to be impressed by the success with which the prince has pursued his policy or by his capacity to confound the knavish tricks of his opponents. Cambodia now receives economic aid from the United States, Russia, France, China, Jugoslavia, Czechoslovakia and Japan, from the Colombo Plan and from the United Nations. Plotters against his life have fled to neighbouring countries and the prince recently denounced the machinations of the local communists who, he said, took their orders from north Vietnam. The only shadow in the picture is that the prince, who suffers from a heart ailment, has been resting and dieting to reduce his weight. His recovery is essential for the stability of Cambodia.

UGANDA

Historical Reminiscence

TALKS between the Colonial Office and members of the Ugandan legislative council began in London on Wednesday. The battle here is not mainly about when Uganda should become independent, but whether an independent Uganda should be democratically ruled or whether it should





EVERY YEAR between 350-400 motorists break down or get into difficulty on the 7,000-feet-high Grimsel Pass in Central Switzerland. 30-year-old Roman Sidler's job is to rescue them. Just that. To find them on the precipitous road . . . to repair their cars or tow them . . . and to see them safely on their way. And to do this job he uses an Austin Gipsy—the one he is driving in the picture.

MOUNTAIN CONDITIONS

If you've ever driven on an Alpine pass you'll know how steep they are . . . how the narrow road twists and snakes between the crags and sheer rock on either side . . . how it climbs and climbs until you think you simply *can't* go any higher.

It's not surprising break-downs occur. Cars are tested to the utmost by these roads, and the thin atmosphere and overheating produce highly unusual engine conditions.

TOURING CLUB OF SWITZERLAND

That's why the Touring Club of Switzerland operate this rescue service. For all the summer months, from early June until late October, when snowfalls close down the pass completely, Roman Sidler aids the traveller. Every half-mile or so along the mountain roads there are telephones: calls for help are passed immediately to Herr Sidler. His Gipsy is fitted with a radio system which flashes a signal whenever he is required—wherever he may be.

THE PULL OF THE GIPSY

Driving in the mountains requires the highest qualities of a vehicle. Of the Austin Gipsy he drives, in service since early 1958, Herr Sidler says: "The Gipsy pulls really well in these mountains. Its suspension and gearbox are first-class, too. And we always get excellent service."

Here are some more features of the Gipsy:
'Flexitor' rubber torsion suspension that needs no maintenance. 62 b.h.p. petrol or 55 b.h.p. diesel engine. 4-speed syncromesh gearbox with power take-off; high and low ratio auxiliary with f.w.d. All-steel body. Canvas hood or removable hardtop (£50 extra). Overall length 11' 7". Max. drawbar pull 3,000 lb.

AUSTIN

THE AUSTIN MOTOR COMPANY LIMITED
LONGBRIDGE · BIRMINGHAM

be a loosely-knit country in which the royal privileges of the Kabaka of Buganda and the lesser tribal chiefs are resolutely maintained. If the position in Uganda seems complicated to a British layman, he can perhaps be helped towards clarity if he makes certain imaginative assumptions. First, that everybody concerned is white; this should assist the inquiring liberal, who tends to be baffled by inability to sort out into black and white a dispute in which both sides are black. Second, that the Buganda traditionalists are clad in cocked hats and knee-breeches; this should avoid confusion with the strictly twentieth-century tensions in most other African territories. An obstinate king: demands for constitutional reform: trouble about taxes: inflammatory literature: for the Wild Report (which advocated democratic elections) read the Rights of Man. Most western countries have been here before.

The Kabaka and the lesser chiefs deserve as much sympathy as other traditional rulers who are marooned by the rising waters of change; but the struggle between hereditary privilege and nationalism is one in which there can be little doubt about the final outcome. Nor can any satisfactory way out be found by laying emphasis on separatism for Buganda. While the separate independence of many very small African territories has been sanctioned by its European-drawn boundaries, Buganda is separated from Uganda as a whole only by the rapidly vanishing barriers of tribalism. It is important that they should vanish. Across the border, Congolese independence is only a week off; the restrictions which were placed this month on assembly in certain border areas of Uganda recognise a real threat that could be wafted across the frontier.

It is possible that the newly-formed United National Party—which bills itself as a party of moderates—may be able to draw support outside Buganda as well as inside it; if it did succeed in gaining support as the party of a united Uganda as well as the upholder of local kingship, it would bring off a remarkable double. But it is more likely that modern nationalism will ultimately be triumphant. The British Government, in its qualified acceptance of the Wild Committee's recommendations, made it clear that country-wide elections must precede discussions on the future of the chiefs or on Uganda's political structure. The present talks stem from what were basically African proposals for an African state; that they are opposed by an African king should not disguise the fact that it is generally best for kings, of whatever race, to yield in the end.

ANTIQUES

Still Rising

As usual the antique dealers at their annual trading fair at Grosvenor House complained that it is getting harder and harder to come by their wares; but as usual there was a sumptuous display. And although there is pressure on the organisers to relax their date line of antiquity, a committee of experts still vetted each exhibit and allowed in only those made before 1830.

When the fair closed this week, some 25,000 people had visited it over its fourteen days. But the really big business is done mainly on the first day; although it may seem hard to believe that pieces of furniture at £4,000 or more have to be snapped up, the exceptional antiques are likely to be sold within a few hours of the fair's opening. American dealers were fewer: they have been declining in numbers over the last few years. Perhaps they have become suspicious that prices are inflated for the dollar market; in any case they can nowadays buy more readily at home than before. This lack of attention from the Americans does not seem to displease the dealers so long as the British are buying instead, which now seems to be the case. It was quite clear at Grosvenor House this week that prices of fine antiques are still rising and that the market remains very firm.

TRUST TERRITORIES

Hares and Tortoises

UNITED NATIONS visiting missions are now working overtime to keep the Trusteeship Council fully appraised of the progress of its charges. The mission to Tanganyika heaves an audible sigh of relief, in its latest report, at the harmony and racial peace which pervade that territory, and its encomiums to the British are only slightly less effusive than those to Mr Nyerere and the Tanganyika African National Union. Independence is round the corner, the report says, adding urgently that what is now wanted is capital to maintain the territory's economic impetus and a scheme to enable the British administrators to stay on (Commonwealth Relations Office kindly note).

Some of this optimism may be misplaced; but Tanganyika is no problem compared with neighbouring Ruanda-Urundi. The visiting mission there has now gone off to concoct its report which will not be ready until after the neighbouring Congo is independent. The UN will probably endorse Belgium's plans—to create a "Community of Ruanda and Urundi," to convert the two hereditary rulers into constitutional monarchs (as Britain has tried to do to the Kabaka of Buganda), to set up local councils, provincial councils and a joint community council. Who Belgium intends to use for councillors is not much clearer than it was in the Congo. Belgium, says the Resident General of Ruanda-Urundi, intends "to subordinate the granting of independence to an indispensable probationary period of democratisation"; to this, too, the visiting mission is unlikely to take much exception, for Belgium also proposes to bring Ruanda and Urundi delegates to Brussels for a conference in August. The precedent for a quick retreat thereafter is ominous, and the United Nations may find that it has to provide an international "*force publique*" to keep the Watutsi and Bahutu apart.

LAW

Decline at the Bar

THE forebodings about the state of the Bar expressed in *The Economist* early this year (January 9) have been confirmed by the annual statement of the Bar Council for 1959. Although 88 barristers began practice during the year ending last September, 112 abandoned the Bar, leaving the profession with only 1,923 practising members, probably an all-time low. The figures make the report of Mr. Geoffrey Lawrence's committee on partnership at the Bar all the more urgent; but it now seems, despite many meetings, that this report will not be issued before the autumn. Meanwhile a positive step has been taken by the council in entrusting the Young Barristers' committee with the task of ascertaining the reasons that have caused barristers to cease to practice during the last five or ten years and the fortunes of those who have stayed. The idea of getting the patient to report on his own condition is an excellent one, and the young barristers will be helped to conduct the project by the National Institute of Economic and Social Research. They should concentrate on defining the exact financial difficulties that deter able young men from practising at the Bar.

This year the Bar Council has certainly done all it can to improve the lot of those who have any briefs at all. Fees are up at Assizes, Quarter Sessions, Magistrates' Courts, and Courts Martial. The council should now settle the vexed question of the scale of fees for devilling and bring the present haphazard system of payment to an end. Discussions have taken place with the Law Society about assimilating the professional examinations for barristers and solicitors, but with no apparent concrete results. The sooner assimilation is brought about, the better for everyone—but especially the Bar, whose exams remain a disgrace to a profession that takes pride in calling itself learned.

RAILWAY ADVERTISING

"The Choice is Yours"

THE advertising convention against "knocking copy" has, where identifiable brand products are concerned, a hardly less than Mosaic force. (Indeed, it is hard to think of any one of the Ten Commandments which is as generally and conscientiously observed.) To say that a rival's

product stinks, shrinks, explodes, rots the lining of the stomach, or merely constitutes the worst bargain since Esau's pottage, is simply Not Done; and the taboo on overt aspersions generally includes not only individual products (which are, after all, backed up by the law of libel) but the whole class of goods or services to which the advertiser is asserting his own competitive superiority. True, one may gently imply, without actually asserting, that soap in general (as distinct from those superior detergents Foamo and Whizzo) leaves a revolting scummy ring round the sink; or that any producer of synthetics who gives the public to understand that there *is* a substitute for wool is a shocking liar; or that coal fires are (by comparison with So-and-so's oil furnace) grubby and drudgery-producing, or that central heating is (by comparison with a coal fire) un-cosy and inhuman. A really brutal comparison, openly and unambiguously presented, is however a revolutionary rarity.

The British Railways Executive's current display advertisement sets a new standard in brutality. It juxtaposes aerial photographs of (a) an express train speeding majestically on its way, and (b) an immobile block of cars, coaches and lorries solidly wedged in a subtopian avenue. It hardly needs its four-word caption—"The Choice Is Yours." No specific product is "knocked"; but the invitation not merely to buy a railway ticket but to refrain from buying petrol, oil, tyres, or coach seats, not to mention the family car itself, could not be plainer—or, one can in present circumstances reasonably add, more salutary. The road interests could, of course, hit back. Another pair of photographs could with equal justice show the beginning or end, rather than the course, of the journey; the independent and carefree motorist loading up or unloading at his own door, the harassed and burdened train passenger queueing sheeplike at the platform gate or the station bus-stop amid jostle, soot, uproar, and peremptory yells of "*Mindjerbacks!*" And that might, in a different way, be salutary too.

The convention against specific "knocking" is probably sound. It rules out a lot of dirty fighting in a game where temptation is strong. But an occasional glimpse of those facts of life which the convention does so much to conceal has its undoubted uses. For once in a way, two cheers at least for British Railways.

SHORTER NOTE

On June 11th, we said that Mr Humphrey Berkeley, the Conservative MP, had been retained by the government of Ghana as its public relations adviser in London. Michael Rice Ltd., the public relations firm of which Mr Berkeley is a director, has now informed us that the contract has been signed with the company, not with Mr Berkeley personally; and Mr Michael Rice therefore protests that our statement was a "fundamental error."

LETTERS

The D-Mark

SIR—The persistent firmness of the D-Mark and the resulting influx of gold is likely to cause much embarrassment both to Germany and to the rest of the free world. The only natural and really effective way of checking it would be for the German authorities to allow the development of a moderate degree of inflation, just sufficient to restore equilibrium. Since, however, the memories of 1923 seem to rule out that solution, the next best thing would be to discourage the influx due to speculation on a revaluation of the D-Mark.

Ours is a cynical world, and official denials of intention to revalue the D-Mark are not likely to carry sufficient conviction to check and reverse the speculative demand for D-Marks. What is needed is not words but action—some form of legally binding guarantee by the German authorities against revaluation.

This is not so fantastic as it sounds. Actually there is at least one precedent for it. In 1957 the Netherlands Bank bought forward D-Marks, in an effort to discourage transfers of Dutch funds to Germany for interest arbitrage, under the guarantee of the Deutsche Bundesbank. This fact has never been disclosed beyond a vague reference to it in the Annual Report of the Netherlands Bank for 1957 to having been "greatly assisted" in its sales of forward marks "by an arrangement with the Deutsche Bundesbank."

If only some such operations were to be undertaken now and if the facts were officially announced it would, I think, effectively dispose of revaluation rumours. For nobody would imagine for a moment that the Bundesbank would give such guarantees unless it was fully satisfied that a revaluation was out of the question.—Yours faithfully, PAUL EINZIG
London, E.C.4

Gallup Polls

SIR—In your interesting review of "The British General Election of 1959" by D. E. Butler and Richard Rose you say that the authors seem to suggest that "... but for an almost fortuitous Tory recovery in the last ten days, they might have found themselves writing a very different sort of book," and later state that the authors "date the Tory recovery from the moment that Mr Gaitskell devalued himself as a statesman with his income tax pledge."

These interesting observations have now become almost one of the myths of the 1959 Election. There is no evidence from the public opinion polls that this in fact did happen. On the contrary if one looks at the figures on voting intention from August to October one finds that there is nothing in *them to indicate a switch of any significant* size. The figures below show the position on the dates when the polls were published:

	Con. %	Lab. %	Lib. %	Don't know %
31st August ...	42·0	37·0	7·0	14·0
14th September	43·0	36·0	5·0	16·0
21st September	42·5	39·0	8·0	10·5
28th September	43·0	41·0	6·0	10·0
5th October..	41·9	40·6	4·1	13·4
8th October..	44·2	40·6	7·3	7·9
Weighted average	42·8	39·5	6·3	11·4

If the "Don't knows" are excluded from the calculation then the position on voting in Great Britain as shown by our polls as against the actual result was as follows:

	August	Poll published on polling day %	Weighted average of six polls* %	Actual result %
Conservative ..	48·9	48·0	48·3	48·8
Labour	43·0	44·1	44·6	44·6
Liberal and Others.....	8·1	7·9	7·1	6·6

* A weighted average is necessary because samples are not all of equal size.

It will be seen that—allowing for the errors inherent in the sample size being used i.e., between 1,000 and 2,000—except for a slight gain to Labour and a *fall* in the "Don't knows" there is nothing significant in the changes shown during this period. It seems more true to say that little happened during the election to alter voting intention but that there was a slight increase in Labour support. I would draw your attention to the fall in the "Don't knows" during this period as it is yet another of the election myths that there was an increase in the "Don't knows" during this election.—Yours faithfully, R. M. SHIELDS
National Opinion Polls Ltd.,
London, EC4

Election Finance

SIR—In your trenchant comments on the inadequacies of the existing electoral laws, you seemed to miss the point of Labour and Liberal complaints. To a large extent they are based upon the belief that their parties suffer at the polls because only the Conservatives can afford to run their party organisation on a large scale and in a businesslike manner.

It is quite possible to reject the placing of limitations on politically relevant advertising on the grounds that proposals so far made to level down expenditure are of doubtful efficiency—or else so efficient as to be a threat to what many regard as their right to free expression. But it might be worth considering a dissipation of grievances by narrowing the gap through the levelling up of the resources of Labour and the

Liberals. Two possible ways come immediately to mind:

1. An increase in the individual dues and trade union affiliation fees paid to the Labour party. (This would increase the party's cash resources, if not its independence of the unions.) The Liberals would not, however, benefit.

2. The provision of an Exchequer grant for use by party headquarters, to be given all candidates who save their deposits. This grant, made annually or after each election, could be a flat rate sum or calculated according to votes received, or constituency campaign expenditure. The poorest party, the Liberals, would benefit most in proportion to their current income; the richest party, the Conservatives, would gain relatively least.

As long as a feeling, however well or poorly grounded, exists among two of the three parties that the election law is unfair, ways of removing the grievance must be canvassed in hopes that the government may see fit to appoint a committee to investigate the charges and consider a variety of reforms with regard to their practicality, efficacy and intent.—Yours faithfully, RICHARD ROSE
Nuffield College, Oxford

*

SIR—Your notes on electoral law prompt me to suggest some changes which would save public money—and introduce a little more competition into our elections.

Firstly, since the principal parties seem to have plenty of money the present free distribution of an election address by the GPO should be abolished. At one per household this represents some 30,000 unsealed envelopes. At 2d. each this costs the public some £250. An extravagant candidate who sends an address to each person might well cost the public between £500 and £600 in postage. This seems quite unnecessary. An enthusiastic party could, after all, arrange its own distribution; a wealthy one could pay.

Secondly the requirement of £150 deposit should be abolished. This merely helps to shield the two major parties from inconvenient competition, and narrows the range of choice in front of the elector. It should be replaced by a fixed nomination fee which would not be returnable. This could be purely nominal e.g., £5 or it could be £25 or so. It might well be fixed to bear some relationship to the costs involved by putting an extra name on the voting slip—whatever that cost might be. If fixed at £25 or over, it should deter the purely frivolous, without preventing the steady emergence of a new party.

If the fact that these suggestions come from an ex-Liberal candidate be the subject of adverse comment, may I quote Kipling:

"The toad beneath the harrow knows
Exactly where each toothpoint goes.
The Butterfly upon the road
Preaches contentment to the toad."

—Yours faithfully. JOHN G. WALKER
Gomersal, nr. Leeds.

Jamaica

SIR—I was somewhat surprised by your conclusion that our premier is either a half-hearted federationist or a political trimmer. Both suggestions are quite untrue. If anyone were in doubt they had only to listen to Mr Manley's moving broadcast call to the people of Jamaica on the subject of the forthcoming referendum.

Mr Norman Manley's Government has been suffering constant irresponsible sniping from the Opposition on the subject of federation. When Sir Alexander Bustamante, in desperate search for an issue on which to challenge the government, finally decided to come out against federation the premier's decision to meet the challenge with a referendum was the correct one.

The next step is to secure revision of the federal constitution on lines that Jamaica, with half the population of the West Indies, can accept. Given this indispensable condition, rest assured that Mr Manley—with his party united behind him by the Bustamante challenge—will fight for Jamaica's continued participation in the federation. And, given a constitution that he can sincerely advocate, the premier will win the referendum.—Yours faithfully,
Kingston, Jamaica ROBERT KIRKWOOD

Common Market

SIR—You now advocate full-scale participation in the European common market, and discount the importance of the conflict that this would create with the Commonwealth preference system. I agree with your assessment. But in the past, concern with the Commonwealth connection has not depended merely on the uncertain advantages of preferential trading arrangements. It has also depended upon the idea of the sterling area as a co-operative monetary mechanism. The sterling area countries have a common interest in resisting the impact of fluctuations in economic activity originating from outside the area, and in doing so by methods which may involve the use of quantitative restrictions against, and the suspension of convertibility of sterling for, non-members of the area. If Britain becomes a full participant in the European common market, it will become infinitely more difficult for such co-operative resistance to be organised, should the need arise.

This argument, arising from the monetary rather than from the commercial facet of the *Commonwealth connection*, has been made inapplicable in present circumstances by the Government's policy. The formal return to convertibility has set the seal on a series of measures which, since 1953, have proclaimed the abandonment by the present government of any intention of using the sterling area as a co-operative means of defence against slumps. Convertibility is king, having driven out other objectives which might make its authority questionable in less favourable circumstances than we have lately enjoyed.

Should something happen to upset the monetary arrangements to which the present government have committed themselves, and bring back into vogue the idea of a sterling area monetary club, the incompatibility between the latter and full participation in Europe will have to be taken seriously. The fact that you do not consider this indicates no more than that *The Economist* holds the views on monetary policy which one knows it holds; in other words, that present arrangements ought to be permanent, and the sterling area monetary club, with its implications of limited convertibility and discriminatory quantitative restrictions, forever bygones. Not all of your readers, however, agree with this suppressed premise of your argument. Some may remember that the gold standard restored after such painful effort in 1925 had to be abandoned only six years later, and by a government of the same political complexion as that which had restored it.—Yours faithfully,
Stanford University, J. R. SARGENT
California

Israel

SIR—The suggestion by Mr M. Harris that Herut is responsible for much of Israel's social progress is almost as ludicrous as that which refers to the ultra right-wing successor of the Irgun Zvai Leumi as "liberal."

Your correspondent was, of course, correct when he gave Mr Ben-Gurion's administration credit for a number of far-reaching measures of reforms. The Israel Labour party of which Mr Ben-Gurion is the leader and which since the establishment of the state has been the senior partner in the coalition government, is well known for its non-doctrinaire approach and for its determination to place nation above party.

Mr Harris says: "In Israel the disenchantment with the 'socialist dream' is growing." In fact at the recent general elections, Labour gained considerably.—Yours faithfully, H. PINNER
London, NW4

Language

SIR—You note the "fear that the new European trade blocks will continue to discriminate . . .". I think most of us know what is meant, but, as *The Economist* is a leading, unchauvinistic contributor to the clearest English, perhaps here is an opportunity for you to unblock an Anglo-American difference in spelling. Wouldn't "bloc" (which was filched anyhow, regardless of the spelling) have been a little more useful here?

Lord Keynes is reputed to have suggested, during the negotiations for settling Lend-Lease claims, that the Americans might pay rent for 300 years' use of the language. A reasonable suggestion, his American counterpart is said to have replied, but there would be a counter claim for repairs and renovations. Presumptuous—but was there just a bit of truth in the idea?—Yours faithfully,
Washington, DC JOHN O. COPPOCK

BOOKS

Manifesto of a Whig

The Constitution of Liberty
By F. A. Hayek.
Routledge. 580 pages. 45s.

RETURNING after a fifteen-year interval to the theme of "The Road to Serfdom," Professor Hayek offers not a merely topical sequel, another super-pamphlet, but a major work, written *sub specie aeternitatis;* a deeply considered manifesto on freedom and unfreedom and the institutions favouring each. That manifesto falls into three parts. The first shows "why we want liberty and what it does"; the second examines, via history and jurisprudence, the safeguards to liberty developed by western man; the third applies the principles thus disclosed to "some of today's critical social and economic issues", notably various aspects of the welfare state. This triple structure is a magnificent achievement, the work of a first-rate mind in the service of a high ideal; but its magnificence is that of the leaning Tower of Pisa, skewed at its foundation and pointing a long way out of true.

The skewness derives from Professor Hayek's perfectly legitimate definition of freedom by reference to its opposite, coercion. "'Freedom' refers solely to a relation of men to other men, and the only infringement upon it is coercion by men" —this is manifestly more useful, as it stands, than those more figurative definitions that equate freedom narrowly with civic participation, or subjectively with Stoic or Christian non-attachment, or sloppily with power. But what constitutes coercion? "Such control," answers Professor Hayek, "of the environment or circumstances of a person by another that, in order to avoid a greater evil, he is forced to act not according to a coherent plan of his own but to serve the ends of another." Later, he identifies this control with the power of arbitrary command. Anything short of arbitrary power backed by force leaves its object free to adapt himself as he chooses; his freedom, consequently, is unimpaired. It follows that "coercive" power should be monopolised by the state and kept to a minimum; a minimum permitting, as Professor Hayek later concedes, the coercive use of taxation for a substantial range of public purposes, but emphatically excluding such interference with private decision as inheres, for instance, in nationalised monopolies, compulsory state insurance, or interventions in the pricing process.

To define coercion thus narrowly is perfectly permissible, but unrealistic. For what people feel as lack of freedom—in Professor Hayek's own sense of relationship with other men—is subjection to duress, however exerted; by an employer wielding powers of dismissal, a landlord wielding powers of eviction, a buyer or seller wielding power to deal on Jacob's terms, no less than by a "coercive" authority in the defined sense. Competition minimises such pressures; but even given no more departure from textbook competitive conditions than is implied by the sheer indivisibilities of an advanced, highly specialised economy, occasions of duress must arise as unforeseeable circumstances catch one or another group with their heads in Chancery and enable others to apply a half-nelson. Not all such victims can be extricated; not all should be. But to exclude the exercise of state power as a countervailing safeguard against private duress (from blackmail downward) is to diminish, not increase, liberty as normally experienced. Any such conclusion raises a conflict—freedom against freedom; for its implications clash with the practical requirements of that palladium of liberty the Rule of Law, in whose name Professor Hayek would deny all discretionary latitude to administration. Such denial demands either a more detailed exercise of foresight than any legislature can manage, or the abandonment of any attempt to mitigate duress. No liberal would disagree with Professor Hayek that administrative discretion is an evil; but that evil requires to be weighed against others unrecognised by his definition of coercion.

In Part III this semantically-induced bias, though still operative, matters less than does a value judgment assailable only in value terms: the judgment that equality does not matter at all. Professor Hayek has no difficulty in showing that absolute equality is inexpedient, or that equalitarian tax policies produce deplorable material results, or that inequality is inherent in progress (which will always benefit some before it benefits all), or that there are no objective standards of "social justice"; or in gaining agreement that envy is the most ignoble of the passions. But there is more to a dislike of extreme inequality than envy; nor are the unfortunates alone in disliking it. Human solidarity, however imperfect or limited, is as much a fact as the desire for material betterment; the conflict between them is unfortunately a fact as well, but no higher law dictates that solidarity should always lose. Some of Professor Hayek's analyses (for instance, of monetary policy, trade union powers, town planning, conservation) are unaffected by this attitude; in others (for instance, of social security, taxation, education) he is led, despite his shrewdness, to total unrealism. Unrealism, indeed, pervades this section; there is a paradoxical contrast between his earlier emphasis on the organic, dispersed and unforeseeable elements of social development, on the need to recognise the impossibility of assembling all relevant facts in one head, and his personal propensity for dogmatic extrapolation. Trend after trend, in field after field, is identified, prolonged into the future, and shown to end up in the concentration camp that is its only possible final term. Professor Hayek's certainty remains astonishingly unshaken by the failure, over fifteen years, of so many mixed economies and welfare states to progress even a single step down the predicted road to serfdom.

Yet there is not one point in "The Constitution of Liberty" that does not need to be pondered. The dangers that it proclaims are real, even if contingent; the conflict between solidarity here and now and maximum material advance—to be valued on behalf of those very individuals for whom solidarity dictates a concern—needs to be faced, whatever the terms of its resolution; the perversities engendered by inflation, punitive taxation and protection of special interests need to be exposed; the doctrine of justification by bare majority, regardless of consensus, needs to be pilloried. Above all, perhaps, there is need for that "recognition of ignorance," as Professor Hayek puts it, which respects the inarticulate and the intuitive elements in the social heritage, leaves scope for scattered experiments and spontaneous insight, prefers the pluralist to the unitary solution. The appeal of "The Constitution of Liberty" is in the last resort from the blueprint to the growing tree, from Bentham to Burke—with a due and emphatic reminder that Burke was not a Tory but a Whig.

In a Strange Land

The Jewish Immigrant in England 1870-1914
By Lloyd P. Gartner.
Allen & Unwin. 320 pages. 30s.

SOME series of language books are published in twin volumes, one containing the grammar, the other the reader. "The Jewish Immigrant in England" by Lloyd P. Gartner, an American scholar, seems to stand as the grammar to the reading-book of Israel Zangwill's novel, "The Children of the Ghetto," which was first published in 1892.

This is not, it should be hurriedly said, its intention. Mr Gartner mentions Zangwill only twice (in the index only once), and "The Children of the Ghetto" not at all. But anyone who knows the novel will be astonished at the close similarity of the material chosen by the two writers. Nothing mentioned as significant by Mr Gartner is omitted by Zangwill. Both here and there are the new progressive Yiddish newspapers and theatres, the famous Berners Street Club to which the Jewish socialists resorted, the pathetic "greeners" sweated—if they are lucky—by employers, themselves barely above the poverty line. Here and there are the little *chevras* or conventicles whose continued existence so much annoyed the big synagogues, the respectable established English Jews worriedly begging the new arrivals to anglicise themselves as quickly as possible. Here and there, in life and in fiction, are the very same people, the well-meaning Jewish Member for Whitechapel, the unhelpful Chief Rabbi, and that lovable gentle man whom we know from Zangwill as Reb Shemuel.

Mr Gartner's book will, however, interest more people than those who welcome it as a background to literary history. Although his writing is clumsy and his vocabulary often rather odd (e.g. *townlet, unsynagogued, memoiristic*), his chapters on the trades practised by the immigrants, and on the movements, almost wholly abortive, towards exclusively Jewish trades organisations, are a useful and interesting contribution to the history of the English working-class movement. What he has to say about the specifically literary and religious culture of the immigrants, for which he has scoured, among other material, much Yiddish ephemera of the period, is extremely valuable. Moreover his general conclusions on the effects of this vast unorganised immigration on the immigrants, on established English Jewry and on the community as a whole, seem moderate and sensible.

It is where his subject is culture in a less elevated sense that Mr Gartner's book seems to fall disappointingly short. We know, and indeed he tells us, that Jews left eastern Europe to escape poverty, cruelty and conscription. We know of the difficulties they had in adapting—or not adapting—the habits they brought with them to the new environment. But we need to know and are not told how these Jews lived in the communities they left. Had they there, despite the poverty and cruelty, a patterned and satisfactory cultural life, or were they there as strangely, as uneasily placed as when they first came here?

And, when they did come here, if we want to arrive at some real understanding of their domestic and social lives, of what they ate and what they wore, of how they played the Hamburg lottery and muttered against the evil eye, it is to Zangwill we must turn. Mr Gartner's chapter on the society seen in this light is his poorest, and on these aspects of immigrant life the present-day sociologist will still find Zangwill his best grammar and guide.

Gold Rush

Klondike: *The Life and Death of the Last Great Gold Rush*
By Pierre Berton.
W. H. Allen. 475 pages. 30s.

IN 1897 and 1898 about 100,000 men *and* women, predominantly European by origin, predominantly Protestant, went to seek their fortune in the Klondike goldfields. About a third of that number reached Dawson City, of whom about a half bothered to look for gold; and of these only 4,000, or one quarter, found any. All but a dozen or so of these lost the wealth it gave them in a matter of months.

"Who would have thought that, in spite of its steps of solid ice, its banshee winds, its crushing fall of snow, and its thundering avalanches, the Chilkoot [Pass] was to be the funnel through which the majority of men would attain their goal?" To ensure against mass starvation the Canadian government had enacted that food and provisions which weighed hardly less than one ton had to be carried by each stampeder into the goldfields from outside. The Chilkoot trail, 600 feet higher than the less popular White Pass but more direct, was too steep for draught animals. The load had to be humped on human backs; it had to be done in winter when the trail was not running slush. Each party then had to build a good boat and navigate more than 500 miles of perilously rapid water and, on arrival at Dawson, build a log cabin to keep out temperatures of 60° below zero.

Mr Berton has brilliantly—at times, one wickedly thinks, just too brilliantly (but who could resist it?)—recorded this mass movement, carefully selecting a cross-section of the thousands of individual odysseys, each of which would today have been best-sellers, and with great restraint and compassion tried to analyse the motive force that drove them from the vanities of the naughty nineties to the insanities of vicious heroism and its reverse.

> In all the written memoirs of the gold rush there is scarcely one note of regret, except the general regret that it ended so soon. Though few of the writers found any gold, it turned out in retrospect to have been a golden period for them.

They discovered themselves and, whether they liked what they found or not, they had grown in wisdom. One of the stampeders was the author's own father, who brought him up for the first twelve years in Dawson, where he inherited part of the fever and learned all his compassion, the two best ingredients for writing such a book as this.

Without compassion a writer with the source material he so laboriously collected, and tempted by the now fashionable psychological approach to sagas of this kind, would have drowned the heroism, the vice and the *genius loci* in disagreeable diagnosis. Mr Berton quotes E. B. Browning's line, "all actual heroes are essential men, and all men possible heroes," and dissuades the most misanthropic of us from condemning out of hand scoundrels like Soapy Smith. The text of the sermon at Soapy's funeral, "The way of the transgressor is hard," is Mr Berton's text for this whole magnificent saga. It is left, mercifully, to the reader to speculate about Lemmings and the "death wish," about the Klondike's gold, to quote a recent psychoanalytical study of money—"a deposit of accumulated sublimation, and by the same token a deposit of accumulated guilt"—and to ponder on the undeniable fact that it is better to travel hopefully than to arrive. This is a very fine book indeed.

Freeing the Philippines

The History of United States Naval Operations in World War II, Vol. XIII: *The Liberation of the Philippines 1944-1945*
By S. E. Morison.
Oxford University Press. 365 pages. 45s.

PROFESSOR MORISON'S previous volume was devoted chiefly to the landing in Leyte Gulf in October 1944, and to the prolonged sea battles which followed. Here he carries on the story of the campaign in the Philippines with an account of the assaults on Mindoro (December 15, 1944) and on Luzon (January 9, 1945) leading to the recapture of Manila. But after General MacArthur had accomplished that purpose, on which his eyes had been focused ever since he was expelled from the Philippines early in 1942, he undertook a whole series of minor amphibious expeditions to clear the smaller islands of the group and retover the oilfields of Borneo; and it is difficult to feel that they had any appreciable influence on the progress of the war. The general was, however, undoubtedly right in his view that the Bonin and Ryuku islands offered a better line of approach to the Japanese mainland than Formosa and Amoy on the China coast; although Admiral E. J. King adhered so stubbornly to the latter purpose that the strategy to be pursued after the fall of the Philippines was not agreed until a very late date.

There was little actual sea fighting during the period covered by this volume, for the simple reason that after the battle of Leyte Gulf the Japanese Navy was in no condition to offer serious opposition; but a small Japanese cruiser and destroyer force coming from Indo-China did succeed in arriving totally unheralded off Mindoro on December 26th. Luckily it retired without taking full advantage of the surprise it had achieved. The chief opposition to the Allied expeditions came from the Kamikazes (suicide bombers), which caused a good deal of trouble; and during the Mindoro operation Halsey got his Third Fleet so successfully intercepted by a typhoon that he lost three destroyers and suffered a good deal of damage to other ships. Nevertheless by January 9th he was ready to sweep into the South China Sea, where in ten days his carrier aircrews sank 132,000 tons of shipping and totally paralysed Japanese shipping traffic.

Professor Morison considers that the decision that the British Fleet should take part in the final phase of the main campaign against Japan rather than be placed under MacArthur for the subsidiary landings in Borneo was "typical of political intervention in military strategy" and "probably mistaken"; but he produces no valid arguments to support either statement, and it is difficult not to feel that a little more generosity of spirit might have produced in the American historian's mind a fairer view of the reasons why Churchill and the British Chiefs of

Staff were so determined to go on to the end and to be in at the kill. Compared with some of Professor Morison's earlier efforts this volume does not sustain the reader's interest nearly so well, and the space given to Kamikaze attacks on individual ships and to the many minor assault landings does seem rather excessive ; but he has probably reserved some of his best material for the final volume of his series, which will overlap chronologically with this one.

Gaullist Consulate

The Fifth Republic

By Dorothy Pickles.

Methuen. 222 pages. 15s.

De Gaulle's Republic

By Philip M. Williams and Martin Harrison.

Longmans. 286 pages. 25s.

CURRENT events are a stiff test for the historian. The Fifth French Republic is scarcely two years old. Its origins are contested, its present is controversial and its future is uncertain. Its story is still the province of the eyewitness, the partisan, the pamphleteer. These two books try to look at the new regime dispassionately, to analyse it and to set it in perspective. It is not an easy task.

Mrs Pickles concentrates on the constitutional framework of the new republic. Diligently and systematically she explores, in turn, the ambiguities of the new constitution, the reduced part attributed to parliament, the new disequilibrium between the legislature and the executive. Since the executive is now, theoretically, two-headed, she studies in detail the powers of the President. She also has a useful chapter on the institutions of the French community and views even the Algerian question from a constitutional angle. All this is clear, accurate and interspersed with interesting comments like this shrewd remark:

> He [General de Gaulle] is a uniter, and Parliamentary government is essentially the organisation of divergences, with a view to reducing them to coherent alternative policies.

The book shows to what extent the whole constitutional system is dependent on the presence of General de Gaulle. The general could easily claim "*La constitution c'est moi.*" One cannot, therefore, help wondering whether it was really necessary to devote so much accurate research to the study of a scrap of paper, which is twisted every day to suit its beneficiary and is unlikely to survive him.

Mr Williams and Mr Harrison have a more realistic method. Theirs is an analytical chronicle. After an excellent balance sheet of the Fourth Republic and a more controversial account of its fall, the authors proceed to a description of the unfolding of the new reign. The narrative, interrupted for a brief glance at the institutions, runs on to the beginning of 1960. It is brisk and packed with information, and it takes in its stride all important issues, including the Algerian question. For all this, admirers of Mr Williams's previous study "Politics in Post-War France" may be slightly disappointed. Then he had a wealth of information and time to sift it in order to reach cautious conclusions. By comparison, the new book, written in collaboration, reads like an able and intelligent English summary of events described in *Le Monde* for the last two years.

The epilogue was written shortly after General de Gaulle's apparent victory of last January, when the collapse of the Algiers rising prompted immediate optimism. The authors could thus conclude that "In Algeria the stage was set for a new act." Soon after, however, the general travelled to Algeria to assure the officers that war would go on as before. The confidence the authors placed in General de Gaulle's ability to exploit the situation may still be justified by events now. Even so, their analysis hardly does justice to the difficulties he will have to surmount in the coming weeks.

Both books are written from a nice liberal angle. Both, while dazzled by General de Gaulle's glittering personality, deplore the political void surrounding him. Neither has the vivid imagery of the eye witness, the passion of the partisan or the sweep and depth of the historian's vision. But the story of the gaullist consulate is only gradually being unfolded. In the meantime, readers will be grateful for provisional guides. As such these two books are accurate and competent.

Pre-Conquest People

The Anglo-Saxons : *Ancient Peoples and Places Series*

By D. M. Wilson.

Thames and Hudson. 231 pages. 30s.

THE discovery at Sutton Hoo of a complete warrior burial (except for the body, which was unaccountably missing) marked the beginning of a new epoch in Anglo-Saxon archaeology. The hoard of superb polychrome jewellery, and the problems raised by the missing body, stimulated public interest. The scarcity of written records makes the work of the archaeologist of particular importance in the pre-conquest period, and this book is a popular account of the discoveries made to the present day. The major finds are illustrated and discussed, and there is a brief introduction covering the general history of the period.

The book is chiefly interesting for the variety of material it discusses: from weapons and jewellery to the significance and artistic quality of the ornament in the great Anglo-Saxon manuscripts. It also affords considerable evidence of the diversity of Anglo-Saxon trade and foreign connections. The finds include Egyptian glass, bowls from Alexandria, and garnets and cowries from the Far East. The Anglo-Saxon merchant traded goods of British origin, hunting dogs, furs, linen, slaves, horses and weapons, for "purple and silk, precious gems and gold rare garments and spices, . . . sulphur, glass, and such-like things."

The days are gone when pre-conquest England was thought to exist in a state of semi-barbarism; in such things as embroidery (opus Anglicanum), and in illumination, English artists produced work of European reputation. The days are also gone "when the philologist, the art historian, the historian, and the archaeologist could ignore each other," and Mr Wilson's book is an attempt to cover a wide field.

To anyone not yet acquainted with the richness of the artistic contribution of pre-conquest England, this book is a stimulating introduction; like its predecessors in this series, it is extensively illustrated by drawings and photographs, and it contains a short bibliography to encourage further reading.

OTHER BOOKS

Paperbacks :

The latest Penguin *reprints* include:

THE ORIGINS OF LOVE AND HATE. By Ian D. Suttie. 238 pages. 3s. 6d.

HOMOSEXUALITY. By D. J. West. 200 pages. 3s. 6d.

This book was reviewed in *The Economist* on November 19, 1955.

ANNA CHRISTIE, THE EMPEROR JONES, DESIRE UNDER THE ELMS. Plays by Eugene O'Neill. 206 pages. 3s. 6d.

ENGLAND UNDER THE STUARTS. By G. M. Trevelyan. 559 pages. 7s. 6d.

New books published by Penguin include:

LORCA. Selected and translated by J. L. Gili. 167 pages. 3s. 6d.

WHY EVIL? *A Biblical Approach.* By John James. 123 pages. 3s. 6d.

THE RISE AND FALL OF ATHENS: *Nine Greek Lives.* Plutarch. New translation by Ian Scott-Kilvert. 318 pages. 5s.

SELECTED WORKS. Cicero. New translation by Michael Grant. 272 pages. 3s. 6d.

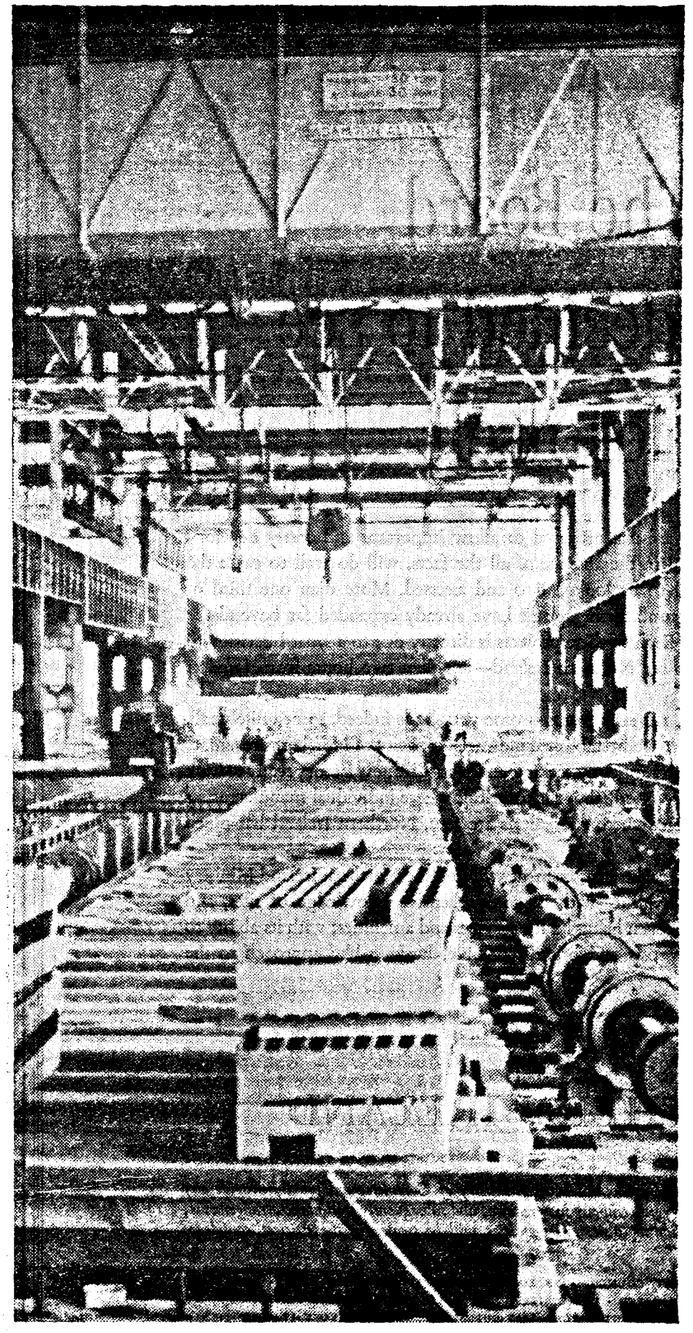
THE PENGUIN BOOK OF NARRATIVE VERSE. Edited by David Herbert. 477 pages. 5s.

INDIAN PEOPLE IN NATAL. By Hilda Kuper. *University of Natal Press.* London: *Bailey Bros. and Swinfen.* 325 pages. 35s.

THE CORONATION OF CHARLEMAGNE: *What Did It Signify?* By Richard E. Sullivan. *D. C. Heath & Co.*, Boston, Mass. London: *Harrap.* 115 pages. 10s. 6d.

TEACH YOURSELF INVESTMENT. By W. L. B. Fairweather. *English Universities Press.* 191 pages. 7s. 6d.

In recent surveys made into share ownership, it was found that one of the major criticisms made by small shareholders was the lack of information and advice available to them. Mr W. L. B. Fairweather has made an admirable effort to fill this gap. He explains clearly the basic principles of investment and the many and varied types of marketable securities that are available to the investor. For those whose mathematics are a little shaky this book will not always be easy to follow, but those who persevere to the end, including the appendices on how to calculate yields and understand balance sheets, should find investment not only more interesting but probably more rewarding as well.



A 150 ton overhead crane about to lower one set of hot leveller run-out table rolls into position. The mill-stand will go at the end of this view. The cooling banks are on the left.

Britain's latest 4-high Plate Mill

A progress report from Consett

THERE is no change in the Consett skyline by which to measure the immense developments taking place there.

Only if you approached from the south would you see it, below the crest, on a huge platform cut in the hillside—Britain's latest plate mill. Nearly half-a-mile long, each of its 5 bays big enough to hold a cathedral, it will be one of the most up-to-date steel mills in the world.

Even at dawn there are men working there. Work is pressing on fast. Most of the roof is on and everywhere there are orderly piles of equipment which the overhead cranes are moving into position. Every piece is marked with a special colour code so that the erectors can identify it. Run-out tables and cooling banks are all ready, and the electric furnaces where the slabs of steel are reheated before rolling are almost complete. Some of the shears are already installed (the biggest can cut through nearly 2 ins. thickness of steel), and they are making good progress on the 4-high mill-stand itself.

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AMERICAN SURVEY

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

New Spartans

WASHINGTON, DC

A PROPHECY is in order: last week's events in Tokyo may prove to have shaken the Americans more deeply than almost anything else in the last decade. The President of the United States who came into office saying "I will go to Korea" is now going out of office being told "You cannot come to Japan" and something more than humiliation is involved. The failure of the summit conference marked no more than the failure of a diplomatic move upon which most Americans had embarked hesitantly and reluctantly a mere nine months before. The cancellation of Mr Eisenhower's invitation to Japan shows that the foundation upon which the United States has constructed its whole policy for the past fifteen years is riddled with termites. Last weekend, at the annual gathering in Virginia of the advisers of the Secretary of Defence, the admirals and the airmen were reportedly unrolling the map—of alternative bases to those in Japan—which they had hoped would not be needed for these ten years. To suggest, as the *New York Times* seemed to be suggesting on Monday, that the President's minor successes in Manila and Taipeh can be balanced against the major defeat in Tokyo is, as Mr Joseph Alsop succinctly puts it, "byzantine twaddle."

It is not surprising that the Americans are reacting like a man suffering from shock. For one thing, they are groping for oversimplified (and sometimes false) explanations. Following the lead of Mr Hagerty, the President's press secretary, almost all of them have exaggerated the extent to which the riots were directed by a hand from Moscow. In the newspapers' ritual descriptions of "red-instigated, snake-dancing" mobs the homeric epithet seemed last week to have returned to American prose. If the communists were really as influential as this, the State Department might as well give up the hope (which it still nurtures) that the United States can hold on to its bases in Japan.

In the same way many commentators have jumped to the conclusion that the disturbances were a direct consequence of the breakdown of the summit meeting. No doubt the discovery that U2s have flown from bases in Japan has increased the nervousness of Japanese pacifists. Any embarrassment which the communists might have felt about joining in the riots before the conference broke down has certainly vanished since then. But, as Miss Marguerite Higgins of the *New York Herald Tribune* recognises in a despatch from Tokyo this week, the main responsibility for the demonstrations seems to lie with an odd coalition of neutralists, pacifists and screwball students. These would probably have come out in the streets to protest against the Japanese-American treaty in any case; all the communists did was to egg them on.

The instinct to look for a familiar scapegoat is a sign that the country is rattled. But the successive shocks from Paris and Tokyo have also been an unexpected stimulant. The foreign aid programme, which had seemed to be dying from a slow haemorrhage, is suddenly alive and kicking again. On the day when Congress heard that the President's trip to Tokyo had been cancelled, an unusual alliance of Republicans and liberal Democrats in the House of Representatives took the unprecedented step of adding $200 million to the funds recommended by the House's appropriations committee. Historians ought to refer to this event as the Louisiana sale. Both Mr Passman, the hitherto unchallenged aid-cutter-in-chief in the House, and Senator Ellender, who describes the programme as a "throwaway," come from that state. The Senate will almost certainly add some more money. Even if it does not, the amount which Mr Eisenhower requested this year has been cut by only a seventh—less than foreign aid has ever been cut before in his Administration.

This is of course a good thing, even if it only confirms that Congress's willingness to spend money on the needs of the cold war varies in inverse proportion to the width of Mr Khrushchev's smile. But the extra spending into which America is being jolted by the event of the last month will not necessarily be well-chosen spending. Last week, while the House of Representatives was appropriating its extra $200 million for foreign aid, the Senate was adding more than $1 billion to the President's defence budget. Only some of this is relevant to the military problems of the moment. Senator Douglas persuaded his colleagues to provide the money for 25,000 more Marines, and Congress has allotted Mr Eisenhower $400 million more than he asked for to modernise the Army's ageing weapons. These improvements in the conventional forces are necessary (though they are not enough) if the Americans are to have any hope of defending either Berlin or Japan without calling in the nuclear bombers. The reasoning behind some of the other additions, however, is less obvious. It is not at all clear that another aircraft carrier or a comparatively small number of extra missiles would have frightened Mr Khrushchev out of doing what he did in Paris or stopped the Tokyo rioters from rioting. No conceivable increase in expenditure on nuclear weapons will be enough to give America such overwhelming superiority that—in the hopeful view of Senator Lyndon Johnson—the communists will back down because they feel that they have no alternative.

THE fact is that the disasters of the last month have rallied an extraordinarily wide and diverse assortment of people under a single banner; the spartan slogan on it reads "Strength before Joy." All these people agree that Americans must forgo some personal comforts and spend more of their resources on increasing the country's strength. What their unanimity conceals is a difference over the meaning of "strength." They include Democratic intellectuals such as Professor Arthur Schlesinger, Jr, who calls the latest of the pamphlets which he circulates privately within the party "The Big Decision: Private Indulgence or National Power?" They include liberals in Congress such as Senator Clark of Pennsylvania who, like Professor Schlesinger, wants the goverment to spend more money on schools, houses, hospitals and public transport. They include Republicans like Governor Rockefeller of New York, who wants to do many of the same things but also wants to build a country-wide system of shelters against atomic fall-out. And they include those like Senator Symington and Mr Joseph Alsop whose chief preoccupation is to expand America's military power.

All of them would probably find it necessary to spend something more on defence. But the significant division within the ranks of

these new Spartans is between those who think that an increase in economic and social strength is the surest way of reviving America's standing in the world and those who think that this can best be achieved by a demonstration of armed might. The danger is that the hasty and unreflective tightening of the belt into which the United States has been shocked by the humiliations in Paris and Tokyo may give the biggest increase in spending to the military. It is worth noting in this context that last weekend's Gallup Poll reported that half the Americans surveyed, a sharply increased proportion, now think that war with Russia is inevitable—and that a third think that it will come within five years.

A historian will find something familiar in the temper of the second, or military, kind of Spartanism. Its advocates tend to think that President Eisenhower, like the boy with the fox in the legend, should have concealed his knowledge of the U2 flights under his cloak and kept a stubborn silence even as it gnawed his vitals. They are liable to insist that the State Department abandon its recent policy of encouraging liberal movements in Asia and Africa in favour of standing by tried and true (even if not very democratic) friends such as General Chiang Kai-shek. The result might be that America, like Sparta, would stay strong in terms of foot soldiers, but, like Sparta, it would almost certainly pay a price. The price would be a growing isolation within the walls of its military alliances; a gradual withering, at home, of those forces of growth and change which keep a society vital; and a surrender to the rival Athenians of leadership in the realm of ideas and imagination. It is small consolation to recall that Sparta won its military contest with Athens when one sees how Athens captured the history books.

Rush Jobs for Congress

CONGRESS, having dawdled and dreamed away most of the session, woke up last week to the fact that only three weeks remained before the Democrats must leave for their nominating convention at Los Angeles. Senator Johnson, the Democratic leader, just back from rounding up votes in Texas, ordered full speed ahead in Washington. Senators, growing increasingly short-tempered, have met late into the night, at 9.30 in the morning and even on Saturday to establish a legislative record that Mr Johnson, a presidential hopeful himself, could exhibit proudly at Los Angeles, and that the Democratic candidate, who is far more likely to be Senator Kennedy, could display later to the voters.

With all the press of urgent legislation, including the Japanese treaty, it may seem odd that priority was given to raising the pay of government workers (including postmen) to the tune of about $746 million a year. But this is a measure of such appeal to members of both parties in an election year that there is every likelihood that Mr Eisenhower's certain veto will be over-ridden. To do this meant, however, that the Bill must be sent to the President in good time, so that Congress would have a chance to reverse him. After such a display of liberality, the Senate concluded that it would be irresponsible to reduce any tax, even the irritating 10 per cent excise tax on travel and on local telephone calls. Instead it voted, like the House, to extend all such temporary levies.

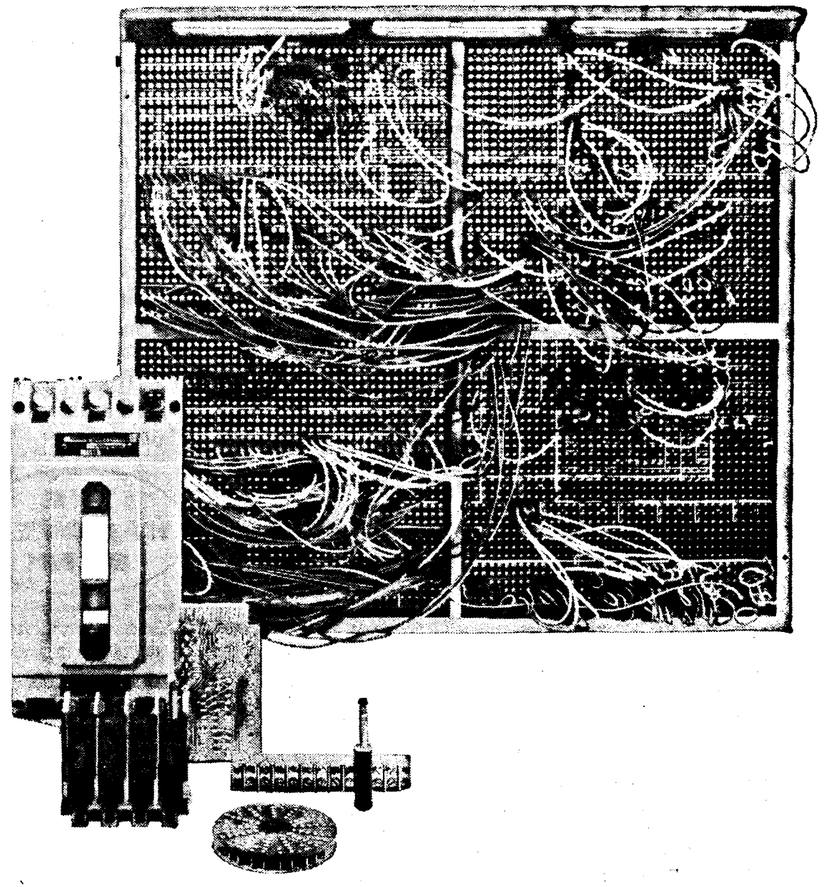
No one stands to benefit politically until 1964 from the passage—almost by acclamation in the end—of a constitutional amendment giving a modest voice in presidential elections (though no representation in Congress and no home rule) to the hitherto voteless residents of Washington, DC. This amendment, destined to be the 23rd, must be approved by 38 of the 50 states before it goes into force. It is the issues lined with political gold which are likely to give the most trouble. One, the introduction of federal aid to schools, has been dealt with by both houses, but they can meet to compose their substantial differences only by courtesy of the conservative Rules Committee of the House. Its Republican members are under great pressure from Mr Nixon, the almost certain Republican presidential candidate, to give the opposition no ground for accusing his party of sabotaging the education Bill. Neither of the other two measures which look essential politically has been passed by either house. That raising the minimum wage in steps from $1.00 an hour to $1.25 and bringing about 4 million more workers, most of them shop assistants, under the law is not likely to cause much trouble. But to agree on a measure to show old people that Congress is alive to their need for medical care will be harder. The House Ways and Means Committee has voted a limited programme of federal grants to enable the states to do more for those who are needy, but the Democrats in the Senate are determined to try to reshape this stop-gap to make such medical aid a matter of right under the federal social security system.

Financial Experiment

EARLY this month the Treasury made use for the first time of the authority given to it by Congress last year to refund some of the government's obligations before they reach maturity. The issue affected was the huge $11.2 billion worth of 2½ per cent bonds falling due in November, 1961; if the whole amount had had to be dealt with at once, the refinancing operation would have been almost unmanageable. Therefore the Treasury offered to exchange about half of these bonds immediately for either a four-year note at 3¼ per cent. or an eight-year bond at 3⅞ pet cent. The old bonds were selling at below par but the exchange was made at face value; thus holders were being offered securities that would pay them more for longer than those which they held—and the exchange was not subject to the capital gains tax. The experiment was timed to take advantage of the fall in interest rates which had just been confirmed by the lowering of the discount rate at the Federal Reserve Banks. But the unenthusiastic reaction of the market suggests that businessmen are far from being convinced that interest rates are not going up again before long or that the time has come to plan for safety by investing in government issues.

Without the present low levels of interest rates, however, the Treasury would not have been able to try this experiment—or at least it would not have been able to include the long-term bond. For the Treasury is still forbidden by law to pay more than 4.25 per cent in interest on any issue with a life of five years or more. It has thus been forced by the high cost of money to rely on short-term borrowing; this in turn means that it will be involved constantly in refinancing operations, of which the one coming up in November, 1961, was only one bad example. But this month's advance refunding proved that even now money is not cheap enough to get the Treasury out of its difficulties; while in the end the new four-year note was oversubscribed, so that the full $3.5 billion could be allotted, only $321 million of the eight-year bond, instead of the $1.5 billion which had been hoped for, was taken up. The Treasury has therefore made practically no progress towards achieving its ambition of lengthening the maturity of its debt although it has lessened substantially the refinancing problems which it faces next year.

The fact that even under these conditions the best that can be done with a long-term bond does not appeal to investors gives the Treasury yet another argument with which to prod Congress into raising the ceiling on the interest which the government may pay. Yet although only a few months ago this measure was held to be one of the most urgent before the Legislature, it is now accepted that no change will be made in the limitation at this session. Whether or not the present decline in interest rates will last it, with the accompanying decline in inflationary pressures, has given Congress an excuse for postponing action on a measure which is politically unpopular.



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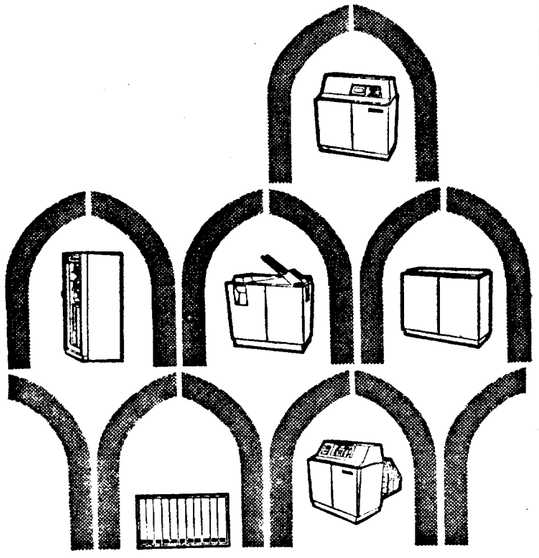



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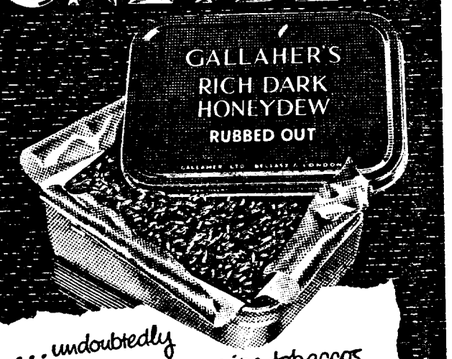

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Breadbasket Politics

MUCH against his will Mr Nixon has been forced to risk his own prestige by coming to the help of Governor Davis of North Dakota, a fellow-Republican who is running, in next week's special election, for the remaining four and a half years of the term of Senator Langer, who died late last year. Governor Davis is opposed by Representative Burdick, who in 1958 became the first Democrat to be elected to the House from this traditionally Republican state. Mr Burdick was for many years the legal adviser of the left-wing Farmers' Union, the strongest farmers' organisation in the state, and his slogan is "Beat Benson with Burdick." It is an attractive one in an almost entirely agricultural state where the income of farmers fell more last year than it did anywhere else. Mr Benson, the Secretary of Agriculture throughout the Eisenhower years, is widely held to blame because he favours lower price supports for farm products and less dependence on Washington for farmers, and because he introduced the soil-bank plan which takes farms right out of production in order to reduce surpluses; this has produced "ghost towns" in North Dakota.

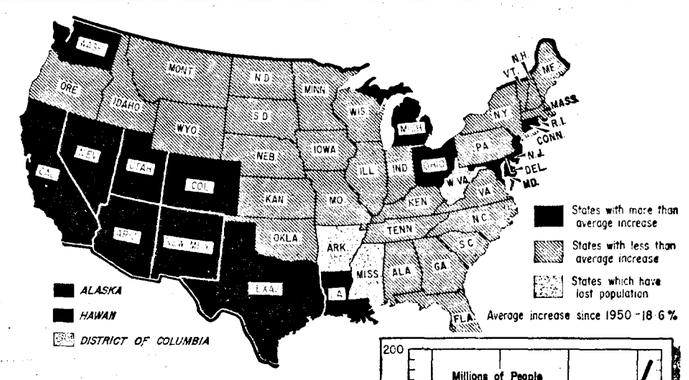
It would hardly be true to say that the Administration's farm policies are on trial in North Dakota: they have been condemned. Governor Davis himself has said that Mr Benson has lost the farmers' confidence and should go. And Mr Nixon, gingerly grasping the prickliest of his domestic nettles, admitted on Monday that the conflict between the Administration and Congress had left the farmers and the American people "stuck with the present programme which everyone admits should be changed." Even so, Mr Nixon only lifted a corner of the curtain on his own farm programme when he supported the idea that all countries with surpluses should donate large amounts of food to the United Nations for distribution to hungry peoples (an idea which he said the President had intended to put forward at the summit conference) and when he endorsed Governor Rockefeller's proposal for building up a reserve of foodstuffs against the possibility of an atomic war.

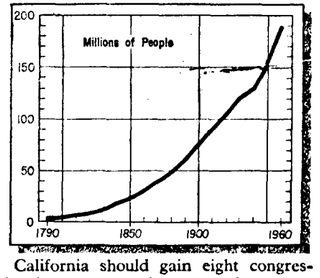
Mr Nixon gave no hint of whether he will come out in favour of higher or lower agricultural price supports, though he did indicate that he would be more generous than Mr Eisenhower, in an effort to reach a long-term solution of the farm problem. What happens next Tuesday in North Dakota's curtain-raiser to the election is certain to affect the farm policies which both parties adopt at their conventions. For North Dakota is only one of a number of mid-western states in which the Republicans stand to lose seats in both houses of Congress—even if the growth of cities and suburbs elsewhere means that the farm states no longer have their old influence on the outcome of presidential elections.

How Many Americans?

THE preliminary results of the decennial census taken on April 1st are disappointing to many people: to the Bureau of the Census which had calculated that there would be 180 million Americans on that day and discovered that there were only 179,500,000; to the states which will lose seats in Congress or gain fewer than they had hoped (the constitutional reason for the census is to enable congressional representation to be adapted to changes in the distribution of the population); to the many cities which found that the number of their residents had declined for the first time in their history. But at least their disappointment may assuage that of the Census Bureau. Indignantly convinced that they have been maligned, and concerned at the loss of state subsidies, often paid on a *per caput* basis, and of political influence which results from a decline in population, several cities are conducting their own rechecks of the official count. These may push the total over the 180 million mark, particularly since a final calculation has still to be made of servicemen, merchant seamen, travellers, and so on.

But, disappointments apart, the increase since 1950 is still a record-breaking 28 million, nearly as much as the total population of the country a century ago; this results from the high birth rate and low death rate during the decade. And the figures confirm trends that were already obvious—the movement westwards and the movement to the suburbs where two-thirds of the increase in population took place. Cities such as New York, Washington, Detroit, Minneapolis, San Francisco may have lost people, but the metropolitan areas around them have all gained far more. Ceasing to be a rural country fifty years ago the United States is now no longer an urban one; it is suburban. The population of a number of industrial states in the north-east have increased more than the national average—Delaware has gone up 39 per cent and Maryland 31—and the greatest of all rises—77 per cent—is in Florida, which now ranks tenth among the states instead of eighteenth. But the other big gains have been in the far west and California's increase of 47 per cent has brought almost 5 million extra people into that state since 1950. This has confirmed that within a couple of years California is certain to pass New York's 16.6 million to become the largest state.





California should gain eight congressional seats when the census figures are complete and redistricting begins—after the coming election. With about 490,000 persons to a district, Florida will gain four seats and New York and Pennsylvania will each lose three. New Jersey, Ohio and Maryland are likely to get an extra Representative each and Illinois, Nebraska and Kentucky to lose one each, while Texas and Michigan may get only one extra seat apiece instead of the two which both had expected.

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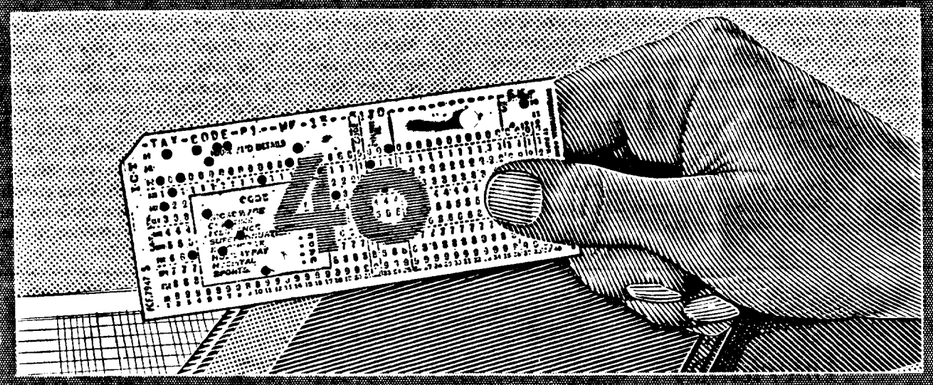

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Atomic Hold-up

THE United States Court of Appeals has now upheld, by two to one, those liberals who maintained, in the days when the much-disliked Mr Lewis Strauss headed the Atomic Energy Commission, that the commission could not be trusted to put the interest of the American people before that of big business. This is, at least in effect, what the court was saying when it stopped work on a nuclear power station which was nearing completion in Michigan. But in doing so the court also held up, if only temporarily, most of the programme for making commercial use of atomic energy—and the slow progress of this programme has been another reason why liberals have criticised the commission.

In order to enable a start to be made on building an approved atomic reactor before all the incidental research is finished, the AEC has normally issued construction permits at an early stage and has left the question of safety to be decided finally only when the plant is completed and application made for an operating licence. The AEC considers the construction permit to be no more than provisional approval but in the view of the court the Atomic Energy Act makes an operating licence almost automatic once a construction permit has been granted and therefore requires that the safety of the plant should be certified at the very beginning. The majority of the judges argued that once enormous sums—over $80 million in the case under consideration—had been invested in an atomic reactor, the economic pressure on the commission to certify it for operation, even if safety was not assured, might be irresistible.

The court held that in the case under consideration, that of a fast breeder reactor, the first of its kind in the United States, being built by a group of electricity companies on the shores of Lake Michigan near Detroit, with two million people living within thirty miles, it was essential, if the intention of Congress was to be carried out, that the commission should declare that the plant was undoubtedly without danger to the public health and safety and that there were compelling reasons why it had to be in such a populous area. That neither of these declarations could be made was the contention of the three trade unions, led by the automobile workers, all powerful in Michigan, who brought the case originally. They argued that property values—of houses belonging to their members —would be depressed in the neighbourhood if the plant were built and that jobs would become scarce because other industrial undertakings would be frightened away. If the decision stands—an appeal is expected—then the AEC's procedures will have to be revised drastically and progress will be delayed on the other reactors which are now being built by private enterprise under the same conditions as the one in Michigan.

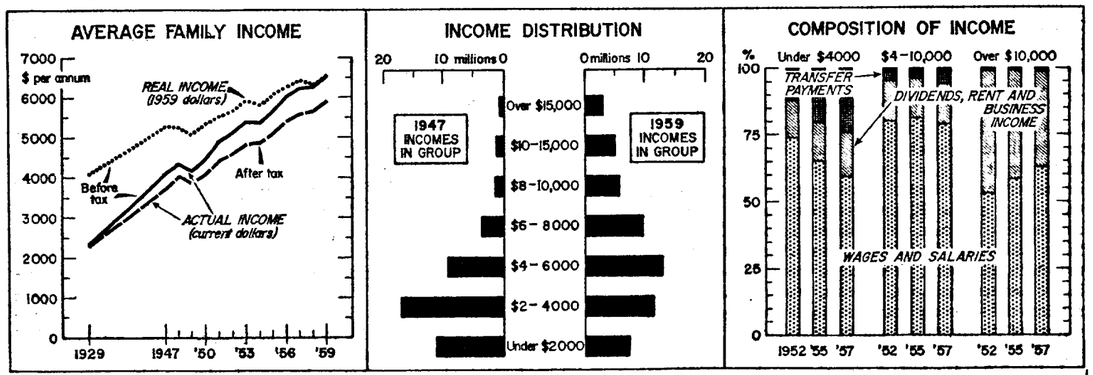
Dividing the Waters

FROM A CORRESPONDENT IN COLORADO

IN a dry land, arguments over water are violent because people know that they are fighting for their future: the supply of water sets the limits of economic growth. Nowhere is this truer than in the basin of the Colorado River, whose 1,450-mile course through the desert takes it into three states, past Nevada and California, and then 80 miles through Mexico, which thus also has a claim upon the water. Tributaries of the river rise in two more states—Wyoming and New Mexico. Unfortunately, although the Colorado drains an area one-quarter the size of the Mississippi basin, its flow is less than one-thirtieth of that of the Mississippi. And people in dry country need more water than people elsewhere. Thus it is not surprising that there has been a 50-year war over the Colorado River. Usually it has been conducted by legal means, but Arizona once called out its National Guard and commissioned a gunboat for a short time; no shots were fired, however.

The federal government has built mighty dams, the greatest of them being Hoover (once Boulder) Dam, to control and store the waters. So far most of the benefits, in the shape of water and electric power, have fed the booming growth of southern California, which has expanded on the assumption that it could continue to draw more and more water from the Colorado. Meanwhile, Arizona has had to let thousands of acres of irrigated farms revert to desert in order to provide water for its own booming population.

Over thirty years ago California promised the other states of the Colorado basin that it would never draw more than 4,400,000 acre-feet a year from the river (an acre-foot covers an acre one foot deep and amounts to 325,851 gallons). But later California signed



The 45 million families and 11 million unattached persons (those not living with relatives) in the United States in 1959 received altogether an income of $362 billion in the year—a record total and an increase of 6 per cent over 1958.

The most noticeable change in the composition of personal incomes in recent years has been the growing importance in the poorer groups of transfer payments, mainly insurance and welfare benefits; the rise in these is explained by broadened coverage and higher rates of payment under social security schemes and by the increased number of people of pensionable age.

Source: *Survey of Current Business*, April, 1960.

additional contracts with the federal government which it claimed gave the state the right to 962,000 more acre-feet and recently it has actually withdrawn more than 4,400,000 a year. In 1952 Arizona took its grievances to the Supreme Court. What California relied upon, and what its smaller neighbours feared, was that the very act of putting the water to useful purposes might have given California a firm legal claim upon it. Traditionally in western states the first user of water wins the right to use it forever.

The Supreme Court hears such complicated matters through the intervention of a "master" whom it names to sift the issues and to recommend a decision which it may or may not follow. The first master in this case died; and the Supreme Court appointed in his stead a New York lawyer and former judge, Mr Rifkind. After five years of work, wading through many thousand pages of testimony and exhibits, he has made his preliminary recommendations. If the Supreme Court approves them, California will have received a staggering blow. Its claim to a special position as "first in time, first in right" has been denied and federal law is to prevail.



When the river provides as much as 7,500,000 acre-feet a year for the use of the lower basin, California is to have 4,400,000 (instead of the 5,362,000 which it wanted), Arizona 2,800,000 from the main stem (plus another million from the Gila River) and Nevada 300,000 acre-feet. In dry years the states would share the available water in the same proportion; when there is a surplus Arizona and California would each get half of it. In general, California would get less water than it is taking now and Arizona would get enough more to re-arouse hope for its $1 billion Central Arizona Project. This is a scheme, shelved in 1949 partly for lack of an assured supply of water, to transport a million acre-feet yearly through the world's longest tunnel to Arizona's fast-growing Salt River valley, where it would probably start an even bigger boom. The Indian reservations which depend on the Colorado have also had their rights to several hundred thousand acre-feet a year confirmed.

The main loser is the Metropolitan Water District of Southern California, which has already spent hundreds of millions of dollars to distribute Colorado River water clear down to San Diego. Ironically, it has just completed a huge extension of this system in the firm expectation of more water, not less, from the Colorado. One effect of the Rifkind recommendations is to increase the chances that voters in California will agree, in November, to spend $1.75 billion on California's own schemes for taking water to the state's arid south. It would be brought from the Feather River in the northern part of California, where millions of acre-feet still run into the sea every year, clear to its southern tip. The MWD's system of distribution could be connected to such an alternative supply.

Judge Rifkind asked the parties to the suit to submit their comments upon his recommendations by June 10th. California, as might be expected, denounces them as "new law and bad law" and goes on to hit out at the continued use of water for irrigation when it is needed by people and by industry. This is a view which is gaining ground in the West because a year's supply of water for a family will irrigate only a third to a half acre of farmland. Arizona, of course, approves and in this is joined by the upstream states which supply 99 per cent of the river's flow, Colorado, New Mexico, Wyoming and Utah. They are not involved in the dispute. They have been given half the river's flow at Lees Ferry, the official dividing point between the upper and lower basins, for their own future development. But they fear that if California's claims were to be upheld, their share might be endangered. The federal government is building the $750 million Colorado Basin Project, which will store water at four big reservoirs for future uses, such as the development of an oil shale industry in western Colorado.

It is not certain, of course, that the Supreme Court will accept the Rifkind recommendations without important changes. And no division of the water can end conflicts over it. For the flow at Lees Ferry is on the average less than 14,000,000 acre-feet a year rather than the 16,500,000 which would be needed to fulfil all the legal claims on the river. (Mexico was allocated 1,500,000 acre-feet yearly by a treaty in 1945.) Enough water for the people and the industry which are in prospect for the Colorado basin will have to be provided by new sources or new processes, such as cloud-seeding, the cleansing and re-use of water, or the desalting of sea water and brackish supplies.

SHORTER NOTES

Performances have now been resumed at nineteen of the twenty-two theatres on New York's Broadway (three productions which had been doing poor business were closed permanently) after an unexpectedly quick settlement of the actors' strike—or the managerial lock-out, according to which side one was on—which had closed them all on June 2nd. Although the managers had declared that they could afford no concessions at all, they gave the actors most of what they wanted—salary increases and a pension scheme, the first in the industry and the chief issue in the dispute. But the basic problem of the unsound economic position of New York's theatrical enterprises remained unsettled. It is perhaps a pity that the strike did not last long enough to force other interested parties—restaurants, hotels, etc.—to bring pressure on the Mayor to give up the tax on theatre tickets.

* * *

The Civil Aeronautics Board has approved an increase in passenger charges for the twelve domestic airlines: fares will go up by 2.5 per cent plus $1 on every one-way ticket; this means an average increase of 5 per cent, but the actual increase will be more for short flights and less for long ones. The total amount was less than any of the lines had asked for, although probably as much as they had hoped for; it should bring in about $84 million a year altogether and enable the companies to earn 10.5 per cent on their investments over an extended period, the rate of return which the board considers to be satisfactory.

* * *

In Nashville, Tennessee, one of the southern towns where Negroes, by staging "sit-in" strikes and economic boycotts, have tried to assert their right to be served at lunch counters in the shops, the battle seems to have been won. Under a plan worked out by the Negroes and the shop-keepers who have been suffering from the boycott, Negroes have gradually started to be served at slack periods, in six establishments, although they agreed that they would stay away on Saturdays and at rush hours until white customers became used to the idea. Nashville is the first of the towns where there has been violence over this issue to reach a peaceful solution. But five towns in Texas and two in North Carolina have also desegregated their lunch counters and no shop affected has reported any loss of business.

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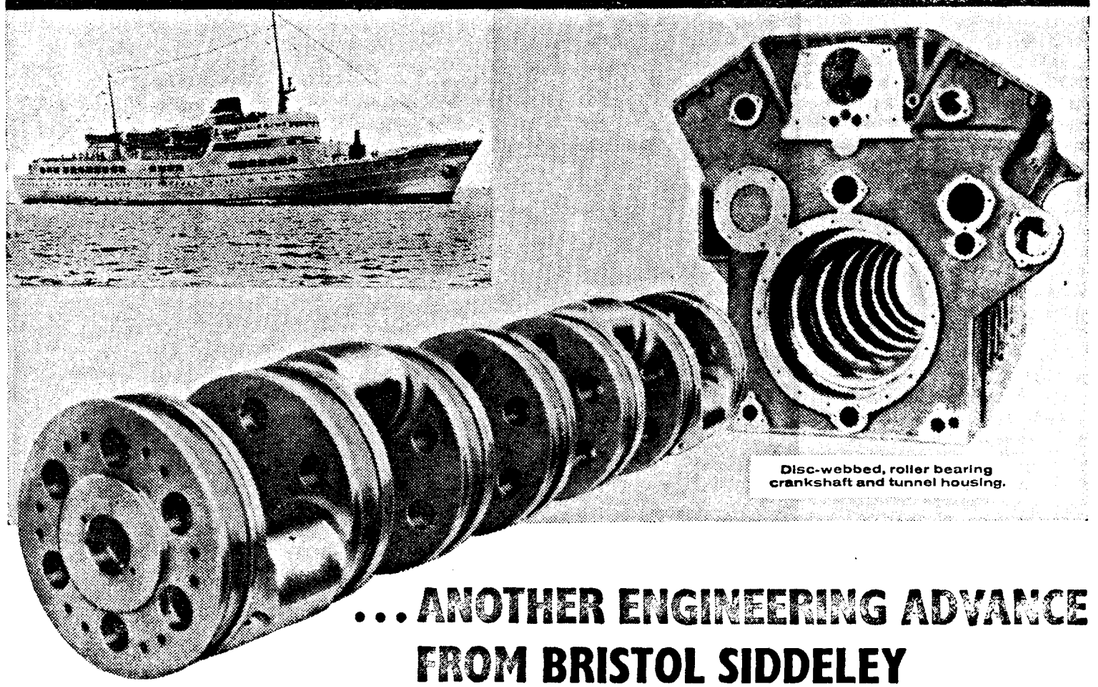

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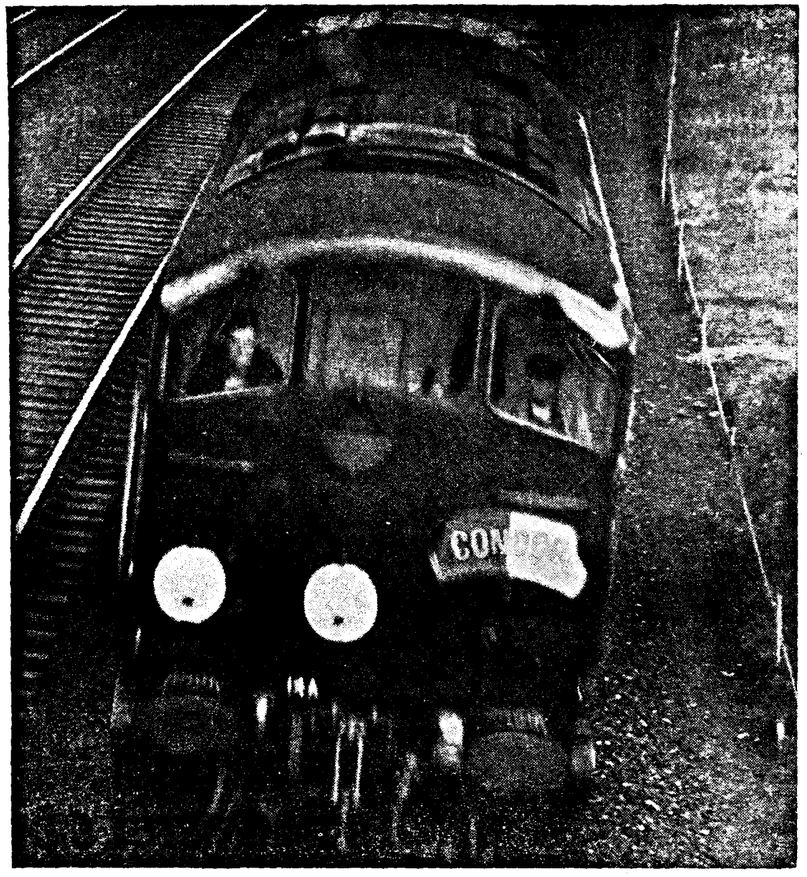

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THE WORLD OVERSEAS

West African Manoeuvres

FROM OUR SPECIAL CORRESPONDENT

THE decision of M. Houphouet-Boigny, the premier of the Ivory Coast, to demand independence for the states of the "Entente" (Ivory Coast, Upper Volta, Dahomey and Niger) and to lead them out of the French Community before he leads them in again (if he does) has produced very mixed reactions in the West African capitals that are now fast becoming hotbeds of international diplomacy.

In Dakar, there was dismay and mortification. An independence which leaves a strategic base in France's hands and provides for financial and diplomatic co-operation which only made sense when several other partners were in the partnership, has become dust and ashes, for all the fanfares (ready-wired in advance) that have duly sounded. In Conakry there is grim satisfaction, and the calculation of future chances. In Monrovia there is relaxed benevolence. In Accra there is a mixture of triumph and irritated disbelief: M. Houphouet-Boigny has had to admit dramatically that Dr Nkrumah, prophet of African independence, was right all along—but he is still Houphouet-Boigny, still entrenched, formidable, conservative and determined to remain a power in Africa. His "Entente" still encircles Ghana and enjoys common frontiers with Guinea and Nigeria while yet dividing them all from each other. In Lomé there is relief that Togoland now has an alternative large state with which it can associate itself if it proves impossible to stand alone—a tactical advantage that Mr Olympio impressed on Dr Nkrumah at their recent let-bygones-be-bygones meeting.



In Guinea and Ghana, of course, Mali's independence, like Togo's, has all along been denounced as a spoof, and both have considered whether to try to block its membership of the United Nations on the ground that its agreements with France leave it a disguised dependency. But this has also been aimed at M. Houphouet-Boigny and, behind him, at French imperialism, the Aunt Sally of every African démarche (as yet even more so than apartheid). In both, M. Houphouet-Boigny's move is still decried in powerful quarters as phony independence, a front for French colonialism; but it is obviously going to be a great deal more difficult to persuade the Afro-Asian block of this. The leader of the "Entente" states (this is decidedly the feeling in western circles) has ditched Mali, but has stolen a march on Conakry and Accra.

There has thus, for the moment, been no real brotherly reunion of anti-colonialist comrades; though this may come. Dr Nkrumah and Mr Olympio, prime minister of Togo, have shown how quickly, at least in personal relationships, African leaders can compose quarrels and forget name calling (and even frontier brinkmanship). In Guinea there was real satisfaction at the way in which both Senegal and Ivory Coast co-operated in uncovering the unholy plot against its regime by malcontents and adventurers whose caches of rifles and automatic weapons were unearthed and are now on show in an exhibition at the "Permanence"—the party headquarters—in Conakry, and whose agents are in gaol or (in some cases) under the earth themselves. In Accra there is a feeling that M. Houphouet-Boigny must be made to work his passage; for three years he has (as the Ghanaians see it) done France's dirty work. If he now backs Ghana, well and good; but he must denounce French atomic tests, recognise the Algerian rebels (or at least denounce the Algerian war), and make sure that even if he joins a French community for the sake of French markets and investments, that community shall be as innocuous an organisation as the Commonwealth. Then the grand march to African union under Dr Nkrumah's (much reinforced) leadership can be resumed; and there are Ghanaians who think that, with careful diplomacy, M. Houphouet-Boigny could be drawn along this path.

There is more scepticism in Guinea. M. Houphouet-Boigny's position is there analysed under the Marxian antinomies. Ivory Coast is the core of the "Entente"; it is relatively rich, and it is a country (like Ghana) of small proprietors often employing proletarian labour from the underdeveloped northern states, with which it is therefore in social conflict. It needs to develop them, if it is to form any organic unit with them, but it has not the wealth to do this, even if it were willing to put such a brake on its own rapid development. It must therefore seek future French subventions, which will at once lead it back to partnership with French colonialism—yet without solving the economic problems of Upper Volta and Niger. These, in the Guinean view, can only be solved by an African marxist revolution in the classic Guinean manner—the denunciation of all foreign aid, and the mobilisation of the energies of the liberated people (after which fraternal aid from the peoples' democracies can be relied on to meet immediate deficiencies). The correct move is therefore to detach Ivory Coast from the northern states by penetrating them with the appropriate ideology. The *Parti Democratique Guinéen* is not without hopes of doing so, encouraged by the success its ideas have had in Soudan, the weaker member of the Mali partnership. A school for training activists is being set up.

Yet even in Guinea a single viewpoint does not exist. There are moderates there who would leave it to the "Entente" to find its own solutions. The question in Guinea always comes back to the estimate of how far communist penetration has gone—how well Russian grafts on the stock of African collectivism have taken. This is not at all certain. True, M. Sekou Touré looks at West Africa through marxist spectacles, but he removed them smartly enough when he found that the draft three-year plan contained an explicit avowal of complete socialism; the printed draft will be found to be without these interesting passages when it appears in a week or two. Thus the iron ore and bauxite consortia have been quietly reprieved, though it may not follow that Alcan will decide to go ahead with the new bauxite project costing $150 million—to which only $10 million has been committed so far. Though Conakry has lost its sparkle, and become a fair imitation of the drab, post-revolution capital, *planteurs* are tolerated upcountry, and the famous Coast trading companies struggle on.

The Russians have, however, made Guinea's independence pos-

sible, and thus at one remove forced M. Houphouet-Boigny's hand. Their contribution has been twofold—the loan, which gave the country a line of credit on which to continue trading, and moral support and constant excitement. The Ilyushin transports have continually flown parties and delegations in and out, making Guinea feel it is the hub of the African revolution. Flattery has been laid on with a trowel. (Westerners have quite lost the Disraeli touch, vastly to their disadvantage.) The actual economic projects have been few: the Russians have improved the airport and built roads (so have the Americans) ; the east Germans are putting up a printing plant ; the Czechs have printed the handsome notes of the new currency, by lithography on unwatermarked paper ; and there is much other activity which has given rise to the useful rumour of thousands of trucks and tractors being landed. But, in spite of Russian gifts and imports from the communist block, the Guineans were glad to buy consumer goods in Britain and Sierra Leone to ease immediate shortages, caused by the non-convertibility of the Guinean franc, which has cut trade with France and the West to a vestige. Reuters, in competition with Tass, has concluded an agreement to be the agent for the official Guinean press agency. Against perhaps 3,000 French and western technicians and administrators in Guinea, the whole Communist block (which works as a team) has rarely more than 150 personnel at a time—though the planes arrive almost daily bringing new ones and taking others away.

This, however, is enough to make the ordinary Guinean begin to talk about "les pays amis" or "nos vrais amis." The Russians are planning ahead on the ancient African maxim of "Soffle, soffle, catchee monkee." They have as yet no advisers in key positions, even though the Czechs are (helped by the plot) reorganising security and defence. But they are indoctrinating the "second layer" of Guinean politicians and administrators and, by taking 300 students, hope to indoctrinate the rising generation. Their intention seems to be to cut off M. Sekou Touré's retreat at the right moment.

THE manœuvre is sufficiently obvious to have alarmed the moderate Ghanaians. They recognise ominous mental signs in some of their colleagues lately returned from Russian tours, who talk about collective farms and Russian loans at 2 per cent without strings. This has a variety of consequences. There is little doubt that the World Bank's decision on the revised Volta barrage will be a critical moment ; if the plan is turned down, or finance is offered on distasteful terms, the voices in favour of supping with the Russians will get much louder.

But the other consequence is the importance of the path that M. Houphouet-Boigny now treads. By opting for complete independence, he suddenly presents the Russians with a much larger field than even Guinea and Ghana for their operations—but also one that may be too large for them to compass. Russian aid to Guinea is at once spectacular and cheap because concentrated: spread throughout west Africa it would be much less impressive. And if M. Houphouet-Boigny joined the ranks of the African leaders who are determined not to exchange an old for a new master, or even a shadow of one, the going would be much harder. Much will therefore depend on the terms on which M. Houphouet-Boigny parts with the French and works with Niger and Upper Volta ; and also on whether the African leaders can work together or are divided by jealousies, perhaps especially the jealousy over who is the real champion of African independence. In this, as perhaps other matters, the Africans would be advised to study the parable of the vineyard. The West on the other hand, flinching at the onset of communism, might consider the parable of the wheat and the tares. It is easy to make mistakes in Africa—even for Chinese, confident that they can teach Guineans how to grow rice on the collective farm system.

Rebels with a Passport

FROM OUR PARIS CORRESPONDENT

THE Algerian conflict is moving towards its moment of truth. Direct negotiations between the French government and the leaders of the insurrection, whatever their outcome, will reveal the respective positions of the two sides. Should the prospect of a compromise appear in the process, the scarcely-veiled threats of the French opponents of a negotiated settlement will be put to the test of political action. If the talks break down, the limits beyond which each side is unwilling or unable to move will be made plain. But, as in any drama, the climax of clarity is preceded by confusion, shifts of position and sudden changes of fortune. On Monday, hopes soared high when the insurgents agreed to send a delegation, headed by M. Ferhat Abbas, to Paris. On Tuesday, there was astonishment when the mere sending of a preliminary envoy was bogged down in quarrels over the ownership of the plane and nature of the permit. Beneath the quarrel of prestige and procedure lie differences of substance. To understand this incident and similar ones that are likely to follow, the fundamental positions of the protagonists must be assessed.

General de Gaulle is driven by two contradictory forces. He needs peace to consolidate his position at home and to try to carry his principles of foreign policy into practice. On the other hand, the origins and nature of his regime, his own conception of the part the army should play in society, prevents him from accepting a solution which would hurt the feelings of the majority of French officers and thus lead, if not to a clash, at least towards a divorce. The attempt to reconcile these two conflicting tendencies explains the waverings and ambiguities of gaullist Algerian policy. Last week, General de Gaulle made his bid to get the Algerians to Paris, not by any explicit new pledges, but simply by omitting from his statement passages that had been considered unacceptable by the insurgents on previous occasions. This method has the advantage of enabling the general to retreat, if he chooses, and of allowing his ministers to assert that on all controversial questions official policy has not changed.

What matters, however, is that the insurgent leaders saw in the general's silence enough "progress" to justify their coming to Paris. Their reply reiterated the previous position that talks about a ceasefire and about guarantees for a future vote cannot be separated. It admitted that the gap between the two sides remains wide. Yet, like the general, the leaders of the insurrection chose to emphasise the need for negotiation rather than the differences. It requires the wishful thinking of French journalists to interpret this position as a sign of weakness bordering on surrender. Whatever their losses in the field and shortage of weapons, the insurgents can carry on their guerrilla war. The predominance of the young in a population living in poverty and unemployment makes recruitment easy for a nationalist underground movement. Even the rebels' military position might be improved shortly by Chinese help.

Internationally, the Algerian government-in-exile is now stronger than, say, at the beginning of this year. The failure of the summit conference had a double result. It freed the hands of Mr Khrushchev, who is no longer bothered by scruples towards gaullist France ; this, in turn, made it more urgent for the United States that the Algerian conflict should be brought to an end. Last, but not least, all observers have been struck by the renewed confidence of the insurgent leaders after their recent discussions with the Chinese. Mao Tse-tung apparently assured his visitors that, as their conflict was part of the general "anti-imperialist struggle," they could rely on Chinese assistance however long the war lasted. The aid offered, it is claimed, was very impressive. Naturally, the prospect of increasing reliance on communist China must be as distasteful to middle-class leaders like M. Ferhat Abbas as it is tempting to intransigent Algerians of the younger generation. Its very existence, however, rules out the theory that the rebels have agreed to send a delegation to Paris because they had no other alternative but imminent surrender.

The journey to Paris involves undoubted risks for the insurgents. Any commander knows that a truce, and the prospect of final peace, can sap the fighting spirit of his troops. What is true of a regular army is even more of a problem for guerrillas. Hence the emphasis in M. Abbas's appeal to the Algerian nation on the need for vigilance, and the fact that the struggle is far from ended. The appeal also tries to explain that the government-in-exile took the risk of negotiations because it hopes, in this way, to achieve its aim of independence. A free vote, it argues, can only result in a massive Moslem vote for independence. Ceasefire negotiations must, therefore, be combined with talks about guarantees that the vote will really be free.

The two positions can now be contrasted. The insurgents want simultaneous talks and a ceasefire to be followed in quick succession by demobilisation on both sides (and the rapid evacuation of French troops), their own transformation into a political movement and a vote under dual—or international—control. General de Gaulle wants the insurgents to accept the ceasefire and, then only, to start discussions, together with other Algerian representatives, about the terms of a future referendum to take place after a good period of *apaisement*. The French army would remain on the spot for a long time to guarantee that everything works according to plan. In other words, the insurgents are asked to fit into the slow evolution, envisaged by the general, and leading finally in his opinion to an autonomous "Algerian Algeria" closely tied with France. In their present form, the two positions are irreconcilable. The forthcoming talks should show whether either side is willing to make concessions of substance, and the presence of French forces on Algerian soil may soon be the heart of the matter.

In deciding on French concessions, General de Gaulle must keep only one internal obstacle in mind—the mood and obedience of his military subordinates. The political champions of French Algeria, who sat in conference this week in the town hall of Vincennes, have well-known names but relatively little popular following in France. Such is the general weariness with the never-ending war that President de Gaulle could get a massive popular endorsement in France for any peaceful solution. MM. Soustelle, Bidault, Lacoste and others are important chiefly as a brains trust for political forces across the Mediterranean. Many of the million French settlers in Algeria are convinced that their very existence is at stake and they are certainly ready to come out into the streets. But M. Soustelle and his colleagues are intelligent enough to have drawn the lesson from the events of May, 1958 and January, 1960 that a settlers' revolt acquires political significance only when it is backed by the active support, or the benevolent neutrality, of the army. Hence the present prudent tactics of the *ultras*. They have set up a new organisation (the Front for French Algeria—FAF) and are gathering signatures to extend their movement beyond Algiers. Meanwhile they wait. But the present quiet of Algiers is deceptive.

These tactics have proved wise so far. General de Gaulle, having encouraged the insurgents by silence, has now allowed his ministers to reassure the officers and settlers more explicitly. The favourable reply of M. Ferhat Abbas was accompanied in the French press by commentaries, inspired by the ministry of information, that talks would be limited to military matters, and that the French army would stay in Algeria. M. Delouvrier spoke in the same vein in Algiers and rumour has it that the army dropped leaflets over rebel territory urging the guerrillas to surrender because their leaders had already done so. It is in this context that the Algerians' reluctance to send their envoy in a French plane can be understood. The rebels still fear that they may be led up the garden path and want to avoid any signs of inequality. The French authorities had to give in and change their plans. It has thus been plain from the start how perilous the actual negotiations are bound to be.

There are some factors favouring an agreement. The leaders of the insurrection, having taken the risk of psychological relaxation among their troops, will not want to leave Paris empty-handed. The middle class leaders want to avoid the Chinese alliance which looks inevitable in the event of a break-down. General de Gaulle, for his part, knows that failure this time would both strengthen his opponents on the extreme right, and, on the left, combine opposition to the war with struggle against the regime. It would also damage his international prestige. But the crucial question remains whether General de Gaulle can find a formula acceptable to the insurgents which he will be able and willing to impose on the French army.

Medicine for Turkey's Economy

FROM OUR CORRESPONDENT IN ANKARA

MILITARY coups suggest violence, bloodshed and uncertainty, and tend to discourage foreign investors. The West should therefore realise that Turkey's recent coup, as seen from Ankara during the first few weeks, is clearly a determined attempt to abandon the economic nonsense of the previous regime and get back to financial soundness and good sense. The soldiers are in power in Turkey, but they have installed a government of experts, technicians and intellectuals which, at least on paper, could hardly be bettered. The economic posts in the new cabinet—finance, commerce, works and planning—are in the hands of civilians, who are all believed to have sensible ideas about what should be done.

Nobody, of course, knows how long these men will stay. They are only a provisional government until the army, through the promised free elections, restores democracy. That may be in six months ; it may be in a year. Fortunately, a provision is being inserted in the new constitution now being drafted allowing non-political technicians to remain in office. Some of the key men may thus be expected to stay on after the elections, so that continuity will be preserved. The provisional government has already got some important things under way. An economic planning board has been set up, with one of the top ministers as its chairman, to draw up a long-term investment plan for Turkey ; this is something Mr Menderes always managed to wriggle out of. The board will have the advice of two distinguished Dutch economists, Professor Tinbergen and Dr Koopman, and will work in close contact with the United Nations experts who for many years have been poring over Turkey's problems.

The planning board, the first to be set up in Turkey since the time of Kemal Ataturk, will closely scrutinise the welter of economic projects, some of them almost blatantly electoral in intention, in which the previous government was wallowing. Priorities will be allotted which will be based on the degree to which any particular project helps to earn, or to save, foreign exchange. In this way it is hoped that Turkey's chronic trade unbalance will be diminished.

Each project will be decided on its merits. Irrigation and reafforestation will be given high priority ; so, too, probably, will tourism. Plans for a new steel industry on the Black Sea coast at Eregli may or may not be adopted. Dunlop's proposed factory near Istanbul, will, for certain reasons, be scrapped. The replanning of Istanbul, an immensely expensive operation, will be brought to a halt. Dreams like the Bosphorus road bridge will be quietly forgotten. Eventually, a hard core of sensible development will be welded into a plan—probably a five-year one.

On the agricultural side the government has also taken a wise and courageous decision. It has told the peasants bluntly that

they will not get the higher prices for their corn promised by Mr Menderes. This will not be popular. But here the coup was fortunate, or clever, in its timing. The peasant in June is too busy to mind much about anything. Furthermore, by a great stroke of good fortune, this year's harvest is likely to be the best for many years. This will mollify the peasant and should provide, for the first time since 1953, Turkish wheat for export. If prices can be kept low, which the new rulers are clearly making a great effort to do, the peasant will not find his purchasing power reduced but possibly even increased.

Turkey has fearful problems ahead, many of which have been concealed in recent years by the more superficial disease of a trade deficit. There is a combination of a galloping birthrate (three per cent per annum) with grievous soil erosion, which is lowering food production, and deforestation of the Anatolian plateau which is little short of a national disaster. On top of this, there is vast hidden underemployment, both in town and country which is constantly aggravated by demographic factors.

The new government, in Churchillian style, has declared its own policy to be "the tightening of belts." There will be no devaluation. There will be (for the moment at least) no new taxes. Foreign aid will be expected, not courted. Budgets are to be balanced, inflation countered, and Turkish exports, by judicious investment, made competitive on world markets. Turkey's long downhill gallop has ended, the long uphill trudge begun. It is a journey which only a strong government with little opposition will be likely to accomplish.

Japan After Kishi

FROM OUR TOKYO CORRESPONDENT

OVER the main gate of the Diet compound in Tokyo on Sunday, June 19th, the day that American Marines were protecting President Eisenhower from demonstrators on Okinawa, there stood a large photograph of Miss Michiko Kamba, the Japanese co-ed who was trampled to death when she and other students attempted to break into the Diet grounds on June 15th. In front of the Diet gate stood large wreaths of artificial flowers. Prayers were being said, and incense burned. In a country where prayers are also said for the souls of broken sewing-machine needles, these ceremonies perhaps have more political than religious significance. The dead girl's father, Professor Kamba, who earlier this year bitterly accused *Zengakuren* of "stealing my daughter from me," has now, like many other professors with less personal reasons, become an ardent advocate of the students' cause, and has taken a solemn vow, in the presence of several scores of thousands of people, to "carry on my dead child's work so that she shall not have died in vain."

But what exactly it is that the students, and the professors, want is not easy to determine. They claim that they are out to defend democracy against Mr Kishi and his "fascist" government. But it was the Diet Socialists, not Mr Kishi, who broke the parliamentary rules and tried by physical force to prevent the staging of a debate they knew they lacked the numbers to win; and it was from socialist not "fascist" fists that police had to be called in to protect the Speaker of the Lower House. Similarly, the students, including Miss Kamba, who attacked the Diet on June 15th, seemed less eager to protect democracy than to destroy its tangible home. The students and the professors bitterly accuse the "brutal" police of having killed Miss Kamba; but, once again, the facts are quite otherwise. After having for some hours endured being poked at with nail-studded sticks and having stones thrown at them, the police guarding the Diet charged the students, whose vanguard tried to retreat while their rear was still being urged forward by leaders with loudspeakers who were careful to remain in a place of safety. Miss Kamba slipped, fell and was trampled to death by fellow-students as well as by police, and a number of other Japanese girls who were where they had no right to be were very lucky not to share her fate. This, however, has not prevented the principal of Tokyo University, Dr Kaya, from putting all the blame on "police atrocities." Japan's *sensei* appear for the time being to have lost the power to discriminate between truth and falsehood as well as between right and wrong.

It is the active participation of so many of Japan's intelligentsia in the anti-government crusade now convulsing the country that gives the demonstrations their significance. If the demonstrations were not so heavily weighted with the most vocal members of the middle class it would be possible and permissible to note that although the entire nation is supposed to be seething with unrest, in fact considerably less than one per cent of the population is in any way engaged in the agitation. But while the crusade has the active backing of most of the universities and almost all the newspapers, not much comfort can really be derived by Japan's conservatives from such phenomena as their having received 23 million votes in the last elections two years ago, compared with 13 million for the Socialists, and only one million for the Communists.

The picture becomes even more maddeningly confusing when one asks if the current unrest means that a switch to a Socialist government is possible, only to be assured even by Socialists that this is completely out of the question; a dissolution of the Diet and fresh elections, which the Socialists are clamouring for and the conservatives will probably concede, must, it is said, infallibly result in the Liberal-Democrats being returned to power, and with no great reduction in the number of seats they now hold, which is close to two-thirds. Yet everyone insists that with the passing of the revised Japan-America security treaty through the Diet at midnight on June 18th, Mr Kishi for all practical purposes ceased to be prime minister, and that all that is now left to do is to decide whether his successor shall be Mr Ishii, or Mr Ikeda, or even the hoary but remarkably hale Mr Yoshida.

It is not even possible to say clearly why Mr Kishi is being summarily dismissed. The students, the professors and the press have hitherto declared his twin sins against the Japanese holy ghost to be passing the security treaty and asking President Eisenhower to visit Japan. But the *Asahi*, Japan's largest newspaper and hitherto the treaty's most relentless critic, is now saying that the treaty Mr Kishi negotiated "is a great improvement on the old one." And if one turns to the provincial press, one finds the *Chubu Nippon Shimbun* of Nagoya announcing that one of the things for which Mr Kishi must certainly be punished, and which he will have a hard time justifying to the Japanese people, is his having "called off the scheduled visit of President Eisenhower." To be either a policeman or a premier in Japan would appear to be distinctly purgatorial.

Mr Kishi may well feel rejected by all, for the United States as well as his own party seems to be writing him off as briskly as possible. His own public relations chairman blandly assured newspapermen that Japan was "anti-Kishi but not anti-conservative," and, though Mr Kishi got a no doubt nicely worded note from Mr Eisenhower, Washington appears anxious to have it established that Mr Kishi's imminent fall will not break the heart of the State Department. This ingratitude may not turn out to be very clever. The Japanese will note it, and draw their own conclusions. Writing off Mr Kishi in a hurry is probably not going to make the American bases in Japan any safer. The trouble, however, is that nobody knows how safe or unsafe they are, or how much Japanese-American friction the present upheaval may or may not generate. A Socialist speaker in the Diet declared at midnight on June 18th that the struggle was not ended and would not end until there were no more American bases in Japan. But it seems



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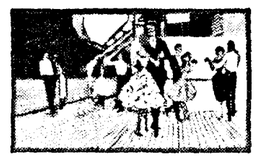

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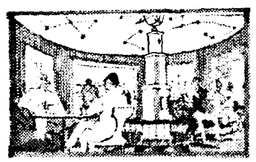

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highly unlikely that the Japanese people really wish to end their close association with the United States; the Japanese Socialists, temporarily jubilant, could turn out to be as wrong about Japan's future course as everyone else.

EASTERN GERMANY—I.

Towards the Promised Land

FROM OUR SPECIAL CORRESPONDENT

IT has to be seen to be believed how unlike each one's officially projected image of the other the two Germanys have become after fifteen years' separate development. Fresh from the European-minded Federal Republic, where they are certainly not spoiling for a war of revenge, the traveller to east Germany is struck disagreeably by the malevolence and mendacity in the caricatures of west Germany's elected leaders that shriek from every newspaper and factory wall, even though he is relieved after a while to note that nobody seems to pay the slightest attention to these hollow cries of wolf. He is just as sharply impressed, and relieved, to discover that the seventeen million Germans confined in the Democratic Republic are living by no means as greyly and fearfully as Bonn's propagandists assert. Economically, things are getting steadily better, not worse, in the Democratic Republic.

One of the declared objectives of the Democratic Republic's seven-year-plan (1958-1965) is to overtake west Germany "in consumption per head of the most important industrial consumer goods and foodstuffs by the end of the year 1961." Cautiously worded as it is, this seemed a fantastic promise when it was first made nine months ago in the circumstances of deprivation then prevailing. Yet this summer it is plain for all to see that the east Germans are once again enjoying most of the creature comforts the lack of which since the war has provoked so much head-shaking among their luckier kin in the west. The men, the women, and the children are wearing markedly better clothes. There are more private cars and motor-bikes on the roads. There are generally more goods in the shops, not merely in the shop windows. The average German's conception of a square meal—plenty of fresh meat or sausage, and beer or wine—is procurable anywhere at a reasonable price. At teatime in the state-run cafés of Dresden, Halle, Cottbus, or Rostock, you can see the same sort of people tucking into the same hunks of cake topped with whipped cream, listening to the same music in the same sort of solid setting, that you can see at teatime in the cafés of Stuttgart, Hanover, Krefeld, or Bremen.

The east Germans still have their grumbles—the continuing scarcity, for instance, of fresh fruit and vegetables (bananas, when they can find them, fetching 1s. 6d. and oranges 10d. apiece), and, among the increasing number of those who can afford such luxuries, the delay in the delivery of cars, television sets, and refrigerators. But the planners confidently claim that these deficiencies will shortly be made good. As for satisfying the pressing need for new houses, the promise is more modest, namely that "the shortage is to be overcome for the most part by 1965." The building programme is now lagging by some 20 per cent.

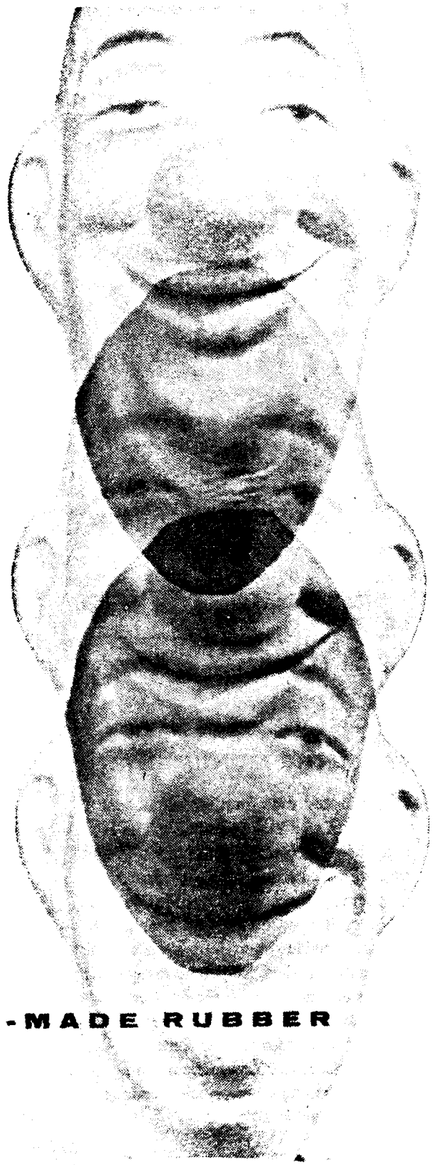
The beatific certitude with which the regime maps the Democratic Republic's route march to the promised land rests not only on its belief in the superiority of communist practice, but also on the scale of communist international co-operation, in which east Germany is increasingly sharing. The Lübbenau-Vletschau power station, whose faintly smoking chimneys are a landmark for miles around Cottbus, is, for example, already linked with the inter-national electricity grid of the communist countries. Controlled centrally from the lower Volga, the grid can pool, as required, electric power from eastern Germany, Czechoslovakia, Poland, Hungary, Roumania, and Bulgaria, with that from Soviet stations. The grid is to be operating fully in 1965. By then, it is claimed the Lübbenau-Vletschau plant will have expanded enormously. The refineries that are now being built at Schwedt, on the Polish border near Frankfurt-on-Oder, will be ready in 1963 to handle the first oil arriving by pipeline from the Soviet fields near Kuybyshev, 2,500 miles away. Schwedt is to be able to deal with four million tons of crude oil each year by 1965, and, if all goes well, eight million tons by 1968. The bulk of the refined oil will be absorbed by the chemical industry.

The most important part allotted to east Germany by the communist countries' council for economic aid (Comecon), is that of principal supplier of chemicals to the eastern block—mainly petroleum chemicals and their derivatives, but also a considerable quantity of drugs. This is why the headquarters of Comecon's standing committee for the chemical industry have been set up in east Berlin. For the good reason that it is investing heavily in the project, the Soviet Union is highly interested in enjoying its fruits. According to a talkative, mediumweight technician at one of the big chemical plants near Halle, the Russians have so far supported this department of Comecon planning with credits worth altogether DM 500 million (east). At the more knowledgeable but more reticent east German state planning commission in Berlin, they say that the Soviet Union, bent on expanding its own plastics industry, granted credits worth DM 200 million (east) in 1958 specifically to help the Democratic Republic set up new plant for the production of polyvinyl chloride. The Germans have undertaken to deliver 20,000 tons of polyvinyl chloride by the beginning of 1961, and then increasingly more until the debt has been paid.

UNDOUBTEDLY the Russians are also lending a hand in the development of the huge brown coal combine at Schwarze Pumpe, near Cottbus in Saxony, where the rich local deposits—enough for the next sixty years—are being processed largely on the spot (because 60 per cent of lignite is composed of water) into gas and solid fuels and such valuable industrial chemicals as tar and creosote. The catalogue of present developments in the chemical industry is too long to fit into the space of a general article. But it is worth mentioning that east Germany now has the largest plant in Europe for making sulphuric acid from anhydrite, a plentiful ore chemically related to plaster of paris. Production here is to reach 300,000 tons annually by 1963. Sulphuric acid stays at home, and so, for the time being, does virtually the whole of the Democratic Republic's fertiliser production. In short, the prime sources of national wealth are being so intensively and ambitiously cultivated that only the catastrophe of war could now interrupt the east German's improving daily lot.

Of course, there are difficulties, miscalculations, and hitches. As a rule, one hears only of the first. They arise mainly from a lack of the means of investment, of hard coal (hence the frantic exploitation of lignite, at present the source of 90 per cent of the Republic's energy), of good quality steel, of an adequate transport system (electrification of the railways is now being energetically tackled), and of chemical equipment. Even more troublesome is the shortage of both skilled and unskilled labour, which is being constantly aggravated by the unceasing exodus to the west. Some 2,000 women are working in the Warnow shipyard at Rostock alone, and several hundred convicts have been drafted to Schwarze Pumpe. The social and political consequences of the regime's immense effort to incorporate Germany usefully into the communist world will be discussed in a subsequent article.

(To be Concluded)



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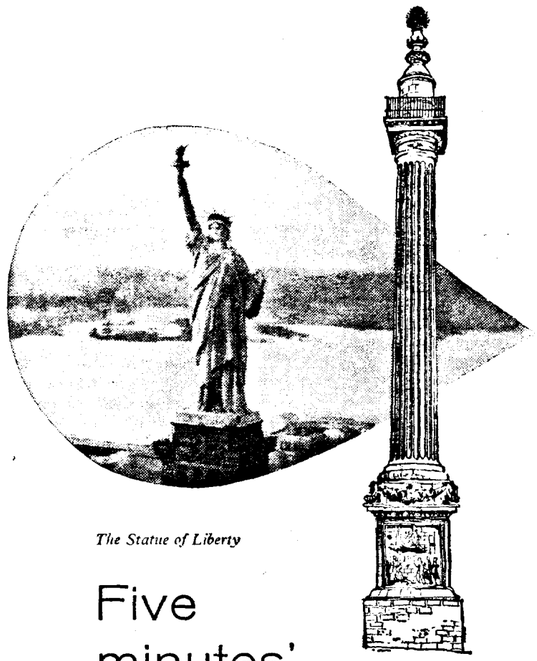

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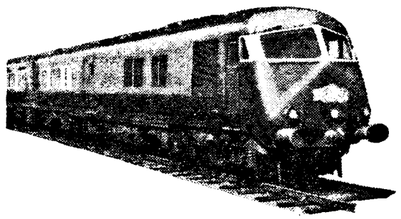

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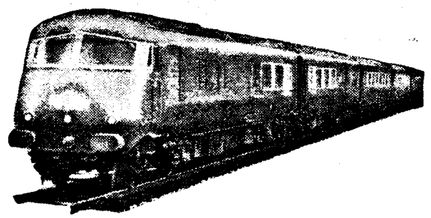

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LONDON MIDLAND

THE BUSINESS WORLD

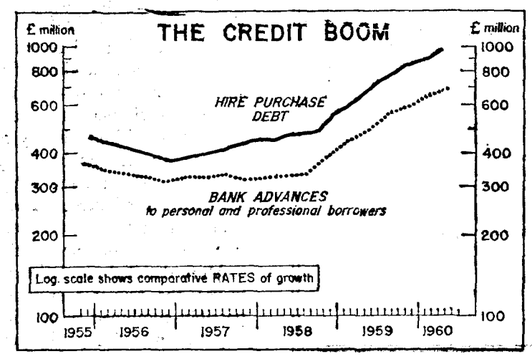
Regulating Hire Purchase

THE great boom in hire purchase, which in two years has doubled the volume of instalment credit outstanding in Britain and much more than doubled the profits of hire purchase finance companies, now faces threats from three directions. The re-imposition at the end of April of statutory controls on minimum deposits and duration of contracts has inevitably cut away some business (even if only by reducing the amount of credit granted for each purchase), just at the time when a deceleration in the growth of business was due anyway. Secondly, after two years in which bank money has been available for the asking, the banks have clamped down and are not generally prepared to offer new overdrafts and these will now be costing 7 per cent. So the finance houses are again sharpening their efforts to draw deposits direct from the public. And, thirdly, their freedom to do this will soon, for the first time, be circumscribed by a new and permanent statutory control. The form that regulation should take is a matter of keen debate; but the Government has promised legislation for the next session.

The immediate outlook for the finance companies may therefore be consolidation, which after their break-neck expansion will not do any harm. The stock exchange was quick to signal the changed prospect. Hire purchase shares were among the first to fall, and are now in most cases 20 to 25 per cent below their peaks at the end of 1959. Current dividend yields are no longer in the 2-2½ per cent range though at 3-3¾ per cent they are still a full point and more below the average yield on leading blue chips. Investors know that a large part of the profits from the past two years of peak trading has still to be brought into the accounts; and they are impressed too with the dynamic management of most finance houses.

But, even without official restrictions, most observers inside and outside the hire purchase business expect its expansion to slow down. Instalment purchase is subject to a built-in cycle, as increased business carries with it increased commitments to repay. There might in addition be a more lasting check to the pace of growth. For years Britain was far behind communities such as the United States and Australia in its use of consumer credit. The upsurge since mid-1958, with a doubling of hire purchase debt and also of advances by commercial banks to personal and professional borrowers, has changed this picture. Hire purchase and other instalment credit, at £950 million, now accounts for about 5½ per cent of total personal incomes after tax, and bank advances to the personal and professional group, at £680 million, for another 4 per cent. Not all of this can be classed as consumer credit, for it includes finance for small businesses ; on the other hand sizeable sources of personal credit, notably through check trading and monthly retail accounts, are not included in the hire purchase figures and are likely to be financed by bank advances under other headings. So this total percentage of around 10 per cent of a year's disposable income may be broadly the right figure for consumer credit in Britain. Two years ago the comparable figure was 5 per cent.

In the United States, it is true, total consumer credit shown by the notably more comprehensive figures is around 15 per cent of disposable personal incomes. If Britain is to approach this ratio there will have to be marked changes in social habits, notably in people's reluctance to give full and frank details of their personal finances to credit agencies, whose services are essential if the business of credit giving is to be streamlined in the American way. Even in the United States, following the rapid increase after the war, the ratio of consumer credit to incomes has been stuck at around 14-15 per cent for the last five years.



The inference seems to be that competition in the provision of consumer credit in Britain is likely to sharpen. The banks, *it is true, are now under pressure* to curb their total lending, but this time the monetary authorities have not asked for specific discrimination against the personal borrower. Thus hire purchase companies, which in any case are subject to control on terms of contract and to pressure on their sources of finance, are less likely to thrive on business turned away by the banks—as bankers allege they did in the mid-fifties. Nor does there seem to be much

further scope for finance houses taking over credit business done by retailers: most traders who still finance their own goods do it as a matter of policy.

Because they foresee a slowing down of growth in Britain a growing number of finance houses are turning their attention to possibilities abroad. Two leading groups, Bowmaker and Lloyds & Scottish, are establishing jointly a holding company in Switzerland to acquire promising finance companies on the Continent. Leading finance houses in eleven countries (including United Dominions Trust in Britain) co-operate in a loose association designed to pass on business arising from international trade; there seems a possibility that this may in time be extended to the setting up of a joint international company, perhaps in Switzerland, to obtain finance in the cheapest market and operate in member countries' territories in its own right.

While Britain's large hire purchase companies are thus looking outward for further expansion, the medium sized and smaller companies are awaiting the coming legislation on acceptance of deposits from the public with some concern. These smaller companies are generally more dependent on deposits from the general public than the large finance houses, whose connections with banks and other institutions make them less dependent on deposits from the public and at the same time better placed to get them.

The smaller companies may thus come under a new pressure. In the past, it has to be admitted, the power of survival of these smaller companies has been underestimated,

The Economist

JUNE 23, 1860

CONTROLLING SPECULATION

The Act which has long been known as Sir John Barnard's Act, and which has just been repealed, is remarkable as one of the last remnants of the *once* prevalent disposition to regulate artificially the morality of commerce. Sir John Barnard was a very eminent and upright merchant of the last century. Like other traders of his time, he seems to have been deeply impressed by the mischievous speculations connected with the South Sea scheme, which were analogous to those of the railway mania of 1845, and to have believed that the Legislature could prevent the recurrence of similar calamities. . . . The Act further prescribes that, "for preventing the evil practice of compounding or making up differences for stocks or other securities" bought or sold, those who were concerned in such transactions should be liable to a penalty of £100; and all persons who contracted to sell stock of which they were not actually possessed at the time of such sale should be liable to a penalty of £500. The Act has, of course, been wholly inoperative. Half the business of the Stock Exchange has been carried on in spite of it. Trade will not allow itself to be restricted by statutes of this kind, and it is fortunate that it should be so. The motive of the framers of the Act was good, but their legislation was not beneficial. Like every other market, the stock market should be as free as possible. There is no more harm in buying stock deliverable at a distant day than in buying tallow so deliverable—there is no harm in selling either under such circumstances—and there is no harm in selling stock which you are not at the time possessed of; if you have not got it, you must proceed to get it. It is true that all trading transactions that deal with future times and future events have some element of chance in them; what is future is necessarily uncertain. It is also true that all transactions which have an element of chance in them may be made the means of gambling. The buying and selling of all commodities may be made so if the parties to the transactions wish it. But we should not prohibit the ordinary transactions of life because of their exceptional abuses; we must not prohibit regular commerce, because persons who are so disposed may gamble under its forms. The Stock Exchange will now have no peculiar law of its own on this subject: it will be subject to the general policy of the law as to wagers and gambling, but will not have peculiar penalties and special disabilities of its own.

and it may be that in this trade, where personal contact with variegated species of motor dealers is so important, the small company with local connections will always have a place. But whereas in the past official regulation has helped them

INVESTORS' APPRAISAL

	Prices†					Yields	
	Jan. 1, 1958	Jan. 1, 1960	April 4, 1960	April 28, 1960	June 23, 1960	Jan. 1, 1960	June 23, 1960
Astley	6/–	32/9	27/9	24/3	22/3	2·2	3·4
Bowmaker	5/11½	30/11½	26/7½	24/4½	22/9	2·7	4·0
British Wagon	40/–	90/–	77/6	75/–	70/–	2·4	3·6
Lombard Banking	*	31/7½	26/7½	25/4½	24/6	2·3	3·9
Mercantile Credit	6/–	29/–	23/6	21/4½	22/10½	2·6	3·3
UDT	63/9	191/–	162/6	150/–	145/–	2·4	3·5
Wagon Finance	47/6	122/–	100/–	99/6	97/6	2·9	4·4

* Not quoted until July, 1958 when price was equivalent to about 16/–. † Adjusted for scrip and rights issues.

stand up to the competition of the big battalions, the new form of regulation being considered is likely to do the opposite.

REGULATION that is directed to the taking of deposits by hire purchase companies—or indeed any finance companies—would be of quite different purpose to the more familiar controls on terms of hire purchase contracts. Control over hire purchase terms has been used by the Government in order to restrain or stimulate economic activity. It is possible to argue that some minimum conditions of payment in hire purchase contracts are in the general interest of finance companies and hirers alike, and that if the companies cannot agree among themselves to adhere to such conditions the Government should impose them; but that is not how the control has been used. Control of deposit-taking, by contrast, is designed to protect the investor. The absence of any such regulation is an anomaly. Legislation was planned some years ago and dropped in despair as the authorities discovered the wide differences of opinion within the hire purchase trade, and shrank from the complications that might be caused for the ordinary commercial banks (which traditionally have never advertised openly for deposits). Since then, the losses incurred by depositors as a result of a number of scandals, some of which coincided with the election campaign, have forced the Government to undertake the difficult task. It has not yet forced the finance houses to a common front; and their representations to the Government have varied notably.

The large companies represented in the Finance Houses Association generally feel that this matter hardly concerns them, as established companies. In their view, three simple stipulations are needed: first, that only public companies should be allowed to solicit deposits; secondly, that any advertisement or circular should state key figures from the accounts, particularly of immediately realisable assets; and thirdly, that balance sheets should be given to depositors as well as investors. These three suggestions are sensible, and should certainly be adopted. The Industrial Bankers Association, representing most of the smaller companies that solicit for deposits, does not object to them. But they may not be enough.

More detailed regulation is possible through three different ways: the registrar system as used for building societies, possibly combined with minimum ratios for liquid assets to deposits and risk capital to total borrowings; informal influence

exerted by the Bank of England; or provision and publication of really detailed regular information. Registration and control by a Whitehall registrar find few sympathies among the finance houses. The parallel with building societies breaks down: first, because finance companies are profit-making institutions and not friendly societies; and, secondly, because there are no simple criteria of what should be their basic form of business. One company may finance cars; another may be in the very different business of discounting finance paper of small retailers; a third may specialise in "bridging" finance. Again, the ratio of deposits and advances to risk capital that is appropriate to UDT is obviously not the same as for a small company just set up. A registrar would thus find it scarcely possible to say: "company A conforms with the general line of business practice, and it seems to be safe." Indeed, one of the dangers of a registrar system would be that it might appear to be making investment safe. And in practice, the immense power wielded by the registrar—which the Chancellor of the Exchequer in this week's debate on the Building Societies Bill again pronounced to be not amenable to appeal to the courts on questions of fact—would probably mean that control was either unduly oppressive or insufficient.

THIS is the case for informal influence through the Bank of England rather than a servant of Parliament. The Bank has been extending its contacts with hire purchase in the past few years, and is anxious to improve them further. But there are difficulties. The clearing bankers or merchant bankers can be in the Governor's room within the hour. Hire purchase companies are not only much more numerous but are spread all over the country. Moreover, the finance houses are not, to say the least, "association minded." Even those that belong to an association take their collective responsibilities rather lightly: "The trouble about us here," a member of the leading association confessed recently in private, "is that we all agree on something and no sooner we're out of the room we do the opposite." This independence of spirit is itself a sign of vigour: hire purchase men are still making money, not serving a profession. But for that reason they are not likely to be very sensitive to ear-stroking.

The third alternative form of regulation, through insistence on full information, may be the best, provided it can be made sufficiently stringent. One would want reports at least half-yearly. All companies should be required to show their provision for deferred charges. And companies should be required to show in detail the character of their business: what goods have been financed, and the periods of the contracts. If they had had to give such information published at a relatively short interval, the companies that have run into trouble would have been exposed to the public considerably sooner. And finance houses already provide most of this information to the Board of Trade for compilation of its aggregate figures.

Naturally, these regulations should apply only to companies that solicit deposits. If they were combined with a general watch by the Bank of England they might prove adequate. Certainly they would be the least disruptive. It is an old adage that no legislation can, or should endeavour to, protect investors completely against fraud or incompetence; and there is no case for bringing deposits in finance houses into the category of investments that the investor has a right to feel are rock safe. The element of risk, after all, is reflected in the turn on interest offered by deposits at most finance houses. The case for regulation is the same as that for all the other forms of soliciting money, whether by building societies, unit trusts or the circulars of licensed dealers. Deposits in hire purchase companies escaped largely through a legal loophole. It is proving a tricky one to close.

Third Thoughts on Atomic Power

FOR the third time in six years, the Government has produced a new nuclear power programme in a courageous if belated admission that its earlier policy was wrong. If matters had been left where they stood at the beginning of 1955, when the country embarked on a £300 million, 10-year nuclear power programme, Britain might have struck an ideal scale of nuclear building large enough to encourage technical progress, but not so large as to burden the country's electricity system with an uneconomic form of power. But two years later that programme was trebled and the bill trebled with it; the amount of nuclear power capacity expected to be working by the end of 1965 was put up 2,000 megawatts to 6,000 megawatts; it is now being cut back by half.

One extraordinary feature of this week's white paper on the nuclear power programme* is that it nowhere says specifically what the revised nuclear power programme is expected to cost. Nor have any of the official spokesmen been prepared to name a figure. This is not the first time that the Ministry of Power has been less than helpful about the economic aspects of atomic energy; twice in four years its failure to spell out in cash and costs the results of changes in the programme have made the policy itself difficult for the layman to follow and even downright confusing. But it is a surprise to find anyone with the precision of Sir Christopher Hinton apparently at a loss for answers.

The presumption can only be that the evasiveness of the new white paper and of its exponents is not accidental. In the last year or so, the Government must have been deeply embarrassed by the detailed nuclear power programme to which it committed itself in 1957 at the height of a fuel panic. Since then, the cost of building thermal power stations has been virtually halved, dropping much faster than the cost of atomic building. The atomic power programme had been expected at the outset to cost £919 million—between £700 and £800 million more than the cost of building 6,000 megawatts of coal-burning plant, which the fall in building costs must since have pushed nearer to the £1,000 million mark. Oil prices have fallen; coal stocks have mounted; and atomic power has begun to look a poor bargain instead of our salvation for the 1960s. The difference in the cost of electricity from a good thermal power station and from an early atomic one has widened to as much as 60 per cent; even on the most optimistic view, the Minister of Power could not promise that

* Cmnd. 1083. HMSO. 4d.

the margin would be much less than 25 per cent before 1970 and on figures he gave (not included in the white paper) the gap looks a good deal wider than this.

It was obvious, then, that the 1957 plan to install 6,000 megawatts by 1965 ought to be radically reconsidered and it was modified by easy stages. By the beginning of this year it had been quietly turned into a 15-year programme to install the same amount of atomic capacity by 1970, five years later than the original target. This was described in *The Economist* last February, when it was already a *fait accompli;* but the reproachful ghost of the 1957 programme refused to be laid to rest until it was duly exorcised in Parliament by the Minister of Power on Monday with a white paper.

THE white paper is most careful not to fall into the trap of replacing one incubus by another that might become equally embarrassing politically in a few years' time. It explains that the Government expects to see 3,000 megawatts of nuclear capacity commissioned by about 1966 in seven atomic power stations already under construction or under tender. It admits that nuclear power cannot compete with thermal power now or for at least another ten years; but it argues, as the core of the new policy, that atomic power is of such potential importance to the British economy as to merit continuous development until it is made economic and that to carry out such development at a rate of building of "roughly" one commercial power station every year "for the time being" seems about right. It forecasts tentatively that this might mean that 5,000 megawatts of nuclear plant would be commissioned by 1968 with the further implication that the remaining 1,000 megawatts of the programme would be installed by 1970. But in cold fact, there is no commitment to install any given amount of atomic capacity by any specific date—merely the intention to build "roughly" one every year, a phrase which may console industry and the scientists, but is elastic enough to leave the electricity authorities great flexibility to accelerate or slow down the building of nuclear capacity.

This is a sensible way of fostering the development of atomic energy if one accepts the underlying assumptions on which it is based. So the Government should have gone to special pains to see that the white paper argued these assumptions with even greater care than it argued the new building plan. Why, for instance, is atomic energy a Good Thing for Britain even if at the present time it is one of which we are in danger of having Too Much? This is a perfectly serious question; the Government still intends to spend £900 million on building atomic power stations even though it is spending it at a slower rate.

The white paper argues that by 1975, fifteen years from now, the power stations of this country will need to consume, in one fuel or another, the equivalent of 125 million tons of coal, and the equivalent of 200 million tons of coal a year by the 1980s. These are astonishingly high figures—about a quarter higher than any estimates previously published—and they suggest that the Central Electricity Generating Board has suddenly and sharply revised upwards all its estimates of future electricity consumption. If it has good reasons for doing so, they have not been disclosed. In any case the Coal Board would be overjoyed at the prospect of being asked to supply such extra tonnages of coal. And why, if "oil seems likely to remain plentiful for many years," is it "not prudent to rely only upon imported oil to supplement coal to the extent implied in these estimates"? What estimates and what extent? There may be good answers to these questions but they are not to be found in the white paper.

It is, indeed, exceedingly difficult to make out any case for a shortage of hydrocarbon fuels, now or in the foreseeable future, that would justify a switch to atomic power to ward off a fuel shortage. The reason for developing atomic power is that it may one day be more efficient than thermal power: this sole justification for the present massive rate of development must not be lost sight of. It is said that between now and 1966 the Government will spend about £400 million on atomic power stations (with atomic fuel costs extra) and £910 million on power stations of all kinds, thermal and atomic. Had the atomic power programme not been stretched out another five years, the total bill to 1966 would have been about £1,000 million; so about £90 million or 9 per cent of the planned expenditure has been saved—or "postponed," since it is still said that the stations will eventually be built. The value of atomic construction postponed is of the order of £120 million, but £30 million of new thermal stations will have to be built to make up the loss in generating capacity.

The cost of power from these nuclear stations is expected to lie between 0.65d. and 0.7d. a unit against 0.5d. a unit from a good coal-fired power station built on the coal fields. Nuclear power therefore works out on these official figures between 30 and 40 per cent more expensively than thermal power.

The whole object of building these uneconomic stations is to discover by experience how to bring costs down and scientists and engineers are by no means despairing of doing so. But the fact has to be faced that there is a wide difference between the skills of the three different design consortiums—now that the General Electric Company and Atomic Power Constructions have come together. There is a difference of nearly £30 per kilowatt between the highest and lowest bids contained in tenders submitted by the consortiums for building atomic power stations at Dungeness and Sizewell; in other words, some tenders are 30 per cent more expensive than others. Since capital cost holds the key to the price of atomic power and accounts for two thirds of its total cost, something must be done to encourage the low bidders to stay in business and encourage the high bidders to get out.

The obvious way to do this is by awarding contracts to those companies that submit the lowest tenders; but so far atomic business has been conducted in this country on the principle of dealing out contracts among consortiums as if they were a deck of cards. Since the first round of tenders, when four groups bid for three orders, there has been no competition. Nor will there be in the future if the Minister of Power is to be taken literally at his word because he has plainly stated that under the one-station-a-year policy all the teams will get enough work to keep them busy, as if their efforts were all of equal merit. He may merely have been using a courteous form of words; if so he is laying himself open to misunderstanding. Sir Christopher Hinton does not owe the "atomic industry" a living, and he should not be obliged to give it one at the expense of the ordinary electricity consumer. And the sooner it is made plain that he has, and is determined to go on having, a free hand in the matter the healthier that industry will be.

BUSINESS NOTES

SIX PER CENT;
SECOND CALL OF SPECIAL DEPOSITS;
STANDSTILL FOR PUBLIC INVESTMENT

A Dubious Package

ONCE again, the monetary authorities have plumped for the package deal; and, just because there is no crisis, the reversion to old habits is difficult to understand and difficult to justify. In the stock market, it has caused justifiable bewilderment. When Bank rate was raised from 4 to 5 per cent in January, there seemed a chance that by moving early and boldly in the use of normal monetary controls the authorities might be able to avoid the dreary cycle of petty measures working laboriously and resulting in a lengthy period of industrial stagnation. The railway surrender in February and the near no-change budget dimmed the prospect; and by invoking special deposits and reimposing hire purchase restrictions at the end of April the authorities showed their leaning towards controls rather than interest rates. But the Bank of England at least could claim one distinctive feature for its efforts this year, that they had successfully kept a little ahead of evident needs—a valuable achievement that has succeeded in reassuring holders of sterling.

Especially in view of the inadequate current surplus, an increase in Bank rate to 6 per cent seemed a natural move some time this summer. There may have been a case for leaving the increase a little later, but the authorities have evidently judged it better to act now and trust that, aided by the attraction of 6 per cent, speculation against sterling does not even begin. They can hardly be reckoning on further measures this summer. The primary purpose of the new package of measures, however, is said to be to restrain the domestic economy. The authorities are particularly worried mainly about wages and the shortage of labour; and they want to reinforce their restraint of bank advances.

By and large, 6 per cent Bank rate seems sensible and justified to meet a contingent threat to sterling. But that cannot be said for the standstill on public investment next year or the further call to special deposits—a further 1 per cent (making 2 per cent) for the clearing banks and ½ per cent (making 1 per cent) for the Scottish banks, half of these additional calls being payable by July 20th and the rest by August 17th. When they were first discussed, the view was expressed in some official quarters that special deposits would be used only as a last resort: they would be a confession of failure. Now they are being imposed a second time within two months—partly, it appears, because if they were omitted it is thought that the markets might continue in their uncertainty. In other words, special deposits are now part of the established machinery. They have not, fortunately, been used in the worst and softest way, and when banks have had to sell gilt-edged to meet their calls the authorities have exacted a penalty and let the market feel the impact in slightly lower prices. Thus interest rates have done some work, indirectly. This second call brings the possibility of further banks sales of short and medium-dated gilt-edged stocks. Would it not be much more straightforward, in every sense, for the authorities to produce these results in the gilt-edged market directly through their own operations?

Stabilising Public Investment

"WE doubt," said the Chancellor in a speech ten days ago, "whether action of this kind could alter the aggregate of public sector investment within a period of 12 to 18 months by more than 2 or 3 per cent without both causing harmful dislocation and defeating its own object by reason of the delays inevitable in carrying the action through." Unless he now has it in mind to correct whatever imbalance he foresees in the British economy in the second half of 1961, his own words provide the most effective criticism of his decision this week to hold public investment in 1961-62 at the level of this financial year, as part of a package of short-term measures.

Programmes of fixed investment in the public sector this year total £1,675 million, providing for a real increase of 6 per cent over expenditure during 1959-60 (as compared with a much sharper increase in private fixed investment). The Chancellor said last week that there was pressure for an upward trend in this investment in the years ahead (he hopes to publish short-term forecasts, beginning later this year) and that expenditure by local authorities may tend to rise faster than in the rest of the public sector. In the House of Commons on Thursday he said that the increased rate of public investment was now beginning to diminish, though there would be small increases in the next two quarters of this financial year. The authorities have obviously decided, in the Chancellor's words, that it may be practicable ... "without what the doctors call 'harmful side-effects' to vary the pace of public investment in a way which can usefully help to mitigate the evil of alternate booms and slumps." Few would disagree with the principle of that. But is this kind of action suited to the shorter-term, finer adjustment of the economy towards which they seem now to aspire?

The Market Fall

EXPECTATION of the rise in Bank rate to 6 per cent had been growing daily in the City. At the end of last week the trade figures, the further small rise in the Treasury bill rate to £4 13s. 7d. per cent, and the Chancellor's reminder that "the demand for capital is likely to be a great deal greater than the available supply over the years ahead," all pointed towards new restraints. On Wednesday this week, figures showing a check to the increase in bank advances in the month to mid-June (discussed in a subsequent note) gave encouragement to the optimists, and led to a little buying of both equities and gilt-edged. The general view that long-dated and irredeemable gilt-edged stocks had fully discounted a 1 per cent rise in Bank rate was almost borne out on Thursday, with falls of ⅜ or less. But the further call to special deposits—a surprising move after the banks had shown a successful impact on advances—plainly carries the possibility of further sales of medium-dated stocks (otherwise highly attractive) and of short bonds, which fell by up to a full point in Thursday. The effect on gilt-edged may be to straighten out the curve of gilt-edged yields by pulling up short-term yields, rather than leading to any big further increase in yields on irredeemable stocks.

PRICES AFTER THE CHANGE

	Jan. 4	Jan. 20	April 4	June 22	June 23
Conv. 4½% 1962	100¼	100 16/16	99 16/16	98 23/32	98
Conv. 4½% 1964	99½	99 16/16	98 16/16	96 7/8	95 3/8
Exch. 5½% 1966	102 23/32	102½	100 11/32	98 19/32	98 7/32
Conv. 5¼% 1974	100 15/16	100¼	97 3/8	95¼	94 27/32
Fdg. 5½% 1982-84	103⅜	102 23/32	100⅛	97 5/16	96 15/16
Treas. 5% 1986-89	95⅞	95 11/32	92⅛	88 9/32	88 5/32
War Loan 3½%	64⅜	63 5/16	61 23/32	60 1/32	59 25/32
Consols 2½%	49⅜	48⅜	47 1/16	44 7/16	44 3/16
ICI	61/6	58/3	60 [101/2]*	59/3	57/3
Unilever	143/3	132/6	145/9‡	172/3	171/9
'Shell' Transport	166/-	154/-	152/9*	144/6	144/6
Guest Keen	95/7½	89/6	95/3	89/6	86/9
Tube Investments	82/3‡	76/-‡	82/-	77/-	74/3
United Steel	86/4½*	82/9	83/9	77/-	74/7½
AEI	66/6	64/4½	54/10½	54/-	52/10½
P & O Deferred	55/-	47/7½	42/3	40/-	39/-
Hawker Siddeley	31/-	32/11½	34/-	29/4½	28/9
Ford Motor	112/3	107/6	101/3	109/6	104/6
Dunlop Rubber	28/-	25/-	25/6	26/11½	25/11½
Ind Coope	20/-	19/10½	20/9	19/6	19/3
Imperial Tobacco	74/4½	69/10½	68/9	64/9	64/-
Marks & Spen. 'A'	75/9	71/-	74/9	75/-	73/6
Midland Bank	88/6	89/6*	88/3	82/6	80/4½
United Dom. Tst.	180/-†	171/8†	162/6	151/3	145/-
Financial Times Ordinary Index	342·9	325·2	331·2	314·9	306·3

* Ex dividend. † Adjusted for "rights" issue. ‡ Adjusted for scrip issue. Gilt-edged prices are shown net.

Sterling rose immediately on all centres after the Bank rate increase, to $2.80½⅝ on New York and 11.69⅜ on Frankfurt. Earlier in the week it was generally firm, and the small forward premium on the mark narrowed a little.

Equities fell sharply after the Bank rate increase; buyers appeared in the afternoon but the balance was the other way. The *Financial Times* index plunged 8.6 points to 306.3, less than eleven points above its May low-point. In the seven days to Monday's close the index had fallen by fifteen points, or about 5 per cent, to 313.5; then it steadied in midweek. Given the change in the economic outlook, this year's movements have hitherto not been sharp. Thursday's shock was less from Bank rate than from the supplementary measures: bewildered dealers were asking what had happened to make all this necessary.

New issues continue to come forward at a good pace: this week's include right issues of £10.3 million for Gallaher (a one for six issue offered at 30s. a share) and £2½ million for Peachey Property. The weight of issues, which has a natural tendency to increase when bank credit becomes less plentiful, has not yet been big enough to become burdensome—though one can hardly imagine City advisers being enthusiastic about an early date for the massive Richard Thomas and Baldwins operation.

Private Investment Rising Fast

One economic indicator which may have convinced the authorities that pressure on resources in the internal economy is greater than has generally been assumed was the estimate of private capital investment in the first quarter published this week. Capital expenditure by manufacturing industry was no less than 13 per cent higher in volume than a year before; and making a rough allowance for seasonal factors (since there is a particular bunching of these payments in the last quarter of each year) 5-6 per cent up on these industries' capital expenditure in the previous quarter. Expenditure on fixed investment by "other industries and services," which include communications, the distributive trades, commerce and finance, was up by no less than 31 per cent in volume over a year before, and allowing for seasonal factors, perhaps 15 per cent higher than in the last quarter of 1959. These large increases in expenditure were concentrated on building and on investment in vehicles: the current value of expenditure on new buildings went up by 24 per cent over a year before in manufacturing industries and 29 per cent in the other industries and services, and their combined expenditure on vehicles went up by 34 per cent—a "capital" element in demand on the motor industry. In both groups of industries, expenditure on new plant and machinery went up about 8 per cent over a year before.

This increase in fixed investment by private industry so early in the year is considerably more than most people expected. The Board of Trade has not yet published detailed figures showing which particular industries spent the money—nor, indeed, the results of its first inquiry about what businessmen expect to spend in 1960, which will presumably have been taken by now. It seems somewhat surprising that businessmen who changed their minds about investment this year as late as after the election should have managed to get the extra money spent as soon as in the first three months of this year, even though suppliers had built up stocks of some kinds of equipment such as general purpose machine tools during 1959. The first quarter's record shows an increase in business's fixed investment larger, if anything, than these businessmen had forecast: considering the time it takes to get delivery of the larger, custom-built items, one must assume that this capital expenditure will have gone on building up since.

Unemployment Stays Level

By the middle of this month the number of people wholly unemployed fell to 297,079, no more than 1.4 per cent of the total number of employees in Britain. This was no larger a decrease than the Ministry of Labour would normally expect at this time of year, whereas in May unemployment fell a good deal more than seasonally. In the Midlands, London and the Southern counties the percentage is 0.7 to 0.9: in Wales it is down to 2.3; and even in Scotland only 3.2 per cent of employees are out of work. Unless one goes to Northern Ireland, it is not easy to find any substantial pool of unemployed labour, at least, to go on pushing up production.

The number of vacancies notified to employment exchanges, allowing for seasonal factors, was nearly as high as the number of people unemployed at the beginning of June. The increase in vacancies newly notified was more than would have been expected seasonally, though not so much so as in the previous month. With unemployment down to so low a figure it may be that employers are giving up hope of attracting extra people through this normal procedure: certainly there are signs that many of them are making more direct approaches to people—particularly specialists—in work in other firms. In the last month or two, on the other hand, some companies in light engineering, making durable consumer goods, may have been cutting down their notified requirements for extra labour.

BANK ADVANCES

A Check

Rates on bank advances have been raised evenly by one per cent, giving a range of 6½-7½ per cent in England and 7½-8 per cent in minimum rates in Scotland. The banks' deposit rates are up from 3 to 4 per cent in England and 2½ to 3½ per cent in Scotland. Finance houses were to consider their policy on Friday; they are expected to raise both rates charged to hirers and those paid to depositors. No change is expected for building societies, which have already raised rates this year.

The check to bank advances has come quickly—so quickly that some bankers are wondering whether the past month's figures have been subject to special influences in a downward direction just as figures for earlier months were subject to special upward influences. Thanks mainly to reductions shown by Martins and the National Provincial, advances of the eleven London clearing banks together rose on balance by only £3 million in the four weeks to mid-June; and this increase was accounted for entirely by the extraneous items in transit. So true advances were unchanged. The State boards, however, repaid £12 million in the month, so that advances to other borrowers increased by that amount—which would be in line with the wishes of the authorities for a slackening in the pace of growth. The comparable increase in May was £37 million and in April £83 million; the June increase is easily the lowest since the great upsurge of advances began a little under two years ago.

LONDON CLEARING BANKS
(£ million)

	June 15, 1960		Change on Month	Change on Year
Gross deposits	7,167·1		+68·4	+379·3
Net deposits*	6,670·2		+45·2	+305·5
		%		
Liquid assets	2,253·2	31·5	+ 9·2	+ 61·4
Cash	601·7	8·4	+40·7	+ 51·6
Call money	548·5	7·7	−14·1	+ 60·6
Treasury bills	957·9	13·4	−22·7	− 59·6
Other bills	145·1	2·0	+ 5·2	+ 8·8
Special deposits	69·8	1·0	+64·0	...
Risk assets	4,509·8	64·7	−28·7	+198·0
Investments	1,376·2	19·2	−28·8	−439·8
Advances*	3,133·6	45·5	+ 0·1	+637·8
State Boards	63·7	...	−11·8	− 1·2

* Excluding all transit items except for ratio of advances to gross deposits.

Despite the slowing down in their advances, the clearing banks again had to make significant sales of gilt-edged in June. Total sales were £29 million (just one half of them by the Midland) and even so the average liquidity ratio fell by 0.1 to 31.5 per cent. Two banks, the Midland and Lloyds, are again below 31 per cent. The rise in liquid assets was kept down to £9 million by the call to special deposits, which took £69.8 million from the clearing banks and £3.9 million from the Scottish banks. Publication of these figures permits by a roundabout route a calculation of the total deposits of the Scottish banks in mid-May, which comes out at £780 million; rather surprisingly, that is below the total shown by the Radcliffe committee for December, 1958. Other incidental information thrown up by the special deposits operation is that in May the National Bank had about £70 million of its £100 million of deposits in Ireland, and Lloyds Bank about £53 million of its £1,273 million of deposits in India.

The Two-Year Upsurge

Classified figures issued at the end of last week on behalf of all banks in Britain round off the two years of peak bank lending. These quarterly figures show that the rise in total advances from February to May was virtually the same, at £213 million, as at the same period last year, though lower of course as a percentage, and about £30 million lower than in November-February last. More surprisingly at first glance, rapid increases continued in the hire purchase and "other financial" groups, which the banks intimated they were scrutinising more closely already in February. The explanation, as in past periods of restriction, is almost certainly that borrowers were quick to draw on their existing overdraft limits. The big personal and professional group also enjoyed a further substantial rise, of £42 million. Total advances at £3,457 million are 70 per cent above their total two years before.

BRITISH BANKERS ASSOCIATION
CHANGE IN ADVANCES
(£ million)

	3 months to May, 1959	3 months to May, 1960	2 years to May, 1960	Total at May, 1960
Personal and professional	+ 51	+ 42	+ 356	680
Hire purchase	+ 24	+ 22	+ 117	148
Retail trade	+ 20	+ 31	+ 184	369
Industry and other trade	+ 98	+ 99	+ 581	1,232
"Other financial"	+ 21	+ 22	+ 146	322
Other Groups	− 1	− 3	+ 41	205
Change in total	+213	+213	+1,425	3,457

COAL

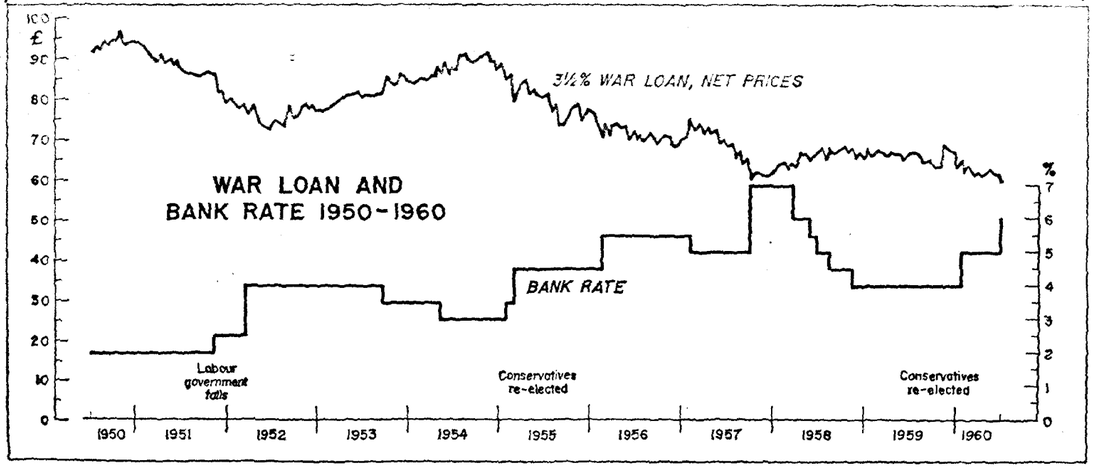
Critics and the Board

While the appointment of Mr Alfred Robens as chairman of the National Coal Board received a lukewarm welcome from fellow Labour MPs in the Commons this week—though apparently some strong criticism from Tory MPs later in a private meeting of their fuel and power committee—the coal miners and managers continued to voice their misgivings. Mr Paynter hinted that he knew of "a definite Tory plan" to decentralise the industry, which, to anyone familiar with the confusion of mind prevailing in the party and the Government on this issue, is difficult to credit. The colliery managers said sensibly that they would make up their minds about any proposals for reorganisation when they saw them, and would co-operate as wholeheartedly as ever with the new chairman, but remained incensed by the implication that there was nobody inside this industry fit for the top responsibility in it. Some Tory backbenchers, it appears, would have preferred a businessman for the job: where do they suggest one is to be found willing

Gilt-edged in Perspective

Transactions in War Loan were recorded at 60 on Monday—and again after Thursday's Bank rate increase. At this price, the all-time low point reached after the raising of Bank rate to 7 per cent in September, 1957, War Loan has met a psychological resistance point, and more people have wondered whether this is the time to buy. Rather fewer have actually done so, though on Wednesday the market reported more purchases by outside investors than sales. A significant feature of Thursday's reactions was that equities fell much more sharply than gilt-edged.

More controversial is the view expressed in some quarters that the recent fall in gilt-edged prices is the result of a radical change in official policy on the lines recommended by the Radcliffe committee—that the authorities should if necessary take the initiative in bringing gilt-edged prices down. It is true that this year they have rather more consciously taken care that when they take stock from the market they exact a penalty from the seller by offering a price below the market level. Fortunately, the authorities have adhered to this practice since the imposition of special deposits, notwithstanding some earlier suggestions that banks having to sell might be helped out on favoured terms. But as the authorities themselves would be the first to point out, these tactics do not amount to a positive lead to the market: they are seen simply as the appropriate way of letting the market reflect underlying supply and demand. The shift in official tactics amounts neither to the much bigger change to a "Radcliffe policy" nor to a radical change from official open market policy over the past few years. After all, the authorities gave up supporting the market at current prices after the Dalton experiment. Those who blame the recent fall in gilt-edged to a shift in policy should look at the chart. This shows a fall of eight points from War Loan's peak after the election (and the irresponsible talk about giving it a date). Even this fall is much smaller than at the comparable stage of the cycle in earlier years. In the two years to mid-1952 the stock fell 25 points and in the ten months to September, 1955, by 18 points. The fact is that on the long view, gilt-edged have achieved something like stability since 1957. Their long-term depreciation, by almost 100 per cent, was in the ten years before that.



to take on a job so constantly the target of public criticism?

Mr Wood, the Minister of Power, meanwhile took the opportunity to make an entirely non-controversial appointment to the vacancy on the board for a marketing member, following the retirement of Mr R. H. E. Thomas. Suggestions that somebody from outside the industry would be appointed to the job, and somebody whose qualifications did not impress the board, had caused possibly more genuine resentment in its upper echelons than the miners have expressed so vociferously about Mr Robens's appointment: the gentleman concerned is believed to have withdrawn for personal reasons. In the event, Mr Wood decided on a direct promotion to the board of the chief executive in the department, Mr F. Wilkinson, who since 1958 has been the NCB's Director-General of Marketing.

STEEL

Gaining Capacity

AMONG the manufacturing industries which predicted last autumn that they would be spending much more on fixed capital this year than last, one of the most prominent was the steel industry: if the indications that total manufacturing investment jumped sharply in the first quarter of this year give a good indication, the steelmakers are already spending hard. A number of them told the Board of Trade at the end of the year that they expected to spend half as much again in 1960 as in 1959. In May the British Iron and Steel Federation, more cautiously, forecast that steel investment might rise by about a quarter this year: this week the Iron and Steel Board, recording that £99 million was spent last year, said this year's total would show "a substantial increase." There seems no doubt that investment in the industry is now at an exceptionally high level, well above the annual rate of £105 million achieved in 1958.

The Board also in its annual report noted that it expects steel capacity, now 25½ million ingot tons a year, to approach 29 million tons by 1962 even allowing for delays in construction of new plant; and that by 1965 it expects a production of at least 32 million tons to be possible. It has recently, with representatives of the federation, steel consumers, and the Government, been considering the prospects for long-term steel demand in the middle sixties: when it has reached broad conclusions about demand for the main products, it will ask producers to indicate the main developments they have in mind, in order to compile another major development plan for the industry.

MOTORS

Canadian Damper?

A REQUEST from the Canadian motor industry for protection against British car exports—which at present enter Canada duty-free while other imported cars pay a 17½ per cent duty—following its earlier request that the Canadian customs should inquire whether British cars are being dumped in Canada, has understandably alarmed the British motor industry. Canada is second only to the United States as a market for British cars; last year 14 per cent of all car exports were shipped there—73,000 cars worth £31.7 million—and sales in the first three months of this year rose by 30 per cent while they were falling in the United States. Shipments from Britain to Canada in these first four months nearly doubled to over 40,000, representing 18 per cent of the total value of all Britain's car exports. Stocks have been built up, and shipments can be expected to fall once the summer buying season ends whatever the Canadian government may decide to do. But the effect of any action, equally, would be cushioned for a time by the size of these large stocks.

The increasing sales of imported cars in Canada, which now form nearly a quarter of total registrations, and 60 per cent of which are British, have hit the Canadian industry. Last year its output of 302,000 cars was only some 5,000 more than in 1958, though sales in Canada were 40,000 higher; imports, conversely, rose by 49,000, or nearly 50 per cent. Up to the end of May this year, however, production was 7 per cent higher than a year before. The motor industry is one of the chief manufacturing industries in Canada; despite its American ownership the Canadian content of the most popular cars is now as high as 80-90 per cent. The only American-made parts are such specialised units as the automatic transmission. So complaints from the industry will get as respectful a hearing in Canada as they would in Britain; and when there is a duty of 20 per cent on Canadian cars entering Britain, a preference of only 10 per cent below the absurdly high general duty of 30 per cent that protects Britain's motor industry, the Canadian manufacturer may justly feel aggrieved.

No swift or drastic action to impose a tariff, however, is possible in this case—unless the accusations of dumping are held to be proved, which would require it to be established that British cars are sold to dealers in Canada at lower prices than they are sold at under precisely similar conditions of trade in Britain. In that case an anti-dumping duty equal to the difference between the two prices could be imposed. But the free entry of British cars was "bound" to Britain at the Montreal economic conference less than two years ago, and any general duty could only be imposed with the agreement of the British Government. It would be difficult for Canada to offer concessions on any other import from Britain that would be sufficient to offset the loss of this advantage of 17½ per cent on duty over other car makers, which is presumably the chief factor in Britain's predominance amongst importers in the Canadian market. So far the Canadian government has announced no decision to open negotiations on this subject; clearly they would be hard going.

A Bargain?

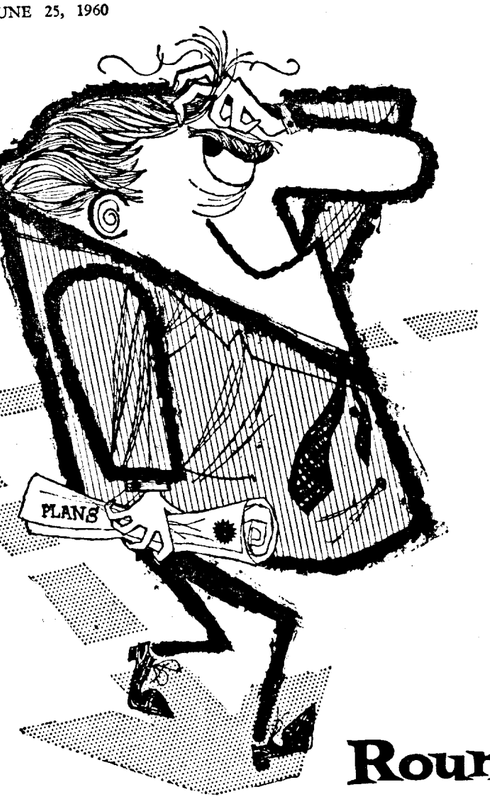
THE £3.4 million that Jaguar has paid for Daimler, with its factory of a million square feet, its equipment and goodwill, may well prove to have been a cheap way to expand. It doubles Jaguar's capacity for an outlay of little more than the book value of Jaguar's present fixed assets, and one easily met from the company's cash reserves. So far, Jaguar's plans for its new acquisition have not been announced: Daimler's staff has been told to carry on as before with the production of existing models and the development of new ones. These activities can hardly occupy much of the factory space available, which should offer Jaguar all the room it needs in which to expand its own production. In the long run, Daimler cars will continue to be made, but the fate of the existing models is uncertain; none have bodywork attractive enough to claim retention, and the plastic body of the SP 250 sports model cannot be made economically at the rate that Jaguar would probably desire. If Daimler lives on as more than a name, it may be with its new V-8 engines. The 4½-litre version can give the weighty Daimler Majestic saloon a performance similar to that of the SP 250 sports car, which, in turn, can equal the performance of the Jaguar XK 150; the engine should propel a sports car or sports saloon at a speed that could satisfy the most exacting speed merchant.

PETROL PRICES

One Carat Less Golden

CUTS of a penny a gallon in the prices recommended to dealers for top-grade (100-octane) motor spirit and for the standard 83-octane grades were announced by all the major companies this week: Esso, Regent, and Cleveland, whose medium-grade (97-octane) spirits had been selling at a penny a gallon more than the 96-octane grades marketed by the other majors, brought prices for these down too, into line with the others. The cuts took the form in some cases not of reductions in wholesale prices, but of recommendations to dealers to change retail prices supported by special rebates on the nominally unchanged wholesale prices; wholesale prices of certain "super" grades were in fact increased. This procedure was adopted because sharp competition in the market for gasoline sold to commercial consumers has already involved the companies in big rebates on their posted wholesale prices; the companies had no wish to pass on this penny a gallon for dealer gasolines as well to the commercial customers whose rebate was fixed on the wholesale price.

Nobody is attributing these cuts to changes in gasoline prices in the United States or to reductions in tanker freight



Round the bend ?

The most abominable growing pains can afflict even the most beautiful new building. Costs get hammered out of recognition, time schedules rendered senseless. Round and round you go (meanwhile wondering what the Board will say!). Unless—as a man of vision—you take that lovely by-pass direct to Costain. Costain's skills, experience and resources can short-circuit every sort of building problem. Efficiently and economically. Without aspirins.

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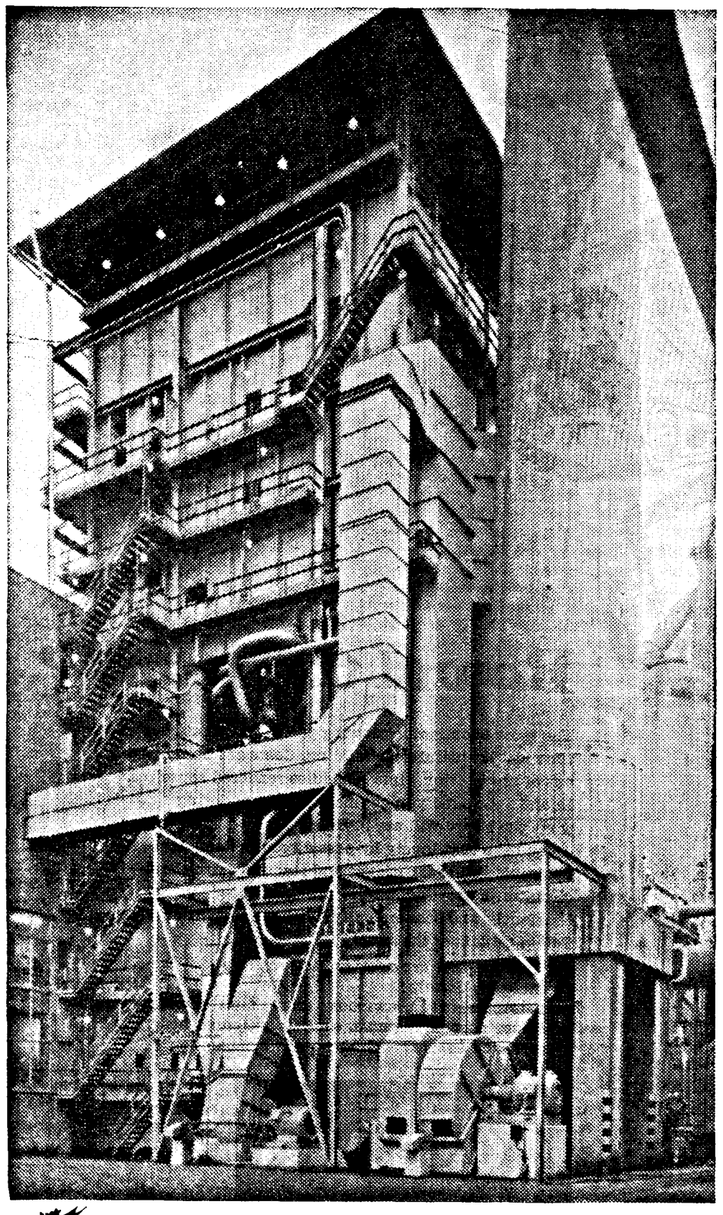
NEW POWER FROM BLAST FURNACE GAS



Imagine steam so hot it can make a steel pipe glow red as it passes through.

Imagine steam superheated to more than 1,000°F. and then being released at the massive pressure of 3,300 lb. per square inch. It's a long, long way from the kettle on the hob—yet this is what modern steam power has come to in the service of modern industry. Giant forces like this are already at work—for the first time in this country—at the huge Margam works of The Steel Company of Wales. They are providing new power . . . helping to make new developments possible . . . helping to step-up the output of steel. And doing it, what's more, in a most ingenious way.

PUTTING BLAST FURNACE GAS TO WORK

Hot gases from the mighty blast furnaces are now being harnessed more efficiently than ever before to heat a new and very advanced type of boiler at the City of Steel. This is the Benson boiler—invented by Mark Benson in Britain and developed on the Continent. Its installation at the Margam works marks a major advance in the use of steam for British industry. This boiler provides steam at such high pressures that it can be used over and over again before its vast energy is spent.

ENERGY IN ABUNDANCE

First, at its peak pressure of 3,300 lb. per square inch (far higher than the pressure used in modern power stations), it drives a turbine that delivers 9½ million watts of electricity into the works system every hour . . . power that helps operate the great slabbing and rolling mills from which mile after mile of sheet steel is produced. And it will cost less than electricity brought in from outside.

After powering the turbine, the steam—now at a pressure of 650 lb. per square inch—is used to drive two turbo-blowers for the blast furnaces. Finally, even after all this, the steam still has so much life in it that it can be fed into the works steam main to be used in the many processes that go to the making of steel.

GREATER EFFICIENCY

Such advanced use of steam has, until now, only been made commercially at a few major power stations and industrial steam plants on the Continent. Now, in the City of Steel it is supplying the power to make more steel . . . more efficiently . . . more economically. An important step forward. Especially important because, by the encouragement of new ideas and methods, industry can bring us all a higher standard of living without the penalty of a constantly rising *cost* of living.

The Benson boiler—first installation of its kind in Britain—now in operation at the Margam works of The Steel Company of Wales.

THE STEEL COMPANY OF WALES LIMITED

This is Broadsheet No. 18 from the City of Steel

rates, though the official average of these has in fact declined slightly ; some of the companies put the cuts down to economies in the cost of distribution. Essentially, they reflect the softness of the world market for petroleum products, and behind them for crude oil. Even these cuts will probably leave gasoline prices in Britain, net of tax, among the highest in Europe's main markets ; this market, in the words of one executive of a major company last week, " is still pretty gold-plated."

Abroad, the major companies have been forced into much sharper cuts in the dealer gasoline market by the incursion of products from independent refineries sold through quite large numbers of garages that are not tied to any one supplier. Here, through no formal protection except their own acumen in having secured most of the well-placed filling stations on exclusive dealing contracts, the major companies are able to maintain prices which still leave their refineries some margin on the posted prices at which it is conventional to transfer crude in internal accounting. The Jet Petroleum Company claims that it is now supplying about 150 stations—its difficulties in expansion being storage and road tanker vehicles—and there is a little more " fringe " competition around Liverpool and Manchester ; but nothing of the proportions of price-cutting competition in say Germany, Italy or Switzerland. This latest price cut given in Britain, however, raises once again the question how long the posted prices of crude in the Middle East can hold at their present levels—even though cuts in these, which would affect the royalties paid to host governments perhaps more than the discounted prices that the companies are actually realising there, would have considerable embarrassments all round.

THE AMERICAN MARKET

Wall Street Flounders

Our correspondent cables :

STOCK prices on Wall Street have floundered throughout the past week, following the impressive gains in the first week of June when the Dow Jones average of industrials recovered about two thirds of the substantial decline suffered since January. At Wednesday's close the index stood at 645, about 10 points below its peak a fortnight before. The renewed weakness of the market is attributed partly to profit-taking and partly to disappointment that the expected reduction in margin requirements (which now calls for 90 per cent cash down payment) did not materialise, on account of the quick run-up in prices.

Most of the blue chip stocks in the steels, chemicals, and oils groups which moved to the front in the recent rally and gave it an air of solidity have since lost ground, and the market is back on its diet of defensive issues—utilities, food, department stores, and " growth " stocks. Private investors are showing a new burst of speculative zeal—recommendations of market letters and of brokers' wire services have had a large following and interest in new issues has been markedly stronger than in recent months.

Many think that the rise in prices since the Federal Reserve cut its discount rate will continue after the current period of consolidation, which they explain was inevitable after such a fast rise in prices. But this traditional summer rally is expected to be a very selective affair with investors bidding up only those shares that appear to be assured of higher earnings or those being promoted as growth issues and allegedly immune to general economic conditions. While investors feel reasonably confident that business will be operating at a high and profitable level for the rest of this year they are more uncertain about the prospect for 1961. Moreover they are finding it difficult to assess the confused international situation in terms of stock values. On balance the prospect seems to be that the market as a whole will not move decisively in either direction but that extreme favour for specific issues will continue to make itself felt.

BOAC

The New Broom

REAR-ADMIRAL SIR MATTHEW SLATTERY is one of the most competent re-organisers at the government's disposal. In twelve years at Short Brothers and Harland in Belfast, he has fought with tenacity to get work for his company that nobody wanted to give it ; and he created a standard of efficiency in Shorts that it certainly did not possess before and which is not too common in the rest of the aircraft industry either. He moved Shorts out into new industries at a time when diversification was unknown in aircraft circles. A year ago he was asked to turn his attentions to the Bristol Aeroplane Company. In taking over the chairmanship of the British Overseas Airways Corporation from Sir Gerard d'Erlanger at the end of next month, Sir Matthew will have to sweep as hard as ever he has swept before.

Whatever the level of morale in the lower echelons of BOAC, its management record is unhappy and it was beyond even Sir Gerard's considerable powers to weld it into a contented working unit. Four retirements from the Board, including the Chairman and Deputy Chairman, mean that Sir Matthew is not the only new boy and this may make his administrative task easier. BOAC differs from British European Airways in having a notably different chain of command ; in BEA the chairman performs many of the functions of managing director with a chief executive to assist him. In BOAC he does not, for the functions of chairman and of managing director were split on the retirement of Sir Miles Thomas.

BOAC's considerable economic troubles stem mostly from having a world-wide route network with not enough traffic along it to pay for its high overheads. The corporation's answer has been to increase the size of its fleet in order to be able to carry a greater volume of traffic ; it now has to find bodies to fill its seats. It is criticised by other airlines for being over-staffed. This was most obvious at its engineering base and because this was a glaring case it was perhaps the easiest to bring under control, as the corporation is now doing. It may prove more difficult to trim staffs down to size at other points in the organisation and to resist the temptation to leave matters as they are in the hope that expanding traffic will pick up the slack. Sir Matthew has the advantage of taking over his new post when traffic is expanding ; but the corporation is starting on a difficult experiment of cutting fares on routes where demand may not necessarily prove elastic.

ICFC

Competing with the Shareholders

NEW business transacted by the Industrial and Commercial Finance Corporation in 1959 rose to £6.4 million, the highest since 1951. And, says Lord Piercy:

> In the activity following the removal of the restrictions on bank advances, we lost perhaps £2 million of business where we had already made a contact, and no doubt some of which we did not hear.

It is a familiar experience of institutions like ICFC that when credit is plentiful good business goes to others, while business opportunities are likely to increase just when funds are hard to find. And indeed: " More recently the banks have tended to put business our way." ICFC is, however, better placed for funds now than in earlier periods of credit restriction, following its debenture issue of £10 million last summer and a good flow of repayments and realisations. The corporation is now " in funds," and the intention is to keep loans from the banks (who are ICFC's shareholders) stable at about £15 million and draw new finance from the market when required. ICFC feels it has thus a freer hand than when it relied entirely on bank advances ; but it could find the log jam in the market for new gilt-edged issues a still bigger frustration.

Lord Piercy emphasises that his corporation remains prepared to take reasonable risks, and is especially anxious to foster new enterprises and new processes. He reports that the recent credit restrictions have caused " some hesitation " in the revival of investment among firms below giant size. And he still feels that medium-sized firms invest too little year in year out: they are reluctant to start projects and easily discouraged. He is not impressed when their owners tell him: " My plant doesn't stand me in a penny." Lord Piercy simply regards that as a sign that it is ready to be scrapped.

Continued on page 1367
Next page Price Schemes in Lancashire

Price Schemes in Lancashire

WHEN the Restrictive Practices Court, in a famous judgment delivered in January last year, found the yarn spinners' minimum price scheme to be against the public interest the Lancashire textile industry was not alone in concluding that all other such schemes stood scant chance of surviving the rigorous scrutiny of the court. No other section of the cotton industry has chosen to defend its case. The **Association of Piece Dyers** withdrew its scheme of recommended prices last April after being told that it was to be referred to the court, and the **Federation of Cotton Yarn Bleachers, Dyers and Sizers** similarly abandoned its scheme earlier this month, shortly after raising its prices by ten per cent. In practice freedom has as yet made no discernible difference to the prices actually charged.

It would have been naïve to suppose that cotton, any more than other industries, would suddenly give up its predilection for price maintenance: old habits die hard. Some sections of the industry have therefore turned to other methods that they believe will not be registrable under the Act, notably to schemes of "price reporting." A small section, the spinners and doublers of rayon staple fibre, has been running one such scheme for just over a year. Members of the club, which formally eschews any connection with the **Rayon Spinners' & Doublers' Association,** make weekly returns of their sales and prices to a secretariat, which then works out the weighted average price for each count of yarn, and also extracts the highest and lowest price quoted without disclosing the identity of any firm. Once a fortnight the club meets in Manchester to discuss the information.

This system does not necessarily produce identical prices, but it does restrict the spread between individual firms. Even when trade is good, as it is now, a spinner may accept a low price because it fills up his business on a particular count. But if a customer has persuaded him to sell at that price because a competitor is alleged to be selling cheaply, the information disclosed at the meeting enables him to test the truth of the claim. Another way of trying to prevent "weak selling" is to focus attention on costs. At least once a year the members provide an analysis of their costs, from which the secretariat works out the average costs of the five lowest-cost mills in each count of yarn. These averages are then reproduced in the regular returns, in the hope that they will influence the members' pricing policy.

These same spinners spin cotton as well, and apparently they introduced a price reporting scheme first in rayon yarn because it was technically simple and stood more chance of being observed. There are fewer firms in rayon than in cotton spinning; unlike raw cotton, the raw material comes in a limited range of qualities and the prices are universally known. In time, they will no doubt try to devise a similar scheme for cotton yarn. Meanwhile each of the big spinning combines necessarily exerts a measure of price leadership in the counts in which it predominates, and the **Yarn Spinners' Association** is continuing the periodic investigation into costs that it used for its minimum price scheme.

The weavers' past attempts at price maintenance have been so singularly ineffectual that any interest in schemes of price reporting is strictly academic. But the **Rayon Weaving Association** is now introducing, as a pilot scheme, an exchange of costing information to encourage firms to bring their own costs down to, or below, the average and, more hopefully, to encourage realistic pricing. If the exercise proves to be of value it would be opened to all firms, and might eventually be applied to cotton cloth after the rayon weavers merge with the **Cotton Spinners' and Manufacturers' Association.**

THE **Federation of Calico Printers,** which embraces most of the firms that use the roller printing process, is thinking of substituting price reporting for its scheme of recommended prices, which in turn was substituted for its system of minimum prices and market sharing (the "percentage quantum" agreement) in 1955 after the report of the Monopolies Commission. In passing, it might be noted that though the commission recorded the federation's "almost passionate conviction that it is only by such means that a decent living can be ensured . . ." the printers have survived tolerably well. Even in the 1958-59 recession the recommended prices were generally observed—largely, the printers claim, because they are low.

After taking legal advice a price reporting scheme has been drafted. A bureau would be set up "to collect factual information as to prices, discounts, and other terms and conditions of trading." All members would undertake to abide by the bureau's rules, which are summarised below. How far the scheme would tend to produce a close correspondence of prices can only be shown by experience. Certainly the provisions seem to point that way—such as those requiring a new member to submit to the secretary a list of his own prices before accepting a firm order, and establishing the right of the executive committee to inspect a member's "books, invoices and such other records as may be relevant."

It may be a trifle embarrassing for the government that it is now standing ready to spend public money on the elimination of surplus capacity in the finishing sections, before the price agreements on the register have been abandoned or considered by the Restrictive Practices Court. It was certainly a happy convenience that the redundancy scheme for spinners could be introduced after their own minimum price scheme had been shot down by the court. The government and its critics may take some comfort from the fact that Lancashire's remaining price schemes will be referred to the court before too long. Price reporting schemes should not be condemned out of hand; but the more that is known about them, the easier it is for the government, and outsiders, to consider whether there is a case for amending the Act to bring them within its reference.

Nor should Lancashire be condemned for doing, or wanting to do, what is equally fashionable among other industries. But it is fair to ask whether Lancashire's apparent reluctance, after being shorn of excess capacity, to step into a more competitive world will impair its chances of revival, and waste the public money that is being pledged on that revival. Is it no more than a coincidence that the wool industry, which in general does not try to restrict competition, has been more successful than Lancashire in holding on to world markets, in circumstances which do not seem all that more favourable than they are in cotton?

Price Reporting—Specimen Proposals

These are the main points of the preliminary draft of working rules for the printers' information bureau:

Members shall furnish a list of the sections in which they are trading or are likely to trade; also their current list of customers, details of the prices per yard they are charging or have decided to charge in future, together with details of any special charges, discounts and other arrangements which affect the price per yard.

The secretary shall circulate to each member all information received from other members who have declared interest in the same section or sections, though names of customers shall not be circulated unless necessary to identify a particular price.

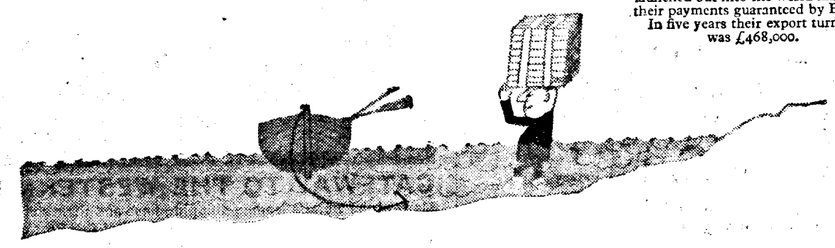
Any member who decides to alter any of his prices shall before doing so send the secretary details of the changes, and alterations in his list of customers shall also be notified.

Any member who decides to undertake printing in a section in which he has not previously declared interest shall, before accepting any firm order, send an immediate declaration of interest to the secretary, who shall forthwith send him the lists of prices charged by other members of that section. Before or after the receipt of such information, but in any event before he accepts a firm order, the member shall send the secretary a list of his own prices, which will then be circulated in the normal manner.

At the request of the secretary acting on instructions of the executive committee, a member shall make available for inspection his books, invoices and such other records as may be relevant to show that he has supplied information in accordance with these rules.

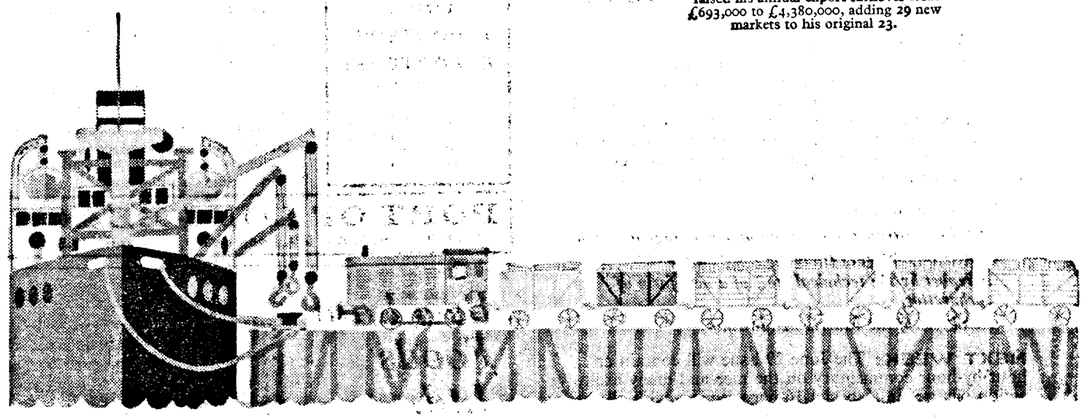
SMALL EXPORTERS

With an export turnover of under £2,000, a company making building components launched out into the world markets—their payments guaranteed by ECGD. In five years their export turnover was £468,000.



LARGE EXPORTERS

Within six years of taking ECGD cover, a maker of internal combustion engines raised his annual export turnover from £693,000 to £4,380,000, adding 29 new markets to his original 23.



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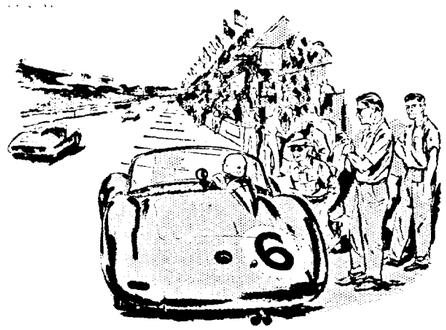

See Le Mans through expert eyes in 'The Motor'

Cosmopolitan Le Mans has the motor-racing world on the edge of its chair. With the same tense excitement and international challenge as an Olympic Marathon, the 24-hour race this weekend is a supreme test of cars and drivers. No motoring magazine gives more coverage to the event than *The Motor*. The special Preview Issue, out now, presents a complete guide to the race. It includes a map of the circuit and pictures of competing cars.

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A report by the technical staff of a new form of carburettor.

Road test of the Morris Mini-Minor.

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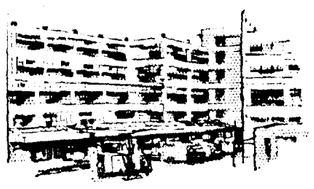

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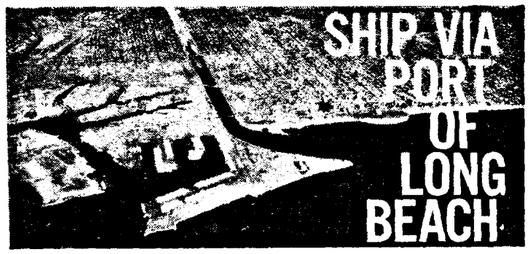

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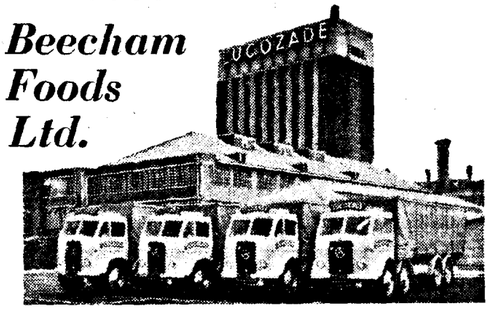
Beecham Foods Ltd.



prefer **ATKINSON**

It is only to be expected that with the proved economy of the Atkinson Chassis, more and more operators are standardising on Atkinson. The above illustration shows a further four new Atkinson eight-wheelers powered by the 6 LX Gardner engine, recently delivered to Beecham Foods Ltd., the proprietors of the sparkling glucose drink—Lucozade.

Operators are invited to contact us for the facts and figures relating to the Proved Economy of the Atkinson Chassis.

ATKINSON VEHICLES LTD
WINERY LANE WALTON-LE-DALE
NR. PRESTON · LANCS
Phone: PRESTON 84284-5-6-7

Continued from page 1363

ACETYLENE

Toward Self-Sufficiency

THE opening last week by Carbide Industries of a plant to produce calcium carbide and acetylene at Maydown near Londonderry, brings Britain for the first time within reach of self-sufficiency in supplies of this industrial gas. Carbide Industries—a subsidiary of British Oxygen—will produce about 50,000 tons of calcium carbide a year at Maydown, most of which will immediately be turned into acetylene ; this will be pumped to an adjacent plant belonging to Du Pont, where it will be used in making Neoprene synthetic rubber. A similar plant belonging to Imperial Chemical Industries is scheduled to begin making over 75,000 tons of calcium carbide at Runcorn, in Cheshire, early next year; when both new plants are in full production Britain's chronic reliance on imports of calcium carbide—which ran to 76,000 tons in 1958—should cease, at least for a while. Before the second world war—when the biggest use of acetylene was for oxy-acetylene cutting and welding in metal working—the industry was based entirely on imported calcium carbide, much of which came from Norway. In 1940 the Distillers Company built a 100,000 ton plant for the government in South Wales, which it now operates on lease ; and since 1958 ICI has produced about 70,000 tons of calcium carbide a year at its present plant at Runcorn, most of which it uses itself in making solvents and plastics monomers.

In the past few years demand for acetylene has changed greatly: about 60 per cent of the total produced now goes into the manufacture of chemicals, including Neoprene, polyvinyl chloride and polyvinyl acetate, acrilonitrile (used in making synthetic fibres) and chlorinated solvents. Production of pvc is expected to exceed 100,000 tons in Britain this year, demand for other acetylene-based chemicals is also rising, and so is demand for metal working (though much less rapidly). Production of acetylene from petroleum fractions and natural gas is now being carried out in several countries, notably Italy and the United States ; this method has also been considered by British producers, but none has yet found it feasible.

The most important element in the manufacture of calcium carbide for acetylene is the cost of electricity, which explains Britain's comparatively late development in the field. (It may also explain in part Carbide Industries' choice of Northern Ireland, which offers, along with other financial inducements, subsidised electricity as an inducement to attract firms.) The only raw materials used in this process are coke and lime, which are heated together in an electric arc furnace (to about 2,000 degrees Centigrade) to make calcium carbide. To this one merely adds water to produce acetylene (as in old style cycle lamps). It is usually delivered either as a gas or in solution ; in either case about ten tons of steel would be shipped for every ton of acetylene, so the usual practice—as with oxygen—is to ship the calcium carbide to smaller converting plants to make the gas close to centres of demand. Carbide Industries' Maydown plant will be Britain's first large-scale acetylene plant ; British Oxygen previously got all its supplies of calcium carbide from a Norwegian subsidiary, Odda Smelteverk.

BUILDING

More Work for Architects

NEW work commissioned from private architects in Britain in the first quarter of this year reached a record value of £361 million, an increase of one-third over both the previous quarter and the first quarter of last year. According to a survey made by the Royal Institute of British Architects, commissions for new work for public authorities showed the greatest proportionate increase—£110 million against £53 million a year earlier; the value of new hospital building commissioned during the first three months of this year was about four times that of the first quarter of 1959, reflecting the increased share of Government expenditure on hospitals at the beginning of this year. New commissions for educational buildings also rose, to £56 million against £27 million in the preceding quarter and £26 million a year earlier.

Commissions for new housing rose to £126 million, against £94 million a year earlier. About 85 per cent of this total represented work for private developers; while local councils now account for about 45 per cent of the new houses actually built in Britain, many local authorities either employ their own architects or build to contractors' plans which have not been drawn up by an architect. Commissions for banks and office buildings declined slightly, to £20 million. How much of an indication of future building activity (as opposed to potential demand) can be gained from the RIBA's survey remains to be seen. Not only is about half the building in Britain (and almost all the private industrial building) done without using the services of a private architect, but an indeterminate part of the new work commissioned is abandoned before contracts are let and work begun. The credit restrictions already imposed by the Government could have a considerable effect on work commissioned in the first quarter, as well as on work now being commissioned.

The RIBA states that there are now almost 3,100 private architects' practices in Britain, an increase of four per cent since the middle of 1958; the number of architectural staff has increased at the same rate, and now totals over 15,000. But the volume of work has increased at a much greater rate during that time: many offices would like to take on additional staff, but cannot find them, and the RIBA Appointments Department now lists over 300 vacancies in London and the Home Counties alone. This may tend to slow the progress of building work in the design stage unless the volume of new work commissioned declines in coming months.

ANGLO-RUSSIAN TRADE

No Quota for Oil

TRADE talks between Britain and Russia ended this week without producing any striking changes, such as a quota for imports of Russian petroleum. The two sides noted with satisfaction, it is said, that trade had increased substantially in both directions since the five-year agreement was signed in May last year, and reaffirmed that there was scope and desire for a further increase. In the first four months of this year Britain's imports from Russia rose to £15.2 million from £12.7 million a year ago, while exports to Russia, at £14 million, were nearly twice as big as a year ago, and re-exports, largely of rubber, rose by over a half to £1.4 million. This expansion in British shipments mainly reflects the big orders placed here for machinery and equipment, while the increase in imports from Russia is mainly in raw materials rather than machinery and consumer goods. Last year both countries opened quotas for consumer goods to a value of £3.4 million a year, compared with actual imports of about £1.4 million each way in 1958. The new quotas for the year ending June 30, 1961, are increased to £4 million each way, and Britain has more than doubled its quota for Russian machinery and instruments, which goes up from £1.15 million to £2.5 million.

Though the trade of the two countries is currently in close balance, Russia always treats its trade with Britain as part of its total trade with the sterling area, with which it claims to run a substantial deficit. Last year, for example, Russia imported about 165,000 tons of rubber from Malaya, at a cost of roughly £40 million. Russia argues that, to improve its trade balance, it must sell more to Britain, particularly oil, and this is presumably one of the problems to be discussed again later this year. Imports of Russian petroleum are subject to licence, and so far the Board of Trade has evidently not been greatly impressed by the merits of any applicant's case. Imports in the first four months of this year were valued at £580,000, and though this was nearly twice as much as a year ago, it is small cheer to the Russians. Doubtless there are British importers who would welcome an opportunity to buy much more Russian petroleum (which can be had cheaply), if the Government was not more reluctant to upset the miners and the major oil companies than the Russians. The delegations also exchanged drafts of a treaty of commerce and navigation, and agreed that preliminary negotiations on the text should begin in London towards the end of the year.

HARDWOOD & SOFTWOOD

Plus ça change.....

In 1953 the Monopolies Commission, reporting on the supply of imported timber, found that agreements by which importers undertook to buy only through agents on an approved list, and agents undertook to sell only to importers on similar lists, operated against the public interest, should be abrogated and should not be replaced by any other arrangements or undertakings having similar effects. The Government accepted the recommendation, and in 1954 the various sections of the Timber Trade Federation, "under the strongest possible protest," agreed to abrogate their agreements and take appropriate action to give effect to the decision. This they deemed preferable to having an Order made against them, because its terms might be more onerous, and could only be annulled by Parliament, thus prejudicing any future opportunity of appeal. Six years later the softwood and hardwood sections of the trade are facing just such an Order.

Early in 1957 the Board of Trade, having reason to question the effectiveness of abrogation, ordered the commission to investigate whether and to what extent its previous recommendation had been complied with. The commission duly reported in July, 1958, that in hardwood and softwood (but not plywood) the former arrangements had been replaced by others having similar effects. And this week the President of the Board of Trade told the House in a written answer that he had accepted the finding, and was laying an Order which will prohibit the making or carrying out of such arrangements in hardwood and softwood. Subject to affirmative resolution, the Order takes effect on August 8th. Mr Maudling added:

> The Timber Trade Federation have assured me that there had been a genuine misunderstanding on the part of their members as to the purport of the recommendations by the Monopolies Commission in their 1953 report and so of the extent of their own undertakings. Of course I entirely accept this assurance.

FILM PRODUCTION

The Levy—at Home and Abroad

The changes in the statutory film levy, that follow upon the end of the entertainments duty last April but which were announced only this week, are quite small. This levy is paid by cinemas to assist the production of films that qualify as "British." The rate is now to be one-tenth of the excess over elevenpence paid for every seat, instead of one-ninth. The exemption limit for small cinemas is to be raised from £150 to £250, and takings at children's matinees and charitable shows are to be left out in calculating whether this limit has been reached. All told, these changes should mean all of £100,000 a year more for all film production that qualifies. The end of the duty alone meant that another £1 million or more a year is coming back to the producers of all films shown in Britain out of the £7 million a year extra of box-office takings it leaves in the hands of exhibitors. But the extra £100,000 will perhaps help to stem the fall in the total amount collected from the levy. Last year it fetched in about £3.7 million.

British—and other—film producers are rather more attracted at the moment, however, by the prospect of also getting a share in similar forms of special assistance provided by other European governments. The new Films Act will enable certain "co-productions," that is, arrangements between British and overseas producers for the making of "international" films in partnership, to qualify for the British quota and levy. Discussions are now going on about treaties with France and Italy (and possibly also with west Germany if the British unions agree) to make these co-productions fully eligible in each country in which part of the film is made. Both Italy and France provide financial assistance, mostly by levy, to their film makers; the attraction of an arrangement with west Germany would be in getting round the import licensing system that still partially protects one of the best markets for dubbed British films. "International" films of this kind would certainly be more expensive to produce. But getting subsidies from two, or possibly three, governments for the same film will be quite an achievement. On average British films at present receive from the levy rather more than 40 per cent as much as they get from their share of British box-office receipts. But it is not unknown for the occasional film to receive more from the levy than it cost to make.

SHORTER NOTES

The Scottish banks have established a credit clearing, on the lines recently introduced by the London clearing banks.

★

Mr R. A. Butler told the House of Commons on Wednesday that the price paid for S. G. Brown Ltd. would be disclosed to the House, after consultations with the buyers —de Havilland Holdings and the Bosch Arma Corporation. The Admiralty had originally refused to disclose this information.

★

Sir Harold Smith, chairman of the Milford Dock Company, revealed this week that the company has obtained a loan of £128,000 from the Treasury, of which £75,000 has already been advanced, under the Government's policy of lending for development projects in areas of underemployment. The company announced plans in 1957 to enlarge its dry docks at Milford Haven—where both Esso and British Petroleum are now building terminal facilities—to accommodate 100,000-ton tankers. The company also stopped paying dividends in 1957; its expansion plans were postponed indefinitely shortly afterwards, and it was stated that the estimate of their cost is now "substantially" increased.

★

Aluminium Limited and Enfield Rolling Mills, Ltd., are forming a jointly owned company, Alcan Enfield Alloys, for the production of refined aluminium foundry alloys. Enfield's Bradford refinery will be transferred to the new company, and Alcan (UK) Ltd., will distribute the products. Enfield Rolling Mills (Aluminium) will continue to make and market, in its own name, other products such as sheet and strip.

Raw jute prices have dropped since the drought in East Pakistan and Bengal was broken last month. Firsts have fallen from a peak of about £148 a ton cif to the official export minimum of £140 for June shipment, and the minima for July and August shipment have been set at £135 and £130 a ton respectively. Little business is being done, and sellers are offering at prices that discount another reduction in the official minimum prices for the new crop.

★

Joseph Lucas (Industries) and the Collins Radio Company of America have formed a subsidiary, LCE, Ltd, to manufacture electronic equipment, including aircraft navigational and communications radio sets designed by Collins Radio, a leading American company in this field. Production at a factory in North London is expected to begin in September; Collins states that some equipment which it now makes in the United States may in future be made solely in Britain.

COMPANY AFFAIRS
Comments on pages 1384, 1385 and 1388 on:
Convertible Loans — Boots Pure Drug
Richardsons Westgarth — Schroders
London County Freehold — Helbert, Wagg
British Electric Traction — British Plaster Board
Caledonia Investments — Allied Ironfounders
Unicorn Trust — Wiggins Teape
City of London Real Property

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 1386 and 1387

LONDON STOCK EXCHANGE
The week's movements reported on page 1388

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1389

COMPANY MEETINGS

BOOTS PURE DRUG COMPANY LIMITED

SALES INCREASE OF £6¾ MILLION WITHOUT INCREASE IN STAFF

BOARD CHANGES ANNOUNCED FOR 1961

MR J. P. SAVAGE ON RESALE PRICE MAINTENANCE

The Seventy-Second Annual General Meeting of Boots Pure Drug Company Limited will be held on July 20th. The following is a Statement by the Chairman, Mr J. P. Savage, which has been circulated with the report and accounts for the year ending March 31, 1960:

We have had a record year. All departments in the business have contributed to this result. Our sales have gone ahead well; our manufacturing efficiency has improved; our expense ratio has fallen; and our profits show a good increase. Our experience in the last twelve months can be summed up quite simply by saying that we have achieved a sales increase of £6¾ million without any increase in staff. This is where the increase in profits has come from.

REVIEW OF ACTIVITIES

We are sending to shareholders this year a Review of Activities. Because of this I have been able to make my Statement to the shareholders briefer than it otherwise would have been.

SALES

Total Sales at home and abroad amounted to £90½ million. This figure, which includes only sales to customers outside the Group and excludes sales from the Parent Company to the Subsidiaries (whether at home or overseas), represents an increase of 8 per cent over last year. Retail Sales, which amounted to £82 million, show an increase of just over 7½ per cent.

MANUFACTURE

Our manufacturing operations have made an important contribution to the increase in profits. This is partly a reflection of increased output but it is also due to improvements in efficiency.

EXPENSES

The expense ratio has fallen throughout the Company. The most gratifying improvement has been in the reduction in the retail payroll percentage despite an increase in salary rates.

PROFITS

Profits before tax amount to £7,560,697, an increase of 51 per cent over last year's figure of £4,997,839. As indicated in the Financial Record in the Review of Activities, profits on capital employed amount to 16.6 per cent. This figure, which reflects the benefit of substantial capital expenditure over a period of years, is not unreasonable. There has been a continued rise in property values since the revaluation; moreover the revaluation did not extend to the shorter leaseholds or to plant and machinery. The capital employed in the business at current values must therefore be appreciably more than the balance sheet figure.

Tax provided amounts to £3,734,693 compared with £2,555,598. This increase reflects the increase in profits: the additional Profits Tax imposed in the Budget is not included as it will only fall on profits earned after the end of the financial year covered by these accounts.

After tax, the net profits of the Group have increased from £2,442,241 to £3,826,004. Of this figure £677,977 has been retained by the Subsidiaries and £3,148,027 represents the profits of Boots Pure Drug Company Limited.

DIVIDENDS

We propose paying a final dividend of 15 per cent making a total of 21 per cent for the year compared with 16 per cent last year.

Hitherto we have paid two interim dividends. Last year 3 per cent was paid on September 30th and 3 per cent on March 31st. For the coming year we propose paying a single interim on December 10th. We have in mind that this should represent a higher proportion of the total dividend for the year than was the case last year. This proposal will avoid very small individual payments and we believe it will be appreciated by shareholders as well as being an economy for the Company.

PROFIT EARNING BONUS

The Profit Earning Bonus for the year (which has been deducted in arriving at the profits) amounts to £702,360 compared with £464,280. The staff have therefore received an increase as well as the shareholders. The results we have achieved reflect the efforts and loyalty of the staff and I am sure the shareholders will agree with me that they have amply earned their increased bonus.

RESERVES

Ordinary dividends for the year amount to £1,646,400 net and preference dividends to £59,259. Goodwill written off accounts for £2,500. This leaves a balance of £2,117,845 profits retained in the business compared with £1,150,010 last year. Depreciation charged amounts to £1,592,951. The total funds retained in the business therefore amount to £3,710,796.

CAPITAL EXPENDITURE

Capital expenditure for the past year on fixed assets amounted to approximately £3 million. This has been financed out of the funds retained in the business.

CASH

The cash position shows a big improvement. Last year we were overdrawn net by £289,882. We have ended this year with a credit balance of £629,612. This reflects the increase in profits and the fact that the tax on these profits is not payable until January 1st next.

STOCKS

Stocks rose during the year by £1¼ million. The greater part of this increase was inevitable and in fact essential to cover the growth of sales, the requirements of a number of big new shops and extensions to many others. In addition the increased call on the factories both for home and export trade meant that stocks at all stages of production had to be built up. Nevertheless after allowing for these factors we feel that a particularly careful watch must be kept on stocks during the present year to ensure that the investment in this field is fully productive.

WAREHOUSES

We have recently completed our programme of warehouse development and now have adequate buildings and equipment for all the main depots. This means that we are now seeing the benefits of more efficient handling and the better distribution of supplies to the branches. At the same time we cannot afford to stand still in this field and by method study and other techniques we are constantly developing improved procedures. Certain long-term projects on which we are working give promise of bringing dramatic changes in the field of warehouse equipment and assembly methods.

RETAIL PROGRESS AND DEVELOPMENT

Our retail sales increase of just over 7½ per cent was achieved this year without very much help from the weather. The exceptionally dry and sunny summer provided a further stimulus to our vigorously growing Photographic business but otherwise tended to keep holidaymakers on the beaches rather than in the shopping centres; and the drought certainly affected the sales of our Farms and Gardens Department for several months. The autumn produced less than the usual crop of coughs and colds; on the other hand, shopping conditions in December were generally better than in the previous year, although heavy rain and floods were a handicap in some parts of the country. However we finally had an excellent Christmas, beating all previous records in all departments and putting on more than 9 per cent increase during the period. The new branches in Birmingham,

Bristol, Loughborough, Neath and Hamilton, and the enlargements in Liverpool, Northampton, Grantham, Aintree and elsewhere made significant and encouraging contributions to the result. We shall of course feel the benefit from these developments right through the current year.

Leatherware and Fancy Goods, Silver, Stationery and Art, Books, Gramophone Records and Libraries in our larger branches, both old and new, deserve special mention, particularly in relation to the Christmas business to which they are so vitally important. Boots Gift Vouchers continued to increase in popularity. Sales increased by 14 per cent during the year and exceeded £1 million for the first time. We have also introduced Saving Stamp Machines into a number of our branches and these are proving very popular. The stamps are redeemable for goods at any branch of Boots at any time. Many of our customers appear to appreciate the convenience of this 'Savings Club.'

The year has also been notable for good progress in the whole of our Toilet business, especially our own Number Seven Beauty series and the many new products which are now flowing from our laboratories and factories.

There was no 'flu epidemic last winter to help our dispensing and chemists business. Nevertheless we have continued to make progress in these departments, helped once again by new products from our own Research, Development and Manufacturing Divisions which have been well received both by our own staff and by our customers.

Much publicity has already been given to our intentions with regard to the development of our shops during the coming year and the years ahead. The standards we have set in our new shops at Birmingham and Bristol indicate the trend in our big store development whilst the new but smaller shops at Hatfield, Boreham Wood and Ubberley, Stoke-on-Trent, are examples of the way we are remodelling the family shop.

We have spent more on retail development this year than last but because of the inclusion of one or two very big schemes the actual number of projects completed in the year was rather smaller. Twenty shops in all were completely modernised and six new branches opened. We have now prepared for an intensified programme for the coming year in which ninety-four shops are included. The highlight of this work is the rebuilding of our branch at the corner of Union Street and Argyle Street, Glasgow, which will ultimately be our largest store. The large new branch at Bradford will be completed and our branches at Cambridge, Bury St. Edmunds, Gloucester and Slough will be open in their new form.

This programme together with numerous improvements in other branches including many installations of self-selection fittings demonstrates our desire to provide branches that are attractive and continue to afford a high standard of service.

PRICES AND PRICE MAINTENANCE

On a number of occasions during the past year the Government called on industry for help in stabilising prices and to bring them down wherever this could be done. Our response was easy in the sense that it always has been the policy of the Company to reduce prices wherever reductions in cost enabled this to be done. Shareholders will remember that this has been done consistently and repeatedly in past years and we are constantly reminded of it by our own trading slogan 'Boots For Value.'

The past year has been no exception and reductions achieved in manufacturing costs over a wide range of goods produced in our own factories, have enabled us to reduce the retail prices of 153 of our own products. The saving to customers resulting from these reductions amounts to £339,000 in a full year. In addition we have been able to reduce the prices of 650 lines which are bought in by us and the prices of which we control ourselves.

For many years it has been the firm policy of the Company to ensure that prices in all our shops are uniform. This of course has applied not only to goods of our own manufacture but also to those we buy. As affecting the latter we have consistently respected the retail prices which have been recommended or laid down by our suppliers.

We are quite confident that this is sound policy both for our own products and for the branded goods of other manufacturers. In consequence we support firmly the right of the manufacturer to control the price of his own products and believe further that the abolition of this right would in the long run bring no benefit to the shopping public. It would result in untold confusion as to prices and would do quite unnecessary injury to the service provided to the public by the retail trade.

We hold no brief for price cutting in the sense that that term is usually understood. But while we believe in the right of the manufacturer to fix his prices and that prices so fixed should be observed, we believe just as strongly that it is the duty of every manufacturer to reduce his prices wherever he can.

INTERNATIONAL DIVISION

Both our export sales and the sales of our seven overseas companies have shown good progress during the year.

The pattern of our export business has changed considerably over the last few years. Our sales of bulk chemicals have declined as a result of intensified world competition. This loss however has more than been made good by the improved sales of our own branded medical, pharmaceutical and veterinary specialities; these products, such as Strepsils for throat affections and Entamide for the treatment of amoebic dysentery, resulting as they do from the work done in our Research and Development Laboratories in Nottingham are unique in their class and are making an increasing contribution to local health facilities in many overseas markets.

The sales of our overseas companies, all situated in the Commonwealth, have increased by over 15 per cent over the previous year and now amount to well over £2,500,000. A growing proportion of this business now comes from local manufacturing resources and is therefore not subject to import restrictions. We believe that this business will continue to grow and will make an increasing contribution to the profitability of the Group as a whole.

We would like to thank the staff of all our overseas subsidiary companies and our agents for all their efforts during the year.

WHOLESALE DIVISION

Our Home Wholesale Division has more than made good the fall in last year's business and the sales for the year have set up a new all-time record.

Included in this total is a welcome increase in the manufacturing business we undertake for other pharmaceutical companies.

I am also particularly glad to report a significant increase in the sales of our medical specialities to wholesale and retail chemists generally, illustrating the confidence that the medical profession in this country has in our branded products. In addition, and despite intensified price competition, there has been an improvement in the turnover of our bulk chemicals. This improvement is particularly noteworthy because we have taken the opportunity during the year of cutting out certain of the less profitable lines from our chemical inventory.

STATE GRADUATED PENSION SCHEME

After long consideration we have come to the conclusion that the interests of our staff at all levels will best be served if we do not contract out of the new State Scheme. Our own Pension Schemes will continue with no diminution in the benefits. This will mean some additional cost both for the Company and for some members of the staff; but it will also mean that staff on retirement will enjoy the full benefits of the new State Scheme as well as their pension under our own schemes. Many members of the staff, and all whose earnings are below the level at which the graduated scheme starts, will pay a smaller State contribution than at present.

We have already consulted groups representative of the staff. They support our conclusions and we shall continue these consultations.

We have always attached the greatest importance to our relations with the staff and our Pension Schemes have been a major factor in ensuring these good relations. I am sure the view the Board have taken will be generally welcomed.

PROSPECTS

Although we are budgeting for increased profits this year, I must warn shareholders that it is on a much more modest scale than for last year, when the figures were affected by the complete replanning of a number of our activities.

THE CHAIRMAN'S RETIREMENT

I shall reach the age of 65 in November of this year and have notified the Board of my intention to retire from the position of Chairman and Managing Director on March 31, 1961.

The Board has unanimously decided that owing to the present size of the Company, the diversification of its business and the rapid expansion which is taking place, the time has arrived to divide the functions of the Chairman and Managing Director.

From April 1, 1961, Mr Willoughby R. Norman will become Chairman of the Board and Head of the Company.

Mr F. A. Cockfield will take over the position of Managing Director and Chairman of the Executive Management Committee.

Mr K. D. Williamson will be appointed as Deputy Managing Director.

The Board has asked me to visit all our Overseas Subsidiaries before I retire and during my absence Mr Norman will be Acting Chairman of the Board and Mr Cockfield will be Acting Managing Director.

UNITED DRAPERY STORES

A Group of Companies comprising over 750 Retail Shops, Department Stores and Distributive Businesses in all principal towns throughout the United Kingdom and Eire

Extract from the Chairman's Statement from the Report and Accounts for the year ended 30th January, 1960.

The Group trading profit for the year amounts to £9,024,834, which is an increase of £1,111,907 over last year's figure. Of this increase, the sum of £425,015 relates to the new businesses acquired this year and last and £686,892 represents increased profits from our previously owned businesses.

A big and important extension to one of our larger stores has been completed and the improved trading results have since been well up to our expectations. Further extensions are in progress or will start shortly on another four of our department stores. We will also complete the building of a number of new branches for our multiple clothing businesses and for the credit group, all of which are being expanded by the opening of new branches wherever suitable opportunities occur.

The diversity of our retail businesses spread throughout the length and breadth of the country is such as to cater for almost every household requirement and items of wearing apparel.

The current assets, after deducting the current liabilities, show a surplus of £11,825,192 and this is almost £4 million higher than last year. We are, therefore, in a good position to take advantage of suitable opportunities for expansion which might present themselves in the future.

The turnover of the Group for the first quarter of 1960 shows a satisfactory improvement over the comparative period in 1959. This increase is, on a percentage basis, higher than at the same time a year ago.

I am hopeful that our widespread interests, which cover the whole of the retail consumer field, will continue to show progressive improvement and provided that no exceptional circumstances intervene, we shall be able, next year, to present again a satisfactory Report.

EXTRACT FROM TWELVE YEARS REVIEW

YEAR ENDED JANUARY	GROUP PROFIT BEFORE TAXATION	NET DIVIDENDS PAID TO SHAREHOLDERS	PROFIT RETAINED IN BUSINESS	GROUP NET ASSETS
	£	£	£	£
1949	787,085	130,133	155,353	3,113,080
1950	966,730	142,508	198,791	4,317,733
1951	1,255,743	211,262	225,389	4,791,311
1952	1,760,974	236,333	370,151	6,050,605
1953	2,264,575	323,794	344,020	6,582,858
1954	2,601,584	409,620	440,419	9,435,103
1955	4,038,379	838,639	1,004,518	13,190,089
1956	5,501,668	1,300,180	1,153,576	21,364,888
1957	5,971,536	1,300,180	1,299,697	22,857,351
1958	6,389,080	1,429,725	1,280,408	24,307,497
1959	6,520,998	1,603,678	1,649,295	26,899,903
1960	7,410,355	1,926,441	1,919,513	31,785,903

A copy of the 33rd Annual Report and Accounts can be obtained on request from:

The Secretary, 364-366 KENSINGTON HIGH STREET, W.14

FARBWERKE HOECHST AKTIENGESELLSCHAFT

vormals Meister Lucius & Brüning

FRANKFURT (M)-HOECHST

The Annual General Meeting of Farbwerke Hoechst AG. was held in Frankfurt (M)-Hoechst on May 11, and the following is a summary of the report presented by the Board of Directors (*Vorstand*):—

Development

The year 1959 was a successful one for the West German chemical industry. The varied range of products put out by this industry steadily opens up new fields of application. This in its turn constantly increases the share taken by the chemical industry in the supply of industrial products. Plastics, foils and man-made fibres in particular are continually gaining new markets. This development affects economic expansion as a whole. The overall increase in the turnover of German industry in 1959 amounted to 9.1% compared with an advance of 13.7% achieved by the chemical industry. The Company's own turnover rose by 17.6% to DM 2,222m. during the same period. The increase of DM 333m., which had not previously been equalled in any other year, was made possible by the planned extension of existing installations and the provision of additional production capacity which had been effected during the preceding years. Investment since 1952 totalled more than DM 1,500 m. Investment activity continued to be centred around the further expansion of the basic petrochemical plants and the erection of further production installations for the polyester fibre *Trevira*. In the traditional fields of activity, too, investments continued during the year.

In 1960, business developments are again expected to be satisfactory, and the first quarter fully came up to expectations.

Turnover

The total turnover of Farbwerke Hoechst AG., including those of its German subsidiaries in which Farbwerke Hoechst has an interest of more than 50%, in 1959 reached DM 2,222m., of which DM 720m., or 32.4%, was exported Most of the Company's exports once again went to European markets. The total turnover can be broken down as follows: plastics, solvents and lacquer components 20%; fibres and foils 14%; dyestuffs, textile auxiliaries and organic intermediates 17%; pharmaceutical products 10%; fertilisers and plant protection agents 12%; and inorganic chemicals and miscellaneous products 27%. Turnover in polyethylene and polypropylene, plastics which are being sold under the branded names of (R) *Hostalen G* and (R) *Hostalen PP*, again rose considerably in 1959. The volume of sales, which increased by 75% compared with the previous year, was limited by existing capacity.

Sales of polyvinyl acetates, which are mainly used as lacquer components in the paints industry, were favoured by the large volume of activity in the building industry. In the case of (R) *Frigen*, which is being used in refrigeration technique and as a propellent gas for dosed sprays, the biggest increase could be registered with aerosols.

In the field of waxes, the new types in particular contributed to an encouraging increase in turnover.

Among man-made fibres, (R) *Trevira*, the polyester fibre, made satisfactory progress. Output was fully sold and the increase in demand is likely to be satisfied during 1960 as the additional production installations come into service stage by stage. Business in (R) *Perlon*, too, followed this favourable development.

Sales of plastic foils distributed by *Kalle AG*, increased steadily. One of the most interesting products in this field is the plastic foil (R) *Hostaphan* which is made from the same raw material as *Trevira*.

Business in dyestuffs experienced a vigorous upturn as a result of the economic expansion over the whole range of the consumer goods industry, and in particular of the textile industry, which set in during the second quarter of 1959. In the case of many products demand exceeded production capacity, and new ranges achieved a satisfactory turnover.

Sales of intermediate products increased considerably in line with the generally favourable market situation for chemical products. Further investments directed at expansion are envisaged for 1960.

The turnover in pharmaceutical products was once again raised during the year. The major share of this development was taken by the oral anti-diabetic drugs, as well as by (R) *Reverin* and by heart and circulation stimulants. The products of *Behringwerke AG*. registered an encouraging increase in turnover. In September, 1959, (R) *Tri-Virelon*, a new combined vaccine which is used for simultaneous protective vaccination against poliomyelitis, diphtheria, and tetanus, was put on the market

In the fertiliser business the Company succeeded in maintaining its share of the market, and enriched fertilisers were in particularly strong demand.

The demand for inorganic chemicals rose so steeply during the year that in the case of a number of widely-used products there were at times delivery difficulties. A further large-scale extension of the caustic lye electrolysis plant was started during the year. The turnover of phosphates manufactured by *Knapsack-Griesheim AG*. continued to develop favourably as a result of the steady increase in the consumption of synthetic detergents. Carbide production at the *Knapsack* plant reached a new peak during the year.

In the group for welding technique and technical gases, sales of oxygen and welding equipment increased considerably in step with the high level of employment in the steel and engineering industry.

The number of chemical plants erected and sold by *Friedrich Uhde GmbH*. rose appreciably during the year. The company's activities included a share in the erection of nitrogenous fertiliser plants in Greece, Egypt and India.

Investments

Expenditure on the further extension of works installations and research institutions as well as on increased modernisation in all fields totalled some DM 254m. This was covered by depreciation to the extent of DM 175m.

In order to meet the growing demand for chemicals, investments will once again be increased in 1960 and expenditure will exceed DM 330m.

Research

With a view to promoting research and development work, a start was made on concentrating all the HOECHST laboratories, some of which are fairly old and most of which are scattered all over the plant, in a modern research centre. The HOECHST Group as a whole employed some 1,900 chemists, physicists, doctors, pharmacists and highly-qualified design engineers at the end of 1959, of whom approximately 800 are active in research and application techniques. Expenditure on research and development rose to app. DM 100m. in 1959 and thus represented some 4.5% of turnover.

Associated Companies and Participations

The Company's two large wholly-owned subsidiaries, *Knapsack-Griesheim AG*. and *Kalle & Co. AG*., were fully merged with FARBWERKE HOECHST AG. during the year in order to make it easier for the Group to adjust its organisation to future developments in economic policy and legislation. At the same time two new subsidiaries, *Knapsack-Griesheim AG*. and *Kalle AG*., were set up, each with a capital of DM 20m., which will run the plants now owned directly by FARBWERKE HOECHST AG. in their own names but subject to the orders and instructions, and for the account, of the Parent Company.

Wacker-Chemie GmbH., München (holding 50%) succeeded in raising its turnover to DM 234m. in 1959. A dividend of 14% was distributed in respect of the business year 1958. Towards the end of 1959, *Wacker-Chemie GmbH*. and FARBWERKE HOECHST AG. set up a new company, *Aldehyd GmbH*., München, in order jointly to utilise processes for the oxydation of ethylene.

Cassella Farbwerke Mainkur AG., Frankfurt (M) (holding 25.1%), distributed a dividend of 14% for the year 1958.

Duisburger Kupferhütte, Duisburg (holding 30.1%), distributed a dividend of 6% for 1958.

Bunawerke Hüls GmbH., Marl (holding through *Synthesekautschuk-Beteiligungsgesellschaft mbH*., Frankfurt (M), 16⅔%), succeeded in utilising its capacity for the production of synthetic rubber to a growing extent, up to full utilisation during 1959.

Abieta Chemie GmbH., Gersthofen, near Augsburg (holding 50%), managed to utilise its plant for the production of auxiliaries for the manufacture of buna products in step with the rise in buna production.

Süddeutsche Kalkstickstoff-Werke AG (holding through *Verwaltungsgesellschaft für Chemiewerte mbH*., Frankfurt (M), 15%) distributed a dividend of 9% for 1958.

Foreign investments reached a total of some DM 96m. by the end of 1959. In 1959 app. DM 12m. was spent on the extension of production installations and DM 7m. on strengthening the sales organisation. A large proportion of the funds invested in production installations served to extend and modernise the caustic lye electrolysis plant of *Electro-Química de Flix S.A*. in Spain (holding 37.5%). This company is expected to distribute once again a dividend of 14% for 1959. Further investments were effected in Brazil with *Fongra Produtos Químicos S.A*. to complete the company's production programme.

Personnel

The HOECHST Group as a whole employed altogether 45,363 people at the end of 1959, compared with 43,328 at the end of 1958. The utilisation of almost the entire existing capacity and the coming into service of new plants required the engagement of new labour to a larger extent than in the previous year.

Balance Sheet

The consolidated balance sheet at December 31, 1959, includes the balance sheets of FARBWERKE HOECHST AG. and of those of its German subsidiaries in which it has an interest of more than 50%, with the exception of housing organisations and welfare institutions. The ratio of assets to liabilities shows an improvement compared with the previous year. Fixed assets show a net increase of DM 100m. to DM 1,083m. compared with December 31,1958. The share capital and reserves on the other hand rose by DM 176m. to DM 880m. and thus, jointly with loans totalling DM 200m., cover the total of fixed assets.

Capital Increases

In 1959 the Company's share capital was raised by DM 94m., and in connection with the introduction of its shares on foreign bourses by a further DM 6m., to a grand total of DM 562m. The shares of FARBWERKE HOECHST AG. were admitted for dealings and official quotation on the Zurich, Basle and Geneva bourses as well as on the Paris Bourse (Marché des Courtiers) last year.

At the Annual General Meeting of May 11, 1960, it was resolved further to increase the share capital by DM 56,200,000 to DM 618,200,000. At the same time the Board of Directors was authorised to increase the capital by up to DM 81,800,000 to DM 700,000,000.

Dividend

At the Annual General Meeting of May 11, 1960, it was resolved to distribute a dividend of 16% for the business year 1959.

SUPERVISORY BOARD

(*Aufsichtsrat*)

Dr.-Ing. E.h. Dipl.-Ing. Friedrich Jähne, München, Chairman; Dr. rer.pol. Leisler Kiep, Kronberg (Ts), Deputy Chairman; Dr. rer.pol. Hermann Richter, Düsseldorf, Deputy Chairman; Hans Bassing, Schwalbach a.Ts.; Peter Braun, Frankfurt (M); Dr. rer.pol. Hanns Deuss, Düsseldorf; Nikolaus Fleckenstein, Frankfurt (M); Anton Ockenfels, Knapsack; Professor Dr. phil. nat. Dr.med.h.c. Dr.med.h.c. Boris Rajewsky, Frankfurt (M); Karl Schirner Freiburg i.Br.; Max H. Schmid, New Canaan, Conn., U.S.A.; Fritz Schramm, Frankfurt (M); Dr. jur. Pierre Vieli, Küsnacht-Zürich; Dr.phil. Wolfgang Wacker, Inzell (Alpenstrasse); Dr.phil. Konrad Weil, Frankfurt (M).

BOARD OF DIRECTORS

(*Vorstand*)

Professor Dr.-Ing. Dr. rer.nat.h.c. Karl Winnacker, Chairman; Dr.-Ing. Erich Bauer; Professor Dr. phil. Dr. rer.nat.h.c. Dr. med.h.c. Dr. med.vet.h.c. Gustav Ehrhart; Dr. phil. Michael Erlenbach; Oscar Gierke; Dr.-Ing. Paul Heisel; Rechtsanwalt Heinz Kaufmann; Kurt Lanz; Dr. rer.pol.h.c. W. Alexander Menne; Dr. phil. Dr.-Ing. E.h. Friedbert Ritter; Dr. phil. Emil Thiel; Dipl.-Chem. Wolfgang Thies; Professor Dr.-Ing. Dr. rer.nat.h.c. Josef Wengler. *Deputy Members*: Dipl.-Kfm. Berthold Gamer; Dr.-Ing. Robert Zoller.

FARBWERKE HOECHST AG.

CONSOLIDATED BALANCE SHEET AT 31st DECEMBER, 1959

Including Affiliated Companies

LIABILITIES	31.12.1959 DM	31.12.1958 DM
SHARE CAPITAL	562,000,000	462,000,000
RESERVES		
Statutory Reserve	147,982,774	102,731,909
Special Reserve	35,660,000	35,660,000
Miscellaneous Reserves	133,824,507	103,301,902
	317,467,281	241,693,811
Holdings by Third Parties in Associated Companies	4,604,501	3,993,485
Value Adjustments under Sections 7c and 7d Income Tax Act	13,969,576	14,726,035
PROVISIONS		
Pensions	167,817,443	157,107,388
Provision for I.G. Farbenindustrie AG.i.L.	10,303,576	10,303,576
Miscellaneous	141,693,799	81,043,312
	319,814,818	248,454,276
CURRENT LIABILITIES		
Loans	200,000,000	200,000,000
Mortgages	377,175	292,685
Superannuation Funds	147,905,559	137,423,523
Bank Credits	234,837,332	158,021,867
Miscellaneous Credits	102,246,721	125,140,956
I.G. Farbenindustrie AG.i.L.	—	3,573,011
Customers' Deposits	48,628,299	40,005,457
Creditors (Trade)	116,116,993	83,434,046
Creditors (Associated Companies)	1,245,853	629,403
Miscellaneous Liabilities	133,950,901	114,953,778
	985,308,833	863,474,726
PROFIT		
Balance brought forward from 1958	214,447	211,856
Profit 1959	85,945,553	64,682,591
	86,160,000	64,894,447
Equalisation of Burdens—Capital Levy:		
Present Value DM 133,955,105		
Quarterly Instalment DM 2,579,532		
Guarantees DM 49,652,174		
	2,289,325,009	1,899,236,780

ASSETS	31.12.1959 DM	31.12.1958 DM
FIXED ASSETS		
Establishment:		
Plant and Buildings		
(a) Business and Residential	57,951,922	58,221,609
(b) Factories, Laboratories and other Buildings	303,701,686	267,622,993
Undeveloped Sites	8,814,585	8,459,156
Plant, Apparatus and Machinery	509,701,001	454,443,521
Tools, Factory and Office Equipment	21,957,038	22,462,140
	902,126,232	811,209,619
Patents and Similar Rights	3	5
Participations	181,094,727	171,665,328
	1,083,220,962	982,874,952
STOCKS		
Raw Materials and Supplies	136,483,175	137,960,376
Semi-finished and Finished Products, Merchandise	222,157,072	228,149,796
	358,640,247	366,110,172
ACCOUNTS RECEIVABLE		
Mortgages	14,702,541	13,458,290
Deposits with Suppliers	39,024,941	27,256,582
Debtors (Trade)	302,891,364	241,223,306
Debtors (Associated Companies)	113,893,304	58,859,062
Miscellaneous Amounts Outstanding	37,661,907	48,626,103
	508,174,057	389,423,343
LIQUID ASSETS		
Securities	127,830,952	31,331,332
Bills of Exchange Receivable	20,992,983	19,233,583
Cheques	—	273,112
Cash in Hand including Balances with Bundesbank and on Postal Cheque Accounts	2,561,418	3,124,422
Bank Balances	172,226,963	87,883,866
	323,614,316	141,846,315
TRANSITORY ITEMS		
Discount (Loans)	—	3,679,010
Miscellaneous	15,675,427	15,302,988
	15,675,427	18,981,998
Recourse Claims on Guarantees DM 49,652,174		
	2,289,325,009	1,899,236,780

Represented by: Hoechst Chemicals Ltd., 50 Jermyn Street, London, S.W.1

Chesapeake and Ohio Railway Company

Railroad is Physically Strong, Financially Healthy

Chairman Eaton's remarks:

The Annual Meeting of Shareowners of the Chesapeake and Ohio Railway was held on Thursday, April 28, 1960, at The College of William and Mary in Williamsburg, Virginia. The meeting also observed the 175th anniversary of the founding of the railroad's original transportation predecessor, the James River Company, in Virginia, with George Washington as its first president.

Cyrus S. Eaton, chairman of the board, addressed the shareowners of the company as follows:

"Fellow Stockholders:

"We can all take great satisfaction that George Washington, the founder and first president of the Chesapeake and Ohio Railway's predecessor company, excelled as a sound and successful businessman, as well as a superlative statesman.

"Washington was a capitalist, both in theory and in practice. In 1785, when our predecessor company was chartered, he opened its stock subscription books at $200 a share. The enterprise prospered, so that the stock was selling for $400 a share within a few years.

"A question of paramount importance to all of my fellow stockholders today is, I am sure, can we ever again have our stock selling for $400 a share? My answer is, if all the railroads of America could be emancipated from the bondage of federal government regulations, and really be permitted to practise free enterprise, I am certain we could pursue policies that would again bring our stock to the $400 level.

"Our railroad has done well, it is true, because of the extraordinary dedication and devotion of our entire organisation. The C & O probably has the most continuous record of success of any railroad in the world. But we can do infinitely better if the government wraps are removed. You, of course, appreciate that this is a family party, where one can speak with complete frankness.

"Last week I devoted a day in Toledo, Ohio, to inspecting our modern docks and examining our matchless new coal loading facilities. In Toledo we, in fact, have the most modern and most efficient coal docks in the world. We can put 300 cars of coal into a 20,000 ton ship in less than four hours. I am vastly impressed with what the Toledo installation represents in human intelligence, skill and accomplishment.

"From Toledo I went to Detroit for a day at the Ford Motor Company. I spent several hours in the Henry Ford Museum, a building that covers 8 acres, all under one roof. The Museum displays models of all forms of transportation from the earliest times until now, and also exhibits replicas of material progress in many other fields of industry and science.

"My visit to the Museum was made in company with distinguished representatives of our federal government. All of us became acutely conscious of the vast progress that has been made from the days of the ox-drawn covered wagon to the miracles of modern-day transportation. I said to these government representatives, 'We are looking at a thrilling picture of American accomplishment in the fields of science, industry and agriculture over the past 175 years. One is accordingly doubly depressed to realise that, in our political institutions and form of government, we are still back in the covered wagon era.'

"The system devised by our wise Founding Fathers was appropriate for the time when the federal government played only a small part in the affairs of the nation, and when the individual states held most of the authority and made most of the decisions. In recent years, the power and size of the federal government have increased far beyond the point contemplated by the Founding Fathers. Let me just cite an example or two of outworn features of our government.

"A Congressman faced with a primary and a final election every two years has, in effect, an election every year. His mind must therefore be on what will get him votes, so he consistently appeals to the prejudices and whims of the moment. In this way, he substitutes expediency for sound, fundamental principles. With only two years between these Congressional contests, as compared with four years between Presidential elections, frequent conflict is bound to arise between the legislative and executive branches of government. Meanwhile, we are forced to witness the biennial spectacle of candidates from the same party fighting each other in the primaries, and furnishing fuel to the opposition by denouncing each other in undignified fashion. I submit that national elections should be held at four, or perhaps even six, year intervals, and that all federal elective offices should be filled at the same time.

"Let me give you another illustration that seriously affects our railroad industry. In recent years a total of 75 so-called independent government agencies have been created in Washington. The men who run these bureaus are not responsible to either the executive or legislative branches of the government. The occupants of these offices are human, so they are constantly seeking an extension of their powers. Well-meaning though they are, they consume endless time in efforts to interpret statutes. They feel that their main task is to crib, cabin and confine American industry and finance, and all of their ramifications. The railroad industry is the most completely regulated. Management is not permitted to use, on behalf of stockholders, the imagination and drive that are essential to success in the capitalistic system. One of the weaknesses of our government that demands sweeping changes is the vast system of bureaucracy represented by these federal agencies.

"I appeal to you stockholders to take a personal interest in these political problems. The main buttress of free enterprise and the capitalistic system is the stockholder. If all stockholders of all companies would speak up at one time on a given subject, their voices would have a far-reaching effect on the politicians. In my economic philosophy, I believe every man and woman should be a stockholder in some corporation. I should like to see all men and women who work for companies have a personal stake in the ownership of those companies. This would bring labour and labour leadership into partnership with the management of corporations, big and small, and the combined influence would be irresistible.

"We urgently need a revival of the spirit of George Washington, both as applied to business and to government. We urgently need a new Constitutional Convention to bring our federal government up to date and put it in harmony with the marvellous progress of science, business, industry and finance. The Chesapeake and Ohio Railway, I may add, would be proud to extend the superb facilities of our Greenbrier Hotel for such a Constitutional Convention.

"We have neglected George Washington's example and advice. The Father of our Country warned us against entangling alliances. He reiterated, again and again, that we should never let our foreign policies be influenced by prejudices against any other nation. We have flagrantly disregarded these two pieces of sound advice We are now inextricably entangled with one-third of the nations of the world. We are angling for alliances with another third through a lavish foreign aid programme. Finally, we are permitting prejudice to lead us into bitter wrangling with the remaining third. As Walter Lippmann wrote a few days ago, the ghost writers of the State Department and the Defence Department cannot compose a letter or issue a statement concerning any part of the Communist world without employing vulgar and opprobrious epithets.

"These policies that flout the advice of George Washington are burying us under a crushing burden of taxation. If they are allowed to go to the length of flaring into open war, our people will be annihilated and everything that industry and science have created will be utterly destroyed. If the wise man who founded this transportation system and started his country on the road to greatness were alive today, he would move vigorously to restore us to common sense and wisdom.

"For my peroration, may I borrow a couple of lines from Wordsworth. 'Washington! thou shouldst be living at this hour: America hath need of thee.'"

Walter J. Touhy, president of C & O, told the shareowners: "As we enter the 1960s, C & O is financially strong, physically healthy and fully prepared to get its share of business.

"A magazine for investors points out that in the last ten years, the dividend rate of C & O has been raised three times. The present $4.00-a-year rate is in its fourth year and with every indication of its continued stability. I concur in this evaluation of the railroad and I have the strongest faith that the trend of the past will continue into a bright and exciting future."

Vice presidents of the company reported to the shareowners on the progress and outlook of the railroad's activities. Following are extracts from their reports:

C & O's working capital increased more than $6 million in 1959, standing at $60 million at year's end. The debt ratio—the proportion of long-term debt to total capital—is the lowest in thirteen years.

Merchandise traffic revenues in 1960 should surpass the revenues of almost $161 million in 1959. Revenues for the first four months of 1960 were two million dollars more than those for the same period in 1959.

C & O's revenues from coal transportation in 1959 of nearly $162 million were the highest in the railroad industry. Revenues for the first four months of 1960 were $52 million, about the same as those for the same period in 1959. However, the good outlook for coal movements to users in the United States and Canada should give C & O an increase in carloads through 1960.

Cost reduction has produced savings in excess of $42 million in the last six years. At the same time C & O's motive power is modern and well maintained and there is no stronger roadbed or track anywhere. C & O continues to apply the advances of science to the operations of the railroad. For example by the end of 1960, more than 2,000 miles of heaviest-travelled main line will be operated by electronic traffic control. Computerisation is also developing new facts and methods to assist the company's growth.

A total of 8,209,893 shares were entitled to vote at the meeting. Represented in person or by proxy were 7,157,300 shares, all of them voted in favour of the election of the present board: Cyrus S. Eaton, chairman of the board; Walter J. Touhy, president; Herbert Fitzpatrick, senior partner, Fitzpatrick, Marshall, Huddleston & Bolen, attorneys, Huntingdon, W. Va.; Robert J. Bulkley, senior partner, Bulkley, Butler, Rini & Schweid, attorneys, Cleveland, Ohio; Cyrus S. Eaton, Jr., president, Chertsey Corporation, Cleveland, Ohio; Barnum L. Colton, president, National Bank of Washington, Washington, DC; Fay A. LeFevre, chairman of the board of governors, Cleveland Clinic, Cleveland, Ohio; Roger J. Ferger, president and publisher, the Cincinnati Enquirer, Cincinnati, Ohio; M. S. Fotheringham, president and general manager, Steep Rock Iron Mines Limited, Steep Rock Lake, Ontario; and Erwin H. Will, chairman of the board and chief executive officer, Virginia Electric Power Corporation, Richmond, Va.

ASSOCIATED NEWSPAPERS LIMITED

LORD ROTHERMERE'S STATEMENT

The fifty-fifth Annual General Meeting of Associated Newspapers Limited, will be held on Thursday, July 14, 1960, in the Memorial Hall, Farringdon Street, London, EC4. The following is from the statement by the Chairman:

The year has seen a steady progress in the development of your Company. This has been achieved despite the difficulties caused through the printers' strike, which took place last summer.

The strike, which lasted seven weeks, was expensive to all newspapers. It caused considerable losses to our provincial newspaper interests. The national press was affected also, because the strike spread to the ink manufacturers. The national newspapers were able to keep going only by restricting the number of pages and importing ink from France. Since the end of the strike much of the loss has been regained because of increased advertising revenue.

Because of a general intensification of competition within the industry, and a continued rise in costs, I expect profits from our national newspapers to fall in the present year. To some extent this is likely to be offset by increased revenue from our other interests. These other interests are becoming widespread and with expansion continuing, a further decentralisation of management will be of advantage.

ACCOUNTS

The accounts, this year, are presented to you in a new form. We hope that you will find them more attractive and readable than in the past. The profit on trading at £2,313,138 is slightly up on last year. The lower profits on some of our national and provincial newspapers, for the reasons which I have explained already, were counter-balanced by profits of subsidiaries acquired during the year.

The Anglo-Newfoundland Development Company has increased its dividends by 50 per cent, which rate should be held without difficulty. Southern Television, in which your Company has a 37½ per cent interest, has started paying dividends. Our interests in television in Australia already show a substantial return.

There is a credit from the winding-up of the Newsprint Supply Company and its associate Newsprint Supply (Trustees) Ltd. You will see that, as a result of all these matters, the Group profit before taxation at £3,184,802 is £400,000 up on last year.

The charge for taxation benefits to a greater extent from the double tax credits allowed in respect of the increased overseas dividends.

Turning now to the Consolidated Balance Sheet, you will notice the following points. Fixed assets have increased by virtue of the inclusion of assets of West Country Publications, the purchase of which our Group financed. The increase in Trade Investments reflects the further interest in Southern Television and in Australian television. There are other substantial projects under consideration in which we may invest during the current year.

You will also see that we have repaid the £500,000 3¼ per cent Unsecured Loan Stock which was dated May 1, 1959.

Both Balance Sheets show a strong position.

DAILY MAIL

Competition has never been greater between the National Dailies. I am glad to be able to tell you that the sale of the *Daily Mail* under these conditions has been maintained, with advertisement revenue reaching the highest peak in its history.

We are making every effort during the current year to attract new readers by producing through sound and straightforward journalism a lively newspaper which consistently provides the reader with a range of accurate news and well-informed topics.

THE EVENING NEWS

The Evening News, carrying on its policy of strong family appeal, continues to go from strength to strength. It has long been the world's largest selling evening paper, and today sells nearly as many as its two rivals put together. The demand for space from our advertisers increased by more than 24 per cent over the previous year.

SUNDAY DISPATCH

The circulation of the *Sunday Dispatch* remains steady with an encouraging tendency towards an increase. Now that the quality of the editorial content of the paper is becoming more widely recognised, there is evidence that advertisers appreciate the tone of the *Sunday Dispatch* and the competitive rates it offers them.

DAILY SKETCH

Having consolidated its sale position at the end of December at rather over 1,100,000 copies a day, the *Daily Sketch* has shown a steady increase on this figure during the last three months of the financial year.

The paper's vigorous campaigning policy has attracted widespread national comment among readers and on television and radio. We believe that the present formula will command a steadily growing readership.

WEEKEND

It was decided late in 1959 that *Weekend* should be developed as a magazine appealing to every member of the family. In its new form it has made an excellent recovery and the sale is on the increase. *Weekend's* appeal to advertisers therefore is a growing one, particularly as it can offer full colour gravure advertisements at a highly competitive rate.

PROVINCIAL NEWSPAPERS

Our provincial newspaper subsidiaries were, as mentioned previously, affected by the printers' strike. I am very glad to state that throughout the whole period of the strike continuity of production was achieved without break by each of our daily and evening newspapers.

I would emphasise again that the newspapers owned by these subsidiaries are run as local newspapers independent of London editorial control, and serving the interests of the local community with both local and national news and announcements. There is no substitute for your local newspaper.

WHESSOE LIMITED

FUTURE VIEWED WITH CONFIDENCE

MR C. M. SPIELMAN ON DIVERSIFICATION PROGRAMME

The Fortieth Annual General Meeting of Whessoe Limited will be held on July 12th at 25 Victoria Street, London, S.W.

The following is the review of the chairman, Mr C. M. Spielman, O.B.E., M.C., B.A., M.I.C.E., M.I.Struct.E., which has been circulated with the report and accounts:

The year has been one of considerable difficulty for manufacturers of capital plant of our type. Demand has decreased whilst productive capacity has increased. Severe competition has resulted, leading to declining price levels. We, of course, are not alone in experiencing this change of climate and our competitors all over the world have been similarly affected. I believe, however, that we are better equipped than most to face a difficult future with confidence.

ACCOUNTS

The profit for the year after all deductions, other than taxation, has amounted to £990,130 against last year's record figure of £1,229,338, and the profit less tax to £440,130 against £629,338 last year. Whilst the volume of production for the year has been similar to that of the previous year, the proportion completed has been smaller and this has been the main cause of the drop in profit. As has been our practice, no profit has been brought in on uncompleted work except for a further £40,000 on the long-term contract on which we brought in £40,000 in each of the last two years, making £120,000 in all.

Despite the lower value of orders received, gross work in progress has increased from £6,054,416 to £6,881,827, the profit on which, other than the £120,000 referred to above, remains to emerge in the future. However, a considerable proportion of the orders on which work is now in hand was taken with very lean profit margins so that it is not to be expected that the profit level of recent years can be maintained.

Capital expenditure although less than in the two preceding years has been considerable. Nevertheless our liquid position has further improved, the Bank balance and short term investments having increased from £586,719 to £958,078. A large proportion of this sum may, however, be needed for developments we propose.

The Board has given careful thought to the level of distribution and, in view of the good cover, recommends that, despite the fall in profit, the final dividend on the ordinary stock should be maintained at 22½ per cent, again making a total for the year of 27½ per cent.

PROSPECTS

It appears probable that productive capacity, both at home and abroad, for our traditional products will continue to be in excess of demand. We have therefore been giving much attention to widening the range of our products and to introducing new ones of advanced design and manufacturing technique which we think will find markets. To this end we have made arrangements with specialist firms in America and Europe with a view to supplementing our present range. We also intend to expand our production facilities for products for which we foresee a growing demand. We are arranging also for an expansion in our output of heat exchangers, in which field we already hold a prominent position. Market prospects appear good for Shand & Jurs fittings and instruments for storage tanks and ocean tankers; and we plan to increase their production at our Works and to establish manufacture in France.

Although I have had to warn shareholders to be prepared for declining profits, I would repeat that technically our Company has never been better equipped. Our products and services are held in high regard by the industries we serve, and I have no doubt that our strong financial position together with our initiative and ability will enable us to diversify both our products and fields of activity. I have therefore confidence that we are well placed to meet the challenge of the new trading conditions.

PERSONNEL

The deterioration of the markets in which we operate has naturally caused reduced activity in some departments in the Works at Darlington and at our erection sites, leading to reduced earnings for many of our manual workers. This situation has been a matter of considerable regret to the management, but that it has been accepted with understanding is a great tribute to the wonderful spirit that exists in our Company.

The difficult trading conditions have, on the other hand, subjected both management and staff to intense pressure and strain, greater indeed than anything I can recall, and I cannot speak too highly of the admirable way in which they have tackled their work and problems.

To all Whessoe employees—management, staff and manual workers—our grateful thanks are due.

RETIREMENT OF SECRETARY

I cannot close this Review without making reference to the high regard in which all of us hold Mr T. Heslop who retired on March 31st from the post of Secretary, which he has held for 22 years. His successor, whom we welcome to Whessoe, is Mr A. W. Wagstaff. In Mr Heslop the Company has had as Secretary a man of unusual ability, and one who has exercised an admirable influence on all those with whom he came into contact. I am glad to say that he has agreed, following his retirement, to remain a member of our Board so that we shall continue to have the benefit of his experience and his counsel.

WESTERN SELECTION AND DEVELOPMENT

The thirtieth annual general meeting of Western Selection and Development Co., Ltd., was held on June 20th in London.

Mr C. J. Burns, Chairman, presided, and the following is an extract from his circulated Statement:

The profit for the year ended September 30, 1959, £133,867, representing an increase of £38,739 over that for the previous year, was the result of improved stock market conditions and satisfactory operating results from the Ghana mines which still form a substantial part of our investments. The market value of our quoted securities at September 30, 1959, was £841,470 an appreciation over book cost of £322,615.

The improved results for the year under review do, perhaps, justify a slightly increased return to Members, but taking into consideration the stage reached in the Company's Canadian investment, a similar distribution i.e. 8 per cent less tax is recommended. Your Board have kept in mind the finance required to continue operations in Canada and the necessity for retaining sufficient resources and flexibility to carry through all projected programmes.

Of the gold mining companies in Ghana in which we are interested both Ariston Gold Mines (1929) Limited and Ghana Main Reef Limited have returned profitable results commensurate with expectations. Amalgamated Banket Areas Limited, whilst at the moment passing through a highly expensive and most necessary development stage, can view the future with greater confidence, thanks to the generous assistance given to it by the Ghana Government. Bremang Gold Dredging Company Limited has completed its final dredge moves and from now on can look forward to dredging operations unhampered by any major capital expenditure.

The results from Ghana are likely to show even greater returns in the future, providing this Company with due recompense for its financial help and co-operation in past years.

For the past few years our Nigerian investments have been very much in the background, curtailed operations of the tin mining companies reducing the return that might have been expected on the Company's investments. With the recent relaxation of tin quotas we can expect improved returns from our Nigerian investments.

The Company's operations in Canada covering so wide an area require a development stage commensurate with the size of operation.

Your Company's affairs are now in a most interesting stage. In the past, investments in Ghana were considered to be a liability due to the uncertain future of that part of the world. In fact, over the past two years, our investments in Ghana by reference to stock exchange quotation have been strengthened rather than weakened. At the same time our interests in Canada have not yet progressed to the stage where they can contribute to the profitability of the Company. At the moment they must be considered purely as prospecting expenditure and the future must be left to results. Nevertheless, within the framework of a mining finance company your Company has progressed steadily, and given a reasonable return from even one section of the Canadian investments, sufficient resources will be available for even greater expansion.

The report and accounts were adopted.

KREDITANSTALT FÜR WIEDERAUFBAU

(Reconstruction Loan Corporation)

FRANKFURT-ON-MAIN GERMANY

BALANCE SHEET AS AT 31st DECEMBER, 1959

ASSETS	DM	DM	DM
1. Cash Reserve :—			
(a) Cash in hand		16,302.01	
(b) Balances on Giro Accounts at the Deutsche Bundesbank and on Postal Cheque Account		13,246,153.28	
			13,262,455.29
2. Balances at Banks :—			
(a) Sight balances		56,195,059.92	
(b) Due within 3 months ...		276,000,000.—	
(c) Due after 3 months or later		16,800,000.—	
			348,995,059.92
3. Bills of Exchange and Promissory Notes :—			
including—			
Bills eligible for rediscount at the Bundesbank DM 8,568,602.08			
Foreign promissory notes (Rourkela) DM 72,534,562.89			
			81,103,164.97
4. Securities :—			
(a) Own Bonds, at par value DM 1,215,900.—		1,215,900.—	
(b) Other Fixed Interest-bearing Securities... ...		489.675.—	
			1,705,575.—
5. Debtors :—			
(a) Loans granted :—			
To banks, for passing on to borrowers ...	3,181,920,735.71		
Direct to borrowers ...	1,912,389,056.87		
		5,094,309,792.58	
(b) Interest :—			
Proportionate interest	3,879,121.96		
Due interest	24,365,943.98		
		28,245,065.94	
(c) Other claims		14,647,802.96	
			5,137,202,661.48
6. Loans channelled to Borrowers on a Trust Basis :—			
(a) In our own name ...		519,399,602.28	
(b) In the name of others ...	370,341,674.46		
(c) Other trust transactions in our own name ...		114,235,934.83	
			633,635,537.11
7. Participations			7,500.—
8. Real Estate and Buildings ...			1.—
9. Office Furniture and Materials			1.—
10. Items for the purpose of distinguishing between separate Accounting Periods ...			4,952,178.46
11. Customers' Liability on Guarantees	592,280,550.74		
			6,220,864,134.23

LIABILITIES	DM	DM	DM
1. Creditors :—			
(a) Federal Republic of Germany	3,596,939,486.35		
(b) Deutsche Bundesbank	20,349,200.23		
(c) Other Lenders	636,061,000.—		
		4,253,349,686.58	
(d) Interest :—			
Proportionate interest	1,157,119.66		
Due interest	60,885,235.55		
		62,042,355.21	
(e) Other Liabilities ...		14,174,845.77	
			4,329,566,887.56
2. Promissory Notes			165,000,000.—
3. Bonds, etc., in Circulation :—			
(a) Bonded Loans :—			
5½% Reconstruction Loan 1949	187,500,000.—		
3½% Housing Loan 1949	4,000,000.—		
6% Loan 1958 ...	100,000,000.—		
5% Loan 1959 ...	100,000,000.—		
		391,500,000.—	
(b) Medium-term Notes :—			
4½% 3-year Notes 1958	80,000,000.—		
3-year Notes 1959	10,000,000.—		
4% 4-year Notes 1959	80,000,000.—		
3⅝% 4-year Notes 1959	150,000,000.—		
		320,000,000.—	
(c) Drawn Bonds		38,300,000.—	
(d) Interest :—			
Proportionate interest	5,701,320.—		
Due interest	8,428,578.—		
		14,129,898.—	
			763,930,798.—
4. Loans channelled to Borrowers on a Trust Basis :—			
(a) In our own name ...		519,399,602.28	
(b) In the name of others ...	370,341,674.46		
(c) Other trust transactions in our own name ...		114,235,934.83	
			633,635,537.11
5. Capital Funds :—			
(a) Capital		1,000,000.—	
(b) Reserve formed from Resources of the E.R.P. Special Fund		151,975,108.—	
(c) Legal Reserve		159,102,262.30	
			312,077,370.30
6. Reserves for Special Purposes			11,738,811.09
7. Items for the purpose of distinguishing between separate Accounting Periods			4,914,730.17
8. Liabilities in respect of Guarantees	592,280,550.74		
			6,220,864,134.23

PROFIT AND LOSS ACCOUNT FOR 1959

EXPENDITURE	DM	DM	RECEIPTS	DM
1. Operating Expenses		4,117,046.37	1. Interest received in excess of interest paid	22,417,540.21
2. Depreciation :—			2. Other Receipts	11,073,739.51
On Real Estate and Buildings	1,050,105.75		3. Extraordinary Receipts	32,534.49
On Office Furniture and Materials	240,919.86			
		1,291,025.61		
3. Other Expenditure		7,824,083.23		
4. Net Profit for 1959 (transferred to Legal Reserve)		20,291,659.—		
		33,523,814.21		33,523,814.21

Frankfurt on Main, 14th March, 1960.

Reconstruction Loan Corporation
DR. MARTINI DR. DOHRN
von ILBLRG DR. POPRAWE DR. RIECK

According to the conclusive result of our audit, which was duly carried out on the basis of the books and records of the Reconstruction Loan Corporation as well as of the explanations and statements supplied by the Board of Management, the bookkeeping and the Annual Statement of Accounts as at 31st December, 1959 are in accordance with the provisions of the law.

Deutsche Revisions- und Treuhand-Aktiengesellschaft
(German Auditing and Trust Company)
DR. ADLER ppa. DR. WULF
Certified Auditor Certified Auditor

Frankfurt on Main, 30th March, 1960.

C. C. WAKEFIELD & COMPANY LIMITED

CHANGE OF NAME TO CASTROL LIMITED PROPOSED

GROUP SALES AND TRADING PROFITS AGAIN A RECORD

MR L. W. FARROW'S REVIEW

The forty-third Annual General Meeting of C. C. Wakefield & Company Limited will be held on July 15th at Castrol House, Marylebone Road, NW1.

In his statement, which has been circulated with the report and accounts for the year ended December 31, 1959, Mr L. W. Farrow, CBE, the chairman, said: In November, 1959, the Head Offices of the Company and certain of its subsidiaries were moved to the new Headquarters of the Group, Castrol House, Marylebone Road, NW1. This building, which is a new London landmark and has aroused considerable interest, was officially opened by the Right Honourable Ernest Marples, MP, Minister of Transport, on February 22, 1960, and on March 3, 1960, we had the honour of receiving Her Majesty Queen Elizabeth the Queen Mother, on an informal visit.

Since the close of the year under review the Company has acquired the entire Share Capital of De-Corrosion Services (Norwest) Limited, Bootle, Lancashire, which specialises in the removal of unwanted deposits on metal. This new Subsidiary, which has been renamed Metal Cleaning Limited, performs a valuable service to industry and its business, though modest at present, has good potential for future development.

GROUP TRADING

It gives me pleasure to report that in 1959, our Diamond Jubilee Year, the Group achieved results which surpassed the records of the previous year. A higher volume of sales throughout the world than ever before in the history of the Group resulted in a trading profit of £4,699,136, an increase of £554,829 compared with 1958.

Notwithstanding the highly competitive marketing conditions under which the Group operates, sales of Castrol reached a record level and this principal product of your Company continued to enjoy the largest share of the United Kingdom market for branded motor oils. It is interesting to record that a recent independent survey showed that more British motorists asked for Castrol by name than for all other branded motor oils put together. There is also evidence that the vast majority of the motoring public in the United Kingdom prefer to be offered a choice of brands of lubricants at filling stations and garages. I am pleased to remind Stockholders that such a policy of non-exclusive trading, which has your Company's full support, is being applied on the new Motorways at the direction of the Ministry of Transport.

Some Stockholders may not be aware that the Group markets a range of high pressure and other lubricating equipment and appliances under the brand name Lubrequipment, manufactured by our engineering subsidiary, John B. Pillin Limited. I am happy to say that sales of Lubrequipment in 1959 were the highest yet recorded.

INDUSTRIAL OILS

For our Subsidiary Companies in the industrial field, Wakefield-Dick Industrial Oils Limited and Fletcher Miller Limited, 1959 proved to be another year of successful trading.

Record sales were achieved by each of these companies, but a reduction in the margins between cost and selling prices led to the aggregate profits returned being substantially the same as in the previous year.

The combined sales volume of these two companies formed a significant proportion of the Group's total gallonage in the United Kingdom and the profits derived from their operations in 1959 contributed materially to the record Group results under review.

NEW SYNTHETIC LUBRICANT FOR GAS TURBINE ENGINES

In my Statement last year I referred to the successful development, following almost ten years of research, of a unique synthetic fluid for the lubrication of gas turbine engines. Experience has proved that this fluid represents the biggest advance yet made in the lubrication of highly stressed turbine engines. I am pleased to inform you that after exhaustive tests, both on the bench and in practical flight trials, Castrol 98, as this product is now known, has been approved by the Air Registration Board and Rolls-Royce Limited for use in Dart and Avon engines. Arising from these approvals, your Company has been supplying British European Airways with Castrol 98 for all their Viscount and Comet aircraft since January 1, 1960.

A world monopoly in the supply of synthetic lubricants for British jets has been held by a major petrol company for ten years. Stockholders will share our pride that we, a British Company, are the first to break this monopoly.

Steps are being taken to promote the use of this lubricant by other airlines throughout the world.

CHEMICAL PLANT

With the completion of the Company's new chemical plant at Stanlow, its output for the year rose by more than 50 per cent in comparison with 1958.

In addition to meeting the Group's current requirements of chemical additives this plant manufactures supplies for resale by Edwin Cooper & Company Limited. Increased sales and profits were achieved by this Subsidiary Company in 1959 and these results encourage us to explore avenues for further expansion in this direction.

RESEARCH AND PRODUCTION

Research is an essential feature of your Company's activities and has played a leading part in the attainment of its eminent position in the field of lubrication.

Your Directors consider that the present Research Laboratories at the Company's works at Hayes, Middlesex, do not allow sufficient space for anticipated future progressive development and they have decided that a separate Research Centre shall be established. In addition to being fitted with the most up-to-date scientific equipment the new laboratories will provide ideal working conditions for our Research Staff. This decision will also facilitate an expansion of the works at Hayes, which has become necessary owing to increasing demands on its productive capacity.

In order further to cater for the future productive needs of the Group, a freehold site adjacent to the Company's works at Rotherhithe, including two wharves, has been acquired. Three acres of land at Blantyre, Lanarkshire, have also been purchased as an extension to the existing premises of a subsidiary, with the intention that the Company's present installation at Glasgow, where expansion is not possible, shall be disposed of and the Group's productive resources in Scotland concentrated at Blantyre.

OVERSEAS TRADING

I am happy to inform you that 1959 proved to be another year of progressive trading overseas. Total sales abroad were greater than ever before and the overall profits obtained from this business exceeded those of the previous year by a substantial margin.

Exceptionally difficult trading conditions in certain overseas markets continued to render our operations in those countries unremunerative. The problems confronting our organisations in the few territories concerned are constantly engaging the attention of your Directors. In one such market, namely East Africa, it has been decided to revert to trading through Agents and to close down the Branch established there in 1954.

During the year, further capital was invested in several Subsidiary Companies overseas where this was considered desirable in the trading interests of the Group.

Following a visit by two of the Parent Company's Management Directors to Australia, the Company's largest overseas market, and New Zealand, it has been decided to embark upon an important programme of capital development in those countries, where our present installations are no longer adequate to cope with an expansion of business. This is a three-year project involving the acquisition of land in a number of States and the erection thereon of offices, works and bulk storage facilities, including ocean terminals. Part of the cost of this development will be met out of the proceeds of the sale of our existing properties in Australia.

ACCOUNTS AND DIVIDENDS

The Consolidated Net Profits of the Group amounted to £1,819,431 (1958, £1,459,412).

Difference on Exchange amounted to £86,741 (1958, £100,617), due principally to the further decline in the free market rate for the Brazilian Cruzeiro.

A sum of £593,269 has been set aside for Depreciation. This exceeds the corresponding figure for 1958 by reason of additions to the Fixed Assets of the Group.

Having regard for the higher profits achieved, your Directors recommend the payment of a Final Dividend on the Ordinary Capital at the rate of 20 per cent, less income tax, making a total for the year of 27½ per cent, as compared with 22½ per cent paid in respect of 1958.

Preference and Ordinary Dividends absorb a total net amount of £637,884 (1958, £516,450). Net transfers to Reserves in the Group Accounts amount to £1,086,079 which includes £1,029,032 to General Reserve (Parent Company £1 million). After these appropriations the Consolidated Profit and Loss Account shows a carry forward balance of £889,295 (1958, £793,827).

Current Assets of £15,932,964 exceed Current Liabilities and Provisions by £8,577,085, an increase of £1,046,209 when compared with the figure at the end of 1958. This is after having paid approximately £250,000 in discharge of the balance of the Company's liability to the vendors of Fletcher Miller Limited.

On December 31, 1959, total Stockholders' interests amounted to £12,519,218, an increase of £1,208,254 over the previous year.

I am sure that Stockholders will agree that the financial results for 1959 reflect another year of satisfactory progress and a further strengthening of the Group's financial position.

EXTRAORDINARY GENERAL MEETING

Ordinary and Preference Stockholders will find enclosed with this Report a Notice of an Extraordinary General Meeting to be held immediately following the Annual General Meeting. The business to be conducted at this meeting is referred to more particularly in the circular accompanying the Notice and includes Resolutions dealing with your Board's proposals to make a one-for-two scrip issue of Ordinary Shares, to change the name of the Company to Castrol Limited and to alter certain of the Company's Articles of Association.

PROSPECTS

Group sales during the first four months of the current year show an encouraging increase over the corresponding period of 1959, but there are indications that costs generally will be higher this year.

Subject to the foregoing comment, if the present sales trend is maintained it is not unreasonable to look forward to another year of satisfactory trading progress in 1960.

MANAGEMENT AND STAFF

I am sure that Stockholders will wish to join me in an expression of appreciation and thanks to our Managing Director, Mr L. M. Broadway, his colleague Management Directors and all members of the Staff of the Group at home and overseas, whatever their duties or degree of responsibility, for their endeavours throughout the year.

The quality of its Staff is one of the Group's most valuable assets and every individual member has made an important contribution to the success achieved during 1959.

WILMOT BREEDEN (Holdings) LTD

The following information is condensed from the Annual Report for 1959 considered at the Eleventh Annual General Meeting held in Birmingham on 22nd June, 1960.

	1959	1958
Net Income from all Sources	1,654,552	1,314,998
Taxation	972,678	782,668
	£681,874	£532,330
Group Net Assets	£8,059,255	£6,492,948
Ordinary Share Capital	£3,150,000	£3,150,000
Ordinary Dividend: Rate	15%	13%
Times covered	2.6	2.5

The Group has 9,000 shareholders and 9,000 employees.

Motor Car Division
The rise in demand for car products has imposed considerable strains on productive capacity. Steps have been taken to deal with the short term problem and long term plans are under consideration.

France
A controlling interest has been acquired in Autocoussin-Dura S.A., the largest manufacturer of car locks and window regulators in France. Sales are likely to exceed £4,000,000 in 1961 — an increase of 100% over a period of twelve months. Practically every French car in quantity production will incorporate components of Wilmot Breeden design, most of which will be manufactured by our French undertaking. Expansion is taking place at St. Dié in the Vosges, which is ideally situated, in the centre of the European Common Market.

Flight and Special Products
Demands from the aircraft industry are increasing. New products comprise "Velflo" circular duct bends for air conditioning and pneumatic conveying installations, and "Truflo" light wall stainless steel pipe bends and fittings for petroleum, chemical, nuclear and industrial process plant.

Hydraulics
Orders are now coming in at a record rate for tipping gears and vehicle bodies and for the new range of Telesig screw pumps. Additional factory space is being provided at Cheltenham for the manufacture of increased quantities of these products.

Electronics
Sales by The Ferrograph Company of in-shore and off-shore marine echo sounders have exceeded expectations. The Ferrograph recorder has had another successful year. The Wayne Kerr Company is introducing several important new electronic measuring instruments.

Australia
The profits of the Australian company were a record. Plans for a major expansion at Melbourne are well advanced.

Principal Operating Companies in the Group — *Wilmot Breeden Ltd., Telehoist Ltd., The Ferrograph Co. Ltd., The Wayne Kerr Co. Ltd., Autocoussin-Dura S.A., Wilmot Breeden (Australia) Pty. Ltd.*

THRELFALL'S BREWERY

RECORD TRADING RESULTS

MR F. CORNWALL ON WISDOM OF BOARD'S POLICY

The seventy-third annual general meeting of Threlfall's Brewery Company, Limited, was held on June 16th in London.

Mr F. Cornwall (Chairman and Managing Director) presided and, in the course of his speech, said: I am pleased to report that the Profit from trading and other income of £1,260,773 shows an increase compared with last year of £193,940, after providing for a loss of approximately £40,000 on stocks held when the Chancellor of the Exchequer reduced the Duty in the 1959 Budget. I am satisfied that the reduction in prices, coupled with the very excellent summer last year, accounted for a substantial proportion of the increased Profit.

The Net Profit of £567,119 after taxation and making the requisite adjustments in respect of prior years' taxation provisions, compared with that of 1959, shows an increase of £122,057. Once again, these figures constitute a record in the Company's history, and enable the Board to recommend an increase of 2 per cent in the Ordinary Stock Dividend, making 24 per cent for the year as compared with 22 per cent last year.

Our Improvement Programme continues by the erection of new Hotels and modernising many others into first-class establishments. Over 30 major alterations are at present being dealt with, and when these are completed, we intend continuing this activity; our programme up to the end of 1963 having already been settled. All this, of course, requires considerable available funds. The result of the expenditure on the properties is now proving the wisdom of our policy, and we are encouraged by the knowledge that those now completed show a satisfactory return, and the improvements effected are appreciated by our patrons.

As no doubt you are aware, it is anticipated that at an early date the present Licensing Act will be subject to revision, the result of which we hope will remove some of the restrictive and irritating regulations applicable at present. The revision of the Act is very much overdue.

Short of anything unforeseen arising, my colleagues and I view the future with the utmost confidence, and will be disappointed if the results of the current financial year do not once again create a new record.

PROPOSED SCRIP ISSUE

Following these proceedings, an Extraordinary General Meeting will be held. Briefly, the Resolutions to be submitted are to increase the Authorised Capital of the Company to £3,750,000; the capitalisation of certain Reserves and part of the sum standing to the credit of Profit and Loss Account, amounting in all to £787,500. The distribution of that sum will be amongst the Holders of Ordinary Stock in the proportion of one fully paid £1 Ordinary Share for every £3 of Ordinary Stock held by them on May 12th last. The effect of this distribution, if approved, will bring the Issued Capital more in line with the assets of the Company and, in the opinion of your Board, the increase in the Issued Capital involved in these proposals is amply justified.

The report was adopted, and at a subsequent extraordinary general meeting the proposed increase of capital and scrip issue was approved.

ULTRAMAR COMPANY LIMITED

CONSIDERABLE PROGRESS IN CONVERSION TO AN INTEGRATED GROUP OF COMPANIES

FINANCING DEVELOPMENT PLANS

SIR EDWIN HERBERT ON GREAT OPPORTUNITIES AHEAD

The twenty-fourth Annual General Meeting of Ultramar Company Limited was held on June 17, 1960 at Winchester House, Old Broad Street, London, E.C.2.

Sir Edwin Herbert, KBE (the Chairman), who presided, said: We have had an eventful year since our last Annual General Meeting and have made considerable progress in turning ourselves from a Group primarily concerned in producing crude oil into an integrated Group of Companies.

REFINING AND MARKETING

Our Agreement to purchase the shares of the Panama Company has recently been carried out and we now own 100 per cent of the shares of that Company.

The Panama Refinery project is under active discussion with a potential partner. The site for the Refinery at Portobello, Republic of Panama, is being cleared. I am sure that participation in this Refinery will be good business for the Ultramar Group.

Golden Eagle, which is wholly owned by the Panama Company, continues to expand its marketing activities on the west coast of the United States in anticipation of the expansion of its Los Angeles Refinery which at present has a capacity of 9,000 barrels per day. Engineering and economic studies for the expansion of that Refinery are being completed.

We announced through the Press early in May that we had formed a new subsidiary company Golden Eagle Refining Company of Canada, to refine crude oil and market products in Eastern Canada, and that an Agreement had been signed with the Newfoundland Government for the construction of a Refinery of at least 5,000 barrels per day. Work on the site has commenced and we hope to have the Refinery on stream early in 1961.

Venezuelan crude oil of our subsidiary company Caracas Petroleum will be imported for the Newfoundland Refinery. We believe that there is an important future in this project. The Newfoundland Government has agreed to purchase its petroleum requirements from Golden Eagle of Canada for a period of 20 years. The consumption of oil products in 'England's oldest colony and Canada's newest province' has been growing at the exceptionally high figure of 15 per cent per annum. Newfoundland has historically intimate connections with this country and we are proud to think that our group should have been entrusted with a development which has an important bearing on the economy of Newfoundland.

I am happy to tell you that Caracas Petroleum has made impressive progress in its marketing activities and has succeeded in marketing its Venezuelan production. It is doing that on a short term basis pending the realisation of plans for refining and marketing based on Panama, the west coast of the USA and Eastern Canada.

I told you last year that our objective was integration. I am convinced that is the right policy for us. Though Caracas Petroleum is disposing of its crude oil production the prices realised are insufficiently attractive to warrant at the present time a vigorous programme of exploration and development in Venezuela, though drilling will have to be resumed if production is to be maintained.

VENEZUELAN INTERESTS

I have dealt firstly with the refining and marketing end of our Group of Companies. However it is important to realise that the major part of our interests is still in Venezuela in the form of Oil Concessions, Reserves of Oil and Gas, and the wherewithal to produce and transport those Reserves. There are also our Venezuelan Royalty Interests which yielded us a Net Income, after taxation, of $1,825,000 for 1959.

Caracas Petroleum's share of Venezuelan crude oil production is currently running at about 15,000 barrels per day. The average for 1959 was a little over 13,000 barrels per day. The increase in production is due mainly to the new field Oritu 307 which has only recently been tied into the Oritupano pipeline system. Mercedes Gas Sales—in which Caracas Petroleum has a 50 per cent interest—are at a record level of 72 million cubic feet per day.

There remains much exploration and development work to be carried out in the Venezuelan Oil Concessions in which Caracas Petroleum is interested.

I mentioned to you last year the oil discovery well in the Dakoa 20 Area, south of the Chain Lots, and the Sanvi oil discovery well. There are the Ipire fields which at the present time have a potential of 3,000 barrels per day but which are shut in for lack of a pipeline. There are also other interesting prospects in the Chain Lots and in the Oritupano Area.

I believe we have great opportunities ahead of us. The oil industry generally is passing through a difficult phase. The enormous expenditure on drilling over the last decade has led to discoveries which will look after world demand for some years to come. But oil remains one of the world's basic necessities and demand is growing apace. Sooner or later, demand will catch up with supply. Nevertheless the Ultramar Group must put itself into a position to have assured outlets for its production. I do not disguise from you that the transitional period presents difficulties, financial and operational. But these difficulties are being energetically dealt with and I feel sure that we shall emerge in a broader based and better position. It is important that we equip ourselves financially to face our tasks and take advantage of our opportunities. Our immediate need is in respect of the Newfoundland project. We have already arranged the necessary dollar permits with the Bank of England to meet the costs of construction.

NEW FINANCE

We have realised that our plans for integration were likely to result in the need to raise additional funds. I referred to this possibility at the last Annual General Meeting. In order that we may proceed with our plans in the refining and marketing fields and adopt a more vigorous programme for establishing, developing and producing oil reserves, it is necessary that we should raise new finance to supplement our revenue from oil and gas production and royalties, and loans to be arranged through Equipment Manufacturers. We propose to raise £3¼ million by way of an issue of Convertible Loan Stock which will be offered to Ordinary Stockholders. Particulars of the issue are being worked out and will be communicated to you shortly. It is our hope that we shall be able to maintain Capital Surplus Distributions to Stockholders during the period of fulfilment of our plans.

FINANCIAL RESULTS FOR 1959

The Report and Accounts deal fully with the financial results for 1959. Mercedes made a net profit of $1,930,000 after taxation and after charging depreciation and depletion of over $6 million. In prior years Mercedes investment in Properties, Plant and Equipment financed from internal resources ran at a high level. In 1959 these expenditures were less by some $5 million than they were in 1958. The actual cash surplus from Mercedes operations in 1959 amounted to over $7 million, which enabled the parent companies to withdraw a like sum in the form of repayment of advances. We expect Mercedes to operate at a profit in 1960 and to continue repayment of advances though at a reduced rate. Mercedes has so far since December 31, 1959, repaid the Parent Companies $2 million in cash.

Turning now to the financial results of Ultramar and Subsidiaries net profit attributable to the Ultramar Group was £1,845,000. This profit includes an exceptional dividend from Mercedes, of £1,995,000 which was declared out of profits earned over a period of years. A transfer of £893,000 has been made out of the year's profits and placed to Capital Expenditure Reserve.

The Consolidated Balance Sheet of Ultramar and its Subsidiary Companies shows that the net assets of the Group have a book value of £12¼ million. Included in these assets are the remaining advances owing to us by Mercedes and Manapire totalling £1,794,000 and advances of £1,864,000 made to the Golden Eagle and Panama Companies.

The Bank Loans of £1,750,000 shown in the Consolidated Balance Sheet are repayable in quarterly instalments over a period extending to April 1964. Net Current Assets total £702,000 in addition to which there are US Treasury Bonds of £295,000 which will be released to us over a period of years.

The Capital Reserve Exchange Surplus stood at £1,529,000 and it is out of that Account we are again recommending the Capital Surplus Distribution of 1s. 6d. per 10s. Stock Unit which will take £497,000.

WESTERN CANADA AND UNITED STATES

Ultramar has continued to increase its investment in Western Canada through its half ownership of Canpet, the other half of which is owned in equal shares by The Gold Fields American Development Co. Ltd. and Apex (Trinidad) Oilfields Ltd. The total capital investment in Canpet, half of which has been contributed by Ultramar, now stands at $5 million and we have agreed with our partners to continue to increase investment in Canadian oil and gas exploration, development and production at least for another two years. We expect that Canpet's oil production will rise to an average of 1,300 barrels per day during the last quarter of this year despite severe production and marketing prorationing. Production at the end of 1959 was 900 barrels per day.

Caracas Petroleum US is continuing to participate in a modest programme of drilling mainly for gas in the State of Texas. Our total investment is $1,700,000. We expect that our share of gas production will reach 5 million cubic feet per day by the end of the year. Production at the end of 1959 was 2 million cubic feet per day.

Mr C. L. Nelson has been appointed Managing Director of the Company and Mr John M. Shaheen has been appointed a Director. These appointments are very much welcomed in our Group.

The Report and Accounts were adopted and the proposed fifth Capital Surplus Distribution of 1s. 6d. per 10s. Stock Unit was approved.

HENDERSON'S TRANSVAAL ESTATES

AN EVENTFUL YEAR

The forty-eighth annual general meeting of Henderson's Transvaal Estates, Limited will be held on July 13th in London.

The following is an extract from the circulated statement of the chairman, Sir Joseph Ball, KBE:

The year which ended in March last proved to be an eventful one for your Company. A capitalisation issue on a one-for-seven basis was made to members; substantial entitlements to shares in the new Leslie and Bracken gold mines were taken up at par by one of our subsidiaries; Henderson's itself acquired control of Witbank Consolidated Coal Mines Limited; and a record dividend on the increased capital has been declared for the year.

The past year was a particularly good one for investment transactions and the group profit under this heading increased by nearly £45,000. The group's investments, the present market value of which can be put at £1,770,000 (as compared with a book value of £1,090,000), are well spread, both on a geographical basis and on an industrial basis.

It will be seen from the Company's own profit and loss account that the year's dividends amounted to £146,000 gross, split into £47,000 for the interim of 4d. per 4s. share (8¾ per cent) and £99,000 for the final of 6½d. per share.

I feel confident that, in the absence of unforeseeable political disturbances having an impact on the mining industry, we should be able to maintain the present rate of dividend in the current year.

KOCKUMS MEKANISKA VERKSTADS AKTIEBOLAG

Malmö, Sweden
(Shipbuilding)

SATISFACTORY OUTPUT MAINTAINED

The Annual General Meeting of KOCKUMS MEKANISKA VERKSTADS AKTIEBOLAG was held in Malmö on April 27th and the following are details of the report presented by the Board of Directors:

SALES AND PRODUCTION

The generally rapidly expanding world economy did not improve the low position of the freight market to any considerable extent. Towards the end of the year, however, the tramp freight level for dry cargoes was somewhat raised as a result of livelier international trade. Even though scrapping of ships was more extensive than in previous years, the considerable additional complement of new shipping led to a continued increase in trade tonnage. Many vessels were permanently laid up.

Slightly increased demand for new tonnage, particularly for bulk carriers, was noticeable towards the end of the year. Competition in the world shipbuilding industry, which had expanded considerably in recent years and has now reached a disproportionate level, reduced shipbuilding prices to such an extent as to eliminate the profit margin in many cases. The shipping companies' demands for increased credit also rose considerably.

As a result of previously booked orders, full utilisation of the yard's facilities could be maintained. The demand for ship repairs and refitting was reduced considerably, but orders on hand for the carriage workshops will afford satisfactory employment during the coming year. To ensure more even employment in that department, investigations are being made into the possibility of further diversifying production.

Invoiced sales amounted to Kr.318 million, as against Kr.323 million for the previous year. The following seven merchant ships were delivered:

Name of ship	Tonnage dw
M/S "VIRIS"	21,880
M/S "VIRTALA"	21,900
M/T "LIDVARD"	19,950
M/T "SIRIUS"	24,550
T/T "F. H. KOCKUM"	35,900
T/T "TEXACO IOWA"	40,950
T/T "STANVAC HORIZON"	41,050

The destroyer "Hälsingland," the submarines "Bävern" and "Illern," and the last three motor-torpedo boats included in a larger order were delivered to the Swedish Navy.

LAND AND PLANT

A considerable part of the former oil harbour area was taken over during the year and plans for its future development are at present being drawn up. During the year a workshop for indoor welding of large ship sections was put into commission. Towards the end of the year, the extension of one of the slipways was completed and it can now accommodate vessels of up to about 90,000 tdw. Development of more efficient methods of storing and handling steel materials is under way.

PERSONNEL

An average of 4,320 workers and 1,257 other staff was employed during the year.

The Board of Directors propose that the 1959 profits of Kr.10.1 million which, together with the balance of Kr.3.35 million brought forward from the previous year, produced a total of Kr.13.45 million, be allocated as follows:

	Kr.
To Reserve fund	1,030,000
To Emergency fund	5,000,000
To Distribution of Kr.6 dividend on Preference Shares against Coupon No. 62 and on Ordinary Shares against Coupon No. 46	3,600,000
Carried forward	3,820,000
TOTAL	13,450,000

The report, the accounts, and the proposals put forward by the Board were adopted.

AMALGAMATED DENTAL COMPANY

ANOTHER YEAR OF SUCCESSFUL TRADING

The fifty-fifth annual general meeting of the Amalgamated Dental Co., Ltd., was held on June 17th in London, Mr Aiken Watson, QC, the chairman, presiding.

The following is an extract from his circulated statement:

Once again it is my privilege to report another year of successful trading.

In the course of my Statement to you last year I took occasion to review the industry particularly as it affected your Company. No significant changes have taken place in the interval to justify any departure from the views I then expressed.

The Borden "Airotor" which received such favourable publicity continues in steady demand despite the natural emergence of competing equipment with an apparent price advantage.

It is not generally realised that operative dentistry creates problems of fatigue for the operator which, if not guarded against, can have serious results. For some years your Company has been studying these matters and I hope that in my next Statement it may be possible to signpost another advance in the progress of the Company.

From time to time I have emphasised the importance to your Company of its marketing organisation at home and abroad. In this connection during the year your Company found it necessary to acquire a retail business in South Africa to protect the outlet for its products in that important market.

In the field of anaesthetic equipment, our hall-mark of quality coupled with the ingenuity of our designers, are assuring us of an increasing share in a growing market both at home and abroad.

The moves and countermoves in the European Trading scene continue to engage our attention. Until there is some clearer indication of a rapprochement or otherwise between the Six and the Seven it would be foolish to do more than prepare.

CURRENT YEAR'S PROSPECTS

Current trading is satisfactory. Granted no major set-backs, the prospects for the current

year indicate results comparable with the year under review.

While our export trade continues to represent no small part of our market, in some territories we have to contend with government sponsored credit from other exporting countries which, of course, we do not enjoy. While lengthy credit may be appropriate to capital goods we are unable to conceive it as healthy trading in dental products.

The sale of part of our holding in an American Associated Company, combined with the new trading arrangements with that Company, as explained in my recent Circular to Stockholders, is not expected adversely to affect the final position. It is intended to continue the practice of an interim distribution and there is every reason to hope that the distribution to Stockholders for the current year will compare not unfavourably with the year under review.

To the Management and Staff at home and abroad I offer in your name our warm thanks for sustained loyalty and high endeavour.

The report and accounts were unanimously adopted. At the Extraordinary General Meeting of the Company held earlier the same day, the reduction in capital, consequent upon the repayment of the First Preference Stock, the increase in capital to reinstate the authorised capital at £4,500,000, the re-designation of the existing 6 per cent Cumulative Second Preference Stock by the deletion of the word "Second" and the declaration of the capital dividend of 5s. for each £1 Ordinary Stock held, were all approved subject to the order of the Court confirming the reduction in capital for which application is being made forthwith.

REPFRANCE

75 avenue des Champs Elysées, Paris

The Ordinary General Meeting of REPFRANCE was held on May 20th, Monsieur Jean Picard presiding. The accounts for the trading year 1959 were approved and showed neither a profit nor loss balance after earmarking for amortisation 67,885,988 francs.

On the balance-sheet the portfolio is shown at a purchase price of 10,718,636,476 francs, and the advances to the prospecting companies as 859,734,254 francs; the net liquid assets of the Company represent 2,750 million francs.

Seven of the holdings of REPFRANCE are now productive, which allows the company to have an interest in the following fields:

	Production 1959	Forecast 1960	Interest of REPFRANCE %
PETROLEUM			
Hassi Messaoud	1,290,000 t.	6,500,000 t.	1·39
Coulommes	154,000 t.	250,000 t.	10·00
Alsace	45,800 t.	—	5·88
Chailly en Bière	23,000 t.	70,000 t.	4·57
Rharb (Morocco)	94,500 t.	—	1·77
Gabon	753,000 t.	850,000 t.	0·42
NATURAL GAS			
Lacq (purified gas)	1,300,000,000 cubic metres	—	0·16

In addition, REPFRANCE has an interest in the recent discoveries of the SNPA at Erg el Agreb and at El Gassi, to the extent of 3.94 per cent, and in that of the Compagnie d'Exploration Pétrolière at Ohanet 101, to the extent of 4.07 per cent.

ARTHUR BALFOUR & COMPANY

IMPROVED TREND OF TRADING

The sixty-first annual general meeting of Arthur Balfour & Company Limited was held on June 20th at Sheffield, The Right Honourable The Lord Riverdale of Sheffield, DL, JP (chairman and managing director) presiding.

The following is an extract from his circulated statement:

In the early months of the year 1959, trading was increasingly disappointing and turnover fell behind the comparable months of 1958. The improvement we had hoped for and anticipated commenced in August, and then was rapid so that the remaining months of the year showed marked recovery and enabled us to reach a turnover figure slightly ahead of 1958 as a whole.

Intense competition continued throughout this trading period with some overall effect on profit margins.

Our overseas subsidiaries, taken as a group contributed rather more in total than had been the case in the previous year.

The profits of the Group before taxation but after exchange adjustments stand at £329,921 and compare with £202,672. Taxation absorbs £162,733 as compared with £83,518.

Steady development and re-equipment was continued throughout 1959 but no major capital commitments were undertaken. Plans for further expansion and re-equipment are in preparation but have not reached a stage that warrants individual mention.

The Board recommend a final dividend of 6¼ per cent less income tax making a total distribution for the year of 9 per cent compared with 8 per cent for 1958.

THE COST FACTOR

Last year I referred to the proportion of our costs which was open to "irresponsible and wanton influences." The events of the year and the widespread publicity they have attracted need little emphasis from me in showing how real this factor can be. At the same time I want to emphasise with equal vigour that all this trouble should be unnecessary, and that with the co-operation of all concerned no such influences have handicapped the operations of your Company. Nevertheless, recent increases in wage rates and reduced hours of work both present a challenge to management in the endeavour to offset the effects and some rise in costs appears to be inevitable.

The early months of 1960 have shown a volume of operations and output which is satisfactory. Not all sections of the plant have been employed to capacity, and if load could be disposed more equally and to better advantage over the various producing divisions the effect would be very beneficial. Nevertheless, the total out-turn value is building up nicely, and how satisfactory it is to see the new Steel Plant justifying the expenditure and producing to its designed capacity.

The immediate outlook is satisfactory. There is every reasonable prospect that the remainder of 1960 will continue the present activity, and in the absence of unforeseen and adverse developments I can be optimistic and forecast the distinct possibility that the results for the current year will show an improvement over those for 1959.

The report was adopted.

GRAND CENTRAL INVESTMENT HOLDINGS

DIVIDEND INCREASED

The First Annual General Meeting of Grand Central Investment Holdings Limited was held on June 21st in London, Mr C. A. Meakin, the chairman, presiding.

The following is an extract from his circulated statement:

The profit for the year expressed in round figures, after deduction for depreciation and administration charges, amounted to £432,000 —this compared with the 1958 figure of £261,000 in the Grand Central (Ceylon) Rubber Estates Limited accounts. The board recommends a final dividend of 14 per cent, making 20 per cent for the year as opposed to a total distribution of 16 per cent in the previous season. The final dividend, however, is payable on the capital increased in February of this year.

The cost of production shows an increase, but I consider that this, which stands at under 1s. 3d. per pound and includes depreciation, replanting and London administration charges, can still be regarded as satisfactory.

Extremely adverse weather in some months of the year was largely responsible for the somewhat disappointing crop which was harvested.

All the estates continue to be in excellent order. Crop for the present year is coming in quite well and is showing an increase, albeit small, over 1959, amounting to the end of April to approximately 120,000 lb.

The report was adopted.

PHILIP HILL INVESTMENT TRUST

The twenty-eighth ordinary general meeting of Philip Hill Investment Trust Limited was held on June 20th in London, Sir Brian Mountain, Bart (the chairman) presiding.

The following is an extract from his circulated statement:

The year under review has been more than usually active for the whole Group and I hope you will agree with me that it has also been a successful one.

The gross income from dividends and interest of £1,091,382 (£855,612) includes an increased dividend from the subsidiary of £100,000 (£50,000).

Philip Hill, Higginson, Erlangers Limited has had another successful year and the consolidated profits before taxation amount to £943,325 (£673,645). Taxation required £458,230 (£356,340), leaving a net profit of £485,095 (£317,305).

Your Board intends to increase the issued Ordinary share capital of the Trust to £5 million by the issue to shareholders of a further 4,375,000 Ordinary shares of 5s. each at a price of 22s. 6d. per share. Your Board expects to be able to recommend dividends for the year to March 31, 1961, amounting to not less than 22½ per cent on the increased capital. The proceeds of the issue will be used to extend the company's portfolio of investments.

Your Board is confident that subject to unforeseen circumstances, the results of the current year will prove to be satisfactory.

The report and accounts were adopted.

SPICERS LIMITED

(Paper Makers, Paper Merchants and Manufacturing Stationers)

UPWARD TREND OF CURRENT PROFITS

The Seventy-second Annual General Meeting of Spicers Limited was held on June 22nd in London. The following is an extract from the circulated statement of the Chairman, Sir Richard E. Yeabsley, CBE, JP, FCA:

After charging taxation and crediting to Capital Reserve the profits attributable to minority shareholders, the Group profit is £430,197 compared with £287,726 last year. Your Directors recommend a final dividend of 7 per cent, making a total distribution for the year of 10 per cent (1958, 8 per cent).

The Group as a whole, at home and abroad, reaped the benefit in 1959 of technical and administrative improvements made in recent years. In this country conditions of trade improved following the removal of controls on hire purchase finance and easing of credit restrictions late in 1958, further stimulated by reduction of purchase tax and income tax in the 1959 Budget. Against ais, certain units, in particular our large Pper Merchanting section and also the convesion units, were seriously, if only temporarily affected by the strike in the printing and allied trades last summer.

In spite of a general increae in consumption of paper, supply still exceededdemand throughout the year and condition remained competitive.

After reviewing the Grup's world-wide activities, the Chairman commented on the sale of British Waxed Wrappags Limited to Wiggins, Teape for the sum € £3 million, and said: Already approximately £1 million has been used or committed an negotiations are currently proceeding on seveal large projects, all of which come broadly wibin the traditional activities of your Company. The purchase of Ihlee & Sankey Ltd., board and paper merchants, has already been anounced. Further announcements will be mae as and when substantial purchases are ompleted. Your Directors' present policy is therefore not to make any payment to Stockholders from the proceeds of the sale in the belef that the whole or a substantial part thereof will be profitably employed within the existin business or in additions thereto.

The Chairman then referrel to the negotiations for a European Free Trade association and stated: In so far as your Company is concerned, our conversion and paper-making interests are unlikely to be affected and as large and independent Merchants and Paper Distributors we have long been importers of paper and boards of all grades both from the Continent and other parts of the world. In this important section of our business we do not foresee at present any factors which should lead to a diminution of the volume of paper we distribute.

PROSPECTS

The profits for 1959 have shown an increase on those for 1958, which is due mainly to improvements and savings in costs made in the various units. The upward trend in the profits of the units retained in the Group was most marked in the last three months of the year and sales of those units for the first four months of 1960 have shown a significant increase. Group current profits are running at a higher rate than those for 1959. Your Directors are now of the opinion that, provided there is no recession in trade generally, the 1960 results will justify the maintenance of dividends for the current year at least at the 1959 total of 10 per cent.

The report and accounts were adopted.

ODHAMS PRESS LIMITED

YEAR OF EXPANSION

The Fortieth Annual General Meeting of Odhams Press Limited was held on June 16th in London.

Mr A. C. Duncan, FCA, chairman, in the course of his speech said: I have decided to retire from the Chairmanship after this meeting and I shall then hand over the Chair to Sir Christopher Chancellor.

The year under review has, on the whole, been one of expansion and development. Following the purchase of the Ordinary Capital of Hulton Press, Ltd., now re-named Longacre Press Ltd., we acquired during the year that of George Newnes Ltd., and, later, that of The Contract Journal Company Ltd. We are satisfied that these acquisitions will materially strengthen the financial and trading operations of the Group as a whole.

Our revenue amounted to £53,645,665, against which must be set Production Costs and other expenditure of £49,706,454. This results in a Trading Profit of £3,939,211. After adding Investment and kindred income and deducting Depreciation and other overhead charges, we have a profit total of £2,955,867, subject to a taxation charge of £1,404,561. The Group's assets now amount to £40,236,965, which is almost double last year's total.

With regard to the current year, trading conditions have continued to be satisfactory, although competition continues to be increasingly keen, whilst the prospect of further increased costs is causing us considerable concern.

The report and accounts were adopted.

WORTHINGTON-SIMPSON LIMITED

ENCOURAGING PROSPECTS

The Sixty-ninth annual general meeting of Worthington-Simpson Ltd. was held on June 23rd in London, Sir Samuel R. Beale, KBE, MIMech.E (Chairman), presiding.

The following is an extract from the chairman's circulated statemen for the year 1959:

It gives me much pleasure to present the results of another year's satisfactory operations. I say satisfactory notwithstanding a drop of £163,428 in the Trading Profit to £1,018,246 compared with last year's figure of £1,181,674. After full provision for all charges, including taxation, a net profit of £476051 is shown against £543,759 for 1958.

The decline in profits is not so great as was anticipated due mainly to a marked increase in the sales of our standard products. During 1959 we both sold and produced more of our standard ranges of equipment than ever before and so far this year the trend continues as a result of which our order book remains at its usual high level.

Prospects for 1960 are encouraging, particularly as fairly substantial shipments of equipment for the £2 million contract for the new power station at Buenos Aires will be made during the course of the year.

In view of these prospects, your Board feels a slightly higher distribution of profits is justified and accordingly recommends that the final dividend on the Ordinary Capital be 12½ per cent less tax, making a total of 20 per cent less tax, for the year.

The report and accounts were adopted.

WEBB'S CRYSTAL GLASS COMPANY

The fortieth annual general meeting of Webb's Crystal Glass Company Limited was held on June 15th in London, Mr R. E. N. d'Abo (the chairman) presiding.

The following is an extract from his circulated statement:

The Group Profit for the year amounts to £111,070 as compared with £56,574 for the preceding year and the Net Profit, after taxation, £57,636 as against £24,659. We paid in January, 1960, an interim dividend of 5 per cent less tax and we recommend paying a final dividend of 7½ per cent less tax, making 12½ per cent in total as against 10 per cent last year.

The results for 1959 are the best since 1955 and all factories shared in the improvement.

Walthamstow.—This Works benefited from a full year's trading after the relaxing of the Hire Purchase and Credit Restrictions in 1958. Our turnover increased considerably and we were therefore able to show improved Factory Profits in spite of rising costs.

Stourbridge and Edinburgh.—Both Works reported increased sales of crystal glassware in the Home and Export Markets despite continuing import restrictions in New Zealand and Australia, our oldest overseas customers.

Prospects.—The sales and orders for the first quarter of 1960 show an improvement over 1959 and your Board are hopeful that, despite the re-imposition of credit restrictions and a tendency for smaller margins, the profits will be maintained.

The report was adopted.

COMPANY AFFAIRS

Convertible Loans

HOLDERS of two big debenture and loan stocks have a last chance to exercise their option to convert into ordinary shares next month. But investors holding the outstanding £5.6 million of Imperial Chemical Industries 5½ per cent convertible unsecured loan stock and the outstanding £20 million of British Petroleum 6 per cent convertible debenture stock are faced with very different problems. **ICI** loan stockholders have everything to gain by exercising their conversion rights. The table shows that the current market price of the ordinary shares offers a substantial premium over the conversion price for those who subscribed to the original issue. Moreover, while gross income from the annual interest on £50 of loan stock is £2 15s., the dividends on the 33 shares that can be obtained in exchange would be £3 14s. 3d. for 1959 ; and there is the prospect of higher dividends in the future. At the current price of 57s. 3d. for the ordinary shares the conversion will give shares with a value of £94½ against the present market quotation of £93¾ for £50 of loan stock—which would fall to around £49 when the conversion rights expire next

	Conversion per £50 stock, 1960	Conversion per £50 stock, 1961	Conversion price, 1960	Conversion price, 1961	Current market price
BP (£1)	16	...	62/6	...	51/-
ICI (£1)	33	...	30/3	...	57/3
Bowater (£1) ...	24	21⅗	41/8	46/3	59/-
Hkr. Siddeley (£1)	34	34	29/5	29/5	28/9

month. Holders who do not wish to convert should clearly sell their loan stock in the market, for otherwise their losses will be substantial.

By contrast, debenture holders in **British Petroleum** would be unwise to exercise their right to convert. With the ordinary shares at 51s., 16 shares would be worth just under £41 against the current price of £48 for £50 of debentures. Investors who wish to hold BP ordinary shares would do better to sell the debentures and reinvest the proceeds. The debenture, however, is attractive for holders interested primarily in income and many may wish to retain the stock in its present form. The issue of this stock in 1958 aroused great interest and was heavily oversubscribed, but the present depressed market in oil equities has changed the picture and it is clear that only half of the original £40 million of debentures issued will have been converted.

Bowater stockholders have one further opportunity to convert their 5¼ per cent loan stock—in 1961 when the terms will be less favourable. It seems likely, however, that most of the £6½ million stock outstanding will be converted next month, on terms that have been adjusted for the recent scrip issue. For the holders of **Hawker Siddeley** 5¼ per cent convertible debentures there is little to be gained by exercising their conversion right this year and they may well prefer to wait at least until 1961 when it should be easier to assess the prospects of the group after the recent mergers. The conversion terms remain the same both for next year and in the following years up to 1964, and they can be exercised in January as well as in July.

Boots Pure Drug

AT 36s. 9d. the yield on the 5s. ordinary shares of Boots Pure Drug has fallen further to only 2.8 per cent, and at this level investors are clearly looking for a repetition of last year's performance when profits rose by 51 per cent to £7½ million and the dividend was raised from 16 per cent to 21 per cent. However, Mr J. P. Savage, the chairman, warns shareholders that, while the company is bulgeting for a further increase in profits for the current year, this is expected to be on a much more modest scale, as last year's figures were affected by the complete replanning of a number of its activities.

The increase in profits stemmed from an 8 per cent advance in sales, achieved without any increase in staff. Profit on capital employed rose from 11.9 per cent to 16.6 per cent, which reflects the benefit of past capital expenditures, totalling £13½ million over the last five years. Capital expenditure last year amounted to about £3 million and in the current year a further £2 million has been set aside for the rebuilding and refitting of Boots branches. The substantial improvement in profits has helped the company's cash position and a net deficit of £289,882 in March, 1959, was transformed into a net credit of £629,612 this March.

Perhaps the best justification for the present low return offered by the 5s. shares lies in the company's ambitious modernisation programme over the next five years. In 1955 only one Boots branch had sales of over £500,000, but by the end of the current year there are expected to be 14 in this category. Changes in stores have also brought changes in the goods sold and the demand from the public is for a constantly wider range of merchandise. Thus the most modern shops are now selling gramophone records, while even in the smaller branches there is a keen demand for the more specialist range of photographic equipment. The photographic business is growing vigorously and should make an increasing contribution to the group's profits. A single interim dividend in December will this year replace two smaller payments. This should please shareholders if not the postmaster-general.

Richardsons Westgarth

SHAREHOLDERS in Richardsons Westgarth were certainly prepared for the worst following the chairman's gloomy assessment of the outlook last year. Gross trading profits in the year to March 31st in fact dropped by only 19 per cent, from £2,088,552 to £1,683,903. But a further increase in depreciation charges from £412,945 to £491,175, and a particularly sharp rise in the provision for trading contingencies from £23,499 to £211,698, more than offset the fall from £391,550 to £252,397 in development expenditure ; and profits before tax fell by more than half, from £1,075,651 to £516,900. After tax of £266,000 (against £465,000) net profits were down by 59 per cent at £250,900. At this level they were insufficient to cover the maintained dividend of 8¼ per cent, which was forecast last year, and which absorbed £301,701.

Orders received during the year have been satisfactory in number but, as the chairman warned shareholders in his statement, this would not be reflected for some considerable time in orders going through the workshops. These orders moreover have not always been at satisfactory prices ; the group has had to take on unprofitable marine contracts to fill gaps in its production programme, and these account for most of the sharp increase in the provision for trading contingencies. Shareholders must await the full accounts for some indication of the present outlook. This may not be so gloomy following the revival in the capital goods trades, although in the shipbuilding and ship repairing business, to which the group is a large supplier of both engines and boilers, there is still no sign of improvement. At 9s. 7½d. the 10s. shares yield 8½ per cent.

London County Freehold

IN the year to March 31st last net income after tax of London County Freehold and Leasehold Properties rose by 31 per cent, from £446,472 to £585,435. The dividend on the 10s. units has been raised from 10d. to 1s. 1d. Thus last year's forecast by the chairman, Mr T. J. Cullen, of higher profits and dividends has been amply borne out. He then based his estimate partly on the fact that the increases in the rents of existing tenants provided by the Rent Act were to be spread out over several years, so that further substantial benefits would accrue from year to year. A second factor was that certain properties totalling over £1 million were sold as they were required for local development and street improvement schemes. The proceeds were invested in commercial properties to give a higher return and the benefit from this move is partly reflected in the present increase in profits.

As long ago as last September the company amended its trust deed to enable further debenture issues to be made. The 1958 revaluation of properties reduced the ratio of loan capital to about 35 per cent of total assets and the directors intend to raise further substantial sums and invest them in properties to raise the ratio to 55 per cent. It seems likely, however, that at the present time they are reluctant to issue new debentures, which would have to carry interest at around 6½ per cent. At 26s. the 10s. shares yield 4¼ per cent, reflecting the prospect of further growth.

Schroders and Helbert, Wagg

THE financing of Schroders' acquisition of a controlling interest in Helbert, Wagg is to be covered by an issue of £2½ million of 6 per cent unsecured loan stock, 1980-85, which is to be placed privately at £99. Of the proceeds of this issue £2,041,500 will be needed to complete the deal, while the balance will be used for the general purposes of Schroders' London interests.

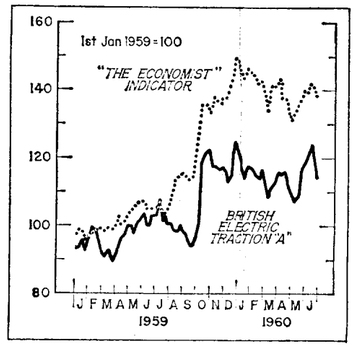
Schroders Ltd., which controls J. Henry Schroder and also an American subsidiary, is to acquire a 70 per cent interest in the newly formed Helbert Wagg Holdings by subscribing for 210,000 shares at 23s. each at a cost of £241,500. The present directors of Helbert, Wagg and their families have already purchased 90,000 shares at the same price to give them a 30 per cent interest (about double their existing interest in Helbert, Wagg). The holding company has contracted to purchase the whole of the existing capital of Helbert, Wagg for £2,086,000, paying 21s. a share for the 300,000 preference shares and £14 for each of the 126,500 ordinary shares. These terms have been approved by over 90 per cent of the present shareholders, consisting largely of institutions, charities and various family interests.

The holding company is to receive a loan of £1,800,000 from Schroders, which will carry interest at 6 per cent, and this, together with £345,000 from subscriptions to the capital of the company, will cover the full purchase price. Dividends from the new company will thus be kept down, as interest payments of £108,000 will absorb a good proportion of its earnings. From the point of view of shareholders in Schroders, however, this means that the loan stock will be largely self-financing, and there will be little net effect on earnings.

Profits before tax of Helbert, Wagg have ranged over the last ten years between £72,183 in 1952 and £601,682 in 1959, which was an exceptionally good year. Profits in 1958 were £255,233, which the directors believe should be substantially exceeded in the current year. When Schroders was floated as a public company last September the £1 shares were offered at 32s. 6d. and they had risen to 40s. before the news of the merger was given. They now stand at 56s. 3d. to yield only just over 2 per cent on the present dividend basis of 6 per cent ; the market clearly agrees with the directors of Schroders that this acquisition will prove to be of great advantage to the company.

British Electric Traction

ALMOST a year ago Mr H. C. Drayton, chairman of British Electric Traction, forecast profits for 1959-60 of £5,765,000. In fact group profits for the year to March 31st last rose by 26 per cent from £4,615,780 to £5,836,894 which speaks highly not only of Bet's management but of its ability to assess future profits so accurately. The major part of this increase, as was foreseen last year, stems from Bet's large interest in Associated Rediffusion both directly through its own 50 per cent. holding and indirectly through its considerable holding in Rediffusion. For the first time a full year's dividend was received from Associated Rediffusion—a final dividend of 12½ per cent tax free for 1958-59 and a tax free interim of 8½ per cent for



1959-60. This accounts for about 20 per cent of the group's total income ; about one-third of total profits comes from Bet's traditional bus interests. Results from this source have presumably been affected by the general decline in the number of passengers carried as more people own cars.

Fears on this score may have played a part in limiting the dividend increase to only 5 points, from 35 to 40 per cent. This was not as high as had been looked for in some quarters and on the results the 5s. "A" shares lost 5s. to 43s. 9d., for a scrip issue had also been expected. At this level they yield just under 4½ per cent as indeed they did a year ago. Like hire purchase shares at the moment, shares with interest in commercial television have lost a little of their earlier glamour.

British Plaster Board

LAST November's interim statement from British Plaster Board showed a rise of 20 per cent in profits for the six months to the end of September. Plaster board and other products of the company were keenly sought by a booming building industry, but the directors then warned shareholders to expect the usual seasonal drop in earnings over the winter months. In fact profits for those last six months to March 31st fell by 12 per cent compared with the first half of the year, whereas in the previous year the reduction between the two half years had been only 4 per cent. This, however, was a sharper drop than had been expected, as the winter was far from bad and there has been little sign of slackening in the high rate of activity in the building industry. Over the year the group's profits before tax rose by 15 per cent from £2,751,894 to £3,169,610 and the ordinary dividend has been raised from the equivalent of 10 per cent to 11¼ per cent, covered 2¼ times by earnings. This payment disappointed the market and the 10s. shares fell by 4s. 4½d. to 25s. 1½d. to yield just under 4½ per cent. Last year's balance sheet showed capital commitments of £1,376,000 and this may explain the directors' present caution in dividend policy.

Allied Ironfounders

THE £1 ordinary shares of Allied Ironfounders rose sharply last November when the interim dividend was doubled to 7½ per cent. The rise is more than justified by the results for the year to April 2nd last, which show group trading profits up from £2,085,057 to £2,946,352 and net profits doubled from £660,945 to £1,332,394. As expected the dividend is raised from 12½ per cent to 20 per cent and is covered more than twice by earnings. Allied Ironfounders, as a producer of iron goods for the building trade, has stood to gain much from the building boom, and the directors report that business continues to be satisfactory. The company says that sales of cookers and kitchen equipment have not been affected so far by the reimposition of hire purchase controls.

With the closing down of the Australian foundry in March last year the company has no longer been bearing losses by its subsidiary there, which in the previous year amounted to £271,629. Moreover, of the £700,000 set aside last year to meet losses on the sale of its Australian fixed assets, £290,000 was not required and has been written back into the accounts. At 69s. 6d. the £1 shares yield 5¾ per cent.

Caledonia Investments

IN consultation with Baring Brothers, certain members of the Cayzer family have put forward a complicated scheme which will raise for them some £2½ million in cash while at the same time ensuring their continued effective control of British and Commonwealth Shipping, which owns Union-Castle and Clan Line. They are to sell 1,750,000 10s. shares in the shipping company to Caledonia Investments, which is also controlled by the Cayzer family, receiving in exchange for these shares £500,000 of new ordinary stock in Caledonia Investments. A stock exchange quotation is to be sought for this stock which will then be placed in a more marketable

Company Affairs *continued on page 1388*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 15, 1960	Price, June 22, 1960	Net Yield, June 22, 1960 £ s. d.	Gross Yield, June 22, 1960 £ s. d.
98 11/16	97 8	Funding 2½% 1956-61	98 23/32	98 21/32	2 19 9	3 11 1
100 25/32	98 3/4	Conversion 4½% 1962	98 23/32	98 25/32	3 2 8	3 5 7
96 1/8	94 1/4	Exchequer 3% 1962-63	94 15/32	94 13/32	3 16 8	3 0 11
93 1/16	91 9/32	Exchequer 2½% 1963-64	91 5/32	91 11/32	3 18 4	4 19 4
101 5/32	98 21/32	Conversion 4¾% 1963	98 15/32	98 21/32	3 7 5	3 4 10
99 17/32	96 7/16	Conversion 4½% 1964	96 3/4	96 13/16	3 13 9	3 10 5
92 15/16	89 7/8	Savings Bonds 3% 1955-65	90 7/16	90 3/16	4 2 4	3 9 11
85 7/16	80 7/8	Funding 3% 1959-69	81	81	4 10 6	3 17 6
93 1/2	88 3/8	Funding 4% 1960-90	89	88 3/8	3 1 4	4 15 5
82 7/8	79 11/16	Savings Bonds 3% 1960-70	79 9/16	79 11/16	4 9 10	3 17 8
85 11/16	81 3/4	Savings Bonds 2½% 1964-67	82 9/16	81 7/8	4 13 10	3 16 11
77	72 1/2	Savings Bonds 3% 1965-75	73 1/16	72 3/4	4 8 5	3 17 9
104 13/16	100 1/8	Exchequer 5½% 1966	100 1/8	100 1/8	3 10 5	3 15 7
85 7/16	82 3/8	Funding 3% 1966-68	83	82 3/8	4 11 5	3 19 2
96 3/4	93 3/8	Victory 4% 1920-76	93 11/16	93 3/8	3 8 11	3 3 2
89 11/16	84 3/8	Conversion 3½% 1969	85 1/8	84 5/8	4 7 8	3 19 5
98	92 7/8	Conversion 5% 1971	93 9/16*	93 7/16*	3 16 9	3 16 11
101 7/16	95 3/4	Conversion 5¼% 1974	96 1/16	95 1/8	3 12 11	3 15 0
78 3/4	72 1/2	Treasury 3½% 1977-80	73 7/16	72 1/8	4 3 11	3 18 5
78 1/8	72 3/8	Treasury 3½% 1979-81	73 3/16	72 5/8	4 3 11	3 18 5
103 1/4	97	Funding 5½% 1982-84	97 3/4*	97*	3 10 11	3 14 2
66 1/4	60 3/8	Redemption 3% 1986-96	61 3/8	60 5/8	3 18 3	3 12 3
97 1/4	89 7/8	Treasury 5% 1986-89	90 9/16	89 7/8	3 13 3	3 15 9
71 3/4	64 13/16	Funding 3½% 1999-2004	65 3/4*	64 13/16	3 15 9	3 13 4
73 1/16	68 7/8	Consols 4% ..... after Feb. 1957	69 3/4	69	3 12 0	3 18 8
65 3/8	60 1/8	War Loan 3½% ..... after 1952	60 7/8	60 1/4	3 11 4	3 16 7
65 1/2	60	Conv. 3½% ..... after Apr. 1961	60 7/8	60 1/8	3 11 11	3 18 0
56 3/4	51 3/4	Treasury 3% ..... after Apr. 1966	52 1/8	52	3 11 3	3 16 10
49 3/4	44 3/8	Consols 2½%	45 1/16*	44 3/8*	3 8 11	3 12 6
48 1/2	44 1/8	Treasury 2½% ..... after Apr. 1975	44 5/8	44 3/8	3 9 7	3 14 2
97 1/2	91 1/2	British Electric 4½% 1967-69	92 7/16	91 1/2	4 0 2	3 19 2
79 9/16	74 3/4	British Electric 3% 1968-73	75 5/16	74 3/4	4 10 0	3 18 5
76 1/8	70 7/8	British Electric 3% 1974-77	71 9/16	70 7/8	4 7 0	3 18 5
90 1/2	84	British Electric 4½% 1974-79	84 5/8	84	3 16 8	3 14 5
79 1/2	73 1/4	British Electric 3½% 1976-79	74 1/16	73 1/4	4 3 9	3 17 2
90 5/8	85	British Gas 4% 1969-72	85 3/8	85	4 2 8	3 18 6
86 7/8	81 7/8	British Gas 3½% 1969-71	82 1/2	81 7/8	4 5 3	3 17 0
67 5/16	60 7/8	British Gas 3% 1990-95	61 11/16	60 7/8	3 18 0	3 11 0
79 9/16	74 3/4	British Transport 3% 1968-73	75 5/16	74 3/4	4 10 0	3 18 5
86 1/2	80 5/8	British Transport 4% 1972-77	81 1/4*	80 5/8	4 9 0	3 15 7
67 5/8	60 7/8	British Transport 3% 1978-88	61 11/16*	60 7/8*	4 4 8	3 17 11

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, June 15, 1960	Price, June 22, 1960	Yield, June 22, 1960 £ s. d.
83	80 3/8	Australia 3¼% 1965-69	81 1/2	81	6 2 01
107 1/2	102 1/2	Australia 6% 1974-76	103 1/8	102 1/2	5 16 0c
73 3/4	70	Ceylon 4% 1973-75	70 1/2	70 1/2	7 7 01
107 3/8	103 1/4	New Zealand 6% 1976-80	104	103 1/4	5 16 0c
96 1/4	86	Rhodesia and Nyasaland 6% 1978-81	86 1/8*	86*	7 5 01
85 3/4	79	South Africa 3½% 1965-67	81 3/4	81 1/2	7 8 01
80 1/2	60 3/4	Southern Rhodesia 4½% 1987-92	67	66	7 16 01
101 1/8	94 3/4	Agricultural Mortgage 5½% 1980-85	96*	95*	5 17 91
92 3/4	87 1/4	Birmingham 4¼% 1967-70	88*	87 1/4*	5 17 01
99 1/4	94 1/4	Bristol 5% 1971-73	94 1/2	94 1/4	5 17 01
100	95 1/2	Corporation of London 5¼% 1976-79	96 1/2	95 1/2	5 13 01
53 3/4	49 1/4	L.C.C. 3% ..... after 1920	50 1/8	49 1/2	6 0 01
97 1/4	91 3/8	L.C.C. 5% 1980-83	92 1/8	91 3/8	5 15 01
100	96 1/4	Middlesex 5¼% 1980	97 1/4	96 1/4	5 13 01

NEW YORK PRICES AND INDICES

	June 15 $	June 22 $		June 15 $	June 22 $		June 15 $	June 22 $
Atch. Topeka	23 1/8	23 3/8	Boeing	25 1/4	26 7/8	Inter. Nickel	55	54 7/8
Can. Pacific	25 3/8	25	Celanese	25 1/4	24 3/4	Inter. Paper	106	103
Pennsylvania	14 1/8	14	Chrysler	48 3/8	46 3/4	Kennecott	75 3/8	73 1/2
Union Pacific	26 3/4	26 3/8	Col. Palmolive	37	38 1/2	Monsanto	44 1/4	43 3/8
Amer. Electric	56 3/8	54 3/4	Crown Zeller.	45 3/4	45 3/8	Nat. Distillers	28 3/8	28 1/2
Am. Tel. & Tel.	88 1/4	89 1/8	Distillers Seag.	29 1/4	29	Pan-American	18 3/4	18 1/4
Cons. Edison	64 3/8	64 1/2	Douglas	29 1/4	29	Procter Gamble	114 1/2	118
Int. Tel. & Tel.	45 1/4	44 3/8	Du Pont	211 3/4	207 1/4	Radio Corpn.	76 1/8	69 1/2
Standard Gas	9 3/8	9 1/8	East. Kodak	130 1/4	124 1/4	Sears Roebuck	57 3/4	58 1/4
United Corpn.	7 1/8	7 3/8	Ford Motor	71 1/4	68 1/8	Shell Oil	35 1/2	35 7/8
Western Union	49 1/4	48	Gen. Electric	93 1/4	92 1/2	Socony-Mobil	35 3/4	37 1/4
Alcoa	84	86	General Foods	127 1/4	128 1/2	Stand. Oil Ind.	38 1/8	38
Aluminium	32 1/8	31 1/2	General Motors	44 1/2	44 1/2	Stand. Oil N.J.	41	41 1/4
Amer. Can	38	38 1/8	Goodyear	41 1/4	40 1/2	20th Cent. Fox	35 3/8	35 1/8
Am. Smelting	53 1/8	52 3/8	Gulf Oil	28 3/8	28 3/8	Union Carbide	138	133
Am. Viscose	35 1/2	35	Heinz	98 1/4	101	U.S. Steel	83	81
Anaconda	49 3/8	49 3/4	Int. Bus. Mach.	527	504 1/2	West. Electric	62	60 1/4
Beth. Steel	46	45 1/8	Int. Harvester	45 3/8	45 3/4	Woolworth	69 7/8	67 1/8

Standard and Poor's Indices (1941–43=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
May 25	59·32	3·28	30·66	5·70	46·06	3·92	87·16	4·16
June 1	59·57	3·27	29·96	5·83	46·43	3·88	88·18	4·06
" 8	61·83	3·15	31·36	5·57	47·16	3·82	89·43	3·94
" 15	61·39	3·24	31·04	5·63	47·56	3·81	89·75	3·91
" 22	61·05	3·26	30·91	5·65	47·52	3·81	89·64	3·92

425 Industrials :—High, 65·02 (Jan. 5); Low, 57·00 (Mar. 8).

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Price, June 15, 1960	Price, June 22, 1960	Yield, June 22, 1960	Last Two Dividends (a) (b) (c) %	%	Cover
		BANKS, DISCOUNT & HP						
42/3	34/-	Alexanders £1	35/-	34/-	5·88	2½ a	7½ b	...
53/-	44/3	Bk. Lond. & S. Amer. £1	45/-	44/9	4·47	4 a	6 b	...
39¾	32	Bk. New S. Wales ... £20	32¼	32	4·50g	9 c	9 c	...
66/3	55/-	Barclays £1	56/3	55/3	3·68	5 a	5 b	...
49/6	37/6	Barclays D.C.O. £1	38/9*	37/6*	4·80	5 b	4 a	...
64/-	51/-	Chartered £1	51/6	51/3	5·85	7½ a	7½ b	...
83/7½	65/6	District £1	70/-	70/6	3·97c,e	8½ a	7 b	...
38/6	31/9	Eng., Scott. & Aust. £1	32/-	31/9	5·67	5 b	4 a	...
£69	£60	Hongk'g. & Shang. ..$125	£65	£60 1/4	4·98	22/6 a	37/6 b	...
70/6	57/6	Lloyds £1	61/3	59/3	4·05	5 a	7 b	...
23/4½	16/4½	Martins 5/-	17/7½	17/4½	3·74e,e	8 a	8 b	...
95/-	82/6	Midland £1	84/-	82/6	4·12	7½ a	9½ b	...
...	48/-	Nat. Com. Bk. Scot. 10/-	52/-	52/3	2·87e,e	...	7½ a	...
59/9	45/-	Nat. Discount 'B' £1	48/3	47/9	6·28	6¼ a	8¾ b	...
92/-	72/6	Nat. Provincial £1	78/6	77/3	3·62e,e	5 a	7 b	...
95/6	79/6	Royal Bk. of Scotland. £1	81/6	79/6	4·28	8 a	9 b	...
51/6	38/-	Scand. Bk. S. Africa ... £1	38/6	38/-	7·37	5 a	9 b	...
49/-	32/6	Union Discount £1	50/6	50/3	4·98	6¼ a	6¼ b	...
63/3	51/-	Westminster 'B' £1	53/-	51/9	4·19	5 a	5½ b	...
£213/8	£181 16	Bank of Montreal $10	£191/2	£195/8	3·42	$1·65c	$1·85c	...
£30 1/16	£23 13/16	Royal Bk. Canada $10	$2·25c	$2·32 1/2c	3·41	$2·25c	$2·32 1/2c	...
31/6	22/11½	Bowmaker 5/-	24/6	24/-	3·82	5 a	13½ b	...
33/7½	24/6	Lombard Banking 5/-	26/3	25/7½	3·71e,e	8½ a	9½ b	...
29/3	20/6	Mercantile Credit 5/-	24/4½	24/-	3·13	10 b	5 a	...
82 3/32	71 16	United Domins. Tst. ..£1	71/2	73/16	3·31	21 b	4 a	...
		BREWERIES, Etc.						
27/10½	22/3	Bass 5/-	26/-	25/-	4·00e,e	19¼ c	7½ a	2
39/6	33/3	Distillers 10/-	37/6	36/-	3·47	12½ c	5 a	2¼
12 b	7 a	Flowers 5/-	31/-	31/-	3·06	12 b	7 a	2¼
18 b	10 a	Guinness 10/-	60/6*	60/6*	4·63	18 b	10 a	2
15 b	5 a	Ind Coope £1	19/10½	19/6	4·23	13 b	5 a	2¼
5 a	7½ b	Teacher (Distillers) .10/-	32/-	32/-	3·91	5 a	7½ b	3¼
11¼ b	6 a	Watney Mann £1	85/3	85/9	4·02	13·6a	7½ a	2
8 a	17 b	Whitbread 'A' £1	126/-	122/-¶	4·10	6 a	14 b	13¼
		BUILDING, PAINT, Etc.						
4 a	7 b	Associated Portland ...£1	67/9*	66/3*	3·32	4 a	7 b	3¼
4 a	7½ b	Borax Defd. 5/-	20/-	20/-	4·23	4 a	7½ b	2¼
5 a	10 b	Richard Costain £1	87/6	81/3	3·69	5 a	10 b	3
10 b	5 a	Crittall Mfg. 5/-	11/7½	11/7½	6·74	4 a	5 a	2½
6 a	14 b	International Paints ..4/-	14/-‡	13/9‡	5·82	6 a	14 b	2
6 a	14 b	London Brick £1	107/-	108/3	3·70	109/9	96/3	13¼
21½ c	12½ b	Ruby Portland 5/-	45/-‖	44/3‖	2·47	47/9	33/10½	2
12½ b	7½ a	Taylor Woodrow 5/-	29/6	30/-	3·33	36/-	27/6	2
7½ a	16 b	Wall Paper Defd. £1	134/4½	131/3	3·05	138/11½	122/6	2
		CHEMICAL						
13½ b	7 b	Albright & Wilson ..5/-	30/-	29/9	3·08	4·8 a	25/9	2¾
7 b	8 a	Borax Defd. 5/-	20/-	18/9	2·67	2½ c	16/7½	2¾
6 b	4 a	Fisons £1	52/10½	51/7½	3·87	11 c	7 a	2
5 a	5 b	I.C.I. £1	60/6	59/3	3·80	3¾ a	7½ b	2¼
5 b	10 b	Monsanto 5/-	25/-	25/-	3·00	5 a	10 b	3
		DRAPERY & STORES						
7½ a	15 a	Montague Burton ...10/-	57/6	57/4½	3·49	20 c	7½ a	2
11½ b	5¾ a	Debenhams 10/-	46/6	46/6	3·76	49/4½	41/3	13¼
27½ b	7½ a	G.U.S. 'A' 5/-	48/9	47/9	3·66	55/4½	45/11½	2¼
15 a	25 b	House of Fraser 5/-	48/9	46/3	4·32	49/9	41/6	1
11 b	6 a	Lewis's Invest. Tst. ..4/-	23/10½	24/-	2·83	12½ a	27½ b	2¾
12½ a	27½ b	Marks & Spencer 'A' .5/-	74/-	75/-	2·67	6 a	14 b	1½
12½ a	25 b	United Drapery 5/-	48/-	48/-	3·91	11 c	5 a	2
65/-	60/-	Woolworth 5/-	65/-	63/6	3·67	68/9	312 b	15 a	1½
		ELECTRICAL & RADIO						
50/4½	15 c	A.E.I. £1	56/9	54/-	5·56	66/6	2½ a	11¼
50/-	11 6	B.I.C.C. £1	51/9	51/-	5·29	61/-	9½ b	2
111½ c	5 a	Crompton Parkinson .5/-	13/7¼	12/9¾	4·37	15/-	11/6	2¼
45/7½	14¼ b	Decca Record. 10/-	49/3	48/7½	4·45	56/10½	7½ a	1¾
44/9	20 c	E.M.I. 10/-	48/9	53/-	2·64e,e	54/9	5 a	3½
36/7	2 a	English Electric £1	36/9	36/9	5·44	53/-	34/7½	2
36/6	7 b	General Electric £1	38/6	36/6	5·48	47/6	36/6	11½
33/6	3 a	C. A. Parsons £1	54/3	52/7½	3·56	59/-	44/-	4
12½ c	12½ c	Pye 5/-	16/4½	14/10½	4·20	17 c	12½ c	2¼
51½ b	21¼ a	A. Reyrolle £1	41/-	39/9	4·40	44/3	31¼ a	2¼
17½ c	20 c	Thorn Electrical 5/-	52/6	49/6	2·02	61/3	17½ c	4¼
		ENGINEERING						
41 2 a	41 2 b	Babcock & Wilcox £1	39/11½	36/10½	4·88	48/9	33/6	3¼
6 b	4 a	John Brown £1	44/6	42/3	4·73	54/-	41/3	2½
3 a	4 b	Cammell Laird 5/-	7/6	7/11½	4·91 i	10/6	6/8¼	1½
10 -	20 b	Internat. Combust. ..5/-	28/3	27/7½	5·43	46/9	26/-	2¾
3½ e	5 b	Rich'ds'ns. Westg'th. 10/-	10/5¼	9/9¾	8·49	14/9	9/9¾ e	2
7½ a	12½ b	Swan Hunter £1	32/6	31/6	6·35	39/9	30/6	2¾
12½ b	7 a	John Thompson 5/-	18/-	17/-	5·88	25/9	16/9	1¾
2½ a	7½ b	Vickers £1	34/4½	33/-	6·06	39/-	29/4½	2
1½ a	14½ b	Wallsend Slipway 10/-	22/9	22/9	4·50	29/-	21/6	2
12 a	15 b	Alfred Herbert £1	58/6	57/3	3·99	76/3	65/3	11½
7½ a	12½ b	Allied Ironfounders ..£1	75/3	74/3	5·39	96/-	48/-	3
		Averys £1	106/-*	105/-*	3·81	106/-*	84/-	3
7½ b	...	George Cohen 5/-	16/7½	16/4½	3·66	19/-	13/4½	2¼
22½ c	15 c	Davy-United £1	126/6	128/-	3·91e,e	128/-	100/6	3¼
10 b	5 a	Guest Keen £1	89/6	89/6	3·35	95/7½	79/-	3¾
10 b	4 a	Head Wrightson 5/-	22/6	23/-	3·04	31/6	21/3	3½
8 b	4 a	Metal Box £1	72/9	71/3	3·37	77/-	61/3	3¼
6 a	12½ b	Ransome & Marles ...5/-	24/9	25/3	3·66	27/3	22/9	2¾
2 a	64 b	Renold Chains £1	44/-	43/-	4·65e,e	44/6	36/3	1¼
8 c	5 a	Ruston & Hornsby £1	30/3	29/3	5·47	40/-	25/6	1¾
12½ b	7½ a	Tube Investments £1	81/-	77/-	3·25e,e	82/3¼	65/3	2¼
21½ a	20 b	Ward (Thos. W.) £1	71/-‖	69/6‖	3·60	84/4½	69/3	10 b	3½
		Woodall-Duckham ..5/-	32/-‡	31/6‡	3·97	44/6	29/9	5 a	2¾

‡ Ex dividend. † Tax free. ‡ Assumed average life 8½ years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2½% tax free. (j) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	ORDINARY STOCKS	Price, June 15, 1960	Price, June 22, 1960	Yield, June 22, 1960	Cover	Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, June 15, 1960	Price, June 22, 1960	Yield, June 22, 1960	Cover
		FOOD & TOBACCO									**MISCELLANEOUS**				
30/7½	25/6	Allied Suppliers 10/-	28/3	28/-	4·46	2	54/6	40/9	40 b	20 a	Assoc. British Picture .5/-	42/-	42/-	7·14	2½
41/3	33/6	Assoc. British Foods..5/-	37/6	36/3	2·48	2½	40/4½	30/9	30 b	20 a	Assoc. Television 'A' .5/-	32/-	30·9	8·13	2
112/6	95·10½	Bovril Defd. £1	96/3	101/3	4·74	2½	30/-	25/3	16 a	11 b	Beecham Group 5/-	42/6	41/-	3·29	2
15·7½	13/2¼	Brooke Bond 'B' 5/-	14/9	14/3	3·58	4	38/-	27/9	16 a	15 b	Boots Pure Drug 5/-	37/3	37/-	2·84	2¼
13·8¼	10/3	International Tea 5/-	12/2¼	11·10½	4·21	13¼	13·8¼	38/3	5 b	3½ a	British Match £1	40/3	40/6	4·11	2¼
85/6	70/9	J. Lyons 'A' £1	79/6*	79/-*	4·01	2	97/6	79/6	4 a	10 b	British Oxygen £1	94/6	94/6	2·96	2½
28/3	23/9	Ranks 10/-	24/9	24/-	5·21	2½	11/7½	10·4½	6 a	14 b	British Ropes 2/6	11/-	10/6	4·76	2½
48/9	39/6	Spillers 10/-	43/6	42/3	4·32	2¼	78/-	59/9	5 a	17½ b	De La Rue 10/-	76/-*	75/-*	3·00	3
62/-	54/6	Tate & Lyle £1	57/6	57/3	4·19	2¼	32/3	25/4½	10½ b	4½ a	Gestetner 'A' 5/-	31/10½	32/3‖	2·33	4½
17/3	15/3	Unigate 5/-	17/3	17/1½	2·92e,e	...	8½ b	7 a	6¼ a	5 a	Glaxo 10/-	61/6	60/-	2·58	3¾
72/6	57/9	Brit. Amer. Tobac. ..10/-	61/-	59/4½	5·50	2½	9 b	3 a	6 a	3 a	Harrisons & Cr. Defd. £1	52/6	51 10½	4·63	2¾
42/6	37/-	Gallaher 10/-	41/9	38/9	4·30	2	54/6	40/6	5 a	40 b	Hoover 'A' 5/-	42/6	40/9	5·52	4
77/6	61/9	Imperial Tobacco £1	66/-	64/9	6·95	13½	33/6	22/3	5 a	12½ b	Ilford 5/-	26/6	27/6	3·18	2
		INSURANCE					78/6	61/-	6 b	4 a	Inter. Comp. & Tab. ..£1	68 11½	64·9*	3·09	2¼
197/6	175/-	Britannic 5/-	197/6	196/3	3·95	...	62/6	48/6	10 c	11¼ c	National Canning £1	58/9	57/6	3·91	2
68/6	54/3	Commercial Union ..5/-	60/-	60/-	3·75	...	29/6	24/6	10 b	6 a	Powell Duffryn 10/-	24/6	24/6	6·53	2¼
148	121 16	Equity & Law Life ...8/6	144	144	2·00	...	32 10½	22/4½	10 b	5 a	Radio Rentals 5/-	23/-	22/9	3·30	3
87/-	70/3	General Accident 5/-	85/6	82/6	2·73	...	14 10½	12/6	5 c	10 c	Rank Organisation 5/-	14/3	14/-	3·57	1½
107/9	91/-	Guardian 5/-	107/3	105/-	3·33	...	34/3	28/9	5 a	18 b	Schweppes 5/-	32/3	31/3	3·68	2
19¼	16 3/16	Legal & General 5/-	17 3/16	16 11/16	2·85	...	20 c	23 c	5 a	10½ b	Sears 'A' 5/-	29/3	27/4½	4·57	2¼
102/6	95/-	Northern & Empl.	96/3	95/-	3·89e,e	...	22/9	17/3	7½ a	9½ b	Thomas Tilling 4/-	22/6	22/-	3·09	2¼
172/6	132/6	Pearl 5/-	142/6	137/6	4·75	...	114 10½	97/3	15 b	5 a	Turner & Newall £1	100 3/4*	98/-*	4·08	2¼
17 15/16	15 9/16	Prudential 'A' 4/-	17¼	17⅜	3·50	...	180/-	129/-	8 a	14·7 b	Unilever £1	168/3	172/3	2·64	3¾
15/-	9¼/-	Royal Exchange £1	96/6	94/-	3·40	...	15/-	11/9	3½ a	9¼ b	United Glass. 5/-	14/6	14·4½	4·35	2½
							50 10½	39/3	14½ a	10½ b	United Molasses 10/-	40 6¾	40/3	6·08	11½
		MOTORS & AIRCRAFT									**SHIPPING**				
79/-	55/3	B.S.A. £1	78/6*	76 10½*	4·16e,e	2¼	52/-	38/3	6½ a	13½ b	Brit. & Commonwealth. 10/-	39/6*	38/6*	5·19	2¾
24/09¾	17/-	British Motor 5/-	17/10½	17/3	5·80	1½	25/6	19/-	8 c	8 c	Cunard £1	19/3	19·3	8·31	1¼
120/3	97/-	Ford Motor £1	111/9	109/6	3·20	4½	33/9	22/3	10 c	7 c	France Fenwick £1	26/3	25/6	5·49	...
73·9	38/-	Jaguar Cars 'A' 5/-	71·10½	69/4½	1·44	9½	50/9	39/9	10 c	10 c	Furness Withy £1	43/9	43·-	4·65	2¼
85/-	72/6	Leyland Motor £1	83/6	83/-	3·61	3	20/-	10/9	10 c	10 b	London & Overseas 5/-	11/6*	10·9*	8·14e,e	...
12/9	9/3	Rootes Motors 'A' ..4/-	12/3	11/6¾	4·15	5	55/-	38/9	3 a	8 b	P & O Defd. £1	40/6	40/-	5·50	1
12/6	9/-/9¾	Standard Triumph	11/6	9/9¾	6·11	3½	22/3	14/6	2½ c	2½ c	Reardon Smith 10/-	17/3	16·6	1·52	...
17/3	13/1½	Bristol Aeroplane ..10/-	14/3	14/-	7·86	13½	31/-	22/9	8 c	8 c	Royal Mail £1	23/-	23/6	6·81	13¼
41/6	29 10½	Dowty Group 10/-	37 10½	36/6	3·35	3½									
34/-	28/3	Hawker Siddeley £1	29 10½	29 4½	7·35e,e	2					**STEEL**				
49·7½	42/-	Rolls-Royce £1	47/3*	45/9*	4·37	2									
28·11½	22/3	Dunlop Rubber 10/-	26 11½	26 11½	5·74	2¼	92/6	66/-	8 a	5 a	Colvilles £1	77/3	75/3	3·72	4
74/6	64 10½	Joseph Lucas £1	68/9	69/6	3·60	3	56 10½	42/9	22½ a	5½ b	Dorman Long £1	47/9	47 11½	4·24e,e	3
40/9	31/-	Pressed Steel 5/-	32/9	31/3	4·80	3	54/9	45/-	6 b	3½ a	Lancashire Steel £1	46/9	46·6*	4·09	4½
48/6	30/-	Triplex Holdings 10/-	46/3	45,9	2·19	3½	30/7½	41/6	4 a	8 b	South

form in 5s. units at around 25s. per unit. This is the minimum price guaranteed to the vendors, irrespective of any further decline in the stock markets before the placing is made.

The current accounting period of Caledonia Investments is to be extended to March 31st next and the directors propose in August to clear off dividend arrears on the preference stock and also to pay a 5 per cent interim on the existing £1½ million ordinary stock. On the enlarged ordinary capital of £2 million they forecast a final dividend for the current period of 18¾ per cent and a total dividend for the following year of 25 per cent. This would be covered 1.3 times by estimated profits after allowing for interest at 6 per cent on £3 million of debenture stock to be placed by Barings.

The proceeds from this debenture issue will be used partly to repay bank overdrafts and partly for general investment. This issue is not without importance to intending purchasers of the new ordinary stock, which will have a still higher gearing: there is already in issue £1½ million 5 per cent preference stock. Income from the trust's other investments, moreover, should cushion to some extent any reduction in British and Commonwealth's dividend, which cannot be ruled out in the present uncertain situation for shipping. But the major part of the trust's portfolio will consist of a 48 per cent holding in the shipping company. At 25s. the 5s. units of Caledonia Investments will yield 5 per cent on the basis of the forecast dividend for 1961-62; a similar return is offered at present by British and Commonwealth Shipping. Neither return is overwhelmingly attractive at the present time.

Unicorn Trust

NOTWITHSTANDING the present uncertainty in the stock markets Unicorn Trust has not been deterred from making an offer of 1,500,000 units at 6s. 7d. to yield £3 7s. 10d. per cent. This return does not allow for any benefit from the provision of the Finance Bill allowing management expenses for tax relief, nor for the increased dividends being paid by many of the companies in which the trust's funds are invested. The managers strongly believe that there will be a number of good investment opportunities in the next few months which justify the raising of fresh money at this time. They also intend to increase the trust's holdings in the European common market countries.

A full response to this offer would bring in about £500,000, but despite the good performance of the units since they were first issued in October, 1957, their attraction at present seems limited. However, the recent response to the offer by the Save and Prosper Group of 2,500,000 Investment-Trust-Units showed that a number of investors are willing to take a long term view and disregard present short-term uncertainties; applications were received for 2,223,759 units or 89 per cent of full subscription.

City of London Real Property

NEGOTIATIONS over plans for the development of the Stag brewery site in Pimlico have lasted many months but approval has now been given for a scheme which provides for three office blocks, a block of 150 flats, a restaurant and parking space for 370 cars. This work will be in the hands of the City and Victoria Property Company, in which City of London Real Property has a 51 per cent interest. Capital commitments in connection with this project amount to £6 million and the balance sheet of the parent company shows other commitments of £1.7 million. In order to finance these developments the company is raising £3¼ million by a one-for-ten rights issue of 65s. a share. In addition, the directors propose to make a one-for-two scrip issue in August and to pay a dividend of not less than 10 per cent on the capital as increased by the cash and scrip issues.

It will be a year or so before the company receives any return on this major project. But its income is still rising: in the year to April 12th last its net income rose from £883,252 to £1,167,462, reflecting in part the acquisition of Wool Exchange and General Investments. At 75s. ex rights the £1 shares yield just under 4 per cent, which is a fair return for a property share that has the prospect of further expansion.

Wiggins Teape

THERE is to be no let up in Wiggins Teape's expansion programme, which between the end of the war and the end of last year cost the company £26.7 million. Early in the current year the purchase of British Waxed Wrappings from Spicers for £3 million was completed. The directors now plan to spend another £3 million on the installation of two new paper-making machines and the reconstruction of a third, on the modernisation of the group's coating plants and on the acquisition of a majority interest in a paper mill in India. Initially these projects will be financed out of the group's own resources which after deducting the cost of the latest acquisitions amounted on December 31st to £3.8 million. But Mr L. W. Farrow, the chairman, expects that in time further fresh capital will have to be raised. A rights issue in preference and ordinary shares last December brought in £3.6 million which was used largely to finance the purchase of British Waxed Papers.

Recently completed projects, including the new machine at Dartford, the Sudbrook pulp mill in South Wales and the new mill in Australia, all made significant contributions to last year's rise of 34 per cent in the consolidated trading profits, from £3.3 million to £4.5 million. In the current year the profits of British Waxed Papers will be consolidated and Mr Farrow says that profits are substantially higher than in the same period last year.

London Stock Exchange

FIRST DEALINGS:	May 23	June 13	June 27
LAST DEALINGS:	June 10	June 24	July 15
ACCOUNT DAY:	June 21	July 5	July 26

FEARS of still higher interest rates have continued to overshadow the stock markets, although prices were steadier after publication of the mid-June bank figures. Turnover, however, has been small, and on Wednesday the number of bargains recorded fell to 10,505, the lowest for over a month. Investors were clearly unwilling to enter into new commitments before Thursday's bank rate decision and the market's reactions to this are discussed in a Business Note. 3½ per cent War Loan fell to an all time low of 60 on Monday and over the week fell by 9/16 to 60 5/16. Among other undated stocks 2½ per cent Consols and 3½ per cent Conversion both fell by ¼, to 44 5/8 xd and 60¼. Falls in short dated stocks generally ranged up to ¼, but 4½ per cent Conversion 1964 lost 5/16 to 96 7/16. Of the medium and long dated stocks, 3 per cent Savings Bonds 1965-75 and 3½ per cent Funding 1999-2004 were both 1/16 lower at 72⅜ and 64⅞.

Japanese bonds have suffered a sharp setback, on account of the uncertain political situation in Japan, though in mid-week prices improved. Over the week to Wednesday the 5½ per cent 1930, Assented lost 13¼ to 165, after touching 158½, and Tokyo Electric 6 per cent Assented lost 10 to 165½ xd, after falling to 160½.

The firmer tone in equities on Tuesday and Wednesday did little to offset earlier losses and over the week *The Economist* indicator fell 6.2 points to 353.1. Among steel shares turnover has been very small; United Steel lost 3s. to 77s. and Colvilles 2s. to 75s. 3d. Engineering issues were also lower but Guest Keen and Nettlefolds were unchanged at 89s. 6d. Despite its good results Allied Ironfounders lost 1s. to 74s. 3d.; Tube Investments fell 4s. to 77s. and Vickers fell 1s. 4½d. to 33s.

One of the few stores shares to show a net gain over the week was Marks and Spencer "A," with a gain of 1s. to 75s.; but Woolworth lost 1s. 6d. to 63s. 6d. and Great Universal Stores "A" 1s. to 47s. 9d. The Continental favourites have continued to be in demand; Unilever Limited recovered most of the previous week's fall with a gain of 4s. to 172s. 3d. and Unilever NV gained 6s. 3d. to 228s. 9d. Philips Lamps with a rise of 12s. 6d. reached a new peak of 237s. 6d. and the shares now yield 1¼ per cent. Persistent American buying of EMI has lifted the shares by 4s. 3d. to 53s.

United Dominions Trust gained 1s. 10½d. to 151s. 10½d. and Wagon Finance 3s. 6d. to 102s. 6d. on the week—possibly because it now seems less likely that new credit restrictions will include sharper controls on hire purchase. Bank shares have generally been quiet, but National and Grindlays Bank gained 3s. 9d. to 41s. 6d.

Gold shares have rallied since their previous week's fall brought the *Financial Times* index of gold shares to an all time low of 63.7.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended June 18, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £36,404,000 compared with a deficit of £17,324,000 in the previous week and a deficit of £23,028,000 in the corresponding period of last year. There was a net expenditure "below-line" of £8,203,000 leaving a total cumulative deficit to date of £206,991,000 compared with £167,248,000 in 1959–60.

£'000	Estimate 1960–61	April 1, 1959, June 20, 1959	April 1, 1960, June 18, 1960	Week ended June 20, 1959	Week ended June 18, 1960
Ord. Revenue					
Income Tax	2478,000	309,275	258,789	26,863	18,658
Surtax	190,000	24,500	22,500	1,300	1,300
Death Duties	239,000	51,100	49,800	4,100	3,800
Stamps	110,000	18,000	19,900	2,000	1,100
Profits tax, EPT and EPL	256,000	50,400	43,300	3,400	4,200
Other Inland Revenue Duties	...	...	...	...	...
Total Inland Revenue	3273,000	453,275	394,289	37,663	29,058
Customs	1458,630	306,082	318,608	28,955	28,061
Excise	950,150	194,500	202,055	3,825	2,355
Total Customs and Excise	2408,780	500,582	520,663	32,780	30,416
Motor Duties	113,000	12,277	14,226	...	...
PO (Net Receipts)	4,000	7,490	13,200	Dr. 5,470	3,500
Broadcast Licences	39,000	4,200	4,600	...	...
Sundry Loans	32,000	9,111	11,144	...	...
Miscellaneous	110,000	11,441	26,670	954	1,970
Total	5979,780	998,376	984,792	65,927	64,944
Ord. Expenditure					
Debt Interest	640,000	146,506	166,437	28,005	29,522
Payments to Northern Ireland Exchequer	81,000	14,311	16,880	...	...
Other Consolidated Funds	8,000	1,198	1,125	60,900	6 71,200
Supply Services	4907,161	368,138	930,346		
Total	5636,161	1030,153	1114,788	88,905	100728
Sinking Funds	40,000	5,853	6,231	50	620
"Above-line" Surplus or Deficit	**37,630**	**136,227**	**23,028**	**36,404**	
"Below-line" Net Expenditure*	129,618	70,764	32,888	8,203	
Total Surplus or Deficit	**167,248**	**206,991**	**55,916**	**44,607**	
Net receipts from:					
Tax Reserve Certificates	35,734	34,984	1,354	1,292	
Savings Certificates	23,100	19,800	5,600	800	
Defence Bonds	34,194	20,337	5,829	2,949	
Premium Savings Bonds	13,790	9,480	900	620	
Total	106,818	84,601	13,683	5,661	

* Net expenditure of the Civil Contingencies Fund of £8 million in 1960–61 compared with receipts of £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
June 20	3,060·0	2,022·3	288·9	...	5,371·2
1960					
Mar. 19	3,430·0	1,742·8	258·5	...	5,431·3
,, 26	3,480·0	1,725·9	213·0	...	5,418·9
,, 31		5,202·1	246·0	...	5,448·1
Apr. 9	3,460·0	1,845·7	215·3	...	5,521·0
,, 16	3,450·0	1,861·7	244·9	4·8	5,561·4
,, 23	3,440·0	1,859·9	286·6	...	5,586·5
,, 30	3,440·0	1,913·1	256·1	...	5,609·2
May 7	3,450·0	1,877·8	240·0	0·2	5,568·0
,, 14	3,470·0	1,846·2	231·4	...	5,547·5
,, 21	3,470·0	1,832·1	206·0	...	5,508·2
,, 28	3,470·0	1,861·5	214·7	...	5,546·2
June 4	3,490·0	1,871·6	227·0	...	5,588·6
,, 11	3,470·0	1,929·2	216·9	...	5,616·2
,, 18	3,460·0	1,964·5	249·2	...	5,673·7

THE MONEY MARKET

BANK rate went up from 5 to 6 per cent on Thursday and the Bank of England announced a further call to pecial deposits. Fixed rates in the money market moved up evenly by 1 per cent: the banks' deposit rate to 4 per cent and their minimum rate on call loans to the discount houses to 4⅜ per cent. The increase was widely expected, and the Bank's strong hand has again been felt by the discount houses this week. They had to borrow at Bank rate both on Tuesday and Wednesday, though the amounts taken were small.

At last Friday's tender the discount houses lowered their bid for the £290 million Treasury bills on offer by a further 4d. to £98 16s. 7d., and the average discount rate rose by almost 1s. 6d. to £4 13s. 7.34d., only 5/16 below Bank rate at that time and the highest level for two years. Total applications fell by £74 million to £426 million and thus the market, somewhat surprisingly, almost doubled its allotment to 55 per cent.

In New York too the Treasury bill rate rose this week after its recent sharp falls; the rate on three months' bills rose from 2.292 per cent to 2.613 per cent.

MONEY RATES

LONDON

Thursday June 23	%	Wednesday June 22	
Bank rate (from 5%, 23/6/60)	6	Discount rates:	%
		Bank bills:	
Deposit rates (maximum):		60 days	4 13/16–4 7/8
		3 months	4 13/16–4 7/8
Banks	4	4 months	4 13/16–4 7/8
Discount houses	4–4⅜	6 months	4 13/16–4 15/16
		Fine trade bills:	
Money:		3 months	5 1/4–6
Day-to-Day	4⅜–5 1/2	4 months	5 1/4–6
		6 months	5 1/2–6 1/4

NEW YORK

	%		%
Official discount rate: (from 4%, 2/6/60)	3½	Treasury bills: June 13	2·292
		,, 20	2·613

BANK OF ENGLAND RETURNS

(£ million)	June 24, 1959	June 15 1960	June 22 1960
*Issue Department**:			
Notes in circulation	2,109·2	2,216·6	2,213·1
Notes in banking dept.	41·1	33·7	37·2
Govt. debt and securities*	2,146·8	2,247·5	2,247·5
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	1·8	1·8
Banking Department:			
Deposits:			
Public accounts	12·8	11·9	12·9
Special deposits	...	73·7	73·7
Bankers	239·4	264·5	257·0
Others	64·6	65·9	65·0
Total	316·8	415·9	408·6
Securities:			
Government	249·1	355·0	338·5
Discounts and advances	22·9	25·6	31·3
Other	20·9	18·7	18·7
Total	292·8	399·3	388·5
Banking department reserve	42·0	34·7	38·2
"Proportion"	13·2	8·3	9·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,250 million on April 13th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max Rate
1959	91 day		s. d.	%
June 19	270·0‡	410·4	59 0·40	51
1960				
Mar. 18	290·0	449·0	92 3·52	49
,, 25	290·0	439·1	92 5·03	54
Apr. 1	280·0†	448·3	92 5·05	41
,, 8	260·0	422·1	92 11·83	42
,, 14	280·0†	454·5	93 1·10	41
,, 22	270·0	425·7	93 0·88	51
,, 29	240·0	429·1	93 0·48	28
May 6	250·0	446·8	93 4·70	23
,, 13	250·0	444·8	91 1·56	58
,, 20	260·0	417·4	91 1·69	61
,, 27	280·0	470·7	91 1·53	55
June 3	270·0	423·8	91 1·39	56
,, 10	280·0	500·5	92 1·79	29
,, 17	290·0	426·7	93 7·34	55

* On June 17th tenders for 91 day bills at £98 16s. 7d. secured 55 per cent, higher tenders being allotted in full. The offer for this week was for £290 million of 91 day bills. † Allotment cut by £20 million. ‡ Allotment cut by £10 million.

LONDON CLOSNG EXCHANGE RATES AND GOLD PRICE

	Effective Limit June 22	Market Rates: Spot June 16	June 17	June 18	June 20	June 21	June 22
United States $	2·78–2·82*	2·80 3/32–5/16	2·80 3/32–5/16	2·80 3/32–5/16	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8
Canadian $	...	2·75 13/32–15/16	2·75 1/4–3/8	2·75–75 1/8	2·74 7/8–75	2·75–75 1/8	2·75 1/4–3/8
French Fr.	13·62–14·027	13·73–8	13·73 1/8–3/8	13·73 1/8–3/8	13·73 1/4–1/2	13·74 1/8–3/8	13·74–74 1/4
Swiss Fr.	11·94–12·54 7/8	12·08 3/4–7/8	12·08 3/4–7/8	12·08 1/2–3/4	12·08 1/2–3/4	12·09–09 1/4	12·08 7/8–09 1/8
Belgian Fr.	137·96–142·05	139·72 1/2–77 1/2	139·70–75	139·70–75	139·67 1/2–72 1/2	139·72 1/2–77 1/2	139·72 1/2–77 1/2
Dutch Gld.	10·48–10·80	10·56 3/8–5/8	10·56 1/4–1/2	10·56 1/4–1/2	10·56 3/8–5/8	10·56 3/4–57	10·56 3/4–57
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·68 1/4–1/2	11·68–68 1/4	11·67 1/2–68	11·68 3/8–5/8	11·68 7/8–69 1/8	11·69 1/4–69
Portug. Esc.	79·00 1/2–82·00 1/2	80·24–30	80·20–30	80·20–30	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1739 1/4–3/4	1738 7/8–39 1/8	1738 7/8–39	1739 1/8–3/8	1739 3/8–7/8	1739 3/8–7/8
Swedish Kr.	14·27 1/2–14·70	14·46 1/4–1/2	14·46 1/4–1/2	14·46 1/4–1/2	14·46 3/8–47 1/8	14·46 7/8–47 1/4	14·47 1/4–1/2
Danish Kr.	19·06 1/2–19·62	19·32 7/8–33	19·32 3/4–33	19·32 3/4–33	19·32 5/8–7/8	19·32 5/8–33 1/8	19·32 7/8–33 1/8
Norwegian Kr.	19·71–20·30 1/2	20·00 3/8–5/8	20·00 1/2–3/4	20·00 5/8–7/8	20·00 3/8–5/8	20·01–01 1/4	20·01 1/4–1/2
	* Official Limits	**One Month Forward Rates**					
United States $		3/8–1/2c. pm	5/16–3/8c. pm	5/16–3/8c. pm	5/16–3/8c. pm	5/16–3/8c. pm	3/8–1/2c. pm
Canadian $		5/16–7/16c. pm	3/8–5/8c. pm	3/8–1/2c. pm	3/8–1/2c. pm	3/8–1/2c. pm	3/8–1/2c. pm
French Fr.		1/2c. pm–par	1/2–1/4c. pm	1/2–1/4c. pm	1/2–1/4c. pm	5/8–3/4c. pm	1/2–1/4c. pm
Swiss Fr.		1–3/4c. pm	7/8–3/8c. pm	7/8–3/8c. pm	1–3/4c. pm	1–3/4c. pm	7/8–3/8c. pm
Belgian Fr.		13–8c pm	16–11c. pm	16–11c. pm	16–11c. pm	10–5c. pm	13–8c. pm
Dutch Gld.		1 5/8–1 3/8c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 1/2–1 1/4c. pm	1 5/8–1 3/8c. pm
W. German D-Mk.		1 5/8–1 3/8pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 5/8pf. pm	1 5/8–1 3/8pf. pm
		Three Months Forward Rates					
United States $		7/8–3/4c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm
Canadian $		1 1/16–15/16c. pm	15/16–13/16c. pm	7/8–3/4c. pm	1–7/8c. pm	1–7/8c. pm	1–7/8c. pm
Swiss Fr.		3–2 3/4c. pm	2 3/4–2 1/2c. pm	2 3/4–2 1/2c. pm	2 1/2–2 1/4c. pm	2 1/2–2 1/4c. pm	2 1/2–2 1/4c. pm
W. German D-Mk.		4 1/8–3 7/8pf. pm	4 1/4–4pf. pm	4 1/8–3 7/8pf. pm	4–3 3/4pf. pm	4–3 3/4pf. pm	4–3 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/9 1/2	250/5 1/2	...	250/6	250/3 1/2	250/4 1/2

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	June 4th
Manpower and Output	June 18th	Industrial Profits	April 23rd

OVERSEAS

Western Europe	June 11th	United States	May 14th

	Unit	1957	1958	1959	1959			1960				
		mid-Jun			June 9	June 16	June 23	May 24	May 31	June 7	June 14	June 21
WORLD PRICES												
Commodity Price Indicator												
All items	1952=100	95	87	88	89	88	87	92	91	91	90	89
Food	,,	98·8	94·8	84·4	84·3	84·0	83·0	78·1	77·5	77·2	76·7	76·4
Fibres	,,	95·9	80·1	80·4	80·3	80·5	80·1	96·9	96·2	95·4	93·6	90·9
Metals	,,	79·7	70·8	76·8	77·6	77·2	76·9	83·0	81·5	82·3	82·1	82·9
Other items	,,	107·2	104·3	121·7	123·8	122·4	120·1	124·6	124·1	123·1	122·0.	120·6
		Monthly averages			1959			1960				
BRITISH WHOLESALE PRICES		1957	1958	1959	Mar.	April	May	Jan.	Feb.	Mar.	April	May
Materials used in:												
All manufacturing industries	1954=100	107·4	100·8	101·8	100·7	101·4	101·4	103·6	102·9	102·4	102·6	102·6
Mechanical engineering	,,	121·9	123·5	124·5	124·8	124·9	124·6	125·8	125·9	125·6	126·5	126·5
Electrical machinery	,,	114·9	114·5	115·6	116·3	116·2	115·7	116·6	116·8	116·4	117·0	117·0
Building and civil engineering	,,	113·7	114·2	113·4	113·3	113·2	113·5	114·2	114·2	114·3	114·6	114·7
House building	,,	112·3	111·9	111·9	110·7	110·6	111·0	112·4	112·5	112·7	113·1	113·2
Products of:												
All manufacturing industries	,,	110·4	111·1	111·5	111·9	111·2	111·3	111·9	111·9	111·9	112·5	112·7
Chemicals and allied trades	,,	106·5	105·6	106·6	106·4	107·0	107·4	106·8	107·0	106·8	106·5	106·4
Iron and steel	,,	125·2	129·9	129·0	129·7	129·7	129·7	128·7	128·3	128·1	128·3	128·3
Textile industry	,,	100·9	97·9	96·0	94·8	94·8	95·5	98·5	98·9	99·5	100·1	100·7
Food manufacturing	,,	107·1	104·9	106·9	106·4	105·9	106·2	107·5	107·0	106·2	106·0	106·4
Commodities:												
Cotton, raw	,,	90·7	77·2	68·8	64·2	65·0	68·5	76·0	74·8	73·3	72·9	75·5
Wool, raw	,,	101·1	72·4	76·6	67·3	78·0	78·8	82·2	78·2	80·2	82·5	79·4
Rubber, No. 1 RSS, one month future	,,	131·6	118·2	148·1	130·8	137·6	149·0	167·1	168·2	172·3	173·7	182·1
Softwood, imported	,,	109·7	102·1	95·4	94·5	94·4	94·6	99·9	101·7	102·6	103·2	103·7
Copper, ex-warehouse	,,	88·3	79·4	95·6	99·9	96·5	95·0	104·4	106·2	101·9	105·5	99·9
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956=100	105·8	109·0	109·6	110·3	109·5	109·1	109·9	109·9	109·7	110·3	110·3
Food	,,	104·9	107·1	108·2	108·9	108·6	108·1	107·8	107·4	106·8	106·6	...
All items	1938=100[2]	263	271	273	275	273	272	274	274	273	275	275
Food	,,	276	282	285	286	286	284	284	282	281	280	...
Housing	,,	155	172	180	178	179	179	182	182	183	186	...
Clothing	,,	267	269	268	267	267	267	269	270	270	271	...
Fuel and light	,,	268	281	284	290	290	276	295	295	295	295	...
Household durable goods	,,	308	307	300	305	299	299	298	298	298	297	...
Drink	,,	272	276	261	276	255	255	256	256	256	256	...
Tobacco	,,	421	428	428	428	428	428	429	429	429	449	...
Purchasing power of £ (based on all consumer spending)	1938=100	37	36	36	35	36	36	36	36	36	35	35
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	107	99	98	97	96	97	100	100	99	99	...
Food, drink and tobacco	,,	101	97	98	96	95	96	99	98	96	95	...
Basic materials	,,	110	96	93	91	91	91	97	98	98	98	...
Fuels	,,	128	112	104	107	106	103	101	100	100	100	...
Manufactured goods	,,	104	101	104	103	104	104	106	108	108	108	...
Export prices:												
All items	,,	111	110	109	109	109	109	111	111	111	112	...
All manufactures	,,	109	111	111	110	111	111	113	113	113	114	...
Metals	,,	115	118	115	117	118	116	115	115	113	119	...
Engineering products	,,	112	115	117	116	116	117	120	121	121	121	...
Textiles (excluding clothing)	,,	101	101	98	96	97	97	99	98	101	99	...
Terms of trade:												
Ratio of import to export prices	,,	96	90	90	89	88	89	90	90	89	88	...
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952=100	112·7	67·1	71·9	65·1	68·6	64·6	82·1	77·1	72·9	76·1	72·4
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers (3)	1956=100	110·0	114·0	116·9	116·7	116·7	116·8	118·1	118·2	118·8	119·4	...
Men	,,	110·0	113·8	116·8	116·6	116·7	116·7	117·8	117·9	118·4	119·1	...
Women	,,	109·7	114·0	117·0	116·5	116·7	116·7	118·9	119·1	120·0	120·4	...
Juveniles (4)	,,	111·3	115·8	119·0	118·6	118·7	118·7	120·3	120·6	121·1	121·7	...
All workers	Sept., 1939=100	286	296	304	303	303	304	307	307	309	310	...
Weekly earnings (5):												
All workers	s. d.	212 5	217 4	228 6	...	222 6	...	...	...	...	...	...
Men	,,	251 7	256 8	270 9	...	262 11	...	...	...	...	...	...
Women	,,	129 6	133 11	140 4	...	137 0	...	...	...	...	...	...
All workers	Oct., 1938=100	399	408	429	...	418	...	...	...	...	...	...
Men	,,	365	372	392	...	381	...	...	...	...	...	...
Women	,,	398	412	432	...	422	...	...	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambrdge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey.

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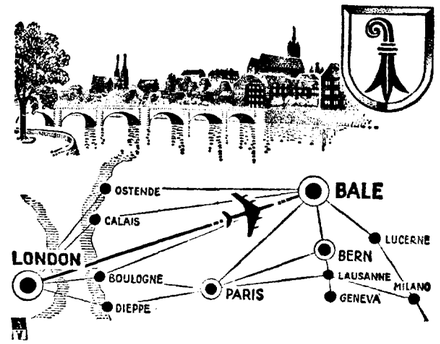

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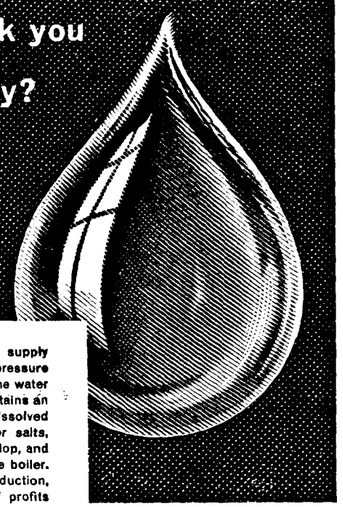

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June, 1960.

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A starting salary up to £1,500 will be paid, provided that, age, previous experience and qualifications meet the requirements for this post.

Detailed applications to Box No. 1348

CENTRAL ELECTRICITY GENERATING BOARD

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The rapid expansion of the Board's Research and Development Department has resulted in a vacancy in the Financial Section of the Administration Branch at Headquarters, London, S.E.1.

Applicants must have practical experience in cost accounting, budgetary control, and the presentation of management accounting information to senior levels of management.

The successful candidate will be required to become conversant with all of the Section's activities and to assist in the developing of the analysis of reporting and forecasting of financial results. The post offers excellent scope for the expression of original thought and ideas.

Experience of this type of work, in a research organisation would be an advantage. Possession of an accountancy qualification is desirable.

Salary within the range £1,120 — £1,210 p.a.

Applications stating age, qualifications, experience, present position and salary, to the Personnel Officer, 24/30 Holborn, London, E.C.1, by July 11th. Envelopes should be marked "Confidential Ref. LCO.228."

COMPANY SECRETARY required by Civil Engineering & Building Contractor operating in the U.K. and overseas. Must be experienced in all Company Financial and Legal matters and capable of administration of Overseas Subsidiaries and negotiations at director level. Good salary and conditions for the right man.—Write full details in confidence to General Manager, Box 1347.

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Newly qualified female Economics graduate, aged 21/24, required in August/September at West End Head Office. Salary up to £600 p.a. This vacancy is in the Economic Intelligence Department and the duties will include the provision and collation of information on current economic trends in overseas countries. Five-day week. Hours 9-5.30. Luncheon facilities. Three weeks' annual holiday. Apply: Box 1345.

UNIVERSITY OF SYDNEY

Applications are invited for the following positions in the Faculty of Economics:

(1) SENIOR LECTURESHIP IN COMMERCIAL AND INDUSTRIAL LAW.

(2) LECTURESHIP IN ACCOUNTING.

The salary for a Senior Lecturer is within the range £A2,550 — £3,000 per annum; for a Lecturer within the range £A1,850 — £2,450 per annum. In each case cost of living adjustments will be allowed. The salary is subject to deductions under the State Superannuation Act.

The commencing salary will be fixed according to the qualifications and experience of the successful applicants.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

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

Applications close, in Australia and London, on *5th August, 1960.*

UNIVERSITY OF THE WITWATERSRAND JOHANNESBURG

DEPARTMENT OF INTERNATIONAL RELATIONS

DIRECTOR OF STUDIES

Applications are invited for appointment to the above post, for a period of five years in the first instance, as from October 1, 1960, or as soon as possible thereafter.

The salary attached to the appointment is a fixed one at the rate of £2,400 per annum. Provident Fund and Medical Aid facilities available.

Prospective applicants are invited to obtain a copy of the Information Sheet relating to this vacancy from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in South Africa and London, on *July 31, 1960.*

AUSTRALIAN NATIONAL UNIVERSITY

RESEARCH SCHOOL OF PACIFIC STUDIES

Applications are invited for appointment in the Department of Far Eastern History (Head of Department: Professor C. P. FitzGerald) as *READER OR SENIOR FELLOW.*

The salary range for Readers is £A2,802-£3,252. A Reader is appointed to the permanent staff; retiring age is 65, with the option of retiring after the age of 60. The salary and range for a Senior Fellow are determined within the limits £A2,502-£3,102, and appointment is made for an initial period of five years; thereafter it may be made permanent.

The above salary ranges are under review and may be increased substantially.

Readers and Senior Fellows are entitled to one year's study leave on full pay plus contribution towards travel and other expenses in every six years.

Reasonable travel expenses will be paid and assistance with housing provided. Superannuation is on the F.S.S.U. pattern.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on *August 1, 1960.*

UNIVERSITY OF CAMBRIDGE SCHOOL OF AGRICULTURE

Applications are invited for the post of Junior Research Officer in the Farm Economics Branch. Qualifications should include an honours degree in economics, agricultural economics or statistics. Salary scales are £650 x £25 — £850. This post is eligible for superannuation (F.S.S.U.) and family allowances at the rate of £50 for each eligible child. Applications from candidates who expect to graduate this summer will be considered. Further details are obtainable from the Secretary, School of Agriculture, Downing Street, Cambridge. Closing date for applications, July 27, 1960.

UNIVERSITY OF NEW ENGLAND N.S.W. AUSTRALIA

Vacancies exist within the Faculty of Agricultural Economics for three newly established positions in the fields of Public Administration, Agricultural Economics (Marketing and Demand Analysis) and Farm Management.

Applications from suitably qualified persons are invited for appointment as:—

(1) LECTURER OR SENIOR LECTURER IN PUBLIC ADMINISTRATION.

(2) LECTURER OR SENIOR LECTURER IN AGRICULTURAL MARKETING.

(3) LECTURER OR SENIOR LECTURER IN FARM MANAGEMENT.

Salary for a Lecturer will be within the range of £A1,800 — £A2,100 per annum with commencing salary determined in accordance with qualifications and experience. For a Senior Lecturer the range is £A2,200 x £50 — £A2,600. In addition a cost of living adjustment at present amounting to £A96 per annum is payable (University salaries are at present under review). Provision is also made for superannuation benefits and removal expenses, travel grants for study leave and assistance in buying or building a house.

Further information may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on *August 31, 1960.*

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Applications are invited from men who can justifiably claim a wide range and high standard of management competence, coupled with successful innovation of modern management practices in industrial or commercial concerns.

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Some years of remuneration above £3,500 per annum.

Applications should give in summary form as much information as possible about qualifications, positions held, nature of responsibilities, scope of experience and salary growth.

All applications and information submitted will be treated in strict confidence if marked "Confidential (Ref. C/310)," and addressed to—

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Applications, which will be treated in strict confidence, should give details of age, qualifications and experience and should be sent to Mr. B. H. P. Rivett, O.R. Division, Arthur Andersen & Co., Roman House, Cripplegate Buildings, London, E.C.2.

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Applications giving details of age and qualifications should be sent to the Recruitment Officer, G.K.N. Group Research Laboratory, Birmingham New Road, Lanesfield, Wolverhampton.

A SENIOR INDUSTRIAL TAXATION APPOINTMENT

is available in one of the country's largest manufacturing groups at its head office in the London area. Applicants must be capable of advising top management on all taxation aspects of a dynamic and rapidly expanding business and of handling the negotiation of its taxation liabilities.

The successful candidate will be 30-35 years and will have gained his technical experience either in the Tax Inspectorate or as a Chartered Accountant with several years' specialist experience in the profession or in industry of the taxation of major companies. Ambition to progress to wide fields of management and the personal qualities to achieve this will be looked for and given the fullest scope.

Applications with brief personal details should be sent in the first instance to Box 1344.

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...ions are invited from suitably qualified men and ... or appointment as SENIOR LECTURERS (£1,370 x £90) and LECTURERS (£980 x £32 10s. — £1,370) academic staff of the National College for the ... of Youth Leaders. The College is being established ...ster as part of the Government's plan for the ... of the Youth Service. Approximately 90 students (4 women) will be admitted in the first year, starting ...ry, 1961, and thereafter approximately 140 students ...dmitted annually during the life of the College, ...expected to be five years.

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...UNIVERSITY OF NOTTINGHAM

...RTMENT OF AGRICULTURAL ECONOMICS

...ns are invited for the temporary appointment of ...ASSISTANT AGRICULTURAL ECONOMIST or ...RCH ASSISTANT in the above department at the ...ot Agriculture, Sutton Bonington. Candidates, who ...ase a good Honours Degree in Agriculture or ..., may read for a Higher Degree. Salary scales ...ple: Economist (graded as Assistant Lecturer) £800 ...960 with superannuation benefits and Children's ...ce Research Assistant £630 x £30 to £690. Conditions ...ment and forms of application, which should be ... July 16th, from the Registrar, The University, ...ham.

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IN THE UNIVERSITY OF DURHAM

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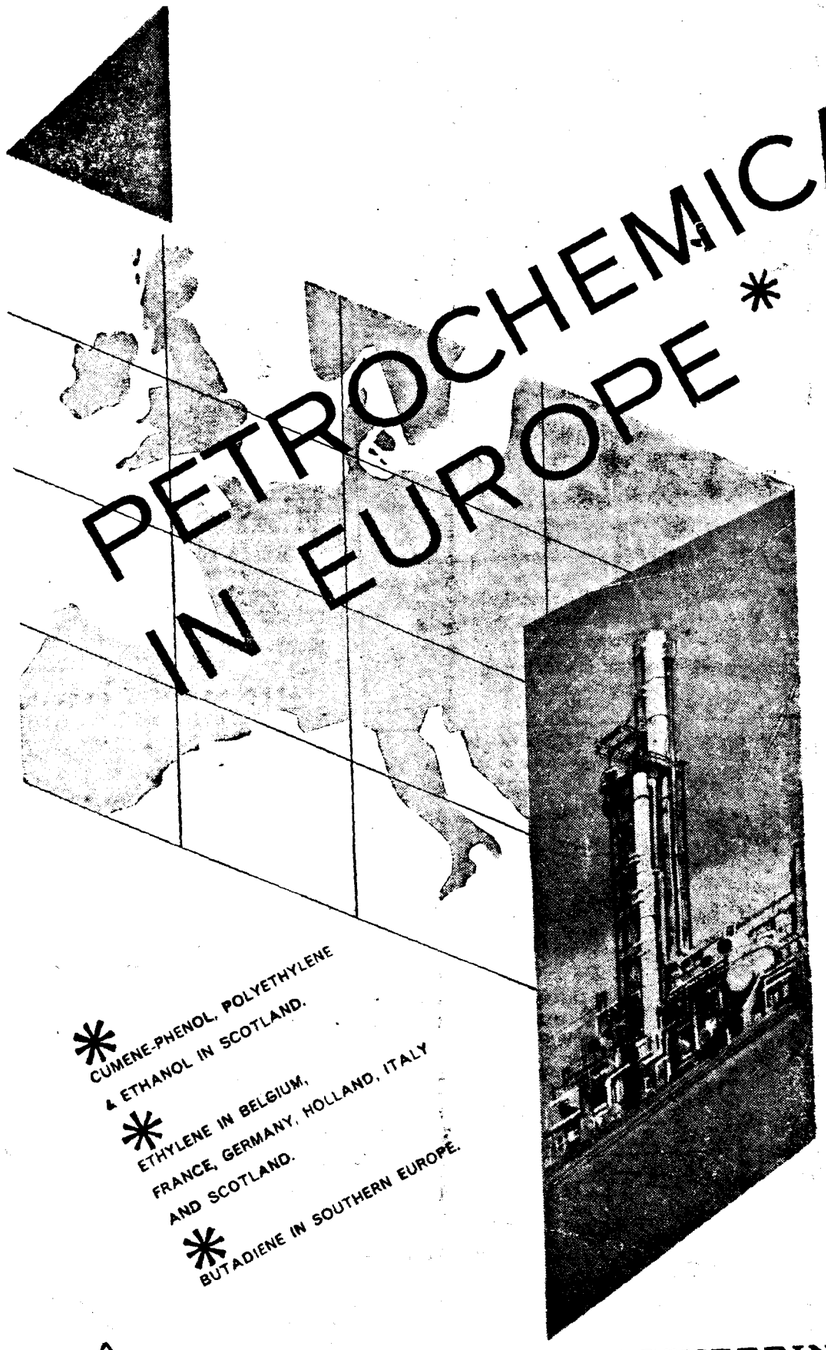

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